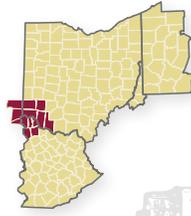


# FOURTH DISTRICT METRO MIX

YOUR DISTRICT, YOUR DATA



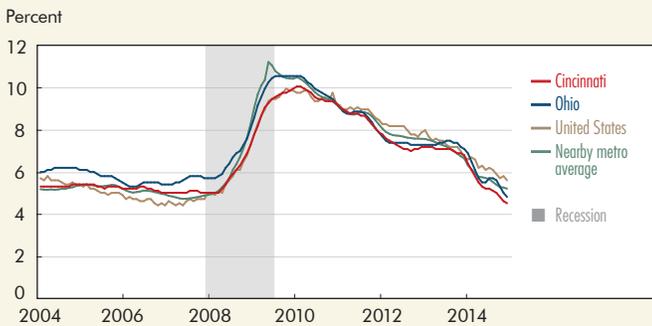
CINCINNATI, OHIO MSA | SECOND QUARTER, 2015

FEDERAL RESERVE BANK of CLEVELAND

## Cincinnati – Continuing to Expand in Line with the Nation

The Cincinnati metro area's economy continues to expand in line with national growth. Its strong professional and business services sector as well as its education and health services sector provide continuing opportunities to the region. Construction has picked up across the metro area as multiple commercial companies have sought to expand their presence in the Cincinnati region due to its logistic advantages and growing population of skilled and highly educated workers.

Cincinnati's unemployment rate is at a ten-year low

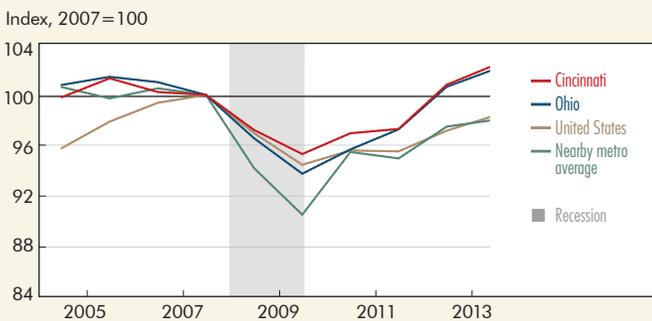


Source: Bureau of Labor Statistics/Haver Analytics.

### ◀ UNEMPLOYMENT RATE

By December 2014, the unemployment rate in the Cincinnati metro area dropped to 4.5 percent. This was the best showing in the past ten years. As the nation's recovery continues, the metro area's relatively large share of employment in high-growth, high-demand sectors proves beneficial. The region remains uniquely positioned in industrial sectors that benefit from the national recovery, such as professional and business services, education and health services, and skilled manufacturing. The metro area also benefits from the large percentage of its workforce that operates in the consumer-marketing sector. As consumer demand, which represents approximately 70 percent of the US economy, grows in the national recovery, Cincinnati's employment will benefit since a significant percentage of the local economy depends on the consumer marketing and branding industry.

Cincinnati's per capita GDP leads national, state, and nearby metro levels



Source: Bureau of Economic Analysis/Haver Analytics.

### ◀ GROSS DOMESTIC PRODUCT

After a long recovery from the Great Recession, per capita GDP is stronger in the Cincinnati metro area than in the nation, state, and nearby metro areas. Cincinnati's renewed growth is a result of strong underlying growth in income and production levels, which exceed growth in the metro area's population, an area of continued weakness for the region. By early 2013, the Cincinnati metro area's per capita GDP stood approximately 2 percent above its 2007 level.

Housing prices in Cincinnati rose in 2014



Source: Zillow.com/Haver Analytics.

### ◀ HOUSING PRICES

The Cincinnati housing market continues to advance at a pace consistent with the state and nation. From January 2014 to January 2015, prices increased 4.6 percent in the Cincinnati area, compared to 5.4 percent nationally and 4.7 percent statewide. Despite growth in employment, the Cincinnati housing market has been slow to accelerate for a variety of reasons. Foremost among these include weak income growth, moderate rates of household formation, and continued strength in the rental housing market. However, the local market for homes is likely to accelerate as employment further strengthens and homebuilding increases in response to a shrinking supply of new and existing homes for sale.

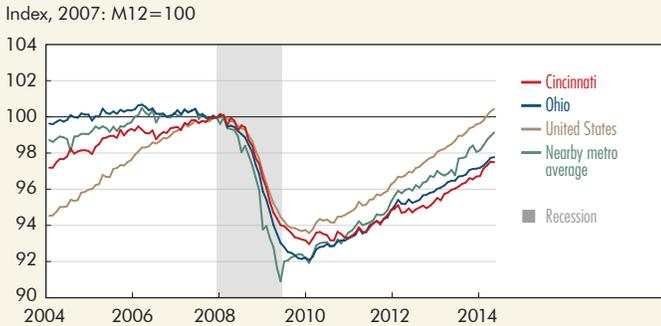
# FOURTH DISTRICT METRO MIX

SECOND QUARTER, 2015

YOUR DISTRICT, YOUR DATA

## EMPLOYMENT AND INDUSTRIAL SECTORS

Employment in the metro area has yet to recover its pre-recession level

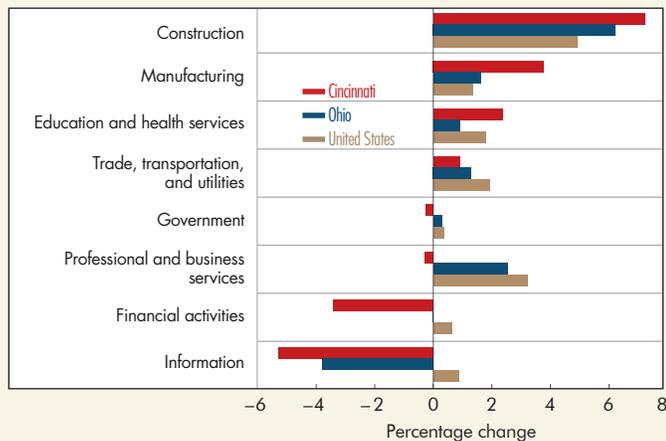


Source: Bureau of Labor Statistics' Quarterly Census of Employment and Wages.

### ◀ EMPLOYMENT

Job growth in the Cincinnati metro area remains strong as the region capitalizes on its highly educated and innovative workers. Despite these factors, however, the region has yet to return to its pre-recession employment level. Employment rose 1.6 percent from June 2013 to June 2014, versus 1.1 percent in the previous 12 months. This performance remains in line with employment growth at both the state and national levels, but is slightly below that of nearby metro areas. The outlook for continued employment growth remains strong as multiple companies have announced plans to expand in order to accommodate larger workforces.

Construction leads sector-level growth in the region

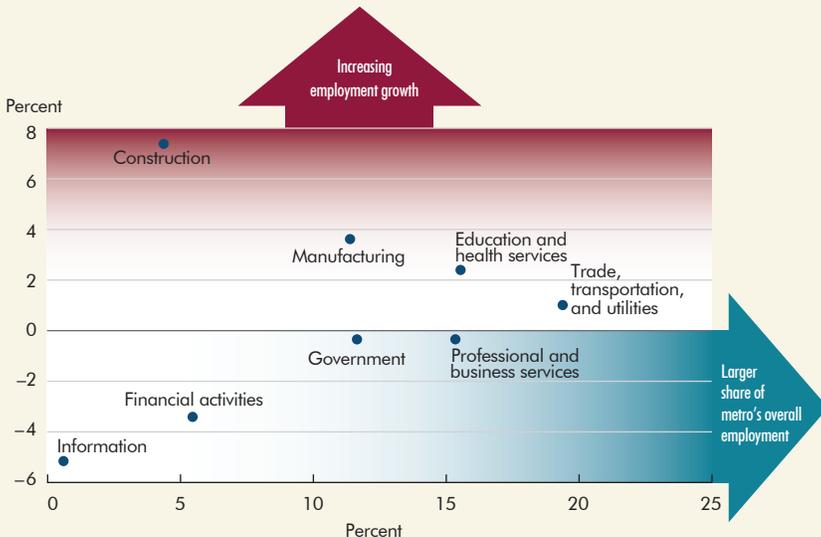


Source: Bureau of Labor Statistics' Quarterly Census of Employment and Wages.

### ◀ EMPLOYMENT GROWTH BY SECTOR

Although relatively small by comparison, the construction sector has been growing at the fastest rate in the Cincinnati metro area as building on both the residential and nonresidential sides increases. Expansion continues in many sectors, with manufacturing and education and health services both growing more than 2 percent from June 2013 to June 2014.

Cincinnati's fastest-growing sectors are in line with national performance



Source: Bureau of Labor Statistics' Quarterly Census of Employment and Wages.

### ◀ RELATIVE EMPLOYMENT GROWTH

Ten Fortune 500 companies are headquartered in the Cincinnati metro area. On a per capita basis, this is more than New York, Los Angeles, or Chicago—the nation's three largest metro areas. Given its relatively diverse economy, the sectors where Cincinnati is growing the fastest are in line with national growth. Construction is performing well as both commercial and residential real estate activity is growing; however, most growth on the residential side is in multifamily housing. While professional and business services is growing, the metro area is severely lagging both national and state performances in this sector. Tightening in the government sector remains apace as local officials continue their efforts to better align expenditures with revenue growth.

## Housing permits increased in 2014

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



Source: Census Bureau/Haver Analytics.

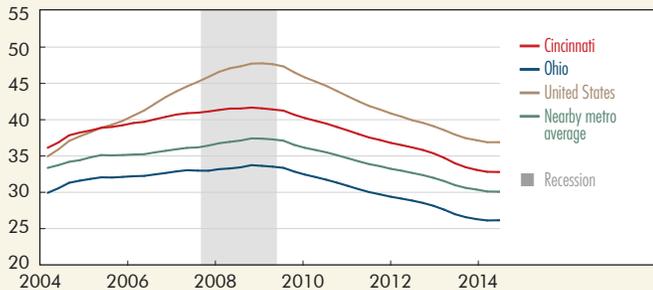
## HOUSING MARKET

## ◀ HOUSING PERMITS

Remaining above its post-recession lows, homebuilding in the greater Cincinnati region is gaining steam. Housing supply remains tight, helping to prop up house prices. Multifamily vacancy rates remain low as apartment construction has yet to catch up with growth in regional demand. Two factors often cited for the slow resurgence of supply are continued tight credit conditions and a scarcity of skilled construction labor. The residential construction labor force has begun to grow, helping to reduce the mismatch between slow-growing housing demand and short supply.

## Deleveraging in the Cincinnati metro area continues

Thousands of dollars



Source: Authors' calculations from the Federal Reserve Bank of New York's Consumer Credit Panel/Equifax.

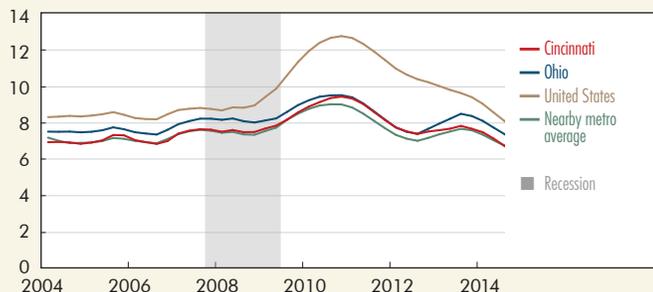
## CONSUMER FINANCES

## ◀ CONSUMER DEBT

Since 2006, consumers in the Cincinnati metro area continue to have less mortgage, auto, and credit card debt per capita than the national average. However, consumer debt in the Cincinnati metro area still exceeds that of nearby metro areas and the state of Ohio. The metro has actively sought to deleverage since the onset of the recession in late 2007 and has succeeded at a rate similar to that of the nation. Reasons for the debt decline include lower mortgage debt due to foreclosures and smaller average outstanding balances on revolving debt instruments such as credit cards and home equity loans.

## Cincinnati has low credit card and delinquency rates

Percent of credit card balances delinquent



Source: Authors' calculations from the Federal Reserve Bank of New York's Consumer Credit Panel/Equifax.

## ◀ CREDIT CARD DELINQUENCY RATES

The credit card delinquency rate is an indicator of the financial health of households. The credit profile of Cincinnati remains much better than the nation's and is in line with nearby metro areas. Declines in credit card delinquency rates continued through 2014.

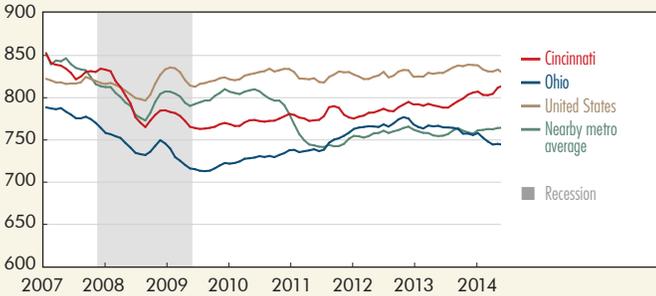
# FOURTH DISTRICT METRO MIX

SECOND QUARTER, 2015

YOUR DISTRICT, YOUR DATA

By the end of 2014, average weekly wages in Cincinnati were \$840

Dollars, three-month moving average



Source: Bureau of Labor Statistics/Haver Analytics.

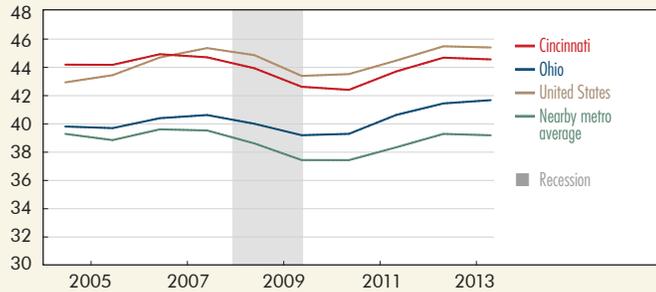
## INCOME

### ◀ AVERAGE WEEKLY EARNINGS

In the Cincinnati metro area, average weekly wages were increasing at some of the region's fastest rates during 2014. Recovery in metro area wages is largely in response to growth in the relatively high-paying manufacturing sector. While significant growth continues in the professional and business services and education and healthcare sectors, wage growth was previously muted in most sectors due to the greater-than-typical number of people looking for work.

Income growth per capita continues to increase

Thousands of dollars



Source: Bureau of Economic Analysis/Haver Analytics.

### ◀ INCOME PER CAPITA

The Cincinnati metro area and the nation continue to see stronger income growth per capita than the state and nearby metros. The Cincinnati area also experienced a smaller decline during the recession. A reason for this superior performance is that the metro area continues to contend with slowing population growth. However, as income growth per capita continues to increase, it should stimulate increased in-migration to the region in the future and help to slow the population drain.

## DEMOGRAPHICS AND EDUCATION

### ◀ CINCINNATI, OHIO

According to 2013 US Census Bureau estimates, Cincinnati is the 28th largest of the 381 metropolitan statistical areas in the United States.

	Cincinnati metro		United States	
	2013	Change from 2009	2013	Change from 2009
Population	2,137,406	+1.4%	316,129,000	+3.1%
Adults with less than a high school diploma	10.4%	-2.0%	13.4%	-1.3%
Adults with an undergraduate degree or higher	31.2%	+2.6%	29.6%	+1.7%
Median age (years)	37.9	+1.0 years	37.5	+0.7 years
Median household income	\$53,803	-5.2%	\$52,666	-4.2%

Sources: Census Population estimates; American Community Survey.

All monthly and quarterly figures are seasonally adjusted and all dollar figures are in current dollars, except home prices (which are left nominal). Where applicable, these adjustments are made prior to calculating percent changes or indexes. 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.

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).