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WSU Center for Real Estate releases 2021 Kansas Housing Forecast Series

Home sales across the state will fall slightly next year according to the 2021 Kansas Housing Forecast series published by the Wichita State University Center for Real Estate.

“Housing demand remains incredibly strong, despite the job losses due to the pandemic,” said Stan Longhofer, director of the WSU Center for Real Estate. “Inventories of homes available for sale, however, are at historic lows across all prices of homes, limiting the number of transactions that occur.”

The 2021 Kansas Housing Markets Forecast Series reviews current housing market conditions in the major markets across the state – including Kansas City, Lawrence, Manhattan, Topeka and Wichita – and forecasts housing market activity through the end of 2021. The series also includes Housing Outlooks for 22 smaller markets across the state.

Copies of all the forecast and outlook publications in the series can be found at www.wichita.edu/realestate.

Highlights of the 2021 forecast include the following:

Kansas Statewide Forecast

- **Home sales** – Job losses due to the pandemic have done little to diminish the demand for homes across the state, but tight inventories will limit home sales growth. Sales across the state should end the year up 1 percent at 41,470 units. Sales are expected to fall to 40,940 units in 2021 as the ongoing effects of the recession is felt across the state.
- **Construction** – Single-family permits are expected to rise by 12.1 percent to 5,420 units this year in response to strong demand and a lack of supply of homes available for sale. Permits will rise another 21.6 percent to 6,590 units in 2021, with most of the gains being seen in the Kansas City area.

- **Home prices** – Continuing tight inventories are causing existing home prices to rise at a healthy pace across the state. Typical home values are projected to end the year up 4.8 percent, followed by another 5.7 percent increase in 2021.

Kansas City Forecast

- **Home sales** – Demand remains strong in all market segments, but historically tight inventories are limiting the number of closings. Kansas City area home sales are forecasted to end the year down 1 percent at 39,500 units. Sales are expected to fall another 1.1 percent to 39,080 units in 2021 as continuing unemployment begins to curtail demand.
- **Construction** – After a drop-off in 2019, new home construction in the Kansas City metropolitan area has picked up again this year. Total single-family permitting activity should end the year up 15.2 percent at 5,560 units. Permits are expected to rise another 26.7 percent to 7,045 units in 2021 as limited inventories and strong home price appreciation fuel further single-family construction.
- **Home prices** – Kansas City home values are increasing rapidly in the face of strong demand and tight inventories. Typical home prices in the Kansas City area are expected to rise by 6 percent this year followed by another 6.5 percent increase in 2021.

Lawrence Forecast

- **Home sales** – Demand remains strong in all market segments and the only thing holding back closings seems to be the lack of inventory. Home sales in the Lawrence metropolitan area are expected to rise by 1.1 percent this year to 1,500 units and then remain flat in 2021 as continuing unemployment begins to curtail demand.
- **Construction** – New home construction has strengthened this year in response to strong demand and tight inventories. Single-family permits in the Lawrence metropolitan area are expected to end the year up 41 percent at 265 units before falling back to 205 units in 2021.
- **Home prices** – Lawrence home prices continue to appreciate in the face of strong demand and tight inventories. Lawrence metropolitan area home values are projected to rise by 4.1 percent this year followed by another 3.9 percent gain in 2021.

Manhattan Forecast

- **Home sales** – Demand remains strong in all market segments and homes that were once passed over by buyers are now selling quickly. Home sales in the Manhattan metropolitan area are on pace to rise by 16.6 percent this year, ending at 1,790 units. Sales activity should remain nearly as strong in 2021, falling only slightly to 1,780 units.

- **Construction** – New home construction across the Manhattan metropolitan area continues to be hampered by high construction costs and a limited number of buildable lots in the most desirable areas. Single-family permitting activity is forecasted to fall by 14.3 percent to 210 units this year, followed by a 7.1 percent gain to 225 units in 2021.
- **Home prices** – Average home price appreciation across the Manhattan metropolitan area remains fairly modest despite the strong demand across most market segments. Manhattan home values are expected to rise by 3.5 percent this year followed by another 3.7 percent gain in 2021.

Topeka Forecast

- **Home sales** – Demand remains strong in all market segments, with only historically tight inventories holding back sales growth. Home sales in the Topeka area are expected to end the year up 3.9 percent at 3,250 units before dropping 3.1 percent to 3,150 units in 2021 as continuing unemployment begins to curtail demand.
- **Construction** – Tight inventories combined with several years of healthy home price appreciation are finally beginning to spur new home construction growth in the Topeka area. Total single-family building permits should rise by 22.5 percent to 305 units this year followed by another 9.8 percent increase to 335 units in 2021.
- **Home prices** – Inventories are historically tight across all market segments. As a result, Topeka area home values are projected to rise by 4 percent this year followed by another 4.1 percent increase in 2021.

Wichita Forecast

- **Home sales** – Demand remains strong in all market segments, but historically tight inventories are limiting the number of closings. Wichita area home sales are expected to end the year down 0.2 percent at 10,790 units. Sales are forecasted to fall another 2.4 percent to 10,530 units in 2021 as continuing unemployment begins to curtail demand.
- **Construction** – The tight inventories combined with several years of healthy home price appreciation are finally beginning to spur new home construction growth in the Wichita area. Single-family building permits are forecasted to rise by 12.5 percent this year to 1,205 units. Permitting activity should drop slightly in 2021, but at 1,125 units it will still be the second strongest year for new home construction since 2009.
- **Home prices** – Home price appreciation in the Wichita area continues to accelerate in the face of strong demand and tight inventories. Wichita home values are projected to rise by 6.6 percent this year followed by another 5.6 percent increase in 2021.

For more information and a copy of each of the publications in the 2021 Kansas Housing Markets Forecast Series, go to www.wichita.edu/realestate, or contact Longhofer at 316-516-6365 or stan.longhofer@wichita.edu.