

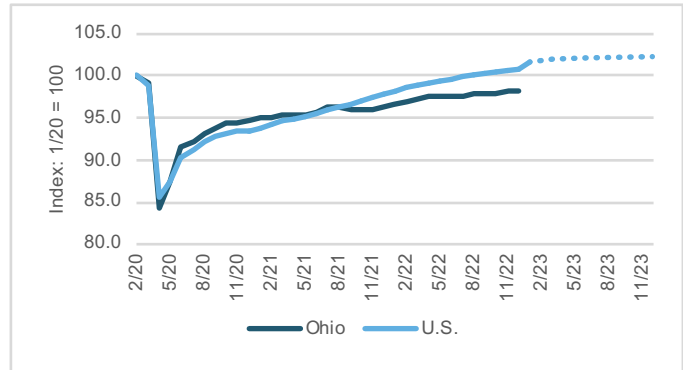
Employment and Unemployment

- **Fourth quarter Ohio employment growth was far less than the national average.** 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. Growth slowed to 14,900 (0.27%) between September and December. U.S. employment increased 0.48%.
- **This update analyzes September through December rather than October through January.** The release of state and local January employment and labor force data is always delayed to March as new benchmarks are applied.
- **The wide range of economists' forecasts emphasize the economic uncertainty.** The dashed line in the employment chart is the consensus employment forecast of 48 economists from the National Association for Business Economics' (NABE) February Outlook Survey, but individual forecasts included predictions of large declines and large increases. While there is still a definite chance of a recession, it is less likely to start early in the year.
- **The Ohio unemployment rate stood at 4.2% in December,** up from 4.0% in September. The December U.S. rate was 3.5%, unchanged from September.

The charts below compare the trends in labor force (the unemployment rate denominator) and employment. Ohio labor force fell 0.7% between September and December while U.S. labor force increased 0.2%. Labor force declines tend to reduce the unemployment rate, but the number of employed Ohioans fell 0.9%, causing the unemployment rate to rise.

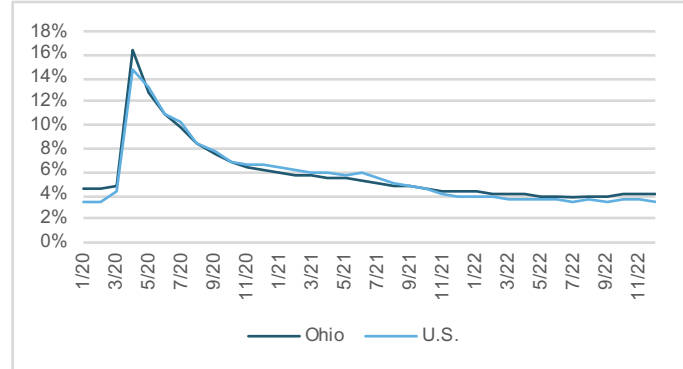
The increase in the U.S. labor force was accompanied by slightly larger 0.25% increase in resident employment, resulting in a stable U.S. unemployment rate.

Payroll Employment Change, Including U.S. Forecast



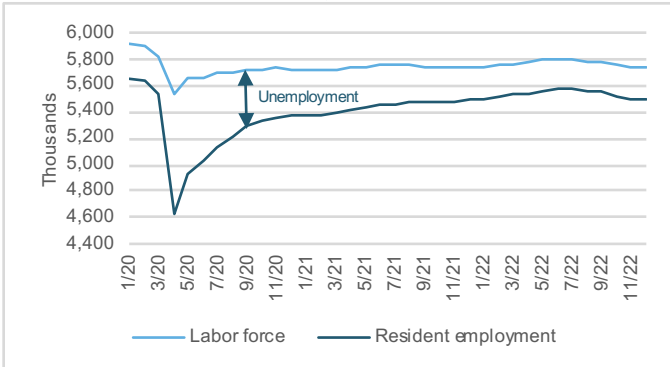
Source: U.S. Bureau of Labor Statistics, National Assn. for Business Economics.

Ohio and U.S. Unemployment Rates



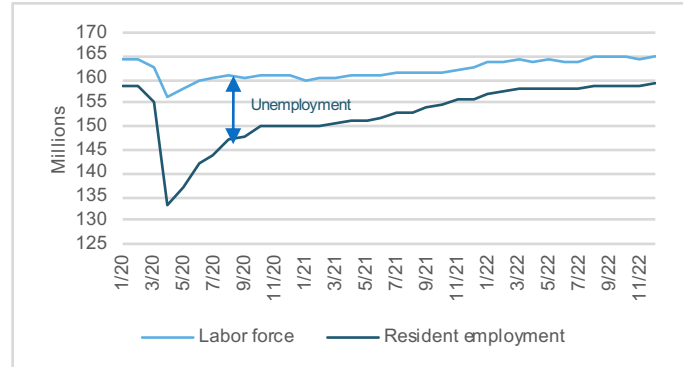
Source: Labor Force Statistics, U.S. Bureau of Labor Statistics.

Ohio Labor Force and Employment



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

U.S. Labor Force and Employment

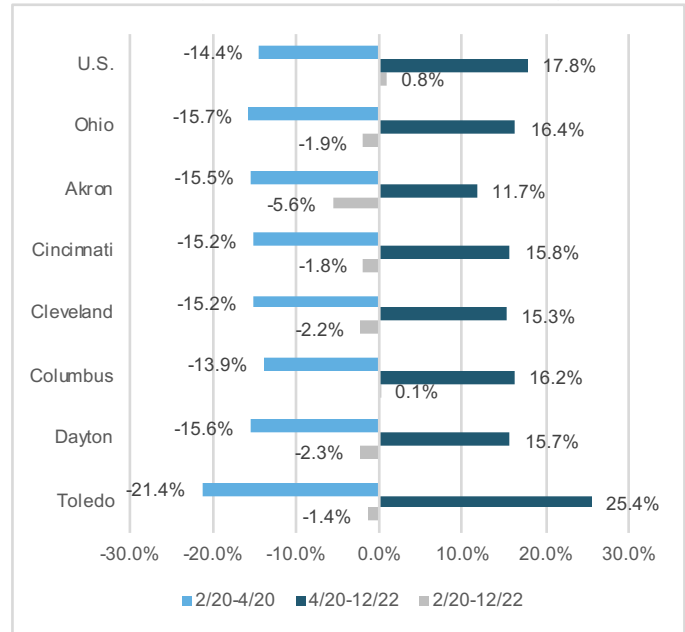


Source: Current Population Statistics, U.S. Bureau of Labor Statistics.

Employment Changes by Region and Sector

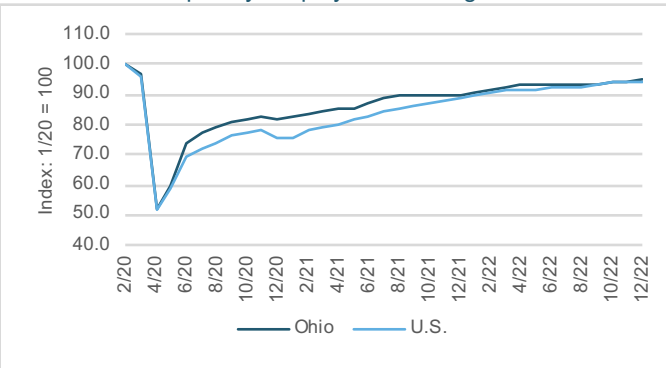
- **Employment growth in Ohio's large metros between September and December was mixed.** Growth of 0.7% in Cincinnati, 1.1% in Dayton, and 0.9% in Toledo beat the 0.5% U.S. average. Cleveland was unchanged, Akron fell 0.6% and Columbus fell 0.3%.
- **Ohio leisure and hospitality employment increased 1.8%, outstripping the 1.2% U.S. average.** Ohio's leisure employment remains 5.2% less than in February 2020. U.S. employment is 5.5% less.
- **Office-using sectors' growth was also mixed.** Business services lost 1.7% in Ohio, and was flat nationally. Finance and insurance matched the 0.2% U.S. gain. Healthcare gained 1.1%, also matching the U.S. gain.
- **Ohio's sharp real estate employment growth continued.** Ohio's three-month gain was 3.5% compared to 0.6% nationwide.

Pandemic Employment Loss, Gain and Net Change

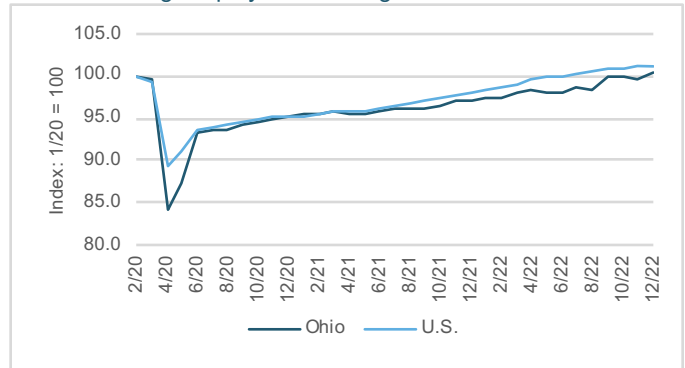


Source: Current Employment Statistics, U.S. Bureau of Labor Statistics.

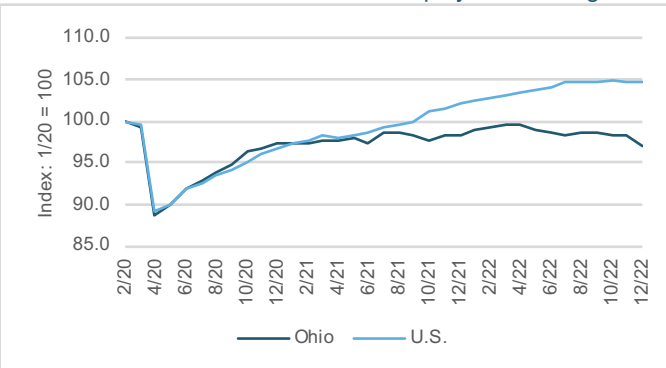
Leisure and Hospitality Employment Change



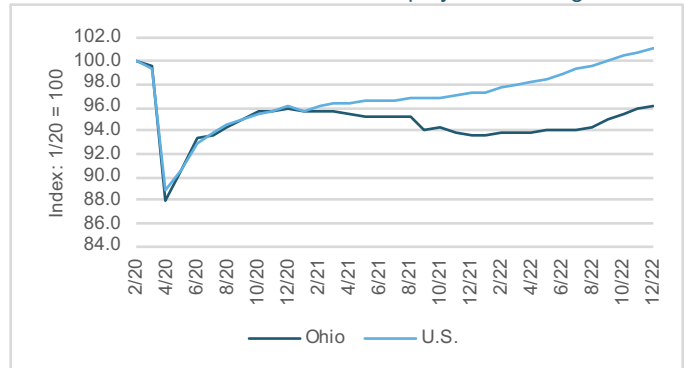
Manufacturing Employment Change



Professional & Business Services Employment Change

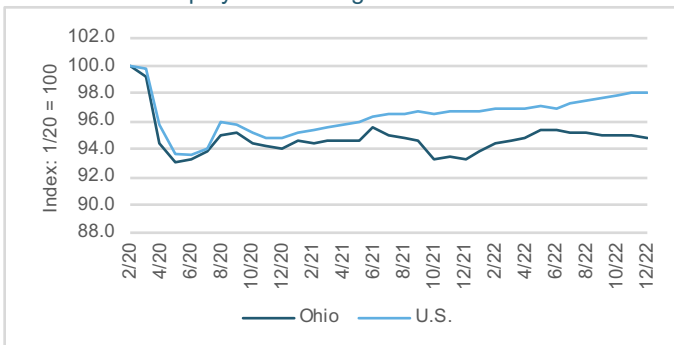


Healthcare & Social Assistance Employment Change

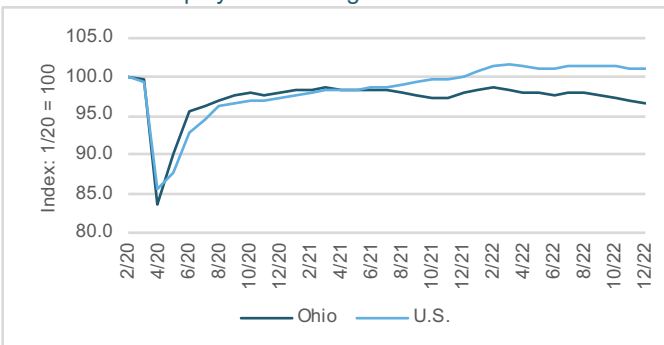


Source: Current Employment Statistics, U.S. Bureau of Labor Statistics.

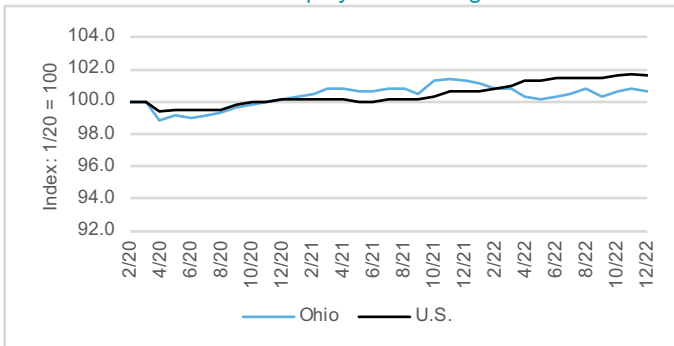
Government Employment Change



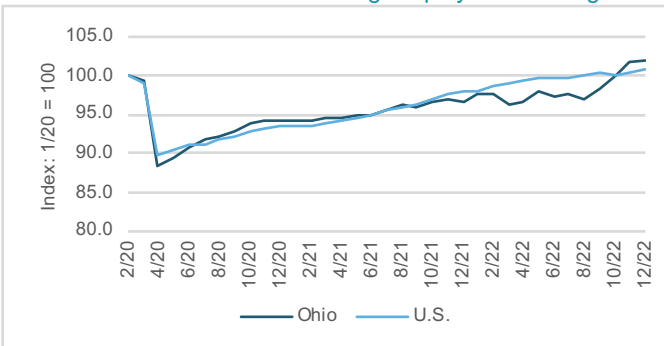
Retail Trade Employment Change



Finance and Insurance Employment Change



Real Estate and Rental & Leasing Employment Change

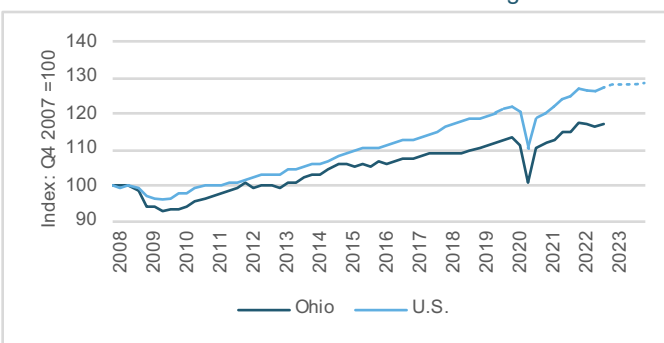


Source: Current Employment Statistics, U.S. Bureau of Labor Statistics.

Broad Economic Indicators

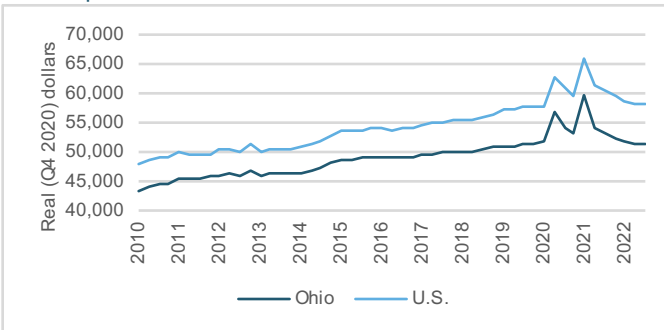
- **U.S. inflation-adjusted gross domestic product (GDP) grew at an annualized 2.7% rate in the fourth quarter.** This was down slightly from the third quarter's 3.2%. The NABE consensus is for 0.3% net GDP growth in 2023, but the recession risk remains significant.
- **Ohio GDP rose 1.2% in the third quarter,** compared to that quarter's 3.2% U.S. gain.
- **Inflation continued to overwhelm per-capita personal income (PCPI) gains in the third quarter.** Ohio's inflation-adjusted Q2 PCPI fell 3.4%, not as bad as the 4.2%. U.S. loss.
- **Fourth quarter inflation improved to 7.1% year-over-year.** The economists in the February NABE survey expect inflation to cool to 3% year-over-year by the end of the year as a result of slower economic growth.
- **Consumer sentiment continued to improve from its summer lows.** Consumers were more optimistic regarding the short-term economic outlook. Fourth quarter Midwest sentiment was slightly stronger than the U.S. average.

U.S. and Ohio Gross Domestic Product Change



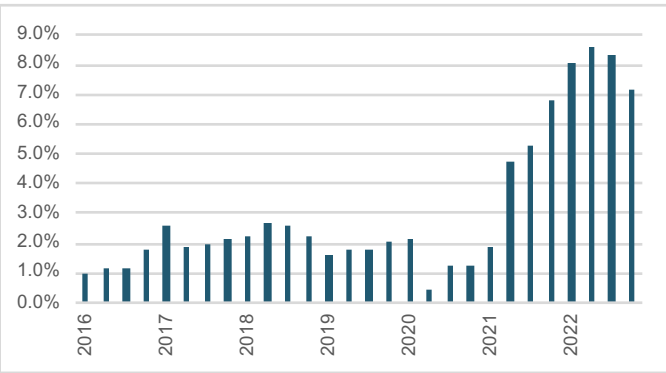
Source: U.S. Bureau of Economic Analysis; Philadelphia Federal Reserve.

Per-Capita Personal Income



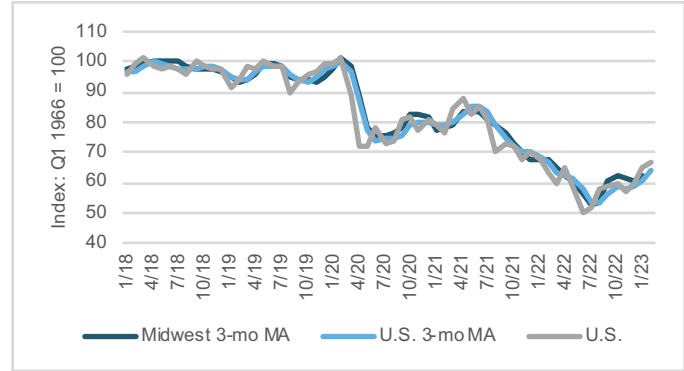
Source: U.S. Bureau of Economic Analysis.

Year-over-Year Consumer Price Inflation



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

Consumer Sentiment Index

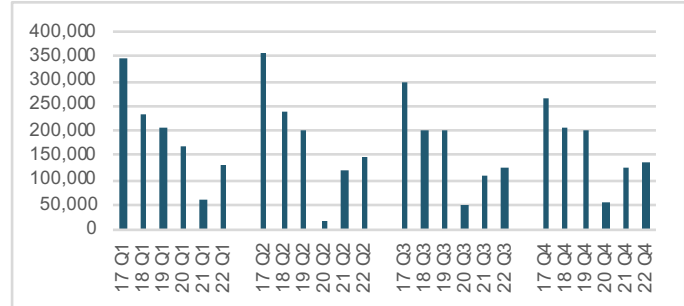


Source: Survey Research Center, University of Michigan.

Passengers at Primary Regional Airports

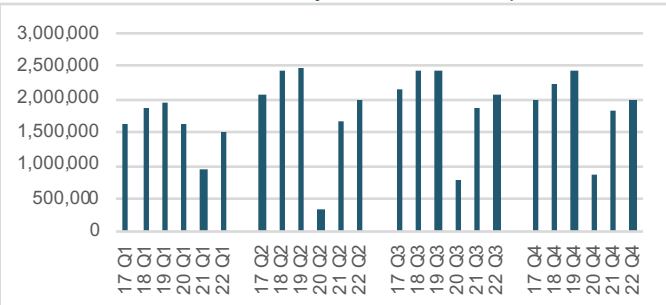
- Ohio-serving airport traffic was up around 6% year-over-year in the third quarter. Toledo traffic was unavailable at press time, but it accounts for less than 0.5% of the total. Akron-Canton, Cincinnati, and Columbus gained 3% to 9% over Q3 2021. Estimated Dayton traffic was down 7%.
- The net decline from the fourth quarter of 2019 for the six airports was 19%. Akron-Canton was off 34%, Cincinnati and Cleveland were off 19%, Columbus was off 13.5%, and Dayton was off 38%.

Akron-Canton Airport



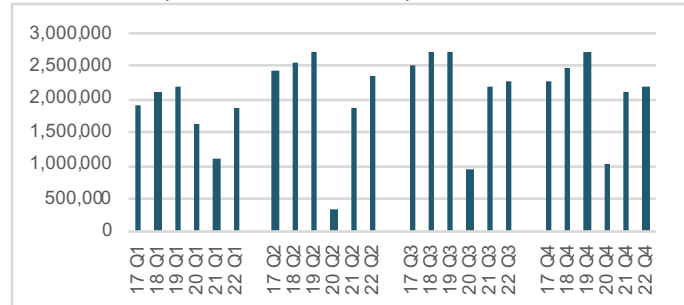
Source: Akron-Canton Airport.

Cincinnati-Northern Kentucky International Airport



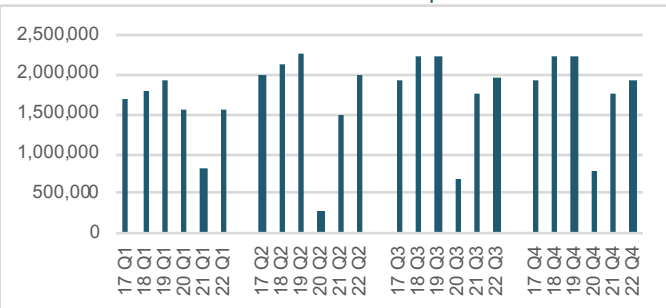
Source: Cincinnati-Northern Kentucky International Airport.

Cleveland Hopkins International Airport



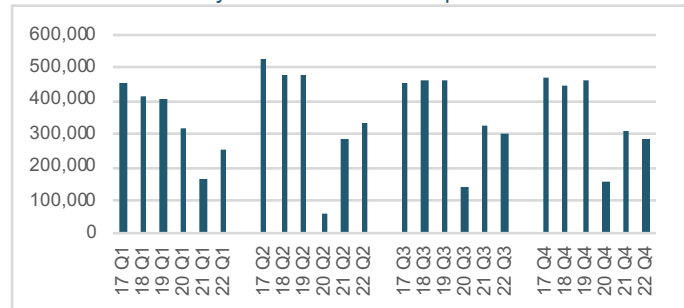
Source: Cleveland Airport System.

John Glenn Columbus International Airport



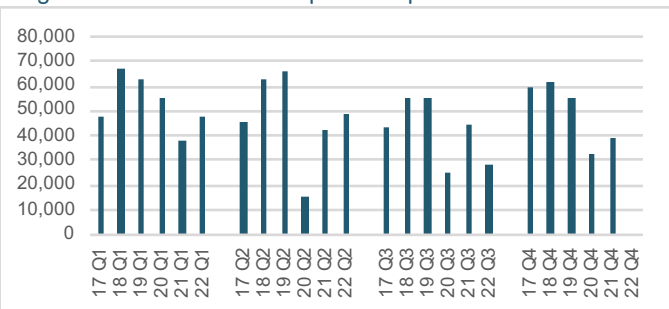
Source: Columbus Regional Airport Authority.

James M. Cox Dayton International Airport



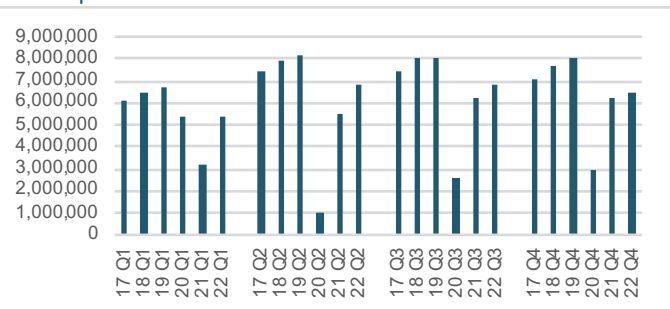
Source: Dayton International Airport (November and December 2022 traffic estimated).

Eugene F. Kranz Toledo Express Airport



Source: Toledo-Lucas County Port Authority.

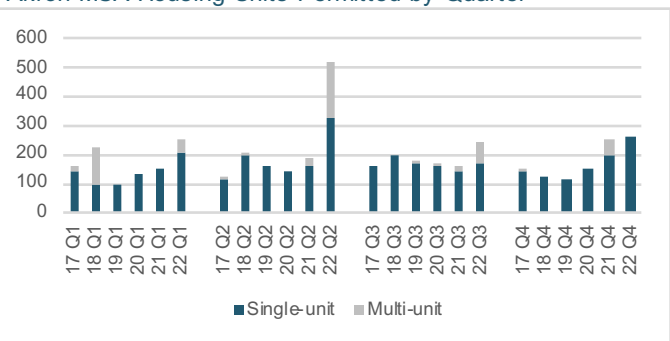
Six Airport Total



Residential Real Estate

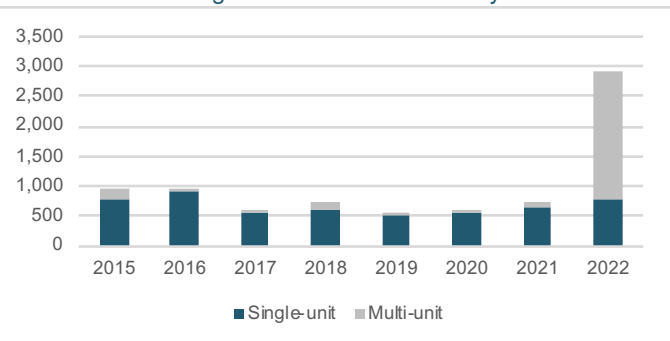
- **Akron's multi-unit residential permits surged to an unprecedented level in the fourth quarter.** A total of 1,835 units were permitted, versus 436 in total between 2015 and 2021. These are not shown in the chart to the right because they overwhelm all other trends, but are included in the annual chart. It may be an error in the source data; no project of that magnitude seems to have been undertaken.
- **Fourth quarter Ohio permits were up year over year, driven by Akron.** Total permits were up 15.7% and multi-unit permits were up 67%. Single-unit permits were down 20%.
- **Metro-level changes were mixed, tempered by multi-unit strength in Dayton and Toledo.** Cincinnati permits overall were down 35%; single-unit permits were down 32%. Overall permits in Cleveland were down 23%, with single-unit permits down 6.4%. Columbus single-unit permits were off 24%, and total permits were off 5.2%. Dayton single-unit permits were down 2.7%, but total permits were up 24%. Toledo single-unit permits fell 19%, but total permits were up 33%.
- **The Federal Housing Finance Authority's House Price Index showed prices pulling back.** U.S. prices were off 0.8% from Q3, Ohio prices were off 0.9%, Akron was off 1%, Cincinnati was off 0.5%, Cleveland was off 1.8%, Columbus was off 1.3%, and Toledo was off 1.6%. However, Dayton was up 1.8%.

Akron MSA Housing Units Permitted by Quarter



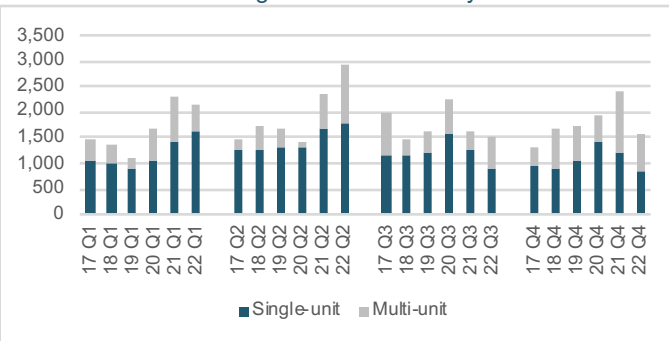
Source: U.S. Census Bureau

Akron MSA Housing Units Permitted Annually



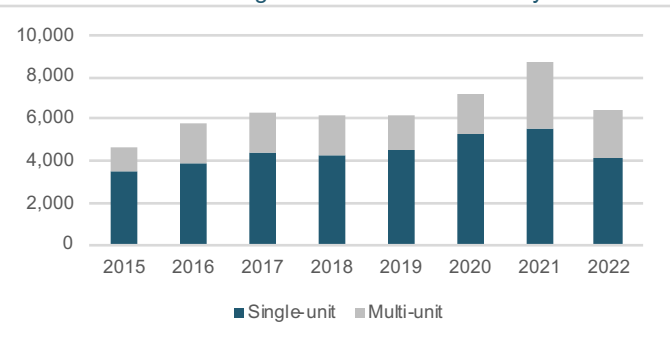
Source: U.S. Census Bureau

Cincinnati MSA Housing Units Permitted by Quarter



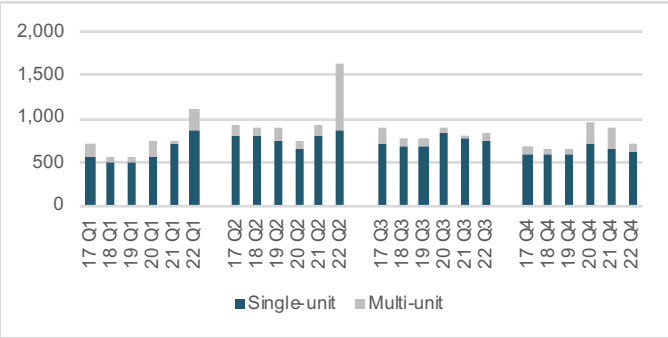
Source: U.S. Census Bureau

Cincinnati MSA Housing Units Permitted Annually



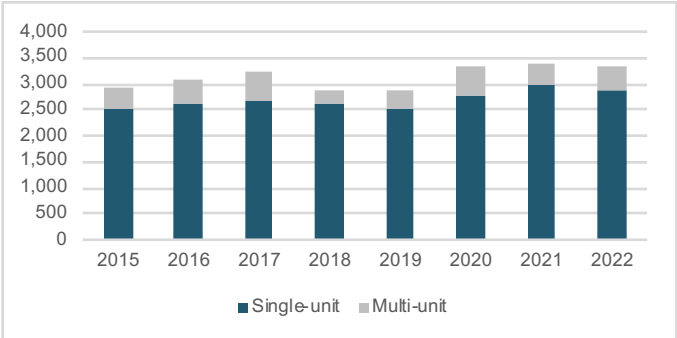
Source: U.S. Census Bureau

Cleveland MSA Housing Units Permitted by Quarter



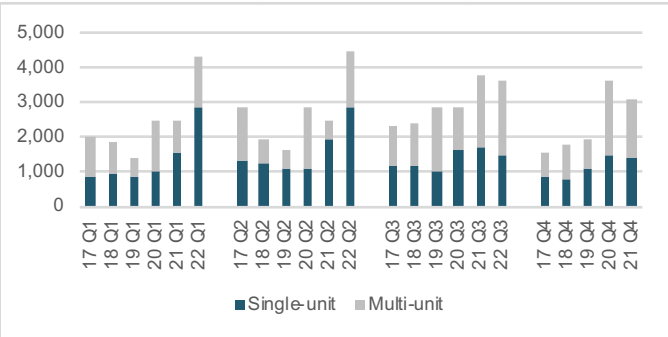
Source: U.S. Census Bureau

Cleveland MSA Housing Units Permitted Annually



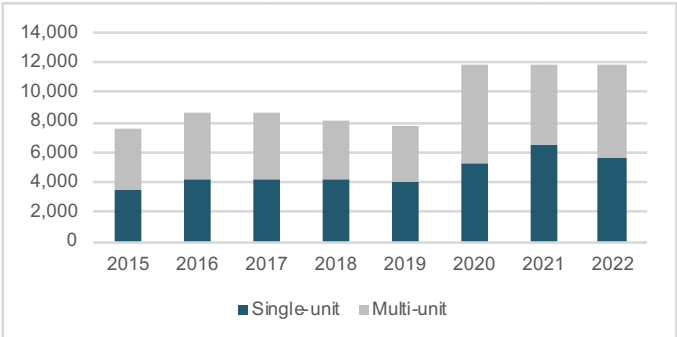
Source: U.S. Census Bureau

Columbus MSA Housing Units Permitted by Quarter



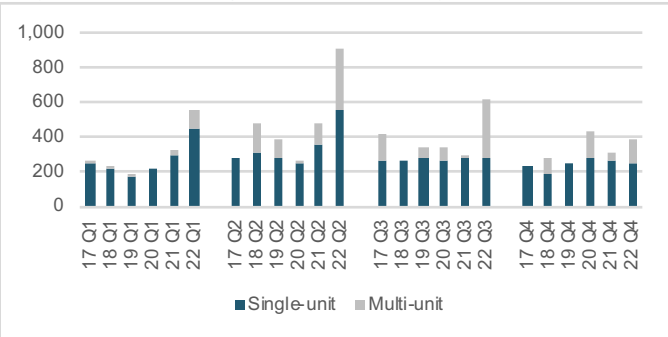
Source: U.S. Census Bureau

Columbus MSA Housing Units Permitted Annually



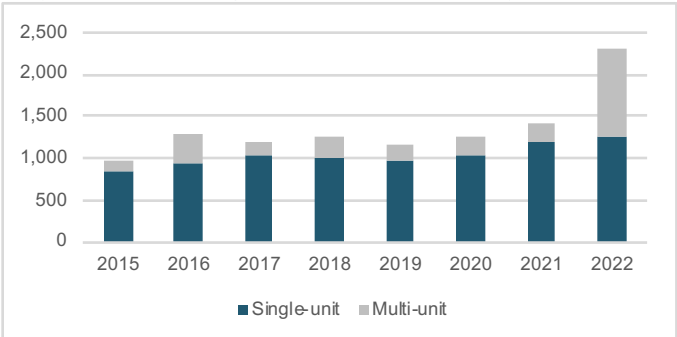
Source: U.S. Census Bureau

Dayton MSA Housing Units Permitted by Quarter



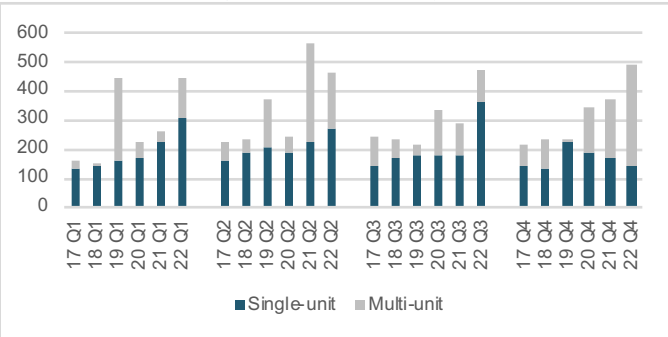
Source: U.S. Census Bureau

Dayton MSA Housing Units Permitted Annually



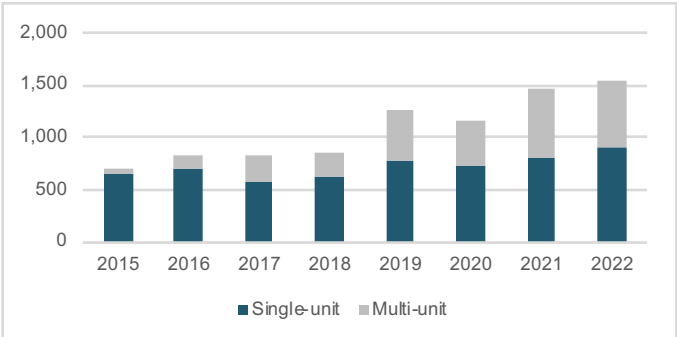
Source: U.S. Census Bureau

Toledo MSA Housing Units Permitted by Quarter



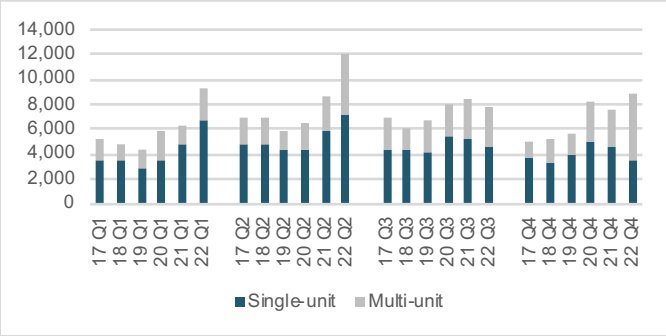
Source: U.S. Census Bureau

Toledo MSA Housing Units Permitted Annually



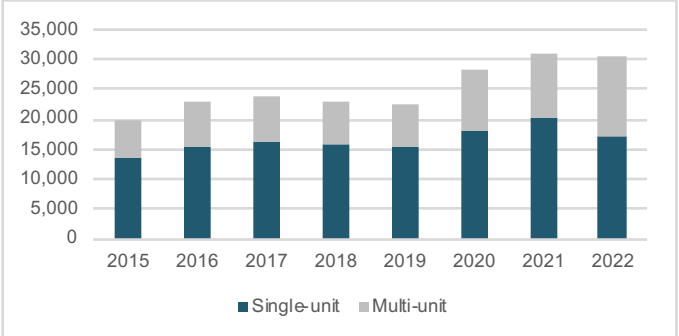
Source: U.S. Census Bureau

Ohio Housing Units Permitted by Quarter



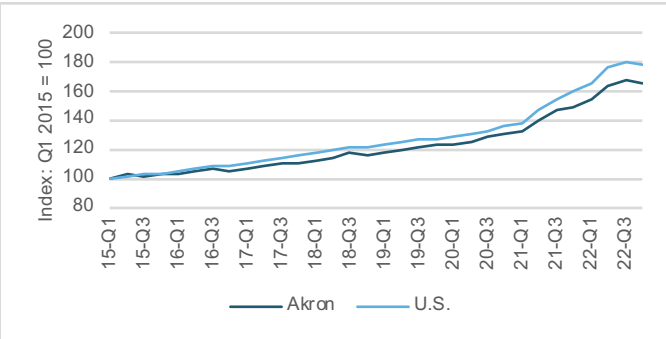
Source: U.S. Census Bureau

Ohio Housing Units Permitted Annually



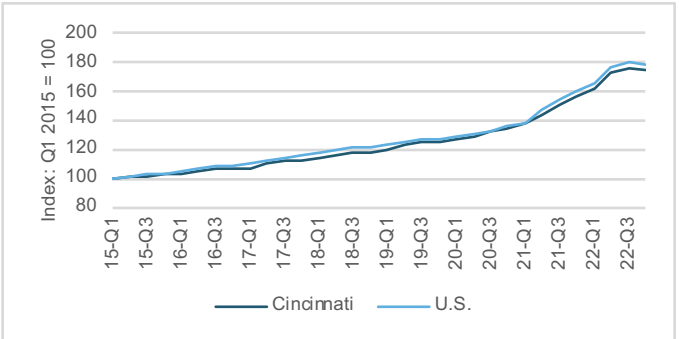
Source: U.S. Census Bureau

Akron MSA and U.S. FHFA House Price Index



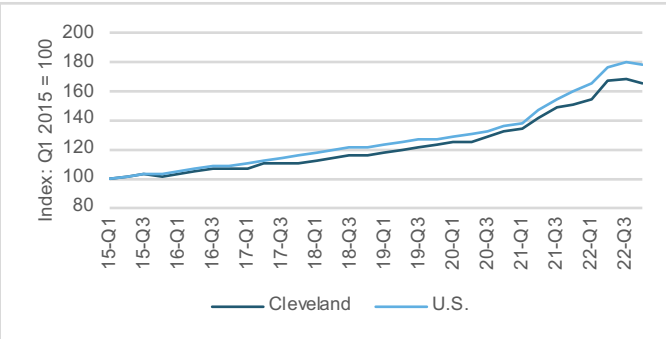
Source: Federal Housing Finance Agency.

Cincinnati MSA and U.S. FHFA House Price Index



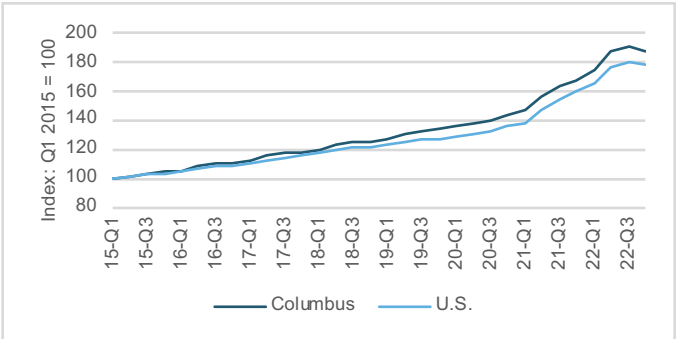
Source: Federal Housing Finance Agency.

Cleveland MSA and U.S. FHFA House Price Index



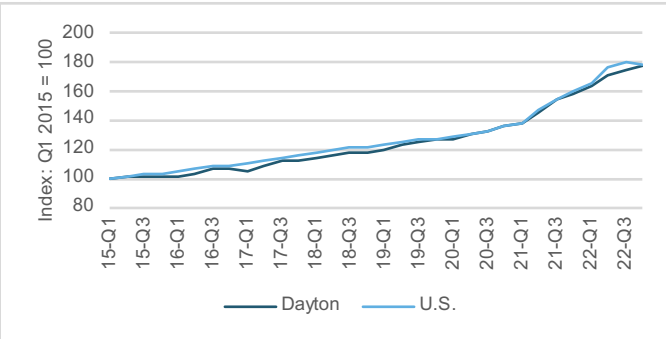
Source: Federal Housing Finance Agency.

Columbus MSA and U.S. FHFA House Price Index



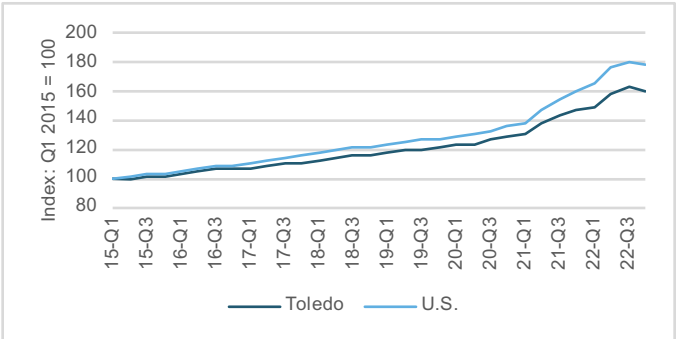
Source: Federal Housing Finance Agency.

Dayton MSA and U.S. FHFA House Price Index



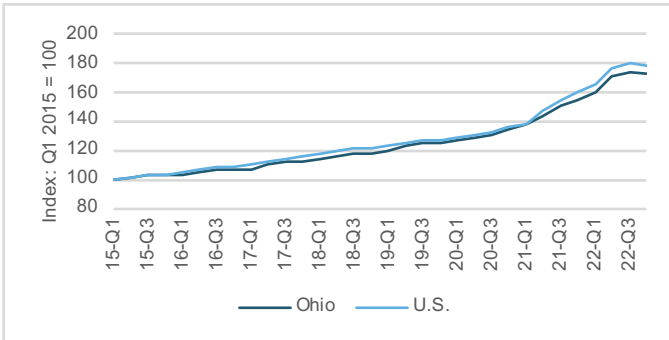
Source: Federal Housing Finance Agency.

Toledo MSA and U.S. FHFA House Price Index



Source: Federal Housing Finance Agency.

Ohio and U.S. FHFA House Price Index

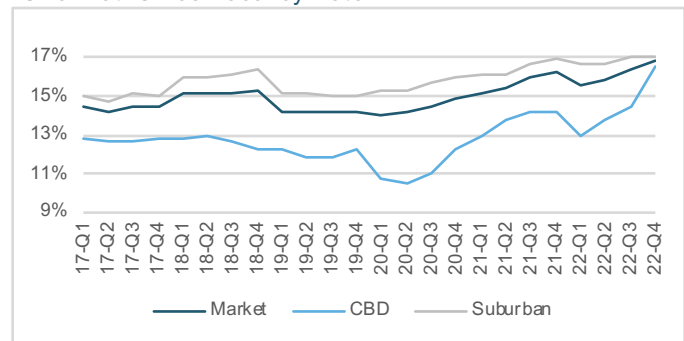


Source: Federal Housing Finance Agency.

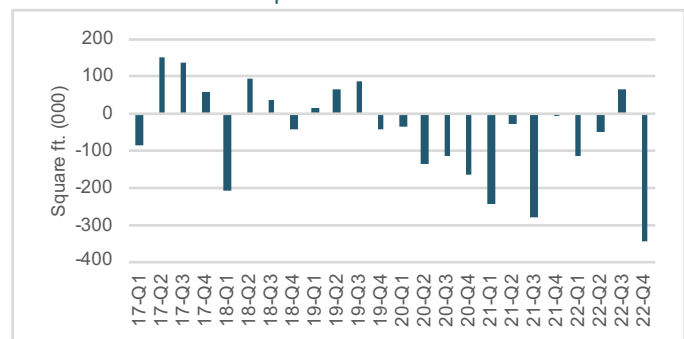
Ohio Office Real Estate Markets

- **Statistics from Jones Lang LaSalle will be used to track Columbus office and industrial markets until those from Colliers resume.** JLL office inventory is one-third lower than Colliers, so these are not comparable with Colliers' numbers.
- **Office vacancy rates were generally higher.** However, the rate was flat in the Cincinnati suburbs and down slightly in the Akron market. The Columbus market stood at 16.9%, with class A at 18.1%.
- **Absorption was negative in all markets.** Cincinnati's absorption turned sharply negative after a positive quarter, and Dayton's absorption worsened for a fifth quarter. Columbus vacancy was negative 315,600.
- **Inflation-adjusted rent in Cincinnati turned positive.** Market rents rose 1.1% in Akron and Cincinnati, 0.6% in Cleveland, and 0.5% in Dayton. Continuing strength in Dayton's classes B and C was nearly enough to offset a 1.1% decline in Class A. Akron rents were down 2.9% and Cleveland rents were off 1.2%. Columbus rent stood at \$19.17; a trend will be available next quarter.

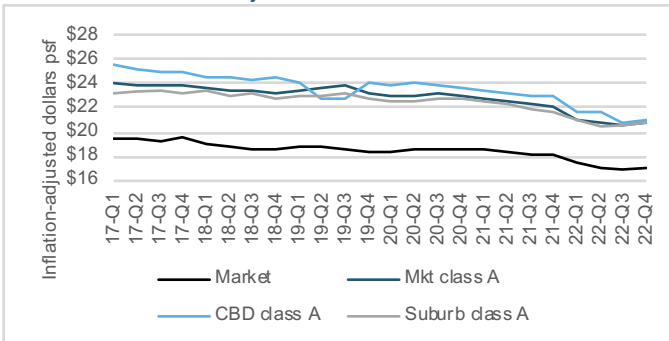
Cincinnati Office Vacancy Rate



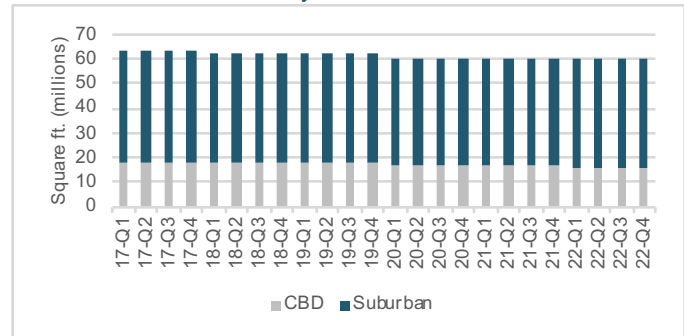
Cincinnati Office Absorption



Cincinnati Inflation-Adjusted Office Rent

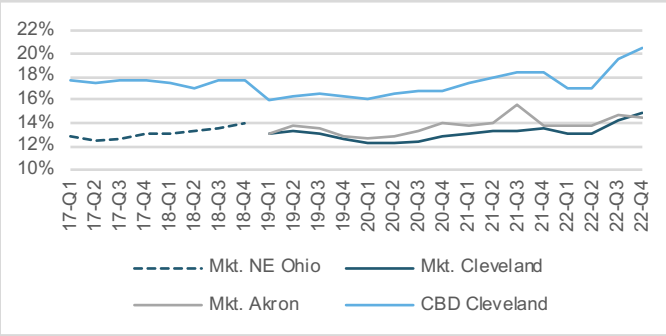


Cincinnati Office Inventory



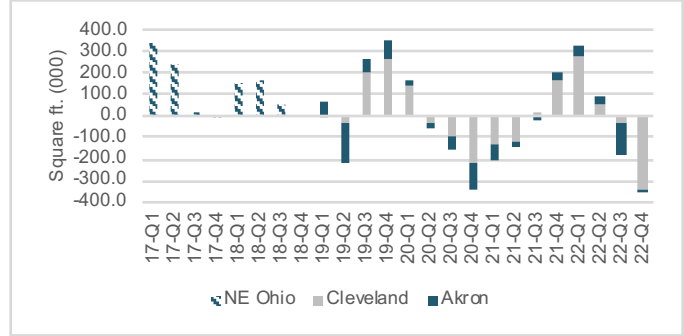
Source: Colliers International

Cleveland/Northeast Ohio Office Vacancy Rate



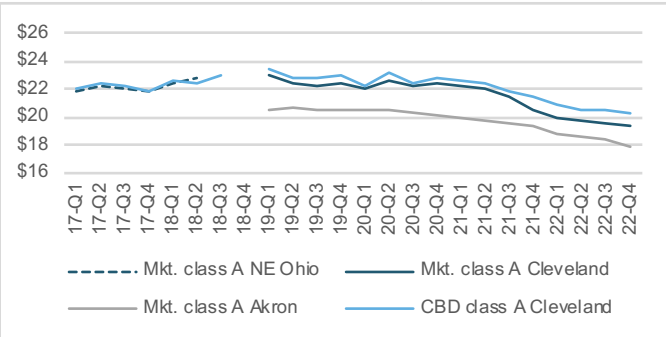
Source: Colliers International

Cleveland/Northeast Ohio Office Absorption



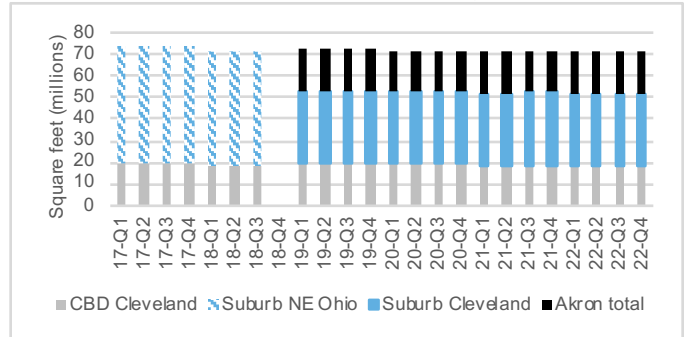
Source: Colliers International

Cleveland/Northeast Ohio Inflation-Adjusted Office Rent



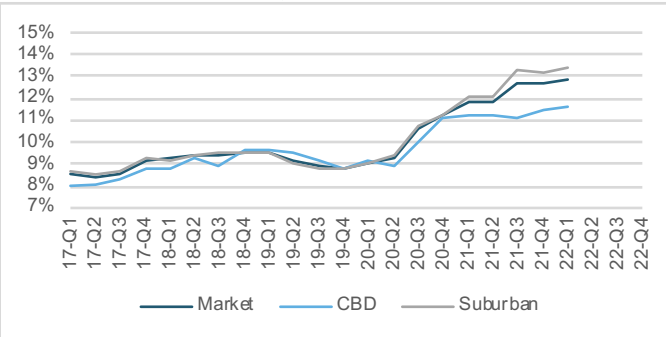
Source: Colliers International

Cleveland/Northeast Ohio Office Inventory



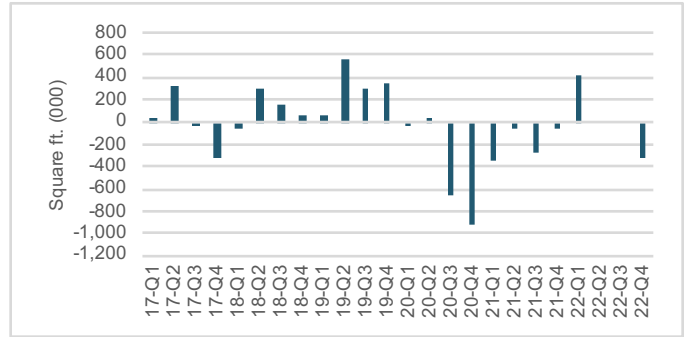
Source: Colliers International

Columbus Office Vacancy Rate



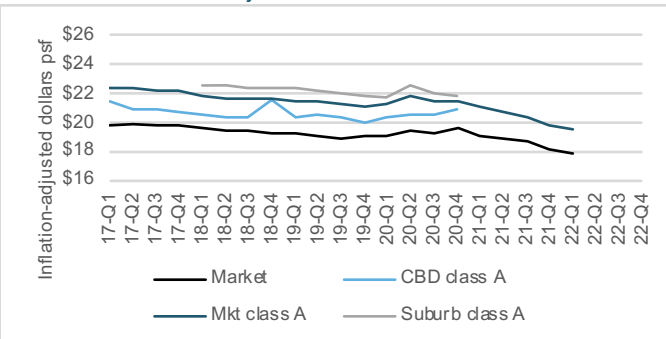
Source: Colliers International

Columbus Office Absorption



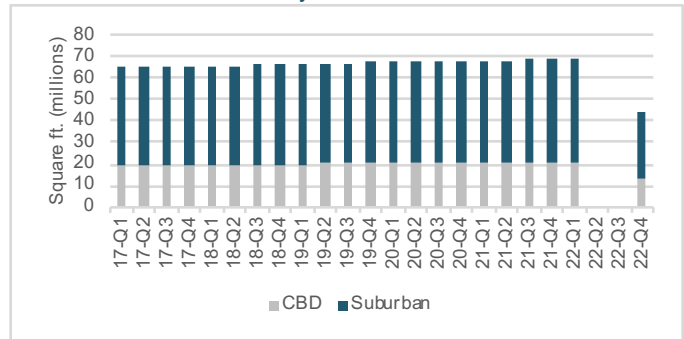
Source: Colliers International, Jones Lang LaSalle

Columbus Inflation-Adjusted Office Rent



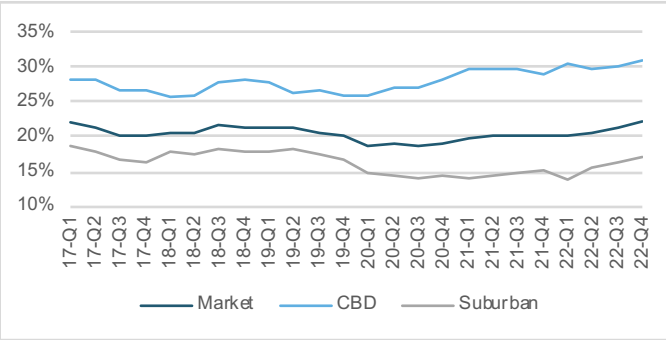
Source: Colliers International

Columbus Office Inventory



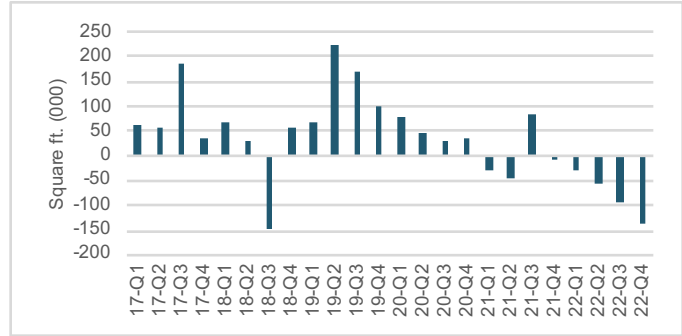
Source: Colliers International, Jones Lang LaSalle

Dayton Office Vacancy Rate



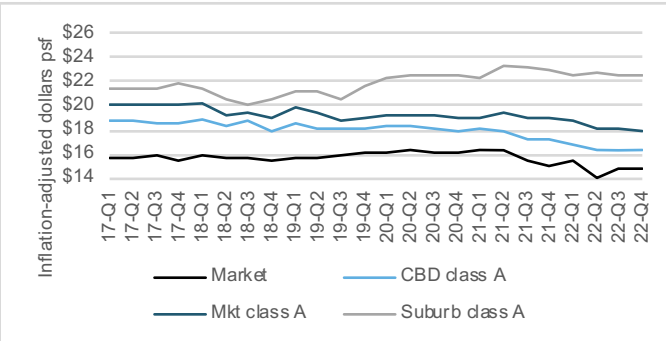
Source: Colliers International

Dayton Office Absorption



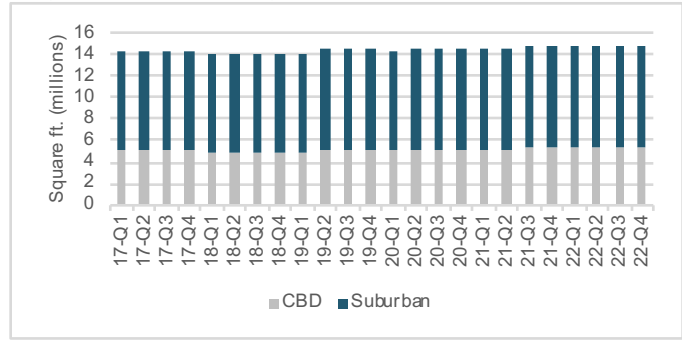
Source: Colliers International

Dayton Inflation-Adjusted Office Rent



Source: Colliers International

Dayton Office Inventory

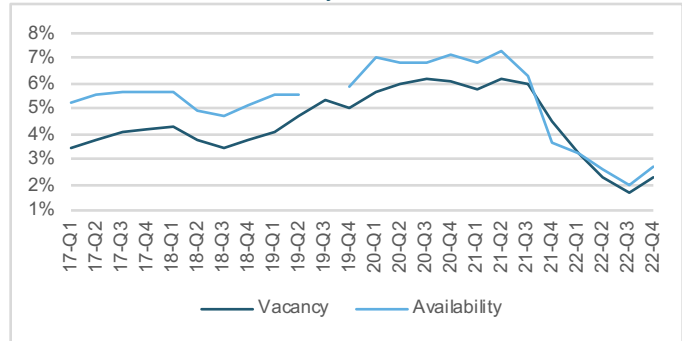


Source: Colliers International

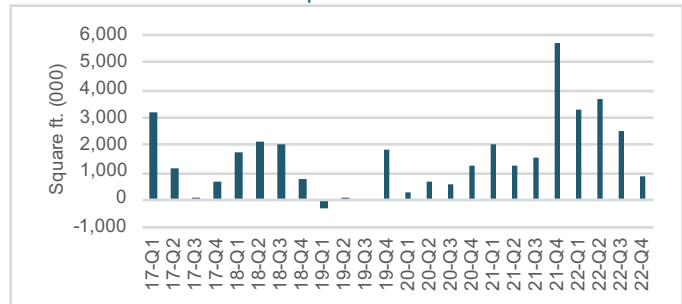
Ohio Industrial Real Estate Markets

- **Jones Lang LaSalle industrial statistics will be used to track the Columbus industrial market.** Measured inventory is close to the totals that had been reported by Colliers.
- **Industrial vacancy rates were mixed.** Cincinnati's year-long vacancy rate plunge reversed with an increase to 2.7%. Vacancy in Northeast Ohio edged lower to 4.1%, and edged higher to 3.4% in Dayton. Columbus vacancy was 3.2%.
- **Absorption remained positive.** Absorption fell to 821,900 square feet in Cincinnati, increased to 309,100 in Northeast Ohio, and more than tripled to 1.4 million square feet in Dayton. Columbus absorption was 2.1 million square feet.
- **Inflation-adjusted rent surged 39% in Northeast Ohio to \$4.89.** Cincinnati rents fell 1.5% after inflation to \$4.61, and fell 3.3% to \$4.02 in Dayton. Columbus rent averaged \$4.15.

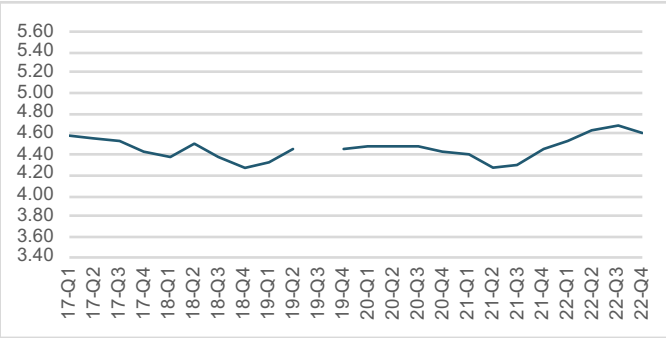
Cincinnati Industrial Vacancy Rate



Cincinnati Industrial Absorption

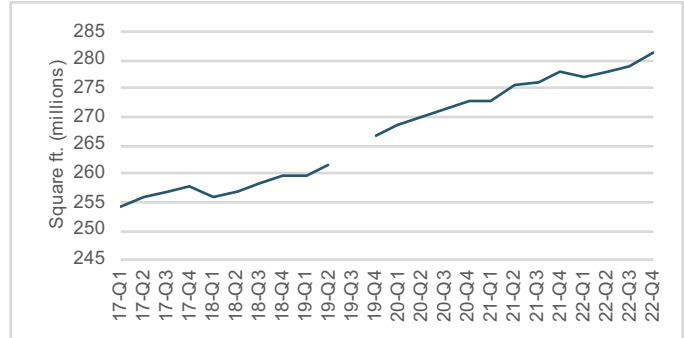


Cincinnati Inflation-Adjusted Industrial Rent



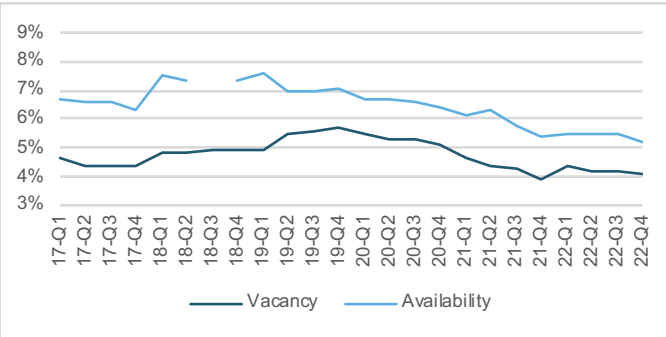
Source: Colliers International

Cincinnati Industrial Inventory



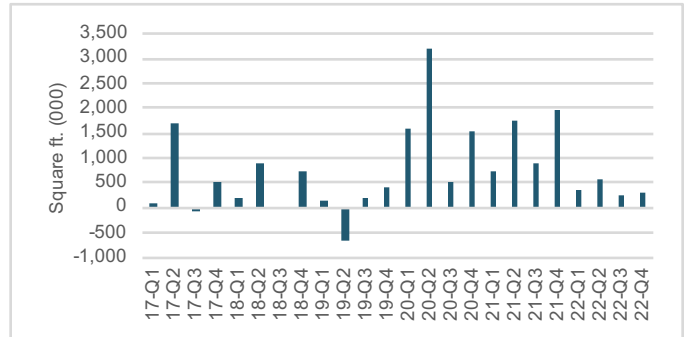
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Northeast Ohio Industrial Vacancy Rate



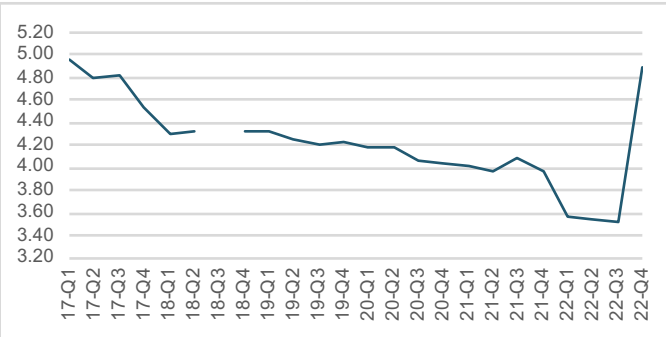
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Northeast Ohio Industrial Absorption



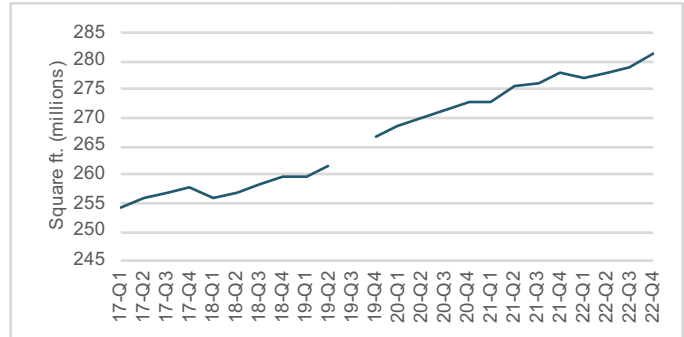
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Northeast Ohio Inflation-Adjusted Industrial Rent



Source: Colliers International

Northeast Ohio Industrial Inventory



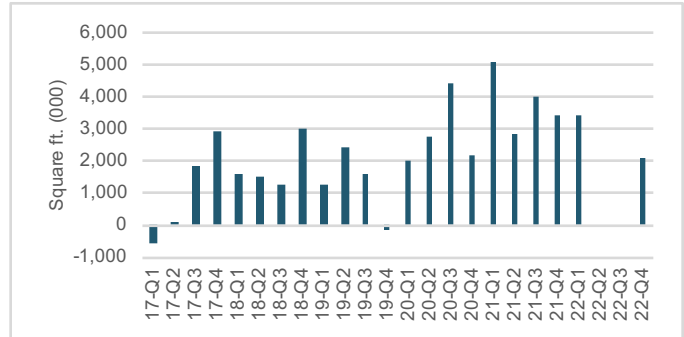
Source: Colliers International

Columbus Industrial Vacancy Rate



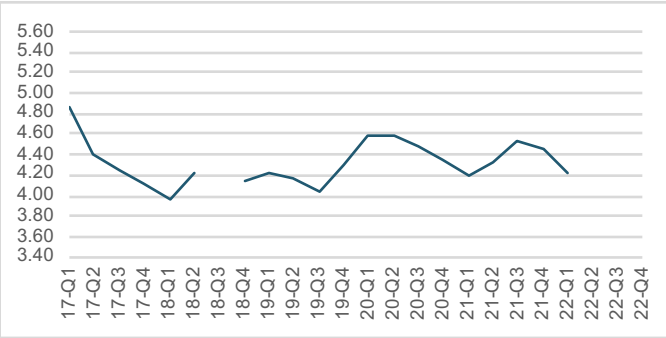
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Columbus Industrial Absorption



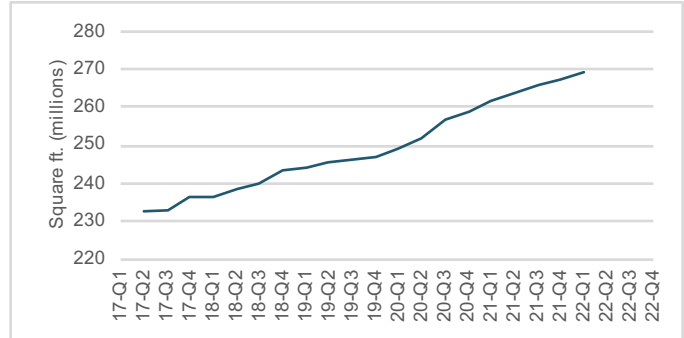
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Columbus Inflation-Adjusted Industrial Rent



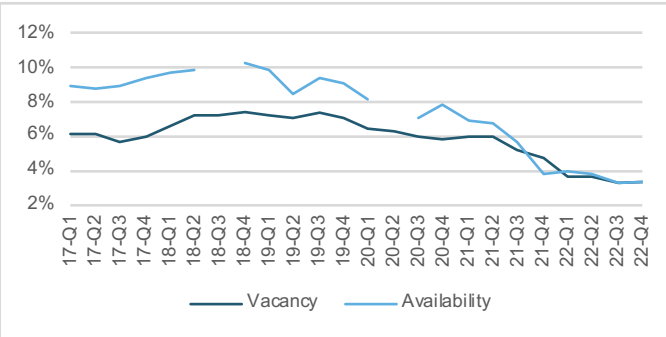
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Columbus Industrial Inventory



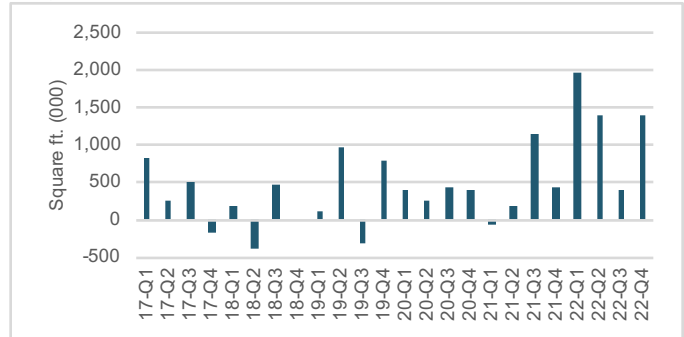
Source: Colliers International

Dayton Industrial Vacancy Rate



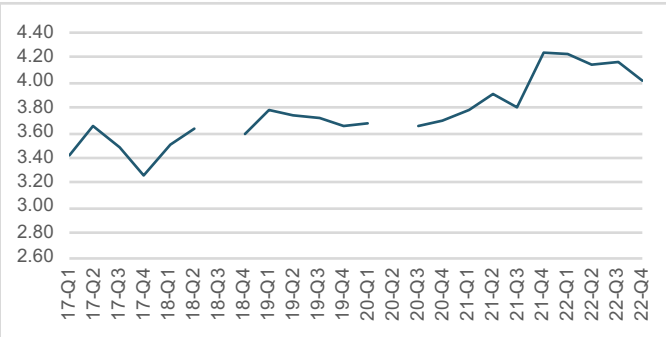
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Dayton Industrial Absorption



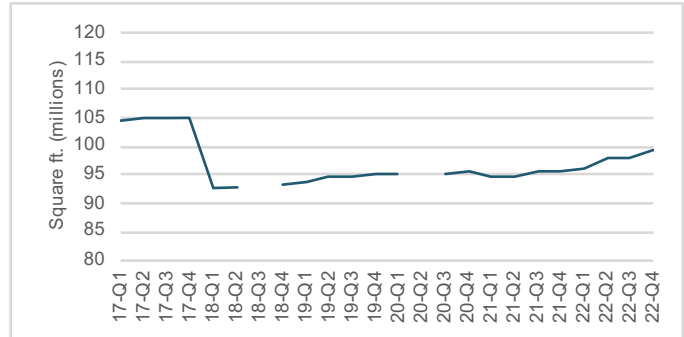
Source: Colliers International

Dayton Inflation-Adjusted Industrial Rent



Source: Colliers International

Dayton Industrial Inventory



Source: Colliers International