

Third Quarter 2009

SUMMARY

- Employment in the Columbus Metropolitan Statistical Area (MSA – Delaware, Fairfield, Franklin, Licking, Madison, Morrow, Pickaway, and Union Counties) increased 1,500 (0.2 percent) during the third quarter. Ohio employment declined 0.3 percent; U.S. employment declined 0.6 percent.
- The region's seasonally-adjusted unemployment rate finished the quarter at 8.2 percent, down from 8.9 percent in June but up from 5.8 percent in September 2008. The June unemployment rate was lower than the 9.8 percent national average and Ohio's 10.1 percent. The improvement at the local and state levels was due not to growth in employment but a decline in the number of active job-seekers.
- The performance of individual sectors was mixed. Two sectors – professional services and private education and healthcare – were responsible for the entire net employment gain during the quarter. These and construction, manufacturing, and leisure did better than average. Transportation and financial activities weakened while retail continued weak.
- U.S. Gross Domestic Product (GDP) gained a larger-than-expected 3.5 percent during the third quarter – its first positive change in five quarters. The economists surveyed in the monthly *Wall Street Journal* poll were almost unanimous in expecting continued economic growth, but at a somewhat slower pace. The forecast on balance expects the job market to turn within the year. The national unemployment rate should not go much higher, but it will take years for it to return to pre-recession levels.
- GDP within the Columbus MSA rose 0.1 percent after inflation during 2008, according to new estimates released by the U.S. Bureau of Economic Analysis. In contrast, Ohio output declined 0.7 percent but U.S. output increased 0.7 percent. Columbus underperformed 29 of the 52 large MSAs nationwide.

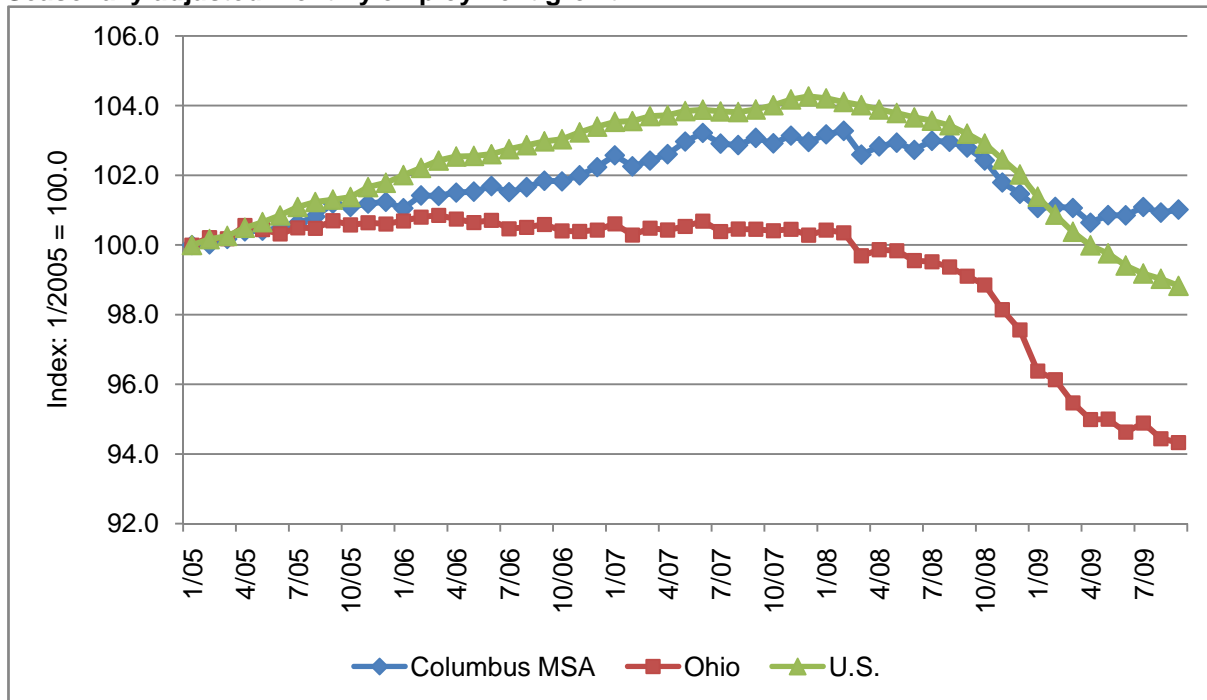
INDUSTRY EMPLOYMENT CHARTBOOK

An *Industry Employment Chartbook* is being issued in conjunction with this *Update*. The *Chartbook* presents more than 40 charts comparing sector-level employment growth at regional, state, and national levels annually from 1990 and monthly from January 2005.

Columbus MSA employment registers an increase during the third quarter

- Columbus MSA employment increased 1,500 (0.2 percent) during the third quarter. The preliminary seasonally-adjusted September total of 926,000 was 16,400 (1.7 percent) lower than the September 2008 level.
 - Ohio employment declined 15,900 (0.3 percent) from June 2009 and 258,100 (4.8 percent) from September 2008.
 - National employment losses continued in the third quarter with a decline of 768,000 (0.6 percent). The net loss since September 2008 was 5.785 million (4.2 percent).
 - The following graph diagrams employment growth at local, state, and national levels since January 2005. Both Columbus MSA and Ohio employment increased in July; local employment also increased in September. U.S. employment added to its now 21-month string of declines.

Seasonally adjusted monthly employment growth



Source: U.S. Bureau of Labor Statistics Current Employment Statistics series; seasonal adjustment of Columbus MSA employment by the Columbus Chamber.

Local and state unemployment rates fall as individuals exit the labor force; U.S. rate increases

The seasonally-adjusted Columbus MSA unemployment rate stood at 8.2 percent in September, down from 8.9 percent in June and up from 5.8 percent in September 2008. The U.S. rate rose to 9.8 percent, up from 9.5 percent in June and 6.2 percent a year ago. The Ohio rate fell to 10.1 percent from 11.1 percent in June and 6.8 percent a year ago.

- Seasonally-adjusted unemployment rates for the MSA and its counties, Ohio, and the U.S. are shown in the table below. Morrow and Pickaway rates exceeded the Ohio rate, while all other counties' rates were less than the state and U.S. averages.

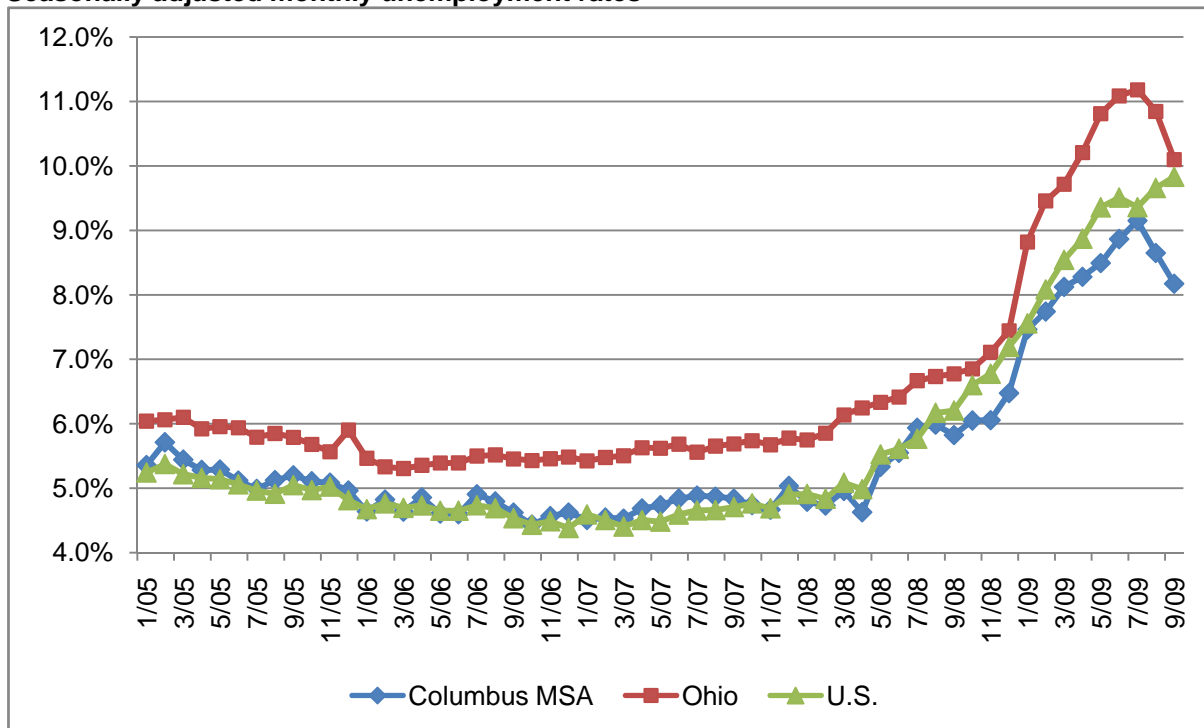
Seasonally-adjusted county, MSA, state, and national unemployment rates

	September 2009	June 2009	September 2008
Delaware	6.6%	7.3%	4.9%
Fairfield	8.4%	8.9%	5.9%
Franklin	8.1%	8.8%	5.8%
Licking	8.8%	10.0%	6.1%
Madison	8.5%	9.6%	6.6%
Morrow	10.7%	11.4%	7.5%
Pickaway	10.6%	11.4%	7.3%
Union	8.6%	9.1%	5.6%
Columbus MSA	8.2%	8.9%	5.8%
Ohio	10.1%	11.1%	6.8%
U.S.	9.8%	9.5%	6.2%

Source: U.S. Bureau of Labor Statistics Local Area Unemployment Statistics series; seasonal adjustment of county and MSA rates by the Columbus Chamber.

- The chart below graphs regional, state, and national unemployment rates since January 2005. Both local and state rates rose in July but fell sharply in August and September.

Seasonally adjusted monthly unemployment rates



Source: U.S. Bureau of Labor Statistics Local Area Unemployment Statistics series; seasonal adjustment of Columbus MSA unemployment rates by the Columbus Chamber.

- As shown in the table on the next page, labor force is defined as the sum of the number of residents employed plus those unemployed – those who have actively sought employment within the past 30 days.
 - Employment here measures the number of residents of the MSA, state, or nation who are working, regardless of where they work. Employment in the previous and following sections is the number of jobs within the specified geographical area, some of which may be filled by non-residents.
 - This table makes clear that the reason for the decline in local and state unemployment rates over the quarter was a decline in the labor force rather than an increase in employment. Potential workers were dropping out of the labor force faster than jobs were disappearing. Note that Columbus MSA resident employment declined over the quarter while the number of jobs within the region increased. (In addition to the conceptual difference between these two employment measures, both are subject to measurement errors.)
 - In contrast, labor force increased at the national level while employment declined, leading to the increase in the unemployment rate.

Changes in components of regional, state, and national unemployment rates

	Sep. 2009	Change from:	
		June 2009	Sep. 2008
Columbus MSA			
Employment	877,642	-4,210	-34,000
Plus Unemployment	78,121	-7,931	21,736
Equals Labor force	955,764	-12,141	-12,264
Unemployment rate (Unemp./Labor force)	8.2%	---	---
Ohio			
Employment	5,288,136	-282,383	-343,773
Plus Unemployment	594,086	278,637	263,086
Equals Labor force	5,882,222	-3,746	-80,687
Unemployment rate (Unemp./Labor force)	10.1%	---	---
United States (thousands)			
Employment	138,864	-691	-5,542
Plus Unemployment	15,142	1,568	6,067
Equals Labor force	154,006	877	525
Unemployment rate (Unemp./Labor force)	9.8%	---	---

Sector performance mixed during the third quarter

- The following table shows seasonally-adjusted employment changes by sector during the third quarter and from September 2008. Two sectors – professional services and private education and healthcare – were responsible for the entire net employment gain. These and other sectors that had been outperforming their national counterparts, including manufacturing and leisure, continued to do so. Transportation, and financial activities, which had also been doing better than average, weakened notably. Retail continued weak, while construction – which had been weaker than average – strengthened.

Quarterly and year-to-year sector employment changes

Sector	Sep. 2009 Columbus total	Change: 6/09 to 9/09			Change: 9/08 to 9/09		
		Columbus		U.S.	Columbus		U.S.
		Amt.	Pct.	Pct.	Amt.	Pct.	Pct.
Construction and mining	30,600	500	1.7%	-3.0%	-3,900	-11.3%	-14.9%
Manufacturing	69,600	-100	-0.1%	-1.3%	-5,000	-6.7%	-12.0%
Wholesale trade	38,200	700	1.9%	-0.5%	-1,000	-2.6%	-5.0%
Retail trade	97,100	-2,800	-2.8%	-0.6%	-4,700	-4.6%	-3.8%
Transportation and utilities	48,400	-900	-1.8%	-0.9%	-2,000	-4.0%	-5.7%
Information	16,800	-100	-0.6%	-0.7%	-900	-5.1%	-5.4%
Financial activities	67,200	-1,000	-1.5%	-0.6%	-3,300	-4.7%	-5.1%
Professional & business svcs.	153,500	3,600	2.4%	-0.3%	400	0.3%	-6.1%
Education and health services	122,300	2,000	1.7%	0.3%	5,900	5.1%	1.9%
Leisure and hospitality	88,200	800	0.9%	-0.2%	100	0.1%	-2.0%
Other services	36,200	-400	-1.1%	-0.4%	-500	-1.4%	-2.4%
Government	157,800	-1,000	-0.6%	-0.6%	-1,500	-0.9%	-0.6%
Total	926,000	1,500	0.2%	-0.6%	-16,400	-1.7%	-4.2%

Source: U.S. Bureau of Labor Statistics Current Employment Statistics series; seasonal adjustment by the Columbus Chamber.

- The table on the next page shows local, statewide, and national employment changes since the beginning of the recession in December 2007. The region's employment decline has been less than half the national average. Ohio has fared worse than average, but the disparity between the state's

performance and the U.S. is much less than it was prior to the downturn. The performance of virtually all sectors locally exceeds the national average; the only significant exception is government.

Sector employment changes since December 2007

	Columbus MSA		Ohio		United States	
	Amt.	Pct.	Amt.	Pct.	Amt.	Pct.
Construction and mining	-6,400	-17.3%	-46,900	-20.2%	-1,520	-18.4%
Manufacturing	-6,700	-8.8%	-144,500	-18.9%	-2,058	-14.9%
Wholesale trade	-600	-1.5%	-9,100	-3.8%	-396	-6.5%
Retail trade	-4,600	-4.5%	-29,600	-5.0%	-868	-5.6%
Transportation and utilities	-3,300	-6.4%	-26,900	-12.5%	-369	-7.2%
Information	-1,200	-6.7%	-9,300	-10.7%	-199	-6.6%
Financial activities	-4,200	-5.9%	-15,300	-5.2%	-541	-6.6%
Professional & business svcs.	800	0.5%	-62,300	-9.2%	-1,512	-8.3%
Education and health services	10,000	8.9%	36,000	4.5%	741	4.0%
Leisure and hospitality	-1,100	-1.2%	-2,500	-0.5%	-397	-2.9%
Other services	-400	-1.1%	-9,600	-4.3%	-120	-2.2%
Government	-300	-0.2%	-1,500	-0.2%	34	0.2%
Total	-17,800	-1.9%	-321,500	-5.9%	-7,205	-5.2%

Source: U.S. Bureau of Labor Statistics Current Employment Statistics series; seasonal adjustment by the Columbus Chamber.

U.S. output grows during the third quarter; The October *Wall Street Journal* economic forecast poll expects growth to continue

- The initial estimate of third quarter Gross Domestic Product (GDP) – the value of all goods and services produced in the nation – was a larger-than-expected gain of 3.5 percent. This was its first positive change in five quarters.
 - Much of this growth was related to the stimulus, especially the Cash for Clunkers program. But there were positive contributions from most categories of consumer and business purchases, and the impact of government spending relative to private spending was much less than in the second quarter.
- The 47 economists in *The Wall Street Journal's* October poll were almost unanimous in expecting continued economic growth (i.e., no double-dip recession) but growth will be somewhat slower in coming quarters as the impact of the federal stimulus attenuates.
 - The consensus is for growth of 2.5 percent in the fourth quarter, 2.6 percent in the first quarter of 2010, and 2.8 percent in the second quarter. The poll expects moderate growth of 2.8 percent in 2010 as a whole following back-to-back declines of 1.9 percent in 2008 and 0.7 percent in 2009.
- The forecast on balance expects the job market to turn within the year, with average expected employment growth of 17,200 per month over the next 12 months. However, 17 of the 47 respondents expect continuing employment declines to lead to a negative monthly average change through next September. The national unemployment rate should not go much higher: only five of the economists expect a peak higher than 10.5 percent. However, the plurality does not expect a six percent unemployment rate until 2013.

Newly-released Metropolitan Gross Domestic Product statistics for 2008 show that output growth in Columbus lagged many MSAs

- New estimates of 2008 Columbus MSA GDP show that regional output growth was stronger than in Ohio during the first year of the recession, but far weaker than in many other metro areas.

- These estimates are a much broader measure of the region’s economic health than is job growth. Not only do they give insight into the capacity of the economy to create and sustain employment and wage growth, they also show the importance of individual sectors to the productivity and creation of wealth in the region.
- Columbus MSA GDP in constant (2001) dollars totaled \$76.1 billion in 2008, up 0.1 percent from the previous year. This was better than the statewide decline of 0.7 percent but worse than the 0.7 percent growth at the national level.
- Columbus growth in 2008 ranked 30th out of the 52 MSAs with population of 1 million or more. This was an improvement over the region’s 46th-place growth ranking during the expansion years of 2001-2007 – a period of weak employment growth as well. Of all 366 MSAs, 245 had stronger growth than the Columbus MSA during 2008 and 278 were stronger during the expansion.
- The table below shows the inflation-adjusted growth of GDP during the 2001-2007 expansion and each of the last three years for the Columbus MSA, Ohio’s five other large MSAs, the state, the other MSAs included in Community Research Partners’ annual *Benchmarking Central Ohio* report for the Columbus Partnership, and the U.S.
 - Columbus outperformed all Ohio MSAs except Akron during the expansion, but lagged all of the benchmark MSAs (which include a mix of Midwestern MSAs and high-growth regions elsewhere).
 - Columbus continued to lag Akron’s 2007-2008 growth and that of most of the benchmark MSAs, many of which performed far better than the national average.

Inflation-adjusted Gross Domestic Product, Columbus MSA, Other Selected MSAs, Ohio, and U.S., 2001-2008

	2001-2007	2005-2006	2006-2007	2007-2008
Columbus	8.6%	-0.2%	1.3%	0.1%
Akron	11.6%	-1.0%	0.6%	0.4%
Cincinnati	7.6%	-1.2%	0.7%	0.1%
Cleveland	4.6%	-1.3%	0.0%	-1.3%
Dayton	4.0%	0.5%	-0.9%	-2.0%
Toledo	4.0%	-0.5%	-0.8%	-2.0%
Ohio	6.2%	-0.8%	0.2%	-0.7%
Austin	29.7%	7.1%	5.2%	4.4%
Charlotte	25.2%	8.0%	0.4%	-0.4%
Chicago	10.2%	2.9%	1.8%	-0.4%
Indianapolis	11.5%	0.9%	0.7%	0.5%
Jacksonville	52.3%	9.9%	2.4%	0.2%
Kansas City	11.4%	0.8%	2.1%	1.3%
Louisville	11.6%	2.7%	2.1%	-1.3%
Milwaukee	9.2%	3.3%	0.4%	1.1%
Minneapolis	13.0%	0.5%	1.9%	1.7%
Nashville	25.0%	4.7%	2.4%	1.5%
Portland, Oregon	33.5%	10.0%	4.7%	2.4%
Raleigh	23.2%	6.9%	4.4%	1.9%
San Diego	24.0%	2.2%	1.7%	2.6%
United States	16.3%	2.8%	2.0%	0.7%

Source: Calculated from U.S. Bureau of Economic Analysis metropolitan GDP statistics.