

The Economic Barometer

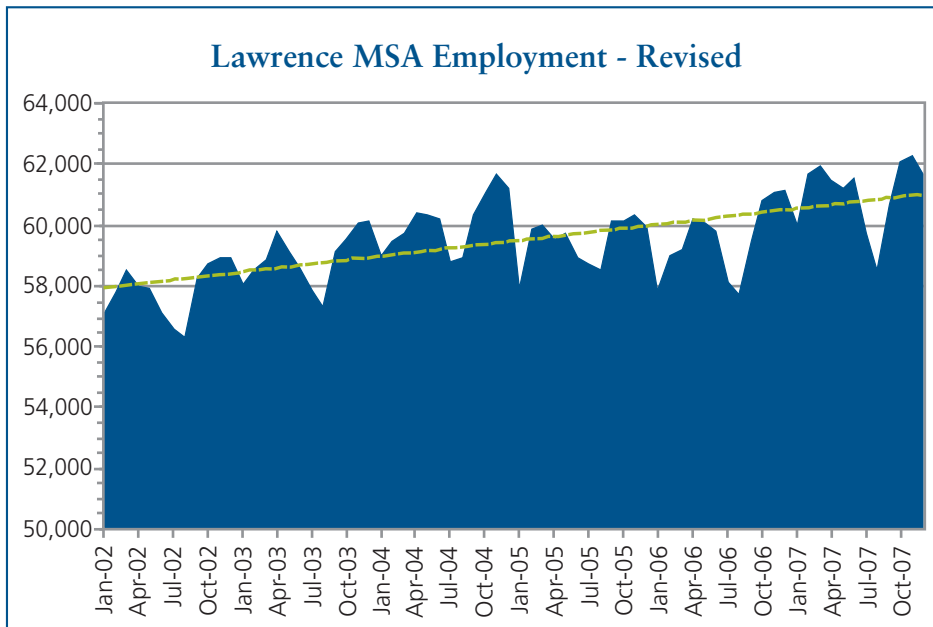
A Quarterly Economic Report



March 2008

4th Quarter 2007

Employment



The average number of people employed in the Lawrence MSA (Douglas County) in the fourth quarter of 2007 was 61,996, an increase of 4.0 percent from the third quarter. Employment typically increases during the fourth quarter due to firms hiring additional help for the holiday season. Compared to the fourth quarter in 2006, average employment in 2007 increased 1.6 percent. The employment trend continues upward for the Lawrence MSA.

Civilian Employment by Quarter - Lawrence MSA - Revised

	2002	2003	2004	2005	2006	2007	% Change 2006-2007
First Quarter	57,760	58,439	59,362	59,229	58,636	61,159	4.3%
Second Quarter	57,625	59,144	60,274	59,382	59,987	61,383	2.3%
Third Quarter	56,994	58,068	59,322	59,071	58,407	59,608	2.1%
Fourth Quarter	58,833	59,875	61,264	60,087	60,992	61,996	1.6%

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

Employment (cont.)

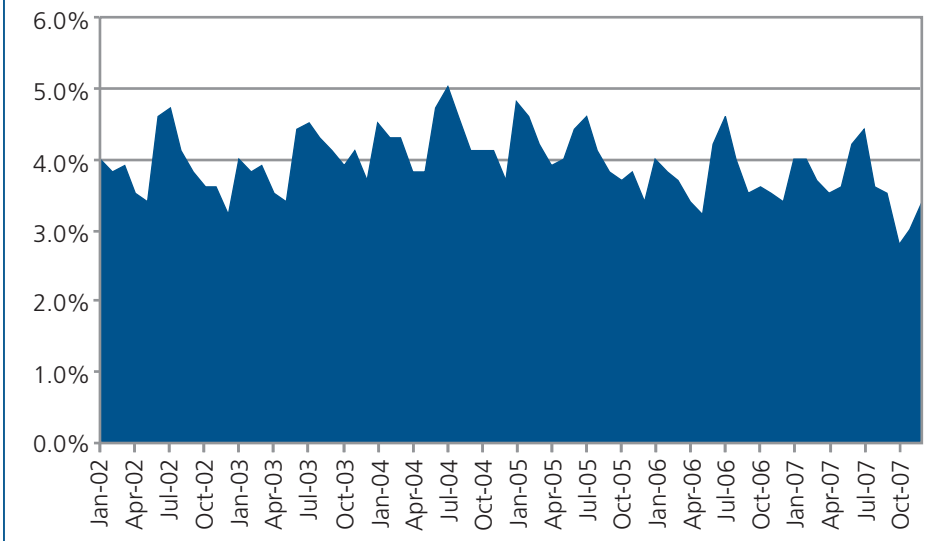
Fourth Quarter 2007 Employment Data

	Civilian Employment	Unemployment Rate
U.S. (thousands)	146,291	4.8%
Kansas	1,431,149	3.7%
Kansas City, KS MSA	417,665	4.3%
Lawrence MSA	61,996	3.1%
Topeka MSA	118,872	4.1%
Wichita MSA	308,046	3.6%

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 fourth quarter of 2007 was down 20 percent from the third quarter, from 3.8 to 3.1. Compared to the same quarter in 2006, the unemployment rate is 12.4 percent lower in 2007. This is the lowest unemployment rate for this quarter since 2000. 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 - Revised



Unemployment Rate by Quarter - Lawrence MSA - Revised

	2002	2003	2004	2005	2006	2007	% Change 2006-2007
First Quarter	3.9%	3.9%	4.4%	4.5%	3.8%	3.9%	1.7%
Second Quarter	3.8%	3.8%	4.1%	4.1%	3.6%	3.8%	4.6%
Third Quarter	4.2%	4.3%	4.6%	4.2%	4.0%	3.8%	-5.0%
Fourth Quarter	3.5%	3.9%	4.0%	3.6%	3.5%	3.1%	-12.4%

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

Real Estate

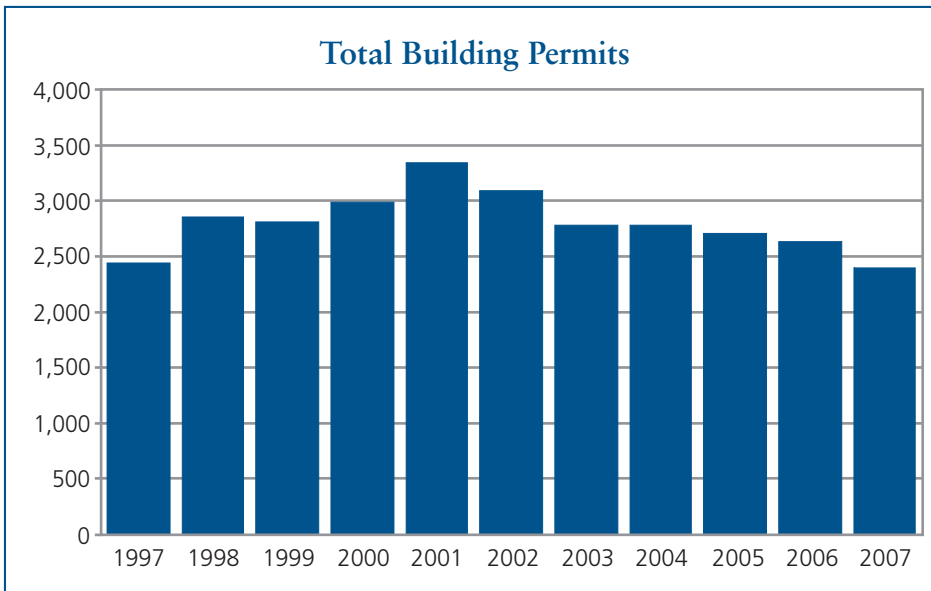
Fourth Quarter Building Permits in Lawrence

	Q4 2006	Q4 2007	% Change 2006-2007
TOTAL			
Number	567	598	5%
Valuation	45,577,937	42,427,720	-7%
RESIDENTIAL			
Number	64	53	-17%
Valuation	13,204,528	13,121,686	-1%
NON-RESIDENTIAL			
Number	36	44	22%
Valuation	30,358,735	26,224,795	-14%

Source: City of Lawrence, Neighborhood Resources Department.

In the fourth quarter of 2007, the total number of building permits is up 5 percent compared to 2006 while the value of all permits is down 7 percent. Compared to a year ago, the value of residential construction in Lawrence declined 1 percent for the quarter and the number of permits declined 17 percent. The value of non-residential construction is down 14 percent compared to last year while the number of permits is up 22 percent.

Building permits and valuation totals for 2007 indicate that the slow-down of the past four years continues for the construction industry. The total valuation of building permits in 2007 is down 37 percent compared to 2006 and the number of permits is down 9 percent. The data indicate that fewer major non-residential building projects occurred in 2007 compared to 2006.

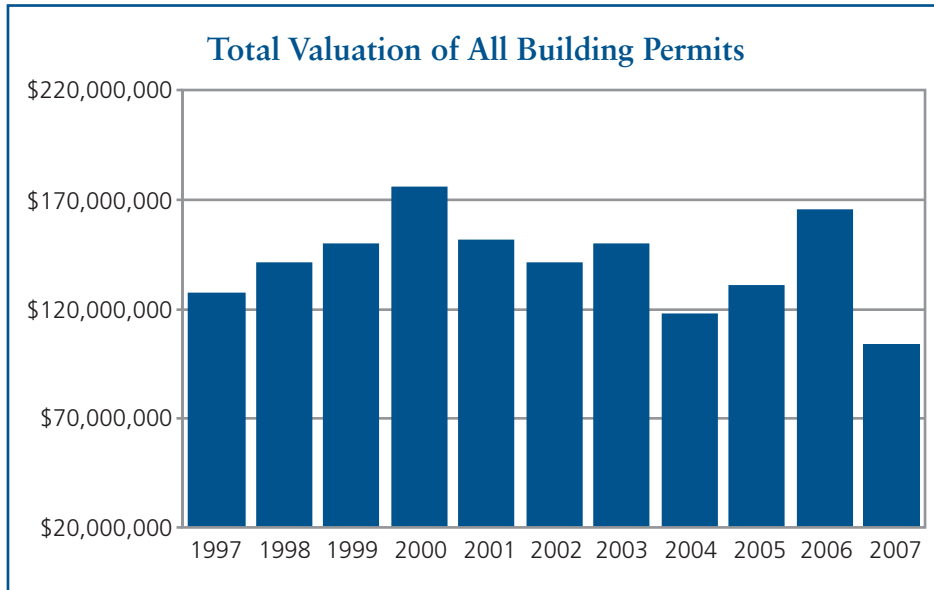


Building Permits in Lawrence - 2006 and 2007

	2006	2007	% Change 2006-2007
TOTAL			
Number	2,635	2,398	-9%
Valuation	165,938,590	104,457,789	-37%
RESIDENTIAL			
Number	295	212	-28%
valuation	60,579,565	44,896,092	-26%
NON-RESIDENTIAL			
Number	170	184	8%
Valuation	95,184,511	48,000,486	-50%

Source: City of Lawrence, Neighborhood Resources Department.

Real Estate (cont.)



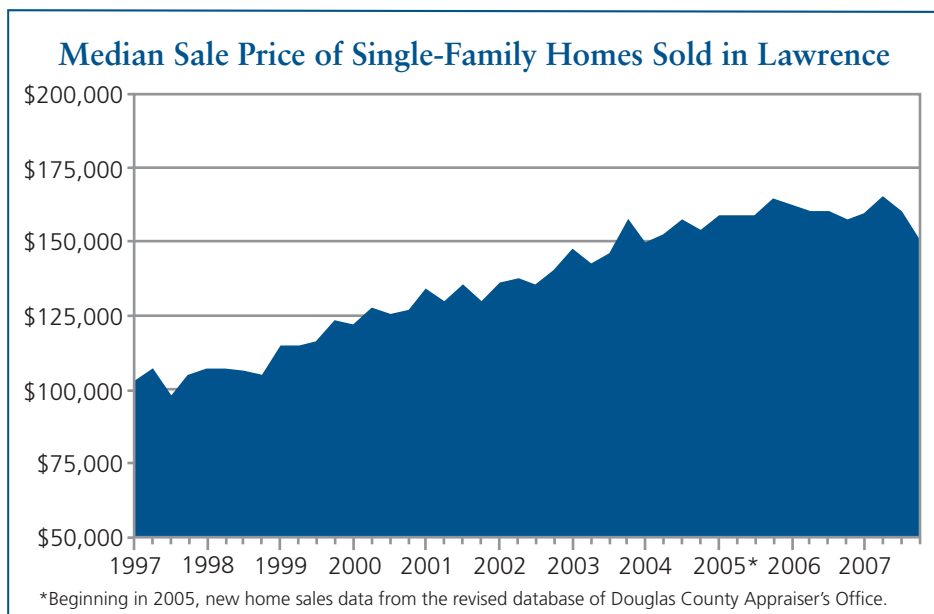
A total of 363 homes were sold in Lawrence in the third quarter of this year compared to 410 in 2006; this is a decline of 11.5 percent. Preliminary numbers for the fourth quarter of 2007 indicate that the residential real estate market continues its slowdown with 180 homes sold in the fourth quarter of 2007 compared to 265 homes in 2006.

The median price of all homes was \$150,500 in the fourth quarter of 2007; this is a 5.9 percent decline from the previous quarter and a 4.1 percent decline from a year ago. Revised 2007 sales price data show a median home price of \$160,000 for the third quarter and \$165,000 for the second quarter.

Lawrence Residential Real Estate Sales

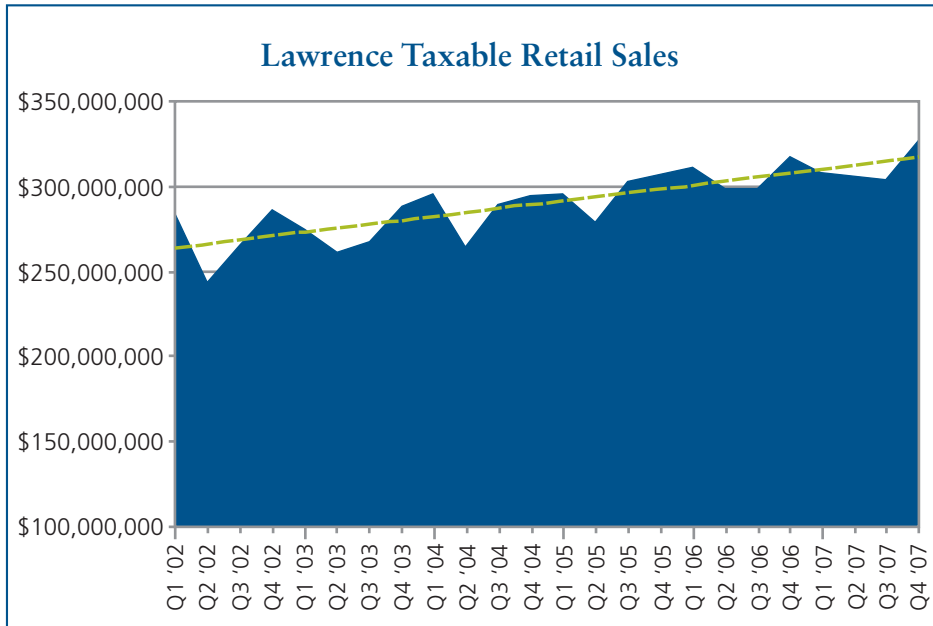
	2006	2007	% Change 2006-2007
1st Quarter	315	286	-9.2%
2nd Quarter	641	556	-13.3%
3rd Quarter	410	363	-11.5%
4th Quarter	265	180p	-32.1%
Total	1,631	1,385p	-15.1%

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



*Beginning in 2005, new home sales data from the revised database of Douglas County Appraiser's Office.

Retail Sales



Retail sales vary by quarter reflecting seasonal fluctuations in consumer spending, such as the holidays in the fourth quarter. Retail sales for the fourth quarter of 2007 compared to the third quarter are up 7.5 percent for the city and 11.8 percent for the county. Compared to 2006, taxable retail sales for Lawrence and Douglas County are higher in the fourth quarter of 2007 by 3.1 percent for the city and lower by 6.4 percent for the county.

Retail sales totals for 2007 are up 1.6 percent for the city of Lawrence and 1.2 percent for Douglas County compared to totals for 2006. Year end retail sales data are not available for the state of Kansas. However, retail sales data through the end of October indicate that local retail sales growth may not be as strong as the state of Kansas.

Taxable Retail Sales

	Q4 2006	Q4 2007	% Change 2006-2007
City of Lawrence	\$317,164,329	\$326,995,219	3.1%
Douglas County	\$345,961,317	\$368,214,498	6.4%

Source: Kansas Department of Revenue.

Year End Taxable Retail Sales

	2006	2007	% Change 2006-2007
City of Lawrence	\$1,226,043,885	\$1,245,379,120	1.6%
Douglas County	\$1,349,688,716	\$1,365,808,319	1.2%
Kansas	\$34,937,636,738	n/a	n/a

n/a - not available

Source: Kansas Department of Revenue.

Cost of Living

Lawrence Consumer Price Index - 2007

	CPI (Base Year = 2000)	% Change (From same period, previous year)
First Quarter	124.8	-2.2%
Second Quarter	132.1	3.3%
Third Quarter	129.2	2.6%
Annual Average	128.7	2.2%

Source: Institute for Policy & Social Research.

2007 Annual Average Comparative Cost of Living Index

U.S. Average	100.0
Lawrence, KS	92.3
Manhattan, KS	97.6
Topeka, KS	89.5
Ames, IA	96.8
Champaign, IL	98.2
Columbia, MO	91.2
Fort Collins, CO	93.9

Source: ACCRA

The annual average Lawrence consumer price index for 2007 stood at 128.7, meaning that the cost of living in Lawrence is 28.7 percent higher than it was in the base year (2000). This can also be thought of as the Lawrence inflation rate. Price inflation for 2007 is up 2.2 percent from 2006.

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 2007 annual average cost of living index stood at 92.3, which is slightly lower than the third quarter's index of 92.6. Lawrence's annual average 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 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

