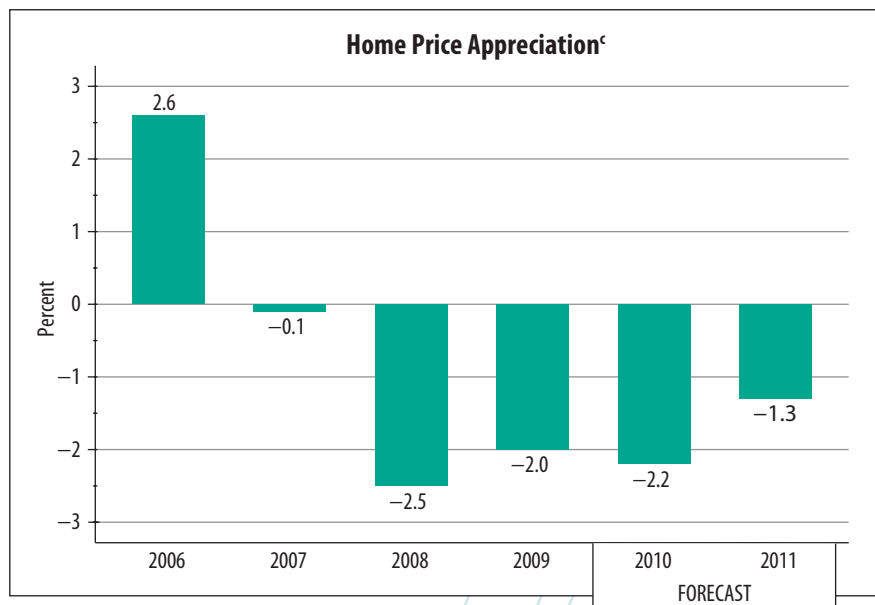
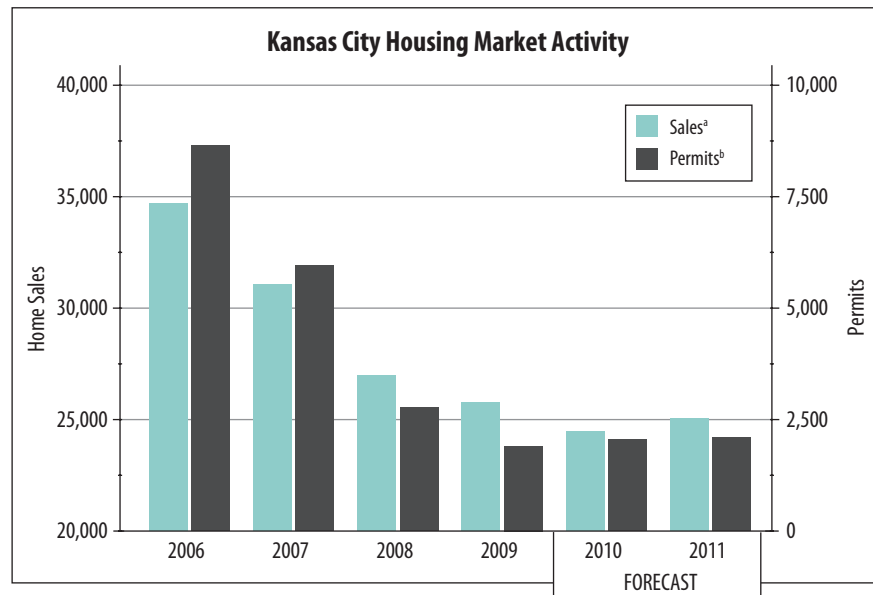


# Kansas City Forecast

Kansas City area home sales should rebound in 2011, rising by 2.5 percent.



The Kansas City housing market has suffered as much as any in the state during the recent downturn. Sales and new home construction have fallen by 30 and 84 percent, respectively, since the 2005 peak. As a result, average home prices have fallen as well, dropping by 5.6 percent over the past two years.

There are signs, however, that the market has begun to stabilize. Even before the tax credit was enacted last year, home sales activity began to increase. Construction activity rose in the first half of this year as well – an improvement that cannot be entirely explained by the tax credit.

New home construction in the Kansas City area is poised to increase by 7.9 percent in 2010, followed by a more modest increase of 1.9 percent in 2011.

Average home prices in the Kansas City area are beginning to stabilize, but will likely fall another 1.3 percent in 2011.

Sources: Heartland Multiple Listing Service; U.S. Bureau of the Census; Federal Housing Finance Agency; WSU Center for Real Estate  
 Notes: a) Total home sales in the Kansas City area as reported by the Heartland Multiple Listing Service.  
 b) Total single-family building permits issued in the Kansas City metropolitan area as reported by the U.S. Bureau of the Census.  
 c) Year-over-year percentage change in the Federal Housing Finance Agency all-transactions housing price index for the Kansas City metropolitan area, as measured using 4<sup>th</sup> quarter values.