

2017 Kansas Housing Markets Forecast

Lawrence Housing Forecast

THROUGH THE WOODS

WSU Center for Real Estate



WICHITA STATE
UNIVERSITY

Wichita State University | W. Frank Barton School of Business

Lawrence

Housing Forecast

The Journey Begins

“You’ll never find your way, my lovely.” The witch’s evil laugh sent chills through Ophelia’s bones. “It’s too long a journey and there are more surprises along the path than you can imagine. Once you make it through the woods, you’ll have to find the key home. Good luck!”

The theme of this year’s forecast is “Through the Woods.” And while this might refer to all the obstacles that have beset the housing market in recent years, it also reflects the fact that at long last the worst may be behind us. Like our heroine Ophelia, through pluck and perseverance, we may finally find our way home.

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Director, WSU Center for Real Estate
wichita.edu/realestate



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Special Thanks:

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Security 1st Title



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We are also grateful to the REALTOR® boards and multiple listing services that have provided much of the data used to prepare this forecast:



LAWRENCE
Board of REALTORS®



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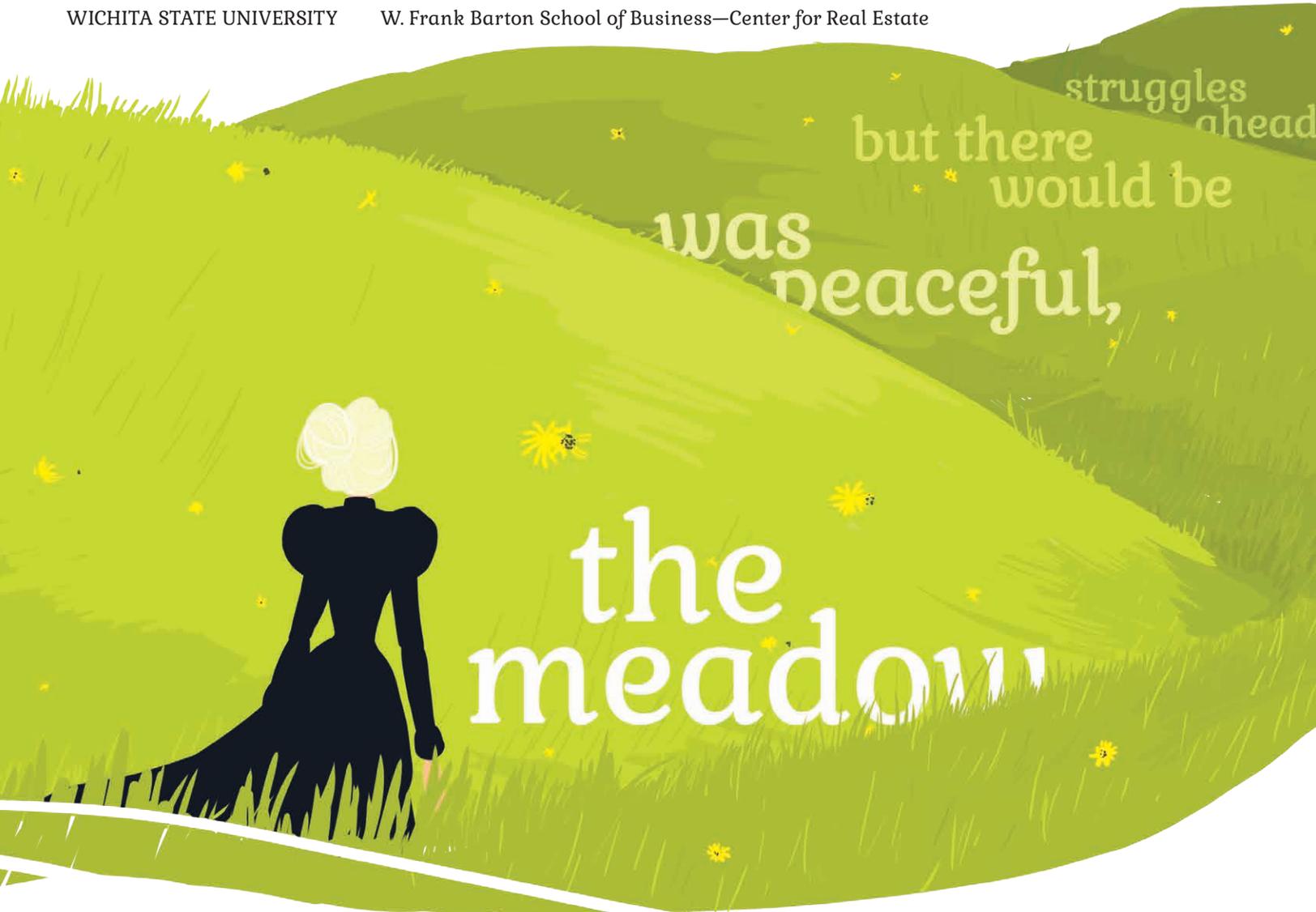
REALTORS® of South Central Kansas

Credit Union of America

Erin C. Cummings

Michael Malone





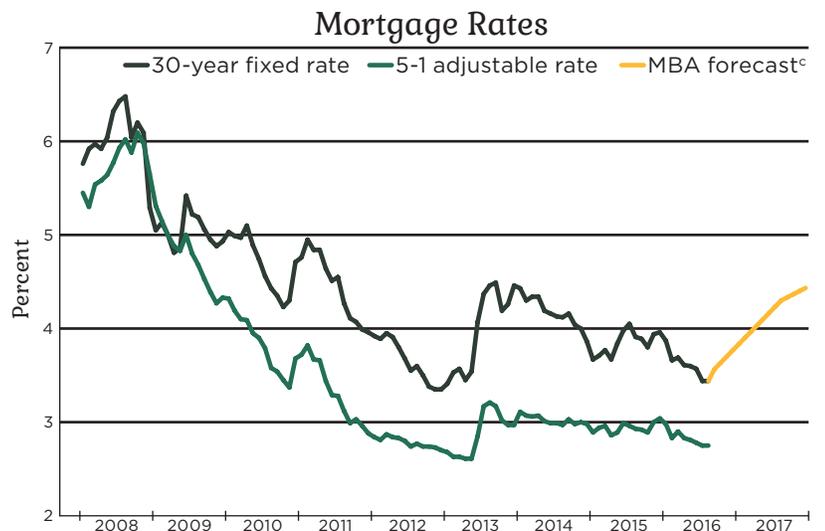
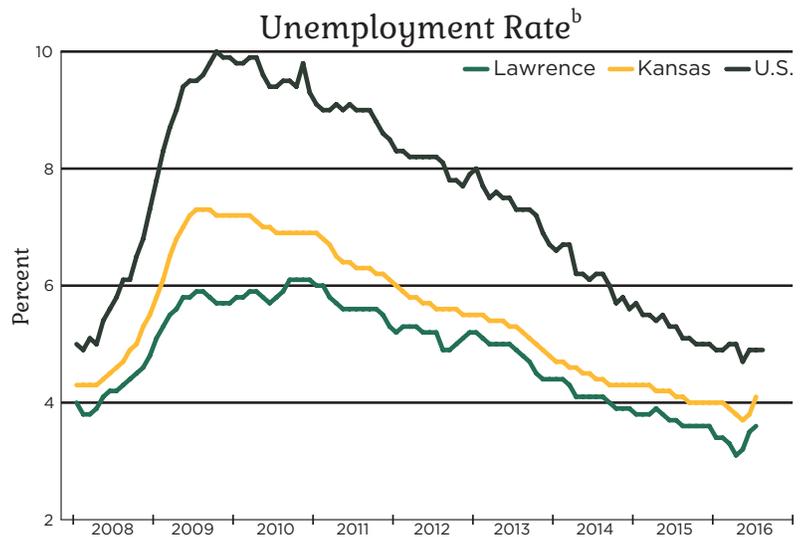
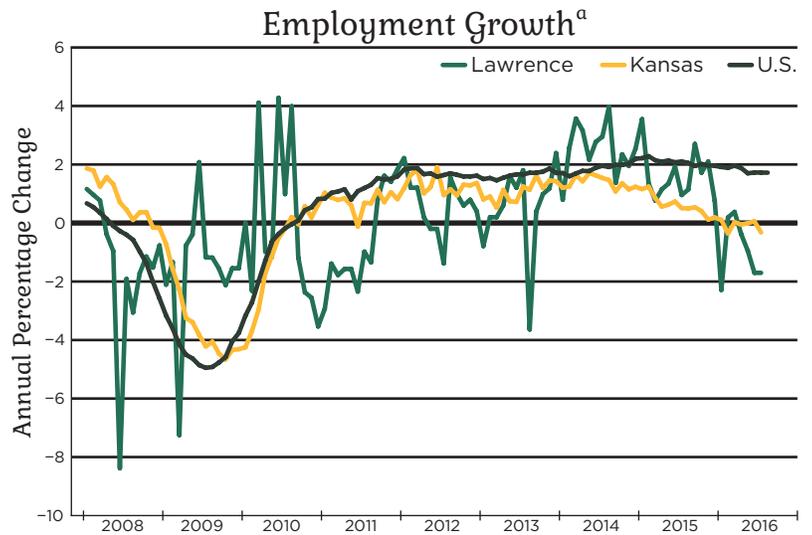
Economic Overview

After several years of strong gains, employment growth in the Lawrence area has tailed off over the past year. The unemployment rate remains remarkably low, however, in spite of a slight jump through the mid part of this year.

In contrast, low mortgage rates continue to support housing markets. The Mortgage Bankers Association's August forecast suggests this will continue for the foreseeable future, with the 30-year mortgage rate remaining below 4.5 percent through the end of 2017.



Mortgage rates should remain exceptionally low in the coming year.



Sources:

Freddie Mac, Mortgage Bankers Association, U.S. Bureau of Labor Statistics

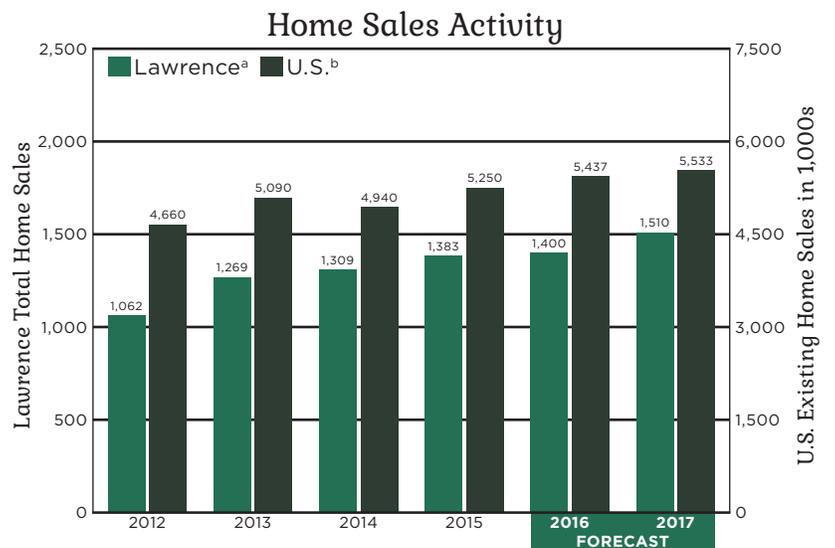
Notes:

- a) Year-over-year percentage change in total, non-farm employment, seasonally adjusted
- b) Seasonally adjusted
- c) Mortgage Bankers Association August 2016 forecast of the 30-year conventional mortgage rate

the swamp
was thick & dark

her progress was slow
as the mud clung to her feet

New home
construction
activity
should remain
essentially
flat in 2017.





Home Sales & Construction

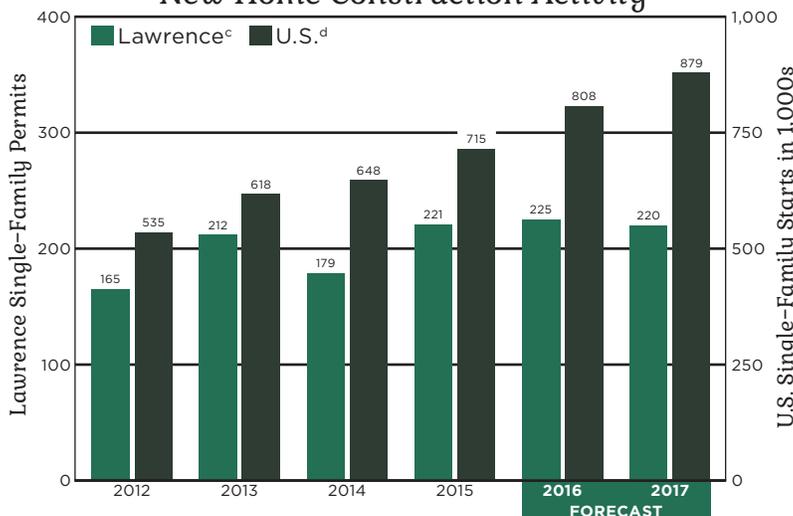
The Lawrence housing market continues to move forward, despite the obstacles in the way. After rising by 5.7 percent in 2015, home sales in Douglas County are on pace to rise another 1.2 percent this year to 1,400 units. We forecast that this trend will continue in 2017, with sales rising another 7.9 percent to 1,510 units.

Despite the strength of the existing home market, new home construction in the Lawrence area continues to struggle.

Permitting activity rebounded somewhat last year, but should remain essentially flat through this year and next.



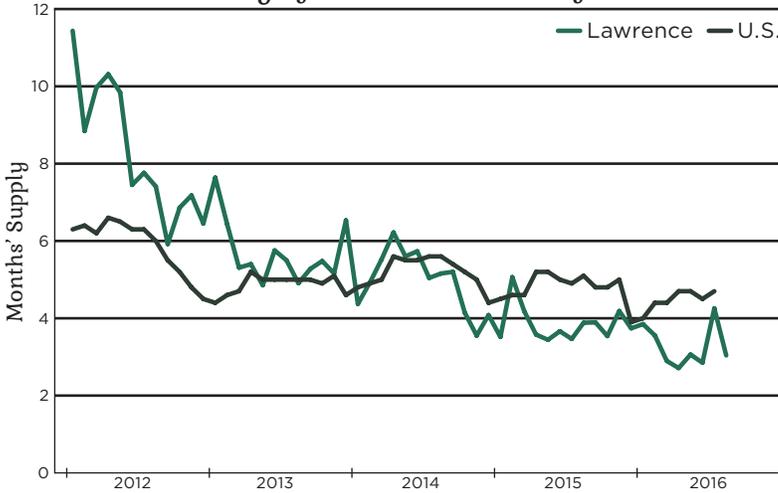
New Home Construction Activity



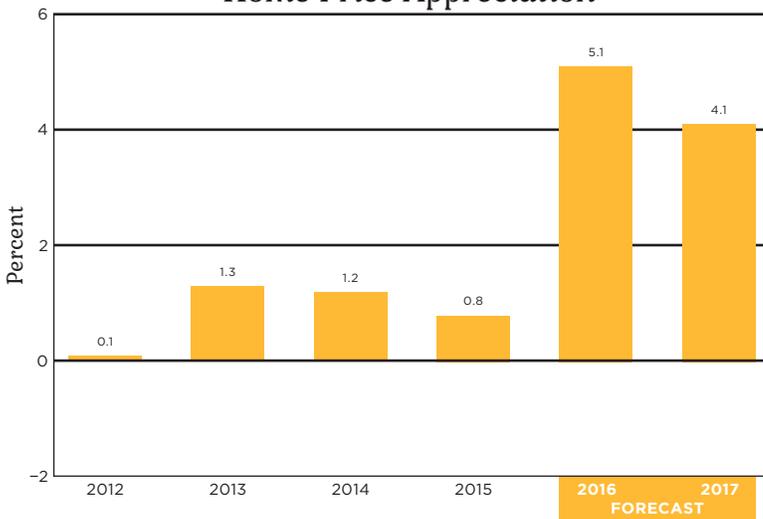
Sources:
Lawrence Multiple Listing Service, National Association of REALTORS®, U.S. Bureau of the Census, WSU Center for Real Estate

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 2016 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 2016 forecast by the National Association of REALTORS®

Inventory of Homes Available for Sale^a



Home Price Appreciation^b



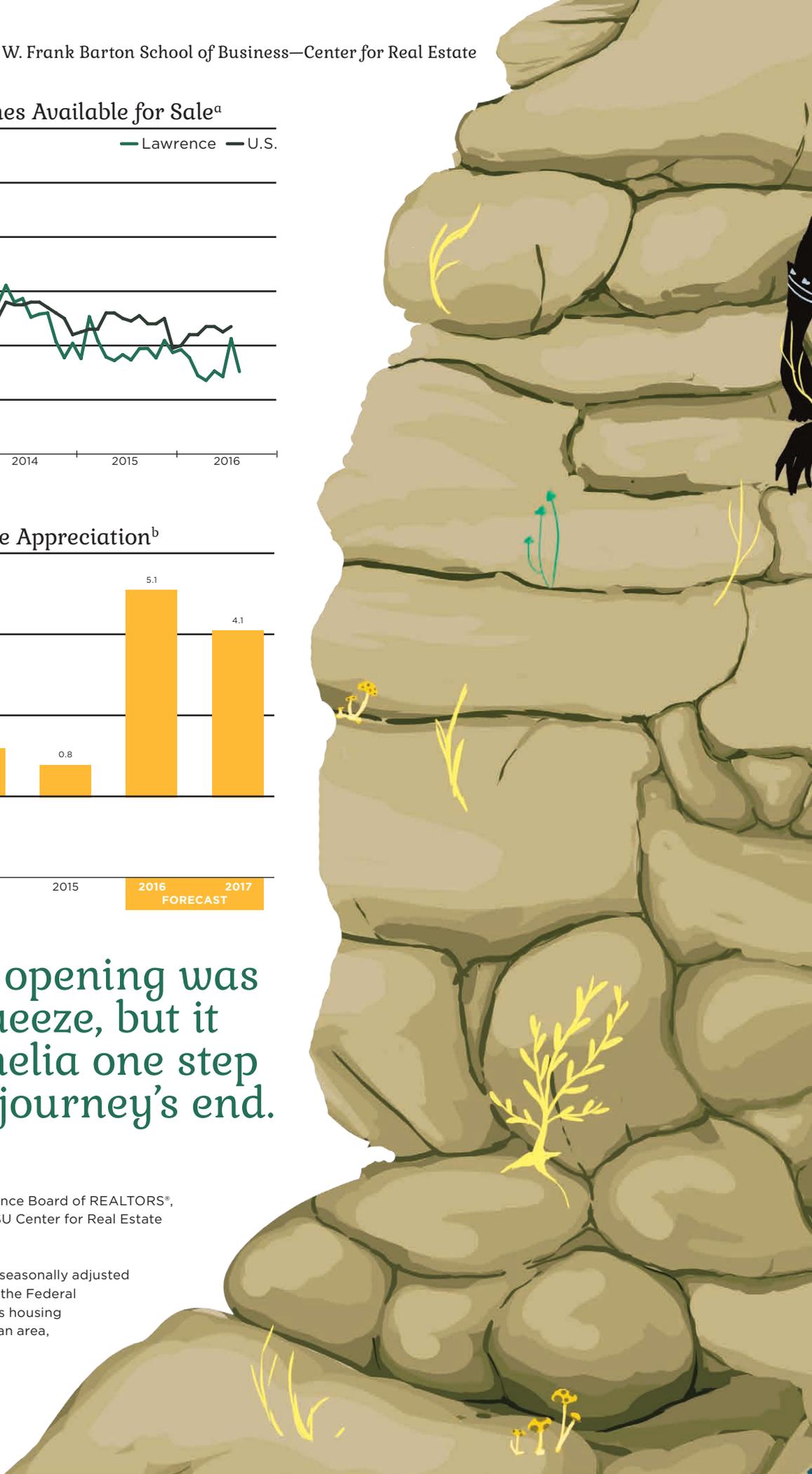
The narrow opening was a tight squeeze, but it brought Ophelia one step closer to her journey's end.

Sources:

Federal Housing Finance Agency, Lawrence Board 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 Lawrence metropolitan area, as measured using 4th quarter values



An illustration of a woman with short grey hair, wearing a black long-sleeved top and black pants, climbing a large, textured stone wall. The wall is composed of many irregular, light-brown stones. At the base of the wall, there is a small, green and blue car. The scene is decorated with small, stylized plants in yellow, green, and blue. The overall style is a soft, painterly illustration.

Home Prices

As sales in the Lawrence area have risen over the past several years, new listings have failed to keep pace, making the inventory of homes available for sale incredibly tight. As a result, we appear to be transitioning into a sellers' market, with multiple offer situations becoming increasingly common.

In response to these tight inventories, Lawrence home price appreciation is finally breaking out after several years of negligible growth. We expect that average home prices will rise by 5.1 percent this year, followed by another 4.1 increase in 2017.

Kansas Forecast

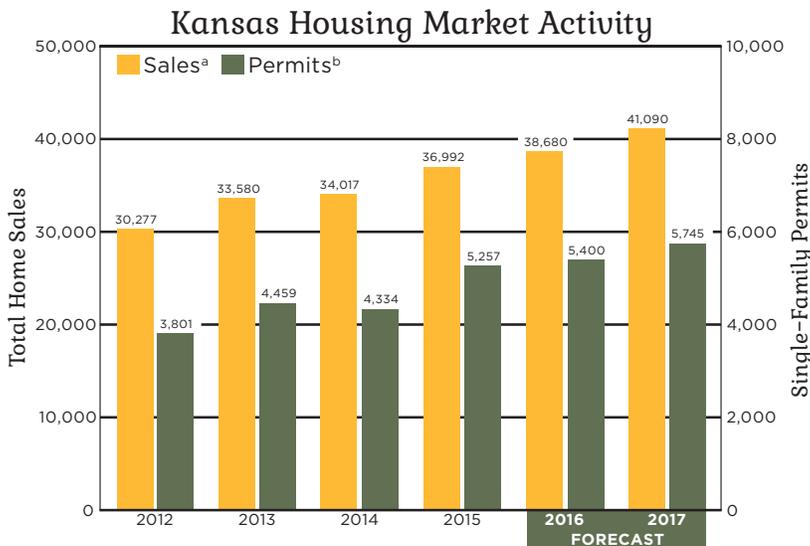
Home sales activity continues to rise in markets across the state. We forecast that statewide sales will rise by 4.6 percent this year, and increase another 6.2 percent in 2017, to 41,090 units.

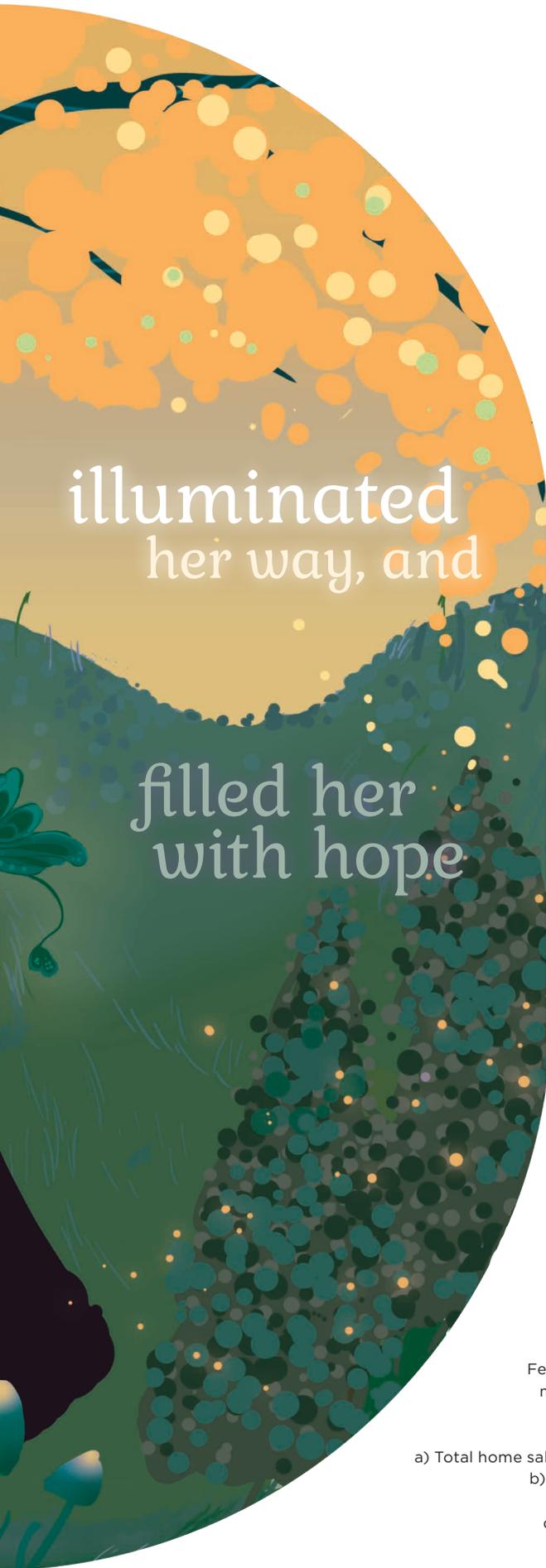
Outside of the Kansas City area, new home construction activity has posted only modest gains. We are forecasting that new single family building permits will increase by 6.4 percent in 2017 to 5,745 units, with much of the gain being driven by activity in the Kansas City area.

Markets all across the state are reporting tight inventories of homes available for sale. As a consequence, we are seeing widespread price gains. We forecast that average Kansas home values will rise by 5 percent this year, followed by another 3.8 percent rise in 2017.



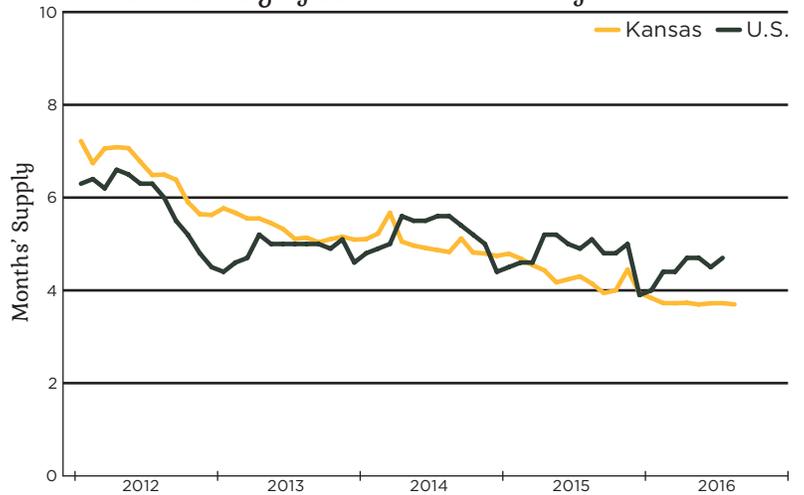
the flowers unexpectedly





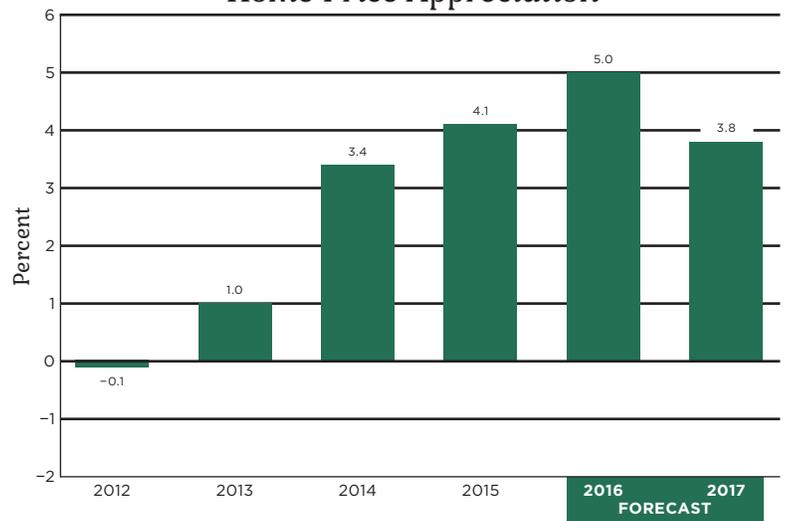
illuminated
her way, and
filled her
with hope

Inventory of Homes Available for Sale^c



Kansas home values are rising in the face of tight inventories of homes available for sale.

Home Price Appreciation^d



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 4th 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 those forecasts is provided here.

To download a copy of the complete forecast for each market, visit our website at wichita.edu/realestate. While there, you can also explore the wealth of additional data and analysis we provide on housing markets across the state.

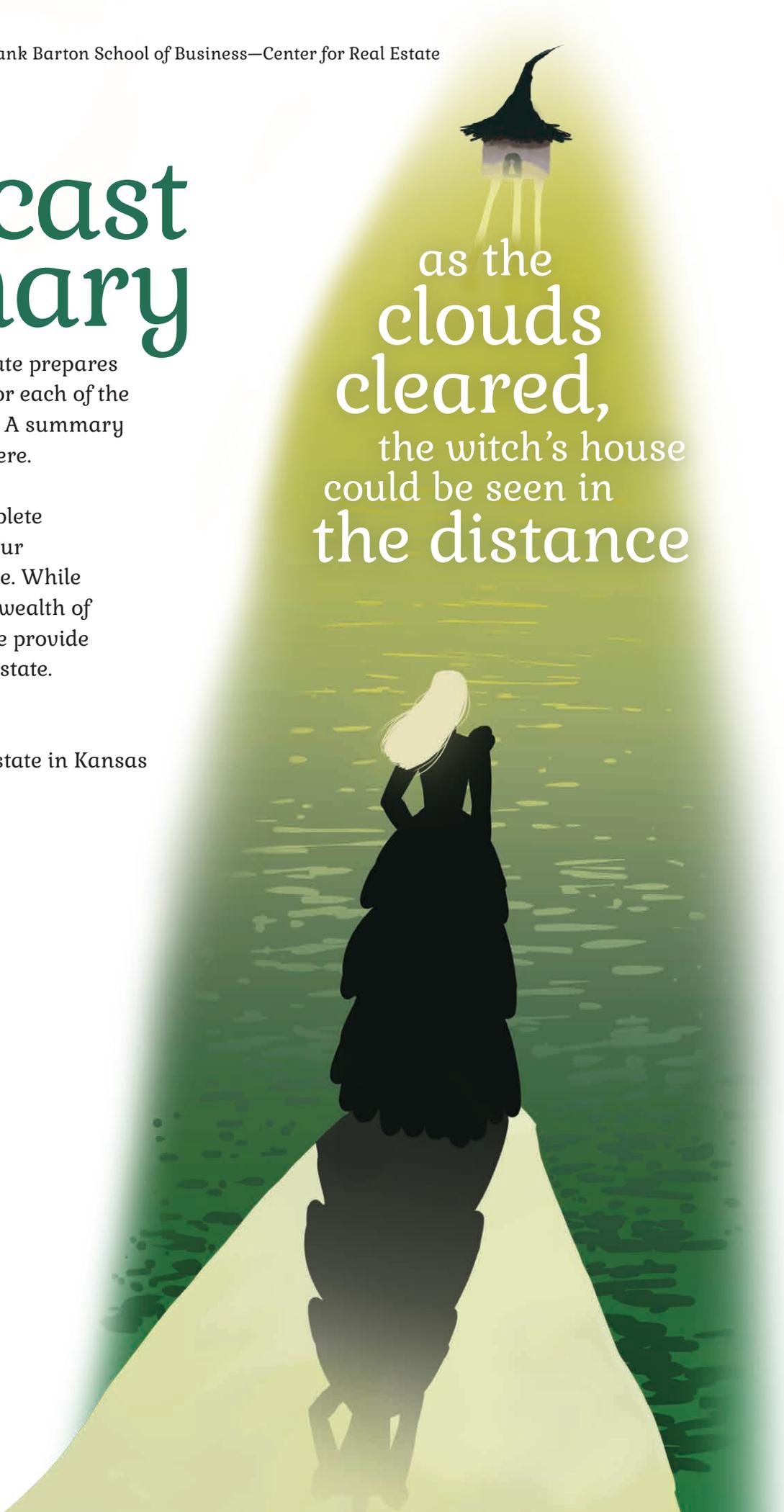
The WSU Center for Real Estate:
Laying a Foundation for Real Estate in Kansas

Sources:

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; Sunflower Association of REALTORS®; U.S. Bureau of the Census; 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.



as the
clouds
cleared,
the witch's house
could be seen in
the distance

2013 2014 2015 2016 2017

Kansas

| | | | | | |
|----------------------------|-----------|-----------|-----------|--------|--------|
| Total Home Sales | 33,580 | 34,017 | 36,992 | 38,680 | 41,090 |
| Building Permits | 4,459 | 4,334 | 5,257 | 5,400 | 5,745 |
| Home Price Appreciation | 1.0% | 3.4% | 4.1% | 5.0% | 3.8% |
| Sales Volume (in millions) | \$5,817 | \$6,093 | \$6,948 | | |
| Average Price | \$173,223 | \$179,128 | \$187,814 | | |

Kansas City

| | | | | | |
|----------------------------|-----------|-----------|-----------|--------|--------|
| Total Home Sales | 32,059 | 32,266 | 35,394 | 36,820 | 38,460 |
| Building Permits | 4,209 | 4,129 | 4,550 | 5,585 | 5,810 |
| Home Price Appreciation | 1.5% | 4.5% | 6.5% | 4.9% | 4.2% |
| Sales Volume (in millions) | \$5,863 | \$6,204 | \$7,178 | | |
| Average Price | \$182,866 | \$192,277 | \$202,803 | | |

Lawrence

| | | | | | |
|----------------------------|-----------|-----------|-----------|-------|-------|
| Total Home Sales | 1,269 | 1,309 | 1,383 | 1,400 | 1,510 |
| Building Permits | 212 | 179 | 221 | 225 | 220 |
| Home Price Appreciation | 1.3% | 1.2% | 0.8% | 5.1% | 4.1% |
| Sales Volume (in millions) | \$256 | \$256 | \$277 | | |
| Average Price | \$202,084 | \$195,685 | \$200,569 | | |

Manhattan

| | | | | | |
|----------------------------|-----------|-----------|-----------|------|-------|
| Total Home Sales | 763 | 790 | 921 | 990 | 1,050 |
| Building Permits | 307 | 317 | 315 | 310 | 320 |
| Home Price Appreciation | 0.4% | 4.0% | -0.7% | 4.8% | 4.7% |
| Sales Volume (in millions) | \$153 | \$163 | \$189 | | |
| Average Price | \$200,328 | \$206,163 | \$205,483 | | |

Topeka

| | | | | | |
|----------------------------|-----------|-----------|-----------|-------|-------|
| Total Home Sales | 3,004 | 2,965 | 3,189 | 3,460 | 3,530 |
| Building Permits | 270 | 262 | 302 | 275 | 275 |
| Home Price Appreciation | 0.1% | 1.4% | 1.8% | 3.7% | 1.9% |
| Sales Volume (in millions) | \$374 | \$366 | \$424 | | |
| Average Price | \$124,390 | \$123,411 | \$132,956 | | |

Wichita

| | | | | | |
|----------------------------|-----------|-----------|-----------|--------|--------|
| Total Home Sales | 9,137 | 9,342 | 9,719 | 10,280 | 10,800 |
| Building Permits | 916 | 918 | 823 | 925 | 900 |
| Home Price Appreciation | 0.0% | 3.1% | 1.7% | 5.8% | 3.5% |
| Sales Volume (in millions) | \$1,270 | \$1,356 | \$1,463 | | |
| Average Price | \$139,000 | \$145,202 | \$150,501 | | |

FORECAST

Center for Real Estate

Do you keep getting lost in the wilderness as you try to understand what's happening in Kansas real estate markets? The WSU Center for Real Estate's new website may be just the map you need to help you find your way. With data on every major market in the state, our new Market Graphs and Analysis tool lets you explore real estate data to get just the information you need. Begin your journey by visiting us at WICHITA.EDU/REALESTATE.



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Ophelia found
the key
at last. Looking at the
map on the wall,
she determined
the path
she would take home.



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MERITRUSTCU.ORG

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.



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All of your friends at Security 1st Title would like to thank you for your business. We take great pride in providing you with a consistent, friendly and professional experience. In the title industry it is truly all about the service. Our team of local experts can assist you with your residential, commercial or multifamily transaction whether the property is located inside or outside of our local communities. When you think of title and closing companies, be sure to make us Your 1st Choice!



Just like our heroine,

Meritrust and Security 1st Title can help you find your way home too.