



MARKET AT A GLANCE



OCCUPANCY RATE **95.0%**
Down **70 bps** since 3Q16



ASKING RENT **\$968**
Up **2.0%** since 3Q16

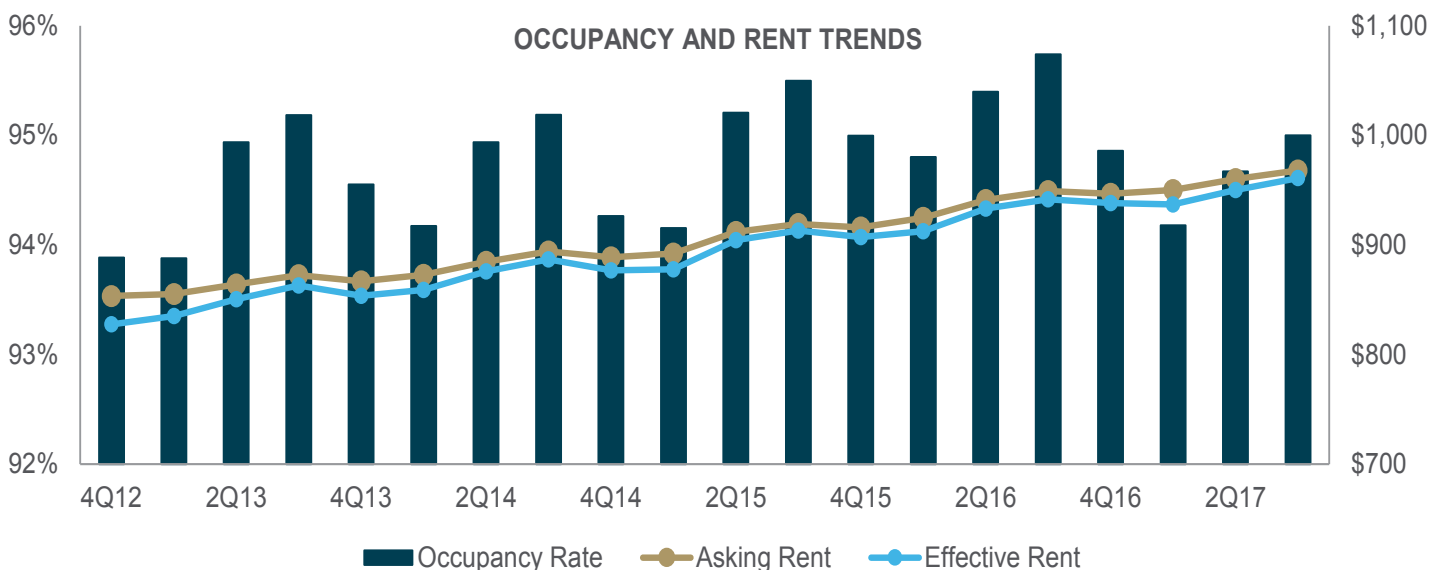


CONCESSIONS **0.7%**
Down **10 bps** since 3Q16

OCCUPANCY AND RENT TRENDS

DEMAND EXCEEDS DELIVERIES IN 3Q AS OCCUPANCY REACHES 95.0%

Apartment demand shifted occupancy up in the Kansas City metropolitan area during the third quarter. Residents newly occupied 1,518 net units during the last three months, with the Downtown/East KC area leading leasing activity with 400 units absorbed. Developers worked to meet the demand in the submarket, though the 233 units delivered fell short to cause occupancy to rise to 94.1%. This trend was reflected across Greater Kansas City as the 1,024 deliveries metrowide trailed leasing activity to push occupancy up 30 basis points from the second quarter to an average of 95.0% in the third quarter. Builders were working to meet demand as 25 properties were under construction during the third quarter, with 4,681 units scheduled to come online by year-end 2019. With occupancy up quarter over quarter metrowide, operators advanced asking rent 0.8% to \$968 per month in September. Simultaneously, effective rent advanced 1.1% to \$961 per month, trimming concessions to an average of 0.7% of asking rent. Amid rising competition because of new inventory, operators lowered asking rent to an average of \$1,229 per month in September from \$1,253 per month in June to help drive demand in the Downtown/East KC submarket.



KANSAS CITY

MULTIFAMILY REPORT

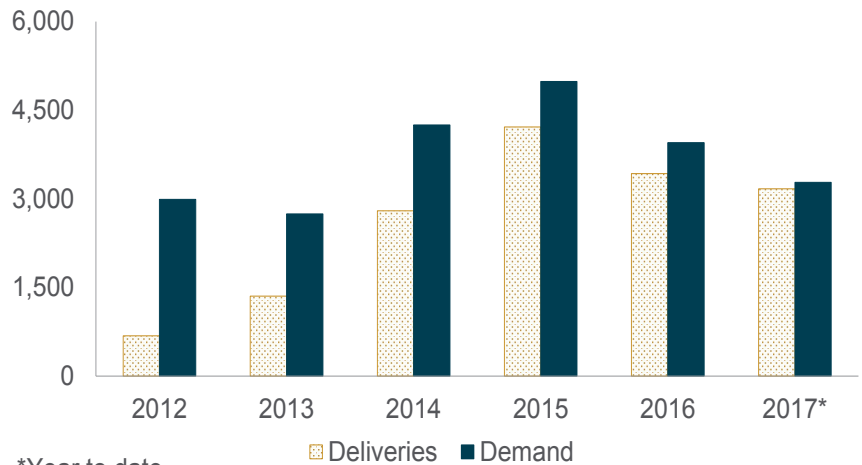
DELIVERIES AND DEMAND



DELIVERIES 3,169
Units YTD



NET ABSORPTION 3,279
Units YTD



*Year to date

ECONOMIC TRENDS

2016 **UNEMPLOYMENT*** 2017
4.4% **30 BPS CHANGE** 4.1%

2016 **EMPLOYMENT*** 2017
1.07m **1.7% CHANGE** 1.09m

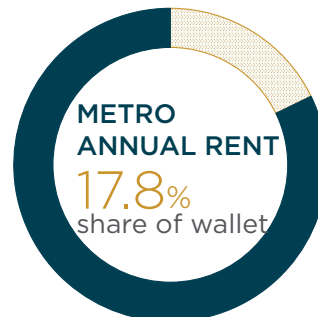
2016 **EXISTING SFH SALES**** 2017
43.8k **3.2% CHANGE** 45.2k

2016 **MEDIAN SFH PRICE**** 2017
\$181.1k **6.0% CHANGE** \$191.9k

2016 **10-YEAR TREASURY**** 2017
1.63% **60 BPS CHANGE** 2.20%

*August; **September

Kansas City employers continued to hire at a healthy clip, supporting rental demand during the last year. Total nonfarm employment expanded 1.7%, or by 17,900 net jobs, annually through August 2017. While annual growth decelerated from 2.5% in the preceding year, the latest increase outpaced the national average expansion of 1.4% since August 2016. Kansas City employers in the professional and business services sector were a significant economic force, creating a metro-leading 9,200 jobs, to grow 4.9% year over year. In the trade, transportation, and utilities industry—the metro’s largest employment sector—the labor force expanded 1.8% with 3,700 new personnel since August 2016. The trade, transportation, and utilities industry will continue to grow as UPS spends \$220 million to add 200,000 square feet at the Lenexa facility and to build a new 197,000-square-foot customer center in Edgerton. Metrowide employment growth was tamped down by a combined 3,200 jobs shed in the manufacturing and information sectors, for 2.6% and 6.2% contractions, respectively.



KANSAS CITY

MULTIFAMILY REPORT

SUBMARKET BREAKDOWN

SUBMARKET NAME	OCCUPANCY		AVG RENT INCREASE		AVG RENT		NET ABSORPTION		DELIVERED UNITS	
	3Q16	3Q17	3Q16	3Q17	3Q16	3Q17	3Q17	ANNUAL	3Q17	ANNUAL
Cass County	-	98.8%	-	-	-	\$966	-7	3	0	0
Downtown/East KC	95.4%	94.1%	6.1%	4.2%	\$1,180	\$1,229	400	993	233	1,249
Gladstone/Liberty	94.0%	93.5%	0.8%	2.9%	\$815	\$838	62	508	38	592
Grandview/Far South	94.6%	94.3%	3.7%	2.1%	\$828	\$846	-2	16	0	44
Independence	95.3%	95.4%	1.5%	-0.9%	\$799	\$792	20	7	0	0
Jackson County/Other	97.1%	96.7%	4.2%	-3.1%	\$1,066	\$1,034	50	248	27	281
Johnson County / Other	95.7%	95.9%	5.6%	5.7%	\$802	\$848	-11	2	0	0
Merriam/Mission/Prairie Village	97.3%	97.3%	0.3%	2.3%	\$851	\$871	27	30	0	31
Miami County	97.9%	98.0%	0.5%	2.3%	\$647	\$662	-6	1	0	0
Midtown	96.5%	96.1%	-0.3%	7.3%	\$945	\$1,014	9	140	28	174
North Kansas City	95.9%	93.7%	10.8%	-0.5%	\$921	\$916	72	-42	74	74
Olathe	97.0%	96.3%	2.1%	2.9%	\$929	\$956	-2	-49	0	0
Overland Park North	96.6%	96.1%	2.3%	4.0%	\$840	\$874	26	11	0	44
Overland Park South	95.4%	94.5%	5.2%	1.9%	\$1,110	\$1,130	342	670	305	831
Platte	95.8%	94.6%	7.5%	-0.8%	\$962	\$954	295	159	214	259
Platte County/Other	91.1%	93.2%	-0.3%	3.4%	\$823	\$850	-10	11	0	0
Raytown	96.1%	96.7%	7.5%	-0.2%	\$689	\$688	12	29	0	0
Shawnee/Lenexa	96.5%	95.6%	5.4%	1.9%	\$962	\$980	114	306	105	426
Southwest Kansas City	97.2%	94.4%	1.3%	3.4%	\$670	\$693	52	-64	0	0
University/Plaza	95.4%	94.5%	14.2%	0.2%	\$1,565	\$1,569	70	-73	0	0
Wyandotte	94.4%	95.2%	-0.2%	4.7%	\$815	\$854	5	74	0	0
TOTALS	95.7%	95.0%	3.3%	2.0%	\$949	\$968	1,518	2,984	1,024	4,005



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