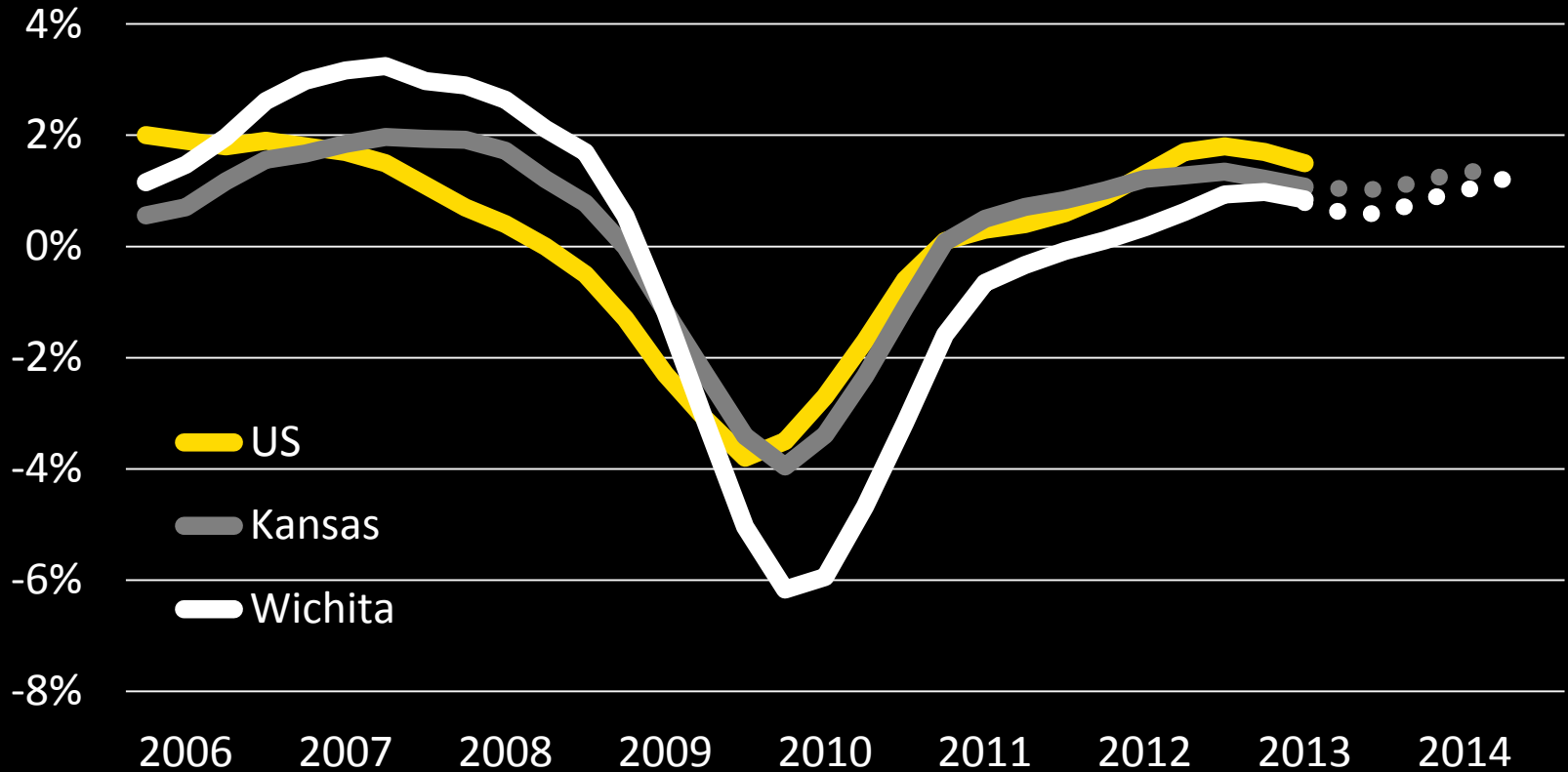


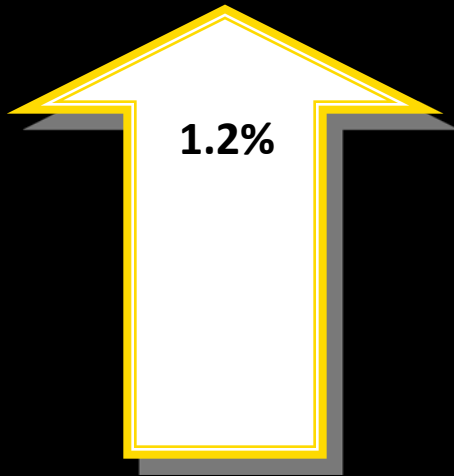
WICHITA 2013 REVIEW

2014 FORECAST

CENTER FOR ECONOMIC DEVELOPMENT AND BUSINESS RESEARCH
W. FRANK BARTON SCHOOL OF BUSINESS
WICHITA STATE UNIVERSITY
OCTOBER 2013

EMPLOYMENT





**2014 Total Nonfarm
Employment Growth Rate**

Employment in Wichita and the rest of the United States has remained stable. In the first half of 2013, both the United States and Wichita have continued a modest recovery. Nationally, employment grew 1.1 percent from the second quarter of 2012 to the second quarter of 2013. Wichita employment grew 0.8 percent over the same time period.

The economy should continue a slow and steady recovery in 2014. A quick recovery to pre-recession levels of employment should not be expected. Even the modest recovery has several potential downside risks that could derail it. Further downturns from our major trading partners abroad, tightening monetary policy, new regulation and further fiscal austerity could all darken our outlook for 2014.

Total nonfarm employment is expected to increase by 3,419 jobs in 2014, for a growth rate of 1.2 percent. Production sectors are projected to grow by 854 jobs, or 1.3 percent, with durable goods manufacturing growing at 0.8 percent. Trade, transportation, and utilities will grow by 336 jobs, or 0.7 percent. The service sectors will provide most of the job growth for Wichita, adding 2,056 jobs, or 1.6 percent. The professional and business services sector will add 832 jobs, and the education and health services sector will add 753 jobs. The government sector will grow at only 0.4 percent.

WICHITA ECONOMIC OUTLOOK

WICHITA INCOME, RETAIL SALES & CONFIDENCE

Per capita personal income in the Wichita MSA increased 3.6 percent from 2011 to 2012. This was reflected in the 5 percent increase of nominal taxable retail sales in 2012. Retail sales are forecasted to increase 3.6 percent in 2013 and 2.6 percent in 2014.

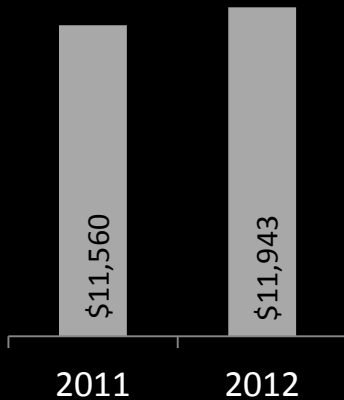
From June through August of this year, the national Index of Consumer Confidence was the highest it has been since January 2008. However, the August 2013 year-to-date average of the Index of Consumer Expectations declined somewhat from the same time period in 2012.

	August 2012 Year-to-Date Average	August 2013 Year-to-Date Average	Percentage Change Year-to-Date
Index of Consumer Confidence	65.6	72.0	9.8%
Index of Consumer Expectations	78.5	77.1	-1.8%

Source: The Conference Board. Copyright (C) 2013. All rights reserved. No claim to orig. U.S. Govt. works pursuant to U.S. Contract No. 52-SABA-5-00128. -
-DISCLAIMER--The BCI data is provided with no guarantees or warranties of any kind. While The Conference Board tries to ensure that the information it provides is accurate when it is obtained directly from the source agencies, The Conference Board cannot be held responsible for mistakes or misinterpretations.

WICHITA EMPLOYMENT & WAGE SUMMARY

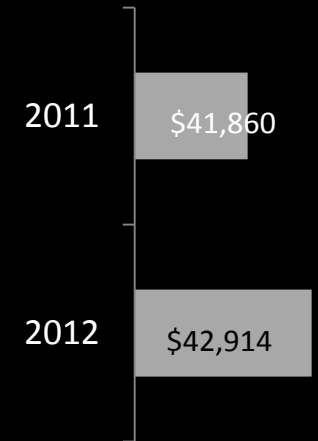
Total Wages Paid
in Millions of
Dollars



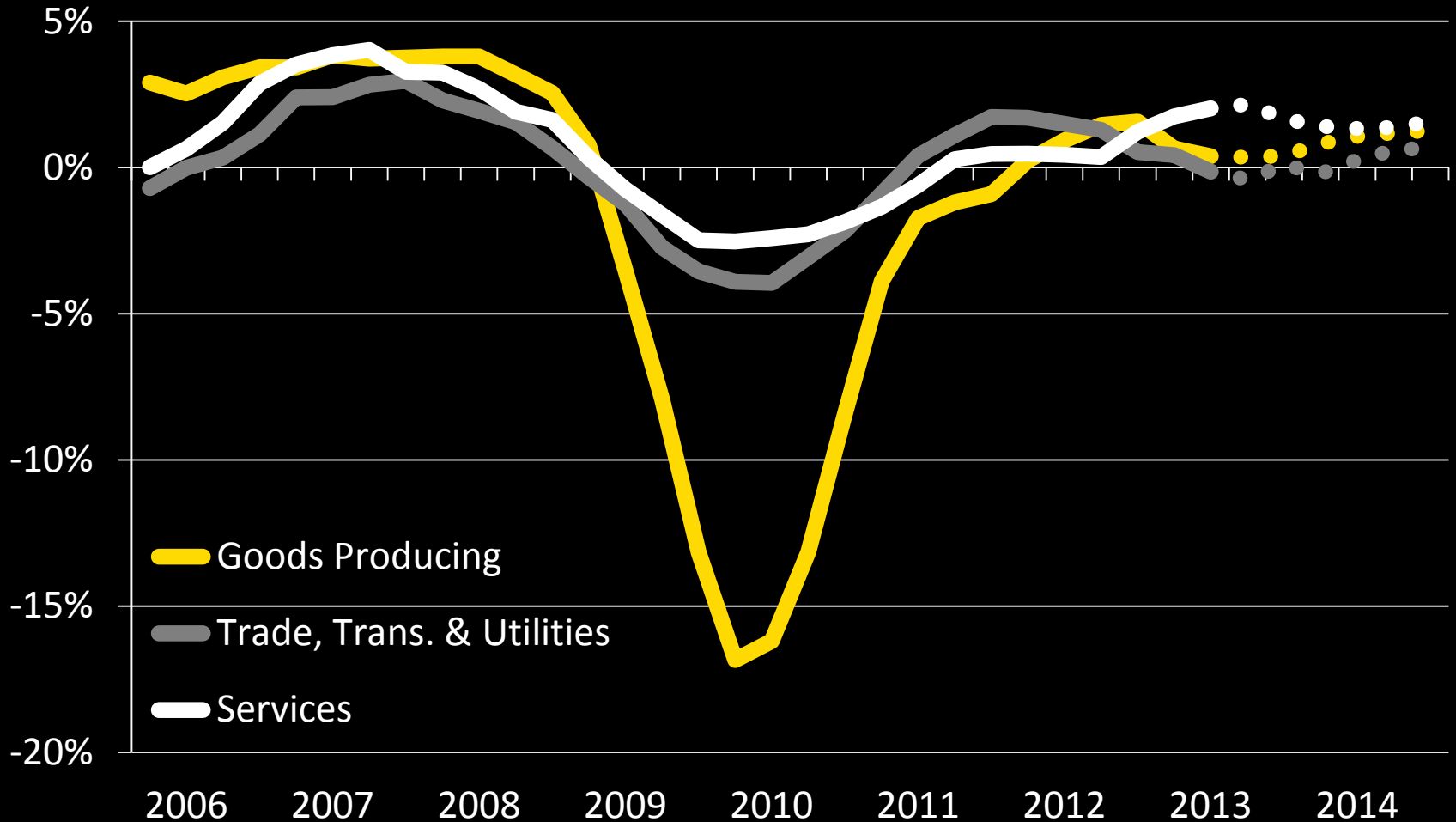
Wichita MSA Employment by Industry Summary*				
	2013 (e)	2014 (f)	2013-2014 Level Change	2013-2014 Percent Change
Total Nonfarm	287,352	290,771	3,419	1.2%
Production Sectors	67,612	68,466	854	1.3%
Natural Resources, Mining & Cons.	13,793	14,220	427	3.1%
Manufacturing	53,819	54,246	428	0.8%
Durable Goods	46,224	46,596	372	0.8%
Nondurable Goods	7,595	7,650	55	0.7%
Trade, Transportation & Utilities	49,778	50,114	336	0.7%
Wholesale Trade	9,515	9,548	33	0.3%
Retail Trade	31,310	31,510	200	0.6%
Transportation & Utilities	8,953	9,056	103	1.1%
Service Sectors	129,964	132,021	2,056	1.6%
Information	4,498	4,550	52	1.1%
Financial Activities	10,806	11,050	244	2.3%
Professional & Business Services	31,397	32,229	832	2.6%
Education & Health Services	43,401	44,154	753	1.7%
Leisure & Hospitality	29,118	29,227	109	0.4%
Other Services	10,744	10,810	66	0.6%
Government	39,998	40,170	172	0.4%

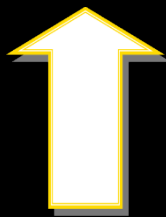
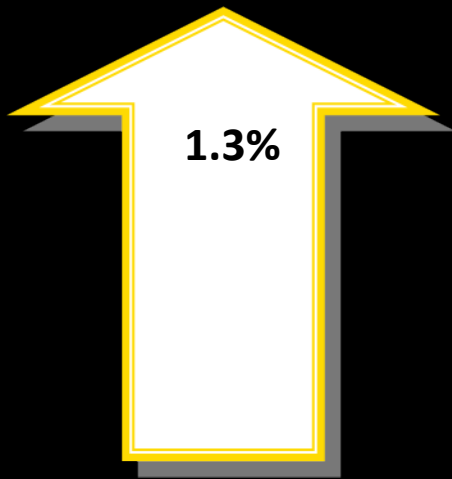
*Annual values are derived from average quarterly observations and projections.
(e) estimated (f) forecasted

Average Annual
Wage



WICHITA EMPLOYMENT





3.1% Natural Resources & Construction



0.8% Durable Goods



0.7% Nondurable Goods

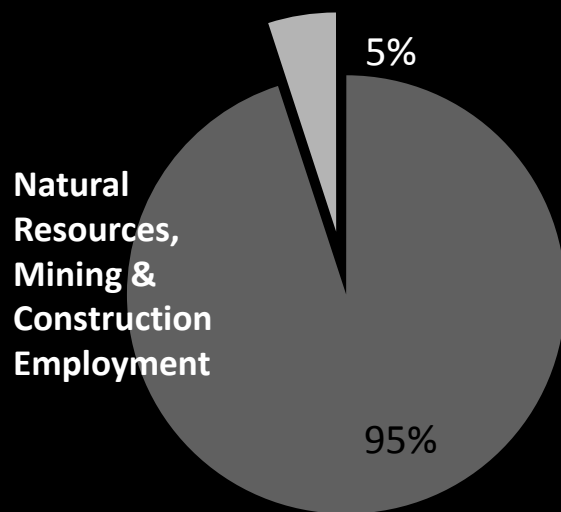
Goods Production Employment Forecast

Wichita's residential construction fared better than its nonresidential construction from 2011 to 2012, when the value of residential building permits increased 38.3 percent, while the value of nonresidential permits decreased 52.9 percent. CEDBR estimates the value of residential building permits will increase 43.6 percent in 2013 and another 22.3 percent in 2014. The Center also estimates the value of nonresidential building permits will increase 4.6 percent in 2013, followed by an increase of 22.2 percent in 2014.

Auburn Hills, and another for approximately 90 homes on South Rock Road in Derby. As of August 2013, 725 new residential units were under construction or in the planning stage in downtown Wichita.

New nonresidential construction includes a new Hobby Lobby, two new Davis-Moore Auto Group buildings, a small office park at the Waterfront, the Grand Hotel near Union Station, and an events center and Chinese Garden at Botanica.

Perfection Builders has two new patio home developments planned, one for about 80 homes in

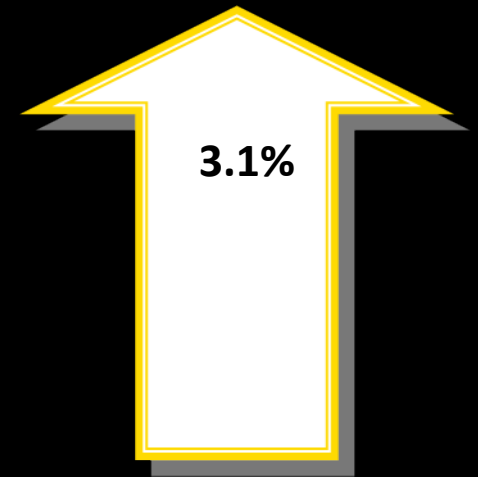


Total Wages Paid in Millions of Dollars

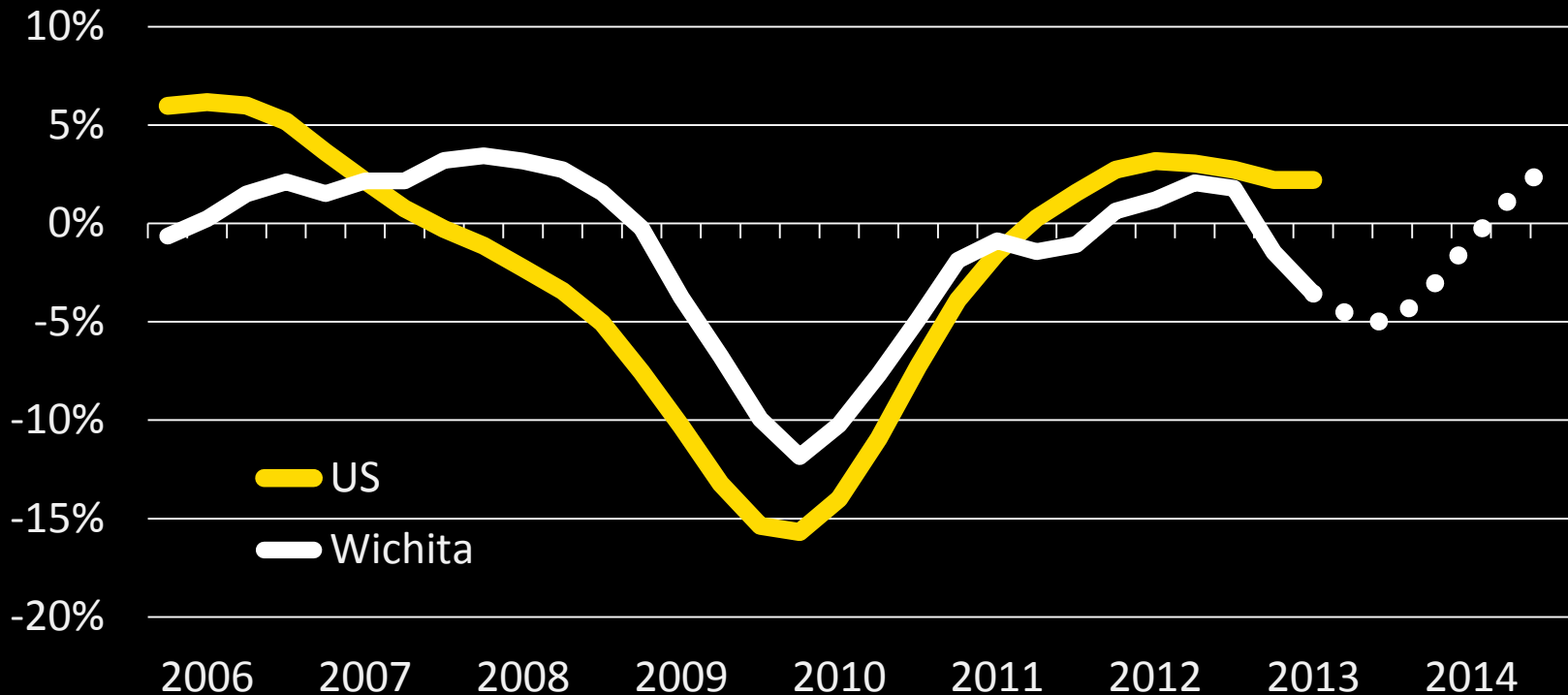


NATURAL RESOURCES, MINING & CONSTRUCTION

Natural Resources, Mining & Construction



Overall, natural resources, mining and construction employment is expected to decrease 5.1 percent, or 741 jobs in 2013. The industry will regain some of that loss in 2014, with a 3.1 percent increase, or 427 jobs.



MANUFACTURING

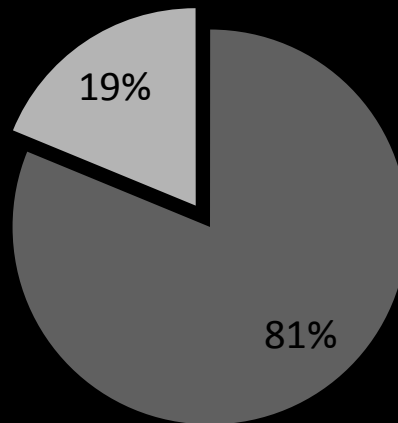
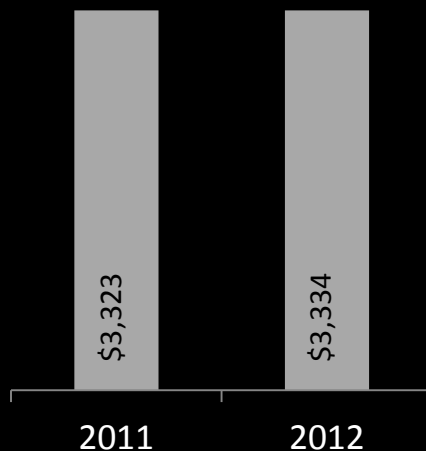
More workers are employed in the manufacturing sector than any other sector in the Wichita MSA. Approximately 85.9 percent of those workers manufacture durable goods, with aerospace products and parts being the largest component of the durable goods manufactured. Aerospace products and parts jobs represent about 55.5 percent of all manufacturing jobs in the Wichita area.

The manufacturing sector in the United States lost approximately 1.7 million jobs between 2008 and 2011, for a 12.5 percent decline. During that same period, the Wichita MSA lost 15,300 manufacturing jobs, for a 22.7 percent decline.

The nation began its rebound in 2011; however, Wichita did not gain jobs back until 2012, when 800 jobs were added, for a 1.5 percent increase over 2011.

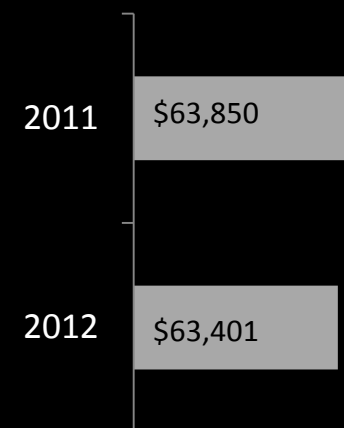
Manufacturing news has been mixed in Wichita the past year. Challenges have included layoffs, divestiture of assets, reorganization, and efforts to keep up with demand. The good news includes the first international delivery of the new Cessna TTx, a 75 percent increase in Beechcraft Corp. deliveries second quarter year-over-year, the rollout of the first forward fuselage for the new KC-46 refueling tanker by Spirit AeroSystems, and the addition of the Challenger 350 business aircraft by Bombardier.

**Total Wages Paid
in Millions of Dollars**



Manufacturing Employment

Average Annual Wage



The General Aviation Manufacturers Association data below suggests stability and growth for piston and turboprop aircraft. GAMA's July news release indicates that this is "the first time since 2008 that airplane revenues have exceeded \$10 billion in the first six months of the year. According to GAMA's president and CEO, Pete Bunce, "...we continue to engage lawmakers and regulators across the globe to improve certification processes and to facilitate the introduction of new, safety-enhancing products to market at a reasonable cost. GAMA is especially pleased that the Small Airplane Revitalization Act passed the U.S. House unanimously last month and is moving swiftly through the U.S. Senate. We look forward to seeing this bill become law and continuing our work with officials around the world to enhance safety and hasten our industry's recovery."

Selected Good News for Local General Aviation:

- In August, the first production unit of Cessna's Citation M2, its newest business jet, took its maiden flight.
- Beechcraft Corp. delivered its 4,000th Model 36 Bonanza in the second quarter of this year, making the Bonanza the longest continuously produced aircraft in history, with more than 18,000 Model 35, 33 and 36 units delivered since 1947.
- Bombardier's Flexjet, a fractional jet ownership division, was purchased by a group led by Directional Aviation Capital. The new company, Flexjet LLC, plans to place the largest private aviation order in its history, 85 business jets from Bombardier, with options for 160 more, for a total value of \$5.2 billion.

Shipments of Airplanes Manufactured Worldwide

	First Half 2012	First Half 2013	Change
Pistons	392	455	16.1%
Turboprops	244	276	13.1%
Business Jets	295	283	-4.1%
Total Shipments	931	1,014	8.9%
Total Billings	\$8.2 billion	\$10.4 billion	26.4%

Source: General Aviation Manufacturers Association, *GAMA Releases 2013 Second Quarter Airplane Shipments*, GAMA NEWS 13-39, July 31, 2013, <http://www.gama.aero/media-center/industry-facts-and-statistics/shipments-billings>.



In June, the International Air Transport Association upgraded its forecast of net post-tax airline profits to \$12.7 billion, from the \$10.6 billion forecasted in March of this year. This represents a 1.8 percent margin on revenues of more than \$700 billion.

IATA's 2013 financial forecast goes on to state, "The reason for the upgrade is that we have seen ... evidence that structural changes have taken place, improving the ability of the industry to generate profits given economic conditions. ... The outlook for global economic growth has deteriorated slightly as the recession in Europe proves to be deeper than expected. However, oil prices are lower this year, partly because of softer growth expectations but also because expectations of new supply from the United States are having a stronger impact on prices. These changes net out to have a slightly positive impact on the forecast for airline profits, but the more material influence has been a structural improvement in airline performance.

"The improvement is most clearly seen in North America, where margins have been improving since 2011 despite continued high jet fuel prices and sluggish economic growth. Consolidation, on domestic markets through mergers and on the North Atlantic through joint ventures, has more than offset difficult market conditions."

Boeing Commercial Orders and Production

	2007	2008	2009	2010	2011	2012
Gross aircraft orders	1,423	669	263	625	921	1,339
Percent Change	36%	-53%	-61%	138%	47%	45%
Aircraft deliveries	441	375	481	462	477	601
Percent Change	11%	-15%	28%	-4%	3%	26%

Source: The Boeing Company, *Orders and Deliveries*, <http://active.boeing.com/commercial/orders/index.cfm?content=timeperiodselection.cfm&pageid=m15523>.

Airbus Orders and Production

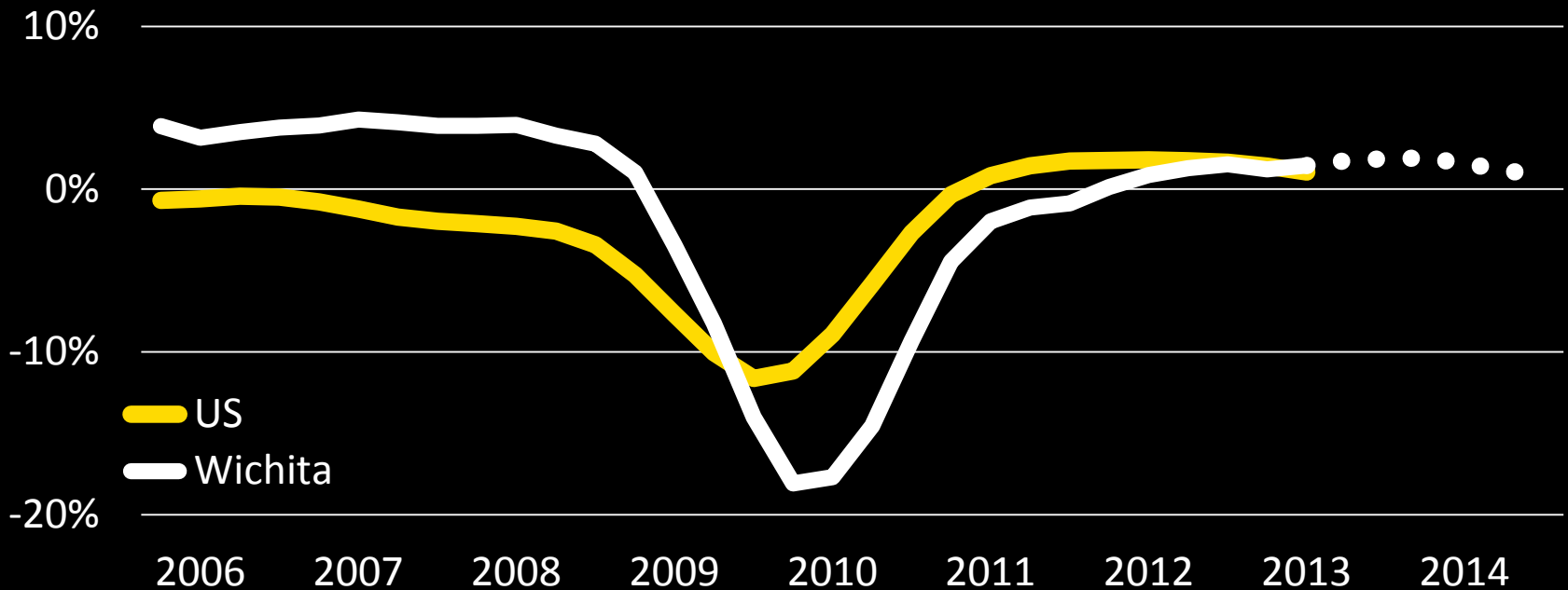
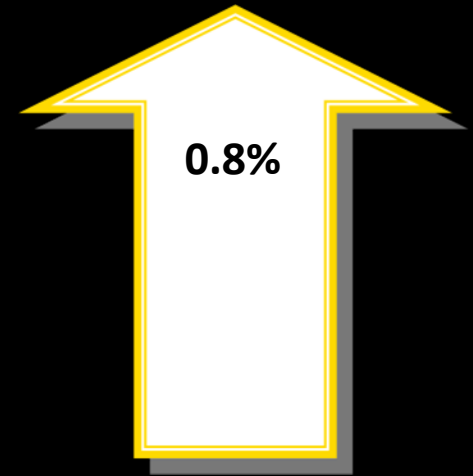
	2007	2008	2009	2010	2011	2012
Gross aircraft orders	1,458	900	310	644	1,608	914
Percent Change	77%	-38%	-66%	108%	150%	-43%
Aircraft deliveries	453	483	498	510	534	588
Percent Change	4%	7%	3%	2%	5%	10%

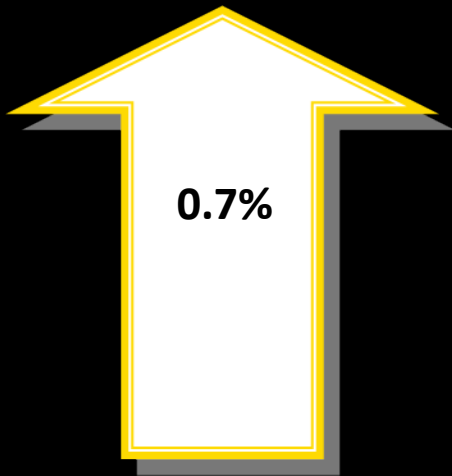
Source: Airbus, *Airbus Summary Results, 1989-2012*, <http://www.airbus.com/presscentre/corporate-information/key-documents/>.

Manufacturing: Commercial Aviation

MANUFACTURING FORECAST

Overall, manufacturing is expected to increase 1.9 percent, or nearly 1,000 jobs in 2013, followed by a 0.8 percent increase, or 428 jobs, in 2014.





0.3% Wholesale Trade



0.6% Retail Trade



1.1% Transportation & Utilities



Trade, Transportation and Utilities Employment Forecast

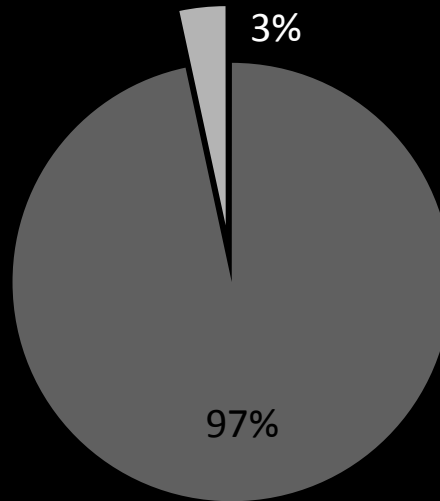
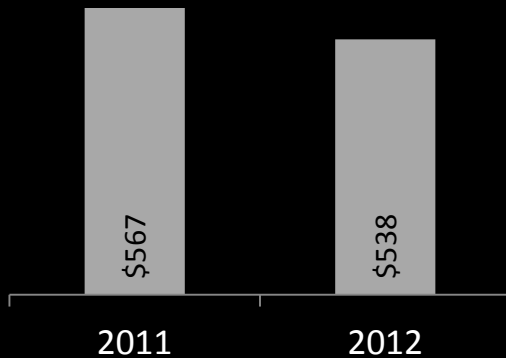
WHOLESALE TRADE

Wholesale Trade Subsectors

	No. of Employees	No. of Establishments	Total Wages (in millions)	Average Annual Pay
Merchant Wholesalers, Durable Goods	5,620	480	\$289	\$51,402
Merchant Wholesalers, Nondurable Goods	2,824	181	\$171	\$60,572
Electronic Markets and Agents and Brokers	1,079	401	\$ 78	\$72,537

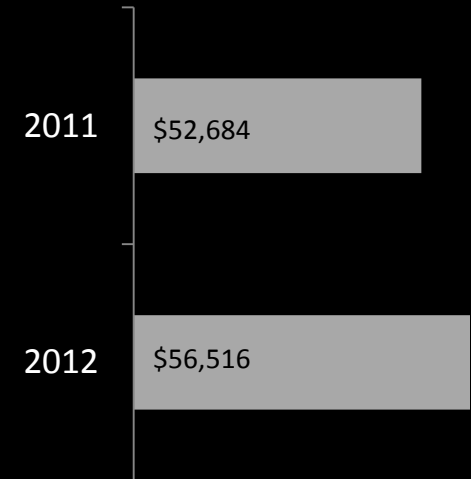
Source: U.S. Bureau of Labor Statistics, Quarterly Census of Employment and Wages, 2012.

Total Wages Paid
in Millions of Dollars



Wholesale Trade
Employment

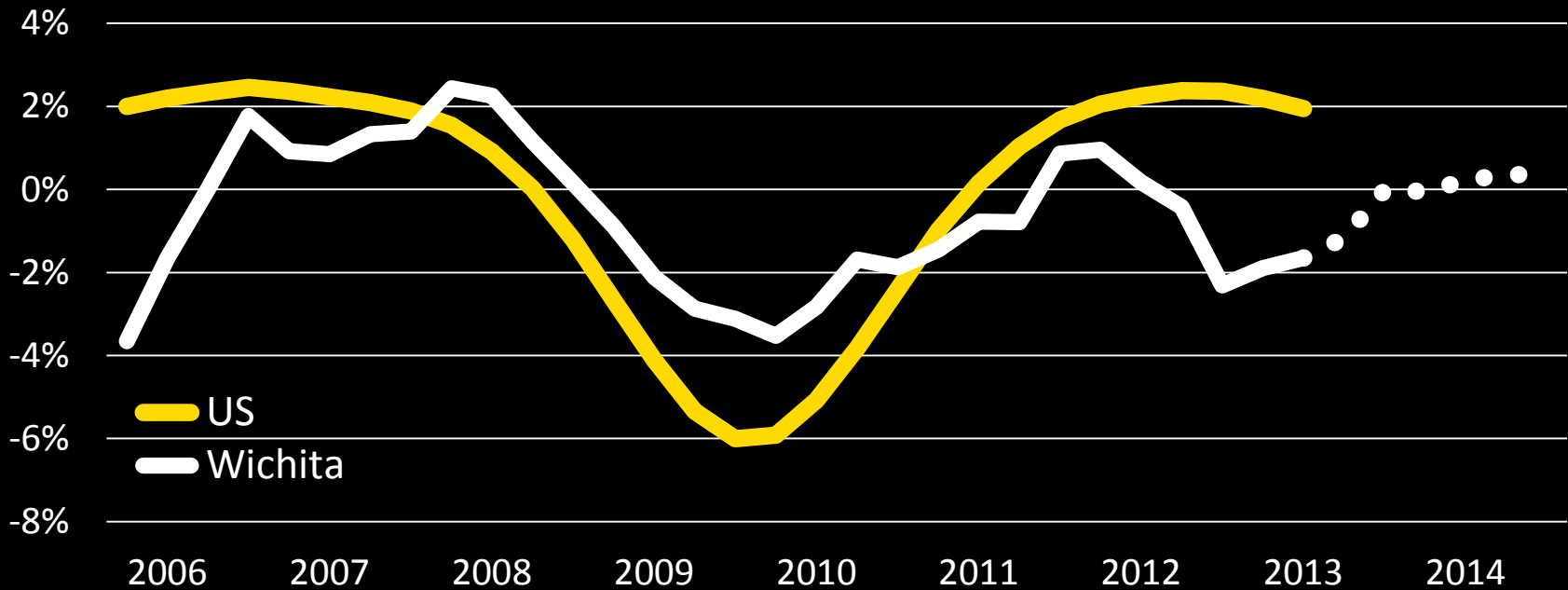
Average Annual Wage



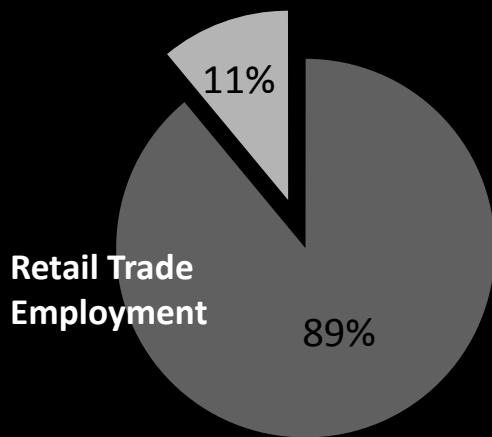
Wholesale Trade Forecast

Overall, wholesale trade is expected to remain stable in 2013, followed by a 0.3 percent increase, or about 35 jobs, in 2014.

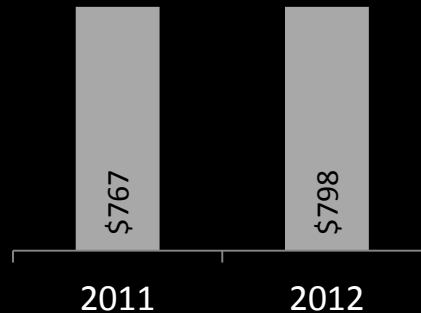
0.3%



Retail trade employment peaked in 2007 with 32,400 employees. By 2010, the industry had lost 2,000 workers. However, by the end of 2012, retail trade employment in the Wichita MSA increased by 3 percent, adding 900 jobs. That upward trend has coincided with significant retail activity in the area.



**Total Wages Paid
in Millions of Dollars**



Average Annual Wage



Selected Retail Expansion and New Businesses

Construction has begun on a new 55,000-square-foot Hobby Lobby store in Regency Lakes at 21st and Greenwich.

Davis-Moore Auto Group will build a Chrysler Dodge Jeep and Ram building, as well as a Fiat Building, on the previous site of the Scholfield Buick GMC dealership on East Kellogg. Construction is expected to be complete in early fall 2014.

Dandurand Drugstore is being reconfigured to make room for a larger compounding lab.

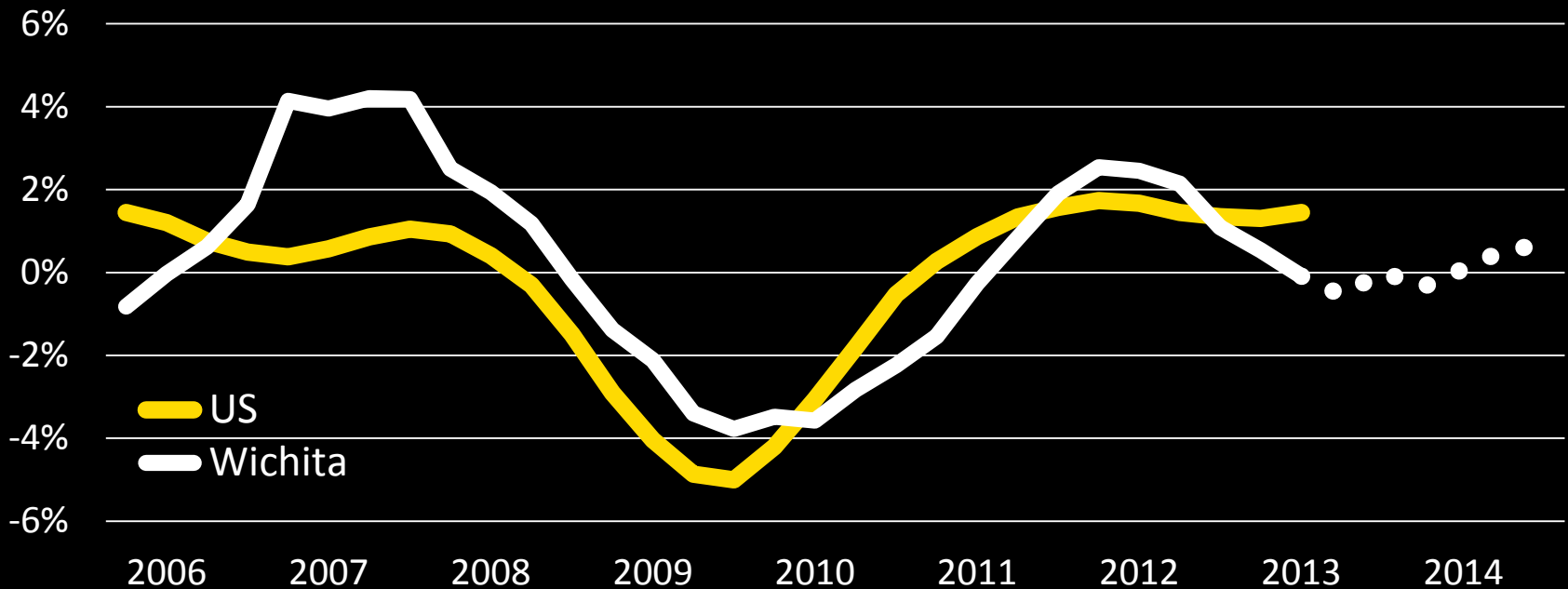
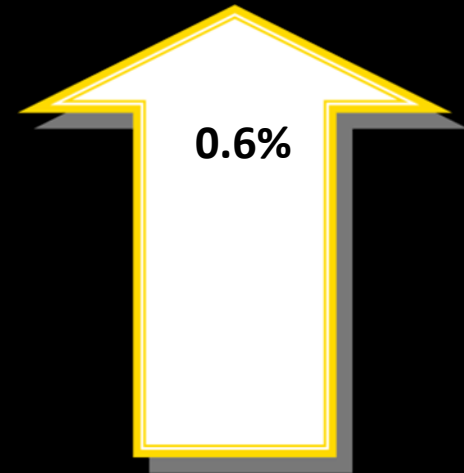
Goodwill Industries of Kansas, Inc. opened its 18th location on West Kellogg, near Goddard.

A Wichita Thunder team store will open in the Intrust Bank Arena in time for the 2013-2014 hockey season.

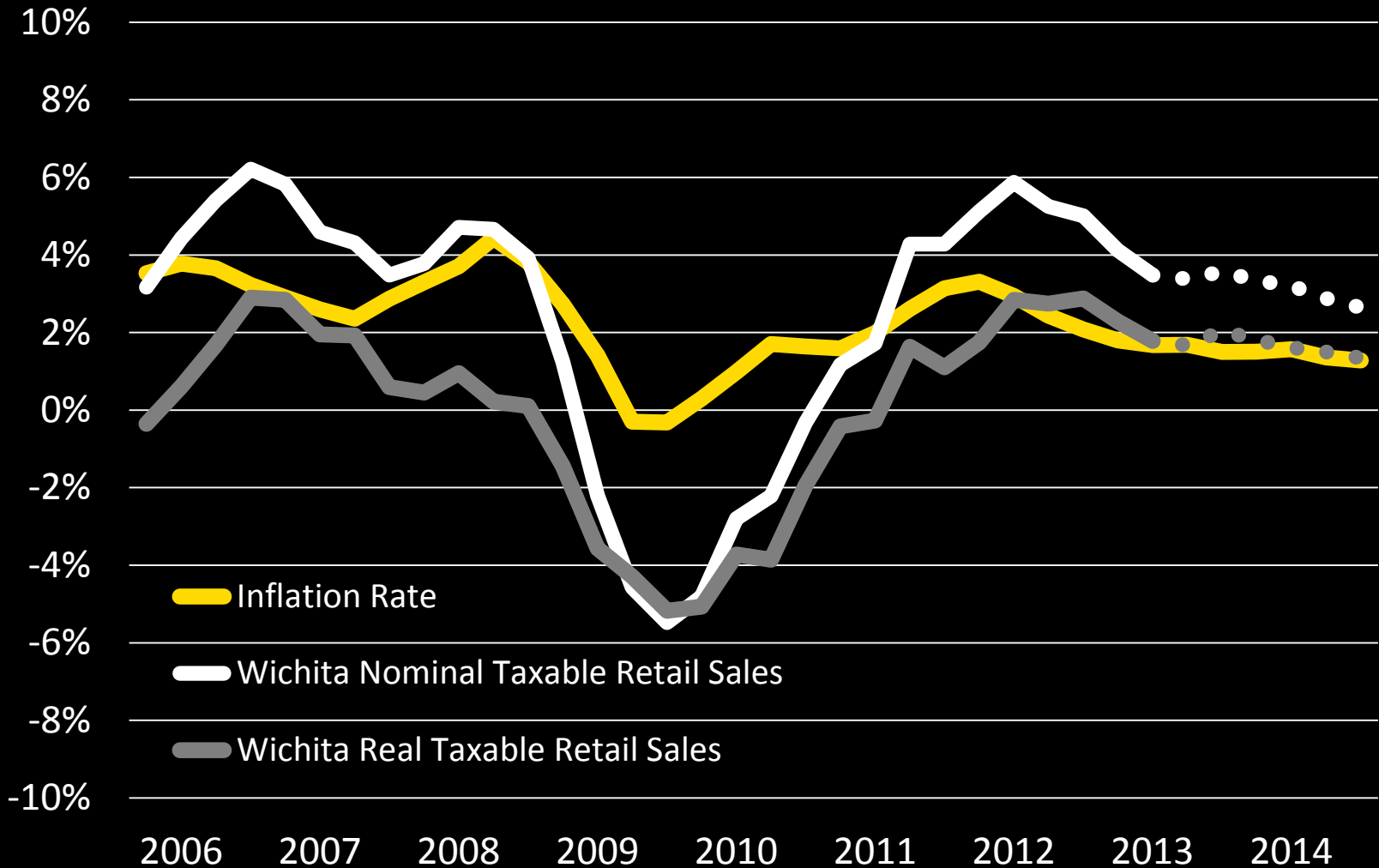
Retail Trade

Retail Trade Forecast

Overall, retail trade is expected to remain stable in 2013, followed by a 0.6 percent increase, or 200 jobs, in 2014.

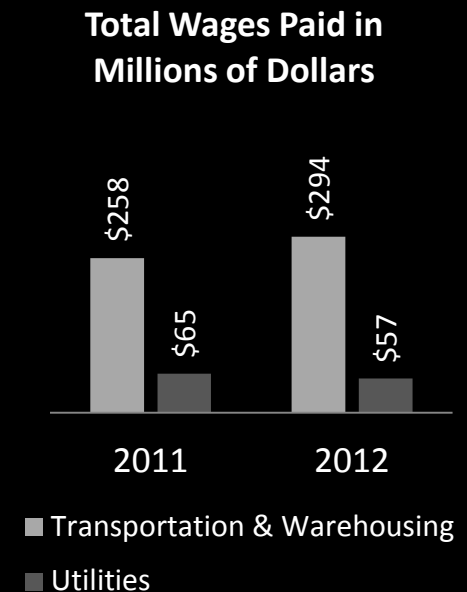
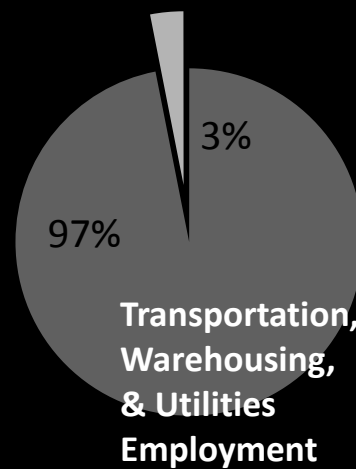
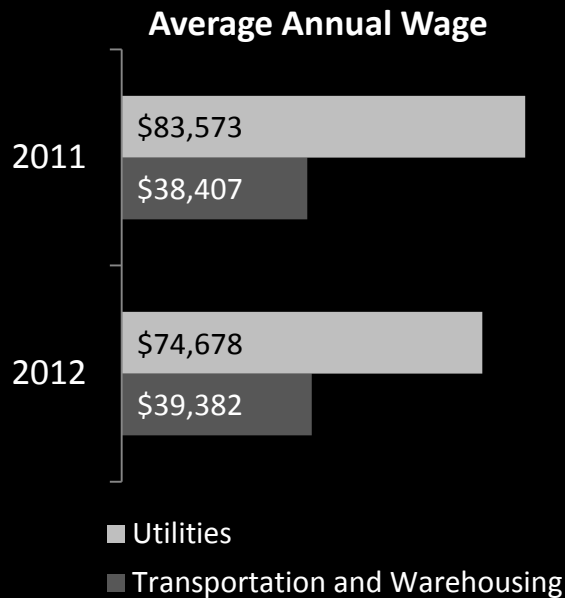
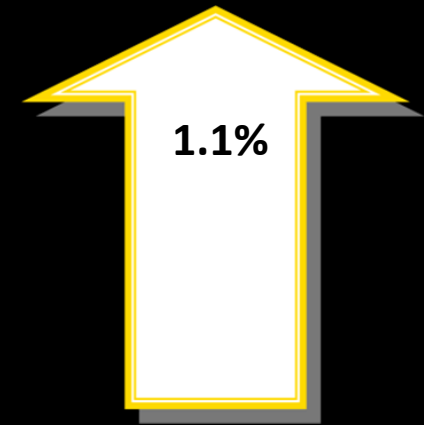


Retail Sales

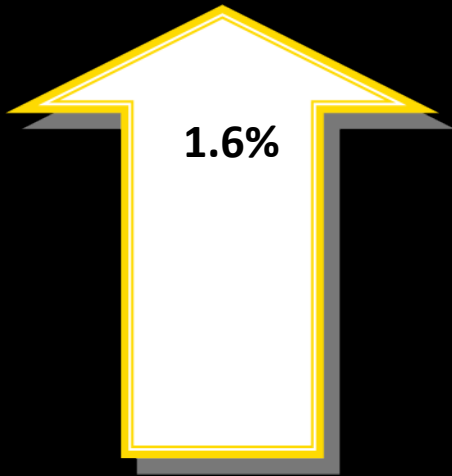


Transportation, warehousing and utilities industry employment peaked in 2008, with 9,100 filled positions. By the end of 2010, the industry had lost 500 jobs; however, gains were recorded in 2011 and 2012, recovering 300 of the jobs that were lost during the recession.

The industry is expected to gain about 25 jobs, for a 0.3 percent increase, in 2013, followed by a 1.1 percent increase, or 103 jobs, in 2014.



TRANSPORTATION, WAREHOUSING, & UTILITIES



1.1% Information



2.3% Financial Activities



2.6% Professional and Business Services



1.7% Education and Health Services



0.4% Leisure and Hospitality



0.6% Other Services

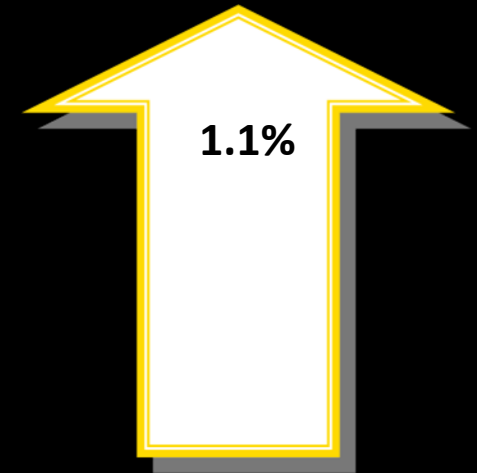
Services Employment Forecast



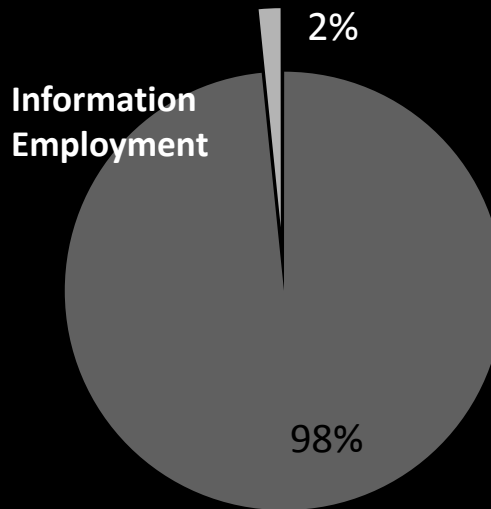
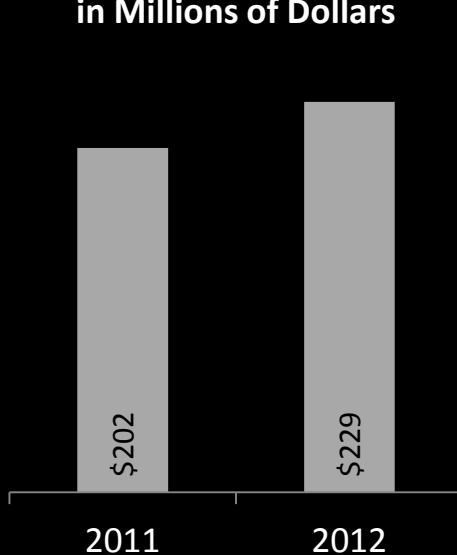
INFORMATION

The information industry, at both the local and national levels, has been on a downward trend. In 2008, there were 6,600 filled information positions in the Wichita MSA. By the end of 2012, the industry had lost 2,100 jobs, for a 32 percent decline. A similar pattern occurred at the national level. Employment peaked at 3.6 million jobs in 2000, but declined to 2.7 million by the end of 2011, a 26 percent loss. In 2012, national employment remained stable.

The decline in information jobs is expected to continue through 2013 for the Wichita MSA. CEDBR estimates a loss of about 25 jobs, for a 0.6 percent decline. The forecast for 2014 suggests the beginning of a new trend. CEDBR is forecasting a 1.1 percent increase in information employment, or a gain of about 50 jobs.



**Total Wages Paid
in Millions of Dollars**



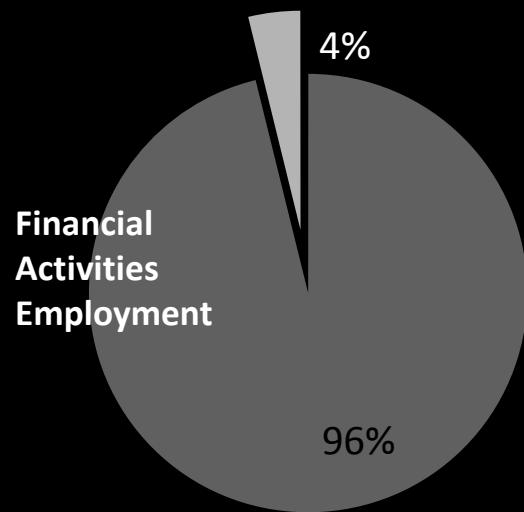
Average Annual Wage



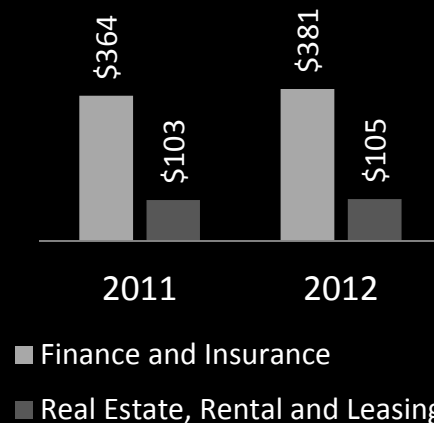
The financial industry in the Wichita MSA lost 2,400 jobs from 2001 through 2012, for an 18 percent decline. Since banking performance closely follows the economy, there has not yet been significant recovery. Interest rates are up some and the number of employees is rising, but there are a lot of older employees who will be retiring in the short term. In addition, banking customers are concerned about health care and the ongoing stability of the economy. Within the banking industry there is cautious optimism, but there will likely be more bank consolidation in the Midwest, driven by continuing compliance issues.

During the first six months of 2013, 4,223 homes were sold in the Wichita area. This was a 10.5 percent increase over the first six months of 2012. In addition, the number of new residential building permits increased 29.7 percent during the same time period.

CEDBR estimates that financial activities employment will increase 2.3 percent in 2013, or about 245 jobs, followed by another 2.3 percent increase in 2014, for another gain of 245 jobs.



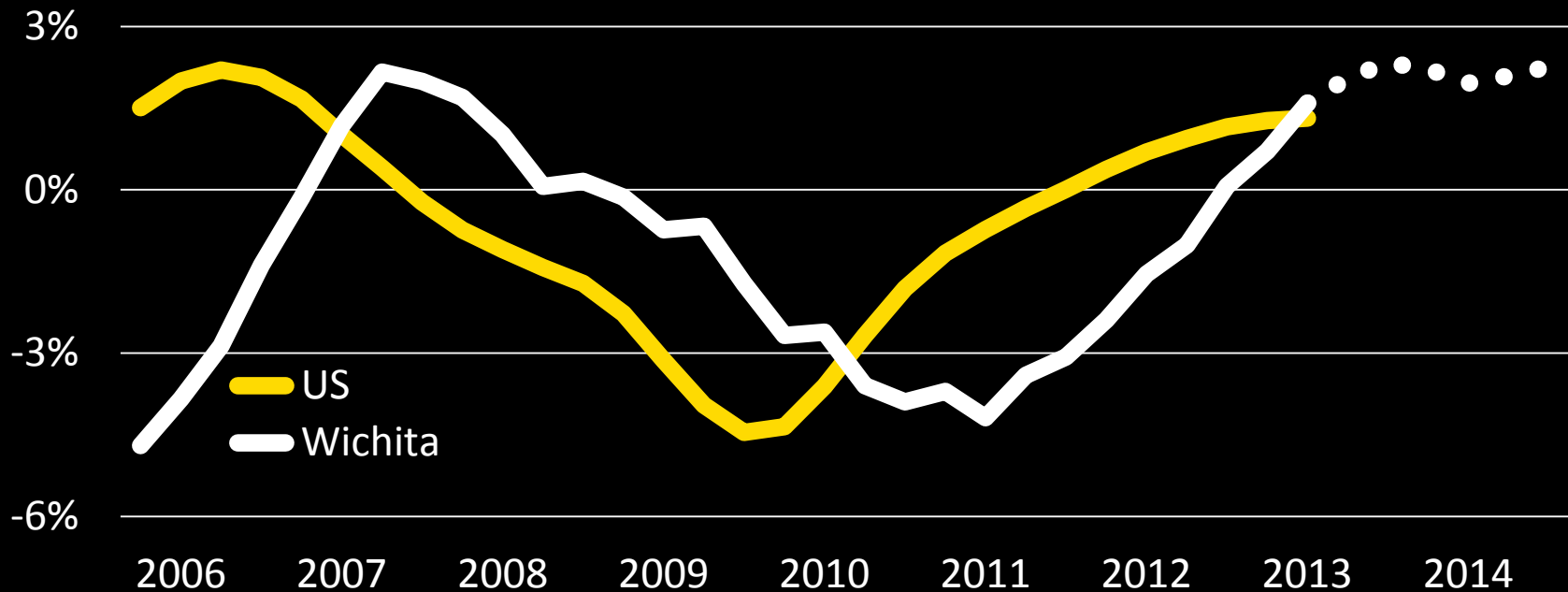
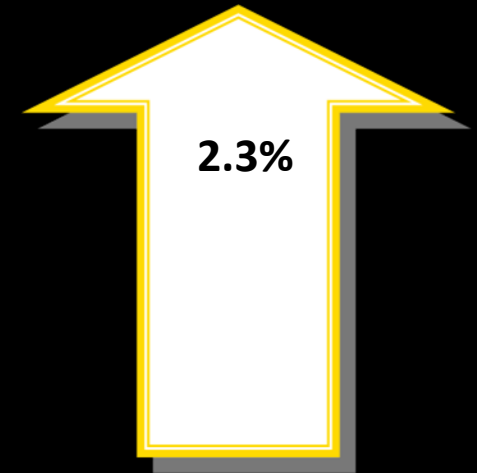
Total Wages Paid in Millions of Dollars



FINANCIAL ACTIVITIES

FINANCIAL ACTIVITIES

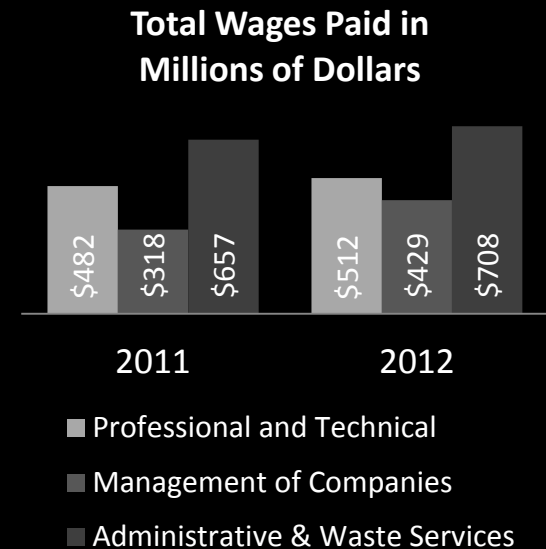
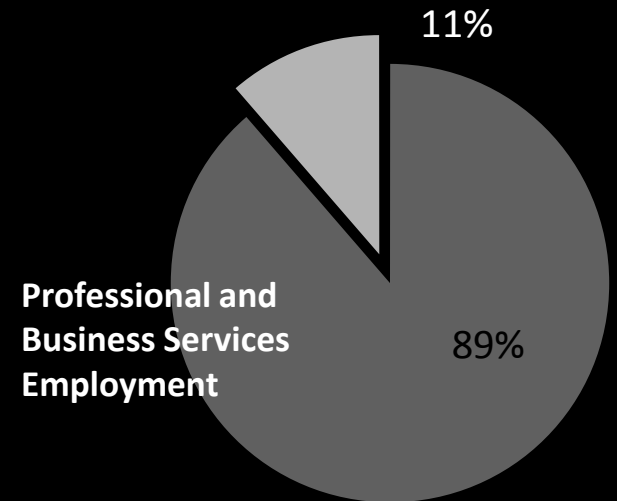
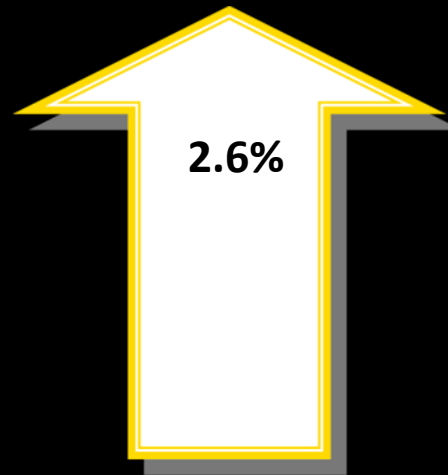
Financial activities employment is expected to increase 2.3 percent, or 250 jobs, in 2013, followed by another 2.3 percent increase in 2014, for a two-year gain of nearly 500 jobs.



Professional and Business Services

In the Wichita area, there are approximately 2,700 firms in the professional and business services sector, most of which have fewer than 10 employees. The sector reached an employment peak of 31,300 employees in 2008, followed by an 8.3 percent dip in 2009. By the end of 2012, the industry had regained 1,400 of the 2,600 jobs it had lost. Another gain of 1,314 jobs is expected in 2013, for a 4.4 percent increase. Another 2.6 percent increase is expected in 2014, for a gain of 832 new jobs.

Professional and business services have done well, nationally, also. By the end of 2012, the industry had regained all but 12,000 of the 1.36 million jobs lost in the recession.



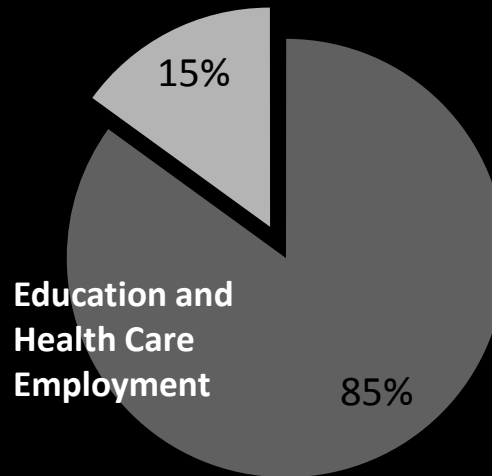
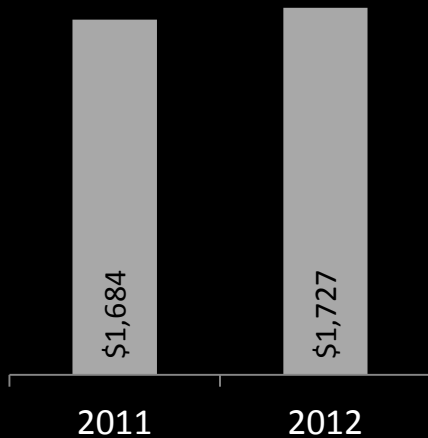
Education employment represents 11 percent of the education and health care industry, while health care employment composes the other 89 percent. Of the health care employment, 27 percent is in the hospital industry.

From 2000 through 2012, Wichita employment grew 22 percent in this industry. This growth can be attributed, to some degree, to continued population growth in the Wichita MSA, which

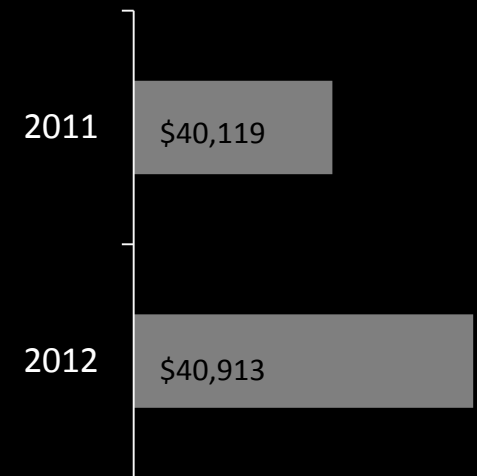
totaled a 10 percent increase from 2000 through 2012.

Trends in health care include increased regulation, improvements in technology, uncertainty about the Affordable Care Act and an aging population that is increasing the demand for services. The one thing the industry can count on will be change, whether it comes as a result of policy, the economy, or demographics.

Total Wages Paid in Millions of Dollars



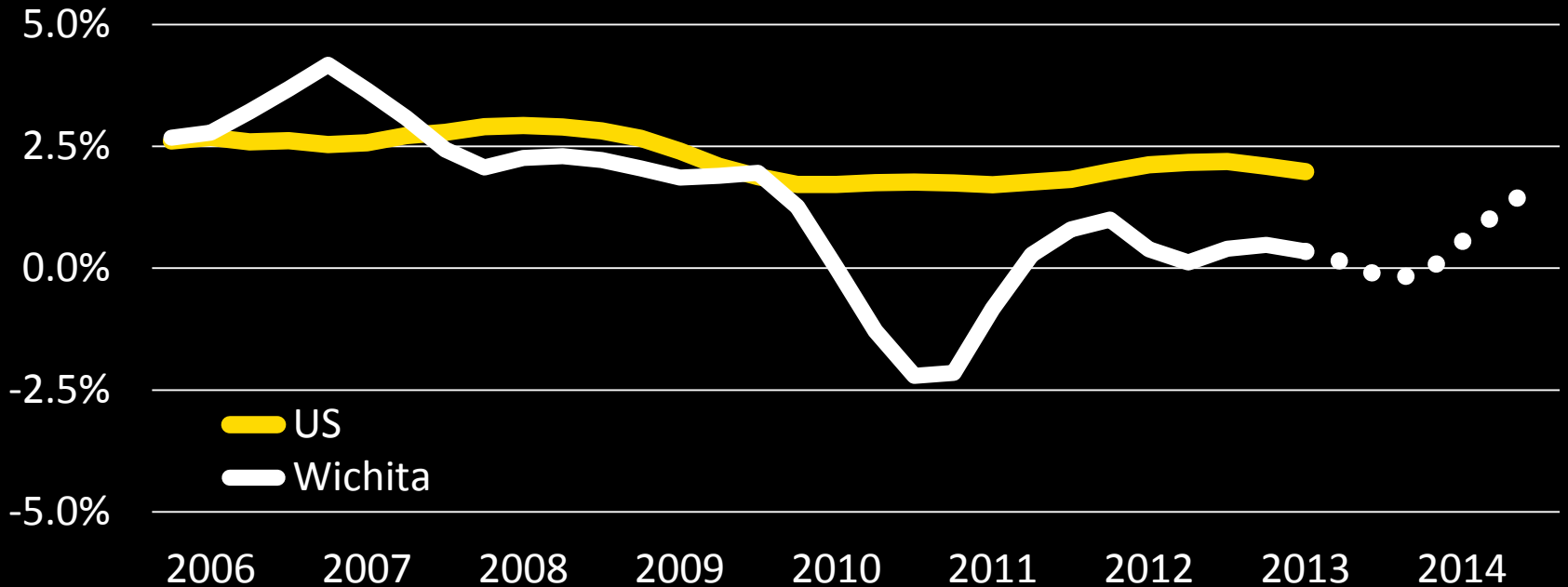
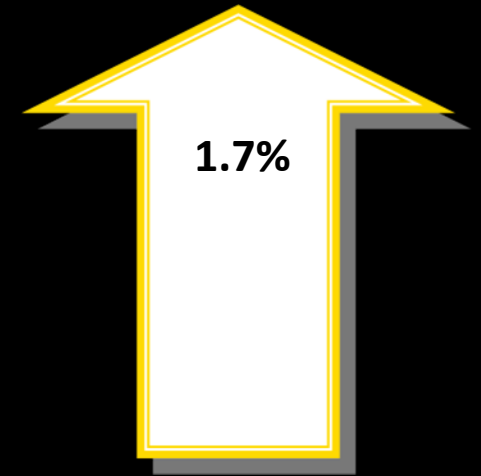
Average Annual Wage



Education and Health Care Services

Education and Health Care Forecast

Overall, education and health care employment is expected to decrease 0.2 percent, or approximately 70 jobs, in 2013, followed by a 1.7 percent increase, or about 750 jobs, in 2014.



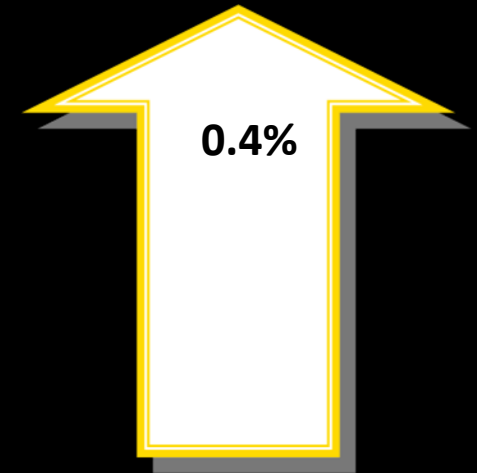
Leisure and Hospitality Services

Wichita tourism indicators, 12 months ending June 2012 compared to 12 months ending June 2013:

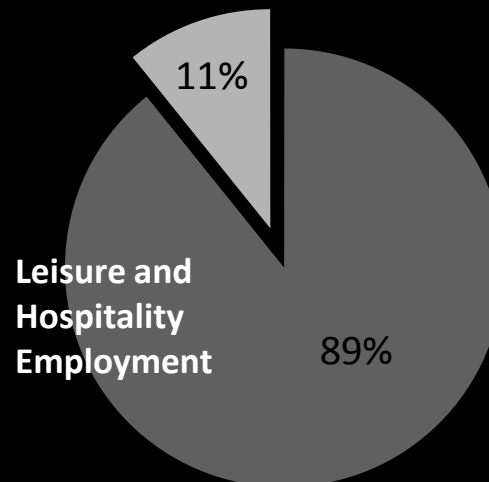
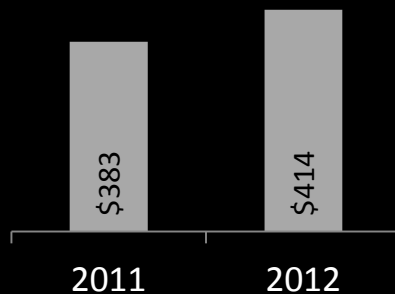
- Outbound passengers at Mid-Continent Airport decreased 3.5 percent
- Hotel occupancy rate increased 0.4 percentage points
- Transient guest tax collections decreased 1.8 percent

Button sales for the 2013 Wichita Riverfest were up 38 percent from the 2012 event. The 104,000 buttons sold was the largest number since the 2008 festival.

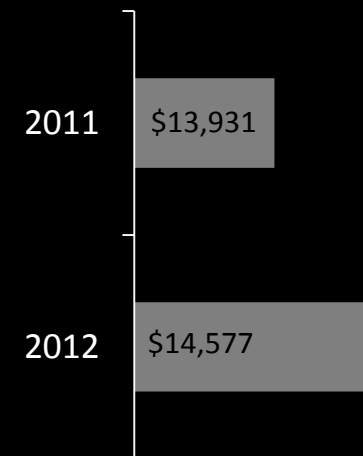
Venues Today, an international trade publication that ranks entertainment and sports venues, ranked Wichita's Intrust Bank Arena second in the United States and sixth in the world based on ticket sales from Oct. 16, 2012, through May 15, 2013, for arenas with 10,001 to 15,000 seats.



**Total Wages Paid
in Millions of Dollars**



Average Annual Wage



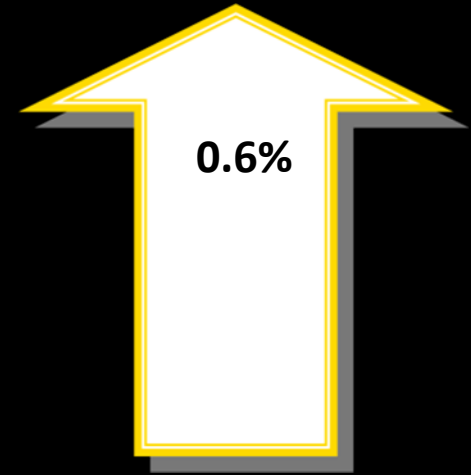
Other Services

Employment in other services reached a peak of 12,000 workers in 2004. By the end of 2012, the industry had lost 1,300 jobs, for a 10.8 percent decline. Employment is expected to increase 0.7 percent, an increase of nearly 80 jobs, in 2013. In 2014, this sector is expected to grow by 66 jobs, for a 0.6 percent increase.

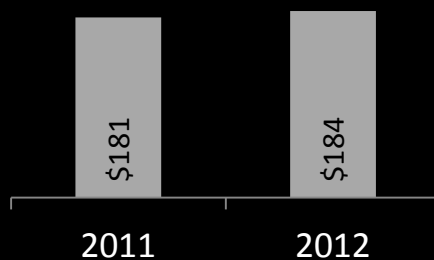
Subsectors of Other Services:

- Repair and maintenance
- Personal and laundry services
- Religious, grantmaking, civic, professional and similar organizations
- Private Households

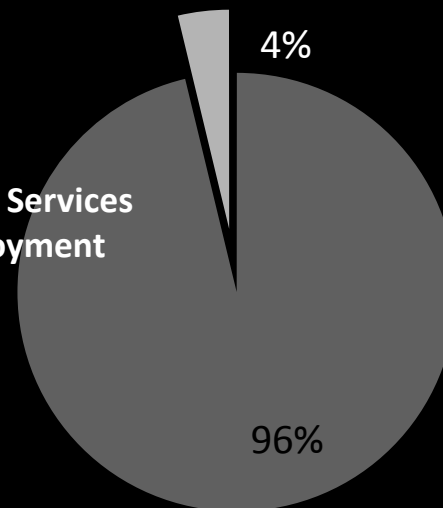
There are more automotive repair and maintenance companies, 310, in the Wichita MSA than any other type of service company that falls within this sector.



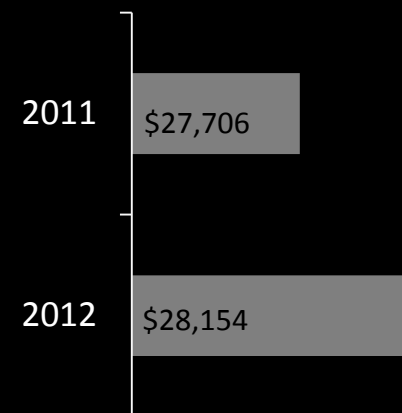
**Total Wages Paid
in Millions of Dollars**



**Other Services
Employment**



Average Annual Wage



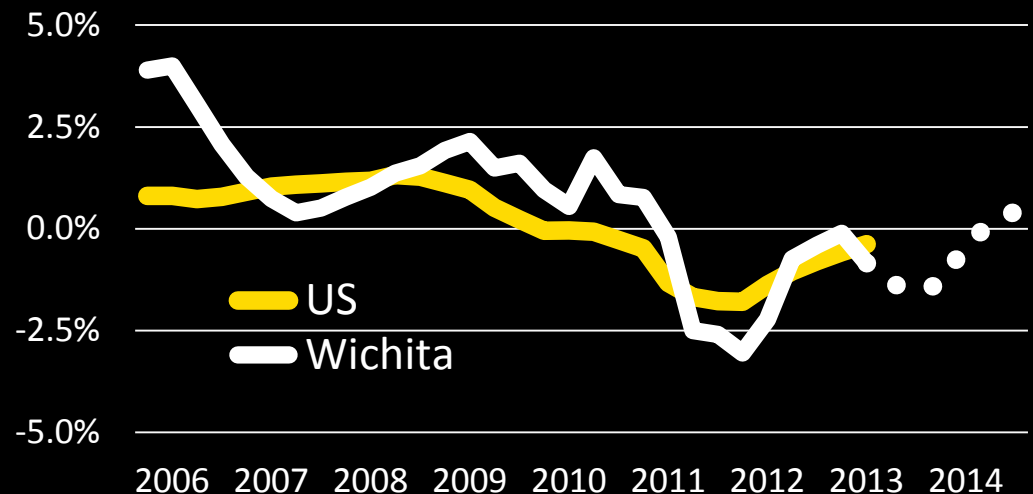
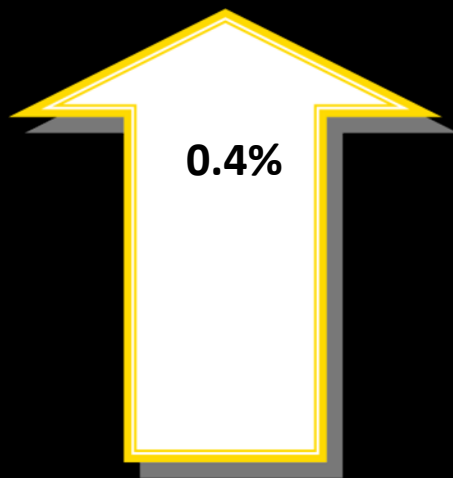
GOVERNMENT EMPLOYMENT FORECAST

Aside from agricultural employment, the government sector employment is the most difficult economic variable to predict, since employment decisions often rely on variables other than economic relationships.

Government employment reached a peak of 41,800 workers in 2010, followed by a 2.9 percent decrease, or 1,200 jobs, over the next two years. In 2013, CEDBR expects government to lose another 628 jobs, or 1.5 percent. The employment forecast for 2014 is an increase of 172 jobs, for a 0.4 percent gain.

Wichita MSA government employment (2012)

- Federal, 13.3 percent of total
- State, 13.5 percent of total
- Local, 73.2 percent of total





Thank You!

If you have any questions, please contact:

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