

HOUSING ◉ FORECAST

# lawrence



WICHITA STATE UNIVERSITY | W. FRANK BARTON SCHOOL OF BUSINESS | CENTER FOR REAL ESTATE



WICHITA STATE  
UNIVERSITY

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**Meritrust**

CREDIT UNION<sup>SM</sup>

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Clark Real Estate Foundation

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Security 1<sup>st</sup> Title

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Wichita Area Association of REALTORS®

# LAWRENCE HOUSING FORECAST

It is with great pleasure that we present the 2015 Lawrence Housing Market Forecast. This is the 6<sup>th</sup> year we have prepared a forecast for the Lawrence market. As in the past, our goal is to provide you with the insights you need to understand and prepare for whatever the future may bring.

For all of the latest data and analysis of Lawrence real estate markets – and to view our forecasts for other markets across the state – we invite you to visit us at our website at [WICHITA.EDU/REALESTATE](http://WICHITA.EDU/REALESTATE).

Dr. Stanley D. Longhofer  
Director, WSU Center for Real Estate



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# CENTER FOR

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](http://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.



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SCHOOL OF BUSINESS**

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.

[WICHITA.EDU/BUSINESS](http://WICHITA.EDU/BUSINESS)

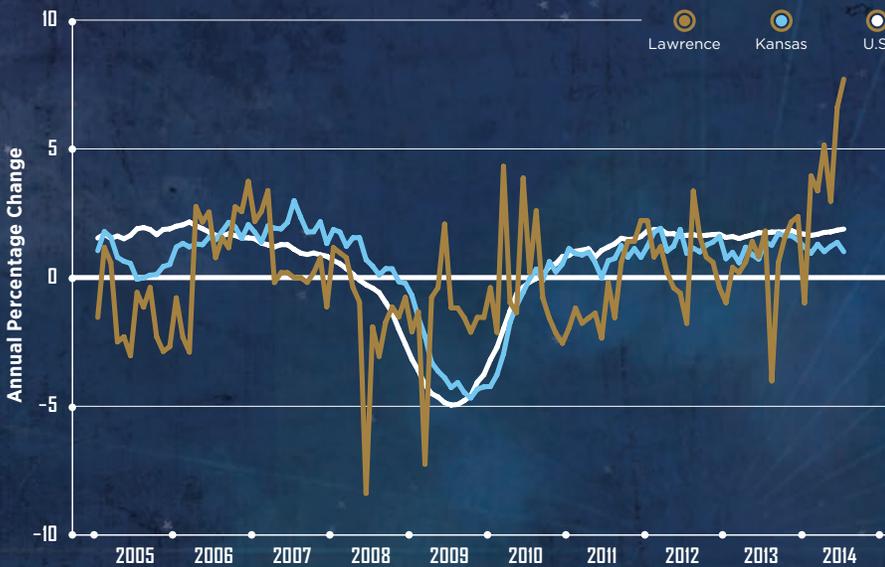
# REAL ESTATE



Delphi

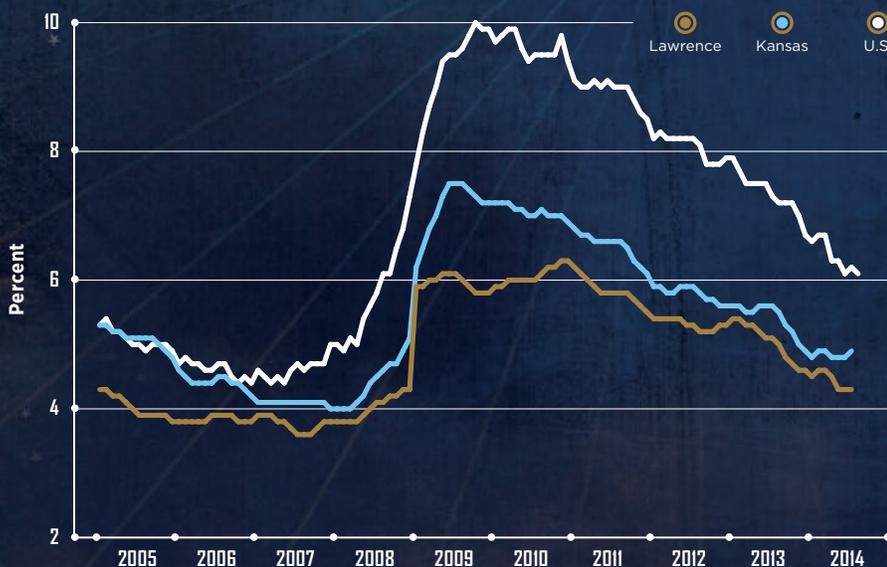
# ECONOMIC OVERVIEW

## EMPLOYMENT GROWTH<sup>A</sup>



Over the past year, Lawrence employment growth has been surprisingly strong, with average employment in the first half of the year up 3.5 percent over 2013. The unemployment rate has continued to fall as well, and was sitting at 4.3 percent by mid-summer. Hopefully, the strong labor market will continue into next year.

## UNEMPLOYMENT RATE<sup>B</sup>



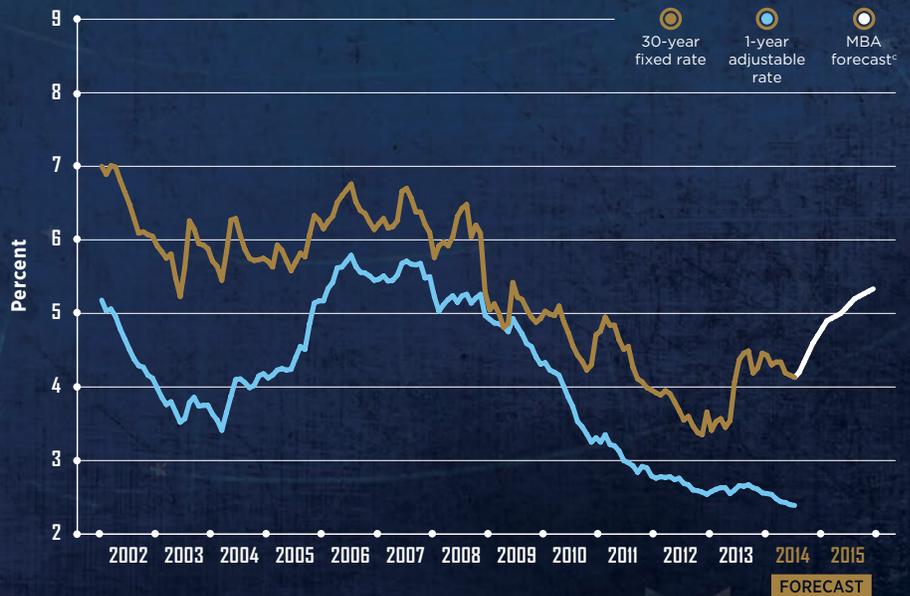
TOTAL EMPLOYMENT IN LAWRENCE WAS UP 3.5 PERCENT OVER THE FIRST HALF OF THIS YEAR.



Zeus

### MORTGAGE RATES

Mortgage rates remain exceptionally low, and the Mortgage Bankers Association forecasts that the 30-year fixed rate will remain below 5.3 percent through the end of next year, suggesting that financing costs will not become a hindrance to the housing market any time soon.



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

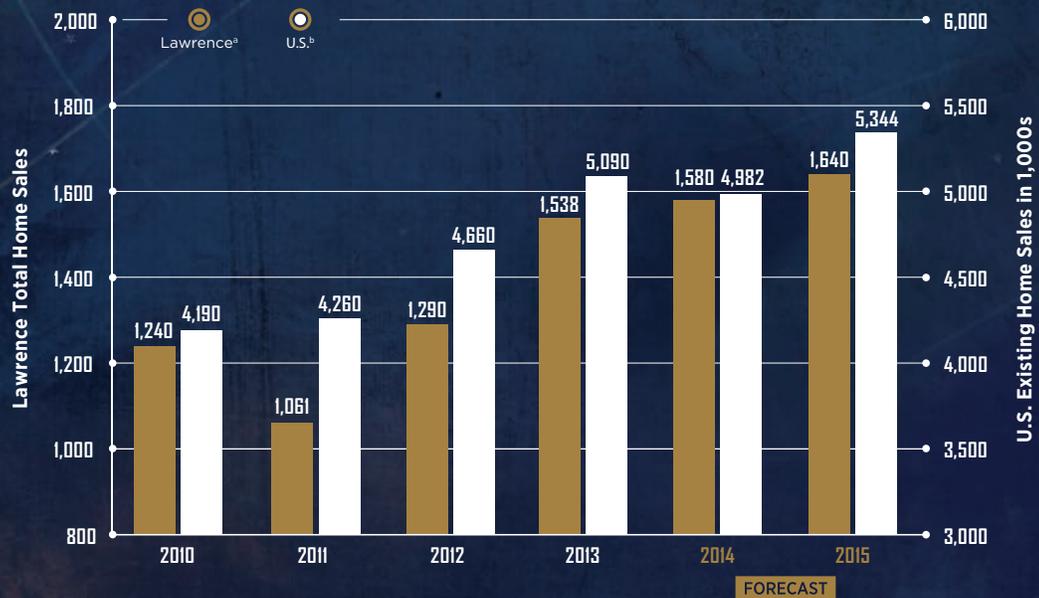
- Notes:
- a) Year-over-year percentage change in total, non-farm employment, seasonally adjusted
  - b) Seasonally adjusted
  - c) Mortgage Bankers Association August 2014 forecast of the 30-year conventional mortgage rate



WICHITA  
 REAL ESTATE  
 COMPANY

LAWRENCE  
 HOME  
 SALES  
 SHOULD  
 RISE BY 3.8  
 PERCENT  
 IN 2015.

HOME SALES ACTIVITY



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

# HOME SALES & CONSTRUCTION

## NEW HOME CONSTRUCTION ACTIVITY



After two years of robust gains, the Lawrence housing market has cooled somewhat this year. The cold, wet winter led to a slow start to the spring selling season. Although sales picked up through the second quarter, we expect to end the year with only modest gains. Sales will continue to grow modestly in 2015, up 3.8 percent to 1,640 units.

## NEW HOME CONSTRUCTION REMAINS THE MARKET'S ACHILLES HEEL.

New home construction remains the Achilles heel of the Lawrence housing market. After strong growth in 2012 and 2013, single-family building permits have dropped off substantially this year. We expect this trend to continue in 2015, falling by 6.1 percent to 155 units.

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 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 September 2014 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 September 2014 forecast by the National Association of REALTORS®

# HOME PRICES

LAWRENCE HOME  
VALUES HAVE BEGUN  
TO RISE ONCE AGAIN.

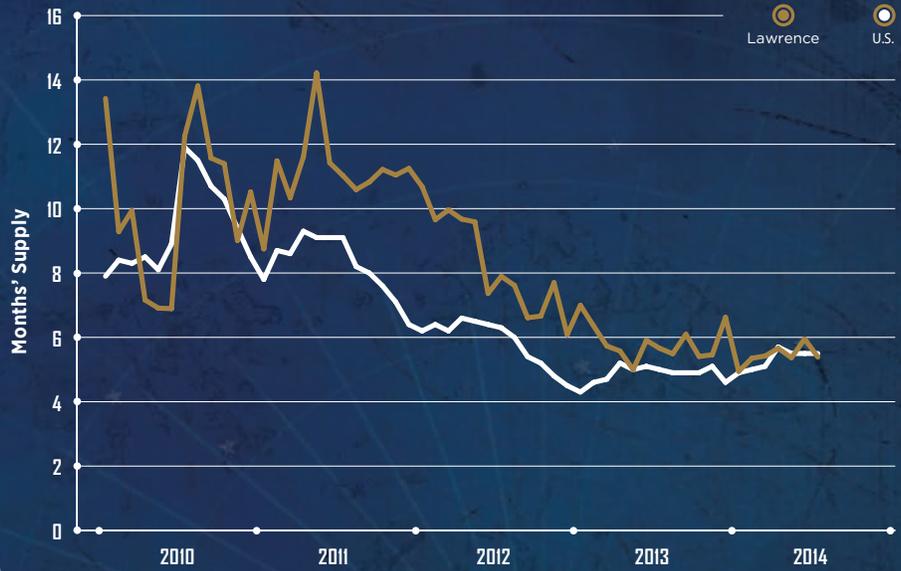
As sales surged over the past two years, the supply of homes available for sale in Lawrence has not kept pace. As a result, the market is now fairly well balanced between buyers and sellers, with less than a six months' supply of homes available for sale.

In response, Lawrence home values have begun to appreciate once again, with average values expected to rise by 1.6 percent this year, and another 2.5 percent in 2015.

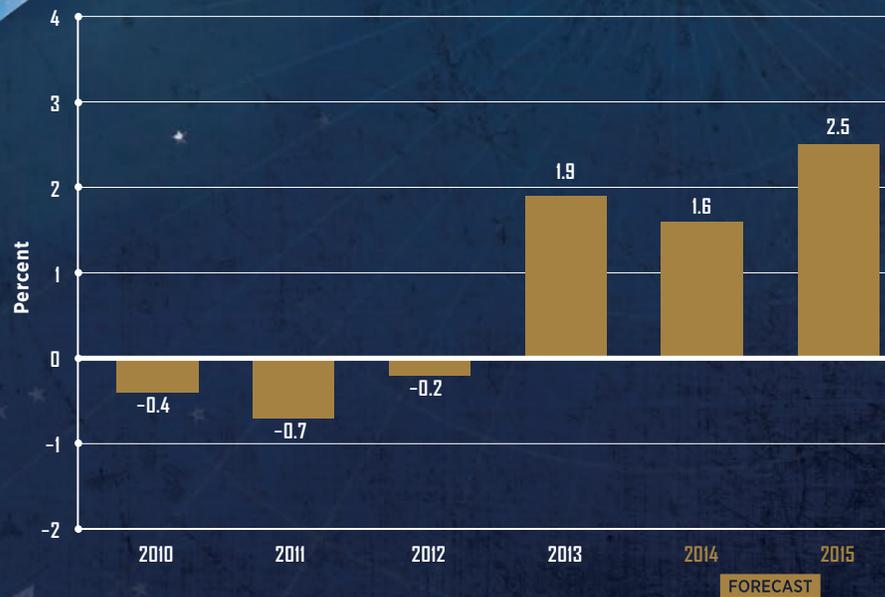
Aphrodite



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



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



Sources:  
Federal Housing Finance Agency; Lawrence Multiple Listing Service;  
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 Lawrence metropolitan area, as measured using 4<sup>th</sup> quarter values

# KANSAS FORECAST

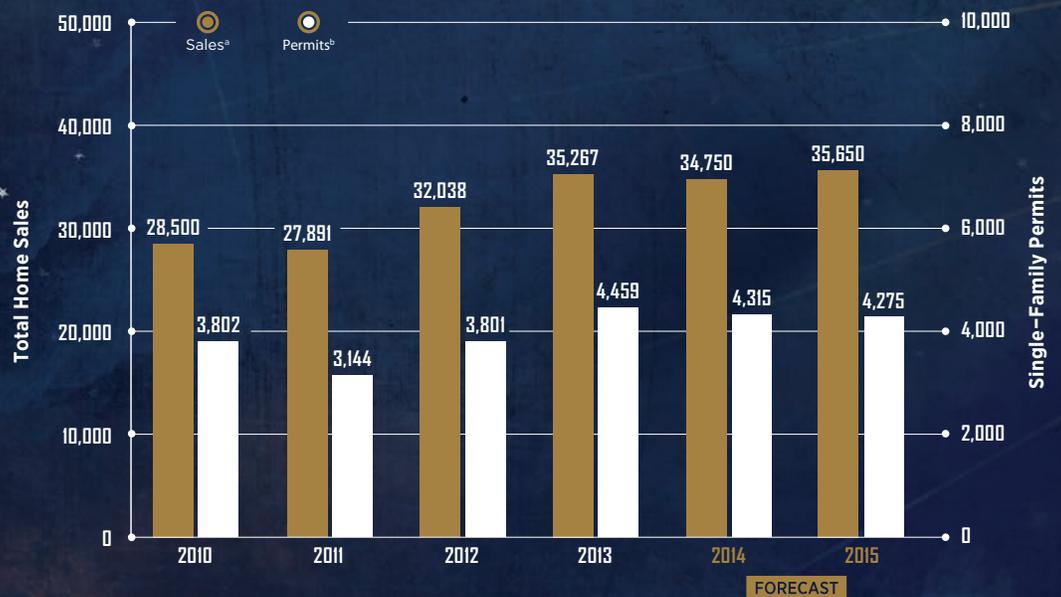
Housing markets across the state have improved steadily over the past two years, but the rate of growth appears to be slowing. We expect sales across the state to fall slightly this year, before rising 2.6 percent in 2015 to 35,650 units.



Prometheus

KANSAS HOME VALUES WILL RISE BY 2.2 PERCENT NEXT YEAR.

## KANSAS HOUSING MARKET ACTIVITY



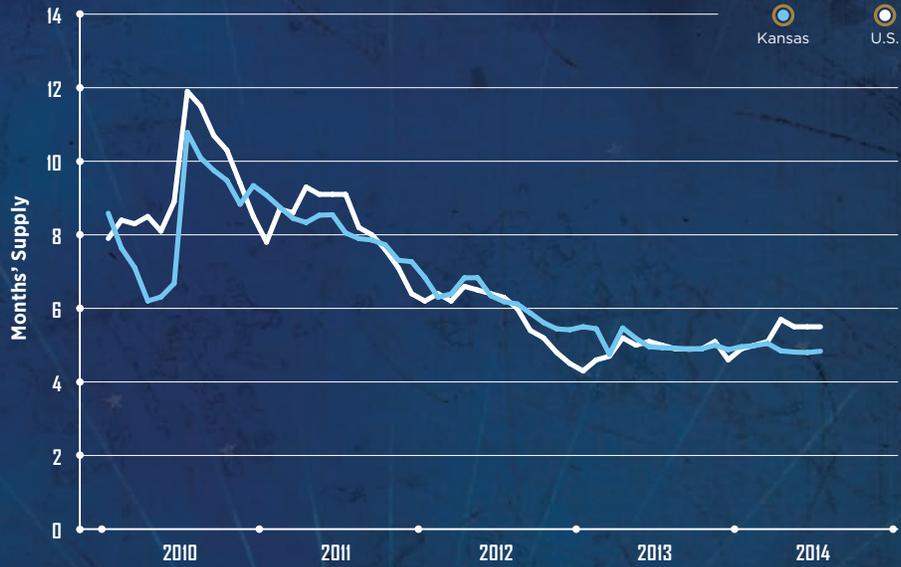
# HOME SALES ACROSS KANSAS WILL RISE BY 2.6 PERCENT IN 2015.



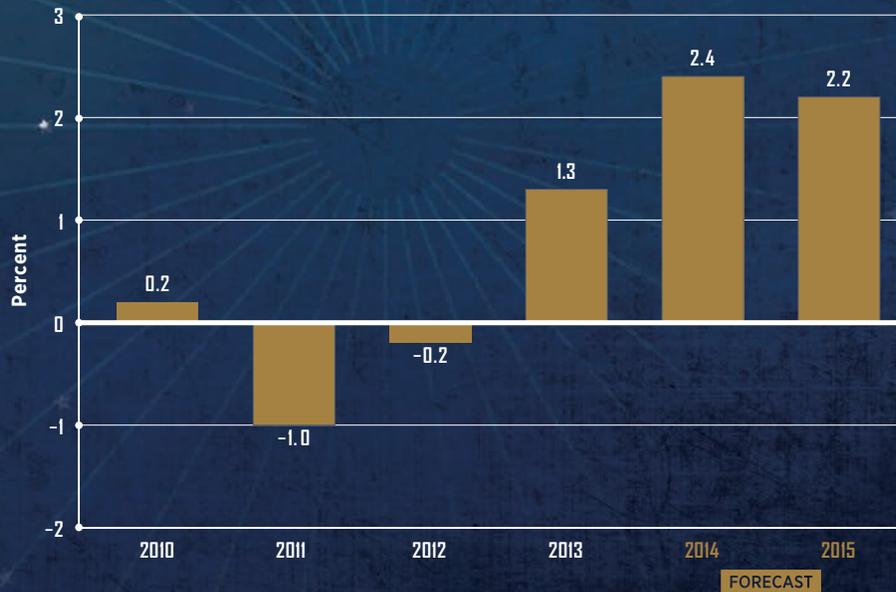
Permitting activity is experiencing a similar lull, especially because of the slowing of the large Kansas City market. We expect Kansas single-family building permits will remain level in 2015, at 4,275 units.

Despite the slowing pace of sales, declining inventories of homes on the market have begun to turn the tide for home prices. We expect average home values across the state to rise by 2.4 percent this year and another 2.2 percent in 2015.

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



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



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

# 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

Pandora's Box

#### Sources:

City of Manhattan; Federal Housing Finance Agency; Heartland Multiple Listing Service; Kansas Association of REALTORS® and participating REALTOR® 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.

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

# 2011 2012 2013 2014 2015

## FORECAST

### KANSAS

Total Home Sales	27,891	32,038	35,267	34,750	35,650
Building Permits	3,144	3,801	4,459	4,315	4,275
Home Price Appreciation	-1.0	-0.2	1.3	2.4	2.2
Sales Volume	4,256	5,094	6,002		
Average Price	152,579	158,988	170,190		

### KANSAS CITY

Total Home Sales	22,860	26,743	29,014	28,920*	29,470
Building Permits	2,365	3,229	4,209	*4,205	4,300
Home Price Appreciation	-2.8	-1.0	1.4	*3.3	2.8
Sales Volume	3,576	4,503	5,323		
Average Price	156,430	168,375	183,479		

### LAWRENCE

Total Home Sales	1,061	1,290	1,538	1,580	1,640
Building Permits	126	165	212	165	155
Home Price Appreciation	-0.7	-0.2	1.9	1.6	2.5
Sales Volume	196	235	299		
Average Price	184,900	181,947	194,646		

### MANHATTAN

Total Home Sales	569	660	714	730	770
Building Permits	186	188	174	230	240
Home Price Appreciation	-0.6	1.8	0.7	0.3	2.5
Sales Volume	109	133	147		
Average Price	191,492	200,877	205,358		

### TOPEKA

Total Home Sales	2,603	2,787	3,003	2,990	2,960
Building Permits	228	263	270	240	220
Home Price Appreciation	-0.5	-0.8	1.0	-1.3	0.1
Sales Volume	306	333	374		
Average Price	117,668	119,422	124,387		

### WICHITA

Total Home Sales	7,480	8,183	8,994	9,180	9,810
Building Permits	702	783	995	940	990
Home Price Appreciation	-0.9	-1.1	0.4	0.2	1.3
Sales Volume	998	1,080	1,262		
Average Price	133,470	132,023	140,288		

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).

The Meritrust logo consists of a red, rounded rectangular shape with a white border. Inside the shape, the word "Meritrust" is written in a white, bold, sans-serif font.

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