

HOUSING ◉ FORECAST

topeka



WICHITA STATE
UNIVERSITY

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Lawyers
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We are especially grateful to Lawyers Title of Topeka for underwriting the cost of preparing this year's Topeka Housing Market Forecast.

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Wichita Area Association of REALTORS®

TOPEKA HOUSING FORECAST

It is with great pleasure that we present the 2015 Topeka Housing Market Forecast. This is the 5th year we have prepared a forecast for the Topeka 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 Topeka 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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SCHOOL OF BUSINESS**

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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.



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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

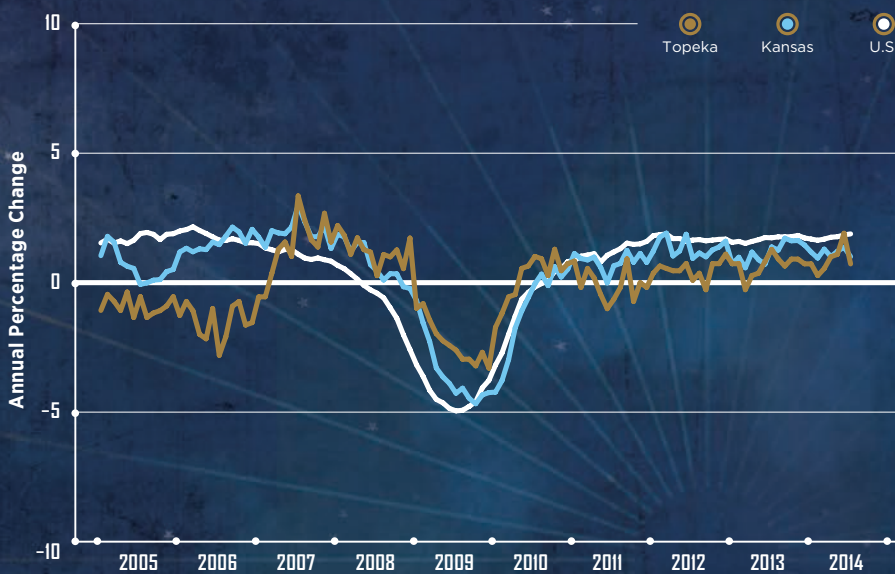
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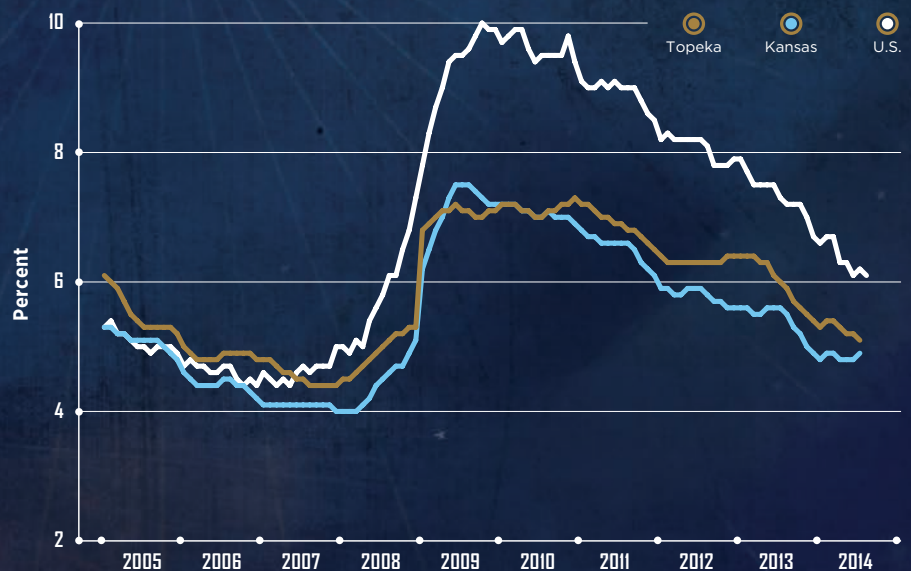
ECONOMIC OVERVIEW

EMPLOYMENT GROWTH^A



Since the Great Recession ended, Topeka employment growth has remained sluggish, even as the national economy has slowly improved. Over the past year, however, job growth has risen, suggesting that the overall labor market may finally be improving.

UNEMPLOYMENT RATE^B



Over the summer, the Topeka unemployment rate dropped to a post-recession low of 5.1 percent, a decline that is all the more encouraging given that the labor force has been growing. This, too, is a sign of a strengthening labor market.

THE TOPEKA LABOR MARKET APPEARS TO BE STRENGTHENING.



Dionysus

MORTGAGE RATES



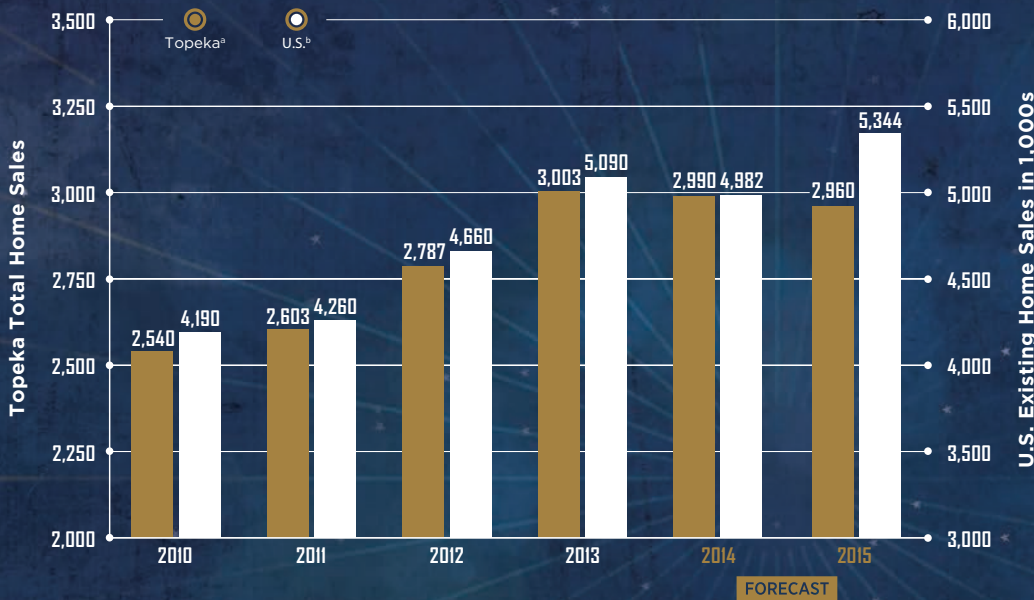
Mortgage rates remain exceptionally low, and the Mortgage Bankers Association forecasts that the 30-year fixed rate will remain below 5.3 percent through the end of next year, suggesting that financing costs will not become a hindrance to the housing market any time soon.

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

HOME SALES & CONSTRUCTION

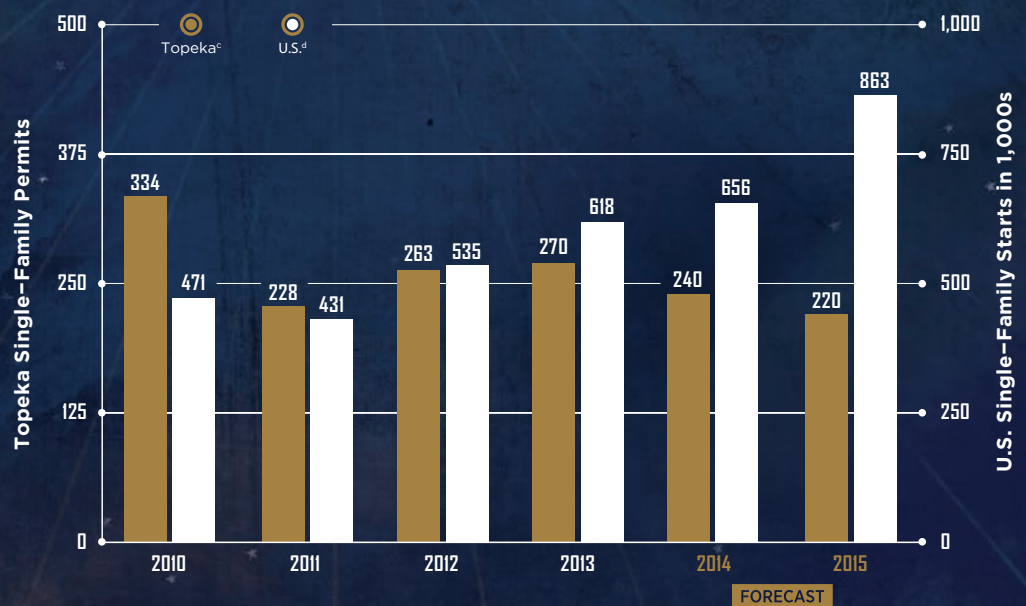
HOME SALES ACTIVITY



The cold, wet winter meant for a slow start to the spring selling season this year. While sales have recovered somewhat since then, they still remain behind last year's pace. Sales should drop again slightly in 2015, falling to 2,960 units.

New home construction in Topeka continues to languish. After rising slightly in 2013, we expect single-family permits in Topeka to decline this year by 11.1 percent. This trend will likely continue in 2015, with permits falling another 8.3 percent to 220 units.

NEW HOME CONSTRUCTION ACTIVITY



TION



Sisyphus

TOPEKA HOME SALES SHOULD DROP SLIGHTLY IN 2015.

Sources:
National Association of REALTORS®; Topeka Area Association of REALTORS®;
U.S. Bureau of the Census; WSU Center for Real Estate

Notes:
a) Total home sales in the Topeka area as reported by the Topeka Area Association of REALTORS®
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 Topeka 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
September 2014 forecast by the National Association of REALTORS®

INVENTORY OF HOMES AVAILABLE FOR SALE^A

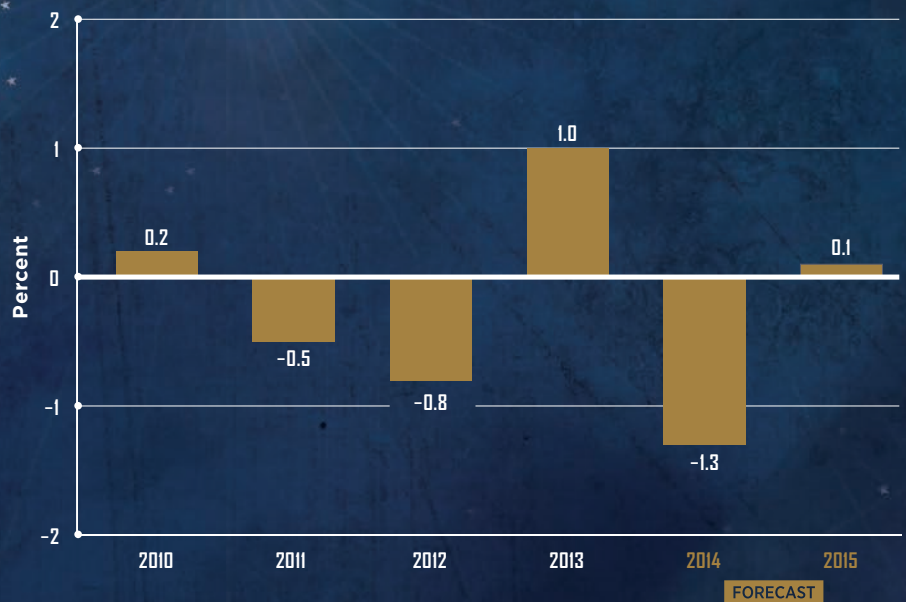


TOPEKA HOME VALUES SHOULD REMAIN FLAT IN 2015.

The Topeka housing market appears to be fairly balanced, with the overall months' supply of homes available for sale running between four and five months over the past two years.

Nevertheless, there has been little upward pressure on home prices. After appreciating by 1.0 percent in 2013, average home values in the Topeka area are on track to fall back again this year. We expect Topeka home values to remain flat in 2015, rising by a negligible 0.1 percent.

HOME PRICE APPRECIATION^B



HOME PRICES



Aglaope
the Siren

Sources:
Federal Housing Finance Agency; National Association of REALTORS®; Topeka Area 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 Topeka 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

KANSAS HOME VALUES WILL RISE BY 2.2 PERCENT NEXT YEAR.

KANSAS HOUSING MARKET ACTIVITY



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



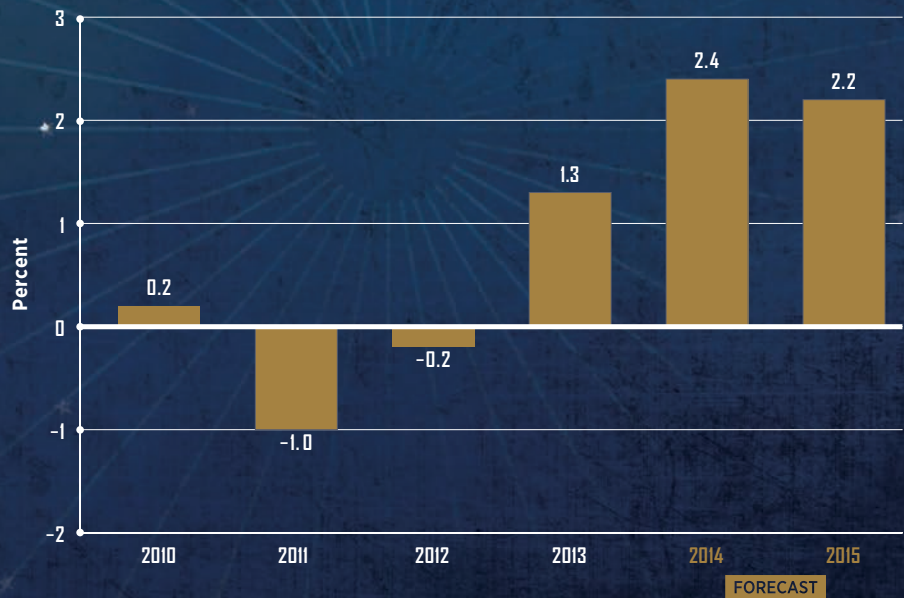
Permitting activity is experiencing a similar lull, especially because of the slowing of the large Kansas City market. We expect Kansas single-family building permits will remain level in 2015, at 4,275 units.

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



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

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 | | |

Lawyers Title of Topeka is a family owned business that has helped close and insure thousands of transactions over the past 38 years. In choosing Lawyers Title, you're partnering with our dedicated and professional staff working to meet your individual needs.

We take a proactive approach to make the real estate process a smooth and seamless experience. At Lawyers Title you get more than a title policy, you get a partnership beyond your expectations.

Lawyers

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