COMPREHENSIVE HOUSING MARKET ANALYSIS

# Kansas City, Missouri-Kansas


**U.S. Department of Housing and Urban Development,**
Office of Policy Development and Research

As of January 1, 2024

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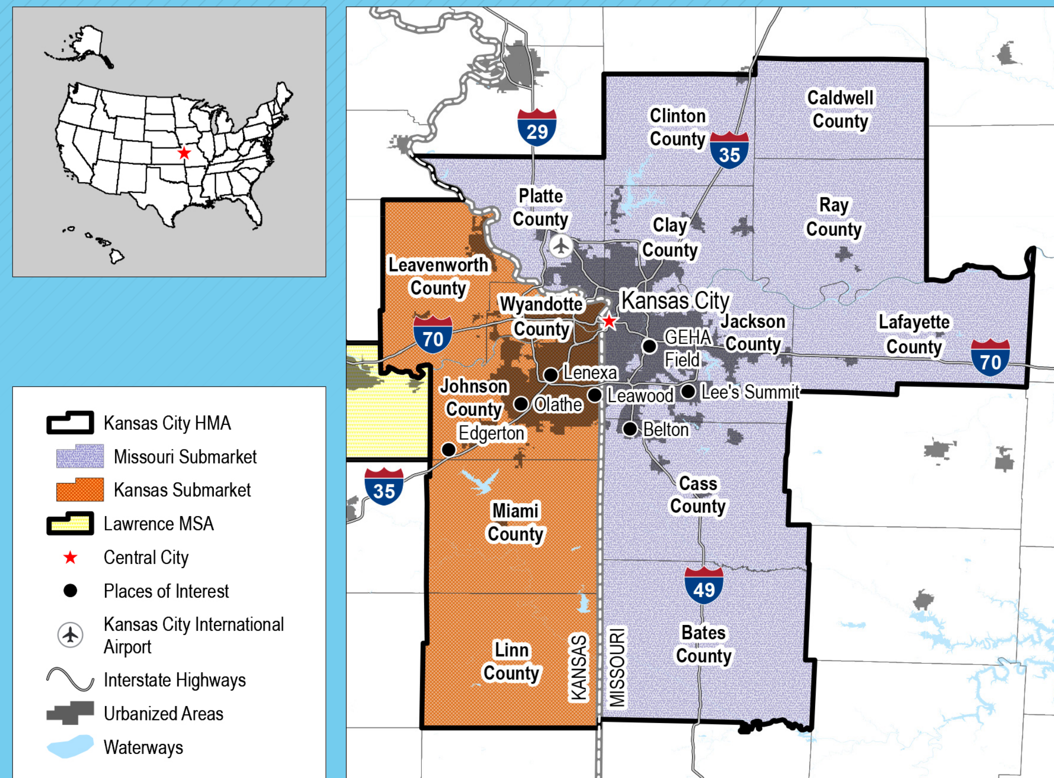
# Executive Summary

## Housing Market Area Description

The Kansas City Housing Market Area (HMA) is coterminous with the Kansas City, MO-KS Metropolitan Statistical Area (MSA) and includes a combined 14 counties in western Missouri and eastern Kansas. For purposes of this analysis, the HMA is divided into two submarkets. The Missouri submarket includes the nine Missouri counties of Bates, Caldwell, Cass, Clay, Clinton, Jackson, Lafayette, Platte, and Ray. The Kansas submarket includes the five Kansas counties of Johnson, Leavenworth, Linn, Miami, and Wyandotte. The largest city in the HMA, Kansas City, Missouri, is primarily in Jackson County but also extends into portions of Clay, Platte, and Cass Counties.

The current population of the HMA is estimated at 2.23 million.

The HMA is home to National Football League (NFL) team the Kansas City Chiefs (hereafter, the Chiefs). The Chiefs, with four Super Bowl appearances and three wins in five seasons through the end of the 2023–24 season, have an estimated average annual economic impact of $993.2 million (Econsult Solutions). Attendance at the 2023–24 regular season games at GEHA Field at Arrowhead Stadium in Kansas City, Missouri, increased nearly 9 percent from the 2022–23 season (ESPN.com). During the 2023–24 regular season, the NFL estimated the value of singer Taylor Swift's attendance at football games to be an additional $331.5 million for the Chiefs and the NFL combined (Apex Marketing Group).




### Tools and Resources

Find interim updates for this metropolitan area, and select geographies nationally, at PD&R's Market-at-a-Glance tool.
Additional data for the HMA can be found in this report's supplemental tables.
For information on HUD-supported activity in this area, see the Community Assessment Reporting Tool.

# Market Qualifiers

## Economy

**Strong:** During 2023, nonfarm payrolls in the HMA were 3.8 percent above the 2019 prepandemic peak, outpacing the national rate of 3.4 percent.

Nonfarm payrolls averaged 1.14 million jobs during 2023, up by 27,200 jobs, or 2.4 percent, from a year earlier and slowing from the 3.3-percent annual growth in 2022. The HMA economy recovered from the recession of early 2020 by 2022. Nine of the 11 nonfarm payroll sectors contributed to job growth in 2023, led by the leisure and hospitality sector. The unemployment rate, though still low, increased from 2.6 percent in 2022 to 2.9 percent in 2023. During the next 3 years, nonfarm payrolls are expected to increase by an average of 18,550 jobs, or 1.6 percent, annually to nearly 1.20 million jobs.

## Sales Market

**Balanced:** The sales vacancy rate is estimated at 1.7 percent, up from 1.5 percent in 2020.

Sales market conditions are currently balanced in both submarkets. In the HMA, home sales totaled 51,300 during 2023, down 19 percent from a year earlier, and the average price was unchanged at $337,800 (CoreLogic, Inc., with adjustments by the analyst). Rising mortgage interest rates caused sales to fall, but prices did not decline because of a limited inventory of homes available for sale in the HMA. During the 3-year forecast period, demand for 16,050 new homes is expected, and the 2,170 homes currently under construction will meet a portion of the demand. Approximately 55 percent of the demand is expected in the Missouri submarket, with the remaining 45 percent in the Kansas submarket.

## Rental Market

**Balanced:** The rental vacancy rate is estimated at 9.6 percent, up from 9.1 percent in 2020.

Rental market conditions are balanced in both submarkets. The apartment market is also balanced in the HMA and in each submarket. The apartment vacancy rate averaged 8.5 percent as of the fourth quarter of 2023, and the average monthly apartment rent increased 3 percent year over year to $1,247 (CoStar Group). During the next 3 years, demand is estimated for 16,200 additional rental units; the 7,925 units under construction are expected to meet a portion of that demand. The Missouri submarket is expected to account for 62 percent of the rental demand, with the remaining 38 percent in the Kansas submarket.

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**3-Year Housing Demand Forecast**

| | Sales Units | | | Rental Units | | |
|---|---|---|---|---|---|---|
| | Kansas City HMA Total | Missouri Submarket | Kansas Submarket | Kansas City HMA Total | Missouri Submarket | Kansas Submarket |
| Total Demand | 16,050 | 8,825 | 7,225 | 16,200 | 10,100 | 6,100 |
| Under Construction | 2,170 | 1,250 | 920 | 7,925 | 4,025 | 3,900 |

Notes: Total demand represents estimated production necessary to achieve a balanced market at the end of the forecast period. Units under construction as of January 1, 2024. The forecast period is January 1, 2024, to January 1, 2027.
Source: Estimates by the analyst

# Economic Conditions

### Largest Sector: Professional and Business Services

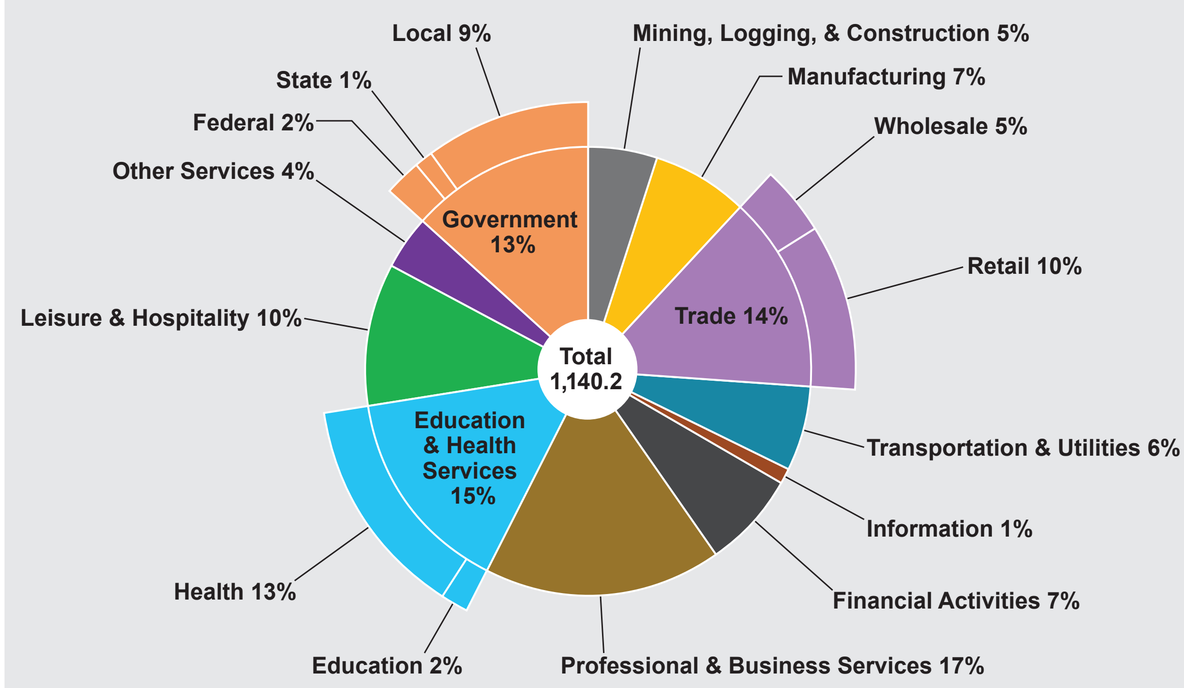
Annual job growth slowed from 3.3 percent in 2022 to 2.4 percent in 2023 as the HMA economy transitioned from recovery to expansion.

## Primary Local Economic Factors

The location of the HMA in the center of the country has contributed to notable clusters of transportation and logistics facilities, particularly distribution centers and warehouses. Transportation of goods through the HMA includes intermodal shipping encompassing four interstates, including I-29, I-35, I-49, and I-70, multiple railyards, the Kansas City International Airport, and the Missouri River. Major railroads serving the HMA include the BNSF Railway Company, Canadian Pacific Kansas City Limited, Union Pacific Corporation, and Norfolk Southern Corporation. The HMA has the second largest rail transportation center in the nation (Association of American Railroads). Logistics Park Kansas City (LPKC) in Edgerton, Kansas, is a 1,700-acre inland port with warehouses and distribution centers adjacent to the BNSF railyard and with access to I-35. LPKC has supported 12,500 jobs since opening in 2013 (Logistics Park Kansas City). The largest warehouse opening in the HMA since 2010 was the 2.01-million-square-foot Kubota Tractor Corporation facility at LPKC in 2019 (Dodge Data & Analytics LLC). Nearly 30 companies have a presence at LPKC, including United Parcel Service, Inc., Amazon.com, Inc., Hostess Brands, Inc., and Spectrum Brands, Inc. Despite being the eighth largest sector in the HMA, the transportation and utilities sector has accounted for 15 percent of job growth in the HMA since 2010, with the fastest rate of growth and third largest job gain amongst all payroll sectors. Throughout the HMA, more than 190 warehouses and distribution centers have opened since 2010, and more than 10 additional centers are underway.

Companies headquartered in the HMA support jobs in the largest nonfarm payroll sector, the professional and business services sector, which accounts for 17 percent of nonfarm payrolls (Figure 1), compared with 15 percent nationally. The HMA includes one company on the 2023 Fortune 500 list, Seaboard Corporation,

**Figure 1. Share of Nonfarm Payroll Jobs in the Kansas City HMA, by Sector**




Notes: Total nonfarm payroll is in thousands. Percentages may not add to 100 percent due to rounding. Based on 12-month averages through December 2023.
Source: U.S. Bureau of Labor Statistics

an agribusiness company ranked number 364 on the list, and an additional four companies on the Fortune 1000 list—Evergy, Inc., AMC Entertainment Holdings, Inc., Euronet Worldwide, Inc., and H&R Block, Inc. (*Kansas City Business Journal*). Several large private employers have headquarters in the HMA, including Oracle Cerner, HCA Midwest Health, and T-Mobile US, Inc. Many companies with headquarters in the HMA also support jobs in other sectors. HCA Midwest Health contributes to jobs in the education and health services sector, which is the second largest nonfarm payroll sector. UMB Financial Corporation, the Federal Reserve Bank of Kansas City, Blue Cross and Blue Shield of Kansas City, the Government Employees Hospital Association, and SelectQuote Insurance Services contribute to jobs in the financial activities and government sectors.

**Table 1. 12-Month Average Nonfarm Payroll Jobs (1,000s) in the Kansas City HMA, by Sector**

| | 12 Months Ending December 2022 | 12 Months Ending December 2023 | Absolute Change | Percentage Change |
|---|---|---|---|---|
| **Total Nonfarm Payroll Jobs** | **1,113.0** | **1,140.2** | **27.2** | **2.4** |
| **Goods-Producing Sectors** | 141.8 | 145.5 | 3.7 | 2.6 |
| Mining, Logging, & Construction | 57.2 | 60.0 | 2.8 | 4.9 |
| Manufacturing | 84.5 | 85.5 | 1.0 | 1.2 |
| **Service-Providing Sectors** | 971.2 | 994.7 | 23.5 | 2.4 |
| Wholesale & Retail Trade | 159.3 | 160.1 | 0.8 | 0.5 |
| Transportation & Utilities | 66.8 | 66.6 | -0.2 | -0.3 |
| Information | 16.8 | 16.8 | 0.0 | 0.0 |
| Financial Activities | 78.0 | 80.5 | 2.5 | 3.2 |
| Professional & Business Services | 190.9 | 195.0 | 4.1 | 2.1 |
| Education & Health Services | 160.8 | 166.7 | 5.9 | 3.7 |
| Leisure & Hospitality | 109.8 | 115.8 | 6.0 | 5.5 |
| Other Services | 44.0 | 45.0 | 1.0 | 2.3 |
| Government | 144.9 | 148.3 | 3.4 | 2.3 |

Notes: Based on 12-month averages through December 2022 and December 2023. Numbers may not add to totals due to rounding. Data are in thousands.
Source: U.S. Bureau of Labor Statistics

## Current Conditions—Nonfarm Payrolls

The economy is strong in the Kansas City HMA, but job growth slowed during the past year as the economy transitioned from recovery to expansion. During 2023, nonfarm payrolls increased by 27,200 jobs, or 2.4 percent, from a year earlier to 1.14 million jobs (Table 1). Job growth in the HMA during the past year was slightly faster than the 2.3-percent increase nationally. By comparison, during 2022, jobs in the HMA increased 3.3 percent, slower than the 4.3 percent national gain. During 2022, nonfarm payrolls in the Kansas City HMA and the nation recovered from the brief recession that occurred in early 2020 following the countermeasures to slow the spread of COVID-19. In 2023, nonfarm payrolls in the HMA and nation were 3.8 and 3.4 percent above their respective 2019 prepandemic peaks.

Nine of the 11 payroll sectors contributed to job gains in the HMA during 2023. The leisure and hospitality sector led job growth, increasing by 6,000 jobs, or 5.5 percent, compared with 2022. Hotel occupancy averaged 61.2 percent in 2023, up from 58.8 percent in 2022 (CoStar Group). The increase in the occupancy rate occurred despite growth in the supply of rooms with the opening of the Aloft and Cascade Hotels, both near the Country Club Plaza in Kansas City, with a combined 300 rooms. The NFL and Taylor Swift contributed to growth in tourism in the HMA. In April, the NFL draft took place near Union Station Kansas City, resulting in an economic impact of $164.3 million (Visit KC). In July, two concerts by Taylor Swift at the GEHA Field at Arrowhead Stadium had a local economic impact of $200 million. The education and health services sector also had strong growth in 2023, adding 5,900 jobs, or 3.7 percent, year over year. The sector accounted for 15 percent of nonfarm payrolls in 2023, and 4 of the 10 major employers are healthcare providers (Table 2). The Lee's Summit Medical Center opened a new CareNow Urgent Care facility and expanded the intensive care unit, nearly doubling its capacity. The professional and business services sector added 4,100 jobs, or 2.1 percent, to 195,000 jobs during 2023. Job gains were mainly in two industries: professional, scientific, and technical services and management of companies and enterprises. During 2023, Benefitbay moved its headquarters from Omaha, Nebraska, to Kansas City, Missouri, and EducationDynamics, LLC moved its headquarters from Hoboken, New Jersey, to Lenexa, Kansas. The transportation and utilities sector shed 200 jobs, or 0.3 percent, partially offsetting overall job gains.

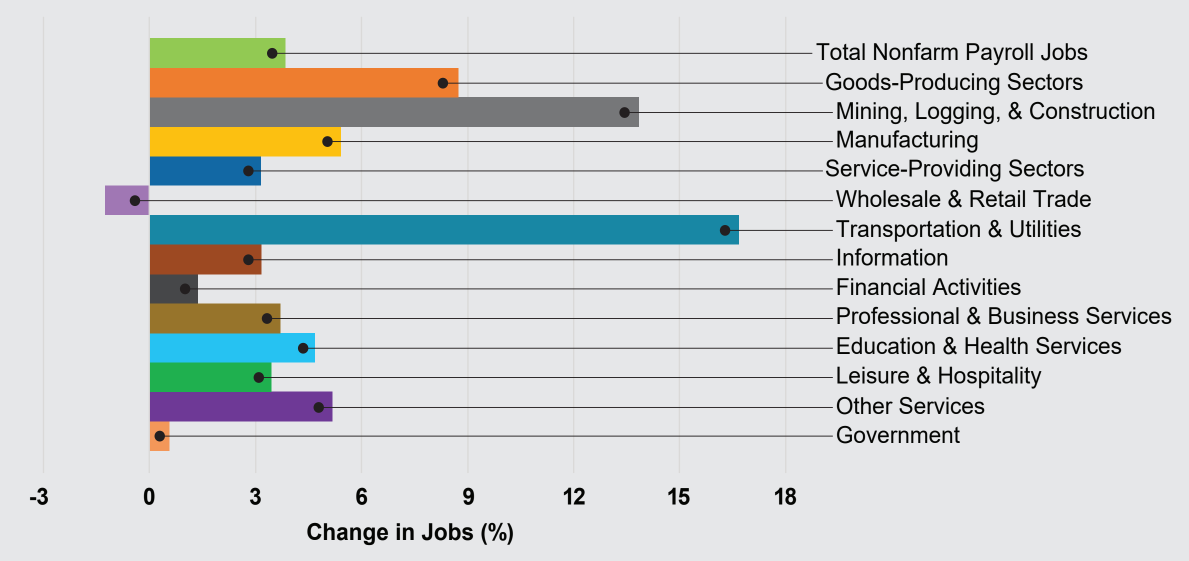
The economic growth following the COVID-19 pandemic varied significantly by sector, although 10 of 11 sectors in the HMA currently exceed prepandemic highs. The transportation and utilities and the mining, logging, and construction sectors had the strongest gains; during 2023, payroll levels were 16.7 and 13.9 percent higher than the 2019 levels, respectively (Figure 2). The transportation and utilities sector accounted for 23 percent of total job gains since 2020. A longer-term trend of increasing online shopping and delivery accelerated during the COVID-19 pandemic, coupled with the opening of several distribution centers, which contributed to strong growth in the sector since 2020 despite the small decline in the past year. In the mining, logging,

**Table 2. Major Employers in the Kansas City HMA**

| 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 |
| HCA Midwest Health | Education & Health Services | 10,200 |
| Saint Luke's Health System | Education & Health Services | 9,725 |
| Children's Mercy Kansas City | Education & Health Services | 7,325 |
| Ford Motor Company | Manufacturing | 7,100 |
| Amazon.com, Inc. | Transportation & Utilities | 5,875 |
| Honeywell Federal Manufacturing and Technologies, LLC | Manufacturing | 5,400 |
| T-Mobile US, Inc. | Transportation & Utilities | 5,000 |

Note: Excludes local school districts.
Source: *Kansas City Business Journal*, 2022

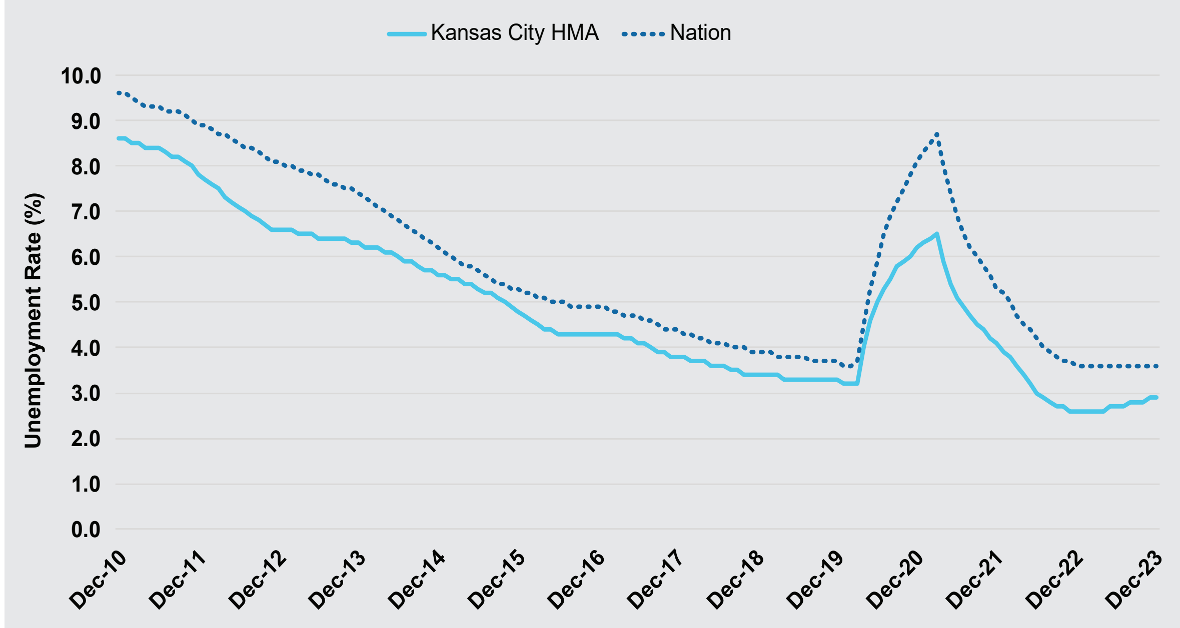
**Figure 2. Sector Growth in the Kansas HMA, 2020 to Current**




Note: Current data are based on the 12-month averages ending December 2023.
Source: U.S. Bureau of Labor Statistics

and construction sector, growth was supported by increases in residential and commercial construction, including new warehouses and a new terminal at the Kansas City International Airport. The leisure and hospitality sector, which was the hardest hit sector during early 2020 because of temporary business closures, had a 3.5-percent gain in jobs compared with 2019. The leisure and hospitality, the financial activities, and the government sectors were the three sectors in the HMA that did not fully recover until 2023. The wholesale and retail trade sector is the only sector that has not fully recovered the jobs lost in 2020, down 1.3 percent compared with 2019. The sector has had payroll declines since 2019 as consumer preferences shifted from brick-and-mortar stores toward e-commerce.

Figure 3. 12-Month Average Unemployment Rate in the Kansas City HMA and the Nation




Note: Based on the 12-month moving average.
Source: U.S. Bureau of Labor Statistics

## Current Conditions—Unemployment

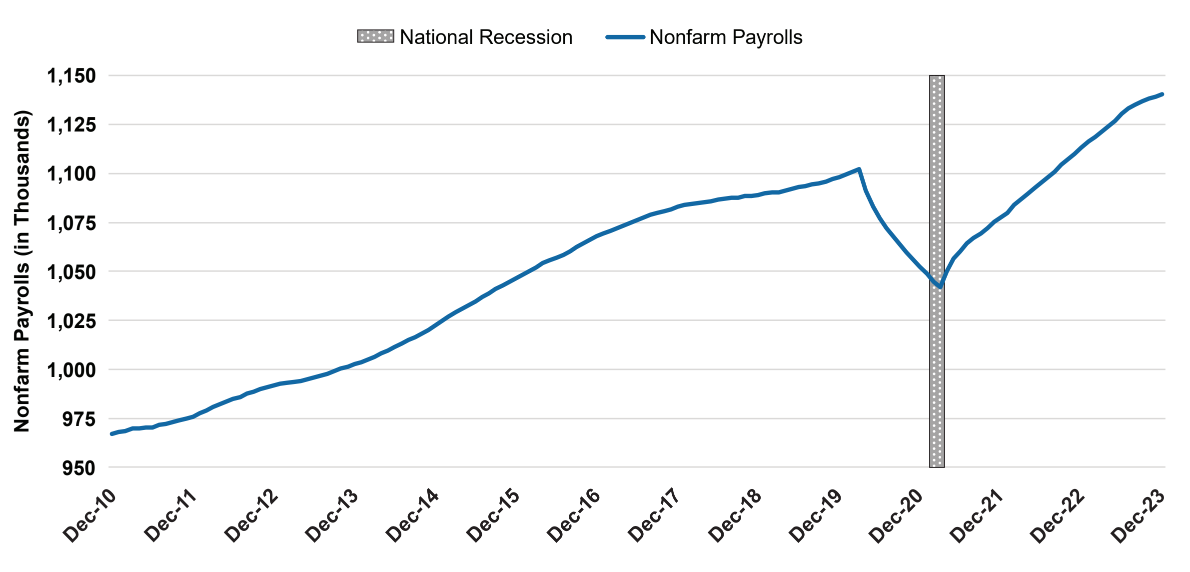
The unemployment rate in the HMA has stayed below the national rate since 2010 (Figure 3). During 2023, the unemployment rate averaged 2.9 percent, up from 2.6 percent in 2022, which was the lowest level since at least 2010. The increase in the past year occurred because the 2.0-percent growth in the labor force outpaced the 1.7-percent increase in resident employment. After a peak of 8.6 percent in 2010 following the Great Recession, the unemployment rate steadily declined to a low of 3.2 percent during the 12 months ending March 2020. Significant job losses during the early stages of the pandemic led to the unemployment rate rising to 6.5 percent during the 12 months ending March 2021. By comparison, the national unemployment rate reached a recent peak of 8.7 percent during the 12 months ending March 2021 and declined to 3.6 percent in 2023. Prior to the impact of the pandemic, the national unemployment rate declined from 9.6 percent in 2010 to 3.7 percent during the 12 months ending March 2020.

# Economic Periods of Significance

## 2010 Through 2014: Recovery from the Great Recession

The job losses in the HMA that occurred as a result of the Great Recession ended in 2010. Recovery then began, and from 2011 through 2014, jobs increased by an average of 13,800 jobs, or 1.4 percent, annually (Figure 4). Growth occurred in 8 of 11 sectors during the period. The professional and business services sector led job growth, adding an average of 6,300 jobs, or 4.0 percent, each year. Sedgwick LLP, a San Francisco-based law firm, expanded into Kansas City and added 100 jobs in 2014. The education and health services sector grew by an average of 3,300 jobs, or 2.5 percent, annually. In 2013, North Kansas City Hospital opened a 10,000-square-foot, 42-bed emergency room. Partially offsetting job gains, the government sector, the information sector, and the other services sector shed an average of 1,400, 1,200, and 600 jobs, or 0.9, 4.6, and 1.5 percent, a year, respectively. The federal government subsector accounted for one-half of the losses in the government sector, partly because of the termination of temporary U.S. Census Bureau jobs following the 2010 Census and the sequestration in 2013 that led to hiring freezes at some federal agencies. The federal government has a considerable presence, being the largest employer in the HMA, including an Internal

Figure 4. 12-Month Average Nonfarm Payrolls in the Kansas City HMA




Note: Based on the 12-month moving average.
Source: U.S. Bureau of Labor Statistics

Revenue Service processing center. The HMA recovered the total number of jobs lost during the recession by the end of 2014, the same year as the national recovery, when nonfarm payrolls in the HMA reached 1.02 million jobs, surpassing the previous peak of 1.01 million jobs in 2008.

## 2015 Through 2019: Economic Expansion

Economic expansion following the recovery from the Great Recession led to a brief period of robust job growth in the HMA that slowed near the end of the decade. From 2015 through 2017, jobs increased by an average of 20,200, or 1.9 percent, annually, compared with 1.8 percent average annual job gains nationally. The professional and business services and the education and health services sectors continued to lead job growth, adding averages of 4,800 and 3,400 jobs, or 2.7 and 2.3 percent, respectively, each year. Job growth slowed in the latter part of the 2010s, averaging 7,600 jobs, or 0.7 percent, annually in 2018 and 2019. Growth in the transportation and utilities sector strengthened and led the job gains, averaging 3,000 jobs a year, or 5.7 percent, followed by growth in the education and health services sector, which averaged

2,600 jobs a year, or 1.7 percent. Throughout the 2015-through-2019 period, the information sector had an average annual decline of 1,300 jobs, or 6.4 percent, a steeper decrease than the previous period.

### 2020 Through 2021: COVID-19 and Initial Recovery

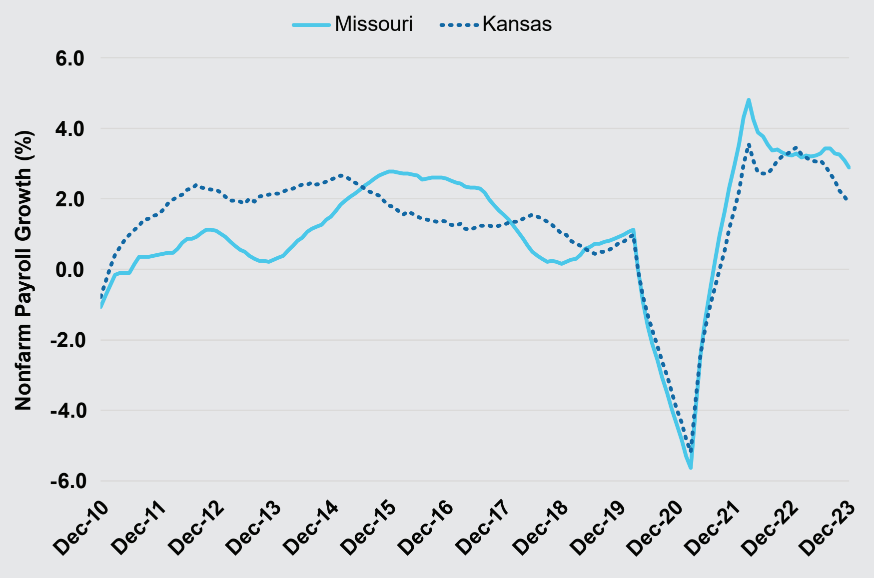
The brief recession in early 2020 that resulted from countermeasures to slow the spread of COVID-19 was less severe in the HMA than in the nation. During 2020, nonfarm payrolls decreased by 45,900 jobs, or 4.2 percent, compared with a 5.8-percent decline nationally. Nine of 11 sectors in the HMA had job losses, with the leisure and hospitality sector accounting for nearly 46 percent of total job losses, down by 20,900 jobs, or 18.7 percent. The transportation and utilities and the financial activities sectors were the only two sectors with job gains, up by averages of 1,700 and 200 jobs, or 3.0 and 0.3 percent, respectively. During 2020, changes in consumer behavior contributed to faster growth in the transportation and utilities sector when demand for e-commerce and delivery services increased. Historically low mortgage interest rates led to increased homebuying and refinancing, supporting jobs in the financial activities sector. Total nonfarm payrolls increased by 25,100 jobs, or 2.4 percent, in 2021, representing a recovery of approximately 55 percent of the jobs lost during 2020. The leisure and hospitality sector led job growth in 2021, adding 8,100 jobs, or 8.9 percent, and job growth accelerated in the transportation and utilities sector, which increased by 5,000 jobs, or 8.5 percent. In 2021, Chewy, Inc. opened a new distribution center in Belton, Missouri, adding 1,600 jobs. However, as of 2021, only the mining, logging, and construction sector and the transportation and utilities sector exceeded 2019 payroll levels.

## Nonfarm Payrolls by Submarket

In 2023, the Missouri submarket accounted for 56.2 percent of total HMA nonfarm payrolls, and the Kansas submarket accounted for the remaining 43.8 percent. These shares have shifted slightly from 2010, when the Missouri and Kansas submarkets accounted for 56.6 and 43.4 percent of nonfarm payrolls, respectively. Despite slower growth in the past year, the Kansas submarket has averaged slightly faster growth than the Missouri submarket overall since 2010, with average annual job gains of 1.3 and 1.1 percent, respectively. During 2023, jobs in the Missouri submarket increased 2.9 percent from a year earlier, compared with 1.9-percent growth in the Kansas submarket (Figure 5). By contrast, in 2022, nonfarm payrolls in the Missouri and Kansas submarkets increased 3.2 and 3.4 percent, respectively. Payrolls in the Missouri submarket have surpassed 2019 levels by 4.6 percent, compared with 2.9 percent in the Kansas submarket.

The leisure and hospitality sector led job growth in the Missouri submarket during 2023, increasing by 4,600 jobs, or 6.8 percent, from 2022. GEHA Field at Arrowhead Stadium, in the southeast portion of Kansas City, hosts

**Figure 5. Nonfarm Payroll Growth in the Kansas City HMA, by Submarket**




Source: U.S. Bureau of Labor Statistics

NFL football games, concerts, and other events, with a capacity of approximately 76,400 people. In addition, the two hotels that opened in the HMA are in the Missouri submarket. Several companies with significant corporate offices or headquarters in the submarket support jobs in the professional and business services sector. The largest private employer in the Missouri submarket is Oracle Cerner, a healthcare technology company. H&R Block, Inc., which was ranked 828 on the 2023 Fortune 1000 list, is also headquartered in the submarket.

In the Kansas submarket, health care is a major industry. The University of Kansas Health System is the largest private employer. Although the health system partners with the University of Kansas School of Medicine, it does not receive public funding from the state. Payrolls in the education and health services sector led growth in the Kansas submarket in 2023, adding 3,000 jobs, or 4.1 percent.

## Commuting Patterns

Approximately 96 percent of the jobs in the Kansas City HMA are filled by workers living in the HMA, although significant commuting occurs between submarkets (2016–2020 U.S. Census Journey to Work). For jobs located in the Missouri submarket, approximately 83 percent of the jobs are filled by residents of the submarket, 13 percent commute from the Kansas submarket, and the remaining 4 percent live outside the HMA (Table 3). For jobs located in the Kansas submarket, approximately 75 percent of jobs are filled by residents of the submarket. In addition, 20 percent commute in from the Missouri submarket, and the remaining 5 percent are from outside the HMA.

**Table 3. Jobs by Place of Worker Residence in the Kansas City HMA**

| Worker Residence | | Location of Primary Job | |
|---|---|---|---|
| | | Missouri Submarket (%) | Kansas Submarket (%) |
| | Missouri Submarket | 83% | 20% |
| | Kansas Submarket | 13% | 75% |
| | Outside the HMA | 4% | 5% |

Note: Columns may not add to 100 percent due to rounding.
Source: 2016–2020 U.S. Census Journey to Work

For workers living within the HMA, approximately 97 percent work at jobs in the HMA. In the Missouri submarket, 81 percent of workers living in the submarket also held jobs within the submarket, 16 percent commuted to the Kansas submarket, and 3 percent commuted outside the HMA. In the Kansas submarket, 80 percent of residents worked in the submarket, 17 percent commuted to the Missouri submarket, and 3 percent commuted outside of the HMA.

For both submarkets, Douglas County in Kansas is the top location for commuters from outside the HMA and the primary destination for workers who commute out of the HMA. Douglas County is coterminous with the Lawrence, KS MSA and located immediately west of the HMA along I-70. The University of Kansas is the largest employer in the Lawrence MSA.

## Forecast

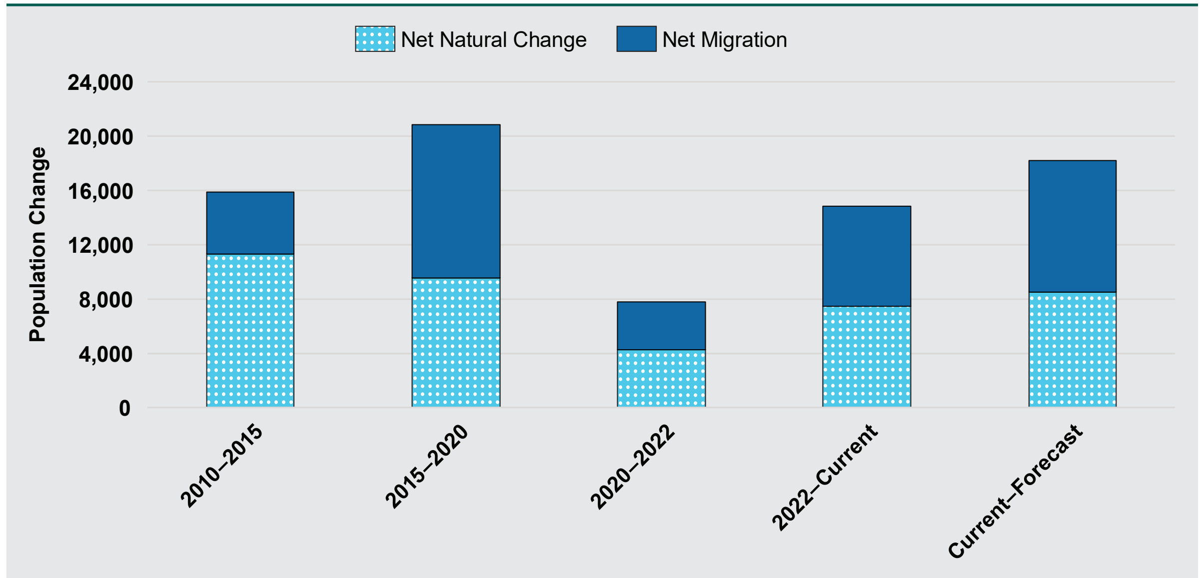
During the next 3 years, nonfarm payroll growth is expected to moderate from recent strong growth. Nonfarm payrolls are expected to increase by an average of 18,550 jobs, or 1.6 percent, annually to nearly 1.20 million jobs as of January 1, 2027. Growth is expected in most sectors. In October 2023, the U.S. Department of Commerce designated Kansas City as an Inclusive Biologics and Biomanufacturing Tech Hub, one of 31 tech hub designations nationally under the CHIPS and Science Act. As a tech hub, the area is eligible for significant federal investment in animal and human vaccination research and vaccine manufacturing. In November 2023, Ceva Animal Health announced plans to build a new 42,000-square-foot manufacturing facility at their headquarters campus in Lenexa, Kansas, for the production of livestock vaccines. Vertical Cold Storage is building a cold storage facility that is combined with the West Liberty Foods processing center, also underway, which is eventually expected to create more than 580 jobs. KCI 29 Logistics Park, a logistics and distribution development covering approximately 2,000 acres, is under construction near the Kansas City International Airport and expected to open in 2025. Ace Hardware Corporation is building a new warehouse at the KCI 29 Logistics Park that is expected to open in 2025 and create more than 350 jobs. Eastern Airlines, LLC has announced plans to relocate its headquarters to the HMA, adding 165 jobs.

# Population and Households

### Current Population: 2.23 Million

> The Missouri submarket accounts for 59 percent of the HMA population, and the Kansas submarket includes the remaining 41 percent.

**Figure 6. Components of Population Change in the Kansas City HMA, 2010 Through the Forecast**




Notes: Data displayed are average annual totals. The forecast period is the current date (January 1, 2024) to January 1, 2027.
Sources: U.S. Census Bureau; current to forecast—estimates by the analyst

## Population Trends

Population growth slowed significantly during the pandemic but has shown signs of returning to more historical trends since 2022. Net natural increase was already slowing in the 2010s, similar to national trends, and dropped further during 2020 to 2022, partly because of an elevated number of deaths from the pandemic. From 2020 to 2022, the population increased by an average of 7,750, or 0.4 percent, annually, which was the slowest period of population growth in the HMA since at least 2010 (decennial census counts and population estimates as of July 1). Net natural increase declined 55 percent because of fewer births and increased deaths, but it still accounted for the majority of population growth, averaging 4,300 people a year, exceeding the net in-migration that averaged 3,450 people a year (Figure 6). Since 2022, the population has increased at a stronger rate, bolstered by a rise in net natural increase as excess deaths from the pandemic waned. Net in-migration strengthened, partly because of return-to-office initiatives requiring workers to be within a commutable distance and also because of greater international net in-migration, which had been limited during the pandemic. Since 2022, the population of the HMA has increased by an average of 14,900 a year, or 0.7 percent. Net natural increase averaged 7,500 people a year, which accounted for slightly more than 50 percent of the population growth, and net in-migration strengthened to an average of 7,400 people annually.

## Historical Population Trends

The strongest period of population growth was from 2015 to 2020, partially due to stronger job growth compared with 2010 to 2015. From 2010 to 2015, the population increased by an average of 15,900, or 0.8 percent, annually. During this period, net natural increase averaged 11,350 people a year, accounting for 71 percent of total population growth, and annual net in-migration averaged 4,550 people. From 2015 to 2020, population growth accelerated, partly because the 2015-through-2017 period included the strongest job growth in the HMA, leading to increased net in-migration. Net natural increase was 16 percent lower compared with the 2010-to-2015 period, averaging 9,525 people a year, although net in-migration more than doubled to 11,400 people a year, or 55 percent of population growth.

The population of the Kansas City HMA has aged since 2010, similar to national trends. The median age of residents in the Kansas City HMA was 38.2 years in 2022, up from 36.6 years in 2010; however, the median age in the HMA was below the national median of 39.0 years in 2022 (Table 4).

## Population by Submarkets

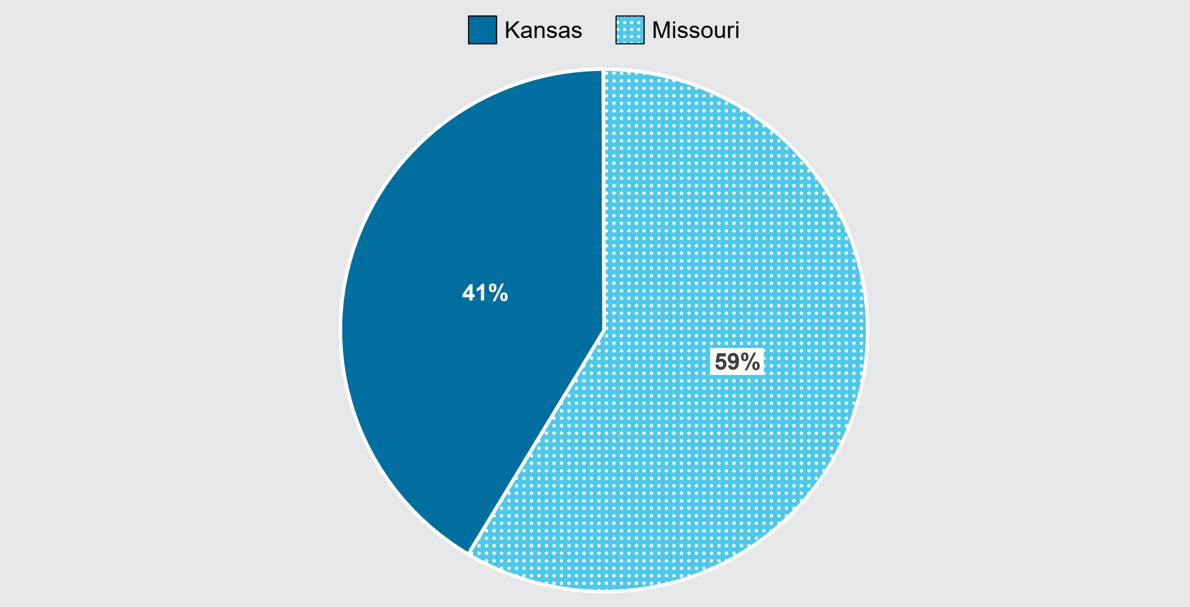
Population trends in the submarkets have diverged since 2010. As of January 1, 2024, the Missouri submarket had an estimated population of 1.31 million, or 59 percent of the total HMA population, compared with a population of 922,800 in the Kansas submarket, which accounts for the remaining 41 percent of the population (Figure 7). During the 2010s, population growth in the Missouri submarket accelerated, whereas population growth in the Kansas submarket slowed; however, the Kansas submarket had a slightly higher overall growth rate than the Missouri submarket. Since 2020, growth moderated in both submarkets but was slightly stronger in the Kansas submarket than in the Missouri submarket. Map 1 shows population trends in the HMA by census tract from 2010 to 2020.

**Table 4. Selected Population and Household Demographics**

| | Kansas City HMA | Nation |
|---|---|---|
| **Population Under Age 18** | 23.3% | 21.7% |
| **Population Age 65 and Over** | 16.2% | 17.3% |
| **Median Age** | 38.2 | 39.0 |
| | | |
| **White** | 71.9% | 60.9% |
| **Black** | 11.7% | 12.2% |
| **Asian** | 3.1% | 5.9% |
| **Other Race** | 13.3% | 21.0% |
| | | |
| **Hispanic** | 10.0% | 19.1% |
| **Non-Hispanic** | 90.0% | 80.9% |
| | | |
| **Median Household Income** | $75,280 | $74,755 |
| **Households With One or More Children Under Age 18** | 29.3% | 28.7% |
| **One-person Households** | 31.2% | 28.6% |

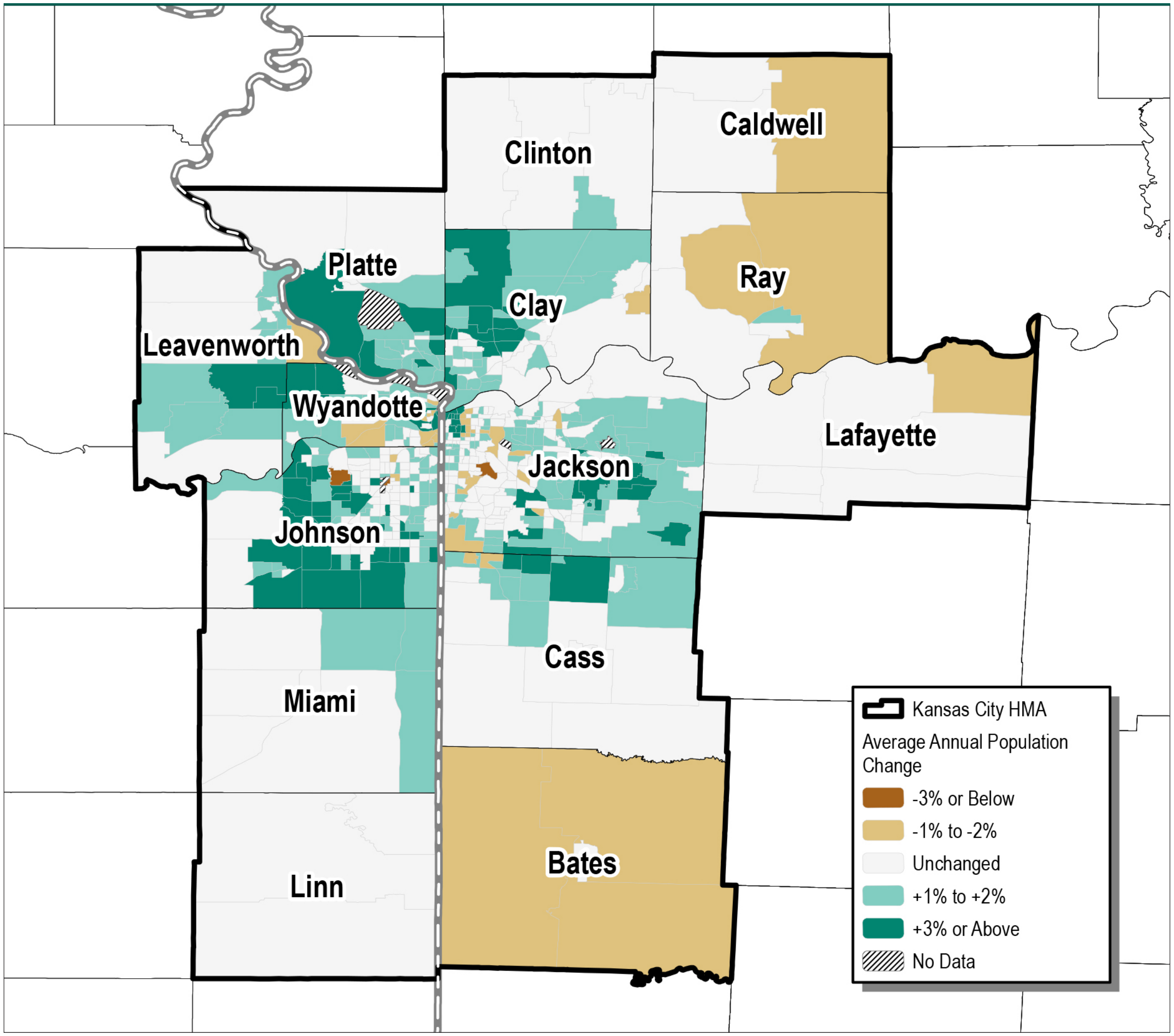
Source: 2022 American Community Survey 1-year data

**Figure 7. Current Population in the Kansas City HMA, by Submarket**




Source: Estimates by the analyst

Map 1. Average Annual Population Change by Census Tract in the Kansas City HMA from 2010 to 2020




Source: U.S. Census Bureau

In the Missouri submarket, the population increased by an average of 6,675, or 0.6 percent, annually from 2010 to 2015. Net natural increase averaging 5,700 people a year accounted for 85 percent of the population growth. Population growth accelerated in the latter half of the decade, spurred by stronger economic growth. From 2015 to 2020, the population increased by an average of 13,300 a year, or 1.1 percent. During the period, net in-migration averaged 8,650 people, more than eight times the average annual net in-migration during the previous period, accounting for 65 percent of the population growth. The population in Kansas City grew as more people chose to live in downtown areas, which also contributed to the stronger growth in the submarket during this period. Population growth in the city averaged 2,975 people a year from 2010 to 2015 and increased nearly 55 percent to an average of 4,600 people annually from 2015 to 2020. Since 2020, population growth in the submarket slowed, with lower levels of both net natural increase and net in-migration, a result of the pandemic. The population increased by an average of 5,825, or 0.4 percent, annually, and net in-migration of 3,550 people accounted for 61 percent of the population growth. The most populous county in the Missouri submarket is Jackson County, with 55 percent of the population, followed by Clay County, with 20 percent of the population. Clay County had the largest increase from 2020 to 2023, up an average of 2,875 people, or 1.6 percent, a year (Census Bureau population estimates as of July 1). Platte County, which accounts for approximately 9 percent of the submarket population, had the fastest rate of growth since 2020, increasing an average of 2,325 people, or 2.2 percent, annually from 2020 to 2023.

In the Kansas submarket, population growth was steady throughout most of the 2010s. From 2010 to 2018, the population increased by an average of 9,000, or 1.1 percent, annually. Net natural increase averaged 5,450 people a year and accounted for 61 percent of the population growth. Population growth then slowed to an average of 0.6 percent annually from 2018 to 2020, with net natural increase averaging 4,525 people annually and net in-migration averaging 1,275 people a year. The slowdown in international migration in the late 2010s that occurred nationally due to federal restrictions was more pronounced in the Kansas submarket than in the Missouri submarket. Since 2020, net natural increase slowed further because of excess deaths from the pandemic, but net in-migration began to increase. Since 2020, the population increased an average of 4,800 a year, or 0.5 percent, and net in-migration of 1,525 people accounted for 32 percent of the population growth. The most populous county in the Kansas submarket is Johnson County, which accounts for 68 percent of the submarket population. Johnson County also had the largest population gain from 2020 to 2023, up an average of 5,500 people a year, which partially offset a decline averaging 1,750 people a year in Wyandotte County, the second most populous county with approximately 18 percent of the population (Census Bureau population estimates as of July 1). The fastest rate of growth in the Kansas submarket occurred in Miami County, which increased an average of 1.5 percent a year from 2020 to 2023.

## Household Trends

The share of single-person households in the HMA increased from 28.9 percent in 2010 to 31.2 percent in 2022. In addition, declining birthrates, similar to the long-term national trend, and excess deaths attributed to the pandemic contributed to smaller average household sizes in the HMA since 2020.

The aging population and an increase in single-person households in the HMA have contributed to household growth that has outpaced population growth since 2010, a trend that has accelerated since 2020. From 2010 to 2020, the number of households in the HMA increased by an average of 7,875, or 1.0 percent, a year, compared with the 0.9-percent average annual increase in population (Table 5). The Missouri submarket accounted for 58 percent of the household growth, averaging 4,550, or 0.9 percent, annually, but the Kansas submarket had the fastest growth, averaging 1.0 percent, or 3,325, annually. Since 2020, household growth in the HMA strengthened slightly despite much slower population growth. When household savings increased because of federal assistance payments during the pandemic, more people could afford to form new households, including people who had been in shared housing arrangements. Since 2020, the number of households in the HMA increased by an average of 8,850, or 1.0 percent, annually, much faster than the 0.5-percent average annual increase in population. In both submarkets, households increased an average of 1.0 percent annually, with the Missouri submarket accounting for nearly 60 percent of the household growth despite the Kansas submarket population growth slightly outpacing the Missouri submarket on a percentage basis.

## Households by Tenure

The homeownership rate in the HMA has declined since 2010. The rate is currently estimated at 62.2 percent for the HMA, down from 63.8 percent in 2020 and 67.2 in 2010 (Figure 8). In the Missouri submarket, the homeownership rate is lower than in the Kansas submarket, at 60.3 percent, down from 62.2 percent in 2020. In the Kansas submarket, homeowners currently account for 65.2 percent of all households, down from 66.0 percent in 2020.

## Forecast

During the next 3 years, the population and number of households in the Kansas City HMA are expected to increase an average of 0.8 and 0.9 percent annually, respectively, to 2.29 million and 925,800. The Missouri submarket is expected to account for 55 percent of the population growth, with the Kansas submarket accounting for the remaining 45 percent (Figure 9). The

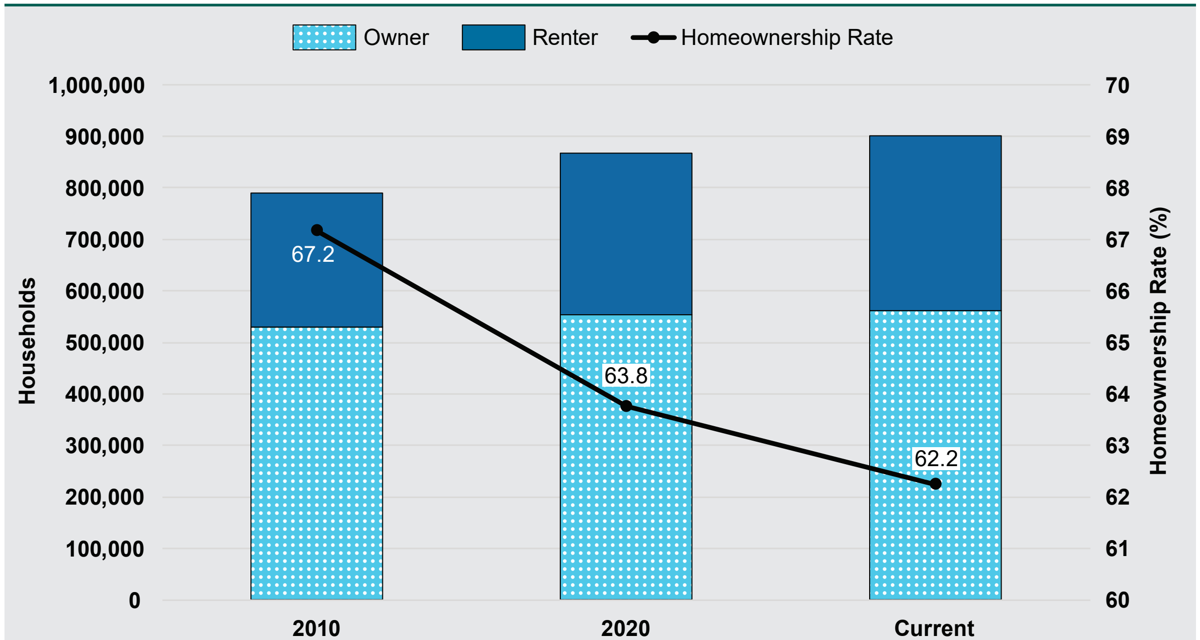
**Table 5. Kansas City HMA Population and Household Quick Facts**

| | | 2020 | Current | Forecast |
|---|---|---|---|---|
| Population Quick Facts | Population | 2,192,035 | 2,231,800 | 2,286,400 |
| | Average Annual Change | 18,275 | 10,625 | 18,250 |
| | Percentage Change | 0.9 | 0.5 | 0.8 |

| | | 2020 | Current | Forecast |
|---|---|---|---|---|
| Household Quick Facts | Households | 868,375 | 901,600 | 925,800 |
| | Average Annual Change | 7,875 | 8,850 | 8,075 |
| | Percentage Change | 1.0 | 1.0 | 0.9 |

Notes: Average annual changes and percentage changes are based on averages from 2010 to 2020, 2020 to current, and current to forecast. The forecast period is the current date (January 1, 2024) to January 1, 2027.
Sources: 2010 and 2020—2010 Census and 2020 Census; current and forecast—estimates by the analyst

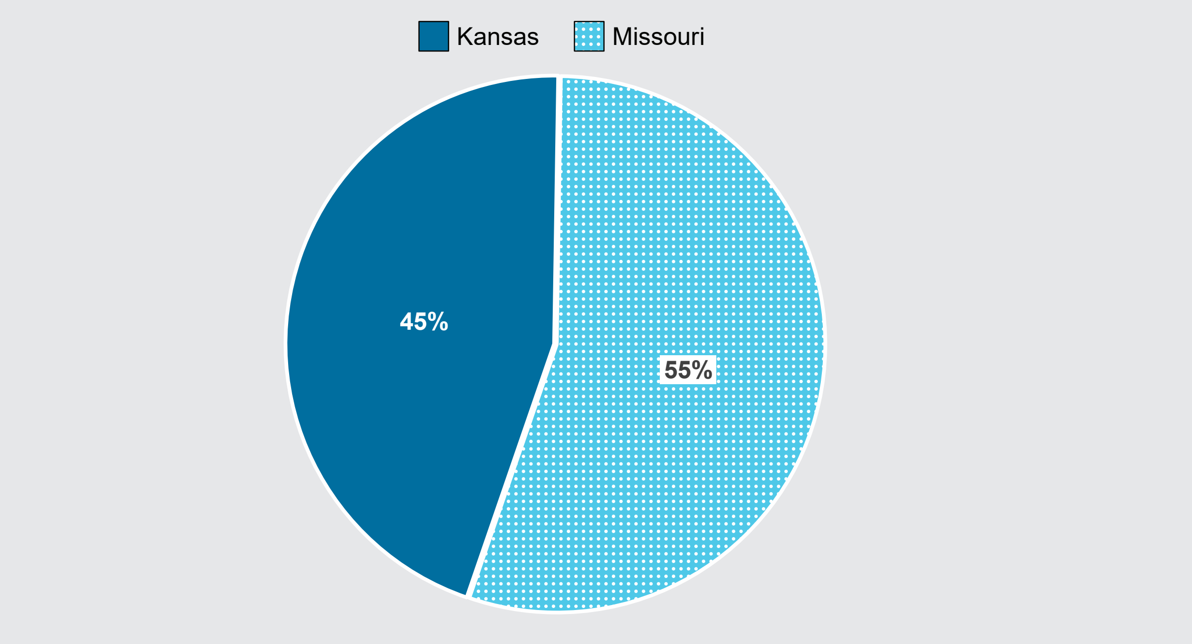
**Figure 8. Households by Tenure and Homeownership Rate in the Kansas City HMA**




Note: The current date is January 1, 2024.
Sources: 2010 and 2020—2010 Census and 2020 Census; current—estimates by the analyst

Missouri submarket is expected to increase by an average of 10,050 people and 4,700 households each year, or 0.8 and 0.9 percent, respectively, to a population of 1.34 million and 555,200 households. In the Kansas submarket, the population and number of households are expected to increase by averages of 8,200 and 3,375, respectively, or 0.9 percent each, annually, to a population of 947,400 and 370,600 households. During the forecast period, net in-migration is expected to rise, partly because international net in-migration is expected to strengthen. Nevertheless, with moderating job growth, the population growth in the HMA will likely not be as strong as during the late 2010s.

**Figure 9. Share of Forecast Population Growth, by Submarket**




Source: Estimates by the analyst

# Home Sales Market

## Sales Market—Kansas City HMA

Market Conditions: Balanced

The inventory of homes for sale is low in the HMA; however, subdued demand for home sales contributed to an increase in the months of supply of homes for sale to 2.0 months in December 2023 (Redfin, a national real estate brokerage, with adjustments by the analyst).

Table 6. Home Sales Quick Facts in the Kansas City HMA

| | | Kansas City HMA | Nation |
|---|---|---|---|
| Home Sales Quick Facts | Vacancy Rate | 1.7% | NA |
| | Months of Inventory | 2.0 | 2.7 |
| | Total Home Sales | 45,900 | 5,070,000 |
| | 1-Year Change | -19% | -23% |
| | New Home Sales Price | $539,200 | $490,100 |
| | 1-Year Change | 3% | 0% |
| | Existing Home Sales Price | $323,400 | $393,400 |
| | 1-Year Change | 0% | 1% |
| | Mortgage Delinquency Rate | 0.9% | 1.0% |

NA = data not available.
Notes: The vacancy rate is as of the current date; home sales and prices are for the 12 months ending December 2023; and months of inventory and mortgage delinquency data are as of December 2023. The current date is January 1, 2024.
Sources: Vacancy rate—estimates by the analyst; months of inventory—Redfin, a national real estate brokerage, with adjustments by the analyst; mortgage delinquency rate—CoreLogic, Inc.; home sales and prices—CoreLogic, Inc., with adjustments by the analyst

## Current Conditions

The home sales market in the Kansas City HMA is balanced, with an estimated sales vacancy rate of 1.7 percent (Table 6), up from 1.5 percent in 2020 but down from 2.7 percent in 2010, when the market was soft because of the Great Recession and the corresponding housing crisis. Conditions are balanced in both of the submarkets. Since 2022, rapidly rising mortgage interest rates have tempered home sales. The inventory of homes for sale remains low. The swift rise in rates has discouraged would-be sellers who are “locked in” with much lower interest rates from listing their homes because many are hesitant or unable to purchase another home at a higher interest rate. Nationwide, 79 percent of outstanding mortgages had an interest rate below 5.0 percent as of the third quarter of 2023, including 23 percent with rates below 3.0 percent (Redfin, a national real estate brokerage). During December 2023, the 30-year fixed-rate mortgage interest rate averaged 6.8 percent, up from 6.4 percent a year earlier and 3.1 percent in December 2021 (Freddie Mac). From mid-2010 through early 2022, the monthly average mortgage interest rate was consistently below 5.0 percent. In December 2023, the HMA had approximately 6,500 active listings, down from 6,775 a year earlier and the lowest level in at least a decade (Redfin, a national real estate brokerage, with adjustments by the analyst). By comparison, December active listings averaged nearly 9,325 from 2016 through 2019. Despite the declining inventory since 2020, the months of supply of homes at the current sales rate has increased, partly because rising interest rates suppressed sales activity at a greater rate. The December supply was 2.0 months in 2023, up from 1.7 months in 2022 and a low of 1.0 month in 2021. The inventory stayed below 3.0 months of supply from 2016 through 2019 and below 6.0 months from 2012 through 2015. In addition to causing the drop in home sales and the low inventory of homes for sale, rising interest rates halted price growth in the past year. Total home sales—including new and existing single-family homes, townhomes, and condominiums—decreased 19 percent during 2023 to 45,900 homes sold, and the average home sales price was unchanged at $337,700 (CoreLogic, Inc., with adjustments by the analyst). During 2023, 65 percent of home sales occurred in the Missouri submarket, and the remaining 35 percent were in the Kansas submarket. In the HMA, the plurality of home sales, 26 percent, occurred among homes priced between $200,000 and $299,000, although the majority of new home sales were priced above $500,000 (Zonda; Figure 10).

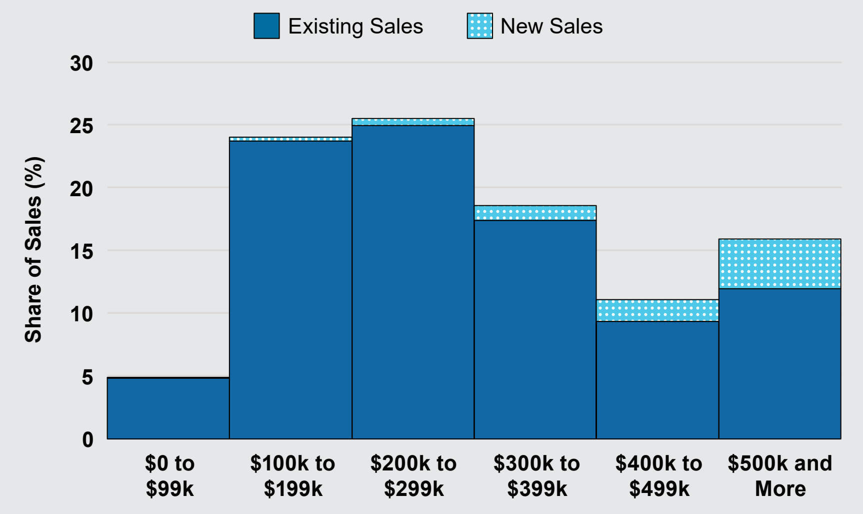
## Seriously Delinquent Mortgage and Real Estate Owned Properties

The rate of seriously delinquent mortgages and real estate owned (REO) properties in the Kansas City HMA is near a historic low. In December 2023, 0.9 percent of mortgages in the HMA were seriously delinquent or had transitioned into REO status, down from 1.2 percent a year earlier and similar to the national rate of 1.0 percent (CoreLogic, Inc.). In the Missouri submarket, the rate decreased from 1.2 percent to 0.9 percent year over year. In the Kansas submarket, the rate was lower, declining from 0.8 percent to 0.7 percent. The rate of seriously delinquent mortgages and REO properties in the HMA has been below the national rate since 2010; however, the rates have converged in recent years. The rate in the HMA decreased from 5.8 percent in January 2010 to 1.1 percent in April 2020 before rising to 3.5 percent in August 2020 because of the economic downturn from the COVID-19 pandemic, which made it harder for some homeowners to make their mortgage payments. By comparison, the national rate recently peaked at 4.4 percent in August 2020. The slight decline in the rate in the HMA during the past year occurred because an 18-percent decline in loans that were 90 or more days delinquent and a 12-percent decline in foreclosures more than offset a 17-percent increase in the number of REO properties.

## Forecast

During the 3-year forecast, demand is estimated for 16,050 new homes in the HMA (Table 7). The 2,170 homes already under construction are expected to meet a portion of the demand in the first year. Approximately 55 percent of the demand is anticipated to be in the Missouri submarket, which has a larger population than the Kansas submarket. Although rising interest rates have recently hampered demand, homebuyers will likely adjust to the higher interest rates, which will support continued demand for sales housing. In addition, the limited inventory of existing homes for sale will likely result in significantly more new home sales demand than in previous periods.

**Figure 10. Share of Overall Sales by Price Range During 2023 in the Kansas City HMA**




Note: New and existing sales include single-family homes, townhomes, and condominiums.
Source: Zonda

**Table 7. Demand for New Sales Units in the Kansas City HMA During the Forecast Period**

| | Sales Units |
|---|---|
| Demand | 16,050 Units |
| Under Construction | 2,170 Units |

Note: The forecast period is January 1, 2024, to January 1, 2027.
Source: Estimates by the analyst

# Sales Market—Missouri Submarket

Market Conditions: Balanced

The months of supply of homes for sale increased to 2.1 months in December 2023, up from 1.7 months a year earlier.

## Current Conditions

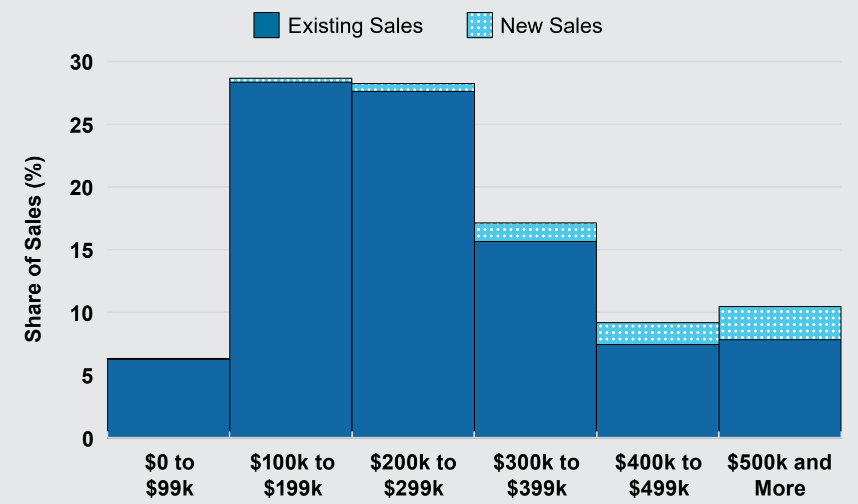
The sales market in the Missouri submarket is currently balanced, with an estimated sales vacancy rate of 1.7 percent (Table 8), up slightly from 1.6 percent in 2020 and down from 3.0 percent in 2010, when the housing crisis and Great Recession contributed to elevated foreclosures and a soft sales market. The months of supply of for-sale inventory in the Missouri submarket typically mirrors that of the HMA. In 2023, however, the for-sale inventory was slightly higher in the Missouri submarket than in the HMA despite remaining low. During December 2023, the submarket had a 2.1-month supply of homes for sale, up from 1.7 months a year earlier and 1.1 months in December 2021 (Redfin, a national real estate brokerage, with adjustments by the analyst). Home sales in the submarket decreased 19 percent to 29,650 homes sold during 2023 compared with a year earlier, with stark declines in both existing and new home sales (CoreLogic, Inc., with adjustments by the analyst). Approximately 57 percent of the total home sales were in the $100,000-to-$299,000 range, although new home sales were mostly at prices of $400,000 or more (Zonda; Figure 11). The Missouri submarket is less expensive than the Kansas submarket, with an average sales price of $302,600 in 2023, up 1 percent from 2022 and approximately 25 percent below the average price in the Kansas submarket (CoreLogic, Inc., with adjustments by the analyst). This difference is partly due to the characteristics of the homes. During 2023, homes sold in the Missouri submarket had an average size of 1,525 square feet and an average year built of 1979, compared with an average size of 1,775 square feet and average year built of 1987 in the Kansas submarket (Zonda).

**Table 8. Home Sales Quick Facts in the Missouri Submarket**

| | | Missouri | Kansas City HMA |
|---|---|---|---|
| Home Sales Quick Facts | **Vacancy Rate** | 1.7% | 1.7% |
| | **Months of Inventory** | 2.1 | 2.0 |
| | **Total Home Sales** | 29,650 | 45,900 |
| | 1-Year Change | -19% | -19% |
| | **New Home Sales Price** | $476,200 | $539,200 |
| | 1-Year Change | 3% | 3% |
| | **Existing Home Sales Price** | $291,400 | $323,400 |
| | 1-Year Change | 1% | 0% |
| | **Mortgage Delinquency Rate** | 0.9% | 0.9% |

Notes: The vacancy rate is as of the current date; home sales and prices are for the 12 months ending December 2023; and months of inventory and mortgage delinquency data are as of December 2023. The current date is January 1, 2024.
Sources: Vacancy rate—estimates by the analyst; months of inventory—Redfin, a national real estate brokerage, with adjustments by the analyst; mortgage delinquency rate—CoreLogic, Inc.; home sales and prices—CoreLogic, Inc., with adjustments by the analyst

**Figure 11. Share of Overall Sales by Price Range During 2023 in the Missouri Submarket**



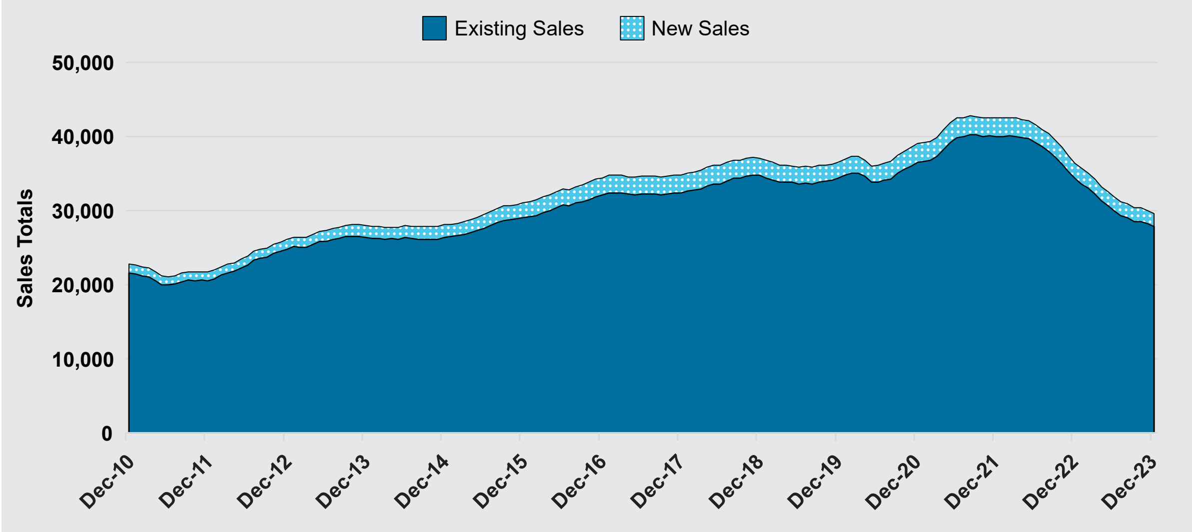

Note: New and existing sales include single-family homes, townhomes, and condominiums.
Source: Zonda

## Existing Home Sales and Prices

The improving economy, growing population, and decreasing mortgage interest rates contributed to moderate growth in existing home sales in the 2010s. From 2011 through 2019, existing home sales increased an average of 5 percent a year to 34,400 homes (Figure 12). Home sales strengthened in the early 2020s before interest rates began to rise. During 2020 and 2021, existing home sales increased an average of 8 percent a year. Rising interest rates and a limited inventory of homes for sale have subsequently suppressed sales activity, however, despite population growth. During 2023, 27,850 existing homes sold, down 19 percent from 34,350 homes sold in 2022, when existing home sales declined 14 percent.

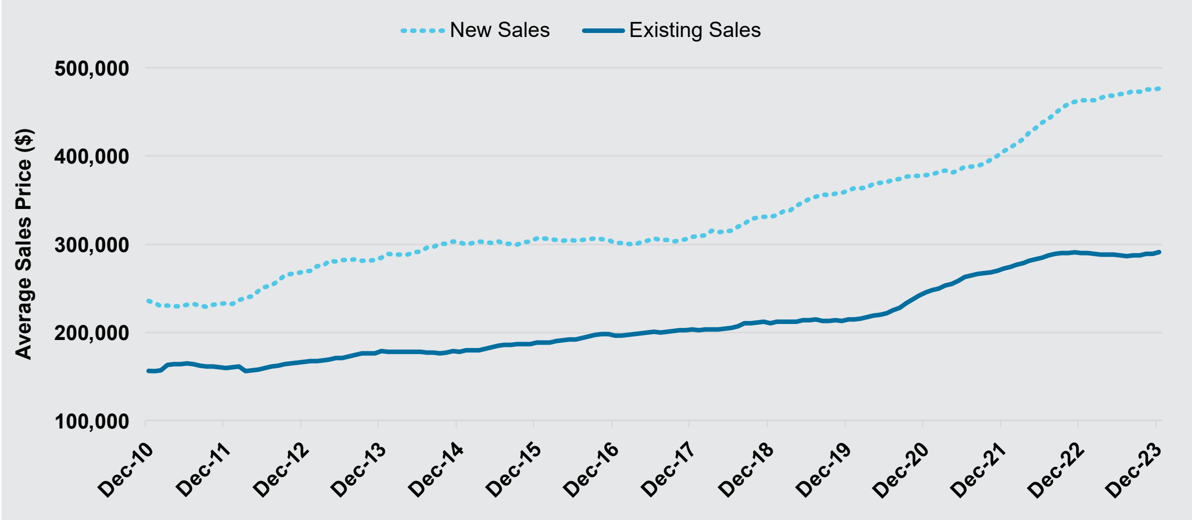
The low inventory of homes for sale and rising interest rates had offsetting effects on price growth in the past year. During 2023, the average price of an existing home was $291,400, unchanged from a year earlier (Figure 13). From 2011 through 2019, the average price of an existing home increased an average of 4 percent a year. During 2020, the average price surged 14 percent from a year earlier in response to the increased demand for home sales caused by low interest rates and increased savings during the pandemic. In addition, social distancing and the adoption of remote school and work contributed to increased demand for living space. During 2021 and 2022, the average sales price moderated to a 9-percent average annual gain. In 2023, the

**Figure 12. 12-Month Sales Totals by Type in the Missouri Submarket**




Source: CoreLogic, Inc., with adjustments by the analyst

**Figure 13. 12-Month Average Sales Price by Type of Sale in the Missouri Submarket**




Source: CoreLogic, Inc., with adjustments by the analyst average price of an existing home sold was 86 percent higher than the average existing home sales price of $156,300 in 2010.

## New Home Sales and Prices

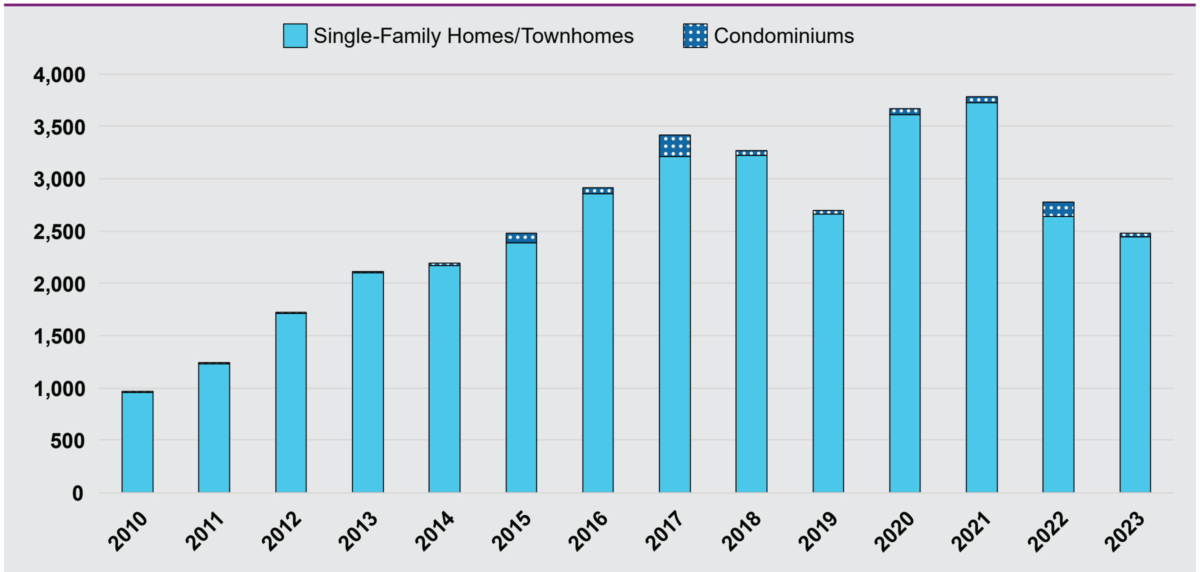
New home sales in the Missouri submarket peaked in 2020 and have since declined. In 2023, 1,800 new homes sold, down 14 percent from 2022. The decrease followed a 4-percent decrease in 2022 and a 5-percent decline in 2021. Previously, new home sales steadily increased during the 2010s as the economy recovered from the Great Recession and then expanded. New home sales increased an average of 6 percent annually from 2011 through 2019 and then spiked 18 percent to 2,575 new homes sold in 2020. Early in the pandemic, the inventory of existing homes for sale was limited because many people were hesitant to show their homes due to fears of contagion, supporting a strong increase in new home sales. Since 2010, new home sales have consistently accounted for approximately 6 percent of total home sales in the submarket.

The average price of a new home in the Missouri submarket was $476,200 in 2023, reflecting an increase of 3 percent in the past year, a much slower growth rate than the 14-percent increase during 2022. From 2011 through 2020, the average price of a new home increased 5 percent annually and then increased 7 percent year over year in 2021. Overall, the average price of a new home has more than doubled from the price in 2010, when the average price was $236,100. The average price of a new home in 2023 was approximately 63 percent higher than the average price of an existing home sold.

## Sales Construction

During the past year, home sales construction activity in the Missouri submarket, as measured by the number of single-family homes, townhomes, and condominiums permitted (building permits), decreased from peak levels to levels similar to the mid-2010s, following recovery from the Great Recession and housing financial crisis. As the economy improved and the population increased from 2011 through 2017, homebuilding activity increased by an average of 350 homes permitted a year, or 20 percent, to 3,425 (Figure 14). From 2018 through 2021, home construction was elevated, partly because of low interest rates. Permitting averaged 3,350 homes a year from 2018 through 2021. Construction has since decreased as interest rates have trended sharply upwards. The number of homes permitted fell 27 percent during 2022 to 2,775. During 2023, the number of homes permitted totaled only 2,275, similar to levels in 2015 (preliminary data, with adjustments by the analyst).

**Figure 14. Annual Sales Permitting Activity in the Missouri Submarket**




Sources: U.S. Census Bureau, Building Permits Survey; 2010–22—final data and estimates by the analyst; 2023—preliminary data and estimates by the analyst

The majority of new homes constructed in the submarket—approximately 61 percent in 2023—were in Jackson County. Highland Meadows, a 76-lot single-family home community in Lee's Summit, is under construction. Eight homes have sold, 48 homes are under construction, and 20 lots are available. The homes have three to five bedrooms, and prices start at $416,000.

## Forecast

During the next 3 years, demand is expected for 8,825 new homes in the Missouri submarket (Table 9). The 1,250 homes under construction are expected to meet a portion of the demand in the first year. The majority of the demand for new homes will continue to be in the Jackson County suburbs to the south and east of Kansas City. Platte County, northwest of Jackson County, will also have strong demand for new homes to accommodate the growing population.

**Table 9. Demand for New Sales Units in the Missouri Submarket During the Forecast Period**

| Sales Units | |
|---|---|
| **Demand** | 8,825 Units |
| **Under Construction** | 1,250 Units |

Note: The forecast period is January 1, 2024, to January 1, 2027.
Source: Estimates by the analyst

# Sales Market—Kansas Submarket

### Market Conditions: Balanced

The inventory of homes for sale increased year over year to 1.9 months as of December 2023 (Redfin, a national real estate brokerage, with adjustments by the analyst).

## Current Conditions

The sales market in the Kansas submarket is currently balanced, with an estimated sales vacancy rate of 1.5 percent (Table 10), up from 1.3 percent in 2020 but down from 2.2 percent in 2010, when the market was soft. The months of supply of for-sale inventory in the Kansas submarket is typically slightly lower than the HMA as a whole, and the inventory remains low. During December 2023, the submarket had just under a 2.0-month supply of homes for sale, up from 1.6 months a year earlier and 1.0 month in December 2021, but below the supply from 2012 through 2019, which generally declined from

**Table 10. Home Sales Quick Facts in the Kansas Submarket**

| | | Kansas | Kansas City HMA |
|---|---|---|---|
| Home Sales Quick Facts | **Vacancy Rate** | 1.5% | 1.7% |
| | **Months of Inventory** | 1.9 | 2.0 |
| | **Total Home Sales** | 16,250 | 45,900 |
| | 1-Year Change | -20% | -19% |
| | **New Home Sales Price** | $629,900 | $539,200 |
| | 1-Year Change | 5% | 3% |
| | **Existing Home Sales Price** | $383,000 | $323,400 |
| | 1-Year Change | 0% | 0% |
| | **Mortgage Delinquency Rate** | 0.7% | 0.9% |

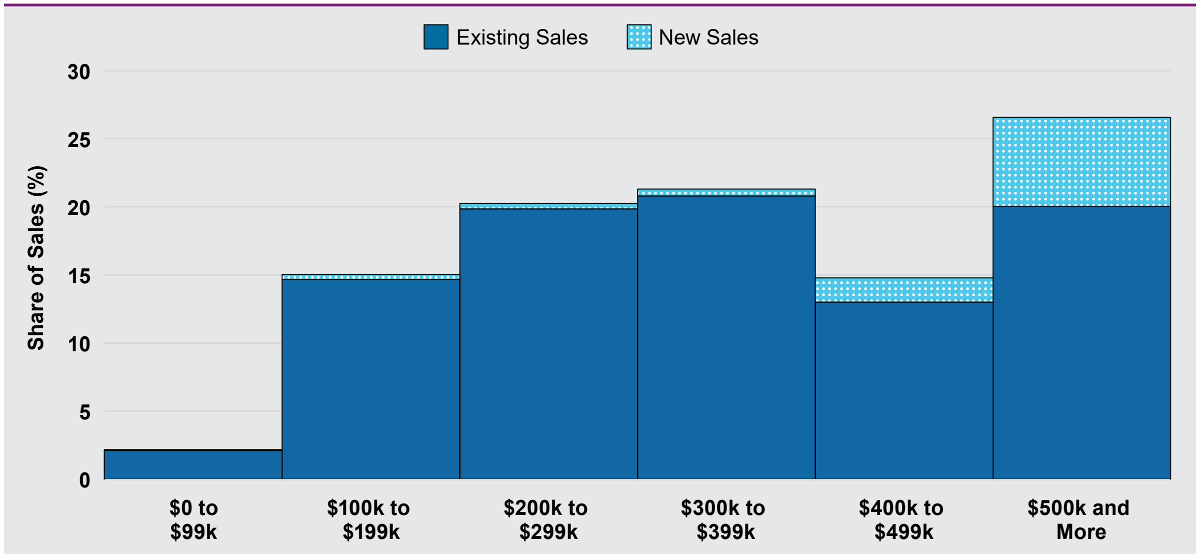
Notes: The vacancy rate is as of the current date; home sales and prices are for the 12 months ending December 2023; and months of inventory and mortgage delinquency data are as of December 2023. The current date is January 1, 2024.
Sources: Vacancy rate—estimates by the analyst; months of inventory—Redfin, a national real estate brokerage, with adjustments by the analyst; mortgage delinquency rate—CoreLogic, Inc.; home sales and prices—CoreLogic, Inc., with adjustments by the analyst

4.8 to 2.1 months (Redfin, a national real estate brokerage, with adjustments by the analyst). Home sales in the submarket decreased 20 percent, with 16,250 homes sold during 2023 compared with a year earlier, with stark declines in both existing and new home sales (CoreLogic, Inc., with adjustments by the analyst). The more expensive homes in the Kansas submarket reflect relatively newer and larger homes compared with the Missouri submarket. Approximately 27 percent of the total homes sold were priced at $500,000 or more, including most new homes, and the second largest share of homes sold—22 percent—were between $300,000 and $399,000 (Zonda; Figure 15).

## Existing Home Sales and Prices

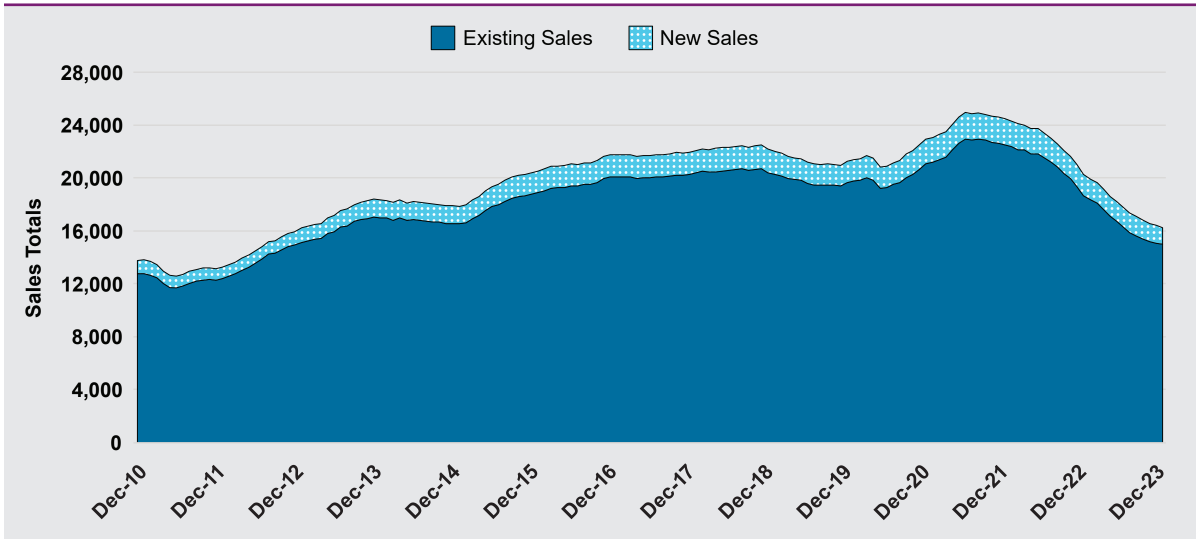
Existing home sales in the Kansas submarket increased steadily throughout much of the 2010s, coinciding with the improving economy following the Great Recession. From 2011 through 2019, existing home sales increased an average of 5 percent annually to 19,650 (Figure 16). Sales growth continued during 2020 and 2021 when low interest rates and the increase in housing demand associated with the pandemic led many households to seek homeownership. During 2020 and 2021, existing home sales increased an average of 7 percent annually to 22,500. In 2022, however, existing home sales decreased 17 percent to 18,650 homes sold as interest rates began to rise. High interest rates further hampered home sales during 2023, and existing home sales decreased 20 percent to 15,000 homes.

**Figure 15. Share of Sales by Price Range During 2023 in the Kansas Submarket**




Note: New and existing sales include single-family homes, townhomes, and condominiums.
Source: Zonda

**Figure 16. 12-Month Sales Totals by Type in the Kansas Submarket**



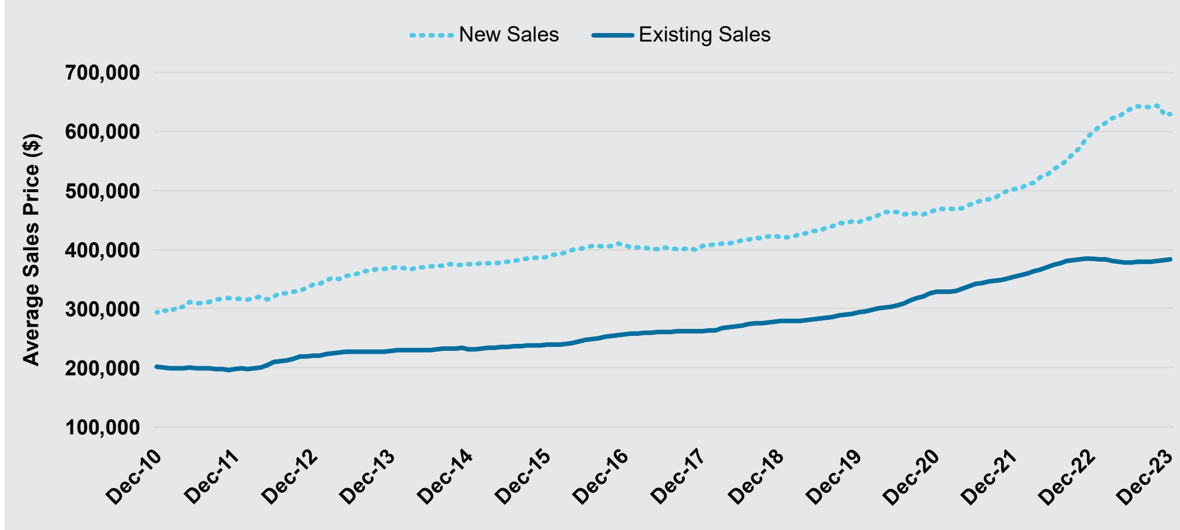

Source: CoreLogic, Inc., with adjustments by the analyst

During 2023, the average price of an existing home was unchanged from a year earlier at $383,000. Relatively high interest rates limited sales demand and suppressed price growth despite the limited inventory. The average price for an existing home increased 4 percent annually from 2011 through 2019 (Figure 17). As the for-sale inventory and interest rates declined, price growth accelerated to an average of 9 percent annually from 2020 through 2022. The average price in 2023 was 90 percent higher than the average sales price of an existing home in 2010.

## New Home Sales and Prices

New home sales in the Kansas submarket decreased 23 percent in the past year, with 1,250 new homes sold during 2023, following an 18-percent decrease in 2022 as buyers reacted to the rapid rise in interest rates. New home sales were weak during the period surrounding the Great Recession, but when the economy strengthened, so did demand for new sales housing. From 2010 through 2014, an average of 1,125 new homes sold, which increased to an average of 1,650 new home sales annually from 2015 through 2019. During the pandemic, when people were hesitant to list their homes, the stronger demand for sales housing and limited inventory of existing homes supported a strong increase in new home sales. In addition, historically low interest rates were coupled with increased savings. During 2020 and 2021,

**Figure 17. 12-Month Average Sales Price by Type of Sale in the Kansas Submarket**




Source: CoreLogic, Inc., with adjustments by the analyst

new home sales increased an average of 12 percent annually to 2,000 homes. New home sales in the submarket generally averaged 8 percent of total sales annually.

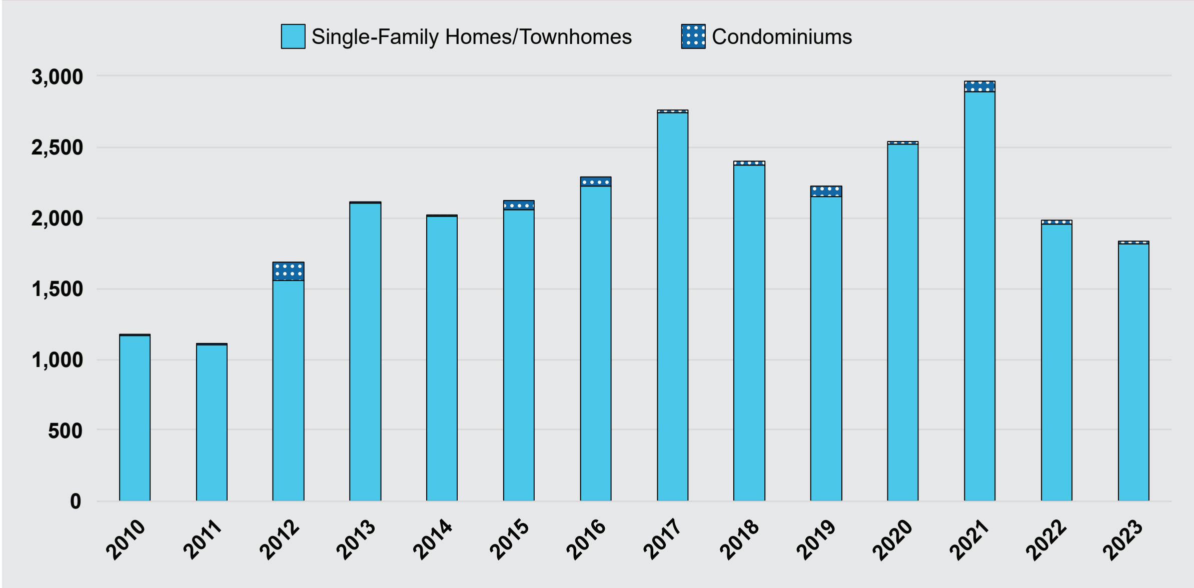
New home sales demand has sustained price growth each year since 2010. From 2011 through 2019, the price of a new home increased an average of 5 percent each year, which accelerated slightly to a 6-percent average annual increase from 2020 through 2021. In 2022, however, the average new home sales price increased 19 percent from a year earlier despite the decline in new home sales, partly because of higher construction costs. Price growth moderated in the past year, and the average price of a new home increased 5 percent year over year to $629,900 during 2023. The average price of a new home in 2023 was more than double the $294,100 sales price in 2010 and was 64 percent higher than the average price of an existing home sold in 2023.

## Sales Construction

Sales construction activity in the Kansas submarket, as measured by the number of single-family homes, townhomes, and condominiums permitted, has generally increased since the end of the Great Recession, although construction decreased during the past 2 years as interest rates rose. From 2011 through 2017, permitting of sales housing increased by an average of 230 homes, or 13 percent, annually to 2,750 homes in 2017 (Figure 18). From 2018 through 2020, homebuilding activity stabilized, averaging 2,375 homes a year, before increasing to a high of 2,950 in 2021. Homebuilding activity decreased 33 percent to 1,975 homes in 2022, partly because interest rates essentially doubled from 2021 to 2022. During 2023, permitting of for-sale homes totaled only 1,850 homes (preliminary data, with adjustments by the analyst)—the lowest level in the submarket since 2012, when 1,675 homes were permitted.

During 2023, approximately 76 percent of new construction in the submarket occurred in Johnson County. Construction at the 200-acre Stone Ridge subdivision in western Lenexa is currently underway. One house has sold, 28 homes are under construction, and 19 lots are available in the first phase of the development. The entire subdivision will include 500 homes upon completion. The homes will have three or four bedrooms, and prices start at $407,300.

**Figure 18. Annual Sales Permitting Activity in the Kansas Submarket**




Sources: U.S. Census Bureau, Building Permits Survey; 2010–22—final data and estimates by the analyst; 2023—preliminary data and estimates by the analyst

**Table 11. Demand for New Sales Units in the Kansas Submarket During the Forecast Period**

| | Sales Units |
|---|---|
| **Demand** | 7,225 Units |
| **Under Construction** | 920 Units |

Note: The forecast period is January 1, 2024, to January 1, 2027.
Source: Estimates by the analyst

## Forecast

During the next 3 years, demand is expected for 7,225 new homes in the Kansas submarket (Table 11). The 920 homes under construction are expected to meet a portion of the demand in the first year of the forecast period. Demand is expected to be steady through each of the 3 years, supported by job and population growth. Most of the demand for new home construction will continue to be in Johnson County.

# Rental Market

## Rental Market—Kansas City HMA

Market Conditions: Balanced

Rising vacancy rates in the past year contributed to a moderate 3-percent rate of rent growth as of the fourth quarter of 2023, compared with a strong 6-percent increase a year earlier (CoStar Group).

### Current Conditions and Recent Trends

The overall rental market in the Kansas City HMA—including apartments, single-family homes, and other housing options available for rent—is balanced. The estimated 9.6-percent vacancy rate is up from 9.1 percent in 2020 but lower than the 11.7-percent rate in 2010, when conditions were soft (Table 12). Rental market conditions are also balanced in each submarket, although the vacancy rate is higher in the Missouri submarket, partly because of a relatively older inventory of rental units. Among renter-occupied units, the median year built was 1975 in the Missouri submarket compared with 1984 in the Kansas submarket (2018–2022 American Community Survey [ACS] 5-year data).

A plurality of renter households in the HMA, 45 percent, live in multifamily buildings with five or more units per building, typically apartments. The apartment market in the HMA is also balanced. The average apartment vacancy rate was 8.5 percent as of the fourth quarter of 2023, up from 7.4 percent a year earlier (CoStar Group). The average rent increased 3 percent year over year to $1,247, compared with 6-percent annual rent growth as of the fourth quarter of 2022. Increased apartment construction in recent years, coupled with slower population growth during the pandemic in the early 2020s, contributed to the rising vacancy rate. Apartment market conditions are balanced in each submarket.

### Single-Family Homes for Rent

Approximately 39 percent of renter households live in single-family homes, accounting for a significant share of rental units (2018–2022 ACS 5-year data). The Missouri submarket accounts for 63 percent of renter households in the HMA and approximately 65 percent of the occupied single-family rental housing. Among professionally managed single-family rental homes, the vacancy rate has gradually declined since the early 2010s. As of December 2023, the vacancy rate averaged 3.1 percent, unchanged from a year earlier. The December rate was 3.2 percent in 2020 and 4.2 percent in 2012 (CoreLogic, Inc.). The low vacancy rate has supported strong rent growth. An estimated 57 percent of single-family rentals in the HMA have three bedrooms. The average rent for homes with three bedrooms was $1,527 in December 2023, up 4 percent from $1,474 a year earlier. From 2013 through 2022, the average rent increased an average of 5 percent annually.

**Table 12. Rental and Apartment Market Quick Facts in the Kansas City HMA**

| | | 2020 (%) | Current (%) |
|---|---|---|---|
| Rental Market Quick Facts | **Rental Vacancy Rate** | 9.1 | 9.6 |
| | | | 2018–2022 (%) |
| | **Occupied Rental Units by Structure** | | |
| | Single-Family Attached & Detached | | 39 |
| | Multifamily (2–4 Units) | | 15 |
| | Multifamily (5+ Units) | | 45 |
| | Other (Including Mobile Homes) | | 1 |
| | | **4Q 2023** | **YoY Change** |
| Apartment Market Quick Facts | **Apartment Vacancy Rate** | 8.5% | 1.1 |
| | **Average Rent** | $1,247 | 3% |
| | Studio | $919 | 1% |
| | One-Bedroom | $1,112 | 3% |
| | Two-Bedroom | $1,316 | 3% |
| | Three-Bedroom | $1,661 | 3% |

4Q = fourth quarter. YoY= year-over-year.
Notes: The current date is January 1, 2024. Percentages may not add to 100 due to rounding.
Sources: 2020 vacancy rate—2020 Census; current vacancy rate—estimate by the analyst; occupied rental units by structure—2018–2022 American Community Survey 5-year data; apartment data—CoStar Group

### Forecast

During the 3-year forecast period, demand is estimated for 16,200 additional rental units (Table 13). The 7,925 units under construction are expected to meet demand into the second year. Approximately 62 percent of rental demand is expected to be in the Missouri submarket, where the population and the share of renter households are greater.

**Table 13. Demand for New Rental Units in the Kansas City HMA During the Forecast Period**

| | Rental Units |
|---|---|
| **Demand** | 16,200 Units |
| **Under Construction** | 7,925 Units |

Note: The forecast period is January 1, 2024, to January 1, 2027.
Source: Estimates by the analyst

# Rental Market—Missouri Submarket

Market Conditions: Balanced

The average apartment rent increased 2 percent year over year as of the fourth quarter of 2023, down from a 5-percent increase a year ago, and the average apartment vacancy rate rose to 9.5 percent, up from 8.5 percent during the fourth quarter of 2022 (CoStar Group).

## Current Conditions and Recent Trends

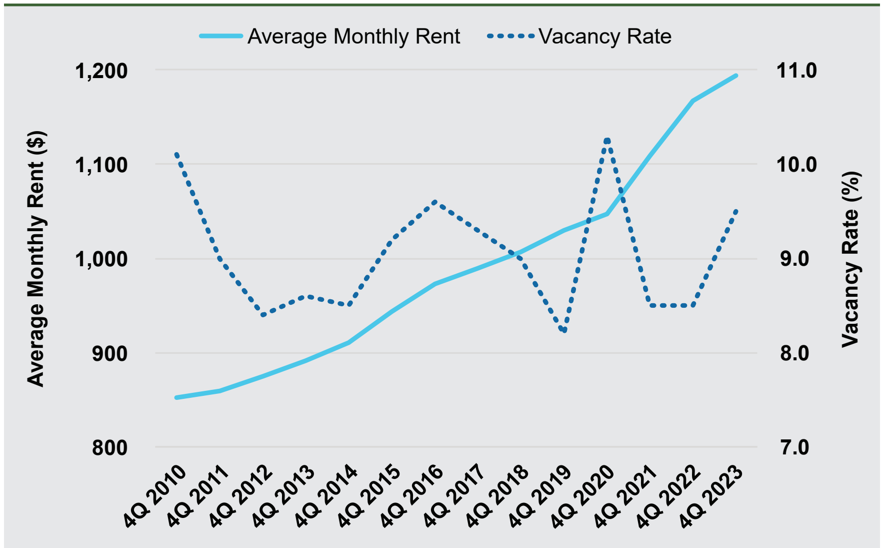
Rental market conditions in the Missouri submarket are balanced despite a recent increase in rental completions. The 10.0-percent rental vacancy rate as of January 1, 2024, was up slightly from 9.7 percent in 2020 but below the 12.5-percent rate in 2010 (Table 14). A slight plurality of renter households, 42 percent, reside in multifamily buildings with five or more units, typically apartments, and single-family rentals account for 41 percent (2018–2022 ACS 5-year data). The apartment vacancy rate is lower than the overall rental vacancy rate, and apartment market conditions are also balanced. As of the fourth quarter of 2023, the average apartment vacancy rate was 9.5 percent, up from 8.5 percent a year earlier, and the average apartment rent increased 2 percent to $1,194 (CoStar Group; Figure 19). Previously, the fourth quarter apartment vacancy rate was 10.1 percent in 2010. The rate decreased to 8.4 percent in 2012, when rental construction was low. The fourth quarter vacancy rate generally trended upward to 9.6 percent in 2016, coinciding with a rise in rental construction, before falling to a low of 8.2 percent in 2019, partly

**Table 14. Rental and Apartment Market Quick Facts in the Missouri Submarket**

| | | 2020 (%) | Current (%) |
|---|---|---|---|
| Rental Market Quick Facts | **Rental Vacancy Rate** | 9.7 | 10.0 |
| | | | 2018–2022 (%) |
| | **Occupied Rental Units by Structure** | | |
| | Single-Family Attached & Detached | | 41 |
| | Multifamily (2–4 Units) | | 16 |
| | Multifamily (5+ Units) | | 42 |
| | Other (Including Mobile Homes) | | 2 |
| | | **4Q 2023** | **YoY Change** |
| Apartment Market Quick Facts | **Apartment Vacancy Rate** | 9.5% | 1.0 |
| | **Average Rent** | $1,194 | 2% |
| | Studio | $911 | 1% |
| | One-Bedroom | $1,089 | 2% |
| | Two-Bedroom | $1,254 | 2% |
| | Three-Bedroom | $1,566 | 3% |

4Q = fourth quarter. YoY= year-over-year.
Notes: The current date is January 1, 2024. Percentages may not add to 100 due to rounding.
Sources: 2020 vacancy rate—2020 Census; current vacancy rate—estimate by the analyst; occupied rental units by structure—2018–2022 American Community Survey 5-year data; apartment data—CoStar Group

**Figure 19. Apartment Rents and Vacancy Rates in the Missouri Submarket**



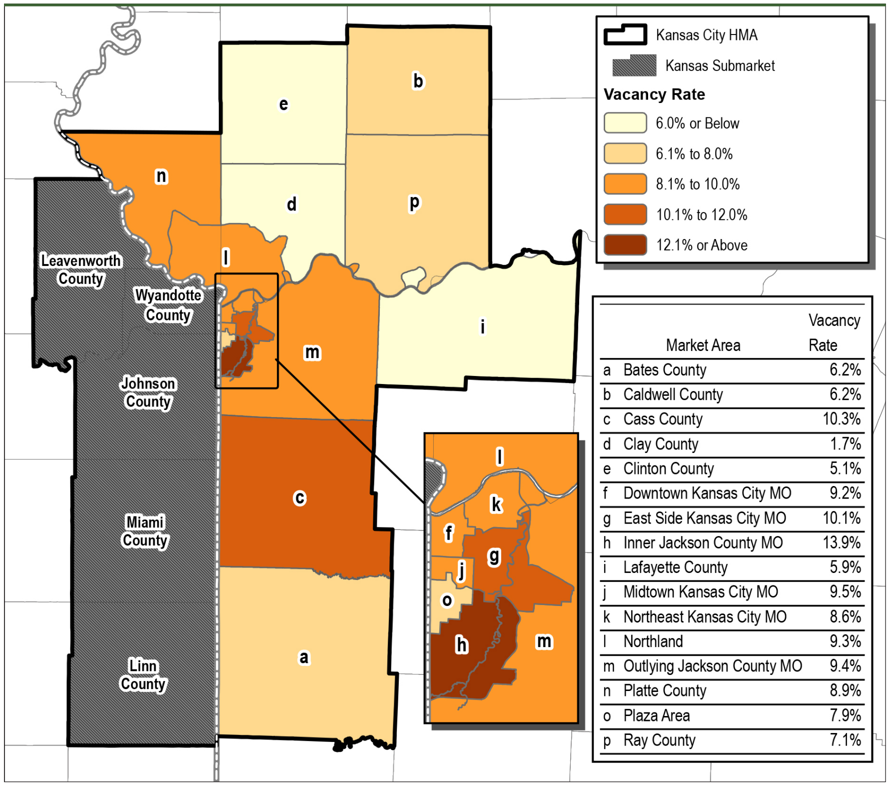

4Q = fourth quarter.
Source: CoStar Group

because net in-migration to the submarket was strongest in the latter part of the 2010s. Social distancing and weaker demand in urban centers during the pandemic contributed to a vacancy rate spike to 10.3 percent in 2020, the highest figure for a fourth quarter on record. The fourth quarter vacancy rate subsequently fell back to 8.5 percent in 2021 and 2022. Annual rent growth from fourth quarter 2011 through fourth quarter 2020 was moderate and steady, averaging 2 percent. Stronger household formation in 2021 contributed to the sharp drop in the vacancy rate, and relatively strong rent growth occurred as a result. The rents increased an average of 6 percent year over year as measured in the fourth quarters of 2021 and 2022.

## Apartment Market Conditions by Geography

Among the 16 CoStar Group-defined market areas in the Missouri submarket, the Northland market area in Cass County, the Outlying Jackson County market area, and the Downtown Kansas City market area have the largest apartment inventories, accounting for 29, 26, and 14 percent of the submarket apartment inventory, respectively. The Inner Jackson County market area, which accounts for approximately 7 percent of the inventory, had the highest vacancy rate in the submarket, at 13.9 percent as of the fourth quarter of 2023, down from 15.3 percent a year earlier. The submarket has significantly older inventory contributing to the elevated vacancy rate; the median year built of apartments in the submarket is 1969, and construction has been very limited until recent years. The approximately 600 units built since 2020 were the first units built since the mid-1980s. Twelve of the 14 market areas with available rent data had moderate rent growth, ranging from 1 to 3 percent year over year as of the fourth quarter of 2023. The average rent was unchanged in the Downtown Kansas City, Missouri market area, at $1,528, which was also the highest average rent among the market areas. The notably high rents in the market area are partly due to a comparatively high concentration of newer, high-end units, including the 288-unit Three Light Luxury Apartments, which opened in September 2023. The rents are $1,325 for the studio units, $2,610 for the one-bedroom units, $5,236 for the two-bedroom units, and $13,561 for the three-bedroom penthouse. The strongest rent growth was in the Clay County market area, up 4 percent year over year to $971 as of the fourth quarter of 2023. Maps 2 and 3 show the average vacancy rate and rents throughout the submarket.

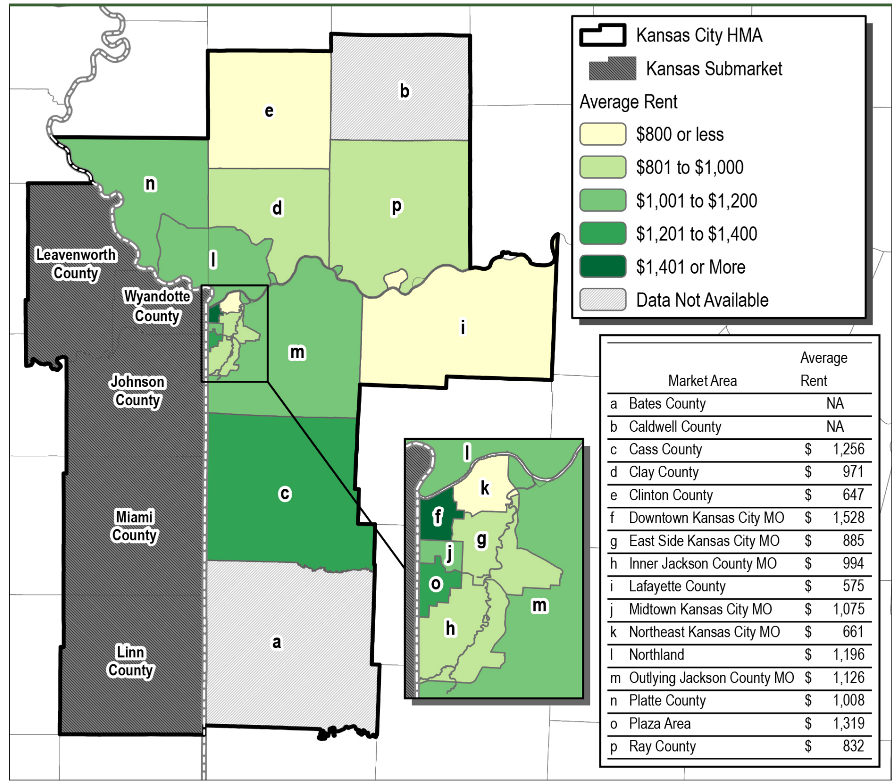
**Map 2. Vacancy Rates as of 4Q 2023 in the Missouri Submarket, by Market Area**




| | Market Area | Vacancy Rate |
|---|---|---|
| a | Bates County | 6.2% |
| b | Caldwell County | 6.2% |
| c | Cass County | 10.3% |
| d | Clay County | 1.7% |
| e | Clinton County | 5.1% |
| f | Downtown Kansas City MO | 9.2% |
| g | East Side Kansas City MO | 10.1% |
| h | Inner Jackson County MO | 13.9% |
| i | Lafayette County | 5.9% |
| j | Midtown Kansas City MO | 9.5% |
| k | Northeast Kansas City MO | 8.6% |
| l | Northland | 9.3% |
| m | Outlying Jackson County MO | 9.4% |
| n | Platte County | 8.9% |
| o | Plaza Area | 7.9% |
| p | Ray County | 7.1% |

Source: CoStar Group

**Map 3. Average 4Q 2023 Rents in the Missouri Submarket, by Market Area**




| | Market Area | Average Rent |
|---|---|---|
| a | Bates County | NA |
| b | Caldwell County | NA |
| c | Cass County | $ 1,256 |
| d | Clay County | $ 971 |
| e | Clinton County | $ 647 |
| f | Downtown Kansas City MO | $ 1,528 |
| g | East Side Kansas City MO | $ 885 |
| h | Inner Jackson County MO | $ 994 |
| i | Lafayette County | $ 575 |
| j | Midtown Kansas City MO | $ 1,075 |
| k | Northeast Kansas City MO | $ 661 |
| l | Northland | $ 1,196 |
| m | Outlying Jackson County MO | $ 1,126 |
| n | Platte County | $ 1,008 |
| o | Plaza Area | $ 1,319 |
| p | Ray County | $ 832 |

Source: CoStar Group

## Single-Family Homes Built for Rent

Communities of single-family homes built for rent are part of a small but growing subset of the rental inventory in the Missouri submarket. As of the fourth quarter of 2023, approximately 82 percent of the single-family built-for-rent inventory in the submarket had been built since 2010 (CoStar Group). Single-family rental communities may not offer the community amenities typical of new luxury apartments in urban settings, but they frequently offer other features, such as suburban locations, attached garages, yards, or units with more bedrooms. The vacancy rate among single-family built-for-rent properties was 23.2 percent as of the fourth quarter of 2023, down from 31.0 percent a year earlier; approximately 210 homes were completed in 2023, contributing to the high vacancy rate. Nevertheless, the average rent increased 3 percent from a year earlier to $1,969. With approximately 120 homes, Elm Grove Rental Homes opened in Belton in Cass County in early 2023. The three- and four-bedroom homes rent for $1,649 and $2,319, respectively.

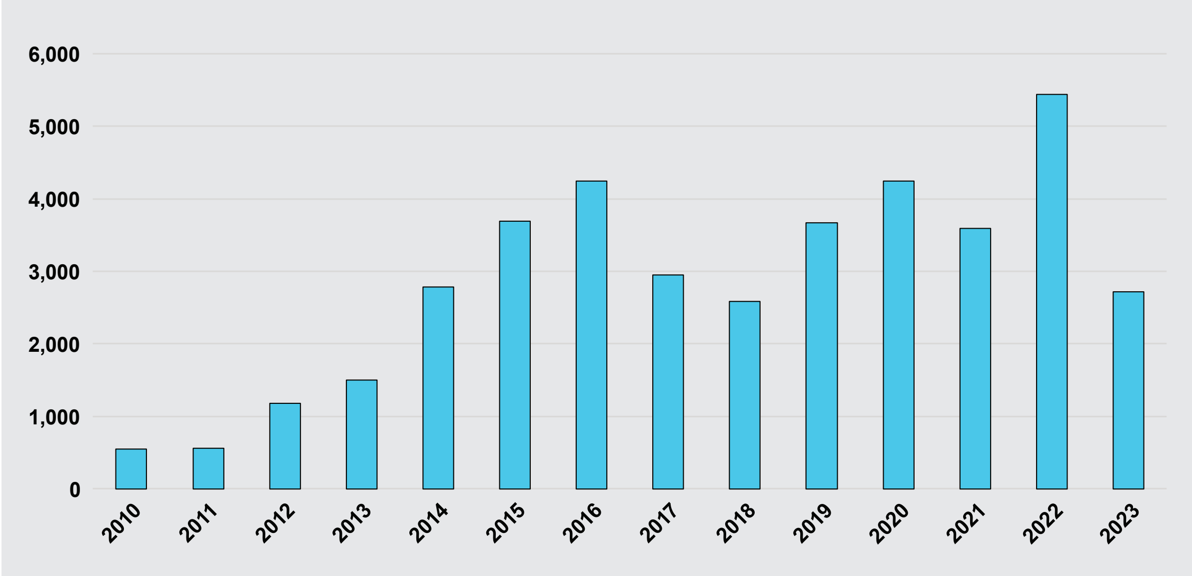
## Rental Construction

Rental construction in the Missouri submarket, as measured by permitting of rental units, rapidly increased in the early 2010s. From 2011 through 2016, rental permitting increased by an average of 620 units, or 41 percent, annually to 4,250 units in 2016 (Figure 20). Although population growth moderated during the late 2010s, declining vacancy rates through 2019 supported demand, and rental construction was strong, averaging 3,400 rental units each year from 2017 through 2021. In 2022, permitting peaked at 5,450 rental units. During 2023, however, only 2,725 rental permits were permitted, which was the second lowest level of construction since 2013. Jackson County accounted for an estimated 83 percent of the rental units permitted in the submarket in 2023. Two of the largest rental developments currently underway in the submarket are the 396-unit Chapel Ridge Apartments and the 323-unit Trilogy Apartments, both in Lee's Summit in Jackson County. Both properties will have studio, one-bedroom, and two-bedroom units and are expected to open in mid-2024.

## Forecast

Demand is estimated for 10,100 rental units in the Missouri submarket during the 3-year forecast (Table 15). The 4,025 units under construction are expected to meet demand into the second year of the forecast. Demand will be generally steady each year of the forecast and supported by continued population growth in the submarket.

**Figure 20. Annual Rental Permitting Activity in the Missouri Submarket**




Note: Includes apartments and other units intended for rental occupancy.
Sources: U.S. Census Bureau, Building Permits Survey; 2010–22—final data and estimates by the analyst; 2023—preliminary data and estimates by the analyst

**Table 15. Demand for New Rental Units in the Missouri Submarket During the Forecast Period**

| Rental Units | |
|---|---|
| **Demand** | 10,100 Units |
| **Under Construction** | 4,025 Units |

Note: The forecast period is January 1, 2024, to January 1, 2027.
Source: Estimates by the analyst

# Rental Market—Kansas Submarket

## Market Conditions: Balanced

The 4-percent annual apartment rent growth in the Kansas submarket as of the fourth quarter of 2023 outpaced the Missouri submarket, and the apartment vacancy rate was lower, at 7.2 percent (CoStar Group).

## Current Conditions and Recent Trends

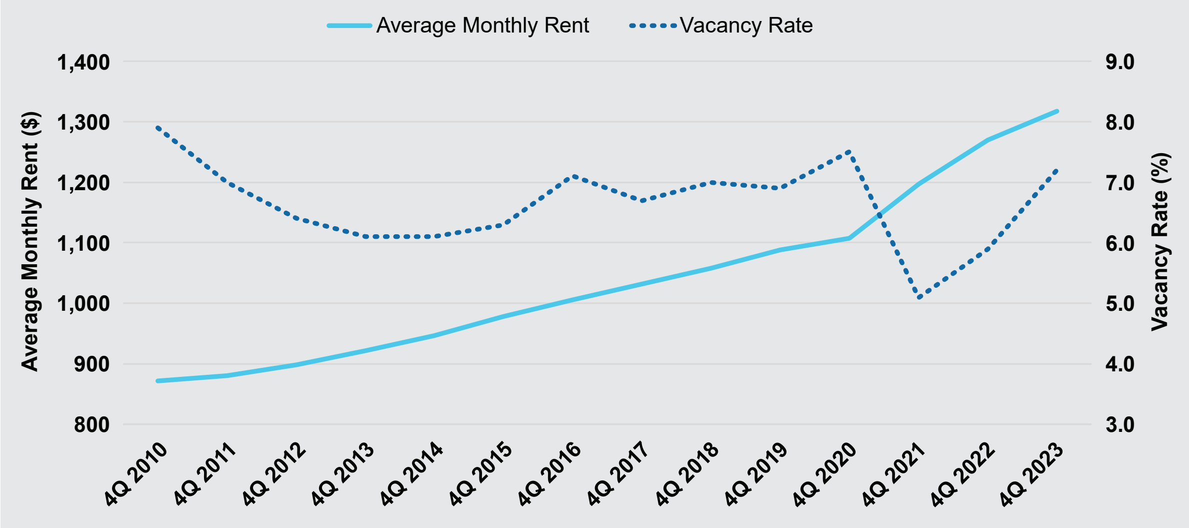
Rental construction has been at relatively high levels in the Kansas submarket during the past 3 years, but rental market conditions are balanced. The rental vacancy rate was estimated at 9.1 percent as of January 1, 2024 (Table 16), up from 8.2 percent in 2020 but below the 10.5-percent rate in 2010. Approximately 50 percent of renter households reside in multifamily buildings with five or more units, typically apartments, which is a higher share than the Missouri submarket (2018–2022 ACS 5-year data). The apartment vacancy rate is lower than the overall rental vacancy rate, and apartment market conditions are also balanced. As of the fourth quarter of 2023, the average apartment vacancy rate was 7.2 percent, up from 5.9 percent a year earlier, and the average rent increased 4 percent to $1,317 (CoStar Group; Figure 21). The Kansas submarket normally has a lower apartment vacancy rate and higher average rents than the Missouri submarket.

**Table 16. Rental and Apartment Market Quick Facts in the Kansas Submarket**

| | | | |
|---|---|---|---|
| Rental Market Quick Facts | | 2020 (%) | Current (%) |
| | **Rental Vacancy Rate** | 8.2 | 9.1 |
| | | | 2018–2022 (%) |
| | **Occupied Rental Units by Structure** | | |
| | Single-Family Attached & Detached | | 36 |
| | Multifamily (2–4 Units) | | 13 |
| | Multifamily (5+ Units) | | 50 |
| | Other (Including Mobile Homes) | | 1 |
| Apartment Market Quick Facts | | 4Q 2023 | YoY Change |
| | **Apartment Vacancy Rate** | 7.2% | 1.3 |
| | **Average Rent** | $1,317 | 4% |
| | Studio | $944 | 1% |
| | One-Bedroom | $1,141 | 4% |
| | Two-Bedroom | $1,396 | 4% |
| | Three-Bedroom | $1,777 | 4% |

4Q = fourth quarter. YoY= year-over-year.
Notes: The current date is January 1, 2024. Percentages may not add to 100 due to rounding.
Sources: 2020 vacancy rate—2020 Census; current vacancy rate—estimate by the analyst; occupied rental units by structure—2018–2022 American Community Survey 5-year data; apartment data—CoStar Group

**Figure 21. Apartment Rents and Vacancy Rates in the Kansas Submarket**



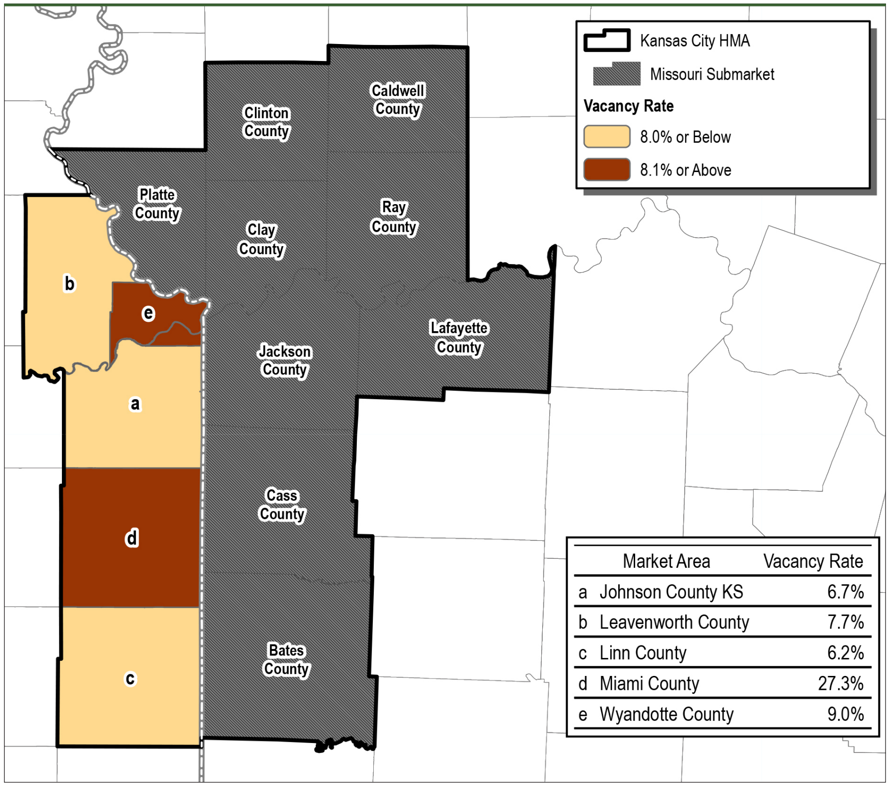

4Q = fourth quarter.
Source: CoStar Group

The fourth quarter apartment vacancy rate was highest in 2010, at 7.9 percent, and decreased to 6.1 percent in 2014. During the latter part of the 2010s, population growth slowed in the submarket, and rental construction increased, contributing to an increase in the vacancy rate. By the fourth quarter of 2016, the vacancy rate was 7.1 percent and had increased to 7.5 percent by 2020. Strong household growth, including an increase in household formation, contributed to a rapid drop in the vacancy rate in 2021 to the lowest level since at least 2010. As of the fourth quarter of 2021, the vacancy rate declined to 5.1 percent. The low vacancy rate also corresponded to the period of strongest rent growth. From the fourth quarter of 2020 to the fourth quarter of 2021, the average rent increased 8 percent before slowing to 6-percent rent growth as of the fourth quarter of 2022 in response to an increasing vacancy rate. By comparison, annual rent growth from fourth quarter 2011 through fourth quarter 2020 was moderate and steady, averaging 2 percent.

## Market Conditions by Geography

The five CoStar Group-defined market areas in the Kansas submarket each correspond to a county. Johnson County accounts for nearly 85 percent of the apartment inventory in the submarket, and Wyandotte County accounts for nearly 13 percent. The Leavenworth County, Linn County, and Miami County market areas, which are generally more rural, have low inventories of apartments, accounting for less than 3 percent of the apartment inventory in the submarket combined. In the Johnson County market area, the monthly apartment rent as of the fourth quarter of 2023 averaged $1,360, up 4 percent from the fourth quarter of 2022, and the vacancy rate increased from 5.6 to 6.7 percent. The vacancy rate increased because nearly 1,025 new units opened in the market area in 2023, outpacing annual absorption of 300 units. In the Wyandotte County market area, the average rent is lower, and vacancy rates have increased, contributing to slower rent growth. The vacancy rate increased from 7.6 percent as of the fourth quarter of 2022 to 9.0 percent as of the fourth quarter of 2023, and the average rent increased less than 2 percent to $1,043. The 390 apartment units that were completed in the Wyandotte County market area exceeded the 210 units absorbed and contributed to the increase in the vacancy rate. The 441-unit The Brentwood apartments opened in Olathe in Johnson County in December 2023. Rents for the studio, one-bedroom, two-bedroom, and three-bedroom units average $1,162, $1,436, $1,671, and $1,932, respectively. Maps 4 and 5 show the average rents and vacancy rates by market area in the Kansas submarket as of the fourth quarter of 2023.

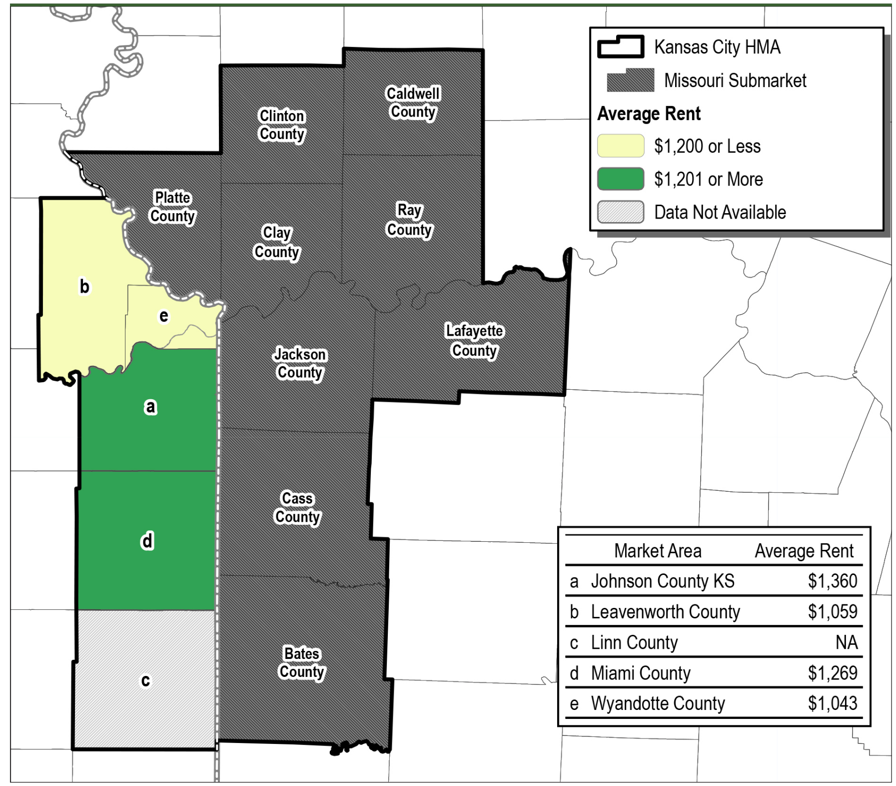
## Map 4. Vacancy Rates as of 4Q 2023 in the Kansas Submarket, by Market Area




| | Market Area | Vacancy Rate |
|---|---|---|
| a | Johnson County KS | 6.7% |
| b | Leavenworth County | 7.7% |
| c | Linn County | 6.2% |
| d | Miami County | 27.3% |
| e | Wyandotte County | 9.0% |

Source: CoStar Group

## Map 5. Average 4Q 2023 Rents in the Kansas Submarket, by Market Area



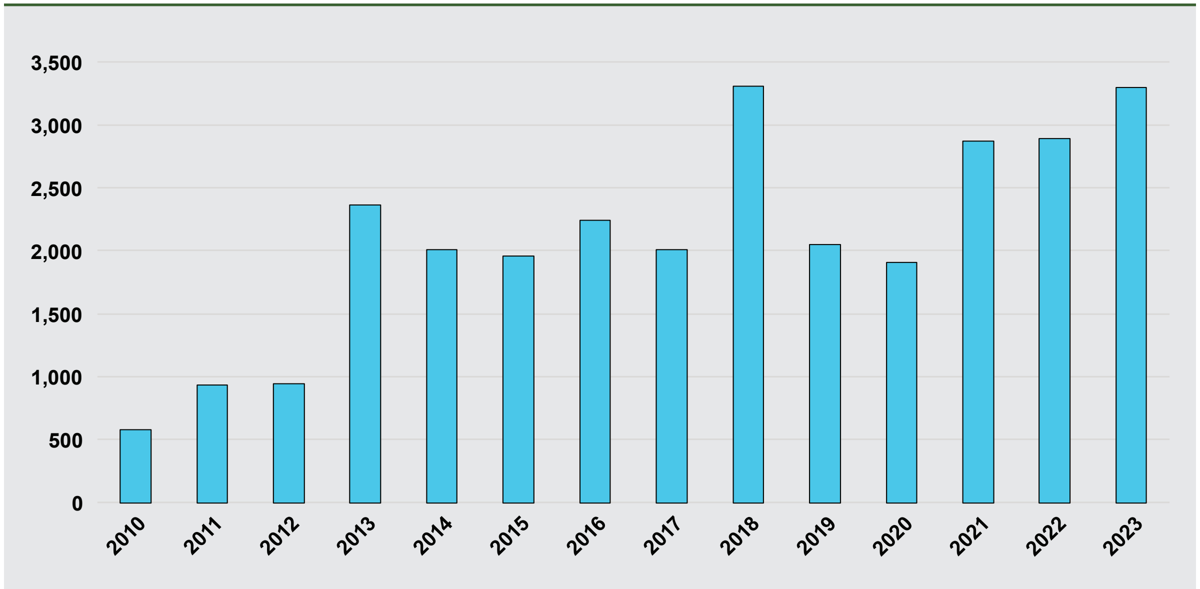

| | Market Area | Average Rent |
|---|---|---|
| a | Johnson County KS | $1,360 |
| b | Leavenworth County | $1,059 |
| c | Linn County | NA |
| d | Miami County | $1,269 |
| e | Wyandotte County | $1,043 |

Source: CoStar Group

## Rental Construction

Rental construction in the Kansas submarket, as measured by the number of units permitted, was very low following the Great Recession. From 2010 through 2012, an average of 820 rental units were permitted annually (Figure 22). As the economy strengthened and the population increased, rental construction increased, averaging 2,125 rental units each year from 2013 through 2017. Permitting spiked to a recent peak of 3,300 rental units in 2018 but slowed again during the following 2 years. In 2019 and 2020, an average of 1,975 units were permitted annually. Builders responded to tightening market conditions in 2021 by increasing rental construction; an average of 2,875 rental units were permitted in 2021 and 2022. Despite rising interest rates making construction loans more expensive since early 2022, rental permitting totaled nearly 3,300 units in 2023, similar to the construction levels in 2018. In 2023, an estimated 92 percent of the submarket rental construction occurred in Johnson County. The 228-unit The Lux apartments is under construction in Leawood in Johnson County. With one- and two-bedroom units, the property is expected to open in mid-2025.

**Figure 22. Annual Rental Permitting Activity in the Kansas Submarket**




Note: Includes apartments and other units intended for rental occupancy.
Sources: U.S. Census Bureau, Building Permits Survey; 2010–22—final data and estimates by the analyst; 2023—preliminary data and estimates by the analyst

**Table 17. Demand for New Rental Units in the Kansas Submarket During the Forecast Period**

| Rental Units | |
|---|---|
| **Demand** | 6,100 Units |
| **Under Construction** | 3,900 Units |

Note: The forecast period is January 1, 2024, to January 1, 2027.
Source: Estimates by the analyst

## Forecast

During the next 3 years, demand is estimated for 6,100 rental units in the Kansas submarket (Table 17). The 3,900 units under construction are expected to meet demand into the second year of the forecast. Continued population growth in the submarket, supported by strengthening net in-migration compared with the past 4 years, will support the demand for additional rental units, with the annual demand similar to the construction levels during the late 2010s.

# 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 an occupancy rate of 90 percent or above 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 single-family and multifamily building permits. |
| **Demand** | The demand estimates in the analysis are not a forecast of building activity. They are the estimates of the total housing production needed to achieve a balanced market at the end of the 3-year forecast period given conditions on the as-of date of the analysis, growth, losses, and excess vacancies. The estimates do not account for units currently under construction or units in the development pipeline. |
| **Existing Home Sales** | Include 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. |
| **Forecast Period** | January 1, 2024–January 1, 2027—Estimates by the analyst. |
| **Home Sales/ Home Sales Prices** | Includes single-family home, townhome, and condominium sales. |

| | |
|---|---|
| **Net Natural Increase** | **Resident births are greater than resident deaths.** |
| **Rental Market/ Rental Vacancy Rate** | **Includes apartments and other rental units such as single-family, multifamily, 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.** |
| **2.** | **Urbanized areas are defined using the U.S. Census Bureau 2020 Census Urban and Rural Classification and the Urban Area Criteria.** |
| **3.** | **The census tracts referenced in this report are from the 2020 Census.** |

## C. Additional Notes

| | |
|---|---|
| **1.** | **This analysis has been prepared for the assistance and guidance of HUD in its operations. The factual information, findings, and conclusions may also be useful to builders, mortgagees, and others concerned with local housing market conditions and trends. The analysis does not purport to make determinations regarding the acceptability of any mortgage insurance proposals that may be under consideration by the Department.** |
| **2.** | **The factual framework for this analysis follows the guidelines and methods developed by the Economic and Market Analysis Division within HUD. The analysis and findings are as thorough and current as possible based on information available on the as-of date from local and national sources. As such, findings or conclusions may be modified by subsequent developments. HUD expresses its appreciation to those industry sources and state and local government officials who provided data and information on local economic and housing market conditions.** |

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