

The Economic Barometer

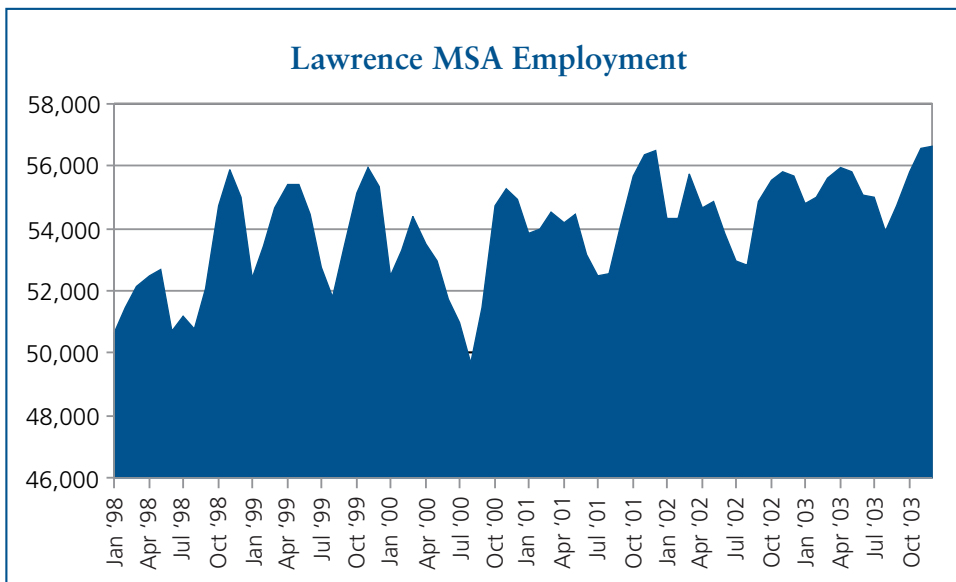
A Quarterly Economic Report



March 2004

4th Quarter 2003

Employment



Employment grew by slightly over 3 percent from the third quarter to the fourth in Lawrence. This was predominantly a seasonal increase, as firms hire additional help to serve the holiday crowds. However, the fourth quarter employment in 2003 was 1.2 percent higher than it was in 2002, and that growth was due directly from local job creation.

Civilian Employment by Quarter - Lawrence MSA

	1999	2000	2001	2002	2003	% Change 2002-2003
First Quarter	53,506	53,390	54,119	54,784	55,138	0.6%
Second Quarter	55,097	52,733	53,919	54,466	55,629	2.1%
Third Quarter	52,650	50,698	53,044	53,542	54,550	1.9%
Fourth Quarter	55,477	54,975	56,177	55,683	56,325	1.2%

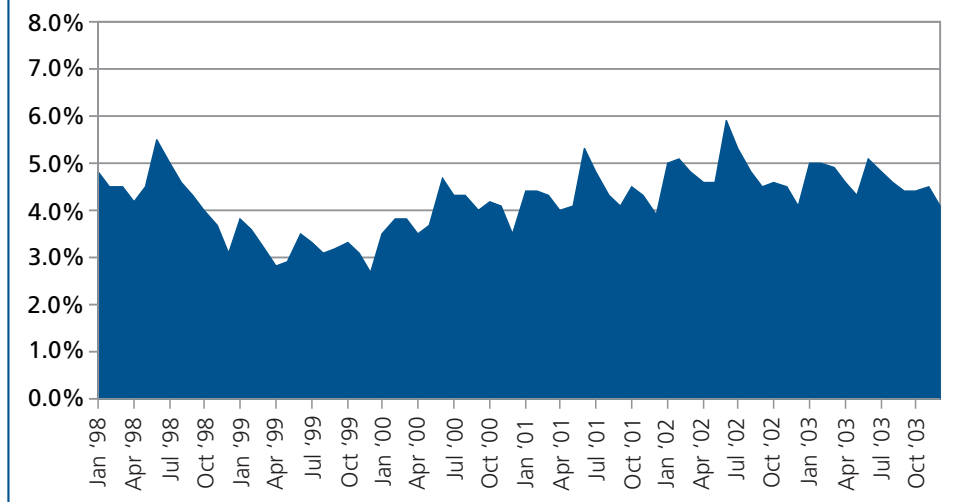
Source: Kansas Department of Human Resources.

Employment (con'd)

Fourth Quarter 2003 Employment Data

	Civilian Employment	Unemployment Rate
U.S.	138,369,000	5.9%
Kansas	1,365,269	5.1%
Kansas portion of		
Kansas City MSA	380,460	5.8%
Lawrence MSA	56,325	4.3%
Topeka MSA	85,539	5.3%
Wichita MSA	267,146	6.5%

Lawrence MSA Unemployment Rate



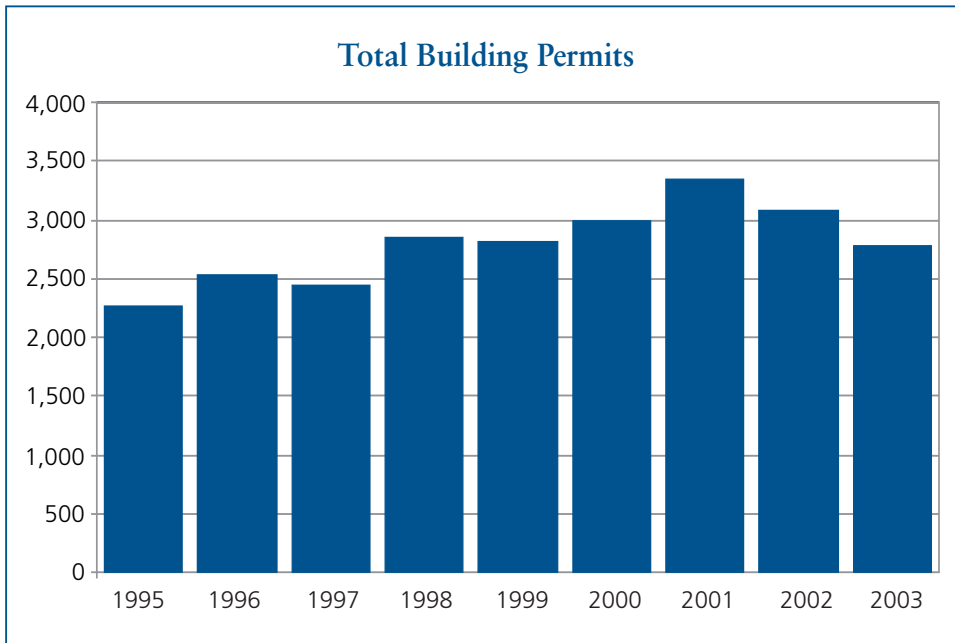
The unemployment rate in Lawrence fell from 4.6 percent in the third quarter of 2003 to 4.3 percent in the fourth quarter. Although unemployment typically decreases slightly in the fourth quarter, the 2003 rate was the lowest in two years, an indication of improvements in the job market beyond those influenced by seasonal trends. And as usual, Lawrence also had the lowest unemployment rate in the fourth quarter compared to all the other major metropolitan areas in the state.

Unemployment Rate by Quarter - Lawrence MSA

	1999	2000	2001	2002	2003	% Change 2002-2003
First Quarter	3.53%	3.70%	4.37%	4.97%	4.97%	0.0%
Second Quarter	3.07%	3.97%	4.47%	5.03%	4.67%	-7.3%
Third Quarter	3.20%	4.20%	4.40%	4.87%	4.60%	-5.5%
Fourth Quarter	3.03%	3.93%	4.23%	4.40%	4.33%	-1.5%

Source: Kansas Department of Human Resources.

Real Estate



The total number of building permits in Lawrence increased by nearly 10 percent in the fourth quarter of 2003 from the previous year, and their dollar value by over 36 percent. The growth for that quarter was carried entirely by residential construction rather than business or other activity.

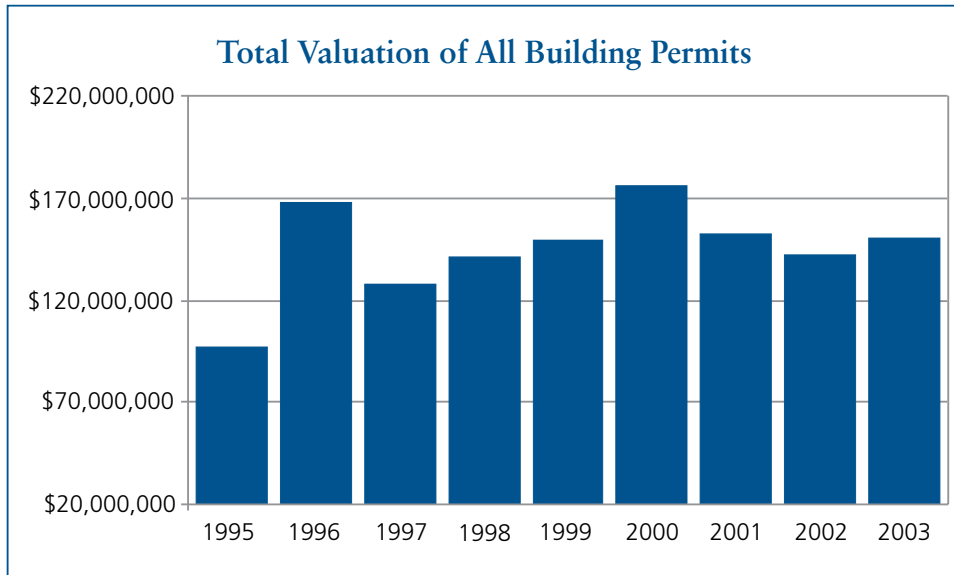
Total construction permit numbers for all of 2003 came to 2,786. This was the lowest total since 1997, but the decline wasn't extreme by historical standards.

Fourth Quarter Building Permits in Lawrence

	Q4 2002	Q4 2003	% Change 2002-2003
TOTAL			
Number	682	749	9.8%
Valuation	35,328,416	48,275,342	36.6%
RESIDENTIAL			
Number	120	195	62.5%
Valuation	18,734,886	41,671,786	122.4%
NON-RESIDENTIAL			
Number	43	37	-14.0%
Valuation	13,847,574	3,881,834	-72.0%

Source: City of Lawrence, Building Inspection Division.

Real Estate (con'd)



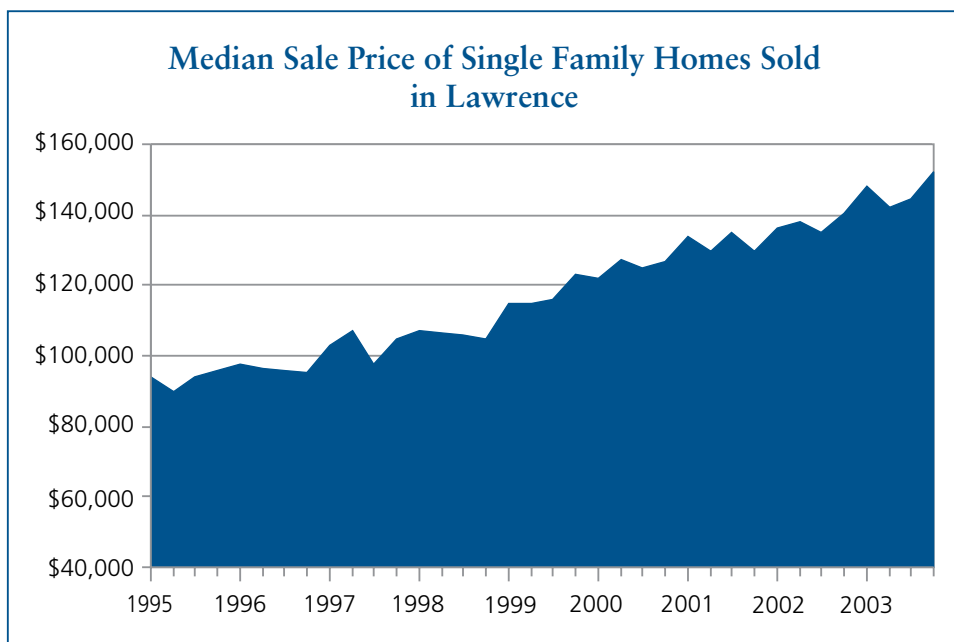
The total value of all building permits issued in Lawrence in 2003 were 6 percent higher than in 2002, and came to just slightly over \$150 million: nearly the same level as in 2001. The growth was driven predominantly by construction on the new Serologicals plant, as well as retail growth around the city but mostly on South Iowa street.

Annual Residential Real Estate Sales in Lawrence

	2002	2003	% Change 2002-2003
Number	1,438	1,541	7.2%

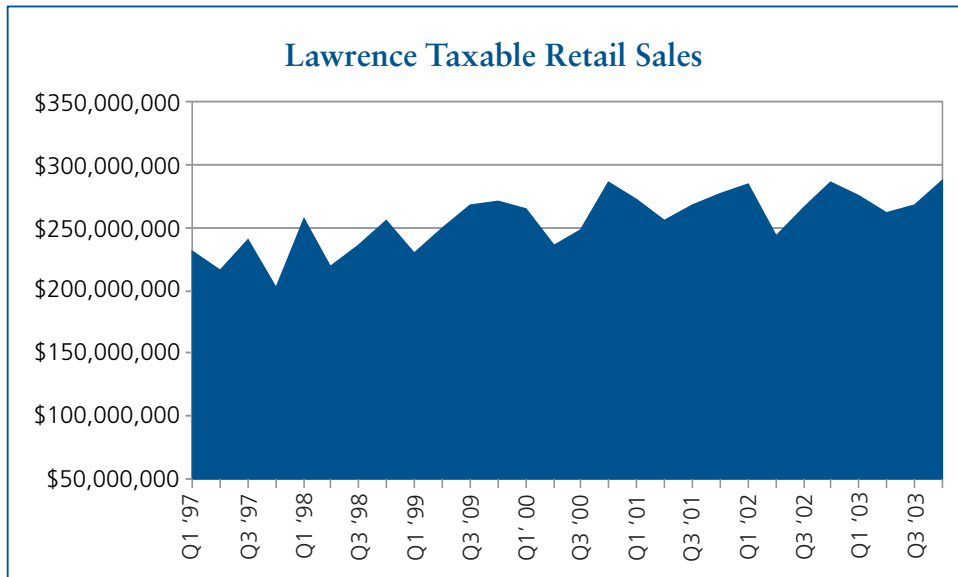
Source: Douglas County Appraiser's Office

Home sales in Lawrence grew steadily in 2003, increasing 7 percent from the previous year. A total of 1,541 single family homes (both used and new) were sold during the year, 103 more than in 2002.



The median sale price of all homes also continued to grow. It rose 5.2 percent from the third quarter of 2003 to a level of \$152,000 in the fourth quarter.

Retail Sales



Taxable retail sales for 2003 in Lawrence hardly grew at all from the previous year. The increase stood at only 1.15 percent, a growth of \$12 million out of total sales of more than \$1 billion. In fact, retail sales growth has been largely disappointing for the last four years running. Sales in Douglas County as a whole seem to have done slightly better in terms of growth, which probably reflects the rapid rise in the number of residents who live in outlying, rural communities.

Taxable Retail Sales

	Q4 2002	Q4 2003	% Change 2002-2003
City of Lawrence	\$285,826,139	\$288,285,906	0.86%
Douglas County	\$310,853,320	\$315,077,528	1.36%

Source: Kansas Department of Revenue.

Year End Taxable Retail Sales

	2002	2003	% Change 2002-2003
City of Lawrence	\$1,078,983,794	\$1,091,409,643	1.15%
Douglas County	\$1,177,214,266	\$1,196,887,675	1.67%
Kansas	\$29,239,009,500	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, 2003	111.3	6.16%
Second Quarter, 2003	108.1	3.48%
Third Quarter, 2003	108.9	1.72%
Fourth Quarter, 2003	109.7	2.05%

Source: Policy Research Institute.

The Lawrence consumer price index hovered around the 10 percent mark for all of 2003, which means that it cost about 10 percent more to live here in 2003 than it did in the base year, which is 2000. This can also be thought of as the Lawrence inflation rate: prices for the exact same goods have been inflated 10 percent in the last three years.

**Fourth Quarter 2003
Comparative Cost of Living Index**

U.S. Average	100.0
Lawrence, KS	97.8
Manhattan, KS	100.7
Topeka, KS	n/a
Fort Collins, CO	102.2
Champaign, IL	94.3
Ames, IA	99.3
Columbia, MO	95.7

n/a: not available
Source: ACCRA.

The comparative cost of living index doesn't measure inflation or changes over time, but it does indicate how expensive one place is to live compared to another. The US average is always set to 100. In the fourth quarter of 2003 Lawrence's Cost of Living Index stood at 97.8: slightly lower than the national average, but higher than the indices of some of the comparative cities.

This report was researched and written by Luke Middleton 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 Human Resources, the Kansas Department of Revenue, and ACCRA. This report is available online at www.lawrencechamber.com

