

FOURTH DISTRICT METRO MIX

YOUR DISTRICT, YOUR DATA



Mekael Teshome and Sarah Mattson

COLUMBUS, OHIO MSA | JUNE 2018

FEDERAL RESERVE BANK of CLEVELAND

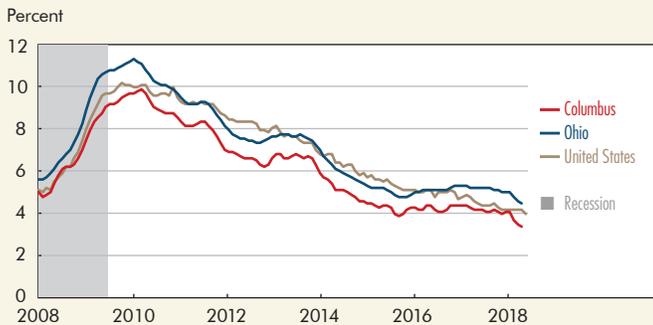
Columbus—Unemployment Rate Approaches Historical Low

The Columbus metro area's diversified economy is among the most successful in Ohio. In the first quarter of 2018, the local unemployment rate fell to nearly its lowest point on record, and employment growth in the metro area continued to outpace that of the state and the nation. Most industry sectors added jobs in the first quarter, with much of that growth driven by two sectors: education and health services and trade, transportation, and utilities. Home prices and residential building permit issuance rose faster in the metro area than in either Ohio or the United States. Consumer debt and the credit card delinquency rate remained stable in the metro area. Inflation-adjusted per capita income growth slowed in the metro area in 2016, though it still outpaced the state's and nation's income growth.

METRO AREA SNAPSHOT

	Unemployment Rate		Median Home Value		Payroll Employment		Credit Card Delinquency Rate	
	March 2018 (percent)	One-year change (percentage points)	March 2018	One-year change (percent)	September 2017 (thousands)	One-year change (percent)	2017:Q4 (percent)	One-year change (percentage points)
Columbus	3.3	-0.8	\$178,933	9.1	1,020	1.3	6.4	-0.1
Ohio	4.4	-0.7	\$130,659	6.4	5,365	0.6	6.9	0.2
United States	4.1	-0.4	\$213,146	8.0	143,869	1.0	7.2	0.1

In the first quarter of 2018, the Columbus metro area's unemployment rate fell to near historically low levels.



Sources: Bureau of Labor Statistics/Haver Analytics.

◀ UNEMPLOYMENT RATE

The Columbus metro area's unemployment rate fell sharply in the first quarter of 2018 to near historically low levels. The unemployment rate dropped from 4.0 percent in December 2017 to 3.3 percent in March 2018. By comparison, the national unemployment rate stood at 4.1 percent in March 2018. The only other period in the past four decades when the local unemployment rate was this low was during the boom of the late 1990s and early 2000s. Moreover, the metro area's unemployment rate fell in the first quarter for the right reason: employment growth outpaced labor force growth. This is a sign of confidence in local labor market conditions, as job seekers are drawn in to the workforce by the availability of jobs. The metro area's unemployment rate is typically lower than both the state's and nation's unemployment rates.

The Columbus metro area's per capita real GDP has grown by more than 8 percent in the last decade.



Sources: Bureau of Economic Analysis/Haver Analytics.

◀ GROSS DOMESTIC PRODUCT

The Columbus metro area enjoys a higher standard of living than the rest of the state or the nation. In dollar terms, the metro area's per capita real GDP is more than \$10,000 higher than the state's per capita GDP and \$7,000 greater than the national average. The growth rate of the metro area's living standards (as measured by real per capita GDP) did fall by about half to just over 2 percent in 2016 (the latest year for which we have data). Yet even with the cooler growth rate, the metro area's 2016 growth rate was about three times that of the 2016 growth rates for the state and nation. In addition, real per capita GDP in the Columbus metro area was more than 8 percent greater in 2016 than it was in 2007, compared with only 3.5 percent cumulative growth nationally during the same period.

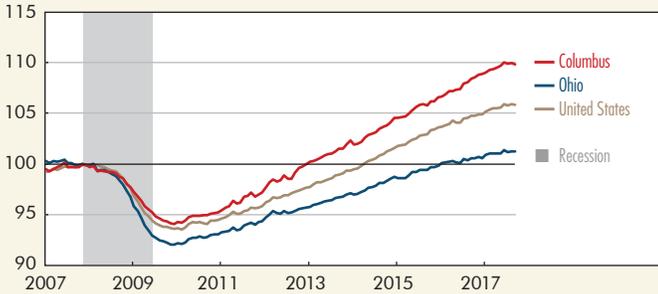
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The Columbus metro area's employment growth continues to outpace that of the state and the nation.

Index, 2007:M12=100



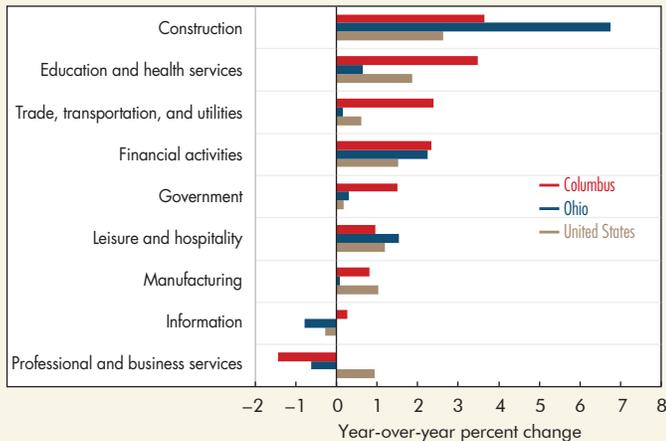
Source: Bureau of Labor Statistics' Quarterly Census of Employment and Wages.

EMPLOYMENT AND INDUSTRIAL SECTORS

◀ EMPLOYMENT

The Columbus metro area's employment growth continues to outpace that of the state and the nation, as it has throughout this economic expansion. In the 12 months through September 2017, employment in the Columbus metro area rose by 1.3 percent; this increase was more than twice as strong as statewide employment growth and also stronger than national employment growth. During 2017, the metro area added an average of about 1,000 jobs per month—a number that is lower than the about 1,400 jobs per month averaged throughout the expansion. Despite the downshift in net job gains, employment in the metro area is 10 percent higher than it was prior to the Great Recession, compared with just more than 1 percent higher and 6 percent higher for the state and nation, respectively.

Nearly all major industry sectors added workers in the 12 months through September 2017.



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

◀ EMPLOYMENT GROWTH BY SECTOR

Nearly all major industry sectors added workers in the 12 months through September 2017. Construction was the fastest-growing sector in the Columbus metro area. The next-fastest-growing sectors—education and health services and trade, transportation, and utilities—grew notably faster in the metro area than in the state or nation. The sectors that drove employment growth on a year-over-year basis in the metro area were the same growth drivers as in the six months prior.

In the year that ended with September 2017, construction was the fastest-growing employment sector in the Columbus metro area.

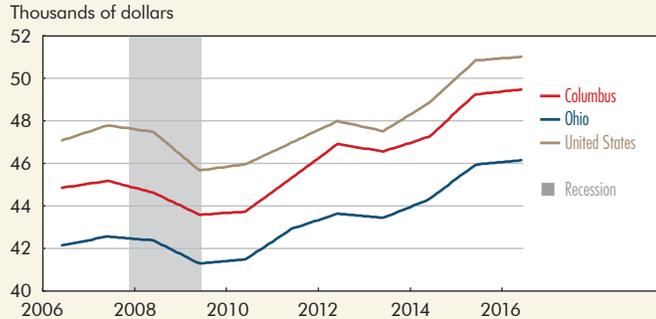
Sector	Employment	12-month change	Share of employment
Trade, transportation, and utilities	197,395	4,618	19.3
Professional and business services	170,775	-2,467	16.7
Government	157,270	2,346	15.4
Education and health services	154,923	5,214	15.2
Leisure and hospitality	107,340	1,027	10.5
Financial activities	74,452	1,704	7.3
Manufacturing	71,571	579	7.0
Construction	38,607	1,359	3.8
Information	15,802	43	1.5

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

◀ SECTOR EMPLOYMENT

The fastest-growing sector in the Columbus metro area economy, construction, is also one of the smallest: Its 3.6 percent year-over-year growth translated into around 1,300 jobs. Employment in the metro area is more concentrated in the services sectors than in the state or nation; goods-producing sectors such as construction are smaller than would be expected based on national trends. The two next-fastest-growing sectors—education and health services and trade, transportation, and utilities—account for more than a third of the metro area's employment and added a combined total of nearly 10,000 jobs, or more than two-thirds of the metro area's total employment growth in the 12 months through September 2017. One blemish in the otherwise positive data is that the second-largest industry sector in the Columbus metro area's economy, professional and business services, lost jobs during the period. Along with financial services, business and professional services is one of the metro area's main industries of specialization, employing significantly more people than would be expected based on national trends. The fact that the metro area's economy still advanced when one of its largest sectors pared workers is a testament to the regional economy's industrial diversity.

Though Columbus metro-area income growth slowed in 2016, it remains slightly faster than the income growth of Ohio or the United States.



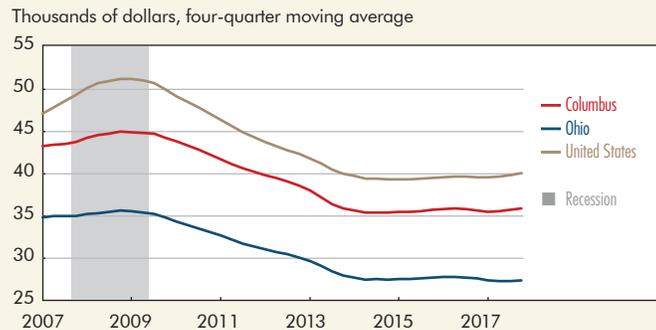
Sources: Bureau of Economic Analysis/Haver Analytics.

INCOME

◀ INCOME PER CAPITA

Income growth slowed in 2016 in the Columbus metro area, though it remains slightly faster than either the state's or the nation's. Inflation-adjusted income per capita grew less than 0.5 percent, or less than \$250, in the Columbus metro area in 2016—a marked deceleration from the growth rates seen in the prior two years. The slowing for the metro area is not surprising, given that inflation-adjusted per capita income growth had also slowed across the state and nation. Per capita income in the metro area continues to be above the statewide level but below the national average.

Since debt levels stabilized after the Great Recession, the Columbus metro area's per capita debt levels have been around \$4,000 lower than the national average.



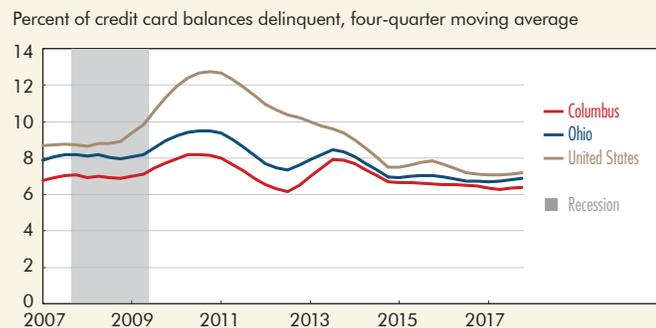
Sources: Authors' calculations from the Federal Reserve Bank of New York's Consumer Credit Panel/Equifax.

CONSUMER FINANCES

◀ CONSUMER DEBT

Consumer finances in the Columbus metro area are in relatively better shape than those in rest of the country. Since debt levels stabilized after the Great Recession, the metro area's per capita debt levels have been around \$4,000 lower than the national average, even though local per capita income is about \$1,500 less than national per capita income. Compared with Ohio, however, Columbus metro area residents carry about \$8,000 more debt per capita. The differences in debt loads across these regions can be mostly explained by differences in the amount of average mortgage debt, driven by the differences in home prices.

Credit card delinquency rates in the Columbus metro area have been lower than the state's or nation's delinquency rates throughout the current expansion.



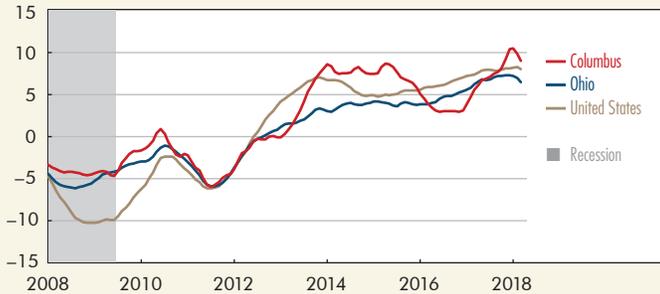
Sources: Authors' calculations from the Federal Reserve Bank of New York's Consumer Credit Panel/Equifax.

◀ CREDIT CARD DELINQUENCY RATE

The credit card delinquency rate in the Columbus metro area remains consistent with the rates of the past few years. Delinquency rates in the metro area have been lower than the state's or nation's delinquency rates throughout the current expansion. The metro area's delinquency rate is 0.5 percentage points lower than the statewide average and 0.8 percentage point lower than the national average. These differences are in line with differences in delinquency rates since rates stabilized in the metro area, state, and nation in late 2014. In this period since late 2014, average credit card balances in the Columbus metro area have been somewhat higher than the statewide average and slightly lower than the national average.

As of March 2018, home prices in the Columbus metro area have risen more than 9 percent since the year before.

Year-over-year percent change



Sources: Zillow.com/Haver Analytics.

HOUSING MARKET

HOUSING PRICES

A healthy labor market and strong demographics keep the Columbus metro area's housing market moving forward: Home prices were up 9.1 percent on a year-over-year basis in March 2018. The price increase in the 12 months through March was a faster rate of appreciation than that seen statewide or nationally. This is a positive development for regional household wealth, as housing is often the single largest asset for homeowners.

Despite volatility, residential building permit issuance in the Columbus metro area has been trending upward since mid-2015.

Index, 2007:M12=100, 12-month moving average



Sources: US Census Bureau/Haver Analytics.

HOUSING PERMITS

Residential building permit issuance has been volatile in the Columbus metro area but has nevertheless been trending upward since mid-2015. Strong issuance in the first three months of 2018 suggests this trend will continue. Permit issuance in the Columbus metro area has grown significantly faster than in the state or the nation throughout the economic recovery and expansion. Healthy population growth and new-household formation support housing demand and construction in the region. Permit issuance is now more than 40 percent higher in the metro area than it was in December 2007, the end of the prior expansion. By comparison, residential permit issuance has yet to reach prerecession levels in the state or nation.

DEMOGRAPHICS AND EDUCATION

COLUMBUS, OHIO

Strong demographics underpin the Columbus metro area's economic fortunes. From 2010 through 2017, the latest year for which we have population data, the metro area's population grew 9.2 percent. Though this growth is about in the middle of the pack for large metropolitan areas, it is comparatively faster than other large metropolitan areas in the Fourth Federal Reserve District or the Midwest. About half of the metro area's population growth from 2010 to 2017 was due to natural population increases (births minus deaths). The remainder was about evenly split between US in-migrants and international immigrants. In addition to healthy population growth, the Columbus metro area is relatively younger, better educated, and wealthier than the national population.

	Columbus Metro Area		United States	
	2016	Change from 2006	2016	Change from 2006
Population	2,046,977	+12.7%	323,406,000	+8.4%
Adults with less than a high school diploma	8.9%	-2.7 pp	12.5%	-3.4 pp
Adults with an undergraduate degree or higher	36%	+4.7 pp	31.3%	+4.3 pp
Median age (years)	35.8	+0.9	37.9	+1.5
Median household income	\$62,692	+1.4%	\$59,909	-0.1%

Note: Percentage points is abbreviated as pp.

Sources: US Census Bureau population estimates; American Community Survey.

Mekael Teshome is vice president and senior regional officer of the Pittsburgh Branch of the Federal Reserve Bank of Cleveland. Sarah Mattson is a research analyst at the Branch. 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.

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).