

VIEWPOINT



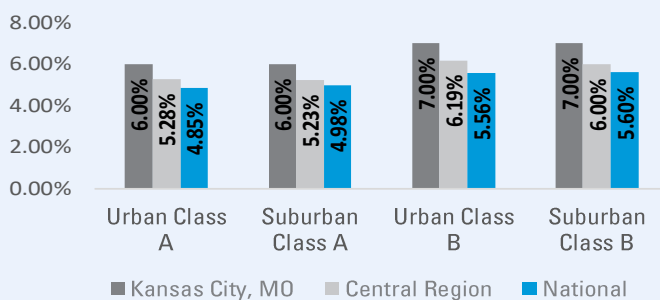
2023 KANSAS CITY, MO MULTIFAMILY ANNUAL REPORT

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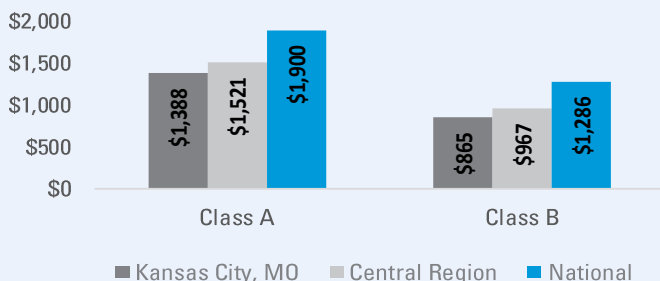
Market Rate Indicators (Y/Y)

Categories	Class A	Class B
Going In Cap Rate (%)	▲	▲
Asking Rent (\$/Unit)	▲	▲
Vacancy Rate (%)	▼	▲

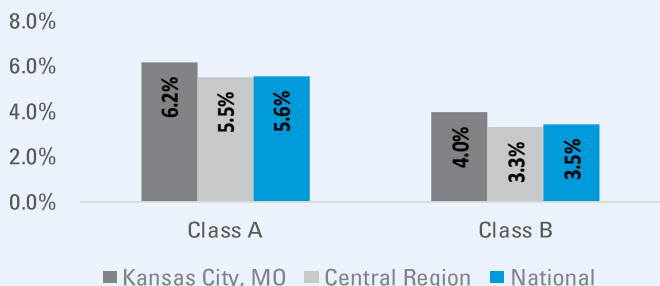
Going In Cap Rate Comparisons (%)



Asking Rents (\$/Unit)



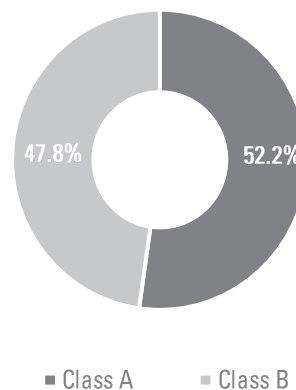
Vacancy Rates (%)



Kansas City, MO Multifamily Market Overview

Heading into 2023, multifamily remains a popular property type with investors in the Kansas City market. It remains one of the best-positioned sectors to maintain resilience despite risk factors of inflation, rising interest rates and recession fears. During 2021 and 2022 investors benefitted from strong rent growth and continued good occupancy, with healthy absorption of new product. However, inflation is a risk factor for operating expenses to maintain healthy net operating income (NOI) and property returns. Furthermore, a rising interest rate environment, intended to combat inflation, could place upward pressure on capitalization rates or hurt equity returns at least in the short term. These issues are also raising fears of a possible recession. However, multifamily market fundamentals remain generally favorable. Furthermore, increased mortgage interest rates could benefit multifamily demand by pricing out some potential homebuyers who may remain in the rental market longer than they otherwise would. In terms of new product delivery, the two driving factors are the continued resurgence of Downtown Kansas City, Missouri and suburban growth in Johnson County, Kansas. New development throughout the region remains concentrated in the Class A Sector, although there also remains market demand for purchase and repositioning of Class B and Class C product through renovation and updating. Overall, buyers remain cautiously optimistic about the multifamily market due to rent growth and healthy absorption of new supply. Investors also continue to benefit from upgrading existing stock and positioning existing units for higher rents through remodels. Overall, the market should be able to be relatively resilient despite the threats of rising interest rates and a higher inflation environment.

Distribution of Total Inventory



145,744 Units
Multifamily Inventory

4.73% - 12 Mo. Proj.
Construction/Inventory

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Change In Value Next 12 Months



+/- 0%

Urban Class A



+/- 0%

Suburban Class A

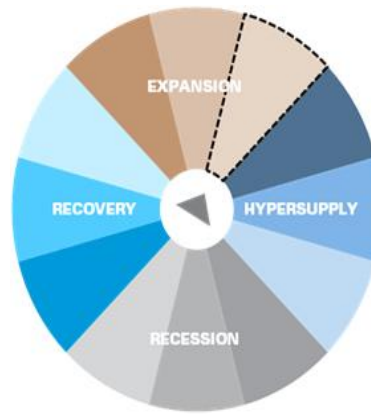
+/- 0%

Urban Class B

+/- 0%

Suburban Class B

Market Cycle: Expansion Stage 3



- Med/High Rental Rate Growth
- Decreasing Vacancy Rates
- High Absorption
- Moderate/High New Construction
- Moderate/High Employment Growth

Forecasts

Kansas City, MO 12-Month Multifamily Forecasts

Categories	Urban Class A	Urban Class B	Suburban Class A	Suburban Class B
Going-In Cap Rates	Remain Steady - no change	Remain Steady - no change	Remain Steady - no change	Remain Steady - no change
Discount Rate	Remain Steady - no change	Remain Steady - no change	Remain Steady - no change	Remain Steady - no change
Reversion Rate	Remain Steady - no change	Remain Steady - no change	Remain Steady - no change	Remain Steady - no change
Construction (Units)	6,888			
Market Rent Change	+3.00%	+2.00%	+3.00%	+2.00%
Expense Rate Change	+3.00%	+3.00%	+3.00%	+3.00%
Years to Balance	In Balance			

Kansas City, MO 36-Month Multifamily Forecasts

Categories	Urban Class A	Urban Class B	Suburban Class A	Suburban Class B
Market Rent Change	+13.56%			
Change in Value	Increase 3%-3.9%	Increase 2%-2.9%	Increase 3%-3.9%	Increase 2%-2.9%

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