

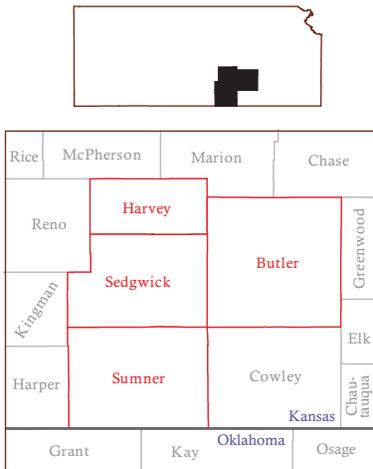


# Wichita, Kansas

U.S. Department of Housing and Urban Development | Office of Policy Development and Research | As of April 1, 2012



## Housing Market Area



The Wichita Housing Market Area (HMA) consists of Butler, Harvey, Sedgwick, and Sumner Counties in south central Kansas. The central city of the HMA, Wichita, is the largest city in Kansas and is an aviation center, with more than 50 companies in the aerospace parts and products industry. The HMA is also home to McConnell Air Force Base.

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## Summary

### Economy

Nonfarm payrolls in the Wichita HMA averaged 283,100 jobs during the 12 months ending March 2012, unchanged from the previous 12 months but improved from a decrease of 4,500 jobs, or 1.6 percent, during the 12 months ending March 2010. Significant gains in the professional and business services sector during the past year were offset by a combined loss of 3,300 jobs in the government and manufacturing sectors. During the forecast period, nonfarm payrolls are expected to increase by 2,700 jobs, or 1 percent, annually. Table DP-1 at the end of this report provides employment data for the HMA.

### Sales Market

The sales housing market in the HMA is currently soft, with an estimated vacancy rate of 2.3 percent, up slightly from April 2010. Home sales during the 12 months ending March 2012 totaled 7,450, a decline of 550, or 7 percent, compared with sales during the same period a year ago, according to Hanley Wood, LLC. During the forecast period, demand is estimated for 3,400 new homes, including 70 mobile homes (Table 1). The 190 homes currently under construction will satisfy a portion of that demand. In addition, a portion of the 10,000 other vacant units may come back on the market and satisfy part of the demand.

### Rental Market

The rental housing market in the HMA is currently soft, with a vacancy rate of 9.8 percent, down from the 10.4-percent rate recorded in April 2010. According to Reis, Inc., the average apartment rent during the first quarter of 2012 was \$530, an increase of 2 percent from the first quarter of 2011. During the forecast period, the 95 units under construction and the existing vacant units in the HMA will meet the demand for new rental units. To help achieve balanced market conditions, no additional units need to be constructed during the forecast period (Table 1).

**Table 1. Housing Demand in the Wichita HMA, 3-Year Forecast, April 1, 2012 to April 1, 2015**

|                    | Wichita HMA |              |
|--------------------|-------------|--------------|
|                    | Sales Units | Rental Units |
| Total Demand       | 3,400       | 0            |
| Under Construction | 190         | 95           |

*Notes: Total demand represents estimated production necessary to achieve a balanced market at the end of the forecast period. Units under construction as of April 1, 2012. A portion of the estimated 10,000 other vacant units in the HMA will likely satisfy some of the forecast demand. Sales demand includes an estimated demand for 70 mobile homes.*

*Source: Estimates by analyst*

# Economic Conditions

Nonfarm payroll jobs in the Wichita HMA averaged 283,100 during the 12 months ending March 2012, unchanged from the previous 12 months (Table 2). During the first quarter of 2012, however, nonfarm payrolls increased by 1,500 jobs, or 0.5 percent, from the first quarter of 2011. The unemployment rate during the 12 months ending March 2012 declined to 7.8 percent, down from the 8.7-percent rate recorded for the previous 12 months, but remains well above the average rate of 4.5 percent recorded from 2006 through 2008. Figure 1 shows trends in the unemployment rate from 2000 to 2011.

During 2000 and 2001, nonfarm payrolls increased annually by an average

of 2,050 jobs, or 0.7 percent. In the ensuing 2 years, nonfarm payrolls declined by an average of 8,800 jobs, or 3 percent, annually. Most of this decline is attributable to job losses in the aerospace manufacturing industry, which declined by an average of 6,300 jobs, or 15.3 percent, annually, to 31,800 jobs at the end of 2003. Starting in 2004, the economy began to expand, led by a recovery of jobs in the aerospace manufacturing industry. Between 2004 and 2008, nonfarm payrolls grew by an average of 5,400 jobs, or 1.8 percent, annually, to a peak of 307,900. During this time, employment in the aerospace manufacturing industry increased by an average of 1,650 jobs, or 4.7 percent, annually to 40,100 jobs. From 2009 through 2011, the national economic downturn affected nonfarm payrolls, which declined by an average of 8,350, or 1.7 percent, annually. Even with the current expansion of nonfarm payrolls, which began in January 2012, the HMA remains at 24,800 jobs fewer than the peak number of jobs.

Since 2000, the fastest growing sectors have been the education and health services and professional and business services sectors, which increased by 22 and 16 percent, respectively (Figure 2). Employment in the professional and business services sector during the 12 months ending March 2012 increased to 31,650, up by 2,500 jobs, or 8.5 percent, compared with the number of jobs during the previous 12 months. More than 75 percent of the increase in this sector was in the administrative and support and waste management and remediation services subsector. During the same period, employment gains were also strong in the leisure and hospitality and the education and health services sectors, which increased by 850 and

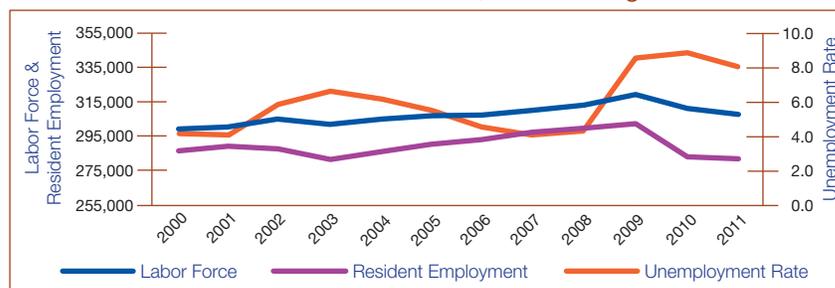
**Table 2. 12-Month Average Nonfarm Payroll Jobs in the Wichita HMA, by Sector**

|                                  | 12 Months Ending March 2011 | 12 Months Ending March 2012 | Percent Change |
|----------------------------------|-----------------------------|-----------------------------|----------------|
| Total Nonfarm Payroll Jobs       | 283,100                     | 283,100                     | 0.0            |
| Goods Producing                  | 66,700                      | 65,850                      | -1.3           |
| Mining, Logging, & Construction  | 14,400                      | 14,350                      | -0.4           |
| Manufacturing                    | 52,300                      | 51,500                      | -1.5           |
| Service Providing                | 216,400                     | 217,300                     | 0.4            |
| Wholesale & Retail Trade         | 41,100                      | 41,450                      | 0.9            |
| Transportation & Utilities       | 8,225                       | 8,000                       | -2.8           |
| Information                      | 4,700                       | 4,375                       | -6.7           |
| Financial Activities             | 10,800                      | 10,600                      | -1.9           |
| Professional & Business Services | 29,150                      | 31,650                      | 8.5            |
| Education & Health Services      | 42,900                      | 43,400                      | 1.2            |
| Leisure & Hospitality            | 27,000                      | 27,850                      | 3.2            |
| Other Services                   | 10,700                      | 10,600                      | -0.7           |
| Government                       | 41,850                      | 39,350                      | -6.0           |

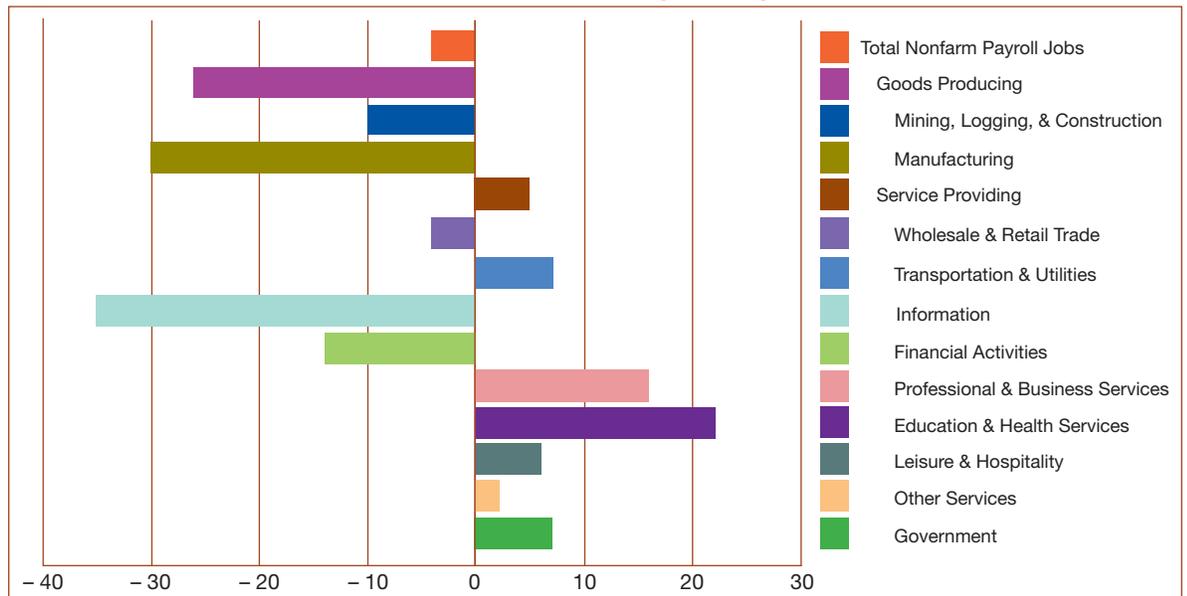
Notes: Based on 12-month averages through March 2011 and March 2012. Numbers may not add to totals because of rounding.

Source: U.S. Bureau of Labor Statistics

**Figure 1. Trends in Labor Force, Resident Employment, and Unemployment Rate in the Wichita HMA, 2000 Through 2011**



Source: U.S. Bureau of Labor Statistics

**Figure 2. Sector Growth in the Wichita HMA, Percentage Change, 2000 to Current**

Note: Current is based on 12-month averages through March 2012.

Source: U.S. Bureau of Labor Statistics

500 jobs, or 3.2 and 1.2 percent, respectively. Job losses in the government and manufacturing sectors offset some of the gain, with declines of 2,500 jobs, or 6 percent, and 800 jobs, or 1.5 percent, to 39,350 and 51,500 jobs, respectively. Of the 2,500 jobs lost in the government sector, approximately 2,000 were lost at the local level because of budget constraints. The information sector declined by 300 jobs, or 6.7 percent, during the 12 months ending March 2012, primarily because of the closure of two call centers in the HMA.

The aerospace manufacturing industry in the HMA accounts for approximately 11 percent of all nonfarm payroll jobs in the HMA. Spirit AeroSystems, Inc. (Spirit), is the largest employer in the HMA, with more than 10,800 employees. Along with Spirit, Cessna Aircraft Company, Hawker Beechcraft Corporation, and Bombardier Learjet are the four largest employers in the aerospace industry in the HMA. These four companies directly employ approximately 23,000 people and represent four of the five largest private employers in the HMA (Table 3). More than 50 percent of all commercial, general, or military aviation vehicles in the nation are manufactured or have components produced in Wichita. A study completed by the National Center for Aviation Training in 2010 reported that the aviation industry's economic impact on Kansas is more than \$7 billion annually.

The aerospace manufacturing industry in the HMA is a large exporter of transportation equipment, including

**Table 3. Major Employers in the Wichita HMA**

| Name of Employer              | Nonfarm Payroll Sector      | Number of Employees |
|-------------------------------|-----------------------------|---------------------|
| Spirit AeroSystems, Inc.      | Manufacturing               | 10,800              |
| Via Christi Health System     | Education & Health Services | 6,338               |
| Cessna Aircraft Company       | Manufacturing               | 4,860               |
| Hawker Beechcraft Corporation | Manufacturing               | 4,500               |
| City of Wichita               | Government                  | 2,924               |
| Bombardier Learjet            | Manufacturing               | 2,800               |
| Sedgwick County               | Government                  | 2,691               |
| Koch Industries, Inc.         | Manufacturing               | 2,353               |
| The Boeing Company            | Manufacturing               | 2,160               |
| Wesley Medical Center         | Education & Health Services | 1,867               |

Note: Excludes local school districts.

Source: Greater Wichita Economic Development Coalition

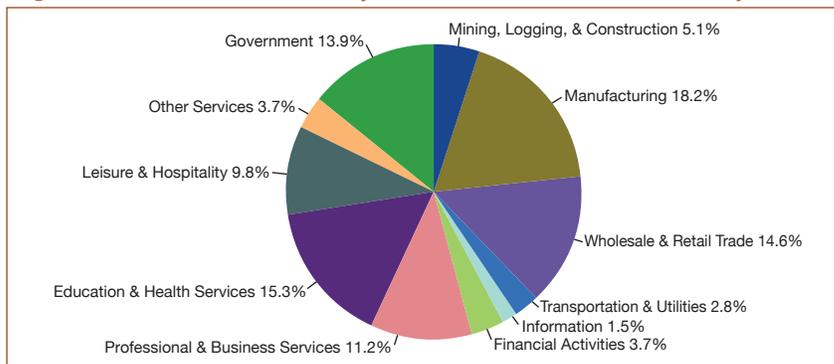
aircraft parts and products, to the international market. According to a study conducted by The Brookings Institution, international exports of transportation equipment from the HMA, mostly aircraft parts and related products, totaled approximately \$3 billion dollars in 2010 (the latest year available). Approximately 20 percent of gross domestic product in the HMA is from transportation exports. The national economic downturn negatively affected employment in the aerospace parts and products industry in the Wichita HMA beginning in 2009. During 2009 and 2010, employment in the aerospace parts and products industry in the HMA decreased by an average of 5,000 jobs, or 13.4 percent, annually, to 30,000 jobs in 2010. Recently, The Boeing Company

announced it will be closing its Wichita facility and will lay off all 2,100 employees at the end of 2013. Offsetting some of these job losses, Bombardier Inc. began a \$600 million expansion of its HMA facilities in April 2012 and is expected to add more than 1,000 new jobs by 2016.

The government sector accounts for approximately 14 percent of all nonfarm payroll jobs in the HMA (Figure 3). McConnell Air Force Base has 500 civilian employees and more than 2,900 active-duty personnel. Active-duty personnel have 3,200 family members who also live in the HMA. A recent Department of Defense study estimated that the base had a \$560 million impact on the local economy for fiscal year 2010.

Nonfarm payrolls are expected to increase in the HMA by 1,900, or 0.7 percent, during the next 12 months and accelerate to 3,300, or 1.3 percent, by the third year of the forecast period. Job growth is expected to continue in the professional and business services and the education and health services sectors. Modest employment growth is expected in the manufacturing sector because of anticipated employment changes in the aerospace parts and products industry discussed previously.

**Figure 3. Current Nonfarm Payroll Jobs in the Wichita HMA, by Sector**



*Note: Based on 12-month averages through March 2012.*

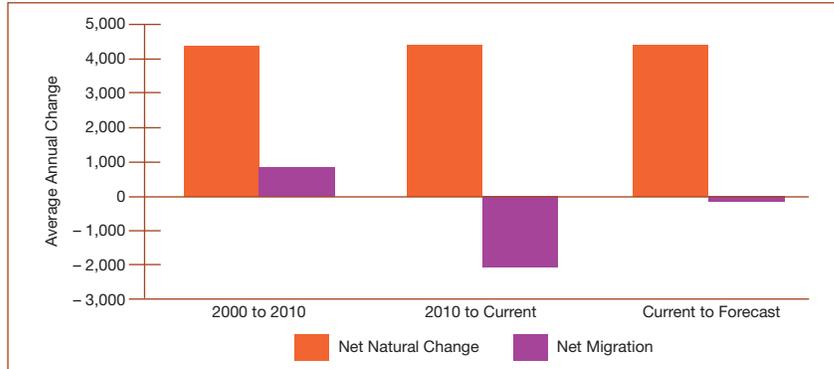
*Source: U.S. Bureau of Labor Statistics*

# Population and Households

As of April 1, 2012, the population of the Wichita HMA was estimated to be 627,500, an increase of approximately 2,225, or 0.4 percent, annually since 2010. Approximately 502,400 people, or 80 percent of the

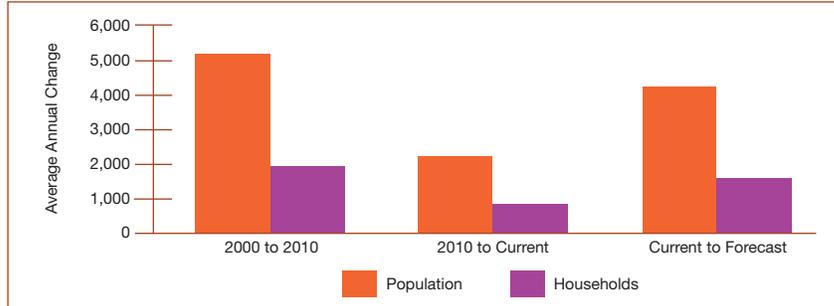
population in the HMA, reside in Sedgwick County, which includes the principal city of Wichita. From July 1, 2000, through July 1, 2005, the population of the HMA increased by approximately 3,200, or 0.5 percent, annually. From July 1, 2005, through July 1, 2009, the population of the HMA increased by 7,800, or 1.3 percent, annually, and net in-migration averaged 3,275 people a year. With the recent employment contraction in the aerospace manufacturing industry, population growth slowed from 2010 to the current date and net migration became negative (Figure 4). During the forecast period, the population is expected to increase by 4,225, or 0.7 percent, annually, as net in-migration returns during the second and third years of the forecast period.

**Figure 4. Components of Population Change in the Wichita HMA, 2000 to Forecast**



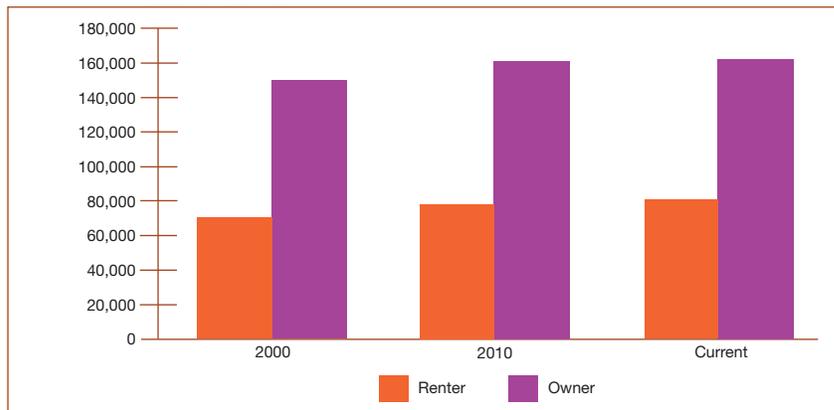
Sources: 2000 and 2010–2000 Census and 2010 Census; current and forecast—estimates by analyst

**Figure 5. Population and Household Growth in the Wichita HMA, 2000 to Forecast**



Sources: 2000 and 2010–2000 Census and 2010 Census; current and forecast—estimates by analyst

**Figure 6. Number of Households by Tenure in the Wichita HMA, 2000 to Current**



Sources: 2000 and 2010–2000 Census and 2010 Census; current—estimates by analyst

# Housing Market Trends

## Sales Market

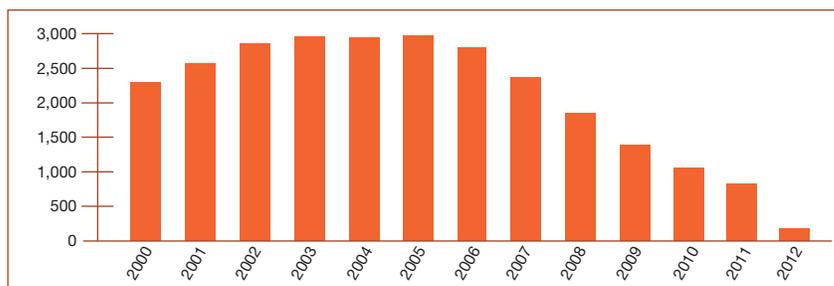
The sales housing market in the Wichita HMA is currently soft. The sales housing vacancy rate is currently estimated at 2.3 percent, up slightly from the 2.2-percent rate recorded in April 2010. New single-family home sales totaled 560 for the 12 months ending March 2012, down 36 percent from the nearly 880 homes sold in the previous 12-month period, according to Hanley Wood, LLC. New home sales are down 60 percent from the average peak of 2,250 sold annually from 2006 through 2008. The average sales price of a new single-family home was \$227,600 for the 12 months ending March 2012, up \$22,200, or 11 percent, from a year ago. By comparison, the sales price of new single-family homes averaged \$216,300 between 2005 and 2008.

Existing single-family home sales totaled 6,900 during the 12 months ending March 2012, which is down 200 homes, or nearly 3 percent, from the 12 months ending March 2011. The current number of existing single-family home sales is 34 percent less than the average peak of 10,500 homes sold annually during the period of 2006 to 2008. The average sales price of an existing single-family home was \$143,400 for the 12 months ending March 2012, up \$1,200, or less than

1 percent, from the previous 12-month period. Existing single-family home prices are down slightly from the average price of \$144,500 from 2005 through 2008. According to LPS Applied Analytics, the number of loans 90 or more days delinquent, in foreclosure, or in REO (Real Estate Owned) increased to 5.1 percent of total loans in March 2012, up from 4.9 percent in March 2011. The national rate for loans in this status for March 2012 was 7.8 percent.

Single-family homebuilding activity, as measured by the number of single-family building permits issued, has declined significantly since 2008. During the 12 months ending March 2012, the number of single-family building permits issued declined by 20, or nearly 3 percent, to 800 homes permitted compared with the number of permits issued during the previous 12-month period, based on preliminary data. Building activity peaked during the period of 2003 through 2005, at an average of 3,050 homes permitted annually, and declined to 2,400 homes permitted annually from 2006 through 2007. The current level of permits issued is 73 percent less than peak-year levels (Figure 7). Recent sales housing developments include the 25-unit Parkstone at College Hill condominiums and the 46-unit Waterwalk Place condominiums; prices for homes in these developments start at \$250,000. Condominiums have accounted for approximately 5 percent of home sales since 2000, down slightly from the 8-percent rate recorded during the 1990s, when the old town section of Wichita was redeveloped and many existing warehouses were converted to condominiums.

**Figure 7.** Single-Family Building Permits Issued in the Wichita HMA, 2000 to 2012



Notes: Includes townhomes. Includes data through March 2012.

Sources: U.S. Census Bureau, Building Permits Survey; estimates by analyst

During the 3-year forecast period, demand is expected for an estimated 3,400 new single-family and condominium homes, including an estimated 70 mobile homes (Table 1). The 190 homes currently under construction will satisfy a portion of that demand. In addition, a portion of the 10,000

other vacant units in the HMA may come back on the market and satisfy some of the demand. Demand is expected to be highest in the \$150,000-to-\$199,999 price range. Table 4 shows the estimated demand for new homes by price range.

**Table 4.** Estimated Demand for New Market-Rate Sales Housing in the Wichita HMA, April 1, 2012 to April 1, 2015

| Price Range (\$) |            | Units of Demand | Percent of Total |
|------------------|------------|-----------------|------------------|
| From             | To         |                 |                  |
| 100,000          | 149,999    | 730             | 22.0             |
| 150,000          | 199,999    | 1,075           | 32.0             |
| 200,000          | 249,999    | 900             | 27.0             |
| 250,000          | 299,999    | 430             | 13.0             |
| 300,000          | and higher | 200             | 6.0              |

*Notes: The 190 homes currently under construction and a portion of the estimated 10,000 other vacant units in the submarket will likely satisfy some of the forecast demand. Excludes mobile homes.*

*Source: Estimates by analyst*

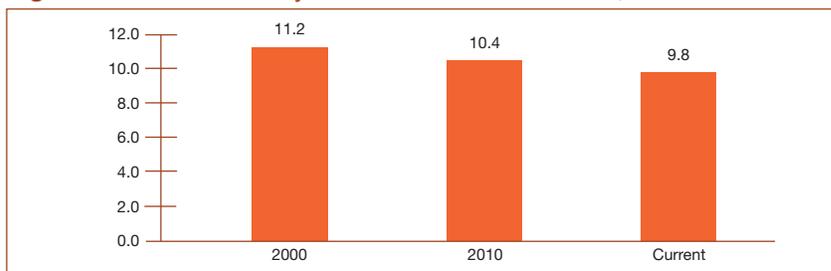
## Rental Market

The rental housing market in the Wichita HMA is currently soft but improving. The current overall rental vacancy rate is estimated at 9.8 percent; down slightly from the 10.4-percent rate recorded in April 2010 (Figure 8). The apartment market is currently tighter than the overall rental housing market. According to Reis, Inc., the average apartment vacancy rate was 4.9 percent for the first quarter of 2012, down from the 6.2-percent rate recorded for the first quarter of 2011. The market has tightened since 2009,

when the average apartment vacancy rate was 8.4 percent because of increased renter demand and lack of new rental units being added to the market. Average rents reported by Reis, Inc., for the first quarter of 2012 for one-, two-, and three-bedroom apartments were \$470, \$610, and \$700, respectively. Rents for one-bedroom units increased approximately 3 percent from the first quarter of 2011, and rents for two- and three-bedroom units increased 1 percent. Concessions are currently being offered in 30 percent of the apartment complexes in the HMA. Rents vary throughout the HMA and are highest in the Wichita State University Northeast area, with an average of \$631, and are lowest in the South Wichita area, with an average of \$444.

Multifamily building activity, as measured by the number of multifamily units permitted, has averaged 110 units

**Figure 8.** Rental Vacancy Rates in the Wichita HMA, 2000 to Current



*Sources: 2000 and 2010–2000 Census and 2010 Census; current—estimates by analyst*

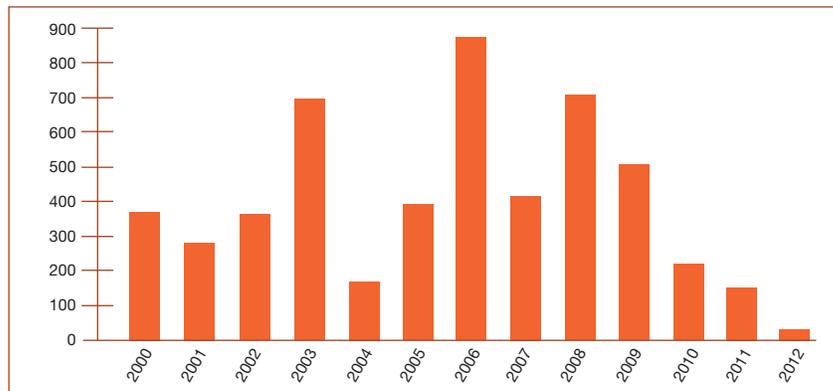
**Housing Market Trends**  
**Rental Market** *Continued*

annually in the HMA since 2010 (Figure 9). By comparison, the number of multifamily units permitted averaged 540 annually between 2006 and 2009. From 2000 to 2010, of all multifamily permits issued, approximately 20 percent were for duplexes and triplexes and about 5 percent were for condominiums. Recent multifamily rental developments in the

HMA include the 194-unit Villas of Waterford and the 48-unit Bridgewater apartments, with rents starting at \$730 and \$575 a month, respectively. Construction of apartments in the HMA has been relatively slow since 2000; data from Reis, Inc., indicate that only 4 percent of apartment units in structures of five or more units were constructed from 2000 through the current date. By comparison, the percentage in other similar areas in the Great Plains region (Iowa, Kansas, Nebraska, and Missouri) is 16 percent.

During the forecast period, the 95 units currently under construction and the supply of excess vacant units are expected to satisfy all demand for rental housing (Table 1). The addition of new rental units to the housing stock will only prolong the current soft market conditions, although construction of new rental units may need to begin in year 3 of the forecast period to satisfy future demand.

**Figure 9. Multifamily Building Permits Issued in the Wichita HMA, 2000 to 2012**



Notes: Excludes townhomes. Includes data through March 2012.  
 Sources: U.S. Census Bureau, Building Permits Survey; estimates by analyst

## Data Profile

**Table DP-1. Wichita HMA Data Profile, 2000 to Current**

|                           | 2000     | 2010     | Current  | Average Annual Change (%) |                 |
|---------------------------|----------|----------|----------|---------------------------|-----------------|
|                           |          |          |          | 2000 to 2010              | 2010 to Current |
| Total Resident Employment | 286,604  | 283,924  | 283,000  | - 0.1                     | - 0.3           |
| Unemployment Rate         | 4.2%     | 8.9%     | 7.8%     |                           |                 |
| Nonfarm Payroll Jobs      | 295,200  | 283,100  | 283,100  | - 0.4                     | 0.0             |
| Total Population          | 571,166  | 623,061  | 627,500  | 0.9                       | 0.4             |
| Total Households          | 220,440  | 240,359  | 241,950  | 0.9                       | 0.3             |
| Owner Households          | 150,061  | 161,503  | 161,500  | 0.7                       | 0.0             |
| Percent Owner             | 68.1%    | 67.2%    | 66.7%    |                           |                 |
| Renter Households         | 70,379   | 78,856   | 80,450   | 1.1                       | 1.0             |
| Percent Renter            | 31.9%    | 32.8%    | 33.3%    |                           |                 |
| Total Housing Units       | 238,564  | 263,043  | 264,600  | 1.0                       | 0.3             |
| Owner Vacancy Rate        | 1.9%     | 2.2%     | 2.3%     |                           |                 |
| Rental Vacancy Rate       | 11.2%    | 10.4%    | 9.8%     |                           |                 |
| Median Family Income      | \$50,700 | \$62,900 | \$64,140 | 2.2                       | 1.0             |

Notes: Numbers may not add to totals because of rounding. Employment data represent annual averages for 2000, 2010, and the 12 months through March 2012. Median family incomes are for 1999, 2009, and 2011.  
 Sources: U.S. Census Bureau; U.S. Department of Housing and Urban Development; estimates by analyst

## Data Definitions and Sources

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2000: 4/1/2000—U.S. Decennial Census  
2010: 4/1/2010—U.S. Decennial Census  
Current date: 4/1/2012—Analyst’s estimates  
Forecast period: 4/1/2012–4/1/2015—Analyst’s estimates

**Demand:** The demand estimates in the analysis are not a forecast of building activity. They are the estimates of the total housing production needed to achieve a balanced market at the end of the 3-year forecast period given conditions on the as-of date of the analysis, growth, losses, and excess vacancies. The estimates do not account for units currently under construction or units in the development pipeline.

**Other Vacant Units:** In the U.S. Department of Housing and Urban Development’s (HUD’s) analysis, other vacant units include all vacant units that are not available for sale or for rent. The term therefore includes units rented or sold but not occupied; held for seasonal, recreational, or occasional use; used by migrant workers; and the category specified as “other” vacant by the Census Bureau.

**Building Permits:** Building permits do not necessarily reflect all residential building activity that occurs in an HMA. Some units are constructed or created without a building permit or are issued a different type of building permit. For example, some units classified as commercial structures are not reflected in the residential building permits. As a result, the analyst, through diligent fieldwork, makes an estimate of this additional construction activity. Some of these estimates are included in the discussions of single-family and multifamily building permits.

For additional data pertaining to the housing market for this HMA, go to [www.huduser.org/publications/pdf/CMARtables\\_WichitaKS\\_12.pdf](http://www.huduser.org/publications/pdf/CMARtables_WichitaKS_12.pdf).

## Contact Information

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This analysis has been prepared for the assistance and guidance of HUD in its operations. The factual information, findings, and conclusions may also be useful to builders, mortgagees, and others concerned with local housing market conditions and trends. The analysis does not purport to make determinations regarding the acceptability of any mortgage insurance proposals that may be under consideration by the Department.

The factual framework for this analysis follows the guidelines and methods developed by HUD’s Economic and Market Analysis Division. The analysis and findings are as thorough and current as possible based on information available on the as-of date from local and national sources. As such, findings or conclusions may be modified by subsequent developments. HUD expresses its appreciation to those industry sources and state and local government officials who provided data and information on local economic and housing market conditions.

For additional reports on other market areas, please go to [www.huduser.org/publications/econdev/mkt\\_analysis.html](http://www.huduser.org/publications/econdev/mkt_analysis.html).