



# Hutchinson

2025 HOUSING  
OUTLOOK

## *Full Circle*

Dr. Stanley D. Longhofer

February 4, 2025



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

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



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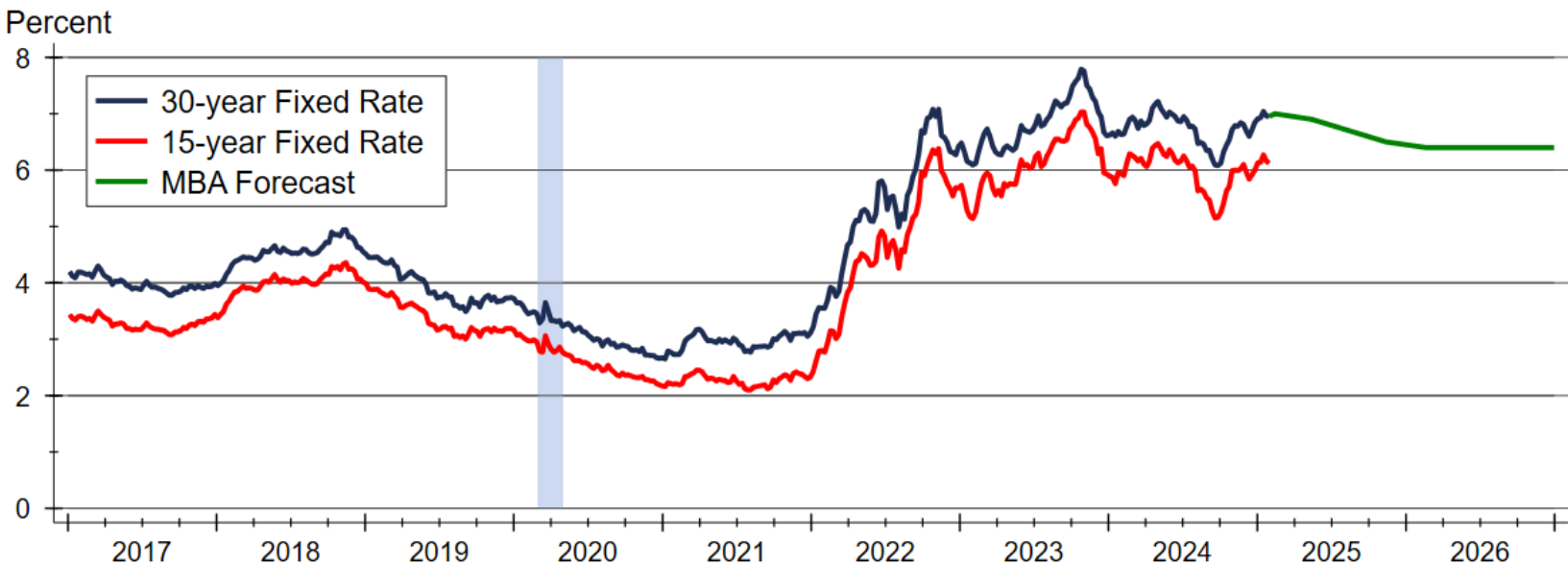


# 2025 Reno County Outlook Sponsor



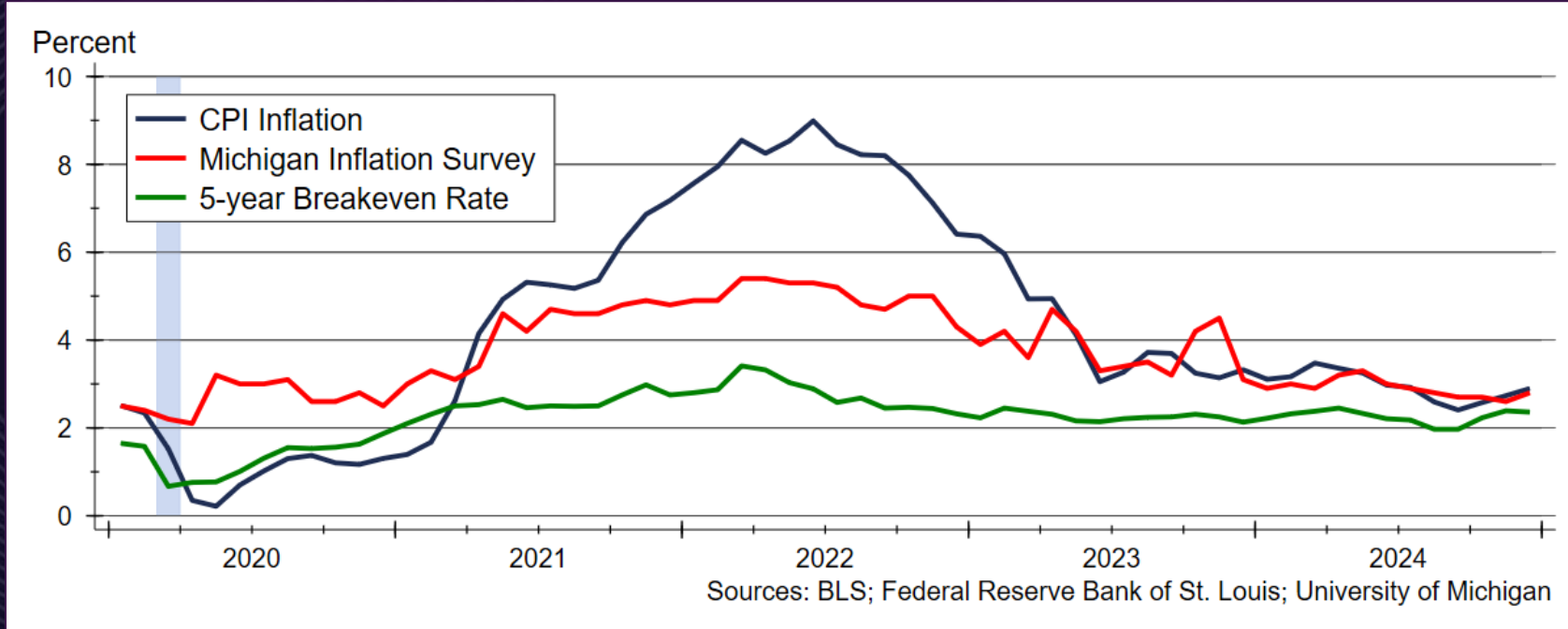
Security 1<sup>st</sup> Title

# Mortgage Rates Have Risen Recently



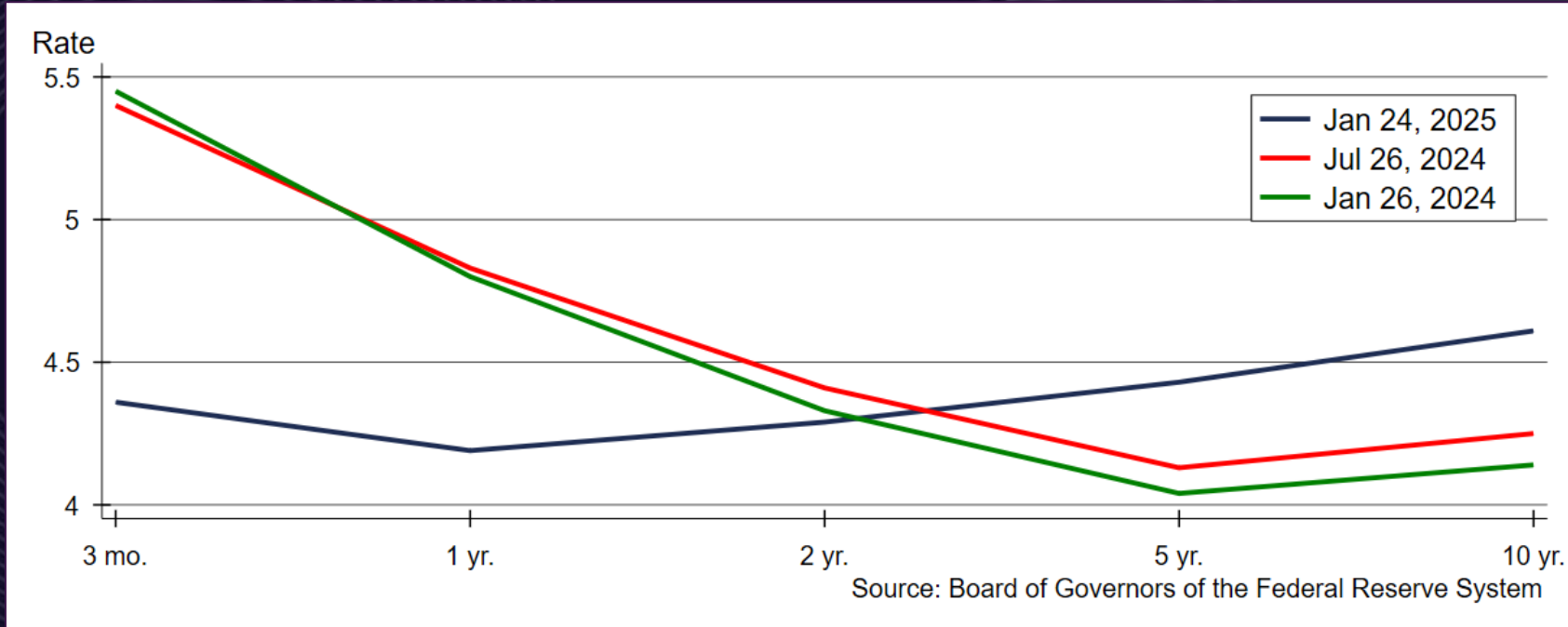
Sources: Freddie Mac; Mortgage Bankers Association

# Inflation Expectations Have Risen Slightly



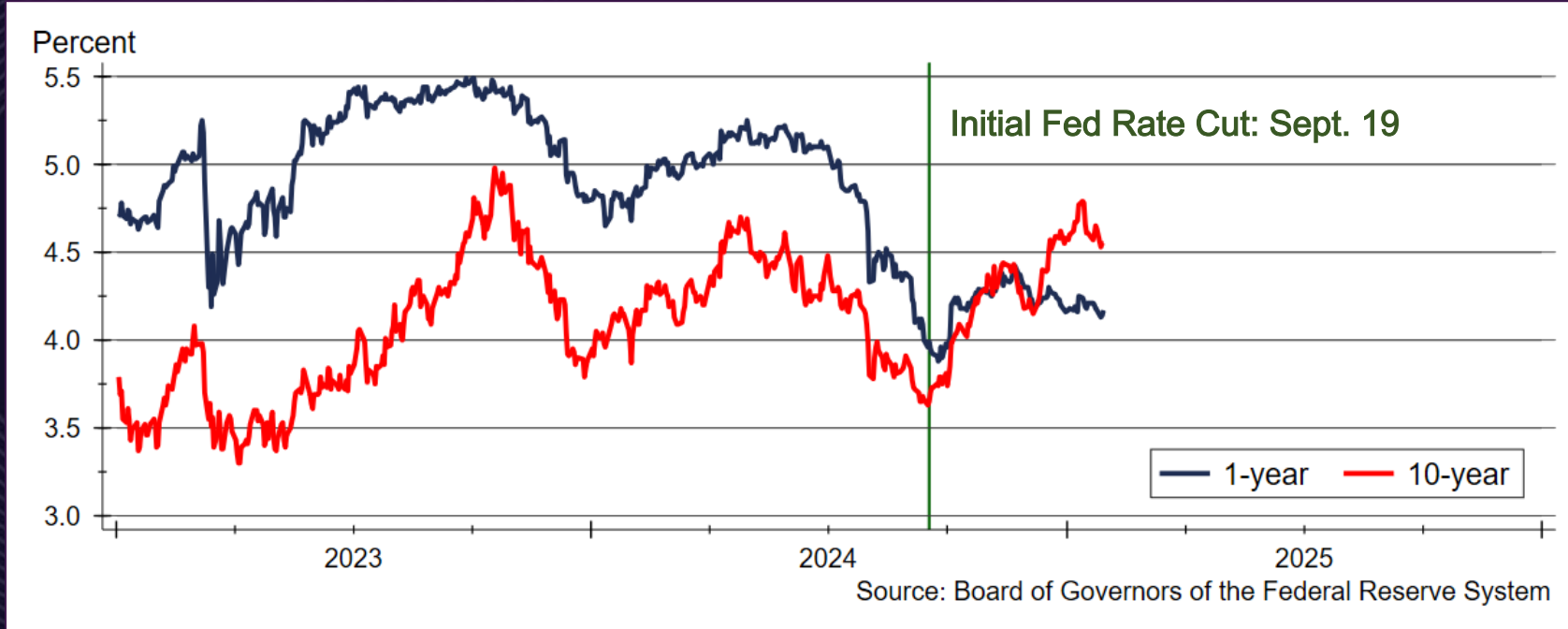


# The Yield Curve Has “Reverted”





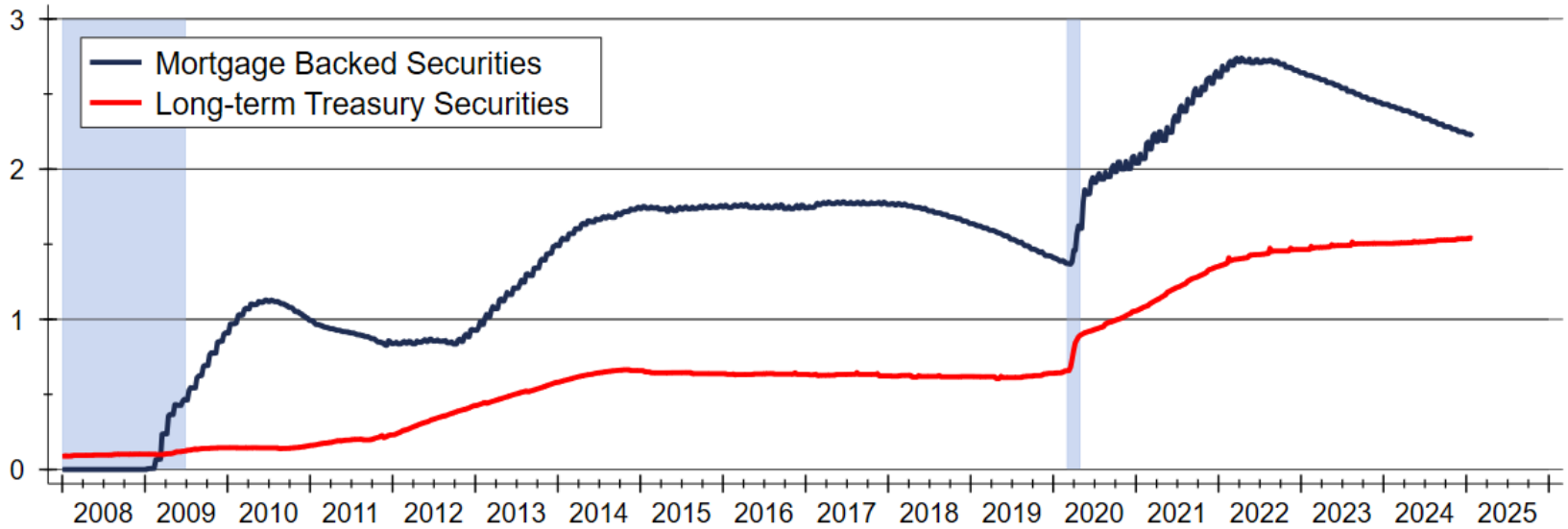
# Daily Treasury Rates





# Federal Reserve Continues to Reduce MBS Holdings

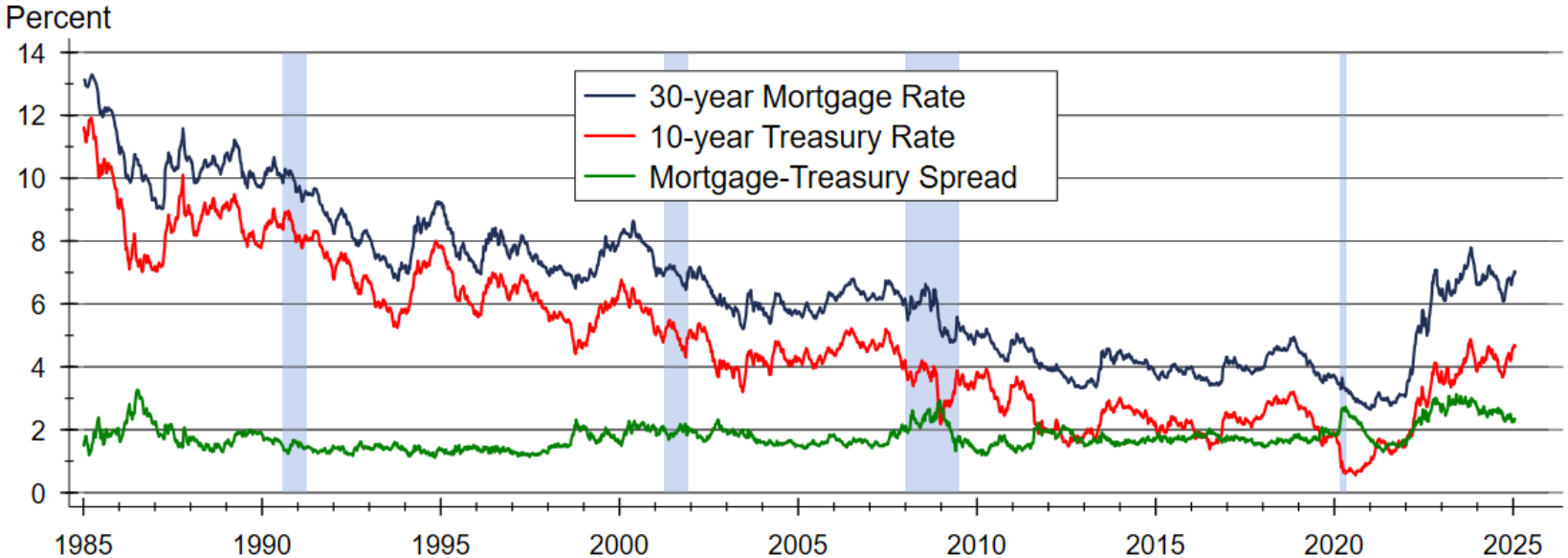
Trillions of Dollars



Source: Federal Reserve Board of Governors



# Mortgage Risk Premium Remains Higher than Normal

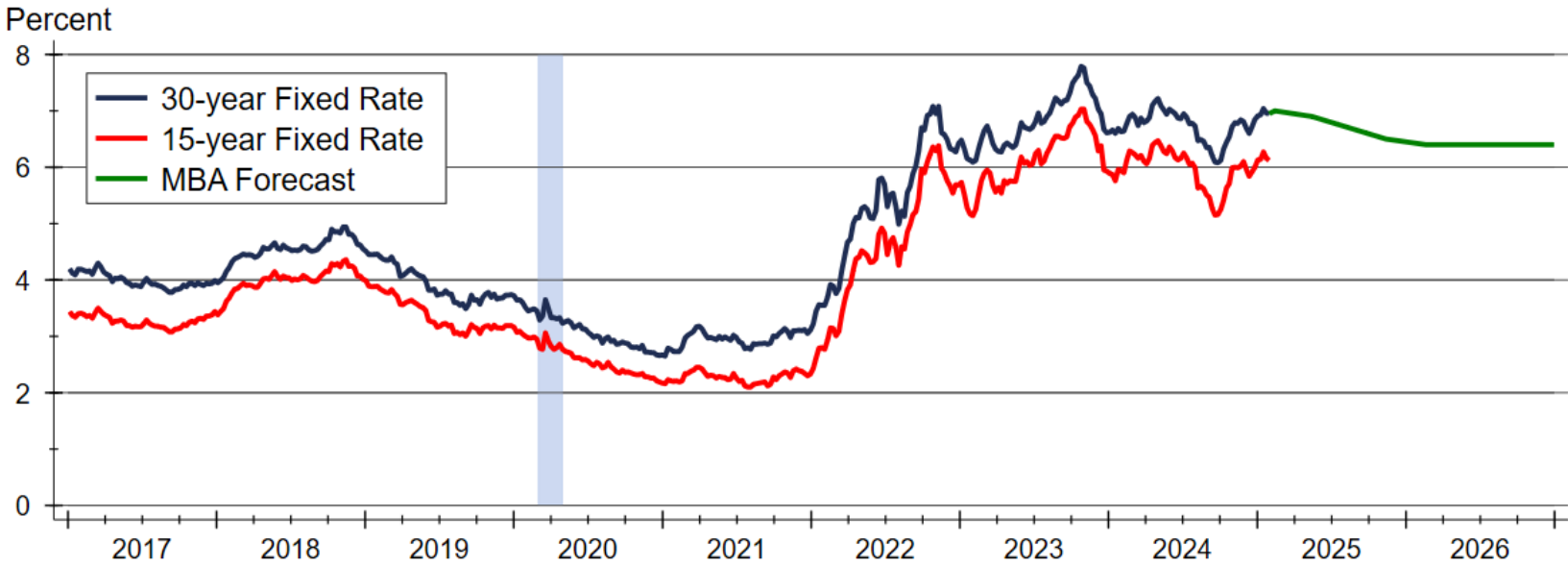


Sources: Board of Governors of the Federal Reserve System; Freddie Mac

# Normal Mortgage Rates

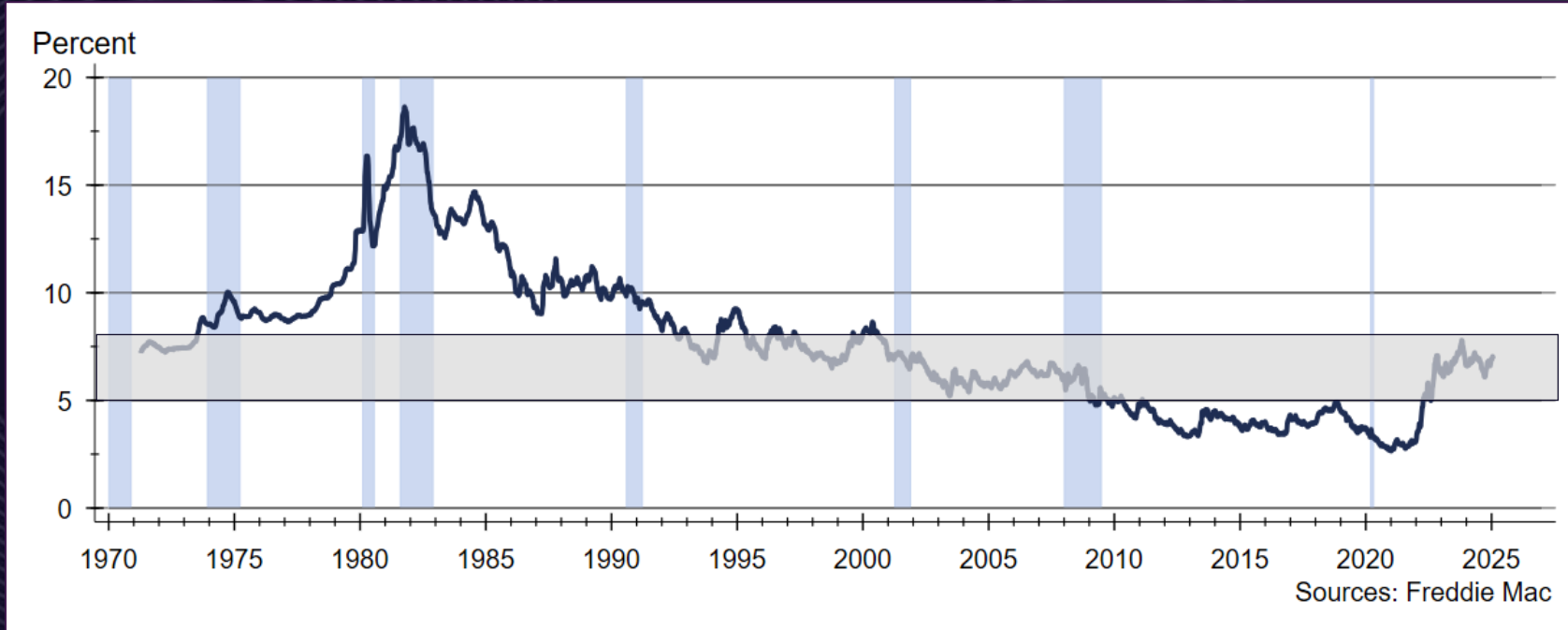
- In a healthy economy with low inflation, mortgage rates should incorporate the following
  - Real, risk-free return  $\approx 2\% - 3\%$
  - Premium for expected inflation  $\approx 1.5\% - 2.5\%$
  - Premium for risk  $\approx 1.5\% - 2.5\%$
- *This implies the “normal” range for the 30-year fixed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

# MBA Mortgage Rate Forecast



Sources: Freddie Mac; Mortgage Bankers Association

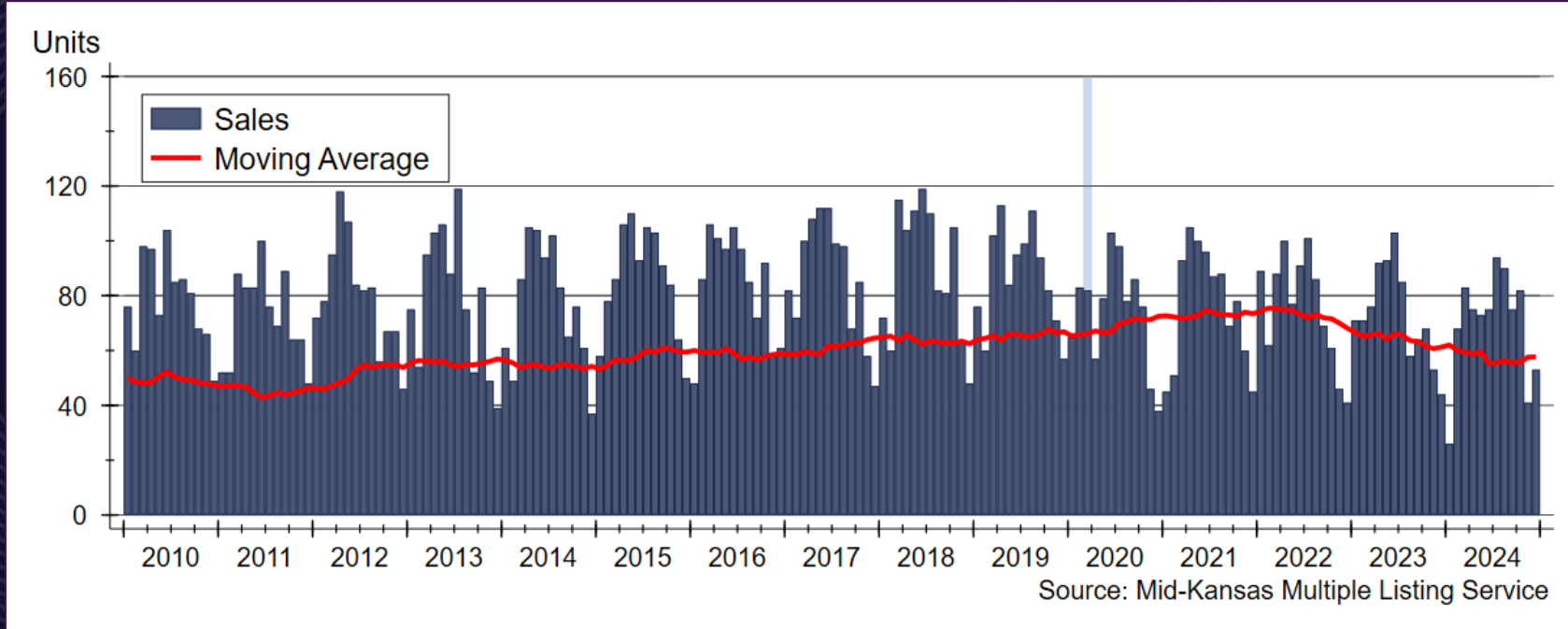
# Historic Mortgage Rates



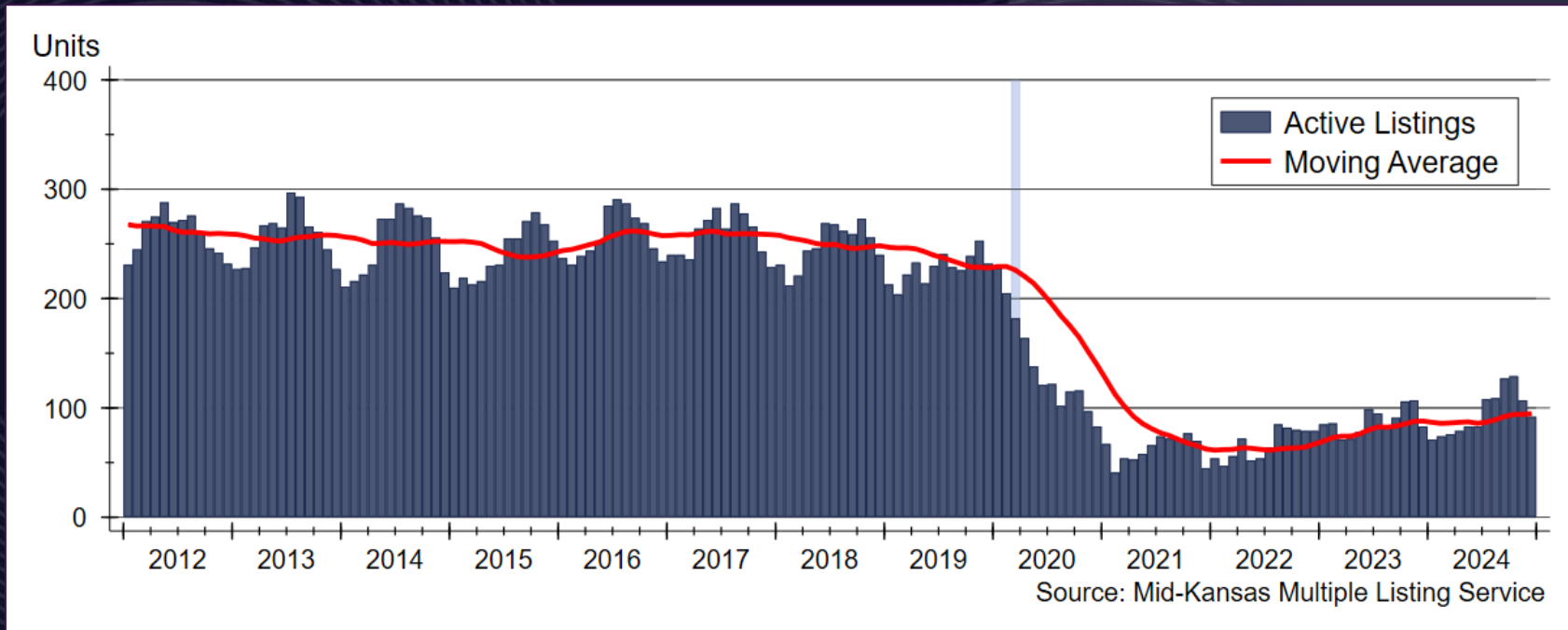
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# Reno County Home Sales Activity



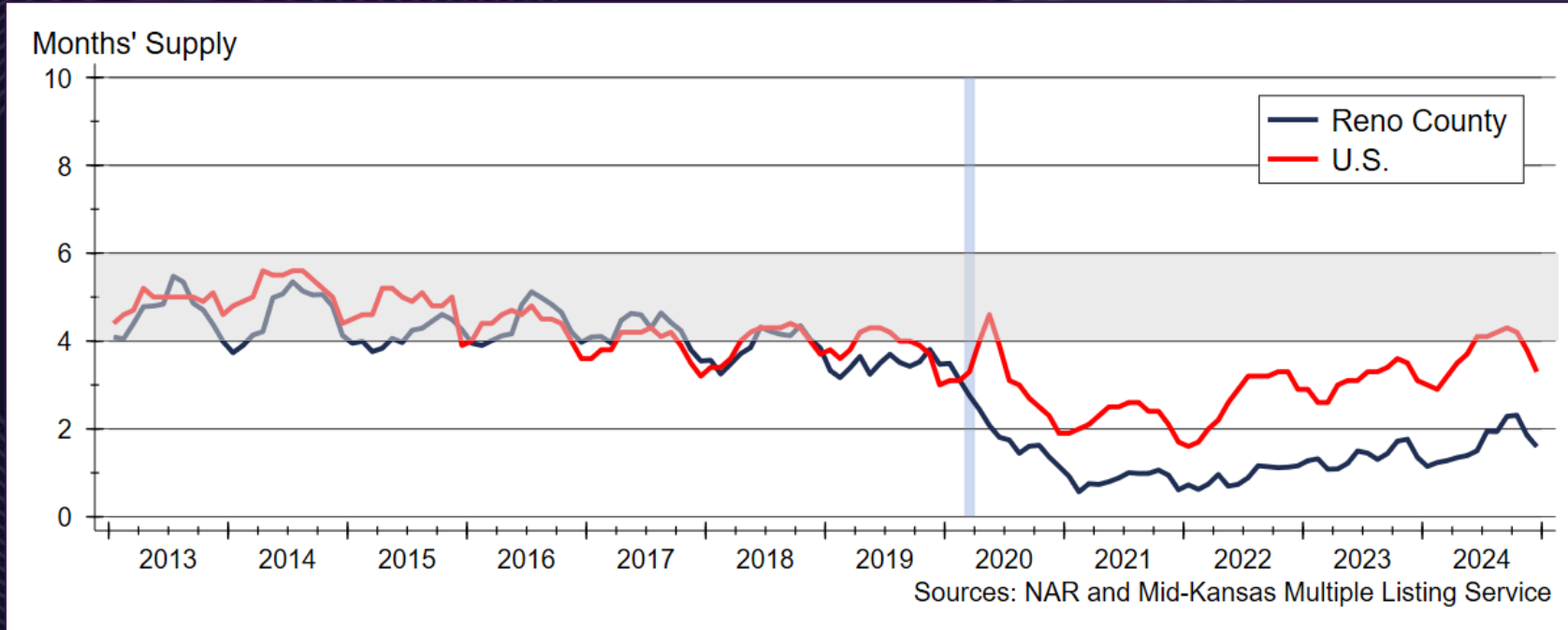
# Reno County Active Listings



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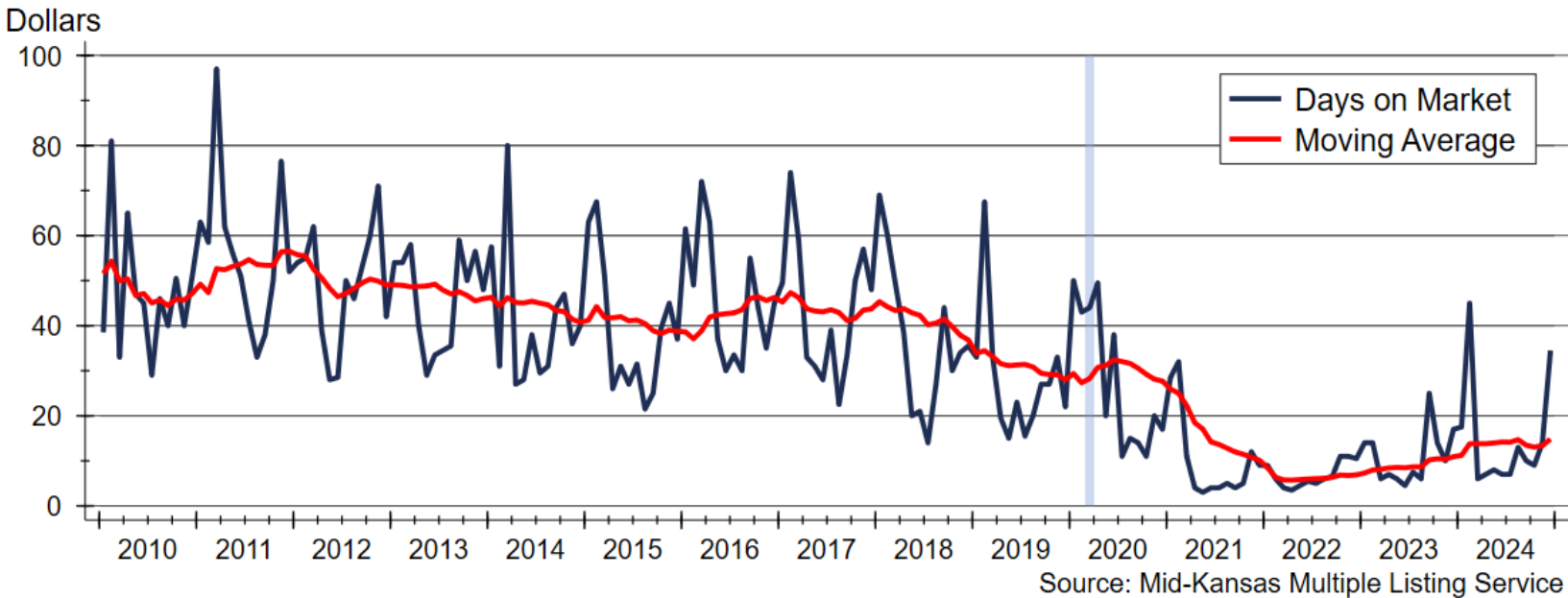


# Inventory of Homes Available for Sale





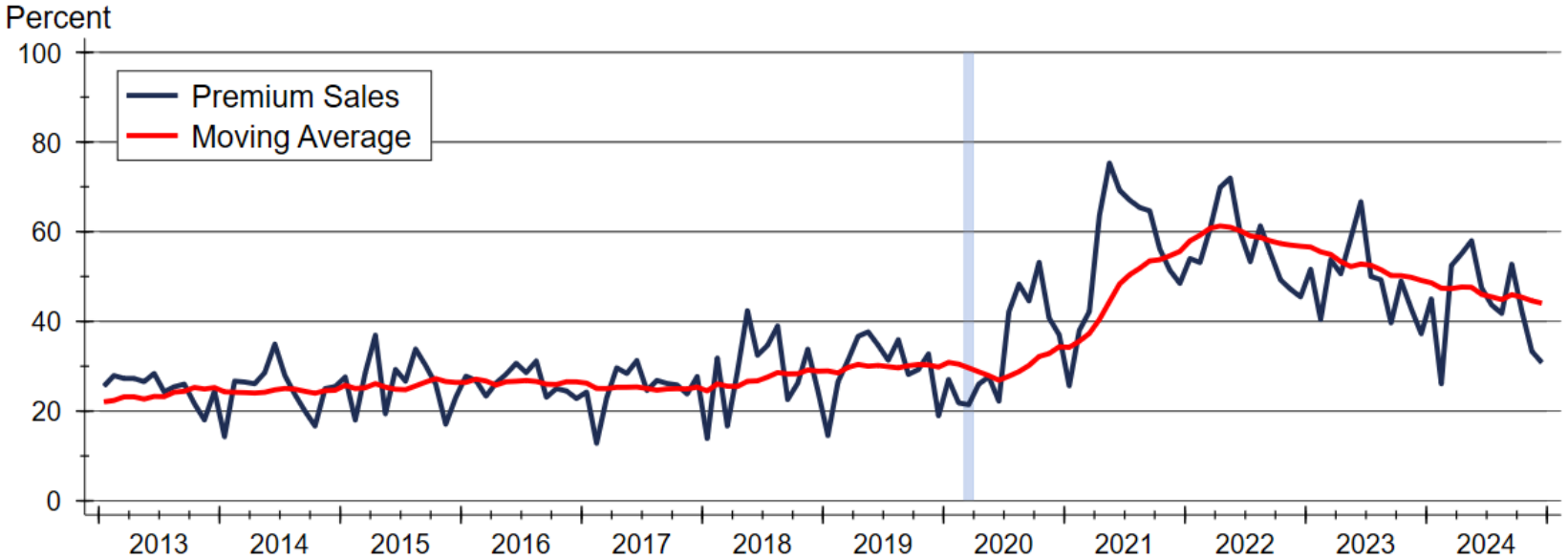
# Reno County Median Days On Market



Source: Mid-Kansas Multiple Listing Service

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# Reno County Premium Sales

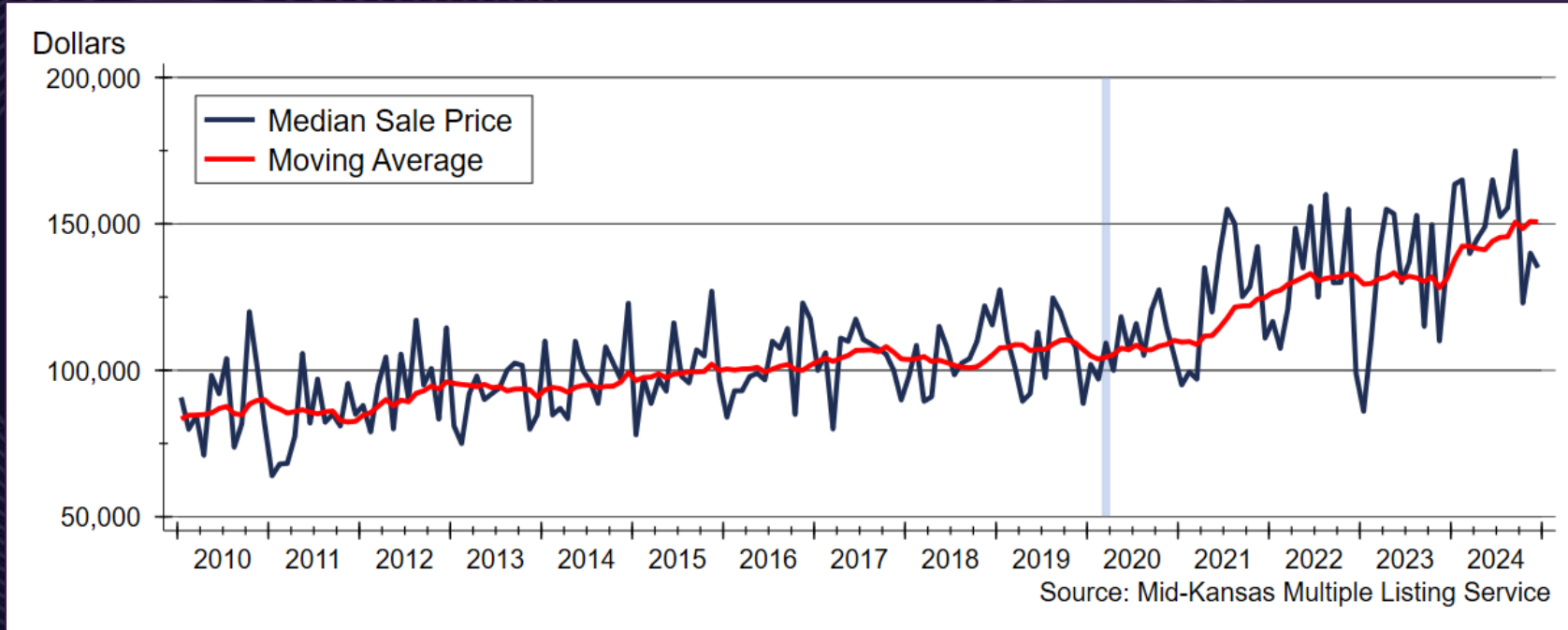


Source: CRE using data from Mid-Kansas Multiple Listing Service



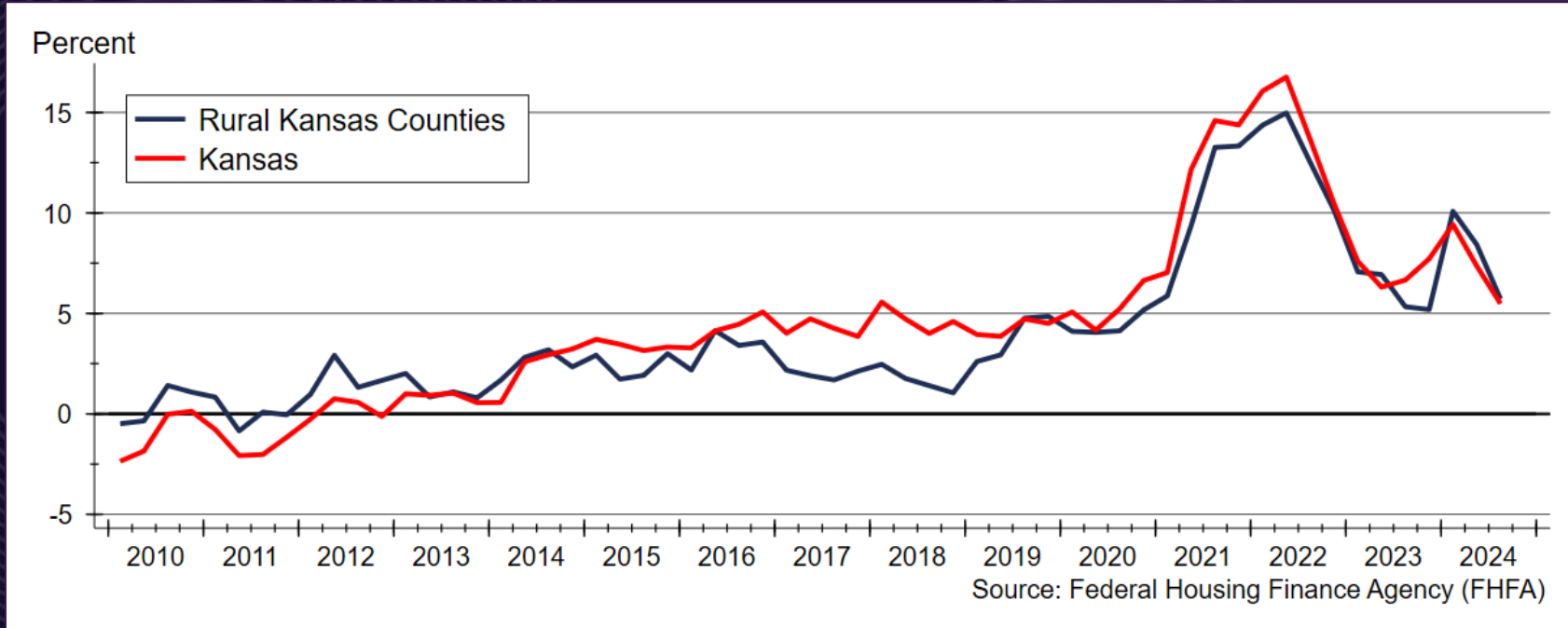
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# Reno County Median Sale Price





# Kansas Home Price Appreciation





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