

Economic Conditions

The Wichita HMA economy depends heavily on activities in the aerospace industry. The HMA has been known as the Air Capital of the World since the 1920s and is a hub for the production of aircraft and aircraft parts. HMA payrolls in the aerospace manufacturing industry account for approximately 60 percent of manufacturing jobs and 12 percent of nonfarm jobs overall. Annual payrolls in the aerospace product and parts manufacturing industry totaled \$2.07 billion in 2016 (Bureau of Labor Statistics). Spirit AeroSystems and Textron Aviation are the largest and second largest employers in the HMA, respectively, with a combined 20,000 employees (Table 2). More than one-half of aviation vehicles in the nation are manufactured or have

components produced in Wichita (Kansas Department of Commerce). The aerospace manufacturing industry in the HMA is also a large exporter of transportation equipment, including aircraft product and parts, to the international market. Exports accounted for more than one-fifth of the HMA gross domestic product, with aircraft products and parts exports comprising 68 percent of all exports (The Brookings Institution and JPMorgan Chase & Co., *Export Monitor 2017*). The manufacturing sector, with 51,300 jobs during the 12 months ending July 2017, or 17.3 percent of nonfarm payrolls, is the largest sector in the HMA (Figure 1). By comparison, the manufacturing sector comprises 8.5 percent of nonfarm jobs nationally. The HMA economy also benefits from the presence of McConnell AFB, which is the third largest employer, with 6,700 employees, including 6,200 military personnel and 500 civilian employees (military personnel at McConnell AFB are not reported in nonfarm payrolls). McConnell AFB is home to the 184th Kansas Air National Guard Intelligence Wing and 931st Air Refueling Wing and has an economic impact of \$800 million annually on the HMA (Wichita Regional Chamber of Commerce). The government sector is the fourth largest sector in the HMA with 40,200 jobs.

From 2000 through 2011, the aerospace product and parts manufacturing industry significantly impacted the HMA economy. Following an increase in nonfarm payrolls in 2001 by 3,300 jobs, or 1.1 percent, to 301,100, payrolls declined during 2002 and 2003 by an average of 8,900 jobs, or 3.0 percent, annually to 283,400 in 2003. During 2002 and 2003, the aerospace product and parts manufacturing

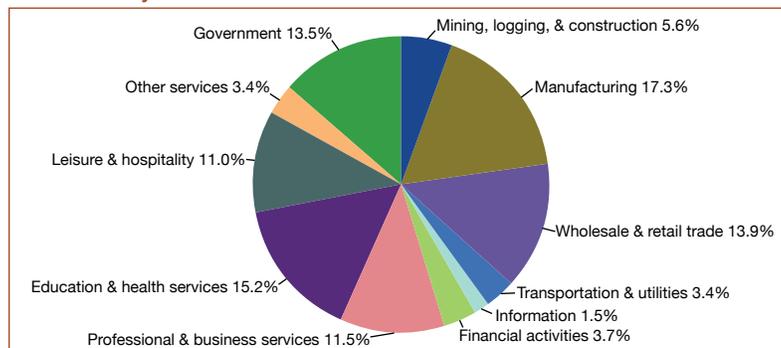
Table 2. Major Employers in the Wichita HMA

Name of Employer	Nonfarm Payroll Sector	Number of Employees
Spirit AeroSystems	Manufacturing	10,700
Textron Aviation	Manufacturing	9,300
McConnell Air Force Base	Government	6,700
Via Christi Health	Education & health services	5,425
State of Kansas	Government	4,500
Koch Industries, Inc.	Manufacturing	3,275
City of Wichita	Government	3,050
Kroger Co.	Wholesale & retail trade	2,700
Sedgwick County	Government	2,675
Wesley Healthcare	Education & health services	2,500

Notes: Excludes local school districts. Data include military personnel, who are generally not included in nonfarm payroll survey data.

Sources: Greater Wichita Partnership; local employers

Figure 1. Current Nonfarm Payroll Jobs in the Wichita HMA, by Sector



Note: Based on 12-month averages through July 2017.

Source: U.S. Bureau of Labor Statistics

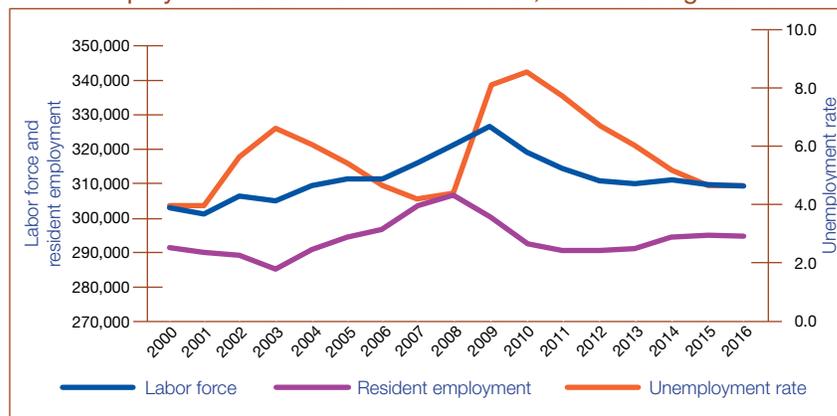
industry decreased by 6,275, or 15.3 percent, annually to 31,800, accounting for 71 percent of jobs lost in the HMA. The national recession from March 2001 to November 2001 and the September 11, 2001 terrorist attacks contributed to job losses in the aerospace product and parts manufacturing industry (*Final Report of the Commission on the Future of the United States Aerospace Industry*). The average unemployment rate in the HMA increased from a rate of 4.0 in 2001 to a rate of 6.6 percent in 2003 (Figure 2). The HMA economy expanded from 2004 through 2008, with jobs increasing by an average of 5,400, or 1.8 percent, annually to 310,400. Gains in the aerospace product and parts manufacturing industry during this period accounted for nearly one-third of job growth overall. Job growth during this period was also strong in the professional and business services sector and the education and health services sector, each increasing by an average of 1,100, or 3.9 percent and 2.6 percent, to 31,300 and 43,500, respectively. The opening of 21 new hospitals and medical facilities contributed to gains in the education and health services sector (CBRE). The

average unemployment rate decreased to 4.2 percent by 2007 before increasing slightly to 4.5 percent in 2008.

During 2009 and 2010, the number of nonfarm jobs in the HMA declined by an average of 12,400, or 4.1 percent, annually, to 285,600 in 2010, reflecting the effects of the national economic recession, which transpired from December 2007 through June 2009. Job losses in the HMA were greatest from 2009 through 2010 in the manufacturing sector, which declined by an average of 7,400, or 11.6 percent, annually, to 52,900, and accounted for 60 percent of overall job declines. Job losses in the aerospace product and parts manufacturing industry during this period comprised 68 percent of losses in the manufacturing sector and 41 percent of the decline in nonfarm payrolls. The only employment sector to add jobs during this period was the government sector, which increased by an average of 600, or 1.3 percent, annually to 42,500. Two-thirds of these gains were in the federal government subsector, which increased by an average of 400, or 6.9 percent, annually. The average unemployment rate increased to 8.6 percent in 2010. During 2011, the HMA economy began to stabilize, with nonfarm payrolls decreasing by only 400, or 0.1 percent, to 285,200 jobs. During this period, the aerospace product and parts manufacturing industry declined by 650, or 2.2 percent, to 29,400. The average unemployment rate decreased slightly during 2011 to 7.7 percent.

In 2012, the HMA economy began a recovery, although it has yet to reach prerecession payrolls. From 2012 through 2016, nonfarm payrolls increased by an average of 2,400, or 0.8 percent, annually to reach

Figure 2. Trends in Labor Force, Resident Employment, and Unemployment Rate in the Wichita HMA, 2000 Through 2016



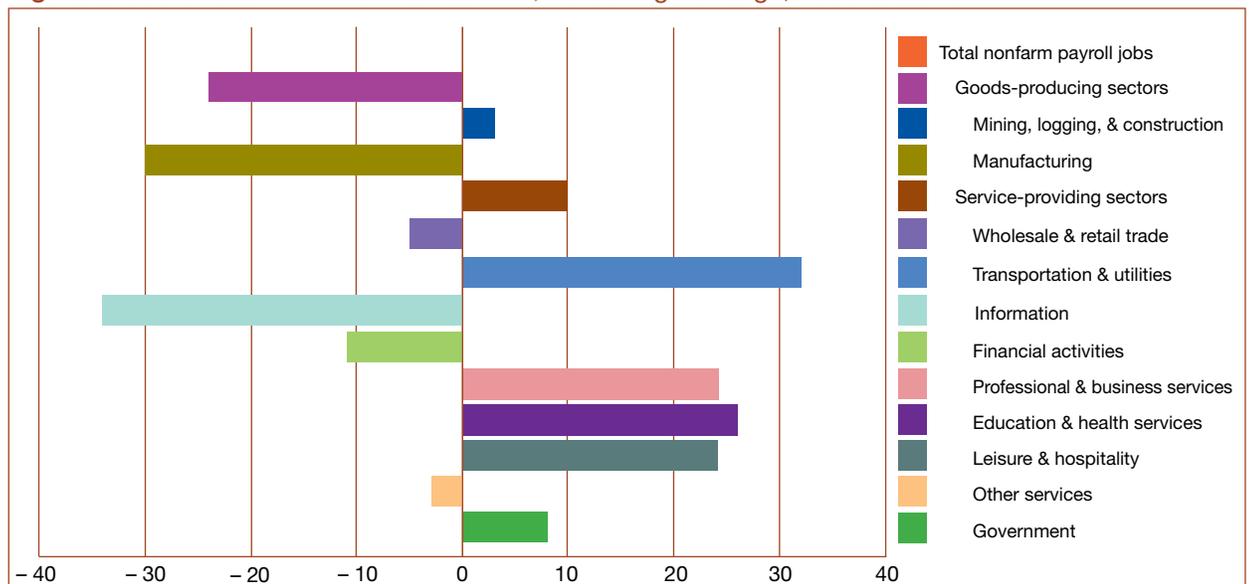
Source: U.S. Bureau of Labor Statistics

297,300 jobs. Gains were greatest in the leisure and hospitality sector, up an average of 1,000 jobs, or 3.3 percent, annually, to 32,200. The opening of the Kansas Star Casino in 2012 contributed to increases in this sector, resulting in more than 1,000 new jobs. The casino, 15 miles south of Wichita in the city of Mulvane, includes a 300-room hotel and 3,400-seat arena. Job growth in the HMA from 2012 through 2016 was also strong in the professional and business services sector, which increased by an average of 800 jobs, or 2.6 percent, annually, to 33,700 jobs. Nearly one-third of the increase was in the temporary help services industry, which gained an average of 240 jobs, or 6.2 percent, annually, to 4,575, reflecting national trends. The use of temporary workers among manufacturing companies also contributed to the decline in aerospace product and parts manufacturing jobs in the HMA, which decreased by an average of 540, or 1.8 percent, annually. Also contributing to declines in the aerospace product and parts

manufacturing industry was the closing of The Boeing Company facility in 2013, resulting in a loss of 2,100 manufacturing jobs. The average unemployment rate decreased from 2012 through 2016, reflecting the ongoing economic recovery. During this period, unemployment dropped to a rate of 4.7 percent in 2016 compared with a rate of 7.7 percent in 2011. Figure 3 shows sector growth in the HMA since 2000.

During the 12 months ending July 2017, nonfarm payrolls in the HMA increased by 400, or 0.1 percent, to 297,400 jobs. Employment growth was strongest in the professional and business services and the education and health services sectors, each increasing by 900 jobs, or 2.7 and 2.0 percent, to 34,100 and 45,200 jobs, respectively (Table 3). The September 2016 opening of a new children's hospital in the city of Wichita by Wesley Healthcare, the tenth largest employer in the HMA, contributed to gains in the education and health services

Figure 3. Sector Growth in the Wichita HMA, Percentage Change, 2000 to Current



Notes: Current is based on 12-month averages through July 2017. During this period, total nonfarm payrolls showed no net change.
Source: U.S. Bureau of Labor Statistics

Table 3. 12-Month Average Nonfarm Payroll Jobs in the Wichita HMA, by Sector

	12 Months Ending		Absolute Change	Percent Change
	July 2016	July 2017		
Total nonfarm payroll jobs	297,000	297,400	400	0.1
Goods-producing sectors	68,500	67,900	- 600	- 0.9
Mining, logging, & construction	16,500	16,600	100	0.6
Manufacturing	52,000	51,300	- 700	- 1.3
Service-providing sectors	228,400	229,500	1,100	0.5
Wholesale & retail trade	42,900	41,300	- 1,600	- 3.7
Transportation & utilities	9,800	10,000	200	2.0
Information	4,600	4,600	0	0.0
Financial activities	11,300	11,100	- 200	- 1.8
Professional & business services	33,200	34,100	900	2.7
Education & health services	44,300	45,200	900	2.0
Leisure & hospitality	32,000	32,800	800	2.5
Other services	9,900	10,200	300	3.0
Government	40,400	40,200	- 200	- 0.5

Notes: Numbers may not add to totals because of rounding. Based on 12-month averages through July 2016 and July 2017.

Source: U.S. Bureau of Labor Statistics

sector and resulted in about 100 new jobs. Job growth was also strong in the leisure and hospitality sector, up by 800, or 2.5 percent, to 32,800 jobs, partly because the completion of 21 new restaurants and four new hotels. Declines in the retail trade subsector, which decreased by 1,600 jobs, or 4.8 percent, to 32,000, partly offset job gains during the 12 months ending July 2017. Losses were mostly because of several store closures, including J C Penney Company Inc., Sears, and Kmart, which were part of nationwide store closures. Job losses also occurred in the manufacturing sector, down 700 jobs, or 1.3 percent, to 51,300. Declines in the manufacturing sector were partly because of 270 layoffs in July 2017 at Excel Industries in the city of Hesston, about 40 miles north of downtown Wichita. The layoffs at Excel Industries, a turf equipment manufacturer, resulted in a 33-percent decrease in manufacturing

positions at the facility. During the 12 months ending July 2017, the average unemployment rate was 4.5 percent, unchanged from a year earlier.

During the 3-year forecast period, nonfarm payrolls in the HMA are projected to increase an average of 0.6 percent annually. Job growth is expected to be strongest in the leisure and hospitality and education and health services sectors. In the city of Derby, 11 miles south of downtown Wichita, construction began at the Field Station: Dinosaurs theme park. The \$160 million prehistoric theme park is slated for completion in the summer of 2018. The park is expected to employ a staff of 870 and draw 1.2 million visitors annually (Kansas Department of Commerce). Also in Derby, construction began on the Rock Regional Hospital. The hospital is scheduled to open in December 2018 and staff 125 employees.

Population and Households

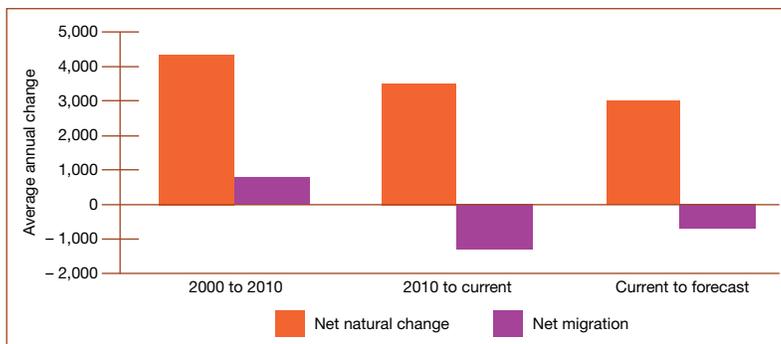
The current population of the Wichita HMA is estimated at 646,800, representing an average increase of 2,175, or 0.3 percent, annually since 2010. An increase in net natural change (resident births minus resident deaths) accounted for all the population growth during this period, and net out-migration occurred each year. Net out-migration was greatest from 2010 to 2011 at 2,850, mostly because of a recent decline in jobs (U.S. Census Bureau population estimates, as of July 1). Net out-migration occurred at an average of 1,075 annually during the remainder of the period since 2010.

During the 2000s, the HMA population increased by an average of 5,100, or 0.8 percent, annually. About 15 percent of the population growth in the HMA during this period was the result of net in-migration. Population growth in the HMA was particularly strong from 2007 through 2009 (U.S. Census Bureau population estimates, as of July 1). During this period, the population increased by an average of 9,200, or 1.5 percent, annually, with net in-migration accounting for nearly one-half of the total increase. Net in-migration was strong during this period, partly because of job growth in 2007 and 2008 and because

jobseekers were drawn to the HMA, the largest metropolitan area and employment center in Kansas, during the national economic recession. By comparison, the population increased by an average of 4,000, or 0.7 percent, annually from April 2000 to 2007, entirely the result of net natural change. During the 3-year forecast period, the population of the HMA is expected to grow by an average of 2,300, or 0.4 percent, annually. Net out-migration is expected to occur at an average pace of 700 annually during the same period. Figure 4 shows components of population change in the HMA from 2000 to the forecast date.

The most populous county in the HMA is Sedgwick County, with an estimated current population of 513,700, accounting for 79 percent of the population of the HMA. Butler County is the second largest county with an estimated 67,500 residents, or about 11 percent of the HMA population. Harvey, Kingman, and Sumner Counties comprise the remaining 10 percent of the population of the HMA, with a combined population of 65,600. The fastest-growing county in the HMA since 2010 was Sedgwick County, increasing an average of 2,100, or 0.4 percent, annually. Wichita, in Sedgwick County, is the largest city in the HMA and state, with a population estimated at 390,800, up an average of 1,150, or 0.3 percent, annually since 2010. The second largest city is Derby, also in Sedgwick County, with a population of 24,000, representing an average increase of 250, or 1.1 percent, annually since 2010. The population of Wichita increased by the greatest number of residents since 2010, and the population of Derby, a suburb of Wichita, increased by the greatest percentage during the same period.

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

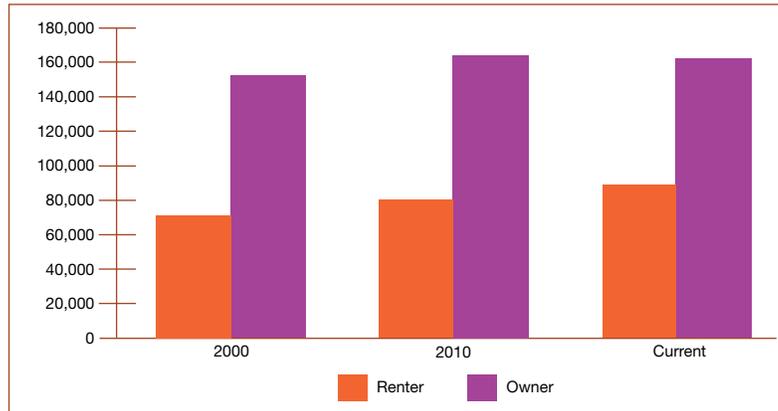


Notes: The current date is August 1, 2017. The forecast date is August 1, 2020. Sources: 2000 and 2010–2000 Census and 2010 Census; current and forecast—estimates by analyst

Population and Households *Continued*

The number of households in the HMA is currently an estimated 249,800, representing an average

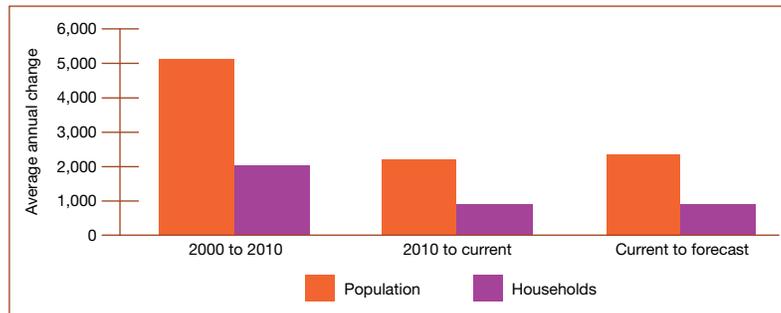
Figure 5. Number of Households by Tenure in the Wichita HMA, 2000 to Current



Note: The current date is August 1, 2017.

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

Figure 6. Population and Household Growth in the Wichita HMA, 2000 to Forecast



Notes: The current date is August 1, 2017. The forecast date is August 1, 2020.

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

increase of 850 households, or 0.3 percent, annually since April 2010. During the 2000s, the number of households increased by an average of 1,975, or 0.9 percent, annually. Since 2010, renter household growth has comprised all total household growth compared with 43 percent during the 2000s. Tightened mortgage lending standards and an increased propensity to rent contributed to the increased portion of new renter households. Job losses during the early 2010s also contributed to changes in the portion of new renter household formation. Renter households currently account for an estimated 35.4 percent of all households in the HMA compared with 32.7 percent in 2010. The current percentage of renter households represents the highest level since 1950. Figure 5 shows the number of households in the HMA by tenure for 2000, 2010, and the current period. During the forecast period, household growth in the HMA is expected to occur at an average of 930, or 0.4 percent, annually (Figure 6).

Housing Market Trends

Sales Market

Sales housing market conditions in the Wichita HMA are slightly tight, with an average sales vacancy rate estimated at 1.7 percent as of August 1, 2017, down from 2.2 in April 2010. The inventory of homes for sale represented approximately a 3-month supply in July 2017, unchanged from a year earlier but down from a

5-month supply in April 2010 (Wichita State University, Center for Real Estate). An improving economy, particularly since 2012, contributed to the improved sales market conditions. In July 2017, 2.4 percent of home loans in the HMA were seriously delinquent (loans that are 90 or more days delinquent or in foreclosure) or had

Housing Market Trends

Sales Market *Continued*

transitioned into Real Estate Owned (REO), down from 2.7 percent a year earlier and from 4.4 percent in April 2010 (CoreLogic, Inc.). The percentage of seriously delinquent mortgages and REO loans peaked in January 2012 at 4.6 percent. The percentage of underwater mortgages (defined as the borrower owing more than the value of the home), comprised only 3.0 percent of total home loans in the HMA as of June 2017, unchanged from a year earlier but down from 7.5 percent in 2010, and contributed to more stable conditions currently compared with 2010.

During the 12 months ending July 2017, new and existing home sales (including single-family homes, townhomes, and condominiums) increased by 360, or 3 percent, to 11,050 homes sold in the HMA compared with sales a year earlier, and the average home sales price increased by \$3,800, or 2 percent, to \$166,800 (Wichita State University, Center for Real Estate). New home sales totaled 690, up by 40 homes sold, or 6 percent, from a year earlier. The average new home sales price was \$308,800, up by \$11,000, or 4 percent, during the same period. Existing home sales (including REO and short sales) increased by 320, or 3 percent, to 10,350 homes sold. Existing homes sold at an average home sales price of \$157,400, up \$3,050, or 2 percent, from a year earlier. Reflecting improving home sales market conditions, REO sales and short sales accounted for 9 percent of existing home sales, down from 10 percent a year earlier and from the peak level of 17 percent in 2011 (Metrostudy, A Hanley Wood Company).

During the 2000s, total home sales in the HMA were particularly strong from 2004 through 2007, averaging

13,600 annually. During this period, the average price for a home increased by an average of \$4,550, or 3 percent, annually to \$142,500 (Wichita State University, Center for Real Estate). Job and population growth, combined with relaxed lending standards, contributed to strong home sales during this period. From 2005 through 2007, adjustable-rate mortgages accounted for 16 percent of all home mortgages in the HMA compared with 5 percent since 2008 (Metrostudy, A Hanley Wood Company). New home sales averaged 1,975 a year, or 14 percent of all home sales, from 2004 through 2007, compared with 6 percent during the 12 months ending July 2017 (Wichita State University, Center for Real Estate). From 2008 through 2011, new and existing home sales declined by an average of 1,200, or 12 percent, annually, to 8,000, because of tighter mortgage lending standards and, beginning in 2009, the economic downturn in the HMA. During the same period, the average price for a home decreased by an average of \$3,725, or 3 percent, annually to \$141,500 in 2011. The decrease in the average home sale price during this period was partly because of an increase in the number of distressed home sales (REO and short sales). From 2008 through 2011, the portion of distressed home sales increased from 8 percent of all home sales in 2007 to 16 percent by 2011, when the distressed home sale average price was \$101,000, approximately one-third less than the average price for new and resale home sales (Metrostudy, A Hanley Wood Company). Job growth contributed to an increase in home sales by an average of 600 homes, or 7 percent, annually from 2012 through 2016, to reach 11,000. During the same period, the average

price for homes increased by an average of \$5,075, or 3 percent, annually to \$166,800.

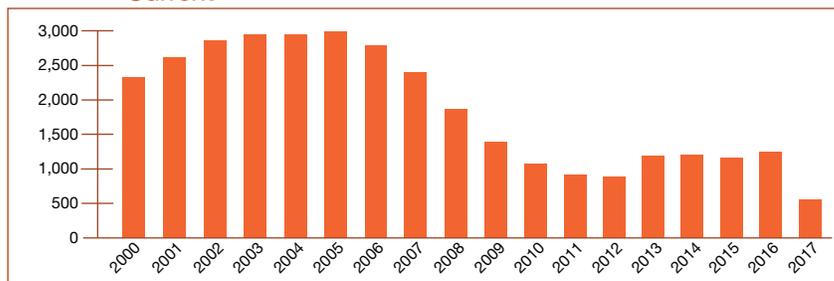
Single-family homebuilding activity, as measured by the number of single-family homes permitted, increased by 50 homes, or 4 percent, to 1,200 homes during the 12 months ending July 2017, compared with 1,150 homes permitted a year earlier (preliminary data). An increase in new home sales contributed to the gain in homebuilding activity during this period. Since 2000, single-family homebuilding activity peaked from 2003 through 2005, when an average of 2,950 homes were permitted annually. Relaxed mortgage lending standards and relatively affordable home prices, combined with job growth that began in 2004, were the primary reasons for increased homebuilding during this period. Single-family home construction declined slightly in 2006 by 170, or 6 percent, to about 2,800 homes, before decreasing significantly from 2007 through 2010, when homebuilding slowed by an average of 430, or 22 percent, annually, to 1,050 homes. A decreased demand in home sales, stemming from a deteriorating confidence in the home sales market, tightening home mortgage lending standards, and significant job losses that began in 2009, contributed to the decline in single-family homebuilding

during this period. Single-family homebuilding continued to decline from 2011 through 2012, although at a slower pace, decreasing by an average of 100, or 10 percent, annually, to 860 homes. An increased demand in home sales, stemming from the local economic recovery, which began in 2012, combined with increased confidence in the sales market among homebuyers, contributed to an average annual increase in single-family homebuilding of 95 homes, or 10 percent, from 2013 through 2016 in the HMA. Figure 7 shows the number of single-family homes permitted in the HMA since 2000.

An estimated 300 single-family homes are currently under construction in the HMA. In Derby, The Oaks residential community is currently under construction where 21 two-, three-, and four-bedroom single-family homes, ranging in size from 1,600 to 2,200 square feet, sold during the 12 months ending July 2017 for an average price of \$315,400. Approximately 44 lots remain available for construction at The Oaks. Construction is also under way at the Lakeway at Cornerstone residential community in the town of Andover, 15 miles northeast of downtown Wichita. Twenty-two new three-bedroom homes, ranging in size from 1,500 to 2,900 square feet, sold for an average price of \$308,600 at Lakeway at Cornerstone during the 12 months ending July 2017, and approximately 37 home sites remain available for construction.

Demand is expected for 2,575 new homes in the HMA during the 3-year forecast period (Table 1). The 300 homes currently under construction will meet part of the demand during the first year. New home sales demand is expected to increase slightly each

Figure 7. Single-Family Homes Permitted in the Wichita HMA, 2000 to Current



Notes: Includes townhomes. Current includes data through July 2017.

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

Housing Market Trends

Sales Market *Continued*

Table 4. Estimated Demand for New Market-Rate Sales Housing in the Wichita HMA During the Forecast Period

Price Range (\$)		Units of Demand	Percent of Total
From	To		
120,000	149,999	210	8.0
150,000	199,999	490	19.0
200,000	249,999	620	24.0
250,000	299,999	520	20.0
300,000	399,999	440	17.0
400,000	599,999	230	9.0
600,000	and higher	75	3.0

Notes: The 300 homes currently under construction in the HMA will likely satisfy some of the forecast demand. The forecast period is August 1, 2017, to August 1, 2020.

Source: Estimates by analyst

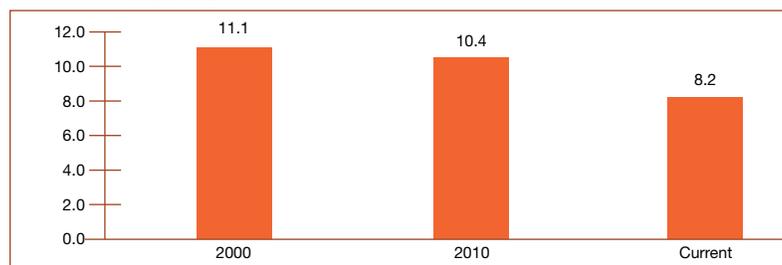
Rental Market

The rental housing market in the Wichita HMA is slightly soft, with a current overall rental vacancy rate estimated at 8.2 percent. Rental market conditions have improved since April 2010, when the rental vacancy rate was 10.4 percent and conditions were soft (Figure 8). The apartment rental market is currently balanced, having improved significantly since 2010 when conditions were soft. The average apartment vacancy rate during the second quarter of 2017, excluding properties in lease-up, was 5.4 percent, up from 5.1 percent a year earlier but down from 8.2 percent during the first quarter of 2010 (Reis, Inc.). Occupied single-family rental units in the HMA comprise about 48 percent of the total number of occupied rental units overall (2016

year of the forecast period. Demand is expected to be greatest for homes priced from \$200,000 to \$299,999. Table 4 shows estimated demand for new market-rate sales housing in the HMA by price range.

American Community Survey [ACS] 1-year data). Single-family rental unit vacancy rates are often higher than apartment vacancy rates, partly because amenities and services—such as clubhouses, swimming pools, and lawn service—are typically offered at apartments but not at single-family rental units. Also contributing to a higher single-family rental vacancy rate in the HMA is the higher portion of relatively old single-family rental units. An estimated 37 percent of occupied single-family renter units were built before 1980, compared with only 13 percent of occupied apartments (2016 ACS 1-year data). The average apartment market rent during the second quarter of 2017 increased 3 percent to \$597, from a year earlier, compared with an average increase of 2 percent annually during the previous 5 years. The average apartment vacancy rates during the second quarter of 2017 ranged from 3.2 percent in the Reis, Inc.-defined West Wichita market area to 8.5 percent in the North Wichita market area. Apartment rents ranged from an average of \$491 in the South Wichita market area to \$701 in the Wichita State University/Northeast Wichita

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



Note: The current date is August 1, 2017.

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

market area. The average vacancy rate for Class A apartments in the HMA was 7.2 percent, up from 4.7 percent a year earlier, and the average rent for Class A apartments increased an average of 3 percent to \$793. Approximately eight apartment communities, with a combined 1,300 units, are currently in lease-up and have yet to achieve stabilized occupancy. The average vacancy rate at these properties as of July 2017 was 41.0 percent.

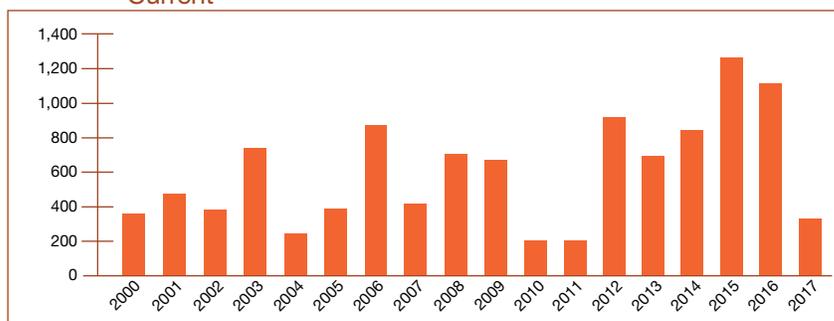
Rental market conditions in the HMA have followed economic trends since 2000. Job declines in the HMA from 2002 through 2003 contributed to the average apartment vacancy rate increasing from a rate of 6.1 percent in 2001 to a decade high rate of 10.4 percent in 2003. From 2004 through 2008, the average apartment vacancy rate declined almost every year to a rate of 6.6 percent in 2008. An expanding local economy contributed to the decline in the average apartment vacancy rate during the 2004–2008 period. During 2009, significant job declines, combined with overbuilding, contributed to the average apartment vacancy rate increasing to 8.6 percent. The average apartment vacancy rate decreased, however, from 2010 through 2011, to a rate of 6.1 percent, despite a contracting local economy during the same period. An increased

preference to rent among households, combined with only a modest increase in new apartment supply during the same period, contributed to the decrease in the average apartment vacancy rate during this period. The HMA economic recovery, which began in 2012, contributed to a lower average apartment vacancy rate of 5.2 percent during the 2012–2016 period.

McConnell AFB and the three largest universities in the HMA positively impacted the HMA rental market. McConnell AFB provides housing for 100 unmarried military personnel and has approximately 450 privatized housing units for married military personnel and their families. The remaining military personnel and family members, approximately 1,500 households, of which an estimated 1,000 are renter households, reside off base in the surrounding private housing market. Combined, the three largest universities in the HMA, Wichita State University, Friends University, and Newman University, provide on-campus housing for 2,200 students, or 12 percent of the 18,500 students enrolled as of the fall 2016 semester. The remaining students, comprising an estimated 5,450 households, reside in the local housing market. Student households currently account for almost 6 percent of all renter households in the HMA.

Multifamily construction activity, as measured by the number of multifamily units permitted, decreased in the HMA by 200 units, or 17 percent, to 980 units permitted during the 12 months ending July 2017 compared with the number permitted a year earlier. Multifamily construction during the 2000s averaged 520 units permitted annually (Figure 9). By

Figure 9. Multifamily Units Permitted in the Wichita HMA, 2000 to Current



Notes: Excludes townhomes. Current includes data through July 2017.

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

comparison, from 2010 through 2011, multifamily construction activity averaged only 210 units annually, mostly because of the contracting economy during the same period. From 2012 through 2016, an average of 970 units were permitted annually. Increases in occupancy and rent levels, combined with an expanding economy in the HMA, contributed to increased multifamily construction activity during this period. Condominium construction has accounted for only 4 percent of multifamily construction overall since 2000. Condominium construction totaled 370 units during the 2000s, compared with 85 condominium units built since 2010.

Approximately 1,275 multifamily units are currently under construction in the HMA. Watercress Apartments, a 270-unit apartment community 15 miles northwest of downtown Wichita, is expected to be complete in early 2018. Rents at Watercress Apartments will range from \$809 to \$1,049 for one-bedroom units and \$929 to \$1,249 for two-bedroom units. Construction is also under way at the River Vista Apartment community in downtown

Wichita along the bank of the Arkansas River. The 200-unit development is expected to be complete by late 2018 and offer studio, one-, and two-bedroom units. Rents are not yet available for this community. The Flats at WSU, a 112-unit student apartment community on the Wichita State University campus, was completed in the summer of 2017. The development, although on campus, was privately funded and offers 280 rooms to both students and nonstudents. Nine- and 12-month leases are offered at the community, with rents ranging per bed from \$720 to \$800 for four-bedroom units, \$735 to \$815 for three-bedroom units, \$765 to \$850 for two-bedroom units, and \$845 to \$940 for one-bedroom units.

During the 3-year forecast period, demand is estimated for 1,425 new market-rate rental units (Table 1). The 1,275 units currently under construction are likely to satisfy demand during the first 2 years of the forecast period. Rental housing demand is expected to be greatest for two-bedroom units at rents ranging from \$1,100 to \$1,299 (Table 5).

Table 5. Estimated Demand for New Market-Rate Rental Housing in the Wichita HMA During the Forecast Period

Zero Bedrooms		One Bedroom		Two Bedrooms		Three or More Bedrooms	
Monthly Gross Rent (\$)	Units of Demand	Monthly Gross Rent (\$)	Units of Demand	Monthly Gross Rent (\$)	Units of Demand	Monthly Gross Rent (\$)	Units of Demand
640 to 839	10	800 to 999	190	900 to 1,099	210	1,200 to 1,399	15
840 or more	20	1,000 to 1,199	260	1,100 to 1,299	290	1,400 to 1,599	20
		1,200 or more	190	1,300 or more	210	1,600 or more	10
Total	30	Total	640	Total	720	Total	45

Notes: Numbers may not add to totals because of rounding. Monthly rent does not include utilities or concessions. The 1,275 units currently under construction will likely satisfy some of the estimated demand. The forecast period is August 1, 2017, to August 1, 2020.

Source: 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	291,582	291,930	294,400	0.0	0.1
Unemployment rate	4.0%	8.6%	4.5%		
Nonfarm payroll jobs	297,800	285,600	297,400	-0.4	0.6
Total population	579,839	630,919	646,800	0.8	0.3
Total households	223,811	243,586	249,800	0.9	0.3
Owner households	152,684	164,012	161,400	0.7	-0.2
Percent owner	68.2%	67.3%	64.6%		
Renter households	71,127	79,574	88,400	1.1	1.4
Percent renter	31.8%	32.7%	35.4%		
Total housing units	242,416	266,861	272,600	1.0	0.3
Owner vacancy rate	1.9%	2.2%	1.7%		
Rental vacancy rate	11.1%	10.4%	8.2%		

Notes: Numbers may not add to totals because of rounding. Employment data represent annual averages for 2000, 2010, and the 12 months through July 2017. The current date is August 1, 2017.

Sources: U.S. Census Bureau; U.S. Department of Housing and Urban Development; estimates by analyst

Data Definitions and Sources

2000: 4/1/2000—U.S. Decennial Census
 2010: 4/1/2010—U.S. Decennial Census
 Current date: 8/1/2017—Estimates by the analyst
 Forecast period: 8/1/2017–8/1/2020—Estimates
 by the analyst

The metropolitan statistical area definition in this report is based on the delineations established by the Office of Management and Budget (OMB) in the OMB Bulletin dated February 28, 2013.

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 this analysis conducted by the U.S. Department of Housing and Urban Development (HUD), 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 huduser.gov/publications/pdf/CMARtables_WichitaKS_17.pdf.

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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 the Economic and Market Analysis Division within HUD. 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 huduser.gov/portal/ushmc/chma_archive.html.