

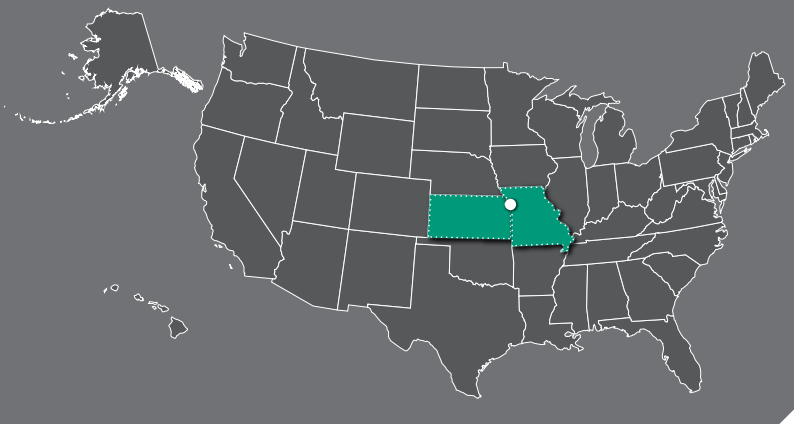
# HUD PD&R Housing Market Profiles

## Kansas City, Missouri-Kansas



### Quick Facts About Kansas City

- Current sales market conditions: balanced
- Current apartment market conditions: balanced
- The metropolitan area is home to the Kansas City Chiefs, the reigning National Football League (NFL) champions. With four Super Bowl appearances and three wins in the past five seasons, the franchise has an estimated average annual economic impact of \$993.2 million on the metropolitan area (Econsult Solutions, Inc., 2023).



Kansas City, Missouri

By [Katharine Jones](#) | As of April 1, 2024

### Overview

The Kansas City metropolitan area, which is coterminous with the metropolitan statistical area of the same name, includes Bates, Caldwell, Cass, Clay, Clinton, Jackson, Lafayette, Platte, and Ray Counties in western Missouri and Johnson, Leavenworth, Linn, Miami, and Wyandotte Counties in eastern Kansas. Located at the confluence of the Kansas and Missouri Rivers, it is the largest metropolitan area by population in Kansas and the second most populous in Missouri, after the St. Louis metropolitan area. The principal city of Kansas City, however, is the most populous city in Missouri. Economic conditions are stable, with job growth moderating as the economy in the metropolitan area transitioned from recovery after the early 2020 recession to expansion during the past year. Nonfarm payrolls rose 0.9 percent annually as of the first quarter of 2024, down from a 2.6-percent gain a year ago. The education and health services sector led year-over-year job growth as of the first quarter of 2024. Sales and apartment market conditions are both balanced in the metropolitan area, having eased from tighter conditions earlier in the 2020s. Limited inventory of homes for sale and elevated mortgage interest rates contributed to declining sales and a slowdown in price growth in the sales

continued on page 2



PD&R

continued from page 1

market during the past year. In the apartment market, rising vacancy rates resulted in slower rent growth.

- The metropolitan area population is estimated at 2.23 million as of April 1, 2024, up an average of 14,750, or 0.7 percent, annually since 2022. By comparison, population growth averaged 20,900, or 1.0 percent, annually from 2015 to 2020 and then slowed to average annual growth of 7,450, or 0.3 percent, from 2020 to 2022 (U.S. Census Bureau decennial census counts and population estimates as of July 1) due to impacts from the pandemic, which resulted in lower levels of net natural change and slower net in-migration.
- Since 2022, annual net in-migration has averaged 8,275 people, or 56 percent of population growth. By comparison,

net in-migration averaged 11,350 people a year, or 54 percent of the population growth, from 2015 to 2020 and slowed to an average annual increase of 3,550 people, or 48 percent of the population growth, from 2020 to 2022.

- Approximately 59 percent of the metropolitan area population reside on the Missouri side of the metropolitan area, and the remaining 41 percent live on the Kansas side. The principal city of Kansas City, Missouri, is located primarily in Jackson County, with portions extending into Cass, Clay, and Platte Counties. The city accounts for approximately 23 percent of the metropolitan area population. Platte County was the fastest growing county in the metropolitan area in terms of population from 2020 to 2023, increasing an average of 2.2 percent annually.

## Economic Conditions

Nonfarm payroll growth slowed in the past year as the economy transitioned from recovery following the recession in early 2020 to economic expansion. As of the first quarter of 2024, total nonfarm payrolls averaged 1.13 million jobs, up by 10,600 jobs, or 0.9 percent, compared with 2.6-percent annual growth as of the first quarter of 2023. Seven of the 11 payroll sectors added jobs as of the first quarter of 2024 compared with a year ago. Nonfarm payrolls are 3.1 percent higher than levels during the first quarter of 2020, before the significant impacts from the COVID-19-related economic downturn. For context, national nonfarm payrolls increased 1.8 percent year over year as of

the first quarter of 2024, compared with 2.9-percent growth during the same period a year earlier, and they are currently 4.0 percent higher than levels in 2020.

As of the first quarter of 2024 —

- Job growth in the metropolitan areas was led by the education and health services sector, which added 7,100 jobs, or 4.3 percent, to 171,300 jobs, compared with the first quarter of 2023. The HCA Midwest Health Lee's Summit Medical Center nearly doubled the number of beds in its intensive care unit

continued on page 3

**As of the first quarter of 2024, 7 of the 11 payroll sectors in the Kansas City metropolitan area added jobs compared with a year ago.**

	3 Months Ending		Year-Over-Year Change	
	March 2023 (Thousands)	March 2024 (Thousands)	Absolute (Thousands)	Percent
<b>Total Nonfarm Payrolls</b>	1,117.7	1,128.3	10.6	0.9
Goods-Producing Sectors	144.1	144.4	0.3	0.2
Mining, Logging, & Construction	56.5	55.8	-0.7	-1.2
Manufacturing	87.6	88.6	1.0	1.1
Service-Providing Sectors	973.5	983.9	10.4	1.1
Wholesale & Retail Trade	161.0	163.6	2.6	1.6
Transportation & Utilities	66.7	65.2	-1.5	-2.2
Information	17.5	17.2	-0.3	-1.7
Financial Activities	76.7	77.0	0.3	0.4
Professional & Business Services	184.9	179.9	-5.0	-2.7
Education & Health Services	164.2	171.3	7.1	4.3
Leisure & Hospitality	109.8	111.9	2.1	1.9
Other Services	46.2	47.1	0.9	1.9
Government	146.6	150.8	4.2	2.9
<b>Unemployment Rate</b>	3.1%	3.5%		

Note: Numbers may not add to totals due to rounding.

Source: U.S. Bureau of Labor Statistics



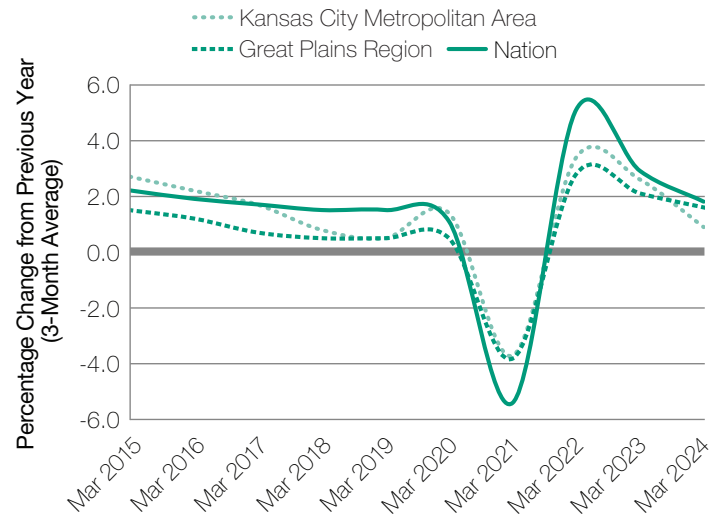
continued from page 2

and opened a new CareNow Urgent Care facility during the past year, contributing to the strong gains in the sector.

- The government sector also had notable gains, up by 4,200 jobs, or 2.9 percent, to 150,800 jobs compared with the same period a year earlier. The federal government is the largest employer in the metropolitan area, with 32,000 workers, and it includes an Internal Revenue Service processing center and the Kansas City Federal Reserve in addition to field offices for a multitude of federal agencies.
- Partially offsetting job gains, four sectors shed jobs compared with a year earlier, with the steepest losses in the professional and business services sector. That sector, which is the largest in the metropolitan area, includes 16 percent of nonfarm payrolls. Compared with the first quarter of 2023, the sector had declined by 5,000 jobs, or 2.7 percent, to 179,900 jobs.
- The unemployment rate averaged 3.5 percent, up from 3.1 percent as of the first quarter of 2023. Resident employment increased 0.2 percent year over year to 1.12 million but was outpaced by the 0.6-percent growth in the labor force, resulting in an increase in the unemployment rate.

The transportation and utilities sector is only the eighth largest payroll sector in the metropolitan area, but it has had the fastest rate of growth and the third largest job gain among all payroll sectors since 2010. Demand for online shopping and delivery accelerated during the COVID-19 pandemic, and several distribution centers opened, contributing to strong long-term growth in the sector despite a small decline in the past year. As of the first quarter of 2024, employment in the sector had declined by 1,500 jobs, or 2.2 percent, year over year, to 65,200 jobs. Global supply-chain logistics company CHEP Services, LLC laid off approximately 100 workers in 2023. The central location of the metropolitan area in the country has contributed to notable clusters of transportation and logistics facilities, particularly distribution centers and warehouses. Pathways for the transportation of goods through the metropolitan area include four interstate highways, multiple intermodal railyards, the Kansas City International Airport, and the Missouri River. Logistics Park Kansas City (LPKC) in Edgerton, Kansas, a 1,700-acre inland port with warehouses and distribution centers, is adjacent to the Burlington Northern Santa Fe, LLC (BNSF) intermodal railyard and has access to

During the past year, nonfarm payroll growth in the Kansas City metropolitan area dipped below the regional and national rates of job growth.



Source: U.S. Bureau of Labor Statistics

### Largest Employers in the Kansas City Metropolitan Area

Name of Employer	Nonfarm Payroll Sector	Number of Employees
Federal Government	Government	32,000
Oracle Corporation (dba Oracle Cerner, formerly Cerner Corporation)	Professional & Business Services	11,900
The University of Kansas Health System	Education & Health Services	11,250

Note: Excludes local school districts.

Source: *Kansas City Business Journal*, 2022

Interstate 35. LPKC has supported 12,500 jobs since opening in 2013 (Logistics Park Kansas City). Nearly 30 companies have a presence at LPKC, including Kubota Tractor Corporation; United Parcel Service of America, Inc.; Amazon.com, Inc.; Hostess Brands, Inc.; and Spectrum Brands, Inc. Another logistics and distribution center, KCI 29 Logistics Park, is under construction near the Kansas City International Airport and is expected to open in 2025 on approximately 2,000 acres. Ace Hardware Corporation is among the first companies to build a new warehouse at KCI 29 Logistics Park and is expected to create more than 350 jobs.



## Sales Market Conditions

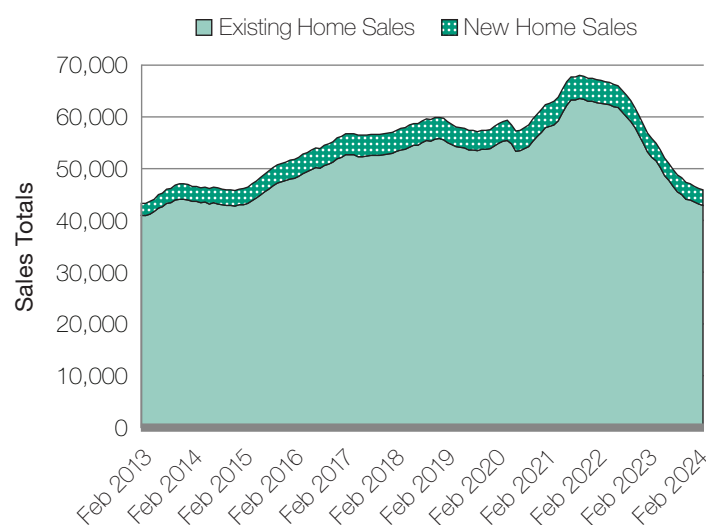
The home sales market in the Kansas City metropolitan area is balanced. The market was also balanced in April 2020 but tightened in 2021 as the inventory of active listings declined and mortgage interest rates were low before easing back to balanced. The sales housing inventory contracted strongly in 2021, following at least 8 years of moderate declines. Approximately 7,625 listings were active in the metropolitan area in March 2021, down 19 percent from a year earlier. By comparison, approximately 16,350 listings were active in March 2013, a figure that declined an average of 8 percent annually to 9,375 listings in March 2020 (Redfin, a national real estate brokerage). Since 2021, housing inventory in the metropolitan area has remained relatively low but has trended upward, and approximately 7,750 homes were listed for sale as of March 2024. Despite the low inventory in recent years, demand for home sales has been relatively subdued in response to increases in the 30-year fixed-rate mortgage interest rate, which began in 2022. Rising interest rates have limited the affordability of homebuying for many households and contributed to easing of sales market conditions. During the last full week of March 2024, the average 30-year fixed-rate mortgage in the United States was 6.9 percent, up from 6.4 percent during the most comparable period a year earlier and compared with the low of 3.1 percent during the corresponding week of March in 2021 (Freddie Mac). During the 12 months ending February 2024, total home sales in the Kansas City metropolitan area decreased 18 percent year over year to 45,800 sales, and the average sales price increased less than 1 percent to \$344,700 (CoreLogic, Inc.,

with adjustments by the analyst). By comparison, during the previous 12-month period, total sales declined 17 percent, and the average sales price increased 7 percent.

- Existing home sales totaled 42,850 during the 12 months ending February 2024. That number had declined 18 percent from the previous 12-month period, which was an acceleration from the 17-percent decline a year earlier. The average price of an existing home increased less than 1 percent year over year to \$331,600, compared with 6-percent price growth a year earlier.
- New home sales, which accounted for 6 percent of total homes sold during the 12 months ending February 2024, decreased 18 percent year over year to 2,925 homes sold. By comparison, new home sales declined 20 percent year over year during the 12 months ending February 2023 and accounted for 7 percent of total home sales.
- The average price of new home sales was 62 percent higher than for existing home sales during the 12 months ending February 2024. During the period, the sales price of a new home increased 2 percent year over year to \$538,000, which was a considerable slowdown from the 15-percent price growth during the 12 months ending February 2023.
- The rate of seriously delinquent mortgages and real estate owned (REO) properties was slightly lower in the Kansas City

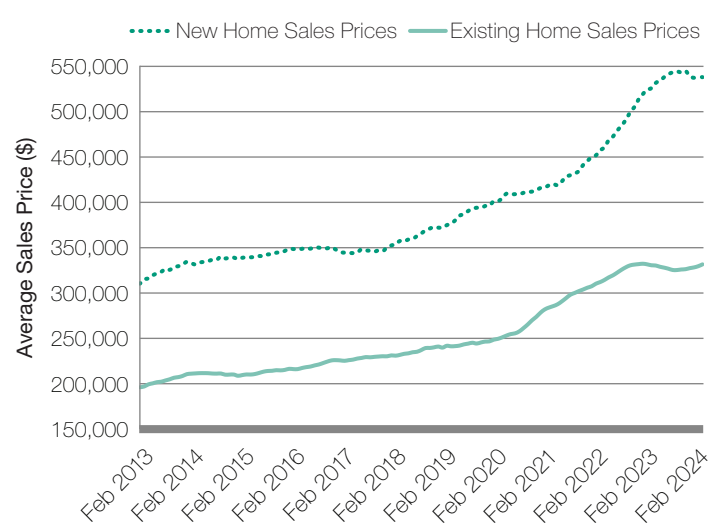
continued on page 5

**New and existing home sales in the Kansas City metropolitan area decreased for the second consecutive year as of the 12 months ending February 2024.**



Note: Sales include single-family homes, townhomes, and condominiums.  
Source: CoreLogic, Inc., with adjustments by the analyst

**Average new and existing home sales price growth moderated in the past year in the Kansas City metropolitan area following steep price gains in the early 2020s.**



Note: Prices include single-family homes, townhomes, and condominiums.  
Source: CoreLogic, Inc., with adjustments by the analyst

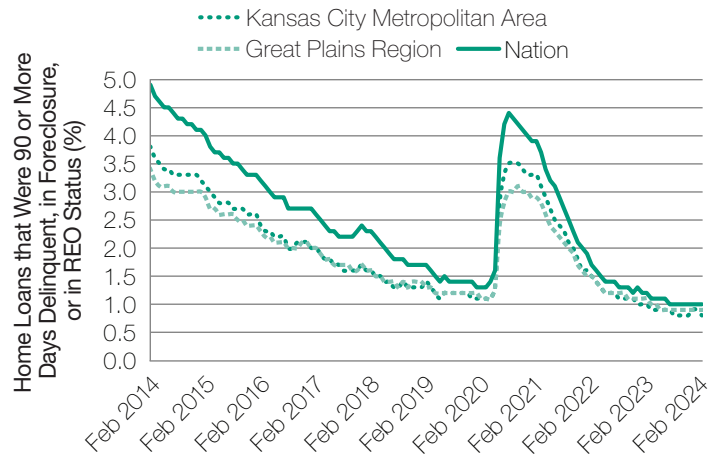
continued from page 4

metropolitan area than in the Great Plains region and the nation. As of February 2024, 0.8 percent of mortgages in the metropolitan area were seriously delinquent or in REO status, compared with 0.9 percent in the region and 1.0 percent nationally, and down from a year earlier, when the respective rates were 1.0, 1.1, and 1.2 percent (CoreLogic, Inc.).

Homebuilding activity for single-family homes, townhomes, and condominiums (hereafter, homes) built for sale has slowed from its recent peak in 2021. During the 12 months ending March 2024, nearly 4,375 homes were permitted, down 7 percent from 4,700 homes permitted during the previous 12-month period (preliminary data, with adjustments by the analyst). During 2021, approximately 6,825 new homes were permitted, which was a period when mortgage interest rates and for-sale inventories were low.

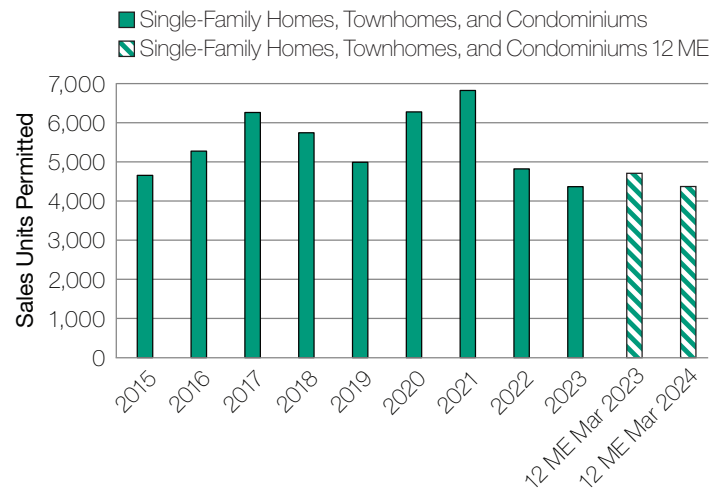
- Before the peak in 2021, an average of 5,525 homes were permitted annually from 2015 through 2020. Following the peak, permitting slowed to 4,825 homes permitted in 2022.
- The majority of homes that were permitted during the 12 months ending March 2024 were in Jackson County, Missouri, and Johnson County, Kansas, which are the two most populous counties in the metropolitan area. Each of the two counties accounted for approximately 32 percent of new home construction during the period, down from approximately 35 percent each during 2015.
- In Jackson County, Missouri, the 216-lot Hook Farms community in Lee's Summit is under construction. Within the development, approximately 78 homes have sold, 21 homes are under construction, and 91 lots are available, with the remaining lots having either homes available or pending sales. The homes have three to five bedrooms, and prices start at approximately \$479,900.
- In Johnson County, Kansas, construction is underway at the Stone Ridge subdivision in the western part of the city of Lenexa, which will have 500 homes upon completion. In the 44-lot first phase, 4 homes have sold, 38 homes are built and available, and two lots remain. The homes will have three or four bedrooms, and prices start at \$407,300.

The rates of seriously delinquent home loans and REO properties in the Kansas City metropolitan area and the Great Plains region have been consistently below the national rate since the mid-2010s.



REO = real estate owned.  
Source: CoreLogic, Inc.

The construction of homes for sale in the Kansas City metropolitan area has declined from the recent peak in 2021.



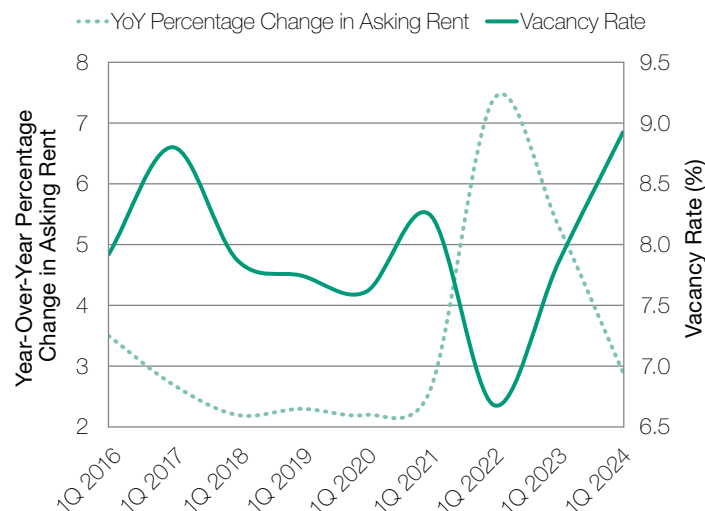
12 ME = 12 months ending.  
Sources: U.S. Census Bureau, Building Permits Survey; 2015–22—final data and estimates by the analyst; 2023 and past 24 months of data—preliminary data and estimates by the analyst

## Apartment Market Conditions

Apartment market conditions in the metropolitan area are balanced. Balanced conditions persisted through the late 2010s and early 2020s until the market briefly tightened in 2022. As of the first quarter of 2024, the average apartment vacancy rate in the Kansas City metropolitan area was 8.9 percent, up from 7.9 percent a year earlier, and the average rent increased nearly 3 percent to \$1,272 (CoStar Group). The absorption of approximately 2,600 apartment units during the past 12 months was outpaced by the 4,850 new apartment units that entered the market, contributing to the rise in the vacancy rate. The first quarter apartment vacancy rate in the metropolitan area ranged from 7.6 to 8.8 percent from 2016 through 2021, and apartment rent growth averaged slightly less than 3 percent each year. Conditions tightened in 2022, when the vacancy rate dipped to 6.7 percent as of the first quarter of 2022, and the average rent increased more than 7 percent year over year. As of the first quarter of 2022, the annual absorption of 7,350 units outpaced the 5,725 new units that entered the market, which contributed to tightening conditions. As of the first quarter of 2024, the average vacancy rate increased year over year in 9 of the 12 CoStar Group-defined market areas, with an inventory of at least 1,000 units, and the average rent increased in all but 1 market area, the East Side Kansas City, Missouri, market area, where the average rent declined by less than 1 percent.

- All three market areas with declining vacancy rates year over year had double-digit vacancy rates a year earlier. The steepest decline was in the Cass County market area, a suburban county in the southern portion of the metropolitan area in Missouri, where the first quarter vacancy rate decreased from 22.2 percent in 2023 to 15.9 percent in 2024. That figure was still the highest vacancy rate in the metropolitan area, which is attributed to the 55-percent increase in the apartment inventory in the market area during the past 2 years. Despite the elevated vacancy rate, the average rent increased 5 percent year over year to \$1,310 as of the first quarter of 2024.
- The largest increase in the average vacancy rate occurred in the Wyandotte County market area in Kansas, immediately west of the city of Kansas City, Missouri, where the first quarter vacancy rate increased from 7.5 percent in 2023 to 11.2 percent in 2024. The average rent increased 1 percent to \$1,077 as of the first quarter of 2024.
- The Johnson County, Kansas, market area, south of Wyandotte County, has the largest inventory among market areas in the metropolitan area, accounting for 35 percent of all apartment units. As of the first quarter of 2024, the

**As of the first quarter of 2024, the apartment vacancy rate in the Kansas City metropolitan area increased from a year earlier, contributing to slower rent growth.**



1Q = first quarter. YoY = year-over-year.  
Source: CoStar Group

vacancy rate was 7.0 percent, up from 6.0 percent a year earlier, and the average rent increased 4 percent to \$1,395.

- The Downtown Kansas City, Missouri, market area has the highest rents in the metropolitan area. As of the first quarter of 2024, the average rent was \$1,547, up less than 1 percent from a year earlier, and the average vacancy rate was 9.9 percent, up from 8.6 percent as of the first quarter of 2023.

The construction of new rental units during the past year resembles levels in the late 2010s, reflecting the similarity in market conditions between the two periods. During the 12 months ending March 2024, approximately 5,850 rental units were permitted, down 24 percent from the 7,700 units permitted during the previous 12-month period (preliminary data, with adjustments by the analyst).

- An average of 5,850 rental units were permitted annually from 2015 through 2021, a figure that spiked to nearly 8,275 units in 2022. The strong increase in 2022 was partly in response to the tightening apartment market conditions in early 2022 and the strengthening population growth.
- Approximately 6,950 apartment units are under construction in the metropolitan area as of the first quarter of 2024 (CoStar Group). Elevated permitting during 2022 and 2023 contributed to the increase in apartments under construction. An average

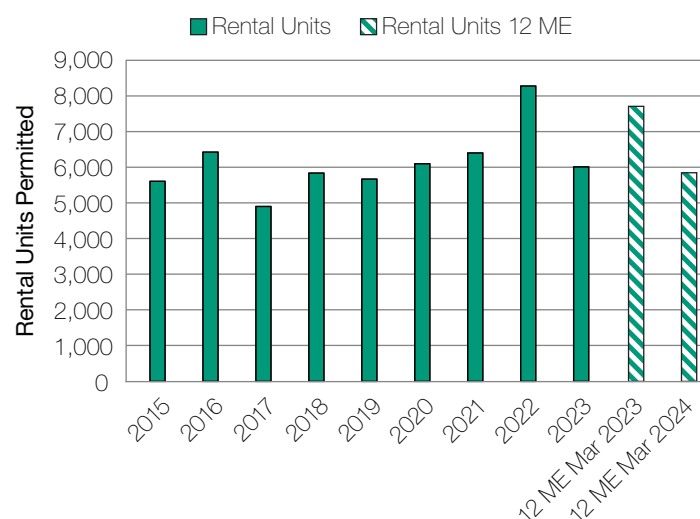
continued on page 7

continued from page 6

of 5,925 units were under construction each year from 2015 through 2021.

- The plurality of apartment construction underway is in the Johnson County, Kansas, market area, where approximately 29 percent of the metropolitan area apartment units under construction are located.
- Among the newest apartments to open in the metropolitan area, the 288-unit Three Light Luxury Apartments opened in the Downtown Kansas City, Missouri, market area in September 2023. Rents for the studio units, one-bedroom units, two-bedroom units, and three-bedroom penthouse start at \$1,290, \$1,926, \$3,722, and \$13,561, respectively.
- The largest apartment complex under construction in the metropolitan area is the 413-unit The OsLo apartments in Overland Park, Kansas, in the Johnson County market area. Construction began in October 2023, and the property is expected to open in late 2025.

**Rental unit construction in the Kansas City metropolitan area peaked in 2022 and has since decreased to levels similar to those of the late 2010s.**



12 ME = 12 months ending.

Sources: U.S. Census Bureau, Building Permits Survey; 2015–22—final data and estimates by the analyst; 2023 and past 24 months of data—preliminary data and estimates by the analyst

## Terminology Definitions and Notes

### A. Definitions

Absorption	The net change, positive or negative, in the number of occupied units in a given geographic range.
Apartment Vacancy Rate/Average Monthly Rent	Data are for market-rate and mixed market-rate and affordable general occupancy apartment properties with five or more units, including those that are stabilized and in lease up. A property is stabilized once a 90-percent or higher occupancy rate is reached, or at least 18 months have passed since the property was changed from “under construction” to “existing” on the CoStar Group website.
Building Permits	Building permits do not necessarily reflect all residential building activity. Some units are constructed or created without a building permit or are issued a different type of building permit. For example, some units classified as commercial structures are not reflected in the residential building permits. As a result, the analyst, through diligent fieldwork, makes an estimate of this additional construction activity. Some of these estimates are included in the discussions of for-sale homes and rental unit building permits.
Existing Home Sales	Includes resales, short sales, and REO sales. Resales are home closings that have no ties to either new home closings (builders) or foreclosures. They are homes that were previously constructed and sold to an unaffiliated third party.
Home Sales/Home Sales Prices	Includes single-family home, townhome, and condominium sales.
Net Natural Change	Resident births minus resident deaths.
Rental Units	Includes apartments and other units built for rent, such as single-family homes, multifamily units, and mobile homes.
Seriously Delinquent Mortgages	Mortgages 90 or more days delinquent or in foreclosure.

### B. Notes on Geography

1.	The metropolitan statistical area definition noted in this report is based on the delineations established by the Office of Management and Budget (OMB) in the OMB Bulletin dated April 10, 2018.
----	---