

FOURTH DISTRICT METRO MIX

YOUR DISTRICT, YOUR DATA



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COLUMBUS, OHIO MSA | JUNE 2019

FEDERAL RESERVE BANK of CLEVELAND

Columbus—Labor Market Cruising at a Slightly Slower Pace

The Columbus metro area's economy is sturdy, with a low and relatively stable unemployment rate (3.8 percent in March 2019). Total employment grew at a slower rate recently than the metro area's average pace in the current economic expansion. However, growth was broad-based across sectors. Home prices rose at a more rapid clip in the metro area than in either Ohio or the nation, and although permit issuance has cooled since 2017, it remains strong relative to prerecession trends. One blemish in the Columbus metro area's otherwise positive economic story is that its inflation-adjusted GDP per capita, a measure of prosperity and standard of living, essentially stopped growing from 2016 to 2017. That said, per capita GDP in Columbus is still higher than Ohio's or the nation's in absolute terms.

METRO AREA SNAPSHOT

	Unemployment Rate		Median Home Value		Payroll Employment		Credit Card Delinquency Rate	
	March 2019 (percent)	One-year change (percentage points)	March 2019	One-year change (percent)	September 2018 (thousands)	One-year change (percent)	2019:Q1 (percent)	One-year change (percentage points)
Columbus	3.8	0.0	\$192,600	8.0	1,036	1.4	6.4	-0.0
Ohio	4.4	-0.1	\$139,600	7.0	5,410	0.7	7.0	-0.0
United States	3.8	-0.2	\$226,700	6.6	146,414	1.6	7.5	0.2

The Columbus metro area's unemployment rate ranged between 3.8 percent and 4.0 percent between March 2018 and March 2019.

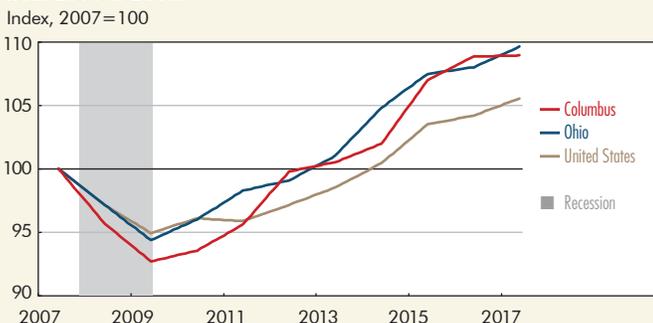


Source: Bureau of Labor Statistics/Haver Analytics.

◀ UNEMPLOYMENT RATE

The Columbus metro area's unemployment rate ranged between 3.8 percent and 4.0 percent between March 2018 and March 2019. This number is in line with the metro area's average unemployment rate during the last three years and is low relative to the state's unemployment rate (4.4 percent) and the metro area's historical unemployment rates since 2001. In the first three months of 2019, both employment and the size of the labor force grew strongly. Strong labor force growth, in particular, is a sign that workers are confident in regional economic conditions and are willing to enter the job market in search of opportunities. The national unemployment rate, by comparison, has been at or below the metro area's unemployment rate since about August 2018 as the national job market tightened. However, the norm is for the metro area's unemployment rate to be lower than the nation's—from the start of the economic expansion in mid-2009 until August 2018, the metro area's jobless rate averaged 0.4 percentage points below the national unemployment rate.

Per capita GDP in the Columbus metro area was essentially flat from 2016 to 2017.



Source: Bureau of Economic Analysis/Haver Analytics.

◀ GROSS DOMESTIC PRODUCT

At about \$65,500 in 2017, the Columbus metro area's per capita GDP was essentially unchanged from 2016. In inflation-adjusted terms, the metro area's per capita GDP grew by slightly less than one-tenth of a percentage point on a year-over-year basis, in contrast to growth of 1.5 percent and 1.3 percent in the state and nation, respectively. With per capita real GDP virtually unchanged, it means 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 more than \$10,000 higher than in the state and nearly \$6,000 higher than in the nation.

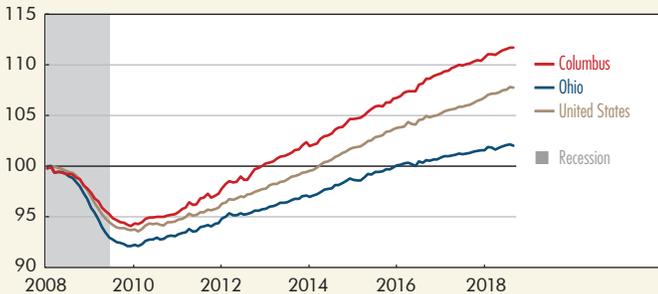
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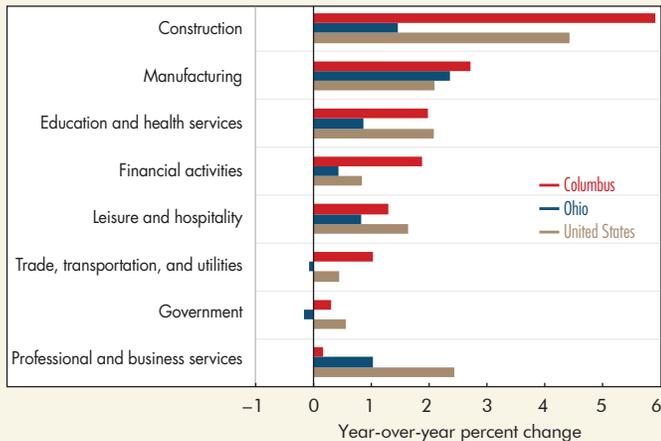
In the 12 months that ended with September 2018, employment in the metro area rose by 1.4 percent.

Index, 2007:M12=100



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

In the year that ended with September 2018, the Columbus metro area's construction sector added jobs at the fastest rate of all sectors.



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

The education and health services sector is the leading driver of employment growth in the Columbus metro area.

Sector	Employment	12-month change	Share of employment
Trade, transportation, and utilities	199,379	2,023	19.2
Professional and business services	171,290	278	16.5
Education and health services	158,255	3,073	15.3
Government	157,781	484	15.2
Leisure and hospitality	108,857	1,394	10.5
Financial activities	75,842	1,397	7.3
Manufacturing	73,470	1,935	7.1
Construction	40,950	2,282	4.0

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

EMPLOYMENT AND INDUSTRIAL SECTORS

◀ EMPLOYMENT

The Columbus metro area added jobs at a slightly slower rate than its trend during this economic expansion. In the 12 months that ended with September 2018, employment in the metro area rose by 1.4 percent, which translates into about 14,500 jobs. By comparison, employment growth after late 2010, when regional employment first started growing in year-over-year terms, averaged more than a 2 percent pace. The most recent 1.4 percent growth rate is a touch cooler than the national employment growth rate but is double the state's growth rate. In absolute terms, more than 122,000 additional people work in the Columbus metro area today than worked there in December 2007.

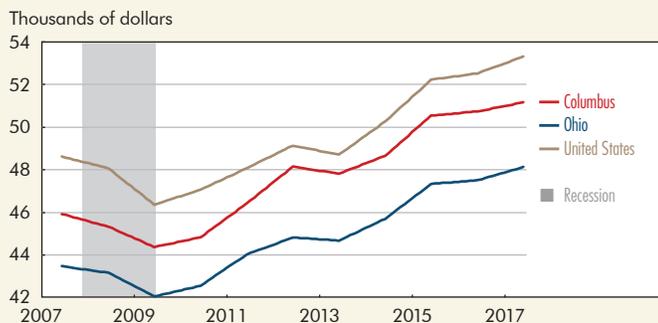
◀ EMPLOYMENT GROWTH BY SECTOR

Employment growth in the Columbus metro area in the 12 months that ended with September 2018 was broad-based across sectors. The construction sector added jobs at the fastest rate, as it usually has since 2015, and manufacturing growth picked up speed during the summer months of 2018. The education and health services sector continued its growth trajectory, which has been consistently strong throughout this economic expansion. Financial activities, one of the metro area's sectors of specialization, is also growing strongly. On the downside, professional and business services, the metro area's largest nongovernment industry, has been struggling to grow since 2016.

◀ SECTOR EMPLOYMENT

The education and health services sector is the leading driver of employment growth in the Columbus metro area. This is partly due to the sector's large share of local employment. It is also partly due to the area's strong population growth, which generates strong demand for healthcare. The sector added approximately 3,000 jobs to the local economy in the 12 months through September. With the exception of the education and health services sector, industries in the metro area are either relatively large and growing slowly or they are small and growing relatively quickly. The three slowest-growing sectors (professional and business services, government, and trade, transportation, and utilities) employ more than half of the metro area's workforce. By contrast, construction, financial activities, and manufacturing account for less than a fifth of employment but together added twice as many jobs as the large and slower-growing sectors.

At 0.9 percent, or about \$430, real income growth in 2017 was slower in the Columbus metro area than in the state or nation.



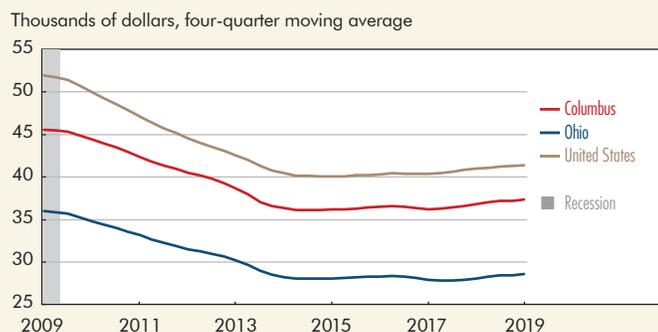
Source: Bureau of Economic Analysis/Haver Analytics.

INCOME

◀ INCOME PER CAPITA

Inflation-adjusted income per capita growth has been slow in the Columbus metro area, rising by less than 1 percent in 2016 and in 2017. Real income growth in the metro area was 0.9 percent, or about \$430 in 2017. This growth is slower than in both the state (1.3 percent or \$640) and the nation (1.5 percent or \$810). The slow growth is also in contrast to income growth in the metro area in 2014 (1.8 percent or \$855) and 2015 (3.9 percent or \$1,915). Average income in the metro area is about \$3,000 higher than in the state but about \$2,000 lower than in the nation.

Inflation-adjusted consumer debt in the Columbus metro area rose a modest 1.3 percent on a year-over-year basis in the first quarter of 2019.



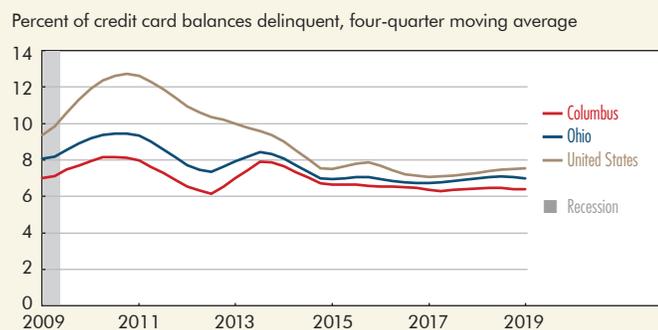
Source: Authors' calculations from the Federal Reserve Bank of New York's Consumer Credit Panel/Equifax.

CONSUMER FINANCES

◀ CONSUMER DEBT

Inflation-adjusted consumer debt in the Columbus metro area continues to be relatively stable, rising a modest 1.3 percent on a year-over-year basis in the first quarter of 2019. Of the types of debt for which we have data, around 79 percent of the average metro area resident's debt is mortgage debt, 13 percent is auto debt, and 8 percent is credit card debt. Differences in average mortgage debt across geographies account for essentially all of the stable differences in debt levels among the metro area, the state, and the nation. The average Columbus metro area resident has about \$8,900 more debt than the average Ohioan. Differences in mortgage debt account for \$8,100 of that difference. Similarly, the average Columbus metro area resident has about \$3,900 less debt than the average American, which is entirely accounted for by differences in mortgage debt.

The Columbus metro area's credit card delinquency rate has been between 6 percent and 7 percent since mid-2015.



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

◀ CREDIT CARD DELINQUENCY RATE

The credit card delinquency rate—the proportion of credit card balances that are more than 90 days past due—remains stable in the Columbus metro area. The metro area's credit card delinquency rate has been between 6 percent and 7 percent since mid-2015, so the most recent rate of 6.4 percent in the first quarter of 2019 is in line with trends. The metro area's delinquency rate is modestly lower than the state's and the nation's; both have rates above 7 percent.

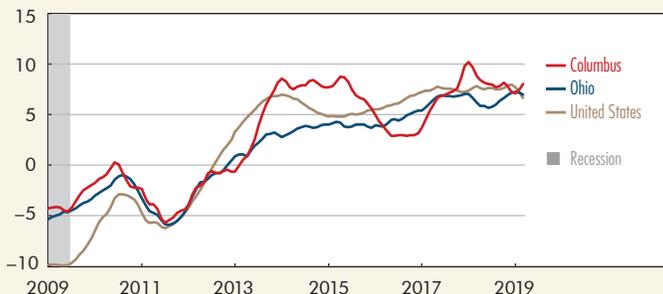
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Home prices in the Columbus metro area rose 8.0 percent in the year that ended with March 2019.

Year-over-year percent change



Source: Zillow.com/Haver Analytics.

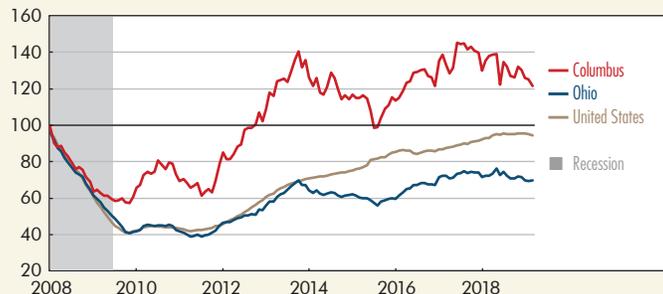
HOUSING MARKET

◀ HOUSING PRICES

On a year-over-year basis, home prices in the Columbus metro area rose 8.0 percent in March 2019. This rate of appreciation is faster than either the state's or the nation's (which saw home price appreciation of 7.0 percent and 6.6 percent, respectively). Home prices in the metro area have risen faster, on average, than in the state or nation throughout this economic expansion. The median home value in the Columbus metro area is \$193,000, which is affordable relative to the national median home value of \$227,000 but is relatively expensive for Ohio (which has a median home value of \$140,000).

Though residential building permit issuance in the Columbus metro area has cooled since 2017, it remains strong.

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



Source: US Census Bureau/Haver Analytics.

◀ HOUSING PERMITS

Residential building permit issuance in the Columbus metro area has cooled since 2017, but it remains strong. An average of around 700 permits were issued per month in 2018, compared with the approximately 750 permits issued per month on average in 2017. Permit issuance is still stronger than prior to the Great Recession (the metro area had an average of 530 permits per month in 2007 and 670 in 2006). In contrast, building permit issuance remains below prerecession levels in the state and nation. The first three months of 2019 point to continued strength in the metro area's housing market, as permits averaged about 640 per month in those three months.

DEMOGRAPHICS AND EDUCATION

◀ COLUMBUS, OHIO

Demographic trends underpin the Columbus metro area's economic strength. Population growth and high levels of educational attainment contribute to its strong workforce. The Columbus metro area's population is also the youngest of all of the major metro areas in the Fourth District. This fact, combined with strong population growth, suggests future vitality in the metro area. The metro area is also doing well at attracting immigrants: It has the highest percentage of foreign-born residents of any of the Fourth District's major metro areas, at 7.4 percent of its total residents. Finally, the metro area has the highest median household income of all the metro areas in the Fourth District.

	Columbus Metro Area		United States	
	2017	Change from 2007	2017	Change from 2007
Population	2,082,475	+13.1%	325,147,000	+7.9%
Adults with less than a high school diploma	8.7%	-2.3 pp	12.0%	-3.5 pp
Adults with an undergraduate degree or higher	35.9%	+3.5pp	32.0%	+4.5 pp
Median age (years)	35.9	+1.0	38.1	+1.4
Median household income	\$66,127	+4.3%	\$62,572	+0.6%

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).

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