

The Economic Barometer

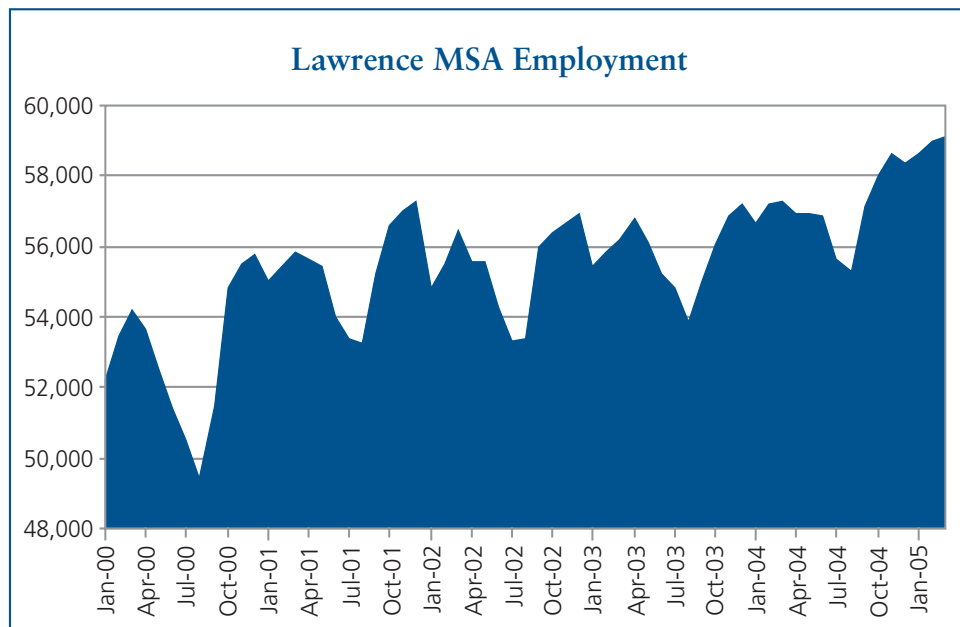
A Quarterly Economic Report



June 2005

1st Quarter 2005

Employment



Lawrence continues to experience good employment growth. The number of people employed in Lawrence increased 3.2 percent from the fourth quarter of 2004 to the first quarter of 2005.* Employment typically falls slightly during the first three months of the year due to seasonal factors. However, first quarter employment grew almost one percent from the previous quarter. Employment was up for all the quarters in 2004 from 2003 levels.

Civilian Employment by Quarter - Lawrence MSA

	2000	2001	2002	2003	2004	2005	% Change 2004-2005
First Quarter	53,292	55,422	55,585	55,825	57,067	58,908	3.2%
Second Quarter	52,524	55,029	55,145	56,064	56,903	-	-
Third Quarter	50,472	53,935	54,245	54,574	56,049	-	-
Fourth Quarter	55,372	56,954	56,639	56,713	58,349	-	-

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

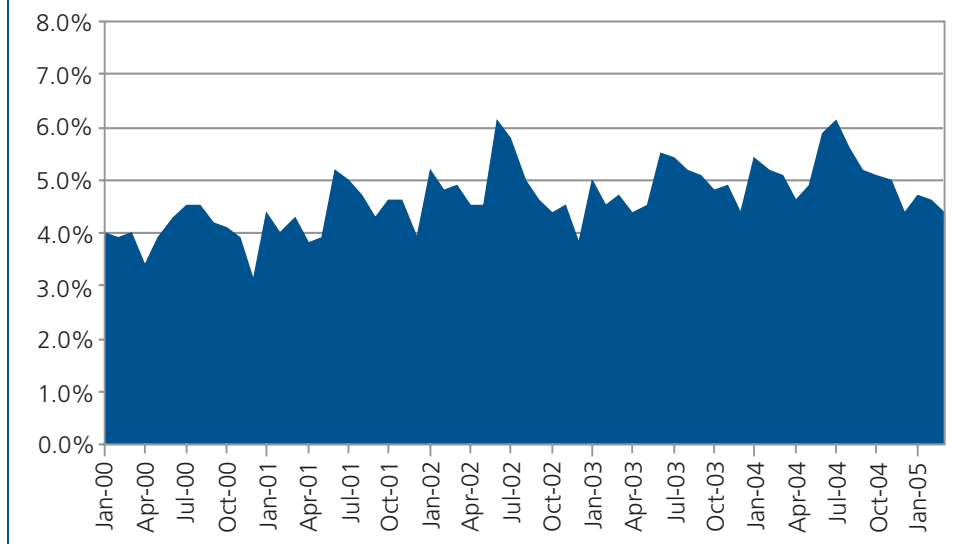
Employment (cont.)

First Quarter 2005 Employment Data

	Civilian Employment	Unemployment Rate
U.S. (thousands)	140,295	5.3%
Kansas	1,386,609	5.3%
Kansas City MSA		
MO-KS	1,084,983	5.7%
Lawrence MSA	58,908	4.6%
Topeka MSA	109,307	6.8%
Wichita MSA	270,001	6.4%

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

Lawrence MSA Unemployment Rate



The unemployment rate for Lawrence was down from the previous quarter, from 4.83 in the fourth quarter of 2004 to 4.57 in the first quarter of 2005.* This is a drop of 5.52 percent and a 12.7 percent drop from the same quarter in 2004. This is the lowest unemployment rate since the fourth quarter of 2002, an indication of improvements in the job market beyond those influenced by seasonal trends. Lawrence's unemployment rate in the first quarter was lower than all 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	3.97%	4.23%	4.97%	4.73%	5.23%	4.57%	-12.7%
Second Quarter	3.87%	4.30%	5.03%	4.80%	5.13%	-	-
Third Quarter	4.40%	4.67%	5.13%	5.23%	5.63%	-	-
Fourth Quarter	3.70%	4.37%	4.23%	4.70%	4.83%	-	-

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

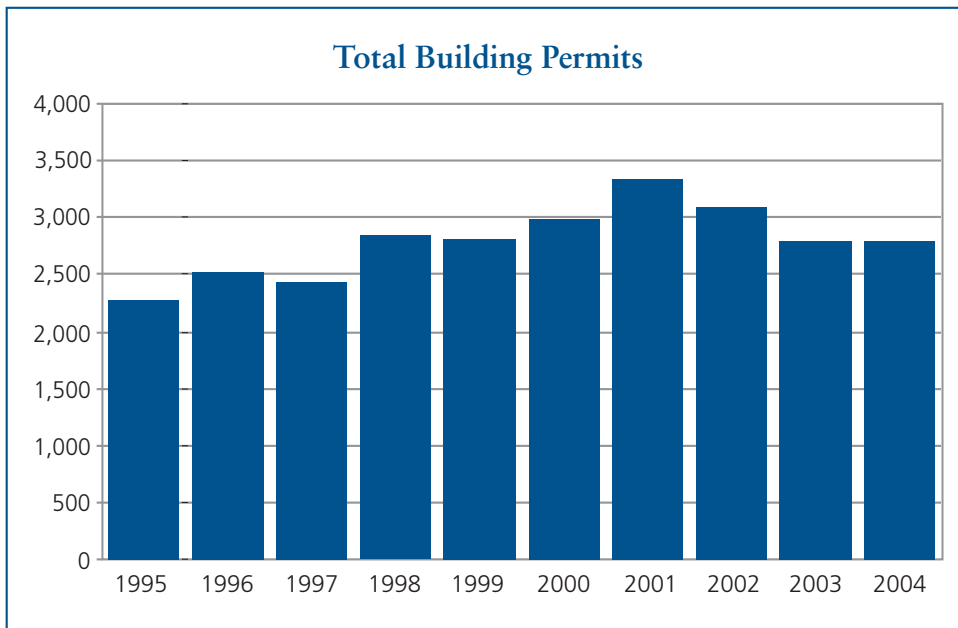
Real Estate

First Quarter Building Permits in Lawrence

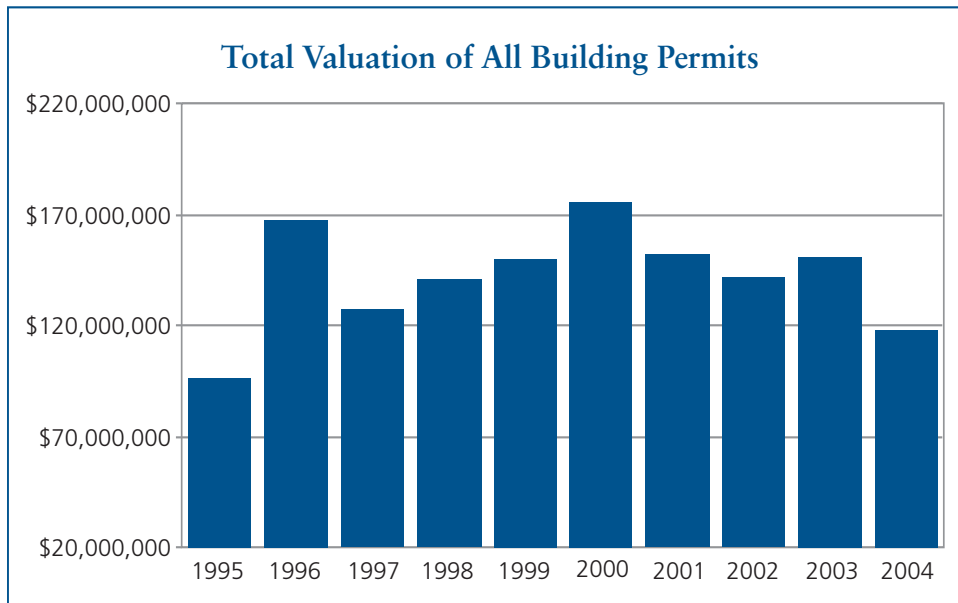
	Q1 2004	Q1 2005	% Change 2004-2005
TOTAL			
Number	579	536	-7.4%
Valuation	22,092,034	22,087,635	0.0%
RESIDENTIAL			
Number	77	50	-35.1%
Valuation	11,220,853	9,146,442	-18.5%
NON-RESIDENTIAL			
Number	45	39	-13.3%
Valuation	8,838,078	10,441,699	18.1%

Source: City of Lawrence, Building Inspection Division.

Compared to the first quarter of 2005, Lawrence had a slower start on construction projects in 2005 than it did in 2004. In addition, the first quarter of 2004 was slower than the same period in 2003. While the total number of building permits was down by 7.4 percent for the first quarter compared to a year ago, the dollar value of all building permits taken out was about the same. The value of residential construction in Lawrence was down by 18.5 percent compared to the same quarter in 2004, while the value of non-residential construction was up by 18.1 percent.



Real Estate (cont.)



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

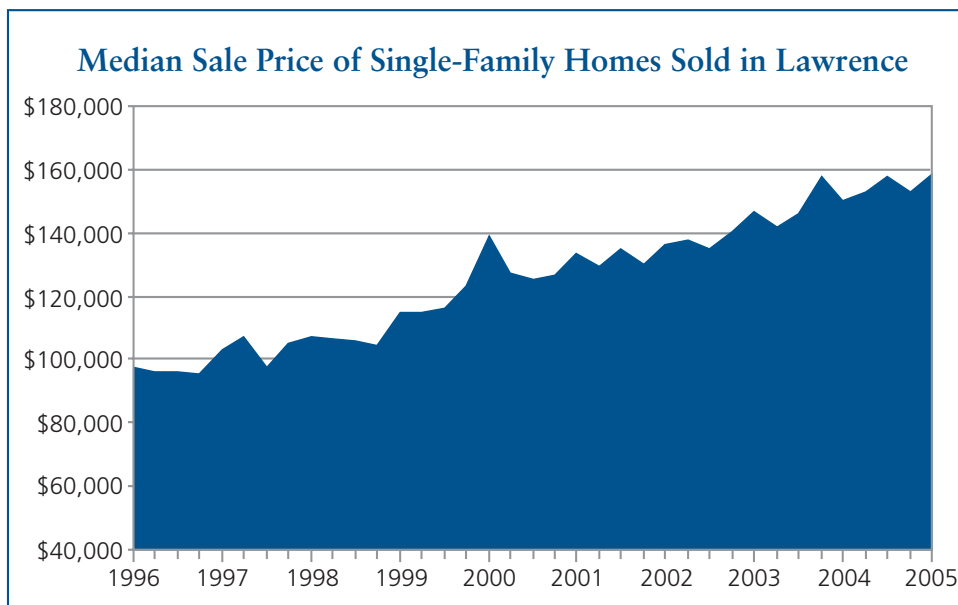
The number of homes which changed ownership, used or new, was down by 28.9 percent compared to the first quarter in 2004. A total of 194 homes were sold in Lawrence in the first three months of this year. Annual residential sales for 2004 were down by 2.3 percent compared to 2003.

The median price of all homes increased from the fourth quarter to a price of \$158,200 in the first quarter of 2005, for an increase of 3.43 percent from the previous quarter. This price was also up 5.54 percent from a year ago.

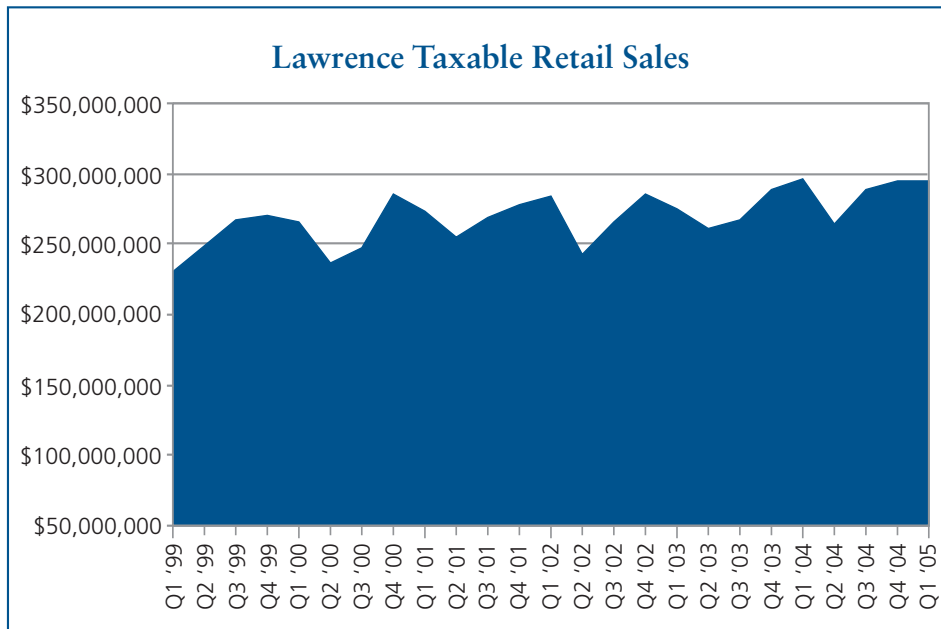
Lawrence Residential - Real Estate Sales

	Q1 2004	Q1 2005	% Change 2004-2005
Number	273	194	-28.9%

Source: Douglas County Appraiser's Office.



Retail Sales



Taxable retail sales vary by quarter reflecting consumer spending for the holidays, back to school, and income tax rebates/refunds. The first quarter of 2005 saw an increase in taxable retail sales for the City of Lawrence compared to the fourth quarter in 2004, with sales up slightly, 0.25 percent. Douglas County saw a decrease in taxable retail sales compared to the previous quarter with a 1.10 decline. Compared to the same quarter in the previous year, both Lawrence and Douglas County experienced slight declines in taxable retail sales, -0.26 and -0.14 respectively.

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			
	Q1 2004	Q1 2005	% Change 2004-2005
City of Lawrence	\$295,890,439	\$295,107,118	-0.26%
Douglas County	\$325,302,747	\$324,838,142	-0.14%

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)
Second Quarter, 2004	110.3	4.88%
Third Quarter, 2004	112.3	5.19%
Fourth Quarter, 2004	112.3	4.57%
First Quarter, 2005	111.7	2.24%

Source: Policy Research Institute.

First Quarter 2005 Comparative Cost of Living Index

U.S. Average	100.0
Lawrence, KS	94.9
Manhattan, KS	93.8
Topeka, KS	91.6
Fort Collins, CO	n/a
Champaign, IL	95.3
Ames, IA	96.0
Columbia, MO	90.8

n/a: not available.
Source: ACCRA.

The Lawrence consumer price index stood at 111.7 in the first quarter of 2005, meaning the cost of living here was 11.7 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 2.24 percent, which was lower than the three previous quarters compared to their previous year quarters.

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 2005, Lawrence's Cost of Living Index stood at 94.9; this is lower than the national average, but higher than the Manhattan, Topeka, and Columbia, Missouri indices.

* The federal Bureau of Labor Statistics (BLS) recently revised the methods for calculating employment and unemployment estimates. Due to problems with the data BLS provided to the state, Kansas level data at the time of this publication was not available from the Kansas Department of Labor and these numbers were taken directly from BLS. The employment numbers in this report are not comparable to labor force statistics published in previous *Economic Barometer* reports. The Kansas Department of Labor is in the process of revising data going back to the 1970s. Further updates and revisions are expected this summer from the Kansas Department of Labor.

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

