



**Team**neo

**Jobs**Ohio

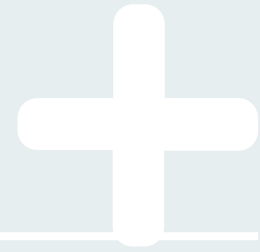
NETWORK  
REGIONAL PARTNER

## **PLUS REVIEW JUNE 2016**

**Quarterly Economic Indicators  
18 Counties of Northeast Ohio**

Companies located in Northeast Ohio enjoy a variety of advantages — among them, easy access to North American and European markets, and a highly skilled and educated workforce. This report explores the advantages associated with the cost of doing business here, such as labor, taxes, energy, rental space and construction.

# Northeast Ohio Provides Measurable Business Cost Advantages



When a company makes a location or expansion decision, the cost of doing business is a pivotal consideration. The cost of doing business in Northeast Ohio is almost 10% lower when compared to the U.S. average, according to Moody's Analytics. It costs less to do business in NEO than in not only major markets such as Los Angeles and New York, but also peer markets including Pittsburgh and Detroit.

"Cost of business," as defined by Moody's Analytics, takes into account four components: labor costs, energy costs, state and local taxes, and office rents. **NEO provides advantages in each of these areas:**

**Labor Costs:** Workforce costs are lower than in other markets, as NEO businesses pay a median wage of \$19.55 – far below New York's \$26.26. But not to worry: Workers continue to live a comfortable lifestyle, as the region's cost of living here is 11.4% lower than the national average.

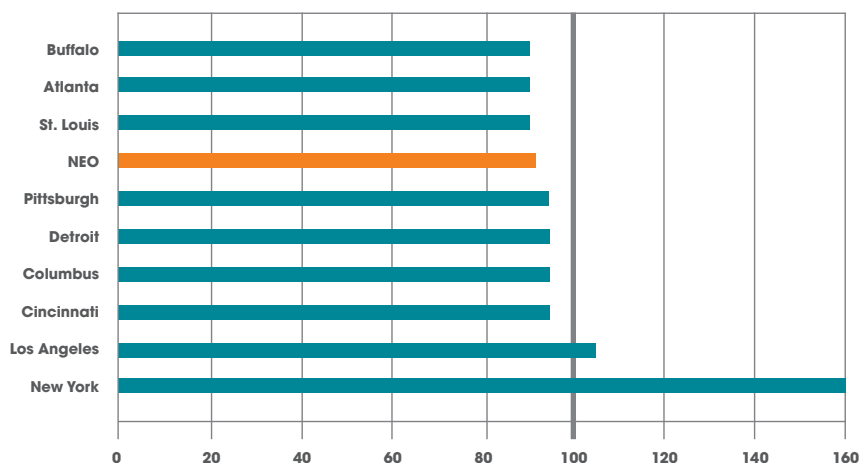
**Energy Costs:** NEO's plentiful oil and gas reserves indicate a continuing downward trend in energy costs. With more than 25 trillion cubic feet of recoverable natural gas and 7 billion barrels of oil, the region has natural resource supplies to power businesses for the long term.

**State and Local Taxes:** Ohio is among the top three states in the U.S. for favorable business tax rates, according to an Ernst & Young LLP and Council on State Tax Rates report. In addition, Cleveland has one of the most favorable tax structures for businesses among U.S. cities/locations with populations exceeding 2 million, says the 2014 Competitive Alternatives: Focus on Tax report produced by KPMG International. Businesses in NEO maximize their profits by paying zero tax on corporate profits; machinery, equipment and R&D investments; products sold to customers outside of Ohio; and tangible personal property.

**Office Rents/Real Estate:** NEO's average cost for industrial property, \$3.90 per square foot, is 33% lower than the national average of \$5.83. It is less than half of the \$9.17 businesses pay in Los Angeles, and even beats out peer markets such as Buffalo (\$4.68). Construction costs in Northeast Ohio are lower than the national average as well, providing cost breaks to businesses looking to build.

The **low cost of doing business**, combined with the **low cost of living**, makes Northeast Ohio an attractive place for businesses – and their employees – **to thrive.**

## COST OF DOING BUSINESS

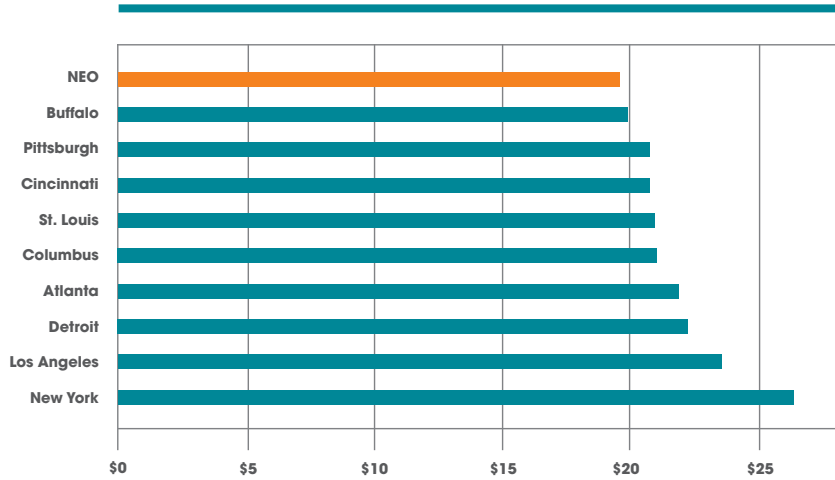


Businesses in Northeast Ohio pay nearly 10% less than the national average to do business here.

Source: Moody's Analytics

Values indicate market standings relative to peer markets. A value of 100 indicates the U.S. average. Thus a value of 110, for example, indicates that a market is 10% higher than the average, while a value of 90 indicates that a market is 10% below the average.

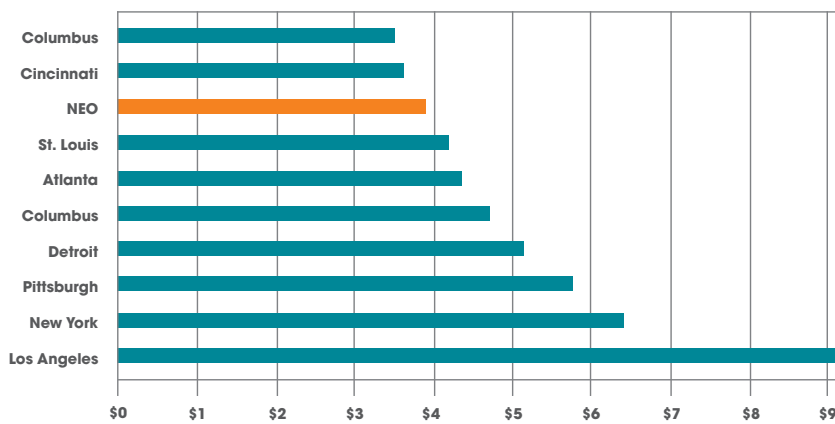
## MEDIAN ANNUAL WAGE



With an annual median wage of \$19.55, NEO offers employers a low-cost workforce in relation to other MSAs, yet employees thrive due to the region's low cost of living.

Source: EMSI 2015

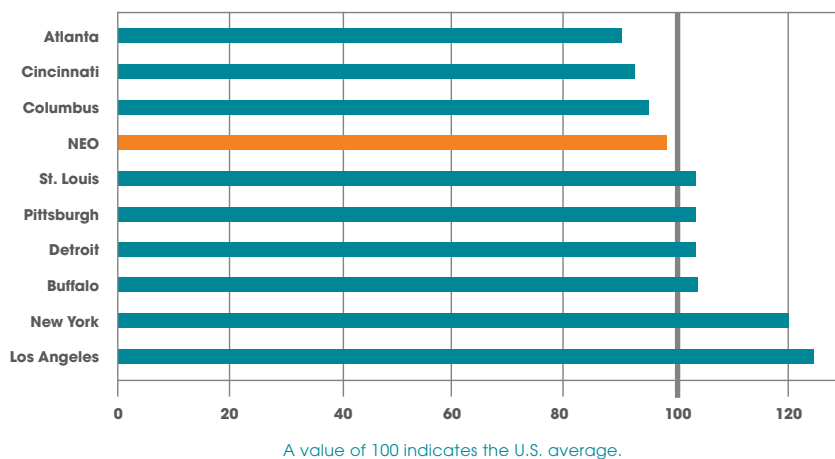
## INDUSTRIAL PROPERTY



Renting space in Northeast Ohio is far less expensive than in major MSAs. It also compares favorably to peer markets.

Source: CoStar

## CONSTRUCTION COSTS

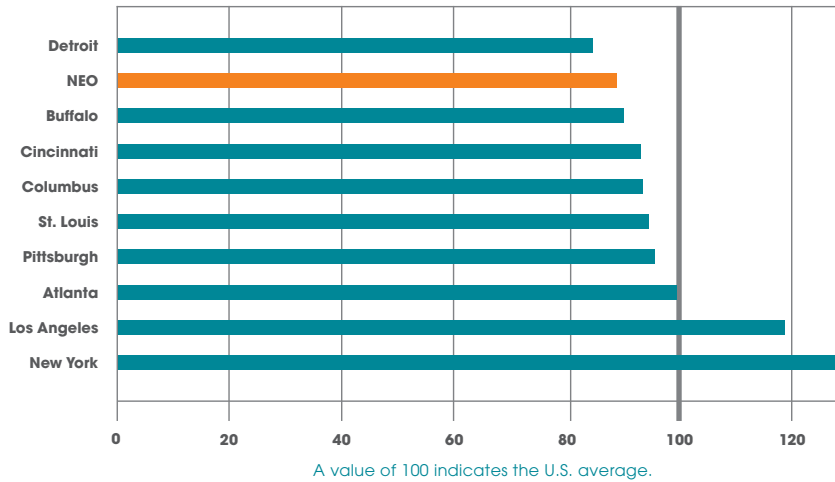


The cost to build facilities in Northeast Ohio is 2% lower than the national average.

Source: RSMeans



## COST OF LIVING



Northeast Ohio is an affordable place to live and work, with a cost of living that is 11.4% lower than the national average.

Source: Moody's Analytics

*These figures represent the most recent update of the Moody's Analytics metro area cost of living index, which considers the costs of energy, retail goods, housing, insurance and transportation.*

## DEVELOPMENT ACTIVITY

### LuK, USA ADDS PRODUCTION LINE AT WOOSTER FACILITY:

LuK, a German-based company that designs and manufactures drivetrain components, continues to see significant growth as it plans to add a new production line at its facility in Wooster. The project will retain 1,767 jobs and create 250 new jobs.

### QUADAX CONTINUES TO EXPAND IN NORTHEAST OHIO

Since 2014, healthcare billing firm Quadax has added roughly 75,000 square feet of office space. Now with the capacity to house more than 1,000 employees, the company is poised for growth over the next two to five years.

### MEDTRONIC KEEPS CARDIOINSIGHT IN CLEVELAND

Dublin, Ireland-based Medtronic, which operates out of Minneapolis, has acquired Cleveland-based medical device company CardioInsight. The company plans to expand CardioInsight's R&D capabilities in Northeast Ohio, retaining 28 jobs and creating 28 more, with additional payroll of \$2.8 million. Both companies have close ties to Case Western Reserve University: CardioInsight's technology has been developed there, and Medtronic recruits heavily from Case for its talent needs.

### EXPLORYS COMMITS TO GROWTH IN NORTHEAST OHIO

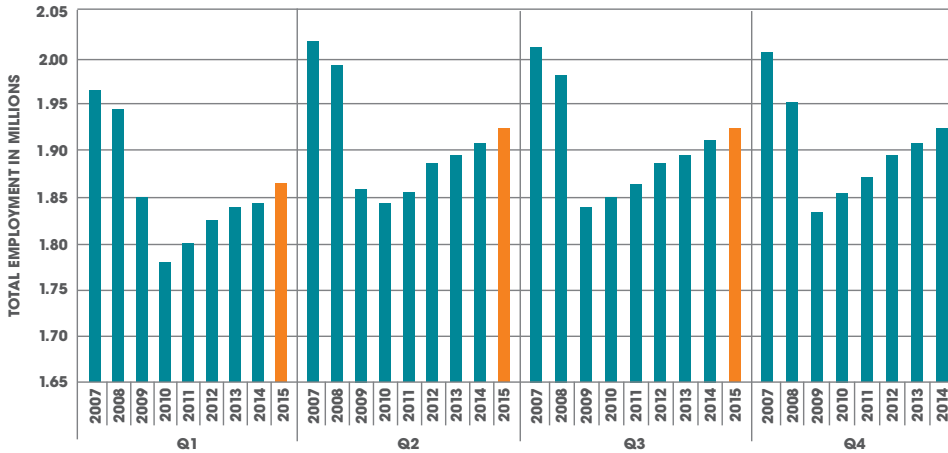
Explorys, a healthcare intelligence cloud company, has committed to grow in Northeast Ohio. The company has added 80 new positions since being acquired by IBM last May and has plans for additional growth.

### E1 DIGITAL DIRECT TO OPEN NEW FACILITY, CREATE 176 JOBS

E1 Digital Direct, a print and mail service that works closely with the U.S. Postal Service, plans to open a new facility in a previously vacant building in Boardman. The facility will serve as a processing center as well as the firm's headquarters. The project will create 176 new jobs and result in a fixed asset investment of \$4.9 million.



## NORTHEAST OHIO TOTAL EMPLOYMENT (NOT SEASONALLY ADJUSTED)

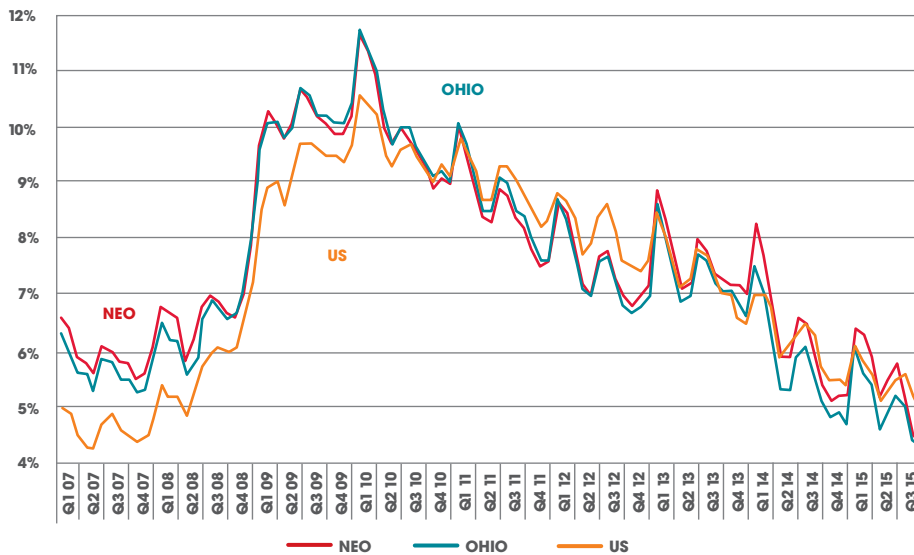


### NEO EMPLOYMENT INCREASES IN Q3

This chart shows total employment year-over-year for comparison of seasonal patterns. Total employment averaged 1.923 million in Q3 2015. Year-over-year total employment increased by 11,500 jobs.

Source: Quarterly Census of Employment and Wages (QCEW).

## NORTHEAST OHIO UNEMPLOYMENT RATES THROUGH SEPTEMBER 2015

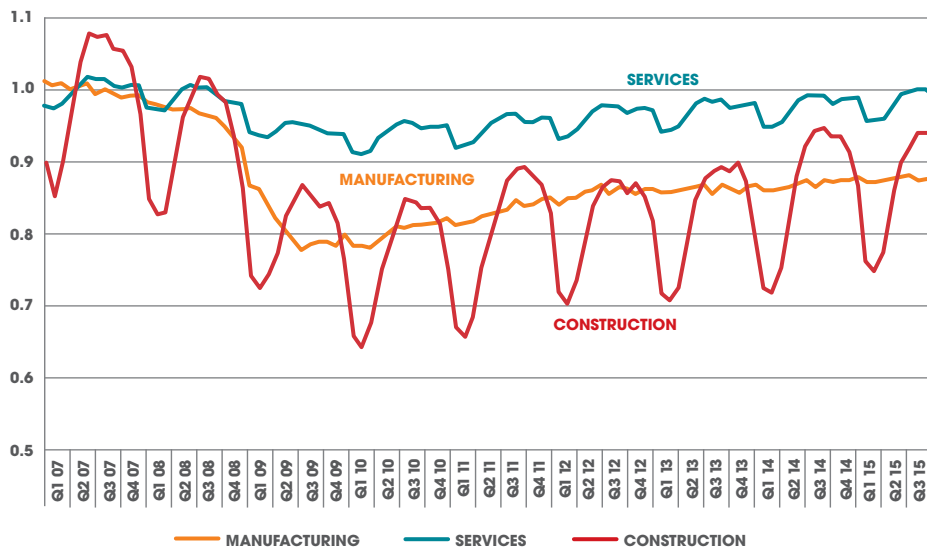


### NEO UNEMPLOYMENT RATE DOWN YEAR-OVER-YEAR

The Northeast Ohio unemployment rate averaged 4.7% in Q3 2015, a decrease of 1.2% year-over-year. This is slightly higher than the state of Ohio rate of 4.6% and lower than the U.S. rate of 5.2%.

Source: Current Population Survey (CPS), a survey of 60,000 households nationwide.

## CHANGE IN EMPLOYMENT BY SECTOR THROUGH SEPTEMBER 2015

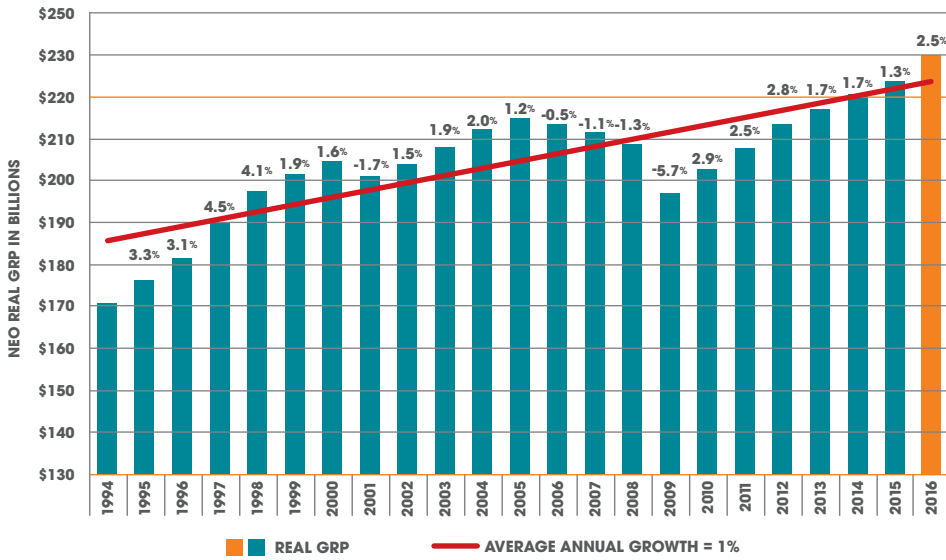


### EMPLOYMENT IN MANUFACTURING AND SERVICES SECTORS GROWING

Combined, these four sectors comprise total employment in Northeast Ohio. Manufacturing employment is up 1,400 jobs from the Q3 2014 average. The services sector is also up about 12,500 jobs year-over-year. Construction was down slightly.

Source: Quarterly Census of Employment and Wages (QCEW).

## NORTHEAST OHIO REAL GROSS REGIONAL PRODUCT (GRP) IN BILLIONS

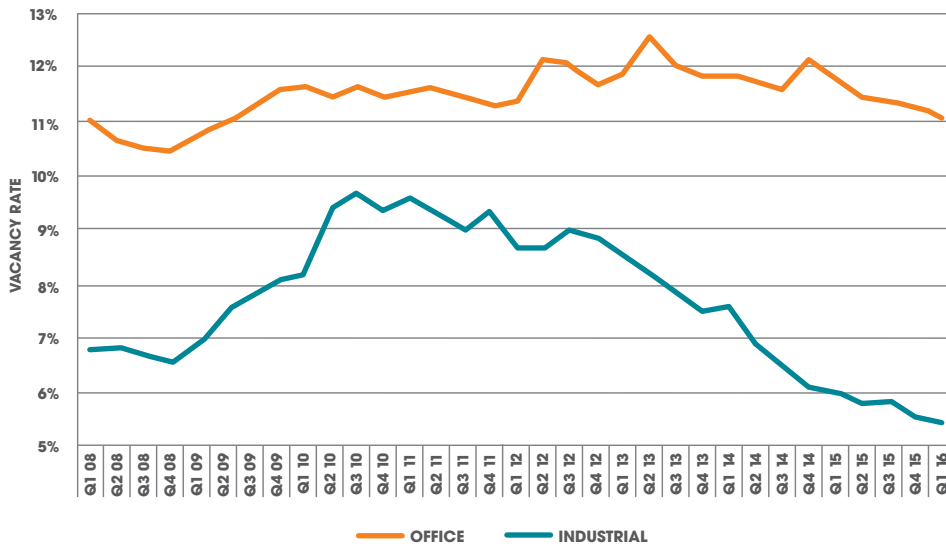


### NEO GRP ESTIMATES PROJECTED TO GROW IN 2016

The most recent estimates from Moody's Economy.com show Northeast Ohio's GRP increasing in 2016 by 2.5%. With GRP at \$229 billion, our economy has grown by more than 34% since 1994.

Source: Economy.com

## NORTHEAST OHIO INDUSTRIAL AND OFFICE VACANCY

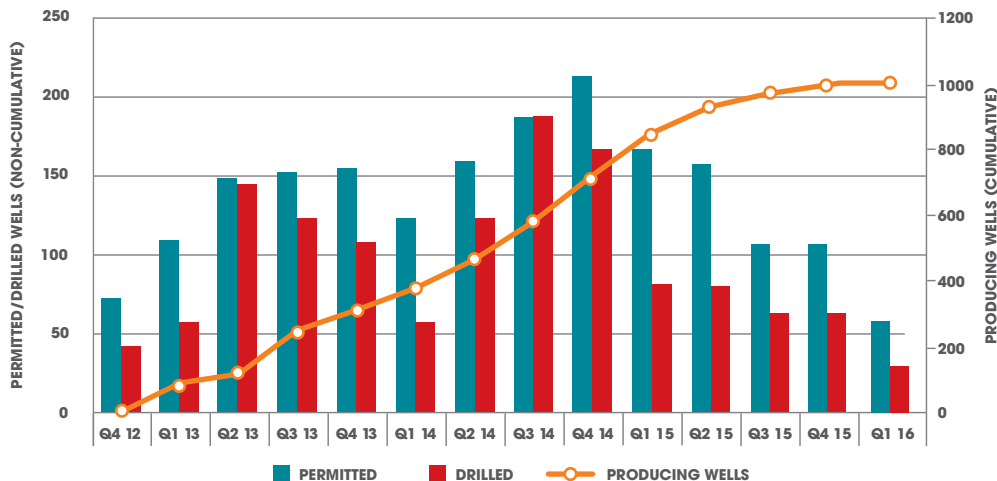


### INDUSTRIAL VACANCY RATE AT EIGHT YEAR LOW

The vacancy rate for industrial space continues to decline. At 5.4% in Q1 2016, it is at the lowest rate since tracking in Q1 2008. Office vacancy increased slightly to 11.1% from Q4 2015's 11.3%.

Source: CoStar

## OHIO UTICA WELL ACTIVITY (NON-CUMULATIVE)



### WELL PRODUCTION SLOWS IN Q1 2016

This graph shows the status of Utica Shalewells originally permitted, drilled and in production for each quarter. From Q4 2015 to Q1 2016, 58 new permits were issued and 29 new wells drilled. Since tracking began in Q4 2012, 1,924 total permits have been issued, of which 1,326 have been drilled. Of these, 1,013 are currently producing.

Source: Ohio Department of Natural Resources

## GENEROUS SUPPORT PROVIDED BY:



For a complete list of funders, visit [clevelandplus.com/about/funders](http://clevelandplus.com/about/funders).

## DATA SOURCES

Team Northeast Ohio uses a number of data sources for the Regional Economic Review. One of the primary sources is Moody's Economy.com ([economy.com](http://economy.com)) data for Northeast Ohio.

Moody's Economy.com county-level output, employment and payroll historical data are estimated from several publicly available sources and are summarized into the Team NEO regional footprint. It is important to understand data provided by Economy.com are estimates of economic activity.

Team NEO also uses data from federal and state sources as part of this report. We rely heavily on data from the U.S. Bureau of Labor Statistics ([bls.gov](http://bls.gov)) and Ohio's Labor Market Information ([lmi.state.oh.us](http://lmi.state.oh.us)) for information on wages, unemployment and both general and industry-specific employment.

Industrial and office real estate data for this edition were derived from the CoStar Group. Due to market limits within the CoStar database, historic trend data for the Team NEO region are reflective of 14 of the 18 counties forming the regional footprint. These counties include: Ashtabula, Cuyahoga, Erie, Geauga, Huron, Lake, Lorain, Mahoning, Medina, Portage, Richland, Stark, Summit and Trumbull.

## ECONOMIC DEVELOPMENT PARTNERS ACROSS 18 COUNTIES OF NORTHEAST OHIO:

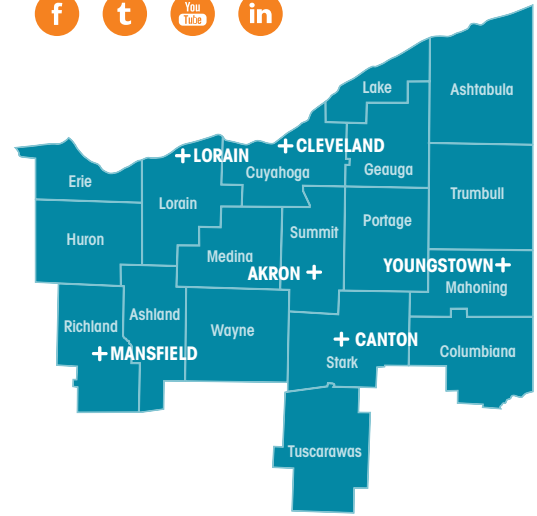
Ashland Area Council for Economic Development  
Columbiana County Port Authority  
Erie County Economic Development Corporation  
Geauga Growth Partnership, Inc.  
Greater Akron Chamber  
Greater Cleveland Partnership  
Growth Partnership for Ashtabula County  
Huron County Development Council  
Lake County Ohio Port & Economic Development Authority  
Medina County Economic Development Corporation  
Portage Development Board  
Richland Community Development Group  
Stark Development Board, Inc.  
Team Lorain County  
Tuscarawas County Community Improvement Corporation  
Youngstown/Warren Regional Chamber  
Wayne Economic Development Council



## ABOUT TEAM NEO AND THE CLEVELAND PLUS 18-COUNTY REGION

Team NEO is an economic development organization focused on creating jobs for Northeast Ohio's residents. In collaboration with our partners, it leads the region's business attraction efforts, supports business retention and expansion work as Northeast Ohio's JobsOhio affiliate, accelerates the impact of innovation in the region, and aligns strategies and resources within the economic development network to maximize its impact. In addition, Team NEO provides tools to assist employers in attracting talent to the region. For more information, visit [www.teamneo.org](http://www.teamneo.org) or [www.clevelandplusbusiness.com](http://www.clevelandplusbusiness.com).

## CONNECT WITH US



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1111 Superior Avenue, Suite 1600, Cleveland, OH 44114  
888.NEO.1411 • [www.clevelandplusbusiness.com](http://www.clevelandplusbusiness.com)

