

HOUSING • FORECAST

wichita



WICHITA STATE
UNIVERSITY

Special Thanks to:

Faith Atteberry | WSU Center for Real Estate

Karen Gehle | Kansas Association of REALTORS®

Jeremy Hill | WSU Center for Economic Development and Business Research

Tennsui Khoo | WSU Center for Real Estate

Danesh Kumar | WSU Center for Real Estate

R.J. Marshall | Wichita Area Association of REALTORS®

John Ringgold | Real Estate Business Resources

Participants in the 2014 Wichita Real Estate Roundtable

We are also grateful to the REALTOR® boards and multiple listing services that have provided much of the data used to prepare this forecast:



Security 1st Title



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

Clark Real Estate Foundation

Meritrust Credit Union

Pulaski Bank Home Lending

Security 1st Title

Walter Morris Endowment for Real Estate

Wichita Area Association of REALTORS®

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

WICHITA HOUSING FORECAST

It is with great pleasure that we present the 2015 Wichita Housing Market Forecast. This is the 12th year we have prepared a forecast for the Wichita market. As in the past, our goal is to provide you with the insights you need to understand and prepare for whatever the future may bring.

For all of the latest data and analysis of Wichita real estate markets – and to view our forecasts for other markets across the state – we invite you to visit us at our website at WICHITA.EDU/REALESTATE.

Dr. Stanley D. Longhofer
Director, WSU Center for Real Estate



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Center for Real Estate

Oracle of
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CENTER FOR REAL ESTATE

Wichita State University has one of the oldest real estate programs in the country. Since its inception, the program has strived to maintain close connections with real estate professionals throughout the region.

The Center for Real Estate was established in 2000 to help deepen the connections between the professional real estate community and the academic programs at Wichita State University. Toward this end, the Center engages in a variety of activities that promote and enhance real estate markets and related industries:

- We maintain comprehensive databases of publicly-available information on Kansas real estate markets, and make many of these available on our website at wichita.edu/realestate. If there is data you need, let us know and we'll see what we can do to help.
- We provide independent, expert analysis of area real estate markets and policy issues related to real estate.
- We conduct high-quality academic research on real estate, and then apply this research to develop practical resources that benefit real estate practitioners, policy makers and the general public. This forecast is just one example of this effort.
- We help students connect with area real estate professionals & organizations. If you have opportunities for current students or want to hire recent graduates, let us know and we'll help you connect.



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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.

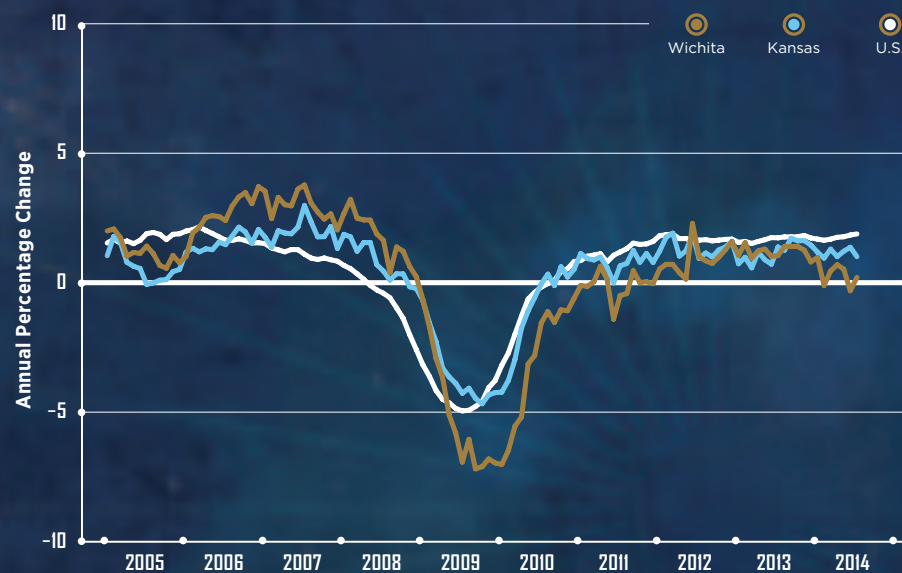
wichita.edu/business

Delphi

ECONOMIC OVERVIEW

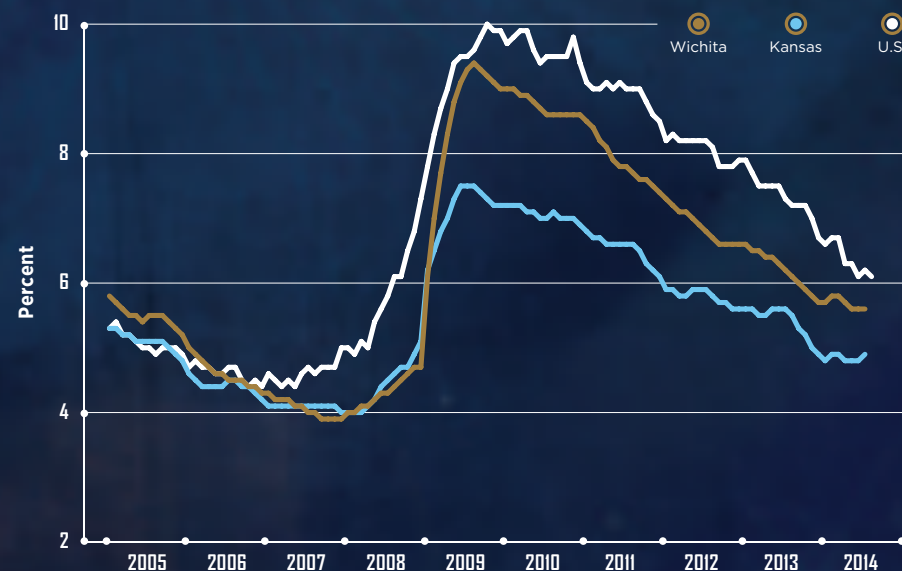
WICHITA JOB GROWTH SHOULD STRENGTHEN NEXT YEAR.

EMPLOYMENT GROWTH^A



Ever since the Great Recession, Wichita employment growth has lagged that of the U.S. and the rest of the state, coming to a virtual halt at the beginning of this year. Despite this, Wichita's unemployment rate has continued to fall. Much of this has been due to a decline in the overall labor force, however, rather than from job gains.

UNEMPLOYMENT RATE^B



In recent months, however, the Wichita labor market has improved, and there are indications that job growth next year will be the strongest we've seen since before the recession.

Mortgage rates remain exceptionally low, and the Mortgage Bankers Association forecasts that the 30-year fixed rate will remain below 5.3 percent through the end of next year, suggesting that financing costs will not become a hindrance to the housing market any time soon.

MORTGAGE RATES



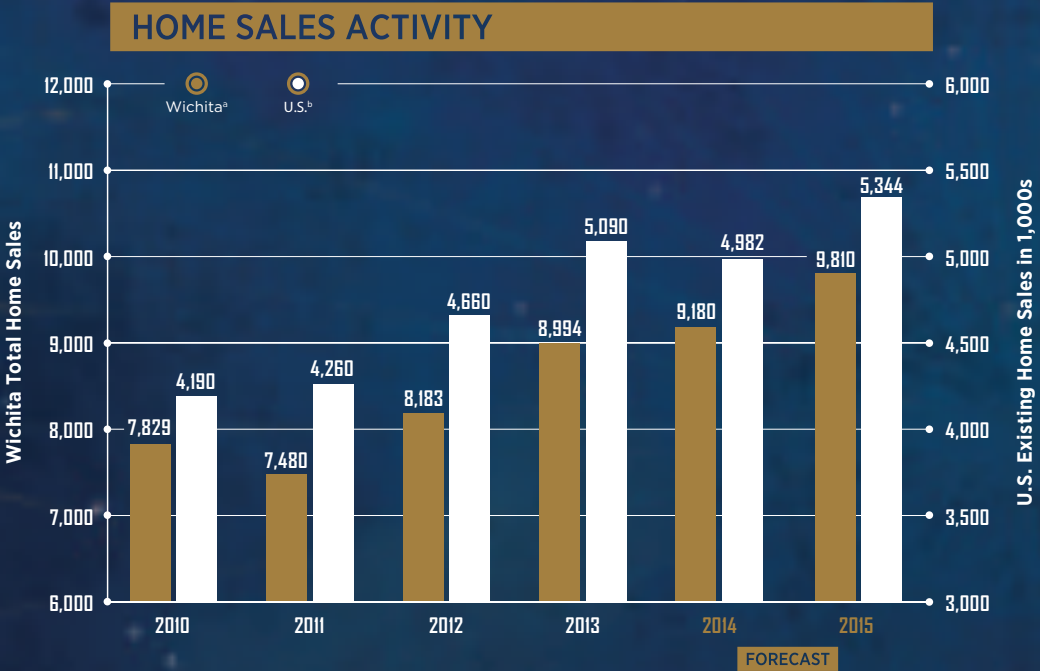
Sources:
Freddie Mac; Mortgage Bankers Association; U.S. Bureau of Labor Statistics

Notes:
a) Year-over-year percentage change in total, non-farm employment, seasonally adjusted
b) Seasonally adjusted
c) Mortgage Bankers Association August 2014 forecast of the 30-year conventional mortgage rate

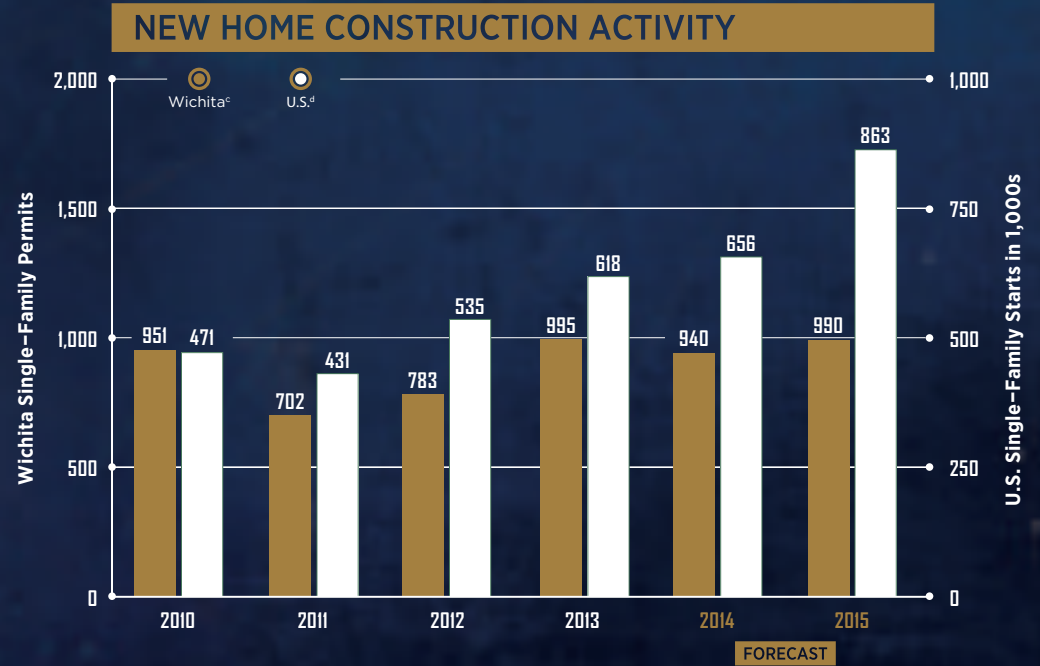
HOME SALES & CONSTRUCTION

CONSTRUCTION ACTIVITY
WILL REBOUND NEXT YEAR.

WICHITA HOME
SALES SHOULD RISE BY
6.9 PERCENT IN 2015.



The cold, wet winter meant for a slow start to the spring selling season this year. Since then, however, Wichita area home sales have rebounded solidly, and should end the year above their 2013 levels. Sales growth should accelerate next year, rising 6.9 percent to 9,810 units.



As expected, the expiration of Wichita's new home property tax rebate program caused new home construction to drop off this year. We expect permits to end the year at 940 units, down 5.5 percent from last year. Permitting activity should pick up again next year, increasing by 5.3 percent to 990 units.

Sources:
National Association of REALTORS®; South Central Kansas Multiple Listing Service;
U.S. Bureau of the Census; 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 September 2014 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 September 2014 forecast by the National Association of REALTORS®

HOME PRICES



As sales have picked up over the past three years, the inventory of homes available for sale has not kept pace. As a result, the four months' supply of home available for sale in Wichita at the end of August was the lowest level since before the housing crisis.

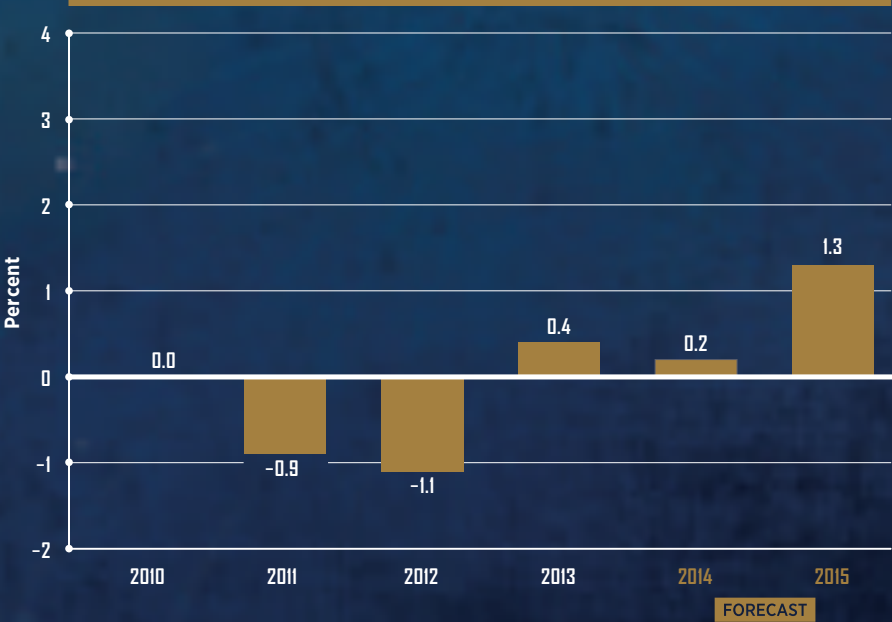
Despite the tightening inventories, Wichita home prices have struggled to move into positive territory. After ending 2013 up only 0.4 percent, we expect to see similar sluggish gains this year. Appreciation should rise modestly in 2015, with average home values ending the year up 1.3 percent.

WICHITA
HOME VALUES
SHOULD RISE
BY 1.3 PERCENT
IN 2015.

INVENTORY OF HOMES AVAILABLE FOR SALE ^A



HOME PRICE APPRECIATION ^B



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

Housing markets across the state have improved steadily over the past two years, but the rate of growth appears to be slowing. We expect sales across the state to fall slightly this year, before rising 2.6 percent in 2015 to 35,650 units.



Prometheus

HOME SALES ACROSS KANSAS WILL RISE BY 2.6 PERCENT IN 2015.

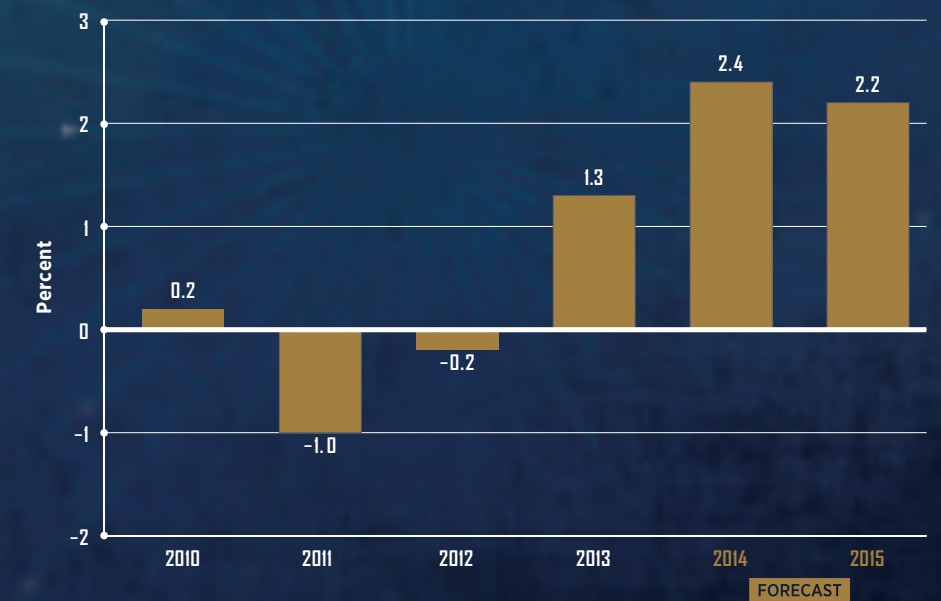
Permitting activity is experiencing a similar lull, especially because of the slowing of the large Kansas City market. We expect Kansas single-family building permits will remain level in 2015, at 4,275 units.

Despite the slowing pace of sales, declining inventories of homes on the market have begun to turn the tide for home prices. We expect average home values across the state to rise by 2.4 percent this year and another 2.2 percent in 2015.

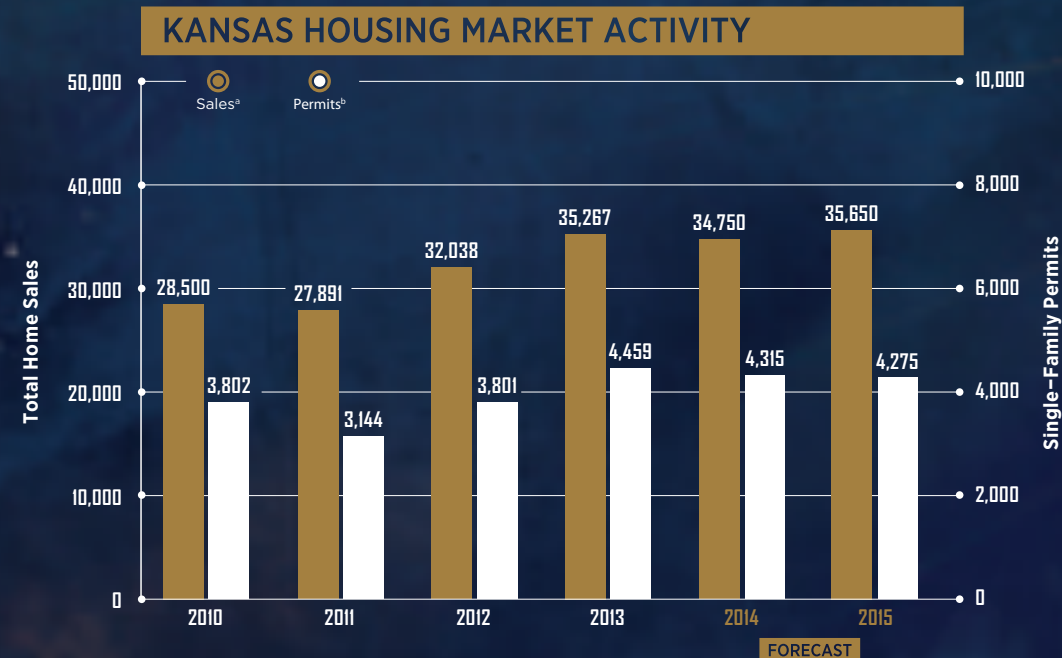
INVENTORY OF HOMES AVAILABLE FOR SALE^c



HOME PRICE APPRECIATION^d



KANSAS HOME VALUES WILL RISE BY 2.2 PERCENT NEXT YEAR.



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

FORECAST SUMMARY

The WSU Center for Real Estate prepares housing market forecasts for each of the major markets across the state. A summary of these 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:
City of Manhattan; Federal Housing Finance Agency; Heartland Multiple Listing Service; Kansas Association of REALTORS® and participating REALTOR® multiple listing services across Kansas; Lawrence Multiple Listing Service; Manhattan Association of REALTORS®; South Central Kansas Multiple Listing Service; Topeka Area Association of REALTORS®; U.S. Bureau of the Census; Wichita Area Builders Association; WSU Center for Real Estate.

Notes:
Total home sales and average price 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. Sales volume includes both existing and new home sales and is measured in millions of dollars. Kansas City figures include transactions from both Kansas and Missouri.

FOR THE LATEST TRENDS AND STATISTICS, VISIT WICHITA.EDU/REALESTATE



Pandora's Box



	2011	2012	2013	2014	2015
				FORECAST	
KANSAS					
Total Home Sales	27,891	32,038	35,267	34,750	35,650
Building Permits	3,144	3,801	4,459	4,315	4,275
Home Price Appreciation	-1.0	-0.2	1.3	2.4	2.2
Sales Volume	4,256	5,094	6,002		
Average Price	152,579	158,988	170,190		
KANSAS CITY					
Total Home Sales	22,860	26,743	29,014	28,920	29,470
Building Permits	2,365	3,229	4,209	4,205	4,300
Home Price Appreciation	-2.8	-1.0	1.4	3.3	2.8
Sales Volume	3,576	4,503	5,323		
Average Price	156,430	168,375	183,479		
LAWRENCE					
Total Home Sales	1,061	1,290	1,538	1,580	1,640
Building Permits	126	165	212	165	155
Home Price Appreciation	-0.7	-0.2	1.9	1.6	2.5
Sales Volume	196	235	299		
Average Price	184,900	181,947	194,646		
MANHATTAN					
Total Home Sales	569	660	714	730	770
Building Permits	186	188	174	230	240
Home Price Appreciation	-0.6	1.8	0.7	0.3	2.5
Sales Volume	109	133	147		
Average Price	191,492	200,877	205,358		
TOPEKA					
Total Home Sales	2,603	2,787	3,003	2,990	2,960
Building Permits	228	263	270	240	220
Home Price Appreciation	-0.5	-0.8	1.0	-1.3	0.1
Sales Volume	306	333	374		
Average Price	117,668	119,422	124,387		
WICHITA					
Total Home Sales	7,480	8,183	8,994	9,180	9,810
Building Permits	702	783	995	940	990
Home Price Appreciation	-0.9	-1.1	0.4	0.2	1.3
Sales Volume	998	1,080	1,262		
Average Price	133,470	132,023	140,288		

All of your friends at Security 1st Title would like to thank you for your business. We take great pride in providing you with a consistent, friendly and professional experience. In the title industry it is truly all about the service. Our team of local experts can assist you with your residential, commercial or multifamily transaction whether the property is located inside or outside of our local communities. When you think of title and closing companies, be sure to make us Your 1st Choice!

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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.

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