

The Economic Barometer

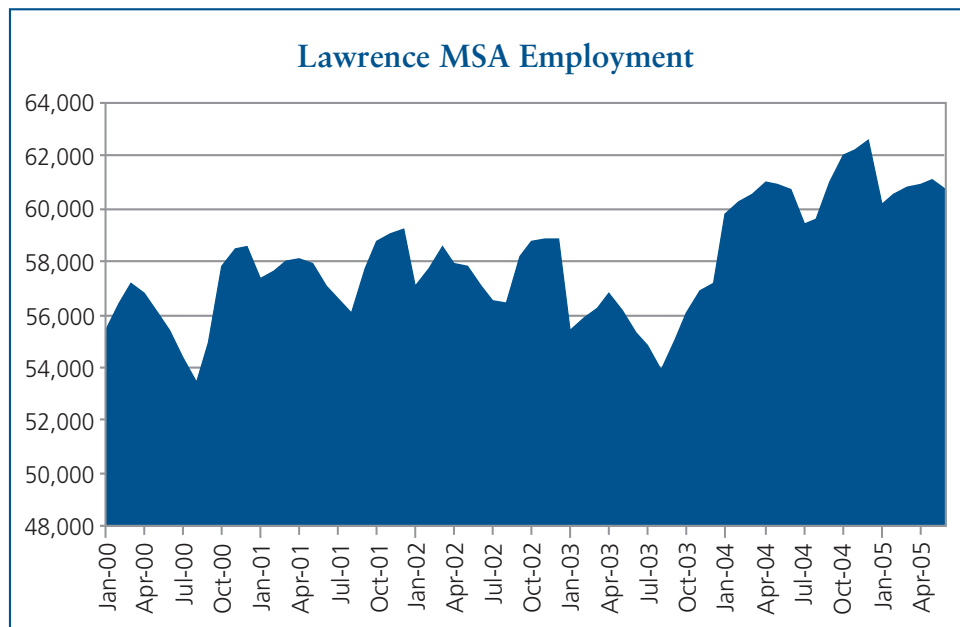
A Quarterly Economic Report



September 2005

2nd Quarter 2005

Employment



The number of people employed in Lawrence increased slightly, 0.7 percent, from the first quarter to the second quarter of 2005.¹ Employment typically falls slightly during the first three months of the year due to seasonal factors and then increases during the second quarter. Second quarter employment was at almost the same level from the same time a year ago. Employment in the first two quarters of 2005 is up slightly from the first two quarters in 2004.

Civilian Employment by Quarter - Lawrence MSA

	2000	2001	2002	2003	2004	2005	% Change 2004-2005
First Quarter	56,343	57,662	57,794	55,825	60,176	60,491	0.5%
Second Quarter	56,072	57,705	57,629	56,064	60,876	60,904	0.0%
Third Quarter	54,229	56,812	57,037	54,574	60,005	-	-
Fourth Quarter	58,302	59,031	58,817	56,713	62,274	-	-

Source: U.S. Department of Labor, Bureau of Labor Statistics and Kansas Department of Human Resources.

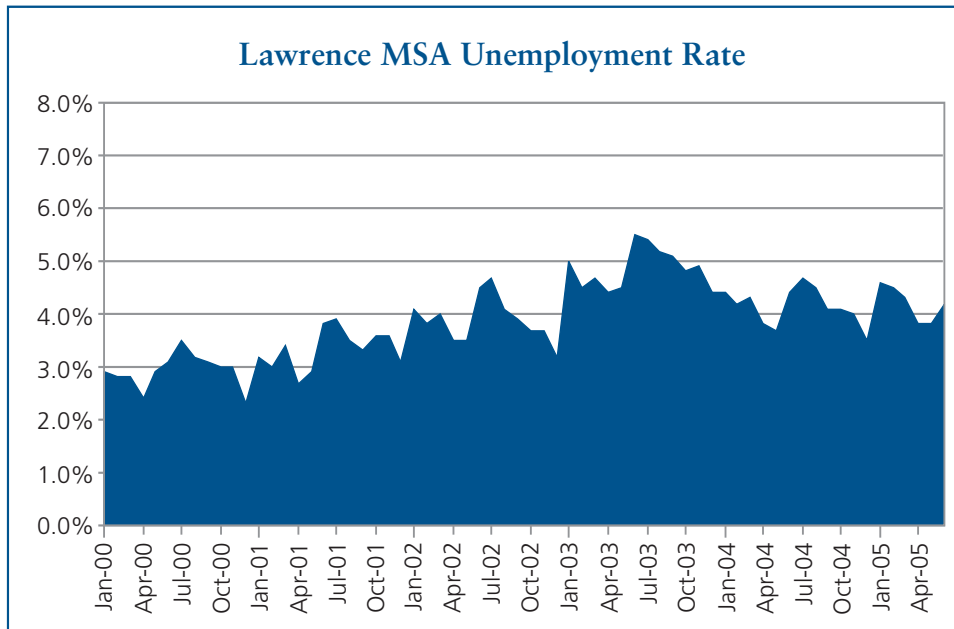
Employment (cont.)

Second Quarter 2005 Employment Data

	Civilian Employment	Unemployment Rate
U.S. (thousands)	141,404	5.1%
Kansas	1,396,368	5.1%
Kansas City, KS MSA	404,860	5.7%
Lawrence MSA	60,904	3.9%
Topeka MSA	117,986	5.3%
Wichita MSA	286,237	5.5%

Source: U.S. Department of Labor, Bureau of Labor Statistics and Kansas Department of Human Resources.

The unemployment rate for Lawrence was down from the previous quarter from 4.47 in the first quarter of 2005 to 3.93 in the second quarter of 2005.² This is a drop of 12 percent and a 0.8 percent drop from the same quarter in 2004. This is the lowest unemployment rate for this quarter since 2002, an indication of improvements in the job market beyond those influenced by seasonal trends. Lawrence's unemployment rate in the second quarter continues to be lower than all the other major metropolitan areas in the state, as well as the state and nation.



Unemployment Rate by Quarter - Lawrence MSA

	2000	2001	2002	2003	2004	2005	% Change 2004-2005
First Quarter	2.83%	3.20%	3.97%	4.73%	4.30%	4.47%	3.9%
Second Quarter	2.80%	3.13%	3.83%	4.80%	3.97%	3.93%	-0.8%
Third Quarter	3.27%	3.57%	4.23%	5.23%	4.43%	-	-
Fourth Quarter	2.77%	3.43%	3.53%	4.70%	3.87%	-	-

Source: U.S. Department of Labor, Bureau of Labor Statistics and Kansas Department of Human Resources.

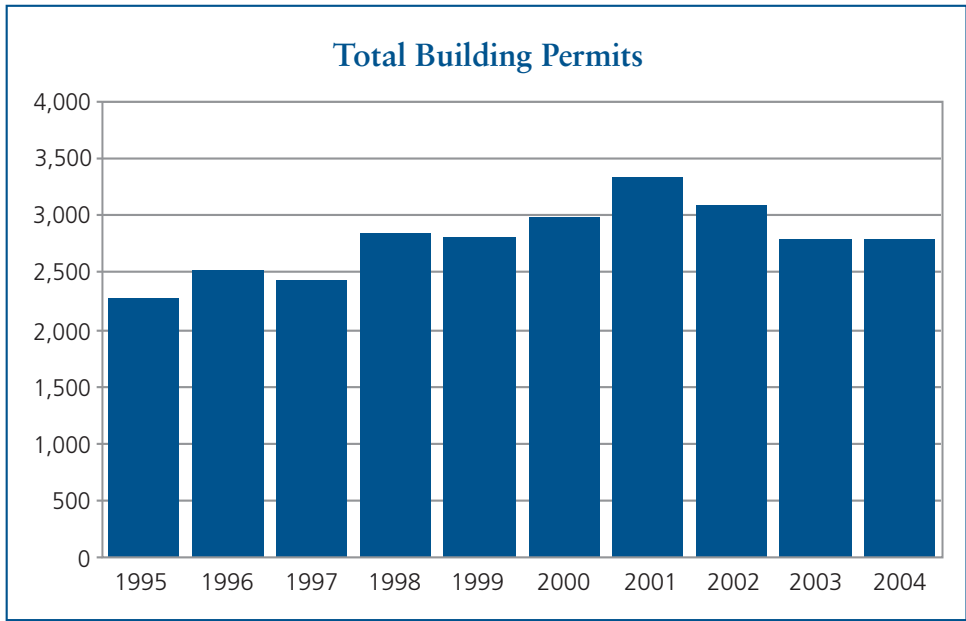
Real Estate

Second Quarter Building Permits in Lawrence

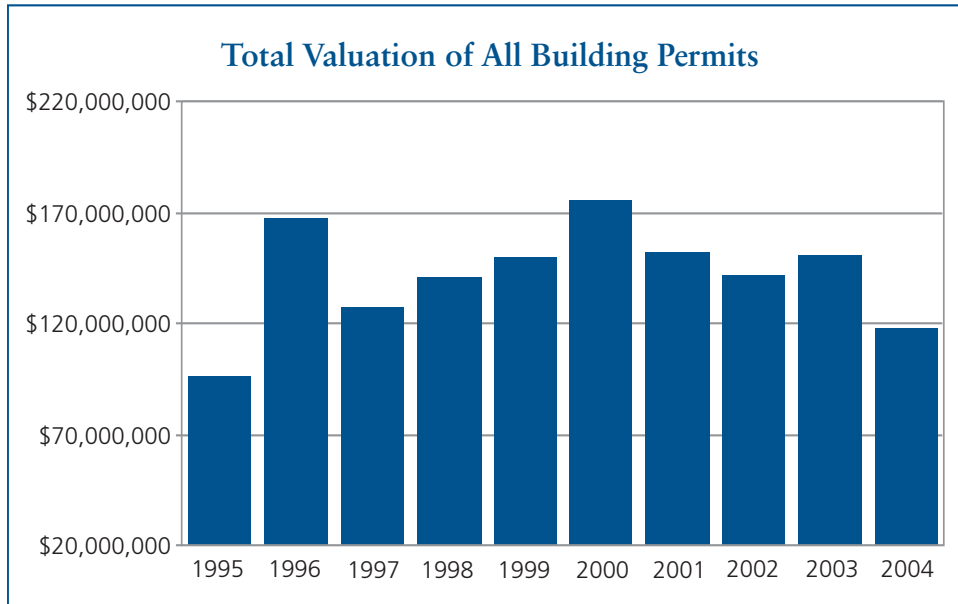
	Q2 2004	Q2 2005	% Change 2004-2005
TOTAL			
Number	750	720	-4.0%
Valuation	38,371,300	26,660,044	-30.5%
RESIDENTIAL			
Number	83	55	-33.7%
Valuation	14,158,841	8,289,785	-41.5%
NON-RESIDENTIAL			
Number	40	50	25.0%
Valuation	20,436,882	15,453,777	-24.4%

Source: City of Lawrence, Building Inspection Division.

The slower start on construction projects in 2005 than in 2004 continued into the second quarter. The total number of building permits was down by 4.0 percent for the second quarter compared to a year ago, and the dollar value of all building permits taken out was down by 30.5 percent. While the number of non-residential building permits was up by 25 percent compared to the same quarter in 2004, the value of non-residential construction was down by 24 percent. The value of residential construction was down by almost 42 percent compared to the second quarter in 2004.



Real Estate (cont.)



While the number of building permits taken out in 2004 was almost the same (see figure, page 3), the total valuation of all building permits taken out in 2004 was considerably lower, almost 22 percent, in 2004 compared to 2003. This valuation was the lowest since 1995.

The number of homes which changed ownership, used or new, was down by 33.4 percent compared to the second quarter in 2004. A total of 403 homes were sold in Lawrence in the second three months of this year. New 2004 residential real estate sale data show that annual sales were down 0.7 percent from 2003, which is slightly better than the 2.7 percent decline previously reported.

The median price of all homes declined slightly, 1.90 percent, from the first quarter to a price of \$154,900 in the second quarter of 2005. New home price data show a median home price of \$157,900 for the first quarter of 2005. The median price of a home in the second quarter of 2005 was up 1.57 percent from a year ago.

Lawrence Residential Real Estate Sales

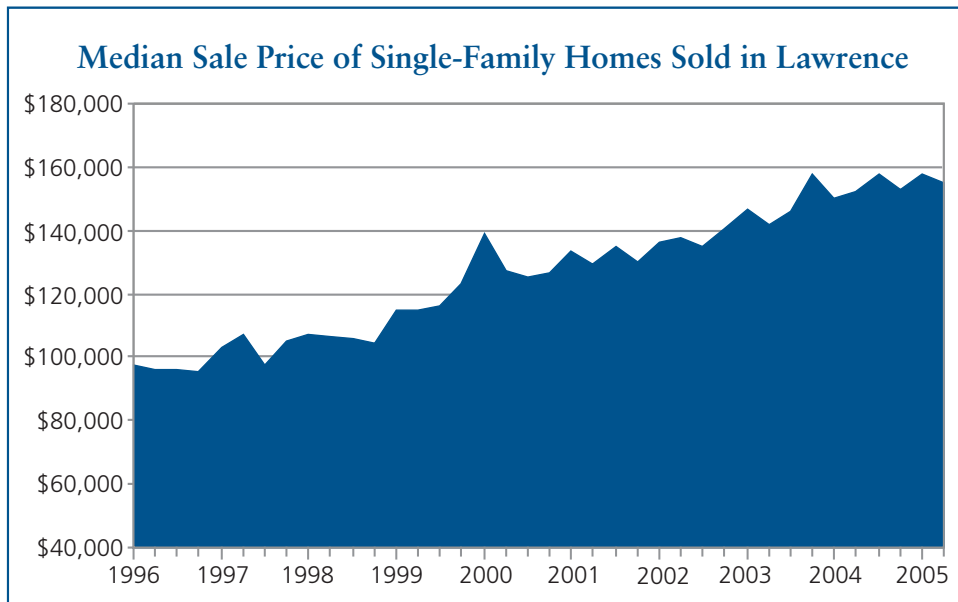
	Q2 2004	Q2 2005	% Change 2004-2005
Number	605	403	-33.4%

Source: Douglas County Appraiser's Office.

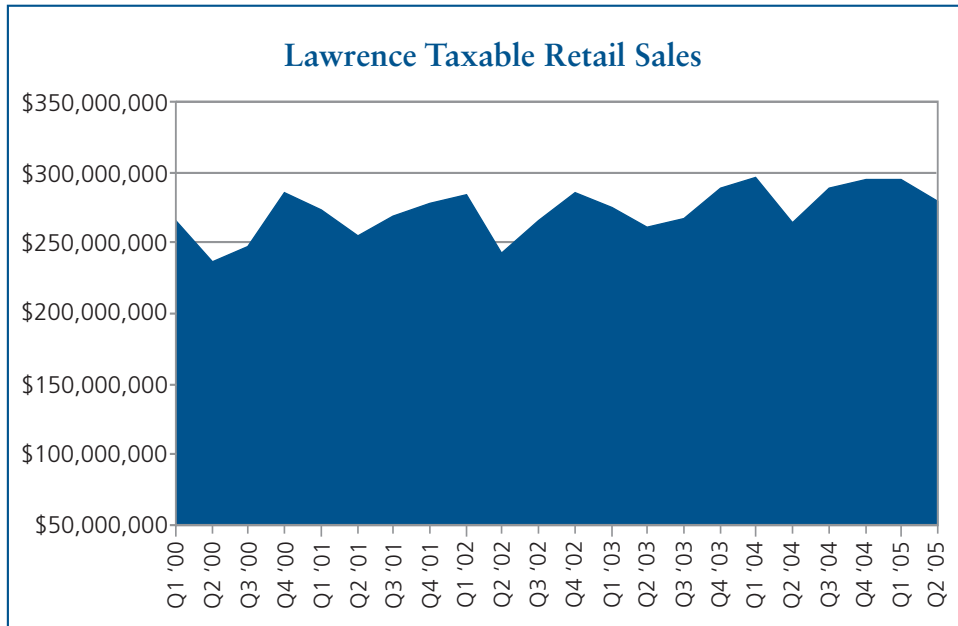
Revised Annual Residential Real Estate Sales in Lawrence

	2003	2004	% Change 2003-2004
Number	1,533	1,523	-0.7%

Source: Douglas County Appraiser's Office



Retail Sales



The second quarter of the year is typically down from the first quarter reflecting seasonal fluctuations in consumer spending. This was the case for Lawrence, with taxable retail sales down about 5.3 percent for the city and 4.2 percent for Douglas County from the first to the second quarter in 2005. However, compared to second quarter of the 2004, taxable retail sales are up by almost 5.8 percent for the city and 7.0 percent for the county.

In previous reports it was noted that neither Lawrence nor Douglas County experienced much retail sales growth in 2003 compared to 2002. New retail sales data for Lawrence and Douglas County show growth rates of 4.81 percent and 5.90 percent, respectively, from 2003 to 2004. This growth compares favorably with Kansas, which experienced an increase of 3.97 percent for the same time period.

Taxable Retail Sales

	Q2 2004	Q2 2005	%Change 2004-2005
City of Lawrence	\$264,130,768	\$279,381,335	5.77%
Douglas County	\$290,654,879	\$311,121,745	7.04%

Source: Kansas Department of Revenue.

Year End Taxable Retail Sales

	2003	2004	% Change 2003-2004
City of Lawrence	\$1,091,409,643	\$1,143,887,187	4.81%
Douglas County	\$1,196,887,675	\$1,267,546,728	5.90%
Kansas	\$30,694,018,282	\$31,911,131,543	3.97%

Source: Kansas Department of Revenue.

Cost of Living

Lawrence Consumer Price Index

	CPI (Base Year = 2000),	% Change (From same period, previous year)
Third Quarter, 2004	112.1	4.98%
Fourth Quarter, 2004	112.3	4.56%
First Quarter, 2005	111.7	2.13%
Second Quarter, 2005	113.7	3.90%

Source: Policy Research Institute.

Second Quarter 2005 Comparative Cost of Living Index

U.S. Average	100.0
Lawrence, KS	97.6
Manhattan, KS	95.8
Topeka, KS	n/a
Ames, IA	94.7
Champaign, IL	93.9
Columbia, MO	92.5
Tulsa, OK	90.7

n/a: not available.

Source: ACCRA.

The Lawrence consumer price index stood at 113.7 in the second quarter of 2005, meaning that cost of living here was 13.7 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 2004 was up 3.90 percent, which was higher than the previous quarter compared to its previous year quarter.

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 second quarter of 2005 Lawrence's Cost of Living Index stood at 97.6; this is lower than the national average, but higher than all the other participating comparative cities.

Notes

¹The federal Bureau of Labor Statistics (BLS) recently revised the methods for calculating employment and unemployment estimates. The employment numbers in this report are not comparable to labor force statistics published in previous *Economic Barometer* reports.

²Because of the revisions of the unemployment data by the BLS and the Kansas Department of Labor, these numbers cannot be compared with previous *Economic Barometer* reports.

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 Labor, the Kansas Department of Revenue, U.S. Department of Labor, and ACCRA. This report is available online at www.lawrencechamber.com

