

**KANSAS  
HOUSING  
MARKETS  
FORECAST**

**2021**

**TOPEKA**



**WICHITA STATE  
UNIVERSITY**  
*W. FRANK BARTON  
SCHOOL OF BUSINESS*

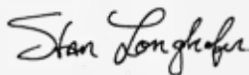


# HOUSING FORECAST 2021

# TOPEKA

**CONNECTIONS.** If there's one thing we've learned so far this year, it's how deeply connected we are – physically, electronically, economically, socially. Even while it remains true that “all real estate markets are local,” these connections bind us together within the metropolitan area and across the state.

As we work our way through the effects of the pandemic in the coming year, it is my hope that we are able to restore and enrich the connections that will always matter most, those with our colleagues, friends and loved ones across the community.



**Dr. Stanley D. Longhofer**

DIRECTOR, WSU CENTER FOR REAL ESTATE  
WICHITA.EDU/REALESTATE



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

**Nate Bell**  
WSU CENTER  
FOR REAL ESTATE

**Linda Briden**  
SUNFLOWER ASSOCIATION  
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**Karen Gehle**  
KANSAS ASSOCIATION  
OF REALTORS®

**Jeremy Hill**  
WSU CENTER FOR ECONOMIC  
DEVELOPMENT AND  
BUSINESS RESEARCH

### Participants in the 2020 Sunflower Real Estate Roundtable

We are especially grateful to Security 1st Title and Capitol Federal for underwriting the cost of preparing this year's Topeka Housing Forecast:



# Security 1<sup>st</sup> Title



## Capitol Federal®

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



Participating REALTOR®  
MLS systems across Kansas

DESIGN BY

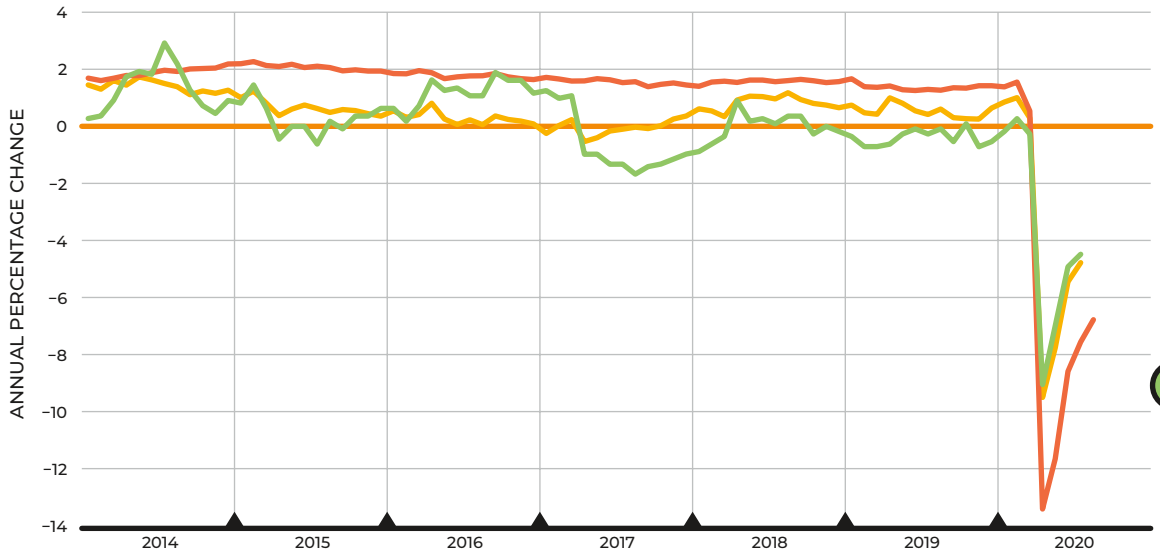


SOURCES:  
 Freddie Mac  
 Mortgage Bankers Association  
 U.S. Bureau of Labor Statistics  
 WSU Center for Economic  
 Development and Business Research

NOTES:  
 Ⓐ Year-over-year percentage change in total, non-farm employment, seasonally adjusted  
 Ⓑ Seasonally adjusted  
 Ⓒ Mortgage Bankers Association August 2020 forecast of the 30-year conventional mortgage rate

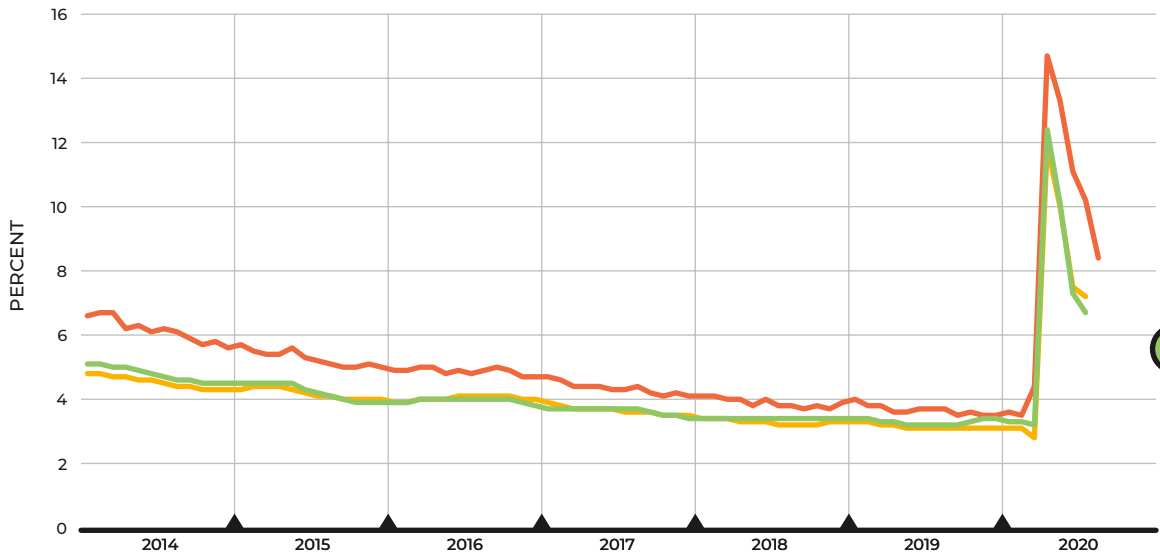
## EMPLOYMENT GROWTH <sup>A</sup>

● TOPEKA MSA ● KANSAS ● U.S.



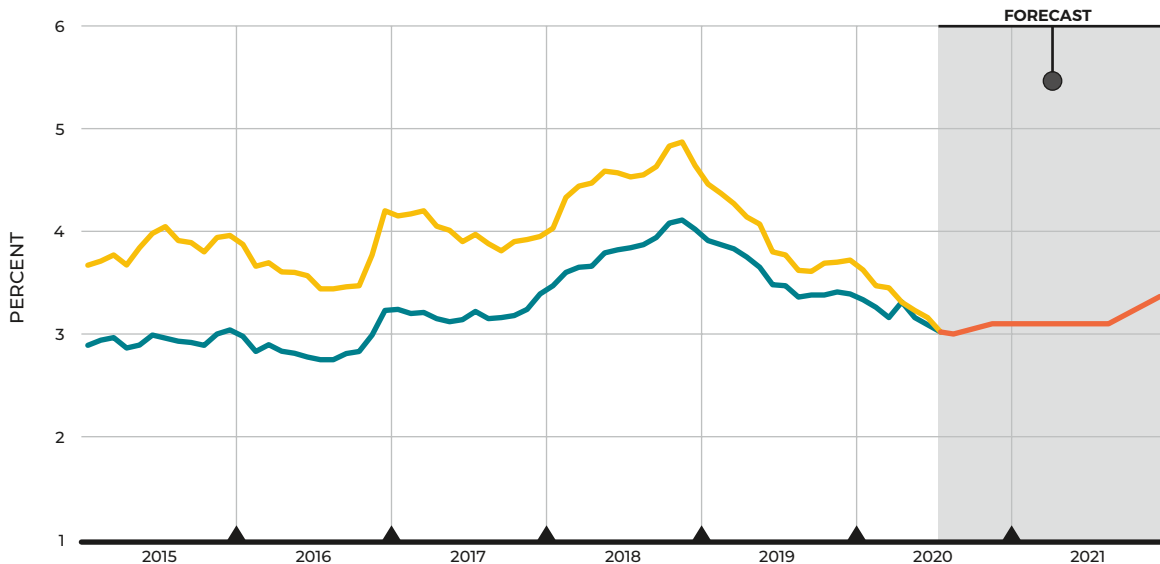
## UNEMPLOYMENT RATE <sup>B</sup>

● TOPEKA MSA ● KANSAS ● U.S.



## MORTGAGE RATES

● 30-YEAR FIXED RATE ● 5-1 ADJUSTABLE RATE ● MBA FORECAST



# ECONOMIC OVERVIEW

● **UNPRECEDENTED.** There's no other word to describe the economic environment we face due to efforts to contain the COVID-19 pandemic. At no time in history have job losses been so deep and fast at one time. The questions at this point are "When will the pandemic end?" and "How long will it take for the economy to recover once it is over?"

The only honest answer to these questions is "No one knows." What we do know is that the overall economy is far more complex and interconnected that we can hope to understand and that shutdowns in one area can have unexpected repercussions in areas that we thought were entirely unrelated.

At this point, we must be prepared to expect that the current recession may continue well into next year and that it will take years to fully recover from the economic fallout.

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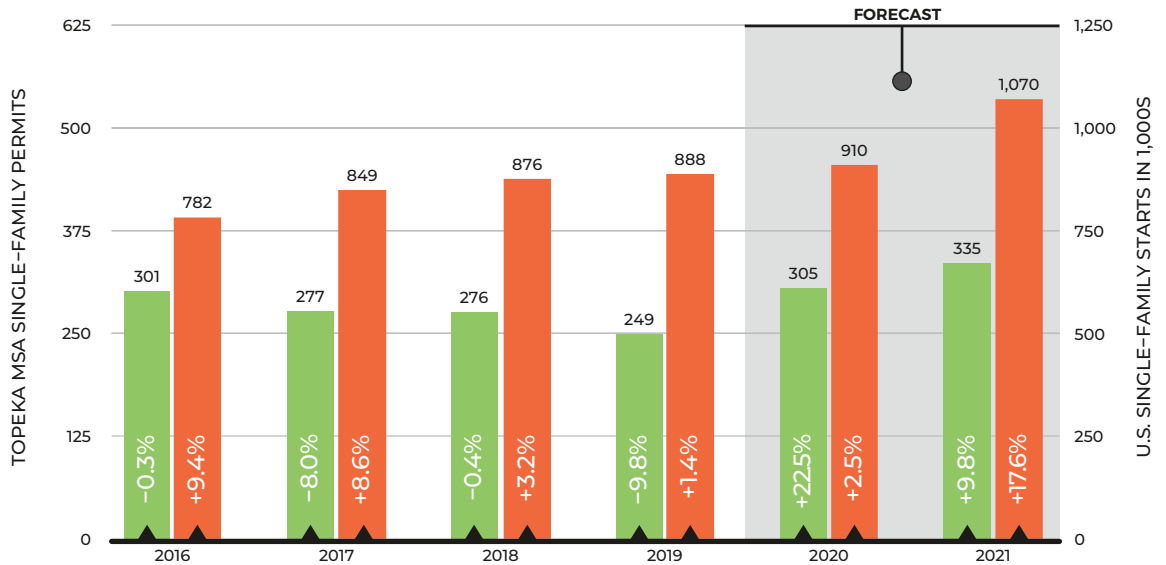
## HOME SALES ACTIVITY

● TOPEKA AREA ● U.S.



## NEW HOME CONSTRUCTION ACTIVITY

● TOPEKA MSA ● U.S.



**SOURCES:**

National Association of REALTORS®  
 Sunflower Association of REALTORS®  
 U.S. Bureau of the Census  
 WSU Center for Real Estate

**NOTES:**

- Ⓐ Total home sales in the Topeka area as reported by the Sunflower Association of REALTORS®
- Ⓑ U.S. existing home sales as reported by the National Association of REALTORS®; forecast is the September 2020 forecast by the National Association of REALTORS®
- Ⓒ Single-family building permits issued in the Topeka metropolitan area as reported by the U.S. Bureau of the Census
- Ⓓ U.S. single-family housing starts as reported by the U.S. Bureau of the Census; forecast is the September 2020 forecast by the National Association of REALTORS®

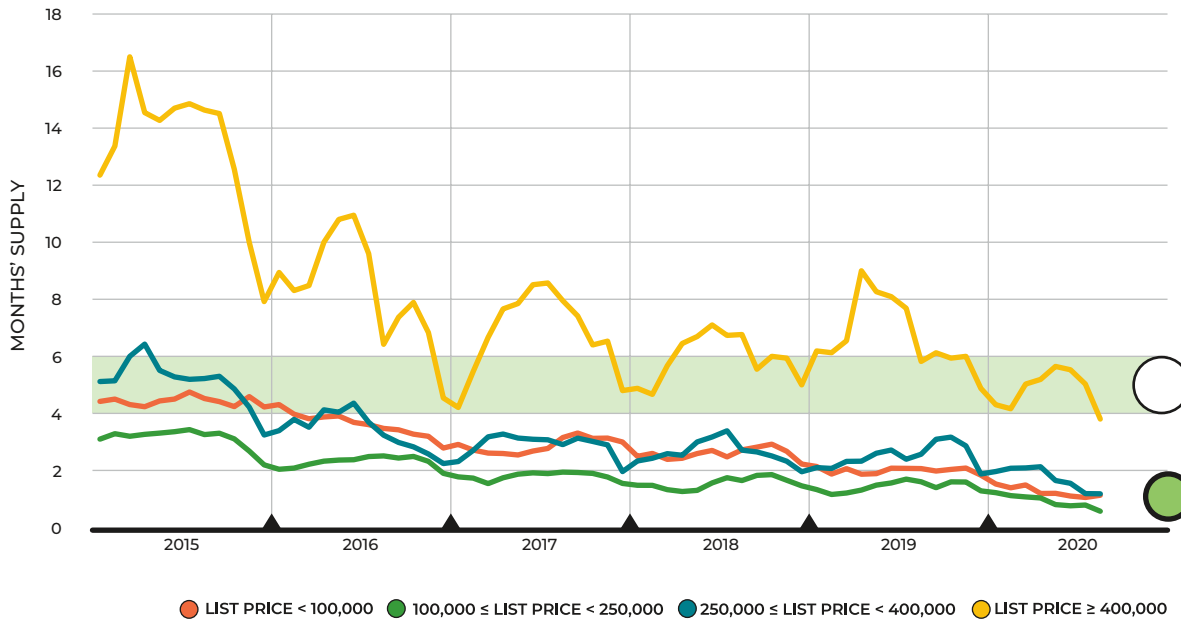
# HOME SALES AND CONSTRUCTION

From looking at the housing market you wouldn't know we're in a recession. Demand remains strong in all market segments, with only **HISTORICALLY TIGHT INVENTORIES** holding back sales growth. We expect home sales in the Topeka area to end the year up 3.9 percent at 3,250 units before dropping slightly in 2021 as continuing unemployment begins to curtail demand.

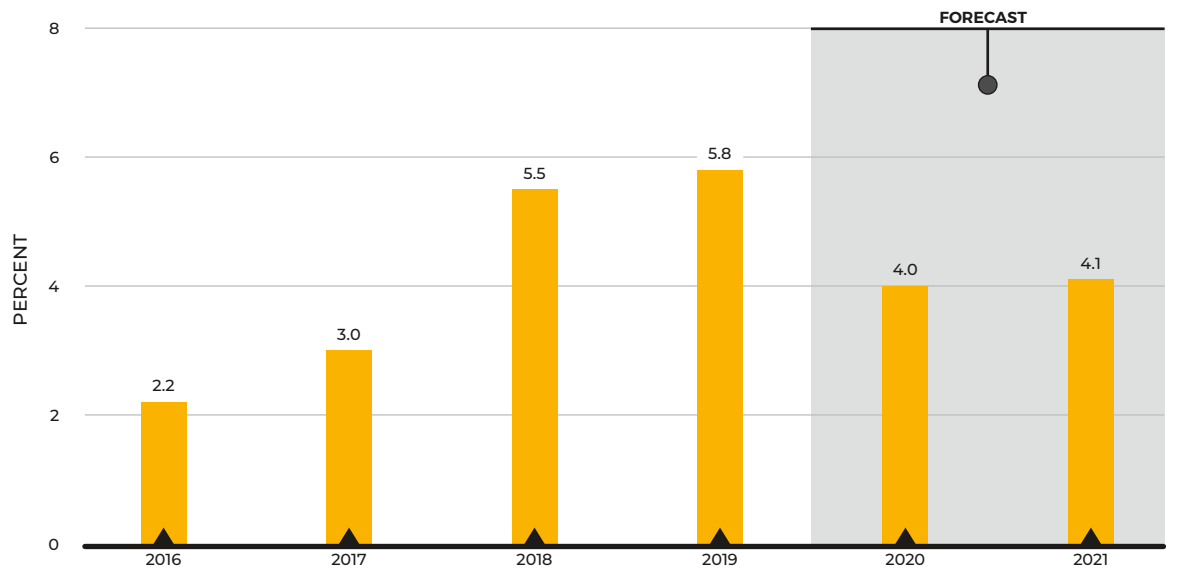
The tight inventories combined with several years of healthy home price appreciation are finally beginning to spur **NEW HOME CONSTRUCTION GROWTH** in the Topeka area. We expect total single-family building permits to rise by 22.5 percent this year to 305 units and then to rise by another 9.8 percent in 2021 to 335 units.

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## HOME INVENTORY BY PRICE RANGE <sup>A</sup>



## HOME PRICE APPRECIATION <sup>B</sup>



**SOURCES:**

Federal Housing Finance Agency  
 National Association of REALTORS®  
 Sunflower Association of REALTORS®  
 WSU Center for Real Estate

**NOTES:**

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



# HOME PRICES

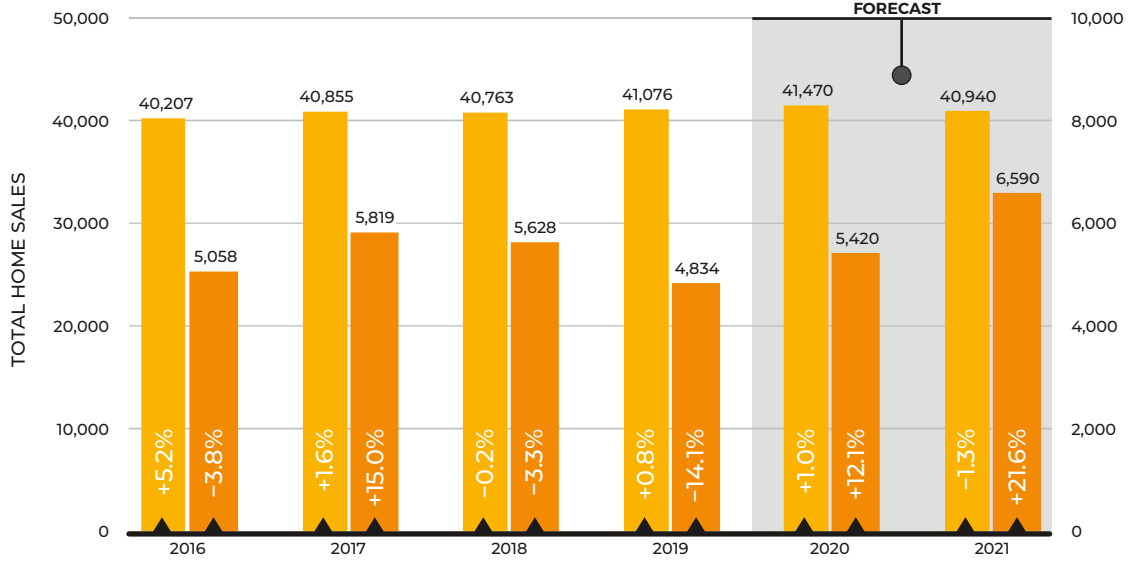
4-6 MONTHS' SUPPLY **BALANCED MARKET**

The primary impact of the pandemic on the Topeka housing market has been to further limit what was already a tight supply of homes available for sale. Inventories are at **HISTORICALLY LOW LEVELS** for all but the highest priced homes. Even among homes priced above \$400,000, there is less than a 4 months' supply of homes available for sale, consistent with a sellers' market.

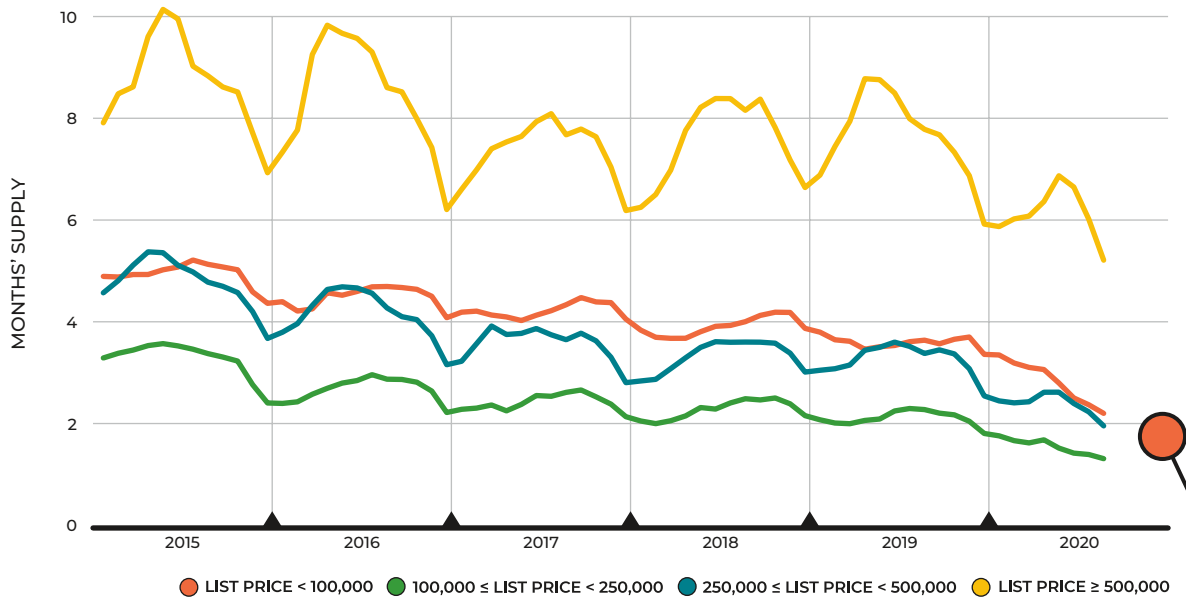
All of this means that **HOME PRICE APPRECIATION** in the Topeka area will continue to be **STRONG**. We expect Topeka home values to rise by 4 percent this year followed by another 4.1 percent increase in 2021.

## KANSAS HOUSING MARKET ACTIVITY

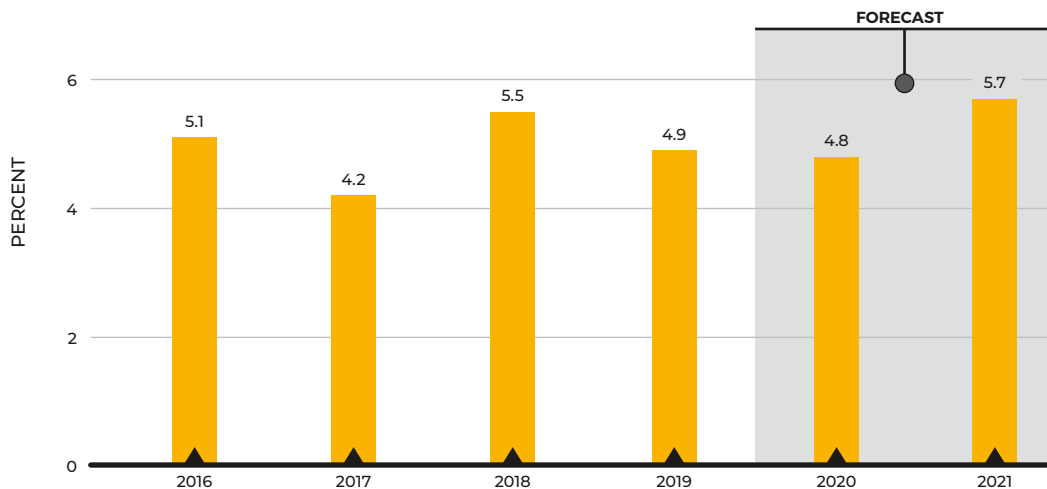
SALES PERMITS



## HOME INVENTORY BY PRICE RANGE<sup>c</sup>



## HOME PRICE APPRECIATION<sup>d</sup>



# KANSAS FORECAST

Job losses due to the pandemic have done little to diminish the demand for homes across the state. At the same time, **INVENTORIES ARE AT HISTORIC LOWS** across all price ranges of homes. As a result, home sales across the state should end the year only slightly higher than 2019, up 1 percent to 41,470 units. Next year sales are expected to fall to 40,940 units as the ongoing effects of the recession are felt across the state.

The lack of supply is finally spurring a **SURGE IN NEW HOME CONSTRUCTION** activity across the state. Single-family permits are expected to rise by 12.1 percent this year, followed by an even stronger 21.6 percent gain in 2021, with most of the gains being seen in the Kansas City area.

Continuing tight inventories are causing existing home prices to rise at a healthy pace across the state. We project that typical home values will end the year up 4.8 percent, followed by another 5.7 percent increase in 2021.

#### 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:

- Ⓐ Total home sales in Kansas as reported by participating REALTOR® multiple listing services across the state
- Ⓑ Single-family building permits issued in Kansas as reported by the U.S. Bureau of the Census
- Ⓒ Active listings divided by the 12-month trailing moving average of sales, segmented by list price
- Ⓓ 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: Laying a Foundation for Real Estate in Kansas

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](http://wichita.edu/realestate).

While there, you can also explore the wealth of additional data and analysis we provide on housing markets across the state.

#### 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

## FORECAST

	2016	2017	2018	2019	2020	2021
<b>Kansas (Statewide)</b>						
Total Home Sales	40,207	40,855	40,763	41,076	41,470	40,940
Building Permits	5,058	5,819	5,628	4,834	5,420	6,590
Home Price Appreciation	5.1%	4.2%	5.5%	4.9%	4.8%	5.7%
Sales Volume (in millions)	\$7,745	\$8,123	\$8,490	\$8,897		
Average Price	\$192,630	\$198,830	\$208,280	\$216,610		
<b>Kansas City Area (KS &amp; MO)</b>						
Total Home Sales	38,733	39,821	40,617	39,896	39,500	39,080
Building Permits	5,258	5,920	5,714	4,827	5,560	7,045
Home Price Appreciation	5.9%	6.8%	8.2%	5.4%	6.0%	6.5%
Sales Volume (in millions)	\$8,296	\$8,956	\$9,620	\$10,026		
Average Price	\$214,189	\$224,904	\$236,855	\$251,312		
<b>Lawrence MSA</b>						
Total Home Sales	1,444	1,490	1,491	1,484	1,500	1,500
Building Permits	264	206	322	188	265	205
Home Price Appreciation	6.7%	4.0%	5.4%	5.3%	4.1%	3.9%
Sales Volume (in millions)	\$309	\$327	\$356	\$365		
Average Price	\$213,734	\$219,273	\$238,817	\$245,839		
<b>Manhattan MSA</b>						
Total Home Sales	1,285	1,353	1,462	1,535	1,790	1,780
Building Permits	271	269	214	245	210	225
Home Price Appreciation	7.0%	0.3%	1.1%	4.3%	3.5%	3.7%
Sales Volume (in millions)	\$260	\$276	\$289	\$308		
Average Price	\$202,121	\$204,323	\$197,646	\$200,755		
<b>Topeka Area</b>						
Total Home Sales	3,236	3,217	3,320	3,128	3,250	3,150
Building Permits	301	277	276	249	305	335
Home Price Appreciation	2.2%	3.0%	5.5%	5.8%	4.0%	4.1%
Sales Volume (in millions)	\$460	\$487	\$505	\$484		
Average Price	\$142,168	\$151,242	\$151,981	\$154,581		
<b>Wichita Area</b>						
Total Home Sales	10,368	10,475	10,384	10,815	10,790	10,530
Building Permits	1,063	1,081	993	1,071	1,205	1,125
Home Price Appreciation	5.4%	3.2%	3.9%	5.3%	6.6%	5.6%
Sales Volume (in millions)	\$1,631	\$1,651	\$1,721	\$1,883		
Average Price	\$157,286	\$157,650	\$165,780	\$174,073		

## 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:



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# CENTER FOR REAL ESTATE

The Center for Real Estate was created to help deepen the connections between the region's professional real estate community and the academic programs at Wichita State University. Whether you want to better understand the area's real estate markets or engage our students as interns or full-time employees,

**THE WSU CENTER FOR REAL ESTATE  
IS YOUR GO-TO RESOURCE.**

## **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.

**BARTON RESEARCH CONNECTION:  
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We Protect Property Rights. Security 1st Title offers licensed and trained professionals to assist you with your local and national title and closing needs. Our local, experienced staff delivers exceptional service to the protect property rights of homeowners and lenders. Our team has extensive knowledge and experience in handling residential, commercial, new construction, refinance and relocation transactions. Find us online at, [www.security1st.com](http://www.security1st.com), to contact our local office for more details on how we can assist you.



## Capitol Federal<sup>®</sup>

*True Blue<sup>®</sup> for over 125 years*

For more than 125 years, Capitol Federal<sup>®</sup> has remained steadfast in its corporate philosophy of Safety in Savings, Sound Lending Policies, Quality Customer Service, and Commitment to Community.

Capitol Federal is a leader in residential lending in Kansas and Missouri and boasts more than \$9 billion in assets. In addition to single-family residential lending, the Bank offers commercial loans, Small Business Loans and business banking services. Capitol Federal offers a variety of retail deposit accounts, including checking, savings, money market, IRA and certificates of deposit, as well as trust services. With 45 traditional branches and 9 in-store locations, the Bank has a network that extends across the state of Kansas and into Missouri.

Visit [capfed.com](http://capfed.com) to learn more about Capitol Federal.



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