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Wright State University Regional Economic Report, Fall 2010

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The Dayton Metropolitan Statistical Area (Greene, Miami, Montgomery, and Preble counties) experienced a continued steady decline 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 (at Wright Patterson Air Force Base), health care, restaurant/food services industry (over 1100 added jobs), 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 that of a year earlier. 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/food services, and professional/business services. State and local government employment is expected to grow as 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.

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.
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.

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.