

The Economic Barometer

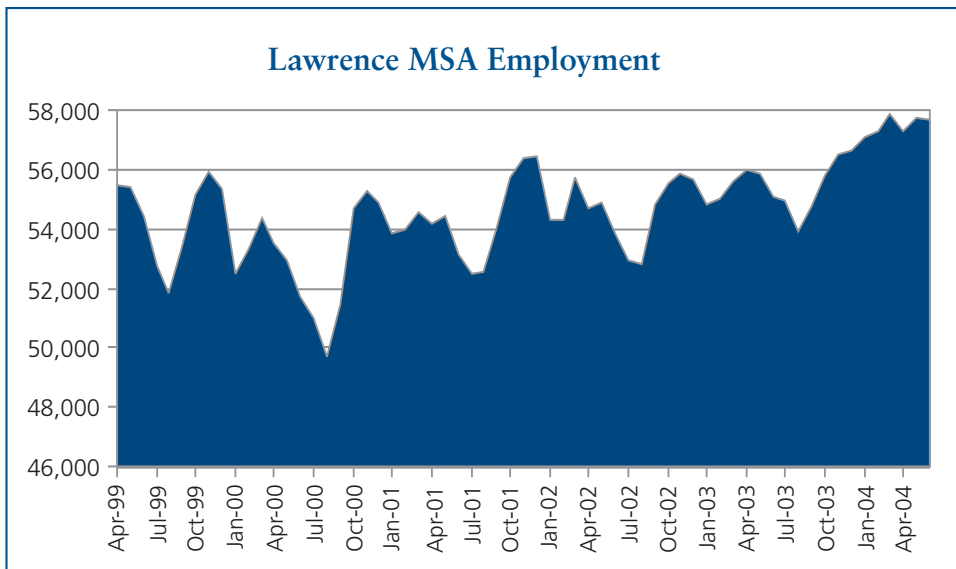
A Quarterly Economic Report



September 2004

2nd Quarter 2004

Employment



The number of people employed in Lawrence grew slightly, 0.28 percent, from the first quarter to the second and was up 3.5 percent from the same time a year ago. However, while the quarterly employment appears to be at a record high, when looking at monthly average employment in Lawrence, employment has been declining since March 2004.

Civilian Employment by Quarter - Lawrence MSA

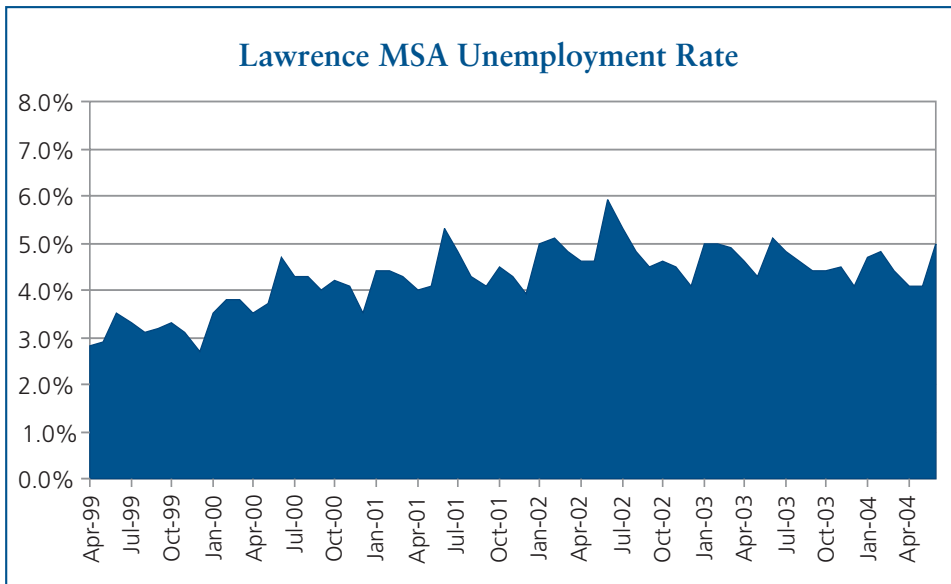
	2000	2001	2002	2003	2004	% Change 2003-2004
First Quarter	53,390	54,119	54,784	55,138	57,405	4.1%
Second Quarter	52,733	53,919	54,466	55,629	57,564	3.5%
Third Quarter	50,698	53,044	53,542	54,550	-	-
Fourth Quarter	54,975	56,177	55,683	56,325	-	-

Source: Kansas Department of Human Resources.

Employment (con'd)

Second Quarter 2004 Employment Data

	Civilian Employment	Unemployment Rate
U.S.	138,793,000	5.6%
Kansas	1,399,197	4.7%
Kansas portion of		
Kansas City MSA	387,685	5.2%
Lawrence MSA	57,564	4.4%
Topeka MSA	87,720	5.4%
Wichita MSA	274,392	5.7%



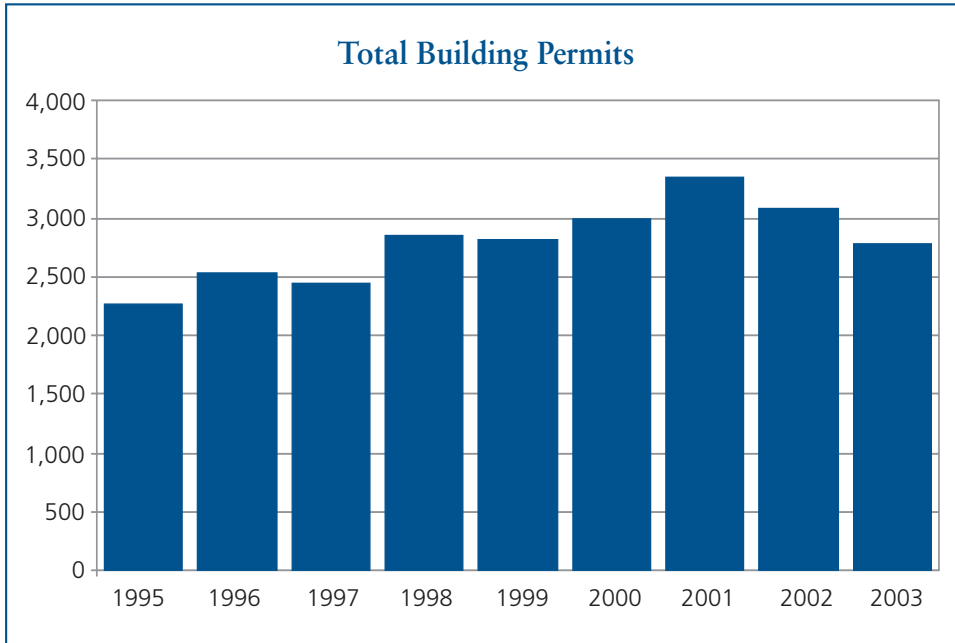
The unemployment rate for Lawrence was down by a little over 5 percent from the previous quarter and almost 6 percent from the second quarter in 2003. A look at monthly unemployment rates shows a different trend with a steady unemployment rate of 4.1 percent for April and May and then increased to 5.0 percent for June. Lawrence's unemployment rate in the second quarter was lower than all the other major metropolitan areas in the state as well as below the state and national rates.

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%	4.40%	-5.7%
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



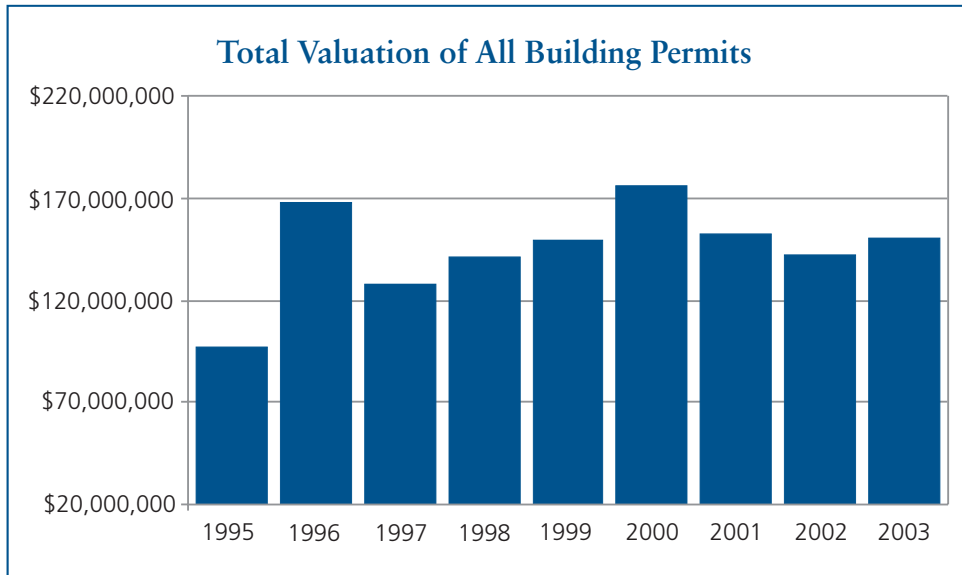
Growth in the construction industry in Lawrence for the second quarter continues the slow start seen in the first quarter. While the total number of building permits was up by 9 percent for the second quarter compared to a year ago, the dollar value of all building permits taken out was down by almost 25 percent. The value of residential construction in Lawrence was down by almost 41 percent compared to the same quarter in 2003.

Second Quarter Building Permits in Lawrence

	Q2 2003	Q2 2004	% Change 2003-2004
TOTAL			
Number	688	750	9.0%
Valuation	51,052,602	38,371,300	-24.8%
RESIDENTIAL			
Number	132	83	-37.1%
Valuation	23,902,830	14,158,841	-40.8%
NON-RESIDENTIAL			
Number	41	40	-2.4%
Valuation	23,984,217	20,436,882	-14.8%

Source: City of Lawrence, Building Inspection Division..

Real Estate (con'd)



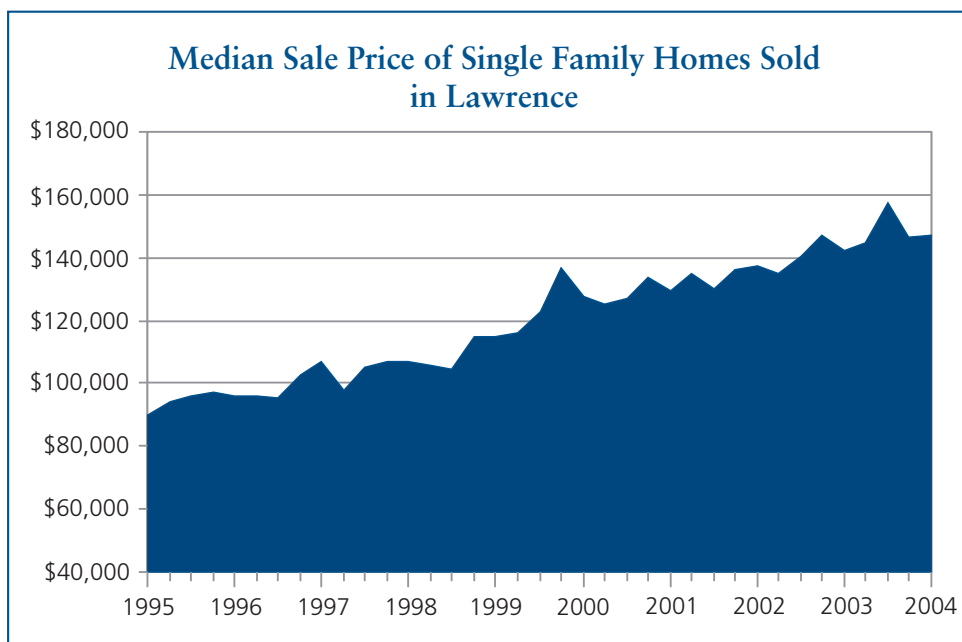
The number of homes which changed ownership, used or new, was only down by 10.5 percent compared to the second quarter in 2003. The second quarter did see an increase in home sales compared to the first quarter of 2004, with a total of 475 homes sold in Lawrence in the second quarter compared to 251 homes in the first quarter.

Lawrence Residential - Real Estate Sales

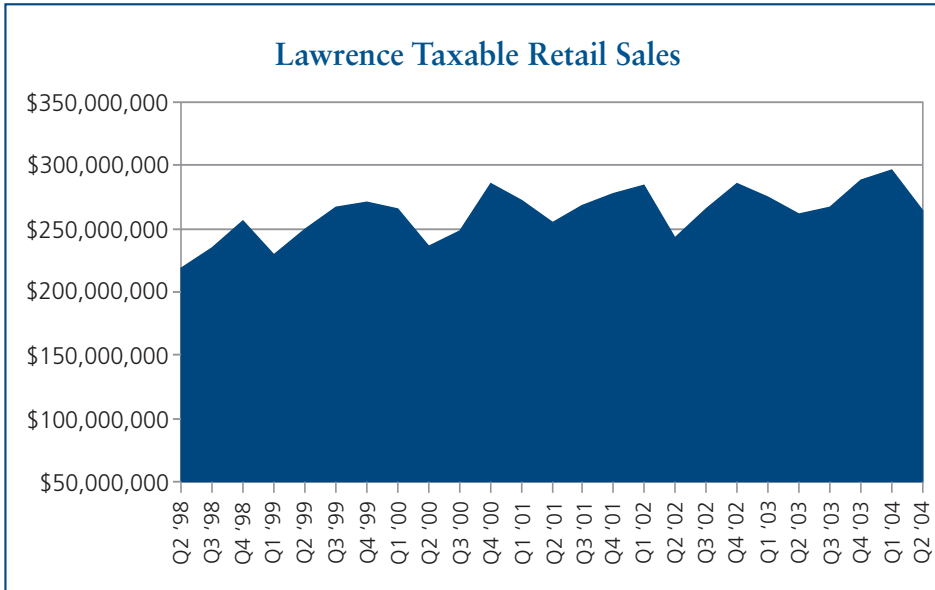
	Q2 2003	Q2 2004	% Change 2003-2004
Number	531	475	-10.5%

Source: Douglas County Appraiser's Office.

The median price of all homes increased slightly from the first quarter, to a price of \$147,000 in the second quarter. This was an increase of 0.2 percent. The previous quarter saw a decrease in the median home price; price decreases in the average home price are infrequent in Lawrence, and temporary.



Retail Sales



Taxable retail sales vary by quarter reflecting consumer spending for the holidays, back to school, and income tax rebates/refunds. The second quarter of the year is typically down from the first quarter and 2004 holds true to this pattern with taxable retail sales for both Lawrence and Douglas County down almost 11 percent from the first quarter. However, when compared to the second quarter for 2003, retail sales were up by 1.09 percent in Lawrence and 1.17 in Douglas County.

Last quarter it was noted that neither Lawrence nor Douglas County experienced much retail sales growth in 2003 compared to 2002. New retail sales data for all of Kansas show 4.47 percent growth from 2002 to 2003, indicating that Lawrence and Douglas County's performance was sub-par for the state.

Taxable Retail Sales

	Q2 2003	Q2 2004	% Change 2003-2004
City of Lawrence	\$261,275,563	\$264,130,768	1.09%
Douglas County	\$287,282,454	\$290,654,879	1.17%

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	\$29,380,824,524	\$30,694,018,282	4.47%

Source: Kansas Department of Revenue.

Cost of Living

Lawrence Consumer Price Index

	CPI (Base Year = 2000)	% Change (From same period, previous year)
Third Quarter, 2003	109.0	1.95%
Fourth Quarter, 2003	109.8	2.02%
First Quarter, 2004	112.5	2.17%
Second Quarter, 2004	107.6	2.63%

Source: Policy Research Institute.

Second Quarter 2004 Comparative Cost of Living Index

U.S. Average	100.0
Lawrence, KS	98.2
Manhattan, KS	95.9
Topeka, KS	n/a
Fort Collins, CO	104.8
Champaign, IL	94.7
Ames, IA	99.3
Columbia, MO	98.2

n/a: not available
Source: ACCRA.

The Lawrence consumer price index stood at 107.6 in the second quarter of 2004, meaning that cost of living here was 7.6 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 higher than usual at 2.6 percent.

On the other hand, the comparative cost of living index does not measure inflation or changes over time, but it does indicate how expensive one place is to live compared to another. The US average is always set to 100. In the second quarter of 2004 Lawrence's Cost of Living Index stood at 98.2: slightly lower than the national average, but higher than the indices of two of the comparative cities.

This report was researched and written by Genna Hurd 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

