Fourth consecutive quarter of positive net absorption

▼ 17.8%
Vacancy Rate

▲ 274,075
SF Net Absorption

▶ 0
SF Construction Delivered

▶ 0
SF Under Construction

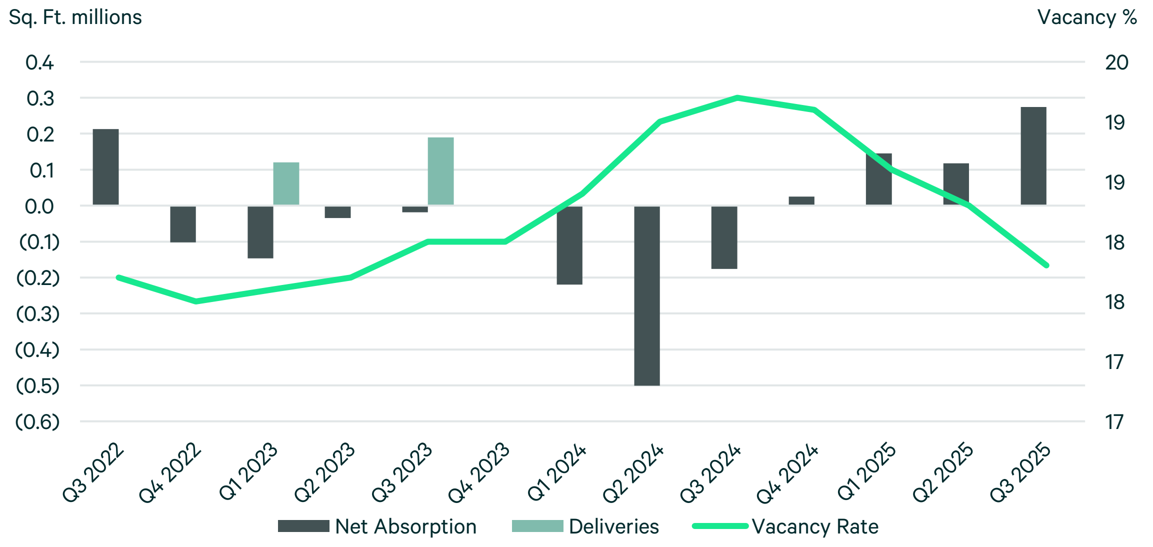
▲ $23.39
FSG/YR Direct Lease Rate

Note: Arrows indicate change from previous quarter.

MARKET OVERVIEW

- Overall net absorption posted positive 274,075 sq. ft. for Q3 2025, marking the fourth consecutive quarter of positive net absorption. Positive net absorption came from both the suburban market (111,423 sq. ft.) and the downtown market (162,652 sq. ft.).
- Vacancy rates fell from 18.3% to 17.8% quarter-over-quarter in the overall market, a result of positive net absorption. Looking longer-term vacancy rates fell from 19.2% to 17.8% year-over-year. Over the previous three years vacancy rates increased slightly from 17.7% to 17.8%.
- No new multi-tenant space was delivered in Q3 2025, with no new projects currently under construction. Over the past three years 480,517 sq. ft. of new multi-tenant space was delivered from four buildings which were 83.5% occupied as of Q3 2025.
- Asking lease rates in the overall market increased 2.3% year-over-year ($22.86 per sq. ft. to $23.39 per sq. ft.). Over the previous three years the average asking lease rate increased 11.1% ($21.05 per sq. ft. to $23.39 per sq. ft.).

FIGURE 1: Historical Absorption, Deliveries, and Vacancy



Source: CBRE Research, Q3 2025

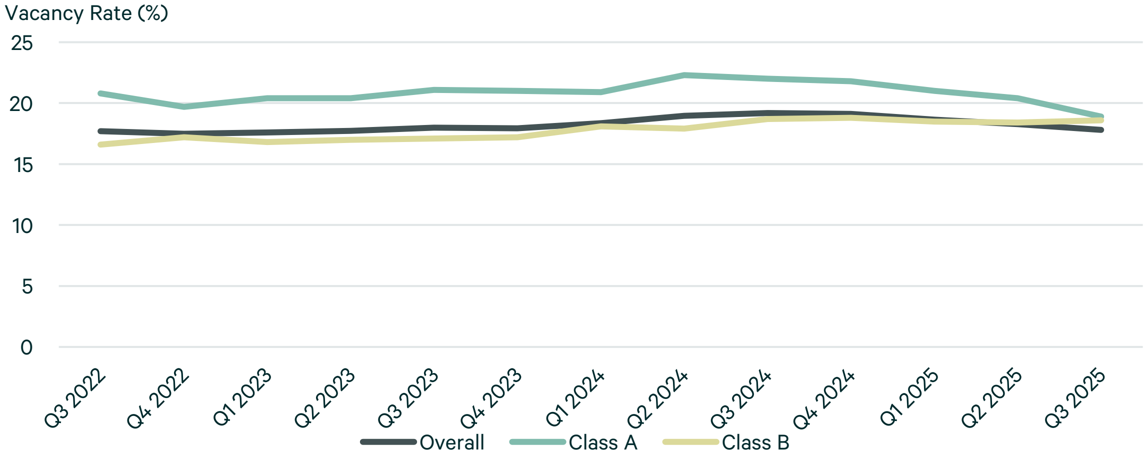
Vacancy

Vacancy rates in the market decreased for the fourth consecutive quarter. Over the last five years, the vacancy rate has shown a general upward trend, increasing 300 bps (14.8% to 17.8%) since Q3 2020.

The submarket with the highest vacancy rate was Downtown at 22.8%, the next highest vacancy for a submarket was South Johnson County at 19.2%. The lowest vacancy rates were in South Kansas City at 9.4% and Midtown at 9.6%.

Class A vacancy finished Q3 2025 with an average of 18.9%, decreasing 150 bps (20.4% to 18.9%) quarter-over-quarter. The Class B market finished Q3 2025 with an average vacancy of 18.6%, increasing 20 bps (18.4% to 18.6%) quarter-over-quarter.

FIGURE 2: Vacancy Rates by Class



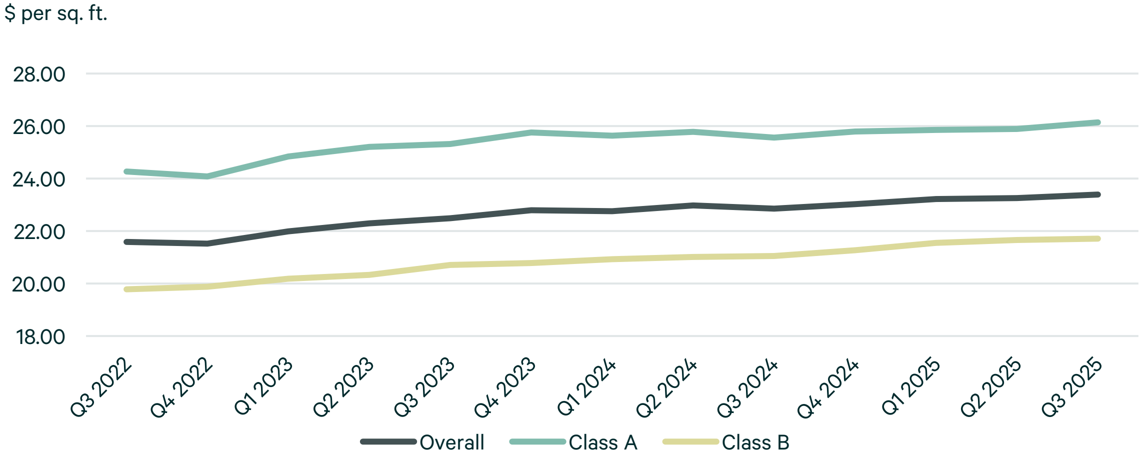
Source: CBRE Research, Q3 2025

Asking Rent

In Q3 2025, the Kansas City Office market average asking lease rates increased 0.6% ($23.25 per sq. ft. to $23.39 per sq. ft.) quarter-over-quarter. Class A asking lease rates increased 1.0% ($25.89 per sq. ft. to $26.14 per sq. ft.) quarter-over-quarter. Class B asking lease rates increased 0.2% ($21.66 per sq. ft. to $21.71 per sq. ft.) quarter-over-quarter.

The Plaza submarket commanded the highest asking lease rates at $28.02 per sq. ft., while Kansas City North had the lowest at $17.75 per sq. ft. For Class A rates, the Plaza led the metro with an average Class A asking lease rate of $28.88 per sq. ft. The lowest average Class A rates were in North Johnson County with an average asking lease rate of $21.31 per sq. ft., followed by South Kansas City with an average Class A asking lease rate of $22.73 per sq. ft.

FIGURE 3: Avg. Direct Asking Rate (FSG/YR) by Class



Source: CBRE Research, Q3 2025

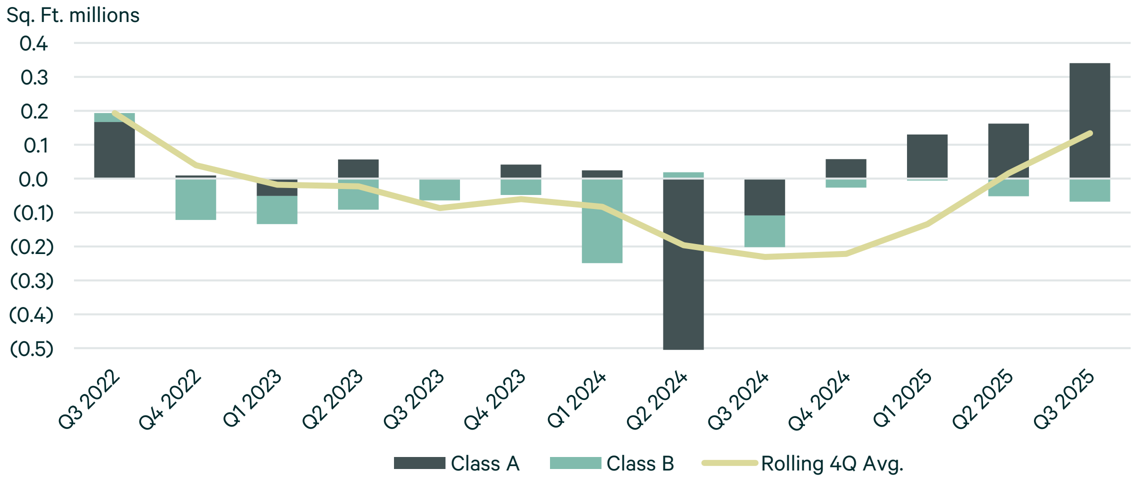
Net Absorption

In Q3 2025, the Kansas City Office market recorded a net absorption of 274,075 sq. ft., and 536,251 sq. ft. year-to-date. The positive absorption trend marks a significant improvement from the negative 869,692 sq. ft. recorded in 2024.

Five out of the metros nine submarkets posted positive net absorption for the quarter. Downtown led the overall market with 162,652 sq. ft., followed by Kansas City, KS with 130,387 sq. ft. of positive net absorption for the quarter. Class A space was the primary driver for positive net absorption with 340,079 sq. ft. for the quarter, with 183,919 sq. ft. coming from the suburban class A market, and 156,160 sq. ft. coming from the downtown class A market.

Four consecutive quarters of positive net absorption was a favorable sign for the future of the Kansas City office market along with a trend of the quarterly leasing activity exceeding the previous years totals.

FIGURE 4: Net Absorption Trend



Source: CBRE Research, Q3 2025

Construction Activity

No new multi-tenant space was delivered in Q3 2025, with no new projects currently under construction. Several projects were delivered over the past three years, totaling 480,517 sq. ft. of new multi-tenant space.

The largest recent delivery was 1400KC in the downtown market. Originally constructed as a $140 Million build-to-suit for Waddell & Reed Financial, the building became available after Macquarie Asset Management purchased Waddell & Reed and chose not to occupy the building. 1400KC was not vacant for long as Blue KC (Blue Cross and Blue Shield of Kansas City) announced they would occupy the building in late 2022 under a long-term lease and relocate approximately 1,400 employees from an older Class B building at 2301 Main St. In September 2024, Populous announced it planned to move its company headquarters from the Plaza submarket and occupy approximately 100,000 sq. ft. in 1400KC.

The market has experienced a current pause in multi-tenant development, reflecting broader economic conditions and market saturation.

FIGURE 5: Construction Activity

Source: CBRE Research, Q3 2025

Leasing Activity

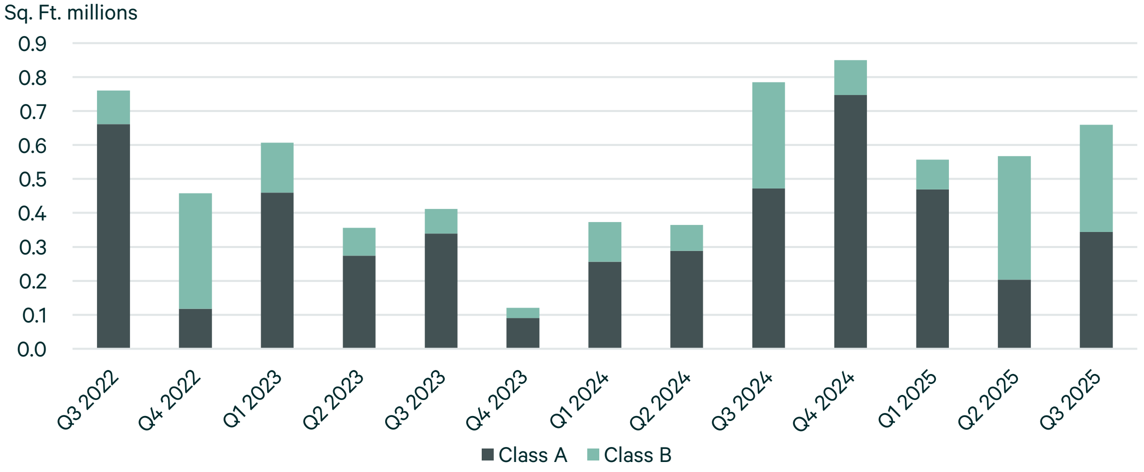
- Propio, a Kansas City-based language services company, announced it will move its headquarters into approximately 81,500 sq. ft. at 4900-4950 College Blvd in Q4 2025.

Leasing activity in the Kansas City Office market totaled 872,945 sq. ft. for Q3 2025. The Class A market accounted for 48.9% (426,698 sq. ft.), with Class B space accounting for 49.0% (427,895 sq. ft.).

FIGURE 8: Key Lease Transactions

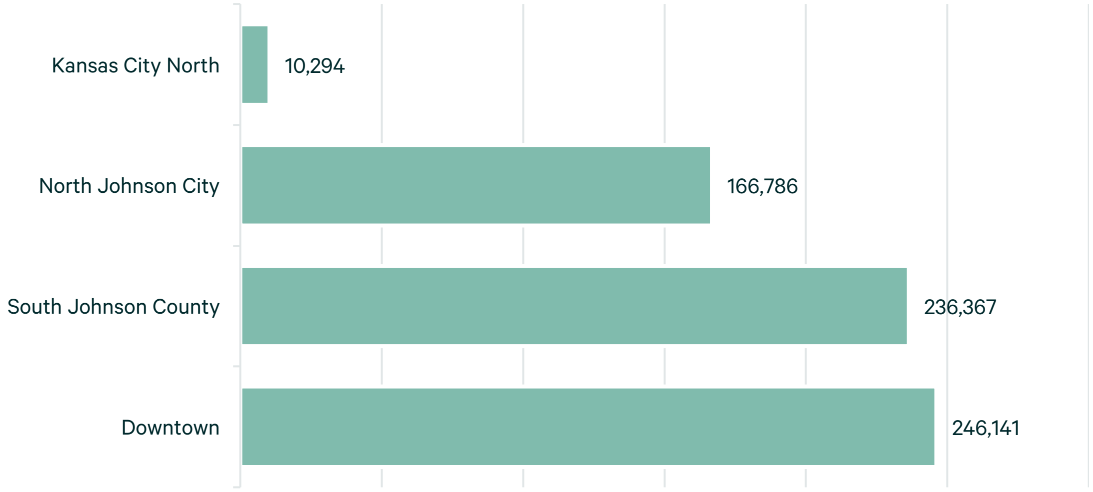
Total office leasing activity year-to-date in 2025 exceeded 2.5 million sq. ft. Class A space represented 43.7% (1.1 million sq. ft.) of year-to-date activity, with Class B space accounting for 46.8% (1.2 million sq. ft.). Office leasing activity through the first three quarters of 2025 was up 20.6% compared to the same time-period in 2024.

FIGURE 7: Leasing Activity Trend – 10,000 sq. ft. and up



Source: CBRE Research, Q3 2025

FIGURE 6: Leasing by Submarket – 10,000 sq. ft. and up



Source: CBRE Research, Q3 2025

FIGURE 8: Key Lease Transactions

Tenant	Sq. Ft. Leased	Transaction Type	Address	Submarket
AMC Entertainment	127,340	Renewal	11500 Ash St	South Johnson County
Bryan Cave LLP	95,500	Renewal	1200 Main St	Downtown
Propio Language Services	64,539	New Lease	4900-4950 College Blvd	South Johnson County
RBC Medical	58,827	New Lease	17100-17150 W 118th Ter	South Johnson County
Conexon	48,827	New Lease	2323 Grand Blvd	Downtown
US Bank NA	40,000	New Lease	7045 College Blvd	South Johnson County
Macquarie Capital (USA)	28,405	New Lease	6301 Glenwood St	North Johnson City
Acertus	27,425	Renewal	6301 Glenwood St	North Johnson City
My Freight World	25,500	New Lease	6130 Sprint Pkwy	South Johnson County

Source: CBRE Research, Q3 2025

Market Statistics by Index

	Net Rentable Area	Total Vacancy	Total Availability	Direct Availability	Sublease Availability	Avg. Direct Asking Rate (FSG/YR)	Current Quarter Net Absorption	YTD Net Absorption	Deliveries	Under Construction
SUBURBAN										
Prime Class A	2,412,316	10.3	12.1	12.1	0.0	30.71	145,970	139,885	0	0
Class A	15,636,850	15.4	16.2	14.1	2.1	26.64	183,919	453,784	0	0
Class B	23,640,957	18.7	21.0	20.0	1.0	21.68	(80,031)	(140,854)	0	0
Class C	3,117,359	1.9	2.2	2.2	0.0	15.92	7,535	35,487	0	0
Total	**42,395,166**	**16.2**	**17.9**	**16.5**	**1.3**	**23.24**	**111,423**	**348,417**	**0**	**0**

	Net Rentable Area	Total Vacancy	Total Availability	Direct Availability	Sublease Availability	Avg. Direct Asking Rate (FSG/YR)	Current Quarter Net Absorption	YTD Net Absorption	Deliveries	Under Construction
DOWNTOWN										
Prime Class A	785,956	31.0	31.7	31.7	0.0	28.00	0	1,363	0	0
Class A	7,998,675	25.9	23.3	21.4	2.0	25.44	156,160	178,228	0	0
Class B	4,472,379	18.3	19.2	18.1	1.1	21.92	11,442	14,556	0	0
Class C	656,849	16.7	17.8	17.8	0.0	13.98	(4,950)	(4,950)	0	0
Total	**13,127,903**	**22.8**	**21.7**	**20.1**	**1.6**	**23.80**	**162,652**	**187,834**	**0**	**0**

	Net Rentable Area	Total Vacancy	Total Availability	Direct Availability	Sublease Availability	Avg. Direct Asking Rate (FSG/YR)	Current Quarter Net Absorption	YTD Net Absorption	Deliveries	Under Construction
METRO										
Prime Class A	3,198,272	15.4	16.9	16.9	0.0	29.48	145,970	141,248	0	0
Class A	23,635,525	18.9	18.6	16.6	2.1	26.14	340,079	632,012	0	0
Class B	28,113,336	18.6	20.7	19.7	1.0	21.71	(68,589)	(126,298)	0	0
Class C	3,774,208	4.5	4.9	4.9	0.0	14.68	2,585	30,537	0	0
Total	**55,523,069**	**17.8**	**18.8**	**17.4**	**1.4**	**23.39**	**274,075**	**536,251**	**0**	**0**

Market Statistics by Submarket

	Net Rentable Area	Total Vacancy	Total Availability	Direct Availability	Sublease Availability	Avg. Direct Asking Rate (FSG/YR)	Current Quarter Net Absorption	YTD Net Absorption	Deliveries	Under Construction
Downtown	**13,127,903**	**22.8**	**21.7**	**20.1**	**1.6**	**23.80**	**162,652**	**187,834**	**0**	**0**
Class A	7,998,675	25.9	23.8	21.4	2.0	25.44	156,160	178,228	0	0
Class B	4,472,379	18.3	19.2	18.1	1.1	21.92	11,442	14,556	0	0
Class C	656,849	16.7	17.8	17.8	0.0	13.98	(4,950)	(4,950)	0	0
East Kansas City	**2,897,686**	**16.3**	**16.8**	**16.8**	**0.0**	**20.53**	**(4,077)**	**32,358**	**0**	**0**
Class A	126,307	0.0	4.0	4.0	0.0	-	1,107	1,107	0	0
Class B	2,235,411	20.7	21.2	21.2	0.0	20.52	(10,582)	13,597	0	0
Class C	535,968	1.7	1.7	1.7	0.0	15.11	5,398	17,654	0	0
Kansas City North	**4,276,119**	**17.6**	**18.6**	**17.7**	**0.8**	**17.75**	**1,177**	**(19,655)**	**0**	**0**
Class A	837,184	10.6	10.6	9.0	1.6	29.00	15,084	18,692	0	0
Class B	2,937,288	22.2	23.6	22.8	0.8	20.25	(14,618)	(45,387)	0	0
Class C	501,647	2.5	2.5	2.5	0.0	15.40	711	7,040	0	0
Kansas City, Kansas	**1,272,433**	**18.7**	**18.7**	**18.7**	**0.0**	**27.15**	**130,387**	**129,633**	**0**	**0**
Class A	330,000	60.0	60.0	60.0	0.0	-	132,000	132,000	0	0
Class B	423,911	5.1	5.1	5.1	0.0	20.25	0	(2,355)	0	0
Class C	518,522	3.6	3.6	3.6	0.0	15.63	(1,613)	(12)	0	0
Midtown	**1,538,665**	**9.6**	**9.6**	**9.6**	**0.0**	**18.34**	**(14,154)**	**(13,068)**	**0**	**0**
Class A	84,282	0.0	0.0	0.0	0.0	-	0	0	0	0
Class B	1,192,922	12.3	12.3	12.3	0.0	18.34	(14,154)	(13,068)	0	0
Class C	261,461	0.0	0.0	0.0	0.0	-	0	0	0	0
North Johnson County	**6,379,210**	**12.6**	**16.4**	**14.1**	**2.3**	**20.27**	**(1,898)**	**(40,355)**	**0**	**0**
Class A	1,598,228	13.9	14.4	12.5	1.9	21.31	15,950	29,421	0	0
Class B	4,133,206	14.0	19.5	16.6	2.8	20.03	(19,501)	(78,083)	0	0
Class C	647,776	0.8	1.9	1.9	0.0	16.15	1,653	8,307	0	0
Plaza	**3,383,945**	**14.6**	**16.3**	**16.3**	**0.0**	**28.02**	**18,036**	**(22,565)**	**0**	**0**
Class A	2,017,074	11.1	12.9	12.9	0.0	28.88	31,364	28,773	0	0
Class B	1,329,523	20.4	22.0	22.0	0.0	27.20	(13,328)	(51,338)	0	0
Class C	37,348	0.0	0.0	0.0	0.0	-	0	0	0	0
South Johnson County	**18,748,794**	**19.2**	**20.8**	**19.2**	**1.6**	**24.95**	**(16,372)**	**174,109**	**0**	**0**
Class A	8,856,575	17.0	18.0	15.5	2.5	26.86	(11,569)	155,195	0	0
Class B	9,702,659	21.5	23.6	22.9	0.7	23.69	(6,189)	18,216	0	0
Class C	189,560	5.5	6.1	6.1	0.0	18.45	1,386	698	0	0
South Kansas City	**3,898,314**	**9.4**	**10.7**	**8.3**	**2.3**	**21.80**	**(1,676)**	**107,960**	**0**	**0**
Class A	1,787,200	9.1	9.1	5.7	3.5	22.73	(17)	88,596	0	0
Class B	1,686,037	11.8	14.7	13.0	1.7	21.53	(1,659)	17,564	0	0
Class C	425,077	1.1	1.1	1.1	0.0	12.53	0	1,800	0	0
Total	**55,523,069**	**17.8**	**18.8**	**17.4**	**1.4**	**23.39**	**274,075**	**536,251**	**0**	**0**

U.S. Economy Overview

CBRE has revised its U.S. growth outlook upward, a shift from the more pessimistic view held in the spring. Greater clarity around trade policy and private sector resilience should equate to 1.6% GDP growth this year. Much of this growth should be frontloaded as higher inflation—peaking in the low-3% range by early 2026—creates some headwinds during the latter half of this year. The labor market is flashing important signals such as falling job openings and weak hiring by firms.

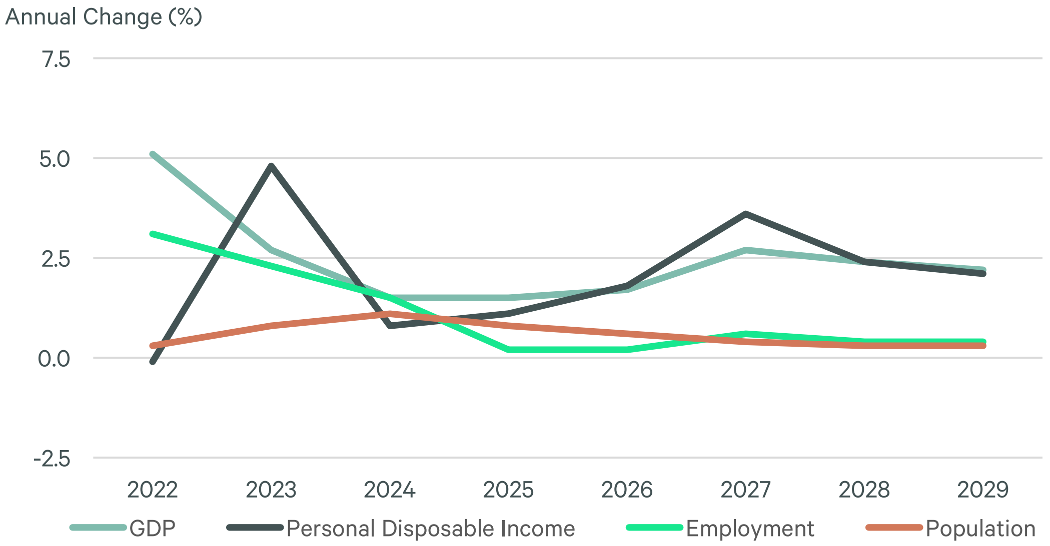
Despite the modest growth outlook and expectations for further rate cuts, 10-year Treasury yields are holding steady in the low 4% range. A combination of higher inflation and excessive U.S. debt levels should keep yields near this level through 2027. This environment—with Treasury yields fluctuating between 4% and 4.5% and moderate economic growth—is fostering some recovery in commercial real estate (CRE) capital markets. Investment volumes are on track to exceed 2023 and 2024 levels.

Kansas City Economy Overview

According to Oxford Economics, Kansas City is forecast to have a job growth rate of 0.2% in 2025, and average annual growth of 0.4% in 2026 through 2029. Kansas City's manufacturing sector has added 1,800 jobs (+2.1%) in 2024, however shed 1,500 jobs (-1.6%) in the first half of 2025. Panasonic's new battery plant in DeSoto is due for completion this year, helping to restore positive growth. Oxford Economics projects manufacturing job growth of 0.3% and GDP growth of 2%, on average, in 2025 to 2029.

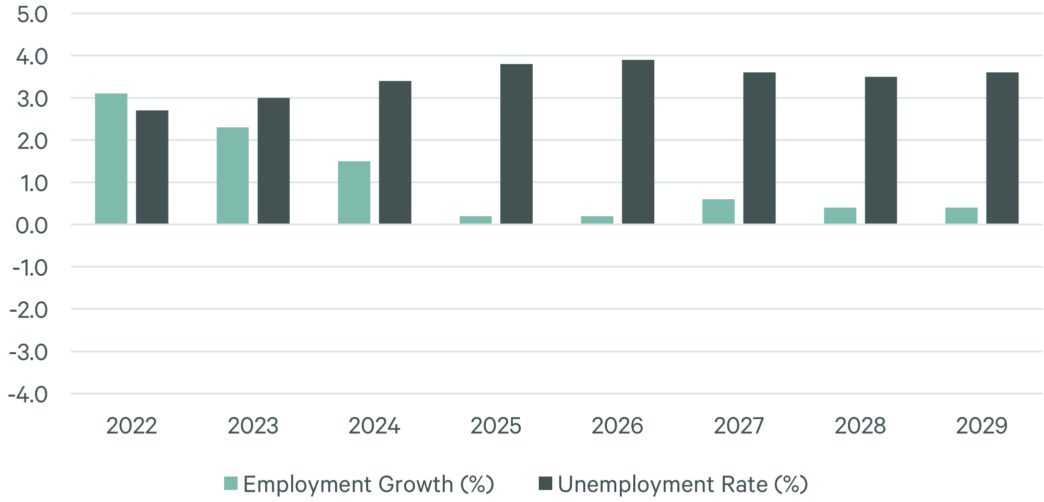
Kansas City's median home prices grew by 3.6% year-over-year as of July 2025, with house prices projected to grow by 4.6%, on average, in 2025 through 2029. Kansas City's median disposable income per capita was approximately $51,300 as of July 2025, declining 0.3% over the year. Spending growth is expected to decelerate to 1.8%, on average, in 2025 to 2029.

FIGURE 9: Kansas City Economic Forecast



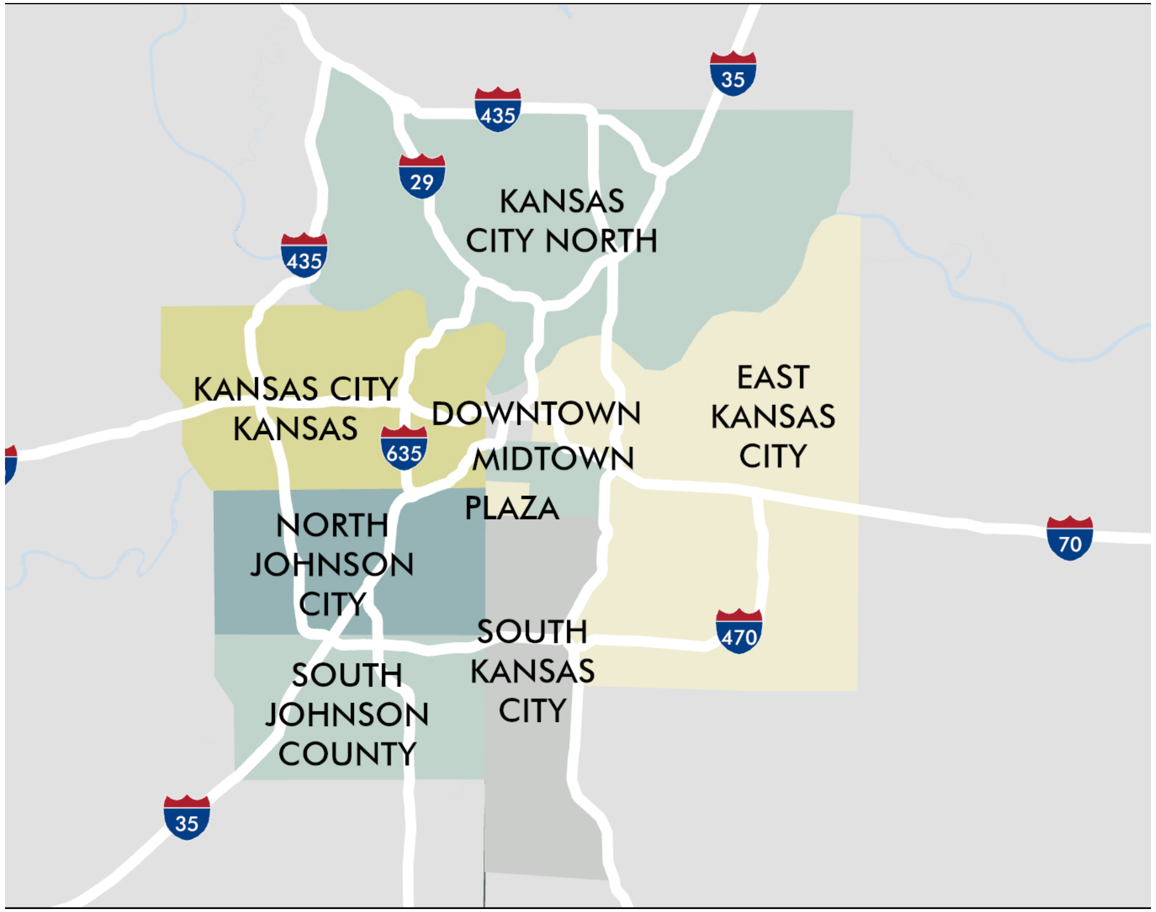
Source: BLS, US Census Bureau, Oxford Economics, July 2025.

FIGURE 10: Kansas City Employment Forecast



Source: BLS, US Census Bureau, Oxford Economics, July 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.

Survey Criteria

Office buildings 10,000 sq. ft. or greater. Excludes single-tenant, owner occupied buildings, government owned and occupied buildings, or medical buildings. Geographic area includes Johnson County (KS), Wyandotte County (KS), Platte County (MO), Clay County (MO), Jackson County (MO). Buildings under construction includes buildings which have begun development beyond initial site work.

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