

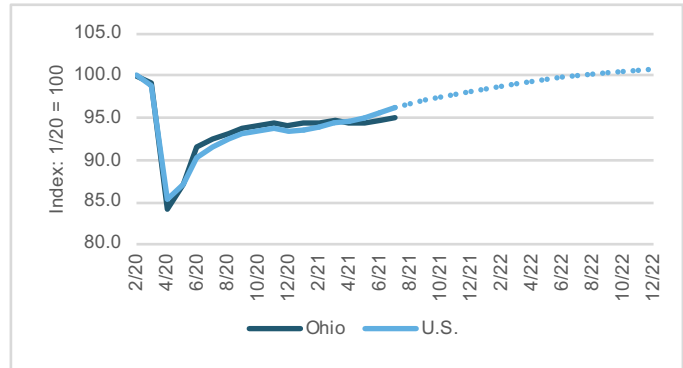
## Employment and Unemployment

- **Ohio employment growth accelerated over the past two months after drifting for the previous seven.** 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 51,400 (1%) between May and July.
- **U.S. employment forecasts continue to improve.** The dashed line in the payroll employment chart is the consensus employment forecast of 36 economists from the August Survey of Professional Forecasters of the Philadelphia Federal Reserve. Previous consensus forecasts have suggested a return to pre-pandemic employment at year-end 2022. This forecast implies a full recovery next summer.
- **The U.S. unemployment rate fell half a percentage point in July, and is now equal to the 5.4% Ohio rate.** Ohio's rate is up from 4.7% three months ago, while the U.S. rate is down from 6.1%.

As shown in the chart below, labor force (the denominator of the unemployment rate) and employment both fell sharply in May. This occasionally happens, and is a result of measurement errors in the underlying data. Excluding this break, labor force is up 0.9% from April, and the number of employed Ohioans is up 0.6%. The fact that labor force growth exceeded employment growth resulted in an increase in the unemployment rate. This increase in the unemployment rate is thus good news: more people are confident enough in their job prospects to enter the labor force.

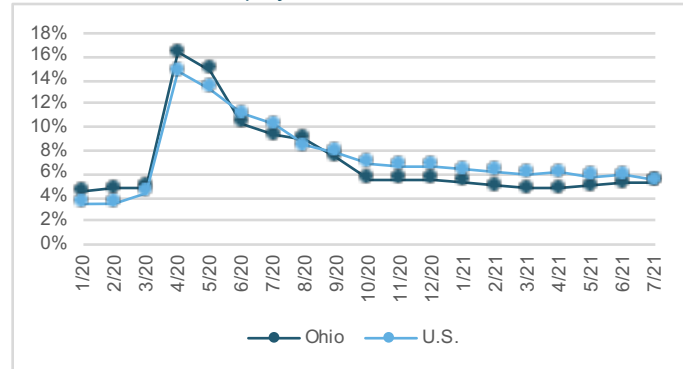
In contrast, U.S. labor force increased only 0.2% between April and July. The drop in the unemployment rate was due almost completely to a 1% increase in resident employment.

Payroll Employment Change, Including U.S. Forecast



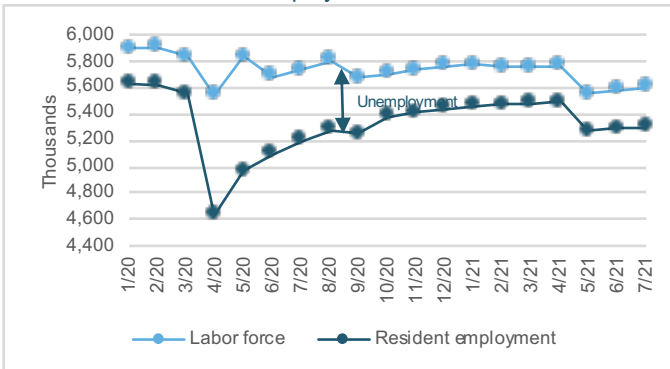
Source: U.S. Bureau of Labor Statistics, Philadelphia Federal Reserve.

Ohio and U.S. Unemployment Rates



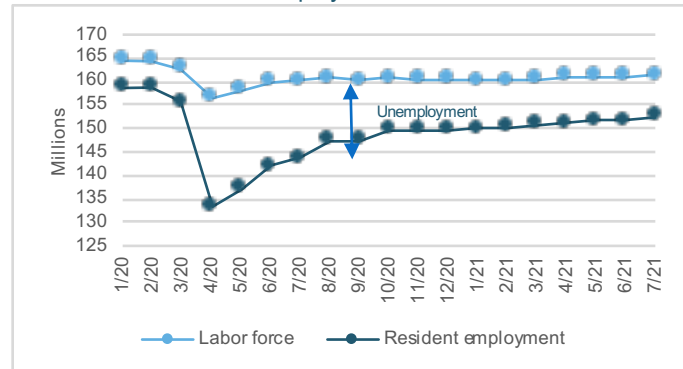
Source: Labor Force Statistics, U.S. Bureau of Labor Statistics.

Ohio Labor Force and Employment



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

U.S. Labor Force and Employment

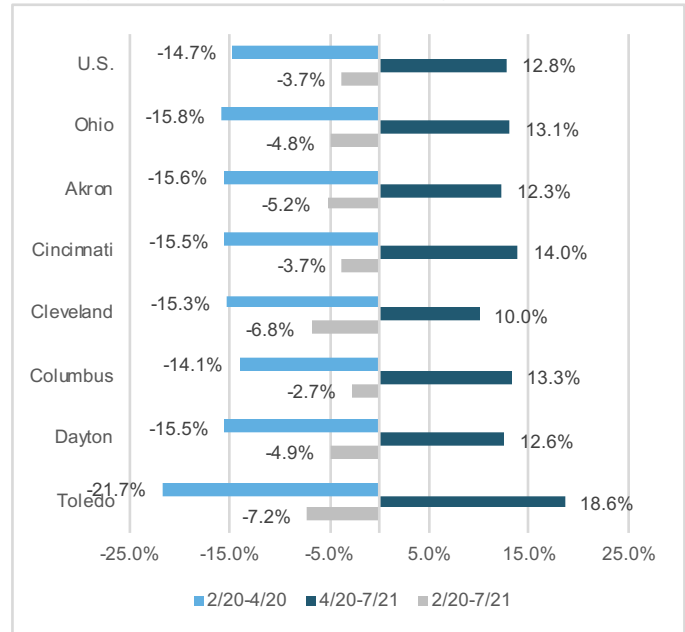


Source: Current Population Statistics, U.S. Bureau of Labor Statistics.

## Employment Changes by Region and Sector

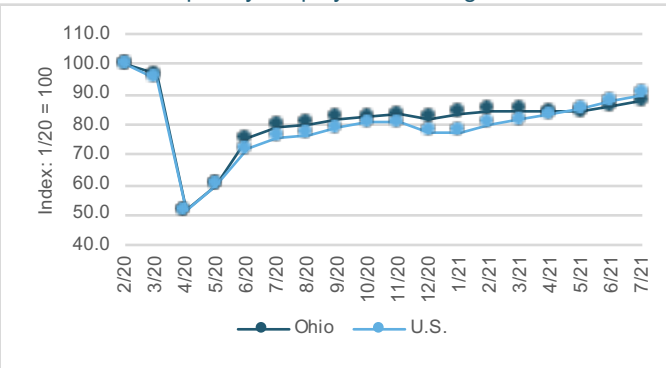
- **All major MSAs except Cleveland** enjoyed continued growth during the last three months, reducing net employment declines. Cincinnati gained 1.5% during the quarter and Columbus gained 1.7%. Cleveland lost 0.2%, and other MSAs gained between 0.2% and 0.5%. Ohio's gain was 0.7% versus a U.S. gain of 1.7%.
- **Ohio leisure and hospitality employment increased 4% between April and July, while U.S. employment increased 8.3%.** These gains were driven by increasing willingness of people to go out to events and restaurants. However, the increasing spread of the Delta variant is concerning.
- **Growth of three office-using sectors weakened during the quarter.** Business services gained 0.3% in Ohio versus 0.9% nationally. Finance and insurance lost 0.8% in Ohio versus a 0.1% U.S. loss. Healthcare lost 0.4% while gaining 0.3% nationwide.
- **Real estate employment retraced its steps from its gain at the beginning of the year.** Ohio's three-month loss was 3.2% versus a 1.3% U.S. gain. As noted in last quarter's report, large changes and employment spikes like this can result from errors in the data.

Employment Loss, Gain and Net Change

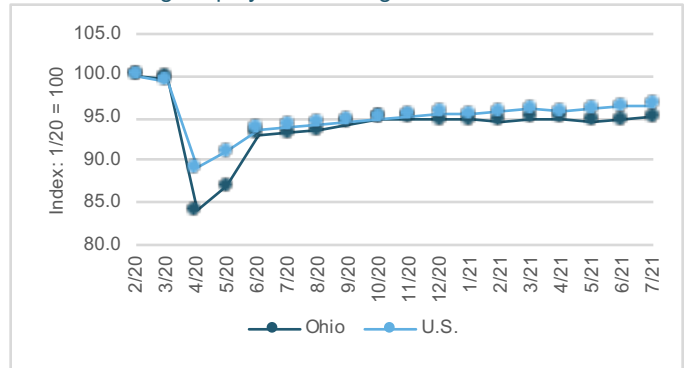


Source: Current Employment Statistics, U.S. Bureau of Labor Statistics.

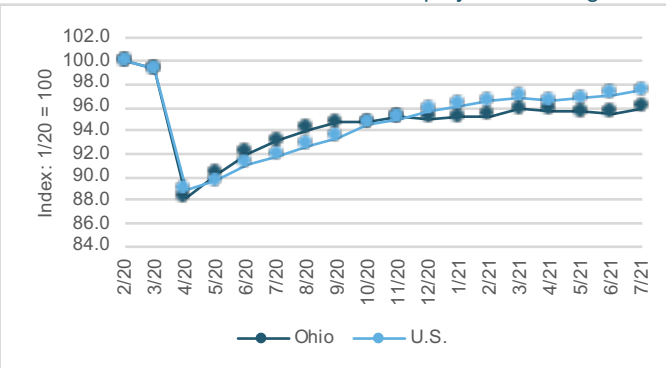
Leisure and Hospitality Employment Change



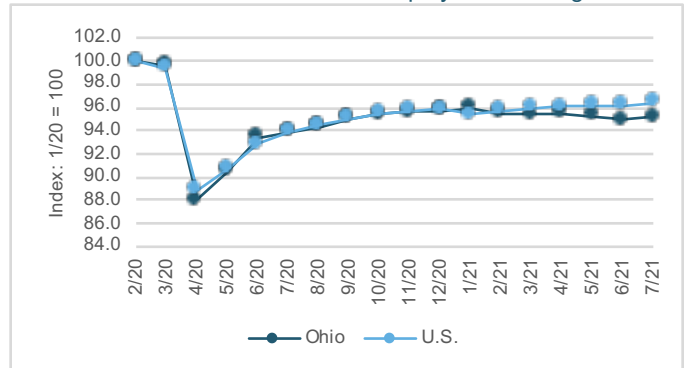
Manufacturing Employment Change



Professional & Business Services Employment Change

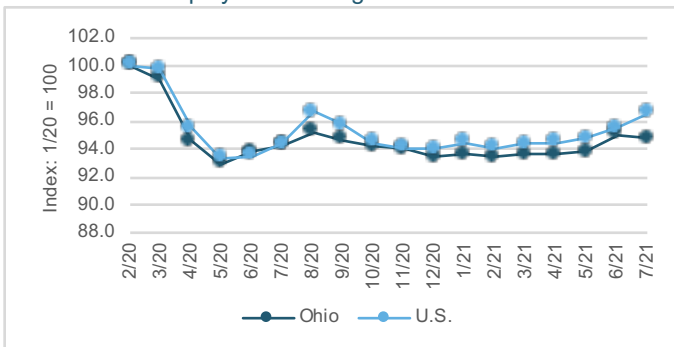


Healthcare & Social Assistance Employment Change

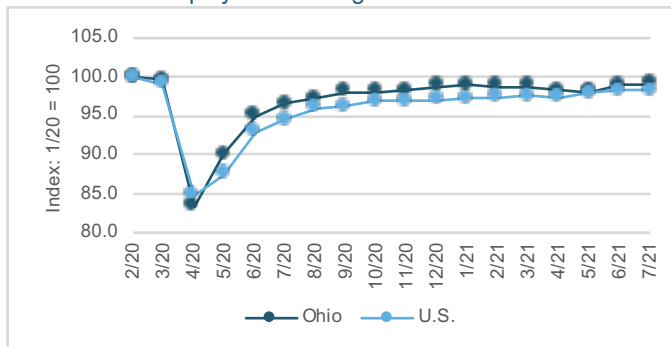


Source: Current Employment Statistics, U.S. Bureau of Labor Statistics.

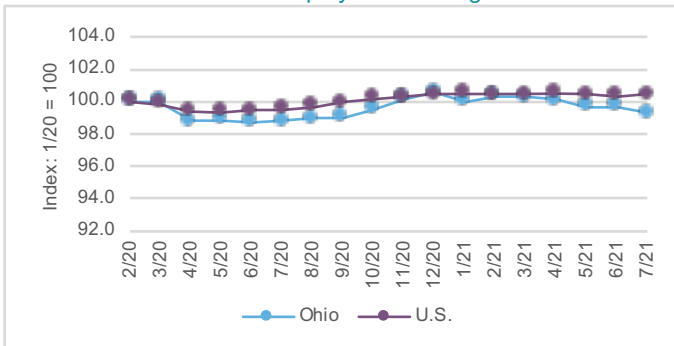
### Government Employment Change



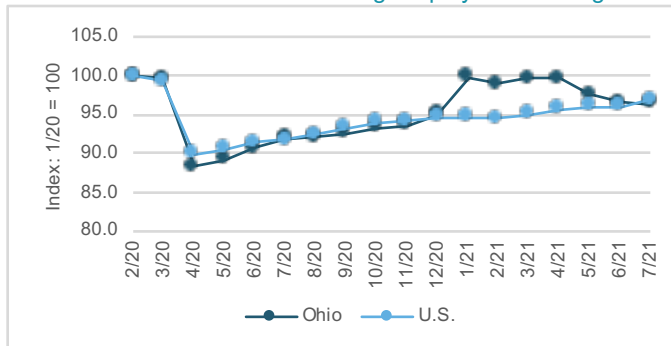
### Retail Trade Employment Change



### Finance and Insurance Employment Change



### Real Estate and Rental & Leasing Employment Change

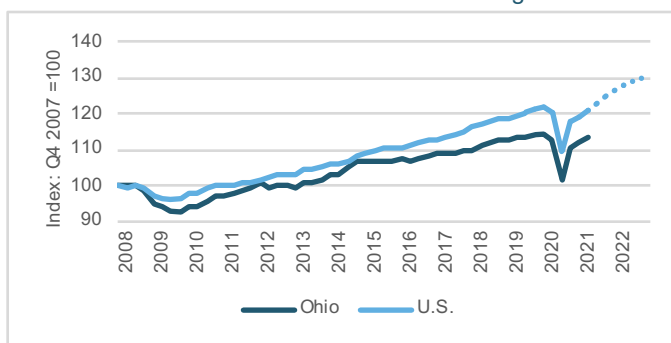


Source: Current Employment Statistics, U.S. Bureau of Labor Statistics.

## Broad Economic Indicators

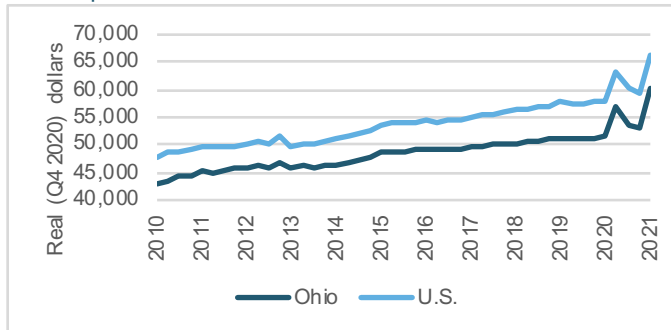
- **U.S. gross domestic product (GDP) grew at a 6.6% annualized rate in the second quarter.** This strong growth brought GDP above its pre-pandemic peak. Meanwhile, the National Bureau of Economic Research announced the end of the recession in April 2020. The recession's end was two months after its beginning, making it the shortest downturn on record. The dashed line in the chart to the right is the result of the quarterly survey of the Philadelphia Federal Reserve.
- **Ohio GDP growth continued to outperform the national average in the most recent quarter available.** Ohio's first quarter gain was 6.4% versus a 6.3% U.S. average.
- **Per-capita personal income (PCPI) growth overcame its previous losses to achieve new Ohio and U.S. highs in the first quarter.** As in previous quarters, Ohio PCPI growth exceeded the national average (14.7% versus 12.3%). Ohio PCPI remains 9.1% less than the U.S. average.
- **Second quarter inflation soared to 4.8% year-over-year.** Most economists expect inflation to subside as production rises to overcome supply bottlenecks. Economists surveyed by the Philadelphia Fed expect inflation to cool to 2.6% by year-end and 2.2% to 2.4% next year.
- **Consumer sentiment plunged to a nearly 10-year low in August.** Consumer concerns over price increases continued, and the spread of the Delta variant added to those worries.

### U.S. and Ohio Gross Domestic Product Change



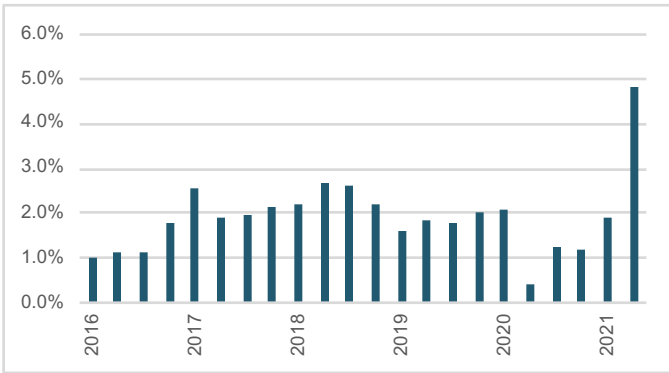
Source: U.S. Bureau of Economic Analysis; NABE Outlook.

### Per-Capita Personal Income



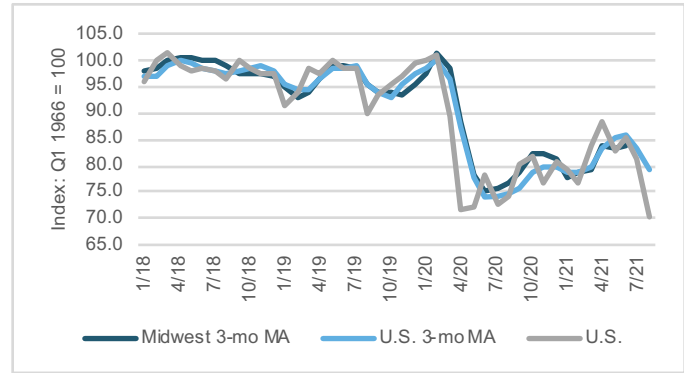
Source: U.S. Bureau of Economic Analysis.

## 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

- **Airport traffic recovery continued with sharp increases in the second quarter.** Second-quarter passenger counts at the six Ohio-serving airports were up 75% from the first quarter. Toledo was the only one of the six not in that range, with a 12.4% increase.
- **Traffic is closer to its pre-pandemic level but is not fully recovered.** The six airports' second-quarter passenger counts are 33% below their goal for the second quarter of 2019. Continued improvement is vulnerable to traveler concerns over the rapidly spreading Delta variant.

### Akron-Canton Airport



Source: Akron-Canton Airport.

### Cincinnati-Northern Kentucky International Airport



Source: Cincinnati-Northern Kentucky International Airport.

### Cleveland Hopkins International Airport



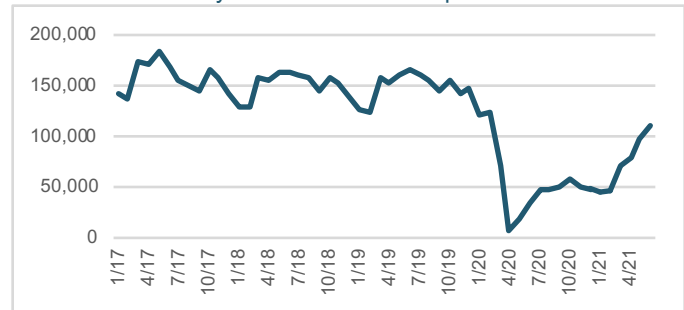
Source: Cleveland Airport System.

### John Glenn Columbus International Airport



Source: Columbus Regional Airport Authority.

### James M. Cox Dayton International Airport



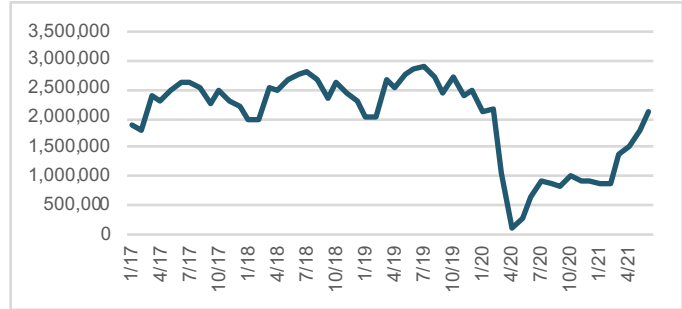
Source: Dayton International Airport.

Eugene F. Kranz Toledo Express Airport



Source: Toledo-Lucas County Port Authority.

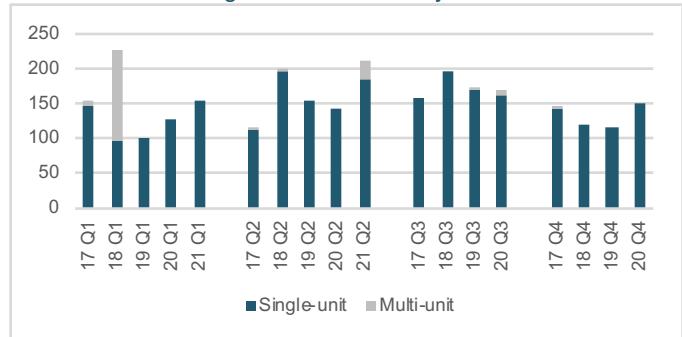
Six Airport Total



## Residential Real Estate

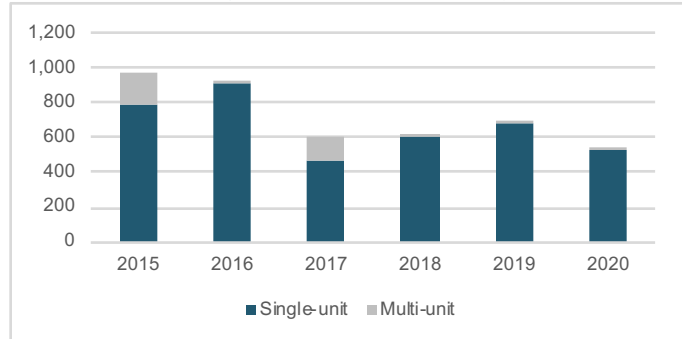
- **Second-quarter housing permit activity in all of Ohio's large metro areas was above its year-ago level.** Total permits statewide were 74% higher than the same quarter in 2020, and higher than any quarter during the last four years. Excluding the volatile multi-unit segment, single-unit permits nearly doubled with an increase of 96%.
- **Akron's and Cleveland's year-over-year increases were less than Ohio and most of the other large MSAs, at "only" 48% and 44%, respectively.**
- **Columbus results were mixed.** Although single-unit permits were 125% higher than a year ago, an unusually small number of multi-unit permits translated to a 7% annual gain.
- **Dwellings in planned multi-unit buildings continued higher than earlier periods in Cincinnati and Dayton.** These permits in Cincinnati were off from the first quarter's torrid pace, but still nearly six times their year-ago level. They contributed to a 114% total permit increase from a year ago. The total increase in Dayton was 126%.
- **The Federal Housing Finance Authority's House Price Index shows much larger second-quarter gains across the board, including a U.S. gain of 5.3%.** Akron gained 4.4%, Cincinnati gained 4.7%, Cleveland gained 4.9%, Columbus gained 5.9%, Dayton gained 5.5%, and Toledo gained 4.9%. The statewide gain was 5%.

Akron MSA Housing Units Permitted by Quarter



Source: U.S. Census Bureau

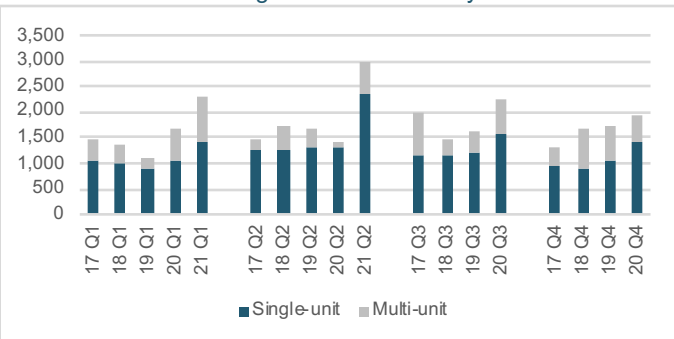
Akron MSA Housing Units Permitted Annually



Source: U.S. Census Bureau

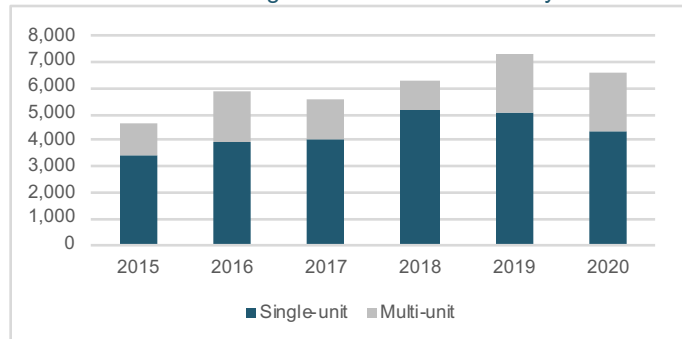
Source: U.S. Census Bureau

Cincinnati MSA Housing Units Permitted by Quarter



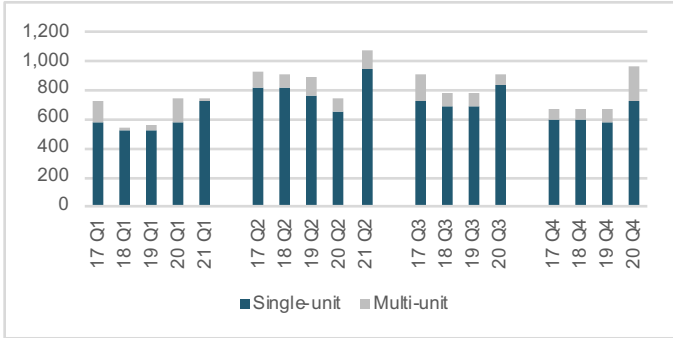
Source: U.S. Census Bureau

Cincinnati MSA Housing Units Permitted Annually



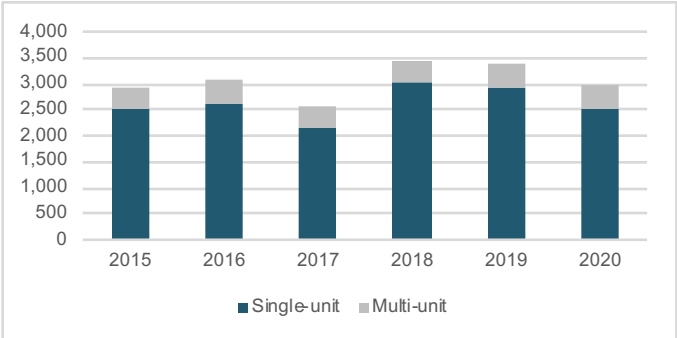
Source: U.S. Census Bureau

Cleveland MSA Housing Units Permitted by Quarter



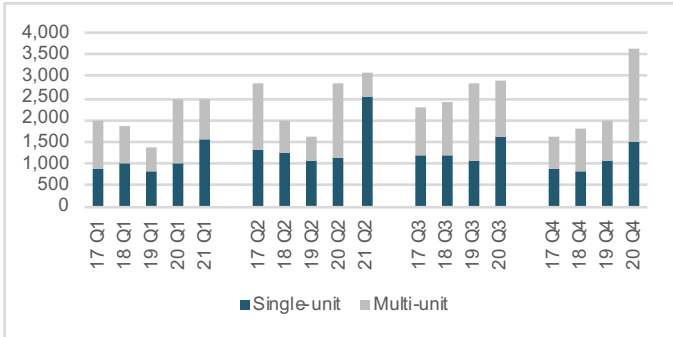
Source: U.S. Census Bureau

Cleveland MSA Housing Units Permitted Annually



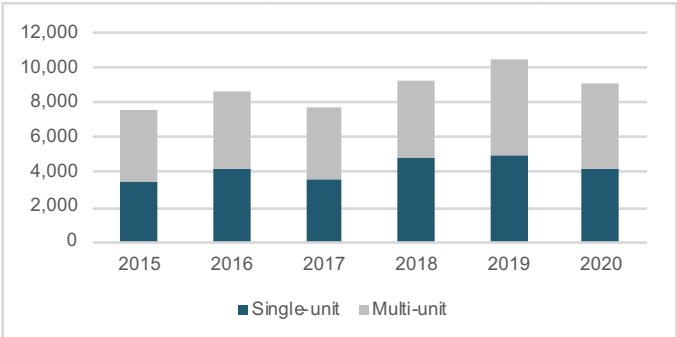
Source: U.S. Census Bureau

Columbus MSA Housing Units Permitted by Quarter



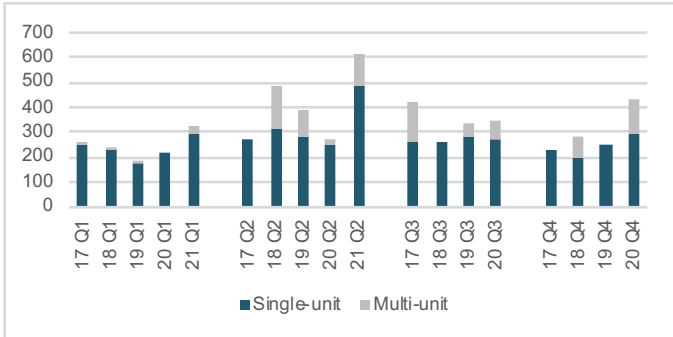
Source: U.S. Census Bureau

Columbus MSA Housing Units Permitted Annually



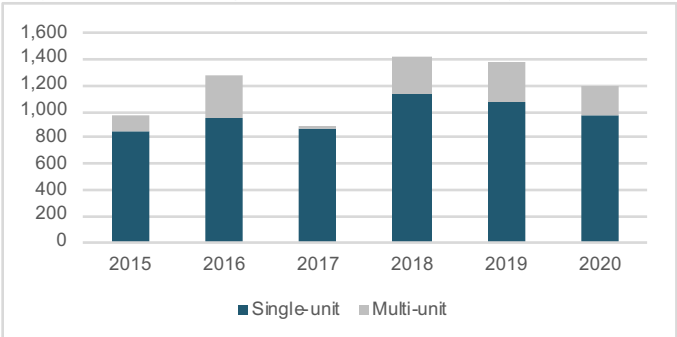
Source: U.S. Census Bureau

Dayton MSA Housing Units Permitted by Quarter



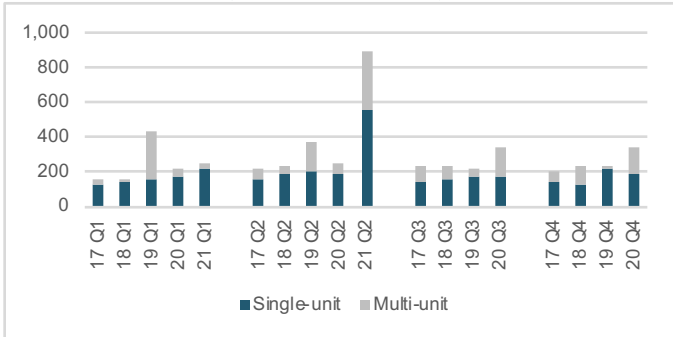
Source: U.S. Census Bureau

Dayton MSA Housing Units Permitted Annually



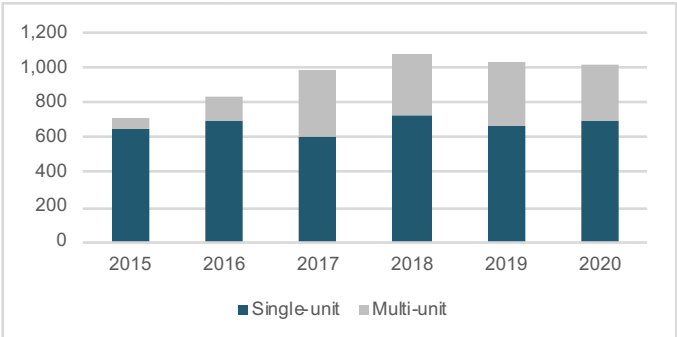
Source: U.S. Census Bureau

Toledo MSA Housing Units Permitted by Quarter



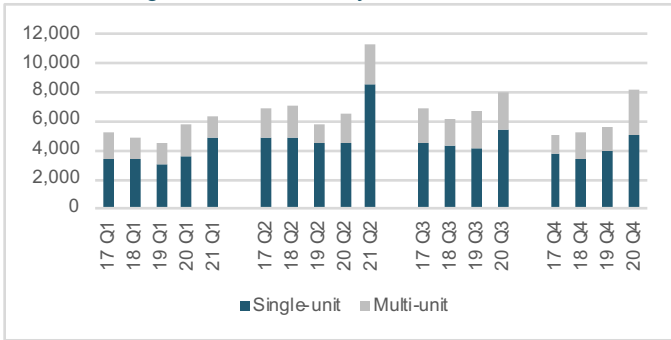
Source: U.S. Census Bureau

Toledo MSA Housing Units Permitted Annually



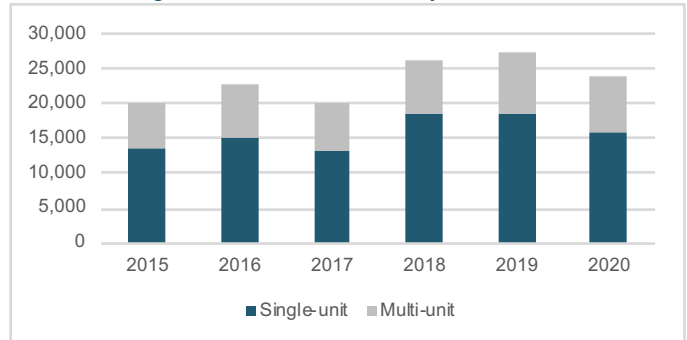
Source: U.S. Census Bureau

Ohio Housing Units Permitted by Quarter



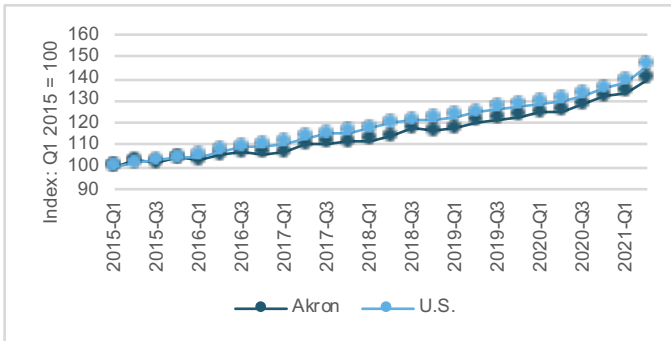
Source: U.S. Census Bureau

Ohio Housing Units Permitted Annually



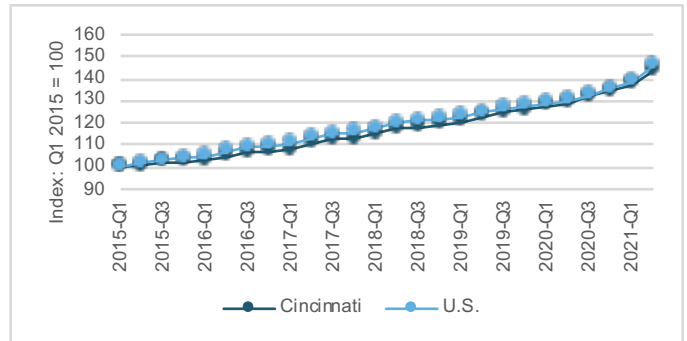
Source: U.S. Census Bureau

Akron MSA and U.S. FHFA House Price Index



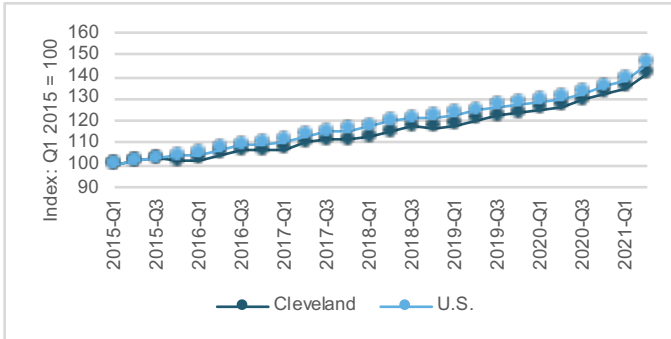
Source: Federal Housing Finance Agency.

Cincinnati MSA and U.S. FHFA House Price Index



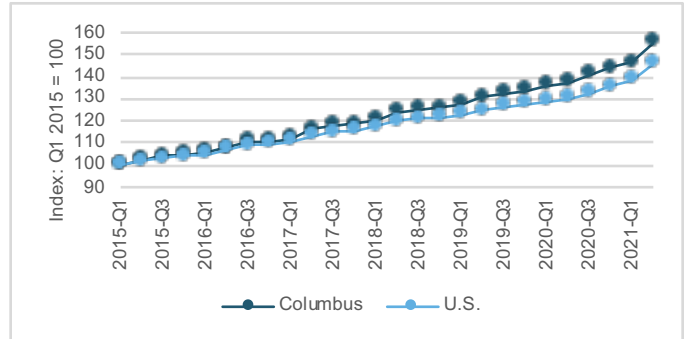
Source: Federal Housing Finance Agency.

Cleveland MSA and U.S. FHFA House Price Index



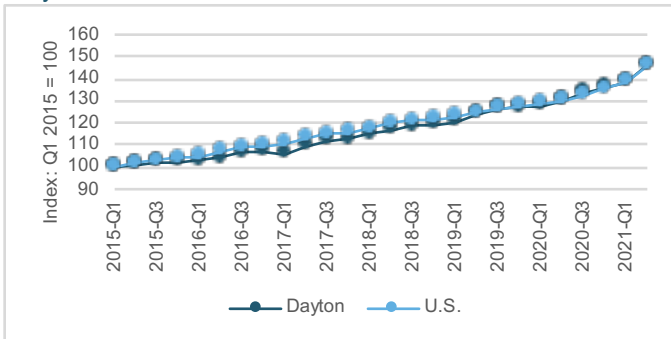
Source: Federal Housing Finance Agency.

Columbus MSA and U.S. FHFA House Price Index



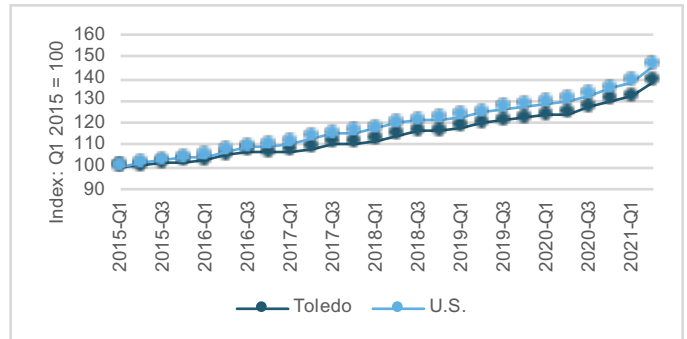
Source: Federal Housing Finance Agency.

Dayton MSA and U.S. FHFA House Price Index



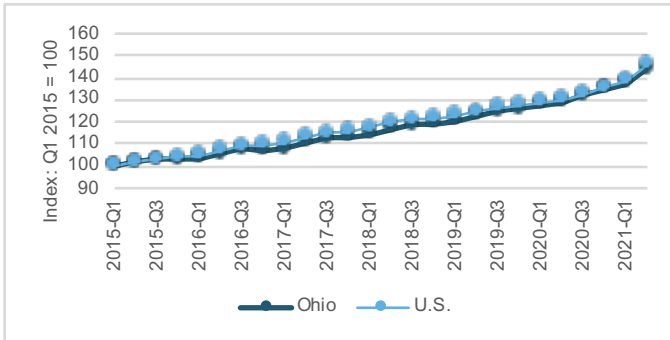
Source: Federal Housing Finance Agency.

Toledo MSA and U.S. FHFA House Price Index



Source: Federal Housing Finance Agency.

## Ohio and U.S. FHFA House Price Index

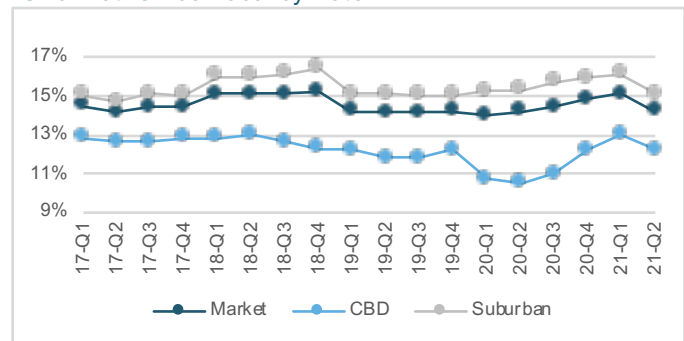


Source: Federal Housing Finance Agency.

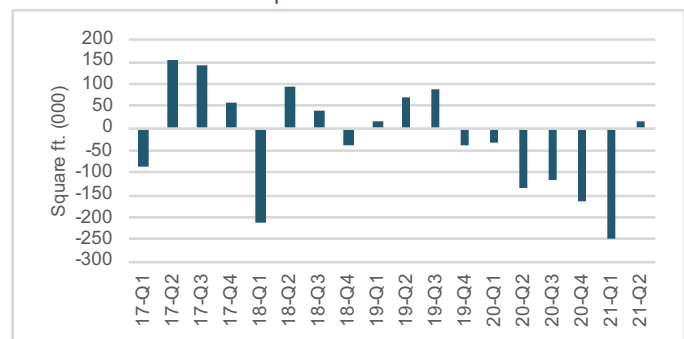
## Ohio Office Real Estate Markets

- Office vacancy results were mixed across available regions. Rates were down in Cincinnati, up in Cleveland and Dayton, and flat in Columbus after five consecutive quarters of increase.
- Cincinnati office absorption finally turned marginally positive. Cumulative negative absorption over the previous six quarters totaled 732,400 square feet. Inflation-adjusted market rents finally responded with a decline of 4.1%.
- Northeast Ohio absorption remained negative, but continued to improve. Colliers International presented combined statistics for the Cleveland and Akron-Canton markets prior to 2019. Inflation-adjusted rents continued to drift slightly lower.
- Columbus office absorption was nearly flat after three large negative quarters. The \$18.98 market rent was down 3% from the fourth quarter of 2019.
- The downtown Dayton vacancy rate has reached nearly 30%. This represents a 4 percentage-point increase over the past five quarters. In contrast, the suburban rate has remained virtually unchanged over that period. Class A rents were off 1.5% downtown but up 4.5% in the suburbs.

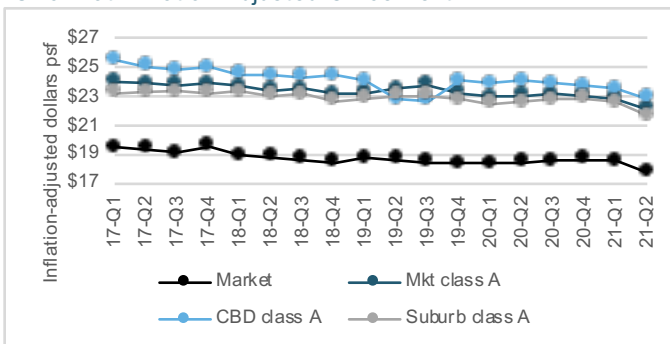
### Cincinnati Office Vacancy Rate



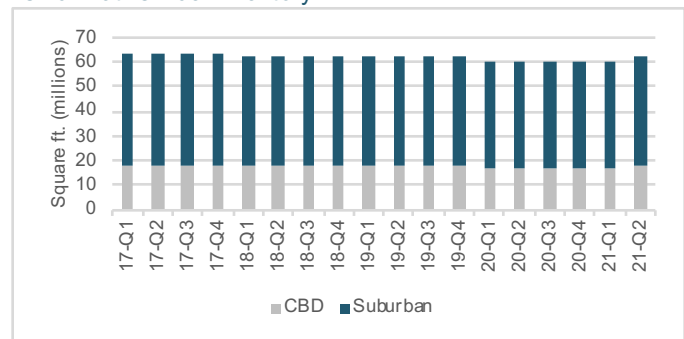
### Cincinnati Office Absorption



### Cincinnati Inflation-Adjusted Office Rent



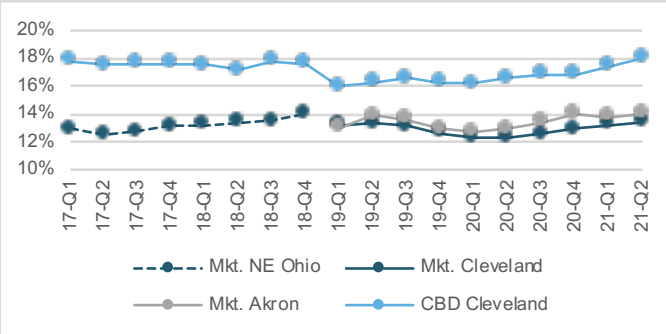
### Cincinnati Office Inventory



Source: Colliers International

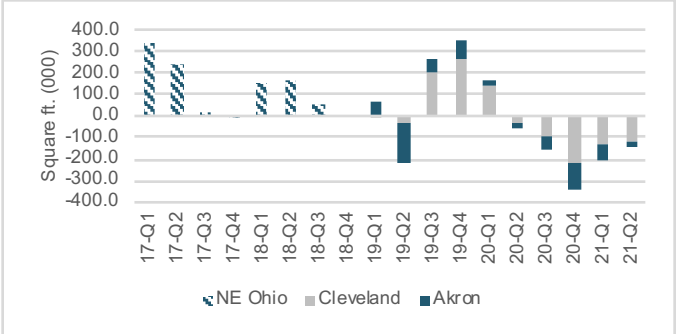


Cleveland/Northeast Ohio Office Vacancy Rate



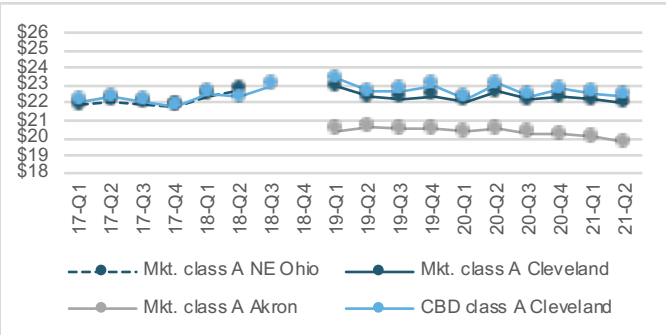
Source: Colliers International

Cleveland/Northeast Ohio Office Absorption



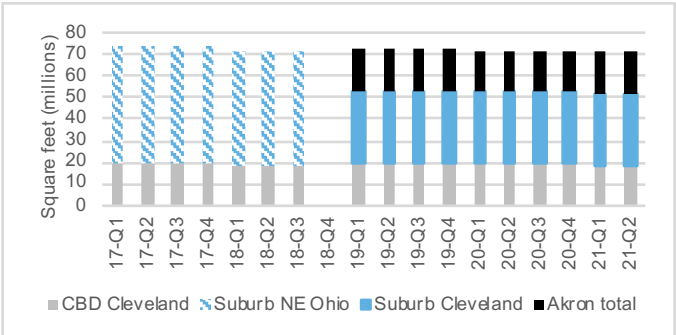
Source: Colliers International

Cleveland/Northeast Ohio Inflation-Adjusted Office Rent



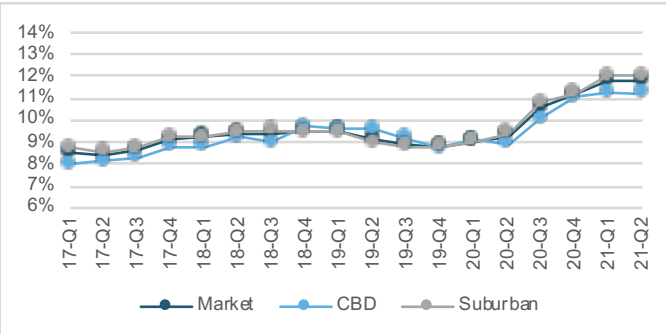
Source: Colliers International

Cleveland/Northeast Ohio Office Inventory



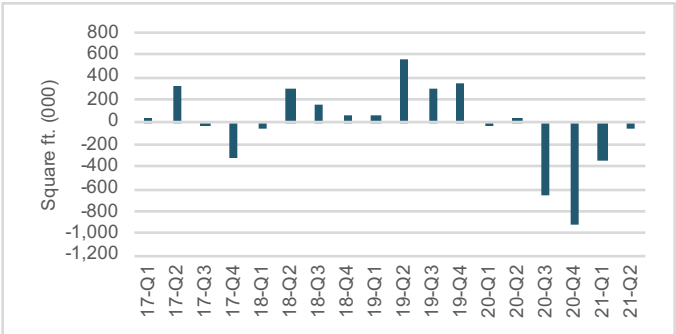
Source: Colliers International

Columbus Office Vacancy Rate



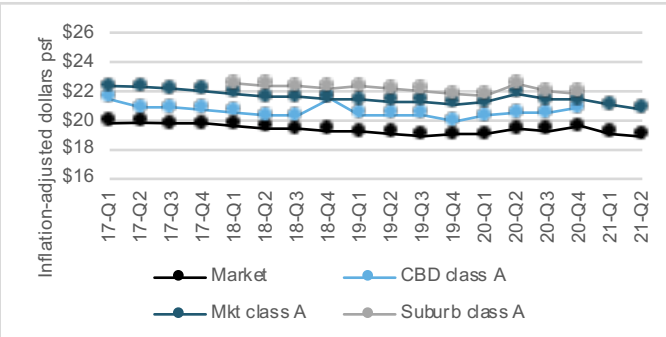
Source: Colliers International

Columbus Office Absorption



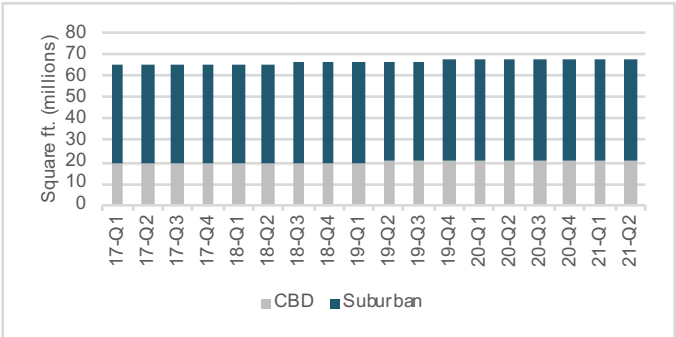
Source: Colliers International

Columbus Inflation-Adjusted Office Rent



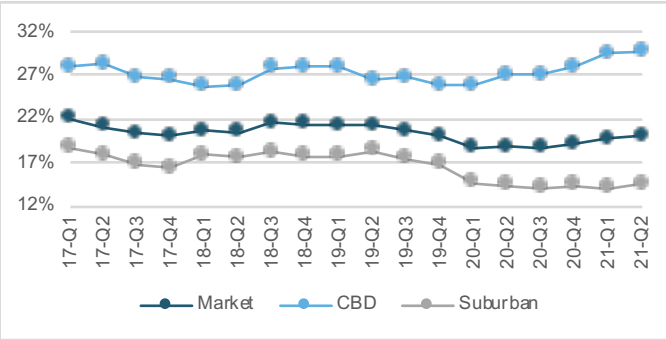
Source: Colliers International

Columbus Office Inventory



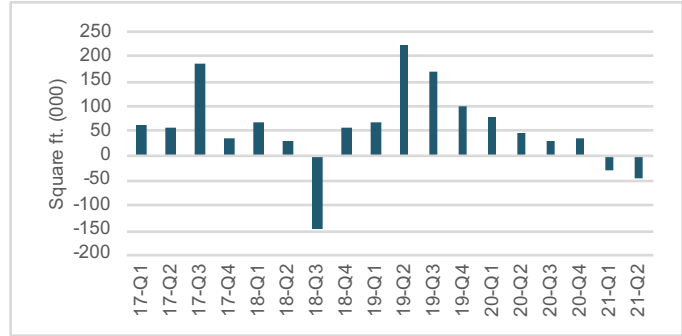
Source: Colliers International

Dayton Office Vacancy Rate



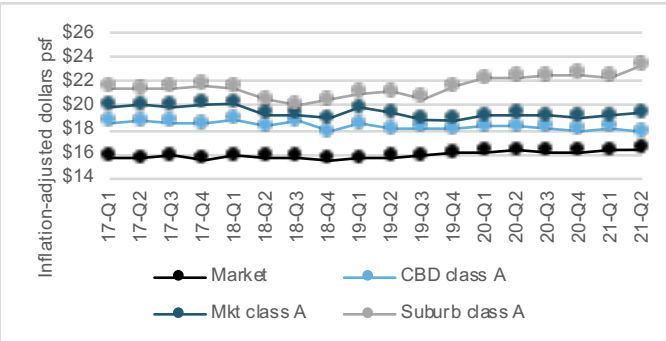
Source: Colliers International

Dayton Office Absorption



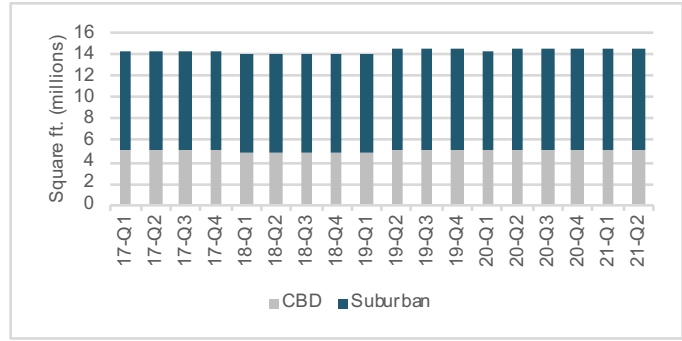
Source: Colliers International

Dayton Inflation-Adjusted Office Rent



Source: Colliers International

Dayton Office Inventory

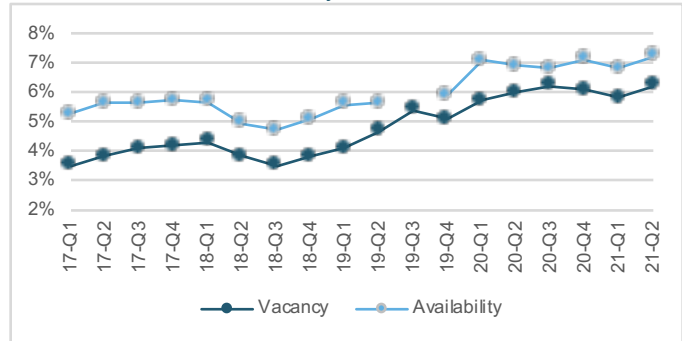


Source: Colliers International

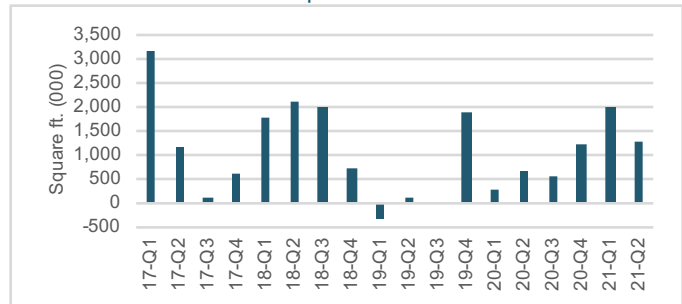
## Ohio Industrial Real Estate Markets

- **Major Ohio industrial real estate markets are far healthier than office markets.** The pandemic-driven acceleration of online shopping benefits the state's robust distribution sector. Dayton was the only market with negative net absorption, and that only modestly so.
- **Cincinnati area vacancy rates rose again, offsetting the first quarter loss, and rental rates declined slightly.** Absorption was down from the first quarter, and 2.4 million square feet came online.
- **Northeast Ohio industrial vacancy continued its decline, and now stands at 4.4%.** Absorption has been positive for eight consecutive quarters, and now totals 9.9 million square feet. Inflation-adjusted rents have continued to drift lower, however.
- **Columbus industrial absorption continued positive, totaling 19.3 million square feet over the past six quarters.** The vacancy rate fell to 3.7%. Inflation-adjusted rents, however, continued to decline.
- **Dayton's industrial rents are up 7.3% in the past three quarters.** Absorption was negative for a second quarter, but still modest. Vacancy was unchanged at 6%.

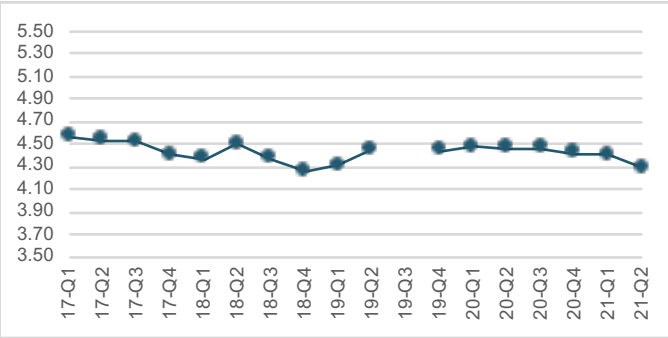
Cincinnati Industrial Vacancy Rate



Cincinnati Industrial Absorption

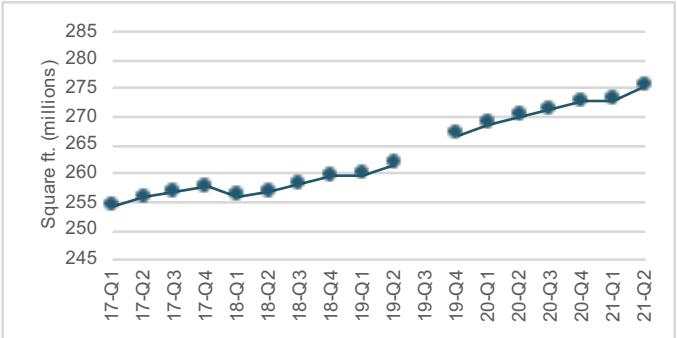


Cincinnati Inflation-Adjusted Industrial Rent



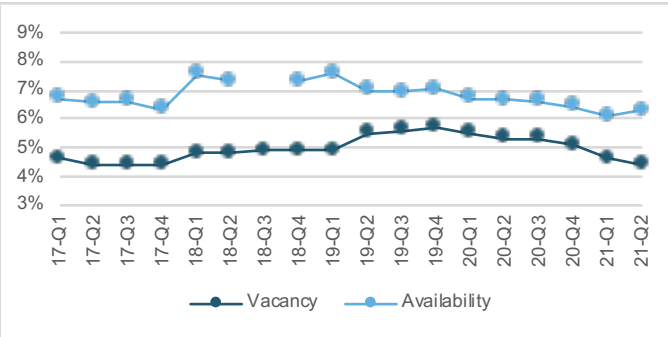
Source: Colliers International

Cincinnati Industrial Inventory



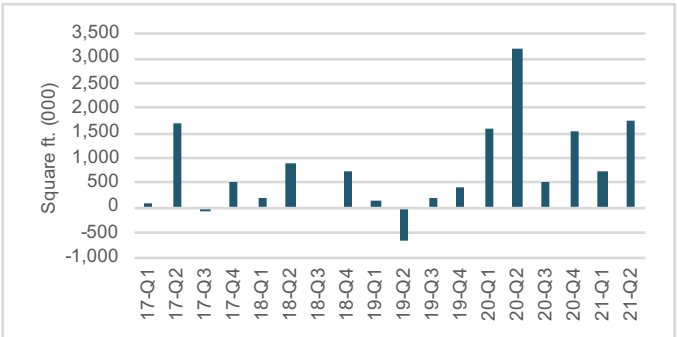
Source: Colliers International

Northeast Ohio Industrial Vacancy Rate



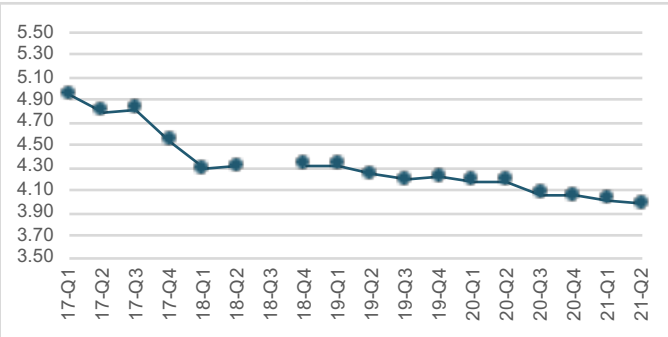
Source: Colliers International

Northeast Ohio Industrial Absorption



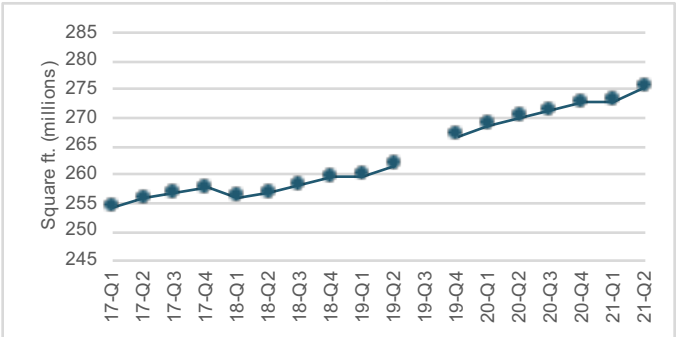
Source: Colliers International

Northeast Ohio Inflation-Adjusted Industrial Rent



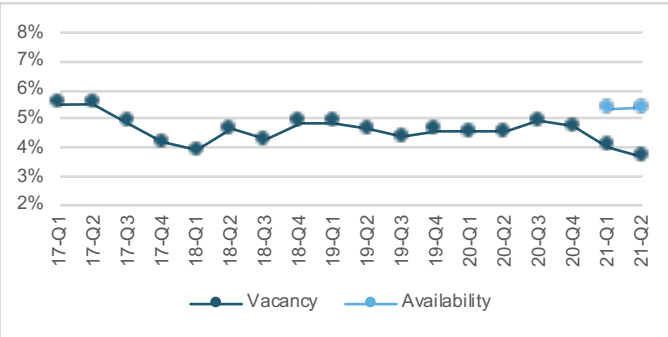
Source: Colliers International

Northeast Ohio Industrial Inventory



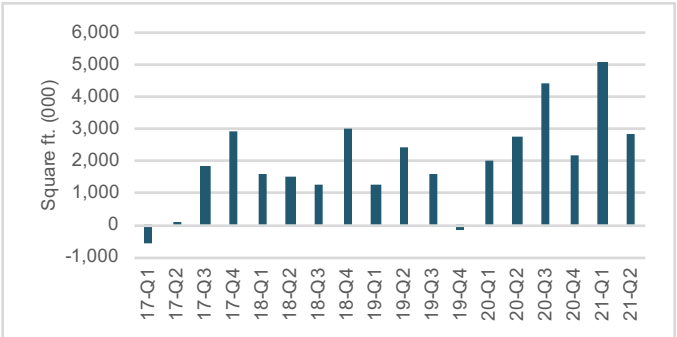
Source: Colliers International

Columbus Industrial Vacancy Rate



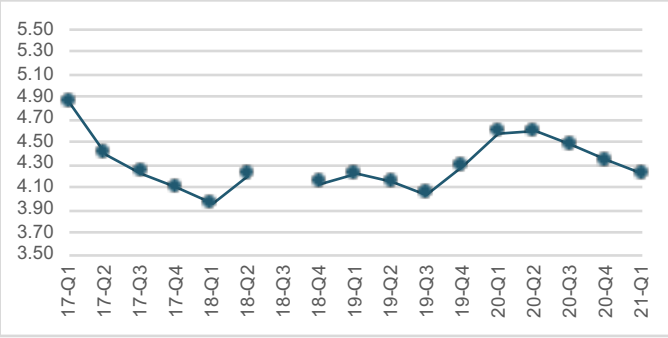
Source: Colliers International

Columbus Industrial Absorption



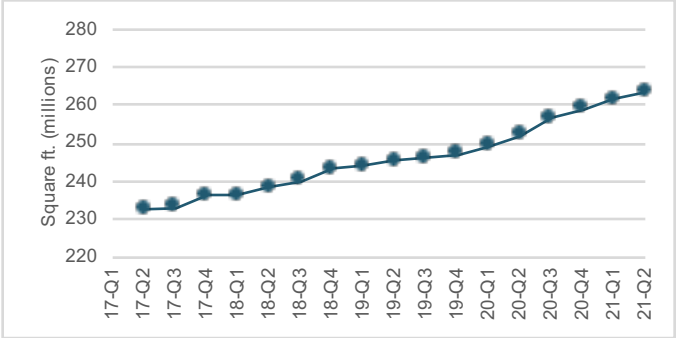
Source: Colliers International

Columbus Inflation-Adjusted Industrial Rent



Source: Colliers International

Columbus Industrial Inventory



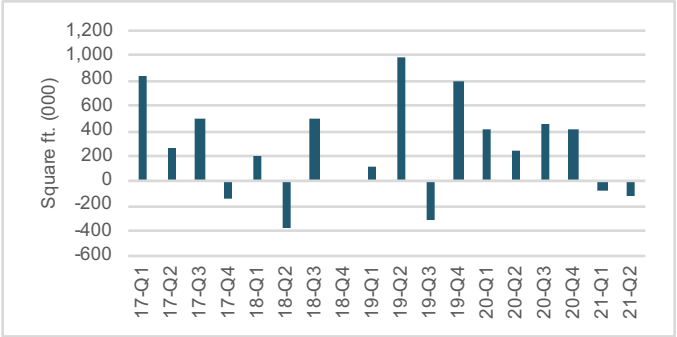
Source: Colliers International

Dayton Industrial Vacancy Rate



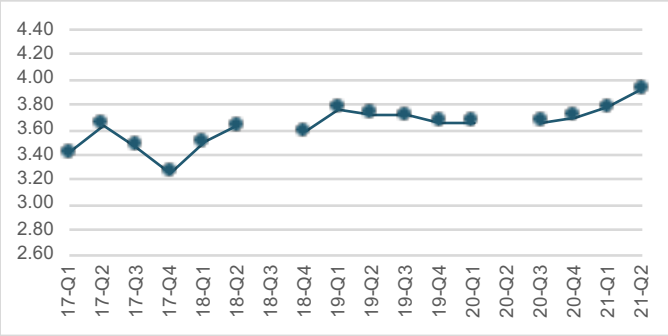
Source: Colliers International

Dayton Industrial Absorption



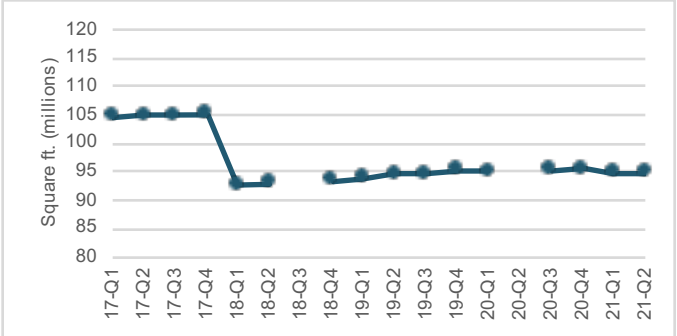
Source: Colliers International

Dayton Inflation-Adjusted Industrial Rent



Source: Colliers International

Dayton Industrial Inventory



Source: Colliers International