

FIGURES | KANSAS CITY INDUSTRIAL | Q1 2025

# Over 3.1 million sq. ft. of positive net absorption to start 2025

▼ 4.3%

Vacancy Rate

▲ 3.1M

SF Net Absorption

▲ 2.4M

SF Construction Delivered

▼ 4.8M

SF Under Construction

▼ \$5.57

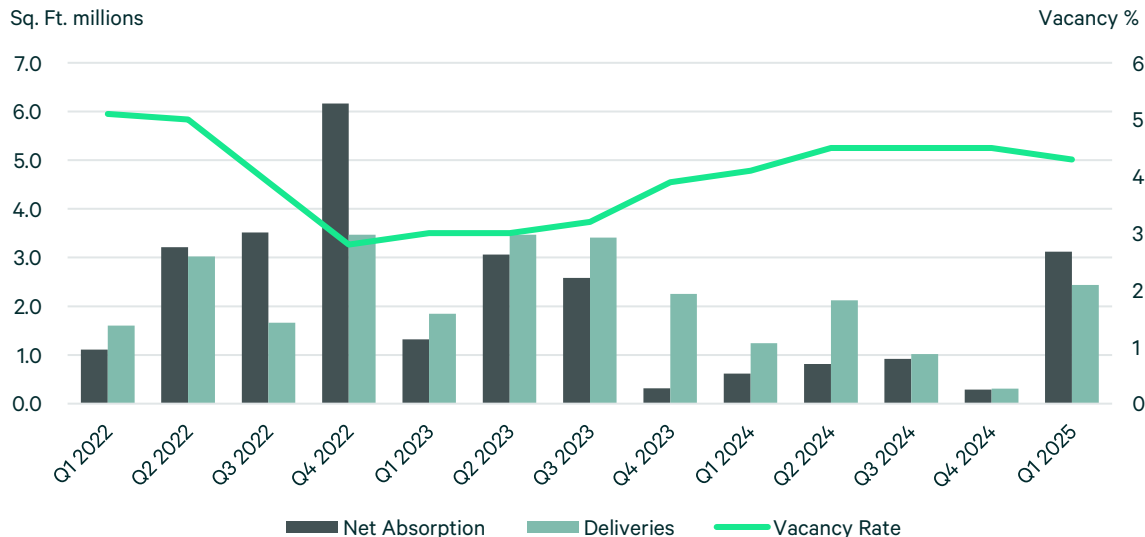
NNN/YR Lease Rate

Note: Arrows indicate change from previous quarter.

## SUMMARY

- Overall net absorption posted positive 3.1 million sq. ft. for Q1 2025, exceeding the 2.5 million sq. ft. total for all of 2024.
- Vacancy rates fell from 4.5% to 4.3% quarter-over-quarter due to positive net absorption. Looking longer-term vacancy rates increased from 4.1% to 4.3% year-over-year, and decreased from 5.1% to 4.3% over the previous three years.
- Five new buildings were delivered in Q1 2025, three build-to-suit projects totaling 1.3 million sq. ft., and two speculative projects totaling 1.1 million sq. ft. (61% pre-leased at completion).
- CBRE has updated the criteria for industrial tracked building sets to reflect buildings with a Net Rentable Area (NRA) of 30,000 square feet or higher. In addition to creating regional consistency, this change will enhance the reporting and depth of data on each market's most competitive buildings. Historical stats have been revised to reflect current industrial thresholds. Building inventories will be evaluated quarterly to ensure they remain the most comprehensive and accurate representation of each market.

FIGURE 1: Historical Absorption, Deliveries, and Vacancy



Source: CBRE Research, Q1 2025

## Availability Rate

The Kansas City industrial market availability rate finished Q1 2025 at 5.5%, a decrease from the Q4 2024 average of 6.0%. Looking longer-term availability rates increased from 5.3% to 5.5% year-over-year, and decreased from 6.1% to 5.5% over the previous three years.

The Cass County submarket had the lowest availability rate in the overall metro at 3.3%, followed by Wyandotte County at 3.5%. The Platte County submarket had the highest availability rate at 8.2%, a significant amount of speculative development has had an especially large influence on Platte County due to its relatively small size.

Sublease space decreased in Q1 2025, with an availability rate of 0.5% compared to 0.8% in Q4 2024. The USPS sublease of the former 1.1 million sq. ft. Coleman distribution center in Gardner, KS was the primary driver for the decrease. In total there was approximately 1.3 million sq. ft. of sublease space on the market in Q1 2025.

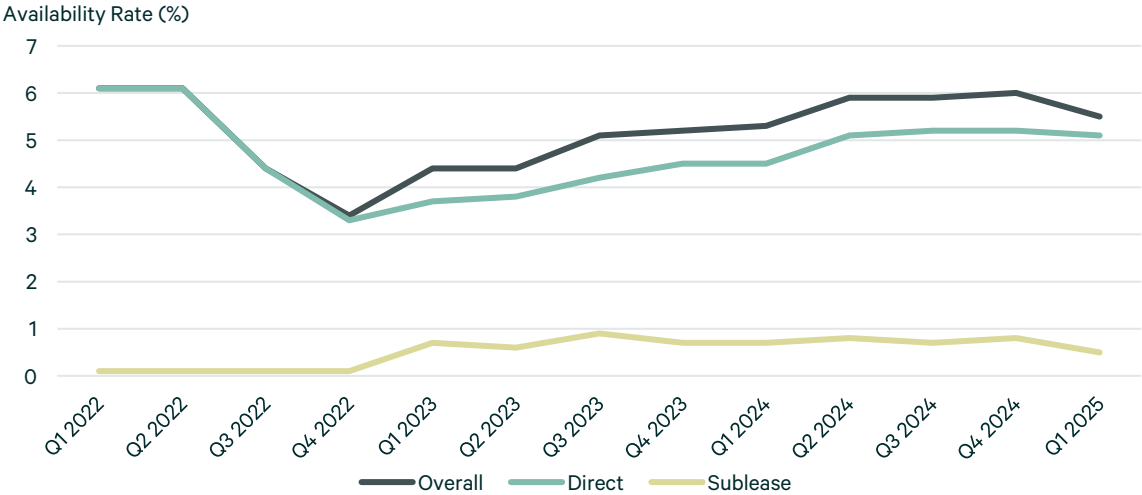
## Asking Rent

Asking lease rates increased 3.7% (\$5.37 per sq. ft. to \$5.57 per sq. ft.) year-over-year.

The Johnson County submarket led the overall market for average asking lease rate at \$6.25 per sq. ft. Johnson County also had the highest year-over-year increase in lease rates, increasing 7.1% (\$5.84 per sq. ft. to \$6.25 per sq. ft.). Clay County had the lowest average rates at \$4.89 per sq. ft., followed by Wyandotte County with an average rate of \$5.09 per sq. ft.

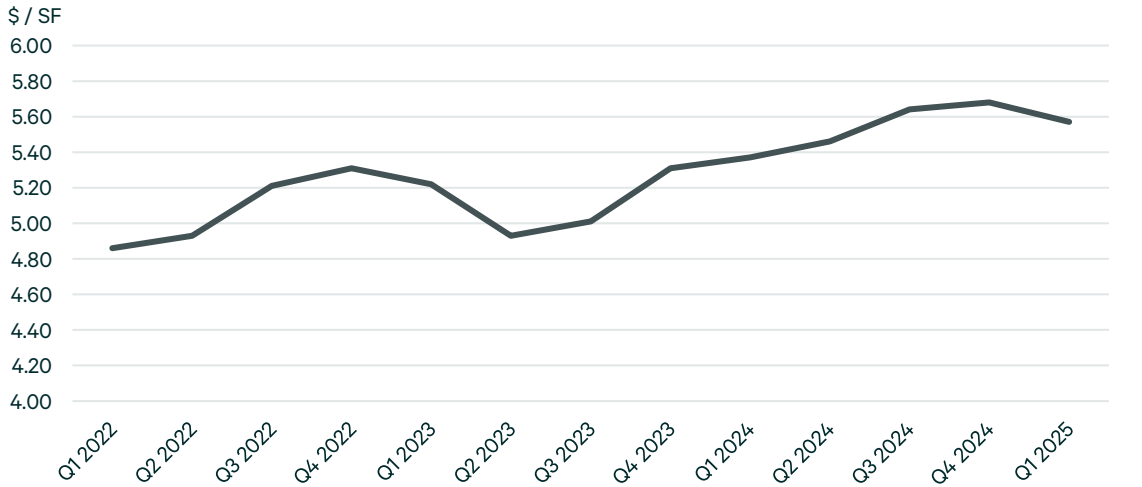
Asking rates vary between the three major industrial types with Distribution/Logistics average rate of \$5.53 per sq. ft., Manufacturing average rate of \$5.12 per sq. ft., and R&D/Flex average rate of \$10.99 per sq. ft.

FIGURE 2: Availability Rates



Source: CBRE Research, Q1 2025

FIGURE 3: Avg. Direct Asking Rate (NNN/YR)



Source: CBRE Research, Q1 2025

## Net Absorption

The Kansas City industrial market posted positive 3.1 million sq. ft. for Q1 2025, exceeding the 2.5 million sq. ft. total for all of 2024 and marking the highest total for a quarter since Q4 2022. The net absorption total was greatly influenced by the completion of build-to-suit projects including Heartland Coca-Cola (677,000 sq. ft.), Walmart Beef (330,000 sq. ft.), and Vertical Cold Storage (311,000 sq. ft.).

Positive net absorption for Q1 2025 was concentrated primarily in the Johnson County submarket with 2.5 million sq. ft. for the quarter. Three other submarkets recorded positive net absorption totals for the quarter, Jackson County with 288,443 sq. ft., Platte County with 177,249 sq. ft., and Wyandotte County with 86,698 sq. ft.

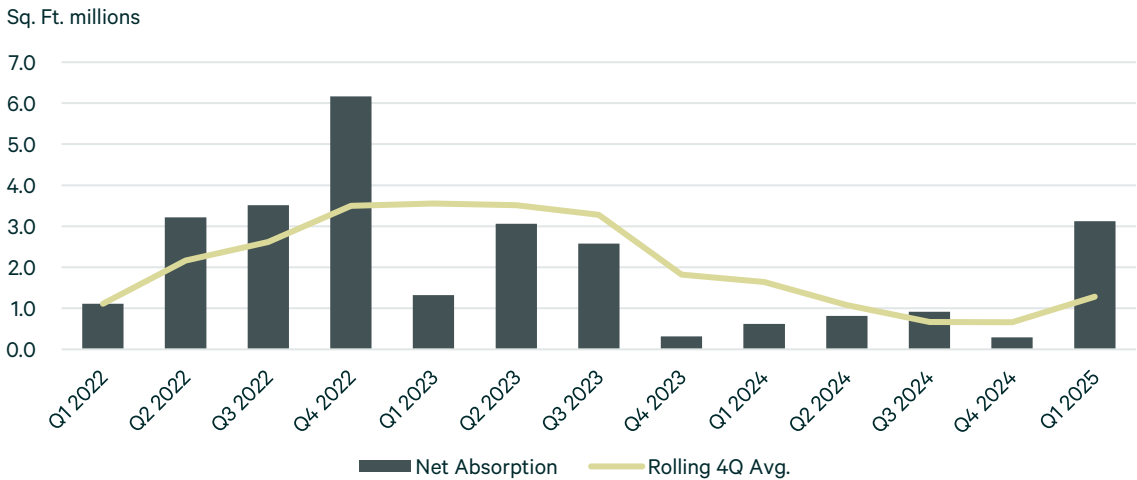
## Construction Activity

Five new buildings were completed in Q1 2025 with a total of 2.4 million sq. ft. which was 82.2% occupied as of the end of the quarter.

Over the past three years the Kansas City market delivered 26.2 million sq. ft. of new industrial space. Deliveries over this time-period came from 78% (20.4 million sq. ft.) speculative projects and 22% (5.8 million sq. ft.) build-to-suit projects.

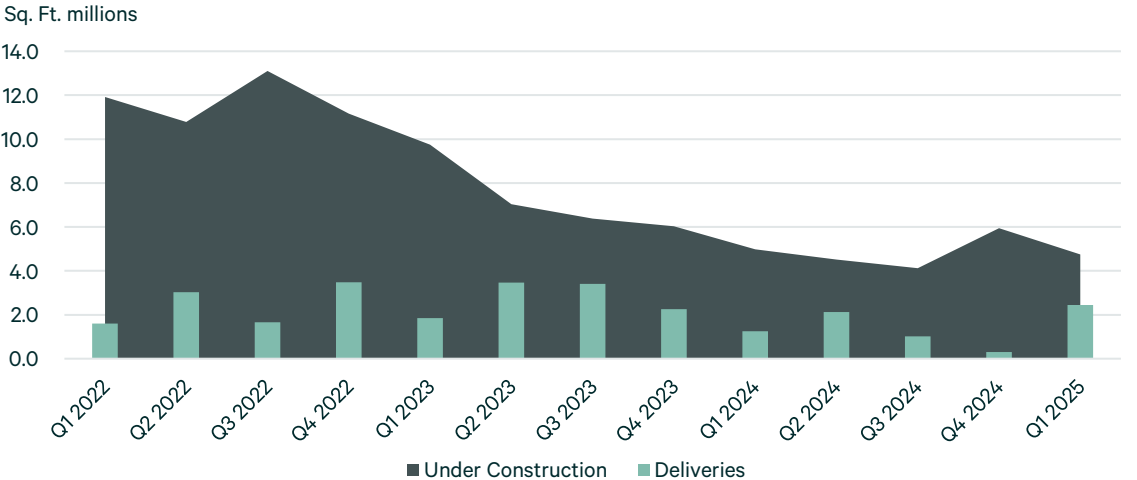
Six new projects broke ground in Q1 2025 with 1.2 million sq. ft. of space, trailing deliveries and resulting in the total amount under construction decreasing to 4.7 million sq. ft. Most of the projects under construction broke ground on a build-to-suit basis with a total of 3.5 million sq. ft. (74%), the remaining 1.2 million sq. ft. (26%) represent speculative development.

FIGURE 4: Net Absorption Trend



Source: CBRE Research, Q1 2025

FIGURE 5: Construction Activity



Source: CBRE Research, Q1 2025

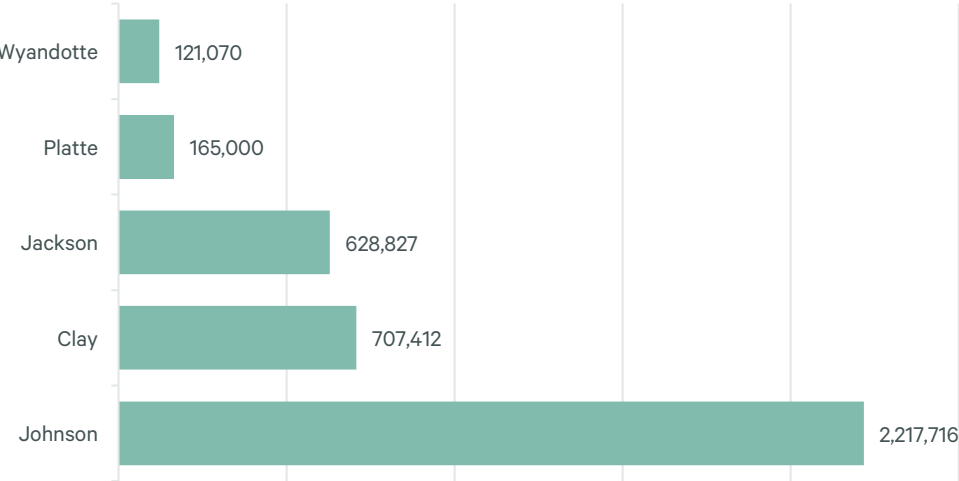
### Leasing/Owner User Activity

- Vertical Cold Storage opened a new 311,000 sq. ft. state-of-the art cold storage facility in south Kansas City, MO. The facility is adjacent to the CPKC intermodal terminal providing efficient access to anywhere in North America. The company reported that it expects more than 100 full-time employees at the site.
- Garmin expanded its warehouse footprint with a new 184,440 sq. ft. at I-35 Logistics Park in Olathe, KS. The company is one of the largest headquartered in the Kansas City metro with annual revenues exceeding \$6 billion.

Leasing activity in the Kansas City industrial market totaled 3.8 million sq. ft. for Q1 2025, and 11.0 million sq. ft. for the trailing 4-quarters. The Johnson County submarket led the overall market with 2.2 million sq. ft. in Q1 2025, and 6.1 million sq. ft. for the trailing 4-quarters.

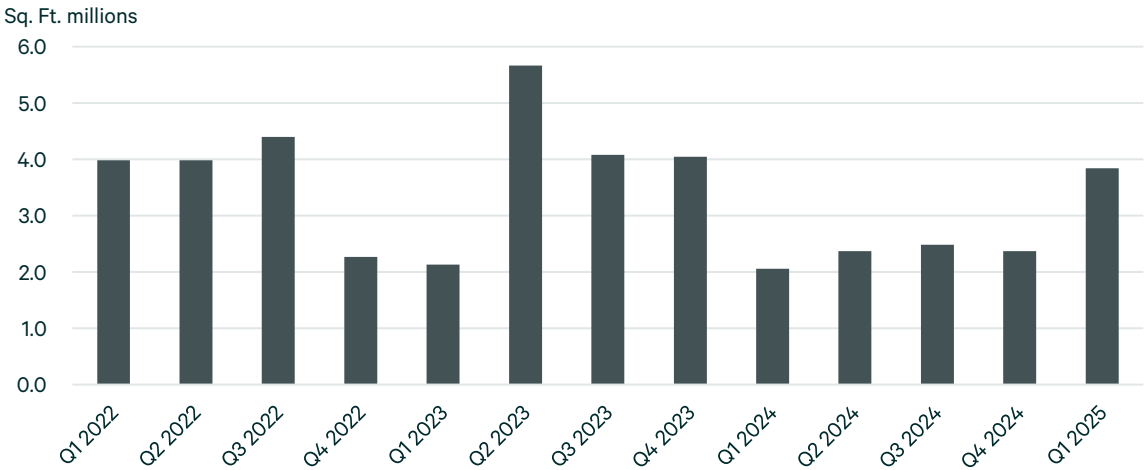
Transactions greater than 300,000 sq. ft. made up 64% of the total space leased in Q1 2025 with four leases exceeding 300,000 sq. ft. for the quarter.

FIGURE 6: Leasing Activity by Submarket – Leases 50,000 sq. ft. and up



Source: CBRE Research, Q1 2025

FIGURE 7: Leasing Activity Trend – Leases 50,000 sq. ft. and up



Source: CBRE Research, Q1 2025

FIGURE 8: Key Lease Transactions

Tenant	Sq. Ft. Leased	Transaction Type	Address	Submarket
United States Post Office	1,107,000	Sublease	17150 Mercury St	Johnson
QTS Procurement	756,571	New Lease	159th St & S Clare Rd	Johnson
Advanced Logistics & Fulfillment	309,725	New Lease	8800 NE Underground Dr	Clay
Bimbo Bakeries	300,000	New Lease	5300 E 155th St	Jackson
Vanguard Packaging	248,286	New Lease	8800 NE Underground Dr	Clay
Garmin International	184,440	New Lease	15800 S Green Rd	Johnson
Zoetis	167,100	Renewal	200 S Geospace Dr	Jackson
Propak Logistics	165,000	New Lease	3910 NW Helena Rd	Platte
Phibro Animal Health	145,180	Renewal	150-6000 S Space Center Dr	Jackson
HiPacking	141,053	New Lease	1900 N Corrington Ave	Jackson

Source: CBRE Research, Q1 2025

Market Statistics by Size

	Net Rentable Area	Total Vacancy	Total Availability	Direct Availability	Sublease Availability	Avg. Direct Asking Rate (NNN/YR)	Current Quarter Net Absorption	YTD Net Absorption	Deliveries	Under Construction
Under 100,000 sq. ft.	62,440,320	2.5	3.3	3.0	0.3	6.57	39,628	39,628	0	135,364
100,000-199,999 sq. ft.	48,246,325	2.2	3.9	2.8	1.1	6.19	80,783	80,783	0	0
200,000-299,999 sq. ft.	33,866,305	6.7	8.2	7.6	0.5	5.46	267,991	267,991	225,592	927,393
300,000-499,999 sq. ft.	39,321,355	5.5	8.6	8.2	0.4	5.08	868,484	868,484	641,000	1,626,556
500,000-749,999 sq. ft.	31,604,324	2.6	2.8	2.6	0.2	5.06	860,918	860,918	677,000	526,502
750,000 sq. ft.	73,225,425	6.1	6.9	6.6	0.3	5.37	1,004,472	1,004,472	896,000	1,536,045
Total	288,704,054	4.3	5.5	5.1	0.5	5.57	3,122,276	3,122,276	2,439,592	4,751,860

Market Statistics by Product Type

	Net Rentable Area	Total Vacancy	Total Availability	Direct Availability	Sublease Availability	Avg. Direct Asking Rate (NNN/YR)	Current Quarter Net Absorption	YTD Net Absorption	Deliveries	Under Construction
Distribution / Logistics	216,348,865	5.3	6.9	6.3	0.6	5.53	1,776,812	1,776,812	1,432,592	4,695,160
Manufacturing	56,599,878	1.0	1.6	1.5	0.0	5.12	1,343,944	1,343,944	1,007,000	56,700
R&D / Flex	3,980,291	4.7	3.9	3.5	0.4	10.99	(36,276)	(36,276)	0	0
Other Industrial	11,775,020	0.3	0.5	0.5	0.0	6.55	37,796	37,796	0	0
Total	288,704,054	4.3	5.5	5.1	0.5	5.57	3,122,276	3,122,276	2,439,592	4,751,860

Market Statistics by Class

	Net Rentable Area	Total Vacancy	Total Availability	Direct Availability	Sublease Availability	Avg. Direct Asking Rate (NNN/YR)	Current Quarter Net Absorption	YTD Net Absorption	Deliveries	Under Construction
Class A	90,650,427	8.7	9.6	9.0	0.5	5.92	2,714,022	2,714,022	2,439,592	4,751,860
All Other Buildings	198,053,627	2.2	3.7	3.3	0.4	5.12	408,254	408,254	0	0
Total	288,704,054	4.3	5.5	5.1	0.5	5.57	3,122,276	3,122,276	2,439,592	4,751,860

Market Statistics by Submarket

	Net Rentable Area	Total Vacancy	Total Availability	Direct Availability	Sublease Availability	Avg. Direct Asking Rate (NNN/YR)	Current Quarter Net Absorption	YTD Net Absorption	Deliveries	Under Construction
Cass	4,493,695	3.3	3.3	3.3	0.0	5.75	0	0	0	0
Clay	50,850,582	1.8	3.9	3.6	0.3	4.89	(9,713)	(9,713)	0	306,556
Jackson	93,124,196	5.5	6.4	6.1	0.3	5.23	288,443	288,443	536,592	620,000
Johnson	81,597,419	5.2	6.3	5.4	0.9	6.25	2,579,599	2,579,599	1,903,000	600,194
Platte	17,149,332	6.9	8.2	8.1	0.1	5.68	177,249	177,249	0	2,062,547
Wyandotte	41,488,830	1.8	3.5	3.0	0.5	5.09	86,698	86,698	0	1,162,563
Total	288,704,054	4.3	5.5	5.1	0.5	5.57	3,122,276	3,122,276	2,439,592	4,751,860

Modern Bulk Distribution Market Statistics by Submarket

	Net Rentable Area	Total Vacancy	Total Availability	Direct Availability	Sublease Availability	Avg. Direct Asking Rate (NNN/YR)	Current Quarter Net Absorption	YTD Net Absorption	Deliveries	Under Construction
Cass	4,493,695	3.3	3.3	3.3	0.0	5.75	0	0	0	0
Clay	12,006,633	4.1	5.0	4.1	0.8	5.98	0	0	0	306,556
Jackson	13,246,490	20.7	20.7	20.4	0.3	5.82	25,318	25,318	225,592	620,000
Johnson	40,102,737	8.9	9.8	8.5	1.3	6.05	2,212,704	2,212,704	1,903,000	200,194
Platte	10,235,640	9.4	9.4	9.4	0.0	5.61	165,000	165,000	0	2,062,547
Wyandotte	7,913,191	0.0	4.7	4.7	0.0	-	0	0	0	1,027,199
Total	87,998,386	9.0	9.9	9.2	0.8	5.91	2,403,022	2,403,022	2,128,592	4,216,496

Modern Bulk Distribution includes distribution/warehouse facilities 100,000 sq. ft. or greater, built in 1990 or later, with a 28' clear height or greater

## U.S. Economy Overview

Policy speculation and announcements are now the key drivers of macro expectations and financial markets. The reality of material trade conflicts this year is now paired with realized softer economic data. Some of this could be due to firms taking a ‘wait-and-see’ approach as they digest changing trade policy. Consumer sentiment has declined noticeably, albeit much more than actual spending. Consequently, CBRE has revised its GDP growth outlook for this year down to just below 2%.

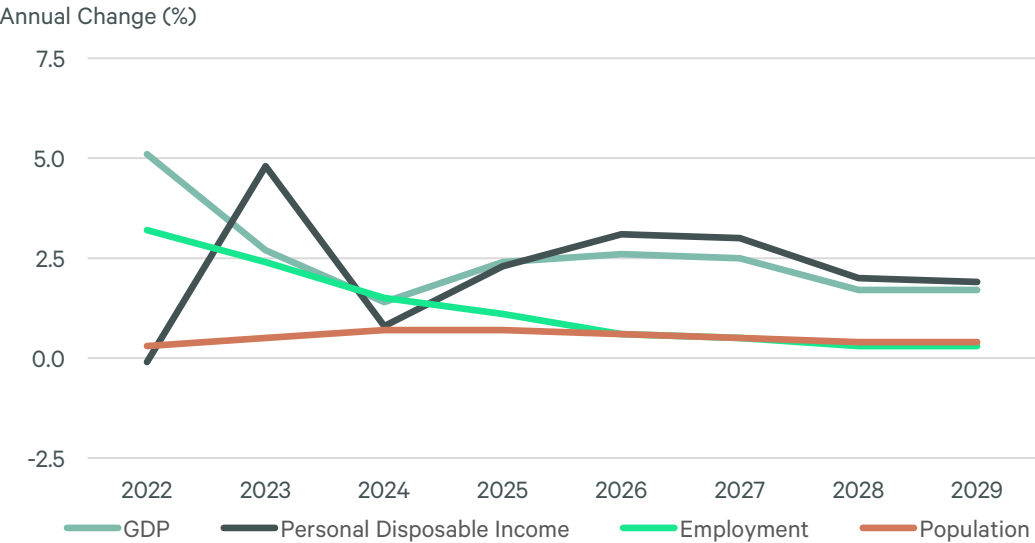
Despite policy uncertainty, credit markets are more accommodative, with tighter spreads and more issuance compared to a few quarters ago. More fluid credit markets have yet to translate into stronger sales volume, as many institutional owners and reams of dry powder capital remain on the sidelines. The continuation of accretive credit trends and eventual deployment of dry powder will depend on the impact of new policies. Should they prove more inflationary, this would erode recent capital markets progress. If not, and macro impacts are limited, this could give the Fed a green light for further cuts and help unlock monies waiting on the sidelines.

## Kansas City Economy Overview

According to Oxford Economics, Kansas City recorded a GDP growth rate of 1.4% in 2024, with a forecasted annual growth rate of 2.2% in 2025 through 2029. Growth in GDP is expected to be led by manufacturing, computer systems design, and real estate.

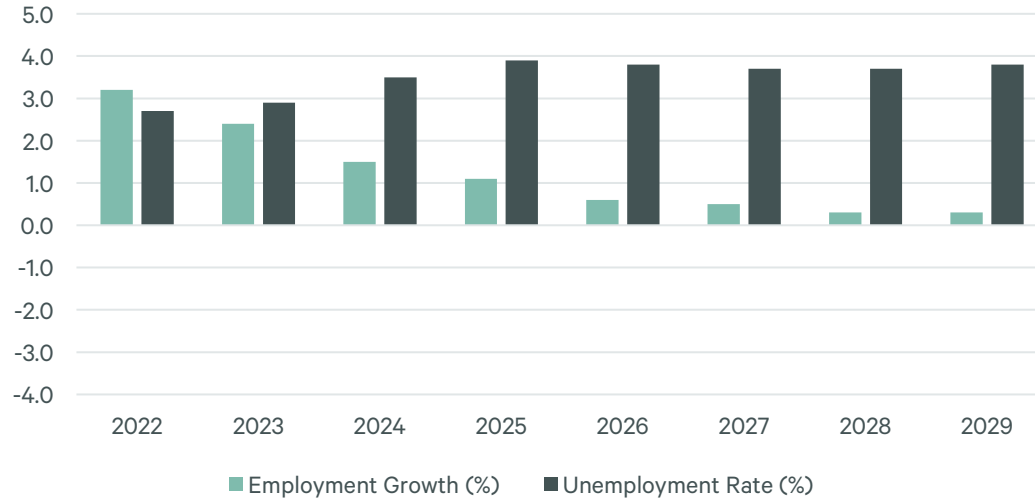
Kansas City’s home prices grew by 4% year-over-year as of Q4 2024, with house prices projected to grow by 4.4%, on average, in 2025 through 2029. Kansas City’s median disposable income per capita was approximately \$51,700 as of January 2025, with real consumer spending projected to grow by 3% in 2025.

FIGURE 9: Kansas City Economic Forecast



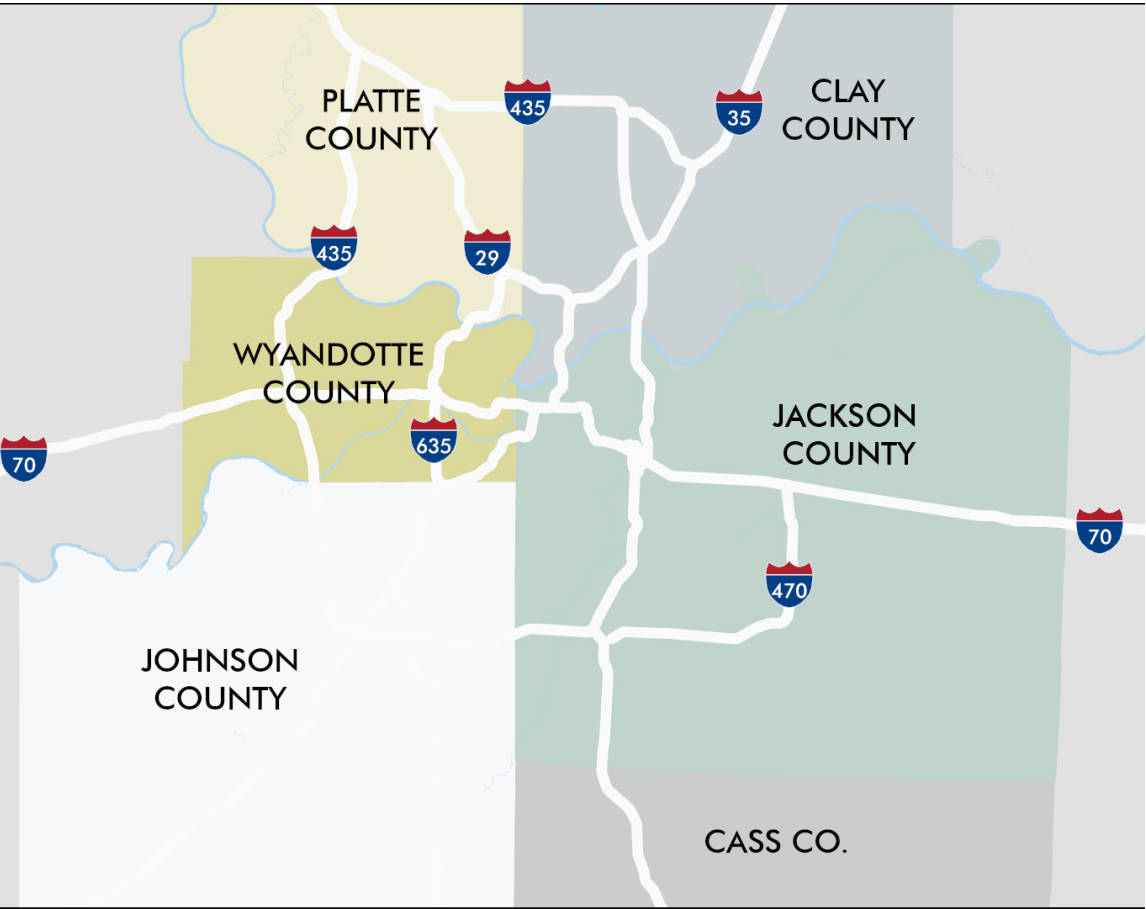
Source: BLS, US Census Bureau, Oxford Economics, January 2025.

FIGURE 10: Kansas City Employment Forecast



Source: BLS, US Census Bureau, Oxford Economics, January 2025.

Market Area Overview



Definitions

Available Sq. Ft.: Space in a building, ready for occupancy within six months; can be occupied or vacant. Availability Rate: Total Available Sq. Ft. divided by the total building Area. Average Asking Lease Rate: A calculated average that includes net and gross lease rate, weighted by their corresponding available square footage. Building Area: The total floor area sq. ft. of the building, typically taken at the “drip line” of the building. Gross Activity: All sale and lease transactions completed within a specified time period. Excludes investment sale transactions. Gross Lease Rate: Rent typically includes real property taxes, building insurance, and major maintenance. Net Absorption: The change in Occupied Sq. Ft. from one period to the next. Net Lease Rate: Rent excludes one or more of the “net” costs (real property taxes, building insurance, and major maintenance) typically included in a Gross Lease Rate. Occupied Sq. Ft.: Building Area not considered vacant. Vacancy Rate: Total Vacant Sq. Ft. divided by the total Building Area. Vacant Sq. Ft.: Space that can be occupied within 30 days. Class A industrial are buildings built after 2000, with 32’ or greater clear height and ESFR sprinklers.

Survey Criteria

Includes all competitive industrial buildings 30,000 sq. ft. and greater in size in Johnson County (KS), Wyandotte County (KS), Platte County (MO), Clay County (MO), Jackson County (MO), and Cass County (MO). Buildings under construction includes buildings which have begun development beyond initial site work.

Updated Tracked Criteria

CBRE has updated the criteria for industrial tracked building sets to reflect buildings with a Net Rentable Area (NRA) of 30,000 square feet or higher. In addition to creating regional consistency, this change will enhance the reporting and depth of data on each market's most competitive buildings. Historical stats have been revised to reflect current industrial thresholds. Building inventories will be evaluated quarterly to ensure they remain the most comprehensive and accurate representation of each market.

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