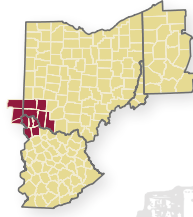


FOURTH DISTRICT METRO MIX

YOUR DISTRICT, YOUR DATA



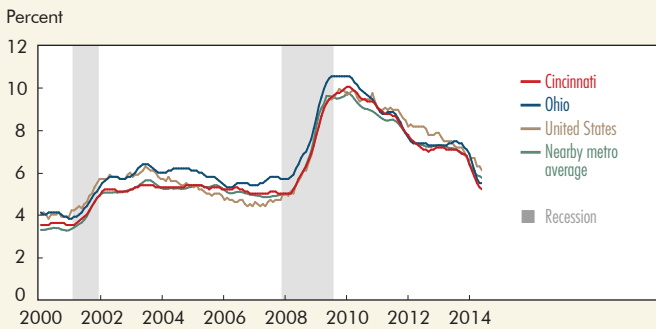
CINCINNATI, OHIO MSA | THIRD QUARTER, 2014

FEDERAL RESERVE BANK of CLEVELAND

Cincinnati – Poised for Continued Growth

The Cincinnati metro area's recovery continues to gain steam as strong growth in the education and healthcare sectors is supplemented by strong and growing employment in the manufacturing and trade, transportation, and utilities sectors. A highly educated workforce, diverse economy, and the presence of multiple Fortune 500 company headquarters positions the metro area for long-term growth.

Cincinnati's unemployment rate sits at 5.2%, nearly a percentage point lower than the national rate

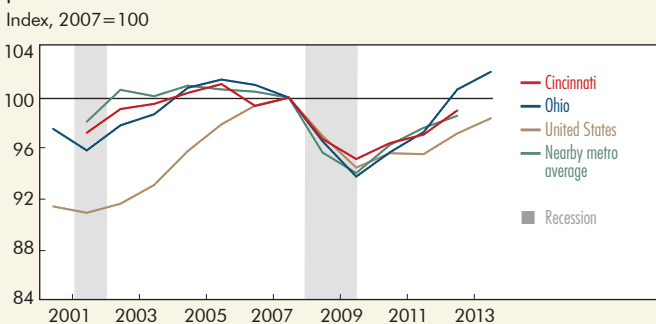


Source: Bureau of Labor Statistics/Haver Analytics.

◀ UNEMPLOYMENT RATE

The unemployment rate in the Cincinnati metro area has dropped to 5.2 percent, its lowest level since unemployment peaked at 10 percent in 2009. The region's continued employment recovery is tied to high-growth, high-demand sectors. A relatively large share of the metro area's employment is in sectors such as professional and business services, education and health services, and skilled manufacturing, which are benefiting from the national recovery. The region also benefits from the large percentage of its workforce in the consumer marketing sector.

Per capita GDP continues to grow, but has yet to recover to its pre-recession level

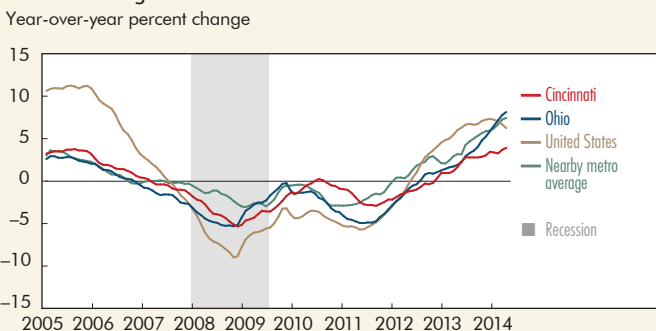


Source: Bureau of Economic Analysis/Haver Analytics.

◀ GROSS DOMESTIC PRODUCT

Per capita GDP in the Cincinnati metro area has yet to reach its pre-recession level, though as of June 2012 it has exceeded the performance of the nation and nearby metro areas. However, per capita GDP in Cincinnati remains substantially lower than in the state of Ohio: 1.0 percent below its 2007 level in the metro area and 0.6 percent above its 2007 level statewide.

Cincinnati's housing market continues to advance, but lags the national average



Source: Zillow.com/Haver Analytics.

◀ HOUSING PRICES

The Cincinnati housing market continues to advance, albeit at a pace slower than the national average. As of June 2014, prices were increasing in the Cincinnati metro area at an annual rate of approximately 4.0 percent, compared to 6.3 percent nationally and 8.3 percent statewide. Despite growth in employment, the Cincinnati housing market has been sluggish due to weak income growth, slow rates of household formation, and several factors driving continued strength in the rental housing market. However, growth is expected to slowly accelerate in the metro area as employment strengthens and homebuilding increases in response to a shrinking supply of homes for sale.

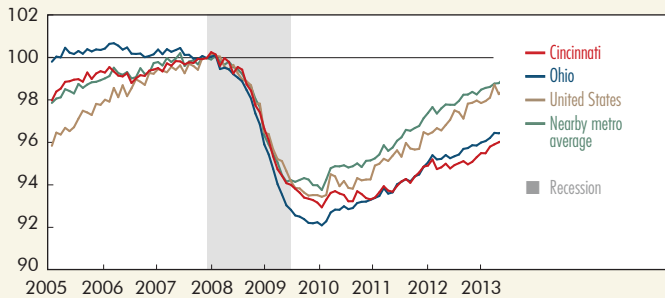
FOURTH DISTRICT METRO MIX

THIRD QUARTER, 2014

YOUR DISTRICT, YOUR DATA

Employment growth remains strong, but has yet to return to pre-recession levels

Index, 2007: M12=100



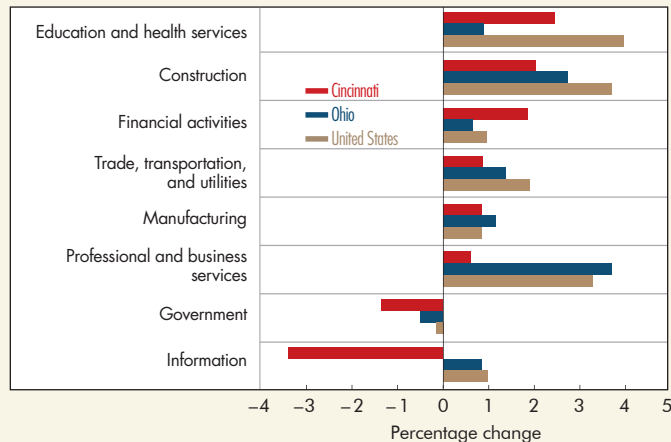
Source: Bureau of Labor Statistics.

EMPLOYMENT AND INDUSTRIAL SECTORS

◀ EMPLOYMENT

Job growth in the Cincinnati metro area remains strong as the region benefits from its highly educated workforce. While the region has yet to return to its pre-recession level of employment, it continues to experience strong growth in the professional and business services, manufacturing, and healthcare sectors. The rate at which employment is recovering, approximately 1.5 percent annually through the end of 2013, remains in line with employment growth at both the state and national levels, but is slightly below that of nearby metro areas. However, the outlook for continued growth in employment remains optimistic.

Growth in the Cincinnati metro area is strongest in the healthcare sector

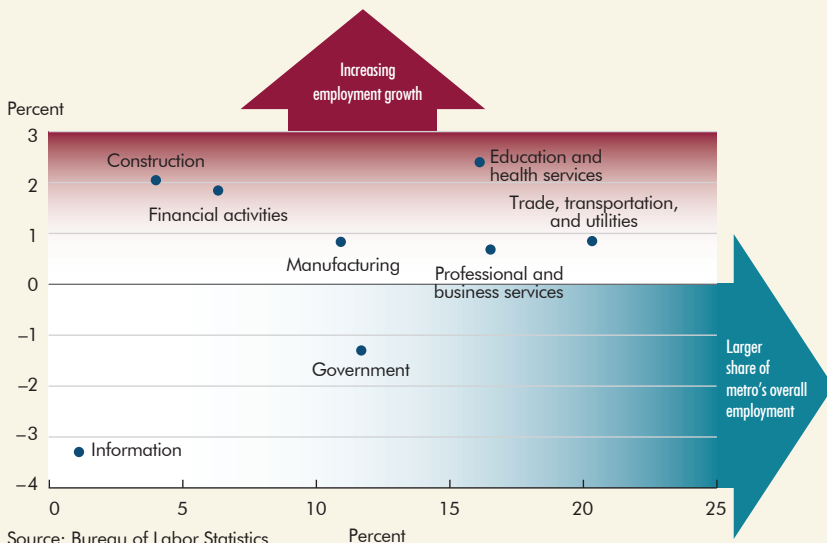


Source: Bureau of Labor Statistics.

◀ EMPLOYMENT GROWTH BY SECTOR

Growth in the Cincinnati metro area is strongest in the healthcare sector, with 2.4 percent year-over-year growth. However, the professional and business services sector is poised for stronger growth in the future as General Electric recently broke ground on a \$90 million operations center in the downtown area, which is expected to add 1,800 jobs in 2016. Additionally, capital spending is increasing in the metro area: Cincinnati Children's Hospital is constructing a \$180 million facility that will include research laboratories, imaging facilities, and space for conducting clinical trials; and Catholic Health Partners will build a \$77 million headquarters that will add around 1,000 jobs when finished in mid-2016.

The construction and education and healthcare sectors are in line with national growth



Source: Bureau of Labor Statistics.

◀ RELATIVE EMPLOYMENT GROWTH

Ten Fortune 500 companies are headquartered in the Cincinnati metro area. On a per capita basis, this is more than New York, Los Angeles, or Chicago. The sector in Cincinnati that is growing the fastest—education and healthcare—is in line with national growth: 2.4 percent locally versus 4.0 percent nationally. Construction is also performing well as both commercial and residential real estate activity is growing; however, most growth on the residential side is in multifamily residential homes. While professional and business services is growing, it is severely lagging both the nation and state. Tightening in the government sector reflects local officials' continued efforts to align expenditures with revenues.

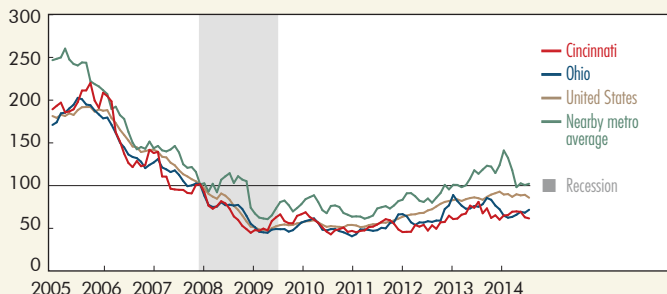
FOURTH DISTRICT METRO MIX

YOUR DISTRICT, YOUR DATA

THIRD QUARTER, 2014

Homebuilding in the Cincinnati metro area remains sluggish

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



Source: Census Bureau/Haver Analytics.

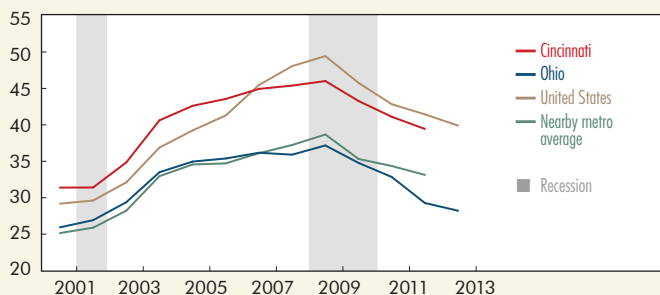
HOUSING MARKET

◀ HOUSING PERMITS

Although above its post-recession lows, homebuilding in the Cincinnati metro area remains sluggish. By June 2014, building permits stood at approximately 59 percent of their pre-recession level. This is well below national performance (83 percent), but relatively in line with the state (67 percent). Nearby metro areas are expanding construction at 100 percent of pre-recession levels. The housing supply remains exceptionally tight, helping to prop up house prices. Multifamily vacancy rates remain low as apartment construction has yet to catch up with growth in regional demand. Two factors often cited for the slow resurgence of supply are tight credit conditions and a scarcity of skilled construction labor.

Consumers in the metro area have less mortgage, auto, and credit card debt per capita than the national average

Thousands of dollars



Source: FRBNY Consumer Credit Panel.

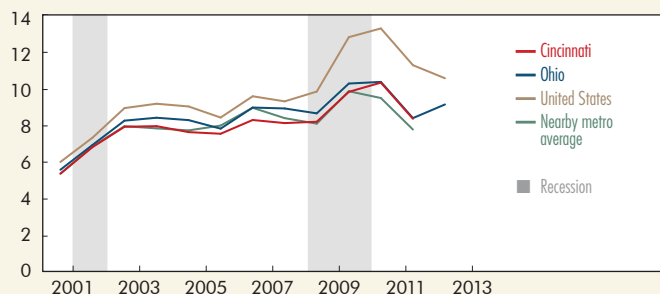
CONSUMER FINANCES

◀ CONSUMER DEBT

Since 2006, consumers in the Cincinnati metro area have less mortgage, auto, and credit card debt per capita than the national average. However, consumer indebtedness in the area still exceeds that of its nearby metro areas and the state of Ohio. The metro has actively sought to deleverage since the onset of the recession in late 2007 and has succeeded at a rate similar to that of the nation. Reasons for the debt decline include lower mortgage debt due to foreclosures and smaller average outstanding balances on revolving debt instruments, such as credit cards and home equity loans.

Credit card balances that were 90 or more days delinquent were approximately 3 percentage points lower than the national level

Percent of credit card balances delinquent



Source: FRBNY Consumer Credit Panel/Haver Analytics.

◀ CREDIT CARD DELINQUENCY RATES

The credit card delinquency rate is an indicator of the financial health of households. The credit profile of the Cincinnati metro area remains much better than the nation's and is in line with the state of Ohio. Declines in credit card delinquency rates continued through 2011, the latest period for which data is available. In 2011, the share of credit card balances that were 90 or more days delinquent was approximately 3 percentage points lower in Cincinnati than in the United States, and had fallen back to its pre-recession level.

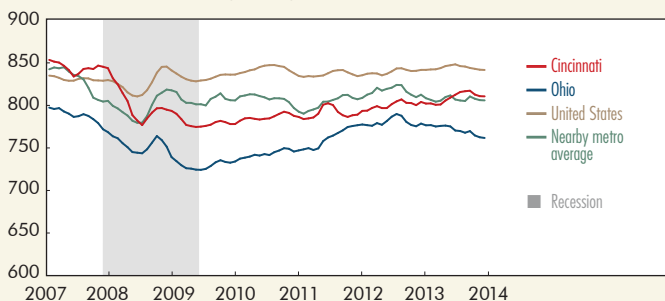
FOURTH DISTRICT METRO MIX

THIRD QUARTER, 2014

YOUR DISTRICT, YOUR DATA

Average weekly wages have yet to recover to pre-recession levels

Dollars, three-month moving average



Source: Bureau of Labor Statistics/Haver Analytics.

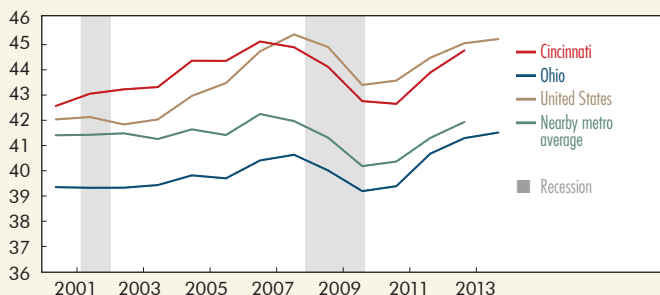
INCOME

◀ AVERAGE WEEKLY EARNINGS

In the Cincinnati metro area, average weekly wages fell from \$846 in December 2007 to \$785 in June 2011, and have yet to recover pre-recession levels. Average wages in nearby metros and Ohio saw similar declines, and although they have recovered, they remain below those of the Cincinnati metro area. While significant growth continues in the professional and business services and education and healthcare sectors, wage growth has been muted as the oversupply of labor has kept pressure on wage growth across most sectors. However, this is expected to be a decreasing phenomenon as consumer demand continues to increase and employment levels rise across the metro area.

The metro area's recovery in income per capita outpaces the nation

Thousands of dollars



Source: Bureau of Economic Analysis/Haver Analytics.

◀ INCOME PER CAPITA

As employment has recovered from the recession, so has income per capita. In 2012, the metro area's income per capita was \$44,740, up about \$2,000 since the recovery began. While it has not grown as rapidly as the state's, the metro's income growth has outpaced the nation and is comparable to nearby metros. The rise in income per capita is due to the metro area's recovery of employment and the out-migration of retired people.

DEMOGRAPHICS AND EDUCATION

◀ CINCINNATI, OHIO

According to 2012 Census estimates, Cincinnati is the 28th largest of the 381 metropolitan statistical areas in the United States.

	Cincinnati metro		United States	
	2012	Change from 2009	2012	Change from 2009
Population	2,128,603	+1.0%	313,914,000	+2.3%
Adults with less than a high school diploma	10.7%	-1.8%	14.1%	-0.7%
Adults with an undergraduate degree or higher	29.6%	+1.1%	28.5%	+0.6%
Median age (years)	37.6	+0.7 years	37.4	+0.6 years
Median household income	\$54,437	-5.5%	\$53,329	-4.4%

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).

