

Housing Market Forecast

Over the last two years the housing market in Wichita has been driven by two strong, but opposing forces. On the one hand, record low interest rates have pushed sales steadily higher. This year the Center for Real Estate forecasts total sales of just over 10,000 units, up 3.28% over last year's historic high.

At the same time, high levels of unemployment have undermined certain segments of the market. As a result, home prices have fallen by 0.35% over the last two years, even as sales have reached record levels.

These same two factors - low mortgage rates and high unemployment - will continue to dominate the Wichita housing market for the foreseeable future. Although mortgage rates may rise slightly in the coming year, they will still be very low in historical terms. At the same time, the manufacturing sector has yet to show signs of a significant rebound.

“These same two factors - low mortgage rates and high unemployment - will continue to dominate the Wichita housing market for the foreseeable future.”

What does all this mean? Next year the Center projects that total sales will fall slightly, to just over 9,900 units. Although this will be a 1.24% decline from 2003, it will still be the second strongest sales year in recent history. In contrast, home price appreciation will continue to be stagnant. The Center forecasts that the Wichita Home Price Index will remain virtually unchanged in 2004, after falling by 0.33% in 2003. In addition, rising mortgage rates in 2004 will begin to extend the time it takes to market existing homes.



a) Mortgage Bankers Association of America forecast of the 30-year conventional mortgage rate

Sources: Federal Home Loan Mortgage Corporation; Mortgage Bankers Association of America

“Mortgage rate are still at historically-low levels with little to indicate a substantial rise in the near future.”

Housing Market Activity

	2001				2002				2003	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Home Price Index	111.05	115.16	116.08	114.93	112.45	115.27	115.49	113.54	110.49	114.36
MSP ^a - Existing Homes	\$82,000	\$87,500	\$87,000	\$87,000	\$84,000	\$86,000	\$87,000	\$89,900	\$82,099	\$88,000
MSP ^a - New Homes	\$132,788	\$140,700	\$139,000	\$139,900	\$137,152	\$134,900	\$132,870	\$141,330	\$142,280	\$147,779
Existing Home Sales	1,511	2,291	2,285	1,750	1,619	2,251	2,253	1,939	1,610	2,302
New Home Sales	290	366	381	389	352	408	447	448	378	415
Days on Market ^b	44	29	34	37	42	33	33	38	49	36

a) Median sale price

b) Median days on market for existing homes

Source: WSU Center for Real Estate, using data provided by the Wichita Area Association of REALTORS®