

FOURTH DISTRICT METRO MIX

YOUR DISTRICT, YOUR DATA



CINCINNATI, OHIO MSA | MARCH 2017

FEDERAL RESERVE BANK *of* CLEVELAND

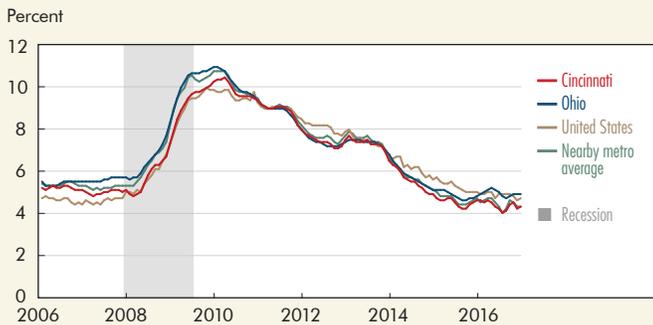
Steady and Widespread Growth Continues in the Cincinnati Region

Economic growth in the Cincinnati region continues to be strong and to outpace the state of Ohio's growth on most major indicators. The region's unemployment rate remains well below its 2007 pre-recession readings, and the number of jobs has also recently surpassed its pre-recession high, as has the level of real per capita income. Average consumer debt levels and credit card delinquency rates are at or near decade lows. Housing markets are healthy, with building permits for new single-family homes being issued at a moderate pace and with steady growth in home prices.

METRO AREA SNAPSHOT

	Unemployment Rate		Median Home Values		Payroll Employment		Credit Card Delinquency Rates	
	December 2016 (percent)	One-year change (percent)	January 2017	One-year change (percent)	September 2016 (thousands)	One-year change (percent)	2016:Q4 (percent)	One-year change (percent)
Cincinnati	4.3	-0.3	\$149,800	6.1	1,027	1.7	6.0	-0.4
Ohio	5.0	0.1	\$125,300	4.9	5,330	1.1	6.7	-0.3
Nearby metro average	4.3	-0.4	\$132,420	6.1	658	2.3	6.1	-0.4
United States	4.7	-0.3	\$195,300	7.2	142,452	1.8	7.1	-0.7

The unemployment rate in the Cincinnati area continues to be one of the lowest rates among Fourth District metro areas.

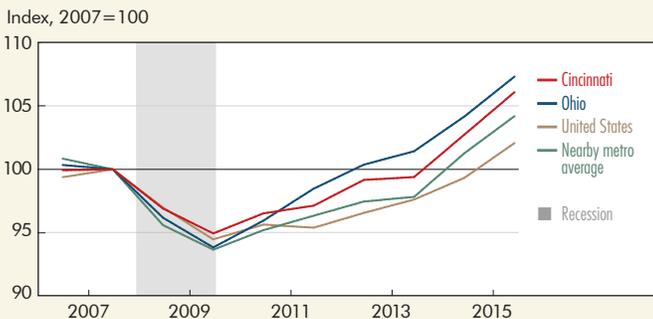


Source: Bureau of Labor Statistics/Haver Analytics.

◀ UNEMPLOYMENT RATE

Despite increasing slightly from 4.0 percent in July to 4.3 percent in December, the unemployment rate in the Cincinnati metro area improved at a solid pace in 2016 and continues to be one of the lowest rates among Fourth District metro areas. The 2016 year-end estimate of 4.3 percent represents a 0.3 percentage point reduction from December 2015 and is the lowest December reading for the region since 2000 (3.6 percent). The metro area's unemployment rate also continues to remain modestly below national levels (4.7 percent in December 2016), as has largely been the case in the post-Great Recession recovery. Relative to the state of Ohio, the unemployment rate gap has widened in the past year such that the Cincinnati metro area's unemployment rate is now well below the state average of 4.9 percent.

Real per capita GDP for the Cincinnati metro area is now 7.4 percent above its pre-recession level.



Source: Bureau of Economic Analysis/Haver Analytics.

◀ GROSS DOMESTIC PRODUCT

Real per capita GDP for the Cincinnati metro area recovered from the Great Recession more quickly than in the nation and is now 7.4 percent above its 2007 level, compared to 2.1 percent for the nation. By comparison, Ohio's real per capita GDP is 6.1 percent above its 2007 level. The region's per capita output growth was robust in 2014 and 2015, the most recent years for which data are available, reaching 3.4 percent and 3.3 percent in those years, respectively. During the same period, real per capita GDP in the state of Ohio expanded at a rate of 2.7 percent (2014) and 3.0 percent (2015), while output nationally expanded at a clip of 1.8 percent and 2.8 percent. This is the strongest back-to-back GDP growth in the Cincinnati metro area since the Bureau of Economic Analysis began producing local estimates of GDP in 2001.

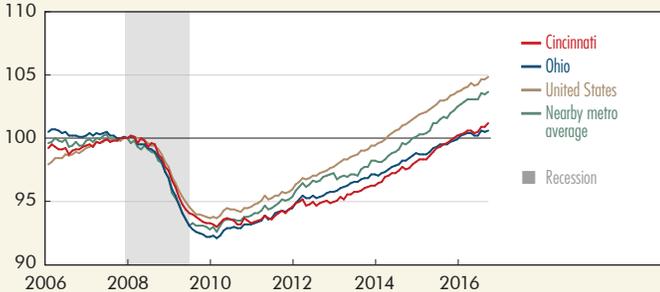
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As of September 2016, year-over-year employment growth in the Cincinnati metro area was 1.7 percent, which is nearly the same as the nation's growth.

Index, 2007:M12=100



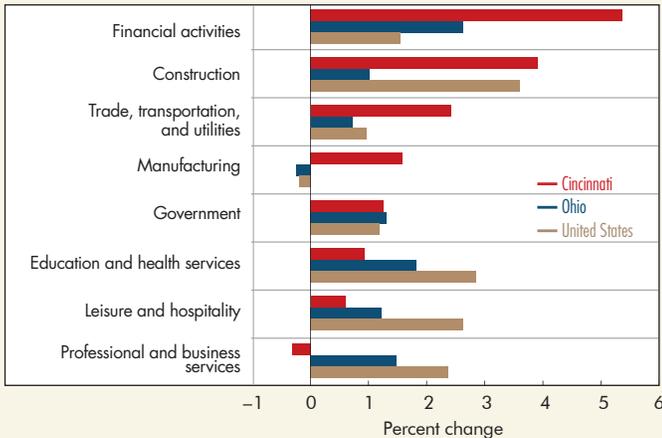
Source: Bureau of Labor Statistics' Quarterly Census of Employment and Wages.

EMPLOYMENT AND INDUSTRIAL SECTORS

◀ EMPLOYMENT

While the employment rate has been slower to recover in Ohio and in the Cincinnati metro area than in the United States as a whole, overall job growth in the region remains solid. In the 12-month period ending in September 2016, employment in the Cincinnati metro area expanded at a rate of 1.7 percent, compared to 1.8 percent for the nation and 2.1 percent for the nearby metro average. Despite the fact that year-over-year job growth for Ohio as a whole has recently slowed to 1.1 percent, employment in the state finally reached its pre-recession level at the beginning of 2016. The number of jobs in the Cincinnati metro area (as of September 2016) is now 1.2 percent above its pre-recession December 2007 level. However, this is less growth than in the nation, for which employment rose 4.9 percent over this time.

As of September 2016, the Cincinnati region experienced year-over-year employment gains across most sectors.



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

◀ EMPLOYMENT GROWTH BY SECTOR

The Cincinnati region, the state of Ohio, and the nation as a whole continued to experience relatively widespread employment gains across most sectors during the past 12 months (ending in September 2016). Three sectors—financial activities, manufacturing, and trade, transportation, and utilities—expanded in the metro area at a clip that outpaced these sectors' growth in both the state and the nation by more than a percentage point during this period. The region's manufacturing sector, which accounts for just more than 11 percent of the region's employment, gained jobs at an annualized rate of 1.2 percent in the past year, compared to losses in Ohio and the nation on the order of -0.5 percent and -0.1 percent, respectively. The sectors with the weakest growth in the Cincinnati area during this 12-month period are leisure and hospitality (up 0.6 percent) and professional and business services (down 0.3 percent).

As of the third quarter of 2016, most major sectors in the Cincinnati region saw year-over-year employment gains

Sector	Employment	12-month change	Share of employment
Trade, transportation, and utilities	202,017	4,782	19.6
Professional and business services	159,994	-494	15.5
Education and health services	158,812	1,481	15.4
Leisure and hospitality	121,772	730	11.8
Government	117,767	1,467	11.4
Manufacturing	114,927	1,803	11.2
Financial activities	65,617	3,352	6.4
Construction	44,163	1,667	4.3

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

◀ SECTOR EMPLOYMENT

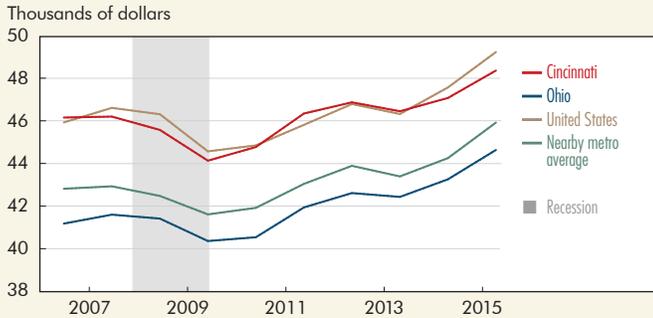
Every major sector in the Cincinnati region, with the exception of professional and business services, saw employment gains from the third quarter of 2015 to the third quarter of 2016. Combined, two of the area's largest employment sectors—trade, transportation, and utilities and education and health services—gained more than 6,200 jobs during those 12 months and now account for 35 percent of all jobs in the region. In percentage terms, the financial activities and construction sectors led the way with annualized growth rates of 5.4 percent and 3.9 percent, respectively, figures which are more than double the region's overall rate of 1.7 percent.

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Per-person income levels in the Cincinnati metro area remain notably higher than income levels for the state of Ohio overall and for a group of nearby metro areas.



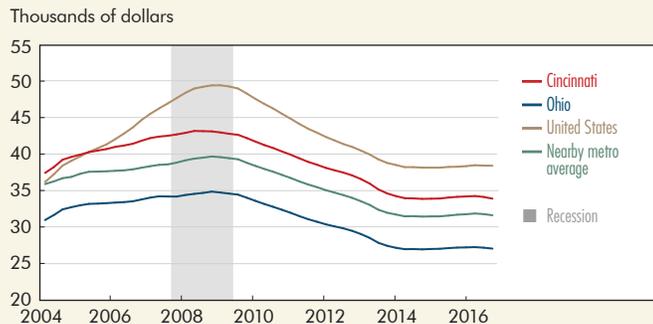
Source: Bureau of Economic Analysis/Haver Analytics.

INCOME

◀ INCOME PER CAPITA

Inflation-adjusted per capita personal income in the Cincinnati metro area grew at a rate of 2.8 percent in 2015. This pace was slower than that of Ohio (3.2 percent) and the nation as a whole (3.8 percent) during the same time period. Even though per capita income growth in the region has lagged in both the state and the nation for the past few years, per-person income levels in the Cincinnati metro area remain notably higher than income levels for the state of Ohio overall and for a group of nearby metro areas. In fact, as of 2015, the level of real per capita personal income in Cincinnati is 8.4 percent above the Ohio average and 5.4 percent above the average of nearby large metro areas.

Average debt levels in the Cincinnati region remain well below pre-Great Recession debt levels.



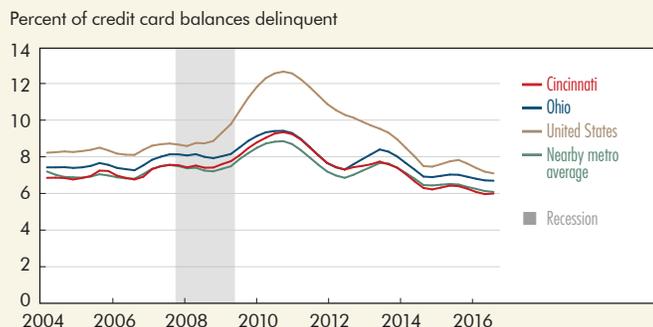
Source: Authors' calculations from the Federal Reserve Bank of New York's Consumer Credit Panel/Equifax.

CONSUMER FINANCES

◀ CONSUMER DEBT

Following the stabilization of average consumer debt levels in mid-2014, the Cincinnati metro area, the state of Ohio, and the nation have all experienced very modest growth during the past several quarters. However, even with this recent growth, average debt levels in the Cincinnati region and in Ohio overall remain well below pre-Great Recession debt levels. Specifically, at the end of 2016, average consumer debt levels in Cincinnati and Ohio are below their average levels at the beginning of 2004 (9.5 percent and 12.8 percent, respectively).

Credit card delinquency rates in the Cincinnati region have remained stable and well below both state and national rates.



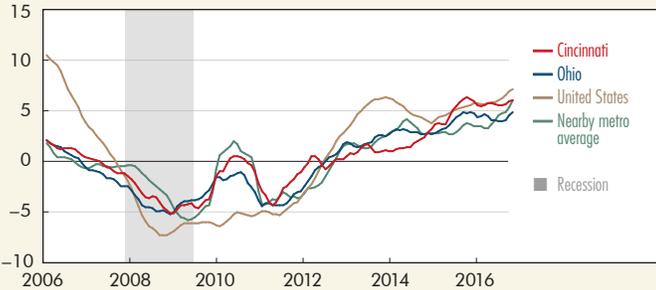
Source: Authors' calculations from the Federal Reserve Bank of New York's Consumer Credit Panel/Equifax.

◀ CREDIT CARD DELINQUENCY RATES

Credit card delinquency rates in the Cincinnati region have remained stable and well below both state and national rates. According to the most recent data available (2016:Q4), 6.0 percent of all credit card balances are considered to be delinquent in the region, compared to 6.7 percent for the state of Ohio and 7.1 percent for the nation. This is the lowest delinquency rate recorded for the Cincinnati metro area in the data available (which begin in 2004:Q1) and is 3.4 percentage points below the region's peak rate of 9.4 percent (2010:Q4). The metro area has also experienced two consecutive years in which delinquency rates have remained lower than the lowest recorded rate between 2004 and 2007 (6.8 percent).

Year-over-year nominal home price growth in the Cincinnati region has remained steady since September 2015.

Year-over-year percent change



Source: Zillow.com/Haver Analytics.

HOUSING MARKET

HOUSING PRICES

Year-over-year nominal home price growth in the region has remained steady between 5.5 percent and 6.4 percent since September 2015. In the most recent data (January 2017), annualized growth in the Cincinnati metro area outpaced that of Ohio (6.1 percent to 4.9 percent) but lagged growth in the nation (7.2 percent). After declining by more than 12 percent from pre-recession peak prices (September and October 2006), Cincinnati area home prices fully recovered in mid-2016 and are now 3.8 percent above their 2006 peak levels. Home prices in Ohio and in the nation, both of which fell more sharply than those in the Cincinnati region during the downturn, have yet to fully recover; they remain 1.2 percent and 0.6 percent, respectively, below their pre-recession peak values.

The number of building permits issued for new private homes is at its highest level since March 2007.

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



Source: US Census Bureau/Haver Analytics.

HOUSING PERMITS

Permits for new private homes in the region increased briskly beginning in late 2015 and are now at their highest level since March 2007. In the most recent data available (January 2017), the rate of new permits authorized in both the Cincinnati metro area and the United States surpassed the average application rate for the six-month period before the downturn (June–December 2007) for the first time in the post-recession era. More than 500 permits have been issued in the Cincinnati region for five of the last six months; this is the highest number of permits that have been issued during a six-month period since late 2006/early 2007.

DEMOGRAPHICS AND EDUCATION

CINCINNATI, OHIO

According to Census Bureau estimates, the Cincinnati metro area now has a population of more than 2.15 million, a gain of 2.4 percent since 2009. While this growth rate is only half of the national population growth rate of 4.8 percent during the same period, the Cincinnati region remains more highly educated than the nation as a whole. Between 2009 and 2015, the percentage of adults without a high school diploma in the region dropped to 9.5 percent, while the percentage of adults with at least a bachelor's degree rose to 32.1 percent. The comparable figures for the nation are 12.9 percent and 30.6 percent, respectively.

	Cincinnati Metro Area		United States	
	2015	Change from 2009	2015	Change from 2009
Population	2,157,719	+2.4%	321,419,000	+4.8%
Adults with less than a high school diploma (percent)	9.5	-3.0	12.9	-1.9
Adults with an undergraduate degree or higher (percent)	32.1	+3.6	30.6	+2.7
Median age (years)	37.7	+0.8	37.8	+1.0
Median household income	\$58,222	-0.8%	\$57,145	+0.5%

Source: US Census Bureau 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. Cincinnati metro area employment was imputed for the construction; financial activities; leisure and hospitality; and professional and business services sectors due to suppression in the source data.

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).