

The Economic Barometer

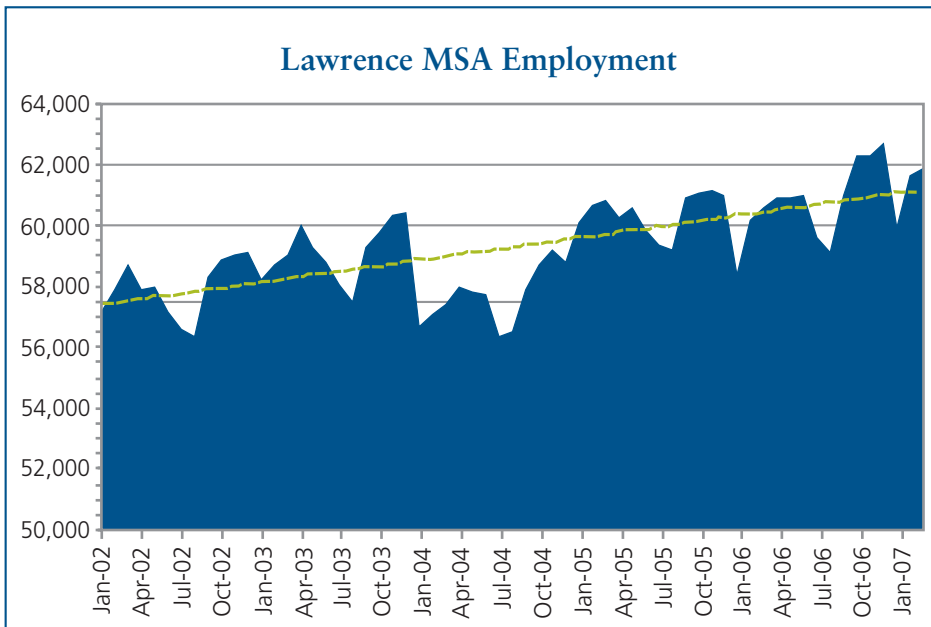
A Quarterly Economic Report



June 2007

1st Quarter 2007

Employment



The number of people employed in the Lawrence MSA (Douglas County) declined slightly, 0.02 percent from the fourth quarter of 2006 to the first quarter of 2007. Employment typically falls during the first three months of the year due to seasonal factors. Compared to the first quarter in 2006, the number of persons employed in the first quarter of 2007 increased 2.4 percent with an average employment of 61,159 for the quarter. The employment trend continues upward for the Lawrence MSA.

Civilian Employment by Quarter - Lawrence MSA

	2002	2003	2004	2005	2006	2007	% Change 2006-2007
First Quarter	57,923	58,654	57,052	60,533	59,731	61,159	2.4%
Second Quarter	57,678	59,338	57,830	60,223	60,920	-	-
Third Quarter	57,112	58,289	56,920	59,823	59,916	-	-
Fourth Quarter	59,006	60,177	58,905	61,067	62,415	-	-

Source: Kansas Department of Labor, developed in cooperation with the U.S. Bureau of Labor Statistics.

Employment (cont.)

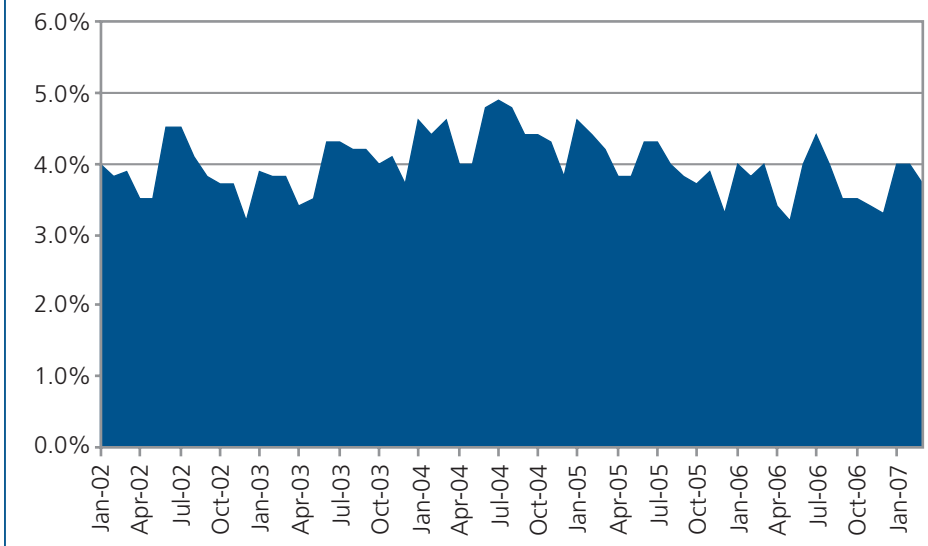
First Quarter 2007 Employment Data

	Civilian Employment	Unemployment Rate
U.S. (thousands)	146,043	4.5%
Kansas	1,403,566	4.5%
Kansas City, KS MSA	412,825	5.1%
Lawrence MSA	61,159	3.9%
Topeka MSA	116,593	5.1%
Wichita MSA	302,169	4.4%

Source: Kansas Department of Labor, developed in cooperation with the U.S. Bureau of Labor Statistics.

The unemployment rate for the Lawrence MSA in the first quarter of 2007 was up from the fourth quarter of 2006, from 3.4 to 3.9. Compared to the same quarter in 2006, the unemployment rate declined by 0.8 percent—the lowest for this quarter since 2003. Lawrence's unemployment rate in the first quarter continues to be lower than all the other major metropolitan areas in Kansas as well as the state and nation.

Lawrence MSA Unemployment Rate



Unemployment Rate by Quarter - Lawrence MSA

	2002	2003	2004	2005	2006	2007	% Change 2006-2007
First Quarter	3.9%	3.8%	4.5%	4.4%	3.9%	3.9%	-0.8%
Second Quarter	3.8%	3.7%	4.3%	4.0%	3.5%	-	-
Third Quarter	4.1%	4.2%	4.7%	4.0%	4.0%	-	-
Fourth Quarter	3.5%	3.9%	4.2%	3.6%	3.4%	-	-

Source: Kansas Department of Labor, developed in cooperation with the U.S. Bureau of Labor Statistics.

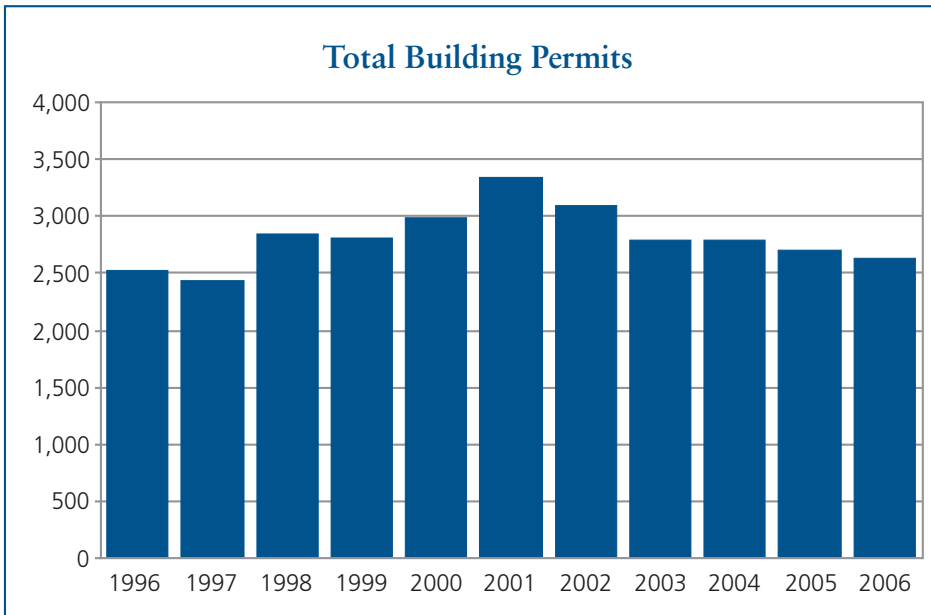
Real Estate

First Quarter Building Permits in Lawrence

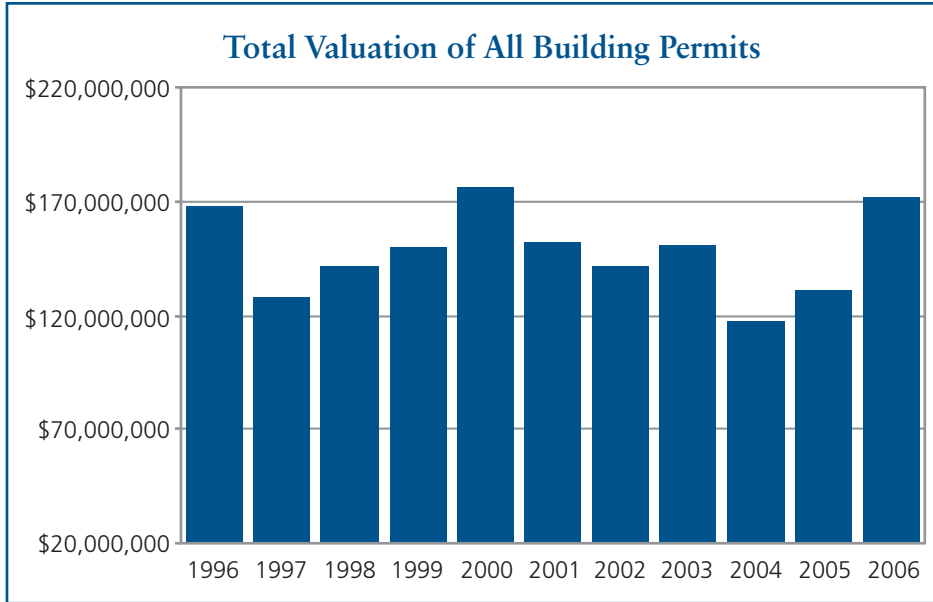
	Q1 2006	Q1 2007	% Change 2006-2007
TOTAL			
Number	650	456	-30%
Valuation	31,966,849	15,024,591	-53%
RESIDENTIAL			
Number	77	38	-51%
Valuation	15,276,800	8,707,812	-43%
NON-RESIDENTIAL			
Number	41	35	-15%
Valuation	14,653,085	4,180,796	-71%

Source: City of Lawrence, Neighborhood Resources Department.

Construction was off to a slow start in 2007 with the total number of building permits down 30 percent compared to the start of 2006 and the value of all permits down 53 percent. Compared to a year ago, the value of residential construction in Lawrence declined 43 percent for the quarter and the number of permits decreased 51 percent. The value of non-residential construction was down 71 percent compared to last year while the number of permits was down 15 percent.



Real Estate (cont.)



While the number of building permits issued in 2006 was about 3 percent fewer than in 2005 (see figure on page 3), the total valuation of all building permits in 2006 was almost 31 percent higher than in 2005. A look at building permits issued over the last 10 years shows that the number of permits issued peaked in 2001 and have held fairly steady for the last four years. Over the last 10 years, the total valuation of all building permits issued have been up and down with highs in 1996, 2000, and 2006 and lows in 1997 and 2004.

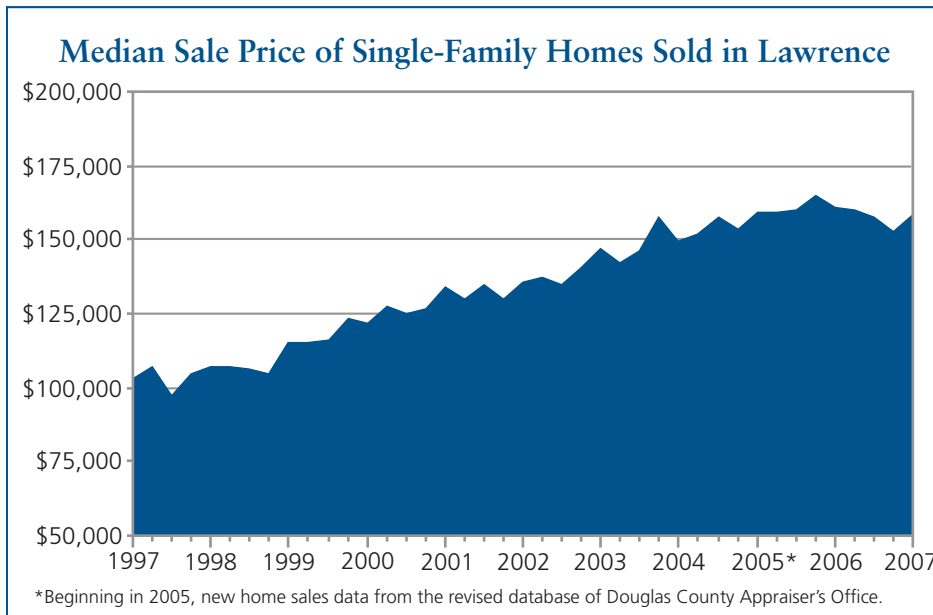
Lawrence Residential Real Estate Sales

	2006	2007	% Change 2006-2007
1st Quarter	276	291p	5.4%

p - preliminary
Source: Douglas County Appraiser's Office.

The number of homes which changed ownership, used or new, was up 2.7 percent compared to the fourth quarter in 2005.* A total of 266 homes were sold in Lawrence in the fourth quarter of this year compared to 259 in 2005. Preliminary numbers for the first quarter of 2007 indicate that the residential real estate market is improving with 291 homes sold in the first quarter of 2007 compared to 276 for 2006. Revised residential home sales data indicate a 1.2 percent increase in

(con'd)



*Beginning in 2005, new home sales data from the revised database of Douglas County Appraiser's Office.

Real Estate (cont.)

2005-2006 Lawrence Residential Real Estate Sales - Revised*

	2005r	2006r	% Change 2005-2006
1st Quarter	235	276	17.4%
2nd Quarter	600	623	3.8%
3rd Quarter	457	404	-11.6%
4th Quarter	259	266	2.7%
Total	1,551	1,569	1.2%

*Revised data due to changes with the home sales database.
Source: Douglas County Appraiser's Office.

Tax Base for the City of Lawrence Residential vs Non-Residential

	Assessed Valuation (in millions)							% Change 2006-2007
	2001	2002	2003	2004	2005	2006	2007	
Residential	\$339.3	\$367.4	\$402.4	\$437.2	\$476.8	\$514.8	\$540.9	5.1%
% of Total	66.3%	66.9%	67.8%	68.0%	68.7%	68.6%	69.1%	
Commercial	\$161.1	\$169.5	\$178.8	\$194.1	\$203.4	\$220.1	\$227.0	3.2%
% of Total	31.5%	30.8%	30.1%	30.2%	29.3%	29.3%	29.0%	
TOTAL	\$511.8	\$549.5	\$593.8	\$642.9	\$694.5	\$750.5	\$782.5	4.3%

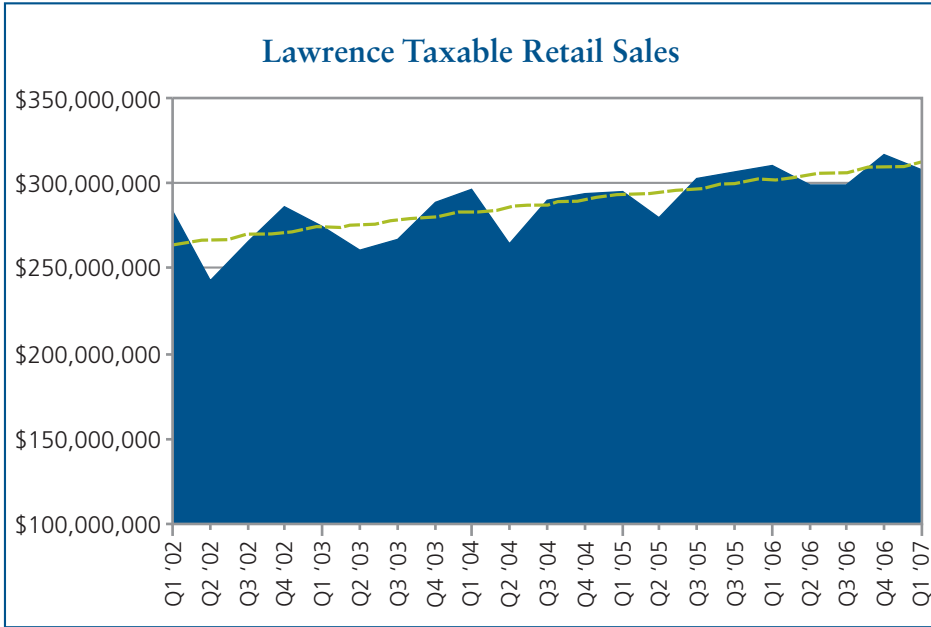
Total includes Vacant Land and Agriculture, which account for 1.9% and 0.01%, respectively, of the 2007 Total Assessed Valuation.
Source: Douglas County Appraiser's Office.

home sales in 2006 compared to 2005.

The median price of all homes was \$158,500 in the first quarter of 2007; this is a 3.6 percent increase from the fourth quarter of 2006 and a 1.6 percent decrease from a year ago. Revised 2006 sales price data show a median home price of \$157,700 for the third quarter and \$153,000 for the fourth quarter.

The total assessed valuation of all taxable property for the City of Lawrence increased 4.3 percent from 2006 to 2007 with residential valuations up 5.1 percent and commercial property up 3.2 percent. Residential property accounts for 69.1 percent of the tax base for the City of Lawrence in 2007 compared to 29 percent for commercial property. From 2001 to 2007, residential property assessed valuation increased 59 percent compared to 41 percent for commercial property. As a percent of total assessed value, residential property increased 4.2 percent while commercial property declined 7.8 percent.

Retail Sales



Retail sales vary by quarter reflecting seasonal fluctuations in consumer spending, such as the holidays and back to school. Taxable retail sales for Lawrence and Douglas County are down for the first quarter of 2007 compared to 2006 by 1.0 percent for the city and 3.1 percent for the county. Compared to the fourth quarter of 2006, retail sales in the first quarter of 2007 were down 3.0 percent for the city and 3.4 percent for the county.

Overall for 2006, retail sales were up compared to 2005 with growth rates of 3.5 for the city of Lawrence and 2.7 for Douglas County. Local retail sales growth rates were not as strong as the state of Kansas, which experienced a 6.4 percent increase.

Taxable Retail Sales

	Q1 2006	Q1 2007	% Change 2006-2007
City of Lawrence	\$311,063,370	\$307,879,060	-1.0%
Douglas County	\$344,882,584	\$334,307,613	-3.1%

Source: Kansas Department of Revenue.

Year End Taxable Retail Sales

	2005	2006	% Change 2005-2006
City of Lawrence	\$1,184,181,645	\$1,226,043,885	3.5%
Douglas County	\$1,314,521,356	\$1,349,688,716	2.7%
Kansas	\$32,844,322,753	\$34,937,636,738	6.4%

Source: Kansas Department of Revenue.

Cost of Living

Lawrence Consumer Price Index

	CPI (Base Year = 2000)	% Change (From same period, previous year)
Second Quarter, 2006r	120.3	4.7%
Third Quarter, 2006r	122.2	5.3%
Fourth Quarter, 2006r	113.3	-4.2%
First Quarter, 2007	124.8	-2.2%

r - revised
Source: Institute for Policy & Social Research.

**First Quarter 2007
Comparative Cost of Living Index**

U.S. Average	100.0
Lawrence, KS	91.4
Manhattan, KS	96.0
Topeka, KS	90.4
Ames, IA	96.4
Champaign, IL	96.4
Columbia, MO	92.4
Fort Collins, CO	94.1

Source: ACCRA

The Lawrence consumer price index stood at 124.8 in the first quarter of 2007, meaning that cost of living in Lawrence was 24.8 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 same quarter in 2006 was down 2.2 percent.

The comparative cost of living index indicates how expensive one place is compared to another. The U.S. average is always set to 100. In the first quarter of 2007, Lawrence's Cost of Living Index stood at 91.4, which was slightly lower than the previous quarter's index of 91.7. The Lawrence's cost of living index is lower than all the other participating comparative cities, except Topeka, Kansas.

Note

*The Douglas County Appraiser's Office has changed the way home sales are handled in their database. The numbers in previous Economic Barometer reports are not comparable.

This report was researched and written by Genna Hurd with assistance from Dane Hanson and designed by Laura Kriegstrom Stull of the Institute for Policy & Social Research at The University of Kansas. Data sources include the City of Lawrence, the Douglas County Appraiser's Office, the Kansas Department of Labor, the Kansas Department of Revenue, U.S. Department of Labor, and ACCRA. This report is available online at www.lawrencechamber.com

