

The Economic Barometer

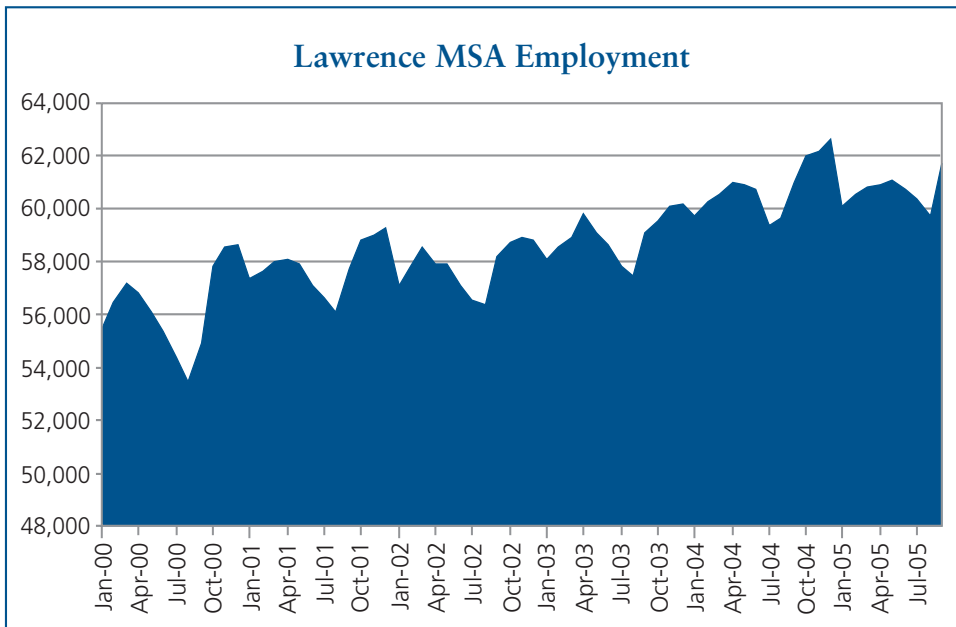
A Quarterly Economic Report



December 2005

3rd Quarter 2005

Employment



The number of people employed in Lawrence declined slightly, 0.5 percent, from the second quarter to the third quarter of 2005.¹ Historically, employment declines in this quarter due to students leaving the labor force to return to school. Compared to the third quarter in 2004, the number employed has increased by 1.0 percent. In fact, quarterly employment estimates are up for 2005 compared to 2004 and employment is at its highest level for Lawrence for each of these three quarters.

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	-	-

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

Employment (cont.)

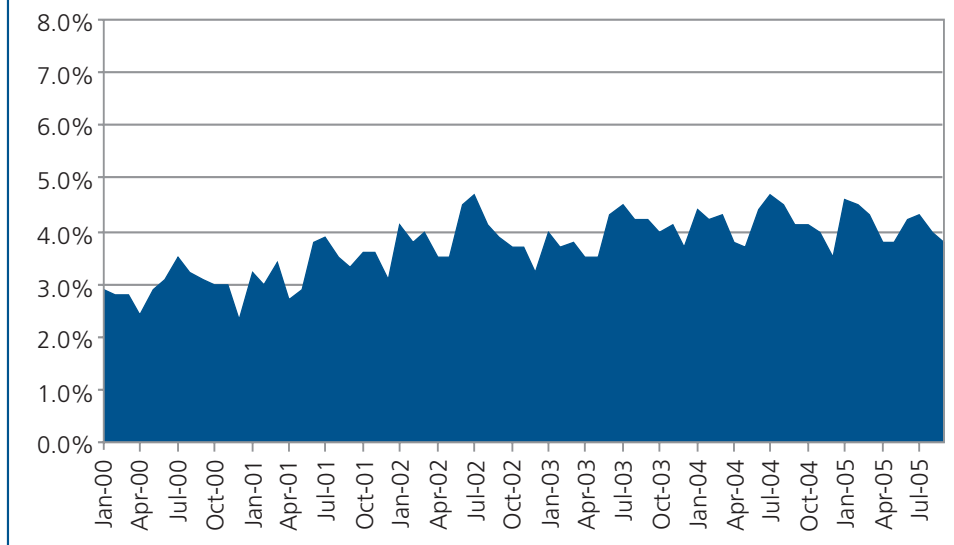
Third Quarter 2005 Employment Data

	Civilian Employment	Unemployment Rate
U.S. (thousands)	142,319	5.0%
Kansas	1,395,435	5.2%
Kansas City, KS MSA	405,356	5.5%
Lawrence MSA	60,599	4.0%
Topeka MSA	118,052	5.5%
Wichita MSA	385,462	6.0%

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

While the unemployment rate for Lawrence was up slightly from the previous quarter from 3.93 in the second quarter to 4.03 in the third quarter of 2005, this is a drop of 9 percent from the same quarter in 2004. This is the lowest unemployment rate for this quarter since the 2001, an indication of improvements in the job market beyond those influenced by seasonal trends. Lawrence's unemployment rate in the third 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%	-	-

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

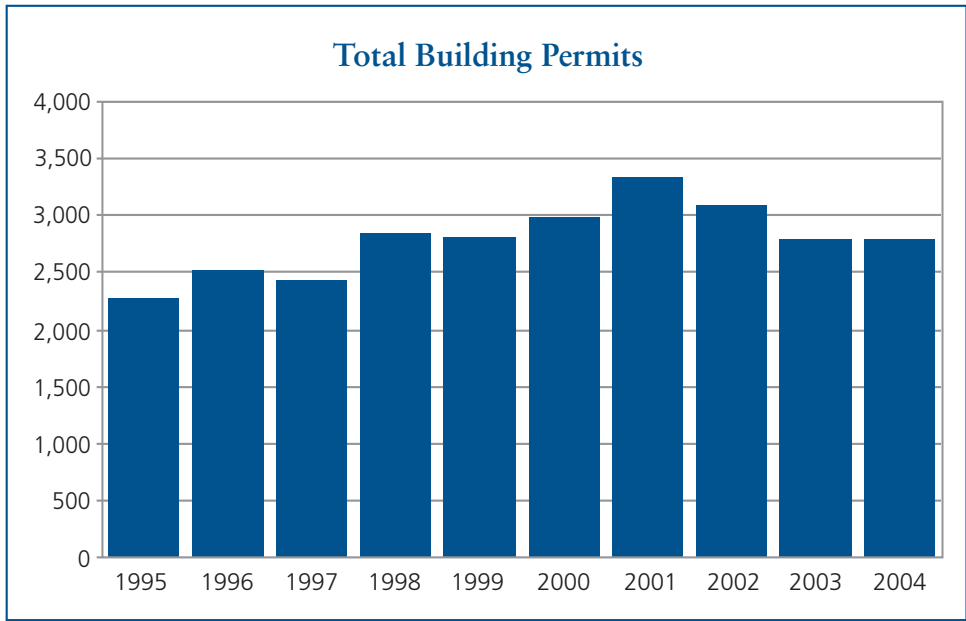
Real Estate

Third Quarter Building Permits in Lawrence

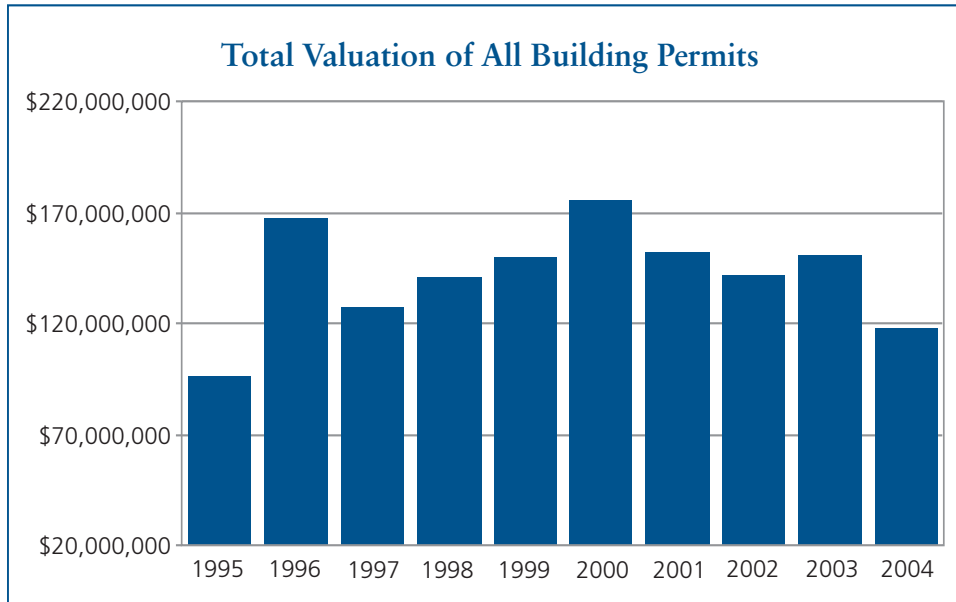
	Q3 2004	Q3 2005	% Change 2004-2005
TOTAL			
Number	686	780	13.7%
Valuation	19,733,226	29,809,102	51.1%
RESIDENTIAL			
Number	72	95	31.9%
Valuation	12,681,536	21,274,619	67.8%
NON-RESIDENTIAL			
Number	33	40	21.2%
Valuation	5,023,928	6,192,833	23.3%

Source: City of Lawrence, Building Inspection Division.

Coming off a sluggish start, construction projects picked up in Lawrence during the third quarter of 2005. While the total number of building permits was up by almost 14 percent for the third quarter compared to a year ago, the dollar value of all building permits taken out was up by about 51 percent. Residential construction in Lawrence was strong for the quarter, with the number of permits up almost 32 percent and the valuation up almost 68 percent compared to a year ago. Non-residential construction also showed healthy increases with building permits and valuation numbers up over 21 and 23 percent, respectively, compared to a year ago.



Real Estate (cont.)



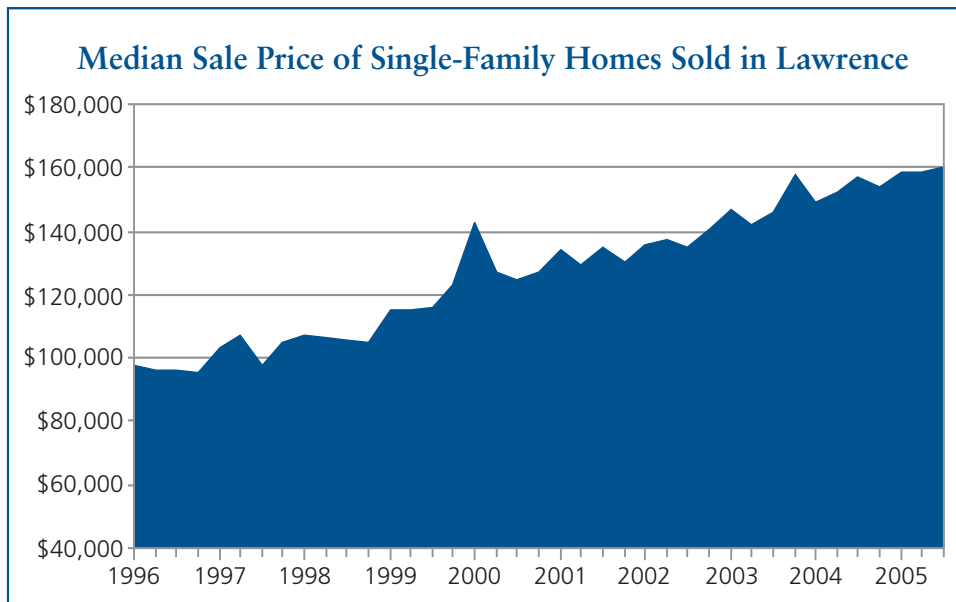
While the number of building permits taken out in 2004 was almost the same as 2003 (see figure, page 3), the total valuation of all building permits taken out in 2004 was considerably lower, almost 22 percent. The 2004 valuation was the lowest since 1995. Building permit data for the first 10 months of 2005 indicate that 2005 construction may be up in both numbers and value compared to 2004.

Lawrence Residential - Real Estate Sales

	Q3 2004	Q3 2005	% Change 2004-2005
Number	394	387	-1.8%

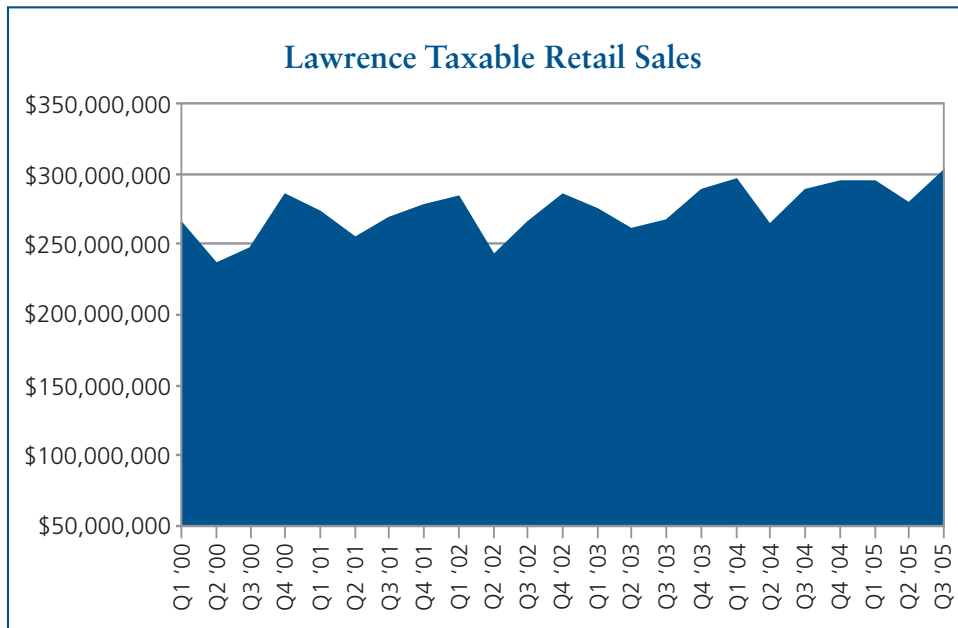
Source: Douglas County Appraiser's Office.

The number of homes which changed ownership, used or new, was down by 1.8 percent compared to the third quarter in 2004. A total of 387 homes were sold in Lawrence in the third quarter of this year.



The median price of all homes was up slightly, 0.6 percent, from the second quarter to a price of \$159,900 in the third quarter of 2005. Revised home price data show a median home price of \$158,950 for the second quarter of 2005. The median price of a home in the third quarter of 2005 was up 1.69 percent from a year ago.

Retail Sales



Retail sales in the third quarter of the year are typically up from the second quarter reflecting back to school fluctuations in consumer spending. This was the case for Lawrence with taxable retail sales up 8.3 percent for the city and 8.2 percent for Douglas County from the second to the third quarter in 2005. Compared to third quarter of the previous year, taxable retail sales are up by 4.56 percent for the city and 4.21 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. Revised retail sales figures for Lawrence and Douglas County have 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

	Q3 2004	Q3 2005	% Change 2004-2005
City of Lawrence	\$289,495,770	\$302,690,262	4.56%
Douglas County	\$323,136,602	\$336,744,636	4.21%

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)
Fourth Quarter, 2004	112.3	4.56%
First Quarter, 2005	111.7	2.13%
Second Quarter, 2005	111.5	2.70%
Third Quarter, 2005	116.7	6.40%

Source: Policy Research Institute.

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

U.S. Average	100.0
Lawrence, KS	94.8
Manhattan, KS	n/a
Topeka, KS	90.1
Ames, IA	95.6
Champaign, IL	93.9
Columbia, MO	92.5
Fort Collins, CO	102.5

n/a: not available.
Source: ACCRA.

Notes

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.

The Lawrence consumer price index stood at 116.7 in the third quarter of 2005, meaning that cost of living here was 16.7 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 6.40 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 third quarter of 2005 Lawrence's Cost of Living Index stood at 94.8, which was lower than the previous quarter's index of 97.6. 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.

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

