

2018 Kansas Housing Markets Forecast

IN MANHATTAN, THE
HUNT
IS ON

In Manhattan, the Hunt is on!

It's wild out there. Even though the Manhattan housing market has softened somewhat this year, competition to find the perfect home can be fierce. Like a predator hunting its prey, buyers have to keep a watchful eye on the market and then pounce quickly when an opportunity arises.

Whether you're a buyer, a seller or a real estate professional, we've prepared this year's Manhattan Housing Forecast to help you track your quarry. ***The Hunt is On!***

Dr. Stanley D. Longhofer

Director, WSU Center for Real Estate

wichita.edu/realestate



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

- Fazal Chaudhari, WSU Center for Real Estate
- Karen Gehle, Kansas Association of REALTORS®
- Jeremy Hill, WSU Center for Economic Development and Business Research
- Bitu Mansouri, WSU Center for Real Estate
- Margaret Pendleton, Manhattan Association of REALTORS®
- Participants in the 2017 Manhattan Real Estate Roundtable

Design by Visual Fusion
Graphic & Web Design Studio



We are also grateful to the REALTOR® boards and multiple listing services that have provided much of the data used to prepare this forecast:



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

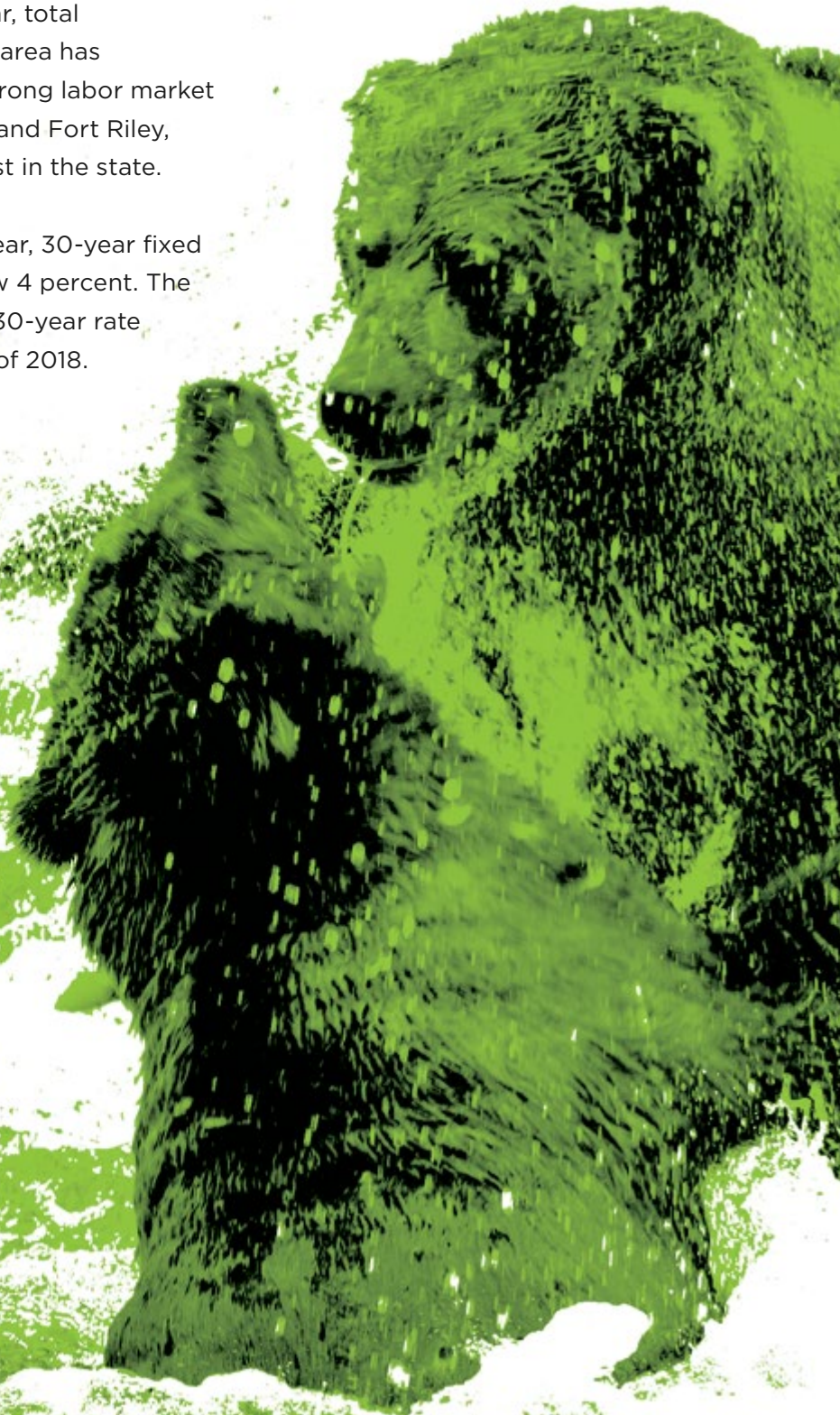


CREDIT UNIONSM

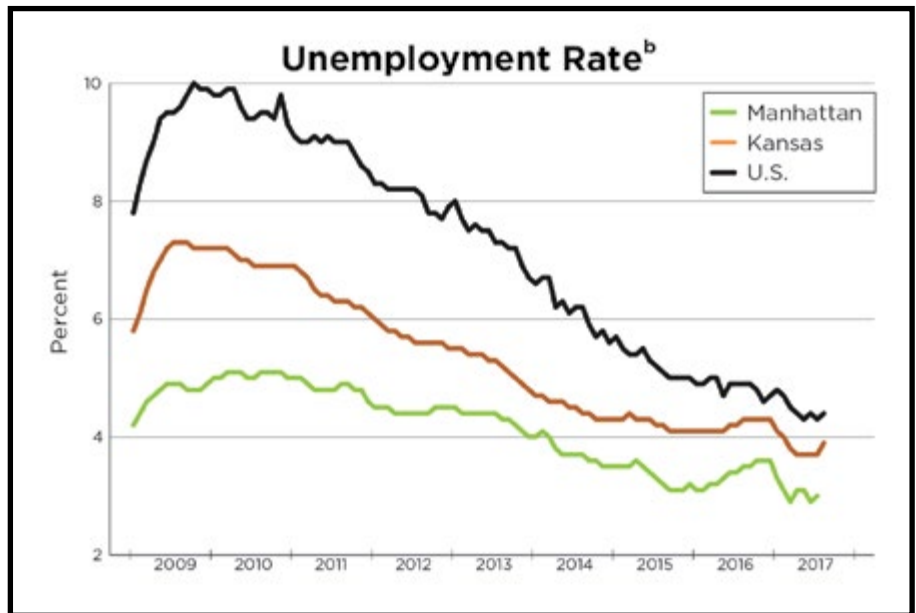
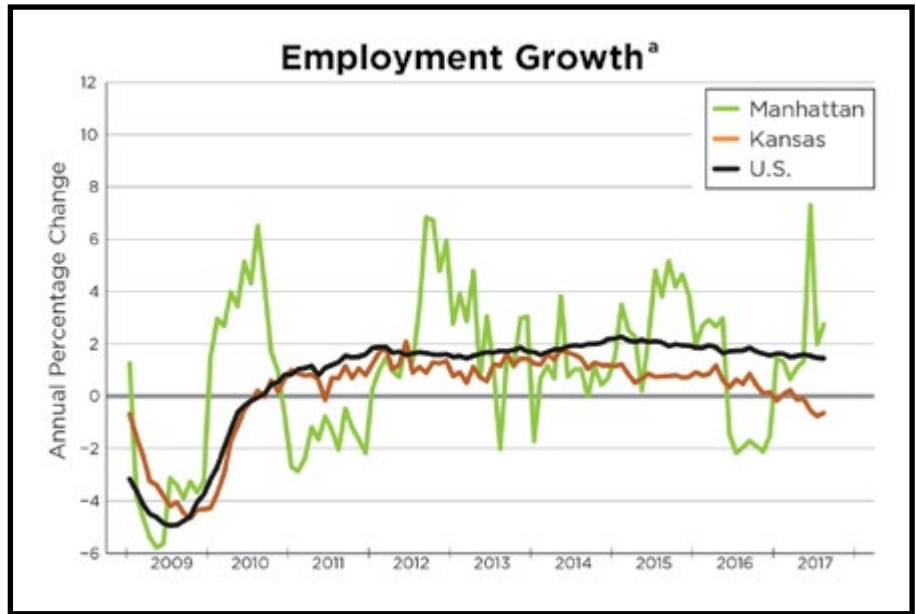
Economic Overview

After falling somewhat at the end of last year, total employment in the Manhattan metropolitan area has rebounded nicely this year. Reflecting the strong labor market and the stability provided by the University and Fort Riley, Manhattan's unemployment rate is the lowest in the state.

After rising sharply toward the end of last year, 30-year fixed mortgage rates have once again fallen below 4 percent. The Mortgage Bankers Association expects the 30-year rate to remain below 5 percent through the end of 2018.



CEDBR's
2018 Kansas
Employment
Forecast:
+0.1%



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
September 2017 forecast of the
30-year conventional mortgage rate

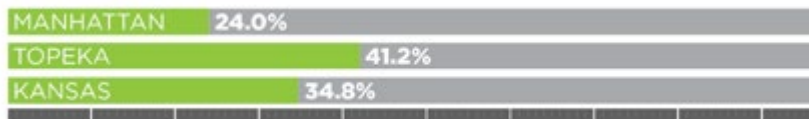
Home Sales & Construction

Manhattan area home sales activity has plateaued this year. We expect sales to end the year at 920 units, down 1.2 percent from 2016. Nevertheless, we forecast that sales will pick up again in 2018, rising 9.8 percent to 1,010 units.

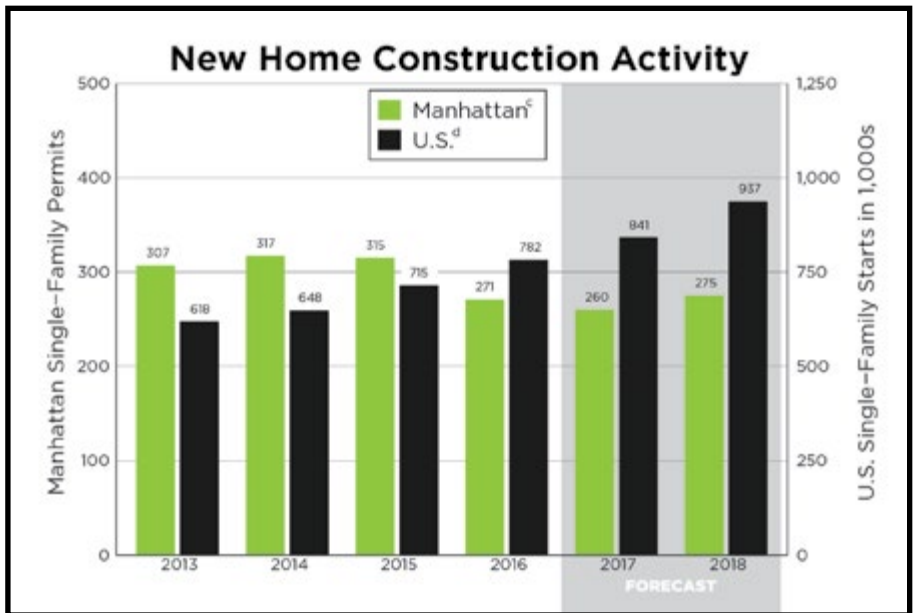
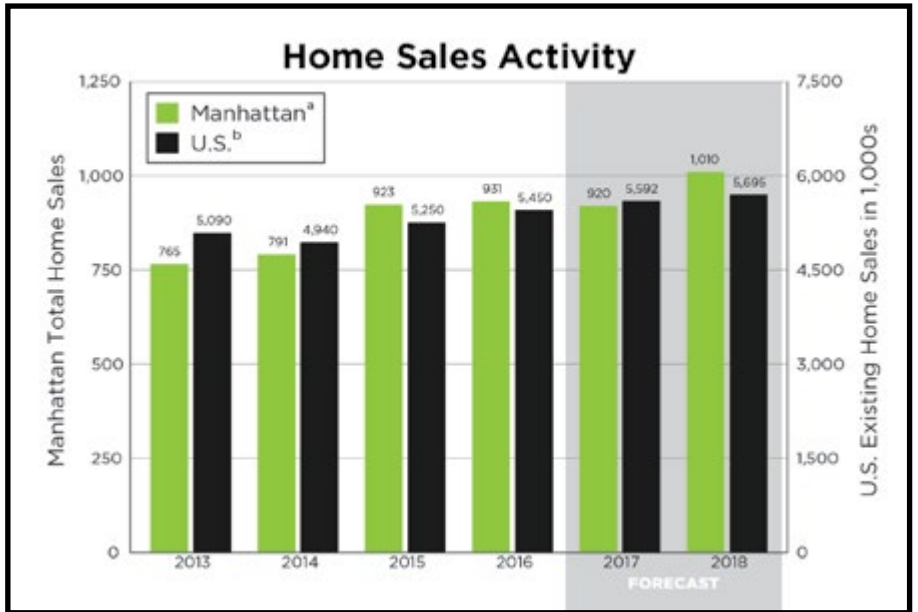
Single-family permitting activity in the Manhattan area dropped off considerably last year due to a shortage of buildable lots. This should change in the coming year, however, as new developments in Pottawatomie County become available. We forecast that new home construction will rise in 2018 by 5.8 percent to 275 units.



Percent of homes selling in 10 days or less this year:



Manhattan area home sales should rebound next year



Sources:

Manhattan 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 Area (MLS Areas 107-113, 117, 118 & 120) as reported by the Manhattan Association of REALTORS®

b) U.S. existing home sales as reported by the National Association of REALTORS®; forecast is the August 2017 forecast by the National Association of REALTORS®

c) Single-family building permits issued in the Manhattan metropolitan area as reported by the U.S. Bureau of the Census

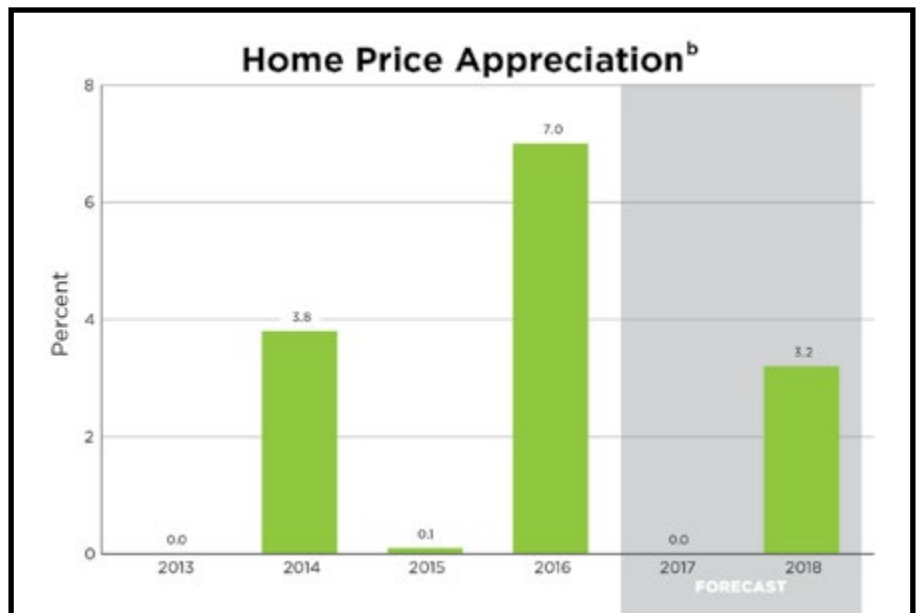
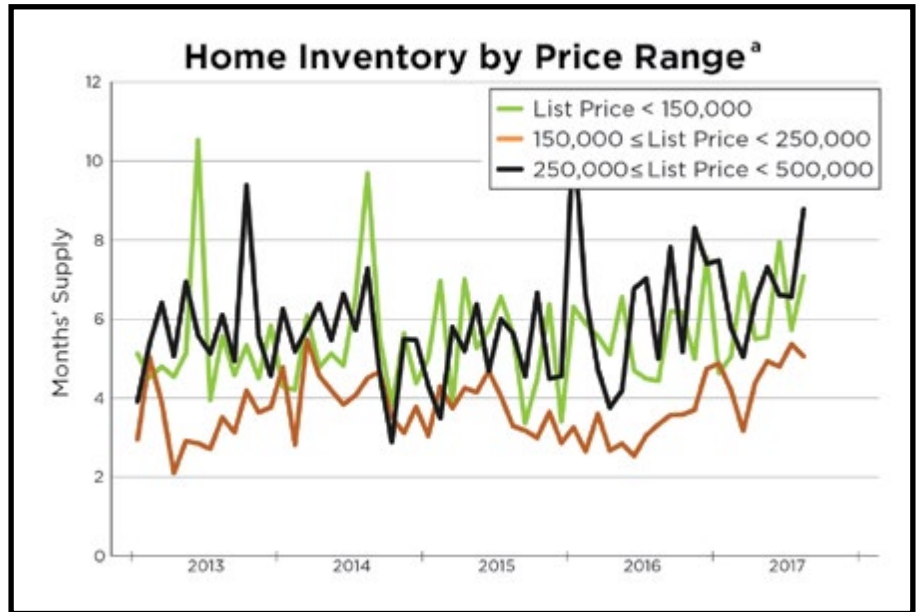
d) U.S. single-family housing starts as reported by the U.S. Bureau of the Census; forecast is the August 2017 forecast by the National Association of REALTORS®

Total Home Price Appreciation since 2013: 9.2 percent

Home Prices

In contrast to the rest of the state, Manhattan area inventories have risen this year, even among the most popular “mid-priced” homes. What once was clearly a sellers’ market has become more balanced this year, with the predator becoming prey.

As a result, home price appreciation has moderated this year. After rising by 7 percent in 2016, we expect home prices to remain flat this year before rising at a more modest pace of 3.2 percent in 2018.




Sources: Federal Housing Finance Agency; Manhattan Association of REALTORS®; National Association of REALTORS®; 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 Manhattan metropolitan area, as measured using 4th quarter values



TIME TO
CHARGE
THE MARKET

A photograph of a brown bear in a natural setting, holding a large fish in its mouth. The entire image is tinted with a vibrant green color. Overlaid on the bear's body is the text "DON'T LET YOUR QUARRY ESCAPE" in a white, distressed, hand-painted font. The text is arranged in four lines: "DON'T" on the first line, "LET YOUR" on the second, "QUARRY" on the third, and "ESCAPE" on the fourth.

DON'T
LET YOUR
QUARRY
ESCAPE

Kansas Forecast

Home sales across Kansas have plateaued this year, largely due to a lack of inventory among the most popular, mid-priced homes. We forecast that statewide sales will end the year down 0.4 percent at 40,040 units, and then rebound in 2018, rising 3.3 percent to 41,380 units.

Strong permitting growth in the Kansas City area has more than offset sluggish activity in other areas of the state. New single family permits should rise by 17.2 percent this year before falling slightly to 5,850 units in 2018.

Tight inventories, especially of homes priced between \$100,000 and \$250,000, are leading to healthy home price appreciation in major markets across the state. We forecast that Kansas home prices will rise by 5.1 percent this year, followed by another 5.2 percent gain in 2018.

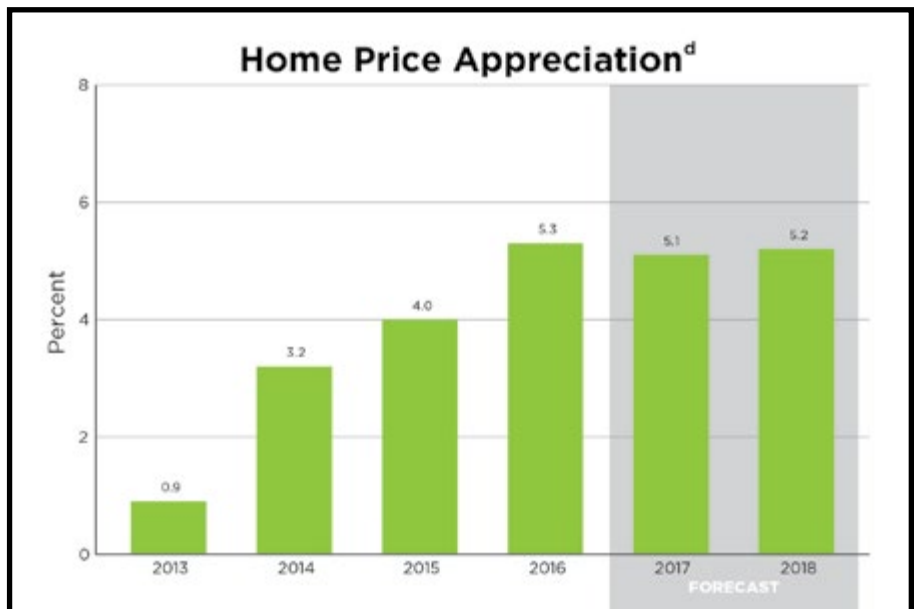
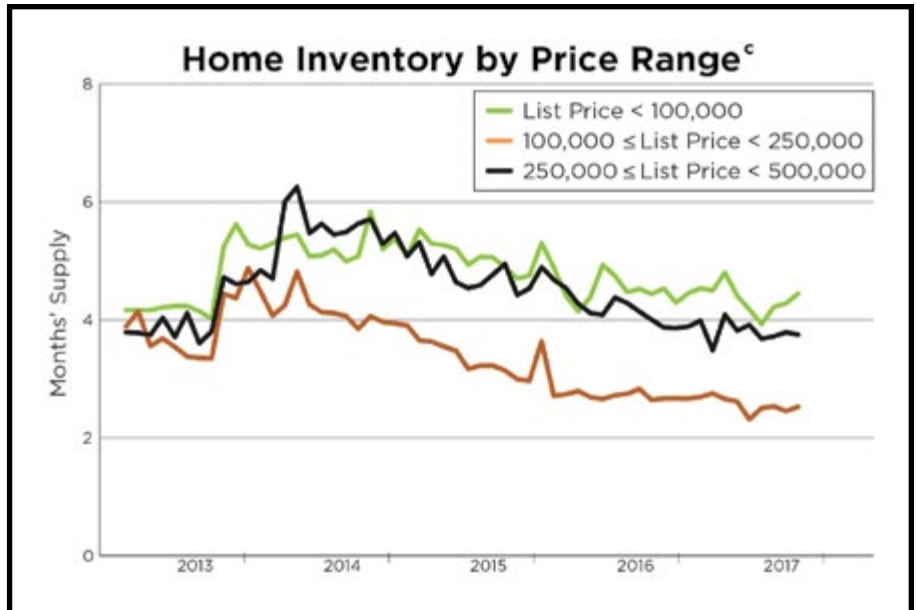
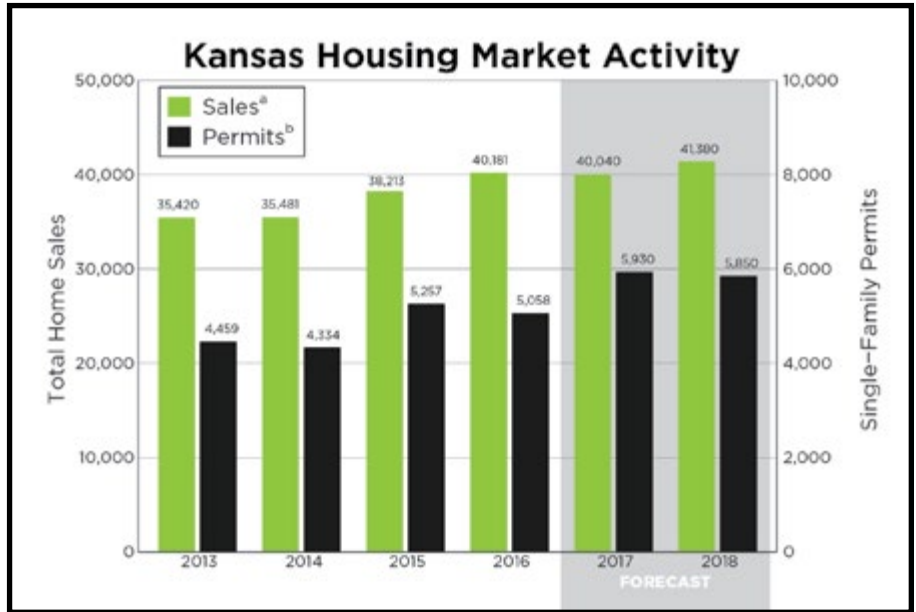
Sources:
Federal Housing Finance Agency, National Association of REALTORS®, Participating REALTOR® multiple listing services across Kansas, U.S. Bureau of the Census, WSU Center for Real Estate

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; 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.

	2013	2014	2015	2016	2017	2018
Kansas						
Total Home Sales	35,420	35,481	38,213	40,181	40,040	41,380
Building Permits	4,459	4,334	5,257	5,058	5,930	5,850
Home Price Appreciation	0.9%	3.2%	4.0%	5.3%	5.1%	5.2%
Sales Volume (in millions)	\$6,012	\$6,252	\$7,093	\$7,742		
Average Price	\$169,725	\$176,203	\$185,608	\$192,674		
Kansas City						
Total Home Sales	32,059	32,270	35,955	38,268	37,170	38,520
Building Permits	4,209	4,129	4,550	5,258	5,890	6,005
Home Price Appreciation	1.5%	4.3%	6.4%	5.9%	7.2%	6.6%
Sales Volume (in millions)	\$5,863	\$6,206	\$7,280	\$8,203		
Average Price	\$182,866	\$192,305	\$202,471	\$214,363		
Lawrence						
Total Home Sales	1,269	1,309	1,383	1,444	1,500	1,560
Building Permits	212	179	221	264	265	250
Home Price Appreciation	1.0%	0.9%	0.6%	7.3%	5.7%	4.4%
Sales Volume (in millions)	\$256	\$256	\$277	\$309		
Average Price	\$202,084	\$195,685	\$200,569	\$213,734		
Manhattan						
Total Home Sales	765	791	923	931	920	1,010
Building Permits	307	317	315	271	260	275
Home Price Appreciation	0.0%	3.8%	0.1%	7.0%	0.0%	3.2%
Sales Volume (in millions)	\$153	\$163	\$189	\$196		
Average Price	\$199,950	\$206,090	\$205,122	\$210,108		
Topeka						
Total Home Sales	2,677	2,745	2,963	3,235	3,180	3,200
Building Permits	270	262	302	301	285	270
Home Price Appreciation	0.0%	1.6%	2.0%	3.1%	3.6%	2.7%
Sales Volume (in millions)	\$346	\$346	\$401	\$460		
Average Price	\$129,162	\$126,164	\$135,240	\$142,170		
Wichita						
Total Home Sales	9,137	9,342	9,719	10,369	10,300	10,450
Building Permits	997	1,012	1,067	1,063	1,040	1,030
Home Price Appreciation	0.0%	2.7%	2.0%	5.6%	4.1%	3.7%
Sales Volume (in millions)	\$1,270	\$1,356	\$1,463	\$1,631		
Average Price	\$139,000	\$145,202	\$150,501	\$157,272		

FORECAST

Center for Real Estate



The Center for Real Estate was established in 2000 to bring Wichita State's education and research programs together with the real-world experience of professionals throughout the region. Not only do we maintain a comprehensive collection of real estate data for markets across Kansas, we help you understand how it impacts your business through our expert analysis and original research. Let us help guide you on your hunt through Kansas' real estate markets.

Keep in touch with us online:

Web: www.wichita.edu/realestate

Facebook: Wichita State University Center for Real Estate

Twitter: @WSURealEstate



WICHITA STATE
UNIVERSITY
W. FRANK BARTON
SCHOOL OF BUSINESS

W. Frank Barton School of Business

The W. Frank Barton School of Business at Wichita State has been the driving force behind some of the brightest minds and biggest ideas of the past 100 years.

Combining the widest range of undergraduate degrees in the state and virtually unlimited learning opportunities (thanks to Kansas' largest business community), it's no surprise that employers continue to show a preference for hiring Barton School graduates.

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:



Security 1st Title



Busey Home Mortgage

Star Lumber and Supply

Farha & Son Enterprises

Talonvest Capital

Freddy's Frozen Custard
and Steakburgers

Vantage Point Properties



Meritrust

CREDIT UNIONSM

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.

For more information, visit meritrusthomeloans.com.



WICHITA STATE
UNIVERSITY
W. FRANK BARTON
SCHOOL OF BUSINESS

