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Published monthly, *Northern Kentucky/Greater Cincinnati by the Numbers* provides information, research and analysis on the economic and demographic trends of the Cincinnati metropolitan area and the greater northern Kentucky region. For a free subscription visit our website.

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## Sluggish Economic Recovery Predicted for NKY/Greater Cincinnati

By Feng Guo ([guof1@nku.edu](mailto:guof1@nku.edu)) and Janet Harrah ([harrahj1@nku.edu](mailto:harrahj1@nku.edu))

In a continuing trend, the NKU Current Conditions Index declined in August, down 0.5 percentage points, while the NKU Leading Economic Indicators Index improved for the fifth consecutive month, up 0.2 percentage points in August. These trends are similar to those seen nationally. Even as real gross domestic product – the output of goods and services produced by the labor and property located in the United States – increased at an annual rate of 3.5 percent in the third quarter of 2009 the unemployment rate continued to rise and the number of jobs continued to decline.

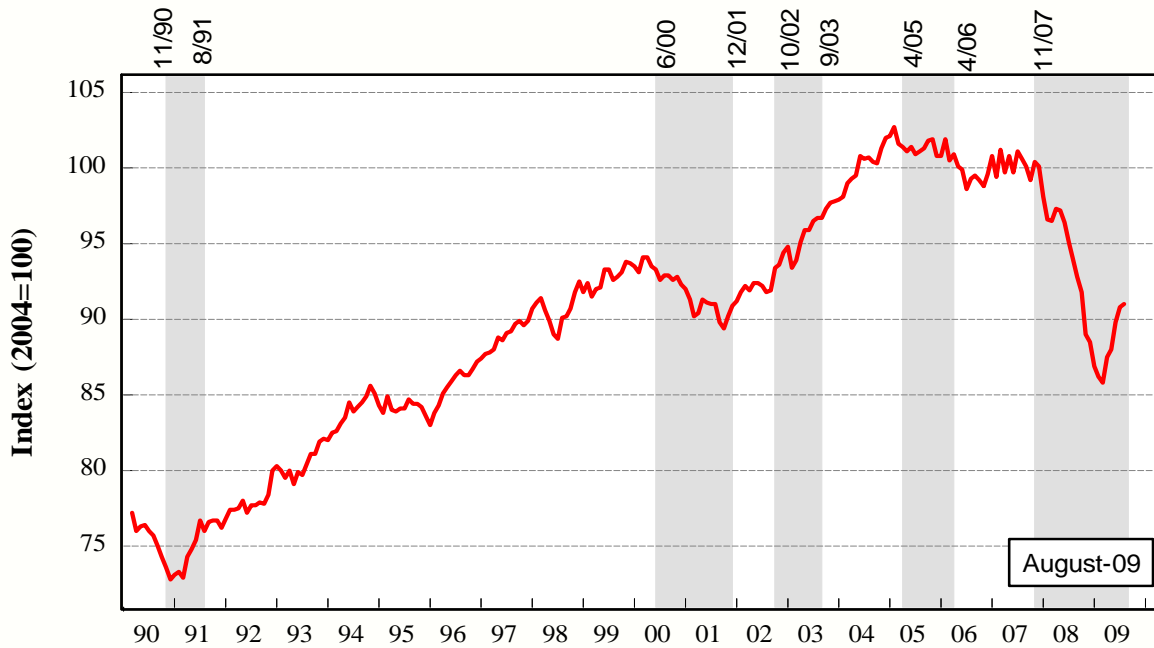
The NKY/ Greater Cincinnati Leading Index (LEI) rose 0.2 percent for its fifth consecutive monthly gain in August. The index stood at 91, following a 1.1 percent increase in July, and a 2 percent increase in June. Increases in the purchasing managers' index and the local stock index and a decline in initial claims for unemployment contributed most to index improvement.

The NKY/Greater Cincinnati Current Condition Index (CCI) fell 0.5 percent to 91.3 in August. With the exception of a small increase in July, the downward trend of the CCI has been steadily driven by continued declines in employment and the CVG transportation index. The job market in NKY/Greater Cincinnati showed slight improvement in unemployment, at 9.8 percent, down from 9.9 percent in July, although non-farm payroll employment decreased again in August, reinforcing worries for a jobless recovery as the region climbs out of the worst recession in decades.

# Northern Kentucky/Greater Cincinnati by the Numbers

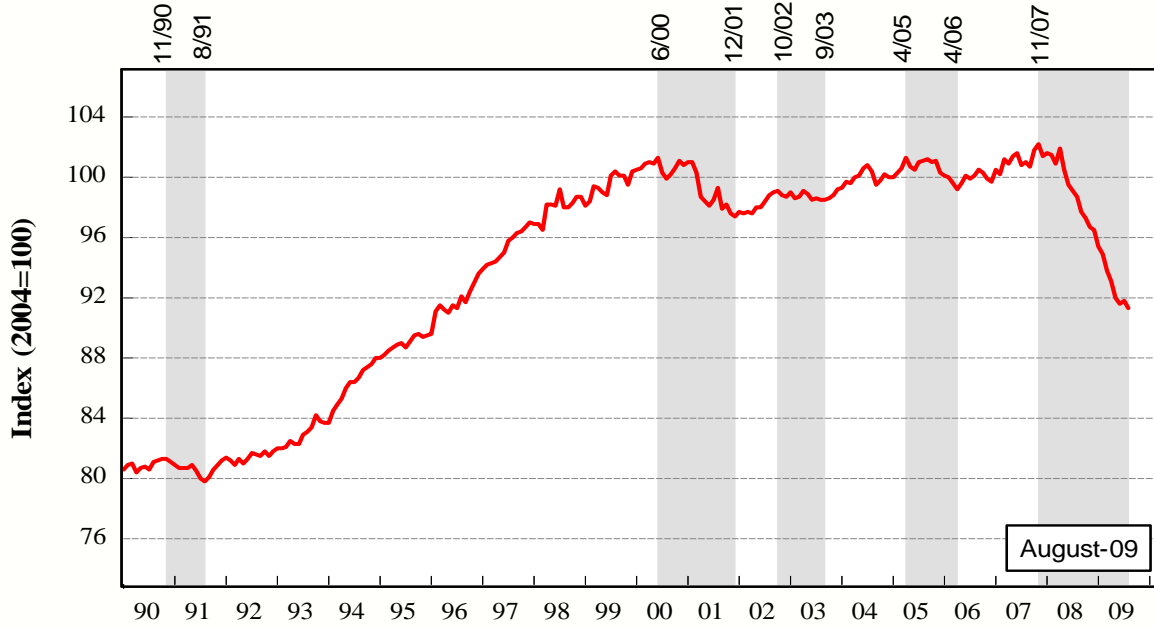
It appears that the local economy is at or near the bottom and is showing signs of recovery, but the economy is not moving quickly from recession to expansion. To date, economic recovery has been largely due to various government stimulus policies. The question now is: When will recovery be sustained by the private sector – consumer and business spending and investment?

**Graph 1: NKY/Greater Cincinnati Leading Economic Indicators Index**



# Northern Kentucky/Greater Cincinnati by the Numbers

Graph 2: NKY/Greater Cincinnati Current Conditions Index



# Northern Kentucky/Greater Cincinnati by the Numbers

**Table 1: NKY/Greater Cincinnati Leading Economic Index**

	2009					
	Mar.	Apr.	May	Jun.	Jul.	Aug.
<b>LEADING ECONOMIC INDEX</b> <i>(2004=100)</i>	<b>85.8</b>	<b>87.5</b>	<b>88.0</b>	<b>89.8</b>	<b>90.8</b>	<b>91.0</b>
Percent change from preceding month	-0.5	2.0	0.6	2.0	1.1	0.2
Percent change from preceding year	-11.1	-10.1	-9.5	-6.8	-4.5	-3.2
<b>LEADING ECONOMIC INDICATORS</b> <i>(seasonally adjusted)*</i>						
<b>weekly hours in manufacturing</b> <i>(Hours, 3 mo. moving avg.)</i>	<b>38.4</b>	<b>38.5</b>	<b>38.8</b>	<b>39.1</b>	<b>39.2</b>	<b>39.2</b>
m/m % change	-0.5	0.4	0.7	0.7	0.3	-0.1
<b>weekly jobless claims for unemployment insurance**</b> <i>(Thousand Persons)</i>	<b>11.5</b>	<b>11.7</b>	<b>11.9</b>	<b>11.5</b>	<b>10.7</b>	<b>11.1</b>
m/m change	-7.2	1.4	1.3	-3.4	-6.9	4.1
<b>Building permits for new private housing</b> <i>(Units)</i>	<b>207</b>	<b>238</b>	<b>205</b>	<b>282</b>	<b>306</b>	<b>286</b>
m/m % change	-14.9	15.0	-14.1	37.6	8.5	-6.3
<b>Total valuation of housing permits</b> <i>(Millions \$)</i>	<b>19.9</b>	<b>21.5</b>	<b>19.6</b>	<b>26.8</b>	<b>25.6</b>	<b>24.3</b>
(m/m % change)	-11.8	8.5	-9.2	36.8	-4.5	-5.1
<b>NKY/Greater Cincinnati stock index</b> <i>(2000=100)</i>	<b>83.0</b>	<b>95.5</b>	<b>102.8</b>	<b>102.9</b>	<b>110.0</b>	<b>113.9</b>
(m/m % change)	9.6	15.1	7.6	0.0	7.0	3.5
<b>In-bound air freight</b> <i>(Tons)</i>	<b>564</b>	<b>559</b>	<b>478</b>	<b>496</b>	<b>530</b>	<b>495</b>
(m/m % change)	-10.6	-0.9	-14.5	3.9	6.8	-6.6
<b>Cincinnati purchasing manager index</b> <i>(Diffusion Index)</i>	<b>33.1</b>	<b>36.6</b>	<b>36.8</b>	<b>40.3</b>	<b>40.0</b>	<b>42.5</b>
(m/m % change)	0.5	10.6	0.5	9.5	-0.7	6.2
<b>National leading economic index</b> <i>(2004=100)</i>	<b>97.9</b>	<b>98.9</b>	<b>100.2</b>	<b>101.0</b>	<b>101.9</b>	<b>102.5</b>
(m/m % change)	-0.3	1.0	1.3	0.8	0.9	0.6

\*The component indicators included in the LEI are seasonally adjusted by the CEAD and may differ from those of other published reports; Data Sources: Bureau of Labor Statistics, U.S. Bureau of Census, Cincinnati/Northern Kentucky International Airport, Institute for Supply Management–Cincinnati, The Conference Board.

Suggested Citation: Center for Economic Analysis and Development, Northern Kentucky University, NKY/Greater Cincinnati Leading Economic Index. All Rights Reserved.

# Northern Kentucky/Greater Cincinnati by the Numbers

**Table 2: NKY/Greater Cincinnati Current Conditions Index**

	2009					
	Mar.	Apr.	May	Jun.	Jul.	Aug.
<b>CURRENT CONDITIONS INDEX</b> <i>(2004=100)</i>	<b>93.8</b>	<b>93.1</b>	<b>92</b>	<b>91.6</b>	<b>91.8</b>	<b>91.3</b>
Percent change from preceding month	-1.2	-0.7	-1.2	-0.4	0.2	-0.5
Percent change from preceding year	-7.0	-8.6	-8.5	-7.9	-7.4	-7.5
<b>CURRENT ECONOMIC INDICATORS</b> <i>(seasonally adjusted)*</i>						
<b>Nonfarm payroll employment</b> <i>(Thousands of jobs)</i>	<b>1,017.8</b>	<b>1,012.5</b>	<b>1,005.1</b>	<b>1,002.8</b>	<b>1,002.6</b>	<b>1,001.0</b>
m/m % change	-0.4	-0.5	-0.7	-0.2	0.0	-0.2
<b>Unemployment rate**</b> <i>(Percent)</i>	<b>8.8</b>	<b>9.2</b>	<b>9.8</b>	<b>9.6</b>	<b>9.9</b>	<b>9.8</b>
m/m level change	0.4	0.4	0.6	-0.2	0.3	-0.1
<b>Air transportation index</b> <i>(2004=100)</i>	<b>57.1</b>	<b>58.6</b>	<b>56.0</b>	<b>53.5</b>	<b>57.7</b>	<b>52.4</b>
m/m % change	-7.6	2.6	-4.4	-4.5	7.9	-9.2
<b>Non-residential electricity usage***</b> <i>(m/m % change, 3 mo. moving avg.)</i>	<b>ND</b>	<b>ND</b>	<b>ND</b>	<b>ND</b>	<b>ND</b>	<b>ND</b>

\*The component indicators included in the CCI are seasonally adjusted by the CEAD and may differ from those of other published reports; \*\* Inverted series; a negative change in this component makes a positive contribution to the index; \*\*\* Due to the restriction on data distribution, changes in non-residential electricity usage, which are included in the calculations of the CCI are not disclosed.

Data Sources: Bureau of Labor Statistics, Cincinnati/Northern Kentucky International Airport, Duke Energy

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## **CEAD Adds New Privately-Owned Residential Building Permit Data to its Website**

By Abbie Sebastian ([sebastiana1@nku.edu](mailto:sebastiana1@nku.edu))

The CEAD has added a new data set to its online community databases. The new addition consists of Excel files with data on housing units authorized by building permits. The files include monthly, quarterly, and annual data from January 1995 to the present for the following geographic areas:

- United States
- Kentucky
- Ohio
- Cincinnati MSA

The files also include quarterly and annual data from 2000 to the present for the largest counties in the MSA. Large counties were defined as those having issued permits for 300 or more units in 2007. Large counties by this definition include:

- Boone, Campbell, and Kenton counties in Kentucky
- Hamilton, Warren, Clermont, Brown, and Butler counties in Ohio

The data included in the New Privately-Owned Residential Building Permits database are provided voluntarily to the U.S. Census Bureau by local building permit officials in response to mail surveys. Larger counties report data on a monthly basis while approximately 11,000 of 20,000 permit issuing places in the United States only report once a year. Smaller, less populous, counties comprise the majority of counties for which data are available only once a year.

To provide complete coverage of the NKY/Greater Cincinnati region, CEAD will present the annual county-level estimates for all 15 counties included in the MSA in a separate Excel file when these data become available each year.

## **Cincinnati MSA Continues to See a Decline in Building Permits Authorized**

By Abbie Sebastian ([sebastiana1@nku.edu](mailto:sebastiana1@nku.edu))

The annual trend for residential building permits authorized in Kentucky, Ohio, and the Cincinnati MSA has been on the decline for the last five years. This trend is indicative of the United States as a whole.

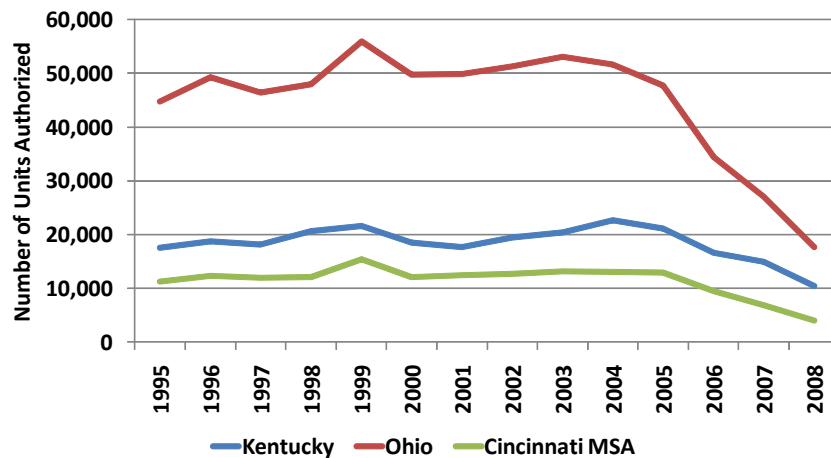
# Northern Kentucky/Greater Cincinnati by the Numbers

The good news is that the Cincinnati MSA is declining at a much slower rate than the United States, Kentucky and Ohio. The Cincinnati MSA is only down 8 percent from third quarter 2008 compared to third quarter 2009 while the United States, Kentucky, and Ohio are each down by 25 percent or more during the same period.

A comparison of monthly data for September 2009 and September 2008 shows the same downward trend. Within the metro area five of the seven larger counties (defined as having issued permits for 300 or more units in 2007) in the area are experiencing growth in building permit authorization from 2008 to 2009.

Regardless of the slower rate of decline the Cincinnati MSA is experiencing in comparison to the other geographies, the annual data for the United States, Kentucky, Ohio, and the Cincinnati MSA in 2008 shows building permits authorized at a low not previously seen in the years from 1995 to 2008.

## New Privately Owned Housing Units Authorized 1995-2008, Cincinnati MSA



Source: Building Permits, U.S. Census Bureau

# Northern Kentucky/Greater Cincinnati by the Numbers

Building Permits by Geography September 2008 and 2009				
	Sept. 2008	Sept. 2009	Level Change	Percent Change
United States	68,790	51,336	-17,454	-25%
Kentucky	689	510	-179	-26%
Ohio	2,014	1,225	-789	-39%
Cincinnati MSA	312	287	-25	-8%

Source: Building Permits, U.S. Census Bureau, <http://www.census.gov/const/www/permitsindex.html>

Building Permits by Geography 3 <sup>rd</sup> Quarter 2008 versus 3 <sup>rd</sup> Quarter 2009				
	3 Qtr 2008	3 Qtr 2009	Level Change	Percent Change
United States	226,236	158,437	-67,799	-30%
Kentucky	2,957	2,189	-768	-26%
Ohio	6,025	3,747	-2,278	-38%
Cincinnati MSA	1,115	1,030	-85	-8%
Boone Co.	171	143	-28	-16%
Campbell Co.	25	28	3	12%
Kenton Co.	57	92	35	61%
Butler Co.	138	163	25	18%
Clermont Co.	63	159	96	152%
Hamilton Co.	17	46	29	171%
Warren Co.	175	155	-20	-11%

Source: Building Permits, U.S. Census Bureau, <http://www.census.gov/const/www/permitsindex.html>

## What is my home worth!

By Ronda Schweitzer ([schweitzer2@nku.edu](mailto:schweitzer2@nku.edu)), Marketing Analyst, CEAD and Licensed Real Estate Agent, Ken Perry Realty

The recent decline in home values has left many home owners wondering what their homes are worth in today's market. Northern Kentucky had 2,995 homes listed on the MLS for sale as of October 27, 2009, and Northern Kentucky sales were down 4 percent in September compared to August. The average days that a home is on the market for Northern Kentucky is 86; however some homes are on the market for 6 months or more.

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We all know that there is currently more inventory available than there are buyers; however many of the homes that remain on the market are there because they are not priced correctly to sell in today's difficult and competitive climate. In researching how some homeowners have determined the value of their home I have encountered a variety of reasoning. Some people choose to determine the value of their home by the purchase price, and by what they have put into the home financially since they [purchased](#) it. Others use the PVA (Property Valuation Administration) value as their guide and some think the modern day cost of reconstructing their home is a good measure of value.

While all of these methods play some part in determining the current value of your home, they are not foolproof by any means. A home is only worth what someone is willing to pay for it and that is largely determined by what a bank will loan on it. Sellers have to take into consideration the current condition of their home's cosmetics. No one wants to pay a modern day price for a 1970's décor. Unless you have a buyer with a bag of cash willing to pay anything just to have your home, you cannot sell your home for more [than](#) what it will appraise for.

The PVA, realtors, and appraisers use recent home sales among other things to determine the value of a home. Recent sales of homes with similar characteristics, also known as comparables, are a key component of pricing a home's value. The number of rooms and their sizes are very important, as well as current condition. Is the home up-to-date, does it have a finished lower level, a two car garage? All comparables should be within the same geographic area of the address in question with a sold date less than a year old. Underwriters have become much stricter about the comparables used to determine the lending value for a home. I have seen many purchase contracts rewritten due to the home appraisal coming up short.

Unfortunately many home owners actually owe more on their home [than](#) its current value. If you are one of these home owners, find a realtor with short sale experience to help you sell your home. The realtor can handle the negotiation with your mortgage holder and your credit will recover much faster than it would with a foreclosure on your record.

Foreclosures are up, and Kenton County's third quarter report shows a record high of 281 homes set for foreclosure with a total of 144 that actually went through. No one knows for certain when there will be a recovery of home values, but we do know that it can be up to two years after we see an employment recovery. In conclusion; if you find yourself needing to determine the current value of your home you will need good comparables. You can ask a realtor to provide you with some or hire an appraiser, either way the information is very valuable when determining the marketability of your home or the present tax value of your home.

In next month's article I will shed some light on how to use comparables or an appraisal to help you access and review the PVA value used to calculate property taxes on your home.

## I Need to Know ...

### How much to pay my employees.

By Anne Gallagher ([anne.gallagher@nku.edu](mailto:anne.gallagher@nku.edu))

I am opening a printing business, and already have three top quality presses, several delivery trucks and a central location in Northern Kentucky. I am planning to hire six press shop workers and three delivery drivers. In this slow economy, I know I can hire workers, but I don't want to train them and have them leave as soon as they can find someone paying more.

CEAD receives this type of question regularly, and the answers are available to everyone with a bit of digging through the Workforce Kentucky website, [www.workforcekentucky.ky.gov](http://www.workforcekentucky.ky.gov). This site is designed to help employers, job seekers (including students looking for guidance about training choices), market analysts and teachers. We want wage information which is not shown on the Workforce Kentucky home page, so we'll just click on Labor Force under the EMPLOYERS heading on the right side of the page.

From the tan column on the left of the screen, we want to select Occupational Wages (OES). The first option is Select Area types. For Occupational Wages, we have just three choices, State, Planning Region or Workforce Investment Region. In this case, we will select Planning Region, Northern Kentucky from the pull-down list and click Continue. From here:

(I redid the bullets here .. )

- Select the year or years desired – we'll choose 2007 and 2008, since there is not complete data yet for 2009
- Highlight Annual
- Click Continue
- Select one or more occupations (use the Control key to pick more than one occupation). The Census Bureau defines more than 400 Standard Occupational Codes (SOCs). The numbering system groups occupations first by both the level in the organization and then by type of work. For this question, we will choose:
  - 515011 Bindery Workers
  - 515022 Prepress Technicians and Workers
  - 515023 Printing Machine Operators
  - 533033 Truck Drivers, Light or Delivery Services
- Click Continue
- Under Enter an Industry, select: Total, All Industries
- Click Continue
- Select Annual wage or salary under Select Wage Rate Type (or Hourly, or both, as preferred)
- Select (use the Control key to pick data series)

# Northern Kentucky/Greater Cincinnati by the Numbers

- Mean Wage
- Median Wage
- Entry Wage
- 25<sup>th</sup> Percentile Wage
- 75<sup>th</sup> Percentile Wage
- 90<sup>th</sup> Percentile Wage
- Click View Data

Copy and paste the data table contents into an Excel spreadsheet. With some clean-up, the data looks like that presented in Table 1.

**Table 1: Northern Kentucky Hourly Wage Rates**

Year	Occupation Code	Occupation	Mean Wage	Entry Wage	25th Percentile Wage	Median Wage	75th Percentile Wage	90th Percentile Wage
2008	515011	Bindery Workers	\$28,895	\$20,017	\$23,570	\$28,490	\$32,671	\$39,814
2007	515011	Bindery Workers	\$29,537	\$21,240	\$24,908	\$28,383	\$32,189	\$41,541
Prepress								
2008	515022	Technicians and Workers	\$31,992	\$18,416	\$23,975	\$30,215	\$40,396	\$48,582
Prepress								
2007	515022	Technicians and Workers	\$33,586	\$21,640	\$27,099	\$32,638	\$40,325	\$47,731
Printing Machine Operators								
2008	515023	Printing Machine Operators	\$40,241	\$29,082	\$34,401	\$39,477	\$47,310	\$52,556
2007	515023	Printing Machine Operators	\$34,553	\$23,709	\$27,541	\$33,755	\$41,352	\$48,208
Truck Drivers, Light or Delivery Services								
2008	533033	Truck Drivers, Light or Delivery Services	\$30,202	\$18,885	\$23,039	\$28,724	\$35,790	\$41,697
Truck Drivers, Light or Delivery Services								
2007	533033	Truck Drivers, Light or Delivery Services	\$28,538	\$17,427	\$21,064	\$27,215	\$33,894	\$42,282

Source: Occupational Employment Statistics Survey, Workforce Kentucky, [www.workforcekentucky.ky.gov](http://www.workforcekentucky.ky.gov).

With this information, the print shop owner is well prepared to set appropriate pay for the different positions on the print shop floor and for the skill and experience levels of staff. For example, an average prepress technician and worker made \$31,992 in 2008, down from the 2007 level of \$33,586. If he wants to hire trainees, he would expect to pay them at the entry level rate of \$18,416. On the other hand, if he wants to hire a person with excellent experience and skills, he should expect to pay in the area of \$48,582 in order to keep that worker on board.

In this case, with top quality presses, the owner might expect to pay a bit more or offer better benefits than is typical to compensate for the additional training that the workers would be expected to have.

The Workforce Kentucky website offers far more than just this type of data, for employers, students, job seekers and researchers. It is worth the time to browse through these offerings to expand or fine-tune the data selection process.

For more information on this type of question, please contact: Anne Gallagher, Senior Regional Economist by phone (859) 392-2414 or e-mail [anne.gallagher@nku.edu](mailto:anne.gallagher@nku.edu)

## CEAD SERVICES

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The CEAD staff is available to apply their knowledge and expertise to real business problems through custom research and information services.

CEAD research staff will work with you to define research objectives and will then prepare a proposal for the work to be conducted. These commissioned studies are conducted on a fee for-service-basis, with fees covering the cost of staff time, materials and so on. Specific outputs of your tailored research will depend on the nature of your project and may include written reports, presentations or data files.

### **Benchmarking Local, State and Regional Economics**

- Benchmarking studies provide an in-depth profile of economic conditions in a given area as a frame of reference for understanding the area's economy. These studies profile the area's economic structure (industry mix) and characteristics, comparing current performance to past performance or strategic goals, and also to the performance of other places viewed as peers.

### **Industry Profiles and Cluster Analyses**

- Industry growth drives wealth creation in a region primarily through the export of goods and services. Cluster analysis identifies the regional economic relationships between inter-related industries and firms to provide a richer, more meaningful representation of local industry drivers and regional economic dynamics.
- SWAT analyses of regional industries and industry clusters highlight strategic opportunities to pursue and areas of weakness, which if addressed, would increase the industry's competitive advantages.

### **Custom Data Aggregation and Research**

- Detailed data are available for small geographic areas from Census 2000 and the American Community Survey. The CEAD can aggregate these data across units as small as neighborhoods and block groups to produce detailed demographic and economic insights for special regions of interest, such as retail market areas or social service areas.
- In addition, the CEAD has access to its extensive database of statistics from other government agencies and private-sector sources to provide special insights needed to understand local or regional demographic and economic trends and market opportunities.

### **Forecasting**

- What is the outlook for a regional economy or industry? The CEAD staff is available to produce short and long-term projections for regional economies and industries.

## **Economic impact and Cost/Benefit studies**

- The CEAD uses fiscal cost-benefit and economic impact modeling methods to estimate the impacts of changes in economic activity on an area's economy such as building a new plant, the loss of a major employer or the impact of a special event. These studies estimate economic impacts in terms of the dollars and jobs gained or lost in the area's economy. The losses or gains include the direct effects of the new activity itself, as well as the indirect and induced effects resulting from business purchases and employee payroll expenditures.

## **Population projections**

- CEAD uses adjusted cohort survival modeling to produce population projections, which extend population trends by age, sex and race into the future. Such projections offer valuable insights for long-term planning by businesses, government agencies, school districts, and other users.

## **Labor Force Analysis**

- The CEAD staff is available to produce projections of workplace skills that, combined with occupational projections, help identify potential workforce gaps and highlight opportunities to address those gaps through training and other programs.
- Have you ever wondered what impact education has on earnings? The CEAD can provide estimates of the effects of training programs on associated wage gains and the resulting economic and fiscal impact on a local, regional or state economy.

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