

KANSAS HOUSING MARKETS FORECAST

TOPEKA

20
22



OUT OF THIS
WORLD



WICHITA STATE
UNIVERSITY

W. FRANK BARTON
SCHOOL OF BUSINESS

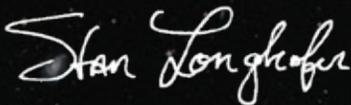
HOUSING FORECAST

TOPEKA

2022

In the midst of a pandemic and its consequent economic turmoil, it may seem that the Topeka 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 Topeka 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



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®

Linda Briden, Sunflower Association of REALTORS®

Jeremy Hill, WSU Center for Economic Development and Business Research

Mike Busch, WSU Center for Economic Development and Business Research

Participants in the 2021 Sunflower Real Estate Roundtable

● WISE launches in December 14th, 2009 in the Delta II 7320-10 rocket.

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



Security 1st Title



Capitol
Federal[®]

True Blue[®] for over 125 years

We are also grateful to the Sunflower Association of REALTORS[®], The Kansas Association of REALTORS[®] and participating MLS systems across Kansas for providing much of the data used to prepare this forecast.



DESIGN BY VISUAL FUSION GRAPHIC DESIGN STUDIO

PHOTO CREDIT: IMAGES IN THIS PUBLICATION WERE SOURCED FROM THE NASA.GOV IMAGE GALLERIES.

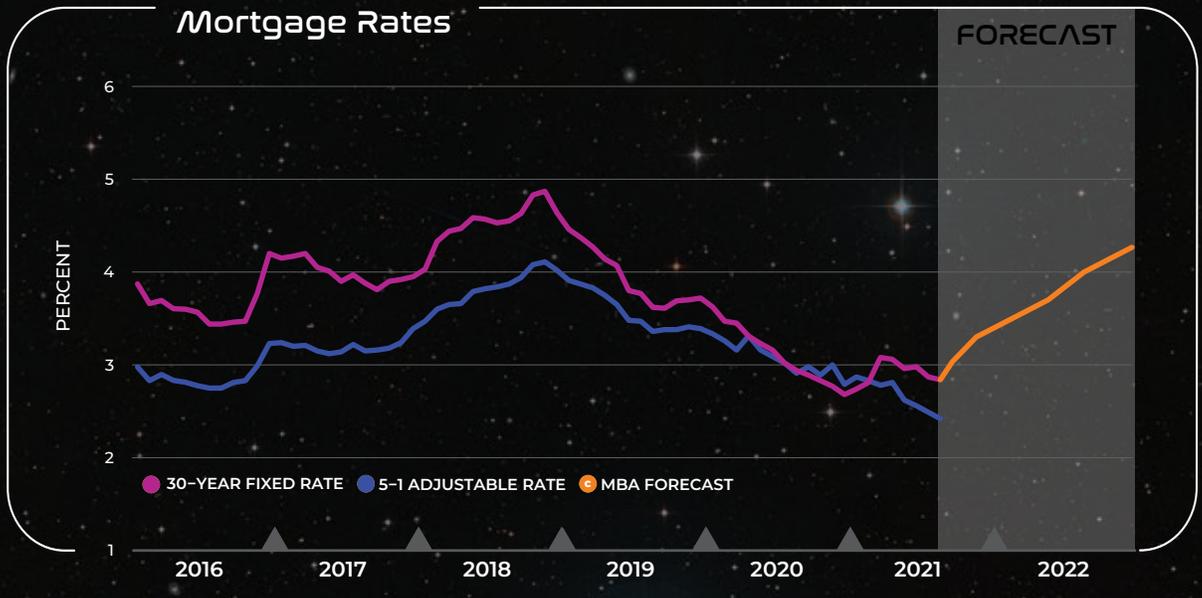
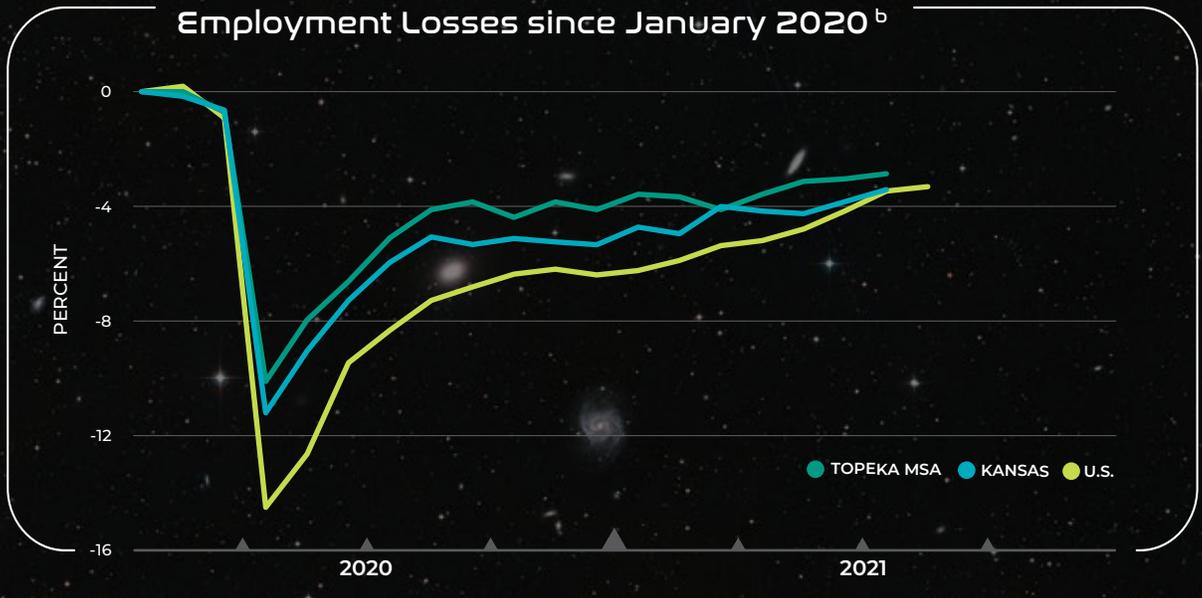
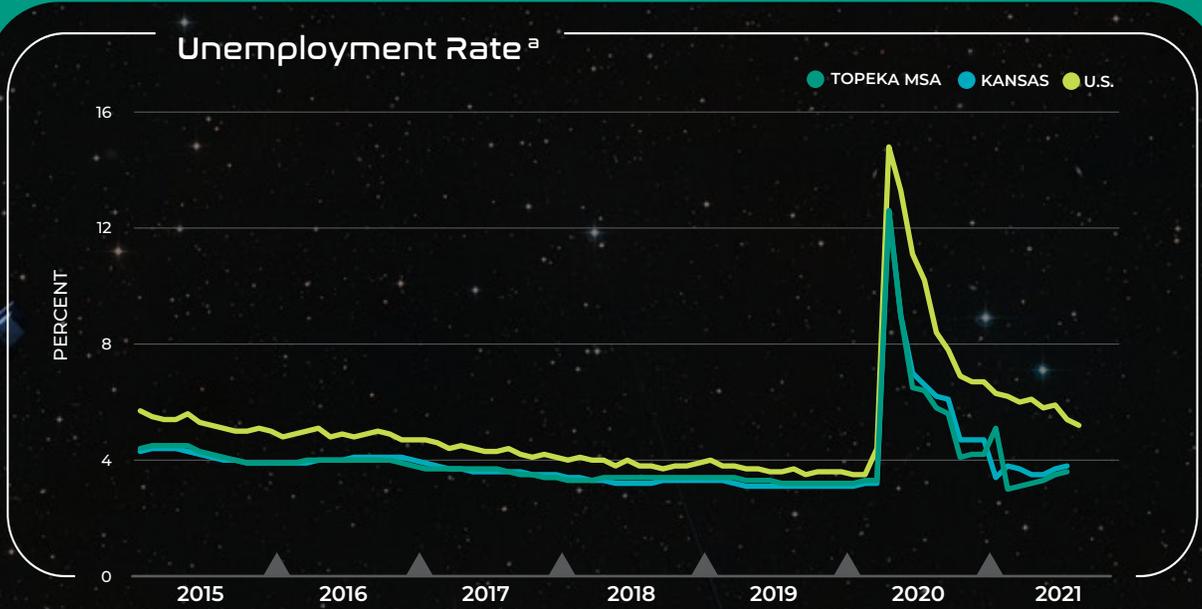
Economic OVERVIEW



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 12.6 percent in April as the Topeka metropolitan area lost 10.1 percent of its jobs in just three months. And while the unemployment rate has fallen back to earth in recent months, only about two-thirds 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.

● WISE is an acronym for Wide-Field Infrared Survey Explorer.



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

Center for Real Estate

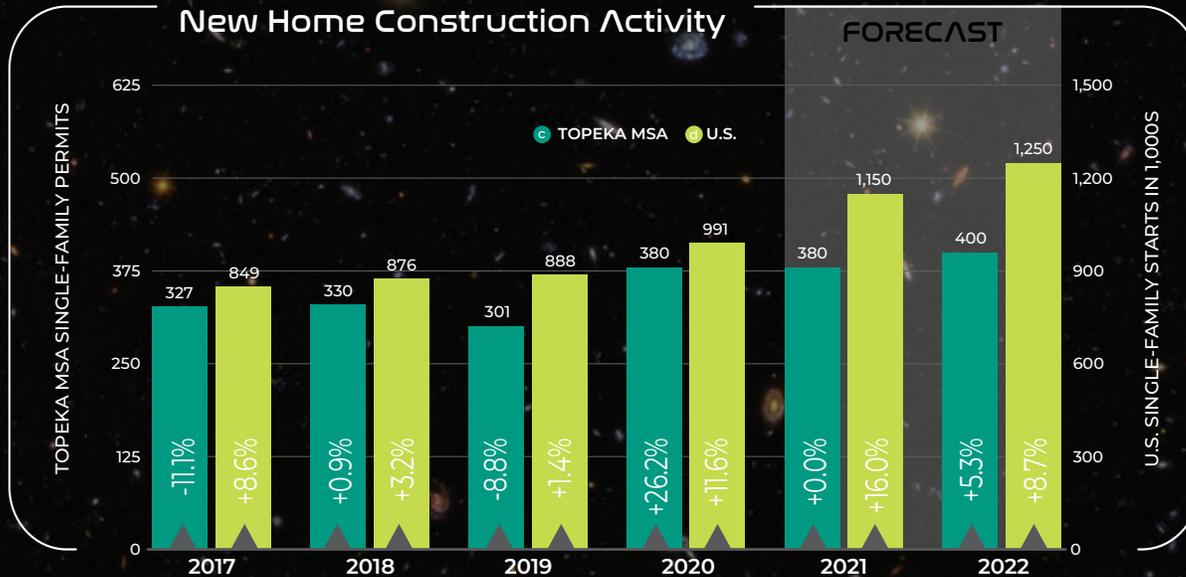
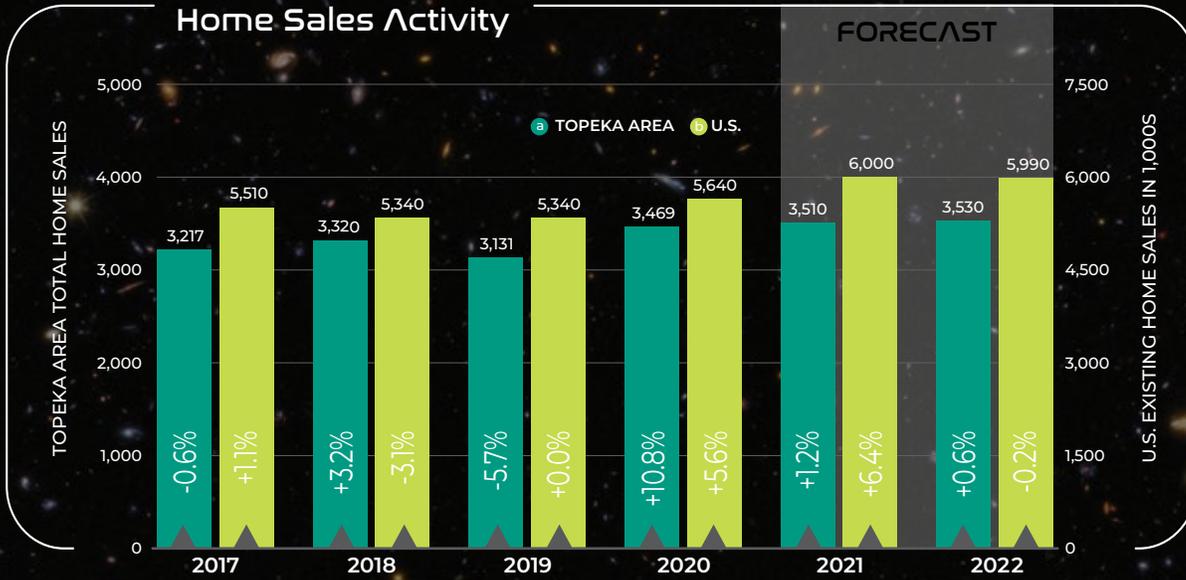
W. Frank Barton School of Business

Wichita State University

The Topeka housing market remains white hot, with continuing strong demand. Tight inventories, however, are holding back sales activity. As a result, we forecast that total home sales in the Topeka area will rise by only 1.2 percent this year to 3,510 units. We don't see this changing next year either, with sales rising only a modest 0.6 percent to 3,530 units.

Part of the challenge is that too few new homes have been built in recent years. Labor and material shortages make it unlikely this will change any time soon. We forecast that new single-family building permits in the Topeka metropolitan area will end this year at 380 units, the same as last year. They are projected to increase only slightly in 2022, rising 5.3 percent to 400 units.

● The WISE satellite orbits Earth at a distance of 525 kilometers or 326 miles.



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

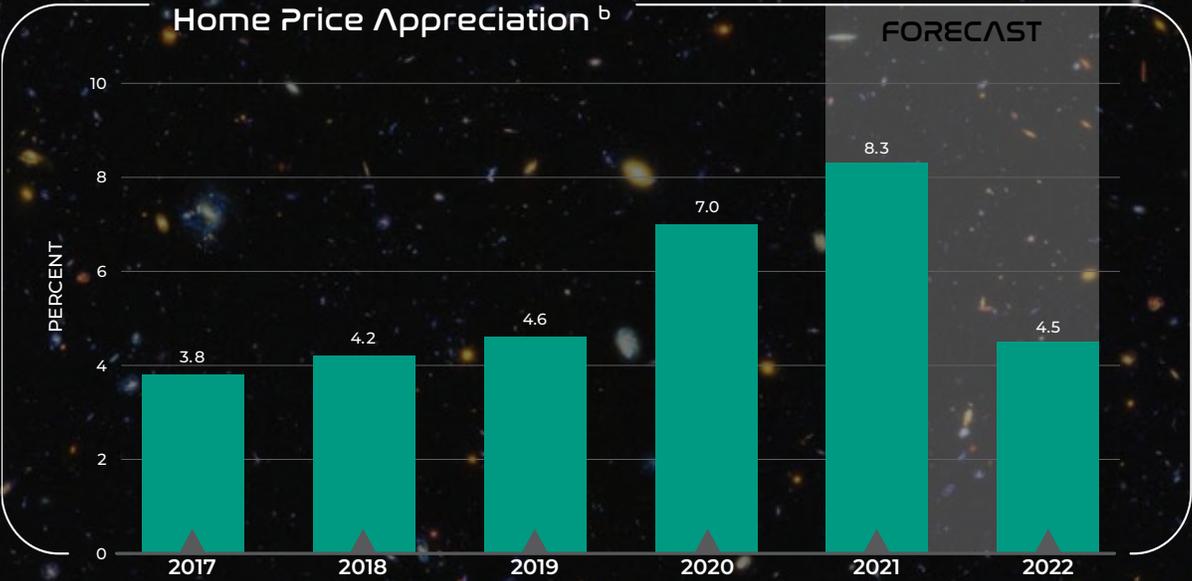
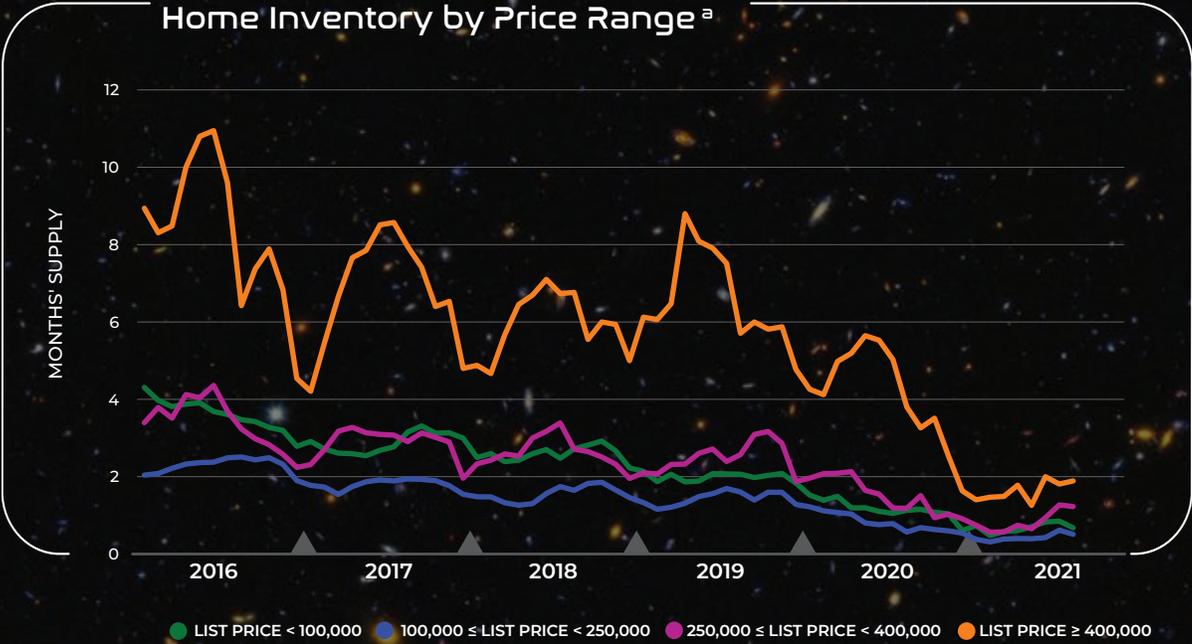
Notes:
a) Total home sales in the Topeka area as reported by the Sunflower Association of REALTORS®
b) U.S. existing home sales as reported by the National Association of REALTORS®; forecast is the August 2021 forecast by the National Association of REALTORS®
c) Single-family building permits issued 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 2021 forecast by the National Association of REALTORS®

Home PRICES

Although inventories have risen slightly over the course of this year, it remains a strong sellers' market, even among homes priced above \$400,000. 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 the fastest pace ever. We project that home values in the Topeka metropolitan area will end the year up 8.3 percent and rise another 4.5 percent in 2022.

● The WISE sees in the infrared spectrum of light.



Sources: Federal Housing Finance Agency, Sunflower 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 Topeka metropolitan area, as measured using 4th quarter values

Kansas FORECAST

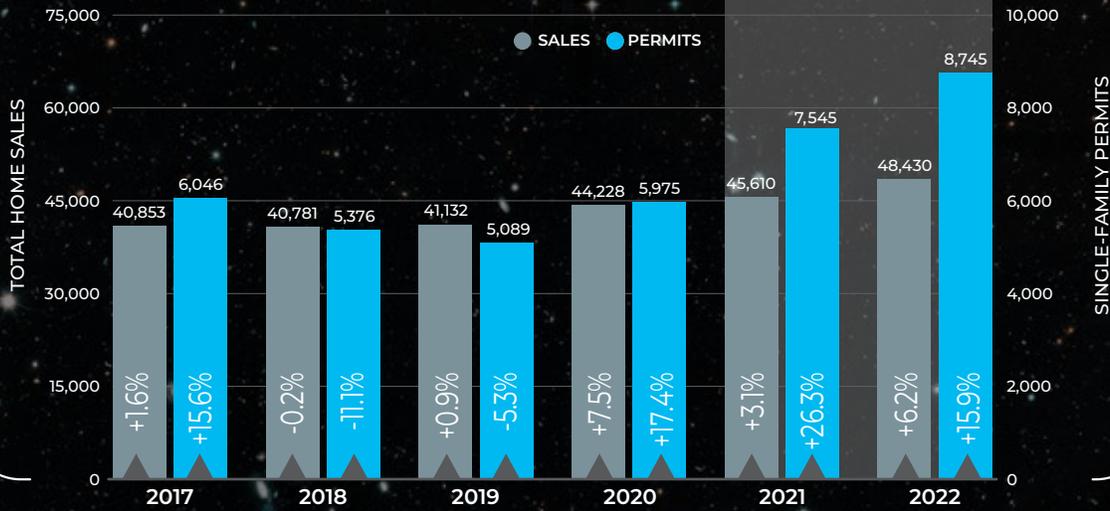
Home sales across Kansas have continued to rise, in spite of historically low inventories across all price segments. We forecast that total home sales in Kansas will end the year up 3.1 percent at 45,610 units, although sales would be stronger if there were simply more homes on the market. Sales will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

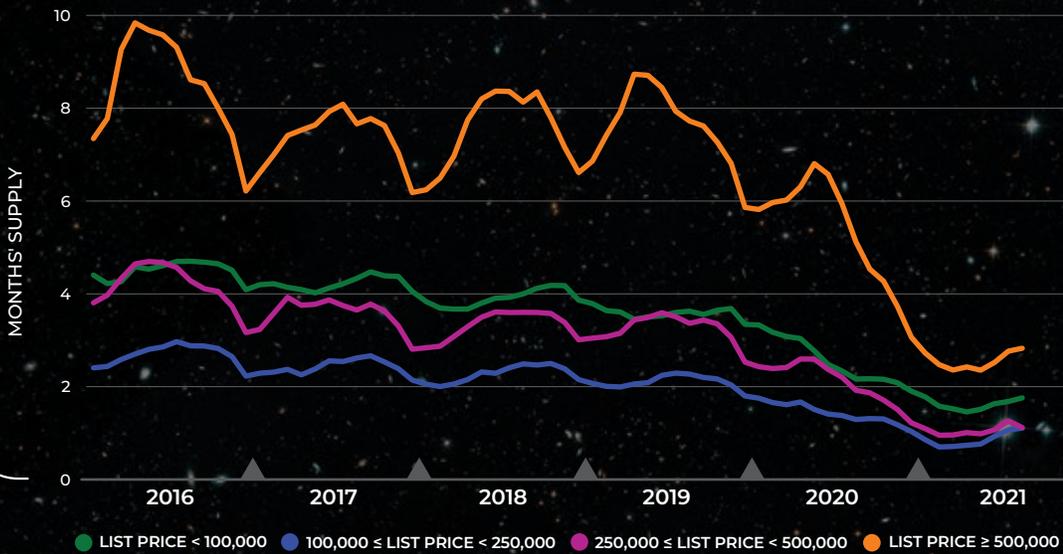
In the face of strong demand and incredibly tight inventories, existing home prices are rising at a remarkable pace across most of the state. We project that typical Kansas home values will end the year up 10.5 percent, followed by another 7.6 percent gain in 2022.

● The WISE satellite is about 9 feet 4 inches wide and 6 feet 7 inches long, weighing about 1012 pounds.

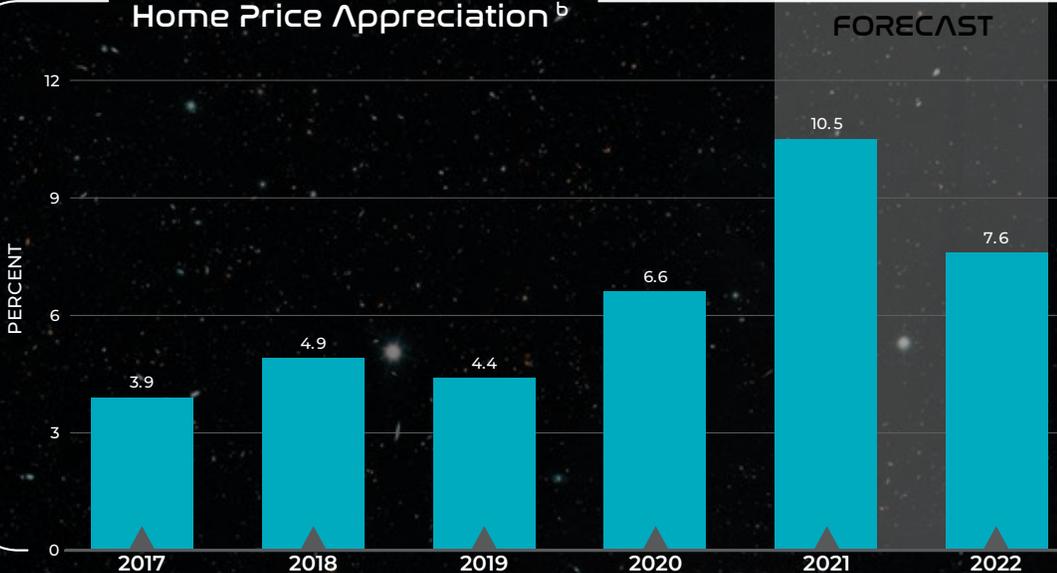
Kansas Housing Market Activity



Home Inventory by Price Range ^a



Home Price Appreciation ^b



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 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.

● 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
KANSAS (STATEWIDE)						
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		
KANSAS CITY AREA (KS & MO)						
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		
LAWRENCE MSA						
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		
MANHATTAN MSA						
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		
TOPEKA AREA						
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		
WICHITA AREA						
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

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

- WISE was the satellite telescope to discover the first Trojan asteroid of earth, a type of asteroid that occupies a Lagrangian point around the sun.

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

Meritrust
HOME LOANS

WALTER MORRIS
ENDOWMENT FOR REAL ESTATE

Fidelity
BANK

RSCK / REALTORS[®]
OF SOUTH CENTRAL KANSAS



**Capitol
Federal**[®]

True Blue[®] for over 125 years



WICHITA STATE
UNIVERSITY
W. FRANK BARTON
SCHOOL OF BUSINESS



Capitol
Federal®

True Blue® for over 125 years

For more than 125 years, Capitol Federal® has remained steadfast in its corporate philosophy of Safety in Savings, Sound Lending Policies, Quality Customer Service, and Commitment to Community.

Capitol Federal is a leader in residential lending in Kansas and Missouri and boasts more than \$9 billion in assets. In addition to single-family residential lending, the Bank offers commercial loans, Small Business Loans and business banking services. Capitol Federal offers a variety of retail deposit accounts, including checking, savings, money market, IRA and certificates of deposit, as well as trust services. With 45 traditional branches and 9 in-store locations, the Bank has a network that extends across the state of Kansas and into Missouri.

Visit capfed.com to learn more about Capitol Federal.



Security 1st Title

We Protect Property Rights. Security 1st 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 to contact our local office for more details on how we can assist you.