

Kansas City

2020 Kansas Housing Markets Forecast



Kansas City Housing Forecast

There's a proud history of real estate in Kansas. In this year's forecast, we offer you a glimpse of the scenes and images that laid the foundation for where we are today. As you look ahead to what's in store in the coming year, we hope you enjoy this look back at the past.

Dr. Stanley D. Longhofer

Director, WSU Center for Real Estate
wichita.edu/realestate



WICHITA STATE
UNIVERSITY
W. FRANK BARTON
SCHOOL OF BUSINESS

**LONG BUILDING,
KANSAS CITY, MO,
1900**

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

Kipp Cooper,
Kansas City Regional Association of REALTORS®

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WSU Center for Real Estate

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WSU Center for Economic Development
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Wichita State University Libraries,
Special Collections and University Archives

Participants in the 2019 Kansas City
Real Estate Roundtable

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**PUBLIC LIBRARY,
KANSAS CITY, MO,
1900S**

**MILLER PLAZA,
31-33 MILLER PLAZA,
KANSAS CITY, MO**
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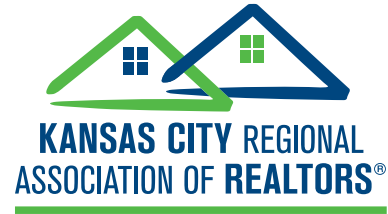
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**KANSAS CITY
GENERAL HOSPITAL,
2315 LOCUST ST,
KANSAS CITY, MO,
1984**

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



**KANSAS CITY REGIONAL
ASSOCIATION OF REALTORS®**

HEARTLAND MLS



**KANSAS ASSOCIATION
OF REALTORS®**

AND PARTICIPATING REALTOR®
MLS SYSTEMS ACROSS KANSAS

We are especially grateful to Fidelity Bank and Security 1st Title for underwriting the cost of preparing this year's Kansas City Housing Forecast.



Security 1st Title



DESIGN BY VISUAL FUSION GRAPHIC DESIGN STUDIO

Economic Overview

Kansas City Employment Growth Solid;
Pace Expected to Slow in 2020

Mortgage Rates to Remain Below 4 Percent



Total employment in the Kansas City area has continued to grow at a solid pace over the past several years. The WSU Center for Economic Development and Business Research forecasts this trend will continue, with total non-farm employment rising 1.4 percent this year. The pace of growth is expected to slow in 2020, with total employment rising by 0.9 percent.

A year ago, it looked like mortgage rates were finally headed to more “normal” levels. Since then, however, the 30-year fixed mortgage rate has dropped more than a full percent, and the Mortgage Bankers Association is forecasting that the rate will remain below 4 percent through the end of next year.

**INSPECTING CATTLE
AT THE STOCKYARDS
KANSAS CITY, KS,
1936**



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**CITY MARKET,
KANSAS CITY, MO, 1906**

**FLOUR MILL,
KANSAS CITY, KS, 1936**

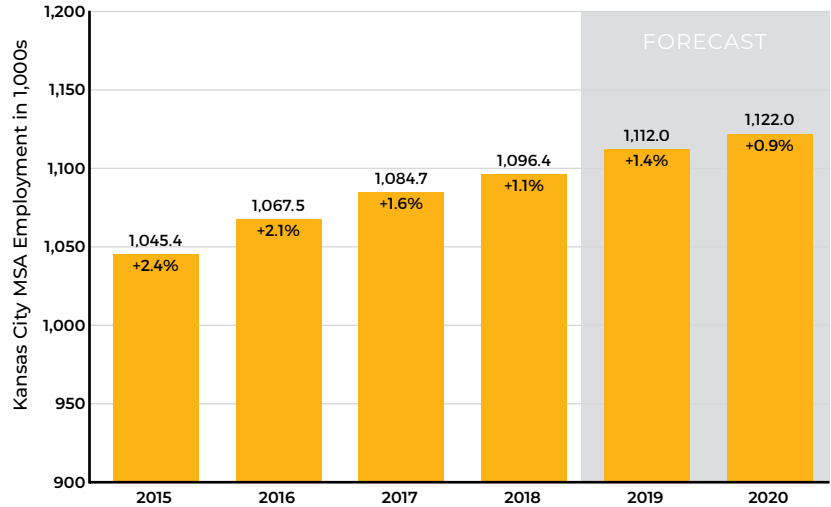


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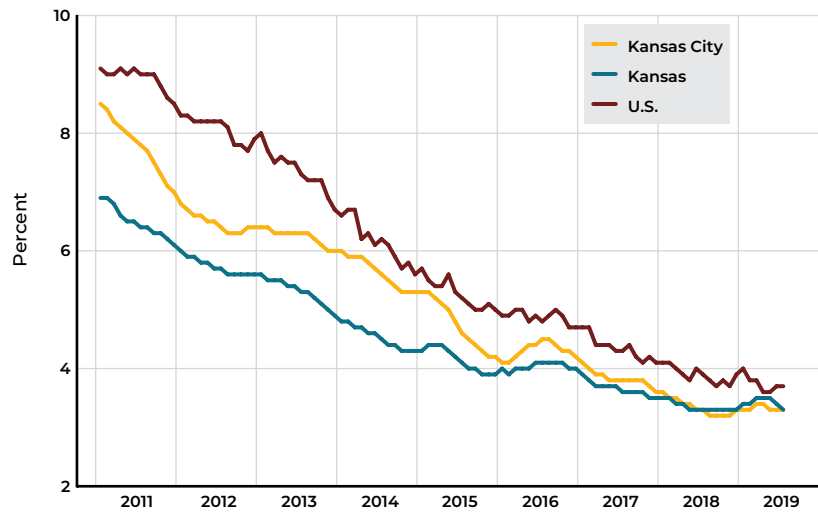
Sources: Freddie Mac, Mortgage Bankers Association,
U.S. Bureau of Labor Statistics, WSU Center for Economic
Development and Business Research

Notes:
a) Annual average of total, non-farm employment; forecast is by the
WSU Center for Economic Development and Business Research
b) Seasonally adjusted
c) Mortgage Bankers Association August 2019 forecast of the
30-year conventional mortgage rate

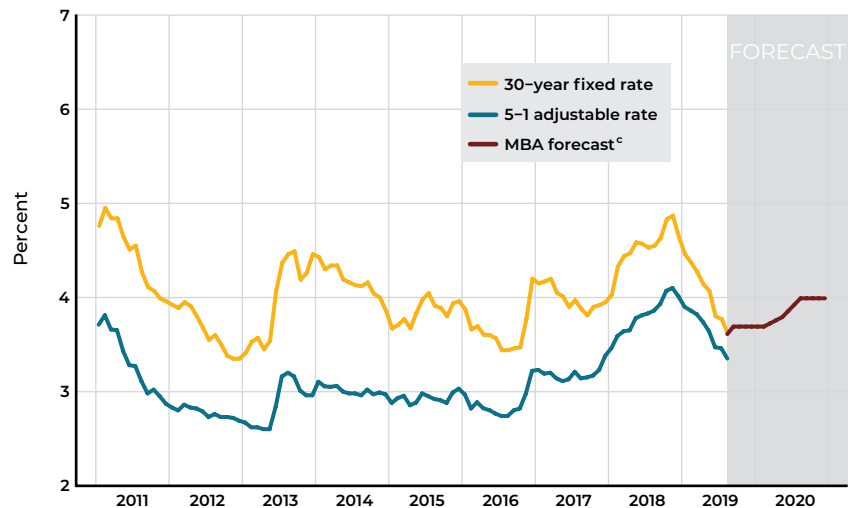
Kansas City Employment Forecast ^a



Unemployment Rate ^b



Mortgage Rates



**BIRD'S EYE VIEW OF
KANSAS CITY, MO,
1869**

Home Sales & Construction

Tight Inventories Holding Back Home Sales

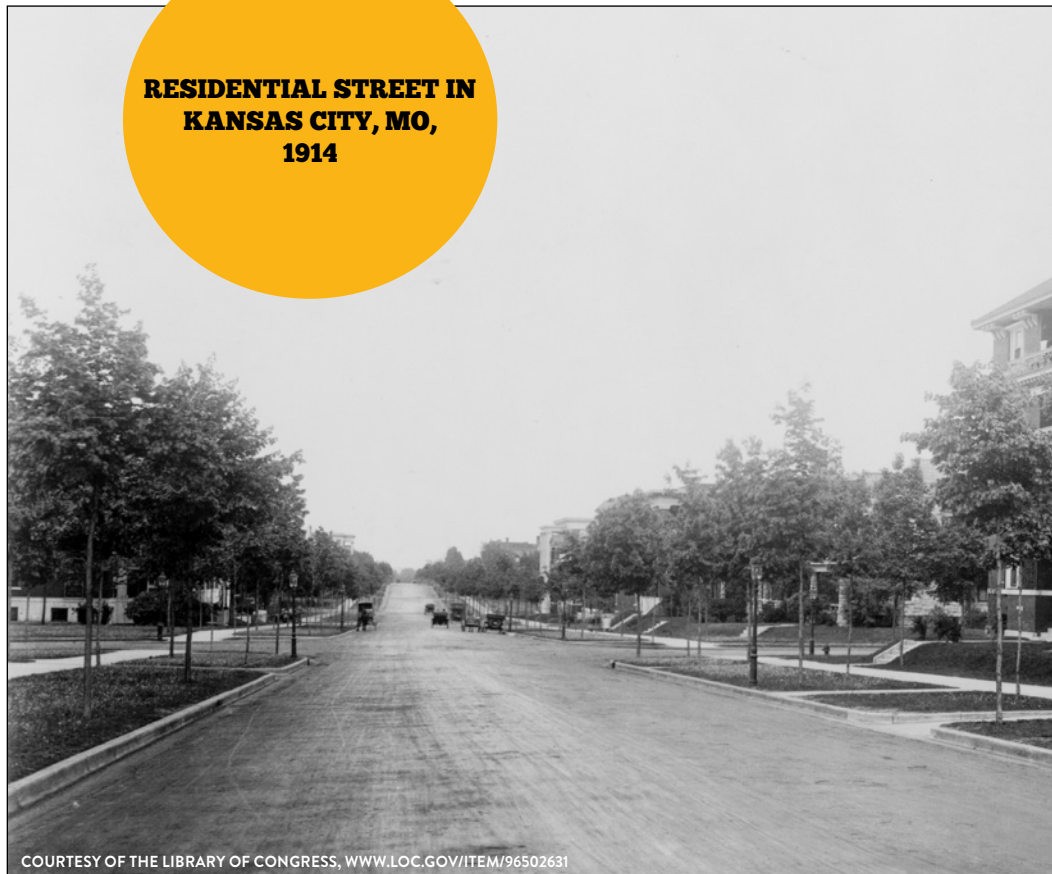
New Home Construction Limited by High
Labor and Materials Costs



Demand among homebuyers in the Kansas City area remains strong, especially for homes priced below \$300,000. Sales have been down this year, however, due to the limited inventory of homes available for sale. We expect sales to end the year down 5.5 percent before rebounding slightly in 2020, ending the year at 38,540 units.

Given the strong demand and tight inventories, one might expect new home construction to take off. Unfortunately, high labor and materials costs make it very difficult to build homes in the price segments in shortest supply. As a result, single-family building permits in the Kansas City area are expected to fall sharply this year. Even after a predicted recovery in 2020, total permits should still remain well below the 6,000 unit threshold.

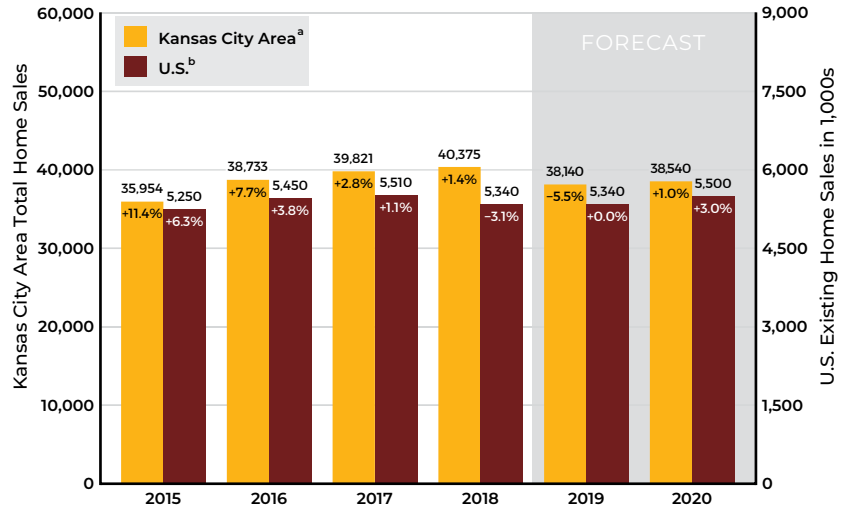
**RESIDENTIAL STREET IN
KANSAS CITY, MO,
1914**



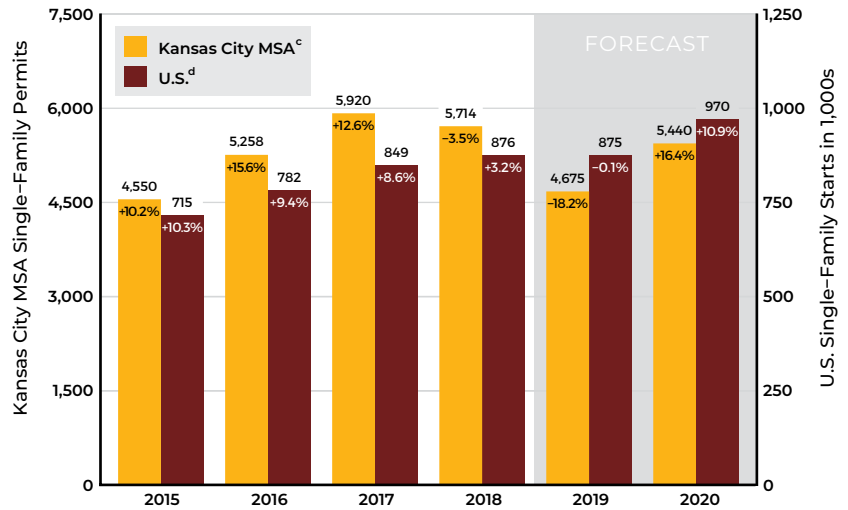
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Home Sales Activity



New Home Construction Activity



Sources: Heartland Multiple Listing Service, National Association of REALTORS®, U.S. Bureau of the Census, WSU Center for Real Estate

- Notes:
- a) Total home sales in the Kansas City area as reported by the Heartland Multiple Listing Service
 - b) U.S. existing home sales as reported by the National Association of REALTORS®; forecast is the September 2019 forecast by the National Association of REALTORS®
 - c) Single-family building permits issued in the Kansas City 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 September 2019 forecast by the National Association of REALTORS®

Home Prices

Home Prices Rising at a Rapid Pace – Not All Market Segments Enjoying Gains



While it may be a sellers' market for modestly priced homes, it's a different story for homes in the upper end of the market. Above the \$750,000 threshold, there is roughly a 10 months' supply of homes available for sale, and it is not unusual for these homes to take a long time to sell.

On average, however, the tight inventories for modestly priced homes are causing Kansas City home prices to rise at a remarkably fast pace. We expect this trend to continue, with typical Kansas City home values rising by 6.2 percent in 2019 and another 4.9 percent in 2020.



**PRINT SHOWING
VIEW OF KANSAS
CITY AS IT LOOKED IN
1855 AND BIRD'S-EYE
VIEWS OF SEVERAL
BUILDINGS PRESENT
IN KANSAS CITY
IN 1887**

Sources: Federal Housing Finance Agency, Heartland Multiple Listing Service, National Association of REALTORS®, WSU Center for Real Estate

Notes:

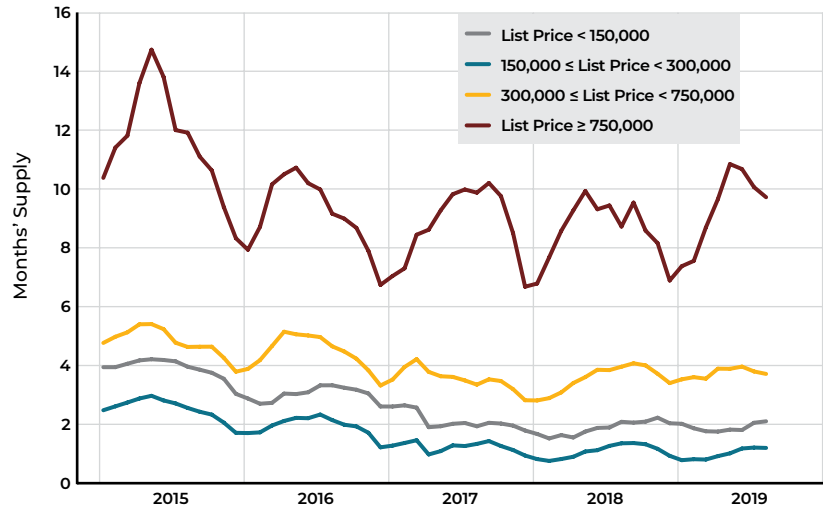
- a) Active listings divided by the 12-month trailing moving average of sales, segmented by list price; Kansas listings only
- b) Year-over-year percentage change in the Federal Housing Finance Agency all-transactions housing price index for the Kansas City metropolitan area, as measured using 4th quarter values



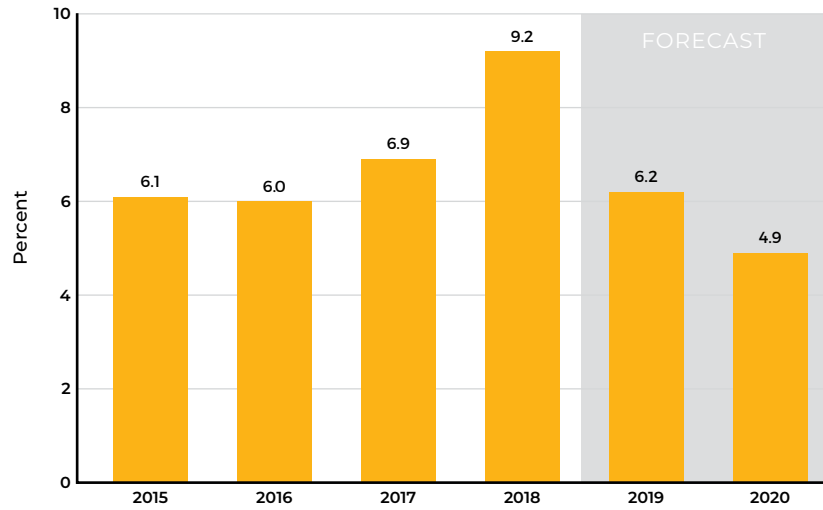
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Home Inventory by Price Range^a



Home Price Appreciation^b



**STOCKYARDS,
KANSAS CITY, KS,
1936**

Kansas Forecast

Kansas Home Sales Limited by Tight Inventories

Home Prices Rise in Response



Kansas home sales continue to be hampered by limited inventory in many markets across the state.

We project that sales across the state will end the year down 2.3 percent before rebounding modestly next year, rising 1.2 percent to 40,290 units.

New home construction in Kansas has dropped further this year as rising construction costs make it difficult to build the entry-level new homes that are most in demand. We forecast a modest rebound in 2020, but not enough to offset the declines from this year.

Home price appreciation across the state remains strong due to tight inventories in the most popular neighborhoods and price ranges. We expect this trend will continue for the foreseeable future, with prices rising 5.2 percent this year and another 4.4 percent in 2020.



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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

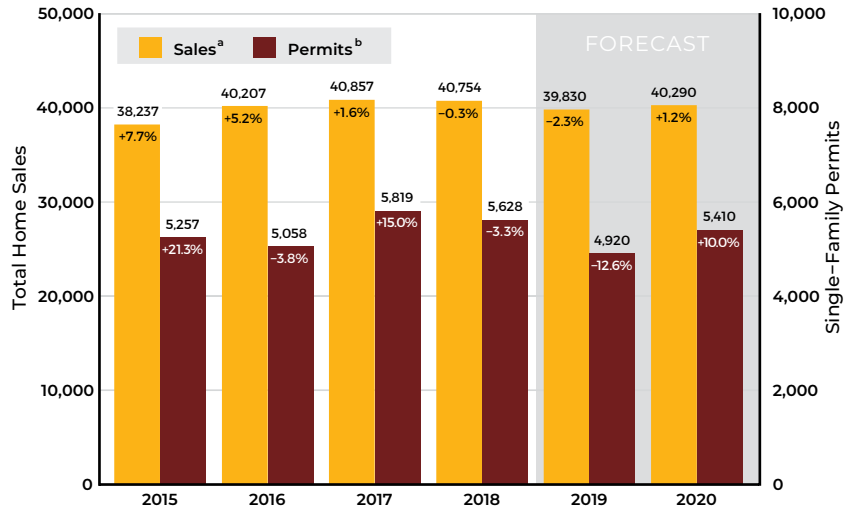
Notes:
a) Total home sales in Kansas as reported
by participating REALTOR® multiple
listing services across the state
b) Single-family building permits
issued in Kansas as reported by the
U.S. Bureau of the Census
c) Active listings divided by the 12-month
trailing moving average of sales
d) Year-over-year percentage change in
the Federal Housing Finance Agency all-
transactions housing price index for Kansas,
as measured using 4th quarter values

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**FARMER'S DAUGHTER,
REPUBLIC COUNTY, KS, 1938**

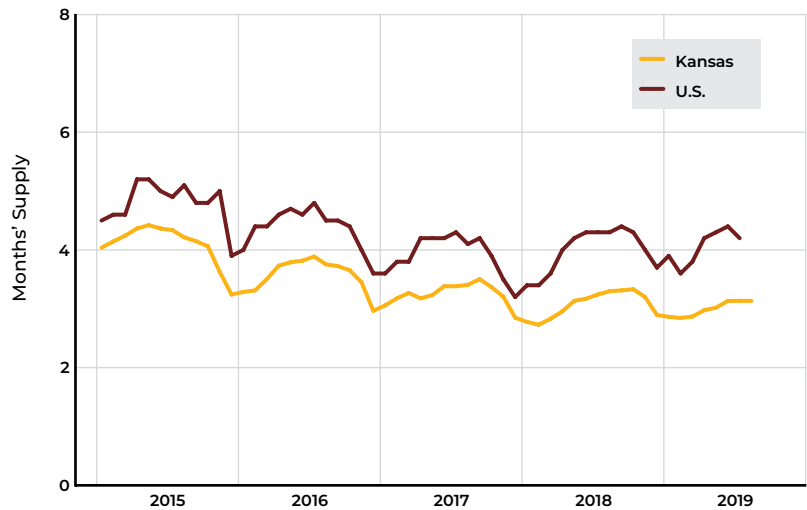
**OLD WINDMILL AND SHED
ON ABANDONED FARM
NEAR SYRACUSE, KS, 1939**

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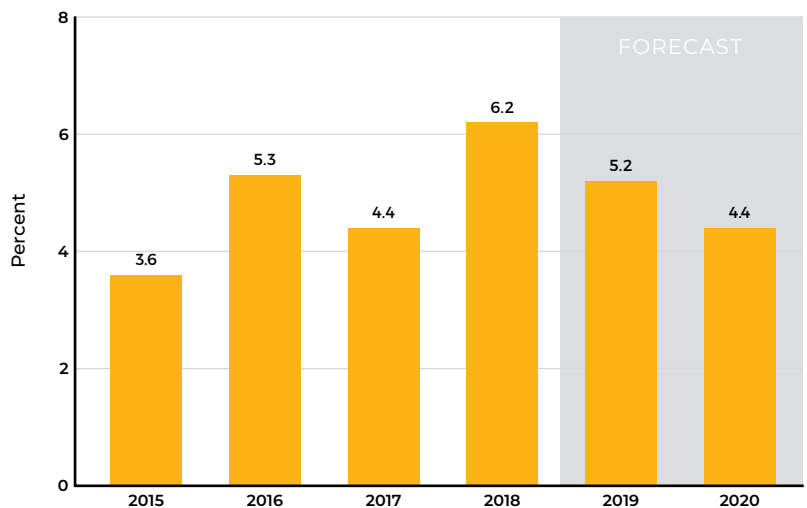
Kansas Housing Market Activity



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.

The WSU Center for Real Estate

Laying a Foundation for Real Estate in Kansas

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.

**PETTICOAT LANE,
KANSAS CITY, MO,
1906**

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	2015	2016	2017	2018	2019	2020
Kansas (Statewide)						
Total Home Sales	38,237	40,207	40,857	40,754	39,830	40,290
Building Permits	5,257	5,058	5,819	5,628	4,920	5,410
Home Price Appreciation	3.6%	5.3%	4.4%	6.2%	5.2%	4.4%
Sales Volume (in millions)	\$7,094	\$7,745	\$8,123	\$8,485		
Average Price	\$185,528	\$192,630	\$198,822	\$208,192		
Kansas City Area (KS & MO)						
Total Home Sales	35,954	38,733	39,821	40,375	38,140	38,540
Building Permits	4,550	5,258	5,920	5,714	4,675	5,440
Home Price Appreciation	6.1%	6.0%	6.9%	9.2%	6.2%	4.9%
Sales Volume (in millions)	\$7,279	\$8,296	\$8,956	\$9,623		
Average Price	\$202,440	\$214,189	\$224,898	\$238,329		
Lawrence MSA						
Total Home Sales	1,383	1,444	1,490	1,490	1,440	1,390
Building Permits	221	264	206	322	220	225
Home Price Appreciation	0.1%	7.2%	4.8%	5.8%	4.3%	3.7%
Sales Volume (in millions)	\$277	\$309	\$327	\$356		
Average Price	\$200,569	\$213,734	\$219,273	\$238,745		
Manhattan MSA						
Total Home Sales	1,246	1,285	1,353	1,458	1,450	1,590
Building Permits	315	271	269	214	210	220
Home Price Appreciation	0.7%	7.6%	-0.5%	1.0%	3.7%	3.6%
Sales Volume (in millions)	\$245	\$260	\$276	\$288		
Average Price	\$196,674	\$202,121	\$204,323	\$197,789		
Topeka Area						
Total Home Sales	2,963	3,236	3,217	3,320	3,140	3,080
Building Permits	302	301	277	276	255	255
Home Price Appreciation	1.9%	2.8%	2.7%	6.6%	4.4%	2.9%
Sales Volume (in millions)	\$401	\$460	\$487	\$505		
Average Price	\$135,240	\$142,168	\$151,242	\$151,981		
Wichita Area						
Total Home Sales	9,719	10,368	10,475	10,384	10,350	10,260
Building Permits	1,067	1,063	1,081	993	995	965
Home Price Appreciation	2.1%	5.2%	4.5%	3.2%	7.1%	4.3%
Sales Volume (in millions)	\$1,463	\$1,631	\$1,651	\$1,721		
Average Price	\$150,501	\$157,286	\$157,650	\$165,780		

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.



Keep in touch with us online

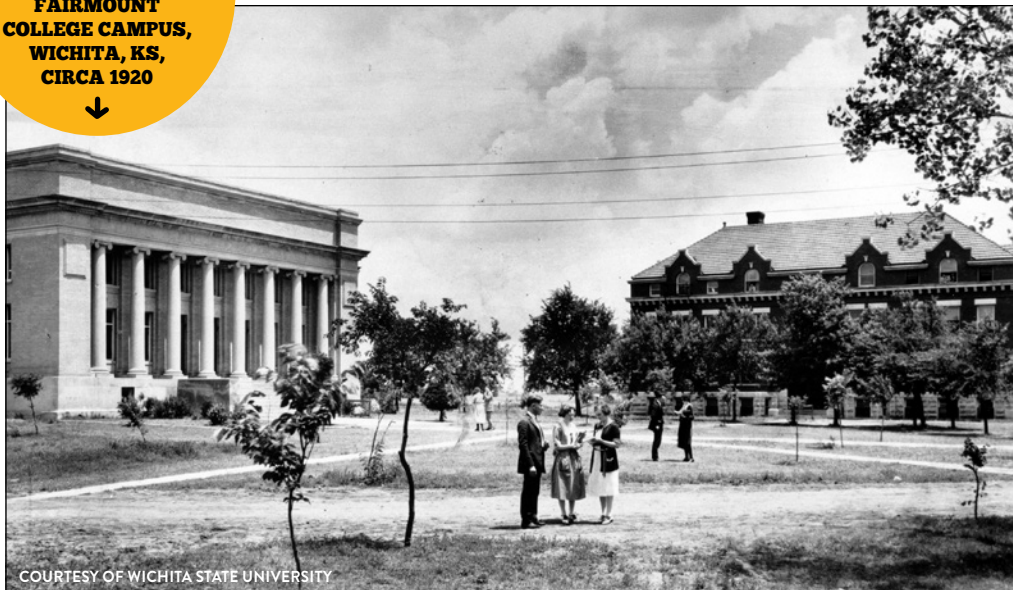
Web: www.wichita.edu/realestate

Facebook: [WSURRealEstate](https://www.facebook.com/WSURRealEstate)

Twitter: [@WSURRealEstate](https://twitter.com/WSURRealEstate)



↑
FAIRMOUNT COLLEGE CAMPUS, WICHITA, KS, 1906
 FAIRMOUNT COLLEGE CAMPUS, WICHITA, KS, CIRCA 1920
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W. Frank Barton School of Business

The W. Frank Barton School of Business is home to some of the best programs, brightest minds and biggest opportunities in Kansas. From the largest selection of AACSB-accredited programs in the state to the limitless opportunities for applied learning in Kansas’ business hub, Barton School students have everything they need for career success.

↑
TOWERING PAPIER MACHE WUSHOCK WATCHES OVER VETERANS FIELD AT WSU, WICHITA, KS, 1968
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Fidelity BANK

The success of our fourth generation, family-owned bank began with homes. The forerunner of Fidelity Bank – The Fidelity Investment Company – opened its doors for business in Wichita in 1905 as a mortgage lender. Today, our \$2.3 billion bank employs more than 450 people across a network of offices in Kansas and Oklahoma and maintains the position as the top lender in Sedgwick County. We are proud to empower individuals and families to build their financial futures and achieve the dream of homeownership. For all that has changed in the banking industry since we began, our philosophy has remained the same: To create a better future by acting with courage and integrity alongside our customers and in our communities, as together we move Bravely Onward. Learn more at fidelitybank.com.



WICHITA STATE UNIVERSITY
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