

# Manhattan HOUSING FORECAST

A NEW PERSPECTIVE



.....  
WICHITA STATE  
UNIVERSITY

# Manhattan HOUSING FORECAST

Not everything we “know” turns out to be true. We begin to take the familiar for granted, and fail to notice the changes happening around us. To see things more clearly, we sometimes need to look at things from *A New Perspective*.

This year’s Manhattan Housing Market Forecast can help you do just that. By combining the latest economic and housing market data with our own unique insights and analysis, the WSU Center for Real Estate provides you with the new perspective you need to prepare and adapt to the changing housing market.

**Dr. Stanley D. Longhofer**  
Director, WSU Center for Real Estate  
[WICHITA.EDU/REALESTATE](http://WICHITA.EDU/REALESTATE)



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W. FRANK BARTON  
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Center for Real Estate

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# Center for Real Estate

The W. Frank Barton School of Business at Wichita State has been the driving force behind some of the brightest minds and biggest ideas of the past 100 years. Combining the widest range of undergraduate degrees in the state and virtually unlimited learning opportunities (thanks to Kansas' largest business community), it's no surprise that employers continue to show a preference for hiring Barton School graduates.

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Wichita State University has one of the oldest real estate programs in the country. Since its inception, the program has strived to maintain close connections with real estate professionals throughout the region.

The Center for Real Estate was established in 2000 to help deepen the connections between the professional real estate community and the academic programs at Wichita State University. Toward this end, the Center engages in a variety of activities that promote and enhance real estate markets and related industries:

- We maintain comprehensive databases of publicly-available information on Kansas real estate markets, and make many of these available on our website at **wichita.edu/realestate**. If there is data you need, let us know and we'll see what we can do to help.
- We provide independent, expert analysis of area real estate markets and policy issues related to real estate.
- We conduct high-quality academic research on real estate, and then apply this research to develop practical resources that benefit real estate practitioners, policy makers and the general public. This forecast is just one example of this effort.
- We help students connect with area real estate professionals & organizations. If you have opportunities for current students or want to hire recent graduates, let us know and we'll help you connect.

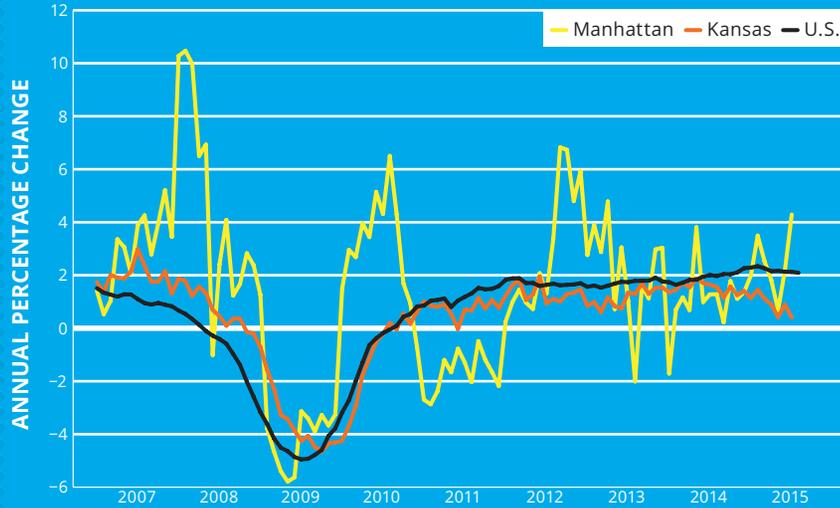
# Economic Overview

The Manhattan labor market is the strongest in the state, with average employment growth exceeding that of the U.S. as a whole. The WSU Center for Economic Development and Business Research forecasts that total non-farm employment statewide will rise by 19,958 jobs in 2016, a 1.4 percent increase, but job growth in Manhattan should be much stronger than this.

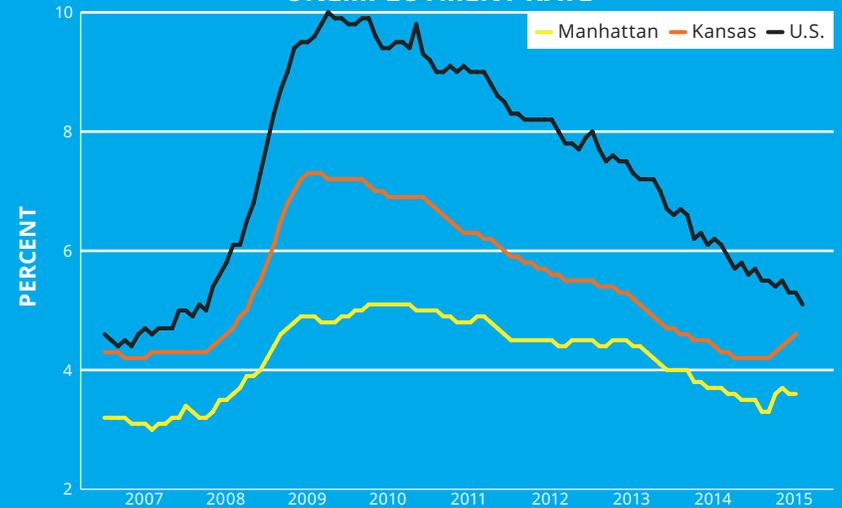
With strong job gains, the Manhattan unemployment rate has continued to fall. The levels are now well below 4 percent and consistent with the conditions prior to the onset of the Great Recession.

Although the Federal Reserve did not raise short-term interest rates during its September meeting, the question is when—not if—mortgage rates will begin to rise. Given low inflationary pressures, a modest increase in mortgage rates may actually help the housing market, strengthening the demand for starter homes that are now being bypassed by first-time buyers trying to stretch into more expensive homes given current low rates.

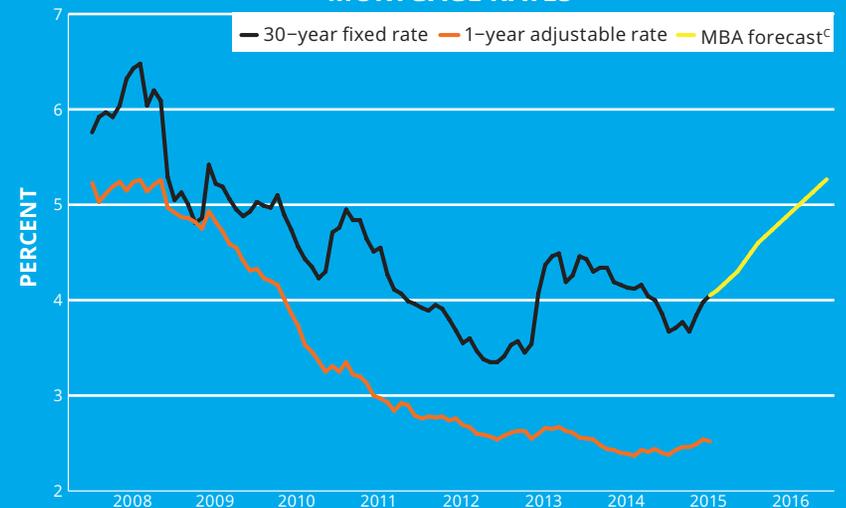
EMPLOYMENT GROWTH<sup>A</sup>



UNEMPLOYMENT RATE<sup>B</sup>



MORTGAGE RATES



**THE MANHATTAN  
LABOR MARKET  
IS THE STRONGEST  
IN THE STATE.**

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

**Notes:**  
A) Year-over-year percentage change in total, non-farm employment, seasonally adjusted  
B) Seasonally adjusted  
C) Mortgage Bankers Association August 2015 forecast of the 30-year conventional mortgage rate of the 30-year conventional mortgage rate

FOR THE LATEST TRENDS AND STATISTICS, VISIT [WICHITA.EDU/REALESTATE](http://WICHITA.EDU/REALESTATE)

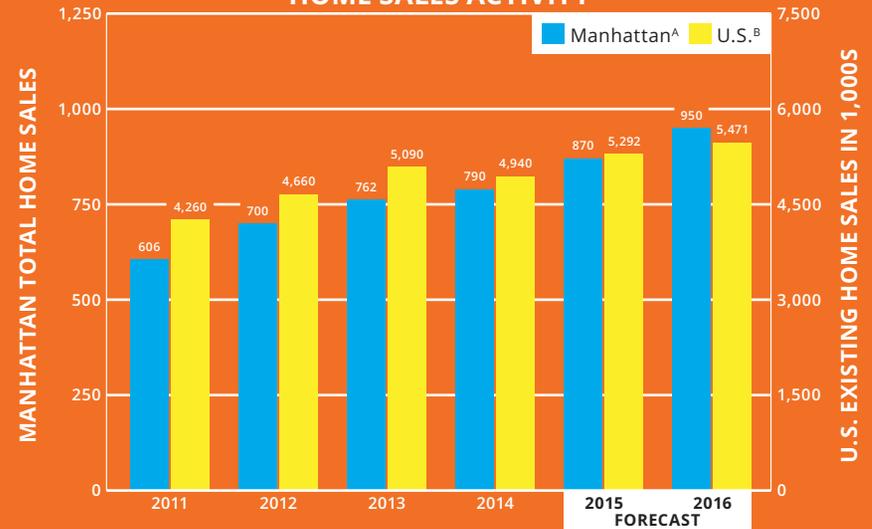
The Manhattan housing market continues its upward march, and total home sales are on pace to set another record this year. We expect to end the year with sales up 10.1 percent at 870 units. This trend will continue in 2016, with sales rising another 9.2 percent to 950 units.

New home construction activity in the City of Manhattan has fallen off this year due in part to the limited number of affordable lots available for builders. It appears these supply constraints will continue to be an issue, limiting construction growth despite ample demand for new homes.

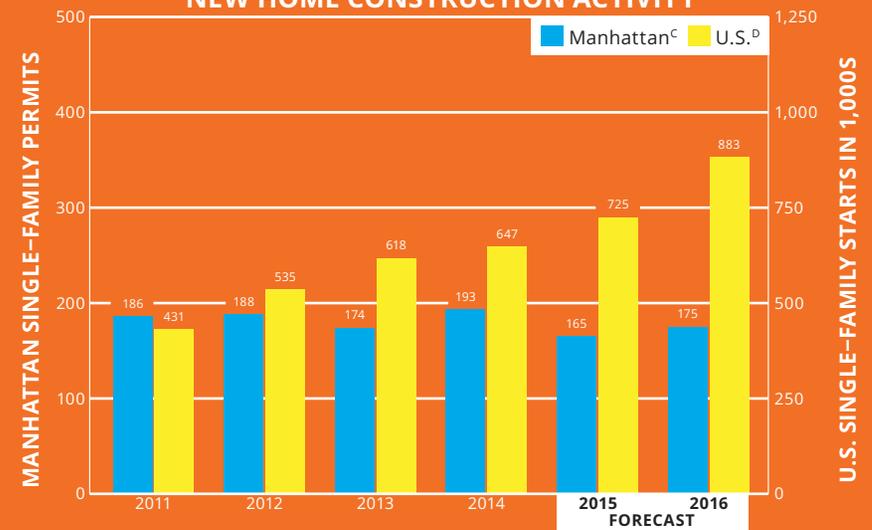
# Home Sales & Construction

**MANHATTAN HOME SALES WILL RISE 9.2 PERCENT IN 2016.**

**HOME SALES ACTIVITY**



**NEW HOME CONSTRUCTION ACTIVITY**



**Sources:**

City of Manhattan; Manhattan Association of REALTORS®; National Association of REALTORS®; U.S. Bureau of the Census; WSU Center for Real Estate

**Notes:**

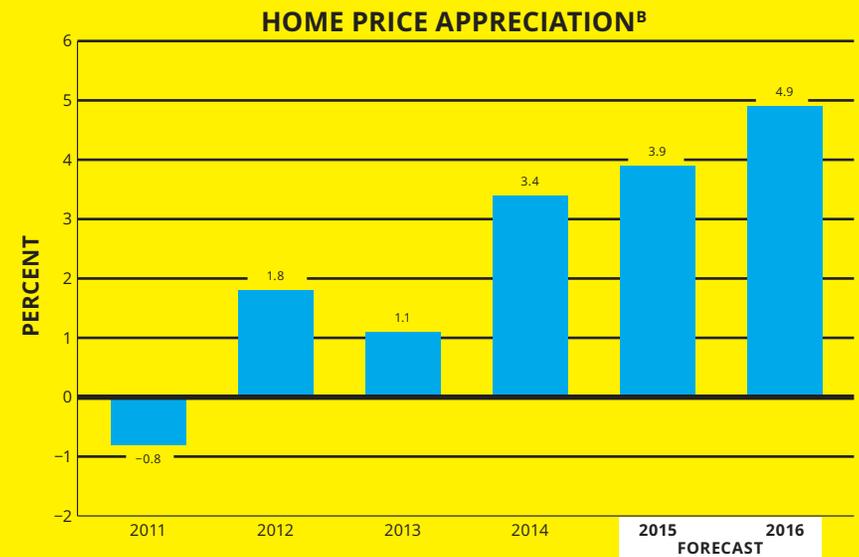
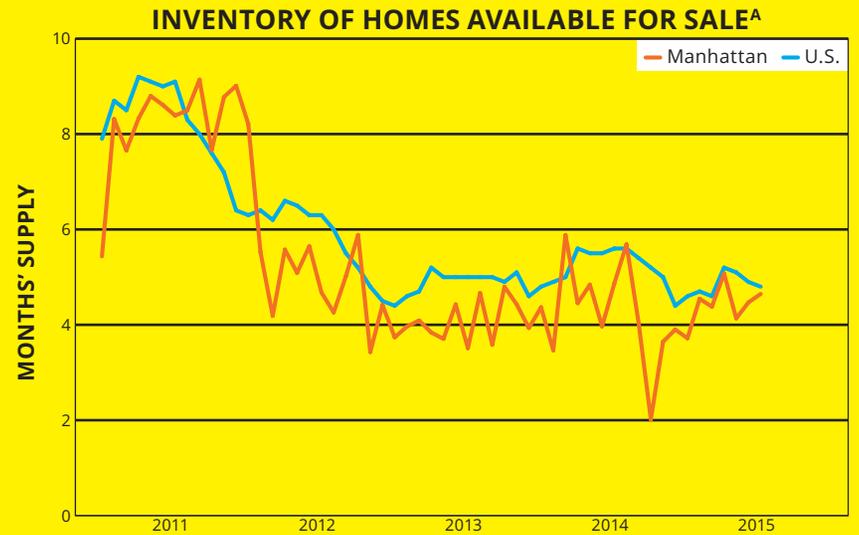
- A) Total home sales in the Manhattan Area (MLS Areas 107-113, 117, 118 & 120) as reported by the Manhattan Association of REALTORS®
- B) U.S. existing home sales as reported by the National Association of REALTORS®; forecast is the September 2015 forecast by the National Association of REALTORS®
- C) Single-family building permits issued in Manhattan as reported by the City of Manhattan
- D) U.S. single-family housing starts as reported by the U.S. Bureau of the Census; forecast is the September 2015 forecast by the National Association of REALTORS®

# Home Prices

The inventory of homes available for sale in the Manhattan market remains fairly tight, as new listings are only just keeping pace with increased sales. Tight inventories are leading to more and more multiple offer situations for attractive homes in popular neighborhoods.

Manhattan area home prices have begun to rise in the face of these supply constraints. Average home values rose 3.4 percent in 2014, and are on track to increase by 3.9 percent this year. We expect Manhattan home prices to rise another 4.9 percent in 2016.

**MANHATTAN  
HOME VALUES  
SHOULD RISE BY 4.9  
PERCENT IN 2016.**



**Sources:**  
Federal Housing Finance Agency; Manhattan Association of REALTORS®;  
National Association of REALTORS®; WSU Center for Real Estate

**Notes:**  
A) Ratio of active listings to home sales, seasonally adjusted  
B) Year-over-year percentage change in the Federal Housing Finance Agency all-transactions housing price index for the Manhattan metropolitan area, as measured using 4<sup>th</sup> quarter values

# Kansas Forecast

After remaining essentially flat in 2014, home sales across Kansas have risen sharply over the first half of the year. As a result, we expect total home sales to reach 38,790 units by the end of the year, a 9.8 percent gain. This trend should continue in 2016, with sales rising another 8.6 percent to 42,110 units.

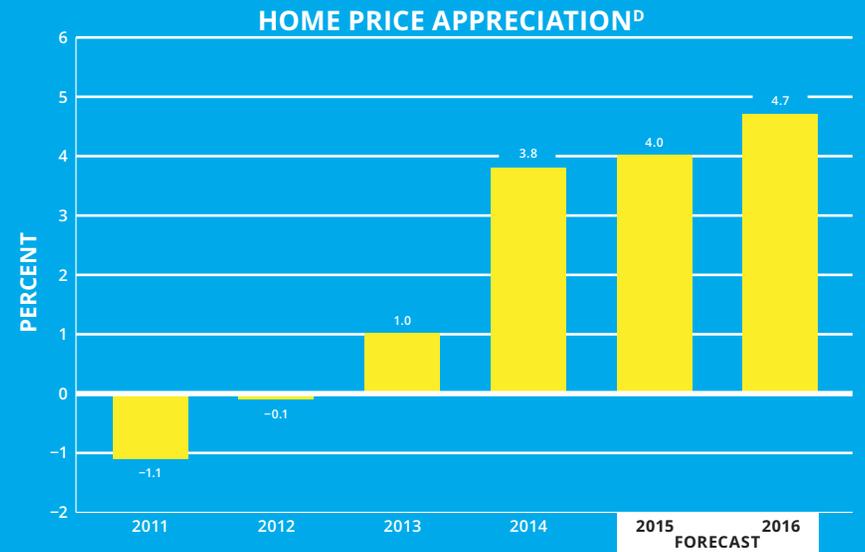
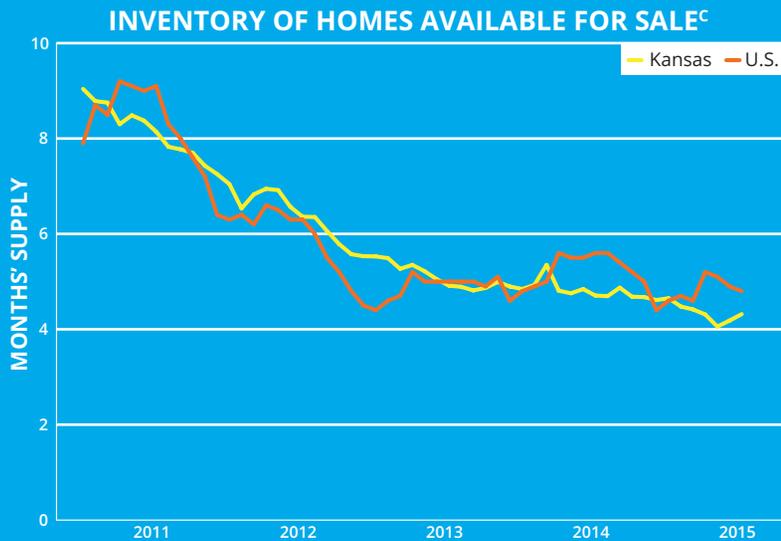
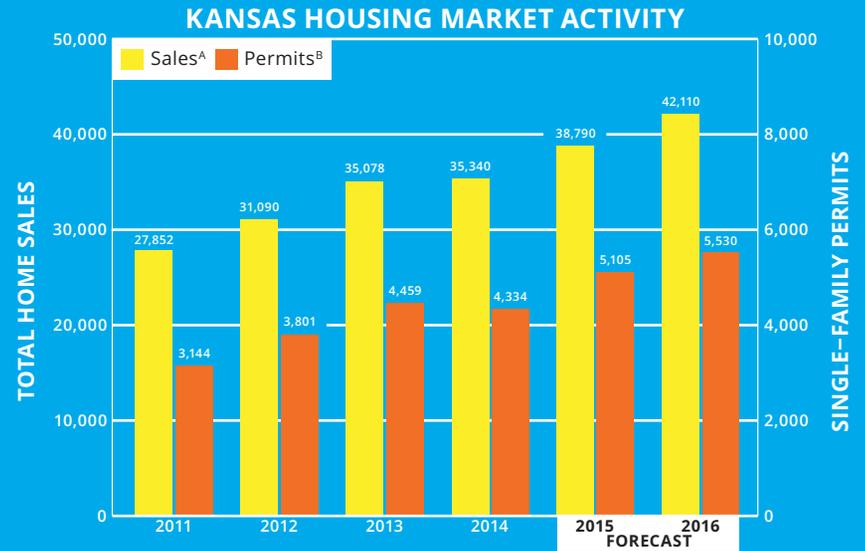
After a lull in 2014, new home construction activity has rebounded nicely this year. We expect total permits will rise another 8.3 percent in 2016 to 5,530 units. This is the highest level since 2007, but still less than half of the peak reached in 2005.

Markets all across the state are reporting tight inventories of homes available for sale, and this has begun to affect home values. Average home price appreciation across the state was 3.8 percent in 2014. We expect this pace to accelerate, with prices rising 4.0 percent in 2015 and another 4.7 percent in 2016.



**KANSAS  
HOME PRICE  
APPRECIATION IS  
ACCELERATING.**

**HOME SALES  
ACROSS KANSAS  
WILL RISE BY 8.6  
PERCENT IN 2016.**



**Sources:** Federal Housing Finance Agency, National Association of REALTORS®, 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) Ratio of active listings to home sales, seasonally adjusted  
 D) 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

**FOR THE LATEST TRENDS AND STATISTICS, VISIT [WICHITA.EDU/REALESTATE](http://WICHITA.EDU/REALESTATE)**

# Forecast Summary

The WSU Center for Real Estate prepares housing market forecasts for each of the major markets across the state. A summary of these 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:**

City of Manhattan; Federal Housing Finance Agency; Heartland Multiple Listing Service; Kansas Association of REALTORS® and participating multiple listing services across Kansas; Lawrence Multiple Listing Service; Manhattan Association of REALTORS®; South Central Kansas Multiple Listing Service; Topeka Area Association of REALTORS®; U.S. Bureau of the Census; Wichita Area Builders Association; WSU Center for Real Estate.

**Notes:**

Total home sales and average price 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. Sales volume includes both existing and new home sales and is measured in millions of dollars. Kansas City figures include transactions from both Kansas and Missouri.

	Kansas	Kansas City	Lawrence	Manhattan	Topeka	Wichita
<b>2012</b>						
Total Home Sales	31,090	28,895	1,290	700	2,787	8,207
Building Permits	3,801	3,229	165	188	263	781
Home Price Appreciation	-0.1%	-0.9%	0.0%	1.8%	-0.6%	-1.1%
Sales Volume (in millions)	\$4,988	\$4,859	\$235	\$137	\$333	\$1,080
Average Price	\$160,435	\$168,176	\$181,947	\$196,020	\$119,422	\$131,642
<b>2013</b>						
Total Home Sales	35,078	32,062	1,538	762	3,003	9,024
Building Permits	4,459	4,209	212	174	270	995
Home Price Appreciation	1.0%	1.3%	1.6%	1.1%	0.5%	0.4%
Sales Volume (in millions)	\$5,978	\$5,863	\$299	\$153	\$374	\$1,262
Average Price	\$170,423	\$182,874	\$194,646	\$200,300	\$124,423	\$139,839
<b>2014</b>						
Total Home Sales	35,340	32,265	1,628	790	2,965	9,225
Building Permits	4,334	4,129	179	193	262	1,012
Home Price Appreciation	3.8%	4.8%	1.2%	3.4%	1.8%	3.0%
Sales Volume (in millions)	\$6,239	\$6,204	\$301	\$163	\$366	\$1,347
Average Price	\$176,536	\$192,278	\$184,826	\$206,163	\$123,411	\$146,001
<b>2015</b>						
Total Home Sales	38,790	35,690	1,880	870	3,280	9,650
Building Permits	5,105	4,740	235	165	305	1,015
Home Price Appreciation	4.0%	6.1%	2.7%	3.9%	0.4%	3.6%
<b>2016</b>						
Total Home Sales	42,110	38,280	2,020	950	3,430	9,970
Building Permits	5,530	5,260	225	175	315	1,065
Home Price Appreciation	4.7%	6.3%	3.0%	4.9%	0.9%	3.0%

**FORECAST**



Meritrust Credit Union is open to the public with 15 branches in metro-Wichita, Junction City, Lawrence and Manhattan, Kansas. We offer members the products, services and tools needed to achieve financial goals with confidence, including flexible mortgage programs with local servicing. Meritrust brings simplicity to the home-buying process. On the Meritrust path to homeownership, we're here for you, every step of the way. No runaround. No unnecessary delays. No surprises.

For more information, visit [meritrusthomeloans.com](http://meritrusthomeloans.com).



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