Regionomics® From Trends to Insight to Action

ColumbusForecast2016

Number Seventeen

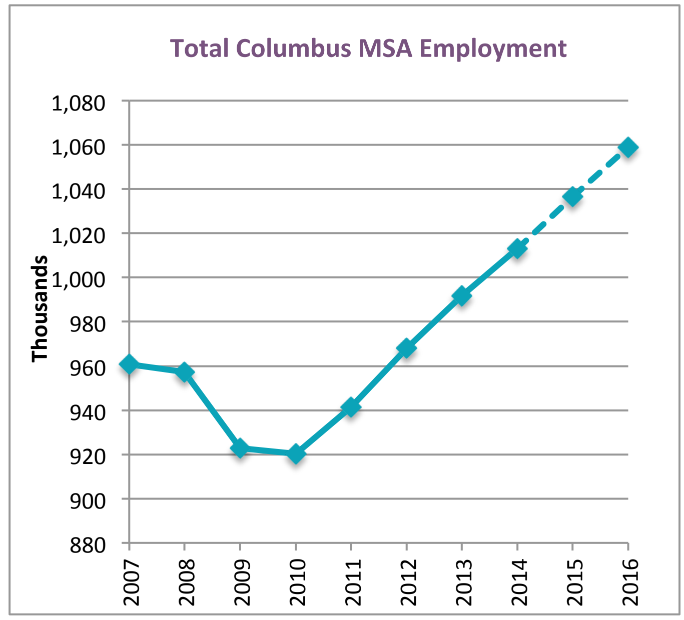
Columbus Forecast: Above-Average Employment Growth Continues

As has been the case for the past eight years, employment growth in the Columbus Metropolitan Statistical Area (MSA) will outperform the national average in 2016 with a net gain of 22,000 (2.2%).

As currently estimated, 2015 growth was 2.3% versus the 2.1% national average. This estimate is preliminary, and previous years' estimates have been corrected upward by thousands in revisions released the folllowing March. However, analysis suggests that actual 2015 employment may have been close to that currently reported, implying that revisions to total employment in March 2016 should be small. (As noted below, though, some sector-level revisions may be significant.)

U.S. employment growth is expected to slow from 2.1% to around 1.8% in 2016.

The preliminary estimates suggest that Ohio job growth was below average once again in 2015. These estimates show Ohio employment growing only 1.4% last year.



2016 Regionomics® Columbus MSA Forecast

Sector	Percentage change, 2014-2015			MSA employment		MSA Change, 2015-16	
	MSA	Ohio	U.S.	2015	2016	Change	Pct.
Total	**2.3%**	**1.4%**	**2.1%**	**1,036,600**	**1,059,000**	**22,400**	**2.2%**
Construction and mining	8.2%	(1.8%)	2.8%	37,900	39,100	1,300	3.3%
Manufacturing	1.8%	2.2%	1.1%	71,000	71,500	500	0.8%
Wholesale trade	4.9%	3.0%	1.5%	43,700	44,800	1,100	2.4%
Retail trade	(0.0%)	0.6%	2.0%	102,300	103,200	900	0.9%
Transportation and utilities	8.2%	3.7%	7.3%	49,700	52,000	2,300	4.6%
Information	(2.9%)	0.6%	1.8%	17,100	17,300	200	1.0%
Financial activities	0.3%	2.2%	1.9%	76,000	77,300	1,200	1.6%
Professional and business services	1.7%	0.5%	3.4%	178,400	184,000	5,600	3.2%
Professional and tech. services	5.6%	2.8%	3.6%	64,600	67,200	2,600	4.0%
Management of companies	4.6%	0.1%	2.3%	37,000	38,300	1,300	3.4%
Admin. support and waste svcs.	(2.7%)	(1.2%)	3.5%	76,700	78,500	1,800	2.3%
Education and health services	6.3%	1.3%	2.7%	155,400	162,200	6,800	4.4%
Private educational services	7.9%	(0.5%)	1.4%	22,800	23,400	600	2.8%
Healthcare and social services	6.0%	1.5%	3.0%	132,600	138,700	6,100	4.6%
Leisure and hospitality	1.4%	3.7%	3.0%	101,200	102,300	1,100	1.1%
Other services	4.6%	1.0%	1.2%	41,100	41,800	700	1.7%
Government	(0.1%)	0.1%	0.4%	162,800	163,700	800	0.5%
Federal government	0.5%	(0.8%)	0.3%	13,800	13,900	100	0.8%
State government	(1.6%)	(0.4%)	0.6%	67,500	67,300	(200)	(0.3%)
Local government	1.1%	0.4%	0.3%	81,600	82,500	900	1.1%

Employment totals and changes rounded to the nearest hundred.

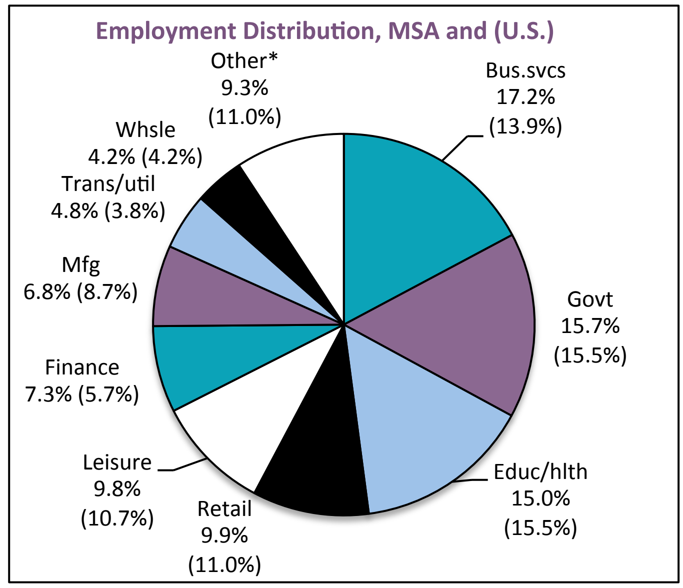
About this Forecast and Regionomics®

This is the 17th annual Columbus MSA forecast by Bill LaFayette, Ph.D., founder and owner, Regionomics® LLC.

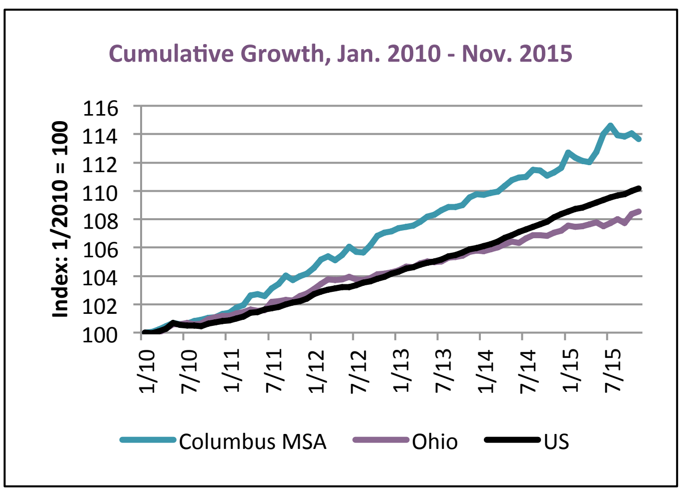
Regionomics is a Columbus-based economic and workforce strategy firm focusing on local economies (neighborhoods to regions), employment analysis and forecasting, and economic and workforce development policy.

Dr. LaFayette has 16 years of experience in Central Ohio economic development organizations, including 12 years as vice president of economic analysis at the Columbus Chamber. Previously, he was a finance and real estate faculty member of Ashland University and the University of North Texas.

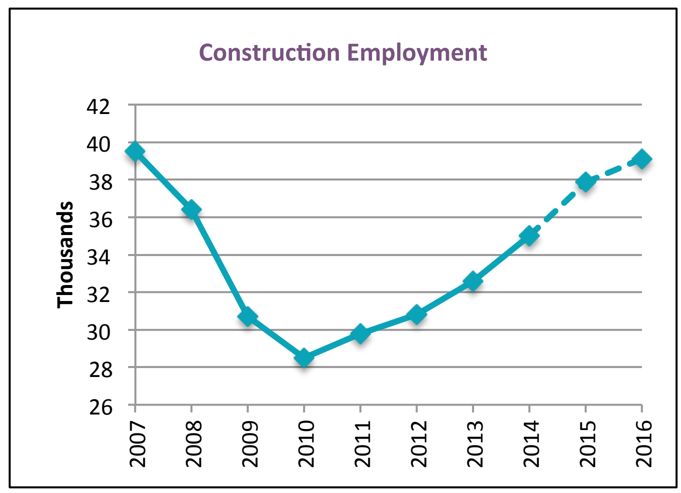
Please contact Regionomics at 614.443.3992 or info@regionomicsllc.com. You can also follow Bill on Twitter @RegionomicsLLC and by liking the Regionomics LLC page on Facebook. Learn more about Regionomics at regionomicsllc.com.



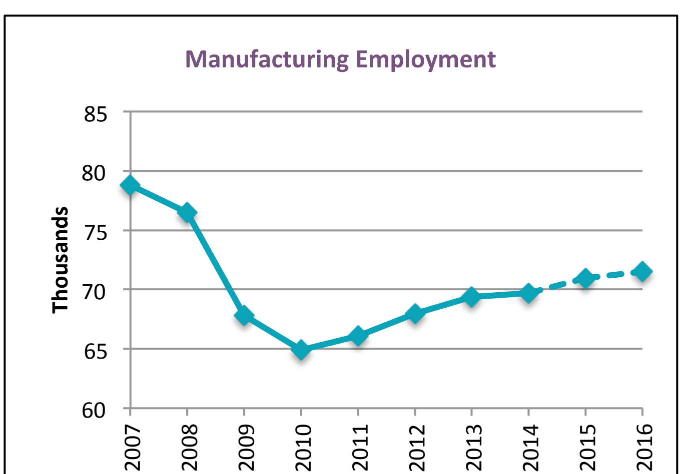
*Other services, construction, and information.



Columbus MSA employment (based on current estimates) has increased 13.7% since the Jan. 2010 employment trough, better than Ohio (8.6%) or the U.S. (10.2%).

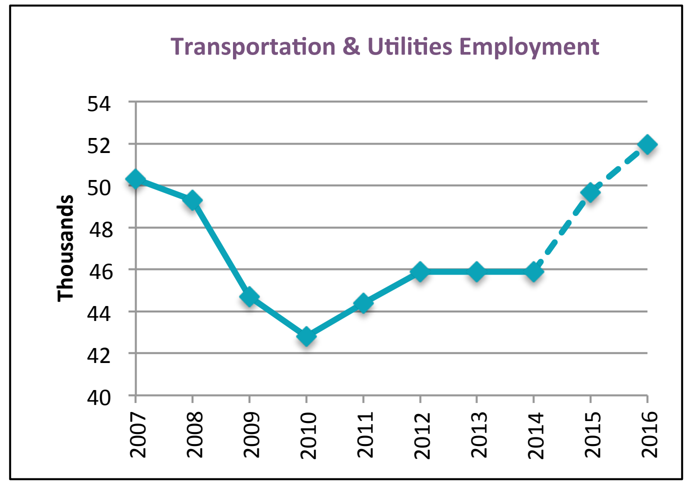


Local construction employment has increased 34.1% since Jan. 2010, more than twice the national average. The 8.2% gain in 2015 may be an overestimate, so growth is trimmed back for 2016.



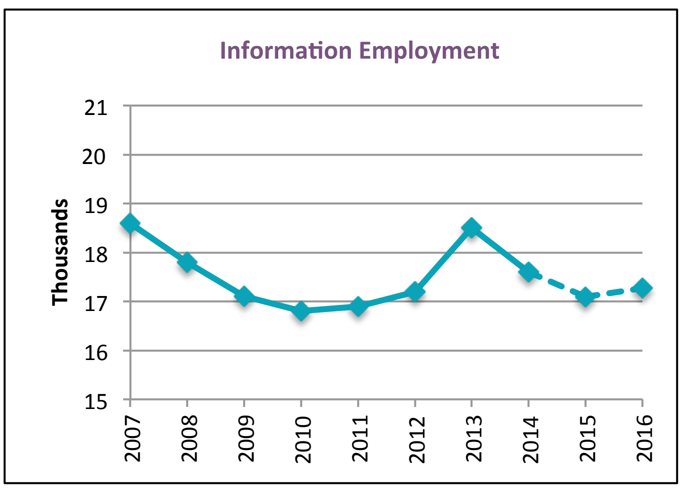
Manufacturing employment growth helped to drive the overall recovery in its early days, but has slowed as technology has substituted for labor. Some measures of manufacturing activity have softened recently as well.

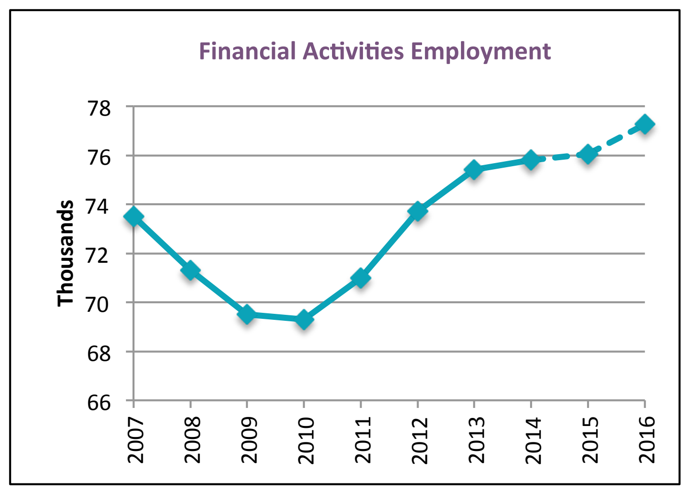
Wholesale employment registered a strong 4.9% gain in 2015, but this is mostly due to robust monthly growth in 2014. Monthly growth during 2015 has been much slower; this trend is expected to continue into 2016.



Retail employment has increased 9.7% nationally since January 2010, but only 2.7% locally. The preliminary estimates show a marginal loss of retail jobs in 2015, but this may well be an underestimate.

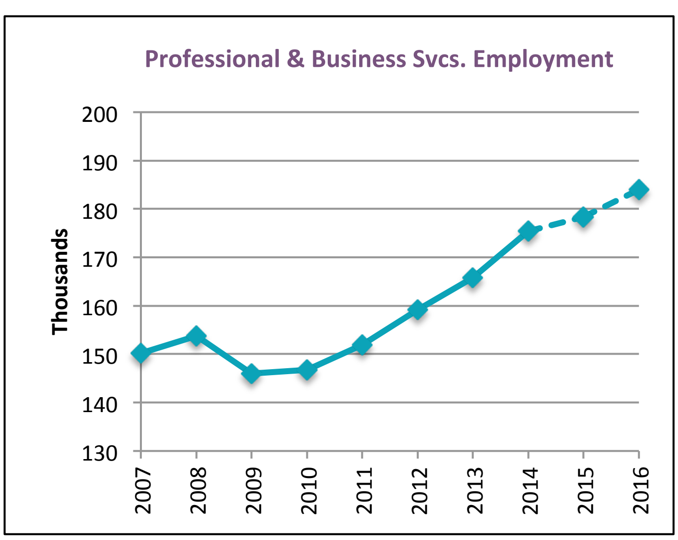
This sector is 92% transportation and warehousing. Unlike broader sectors, the reliability of 2015's reported 8.2% gain cannot be independently checked, but its sheer size suggests an overstatement.

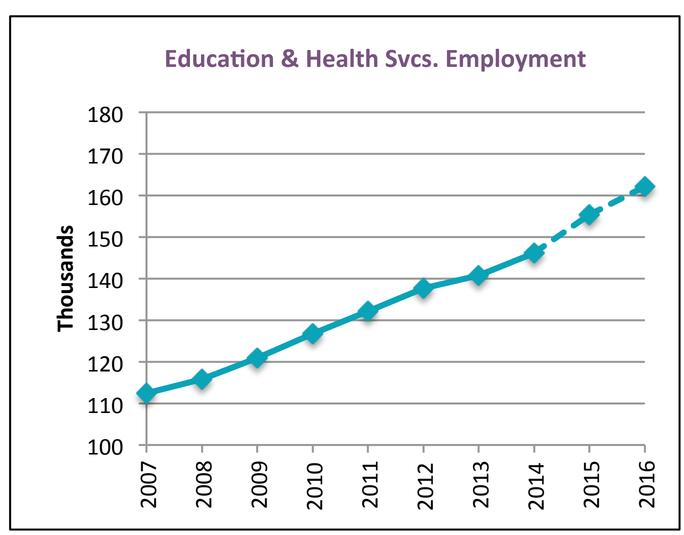




Apart from the puzzling 1,300-job spike in 2013, information employment locally and nationally has been stable throughout the recovery -- much better than the 24% plunge before the recession.

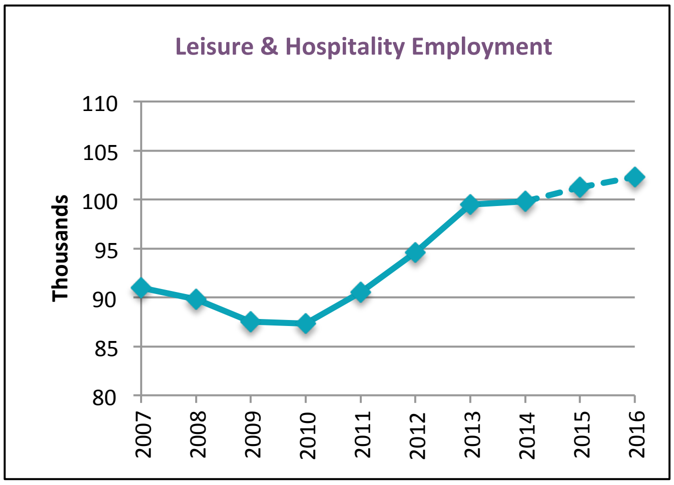
The preliminary numbers show financial activities employment increasing only 2% over the past two years, little more than half the U.S. average. Other statistics suggest much better (but still subpar) performance.



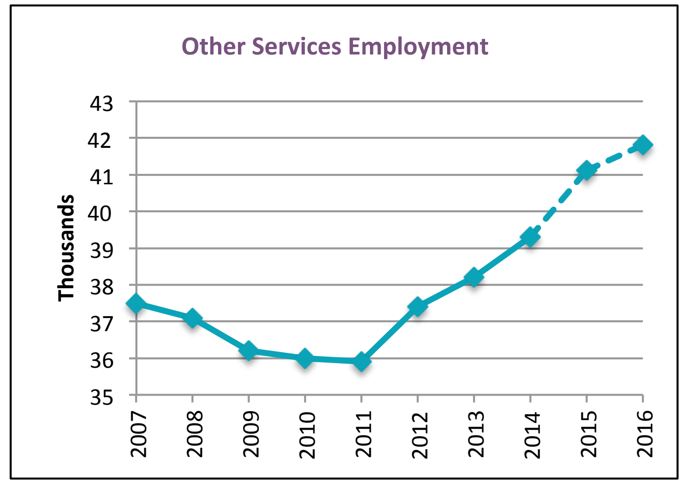


The administrative support subsector was a drag on otherwise above-average growth in business services. This subsector includes temp jobs, some of which could have gone to other sectors as they became permanent.

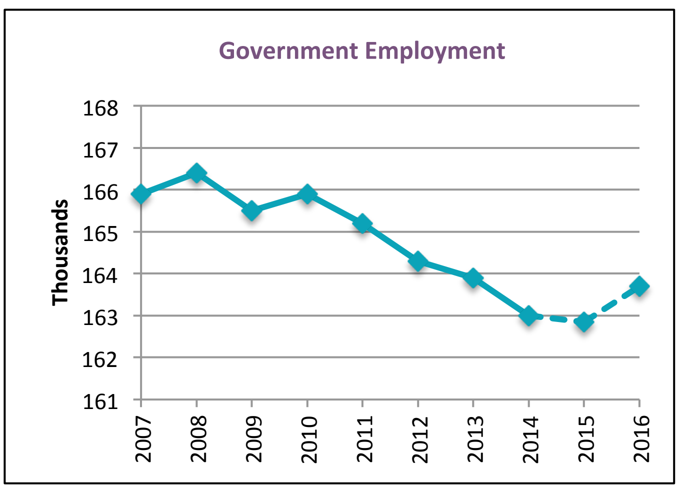
Education and health services jobs have increased 26.5% since 2010, twice the national average. Only private education is included, so the sector is about 80% health-care. Growth may actually have accelerated in 2015.



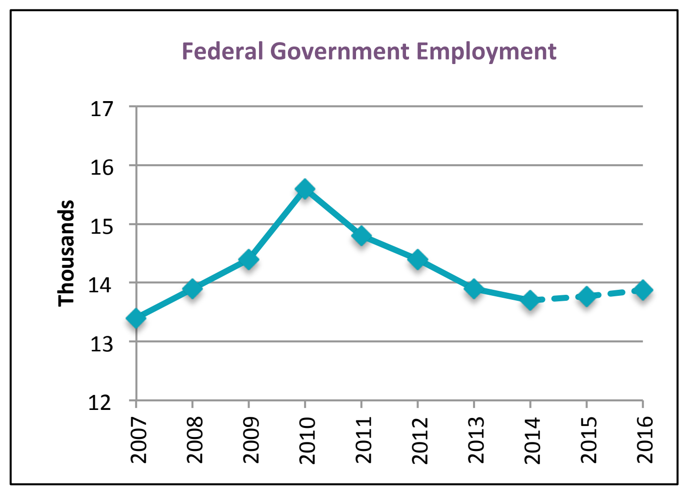
After sprinting ahead of the average in 2011 and 2012, growth in leisure jobs has been much weaker than average since -- a trend confirmed by the more reliable statistics. The sector may simply have overexpanded.



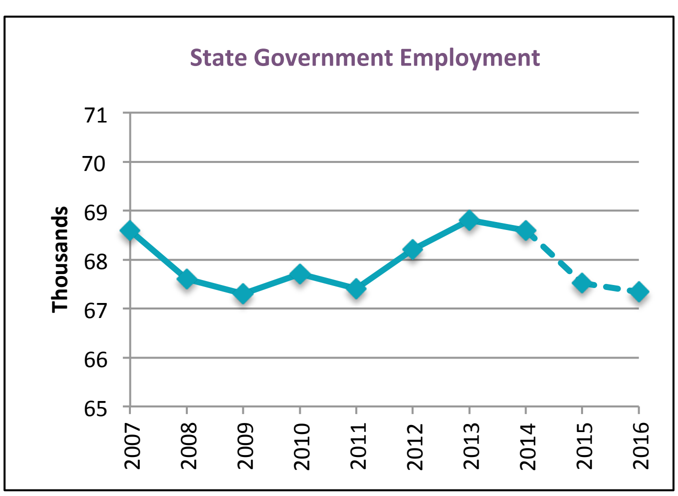
Growth of jobs in the catch-all other services category has been double the national pace through the recovery. A spike in the reported 2015 numbers raises last year's growth and lowers that for 2016.



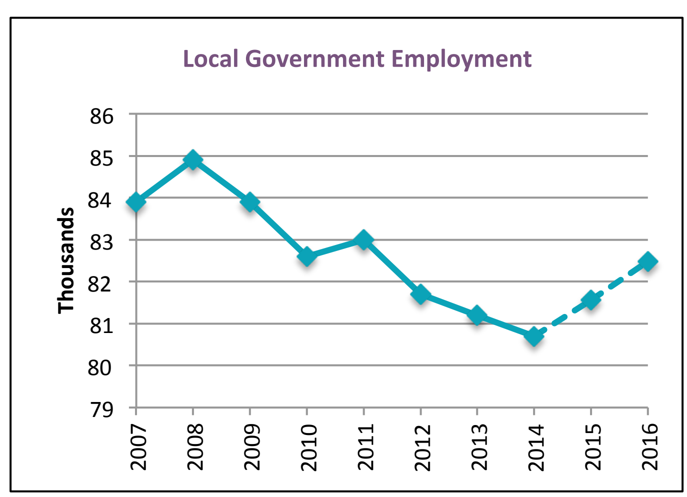
Revised employment totals show a relatively small decline in government employment rather than the previously-estimated moderate increase. The driver of growth in 2016 will be local government.



The decline in federal employment from its Census-fed 2010 peak has abated. Nationally, defense jobs have continued to decline, but the numbers do not reveal whether the same is true at DSCC.



The 25-year trend of increasing concentration of state jobs in the Columbus MSA seems finally to have come to an end. For now, state government job growth in the MSA should be closer to the statewide average.



State support for local governments was slashed for years, but receipts have stabilized. Governments must also accommodate the needs of a regional population growing at a rate of more than 1.1% per year.