

The Economic Barometer

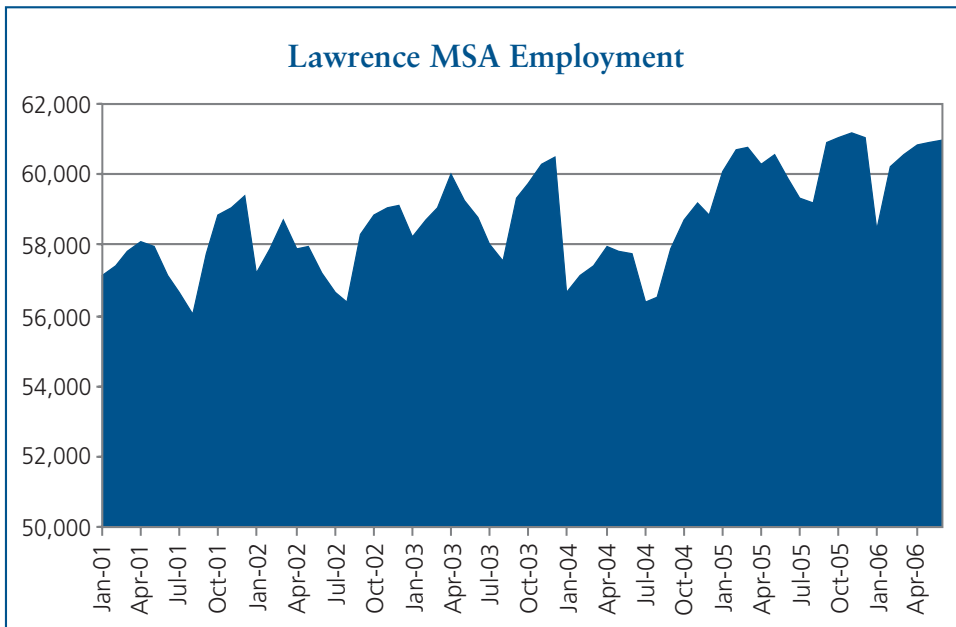
A Quarterly Economic Report



September 2006

2nd Quarter 2006

Employment



Employment typically falls during the first three months of the year due to seasonal factors and then increases during the second quarter. The number of people employed in Lawrence increased 2.0 percent from the first to the second quarter of 2006.¹ Compared to the second quarter in 2005, the number employed in the second quarter of 2006 has increased by 1.2 percent with an average employment of 60,920 for the quarter.

Civilian Employment by Quarter - Lawrence MSA

	2001r	2002r	2003r	2004r	2005	2006	% Change 2005-2006
First Quarter	57,440	57,923	58,654	57,052	60,533	59,731	-1.3%
Second Quarter	57,719	57,678	59,338	57,830	60,223	60,920	1.2%
Third Quarter	56,814	57,112	58,289	56,920	59,823	-	-
Fourth Quarter	59,080	59,006	60,177	58,905	61,067	-	-

r - revised

Source: Kansas Department of Labor, developed in cooperation with the U.S. Bureau of Labor Statistics.

Employment (cont.)

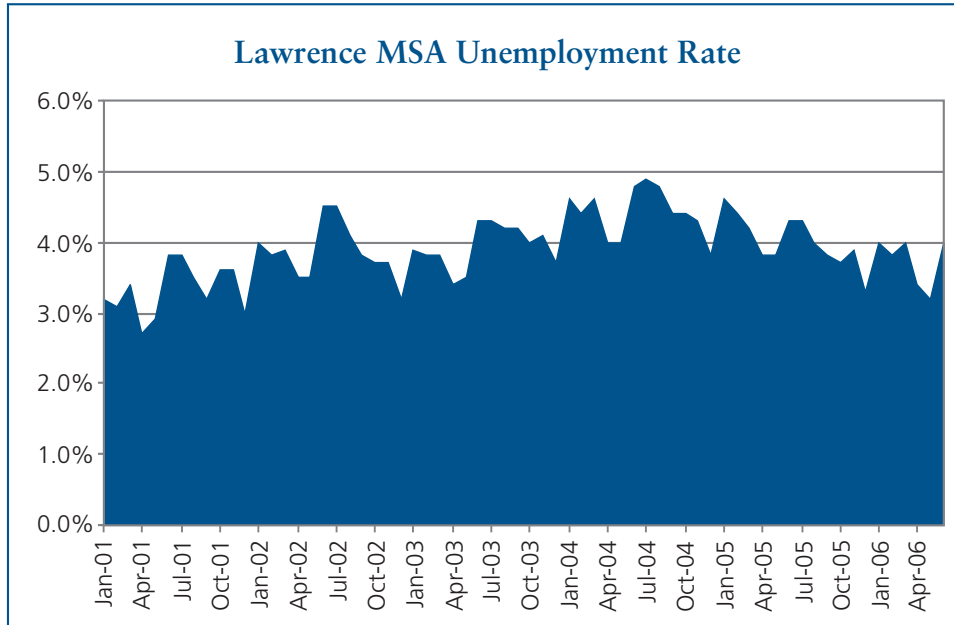
Second Quarter 2006 Employment Data

	Civilian Employment	Unemployment Rate
U.S. (thousands)	144,009	4.6%
Kansas	1,417,285	4.3%
Kansas City, KS MSA	413,176	4.8%
Lawrence MSA	60,920	3.5%
Topeka MSA	117,287	4.5%
Wichita MSA	292,825	4.7%

Source: Kansas Department of Labor, developed in cooperation with the U.S. Bureau of Labor Statistics.

The unemployment rate for Lawrence in the second quarter of 2006 was down from the first quarter, from 3.9 to 3.5. Compared to the same quarter in 2005, the unemployment rate has declined by almost 11 percent and the unemployment rate is the lowest it has been for this quarter since 2001. Lawrence's unemployment rate in the second quarter 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

	2001r	2002r	2003r	2004r	2005	2006	% Change 2005-2006
First Quarter	3.2%	3.9%	3.8%	4.5%	4.4%	3.9%	-10.6%
Second Quarter	3.1%	3.8%	3.7%	4.3%	4.0%	3.5%	-10.9%
Third Quarter	3.5%	4.1%	4.2%	4.7%	4.0%	-	-
Fourth Quarter	3.4%	3.5%	3.9%	4.2%	3.6%	-	-

r - revised

Source: Kansas Department of Labor, developed in cooperation with the U.S. Bureau of Labor Statistics.

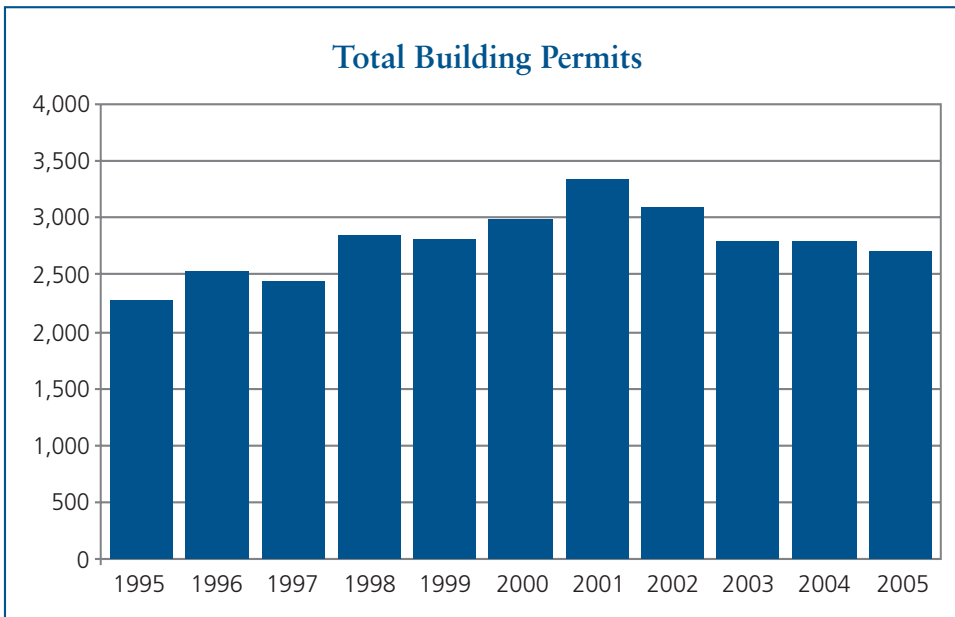
Real Estate

Second Quarter Building Permits in Lawrence

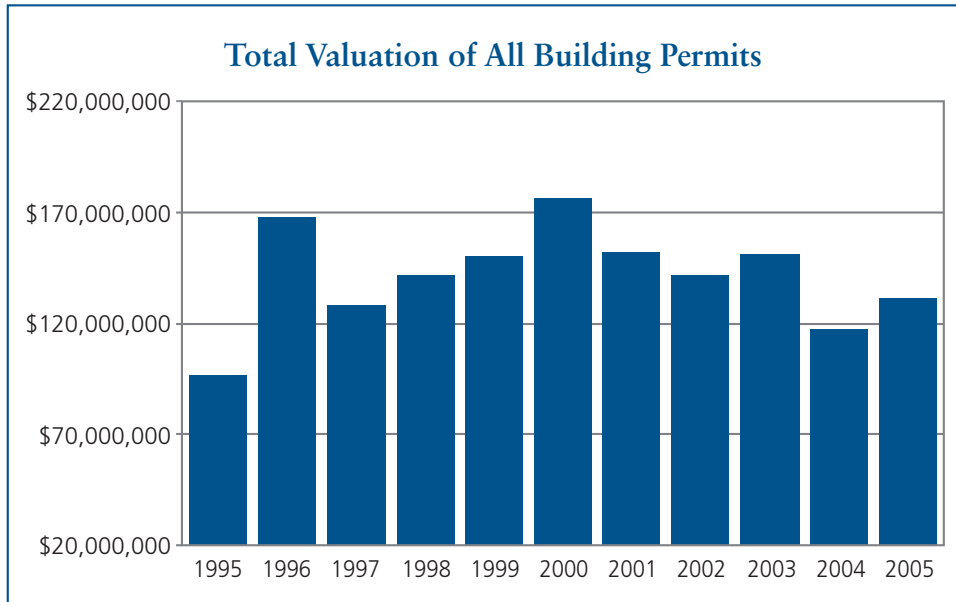
	Q2 2005	Q2 2006	% Change 2005-2006
TOTAL			
Number	720	716	-0.6%
Valuation	26,660,044	61,031,548	129%
RESIDENTIAL			
Number	55	99	80.0%
Valuation	8,289,785	20,619,572	149%
NON-RESIDENTIAL			
Number	50	53	6.0%
Valuation	15,453,777	37,007,975	139%

Source: City of Lawrence, Neighborhood Resources Department.

In 2005, 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 slightly in the second quarter of 2006 compared to 2005, the value of the permits was up by 129 percent. Compared to a year ago, the value of residential construction in Lawrence was up by 149 percent for the quarter and the number of permits was up by 80 percent. Non-residential construction also showed an increase with building permits and valuation numbers up 6 and 139 percent, respectively, compared to last year.

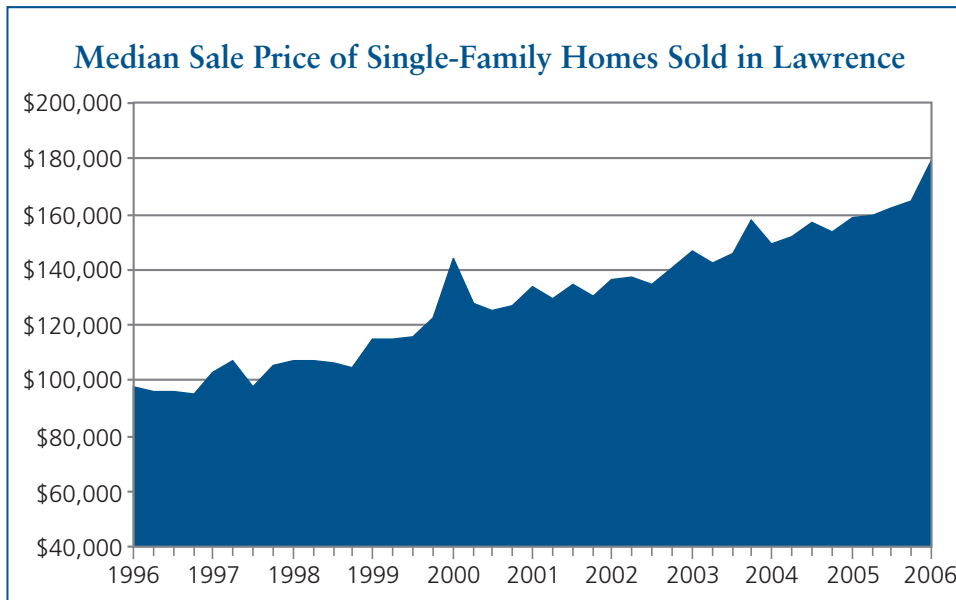


Real Estate (cont.)

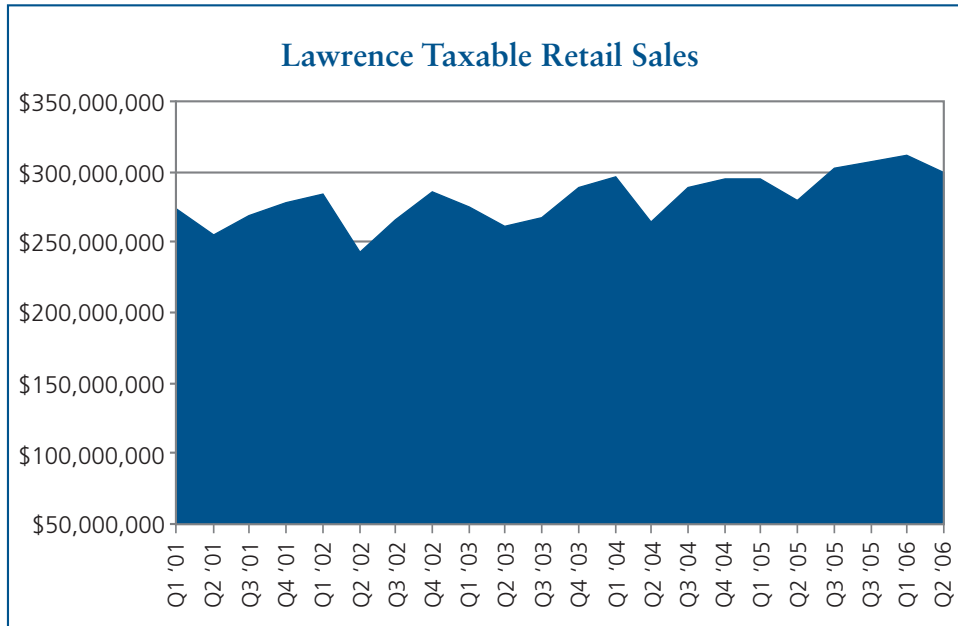


While the number of building permits taken out in 2004 was slightly lower than in 2005 (see figure, page 3), the total valuation of all building permits in 2005 was 11 percent higher than 2004. However, the 2004 valuation was the lowest since 1995.

Due to changes in the database with the Douglas County Appraiser's Office, the number of homes sold and the median home price in Lawrence are not available for the second quarter of 2006. Revised home price data show a median price of \$179,500 for the first quarter of 2006.



Retail Sales



Taxable retail sales in the second quarter of the year are typically down from the first quarter reflecting seasonal fluctuations in consumer spending. This was the situation for Lawrence with taxable retail sales down about 4.0 percent for the city and 5.1 percent for the county from the first to second quarter of 2006. However, compared to the second quarter of the previous year, taxable retail sales are up by almost 7.0 percent for the city and 5.2 percent for Douglas County.

As previously reported, Lawrence and Douglas County experienced good retail sales growth in 2005, with growth rates of 3.5 percent and 3.7 percent, respectively, compared to 2004. From 2003 to 2004, retail sales grew 4.8 percent for the city and 5.9 percent for the county. Lawrence and Douglas County's growth rates for taxable retail sales compare favorably to the state's rate of 2.9 percent.

Taxable Retail Sales

	Q2 2005	Q2 2006	% Change 2005-2006
City of Lawrence	\$279,381,335	\$298,809,714	7.0%
Douglas County	\$311,121,745	\$327,408,914	5.2%

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	3.5%
Douglas County	\$1,267,546,728	\$1,314,521,356	3.7%
Kansas	\$31,911,131,543	\$32,844,322,753	2.9%

Source: Kansas Department of Revenue.

Cost of Living

Lawrence Consumer Price Index

	CPI (Base Year = 2000)	% Change (From same period. previous year)
Third Quarter, 2005	116.5	6.2%
Fourth Quarter, 2005	128.1	8.0%
First Quarter, 2006	120.6	2.1%
Second Quarter, 2006	121.7	0.7%

Source: Institute for Policy & Social Research.

**Second Quarter 2006
Comparative Cost of Living Index**

U.S. Average	100.0
Lawrence, KS	92.6
Manhattan, KS	94.7
Topeka, KS	n/a
Ames, IA	94.9
Champaign, IL	96.1
Columbia, MO	89.9
Fort Collins, CO	103.3

n/a not available
Source: ACCRA.

The Lawrence consumer price index stood at 121.7 in the second quarter of 2006, meaning that cost of living in Lawrence was 21.7 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 2005 was lower than usual at 0.7 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 second quarter of 2006, Lawrence’s Cost of Living Index stood at 92.6, which was lower than the previous quarter’s index of 93.8. Lawrence’s cost of living index is lower than all the other participating comparative cities except Columbia, Missouri.

Note

¹ The federal Bureau of Labor Statistics (BLS) revised the methods for calculating employment and unemployment estimates. The Kansas Department of Labor recently released revised data for 2001-2004; therefore, employment numbers in this report are not comparable to labor force statistics published in previous *Economic Barometer* reports.

This report was researched and written by Genna Hurd 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. This report is available online at www.lawrencechamber.com

