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2020 Kansas City Employment Forecast

May 2020

Total nonfarm employment in the Kansas City, KS-KS, metropolitan area¹ is estimated to have grown by 0.8 percent in 2019, adding approximately 9,000 jobs. For 2020, the impact of the novel coronavirus introduces substantial uncertainty into the employment forecast, as the virus along with stay-at-home orders and other restrictions on gathering have dramatically affected the economy. US gross domestic product declined 4.8 percent in the first quarter of 2020 as the first effects of the novel coronavirus were felt in March, and the effects are expected to be much larger through the remainder of the year.

In 2020, employment in the Kansas City metropolitan area is projected to decline 12.2 percent, a contraction of more than 130,000 jobs. The job losses are expected to be concentrated in the second quarter, following by a recovery in the third and fourth quarters of the year. These projections are based on the assumption that the novel coronavirus infections peaks in the second quarter of 2020 at a level manageable for the local health care system, and that additional stay-at-home orders are not required to combat the virus after the initial stay-at-home orders expire in May. Additional outbreaks and stay-at-home orders would further reduce the employment outlook beyond what is presented here.

- The manufacturing sector is projected to experience some of the sharpest declines of any Kansas City industry sectors, with an overall decline of 16.5 percent and an overall decline in the production sectors of 14.4 percent. While manufacturing is less directly affected by stay-at-home orders than other sectors, reduced demand of non-durable and particularly durable goods is expected to lead to reduced employment and a slow recovery for manufacturing. Employment in the construction sector is projected to decline by 11.4 percent due to declines in both home and commercial construction.
- Employment in the trade, transportation and utilities sector is forecast to decline 14.9 percent, the largest decline of any major industry group. The retail trade sector is forecast to have the largest contraction, losing more than 18,000 jobs, as retail spending is not expected to return to 2019 levels until 2021 at the earliest. The wholesale trade and the transportation and utilities sectors are projected to decline by 10.1 and 15.5 percent, respectively, in response to the decline in retail spending.
- The service sectors are projected to decline 13 percent, with the job losses not equally distributed throughout the services. The leisure and hospitality sector, which includes restaurants, recreational activities, and hotels, is projected to decline 28.2 percent, the largest

¹ The Kansas City, MO-KS, metropolitan area includes Bates, Caldwell, Cass, Clay, Clinton, Jackson, Lafayette, Platte and Ray counties in Missouri and Johnson, Leavenworth, Linn, Miami, and Wyandotte counties in Kansas.

contraction of any single sector, with gatherings remaining limited and discouraged even after the stay-at-home orders end. Most of the other service industries are forecast to have employment declines of approximately 10 percent, while the education and health services industry is the least affected with only a 6.8 percent employment decline.

- The government sector is expected to be least affected by the novel coronavirus, with government employment only projected to decline by 2.2 percent. State and local government revenue declines may be mitigated to some degree by additional emergency funding from the federal government, but if not, additional job losses would likely occur.

| Kansas City Employment by Industry Summary* | | | | | |
|--|------------------|------------------|----------------|------------------------------|--------------------------------|
| | 2018 (a) | 2019 (e) | 2020 (f) | 2019-2020 Level Change | 2019-2020 Percent Change |
| Total Nonfarm | 1,087,835 | 1,096,040 | 963,814 | -132,225 | -12.1% |
| Production Sectors | 127,002 | 130,529 | 111,707 | -18,822 | -14.4% |
| Natural Resources, Mining & Cons | 50,293 | 52,884 | 46,844 | -6,040 | -11.4% |
| Manufacturing | 76,709 | 77,645 | 64,863 | -12,781 | -16.5% |
| Trade, Transportation & Utilities | 217,518 | 218,603 | 186,019 | -32,584 | -14.9% |
| Wholesale Trade | 50,783 | 52,039 | 46,763 | -5,277 | -10.1% |
| Retail Trade | 111,809 | 110,015 | 91,495 | -18,520 | -16.8% |
| Transportation & Utilities | 54,927 | 56,548 | 47,761 | -8,787 | -15.5% |
| Service Sectors | 595,854 | 598,421 | 520,869 | -77,553 | -13.0% |
| Information | 16,851 | 16,101 | 13,554 | -2,547 | -15.8% |
| Financial Activities | 78,341 | 78,736 | 70,988 | -7,748 | -9.8% |
| Professional & Business Services | 192,888 | 191,854 | 171,256 | -20,598 | -10.7% |
| Education & Health Services | 154,672 | 156,660 | 145,998 | -10,662 | -6.8% |
| Leisure & Hospitality | 110,595 | 112,255 | 80,638 | -31,617 | -28.2% |
| Other Services | 42,508 | 42,815 | 38,436 | -4,380 | -10.2% |
| Government | 147,460 | 148,487 | 145,220 | -3,267 | -2.2% |
| *Annual values are derived from average quarterly observations and projections. (a) actual (e) estimated (f) forecasted Source: CEDBR, BLS - CES | | | | | |

