Regionomics® From Trends to Insight to Action

ColumbusForecast2019

Number Twenty

Columbus Forecast: Growth Slower but Still Positive

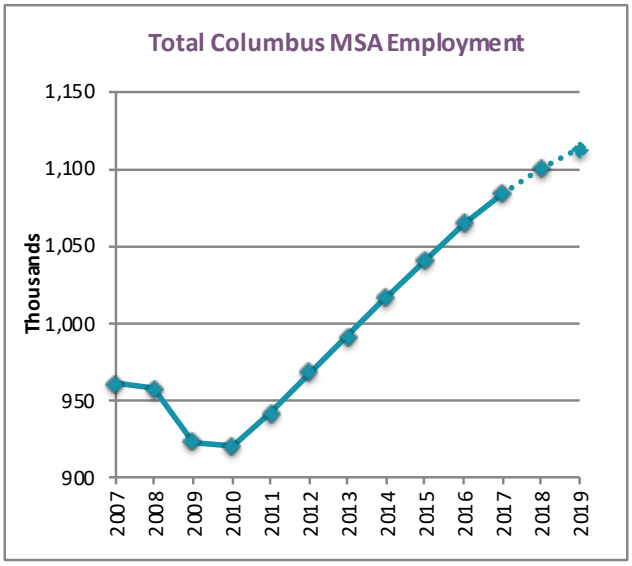
Columbus MSA employment crossed the 1.1 million mark in 2018. However, 2018 was likely the first year since 2007 in which employment growth failed to exceed the U.S. average.

Workforce availability seems to have been a key drag on growth in 2018. This will also be a factor in 2019, along with slower U.S. economic growth and negative tariff impacts. The forecast predicts 1.2% growth in 2019.

As currently estimated, MSA employment grew 1.4% in 2018. This estimate is preliminary and possibly somewhat understated. Some sector estimates seem to have been incorrect as well. Adjusted totals are shown in blue below.

U.S. employment growth is expected to slow from 1.6% in 2018 to between 1.4% and 1.5% in 2019 as GDP growth slows. However, a recession is not likely in 2019.

Ohio job growth increased from 0.8% in 2017 to 1.5% in 2018, thanks to improvement in manufacturing, retail, transportation, and business services.



2019 Regionomics® Columbus MSA Forecast

Sector	Percentage change, 2017-2018			MSA employment		MSA Change, 2018-19	
	MSA	Ohio	U.S.	2018	2019	Number	Pct.
Total	**1.5%**	**1.5%**	**1.6%**	**1,100,300**	**1,113,600**	**13,200**	**1.2%**
Construction and mining	4.1%	3.5%	4.4%	41,100	41,900	800	1.9%
Manufacturing	1.6%	1.7%	2.1%	73,300	73,900	700	0.9%
Wholesale trade	0.2%	1.0%	1.4%	42,400	42,500	100	0.2%
Retail trade	0.2%	0.7%	0.3%	110,100	110,600	500	0.5%
Transportation and utilities	2.7%	4.5%	2.9%	56,400	58,200	1,800	3.2%
Information	(0.1%)	(0.8%)	(1.1%)	17,100	17,000	0	(0.2%)
Financial activities	2.8%	1.7%	1.4%	87,500	89,400	1,900	2.1%
Professional and business services	0.9%	0.5%	2.6%	181,200	182,600	1,400	0.8%
Professional and tech. services	2.6%	1.2%	2.5%	65,800	67,400	1,600	2.4%
Management of companies	2.3%	(0.1%)	1.5%	38,500	39,500	1,000	2.7%
Admin. support and waste svcs.	(1.4%)	0.2%	2.9%	76,900	75,700	(1,200)	(1.6%)
Education and health services	2.2%	1.4%	2.0%	164,500	167,500	3,000	1.8%
Private educational services	1.1%	0.5%	1.6%	22,200	22,400	100	0.6%
Healthcare and social services	2.4%	1.5%	2.1%	142,300	145,100	2,800	2.0%
Leisure and hospitality	1.5%	2.5%	1.8%	107,900	108,600	700	0.6%
Other services	3.3%	2.9%	1.5%	42,400	43,200	900	2.1%
Government	0.7%	0.9%	0.2%	176,500	178,000	1,600	0.9%
Federal government	(0.3%)	0.1%	(0.3%)	14,500	14,700	200	1.6%
State government	1.5%	2.8%	(0.5%)	77,500	78,700	1,100	1.5%
Local government	0.2%	0.3%	0.5%	84,500	84,700	200	0.2%

Regionomics estimates of 2018 MSA employment in blue. Employment totals and changes rounded to the nearest hundred.

About this Forecast and Regionomics®

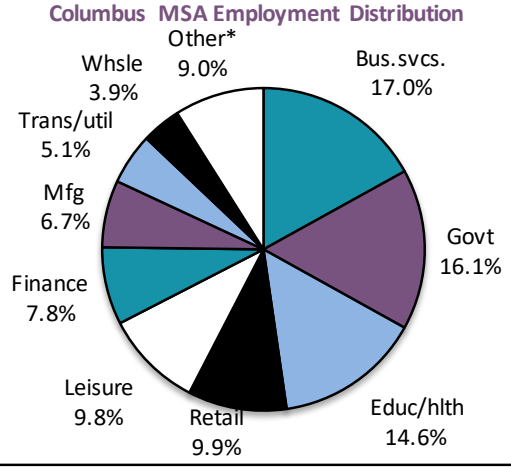
This is the 20th annual Columbus MSA forecast by Bill LaFayette, Ph.D., founder and owner, Regionomics®.

Regionomics is a Columbus-based economic and workforce strategy firm focusing on community and regional economies, employment analysis and forecasting, fiscal analysis, and economic and workforce policy.

Dr. LaFayette has nearly 25 years of experience in Central Ohio economic development. Before founding Regionomics in 2011, he spent 12 years as vice president of economic analysis at the Columbus Chamber and four years with Rickenbacker Port Authority. Previously he served on the finance and real estate faculties of Ashland University and the University of North Texas.

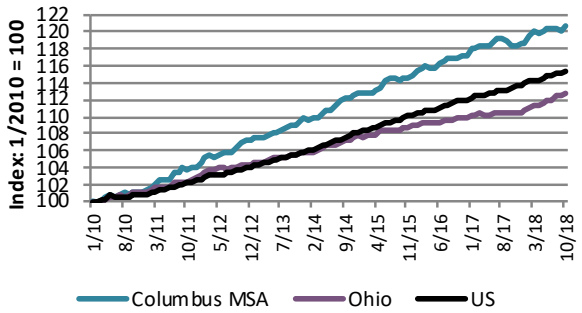
Please contact Regionomics at 614.443.3992 or info@regionomicsllc.com. You can also follow Bill by liking the Regionomics LLC page on Facebook. Learn more about Regionomics at regionomicsllc.com.

Columbus MSA Employment Distribution



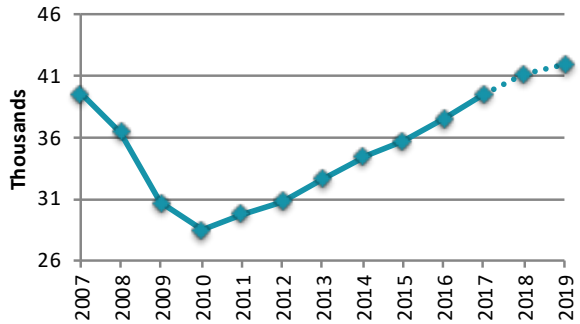
*Other services, construction, and information.

Cumulative Growth, Jan. 2010 - Oct. 2018



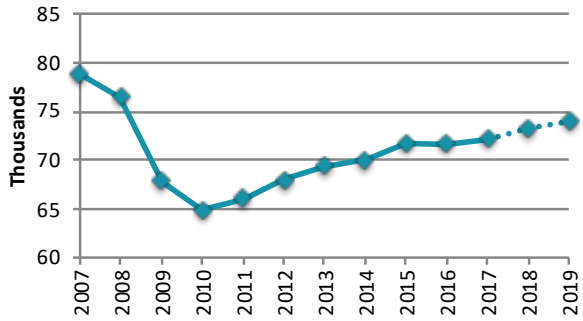
Based on current estimates, Columbus MSA employment has increased 20.7% (189,600 jobs) since the Jan. 2010 employment trough, far more than Ohio (12.8%) and the U.S. (15.4%).

Construction Employment



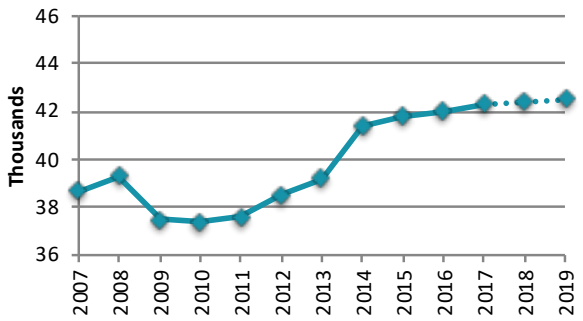
The 2018 preliminary estimate of construction employment is probably too low, so it is increased 1,600. Growth is being negatively impacted by increasing materials cost and workforce scarcity.

Manufacturing Employment



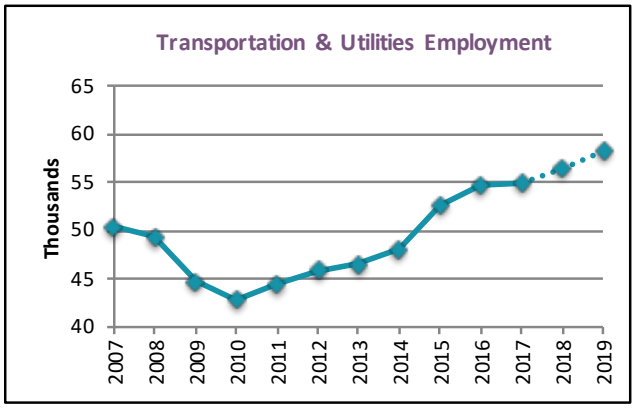
Columbus manufacturing GDP growth between 2009 and 2017 was 2.5 times the U.S. average (30.1% vs. 12.1%). Employment growth in 2019 will be affected by slower GDP growth, workforce availability, and trade tensions.

Wholesale Trade Employment

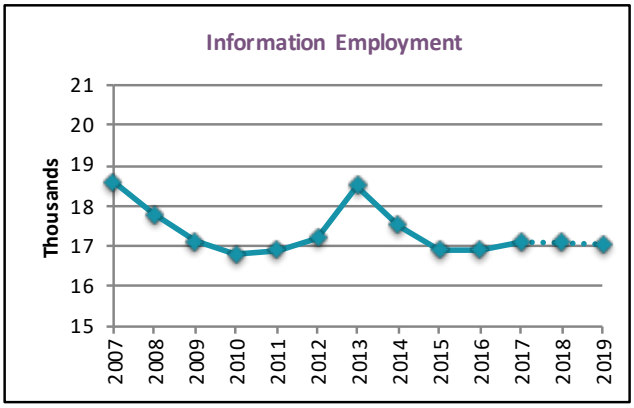


Wholesale, retail, and transportation together seem to have been correctly estimated in the preliminary totals, but wholesale was likely underestimated and retail overestimated. Slow wholesale growth will continue in 2019.

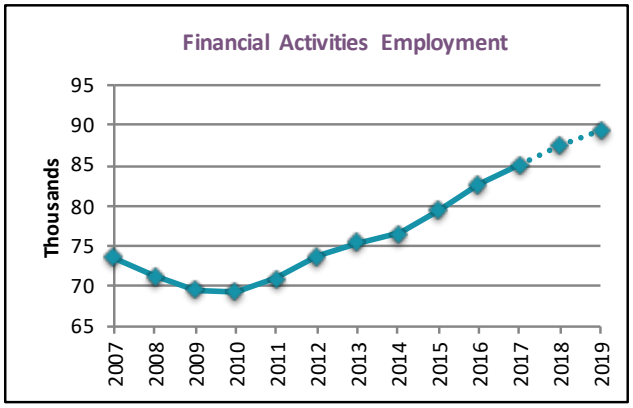
The 7,100 net increase in retail employment in 2016 and 2017 was largely due to the development of the Amazon distribution facilities. These are now up and running, but above-average retail employment growth continues.



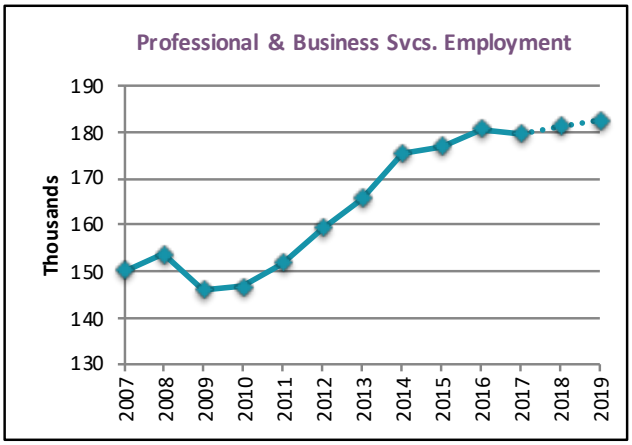
Preliminary estimates show improved transportation and utilities growth in 2018, but we currently lack confirming evidence. If the 2018 estimate is overstated, 2019 growth predicted here may occur in wholesale or retail instead.



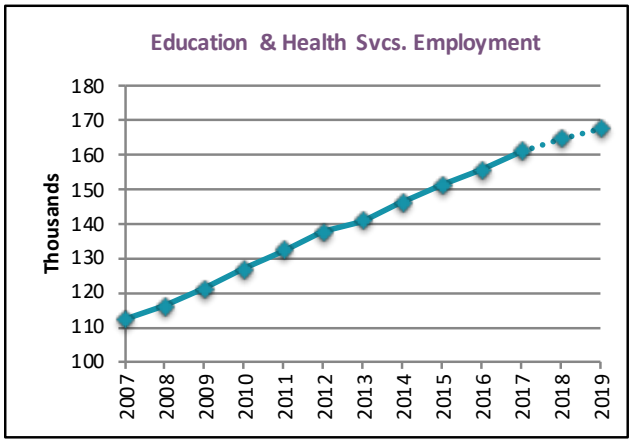
Growth in data processing and hosting employment drove the 1,300-job information employment spike in 2013 and has stabilized employment in more recent years. Continued stability is expected in 2019.



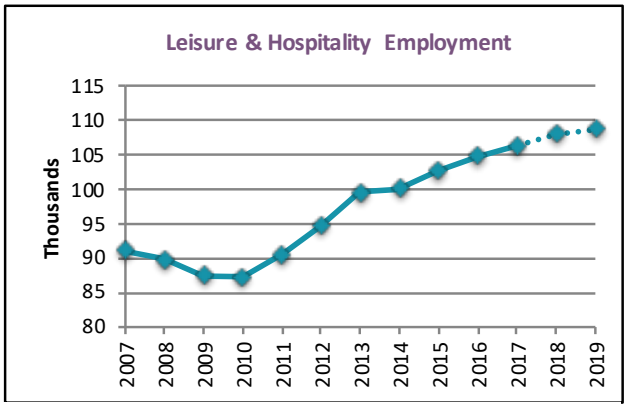
The 28.5 percent gain in financial activities employment since 2010 has been a primary reason for the growth of regional employment during the expansion. This is one sector in which strength should continue in 2019.



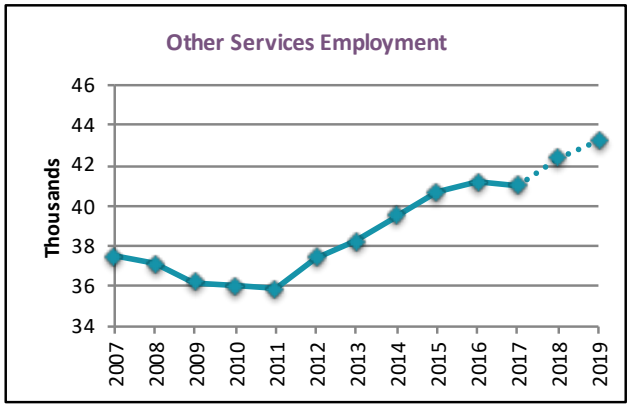
Weak professional and business services employment growth since 2015 has been a drag on overall growth. The weakness is centered in temporary employment services, which are having serious problems finding workers.



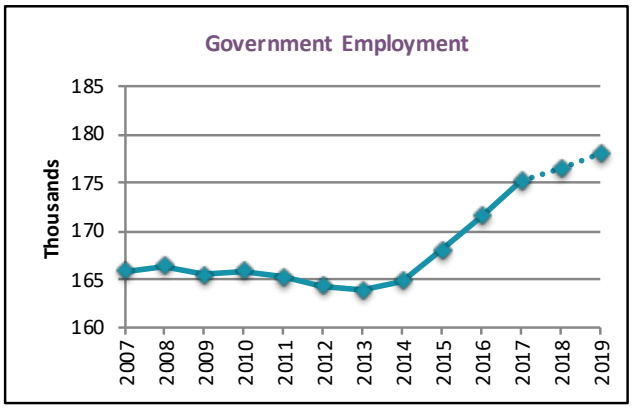
Only private education is included in education and health services, so the sector is 86% healthcare. Growth should continue in both education and healthcare in 2019, but at a somewhat slower pace.



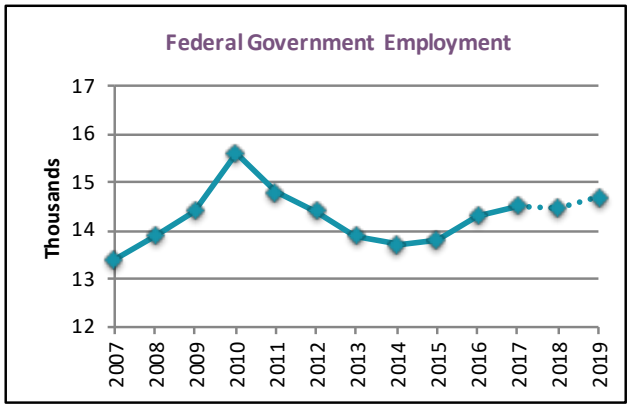
Leisure and hospitality employment growth has been weaker than average since 2014. Arts and recreation employment fell in 2014 and 2015. This segment has strengthened recently as restaurants have weakened.



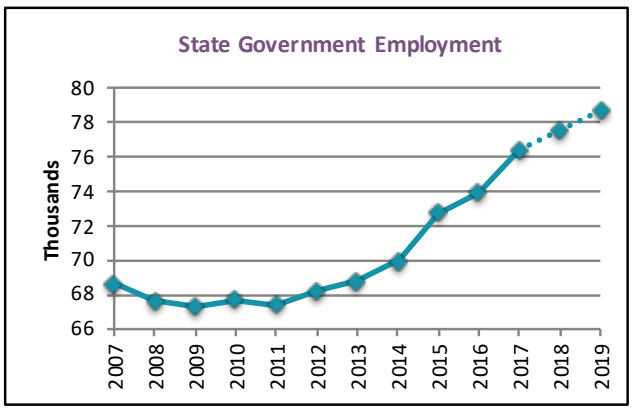
Other services employment growth seems to have revived in 2018. While the growth in the overall sector is confirmed by more reliable data, we currently lack the detailed data that would identify the underlying cause.



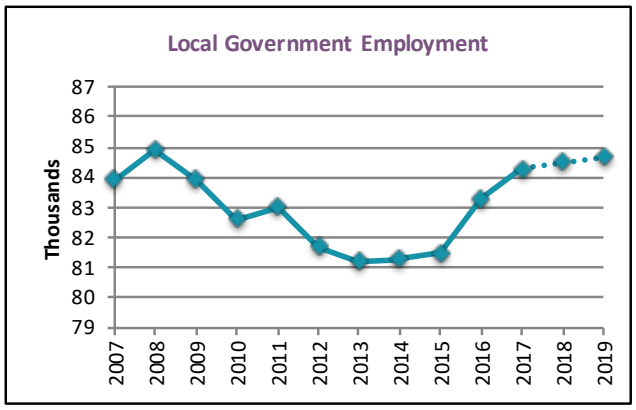
MSA government employment increased 11,700 (7.1%) between 2014 and 2018, compared to increases of 3% for Ohio and 2.2% for the U.S. Most of the 0.9% increase predicted for 2019 is in state employment.



Federal government employment has increased by about 700 since 2015, but data are not available that would identify the agencies or operations that accounted for this increase.



State government employment increased 11,000 between 2011 and 2018. The share of total state employment in the Columbus MSA increased from 39.3% in 2012 to 41.6% in 2018, its highest level since 1965.



Earlier in the decade, local government employment growth was adversely affected by sharp cuts in state and federal support. Recent weak growth may be at least partly due to slower growth in tax revenues.