

Strategic Analysis of Wichita Area Economic Trends: Implications for Our Future

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Role of Economic Analysis

- Identify *opportunities* for and *threats* to an area as a location for economic activity
- Identify *strengths* and *weaknesses* of an area as a location for economic activity
- Identify *economic base* of an area
- Provide a factual basis for economic development *goals* and *strategies*
- Facilitate *rational* and *informed* decision making about economic issues facing the area

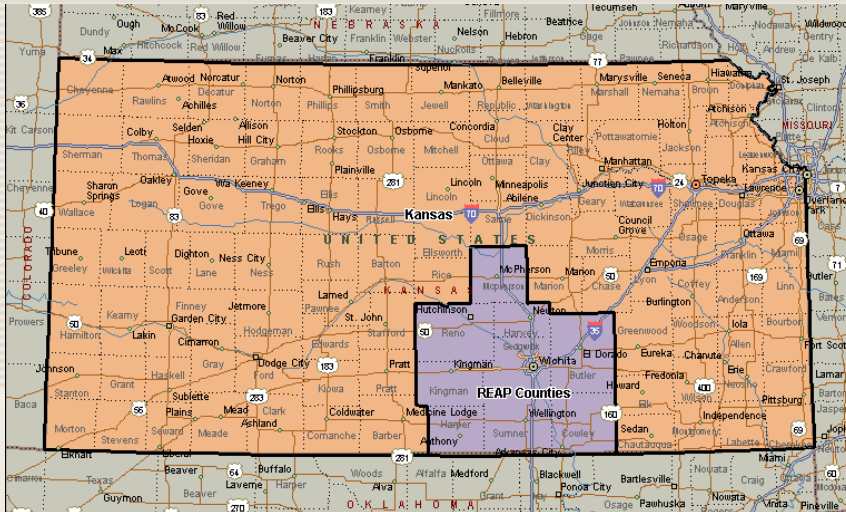
Key Issues

- Current conditions
 - Historical trends
 - Comparative performance
 - Underlying structure
 - Factors underlying comparative advantage
 - Key industries
 - Industry trends
 - Impact of broader economy
- 

Strategic Analysis

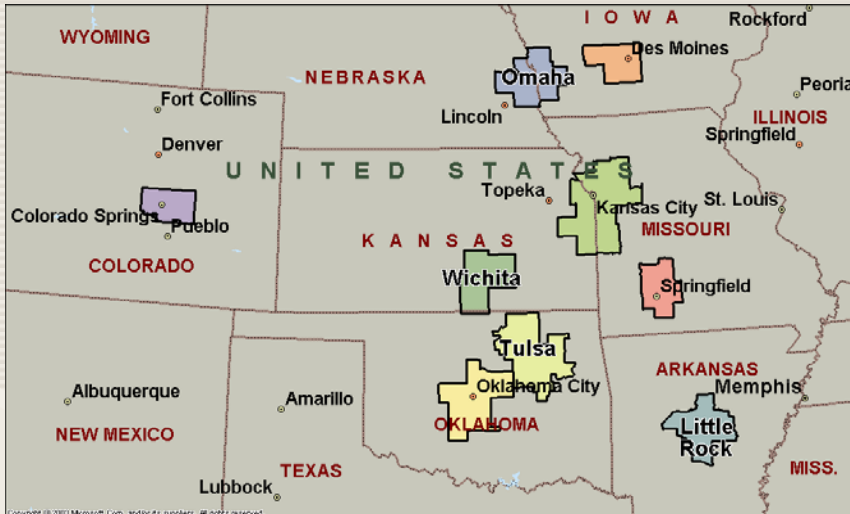
- Audit economic environment
 - External environment
 - Opportunities
 - Threats
 - Internal environment
 - Strengths
 - Weaknesses
- Audit local resources
- Define the *goals*
- Identify the *problems* that frustrate fulfillment of these goals
- Identify *alternative solutions* to the problems that will achieve the goals
- Compare the *relative merits* of each alternative as a solution to the problem

REAP Counties



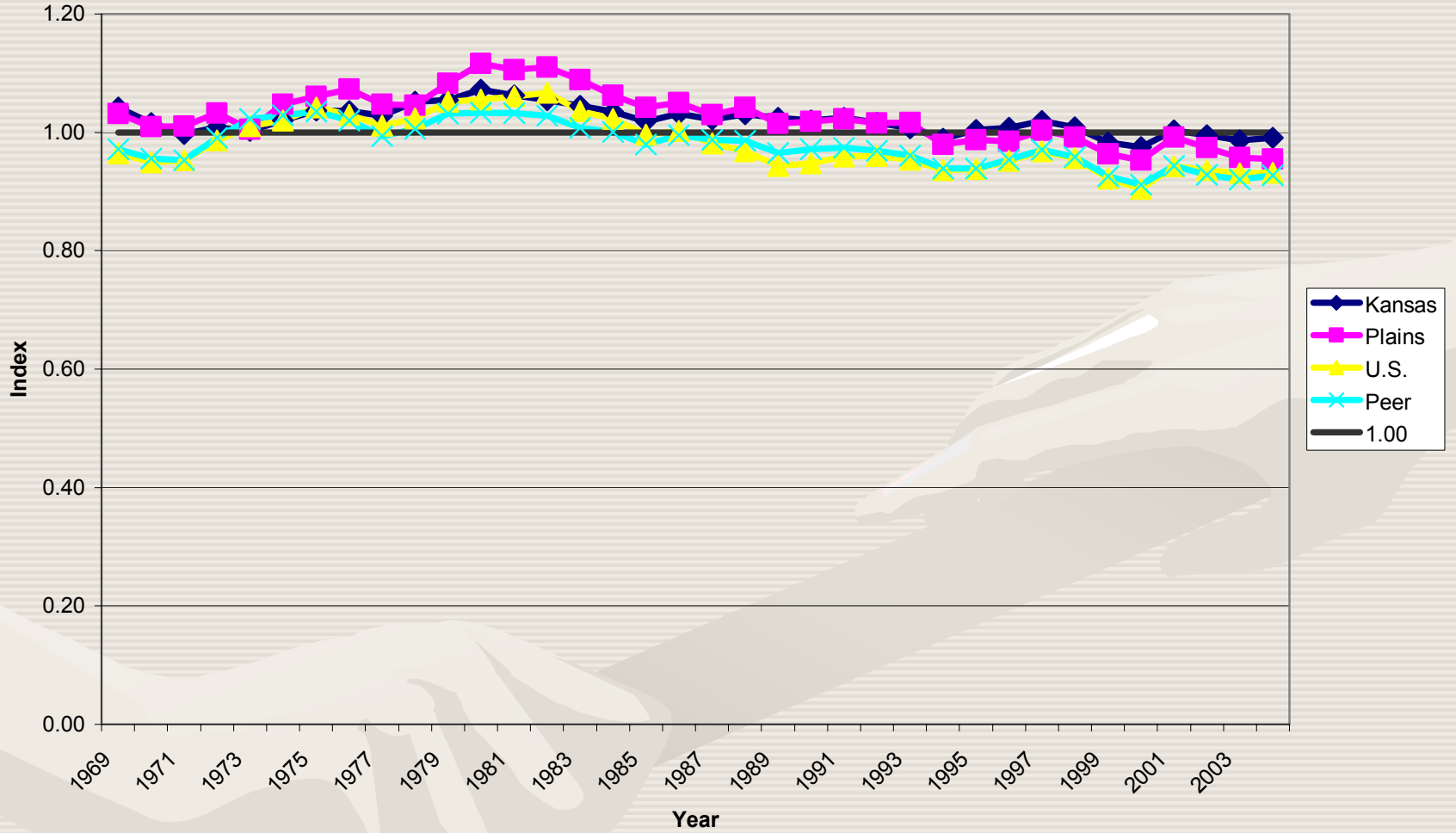
County	Population (Census, 2005)	Median Income (HUD, 2006)
Butler	62,354	\$61,200
Cowley	35,298	\$52,300
Harper	6,081	\$49,800
Harvey	33,843	\$61,200
Kingman	8,165	\$53,200
McPherson	29,523	\$57,600
Reno	63,558	\$50,500
Sedgwick	466,061	\$61,200
Sumner	24,797	\$61,200

Peer Comparison Areas

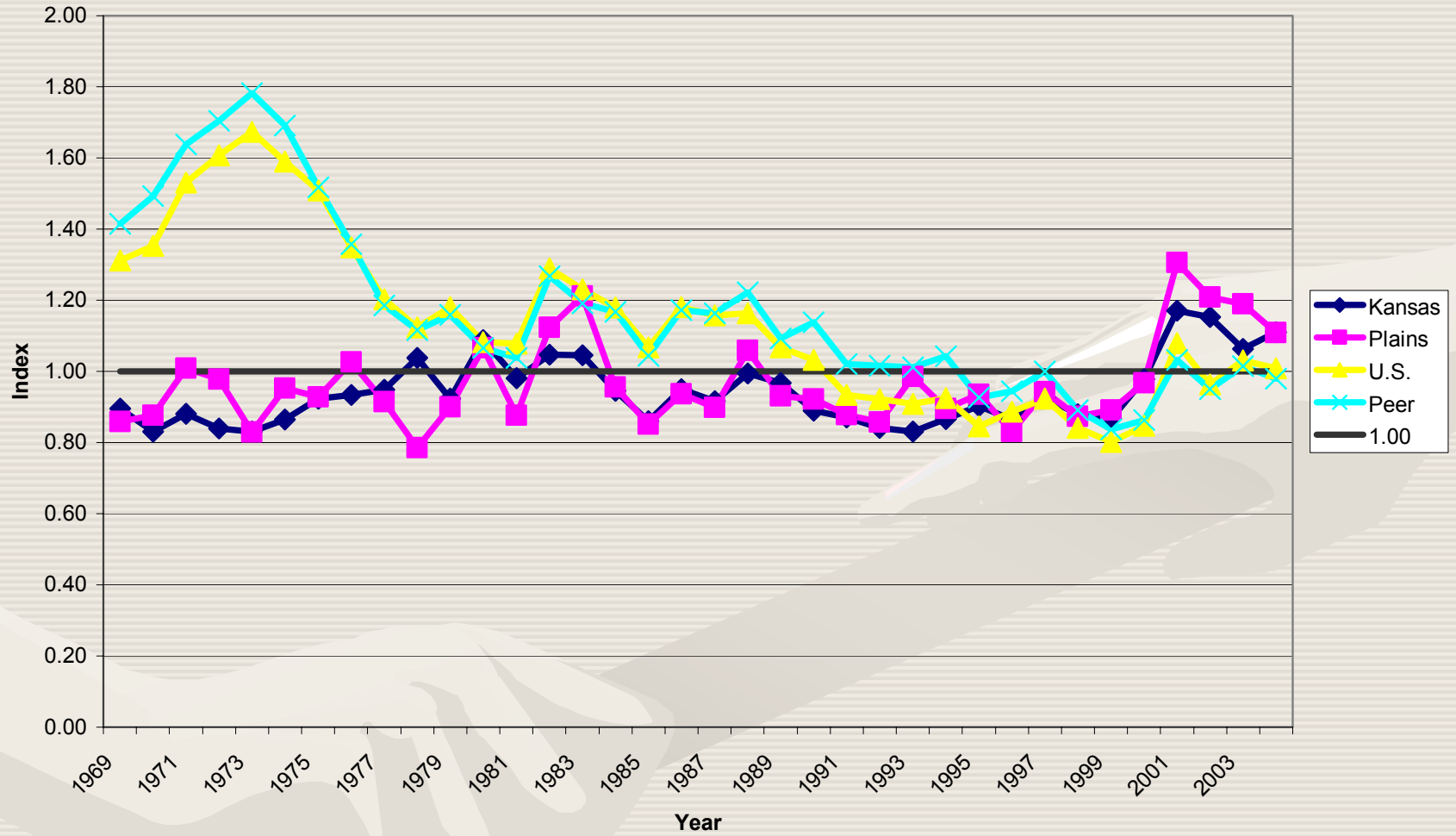


<u>MSA (OMB, 2005)</u>	<u>Region (BEA, 2006)</u>	<u>Population (Census, 2005)</u>	<u>Median Income (HUD, 2006)</u>
Colorado Springs	Rocky Mountains	565,582	\$63,550
Des Moines	Plains	495,749	\$67,700
Kansas City	Plains	1,885,199	\$67,600
Little Rock	Southeast	615,456	\$54,250
Oklahoma City	Southwest	1,143,404	\$53,900
Omaha	Plains	761,544	\$66,500
Springfield	Plains	352,795	\$51,400
Tulsa	Southwest	831,123	\$54,500
Wichita	Plains	562,258	\$61,200

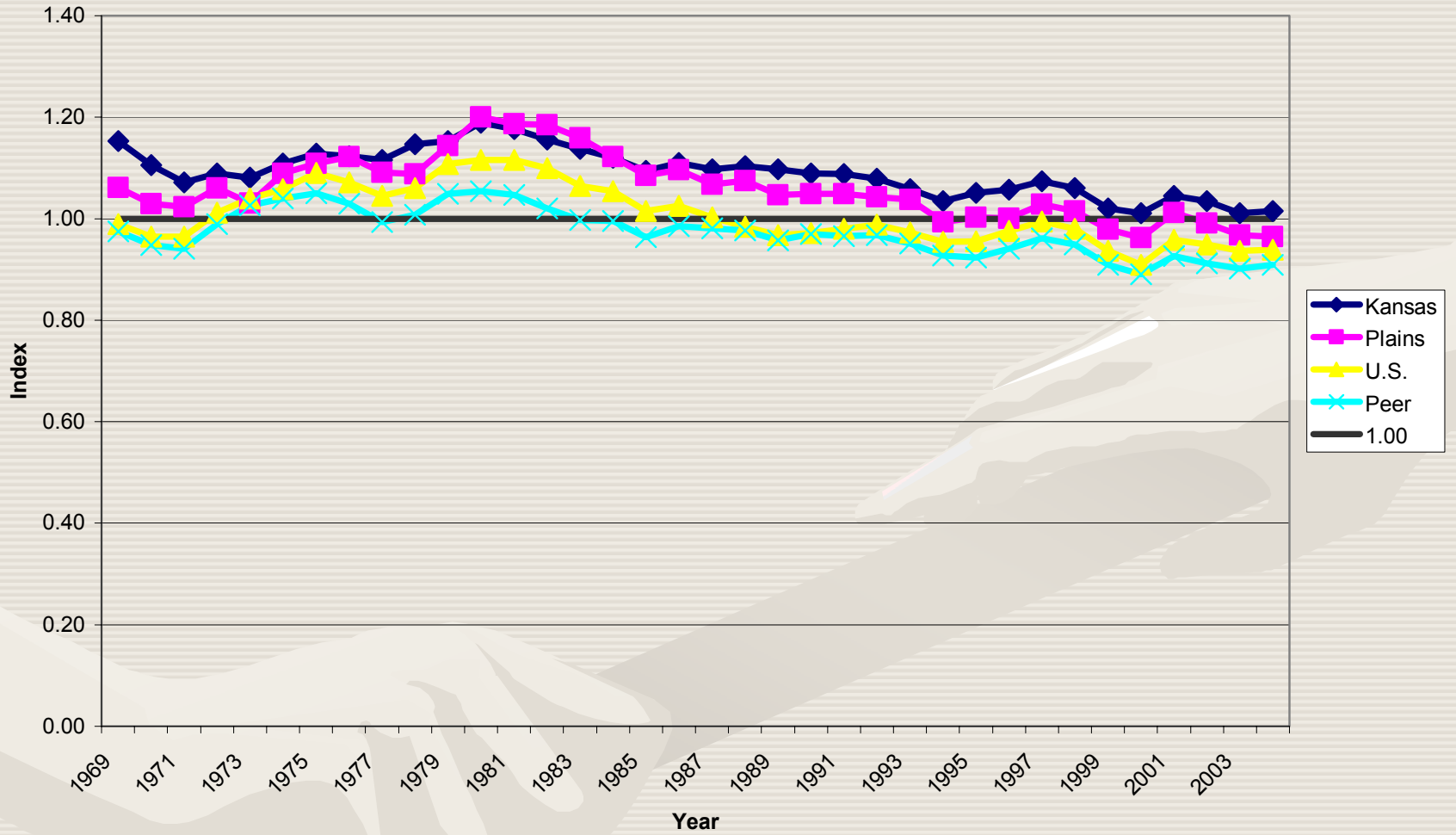
PERSONAL INCOME INDEX 1969-2004



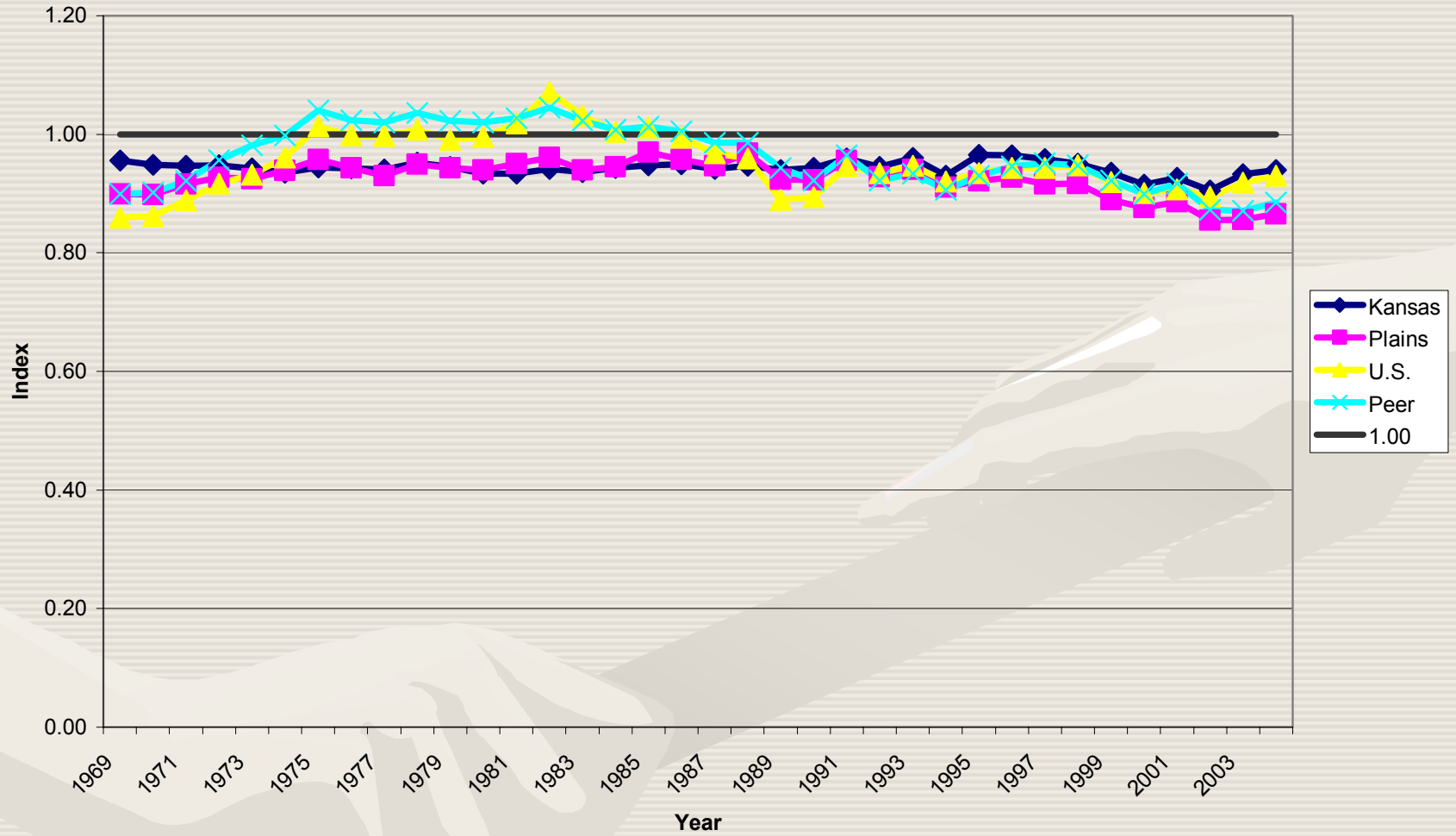
PROPRIETORS' INCOME INDEX 1969-2004



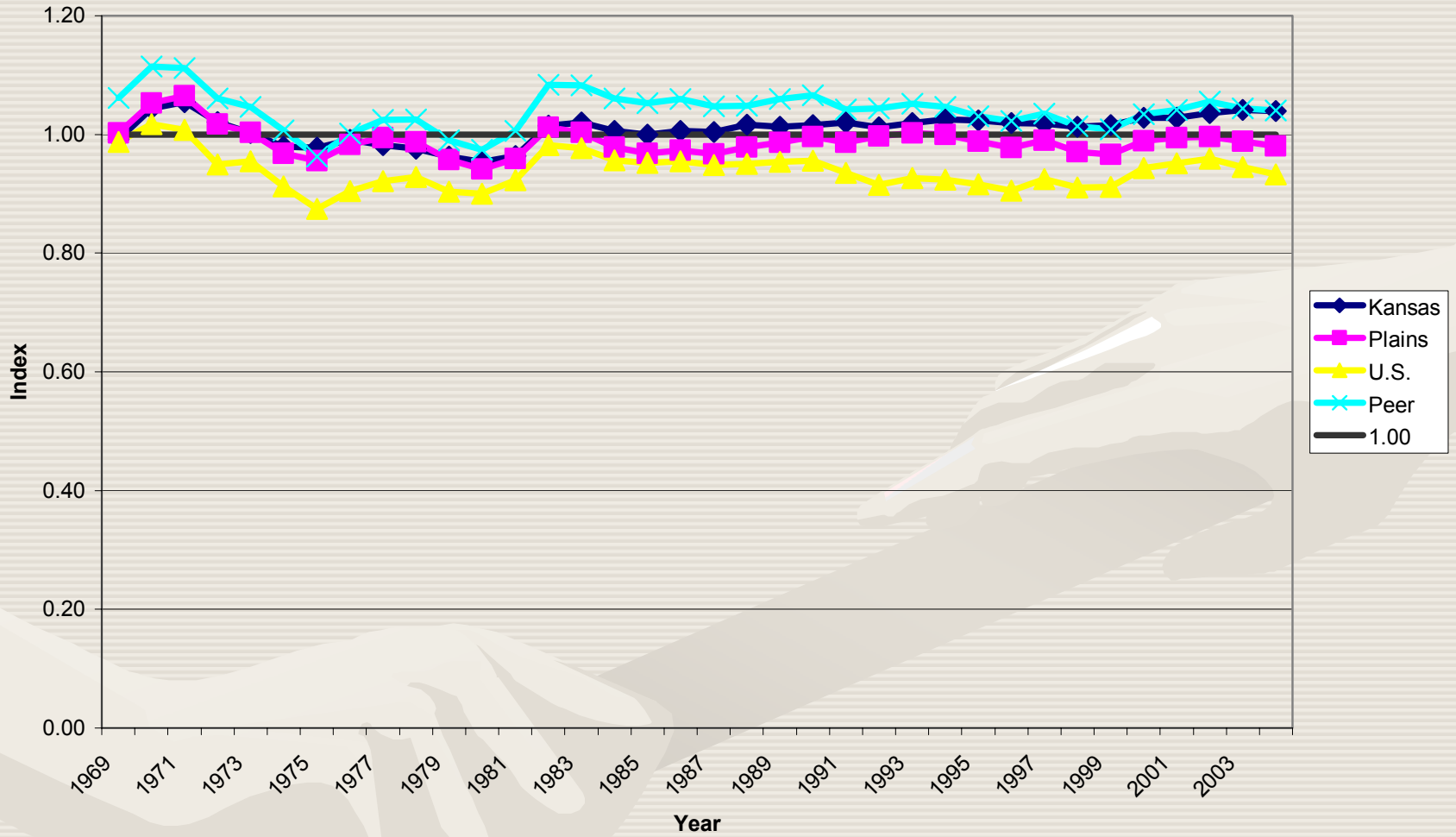
EARNED INCOME INDEX 1969-2004



WEALTH INCOME INDEX 1969-2004



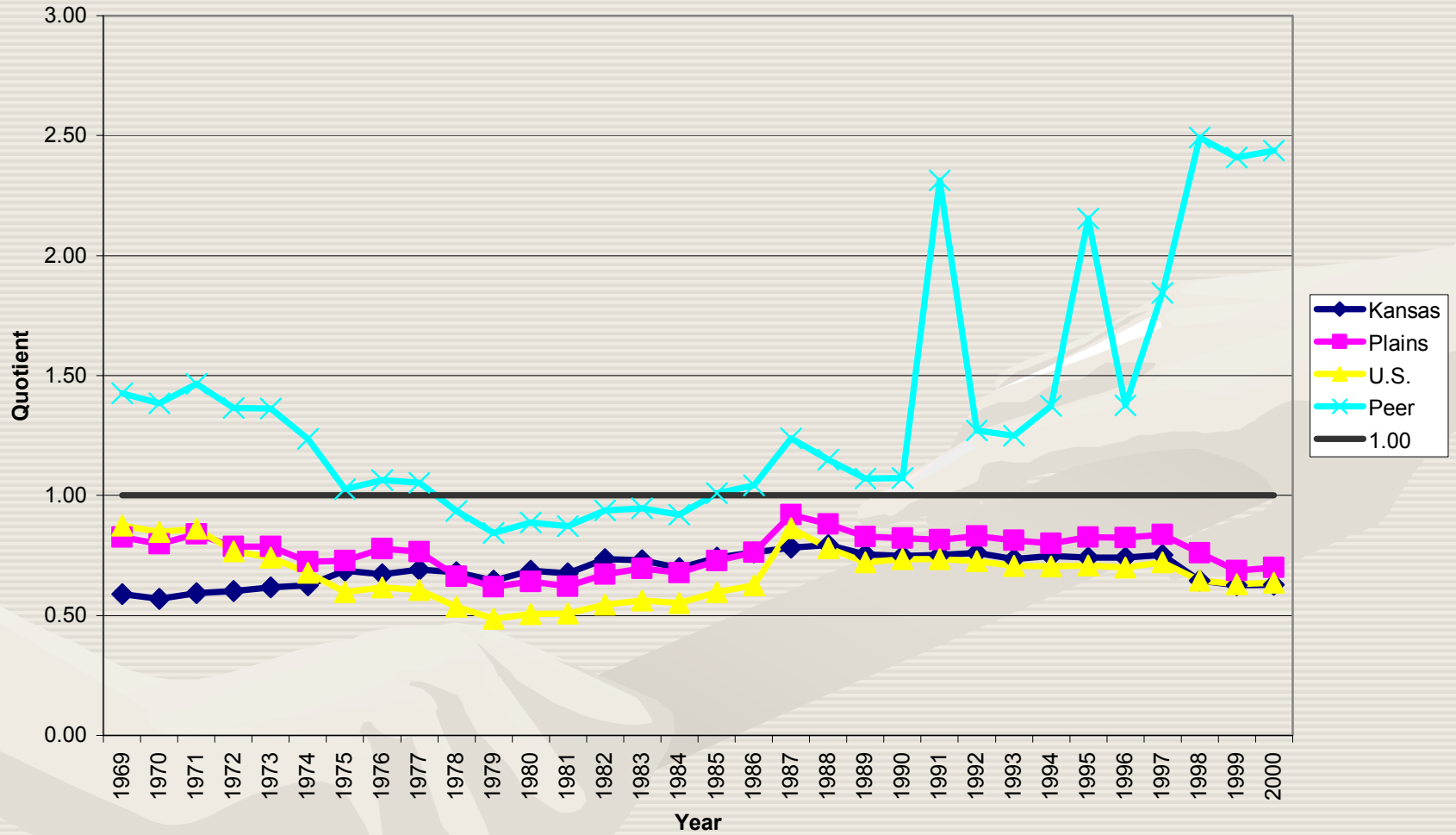
TRANSFER INCOME INDEX 1969-2004



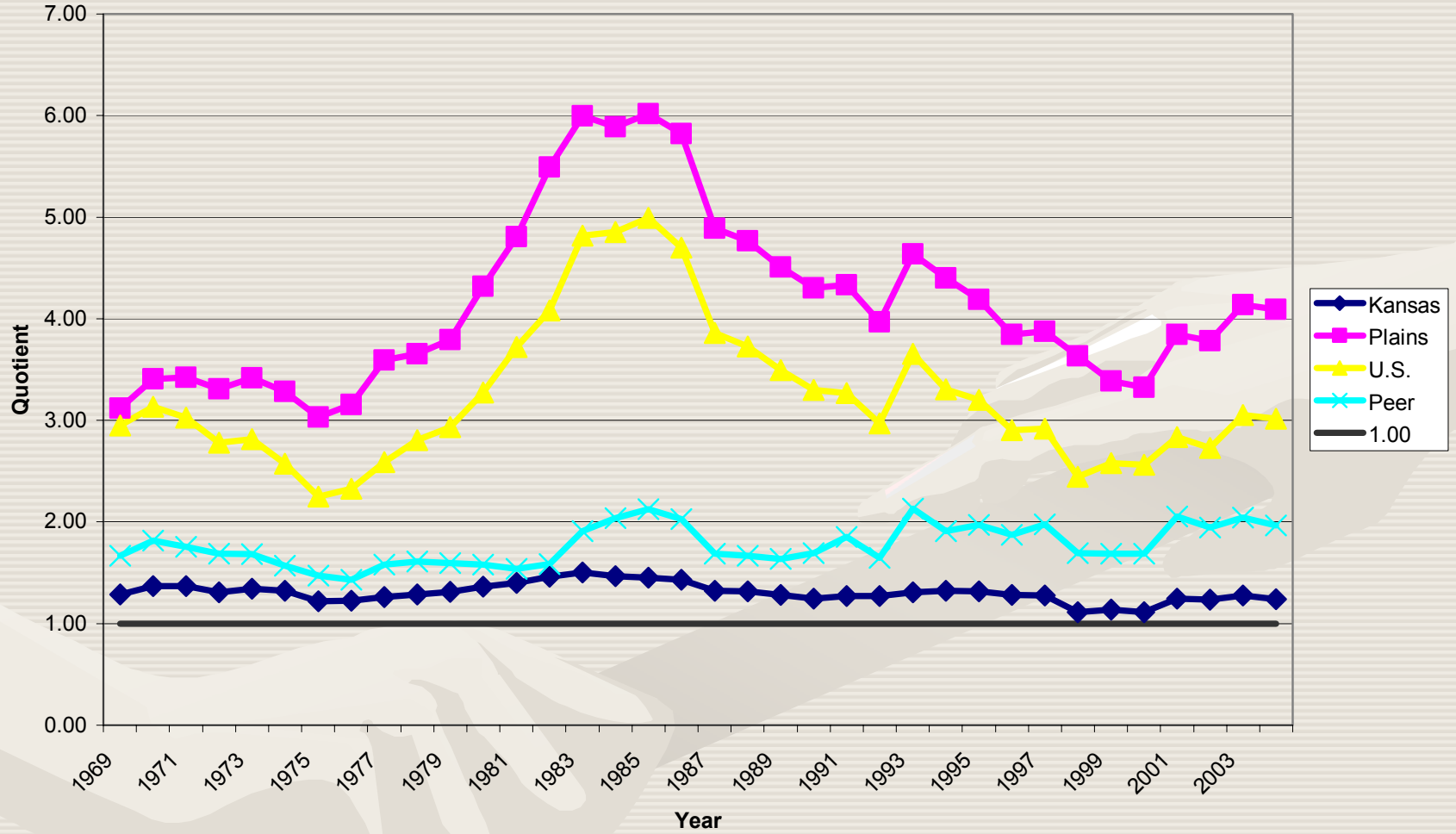
Identifying the Economic Base

- The industries that account for the largest share of employment or earnings are not necessarily the same as those that underpin growth in the local economy
- The industries that are most crucial to local economic growth are those that produce goods and services sold outside the local economy resulting in an inflow of income
- Location quotient analysis
 - A *location quotient* is a ratio that compares the percentage of industry employment in the local economy to the percentage of industry employment in a reference economy
 - Location quotient analysis indicates which industries have a comparatively larger presence in the local economy
- Basic and nonbasic industries
 - *Basic industries*—Industries with a location quotient greater than one are considered basic industries because they have the potential to export products out of the local economy
 - *Nonbasic industries*—Industries with a location quotient less than one are considered nonbasic industries because they only have the ability to supply local demands for their product
- Industry targeting analysis
 - *Specializations*—Potential retention targets
 - *Non-specializations*—Potential import substitution opportunities or emerging industry targets

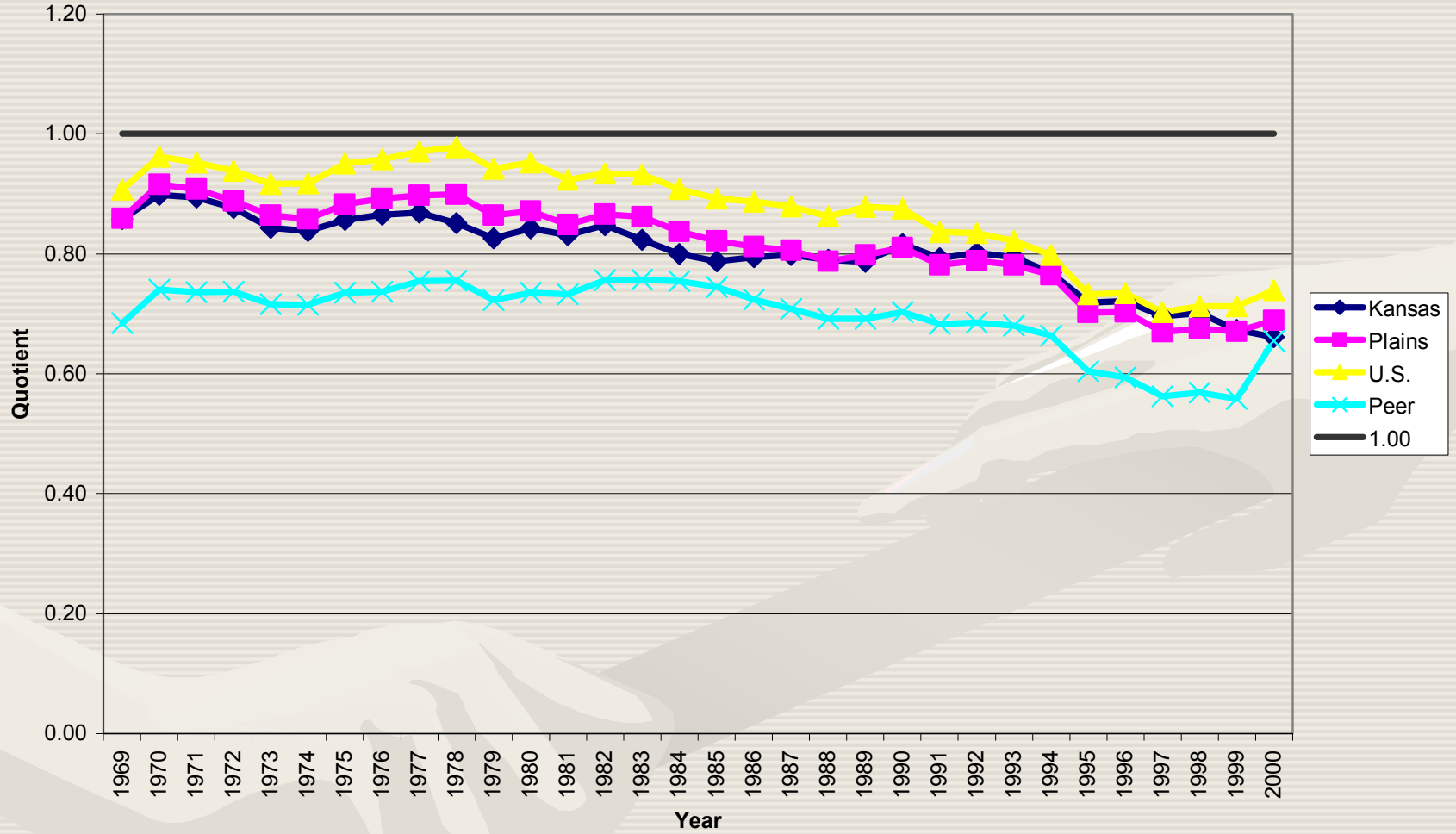
FORESTRY, FISHING, AND RELATED EMPLOYMENT LOCATION QUOTIENT 1969-2000



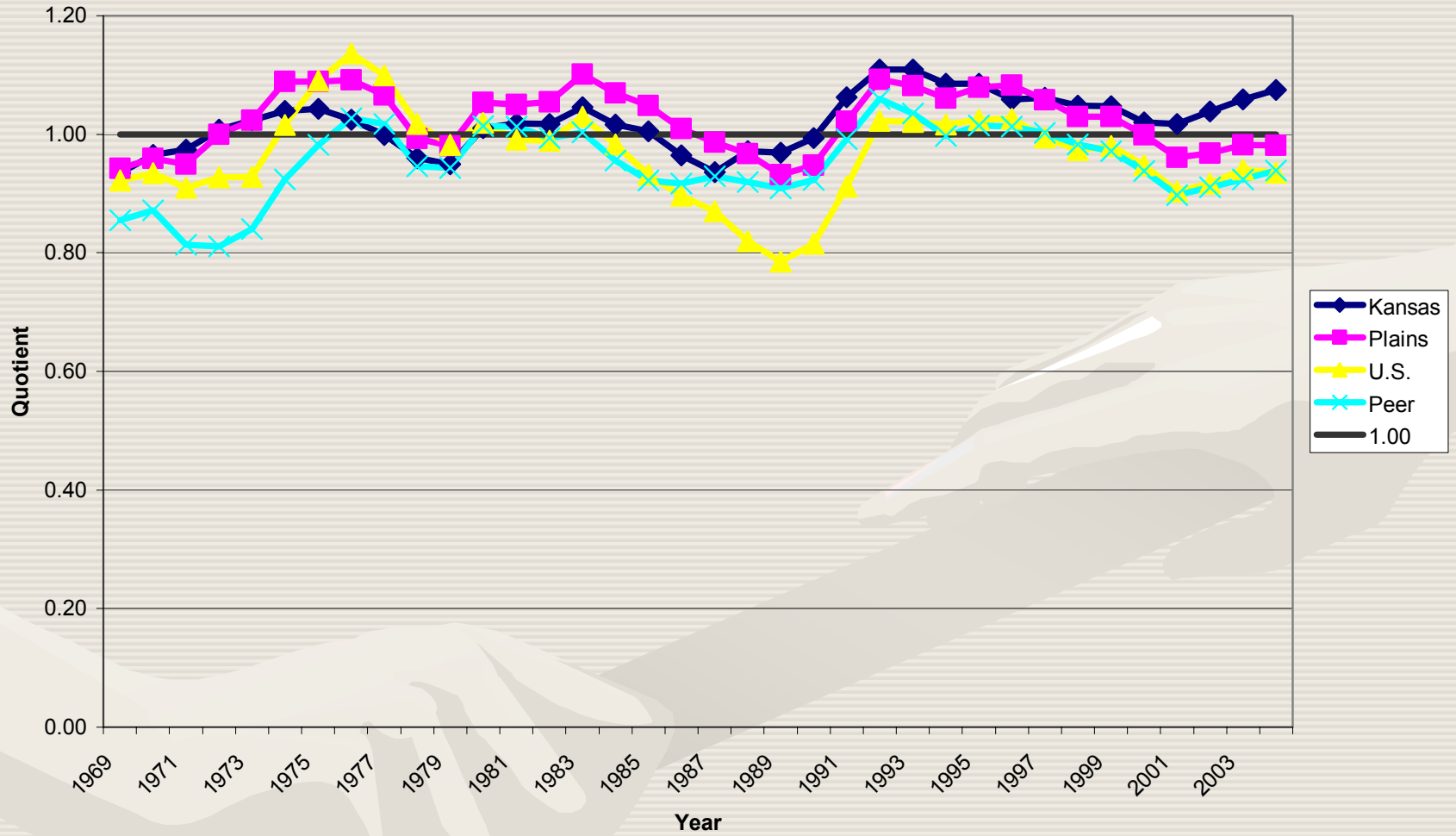
MINING EMPLOYMENT LOCATION QUOTIENT 1969-2004



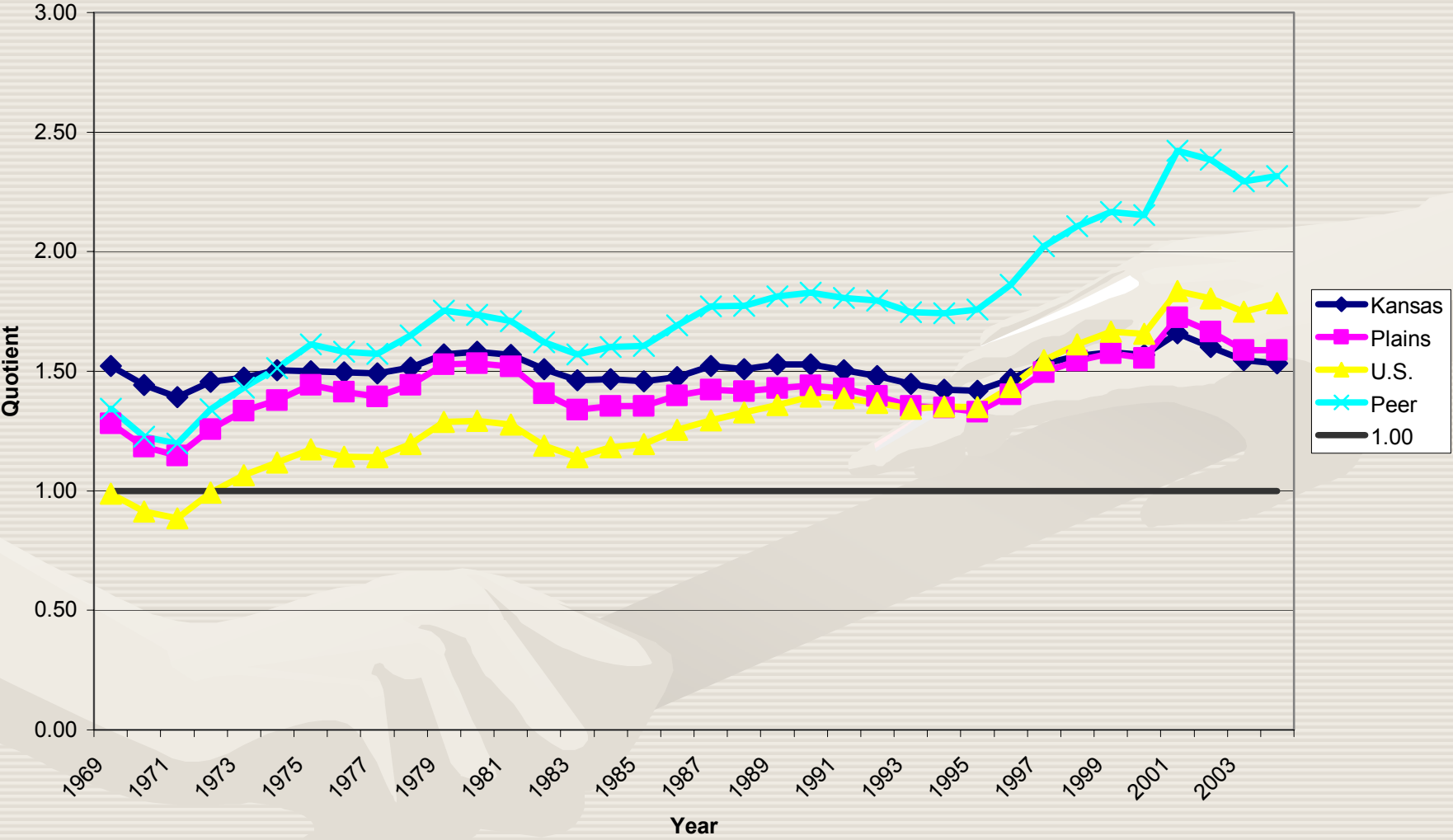
UTILITIES EMPLOYMENT LOCATION QUOTIENT 1969-2000



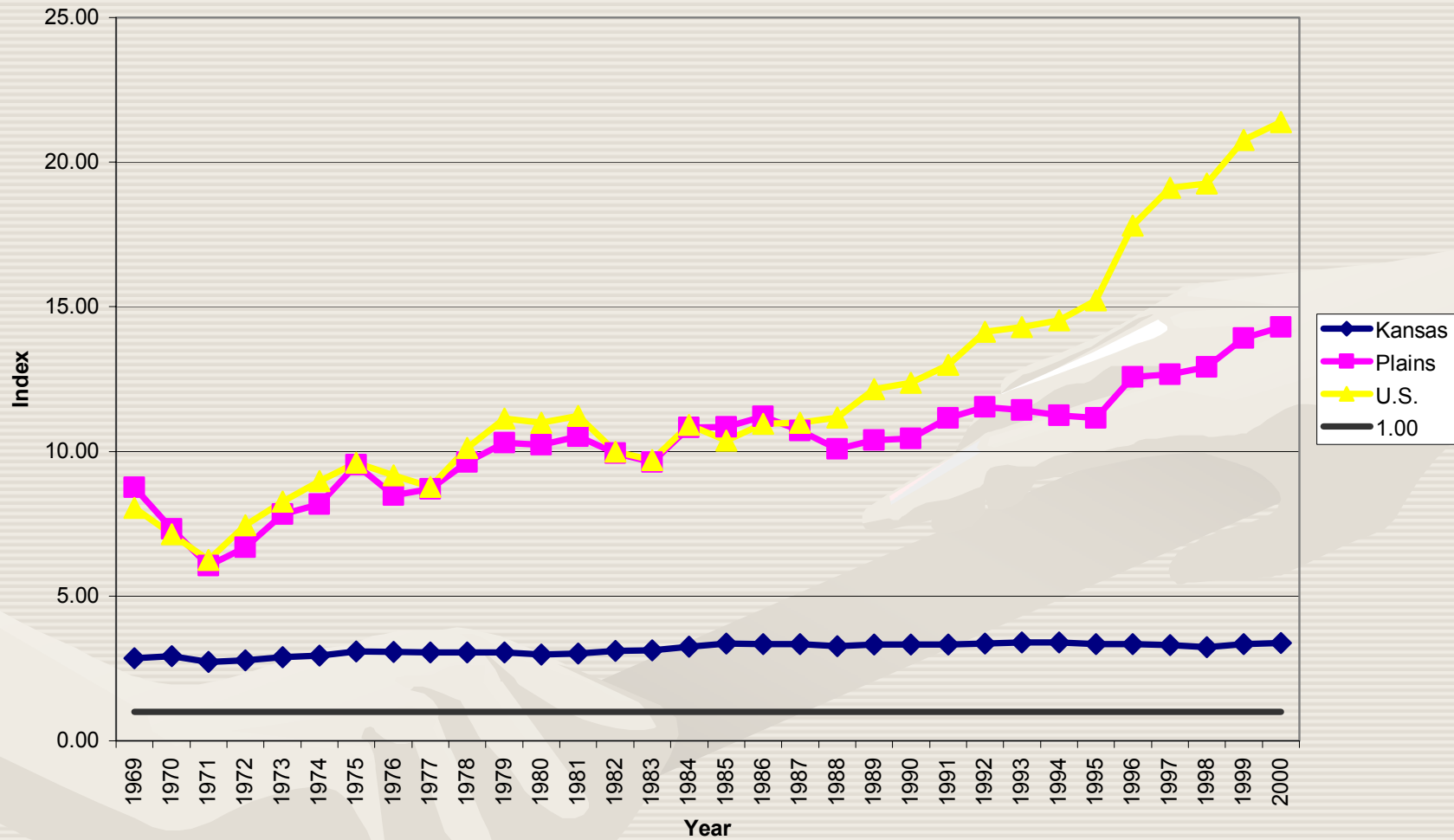
CONSTRUCTION EMPLOYMENT LOCATION QUOTIENT 1969-2004



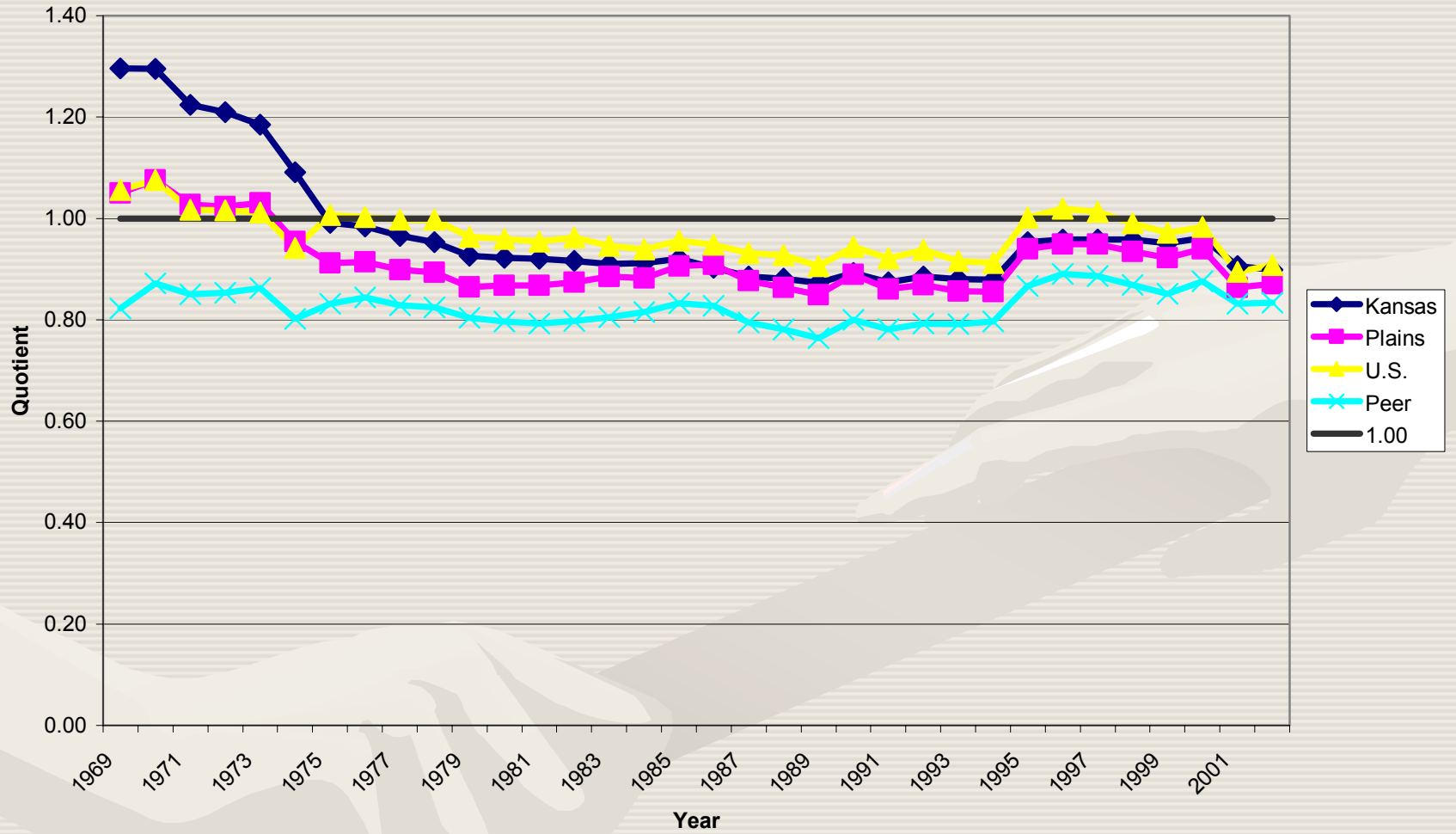
MANUFACTURING EMPLOYMENT LOCATION QUOTIENT 1969-2004



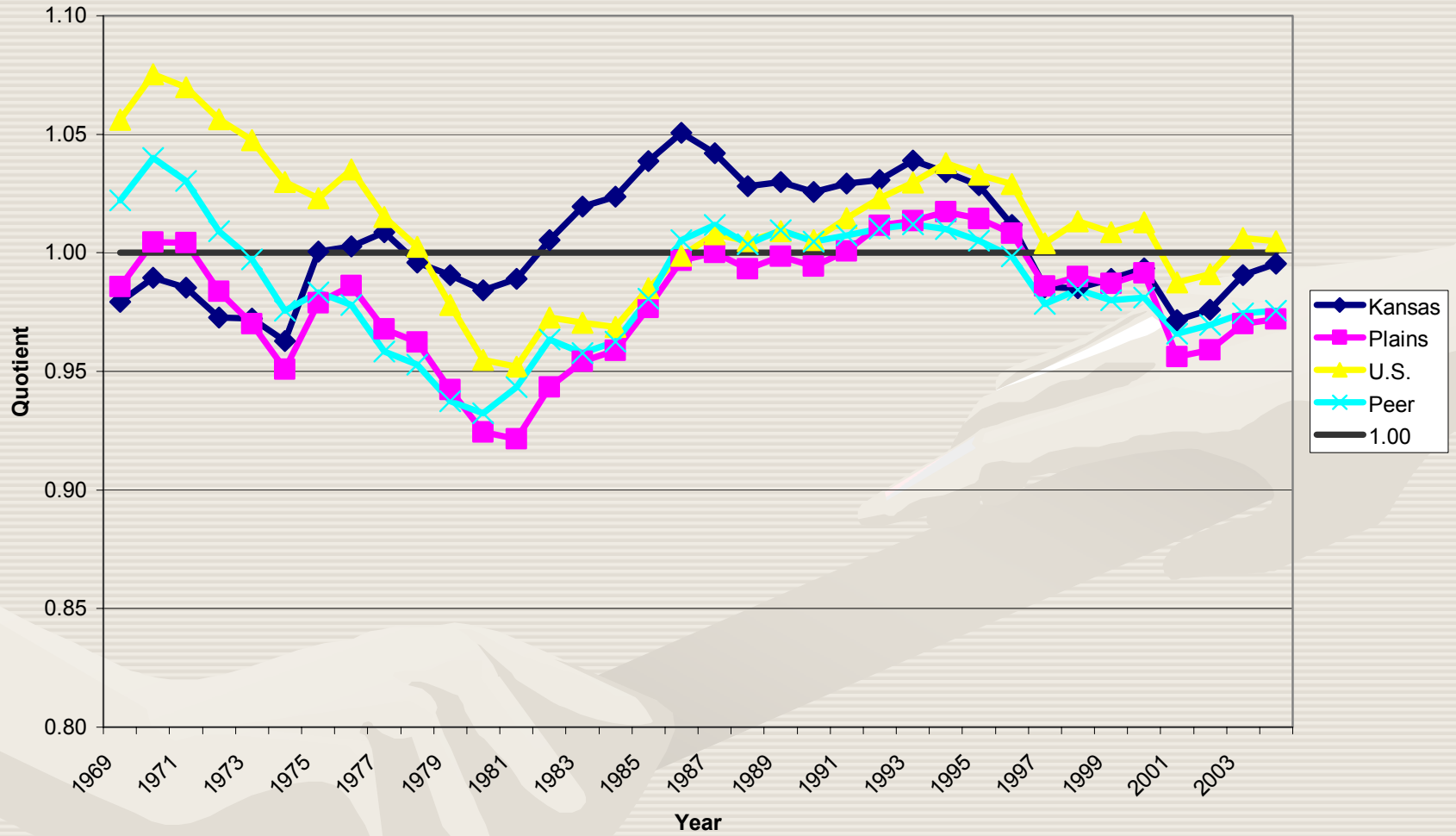
OTHER TRANSPORTATION EQUIPMENT MANUFACTURING EARNINGS QUOTIENT 1969-2000



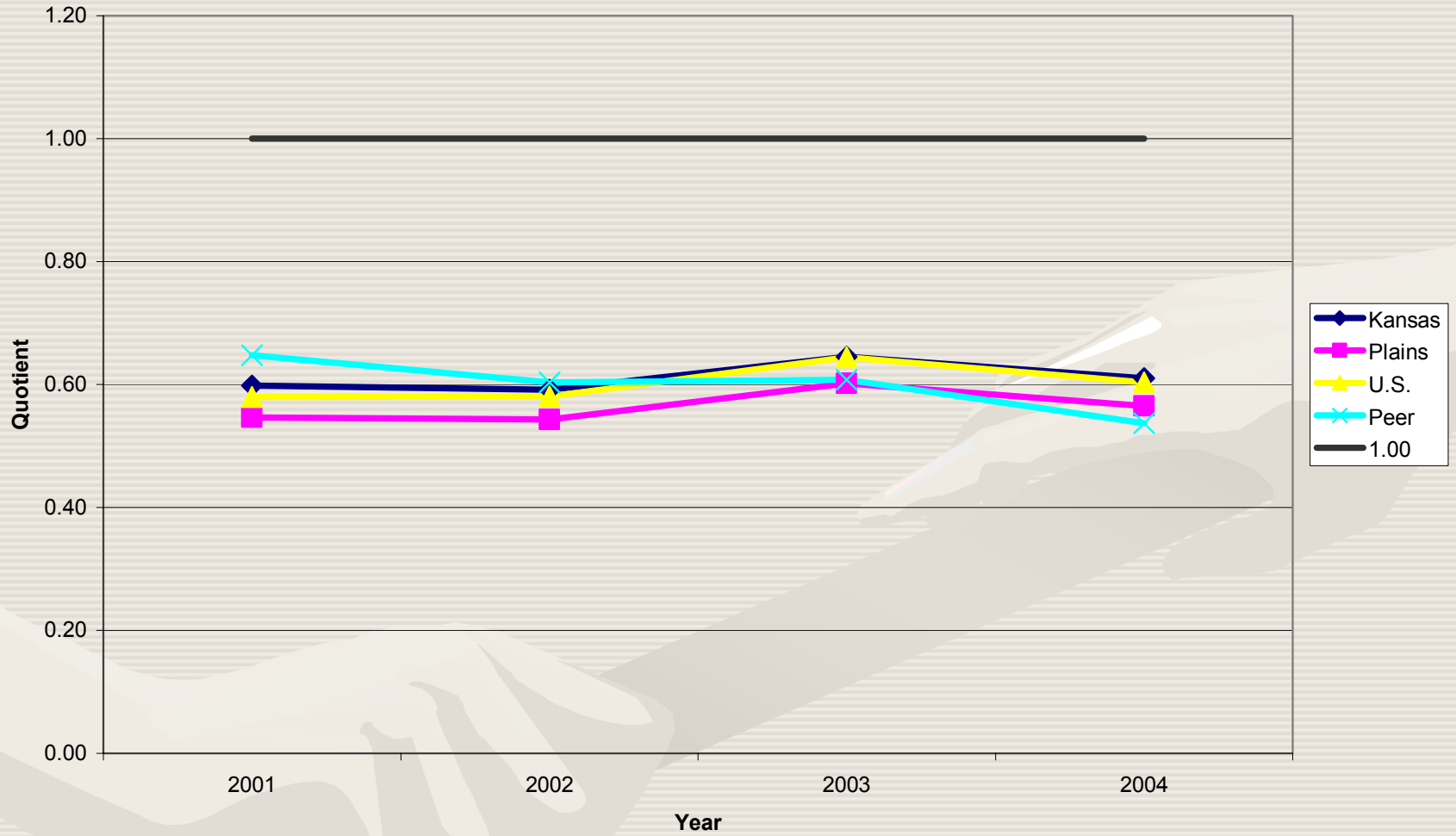
WHOLESALE TRADE EMPLOYMENT LOCATION QUOTIENT 1969-2002



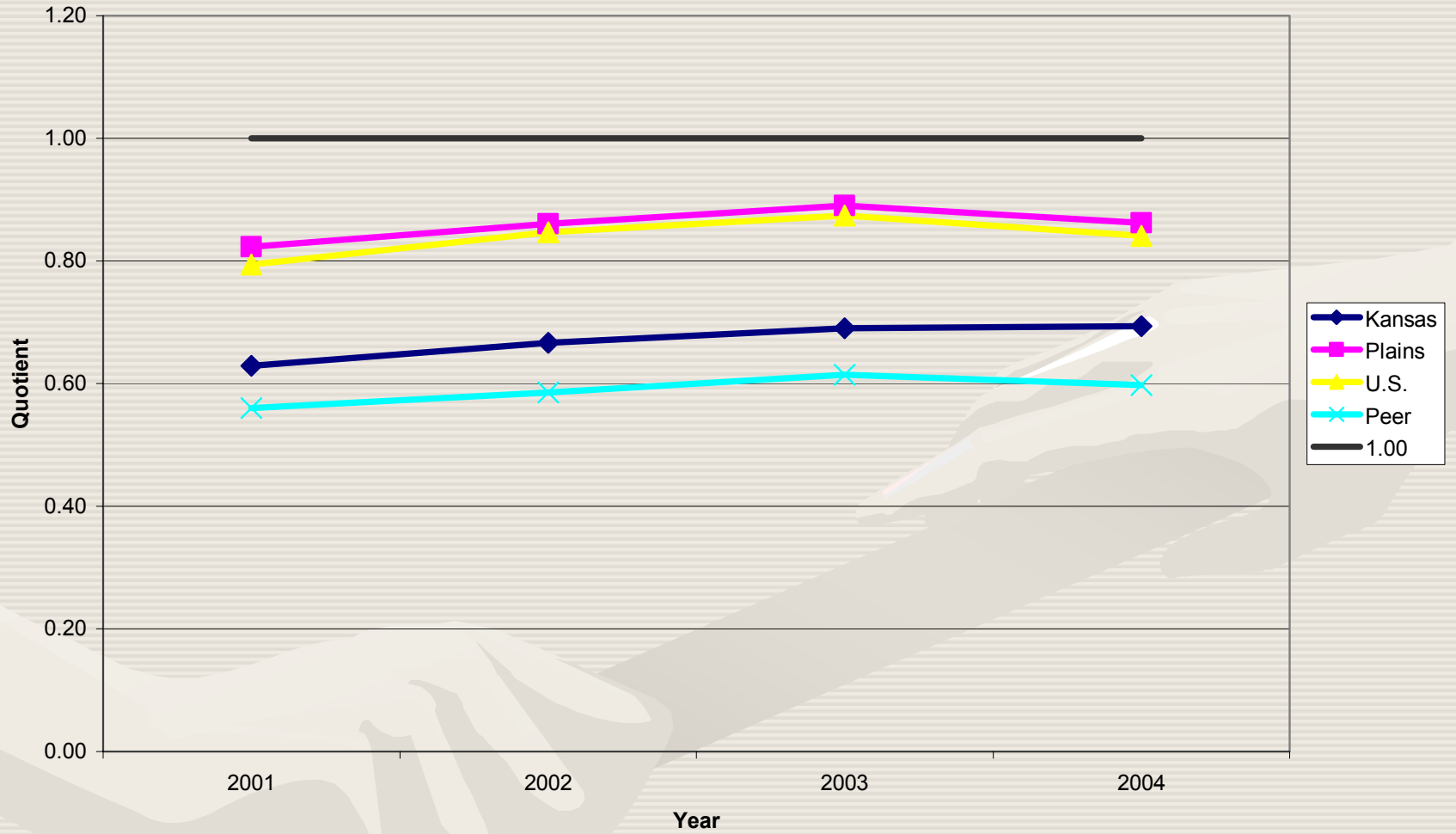
RETAIL TRADE EMPLOYMENT LOCATION QUOTIENT 1969-2004



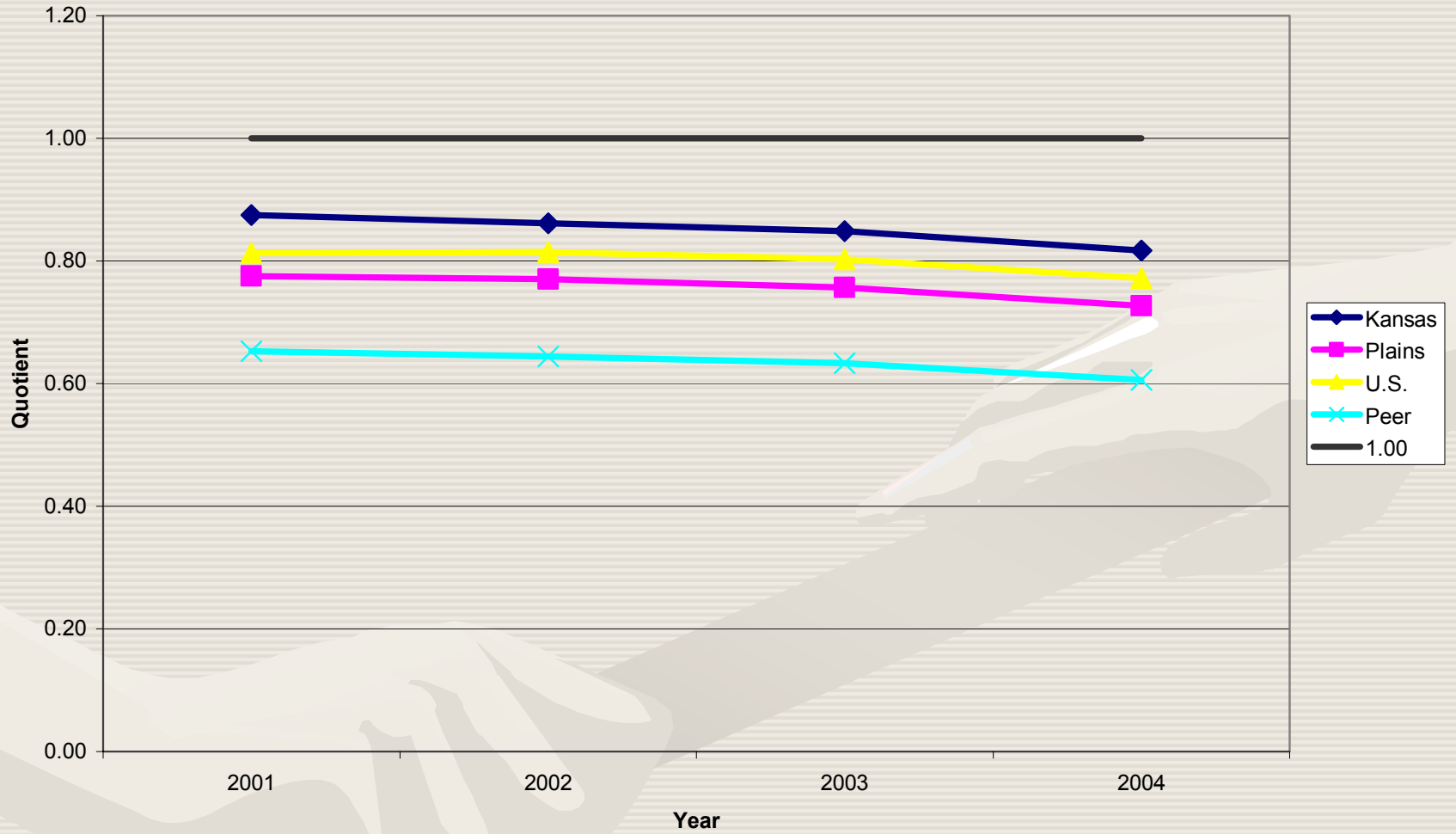
TRANSPORTATION AND WAREHOUSING EMPLOYMENT LOCATION QUOTIENT 2001-2004



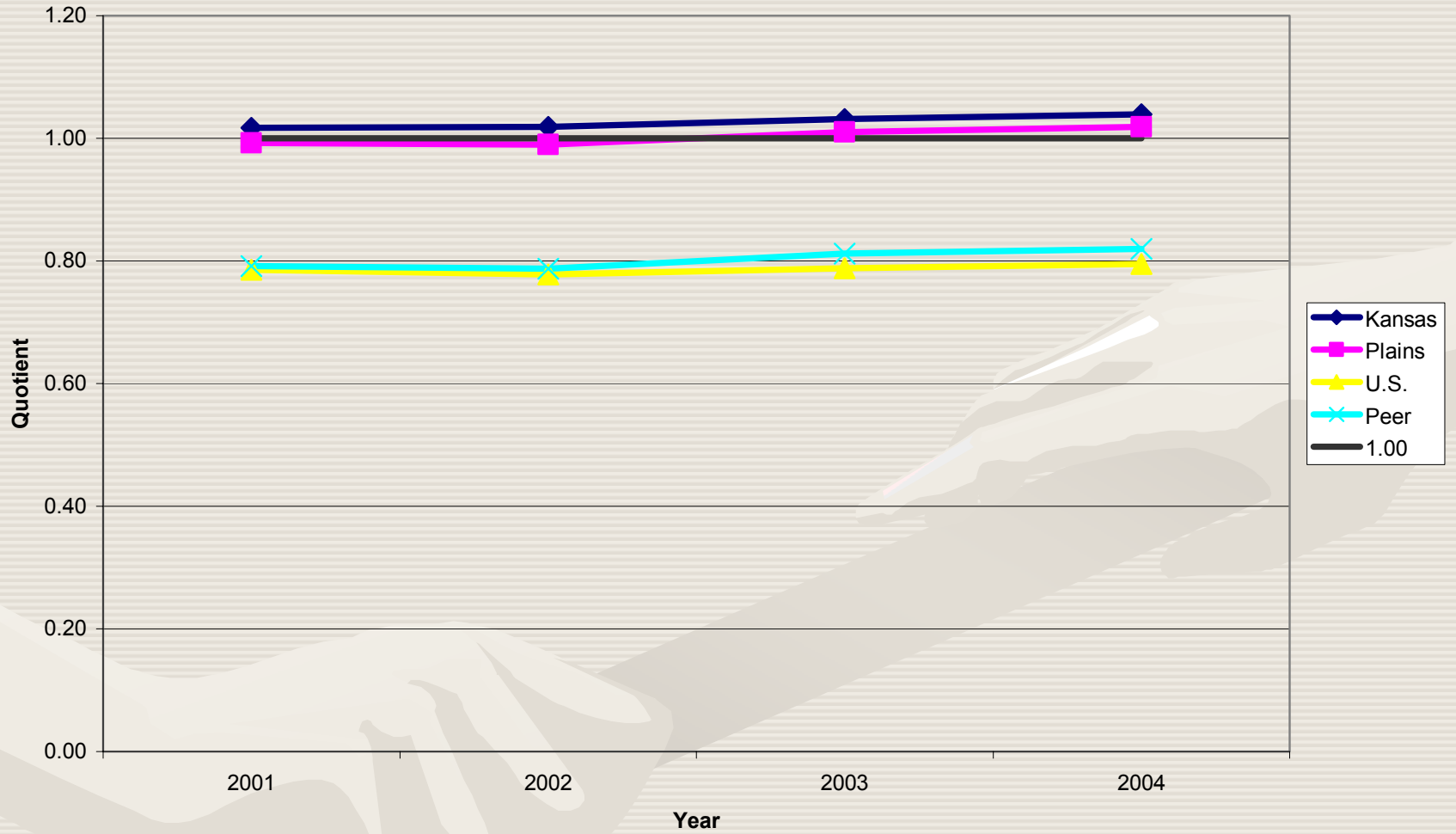
INFORMATION EMPLOYMENT LOCATION QUOTIENT 2001-2004



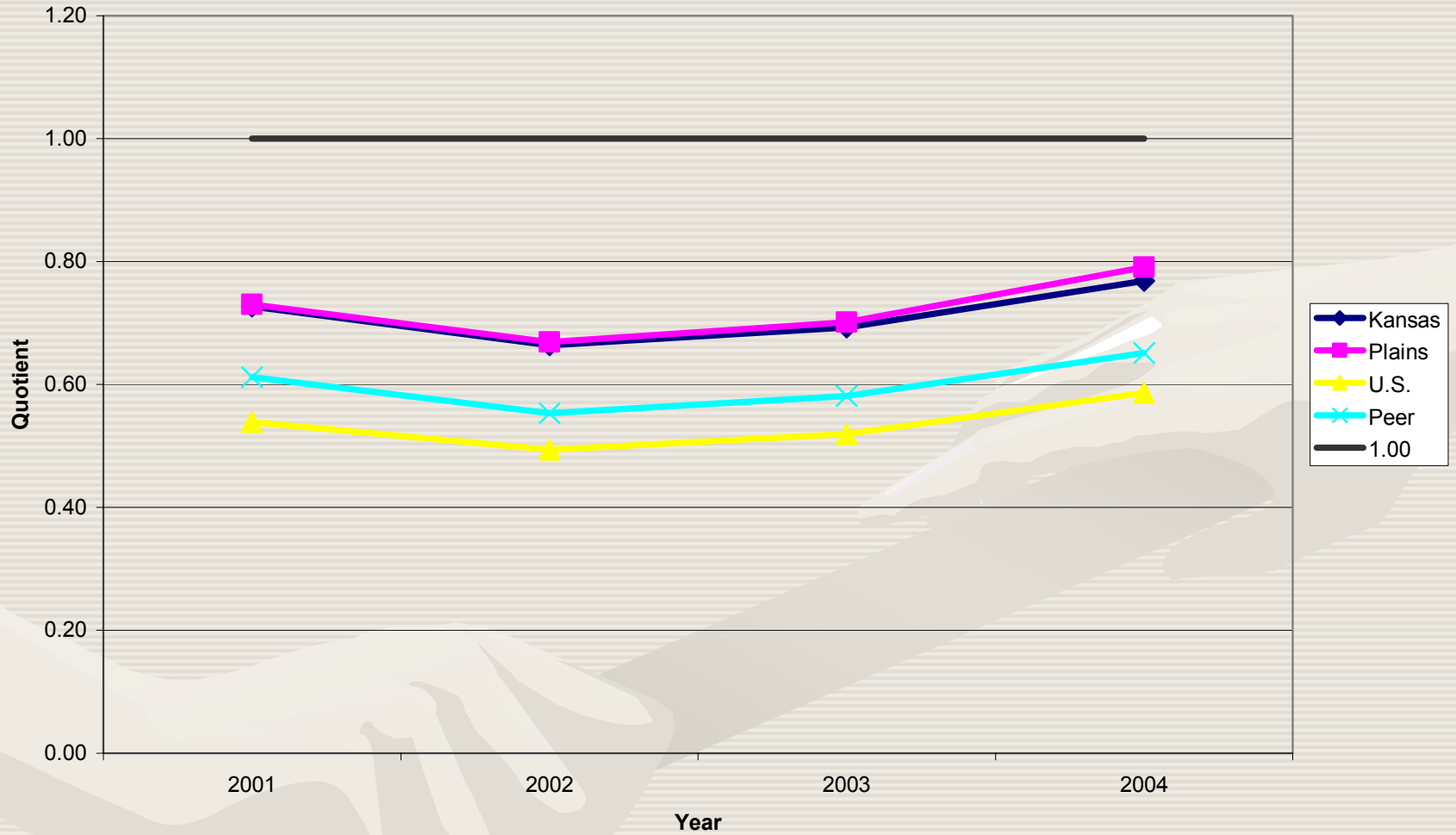
FINANCE AND INSURANCE EMPLOYMENT LOCATION QUOTIENT 2001-2004



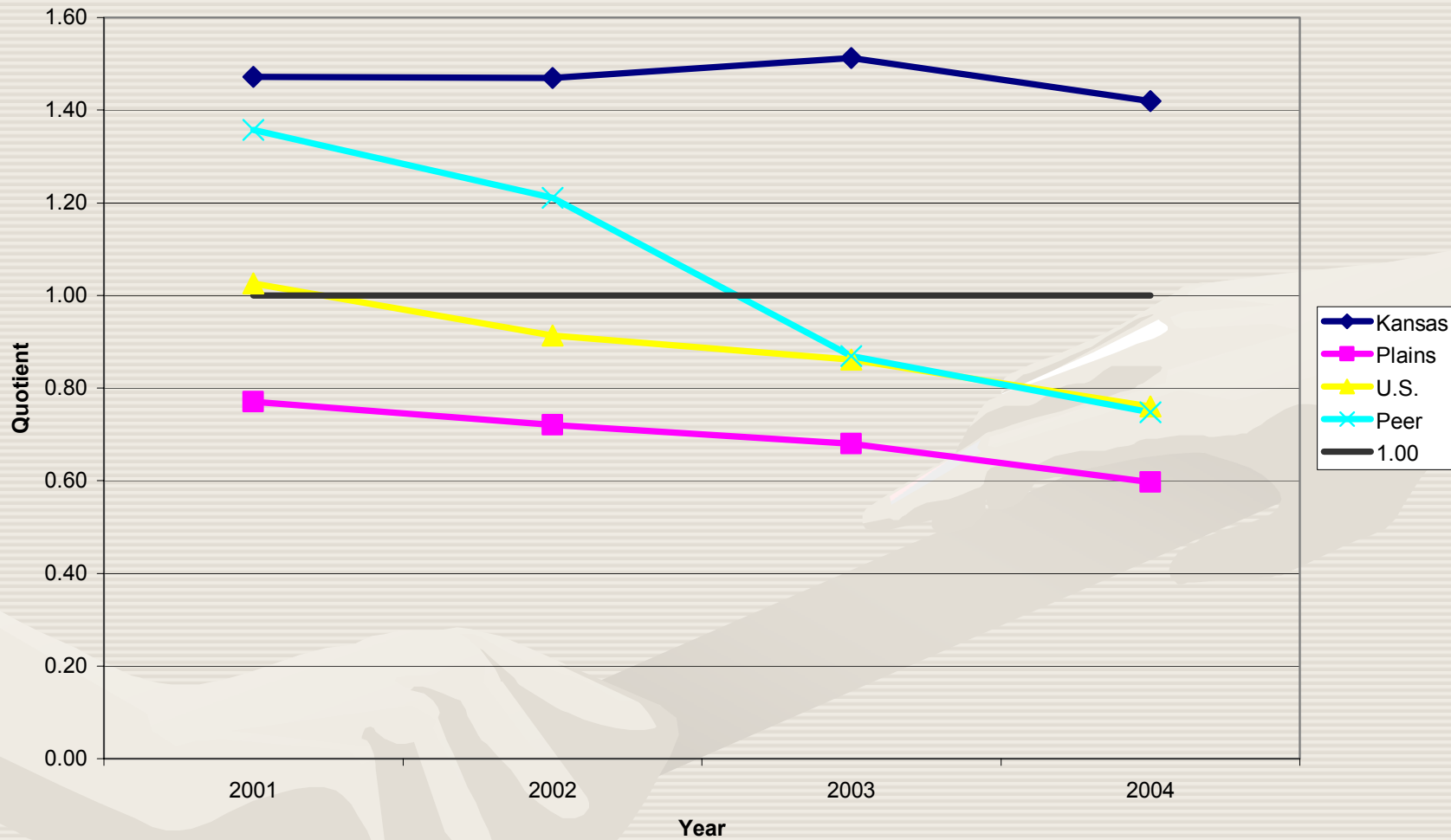
REAL ESTATE AND RENTAL AND LEASING EMPLOYMENT LOCATION QUOTIENT 2001-2004



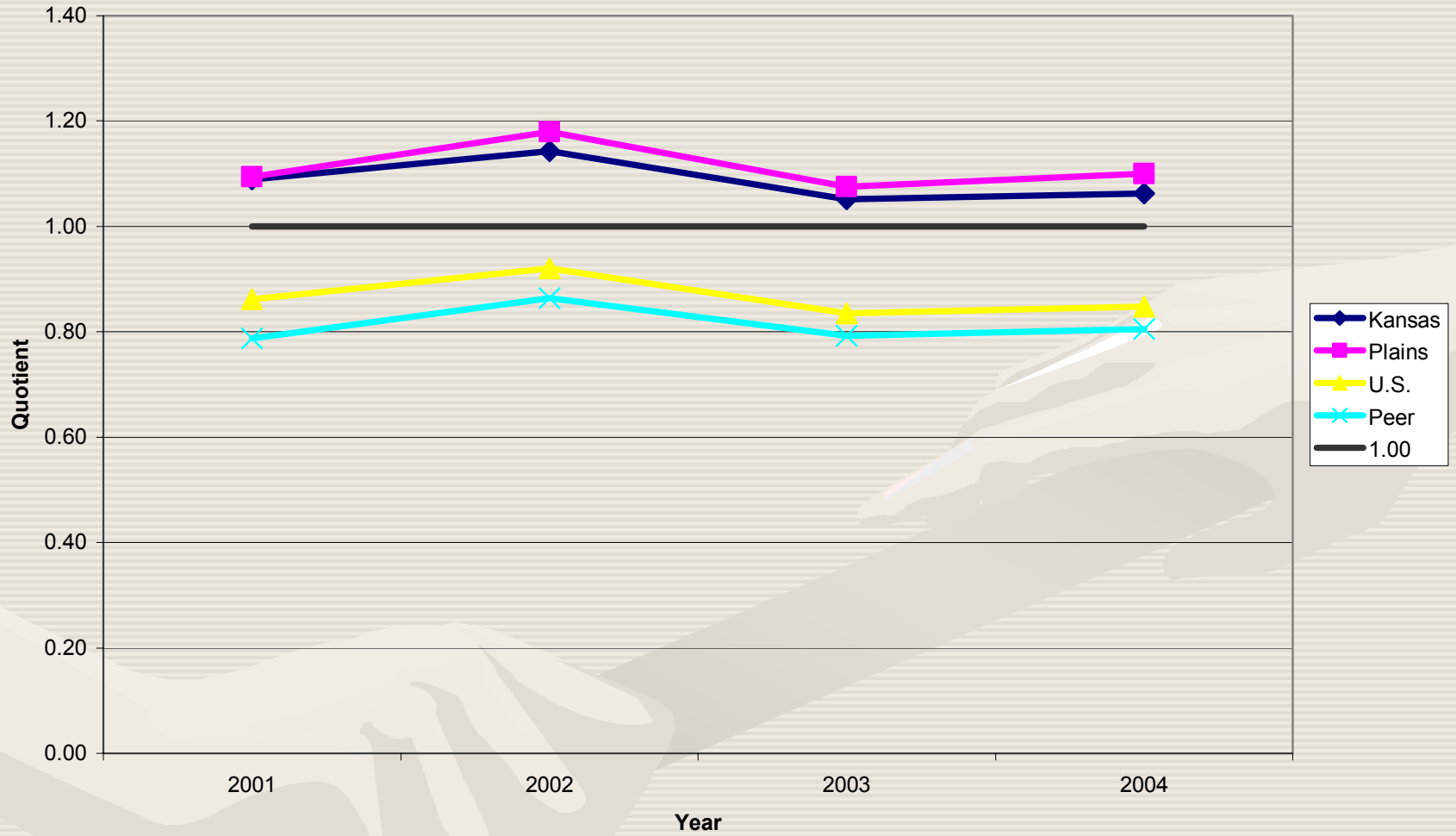
PROFESSIONAL AND TECHNICAL EMPLOYMENT LOCATION QUOTIENT 2001-2004



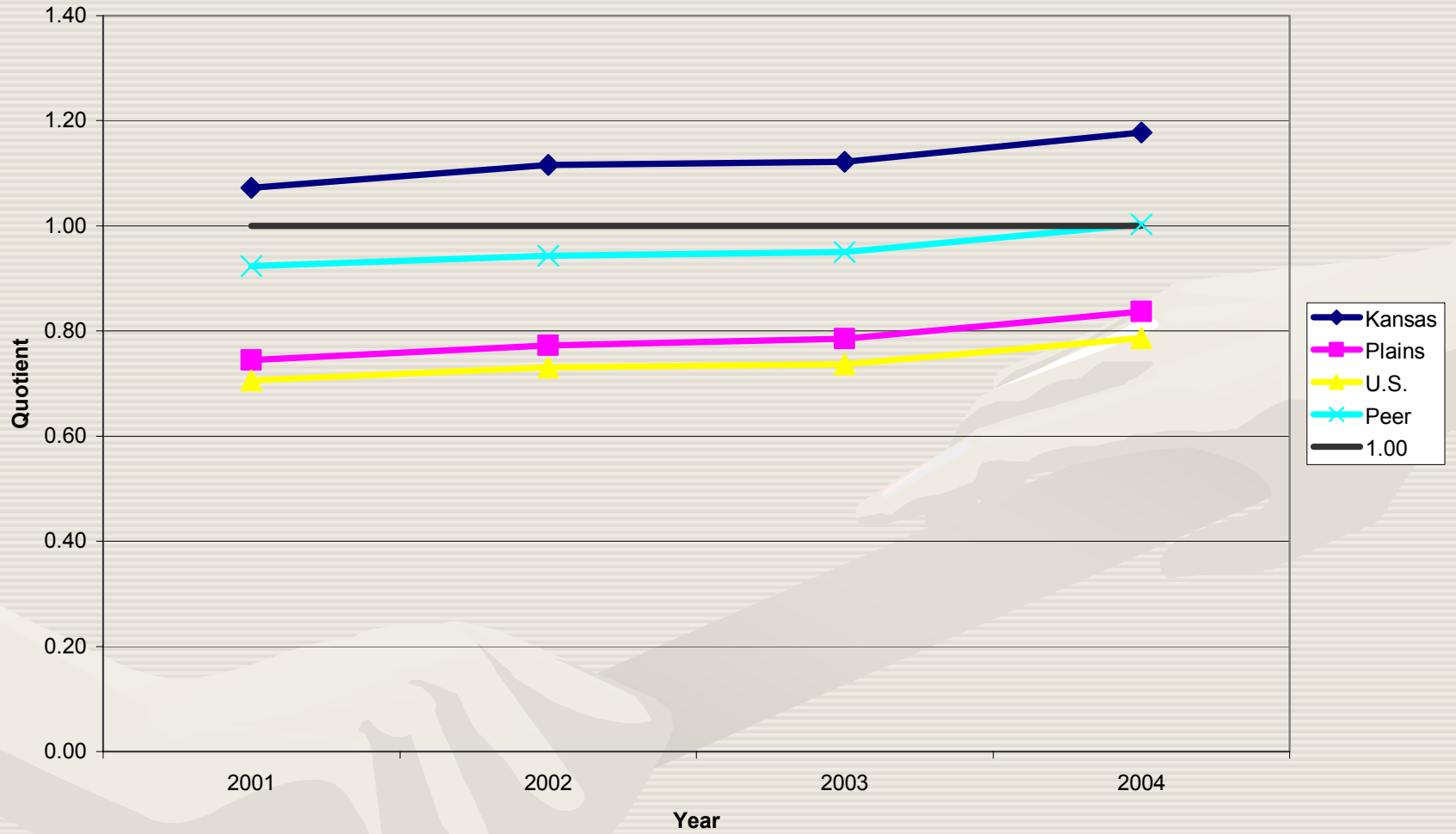
MANAGEMENT OF COMPANIES AND ENTERPRISES EMPLOYMENT LOCATION QUOTIENT 2001-2004



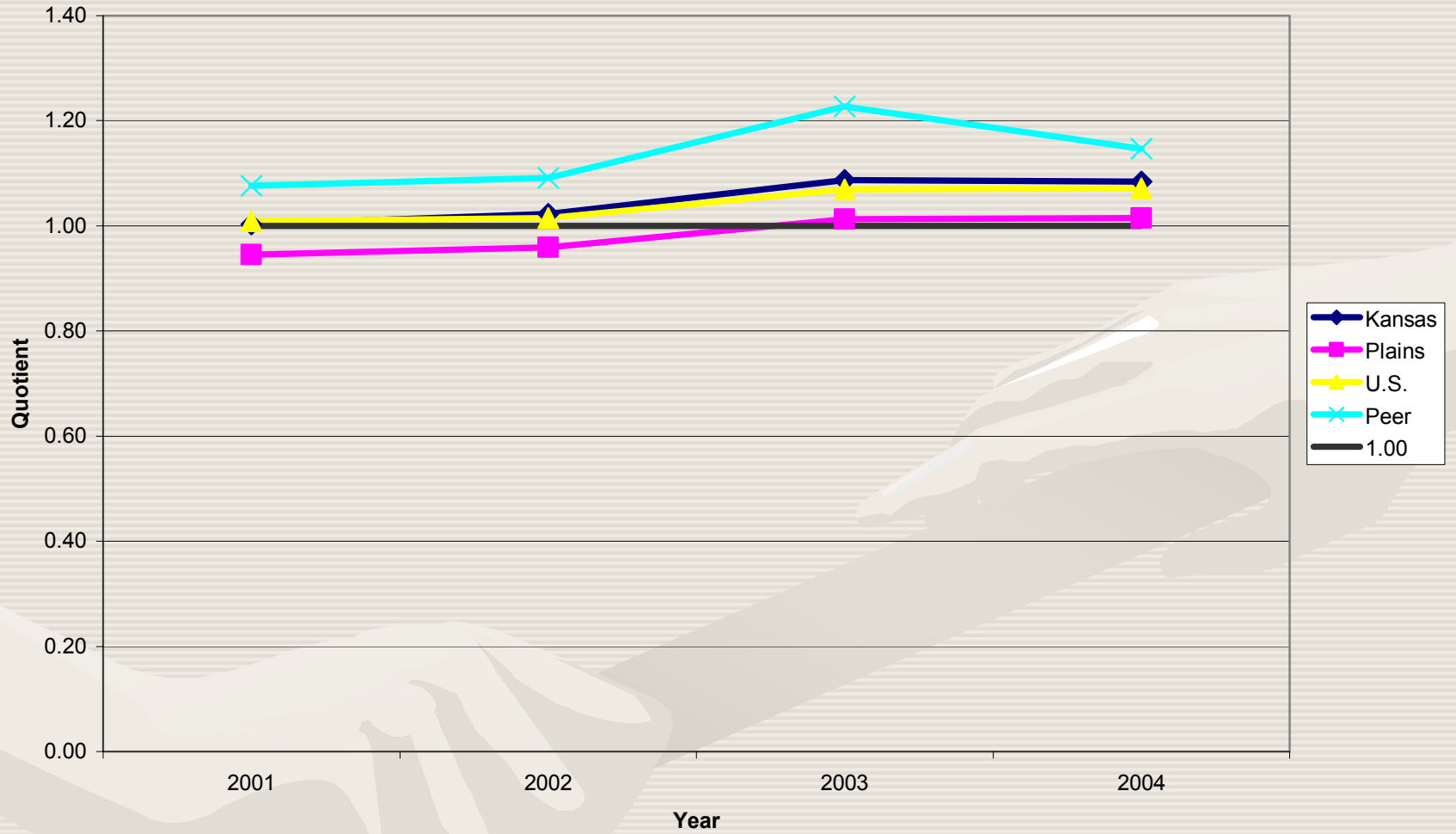
ADMINISTRATIVE AND WASTE SERVICES EMPLOYMENT LOCATION QUOTIENT 2001-2004



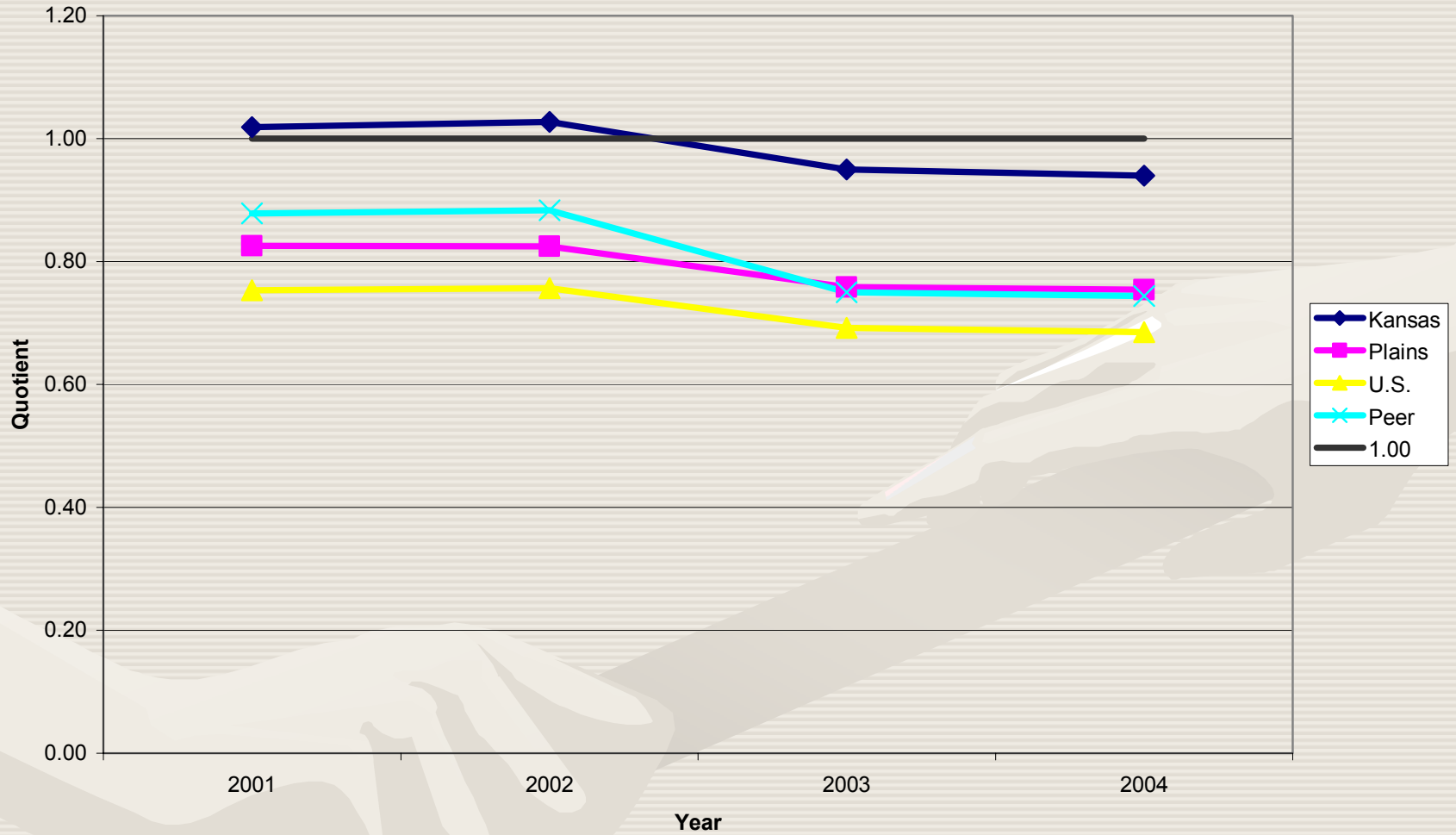
EDUCATIONAL SERVICES EMPLOYMENT LOCATION QUOTIENT 2001-2004



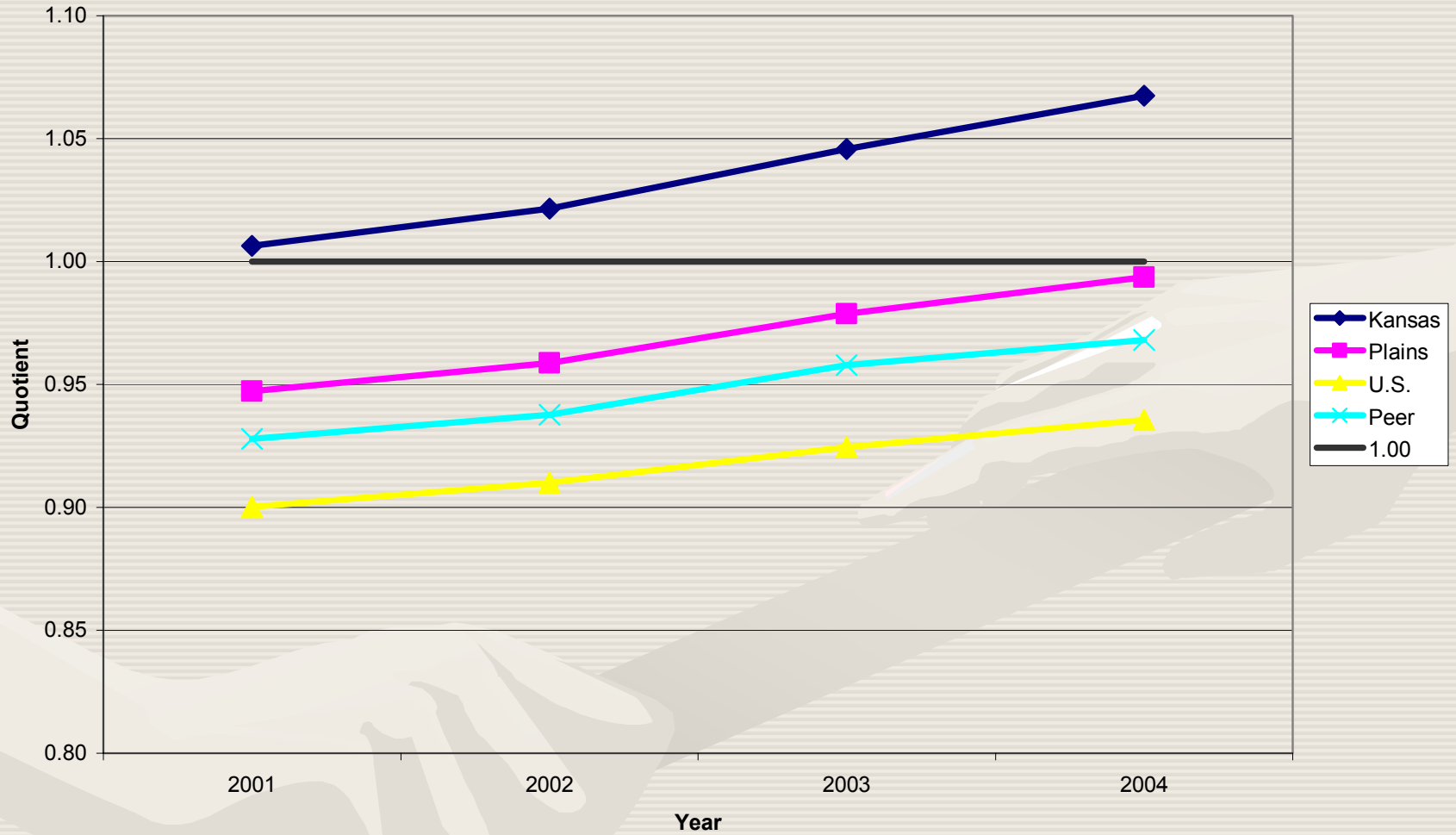
HEALTH CARE AND SOCIAL ASSISTANCE EMPLOYMENT LOCATION QUOTIENT 2001-2004



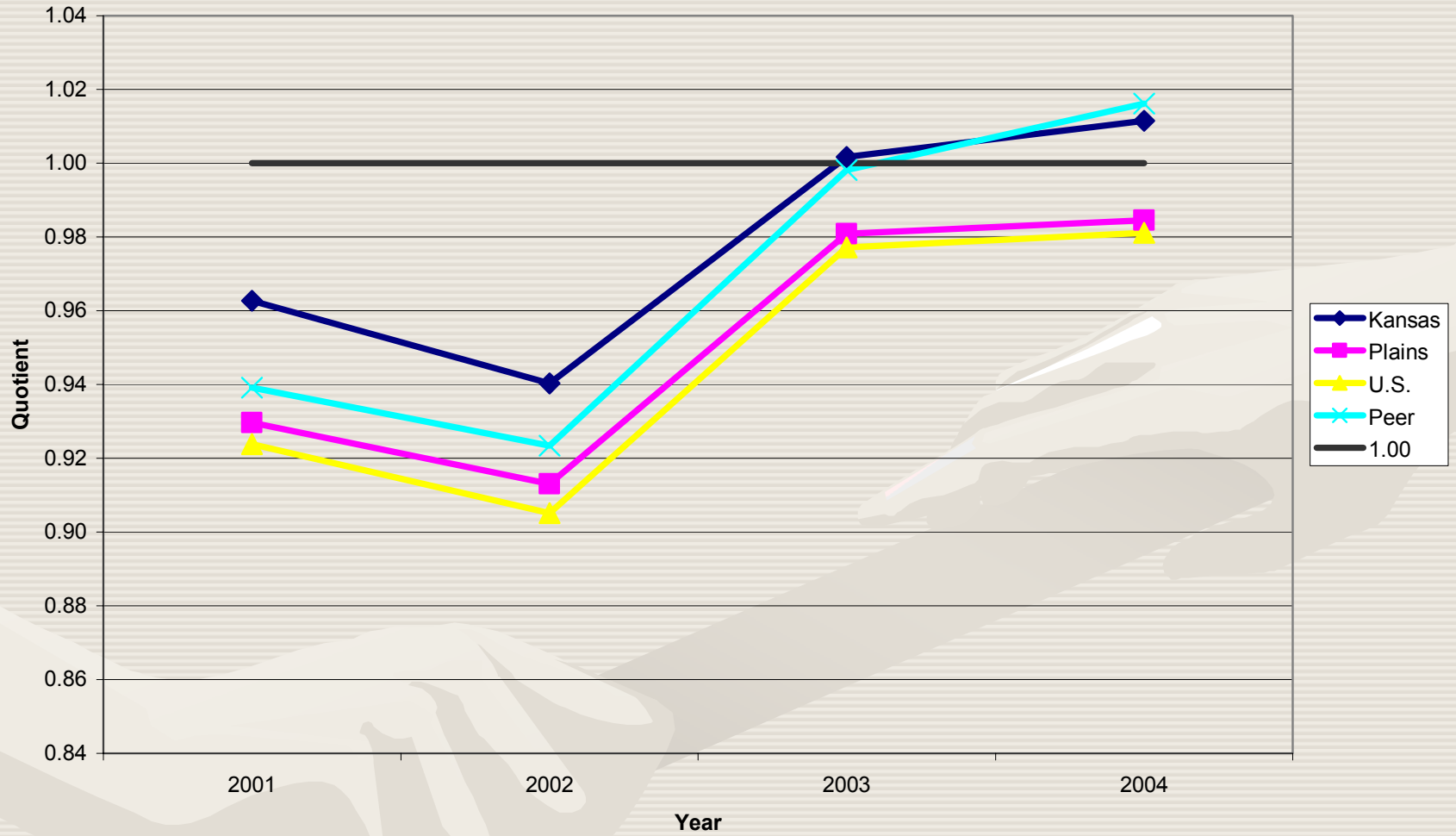
ARTS, ENTERTAINMENT, AND RECREATION EMPLOYMENT LOCATION QUOTIENT 2001-2004



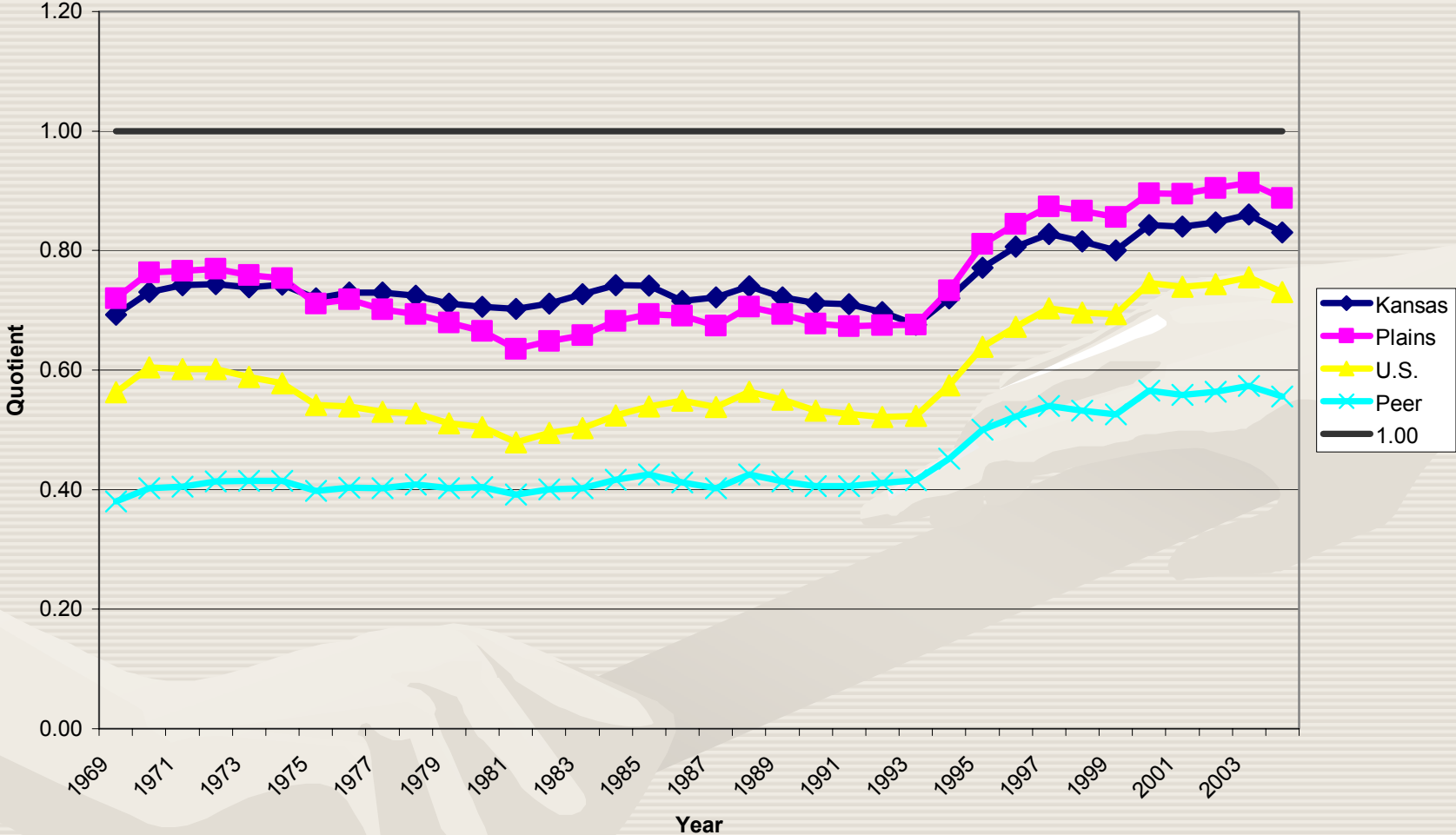
ACCOMMODATION AND FOOD SERVICES EMPLOYMENT LOCATION QUOTIENT 2001-2004



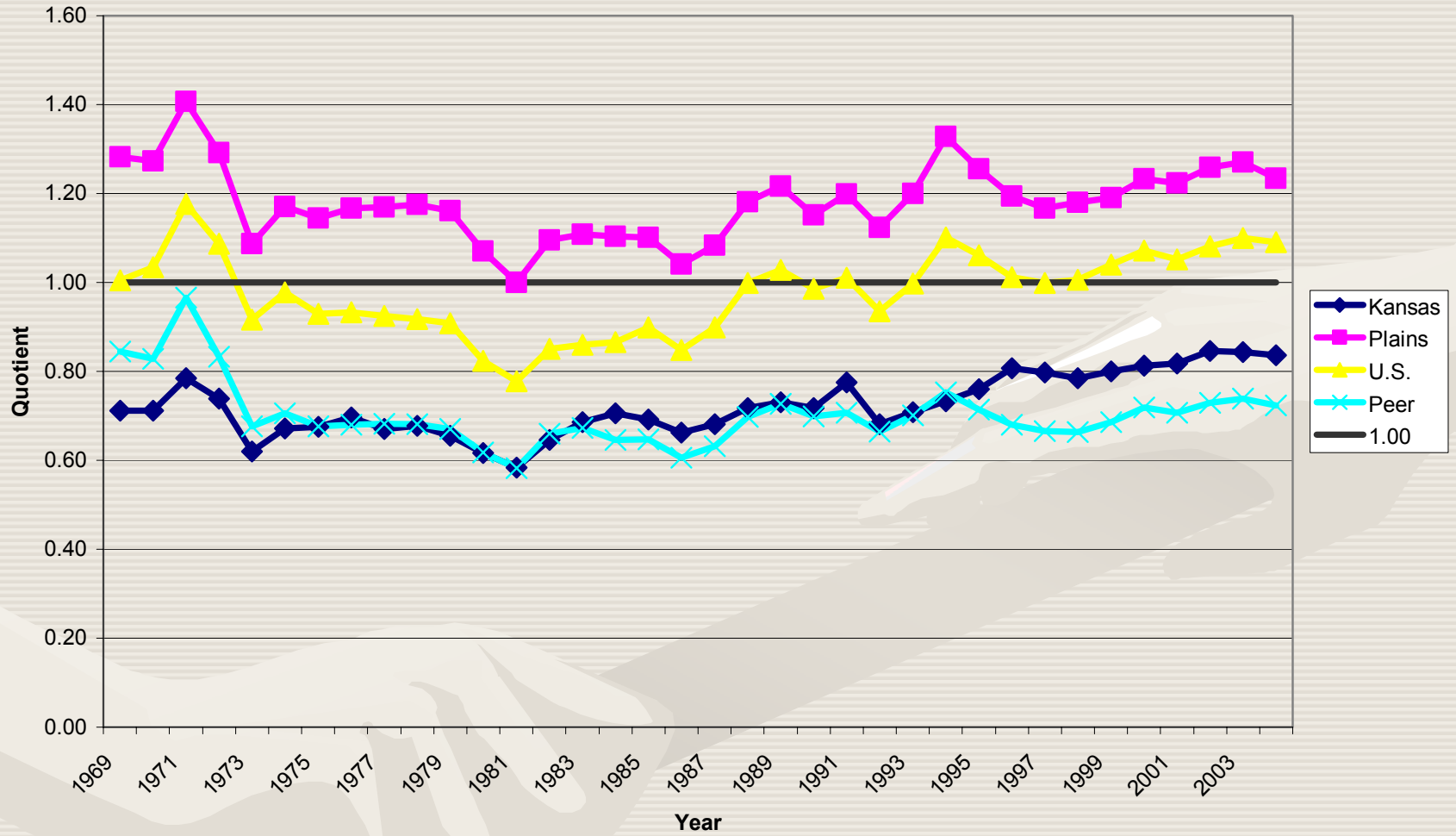
OTHER SERVICES EMPLOYMENT LOCATION QUOTIENT 2001-2004



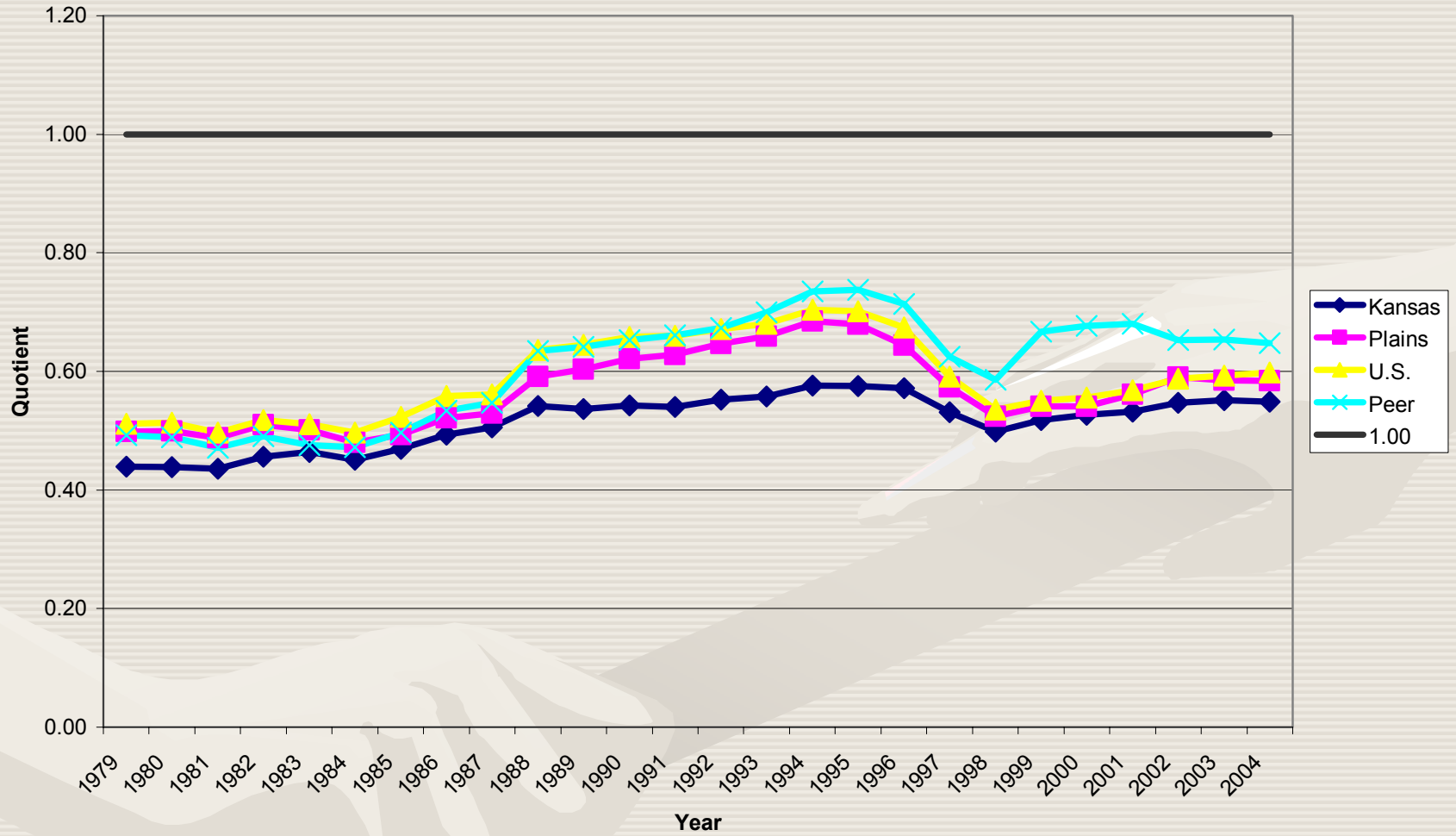
FEDERAL GOVERNMENT CIVILIAN EMPLOYMENT LOCATION QUOTIENT 1969-2004



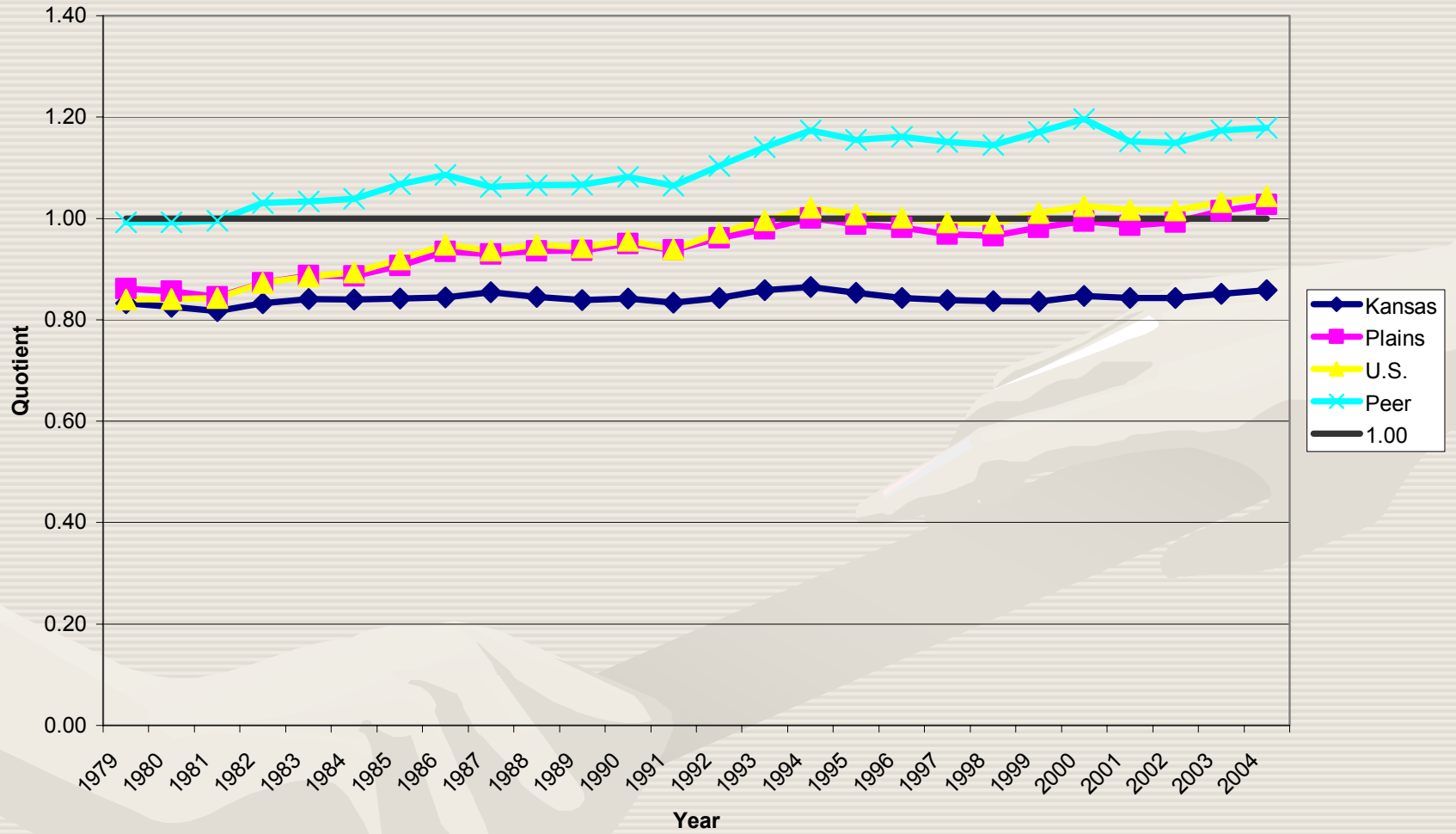
FEDERAL GOVERNMENT MILITARY EMPLOYMENT LOCATION QUOTIENT 1969-2004



STATE GOVERNMENT EMPLOYMENT LOCATION QUOTIENT 1979-2004



LOCAL GOVERNMENT EMPLOYMENT LOCATION QUOTIENT 1979-2004



Labor Market Analysis

- Comparative industry employment growth patterns
 - *Strong performers*—Local growth exceeds benchmark growth
 - *Lagging performers*—Local growth lags benchmark growth
 - *Constrained performers*—Local decline lags benchmark decline
 - *Poor performers*—Local decline exceed benchmark decline
- *Shift-and-share analysis*
 - Distinguishes local influences on growth from industry-wide or national growth
 - Isolates the contribution of an area's industrial mix to economic growth
 - Identifies strengths and weaknesses in the local economy
- Shift-and-share components
 - *Benchmark growth*—The growth rate of the overall benchmark economy
 - *Industrial mix*—The difference between the growth rate for a particular industry in the benchmark economy and the growth rate of the overall benchmark economy
 - *Competitive share*—The difference between the growth rate for a particular industry in the local economy and its growth rate in the benchmark economy

Economic Performance

REAP Area Versus U.S., 1970-2000

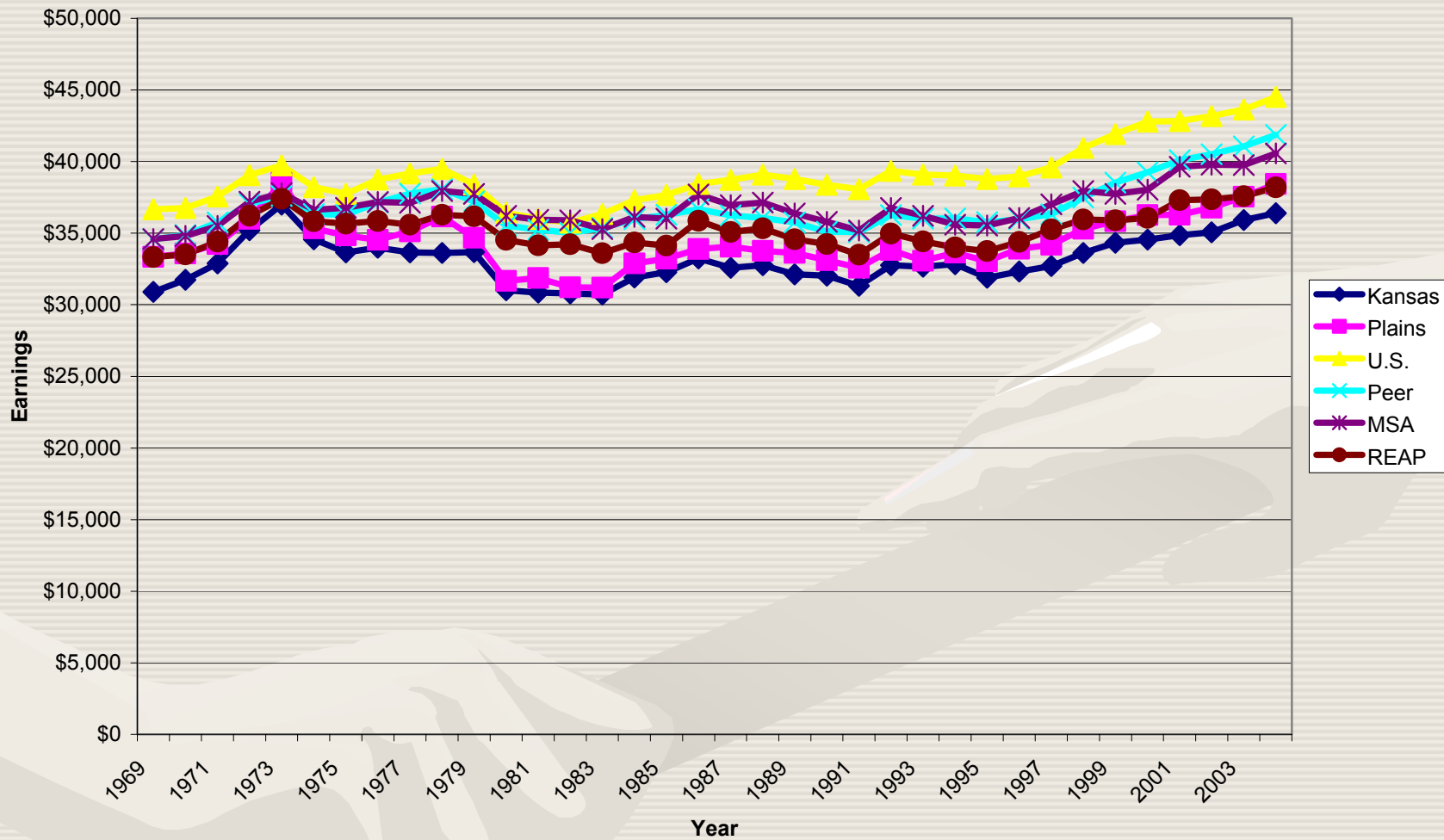
Industry	1970-1980	1980-1990	1990-2000
Farm employment	Constrained	Constrained	Weak
Nonfarm employment	Strong	Lagging	Lagging
Private employment	Strong	Lagging	Lagging
Agricultural services, forestry, fishing & other	Lagging	Strong	Lagging
Mining	Strong	Weak	Weak
Construction	Strong	Lagging	Strong
Manufacturing	Strong	Weak	Constrained
Transportation and public utilities	Strong	Lagging	Lagging
Wholesale trade	Lagging	Lagging	Lagging
Retail trade	Lagging	Lagging	Lagging
Finance, insurance, and real estate	Lagging	Lagging	Lagging
Services	Lagging	Lagging	Lagging
Government and government enterprises	Lagging	Strong	Strong
Federal, civilian	Lagging	Lagging	Constrained
Military	Weak	Strong	Constrained
State and local	Lagging	Strong	Lagging
State government	NA	Strong	Lagging
Local government	NA	Strong	Strong
Total Employment	Strong	Lagging	Lagging

Shift-and-Share Analysis

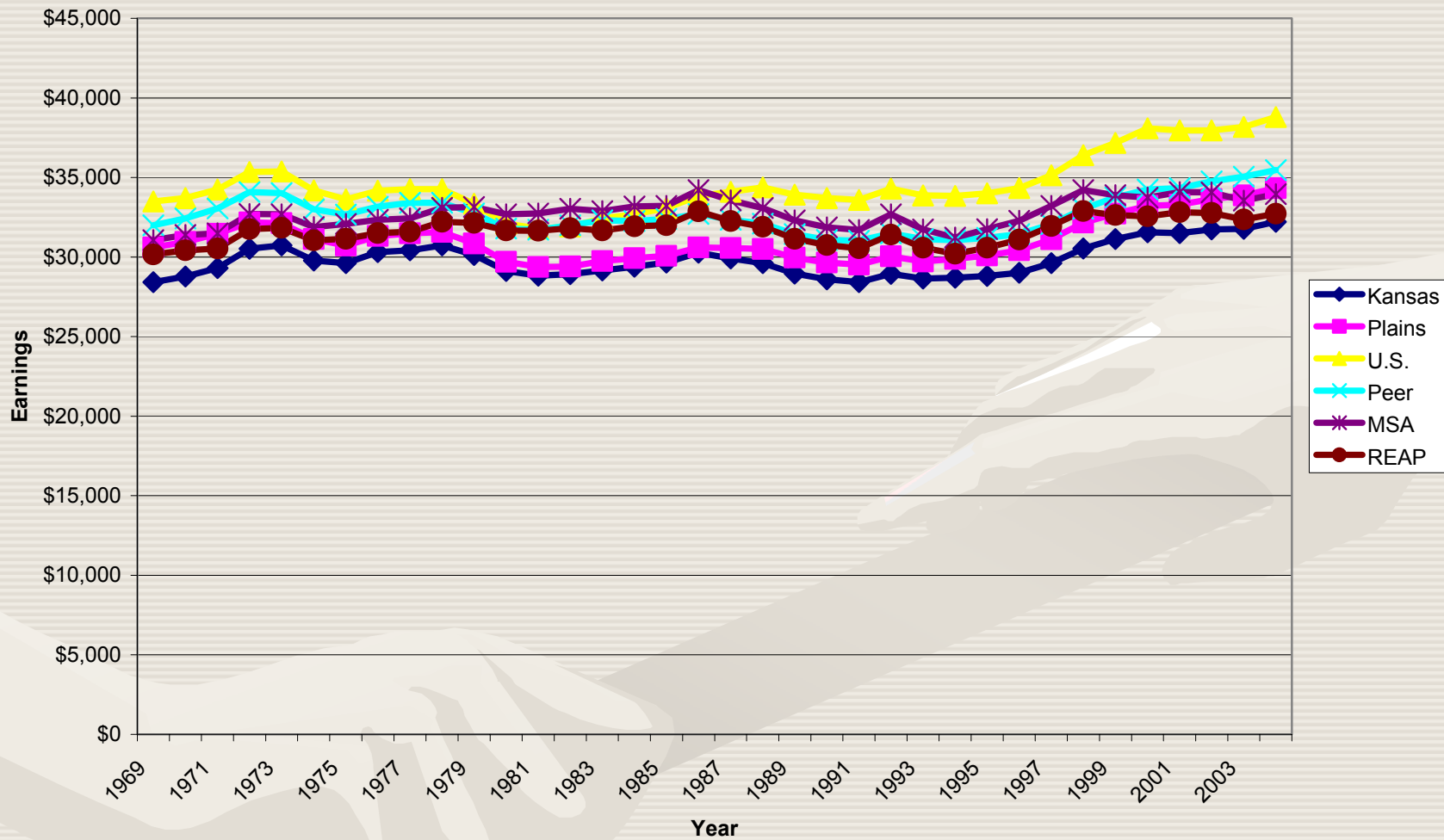
REAP Area Versus U.S., 2001-2004

Industry	National Growth	Industrial Mix	Competitive Share	Total Change	Employment Change	Economic Performance
Farm employment	217	(537)	295	(25)	Decline	Constrained
Nonfarm employment	8,738	0	(12,339)	(3,601)	Growth	Lagging
Private employment	7,631	(109)	(12,473)	(4,950)	Growth	Lagging
Forestry, fishing, related activities, and other 3	10	(32)	(251)	(273)	Decline	Weak
Mining	123	126	245	494	Growth	Strong
Utilities	13	(54)	(568)	(609)	Decline	Weak
Construction	477	399	204	1,080	Growth	Strong
Manufacturing	1,672	(12,472)	(3,986)	(14,787)	Decline	Weak
Wholesale trade	301	(502)	573	372	Decline	Constrained
Retail Trade	981	(314)	(447)	220	Growth	Lagging
Transportation and warehousing	170	(353)	117	(66)	Decline	Constrained
Information	173	(1,318)	249	(896)	Decline	Constrained
Finance and insurance	342	142	(1,367)	(883)	Growth	Lagging
Real estate and rental and leasing	234	1,378	(186)	1,426	Growth	Lagging
Professional and technical services	306	35	963	1,303	Growth	Strong
Management of companies and enterprises	98	(141)	(1,397)	(1,440)	Decline	Weak
Administrative and waste services	445	1,155	(1,016)	584	Growth	Lagging
Educational services	116	628	582	1,326	Growth	Strong
Health care and social assistance	844	2,724	1,635	5,203	Growth	Strong
Arts, entertainment, and recreation	131	316	(825)	(378)	Growth	Lagging
Accommodation and food services	522	1,116	357	1,995	Growth	Strong
Other services, except public administration	448	1,122	860	2,430	Growth	Strong
Government and government enterprises	1,106	96	147	1,349	Growth	Strong
Federal, civilian	108	(102)	(210)	(204)	Growth	Lagging
Military	118	(168)	64	14	Decline	Constrained
State and local	880	362	297	1,539	Growth	Strong
State government	153	(73)	200	281	Growth	Strong
Local government	726	542	(11)	1,258	Growth	Lagging
Total Employment	27,084	-	(34,322)	(7,238)	Growth	Lagging

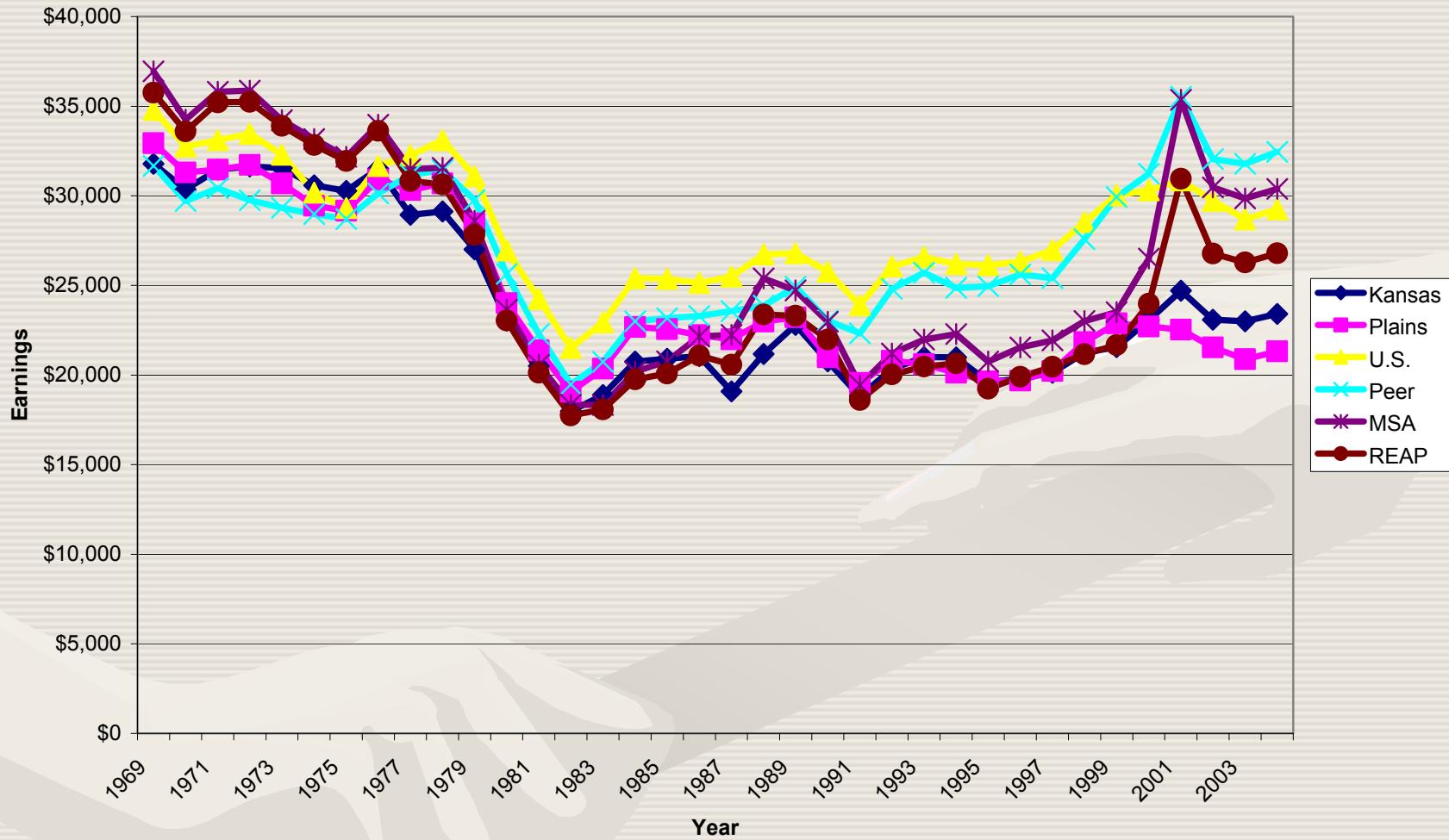
REAL AVERAGE EARNINGS PER JOB 1969-2004



REAL AVERAGE WAGE AND SALARY DISBURSEMENTS 1969-2004



REAL AVERAGE NONFARM PROPRIETORS' INCOME 1969-2004



Average Earnings Per Job

2004

NAICS Code	Industry Code Description	Colorado Springs	Des Moines	Kansas City	Little Rock	Oklahoma City	Omaha	Springfield	Tulsa	Wichita	Rank
-----	Total	\$ 33,697	\$36,725	\$36,414	\$31,787	\$ 29,995	\$34,570	\$ 26,188	\$33,815	\$34,485	4
11----	Forestry, fishing, hunting, and agriculture support	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
21----	Mining	NA	NA	42,929	46,467	60,349	45,824	NA	NA	NA	NA
22----	Utilities	54,246	NA	65,332	NA	NA	68,471	NA	NA	NA	NA
23----	Construction	39,054	44,258	42,310	33,248	31,885	39,759	29,725	34,269	34,343	5
31----	Manufacturing	43,878	41,397	NA	38,278	37,017	37,850	32,515	40,534	46,894	1*
42----	Wholesale trade	NA	47,460	NA	NA	39,530	45,615	36,038	45,059	45,879	2*
44----	Retail trade	24,415	21,368	21,430	19,785	20,858	21,456	19,497	20,095	19,988	7
48----	Transportation & warehousing	35,255	32,223	NA	NA	NA	35,448	30,816	36,163	35,727	2*
51----	Information	54,143	48,054	NA	NA	NA	50,865	NA	NA	32,337	4*
52----	Finance & insurance	40,985	52,671	52,657	NA	41,091	51,085	31,533	44,593	41,034	7*
53----	Real estate & rental & leasing	27,964	33,054	NA	NA	NA	30,506	24,019	28,511	24,855	5*
54----	Professional, scientific & technical services	56,634	49,348	NA	51,936	42,171	47,831	36,524	46,181	45,628	6*
55----	Management of companies & enterprises	NA	NA	71,281	NA	NA	49,567	36,658	NA	NA	NA
56----	Admin, support, waste mgt, remediation services	26,497	23,197	25,796	NA	NA	NA	15,360	NA	26,982	1*
61----	Educational services	NA	NA	23,260	NA	NA	27,430	NA	22,537	NA	NA
62----	Health care and social assistance	34,389	37,906	36,866	36,659	33,143	37,025	32,944	34,001	34,559	5*
71----	Arts, entertainment & recreation	23,154	NA	31,258	NA	NA	NA	14,895	NA	14,906	3*
72----	Accommodation & food services	13,377	12,189	13,158	NA	10,902	12,618	9,620	11,168	10,782	7*
81----	Other services (except public administration)	24,141	24,010	21,368	NA	18,540	21,398	18,284	20,064	18,337	7*
99----	Unclassified establishments	18,975	NA	15,812	NA	NA	NA	NA	NA	NA	NA

*Not All Areas Reported

Source: U.S. Census Bureau, 2004

50 Highest Paying Industry Sectors

2004

Ranking	Industry	Earnings/Job	Ranking	Industry	Earnings/Job
1	Investment Banking and Securities Dealing	\$227,328	26	Offices of Other Holding Companies	\$81,175
2	Sports Teams and Clubs	\$206,763	27	Crude Petroleum and Natural Gas Extraction	\$79,809
3	Web Search Portals	\$191,452	28	Biological Product (except Diagnostic) Manufacturing	\$78,699
4	Portfolio Management	\$175,063	29	Corporate, Subsidiary, and Regional Managing Offices	\$78,657
5	Open-End Investment Funds	\$173,745	30	Petrochemical Manufacturing	\$78,585
6	International Trade Financing	\$123,885	31	Computer and Computer Peripheral Equipment and Softw	\$77,067
7	Commodity Contracts Dealing	\$122,780	32	Irradiation Apparatus Manufacturing	\$76,762
8	Integrated Record Production/Distribution	\$122,650	33	Electric Bulk Power Transmission and Control	\$76,210
9	Securities Brokerage	\$120,341	34	Natural Gas Liquid Extraction	\$76,024
10	Miscellaneous Intermediation	\$114,602	35	Real Estate Investment Trusts	\$75,886
11	Securities and Commodity Exchanges	\$112,302	36	Guided Missile and Space Vehicle Propulsion Unit and P	\$75,252
12	Independent Artists, Writers, and Performers	\$109,000	37	Light Truck and Utility Vehicle Manufacturing	\$75,090
13	Software Publishers	\$106,099	38	Fossil Fuel Electric Power Generation	\$75,061
14	Reinsurance Carriers	\$103,307	39	Offices of Bank Holding Companies	\$74,609
15	Secondary Market Financing	\$100,515	40	Guided Missile and Space Vehicle Manufacturing	\$74,510
16	Commodity Contracts Brokerage	\$97,665	41	Semiconductor and Related Device Manufacturing	\$74,385
17	Investment Advice	\$96,029	42	Pharmaceutical Preparation Manufacturing	\$73,962
18	Cable and Other Subscription Programming	\$91,053	43	Semiconductor Machinery Manufacturing	\$73,818
19	Pipeline Transportation of Crude Oil	\$90,731	44	Custom Computer Programming Services	\$73,461
20	Agents and Managers for Artists, Athletes, Entertainers, a	\$89,357	45	All Other Pipeline Transportation	\$73,279
21	Nuclear Electric Power Generation	\$89,013	46	Hydroelectric Power Generation	\$73,209
22	Petroleum Refineries	\$88,707	47	Computer Storage Device Manufacturing	\$73,175
23	Miscellaneous Financial Investment Activities	\$82,691	48	Instrument Manufacturing for Measuring and Testing Elec	\$73,172
24	Other Electronic Parts and Equipment Merchant Wholesa	\$81,706	49	Other Electric Power Generation	\$73,094
25	Research and Development in the Physical, Engineering,	\$81,363	50	Other Depository Credit Intermediation	\$72,921

50 Lowest Paying Industry Sectors

2004

Ranking	Industry	Earnings/Job	Ranking	Industry	Earnings/Job
1035	Tobacco Stores	\$15,402	1060	Family Clothing Stores	\$13,394
1036	Sports and Recreation Instruction	\$15,385	1061	Cosmetics, Beauty Supplies, and Perfume Stores	\$13,382
1037	Pet Care (except Veterinary) Services	\$15,364	1062	Nail Salons	\$13,300
1038	Used Merchandise Stores	\$15,363	1063	All Other Specialty Food Stores	\$13,255
1039	Doll and Stuffed Toy Manufacturing	\$15,352	1064	Other Clothing Stores	\$13,169
1040	Mobile Food Services	\$15,339	1065	Book Stores	\$13,099
1041	Janitorial Services	\$15,298	1066	Full-Service Restaurants	\$12,943
1042	Exam Preparation and Tutoring	\$15,280	1067	Amusement Arcades	\$12,898
1043	Livestock Merchant Wholesalers	\$15,153	1068	Car Washes	\$12,863
1044	Drycleaning and Laundry Services (except Coin-Operate)	\$15,001	1069	Confectionery and Nut Stores	\$12,641
1045	One-Hour Photofinishing	\$14,950	1070	Gift, Novelty, and Souvenir Stores	\$12,601
1046	Child Day Care Services	\$14,841	1071	Sewing, Needlework, and Piece Goods Stores	\$12,300
1047	Civic and Social Organizations	\$14,683	1072	Fitness and Recreational Sports Centers	\$12,182
1048	Caterers	\$14,634	1073	Cafeterias	\$12,025
1049	Rooming and Boarding Houses	\$14,581	1074	Other Personal Care Services	\$11,804
1050	Gasoline Stations with Convenience Stores	\$14,484	1075	Video Tape and Disc Rental	\$11,734
1051	Hobby, Toy, and Game Stores	\$14,468	1076	Snack and Nonalcoholic Beverage Bars	\$11,721
1052	Diet and Weight Reducing Centers	\$14,171	1077	Children's and Infants' Clothing Stores	\$11,655
1053	All Other General Merchandise Stores	\$13,996	1078	Prerecorded Tape, Compact Disc, and Record Stores	\$11,617
1054	Coin-Operated Laundries and Drycleaners	\$13,905	1079	Bowling Centers	\$11,079
1055	Bed-and-Breakfast Inns	\$13,902	1080	Drinking Places (Alcoholic Beverages)	\$10,957
1056	Convenience Stores	\$13,813	1081	Limited-Service Restaurants	\$10,543
1057	Women's Clothing Stores	\$13,645	1082	Tax Preparation Services	\$10,092
1058	Fine Arts Schools	\$13,545	1083	Motion Picture Theaters (except Drive-Ins)	\$9,744
1059	Florists	\$13,410	1084	Skiing Facilities	\$7,741

Retail Sales Surpluses and Leakages

Wichita MSA, 2002

NAICS	Industry Code Description	Wichita MSA
441	Motor vehicle & parts dealers	(91,078,881)
442	Furniture & home furnishings stores	(11,607,302)
443	Electronics & appliance stores	36,341,212
444	Building material & garden equipment & supplies dealers	(5,258,357)
445	Food & beverage stores	(38,651,285)
446	Health & personal care stores	(75,736,102)
447	Gasoline stations	58,933,268
448	Clothing & clothing accessories stores	(72,859,471)
451	Sporting goods, hobby, book, & music stores	(15,872,550)
452	General merchandise stores	255,644,968
453	Miscellaneous store retailers	(13,221,796)
454	Nonstore retailers	(113,964,325)
	Total Surplus	350,919,448
	Total Leakage	(438,250,069)
	Net Retail Sales	(87,330,621)

Arts, Entertainment, and Recreation Surpluses and Leakages

Wichita MSA, 2002

NAICS	Industry Code Description	Wichita MSA
7111101	Opera companies	(1,390,182)
7111102	Theater companies	(8,131,522)
7111103	Dinner theaters	(900,074)
7111301	Symphony orchestras & chamber music organizations	(2,795,060)
7111309	Other music groups & artists	(5,035,840)
7111901	Circuses	(744,056)
7111909	Other performing arts companies (except circuses)	(941,324)
7112111	Football clubs	(8,797,439)
7112112	Baseball clubs	(7,216,691)
7112119	Other professional sports teams & clubs	(9,042,912)
7112121	Dog racetrack operation	(1,740,093)
7112122	Auto racetrack operation	(3,833,845)
7112123	Horse racetrack operation	(7,319,964)
7112191	Professional athletes	(771,279)
7112192	Racing (except racetrack operation)	(4,203,386)
7131101	Waterparks	(924,092)
7131102	Amusement parks (except waterparks)	(14,800,796)
7132901	Slot machine operators	(3,383,288)
7132902	Lottery, bingo, bookie, & other betting operation	(9,132,773)
7139404	Ice skating rinks	(807,882)
7139405	Roller skating rinks	(762,741)
7139409	Other fitness & recreational sports centers	(27,261,979)
7139901	Dance halls	(158,410)
7139902	Concession operators of amusement devices & rides	(829,057)
7139904	Miniature golf courses	(763,239)
7139905	Coin-operated amusement devices (except slot machine operation)	4,117,997
7139908	All other miscellaneous amusement & recreation services	(6,613,148)
	Total Surplus	4,117,997
	Total Leakage	(128,301,072)
	Net Arts, Entertainment, and Recreation	(124,183,075)

Accommodation and Food Services Surpluses and Leakages

Wichita MSA, 2002

NAICS	Industry Code Description	Wichita MSA
721110	Hotels (except casino hotels) & motels	(71,354,434)
721120	Casino hotels	(64,287,509)
721191	Bed & breakfast inns	(1,748,026)
721199	All other traveler accommodation	(416,488)
721211	RV (recreational vehicle) parks & campgrounds	(3,315,910)
721214	Recreational & vacation camps (except campgrounds)	(3,353,598)
721310	Rooming & boarding houses	(1,406,963)
722110	Full-service restaurants	(12,023,495)
722211	Limited-service restaurants	61,842,830
722212	Cafeterias, buffets, & grill buffets	2,270,991
722213	Snack & nonalcoholic beverage bars	(5,211,679)
722310	Food service contractors	(40,127,952)
722320	Caterers	(9,295,919)
722330	Mobile food services	(1,603,462)
722410	Drinking places (alcoholic beverages)	(3,545,044)
	Total Surplus	64,113,820
	Total Leakage	(217,690,480)
	Net Accommodation and Food Services	(153,576,660)