

2019 Kansas Housing Markets Forecast

LAWRENCE JUMP INTO THE RING!



2019 LAWRENCE HOUSING FORECAST

Buying a home in today's market can be an adventure. In some price ranges, bidding wars are the norm. In others, attractive homes may sit on the market a long time before they sell. At times, navigating the market can feel like you're in the middle of a three ring circus.

Whether you're a buyer, a seller or a real estate professional, the 2019 Lawrence Housing Forecast can give you the information you need to sort through the mayhem and engage the market with confidence. ***Jump into the Ring!***

Dr. Stanley D. Longhofer

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



WICHITA STATE
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SCHOOL OF BUSINESS

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

- Fazal Chaudhari, WSU Center for Real Estate
- Karen Gehle, Kansas Association of REALTORS®
- Jeremy Hill, WSU Center for Economic Development and Business Research
- Rob Hulse, Lawrence Board of REALTORS®
- Participants in the 2018 Lawrence Real Estate Roundtable

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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:



L A W R E N C E
Board of REALTORS



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 Lawrence Housing Forecast.



Security 1st Title



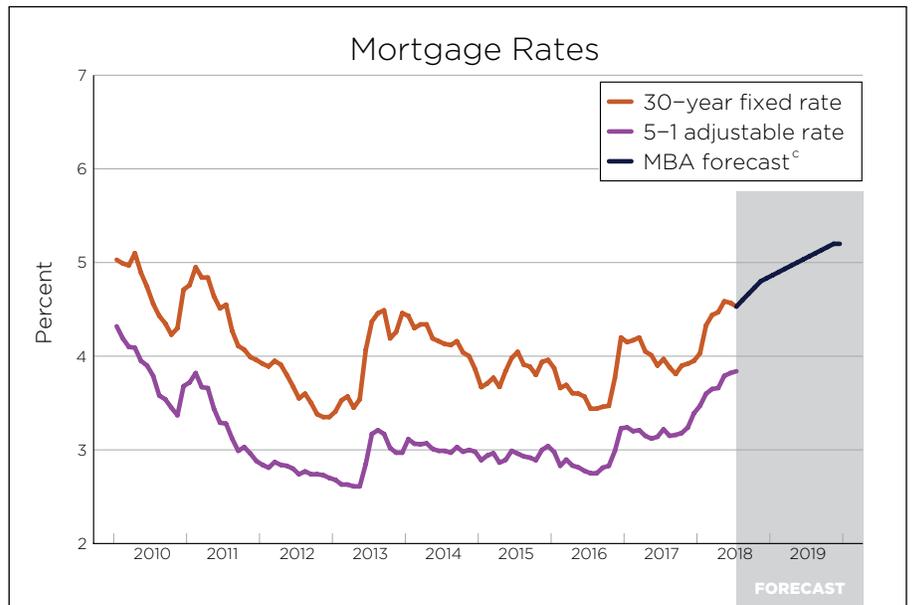
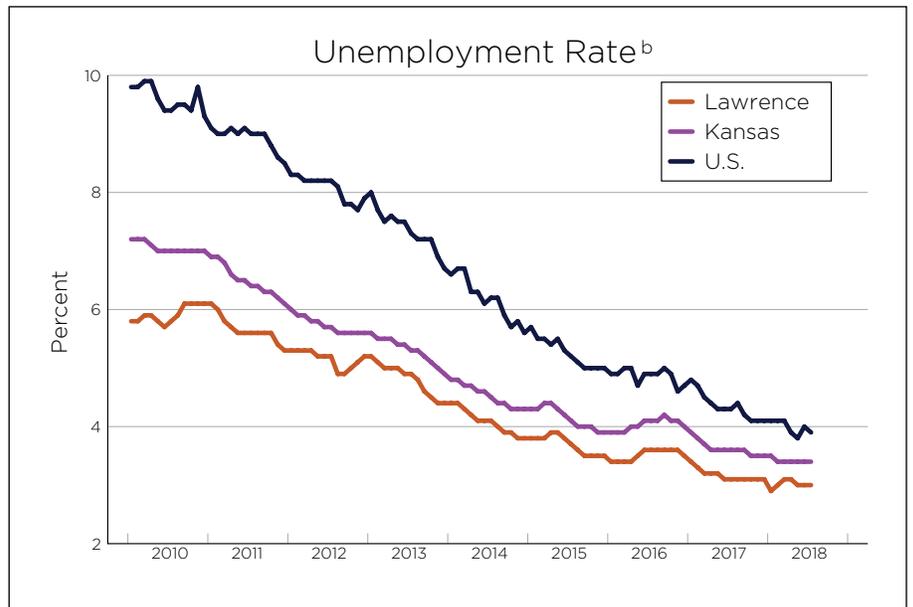
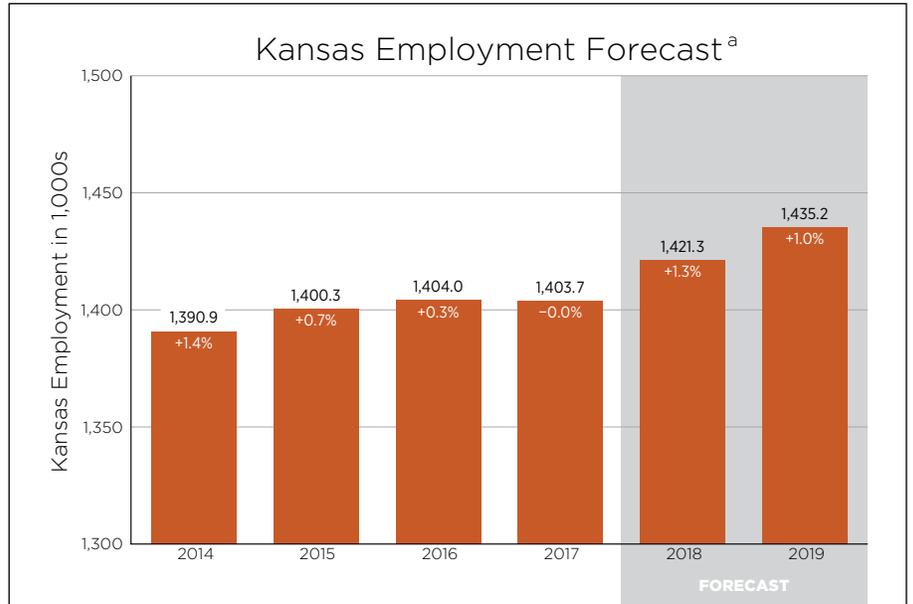
CREDIT UNIONSM

ECONOMIC OVERVIEW

Labor market indicators in Kansas have been a mixed bag over the past several years. While unemployment rates are at historic lows, job growth has been anemic at best. The lack of job growth appears to be due primarily to a shortage of workers. Businesses would like to hire, but they have trouble finding qualified applicants.

Mortgage rates have risen steadily over the past year and appear poised to top 5 percent sometime next year as the Federal Reserve continues to unwind its holdings of mortgage-backed securities. If anything, rising rates have only increased housing demand, as buyers look to buy homes before rates rise further.





Sources:
 Freddie Mac,
 Mortgage
 Bankers
 Association, U.S.
 Bureau of Labor
 Statistics, WSU
 Center for Economic
 Development and
 Business Research

Notes:
 a) Annual average of total,
 non-farm employment; forecast
 is by the WSU Center for Economic
 Development and Business Research

b) Seasonally adjusted

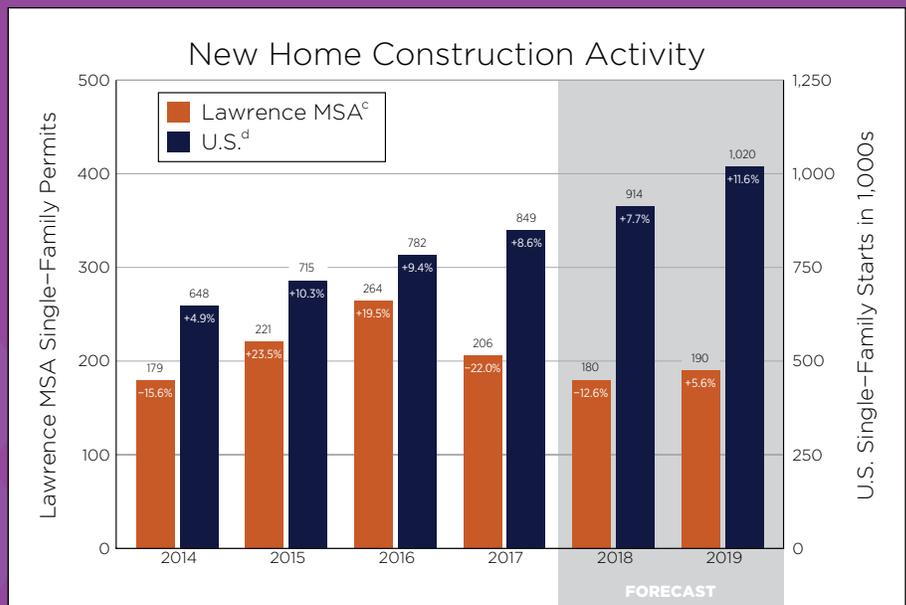
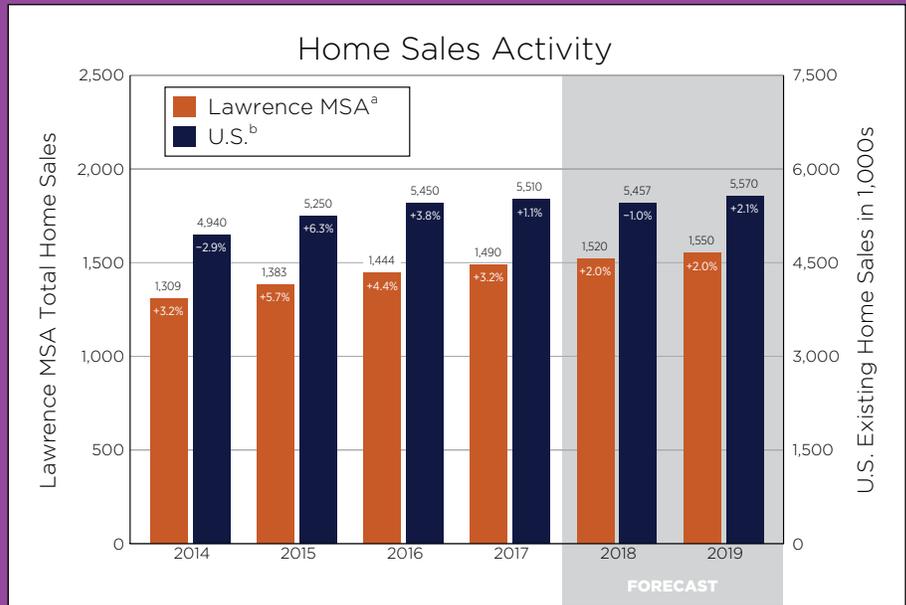
c) Mortgage Bankers Association
 August 2018 forecast of the
 30-year conventional mortgage rate



HOME SALES & CONSTRUCTION

Lawrence home sales activity continues to rise in spite of tightening inventories. This year, total home sales in the Lawrence MSA are on pace to rise by 2 percent to 1,520 units. We expect this modest growth to continue in 2019, with sales rising to 1,550 units.

Despite the strength of the existing home market, new home construction in the Lawrence metro area continues to struggle. After falling 22 percent last year, we expect single-family permitting activity to fall to 180 units this year, before rebounding slightly to 190 units in 2019.



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 2018 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 2018 forecast by the National Association of REALTORS®

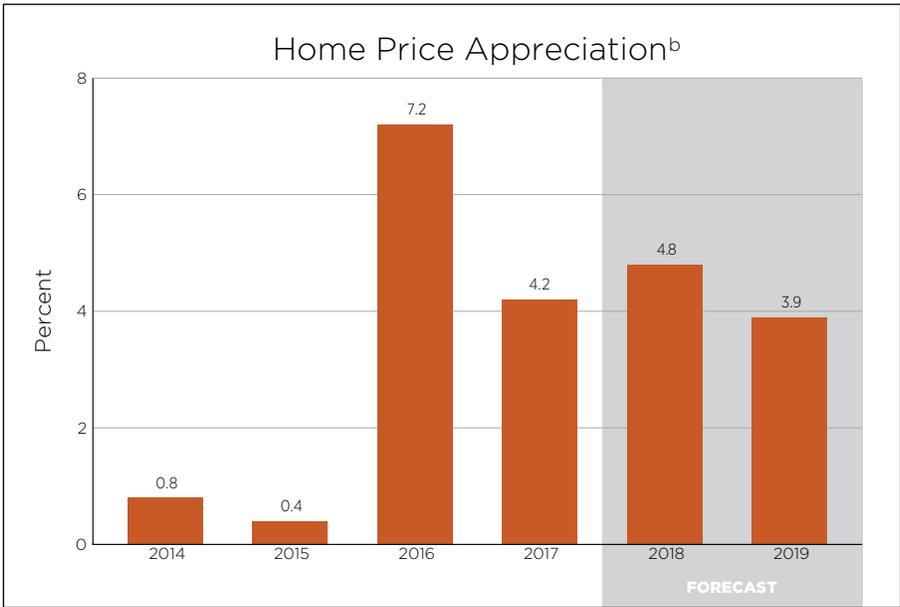
HOME PRICES

The Lawrence housing market just keeps flying higher and higher. While national inventories have recently risen above a 4 months' supply, in Lawrence that figure remains well below 3 months, with even tighter supplies among mid-priced homes.

As a result, Lawrence home values continue to rise at a solid pace. We project that prices in the Lawrence metropolitan area will rise by 4.8 percent in 2018 and another 3.9 percent next year.



**Total Home Price
Appreciation since
2013: 18.8 percent**



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

Notes:
 a) Active listings divided by the 12-month trailing moving average of sales

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

KANSAS FORECAST

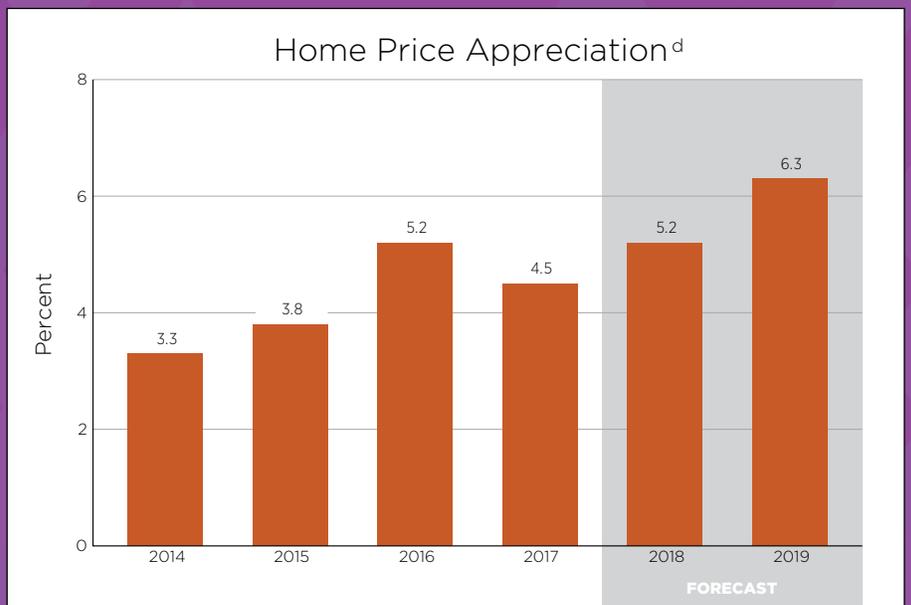
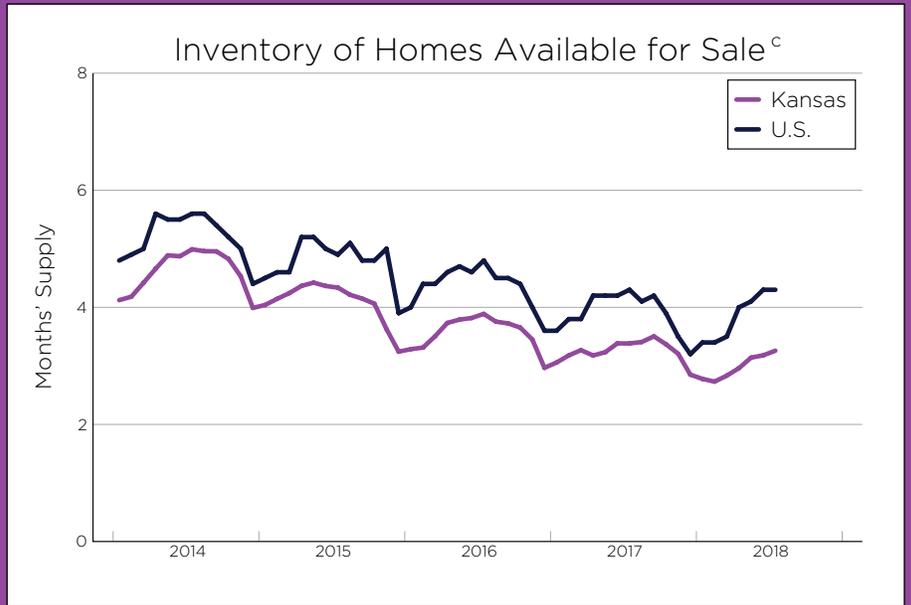
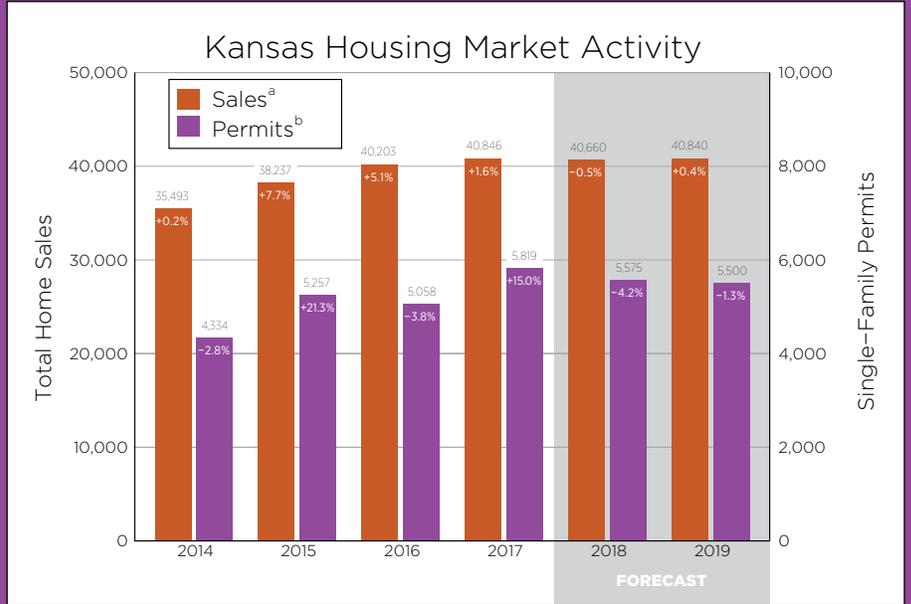
Home sales across Kansas have leveled off this year, held back by a lack of inventory. We forecast that statewide sales will end the year down 0.5 percent at 40,660 units, and remain essentially flat next year as well, rising only 0.4 percent to 40,840 units.

After strong growth in 2017, new home construction activity has slowed this year. We project that new single-family permitting across the state will fall 4.2 percent this year to 5,575 units and then drop another 1.3 percent in 2019 to 5,500 units.

Because inventories are so tight, competition is fierce for the limited number of homes available for sale. As a result, home prices across the state continue to rise at a healthy clip. We forecast that Kansas home prices will rise by 5.2 percent this year, followed by a 6.3 percent gain in 2019.

Kansas home
prices continue
to rise at a
healthy clip





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) Active listings divided by the 12-month trailing moving average of sales
- 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; Flint Hills Association of REALTORS®; Heartland Multiple Listing Service; Kansas Association of REALTORS® and participating multiple listing services across Kansas; Lawrence Multiple Listing Service; 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.

	2014	2015	2016	2017	2018	2019
KANSAS						
Total Home Sales	35,493	38,237	40,203	40,846	40,660	40,840
Building Permits	4,334	5,257	5,058	5,819	5,575	5,500
Home Price Appreciation	3.3%	3.8%	5.2%	4.5%	5.2%	6.3%
Sales Volume (in millions)	\$6,252	\$7,094	\$7,744	\$8,121		
Average Price	\$176,157	\$185,529	\$192,630	\$198,817		
KANSAS CITY AREA (KS & MO)						
Total Home Sales	32,268	35,954	38,733	39,347	38,800	38,630
Building Permits	4,129	4,550	5,258	5,920	5,765	5,535
Home Price Appreciation	4.2%	6.3%	6.1%	6.8%	7.8%	8.0%
Sales Volume (in millions)	\$6,205	\$7,279	\$8,296	\$8,901		
Average Price	\$192,293	\$202,440	\$214,189	\$226,219		
LAWRENCE MSA						
Total Home Sales	1,309	1,383	1,444	1,490	1,520	1,550
Building Permits	179	221	264	206	180	190
Home Price Appreciation	0.8%	0.4%	7.2%	4.2%	4.8%	3.9%
Sales Volume (in millions)	\$256	\$277	\$309	\$327		
Average Price	\$195,685	\$200,569	\$213,734	\$219,273		
MANHATTAN MSA						
Total Home Sales	1,068	1,246	1,285	1,349	1,340	1,380
Building Permits	317	315	271	269	235	250
Home Price Appreciation	2.7%	1.2%	7.3%	0.0%	2.2%	3.1%
Sales Volume (in millions)	\$207	\$245	\$260	\$276		
Average Price	\$194,202	\$196,674	\$202,121	\$204,278		
TOPEKA AREA						
Total Home Sales	2,745	2,963	3,235	3,216	3,200	3,150
Building Permits	262	302	301	277	285	290
Home Price Appreciation	1.9%	2.2%	2.4%	2.8%	4.0%	3.5%
Sales Volume (in millions)	\$346	\$401	\$460	\$486		
Average Price	\$126,164	\$135,240	\$142,170	\$151,239		
WICHITA AREA						
Total Home Sales	9,342	9,719	10,368	10,475	10,490	10,640
Building Permits	1,012	1,067	1,063	1,081	1,025	1,040
Home Price Appreciation	2.9%	1.8%	5.6%	4.4%	3.8%	4.6%
Sales Volume (in millions)	\$1,356	\$1,463	\$1,631	\$1,651		
Average Price	\$145,202	\$150,501	\$157,286	\$157,650		

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 you keep your balance in today's real estate market.

Keep in touch with us online:

Web: www.wichita.edu/realestate

Facebook: [WSURealEstate](https://www.facebook.com/WSURealEstate)

Twitter: [@WSURealEstate](https://twitter.com/WSURealEstate)



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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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CREDIT UNION SM

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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