

# FOURTH DISTRICT METRO MIX

YOUR DISTRICT, YOUR DATA



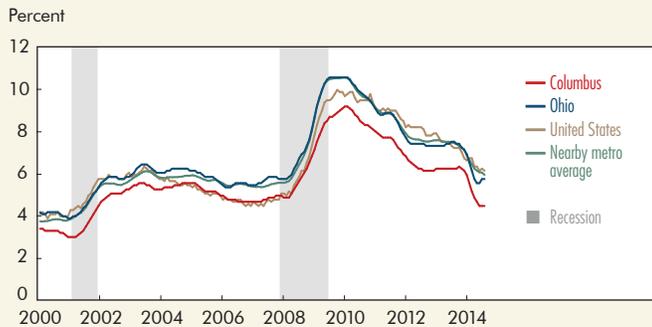
COLUMBUS, OHIO MSA | FOURTH QUARTER, 2014

FEDERAL RESERVE BANK of CLEVELAND

## Columbus – Expanding in Most Areas of Its Economy

Most areas of the Columbus metropolitan area's economy continue to expand. Employment growth in key sectors remains strong, housing prices are improving, business activity is progressing, and educational attainment, already at a high level, continues to advance. The outlook for continued strong growth is favorable as the metro area capitalizes on its highly educated workforce, diversified economy, and moderate population growth.

### The region's unemployment rate sits below pre-recession levels

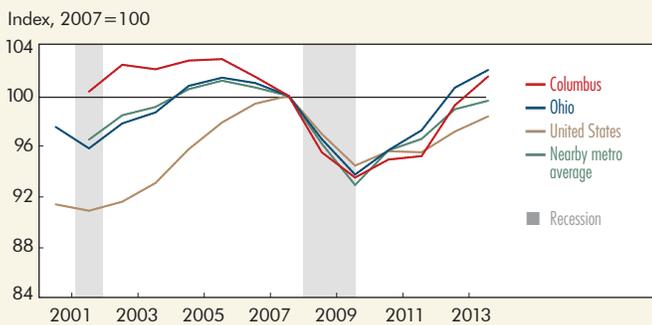


Source: Bureau of Labor Statistics/Haver Analytics.

### ◀ UNEMPLOYMENT RATE

The region's unemployment rate has dipped below its past pre-recession level. As of August 2014, unemployment in the Columbus metro area stood at 4.4 percent, below the 4.6 percent bottom of the previous expansion and even lower than the state of Ohio's rate of 5.7 percent. Improvement in employment outcomes is due to continued growth across multiple sectors, with strong performance in the automotive manufacturing sector and expansion in the professional and business services sector. Expectations for continued growth in 2015 remain bright as continued improvement in the health and education and government sectors are likely.

### Columbus's per capita GDP has surpassed its pre-recession level

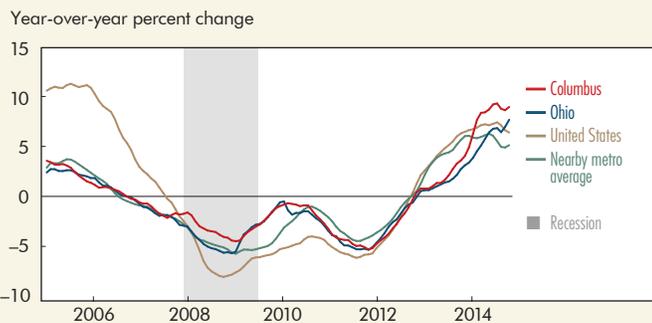


Source: Bureau of Economic Analysis/Haver Analytics.

### ◀ GROSS DOMESTIC PRODUCT

Columbus's GDP per capita continues to improve, achieving gains not seen since before the recession. Through May 2013, the most recent period for which data is available, GDP per capita in the Columbus metro area stood 1.38 percent above its level at the start of the recession. This was only slightly behind the state's level of 1.95 percent, while nearby metro areas remain approximately 0.5 percentage points below their pre-recession levels and the nation is approximately 3 percentage points below its pre-recession level.

### Housing prices are growing at a faster rate than those of nearby metros, the state, and the nation



Source: Zillow.com/Haver Analytics.

### ◀ HOUSING PRICES

As of August 2014, housing prices in the Columbus metro area were growing at a faster rate than those of nearby metro areas, the state of Ohio, and the United States as a whole. This is due to strong growth in the employment sector, continued improvements in consumer credit quality, and slow housing supply growth in the metro area. Foreclosure rates continue to decline, which also helps reduce the shadow inventory. Growth should continue in the real estate sector as employment strengthens and homebuilding increases in response to a shrinking supply of new and existing homes for sale.

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## EMPLOYMENT AND INDUSTRIAL SECTORS

Employment levels are approximately 2% above their pre-recession numbers

Index, 2007: M12=100

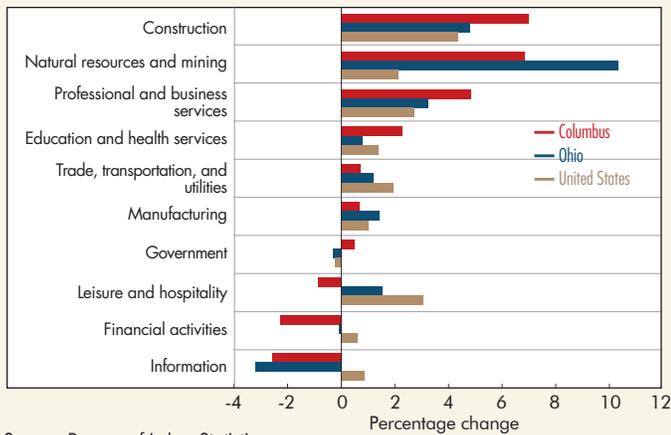


Source: Bureau of Labor Statistics.

### ◀ EMPLOYMENT

Employment in the Columbus metro area remains strong as the region continues to capitalize on its substantial base of highly educated and innovative workers. By the end of the first quarter of 2014, employment levels were approximately 2 percent above their pre-recession numbers. By comparison, the absolute employment levels in nearby metro areas, the state of Ohio, and the nation as a whole all have yet to return to their pre-recession levels.

Columbus's sectoral employment growth outweighs its declines

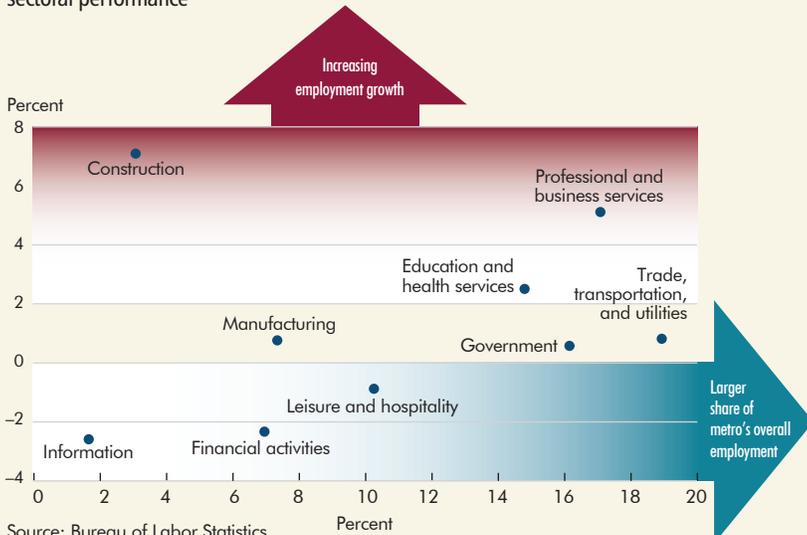


Source: Bureau of Labor Statistics.

### ◀ EMPLOYMENT GROWTH BY SECTOR

The Columbus metro area's economy benefits from a highly educated workforce and diverse industry base. The construction, professional and business services, and education and health services sectors all lead the state in terms of their inherent rate of growth. Being the state capital, the area heavily depends on government employment. While there has been modest growth in this sector, the metro area's gains supersede those of the state and nation. State and local tax revenues continue to expand with the economy, which bodes well for Columbus-area spending as the state has yet to recoup the funding lost during the recession.

The construction and professional and business services sectors lead Columbus's sectoral performance



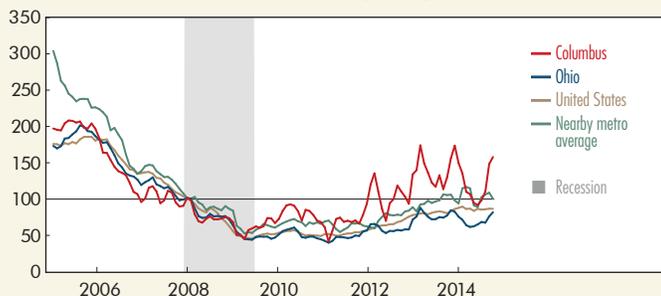
Source: Bureau of Labor Statistics.

### ◀ RELATIVE EMPLOYMENT GROWTH

Construction is the fastest-growing sector among the Columbus metro area's industry segments. This is primarily due to large and significant capital investments already underway at many of the area's healthcare facilities, as well as the continued expansion in auto manufacturing. Accounting for approximately 17 percent of the area's labor force, the professional and business services sector also continues to expand at a strong clip. Demand for insurance-related, trade, and high-tech professionals remains strong, while the area's demand for finance-related and information continues to lag. As demand for more educated and technically proficient labor continues to increase nationally, the Columbus metro area's education institutions and economic development organizations hope to build on this strength by increasing their efforts to retain young, educated professionals in the region.

Homebuilding growth continues to outpace that of the nation, state, and nearby metro areas

Index, 2007: M12=100, three-month moving average



Source: Census Bureau/Haver Analytics.

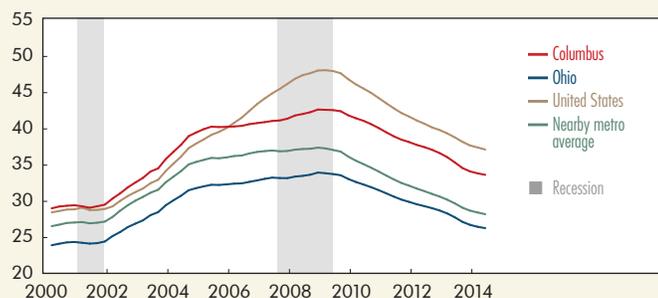
## HOUSING MARKET

### HOUSING PERMITS

Despite large seasonally-motivated swings, homebuilding growth in the Columbus metro area continues to outpace that of the nation, state, and nearby metro areas. Homebuilding slowed during the second half of 2013, but regained some steam during the first half of 2014 and still exceeds its pre-recession level. The housing supply remains exceptionally tight as builders have not significantly added to supply since late 2006. Multifamily vacancy rates remain low as apartment construction still has yet to catch up with growth in regional demand. Recently, the construction labor force has begun to grow, thus helping to reduce the mismatch between increased demand and short supply of the region's housing.

Household deleveraging continues in Columbus

Thousands of dollars



Source: FRBNY Consumer Credit Panel.

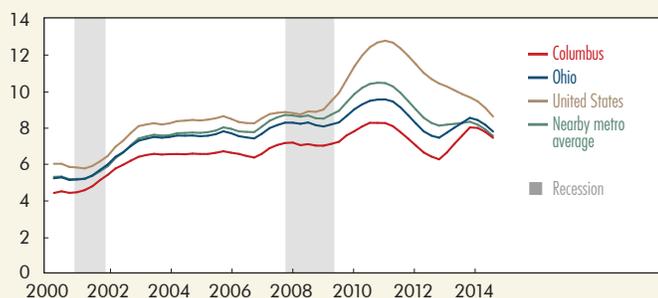
## CONSUMER FINANCES

### CONSUMER DEBT

Since 2005, consumers in the Columbus metro area continue to have less mortgage, auto, and credit card debt per capita than the national average. Like many other areas, households in the Columbus area have actively sought to deleverage since the onset of the recession and have done so at a rate similar to that of the nation. However, consumer debt levels remain higher than those of other nearby metro areas and the state of Ohio. Reasons for the debt decline continue to be lower mortgage debt due to foreclosures and smaller average outstanding balances on revolving debt instruments such as credit cards and home equity loans.

Delinquency rates are slightly higher than pre-recession levels

Percent of credit card balances delinquent



Source: FRBNY Consumer Credit Panel/Haver Analytics.

### CREDIT CARD DELINQUENCY RATES

The credit card delinquency rate is an indicator of the financial health of households. The Columbus metro area's credit profile remains much better than those of the nation and the state, and is in line with other nearby metro areas. Delinquency rates stand approximately where they were at the end of the recession, which is only slightly above where they were prior to the recession. After a rapid decline immediately following the recession and some increases to historical levels since that time, the net average of credit quality in the Columbus metro area is largely the same as it has been for the past 10 years.

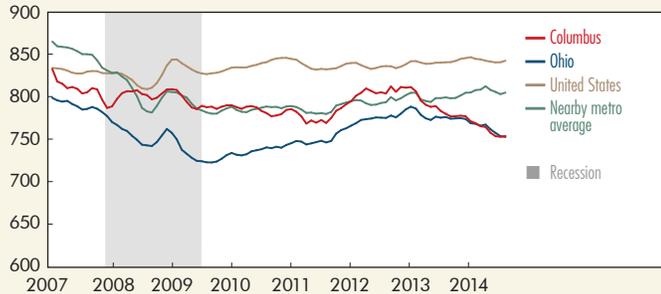
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Average weekly wages declined to \$754

Dollars, three-month moving average



Source: Bureau of Labor Statistics/Haver Analytics.

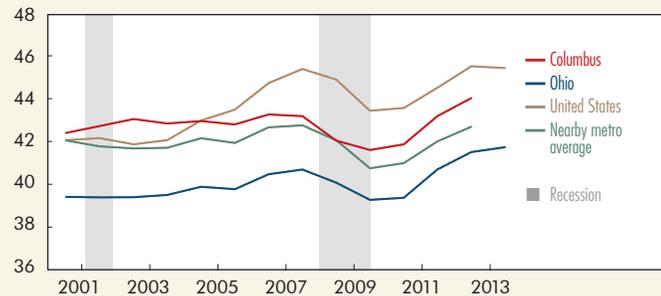
## INCOME

### ◀ AVERAGE WEEKLY EARNINGS

Average weekly wages in the Columbus metro area continue to underperform the nation and nearby metro areas. In Columbus, average weekly wages fell from a post-recession high of \$807 in February 2013 to \$754 in August 2014. This decline is due largely to stronger growth in relatively lower-paid sectors such as the construction and leisure and hospitality sectors. The state of Ohio also saw a slight decline in average weekly wages, while nearby metro areas continue to see marginal improvement over a comparable time period. This pattern is not unique to the Columbus area, as national wage growth has lagged since the start of the millennium.

Columbus exceeds the state and nearby metro areas in income per capita performance

Thousands of dollars



Source: Bureau of Economic Analysis/Haver Analytics.

### ◀ INCOME PER CAPITA

The Columbus metro area continues to benefit from higher income per capita than the state of Ohio and nearby metro areas. The metro area's slow population growth has helped to improve income per capita growth. The region continues to experience an influx of highly educated and skilled workers into the relatively high-paying professional and business services sectors.

## DEMOGRAPHICS AND EDUCATION

	Columbus metro area		United States	
	2013	Change from 2009	2013	Change from 2009
Population	1,967,066	+4.2%	316,129,000	+3.1%
Adults with less than a high school diploma	10.0%	-0.2%	13.4%	-1.3%
Adults with an undergraduate degree or higher	33.7%	+0.4%	29.6%	+1.7%
Median age (years)	35.7	+1.0 years	37.5	+0.7 years
Median household income	\$55,215	-1.9%	\$53,348	-4.2%

Sources: Census Population estimates; American Community Survey.

### ◀ COLUMBUS, OHIO

According to 2013 Census estimates, Columbus, Ohio, ranks as the 32nd largest of the 381 metropolitan statistical areas in the US.

All monthly figures are seasonally adjusted and all dollar figures are in current dollars. Several charts use indexed measures to facilitate comparisons across regions and have a reference line at 100. These numbers can be thought of as the percentages of pre-recession levels. If levels were growing before the recession, pre-recession indexes will be below 100; if levels were falling before the recession, pre-recession indexes will be above 100. Employment data in the Metro Mix come from the Quarterly Census of Employment and Wages, which we have found to be the earliest accurate source of the number of jobs in metro areas.

The Federal Reserve Bank of Cleveland, including its branch offices in Cincinnati and Pittsburgh, serves the Fourth Federal Reserve District (Ohio, western Pennsylvania, the northern panhandle of West Virginia, and eastern Kentucky).

