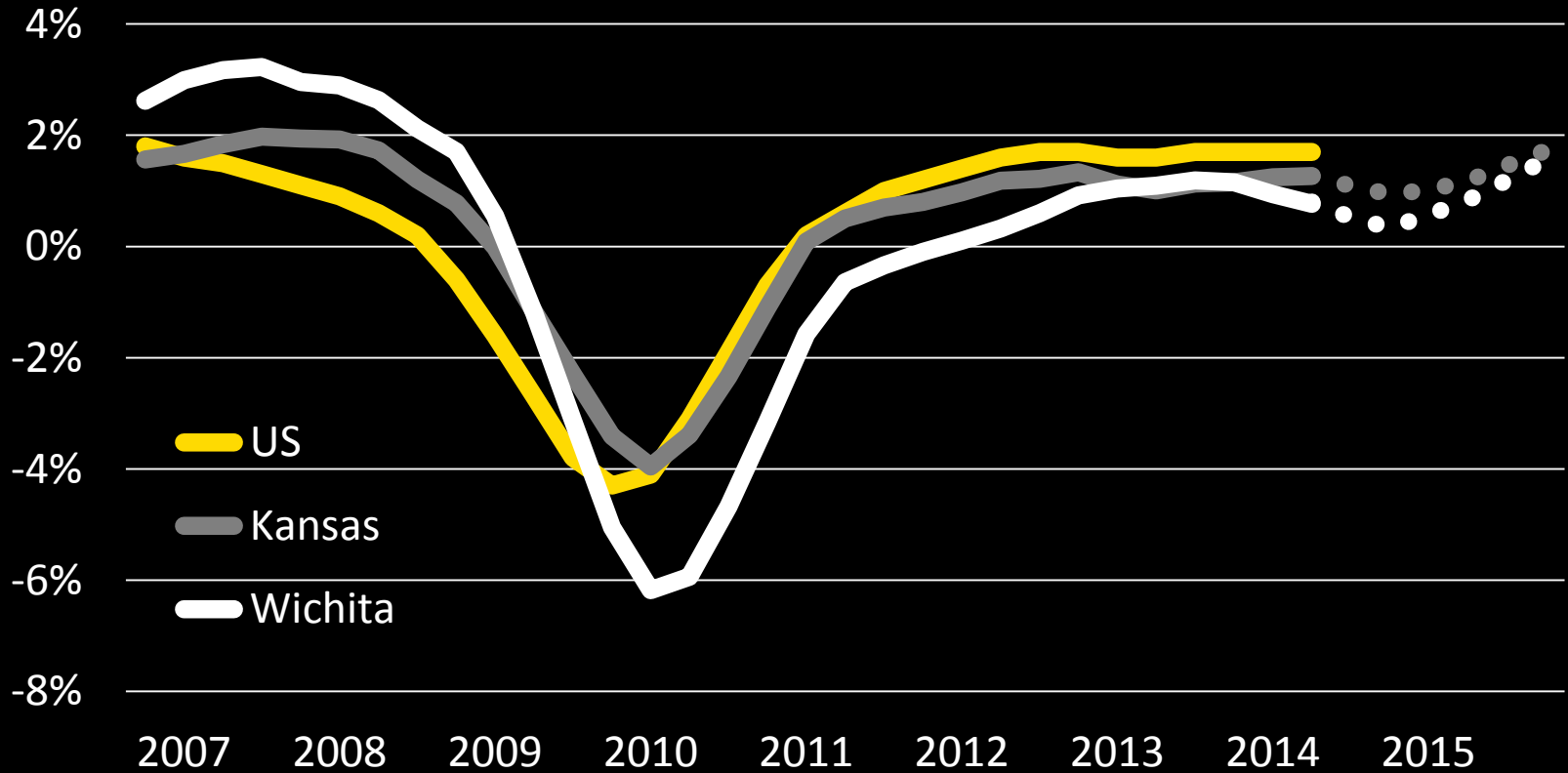


# WICHITA 2014 REVIEW

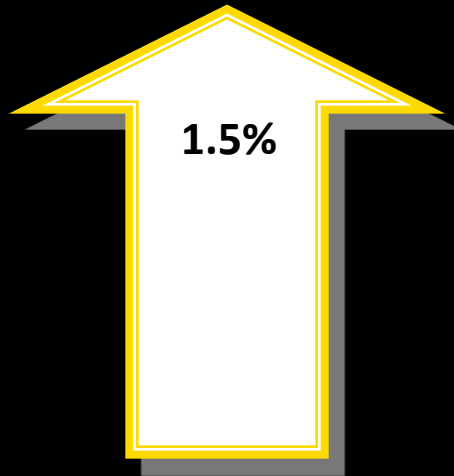
## 2015 FORECAST

CENTER FOR ECONOMIC DEVELOPMENT AND BUSINESS RESEARCH  
W. FRANK BARTON SCHOOL OF BUSINESS  
WICHITA STATE UNIVERSITY  
OCTOBER 2014

# EMPLOYMENT



Employment in Wichita has continued its trajectory of modest growth in 2014. Wichita employment grew 0.2 percent from the second quarter of 2013 to the second quarter of 2014, while employment grew 1.7 percent nationally in that period.



**2015 Total Nonfarm  
Employment Growth Rate**

The Wichita economy is projected to improve in 2015 but still grow more slowly than the national average. This recovery has several downside risks that could reduce growth expectations. Further downturns from foreign trading partners, tightening monetary policy, regulatory changes, and local political uncertainties could all darken the outlook for 2015.

Total non-farm employment is projected to increase by 4,472 jobs in Wichita, for a growth rate of 1.5 percent in 2015. The production sectors are forecast to grow by 1.4 percent, adding 941 jobs. The majority of this growth is projected to be in the natural resources and construction sector, which is projected to grow at 3.6 percent. Manufacturing is expected to grow 0.7 percent. The trade, transportation and utilities sector is forecast to grow 0.9 percent, and the government sector is projected to grow 0.9 percent. The service sectors are projected to add the majority of the new jobs in Wichita in 2015, with a growth rate of 2 percent, adding 2,714 jobs.

# WICHITA ECONOMIC OUTLOOK

# WICHITA INCOME, RETAIL SALES & CONFIDENCE

Median household income in the Wichita MSA was \$43,538 in 2013, which was below the national median of \$52,250. Inflation-adjusted retail sales in the Wichita MSA showed solid growth with a 2.3 percent increase in 2013. Retail sales are estimated to increase 11.6 percent in 2014 and 1.5 percent in 2015.

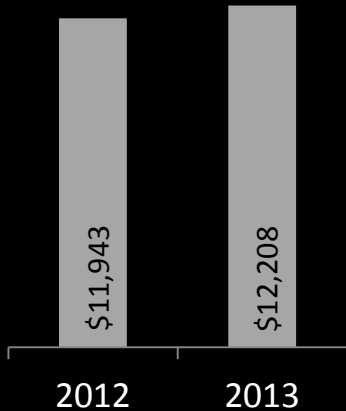
In August 2014, the Index of Consumer Confidence reached a post-recession peak. The Index of Consumer Expectations also showed strong growth in 2014, increasing 10 percent.

|                                | August 2013<br>Year-to-Date Average | August 2014<br>Year-to-Date Average | Percentage Change<br>Year-to-Date |
|--------------------------------|-------------------------------------|-------------------------------------|-----------------------------------|
| Index of Consumer Confidence   | 72.0                                | 84.3                                | 17.1%                             |
| Index of Consumer Expectations | 77.1                                | 84.8                                | 10.0%                             |

Source: The Conference Board. Copyright (C) 2014. 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**



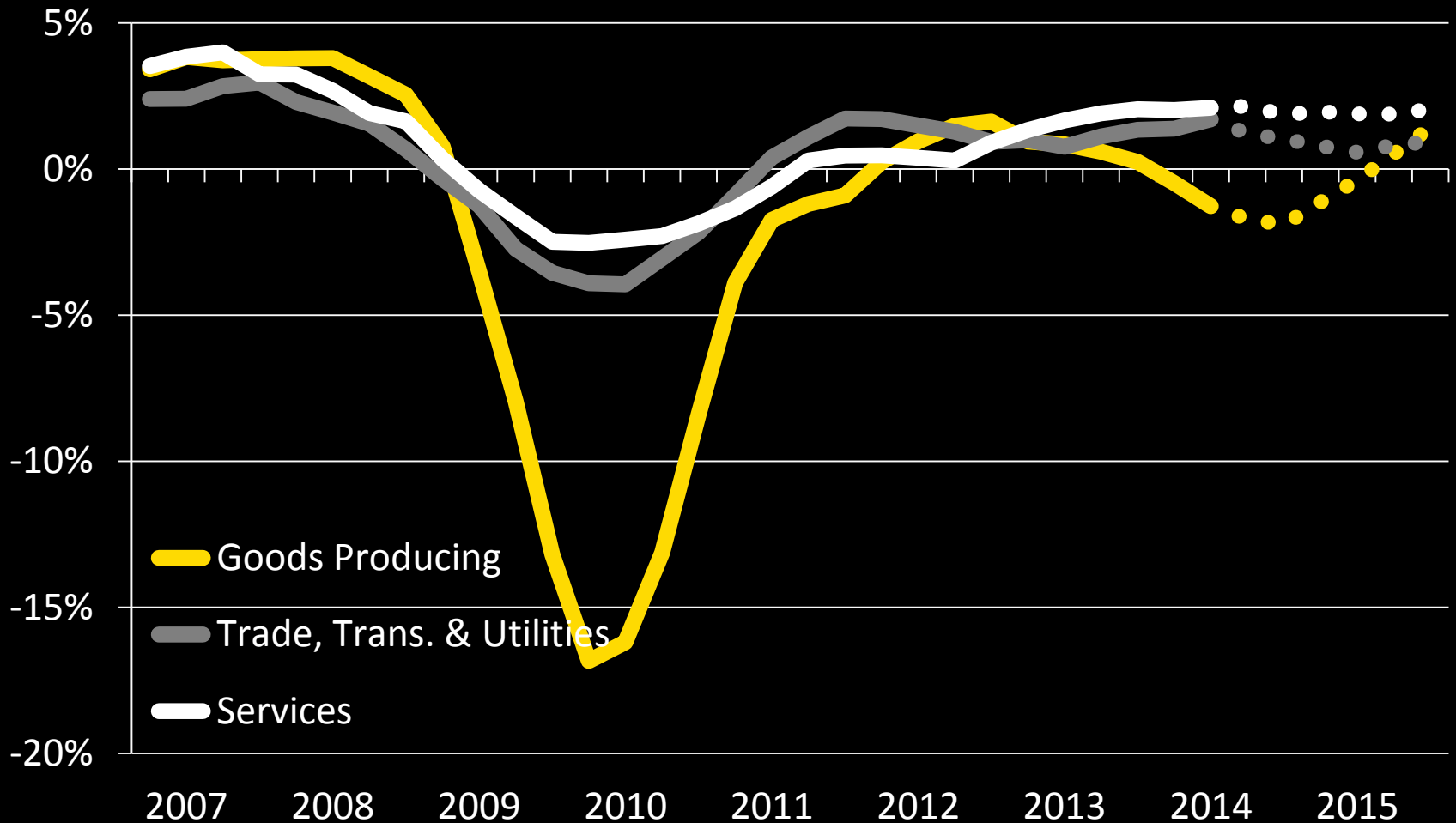
| Wichita MSA Employment by Industry Summary*  |                |                |                |                              |
|--|----------------|----------------|----------------|------------------------------|
|  | 2013 (a)       | 2014 (e)       | 2015 (f)       | 2014-2015<br>Level<br>Change |
| <b>Total Nonfarm</b>                         | <b>288,813</b> | <b>289,775</b> | <b>294,247</b> | <b>4,472</b>                 |
| <b>Production Sectors</b>                    | <b>67,558</b>  | <b>66,274</b>  | <b>67,215</b>  | <b>941</b>                   |
| Natural Resources, Mining & Cons.            | 15,017         | 15,717         | 16,280         | 564                          |
| Manufacturing                                | 52,541         | 50,557         | 50,934         | 378                          |
| Durable Goods                                | 45,158         | 43,170         | 43,557         | 387                          |
| Non-Durable Goods                            | 7,383          | 7,387          | 7,377          | -9                           |
| <b>Trade, Transportation &amp; Utilities</b> | <b>50,618</b>  | <b>51,137</b>  | <b>51,610</b>  | <b>473</b>                   |
| Wholesale Trade                              | 9,324          | 9,426          | 9,468          | 42                           |
| Retail Trade                                 | 32,201         | 32,443         | 32,746         | 303                          |
| Transportation & Utilities                   | 9,093          | 9,267          | 9,396          | 129                          |
| <b>Service Sectors</b>                       | <b>130,071</b> | <b>132,485</b> | <b>135,198</b> | <b>2,714</b>                 |
| Information                                  | 4,275          | 4,355          | 4,481          | 126                          |
| Financial Activities                         | 10,534         | 10,640         | 10,651         | 12                           |
| Professional & Business Services             | 31,533         | 32,388         | 33,364         | 976                          |
| Education & Health Services                  | 43,777         | 44,701         | 45,707         | 1,007                        |
| Leisure & Hospitality                        | 29,277         | 29,693         | 30,100         | 408                          |
| Other Services                               | 10,675         | 10,708         | 10,894         | 186                          |
| <b>Government</b>                            | <b>40,567</b>  | <b>39,880</b>  | <b>40,224</b>  | <b>344</b>                   |

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

**Average Annual  
Wage**

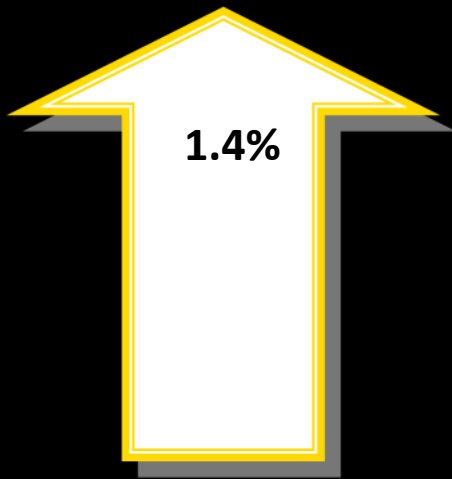


# WICHITA EMPLOYMENT



Source: Bureau of Labor Statistics, CEDBR

CEDBR  
Wichita State University  
Economic Outlook Conference 2014



3.6% Natural Resources & Construction



0.9% Durable Goods



-0.1% Nondurable Goods

# Goods Production Employment Forecast

Wichita's residential and nonresidential construction both showed strong growth from 2012 to 2013, when the value of residential building permits increased 38.8 percent, while the value of nonresidential permits decreased 28.2 percent. CEDBR estimates the value of residential building permits will increase 3.1 percent in 2014 and another 26.3 percent in 2015.

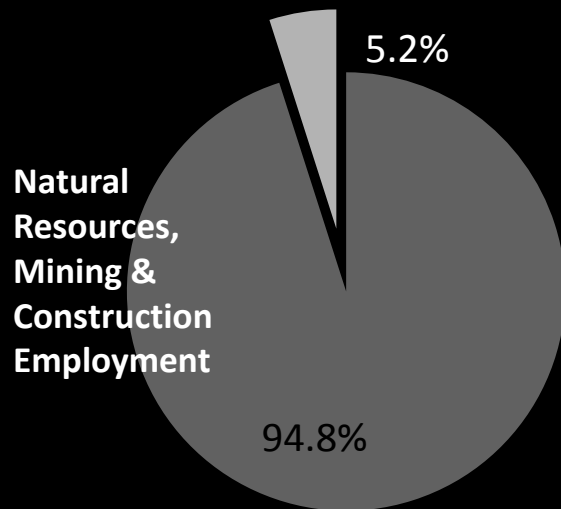
The Center also estimates the value of nonresidential building permits will increase 88.6 percent in 2014, followed by an increase of 18.4 percent in 2015.

The request for \$219 million in funding for construction improvements at McConnell AFB is moving through the congressional process. Part of that money, \$194 million, will be used to build three hangars in preparation for the arrival of the new KC-46A refueling tankers.

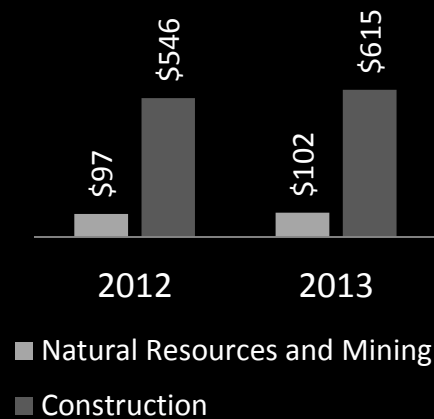
The Wichita Public Schools broke ground last month for the new Southeast High School building. This is the largest and the last project associated with the 2008 \$370 million bond issue. The school is estimated to cost \$56 million and is expected to open in the fall of 2016.

In regard to natural resources, the American Wind Energy Association stated, in 2013, that "Kansas moved up a notch to No.8 among states in the amount of installed wind energy capacity and was No.7 in the total amount of electricity generated by wind in 2013."

According to a study released in April by Fuels America, the ethanol industry creates 3,281 jobs for the 4th Congressional District, which includes Wichita.



**Total Wages Paid in Millions of Dollars**



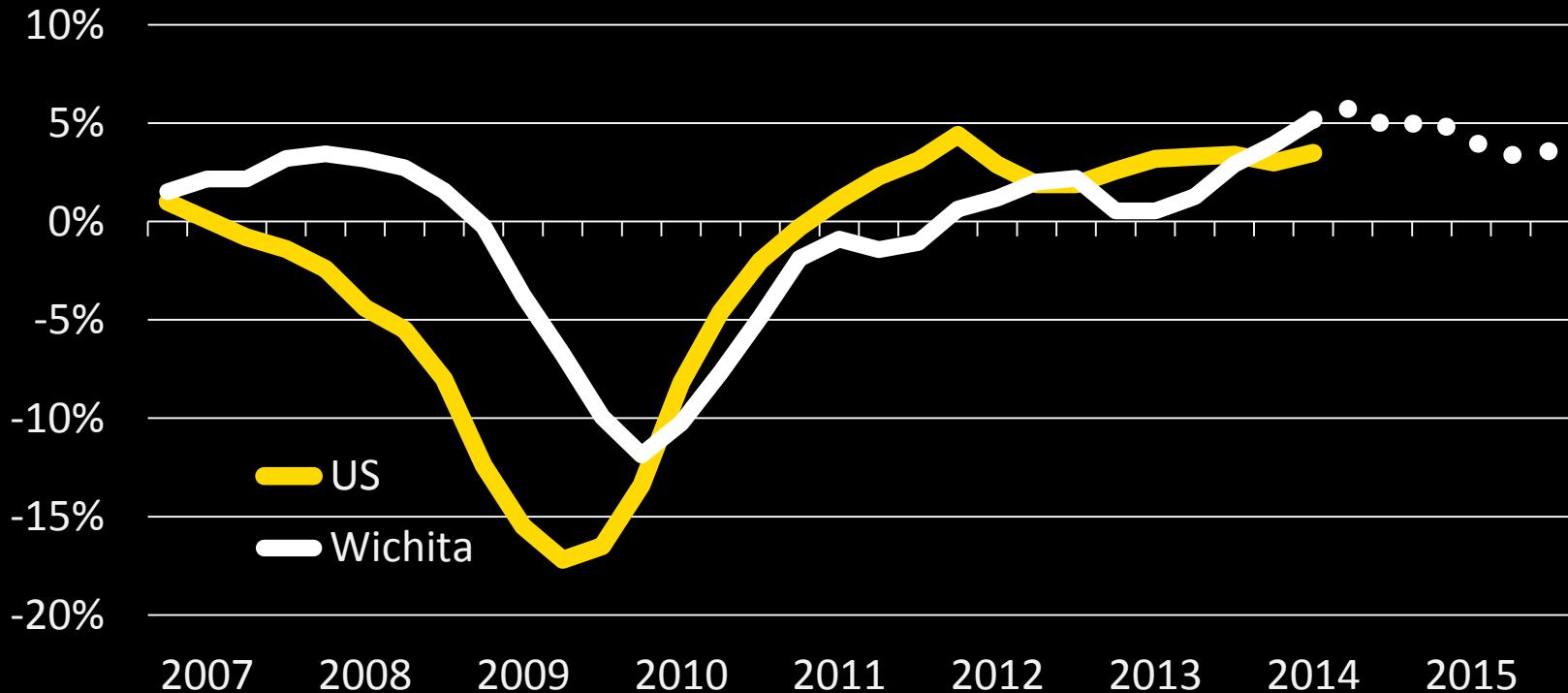
## NATURAL RESOURCES, MINING & CONSTRUCTION



## Natural Resources, Mining & Construction

3.6%

Overall, natural resources, mining and construction employment is expected to increase 4.7 percent, or 700 jobs in 2014. The industry is projected to gain another 564 jobs in 2015, growing 3.6 percent.



# MANUFACTURING

More workers are employed in the manufacturing sector than any other sector in the Wichita MSA. Approximately 86.1 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 56.5 percent of all manufacturing jobs in the Wichita area.

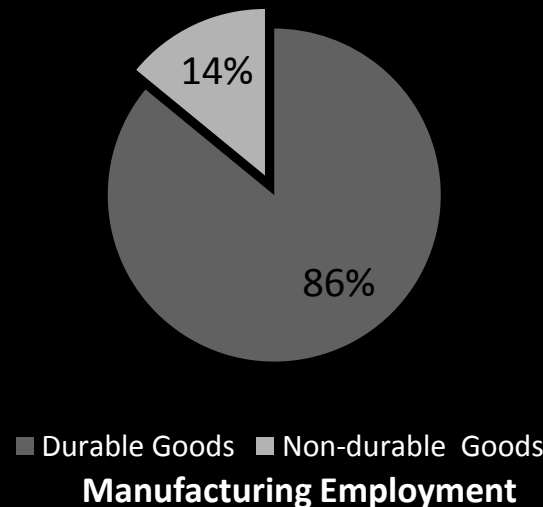
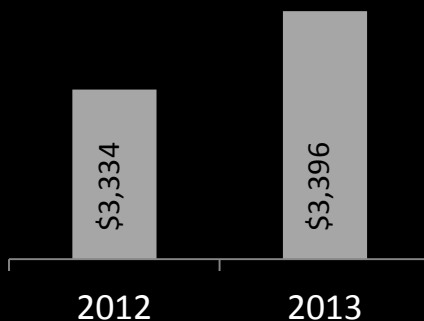
The manufacturing sector in the United States lost approximately 1.7 million jobs between 2008 and 2011, for a 12.5 percent decline. During that same period, the Wichita MSA lost 15,300 manufacturing jobs, for a 22.7 percent decline.

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. Wichita lost approximately 300 manufacturing jobs in 2013.

Perhaps the biggest news in manufacturing in 2014 was that Textron, the parent company of Cessna Aircraft, had agreed to purchase Beech Holdings LLC, the parent company of Beechcraft Corp. Although this raises questions about the specifics of the consolidation and what the future will be for the two companies and their product lines, it also suggests the possibility of more stability and new opportunities for both Cessna and Beech.

Other news this year has been mixed, with manufacturing companies announcing significant layoffs, while others moved into hiring mode. Boeing has completed its work in Wichita, reducing manufacturing employment by approximately 2,000 workers as it made its exit. The downward trend in the aerospace products and parts sector since the beginning of the year indicates that so far layoffs have outnumbered new hires.

**Total Wages Paid  
in Millions of Dollars**



**Average Annual  
Wage**



According to the General Aviation Manufacturers Association, turboprop deliveries the first six months of this year were flat compared to a year ago. Piston airplane and business jet delivery numbers were more encouraging and have created enthusiasm toward the light airplane industry. However, GAMA President and CEO Pete Bunce stated in a recent news release, “There is still a great deal of work that remains to make this recovery sustainable over the long term. This includes streamlining certification processes around the globe for both new production and equipage of safety-enhancing technology in the existing fleet.”

Bunce continued, “In the United States, we need the leaders of the Department of Transportation to put high priority on their rulemaking processes to meet the December 2015 Congressionally mandated deadline for full implementation

of the Small Airplane Revitalization Act that the FAA Administrator has publicly stated will improve general aviation safety.”

“Reauthorizing the U.S. Export-Import Bank is also critical to keeping the industry moving forward and ensuring a level playing field for all general aviation manufacturers worldwide,” stated Bunce. Recent introduction of legislation to reauthorize the Bank for five years, which will provide businesses with the certainty and predictability in financing they need as they plan their production schedules and future hiring for 2015 and beyond, is encouraging.”

## Shipments of Airplanes Manufactured Worldwide

|                        | First Half 2013       | First Half 2014       | Change      |
|------------------------|-----------------------|-----------------------|-------------|
| Pistons                | 500                   | 520                   | 4.0%        |
| Turboprops             | 276                   | 272                   | -1.4%       |
| Business Jets          | 283                   | 318                   | 12.4%       |
| <b>Total Shipments</b> | <b>1,059</b>          | <b>1,110</b>          | <b>4.8%</b> |
| <b>Total Billings</b>  | <b>\$10.4 billion</b> | <b>\$10.9 billion</b> | <b>4.5%</b> |

Source: General Aviation Manufacturers Association, *GAMA Releases 2014 Second Quarter Airplane Shipments*, GAMA NEWS 14-37, July 31, 2014, <http://www.gama.aero/media-center/industry-facts-and-statistics/shipments-billings>.



This year marks 100 years of scheduled commercial aviation. According to Tony Tyler, Director General and CEO of the International Air Transport Association, “This year airlines will connect 3.3 billion passengers and 52 million tonnes of cargo over 50,000 routes with 100,000 flights a day.”

IATA’s 2014 Mid-Year Report states that consumers are seeing an increase in the value they derive from air transport this year. It is expected that 1 percent of world GDP will be spent on air transport in 2014, reaching \$746 billion. Air travel, as measured by revenue passenger kilometers, is accelerating with growth of 5.9 percent this year, the best since 2011. This is being driven partly by the upturn of the economic cycle, with faster GDP and world trade growth. In addition, consumers are benefiting from less expensive travel, with the average one-way fare (before surcharges and tax) of \$231 in 2014, which is 3.5 percent lower than last year, after adjusting for inflation. The cost of shipping freight is falling 4 percent this year, as well.

The Mid-Year Report goes on to say that commercial airlines will take delivery of more than 1,400 new aircraft this year, representing an investment of more than \$150 billion. More than half of this year’s deliveries will replace existing fleet, thereby increasing fleet fuel efficiency. The fleet is expected to increase by almost 600 aircraft, ending this year at 25,851 aircraft. The strongest financial performance is being delivered by airlines in North America. Net post-tax profits are the highest at \$9.2 billion this year, which represents a net profit of \$11.09 per enplaned passenger, a marked improvement from two years ago. Net margins of 4.3 percent are still low, but are the best since the late 1990s.

Sources: International Air Transport Association, [CEO Brief June 2014](#), Message by Tony Tyler Director General & CEO and [Economic Performance of the Airline Industry](#), 2014 Mid-Year Report.

## Boeing Commercial Orders and Production

|                              | 2008 | 2009 | 2010 | 2011 | 2012  | 2013  |
|------------------------------|------|------|------|------|-------|-------|
| <b>Gross aircraft orders</b> | 669  | 263  | 625  | 921  | 1,339 | 1,531 |
| <b>Percent Change</b>        | -53% | -61% | 138% | 47%  | 45%   | 14%   |
| <b>Aircraft deliveries</b>   | 375  | 481  | 462  | 477  | 601   | 648   |
| <b>Percent Change</b>        | -15% | 28%  | -4%  | 3%   | 26%   | 8%    |

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

## Airbus Orders and Production

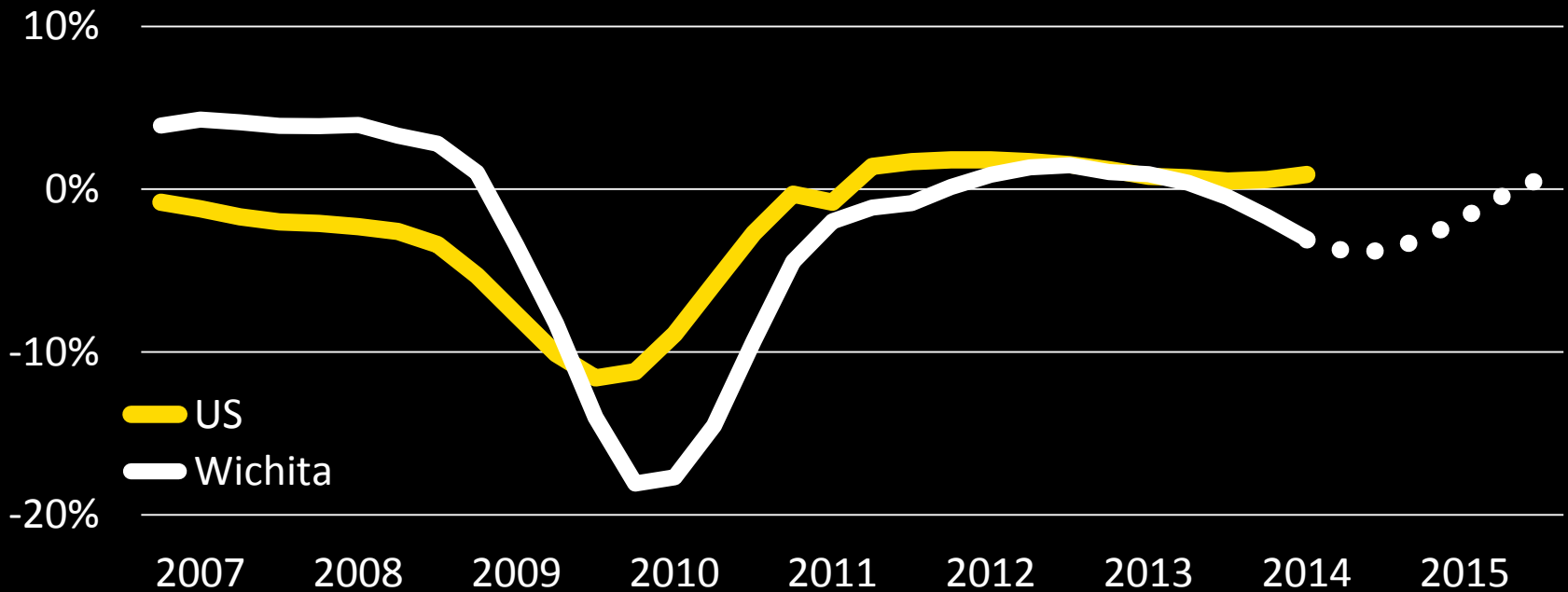
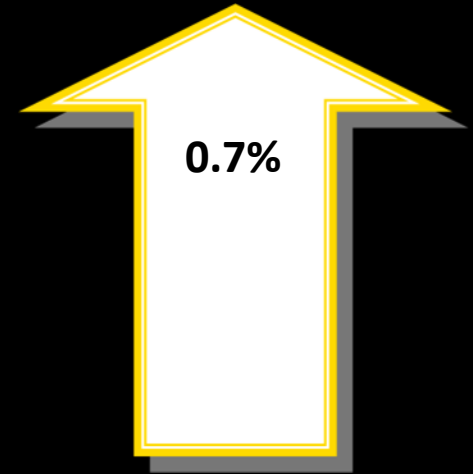
|                              | 2008 | 2009 | 2010 | 2011  | 2012 | 2013  |
|------------------------------|------|------|------|-------|------|-------|
| <b>Gross aircraft orders</b> | 900  | 310  | 644  | 1,608 | 914  | 1,619 |
| <b>Percent Change</b>        | -38% | -66% | 108% | 150%  | -43% | 77%   |
| <b>Aircraft deliveries</b>   | 483  | 498  | 510  | 534   | 588  | 626   |
| <b>Percent Change</b>        | 7%   | 3%   | 2%   | 5%    | 10%  | 6%    |

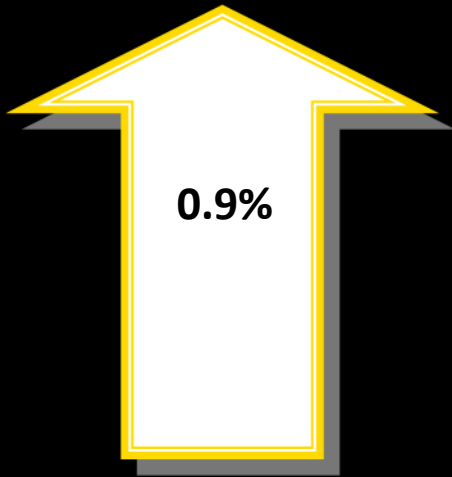
Source: Airbus, *Airbus Summary Results, 1989-2013*, <http://www.airbus.com/presscentre/corporate-information/key-documents/>.

## Manufacturing: Commercial Aviation

# MANUFACTURING FORECAST

Overall, manufacturing is expected to decrease by 1,984 jobs, or 3.7 percent in 2014, followed by a 0.7 percent increase, or 378 jobs, in 2015.





0.4% Wholesale Trade



0.9% Retail Trade



1.4% Transportation & Utilities

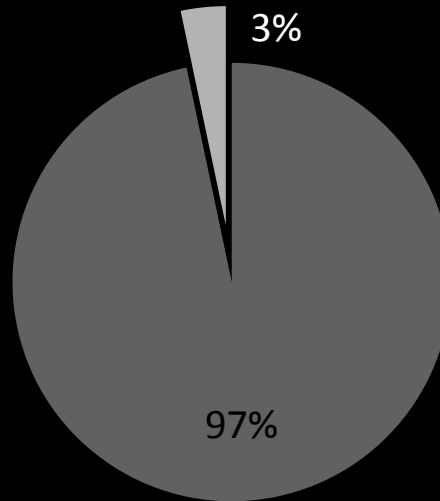
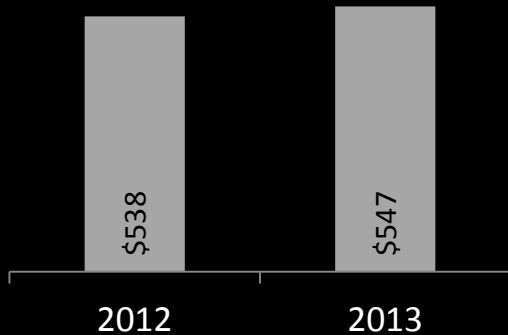


## Trade, Transportation and Utilities Employment Forecast

# WHOLESALE TRADE

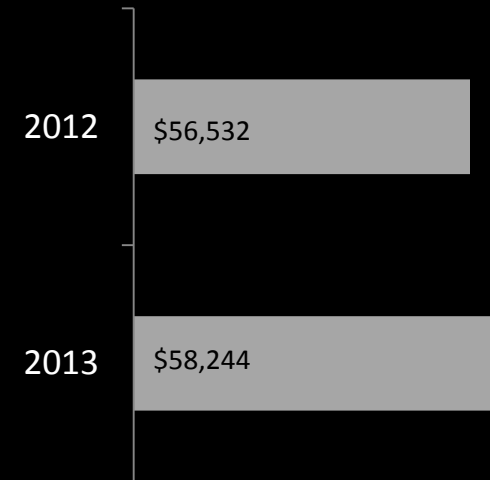
Employment in the wholesale trade sector peaked in 2008 with employment over 10,100. From 2009 to 2013, the sector lost over 700 jobs, shrinking by 8.2 percent.

**Total Wages Paid  
in Millions of Dollars**



**Wholesale Trade  
Employment**

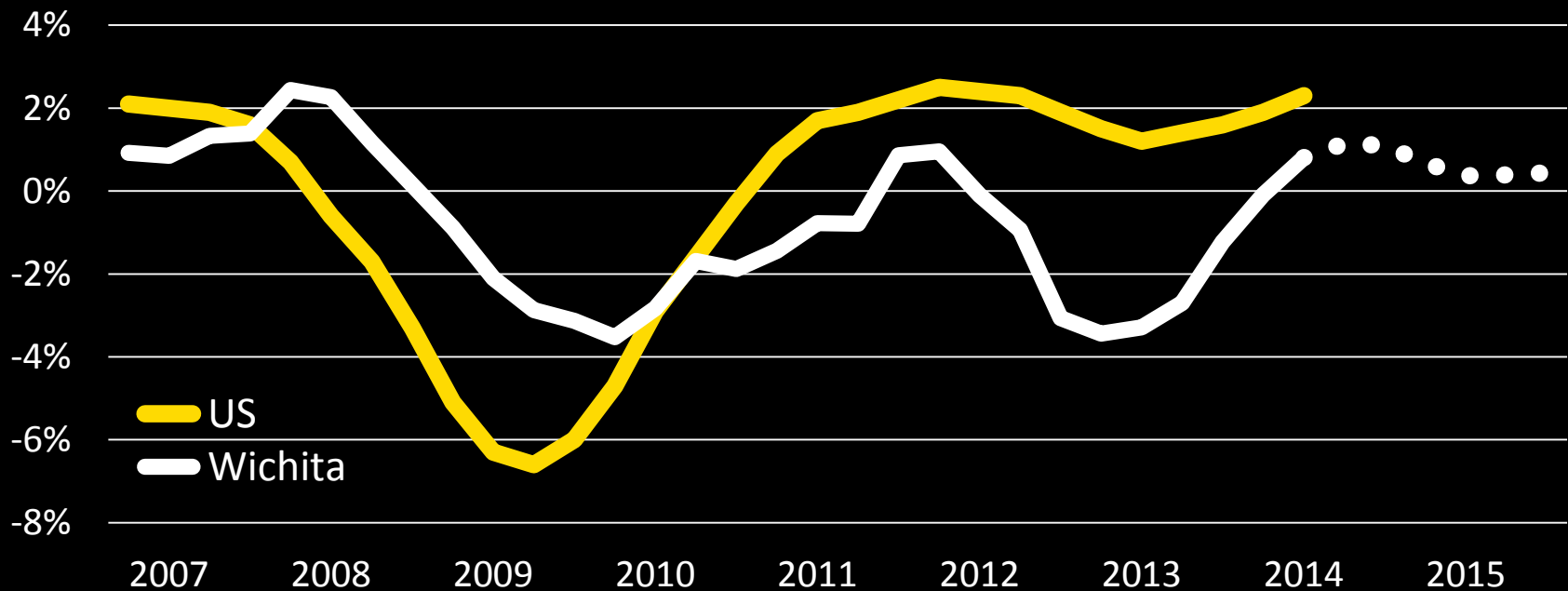
**Average Annual Wage**



# Wholesale Trade Forecast

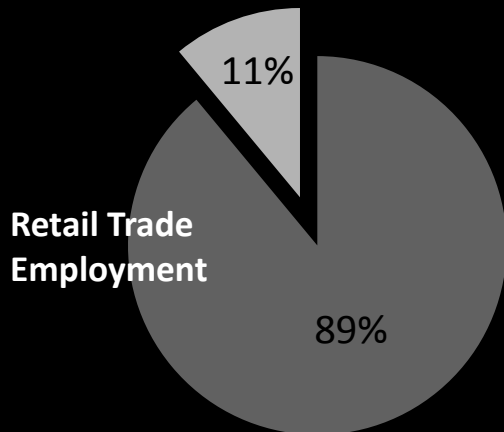
Overall, wholesale trade is expected grow 1.1 percent in 2014, adding 103 jobs. In 2015, growth is projected to be slightly slower, at 0.4 percent.

0.4%



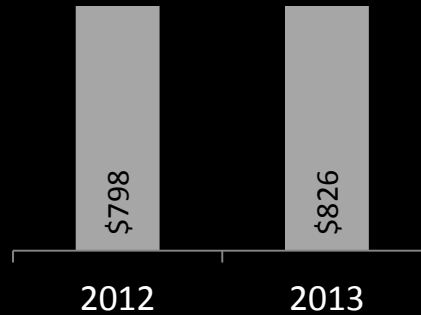


Retail trade employment peaked before the recession in 2007 with 32,400 employees. By 2010, the industry had lost 2,000 workers. However, by the end of 2013, retail trade employment in the Wichita MSA increased to 32,526, exceeding the previous pre-recession peak. That upward trend has coincided with significant retail activity in the area.

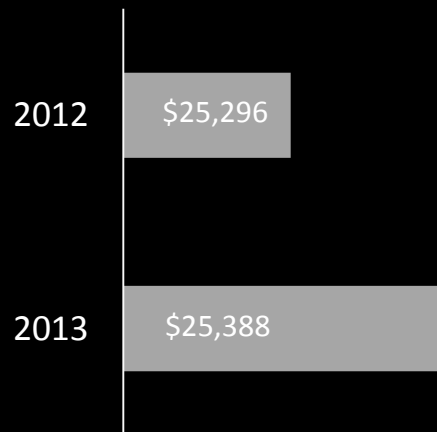


# Retail Trade

**Total Wages Paid  
in Millions of Dollars**



**Average Annual Wage**



**Selected Retail Expansion and New Businesses**

The Wichita Luxury Collection is in the process of expanding its dealerships. Audi Wichita has moved into a temporary building, while a permanent building is being constructed. In May 2015 construction will begin on new Acura and Porsche dealerships, and a new Jaguar and Land Rover dealership building is expected to open in July 2015.

A new Sam's Club opened this summer on North Maize Road.

Whole Foods Market opened at 13th and Webb Road in September.

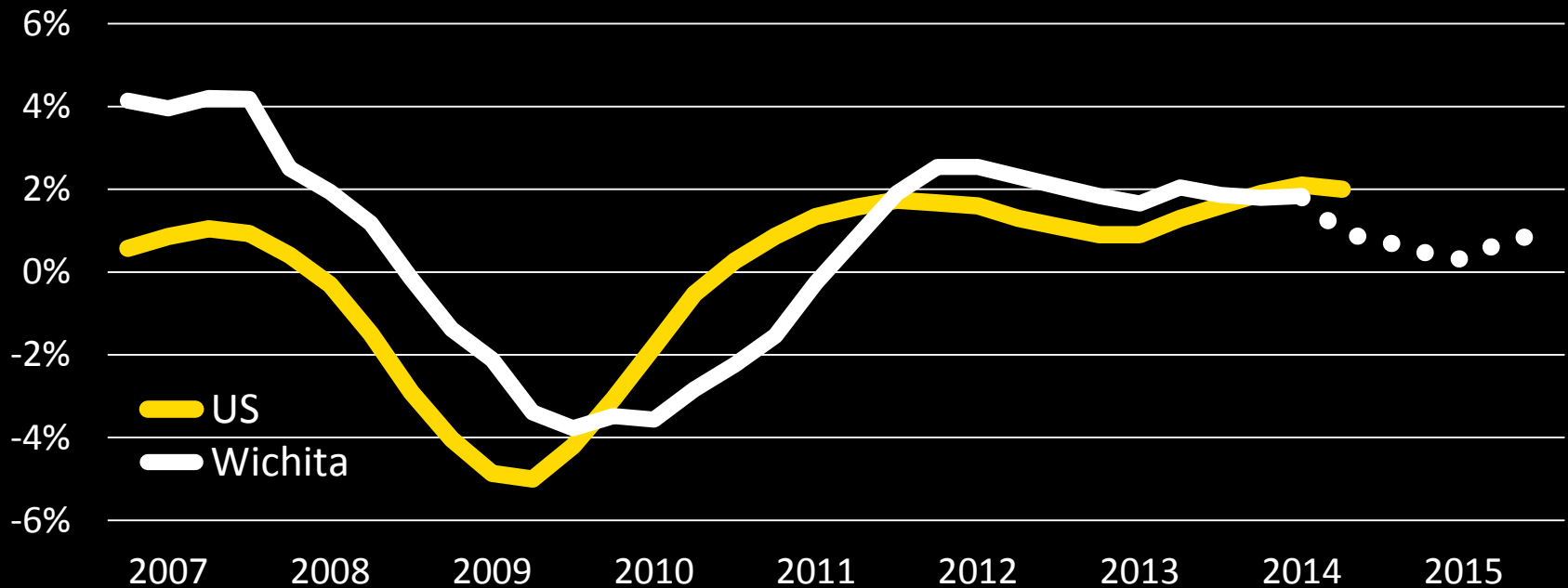
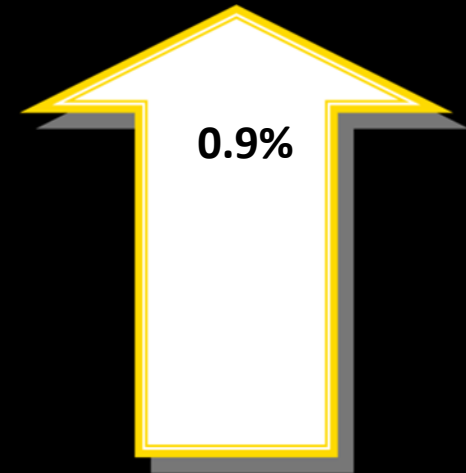
QuikTrip has expanded its food offerings by installing new QT Kitchens in more than half of its Wichita stores. The remaining Wichita QuikTrips should have their new kitchens functioning by the end of the year.

In 2015 Academy Sports + Outdoors will open its second Wichita store at Highway 96 and Greenwich Road.

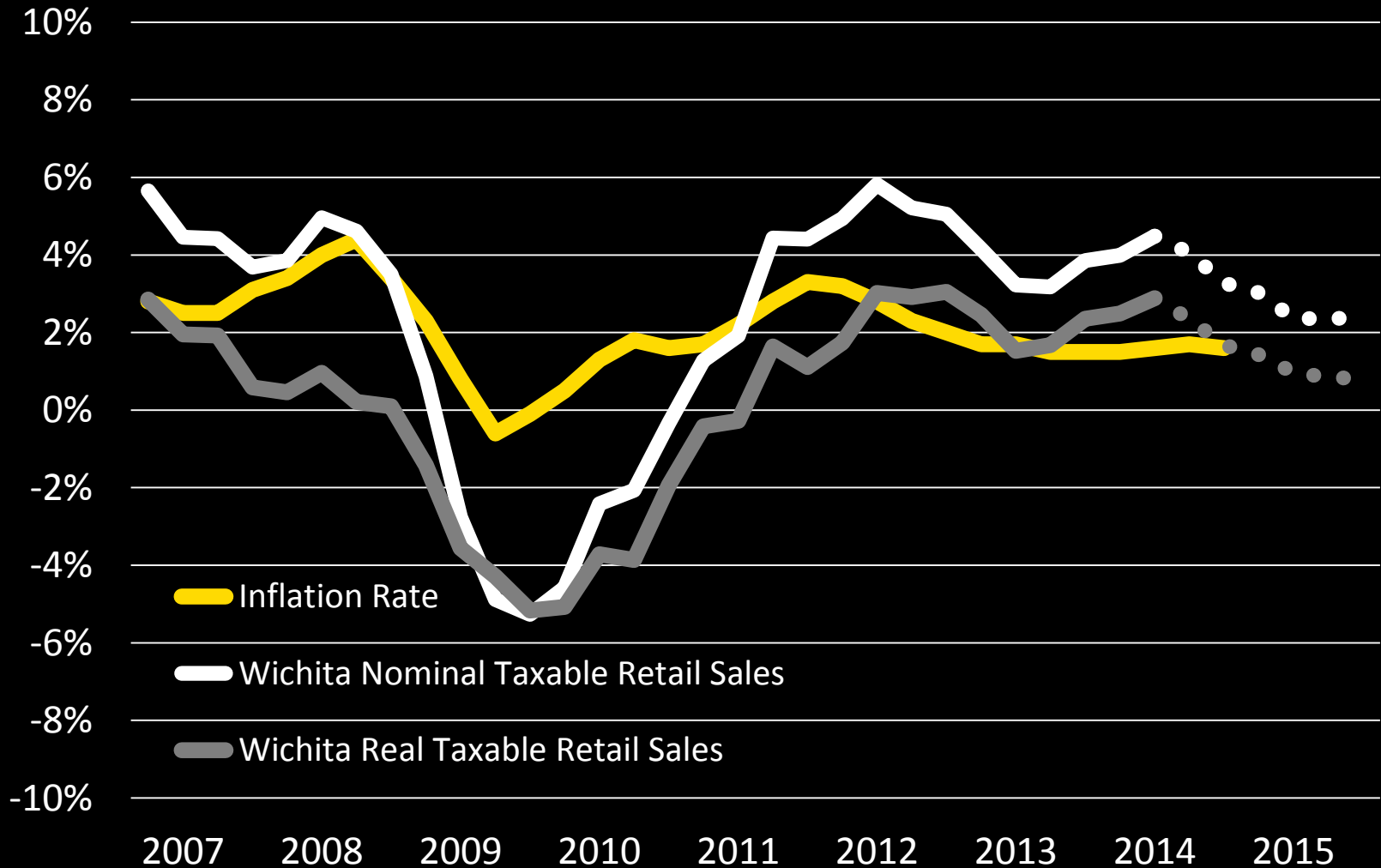
Earlier this year, Anchor owner Schane Gross opened Douglas Avenue Chop Shop, a butcher shop selling locally produced products.

# Retail Trade Forecast

Overall, retail trade is expected to increase by 242 jobs in 2014, followed by a 0.9 percent increase, or 303 jobs, in 2015.

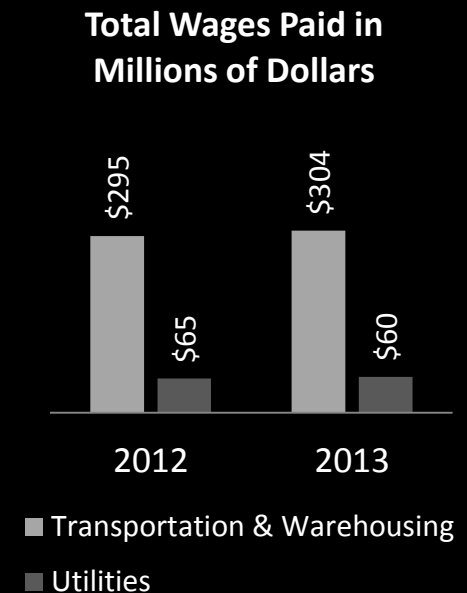
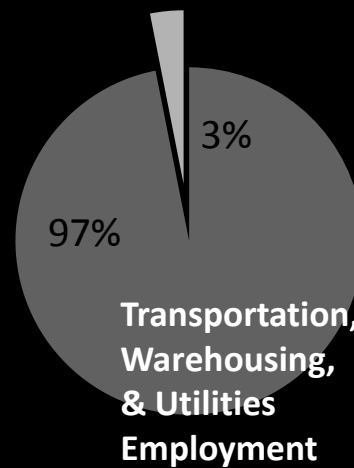
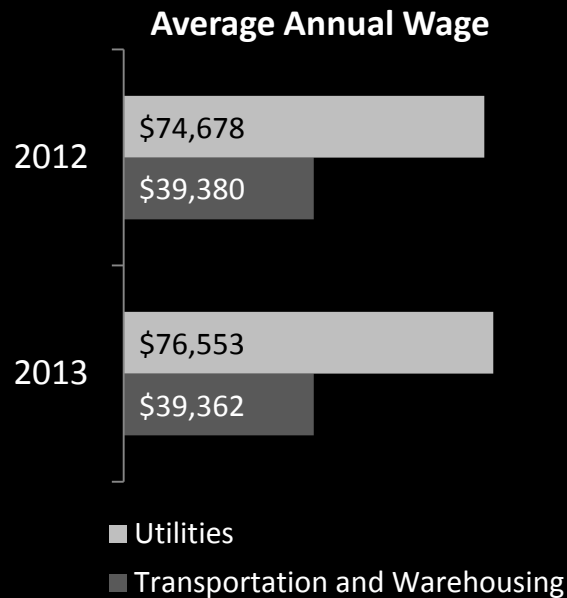
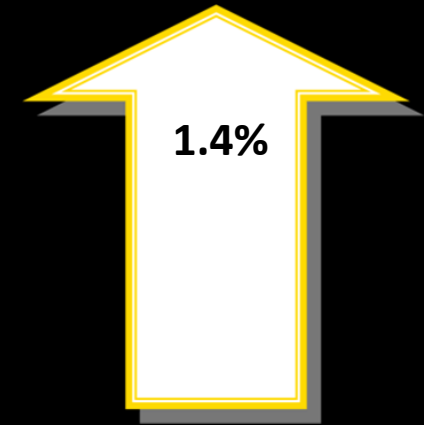


# Retail Sales

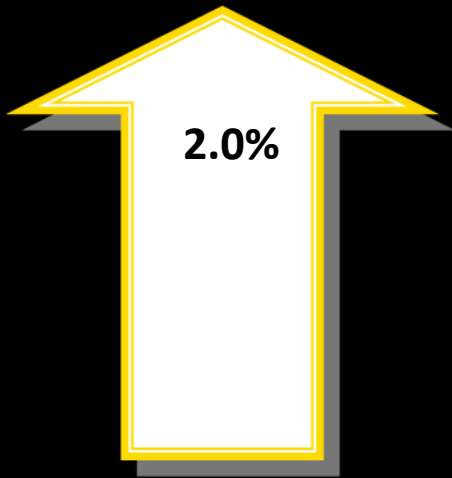


Transportation, warehousing and utilities industry employment peaked before the recession in 2008, with 9,100 filled positions. By the end of 2010, the industry had lost 500 jobs; however, gains were recorded in 2011, 2012 and 2013, recovering all of the jobs lost in the recession and matching the pre-recession level of employment.

The industry is expected to gain about 174 jobs, for a 1.9 percent increase, in 2014, followed by a 1.4 percent increase, or 129 jobs, in 2015.



# TRANSPORTATION, WAREHOUSING, & UTILITIES



2.9% Information



0.1% Financial Activities



3.0% Professional and Business Services



2.3% Education and Health Services



1.4% Leisure and Hospitality



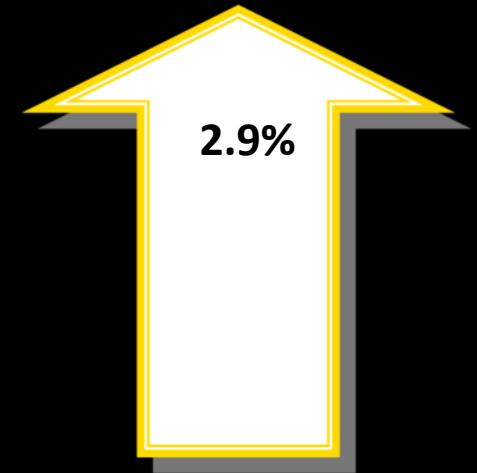
1.7% Other Services

# Services Employment Forecast

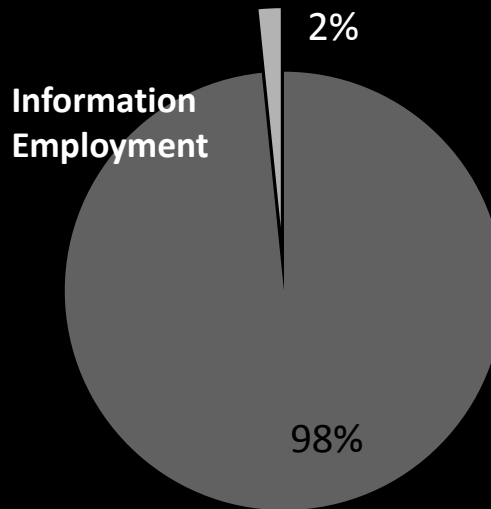
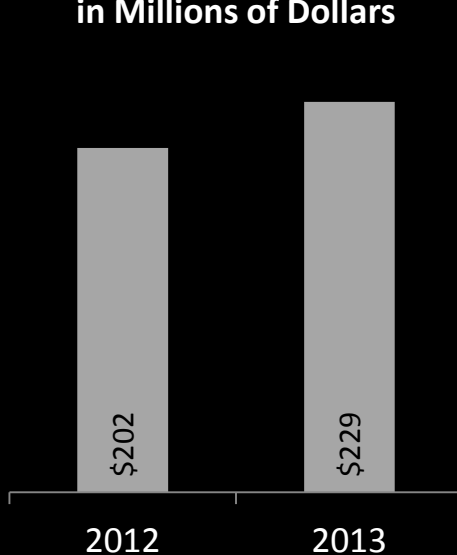
# INFORMATION

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 2013, the industry had lost 2,200 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 & 2013, national employment remained stable.

The decline in information jobs is expected to reverse in 2014 for the Wichita MSA. CEDBR estimates a gain of about 80 jobs, for a 1.9 percent increase. In 2015 this new trend is projected to continue with the addition of 126 new jobs, for a 2.9 percent increase.



**Total Wages Paid  
in Millions of Dollars**

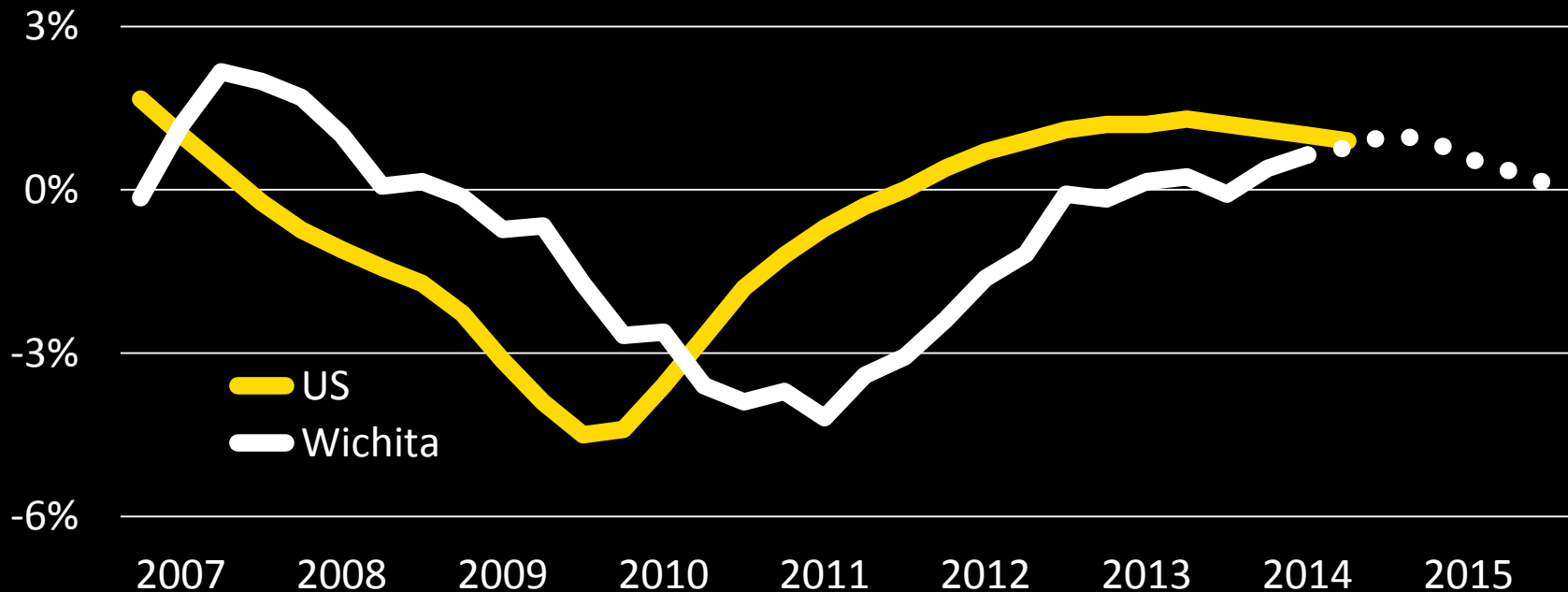
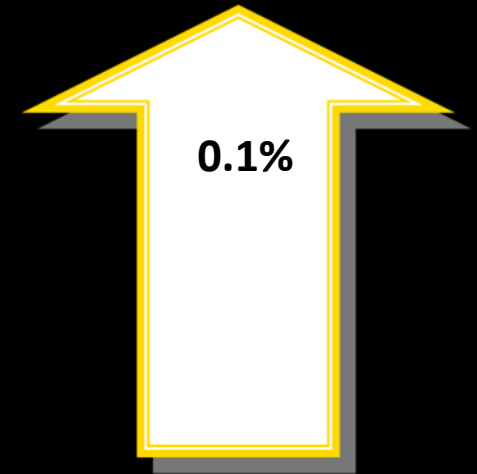


**Average Annual Wage**



# FINANCIAL ACTIVITIES

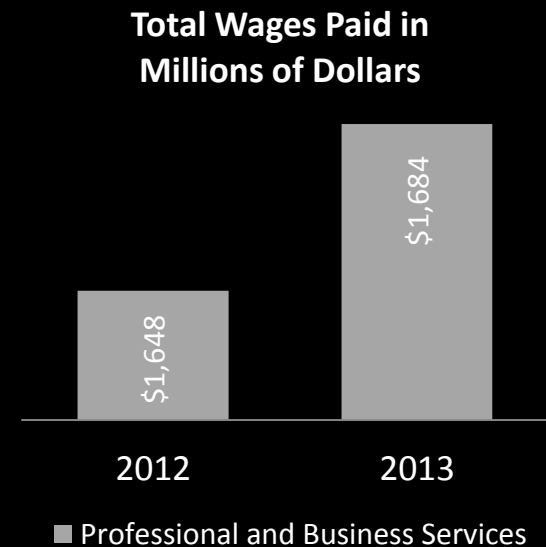
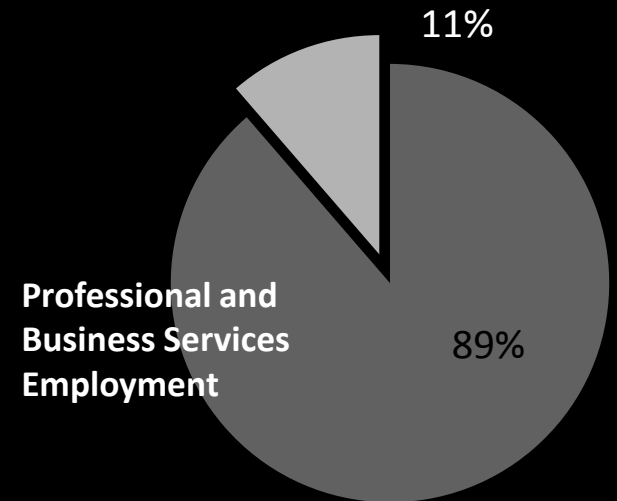
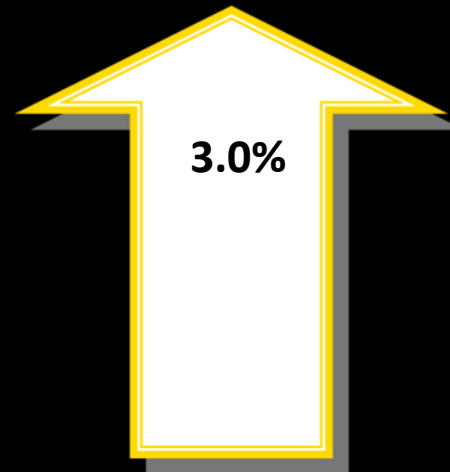
Financial activities employment is expected to increase 1.0 percent, or 106 jobs, in 2014, followed by another 0.1 percent increase in 2015.



# 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 a pre-recession peak of 31,300 employees in 2008, followed by an 8.3 percent dip in 2009. By the end of 2013, the industry had exceeded the pre-recession peak by more than 200 jobs. Another gain of 855 jobs is expected in 2014, for a 2.7 percent increase. Another 3.0 percent increase is expected in 2015, for a gain of 976 new jobs.

Professional and business services have done well, nationally, also. By the end of 2013, the industry had regained all of the jobs lost in the recession and added an additional 600,000 jobs.



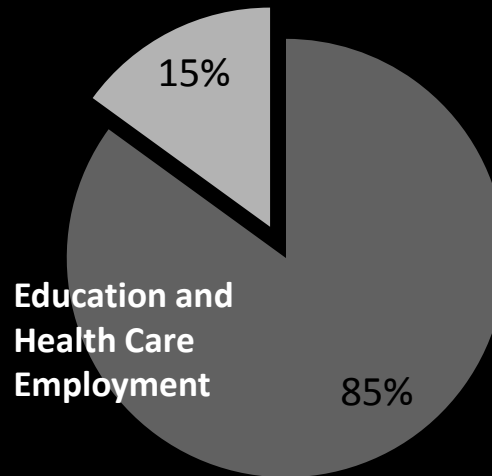
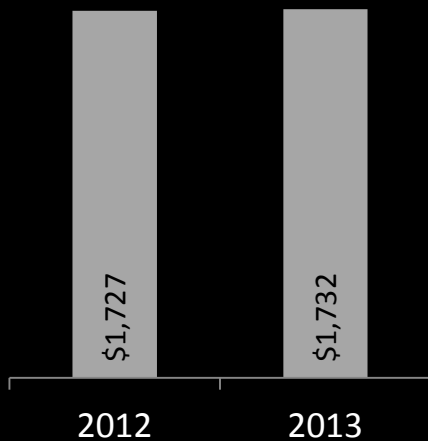


Education employment represents 12 percent of the education and health care industry, while health care employment composes the other 88 percent. Of the health care employment, 26 percent is in the hospital industry.

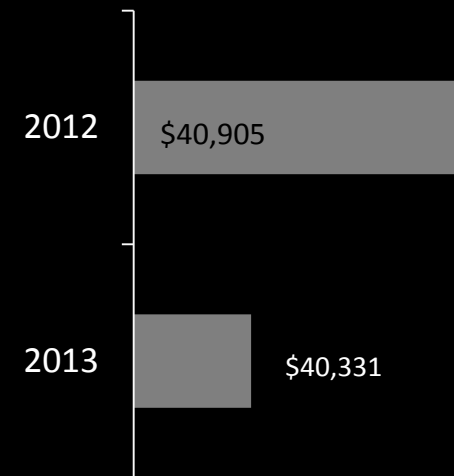
From 2004 through 2013, Wichita employment grew 12 percent in this industry.

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**



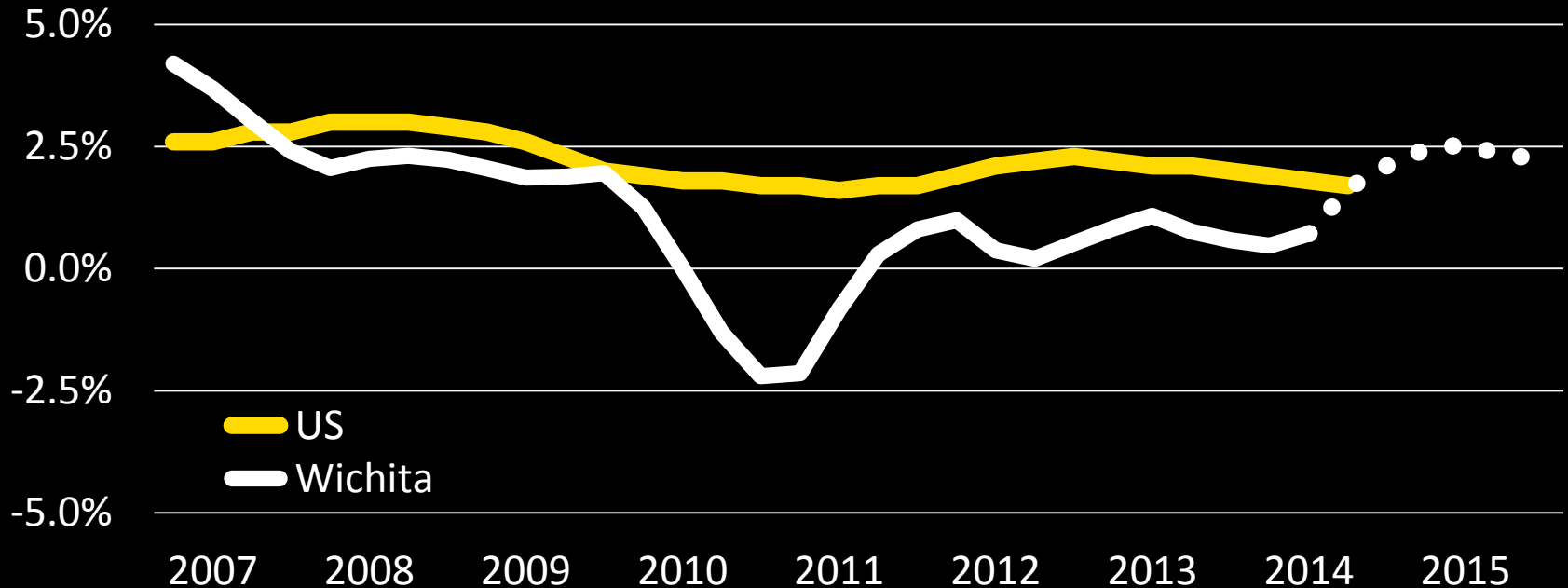
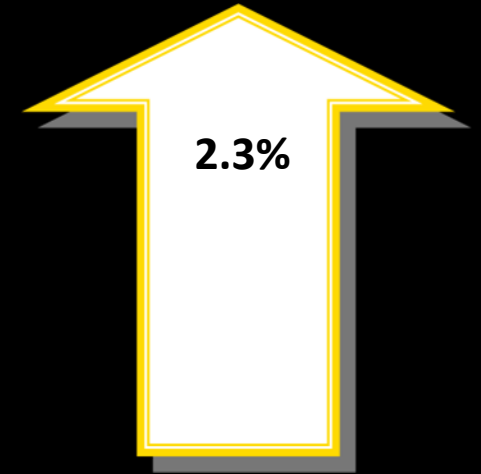
**Average Annual Wage**



# Education and Health Care Services

# Education and Health Care Forecast

Overall, education and health care employment is expected to increase 2.1 percent, or approximately 923 jobs, in 2014, followed by a 2.3 percent increase, or about 1,000 jobs, in 2015.



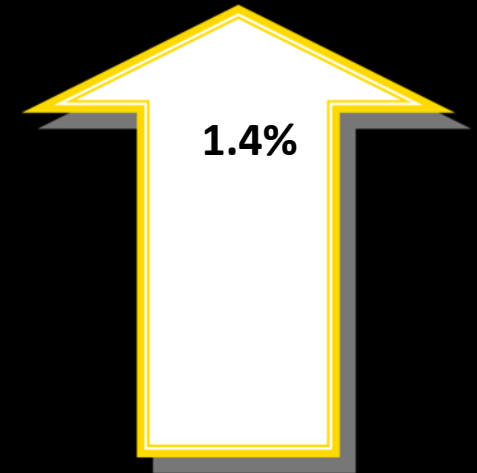
# Leisure and Hospitality Services

Wichita tourism indicators, 12 months ending June 2013 compared to 12 months ending June 2014:

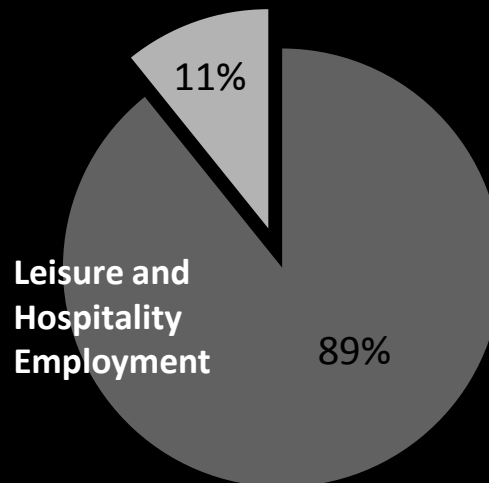
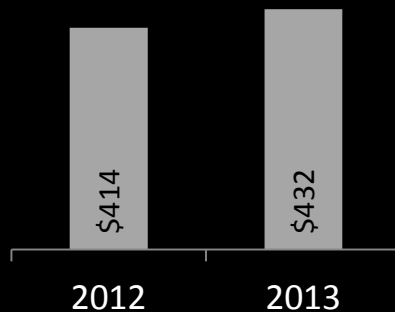
- Outbound passengers at Mid-Continent Airport increased 3.6 percent
- Transient guest tax collections increased 14.2 percent

Button sales for the 2014 Wichita Riverfest were up 6 percent from the 2013 event, to 111,000, and sponsorship revenue increased 15 percent.

Employment in the leisure and hospitality sector is estimated to grow by 1.4 percent in 2014. It is projected to add another 408 jobs in 2015, for 1.4 percent growth.



**Total Wages Paid  
in Millions of Dollars**

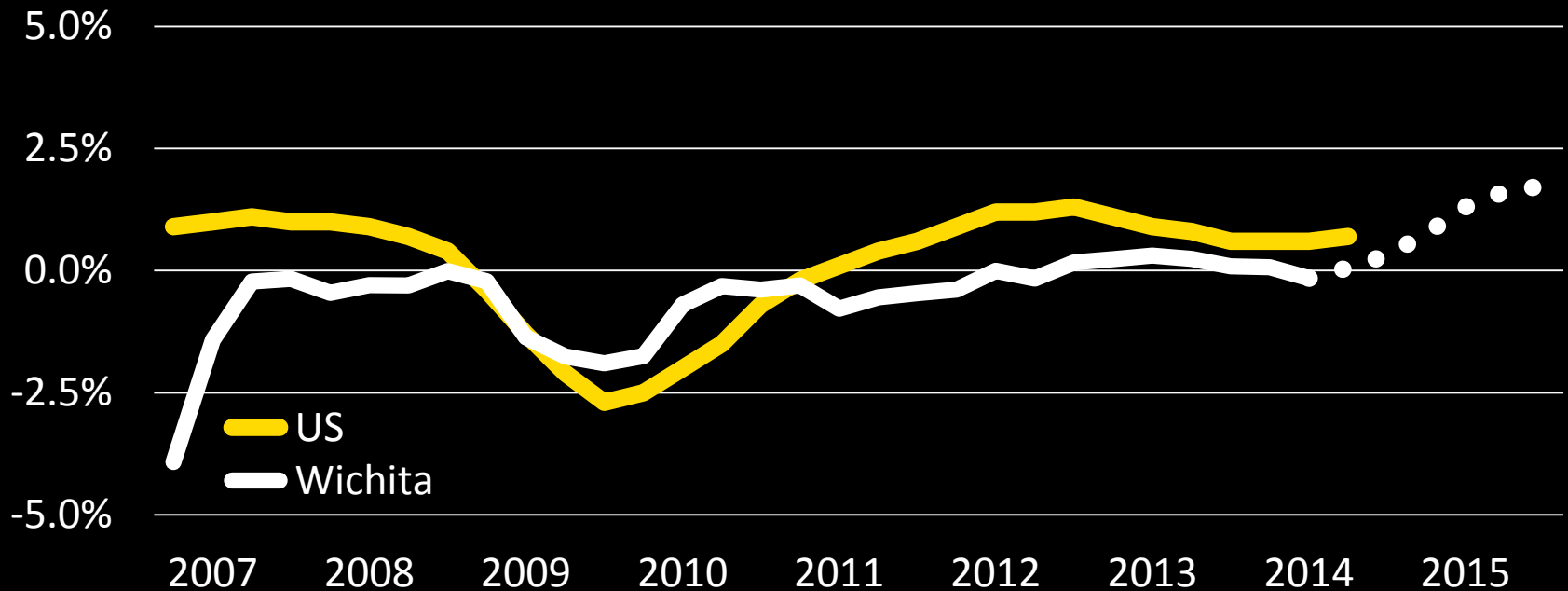
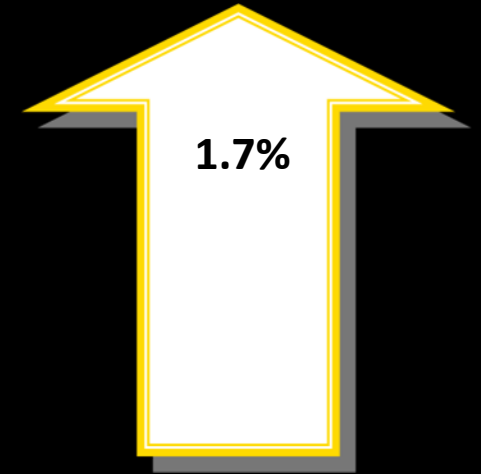


**Average Annual Wage**



# Other Services Forecast

Overall, other services employment is expected to increase 0.3 percent, or approximately 34 jobs, in 2014, followed by a 1.7 percent increase, or about 186 jobs, in 2015.



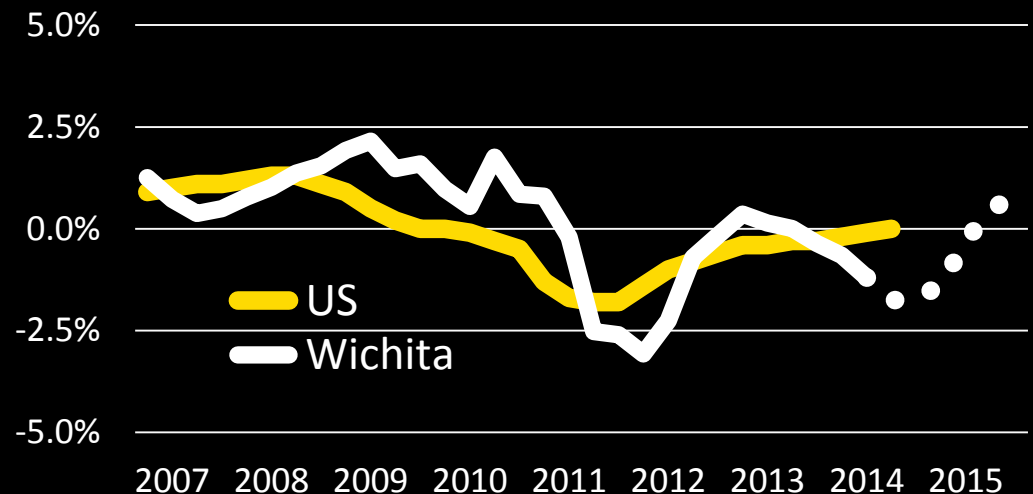
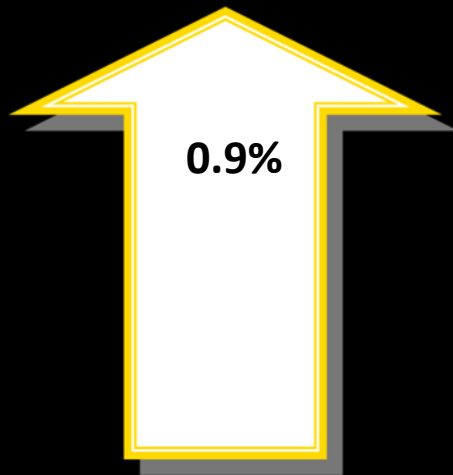
# GOVERNMENT EMPLOYMENT FORECAST

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 3.1 percent decrease, or 1,300 jobs, over the next three years. In 2014, CEDBR expects government to lose another 687 jobs, or 1.7 percent. The employment forecast for 2015 is an increase of 344 jobs, for a 0.9 percent gain.

## Wichita MSA government employment (2013)

- Federal, 12.6 percent of total
- State, 13.5 percent of total
- Local, 73.9 percent of total





# Thank You!

If you have any questions, please contact:

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