

HOUSING FORECAST MANHATTAN 2023



WICHITA STATE
UNIVERSITY

W. FRANK BARTON
SCHOOL OF BUSINESS

- ... Bidding wars
- ... Recession fears
- ... Runaway inflation
- ... Interest rate spikes

This year it seems like there's a new surprise around every corner. As in the past, the Manhattan Housing Forecast is here to help you understand the local housing market as you find your way through the maze.

Dr. Stanley D. Longhofer

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wichita.edu/realestate

HOUSING FORECAST MANHATTAN 2023



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

We are also grateful to the Flint Hills 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.

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

Mariann Kurosu Farina | 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®

Mehrzaad Saeedi | WSU Center for Real Estate

Participants in the 2022 Flint Hills Real Estate Roundtable



Security 1st Title

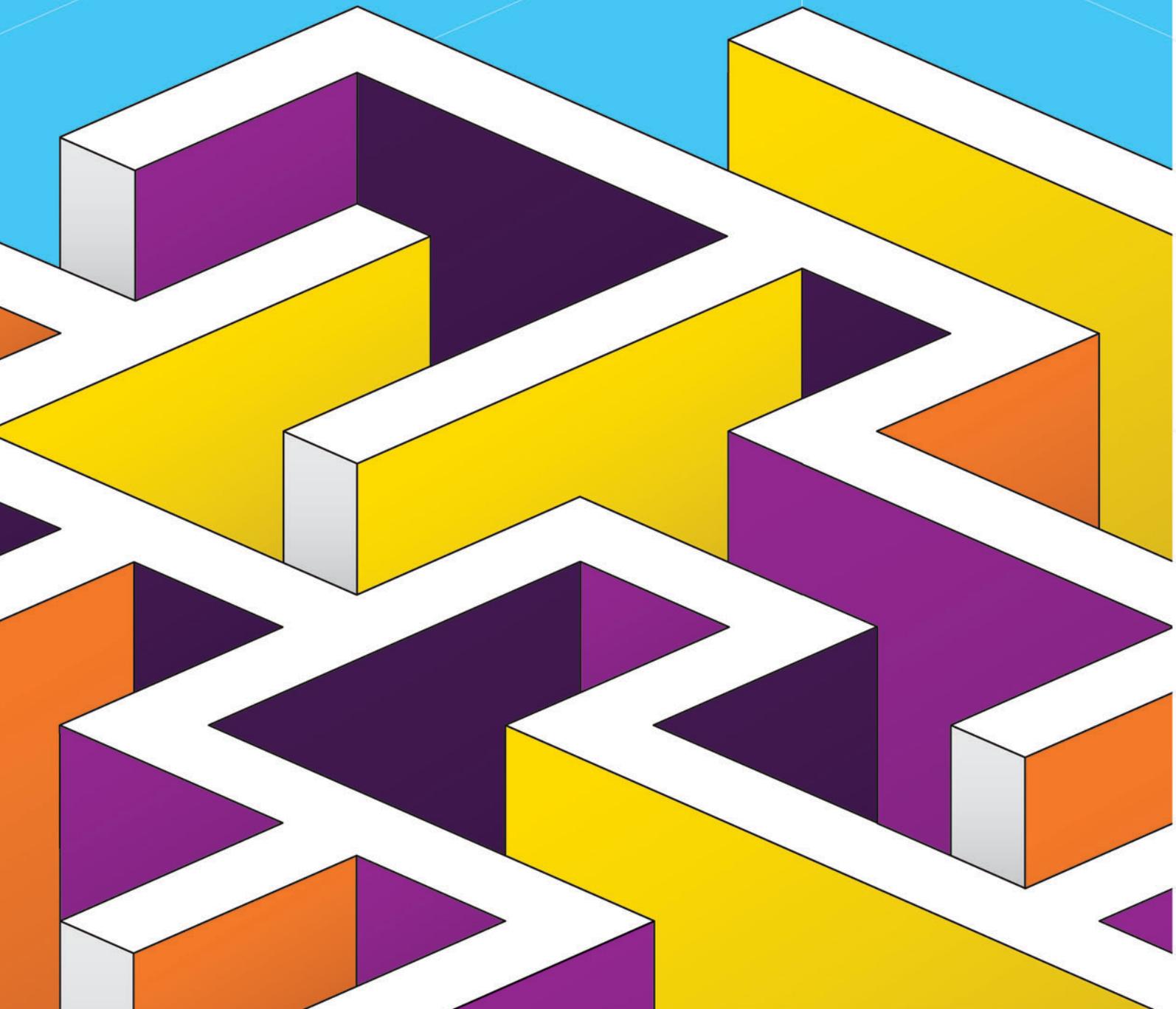
Meritrust
HOME LOANS

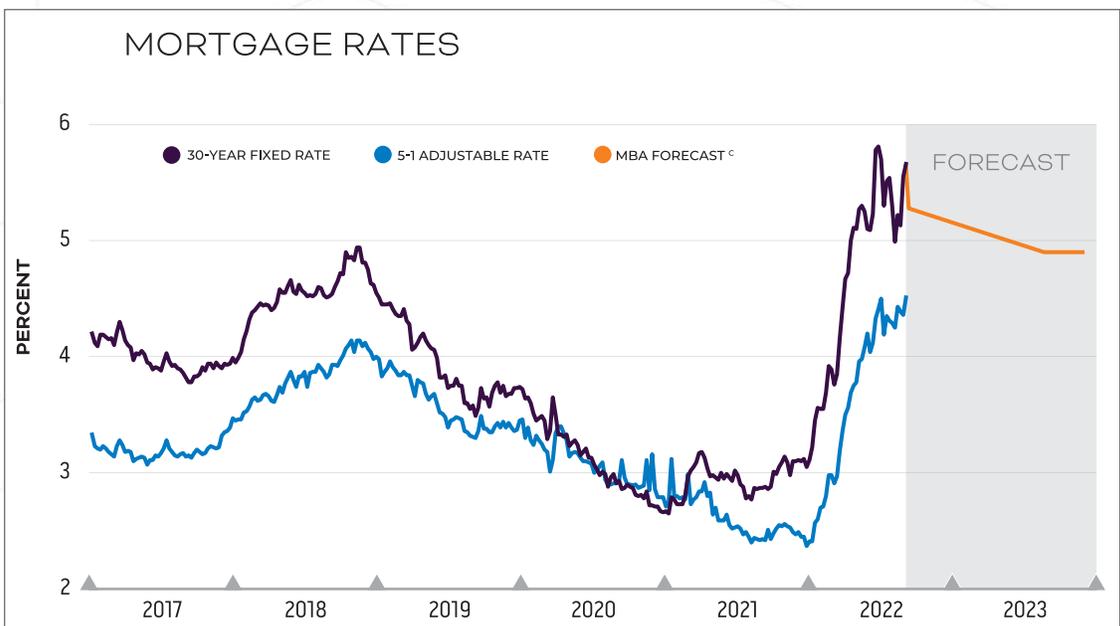
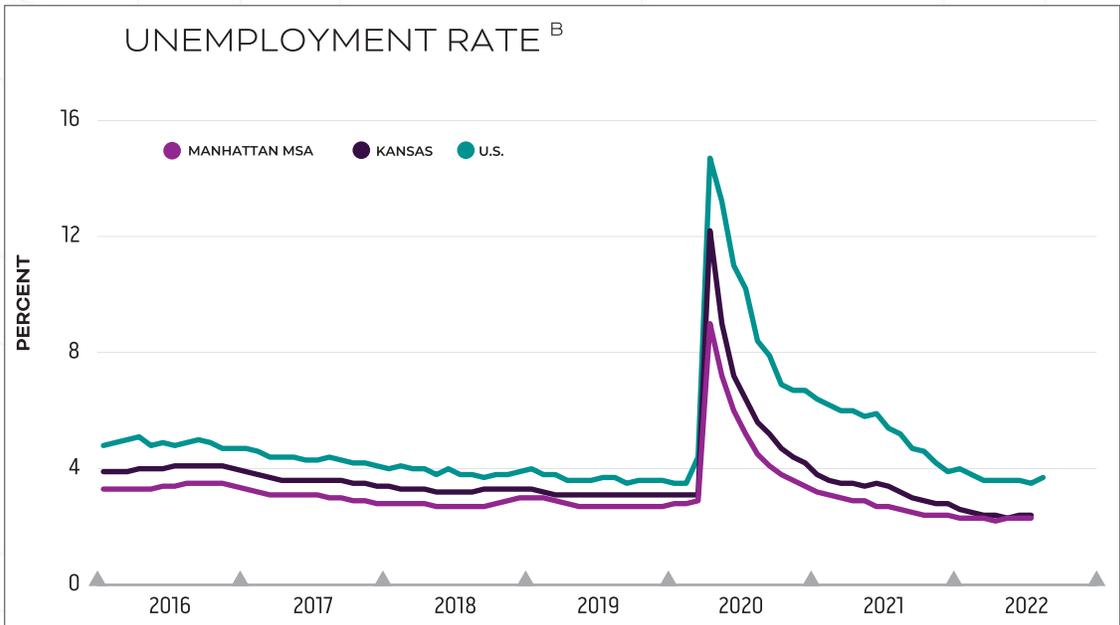
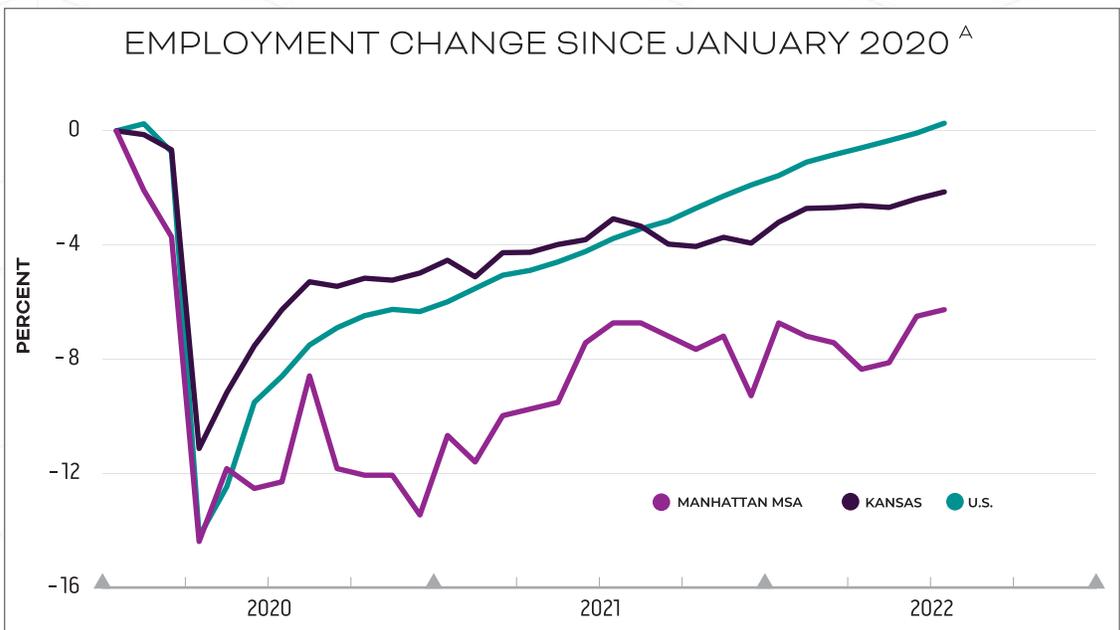


ECONOMIC OVERVIEW:

While employment in the Manhattan-Junction City metropolitan area is still 6.3 percent lower than it was prior to the pandemic, the local labor market is extremely tight. In fact, the local unemployment rate hit an all-time low this summer. As a result, housing demand continues to remain strong.

After rising sharply during the first half of the year, the 30-year fixed mortgage rate bounced between 5 and 5.5 percent this summer as markets struggled to assess how Fed policy will affect inflation and economic growth. The Mortgage Bankers Association, for one, appears to believe the Fed will navigate a soft landing. They forecast that mortgage rates will fall to 4.9 percent by the end of next year.





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

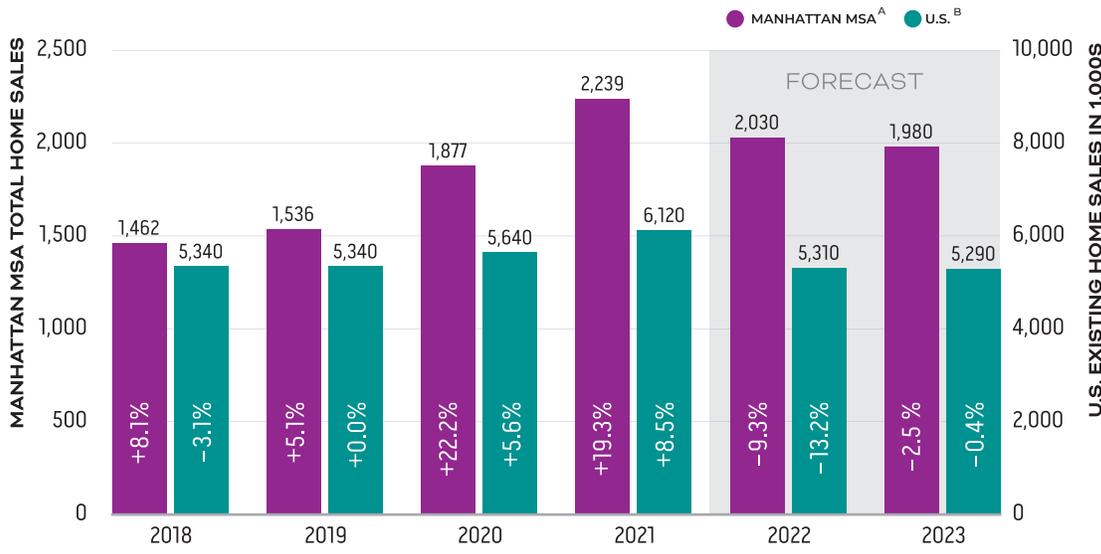
NOTES:
^A Cumulative change in total non-farm employment, seasonally adjusted
^B Seasonally adjusted
^C Mortgage Bankers Association August 2022 forecast of the 30-year conventional mortgage rate

HOME SALES AND CONSTRUCTION:

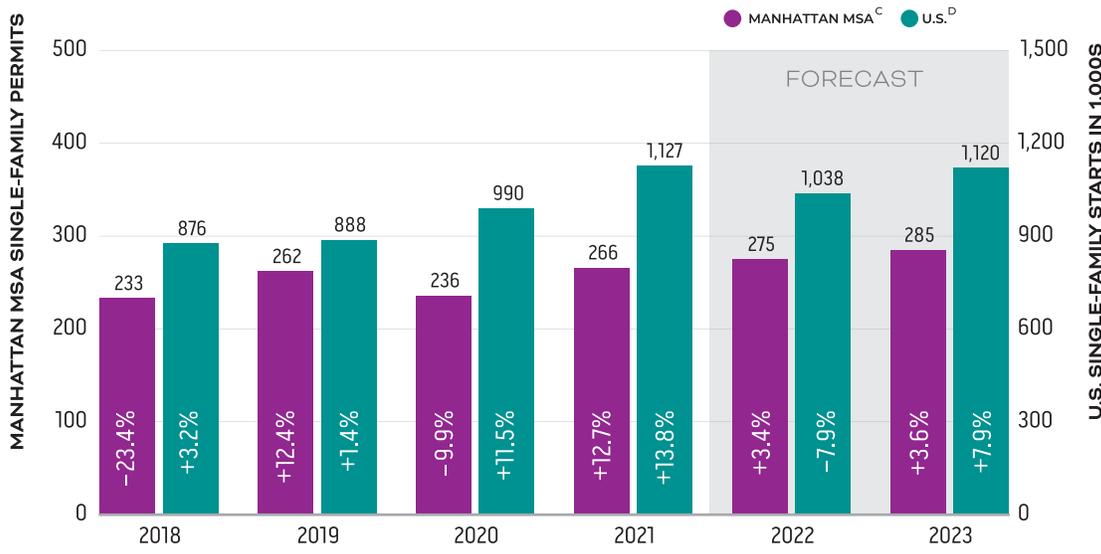
Home sales activity in the Manhattan-Junction City metropolitan area took off over the past two years. This year sales are down due to a lack of inventory coupled with higher mortgage rates. We project that sales will decline by 9.3 percent this year to 2,030 units and then drop another 2.5 percent in 2023 to 1,980 units. Despite these declines, these should still be the 2nd and 3rd highest years ever recorded for the area.

New home construction activity in the Manhattan-Junction City area continues to rise in spite of supply chain issues and a shortage of labor. We expect single-family permitting activity to rise by 3.4 percent this year to 275 units. This should continue in 2023, with permits increasing another 3.6 percent to 285 units.

HOME SALES ACTIVITY



NEW HOME CONSTRUCTION ACTIVITY



SOURCES:

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

NOTES:

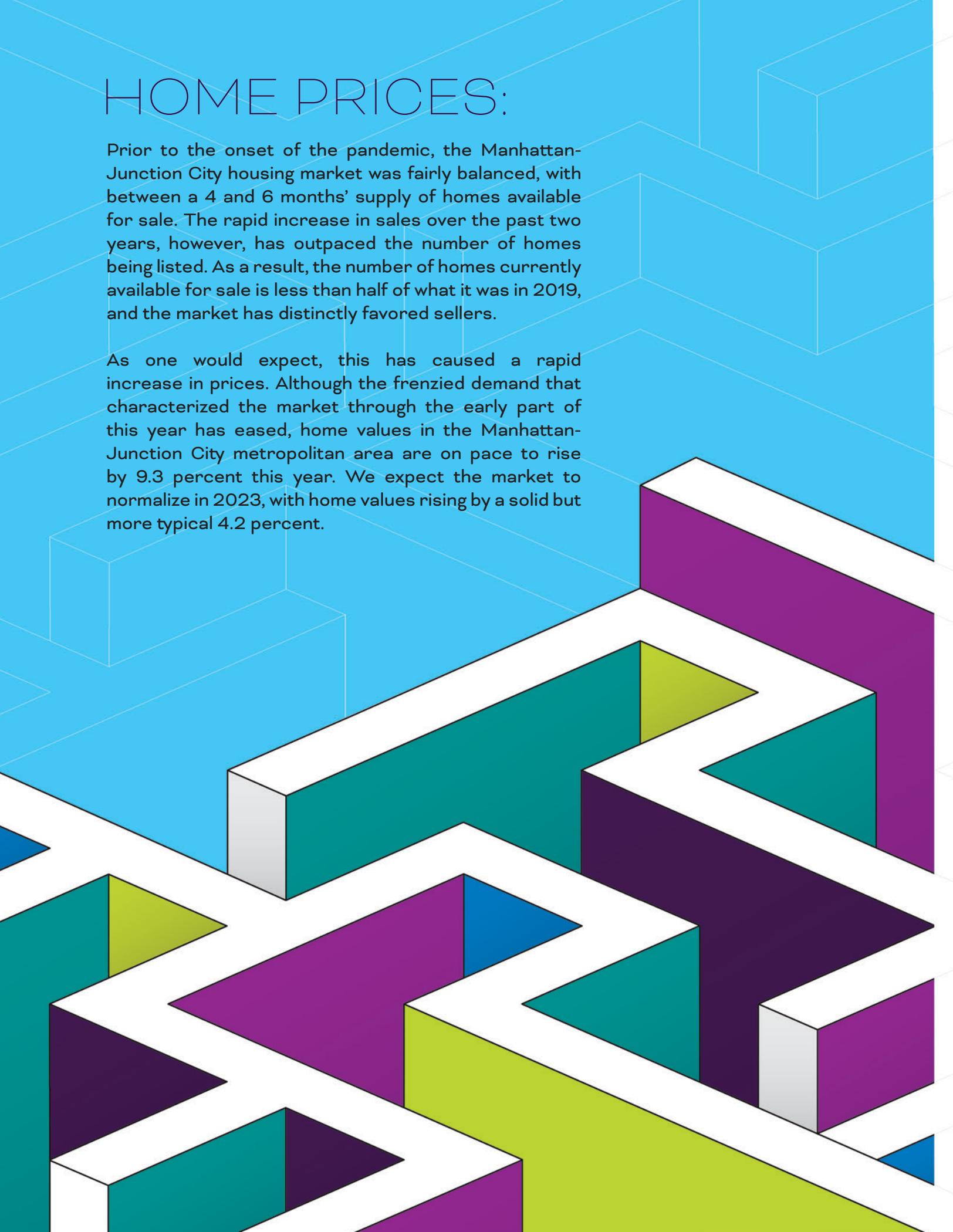
- Ⓐ Total home sales in the Manhattan-Junction City metropolitan area as reported by the Flint Hills Association of REALTORS®
- Ⓑ U.S. existing home sales as reported by the National Association of REALTORS®; forecast is the August 2022 forecast by the National Association of REALTORS®
- Ⓒ Single-family building permits issued in the Manhattan-Junction City 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 August 2022 forecast by the National Association of REALTORS®

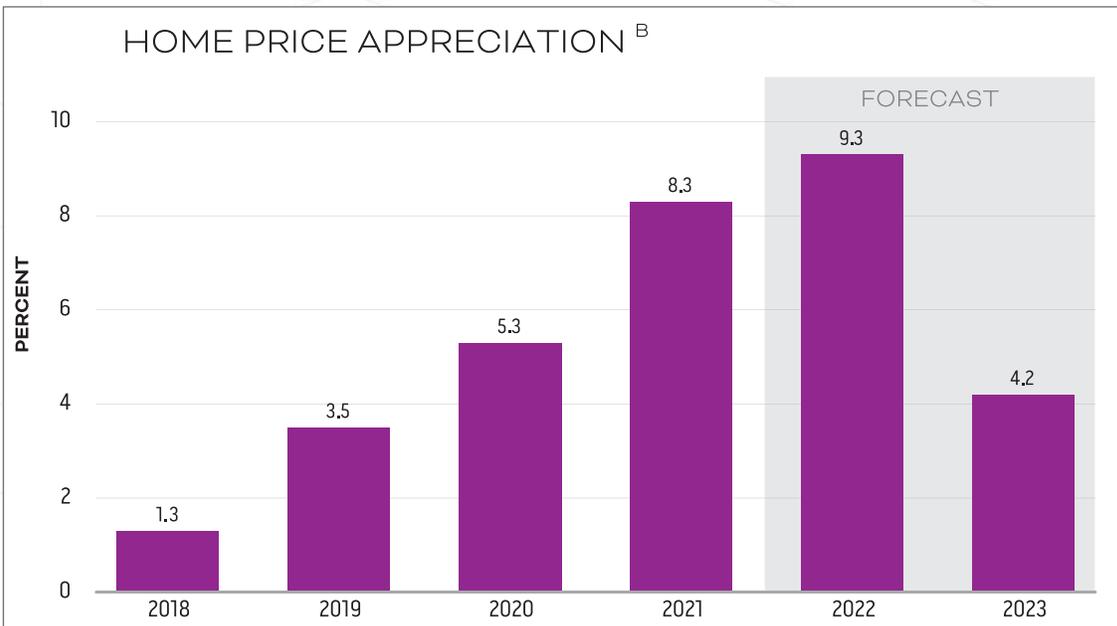
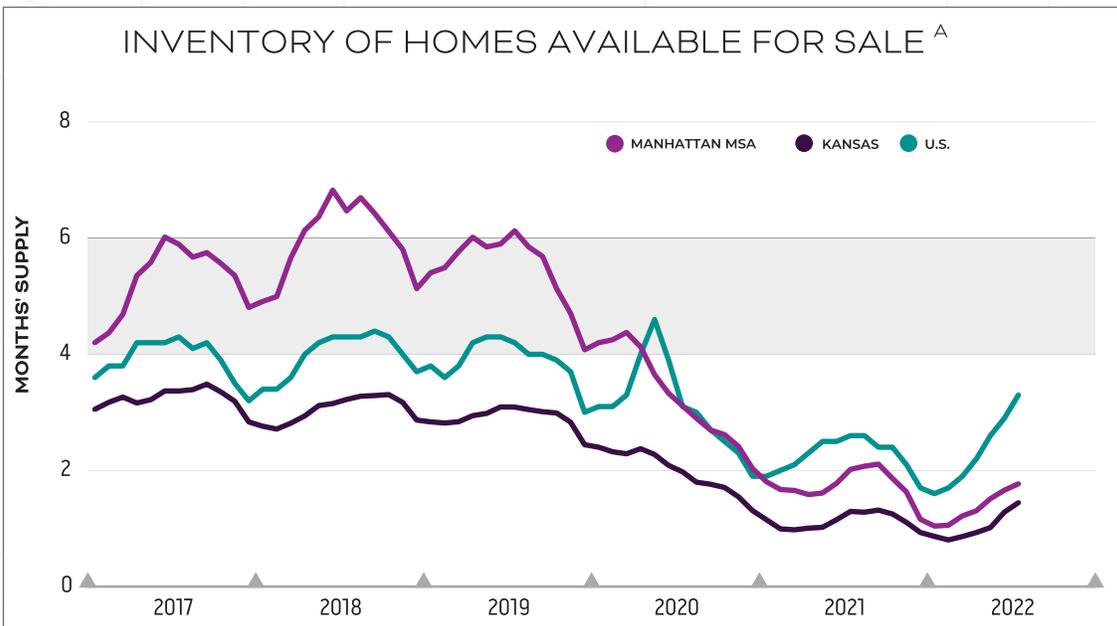
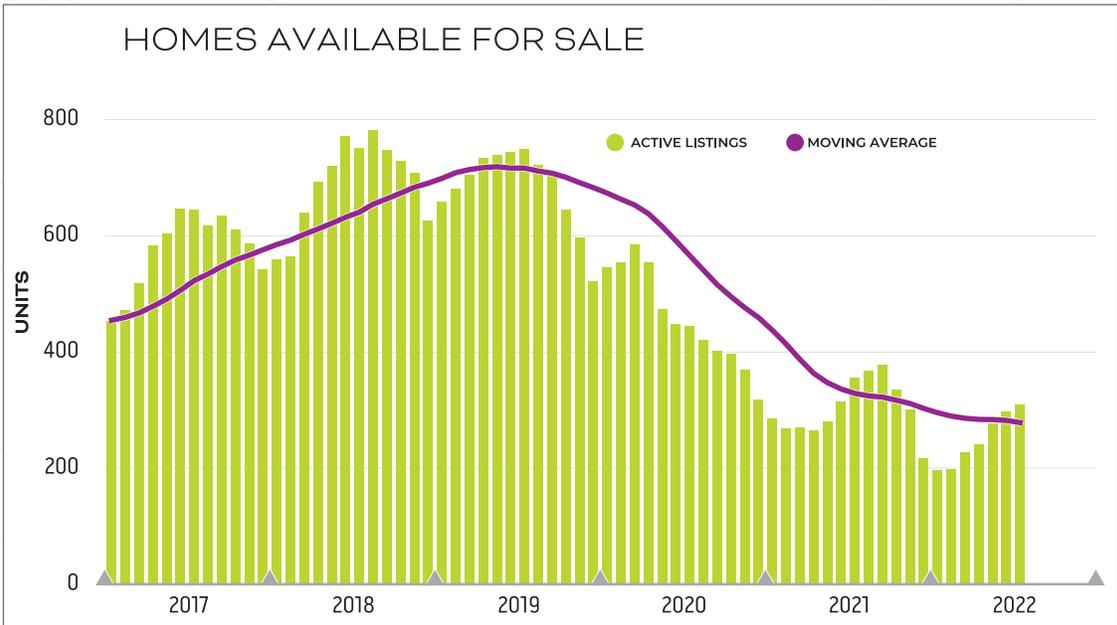
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HOME PRICES:

Prior to the onset of the pandemic, the Manhattan-Junction City housing market was fairly balanced, with between a 4 and 6 months' supply of homes available for sale. The rapid increase in sales over the past two years, however, has outpaced the number of homes being listed. As a result, the number of homes currently available for sale is less than half of what it was in 2019, and the market has distinctly favored sellers.

As one would expect, this has caused a rapid increase in prices. Although the frenzied demand that characterized the market through the early part of this year has eased, home values in the Manhattan-Junction City metropolitan area are on pace to rise by 9.3 percent this year. We expect the market to normalize in 2023, with home values rising by a solid but more typical 4.2 percent.





SOURCES:
 Federal Housing Finance Agency
 Flint Hills 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 Manhattan-Junction City metropolitan area, as measured using 4th quarter values

KANSAS FORECAST:

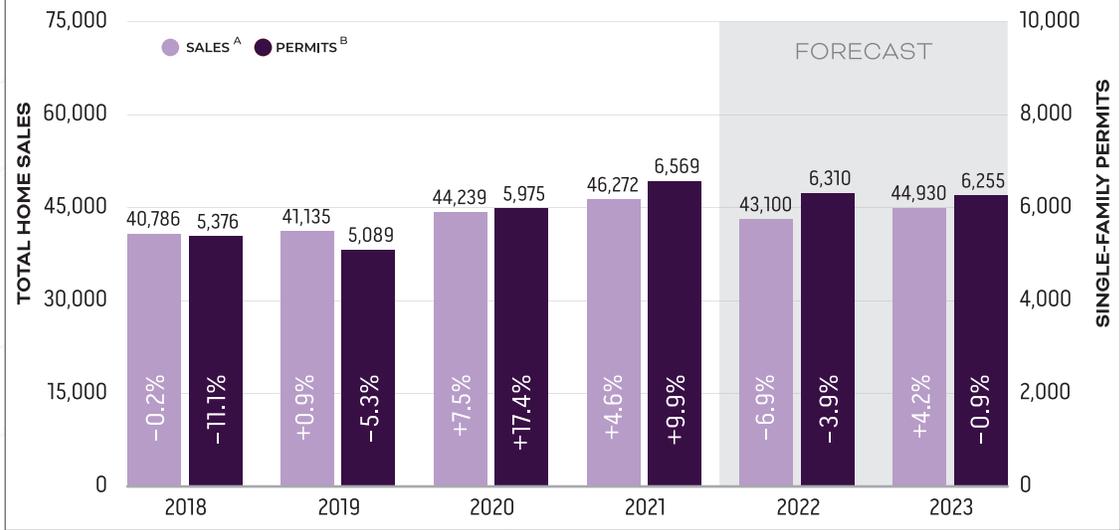
Home sales have declined this year across most of the state. This was true even before the recent rise in mortgage rates began to soften demand. As a result, we expect sales to end the year at 43,100 units, down 6.9 percent. Home sales should rebound to 44,930 units in 2023, largely due to gains in the Kansas City area.

New single-family building permits in Kansas are expected to decline by 3.9 percent this year. This is largely due to softening in the Kansas City area, as permits are expected to rise in all of the state's other major markets. Construction activity should stabilize in 2023, dropping a modest 0.9 percent to 6,255 units.

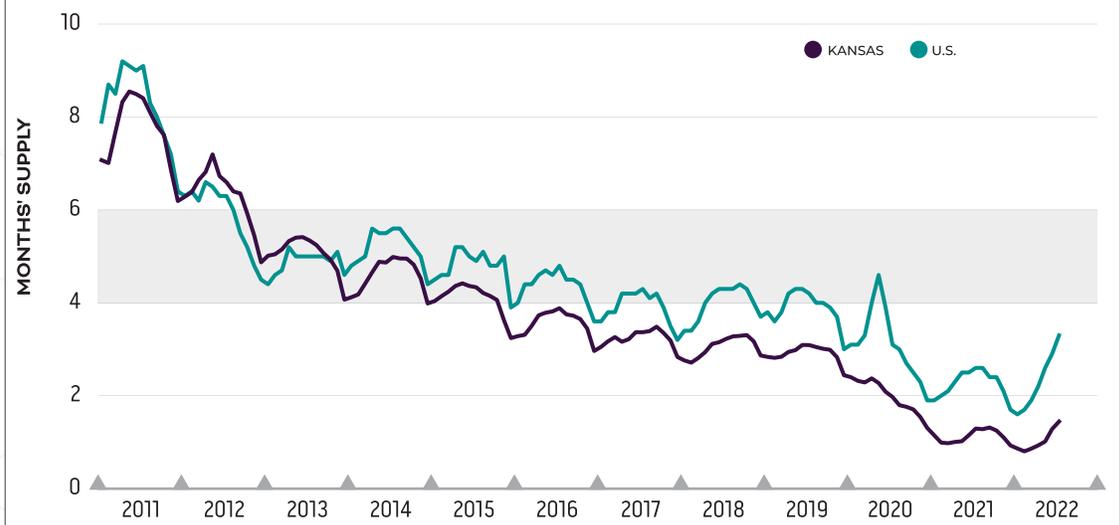
Home prices across the state rose by a stunning 14.6 percent last year as surging demand ran headlong into supply constraints that have been building for years. While demand has eased with rising mortgage rates, we still project that Kansas home values will end the year up 12.3 percent. The pace of appreciation should slow next year, to a still-strong 5.4 percent.



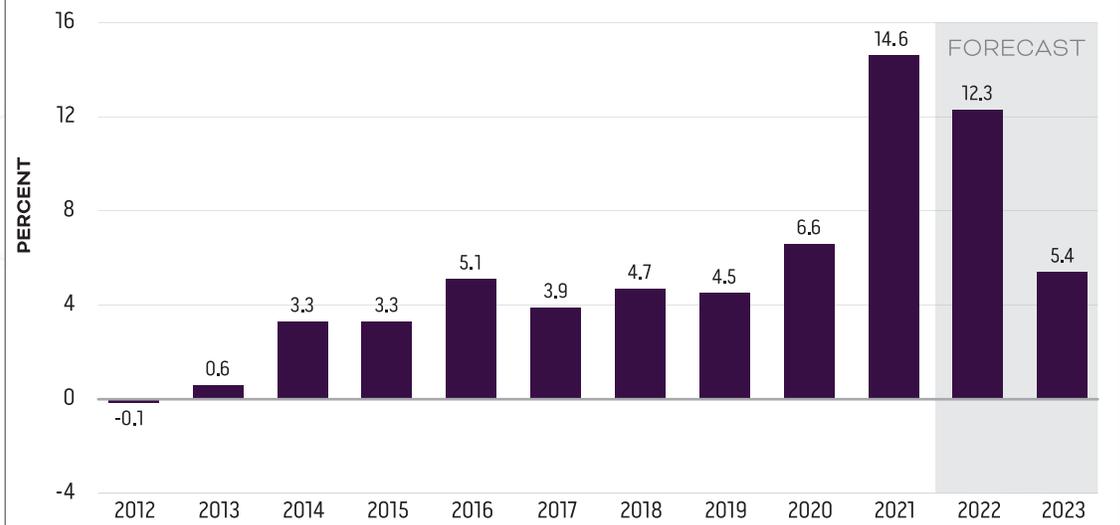
KANSAS HOUSING MARKET ACTIVITY



INVENTORY OF HOMES AVAILABLE FOR SALE ^C



HOME PRICE APPRECIATION ^D



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 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, segmented by list price
- ^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

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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.



KANSAS
Statewide

	2018	2019	2020	2021
Total Home Sales	40,786	41,135	44,239	46,272
Building Permits	5,376	5,089	5,975	6,569
Home Price Appreciation	4.7%	4.5%	6.6%	14.6%
Sales Volume (in millions)	\$8,493	\$8,910	\$10,482	\$12,153
Average Price	\$208,228	\$216,594	\$236,951	\$262,637

KANSAS CITY
Area (KS & MO)

Total Home Sales	40,556	40,677	44,004	45,726
Building Permits	5,608	4,811	6,173	7,051
Home Price Appreciation	7.3%	5.7%	7.5%	15.8%
Sales Volume (in millions)	\$9,620	\$10,070	\$11,941	\$13,977
Average Price	\$237,209	\$247,554	\$271,371	\$305,668

LAWRENCE
MSA

Total Home Sales	1,491	1,484	1,591	1,546
Building Permits	419	256	287	262
Home Price Appreciation	5.4%	5.2%	5.3%	15.2%
Sales Volume (in millions)	\$356	\$365	\$421	\$466
Average Price	\$238,817	\$245,839	\$264,888	\$301,658

MANHATTAN
MSA

Total Home Sales	1,462	1,536	1,877	2,239
Building Permits	233	262	236	266
Home Price Appreciation	1.3%	3.5%	5.3%	8.3%
Sales Volume (in millions)	\$289	\$308	\$383	\$497
Average Price	\$197,646	\$200,739	\$204,235	\$222,137

TOPEKA
Area

Total Home Sales	3,320	3,131	3,469	3,496
Building Permits	330	301	380	417
Home Price Appreciation	4.0%	4.7%	6.3%	17.0%
Sales Volume (in millions)	\$505	\$485	\$583	\$667
Average Price	\$151,981	\$154,827	\$168,168	\$190,842

WICHITA
Area

Total Home Sales	10,384	10,823	11,494	12,152
Building Permits	993	1,075	1,397	1,455
Home Price Appreciation	3.3%	4.8%	7.7%	14.6%
Sales Volume (in millions)	\$1,721	\$1,884	\$2,218	\$2,616
Average Price	\$165,780	\$174,032	\$193,001	\$215,276

FORECAST

2022 2023

43,100	44,930
6,310	6,255
12.3%	5.4%

41,940	44,290
6,295	6,185
13.8%	6.5%

1,470	1,480
275	265
12.3%	4.8%

2,030	1,980
275	285
9.3%	4.2%

3,410	3,390
435	425
9.7%	3.3%

11,560	11,640
1,530	1,570
12.9%	4.7%

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.

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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 need to better understand the area's real estate markets or would like to 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: WICHITA.EDU/REALESTATE
FACEBOOK: [WSUREALESTATE](https://www.facebook.com/WSUREALESTATE)
TWITTER: [@WSUREALESTATE](https://twitter.com/WSUREALESTATE)
YOUTUBE.COM/WSUREALESTATE



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CENTER FOR REAL ESTATE CONTRIBUTORS:



Security 1st Title

Meritrust
HOME LOANS



WALTER MORRIS
ENDOWMENT FOR REAL ESTATE



Fidelity
BANK



KANSAS CCIM CHAPTER
BRADEN MCCURDY
AKAM



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.

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. Equal housing lender. Federally insured by NCUA.