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WICHITA STATE UNIVERSITY
W. FRANK BARTON SCHOOL OF BUSINESS

WSU

KANSAS HOUSING MARKETS FORECAST

MANHATTAN 2022

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HOME LOANS

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OUT OF THIS WORLD

Photo Credit: Images in this publication were sourced from the NASA.gov image galleries.

OUT OF THIS WORLD

HOUSING FORECAST MANHATTAN 2022

In the midst of a pandemic and its consequent economic turmoil, it may seem that the Flint Hills area housing market is defying gravity. The tightest inventories in history have led to bidding wars, rapidly rising home prices, ... and buyer fatigue. Will the market continue a meteoric rise? Or come crashing back to earth?

As we navigate into the uncharted void, the 2022 Manhattan Housing Forecast is here to give you the guidance you need to explore a housing market that is *Out of this World!*

Stan Longhofer

Dr. Stanley D. Longhofer
Director, WSU Center For Real Estate
WICHITA.EDU/REALESTATE

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

Security 1st Title

Meritrust HOME LOANS

We are also grateful to the Flint Hills Association of REALTORS®, The Kansas Association of REALTORS® and participating MLS systems across Kansas for providing much of the data used to prepare this forecast.

Thanks to the many colleagues and friends who have helped make this forecast possible:

Nate Bell, *WSU Center for Real Estate*

Mike Busch, *WSU Center for Economic Development and Business Research*

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 2021 Flint Hills Real Estate Roundtable

DESIGN BY VISUAL FUSION GRAPHIC DESIGN STUDIO

The Chandra satellite launches in July 23, 1999 in the Columbia space shuttle.

PHOTO CREDIT: IMAGES IN THIS PUBLICATION WERE SOURCED FROM THE NASA.GOV IMAGE GALLERIES.

The space shuttle Columbia, mission STS-93, launched from NASA's Kennedy Space Center on a four-day mission to deliver the Chandra X-ray Observatory to low-Earth orbit.

Economic OVERVIEW

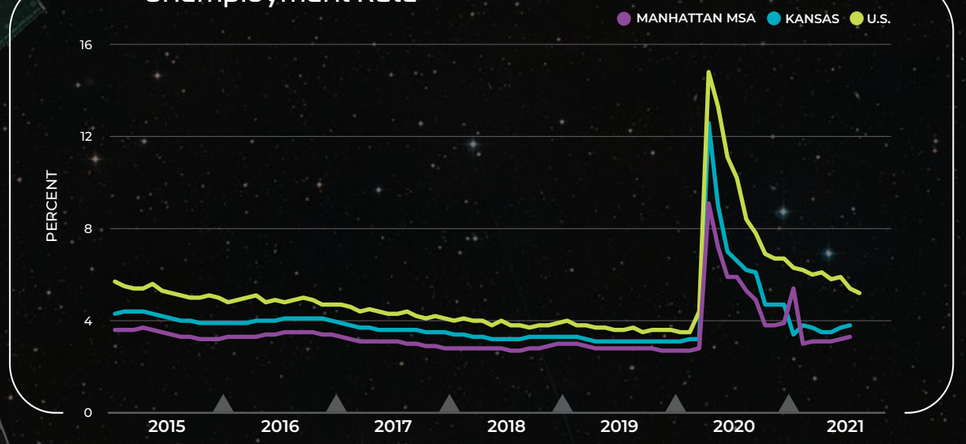
Officially, the recession of 2020 was only two months long, but that doesn't mean its effects were modest. The local unemployment rate rocketed to an all-time high of 9.1 percent in April as the Manhattan-Junction City metropolitan area lost 15.7 percent of its jobs in just three months. And while the unemployment rate has fallen back to earth in recent months, only about a third of the area's lost jobs had been recovered by July of this year.

Mortgage rates rose during the first quarter of the year, only to fall back near historic lows through the summer. When rates will rise again depends largely on when the Federal Reserve pulls back on its holdings of mortgage-backed securities and on whether the recent uptick in inflation proves persistent.

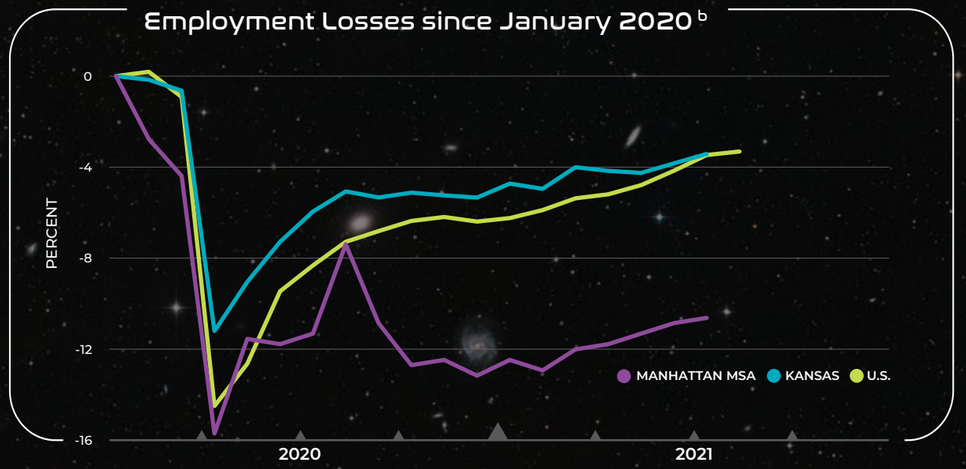
The Chandra satellite was named after Nobel Prize winner Subrahmanyan Chandrasekhar, known for integrating physics into the study of astronomy and proving the upper limit to the mass of a white dwarf.

This image shows the galaxy cluster Abell 1689, with the mass distribution of the dark matter in the gravitational lens overlaid (in purple). The mass in this lens is made up partly of normal (baryonic) matter and partly of dark matter.

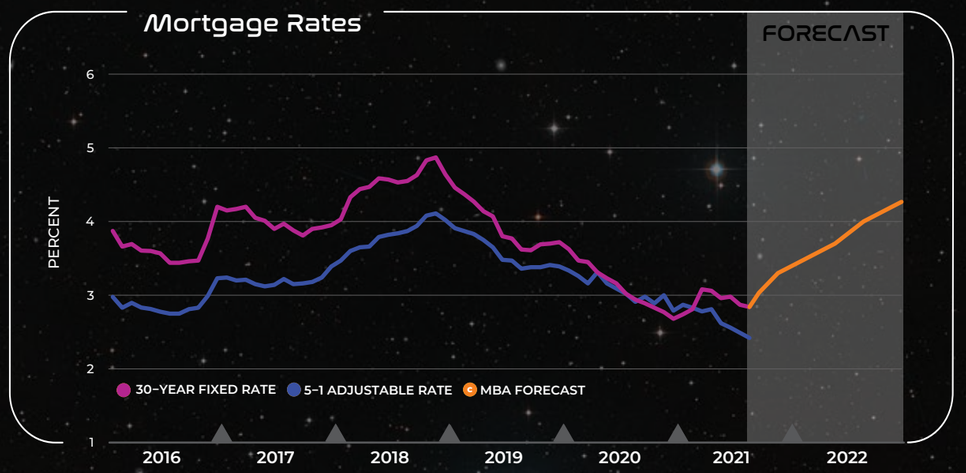
Unemployment Rate [a]



Employment Losses since January 2020 [b]



Mortgage Rates



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

Notes:
a) Seasonally adjusted
b) Cumulative change in total, non-farm employment, seasonally adjusted
c) Mortgage Bankers Association August 2021 forecast of the 30-year conventional mortgage rate

OUT OF THIS WORLD

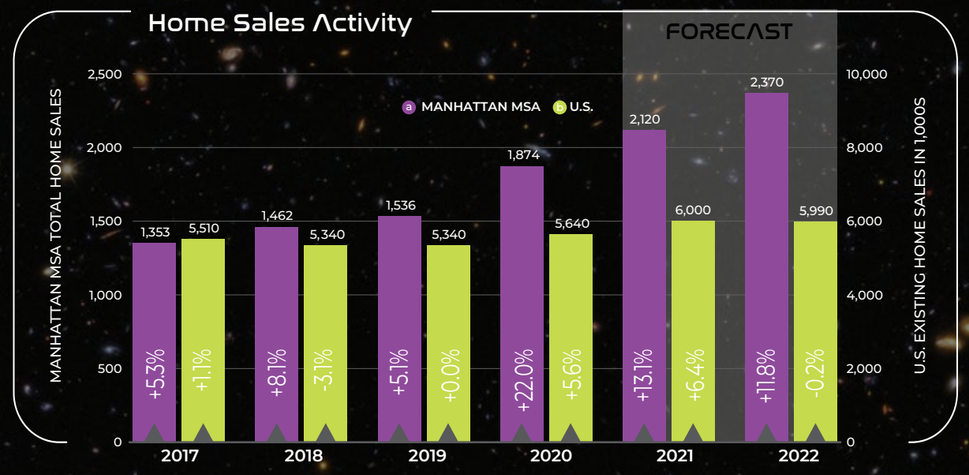
HOME SALES and CONSTRUCTION

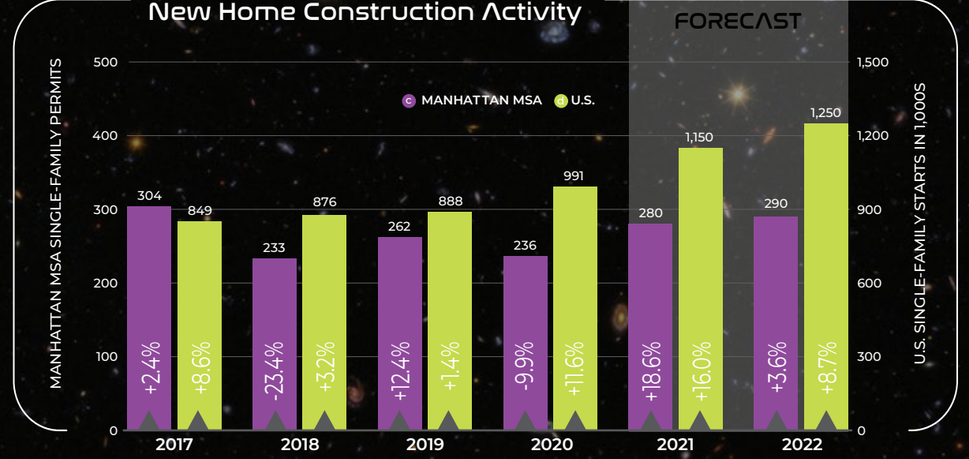
Wichita State University W. Frank Barton School of Business Center for Real Estate

Home sales activity has exploded in the Manhattan-Junction City metropolitan area over the past year. After rising 22 percent last year, we expect total home sales to end the year at 2,120 units, an increase of 13.1 percent. Next year should see more of the same, with sales rising another 11.8 percent to 2,370 units.

After dropping off in 2020, new home construction activity in the Manhattan-Junction City area has picked up again this year. We expect single-family permitting activity to rise by 18.6 percent this year to 280 units. This should continue in 2022, with permits increasing another 3.6 percent to 290 units.

● Chandra orbits earth at a distance of 65,437 miles.





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

Notes:
a) Total home sales in the Manhattan-Junction City metropolitan area as reported by the Flint Hills Association of REALTORS®
b) U.S. existing home sales as reported by the National Association of REALTORS®; forecast is the August 2021 forecast by the National Association of REALTORS®
c) Single-family building permits issued in the Manhattan-Junction City 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 2021 forecast by the National Association of REALTORS®

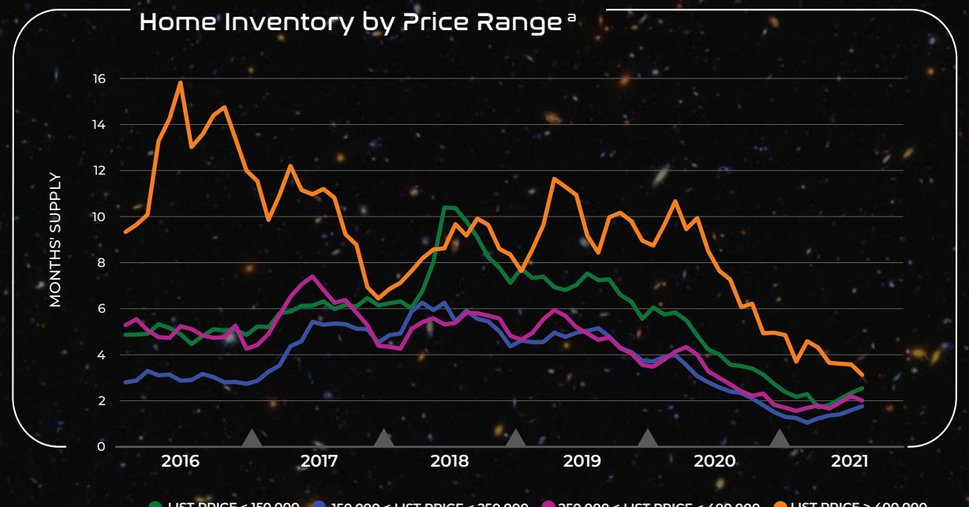
Astronomers using NASA's Spitzer Space Telescope have spotted a "dust factory" 30 million light-years away in the spiral galaxy M74. The factory is located at the scene of a massive star's explosive death, or supernova.

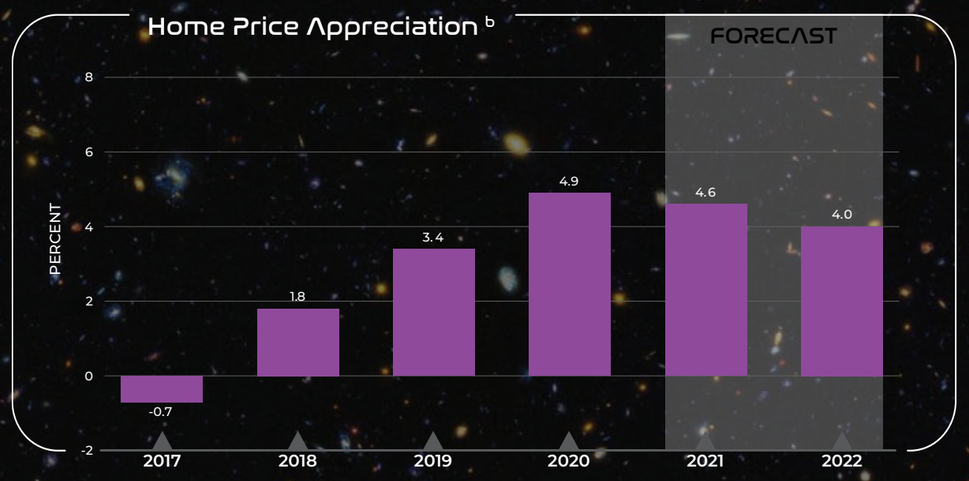
OUT OF THIS WORLD

Home PRICES

Inventories of homes available for sale in the Manhattan-Junction City metropolitan area remain at historic lows, even among the highest-priced segments. Desirable homes are selling at light speed, and prospective buyers are competing on contract terms as well as price.

Despite the strong sellers' market, however, home price appreciation has remained moderate. We project that home values in the Manhattan-Junction City metropolitan area will rise by 4.6 percent this year, followed by another 4 percent increase in 2022.





Sources:
Federal Housing Finance Agency; Flint Hills Association of REALTORS®; WSU Center for Real Estate

Notes:
a) Active listings divided by the 12-month trailing moving average of sales, segmented by list price
b) Year-over-year percentage change in the Federal Housing Finance Agency all-transactions housing price index for the Manhattan-Junction City metropolitan area, as measured using 4th quarter values

● The Chandra satellite is the largest x-ray satellite, having 8 times greater resolution than previous telescopes.

High-energy gamma rays detected by Fermi's Large Area Telescope are depicted as purple in this gamma ray/optical composite of the galaxy.

Kansas FORECAST

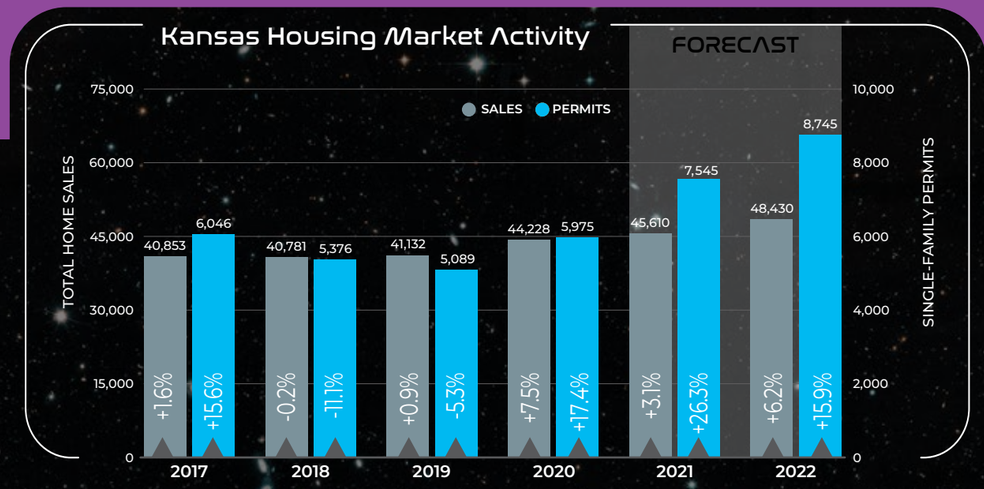
Wichita State University W. Frank Barton School of Business Center for Real Estate

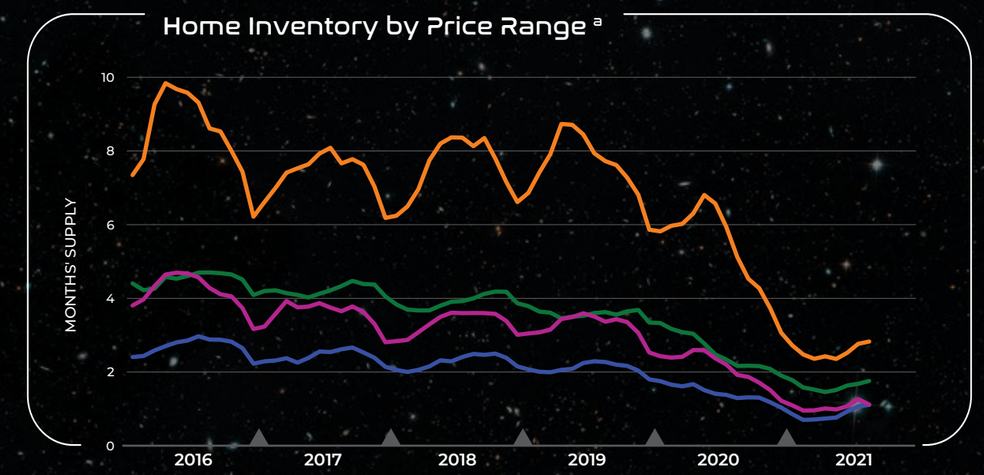
Home sales across Kansas have continued to rise, in spite of historically low inventories across all price segments. We forecast that total home sales in Kansas will end the year up 3.1 percent at 45,610 units, although sales would be stronger if there were simply more homes on the market. Sales will rise again in 2022, increasing 6.2 percent to 48,430 units.

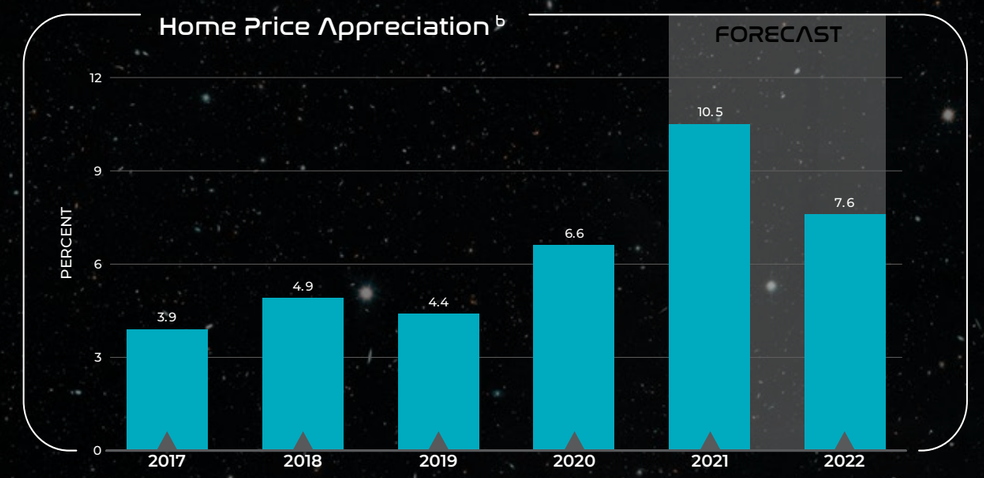
The lack of supply is spurring a surge in new home construction activity across much of the state. Single-family permits are expected to end the year at 7,545 units, an increase of 26.3 percent. Permitting activity should rise again in 2022, ending the year up 15.9 percent at 8,745 units.

In the face of strong demand and incredibly tight inventories, existing home prices are rising at a remarkable pace across most of the state. We project that typical Kansas home values will end the year up 10.5 percent, followed by another 7.6 percent gain in 2022.

● Chandra is about 45.3 feet wide and 64 feet long, weighing 10,560 pounds.







Sources:
Federal Housing Finance Agency, Participating REALTOR® multiple listing services across Kansas, U.S. Bureau of the Census, WSU Center for Real Estate

Notes:
a) Active listings divided by the 12-month trailing moving average of sales, segmented by list price
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

This image shows a composite view of the Crab nebula, an iconic supernova remnant in our Milky Way galaxy, as viewed by the Herschel Space Observatory and the Hubble Space Telescope.

OUT OF THIS WORLD

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.

	2017	2018	2019	2020	2021	2022
KANSAS (STATEWIDE)						
Total Home Sales	40,853	40,781	41,132	44,228	45,610	48,430
Building Permits	6,046	5,376	5,089	5,975	7,545	8,745
Home Price Appreciation	3.9%	4.9%	4.4%	6.6%	10.5%	7.6%
Sales Volume (in millions)	$8,123	$8,492	$8,908	$10,479		
Average Price	$198,826	$208,239	$216,578	$236,942		
KANSAS CITY AREA (KS & MO)						
Total Home Sales	39,821	40,617	40,728	43,114	44,360	46,990
Building Permits	5,951	5,608	4,811	6,173	8,470	9,905
Home Price Appreciation	6.7%	7.5%	5.6%	7.5%	12.2%	9.2%
Sales Volume (in millions)	$8,956	$9,620	$10,027	$11,891		
Average Price	$224,904	$236,853	$246,193	$275,813		
LAWRENCE MSA						
Total Home Sales	1,490	1,491	1,484	1,591	1,570	1,600
Building Permits	288	419	256	287	280	275
Home Price Appreciation	3.1%	5.4%	5.5%	4.9%	11.1%	6.7%
Sales Volume (in millions)	$327	$356	$365	$421		
Average Price	$219,273	$238,817	$245,839	$264,888		
MANHATTAN MSA						
Total Home Sales	1,353	1,462	1,536	1,874	2,120	2,370
Building Permits	304	233	262	236	280	290
Home Price Appreciation	-0.7%	1.8%	3.4%	4.9%	4.6%	4.0%
Sales Volume (in millions)	$276	$289	$308	$383		
Average Price	$204,323	$197,646	$200,739	$204,364		
TOPEKA AREA						
Total Home Sales	3,217	3,320	3,131	3,469	3,510	3,530
Building Permits	327	330	301	380	380	400
Home Price Appreciation	3.8%	4.2%	4.6%	7.0%	8.3%	4.5%
Sales Volume (in millions)	$487	$505	$485	$583		
Average Price	$151,242	$151,981	$154,827	$168,168		
WICHITA AREA						
Total Home Sales	10,475	10,384	10,823	11,494	12,050	12,710
Building Permits	1,081	993	1,075	1,397	1,575	1,670
Home Price Appreciation	2.9%	3.5%	4.8%	7.6%	10.9%	6.8%
Sales Volume (in millions)	$1,651	$1,721	$1,884	$2,218		
Average Price	$157,650	$165,780	$174,032	$193,001		

FORECAST

PILLARS OF CREATION (shown above) is 6,500 – 7,000 light years from earth. Named because the gas and dust are in the process of creating new stars, which take more than 10 million years to form. These towering tendrils of cosmic dust and gas sit at the heart of M16, or the Eagle Nebula.

CENTER FOR REAL ESTATE

The Center for Real Estate was created to help deepen the connections between the region's professional real estate community and the academic programs at Wichita State University. Whether you want to better understand the area's real estate markets or engage our students as interns or full-time employees, the WSU Center for Real Estate is your go-to resource.

Keep in touch with us online

Web: www.wichita.edu/realestate
YouTube: YouTube.com/WSURealEstate
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W. Frank Barton School of Business

Located in Kansas' business hub and with significant ties to the business community, the W. Frank Barton School of Business provides extensive applied learning opportunities. With in-person and online options, Barton School undergraduate and graduate programs are tailored to transform the lives of its students. It also holds a double AACSB accreditation for business and accounting, which puts it in the top 1% of business schools worldwide. The Barton School was established as the university's College of Business Administration and Industry in 1926 and has thousands of graduates around the world.

Barton Research Connection: www.wichita.edu/bartonschool/research

● Chandra was only intended for 5 years of operation, surpassing it's life exptency by 21 years. it's current funding will allow it to operate through at least 2030.

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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The tip of the wing of the Small Magellanic Cloud galaxy is dazzling in this new view from NASA Great Observatories. The SMC, is a small galaxy about 200,000 light-years way that orbits our own Milky Way spiral galaxy.