

The Economic Barometer

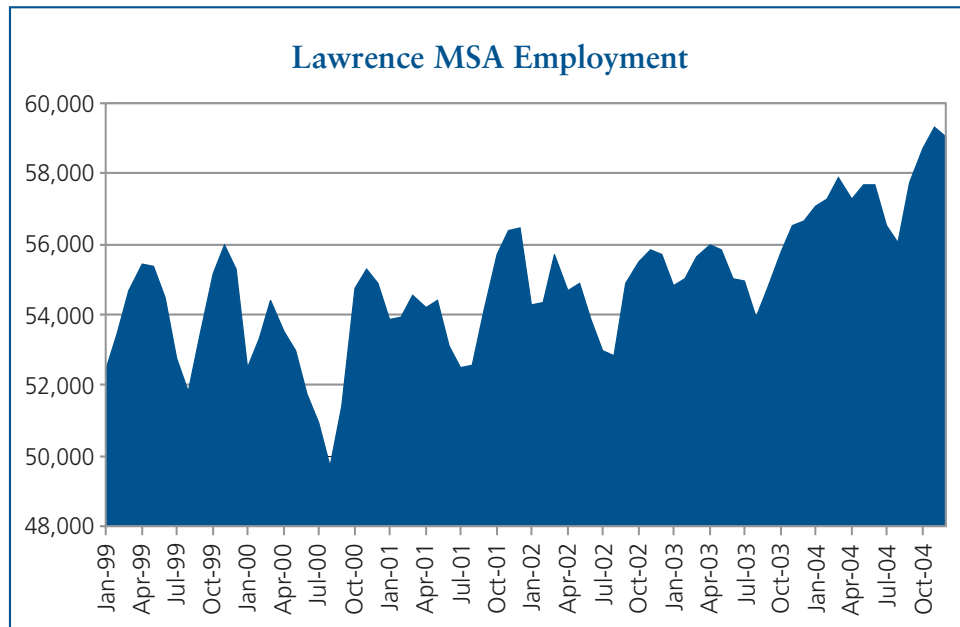
A Quarterly Economic Report



March 2005

4th Quarter 2004

Employment



The number of people employed in Lawrence increased, 3.97 percent, from the third to the fourth quarter. Historically, the fourth quarter experiences a seasonal increase as firms hire additional help for the holiday season. However, the fourth quarter employment in 2004 was 4.8 percent higher than it was in 2003 indicating local job creation beyond seasonal fluctuations. Indeed, employment for all the quarters in 2004 was up from 2003 levels.

Civilian Employment by Quarter - Lawrence MSA

	2000	2001	2002	2003	2004	% Change 2003-2004
First Quarter	53,390	54,119	54,784	55,138	57,405	4.1%
Second Quarter	52,733	53,919	54,466	55,629	57,564	3.5%
Third Quarter	50,698	53,044	53,542	54,550	56,770	4.1%
Fourth Quarter	54,975	56,177	55,683	56,325	59,025	4.8%

Source: Kansas Department of Human Resources.

Employment (cont.)

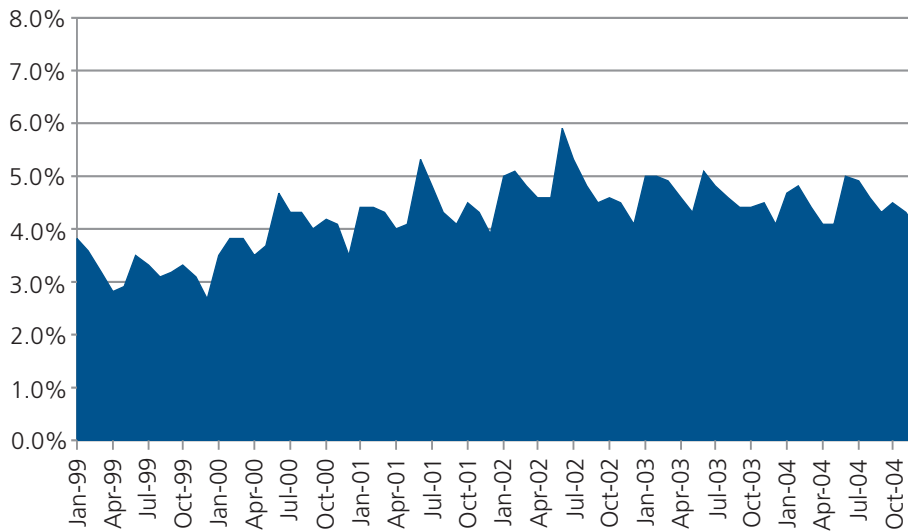
Fourth Quarter 2004 Employment Data

	Civilian Employment	Unemployment Rate
U.S. (thousands)	140,092	5.4%
Kansas	1,407,250	4.5%
Kansas portion of		
Kansas City MSA	394,018	5.0%
Lawrence MSA	59,025	4.3%
Topeka MSA	88,074	5.6%
Wichita MSA	279,012	5.3%

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

The unemployment rate for Lawrence was down from the previous quarter, from 4.60 in the third quarter to 4.27 in the fourth quarter. Although unemployment typically decreases slightly in the fourth quarter, the 2004 rate was the lowest in three years, an indication of improvements in the job market beyond those influenced by seasonal trends. Lawrence's unemployment rate in the fourth quarter was lower than all the other major metropolitan areas in the state as well as the state and nation.

Lawrence MSA Unemployment Rate

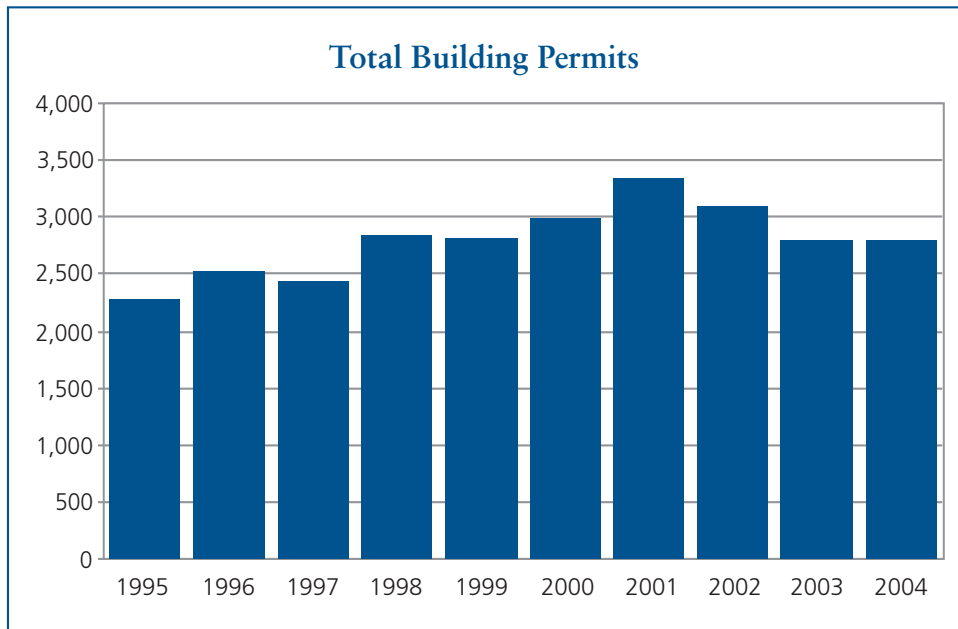


Unemployment Rate by Quarter - Lawrence MSA

	2000	2001	2002	2003	2004	% Change 2003-2004
First Quarter	3.70%	4.37%	4.97%	4.97%	4.63%	-6.7%
Second Quarter	3.97%	4.47%	5.03%	4.67%	4.40%	-5.7%
Third Quarter	4.20%	4.40%	4.87%	4.60%	4.60%	0.0%
Fourth Quarter	3.93%	4.23%	4.40%	4.33%	4.27%	-1.5%

Source: Kansas Department of Human Resources.

Real Estate



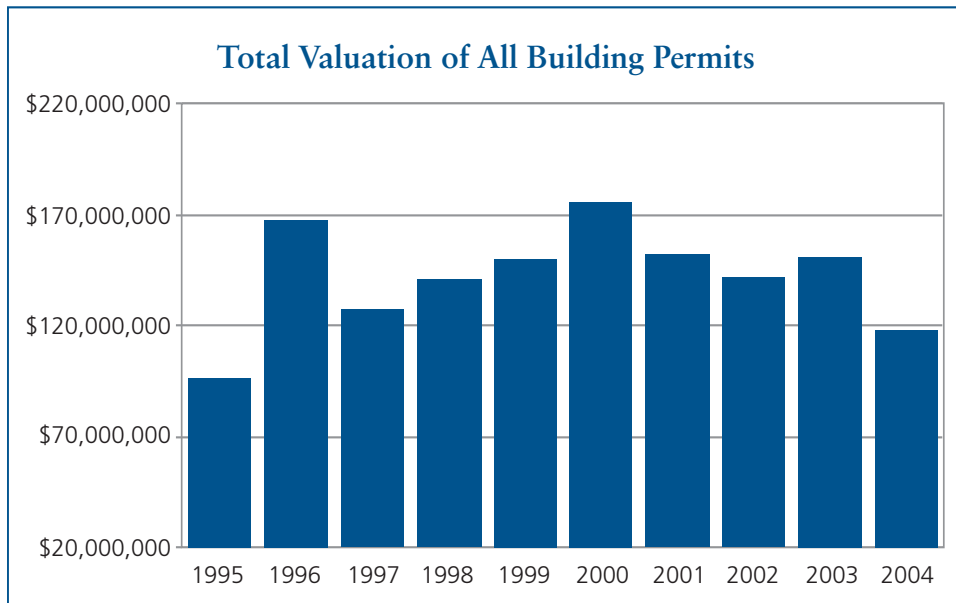
Growth in the construction industry in Lawrence for the fourth quarter continues the slow start seen in the first three quarters. While the total number of building permits was up by 2.8 percent for the fourth quarter compared to a year ago, the dollar value of all building permits taken out was down by 22.2 percent. The value of residential construction in Lawrence was down by 22 percent compared to the same quarter in 2003 while the value of non-residential construction was down by 40.5 percent.

Fourth Quarter Building Permits in Lawrence

	Q4 2003	Q4 2004	% Change 2003-2004
TOTAL			
Number	749	770	2.8%
Valuation	48,275,342	37,544,649	-22.2%
RESIDENTIAL			
Number	195	193	-1.0%
Valuation	41,671,786	32,486,191	-22.0%
NON-RESIDENTIAL			
Number	37	29	-21.6%
Valuation	3,881,834	2,310,086	-40.5%

Source: City of Lawrence, Building Inspection Division.

Real Estate (cont.)



The number of homes which changed ownership, used or new, was down by 21.3 percent compared to the fourth quarter in 2003. The fourth quarter home sales were also down compared to the third quarter of 2004, with a total of 218 homes sold in Lawrence in the fourth quarter compared to 400 homes in the third quarter. Annual residential sales for 2004 were down by 2.3 percent compared to 2003.

The median price of all homes declined from the third quarter, to a price of \$152,700 in the fourth quarter for a decline of 3.05 percent. This price was also down 3.05 percent from a year ago.

Lawrence Residential - Real Estate Sales

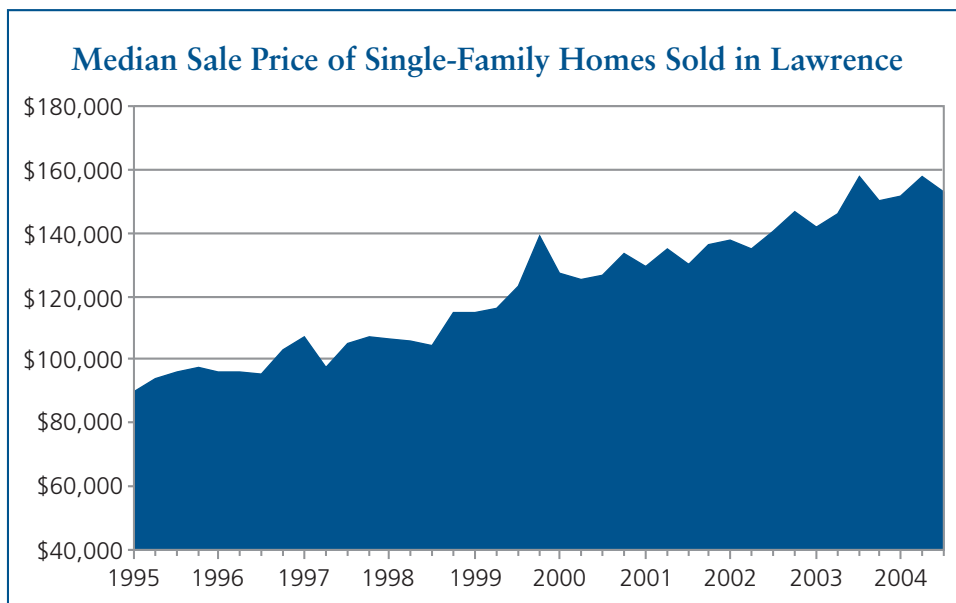
	Q4 2003	Q4 2004	% Change 2003-2004
Number	277	218	-21.3%

Source: Douglas County Appraiser's Office.

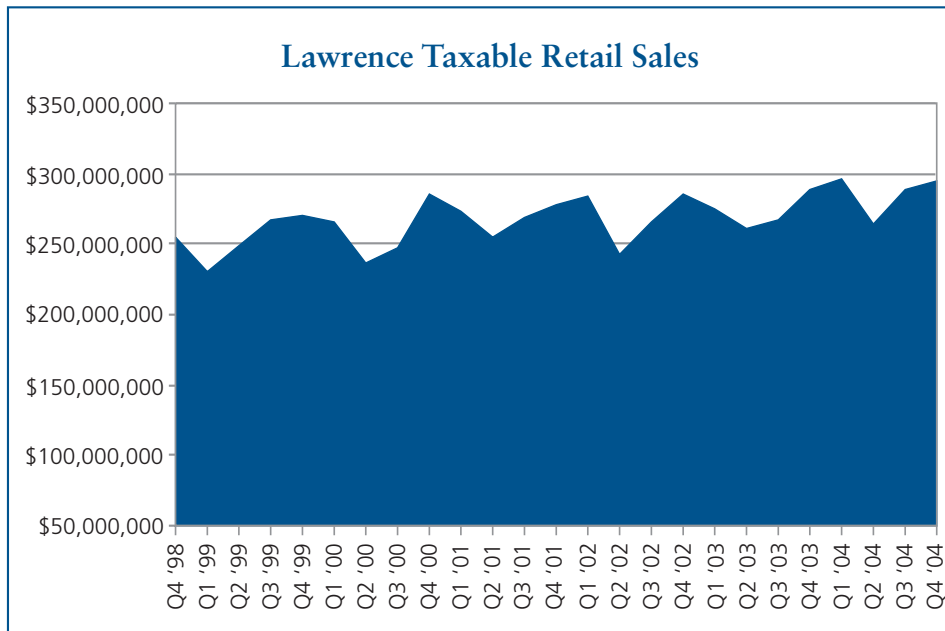
Annual Residential - Real Estate Sales in Lawrence

	2003	2004	% Change 2003-2004
Number	1,533	1,498	-2.3%

Source: Douglas County Appraiser's Office.



Retail Sales



Taxable retail sales vary by quarter reflecting consumer spending for the holidays, back to school, and income tax rebates/refunds. The fourth quarter of 2004 saw an increase in taxable retail sales compared to the fourth quarter in 2003, with sales up 2.11 percent for Lawrence and 4.24 percent for Douglas County. When compared to the third quarter for 2004, retail sales were up by 1.68 percent in Lawrence and 1.65 percent in Douglas County.

In the first quarter it was noted that neither Lawrence nor Douglas County experienced much retail sales growth in 2003 compared to 2002. New retail sales data for Lawrence and Douglas County show growth rates of 4.81 percent and 5.90 percent, respectively, from 2003 to 2004. Comparison data for 2003 to 2004 for Kansas will not be available until the first quarter report for 2005.

Taxable Retail Sales			
	Q4 2003	Q4 2004	% Change 2003- 2004
City of Lawrence	\$288,285,906	\$294,370,210	2.11%
Douglas County	\$315,077,528	\$328,452,500	4.24%

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	n/a	n/a

n/a: Not available until next quarter. State of Kansas data lags city and county data.
Source: Kansas Department of Revenue.

Cost of Living

Lawrence Consumer Price Index

	CPI (Base Year = 2000)	% Change (From same period previous year)
First Quarter, 2004	111.4	1.41%
Second Quarter, 2004	108.1	4.89%
Third Quarter, 2004	109.0	5.24%
Fourth Quarter, 2004	109.8	2.15%

Source: Policy Research Institute.

The Lawrence consumer price index stood at 109.8 in the fourth quarter of 2004, meaning that cost of living here was 9.8 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 2003 was up 2.15 percent, which was lower than the two previous quarters compared to their previous year quarters.

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 fourth quarter of 2004 Lawrence's Cost of Living Index stood at 95.3; this is lower than the national average, but higher than the indices of all of the comparative cities except for Fort Collins, Colorado and Ames, Iowa.

**Fourth Quarter 2004
Comparative Cost of Living Index**

U.S. Average	100.0
Lawrence, KS	95.3
Manhattan, KS	94.0
Topeka, KS	n/a
Fort Collins, CO	99.2
Champaign, IL	93.9
Ames, IA	98.4
Columbia, MO	91.8

n/a: not available.
Source: ACCRA.

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 Human Resources, the Kansas Department of Revenue, and ACCRA. This report is available online at www.lawrencechamber.com

