

FOURTH DISTRICT METRO MIX

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COLUMBUS, OHIO MSA | MAY 2016

FEDERAL RESERVE BANK of CLEVELAND

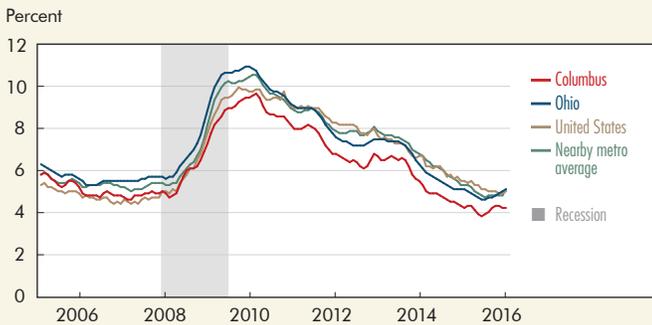
Columbus – Growth Continues, but at a Moderate Pace

Most segments of the Columbus metropolitan area's economy continue to expand. Since the region's recovery began at the end of the Great Recession in 2009, the Columbus economy has been the strongest metro area in the Buckeye State and one of the strongest in the Midwest. Its unemployment rate is among the nation's lowest, while overall employment growth remains strong. Housing prices are improving, but at a more moderate pace relative to recent trends. The outlook for continued expansion in the region remains good for the remainder of 2016.

METRO AREA SNAPSHOT

	Unemployment Rate		Median Home Values		Payroll Employment		Credit Card Delinquency Rates	
	March 2016	One-year change	March 2016	One-year change	September 2015 (thousands)	One-year change	2016:Q1	One-year change
Columbus	4.2%	0.0	\$154,600	5.7%	981	1.9%	6.5%	-0.1
Ohio	5.1%	0.0	\$119,700	2.7%	5,260	1.2%	6.9%	0.0
United States	5.0%	-0.5	\$186,200	4.8%	139,893	2.0%	7.7%	0.2
Nearby metro average	5.1%	-0.2	\$129,780	3.5%	1,183	1.4%	6.7%	0.0

Columbus experienced a slight uptick in unemployment, though the area's rate remains well below the national average

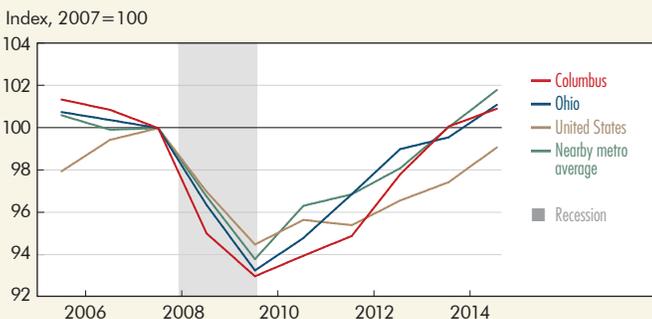


Source: Bureau of Labor Statistics/Haver Analytics.

◀ UNEMPLOYMENT RATE

The region's unemployment rate has edged up since late last summer. In March 2016, unemployment in the Columbus metro area stood at 4.2 percent, up from a post-recession low of 3.8 percent last August. Nonetheless, the metro area's unemployment rate remains significantly lower than those of nearby metro areas, the state of Ohio, and the nation, all of which were approximately 5.0 percent in March. The slight uptick in the unemployment rate is attributed to moderately slower (but still strong) employment growth. Expectations for continued employment growth remain bright in 2016 as demand for skilled labor is strong.

Columbus' GDP per capita stood 0.9% above its level at the start of the recession



Source: Bureau of Economic Analysis/Haver Analytics.

◀ GROSS DOMESTIC PRODUCT

GDP per capita continues to reach levels not seen since before the recession. In 2014, the most recent period for which data is available, GDP per capita in the Columbus metro area stood 0.9 percent above its level at the start of the recession in 2007. This was close to the state of Ohio's gain of 1.1 percent, half that of nearby metro areas (1.8 percent), and substantially better than in the nation as whole, where it declined 0.9 percent. This relatively strong performance was a result of the continued strength in employment growth throughout the region and the metro area's slower rate of population growth.

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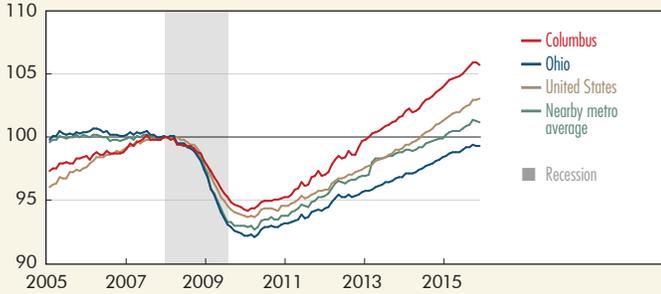
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EMPLOYMENT AND INDUSTRIAL SECTORS

The Columbus metro area's employment is nearly 6% above its pre-recession level

Index, 2007: M12=100

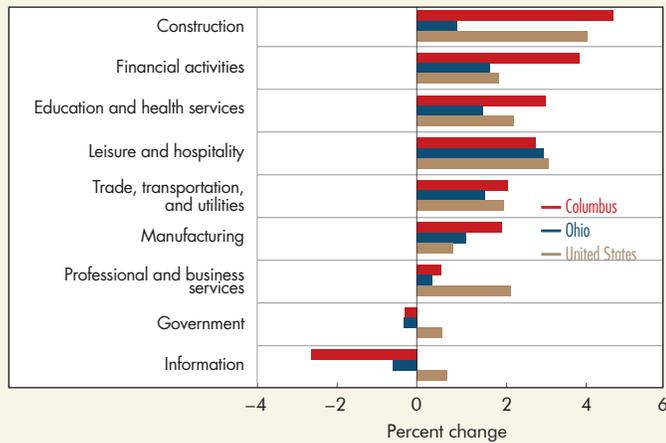


Source: Bureau of Labor Statistics' Quarterly Census of Employment and Wages.

EMPLOYMENT

Employment in the Columbus metro area remains strong as the region continues to capitalize on its substantial base of highly educated and innovative workers. As of September 2015, employment was approximately 5.8 percent above its pre-recession level. By comparison, the absolute employment level in the state of Ohio had yet to return to its pre-recession level, remaining 0.7 percent below it. The nation exceeded its pre-recession employment level by approximately 3.0 percent. Because of the strong employment market and the increasing demand for a skilled and educated labor force, young college graduates are opting to remain in the area at greater rates than in the past. This bodes well for long-term growth in the region.

The construction and financial activities sectors were the metro area's top performers

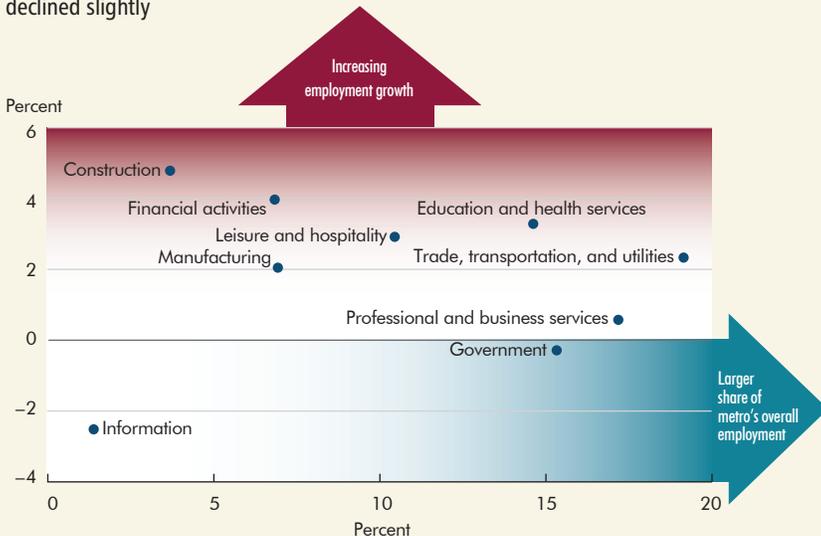


Source: Bureau of Labor Statistics' Quarterly Census of Employment and Wages.

EMPLOYMENT GROWTH BY SECTOR

The Columbus metro area's economy benefits from a highly educated workforce and diversified industry base. The construction, financial activities, and education and health sectors led year-over-year growth with rates of 4.8, 4.0, and 3.2 percent, respectively. However, there continues to be relatively muted growth in the large professional and business services sector. This sector, which accounts for 17.3 percent of the area's total employment, grew at a mere 0.6 percent on a year-over-year basis through September 2015. Despite the effects of a strong dollar and weakened trading partners in select European and Asian markets, the manufacturing sector, accounting for 7.3 percent of the area's labor force, grew 2.1 percent on a year-over-year basis.

Government employment, a relatively large share of the area's labor force, declined slightly



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

RELATIVE EMPLOYMENT GROWTH

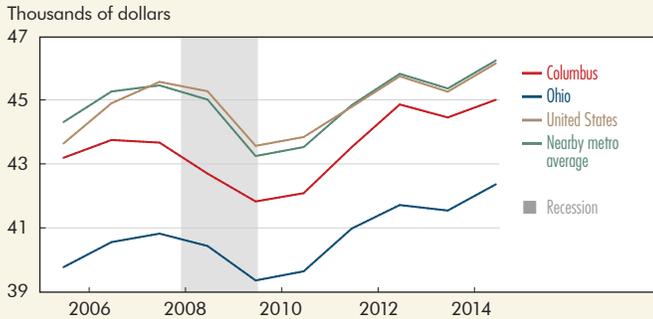
The construction sector, which accounts for 3.6 percent of the Columbus metro area's labor force, grew the fastest among the metro area's sectors, as measured on a year-over-year basis. Growing at a rate of 4.8 percent, the sector has responded to the high level of activity in both the residential and nonresidential real estate markets. Gains in this sector are primarily due to large and significant capital investments already underway at many of the area's healthcare facilities, as well as the continued expansion in multifamily real estate construction. The information sector, primarily print-based publishing, continues to contract, declining at a rate of 2.6 percent. As the state capital, government employment represents approximately 15 percent of the area's labor force. Employment in this sector contracted by 0.3 percent, but the decline is not considered to be indicative of a more significant decline in the near future as the state has more than \$2 billion in its Budget Stabilization Fund.

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The metro area's income per capita performance exceeds Ohio's, but trails that of the nation and nearby metro areas



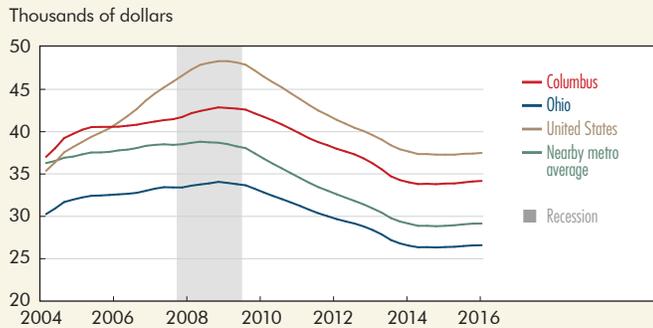
Source: Bureau of Economic Analysis/Haver Analytics.

INCOME

◀ INCOME PER CAPITA

The Columbus metro area continues to benefit from higher income per capita than the state of Ohio, but trails that of the nation and nearby metro areas. The metro area's slow population growth, which is slower relative to the national average but exceeds the state's, has helped to improve growth in income per capita. In 2014, the latest year for which data is available, income per capita in the Columbus metropolitan area was approximately \$45,000. This is close to that of nearby metro areas and the nation, which both averaged approximately \$46,200, but markedly higher than the state average, which was approximately \$42,350.

The deleveraging process has slowed



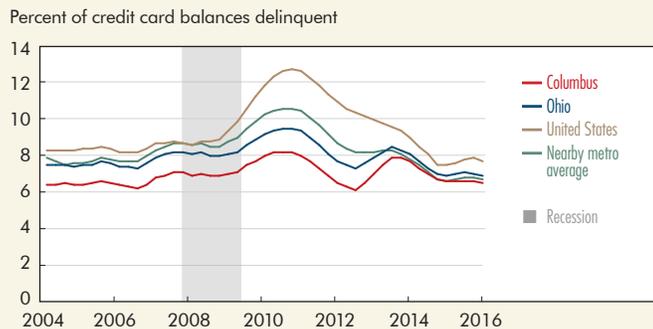
Source: Authors' calculations from the Federal Reserve Bank of New York's Consumer Credit Panel/Equifax.

CONSUMER FINANCES

◀ CONSUMER DEBT

Since 2005, consumers in the Columbus metro area have had less mortgage, auto, and credit card debt per capita than the national average. Like many other areas, households in the Columbus area have actively sought to deleverage since the onset of the recession and have done so at a rate similar to that of the nation. Recently, however, that deleveraging process has slowed, with little change in average debt levels in early 2016. Reasons for the previous debt decline were lower mortgage debt because of foreclosures and smaller average outstanding balances on revolving debt instruments, such as credit cards and home equity loans.

Columbus' delinquency rate is lower than those of the state and nation



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

◀ CREDIT CARD DELINQUENCY RATES

The credit card delinquency rate is an indicator of the financial health of households. At 6.5 percent, the delinquency rate of Columbus remains better than those of the nation and state, and is in line with the average of nearby metro areas. Immediately before the recession, delinquency rates in the region were around 7.0 percent. After a rapid decline immediately following the recession and some increases to historical levels since that time, the net average of credit quality in the Columbus metro area is approaching the level typical a decade ago.

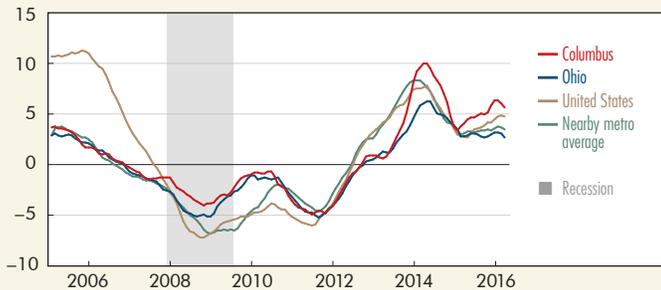
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Columbus metro area home values increased from March 2015 to March 2016

Year-over-year percent change



Source: Zillow.com/Haver Analytics.

HOUSING MARKET

◀ HOUSING PRICES

From March 2015 to March 2016, housing prices in the Columbus metro area increased 5.7 percent. This strong performance is due to robust employment growth, continued improvements in consumer credit quality, and a growing, albeit slowly, supply of available housing in the metro area. Foreclosure and delinquency rates continue to decline, which also helps to reduce the shadow inventory. Growth should continue in the real estate sector as employment strengthens further and homebuilding increases in response to a shrinking supply of new and existing homes available for sale.

Permitting activity in Columbus substantially outweighs that of the nation, state, and nearby metro areas

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



Source: Census Bureau/Haver Analytics.

◀ HOUSING PERMITS

Building permit activity remains significantly above the rate observed prior to the recession. Housing demand is growing as employment growth remains strong and economic expansion in the region continues. The metro area's housing supply remains tight, as builders have only recently added to their low supply since late 2006. Multifamily vacancy rates remain low as apartment construction still has yet to catch up with growth in regional demand. Tight supply is expected to continue into 2017, as it will take some time to reduce the mismatch between increased demand and short supply of the region's housing.

DEMOGRAPHICS AND EDUCATION

◀ COLUMBUS, OHIO

According to 2014 US Census Bureau estimates, Columbus, Ohio, ranks as the 32nd largest of the 381 metropolitan statistical areas in the United States.

	Columbus Metro Area		United States	
	2014	Change from 2009	2014	Change from 2009
Population	1,997,308	+5.8%	318,857,000	+3.9%
Adults with less than a high school diploma	9.5%	-0.7%	13.1%	-1.7%
Adults with an undergraduate degree or higher	34.7%	+1.4%	30.1%	+2.2%
Median age (years)	35.8	+1.1 years	37.7	+0.9 years
Median household income	\$56,703	+0.6%	\$53,973	-3.2%

Sources: Census Population estimates; American Community Survey.

All monthly and quarterly figures are seasonally adjusted and all dollar figures are in current dollars, except home prices (which are left nominal). 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 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.

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).