

FOURTH DISTRICT METRO MIX

YOUR DISTRICT, YOUR DATA



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COLUMBUS, OHIO MSA | NOVEMBER 2019

FEDERAL RESERVE BANK of CLEVELAND

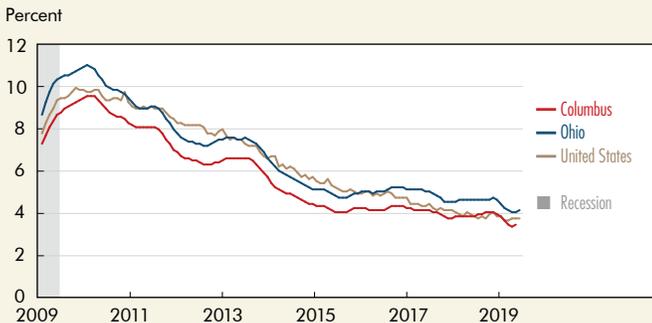
Columbus—Steady Overall Employment Growth

The Columbus metro area continues to be one of the Fourth District's strongest performers. The area's unemployment rate is low and falling even as the labor force expands. Employment growth is steady, driven by growth in the government, construction, and transportation sectors. Home prices are appreciating relatively rapidly. Consumer debt and credit card delinquency levels remain low. Favorable demographics, including strong population growth, high educational attainment, and a low median age, suggest opportunities for continued growth in the future.

METRO AREA SNAPSHOT

	Unemployment Rate		Median Home Value		Payroll Employment		Credit Card Delinquency Rate	
	July 2019 (percent)	One-year change (percentage points)	August 2019	One-year change (percent)	March 2019 (thousands)	One-year change (percent)	2019:Q2 (percent)	One-year change (percentage points)
Columbus	3.4	-0.4	\$195,400	6.9	1,042	1.2	6.4	-0.1
Ohio	4.0	-0.6	\$141,400	5.4	5,439	0.7	6.9	-0.1
United States	3.7	-0.2	\$229,600	4.9	147,514	1.3	7.6	0.2

The Columbus metro area's unemployment rate reached an 18-year low of 3.3 percent in June 2019.

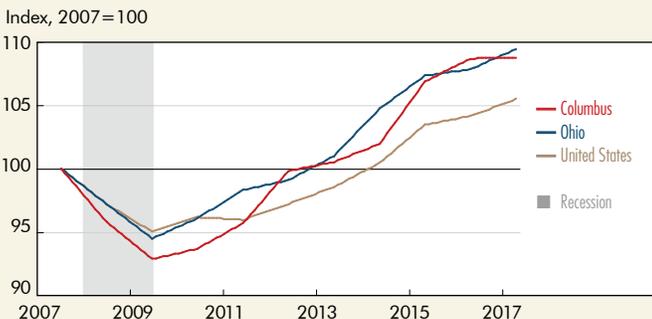


Source: Bureau of Labor Statistics/Haver Analytics.

◀ UNEMPLOYMENT RATE

The unemployment rate in the Columbus metro area has been quite low for some time, staying at or below 4.0 percent since September 2017 and reaching an 18-year low of 3.3 percent in June 2019. In July 2019, the most recent month with data, the rate rose slightly to 3.4 percent, but this was still lower than either the state's rate of 4.0 percent or the nation's rate of 3.7 percent. Moreover, the unemployment rate in the area has been falling even as the workforce grows, and this is a sign of the labor market's strength. The labor force in the Columbus metro area has grown by about 10,000 people this year, as people continue to be attracted to the area by the strong job prospects.

Inflation-adjusted 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

Inflation-adjusted per capita GDP in the Columbus metro area grew only \$17 from 2016 to 2017. This essentially nonexistent growth stands in contrast to the growth experienced in both the state and the nation of more than \$800. However, since the Great Recession, the metro area has seen faster GDP per capita growth than the national average. Inflation-adjusted GDP per capita is almost \$6,000 higher today in the metro area than it was in 2007, but it is only a little more than \$3,000 higher nationally. This stronger metro-area growth is even more impressive considering that the metro area's population has grown relatively quickly during this time frame. Since 2007, the metro area's population has grown at an average annual pace of 1.2 percent, compared with 0.1 percent in the state and 0.8 percent in the nation.

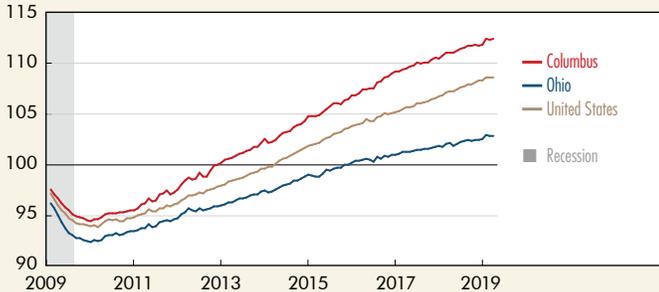
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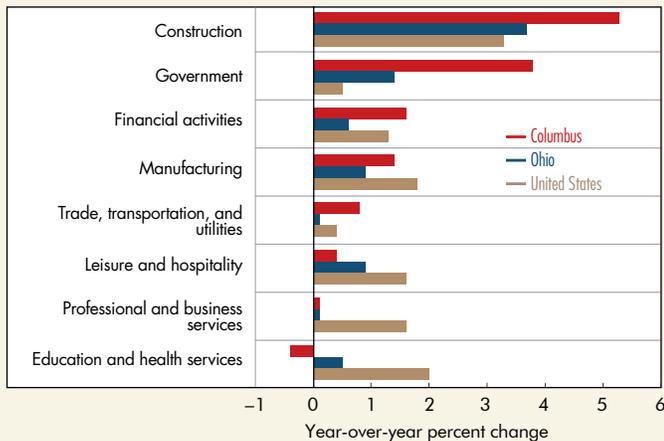
The Columbus metro area added about 12,400 jobs in the 12 months through March 2019.

Index, 2007:M12=100



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

Job growth in the Columbus metro area was uneven across sectors in the 12 months through March 2019.



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

In the 12 months through March 2019, the government sector grew strongly.

Sector	Employment	12-month change	Share of employment
Trade, transportation, and utilities	197,565	1,630	19.2
Professional and business services	167,350	218	16.3
Government	162,441	6,012	15.8
Education and health services	156,563	-665	15.3
Leisure and hospitality	104,599	447	10.2
Financial activities	76,376	1,179	7.4
Manufacturing	73,185	991	7.1
Construction	38,487	1,952	3.7

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

EMPLOYMENT AND INDUSTRIAL SECTORS

◀ EMPLOYMENT

Steady job growth continues in the Columbus metro area. In the 12 months through March 2019, employment grew by about 1.2 percent or about 12,400 jobs. While this pace is slightly slower than the metro area's average annual employment growth during this economic expansion (1.7 percent), it is comparable to the national growth rate (1.3 percent). Moreover, growth in the metro area is much faster than the statewide average growth rate of 0.7 percent. Job growth in the metro area has been a major component of overall job growth in the state—1 in 3 net new jobs in Ohio is located in the Columbus metro area.

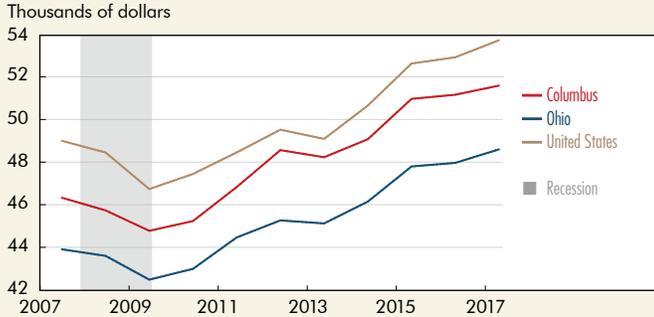
◀ EMPLOYMENT GROWTH BY SECTOR

Although overall job growth was steady in the Columbus metro area, several key sectors softened in the 12 months through March 2019. Education and health services, which had been one of the strongest drivers of job growth during this expansion, experienced a modest correction. Also, professional and business services added few jobs on net. Fortunately, other sectors made up for the weaknesses. Construction was the fastest-growing of the sectors we track in the metro area, as it generally has been since 2015, with a strong 5.3 percent pace of growth in the 12 months that ended with March 2019. Government hiring rose during the period. Financial activities, a sector that represents a higher share of local employment than it does nationally, grew at a steady pace, in line with its trend growth rate during this expansion. Manufacturing employment grew at a steady rate, while trade, transportation, and utilities and leisure and hospitality added jobs more slowly than they typically do.

◀ SECTOR EMPLOYMENT

In the Columbus metro area in the 12 months through March 2019, local government added almost 5,000 jobs, while the state government added around 1,000 jobs. Although construction employment grew at a faster rate, construction employs only 3.7 percent of the metro economy, so it added about as many jobs as the much slower-growing trade, transportation, and utilities sector. The trade, transportation, and utilities sector comprises a diverse array of jobs; within the sector, most of the job gains came from transportation. While health services added more than 3,000 jobs during the period, education employment fell by about 4,000 jobs. Financial activities, an industry for which Columbus is a hub, and manufacturing, which has been growing steadily in the metro area, rounded out the sectors contributing to net job gains.

Inflation-adjusted income per capita in the Columbus metro area grew only about \$400 from 2016 to 2017.



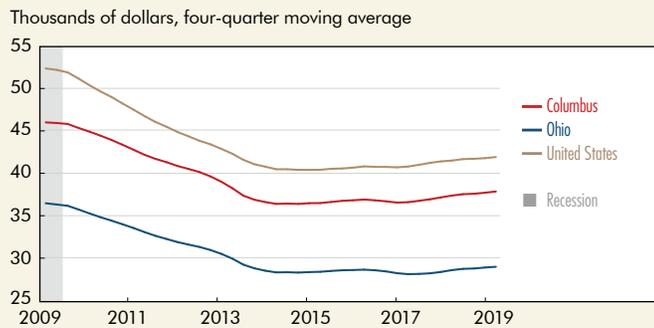
Source: Bureau of Economic Analysis/Haver Analytics.

INCOME

◀ INCOME PER CAPITA

Inflation-adjusted income per capita in the Columbus metro area grew only 0.9 percent, or just more than \$400, from 2016 to 2017, the last year for which we have data. This growth is slower than both statewide and national income per capita growth in 2017. Metro-area residents are more prosperous than the average Ohioan, earning about \$3,200 more in 2017, but less prosperous than the average American, earning about \$2,200 less. However, while the metro area's total real income per capita is lower than the national average, its wages and salaries component is higher. Metro-area residents earn about \$2,700 more than the average American in wages and salaries, but they receive less income from the following sources: proprietor's income (income from owner-operated businesses); dividends, interest, and rent; and transfer payments.

As of the second quarter of 2019, inflation-adjusted consumer debt in the Columbus metro area is beginning to trend slightly upward.



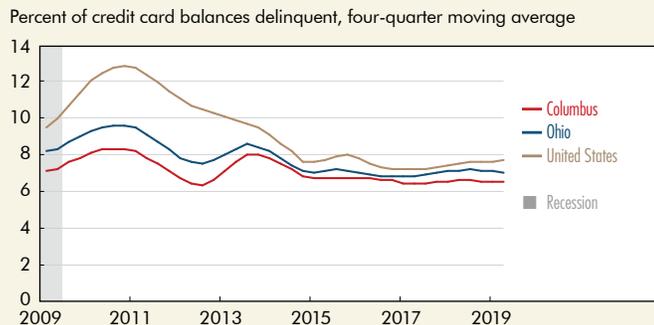
Source: Authors' calculations from the Federal Reserve Bank of New York's Consumer Credit Panel/Equifax.

CONSUMER FINANCES

◀ CONSUMER DEBT

Inflation-adjusted consumer debt in the Columbus metro area is beginning to trend slightly upward. Per capita real debt levels were around \$38,000 in the second quarter of 2019, a modest \$2,000 higher than the lowest level during this economic expansion (the third quarter of 2013). Since that trough, real per capita debt levels in the metro area have been rising at an average annual pace of about 1 percent. However, during the first two quarters of 2019, metro-area debt levels have risen about 2.5 percent on an annualized basis. Compared to state and national averages, the average metro-area resident has about \$4,000 less debt than the average US resident and about \$9,000 more debt than the average Ohioan. The difference between US and metro-area debt levels is due entirely to a difference in average mortgage debt, and while most of the difference between the metro area and the state is also due to mortgage debt (\$8,000), the remainder is due to the metro area's higher auto debt and higher credit card debt. Mortgage debt is about 80 percent of the average metro-area resident's debt burden, in line with national averages.

At 6.4 percent in the second quarter of 2019, the Columbus metro area's credit card delinquency rate remains steady and low.



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

◀ CREDIT CARD DELINQUENCY RATE

The Columbus metro area's credit card delinquency rate remains steady and low. In the four quarters through the second quarter of 2019, an average of 6.4 percent of metro-area residents had credit-card balances more than 90 days past due, while the statewide average was 6.9 percent, and the national average was 7.6 percent. This rate for the metro area is in line with trends during the past few years. While the national delinquency rate has trended slightly upward since 2017, the metro area's credit card delinquency rate has remained more stable.

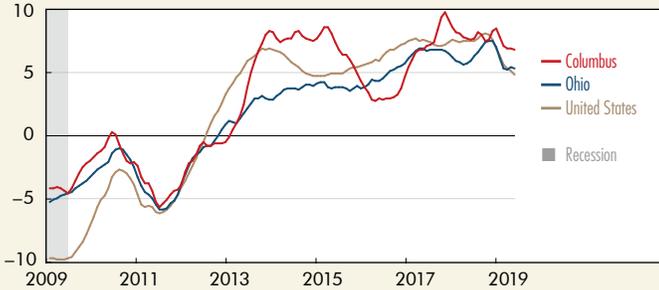
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On a year-over-year basis, home prices in the Columbus metro area rose 6.9 percent in August 2019.

Year-over-year percent change



Source: Zillow.com/Haver Analytics.

From January 2019 through July 2019, residential building permit issuance in the Columbus metro area has been softer than in the prior few years.

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



Source: US Census Bureau/Haver Analytics.

HOUSING MARKET

HOUSING PRICES

On a year-over-year basis, home prices in the Columbus metro area rose 6.9 percent in August 2019. While this is a little slower than the average rate of home price appreciation during the past couple of years, it is a faster rate of growth than at any point in the prior economic expansion, from November 2001 through December 2007. Additionally, it is faster than home price appreciation in the state (5.4 percent) or the nation (4.9 percent). The median housing price in the metro area (\$195,400) is relatively expensive for the state (\$141,400). Metro-area home prices are typically higher than statewide averages, but housing in the Columbus metro area is also more expensive than in other major Ohio metro areas. Nevertheless, it is still affordable relative to the national median home price of \$229,600.

HOUSING PERMITS

Residential building permit issuance in the Columbus metro area has been softer in 2019 than in the prior few years. From January 2019 through July 2019, the metro area averaged about 580 residential permits per month, while in 2018 the average per month was 700, and in 2017 it was 750. The 580 residential permits per month is in line with average permit issuance in this economic expansion (also about 580 permits per month). However, residential permit issuance in the metro area has been markedly slower in this economic expansion than in the prior three expansions, echoing the nation's relative softness in the housing sector during this expansion.

DEMOGRAPHICS AND EDUCATION

COLUMBUS, OHIO

Favorable demographics are a tremendous asset to the Columbus metro area's economic strength. Population growth continues to be strong, as the metro area draws new residents especially from other regions in Ohio. Metro-area residents are well-educated relative to the national population, with higher rates of completion of high school, college, and graduate school, suggesting strong human capital potential in the future. A greater percentage of metro-area residents are in their prime working years than nationally, and the area has more youth and fewer elder residents. This suggests the potential for a continually growing local labor force. The area's household income is higher than the national average, and a greater share of metro-area residents are in the middle class relative to national trends. All told, the metro area's demographics serve as solid foundation for continued economic strength.

	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%	+3.5 pp	32.0%	+4.5 pp
Median age (years)	35.9	+1.0	38.1	+1.4
Median household income	\$66,740	+4.3%	\$63,152	+0.6%

Note: Percentage points is abbreviated as pp.

Source: 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).