

# HOUSING FORECAST LAWRENCE 2023



WICHITA STATE  
UNIVERSITY

W. FRANK BARTON  
SCHOOL OF BUSINESS

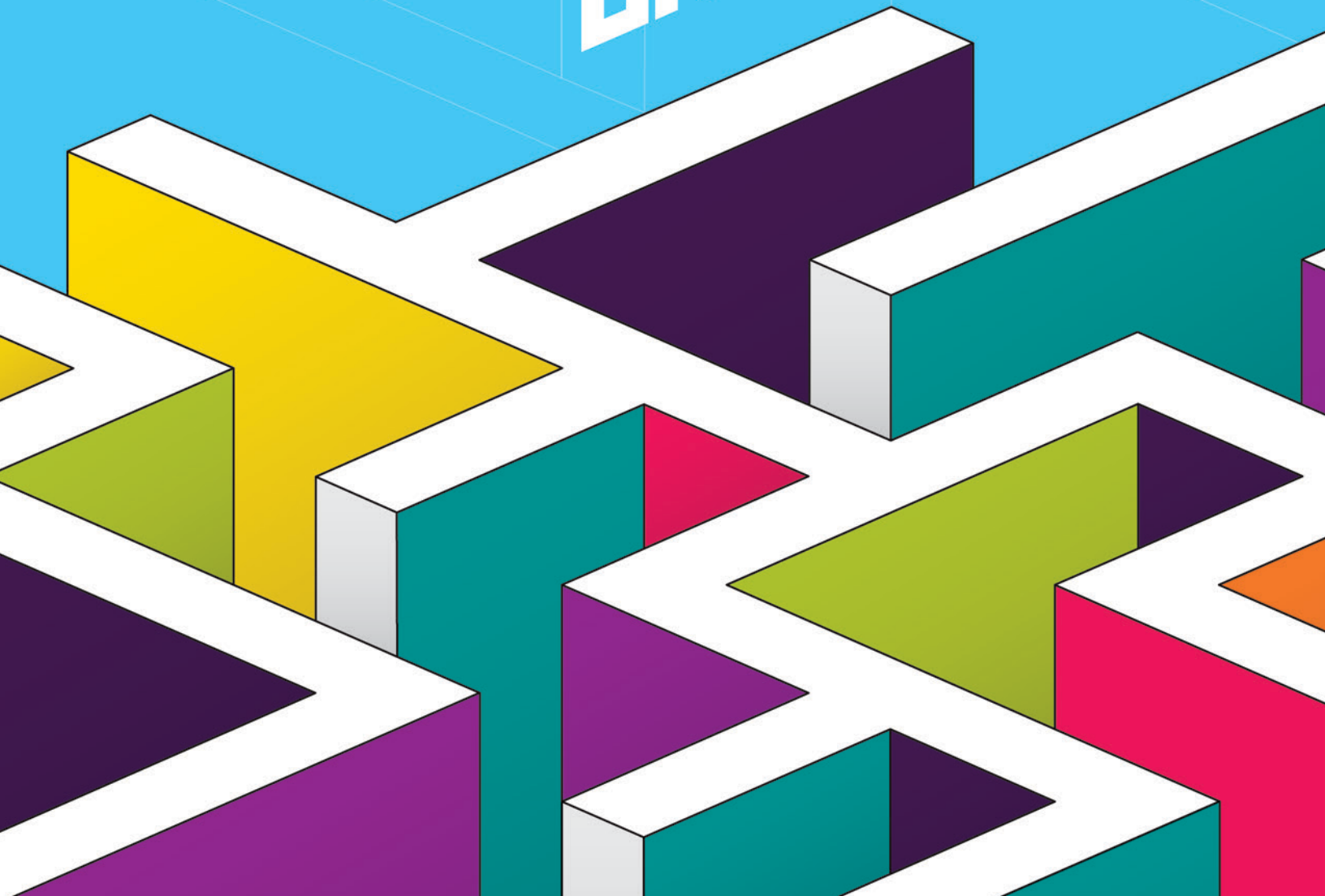
- ... Bidding wars
- ... Recession fears
- ... Runaway inflation
- ... Interest rate spikes

This year it seems like there's a new surprise around every corner. As in the past, the Lawrence Housing Forecast is here to help you understand the local housing market as you find your way through the maze.

Dr. Stanley D. Longhofer

Director, WSU Center for Real Estate  
[wichita.edu/realestate](http://wichita.edu/realestate)

# HOUSING FORECAST LAWRENCE 2023



We are especially grateful to Security 1st Title and Meritrust Credit Union for underwriting the cost of preparing this year's Lawrence Housing Forecast.

We are also grateful to the Lawrence Board of REALTORS®, the Kansas Association of REALTORS® and participating multiple listing services across Kansas for providing much of the data used to prepare this forecast.

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

**Mariann Kurosu Farina** | WSU Center for Real Estate

**Karen Gehle** | Kansas Association of REALTORS®

**Jeremy Hill** | WSU Center for Economic Development and Business Research"

**Rob Hulse** | Lawrence Board of REALTORS®

**Mehrzaad Saedi** | WSU Center for Real Estate

Participants in the 2022 Lawrence Real Estate Roundtable



Security 1<sup>st</sup> Title

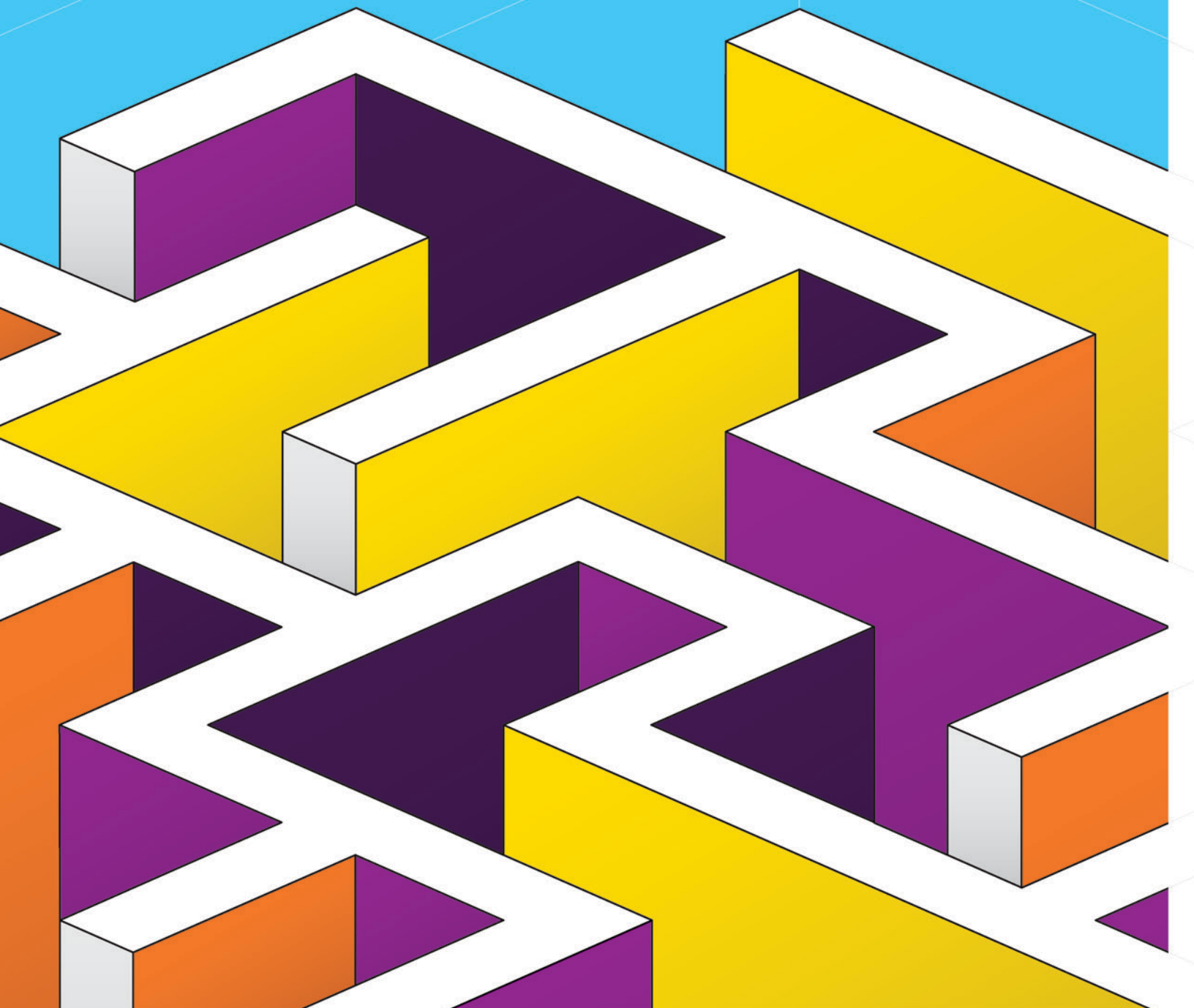
Meritrust  
HOME LOANS



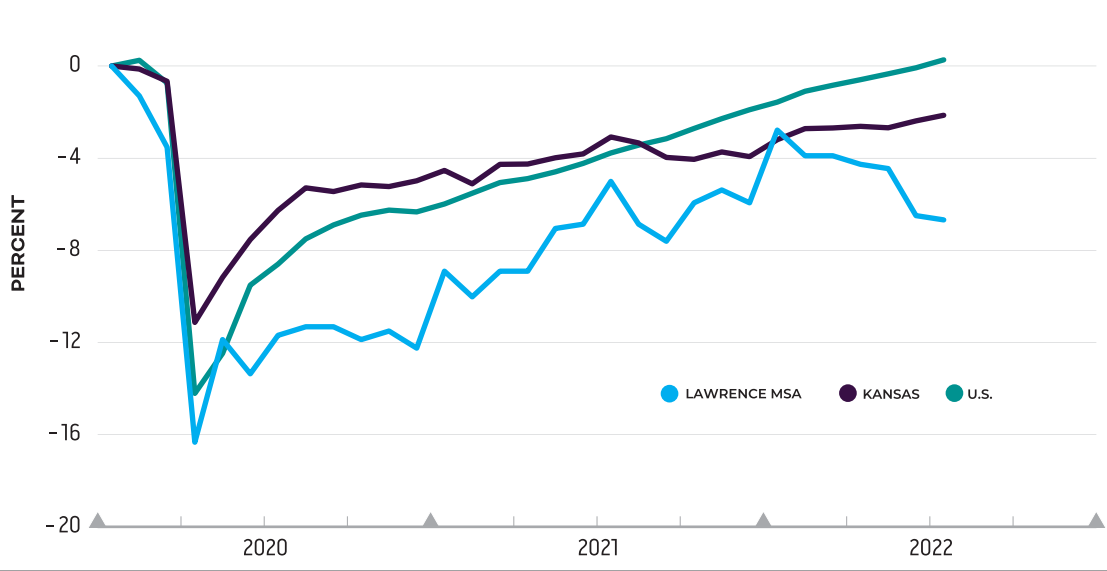
# ECONOMIC OVERVIEW:

While Lawrence employment is still 6.7 percent lower than it was prior to the pandemic, the local labor market is extremely tight. In fact, the Lawrence unemployment rate bottomed out at 2.3 percent in June, the lowest figure ever recorded. Labor markets are equally tight in both Kansas City and Topeka. As a result, housing demand in the Lawrence area remains quite strong.

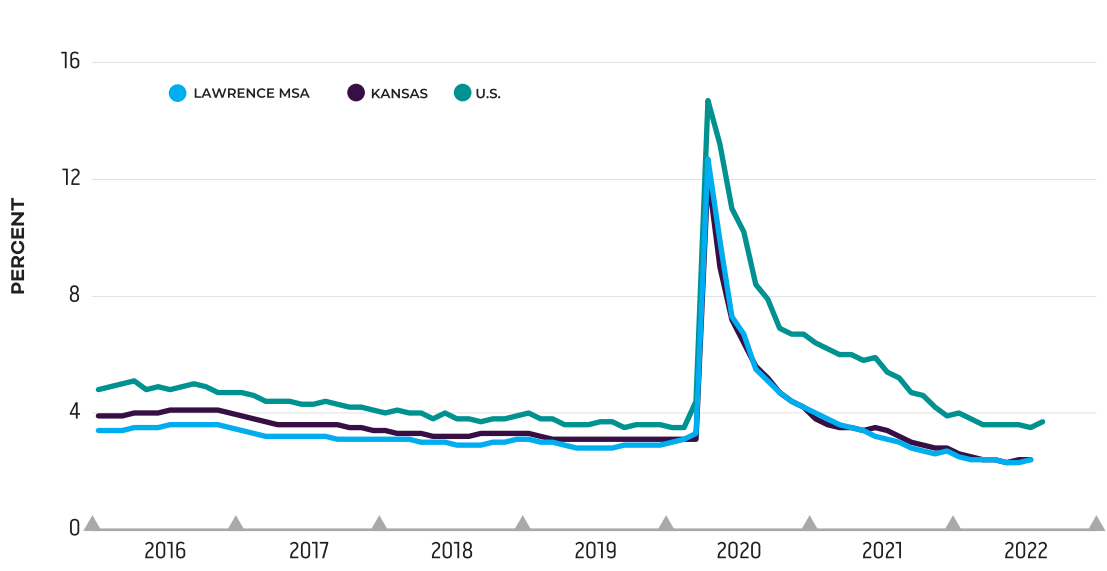
After rising sharply during the first half of the year, the 30-year fixed mortgage rate bounced between 5 and 5.5 percent this summer as markets struggled to assess how Fed policy will affect inflation and economic growth. The Mortgage Bankers Association, for one, appears to believe the Fed will navigate a soft landing. They forecast that mortgage rates will fall to 4.9 percent by the end of next year.



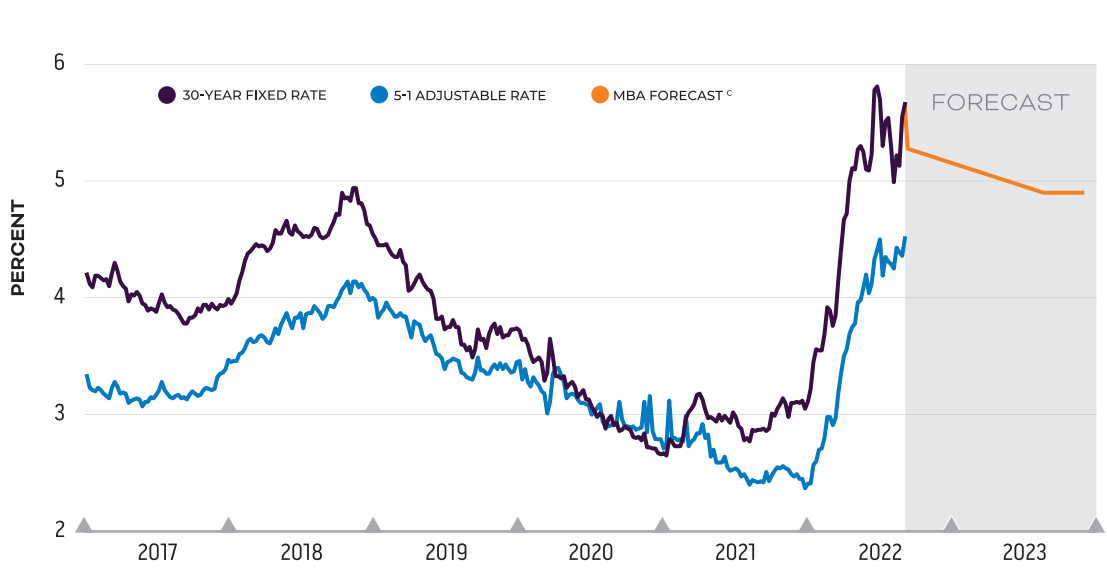
### EMPLOYMENT CHANGE SINCE JANUARY 2020 <sup>A</sup>



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



### MORTGAGE RATES

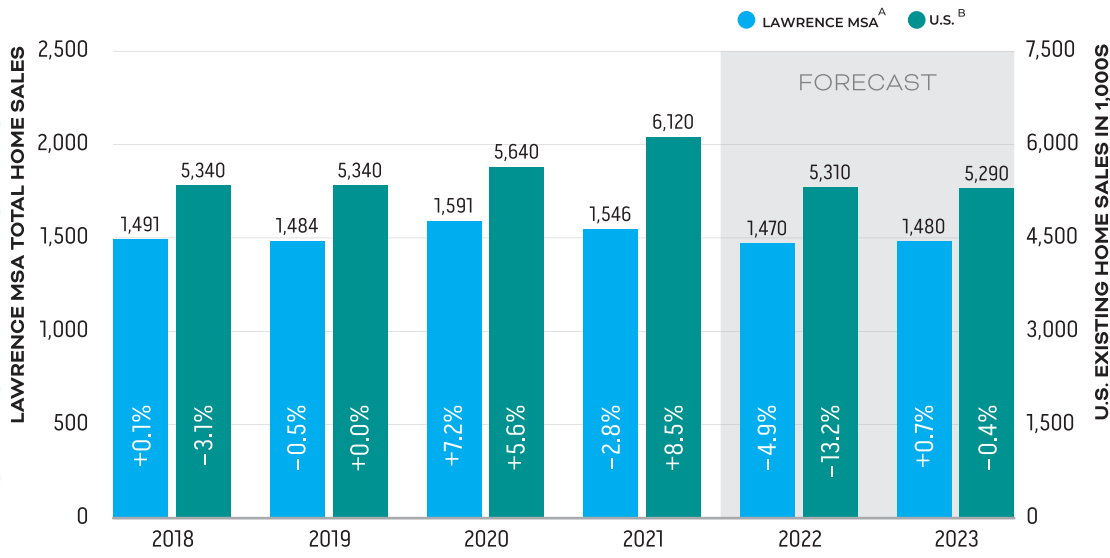


# HOME SALES AND CONSTRUCTION:

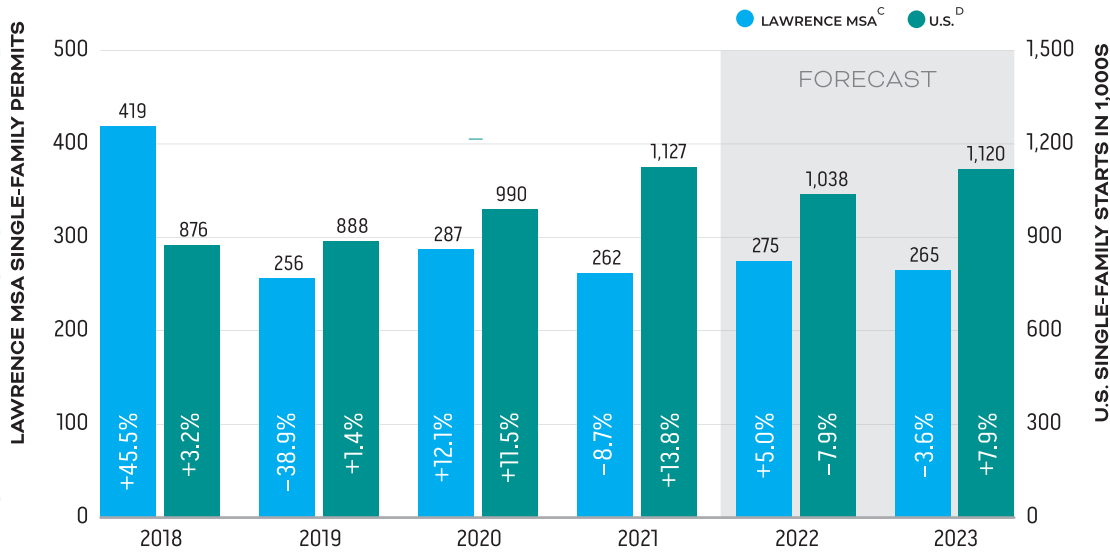
Rising mortgage rates have softened demand somewhat from earlier in the year. The real constraint on the market, however, is the lack of inventory. We expect that Lawrence-area home sales will end the year down 4.9 percent at 1,470 units. Sales will rebound slightly in 2023, ending the year up 0.7 percent at 1,480 units.

Single-family permitting activity in the Lawrence area has stabilized at about 270 units annually in recent years. We expect this trend to continue for the foreseeable future. Lawrence should end the year with 275 new single-family permits, an increase of 5 percent. We expect a similar year in 2023, with a total of 265 new permits.

## HOME SALES ACTIVITY



## NEW HOME CONSTRUCTION ACTIVITY



### SOURCES:

Lawrence Multiple Listing Service  
National Association of REALTORS®  
U.S. Bureau of the Census  
WSU Center for Real Estate

### NOTES:

- Ⓐ Total home sales in the Lawrence metropolitan area as reported by the Lawrence Multiple Listing Service
- Ⓑ U.S. existing home sales as reported by the National Association of REALTORS®; forecast is the August 2022 forecast by the National Association of REALTORS®
- Ⓒ Single-family building permits issued in the Lawrence 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 August 2022 forecast by the National Association of REALTORS®

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# HOME PRICES:

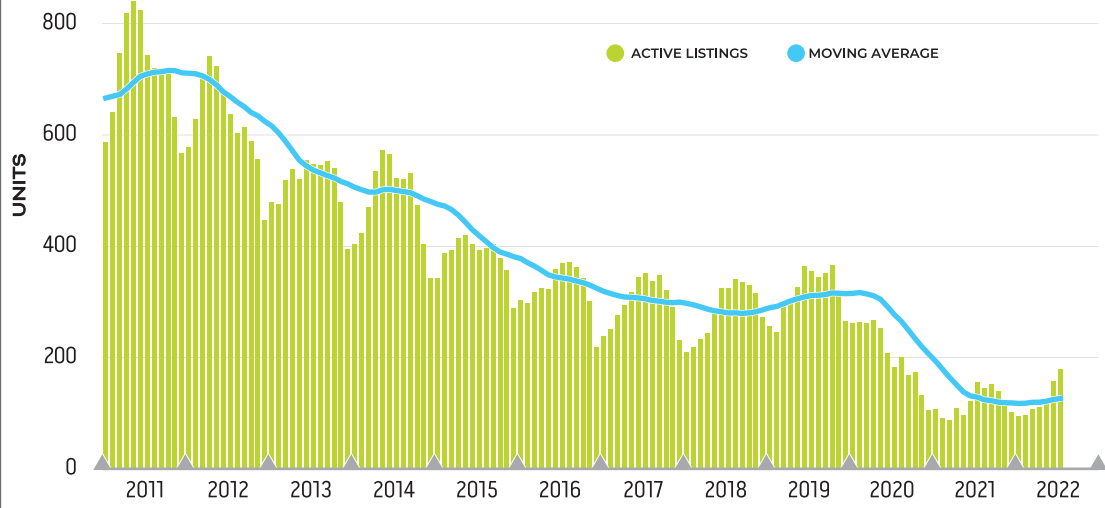
Although it may seem like the recent explosion in home prices was due to the pandemic, it has actually been the result of supply problems that have been building for years. In fact, there were less than half as many homes available for sale at the beginning of 2020 than there were back in 2011.

As a result, Lawrence has been in a sellers' market – with less than a 4 months' supply of homes available for sale – since at least 2014. Even if there is a significant softening in demand due to higher mortgage rates, it will take a long time for Lawrence to return to a balanced market.

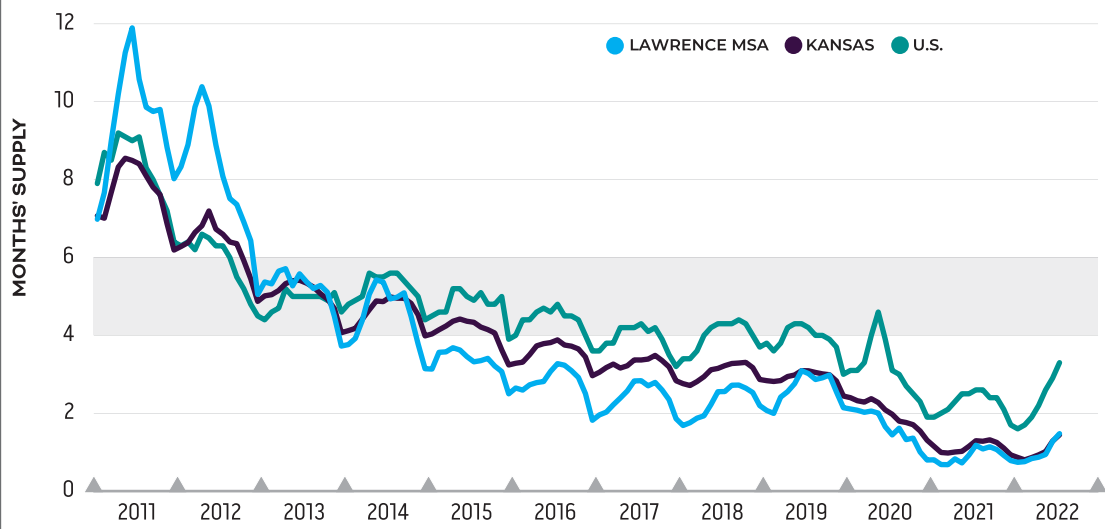
The frenzied demand that characterized the market through the early part of this year appears to have eased. Nevertheless, extremely tight inventories will continue to put upward pressure on home prices. We project that Lawrence home values will end the year up 12.3 percent before slowing to a more-normal appreciation rate of 4.8 percent in 2023.



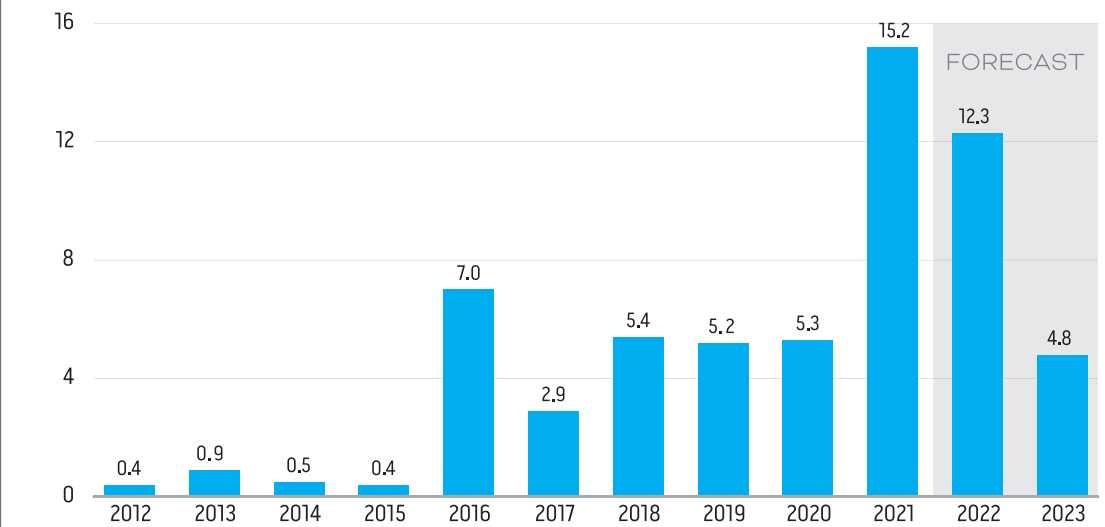
## HOMES AVAILABLE FOR SALE



## INVENTORY OF HOMES AVAILABLE FOR SALE <sup>A</sup>



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



SOURCES:

Federal Housing Finance Agency  
 Lawrence Multiple Listing Service  
 WSU Center for Real Estate

NOTES:

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

# KANSAS FORECAST:

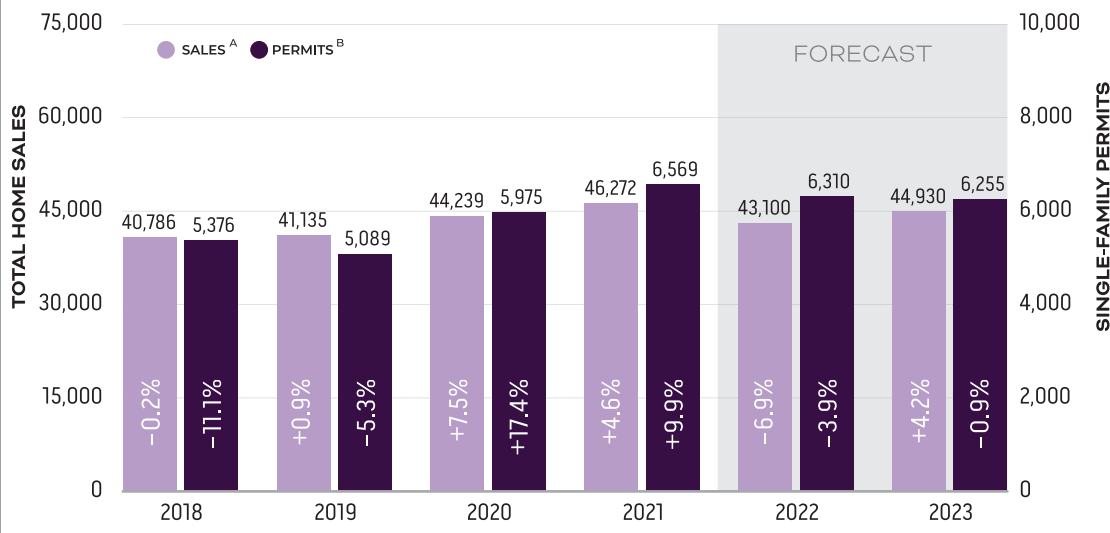
Home sales have declined this year across most of the state. This was true even before the recent rise in mortgage rates began to soften demand. As a result, we expect sales to end the year at 43,100 units, down 6.9 percent. Home sales should rebound to 44,930 units in 2023, largely due to gains in the Kansas City area.

New single-family building permits in Kansas are expected to decline by 3.9 percent this year. This is largely due to softening in the Kansas City area, as permits are expected to rise in all of the state's other major markets. Construction activity should stabilize in 2023, dropping a modest 0.9 percent to 6,255 units.

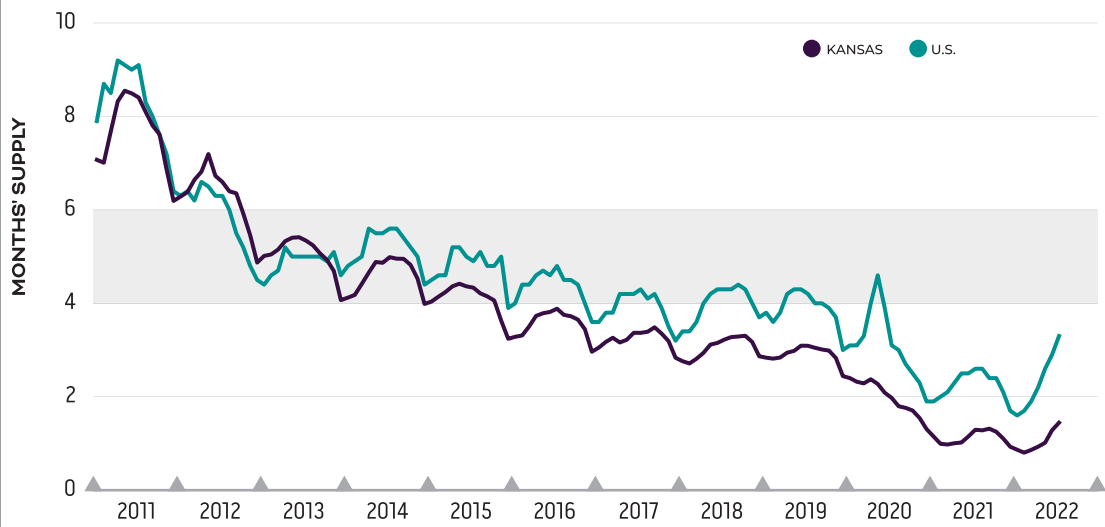
Home prices across the state rose by a stunning 14.6 percent last year as surging demand ran headlong into supply constraints that have been building for years. While demand has eased with rising mortgage rates, we still project that Kansas home values will end the year up 12.3 percent. The pace of appreciation should slow next year, to a still-strong 5.4 percent.



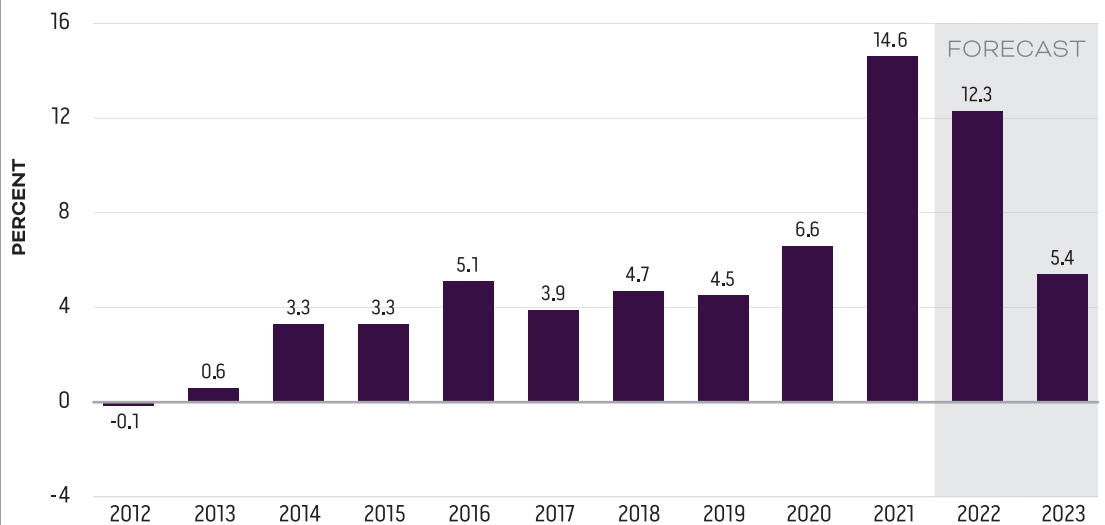
## KANSAS HOUSING MARKET ACTIVITY



## INVENTORY OF HOMES AVAILABLE FOR SALE <sup>C</sup>



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



### SOURCES:

Federal Housing Finance Agency  
 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

**HOUSING FORECAST**  
**LAWRENCE**  
 2023

# 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](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.



## KANSAS Statewide

	2018	2019	2020	2021
Total Home Sales	40,786	41,135	44,239	46,272
Building Permits	5,376	5,089	5,975	6,569
Home Price Appreciation	4.7%	4.5%	6.6%	14.6%
Sales Volume (in millions)	\$8,493	\$8,910	\$10,482	\$12,153
Average Price	\$208,228	\$216,594	\$236,951	\$262,637

## KANSAS CITY Area (KS & MO)

Total Home Sales	40,556	40,677	44,004	45,726
Building Permits	5,608	4,811	6,173	7,051
Home Price Appreciation	7.3%	5.7%	7.5%	15.8%
Sales Volume (in millions)	\$9,620	\$10,070	\$11,941	\$13,977
Average Price	\$237,209	\$247,554	\$271,371	\$305,668

## LAWRENCE MSA

Total Home Sales	1,491	1,484	1,591	1,546
Building Permits	419	256	287	262
Home Price Appreciation	5.4%	5.2%	5.3%	15.2%
Sales Volume (in millions)	\$356	\$365	\$421	\$466
Average Price	\$238,817	\$245,839	\$264,888	\$301,658

## MANHATTAN MSA

Total Home Sales	1,462	1,536	1,877	2,239
Building Permits	233	262	236	266
Home Price Appreciation	1.3%	3.5%	5.3%	8.3%
Sales Volume (in millions)	\$289	\$308	\$383	\$497
Average Price	\$197,646	\$200,739	\$204,235	\$222,137

## TOPEKA Area

Total Home Sales	3,320	3,131	3,469	3,496
Building Permits	330	301	380	417
Home Price Appreciation	4.0%	4.7%	6.3%	17.0%
Sales Volume (in millions)	\$505	\$485	\$583	\$667
Average Price	\$151,981	\$154,827	\$168,168	\$190,842

## WICHITA Area

Total Home Sales	10,384	10,823	11,494	12,152
Building Permits	993	1,075	1,397	1,455
Home Price Appreciation	3.3%	4.8%	7.7%	14.6%
Sales Volume (in millions)	\$1,721	\$1,884	\$2,218	\$2,616
Average Price	\$165,780	\$174,032	\$193,001	\$215,276

## FORECAST

2022 2023

43,100 44,930  
6,310 6,255  
12.3% 5.4%

41,940 44,290  
6,295 6,185  
13.8% 6.5%

1,470 1,480  
275 265  
12.3% 4.8%

2,030 1,980  
275 285  
9.3% 4.2%

3,410 3,390  
435 425  
9.7% 3.3%

11,560 11,640  
1,530 1,570  
12.9% 4.7%

### SOURCES:

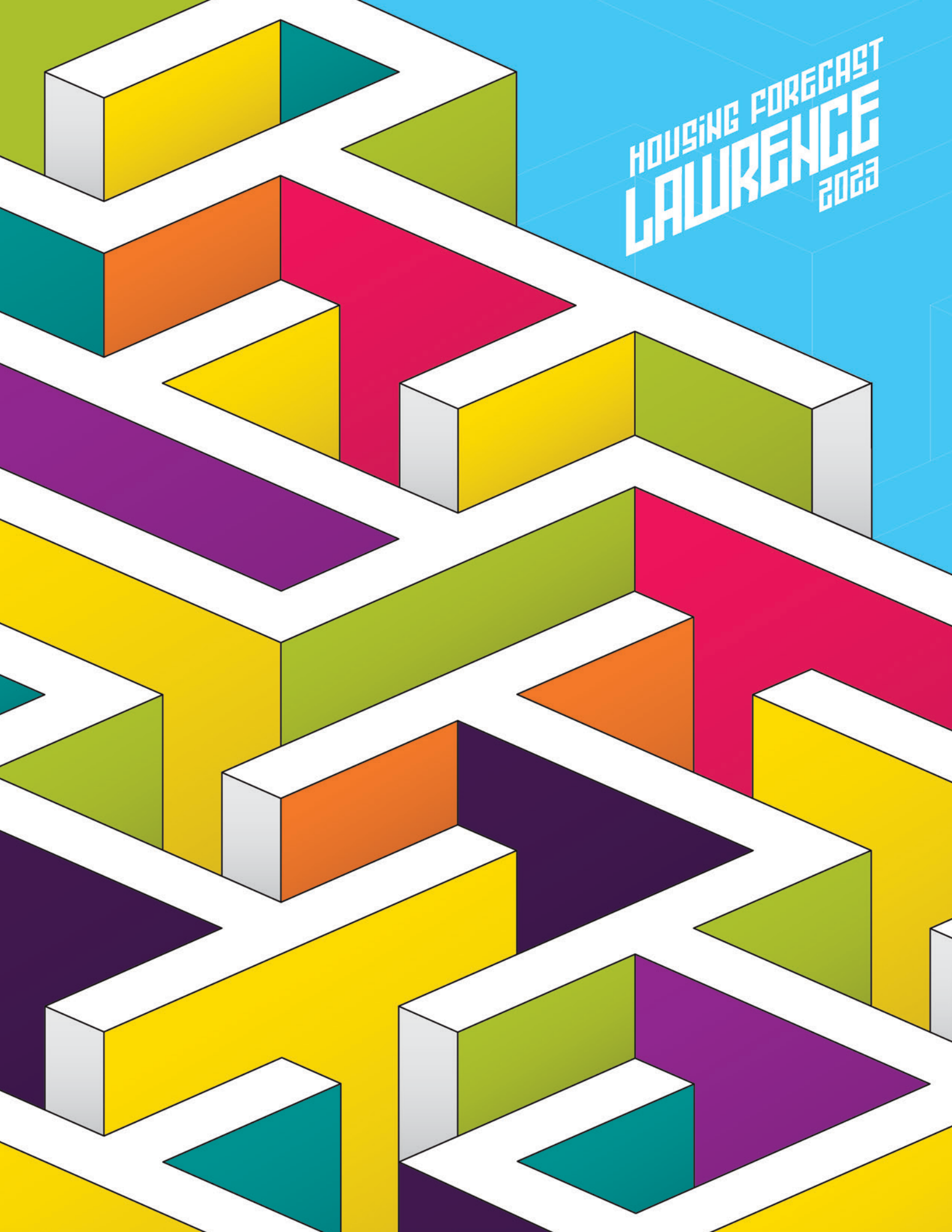
Federal Housing Finance Agency; Flint Hills Association of REALTORS®; Heartland Multiple Listing Service; Kansas Association of REALTORS® and participating multiple listing services across Kansas; Lawrence Multiple Listing Service; South Central Kansas Multiple Listing Service; Sunflower Association 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.

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HOUSING FORECAST  
**LAWRENCE**  
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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 need to better understand the area's real estate markets or would like to engage our students as interns or full-time employees, the WSU Center for Real Estate is your go-to resource.

## KEEP IN TOUCH WITH US ONLINE

WEB: [WICHITA.EDU/REALESTATE](http://WICHITA.EDU/REALESTATE)  
FACEBOOK: [WSUREALESTATE](https://www.facebook.com/WSUREALESTATE)  
TWITTER: [@WSUREALESTATE](https://twitter.com/WSUREALESTATE)  
YOUTUBE.COM/WSUREALESTATE



WICHITA STATE  
UNIVERSITY

W. FRANK BARTON  
SCHOOL OF BUSINESS

## CENTER FOR REAL ESTATE CONTRIBUTORS:



Security 1<sup>st</sup> Title

Meritrust  
HOME LOANS



WALTER MORRIS  
ENDOWMENT FOR REAL ESTATE



Fidelity  
BANK



KANSAS CCIM CHAPTER  
BRADEN MCCURDY  
AKAM



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

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.

## Meritrust HOME LOANS

Meritrust Credit Union has been helping our members do more with their money since 1935. We offer 17 retail branches providing advisory experiences, complemented by online, mobile and eATM technology allowing members to bank on their time. Our team of lending experts brings simplicity to the home-buying process, and in-house payments, processing and servicing continue to provide members peace of mind into the future. Meritrust has the products, services, tools and education members need to achieve their financial goals with confidence, including flexible mortgage programs. For more information, visit [meritrusthomeloans.com](http://meritrusthomeloans.com). Equal housing lender. Federally insured by NCUA.