

# The Economic Barometer

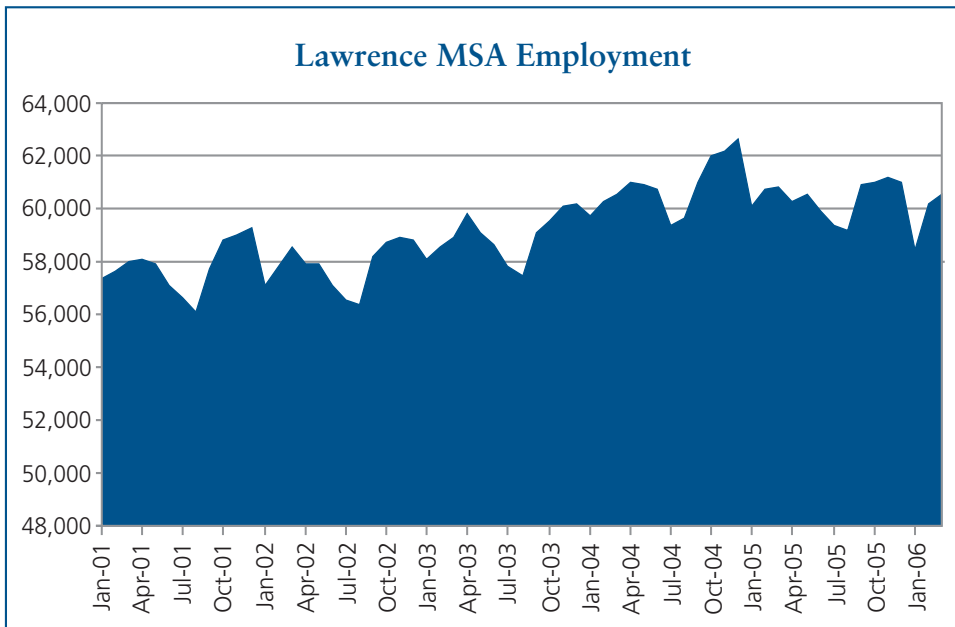
## A Quarterly Economic Report



June 2006

1st Quarter 2006

### Employment



The number of people employed in Lawrence declined 2.19 percent from the fourth quarter of 2005 to the first quarter of 2006.<sup>1</sup> Employment typically falls during the first three months of the year due to seasonal factors. Compared to the first quarter in 2005, the number employed has decreased by 1.3 percent in the first quarter of 2006 with an average employment of 59,731 for the quarter.

### Civilian Employment by Quarter - Lawrence MSA

	2001	2002	2003	2004	2005r	2006	% Change 2005-2006
First Quarter	57,662	57,794	58,491	60,176	60,533	59,731	-1.3%
Second Quarter	57,705	57,629	59,180	60,876	60,223	-	-
Third Quarter	56,812	57,037	58,123	60,005	59,823	-	-
Fourth Quarter	59,031	58,817	59,952	62,274	61,067	-	-

Source: U.S. Department of Labor, Bureau of Labor Statistics and Kansas Department of Labor.  
r - revised.

## Employment (cont.)

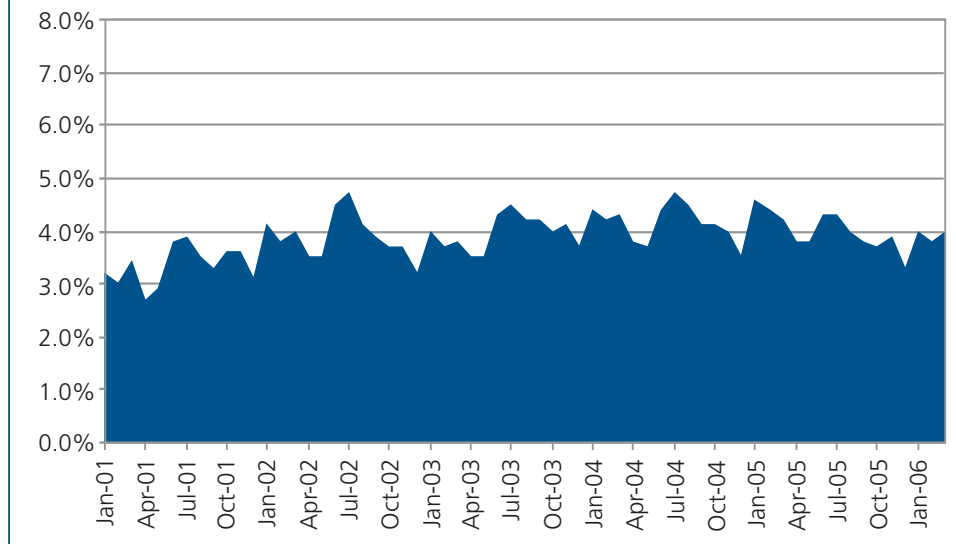
### First Quarter 2006 Employment Data

	Civilian Employment	Unemployment Rate
U.S. (thousands)	143,324	4.7%
Kansas	1,391,725	5.0%
Kansas City, KS MSA	405,665	5.4%
Lawrence MSA	59,731	3.9%
Topeka MSA	115,905	5.4%
Wichita MSA	289,650	5.3%

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

The unemployment rate for Lawrence was up 8.6 percent from the fourth quarter in 2005 to the first quarter of 2006, from 3.63 to 3.93. However, compared to the same quarter in 2005, the unemployment rate has declined by 10.6 percent and the unemployment rate is the lowest it has been for this quarter since 2003. Lawrence's unemployment rate in the first 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

	2001	2002	2003	2004	2005r	2006	% Change 2005-2006
First Quarter	3.20%	3.97%	3.83%	4.30%	4.40%	3.93%	-10.6%
Second Quarter	3.13%	3.83%	3.77%	3.97%	3.97%	-	-
Third Quarter	3.57%	4.23%	4.30%	4.43%	4.03%	-	-
Fourth Quarter	3.43%	3.53%	3.93%	3.87%	3.63%	-	-

Source: U.S. Department of Labor, Bureau of Labor Statistics and Kansas Department of Labor.  
r - revised.

**Real Estate**

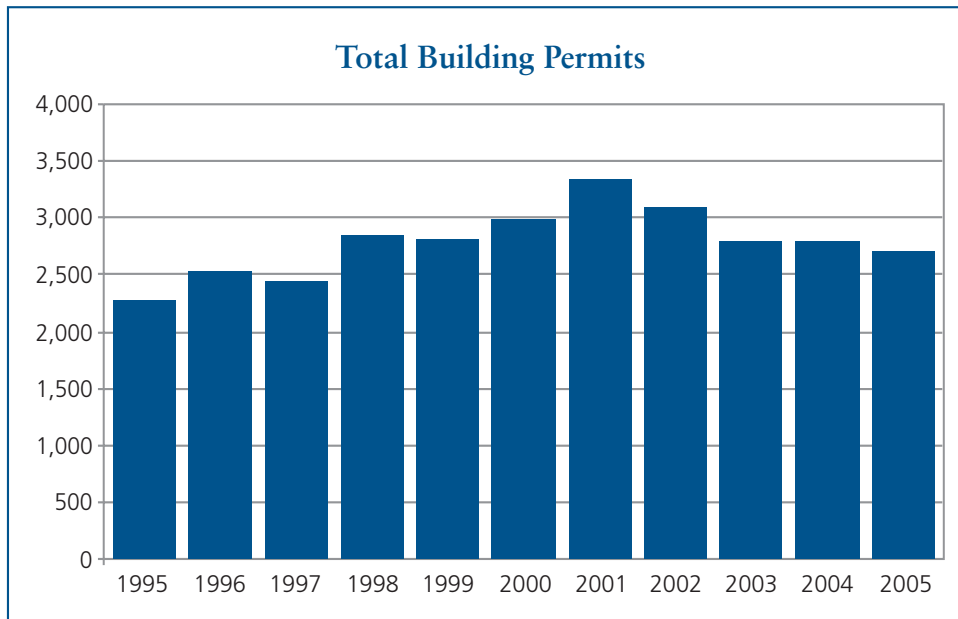
**First Quarter Building Permits in Lawrence**

	Q1 2005	Q1 2006	% Change 2005-2006
<b>TOTAL</b>			
Number	536	650	21.3%
Valuation	22,087,635	31,966,849	44.7%
<b>RESIDENTIAL</b>			
Number	50	77	54.0%
Valuation	9,146,442	15,276,800	67.0%
<b>NON-RESIDENTIAL</b>			
Number	39	41	5.1%
Valuation	10,441,699	14,653,085	40.3%

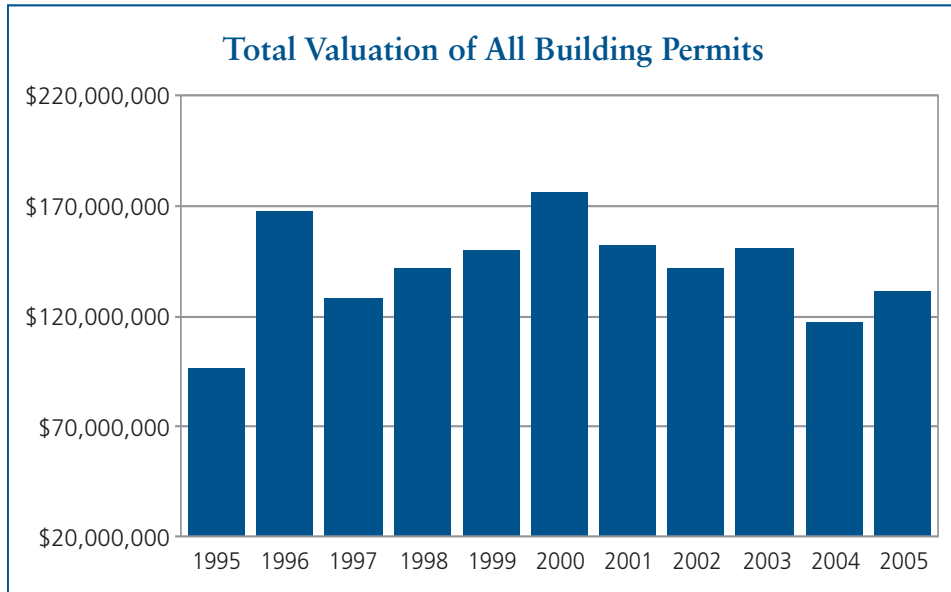
Source: City of Lawrence, Building Inspection Division.

In 2005, growth in the construction industry started slow, picked up in the third quarter, and then ended the year with mixed results. 2006 appears to be off to a better start with the total number of building permits up by 21 percent for the first quarter compared to a year ago and the dollar value of all building permits taken out up by about 45 percent. The value of residential construction in Lawrence was up by 67 percent for the quarter compared to a year ago and the number of permits was up by 54 percent. Non-residential construction also showed an increase with building permits and valuation numbers up 5 and 40 percent, respectively, compared to a year ago.

**Total Building Permits**



Real Estate (cont.)



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

The number of homes which changed ownership, used or new, was down by 37 percent compared to the first quarter in 2005. A total of 163 homes were sold in Lawrence in the first quarter of this year. Revised data for 2005 has residential real estate sales up by 2 percent compared to 2005.

The median price of all homes was down, 5.76 percent, from the fourth quarter to a price of \$155,500 in the first quarter of 2006. Revised home price data show a median home price of \$165,000 for the fourth quarter of 2005. The median price of a home in the first quarter of 2006 was down 2.14 percent from a year ago.

Lawrence Residential Real Estate Sales

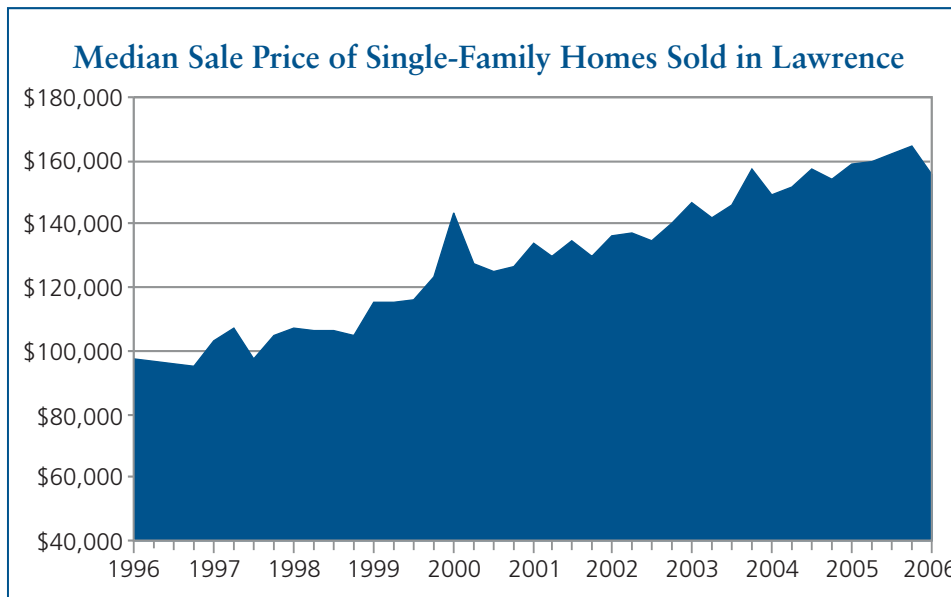
	Q1 2005	Q1 2006	% Change 2004-2005
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Number	259	163	-37.1%
Source: Douglas County Appraiser's Office.			

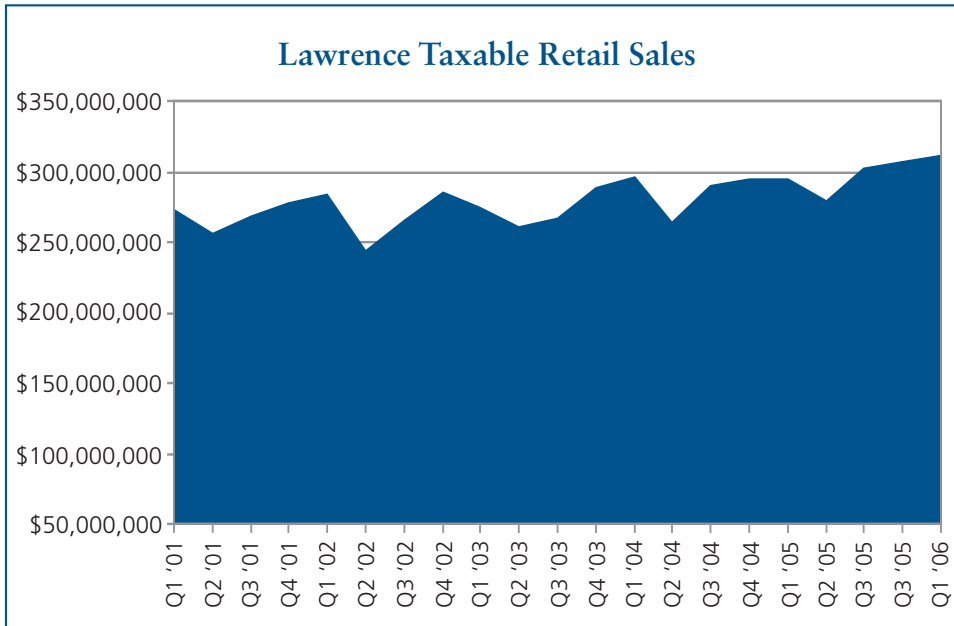
Annual Residential Real Estate Sales in Lawrence

	2004	2005r	% Change 2004-2005
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Number	1,492	1,522	2.0%
Source: Douglas County Appraiser's Office.. r - revised.			



**Retail Sales**



Taxable retail sales vary by quarter reflecting seasonable fluctuations in consumer spending, such as the holidays and back to school. The first quarter of 2006 saw an increase in taxable retail sales compared to the first quarter of 2005, with sales up 5.4 percent for Lawrence and 6.2 percent for Douglas County. Compared to fourth quarter of 2005, taxable retail sales for the first quarter of 2006 are up by 1.32 percent for the city and 0.09 percent for the county.

As previously reported, Lawrence and Douglas County experienced good retail sales growth in 2005, with growth rates of 3.52 percent and 3.71 percent, respectively, compared to 2004. From 2003 to 2004, retail sales grew 4.81 percent for the city and 5.90 percent for the county. 2005 data is now available for the state of Kansas and it shows that Lawrence and Douglas County's growth rates compare favorably to the state's rate of 2.92 percent.

**Taxable Retail Sales**

	Q1 2005	Q1 2006	% Change 2005-2006
City of Lawrence	\$295,107,118	\$311,063,370	5.41%
Douglas County	\$324,838,142	\$344,882,584	6.17%

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	3.52%
Douglas County	\$1,267,546,728	\$1,314,521,356	3.71%
Kansas	\$31,911,131,543	\$32,844,322,753	2.92%

Source: Kansas Department of Revenue.

## Cost of Living

### Lawrence Consumer Price Index

	CPI (Base Year = 2000)	%Change (From same period, previous year)
Second Quarter, 2005	112.0	3.17%
Third Quarter, 2005	116.5	6.19%
Fourth Quarter, 2005	128.1	8.07%
First Quarter, 2006	119.9	1.43%

Source: Policy Research Institute.

### First Quarter 2006 Comparative Cost of Living Index

U.S. Average	100.0
Lawrence, KS	93.8
Manhattan, KS	94.3
Topeka, KS	89.8
Ames, IA	95.2
Champaign, IL	95.5
Columbia, MO	91.1
Fort Collins, CO	101.3

Source: ACCRA.

The Lawrence consumer price index stood at 119.9 in the first quarter of 2006, meaning that cost of living here was 19.9 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 1.43 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 first quarter of 2006 Lawrence's Cost of Living Index stood at 93.8, which was lower than the previous quarter's index of 96.1. The Lawrence's cost of living index is lower than all the other participating comparative cities except for Topeka, Kansas, and Columbia, Missouri.

#### Note

<sup>1</sup>The 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.

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](http://www.lawrencechamber.com)

