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WSU Center for Real Estate releases 2018 Manhattan Housing Forecast

Manhattan home prices are expected to rise next year according to the 2018 Manhattan Housing Forecast published by the Wichita State University Center for Real Estate.

“In contrast to the rest of the state, Manhattan area inventories have risen this year,” said Stan Longhofer, director of the WSU Center for Real Estate. “As a result, we expect home prices to remain flat this year before rising at a modest pace of 3.2 percent in 2018.”

Longhofer will present the forecast at 10:15 a.m. Thursday, Oct. 12, at the Kansas Association of Realtors Annual Conference and Education Expo at the Capitol Plaza Hotel in Topeka. He will be available for interviews at about 11:30 a.m. after his presentation.

The Manhattan Housing Forecast is part of the 2018 Kansas Housing Markets Forecast Series that reviews current housing market conditions in the major markets across the state – including Kansas City, Lawrence, Manhattan, Topeka and Wichita – and forecasts housing market activity through the end of 2018. The series also includes Housing Outlooks for 20 smaller markets across the state.

Copies of all of the forecasts and outlook publications in the series can be found at www.wichita.edu/realestate.

Highlights of the 2018 forecast include the following:

Manhattan forecast

- **Home sales** – Manhattan area home sales activity has plateaued this year. Sales should end the year at 920 units, down 1.2 percent from 2016. Sales are forecasted to pick up again in 2018, rising 9.8 percent to 1,010 units.

- **Construction** – Single-family permitting activity in the Manhattan metropolitan area dropped off considerably last year due to a shortage of buildable lots. This should change in the coming year, however, as new developments in Pottawatomie County become available. New home construction is forecasted to rise in 2018 by 5.8 percent to 275 units.
- **Home prices** – Home price appreciation in the Manhattan area has moderated this year. After rising by 7 percent in 2016, home prices should remain flat this year before rising at a more modest pace of 3.2 percent in 2018.

Statewide forecast

- **Home sales** – Home sales across Kansas have plateaued this year, largely due to a lack of inventory among the most popular, mid-priced homes. Sales across Kansas should end the year down 0.4 percent at 40,040 units, and then rebound in 2018, rising 3.3 percent to 41,380 units.
- **Construction** – 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.
- **Home prices** – 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.

Kansas City forecast

- **Home sales** – Kansas City area home sales growth has slowed this year in the face of tight inventories. Sales should end the year at 37,170 units, 2.9 percent below 2016. Demand remains strong, however, and sales are forecasted to rise by 3.6 percent in 2018 to 38,520 units.
- **Construction** – Strong housing demand continues to encourage new home construction. Single-family permitting activity is on pace to rise by 12 percent this year. Construction activity should increase again in 2018, up 2 percent to 6,005 units.
- **Home prices** – Kansas City area home prices are rising at their fastest pace since 2001. Appreciation should continue to be strong for the foreseeable future. Home prices are forecasted to rise 7.2 percent this year and another 6.6 percent in 2018.

Lawrence forecast

- **Home sales** – Home sales in the Lawrence metropolitan area are on pace to rise by 3.9 percent this year, in spite of tight inventories. This trend will continue in 2018, with sales rising another 4 percent to 1,560 units.

- **Construction** – Despite the strength of the existing home market, new home construction in the Lawrence metropolitan area continues to struggle. Single-family permitting activity has been essentially flat this year, and the forecast is for a slight decline in 2018 to 250 units.
- **Home prices** – Lawrence home values jumped last year, rising at their fastest pace since the mid-1990s. Appreciation should continue to be strong, with prices rising 5.7 percent this year and another 4.4 percent in 2018.

Topeka forecast

- **Home sales** – Topeka area home sales growth has slowed this year in the face of tight inventories. Sales should end the year at 3,180 units, 1.7 percent less than 2016. Demand remains strong, however, and sales are forecasted to rise 0.6 percent in 2018 to 3,200 units.
- **Construction** – New single-family home construction activity in the Topeka metropolitan area continues to struggle, with permits likely to fall 5.3 percent to 285 units this year. This trend should continue next year, falling another 5.3 percent to 270 units.
- **Home prices** – Topeka area home prices rose last year at their fastest pace since 2005. The forecast is for even stronger growth for 2017, with prices rising by 3.6 percent. Prices should rise another 2.7 percent in 2018.

Wichita forecast

- **Home sales** – Wichita area home sales growth has slowed this year in the face of tight inventories. Sales should end the year at 10,300 units, 0.7 percent less than 2016. Demand remains strong, however, sales are forecasted to rise 1.5 percent in 2018 to 10,450 units.
- **Construction** – Stagnant employment and population growth continue to hinder Wichita area new home construction. Single-family permitting activity has hovered around the 1,000 mark for the past 4 years. This should continue in 2018, with permits ending the year at 1,030 units.
- **Home prices** – Competition is fierce among buyers for the limited inventory of homes on the market. 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. Home prices are forecasted to rise 4.1 percent this year and another 3.7 percent in 2018.

For more information and a copy of each of the publications in the 2018 Kansas Housing Markets Forecast series, go to www.wichita.edu/realestate, or contact Longhofer at 316-516-6365 or stan.longhofer@wichita.edu.