

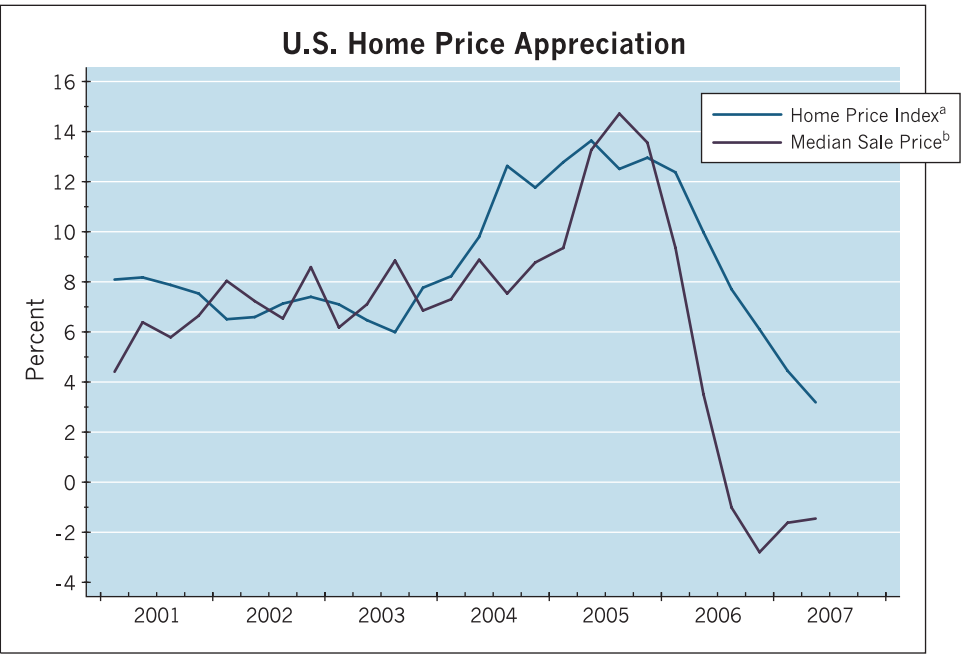
Home Prices

SMOOTH SAILING

Home prices nationwide rose at an average annual rate of 3.2 percent through the 2nd quarter of 2007.

For all the news you hear about falling home prices, prices nationwide actually rose at an average annual rate of 3.2 percent through the second quarter of this year. This is much slower than it has been in recent years, but certainly not the crash we've all been led to believe.

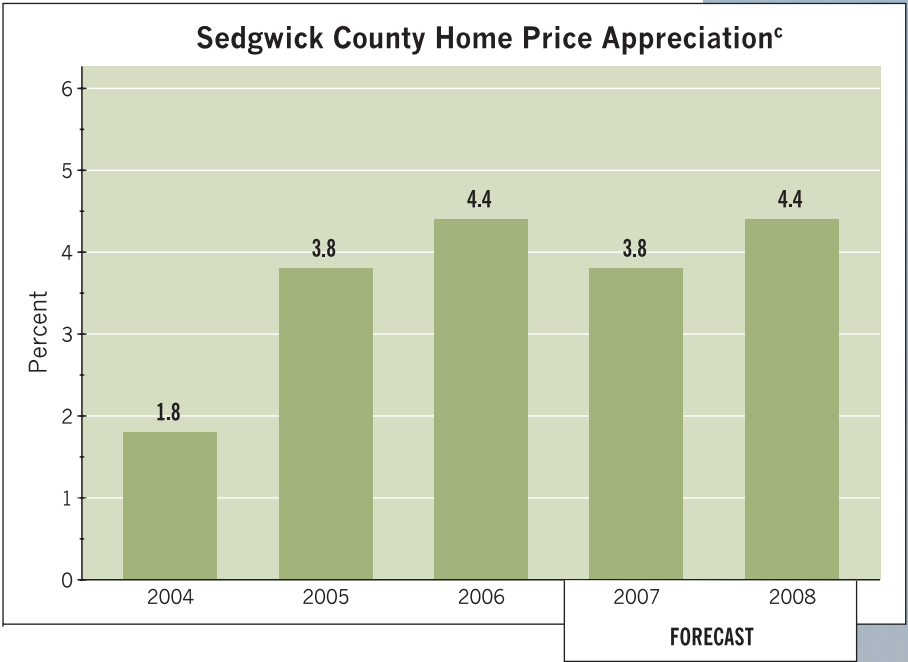
So why do people think home prices are falling? Well, it is true that prices have fallen in some large markets nationwide. More important, however, are reports by the National Association of REALTORS® indicating that the median sale price of existing homes has fallen for more than a year.



The median price is simply the price at which half the homes sold for more and half sold for less. Given the slowdown of sales in the high-priced markets on the coasts, it is not surprising that the "median sale" has shifted to lower-priced markets in the nation's interior. Thus, the median price has fallen even as the prices of individual homes have risen on average.

The fall in the median sale price is due to fewer sales in high-priced coastal markets, not a decline in the price of the typical home.

Wichita will have smooth sailing in the months ahead, with prices rising 3.8 percent in 2007 and 4.4 percent in 2008.



Here in Wichita, home prices have continued their steady trend of recent years, with annual appreciation sitting at 4.0 percent in the second quarter of this year. It looks like we will have smooth sailing in the months ahead as well, with prices rising 3.8 percent in 2007 and another 4.4 percent in 2008.

