

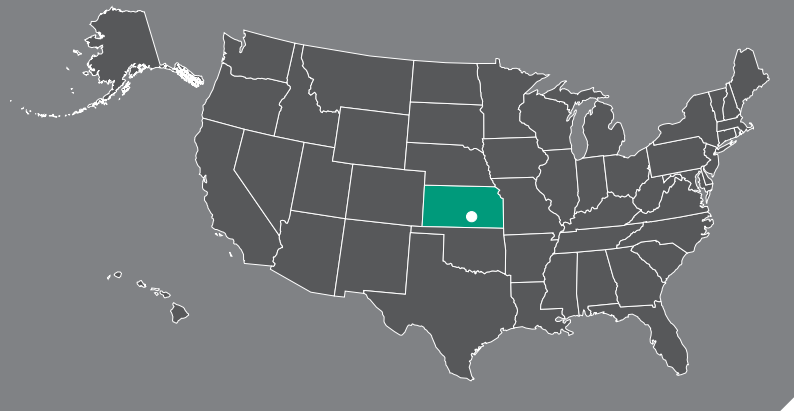
# HUD PD&R Housing Market Profiles

## Wichita, Kansas



### Quick Facts About Wichita

- **Current sales market conditions: slightly tight**
- **Current apartment market conditions: balanced**
- **Known as the “Air Capital of the World,” the Wichita metropolitan area is a key hub for aircraft and aircraft parts production. In the metropolitan area, payrolls in the aerospace manufacturing industry account for 51 percent of manufacturing jobs and 9 percent of nonfarm jobs overall.**



By Randall Goodnight | As of March 1, 2023

### Overview

The Wichita metropolitan area includes Butler, Harvey, Kingman, Sedgwick, and Sumner Counties in south-central Kansas. The metropolitan area is home to McConnell Air Force Base (AFB) and the corporate headquarters of Spirit AeroSystems Inc. (hereafter, Spirit AeroSystems). The metropolitan area ranked first in the nation for first-time homebuyers in 2023 by Zillow Group. The relatively low cost of living in the metropolitan area contributed to the ranking.

- The current population of the metropolitan area is an estimated 659,100, representing an average increase of 2,175, or 0.3 percent, annually since April 2010 (U.S. Census Bureau and estimates by the analyst).
- Net out-migration occurred every year from 2010 to 2018, averaging 1,100 people annually, but since 2018, net in-migration has averaged 890 people annually. Relatively strong job growth during 2018 and 2019 and a recovering local economy during the past 2 years, following the downturn caused by the pandemic, has contributed to net in-migration since 2018.

continued on page 2





continued from page 1

- Net natural increase has slowed to an average of 1,250 people annually since 2018, compared with an average of 3,300 people annually from 2010 to 2018. The lower levels of net natural increase since 2018 have been partly due to an increase in the proportion of elderly residents. In 2021, residents aged 65 years and older accounted for 16.0 percent of the total population in the metropolitan area, compared with 12.1 percent in 2010.
- With 525,500 residents, Sedgwick County, which includes the city of Wichita, is the most populous county and accounted for 80 percent of the metropolitan area population in 2022.

Among counties in the metropolitan area, the population of Sedgwick County grew by the greatest number and at the fastest pace from 2010 to 2022, increasing by an average of 2,225, or 0.4 percent, annually.

- The population of Butler County, the second most populous county in the metropolitan area, increased from 2010 to 2022 by an average of 190, or 0.3 percent, annually to 68,250. The population of the remaining three counties decreased during the period by an average of a combined 260, or 0.4 percent, annually.

## Economic Conditions

The economy of the Wichita metropolitan area has nearly recovered from job losses caused by the COVID-19 pandemic. During the 3 months ending February 2023, nonfarm payrolls in the metropolitan area reached 307,700 jobs, or only 0.1 percent below payroll levels during the 3 months ending February 2020, before the pandemic. Nonfarm payrolls increased an average of 0.8 percent annually from 2012 through 2016 before declining 0.7 percent during 2017. One-third of job losses in 2017 occurred in the wholesale and retail trade sector, stemming from several store closures, including J. C. Penney Company, Inc., Sears, Roebuck and Co., and Kmart Corporation, which closed stores nationwide during this period. Job growth averaged 5,500, or 1.8 percent, annually during 2018 and 2019. During this period, gains in the manufacturing sector—which increased by an average of 2,300 jobs, or 4.4 percent,

annually—contributed to relatively strong job growth. More than two-thirds of the gain in the sector occurred in the aerospace product and parts manufacturing industry, which increased by an average of 1,600 jobs, or 5.5 percent, annually. Nonfarm payrolls declined by 18,000, or 5.9 percent, in 2020 because of the effects of the COVID-19 pandemic. Forty-seven percent of the job losses were in the manufacturing sector, which declined by 8,500, or 15.5 percent. The aerospace product and parts manufacturing industry accounted for 80 percent of manufacturing sector job losses and 38 percent of nonfarm payroll losses overall, declining by 6,800 jobs, or 22.4 percent. Decreased national demand for commercial aircraft following the onset of the COVID-19 pandemic contributed to the decrease in the aerospace product and parts manufacturing industry.

continued on page 3

**Job growth was strong in the Wichita metropolitan area during the 3 months ending February 2023, with gains occurring in 8 of 11 sectors.**

	3 Months Ending		Year-Over-Year Change	
	February 2022 (Thousands)	February 2023 (Thousands)	Absolute (Thousands)	Percent
<b>Total Nonfarm Payrolls</b>	298.5	307.7	9.2	3.1
Goods-Producing Sectors	65.5	69.6	4.1	6.3
Mining, Logging, & Construction	16.7	17.6	0.9	5.4
Manufacturing	48.8	51.9	3.1	6.4
Service-Providing Sectors	233.0	238.1	5.1	2.2
Wholesale & Retail Trade	39.9	40.7	0.8	2.0
Transportation & Utilities	12.3	12.0	-0.3	-2.4
Information	3.8	3.7	-0.1	-2.6
Financial Activities	11.8	12.1	0.3	2.5
Professional & Business Services	34.3	34.6	0.3	0.9
Education & Health Services	45.3	46.1	0.8	1.8
Leisure & Hospitality	31.1	32.9	1.8	5.8
Other Services	11.5	11.5	0.0	0.0
Government	43.0	44.5	1.5	3.5
<b>Unemployment Rate</b>	3.1%	3.2%		

Note: Numbers may not add to totals due to rounding.

Source: U.S. Bureau of Labor Statistics





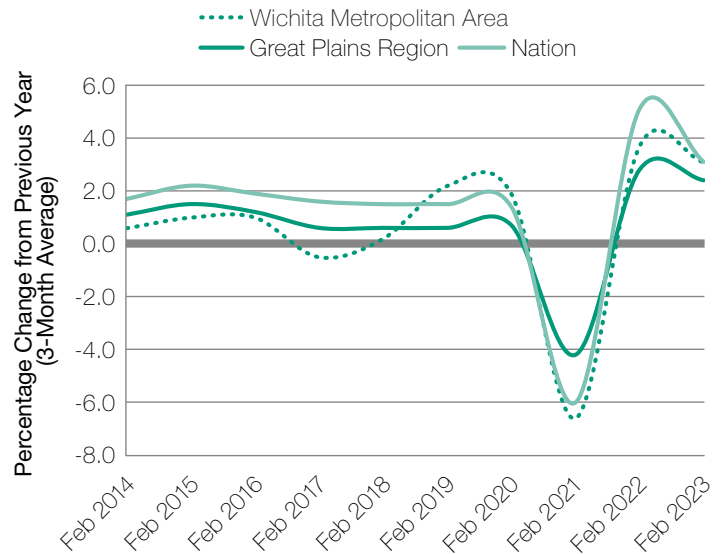
continued from page 2

During the 3 months ending February 2023—

- Nonfarm payrolls in the metropolitan area increased by 9,200 jobs, or 3.1 percent, from a year ago, compared with a 3.7-percent increase a year earlier.
- The manufacturing sector accounted for more than one-third of job growth overall, increasing by 3,100, or 6.4 percent, compared with a 10.2-percent increase a year earlier. The manufacturing sector is the largest job sector in the metropolitan area, with 51,900 jobs, or nearly 17 percent of total nonfarm payrolls.
- The aerospace product and parts manufacturing industry accounted for more than three-fourths of manufacturing sector gains, increasing by 2,400, or 9.7 percent, compared with a 14.1-percent increase a year earlier. Increased demand for commercial aircraft nationally contributed to gains in the industry.
- Job growth was also strong in the leisure and hospitality sector, which increased by 1,800, or 5.8 percent, to 32,900, compared with an 8.1-percent increase a year earlier. The sector has completely recovered from job losses during the COVID-19 pandemic, with the current level 1.1 percent greater than payrolls during the 3 months ending February 2020.
- The average unemployment rate increased slightly to 3.2 percent, compared with 3.1 percent a year earlier.

The metropolitan area economy is heavily dependent on the aerospace industry. Annual payrolls in the aerospace product and parts manufacturing industry totaled more than \$1.8 billion in 2021 (Bureau of Labor Statistics). The aerospace product and parts manufacturing industry in the metropolitan area also offers relatively high wages; the average annual salary in the industry was \$84,100 in 2021. By comparison, workers in the manufacturing sector overall earned \$70,100, which was the highest average annual salary among the 11 job sectors in the metropolitan area. Spirit AeroSystems and Textron Aviation Inc. are currently the largest and second largest employers in

**Nonfarm payrolls in the Wichita metropolitan area increased at the same pace as job growth nationally during the 3 months ending February 2023.**



Source: U.S. Bureau of Labor Statistics

## Largest Employers in the Wichita Metropolitan Area

Name of Employer	Nonfarm Payroll Sector	Number of Employees
Spirit AeroSystems Inc.	Manufacturing	9,500
Textron Aviation Inc.	Manufacturing	9,000
McConnell Air Force Base	Government	6,350

Notes: Excludes local school districts. Data for McConnell Air Force Base include military personnel, who are generally not included in nonfarm payroll survey data. Sources: Greater Wichita Partnership; U.S. Department of Defense

the metropolitan area, with about 9,500 and 9,000 employees, respectively. McConnell AFB is the third largest employer, with 6,350 employees (4,925 military personnel and 1,425 civilian employees). McConnell AFB includes the 22nd Air Refueling Wing, the 931st Air Refueling Wing, and the Kansas Air National Guard 184th Intelligence Wing.

## Sales Market Conditions

Sales housing market conditions are slightly tight in the Wichita metropolitan area. The estimated sales vacancy rate is currently 1.5 percent, down from 2.2 percent as of April 1, 2010, when conditions were soft. The sales housing market has eased slightly from tight conditions during the previous 2 years, when historically low mortgage interest rates contributed to strong home sales demand and, consequently, low levels of for-sale home inventory. The inventory of homes for sale in February 2023 represented a 1.8-month supply, up from a 0.9-month supply a year earlier and 1.1 months in

February 2021 (Wichita State University, with adjustments by the analyst). By comparison, the supply of homes for sale was 2.7 months in February 2020, before the pandemic, and averaged 3.3 months from 2013 through 2019, down from 6.1 months of supply in March 2010. As of January 2023, 1.4 percent of home loans were seriously delinquent or in real estate owned (REO) status, down from 2.1 percent a year earlier (CoreLogic, Inc.). The percentage of seriously delinquent mortgages and REO properties in the metropolitan area reached a recent peak of 4.4 percent in October 2020, when weak economic conditions

continued on page 4

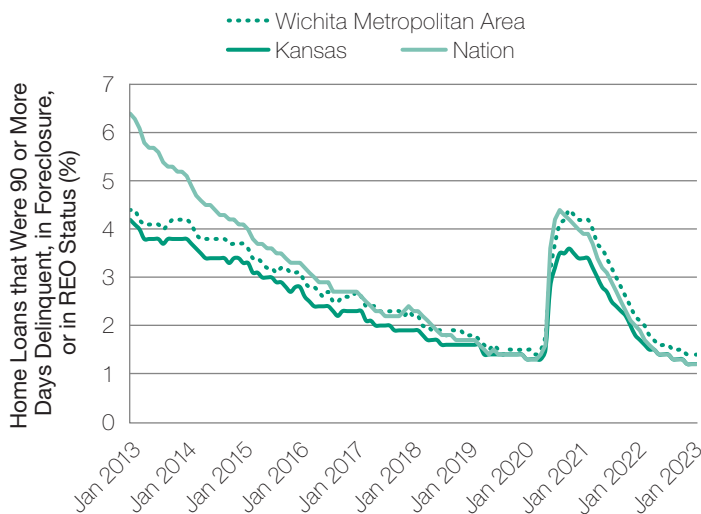


continued from page 3

from the COVID-19 pandemic made it more difficult for many homeowners to stay current on their mortgage payments, and a large number of home mortgages were in forbearance.

New and existing home sales in the Wichita metropolitan area decreased by 4,750, or 29 percent, to 11,850 homes sold during the 12 months ending January 2023, compared with a 5-percent increase a year earlier. Home sales in the metropolitan area reached a recent peak during the 12 months ending June 2021, when 17,150 homes were sold, representing a 19-percent increase from a year earlier. Before the pandemic, by comparison, home sales increased an average of 4 percent annually from 2013 through 2019. An increase in mortgage interest rates contributed to the significant decrease in home sales in the past year. The interest rate for a 30-year fixed-rate mortgage averaged 6.3 percent during January 2023, compared with an average rate of 3.5 percent in January 2022; the average rate was 2.7 percent in January 2021, which was nearly the lowest average rate for any month during the past 50 years (Freddie Mac). The average price for new and existing homes during the 12 months ending January 2023 increased by \$16,100, or 7 percent, to \$248,300, compared with increases of 8 and 13 percent a year earlier and during the 12 months ending January 2021, respectively (CoreLogic, Inc.). Previously, by comparison, the average home price increased an average of 3 percent annually from 2013 through 2019. The relatively low inventory of homes for sale placed upward pressure on home prices, which contributed to stronger increases in the average home price during the past 3 years.

**The share of seriously delinquent mortgages and REO properties in the Wichita metropolitan area has decreased significantly since reaching a recent peak in October 2020.**



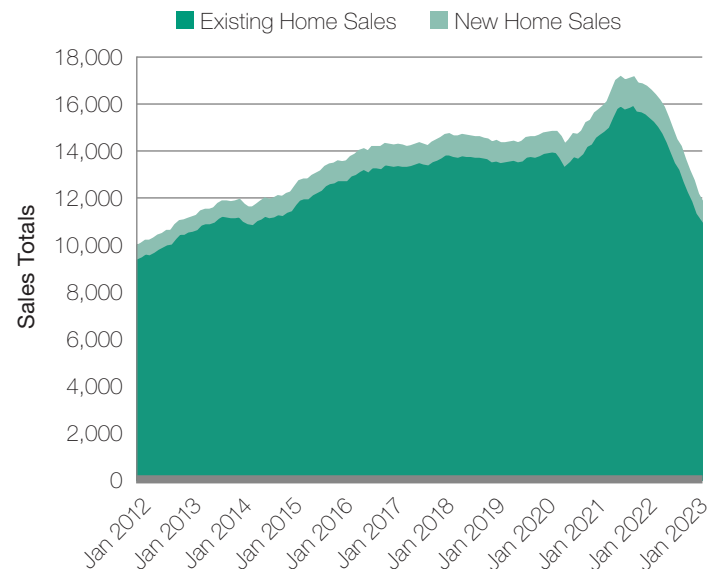
REO = real estate owned.  
Source: CoreLogic, Inc.

During the 12 months ending January 2023—

- New home sales decreased 34 percent to 760 homes, compared with a 13-percent increase a year earlier. The average price for a new home increased 20 percent to \$397,100.

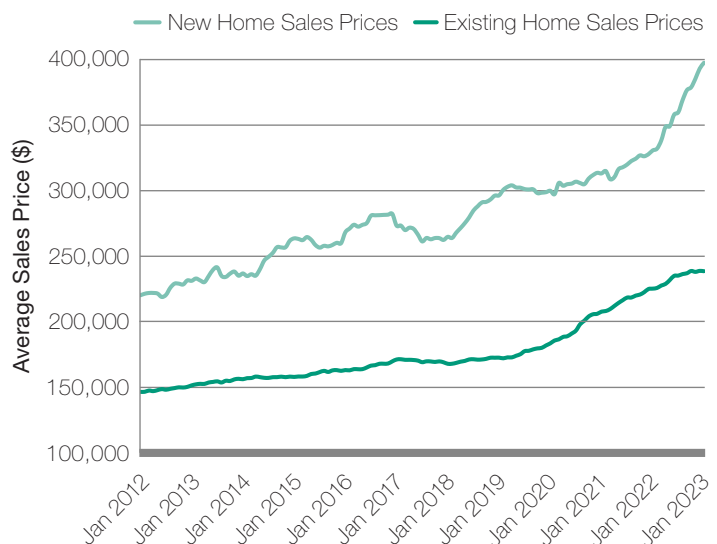
continued on page 5

**Both new and existing home sales in the Wichita metropolitan area have slowed significantly since reaching recent peaks in the summer of 2021.**



Note: Includes single-family homes, townhomes, and condominiums.  
Source: CoreLogic, Inc.

**New home sales prices in the Wichita metropolitan area have surged recently compared with moderating existing home sales price growth.**



Note: Includes single-family homes, townhomes, and condominiums.  
Source: CoreLogic, Inc.



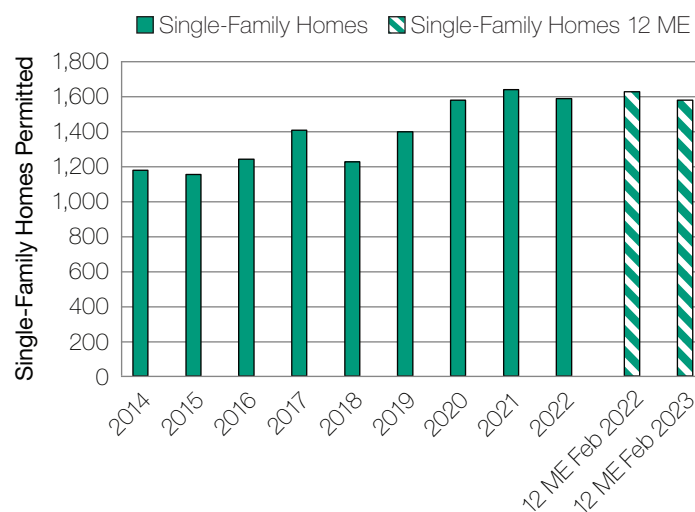
continued from page 4

- Existing home sales, which include resales and distressed sales, decreased 28 percent to 11,100, compared with a 5-percent increase a year earlier. The average price for existing homes increased 6 percent to \$238,200.
- Resales decreased 29 percent to 10,850 homes, and the average price for resales was \$239,700, up 6 percent from a year earlier.
- Distressed home sales decreased 3 percent to 230, and the average distressed sale price increased 7 percent to \$163,500. Distressed sales accounted for 2 percent of existing home sales, unchanged from a year earlier but down from the peak level of 19 percent in 2011.

Single-family homebuilding activity, as measured by the number of single-family homes permitted and estimates by the analyst, decreased by only 50, or 3 percent, to 1,575 homes during the 12 months ending February 2023, as homebuilders were generally slow to respond to a significant decrease in new home sales demand. An estimated 900 homes are currently under construction.

- From 2014 through 2019, single-family homebuilding activity averaged 1,275 homes permitted annually. During this period, single-family construction activity ranged from 1,150 homes in 2015 to 1,400 homes in 2017 and 2019.
- During 2020 and 2021, single-family home construction activity increased an average of 8 percent annually to 1,625 homes permitted in 2021. An increase in new home sales demand, stemming from historically low mortgage interest rates, contributed to the increase in single-family home construction.
- During the 12 months ending February 2023, 85 percent of single-family home construction in the metropolitan area occurred in Sedgwick County, and Butler County accounted for 8 percent. Single-family home construction activity in the remaining counties accounted for a combined 7 percent.
- In the northern part of the city of Wichita, construction is underway at the Watermarke residential community, which

Single-family home construction activity in the Wichita metropolitan area has been relatively strong since 2020 compared with the previous 6 years.



12 ME = 12 months ending.

Sources: U.S. Census Bureau, Building Permits Survey; 2014–21—final data and estimates by the analyst; 2022 and past 24 months of data—preliminary data and estimates by the analyst

will include 275 single-family homes on one-half acre lots at buildout. Three-, four-, and five-bedroom homes, ranging in size from approximately 1,825 to 3,500 square feet, are offered at the development, with prices starting at \$359,000. Seventy-four homes have sold at the community, and 12 homes are currently available for sale.

- The Heritage master-planned community is under construction in the city of Andover, east of the city of Wichita in Butler County. When complete, the 100-acre community will include 189 for-sale single-family homes, 186 apartment units, commercial and retail space, and numerous walking and biking trails. Two-, three-, four-, and five-bedroom single-family homes, ranging in size from 1,150 to 4,050 square feet, are offered at the community, with prices starting at \$240,000. Since opening in 2020, 63 homes have sold at the community, and 11 homes are currently available for sale.

## Apartment Market Conditions

Apartment market conditions are currently balanced in the Wichita metropolitan area. During the fourth quarter of 2022, the apartment vacancy rate was 6.9 percent (CoStar Group). Apartment market conditions have eased slightly from a year ago when conditions were slightly tight. During the fourth quarter of 2021, the average apartment vacancy rate was 6.1 percent, the lowest rate for any fourth quarter since at least 2000. The apartment vacancy rate averaged 7.3 percent

during the fourth quarters of 2014 and 2015. That rate increased during the next 2 years to 9.7 percent by the fourth quarter of 2017, partly because of job declines in 2017 and a significant number of new apartment units added to the existing apartment inventory during 2016 and 2017. Although the average apartment vacancy rate remained relatively high, it decreased to 8.1 percent by the fourth quarter of 2020. Job growth during 2018 and 2019 and a tighter home sales market

continued on page 6



continued from page 5

during 2020 and 2021, which included a limited inventory of homes for sale and relatively strong home price growth, contributed to declines in the apartment vacancy rates during the fourth quarters of each year from 2018 through 2021.

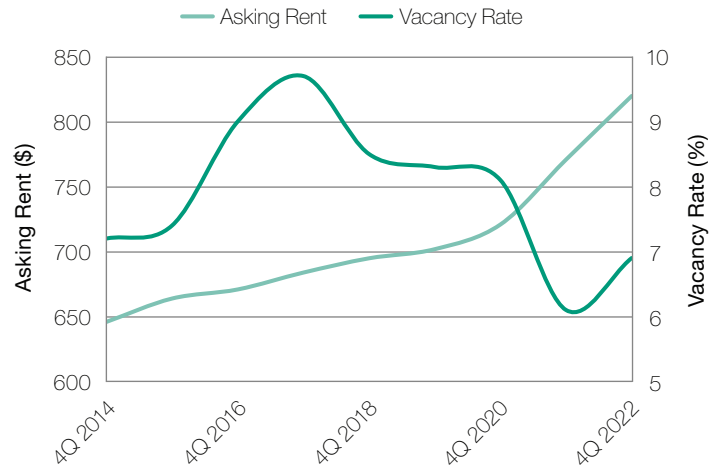
During the fourth quarter of 2022—

- The average apartment rent in the metropolitan area increased 6 percent from a year ago to \$820, compared with a 7-percent increase a year earlier, when apartment rent growth was the fastest for any fourth quarter since at least 2001. By comparison, apartment rents increased an average of 2 percent annually from the fourth quarter of 2014 through the fourth quarter of 2020.
- The vacancy rate for class A apartments in the metropolitan area increased to 7.1 percent from 5.6 percent a year earlier, and the average rent was \$1,181, up 8 percent from a year earlier.
- The vacancy rate for class B and C apartments was 6.7 percent, up from 6.2 percent a year earlier, and the average rent for class B and C units increased 5 percent to \$774.
- Apartment vacancy rates among the primary CoStar Group-defined market areas in the metropolitan area ranged from 3.7 percent in the Derby/Haysville market area to 10.8 percent in the North market area. Average apartment rents ranged from \$689 in the Southeast market area to \$1,144 in the Northwest market.

Multifamily construction activity in the Wichita metropolitan area, as measured by the number of multifamily units permitted and estimates by the analyst, totaled only 380 units in 2014 before increasing to an average of 1,150 units annually from 2015 through 2017. From 2018 through 2020, multifamily construction activity generally slowed, averaging 845 units annually, as developers responded to soft apartment market conditions. Strong apartment rent growth and a significant decline in the average apartment vacancy rate contributed to multifamily construction activity surging to 1,550 units permitted during 2021, which represented at that time the greatest number of multifamily units permitted in the metropolitan area for any year since at least 2000.

- Multifamily construction activity in the metropolitan area increased 15 percent to 1,875 units during the 12 months ending February 2023, as developers responded to low apartment vacancy rates and strong rent growth a year earlier (preliminary data and estimates by the analyst).
- An estimated 2,050 multifamily units are currently under construction in the metropolitan area, 89 percent of which are in Sedgwick County.

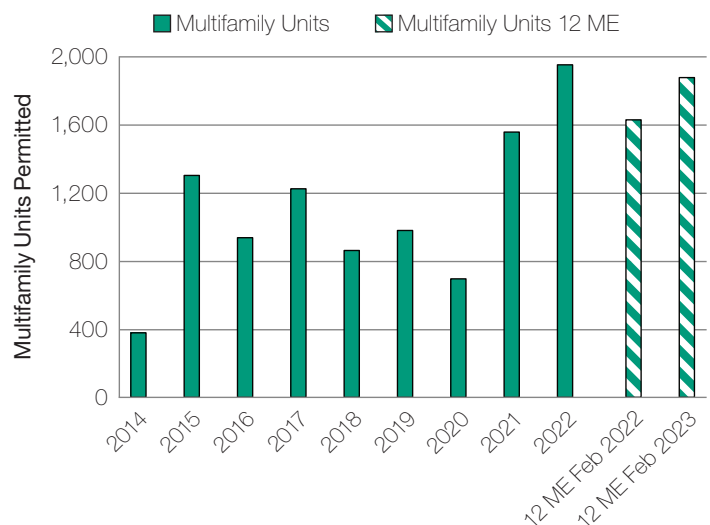
**Rent growth in the Wichita metropolitan area remained strong in 2022, and the average vacancy rate increased from a year earlier, when the rate was at the lowest fourth quarter level since 2000.**



4Q = fourth quarter.

Source: CoStar Group

**Multifamily construction activity in the Wichita metropolitan area during 2022 was at the highest level since at least 2000.**



12 ME = 12 months ending.

Sources: U.S. Census Bureau, Building Permits Survey; 2014–21—final data and estimates by the analyst; 2022 and past 24 months of data—preliminary data and estimates by the analyst

- The Avante apartment community is currently under construction in the city of Wichita. The development is expected to be complete in 2023 and include 272 units. Rents at The Avante are expected to start at \$1,170 for one-bedroom units, \$1,385 for two-bedroom units, and \$1,712 for three-bedroom units.

continued on page 7



continued from page 6

- Aero, an off-campus student apartment community near Wichita State University in the city of Wichita, is currently under construction and expected to be complete in the fall of 2023. The community is expected to include 127 units when complete. Rents are expected to start at \$789 for studio units, \$809 for one-bedroom units, and \$759 per bedroom for two-bedroom units.
- Construction began in October 2022 on the Heritage Square apartment community in the city of Andover. Heritage Square, which is part of The Heritage master-planned community, is expected to be complete in 2024 and include 262 market-rate units.



## Terminology Definitions and Notes

### A. Definitions

<b>Apartment Vacancy Rate/Apartment Rent</b>	Data are for market-rate and mixed market-rate and affordable general occupancy apartment properties with five or more units, including only those that are stabilized. An apartment property is stabilized once an occupancy rate of 90 percent or above is reached, or at least 18 months pass since the property was completed.
<b>Building Permits</b>	Building permits do not necessarily reflect all residential building activity. 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.
<b>Distressed Sales</b>	Short sales and real estate owned (REO) sales.
<b>Existing Home Sales</b>	Includes resales, short sales, and REO sales.
<b>Home Sales/Home Sales Prices</b>	Includes single-family home, townhome, and condominium sales.
<b>Net Natural Increase</b>	Resident births minus resident deaths.
<b>Resales</b>	These are home closings that have no ties to either new home closings (builders) or foreclosures. They are homes that were previously constructed and sold to an unaffiliated third party.
<b>Seriously Delinquent Mortgages</b>	Mortgages 90 or more days delinquent or in foreclosure.

### B. Notes on Geography

1. The metropolitan statistical area definition noted in this report is based on the delineations established by the Office of Management and Budget (OMB) in the OMB Bulletin dated April 10, 2018.