

2009 Wichita Housing Market Forecast

*Wichita Area Builders Association
Economic Forecast
February 24, 2009*

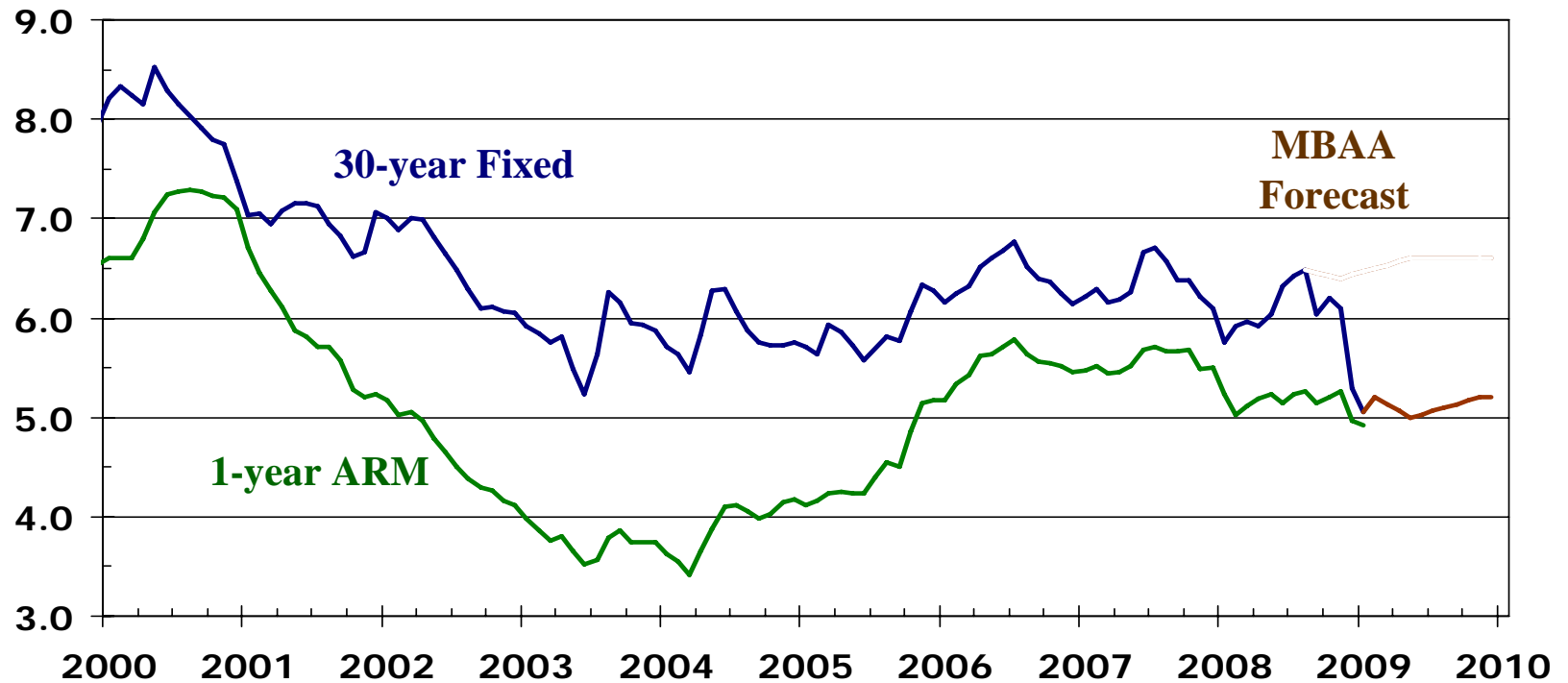


WICHITA STATE UNIVERSITY



Mortgage Rates

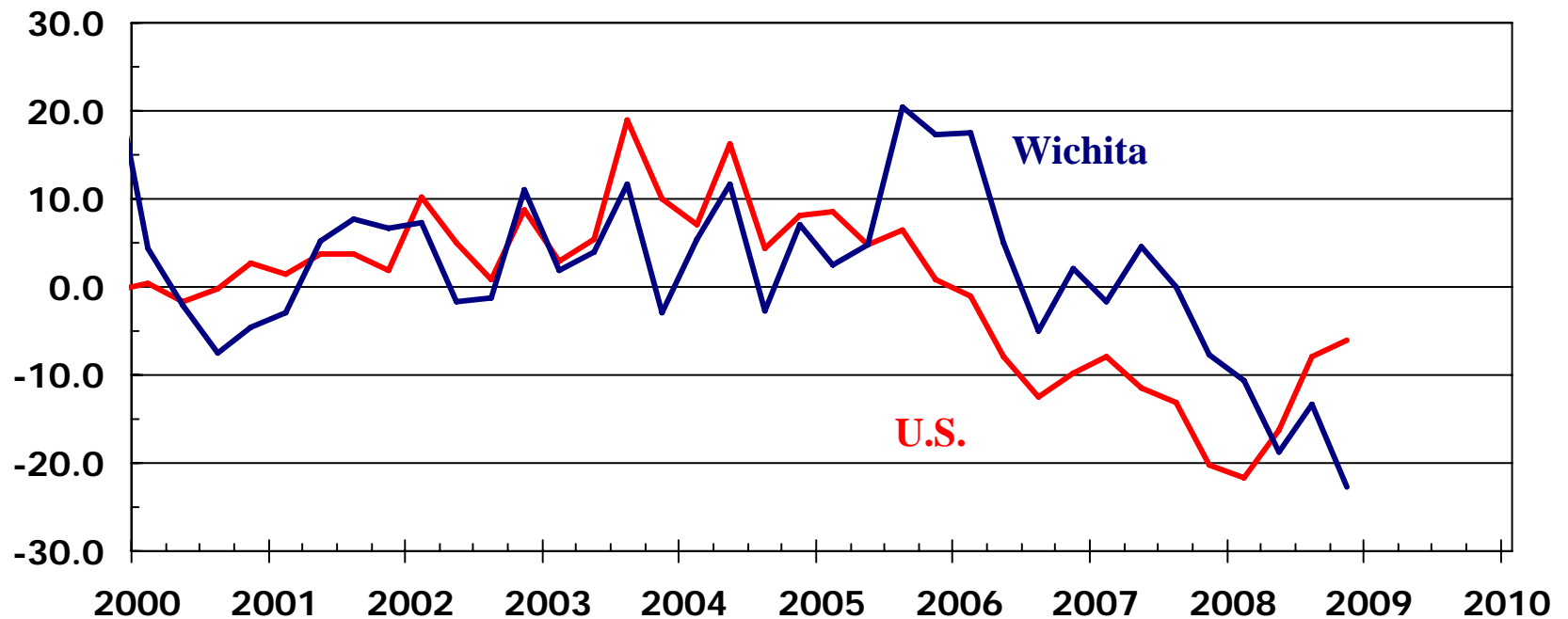
Percent



Sources: Freddie Mac; MBA

Existing Home Sales

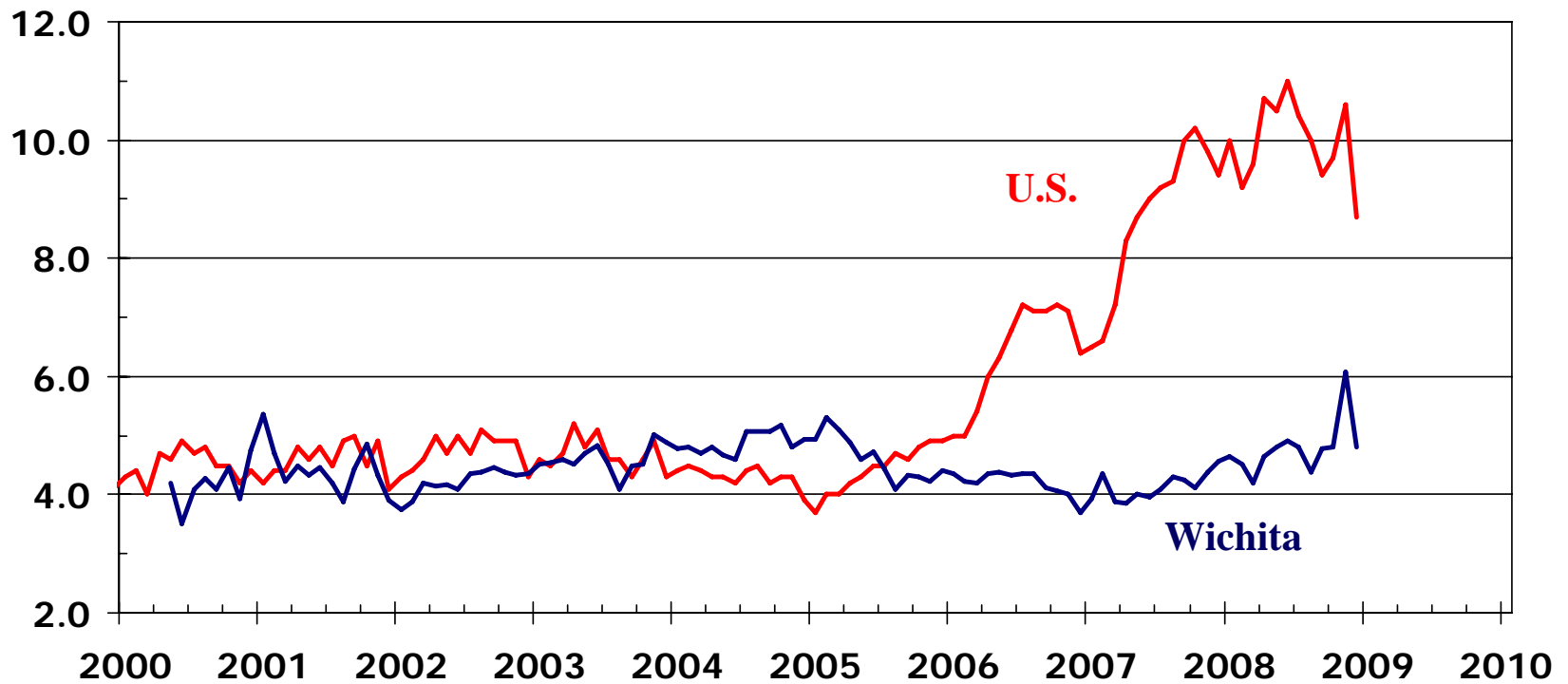
Year-over-year Percentage Change



Sources: NAR; SCK MLS

Inventory of Existing Homes Available for Sale

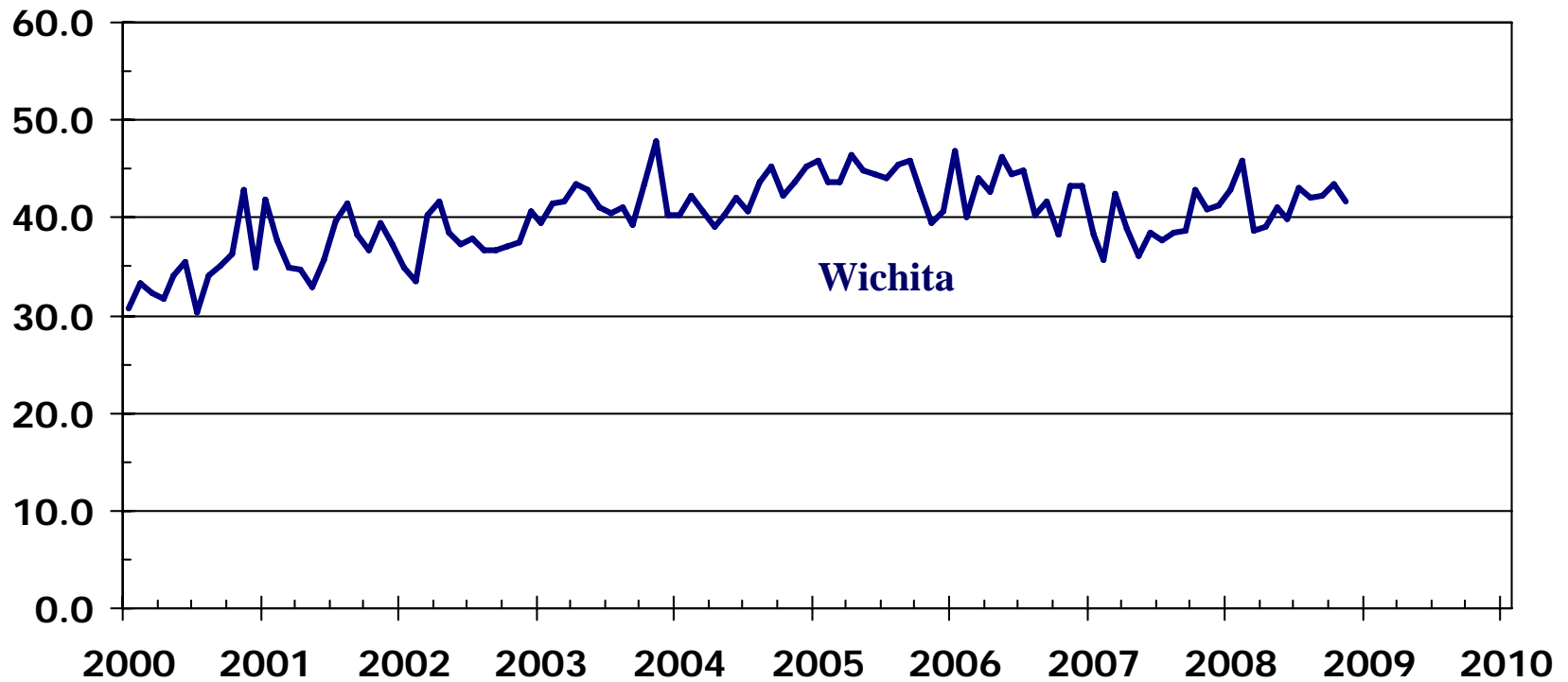
Months Supply (SA)



Sources: NAR; WSU Center for Real Estate
using data from SCK MLS

Time to Sell Existing Homes

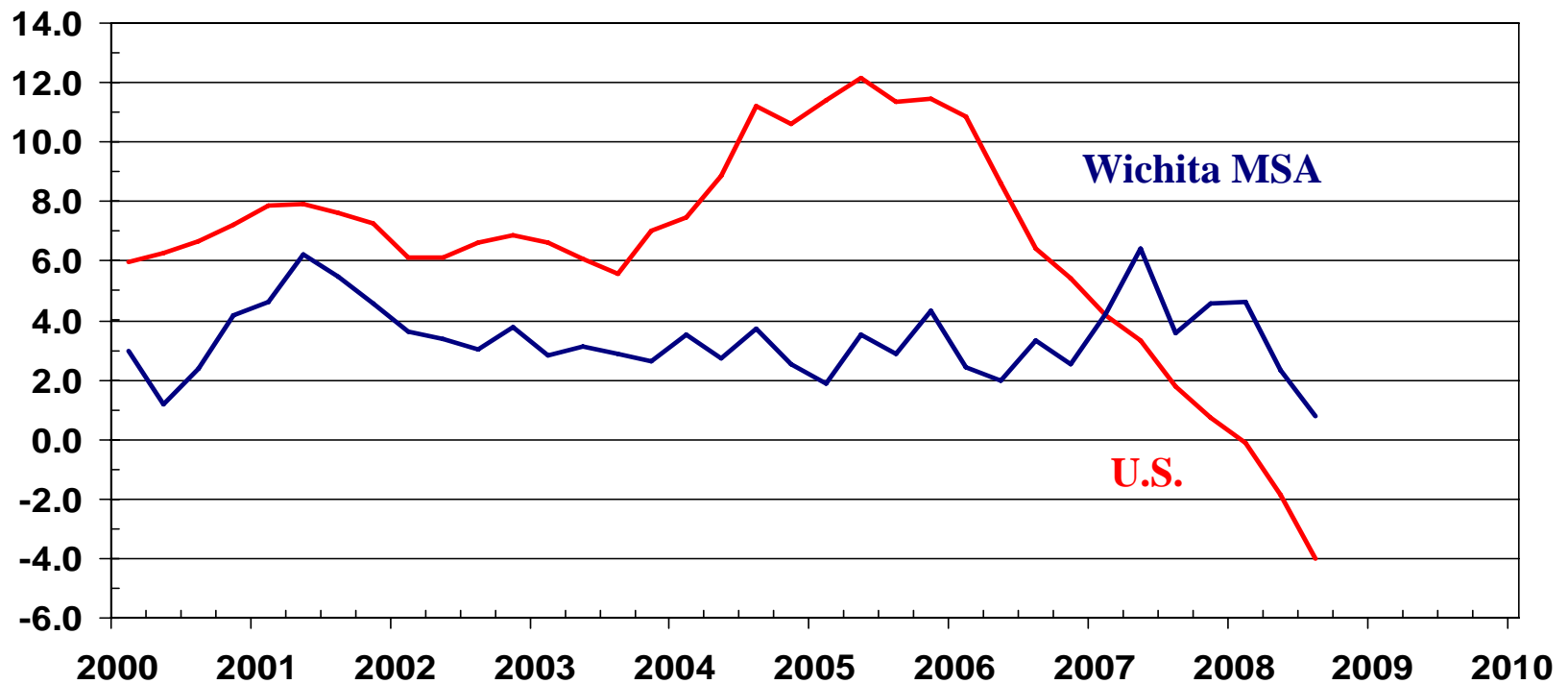
Median Days on Market (SA)



Source: WSU Center for Real Estate
using data from SCK MLS

Home Price Appreciation

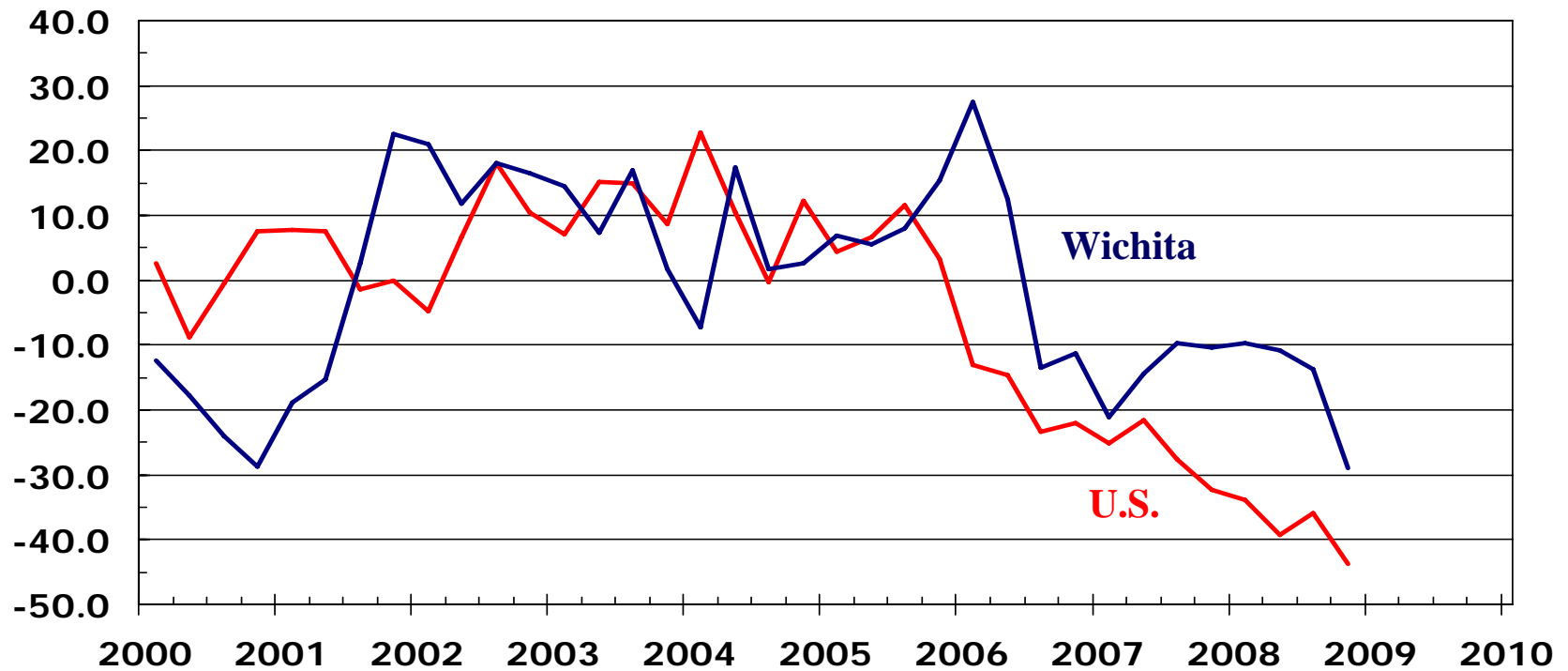
Year-over-year Percentage Change



Source: Office of Federal Housing Enterprise Oversight

New Home Sales

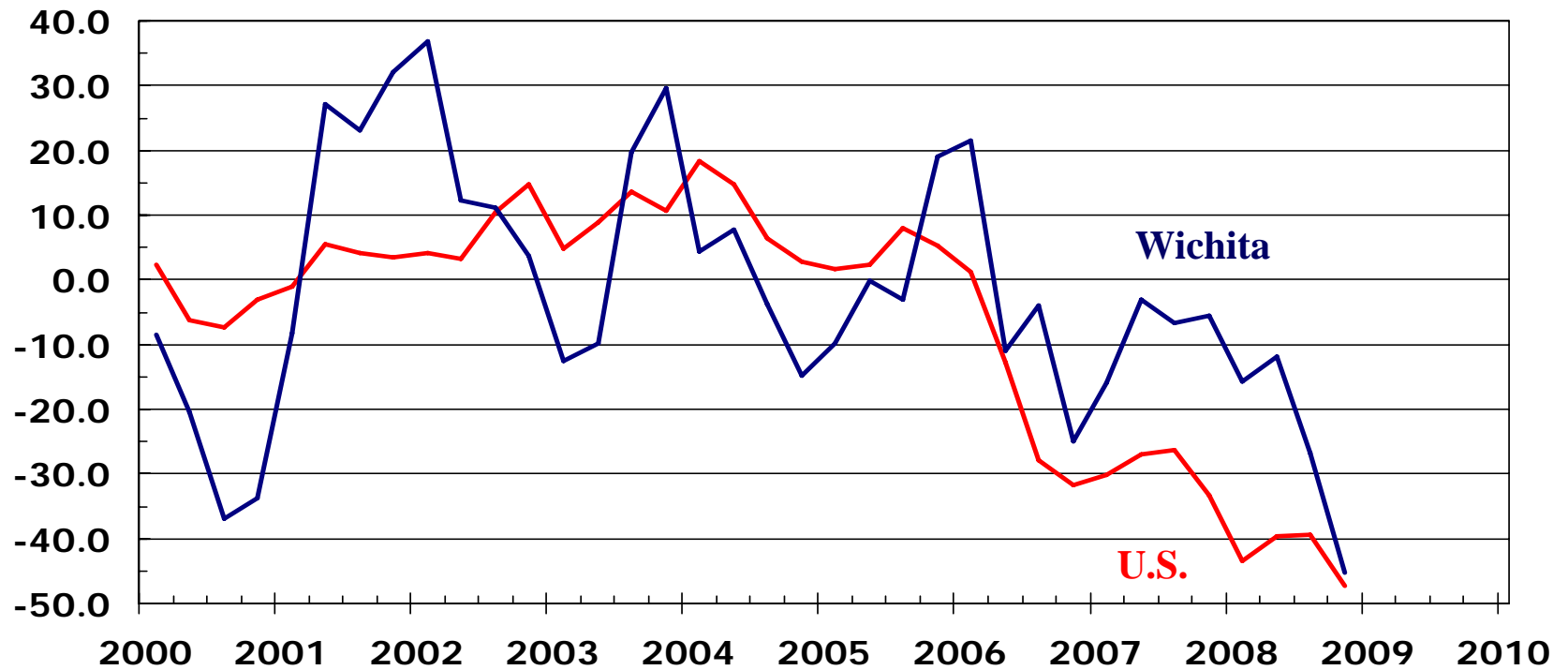
Year-over-year Percentage Change



Sources: HUD; SCK MLS

New Home Construction

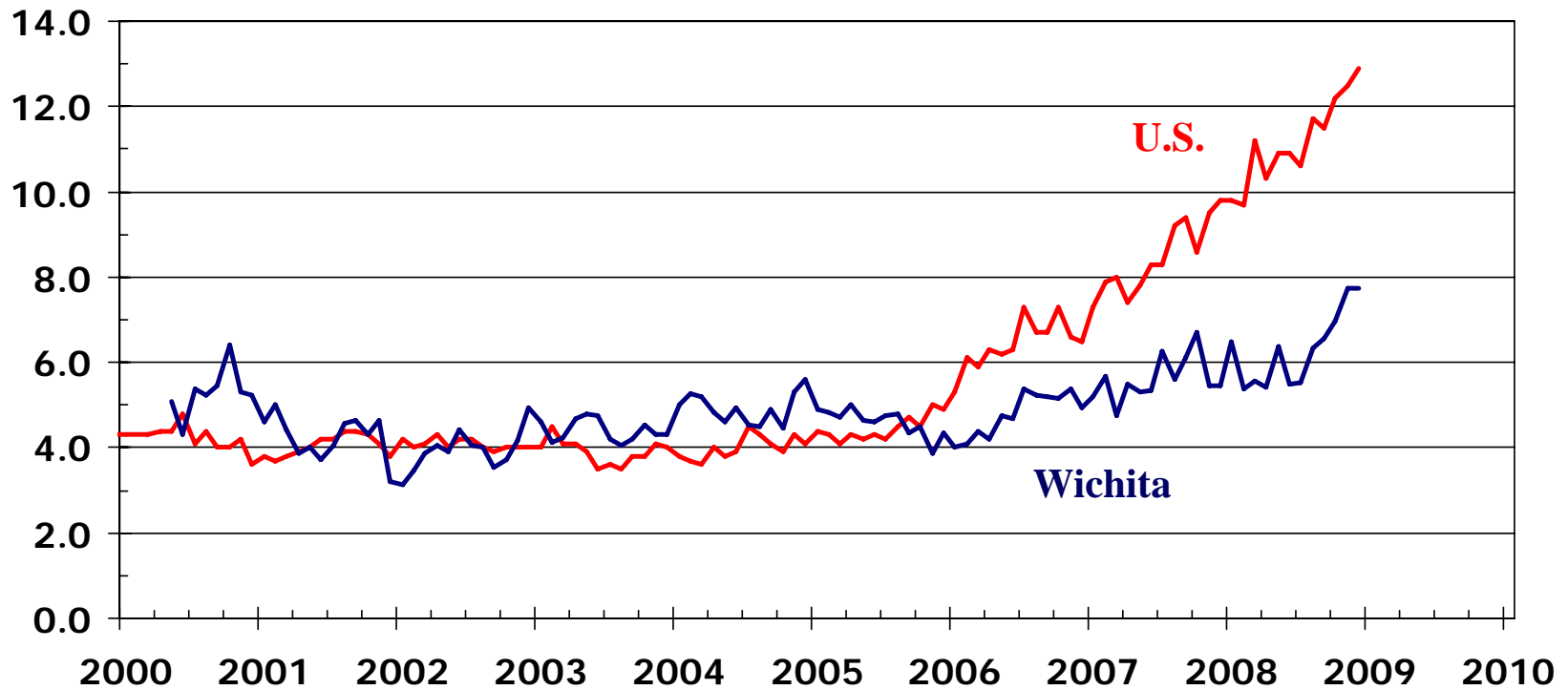
Year-over-year Percentage Change in Single-Family Building Permits



Sources: HUD; WABA

Inventory of New Homes Available for Sale

Months Supply (SA)



Sources: HUD; WSU Center for Real Estate
using data from SCK MLS



Roundtable Discussion: Buyer Issues

- Uncertainty is the big problem we are facing right now
 - Many first-time homebuyers are legitimately concerned about the possibility of layoffs
 - Buyers are sitting on the sidelines for *everything*, not just housing
 - What will the next government bailout include?

Roundtable Discussion: Seller Issues

- Sellers are listening to their real estate professionals for the first time in many years
 - Fewer sellers are trying to “float a balloon” to see if they can get a high price
- Most of the sellers in the market are motivated, with few “optional” move-up buyers
- Markets are VERY local (neighborhood level)



Roundtable Discussion: Financing Issues

- Out-of-market underwriters are continuing to make financing difficult
 - This is making appraisals particularly conservative
- Private mortgage insurance is becoming more and more difficult to get
- There are concerns that mortgage cram downs will have a negative impact on the availability of financing in the future



Roundtable Discussion: Biggest Concerns

- The national media's focus on problems in the extreme coastal and sun belt markets has a negative impact on perceptions about the Wichita market that are not accurate
- Consumer confidence and jobs are the key to the market picking up again



Roundtable Discussion: Reasons for Optimism

- Long-term employment prospects are still good, despite the recent layoffs
- Wichita is good place to live and people want to move here
- Wichita is a slow-but-steady market
- Inventories are stable and price appreciation continues

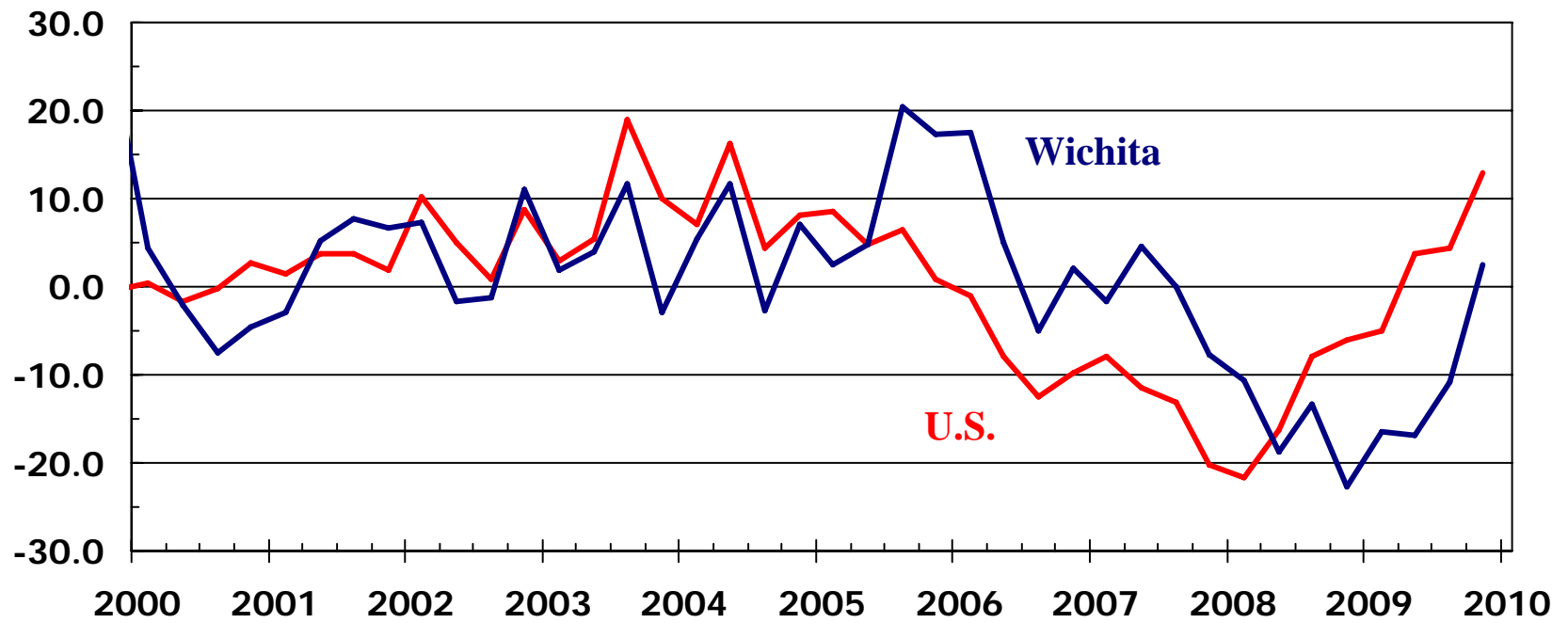


Forecasting Wildcards

- When will credit markets – particularly private secondary markets – return to normalcy?
- How deep and long will the local aviation downturn be?
- What impact will recent and proposed federal legislation have on the economy?
- When will American's pull out of the “economic funk” goes deeper than fundamentals warrant?

Existing Home Sales Forecast

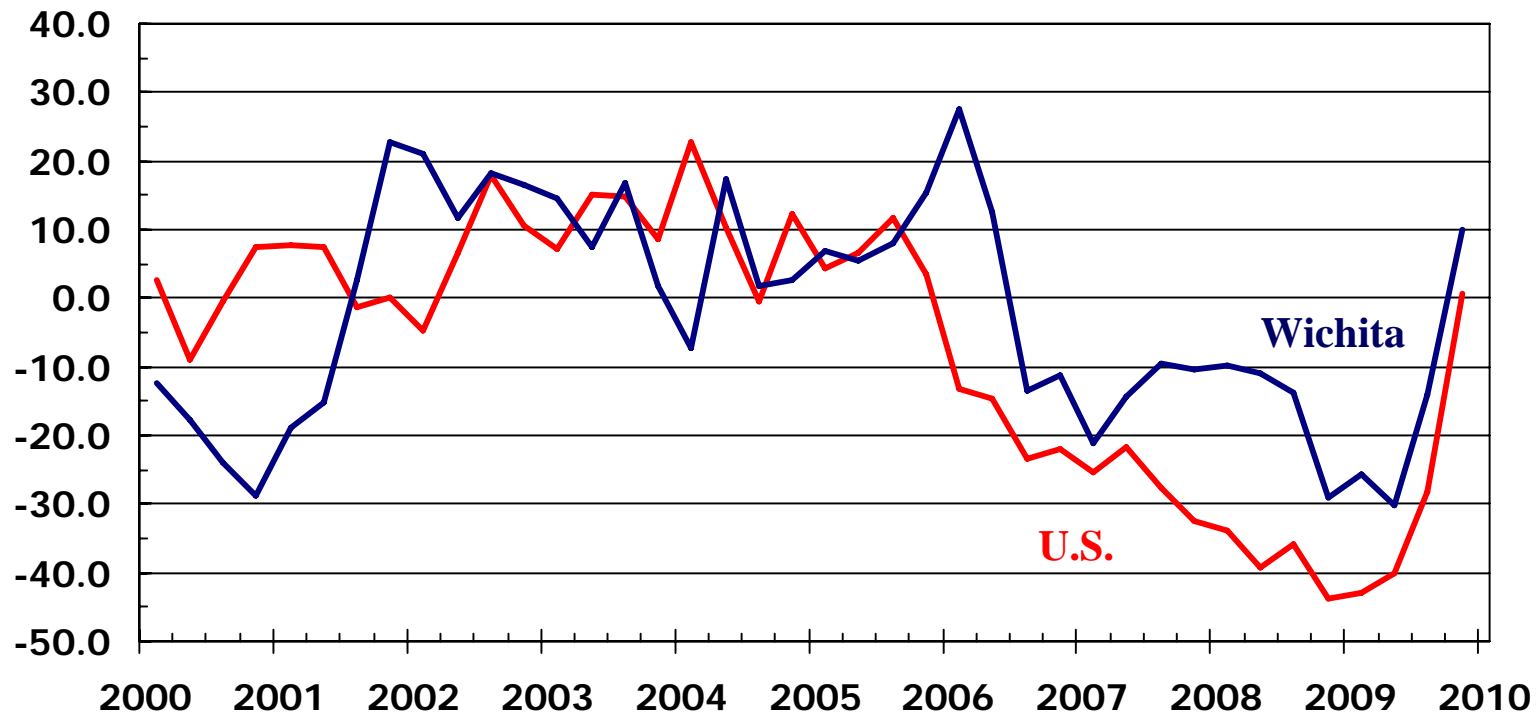
Year-over-year Percentage Change



Sources: SCK MLS; NAR;
WSU Center for Real Estate

New Home Sales Forecast

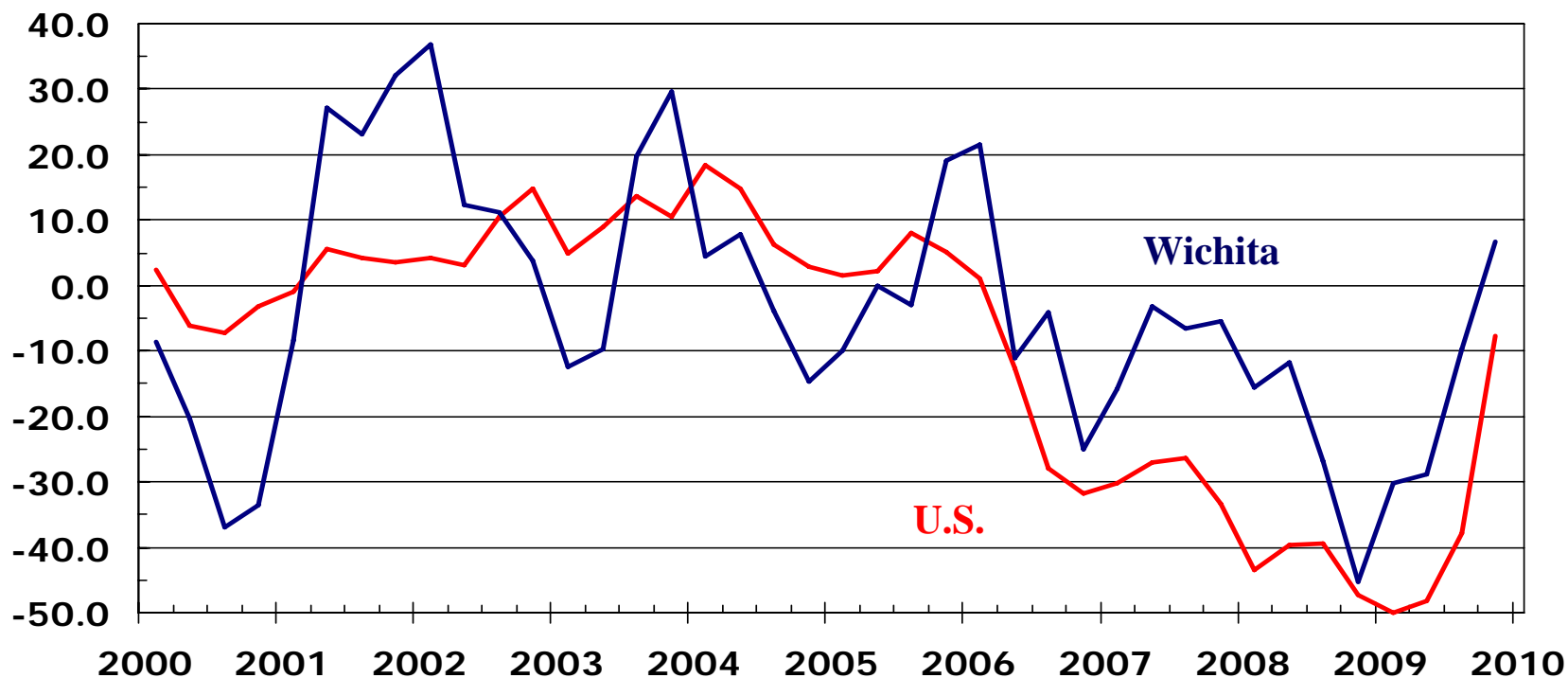
Year-over-year Percentage Change



Sources: HUD; SCK MLS; NAR;
WSU Center for Real Estate

New Home Construction Forecast

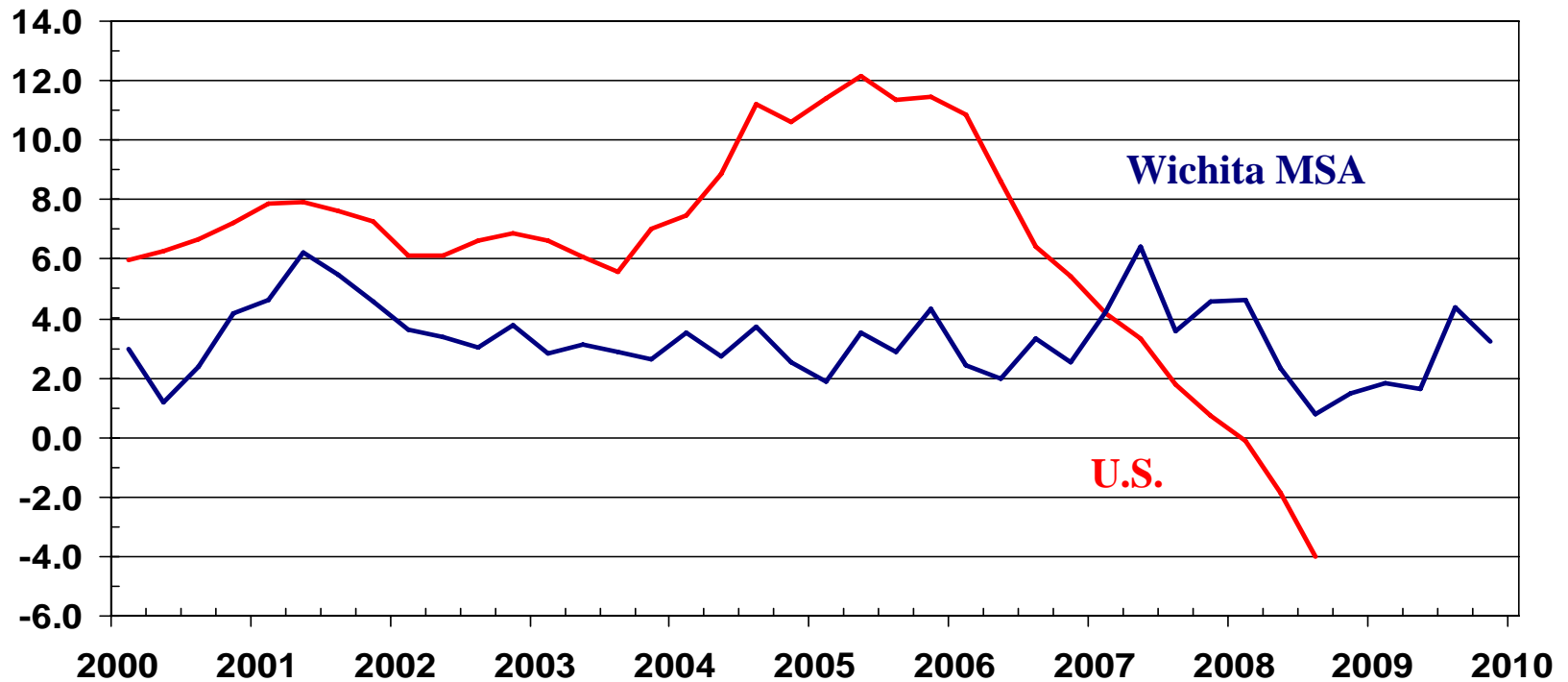
Year-over-year Percentage Change in Single-Family Building Permits



Sources: HUD; WABA; NAR
WSU Center for Real Estate

Home Price Appreciation Forecast

Year-over-year Percentage Change



Sources: Office of Federal Housing Enterprise Oversight;
WSU Center for Real Estate

Wichita Housing Market Forecast

	2008 Actual		2009 Revised Forecast			
	Q3	Q4	Q1	Q2	Q3	Q4
Existing Home Sales	2,433	1,729	1,540	2,040	2,170	1,770
New Home Sales	396	309	270	330	340	340
Building Permits	443	272	330	410	400	290
Home Price Appreciation	-2.2%	2.2%	0.6%	1.1%	0.4%	1.1%

Wichita State University Center for Real Estate

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