NAR Commercial Real Estate Metro Market Report | 2021.Q2 Wichita, KS

Core-Based Statistical Area Code: 48620

The Wichita, KS commercial real estate market is weaker compared to the overall U.S. market. NAR Commercial Real Estate Market Conditions Index* 39.5

Overall economic conditions are stronger than nationally.

The apartment property market is weaker than nationally.

The office property market is stronger than nationally.

The industrial property market is stronger than nationally.

The retail property market is weaker than nationally.

The hotel/lodging property market is stronger than nationally.

The commercial real estate market is slowly getting back on track although the rise of Delta variant cases is casting a shadow on the path of the recovery. The multifamily, industrial, and retail property markets will continue to recover more quickly than the office property market where vacancy rates will likely remain elevated in 2021-2022 compared to the pre-pandemic level.

I. Economic and Demographic

	Wichita. KS			U.S.			
Economic	2021 Q2	2021 Q1	2020 Q2	2021 Q2	2021 Q1	2020 Q2	
Total non-farm employment ('000)	291	288	274	146,603	143,315	138,501	
Y/Y chg.in nonfarm payroll employment ('000)	16	(18)	(32)	8,102	(6,637)	(13,215)	
Y/Y % chg. in nonfarm payroll employment	5.9%	-6.0%	-10.3%	5.8%	-4.4%	-8.7%	Job creation is stronger than nationally
Unemployment rate (%)	5.1%	5.4%	9.8%	5.9%	6.0%	11.1%	Unemployment rate is lower than nationally
Average weekly wages	\$849	\$825	\$820	\$1,059	\$1,046	\$1,016	
Wage growth, year-over-year	3.5%	2.2%	0.7%	4.3%	6.7%	5.6%	Wages are rising at a slower pace than nationally
(data are as of last month of the quarter)							
	2019	2018	2017	2019	2018	2017	
GDP growth (%)	1.4%	1.6%	1.8%	2.3%	2.9%	2.3%	
Median household income	\$59,779	\$56,909	\$54,432	\$87,470	\$84,423	\$81,284	
Demographic	2020	2019	2018	2020	2019	2018	
Net domestic migration ('000)	0.7	(0.0)	(2.9)	0	0	0	Area is experiencing net domestic in-migration
Population ('000)	644	641	638	329,484	328,330	326,838	
Population growth (%)	0.47%	0.44%	0.02%	0.35%	0.46%	0.53%	Population is growing faster than nationally
II. Multifamily							
Demand indicators	2021 Q2	2021 Q1	2020 Q2	2021 Q2	2021 Q1	2020 Q2	
Vacancy rate	6.6%	7.1%	7.9%	4.2%	4.7%	5.5%	The area has a higher vacancy rate than nationally
Absorption of units over the quarter	350	368	235	226,871	169,053	78,282	The area has a lower pace of absorption than nationally
Absorption of units in past 12 months	717	602	336	603,925	455,336	255,168	
Market asking rent per unit	\$730	\$709	\$699	\$1,004	\$978	\$953	
Market asking rent per unit, y/y % chg	4.3%	2.1%	1.4%	6.1%	3.9%	1.8%	
Effective rent per unit	\$725	\$705	\$693	\$1,000	\$972	\$945	
Effective rent per unit, y/y % chg	4.6%	2.3%	2.6%	6.4%	3.7%	2.3%	Rents are rising more slowly than nationally
Rent as a percent of 2-person annual wage income	9.8%	9.8%	9.7%	10.9%	10.7%	10.7%	The rent to income ratio is lower than nationally
Supply indicators							
Inventory	33,091	32,887	32,803	17,259,876	17,168,283	16,881,961	
Net delivered units in past 12 months	288	84	0	377,954	387,779	389,240	
Net delivered units, as % of inventory	0.9%	0.3%	0.0%	2.2%	2.3%	2.3%	
Units under construction	0.570	204	288	578,162	609,682	681,731	
Units under construction, as % of inventory	0.0%	0.6%	0.9%	3.3%	3.6%	4.0%	Construction activity is slower than nationally
12-month total: 5+ unit building permits	10	24	99	463,443	435,217	452,345	construction activity is sioner than nationally
12-month total: all building permits	1,461	1,392	1,297	1,642,586	1,574,266	1,361,395	Building permits are not rising as fast as nationally
Ratio of jobs created to permits	11.1	(13.1)	(24.4)	4.9	(4.2)	(9.7)	,
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Sales transactions							
Total investment acquisitions (in million \$)	\$11.2	\$0.0	\$16.8	\$41,291.4	\$28,735.4	\$13,346.3	Sales transactions are not rising as fast than nationally
Transaction sales price per unit	\$36,232	\$0	\$58,351	\$100,508	\$98,594	\$80,364	Prices are not rising as fast than nationally
Cap rate	10.8%	-	-	6.4%	6.6%	6.6%	Cap rates are higher than nationally
III. Office							
Demand indicators	2021 Q2	2021 Q1	2020 Q2	2021 Q2	2021 Q1	2020 Q2	
Vacancy rate	7.2%	8.6%	8.2%	6.1%	8.6%	8.2%	The area has a higher vacancy rate than nationally
Absorption in sq.ft. over the quarter	375,191	(50,414)	36,135	(9,309,111)	(51,131,309)	(13,966,267)	The area has a faster pace of absorption than nationally
Absorption in sq.ft. over 12 months	267,403	(71,653)	(301,228)	(140,700,116)	(145,357,270)	19,961,128	
Asking rent per sq.ft.	\$17.0	\$17.0	\$17.0	\$18.9	\$18.9	\$18.8	
Asking rent growth, y/y % chg.	0.4%	-0.6%	1.7%	0.3%	0.0%	1.3%	Rents are rising faster than nationally
Leasing activity in sq.ft.	106,581	93,747	57,784	100,568,800	81,175,252	81,276,145	Leasing volume is rising faster than nationally
Y/Y chg.in professional/business services jobs ('000)	1	(1)	(3)	1,260	(501)	(1,715)	The area has stronger office job creation than nationally
(as of last month of the quarter)							
Course in disease on							
Supply indicators	26.724.000	26.724.000	26 724 200	40 454 676 000	42 420 204 225	42.264.764.200	
Inventory in sq. ft.	26,734,899	26,734,899	26,731,299	12,454,676,333	12,428,381,226	12,364,751,288	Relatively more units are heir a delived they are
Net delivered over 12 months, in sq.ft.	3,600	3,600	2,000	87,967,591	76,138,970	78,991,496	Relatively more units are being delived than nationally
Net delivered units, as % of inventory Under construction in sa.ft.	0.0%	0.0%	0.0% 3,600	0.7%	0.6%	0.6%	
	0.0%	0.0%	0.0%	177,275,188 1.4%	186,528,025 1.5%	209,268,041 1.7%	Construction activity is slower than nationally
Under construction, as % of inventory	0.0%	0.0%	0.0%	1.4%	1.5%	1.7%	Construction activity is slower than nationally
Sales transactions							
Total investment acquisitions (in million \$)	\$3.9	\$7.7	\$2.3	\$23,909.8	\$21,181.7	\$11,269.3	Sales transactions are not rising as fast than nationally
Transaction sale price per sq.ft.	\$103	\$162	\$60	\$108	\$106	\$11,209.5	Prices are rising faster nationally
Cap rate	10.8%	\$102 -	, Juli	6.4%	6.6%	6.6%	Cap rates are higher than nationally
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IV. Industrial

	Wichita, KS			U.S.			
Demand indicators	2021 Q2	2021 Q1	2020 Q2	2021 Q2	2021 Q1	2020 Q2	
Vacancy rate	4.2%	4.3%	4.7%	4.2%	4.3%	4.7%	The area has lower vacancy rate than nationally
Absorption in sq.ft. over the quarter	216,332	365,570	101,747	146,182,325	119,411,326	56,883,324	The area has lower pace of absorption than nationally
Absorption in sq.ft. over 12 months	693,199	578,614	89,568	437,432,148	348,133,148	231,052,238	,,
Asking rent per sq.ft.	\$5.7	\$5.6	\$5.5	\$6.5	\$6.4	\$6.1	
	3.6%		2.8%	5.2%	2.6%		Book arough is also and book a
Asking rent growth, y/y % chg.		2.6%				2.8%	Rent growth is slower than nationally
Leasing activity in sq.ft.	88,928	196,407	104,000	319,474,044	296,163,970	254,024,482	Leasing volume is not rising as fast than nationally
Supply indicators							
Inventory in sq. ft.	59,449,970	59,324,654	59,076,454	26,553,663,022	26,461,805,496	26,166,021,757	
Net delivered over 12 months, in sq.ft.	373,516	1,007,800	799,796	385,387,457	398,260,005	382,527,483	Relatively fewer units are being delivered than nationally
Net delivered units, as % of inventory	0.6%	1.7%	1.4%	1.5%	1.5%	1.5%	
Under construction in sq.ft.	753,000	878,316	420,950	567,307,627	521,498,024	452,528,658	
Under construction, as % of inventory	1.3%	1.5%	0.7%	2.1%	2.0%	1.7%	Construction activity is slower than nationally
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Sales transactions							
Total investment acquisitions (in million \$)	\$4.1	\$4.8	\$1.2	\$27,261.9	\$21,600.7	\$13,713.9	Sales transactions are rising faster than nationally
Transaction sale price per sq.ft.	\$29	\$54	\$21	\$61	\$56	\$54	Prices are rising faster nationally
Cap rate	0.0%	0.0%	0.0%	7.4%	0.0%	0.0%	Cap rates are lower than nationally
V. Retail							
Demand indicators	2021 Q2	2021 Q1	2020 Q2	2021 Q2	2021 Q1	2020 Q2	
Vacancy rate	5.2%	5.3%	4.7%	4.3%	4.5%	4.2%	The area has a higher vacancy rate than nationally
Absorption in sq.ft. over the quarter	21,745	151,063	(48,172)	26,554,046	6,829,628	(12,969,003)	The area has a faster pace of absorption than nationally
Absorption in sq.ft. over 12 months	(84,775)	(154,692)	283,123	12,853,280	(26,669,769)	5,842,298	The area has a juster pace of assorption than nationally
Asking rent per sq.ft.	\$12.4	\$12.4	\$12.5	\$14.5	\$14.5	\$14.3	
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Asking rent growth, y/y % chg.	-0.5%	0.0%	1.3%	1.4%	1.0%	1.5%	Rent growth is slower than nationally
Leasing activity in sq.ft.	66,671	86,972	78,364	65,144,289	60,598,011	44,924,273	Leasing volume is not rising as fast than nationally
Y/Y chg.in retail trade payroll employment ('000)	0.10	(1.10)	(1.10)	822.30	(1,100.50)	(245.60)	The area has stronger retail trade job creation than nationally
(as of last month of the quarter)							
Supply indicators							
Inventory in sq. ft.	46,845,720	46,848,326	46,684,327	15,772,300,571	15,764,713,778	15,724,204,780	
Net delivered over 12 months, in sq.ft.	155,942	152,428	153,049	46,178,397	47,102,191	58,535,237	Relatively more units are being delived than nationally
Net delivered units, as % of inventory	0.3%	0.3%	0.3%	0.3%	0.3%	0.4%	, , , , , , , , , , , , , , , , , , , ,
Under construction in sq.ft.	27,976	47,133	141,386	55,829,483	58,628,746	71,303,691	
Under construction, as % of inventory	0.1%	0.1%	0.3%	0.4%	0.4%	0.5%	Construction activity is slower than nationally
Officer construction, as 76 of inventory	0.176	0.176	0.376	0.476	0.476	0.576	Construction activity is slower than nationally
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Sales transactions					4		
Total investment acquisitions (in million \$)	\$15.1	\$18.2	\$6.8	\$20,811.7	\$15,469.2	\$8,857.2	Sales transactions are not rising as fast than nationally
Transaction sale price per sq.ft.	\$190	\$206	\$60	\$134	\$136	\$134	Prices are rising faster nationally
Cap rate	7.9%	6.5%	0.0%	6.6%	6.6%	6.7%	Cap rates are higher than nationally
VI. Hotel/Lodging							
	2021 Q2	2021 Q1	2020 Q2	2021 Q2	2021 Q1	2020 Q2	
Leisure and hospitality payroll workers ('000)	32.3	29.7	28.2	15,395.0	13,448.0	12,637.0	
Y/Y change ('000)	4.1	(2.6)	(6.1)	2,758.0	(2,297.0)	(4,590.0)	Job creation in the leisure industry is weaker than nationally
% share to nonfarm payroll employment	11.1%	10.3%	10.3%	10.5%	9.4%	9.1%	The area has a larger share of leisure jobs than nationally
70 Share to nomarin payron employment	11.1%	10.3%	10.3%	10.5%	9.4%	9.1%	the area has a larger share of leisure jobs than nationally

^{*}An index below 50 means local market conditions are weaker than nationally, above 50 means local market conditions are stronger, and 50 means local market conditions are about the same as nationally. NAR derived the index by assigning 1 point for each indicator where local market conditions are better than the national (US) condition.

The total points for each local market are divided by the number of variables that are available at the local area, with 46 indicators if all the data are available. The fraction is multiplied by 100 to get the index. Economic data may not be available for all markets. In some submarkets or metropolitan divisions (e.g., Long Island) reported by CoStar®, the economic data that is reported (e.g. employment) is of the metropolitan area (New York-Newark-Jersey City). The 390 markets in this report are based on the CoStar® market areas.

NAR reserves the right to add new variables or drop variables that comprise the index based on its analysis of variables that impact market trends.

Sources of data used: National Association of Realtors®, CoStar®, US Census Bureau, US Bureau of Labor Statistics, and US Bureau of Economic Analysis.

For information about this report, email data@nar.realtor.

