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## Wichita Employment: 2014 Year in Review

Nationally, 2014 was a year of strengthening recovery, while the Wichita regional economy suffered some unforeseen setbacks that kept the economy from reaching its full potential. At the national level, real GDP grew by 3.9 percent in the third quarter of 2014, after growing 4.6 percent in the second quarter, and employment grew 1.8 percent through the first eleven months of 2014.

Due to a sharp contraction in the production sectors, the Wichita metropolitan area experienced growth weaker than the national average, with employment increasing by 1,312 jobs through the first ten months of 2014, for 0.3 percent growth. Back in January 2014, the Center for Economic Development and Business Research (CEDBR) at Wichita State University released its 2014 forecast, predicting 2,623 jobs would be added to the Wichita economy in 2014. Given the Wichita economy's performance in the first ten months of 2014, it is unlikely that the Wichita economy will grow by the 2,623 forecasted for 2014. Outside of the production sectors, CEDBR's sector forecasts for Wichita employment have been largely accurate. CEDBR will be releasing its updated 2015 employment forecasts on January 5<sup>th</sup>, 2015.

### Wichita MSA Employment by Industry Summary\*

	2013	2014 (to Oct)	2013-2014 Level Change	2013-2014 Forecasted Change
<b>Total Nonfarm</b>	<b>288,809</b>	<b>290,121</b>	<b>1,312</b>	<b>2,623</b>
<b>Production Sectors</b>	<b>67,557</b>	<b>66,287</b>	<b>-1,270</b>	<b>281</b>
<b>Trade, Transportation &amp; Utilities</b>	<b>50,617</b>	<b>51,200</b>	<b>583</b>	<b>190</b>
<b>Service Sectors</b>	<b>130,069</b>	<b>132,285</b>	<b>2,216</b>	<b>2,324</b>
<b>Government</b>	<b>40,567</b>	<b>40,349</b>	<b>-217</b>	<b>-172</b>

\*Annual values are derived from average seasonally adjusted monthly observations.  
"2013-2014 Forecasted Change" based on CEDBR January 2014 forecast.

- **Production sectors:** The production sectors (natural resources, construction, and manufacturing) have lost almost 1,300 jobs in the first ten months of 2014, their largest loss since 2010, when they lost over 6,000 jobs. These job losses have primarily been driven by the durable goods sector; Spirit Aerosystems and the newly merged Textron Aviation, which includes Cessna Aircraft and Beechcraft, both laid off a substantial number of workers for structural reasons in 2014. However, underlying demand for Wichita's aerospace industry remains strong: billings from Wichita's major aviation companies grew by 10.3 percent in the first three quarters of 2014 to \$6.8 billion, compared to the first three quarters of 2013 billings of \$6.2 billion.

The bright spot in Wichita's production sectors in 2014 has been the natural resources and construction sector, which added over 700 new jobs in 2014 to date. According to the Wichita State Center for Real Estate's 2015 housing forecast, home building permits and home sales are expected to remain at high levels throughout 2014 and 2015, which should lead to continued growth in the construction sector.

- **Trade, Transportation & Utilities:** These sectors have grown stronger than expected in Wichita so far in 2014, adding 583 jobs and growing 1.2 percent. The bulk of this growth has come from the retail trade sector, which added almost 300 jobs. Wholesale trade added 202 jobs, and the transportation and utilities sector added 94 jobs.
- **Service Sectors:** The service sectors accounted for the bulk of the job growth in Wichita in 2014 to date, as has been the trend for the last few years. Both the professional and business services and education and health services sectors have seen slightly stronger than expected job growth, adding 922 and 928 jobs, respectively, compared to a forecast of 874 and 757 jobs. Most service sectors grew close to their forecasted value: the information, financial activities, and other services sectors were each within 21 new jobs of their forecasted value.
- **Government:** Employment in government contracted in the first ten months of 2014 by 217 jobs, very close to CEDBR's prediction of a contraction of 172 jobs. These job losses are mainly in the federal government sector, which lost 199 jobs to date in 2014. State government employment grew slightly in the Wichita area, while local government employment contracted by 80 jobs.

## Data & Methodology

The data used for this study were from the U.S. Bureau of Labor Statistics (BLS) Current Employment Statistics (CES) program, which surveys businesses and government agencies to construct estimates of employment in regions throughout the United States. CEDBR's Wichita employment forecast is estimated based on the CES data.