

The Economic Barometer

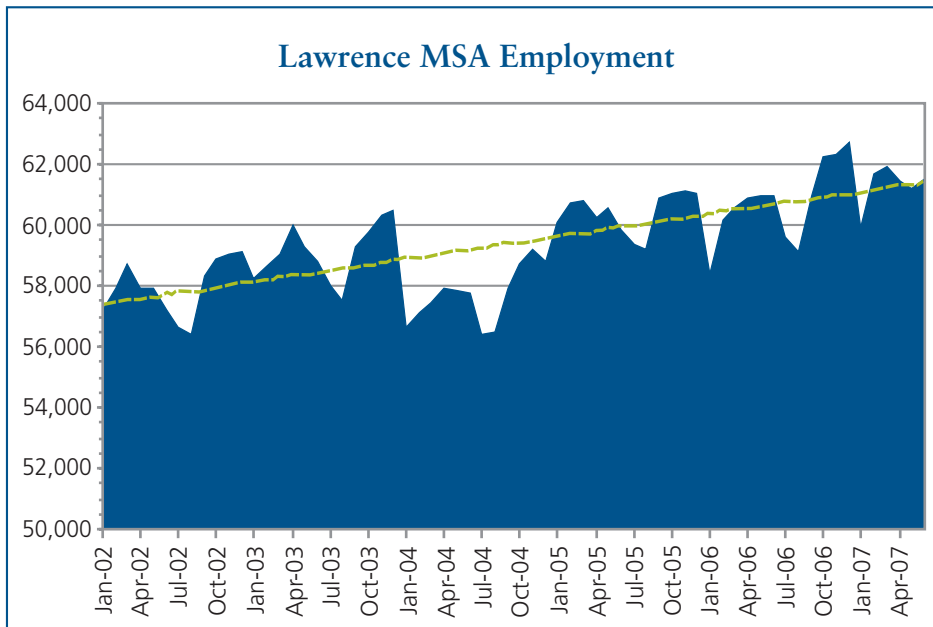
A Quarterly Economic Report



September 2007

2nd Quarter 2007

Employment



Employment typically falls during the first three months of the year and increases during the second quarter. The employment trend continues upward for the Lawrence MSA (Douglas County). The average number of people employed in the Lawrence MSA in the second quarter of 2007 was 61,383, an increase of 0.4 percent from the first quarter. Compared to the second quarter in 2006, average employment in the same quarter of 2007 increased 0.8 percent.

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	61,383	0.8%
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.)

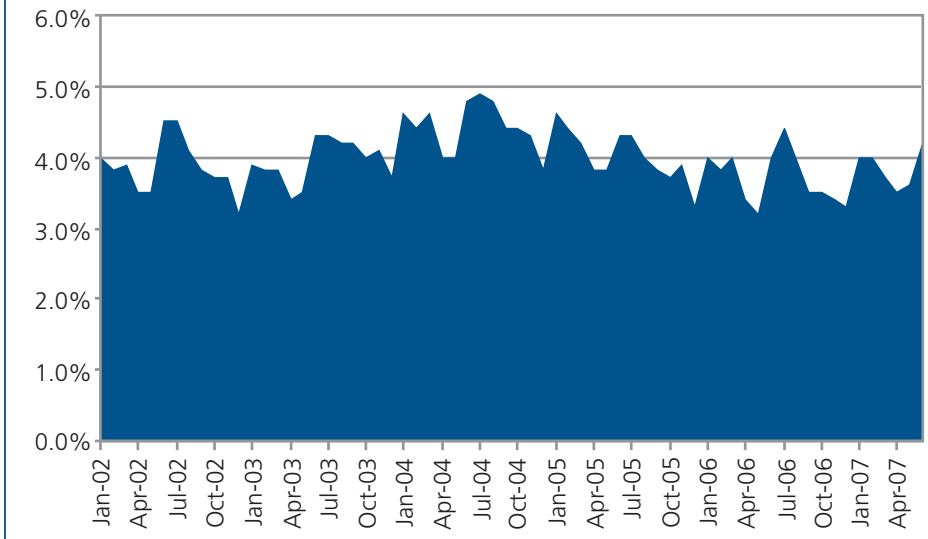
Second Quarter 2007 Employment Data

	Civilian Employment	Unemployment Rate
U.S. (thousands)	145,956	4.5%
Kansas	1,418,914	4.4%
Kansas City, KS MSA	414,685	4.8%
Lawrence MSA	61,383	3.8%
Topeka MSA	116,928	4.6%
Wichita MSA	302,708	4.3%

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 second quarter of 2007 was down from the first quarter, from 3.9 to 3.8. Compared to the same quarter in 2006, the unemployment rate was up 6.6 percent higher, from 3.5 to 3.8. Lawrence's unemployment rate continues to be lower than all the other major metropolitan areas in Kansas as well as the state and nation.

Lawrence MSA Unemployment Rate



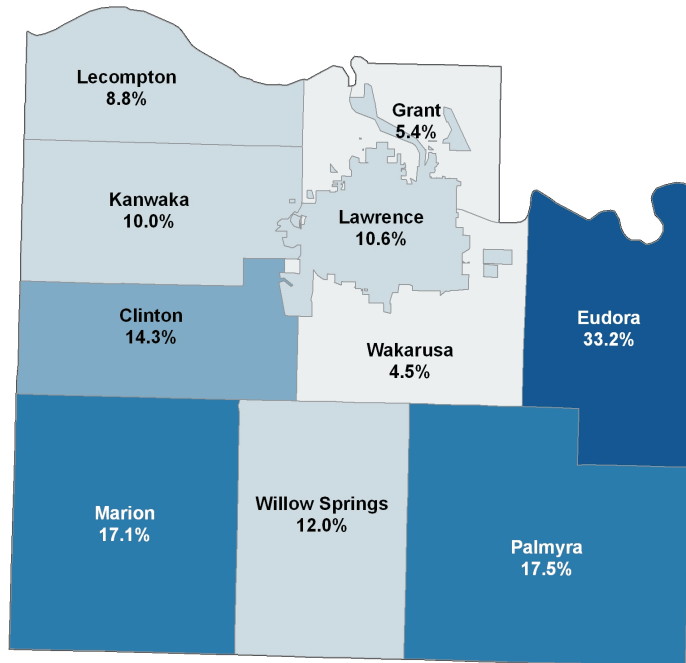
Unemployment Rate by Quarter - Lawrence MSA

	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%	3.8%	6.6%
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.

Population

Percent Change of Population by Township in Douglas County, 2000-2006



Map boundary is file from the U.S. Census Bureau, 2000 TIGER cartographic boundary files. Map projection uses the North American Datum 1983 (NAD83), Universal Transverse Mercator (UTM) Zone 15 North. Source: IPSR; data from the U.S. Census Bureau, Population Estimates Division, Vintage 2006 Population Estimates.

Recent population estimates for the city of Lawrence and Douglas County indicate that population growth may be slowing. A look at population estimates since the 2000 Census shows the growth shifting within the county, particularly to the Eudora and Palmyra townships. When compared to the state of Kansas, which experienced an estimated 2.8 percent increase from 2000 to 2006, Lawrence and Douglas County, at 10.6 and 12.2 percent, respectively, have experienced healthy population growth.

Population for Douglas County by Township, 2000-2006

Township	Census 2000	Estimates						% Change 2000-06
		2001	2002	2003	2005	2005	2006	
Clinton	531	556	572	584	601	594	607	14.3%
Eudora	5,571	5,935	6,428	6,648	7,041	7,099	7,419	33.2%
Grant	442	435	446	453	465	457	466	5.4%
Kanwaka	1,317	1,358	1,390	1,412	1,448	1,423	1,449	10.0%
Lawrence City	80,098	81,780	83,310	84,844	86,448	88,664	88,605	10.6%
Lecompton	1,761	1,835	1,873	1,895	1,931	1,886	1,916	8.8%
Marion	836	882	912	934	965	956	979	17.1%
Palmyra	5,760	6,137	6,290	6,443	6,646	6,588	6,766	17.5%
Wakarusa	2,237	2,223	2,268	2,299	2,349	2,302	2,338	4.5%
Willow Springs	1,409	1,475	1,512	1,538	1,577	1,550	1,578	12.0%
Douglas County	99,962	102,616	105,001	107,050	109,471	111,519	112,123	12.2%

Source: U.S. Census Bureau.

Real Estate

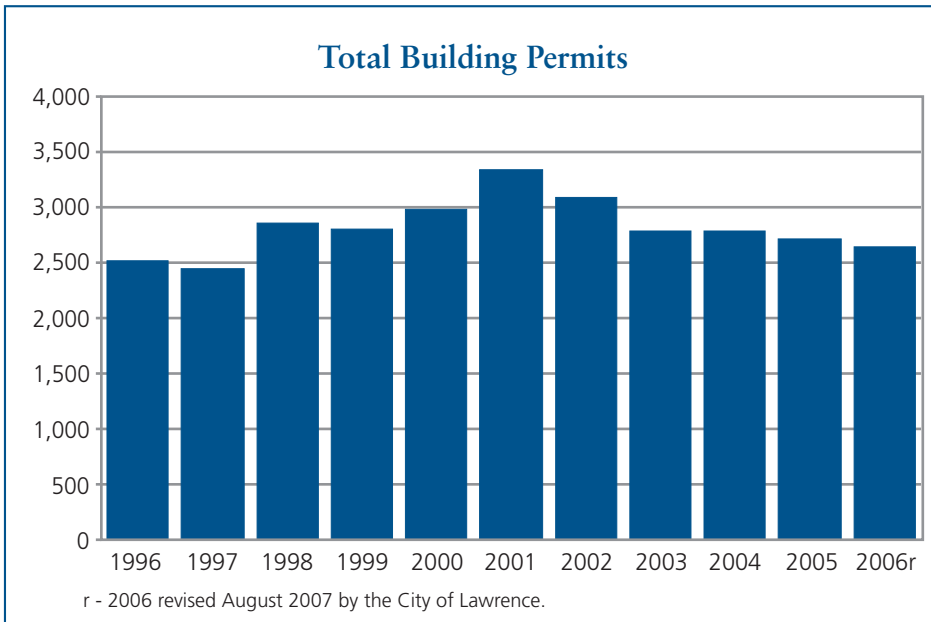
Second Quarter Building Permits in Lawrence

	Q2 2006	Q2 2007	% Change 2006-2007
TOTAL			
Number	716	657	-8%
Valuation	\$61,031,548	\$26,199,944	-57%
RESIDENTIAL			
Number	99	67	-32%
Valuation	\$20,619,572	\$12,624,660	-39%
NON-RESIDENTIAL			
Number	53	58	9%
Valuation	\$37,007,975	\$10,077,341	-73%

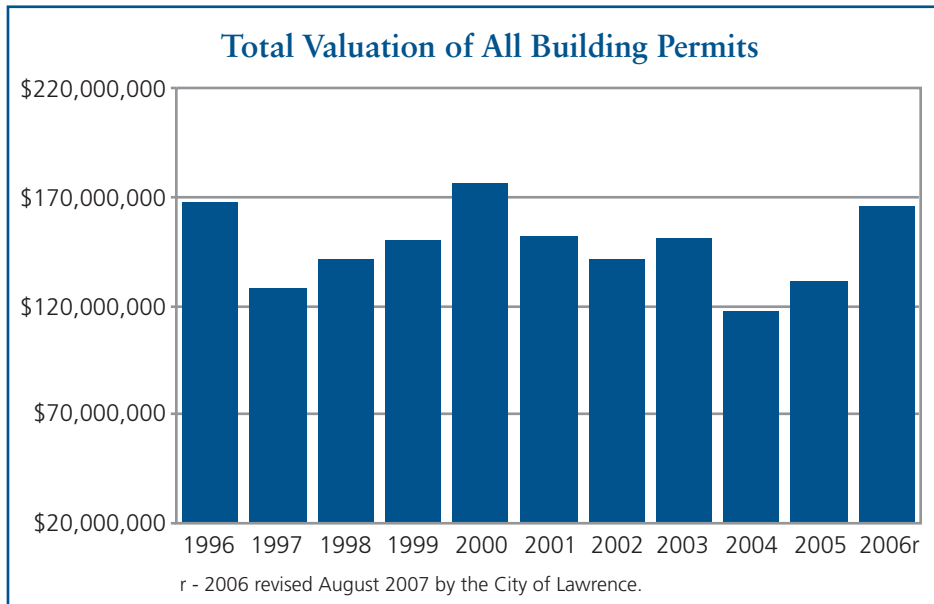
Source: City of Lawrence, Neighborhood Resources Department.

In the second quarter of 2007, construction continued to slow with the total number of building permits down 8 percent compared to 2006 and the value of all permits down 57 percent. Compared to a year ago, the value of residential construction in Lawrence declined 39 percent for the quarter and the number of permits decreased 32 percent. The value of non-residential construction was down 72 percent compared to last year while the number of permits was up 9 percent.

The city of Lawrence recently issued revised building permit data for 2006 and 2007. Revised data indicate that the number of building permits issued in 2006 was 2.8 percent fewer than in 2005 and the total valuation of all building permits in 2006 was 26.4 percent higher than in 2005.



Real Estate (cont.)



As previously reported, over the last 10 years, the number of permits issued peaked in 2001 and have held fairly steady for the last four years (see Figure, page 4). 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.

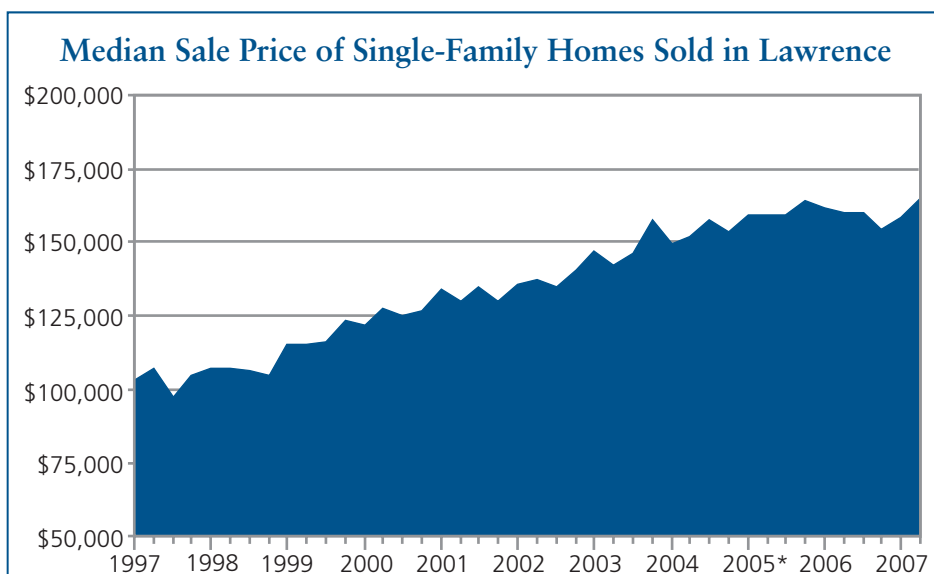
A total of 280 homes were sold in Lawrence in the first quarter of this year compared to 313 in 2005. Preliminary numbers for the second quarter of 2007 indicate that the residential real estate market is improving for the year with 529 homes sold in the second quarter of 2007. However this is down from the same quarter last year which had 633 homes sold.

The median price of all homes was \$165,000 in the second quarter of 2007; this is a 4.1 percent increase from the previous quarter and a 3.1 percent increase from a year ago. Revised sales price data show a median home price of \$158,500 for the first quarter of 2007 and \$154,000 for the fourth quarter of 2006.

Lawrence Residential Real Estate Sales

	2006	2007	% Change 2006-2007
1st Quarter	313	280r	-10.5%
2nd Quarter	633	529p	-16.4%

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



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

Real Estate (cont.)

**Housing Vacancy Rates
Comparative 2006**

	Vacancy Rate	90% Margin of Error
U.S.	11.6%	+/- 0.1%
Lawrence, KS	6.7%	+/- 3.5%
Topeka, KS	11.4%	+/- 3.4%
Champaign, IL	9.5%	+/- 5.7%
Columbia, MO	7.2%	+/- 3.6%
Ft. Collins, CO	5.3%	+/- 3.8%

Source: U.S. Census Bureau, American Community Survey, 2006.

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

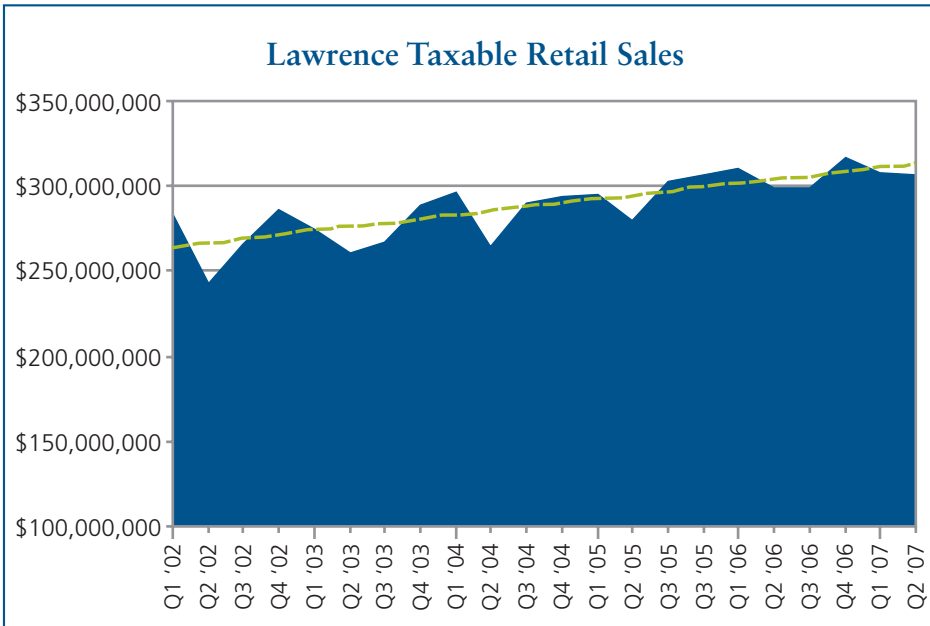
	Assessed Valuation (in millions)							% Change 2006-2007
	2001	2002	2003	2004	2005	2006	2007	
Residential	\$339.3	\$367.4	\$402.4	\$437.2	\$476.8	\$514.8	\$540.9	5.1%
% of Total	66.3%	66.9%	67.8%	68.0%	68.7%	68.6%	69.1%	
Commercial	\$161.1	\$169.5	\$178.8	\$194.1	\$203.4	\$220.1	\$227.0	3.2%
% of Total	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.

The housing unit vacancy rate for Lawrence in 2006, as estimated by the U.S. Census Bureau, was 6.7 percent; this is slightly lower than the vacancy rate of 7.0 percent estimated for 2005. Lawrence's vacancy rate for 2006 is lower than the U.S. and all the comparative communities except Fort Collins, Colorado.

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. For 2007, residential property accounts for 69.1 percent of the tax base for Lawrence compared to 29 percent for commercial property.

Retail Sales



Retail sales vary by quarter reflecting seasonal fluctuations in consumer spending, such as the holidays and back to school. Retail sales for the second quarter of 2007 compared to the previous quarter were down 0.5 percent for the city and 0.1 percent for the county. Compared to 2006, taxable retail sales for Lawrence and Douglas County were higher in the second quarter of 2007 by 2.5 percent for the city and 2.0 percent for the county.

Compared to 2005, retail sales in 2006 were up 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

	Q2 2006	Q2 2007	% Change 2006-2007
City of Lawrence	\$298,809,714	\$306,209,189	2.5%
Douglas County	\$327,408,914	\$333,955,911	2.0%

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)
Third Quarter, 2006	122.2	5.3%
Fourth Quarter, 2006r	113.5	-4.0%
First Quarter, 2007r	124.8	-2.2%
Second Quarter, 2007	132.1	3.3%

*Based on ACCRA Cost of Living Index.
r - revised
Source: Institute for Policy & Social Research.

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

U.S. Average	100.0
Lawrence, KS	93.6
Manhattan, KS	98.6
Topeka, KS	88.9
Ames, IA	96.2
Champaign, IL	98.4
Columbia, MO	90.8
Fort Collins, CO	94.2

Source: ACCRA/C2ER.

The Lawrence consumer price index stood at 132.1 in the second quarter of 2007, meaning that cost of living in Lawrence was 32.1 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 up 3.3 percent.

The ACCRA *Cost of Living Index* indicates how expensive one urban area is compared to another. It is designed to measure the cost of consumer goods and services appropriate for professional and managerial households in the top income quintile. The U.S. average is always set to 100. In the second quarter of 2007, Lawrence's cost of living index stood at 93.6, which was higher than the previous quarter's index of 91.4. The Lawrence's index is lower than all the other participating comparative cities, except Topeka, Kansas and Columbia, Missouri.

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/The Council for Community and Economic Research (C2ER). This report is available online at www.lawrencechamber.com

