

Topping the Charts

POP TOP 20:

This Week	Last Week	ARTIST Single	Weeks On
1	3	TALLGRASS Quiet cul-de-sac. 5BD 3BA, lg fam rom, fml dn rm, 2fplcs	5
2	12	REFLECTION RIDGE Maize schools! Breathtaking custm hm w/sunrm, 3 car gar	12
3	18	AUBURN HILLS What a find! 3BR 3BA 4 car, Mstr w/private bath/jacuzzi	9
4	5	ROCKWOOD Wow! Super 4 BR 3 BA Full bsmnt fin. Huge	
5	4	FALCON FALLS A rare find. 4 nice lands	
6	2	CRESCENT Great home	
7	15	PA...	
8	23		
9	6		
10	1		
11	7		
12	16		
13	8		
14	21	CH... Upgr... cabinets	
15	13	HARBOR... It's like being... Great open flr	

COUNTRY TOP 20:

This Week	Last Week	ARTIST Single	Weeks On
1	1	BELLE PLAINE 3 BR/2BA updt. Located right across from school playground	9
2	2	COLWICH	7

URBAN TOP 20:

This Week	Last Week	ARTIST Single	Weeks On
1	8	OLD TOWN Gorgeous loft! 2BR, full kitch, 1561 sqft. 1-1/2 Story	12
2	5	DOUGLAS AVE Lovely well kept hm. 3 BR 2.5BA, spacious liv room	5
		... finest! Resort	3
		... ball crt	8



Topping the Charts

The housing market has set record after record over the past several years, as low interest rates have led to a national housing boom. Now we keep hearing that this trend is dying out and the housing market is about to drop off the charts. Wichita, however, often dances to a different tune than the rest of the country. Has our run up the charts ended, or will we continue to set records in the coming year? This year, the Wichita Housing Market Forecast highlights the contrast between Wichita and the rest of the country, giving you better insight into whether Wichita will continue "Topping the Charts."

Dr. Stanley D. Longhofer, Director, Center for Real Estate

Thanks to the many colleagues and friends who have helped make the 2007 Wichita Housing Market Forecast possible:

- **Abrizal, WSU Center for Real Estate**
- **Mike Borchard, Sedgwick County Appraiser's Office**
- **Anne Gallagher, WSU Center for Economic Development and Business Research**
- **Janet Harrah, Director, WSU Center for Economic Development and Business Research**
- **Dr. Julie Longhofer**
- **Dr. Steve Miller, WSU Center for Economic Development and Business Research**
- **Jennifer Morrison, WSU Center for Real Estate**
- **Chris Morlan, Sedgwick County Appraiser's Office**
- **Mary Jane Townsend, WSU Center for Economic Development and Business Research**



center for real estate advisory board ::

- **R. Patrick Ayars, Key Construction, Inc.**
- **Michael S. Borchard, Sedgwick County Appraiser's Office**
- **Mert Buckley, Adams Jones Law Firm**
- **Craig L. Burns, First American Title Company**
- **Terry Cassidy, City of Wichita**
- **Mitch Crouch, Mortgage Centre, a division of Equity Bank**
- **Kevin Dreiling, Restaurant Management Company**
- **Wesley Galyon, Wichita Area Builders Association**
- **Steven Hadley, SNB Bank of Wichita**
- **Craig Hanson, Weigand-Omega Management, Inc.**
- **W. Alan Huffman, Key Management**
- **Paul Jackson, Vantage Point Properties, Inc.**
- **George E. Laham II, Laham Development**
- **Jeff Lange, Jeff Lange Real Estate**
- **Steven J. Martens, Grubb & Ellis, Martens Commercial Group**
- **John W. McKenzie, Plaza Real Estate, Inc.**
- **John McKay, Casado McKay Company**
- **Marlin Penner, NAI John T. Arnold & Assoc.**
- **Laura Raudonis, Wichita Area Association of REALTORS®**
- **Steve Robl, Robl Construction**
- **Gary D. Schmitt, INTRUST Bank N.A.**
- **Wayne Short, RE/MAX Realty Professionals**
- **Connie Simcox, J.P. Weigand & Sons, Inc.**
- **Ron Spangenberg, Spangenberg-Phillips**
- **Jeffrey T. Van Sickle, McCluggage, Van Sickle & Perry**
- **William R. Wood II, Foulston Siefkin LLP**

The Playlist



page 4 :: economic overview

page 6 :: existing homes



page 8 :: construction

page 10 :: new homes

page 12 :: home prices

page 14 :: real estate roundtable

page 15 :: forecast summary

Backing the Band

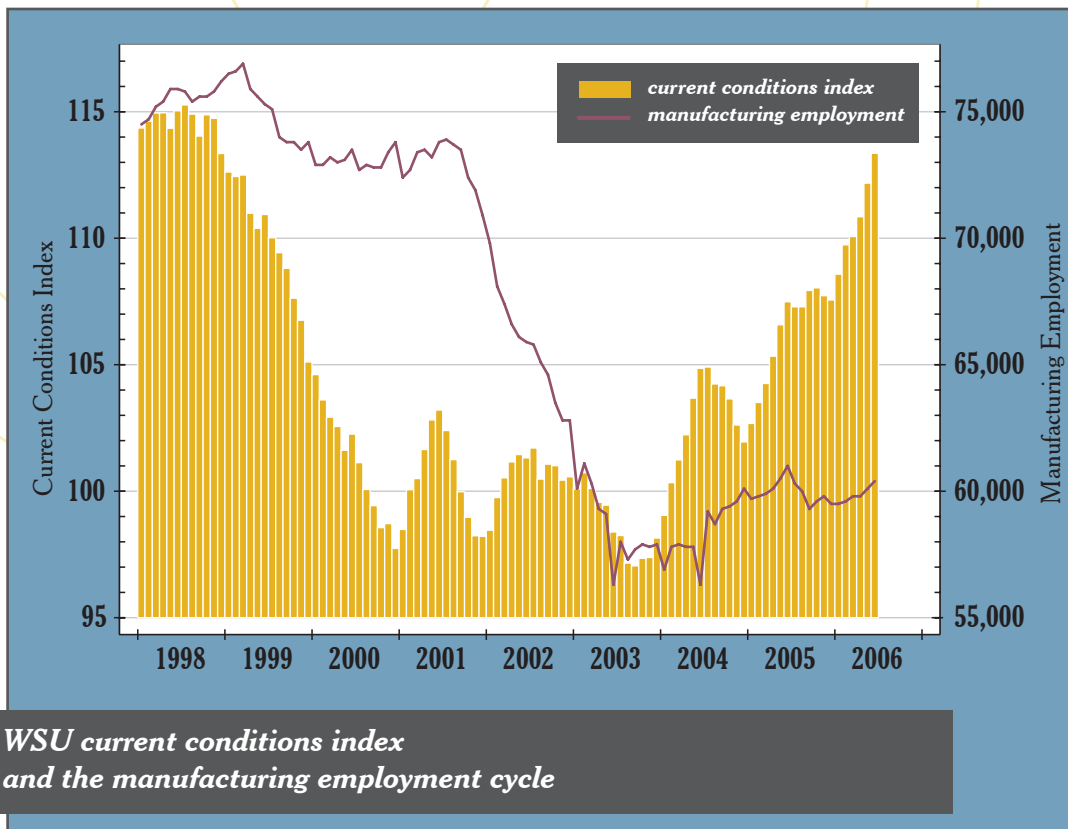
The Center for Real Estate is entirely funded by the generous contributions of many visionaries throughout the region. Without their faithful support, the Center for Real Estate would simply not exist. We are especially grateful to First American Title, whose contributions directly underwrite the cost of preparing this forecast.

- First American Title
- Wichita Area Association of REALTORS®
- Wichita Area Builders Association
- Clark Investment Group
- Santo M. Catanese
- Colby B. Sandlian
- SNB Bank of Wichita

economic overview ::

Background Music

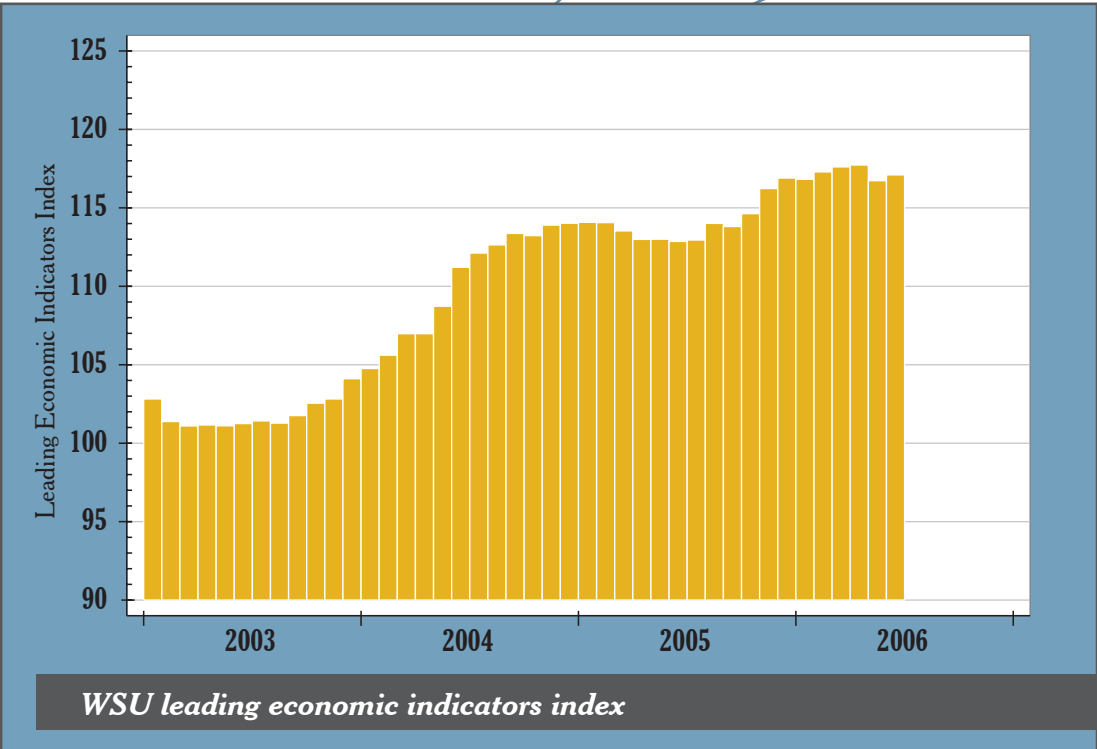
Wichita still hums to the tune of the aviation industry, and of late that has been a pleasant tune indeed. The WSU Current Conditions Index has risen by over 16 percent since it bottomed out at the end of 2003, reflecting a steady strengthening in the local economy. Future economic growth continues to look promising as well. The WSU Leading Economic Indicators Index has been rising for the past three years, increasing by 15.8 percent.



"Manufacturing employment should grow over the next few years, following the lead of the overall economy."

WSU current conditions index and the manufacturing employment cycle

"Current and leading economic indicators reflect a strong and growing economy."



WSU leading economic indicators index

Manufacturing employment in Wichita typically trails the overall economy by about 2½ years as a result of the long production cycle for aircraft. Based on this relationship, the recent run-up in the Current Conditions Index suggests we can expect another two to three years of growth in manufacturing employment.

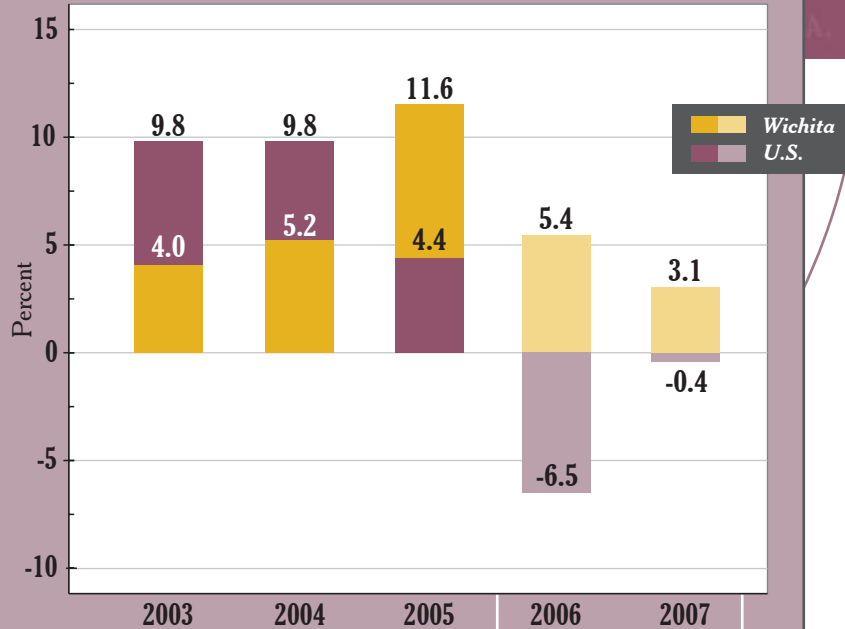
The availability of high wage jobs often encourages people to move. Historically net in-migration into the Wichita metro area has risen with manufacturing employment. With new workers and their families expected to move into the market, this should fuel home sales over the next two to three years.

*Janet Harrah
Director, Center for Economic Development and Business Research*

existing homes ::

A Different Tune

Listening to the national media, all you hear these days about the housing market is a sad song of gloom and doom. Nationally, existing home sales fell 7 percent in the second quarter of this year and are expected to end the year down 6.5 percent. At the same time, the national backlog of unsold homes has skyrocketed in recent months, leaving 7.2 months worth of supply on the market in July.



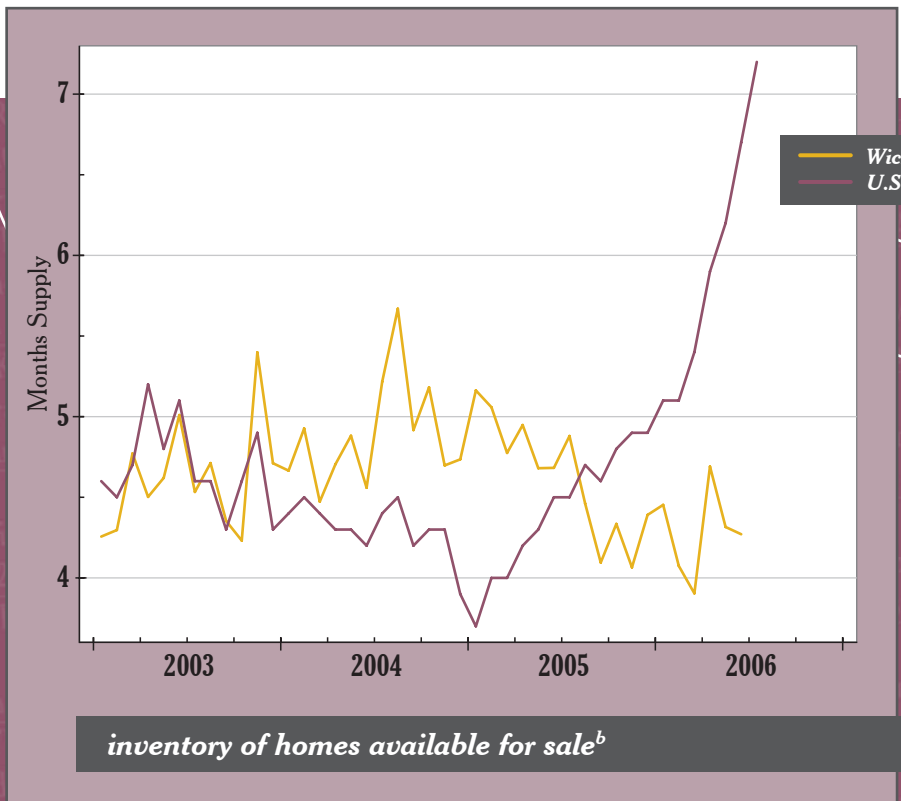
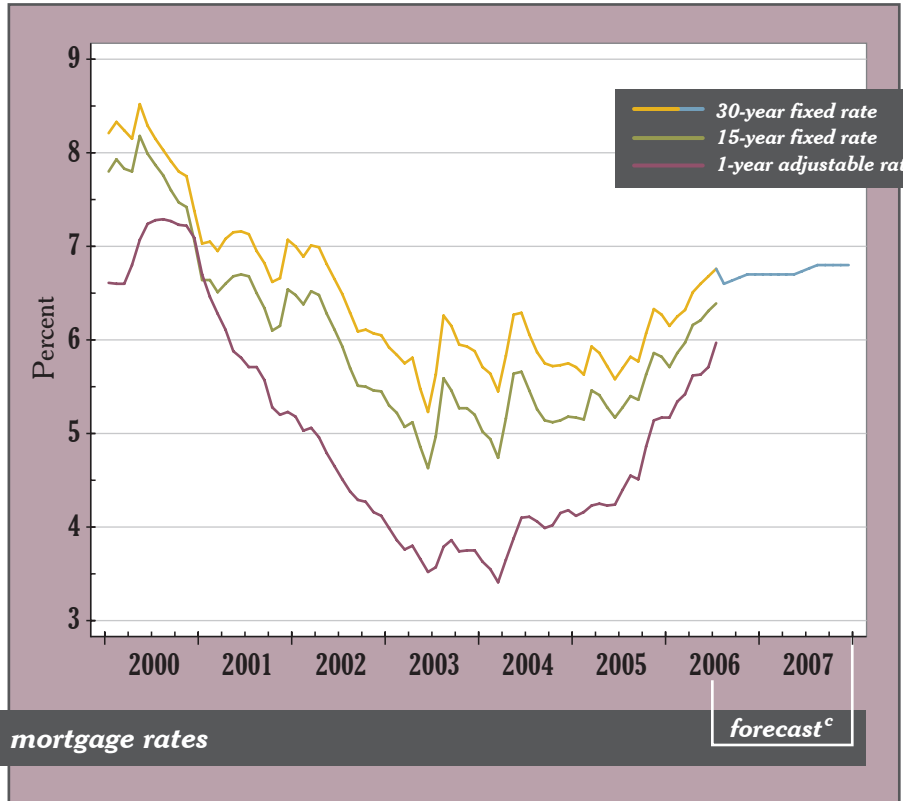
change in existing home sales

forecast^a

As they say, however, all real estate markets are local. And the Wichita housing market has been singing a different tune. Existing home sales in the Wichita area were up 9.4 percent in the first half of the year, while the inventory of unsold homes has held fairly steady with a 4.3 months supply in June.

"Existing home sales will be up 5.4 percent this year and another 3.1 percent in 2007."

With a solid economy and mortgage rates expected to remain steady, the existing home market in Wichita should keep humming along over the next 18 months, with sales up 5.4 percent this year and another 3.1 percent in 2007.



"The Wichita housing market has been singing a different tune."

Notes: ^(b) Ratio of active existing home listings to existing home sales, seasonally adjusted
^(c) Mortgage Bankers Association of America August 2006 forecast of the 30-year conventional mortgage rate

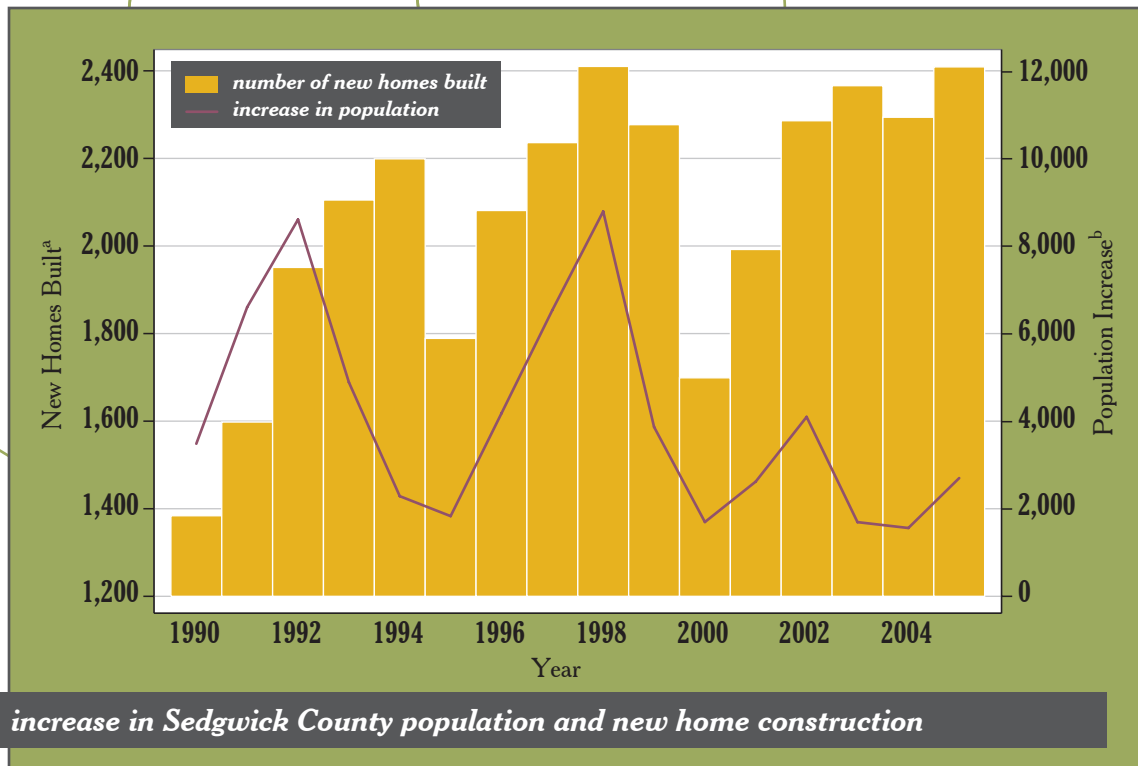
construction ::

The Band Plays On

Driving around Wichita, it seems like countless new housing subdivisions keep springing up. Wichita doesn't grow that fast, so where are all the buyers coming from?



"New home construction closely tracks area population growth."

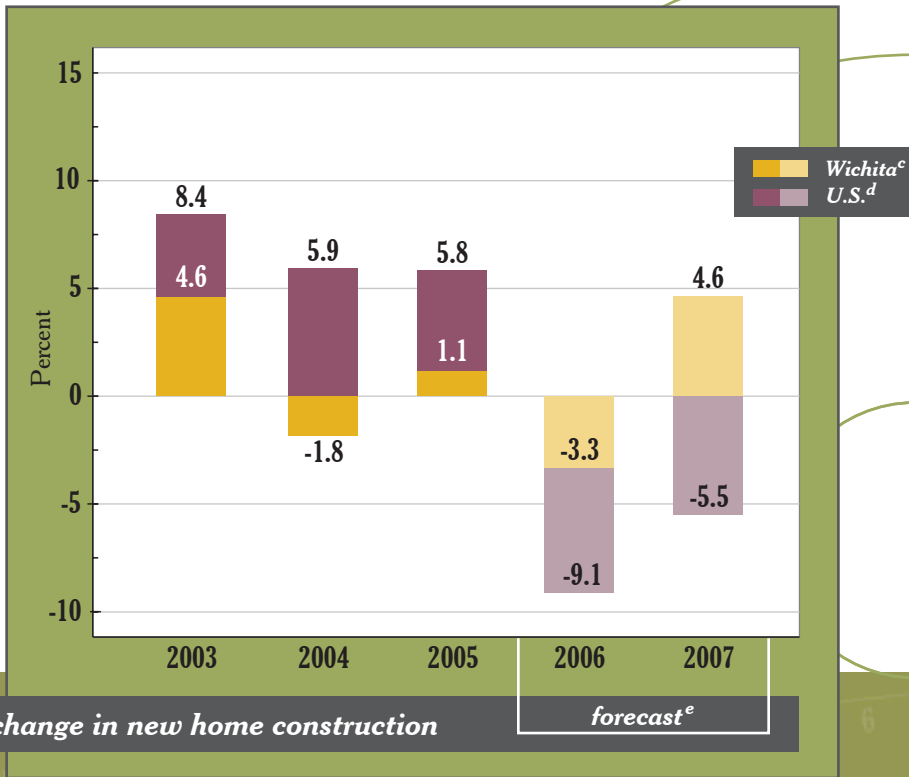


increase in Sedgwick County population and new home construction

Sources: [Wichita Area Builders Association; U.S. Census Bureau; U.S. Department of Housing and Urban Development; WSU Center for Real Estate; National Association of REALTORS®

Notes: □ a) Number of single-family residential building permits issued in Sedgwick County as collected by the Wichita Area Builders Association

□ b) Change in the U.S. Census Bureau's estimated population for Sedgwick County



"Wichita new home construction is right on tempo with the market."

As it turns out, the pace of new home construction is right on tempo with the market. Last year the Wichita metro area population was just over 575,000. With about 2.5 people per household on average, even a modest 1 percent population growth rate means we need 2,300 new housing units this year just to keep even. Factor in the demolition of older homes that no longer meet modern housing needs, and it is clear that Wichita area new home construction is right on pace.

A mild winter resulted in strong construction growth during the last quarter of 2005 and the first quarter of this year. Now the market appears to be taking a breather, and new home construction should end the year down 3.3 percent at 2,595 units. Strong employment growth in the Wichita area should keep the music playing, however, resulting in 2,714 new units in 2007, a 4.6 percent increase over 2006.

Notes: c) Single-family residential building permits in the Wichita area as collected by the Wichita Area Builders Association

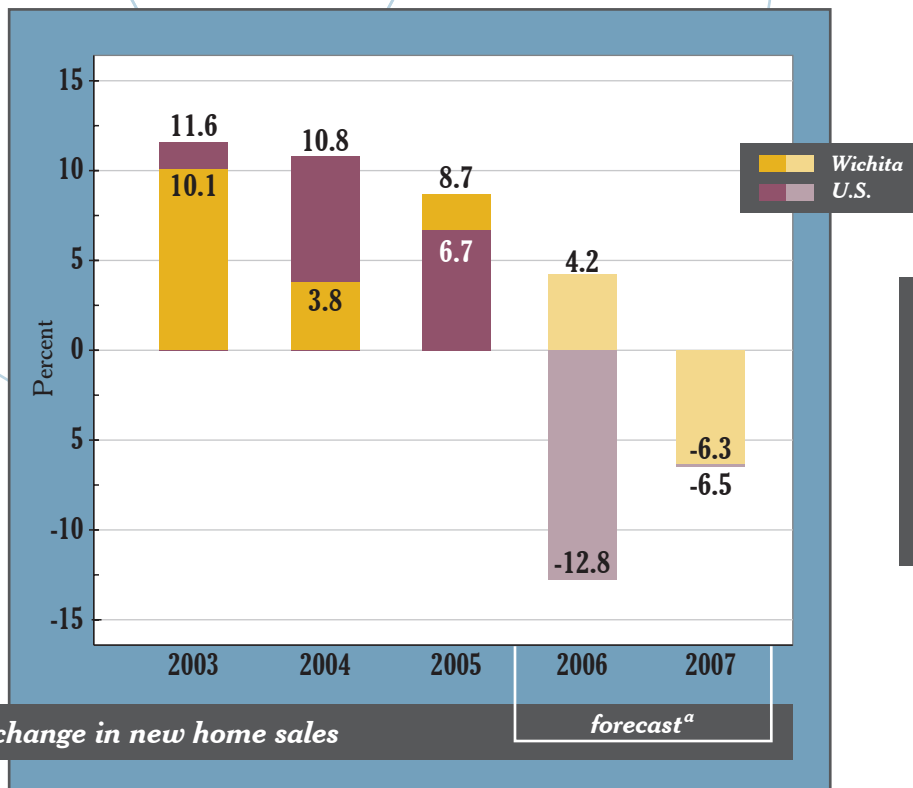
d) New privately-owned housing units started (housing starts)

e) U.S. forecast is the National Association of REALTORS[®] August 2006 forecast of new housing starts

new homes ::

Debuting Singles

New home sales in the Wichita area were up a striking 25 percent in the first quarter of this year followed by an additional 9 percent rise in the second quarter. This stands in sharp contrast to national trends, in which new home sales fell by more than 10 percent in each of the first two quarters of the year.



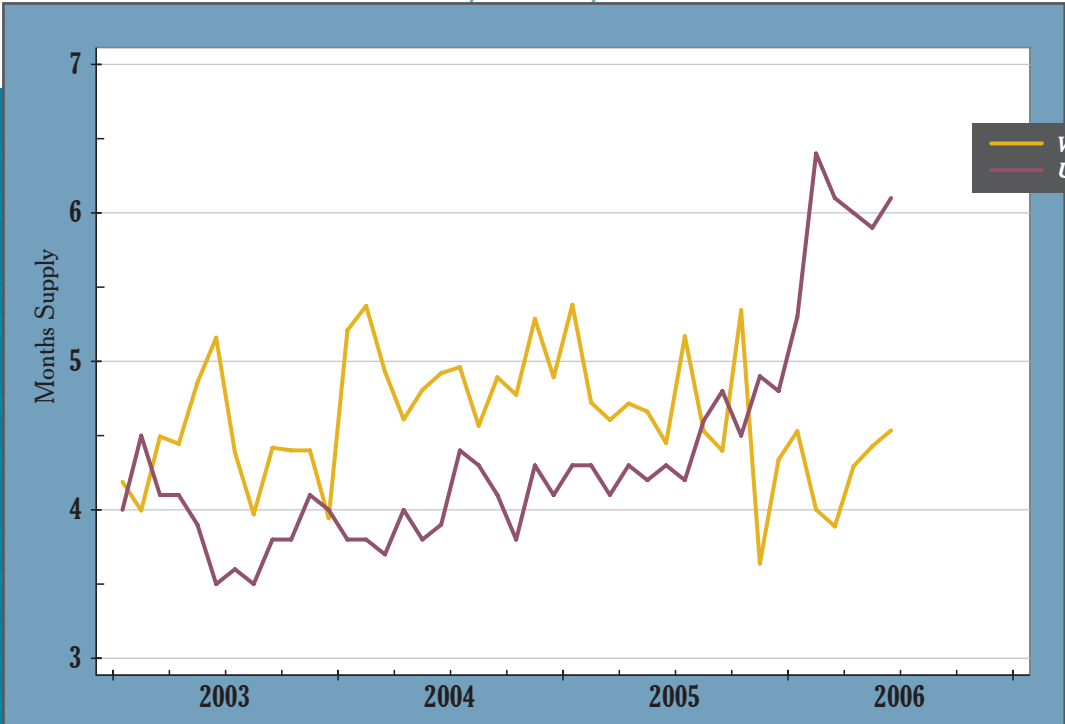
"New home sales will end 2006 up 4.2 percent, at 2,149 units."

Sources: U.S. Census Bureau/U.S. Department of Housing and Urban Development; South Central Kansas MLS; WSU Center for Real Estate; National Association of REALTORS®

Notes: □ a) U.S. forecast is the National Association of REALTORS® August 2006 forecast of new single family home sales □

□ b) Ratio of active new home listings to new home sales, seasonally adjusted

"Despite a lull in 2007, the outlook for the new home market in Wichita remains robust."



inventory of new homes available for sale^b

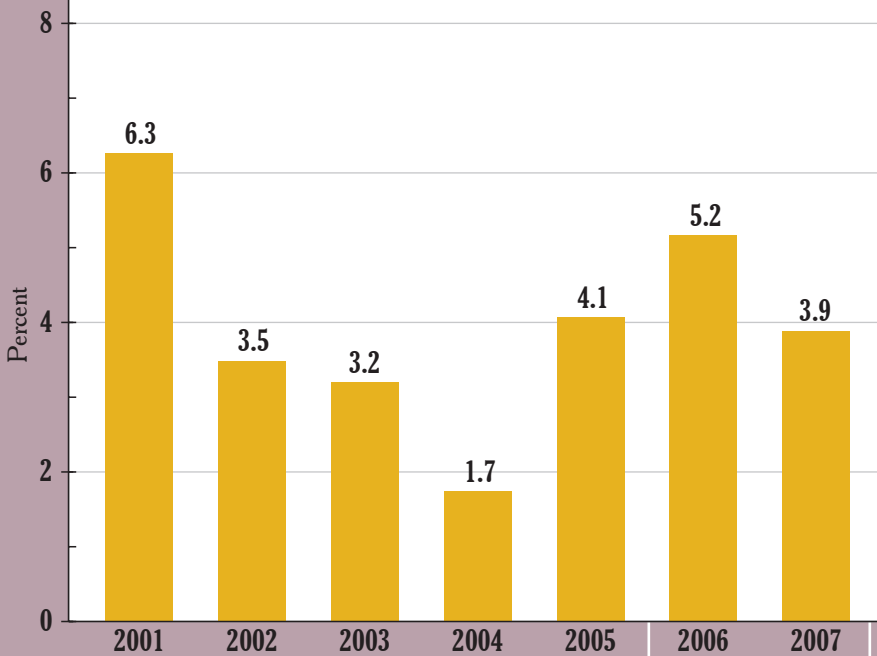
With the pace of new home construction slowing in the Wichita area during the second half of the year, sales should slow as well ending the year at 2,149 units. New home sales should end the year at 2,149 units, an increase of 4.2 percent over 2005. Since sales tend to lag construction, the slower pace of new home construction during the end of 2006 and beginning of next year will cause sales to fall next year by 6.3 percent, to 2,014 units.

Despite the lull in 2007, the outlook for the new home market in Wichita remains robust. Inventories remain low, showing no indication of the drop-off in demand seen at the national level. A strong economy with solid job growth should cause new home sales to rise again late next year and well into the future.

home prices ::

A Steady Beat

The strong local economy has continued to drive area home price appreciation over the past year. After seeing average area home prices rise by a solid 4.1 percent in 2005, appreciation has continued to accelerate this year, with prices in the second quarter up 5.4 percent compared to the prior year.



annual appreciation and forecast^a

forecast

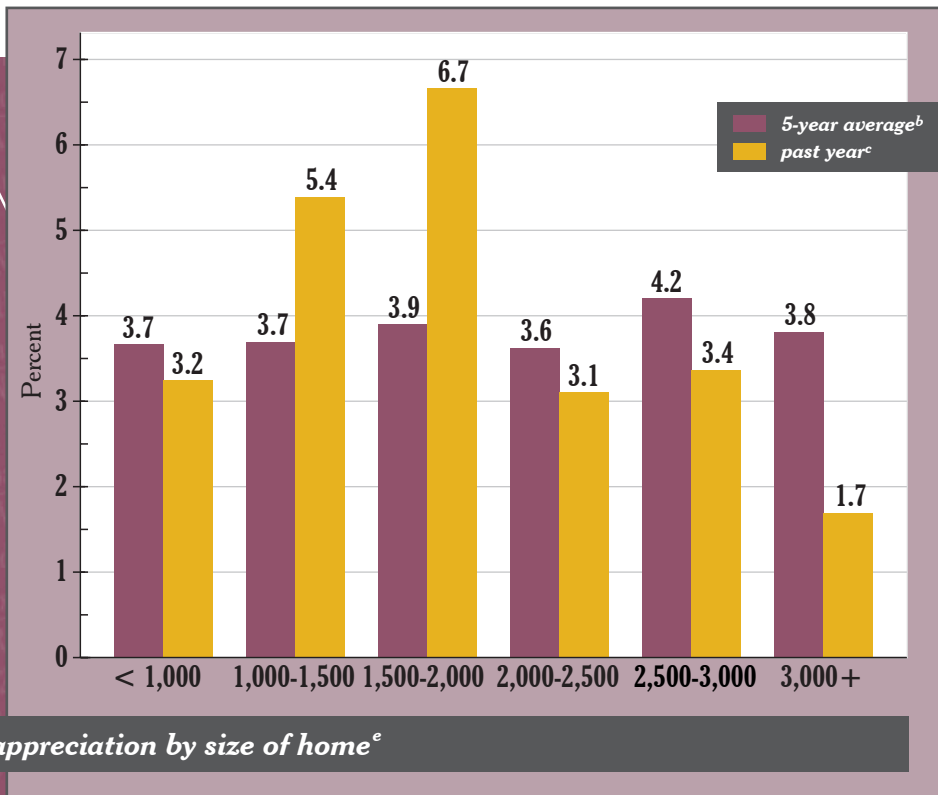
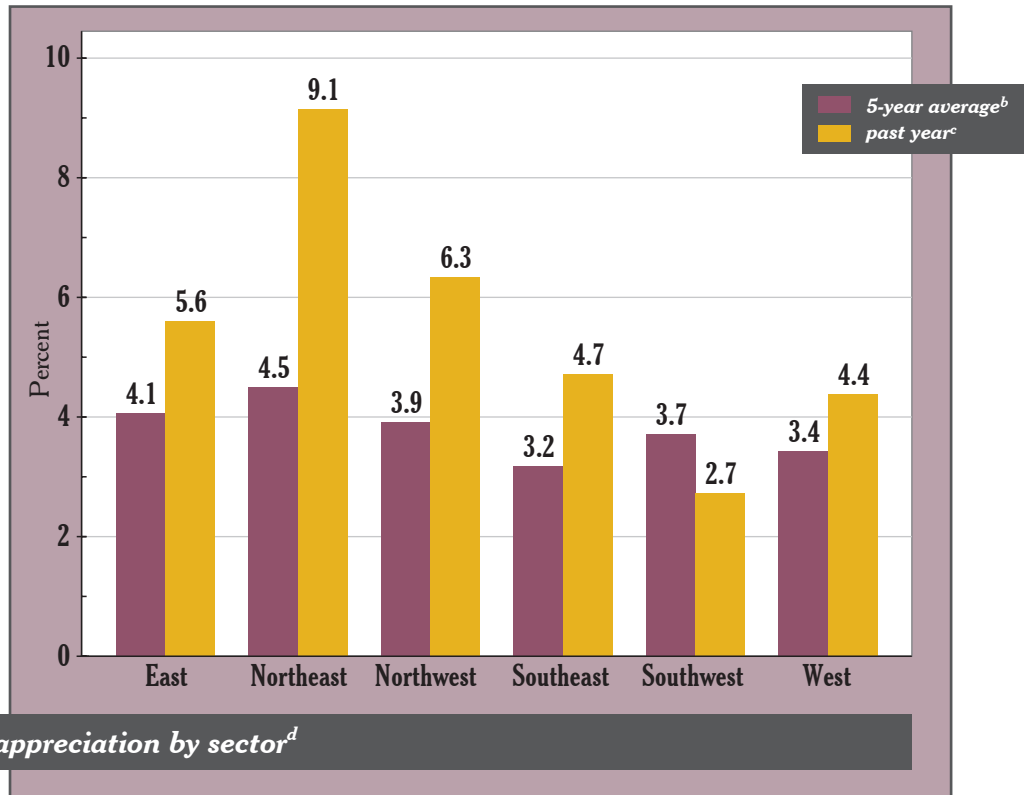
"Solid appreciation in the first half of this year will cause average home prices to rise by 5.2 percent in 2006."

Source: WSU Center for Real Estate using data provided by the Sedgwick County Appraiser's Office

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

b) Five-year annualized growth rate through the 2nd quarter of 2006

While this represents strikingly strong growth by Wichita standards, it is mild compared to the double-digit gains seen in many of the hot coastal housing markets. An abundance of land around the periphery of the city and slow, steady population growth work together to keep area home prices dancing to a steady beat.



"Homes between 1,000 and 2,000 square feet have set the pace for the market over the past year."

Notes: c) Year-over-year percentage change as measured using 2nd quarter values
 d) Sector definitions along with maps highlighting the areas covered by each sector can be found at the Center for Real Estate website at http://realestate.wichita.edu/research.housing.wsu_hpi.asp
 e) Total square feet of finished living area

real estate roundtable ::

Behind the Music

Here at the Center for Real Estate, we're very good at reading the score. But the true artists behind the music are the professionals who work day in and day out with home buyers and sellers. Thanks to all those who participated in this year's Real Estate Roundtable, providing us insight into what's really going on in the market.

Teresa Anders, RE/MAX Elite

Sheri Barnes, RE/MAX Elite

John Beckman, First Horizon Home Loans

Mike Borchard, Sedgwick County Appraiser's Office

Cynthia Carnahan, J.P. Weigand & Sons, Inc.

Peggy Church, Prudential Dinning-Beard

David Cook, CENTURY 21 Advantage

Bud Cortner, Keller Williams Hometown Partners, Inc.

Joan Downs, C. Downs Realty

Lynn Fleming, Prudential Dinning-Beard

Gary Franz, RE/MAX Associates of Newton

Wesley Galyon, Wichita Area Builders Association

Angie George, Plaza Real Estate, Inc.

Chris Goebel, Star Lumber & Supply Company, Inc.

Genny Goree, Keller Williams Hometown Partners, Inc.

Mary Green, Green Appraisal Service

Karen Hall, J.P. Weigand & Sons, Inc.

Courtley Jackson, Courtley Jackson Company

Jerry Jackson, Gold Key REALTORS

Tony Javier, Keller Williams Hometown Partners, Inc.

Candace Kunkel, J.P. Weigand & Sons, Inc.

Jeff Lange, Jeff Lange Real Estate

Lonny McCurdy, McCurdy Auction Service

Sandy McRae, Prudential Dinning-Beard

Annette Oleson, Prudential Dinning-Beard

Tom Pinkston, RE/MAX Realty Centre

Laura Raudonis, Wichita Area Association of REALTORS®

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Mark Stanberry, City of Wichita, Housing and Community Services

Larry Theurer, Tranzon Theurer Auctions

John Todd, John Todd & Associates

Alissa Unruh, J.P. Weigand & Sons, Inc.

Tiffany Wells, Estates Unlimited

Steve Wheeler, Wheeler, Kelly & Hagny Investment

Melissa Womack, J. Russell Companies

James Wood, New Home Marketing, Inc.

Greg Yocom, Prudential Dinning-Beard



forecast summary ::



Housing Market Activity

	2005				2006	
	Q1	Q2	Q3	Q4	Q1	Q2
HOME PRICE APPRECIATION ^a	2.40	3.17	3.62	4.07	4.55	5.35
EXISTING HOME SALES	1,786	2,748	2,955	2,370	2,092	2,868
Volume ^b	187.768	303.493	335.594	251.424	220.435	323.592
Median Price	89,900	94,500	99,500	91,000	89,000	99,475
Percent of List ^c	98.22	98.68	98.54	98.50	98.32	98.68
Days on Market ^d	52	39	40	41	50	38
Months Inventory ^e	5.00	4.77	4.48	4.26	4.14	4.43
NEW HOME SALES	400	542	575	545	501	591
Volume ^b	76.105	102.833	110.944	117.583	95.44	114.472
Median Price	162,375	157,425	157,500	169,900	157,056	169,700
Months Inventory ^e	4.90	4.61	4.70	4.44	4.14	4.42
BUILDING PERMITS ^f	549	757	675	702	667	673

Housing Market Forecast

	2006		2007			
	Q3	Q4	Q1	Q2	Q3	Q4
Home Price Appreciation ^a	5.22	5.17	4.70	4.23	4.04	3.89
Existing Home Sales	3,009	2,426	2,188	2,890	3,127	2,507
New Home Sales	581	476	457	527	537	493
Building Permits ^f	665	590	605	766	689	654

Sources: WSU Center for Real Estate using data provided by the Sedgwick County Appraiser's Office, the South Central Kansas MLS, and the Wichita Area Builders Association

Notes: a) Year-over-year percentage change in the WSU HPI for Sedgwick County

- b) Millions of dollars
- c) Median sale price as a percent of listing price
- d) Median number of days between listing and contract dates
- e) Quarterly average of the seasonally adjusted monthly ratio of active listings to sales
- f) Single-family residential building permits in the Wichita area as collected by the Wichita Area Builders Association



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First American Title is the leading provider of title insurance, abstract products, and closing services in the state of Kansas. Tracing First American history to 1889, we continue our commitment to service by providing the real estate information you need to make timely and accurate decisions. Backed by industry-leading technology, we deliver efficiency to support your real estate needs.

Curious about how we construct the WSU Home Price Index? Need detailed historical data on the housing or commercial property markets? Or perhaps you simply want to be "in the know" about the latest market trends?

The WSU Center for Real Estate is the premier resource for data and analysis of area real estate markets. Our website offers the most comprehensive source of historical data compiled from a variety of published sources, along with insightful analysis into the latest market trends.



RealEstate.Wichita.edu ::



**COLBY B.
SANDLIAN**

**SANTO M.
CATANESE**



Bank of Wichita