

ECONOMIC OVERVIEW

The underlying economic environment continues to leave Kansas housing markets facing an uphill climb. Job growth since the end of the recession has been sluggish at best. And although unemployment rates across the state have declined, they remain at very high levels.

The Federal Reserve's continuing commitment to purchase mortgage-backed securities should keep mortgage rates at historically low levels for the foreseeable future. Unfortunately, this is unlikely to have a significant impact on local housing markets, at least until underwriting requirements ease to more reasonable levels.

Despite these concerns, the overall economy does appear to be improving, if slowly. As long as major new roadblocks don't arise (European debt? The "fiscal cliff"?), the economic engine should begin to help drive the housing market forward in the months ahead.

Sources: U.S. Bureau of Labor Statistics; Freddie Mac; Mortgage Bankers Association
 Notes: a) Seasonally adjusted.
 b) Mortgage Bankers Association September 2012 forecast of the 30-year conventional mortgage rate.

