

# The Economic Barometer

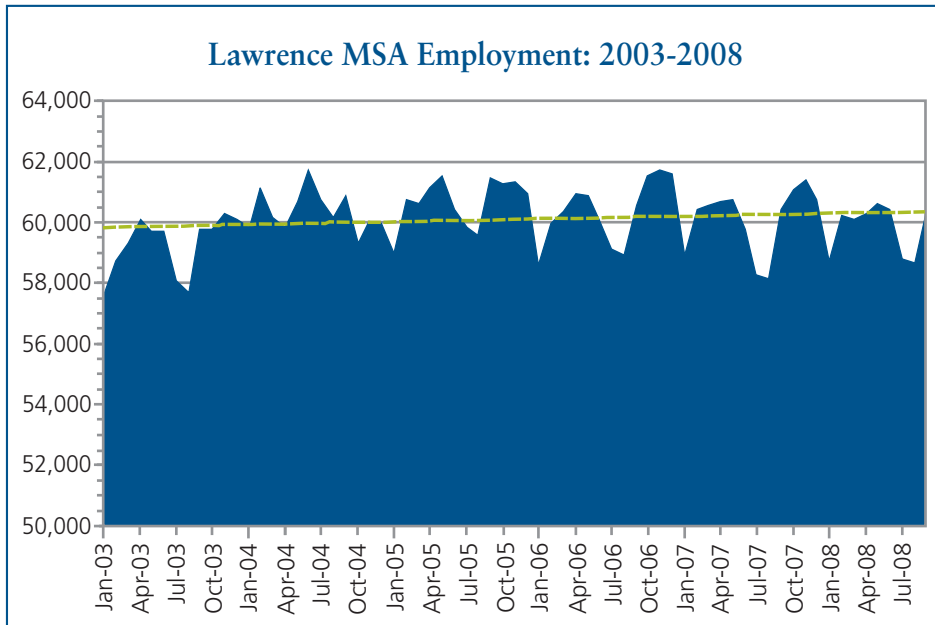
## A Quarterly Economic Report



December 2008

3rd Quarter 2008

### Employment



Employment varies with the seasons and typically falls in the third quarter due to students leaving the workforce to return to school. The estimated average employment in the Lawrence MSA (Douglas County) in the third quarter of 2008 was 59,249 persons, a decrease of 2.0 percent from the previous quarter. Compared to the third quarter in 2007, average employment estimates for 2008 are up 0.5 percent. Employment growth has slowed for the Lawrence MSA with only a slight upward trend in employment estimates since the start of 2003.

### Civilian Employment by Quarter - Lawrence MSA

	2003	2004	2005	2006	2007	2008	% Change 2007-08
First Quarter	58,549	60,395	60,115	59,628	59,964	59,684	-0.5%
Second Quarter	59,836	60,751	61,022	60,647	60,409	60,448	0.1%
Third Quarter	58,516	60,591	60,288	60,288	58,942	59,249	0.5%
Fourth Quarter	60,045	59,785	61,175	61,637	61,080	-	-

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

Employment (cont.)

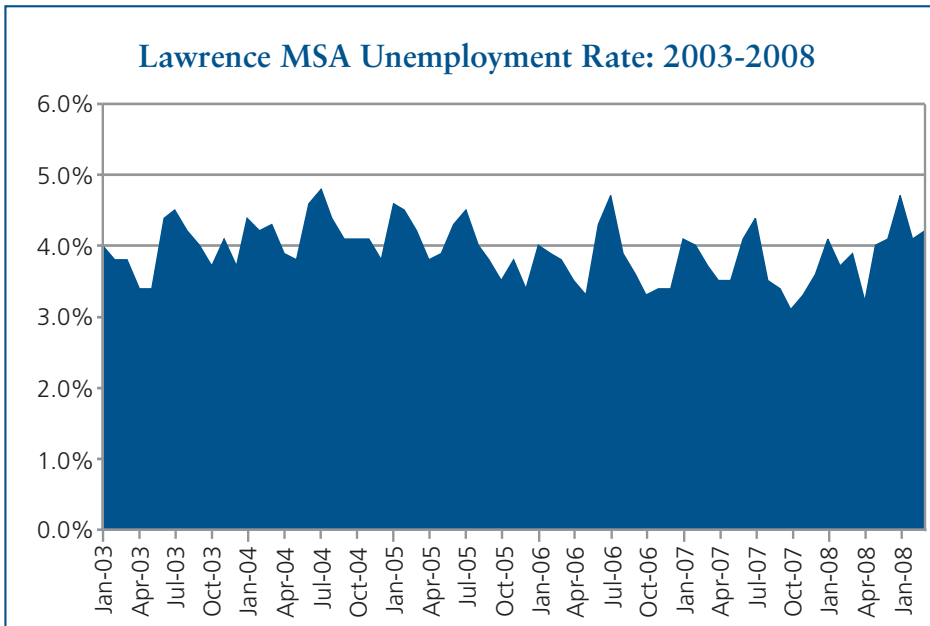
Third Quarter 2008 Employment Data

	Civilian Employment	Unemployment Rate
U.S. (thousands)	145,517	6.0%
Kansas	1,430,022	4.8%
Kansas City, KS MSA	422,187	5.5%
Lawrence MSA	59,249	4.3%
Topeka MSA	116,273	5.3%
Wichita MSA	301,240	4.7%

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

Unemployment, like employment, fluctuates with the seasons and is tied to population changes. Over the last five years, the unemployment rate for the Lawrence MSA has spiked during July. Therefore, it was not unexpected that the average unemployment rate in the third quarter was up from the second quarter of 2008, from 3.8 to 4.3. This is a significant increase for Lawrence with the third quarter unemployment rate up 15.0 percent compared to both the previous quarter and a year ago. However, Lawrence's unemployment rate was lower than all the other major metropolitan areas in Kansas as well as the state and nation.

Lawrence MSA Unemployment Rate: 2003-2008



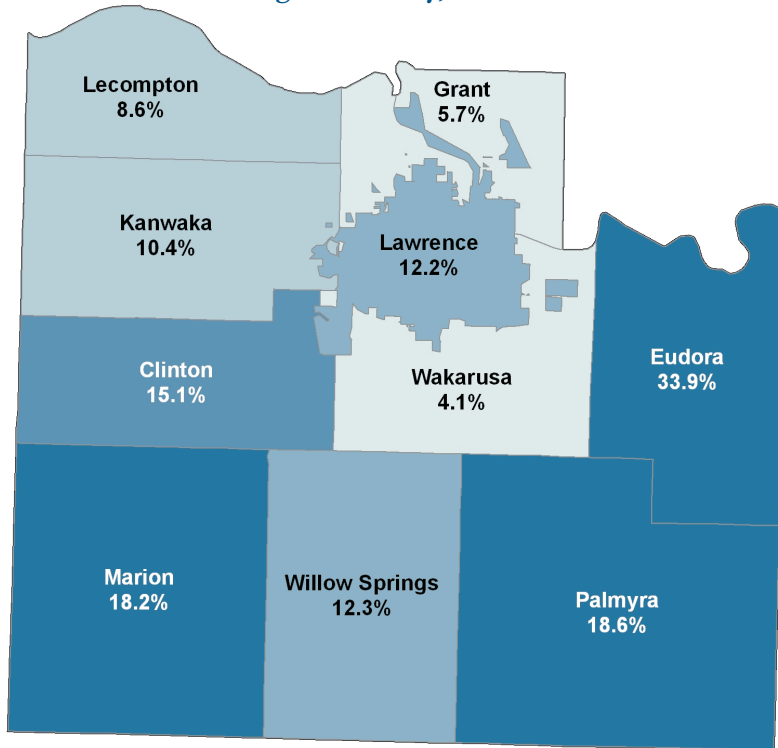
Unemployment Rate by Quarter - Lawrence MSA

	2003	2004	2005	2006	2007	2008	% Change 2007-08
First Quarter	3.9%	4.3%	4.4%	3.9%	3.9%	3.9%	-0.8%
Second Quarter	3.7%	4.1%	4.0%	3.7%	3.7%	3.8%	1.8%
Third Quarter	4.2%	4.4%	4.1%	4.1%	3.8%	4.3%	15.0%
Fourth Quarter	3.8%	4.0%	3.6%	3.4%	3.3%	-	-

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, 2000-2007**



Map boundary is 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 2007

Since the 2000 Census, the city of Lawrence and Douglas County are estimated to have grown at a faster than the state and nation. From 2000 to 2007, Lawrence and Douglas County have grown 12.2 and 13.5 percent, respectively, compared to 3.2 percent for the state of Kansas and 7.2 percent for the U.S.<sup>1</sup> Recent population estimates indicate that population growth is slowing and show the growth shifting within the county, particularly to the east in the Eudora and Palmyra townships.

**Population for Douglas County by Township: 2000-2007**

Township	Census 2000	2001	2002	2003	Estimates 2005	2005	2006	2007	% Change 2000-07
Clinton	531	543	549	551	558	594	605	611	15.1%
Eudora	5,571	5,794	6,164	6,277	6,540	7,101	7,399	7,462	33.9%
Grant	442	425	428	428	432	458	465	467	5.7%
Kanwaka	1,317	1,327	1,334	1,334	1,345	1,425	1,446	1,454	10.4%
Lawrence city	80,098	81,970	83,651	85,339	87,103	88,664	89,110	89,852	12.2%
Lecompton	1,761	1,788	1,792	1,785	1,789	1,884	1,909	1,912	8.6%
Marion	836	862	875	881	896	956	977	988	18.2%
Palmyra	5,760	6,007	6,057	6,120	6,217	6,593	6,752	6,830	18.6%
Wakarusa	2,237	2,161	2,166	2,161	2,173	2,293	2,322	2,329	4.1%
Willow Springs	1,409	1,440	1,450	1,451	1,464	1,551	1,574	1,583	12.3%
Douglas County	99,962	102,317	104,466	106,327	108,517	111,519	112,559	113,488	13.5%

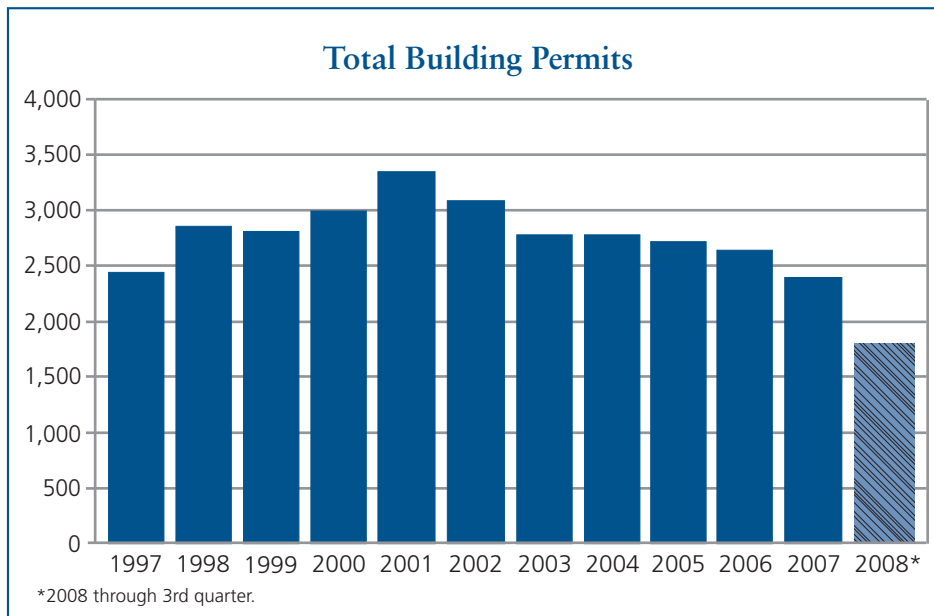
Source: U.S. Census Bureau.

**Real Estate**

**Third Quarter Building Permits in Lawrence**

	Q3 2007	Q3 2008	% Change 2007-2008
<b>TOTAL</b>			
Number	687	655	-5%
Valuation	\$20,805,534	\$51,159,881	146%
<b>RESIDENTIAL</b>			
Number	54	59	9%
Valuation	\$10,441,934	\$29,600,271	183%
<b>NON-RESIDENTIAL</b>			
Number	47	38	-19%
Valuation	\$7,517,554	\$14,011,841	86%

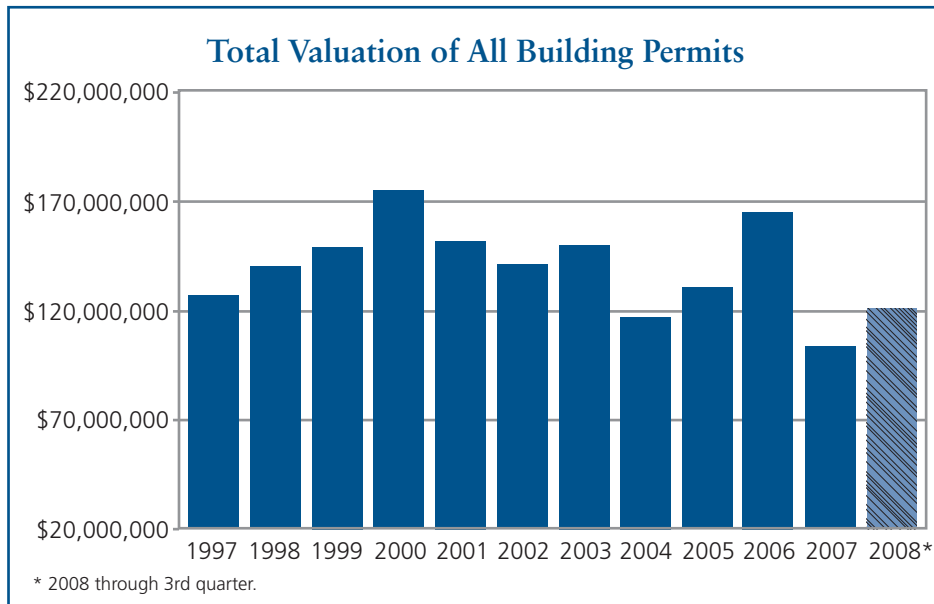
Source: City of Lawrence, Neighborhood Resources Department.



The total number of building permits is down 5 percent in the third quarter of 2008 compared to 2007 while the value of all permits is up 146 percent. This increase in value can be attributed to several major construction projects—a \$20.0 million multi-family apartment project in July, almost \$8.8 million in two commercial additions in August, and a \$2.3 million new commercial project in September.

Non-residential construction is up 86 percent in value compared to a year ago despite a 19 percent decline in the number of building permits issued. Compared to the third quarter in 2007, the number of residential building permits in Lawrence is up 9 percent and the value of permits is up 183 percent, due mostly to the major apartment project in July. However, single-family residential construction had a strong showing in September with 22 new single-family building permits issued for a total value of \$4.3 million.

Real Estate (cont.)



Since 2001, as indicated by the total number of building permits issued, the construction industry has been slowing in Lawrence. However, the value of the permits issued, another construction indicator, has fluctuated with major projects. For 2008, this has been a positive indicator for Lawrence, particularly in non-residential and multi-family residential construction. The total valuation of all building permits through the third quarter of 2008 is greater than the total for all of 2007.

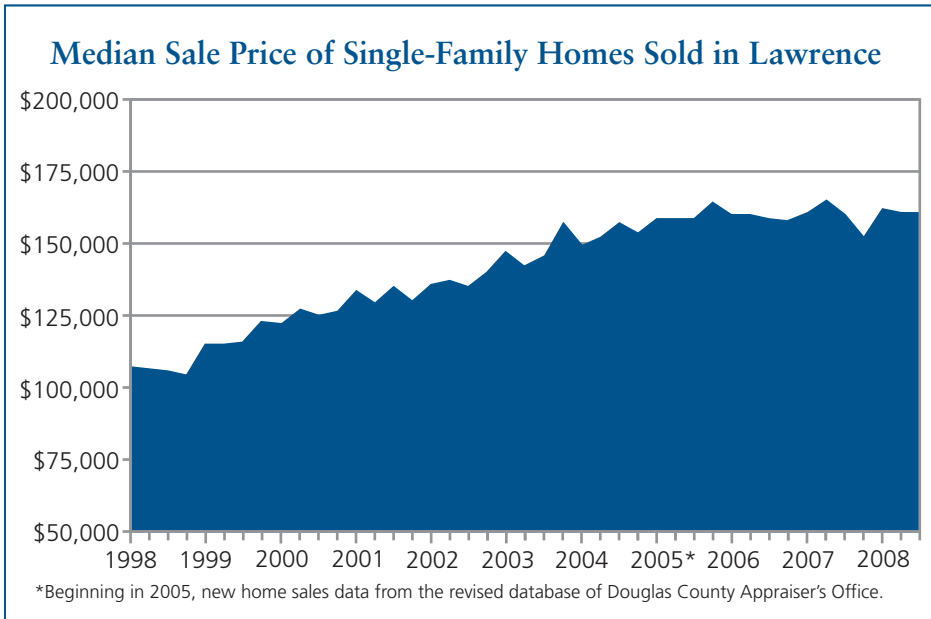
Home sales data provided by the Douglas County Appraiser's Office indicate a decline in home sales in 2008 compared to 2007. Preliminary numbers for the third quarter have a total of 299 homes sold in Lawrence. The total number of homes sold in the second quarter of 2008 was 440 compared to 617 for 2007, a decline of 29 percent. Lawrence is not unique in its decline in home sales as this has been a tough year for the residential real estate market across the country.

Lawrence Residential Real Estate Sales - Revised

	2007	2008	% Change 2007-2008
1st Quarter	331	254	-23.3%
2nd Quarter	617	440	-28.7%
3rd Quarter	439	299p	-31.9%

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

Real Estate (cont.)



The median price of all homes sold, new or previously owned, was \$160,000 in the third quarter of 2008; this is no change from the previous quarter or from a year ago. Based on new data from the Douglas County Appraiser, the Lawrence median home sales price was \$160,000 for the second quarter and \$161,250 for the first quarter of 2008.

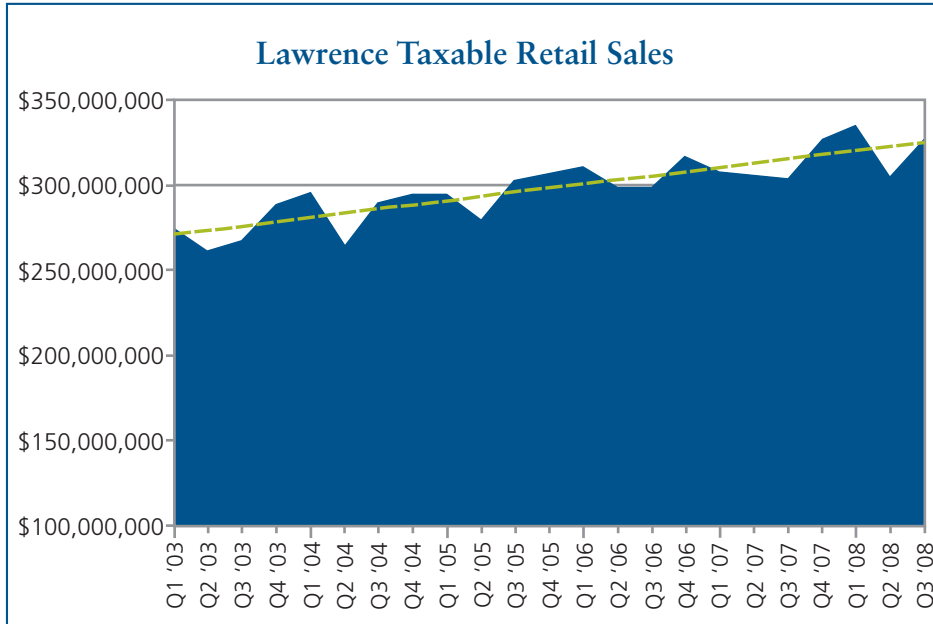
The housing unit vacancy rate in 2007, as estimated by the U.S. Census Bureau, was 4.7 percent for the city of Lawrence; this is a decrease of 30.3 percent from the vacancy rate of 6.7 estimated for 2006. Lawrence's vacancy rate for 2007 is lower than the U.S. (12.1 percent) and all the comparative communities.

**Housing Vacancy Rates - Comparative 2007**

	Vacancy Rate	90% Margin of Error
U.S.	12.1%	+/- 0.1%
Lawrence, KS	4.7%	+/- 3.4%
Topeka, KS	10.3%	+/- 2.5%
Champaign, IL	7.1%	+/- 5.0%
Columbia, MO	8.9%	+/- 4.3%
Ft. Collins, CO	8.3%	+/- 4.0%

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

**Retail Sales**



Retail sales vary by quarter reflecting seasonal fluctuations in consumer spending. Sales in the third quarter are typically up from the second quarter due to back to school spending. This was true for the city of Lawrence and Douglas County with retail sales up 7.2 and 7.3 percent, respectively, from the previous quarter. Compared to 2007, taxable retail sales for the city and county are also up in 2008 by 7.4 percent for the city and 8.4 percent for the county. For the first six months of 2008, retail sales for the city and the county are up 4.1 and 5.8 percent, respectively, compared to 2007. The state of Kansas is up 5.6 percent for the first six months of 2008 compared to 2007.

**Taxable Retail Sales**

	Q3 2007	Q3 2008	% Change 2007-2008
City of Lawrence	\$304,295,652	\$326,748,017	7.4%
Douglas County	\$329,330,297	\$357,043,853	8.4%

Source: Kansas Department of Revenue.

**Total Taxable Retail Sales through Second Quarter**

	2007	2008	% Change 2007-2008
City of Lawrence	\$614,088,249	\$639,481,101	4.1%
Douglas County	\$2,329,937,738	\$2,466,194,531	5.8%
Kansas	\$17,343,775,523	\$18,320,945,482	5.6%

Source: Kansas Department of Revenue.

**Cost of Living**

**Lawrence Consumer Price Index**

	CPI (Base Year = 2000)	% Change (From same period, previous year)
Annual Average 2007	129.6	2.2%
First Quarter 2008	124.2	5.8%
Second Quarter 2008	127.0	0.6%
Third Quarter 2008p	139.6	9.0%

p - preliminary  
Source: Institute for Policy & Social Research.

**Third Quarter 2008  
Comparative Cost of Living Index**

U.S. Average	100.0
Lawrence, KS	94.4
Manhattan, KS	101.4
Topeka, KS	89.6
Ames, IA	93.5
Champaign, IL	95.4
Columbia, MO	90.3
Fort Collins, CO	94.8

Source: ACCRA.

The Lawrence consumer price index for the third quarter of 2008 was calculated as 139.6, meaning that the cost of living in Lawrence is 39.6 percent higher than it was in the base year (2000). This can also be thought of as the Lawrence inflation rate. Price inflation for the third quarter of 2008 is up 9.0 percent from 2007.

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. The Lawrence cost of living index for the third quarter of 2008 was 94.4, which is up from the second quarter index of 92.7. Lawrence's second quarter index for 2008 is lower than Manhattan, Kans., Champaign, Ill., and Fort Collins, Colo., but higher than the other participating comparative cities.

**Note**

<sup>1</sup>Kansas Statistical Abstract, Enhanced Online Edition, "Population Growth, Kansas and the U.S., 1860-2007, Selected Years," <http://www.ipsr.ku.edu/ksdata/ksah/population/>.

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

