

FOURTH DISTRICT METRO MIX

YOUR DISTRICT, YOUR DATA



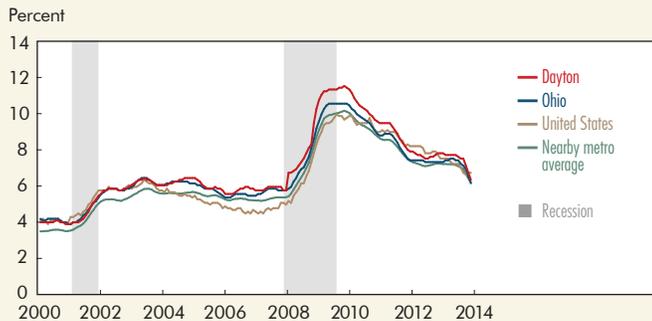
DAYTON, OHIO MSA | SECOND QUARTER, 2014

FEDERAL RESERVE BANK of CLEVELAND

Dayton – Slowly Ascending against Multiple Headwinds

The Dayton metro area continues its long recovery from the economic shock it experienced following the Great Recession and the exit of the General Motors (GM) Ohio Truck and Bus facility in 2008. The effect of these events, along with the region's relatively heavy dependence on the muted recovery in the nation's manufacturing sector, have made Dayton's economic recovery slow and at times, uncertain. However, there are some bright lights on the horizon that make the acceleration of economic activity in the Dayton area a more likely event in 2014.

Dayton's unemployment rate has declined substantially

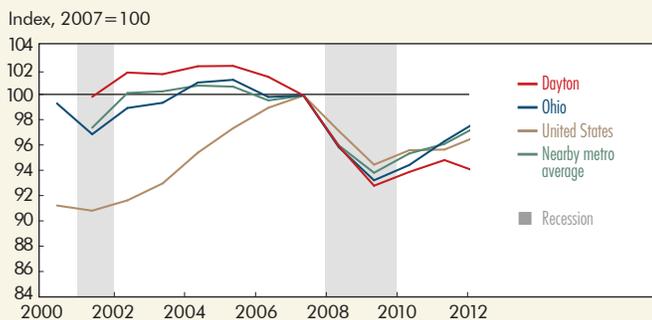


Source: Bureau of Labor Statistics/Haver Analytics.

◀ UNEMPLOYMENT RATE

According to the Bureau of Labor Statistics, the Dayton unemployment rate declined fairly substantially, from 7.8 to 6.3 percent, for the twelve months ending in March of 2014. This makes it roughly comparable to the performance of the state of Ohio, the US, and other nearby metro areas. This improvement is largely due to falling labor force participation, as well as growth in key sectors such as finance, education and health services, and trade, transportation, and utilities. Further improvement in the region's employment is likely as it benefits from the continued growth of GE Aviation, as well as the recent relocation of 1,200 military and civilian personnel to the Wright-Patterson Air Force Base, which already accounts for approximately 29,000 jobs in the area.

Per capita GDP remains a challenge

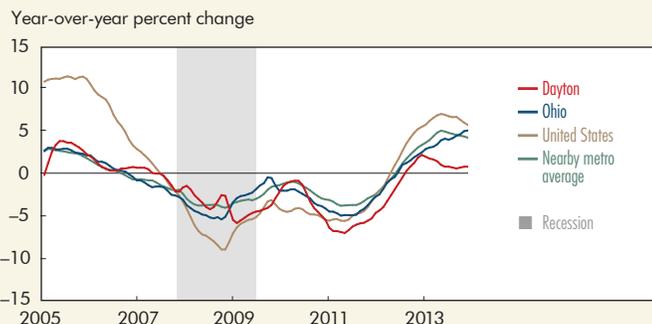


Source: Bureau of Economic Analysis/Haver Analytics.

◀ GROSS DOMESTIC PRODUCT

Recovery in the Dayton metro area's per capita GDP remains a challenge as output growth has suffered against widespread jobs losses during the recession and early recovery period. Relative to its peak in 2005, per capita GDP has declined by 8.4 percent. This decline is primarily a reflection of the loss in output caused by the exit of the GM manufacturing facility. The opening of the area's first gaming casino at the Dayton Raceway, slated for summer 2014, will help boost employment, but jobs are likely to be low-paying and mostly part-time. However, some improvement overall may be observed as the area benefits from renewed growth in its health and finance sectors.

Dayton's housing market recovery lags those of the nation, state, and nearby metro areas



Source: Zillow.com/Haver Analytics.

◀ HOUSING PRICES

Like the nation, the Dayton housing market is clearly in a period of recovery, but it lags behind the performance of the nation, the state of Ohio, and nearby metro areas. Shadow inventories and foreclosure rates continue to decline. However, there are still many distressed homes on the market, thus making significant amounts of new construction unlikely, at least in the near term. On the demand side, sales of homes in the Dayton area have risen in every month, relative to their prior year performance, for the past three years. The Huber Heights area, with its relatively affordable housing options and its proximity to the revitalizing highway infrastructure, is considered by many to be one of the hottest residential sub-divisions in the state of Ohio.

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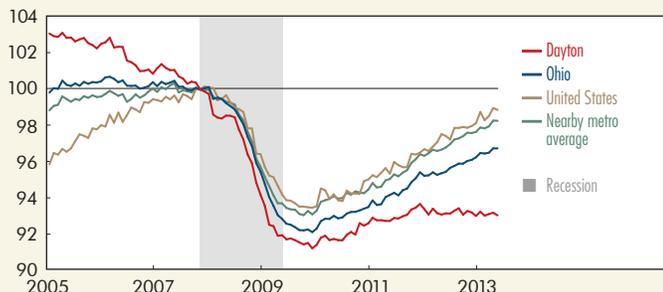
SECOND QUARTER, 2014

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EMPLOYMENT AND INDUSTRIAL SECTORS

Employment remains substantially below its pre-recession level

Index, 2007: M12=100

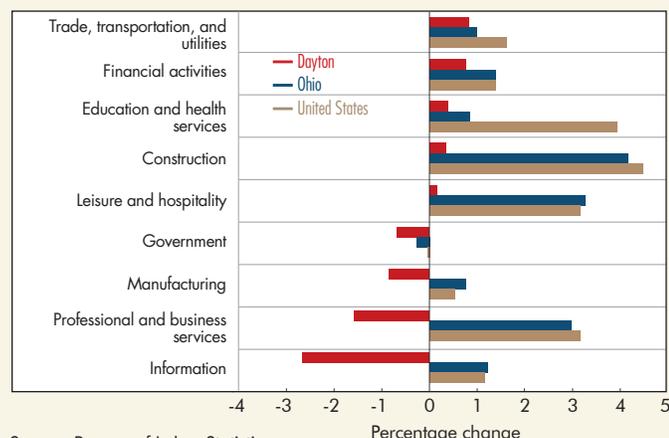


Source: Bureau of Labor Statistics.

◀ EMPLOYMENT

Despite some degree of recent recovery, employment in the Dayton metro area remains substantially below its pre-recession level. Relative to the starting month of the recession, employment in the Dayton area has declined by 7.1 percent. Since the recovery began to take hold in early 2010, employment has increased by more than 2 percentage points, though it has been flat since early 2012. In addition to the benefit it continues to receive from growth at Wright-Patterson Air Force Base, employment growth is happening at some other major facilities in the area. In January 2014, the owner of Progress Park—the former GM Truck and Bus plant—announced a new tenant for the facility, the Fuyao Glass Industry Group, a major supplier to both GM and the Ford Motor Company. Its decision to locate in the Dayton area is estimated to create 800 new jobs with the potential for further growth down the line.

Dayton's performance in key expanding employment sectors has been slow



Source: Bureau of Labor Statistics.

◀ EMPLOYMENT GROWTH BY SECTOR

Relative to the state of Ohio and the nation, Dayton's performance in key expanding employment sectors such as professional and business services, education and health services, leisure and hospitality, and construction has been lackluster. In the professional and business services sector, Dayton's employment declined by 1.6 percent for the twelve months ending in September 2013, while Ohio's and the nation's both rose by approximately 3 percent. The area saw growth in the other three listed sectors, but at rates below those of the state and the nation. Tepid growth and outright decline in other key sectors such as manufacturing is also hampering the region's growth in incomes. Through the end of 2012, income per capita remains approximately where it was prior to the recession, while the average weekly wage in the area declined by approximately 13 percent.

DEMOGRAPHICS AND EDUCATION

◀ DAYTON, OHIO

According to 2012 Census estimates, Dayton is the 71st largest of the 381 metropolitan statistical areas in the US.

	Dayton metro area		United States	
	2012	Change from 2009	2012	Change from 2009
Population	800,972	+0.3%	313,914,000	+2.3%
Adults with less than a high school diploma	11.0%	-0.3%	14.1%	-0.7%
Adults with an undergraduate degree or higher	26.1%	+1.3%	28.5%	+0.6%
Median age (years)	39.5	+0.9 years	37.4	+0.6 years
Median household income	\$46,894	-6.5%	\$52,916	-5.1%

Sources: Census Population estimates; American Community Survey.

All monthly figures are seasonally adjusted and all dollar figures are in current dollars. 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 pre-recession levels. If levels were growing before the recession, pre-recession indexes will be below 100; if levels were falling before the recession, pre-recession indexes will be above 100. Employment data in the Metro Mix come from the Quarterly Census of Employment and Wages, which we have found to be the earliest accurate source of the number of jobs in metro areas.

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).