

HOUSING ◉ FORECAST

Kansas



WICHITA STATE UNIVERSITY | W. FRANK BARTON SCHOOL OF BUSINESS | CENTER FOR REAL ESTATE


WICHITA STATE
UNIVERSITY

Special Thanks to:

Faith Atteberry | WSU Center for Real Estate

Linda Briden | Topeka Area Association of REALTORS®

Karen Gehle | Kansas Association of REALTORS®

Jeremy Hill | WSU Center for Economic Development and Business Research

Rob Hulse | Lawrence Board of REALTORS®

Tennsui Khow | 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

Diane Ruggiero | Kansas City Regional Association of REALTORS®

Participants in the 2014 Real Estate Roundtables across Kansas

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



We are especially grateful to Security 1st Title for underwriting the cost of preparing this year's Kansas Housing Markets Forecast.

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®



KANSAS HOUSING FORECAST

It is with great pleasure that we present the 2015 Kansas Housing Markets Forecast.

This is the 6th year we have prepared a housing forecast for Kansas. 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 Kansas real estate markets – and to view our complete forecasts for each of the major 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



**WICHITA STATE
UNIVERSITY**

**W. FRANK BARTON
SCHOOL OF BUSINESS**

Center for Real Estate



PUBLICATION DESIGN BY
VISUAL FUSION GRAPHIC DESIGN
visualfusiongraphicdesign.com

CENTER FOR

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.



**WICHITA STATE
UNIVERSITY**

**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.

wichita.edu/business

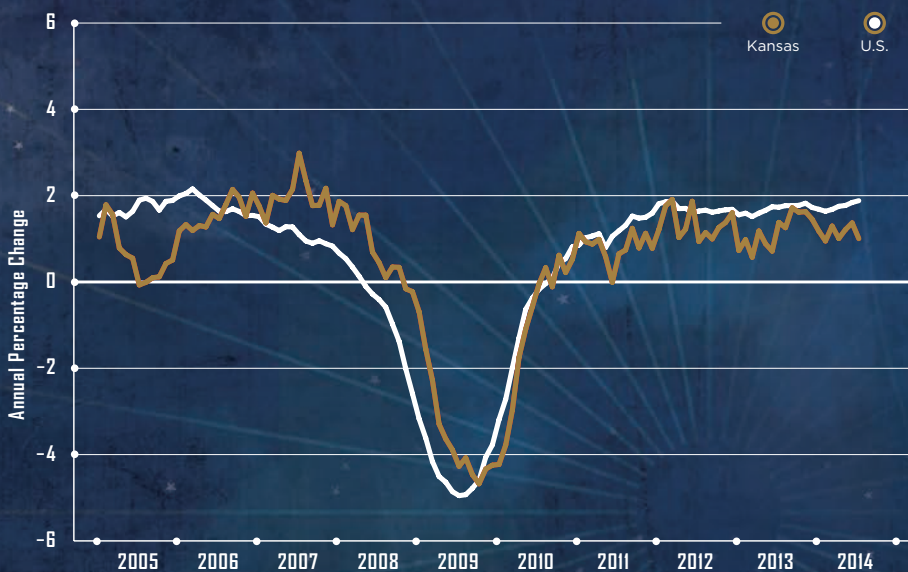
REAL ESTATE



Mt. Olympus

ECONOMIC OVERVIEW

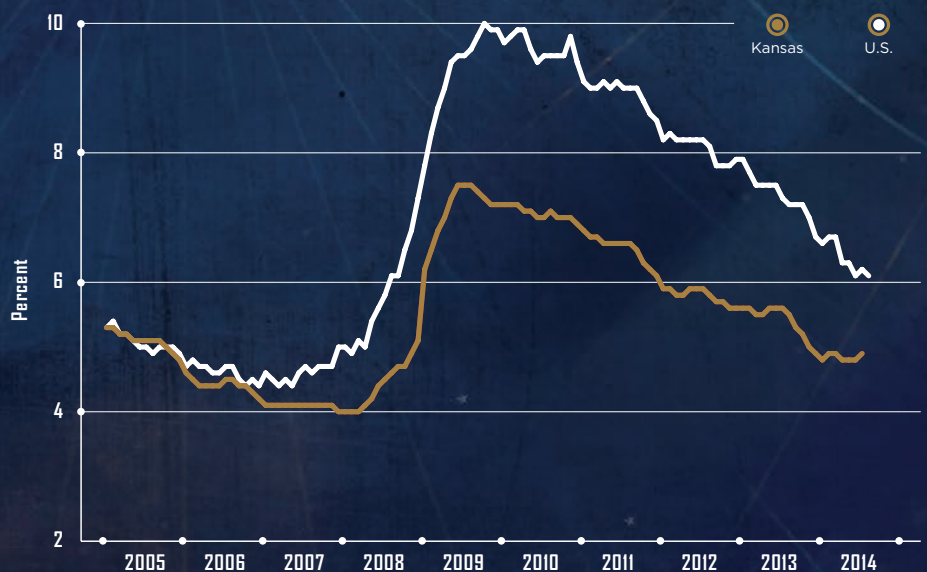
EMPLOYMENT GROWTH^a



Over the past four years, Kansas employment growth has lagged that of the U.S. as a whole. Despite the sluggish job growth, the state's unemployment rate has fallen steadily, in part because the overall labor force has declined.

In recent months, however, the labor force has begun to grow again, with job gains more than offsetting this growth. As a result, the Kansas unemployment rate has dropped even further, to less than five percent.

UNEMPLOYMENT RATE^b



THE KANSAS UNEMPLOYMENT RATE HAS DROPPED BELOW FIVE PERCENT.



MORTGAGE RATES

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.



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

ZONE 1

NORTHEAST KANSAS

INVENTORIES OF
HOMES AVAILABLE
FOR SALE ARE
CONSISTENT WITH
A BALANCED
MARKET.



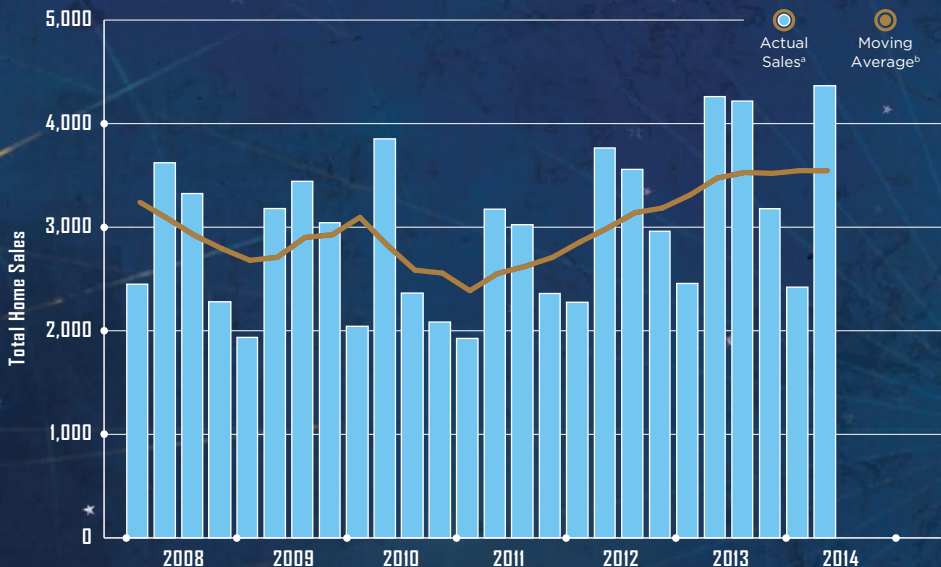
Clio

Sources:
National Association of REALTORS®, Participating REALTOR® multiple listing services across Kansas

Notes:
a) Total home sales in Northeast Kansas as reported by participating REALTOR® multiple listing services across Kansas
b) Four-quarter centered moving average of actual sales
c) Ratio of active listings to home sales, seasonally adjusted

NORTHEAST KANSAS HOME SALES HAVE RISEN STEADILY OVER THE PAST THREE YEARS.

HOME SALES ACTIVITY



Home sales in Northeast Kansas have been growing at a healthy rate over the past three years. This year, however, the pace of sales has leveled off. Nevertheless, there is no sign that the housing market will take a downward turn in the coming year.

INVENTORY OF HOMES AVAILABLE FOR SALE^c



After rising to more than a year's supply in 2010, the inventory of homes available for sale in Northeast Kansas has dropped to less than a five months' supply. This level is consistent with a balanced market, favoring neither buyers nor sellers.

ZONE 2



LAWRENCE & TOPEKA AREA

THE INVENTORY OF HOMES AVAILABLE FOR SALE REMAINS STEADY.

After two years of steady gains, home sales activity in the Lawrence & Topeka Area has slowed recently, with sales through the first half of the year just below where they were in 2013.

The inventory of homes available for sale in this part of the state continues to sit at about a five months' supply. This level is consistent with a balanced market, favoring neither buyers nor sellers.

Sources:

National Association of REALTORS®, Participating REALTOR® multiple listing services across Kansas

Notes:

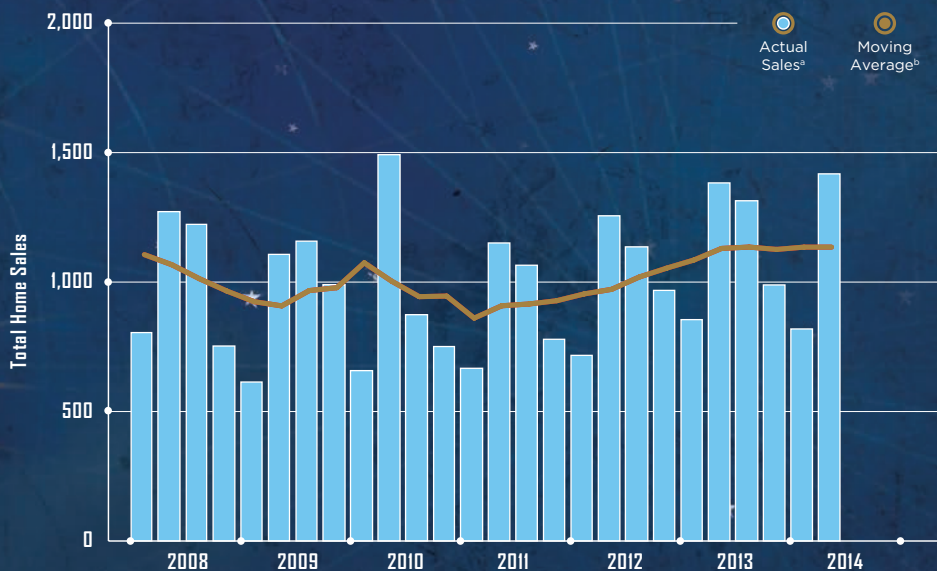
- a) Total home sales in the Lawrence & Topeka Area as reported by participating REALTOR® multiple listing services across Kansas
- b) Four-quarter centered moving average of actual sales
- c) Ratio of active listings to home sales, seasonally adjusted

Euterpe

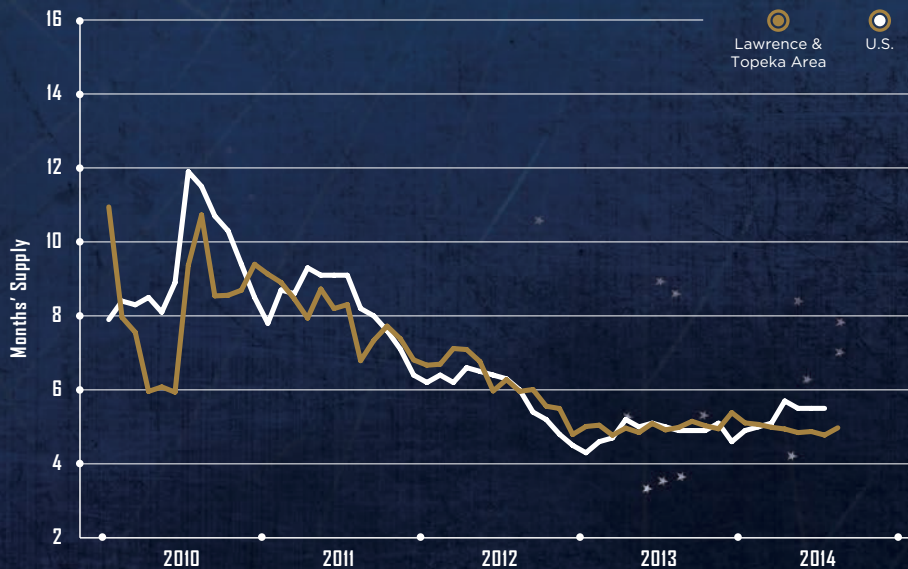
HOME SALES ACTIVITY IN THE LAWRENCE & TOPEKA AREA HAS LEVELED OFF THIS YEAR.



HOME SALES ACTIVITY




INVENTORY OF HOMES AVAILABLE FOR SALE^C



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

ZONE 3



SOUTHEAST KANSAS

HOME SALES IN
SOUTHEAST KANSAS
HAVE SLOWED OVER
THE FIRST HALF OF
THE YEAR.

After rising at a healthy pace between 2011 and 2013, home sales activity in Southeast Kansas slowed significantly over the first half of this year. It is unclear at this time, however, whether this represents a new trend, or just a temporary lull.

Although the current inventory of homes available for sale may seem rather high, it is not outside the ten to twelve months' supply that is typical for this part of the state.

Sources:

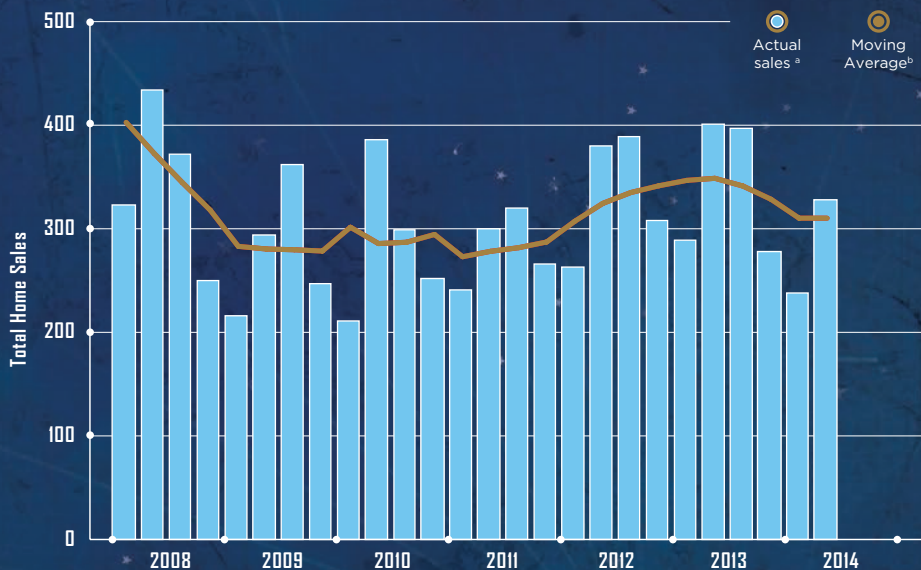
National Association of REALTORS®, Participating REALTOR® multiple listing services across Kansas

Notes:

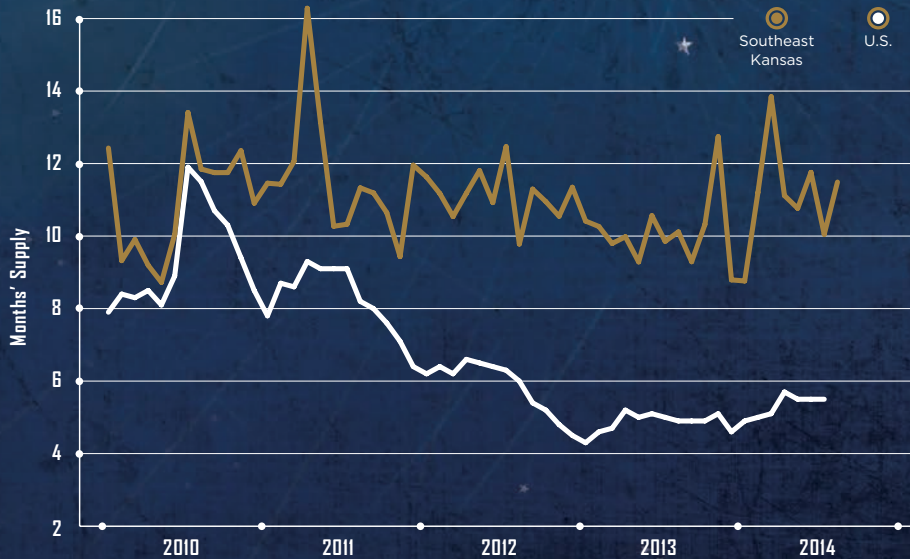
- a) Total home sales in Southeast Kansas as reported by participating REALTOR® multiple listing services across Kansas
- b) Four-quarter centered moving average of actual sales
- c) Ratio of active listings to home sales, seasonally adjusted



HOME SALES ACTIVITY



INVENTORY OF HOMES AVAILABLE FOR SALE^C



Urania

ZONE 4



MANHATTAN/FORT RILEY AREA



Erato

Sources:

National Association of REALTORS®, Participating REALTOR® multiple listing services across Kansas

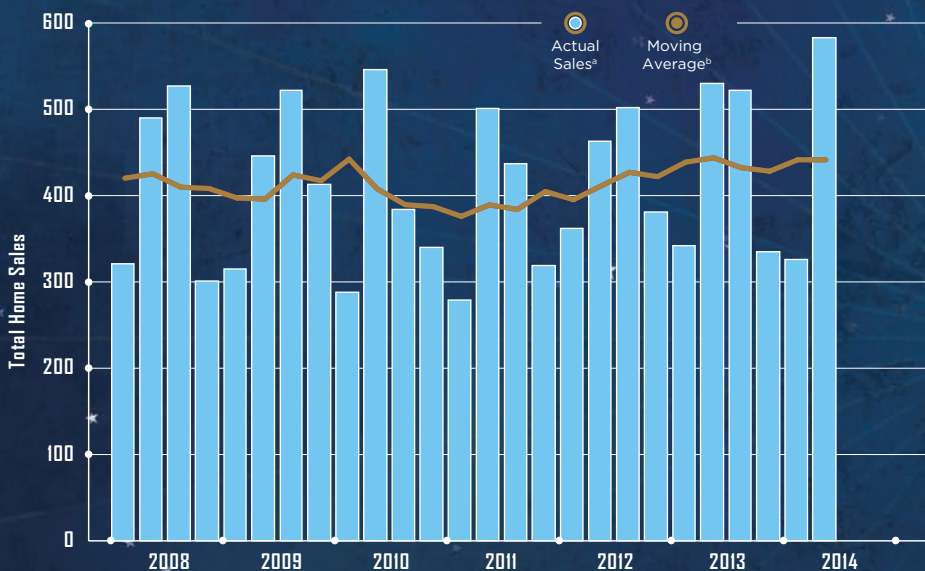
Notes:

- a) Total home sales in the Manhattan/Fort Riley Area as reported by participating REALTOR® multiple listing services across Kansas
- b) Four-quarter centered moving average of actual sales
- c) Ratio of active listings to home sales, seasonally adjusted

REA

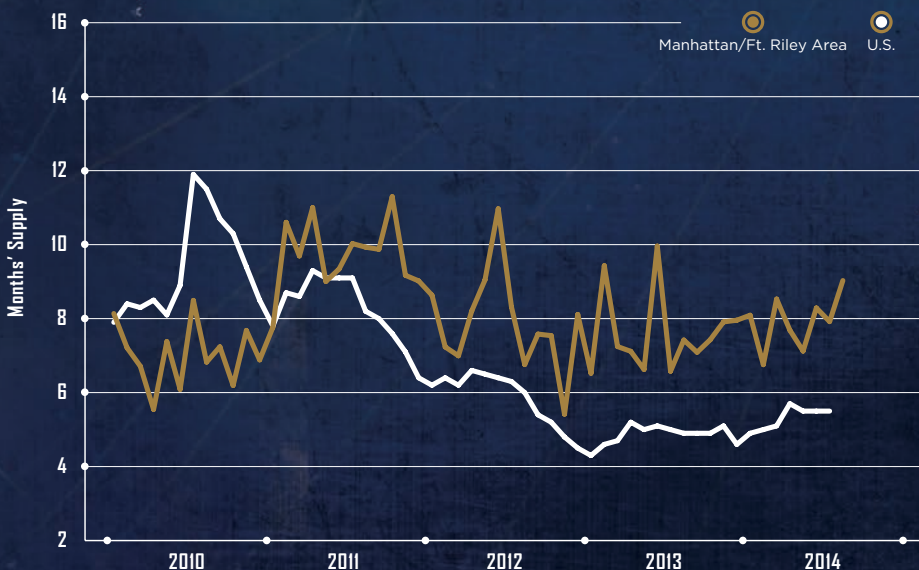
THE MANHATTAN/FORT RILEY AREA HOUSING MARKET HAS REMAINED ONE OF THE STRONGEST IN THE STATE.

HOME SALES ACTIVITY




The Manhattan/Fort Riley Area housing market has remained one of the strongest in the state over the past three years. Home sales set a new record in the second quarter, and there is little to indicate the market will slow any time soon.

INVENTORY OF HOMES AVAILABLE FOR SALE^c



The inventory of homes available for sale reflects a balance between the extremes of Junction City – averaging a ten months' supply over the past several years – and Manhattan, with only a five months' supply in recent years.

ZONE 5



FLINT HILLS & NORTH CENTRAL KANSAS



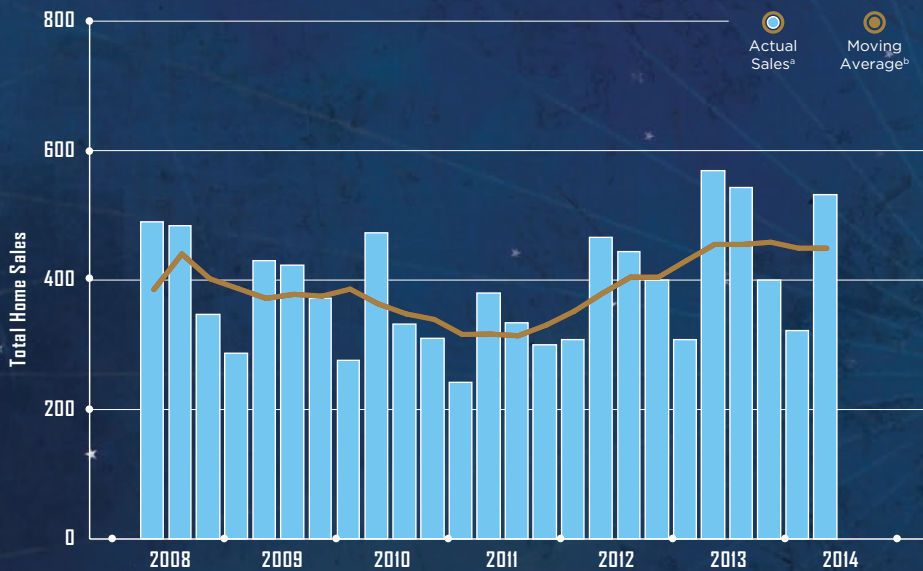
Calliope

Sources:
National Association of REALTORS®, Participating REALTOR® multiple listing services across Kansas

Notes:
a) Total home sales in the Flint Hills & North Central Kansas as reported by participating REALTOR® multiple listing services across Kansas
b) Four-quarter centered moving average of actual sales
c) Ratio of active listings to home sales, seasonally adjusted

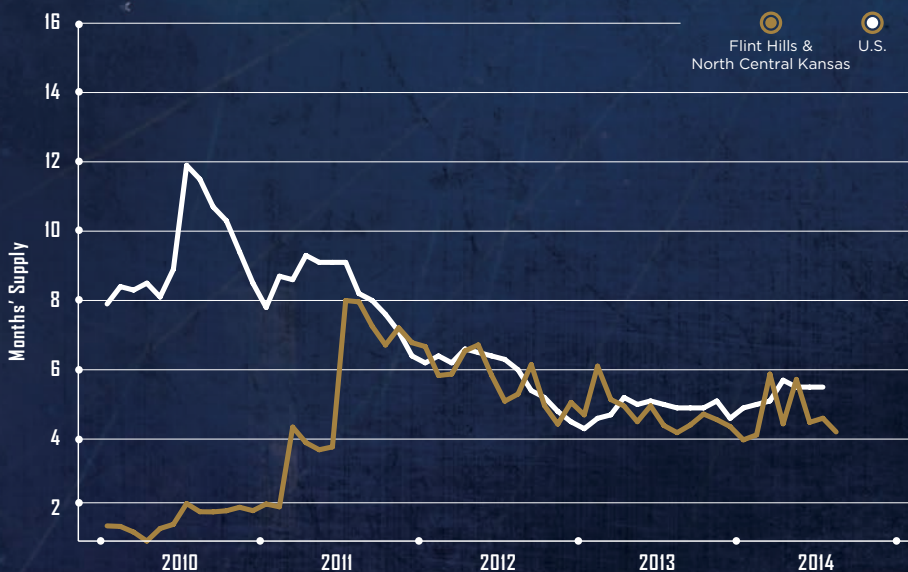
THE LACK OF INVENTORY MAY BE RESPONSIBLE FOR SLOWING SALES GROWTH IN THE FLINT HILLS & NORTH CENTRAL KANSAS.

HOME SALES ACTIVITY



Home sales activity in the Flint Hills & North Central Kansas has been on the rise over the past two years. This year, the pace of growth has slowed, but there is little to indicate a downward turn in the market.

INVENTORY OF HOMES AVAILABLE FOR SALE^C



The inventory of homes available for sale in the Flint Hills & North Central Kansas has dropped to only a four months' supply. This lack of inventory may be partially responsible for the slowing sales growth this year.

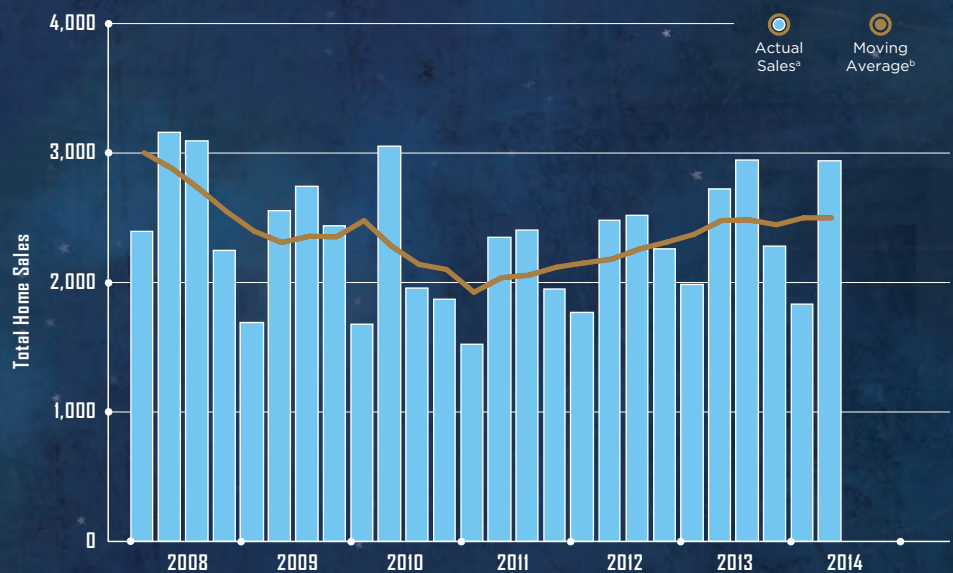
ZONE 6

WICHITA & SOUTH CENTRAL KANSAS



Home sales in Wichita & South Central Kansas have been on a steady upward track for more than three years. They still have a long way to go, however, before they match the record hit in 2006.

HOME SALES ACTIVITY



INVENTORY OF HOMES AVAILABLE FOR SALE^c



One challenge for continued growth is the lack of quality inventory. At the end of the summer, there was only a four months' supply of homes available on the market in the area.



HOME SALES IN WICHITA & SOUTH CENTRAL KANSAS HAVE BEEN ON A STEADY UPWARD TRACK.

Terpsichore

Sources:
National Association of REALTORS®, Participating REALTOR® multiple listing services across Kansas

Notes:
a) Total home sales in Wichita & South Central Kansas as reported by participating REALTOR® multiple listing services across Kansas
b) Four-quarter centered moving average of actual sales
c) Ratio of active listings to home sales, seasonally adjusted

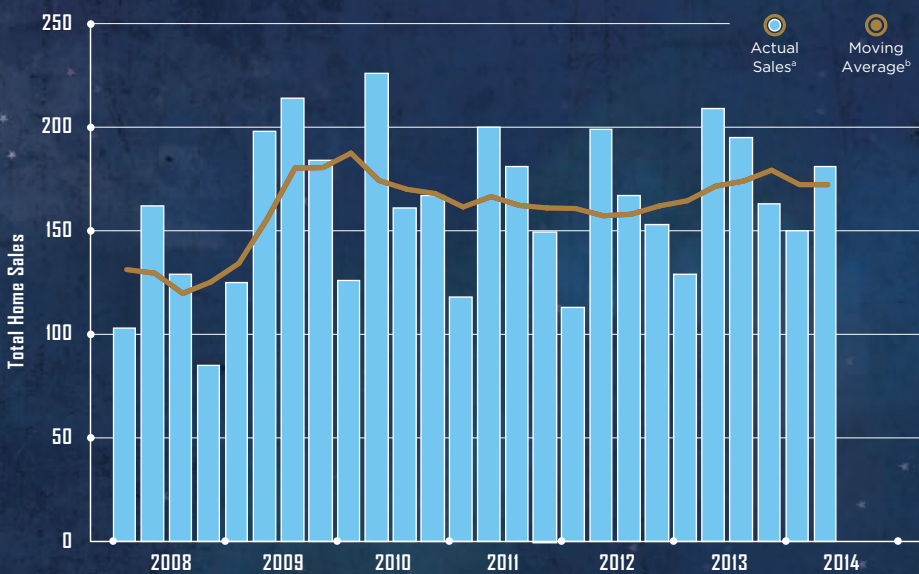
FOR THE LATEST TRENDS AND STATISTICS, VISIT WICHITA.EDU/REALESTATE

ZONE 7



NORTHWEST KANSAS

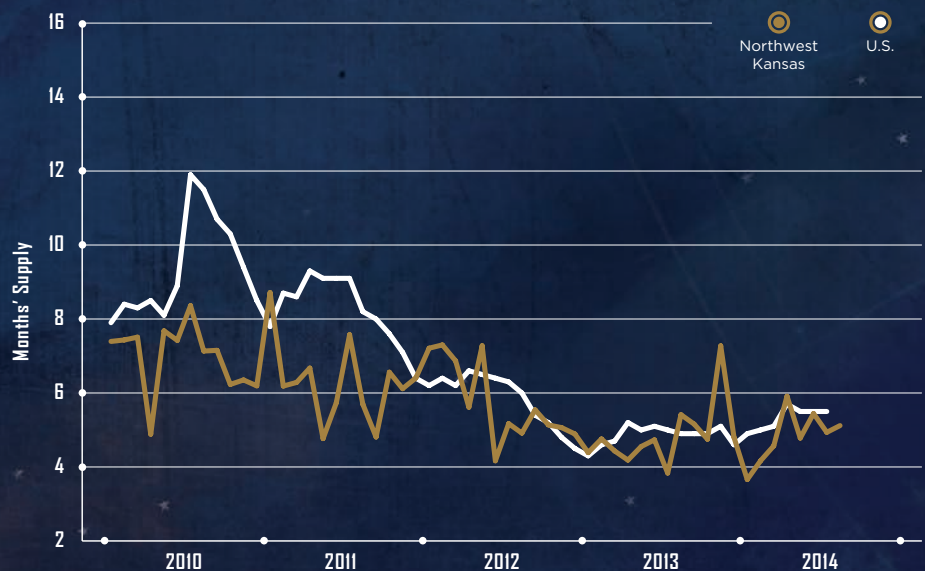
HOME SALES ACTIVITY



Home sales activity in Northwest Kansas has slowed this year, after showing strong gains in 2013. Hopefully this is simply a temporary lull, with stronger growth on the horizon.

The inventory of homes available for sale in Northwest Kansas has held fairly steady between four and six months over the past two years. This is a level consistent with a balanced market, favoring neither buyers nor sellers.

INVENTORY OF HOMES AVAILABLE FOR SALE^c



THE HOUSING MARKET IN NORTHWEST KANSAS APPEARS TO BE FAIRLY BALANCED RIGHT NOW.



Thalia

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 Northwest Kansas as reported by participating REALTOR® multiple listing services across Kansas
 - b) Four-quarter centered moving average of actual sales
 - c) Ratio of active listings to home sales, seasonally adjusted

ZONE 8




SOUTHWEST KANSAS

After growing at a fairly healthy pace over the past two years, home sales activity in Southwest Kansas has dropped off somewhat over the first half of this year.

The inventory of homes available on the market, however, has remained fairly steady, with a four to six months' supply over the past two years. This is a level consistent with a healthy market.

Melpomene

A stylized illustration of the Gorgon Melpomene, depicted with a blue and white body, yellow joints, and a yellow mask. She is shown in a dynamic, dancing pose against a dark blue background with a grid of golden lines and stars.

Sources:

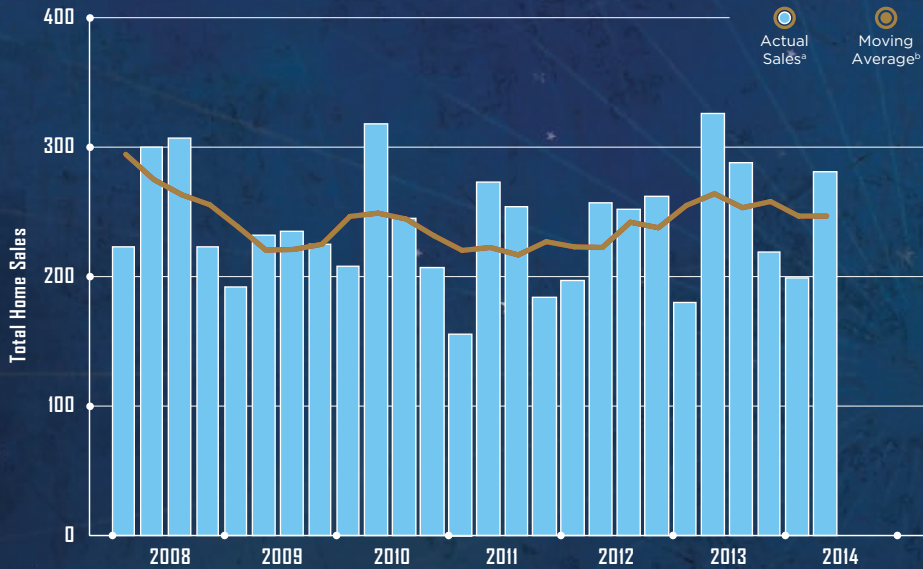
National Association of REALTORS®, Participating REALTOR® multiple listing services across Kansas

Notes:

- a) Total home sales in Southwest Kansas as reported by participating REALTOR® multiple listing services across Kansas
- b) Four-quarter centered moving average of actual sales
- c) Ratio of active listings to home sales, seasonally adjusted

HOME SALES IN SOUTHWEST KANSAS DROPPED OFF SOMEWHAT IN THE FIRST HALF OF THE YEAR.

HOME SALES ACTIVITY



INVENTORY OF HOMES AVAILABLE FOR SALE^c




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

RURAL KANSAS MARKETS

According to the Federal Reserve Bank of Kansas City, farm and ranch land appreciation rates have slowed from their torrid pace of the past several years. They now appear to be settling down to a more sustainable rate.

In contrast to the major metropolitan areas, home values in smaller cities across the state continued to rise in the wake of the housing crisis, albeit modestly. Slow but steady seems to be the rule for these markets, regardless of what is happening elsewhere.

Polyhymnia



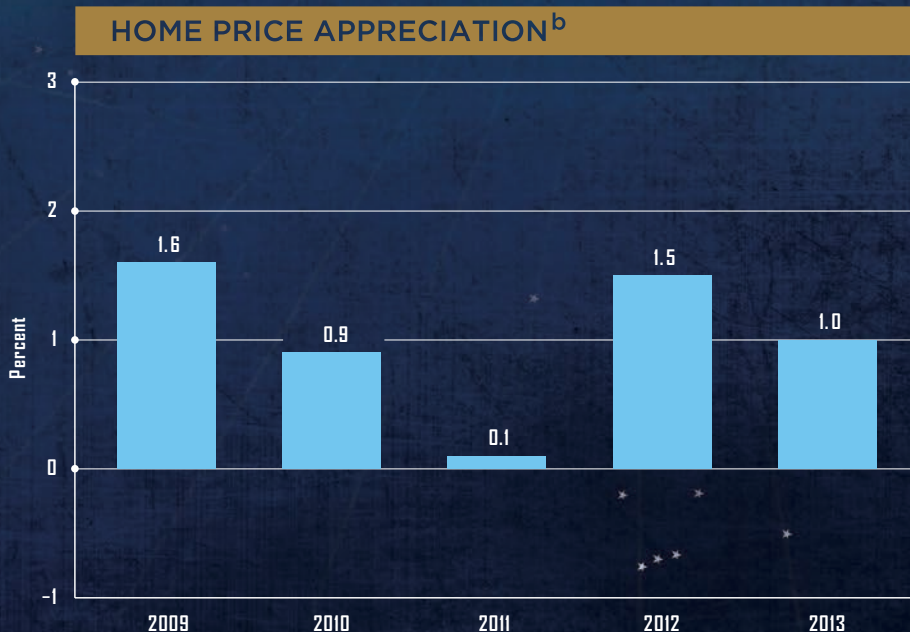
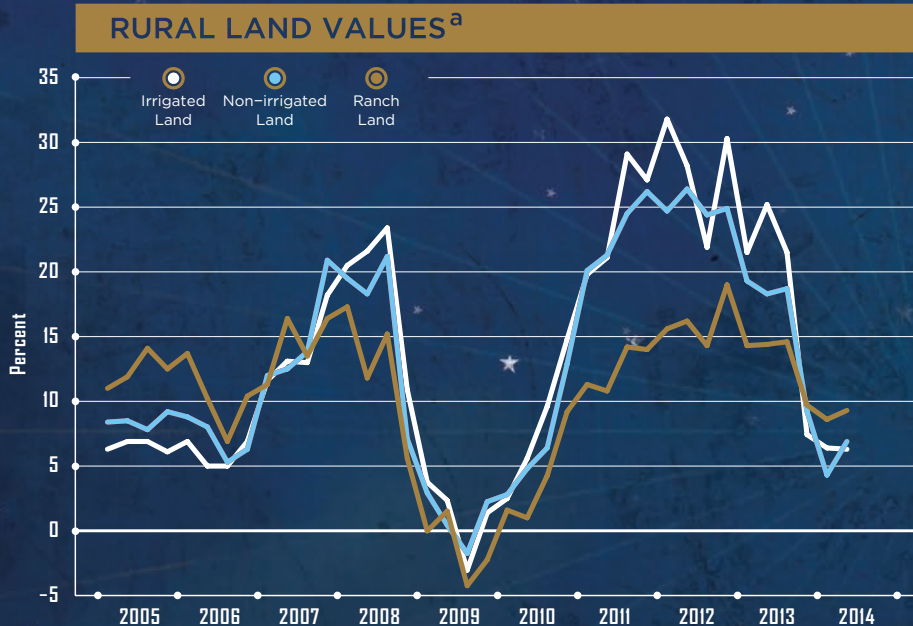
Sources:

Federal Housing Finance Agency; Federal Reserve Bank of Kansas City

Notes:

- a) Year-over-year percentage change in rural land prices in the 10th Federal Reserve District as reported by the Federal Reserve Bank of Kansas City Agricultural Credit Survey
- b) Year-over-year percentage change in the Federal Housing Finance Agency all-transactions house price index for non-metropolitan areas in Kansas, as measured using 4th quarter values

APPRECIATION RATES FOR FARM AND RANCH LAND HAVE SLOWED THIS YEAR.



HOME SALES & CONSTRUCTION



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.

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.

Zeus

Sources:

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 Kansas
- 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 Kansas as compiled 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 September 2014 forecast by the National Association of REALTORS®

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



HOME SALES ACTIVITY



NEW HOME CONSTRUCTION ACTIVITY





HOME PRICES

As sales have risen over the past three years, new home listings have not kept pace. As a result, the inventory of homes on the market has fallen below five months, with even tighter inventories in some markets.

These tight inventories have meant that home values across the state have begun to rise once again. We expect average home values across the state to rise by 2.4 percent this year and another 2.2 percent in 2015.

KANSAS HOME
VALUES WILL RISE
BY 2.2 PERCENT
NEXT YEAR.

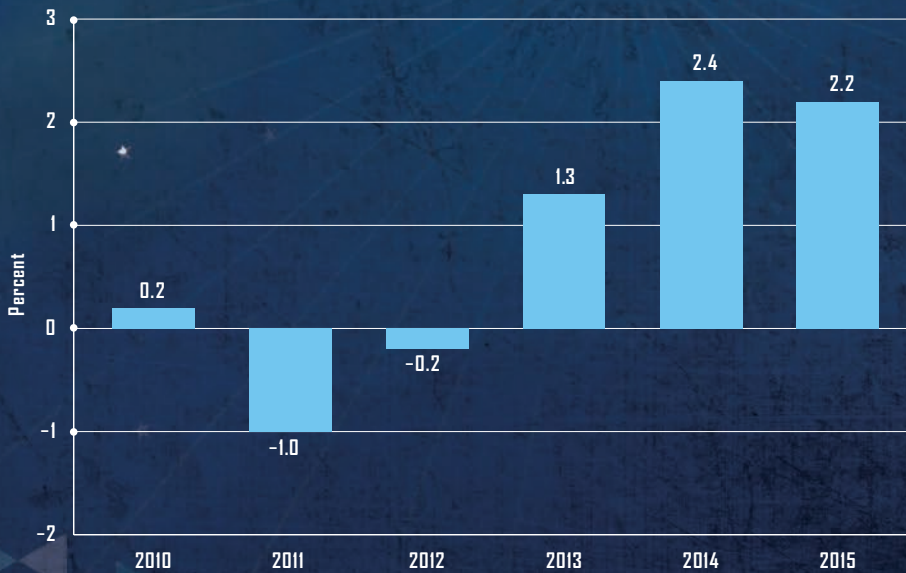
Mnemosyne

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

INVENTORY OF HOMES AVAILABLE FOR SALE^a



HOME PRICE APPRECIATION^b



Sources:
Federal Housing Finance Agency, National Association of REALTORS®, Participating REALTOR® multiple listing services across Kansas, 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 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

Pandora's Box

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

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!

Security 1st Title



SECURITY1STKS.COM



WICHITA STATE
UNIVERSITY

W. FRANK BARTON
SCHOOL OF BUSINESS

Center for Real Estate