



# Hutchinson

## 2025 HOUSING OUTLOOK

### *Full Circle*

Dr. Stanley D. Longhofer  
February 4, 2025



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The slides from today's presentation are available on the WSU Center for Real Estate website at

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



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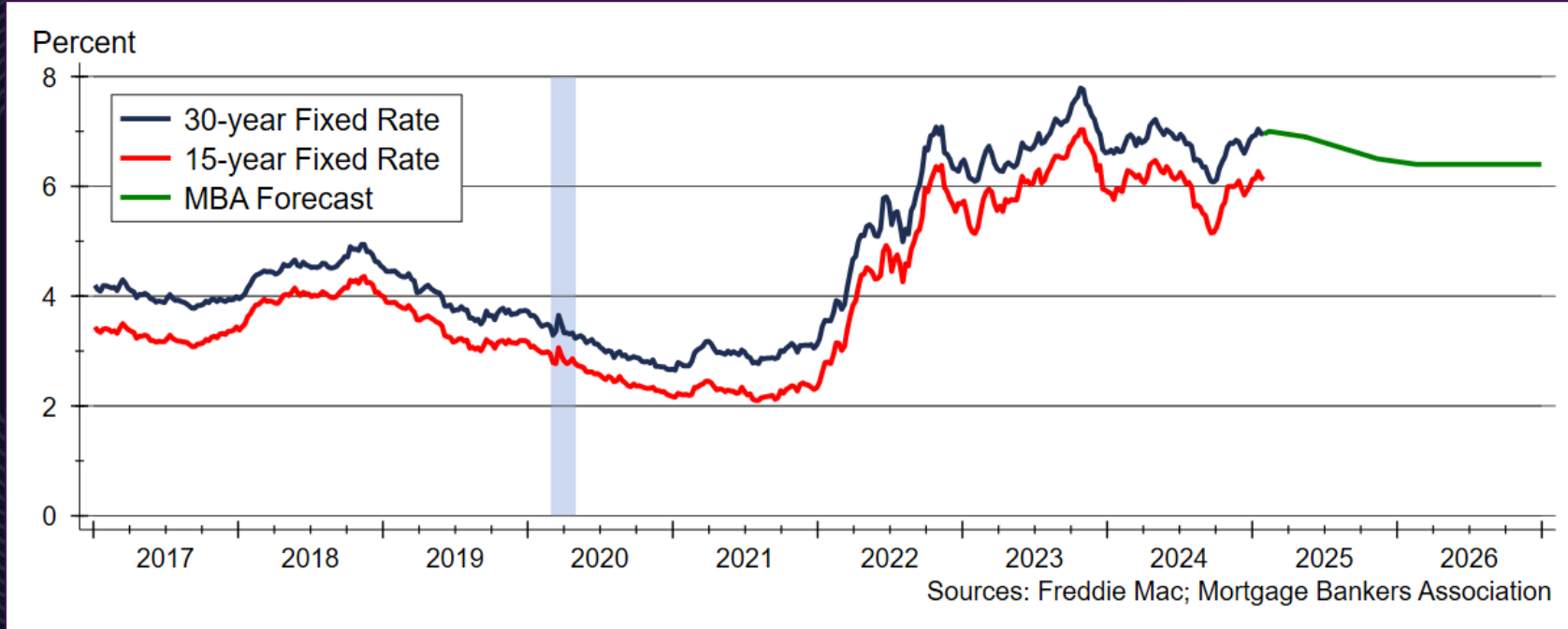
# 2025 Reno County Outlook Sponsor



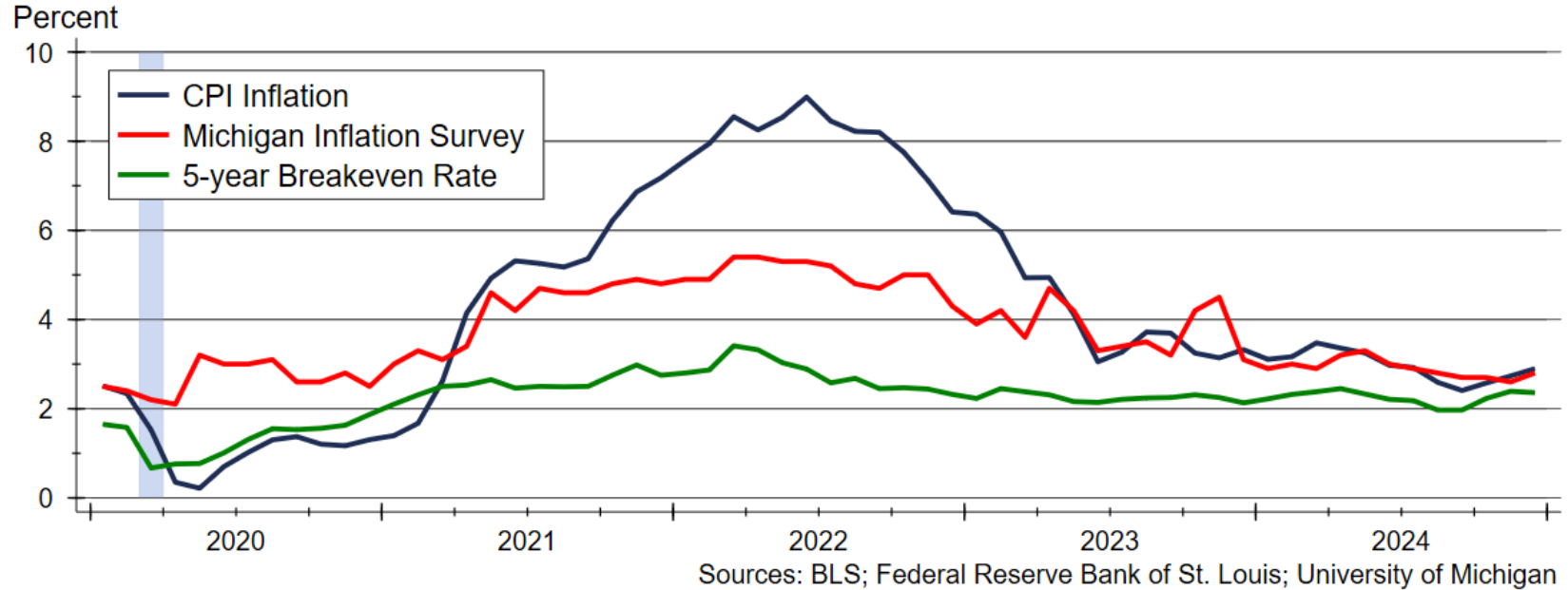
Security 1<sup>st</sup> Title



# Mortgage Rates Have Risen Recently

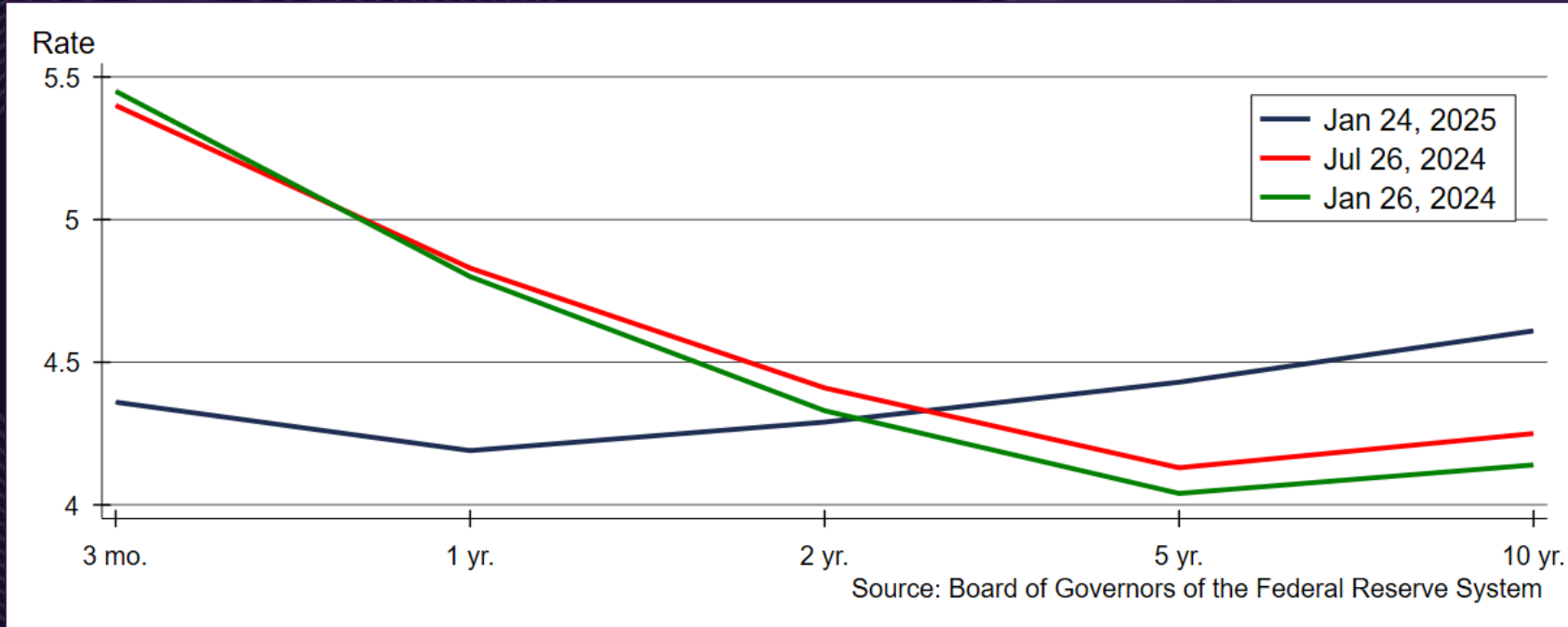


# Inflation Expectations Have Risen Slightly



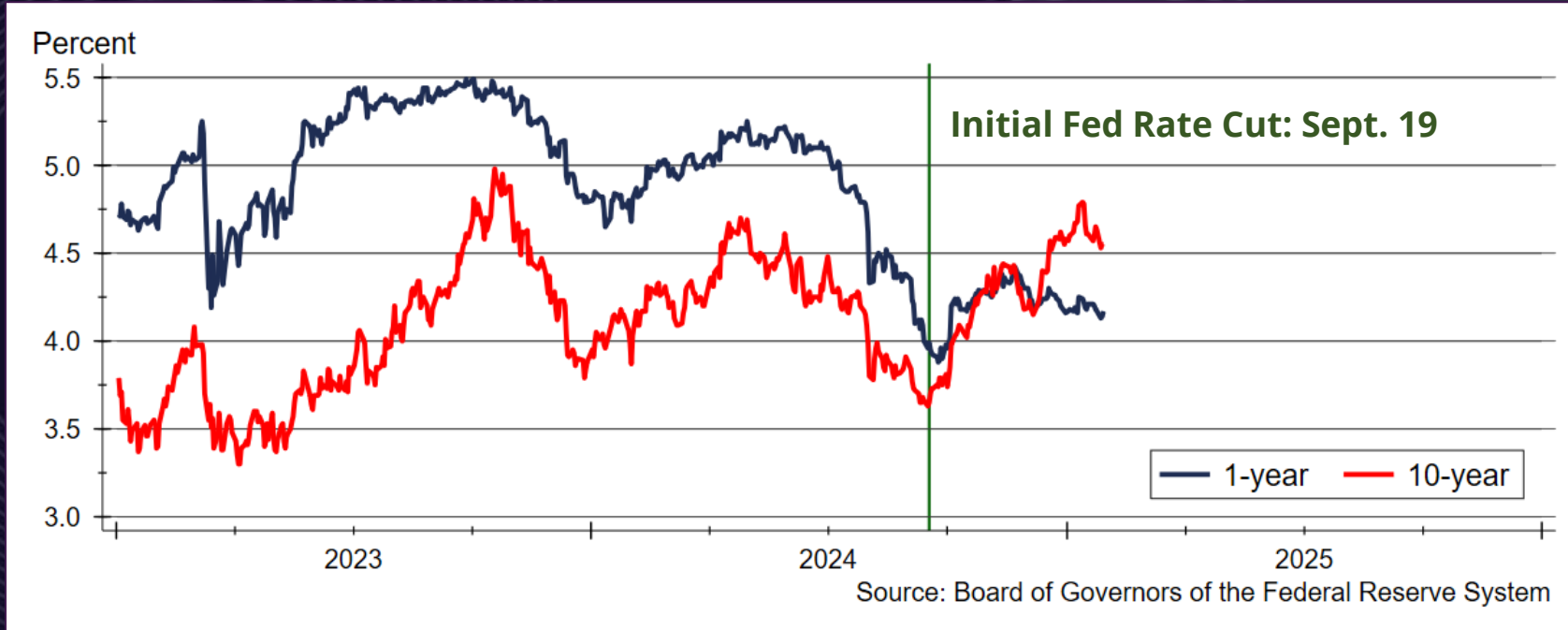


# The Yield Curve Has “Reverted”



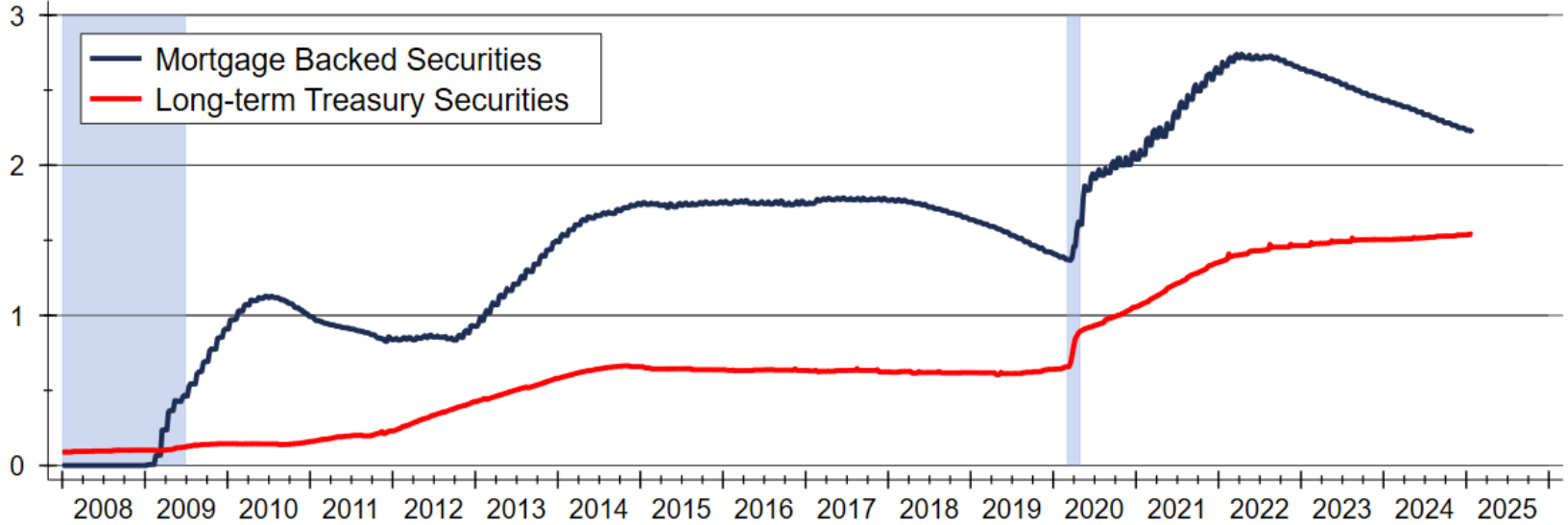


# Daily Treasury Rates



# Federal Reserve Continues to Reduce MBS Holdings

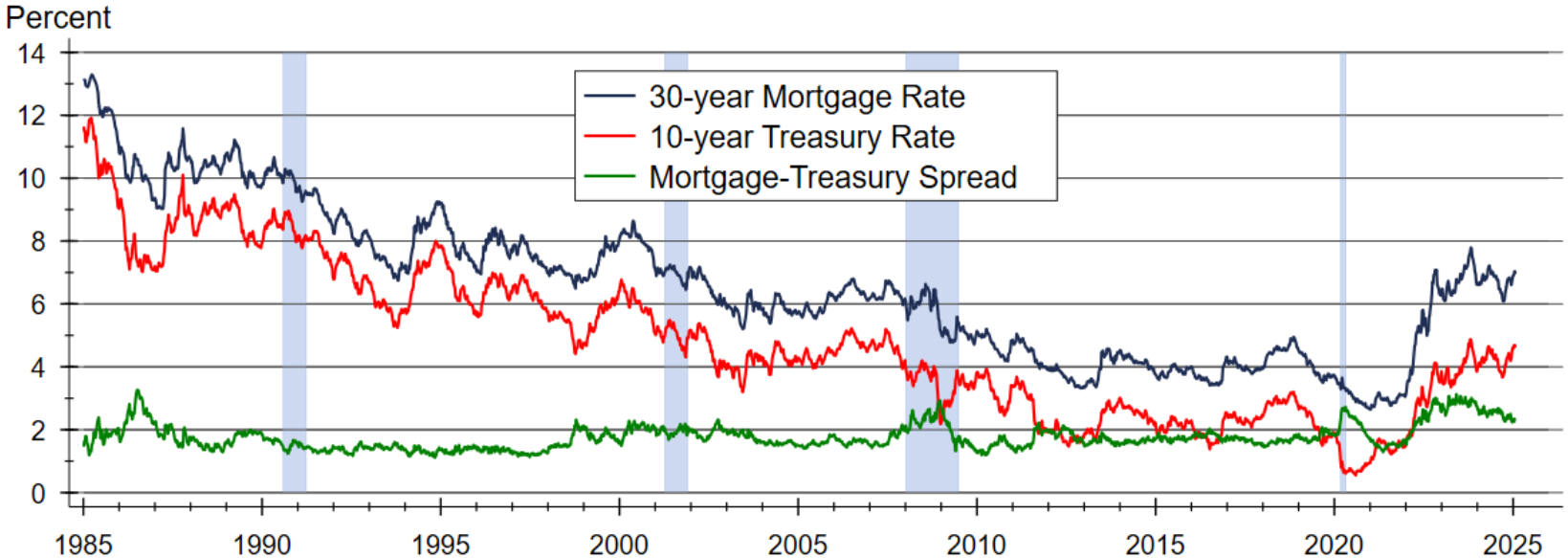
Trillions of Dollars



Source: Federal Reserve Board of Governors



# Mortgage Risk Premium Remains Higher than Normal

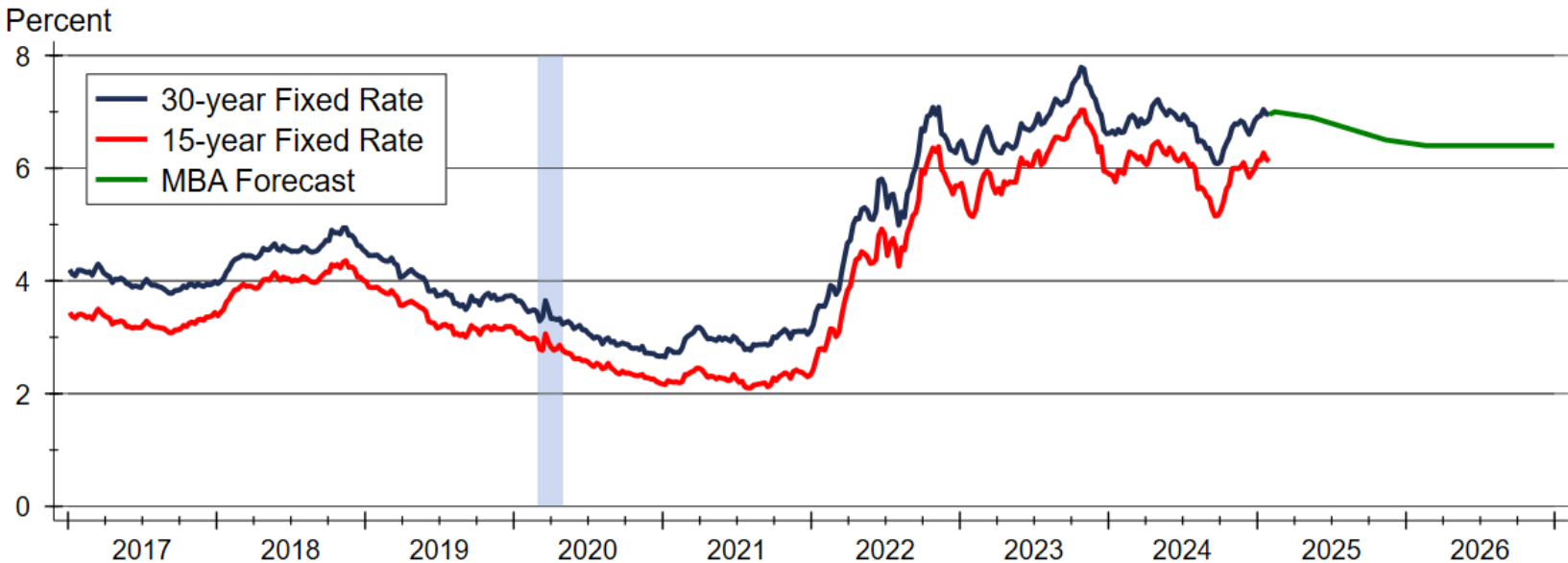


Sources: Board of Governors of the Federal Reserve System; Freddie Mac

# Normal Mortgage Rates

- In a healthy economy with low inflation, mortgage rates should incorporate the following
  - Real, risk-free return  $\approx 2\% - 3\%$
  - Premium for expected inflation  $\approx 1.5\% - 2.5\%$
  - Premium for risk  $\approx 1.5\% - 2.5\%$
- *This implies the “normal” range for the 30-year fixed mortgage rate is between 5% and 8%*

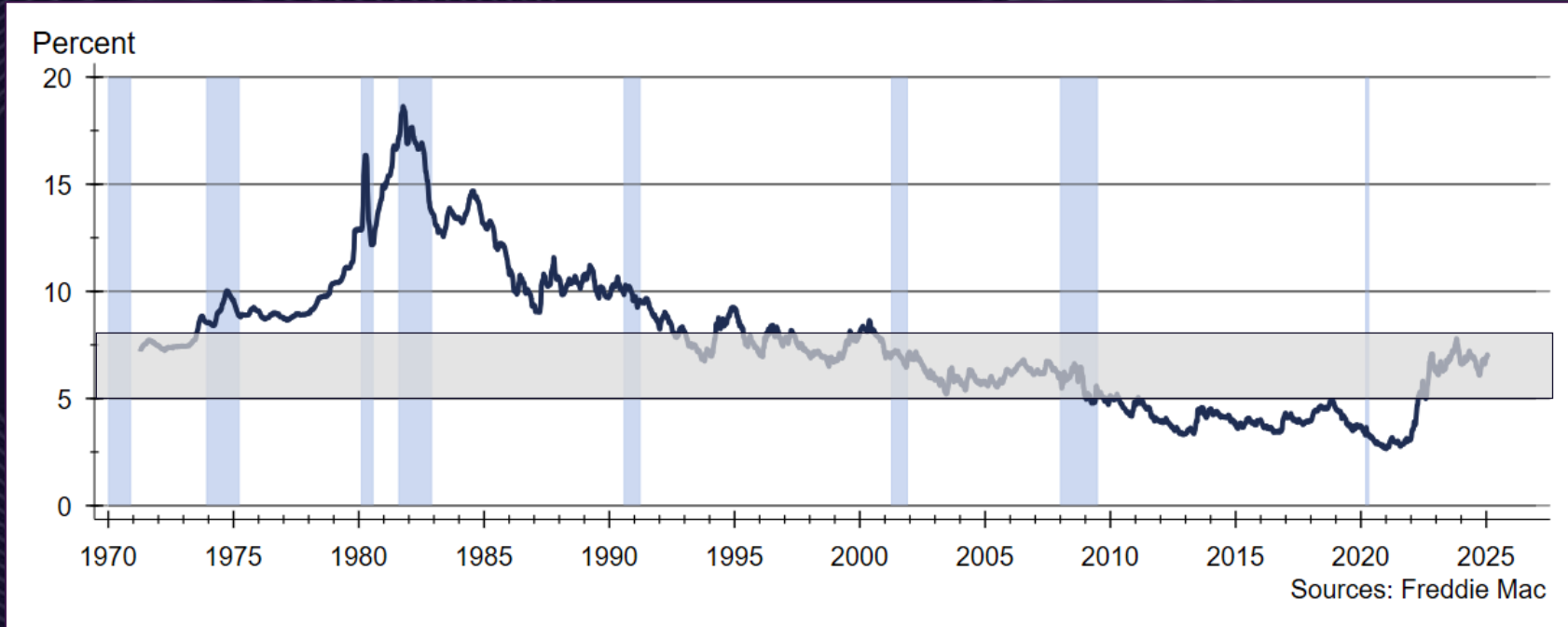
# MBA Mortgage Rate Forecast



Sources: Freddie Mac; Mortgage Bankers Association

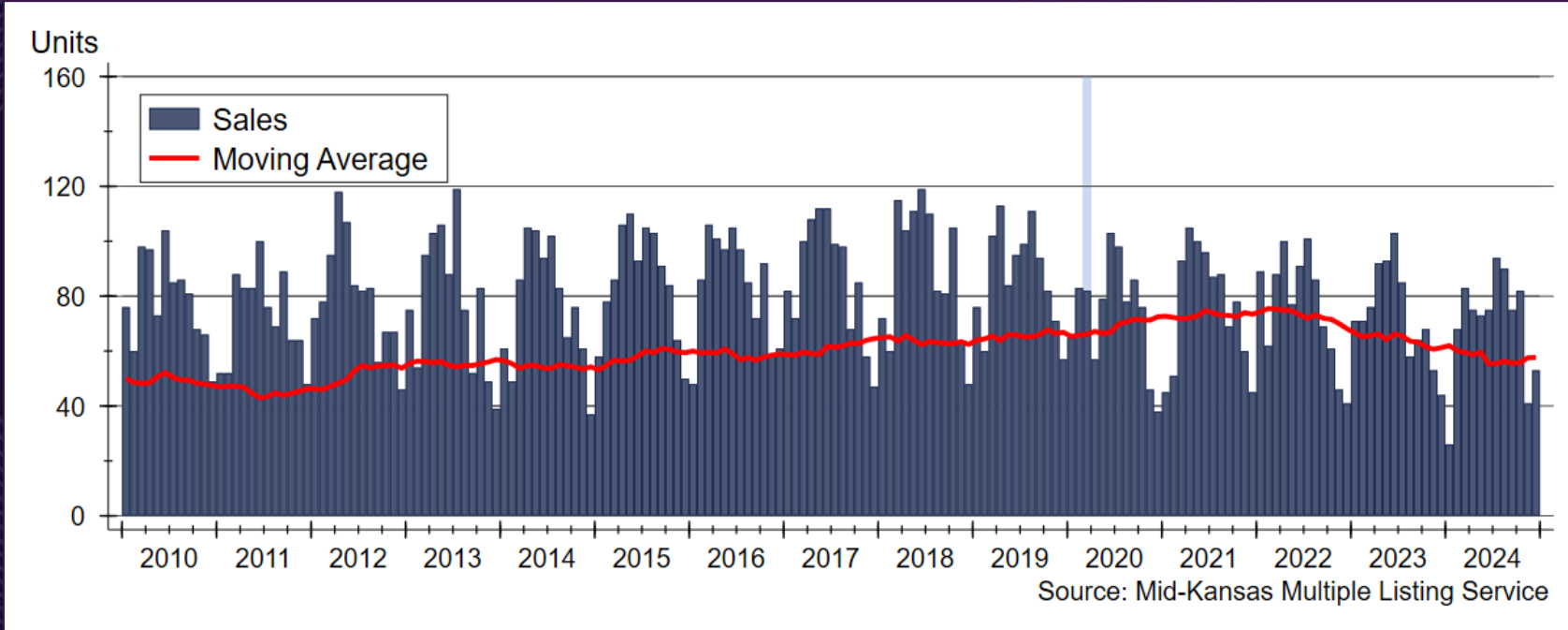


# Historic Mortgage Rates



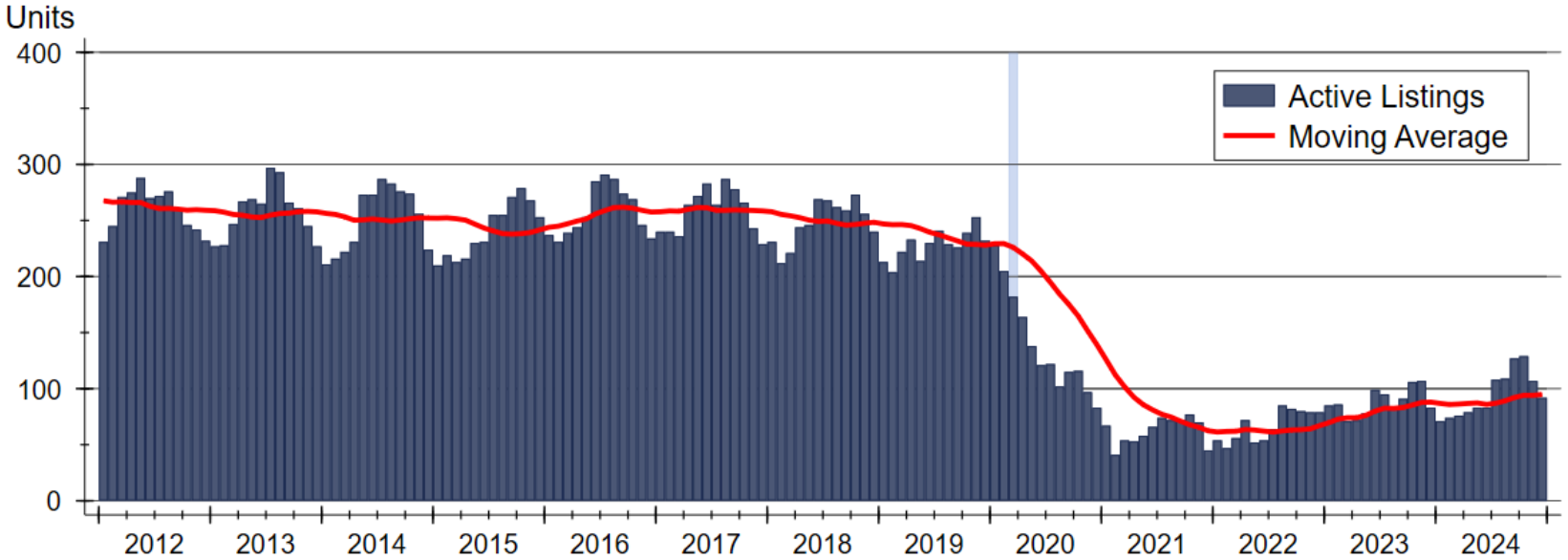


# Reno County Home Sales Activity



Source: Mid-Kansas Multiple Listing Service

# Reno County Active Listings

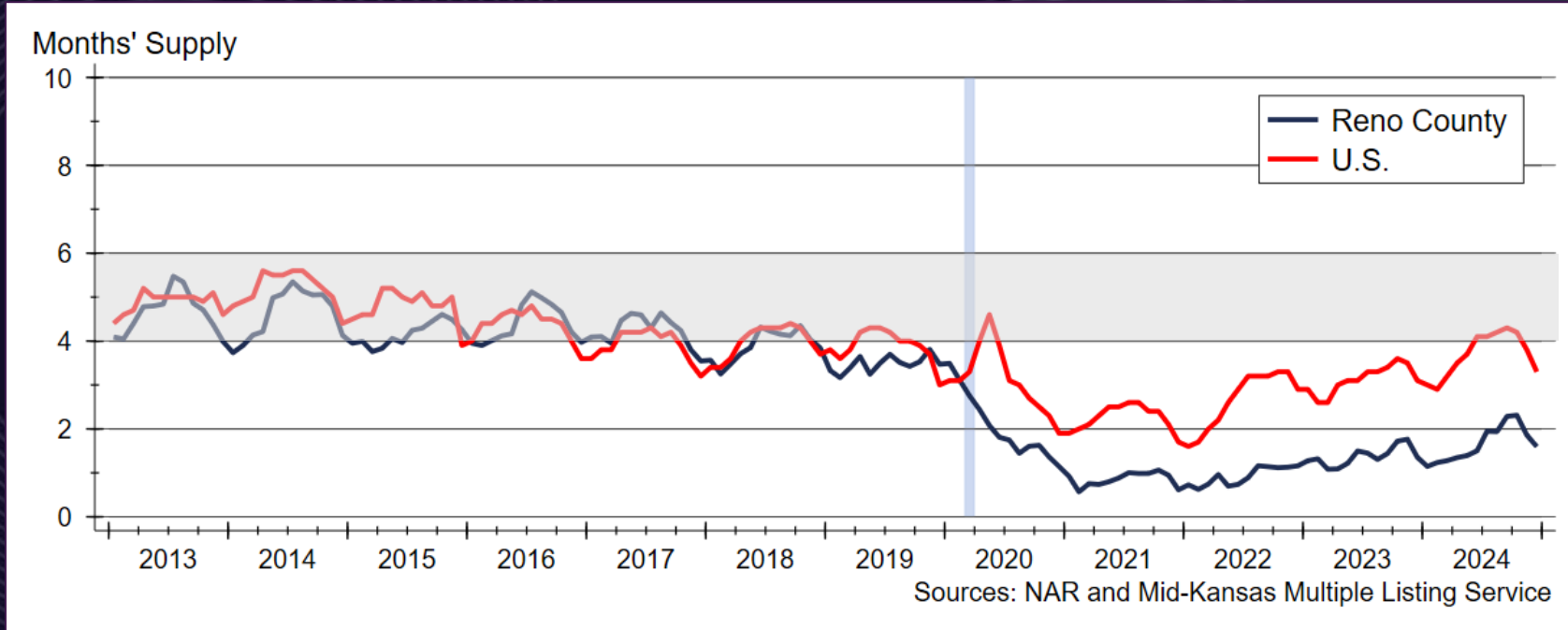


Source: Mid-Kansas Multiple Listing Service

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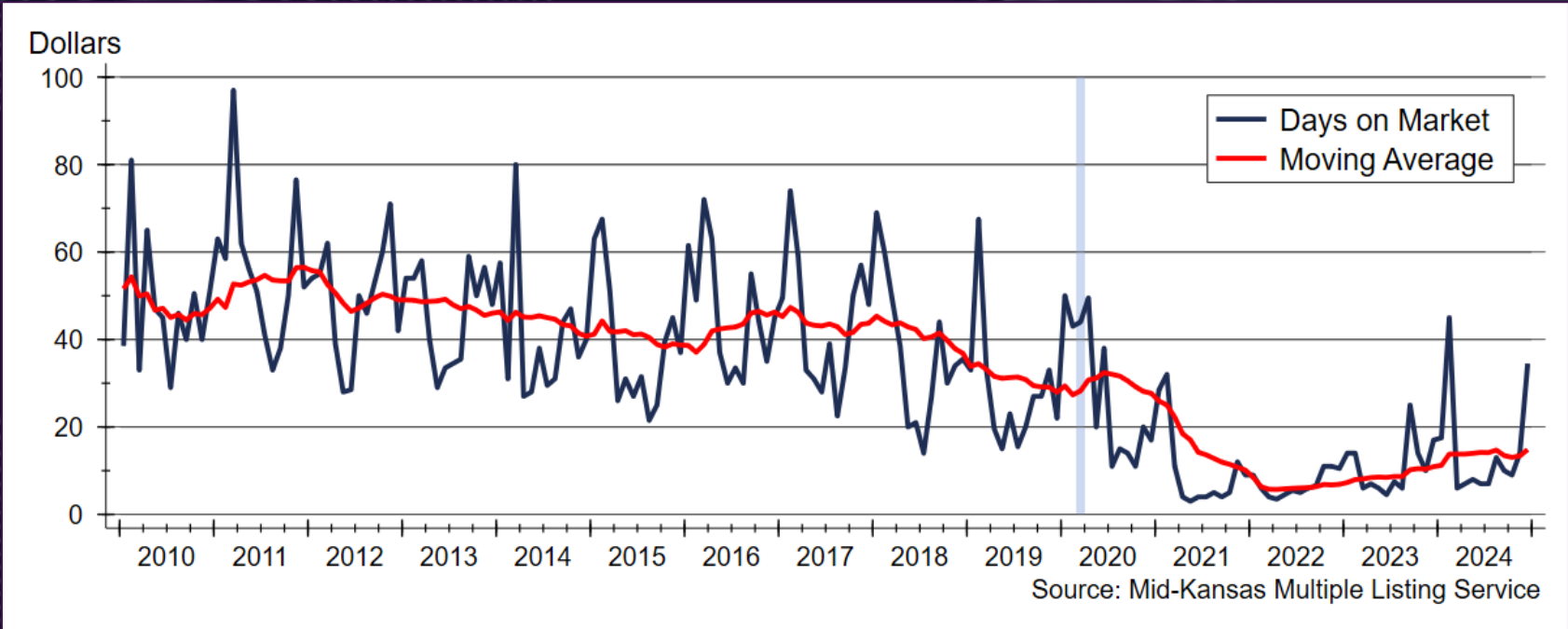
# Inventory of Homes Available for Sale





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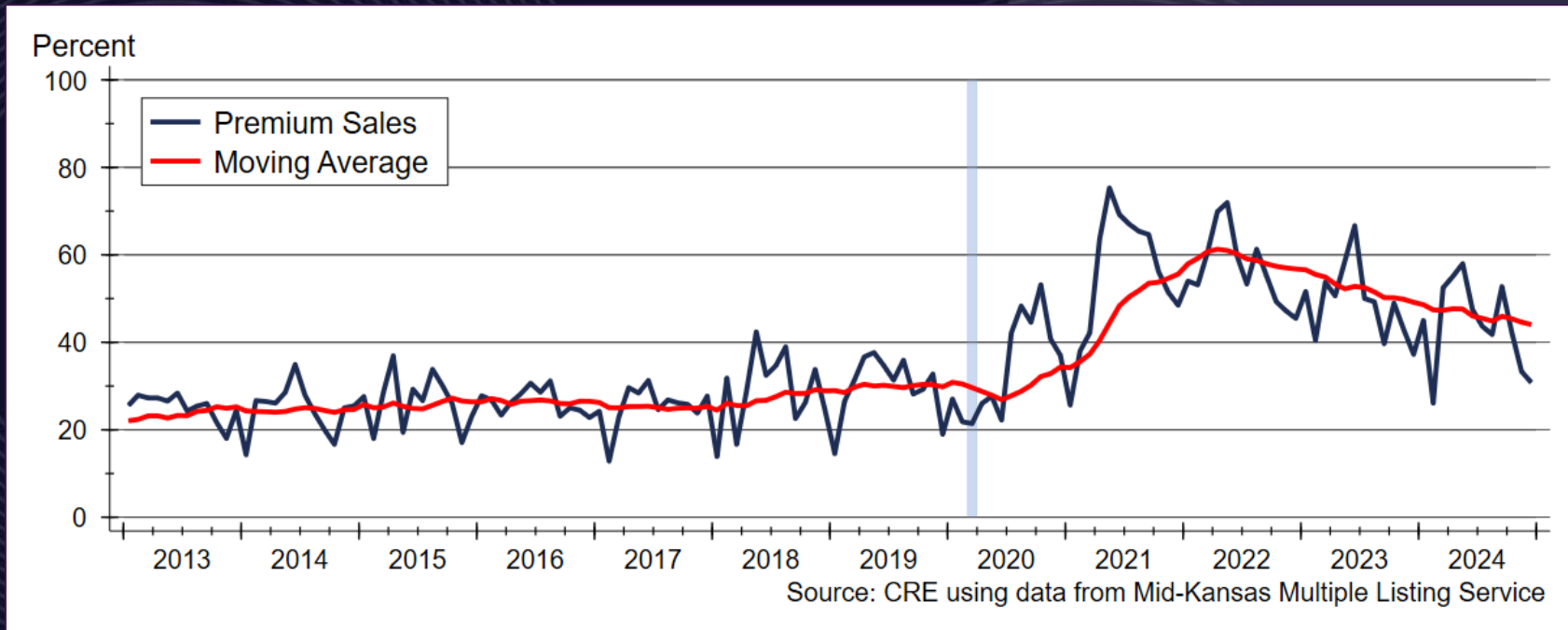
# Reno County Median Days On Market







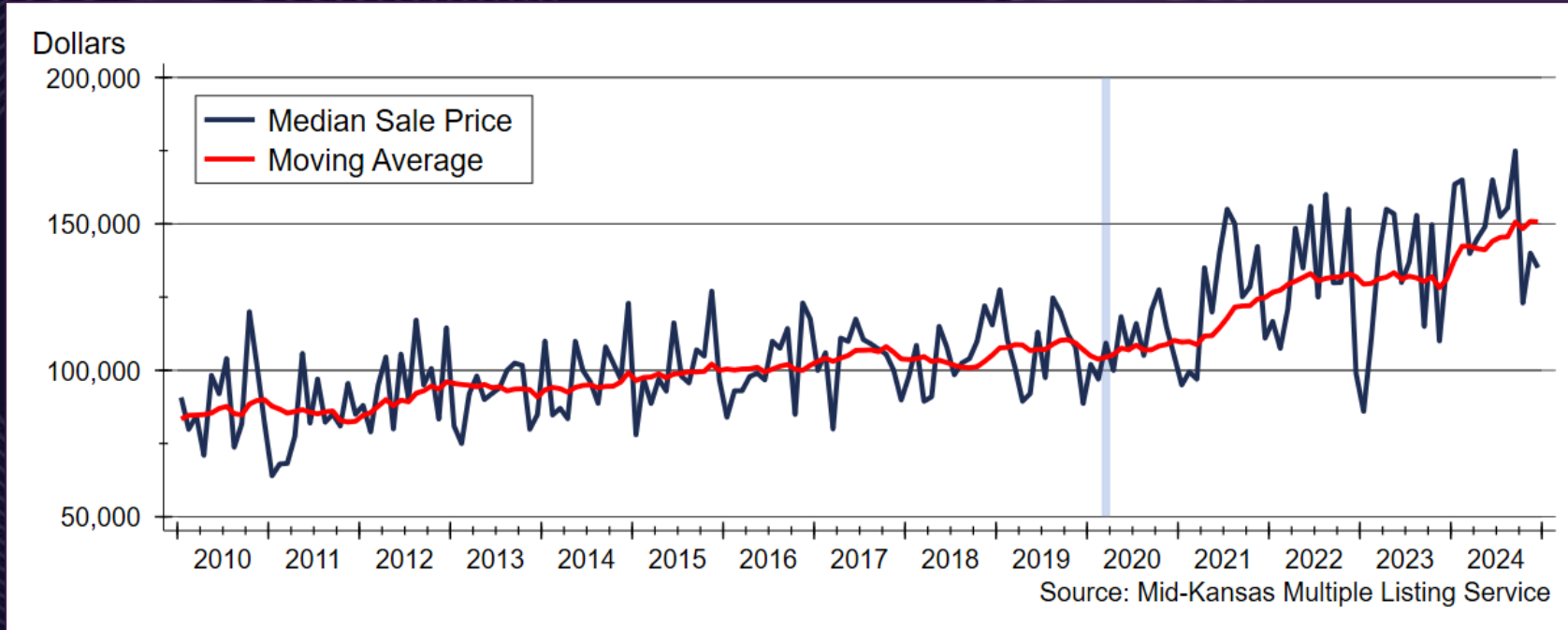
# Reno County Premium Sales





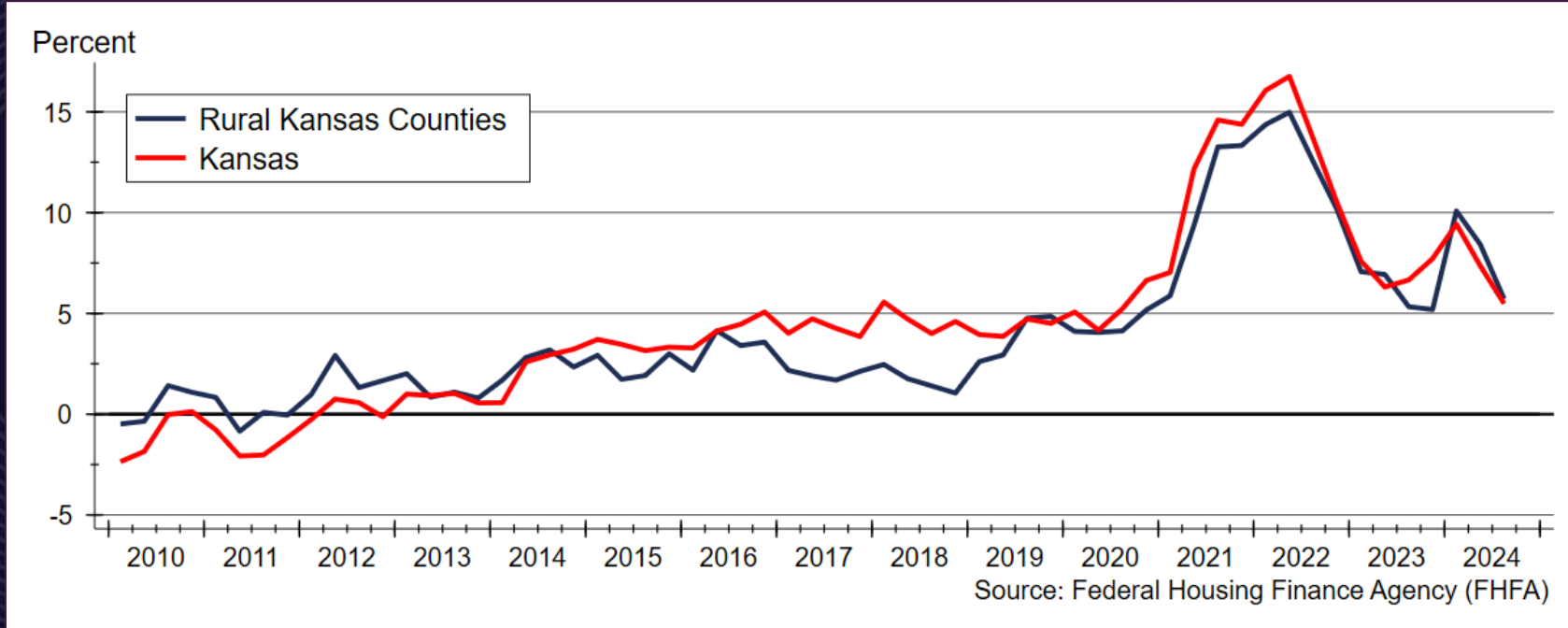
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# Reno County Median Sale Price





# Kansas Home Price Appreciation





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