



Wichita 3Q23 Multifamily Market Report



\$862
AVERAGE RENT



94.0%
AVERAGE OCCUPANCY RATE



\$85.0M
ANNUAL SALES VOLUME



3.1%
YOY RENT CHANGE



-1.3 POINTS
YOY OCCUPANCY CHANGE



6
ANNUAL INDIVIDUAL TRANSACTIONS

Supply & Demand

3Q23

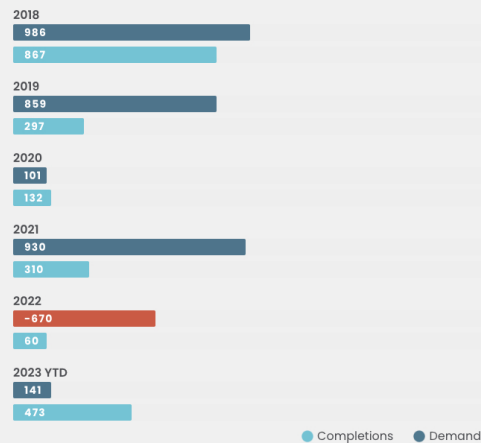


0 Units
QUARTERLY DEMAND
YTD: 141



159 Units
QUARTERLY COMPLETIONS
YTD: 473

Annual Demand Vs Completions



Demand Trends

- The third quarter recorded a neutral level of net absorption, with no change observed for the period.
- In contrast, the West Wichita submarket saw a surge in demand, registering a net absorption of 137 units. But this was offset by net move-outs in both the Central Wichita/Riverside and North Wichita/University submarkets during the same quarter.



Completion Trends

- The apartment inventory in Wichita saw an increase of 159 units, elevating the year-to-date total to 473 units.
- This year-to-date addition of 473 units represents a 1.3% expansion in the overall apartment stock across the Wichita area.



Demand Outlook

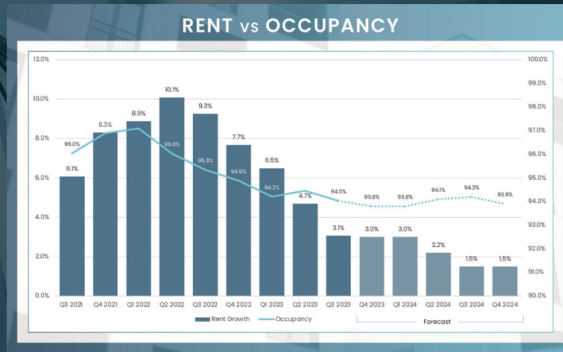
- Following a period of variable demand, forecasts indicate a promising outlook for net absorption over the coming four quarters. An expected absorption of 1,031 units is projected, which would realign annual net demand with its historical average.
- Demand is expected to be strongest in North Wichita, with a projected absorption of 600 units over the next four quarters.



New Supply Outlook

- Recognizing the northern area of Wichita as a hub for economic growth, developers have focused their efforts on this segment of the market.
- Of the 1,017 units expected to be delivered in the coming four quarters, a substantial portion will be situated in the northwest suburbs and along the I-325 corridor. The remaining units are slated for the Central Wichita/Riverside submarket.

Occupancy & Rent Trends



RENT VS OWN MONTHLY PAYMENT



\$1,981

Average Monthly Mortgage Payment



\$862

Average Monthly Rent

* The Average mortgage payment is based off a Average home sales price of \$241,800 as reported by the Central Kansas Association of Realtors as of September 2023.

OCCUPANCY TRENDS

Occupancy rates in Wichita appear to be stabilizing around the 94% mark, a figure consistent with the 10-year historical average. This follows a period of exceptionally high occupancy in 2021 and 2022. Within the metro's submarkets, occupancy rates remained relatively uniform. The East Wichita submarket led with a rate of 94.8%, while the Central Wichita/Riverside submarket posted the lowest —yet still robust—rate of 93.2%. In terms of asset classes, Class A properties boasted the highest occupancy rate at 95.5%. Classes B and C were closely matched, with average occupancy rates of 94.2% and 92.3%, respectively. While minor fluctuations are expected over the next four quarters due to new supply entering the market, the overall impact is projected to be minimal. Occupancy rates are forecasted to remain stable, hovering around the lower bounds of the 94% range.

RENTAL TRENDS

Mirroring trends observed in most apartment markets nationwide, the growth rate of rent prices in Wichita is showing signs of deceleration. However, the city still achieved a healthy 3.1% annual increase in average rent, elevating the monthly rate for new leases to \$862. This performance not only surpasses Wichita's ten-year average growth rate of 2.9%, but also significantly outstrips the national average of 0.4% for Q3 2023. Although Wichita did not experience the extreme rent hikes seen in many markets post-pandemic, it has adeptly avoided the steep rent reductions that are now plaguing those areas. Looking ahead, the stable nature of Wichita's economy is expected to contribute to a reversion to the mean in apartment fundamentals, thereby minimizing the likelihood of rent cuts in the near term.

On the submarket level, West Wichita led the metro area, boasting the highest rental growth rate at 5.1%, which elevated the monthly rental rate to \$877. In contrast, the Central Wichita/Riverside submarket, which has recently seen an influx of new units, lagged behind, registering a more moderate annual gain of 1.3%. When examining the local apartment market by asset class, Class C properties outperformed with an annual rent growth rate of 4.1%, lifting the average monthly rate for new leases to \$685. Class B properties maintained steady yearly growth at 3.5%, closely mirroring the rate of 3.6% observed in the previous quarter. Meanwhile, Class A properties recorded a modest annual increase of 2.1%, bringing the average rental rate for highly-amenitized assets to \$1,144 for Q3 2023.

Submarket Rent & Occupancy

Show entries

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Submarket	Average Occupancy	Annual Occupancy Change	Average Monthly Rent	Annual Rent Change
Central Wichita/Riverside	93.2%	-1.5%	\$850	1.3%
East Wichita	94.8%	-1.2%	\$777	2.5%
North Wichita/University	94.2%	-1.8%	\$935	2.3%
West Wichita	93.8%	-0.7%	\$877	5.4%
Wichita, KS	94.0%	-1.3%	\$862	3.1%

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Number of Units Delivering in 2023

Search:

Property Name	Address	City	Zip	Submarket	Construction Start Date	Leasing Start Date	Construction Finish Date	Developer	Total Units
HITone Lofts	701 E 2nd St N	Wichita	67202	Central Wichita/Riverside	04/01/2022	11/01/2023	03/01/2024	Ferguson Property Group	72
Uptown Landing II	3221 E 1st St N	Wichita	67214	Central Wichita/Riverside	04/01/2021	01/01/2024	04/01/2024	Brand Investments	125
North Andover Road & East 21st Street	N Andover Rd & E 21st St	Andover	67002	East Wichita	10/01/2022	06/01/2024	01/01/2025	Private Developer	250
Faet 17th	F 17th St N &	Wichita	67208	North	10/01/2022	11/01/2023	09/01/2024	Private	277

East 17th Street North & North Gentry Drive	E 17th St N & N Gentry Dr	Wichita	67208	North Wichita/University	10/01/2022	11/01/2023	09/01/2024	Private Developer	277
Fairmount Flats	1728 Fairmount St	Wichita	67208	North Wichita/University	12/01/2022	12/01/2023	02/01/2024	Bonavia Properties	50
Plazzio Place	E 13th St N & N Greenwich Rd	Wichita	67206	North Wichita/University	04/01/2023	01/01/2024	07/01/2024	Laham Development	40
Stoney Pointe II	11587 E Agate Ln	Wichita	67206	North Wichita/University	01/01/2022	11/01/2023	11/01/2024	Edward Rose and Sons	216
K-96 & North Ridge Road	K-96 & N Ridge Rd	Wichita	67205	West Wichita	05/01/2022	01/01/2024	06/01/2024	Private Developer	166
Liberty Gardens	13550 W 13th St N	Wichita	67235	West Wichita	05/01/2023	03/01/2024	11/01/2024	Private Developer	108

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Sales Activity

Deal flow for individual conventional multifamily transactions totaled \$85 million for the year ending in the third quarter of 2023. This aligns closely with the five-year annual average of \$80 million for individual property transactions. Notably, the third quarter of 2023 alone saw two sales, contributing \$11.3 million to the annual total.

**Most Active Buyers and Sellers are based on the sale volume of apartment units.*

Most Active Buyers (Previous 24 Months)

1. Monarch
2. LV Realty Capital
3. MDO Capital

Most Active Sellers (Previous 24 Months)

1. Hivernan Realty Group
2. Maxus Realty Trust
3. Vantage Point

TRANSACTION VOLUME

\$101.2M

Annual Transaction Volume

-1.9%

Y-O-Y Change

9

Annual Individual Transaction Count

\$93.6k*

Price Per Unit

27%

Annual Price Change

** Trailing 4Q average PPU*

** Preliminary Data from RCA - Individual transaction \$2.5M +*

Economy

In August 2023, Wichita continued to demonstrate economic resilience with an unemployment rate of 3.6%, slightly better than the U.S. average of 3.8%. According to the latest data, the metro area experienced varied job growth across different sectors. The Leisure and Hospitality sector led in terms of growth, adding 2,500 jobs—an impressive 7.5% increase from the previous year. Manufacturing also showed positive momentum, contributing an additional 1,000 jobs, marking a 2.0% growth rate. Government roles increased by 600, with a 1.5% growth rate, while Education and Health Services grew by 500 jobs or 1.1%. The Mining, Logging, and Construction sector expanded modestly, adding 200 jobs at a growth rate of 1.1%.



3.0K
AUGUST ANNUAL JOBS CREATED



1.0%
AUGUST 23 EMPLOYMENT GROWTH

Top 5 Employment Sector Annual Change



LEISURE & HOSPITALITY



MANUFACTURING



GOVERNMENT



EDUCATION & HEALTH SERVICES



MINING, LOGGING, & CONSTRUCTION

Hover over circles to view data



3.6%
AUGUST 2023 UNEMPLOYMENT RATE
3.8% US AUGUST RATE

Search:

Sector	Change from August 2022 to August 2023	Percent Change
Leisure and hospitality	2,500	7.5%
Manufacturing	1,000	2.0%
Government	600	1.5%
Education and health services	500	1.1%
Mining, logging & Construction	200	1.1%
Other services	0	0.0%
Information	0	0.0%
Financial activities	(100)	-0.8%
Trade, transportation, and utilities	(300)	-0.6%
Professional and business services	(1,400)	-3.9%

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Rent vs. Own Comparison

\$256,000

Average Home Sales Price

\$1,981

Average Mortgage Payment
(vs Average Rent: \$862)

39.3%

\$23,771

Share of HHI Owning

20.0%

\$10,344

Share of HHI Renting

\$60,539

Median Household Income

Market Outlook

The northern region of Wichita's apartment market is set on a favorable course for the next four quarters, buoyed by robust demand and key economic developments. A significant contributor to this optimistic outlook is the forthcoming establishment of Integra Technologies' headquarters in Bel Aire. This venture alone is expected to create 2,500 local jobs, thus intensifying housing demand in the area.

While the market is set to welcome new supply in upcoming quarters, only minor fluctuations in apartment fundamentals are anticipated. Such changes are not expected to significantly impact the market's inherent stability. This resilience, even in the face of minor variations, is a bullish indicator for apartment owners and operators in the Wichita region. It suggests a healthy market environment that is well-positioned to navigate future shifts and continue on a growth trajectory.

Sources: RealPage; BLS; MSCI; ESRI

TO GAIN FURTHER INSIGHTS INTO THE WICHITA MARKET PLEASE REACH OUT TO OUR LOCAL TEAM



Colton Howell

Senior Director

colton.howell@mmgrea.com



Richard Redding

Senior Director

richard.redding@mmgrea.com

