

Columbus region has promising long-term prospects

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Central Ohio's long-term economic prospects are promising, but the immediate future has some challenges because of the region's industry makeup.

OUR EXPERTS



GERALD COHEN
CHIEF ECONOMIST
*Kenan Institute of
Private Enterprise*

Gerald provides strategic vision and leadership of the translational economic research and policy initiatives at the Institute.

He has worked in both the public and private

sectors focusing on the intersection between financial markets and economic fundamentals. During the Obama Administration, Gerald was Deputy Assistant Secretary for Macroeconomic Analysis at the U.S. Department of Treasury where he helped formulate and evaluate the impact of policy proposals on the U.S. economy. Prior to Treasury, he co-managed a global macro fund at Ziff Brothers Investments.

Gerald holds a bachelor's of science from the Massachusetts Institute of Technology and a Ph.D. in Economics from Harvard University and is a contributing author to "30-Second Money" as well as a co-author of "Political Cycles and the Macroeconomy."



JEFF KORZENIK
CHIEF ECONOMIST
*Fifth Third
Commercial Bank*

In this role, Jeff provides research and analysis that impacts the Bank's key markets, providing insight to business leaders and policymakers throughout the country. He is an award-winning

author whose writings have been featured in the Wall Street Journal, Harvard Business Review, Newsweek and many other national and regional publications, and Jeff has appeared regularly on CNBC, Bloomberg and Fox Business News. Policymakers have sought his expertise on a variety of topics leading to his testifying before state legislatures and on Capitol Hill.

His groundbreaking book, "Untapped Talent: How Second Chance Hiring Works for Your Business and the Community" (HarperCollins Leadership, April 2021), shares the business case and best practices of hiring people with criminal records. He was elected to membership in the Council on Criminal Justice in recognition of his work on the intersection of the justice system and the labor market.

Jeff is a graduate of Princeton University with an A.B. in Economics and a Certificate of Proficiency in Near Eastern Studies.

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That's according to Gerald Cohen, chief economist for the Kenan Institute of Private Enterprise at the University of North Carolina at Chapel Hill, and Jeff Korzenik, chief economist for Fifth Third Commercial Bank, who analyzed Central Ohio's strengths and opportunities as part of Fifth Third's Empowering American Cities initiative.

Fifth Third Bank, in collaboration with the Kenan Institute and Columbus Business First, hosted an event on Sept. 27 at Columbus Museum of Art to provide business leaders with the 2024 economic update.

"The insights provided by Empowering American Cities are invaluable for businesses and their strategic planning," said Francie Henry, regional president of Fifth Third Bank, Central Ohio. "Being able to provide our local business owners the access to detailed local economic data allows them to make informed decisions that drive growth and innovation in the Columbus Region, and beyond – if they are looking to expand."

The local findings show the Columbus region is a top economic performer in the Midwest, even as it may lag some faster-growing metropolitan areas

across the country. According to the research, the five fastest-growing Extended Metropolitan Areas are Austin, San Francisco, Raleigh & Durham, Nashville and Seattle.

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GERALD COHEN, *Kenan Institute, UNC Kenan-Flagler*

The Kenan Institute created Extended Metropolitan Areas as a designation for U.S. areas that are connected in "economically meaningful ways." They're often larger than the Census Bureau's Metropolitan Statistical Areas. In Central Ohio, for example, the Extended Metropolitan Area includes data from 17 counties.

Cohen and Korzenik said they believe the U.S. economy will continue to slow, with a possibility of a recession beginning late in 2024. That has implications for Central Ohio.



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Overall, the Columbus region's growth is expected to be in the middle of the largest economies but a top performer in the Midwest.

"Columbus is one of the largest 50 economies in the United States, and we modeled it in comparison to places like Chicago and Detroit on the weak or much weaker side of growth relative to Columbus," he said. "And (we modeled it in comparison to) Charlotte, Nashville and Austin on the stronger side."

Cohen used a football analogy to explain.

"If you're thinking about Columbus and competing with the top performers, you really want to know what those top performers are doing better. We think Columbus has made amazing strides. If you're comparing yourselves to, let's say, the rest

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FRANCIE HENRY, *Fifth Third Bank, Central Ohio*

of the Big Ten, you're doing really well. Ohio's a top performer. But if you're comparing yourselves to perhaps the SEC, one might say it looks a little different." (He made it clear he was not making any on-the-field predictions.)

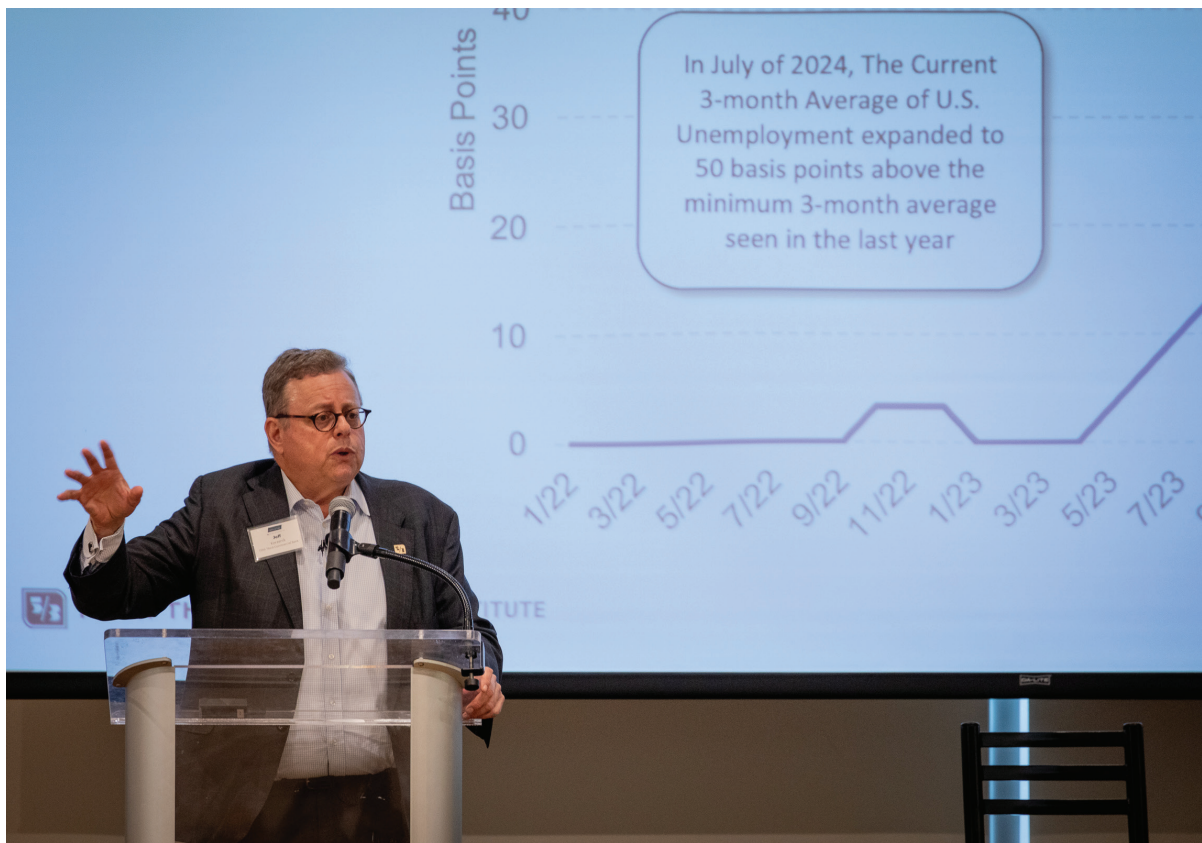
Modest job creation and weak demand are weighing on activity, the economists said. One of the main issues for the Central Ohio economy

is that it is weighted more heavily in industries expected to be most affected by a recession, such as manufacturing, business services, finance and real estate.

The finance, real estate and business services sectors represent 36% of the Central Ohio economy's gross domestic product.

"Columbus is overweighted in business services and construction, which expect to see a decline in employment," Cohen said. "Overweighted in finance and real estate, also expecting to see a decline in employment."

"Education and health are areas of strength ... so that's kind of offsetting some of it," he said. "So overall, we expect very modest job growth in the United States and quite modest job growth in Columbus."



landscape is also changing with advanced manufacturing, bioscience and a growing entrepreneurship emergence.”

“The public/private sector working relationship is robust in Central Ohio,” she said. “This is more important than ever as our region steps forward on the global stage.”

Anyone interested in exploring the data can visit the Empowering American Cities website, empoweringamericacities.com. The site provides custom dashboards for all the EMAs in the Kenan Institute’s research, allowing visitors to compare their city with other EMAs. The site also has Regional Economic Snapshots for 30 areas analyzing drivers that power those communities forward, including indicators for labor supply, consumer demand and Embedded Local Growth Characteristics.

The metrics and data available that can help accelerate business decisions that drive sustainable growth is proprietary to Fifth Third and the Kenan Institute. The bank makes the information available so business owners can view information side by side, allowing for direct comparisons of fiscal characteristics and other economic health indicators.

“I agree with our CEO, Chairman and President Tim Spence who has said, “midsize cities are the heart and soul. Unfortunately, there is limited data available to understand why some cities succeed as others fall behind,” Henry said. “Empowering American Cities will deliver unique economic insights that put data at the center of decision-making, empowering business owners as they drive investment in their companies, their communities and ultimately our entire country.”

POISED FOR GROWTH

Despite their findings showing the U.S. entering a mild recession, both economists agreed Columbus remains well positioned for the longer term. Many companies such as Honda have been making transformative investments in advanced manufacturing that have the potential to change the trajectory of that industry.

Intel is another example. Once the semiconductor chip fabrication plants come online, durable goods production should increase, positively impacting the region’s economic growth and productivity.

The Central Ohio region will also benefit as the fast-growing biotech sector builds on an

extraordinary run the last several years, led by spinoffs from Nationwide Children’s Hospital and research commercialization coming out of the major hospital systems.

“Think about what’s coming online,” Cohen said. “Think about the OSU Innovation District. Think about the number of skilled workers and managers who are going to come via Intel. Think about the fintech that’s coming, the biotech that’s coming.”

“There is a metamorphosis here, with the entrance of Intel and the decision by Honda to make Central Ohio the epicenter of its EV objectives and production, becoming the largest foreign investment in Ohio’s history,” Henry said. “The

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