

2017 Kansas Housing Markets Forecast

Kansas City Housing Forecast

THROUGH THE WOODS

WSU Center for Real Estate



.....
WICHITA STATE
UNIVERSITY

Wichita State University | W. Frank Barton School of Business

Kansas City 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.

Dr. Stanley D. Longhofer
Director, WSU Center for Real Estate
wichita.edu/realestate

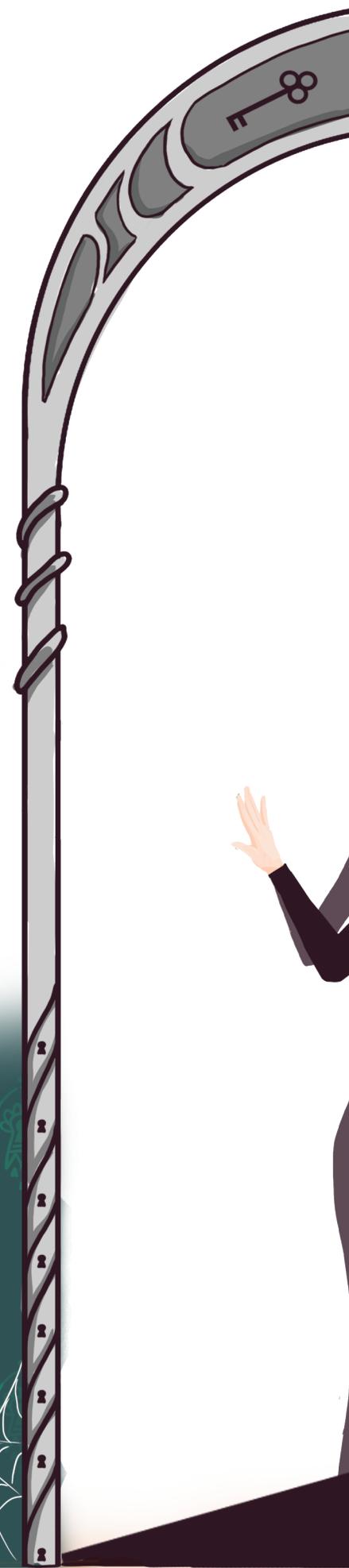


WICHITA STATE
UNIVERSITY

W. FRANK BARTON
SCHOOL OF BUSINESS

Center for Real Estate

Design and illustration by Visual Fusion Graphic & Web Design Studio



Special Thanks:

Kipp Cooper · Kansas City Regional Association of REALTORS®

Karen Gehle · Kansas Association of REALTORS®

Jeremy Hill · WSU CEDBR

Bitu Mansouri · WSU Center for Real Estate

Samuel Radaha · WSU Center for Real Estate

John Ringgold · Real Estate Business Resources

Participants in the 2016 Kansas City Real Estate Roundtable

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



CENTER FOR REAL ESTATE SPONSORS:

The Center for Real Estate receives no state funding. Our activities are supported entirely through gifts from generous supporters throughout the region:

Clark Real Estate Foundation

Meritrust Credit Union

Pulaski Bank Home Lending

Security 1st Title

Walter Morris Endowment for Real Estate

REALTORS® of South Central Kansas

Credit Union of America

Erin C. Cummings

Michael Malone



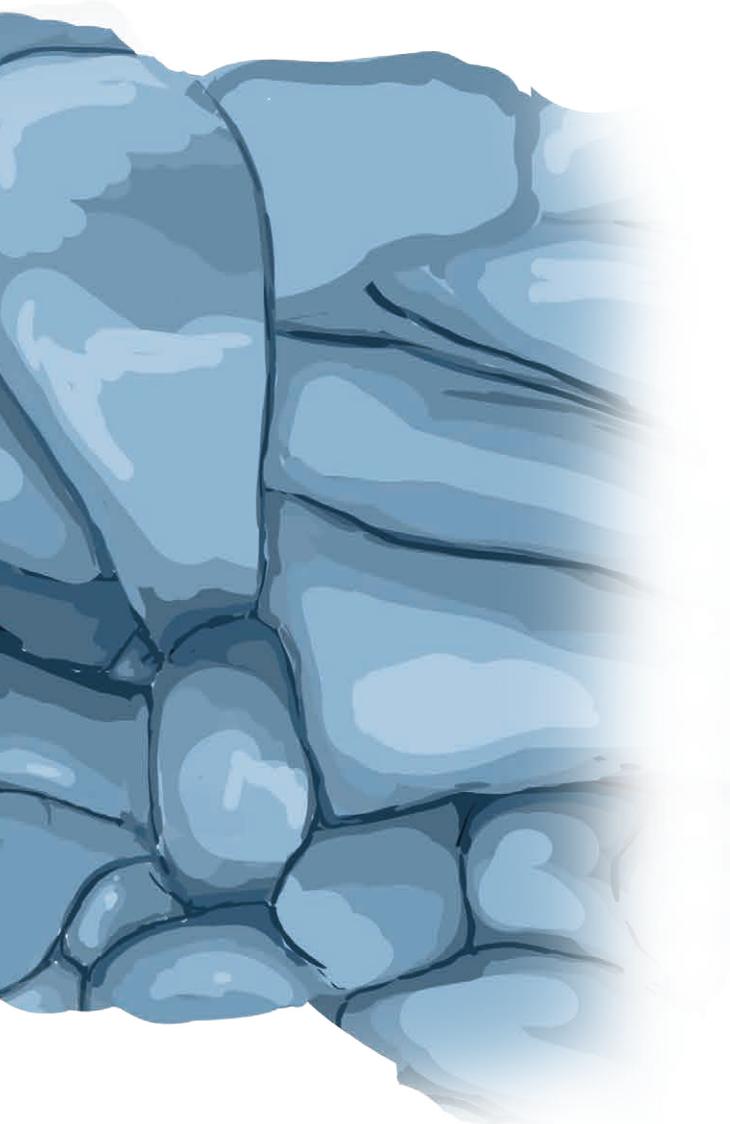
the mysterious
stranger
revealed a

hidden
path

Economic Overview

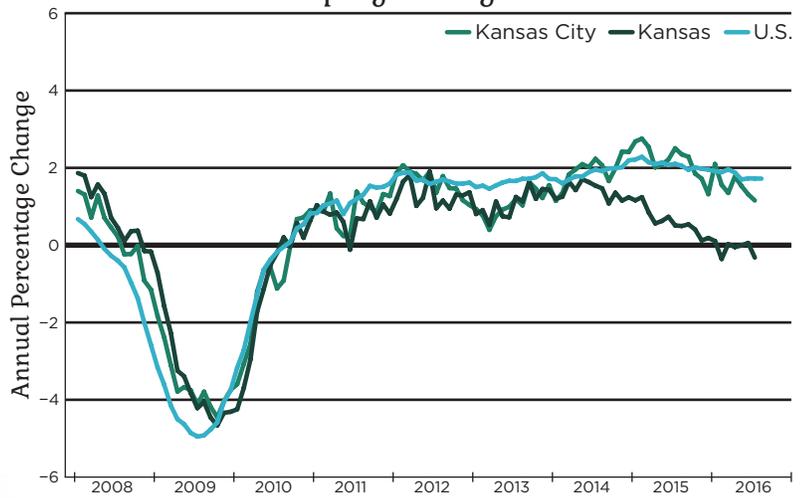
Kansas City's employment growth continues to outpace the rest of the state, following more closely with national trends. While the Kansas City unemployment rate has risen somewhat over the past several months, it remains fairly low.

Low mortgage rates continue to support housing markets as well. 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.

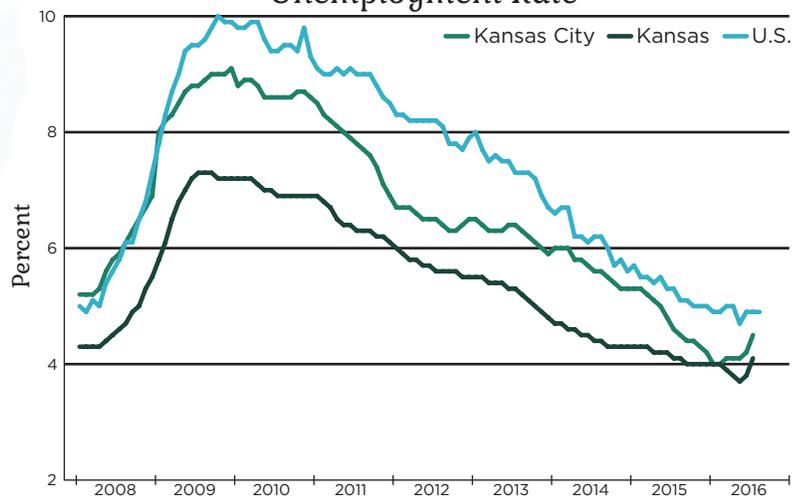


Mortgage rates should remain exceptionally low in the coming year.

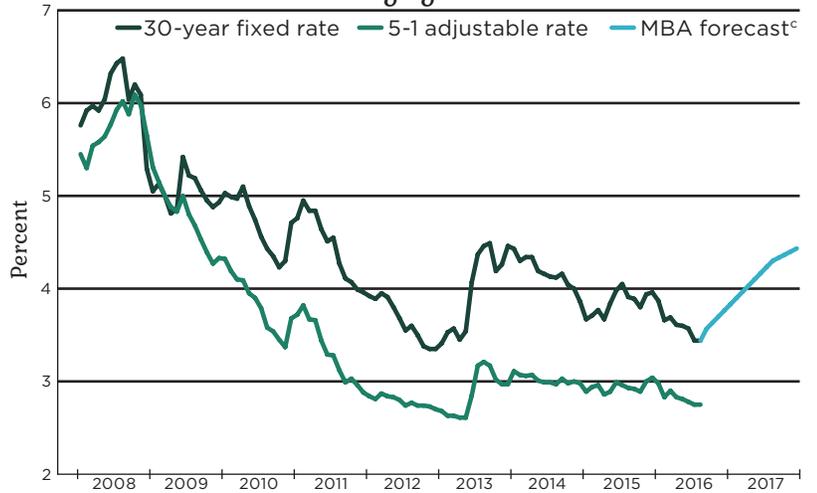
Employment Growth^a



Unemployment Rate^b



Mortgage Rates



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

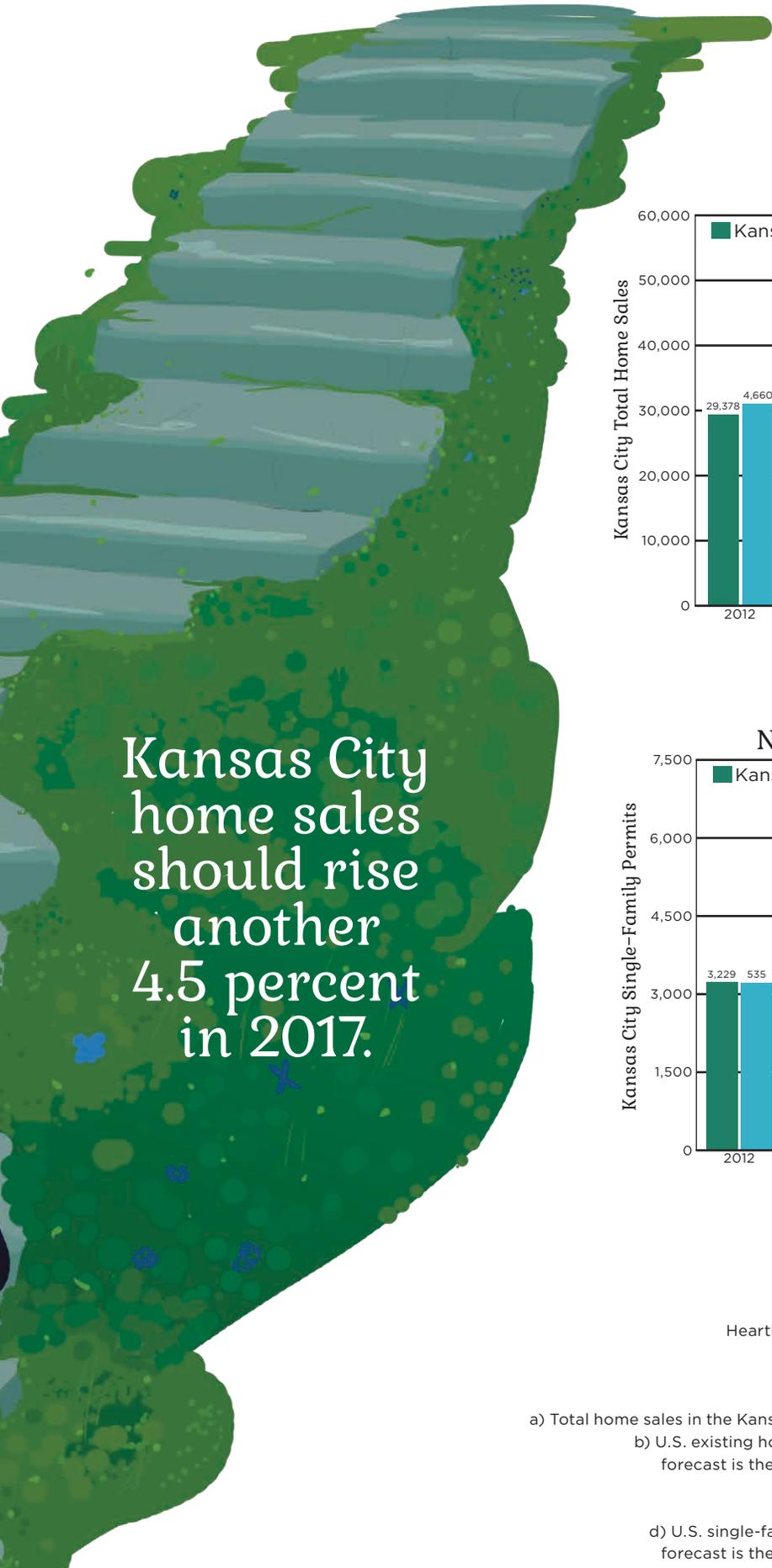
Home Sales & Construction

Kansas City area home sales continued their upward climb in 2015, rising by 9.7 percent to 35,394 units. Sales continue to grow this year, albeit at a slower pace. We expect sales to rise again in 2017, by 4.5 percent to 38,460 units.

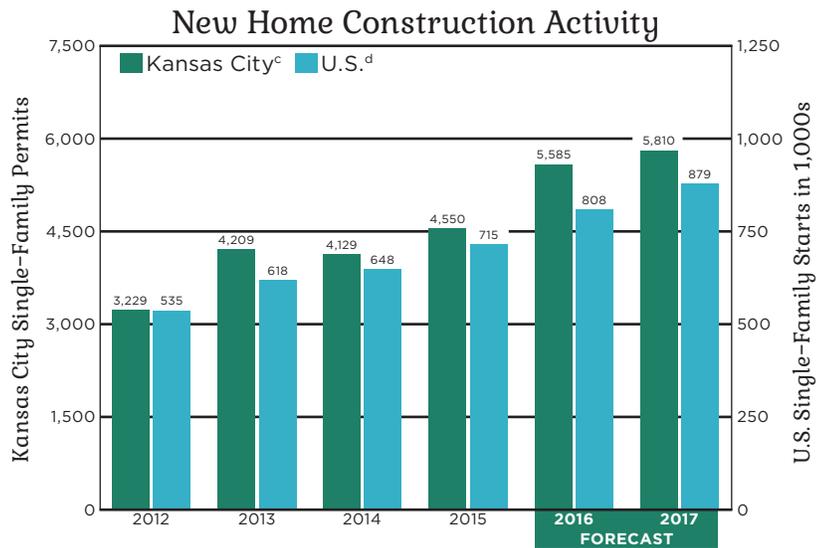
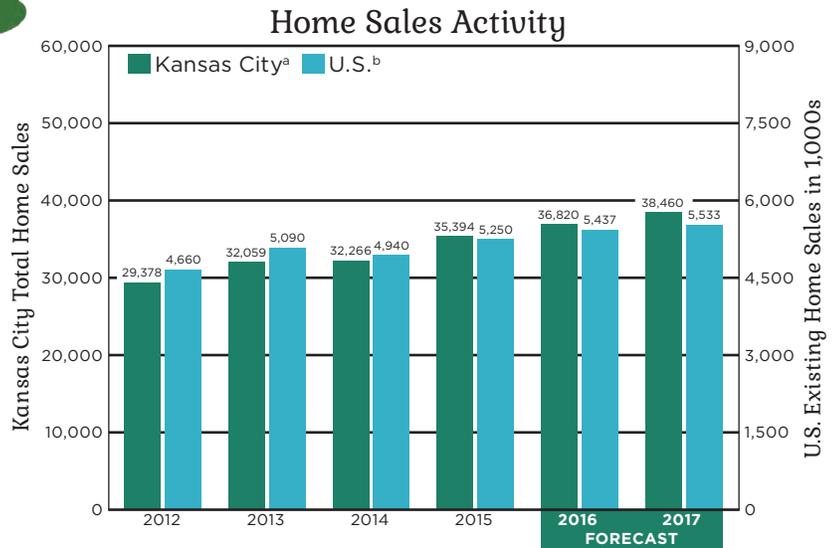
New home construction has continued to accelerate this year as well. After posting a 10.2 percent increase in 2015, permitting activity is on pace to rise by 22.7 percent this year. We expect construction activity to continue to rise in 2017, up 4 percent to 5,810 units.



it was a
long
steep climb, but
Ophelia was
determined



Kansas City home sales should rise another 4.5 percent in 2017.



Sources:

Heartland 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 Kansas City area as reported by the Heartland 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 Kansas City 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®

Home Prices

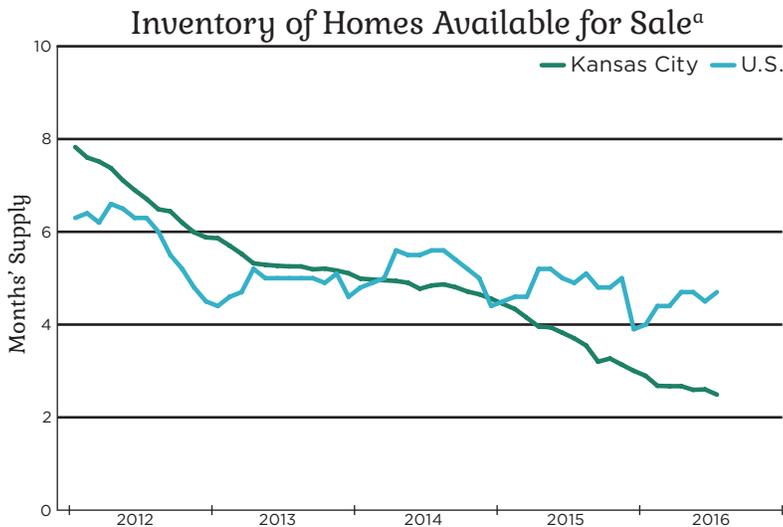
Even as it seems the market can't get any tighter, the inventory of homes available for sale in the Kansas City area continues to fall. With multiple offer situations becoming increasingly common, it appears that we have transitioned into a sellers' market, at least for homes outside of the highest price ranges.

These tight inventories have caused Kansas City area home prices to climb rapidly, increasing by 6.5 percent on average last year. We forecast that this trend will continue, with average prices rising by 4.9 percent this year and 4.2 percent in 2017.

Ophelia narrowly

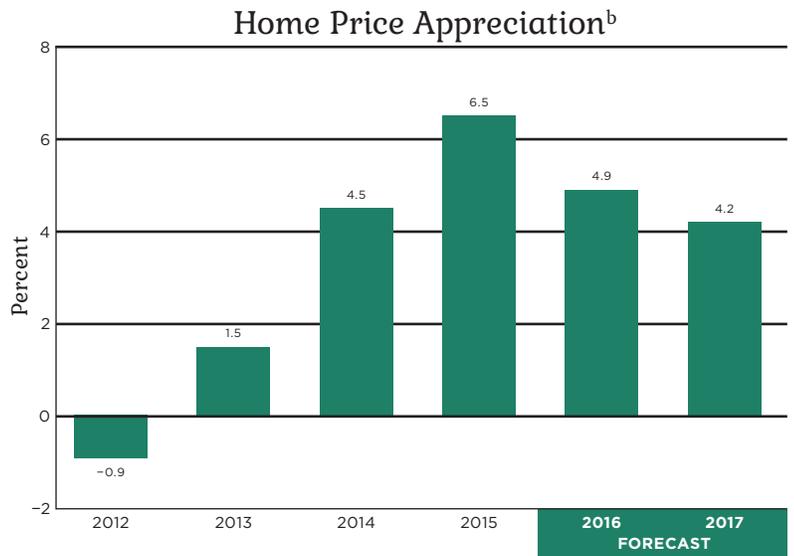
escaped

the creature





Kansas City home prices are climbing in the face of tight inventories.



Sources:

Federal Housing Finance Agency, Heartland 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 Kansas City metropolitan area, as measured using 4th quarter values

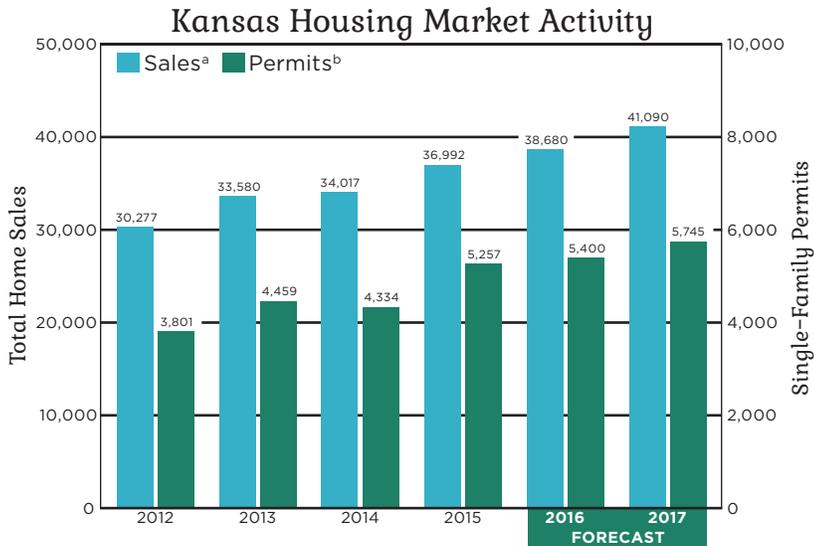
Kansas Forecast

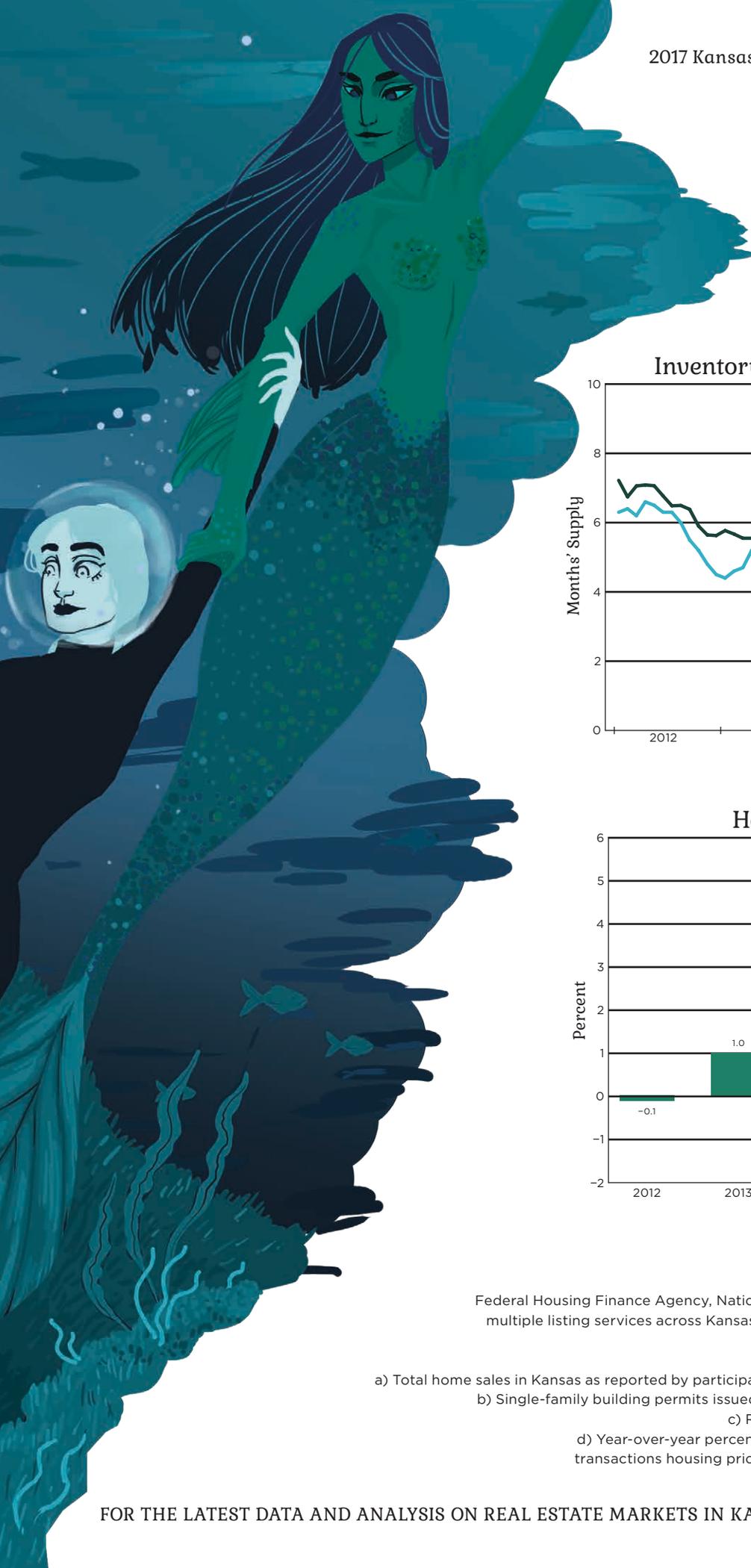
Home sales activity continues to rise in markets across the state. We forecast that statewide sales will rise by 4.6 percent this year, and increase another 6.2 percent in 2017, to 41,090 units.

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.

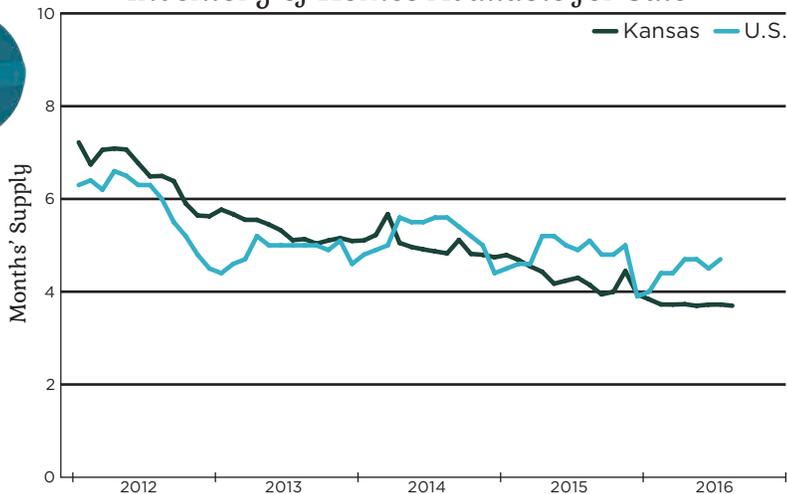
Markets all across the state are reporting tight inventories of homes available for sale. As a consequence, we are seeing widespread price gains. We forecast that average Kansas home values will rise by 5 percent this year, followed by another 3.8 percent rise in 2017.

A fin glistened and glittered next to her as the mermaid pulled her up towards the opening.

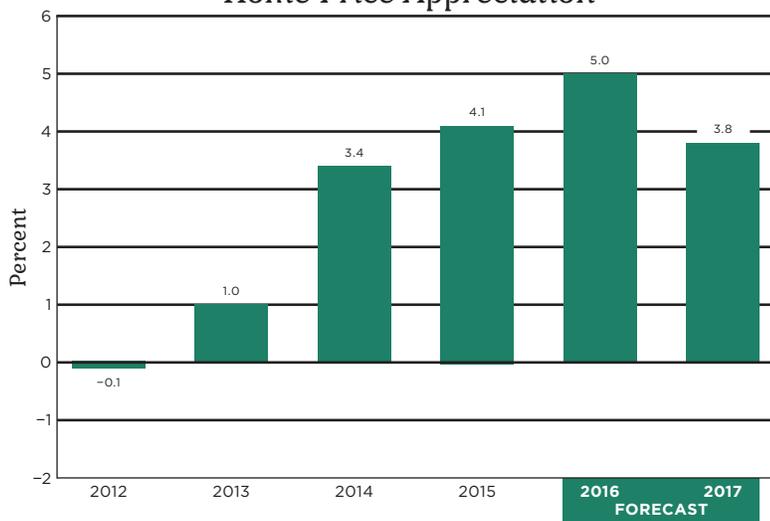




Inventory of Homes Available for Sale^c



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.

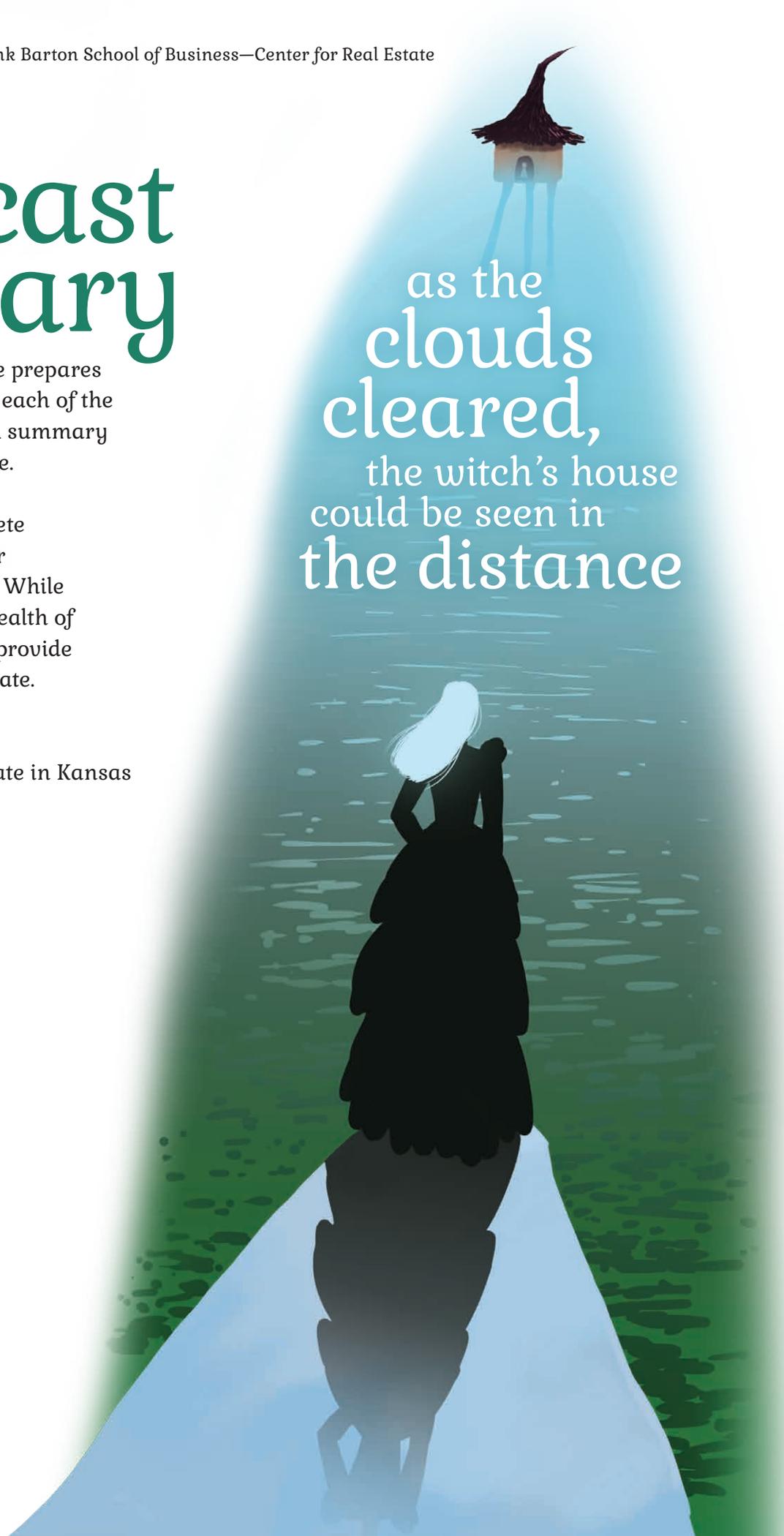
The WSU Center for Real Estate:
Laying a Foundation for Real Estate in Kansas

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.



WICHITA STATE
UNIVERSITY

W. FRANK BARTON
SCHOOL OF BUSINESS





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



WICHITA STATE
UNIVERSITY

W. FRANK BARTON
SCHOOL OF BUSINESS

Center for Real Estate



Are you trying to
find your
way home?

The
WSU Center for
Real Estate
is here to help.