

FOURTH DISTRICT METRO MIX

YOUR DISTRICT, YOUR DATA

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COLUMBUS, OHIO MSA | NOVEMBER 2018

FEDERAL RESERVE BANK of CLEVELAND

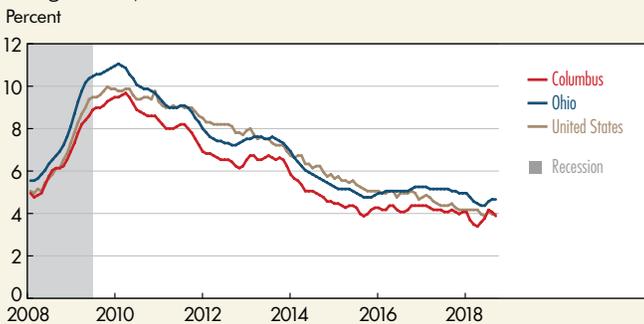
Columbus—Stable, Broad-Based Employment Growth

The Columbus metro area's economy is stable and continues to strengthen. Every major industry sector in the metro area added jobs in the 12 months that ended with March 2018, generating broad-based employment growth. Home prices in the metro area are increasing, and the rate of building-permit issuance continues to be high. Nevertheless, housing in the metro area remains relatively affordable. Though consumer debt and credit card delinquency rates are rising in the Columbus metro area, they remain at a low, healthy level. Finally, inflation-adjusted GDP per capita, a measure of prosperity and standard of living, is significantly higher in the metro area relative to the state and nation, but from 2016 to 2017, this measure stopped growing locally.

METRO AREA SNAPSHOT

	Unemployment Rate		Median Home Value		Payroll Employment		Credit Card Delinquency Rate	
	August 2018 (percent)	One-year change (percentage points)	August 2018	One-year change (percent)	March 2018 (thousands)	One-year change (percent)	2018:Q2 (percent)	One-year change (percentage points)
Columbus	3.8	-0.3	\$180,700	6.5	1,031	1.6	6.5	0.2
Ohio	4.6	-0.4	\$132,900	5.1	5,403	0.9	7.0	0.3
United States	3.9	-0.5	\$216,700	6.5	145,640	1.6	7.4	0.3

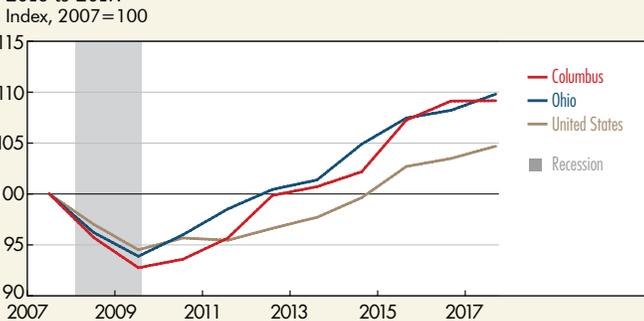
Although the Columbus metro area's unemployment rate rose to 3.8 percent in August 2018, it is still low relative to the state's and the nation's.



◀ UNEMPLOYMENT RATE

The Columbus metro area's unemployment rate rose during the summer months of 2018 to near 4 percent; this number is in line with the metro area's average unemployment rate during the last three years. Although the unemployment rate of 3.8 percent in August 2018 is half a percentage point higher than it was in March of this year, it is still low relative to the state's (4.6 percent), the nation's (3.9 percent), and Columbus's historical unemployment rates since 2001. The sharp drop in the unemployment rate in the first quarter of this year was characterized by strong labor force growth and even stronger employment growth. The increase in the jobless rate in the middle of the year was characterized by the opposite: a sharply contracting labor force and an even greater decrease in employment. Although drops in the labor force and employment are generally causes for concern, this is not the case for the metro area given its very low unemployment rate and strong track record for low unemployment for the past few years.

Per capita GDP in the Columbus metro area was virtually unchanged from 2016 to 2017.



◀ GROSS DOMESTIC PRODUCT

Per capita GDP in the Columbus metro area essentially stopped growing from 2016 to 2017. In inflation-adjusted terms, the area's per capita GDP grew only 0.03 percent on a year-over-year basis, in contrast to growth of 1.5 percent and 1.2 percent in the state and nation, respectively. With per capita real GDP virtually unchanged, it suggests that the average standard of living in the Columbus metro area did not improve from 2016 to 2017. However, in absolute terms, the average standard of living in the Columbus metro area remains higher than in either the state or nation: real GDP per capita in the metro area is nearly \$10,000 higher than in the state and nearly \$6,500 higher than in the nation.

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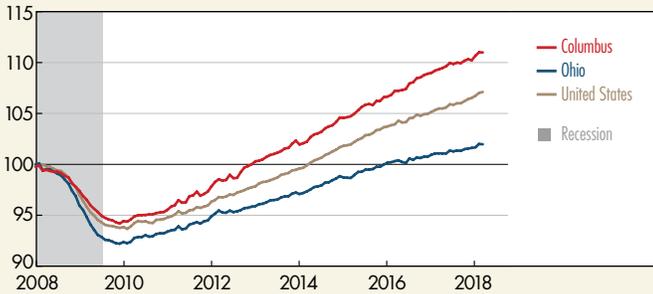
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EMPLOYMENT AND INDUSTRIAL SECTORS

In the 12 months that ended with March 2018, employment in the Columbus metro area rose by roughly 16,000 jobs.

Index, 2007:M12=100

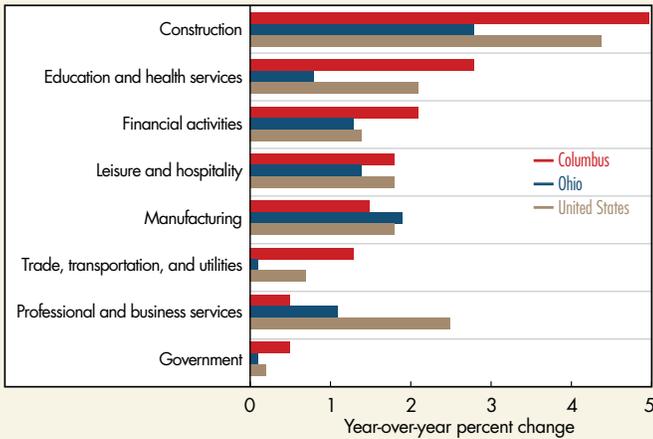


Source: Bureau of Labor Statistics' Quarterly Census of Employment and Wages.

◀ EMPLOYMENT

The Columbus metro area continues to add jobs at a rate approximately in line with its trend during this economic expansion. In the 12 months that ended with March 2018, employment in the Columbus metro area rose by 1.6 percent, which translates into roughly 16,000 jobs. This 1.6 percent growth rate is similar to the national employment growth rate but is faster than the state's growth rate. Since December 2007, the end of the last economic expansion, employment has grown 11.2 percent in the metro area, compared to only 2 percent net job growth nationally. In absolute terms, nearly 120,000 more people work in the Columbus metro area today than worked there in December 2007.

Every major industry sector in the Columbus metro area grew in the 12 months that ended with March 2018.



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

◀ EMPLOYMENT GROWTH BY SECTOR

Every major industry sector contributed to the Columbus metro area's employment growth in the 12 months that ended with March 2018. Construction continues to be the area's fastest-growing sector, as it usually has been since 2015. The education and health services sector continues its growth trajectory, which has been consistently strong throughout this expansion. The financial activities sector, an area in which the metro area is specialized relative to the state or nation, is also growing strongly. On the downside, the professional and business services sector, another of the Columbus metro area's industries of specialization, has grown at a slower rate recently.

Education and health services added more than 4,000 jobs to the Columbus metro area in the 12 months that ended with March 2018.

Sector	Employment	12-month change	Share of employment
Trade, transportation, and utilities	196,552	2,434	19.4
Professional and business services	167,024	782	16.5
Education and health services	157,405	4,352	15.5
Government	156,454	720	15.4
Leisure and hospitality	104,360	1,815	10.3
Financial activities	75,100	1,569	7.4
Manufacturing	72,513	1,076	7.1
Construction	36,382	1,718	3.6

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

◀ SECTOR EMPLOYMENT

The education and health services sector is a major driver of employment growth in the Columbus metro area, thanks to both its large share of local employment and its quick growth rate in percentage terms. The sector added more than 4,000 jobs to the local economy in the 12 months that ended with March 2018. However, with the exception of this sector, industries in the metro area are either relatively large and growing slowly or small and growing relatively quickly. Of the industry sectors listed in the table, the three slowest-growing sectors employ more than half of the metro area's workforce, while construction, financial activities, and leisure and hospitality employ just more than a fifth. Therefore, in terms of absolute jobs created, most of the Columbus metro area's industries contributed roughly equally to the area's strong job growth.

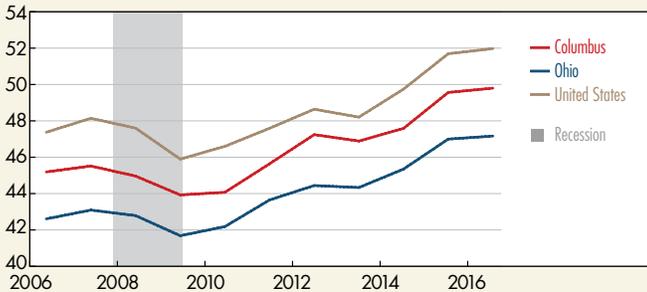
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Per capita income in the Columbus metro area continues to be above the statewide level but below the national average.

Thousands of dollars



Sources: Bureau of Economic Analysis/Haver Analytics.

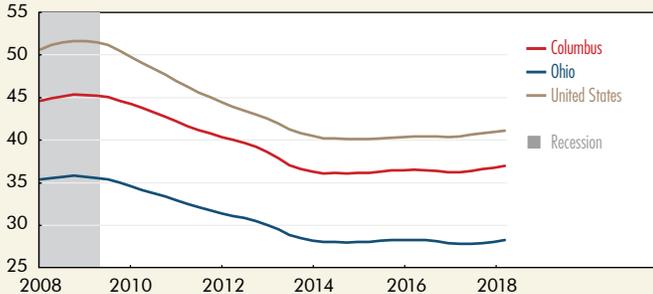
INCOME

< INCOME PER CAPITA

Inflation-adjusted income per capita grew less than 0.5 percent, or less than \$250, in the Columbus metro area in 2016. This growth rate is notably slower than it had been in the prior two years: In 2015, real income per capita grew 3.7 percent, or more than \$1,600, in the metro area and 2.3 percent, or more than \$1,000, in 2014. The state and nation saw similar slowdowns in income growth during this period, moving in parallel with the metro area's income growth as they have for the past decade—all three have grown at a 1.8 percent average annual growth rate since 2009. Per capita income in the metro area continues to be above the statewide level but below the national average.

Columbus metro area residents hold, on average, almost \$4,000 less debt than the average American but nearly \$9,000 more than the average Ohioan.

Thousands of dollars, four-quarter moving average



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

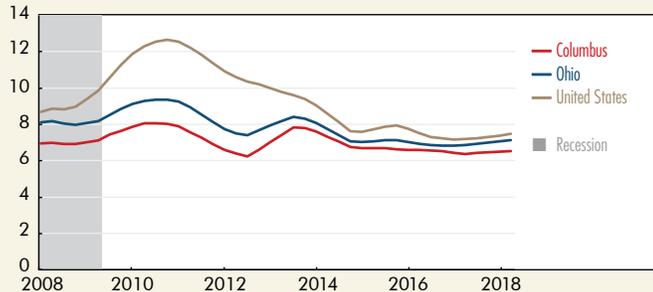
CONSUMER FINANCES

< CONSUMER DEBT

Inflation-adjusted consumer debt in the Columbus metro area rose at its fastest pace of this economic expansion, increasing 2.3 percent in the four quarters that ended with the second quarter of 2018. This rate of debt increase is less than the state's (3.1 percent) but greater than the nation's (0.9 percent). However, the average level of debt per Columbus resident (about \$37,000) is nearly \$9,000 more than the average Ohioan but \$4,000 less than the average American. These differences, though, are nearly completely driven by differences in mortgage debt, which are in turn driven by differences in home prices.

Columbus metro area credit card delinquency rates have been relatively stable and below state and national averages since late 2014.

Percent of credit card balances delinquent, four-quarter moving average



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

< CREDIT CARD DELINQUENCY RATE

Over the four quarters that ended with the second quarter of 2018, the Columbus metro area's credit card delinquency rate ticked up by 0.2 percentage points to 6.5 percent. During the same time, delinquency rates increased by 0.3 percentage points in the state and 0.5 percentage points in the nation, continuing the trend for both of being slightly higher than the metro area's delinquency rate. Credit card delinquency rates have been relatively stable and below state and national averages since late 2014.



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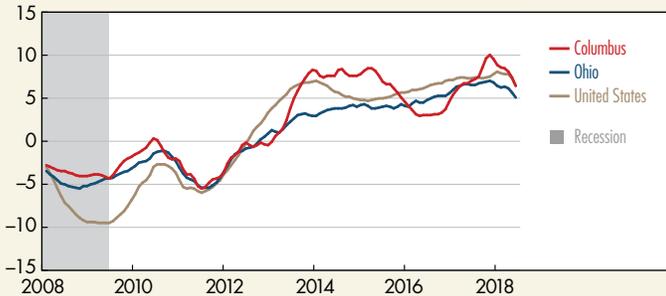
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HOUSING MARKET

On a year-over-year basis, home prices in the Columbus metro area appreciated at a rate of 6.5 percent in August 2018.

Year-over-year percent change



Sources: Zillow.com/Haver Analytics.

HOUSING PRICES

On a year-over-year basis, home prices in the Columbus metro area appreciated at a rate of 6.5 percent in August 2018, which is faster than the state and in line with the national average. Home prices in the Columbus metro area have risen at a faster-than-average pace during this economic expansion (3.2 percent) compared with the increase in home prices nationally (2.9 percent). Still, homes in the Columbus area are relatively affordable compared to the national average. In August 2018, the median home value in the Columbus metro area was just more than \$180,000, while the median national home value was just more than \$216,000. However, housing in the Columbus metro area is relatively expensive compared to Ohio—the statewide median home value was just less than \$133,000 in August 2018.

Residential building permit issuance has been strong and is growing in the Columbus metro area.

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



Sources: US Census Bureau/Haver Analytics.

HOUSING PERMITS

Residential building permit issuance has been strong and is growing in the Columbus metro area. In the first eight months of 2018, permit issuance averaged 784 permits per month, which is slightly higher than the 2017 average of 740 permits per month and substantially higher than the 2007 average of 530 permits per month. The metro area continues to issue residential permits at a far higher rate than it did at the end of the last economic expansion, while neither the state nor the nation have yet to reach prerecession residential permit issuance levels.

DEMOGRAPHICS AND EDUCATION

COLUMBUS, OHIO

The Columbus metro area is the youngest and one of the best-educated of the large metropolitan areas in the Fourth District. Additionally, it is one of the fastest-growing of the Fourth District's metro areas in terms of population, and it is growing at a faster rate than the national population. These strong demographics are the foundation for the metro area's economic strength.

	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	\$63,343	+1.4%	\$60,531	-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).