



BUSINESS BAROMETER

4th Quarter 2008

A quarterly economic update from the Independence Council for Economic Development

Vol.2 No.4

Employment Picture Shows Continued Decline

The final months of 2008 provided little hope for economic recovery for jobs in Independence. Total employment closed the year at the lowest level of the year at just over 54,000 jobs, down almost 2,000 from the peak of the year which occurred in July. The level also set new lows for total employment over the past 5 years.

Unemployment also saw increases during the quarter. 4th quarter unemployment averaged 7% in Independence but the percentage of increase locally were at a lower rate than those seen on the state and national levels.

The forecast for employment continues to be bleak as many employers continue to report small layoffs and delays in filling empty positions. The risk also remains high for the continued loss of retail jobs as consumer confidence continues to decline locally and nationwide.

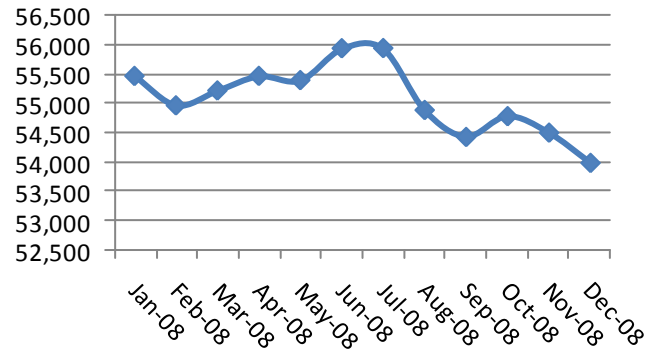
Civilian Employment by Quarter - Independence

	2005	2006	2007	2008	% Change 2007-2008
First Quarter	56,107	55,893	56,786	55,223	-2.7%
Second Quarter	56,918	56,699	57,255	55,606	-2.9%
Third Quarter	57,171	56,983	57,460	55,091	-4.1%
Fourth Quarter	56,739	57,156	56,637	54,430	-3.90%

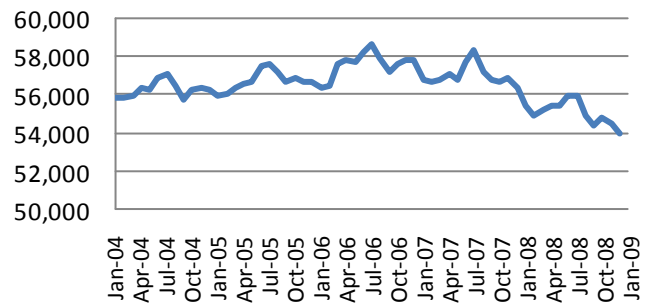
Unemployment by Quarter - Independence

	2005	2006	2007	2008	% Change 2007-2008
First Quarter	6.50%	5.36%	5.30%	6.06%	0.76%
Second Quarter	5.90%	5.10%	4.93%	5.93%	1.00%
Third Quarter	5.66%	5.50%	5.33%	6.80%	1.47%
Fourth Quarter	5.56%	5.06%	5.57%	7.03%	1.46%

Independence, Missouri
Total Employment - Past 12 Months



Independence, Missouri
Total Employment
5 Year History



Fourth Quarter 2008 Employment Data

	Civilian Employment	Unemployment Rate
US	144,500,667	6.6%
Missouri	2,812,133	6.6%
St. Louis MSA	1,325,736	7.3%
Jefferson City MSA	72,347	5.3%
Kansas City	976,530	6.2%
Springfield MSA	208,148	5.7%
Joplin MSA	79,330	5.4%
Columbia MSA	88,716	4.3%
Independence MSA	54,430	7.03%

Source: MERIC

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DO YOU FEEL STIMULATED???

Well, whatever you may think about the unprecedented spending packages coming out of Congress under the new administration, the good news is that they seem determined to spend until it gets better. Nationally, it's still a very difficult housing market. However, the Kansas City Real Estate Market is in better shape than many around the country. Consider...In 2008, over one half of all the foreclosures in the U.S. were confined to 35 counties. Yep! You read that correctly...and most of those counties were in California, Nevada, Arizona and Florida. Locally our market is continuing to improve. Housing inventory in the Kansas City Metro Area is down approximately 15% from a year ago. That's a good thing! And definitely a positive sign toward stabilization of prices. Home sales are down approximately 25% from a year ago, but activity has picked up significantly since the first of the year with internet searches and showing up considerably.

With mortgage interest rates near 50-year lows, an \$8,000 tax credit for first-time homebuyers and generally lower prices out there it is a GREAT time to be a BUYER!!! And...what about home values???. Specifically, values fluctuate from county to county, city to city, and neighborhood to neighborhood. However, according to the Kansas City Regional Association of REALTORS® the average price of existing homes declined only 6% in the Kansas City Area during 2008. Looking at that statistic over the past 11 years, you will find an increase of 65% in values during 1997-2006 and a decline of 2 1/2% and 6% for 2007 and 2008 respectively.

Looking ahead, the Independence and Kansas City real estate markets appear to be improving significantly. 2009 promises to be a better year than 2008 all around even though we are still dealing with a significant number of "distressed" properties on the market. With just a little more government "stimulation" we could actually all really be "stimulated."

P.S. Are you feeling down about today's economy? Do you remember 1980? Here's something to think about:
 Dow: 963 Unemployment: 11%
 Inflation: 13% Federal Funds Rate: 21%
 Everything is really "relative" isn't it?

T. David Rogers, Broker Owner of RE/MAX Heartland, REALTORS and President of the Missouri Association of REALTORS.



Independence Residential Real Estate Sales

4th Quarter Building Permits			
	Q4 2007	Q4 2008	% Change 2007-2008
Single Family Units			
Number	39	3	-92.31%
YTD Totals	167	87	-47.90%
Multi-Family Units			
Number	0	54	
YTD Totals	0	54	

	Q4 2007	Q4 2008	% Change 2007-2008
Resales			
Sale Volume	251,579,047	188,001,497	-25.27%
YTD Totals	1,243,298,698	1,031,044,072	-17.07%
New Home			
Sale Volume	54,156,424	34,100,421	-37.03%
YTD Totals	267,658,609	167,407,639	-37.46%

Missouri Retail Sales Comparison

2007 to 2008 Fourth Quarter Comparison

City	Oct to Dec 07	Oct to Dec 08	% Change
Independence	\$ 414,350,700	\$ 459,022,152	+10.78%
Total Missouri Cities	\$ 16,251,231,071	\$ 15,193,976,613	-6.51%
Counties			
Jackson	\$ 2,126,833,873	\$ 2,099,984,282	-1.26%
Total Missouri Counties	\$ 19,445,079,011	\$ 17,180,914,780	-11.64%

Source: Based on sales tax records from the City of Independence, Jackson County and the Missouri Department of Revenue

Independence Lodging Occupancy

	2006-07	2007-08	% Change
October	61.0%	64.7%	6.07%
November	54.2%	52.6%	-2.95%
December	42.8%	44.8%	4.67%

Source: Smith Travel Research Report

U.S. Consumer Price Index (CPI-U)

1982-1984 Index = 100		% Change
	CPI-U	from same period, previous year
October 2008	216.57	3.65%
November 2008	212.43	1.71%
December 2008	210.23	0.09%
4th Quarter 2008	213.08	1.60%

Source: Bureau of Labor Statistics

Cost of Living Index

U.S. Average	100%
Columbia	91.0%
Kansas City/Independence	96.8%
St. Joseph	94.1%
St. Louis	90.7%
Springfield	87.4%

Source: ACCRA



ACCRA Cost of Living Index

Kansas City MSA

Most Current Quarter

96.8%

(100% = U.S. Average)

Source: ACCRA



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FOCUS ON METRO KANSAS CITY COMMERCIAL REAL ESTATE

EXISTING PROPERTIES BY SUBMARKET							ABSORPTION		CONSTRUCTION	
PRODUCTS	BUILDINGS	TOTAL INVENTORY SF	DIRECT VACANCY RATE	SUBLEASE VACANCY RATE	TOTAL VACANCY RATE	VACANCY RATE PRIOR QTR	NET ABSORPTION CURRENT QUARTER SF	NET ABSORPTION YTD SF	COMPLETIONS CURRENT QUARTER SF	UNDER CONSTRUCTION SF
METROPOLITAN KANSAS CITY:										
Johnson County	912	50,378,000	6.2%	0.1%	6.3%	5.3%	128,000	1,410,000	673,000	159,000
Wyandotte County	365	26,594,000	5.7%	0.7%	6.4%	4.6%	(471,000)	318,000	0	0
Executive Park / Northland Park	180	15,781,000	2.7%	1.4%	4.1%	3.7%	(58,000)	342,000	0	215,000
Jackson County	777	54,465,000	7.1%	0.1%	7.2%	6.6%	33,000	623,000	355,000	0
North Kansas City	253	15,084,000	4.1%	0.3%	4.4%	4.5%	12,000	548,000	0	0
KCI	59	4,359,000	9.4%	0.2%	9.6%	4.9%	(208,000)	178,000	0	37,000
Riverside	36	1,876,000	18.3%	0.4%	18.6%	16.7%	(36,000)	24,000	0	20,000
Other Northland	67	14,901,000	8.0%	0.0%	8.0%	7.4%	(59,000)	(49,000)	25,000	0
Cass County	11	408,000	7.2%	0.0%	7.2%	7.2%	0	14,000	0	0
MARKET TOTAL	2,660	183,846,000	6.3%	0.3%	6.6%	5.7%	(659,000)	3,408,000	1,053,000	431,000
QUARTERLY COMPARISON AND TOTALS										
Q4-08	2,660	183,846,000	6.3%	0.3%	6.6%	5.7%	(659,000)	3,408,000	1,053,000	431,000
Q3-08	2,653	182,794,000	5.5%	0.2%	5.7%	6.3%	2,075,000	4,067,000	972,000	1,270,000
Q2-08	2,648	181,822,000	6.1%	0.2%	6.3%	6.7%	1,435,000	1,992,000	742,000	1,564,000
Q1-08	2,638	181,080,000	6.4%	0.3%	6.7%	6.8%	558,000	558,000	412,000	1,666,000
Q4-07	2,633	180,668,000	6.5%	0.3%	6.8%	6.9%	1,184,000	4,939,000	1,077,000	1,114,000