

2018 Kansas Housing Markets Forecast

IN KANSAS CITY, THE

HUNT
IS ON



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



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In Kansas City, the Hunt is on!

As Kansas City 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 Kansas City 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



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

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We are especially grateful to
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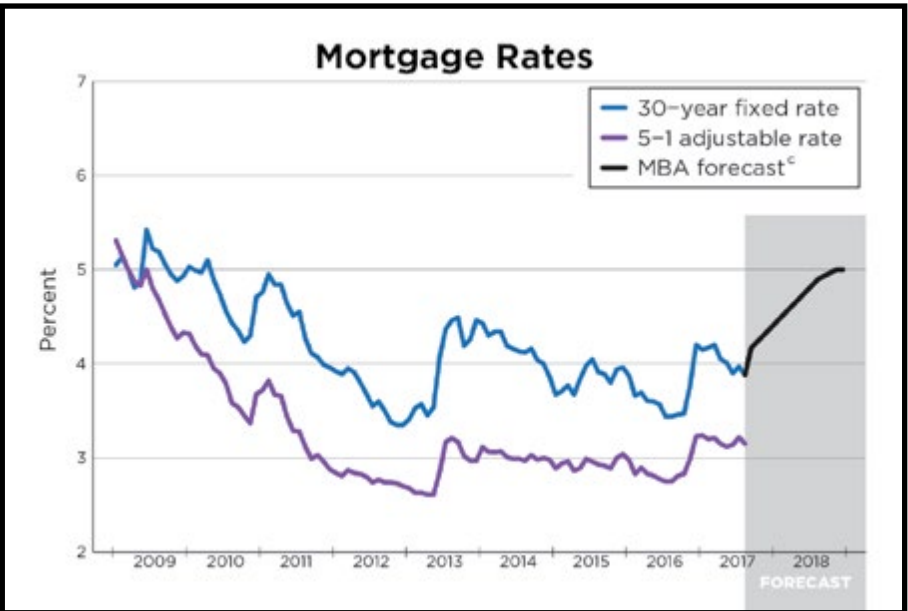
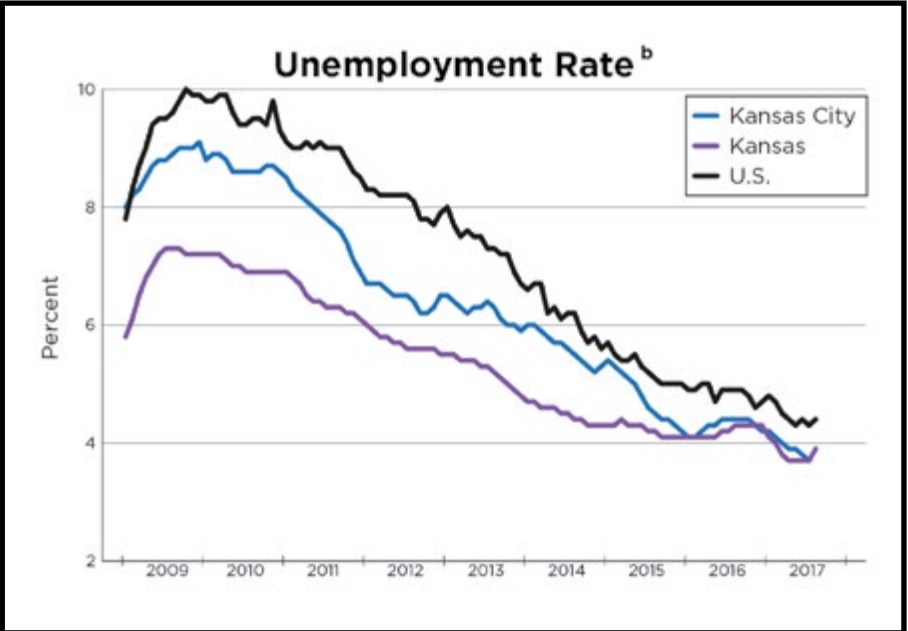
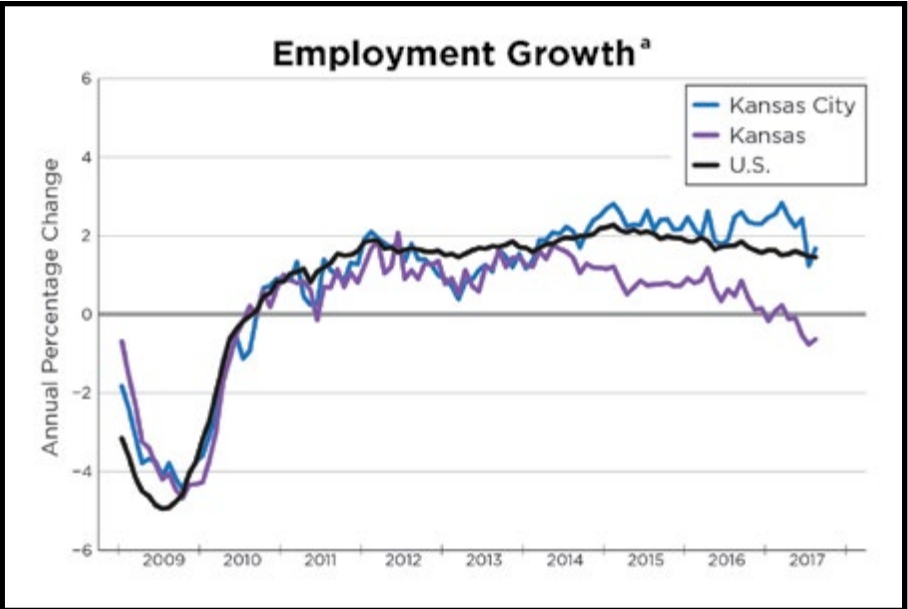
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Economic Overview

Kansas City employment growth has outpaced that of the U.S. as a whole over the past three years. The WSU Center for Economic Development and Business Research is forecasting that this pace will slow somewhat next year, but still remain fairly robust.

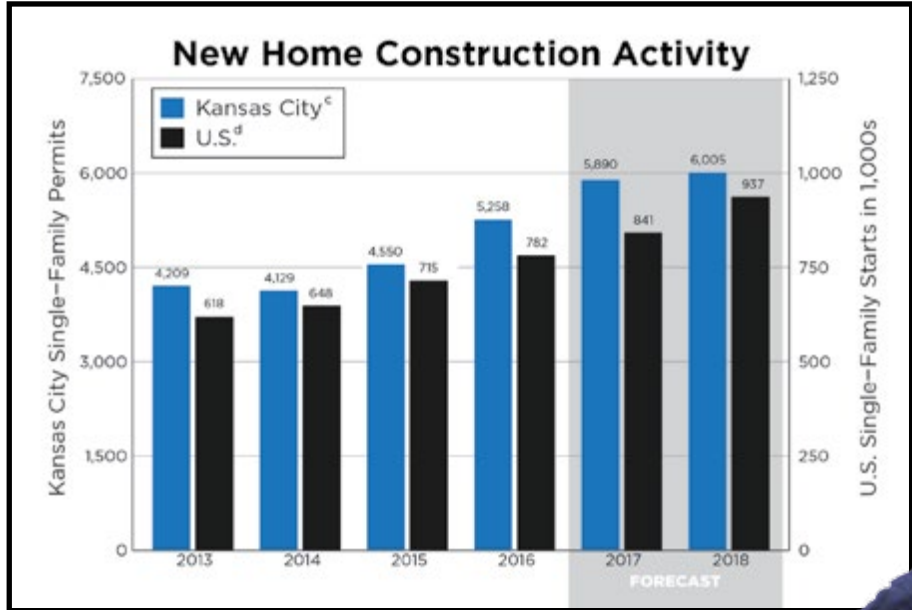
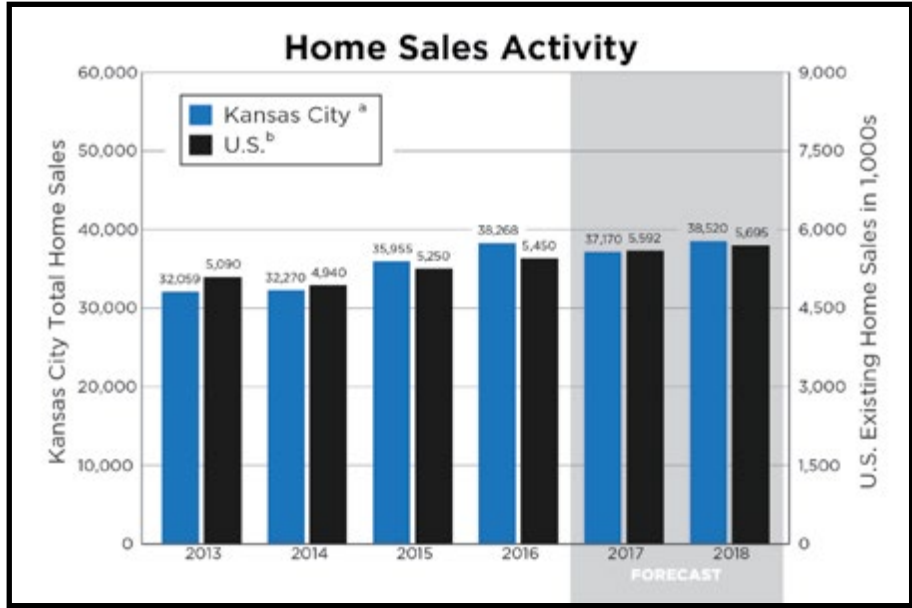
After rising sharply toward the end of last year, 30-year fixed mortgage rates have once again fallen below 4 percent. The Mortgage Bankers Association expects the 30-year rate to remain below 5 percent through the end of 2018.

CEDBR's 2018
Kansas City
Employment
Forecast:
+1.6%



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



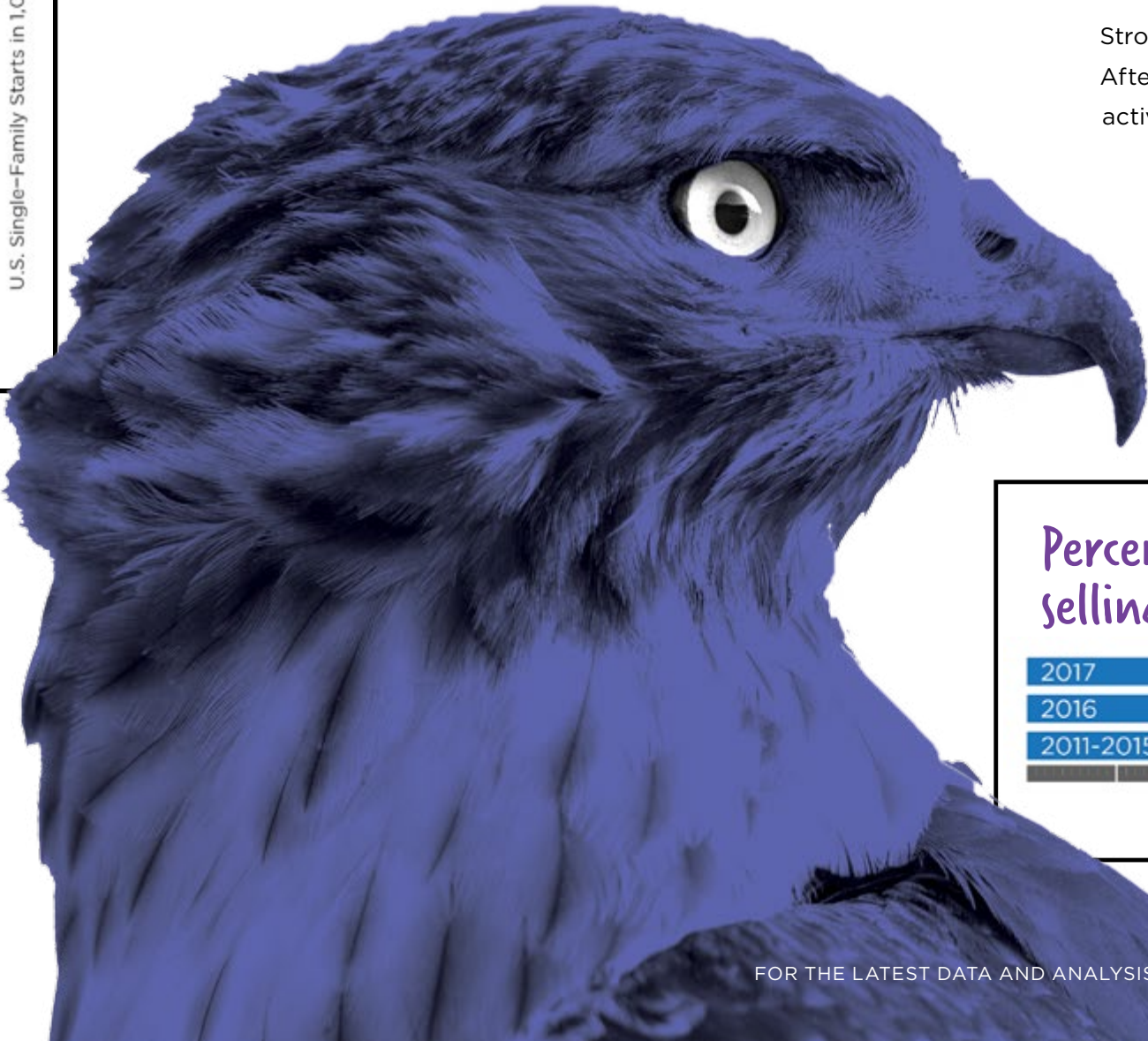
Sources:
Heartland Multiple Listing Service, National Association of REALTORS®, U.S. Bureau of the Census, WSU Center for Real Estate

- 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 2017 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 2017 forecast by the National Association of REALTORS®

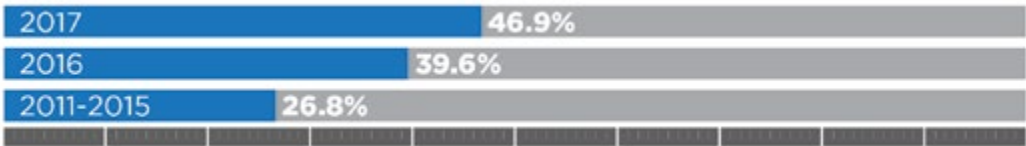
Home Sales & Construction

Kansas City area home sales growth has slowed this year in the face of tight inventories. We expect sales to end the year at 37,170 units, 2.9 percent below 2016. Demand remains strong, however, and we forecast that sales will rise 3.6 percent in 2018 to 38,520 units.

Strong housing demand continues to encourage new home construction. After rising by 15.6 percent in 2016, We expect construction activity to increase again in 2018, up 2 percent to 6,005 units.



Percent of Johnson County homes selling in 10 days or less:

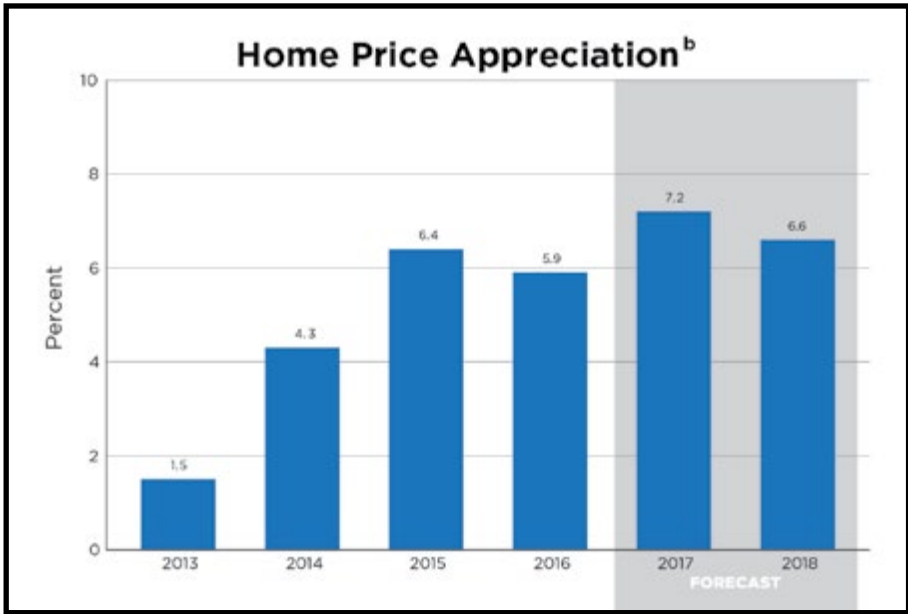


Total Home Price Appreciation since 2013: 23.8 percent

Home Prices

Competition is fierce among buyers for the limited inventory of homes on the market. This is especially true for homes priced between \$100,000 and \$250,000, where supply may be better measured in days, rather than months.

As a result, Kansas City area home prices are rising at their fastest pace since 2001. Appreciation should continue to be strong for the foreseeable future. We forecast home prices will rise 7.2 percent this year and another 6.6 percent in 2018.



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 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.

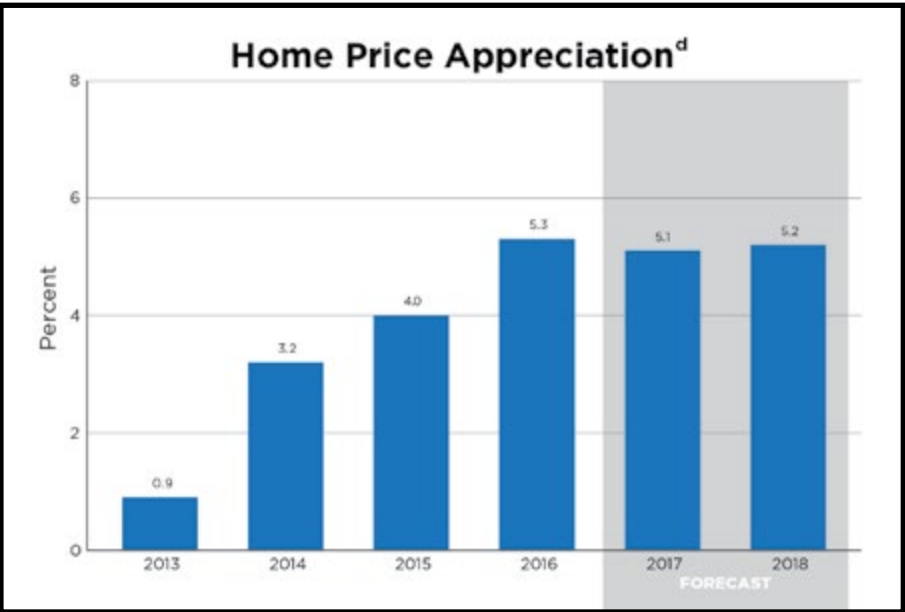
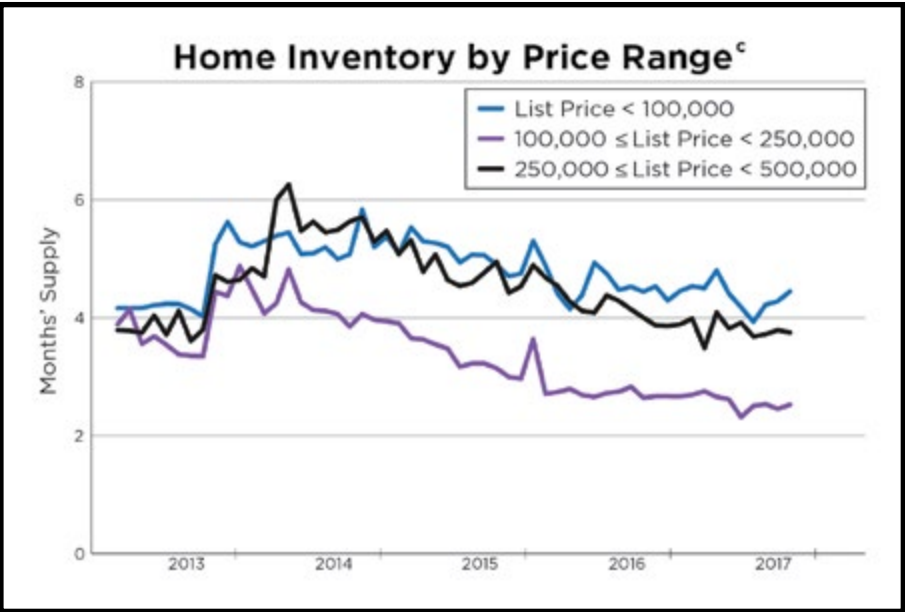
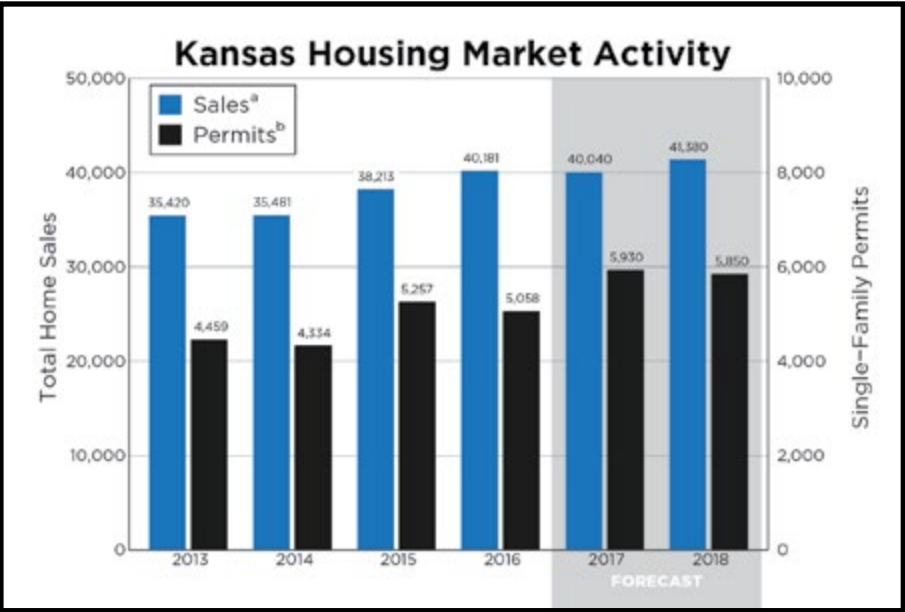
Strong permitting growth in the Kansas City area has more than offset sluggish activity in other areas of the state. New single family permits should rise by 17.2 percent this year before falling slightly to 5,850 units in 2018.

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. 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 |
|----------------------------|-----------|-----------|-----------|-----------|--------|--------|
| Kansas | | | | | | |
| 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 | | |
| Kansas City | | | | | | |
| 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 | | |
| Lawrence | | | | | | |
| 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 | | |
| Manhattan | | | | | | |
| 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 | | |
| Topeka | | | | | | |
| 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 | | |
| Wichita | | | | | | |
| 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
- 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.

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