

2003

WICHITA

Housing Market Forecast



Center for Real Estate • Wichita State University

2003 Wichita Housing Market Forecast



Greetings from the WSU Center for Real Estate!

It is with great pleasure that we present the inaugural edition of the Wichita Housing Market Forecast. This forecast offers a new look at the Wichita single-family housing market, providing new measures of housing activity and price appreciation that have been heretofore unavailable.

The centerpiece of the Wichita Housing Market Forecast is our new Home Price Index. This index measures the "constant quality" change in Wichita home prices over time, providing a more accurate picture of the return on a housing investment in Wichita. In addition to presenting this index for the Wichita market as a whole, we have calculated separate home price indices for six different sectors of the city. These indices reveal striking differences in appreciation rates across our community.

With this forecast, we also unveil new information on the prices of "benchmark homes." The Benchmark Home Price series will provide a simple way for newcomers to the community to understand what homebuyers get for their money in Wichita.

The Center for Real Estate strives to be the premier source of information and analysis on real estate markets throughout Kansas, and it is with this goal in mind that we offer the 2003 Wichita Housing Market Forecast. We hope you find it both interesting and useful.

Stanley D. Longhofer, Ph. D.
Director, Center for Real Estate
Stephen L. Clark, Chair of Real Estate and Finance

Center for Real Estate Sponsors...

The Wichita Housing Market Forecast would not be possible without the generous financial support of many visionaries throughout the region:

- Wichita Area Association of Realtors®
- Wichita Area Builders Association
- Clark Investment Group

Special thanks to...

Many colleagues and friends who have offered both advice and assistance in the preparation of this forecast:

- Andrea Amaro, WSU Center for Real Estate
- Stephen Banks, Wichita/Sedgwick County Metropolitan Area Planning Department
- Dr. Tim Craft, WSU Department of Finance, Real Estate, and Decision Sciences
- Janet Harrah, Director, WSU Center for Economic Development and Business Research
- Dr. Julie Longhofer
- Dr. William Miles, WSU Department of Economics
- Dr. Jodi Pelkowski, WSU Department of Economics
- Doug Rhoten, Wichita Area Association of REALTORS®
- Dr. David Wright, WSU Department of Sociology

We also extend our gratitude to John T. Arnold for his ongoing devotion and support for the real estate program at WSU.

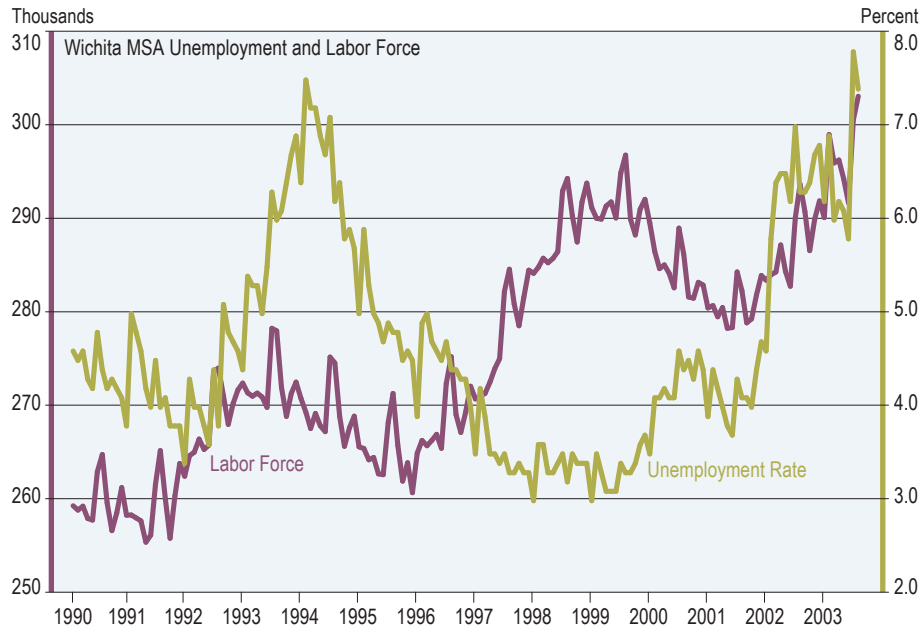
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Cover photos courtesy of Plaza Real Estate

For more data and analysis of the Wichita housing market, visit our web site at <http://realestate.wichita.edu>.

Economic Overview

The Wichita economy has unquestionably borne the brunt of the nation's most recent economic recession. This June, Wichita's unemployment rate rose to 7.7%, the highest level in over 20 years and nearly twice the level of just two years ago.

It should be little surprise that the manufacturing sector—transportation equipment manufacturing in particular—has been the driving force behind Wichita's recent downturn. The combined effects of a national recession and security concerns following the terrorist attacks of September 11th have wreaked havoc on the airline industry, with direct ramifications for Wichita's economy.



Source: Kansas Department of Human Resources: Labor Market Information Services, courtesy of the WSU Center for Economic Development and Business Research

“As with the rest of the nation, the Wichita housing sector has been an economic bright spot.”

It is interesting to note that more people have entered the job market over the last two years, even as the unemployment rate has risen to historically-high levels. One possible explanation is that the recent layoffs may have forced spouses from formerly single-income families to enter the labor force, effectively replacing one high-wage job with two lower-wage jobs. If this is true, it may suggest that the current economic hardship is even greater than statistics reveal.

At the same time, there is reason for optimism. As with the rest of the nation, the Wichita housing sector has been an economic bright spot. New home construction has

continued at a remarkable pace, driven in large part by extremely favorable interest rates. And even though mortgage rates are approximately $\frac{3}{4}$ of a percent higher than they were last June, they are still at historically-low levels with little to indicate a substantial rise in the near future.

Although manufacturing employment is down more than 17% from its pre-September 11th level, employment in other sectors of Wichita's economy has remained stable or even risen. These strong fundamentals suggest that once aviation manufacturing begins to rebound, there is every reason to believe Wichita's economy will soar once again.

Wichita MSA Employment^a

	1999	2000	2002Q1	2002Q2	2002Q3	2002Q4	2003Q1	2003Q2
Total Employment	285,917	289,417	284,300	284,167	280,133	282,100	277,933	278,133
Manufacturing	71,958	71,892	67,400	65,100	64,167	62,633	61,467	60,033
Trade, Transportation & Utilities	49,408	49,317	47,833	48,133	47,933	48,800	47,700	48,133
Educational & Health Services	34,825	35,525	36,500	37,400	36,800	37,400	37,133	37,000
Government	34,325	35,192	36,933	37,200	34,867	38,400	38,167	37,700

a) Annual and quarterly averages of monthly figures

Source: Kansas Department of Human Resources: Labor Market Information Services, courtesy of the WSU Center for Economic Development and Business Research

Wichita Home Price Index

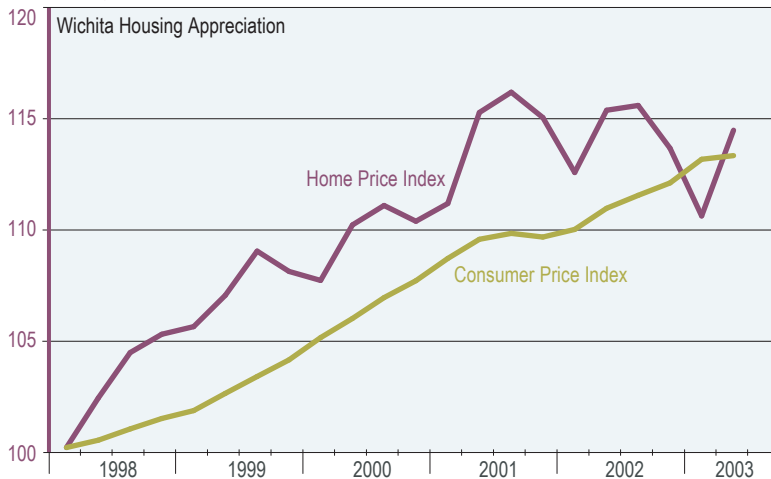
The Center for Real Estate is pleased to introduce its new Wichita Home Price Index. This index provides a more accurate picture of home price appreciation than existing statistics because it accounts for the "quality" or physical characteristics of homes that have sold during any given quarter.

A home price index (HPI) shows the percentage change in home prices relative to a base quarter (in our case,

1998Q1). Thus, the HPI value of 114.36 for the second quarter of 2003 means that the typical Wichita home has appreciated by 14.36% since the first quarter of 1998. In comparison, consumer prices (inflation) have increased by 13.21% over this same time period.

Appreciation in home prices over any time frame can be found in a similar manner by simply calculating the percentage change in the HPI values between the quarters of interest.

Index: 1998Q1 = 100



Sources: WSU Center for Real Estate, using data provided by the Wichita Area Association of REALTORS®; U.S. Department of Labor: Bureau of Labor Statistics

“The problem with the median sale price figure is that it is strongly influenced by the composition of homes that have sold in any given quarter.”

“The HPI value of 114.36 means that the typical Wichita home has appreciated by 14.36% since 1998.”

Why not simply use changes in the median sale price of existing homes to measure housing appreciation? The problem with the median sale price figure is that it is strongly influenced by the composition of homes that have sold in any given quarter; if more high-end homes sell, the median sale price will rise, regardless of whether the value of any individual home has risen or not.

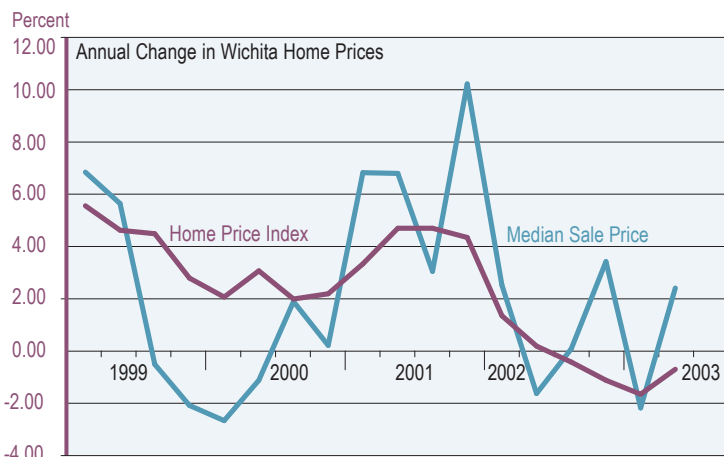
For example, the fourth quarter of 2001 saw a significant drop in sales of homes priced below \$50,000, while higher-valued homes continued to sell fairly well. Accordingly, the median sale price that quarter showed a stunning 10.13% increase relative to the year before. This does not mean that the typical home was worth 10.13% more than it was a year earlier. In fact, the Center for Real Estate's Wichita Home Price Index shows that home prices rose by a still-healthy 4.25% over 2001.

Wichita Housing Appreciation

	1999	2000	2001	2002
Home Price Appreciation ^a	2.70%	2.10%	4.25%	-1.21%
Consumer Inflation	2.62%	3.44%	1.84%	2.24%
Real Appreciation	0.08%	-1.34%	2.41%	-3.45%

a) Year-over-year percentage change as measured using 4th quarter values

Sources: WSU Center for Real Estate, using data provided by the Wichita Area Association of REALTORS®; U.S. Department of Labor: Bureau of Labor Statistics



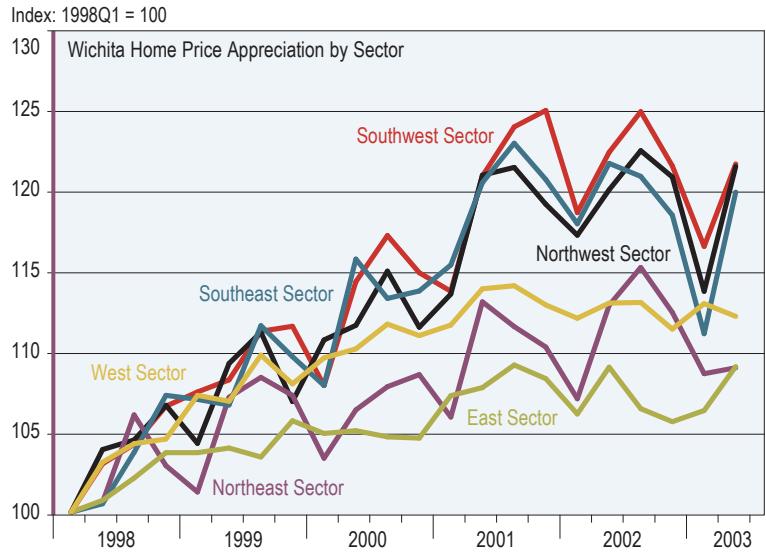
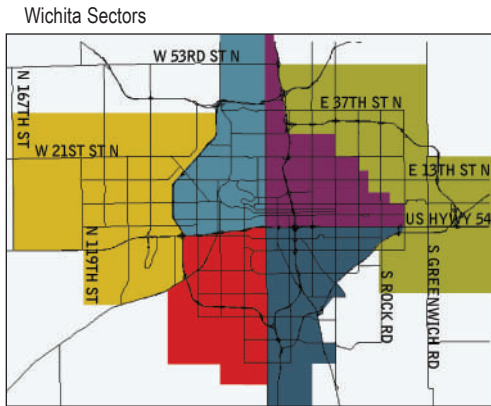
Source: WSU Center for Real Estate, using data provided by the Wichita Area Association of REALTORS®

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Wichita Home Price Index

The Center for Real Estate has also calculated home price indices for six different sectors of the city. These sectors divide the older parts of the city into quadrants separated by Kellogg and Broadway, with new areas of development on the far east and far west sides given sectors of their own.

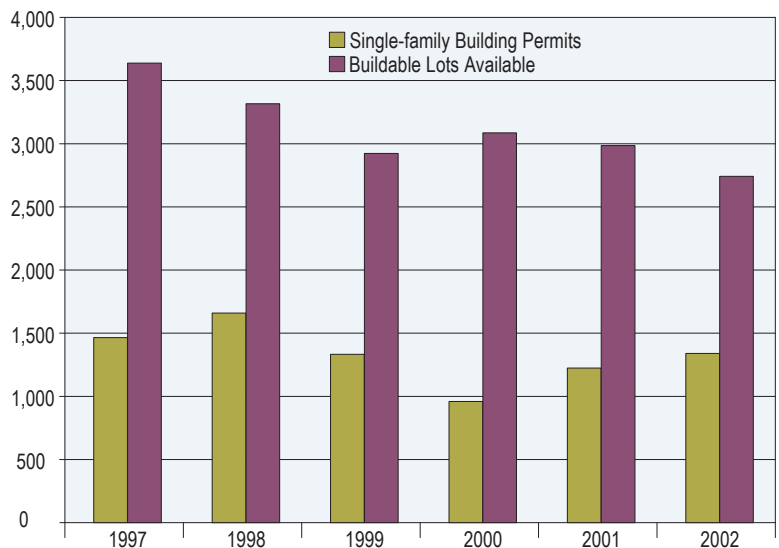
These sector indices show striking differences in home price appreciation across the city, with the older, moderately-priced neighborhoods on Wichita's south and near-northwest sides showing the strongest appreciation through 2002. These same sectors, however, saw the greatest decline in values during the recent recession, reflecting the relative importance of aircraft manufacturing employment in those sectors.



Source: WSU Center for Real Estate, using data provided by the Wichita Area Association of REALTORS®

Home Construction Activity

To help identify where new residential construction is likely to occur in the future, the Wichita/Sedgwick County Metropolitan Area Planning Department has begun to track "buildable lots" on the periphery of the city. A buildable lot is one that has been zoned and platted for single-family residential use and has public water, sewer, and paved streets. For more details, see the Wichita-Sedgwick County Development Trends Report - 2002.



Source: Wichita/Sedgwick County Metropolitan Area Planning Department

Housing Market Forecast

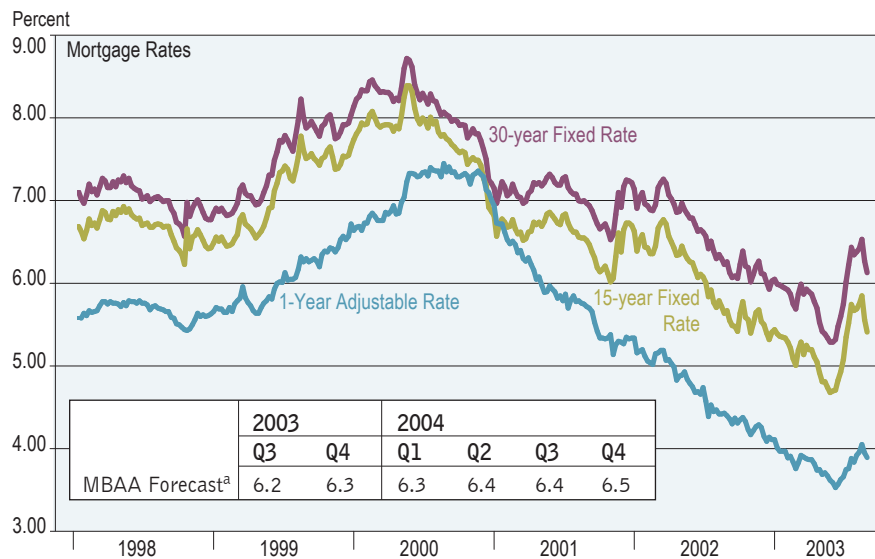
Over the last two years the housing market in Wichita has been driven by two strong, but opposing forces. On the one hand, record low interest rates have pushed sales steadily higher. This year the Center for Real Estate forecasts total sales of just over 10,000 units, up 3.28% over last year's historic high.

At the same time, high levels of unemployment have undermined certain segments of the market. As a result, home prices have fallen by 0.35% over the last two years, even as sales have reached record levels.

These same two factors - low mortgage rates and high unemployment - will continue to dominate the Wichita housing market for the foreseeable future. Although mortgage rates may rise slightly in the coming year, they will still be very low in historical terms. At the same time, the manufacturing sector has yet to show signs of a significant rebound.

“These same two factors - low mortgage rates and high unemployment - will continue to dominate the Wichita housing market for the foreseeable future.”

What does all this mean? Next year the Center projects that total sales will fall slightly, to just over 9,900 units. Although this will be a 1.24% decline from 2003, it will still be the second strongest sales year in recent history. In contrast, home price appreciation will continue to be stagnant. The Center forecasts that the Wichita Home Price Index will remain virtually unchanged in 2004, after falling by 0.33% in 2003. In addition, rising mortgage rates in 2004 will begin to extend the time it takes to market existing homes.



a) Mortgage Bankers Association of America forecast of the 30-year conventional mortgage rate

Sources: Federal Home Loan Mortgage Corporation; Mortgage Bankers Association of America

“Mortgage rate are still at historically-low levels with little to indicate a substantial rise in the near future.”

Housing Market Activity

	2001				2002				2003	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Home Price Index	111.05	115.16	116.08	114.93	112.45	115.27	115.49	113.54	110.49	114.36
MSP ^a - Existing Homes	\$82,000	\$87,500	\$87,000	\$87,000	\$84,000	\$86,000	\$87,000	\$89,900	\$82,099	\$88,000
MSP ^a - New Homes	\$132,788	\$140,700	\$139,000	\$139,900	\$137,152	\$134,900	\$132,870	\$141,330	\$142,280	\$147,779
Existing Home Sales	1,511	2,291	2,285	1,750	1,619	2,251	2,253	1,939	1,610	2,302
New Home Sales	290	366	381	389	352	408	447	448	378	415
Days on Market ^b	44	29	34	37	42	33	33	38	49	36

a) Median sale price

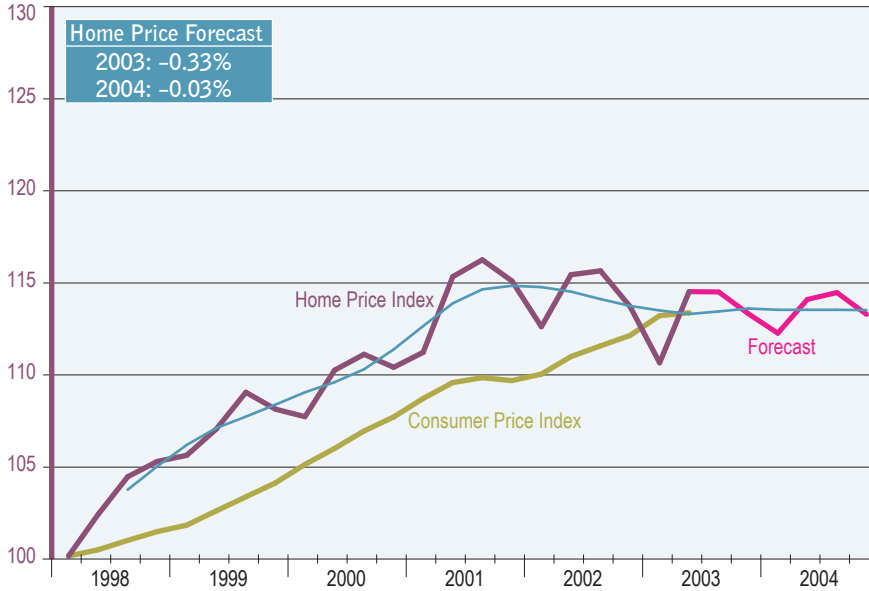
b) Median days on market for existing homes

Source: WSU Center for Real Estate, using data provided by the Wichita Area Association of REALTORS®

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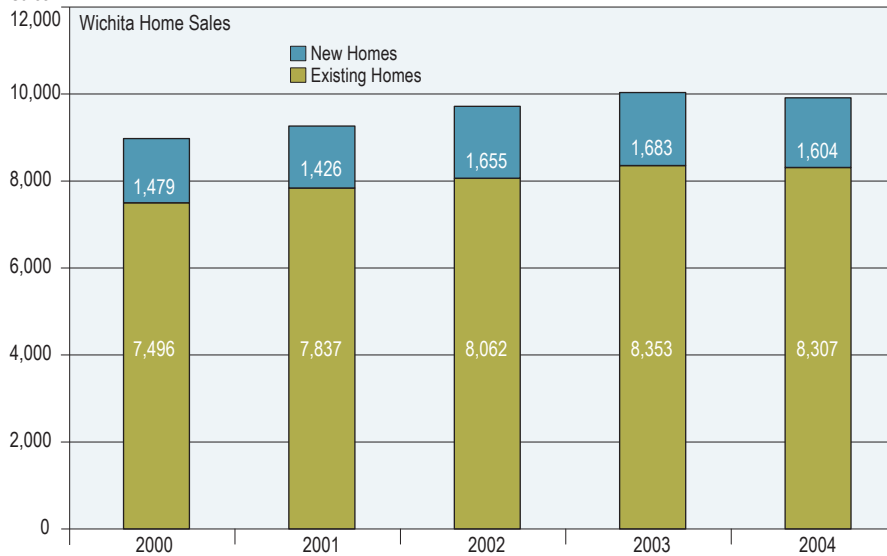
Housing Market Forecast

Index: 1998Q1 = 100



Sources: WSU Center for Real Estate, using data provided by the Wichita Area Association of REALTORS®;
U.S. Department of Labor: Bureau of Labor Statistics

Sales



Source: WSU Center for Real Estate, using data provided by the Wichita Area Association of REALTORS®

Housing Market Forecast

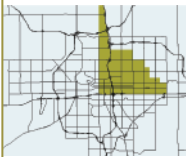
	2003		2004			
	Q3F	Q4F	Q1F	Q2F	Q3F	Q4F
Home Price Index	114.34	113.16	112.09	113.93	114.31	113.13
MSP ^a - Existing Homes	\$89,100	\$86,800	\$81,900	\$87,100	\$88,200	\$86,000
MSP ^a - New Homes	\$139,700	\$144,500	\$143,800	\$147,200	\$142,700	\$147,600
Existing Home Sales	2,518	1,923	1,616	2,350	2,404	1,937
New Home Sales	450	440	377	418	424	385
Days on Market ^b	28	34	42	32	33	36

a) Median sale price

b) Median days on market for existing homes

Source: WSU Center for Real Estate, using data provided by the Wichita Area Association of REALTORS®

- Wichita home prices have fallen by 0.69% over the last two years, after rising at an annual rate of 4.04% between 1998 and 2001.
- Home prices will post a 0.33% decline in 2003 before stabilizing next year.
- Existing home sales this year will be up 3.61% over 2002 to an all-time high, but will fall slightly in 2004.
- New home sales this year will increase by 1.69% over 2002, but will decline by 4.67% in 2004 as mortgage rates rise.
- The median number of days an existing home remains on the market will begin to rise again next year.
- The median sale price of existing homes will fall slightly in the coming year.
- The median sale price of new homes will rise next year as the market focuses on higher-end homes.



Northeast Sector

The Northeast Sector contains a diverse array of older neighborhoods on Wichita's near Northeast side. Between the second quarters of 1998 and 2001, home prices in Northeast Wichita grew by 3.92% per year, roughly a full percent faster than the general inflation rate. Over the last two years, however, home prices in this sector have *fallen* at an annual rate of 1.55%, with much of this drop occurring this year. Overall, home prices in the Northeast Sector will fall by nearly 3% in 2003, with further declines in 2004.

Census Characteristics

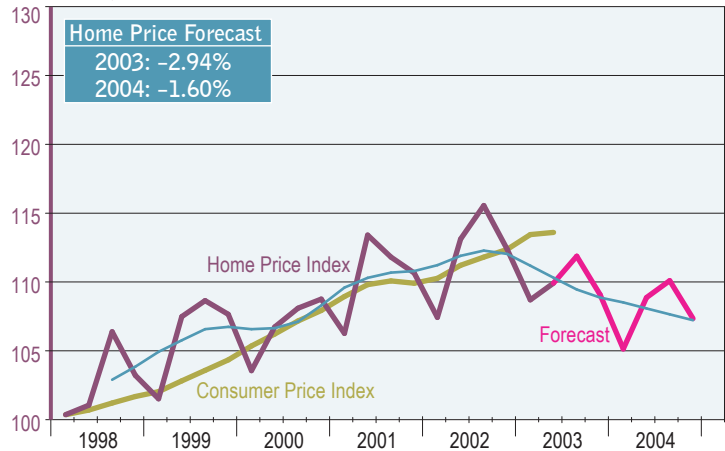
	1990	2000
Total Population	60,131	56,816
Total Households	23,688	23,212
Median HH Income ^a	\$29,323	\$34,060
Single-family Homes ^b	19,461	19,521
Median Home Value ^c	\$65,594	\$73,342
Owner-occupied Ratio ^d	53.60%	51.60%
Housing Turnover ^e	21.60%	24.00%

Source: U.S. Department of Commerce: Bureau of the Census

NOTES

- a) Median household income, inflation-adjusted to year 1999 dollars
- b) Includes both owner- and renter-occupied units
- c) Owner-occupied homes, inflation-adjusted to year 1999 dollars
- d) % of total housing units that are owner-occupied
- e) % of total households that changed housing units during the previous year

Index: 1998Q1 = 100



Sources: WSU Center for Real Estate, using data provided by the Wichita Area Association of REALTORS®; U.S. Department of Labor: Bureau of Labor Statistics

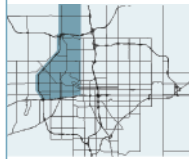
Recent Housing Activity

	2001	2002	2003Q1	2003Q2
Number of Sales ^f	756	783	166	180
Median Sale Price ^f	\$90,000	\$88,000	\$92,000	\$83,000
Sales Volume ^{f,g}	\$77.36	\$80.53	\$16.32	\$17.17
Median Age ^f	54	54	56	57
Building Permits	6	3	n/a	n/a
Buildable Lots	18	15	n/a	n/a

Sources: WSU Center for Real Estate, using data provided by the Wichita Area Association of REALTORS®; Wichita/Sedgewick County Metropolitan Area Planning Department

- f) All transactions, including both new and existing homes
- g) Total sales volume in millions of dollars

Northwest Sector



The Northwest sector is bounded by Kellogg on the south, Broadway on the east, and the Big Ditch on the west. Home prices in Northwest Wichita grew by a robust 5.18% annual rate in the three years prior to the third quarter of 2001. Since that time, prices have remained relatively stable. Current conditions suggest that home prices in the Northwest will fall by nearly 2% over 2003, with moderate growth returning next year.

Census Characteristics

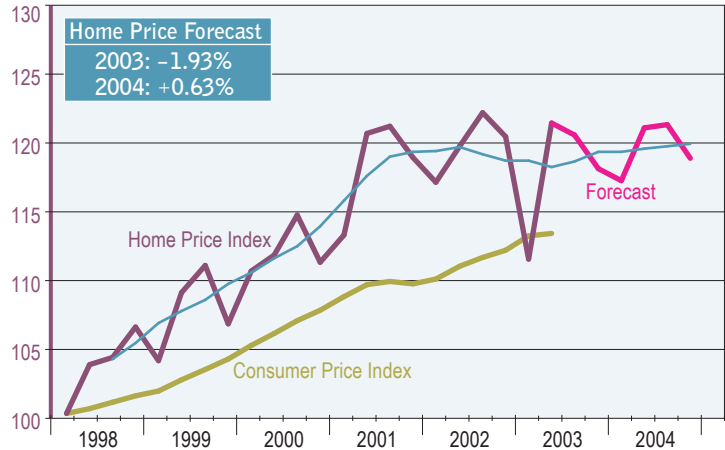
	1990	2000
Total Population	66,183	66,399
Total Households	27,365	27,375
Median HH Income ^a	\$26,668	\$35,084
Single-family Homes ^b	20,774	20,848
Median Home Value ^c	\$51,494	\$65,314
Owner-occupied Ratio ^d	54.00%	54.30%
Housing Turnover ^e	21.60%	24.00%

Source: U.S. Department of Commerce: Bureau of the Census

NOTES

- a) Median household income, inflation-adjusted to year 1999 dollars
- b) Includes both owner- and renter-occupied units
- c) Owner-occupied homes, inflation-adjusted to year 1999 dollars
- d) % of total housing units that are owner-occupied
- e) % of total households that changed housing units during the previous year

Index: 1998Q1 = 100



Sources: WSU Center for Real Estate, using data provided by the Wichita Area Association of REALTORS®; U.S. Department of Labor: Bureau of Labor Statistics

Recent Housing Activity

	2001	2002	2003Q1	2003Q2
Number of Sales ^f	900	958	153	253
Median Sale Price ^f	\$71,950	\$74,900	\$72,900	\$75,000
Sales Volume ^{f,g}	\$71.80	\$78.55	\$12.40	\$20.72
Median Age ^f	51	51	53	51
Building Permits	10	48	n/a	n/a
Buildable Lots	207	159	n/a	n/a

Sources: WSU Center for Real Estate, using data provided by the Wichita Area Association of REALTORS®; Wichita/Sedgewick County Metropolitan Area Planning Department

- f) All transactions, including both new and existing homes
- g) Total sales volume in millions of dollars

Southeast Sector

The Southeast Sector of Wichita showed the strongest home price appreciation in the city between the second quarters of 1998 and 2001, averaging 6.16% per year during that span. In the two years since, home prices have fallen at an annual rate of 0.71%. It appears this trend will continue over the remainder of this year and next, with prices falling by nearly 2% in 2003 and another 1% in 2004.

Census Characteristics

	1990	2000
Total Population	67,330	67,911
Total Households	28,206	28,308
Median HH Income ^a	\$25,035	\$31,677
Single-family Homes ^b	19,521	19,728
Median Home Value ^c	\$44,828	\$49,845
Owner-occupied Ratio ^d	50.90%	49.40%
Housing Turnover ^e	24.80%	27.00%

Source: U.S. Department of Commerce: Bureau of the Census

NOTES

- a) Median household income, inflation-adjusted to year 1999 dollars
- b) Includes both owner- and renter-occupied units
- c) Owner-occupied homes, inflation-adjusted to year 1999 dollars
- d) % of total housing units that are owner-occupied
- e) % of total households that changed housing units during the previous year

Southwest Sector

Like its neighbors to the east and north, Wichita's Southwest Sector led the pace in home price appreciation between the second quarters of 1998 and 2001, with home prices in the sector rising at an annual rate of 5.44%. Over the past two years, this pace has moderated to a sluggish 0.43% annual gain. Current indicators suggest that prices in this sector remain fairly flat through next year, with declines this year being offset by gains in 2004.

Census Characteristics

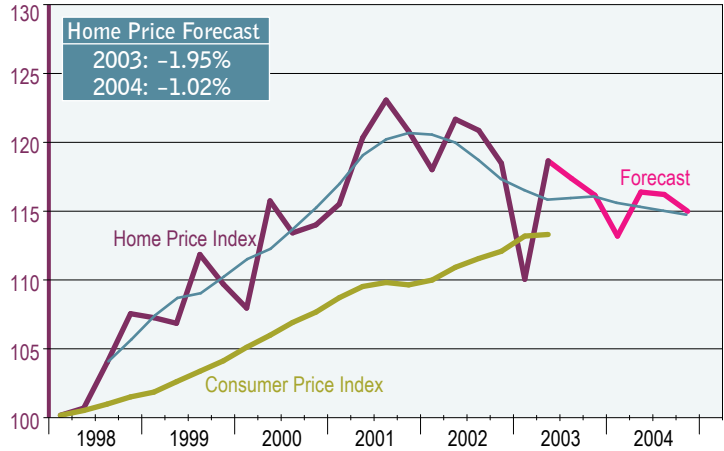
	1990	2000
Total Population	53,209	53,079
Total Households	21,120	21,397
Median HH Income ^a	\$27,703	\$35,994
Single-family Homes ^b	15,167	15,830
Median Home Value ^c	\$47,159	\$55,137
Owner-occupied Ratio ^d	60.10%	61.10%
Housing Turnover ^e	21.10%	24.00%

Source: U.S. Department of Commerce: Bureau of the Census

NOTES

- a) Median household income, inflation-adjusted to year 1999 dollars
- b) Includes both owner- and renter-occupied units
- c) Owner-occupied homes, inflation-adjusted to year 1999 dollars
- d) % of total housing units that are owner-occupied
- e) % of total households that changed housing units during the previous year

Index: 1998Q1 = 100



Sources: WSU Center for Real Estate, using data provided by the Wichita Area Association of REALTORS®; U.S. Department of Labor: Bureau of Labor Statistics

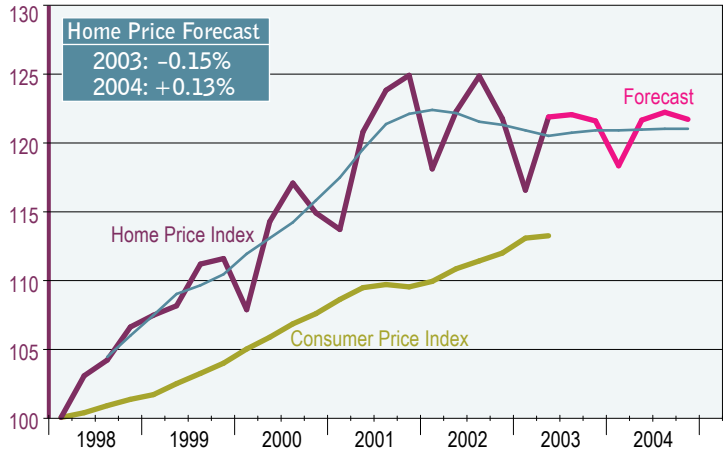
Recent Housing Activity

	2001	2002	2003Q1	2003Q2
Number of Sales ^f	845	859	215	272
Median Sale Price ^f	\$59,500	\$59,900	\$55,000	\$60,020
Sales Volume ^{f,g}	\$50.54	\$50.96	\$11.62	\$16.10
Median Age ^f	51	52	53	53
Building Permits	0	0	n/a	n/a
Buildable Lots	0	11	n/a	n/a

Sources: WSU Center for Real Estate, using data provided by the Wichita Area Association of REALTORS®; Wichita/Sedgewick County Metropolitan Area Planning Department

- f) All transactions, including both new and existing homes
- g) Total sales volume in millions of dollars

Index: 1998Q1 = 100



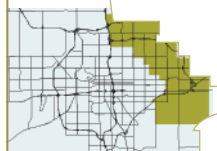
Sources: WSU Center for Real Estate, using data provided by the Wichita Area Association of REALTORS®; U.S. Department of Labor: Bureau of Labor Statistics

Recent Housing Activity

	2001	2002	2003Q1	2003Q2
Number of Sales ^f	645	646	138	197
Median Sale Price ^f	\$64,000	\$63,675	\$61,000	\$69,000
Sales Volume ^{f,g}	\$41.83	\$42.27	\$8.72	\$13.85
Median Age ^f	45	46	47	47
Building Permits	87	70	n/a	n/a
Buildable Lots	194	167	n/a	n/a

Sources: WSU Center for Real Estate, using data provided by the Wichita Area Association of REALTORS®; Wichita/Sedgewick County Metropolitan Area Planning Department

- f) All transactions, including both new and existing homes
- g) Total sales volume in millions of dollars



East Sector

The East Sector is comprised of the relatively newer neighborhoods that wrap around Wichita's east side. Home price appreciation in East Wichita failed to keep pace with inflation between 1998 and 2001, in part due to the loss of the Pizza Hut and Thorn Americas corporate headquarters. Although prices have been flat in this sector since that time, recent trends suggest stronger appreciation for 2003.

Census Characteristics

	1990	2000
Total Population	37,139	51,962
Total Households	15,508	21,032
Median HH Income ^a	\$46,158	\$56,278
Single-family Homes ^b	8,950	13,797
Median Home Value ^c	\$100,029	\$113,130
Owner-occupied Ratio ^d	49.00%	57.60%
Housing Turnover ^e	30.60%	30.00%

Source: U.S. Department of Commerce: Bureau of the Census

NOTES

- a) Median household income, inflation-adjusted to year 1999 dollars
- b) Includes both owner- and renter-occupied units
- c) Owner-occupied homes, inflation-adjusted to year 1999 dollars
- d) % of total housing units that are owner-occupied
- e) % of total households that changed housing units during the previous year

West Sector

Homes west of the Big Ditch make up the West Sector of the city. Between the second quarters of 1998 and 2001, home prices in West Wichita appreciated at the steady rate of 3.43% per year, a half percent faster than the general inflation rate over that time period (2.93%). In the last two years, prices have dropped at an annual rate of 0.90%. Current indicators suggest that home prices in West Wichita will remain flat for the foreseeable future.

Census Characteristics

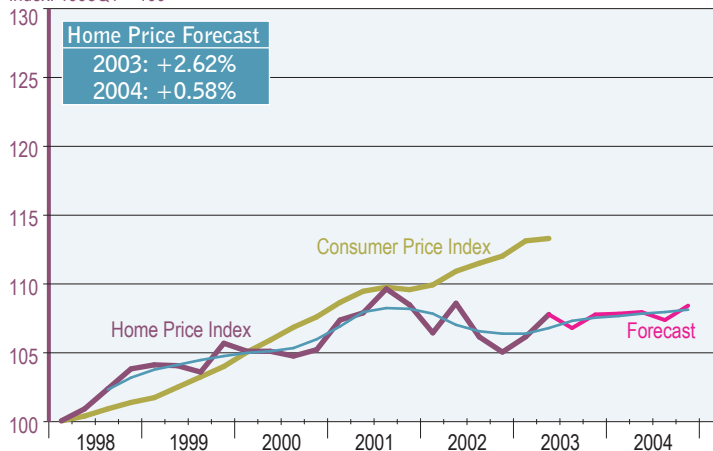
	1990	2000
Total Population	42,129	64,421
Total Households	15,194	23,486
Median HH Income ^a	\$45,767	\$60,490
Single-family Homes ^b	12,009	19,478
Median Home Value ^c	\$82,150	\$107,089
Owner-occupied Ratio ^d	69.20%	73.20%
Housing Turnover ^e	23.70%	22.00%

Source: U.S. Department of Commerce: Bureau of the Census

NOTES

- a) Median household income, inflation-adjusted to year 1999 dollars
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- c) Owner-occupied homes, inflation-adjusted to year 1999 dollars
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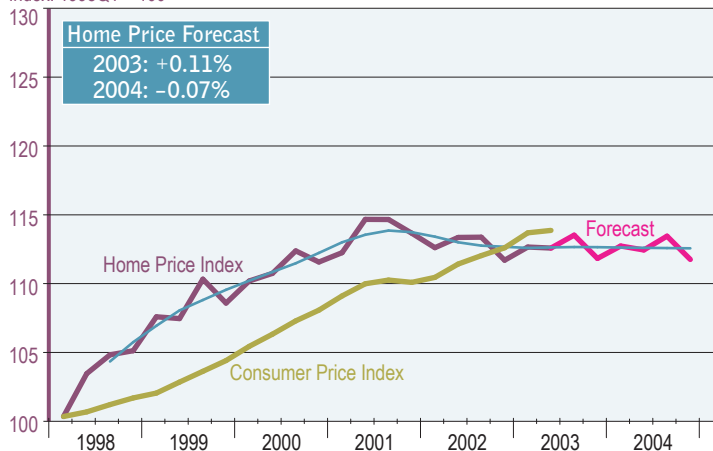
Recent Housing Activity

	2001	2002	2003Q1	2003Q2
Number of Sales ^f	1,361	1,366	296	406
Median Sale Price ^f	\$134,000	\$137,125	\$143,750	\$144,950
Sales Volume ^{f,g}	\$225.25	\$237.29	\$54.64	\$75.35
Median Age ^f	8	7	7	8
Building Permits	457	544	n/a	n/a
Buildable Lots	1,469	1,448	n/a	n/a

Sources: WSU Center for Real Estate, using data provided by the Wichita Area Association of REALTORS®; Wichita/Sedgewick County Metropolitan Area Planning Department

- f) All transactions, including both new and existing homes
- g) Total sales volume in millions of dollars

Index: 1998Q1 = 100



Sources: WSU Center for Real Estate, using data provided by the Wichita Area Association of REALTORS®; U.S. Department of Labor: Bureau of Labor Statistics

Recent Housing Activity

	2001	2002	2003Q1	2003Q2
Number of Sales ^f	1,577	1,753	330	453
Median Sale Price ^f	\$121,100	\$124,900	\$120,450	\$127,000
Sales Volume ^{f,g}	\$218.75	\$247.62	\$45.89	\$63.54
Median Age ^f	7	7	7	9
Building Permits	664	675	n/a	n/a
Buildable Lots	1,097	942	n/a	n/a

Sources: WSU Center for Real Estate, using data provided by the Wichita Area Association of REALTORS®; Wichita/Sedgewick County Metropolitan Area Planning Department

- f) All transactions, including both new and existing homes
- g) Total sales volume in millions of dollars

Benchmark Home Prices

What do I get for my money when buying a house? In the Chicago area, the median sale price of existing single family homes was \$220,900 in 2002, while it was only \$98,100 in the Wichita area. Clearly housing is more expensive in Chicago. But someone moving to Wichita really wants to know something more: "What would it cost me to buy the same home I had in my old city?"

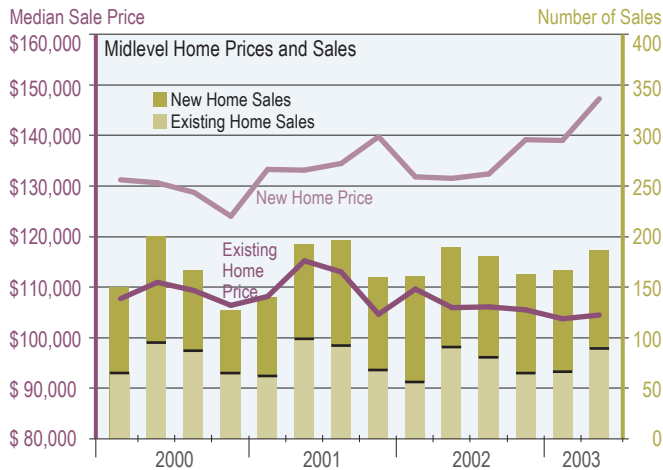
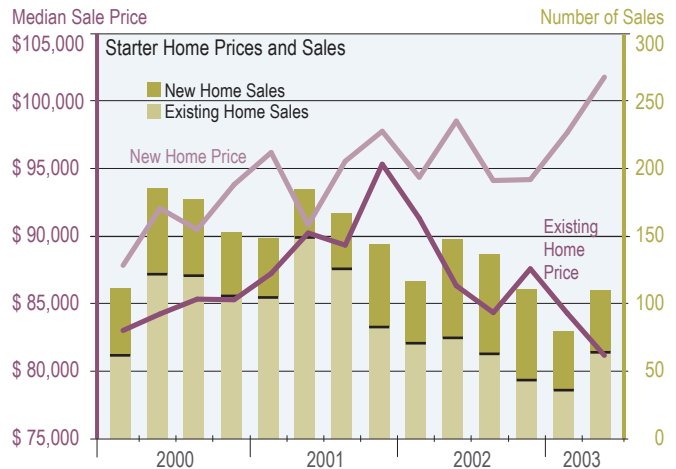
The WSU Center for Real Estate's new Benchmark Home Price Series will help answer this question. The Center has defined three "benchmark homes" based on physical

characteristics including size, number of bedrooms, number of bathrooms, and type of garage. Each Benchmark Home Price Series shows the median price of all homes matching these characteristics that have sold each quarter.

With this information, prospective homebuyers can get a better picture of what their money will buy in Wichita. The Center for Real Estate will update and release our Benchmark Home Price Series on a quarterly basis. For more details, visit our website at <http://realestate.wichita.edu>.

Starter Homes

Starter homes have between 800 and 1,200 square feet in finished living area, 1-3 bedrooms, 1-2 baths, and a 1- or 2-car garage. The market for new starter homes has remained solid over the last two years, with steady price gains and solid sales. At the same time, prices of existing starter homes have declined fairly dramatically, reflecting the overall weakness in the Wichita housing market.

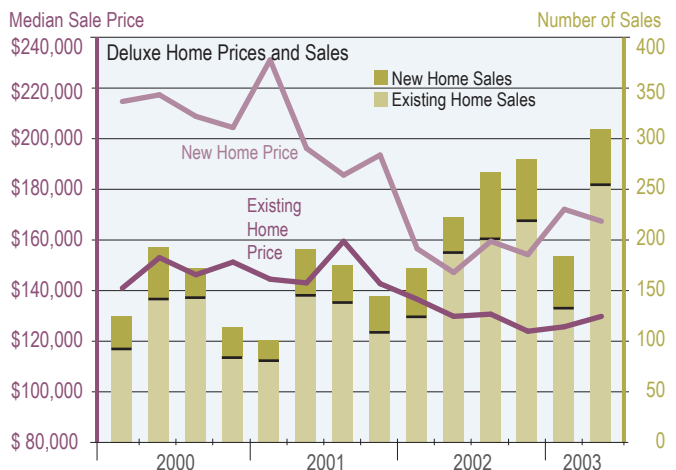


Mid-level Homes

Mid-level homes have between 1,200 and 1,800 square feet in finished living area, 3-4 bedrooms, 2 or more baths, and a 2-car or larger garage. Sales of both new and existing mid-level homes have remained fairly stable over the last several years. Prices of new mid-level homes have risen slightly over this time frame, even as existing mid-level home prices have fallen.

Deluxe Homes

Deluxe homes have between 1,800 and 2,500 square feet of finished living area, 3 or more bedrooms, 3 or more baths, and a 2-car or larger garage. In contrast to our other benchmarks, the median price of new deluxe homes has dropped sharply since the beginning of 2001, although prices have risen somewhat in the last year. Existing deluxe homes have fared somewhat better. While prices have declined slightly, sales of these homes have remained remarkably strong in the wake of record low interest rates.



Source: WSU Center for Real Estate, using data provided by the Wichita Area Association of REALTORS®

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