

KANSAS CITY

2024

KANSAS HOUSING MARKETS FORECAST



WICHITA STATE
UNIVERSITY
W. FRANK BARTON
SCHOOL OF BUSINESS

KANSAS CITY 2024 HOUSING FORECAST

Market Distortions

It's hard to get a clear picture of today's housing market. With mortgage rates swinging from all-time lows to multi-decade highs, home prices rising at unprecedented rates, bidding wars giving way to... Housing markets have been so crazy over the past few years, it can be hard to see through the distortions to understand what "normal" really is.

As always, we bring you the Kansas Housing Markets Forecast Series to help you tune in and see clearly what to expect in the coming year.

Dr. Stan Longhofer

Director, WSU Center for Real Estate
wichita.edu/realestate



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

Kipp Cooper | Kansas City Regional Association of REALTORS®

Mariann Kurosu Farina | WSU Center for Real Estate

Karen Gehle | Kansas Association of REALTORS®

Jeremy Hill | WSU Center for Economic Development and Business Research

Mehrzad Saeedi | WSU Center for Real Estate

Participants in the 2023 Kansas City Real Estate Roundtable

We are especially grateful to Security 1st Title and Fidelity Bank for underwriting the cost of preparing this year's Kansas City Housing Forecast.



Security 1st Title

Fidelity
BANK

Thanks also to the Kansas City Regional Association of REALTORS® the Heartland MLS, the Kansas Association of REALTORS® 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

ECONOMIC OVERVIEW

Unemployment rates have remained remarkably low over the past year, despite the Fed's actions to raise interest rates in order to tame inflation. While there are signs that the economy is cooling, it now seems more likely that the Fed will be able to bring inflation back near its 2 percent target without dragging the economy into a recession.

In fact, the 5-year breakeven rate – a measure of expected inflation derived from U.S. Treasury yields – suggests that financial markets believe inflation will average 2.15 percent over the next five years.

The 30-year fixed mortgage rate recently rose to its highest level in more than two decades. While it is highly unlikely that mortgage rates will ever fall to the extraordinary lows seen in 2021, most economists expect them to decline over the coming months. In fact, the National Association of REALTORS® August Economic Outlook projects that the 30-year fixed mortgage rate will fall to 6 percent by the end of next year.

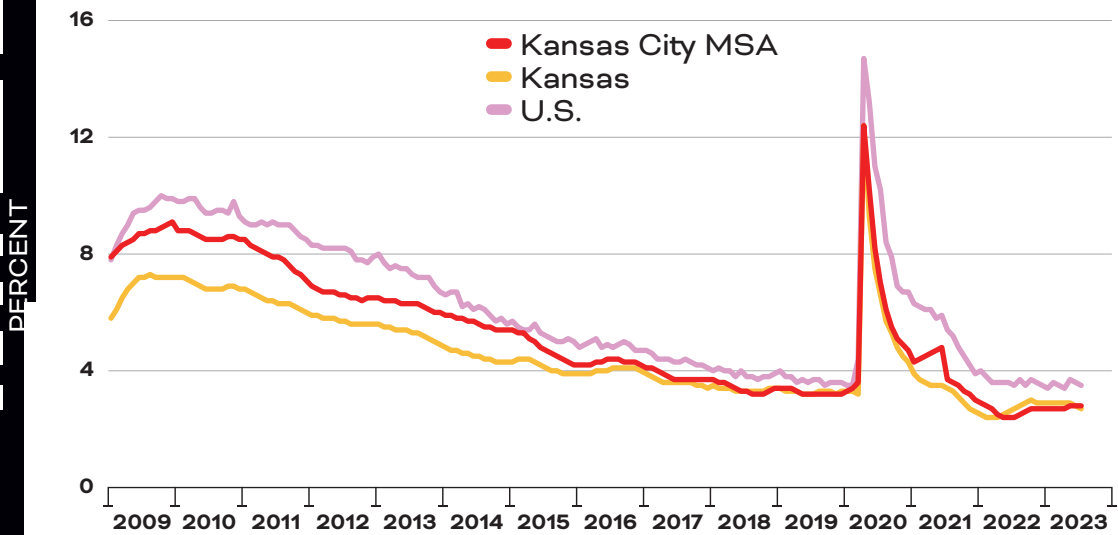
SOURCES:

Federal Reserve Bank of St. Louis
Freddie Mac
National Association of REALTORS®
University of Michigan
U.S. Bureau of Labor Statistics

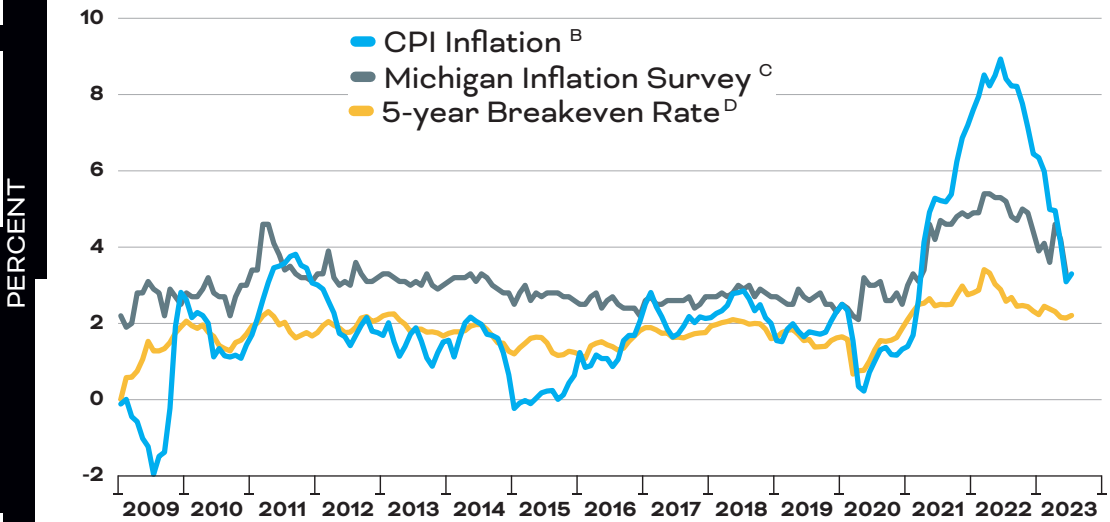
NOTES:

- A. Seasonally adjusted
- B. Year-over-year percentage change in the consumer price index for all urban consumers
- C. Median expected price change over the coming 12 months
- D. Expected inflation over the next five years as implied by yields on U.S. Treasury securities
- E. National Association of REALTORS® August 2023 forecast of the 30-year fixed mortgage rate

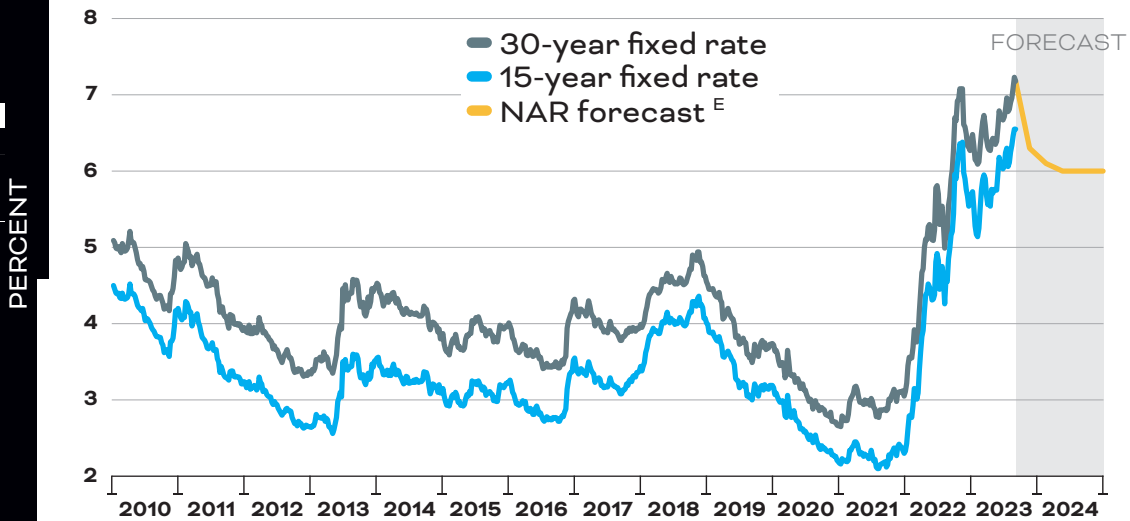
UNEMPLOYMENT RATE ^A



INFLATION EXPECTATIONS



MORTGAGE RATES



HOME SALES & CONSTRUCTION

Kansas City home sales continued to drop through the first half of this year. While part of this was due to higher mortgage rates putting a damper on demand, the lack of homes available for sale has played a bigger role. We expect that home sales in the Kansas City area will end the year at 33,810 units, a drop of 16.2 percent from 2022. Supply constraints will continue to limit the market in 2024, with sales ending the year down just slightly at 33,740 units.

New home construction has been even more impacted by rising interest rates. Many buyers have been priced out of the new home market, while builders are finding it more difficult to obtain financing to build spec homes. As a result, we project that new home construction across the Kansas City metropolitan area will end the year down 24.9 percent at 4,050 units. If mortgage rates fall next year as expected, construction activity should rise by 4.4 percent in 2024 to 4,230 units.

SOURCES:

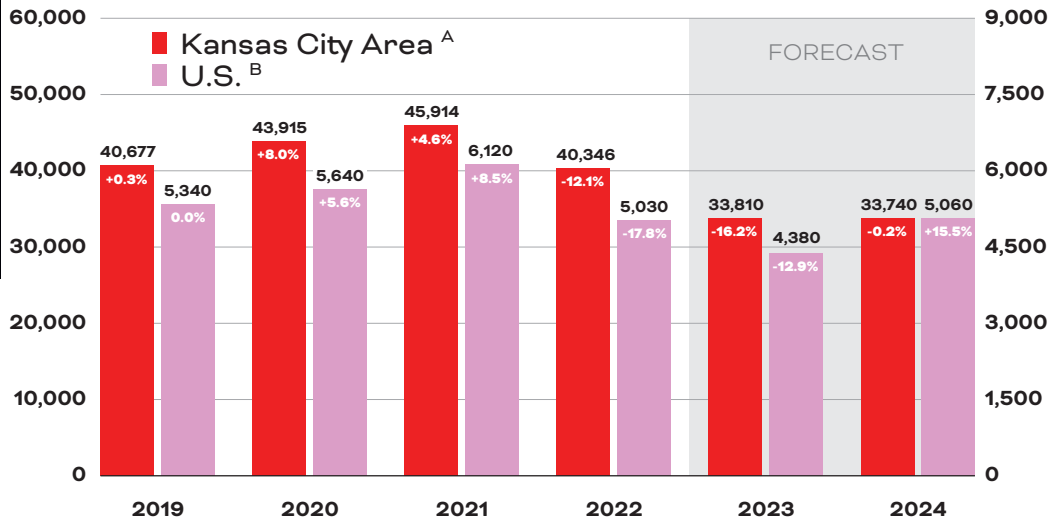
Heartland Multiple Listing Service
National Association of REALTORS®
U.S. Bureau of the Census
WSU Center for Real Estate

NOTES:

- A. Total home sales in the Kansas City area as reported by the Heartland Multiple Listing Service
- B. U.S. existing home sales as reported by the National Association of REALTORS®; forecast is the August 2023 forecast by the National Association of REALTORS®
- C. Single-family building permits issued in the Kansas City 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 2023 forecast by the National Association of REALTORS®

HOME SALES ACTIVITY

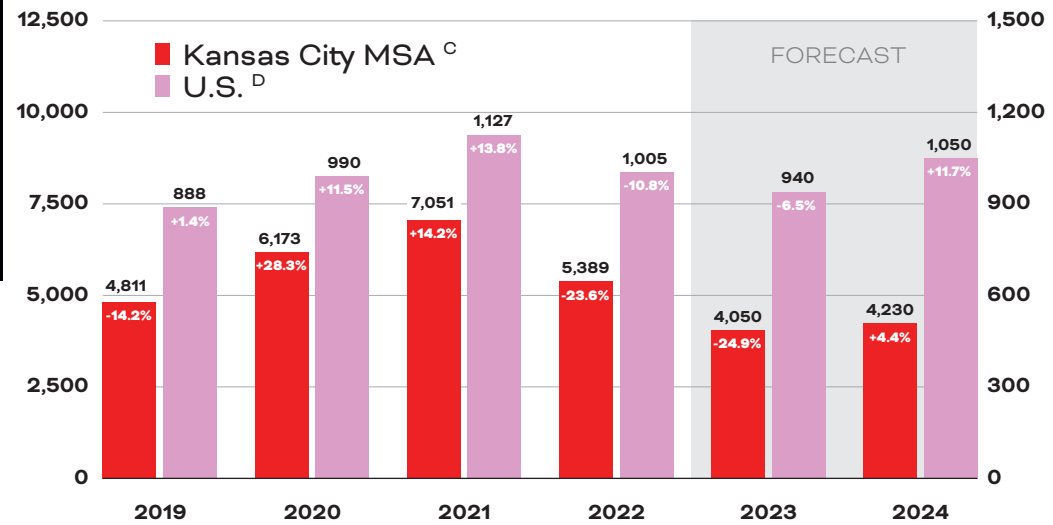
KANSAS CITY AREA TOTAL HOME SALES



U.S. EXISTING HOME SALES IN 1,000S

NEW HOME CONSTRUCTION ACTIVITY

KANSAS CITY MSA SINGLE-FAMILY PERMITS



U.S. SINGLE-FAMILY STARTS IN 1,000S

HOME PRICES

Although inventories of homes available for sale have risen over the past year, they still remain far less than they were in 2019 – levels that were already well below the 4 to 6 months' supply needed for a balanced market. As a result, quality homes continue to sell incredibly quickly, often with multiple offers.

Home prices continue to rise at a steady clip due to this shortage of inventory. While the spectacular increases we saw in 2021 and 2022 are unlikely to happen again, we expect Kansas City home prices to rise by a solid 6.6 percent this year, followed by another 3.7 percent increase in 2024.

SOURCES:

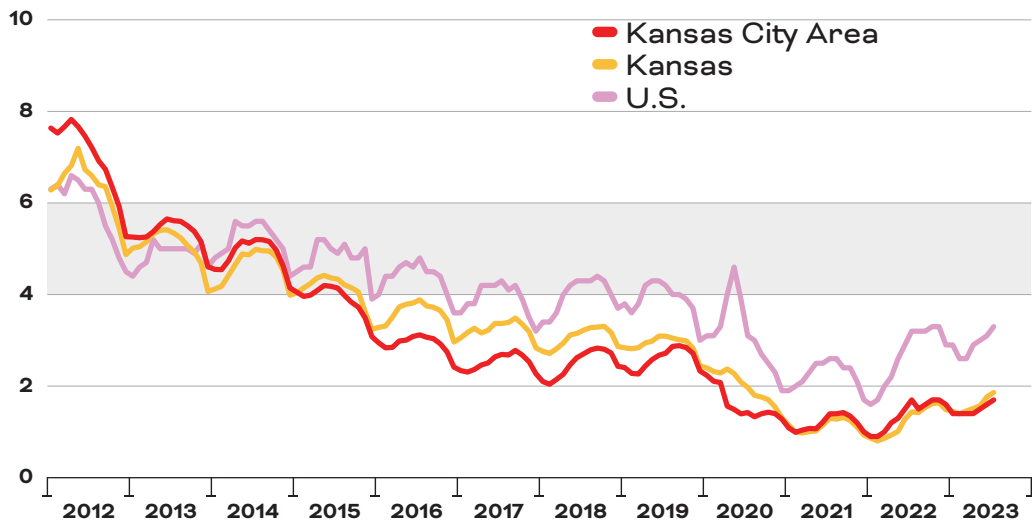
Federal Housing Finance Agency
Heartland Multiple Listing Service
WSU Center for Real Estate

NOTES:

- A. Active listings divided by the 12-month trailing moving average of sales
- B. Average number of days between listing and contract dates
- C. Year-over-year percentage change in the Federal Housing Finance Agency all-transactions housing price index for the Kansas City metropolitan area, as measured using 4th quarter values

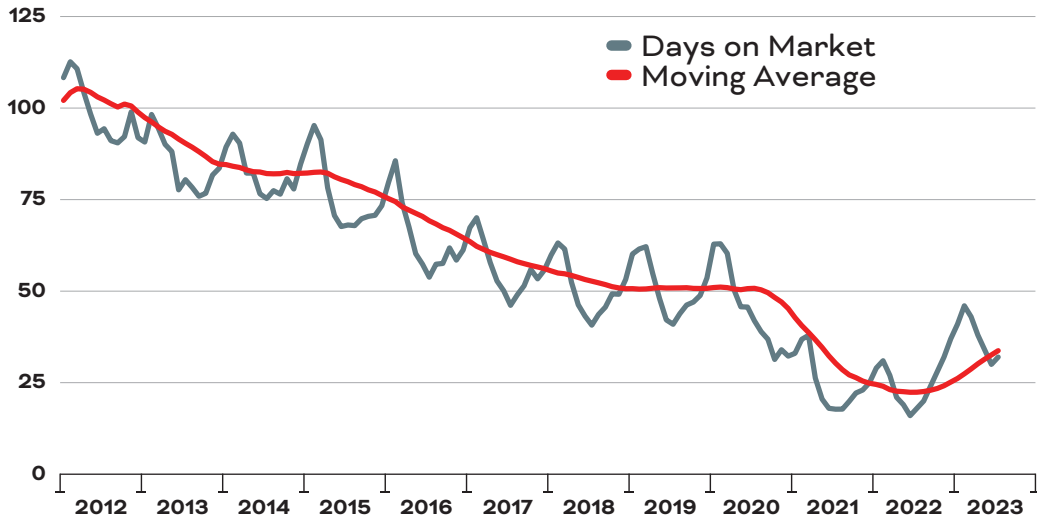
INVENTORY OF HOMES AVAILABLE FOR SALE ^A

MONTHS' SUPPLY



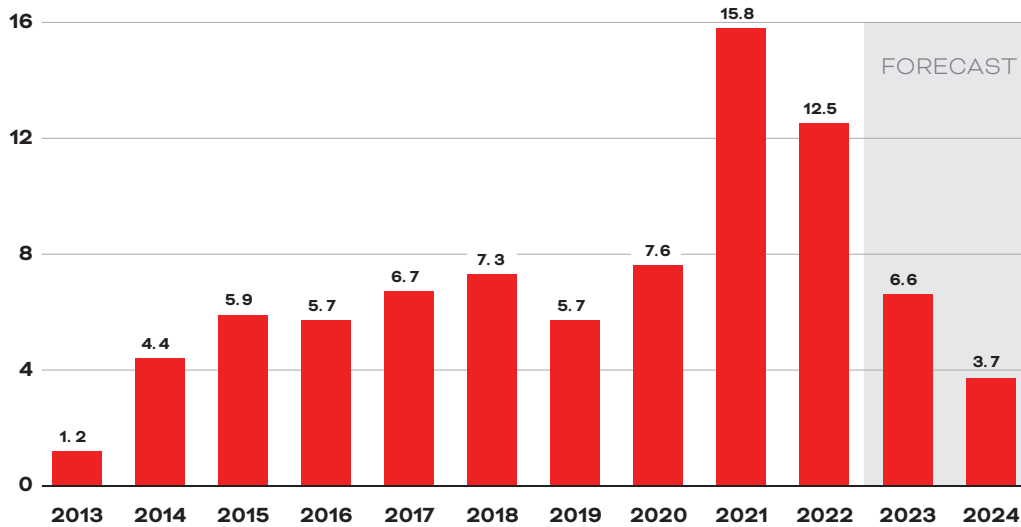
TYPICAL TIME TO SELL ^B

DAYS



HOME PRICE APPRECIATION ^C

PERCENT



KANSAS FORECAST

Home sales and new home construction across the state have both continued to decline this year. Rising mortgage rates have been the primary factor pulling down permitting activity. In contrast, the continuing shortage of inventory is playing the biggest role in holding back home sales.

We project that Kansas home sales will decline 12.4 percent this year to 35,640 units and then remain essentially flat in 2024. New single-family building permits are expected to drop 18.4 percent this year to 4,700 units. If mortgage rates fall next year as expected, permitting activity across the state should rebound slightly, rising 4 percent to 4,890 units.

Despite the drop in demand, tight inventories are continuing to put upward pressure on home prices across the state. As a result, we expect typical home values across the state to rise by 5.5 percent this year followed by another 3.5 percent increase in 2024.

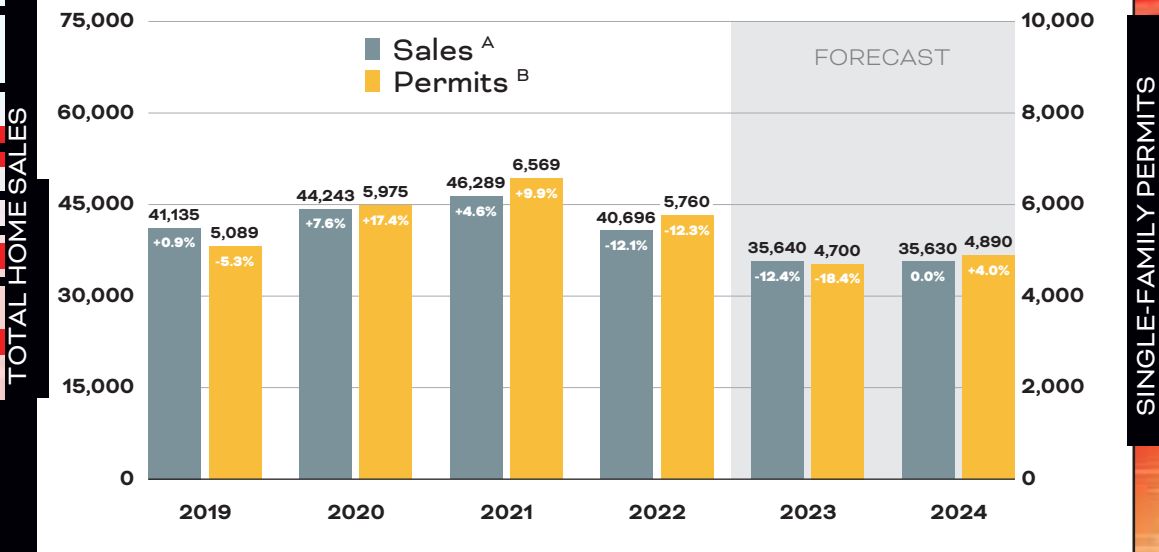
SOURCES:

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

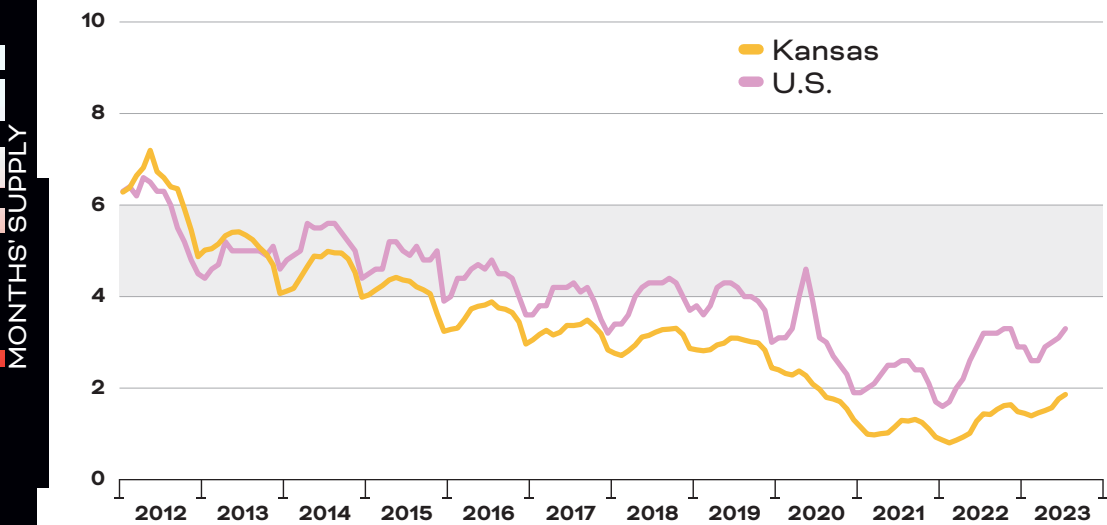
NOTES:

- 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

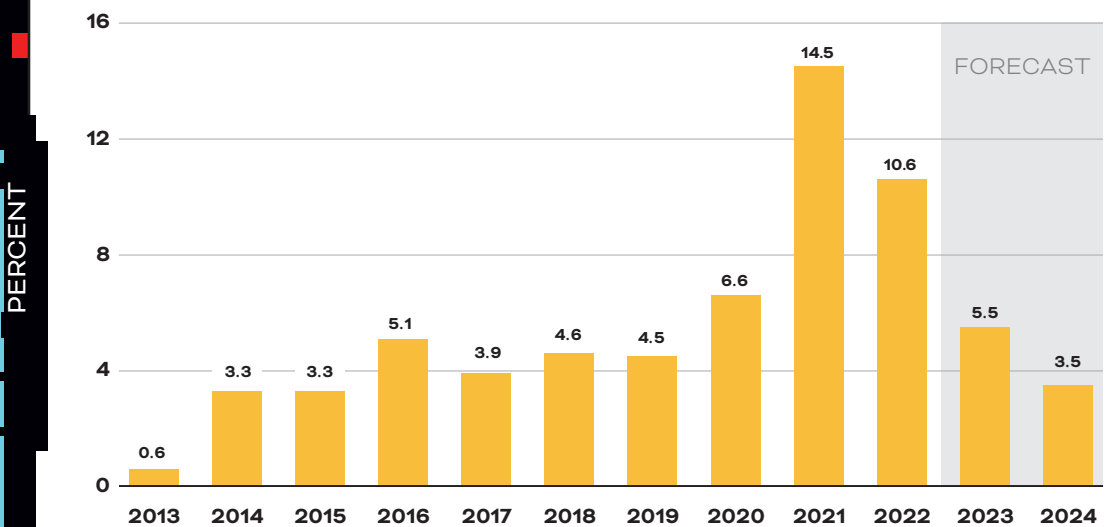
KANSAS HOUSING MARKET ACTIVITY



INVENTORY OF HOMES AVAILABLE FOR SALE^C



HOME PRICE APPRECIATION^D



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.

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.

		2019	2020	2021	2022	2023	2024
KANSAS Statewide	Total Home Sales	41,135	44,243	46,289	40,696	35,640	35,630
	Building Permits	5,089	5,975	6,569	5,760	4,700	4,890
	Home Price Appreciation	4.5%	6.6%	14.5%	10.6%	5.5%	3.5%
	Sales Volume (in millions)	\$8,910	\$10,483	\$12,158	\$11,735		
	Average Price	\$216,594	\$236,936	\$262,662	\$288,359		
KANSAS CITY Area (KS & MO)	Total Home Sales	40,677	43,915	45,914	40,346	33,810	33,740
	Building Permits	4,811	6,173	7,051	5,389	4,050	4,230
	Home Price Appreciation	5.7%	7.6%	15.8%	12.5%	6.6%	3.7%
	Sales Volume (in millions)	\$10,070	\$11,933	\$13,978	\$13,576		
	Average Price	\$247,554	\$271,718	\$304,436	\$336,496		
LAWRENCE MSA	Total Home Sales	1,484	1,591	1,546	1,329	1,160	1,150
	Building Permits	256	287	262	256	230	230
	Home Price Appreciation	5.2%	5.4%	14.6%	10.6%	5.4%	4.4%
	Sales Volume (in millions)	\$365	\$421	\$466	\$441		
	Average Price	\$245,839	\$264,888	\$301,658	\$331,883		
MANHATTAN MSA	Total Home Sales	1,536	1,877	2,239	1,940	1,790	1,880
	Building Permits	262	236	266	267	260	265
	Home Price Appreciation	3.4%	5.4%	7.5%	11.6%	4.4%	2.7%
	Sales Volume (in millions)	\$308	\$383	\$497	\$460		
	Average Price	\$200,739	\$204,235	\$222,137	\$237,095		
TOPEKA Area	Total Home Sales	3,124	3,459	3,486	3,154	2,890	2,840
	Building Permits	301	380	417	423	385	400
	Home Price Appreciation	4.9%	6.3%	16.8%	10.5%	4.3%	3.1%
	Sales Volume (in millions)	\$484	\$582	\$667	\$655		
	Average Price	\$154,774	\$168,294	\$191,245	\$207,807		
WICHITA Area	Total Home Sales	10,823	11,494	12,152	10,570	9,470	9,390
	Building Permits	1,075	1,397	1,455	1,352	1,255	1,365
	Home Price Appreciation	4.9%	7.7%	14.7%	10.9%	4.2%	3.4%
	Sales Volume (in millions)	\$1,884	\$2,218	\$2,616	\$2,503		
	Average Price	\$174,032	\$193,001	\$215,276	\$236,774		

KANSAS CITY 2024 HOUSING 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 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.

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.

keep in touch with us online

WEB: WICHITA.EDU/REALESTATE

FACEBOOK: [WSUREALESTATE](https://www.facebook.com/WSUREALESTATE)

INSTAGRAM: [@WSURealEstate](https://www.instagram.com/WSURealEstate)

TWITTER / X: [@WSUREALESTATE](https://twitter.com/WSUREALESTATE)

YOUTUBE.COM \WSUREALESTATE



WICHITA STATE
UNIVERSITY

W. FRANK BARTON
SCHOOL OF BUSINESS

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





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 protect property rights of homeowners and lenders. Our team has extensive knowledge and experience in handling agricultural, commercial, investment, multifamily, new construction, refinance, and relocation transactions. Find us online at www.security1st.com or contact any of our local offices for more information on how we can assist you.

Fidelity BANK

The success of our fourth generation, family-owned bank began with homes. The forerunner of Fidelity Bank – The Fidelity Investment Company – opened its doors for business in Wichita in 1905 as a mortgage lender. Today, our \$3.1 billion bank employs more than 450 people across a network of offices in Kansas and Oklahoma and maintains the position as the top lender in Sedgwick County. We are proud to empower individuals and families to build their financial futures and achieve the dream of homeownership. For all that has changed in the banking industry since we began, our philosophy has remained the same: To create a better future by acting with courage and integrity alongside our customers and in our communities, as together we **Move Bravely Onward**. Learn more at fidelitybank.com.



WICHITA STATE
UNIVERSITY
W. FRANK BARTON
SCHOOL OF BUSINESS