

R E G I O N A L economic

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R E P O R T
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THE REGIONAL ECONOMY TODAY AND INDUSTRY EMPLOYMENT FORECASTS: THE DAYTON MSA

Beginning in late 2010, employment finally began growing on a year-over-year basis for the first time in 10 years in the Dayton Metropolitan Statistical Area (Greene, Miami, Montgomery, and Preble counties). Current estimates indicate that first quarter employment averaged 366,400 during the first quarter of 2011 in the Dayton MSA. This was an increase of nearly 2,100 jobs from one year earlier. This increase was led by leisure services (up 1,530 to 35,900), healthcare (up 970 to 57,170), manufacturing (up 900 to 38,300), as well as professional and business services (up 500 to 44,770). As always, some industries suffered employment declines, the most significant being retail sales (down 1,100 to 37,370), transportation services and utilities (down 940 to 59,930), and education (down 540 to 35,930). Other recent positive developments for the region include the April return of private sector average hourly earnings to a level exceeding \$22.00 for the first time since before the Great Recession, and the 6.4 percent rise in sales tax receipts over the past year indicates increased regional economic activity.

Looking forward to the remainder of 2011, the Dayton regional economy will face a mix of positive and negative forces which should result in fairly stationary employment levels. The region will be buoyed by increased public and private defense related employment as Wright Patterson Air Force Base takes on the additional activities required by the Base Realignment and Closure process and manufacturing employment is expected to continue rising slowly as global conditions have continued to improve for the region's manufacturers. On the negative side, the forthcoming draw down of the federal stimulus program will temper private sector growth and will result in an acceleration of the state and local government spending cuts that have already been taking place for nearly two years. Specifically, total employment in the region is forecasted to experience a seasonal decrease in employment during the third quarter of 2011 followed by a seasonal increase in the final months of the year. By year end total employment in the region is forecasted to be 374,540 employees, slightly above the level that existed at the end of 2010. Figures 1 through 6 illustrate recent trends along with the employment forecasts for the Dayton region through the second quarter of 2011.

Figures 1 through 8 illustrate recent trends along with the employment forecasts for the Dayton region through 2011.

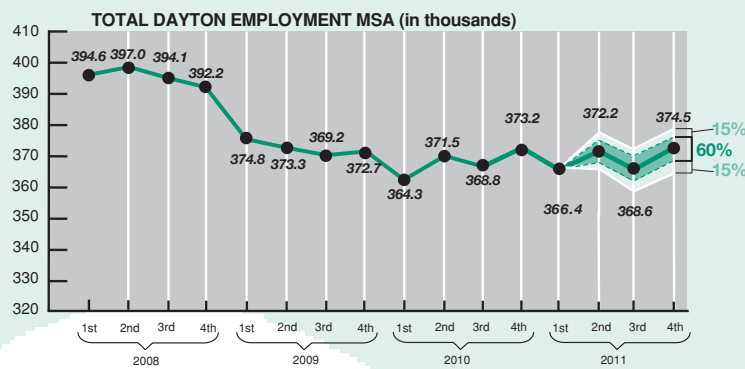


Figure 1

➤ Total employment for the Dayton MSA is forecasted to increase very slightly on a year over year basis for the remainder of 2011. On a quarter to quarter basis, employment should rise notably by the middle of the year, decline notably during the third quarter due to seasonal factors and government cutbacks, before rising to meet seasonal demand in the 4th quarter.

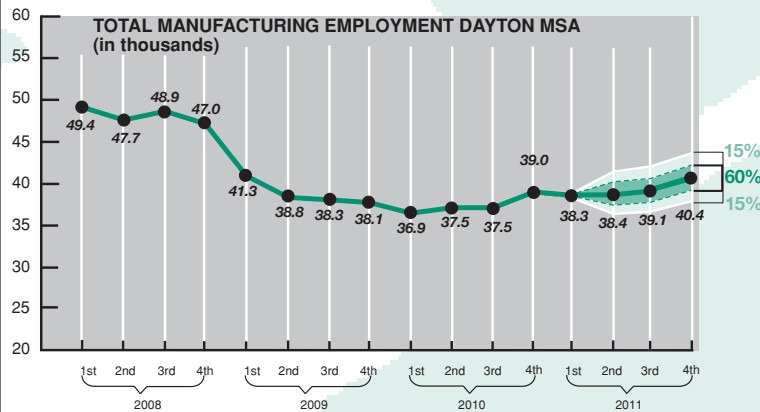


Figure 2

➤ Manufacturing industry employment is forecasted to continue growing slowly for the rest of 2011 as global economic factors remain relatively favorable to U.S. manufacturers.

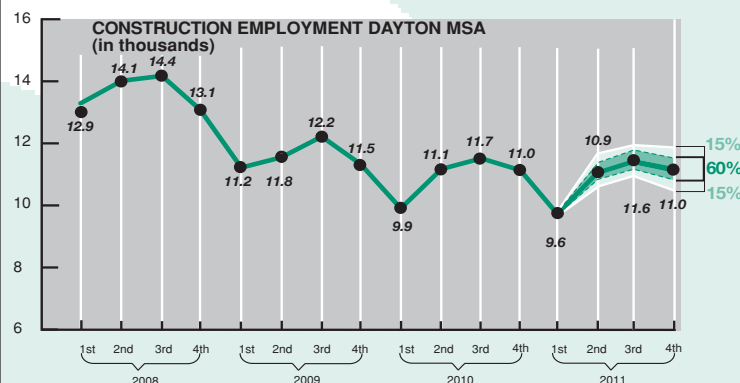


Figure 3

➤ Construction industry employment (not illustrated) is expected to follow the seasonal pattern typically experienced by rising through the fall months before decreasing at the end of the year and to remain slightly below 2010 levels through the end of 2011.

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(continued from front)

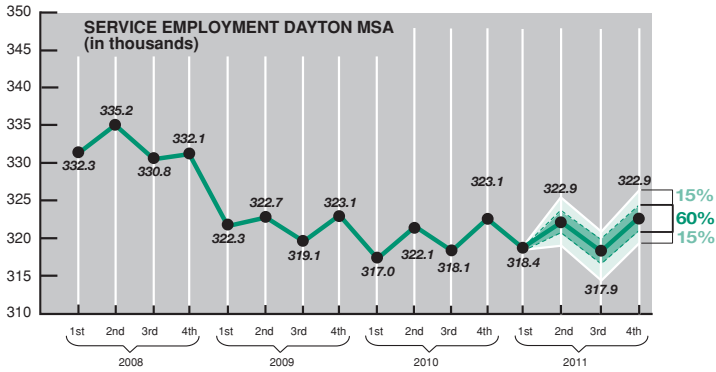


Figure 4

➤ Employment in the service sector is expected to remain fairly steady after accounting for a typical seasonal decline in the 3rd quarter for the last half of 2011. Within this sector, some industries (federal employment and health care) are expected to grow, while others (state and local government) are expected to decline by year end.

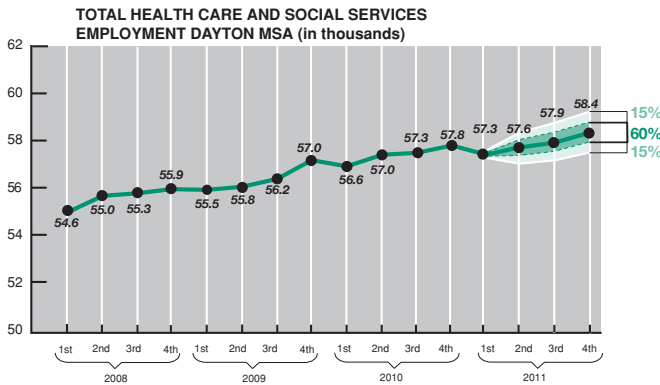


Figure 5

➤ Employment in the health care and private social services industry is expected to rise steadily during the final half of 2011.

The forecasts are based on econometric models designed to quantify the link between industry employment levels and their leading indicators. The margins of error are illustrated via the light and dark green shaded regions around the forecasts, actual employment is expected to have a 60 percent chance of being within the dark shaded regions and a 90 percent chance of being in the light or dark shaded regions.

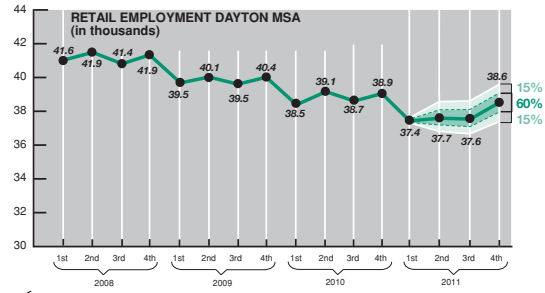


Figure 6

➤ Retail trade industry employment is forecasted to remain flat through the fall before rising in the final months of 2011 to a level slightly below the 2010 end of year level.

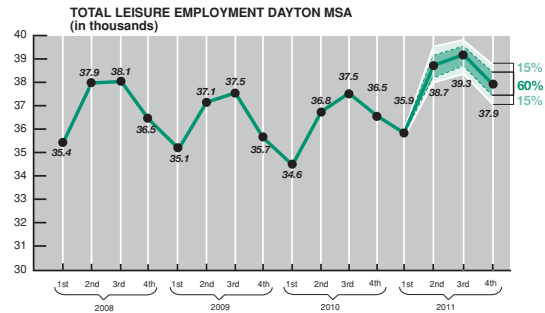


Figure 7

➤ Restaurant, hotel, and leisure services employment is forecasted to continue rising through the fall months before declining seasonally to a level that will be 2,000 workers above the 2010 end of year level.

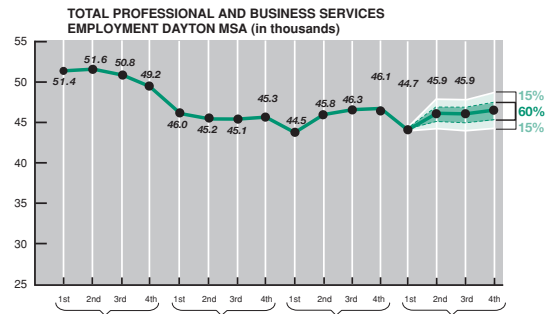


Figure 8

➤ The professional and business services industry is forecasted remain fairly constant for the remainder of 2011.

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