

The Economic Barometer

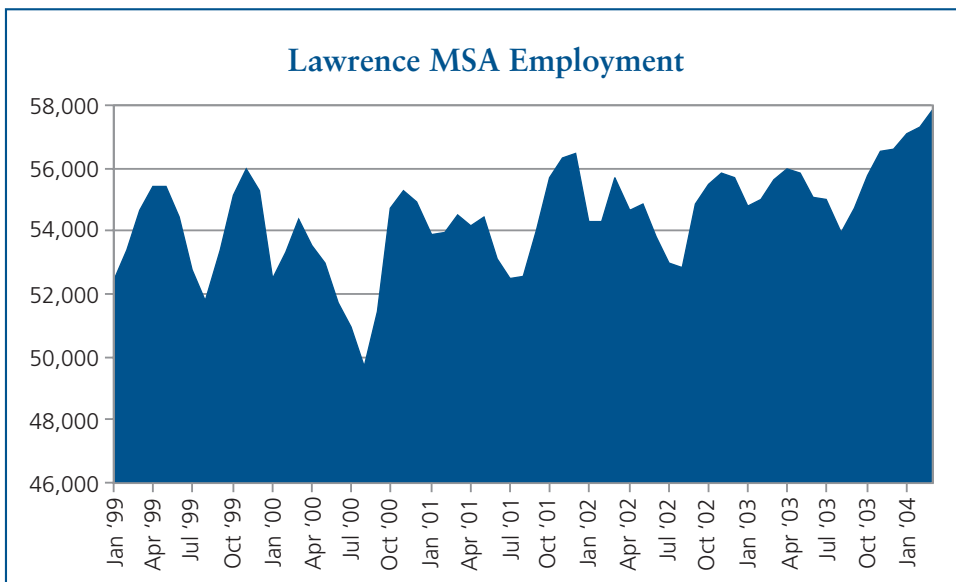
A Quarterly Economic Report



June 2004

1st Quarter 2004

Employment



The number of employed people in Lawrence grew by more than usual in the first quarter. Employment typically falls slightly during the first three months of the year, due to seasonal factors. For 2004, however, first quarter employment grew nearly 2 percent from the previous quarter, and was up a bit over 4 percent from the same time a year ago.

Civilian Employment by Quarter - Lawrence MSA

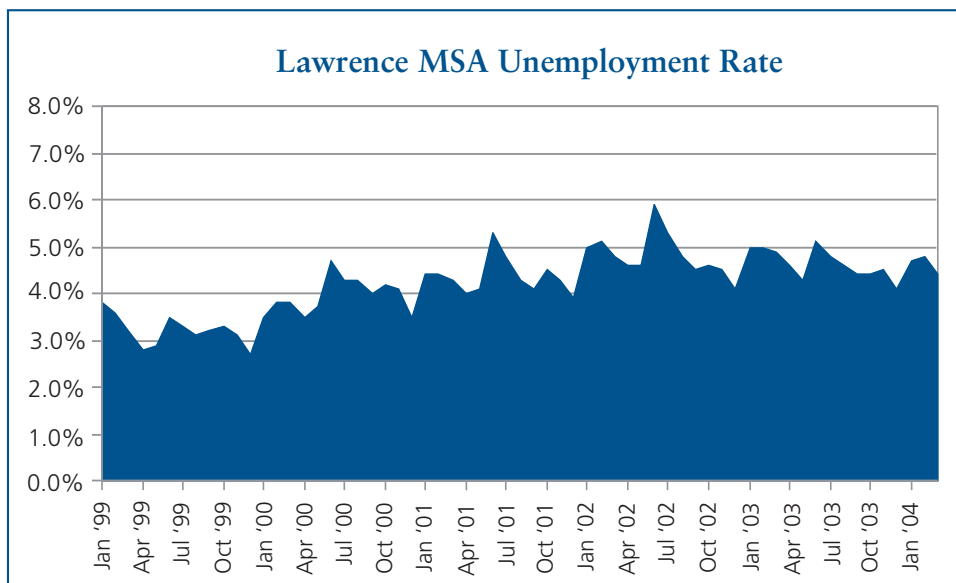
	2000	2001	2002	2003	2004	% Change 2003-2004
First Quarter	53,390	54,119	54,784	55,138	57,405	4.1%
Second Quarter	52,733	53,919	54,466	55,629		-
Third Quarter	50,698	53,044	53,542	54,550		-
Fourth Quarter	54,975	56,177	55,683	56,325		-

Source: Kansas Department of Human Resources.

Employment (con'd)

First Quarter 2004 Employment Data

	Civilian Employment	Unemployment Rate
U.S. (thousands)	138,388	5.6%
Kansas	1,379,525	5.2%
Kansas portion of		
Kansas City MSA	383,302	5.8%
Lawrence MSA	57,405	4.6%
Topeka MSA	87,455	5.4%
Wichita MSA	273,380	6.2%



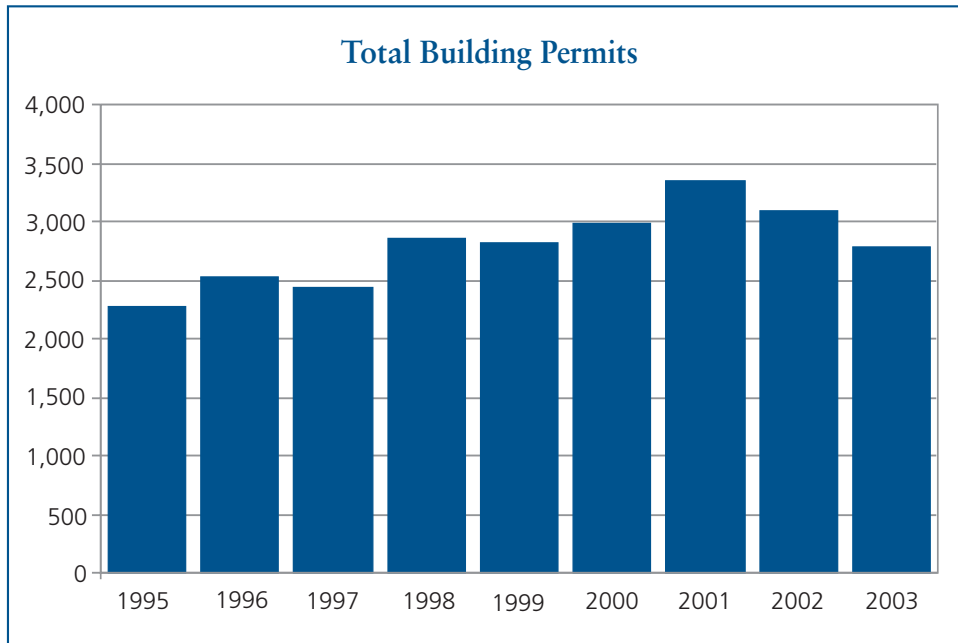
Although employment grew rapidly in the first quarter, so too did the labor force, or those looking for work. The ones who were unable to find employment drove up the unemployment rate by 7 percent from the previous quarter, to 4.63 percent. Nevertheless, this rate was close to 7 percent lower than where it stood a year ago, and was the lowest first quarter rate since 2001. As is typically the case, Lawrence also had the lowest unemployment rate in the first quarter compared to all the other major metropolitan areas in the state.

Unemployment Rate by Quarter - Lawrence MSA

	2000	2001	2002	2003	2004	% Change 2003-2004
First Quarter	3.70%	4.37%	4.97%	4.97%	4.63%	-6.7%
Second Quarter	3.97%	4.47%	5.03%	4.67%		-
Third Quarter	4.20%	4.40%	4.87%	4.60%		-
Fourth Quarter	3.93%	4.23%	4.40%	4.33%		-

Source: Kansas Department of human Resources.

Real Estate



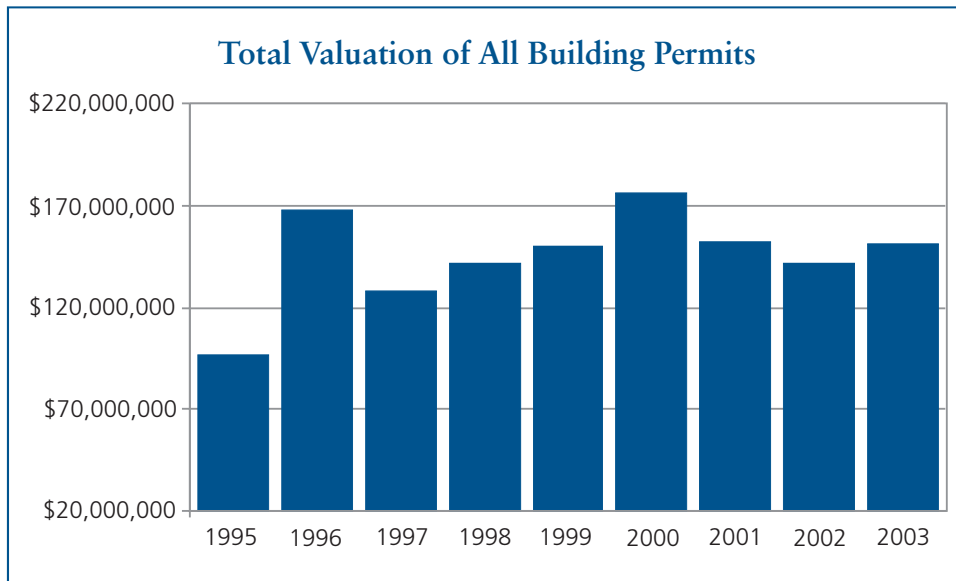
Lawrence had a slower start on construction projects in 2004 than it did in 2003. By the end of March of last year, builders had taken out 83 new residential and 51 business-related construction permits. In 2004, those figures were 77 and 45 permits, respectively. The total dollar value of construction projects was also down by nearly 15 percent from a year ago.

First Quarter Building Permits in Lawrence

	Q1 2003	Q1 2004	% Change 2003-2004
TOTAL			
Number	592	579	-2.2%
Valuation	25,946,809	22,092,034	-14.9%
RESIDENTIAL			
Number	83	77	-7.2%
Valuation	13,955,720	11,220,853	-19.6%
NON-RESIDENTIAL			
Number	51	45	-11.8%
Valuation	9,737,990	8,838,078	-9.2%

Source: City of Lawrence, Building Inspection Division.

Real Estate (con'd)



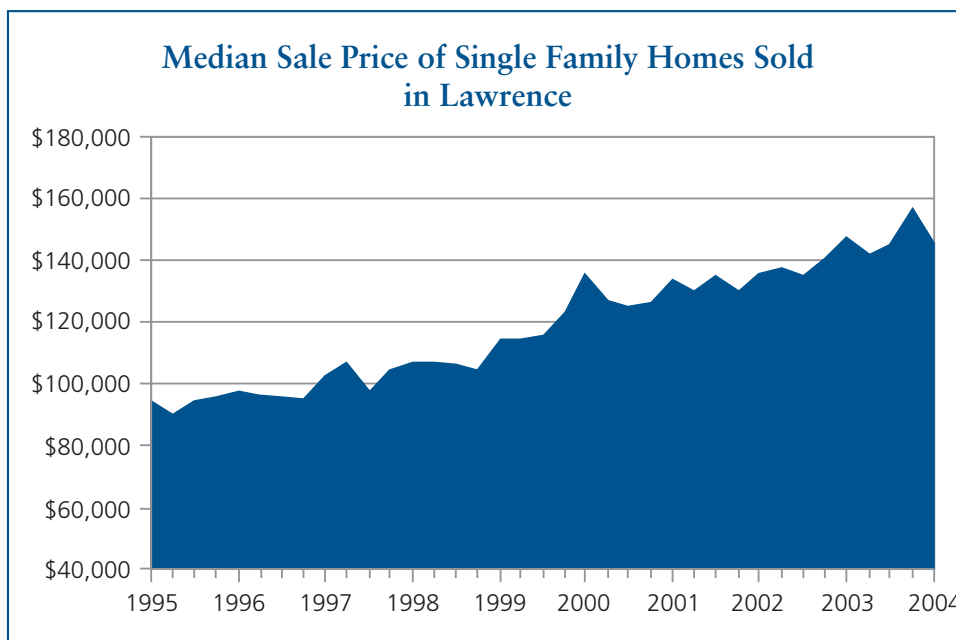
Although the number of new homes built in the first quarter of 2004 was less than a year ago, as mentioned above, the number of homes which changed ownership, used or new, was only down by 1.6 percent. A total of 251 homes were sold in Lawrence in the first three months of this year.

Lawrence Residential - Real Estate Sales

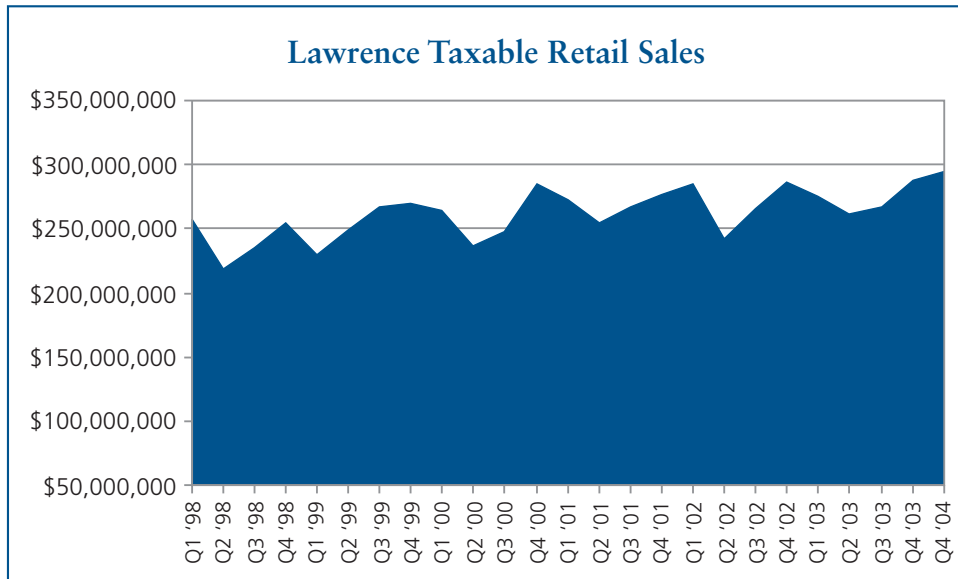
	Q1 2003	Q1 2004	% Change 2003-2004
Number	255	251	-1.6%

Source: Douglas County Appraiser's Office.

The median price of all homes sold decreased by a bit over \$11,000 from the fourth quarter, to a price of \$145,629 in the first. This was a drop of 7 percent. Price decreases in the average home price are infrequent in Lawrence, and temporary.



Retail Sales



Since 1997, taxable retail sales in the first quarter have followed an alternating trend: first up, then down, then up again. The trend wasn't broken in 2004, though fortunately this year called for an increase. This increase came to roughly 3 percent from the previous quarter for both Lawrence and Douglas County. Compared to the year before, the increase was around 8 percent.

Last quarter it was noted that neither Lawrence nor Douglas County experienced much retail sales growth in 2003 compared to 2002. In the time since the last report, state totals have been re-released. Retail sales across all of Kansas grew by 7 percent from 2002 to 2003, indicating that Lawrence and Douglas County's performance was sub-par for the state.

Taxable Retail Sales

	Q1 2003	Q1 2004	% Change 2003-2004
City of Lawrence	\$274,804,359	\$295,890,439	7.67%
Douglas County	\$300,157,613	\$325,302,747	8.38%

Source: Kansas Department of Revenue.

Year End Taxable Retail Sales

	2002	2003	% Change 2002-2003
City of Lawrence	\$1,078,983,794	\$1,091,409,643	1.15%
Douglas County	\$1,177,214,266	\$1,196,887,675	1.67%
Kansas	\$29,239,009,500	\$31,284,287,864	7.00%

Source: Kansas Department of Revenue.

Cost of Living

Lawrence Consumer Price Index

	CPI (Base Year = 2000)	% Change (From same period, previous year)
Second Quarter, 2003	108.1	3.54%
Third Quarter, 2003	109.0	1.96%
Fourth Quarter, 2003	110.0	2.16%
First Quarter, 2004	112.2	1.67%

Source: Policy Research Institute.

The Lawrence consumer price index stood at 112 percent in the first quarter of 2004, meaning that the cost of living here was 12 percent higher than it was in the base year (2000). This can also be thought of as the Lawrence inflation rate. Price inflation from the previous quarter was below average: only 1.7 percent.

The comparative cost of living index doesn't measure inflation or changes over time, but it does indicate how expensive one place is to live compared to another. The U.S. average is always set to 100. First quarter data had not been released at time of printing, but in the fourth quarter of 2003 Lawrence's Cost of Living Index stood at 97.8: slightly lower than the national average, but higher than the indices of some of the comparative cities.

**Fourth Quarter 2003
Comparative Cost of Living Index**

U.S. Average	100.0
Lawrence, KS	97.8
Manhattan, KS	100.7
Topeka, KS	n/a
Fort Collins, CO	102.2
Champaign, IL	94.3
Ames, IA	99.3
Columbia, MO	95.7

n/a: not available
Source: ACCRA.

This report was researched and written by Luke Middleton and designed by Laura Kriegstrom Stull of the Policy Research Institute at the University of Kansas. Data sources include the City of Lawrence, the Douglas County Appraiser's Office, the Kansas Department of Human Resources, the Kansas Department of Revenue, and ACCRA. This report is available online at www.lawrencechamber.com

