

REGIONAL ECONOMIC SNAPSHOT

UPDATED AS OF JANUARY 2025

**EMPOWERING
AMERICAN CITIES**



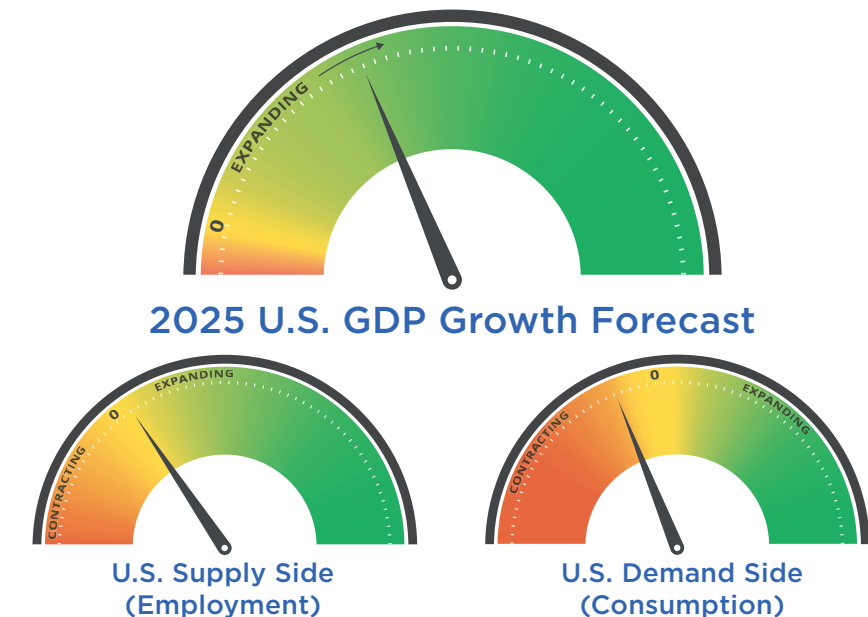
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In our base-case scenario, we expect slowing, middling growth in 2025, as interest rates and inflation remain elevated and federal policies drag on the national economy.

The U.S. economy showed resilience in 2024, growing at essentially the same pace as the previous year, outperforming our expectations. We expect job creation and consumer spending to slow in 2025 yet remain strong enough to power the economy through policy-induced turbulence and other economic headwinds, which could entail inflationary conditions and a persistently tight housing market.

Uncertainty is high regarding policies that could take effect, including on interest rates, tariffs, immigration, regulation and taxation. Our base-case scenario incorporates a moderate version of these policies, finding that these changes would slightly rein in growth compared with a “no new policy” scenario.

All the 150 Extended Metropolitan Areas (EMAs) that we track in the United States are expected to see slower rates of growth than in the previous year. Despite weaker growth, the data indicate that every one of these microeconomies will expand in 2025, yet some will fare better than others. Areas with a large manufacturing base and those that have benefited



The color spectrum indicates a distribution that ranges from negative (red) to positive (green), with zero set to yellow. The barometers reflect each indicator's historical distribution.

from strong housing will be among the hardest hit, as elevated interest rates continue to take a toll on interest-sensitive sectors.

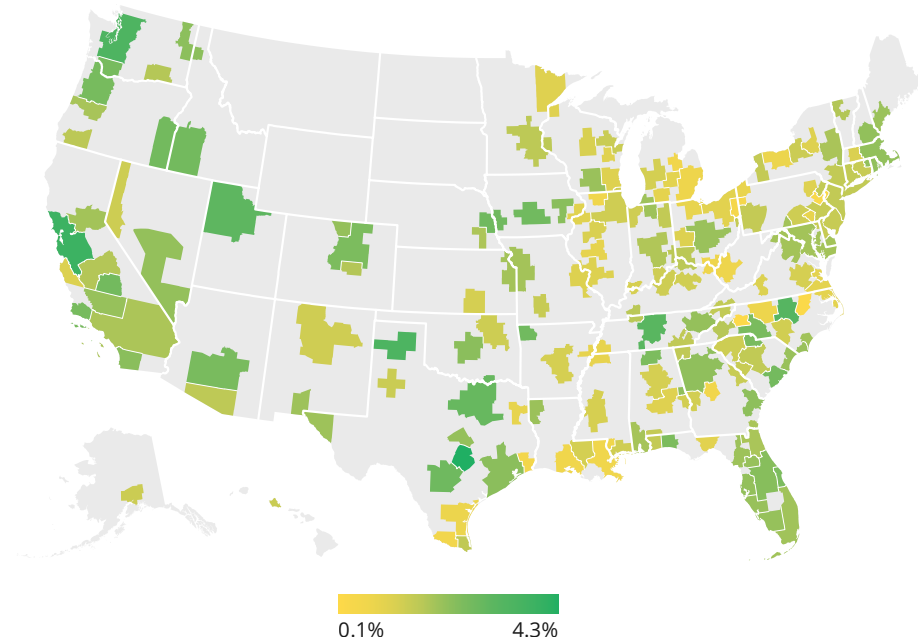
On the supply side, job creation is expected to slow meaningfully. Some sectors, notably Manufacturing, will experience job loss, while Education and Health will continue its expansion, albeit at a somewhat slower pace. The employment slowdown will weigh on wage growth, which should lessen price pressures. Stringent immigration policies, new tariffs and a lack of housing, however, would counter deflationary trends, keeping inflation above target throughout the year.

On the demand side, elevated interest rates, above-target inflation and slow-

ing job and wage growth will dampen but not swamp consumer spending. Meanwhile, sluggish housing activity will worsen shortages in many areas, keeping home prices aloft. Household and business balance sheets remain healthy in aggregate, yet a growing minority of consumers exhibit signs of financial stress.

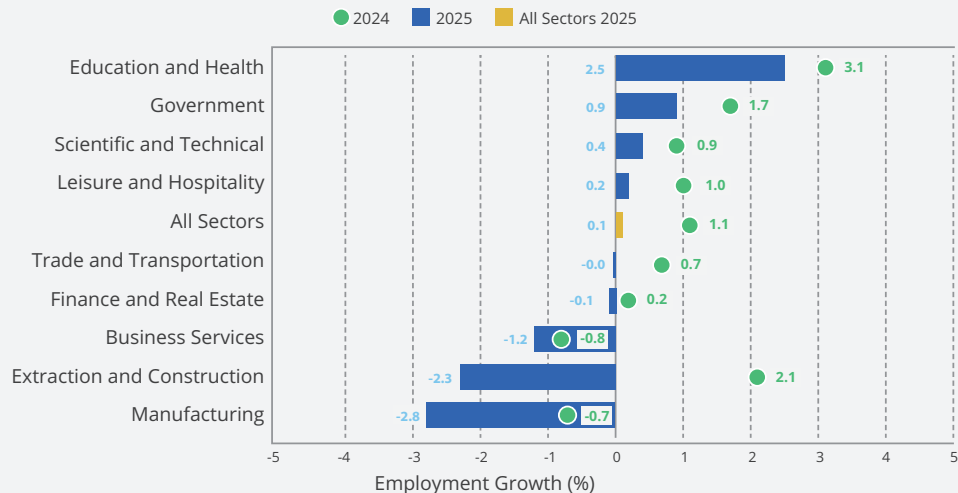
Heightened policy uncertainty means more risk and more potential outcomes; some policies may boost consumer and business sentiment – and thus spending and investment – in the near term. Both our base case (with new policies) and alternative scenarios (without them) project a “soft landing” – the base case reflects a less desirable path, yet it is still a largely benign outlook for 2025.

EMA Economic Performance 2025 Growth Forecast



The map illustrates the divergence in economic growth among EMAs. All our EMAs are expected to grow in 2025 but at a slower pace; many will experience solid growth while some will barely grow. The areas experiencing the fastest recent growth – often beneficiaries of innovation and migration – are likely to continue to outpace the rest of the country. Many of these EMAs have built up reserves of capital in the form of skilled labor, technological infrastructure and other investments, which will limit the downturn in demand. Meanwhile, cities that rely on sectors expected to be most affected by the slowdown, such as Manufacturing, will underperform. Areas where labor constraints and housing trends are centrally important to the economy will be hampered by stubbornly elevated home prices and interest rates.

U.S. Employment Growth by Sector 2025 vs. 2024



■ The pace of hiring in 2025 is expected to slow meaningfully across the U.S. in all major sectors, with employment contracting in several sectors and net job growth of only 0.1% for the year.

■ The Extraction and Construction sector is expected to experience the biggest slowdown, swinging from healthy growth to contraction as high interest rates and potential labor shortages drag on construction.

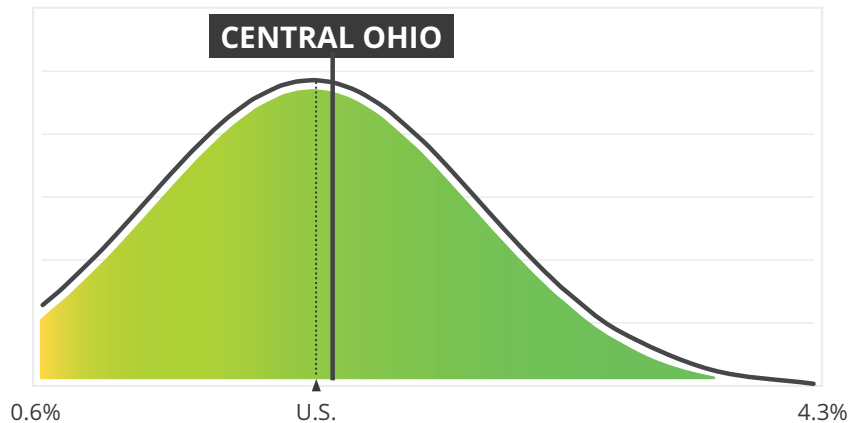
■ We expect continued slowing in Leisure and Hospitality, as pent-up demand from the pandemic years levels off and job growth flattens.

CENTRAL OHIO

Extended Metropolitan Area*

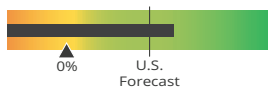
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2025 GDP Growth
Distribution of 50 Largest EMAs



- Central Ohio is projected to experience a modest increase in overall economic activity in 2025.
- Compared with other large EMAs, Central Ohio is in the top half, with growth slightly above the national average.

Supply Side (Employment)

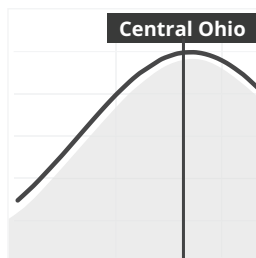


Demand Side (Consumption)



- The Columbus EMA has moderately strong supply-side characteristics with **solid expected job creation**, and solid overall demand, as reflected in **positive housing activity**.

Embedded Local Growth Characteristics



Embedded Local Growth Characteristics refers to the EMA's industry and demographic makeup and the potential economic growth that these attributes generate. EMAs with a combination of a highly skilled workforce and productive industry mix tend to be situated at the distribution's high end and generate faster growth.

- Central Ohio's sectoral mix (illustrated on Page 4), demographic balance and migration patterns indicate moderate growth potential.

Key Takeaways

- Moderate national economic growth and potential changes to economic policy present challenges for Central Ohio's Manufacturing sector, but recent advancements in Technology and Information industries strengthen its long-term economic prospects.
- Central Ohio's housing sector has struggled to keep pace with its population and economic growth. New construction still falls short of meeting the demand for homes, but positive housing activity is expected in 2025.
- Finance and Real Estate, one of the nation's most productive sectors, represents a significant portion of employment in the Columbus EMA and is expected to experience fewer job losses compared with other sectors.

Outlook



The one thing I'm most excited about is the passage of LinkUS, which marks a monumental step forward for Central Ohio. This transformative mobility initiative by the Central Ohio Transit Authority will expand transit services, improve sidewalk infrastructure and increase access to opportunities across the region. By enhancing the quality of life and ensuring our community remains vibrant and accessible for all, we are investing in a stronger future. This is just the beginning of a transformative journey to shape a thriving, inclusive future for Central Ohio.

Francie Henry, Regional President,
Central Ohio

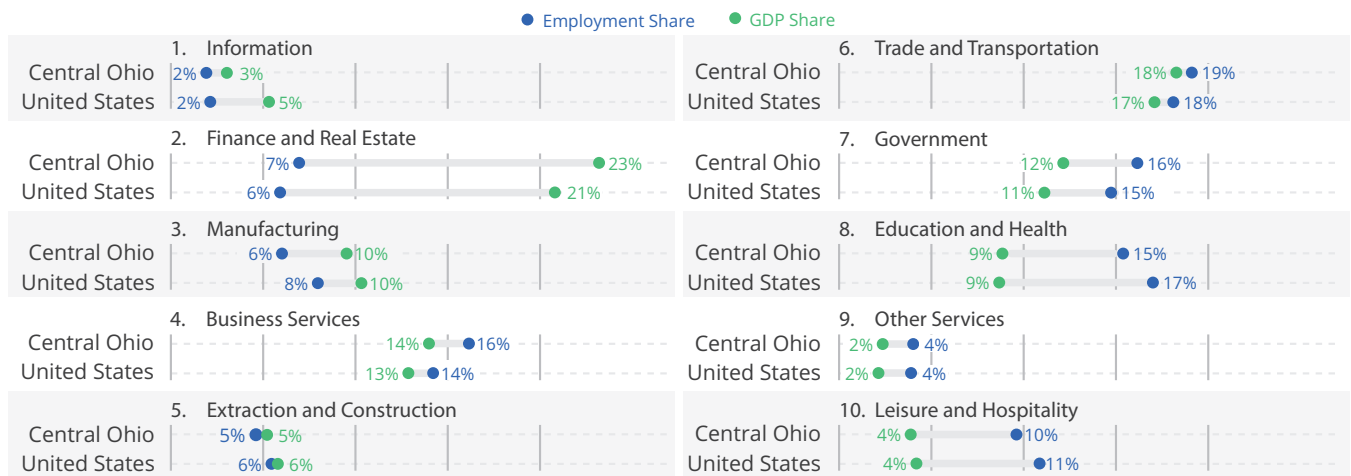
* Counties included in analysis: Delaware, Fairfield, Fayette, Franklin, Guernsey, Hocking, Knox, Licking, Logan, Madison, Marion, Morrow, Muskingum, Perry, Pickaway, Ross, and Union.

For more information, visit kenaninstitute.unc.edu/american-growth-project

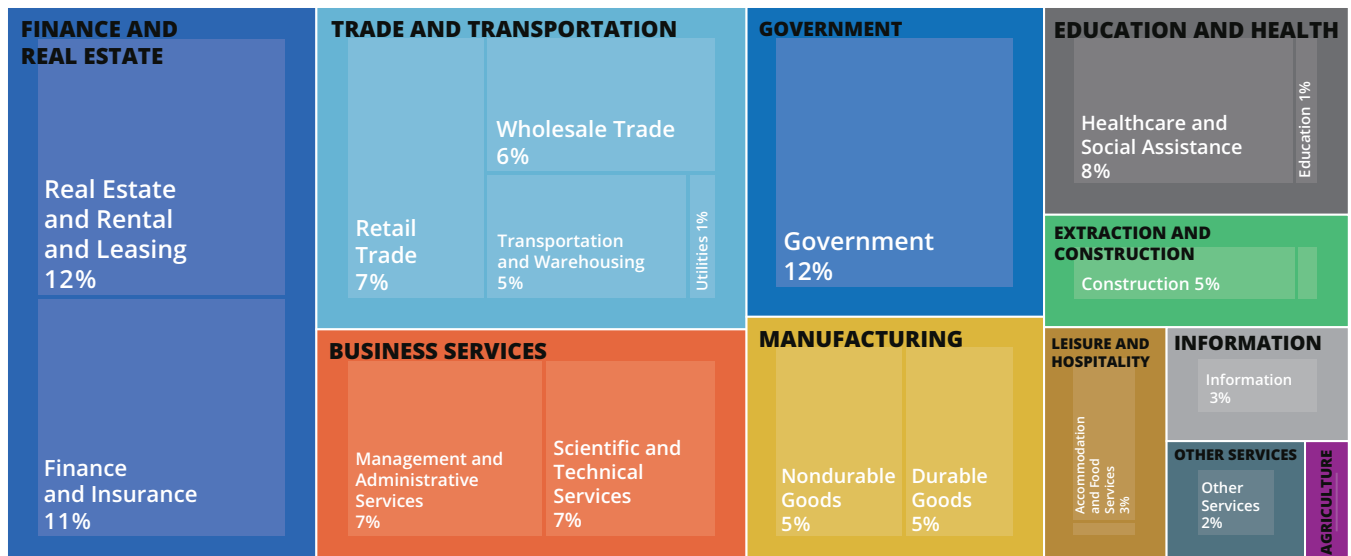
Challenges and Opportunities

- **Challenge:** Central Ohio's growing technology industry necessitates infrastructure upgrades to support both businesses and their workforce.
- **Opportunity:** Columbus is poised to upgrade its infrastructure with a newly approved tax increase for the transit system. This upgrade will include additional bus service, rapid bus lines, sidewalks and bike paths.
- **Challenge:** As Central Ohio's high-tech industry continues to expand, comprehensive training, upskilling and reskilling initiatives are essential for the local workforce. To retain this talent and attract top professionals from other regions, addressing the housing shortage is also critical.
- **Opportunity:** Central Ohio is investing in apprenticeships and internships to prepare workers for high-demand jobs in the high-tech sector. The region is also expected to see positive housing activity in 2025.

How Productive Are Central Ohio's Industries? Sector Employment and GDP Shares Ranked by U.S. Labor Productivity



Central Ohio Sector GDP Share



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