

2018 Kansas Housing Markets Forecast

IN WICHITA, THE  
HUNT  
IS ON



Wichita Housing Forecast | Wsu Center for Real Estate  
Wichita State University | W. Frank Barton School of Business



# In Wichita, the Hunt is On

As Wichita area home sales have risen over the past several years, new listings haven't kept pace. As a result, inventories are tight and competition among buyers is fierce to find the perfect home. Like a predator hunting its prey, buyers have to keep a watchful eye on the market and then pounce quickly when an opportunity arises.

Whether you're a buyer, a seller or a real estate professional, we've prepared this year's Wichita Housing Forecast to help you track your quarry. ***The Hunt is On!***

## **Dr. Stanley D. Longhofer**

Director, WSU Center for Real Estate  
[wichita.edu/realestate](http://wichita.edu/realestate)



Thanks to the many colleagues  
and friends who have helped  
make this forecast possible:

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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:



South Central Kansas MLS



KANSAS ASSOCIATION  
OF REALTORS®

AND PARTICIPATING REALTOR  
MLS SYSTEMS ACROSS KANSAS

We are especially grateful to Security 1st Title and Meritrust Credit Union for underwriting the cost of preparing this year's Wichita Housing Forecast.



Security 1<sup>st</sup> Title



CREDIT UNION<sup>SM</sup>

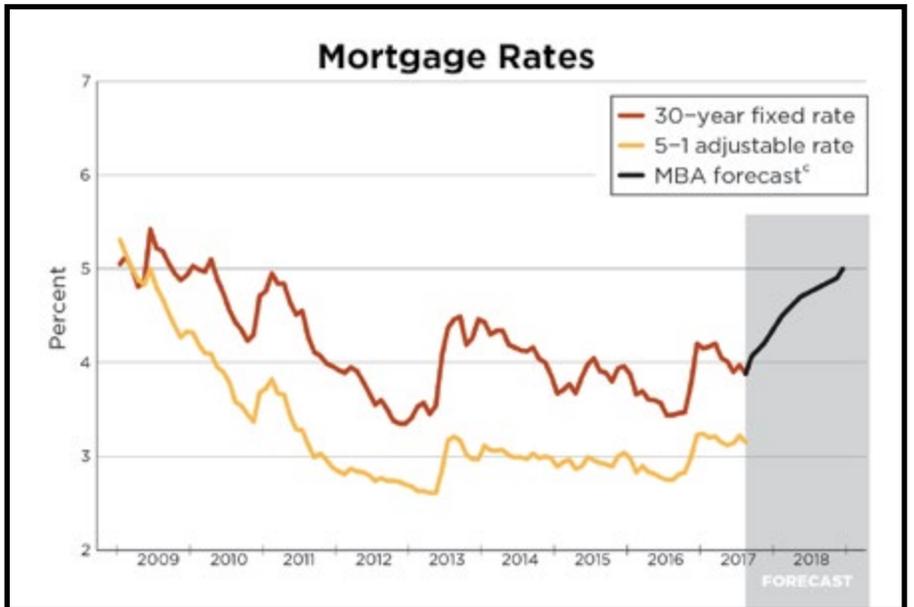
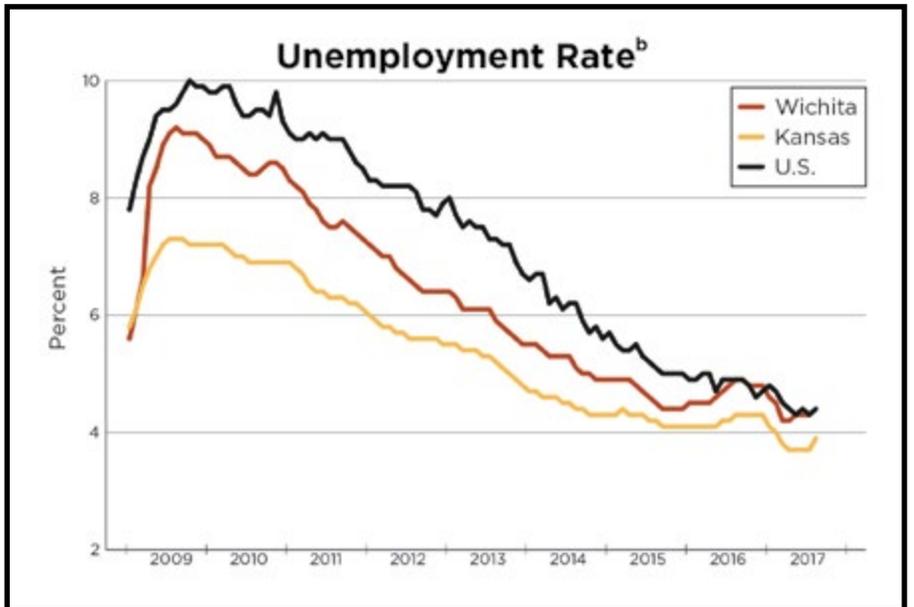
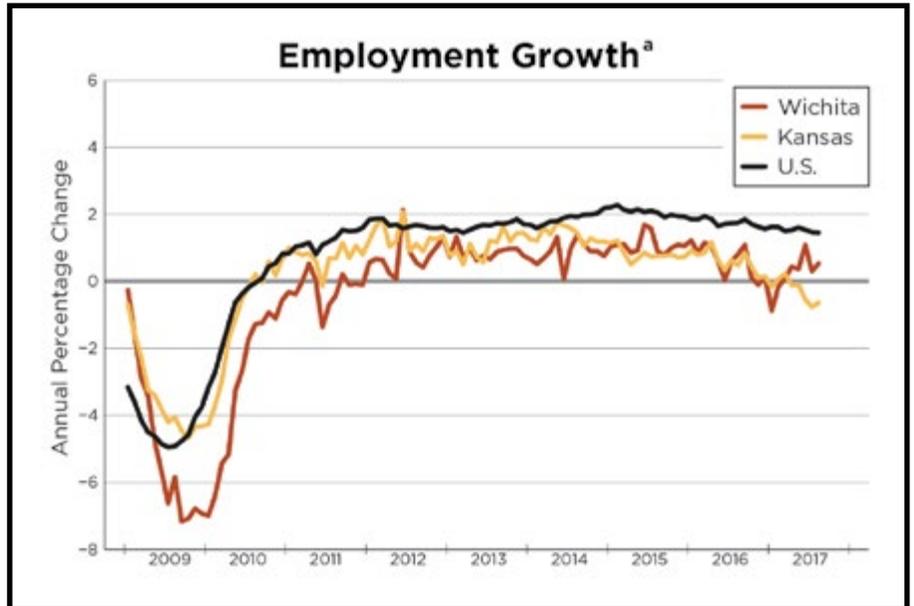
# Economic Overview

Total employment in Wichita fell at the end of last year for the first time since 2011. Although the WSU Center for Economic Development and Business Research is forecasting a rebound for next year, the Wichita job market still lags behind the U.S. as a whole.

After rising sharply toward the end of last year, 30-year fixed mortgage rates have once again fallen below 4 percent. The Mortgage Bankers Association expects the 30-year rate to remain below 5 percent through the end of 2018.



CEDBR's  
2018 Wichita  
Employment  
Forecast:  
+0.4%



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

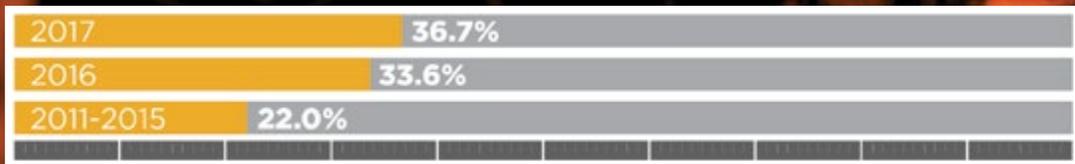
c) Mortgage Bankers Association September 2017 forecast of the 30-year conventional mortgage rate

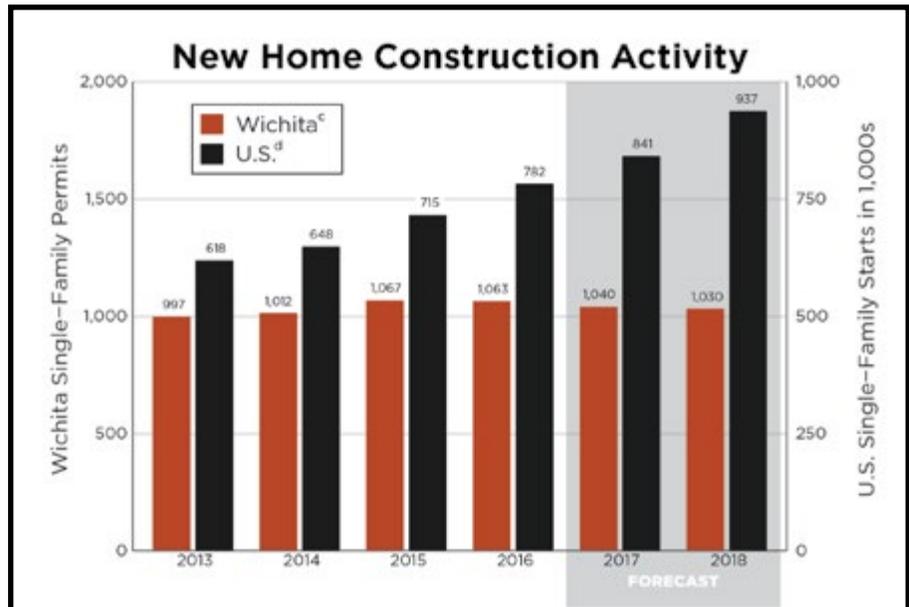
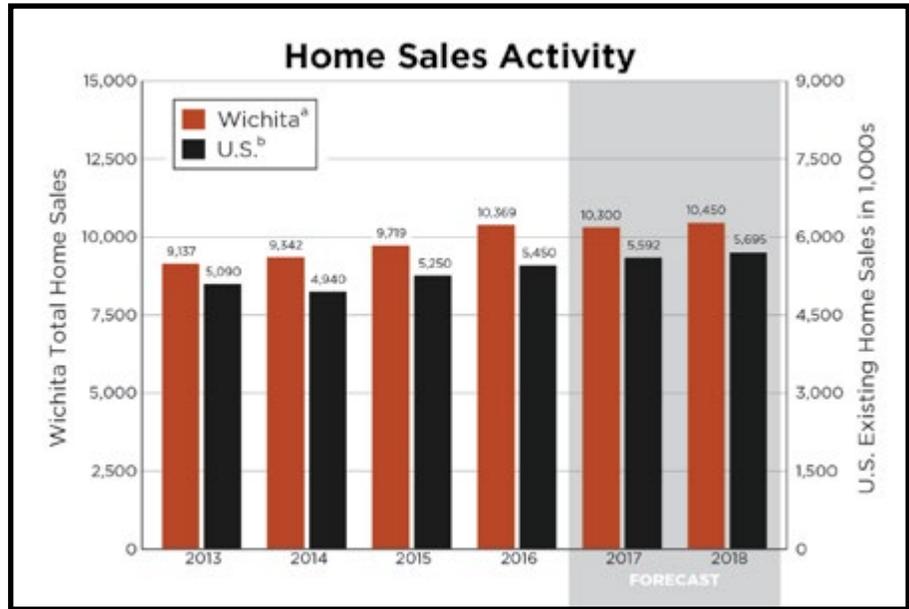
# Home Sales & Construction

Wichita area home sales growth has slowed this year in the face of tight inventories. We expect sales to end the year at 10,300 units, 0.7 percent less than 2016. Demand remains strong, however, and we forecast that sales will rise 1.5 percent in 2018 to 10,450 units.

Stagnant employment and population growth continue to hinder new home construction. Single-family permitting activity has hovered around the 1,000 mark for the past 4 years. This should continue in the coming year, with permits ending the year at 1,030 units.

## Percent of homes selling in 10 days or less:





Sources: National Association of REALTORS®, South Central Kansas Multiple Listing Service, Wichita Area Builders Association, WSU Center for Real Estate

Notes:

- a) Total home sales in the Wichita area as reported by the South Central Kansas Multiple Listing Service
- b) U.S. existing home sales as reported by the National Association of REALTORS®; forecast is the August 2017 forecast by the National Association of REALTORS®
- c) Single-family building permits issued in the Wichita area as compiled by the Wichita Area Builders Association
- d) U.S. single-family housing starts as reported by the U.S. Bureau of the Census; forecast is the August 2017 forecast by the National Association of REALTORS®



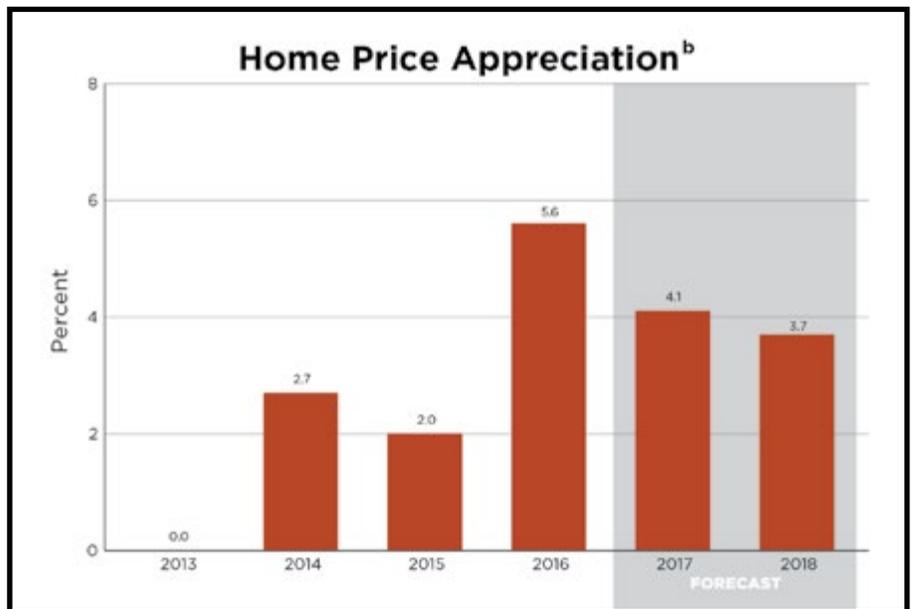
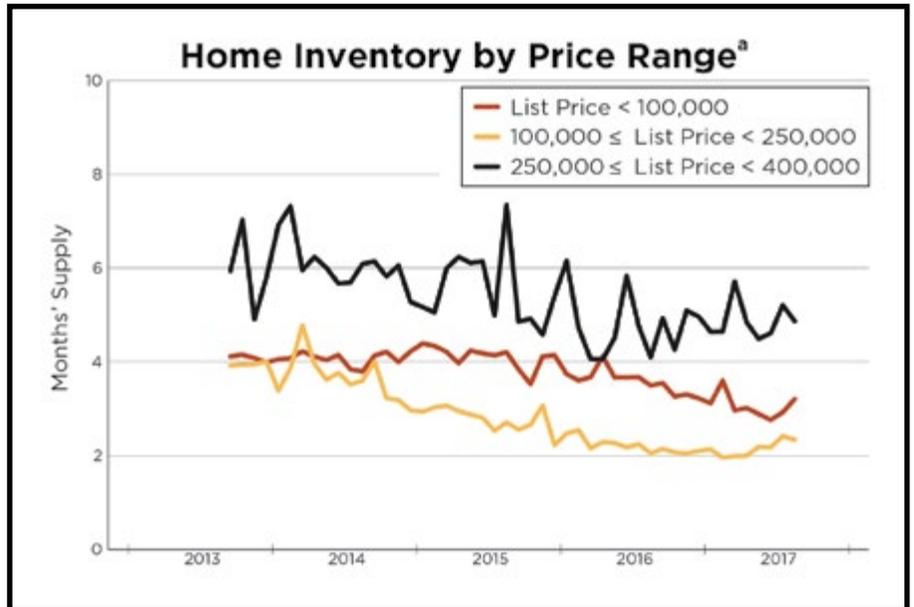
GET  
READY TO  
POUNCE!

# Total Home Price Appreciation since 2013: 12.7 percent

## Home Prices

Competition is fierce among buyers for the limited inventory of homes on the market. This is especially true for homes priced below \$250,000, where supply may be better measured in days, rather than months.

As a result, Wichita home prices rose faster last year than at any time since the late 1990s. Appreciation should continue to be strong for the foreseeable future. We forecast that home prices will rise 4.1 percent this year and another 3.7 percent in 2018.

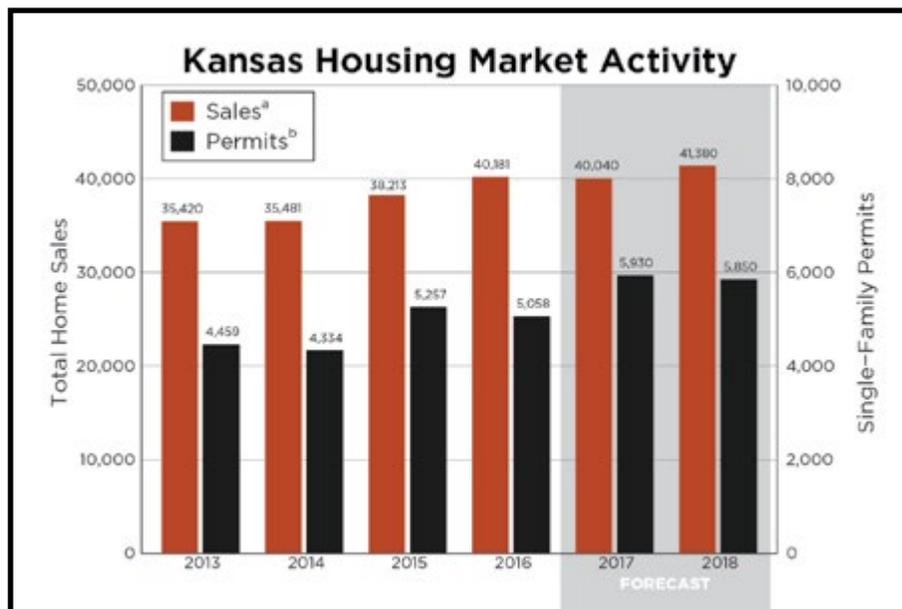


Sources: Federal Housing Finance Agency, National Association of REALTORS®, South Central Kansas Multiple Listing Service, WSU Center for Real Estate

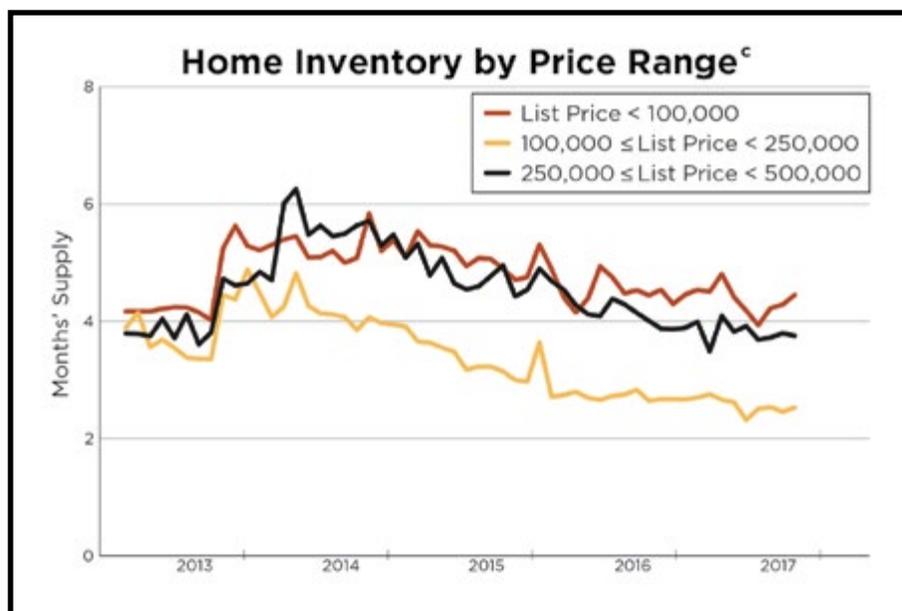
Notes: a) Ratio of active listings to home sales, seasonally adjusted

b) Year-over-year percentage change in the Federal Housing Finance Agency all-transactions housing price index for the Wichita metropolitan area, as measured using 4th quarter values

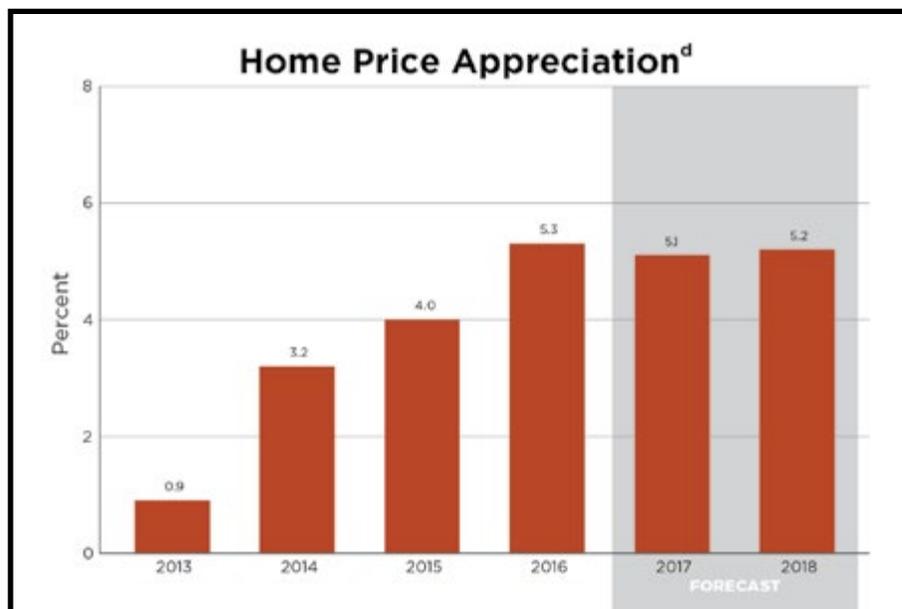
# Kansas Forecast



Home sales across Kansas have plateaued this year, largely due to a lack of inventory among the most popular, mid-priced homes. We forecast that statewide sales will end the year down 0.4 percent at 40,040 units, and then rebound in 2018, rising 3.3 percent to 41,380 units.



Strong permitting growth in the Kansas City area has more than offset sluggish activity in other areas of the state. New single family permits should rise by 17.2 percent this year before falling slightly to 5,850 units in 2018.



Tight inventories, especially of homes priced between \$100,000 and \$250,000, are leading to healthy home price appreciation in major markets across the state. We forecast that Kansas home prices will rise by 5.1 percent this year, followed by another 5.2 percent gain in 2018.

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



DON'T  
LET YOUR  
QUARRY  
ESCAPE

# 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](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

### 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; Wichita Area Builders Association; 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.



|                            | 2013      | 2014      | 2015      | 2016      | 2017   | 2018   |
|----------------------------|-----------|-----------|-----------|-----------|--------|--------|
| <b>Kansas</b>              |           |           |           |           |        |        |
| Total Home Sales           | 35,420    | 35,481    | 38,213    | 40,181    | 40,040 | 41,380 |
| Building Permits           | 4,459     | 4,334     | 5,257     | 5,058     | 5,930  | 5,850  |
| Home Price Appreciation    | 0.9%      | 3.2%      | 4.0%      | 5.3%      | 5.1%   | 5.2%   |
| Sales Volume (in millions) | \$6,012   | \$6,252   | \$7,093   | \$7,742   |        |        |
| Average Price              | \$169,725 | \$176,203 | \$185,608 | \$192,674 |        |        |
| <b>Kansas City</b>         |           |           |           |           |        |        |
| Total Home Sales           | 32,059    | 32,270    | 35,955    | 38,268    | 37,170 | 38,520 |
| Building Permits           | 4,209     | 4,129     | 4,550     | 5,258     | 5,890  | 6,005  |
| Home Price Appreciation    | 1.5%      | 4.3%      | 6.4%      | 5.9%      | 7.2%   | 6.6%   |
| Sales Volume (in millions) | \$5,863   | \$6,206   | \$7,280   | \$8,203   |        |        |
| Average Price              | \$182,866 | \$192,305 | \$202,471 | \$214,363 |        |        |
| <b>Lawrence</b>            |           |           |           |           |        |        |
| Total Home Sales           | 1,269     | 1,309     | 1,383     | 1,444     | 1,500  | 1,560  |
| Building Permits           | 212       | 179       | 221       | 264       | 265    | 250    |
| Home Price Appreciation    | 1.0%      | 0.9%      | 0.6%      | 7.3%      | 5.7%   | 4.4%   |
| Sales Volume (in millions) | \$256     | \$256     | \$277     | \$309     |        |        |
| Average Price              | \$202,084 | \$195,685 | \$200,569 | \$213,734 |        |        |
| <b>Manhattan</b>           |           |           |           |           |        |        |
| Total Home Sales           | 765       | 791       | 923       | 931       | 920    | 1,010  |
| Building Permits           | 307       | 317       | 315       | 271       | 260    | 275    |
| Home Price Appreciation    | 0.0%      | 3.8%      | 0.1%      | 7.0%      | 0.0%   | 3.2%   |
| Sales Volume (in millions) | \$153     | \$163     | \$189     | \$196     |        |        |
| Average Price              | \$199,950 | \$206,090 | \$205,122 | \$210,108 |        |        |
| <b>Topeka</b>              |           |           |           |           |        |        |
| Total Home Sales           | 2,677     | 2,745     | 2,963     | 3,235     | 3,180  | 3,200  |
| Building Permits           | 270       | 262       | 302       | 301       | 285    | 270    |
| Home Price Appreciation    | 0.0%      | 1.6%      | 2.0%      | 3.1%      | 3.6%   | 2.7%   |
| Sales Volume (in millions) | \$346     | \$346     | \$401     | \$460     |        |        |
| Average Price              | \$129,162 | \$126,164 | \$135,240 | \$142,170 |        |        |
| <b>Wichita</b>             |           |           |           |           |        |        |
| Total Home Sales           | 9,137     | 9,342     | 9,719     | 10,369    | 10,300 | 10,450 |
| Building Permits           | 997       | 1,012     | 1,067     | 1,063     | 1,040  | 1,030  |
| Home Price Appreciation    | 0.0%      | 2.7%      | 2.0%      | 5.6%      | 4.1%   | 3.7%   |
| Sales Volume (in millions) | \$1,270   | \$1,356   | \$1,463   | \$1,631   |        |        |
| Average Price              | \$139,000 | \$145,202 | \$150,501 | \$157,272 |        |        |

FORECAST

# Center for Real Estate

The Center for Real Estate was established in 2000 to bring Wichita State's education and research programs together with the real-world experience of professionals throughout the region. Not only do we maintain a comprehensive collection of real estate data for markets across Kansas, we help you understand how it impacts your business through our expert analysis and original research. Let us help guide you on your hunt though Kansas' real estate markets.

## Keep in touch with us online:

Web: [www.wichita.edu/realestate](http://www.wichita.edu/realestate)

Facebook: Wichita State University Center for Real Estate

Twitter: @WSURealEstate



# W. Frank Barton 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.

# Center for Real Estate Contributors

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



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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).



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