

# MANHATTAN



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# 2024

## KANSAS HOUSING MARKETS FORECAST



WICHITA STATE  
UNIVERSITY  
W. FRANK BARTON  
SCHOOL OF BUSINESS

# MANHATTAN 2024 HOUSING FORECAST

## Market Distortions

It's hard to get a clear picture of today's housing market. With mortgage rates swinging from all-time lows to multi-decade highs, home prices rising at unprecedented rates, bidding wars giving way to... Housing markets have been so crazy over the past few years, it can be hard to see through the distortions to understand what "normal" really is.

As always, we bring you the Kansas Housing Markets Forecast Series to help you tune in and see clearly what to expect in the coming year.

### Dr. Stan Longhofer

Director, WSU Center for Real Estate  
[wichita.edu/realestate](http://wichita.edu/realestate)



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

**Mariann Kurosu Farina** | WSU Center for Real Estate

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**Margaret Pendleton** | Flint Hills Association of REALTORS®

**Mehrzad Saedi** | WSU Center for Real Estate

Participants in the 2023 Flint Hills Real Estate Roundtable

We are especially grateful to Charlson & Wilson and Meritrust Credit Union for underwriting the cost of preparing this year's Manhattan Housing Forecast.



Thanks also 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.



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# ECONOMIC OVERVIEW

Unemployment rates have remained remarkably low over the past year, despite the Fed's actions to raise interest rates in order to tame inflation. While there are signs that the economy is cooling, it now seems more likely that the Fed will be able to bring inflation back near its 2 percent target without dragging the economy into a recession.

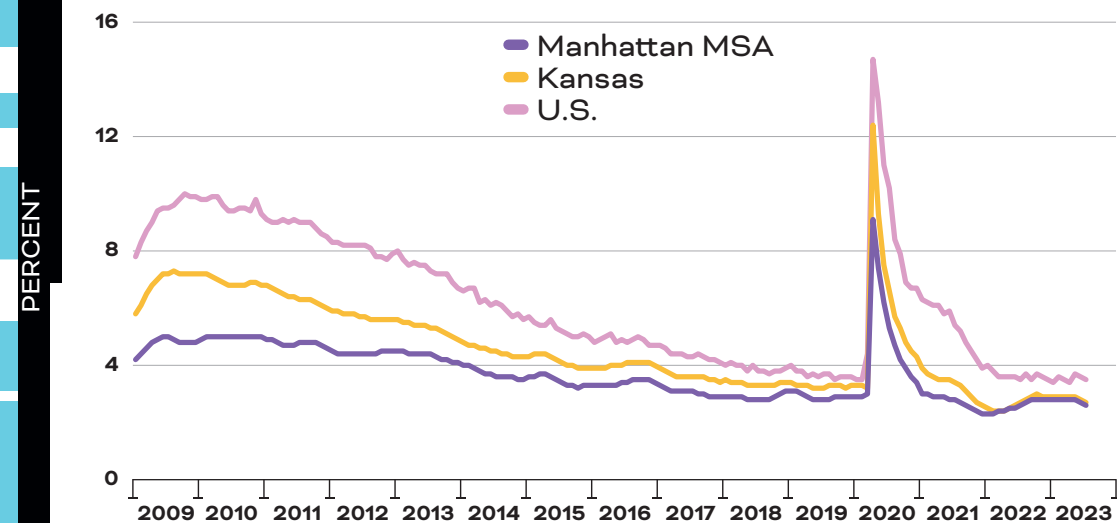
In fact, the 5-year breakeven rate – a measure of expected inflation derived from U.S. Treasury yields – suggests that financial markets believe inflation will average 2.15 percent over the next five years.

The 30-year fixed mortgage rate recently rose to its highest level in more than two decades. While it is highly unlikely that mortgage rates will ever fall to the extraordinary lows seen in 2021, most economists expect them to decline over the coming months. In fact, the National Association of REALTORS® August Economic Outlook projects that the 30-year fixed mortgage rate will fall to 6 percent by the end of next year.

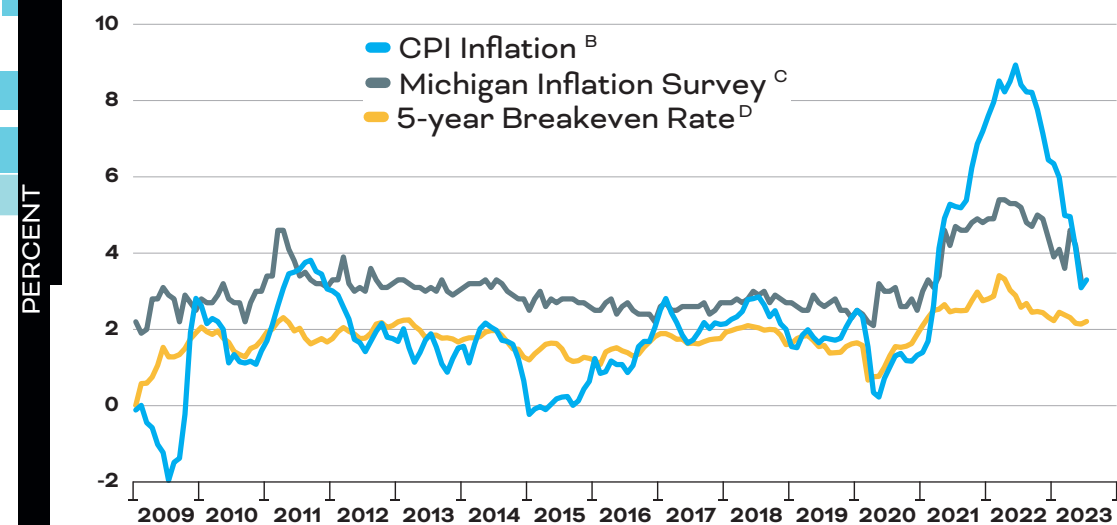
- SOURCES:**
- Federal Reserve Bank of St. Louis
  - Freddie Mac
  - National Association of REALTORS®
  - University of Michigan
  - U.S. Bureau of Labor Statistics

- NOTES:**
- A. Seasonally adjusted
  - B. Year-over-year percentage change in the consumer price index for all urban consumers
  - C. Median expected price change over the coming 12 months
  - D. Expected inflation over the next five years as implied by yields on U.S. Treasury securities
  - E. National Association of REALTORS® August 2023 forecast of the 30-year fixed mortgage rate

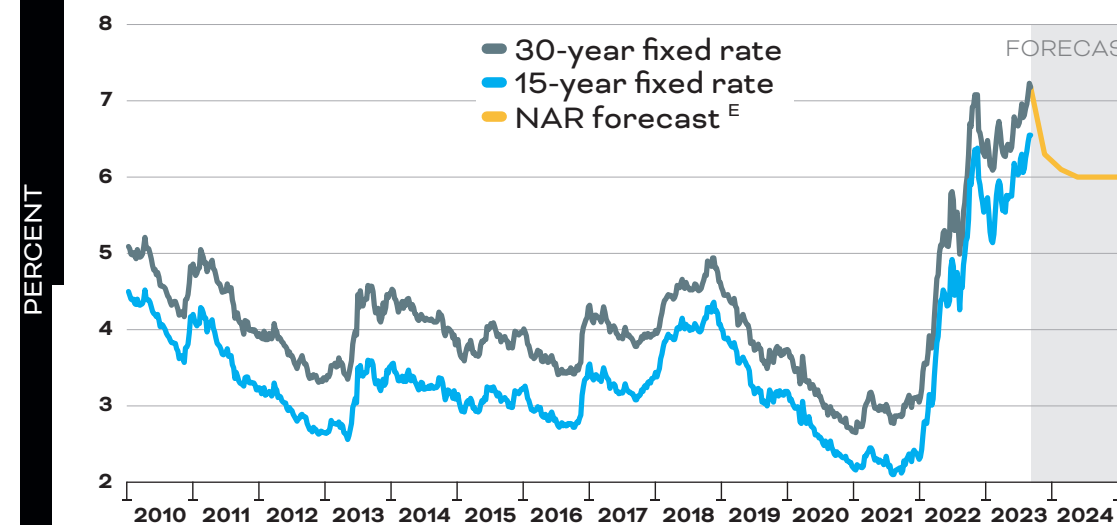
## UNEMPLOYMENT RATE <sup>A</sup>



## INFLATION EXPECTATIONS



## MORTGAGE RATES



# HOME SALES & CONSTRUCTION

Home sales across the Manhattan-Junction City metropolitan area have continued to decline this year, the combined effect of higher mortgage rates and the limited inventory of homes available for sale. We project that sales activity across the metropolitan area will fall this year by 7.7 percent to 1,790 units. Sales are expected to rebound somewhat in 2024, rising to 1,880 units, roughly the same number of sales as in 2020.

New home construction in the Manhattan area has remained fairly steady over the past several years, despite the recent rise in mortgage rates. We expect this pace to continue for the foreseeable future, with 260 new single-family building permits in the metropolitan area in 2023 and 265 units in 2024.

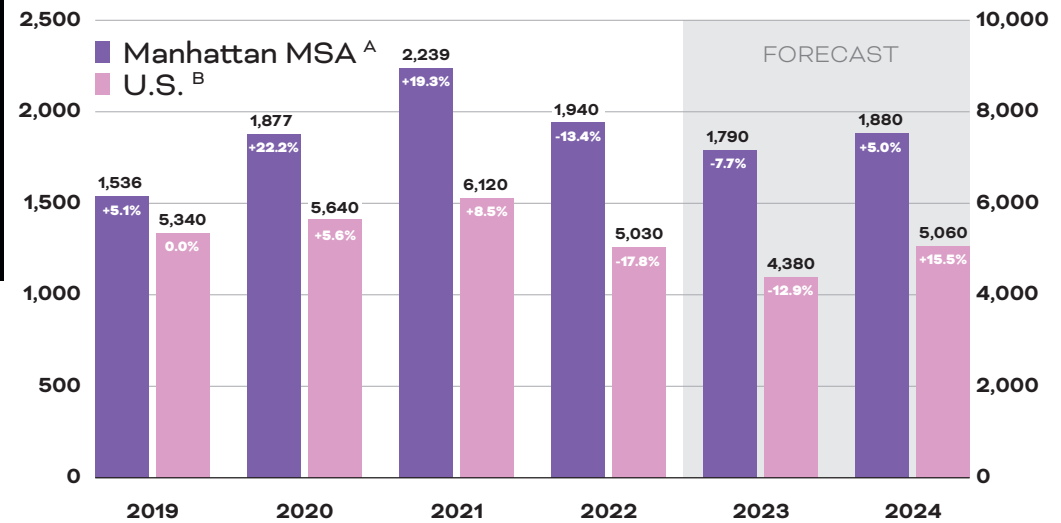
**SOURCES:**

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

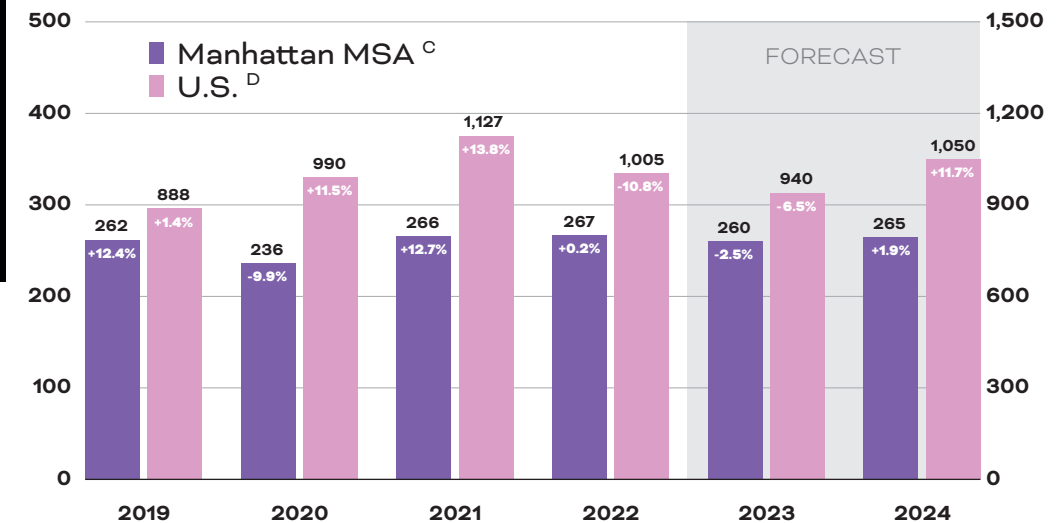
**NOTES:**

- 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 2023 forecast by the National Association of REALTORS®
- C. Single-family building permits issued in the Manhattan-Junction City metropolitan area 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 August 2023 forecast by the National Association of REALTORS®

## HOME SALES ACTIVITY



## NEW HOME CONSTRUCTION ACTIVITY



# HOME PRICES

Although inventories of homes available for sale have risen over the past year, they still remain far less than the 4 to 6 months' supply needed for a balanced market. As a result, quality homes continue to sell incredibly quickly, often with multiple offers.

After spectacular gains in 2021 and 2022, home price appreciation in the Manhattan-Junction City metropolitan area appears to be slowing to a more typical pace. We forecast that area home values will rise by 4.4 percent in 2023, followed by another 2.7 percent increase in 2024.

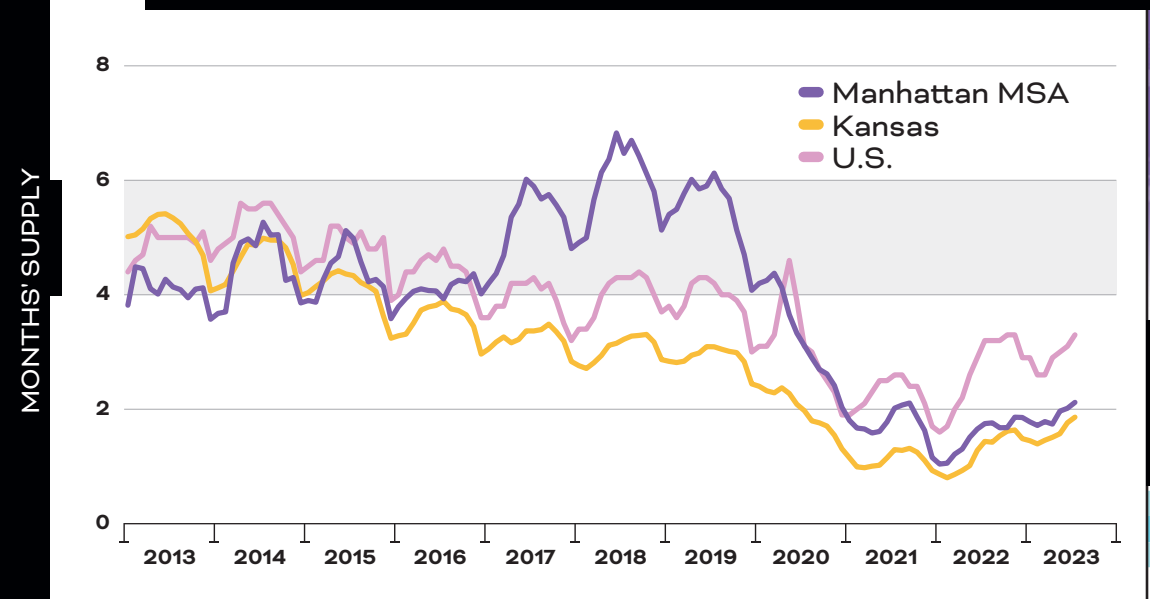
**SOURCES:**

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

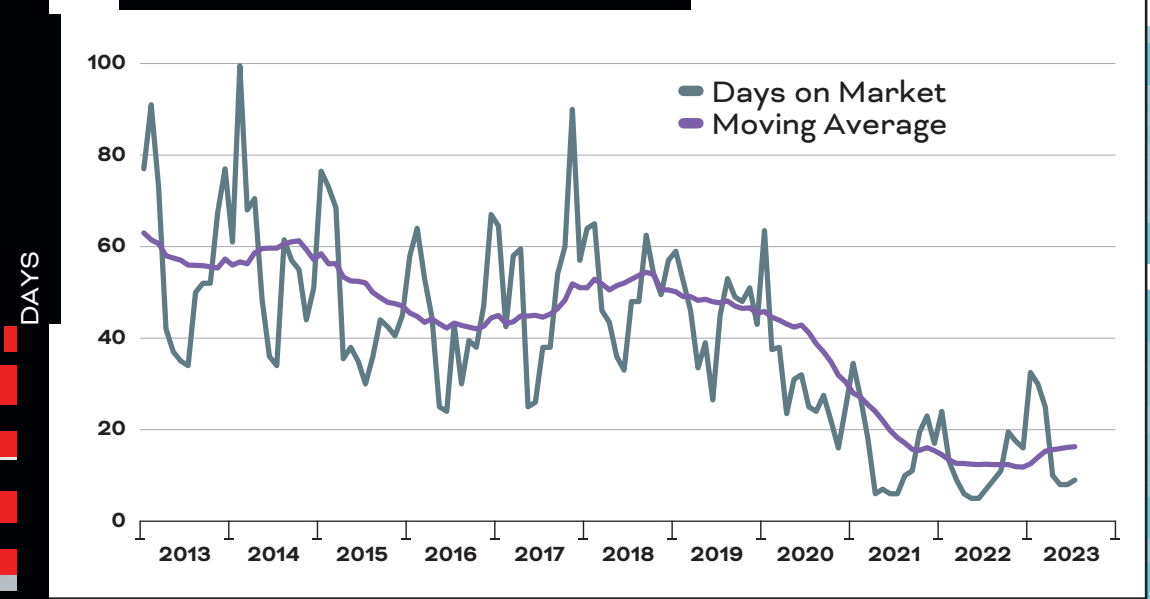
**NOTES:**

- A. Active listings divided by the 12-month trailing moving average of sales
- B. Median number of days between listing and contract dates
- C. 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

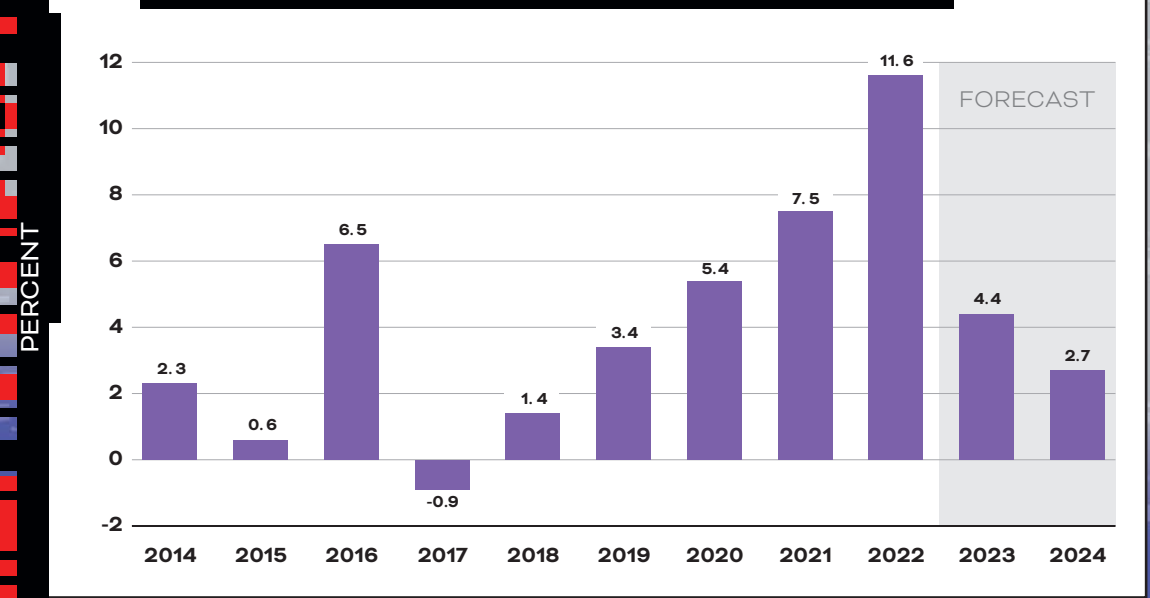
## INVENTORY OF HOMES AVAILABLE FOR SALE <sup>A</sup>



## TYPICAL TIME TO SELL <sup>B</sup>



## HOME PRICE APPRECIATION <sup>C</sup>



# KANSAS FORECAST

Home sales and new home construction across the state have both continued to decline this year. Rising mortgage rates have been the primary factor pulling down permitting activity. In contrast, the continuing shortage of inventory is playing the biggest role in holding back home sales.

We project that Kansas home sales will decline 12.4 percent this year to 35,640 units and then remain essentially flat in 2024. New single-family building permits are expected to drop 18.4 percent this year to 4,700 units. If mortgage rates fall next year as expected, permitting activity across the state should rebound slightly, rising 4 percent to 4,890 units.

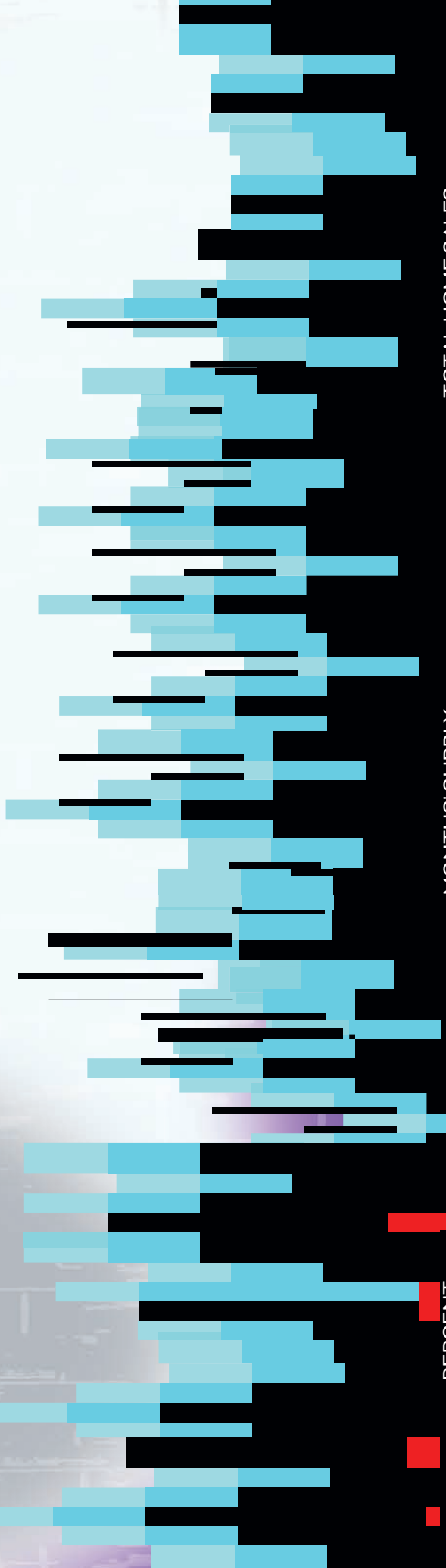
Despite the drop in demand, tight inventories are continuing to put upward pressure on home prices across the state. As a result, we expect typical home values across the state to rise by 5.5 percent this year followed by another 3.5 percent increase in 2024.

## 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. 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. Active listings divided by the 12-month trailing moving average of sales, segmented by list price
- 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



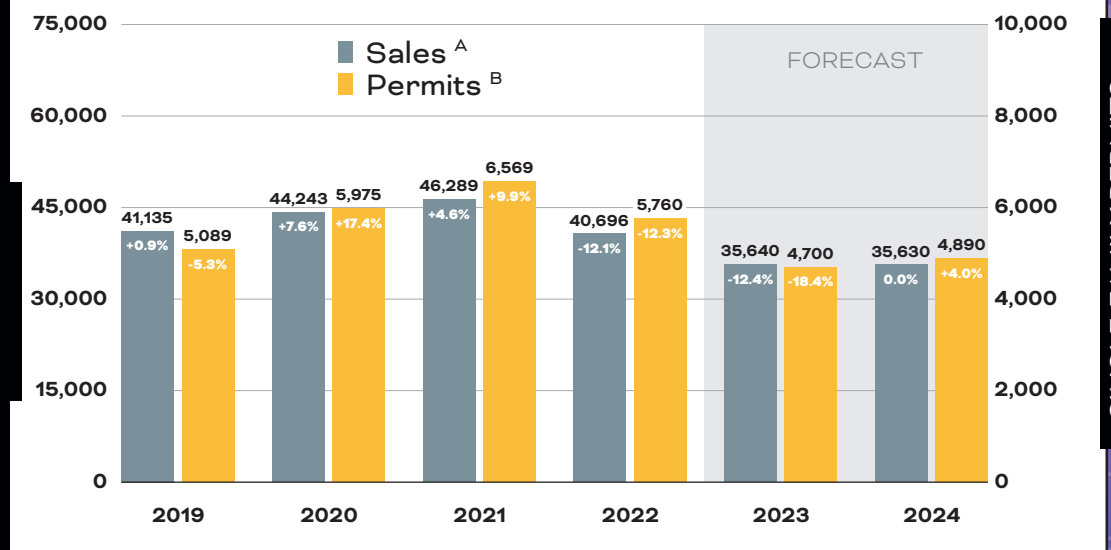
TOTAL HOME SALES

MONTHS' SUPPLY

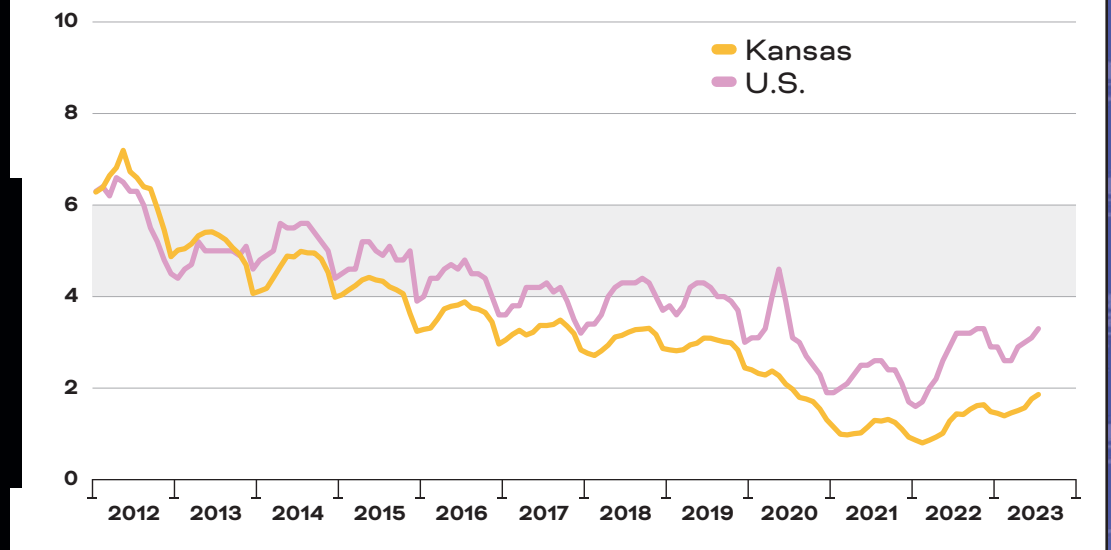
PERCENT

SINGLE-FAMILY PERMITS

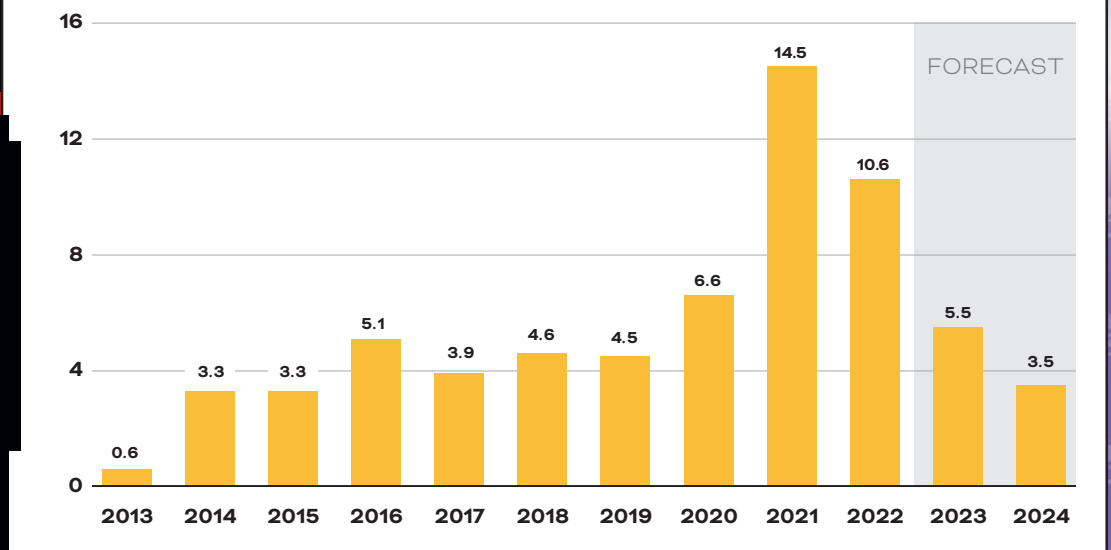
## KANSAS HOUSING MARKET ACTIVITY



## INVENTORY OF HOMES AVAILABLE FOR SALE<sup>C</sup>



## HOME PRICE APPRECIATION<sup>D</sup>



# 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](http://wichita.edu/realestate). While there, you can also explore the wealth of additional data and analysis we provide on housing markets across the state.

## 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.

## FORECAST

	2019	2020	2021	2022	2023	2024
<b>KANSAS</b> Statewide						
Total Home Sales	41,135	44,243	46,289	40,696	35,640	35,630
Building Permits	5,089	5,975	6,569	5,760	4,700	4,890
Home Price Appreciation	4.5%	6.6%	14.5%	10.6%	5.5%	3.5%
Sales Volume (in millions)	\$8,910	\$10,483	\$12,158	\$11,735		
Average Price	\$216,594	\$236,936	\$262,662	\$288,359		
<b>KANSAS CITY</b> Area (KS & MO)						
Total Home Sales	40,677	43,915	45,914	40,346	33,810	33,740
Building Permits	4,811	6,173	7,051	5,389	4,050	4,230
Home Price Appreciation	5.7%	7.6%	15.8%	12.5%	6.6%	3.7%
Sales Volume (in millions)	\$10,070	\$11,933	\$13,978	\$13,576		
Average Price	\$247,554	\$271,718	\$304,436	\$336,496		
<b>LAWRENCE</b> MSA						
Total Home Sales	1,484	1,591	1,546	1,329	1,160	1,150
Building Permits	256	287	262	256	230	230
Home Price Appreciation	5.2%	5.4%	14.6%	10.6%	5.4%	4.4%
Sales Volume (in millions)	\$365	\$421	\$466	\$441		
Average Price	\$245,839	\$264,888	\$301,658	\$331,883		
<b>MANHATTAN</b> MSA						
Total Home Sales	1,536	1,877	2,239	1,940	1,790	1,880
Building Permits	262	236	266	267	260	265
Home Price Appreciation	3.4%	5.4%	7.5%	11.6%	4.4%	2.7%
Sales Volume (in millions)	\$308	\$383	\$497	\$460		
Average Price	\$200,739	\$204,235	\$222,137	\$237,095		
<b>TOPEKA</b> Area						
Total Home Sales	3,124	3,459	3,486	3,154	2,890	2,840
Building Permits	301	380	417	423	385	400
Home Price Appreciation	4.9%	6.3%	16.8%	10.5%	4.3%	3.1%
Sales Volume (in millions)	\$484	\$582	\$667	\$655		
Average Price	\$154,774	\$168,294	\$191,245	\$207,807		
<b>WICHITA</b> Area						
Total Home Sales	10,823	11,494	12,152	10,570	9,470	9,390
Building Permits	1,075	1,397	1,455	1,352	1,255	1,365
Home Price Appreciation	4.9%	7.7%	14.7%	10.9%	4.2%	3.4%
Sales Volume (in millions)	\$1,884	\$2,218	\$2,616	\$2,503		
Average Price	\$174,032	\$193,001	\$215,276	\$236,774		

# MANHATTAN 2024 HOUSING 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 need to better understand the area's real estate markets or would like to engage our students as interns or full-time employees, the WSU Center for Real Estate is your go-to resource.

## 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.

## keep in touch with us online

WEB: [WICHITA.EDU/REALESTATE](http://WICHITA.EDU/REALESTATE)

FACEBOOK: [WSUREALESTATE](https://www.facebook.com/WSUREALESTATE)

INSTAGRAM: [@WSURealEstate](https://www.instagram.com/WSURealEstate)

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YOUTUBE.COM/[WSUREALESTATE](https://www.youtube.com/WSUREALESTATE)



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## 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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