

KANSAS ECONOMIC FORECAST 2025

Navigating an Uncertain Future



Center for Economic Development
and Business Research

BARTON SCHOOL OF BUSINESS

WICHITA STATE UNIVERSITY



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WHAT DO YOU THINK OF WHEN YOU THINK OF KANSAS?

“Create an image which is the most stereotypical worker in the state of Kansas.”



Source: Selby-Leach, OpenAI – DALL·E



WHAT DO YOU THINK OF WHEN YOU THINK OF KANSAS?

*“Now imagine
this worker in the
year 2050.”*



Source: Selby-Leach, OpenAI – DALL·E



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“Now imagine this worker in the year 2050.”



Source: Selby-Leach, OpenAI – DALL·E



FACING UNCERTAINTIES



- Automation and AI
- Power and energy needs
- Immigration Policies
- Changing Taxes and Tariffs
- Talent pipelines
- Supply chain issues
- Climate issues



“Create an image of the most stereotypical Kansas business.”



Source: Selby-Leach, OpenAI – DALL·E

PRODUCTION

A Growth Story



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SLOW AND STEADY

Growth 2005 – 2023 = 43.2%

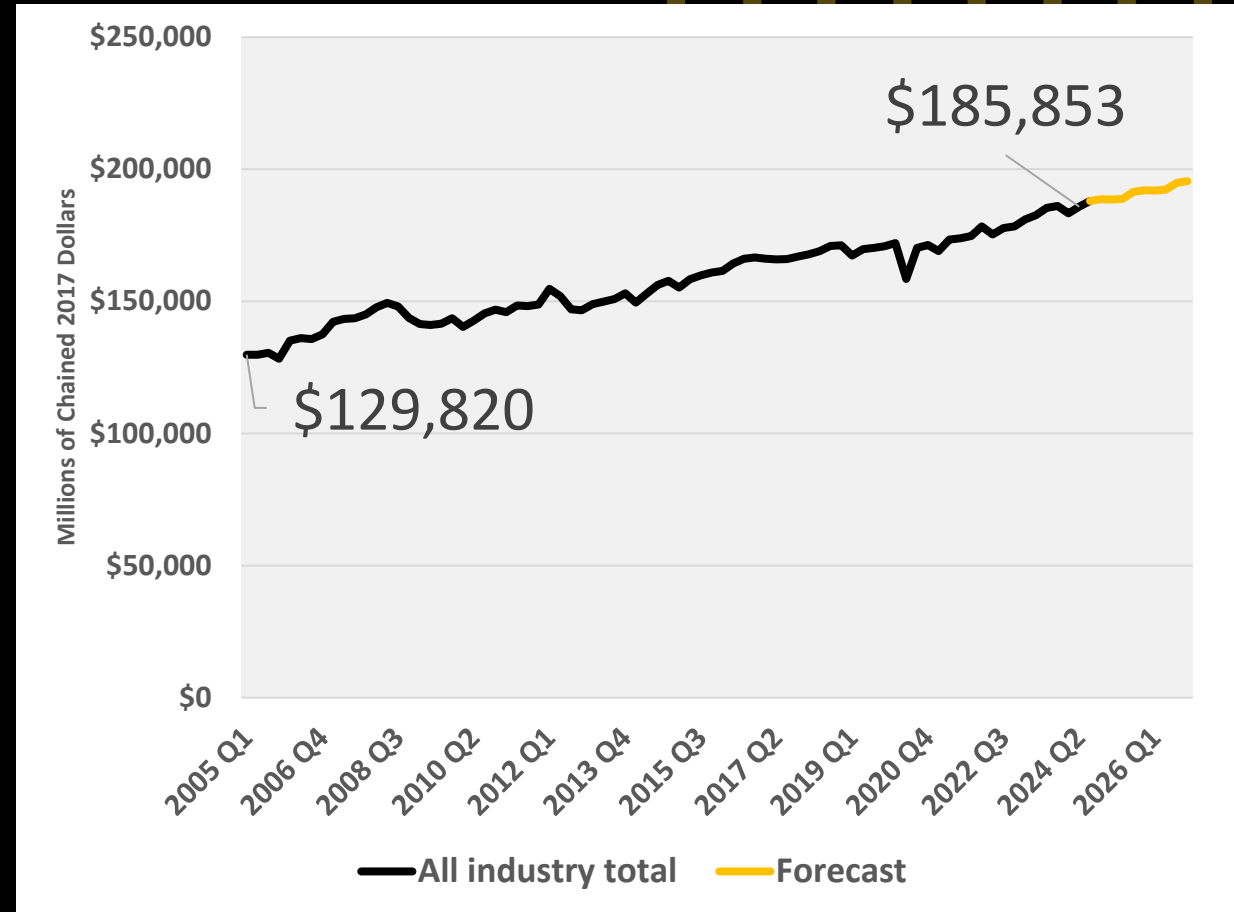
Growth 2013 – 2023 = 19.3%

KS Average YoY Growth = 2.0%

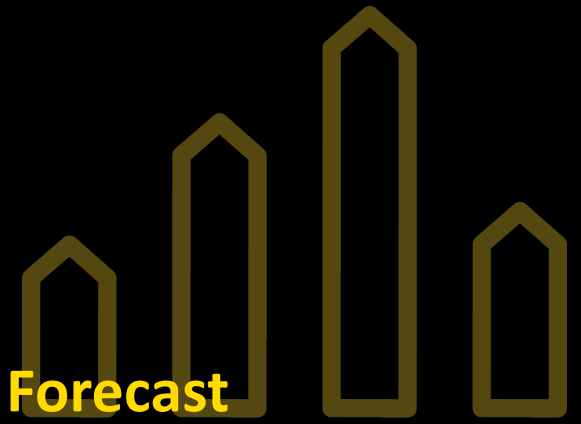
USA Average YoY Growth = 2.1%

Forecasted Growth 2025: **2.0%**

Real Gross Domestic Product: Total value of final goods and services sold in a region during a specific time, adjusted for inflation



MASSIVE INDUSTRY GROWTH



- Forecast Management of Companies and Enterprises: **4.3% 2025 Forecast**
 - Growth 2005 – 2023 = 246.6%
 - As of Jan 16, 2025:
 - 557 Verified Businesses, most employ less than 100 employees each
 - Holdings companies, including banks
- Information: **7.0% 2025 Forecast**
 - Growth 2005 – 2023 = 176.6%
 - As of Jan 16, 2025:
 - 3,558 Verified Businesses, most employ less than 100 employees each
 - Telecommunications, Software, Radio/TV, Newspaper, Computing Infrastructure, Data Processing, etc.
- Professional, scientific, and technical services: **3.7% 2025 Forecast**
 - Growth 2005 – 2023 = 119.9%
 - As of Jan 16, 2025:
 - 17,758 Verified Businesses, most employ less than 100 employees each
 - Lawyers, Advertising, CPAs, R+D, Tax Preparation, Veterinary, Engineering, etc.



STRONG INDUSTRY GROWTH

| Super-sector | Example Industries | # of Businesses | 2025 Forecast | 2005-2024 Growth |
|--|--|-----------------|---------------|------------------|
| Retail Trade | Gasoline, car dealers, beer and wine, hardware, clothing, etc. | 175,625 | 1.4% | 25.2% |
| Health care and social assistance | Doctors, dentists, childcare, home health care, etc. | 45,912 | 3.0% | 57.7% |
| Real Estate, Rental, and Leasing | Real estate brokers, leasing agencies, etc. | 7,457 | 0.8% | 91.1% |
| Administrative, support, waste management, and remediation services | Janitorial, landscaping, pest control, travel agencies, waste collection, etc. | 7,219 | 2.8% | 57.2% |
| Non-Durable Manufacturing | Bakeries, commercial printing, breweries, animal foods, petroleum refineries, etc. | 2,717 | 2.9% | 62.4% |



LAGGING GROWTH



Stable but Avg or Slow Growth

- Utilities
- State and local government
- Accommodation and food services
- Arts, entertainment, and recreation

Volatile or Declining Growth

- Finance and Insurance
- Construction
- Agriculture
- Wholesale Trade
- Educational Services
- Durable Goods Manufacturing
- Mining, Quarrying, Oil + Gas
- Military



UNCERTAINTIES AND UNKNOWNS



- AI Revolution
 - Comparative/competitive advantage is changing
 - Production costs
 - Energy needs
 - If our industries keep up/lean into it, then this can bode positively for production in Kansas
- Policies on Immigration
 - IF it happens the way that is said, this will likely cause staffing shortages in industries that rely on migrant labor



UNCERTAINTIES AND UNKNOWNS



- Policies on Tariffs
 - IF it happens the way that is said, this has an ambiguous effect on Kansas businesses
 - Strong reliance on international production of inputs: strong increase in costs and reduced production
 - Low reliance on international production, strong competition with international producers: possible increase in production
 - Most goods produced in affected countries are relatively cheaper due to comparative advantage
 - This will likely increase price if production shifts to USA
 - In the end, what matters is how much costs will be affected and how much international competition exists



“Create an image of the most stereotypical Kansas worker in 2024.”



Source: Selby-Leach, OpenAI – DALL·E

WORKFORCE

A Resilience Story



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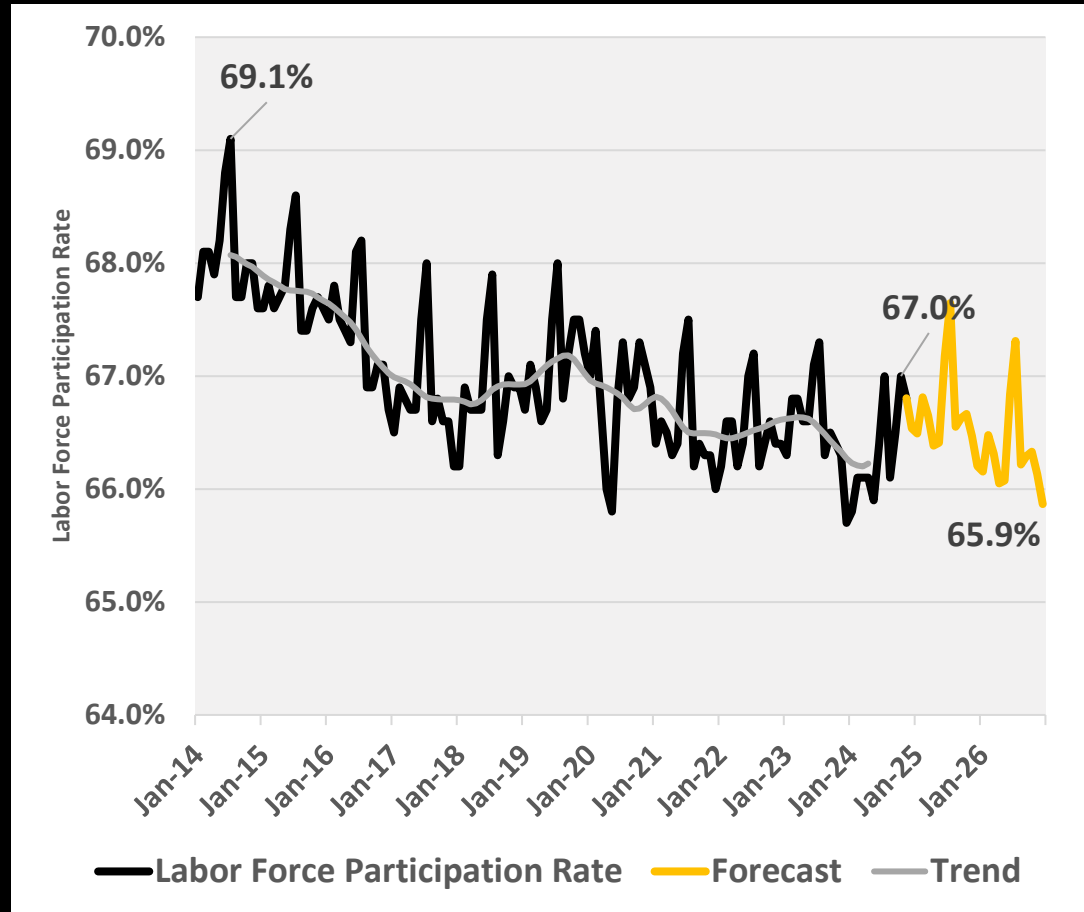
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LABOR FORCE PARTICIPATION

Labor Force: The total number of eligible workers that are working or actively searching for work (employed or unemployed).



Kansas Labor Force
Change 2014-2023 = 1.1%

Kansas Population
Change 2014-2023 = 3.4%

Kansas Labor Force Participation Rate
Change 2014-2023 = -2.2%

2025 LFPR Forecast: **66.7%**

- Why?
 - Retirement of Baby Boomers
 - Higher school enrollment rates
 - Increased health/disability challenges
 - Higher social benefits



UNEMPLOYMENT RATE

2014 Avg = 4.5%

Pandemic High = 11.7%

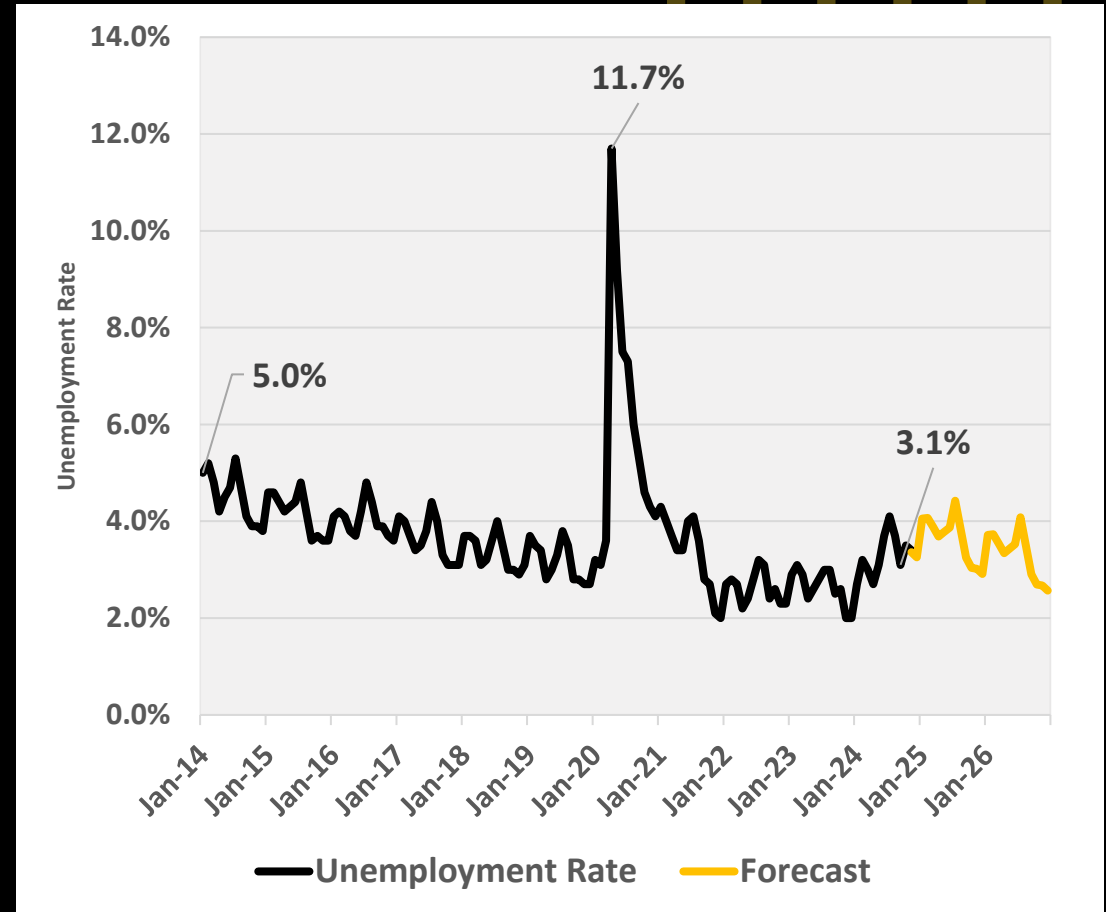
From August 2021 – July 2024,
unemployment rate stayed below 4%

Recent increases to 4.1% (July 2024) but
not sustained

2025 Unemployment Forecast = **3.7%**

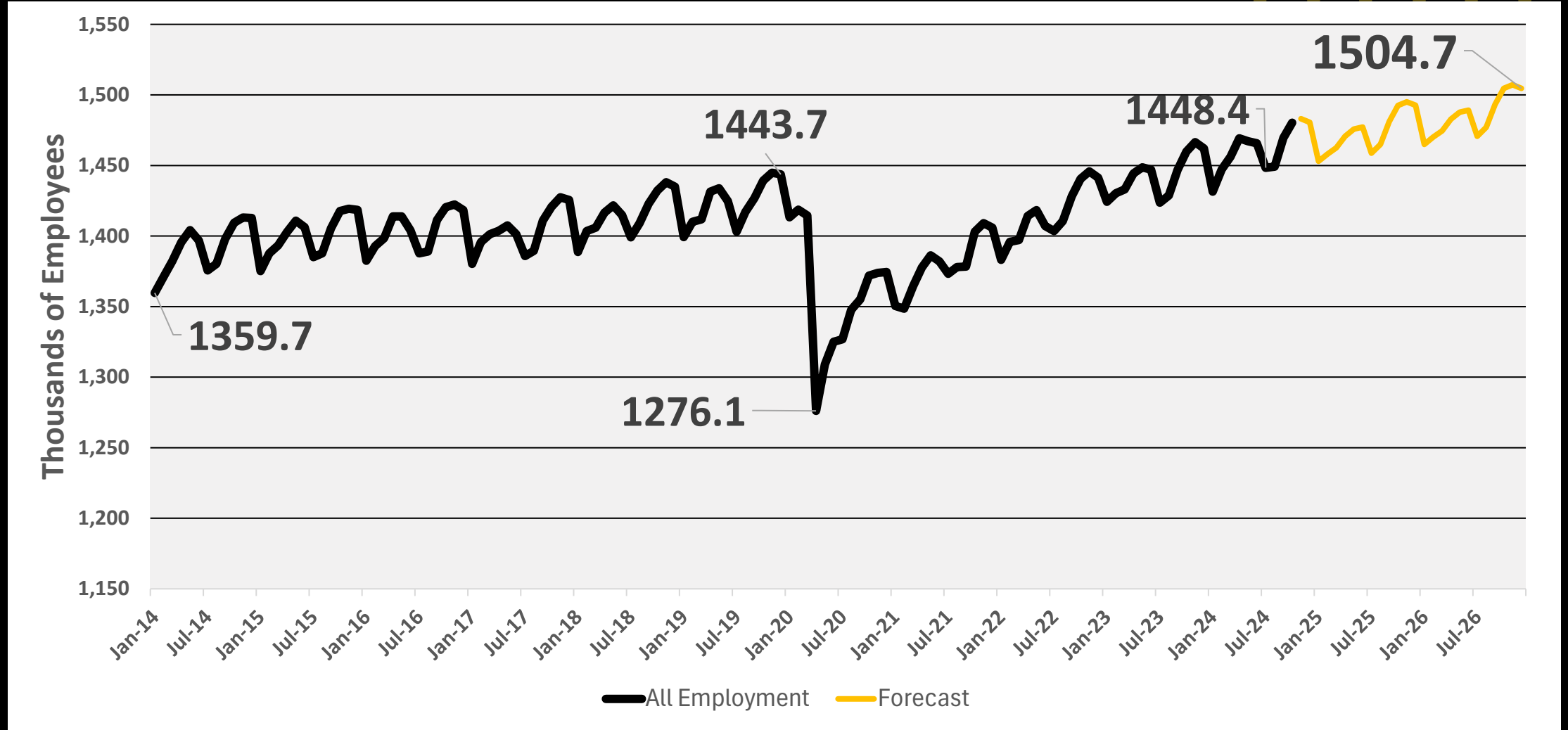
- Many unknowns, but job market seems stable right now.
- Some layoffs in key industries may indicate a future increase, but too soon to say.
- Possible changing on industry in response to automation and AI

Unemployed: The total number of eligible people that are not currently employed for pay and are actively searching for work.

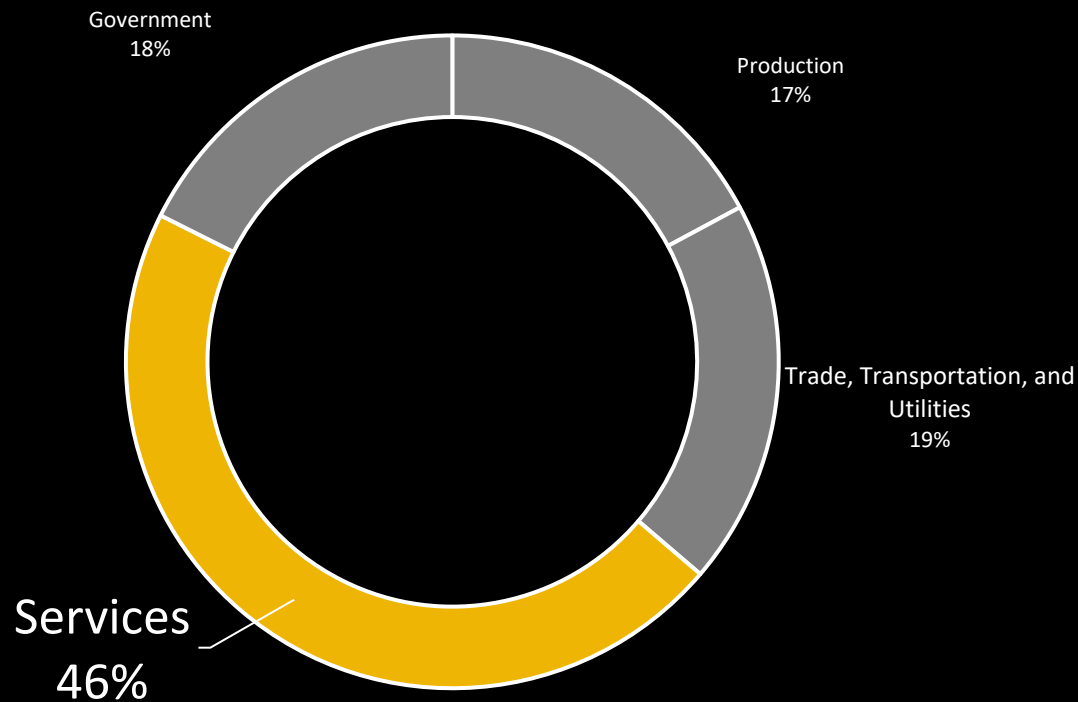


EMPLOYMENT

Employed: The total number of eligible people that are currently employed for pay regardless of job or full-time status.



EMPLOYMENT BY SECTOR



| Sectors | % Change 2014-2023 |
|--------------------------------------|--------------------|
| Long-term Employment Growth | |
| Education + Healthcare | 8.6% |
| Leisure and Hospitality | 8.2% |
| Other Services | 9.4% |
| Long-term Employment Declines | |
| Information | -16.6% |
| Financial Activities | -2.0% |
| Prof and Business | -0.3% |

2025 Forecast

1.8%

0.9%

1.1%

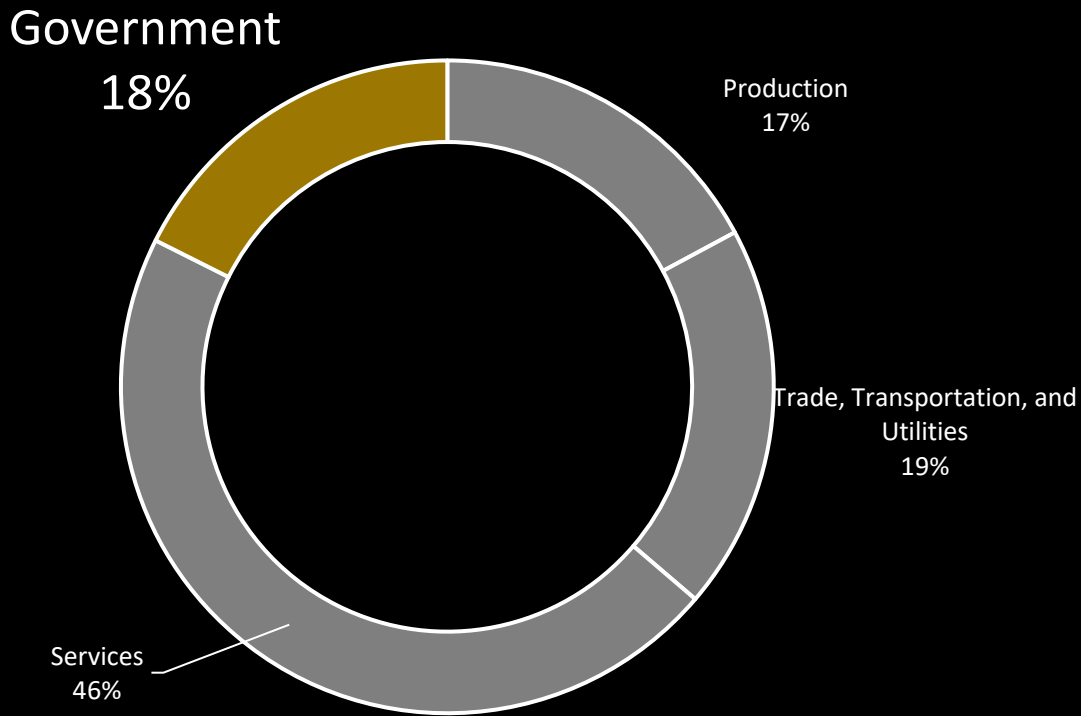
-1.3%

1.7%

-0.3%



EMPLOYMENT BY SECTOR

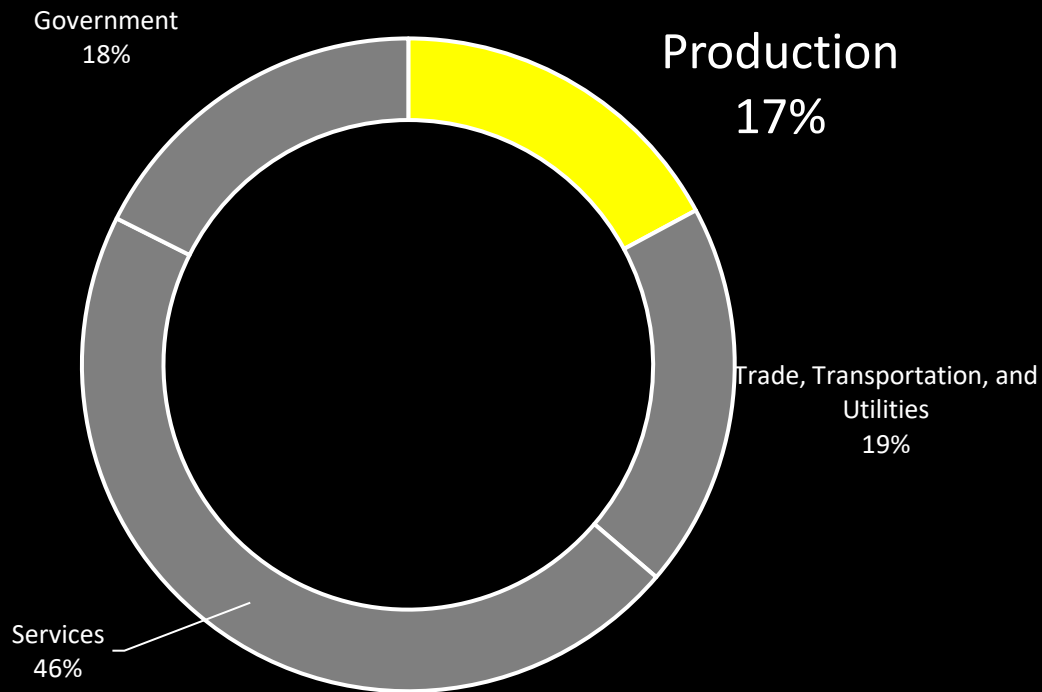


- % Change 2014-2023: -1.0%
- Slow recovery post-pandemic
- Strong seasonality, but year-over-year growth since pandemic
- Expected to continue into 2025

2025
Forecast **0.6%**



EMPLOYMENT BY SECTOR



| Sector | % Change 2014-2023 |
|-----------------------------------|--------------------|
| Non-Durable Manufacturing | 15.6% |
| Mining, Logging, and Construction | 5.8% |
| Durable Manufacturing | -0.1% |

2025 Forecast

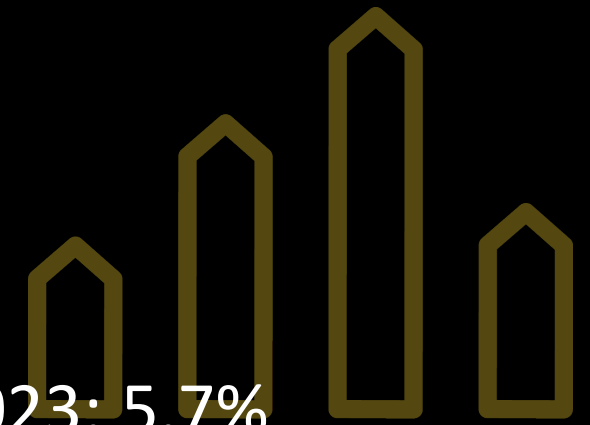
1.4%

0.2%

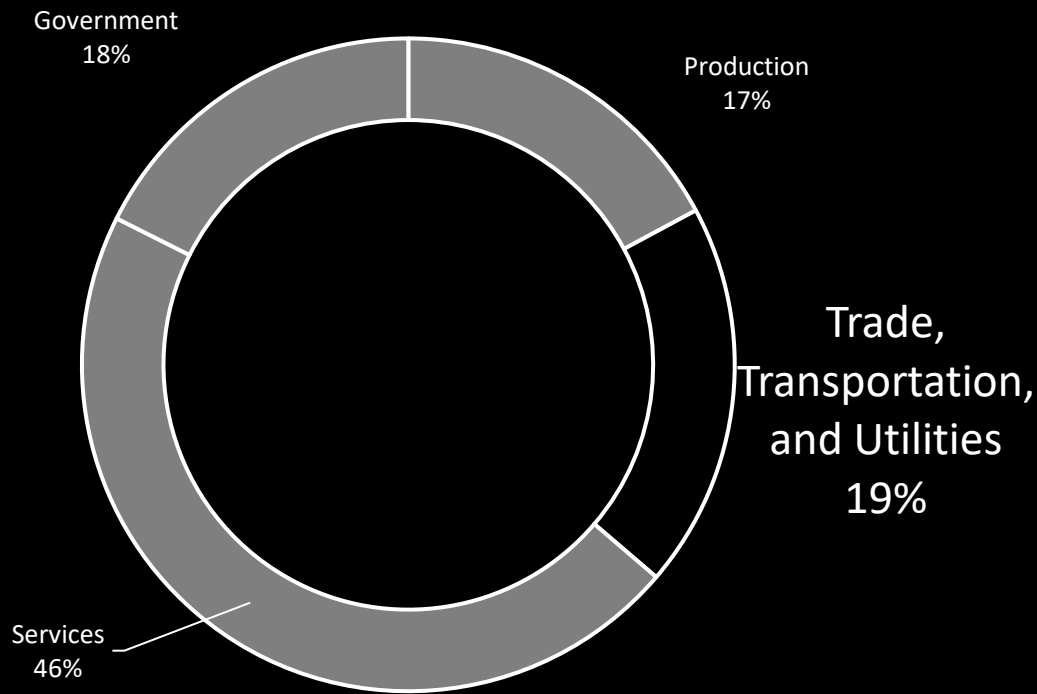
-1.9%



EMPLOYMENT BY SECTOR



- % Change 2014-2023: 5.7%
- Steady increase, year over year
- Little affected by pandemic
- Expected to continue into 2025



**2025
Forecast**

1.4%



INCOME

A Hope Story



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“Create an image of a wealthy Kansan.”



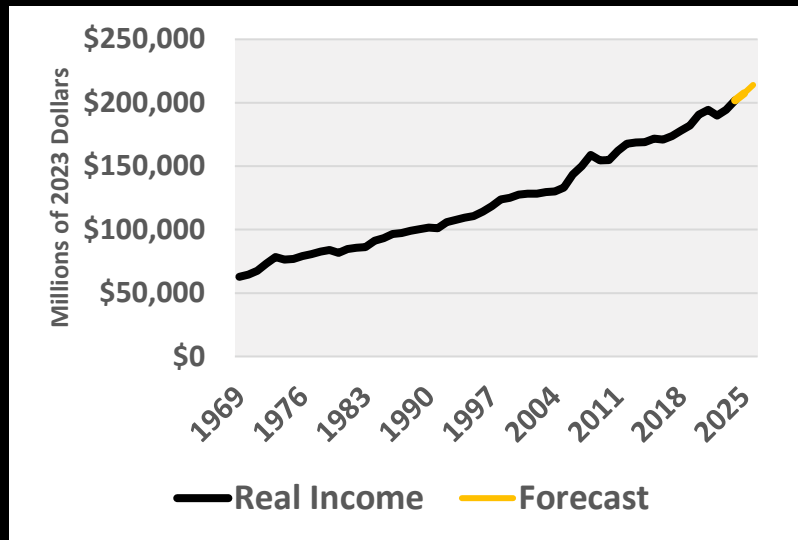
Source: Selby-Leach, OpenAI – DALL·E



KANSAS INCOME: THEN AND NOW



| | Income in 2014 | | Income in 2023 | % Change in Real Income |
|------------------------------|-----------------|-----------------|-----------------|-------------------------|
| | 2014 Dollars | 2023 Dollars | 2023 Dollars | |
| Total Personal Income | \$134.8 Billion | \$169.1 Billion | \$194.4 Billion | 15.0% |
| Income per Capita | \$46,290 | \$58,064 | \$66,115 | 13.9% |

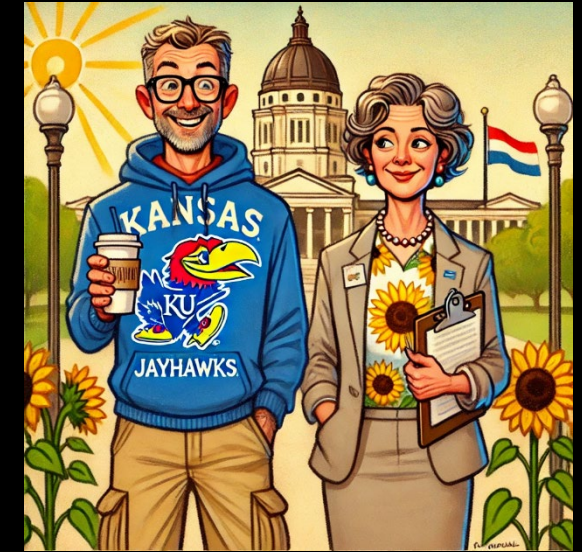


**2025
Forecast**

2.7%



“Create an image of the most stereotypical couple in _____ (city) _____.”



Source: Selby-Leach, OpenAI – DALL·E

MSA FORECASTS

A City Story



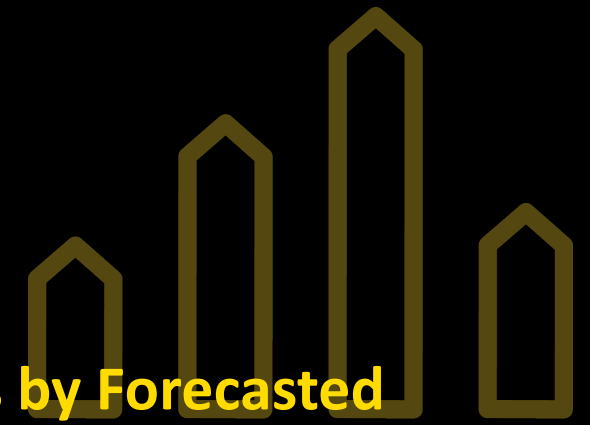
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EMPLOYMENT TRENDS: WICHITA



Employment Sectors by Percent of Total Employment

| Industry Sector | % of Total Employment |
|---------------------------------------|-----------------------|
| Trade, Transportation, and Utilities | 17.2% |
| Private Education and Health Services | 15.3% |
| Durable | 14.4% |
| Government | 13.9% |
| Professional and Business Services | 11.5% |
| Leisure and Hospitality | 10.6% |
| Mining, Logging, and Construction | 5.6% |
| Financial Activities | 3.9% |
| Other Services | 3.6% |
| Non-Durable | 2.6% |
| Information | 1.3% |

Employment Sectors by Forecasted 2025 Growth

| Industry Sector | 2025 Forecasted Growth |
|---------------------------------------|------------------------|
| Non-Durable | 4.2% |
| Financial Activities | 3.0% |
| Other Services | 2.4% |
| Private Education and Health Services | 1.6% |
| Trade, Transportation, and Utilities | 1.5% |
| Mining, Logging, and Construction | 1.2% |
| Information | -0.1% |
| Government | -0.2% |
| Leisure and Hospitality | -0.3% |
| Professional and Business Services | -1.0% |
| Durable | -1.4% |



EMPLOYMENT TRENDS: TOPEKA



Employment Sectors by Percent of Total Employment

| Industry Sector | % of Total Employment |
|---------------------------------------|-----------------------|
| Government | 23.9% |
| Private Education and Health Services | 16.8% |
| Trade, Transportation, and Utilities | 15.6% |
| Professional and Business Services | 12.0% |
| Leisure and Hospitality | 7.6% |
| Financial Activities | 6.7% |
| Non-Durable | 5.5% |
| Mining, Logging, and Construction | 5.1% |
| Other Services | 4.2% |
| Durable | 1.7% |
| Information | 1.1% |

Employment Sectors by Forecasted 2025 Growth

| Industry Sector | 2025 Forecasted Growth |
|---------------------------------------|------------------------|
| Information | 4.2% |
| Other Services | 2.7% |
| Non-Durable | 2.4% |
| Government | 1.8% |
| Private Education and Health Services | 1.7% |
| Trade, Transportation, and Utilities | 0.9% |
| Financial Activities | 0.4% |
| Professional and Business Services | 0.0% |
| Leisure and Hospitality | -0.1% |
| Durable | -1.2% |
| Mining, Logging, and Construction | -1.2% |



EMPLOYMENT TRENDS: KANSAS CITY



Employment Sectors by Percent of Total Employment

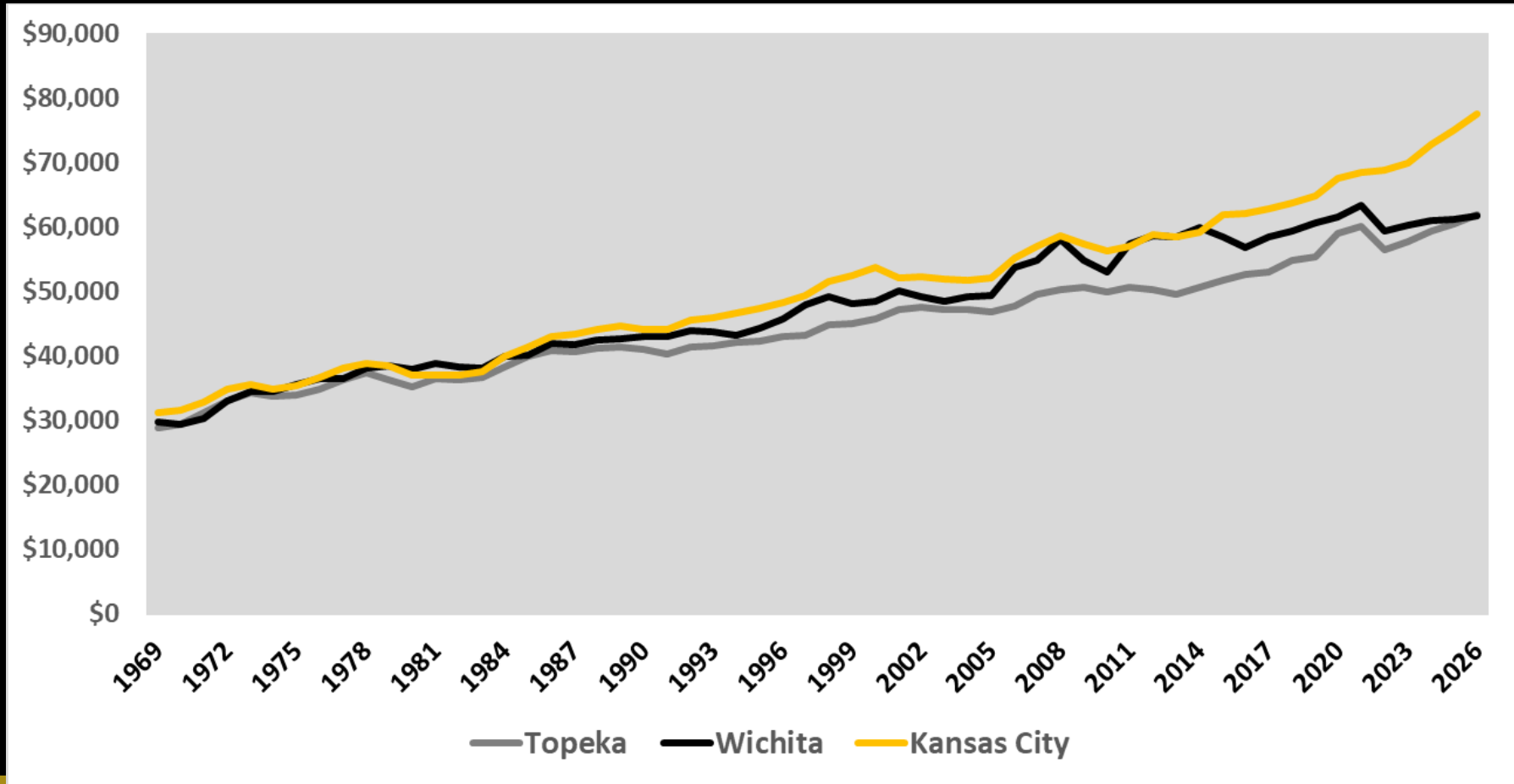
| Industry Sector | % of Total Employment |
|---------------------------------------|-----------------------|
| Trade, Transportation, and Utilities | 21.7% |
| Professional and Business Services | 18.7% |
| Private Education and Health Services | 14.6% |
| Government | 11.9% |
| Leisure and Hospitality | 8.6% |
| Financial Activities | 7.7% |
| Mining, Logging, and Construction | 4.6% |
| Durable | 4.2% |
| Other Services | 3.6% |
| Non-Durable | 2.9% |
| Information | 1.6% |

Employment Sectors by Forecasted 2025 Growth

| Industry Sector | 2025 Forecasted Growth |
|---------------------------------------|------------------------|
| Financial Activities | 4.5% |
| Mining, Logging, and Construction | 2.9% |
| Trade, Transportation, and Utilities | 2.5% |
| Private Education and Health Services | 2.1% |
| Other Services | 1.6% |
| Durable | 1.5% |
| Government | 1.0% |
| Leisure and Hospitality | 0.5% |
| Non-Durable | 0.1% |
| Professional and Business Services | -0.1% |
| Information | -0.9% |



INCOME PER CAPITA TRENDS



Topeka 1.9%

Wichita 0.3%

Kansas
City 3.0%

KS 2.6%



