

Third Quarter 2008

SUMMARY

- Employment in the Columbus Metropolitan Statistical Area (MSA – Delaware, Fairfield, Franklin, Licking, Madison, Morrow, Pickaway, and Union Counties) increased 2,100 (0.2 percent) during the third quarter. Ohio employment declined 0.3 percent, while U.S. employment declined 0.2 percent.
- The region's seasonally-adjusted unemployment rate finished the quarter at 6.0 percent, up from 5.5 percent in June and 4.8 percent a year ago. Resident employment fell 0.3 percent, while the number of those looking for work continued to increase. The September unemployment rate was marginally lower than the 6.1 percent national average, but was well below Ohio's 7.2 percent.
- Employment growth in most industry sectors exceeded the corresponding national average. This included healthcare and government, which strengthened during the third quarter after a relatively weak first half. Transportation, however, gave back some of its first-half gains.
- Economists in the October *Wall Street Journal* survey generally believe that the U.S. is currently in a recession. The consensus forecast is for declining national output in the third and fourth quarters of 2008 and the first quarter of 2009. U.S. employment will decline well into next year.
- Output within the Columbus MSA rose 1.3 percent during 2006, according to new estimates released by the U.S. Bureau of Economic Analysis. In contrast, U.S. output increased 3.1 percent while Ohio output declined 0.3 percent.

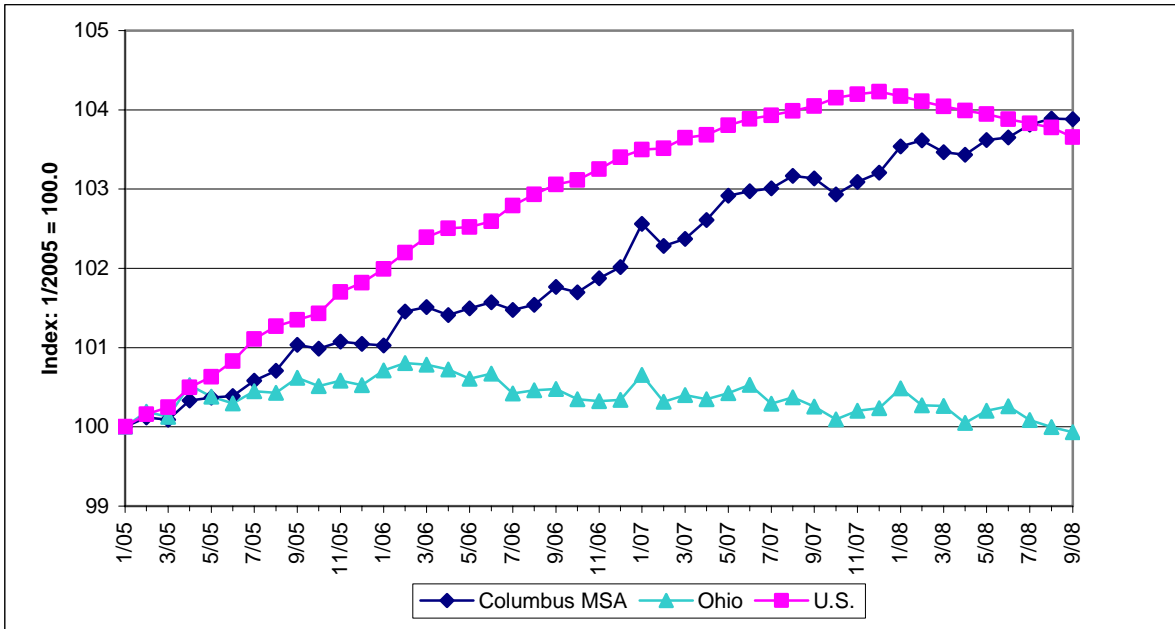
NEW PUBLICATION

The Chamber is issuing a new quarterly *Industry Employment Chart Book* in conjunction with this and future issues of the *Columbus Economic Update*. The *Chart Book* 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 shrugs off national weakness to increase 2,100 during the third quarter

- Columbus MSA employment registered a net increase of 2,100 (0.2 percent) during the third quarter. The preliminary seasonally-adjusted September total of 953,000 was 6,800 (0.7 percent) higher than September 2007.
 - Ohio employment declined 17,600 (0.3 percent) from June. The preliminary June total was 17,500 (0.3 percent) lower than September 2007.
 - Columbus MSA employment growth once again handily outperformed U.S. performance during the quarter. National employment registered a loss of 0.2 percent during the third quarter, and has declined for nine consecutive months. U.S. employment was 0.4 percent lower than its level in September 2007, a growth rate considerably weaker than the MSA, and also marginally weaker than the state.
- The graph on the following page diagrams the employment trends discussed above, and makes clear the recent relative strength of the Columbus MSA economy. Local employment growth since January 2005 has totaled 3.9 percent, compared to 3.7 nationally and a loss of 0.1 percent at the state level.

Seasonally adjusted Columbus MSA, Ohio, and U.S. employment growth, January 2005-September 2008



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

The regional unemployment rate rises to a 22-year high

- The seasonally-adjusted Columbus MSA unemployment rate rose to 6.0 percent, up from 5.5 percent in June and 4.8 percent a year ago. The U.S. rate stood at 6.1 percent in September, up from 5.5 percent in June. The Ohio rate rose from 6.6 percent to 7.2 percent. The regional rate has not been at this level since 1986, while state and U.S. rates were last at their current levels as recently as 1992 and 1994, respectively.
- Seasonally adjusted unemployment rates for the eight counties of the MSA, the state, and the nation are shown in the table on the following page. Morrow County's September rate equaled that of Ohio; all other counties' rates were less than the state average. Delaware, Fairfield, Franklin, and Union were below the U.S. rate.

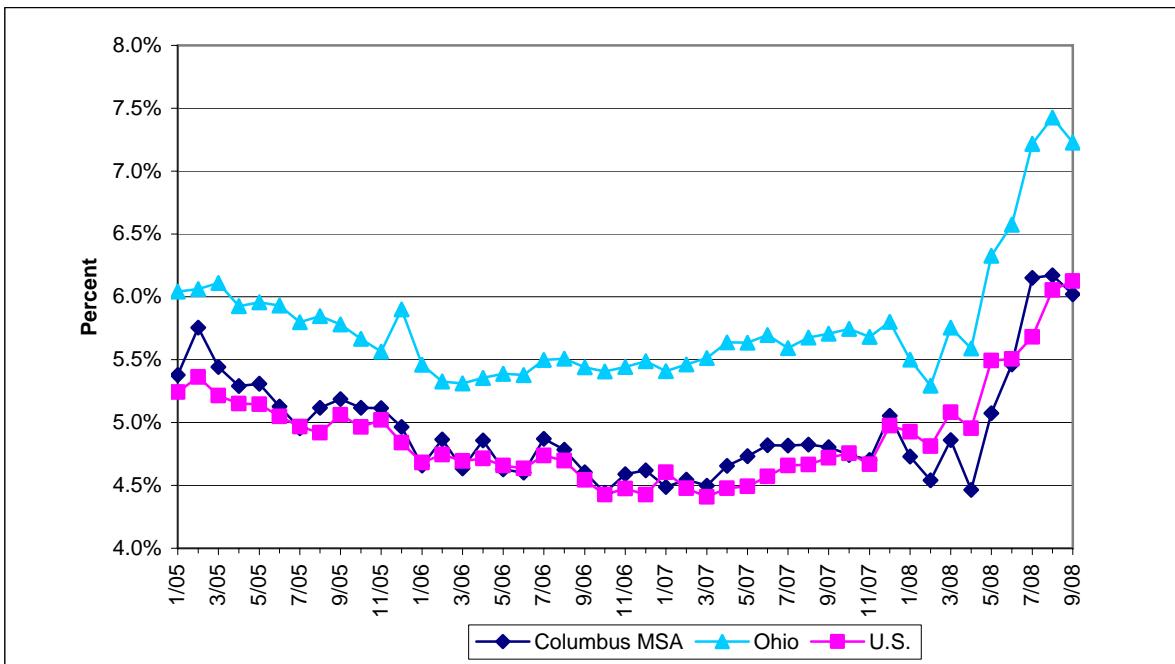
Seasonally-adjusted county, MSA, state, and national unemployment rates

	September 2008	June 2008	September 2007
Delaware	5.2%	4.7%	4.1%
Fairfield	5.9%	5.5%	5.1%
Franklin	6.0%	5.4%	4.7%
Licking	6.6%	5.9%	5.2%
Madison	6.8%	5.9%	5.3%
Morrow	7.2%	6.6%	6.0%
Pickaway	7.1%	6.6%	5.9%
Union	5.1%	5.4%	4.0%
Columbus MSA	6.0%	5.5%	4.8%
Ohio	7.2%	6.6%	5.7%
U.S.	6.1%	5.5%	4.7%

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.

Seasonally adjusted Columbus MSA, Ohio and U.S. unemployment rates, January 2005-September 2008



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 – including only those who have actively sought employment within the past 30 days.
 - The number of Columbus MSA residents employed declined during the quarter, and was essentially unchanged from a year ago. Meanwhile, the number of job-seekers rose, but at a somewhat slower rate than in previous quarters.

- As was the case locally, statewide and national resident employment was down from June levels (although to a greater degree), while labor force increased. As a result, unemployment rates increased.

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

	Sep. 2008	Percentage change from:	
		June 2008	Sep. 2007
Columbus MSA			
Employment	917,336	-0.3%	0.1%
Plus Unemployment	58,743	10.5%	27.0%
Equals Labor force	976,079	0.3%	1.4%
Unemployment rate (Unemp./Labor force)	6.0%	---	---
Ohio			
Employment	5,566,713	-0.5%	-1.3%
Plus Unemployment	433,570	10.1%	27.0%
Equals Labor force	6,000,283	0.2%	0.3%
Unemployment rate (Unemp./Labor force)	7.2%	---	---
United States (thousands)			
Employment	145,255	-0.4%	-0.6%
Plus Unemployment	9,477	11.5%	35.4%
Equals Labor force	154,732	0.2%	1.1%
Unemployment rate (Unemp./Labor force)	6.1%	---	---

Employment growth among sectors is generally much stronger than average

- The following table shows seasonally-adjusted employment changes by sector during the third quarter and from September 2007. Most sectors outperformed their national counterparts. These included healthcare and government, which strengthened during the third quarter after a relatively weak first half. Transportation, however, weakened considerably after turning in by far the best performance during the first half. This sector seems to be showing the strain of its recent rapid growth in the face of weakening business and consumer demand.

Columbus MSA and national quarterly and year-to-year sector employment changes

Sector	Sept 2008 Columbus total	Change: 6/08 to 9/08			Change: 9/07 to 9/08		
		Columbus		U.S.	Columbus		U.S.
		Amt.	Pct.	Pct.	Amt.	Pct.	Pct.
Construction and mining	36,900	-100	-0.3%	-0.5%	-800	-2.1%	-4.7%
Manufacturing	75,200	0	0.0%	-1.1%	-1,600	-2.1%	-3.2%
Wholesale trade	39,900	0	0.0%	-0.5%	900	2.3%	-0.8%
Retail trade	103,500	300	0.3%	-0.6%	-200	-0.2%	-1.6%
Transportation and utilities	52,200	-500	-0.9%	-0.3%	1,300	2.6%	-1.0%
Information	18,100	-200	-1.1%	-0.6%	-400	-2.2%	-1.7%
Financial activities	73,600	-100	-0.1%	-0.4%	-100	-0.1%	-1.3%
Professional and business svcs.	154,400	400	0.3%	-0.5%	4,100	2.7%	-0.9%
Educational and health services	113,900	1,100	1.0%	0.7%	2,000	1.8%	3.1%
Leisure and hospitality	90,600	400	0.4%	-0.4%	1,200	1.3%	0.6%
Other services	37,000	-200	-0.5%	0.1%	-100	-0.3%	0.6%
Government	157,500	800	0.5%	0.4%	400	0.3%	1.4%
Total	953,000	2,100	0.2%	-0.2%	6,800	0.7%	-0.4%

The October *Wall Street Journal* economic forecast poll is the gloomiest one yet; says the U.S. is currently in a recession.

- Economic forecasts summarized in *The Wall Street Journal's* monthly survey of 52 economists took a decidedly gloomier turn in the poll conducted in early October. For the first time, the consensus forecast was for declining Gross Domestic Product (GDP): an annualized decline of 0.2 percent in the third quarter, 1.2 percent in the fourth quarter, and 0.1 percent in the first quarter of 2009. A broad majority of the respondents believes that the U.S. economy is currently in a recession.
 - This forecast suggests a recession comparable to that of 2001 in terms of maximum GDP decline, and much less severe than those of 1981-1982 and 1990-1991. But if the prediction of three consecutive quarters of declining GDP comes to pass, that would be the first three-quarter decline since 1974-1975.
- The forecast expects employment declines to continue well into 2009. The consensus calls for an average monthly decline of 75,000 jobs during the year ahead, compared to an average monthly decline of 84,000 jobs thus far in 2008. The national unemployment rate will rise to 6.8 percent.

Newly-released Metropolitan Gross Domestic Product statistics for 2006 show that output growth in Columbus lagged many MSAs

- New estimates of 2006 Columbus MSA Gross Domestic Product (GDP) – the value of all goods and services produced in the region show that output growth was stronger than in Ohio, 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.
- The table below shows the inflation-adjusted level and growth of GDP in the Columbus MSA, Ohio, and the U.S. between 2001 and 2006.
 - Of the nation's 363 MSAs, 250 had stronger 2006 growth than the Columbus MSA's 1.3 percent.
 - Columbus GDP growth weakened much more than at the national level in 2005 and 2006. This was a period of relatively weak employment growth in the region as well.
 - Ohio managed an 8.3 percent increase in output during a period in which total employment (including proprietors' employment) increased only 0.9 percent. Most of the reason for this disparity is the high concentration of manufacturing activity at the state level. As noted below, manufacturers' output increased strongly despite significant employment declines.

Inflation-adjusted Gross Domestic Product, Columbus MSA, Ohio, and U.S., 2001-2006

Real (2001) value, in millions	2001	2002	2003	2004	2005	2006
Columbus MSA	69,975	71,839	72,238	73,939	74,870	75,806
Ohio	365,735	373,457	378,719	387,436	389,956	388,921
U.S.	9,836,576	9,981,850	10,225,679	10,580,223	10,899,704	11,240,107
Percentage growth	2001-2002	2002-2003	2003-2004	2004-2005	2005-2006	2005-2006
Columbus MSA	2.7%	0.6%	2.4%	1.3%	1.3%	8.3%
Ohio	2.1%	1.4%	2.3%	0.7%	-0.3%	6.3%
U.S.	1.5%	2.4%	3.5%	3.0%	3.1%	14.3%

- The following table presents 2006 current-dollar GDP by sector, the proportion of total output and employment represented by each sector, and the total 2001-2006 growth of real output and employment.
 - Several sectors contribute much more to output than they do to employment. This is true of manufacturing, and especially real estate, rental and leasing, which is second only to government in terms of output.
 - Some sectors' output grew much more over this period than their employment, indicating increasing worker productivity. Standouts were manufacturing, retail, transportation, information, finance and insurance, and professional services. In contrast, output declined in construction and real estate despite increasing employment.

	2006 GDP	Percentage of total		Change, 2001-2006	
		GDP	Employmt.	Real GDP	Employmt.
Total GDP, current dollars	85,514	100.0%	100.0%	8.3%	4.3%
Private industries	75,564	88.4%	85.1%	9.3%	4.3%
Agriculture & natural resources	n.d.	n.d.	n.d.	n.d.	n.d.
Mining	n.d.	n.d.	n.d.	n.d.	n.d.
Utilities	1,551	1.8%	0.3%	14.2%	6.0%
Construction	3,302	3.9%	5.4%	-20.6%	4.3%
Manufacturing	8,881	10.4%	6.9%	9.1%	-17.3%
Wholesale trade	4,358	5.1%	3.5%	0.5%	-0.3%
Retail trade	6,085	7.1%	10.9%	6.9%	-8.7%
Transportation and warehousing	3,691	4.3%	4.4%	59.7%	32.3%
Information	2,851	3.3%	1.9%	14.8%	-11.1%
Finance and insurance	10,210	11.9%	6.1%	21.8%	0.9%
Real estate, rental and leasing	11,790	13.8%	3.7%	-8.3%	14.8%
Prof. and technical services	6,291	7.4%	7.0%	22.8%	12.1%
Management of companies	2,712	3.2%	1.7%	26.3%	38.8%
Administrative & waste svcs.	2,788	3.3%	7.0%	20.9%	10.6%
Educational services	598	0.7%	1.9%	21.3%	31.8%
Health care & social assistance	5,438	6.4%	9.6%	12.4%	17.6%
Arts, entertainment & recreation	496	0.6%	1.8%	5.2%	6.3%
Accommodation & food svcs.	2,108	2.5%	7.0%	9.7%	11.9%
Other services	1,887	2.2%	5.3%	-8.1%	10.5%
Government	9,950	11.6%	14.2%	1.3%	4.7%
Federal civilian	1,281	1.5%	1.1%	-6.5%	-5.0%
Federal military	255	0.3%	0.4%	23.8%	-1.2%
State and local	8,415	9.8%	12.7%	2.1%	5.8%

n.d. = No data. Source: U.S. Bureau of Economic Analysis. (Italicized values are Columbus Chamber estimates.)