

FOURTH DISTRICT METRO MIX

YOUR DISTRICT, YOUR DATA



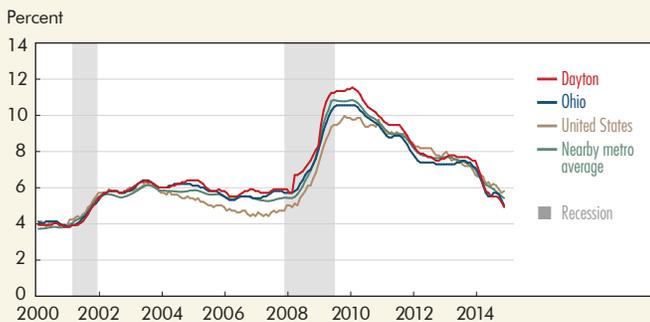
DAYTON, OHIO MSA | FIRST QUARTER, 2015

FEDERAL RESERVE BANK of CLEVELAND

Dayton – Labor Market Lift-Off in 2014

The Dayton economy continues on the path of recovery, although at a slower pace relative to those of the state and nation. Strong manufacturing demand led by the automotive and aerospace sectors have helped stimulate the economy, as have announced plans of international manufacturers bringing jobs to the area. The metro area's large healthcare sector continues to perform well as the region's aging population makes increased use of area facilities.

Over the past year, Dayton's unemployment rate declined significantly

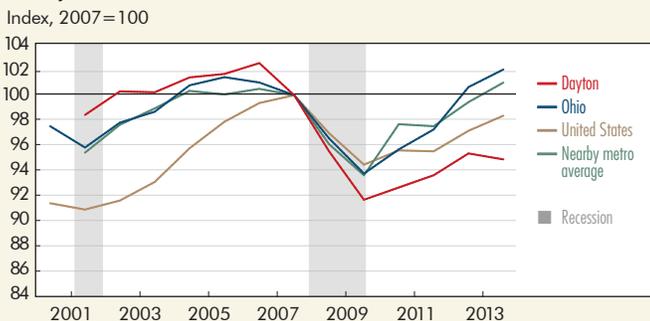


Source: Bureau of Labor Statistics/Haver Analytics.

◀ UNEMPLOYMENT RATE

According to the Bureau of Labor Statistics, the Dayton unemployment rate declined significantly, from 7.1 to 5.4 percent, during the twelve months ending in November of 2014. This is roughly comparable to the performance of the state of Ohio, the United States, and other nearby metro areas. This improvement is jointly due to falling labor force participation, as well as growth in key sectors such as construction, professional and business services, and education and healthcare. Further improvement in the region's employment is likely as auto and aerospace production continues to advance. The area's healthcare organizations are also still adding to the region's growth as the metro area's already large portion of senior citizens continues to increase.

Dayton's per capita GDP growth continues to lag national, state, and nearby metro levels



Source: Bureau of Economic Analysis/Haver Analytics.

◀ GROSS DOMESTIC PRODUCT

Per capita GDP recovery 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 7.7 percent. The area has slowly been recovering from the loss in output caused by the exit of the GM manufacturing facility. The Chinese auto glass manufacturing company Fuyao, which occupies the former GM plant, announced in January 2015 that it now plans to hire 1,550 workers and invest a total of \$360 million in the site. Additionally, demand in the region's aerospace sector remains strong as GE Aviation continues ramping up capital spending to address a backlog of orders for aircraft engines.

In 2014, Dayton-area house prices rose 2.7%



Source: Zillow.com/Haver Analytics.

◀ HOUSING PRICES

The Dayton housing market is clearly in a period of recovery, but it continues to lag the performance of the nation, the state of Ohio, and nearby metro areas. Though shadow inventories and foreclosure rates continue to decline, there are still many distressed homes on the market (especially in the central city area) making significant amounts of new construction unlikely, at least in the near term. According to Zillow, house prices in the Dayton metro area were increasing at an approximate rate of 2.7 percent per year at the end of 2014. House prices, in general, rose throughout 2014 as employment levels increased in the area.

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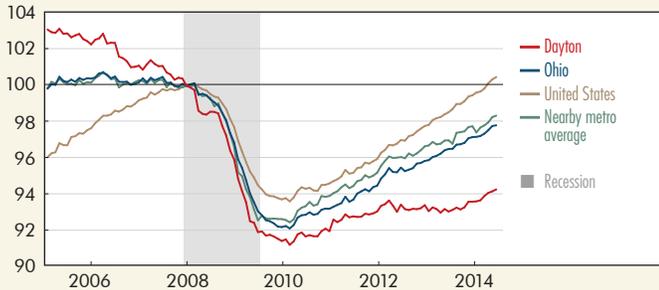
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EMPLOYMENT AND INDUSTRIAL SECTORS

Employment in Dayton is substantially below pre-recession levels

Index, 2007: M12=100

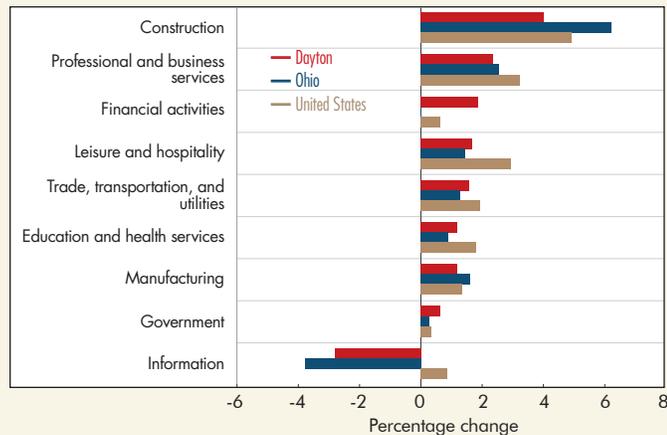


Source: Bureau of Labor Statistics' Quarterly Census of Employment and Wages.

◀ 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 5.9 percent. Since the recovery began to take hold in early 2010, employment has increased by more than 3 percentage points, with some acceleration of that rate occurring throughout 2014. Although improving, employment growth in the Dayton area continues to lag that of the nation, state of Ohio, and nearby metro areas. Auto and aerospace jobs account for the bulk of the employment growth; however, the metro area's market also benefits from other sectors across the region such as healthcare and education.

Construction and professional and business services grew the most



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

◀ EMPLOYMENT GROWTH BY SECTOR

Dayton's performance in key employment sectors such as professional and business services, education and health services, leisure and hospitality, and construction is improving, but lags the state and nation. In the professional and business services sector, Dayton's employment improved by 1.2 percentage points for the twelve months ending in June 2014, while the nation's rose by approximately 2 percentage points. The construction sector has been a source of strength, especially on the multifamily and commercial side, and increased employment by 4 percent on a year-over-year basis. The professional and business services sector increased in excess of 2 percent for a comparable period. The healthcare sector will likely continue to be a source of strength as capital spending on new facilities is expected.

DEMOGRAPHICS AND EDUCATION

◀ DAYTON, OHIO

According to 2013 US Census Bureau estimates, Dayton is the 71st largest of the 381 metropolitan statistical areas in the United States.

	Dayton metro area		United States	
	2013	Change from 2009	2013	Change from 2009
Population	802,489	+0.4%	316,129,000	+3.1%
Adults with less than a high school diploma	10.7%	-0.7%	13.4%	-1.3%
Adults with an undergraduate degree or higher	26.6%	+1.9%	29.6%	+1.7%
Median age (years)	39.1	+0.5 years	37.5	-0.7 years
Median household income	\$47,438	-4.0%	\$52,666	-4.2%

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).