

The Economic Barometer

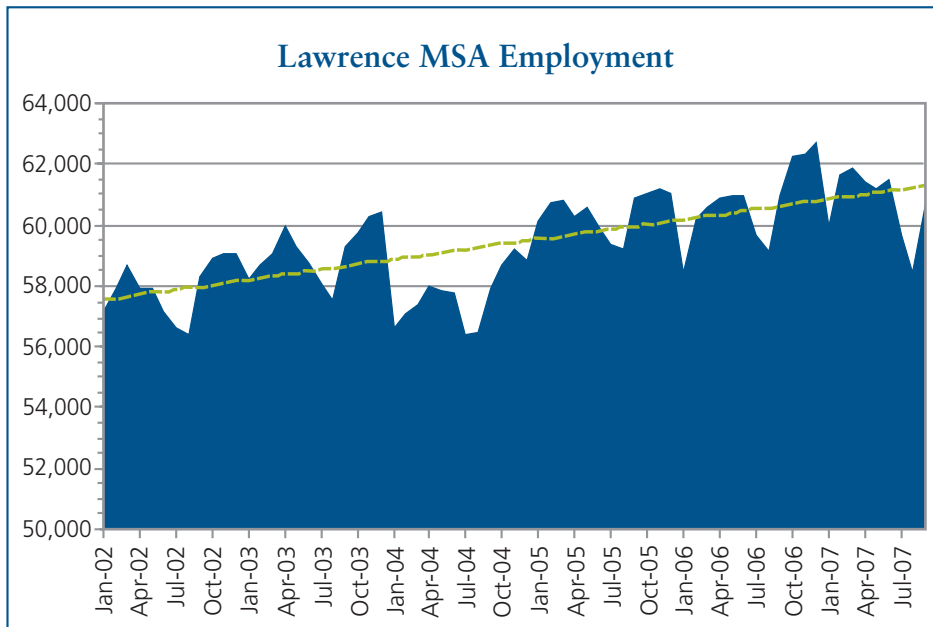
A Quarterly Economic Report



December 2007

3rd Quarter 2007

Employment



While the overall employment trend continues upward for the Lawrence MSA (Douglas County), the average number of people employed in the Lawrence MSA in the third quarter of 2007 is 59,608, a decrease of 2.9 percent from the second quarter. This is not unexpected as employment typically falls during the third quarter due to students leaving the workforce to return to school. Compared to the third quarter in 2006, average employment in the same quarter of 2007 decreased 0.5 percent.

Civilian Employment by Quarter - Lawrence MSA

	2002	2003	2004	2005	2006	2007	% Change 2006-2007
First Quarter	57,923	58,654	57,052	60,533	59,731	61,159	2.4%
Second Quarter	57,678	59,338	57,830	60,223	60,920	61,383	0.8%
Third Quarter	57,112	58,289	56,920	59,823	59,916	59,608	-0.5%
Fourth Quarter	59,006	60,177	58,905	61,067	62,415	-	-

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

Employment (cont.)

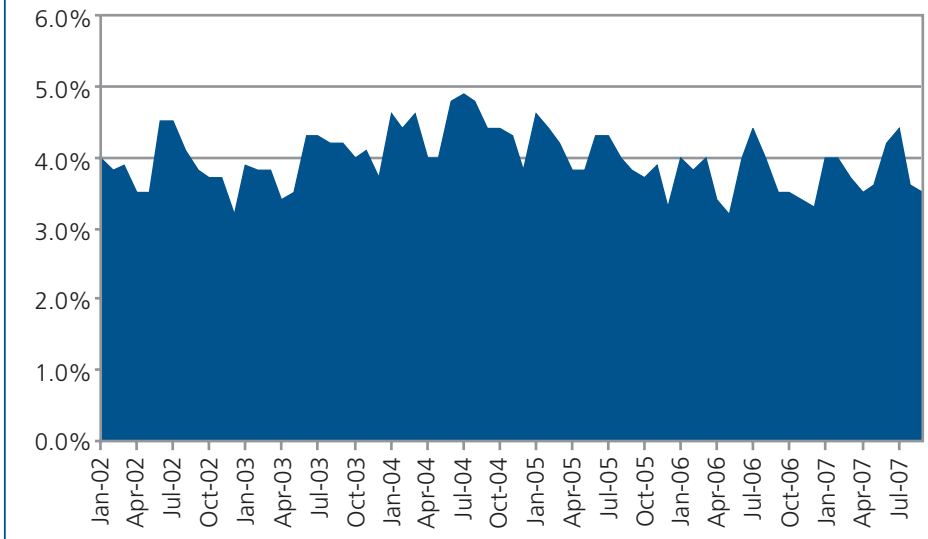
Third Quarter 2007 Employment Data

	Civilian Employment	Unemployment Rate
U.S. (thousands)	146,054	4.6%
Kansas	1,422,454	4.5%
Kansas City, KS MSA	416,311	5.1%
Lawrence MSA	59,608	3.8%
Topeka MSA	118,365	4.8%
Wichita MSA	306,981	4.3%

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

The unemployment rate for the Lawrence MSA in the third quarter of 2007 is relatively unchanged from the second quarter, at 3.8. Compared to the same quarter in 2006, the unemployment rate is 3.4 percent lower, from 4.0 to 3.8. Lawrence's unemployment rate continues to be lower than all the other major metropolitan areas in Kansas as well as the state and nation.

Lawrence MSA Unemployment Rate



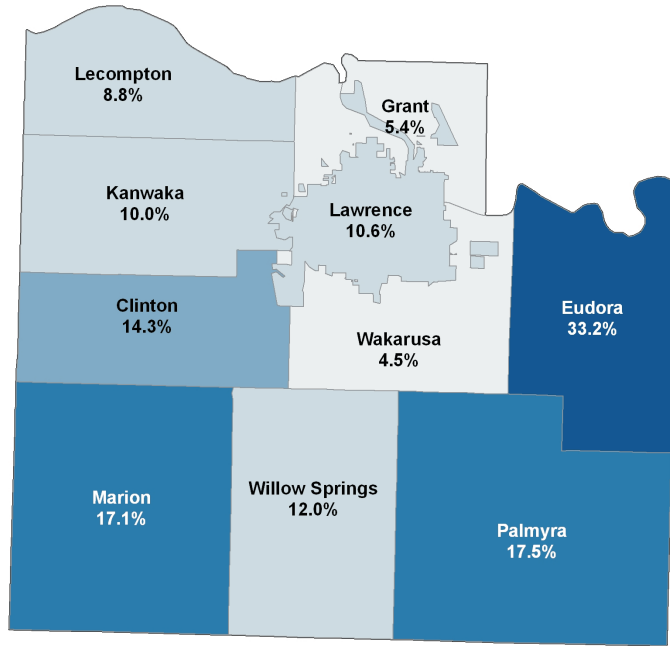
Unemployment Rate by Quarter - Lawrence MSA

	2002	2003	2004	2005	2006	2007	% Change 2006-2007
First Quarter	3.9%	3.8%	4.5%	4.4%	3.9%	3.9%	-0.8%
Second Quarter	3.8%	3.7%	4.3%	4.0%	3.5%	3.8%	6.6%
Third Quarter	4.1%	4.2%	4.7%	4.0%	4.0%	3.8%	-3.4%
Fourth Quarter	3.5%	3.9%	4.2%	3.6%	3.4%	-	-

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, 2000-2006



Map boundary is file 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 2006 Population Estimates.

Recent population estimates for the city of Lawrence and Douglas County indicate that population growth may be slowing. A look at population since the 2000 Census shows the growth shifting within the county, particularly to the Eudora and Palmyra townships. While the U.S. Census Bureau has accepted challenges to the population estimates for the city of Lawrence and Douglas County, these estimates will not be official until the 2007 estimates are released in 2008. Unofficially, the city's growth was estimated at 11.3 percent from 2000 to 2006 and the county 12.6 percent. Lawrence and Douglas County have experienced greater population growth compared to the state as a whole, which is estimated at 2.8 percent from 2000 to 2006.

Population for Douglas County by Township, 2000-2006

Township	Census 2000	Estimates						% Change 2000-06
		2001	2002	2003	2004	2005	2006	
Clinton	531	556	572	584	601	594	607	14.3%
Eudora	5,571	5,935	6,428	6,648	7,041	7,099	7,419	33.2%
Grant	442	435	446	453	465	457	466	5.4%
Kanwaka	1,317	1,358	1,390	1,412	1,448	1,423	1,449	10.0%
Lawrence City	80,098	81,780	83,310	84,844	86,448	88,664	88,605	10.6%
Lecompton	1,761	1,835	1,873	1,895	1,931	1,886	1,916	8.8%
Marion	836	882	912	934	965	956	979	17.1%
Palmyra	5,760	6,137	6,290	6,443	6,646	6,588	6,766	17.5%
Wakarusa	2,237	2,223	2,268	2,299	2,349	2,302	2,338	4.5%
Willow Springs	1,409	1,475	1,512	1,538	1,577	1,550	1,578	12.0%
Douglas County	99,962	102,616	105,001	107,050	109,471	111,519	112,123	12.2%

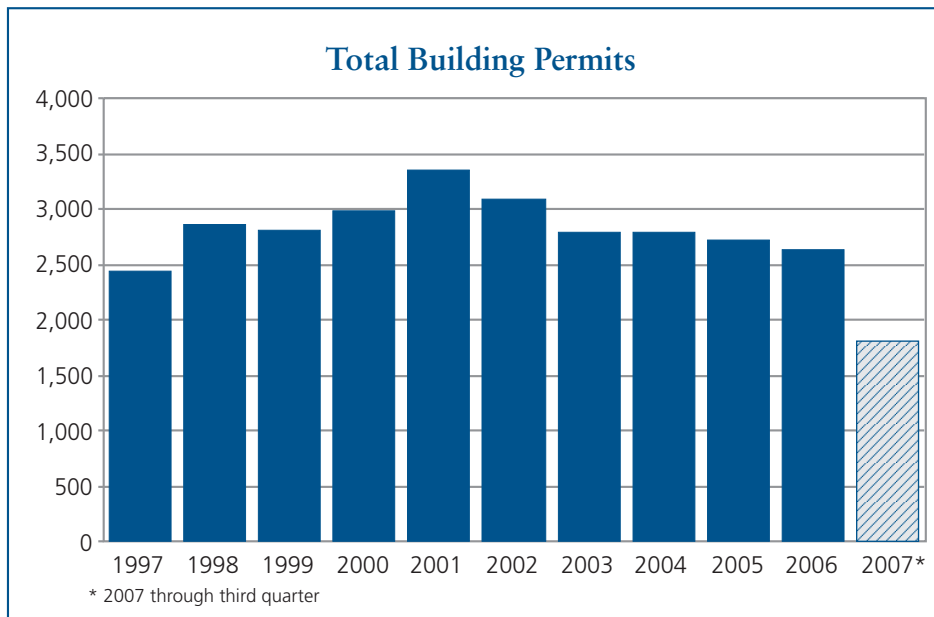
Source: U.S. Census Bureau. Challenges to the Vintage 2006 Population Estimates were accepted by the U.S. Census Bureau and the 2006 population estimate for Lawrence city = 89,110 and Douglas County = 112,559. These figures, however, will not be official until the 2007 Population Estimates are released in 2008.

Real Estate

Second Quarter Building Permits in Lawrence

	Q3 2006	Q3 2007	% Change 2006-2007
TOTAL			
Number	702	687	-2%
Valuation	27,362,256	20,805,534	-24%
RESIDENTIAL			
Number	55	54	-2%
Valuation	11,478,665	10,441,934	-9%
NON-RESIDENTIAL			
Number	40	47	18%
Valuation	13,164,716	7,517,554	-43%

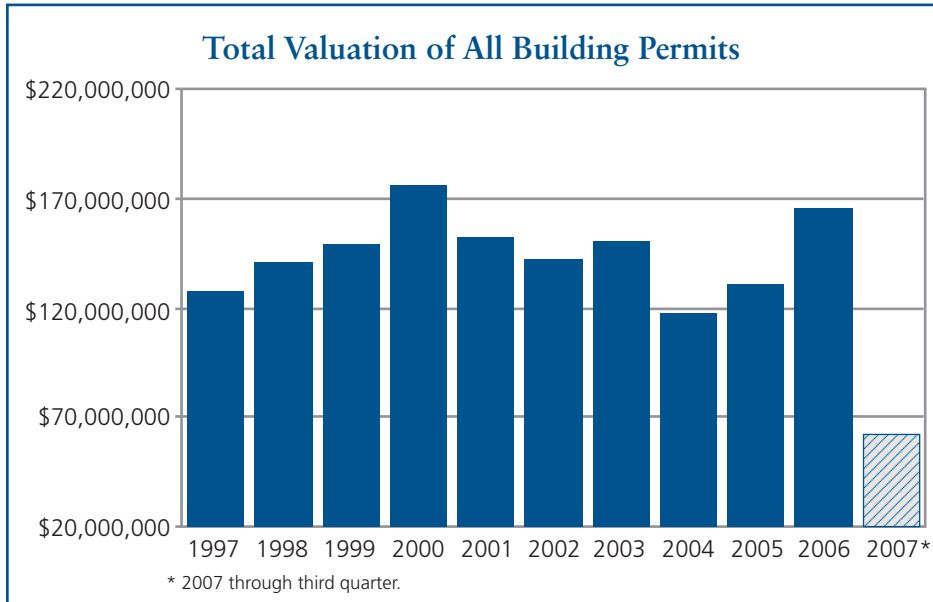
Source: City of Lawrence, Neighborhood Resources Department.



In the third quarter of 2007, construction in Lawrence picked up for the year but is still down compared to 2006. The total number of building permits is down 2 percent compared to 2006 and the value of all permits is down 24 percent. Compared to a year ago, the value of residential construction in Lawrence declined 9 percent for the quarter and the number of permits decreased 2 percent. The value of non-residential construction is down 43 percent compared to last year while the number of permits is up 18 percent.

A look at building permits and valuations through the end of the third quarter indicates that the number of construction projects continues the slow down of the past four years. The valuation of building permits as of the end of September indicates that fewer major building projects have occurred in 2007 compared to 2006.

Real Estate (cont.)



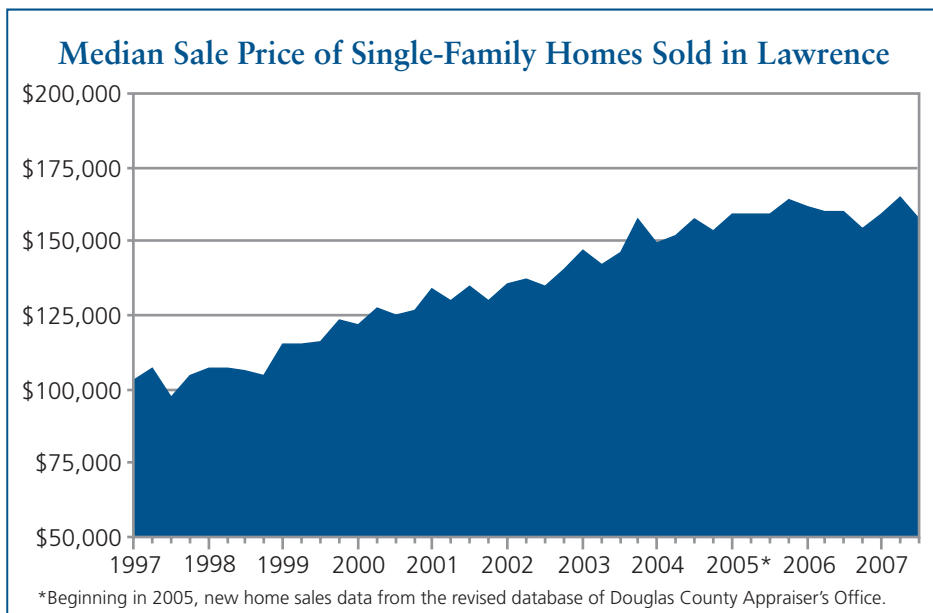
A total of 532 homes were sold in Lawrence in the second quarter of this year compared to 632 in 2006. Preliminary numbers for the third quarter of 2007 indicate that the residential real estate market continues its slowdown for the year with 343 homes sold in the third quarter of 2007. This is down from the same quarter last year in which 405 homes were sold.

The median price of all homes is \$158,000 in the third quarter of 2007; this is a 4.2 percent decline from the previous quarter and a 1.2 percent decline from a year ago. Revised sales price data show a median home price of \$165,000 for the second quarter of 2007 and \$159,250 for the first quarter of 2007.

Lawrence Residential Real Estate Sales

	2006	2007	% Change 2006-2007
1st Quarter	313	282r	-9.9%
2nd Quarter	632	532r	-15.8%
3rd Quarter	405	343p	-15.3%

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



Real Estate (cont.)

**Housing Vacancy Rates
Comparative 2006**

	Vacancy Rate	90% Margin of Error
U.S.	11.6%	+/-0.1%
Lawrence, KS	6.7%	+/-3.5%
Topeka, KS	11.4%	+/-3.4%
Champaign, IL	9.5%	+/-5.7%
Columbia, MO	7.2%	+/-3.6%
Ft. Collins, CO	5.3%	+/-3.8%

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

**Tax Base for the City of Lawrence
Residential vs Non-Residential**

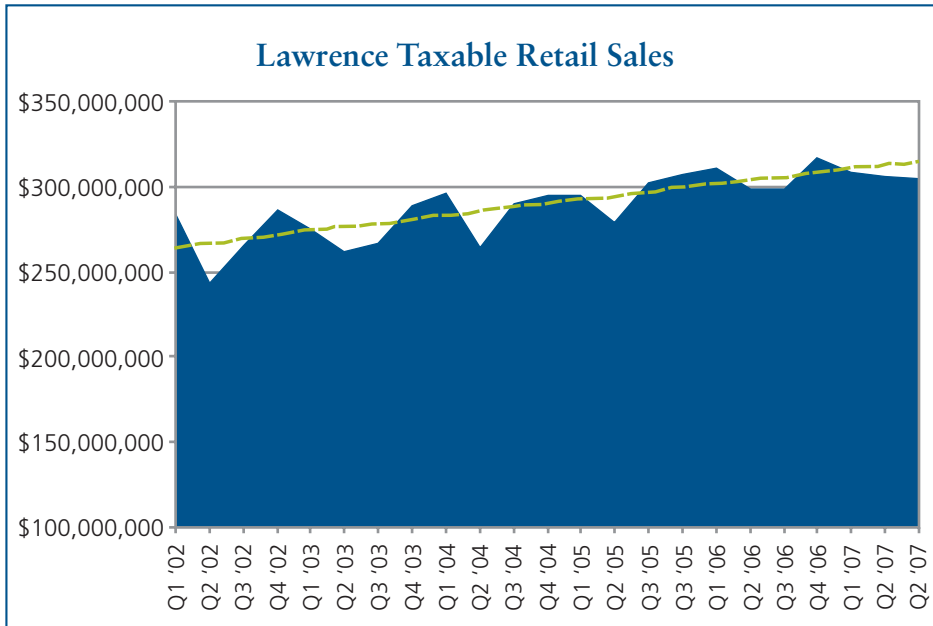
	Assessed Valuation (in millions)							% Change 2006-2007
	2001	2002	2003	2004	2005	2006	2007	
Residential	\$339.3	\$367.4	\$402.4	\$437.2	\$476.8	\$514.8	\$540.9	5.1%
% of Total	66.3%	66.9%	67.8%	68.0%	68.7%	68.6%	69.1%	
Commercial	\$161.1	\$169.5	\$178.8	\$194.1	\$203.4	\$220.1	\$227.0	3.2%
% of Total	31.5%	30.8%	30.1%	30.2%	29.3%	29.3%	29.0%	
TOTAL	\$511.8	\$549.5	\$593.8	\$642.9	\$694.5	\$750.5	\$782.5	4.3%

Total includes Vacant Land and Agriculture, which account for 1.9% and 0.01%, respectively, of the 2007 Total Assessed Valuation.
Source: Douglas County Appraiser's Office.

The housing unit vacancy rate for Lawrence in 2006, as estimated by the U.S. Census Bureau, was 6.7 percent; this is slightly lower than the vacancy rate of 7.0 percent estimated for 2005. Lawrence's vacancy rate for 2006 is lower than the U.S. and all the comparative communities except Fort Collins, Colorado.

The total assessed valuation of all taxable property for the city of Lawrence increased 4.3 percent from 2006 to 2007 with residential valuations up 5.1 percent and commercial property up 3.2 percent. For 2007, residential property accounts for 69.1 percent of the tax base for Lawrence compared to 29 percent for commercial property.

Retail Sales



Retail sales vary by quarter reflecting seasonal fluctuations in consumer spending, such as the holidays and back to school. Retail sales for the third quarter of 2007 compared to the previous quarter are down 0.6 percent for the city and 1.4 percent for the county. Compared to 2006, taxable retail sales are higher in the third quarter of 2007 by 1.8 percent for the city of Lawrence and lower by 0.6 percent for Douglas county.

Compared to the first six months of 2006, retail sales in 2007 were up 0.7 percent for the city of Lawrence and down 1.8 for Douglas County. Local retail sales growth was not as strong as the state of Kansas, which experienced a 2.8 percent increase in the first six months of 2007 compared to 2006.

Taxable Retail Sales

	Q3 2006	Q3 2007	% Change 2006-2007
City of Lawrence	\$299,006,472	\$304,295,652	1.8%
Douglas County	\$331,435,901	\$329,330,297	-0.6%

Source: Kansas Department of Revenue.

Total Taxable Retail Sales through Second Quarter

	2006	2007	% Change 2006-2007
City of Lawrence	\$609,873,084	\$614,088,249	0.7%
Douglas County	\$2,373,567,554	\$2,329,937,738	-1.8%
Kansas	\$16,870,623,170	\$17,343,775,523	2.8%

Source: Kansas Department of Revenue.

Cost of Living

Lawrence Consumer Price Index

	CPI (Base Year = 2000)	% Change (From same period, previous year)
Fourth Quarter, 2006r	113.5	-4.0%
First Quarter, 2007r	124.8	-2.2%
Second Quarter, 2007	132.1	3.3%
Third Quarter, 2007	129.2	2.6%

r - revised
Source: Institute for Policy & Social Research.

**Third Quarter 2007
Comparative Cost of Living Index**

U.S. Average	100.0
Lawrence, KS	92.6
Manhattan, KS	98.9
Topeka, KS	89.9
Ames, IA	98.7
Champaign, IL	100.2
Columbia, MO	91.2
Fort Collins, C	94.1

Source: ACCRA.

The Lawrence consumer price index stood at 129.2 in the third quarter of 2007, meaning that cost of living in Lawrence is 29.2 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 2006 is up 2.6 percent.

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. In the third quarter of 2007, Lawrence's cost of living index stood at 92.6, which is lower than the previous quarter's index of 93.6. The Lawrence's index is lower than all the other participating comparative cities, except Topeka, Kansas and Columbia, Missouri.

This report was researched and written by Genna Hurd with assistance from Dane Hanson 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

