

2019 Kansas Housing Markets Forecast

TOPEKA JUMP INTO THE RING!



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2019 TOPEKA HOUSING FORECAST

Buying a home in today’s market can be an adventure. In some price ranges, bidding wars are the norm. In others, attractive homes may sit on the market a long time before they sell. At times, navigating the market can feel like you’re in the middle of a three ring circus.

Whether you’re a buyer, a seller or a real estate professional, the 2019 Topeka Housing Forecast can give you the information you need to sort through the mayhem and engage the market with confidence. ***Jump into the Ring!***

Dr. Stanley D. Longhofer
Director, WSU Center for Real Estate
wichita.edu/realestate



Thanks to the many colleagues and friends who have helped make this forecast possible:

- Linda Briden, Sunflower Association of REALTORS®
- Fazal Chaudhari, WSU Center for Real Estate
- Karen Gehle, Kansas Association of REALTORS®
- Jeremy Hill, WSU Center for Economic Development and Business Research
- Participants in the 2018 Topeka Real Estate Roundtable

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We are also grateful to the REALTOR® boards and multiple listing services that have provided much of the data used to prepare this forecast:



We are especially grateful to Security 1st Title for underwriting the cost of preparing this year’s Topeka Housing Forecast.



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ECONOMIC OVERVIEW

After a brief burst in 2016, Topeka’s employment growth has slowed over the past year. As a result, the WSU Center for Economic Development and Business Research is forecasting that Topeka employment will drop by 0.1 percent this year before rising by 0.3 percent in 2019.

Mortgage rates have risen steadily over the past year and appear poised to top 5 percent sometime next year as the Federal Reserve continues to unwind its holdings of mortgage-backed securities. If anything, rising rates have only increased housing demand, as buyers look to buy homes before rates rise further.

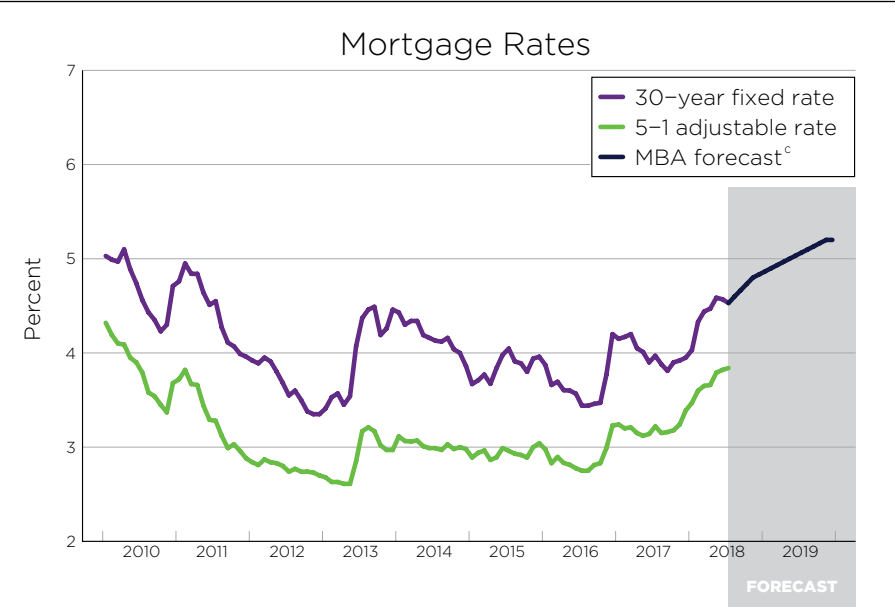
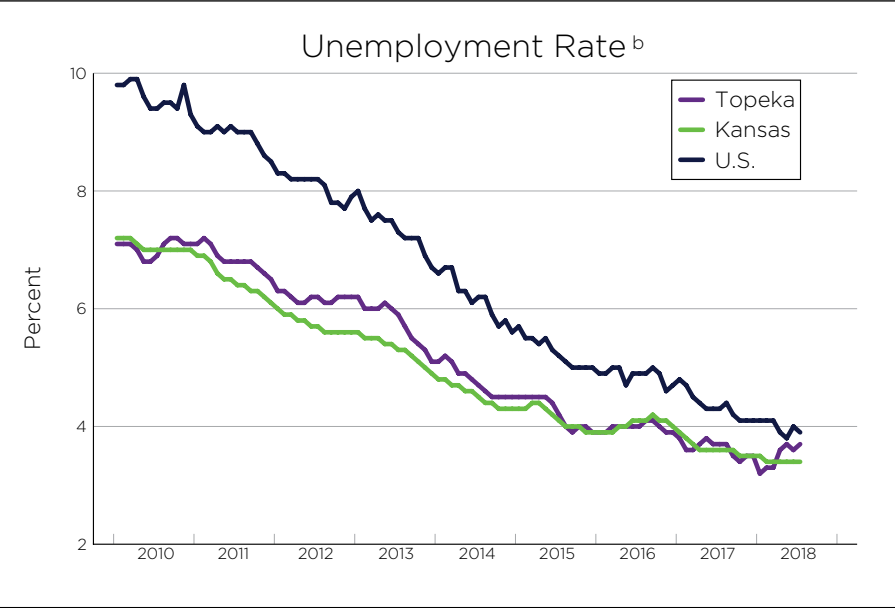
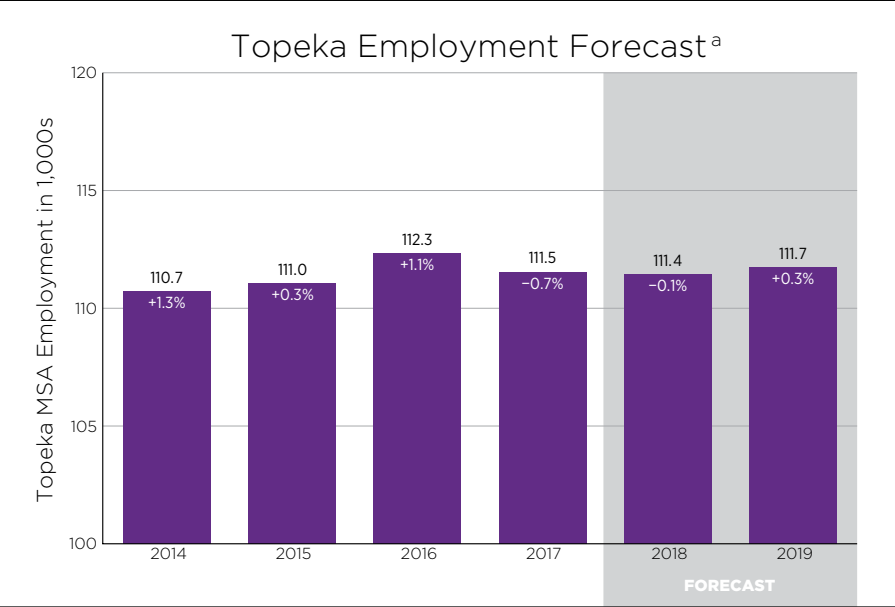


Sources:
Freddie Mac,
Mortgage
Bankers
Association, U.S.
Bureau of Labor
Statistics, WSU
Center for Economic
Development and
Business Research

Notes:
a) Annual average of total,
non-farm employment; forecast
is by the WSU Center for Economic
Development and Business Research

b) Seasonally adjusted

c) Mortgage Bankers Association
August 2018 forecast of the
30-year conventional mortgage rate

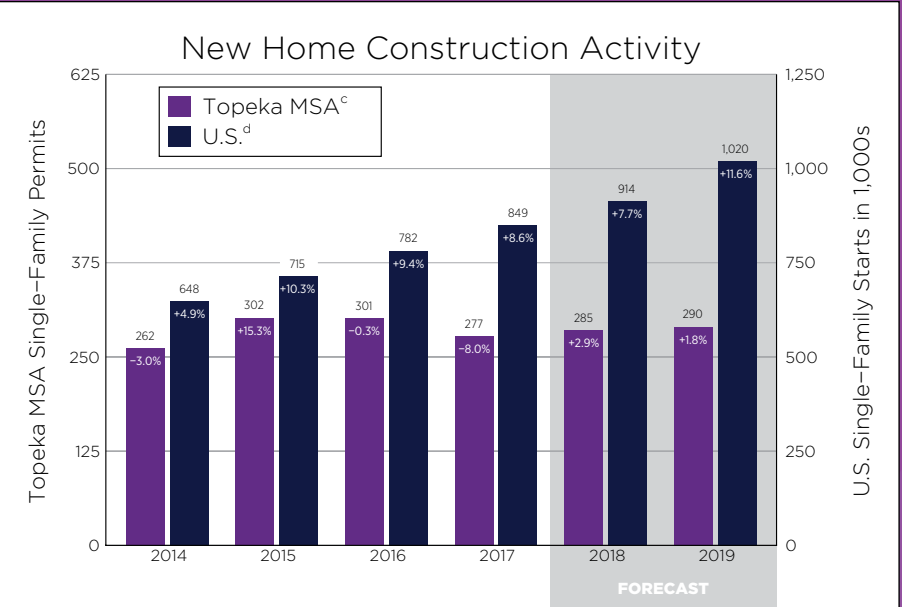
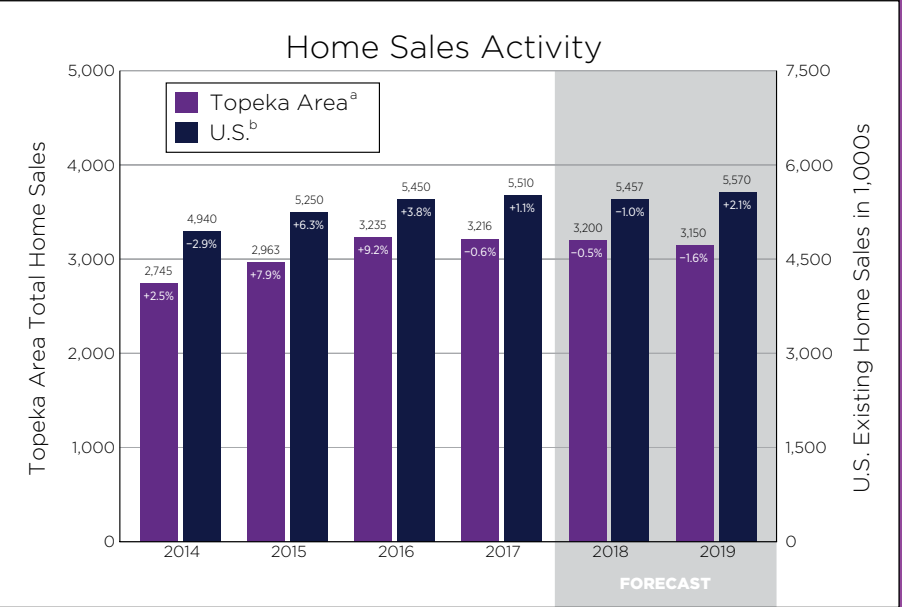




HOME SALES & CONSTRUCTION

Tight inventories are finally beginning to hold back Topeka area home sales activity. We expect that sales will decline 0.5 percent this year to 3,200 units. Sales will continue to fall next year, dropping 1.6 percent to 3,150 units.

New home construction activity in the Topeka metro area remains sluggish as well. Last year, new single-family building permits fell 8 percent. We expect only modest increases this year and next, with permits rising to just 290 units in 2019.



Sources:
National Association of REALTORS®, Sunflower Association of REALTORS®,
U.S. Bureau of the Census, WSU Center for Real Estate

- Notes:
- a) Total home sales in the Topeka area as reported by the Sunflower Association of REALTORS®
 - b) U.S. existing home sales as reported by the National Association of REALTORS®; forecast is the August 2018 forecast by the National Association of REALTORS®
 - c) Single-family building permits issued in the Topeka metropolitan area as reported by the U.S. Bureau of the Census
 - d) U.S. single-family housing starts as reported by the U.S. Bureau of the Census; forecast is the August 2018 forecast by the National Association of REALTORS®

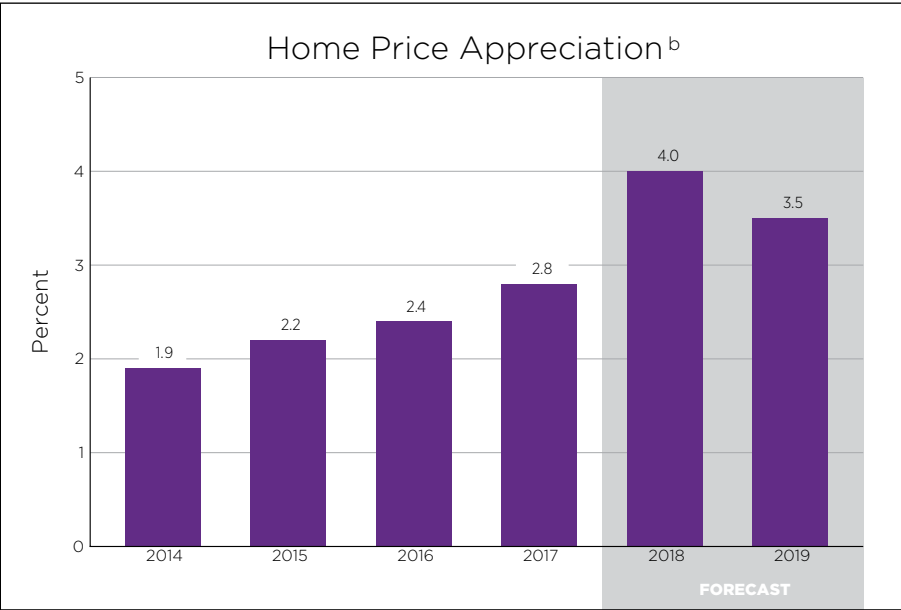
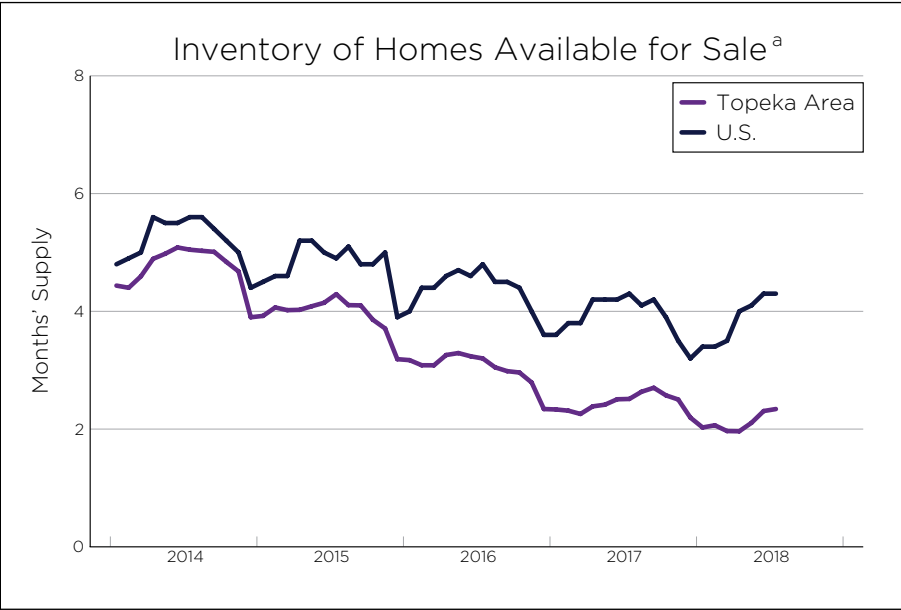
HOME PRICES

Inventories of desirable homes in the Topeka area are incredibly tight. While national inventories have recently risen above a 4 months' supply, in Topeka that figure remains well below 3 months, with even tighter supplies among mid-priced homes.

As a result, home price appreciation in the Topeka metro area continues to accelerate. After rising 2.8 percent last year, prices are on pace to rise by 4 percent this year and another 3.5 percent in 2019.



Total Home Price
Appreciation since
2013: 14.1 percent



Sources:
Federal Housing Finance Agency, National Association of REALTORS®,
Sunflower Association of REALTORS®, WSU Center for Real Estate

Notes:
a) Active listings divided by the 12-month trailing moving average of sales
b) Year-over-year percentage change in the Federal Housing Finance Agency all-transactions housing price index for the Topeka metropolitan area, as measured using 4th quarter values

KANSAS FORECAST

Home sales across Kansas have leveled off this year, held back by a lack of inventory. We forecast that statewide sales will end the year down 0.5 percent at 40,660 units, and remain essentially flat next year as well, rising only 0.4 percent to 40,840 units.

After strong growth in 2017, new home construction activity has slowed this year. We project that new single-family permitting across the state will fall 4.2 percent this year to 5,575 units and then drop another 1.3 percent in 2019 to 5,500 units.

Because inventories are so tight, competition is fierce for the limited number of homes available for sale. As a result, home prices across the state continue to rise at a healthy clip. We forecast that Kansas home prices will rise by 5.2 percent this year, followed by a 6.3 percent gain in 2019.

Kansas home prices continue to rise at a healthy clip



Sources:
Federal Housing Finance Agency,
National Association of REALTORS®,
Participating REALTOR® multiple listing
services across Kansas, U.S. Bureau of the
Census, WSU Center for Real Estate

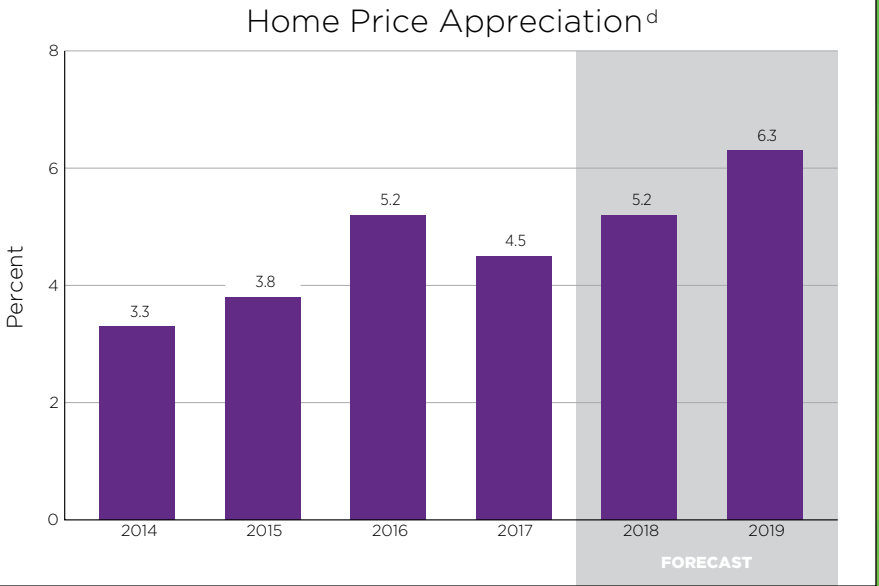
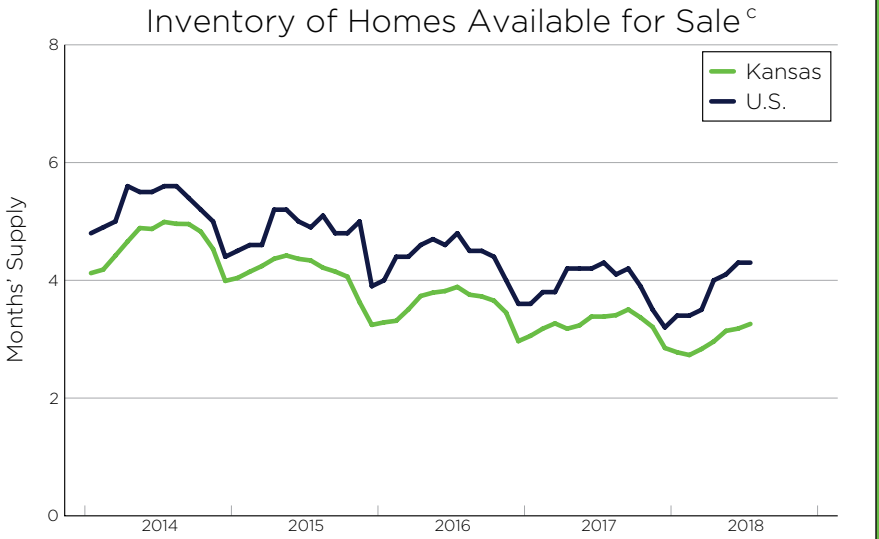
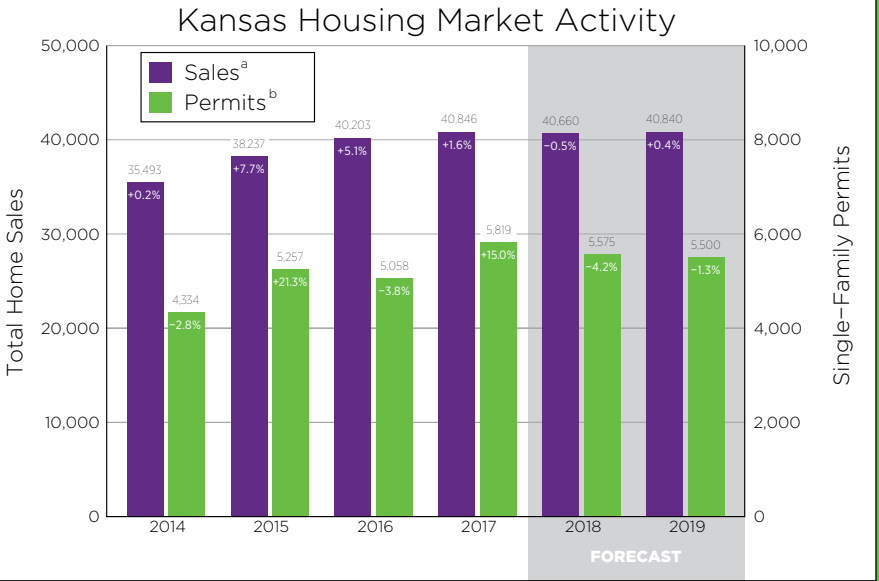
Notes:

a) Total home sales in Kansas as reported
by participating REALTOR® multiple
listing services across the state

b) Single-family building permits issued in Kansas
as reported by the U.S. Bureau of the Census

c) Active listings divided by the 12-month
trailing moving average of sales

d) Year-over-year percentage change in
the Federal Housing Finance Agency all-
transactions housing price index for Kansas,
as measured using 4th quarter values



FORECAST SUMMARY

The WSU Center for Real Estate prepares housing market forecasts for each of the major markets across the state. A summary of those forecasts is provided here. To download a copy of the complete forecast for each market, visit our website at wichita.edu/realestate. While there, you can also explore the wealth of additional data and analysis we provide on housing markets across the state.

The WSU Center for Real Estate

Laying a Foundation for Real Estate in Kansas

Sources:
Federal Housing Finance Agency; Flint Hills Association of REALTORS®; Heartland Multiple Listing Service; Kansas Association of REALTORS® and participating multiple listing services across Kansas; Lawrence Multiple Listing Service; South Central Kansas Multiple Listing Service; Sunflower Association of REALTORS®; U.S. Bureau of the Census; Wichita Area Builders Association; WSU Center for Real Estate

Notes:
Total home sales, average price and sales volume figures include both existing and new home sales. Building permits reflect single-family residential building permits. Home price appreciation figures are the year-over-year percentage change in the Federal Housing Finance Agency all-transactions house price index, as measured using 4th quarter values. Kansas City figures include transactions from both Kansas and Missouri.

	2014	2015	2016	2017	2018	2019
KANSAS						
Total Home Sales	35,493	38,237	40,203	40,846	40,660	40,840
Building Permits	4,334	5,257	5,058	5,819	5,575	5,500
Home Price Appreciation	3.3%	3.8%	5.2%	4.5%	5.2%	6.3%
Sales Volume (in millions)	\$6,252	\$7,094	\$7,744	\$8,121		
Average Price	\$176,157	\$185,529	\$192,630	\$198,817		
KANSAS CITY AREA (KS & MO)						
Total Home Sales	32,268	35,954	38,733	39,347	38,800	38,630
Building Permits	4,129	4,550	5,258	5,920	5,765	5,535
Home Price Appreciation	4.2%	6.3%	6.1%	6.8%	7.8%	8.0%
Sales Volume (in millions)	\$6,205	\$7,279	\$8,296	\$8,901		
Average Price	\$192,293	\$202,440	\$214,189	\$226,219		
LAWRENCE MSA						
Total Home Sales	1,309	1,383	1,444	1,490	1,520	1,550
Building Permits	179	221	264	206	180	190
Home Price Appreciation	0.8%	0.4%	7.2%	4.2%	4.8%	3.9%
Sales Volume (in millions)	\$256	\$277	\$309	\$327		
Average Price	\$195,685	\$200,569	\$213,734	\$219,273		
MANHATTAN MSA						
Total Home Sales	1,068	1,246	1,285	1,349	1,340	1,380
Building Permits	317	315	271	269	235	250
Home Price Appreciation	2.7%	1.2%	7.3%	0.0%	2.2%	3.1%
Sales Volume (in millions)	\$207	\$245	\$260	\$276		
Average Price	\$194,202	\$196,674	\$202,121	\$204,278		
TOPEKA AREA						
Total Home Sales	2,745	2,963	3,235	3,216	3,200	3,150
Building Permits	262	302	301	277	285	290
Home Price Appreciation	1.9%	2.2%	2.4%	2.8%	4.0%	3.5%
Sales Volume (in millions)	\$346	\$401	\$460	\$486		
Average Price	\$126,164	\$135,240	\$142,170	\$151,239		
WICHITA AREA						
Total Home Sales	9,342	9,719	10,368	10,475	10,490	10,640
Building Permits	1,012	1,067	1,063	1,081	1,025	1,040
Home Price Appreciation	2.9%	1.8%	5.6%	4.4%	3.8%	4.6%
Sales Volume (in millions)	\$1,356	\$1,463	\$1,631	\$1,651		
Average Price	\$145,202	\$150,501	\$157,286	\$157,650		
FORECAST						

CENTER FOR REAL ESTATE

The Center for Real Estate was established in 2000 to bring Wichita State's education and research programs together with the real-world experience of professionals throughout the region. Not only do we maintain a comprehensive collection of real estate data for markets across Kansas, we help you understand how it impacts your business through our expert analysis and original research. Let us help you keep your balance in today's real estate market.

Keep in touch with us online:

Web: www.wichita.edu/realestate

Facebook: [WSURealEstate](#)

Twitter: [@WSURealEstate](#)



W. FRANK BARTON SCHOOL OF BUSINESS

The W. Frank Barton School of Business at Wichita State has been the driving force behind some of the brightest minds and biggest ideas of the past 100 years.

Combining the widest range of undergraduate degrees in the state and virtually unlimited learning opportunities (thanks to Kansas' largest business community), it's no surprise that employers continue to show a preference for hiring Barton School graduates.

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