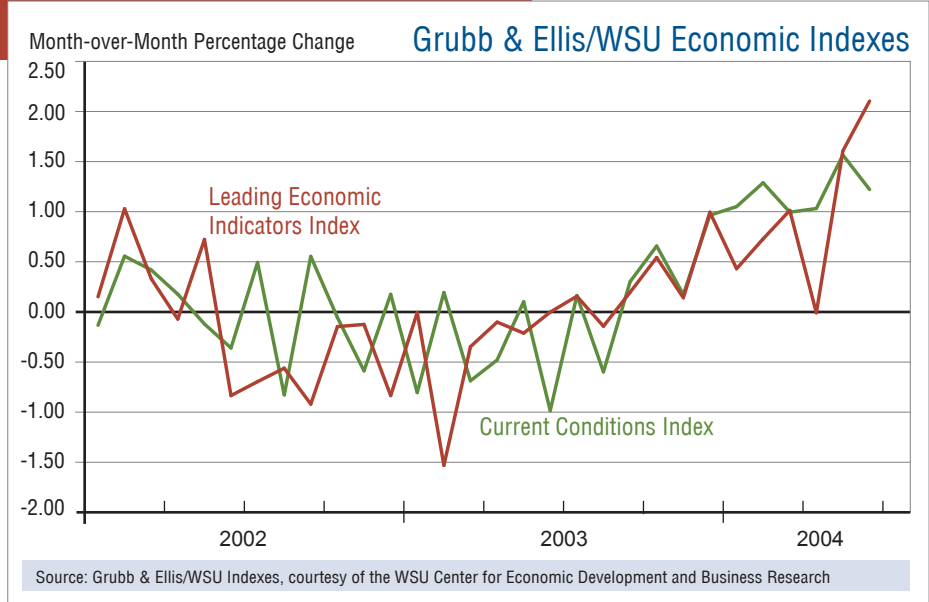


Economic Overview

THE WICHITA ECONOMY FINALLY APPEARS TO BE ON THE rebound, with recent indicators reflecting a strengthening economy that should continue to rise as the national economic recovery gains momentum.

In the second quarter, the Grubb & Ellis/WSU Current Conditions Index reached its highest level since the first quarter of 2000, indicating that the economy is stronger than it has been in four years. Moreover, the Grubb & Ellis/WSU Leading Economic Indicators Index has shown accelerating growth over the last year. Construction continues to be strong in the Wichita area, and the number of initial unemployment claims dropped by 37% between the first and second quarters. As a predictor of the future economy, the Leading Economic Indicators Index is painting a positive picture heading into 2005.



Wichita Consumer Expectations for Prices and Interest Rates^a

	2003Q1	2003Q2	2003Q3	2003Q4	2004Q1	2004Q2
Percent of Consumers Expecting Rising Interest Rates	38.7	41.3	49.8	49.9	49.2	64.4
Percent of Consumers Expecting Rising Prices	57.5	50.1	51.7	53.7	60.0	71.0

Source: Grubb & Ellis/WSU Index of Consumer Expectations, courtesy of the WSU Center for Economic Development and Business Research
 Note: a) Quarterly averages of monthly figures

“Consumers are concerned about rising prices and interest rates.”

Consumer confidence in the Wichita economy is improving, but still weak. A year ago consumers were primarily worried about rising unemployment and deteriorating local economic conditions, but they were upbeat about buying conditions according to the Grubb & Ellis/WSU Consumer Expectations Index. Today a majority of consumers are concerned about rising prices and interest rates. As a result, they are less upbeat about buying conditions.

Janet Harrah, Director, Center for Economic Development and Business Research

