

The Economic Barometer

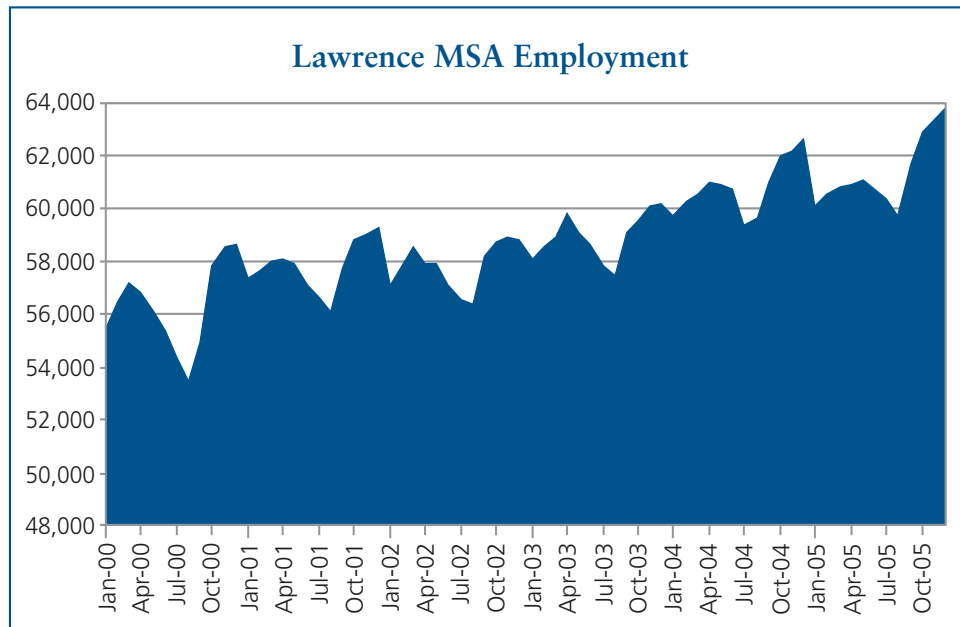
A Quarterly Economic Report



March 2006

4th Quarter 2005

Employment



The number of people employed in Lawrence increased, 4.6 percent, from the third quarter to the fourth quarter of 2005.¹ Historically, the fourth quarter experiences a seasonal increase as firms hire additional help for the holiday season. Compared to the fourth quarter in 2004, the number employed increased by 1.8 percent. In fact, quarterly employment estimates are up for 2005 compared to 2004 and employment is at its highest level for Lawrence at 63,374.

Civilian Employment by Quarter - Lawrence MSA

	2000	2001	2002	2003	2004	2005	% Change 2004-2005
First Quarter	56,343	57,662	57,794	58,491	60,176	60,491	0.5%
Second Quarter	56,072	57,705	57,629	59,180	60,876	60,904	0.0%
Third Quarter	54,229	56,812	57,037	58,123	60,005	60,599	1.0%
Fourth Quarter	58,302	59,031	58,817	59,952	62,274	63,374	1.8%

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

Employment (cont.)

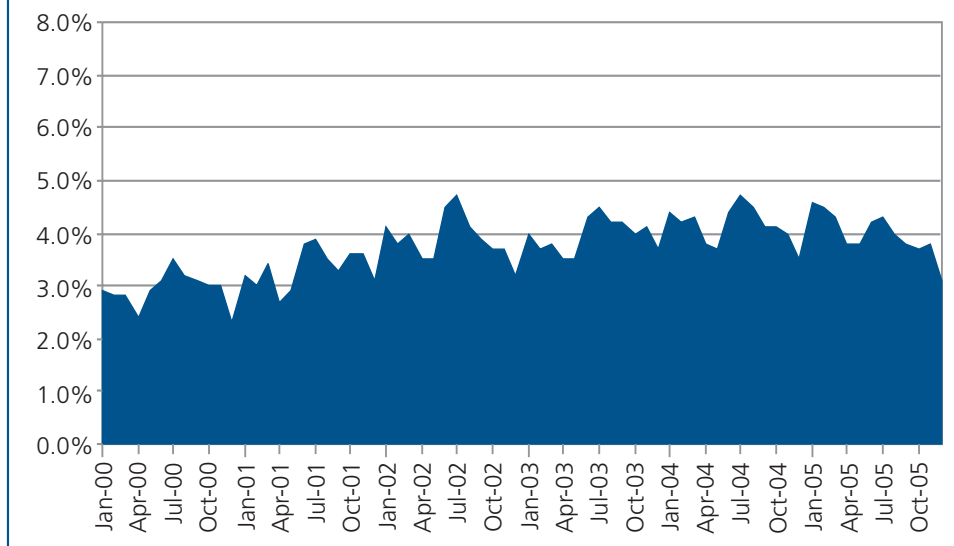
Fourth Quarter 2005 Employment Data

	Civilian Employment	Unemployment Rate
U.S. (thousands)	142,672	4.9%
Kansas	1,397,584	4.8%
Kansas City, KS MSA	401,856	5.2%
Lawrence MSA	63,374	3.5%
Topeka MSA	117,458	5.2%
Wichita MSA	285,301	5.4%

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

The unemployment rate for Lawrence was down from the previous quarter from 4.03 in the third quarter to 3.53 in the fourth quarter of 2005. This is a drop of 8.6 percent from the same quarter in 2004. The unemployment rate is the lowest it has been for this quarter since 2002, an indication of improvements in the job market beyond seasonal trends. Lawrence's unemployment rate in the fourth quarter continues to be lower than all the other major metropolitan areas in the state as well as the state and national rates.

Lawrence MSA Unemployment Rate



Unemployment Rate by Quarter - Lawrence MSA

	2000	2001	2002	2003	2004	2005	% Change 2004-2005
First Quarter	2.83%	3.20%	3.97%	3.83%	4.30%	4.47%	3.9%
Second Quarter	2.80%	3.13%	3.83%	3.77%	3.97%	3.93%	-0.8%
Third Quarter	3.27%	3.57%	4.23%	4.30%	4.43%	4.03%	-9.0%
Fourth Quarter	2.77%	3.43%	3.53%	3.93%	3.87%	3.53%	-8.6%

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

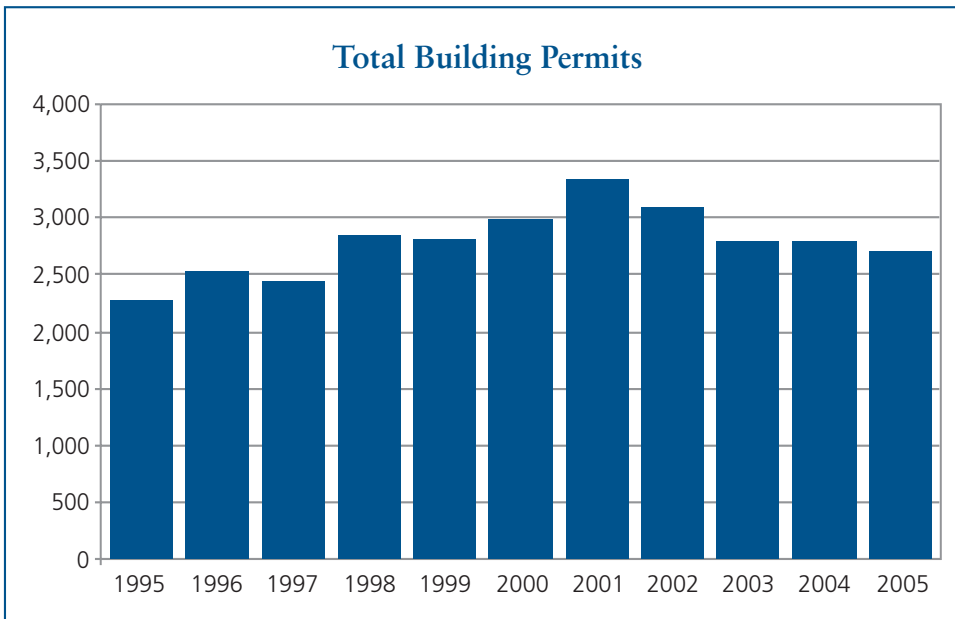
Real Estate

Fourth Quarter Building Permits in Lawrence

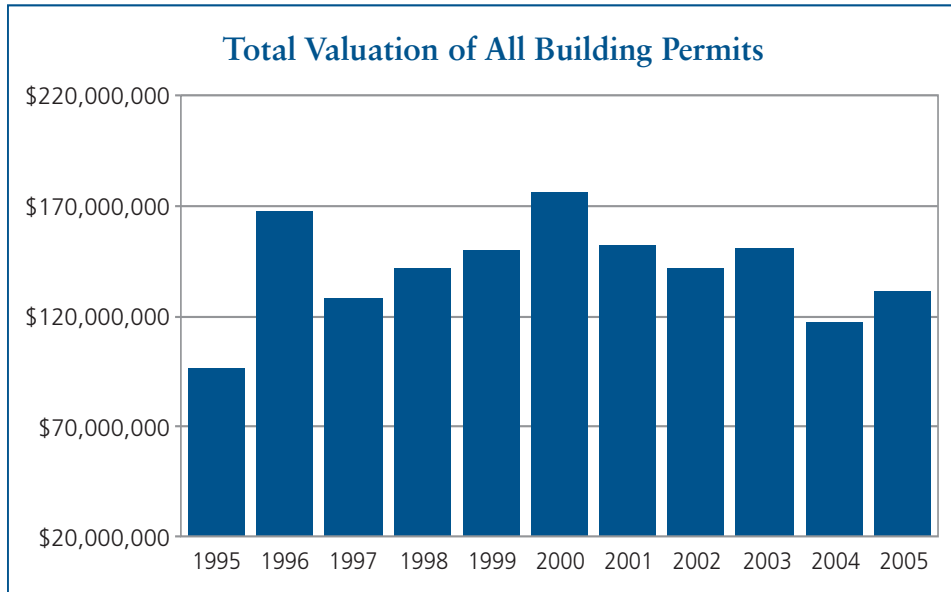
	Q4 2004	Q4 2005	% Change 2004-2005
TOTAL			
Number	770	675	-12.3%
Valuation	37,544,649	52,708,410	40.4%
RESIDENTIAL			
Number	193	121	-37.3%
Valuation	32,486,191	41,357,506	27.3%
NON-RESIDENTIAL			
Number	29	49	69.0%
Valuation	2,310,086	9,656,996	318.0%

Source: City of Lawrence, Building Inspection Division.

Growth in the construction industry started slow, picked up in the third quarter, and then ended the year with mixed results. While the total number of building permits was down by 12 percent for the fourth quarter compared to a year ago, the dollar value of all building permits taken out was up by about 40 percent. The value of residential construction in Lawrence was up by 27 percent for the quarter compared to a year ago even though the number of permits declined by 37 percent. Non-residential construction showed a healthy increase with building permits and valuation numbers up 69 and 318 percent, respectively, compared to a year ago.



Real Estate (cont.)



While the number of building permits taken out in 2004 was slightly lower than in 2005 (see figure, page 3), the total valuation of all building permits in 2005 was 11 percent higher than in 2004. However, the 2004 valuation was the lowest since 1995.

The number of homes which changed ownership, used or new, was down by 11 percent compared to the fourth quarter in 2004. A total of 209 homes were sold in Lawrence in the fourth quarter of this year. For 2005, residential real estate sales were up by 1 percent compared to 2004.

The median price of all homes was up, 1.35 percent, from the third quarter to a price of \$164,900 in the fourth quarter of 2005. Revised home price data show a median home price of \$162,700 for the third quarter of 2005. The median price of a home in the fourth quarter of 2005 was up 7.15 percent from a year ago.

Lawrence Residential Real Estate Sales

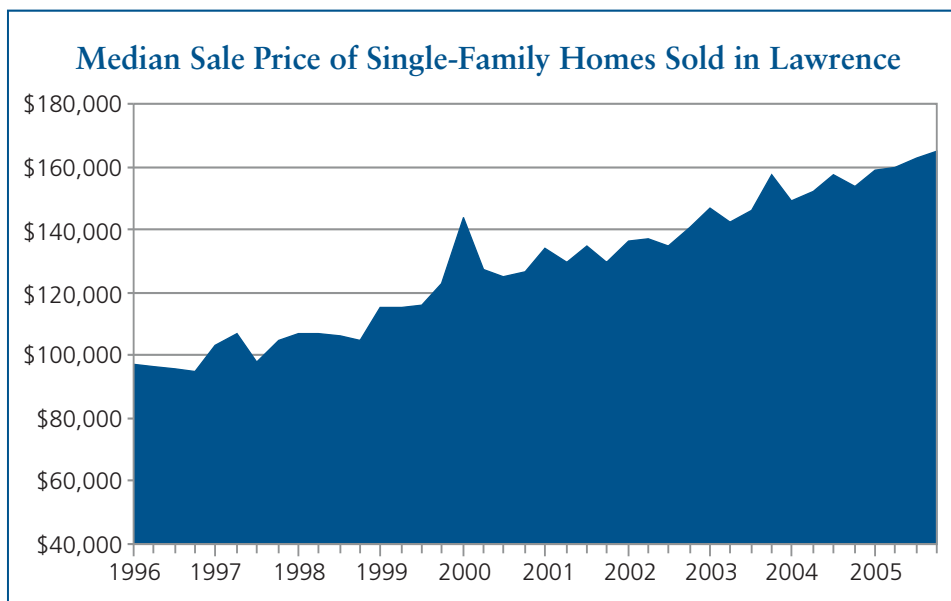
	Q4 2004	Q4 2005	% Change 2004-2005
Number	235	209	-11.1%

Source: Douglas County Appraiser's Office.

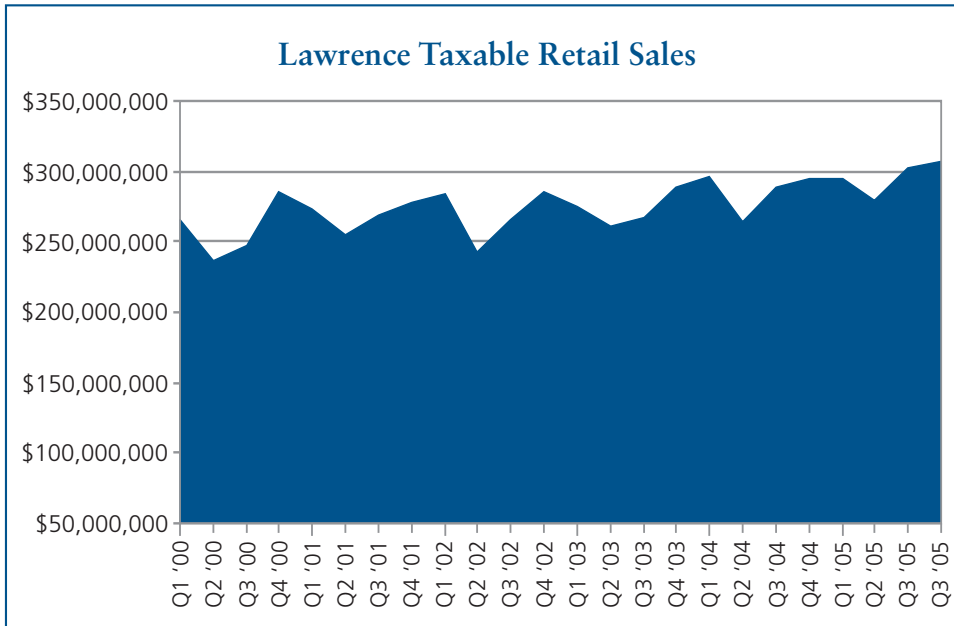
Annual Residential Real Estate Sales in Lawrence

	2004r	2005	% Change 2004-2005
Number	1,492	1,507	1.0%

r: revised
Source: Douglas County Appraiser's Office.



Retail Sales



Taxable retail sales vary by quarter reflecting seasonal fluctuations in consumer spending, such as the holidays and back to school. The fourth quarter of 2005 saw an increase in taxable retail sales compared to the fourth quarter of 2004, with sales up 1.4 percent for Lawrence and 1.5 percent for Douglas County. Compared to the fourth quarter of the previous year, taxable retail sales are up by 4.29 percent for the city and 4.07 percent for the county.

Lawrence and Douglas County continued to experience good retail sales growth in 2005, with growth rates of 3.52 percent and 3.71 percent, respectively, compared to 2004. From 2003 to 2004, retail sales grew 4.81 percent for the city and 5.90 percent for the county. This growth compared favorably with Kansas, which experienced an increase of 3.97 percent from 2003 to 2004; 2005 data for the state of Kansas is not yet available.

Taxable Retail Sales

	Q4 2004	Q4 2005	% Change 2004-2005
City of Lawrence	\$294,370,210	\$307,002,930	4.29%
Douglas County	\$328,452,500	\$341,816,833	4.07%

Source: Kansas Department of Revenue.

Year End Taxable Retail Sales

	2004	2005	% Change 2004-2005
City of Lawrence	\$1,143,887,187	\$1,184,181,645	3.52%
Douglas County	\$1,267,546,728	\$1,314,521,356	3.71%
Kansas	\$31,911,131,543	n/a	n/a

n/a: not available.

Source: Kansas Department of Revenue.

Cost of Living

Lawrence Consumer Price Index

	CPI (Base Year = 2000)	% Change (From same period, previous year)
First Quarter, 2005	111.7	2.13%
Second Quarter, 2005	111.5	2.70%
Third Quarter, 2005	116.7	6.40%
Fourth Quarter, 2005	120.7	8.89%

Source: Policy Research Institute.

**Fourth Quarter 2005
Comparative Cost of Living Index**

U.S. Average	100.0
Lawrence, KS	96.1
Manhattan, KS	94.2
Topeka, KS	n/a
Ames, IA	96.9
Champaign, IL	95.9
Columbia, MO	91.6
Fort Collins, CO	97.2

n/a: not available.
Source: ACCRA.

The Lawrence consumer price index stood at 120.7 in the fourth quarter of 2005, meaning that cost of living here was 20.7 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 higher than usual at 8.89 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 fourth quarter of 2005 Lawrence's Cost of Living Index stood at 96.1, which was higher than the previous quarter's index of 94.8. While lower than the national average, Lawrence's cost of living index is higher than all the other participating comparative cities except for Ames, Iowa, and Fort Collins, Colorado.

Note

¹The federal Bureau of Labor Statistics (BLS) revised the methods for calculating employment and unemployment estimates. The employment numbers in this report are not comparable to labor force statistics published in *Economic Barometer* reports prior to March 2005.

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

