

# LAWRENCE

# 2024

## KANSAS HOUSING MARKETS FORECAST



WICHITA STATE  
UNIVERSITY

W. FRANK BARTON  
SCHOOL OF BUSINESS

# LAWRENCE

# 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](http://wichita.edu/realestate)



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

**Rob Hulse** | Lawrence Board of REALTORS®

**Mehrzad Saedi** | WSU Center for Real Estate

Participants in the 2023 Lawrence Real Estate Roundtable

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



Security 1<sup>st</sup> Title



We are also grateful to the Lawrence Board of REALTORS®, 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:

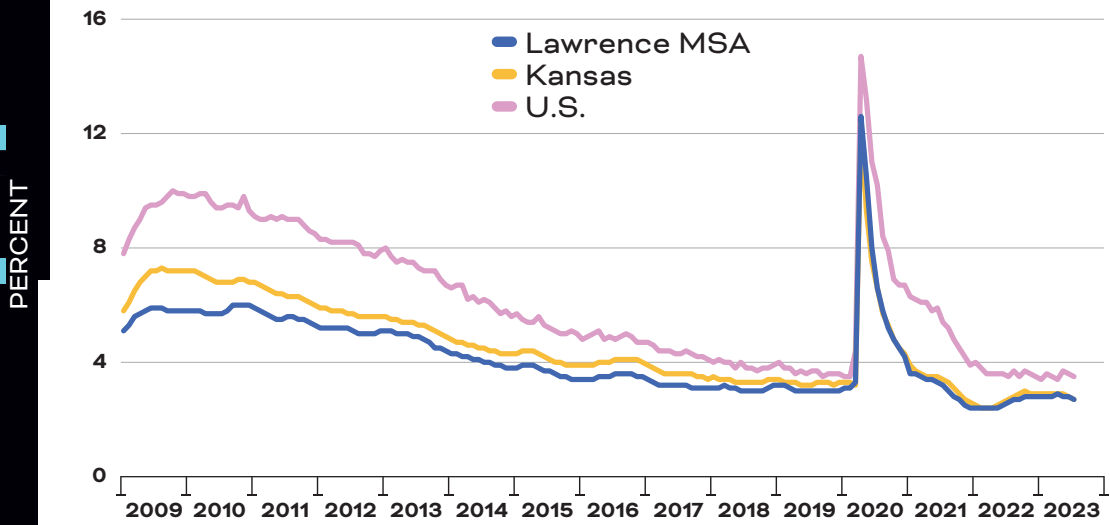
Federal Reserve Bank of St. Louis  
Freddie Mac  
National Association of REALTORS®  
University of Michigan  
U.S. Bureau of Labor Statistics

## NOTES:

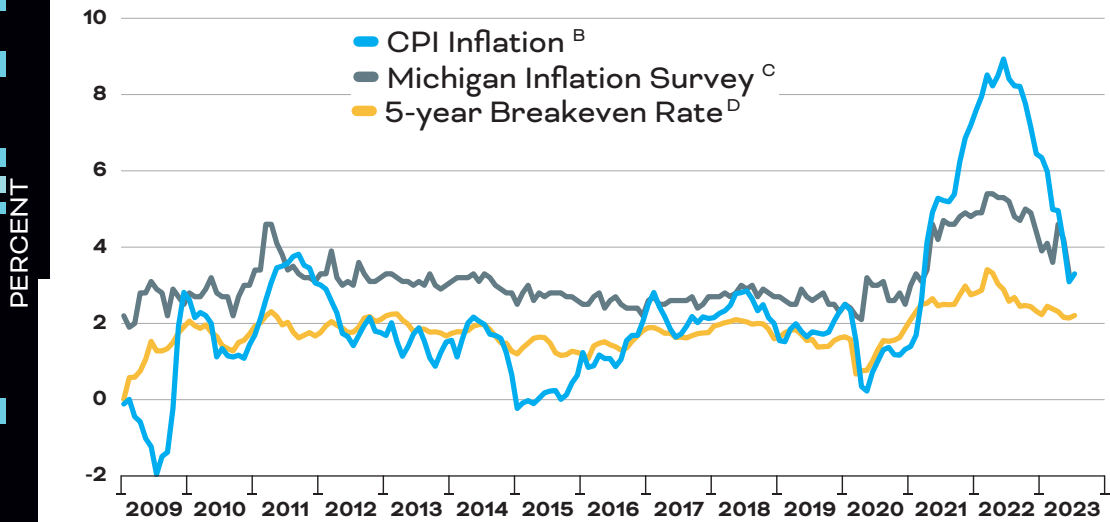
- A. Seasonally adjusted
- B. Year-over-year percentage change in the consumer price index for all urban consumers
- C. Median expected price change over the coming 12 months
- D. Expected inflation over the next five years as implied by yields on U.S. Treasury securities
- E. National Association of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



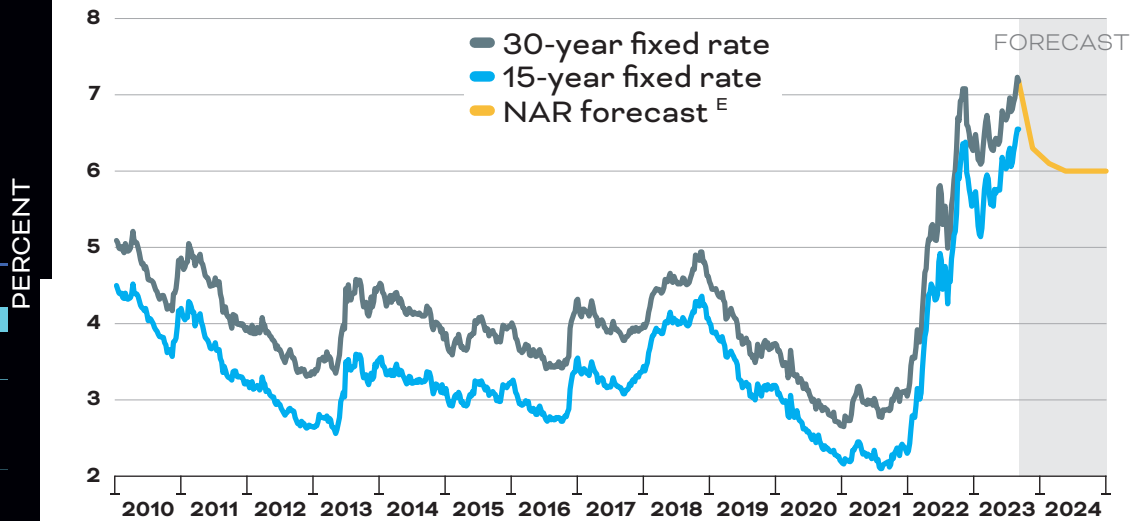
## UNEMPLOYMENT RATE <sup>A</sup>



## INFLATION EXPECTATIONS



## MORTGAGE RATES



# HOME SALES & CONSTRUCTION

Home sales across Douglas County have continued to fall this year. While part of this reflects the impact of higher mortgage rates on prospective buyers, the shortage of inventory has played an even bigger role in this decline. We forecast that Lawrence area home sales will end the year down 12.7 percent at 1,160 units. Supply constraints should continue to limit the market next year as well, with sales dropping 0.9 percent to 1,150 units.

Rising mortgage rates and a shortage of available lots have conspired to bring new home construction activity in the Lawrence metropolitan area to its lowest level in nearly a decade. This trend is expected to continue, with new single-family permits falling to 230 units this year, a drop of 10.2 percent. Even if mortgage rates do fall as expected next year, we project that permitting activity will remain unchanged in 2024.

## SOURCES:

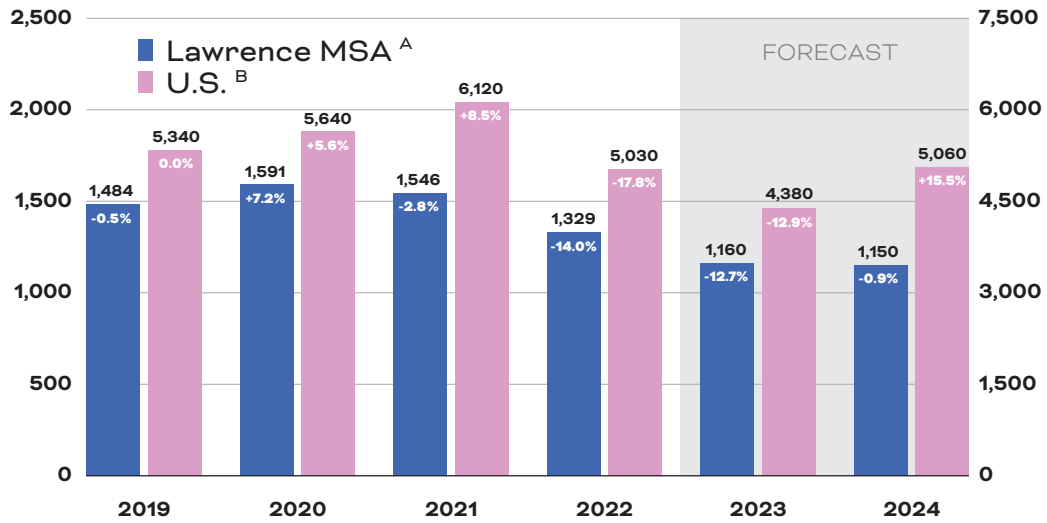
Lawrence Multiple Listing Service  
National Association of REALTORS®  
U.S. Bureau of the Census  
WSU Center for Real Estate

## 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 2023 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 2023 forecast by the National Association of REALTORS®

## HOME SALES ACTIVITY

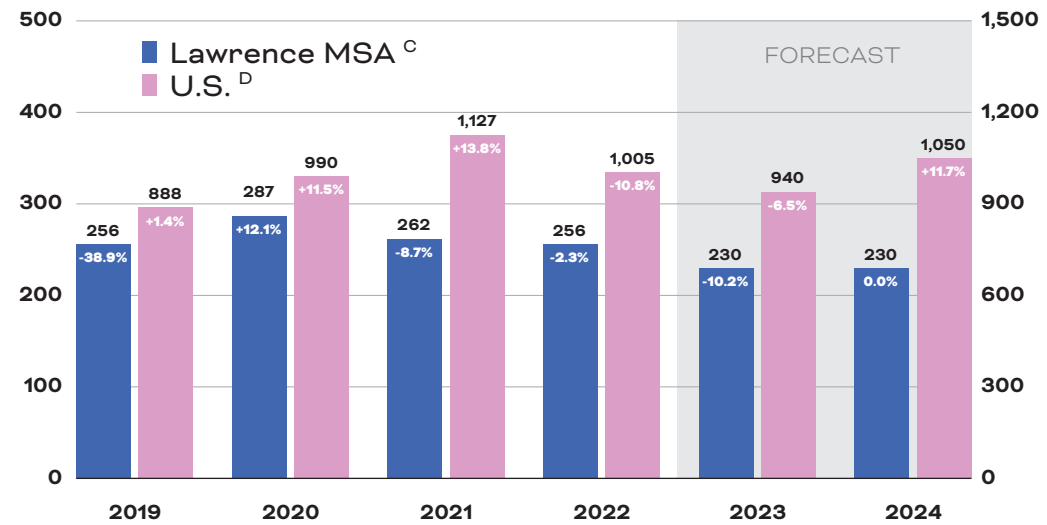
LAWRENCE MSA TOTAL HOME SALES



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

## NEW HOME CONSTRUCTION ACTIVITY

LAWRENCE 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 below the 4 to 6 months' supply needed for a balanced market. As a result, quality homes that are correctly positioned in the market continue to sell incredibly quickly, often with multiple offers.

Home prices continue to rise at a steady clip due to the shortage of inventory. While the spectacular increases we saw in 2021 and 2022 are unlikely to happen again, we expect home prices in the Lawrence metropolitan area to rise by 5.4 percent this year, followed by another 4.4 percent increase in 2024.

#### SOURCES:

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

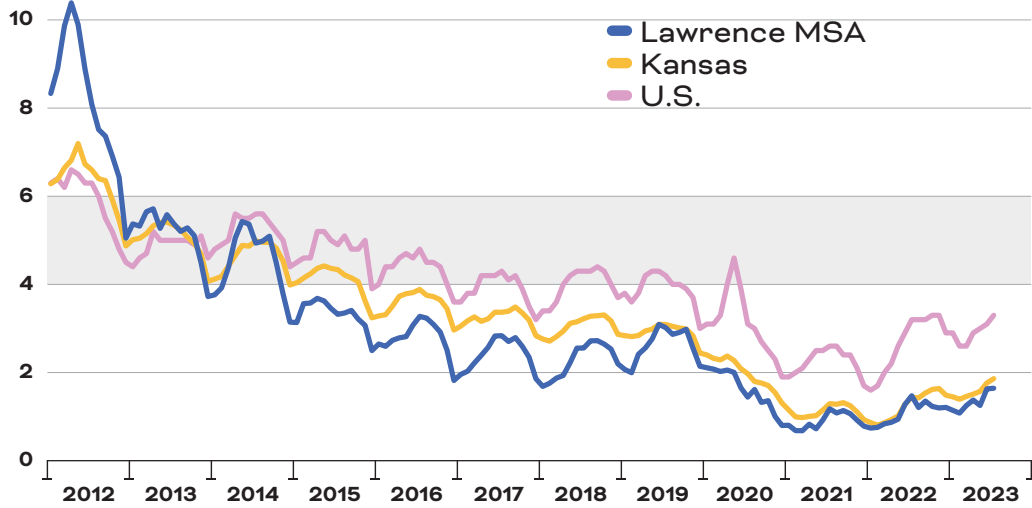
#### NOTES:

- A. Active listings divided by the 12-month trailing moving average of sales
- B. Median 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 Lawrence metropolitan area, as measured using 4th quarter values



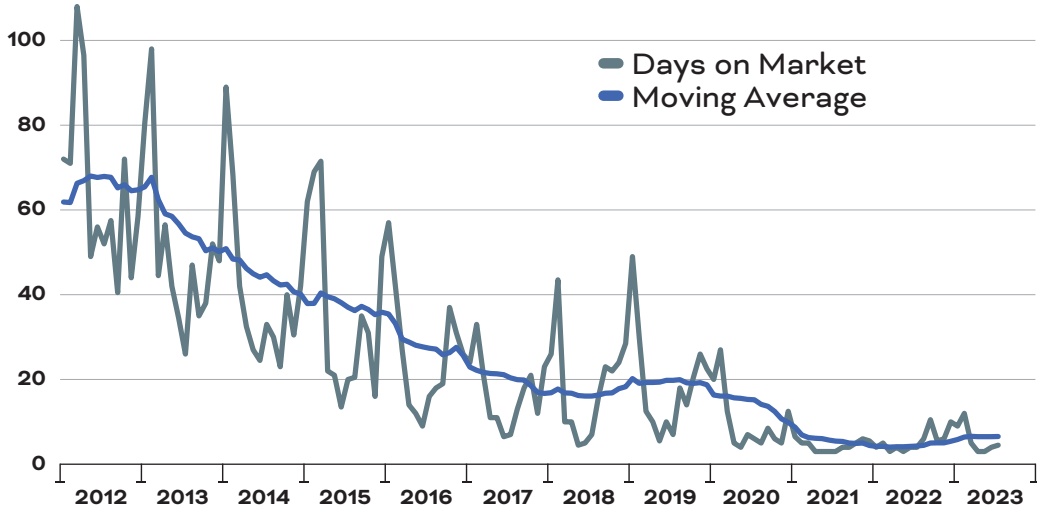
## INVENTORY OF HOMES AVAILABLE FOR SALE <sup>A</sup>

MONTHS' SUPPLY



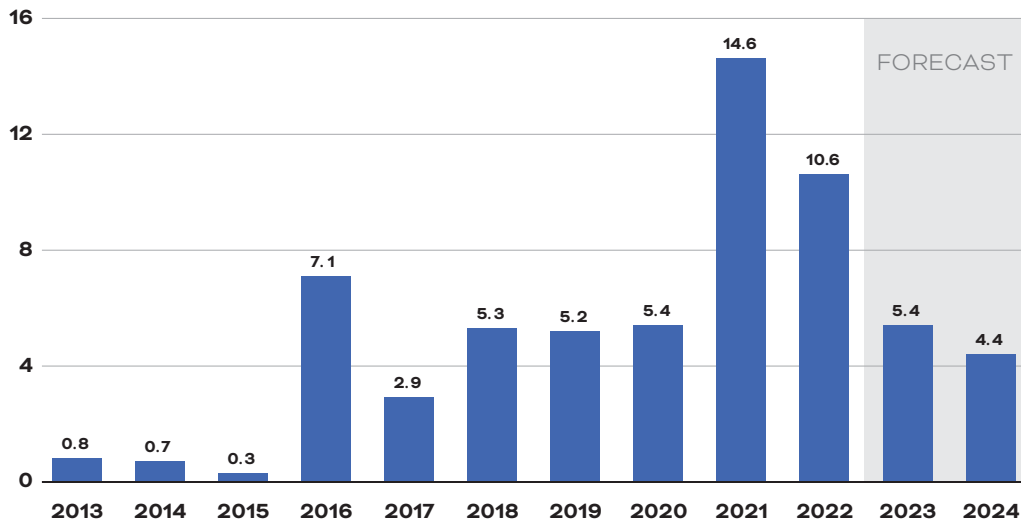
## TYPICAL TIME TO SELL <sup>B</sup>

DAYS



## HOME PRICE APPRECIATION <sup>C</sup>

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:

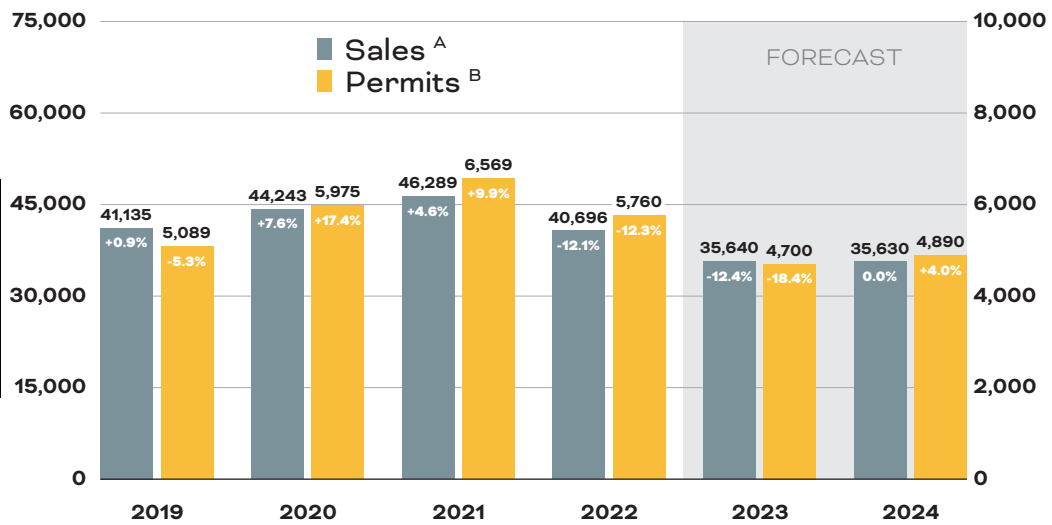
Federal Housing Finance Agency  
Participating REALTOR® multiple listing services across Kansas  
U.S. Bureau of the Census  
WSU Center for Real Estate

## 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

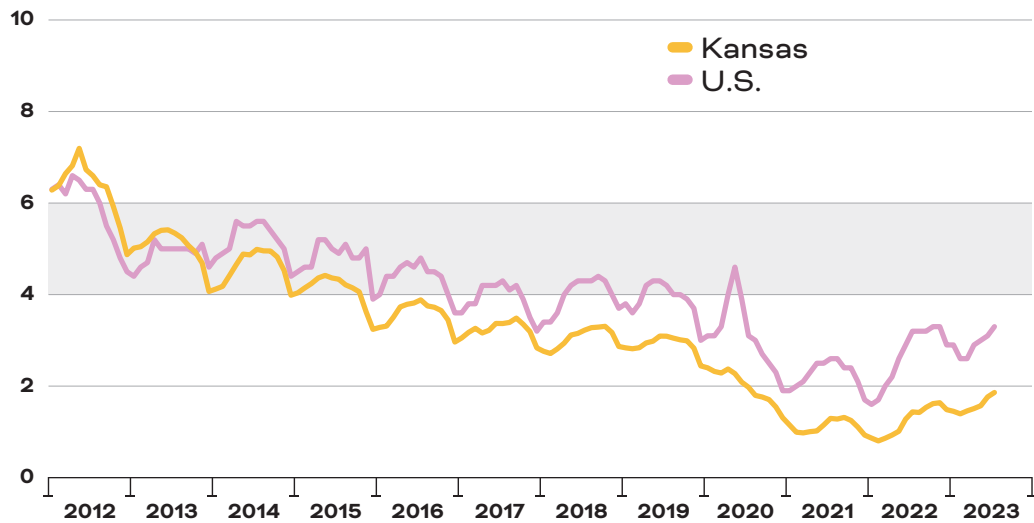
TOTAL HOME SALES



SINGLE-FAMILY PERMITS

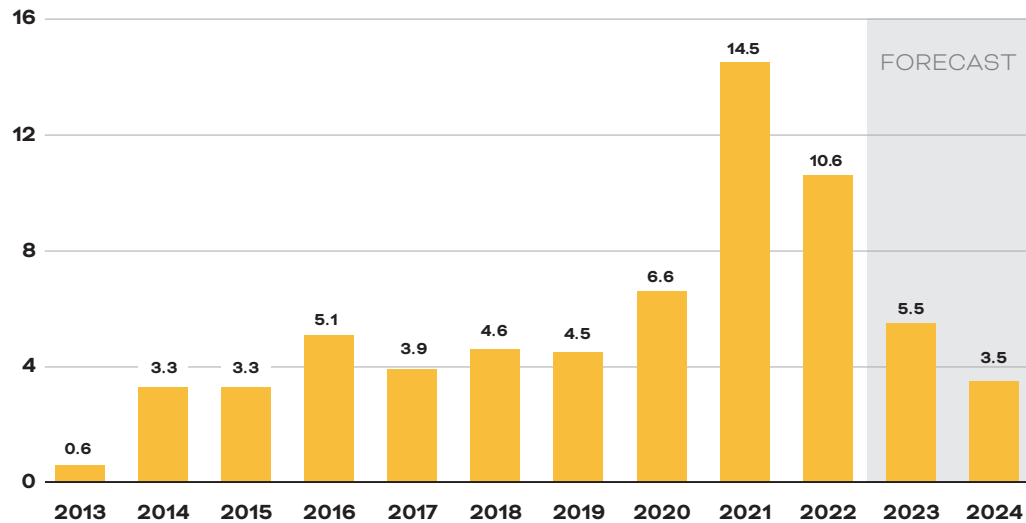
# INVENTORY OF HOMES AVAILABLE FOR SALE <sup>C</sup>

MONTHS' SUPPLY



# HOME PRICE APPRECIATION <sup>D</sup>

PERCENT



# 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.

## 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
<b>KANSAS</b> 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		
<b>KANSAS CITY</b> 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		
<b>LAWRENCE</b> 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		
<b>MANHATTAN</b> 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		
<b>TOPEKA</b> 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		
<b>WICHITA</b> 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		

# LAWRENCE 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.

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**YOUTUBE.COM** [\WSUREALESTATE](https://www.youtube.com/WSUREALESTATE)



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# 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 1<sup>st</sup> Title



CLARK GATES | BRADEN MCCURDY



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

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Meritrust Credit Union has been helping our members do more with their money since 1935. No matter if we are working with a first-time buyer, or a third-time buyer, the Meritrust Home Loans team helps members navigate the process from start to finish. 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.



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