Cincinnati—Positive Conditions Continue

As of April 2018, the Cincinnati metro area’s unemployment rate was more than half a percentage point lower than the rate was in April 2017. The unemployment rates registered to this point in 2018 have been the lowest the metro area has seen since 2001. In 2017, employment in the metro area grew 1.4 percent. Employment gains were broad based, with most major sectors seeing increases. Per capita GDP grew roughly 2.5 percent in the Cincinnati metro area in 2016 after being adjusted for inflation; this gain was notably stronger than the gains registered in Ohio or the United States during the same period. Finally, while per capita consumer debt levels have drifted down slightly, credit card delinquency rates have drifted up slightly.

### METRO AREA SNAPSHOT

<table>
<thead>
<tr>
<th></th>
<th>Unemployment Rate</th>
<th>Median Home Value</th>
<th>Payroll Employment</th>
<th>Credit Card Delinquency Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>April 2018</td>
<td>April 2018</td>
<td>December 2017</td>
<td>2018.Q1</td>
</tr>
<tr>
<td>Aprile One-year change (percent)</td>
<td>One-year change (percentage points)</td>
<td>One-year change (thousands)</td>
<td>One-year change (percentage points)</td>
<td></td>
</tr>
<tr>
<td>Cincinnati</td>
<td>3.7</td>
<td>$158,800</td>
<td>6.1</td>
<td>1.4</td>
</tr>
<tr>
<td>Ohio</td>
<td>4.3</td>
<td>$131,900</td>
<td>6.6</td>
<td>0.8</td>
</tr>
<tr>
<td>United States</td>
<td>3.9</td>
<td>$215,100</td>
<td>8.5</td>
<td>1.5</td>
</tr>
</tbody>
</table>

### UNEMPLOYMENT RATE

The Cincinnati metro area’s unemployment rate increased slightly in April (0.1 percentage points) to 3.7 percent. Nevertheless, the rate is more than half a percentage point below where it was in April 2017, and the rate remains low by historical standards. For example, apart from recent readings in 2018, the last time the area’s unemployment rate was this low was in 2001—nearly 17 years ago. Moreover, the April unemployment rate is more than a full percentage point below the lowest rate registered during the previous economic expansion (4.8 percent). These data are consistent with anecdotal accounts from firms in the area, which report increasing difficulty finding qualified workers to take available positions.

### GROSS DOMESTIC PRODUCT

Adjusted for inflation, per capita GDP grew roughly 2.5 percent in the Cincinnati metro area in 2016. This growth was notably stronger than the growth registered in Ohio and the United States during the same period, 0.7 percent and 0.8 percent, respectively. The increase was also slightly stronger than the roughly 2 percent increase the metro area achieved in 2015. Through the expansion to this point—2009 to 2016—inflation-adjusted per capita GDP in the Cincinnati metro area has grown about 1.7 percent annually, roughly halfway between the state’s growth (1.3 percent) and the nation’s growth (2.1 percent).
As of December 2017, employment in the Cincinnati metro area grew 1.4 percent on a year-over-year basis.

Leisure and hospitality and construction were the Cincinnati metro area’s strongest growing employment sectors in 2017.

Total employment in the Cincinnati metro area increased by more than 14,500 jobs in 2017.

<table>
<thead>
<tr>
<th>Sector</th>
<th>Employment</th>
<th>12-month change</th>
<th>Share of employment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade, transportation, and utilities</td>
<td>214,533</td>
<td>5,003</td>
<td>20.4</td>
</tr>
<tr>
<td>Education and health services</td>
<td>163,425</td>
<td>3,293</td>
<td>15.5</td>
</tr>
<tr>
<td>Professional and business services</td>
<td>160,312</td>
<td>-1,900</td>
<td>15.2</td>
</tr>
<tr>
<td>Leisure and hospitality</td>
<td>119,653</td>
<td>3,925</td>
<td>11.4</td>
</tr>
<tr>
<td>Government</td>
<td>119,126</td>
<td>825</td>
<td>11.3</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>116,580</td>
<td>1,466</td>
<td>11.1</td>
</tr>
<tr>
<td>Financial activities</td>
<td>67,715</td>
<td>1,288</td>
<td>6.4</td>
</tr>
<tr>
<td>Construction</td>
<td>44,579</td>
<td>1,406</td>
<td>4.2</td>
</tr>
</tbody>
</table>

Source: Bureau of Labor Statistics’ Quarterly Census of Employment and Wages. The following sectors were imputed due to missing data: financial activities, professional and business services, leisure and hospitality, and construction.
CONSUMER FINANCES

INCOME

After accelerating in 2015, per capita income growth in the Cincinnati metro area slowed in 2016. In 2015, per capita income grew robustly in the metro area (3.8 percent), the state (3.7 percent), and the nation (4.1 percent); however, in 2016, growth slowed substantially in the metro area (0.6 percent), the state (0.5 percent), and the nation (0.3 percent). Between 2009—when the expansion began—and 2016, annual growth in per capita income has been almost identical across the three geographies: 1.2 percent in the metro area, 1.3 percent in Ohio, and 1.2 percent in the United States.

Per capita consumer debt levels have drifted down slightly in the Cincinnati metro area since early in 2017.

Between the fourth quarter of 2016 and the first quarter of 2018, credit card delinquency rates rose half a percentage point in the Cincinnati metro area.

CREDIT CARD DELINQUENCY RATE

Credit card delinquency rates have drifted up slightly since the end of 2016. From the fourth quarter of 2016 to the first quarter of 2018, the rate rose half a percentage point in the Cincinnati metro area (from 6.0 percent to 6.5 percent). Delinquency rates have also drifted up, albeit more modestly, in Ohio and the United States during the same period. Still, credit card delinquency rates remain far lower than the highs reached in the early phase of the current economic expansion, when households were still recovering from the Great Recession. Specifically, the most recent readings for the Cincinnati metro area and Ohio are 2.9 percentage points and 2.5 percentage points lower, respectively, than the highs recorded in the fourth quarter of 2010, for the United States, the difference during the same time period is 5.5 percentage points.

INCOME PER CAPITA

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

Per capita consumer debt levels have drifted down slightly in the Cincinnati metro area since early in 2017.

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

CONSUMER DEBT

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

CREDIT CARD DELINQUENCY RATE

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

MEDIAN HOME VALUES

Median home values rose 6.1 percent in the Cincinnati metro area in the year that ended with April 2018.

The average monthly issuance of residential building permits in the Cincinnati metro area in 2018 is the strongest the area has seen since 2007.

The authors thank economic analyst Christopher Vecchio for preparing the charts.

All monthly and quarterly figures are seasonally adjusted, and all dollar figures are in constant dollars, for which the base period is provided by the latest available data. Home prices are an exception, and they are not adjusted for inflation. 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 prerecession levels. If levels were growing before the recession, prerecession indexes will be below 100; if levels were falling before the recession, prerecession indexes will be above 100.

Demographics and Education

Cincinnati, Ohio

In the 10-year period from 2006 to 2016, population in the Cincinnati metro area grew almost 5 percent. For context, during the same period, population change in the two other metro areas in Ohio that are about as populous, Cleveland and Columbus, was –1.0 percent and 12.7 percent, respectively. The national population grew nearly 9 percent during this period.

Note: Percentage points is abbreviated as pp.

Source: US Census Bureau population estimates, American Community Survey.

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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).