

KANSAS HOUSING MARKETS FORECAST

# LAWRENCE <sup>20</sup>/<sub>22</sub>



OUT OF THIS  
WORLD



WICHITA STATE  
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SCHOOL OF BUSINESS

# HOUSING LAWRENCE FORECAST 20 22

In the midst of a pandemic and its consequent economic turmoil, it may seem that the Lawrence housing market is defying gravity. The tightest inventories in history have led to bidding wars, rapidly rising home prices, ... and buyer fatigue. Will the market continue a meteoric rise? Or come crashing back to earth?

As we navigate into the uncharted void, the 2022 Lawrence Housing Forecast is here to give you the guidance you need to explore a housing market that is *Out of this World!*



Dr. Stanley D. Longhofer  
Director, WSU Center for Real Estate  
WICHITA.EDU/REALESTATE



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

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Participants in the 2021 Lawrence Real Estate Roundtable

● The Voyager 1 launches on September 5th, 1977 on the Titan IIIE Rocket.

We are especially grateful to Security 1<sup>st</sup> Title and Meritrust Credit Union for underwriting the cost of preparing this year's Lawrence Housing Forecast.



Security 1<sup>st</sup> Title

**Meritrust**  
**HOME LOANS**

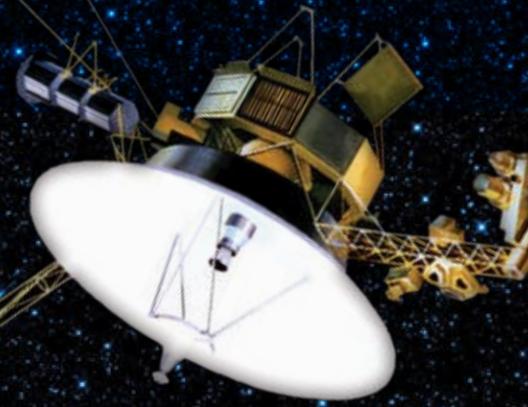
We are also grateful to the Lawrence Board of REALTORS<sup>®</sup>, the Kansas Association REALTORS<sup>®</sup> and participating multiple listing services across Kansas for providing much of the data used to prepare this forecast.



DESIGN BY VISUAL FUSION GRAPHIC DESIGN STUDIO

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# Economic OVERVIEW

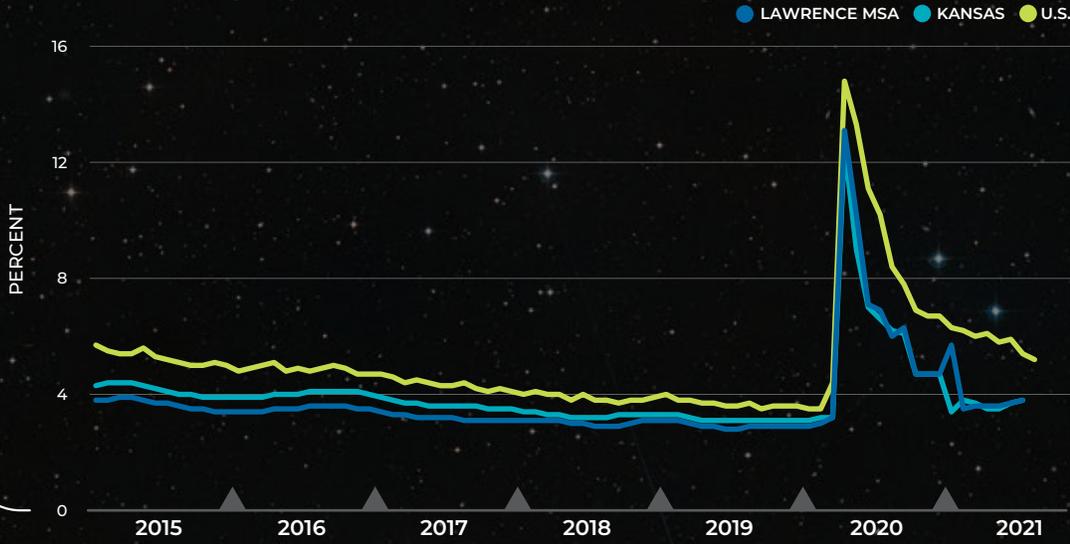


Officially, the recession of 2020 was only two months long, but that doesn't mean its effects were modest. The local unemployment rate rocketed to an all-time high of 13.1 percent in April as the Lawrence metropolitan area lost 17.4 percent of its jobs in just three months. And while the unemployment rate has fallen back to earth in recent months, less than half of the area's lost jobs had been recovered by July of this year.

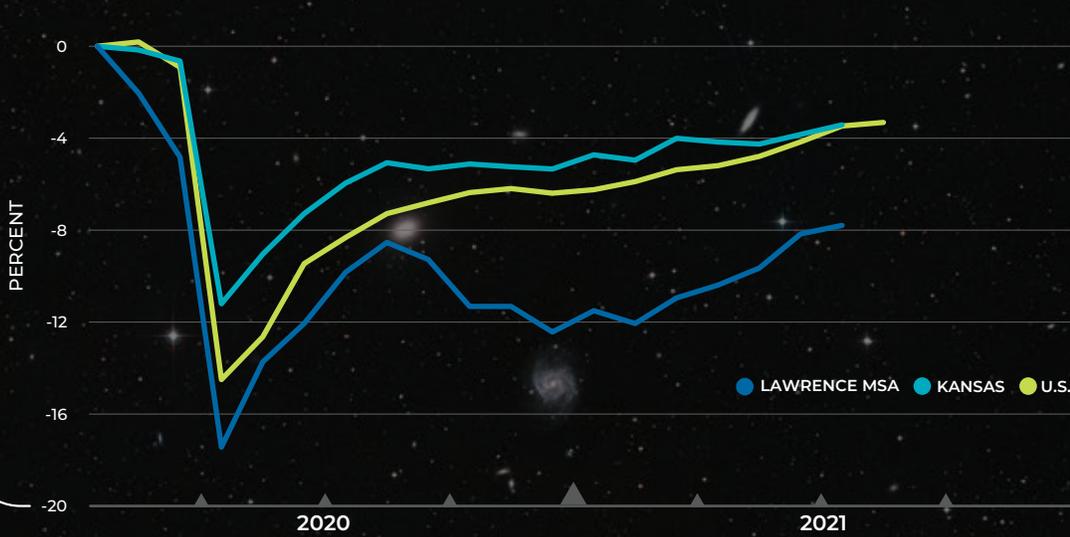
Mortgage rates rose during the first quarter of the year, only to fall back near historic lows through the summer. When rates will rise again depends largely on when the Federal Reserve pulls back on its holdings of mortgage-backed securities and on whether the recent uptick in inflation proves persistent.

- **Voyager 1 was the first spacecraft to cross the heliosphere, the boundary where our solar system has less pull than outside forces.**

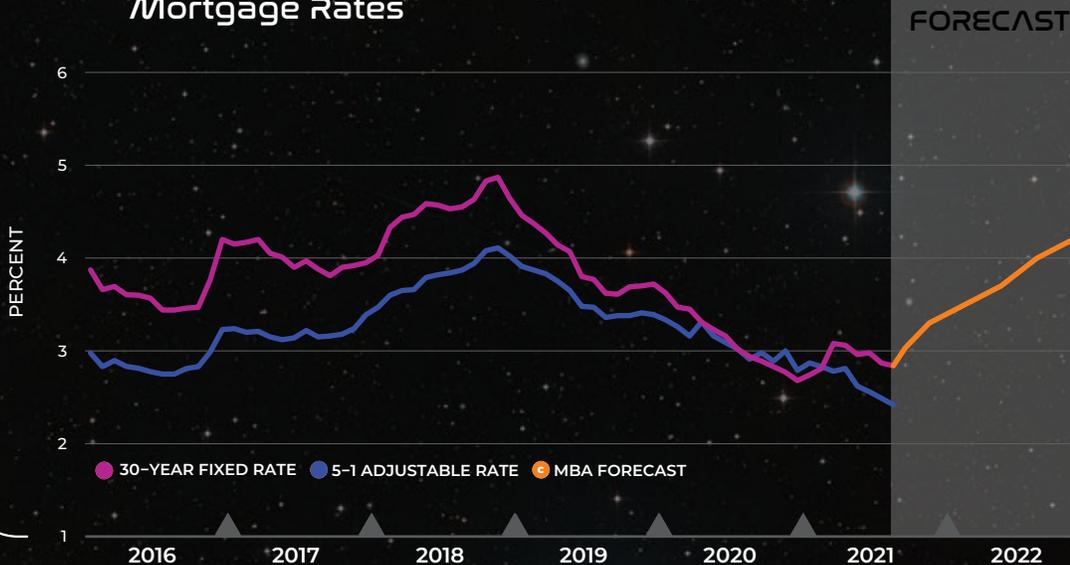
### Unemployment Rate <sup>a</sup>



### Employment Losses since January 2020 <sup>b</sup>



### Mortgage Rates



Sources:  
Freddie Mac, Mortgage Bankers Association, U.S. Bureau of Labor Statistics

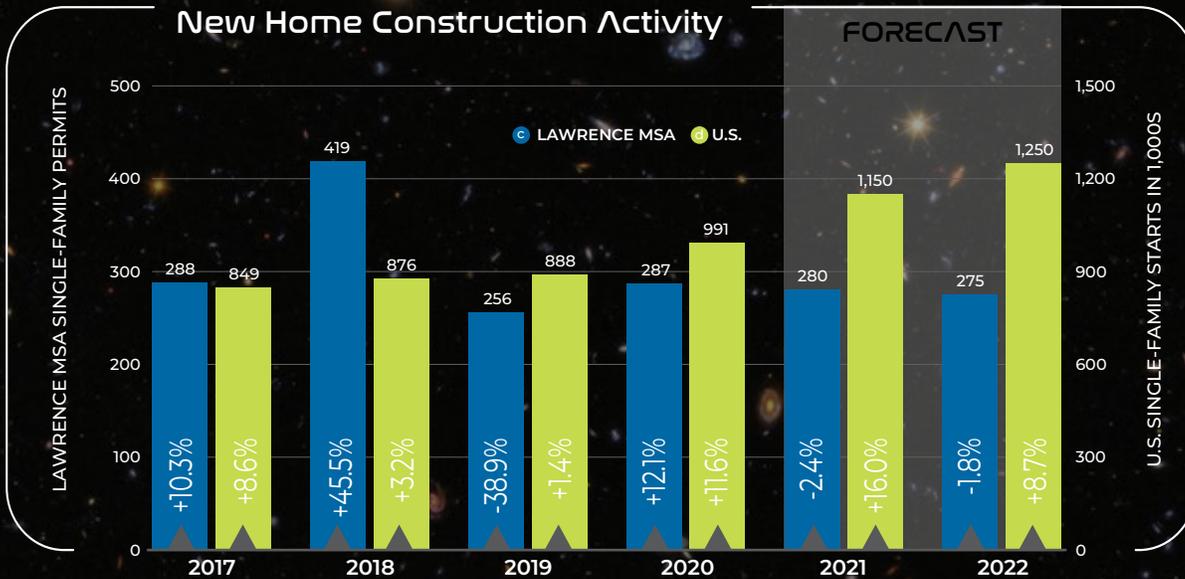
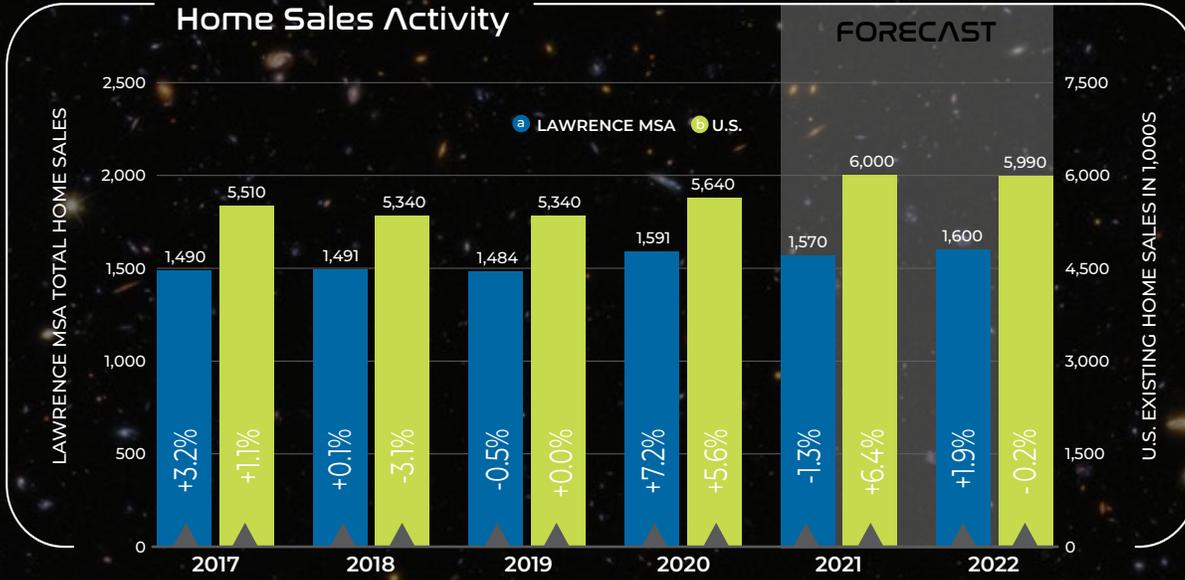
Notes:  
a) Seasonally adjusted  
b) Cumulative change in total, non-farm employment, seasonally adjusted  
c) Mortgage Bankers Association August, 2021 Forecast of the 30-year conventional mortgage rate

# HOME SALES and CONSTRUCTION

The Lawrence housing market remains white hot, even if it has cooled somewhat in recent months. Tight inventories, however, are holding back sales activity. As a result, we forecast that total home sales in the Lawrence metropolitan area will end the year down slightly at 1,570 units. Supply constraints are likely to continue next year as well, with sales rising only a modest 1.9 percent in 2022 to 1,600 units.

Part of the challenge is that too few new homes have been built in recent years. A lack of developable land along with labor and material shortages make it unlikely this will change any time soon. We forecast that new single-family building permits in the Lawrence metropolitan area will end this year at 280 units, down 2.4 percent from 2020. Permitting activity is projected to fall to 275 units in 2022, a 1.8 percent decline.

● The original name of the Voyager was *Mariner Jupiter-Saturn* but it grew out of it due to progression of technology at the time.



Sources:

Lawrence Multiple Listing Service, National Association of REALTORS®, U.S. Bureau of the Census, WSU Center for Real Estate

Notes:

- a) Total home sales in the Lawrence metropolitan area as reported by the Lawrence Multiple Listing Service
- b) U.S. existing home sales as reported by the National Association of REALTORS®; Forecast is the August 2021 Forecast by the National Association of REALTORS®
- c) Single-Family building permits issued in the Lawrence 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 2021 forecast by the National Association of REALTORS®

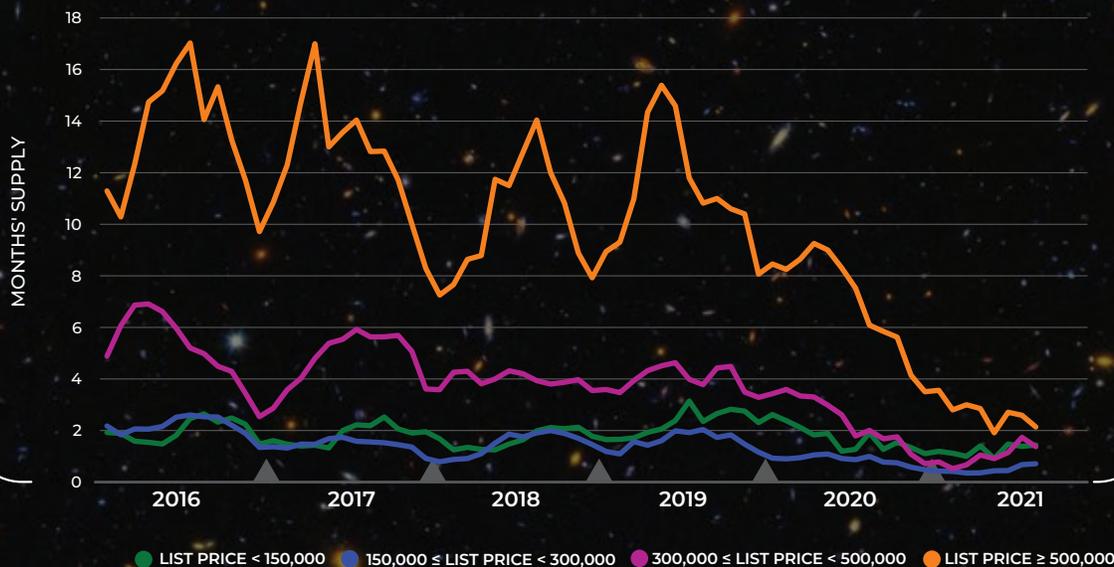
# Home PRICES

Inventories of homes available for sale in the Lawrence metropolitan area remain at historic lows, even among the highest-priced segments. Desirable homes are selling at light speed, and prospective buyers are competing on contract terms as well as price.

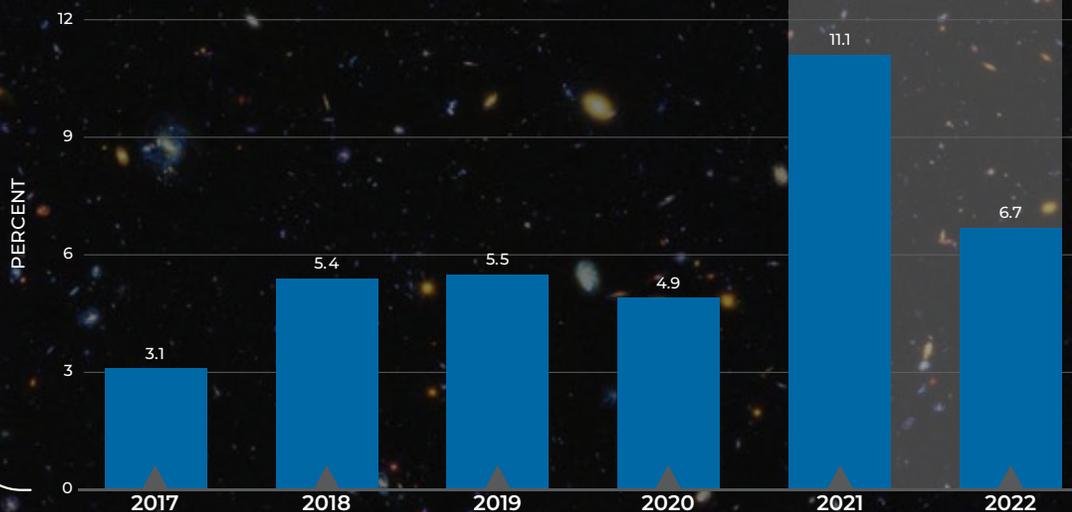
As a result, home prices have been appreciating at an historic pace. We project that Lawrence home values will end the year up 11.1 percent and then rise by another 6.7 percent in 2022.

● Voyager 1 entered interstellar space in August 2012 and is currently 14 billion miles away from the earth.

### Home Inventory by Price Range <sup>a</sup>



### Home Price Appreciation <sup>b</sup>



Sources: Federal Housing Finance Agency, Lawrence Multiple Listing Service, 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 Lawrence metropolitan area, as measured using 4<sup>th</sup> quarter values

# Kansas FORECAST

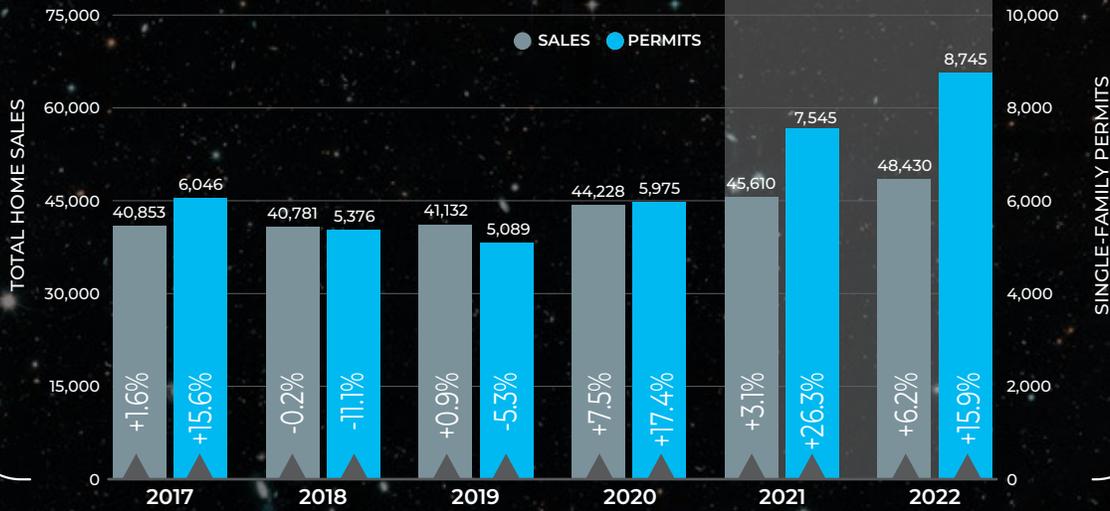
Home sales across Kansas have continued to rise, in spite of historically low inventories across all price segments. We forecast that total home sales in Kansas will end the year up 3.1 percent at 45,610 units, although sales would be stronger if there were simply more homes on the market. Sales will rise again in 2022, increasing 6.2 percent to 48,430 units.

The lack of supply is spurring a surge in new home construction activity across much of the state. Single-family permits are expected to end the year at 7,545 units, an increase of 26.3 percent. Permitting activity should rise again in 2022, ending the year up 15.9 percent at 8,745 units.

In the face of strong demand and incredibly tight inventories, existing home prices are rising at a remarkable pace across most of the state. We project that typical Kansas home values will end the year up 10.5 percent, followed by another 7.6 percent gain in 2022.

● Voyager 1 houses the golden records, photograph records that contain sounds and images from earth intended for any intelligent life who find it.

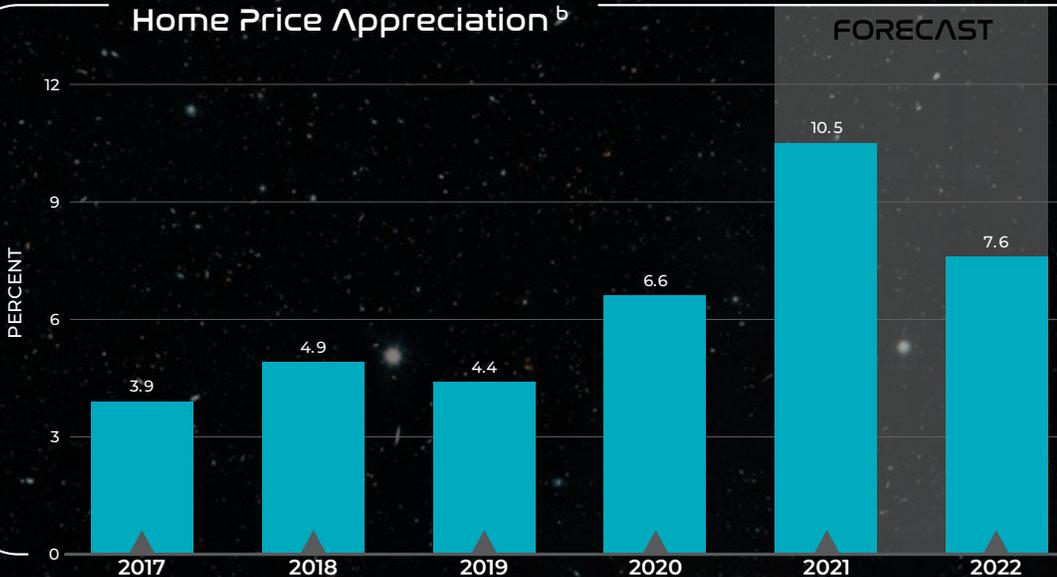
### Kansas Housing Market Activity



### Home Inventory by Price Range <sup>a</sup>



### Home Price Appreciation <sup>b</sup>



Sources:  
Federal Housing Finance Agency, Participating REALTOR® multiple listing services across Kansas, U.S. Bureau of the Census, 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 Kansas, as measured using 4<sup>th</sup> 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](http://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 4<sup>th</sup> quarter values. Kansas City figures include transactions from both Kansas and Missouri.

● PILLARS OF CREATION (shown above) is 6,500 – 7,000 light years from earth. Named because the gas and dust are in the process of creating new stars, which take more than 10 million years to form. These towering tendrils of cosmic dust and gas sit at the heart of M16, or the Eagle Nebula.

	20 17	20 18	20 19	20 20	20 21	20 22
<b>KANSAS (STATEWIDE)</b>						
Total Home Sales	40,853	40,781	41,132	44,228	45,610	48,430
Building Permits	6,046	5,376	5,089	5,975	7,545	8,745
Home Price Appreciation	3.9%	4.9%	4.4%	6.6%	10.5%	7.6%
Sales Volume (in millions)	\$8,123	\$8,492	\$8,908	\$10,479		
Average Price	\$198,826	\$208,239	\$216,578	\$236,942		
<b>KANSAS CITY AREA (KS &amp; MO)</b>						
Total Home Sales	39,821	40,617	40,728	43,114	44,360	46,990
Building Permits	5,951	5,608	4,811	6,173	8,470	9,905
Home Price Appreciation	6.7%	7.5%	5.6%	7.5%	12.2%	9.2%
Sales Volume (in millions)	\$8,956	\$9,620	\$10,027	\$11,891		
Average Price	\$224,904	\$236,853	\$246,193	\$275,813		
<b>LAWRENCE MSA</b>						
Total Home Sales	1,490	1,491	1,484	1,591	1,570	1,600
Building Permits	288	419	256	287	280	275
Home Price Appreciation	3.1%	5.4%	5.5%	4.9%	11.1%	6.7%
Sales Volume (in millions)	\$327	\$356	\$365	\$421		
Average Price	\$219,273	\$238,817	\$245,839	\$264,888		
<b>MANHATTAN MSA</b>						
Total Home Sales	1,353	1,462	1,536	1,874	2,120	2,370
Building Permits	304	233	262	236	280	290
Home Price Appreciation	-0.7%	1.8%	3.4%	4.9%	4.6%	4.0%
Sales Volume (in millions)	\$276	\$289	\$308	\$383		
Average Price	\$204,323	\$197,646	\$200,739	\$204,364		
<b>TOPEKA AREA</b>						
Total Home Sales	3,217	3,320	3,131	3,469	3,510	3,530
Building Permits	327	330	301	380	380	400
Home Price Appreciation	3.8%	4.2%	4.6%	7.0%	8.3%	4.5%
Sales Volume (in millions)	\$487	\$505	\$485	\$583		
Average Price	\$151,242	\$151,981	\$154,827	\$168,168		
<b>WICHITA AREA</b>						
Total Home Sales	10,475	10,384	10,823	11,494	12,050	12,710
Building Permits	1,081	993	1,075	1,397	1,575	1,670
Home Price Appreciation	2.9%	3.5%	4.8%	7.6%	10.9%	6.8%
Sales Volume (in millions)	\$1,651	\$1,721	\$1,884	\$2,218		
Average Price	\$157,650	\$165,780	\$174,032	\$193,001		

FORECAST

# 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.

## Keep in touch with us online

Web: [www.wichita.edu/realestate](http://www.wichita.edu/realestate)

YouTube: [YouTube.com/WSURealEstate](https://www.youtube.com/WSURealEstate)

Twitter: [@WSURealEstate](https://twitter.com/WSURealEstate)

Facebook: [WSURealEstate](https://www.facebook.com/WSURealEstate)



## W. Frank Barton School of Business

Located in Kansas' business hub and with significant ties to the business community, the W. Frank Barton School of Business provides extensive applied learning opportunities. With in-person and online options, Barton School undergraduate and graduate programs are tailored to transform the lives of its students. It also holds a double AACSB accreditation for business and accounting, which puts it in the top 1% of business schools worldwide. The Barton School was established as the university's College of Business Administration and Industry in 1926 and has thousands of graduates around the world.

Barton Research Connection: [www.wichita.edu/bartonschool/research](http://www.wichita.edu/bartonschool/research)

● The Voyager 1 main body is about 18 inches tall and 5.5 feet across, weighing about 1615.99 pounds.

## 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:



**Meritrust**  
**HOME LOANS**

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# Meritrust HOME LOANS

Meritrust Credit Union has been helping our members do more with their money since 1935. We offer 17 retail branches providing advisory experiences, complemented by online, mobile and eATM technology allowing members to bank on their time. 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. Meritrust has the products, services, tools and education members need to achieve their financial goals with confidence, including flexible mortgage programs. For more information, visit [meritrusthomeloans.com](http://meritrusthomeloans.com). Equal housing lender. Federally insured by NCUA.



## Security 1<sup>st</sup> Title

We Protect Property Rights. Security 1<sup>st</sup> Title offers licensed and trained professionals to assist you with your local and national title and closing needs. Our local, experienced staff delivers exceptional service to the protect property rights of homeowners and lenders. Our team has extensive knowledge and experience in handling residential, commercial, new construction, refinance and relocation transactions. Find us online at [www.security1st.com](http://www.security1st.com) to contact our local office for more details on how we can assist you.