

KANSAS HOUSING MARKETS FORECAST

WICHITA

20
22



OUT OF THIS
WORLD



WICHITA STATE
UNIVERSITY

W. FRANK BARTON
SCHOOL OF BUSINESS


HOUSING FORECAST

WICHITA

2022

In the midst of a pandemic and its consequent economic turmoil, it may seem that the Wichita 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 Wichita Housing Forecast is here to give you the guidance you need to explore a housing market that is *Out of this World!*



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



WICHITA STATE
UNIVERSITY
W. FRANK BARTON
SCHOOL OF BUSINESS

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

Sheila Rumsey, REALTORS® of South Central Kansas

Participants in the 2021 Wichita Real Estate Roundtable

● **DISCOVERY DATE OF LAUNCH: April 24, 1990 (Hubble Space Telescope)**

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



Security 1st Title

Meritrust
HOME LOANS

We are also grateful to the Realtors[®] of South Central Kansas, the South Central Kansas *MLS*, the Kansas Association Realtors[®] and participating multiple listing services across Kansas for providing much of the data used to prepare this forecast.



DESIGN BY VISUAL FUSION GRAPHIC DESIGN STUDIO

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

Economic OVERVIEW

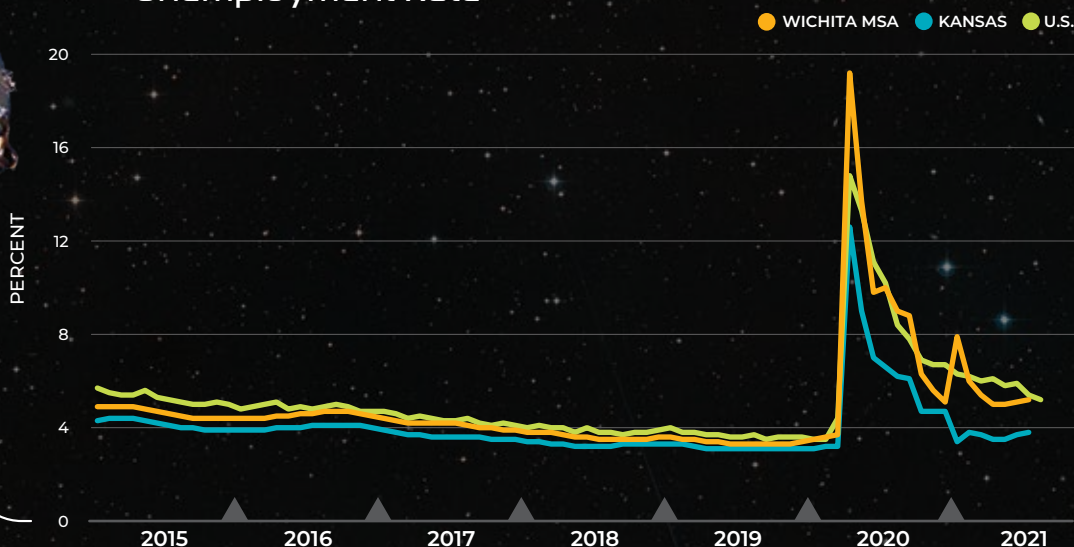
A detailed illustration of the Hubble Space Telescope in space. The telescope is shown from a perspective that highlights its complex structure, including the main body, various instruments, and large solar panel arrays. The background is a vibrant, fiery orange and red nebula, with a bright light source on the right side, creating a dramatic and high-contrast scene.

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 19.2 percent in April as the Wichita metropolitan area lost 14.3 percent of its jobs in just three months. And while the unemployment rate has fallen back to earth in recent months, only about half of Wichita's lost jobs had been recovered by July of this year.

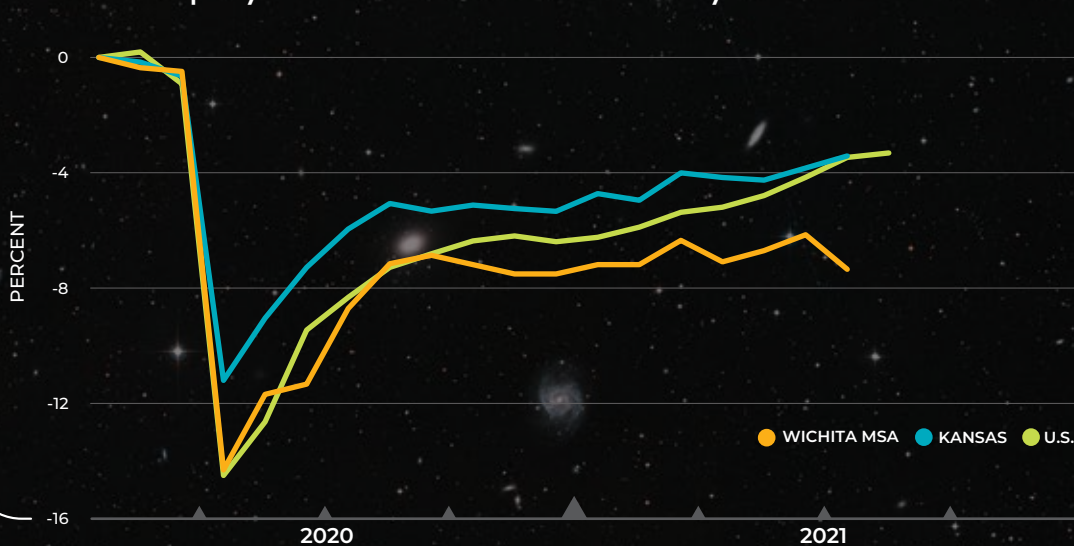
Mortgage rates rose during the first quarter of the year, only to fall back near historic lows through the summer. When rates will rise again depends largely on when the Federal Reserve pulls back on its holdings of mortgage-backed securities and on whether the recent uptick in inflation proves persistent.

● HUBBLE TELESCOPE DISTANCE FROM EARTH: 547 kilometers (340 miles)

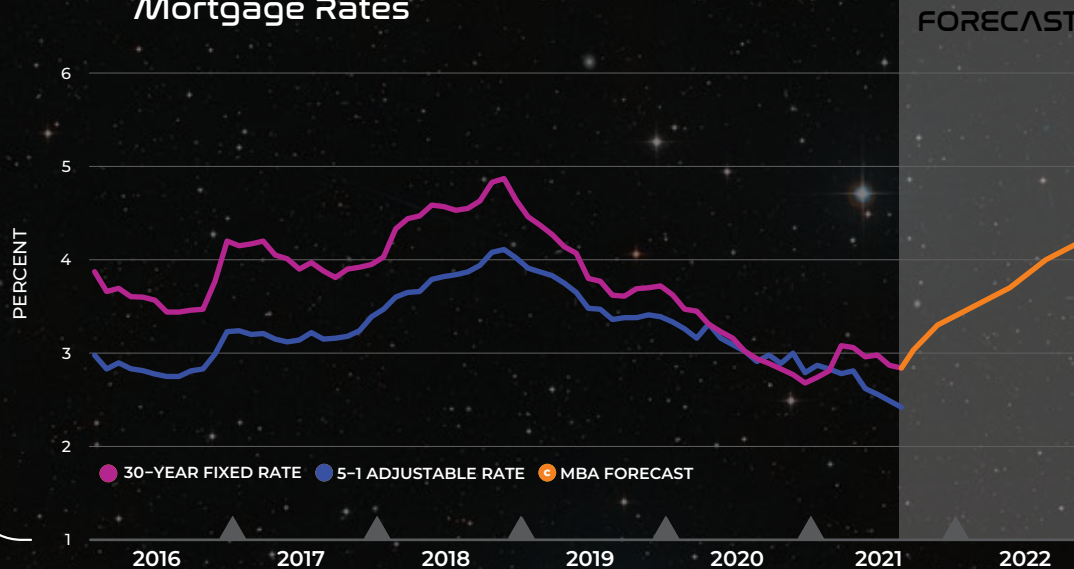
Unemployment Rate ^a



Employment Losses since January 2020 ^b



Mortgage Rates



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

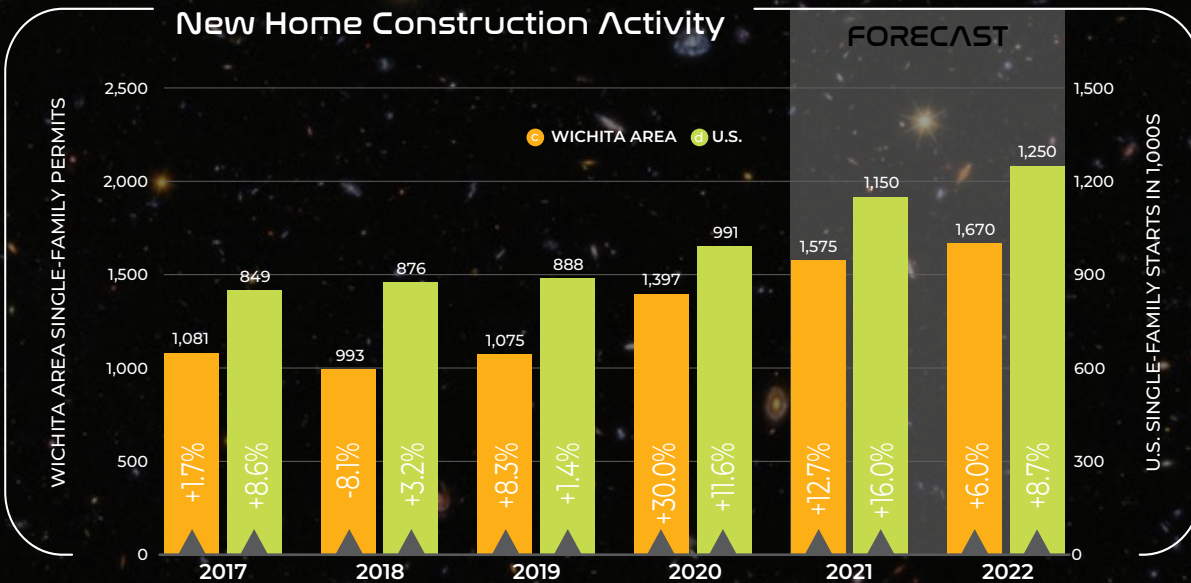
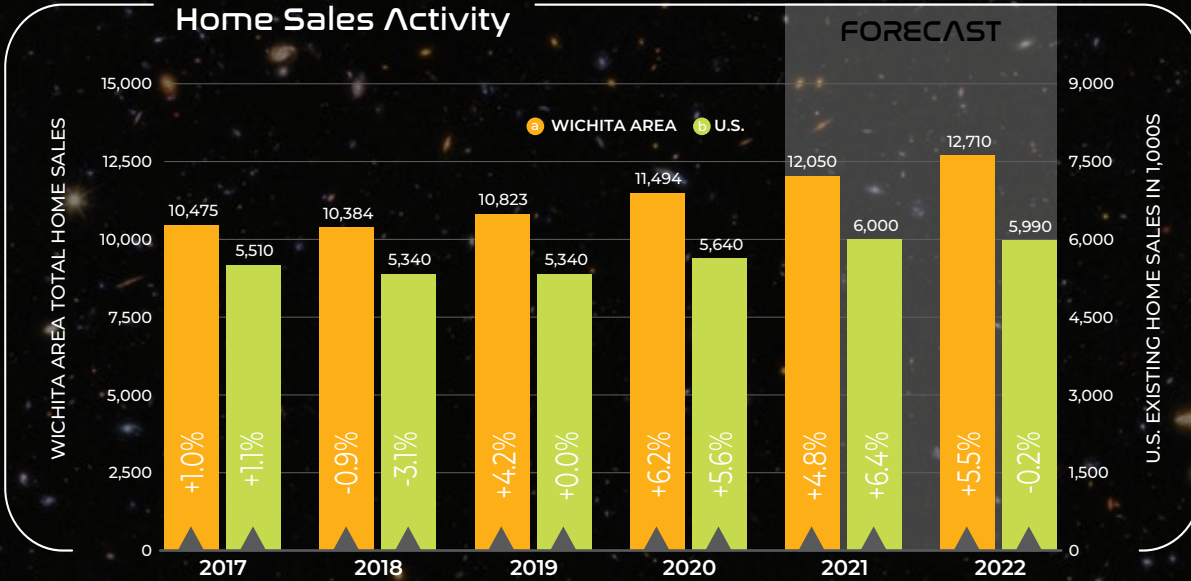
Notes:
a) Seasonally adjusted
b) Cumulative change in total non-farm employment, seasonally adjusted
c) Mortgage Bankers Association August, 2021 Forecast of the 30-year conventional mortgage rate

HOME SALES and CONSTRUCTION

The Wichita housing market remains white hot, even if it has cooled somewhat in recent months. We expect that Wichita area home sales will rise by 4.8 percent this year to 12,050 units. In 2022, we project that sales will continue to expand, growing to an all-time high of 12,710 units.

New home construction in the Wichita area exploded last year, rising by 30 percent in the face of strong demand and rapidly rising existing home prices. We expect this continue for the foreseeable future, with permitting activity rising by 12.7 percent to 1,575 units this year, followed by another 6 percent increase in 2022 to end the year at 1,670 units.

- The Hubble telescope was named after Edwin Hubble, who was known for theorizing other galaxies outside of our own *Milky Way* and for establishing the Hubble Constant, the speed at which the universe is expanding.



Sources:

National Association of REALTORS®, South Central Kansas Multiple Listing Service, Wichita Area Builders Association, U.S. Bureau of the Census, WSU Center for Real Estate

Notes:

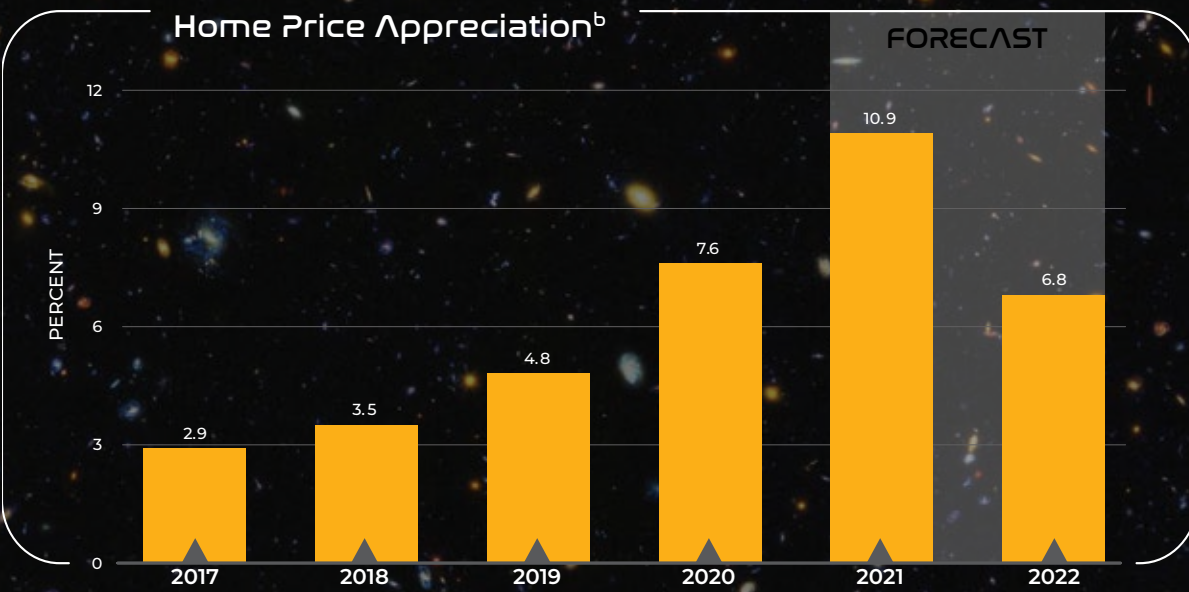
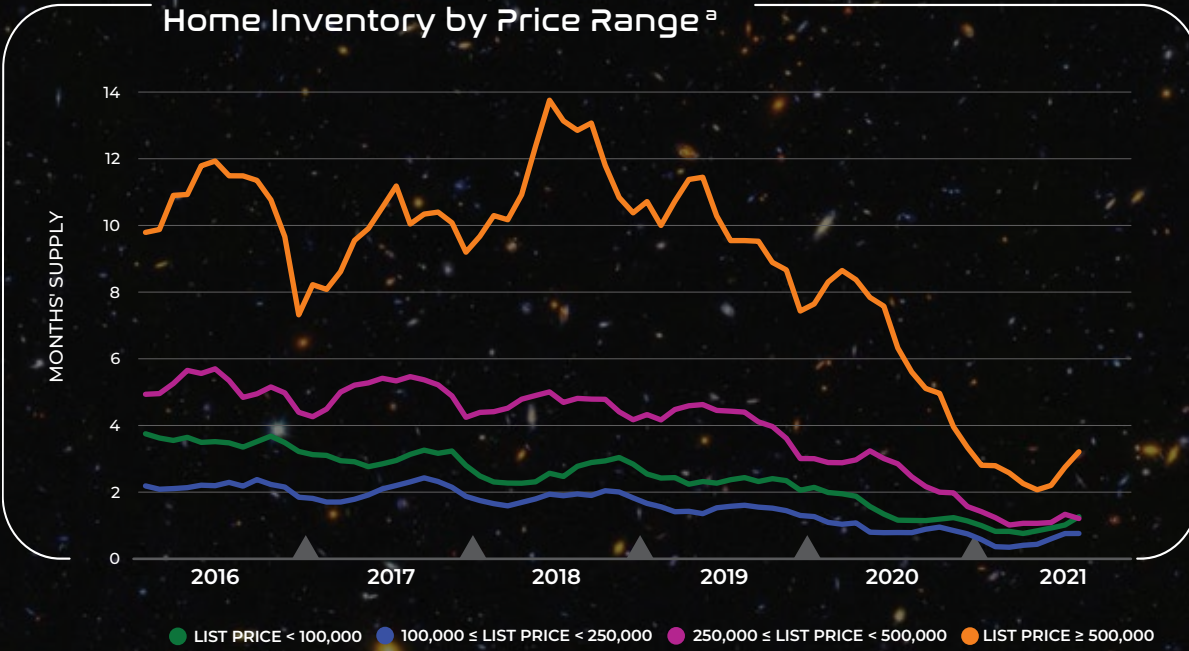
- a) Total home sales in the Wichita area as reported by the South Central Kansas Multiple Listing Service
- b) U.S. existing home sales as reported by the National Association of REALTORS®; Forecast is the August 2021 forecast by the National Association of REALTORS®
- c) Single-family building permits 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 August 2021 forecast by the National Association of REALTORS®

Home PRICES

Although inventories have risen slightly over the course of this year, it remains a strong sellers' market, even among homes priced above \$500,000. Desirable homes are selling at light speed, and prospective buyers are competing on contract terms as well as price.

As a result, home prices have been appreciating at their fastest pace since at least the late 1970s. We project that Wichita-area home values will rise by 10.9 percent this year, followed by another 6.8 percent increase in 2022.

● **HUBBLE MISSION OBJECTIVE:** To gather light from cosmic objects so scientists can better understand the universe around us. Optics see ultraviolet light, visible light, and near-infrared light (100 nanometers/1.8 microns in wavelength).



Sources:
Federal Housing Finance Agency, South Central Kansas Multiple Listing Service, 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 Wichita metropolitan area, as measured using 4th quarter values

Kansas FORECAST

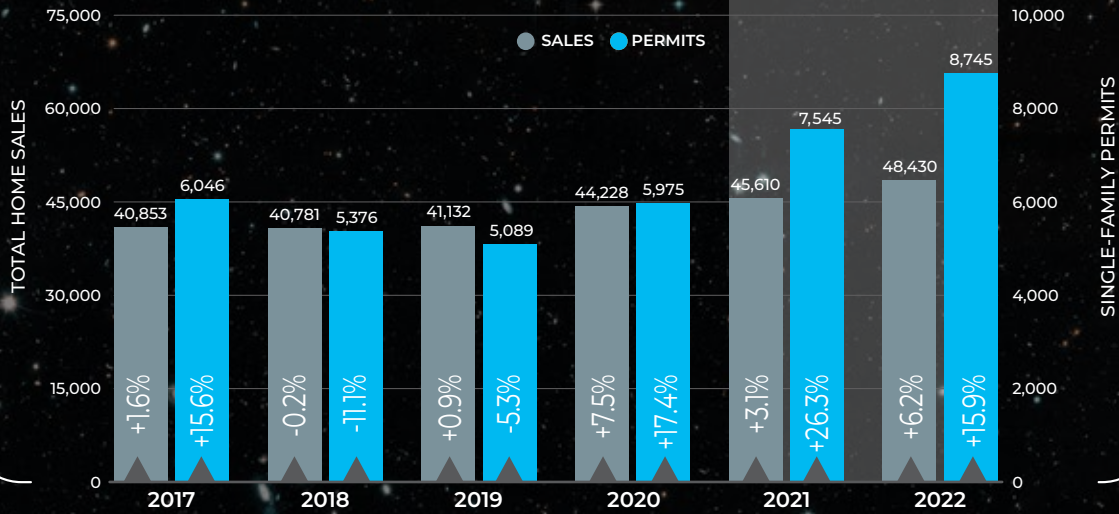
Home sales across Kansas have continued to rise, in spite of historically low inventories across all price segments. We forecast that total home sales in Kansas will end the year up 3.1 percent at 45,610 units, although sales would be stronger if there were simply more homes on the market. Sales will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

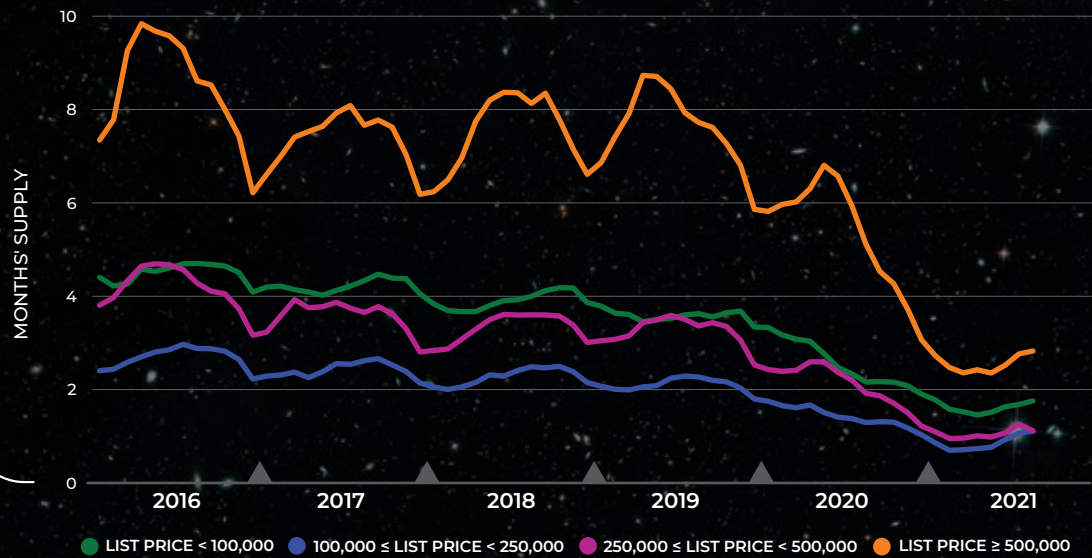
In the face of strong demand and incredibly tight inventories, existing home prices are rising at a remarkable pace across most of the state. We project that typical Kansas home values will end the year up 10.5 percent, followed by another 7.6 percent gain in 2022.

● **SIZE OF HUBBLE TELESCOPE: 43.5 feet or 13.2 meters, weights 24,500 pounds**

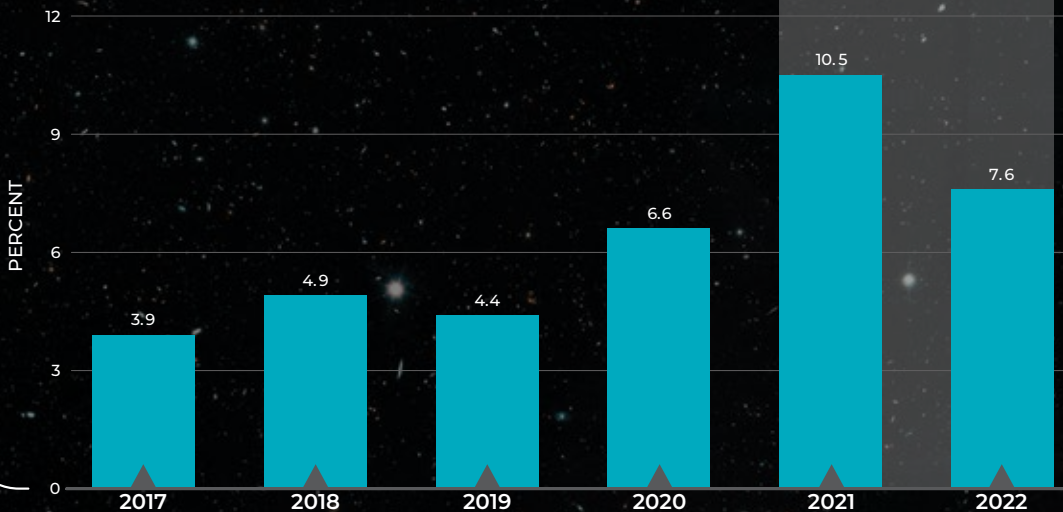
Kansas Housing Market Activity



Home Inventory by Price Range ^a



Home Price Appreciation ^b



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

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.

- **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.

	20 17	20 18	20 19	20 20	20 21	20 22
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

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](https://www.youtube.com/WSURealEstate)

Twitter: [@WSURealEstate](https://twitter.com/WSURealEstate)

Facebook: [WSURealEstate](https://www.facebook.com/WSURealEstate)



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

- **HUBBLE has observed locations more than 13.4 billion light years away, meaning it has seen light that existed in the universe 13.4 billion years ago.**

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:



Meritrust
HOME LOANS

Security 1st Title

WALTER MORRIS
ENDOWMENT FOR REAL ESTATE

Fidelity
BANK

RSCK / **REALTORS**[®]
OF SOUTH CENTRAL KANSAS



Capitol
Federal[®]

True Blue[®] for over 125 years



WICHITA STATE
UNIVERSITY
W. FRANK BARTON
SCHOOL OF BUSINESS



Meritrust HOME LOANS

Meritrust Credit Union has been helping our members do more with their money since 1935. We offer 17 retail branches providing advisory experiences, complemented by online, mobile and eATM technology allowing members to bank on their time. Our team of lending experts brings simplicity to the home-buying process, and in-house payments, processing and servicing continue to provide members peace of mind into the future. Meritrust has the products, services, tools and education members need to achieve their financial goals with confidence, including flexible mortgage programs. For more information, visit meritrusthomeloans.com. Equal housing lender. Federally insured by NCUA.



Security 1st Title

We Protect Property Rights. Security 1st Title offers licensed and trained professionals to assist you with your local and national title and closing needs. Our local, experienced staff delivers exceptional service to the protect property rights of homeowners and lenders. Our team has extensive knowledge and experience in handling residential, commercial, new construction, refinance and relocation transactions. Find us online at www.security1st.com to contact our local office for more details on how we can assist you.