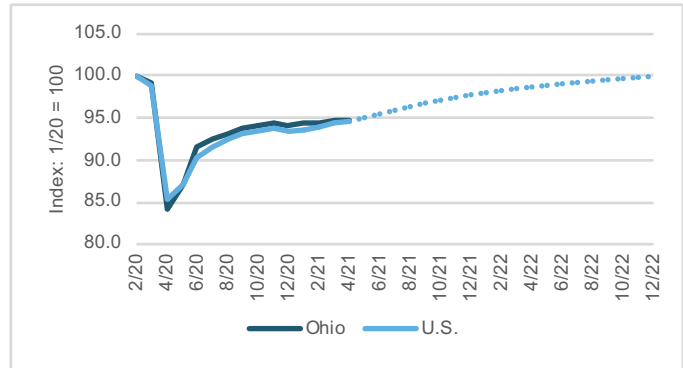


## Employment and Unemployment

- **Ohio employment growth slowed markedly over the past three months as U.S. growth accelerated.** The chart to the right is plotted on an index basis to compare Ohio and U.S. employment changes since the employment peak in February 2020. The state's net employment loss since its February 2020 peak is 5.4%, equal to U.S. net loss.
- **Expected U.S. employment forecasts have improved markedly over the past several months.** The dashed line in the payroll employment chart is the consensus employment forecast of 49 economists from the May Outlook Survey of the National Association for Business Economics (NABE). The consensus forecast suggests a return to pre-pandemic employment levels by the end of 2022. The median forecast monthly gain is 566,100, a substantial improvement from the 351,000 in the March survey.
- **Ohio's unemployment rate continues below the national average.** Ohio unemployment was 4.7% in December, well below the U.S. rate of 6.1%. Above-average Ohio employment increases in the early months of the recovery caused a more rapid decline in the unemployment rate.

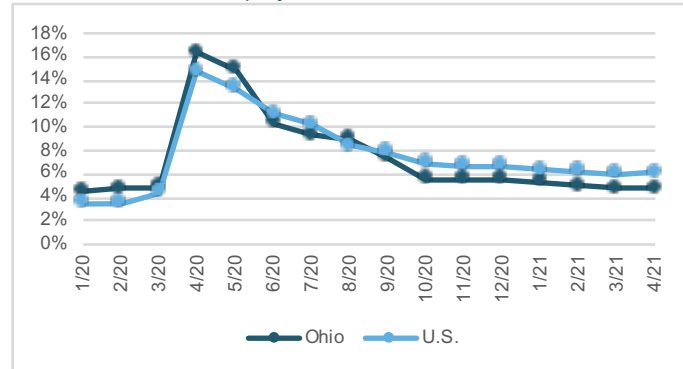
Despite slowing Ohio employment growth in recent months, the unemployment rate continued to fall – declining from 5.3% in January to 4.7% in April. The corresponding U.S. decline was from 6.3% to 6.1%. As shown in the chart below, labor force (the denominator of the unemployment rate) remained unchanged in Ohio between January and April while increasing 0.5% nationwide. This put upward pressure on the U.S. unemployment rate.

Payroll Employment Change, Including U.S. Forecast



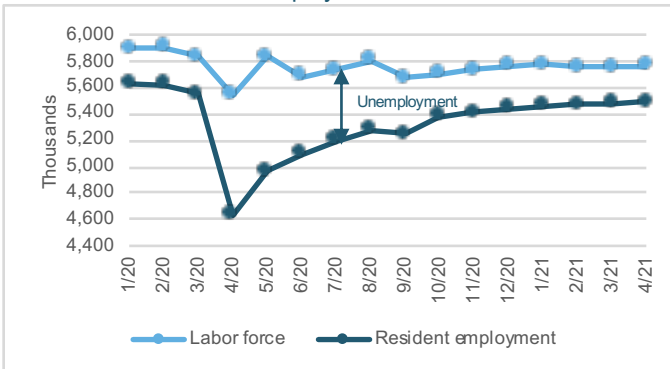
Source: U.S. Bureau of Labor Statistics, Philadelphia Federal Reserve.

Ohio and U.S. Unemployment Rates



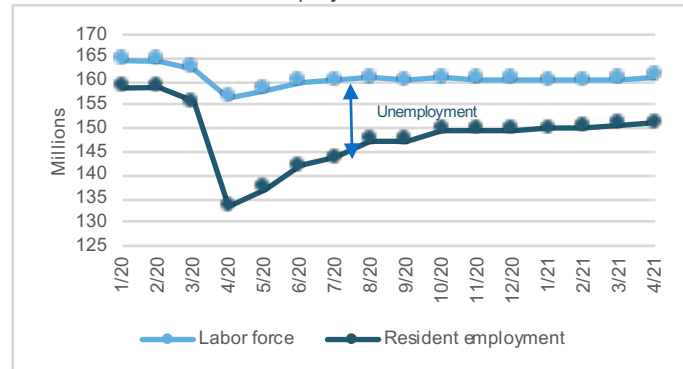
Source: Labor Force Statistics, U.S. Bureau of Labor Statistics.

Ohio Labor Force and Employment



Source: Local Area Unemployment Statistics, U.S. Bureau of Labor Statistics.

U.S. Labor Force and Employment

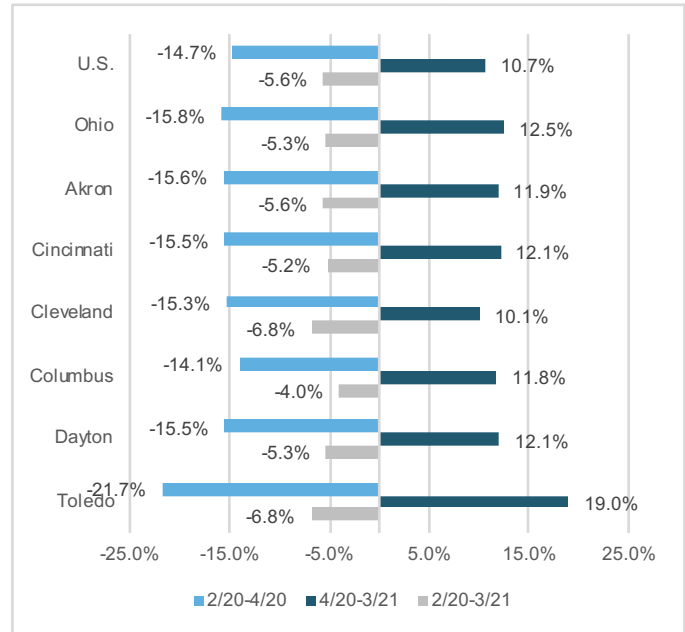


Source: Current Population Statistics, U.S. Bureau of Labor Statistics.

## Employment Changes by Region and Sector

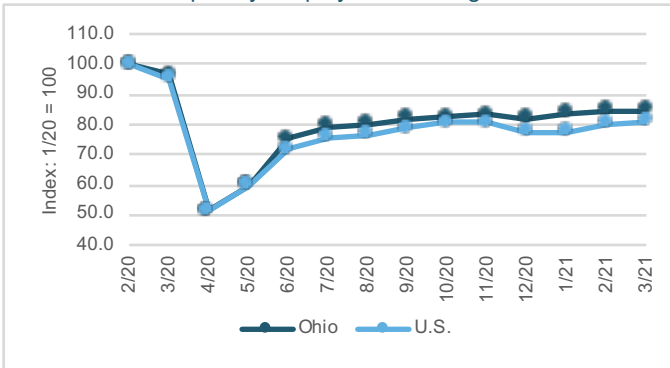
- **Revised 2020 employment totals were issued in March.** These reduced Cleveland's spring 2020 decline from 17% to 15.3%. However, Dayton's preliminary 12% decline was revised to 15.5% and Toledo's 18% decline worsened to 21.7%. Columbus growth in succeeding months was increased.
- **Continued employment growth reduced major metros' net losses.** Net declines remain worse than the U.S. average in Cleveland and Toledo. Employment in Columbus is closest to its pre-pandemic peak.
- **Ohio leisure and hospitality employment was unchanged from January, while U.S. employment increased 7.2%.** However, Ohio leisure's net loss from February 2020 remains marginally less.
- **Ohio employment growth over the quarter was also less than average in a number of other sectors.** This included manufacturing (0.1% versus 0.6%), retail (a 0.2% loss versus a 0.2% gain), healthcare (off 0.4% versus a 0.6% average gain), and government (0.1% loss versus 0.1% gain).
- **Two office-using sectors outperformed during the quarter.** Business services gained 0.7% versus 0.4% nationally, and finance gained 0.2% versus a 0.1% U.S. average.
- **A January employment spike brought Ohio real estate employment back to its pre-pandemic level.** Large unexpected changes like this can result from errors in the data.

Employment Loss, Gain and Net Change

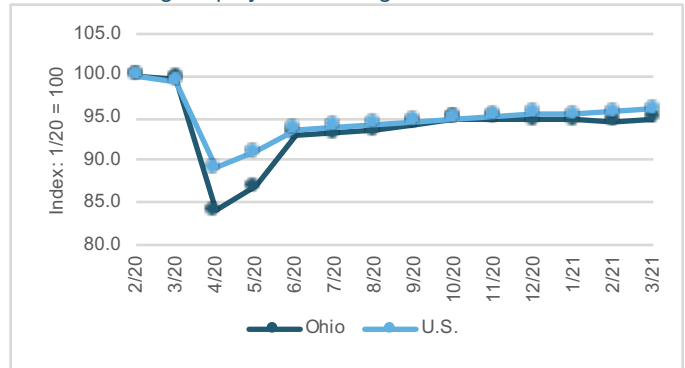


Source: Current Employment Statistics, U.S. Bureau of Labor Statistics.

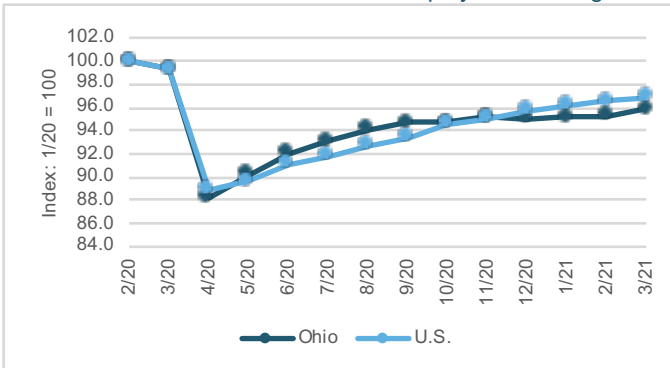
Leisure and Hospitality Employment Change



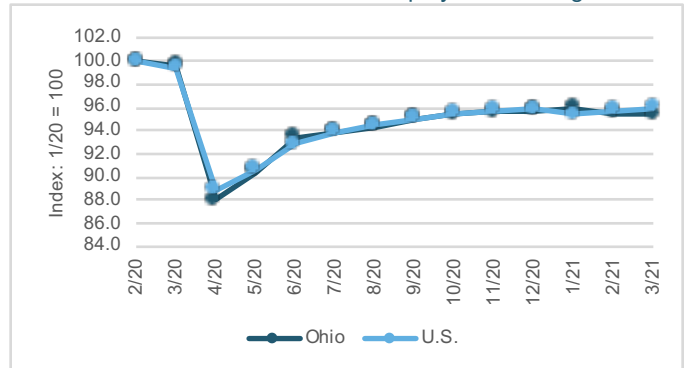
Manufacturing Employment Change



Professional & Business Services Employment Change

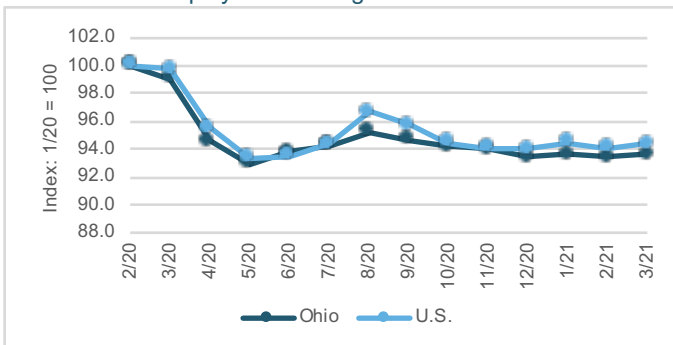


Healthcare & Social Assistance Employment Change

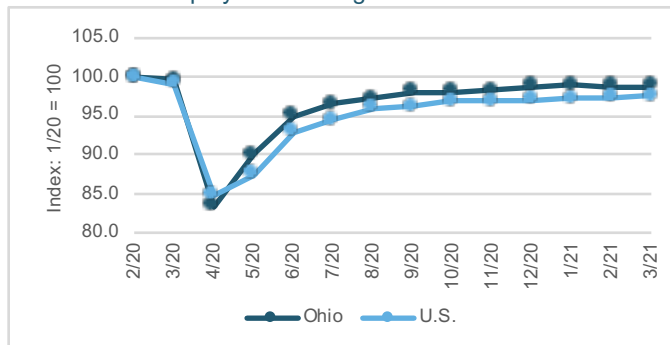


Source: Current Employment Statistics, U.S. Bureau of Labor Statistics.

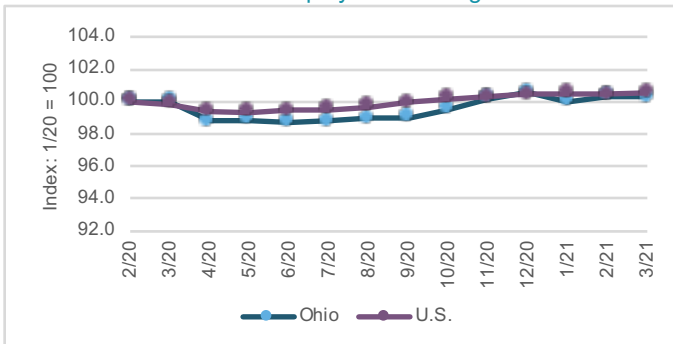
### Government Employment Change



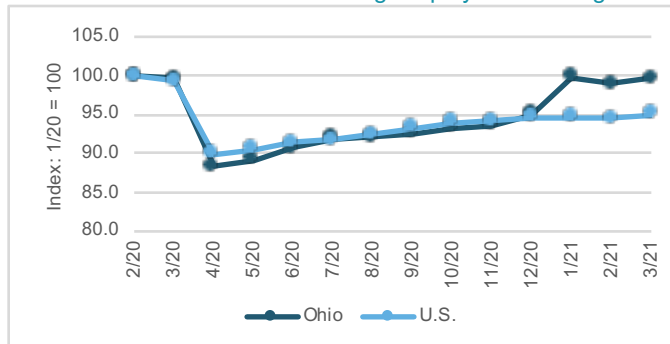
### Retail Trade Employment Change



### Finance and Insurance Employment Change



### Real Estate and Rental & Leasing Employment Change

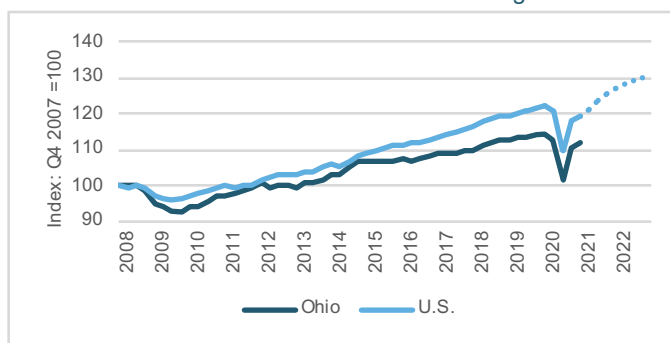


Source: Current Employment Statistics, U.S. Bureau of Labor Statistics.

## Broad Economic Indicators

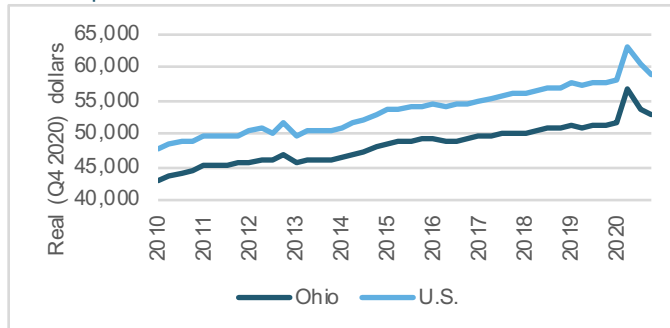
- **U.S. gross domestic product (GDP) grew at a massive 6.4% annualized rate in the first quarter.** NABE's May Outlook Survey predicts an even larger 8.5% gain in the current quarter. That would bring GDP above its pre-pandemic peak this quarter. The dashed line in the chart to the right is the quarterly NABE forecast for 2021 and 2022.
- **Ohio GDP growth outperformed the national average in the two most recent quarters available.** The third quarter 2020 annualized gain was 36.9% versus the 33.4% U.S. gain. The fourth quarter gain was 5% versus a 4.3% U.S. average.
- **Ohio per-capita personal income generally runs 10% to 11% less than the U.S. average.** Although fourth quarter 2020 inflation-adjusted per-capita income was lower than the third quarter, the year-over-year comparison was still positive: a 3% gain in Ohio and a 2.4% gain nationwide.
- **First quarter inflation was 1.9%, the highest rate in a year.** Inflation is becoming a concern as supply bottlenecks cause price increases. The NABE survey predicts 2.8% inflation during 2021, moderating to 2.4% in 2022.
- **Consumer sentiment pulled back in May after several months of increase.** Consumer concerns about price increases were responsible for the decline.

### U.S. and Ohio Gross Domestic Product Change



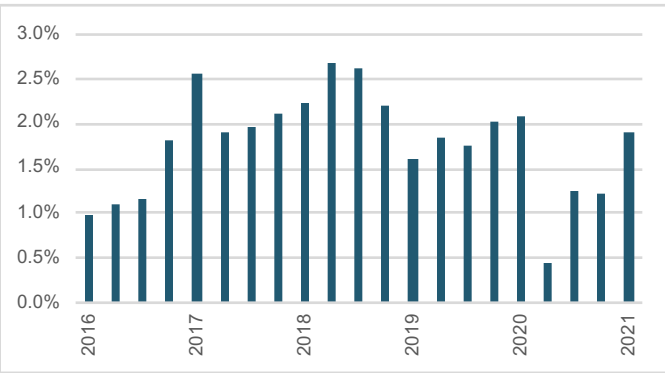
Source: U.S. Bureau of Economic Analysis; NABE Outlook.

### Per-Capita Personal Income



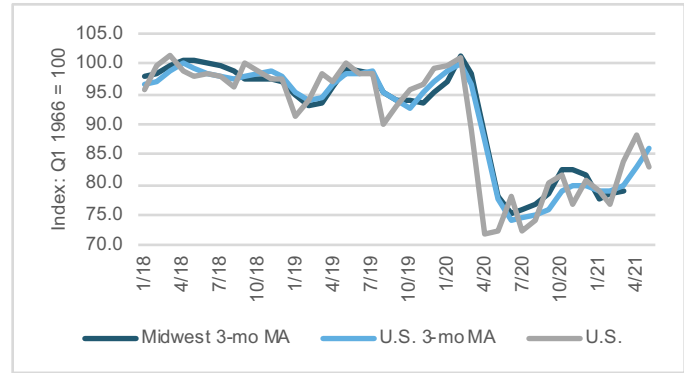
Source: U.S. Bureau of Economic Analysis.

## Year-over-Year Consumer Price Inflation



Source: Consumer Price Index, U.S. Bureau of Labor Statistics

## Consumer Sentiment Index



Source: Survey Research Center, University of Michigan.

## Passengers at Primary Regional Airports

- Airport traffic continues to recover from its pandemic slump.** March passenger counts were up at least 50% at all six Ohio-serving airports over the previous month. Increases are typical for February to March, but not nearly to this degree. Traffic increased 67% at Columbus and 86% at Akron-Canton. The gain for all six airports was more than 58%. (Note: Dayton deplanements were unavailable at press time, so total traffic is estimated from enplanements.)
- Traffic remains much lower than before the pandemic.** Most airports' March passenger counts remain only half of their average in the year before the pandemic hit. However, Toledo's count is only 13% below its March 2019-February 2020 average.

### Akron-Canton Airport



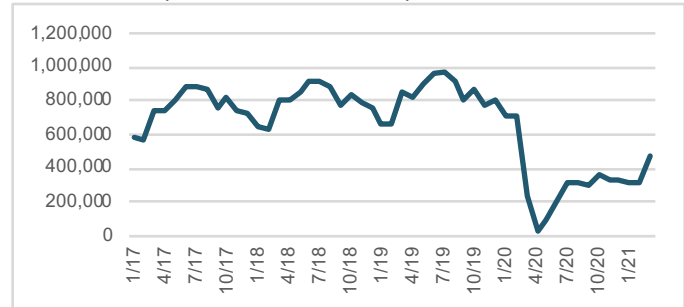
Source: Akron-Canton Airport.

### Cincinnati-Northern Kentucky International Airport



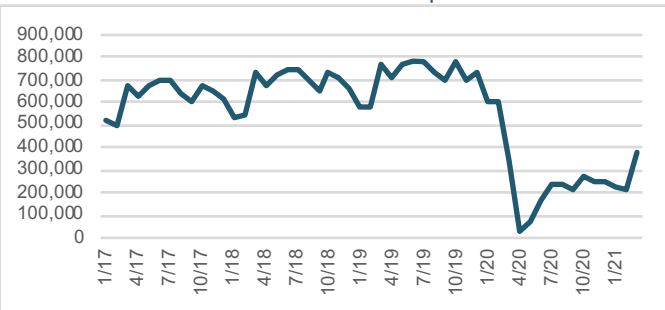
Source: Cincinnati-Northern Kentucky International Airport.

### Cleveland Hopkins International Airport



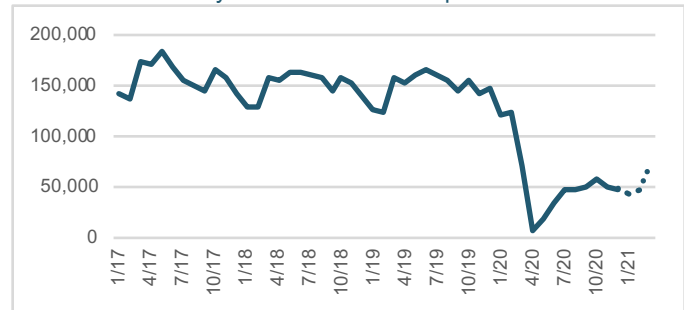
Source: Cleveland Airport System.

### John Glenn Columbus International Airport



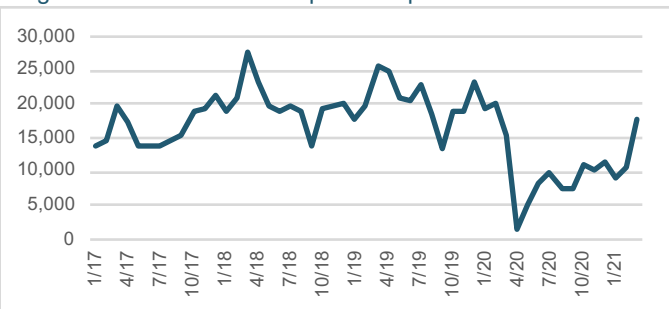
Source: Columbus Regional Airport Authority.

### James M. Cox Dayton International Airport



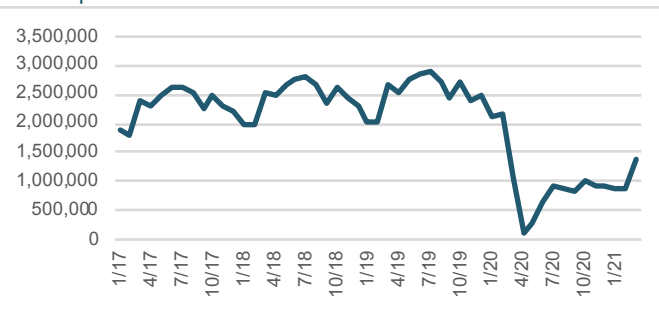
Source: Dayton International Airport.

Eugene F. Kranz Toledo Express Airport



Source: Toledo-Lucas County Port Authority.

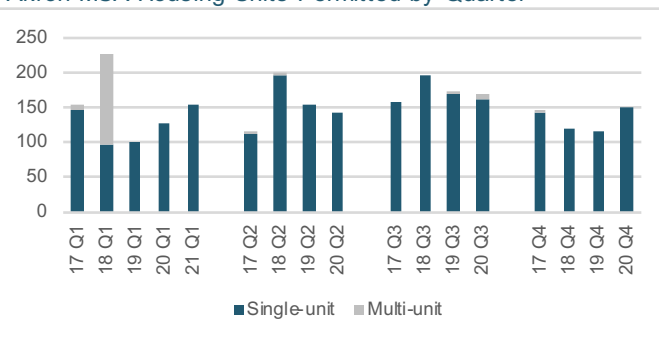
Six Airport Total



### Residential Real Estate

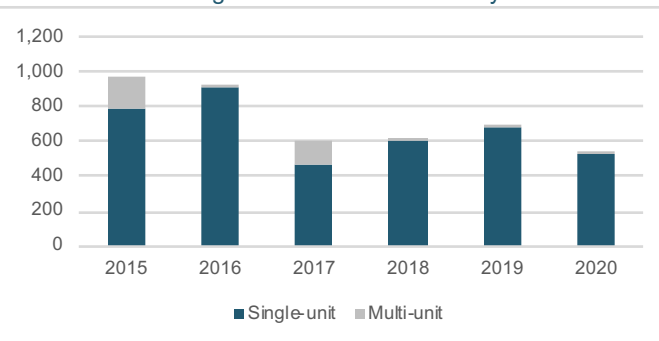
- **First-quarter housing permit activity in most of Ohio's large metro areas was above its year-ago level.** Cleveland and Columbus were exceptions, but this was due to lower activity in the volatile multi-unit segment.
- **Dwellings permitted in planned Cincinnati area multi-unit buildings contributed to substantial year-over-year growth.** The 909 units permitted during the first quarter were 39% of the 2,324-unit total. This represented a 41% gain from the first quarter of 2020.
- **In contrast, the Cleveland and Columbus areas had an unusually small number of dwellings permitted in multi-unit structures.** Total Cleveland permits were unchanged from the first quarter of 2020, but single-unit permits were 25% higher. In Columbus, total permits were also unchanged, but single-unit permits were up 55%.
- **The Federal Housing Finance Authority's House Price Index shows first-quarter gains less than the 2.2% U.S. average for all major Ohio metros.** Akron gained 1.2%, Cincinnati gained 2.1%, Cleveland gained 1.4%, Columbus gained 2%, Dayton gained 1.9%, and Toledo gained 1.5%. The statewide gain was 1.7%.

Akron MSA Housing Units Permitted by Quarter



Source: U.S. Census Bureau

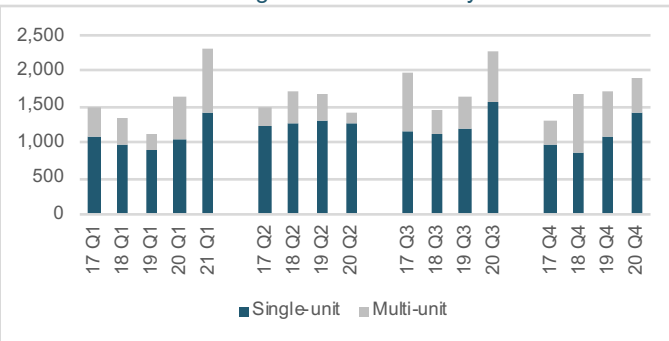
Akron MSA Housing Units Permitted Annually



Source: U.S. Census Bureau

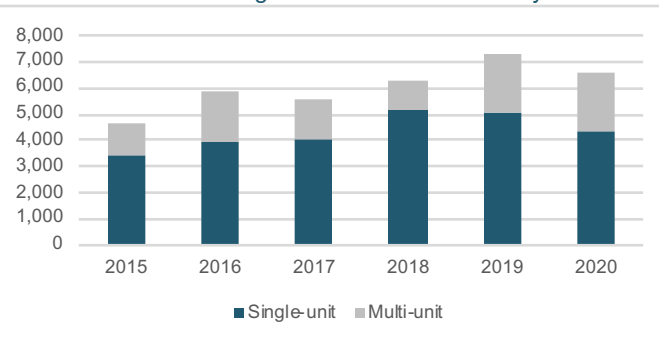
Source: U.S. Census Bureau

Cincinnati MSA Housing Units Permitted by Quarter



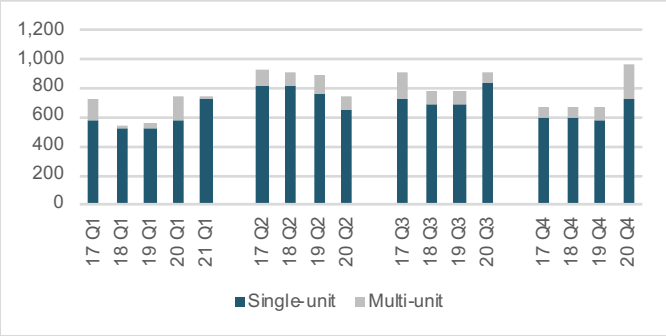
Source: U.S. Census Bureau

Cincinnati MSA Housing Units Permitted Annually



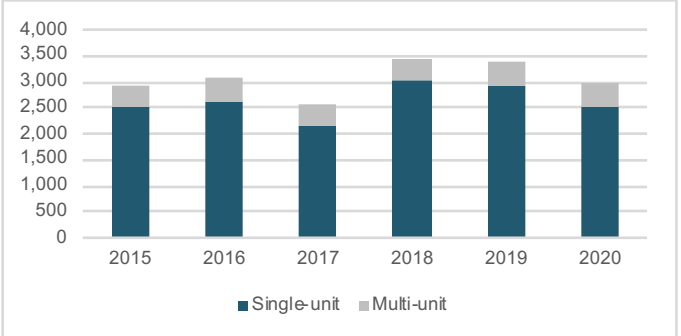
Source: U.S. Census Bureau

Cleveland MSA Housing Units Permitted by Quarter



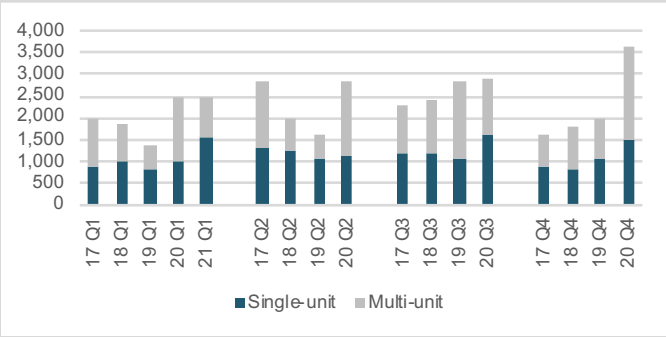
Source: U.S. Census Bureau

Cleveland MSA Housing Units Permitted Annually



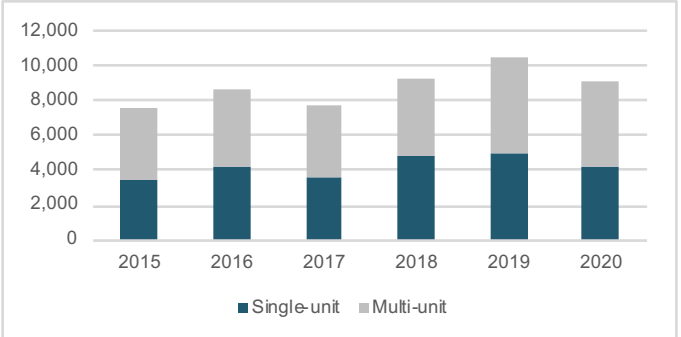
Source: U.S. Census Bureau

Columbus MSA Housing Units Permitted by Quarter



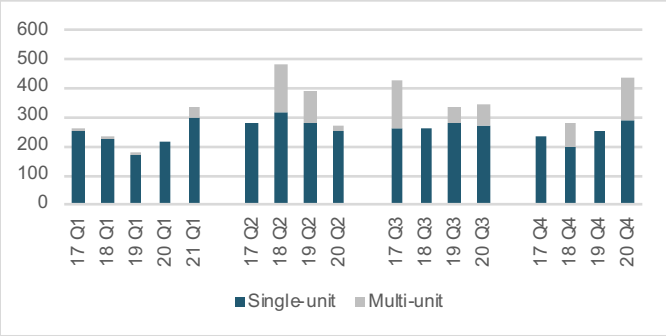
Source: U.S. Census Bureau

Columbus MSA Housing Units Permitted Annually



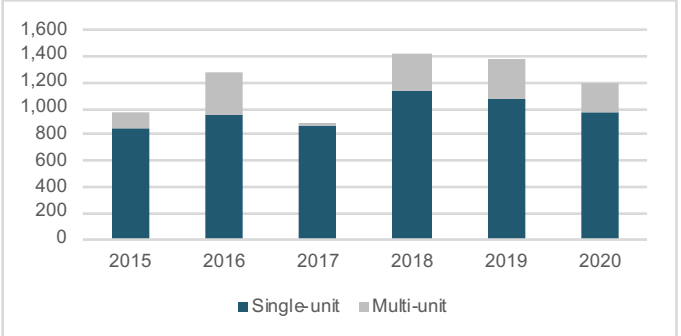
Source: U.S. Census Bureau

Dayton MSA Housing Units Permitted by Quarter



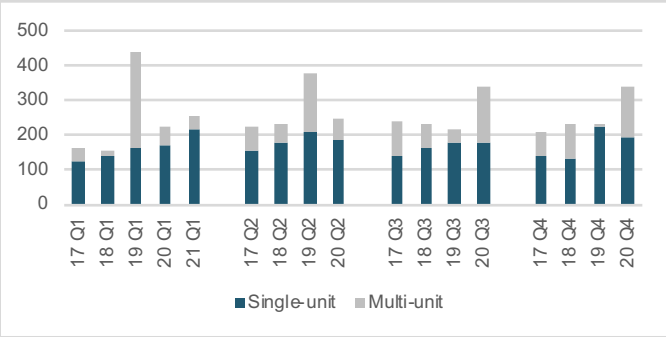
Source: U.S. Census Bureau

Dayton MSA Housing Units Permitted Annually



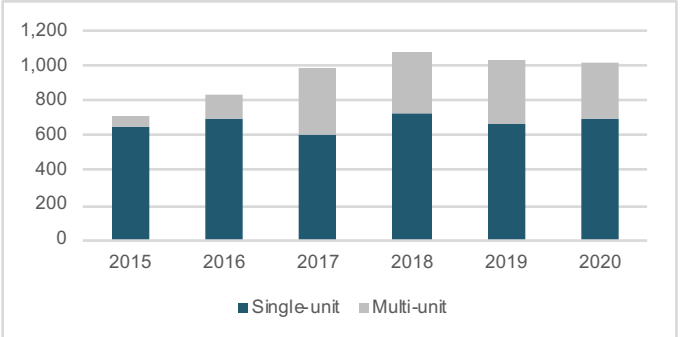
Source: U.S. Census Bureau

Toledo MSA Housing Units Permitted by Quarter



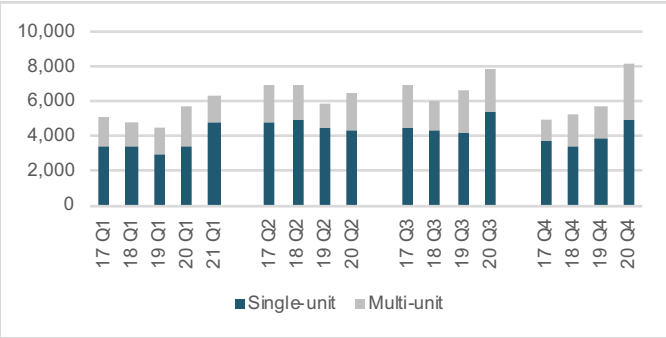
Source: U.S. Census Bureau

Toledo MSA Housing Units Permitted Annually



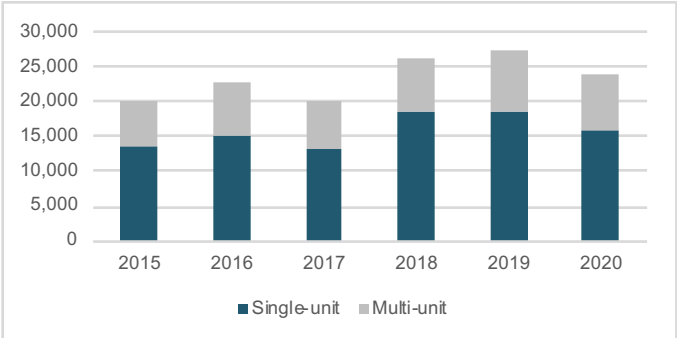
Source: U.S. Census Bureau

Ohio Housing Units Permitted by Quarter



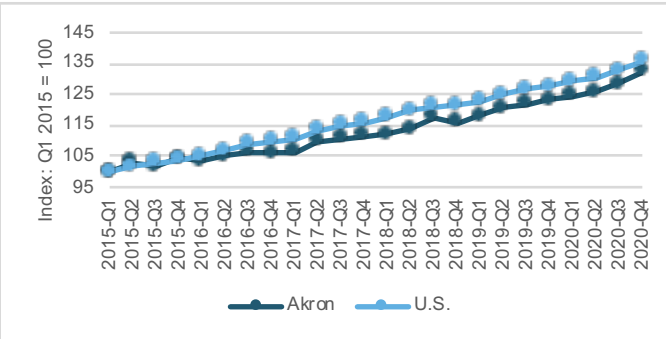
Source: U.S. Census Bureau

Ohio Housing Units Permitted Annually



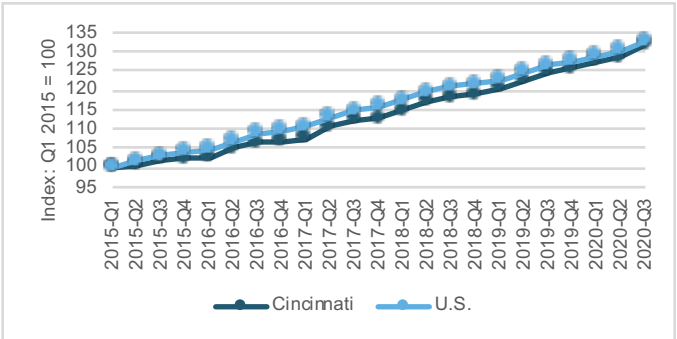
Source: U.S. Census Bureau

Akron MSA and U.S. FHFA House Price Index



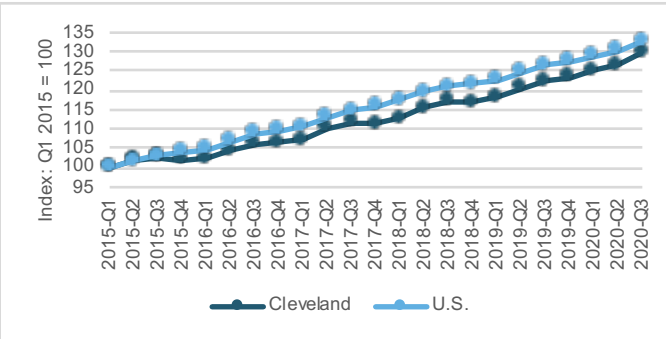
Source: Federal Housing Finance Agency.

Cincinnati MSA and U.S. FHFA House Price Index



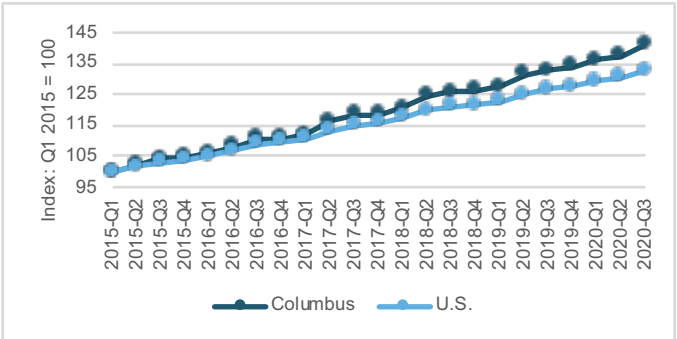
Source: Federal Housing Finance Agency.

Cleveland MSA and U.S. FHFA House Price Index



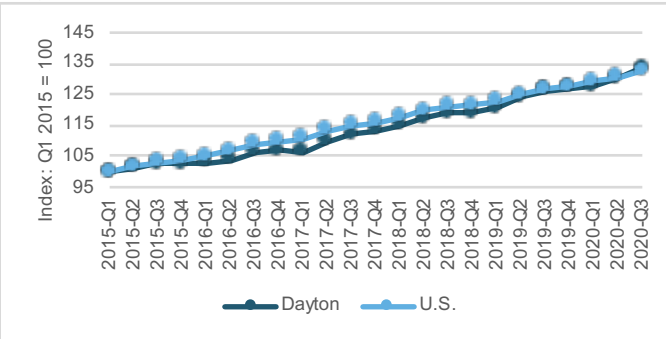
Source: Federal Housing Finance Agency.

Columbus MSA and U.S. FHFA House Price Index



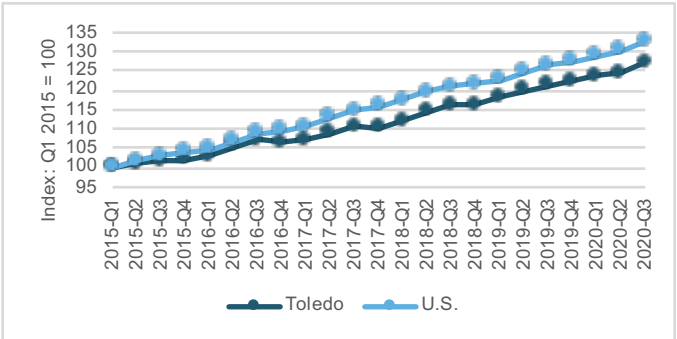
Source: Federal Housing Finance Agency.

Dayton MSA and U.S. FHFA House Price Index



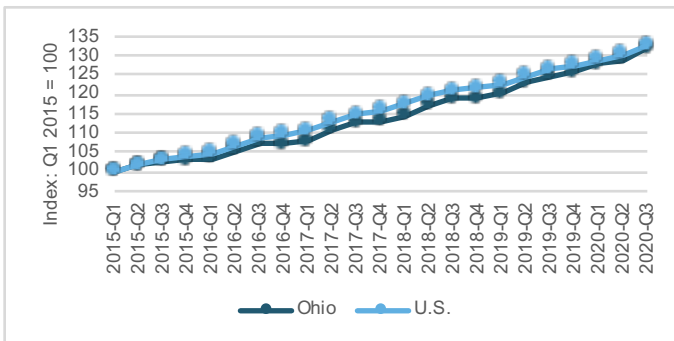
Source: Federal Housing Finance Agency.

Toledo MSA and U.S. FHFA House Price Index



Source: Federal Housing Finance Agency.

### Ohio and U.S. FHFA House Price Index

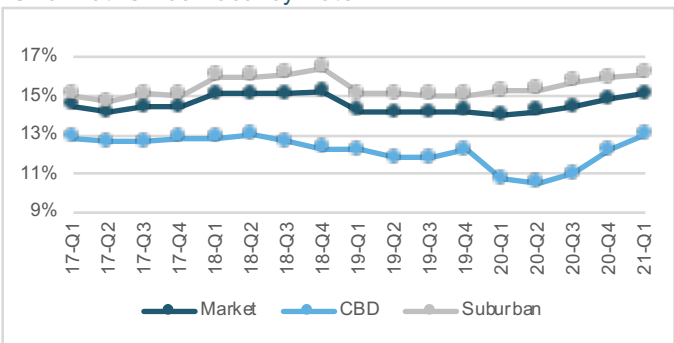


Source: Federal Housing Finance Agency.

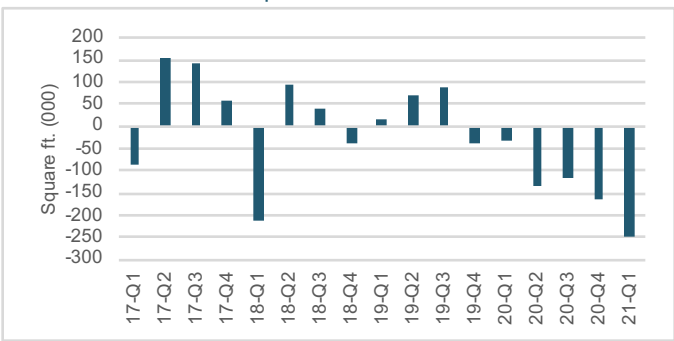
### Ohio Office Real Estate Markets

- Office vacancy rates increased in almost all major Ohio markets. Despite the continuing economic recovery from the pandemic, large numbers of office workers continue to work from home. The number who will return to the office remains uncertain.
- Cincinnati office absorption continued to worsen. Cumulative negative absorption over the past six quarters totaled 732,400 square feet. Market vacancy increased from 14% to 15.1% over that period. Inflation-adjusted rents, however, have remained stable, with marginal increases in the first quarter.
- Northeast Ohio absorption remained negative, but improved. Colliers International presented combined statistics for the Cleveland and Akron-Canton markets prior to 2019. Cleveland vacancy increased from 12.9% to 13.8%, but Akron-Canton vacancy decreased from 14% to 13.8%.
- Columbus office vacancy continued to increase in the first quarter. The first quarter market rate of 11.8% remains lower than elsewhere, but has risen 3 percentage points since mid-2019. The negative absorption improved somewhat.
- Sharp increases in downtown Dayton vacancy rates are offsetting stability in the suburbs and increasing market vacancy. Downtown office vacancy rose to 29.5%. Market absorption has turned slightly negative, again driven by the downtown market. Rents recently have been stable.

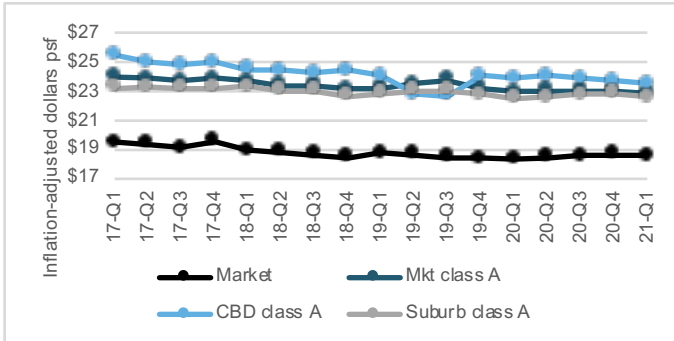
#### Cincinnati Office Vacancy Rate



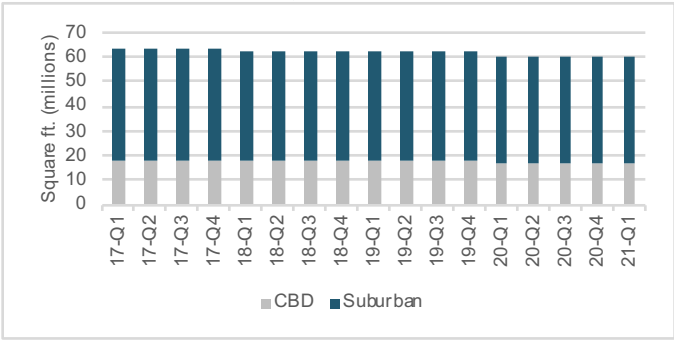
#### Cincinnati Office Absorption



#### Cincinnati Inflation-Adjusted Office Rent



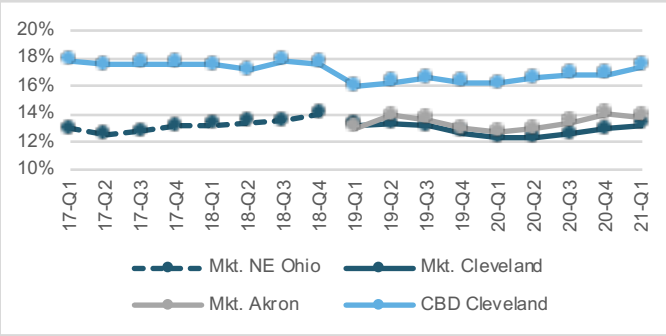
#### Cincinnati Office Inventory



Source: Colliers International

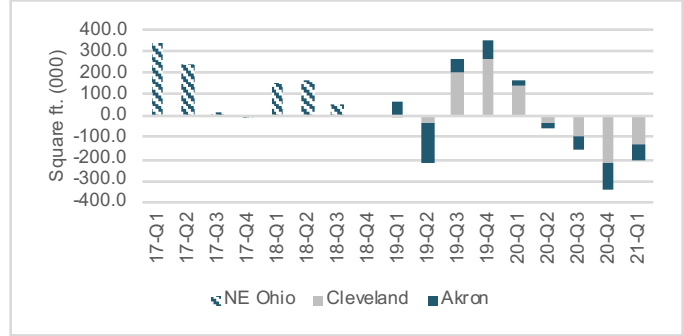


Cleveland/Northeast Ohio Office Vacancy Rate



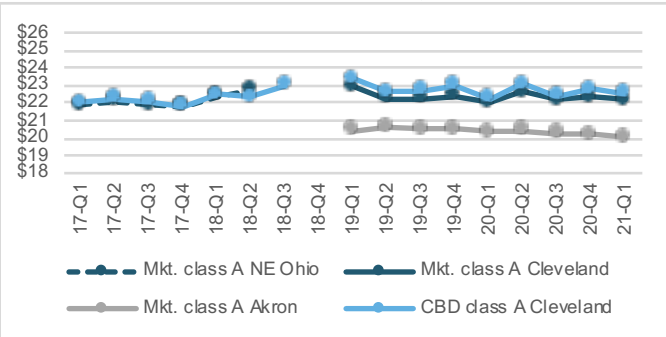
Source: Colliers International

Cleveland/Northeast Ohio Office Absorption



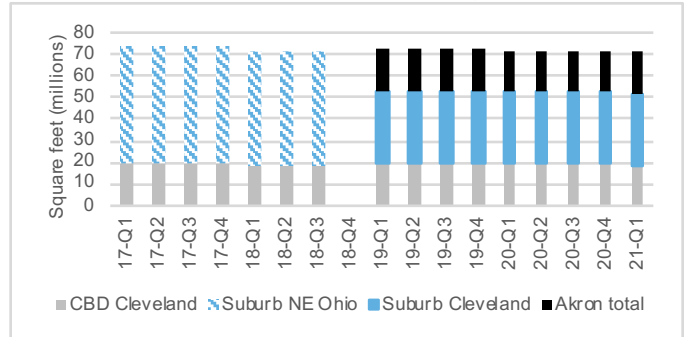
Source: Colliers International

Cleveland/Northeast Ohio Inflation-Adjusted Office Rent



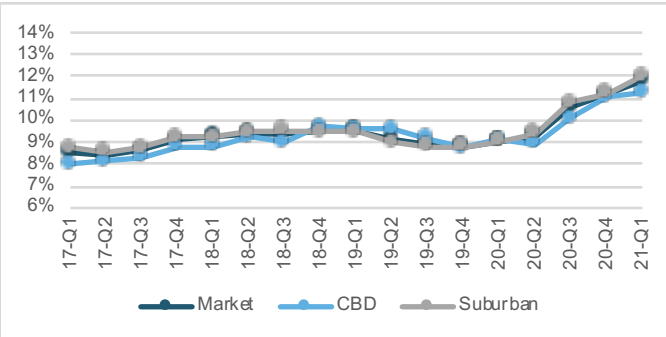
Source: Colliers International

Cleveland/Northeast Ohio Office Inventory



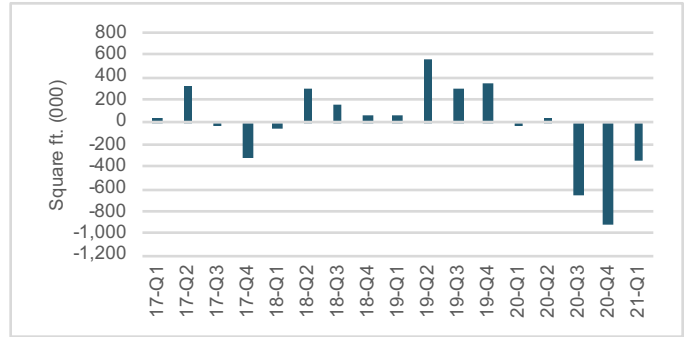
Source: Colliers International

Columbus Office Vacancy Rate



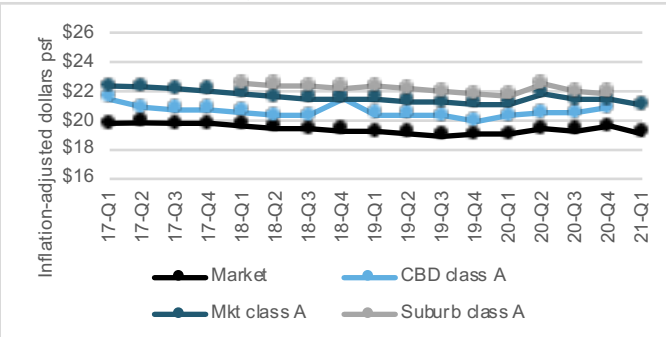
Source: Colliers International

Columbus Office Absorption



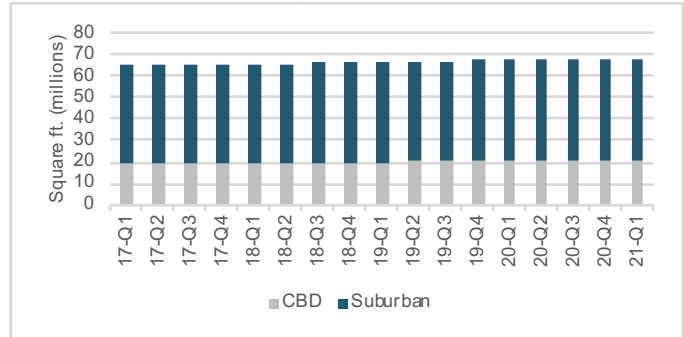
Source: Colliers International

Columbus Inflation-Adjusted Office Rent



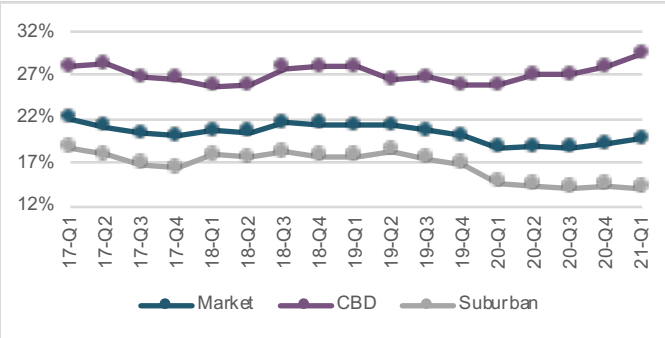
Source: Colliers International

Columbus Office Inventory



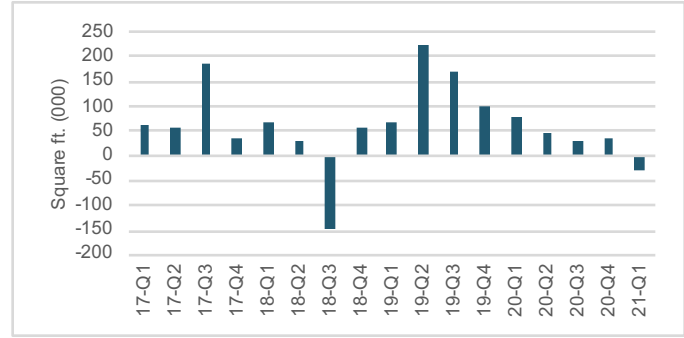
Source: Colliers International

### Dayton Office Vacancy Rate



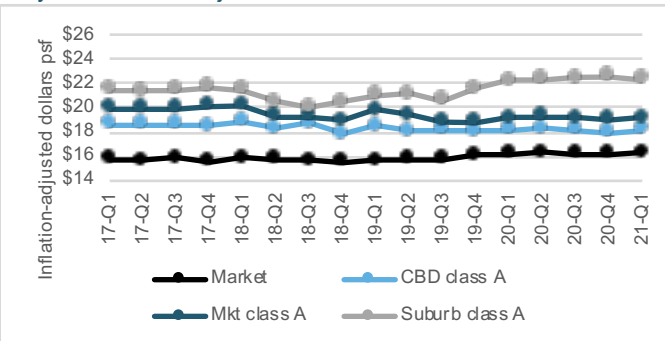
Source: Colliers International

### Dayton Office Absorption



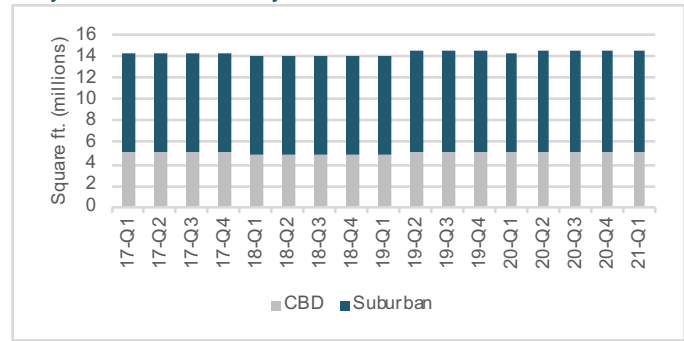
Source: Colliers International

### Dayton Inflation-Adjusted Office Rent



Source: Colliers International

### Dayton Office Inventory

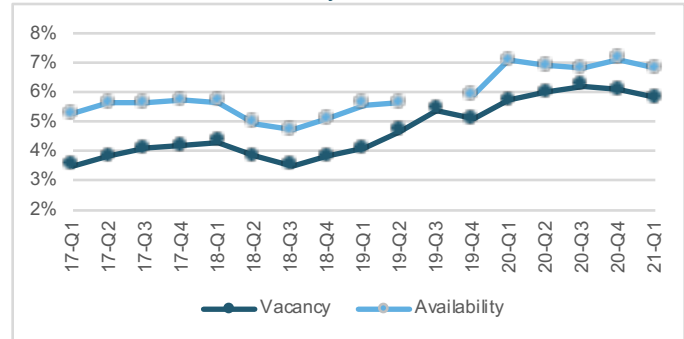


Source: Colliers International

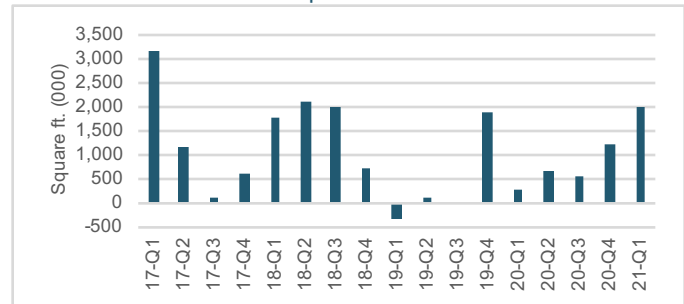
## Ohio Industrial Real Estate Markets

- **Major Ohio industrial real estate markets are far healthier than office markets.** The pandemic-driven acceleration of online shopping benefits the state's robust distribution sector.
- **Cincinnati area vacancy rates fell to 5.8% in the first quarter amid sharply increased absorption.** Market rent, however, has declined slightly when adjusted for inflation.
- **Northeast Ohio industrial vacancy has decreased by more than a percentage point over the past five quarters.** Absorption has been positive since the third quarter of 2019, totaling 8.2 million square feet. Inflation-adjusted rents have continued to decrease, however.
- **Columbus industrial absorption rose to 5 million square feet in the first quarter as vacancy declined.** The vacancy rate fell to 4% from 4.7%. Rents, however, continued to decline, reaching their lowest level since fall 2019.
- **Dayton's industrial vacancy rate ticked up marginally, its first increase in six quarters.** Also for the first time in six quarters, absorption turned negative, although only slightly. Colliers' reporting of overall rents in the Dayton market has been spotty, but inflation-adjusted average rent has increased in the last two quarters.

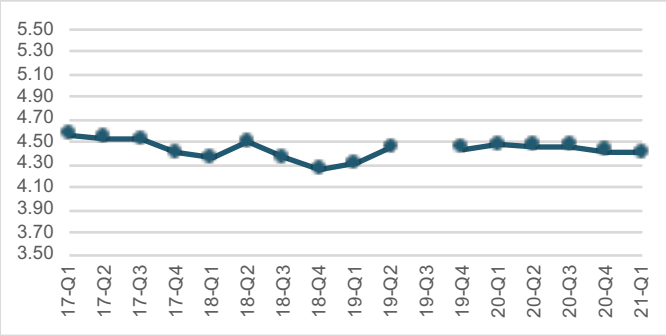
### Cincinnati Industrial Vacancy Rate



### Cincinnati Industrial Absorption

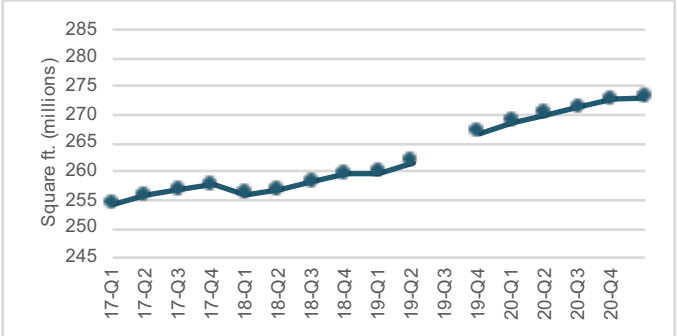


Cincinnati Inflation-Adjusted Industrial Rent



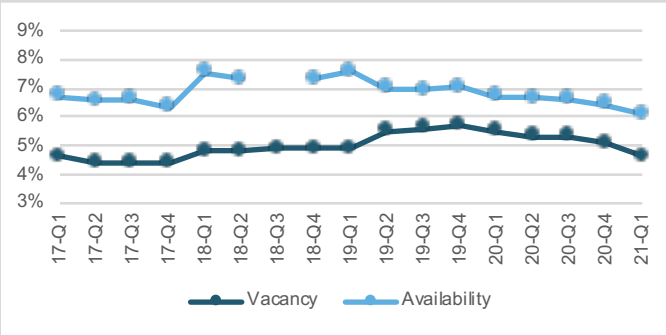
Source: Colliers International

Cincinnati Industrial Inventory



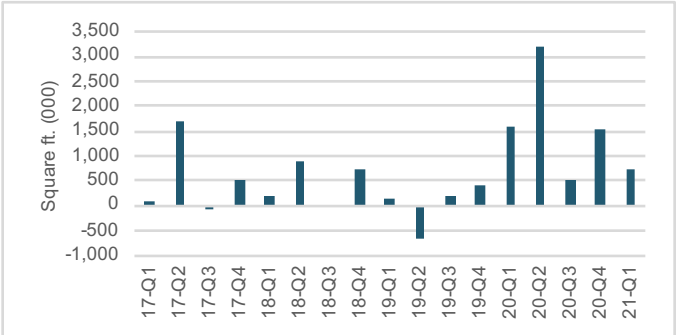
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Northeast Ohio Industrial Vacancy Rate



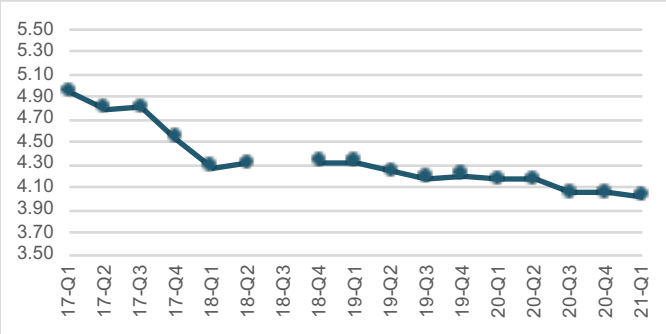
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Northeast Ohio Industrial Absorption



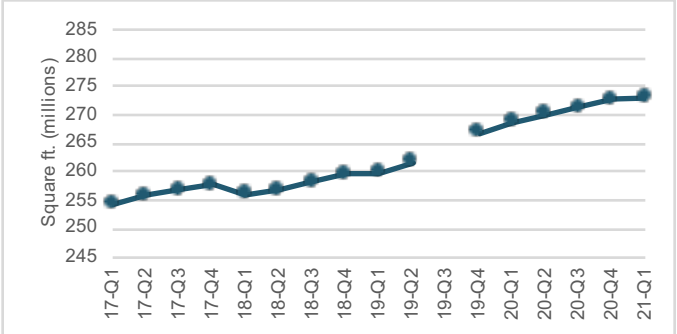
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Northeast Ohio Inflation-Adjusted Industrial Rent



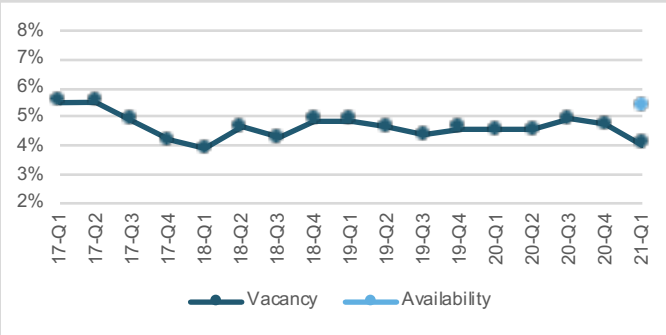
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Northeast Ohio Industrial Inventory



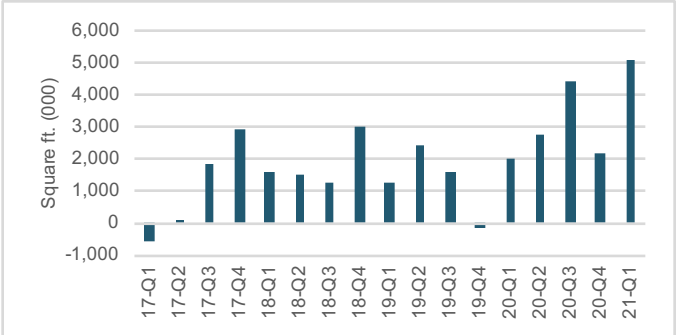
Source: Colliers International

Columbus Industrial Vacancy Rate



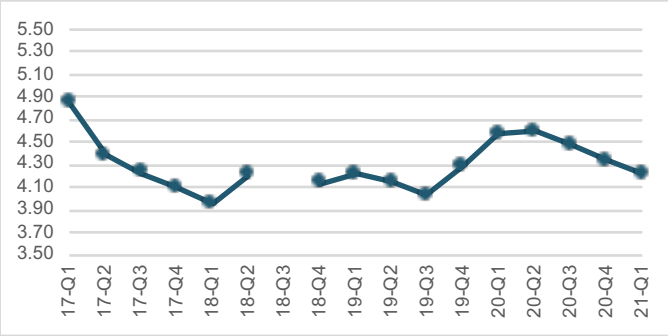
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Columbus Industrial Absorption



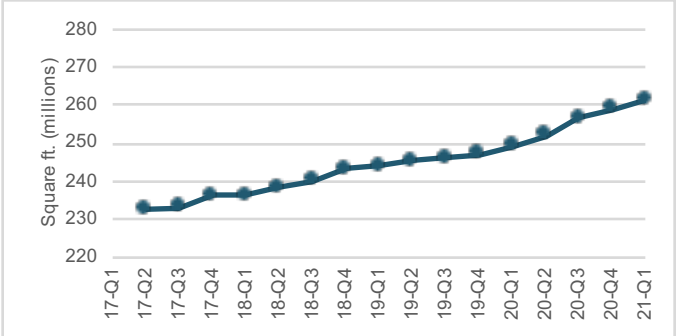
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Columbus Inflation-Adjusted Industrial Rent



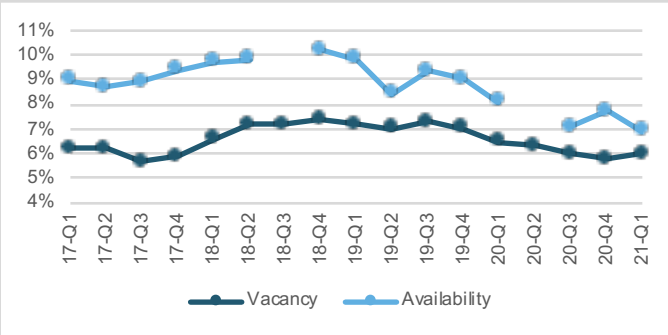
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Columbus Industrial Inventory



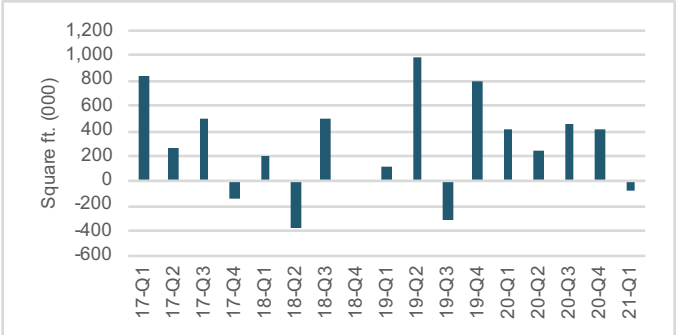
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Dayton Industrial Vacancy Rate



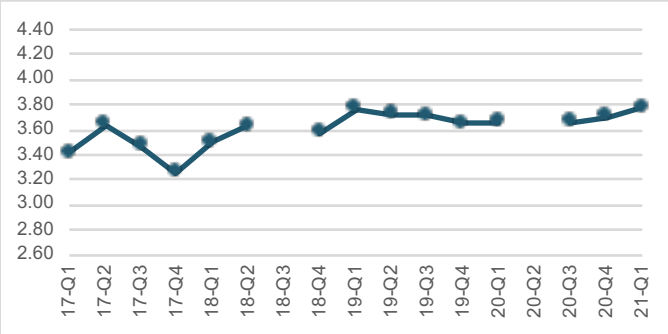
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Dayton Industrial Absorption



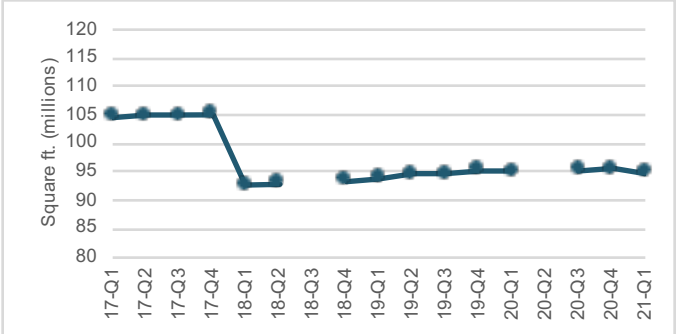
Source: Colliers International

Dayton Inflation-Adjusted Industrial Rent



Source: Colliers International

Dayton Industrial Inventory



Source: Colliers International