

2017 Kansas Housing Markets Forecast

Wichita Housing Forecast

THROUGH THE WOODS

WSU Center for Real Estate



WICHITA STATE
UNIVERSITY

Wichita State University | W. Frank Barton School of Business

Wichita

Housing Forecast

The Journey Begins

“You’ll never find your way, my lovely.” The witch’s evil laugh sent chills through Ophelia’s bones. “It’s too long a journey and there are more surprises along the path than you can imagine. Once you make it through the woods, you’ll have to find the key home. Good luck!”

The theme of this year’s forecast is “Through the Woods.” And while this might refer to all the obstacles that have beset the housing market in recent years, it also reflects the fact that at long last the worst may be behind us. Like our heroine Ophelia, through pluck and perseverance, we may finally find our way home.

Dr. Stanley D. Longhofer
Director, WSU Center for Real Estate
wichita.edu/realestate



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Security 1st Title



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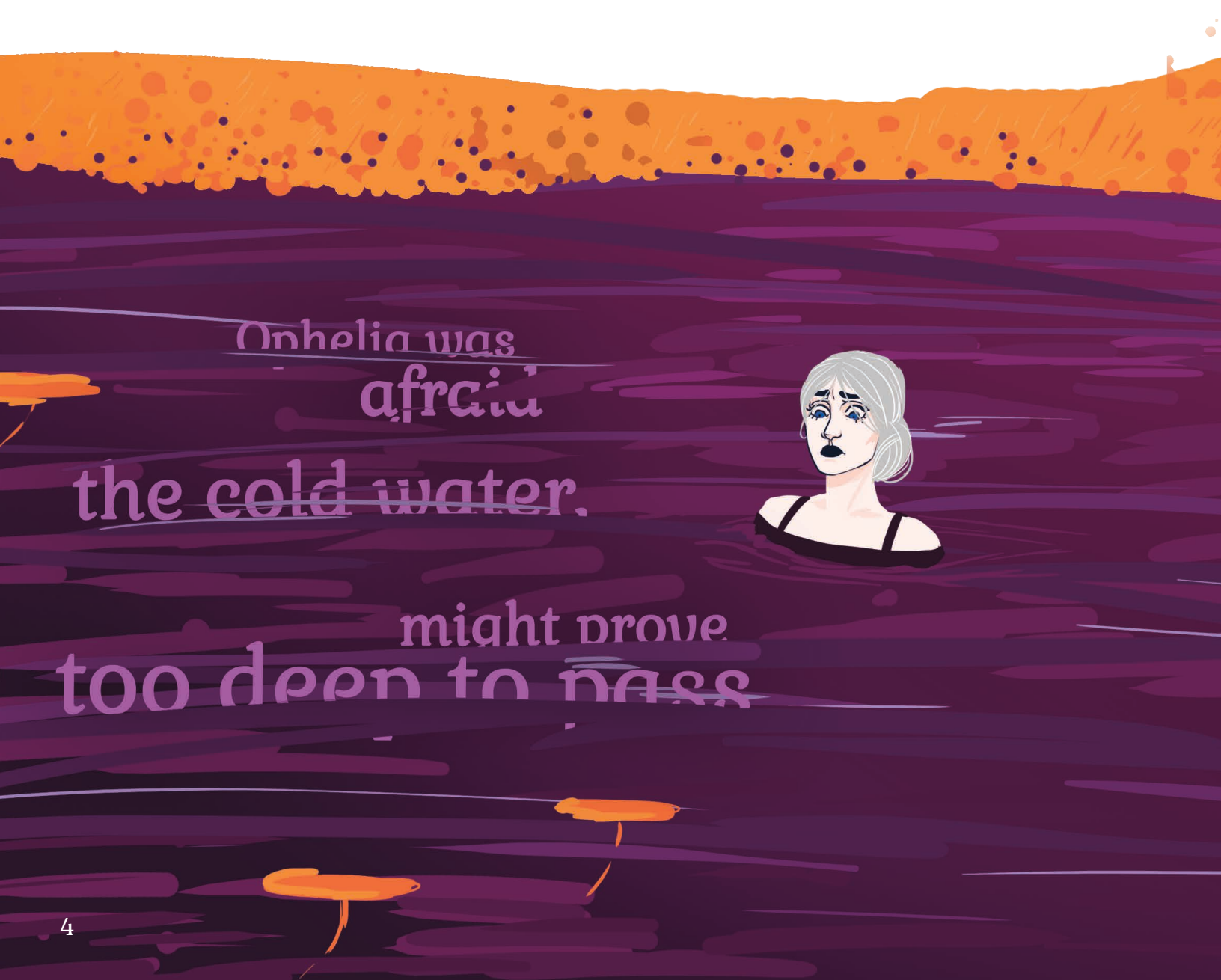
Michael Malone



Economic Overview

Wichita's labor market continues to lag that of the U.S. as a whole. Employment growth in Wichita has been roughly half the U.S. average over the past few years. And although the Wichita area unemployment rate fell to 4 percent earlier this year, in recent months it has risen sharply.

In contrast, low mortgage rates continue to support housing markets. The Mortgage Bankers Association's August forecast suggests this will continue for the foreseeable future, with the 30-year mortgage rate remaining below 4.5 percent through the end of 2017.



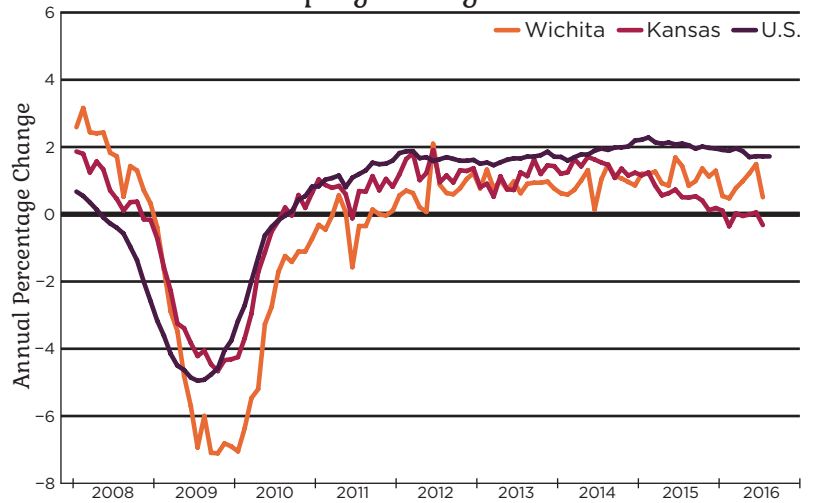
Onhelia was
afraid
the cold water.

might prove
too deep to pass

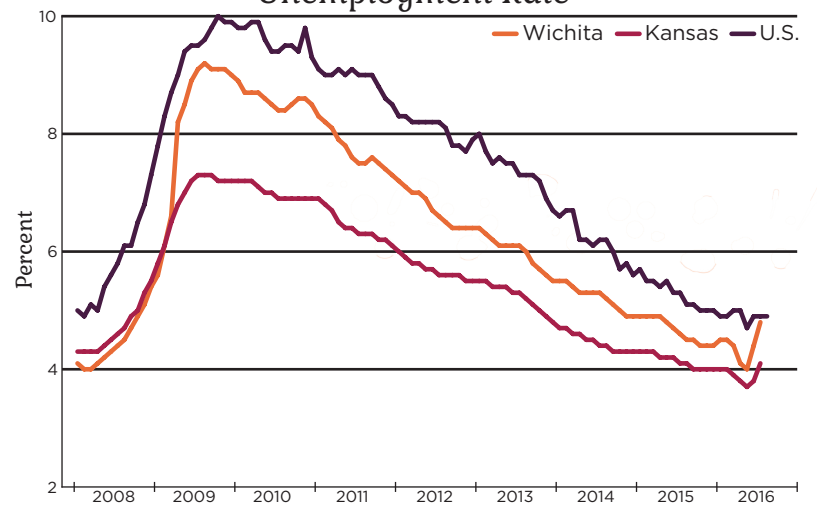
Mortgage rates should remain exceptionally low in the coming year.



Employment Growth^a



Unemployment Rate^b



Mortgage Rates



Sources:

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

Notes:

a) Year-over-year percentage change in total, non-farm employment, seasonally adjusted

b) Seasonally adjusted

c) Mortgage Bankers Association August 2016 forecast of the 30-year conventional mortgage rate

Home Sales & Construction

Wichita home sales activity has been continuing its steady climb, and should end the year 5.8 percent higher than 2015. We forecast this trend to continue in 2017, with sales rising another 5.1 percent to 10,800 units.

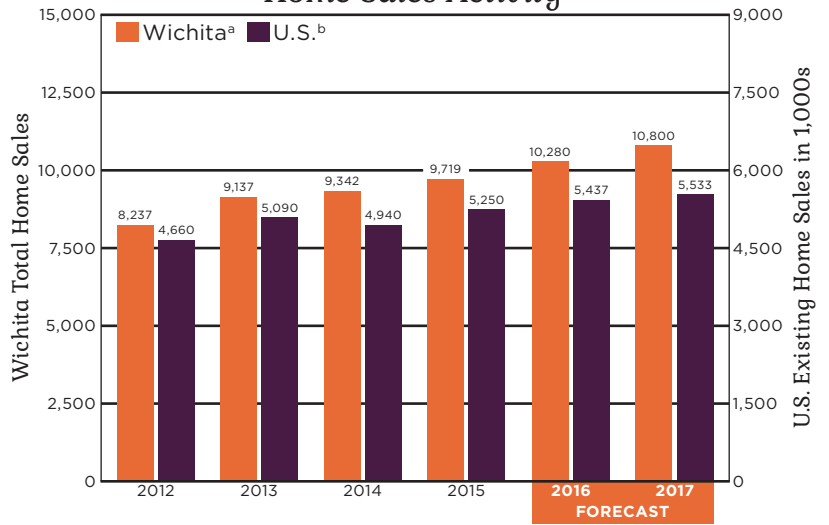
On the other hand, new home construction continues to be stuck in the mire. After dropping 10.3 percent last year, permitting activity should rebound somewhat this year. Nevertheless, we are forecasting construction activity to level off at 900 units next year, still well below the peak of a decade ago.



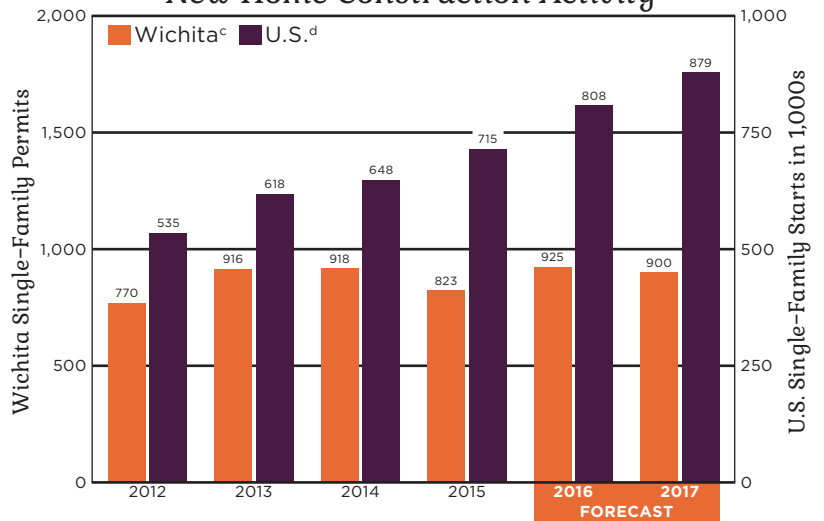
Wichita home sales should continue their steady climb next year.



Home Sales Activity



New Home Construction Activity



Sources:

National Association of REALTORS®, South Central Kansas Multiple Listing Service, 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 2016 forecast by the National Association of REALTORS®
- c) Single-family building permits issued in the Wichita metropolitan area as reported 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 2016 forecast by the National Association of REALTORS®

The unicorn seemed
to sense Ophelia's
need for haste.

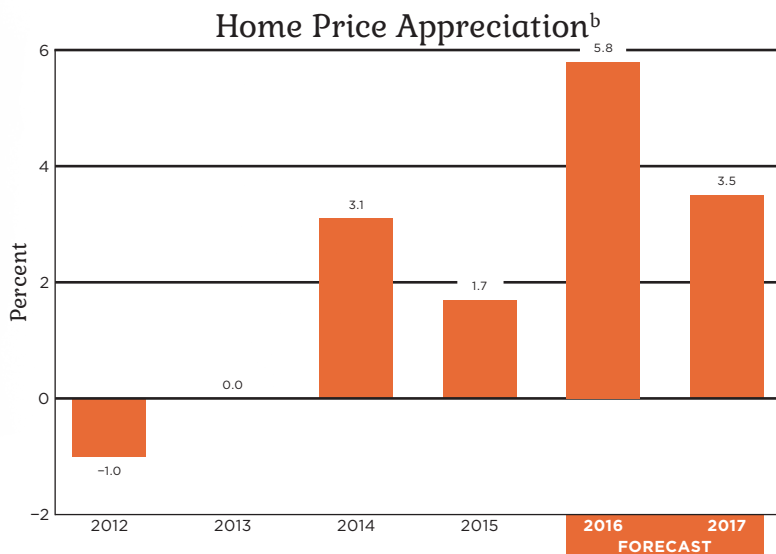
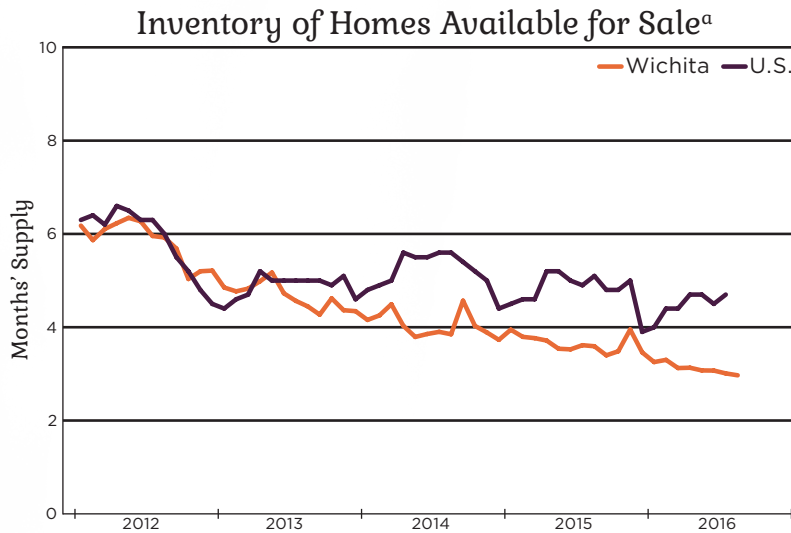


Wichita home prices are rising as it becomes a sellers' market.

Home Prices

Even as it seems the market can't get any tighter, the inventory of homes available for sale in the Wichita area continues to fall. With multiple offer situations becoming increasingly common, it appears that we have transitioned into a sellers' market.

Wichita area home prices rose for the second straight year in 2015. This year, the pace of appreciation has accelerated, with prices on pace to rise by 5.8 percent. We forecast that this trend will continue in 2017, with prices rising another 3.5 percent.



Sources:

Federal Housing Finance Agency, National Association of REALTORS®, South Central Kansas Multiple Listing Service, WSU Center for Real Estate

Notes:

a) Ratio of active listings to home sales, seasonally adjusted
 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 activity continues to rise in markets across the state. We forecast that statewide sales will rise by 4.6 percent this year, and increase another 6.2 percent in 2017, to 41,090 units.

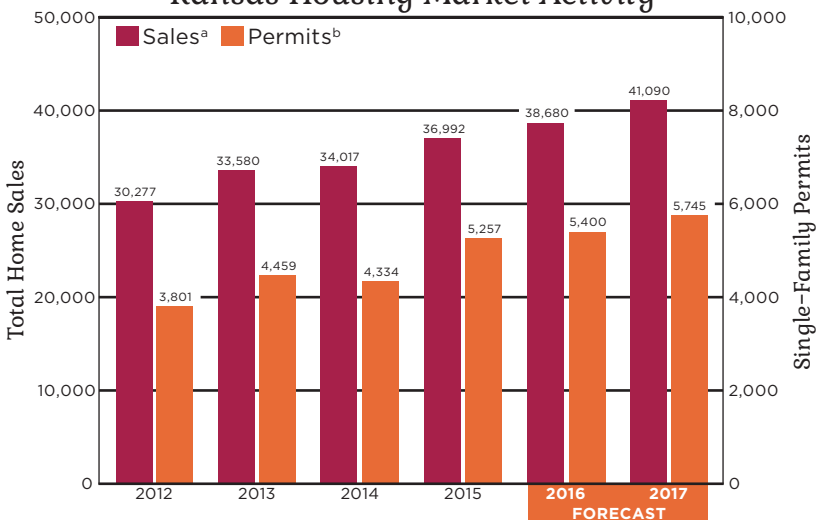
Outside of the Kansas City area, new home construction activity has posted only modest gains. We are forecasting that new single family building permits will increase by 6.4 percent in 2017 to 5,745 units, with much of the gain being driven by activity in the Kansas City area.

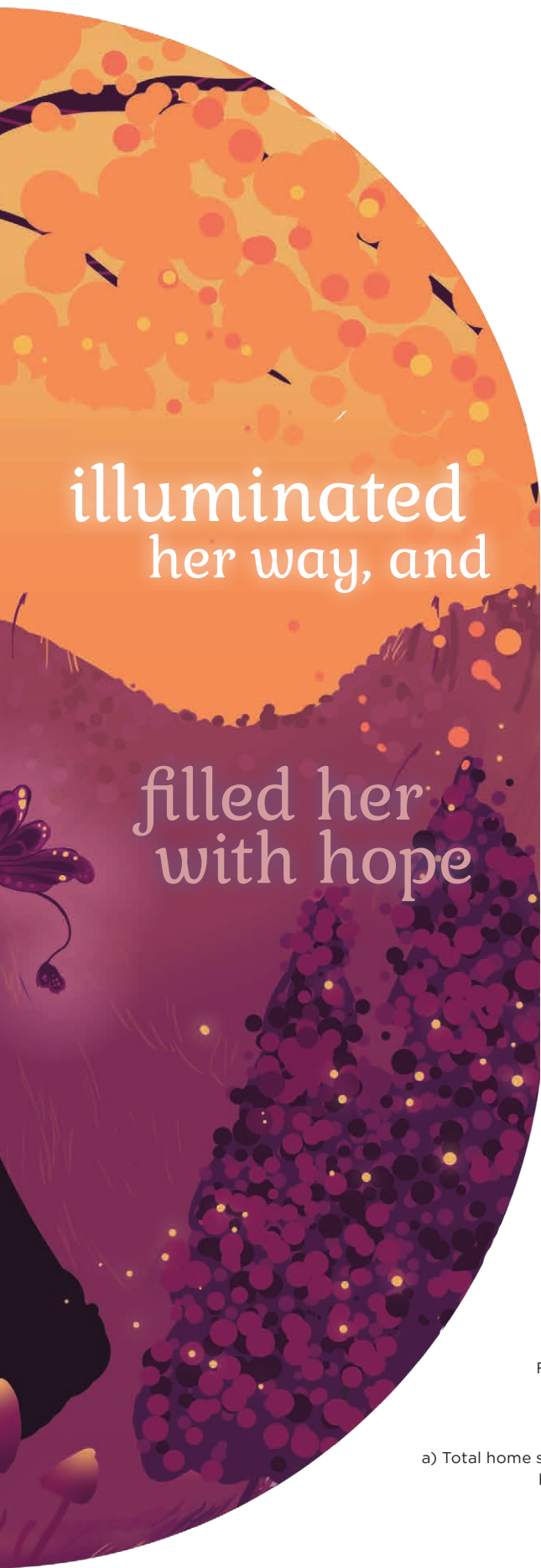
Markets all across the state are reporting tight inventories of homes available for sale. As a consequence, we are seeing widespread price gains. We forecast that average Kansas home values will rise by 5 percent this year, followed by another 3.8 percent rise in 2017.

the flowers unexpectedly



Kansas Housing Market Activity





illuminated
her way, and

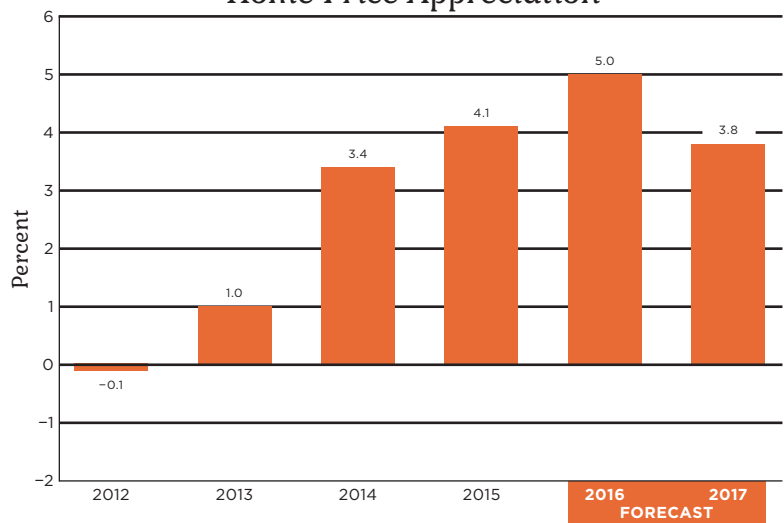
filled her
with hope

Inventory of Homes Available for Sale^c



Kansas home values are rising in the face of tight inventories of homes available for sale.

Home Price Appreciation^d



Sources:

Federal Housing Finance Agency, National Association of REALTORS®, 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) Ratio of active listings to home sales, seasonally adjusted
- 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

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; Heartland Multiple Listing Service; Kansas Association of REALTORS® and participating multiple listing services across Kansas; Lawrence Multiple Listing Service; Manhattan Association of REALTORS®; South Central Kansas Multiple Listing Service; Sunflower Association of REALTORS®; U.S. Bureau of the Census; 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.



as the
clouds
cleared,
the witch's house
could be seen in
the distance

2013 2014 2015 2016 2017

Kansas

Total Home Sales	33,580	34,017	36,992	38,680	41,090
Building Permits	4,459	4,334	5,257	5,400	5,745
Home Price Appreciation	1.0%	3.4%	4.1%	5.0%	3.8%
Sales Volume (in millions)	\$5,817	\$6,093	\$6,948		
Average Price	\$173,223	\$179,128	\$187,814		

Kansas City

Total Home Sales	32,059	32,266	35,394	36,820	38,460
Building Permits	4,209	4,129	4,550	5,585	5,810
Home Price Appreciation	1.5%	4.5%	6.5%	4.9%	4.2%
Sales Volume (in millions)	\$5,863	\$6,204	\$7,178		
Average Price	\$182,866	\$192,277	\$202,803		

Lawrence

Total Home Sales	1,269	1,309	1,383	1,400	1,510
Building Permits	212	179	221	225	220
Home Price Appreciation	1.3%	1.2%	0.8%	5.1%	4.1%
Sales Volume (in millions)	\$256	\$256	\$277		
Average Price	\$202,084	\$195,685	\$200,569		

Manhattan

Total Home Sales	763	790	921	990	1,050
Building Permits	307	317	315	310	320
Home Price Appreciation	0.4%	4.0%	-0.7%	4.8%	4.7%
Sales Volume (in millions)	\$153	\$163	\$189		
Average Price	\$200,328	\$206,163	\$205,483		

Topeka

Total Home Sales	3,004	2,965	3,189	3,460	3,530
Building Permits	270	262	302	275	275
Home Price Appreciation	0.1%	1.4%	1.8%	3.7%	1.9%
Sales Volume (in millions)	\$374	\$366	\$424		
Average Price	\$124,390	\$123,411	\$132,956		

Wichita

Total Home Sales	9,137	9,342	9,719	10,280	10,800
Building Permits	916	918	823	925	900
Home Price Appreciation	0.0%	3.1%	1.7%	5.8%	3.5%
Sales Volume (in millions)	\$1,270	\$1,356	\$1,463		
Average Price	\$139,000	\$145,202	\$150,501		

FORECAST

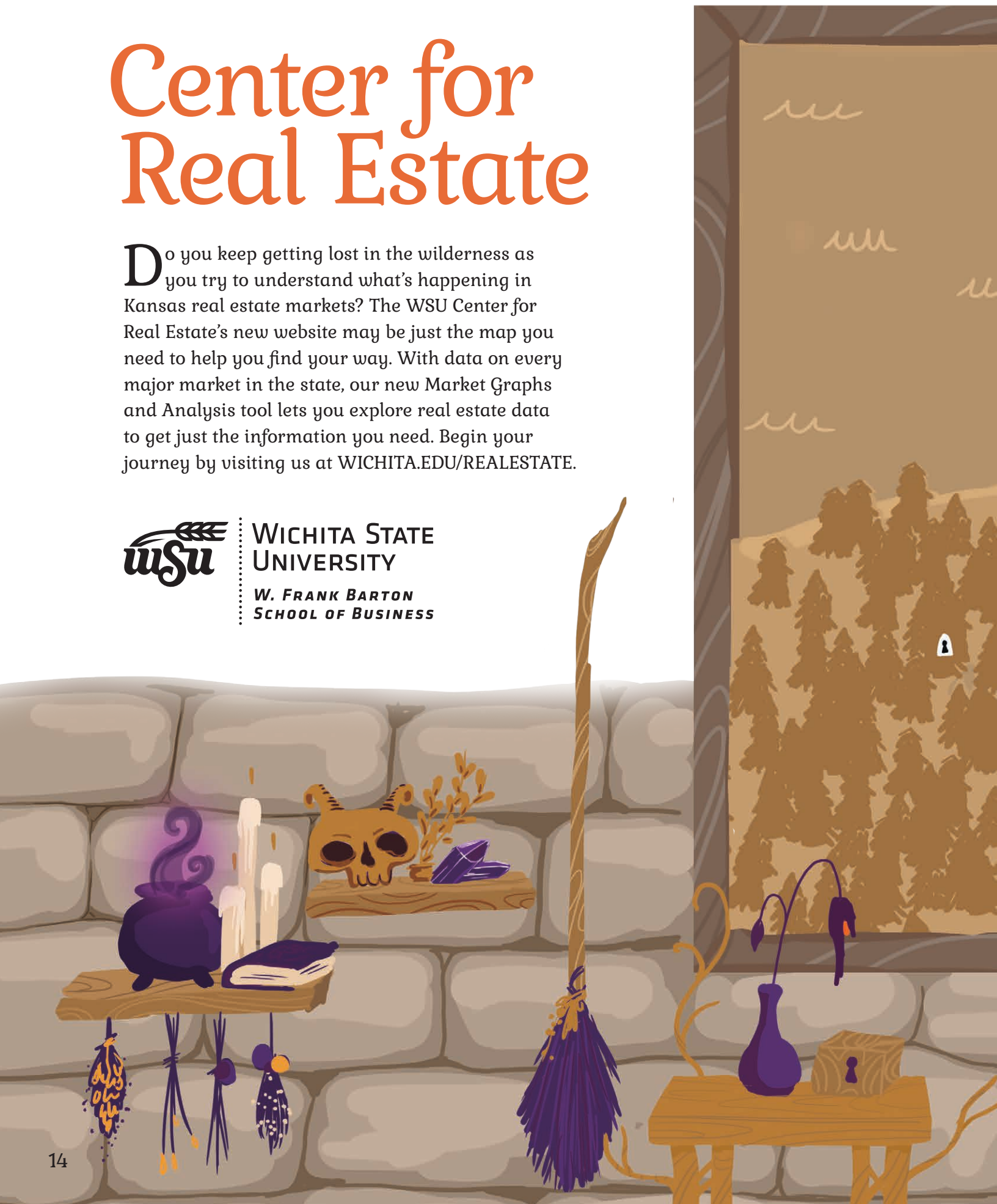
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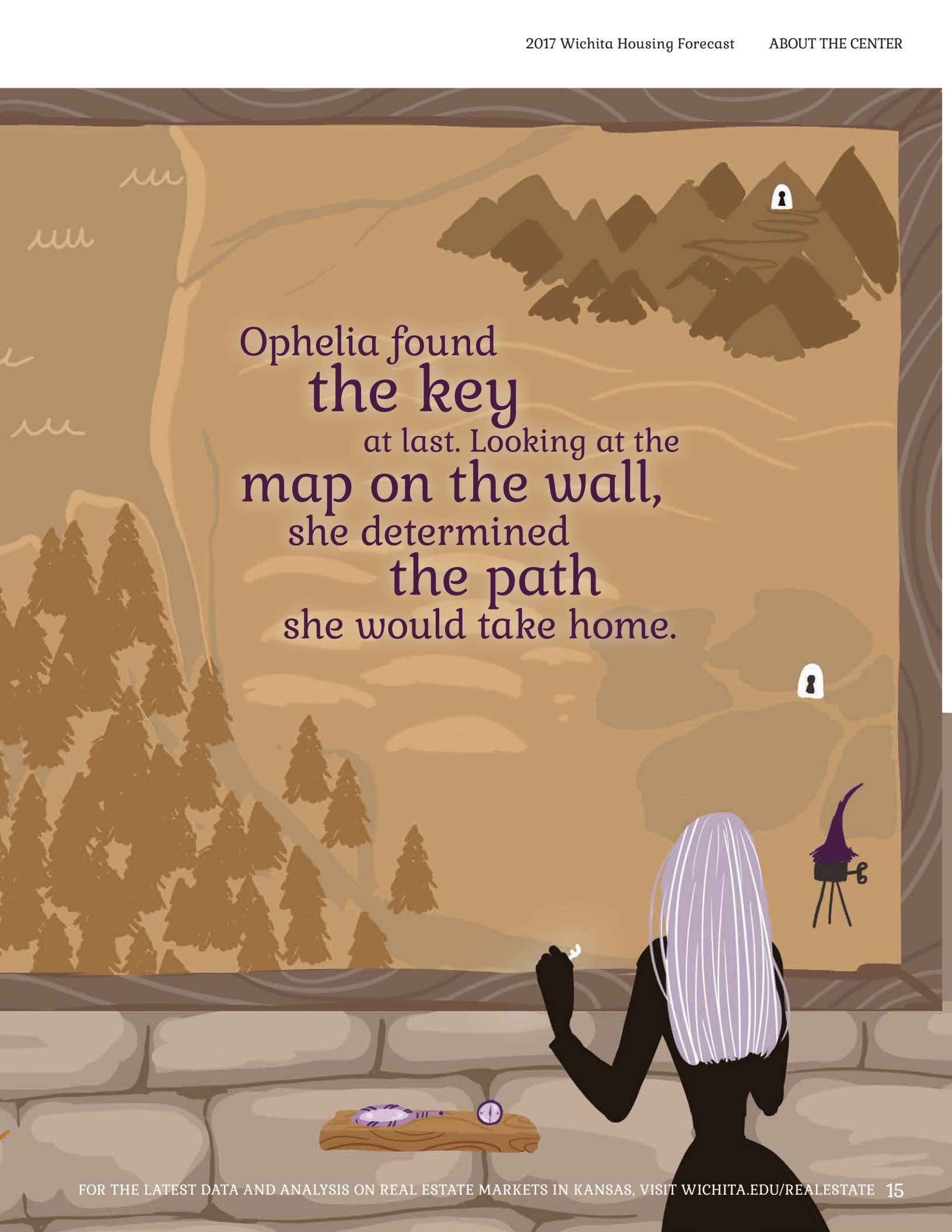
Do you keep getting lost in the wilderness as you try to understand what's happening in Kansas real estate markets? The WSU Center for Real Estate's new website may be just the map you need to help you find your way. With data on every major market in the state, our new Market Graphs and Analysis tool lets you explore real estate data to get just the information you need. Begin your journey by visiting us at WICHITA.EDU/REALESTATE.



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Ophelia found
the key
at last. Looking at the
map on the wall,
she determined
the path
she would take home.



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Meritrust Credit Union is open to the public with 15 branches in metro-Wichita, Junction City, Lawrence and Manhattan, Kansas. We offer members the products, services and tools needed to achieve financial goals with confidence, including flexible mortgage programs with local servicing. Meritrust brings simplicity to the home-buying process. On the Meritrust path to homeownership, we're here for you, every step of the way. No runaround. No unnecessary delays. No surprises.

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Just like our heroine,

Meritrust and Security 1st Title can help you find your way home too.