

**KANSAS
HOUSING
MARKETS
FORECAST**

2021

MANHATTAN



WICHITA STATE
UNIVERSITY
W. FRANK BARTON
SCHOOL OF BUSINESS



HOUSING FORECAST 2021

MANHATTAN

CONNECTIONS. If there's one thing we've learned so far this year, it's how deeply connected we are – physically, electronically, economically, socially. Even while it remains true that “all real estate markets are local,” these connections bind us together within the metropolitan area and across the state.

As we work our way through the effects of the pandemic in the coming year, it is my hope that we are able to restore and enrich the connections that will always matter most, those with our colleagues, friends and loved ones across the community.



Dr. Stanley D. Longhofer

DIRECTOR, WSU CENTER FOR REAL ESTATE
WICHITA.EDU/REALESTATE



WICHITA STATE
UNIVERSITY

W. FRANK BARTON
SCHOOL OF BUSINESS

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

Nate Bell

WSU CENTER
FOR REAL ESTATE

Karen Gehle

KANSAS ASSOCIATION
OF REALTORS®

Jeremy Hill

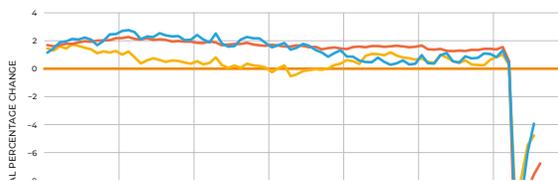
WSU CENTER FOR ECONOMIC
DEVELOPMENT AND
BUSINESS RESEARCH

**Margaret
Pendleton**

FLINT HILLS ASSOCIATION
OF REALTORS®

Participants in the 2020 Flint Hills Real Estate Roundtable

We are especially grateful to Meritrust Credit Union for underwriting the cost of preparing this year's Manhattan Housing Forecast:



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



**FLINT HILLS
ASSOCIATION
OF REALTORS®**



**KANSAS ASSOCIATION
OF REALTORS®**

Participating REALTOR®
MLS systems across Kansas

DESIGN BY

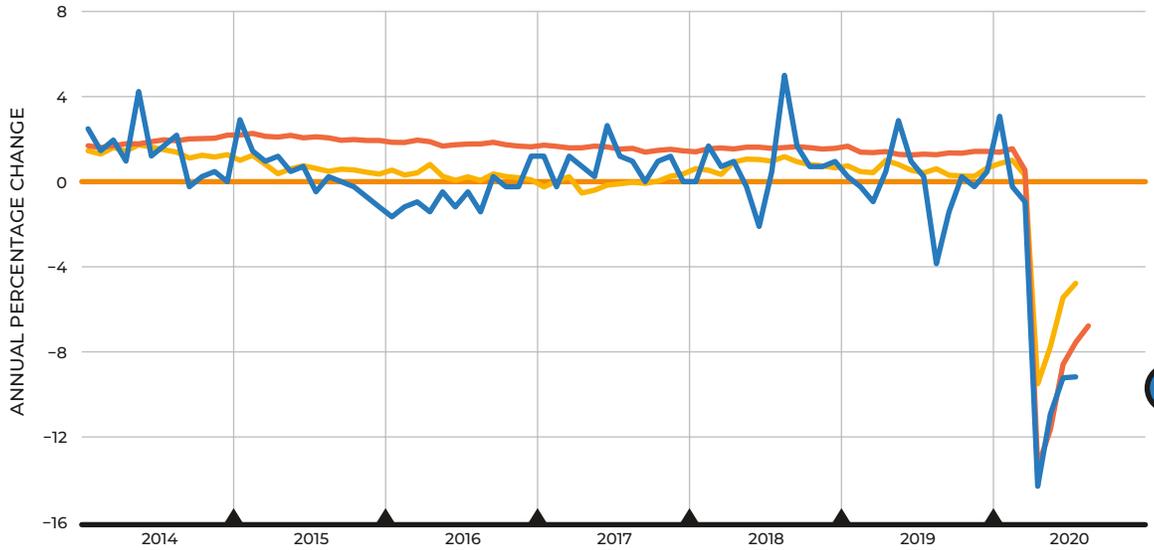


SOURCES:
 Freddie Mac
 Mortgage Bankers Association
 U.S. Bureau of Labor Statistics
 WSU Center for Economic
 Development and Business Research

NOTES:
 Ⓐ Year-over-year percentage change in total, non-farm employment, seasonally adjusted
 Ⓑ Seasonally adjusted
 Ⓒ Mortgage Bankers Association August 2020 forecast of the 30-year conventional mortgage rate

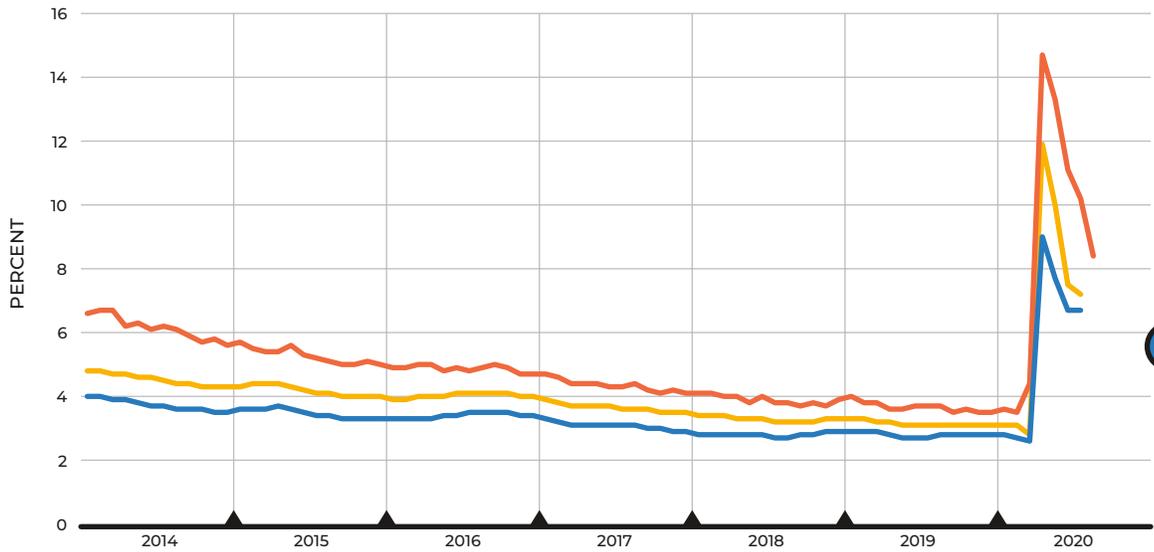
▶ EMPLOYMENT GROWTH ^A

● MANHATTAN MSA ● KANSAS ● U.S.



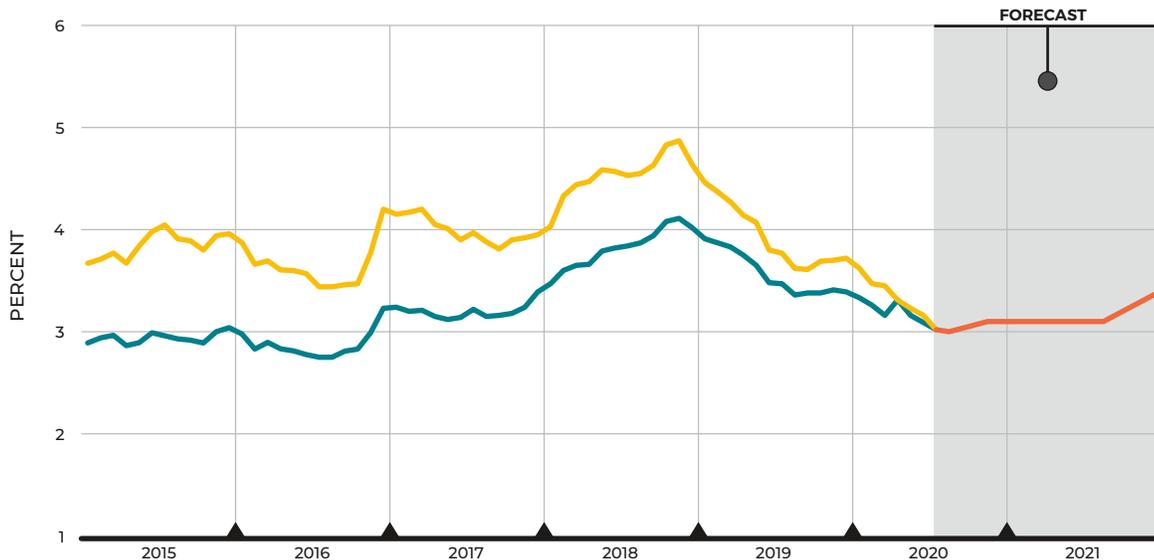
▶ UNEMPLOYMENT RATE ^B

● MANHATTAN MSA ● KANSAS ● U.S.



▶ MORTGAGE RATES

● 30-YEAR FIXED RATE ● 5-1 ADJUSTABLE RATE ● MBA FORECAST



ECONOMIC OVERVIEW

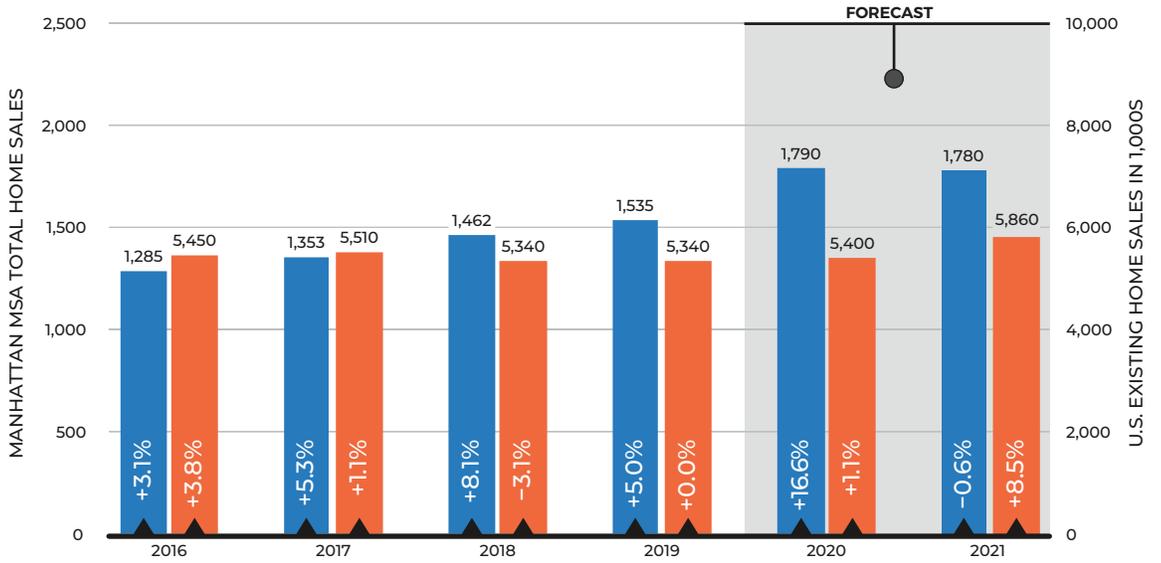
● **UNPRECEDENTED.** There's no other word to describe the economic environment we face due to efforts to contain the COVID-19 pandemic. At no time in history have job losses been so deep and fast at one time. The questions at this point are "When will the pandemic end?" and "How long will it take for the economy to recover once it is over?"

The only honest answer to these questions is "No one knows." What we do know is that the overall economy is far more complex and interconnected that we can hope to understand and that shutdowns in one area can have unexpected repercussions in areas that we thought were entirely unrelated.

At this point, we must be prepared to expect that the current recession may continue well into next year and that it will take years to fully recover from the economic fallout.

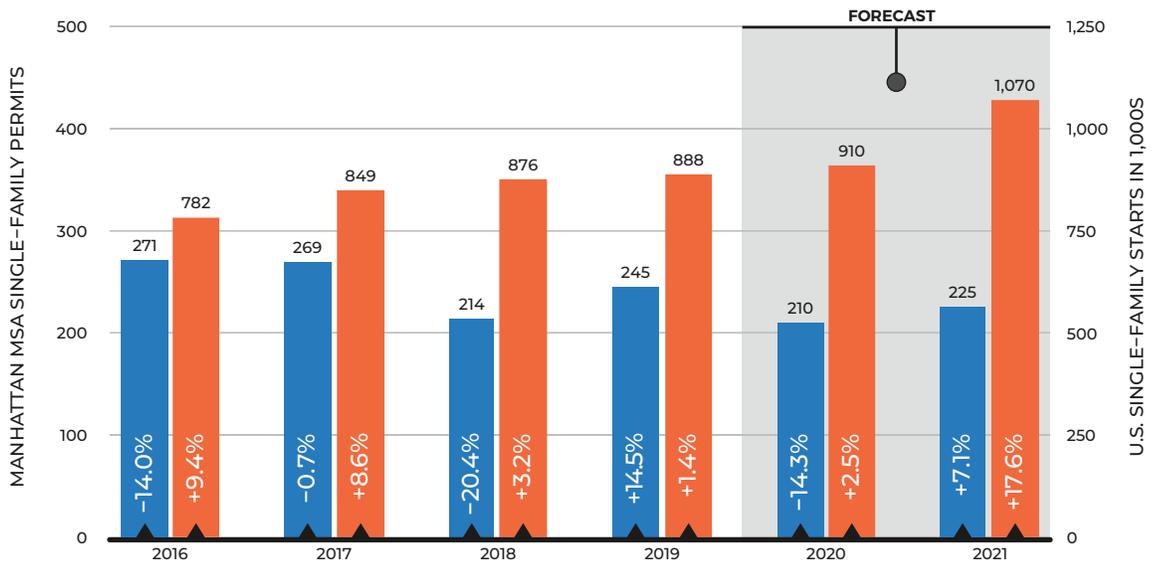
HOME SALES ACTIVITY

MANHATTAN MSA U.S.



NEW HOME CONSTRUCTION ACTIVITY

MANHATTAN MSA U.S.

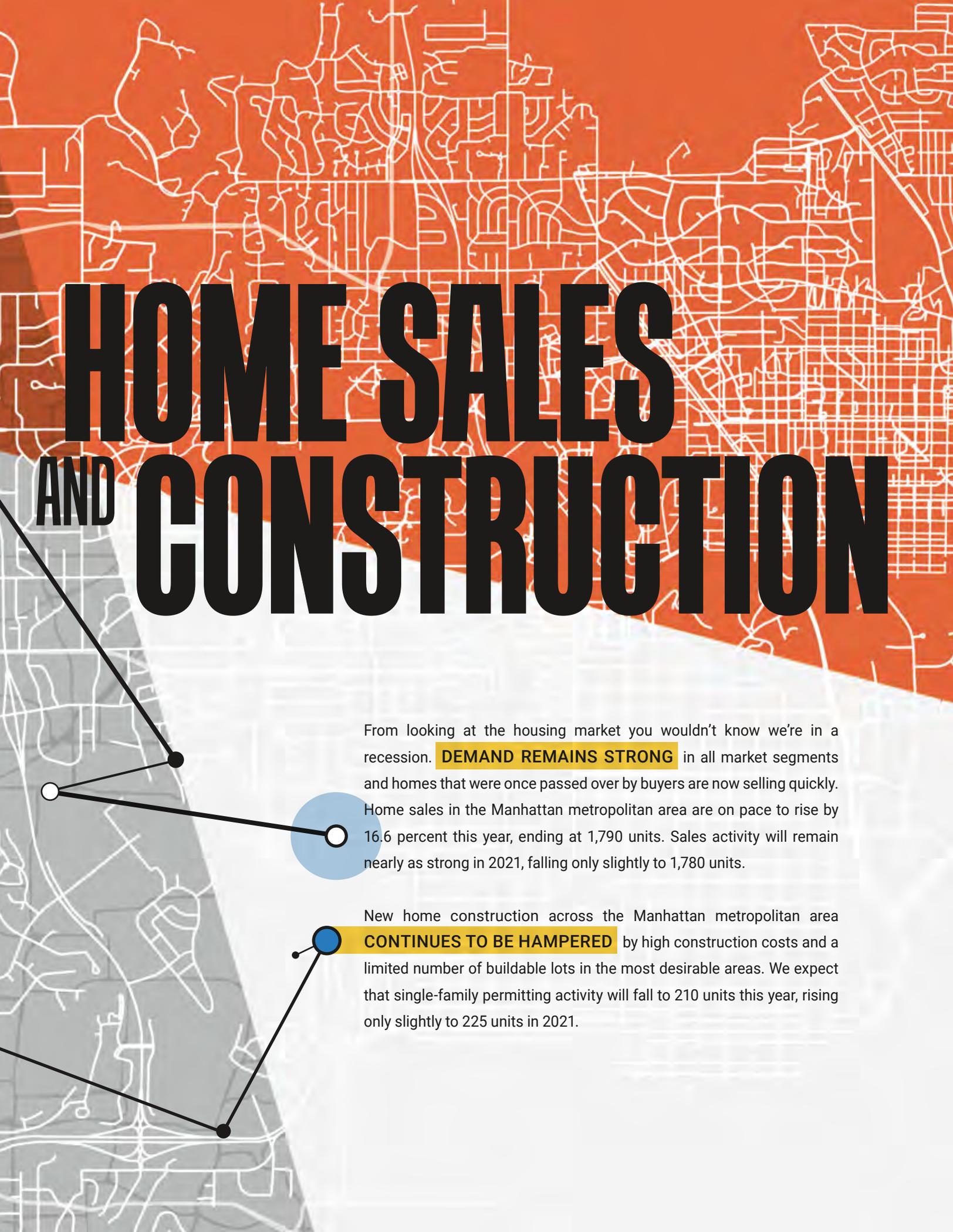


SOURCES:

Flint Hills Association of REALTORS®
National Association of REALTORS®
U.S. Bureau of the Census
WSU Center for Real Estate

NOTES:

- Ⓐ Total home sales in the Manhattan metropolitan area as reported by the Flint Hills Association of REALTORS®
- Ⓑ U.S. existing home sales as reported by the National Association of REALTORS®; forecast is the September 2020 forecast by the National Association of REALTORS®
- Ⓒ Single-family building permits issued in the Manhattan metropolitan area as reported by the U.S. Bureau of the Census
- Ⓓ U.S. single-family housing starts as reported by the U.S. Bureau of the Census; forecast is the September 2020 forecast by the National Association of REALTORS®



HOME SALES AND CONSTRUCTION



From looking at the housing market you wouldn't know we're in a recession. **DEMAND REMAINS STRONG** in all market segments and homes that were once passed over by buyers are now selling quickly. Home sales in the Manhattan metropolitan area are on pace to rise by 16.6 percent this year, ending at 1,790 units. Sales activity will remain nearly as strong in 2021, falling only slightly to 1,780 units.

New home construction across the Manhattan metropolitan area **CONTINUES TO BE HAMPERED** by high construction costs and a limited number of buildable lots in the most desirable areas. We expect that single-family permitting activity will fall to 210 units this year, rising only slightly to 225 units in 2021.

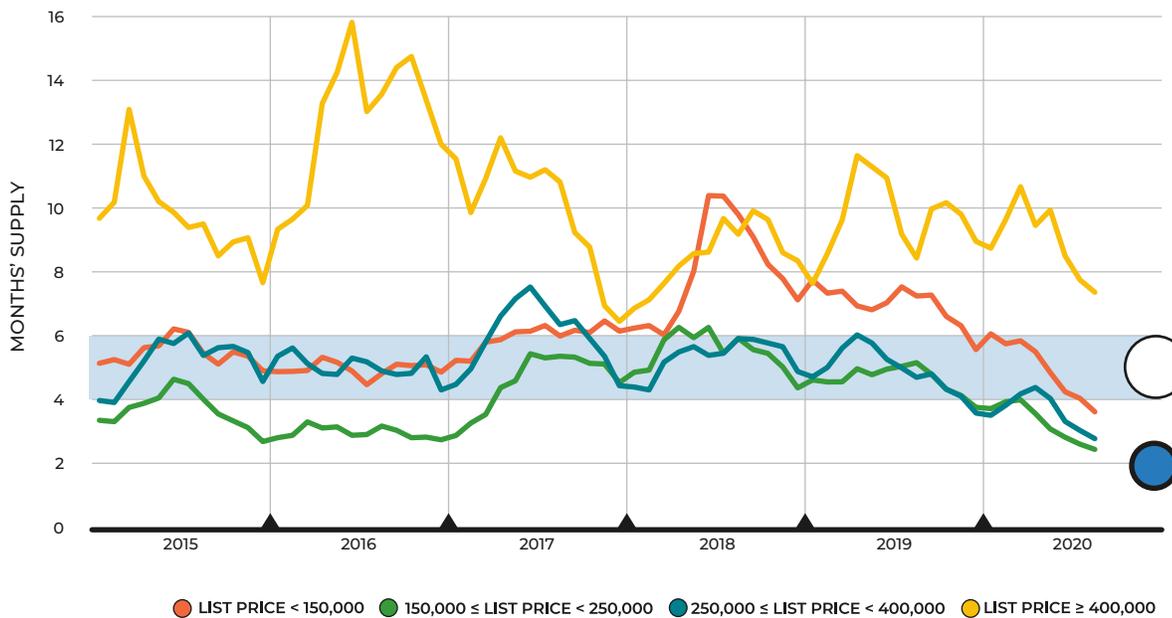
WICHITA.EDU/REALESTATE

CENTER FOR REAL ESTATE

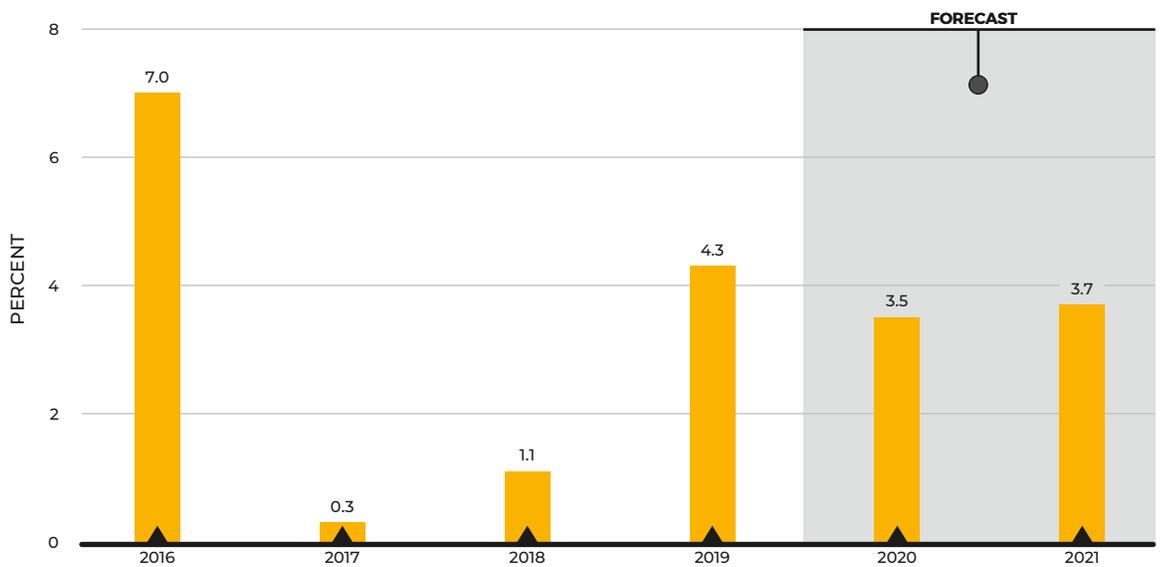
W. FRANK BARTON SCHOOL OF BUSINESS

WICHITA STATE UNIVERSITY

HOME INVENTORY BY PRICE RANGE ^A



HOME PRICE APPRECIATION ^B



SOURCES:

Federal Housing Finance Agency
 Flint Hills Association of REALTORS®
 National Association of REALTORS®
 WSU Center for Real Estate

NOTES:

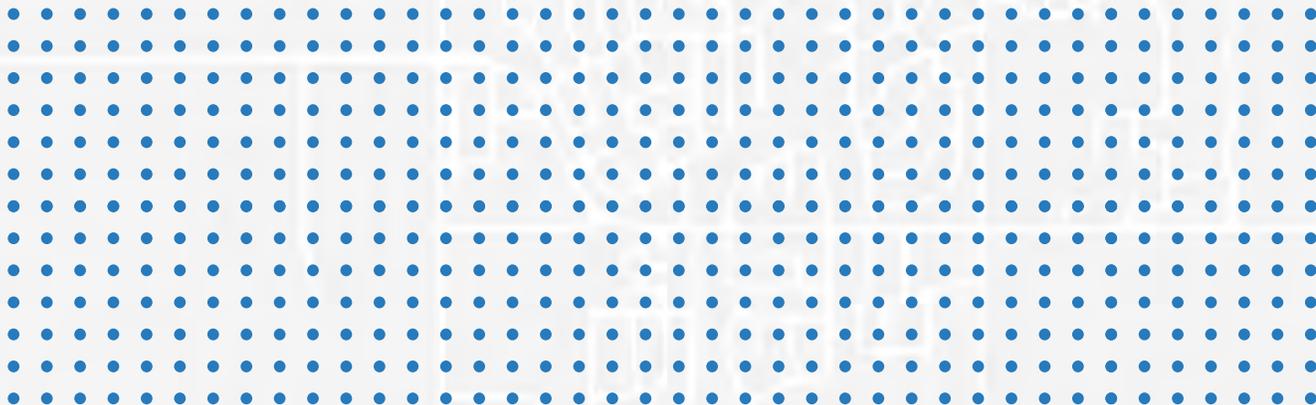
- ^A Active listings divided by the 12-month trailing moving average of sales, segmented by list price
- ^B Year-over-year percentage change in the Federal Housing Finance Agency all-transactions housing price index for the Manhattan metropolitan area, as measured using 4th quarter values

HOME PRICES

4-6 MONTHS' SUPPLY **BALANCED MARKET**

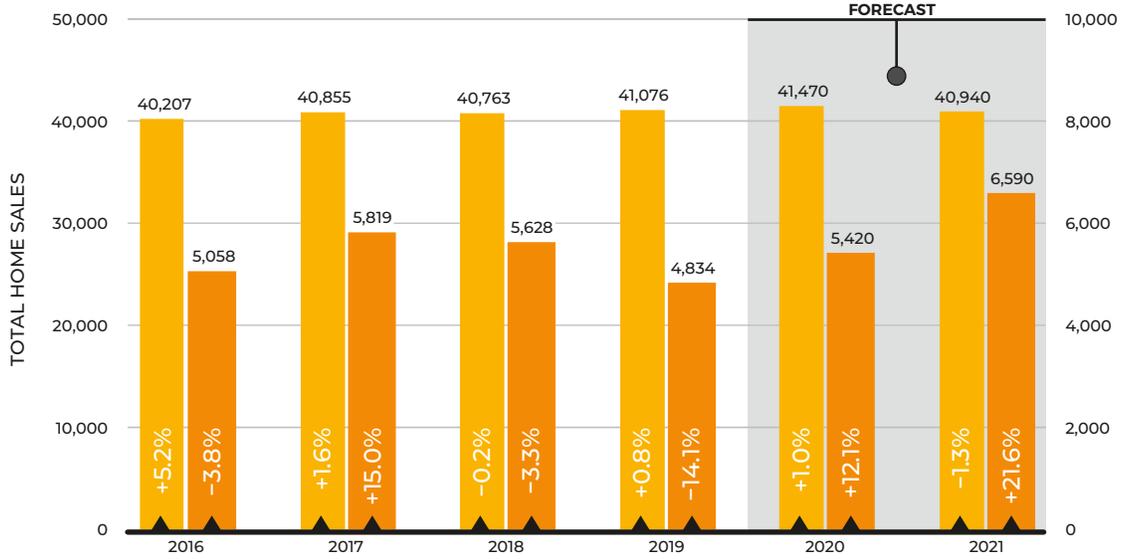
The pandemic has done little to slow housing demand in the Manhattan metropolitan area. Instead, the primary effect appears to have been to **LIMIT THE SUPPLY** of new listings being offered for sale. As a result, it has become a sellers' market for all but the highest priced homes in the area.

Nevertheless, average **HOME PRICE APPRECIATION** across the Manhattan metropolitan area **REMAINS FAIRLY MODEST**. We expect that area home values will rise by 3.5 percent this year followed by another 3.7 percent gain in 2021.

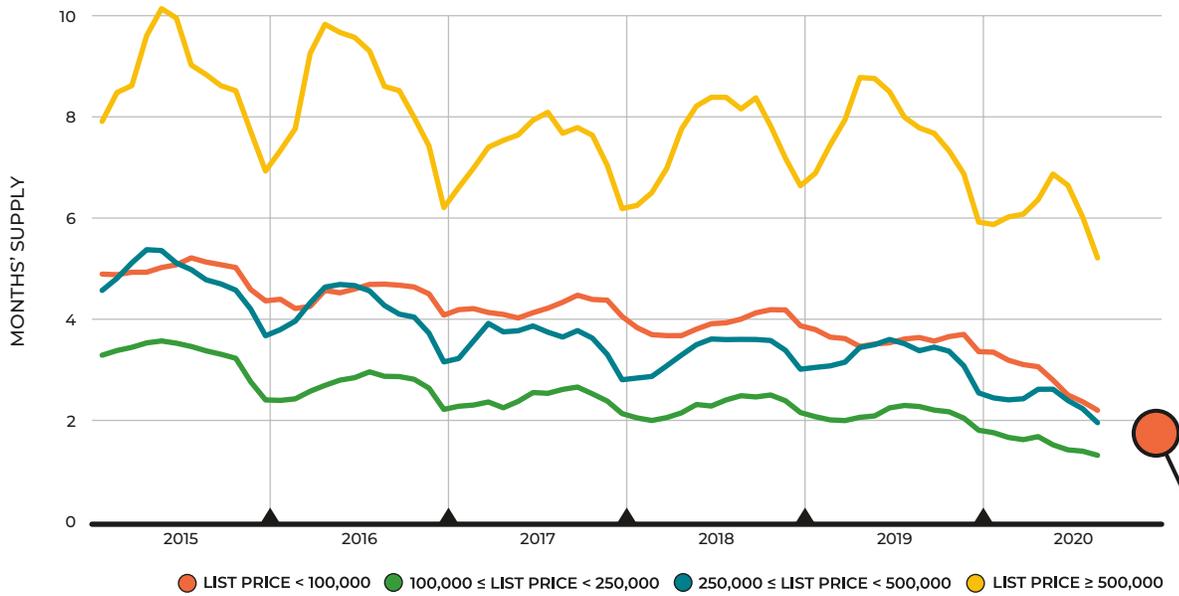


KANSAS HOUSING MARKET ACTIVITY

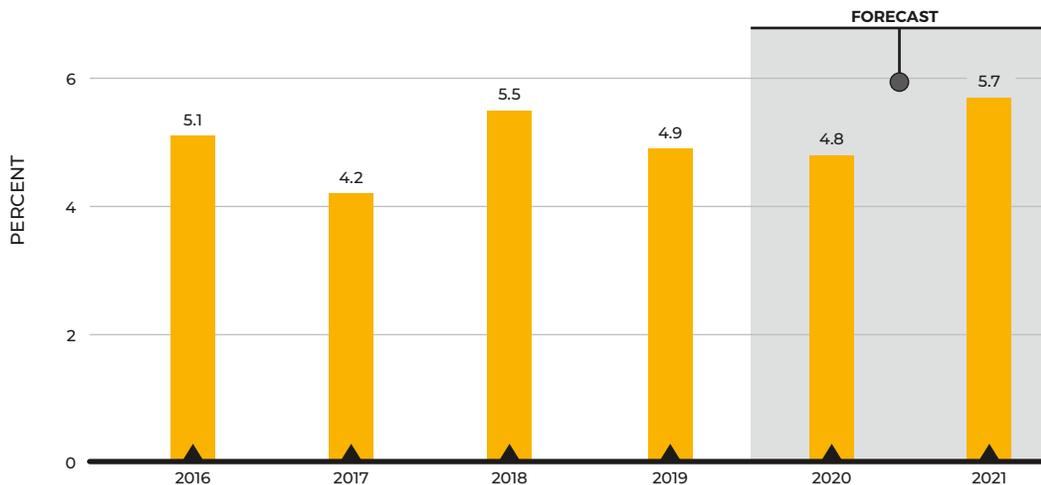
SALES PERMITS



HOME INVENTORY BY PRICE RANGE^c



HOME PRICE APPRECIATION^d



WICHITA.EDU/REALESTATE

CENTER FOR REAL ESTATE

W. FRANK BARTON SCHOOL OF BUSINESS

WICHITA STATE UNIVERSITY

SINGLE-FAMILY PERMITS

KANSAS FORECAST

Job losses due to the pandemic have done little to diminish the demand for homes across the state. At the same time, **INVENTORIES ARE AT HISTORIC LOWS** across all price ranges of homes. As a result, home sales across the state should end the year only slightly higher than 2019, up 1 percent to 41,470 units. Next year sales are expected to fall to 40,940 units as the ongoing effects of the recession are felt across the state.

The lack of supply is finally spurring a **SURGE IN NEW HOME CONSTRUCTION** activity across the state. Single-family permits are expected to rise by 12.1 percent this year, followed by an even stronger 21.6 percent gain in 2021, with most of the gains being seen in the Kansas City area.

Continuing tight inventories are causing existing home prices to rise at a healthy pace across the state. We project that typical home values will end the year up 4.8 percent, followed by another 5.7 percent increase in 2021.

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:

- Ⓐ Total home sales in Kansas as reported by participating REALTOR® multiple listing services across the state
- Ⓑ Single-family building permits issued in Kansas as reported by the U.S. Bureau of the Census
- Ⓒ Active listings divided by the 12-month trailing moving average of sales, segmented by list price
- Ⓓ 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: Laying a Foundation for Real Estate in Kansas

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.

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

FORECAST

	2016	2017	2018	2019	2020	2021
Kansas (Statewide)						
Total Home Sales	40,207	40,855	40,763	41,076	41,470	40,940
Building Permits	5,058	5,819	5,628	4,834	5,420	6,590
Home Price Appreciation	5.1%	4.2%	5.5%	4.9%	4.8%	5.7%
Sales Volume (in millions)	\$7,745	\$8,123	\$8,490	\$8,897		
Average Price	\$192,630	\$198,830	\$208,280	\$216,610		
Kansas City Area (KS & MO)						
Total Home Sales	38,733	39,821	40,617	39,896	39,500	39,080
Building Permits	5,258	5,920	5,714	4,827	5,560	7,045
Home Price Appreciation	5.9%	6.8%	8.2%	5.4%	6.0%	6.5%
Sales Volume (in millions)	\$8,296	\$8,956	\$9,620	\$10,026		
Average Price	\$214,189	\$224,904	\$236,855	\$251,312		
Lawrence MSA						
Total Home Sales	1,444	1,490	1,491	1,484	1,500	1,500
Building Permits	264	206	322	188	265	205
Home Price Appreciation	6.7%	4.0%	5.4%	5.3%	4.1%	3.9%
Sales Volume (in millions)	\$309	\$327	\$356	\$365		
Average Price	\$213,734	\$219,273	\$238,817	\$245,839		
Manhattan MSA						
Total Home Sales	1,285	1,353	1,462	1,535	1,790	1,780
Building Permits	271	269	214	245	210	225
Home Price Appreciation	7.0%	0.3%	1.1%	4.3%	3.5%	3.7%
Sales Volume (in millions)	\$260	\$276	\$289	\$308		
Average Price	\$202,121	\$204,323	\$197,646	\$200,755		
Topeka Area						
Total Home Sales	3,236	3,217	3,320	3,128	3,250	3,150
Building Permits	301	277	276	249	305	335
Home Price Appreciation	2.2%	3.0%	5.5%	5.8%	4.0%	4.1%
Sales Volume (in millions)	\$460	\$487	\$505	\$484		
Average Price	\$142,168	\$151,242	\$151,981	\$154,581		
Wichita Area						
Total Home Sales	10,368	10,475	10,384	10,815	10,790	10,530
Building Permits	1,063	1,081	993	1,071	1,205	1,125
Home Price Appreciation	5.4%	3.2%	3.9%	5.3%	6.6%	5.6%
Sales Volume (in millions)	\$1,631	\$1,651	\$1,721	\$1,883		
Average Price	\$157,286	\$157,650	\$165,780	\$174,073		

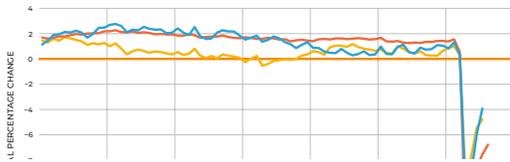
CENTER FOR REAL ESTATE CONTRIBUTORS

THE CENTER FOR REAL ESTATE RECEIVES NO STATE FUNDING.

OUR ACTIVITIES ARE SUPPORTED ENTIRELY THROUGH GIFTS FROM GENEROUS SUPPORTERS THROUGHOUT THE REGION:



Security 1st Title





WICHITA STATE
UNIVERSITY

W. FRANK BARTON
SCHOOL OF BUSINESS

CENTER FOR REAL ESTATE

The Center for Real Estate was created to help deepen the connections between the region's professional real estate community and the academic programs at Wichita State University. Whether you want to better understand the area's real estate markets or engage our students as interns or full-time employees,

**THE WSU CENTER FOR REAL ESTATE
IS YOUR GO-TO RESOURCE.**

W. Frank Barton School of Business

The W. Frank Barton School of Business is home to some of the best programs, brightest minds and biggest opportunities in Kansas. From the largest selection of AACSB-accredited programs in the state to the limitless opportunities for applied learning in Kansas' business hub, Barton School students have everything they need for career success.

**BARTON RESEARCH CONNECTION:
WICHITA.EDU/BARTONSCHOOL/RESEARCH**



WICHITA STATE
UNIVERSITY

W. FRANK BARTON
SCHOOL OF BUSINESS

Meritrust

HOME LOANS

Meritrust Credit Union has been helping its members do more with their money since 1935. Meritrust is headquartered in Wichita, Kansas, with branches also located in Andover, Derby, Lawrence and Manhattan, Kansas. It's easy to join Meritrust, and membership is open to most anyone. Our team of lending experts brings simplicity to the home-buying process, and in-house payments, processing and servicing continue to provide members peace of mind into the future. With a mission of improving the lives of members and the communities it serves, Meritrust offers consumers and businesses the products, services, tools and education they need to achieve their financial well-being goals with confidence, including flexible mortgage programs. For more information, visit meritrusthomeloans.com. Federally insured by NCUA. Equal Housing Lender. Subject to approval.



WICHITA STATE
UNIVERSITY

W. FRANK BARTON
SCHOOL OF BUSINESS