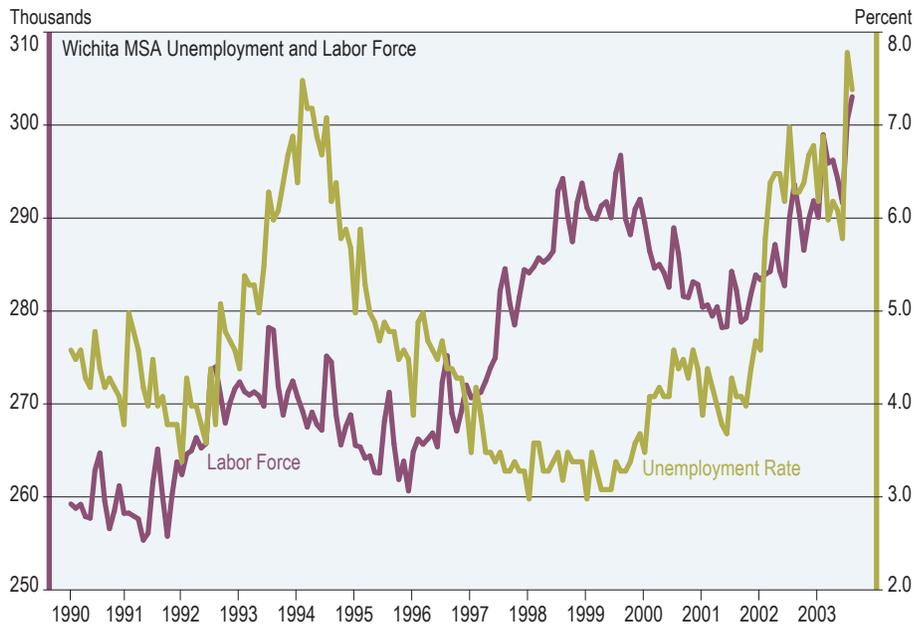


# Economic Overview

The Wichita economy has unquestionably borne the brunt of the nation's most recent economic recession. This June, Wichita's unemployment rate rose to 7.7%, the highest level in over 20 years and nearly twice the level of just two years ago.

It should be little surprise that the manufacturing sector—transportation equipment manufacturing in particular—has been the driving force behind Wichita's recent downturn. The combined effects of a national recession and security concerns following the terrorist attacks of September 11<sup>th</sup> have wreaked havoc on the airline industry, with direct ramifications for Wichita's economy.



Source: Kansas Department of Human Resources: Labor Market Information Services, courtesy of the WSU Center for Economic Development and Business Research

“As with the rest of the nation, the Wichita housing sector has been an economic bright spot.”

It is interesting to note that more people have entered the job market over the last two years, even as the unemployment rate has risen to historically-high levels. One possible explanation is that the recent layoffs may have forced spouses from formerly single-income families to enter the labor force, effectively replacing one high-wage job with two lower-wage jobs. If this is true, it may suggest that the current economic hardship is even greater than statistics reveal.

At the same time, there is reason for optimism. As with the rest of the nation, the Wichita housing sector has been an economic bright spot. New home construction has

continued at a remarkable pace, driven in large part by extremely favorable interest rates. And even though mortgage rates are approximately  $\frac{3}{4}$  of a percent higher than they were last June, they are still at historically-low levels with little to indicate a substantial rise in the near future.

Although manufacturing employment is down more than 17% from its pre-September 11<sup>th</sup> level, employment in other sectors of Wichita's economy has remained stable or even risen. These strong fundamentals suggest that once aviation manufacturing begins to rebound, there is every reason to believe Wichita's economy will soar once again.

## Wichita MSA Employment<sup>a</sup>

	1999	2000	2002Q1	2002Q2	2002Q3	2002Q4	2003Q1	2003Q2
Total Employment	285,917	289,417	284,300	284,167	280,133	282,100	277,933	278,133
Manufacturing	71,958	71,892	67,400	65,100	64,167	62,633	61,467	60,033
Trade, Transportation & Utilities	49,408	49,317	47,833	48,133	47,933	48,800	47,700	48,133
Educational & Health Services	34,825	35,525	36,500	37,400	36,800	37,400	37,133	37,000
Government	34,325	35,192	36,933	37,200	34,867	38,400	38,167	37,700

a) Annual and quarterly averages of monthly figures

Source: Kansas Department of Human Resources: Labor Market Information Services, courtesy of the WSU Center for Economic Development and Business Research