

Fall 2010

Wright State University Regional Economic Report, Fall 2010

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R E G I O N A L economic

R E P O R T Fall 2010

RAJ SOIN
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INDUSTRY EMPLOYMENT FORECASTS FOR THE DAYTON MSA

The Dayton Metropolitan Statistical Area (Greene, Miami, Montgomery, and Preble counties) experienced a continued steadying of total employment over the past half year. In fact, employment rose from the first to the third quarters of 2010, a reversal from the 2009 trend. Nonetheless, year over year employment totals are down slightly from 2009. Third quarter employment in the Dayton MSA was estimated to be 368,100 in 2010 compared with 370,100 one year earlier. The most positive news is that several industries grew over the past 12 months. The most notable gains came from the professional and business services industry (over 1100 added jobs), and retail trade (more than 500 added workers). The most significant declines over the last 12 months were in state and local government employment (1000 jobs lost), financial services (600 jobs lost), construction (400 jobs lost), and wholesale trade (400 jobs lost). While the manufacturing industry lost 600 jobs over the last 12 months, this decline was noteworthy because it was the smallest in 10 years.

Total employment in the region is forecasted to experience a seasonal increase in employment during the final months of 2010 followed by a significant seasonal decline in the first quarter of 2011. Employment is then expected to rebound. By the middle of 2011, total employment for the Dayton Metropolitan Area is expected to be slightly above the mid-2010 level. Continued moderate improvements in local labor markets are expected as more industries begin to progressively add employees over the next 6 to 8 months. The industries that are expected to generate year over year growth by the middle of 2011 are federal government employment (at Wright Patterson Air Force Base), health care, restaurant/hotel and leisure services, and professional/business services. State and local government employment is expected to be the source of the most significant year over year job loss by mid-2011.

Figures 1 through 6 illustrate recent trends along with the employment forecasts for the Dayton region through the second quarter of 2011.

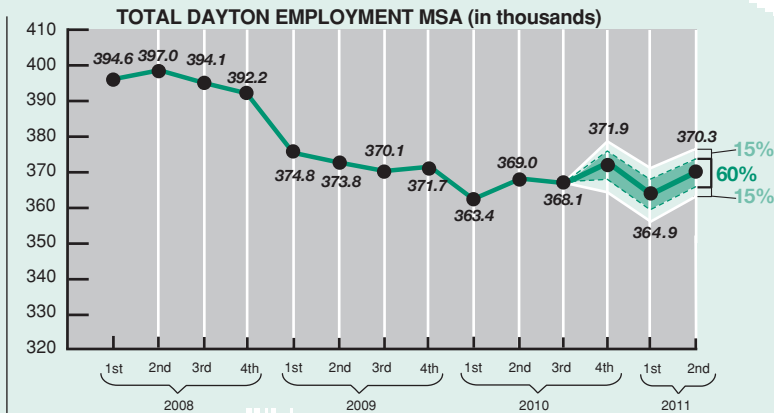


Figure 1

➤ Total employment for the Dayton MSA is expected to continue to remain fairly flat on a year over year basis through the middle of 2011, ending with a slight increase over midyear 2010. If realized, this will represent a marked improvement upon the pattern of the past 10 years.

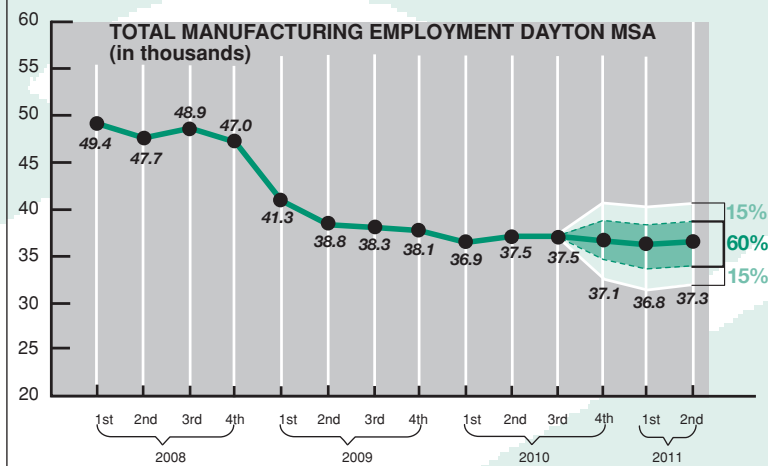


Figure 2

➤ Manufacturing industry employment is also expected to remain fairly flat for each of the next three quarters, resulting in a mid-year employment level slightly below that of a year earlier.

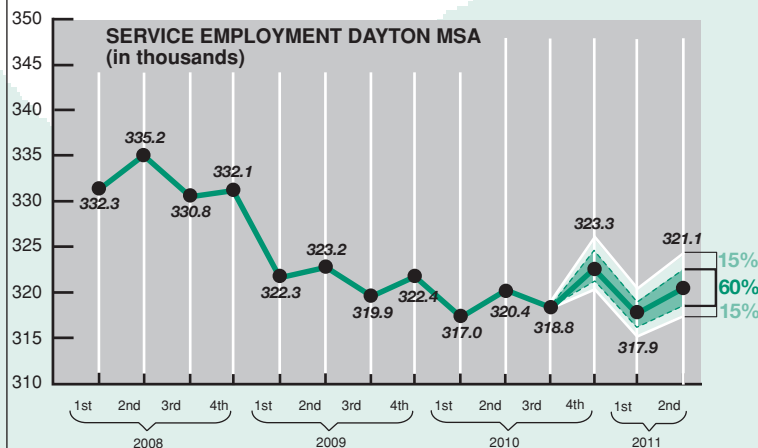


Figure 3

➤ Employment in the service sector is expected to rise slightly by the middle of 2011. This will result from some service industries experiencing more growth (professional and business services, federal employment, health care), than others which are expected to experience decline (state and local government).

(continued on back)

Questions or comments regarding the *Report* should be directed to Professor Thomas L. Traynor, Wright State University, Department of Economics, 3640 Colonel Glenn Hwy., Dayton, OH 45435-0001, or via e-mail to: thomas.traynor@wright.edu.

The *Report* is published semiannually and provides articles and forecasts on the Greater Dayton Area's economy. The *Report* is sent to friends of Wright State University and is available at no cost to any interested parties. To be added to the mailing list, please call (937) 775-3070.

The *Wright State University Regional Economic Report* is underwritten by the Raj Soin College of Business, Wright State University, Berkwood Farmer, Dean.

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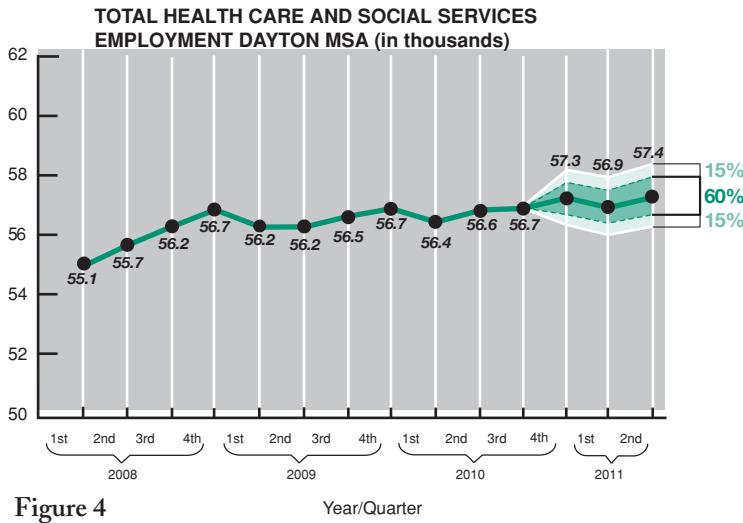


Figure 4

➤ Employment in the health care and private social services industry is expected to rise during the final quarter of 2010 before flattening during the first half of 2011.

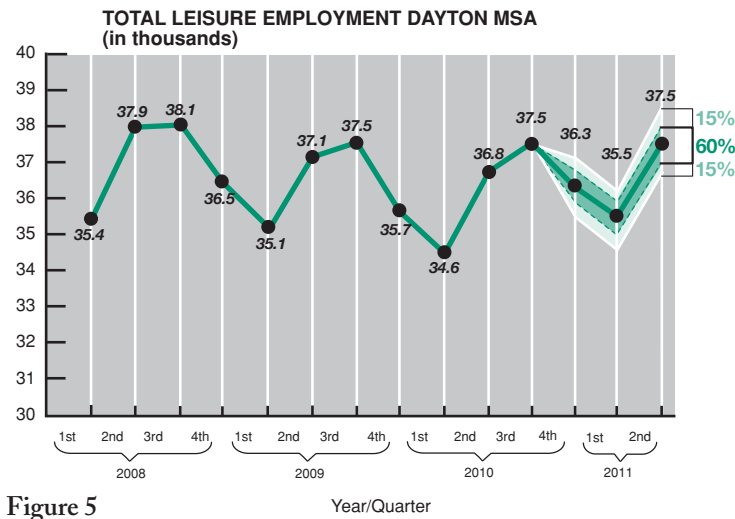


Figure 5

➤ Restaurant, hotel, and leisure services employment is forecasted to decline less over the winter than last year, resulting in an increase in several hundred jobs from midyear 2010 to 2011.

TOTAL PROFESSIONAL AND BUSINESS SERVICES EMPLOYMENT DAYTON MSA (in thousands)

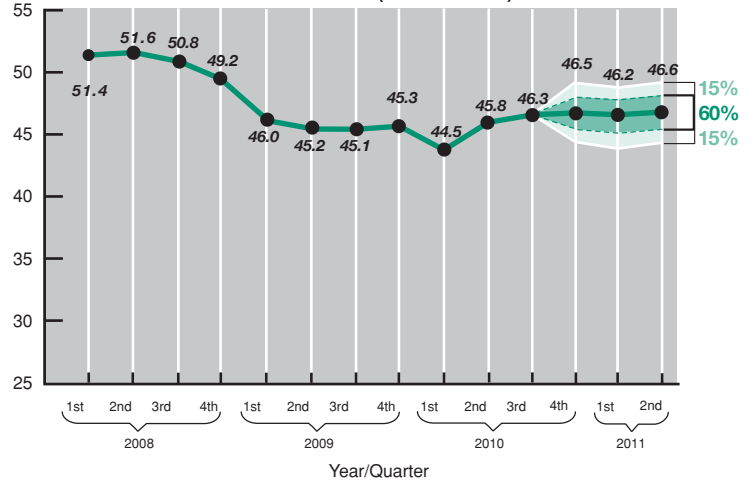


Figure 6

➤ The professional and business services industry is forecasted to continue its gradual growth pattern through the middle 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 50% chance of being within the dark shaded regions and a 90% chance of being in the light or dark shaded regions.

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