

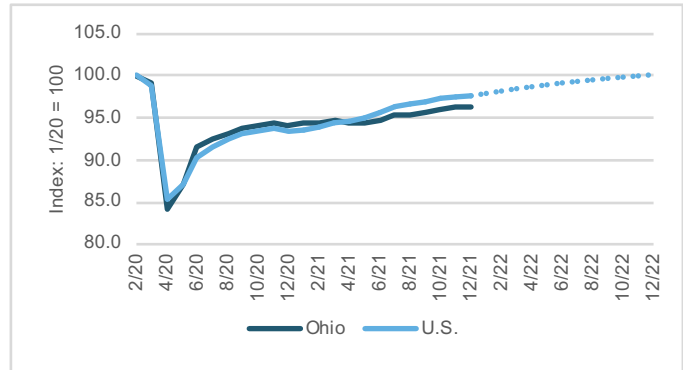
Employment and Unemployment

- **Ohio employment growth neared the U.S. average over the past three months.** The chart to the right is plotted on an index basis to compare Ohio and U.S. payroll employment changes since the employment peak in February 2020. Employment increased 44,200 (0.7%) between September and December. U.S. employment increased 0.8%.
- **Economists' employment forecasts have changed little recently.** The dashed line in the employment chart is the consensus employment forecast of 57 economists from the February Outlook Survey of the National Association for Business Economics (NABE). Employment is expected to recover its 2020 losses in late 2022.
- **The Ohio unemployment rate stood at 4.5% in December.** The release of state and local January labor force data is always delayed to March as new benchmarks are applied. Ohio's rate is down from 5.1% in October. The December U.S. rate was 3.9%, down from 4.6%.

As shown in the chart below, Ohio labor force (the denominator of the unemployment rate) and employment have both been increasing. Labor force increases put upward pressure on the unemployment rate, but the increase in the number of employed Ohioans more than offset this impact.

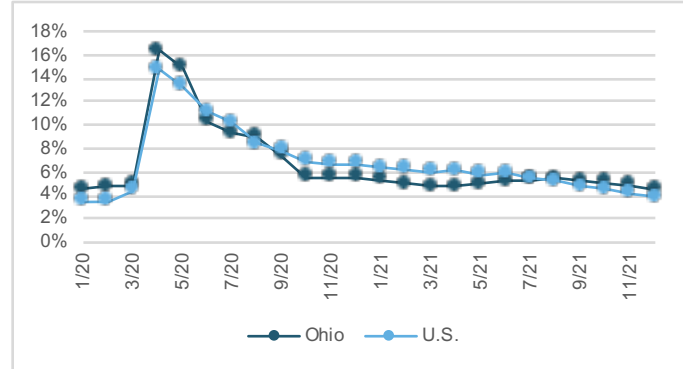
In contrast, the smaller increases in the U.S. labor force allowed the increase in resident employment to produce a larger decline in the unemployment rate. This was despite the smaller fourth quarter employment increase (1.1% versus 1.4% in Ohio).

Payroll Employment Change, Including U.S. Forecast



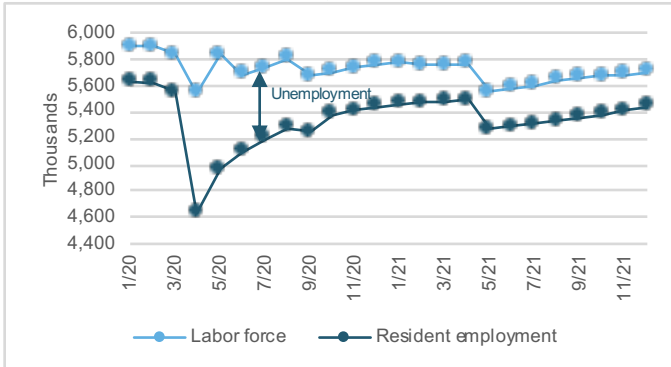
Source: U.S. Bureau of Labor Statistics, Philadelphia Federal Reserve.

Ohio and U.S. Unemployment Rates



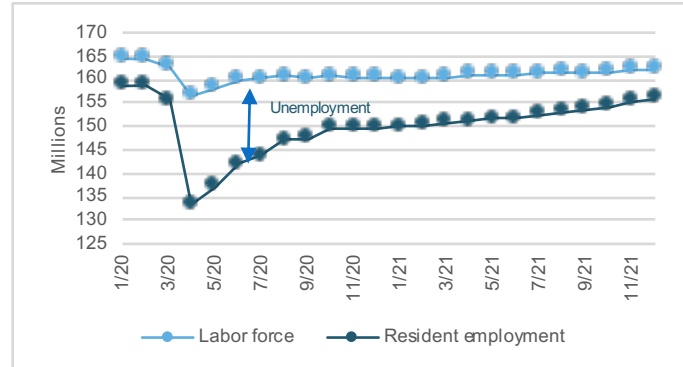
Source: Labor Force Statistics, U.S. Bureau of Labor Statistics.

Ohio Labor Force and Employment



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

U.S. Labor Force and Employment

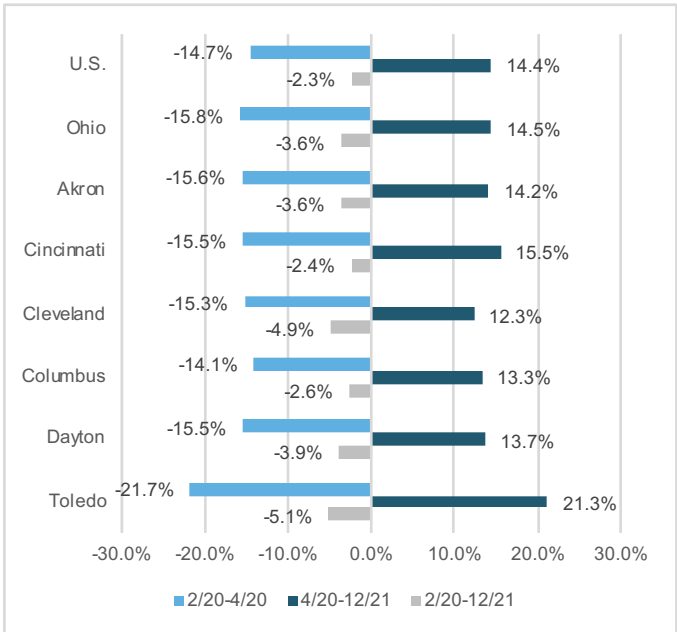


Source: Current Population Statistics, U.S. Bureau of Labor Statistics.

Employment Changes by Region and Sector

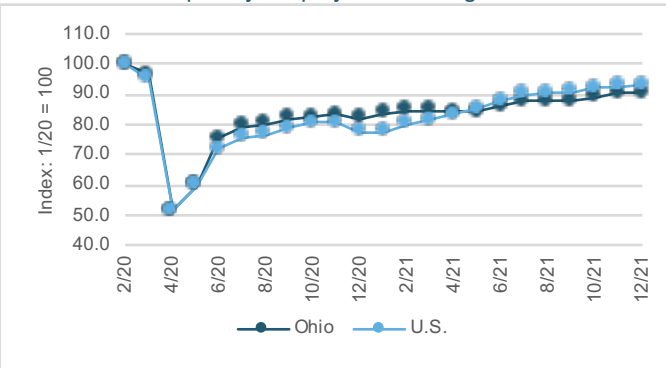
- **Employment growth in most of Ohio's large metros exceeded the 0.7% U.S. average during the fourth quarter.** Cleveland gained 1.6%, Toledo gained 1.4%, Akron and Cincinnati gained 1%, and Dayton matched the Ohio gain of 0.8%. Columbus gained only 0.4%.
- **Ohio leisure and hospitality employment increased 1.2% during the fourth quarter, while U.S. employment increased 3%.**
- **Employment in three office-using sectors increased.** Business services gained 1.3% in Ohio versus 1.8% nationally. Finance and insurance gained 0.7% in Ohio, compared to only 0.3% nationally. Healthcare gained 0.4%, close to the 0.5% U.S. gain.
- **Real estate gave back some of its earlier gains in December.** The fourth quarter net gain was only 0.3% compared to a U.S. gain of 1.8%.
- **The revisions due out March 15 could change 2021 employment estimates substantially.** The second quarter *Economic Update* will feature analysis of these new estimates.

Employment Loss, Gain and Net Change

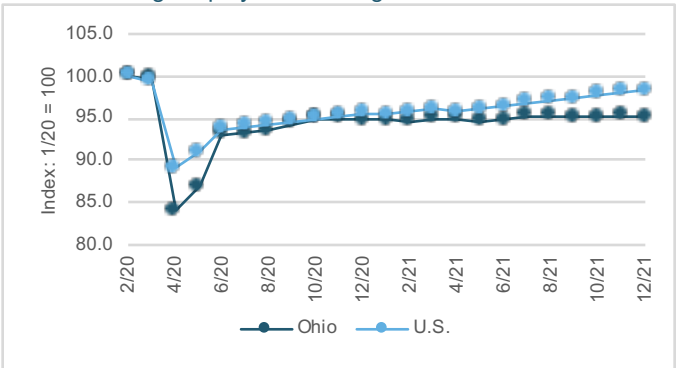


Source: Current Employment Statistics, U.S. Bureau of Labor Statistics.

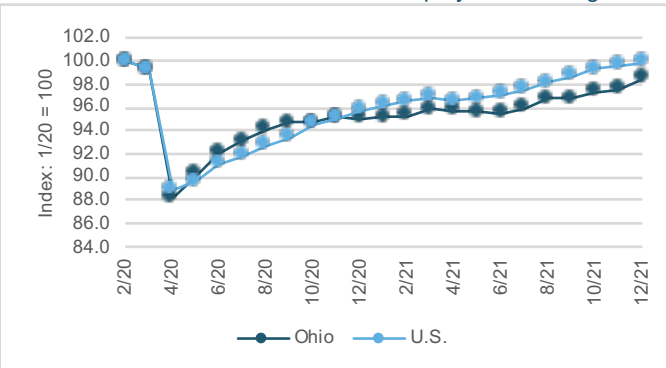
Leisure and Hospitality Employment Change



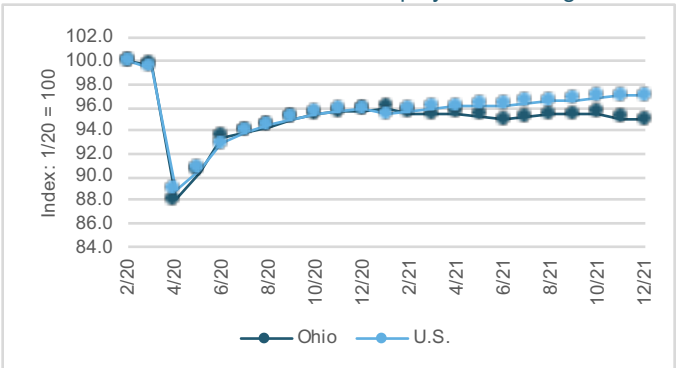
Manufacturing Employment Change



Professional & Business Services Employment Change

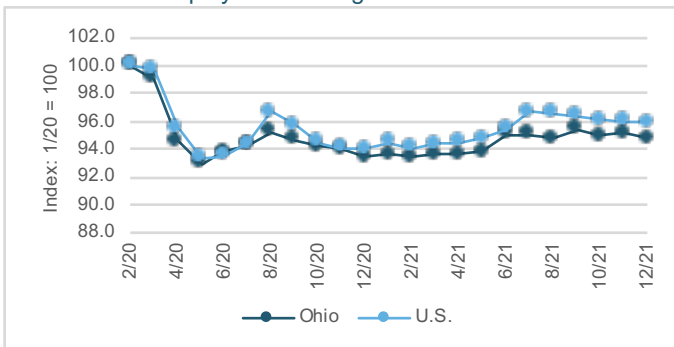


Healthcare & Social Assistance Employment Change

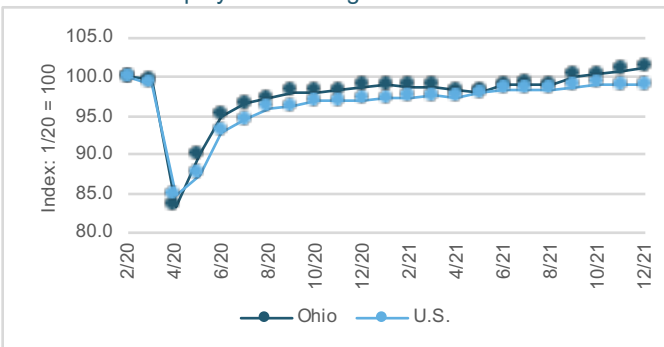


Source: Current Employment Statistics, U.S. Bureau of Labor Statistics.

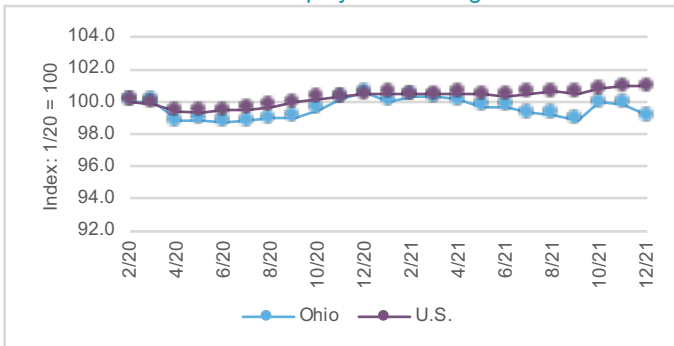
Government Employment Change



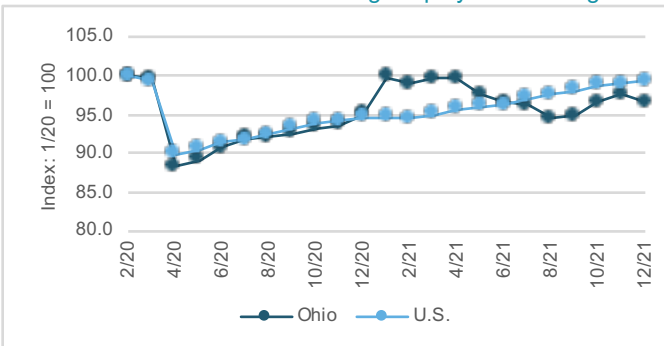
Retail Trade Employment Change



Finance and Insurance Employment Change



Real Estate and Rental & Leasing Employment Change

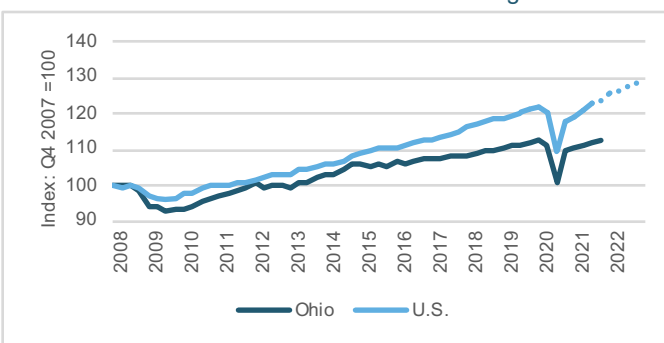


Source: Current Employment Statistics, U.S. Bureau of Labor Statistics.

Broad Economic Indicators

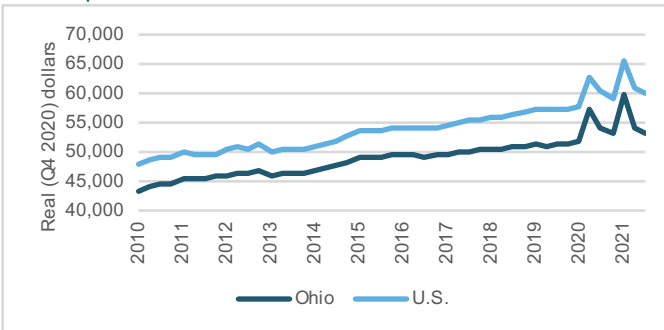
- **U.S. inflation-adjusted gross domestic product (GDP) surged at a 7% annualized rate in the fourth quarter.** This followed upwardly revised Q3 growth of 2.3%. While growth strengthened in many categories, more than two-thirds of the Q4 gain was due to buildup of inventories. This will reduce growth in coming quarters. The NABE survey expects especially weak GDP growth during Q1: 1.8%.
- **Ohio GDP growth lagged the national average in the most recent quarter available.** Ohio's Q3 gain was 1% versus that quarter's 2.3% U.S. average.
- **Per-capita personal income (PCPI) failed to keep up with rising inflation.** Inflation-adjusted Q3 PCPI fell 1.4% from Q2 in Ohio and 1.1% nationwide. Ohio PCPI is up 4% from the pre-pandemic Q4 2019, though. U.S. PCPI is up 4.8%.
- **Fourth quarter inflation increased to 6.7% year-over-year.** Most economists expect inflation to subside during 2022, although to a lesser extent than previously predicted. The economists in the Philadelphia Fed Survey of Professional Economists expect inflation to cool to 2.5% by year-end.
- **Consumer sentiment fell to a 10-year low in February.** Concerns over rapid price increases, increasing interest rates, and diminished confidence in government economic policies were consumers' major concerns. (Most surveying was done before the Ukraine invasion.)

U.S. and Ohio Gross Domestic Product Change



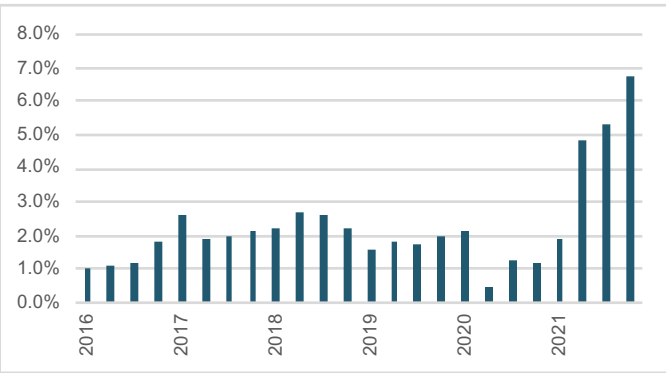
Source: U.S. Bureau of Economic Analysis; Philadelphia Federal Reserve.

Per-Capita Personal Income



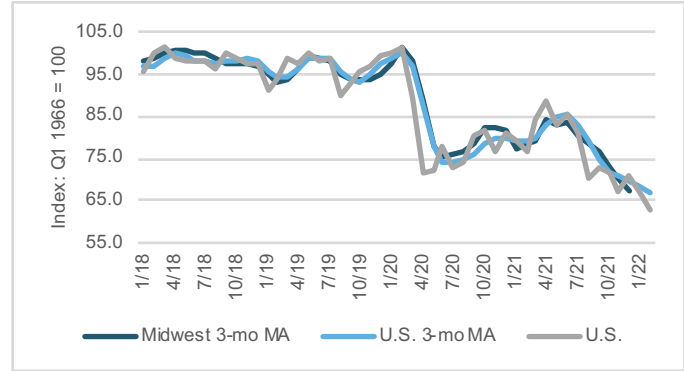
Source: U.S. Bureau of Economic Analysis.

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

Note: November and December passenger totals for Akron-Canton were not provided in time for this update.

- **Airport passenger traffic remained below its pre-pandemic levels.** The increase in the COVID Omicron variant blunted the recovery. Q4 traffic was 22.7% lower than Q4 2019. The Q3 loss at the five reporting airports was 20.4%.
- **The net declines from 2019 at the five reporting airports ranged from 20% to more than 33%.** Cincinnati traffic was off 26%, Cleveland was off 22%, Columbus was off 20%, Dayton was off 33.5%, and Toledo was off 28%.

Akron-Canton Airport



Source: Akron-Canton Airport.

Cincinnati-Northern Kentucky International Airport



Source: Cincinnati-Northern Kentucky International Airport.

Cleveland Hopkins International Airport



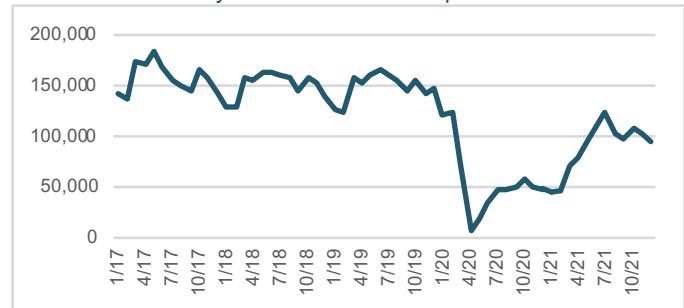
Source: Cleveland Airport System.

John Glenn Columbus International Airport



Source: Columbus Regional Airport Authority.

James M. Cox Dayton International Airport



Source: Dayton International Airport. (Total traffic estimated from enplanements.)

Eugene F. Kranz Toledo Express Airport



Source: Toledo-Lucas County Port Authority.

Six Airport Total*

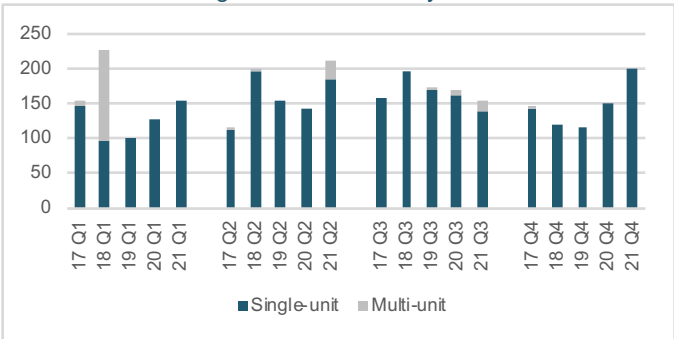


*Akron-Canton traffic not included in November and December 2021 totals.

Residential Real Estate

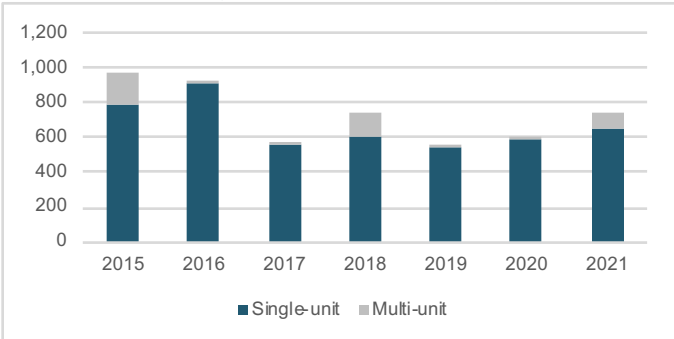
- **Fourth quarter Ohio housing permit activity was down from a year ago.** Q4 permits statewide were off 6.8% from Q4 2020. Single-unit permits were off 9.5%. Permits were up 9% for all of 2021.
- **Fourth quarter activity in the state's large metros was mixed.** Akron's permits were up 69% from Q4 2020, and single-unit permits were up 33%. Multi-unit permit gains in Cincinnati drove the total increase to 25%. Multi-unit growth also offset losses in Toledo's single-unit permits to yield an 8.2% gain. Other metros suffered net losses relative to Q4 2020: 5% in Cleveland, 15% in Columbus, and 28% in Dayton.
- **The Federal Housing Finance Authority's House Price Index showed price growth lagging the U.S. average in the fourth quarter.** This was true both for the state and the major metros. Ohio house prices were up 2.3% from Q3, compared to a 3.4% gain nationally. Akron gained 2%, Cincinnati gained 2.7%, Cleveland gained 2.1%, Columbus gained 2.3%, Dayton gained 2.5%, and Toledo gained 1.8%.

Akron MSA Housing Units Permitted by Quarter



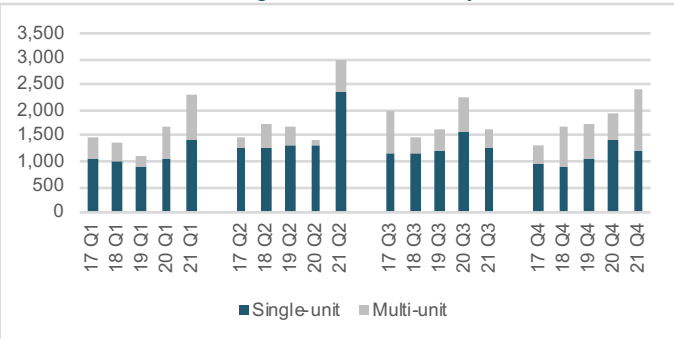
Source: U.S. Census Bureau

Akron MSA Housing Units Permitted Annually



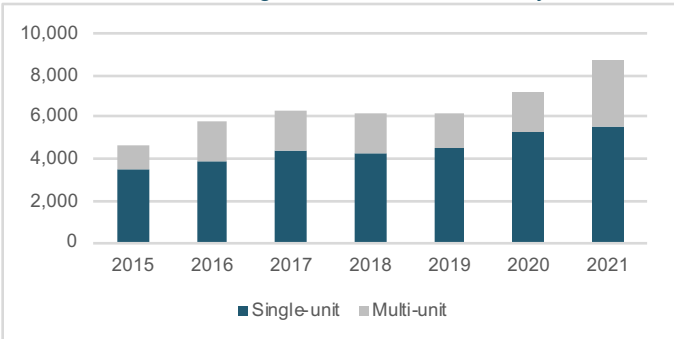
Source: U.S. Census Bureau

Cincinnati MSA Housing Units Permitted by Quarter



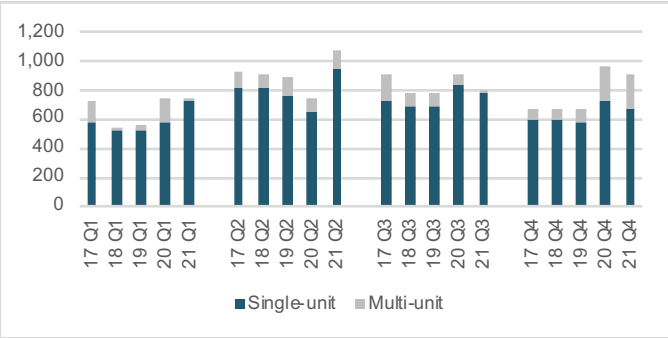
Source: U.S. Census Bureau

Cincinnati MSA Housing Units Permitted Annually



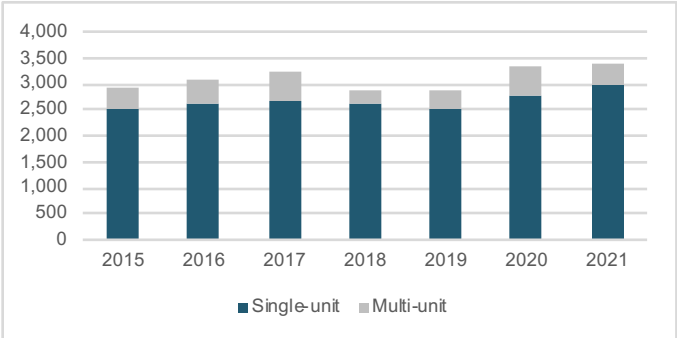
Source: U.S. Census Bureau

Cleveland MSA Housing Units Permitted by Quarter



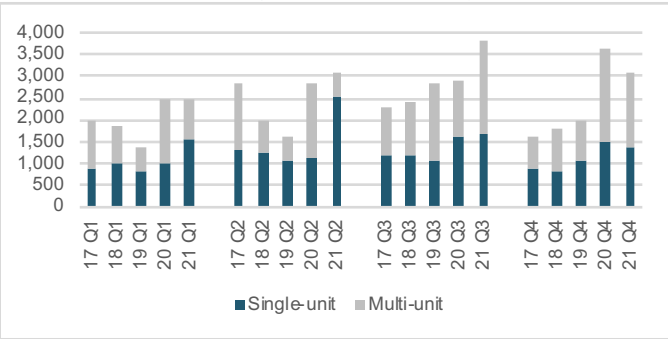
Source: U.S. Census Bureau

Cleveland MSA Housing Units Permitted Annually



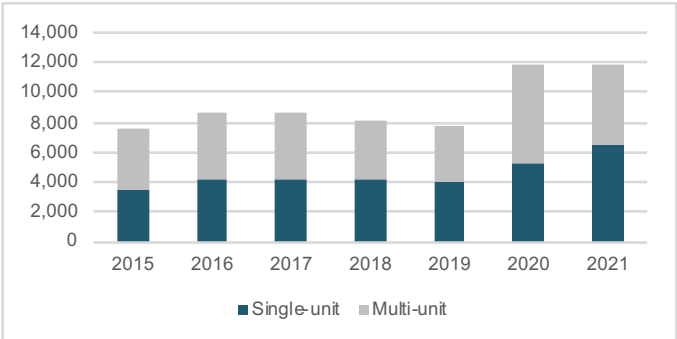
Source: U.S. Census Bureau

Columbus MSA Housing Units Permitted by Quarter



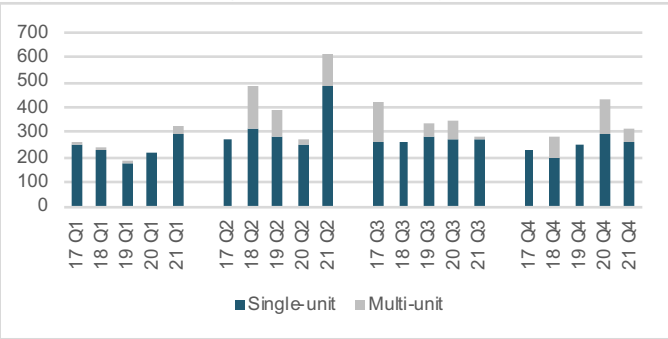
Source: U.S. Census Bureau

Columbus MSA Housing Units Permitted Annually



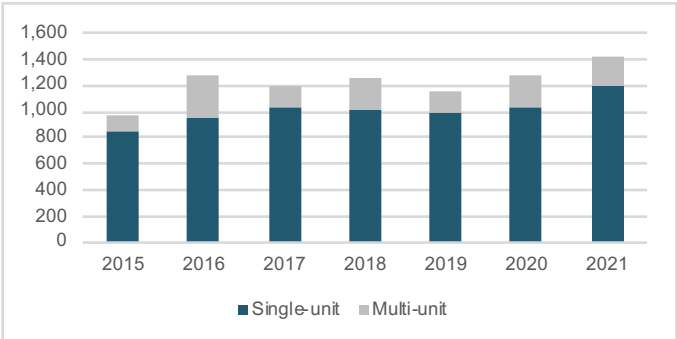
Source: U.S. Census Bureau

Dayton MSA Housing Units Permitted by Quarter



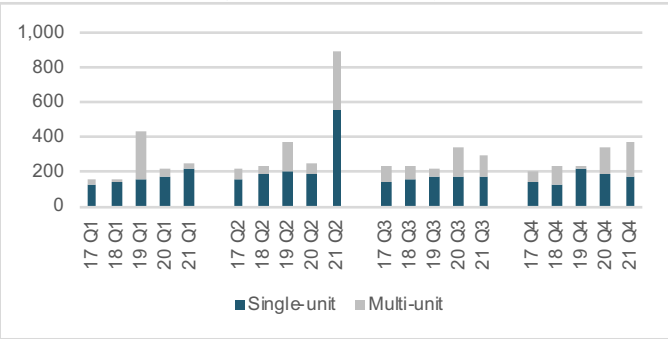
Source: U.S. Census Bureau

Dayton MSA Housing Units Permitted Annually



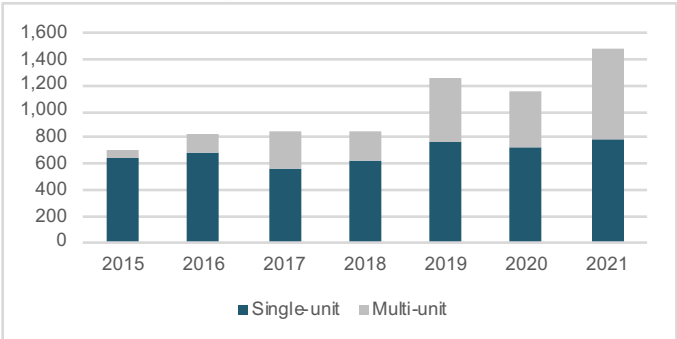
Source: U.S. Census Bureau

Toledo MSA Housing Units Permitted by Quarter



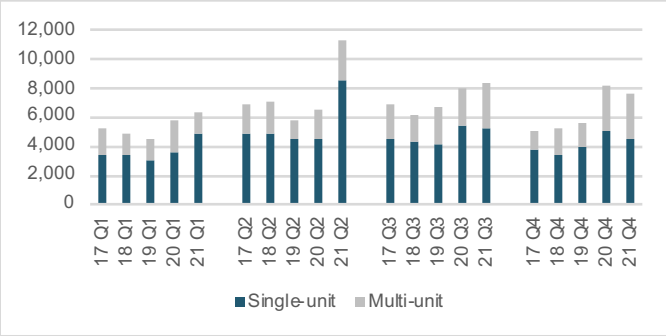
Source: U.S. Census Bureau

Toledo MSA Housing Units Permitted Annually



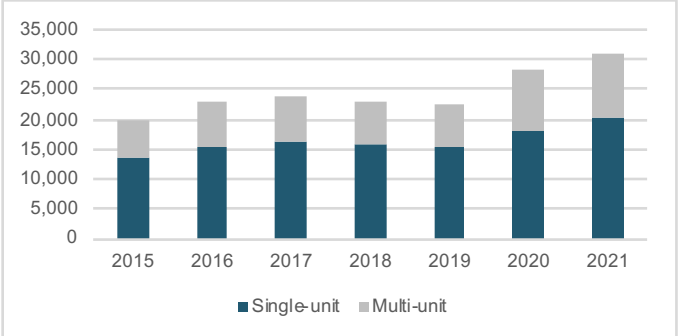
Source: U.S. Census Bureau

Ohio Housing Units Permitted by Quarter



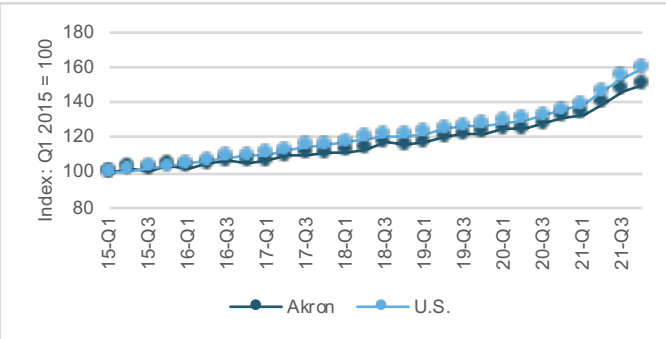
Source: U.S. Census Bureau

Ohio Housing Units Permitted Annually



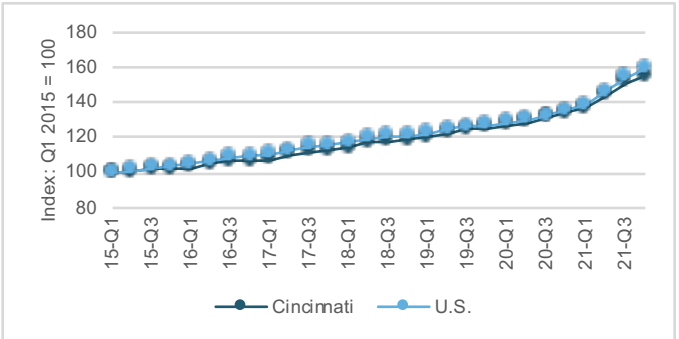
Source: U.S. Census Bureau

Akron MSA and U.S. FHFA House Price Index



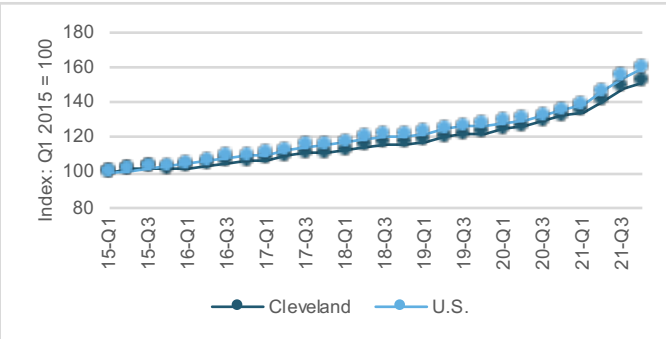
Source: Federal Housing Finance Agency.

Cincinnati MSA and U.S. FHFA House Price Index



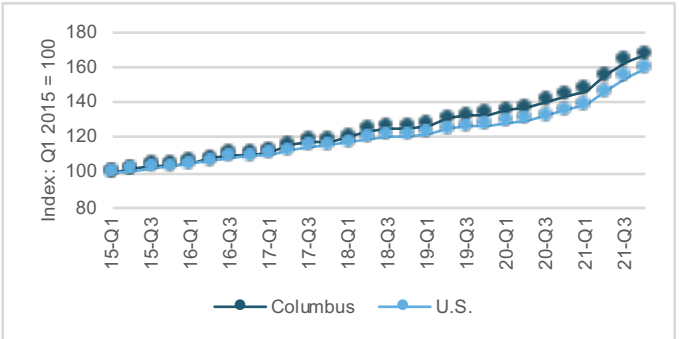
Source: Federal Housing Finance Agency.

Cleveland MSA and U.S. FHFA House Price Index



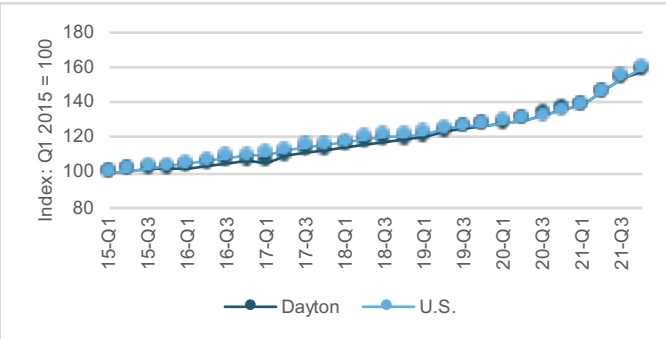
Source: Federal Housing Finance Agency.

Columbus MSA and U.S. FHFA House Price Index



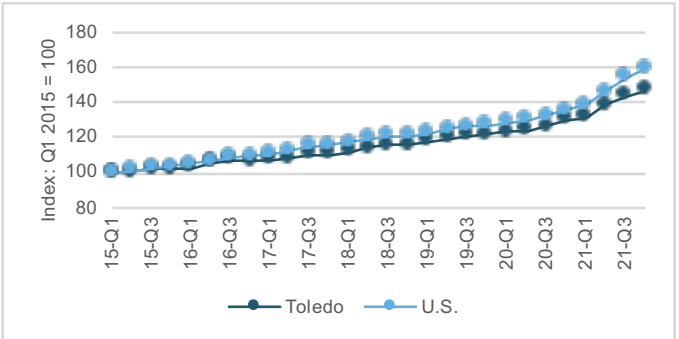
Source: Federal Housing Finance Agency.

Dayton MSA and U.S. FHFA House Price Index



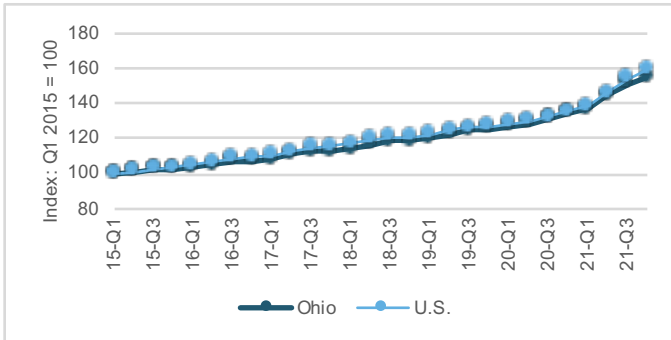
Source: Federal Housing Finance Agency.

Toledo MSA and U.S. FHFA House Price Index



Source: Federal Housing Finance Agency.

Ohio and U.S. FHFA House Price Index

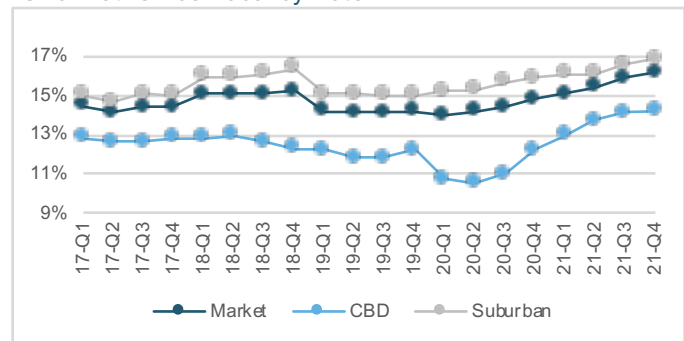


Source: Federal Housing Finance Agency.

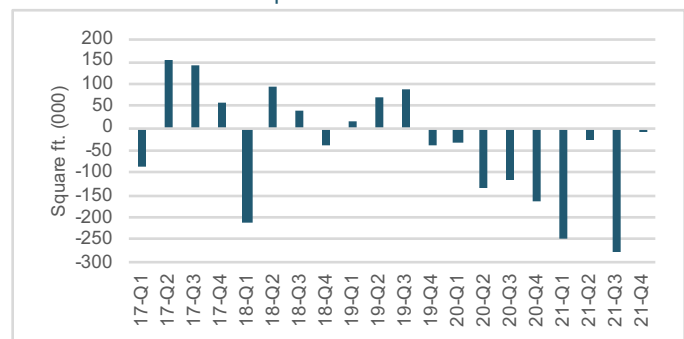
Ohio Office Real Estate Markets

- Office vacancy rate changes were mixed. Columbus and Dayton rates were little changed, while Akron's rate recovered from the Q3 spike. However, Cincinnati's vacancy increased for a seventh consecutive quarter.
- Absorption improved in all available regions except Dayton. Cincinnati's marginally negative absorption was its best in nine quarters. Cleveland and Akron's steadily improving absorption turned positive for the first time since before the pandemic. While Columbus absorption remained negative, it was much better than during Q3.
- Rents in most markets failed to keep up with rapidly increasing inflation. Class A market rents, after adjusting for inflation, fell 1.5% from Q3 in Akron, 1% in Cincinnati, 4.9% in Cleveland, and 2.3% in Columbus. The decline in Dayton, however, was only 0.2%. It seems that lessors have so far failed to adjust their thinking to the new reality.

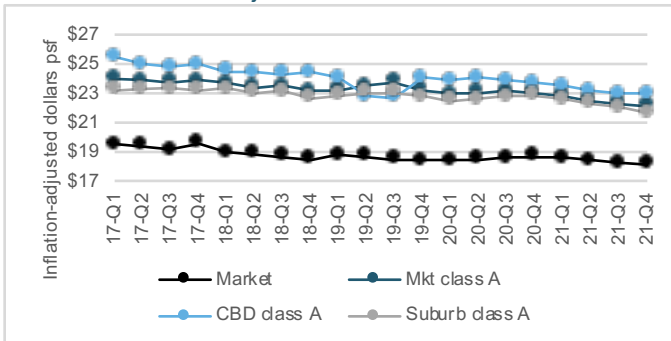
Cincinnati Office Vacancy Rate



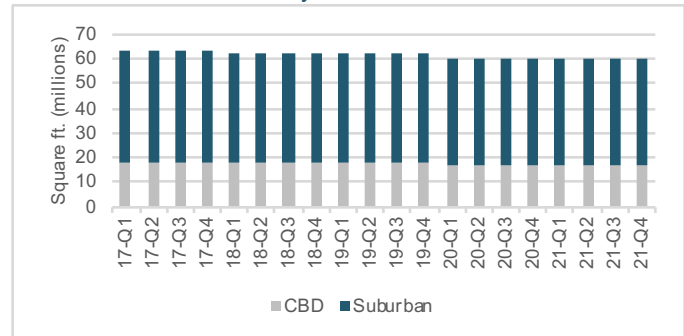
Cincinnati Office Absorption



Cincinnati Inflation-Adjusted Office Rent

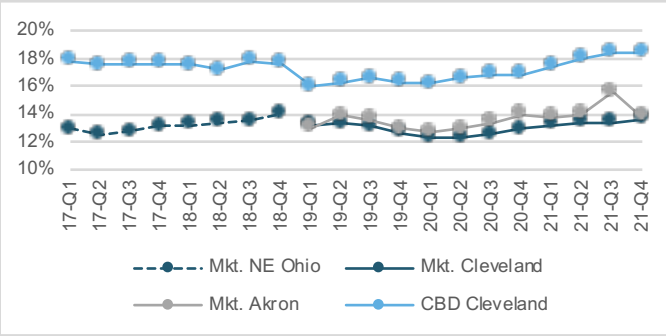


Cincinnati Office Inventory



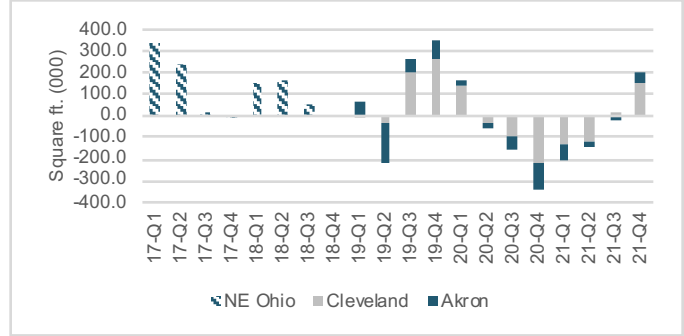
Source: Colliers International

Cleveland/Northeast Ohio Office Vacancy Rate



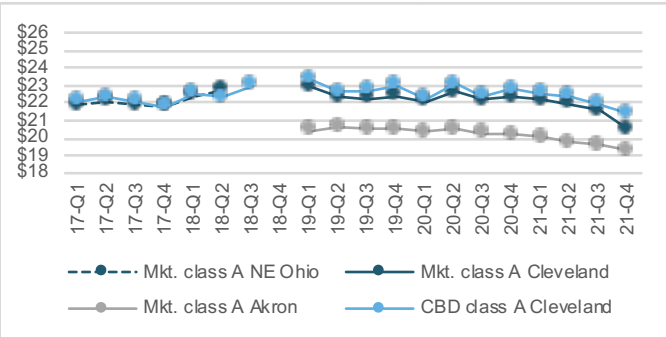
Source: Colliers International

Cleveland/Northeast Ohio Office Absorption



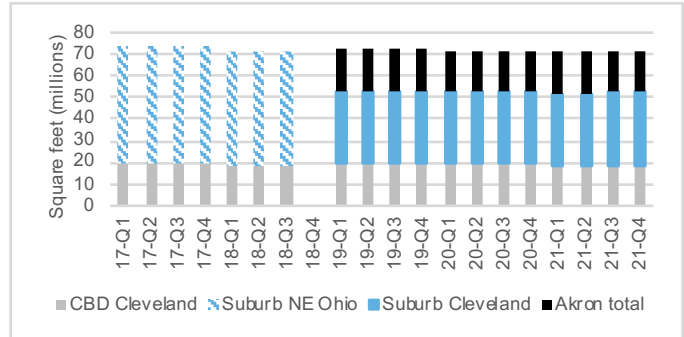
Source: Colliers International

Cleveland/Northeast Ohio Inflation-Adjusted Office Rent



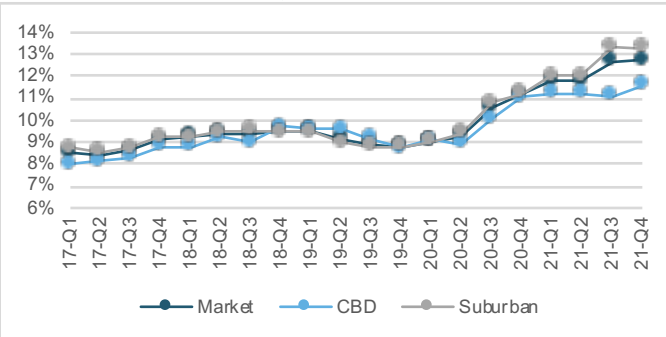
Source: Colliers International

Cleveland/Northeast Ohio Office Inventory



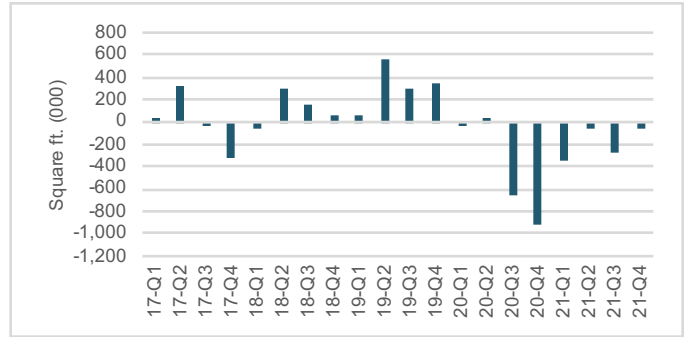
Source: Colliers International

Columbus Office Vacancy Rate



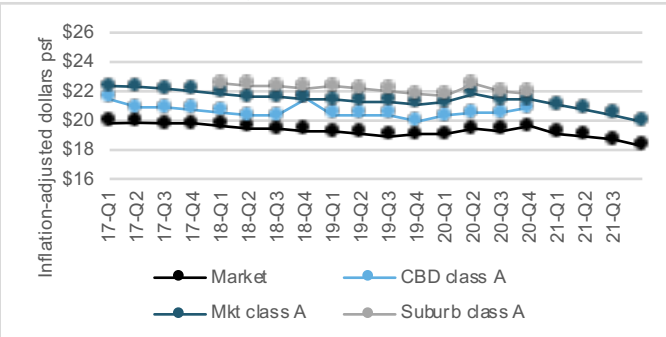
Source: Colliers International

Columbus Office Absorption



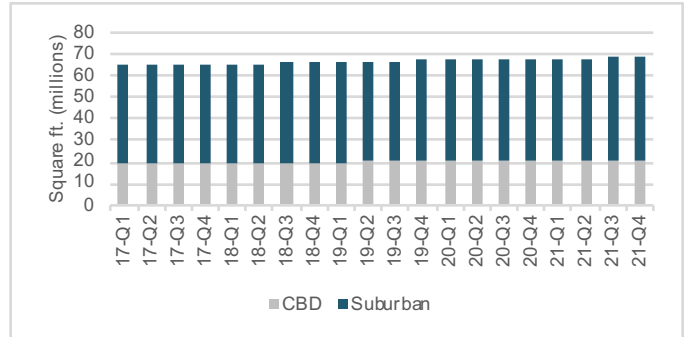
Source: Colliers International

Columbus Inflation-Adjusted Office Rent



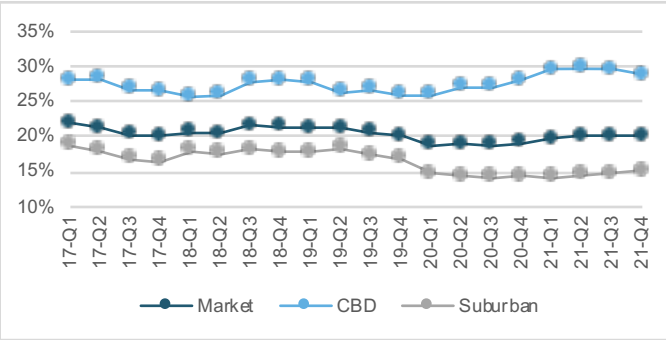
Source: Colliers International

Columbus Office Inventory



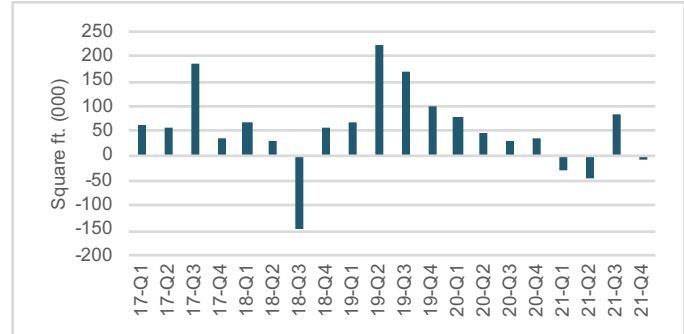
Source: Colliers International

Dayton Office Vacancy Rate



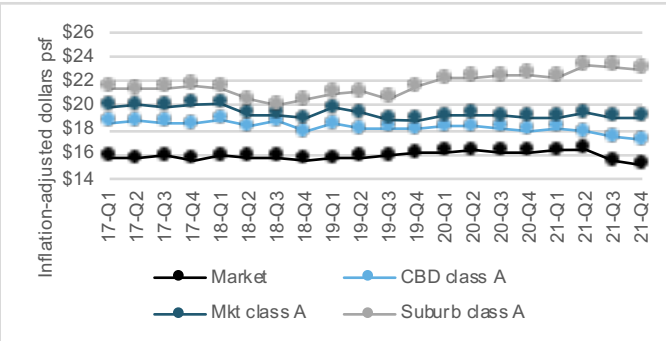
Source: Colliers International

Dayton Office Absorption



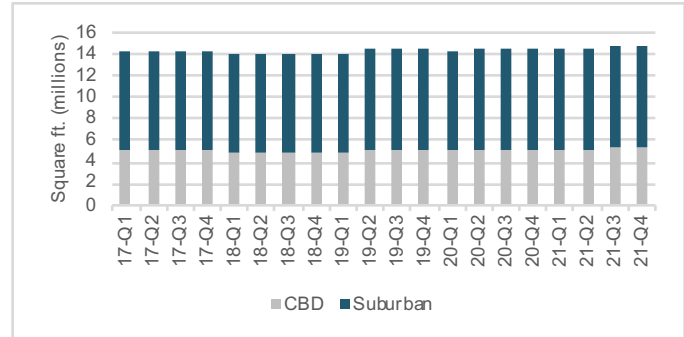
Source: Colliers International

Dayton Inflation-Adjusted Office Rent



Source: Colliers International

Dayton Office Inventory

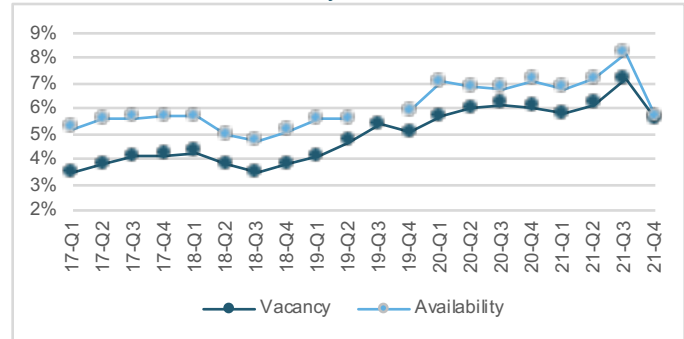


Source: Colliers International

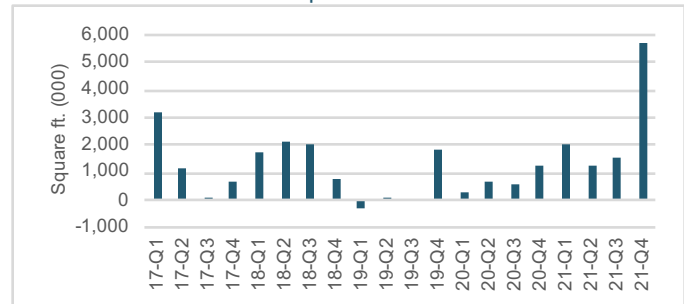
Ohio Industrial Real Estate Markets

- o **Industrial vacancy rates fell in all four tracked markets.** A sharp 1.6 percentage point decline in Cincinnati vacancy overcame recent increases and brought the rate to a two-year low. Vacancy rates in northeast Ohio and Dayton have been trending down since late 2019. The rate fell below 5% in Dayton and 4% in northeast Ohio. Meanwhile, Columbus vacancy is down to 2.2%.
- o **Absorption was positive in all markets.** Consistent with the sharp decline in Cincinnati's vacancy rate, absorption surged to 5.7 million square feet. Northeast Ohio absorption more than doubled. Columbus and Dayton absorption pulled back somewhat from Q3 levels, but remained significantly positive.
- o **Rents were up in some markets, down in others.** Consistent with the turnaround in the Cincinnati industrial market, rents in that market increased. However, rents in the northeast Ohio market have been trending downward since at least the beginning of 2017, and fell further in Q4. Columbus industrial rents have risen and fallen over the past four years, but with a slight longer-term upward trend. Those rents increased in Q3 and Q4. The sharpest market increase was in Dayton, where industrial rents increased 11%.

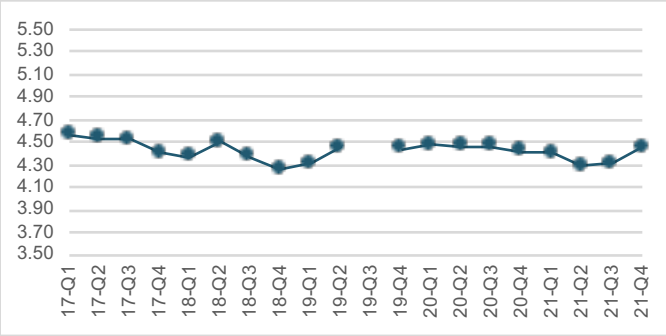
Cincinnati Industrial Vacancy Rate



Cincinnati Industrial Absorption

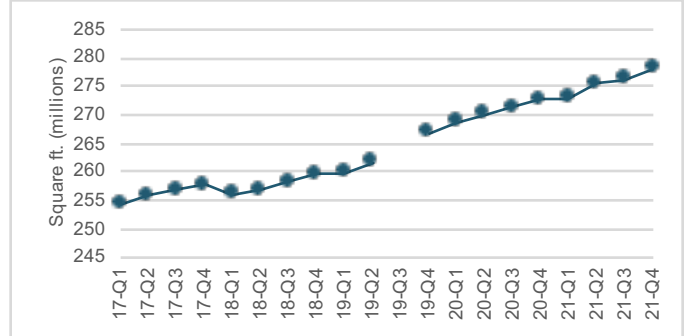


Cincinnati Inflation-Adjusted Industrial Rent



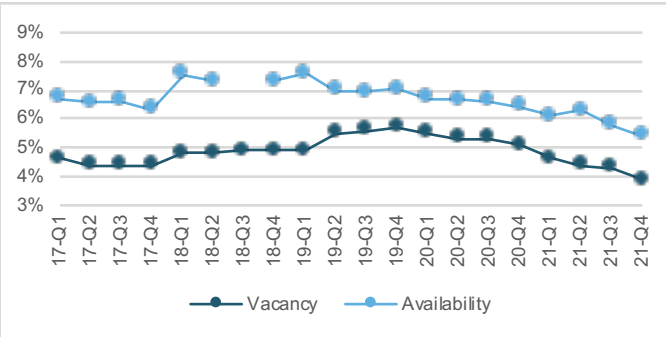
Source: Colliers International

Cincinnati Industrial Inventory



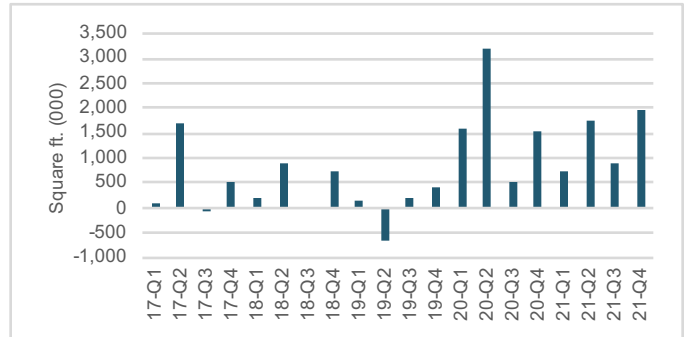
Source: Colliers International

Northeast Ohio Industrial Vacancy Rate



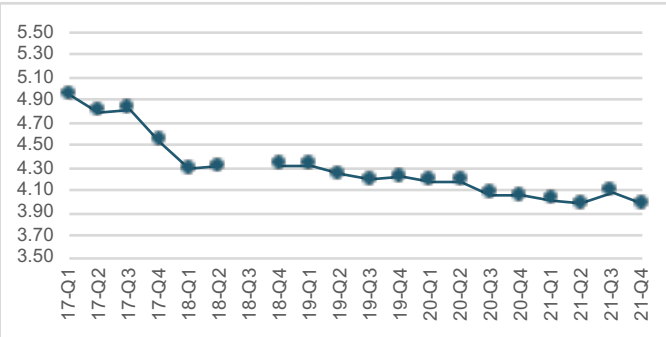
Source: Colliers International

Northeast Ohio Industrial Absorption



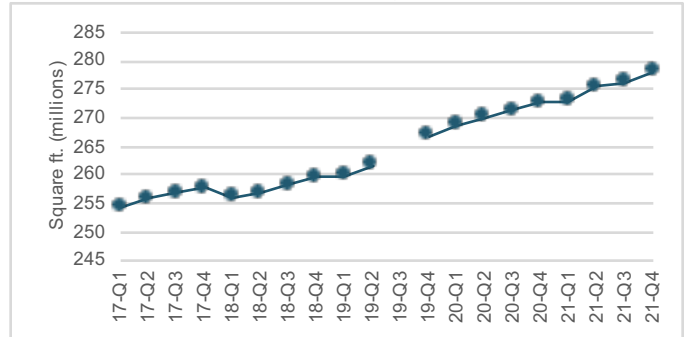
Source: Colliers International

Northeast Ohio Inflation-Adjusted Industrial Rent



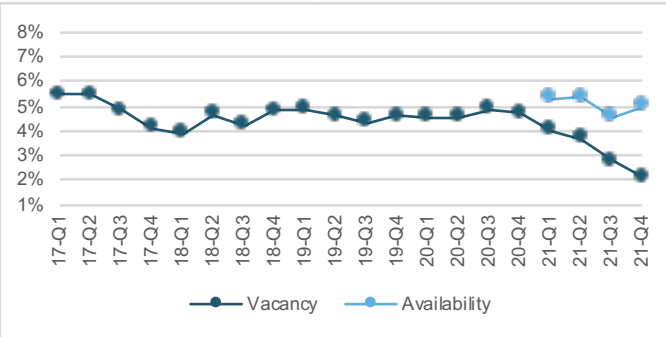
Source: Colliers International

Northeast Ohio Industrial Inventory



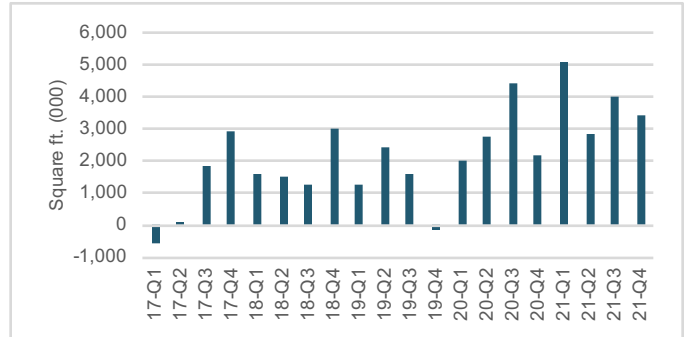
Source: Colliers International

Columbus Industrial Vacancy Rate



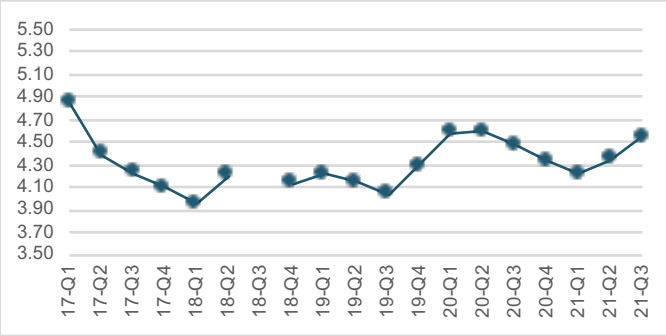
Source: Colliers International

Columbus Industrial Absorption



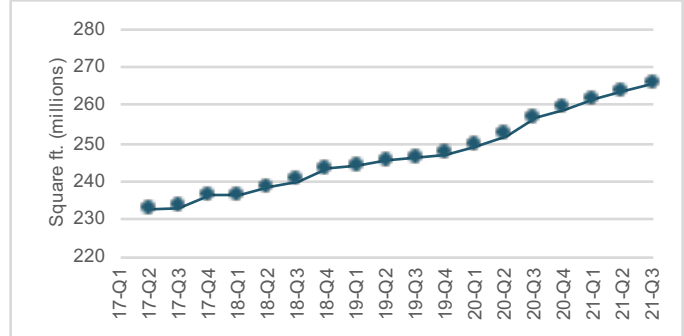
Source: Colliers International

Columbus Inflation-Adjusted Industrial Rent



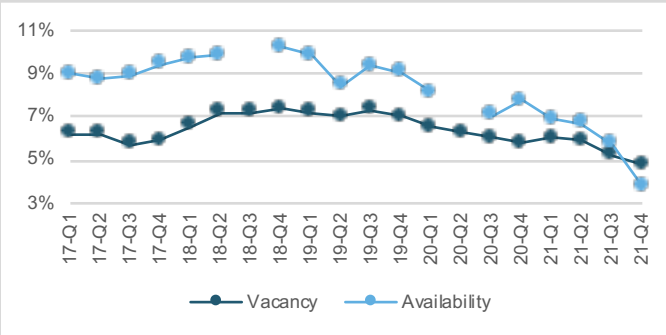
Source: Colliers International

Columbus Industrial Inventory



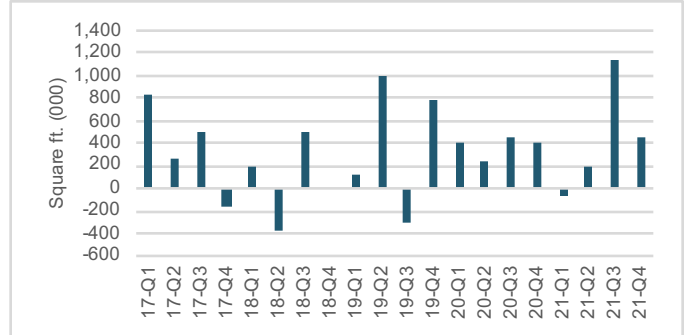
Source: Colliers International

Dayton Industrial Vacancy Rate



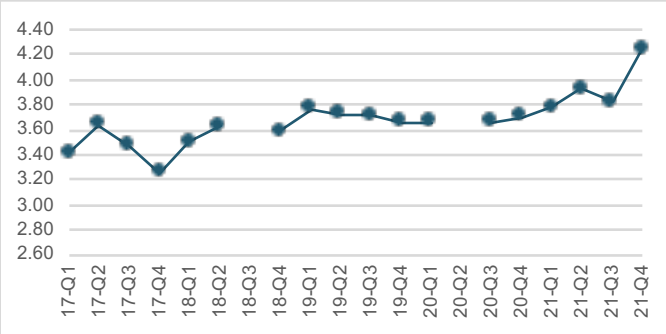
Source: Colliers International

Dayton Industrial Absorption



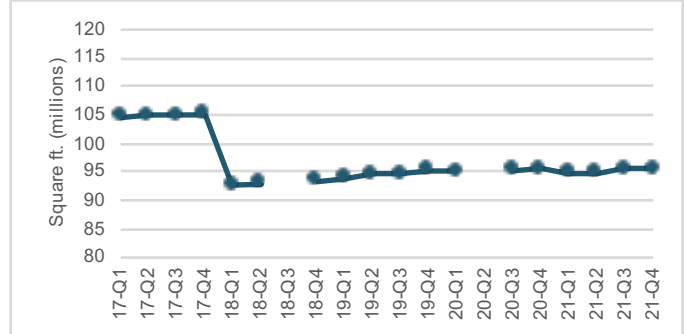
Source: Colliers International

Dayton Inflation-Adjusted Industrial Rent



Source: Colliers International

Dayton Industrial Inventory



Source: Colliers International