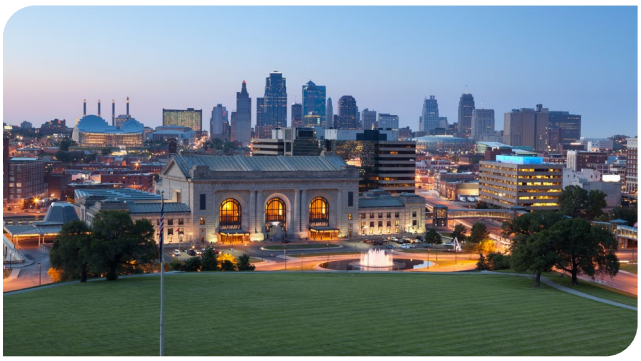
LEE & ASSOCIATES
COMMERCIAL REAL ESTATE SERVICES

Q3 2024
KANSAS CITY, KS



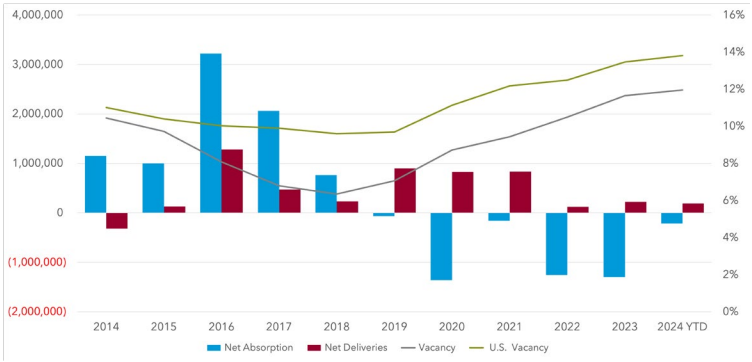
OFFICE MARKET OVERVIEW

MAX LAPKE, *Senior Associate*

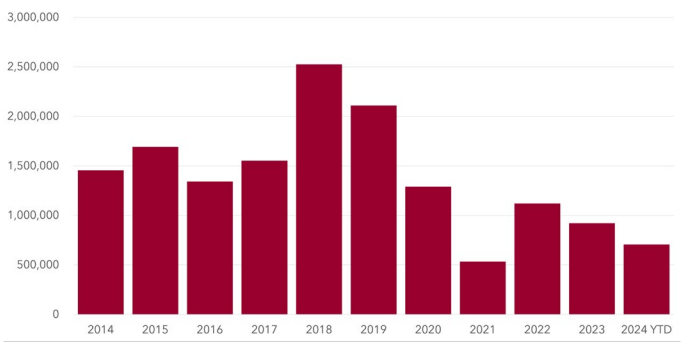
The Kansas City office market continued to show some stabilization throughout the 3rd quarter. A lessening of space being put on the sublease market has aided in ability for landlords to compete on new deals. A noticeable decline in the development of new office buildings has been seen with only 576,554 square feet currently under construction, compared to 816,604 square feet the prior quarter. The sustained and gradual increase in lease rates is also evident with the average asking full-service rate now at $22.79 per square foot.

MARKET INDICATORS	Q3 2024	Q2 2024	Q1 2024	Q4 2023	Q3 2023
▲ 12 Mo. Net Absorption SF	(275,637)	(868,283)	(1,199,278)	(1,297,345)	(1,671,002)
▼ Vacancy Rate	11.8%	12.2%	11.9%	11.7%	11.4%
▲ Avg NNN Asking Rate PSF	$22.79	$22.75	$22.73	$22.69	$22.52
◄ ► Sale Price PSF	$118.00	$118.00	$119.00	$121.00	$123.00
◄ ► Cap Rate	10.2%	10.2%	10.1%	9.9%	9.8%
▼ Under Construction SF	576,554	816,604	850,454	921,864	992,434
▲ Inventory SF	129,527,835	129,287,785	129,235,539	129,338,584	129,225,960

NET ABSORPTION, NET DELIVERIES, & VACANCY



UNDER CONSTRUCTION



TOP SALE TRANSACTIONS BY SF	SIZE	SALE PRICE	BUYER / SELLER	BUILDING CLASS
11180 NW Prairie View Road Kansas City, MO	136,910 SF	Undisclosed	Avery Capital US Federal Properties	Class A
7400 College Boulevard Overland Park, KS	117,090 SF	Undisclosed	Regnier Investments Price Brothers	Class A
4400 Dr Martin Luther King Jr. Blvd. Kansas City, MO	84,282 SF	Undisclosed	Behavioral Health Allies H&R Block, Inc.	Class A

TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
2301-2401 Holmes Street Kansas City, MO	176,952 SF	Truman Medical Center	University Health KC	Health Care and Social Assistance
1400 Baltimore Avenue Overland Park, KS	108,528 SF	1400 Baltimore Owner LLC	Populous	Architectural Services
2600 Grand Boulevard Kansas City, MO	75,000 SF	Crown Center Redevelopment Corp.	Fidelity Security Life Insurance Company	Finance and Insurance