

# WICHITA 2013 REVIEW

## 2014 FORECAST

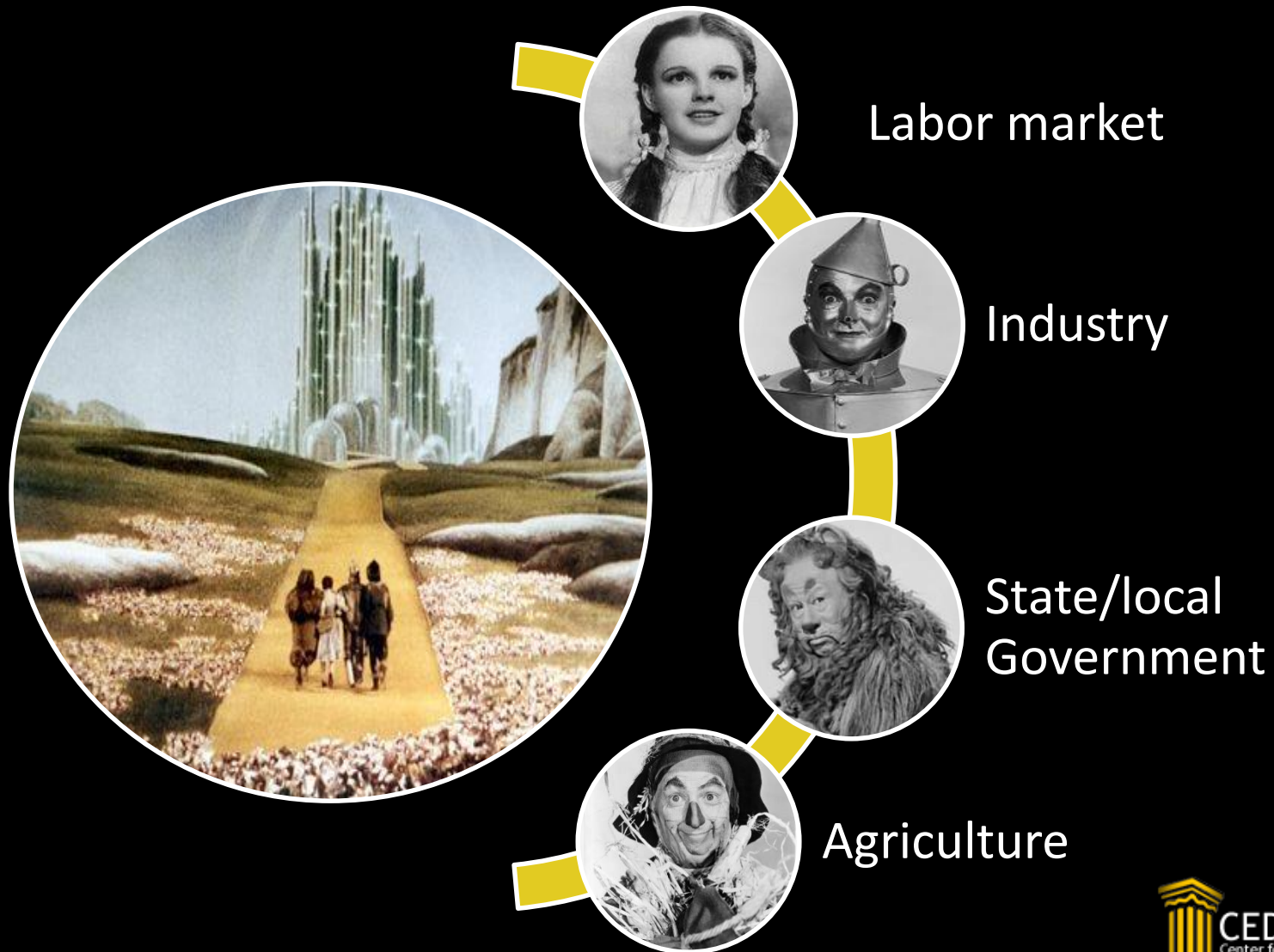
**Jeremy Hill**

OCTOBER 2013

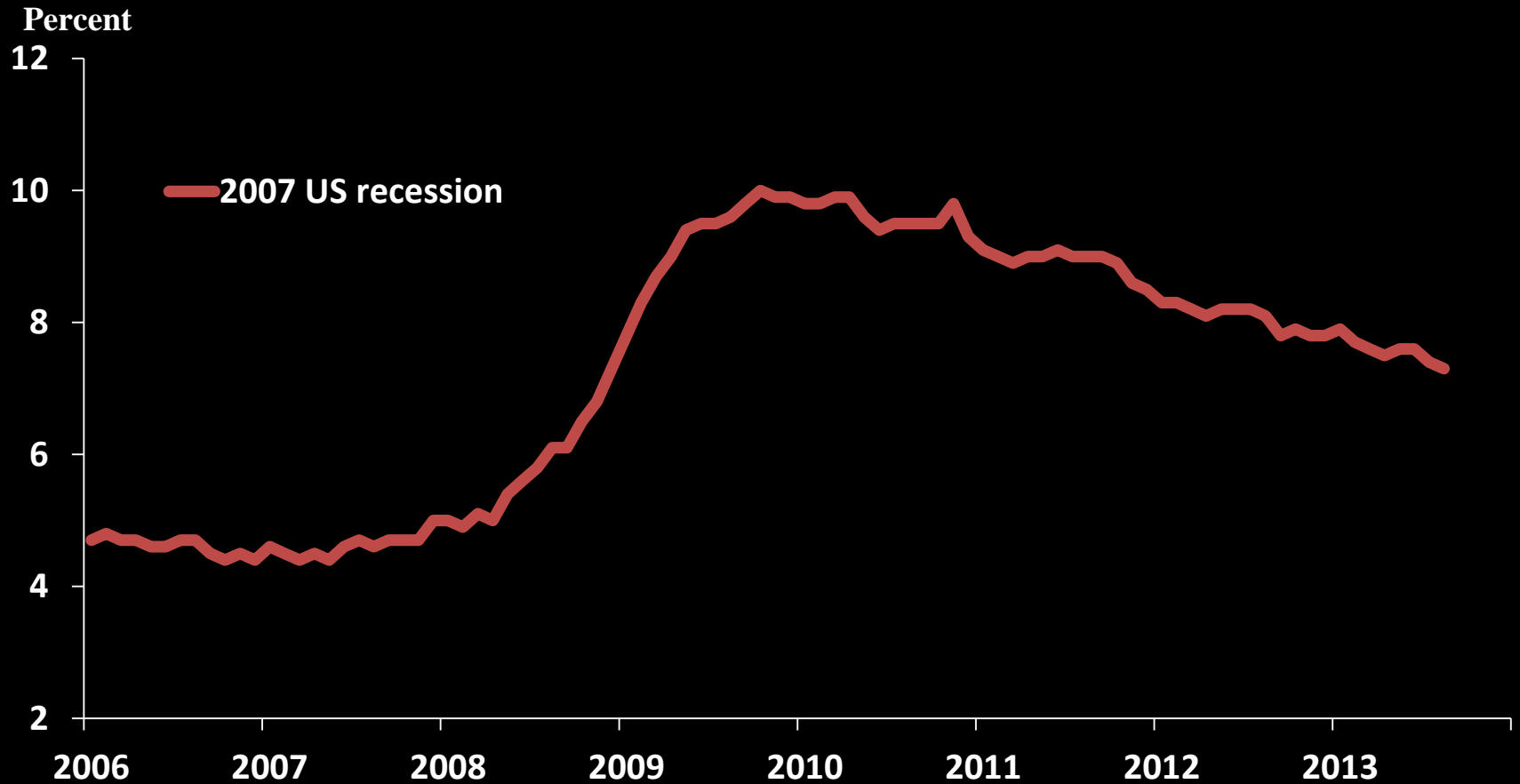
# *2013 General Expectations - Wichita*

- **Consumers** are weak, but **wanting** to consume.
- **Businesses** will “**sit on their hands**” until after the election.
- The **market place** is **set for a recovery**, but the pace is dependent on the removal of the “**uncertainties.**”
- **Local businesses** will deal with the **new reality and plan accordingly.**
- Moderate growth **will not occur** until general aviation sees **consistent positive signs.**
- **Consumers** are **more tolerant** of negative news, but will be limited by both high unemployment and income.
- Wichita’s **labor market** will improve, but employers will still **struggle** to match available skills.

# EMPLOYMENT

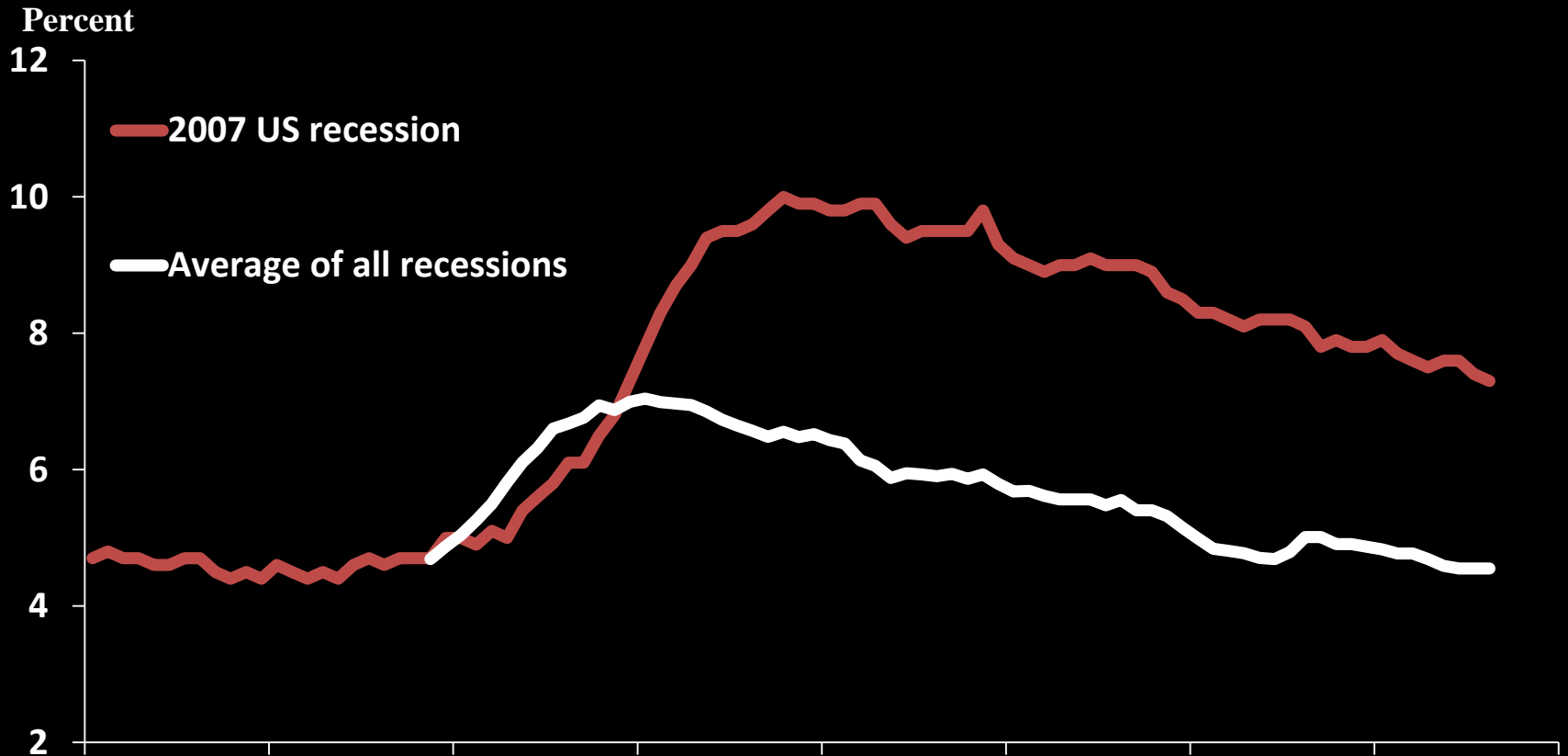


# UNEMPLOYMENT RATE

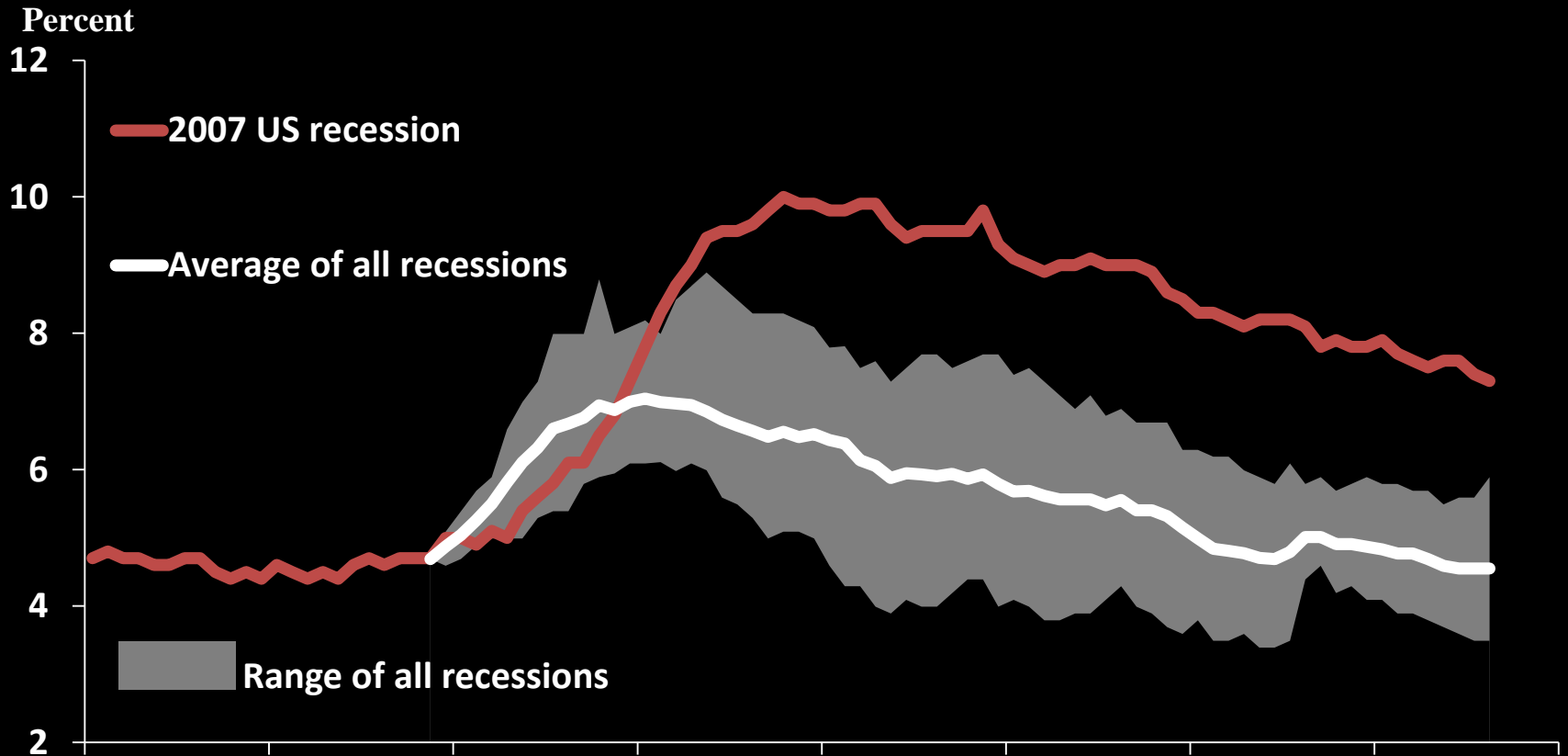


Source: Bureau of Labor Statistics

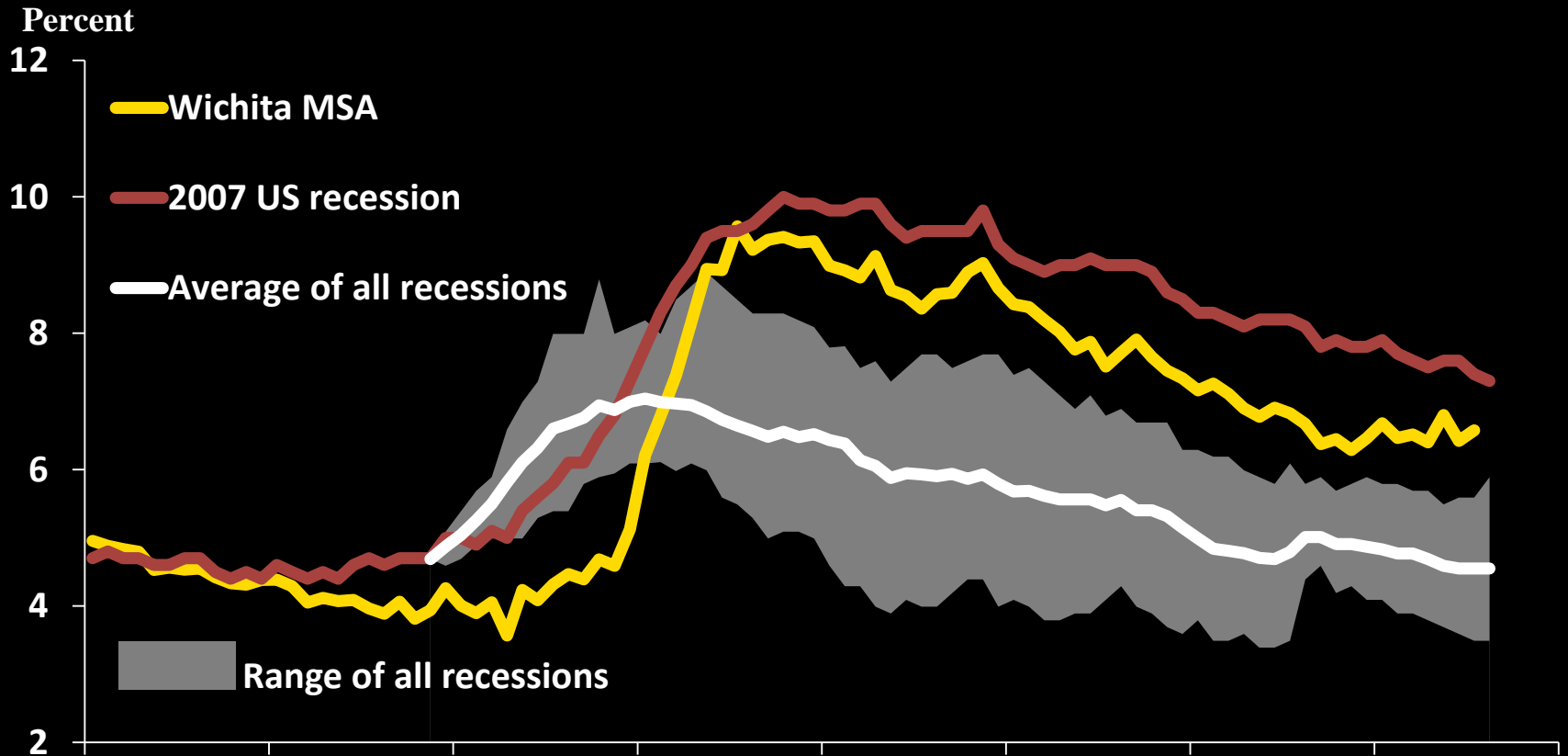
# UNEMPLOYMENT RATE



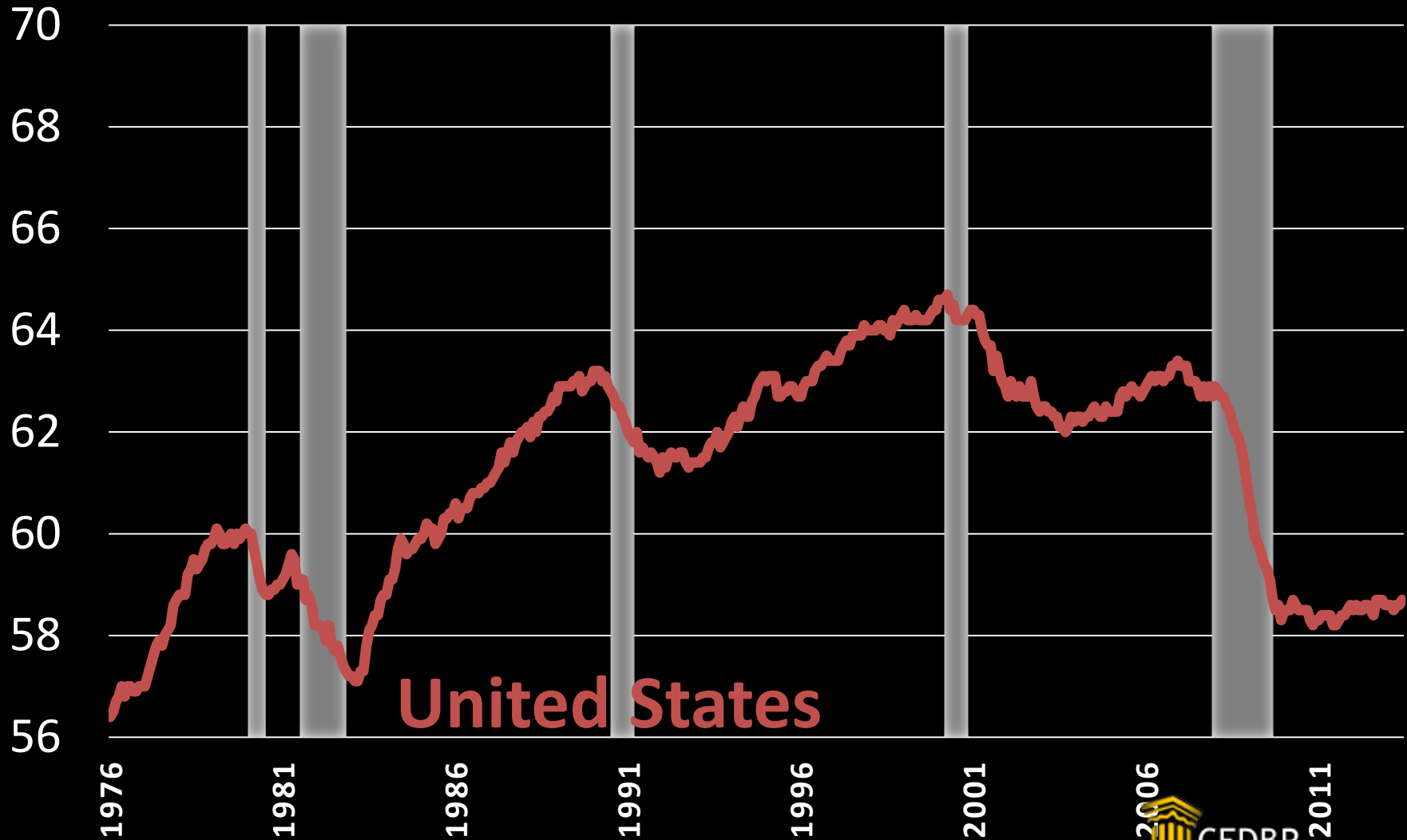
# UNEMPLOYMENT RATE



# UNEMPLOYMENT RATE

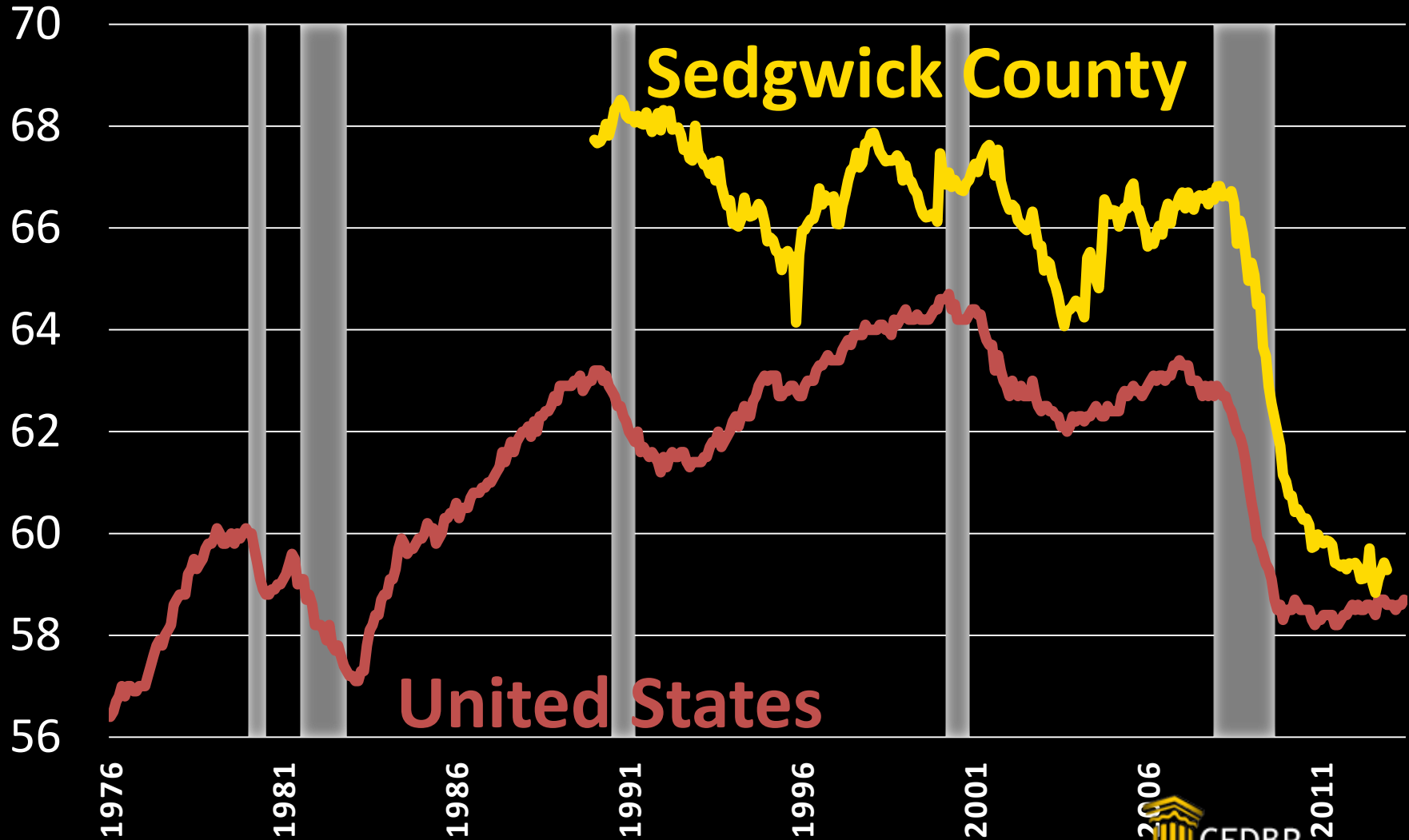


# EMP-Population Ratio





# EMP-Population Ratio



# Summary



- **United States**

- Labor market conditions now are similar to the late 70s.
- Employment/population ratio will not likely return to its recent highs.

- **Local**

- The labor market has been severely affected by the economic downturn.
- There is likely more of a structural and high wage cost issue within this market than at the U.S. level.

- **Overall**

- For the economy to improve, the local labor market will have to adjust to current economic environment.

# Global Concerns

1. U.S. Competitive Position
2. European Debt Crisis/Currency Instability
3. Global Demand
4. Middle Eastern Instability



# National Concerns

1. Long-term Unemployment
2. Federal Debt/Debt Ceiling
3. Business Regulation
4. Changes to the Health Care System
5. Monetary Policy
6. Tax Structure
7. Inflation



# State/Local Concerns

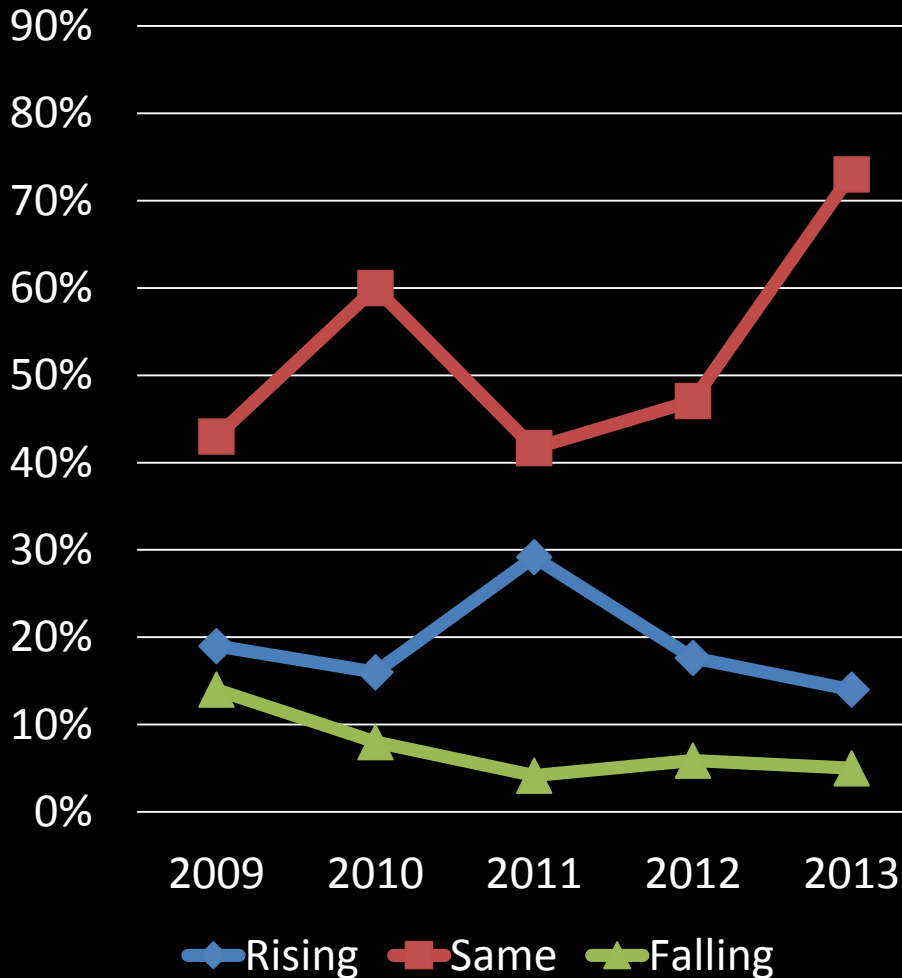
1. State/Local Government Budget
2. State Public Policy
3. Local Aerospace Industry Recovery
4. Industry Diversity
5. Availability of Skilled Labor
6. Residential Real Estate Markets



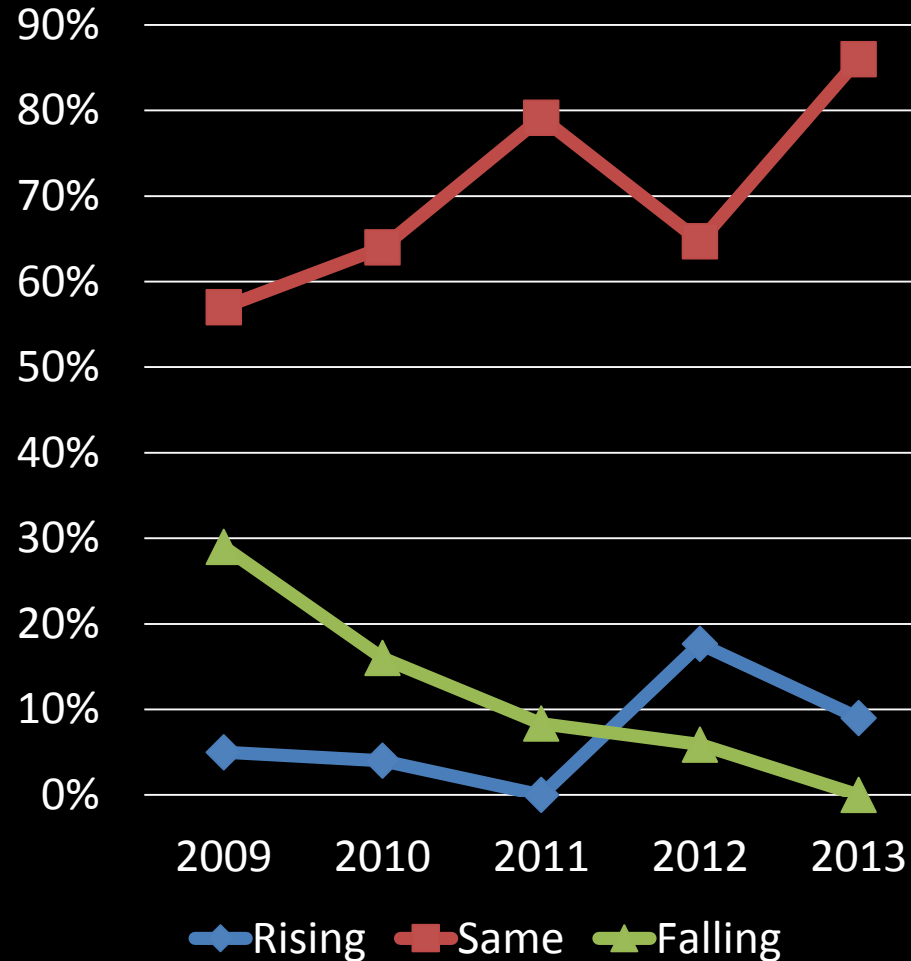
# Existing Conditions



## Material Costs



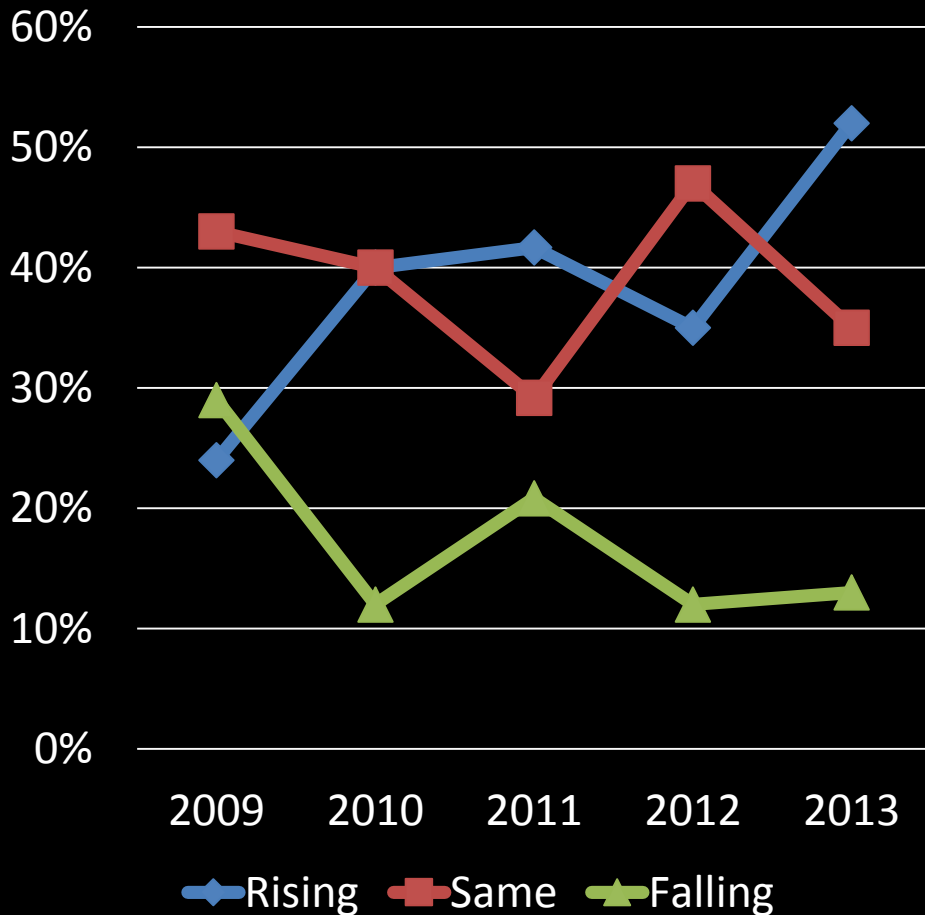
## Prices Charged



# Existing Conditions



## Volume of Demand



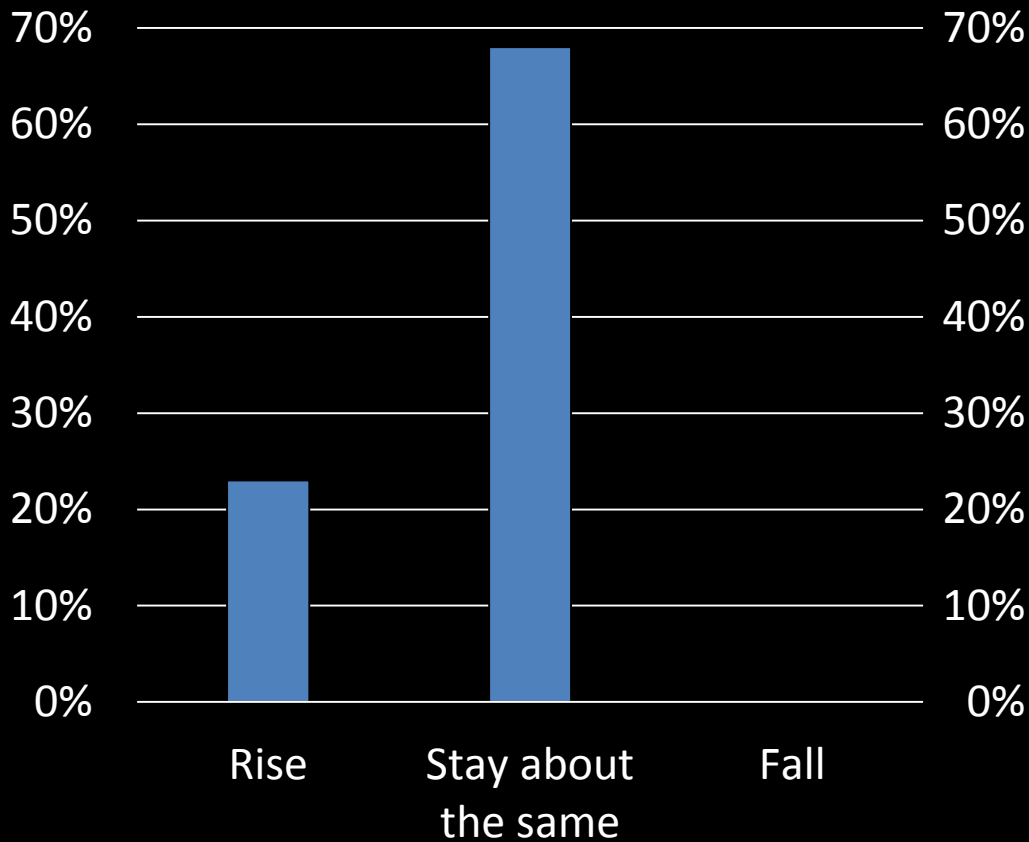
## Profit Margins



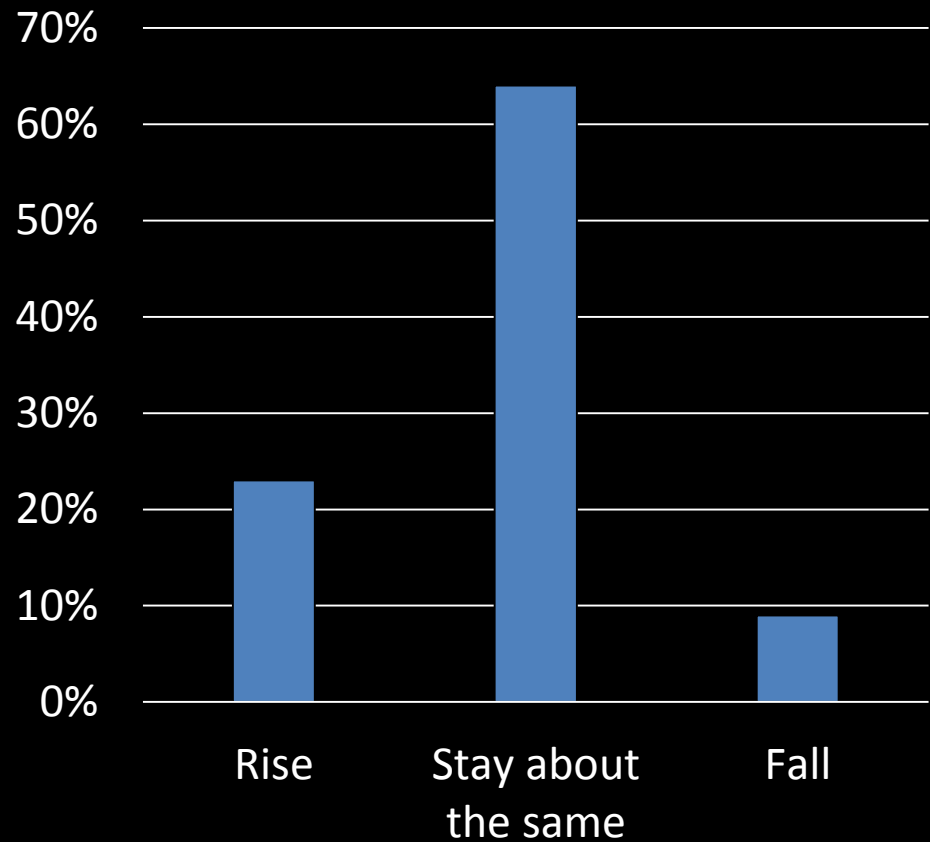
# Future Conditions



### Material Costs



### Prices Charged



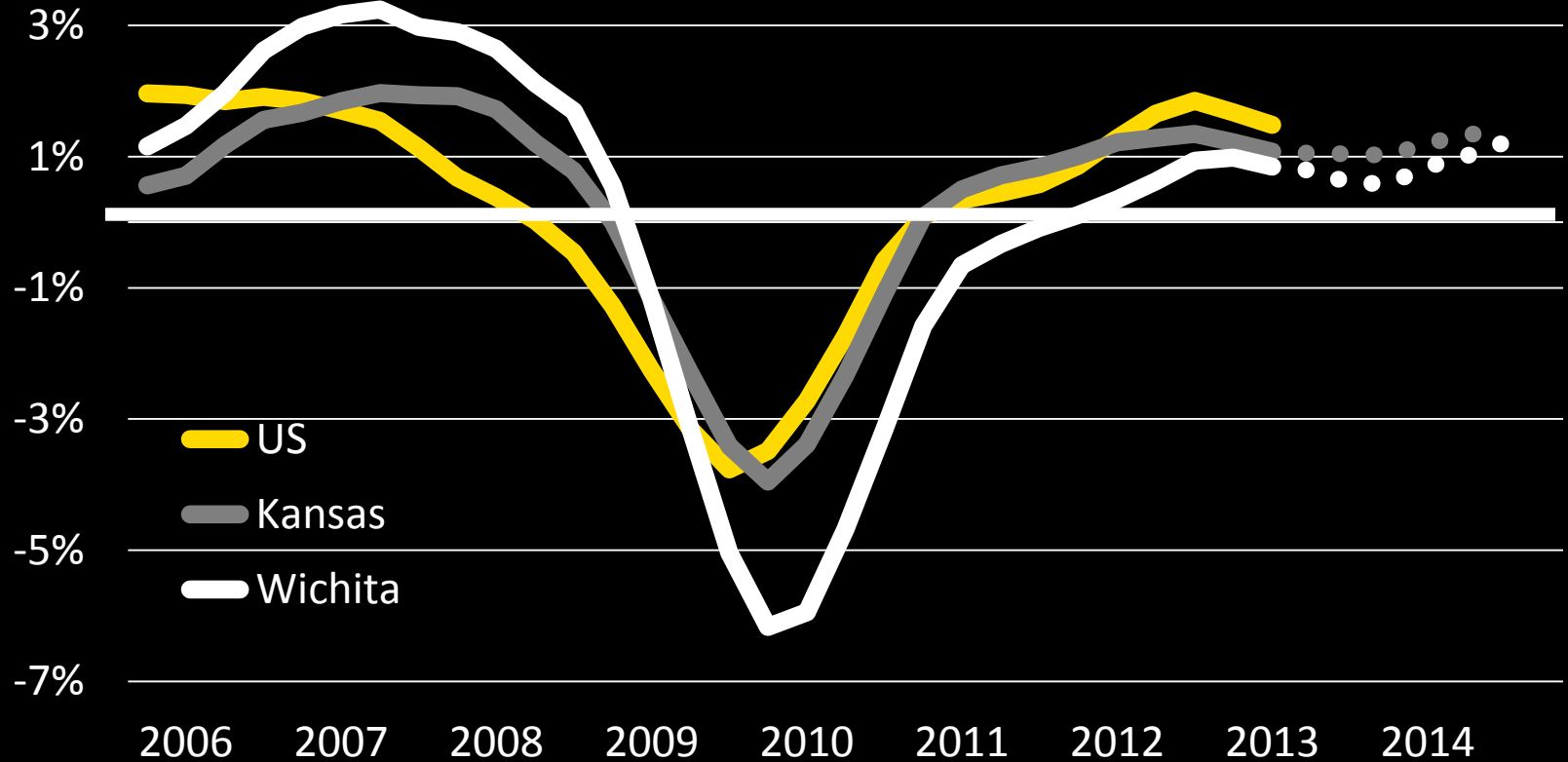


# Summary

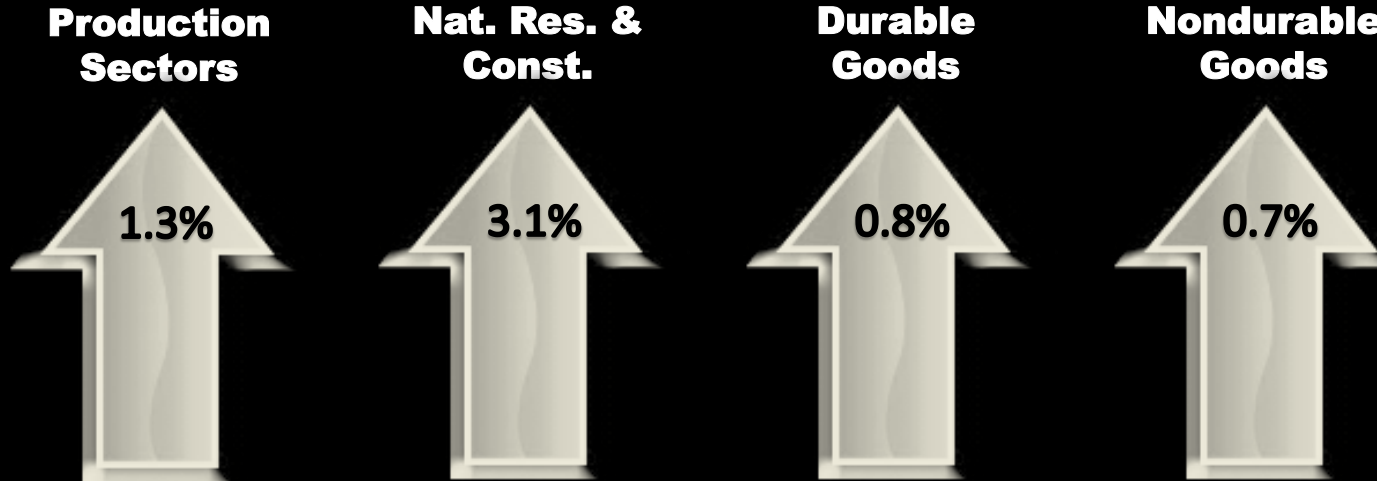


- Business **concerns** have **shifted** over the last year to issues that are more directly related to the **bottom line**.
- The **U.S. competitive position, long-term unemployment, and government budgets** are the top concerns this year.
- Business **environment** is **improving** and growth **expectations remain mixed**.

# EMPLOYMENT



# Goods Production



- **Natural Resources**

- Oil is rematerializing and creating wealth, but is far from previous peak

- **Construction**

- Market place is improving in selective segments and is matching weak general growth

- **Aviation**

- Current employment is being optimized
- Moderate employment growth is not likely because of a fundamental change

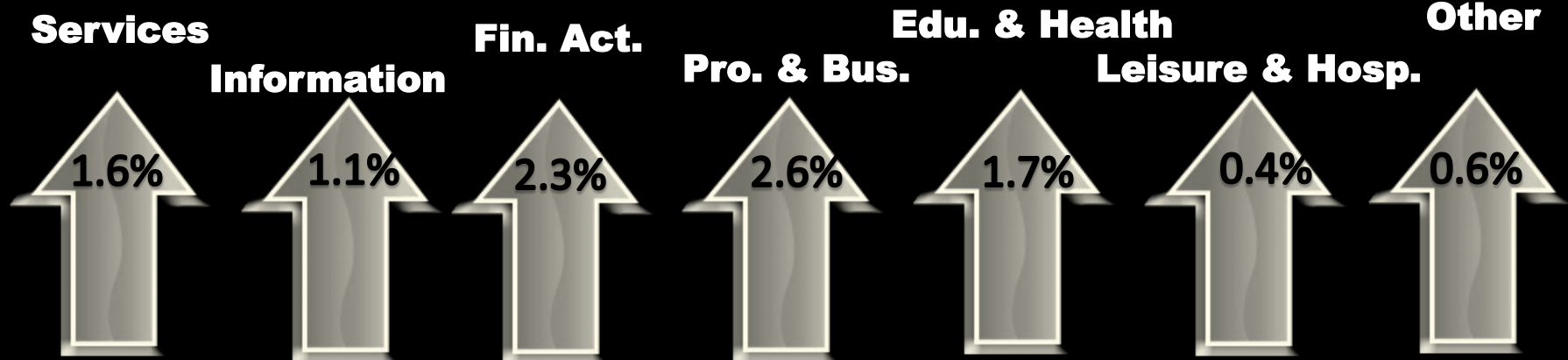


# Trade, Transportation and Utilities

- **Consumption**
  - Unemployment and income are limiting growth
- **Retail**
  - Large scale growth is not likely – demand will remain for discount stores and high end retail.
- **Transportation**
  - Pipeline improvements are opening up processing and byproduct opportunities



# Services

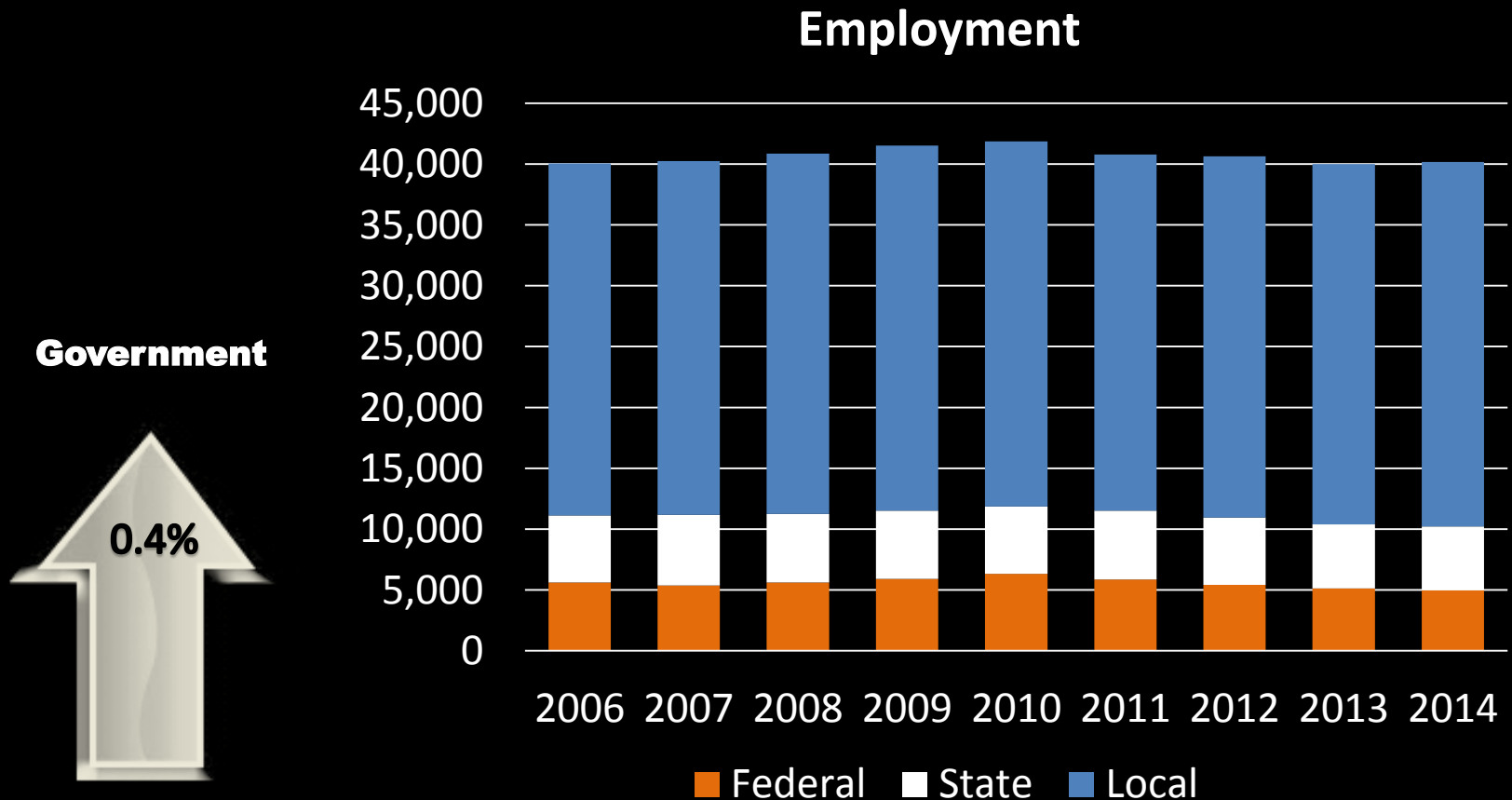


- **Financial Services** – have adapted to a constantly evolving regulatory environment, but pressure remains for small and regional banks
- **Professional Services** – there is currently unmet demand for labor
- **Education** – higher education funding is counter to needs and national trends
- **Leisure and Hospitality** – slowing, but continued growth

# Government



- Federal sequestration, state austerity measures, and a tight local economy are preventing employment growth*



# Summary

- There are **structural** labor market issues that need to be addressed for long-term growth
- Labor market is **determined** and **resourceful**, and will continue to **re-engage** over the next year
- Consumers will continue to **bargain shop**, while maintaining a balanced budget
- Businesses will **invest strategically**, carefully matching the fledgling demand
- Businesses are focused on “**tomorrow**” instead of the “past” or the “potential”
- Moderate growth **will not occur** until general aviation sees **consistent positive signs**
- Employment is expected to **increase by 1.2%** (3,419) in 2014. This remains **subpar** from **potential growth**.

