

2019 Kansas Housing Markets Forecast

MANHATTAN JUMP INTO THE RING!



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.



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2019 MANHATTAN 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 Manhattan 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



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
- Margaret Pendleton, Flint Hills Association of REALTORS®
- Participants in the 2018 Manhattan 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:



We are especially grateful to Meritrust Credit Union for underwriting the cost of preparing this year’s Manhattan Housing Forecast.



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. In Manhattan, rising rates appear to be another factor dampening demand among home buyers.



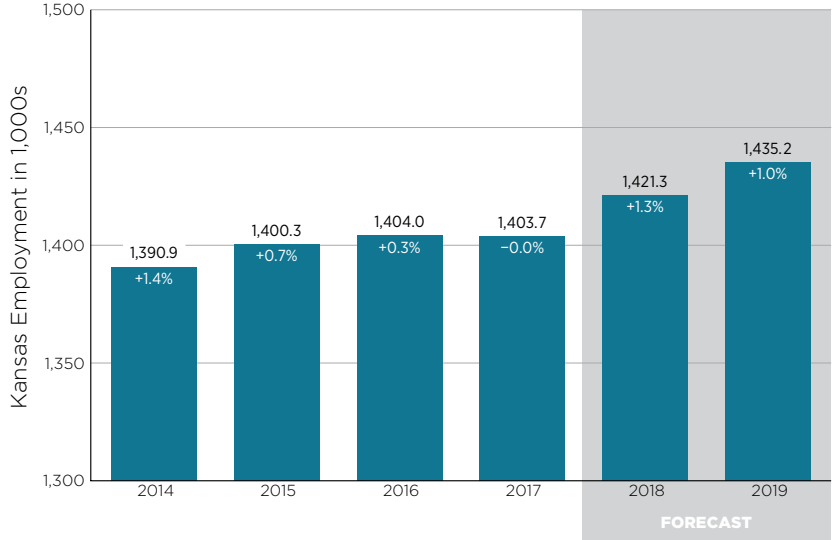
Sources:
Freddie Mac,
Mortgage
Bankers
Association, U.S.
Bureau of Labor
Statistics, WSU
Center for Economic
Development and
Business Research

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

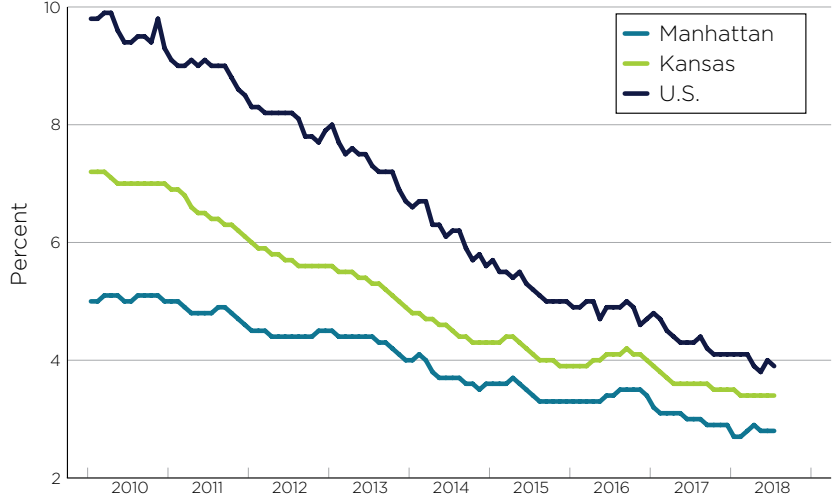
b) Seasonally adjusted

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

Kansas Employment Forecast ^a



Unemployment Rate ^b



Mortgage Rates

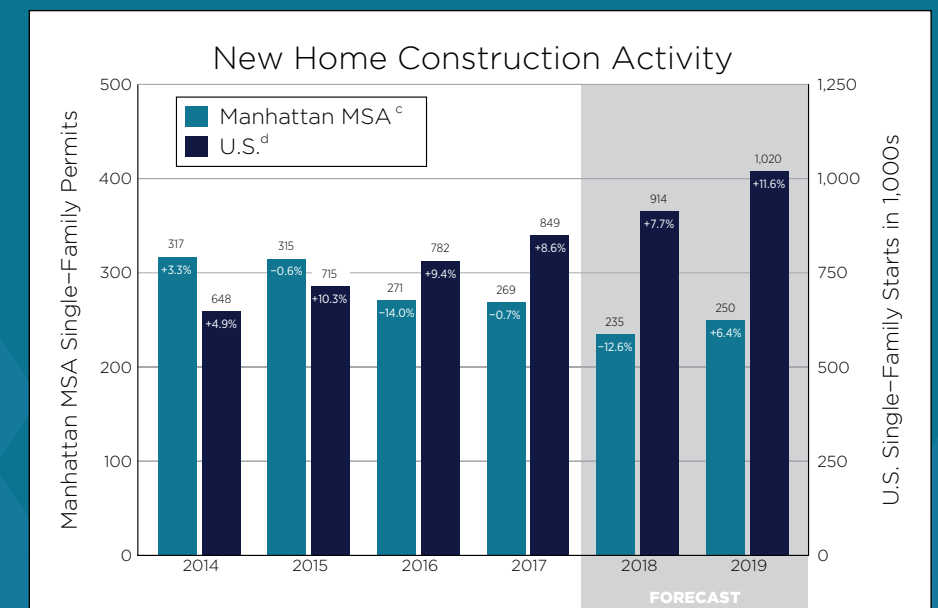
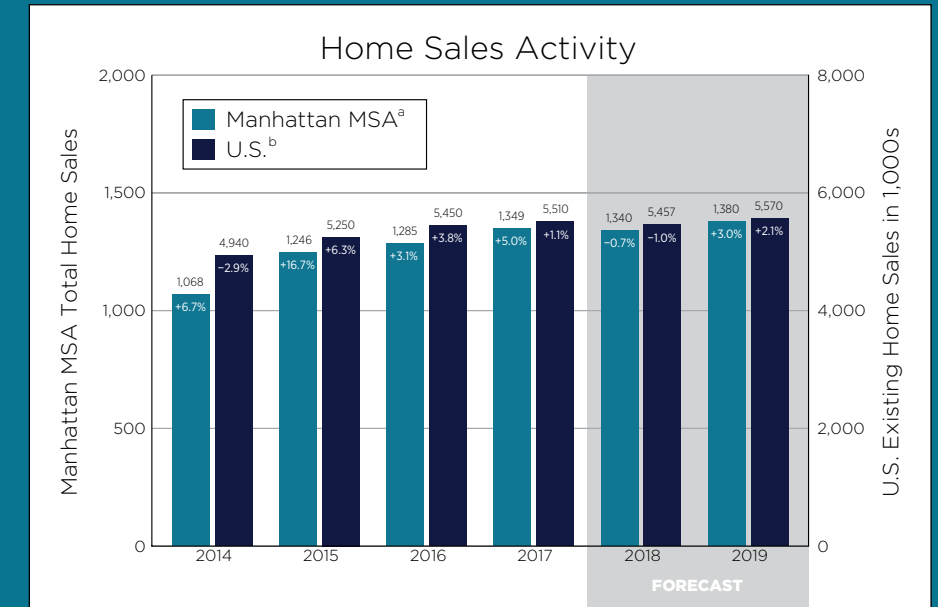




HOME SALES & CONSTRUCTION

Manhattan housing market activity has been slowing this year in the face of weakening demand. We expect total home sales in the Manhattan metropolitan area to drop by 0.7 percent this year to 1,340 units. Nevertheless, we forecast a modest rebound in 2019, with sales rising 3 percent to 1,380 units.

Single-family permitting activity across the Manhattan metropolitan area has dropped significantly over the past several years. This trend is continuing this year, and we expect to end the year down 12.6 percent at 235 units. Construction should rebound modestly in 2019, rising 6.4 percent to 250 units.



Sources: Participating REALTOR® multiple listing services across the state; National Association of REALTORS®; U.S. Bureau of the Census; WSU Center for Real Estate

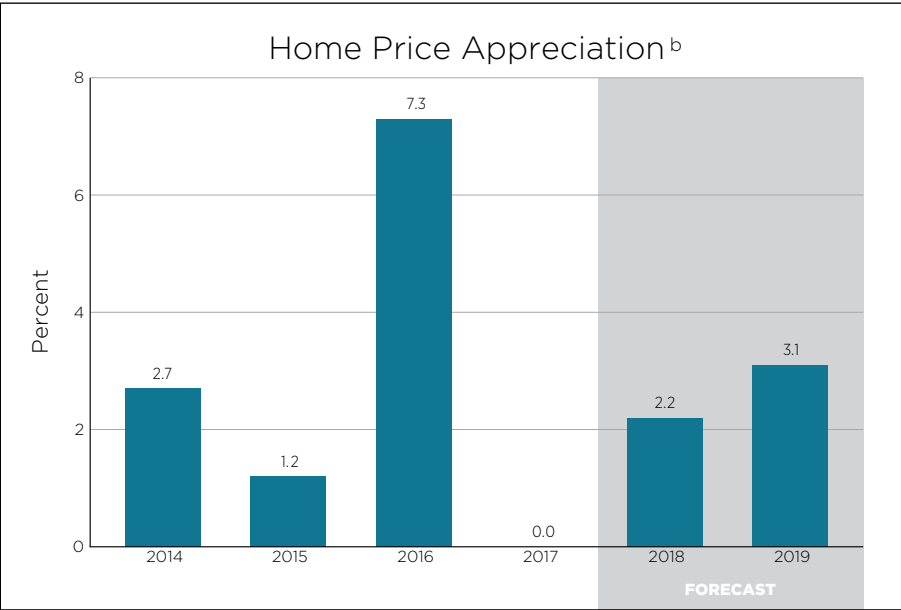
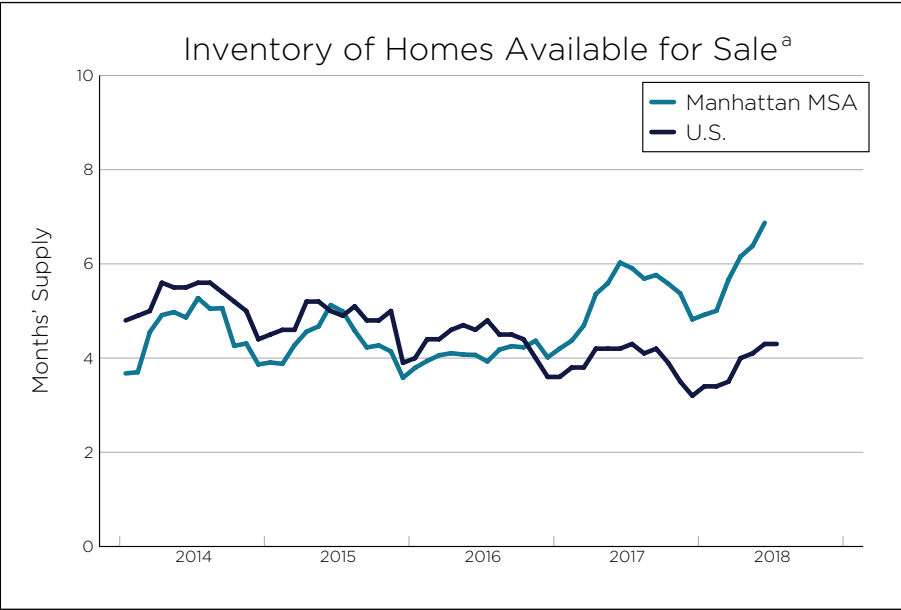
- Notes:
- a) Total home sales in the Manhattan metropolitan area as reported by participating REALTOR® multiple listing services across the state
 - b) U.S. existing home sales as reported by the National Association of REALTORS®; forecast is the August 2018 forecast by the National Association of REALTORS®
 - c) Single-family building permits issued in the Manhattan 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

In contrast to the rest of the state, Manhattan metropolitan area inventories have risen sharply over the past two years. As a result, inventories now exceed a six months' supply, often considered the mark of a buyer's market.

Home price appreciation in the Manhattan metropolitan area came to a standstill last year, but it appears there will be modest appreciation this year. We expect prices to rise another 3.1 percent in 2019.

Total Home Price
Appreciation since
2013: 13.7 percent



Sources:
Federal Housing Finance Agency, Participating REALTOR® multiple listing services across the state,
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 Manhattan 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

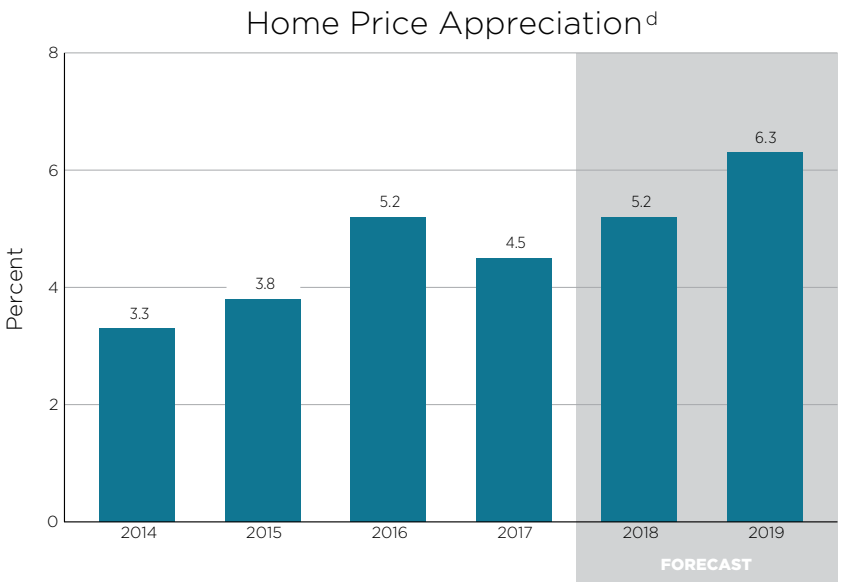
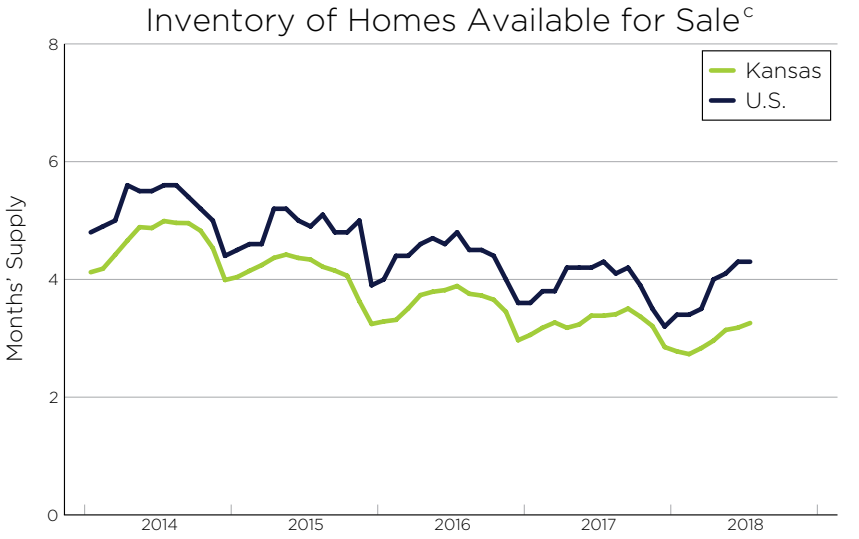
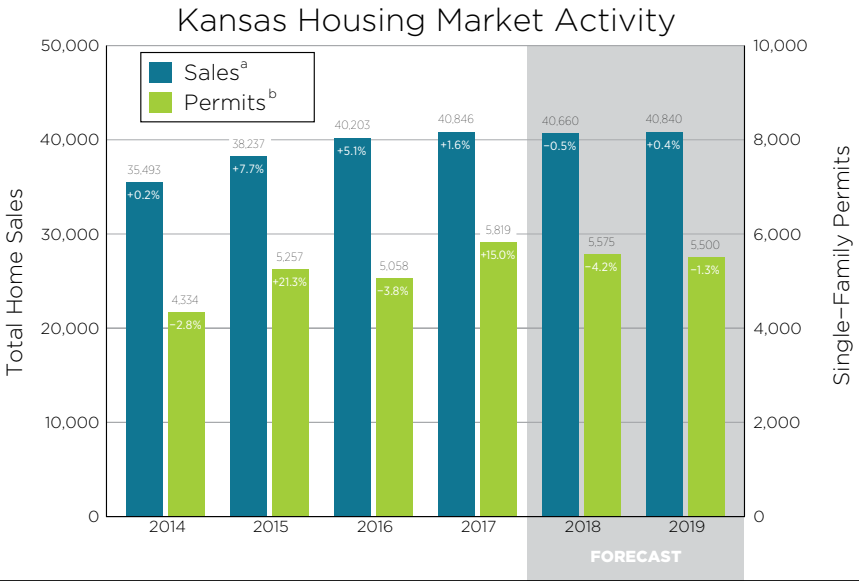
Notes:

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.

KANSAS

Total Home Sales	35,493
Building Permits	4,334
Home Price Appreciation	3.3%
Sales Volume (in millions)	\$6,252
Average Price	\$176,157

KANSAS CITY AREA (KS & MO)

Total Home Sales	32,268
Building Permits	4,129
Home Price Appreciation	4.2%
Sales Volume (in millions)	\$6,205
Average Price	\$192,293

LAWRENCE MSA

Total Home Sales	1,309
Building Permits	179
Home Price Appreciation	0.8%
Sales Volume (in millions)	\$256
Average Price	\$195,685

MANHATTAN MSA

Total Home Sales	1,068
Building Permits	317
Home Price Appreciation	2.7%
Sales Volume (in millions)	\$207
Average Price	\$194,202

TOPEKA AREA

Total Home Sales	2,745
Building Permits	262
Home Price Appreciation	1.9%
Sales Volume (in millions)	\$346
Average Price	\$126,164

WICHITA AREA

Total Home Sales	9,342
Building Permits	1,012
Home Price Appreciation	2.9%
Sales Volume (in millions)	\$1,356
Average Price	\$145,202

	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](#)

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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