

WICHITA



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2024

KANSAS HOUSING MARKETS FORECAST



WICHITA STATE
UNIVERSITY
W. FRANK BARTON
SCHOOL OF BUSINESS

WICHITA 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



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

Mariann Kurosu Farina | WSU Center for Real Estate

Karen Gehle | Kansas Association of REALTORS®

Jeremy Hill | WSU Center for Economic Development and Business Research

Sheila Rumsey | REALTORS® of South Central Kansas

Mehrzad Saedi | WSU Center for Real Estate

Participants in the 2023 Wichita Real Estate Roundtable

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



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Thanks also to the REALTORS® of South Central Kansas, the South Central Kansas MLS, the Kansas Association of 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

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.

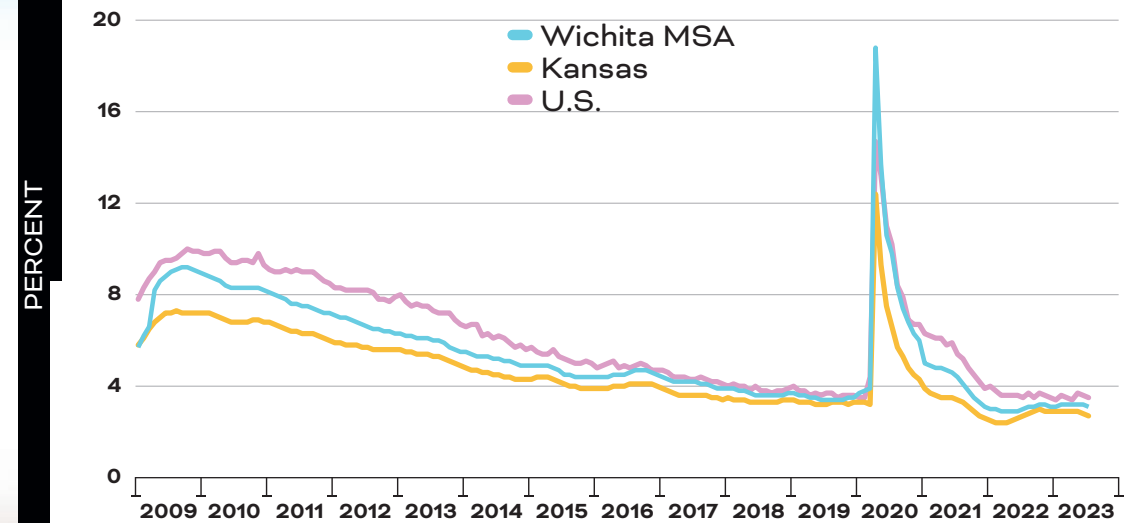
In fact, the 5-year breakeven rate – a measure of expected inflation derived from U.S. Treasury yields – suggests that financial markets believe inflation will average 2.15 percent over the next five years.

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.

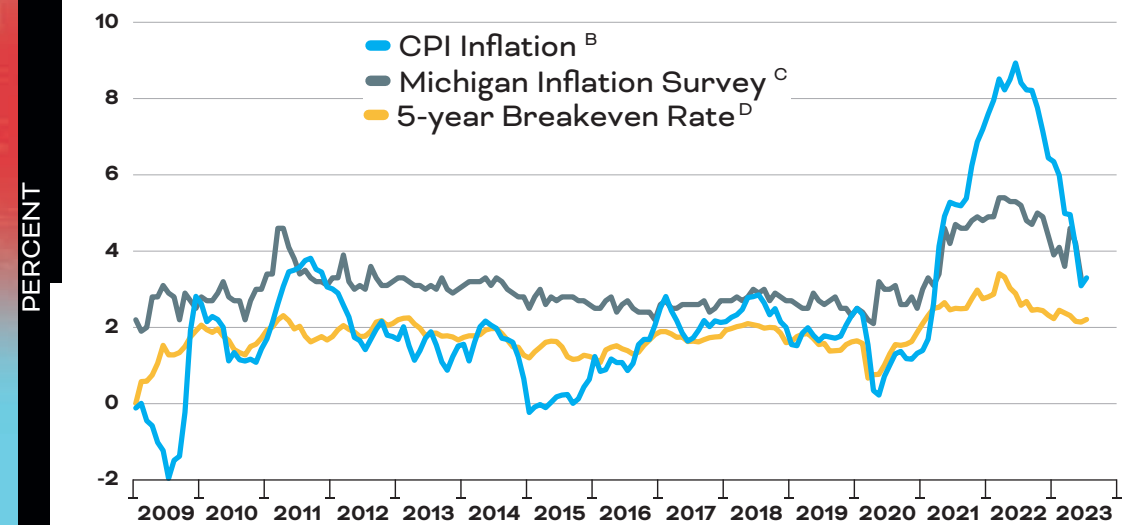
- SOURCES:**
- Federal Reserve Bank of St. Louis
 - Freddie Mac
 - National Association of REALTORS®
 - University of Michigan
 - U.S. Bureau of Labor Statistics

- 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

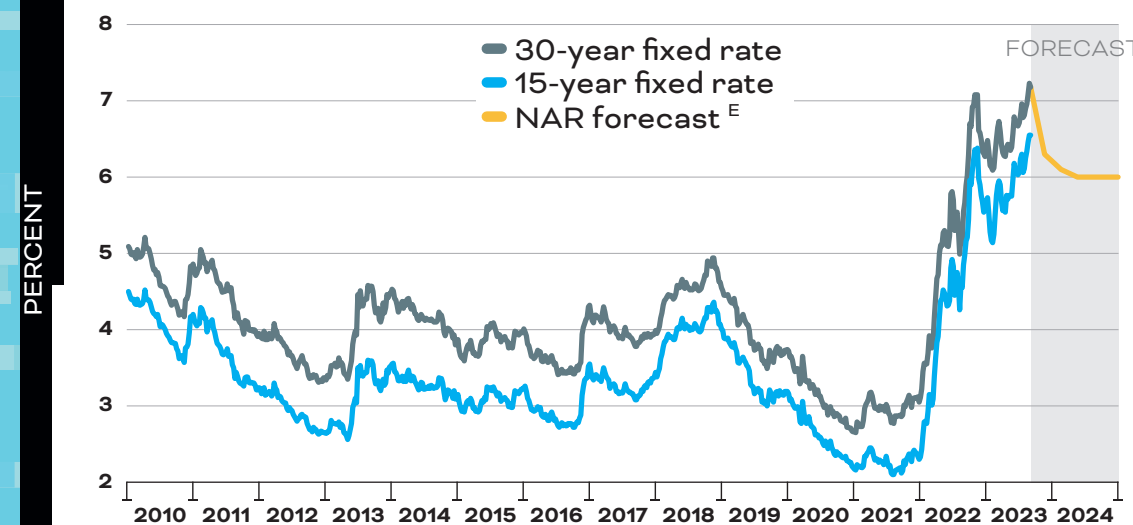
UNEMPLOYMENT RATE ^A



INFLATION EXPECTATIONS



MORTGAGE RATES



HOME SALES & CONSTRUCTION

Wichita home sales continued to slow throughout the first half of 2023. Some of this was due to higher mortgage rates putting a damper on demand. The bigger culprit, however, has been the lack of homes available for sale. We expect that Wichita-area home sales will end the year down 10.4 percent at 9,470 units. Sales activity will continue to be constrained in 2024, ending the year at 9,390 units.

Rising interest rates have had an even bigger impact on new home construction, impacting both buyers and new home builders, who are finding it more difficult to obtain financing to build spec homes. We forecast that Wichita will end the year with 1,255 new single-family permits, a drop of 7.2 percent. If mortgage rates fall as expected next year, permitting activity should rebound, rising 8.8 percent to 1,365 units.

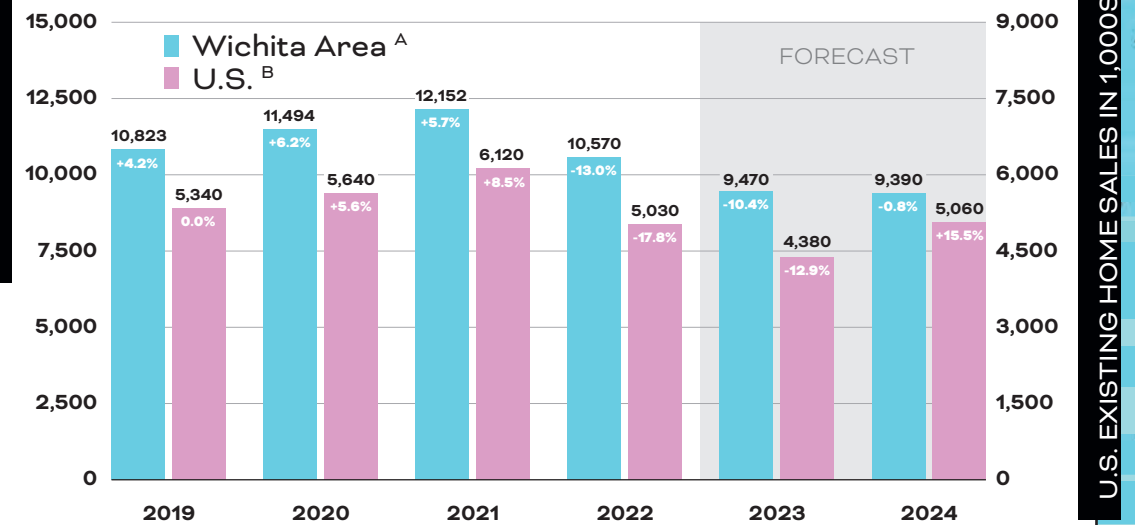
SOURCES:

- 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

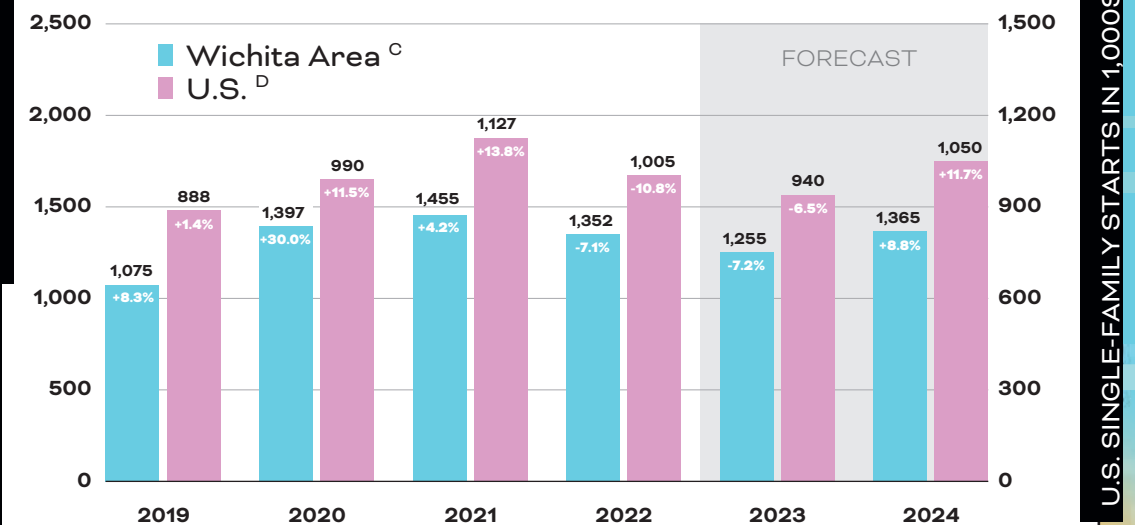
NOTES:

- 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 2023 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 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 they were in 2019 – levels that were already well below 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.

Home prices continue to rise at a steady clip due to this inventory shortage. While the spectacular increases we saw in 2021 and 2022 are unlikely to happen again, we expect Wichita-area home prices to rise by 4.2 percent this year, followed by another 3.4 percent increase in 2024.

SOURCES:

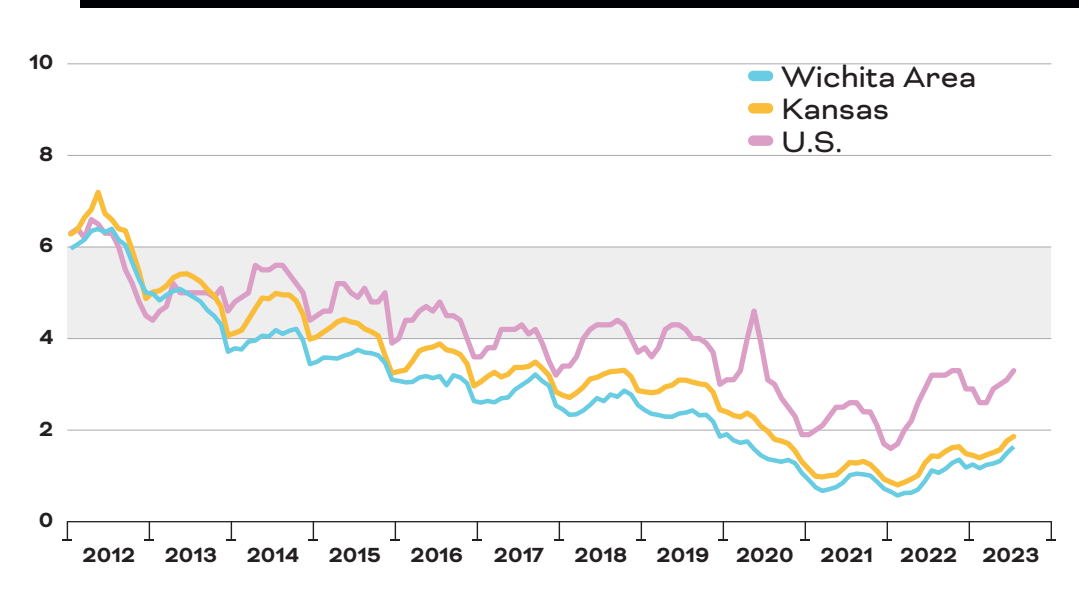
Federal Housing Finance Agency
 South Central Kansas Multiple Listing Service
 WSU Center for Real Estate

NOTES:

- A. Active listings divided by the 12-month trailing moving average of sales
- 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 Wichita metropolitan area, as measured using 4th quarter values

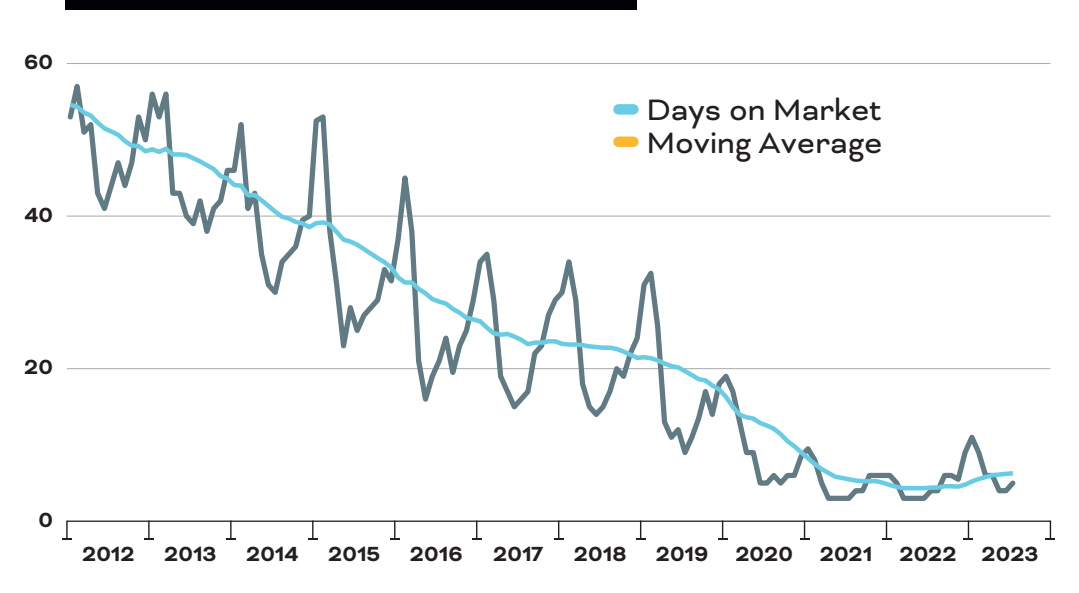
MONTHS' SUPPLY

INVENTORY OF HOMES AVAILABLE FOR SALE ^A



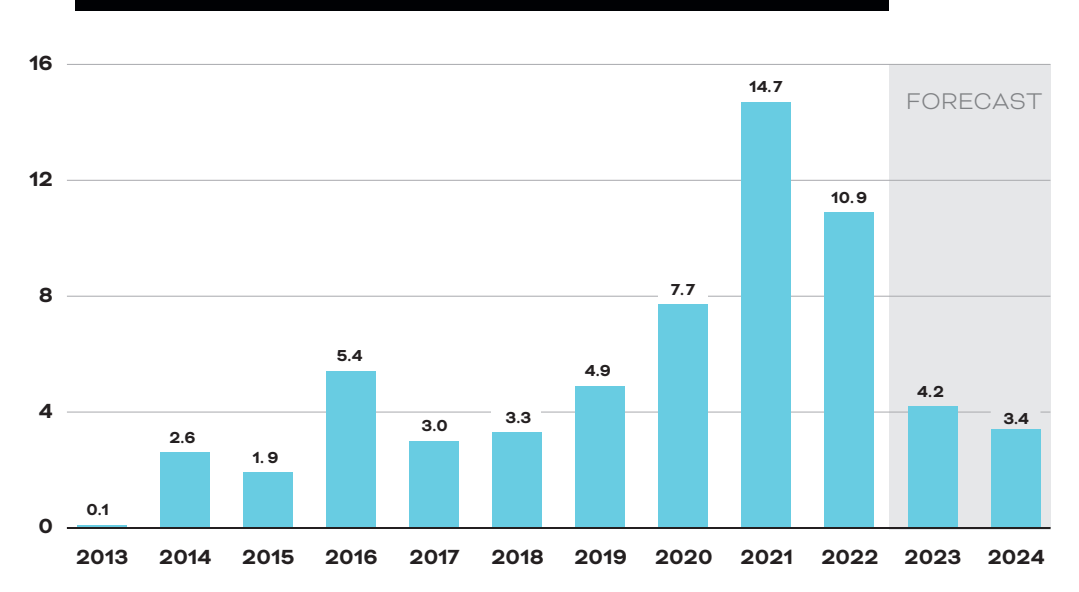
DAYS

TYPICAL TIME TO SELL ^B



PERCENT

HOME PRICE APPRECIATION ^C



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.

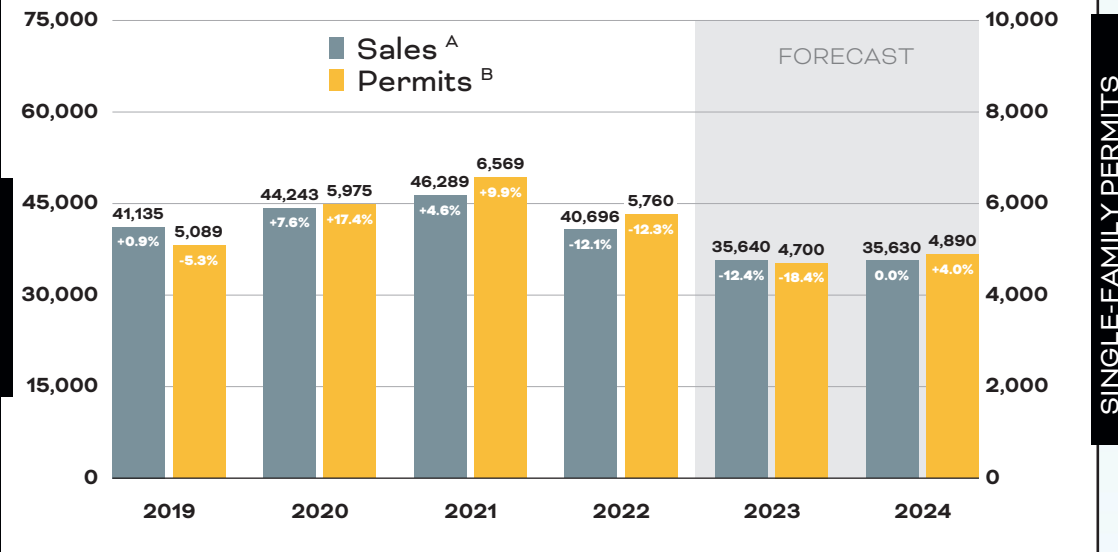
SOURCES:

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

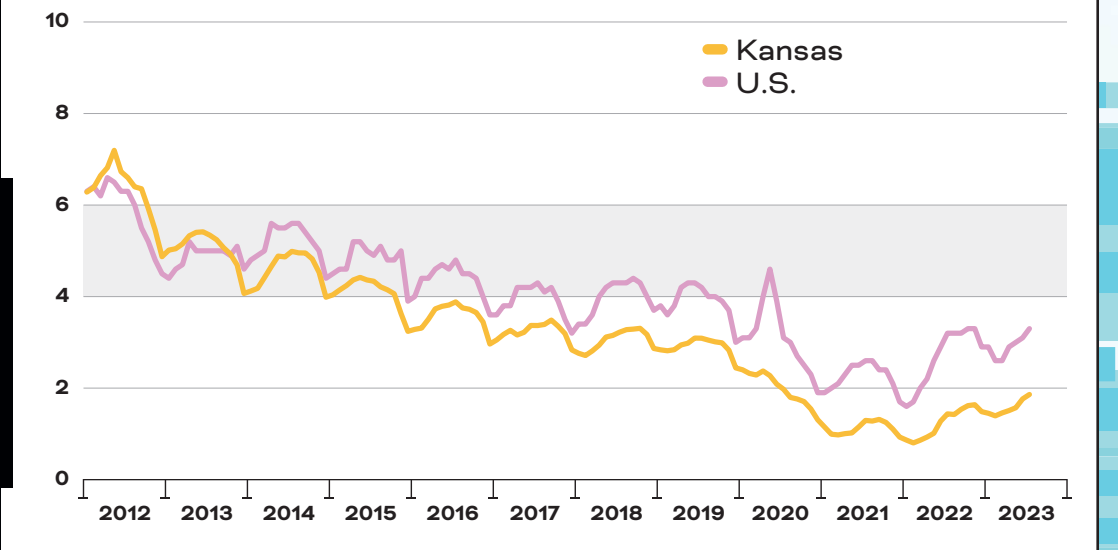
NOTES:

- 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

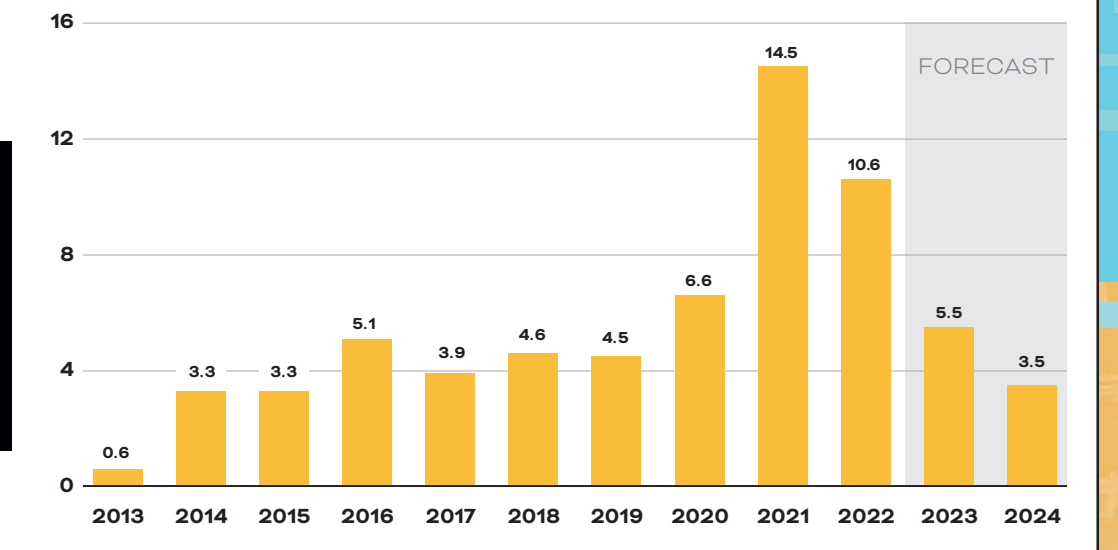
KANSAS HOUSING MARKET ACTIVITY



INVENTORY OF HOMES AVAILABLE FOR SALE^C



HOME PRICE APPRECIATION^D



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.

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
KANSAS 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		
KANSAS CITY 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		
LAWRENCE 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		
MANHATTAN 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		
TOPEKA 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		
WICHITA 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		

WICHITA 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.

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CENTER FOR REAL ESTATE CONTRIBUTORS:

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