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Northeast
Ohio
Economic
Review

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*Headquarters Sector
Prominent in the
Cleveland Plus[®] Region.*

As we found in an earlier Northeast Ohio Regional Economic Review, the business headquarters sector continues to be particularly strong in the Cleveland Plus[®] Region. This report takes a closer look at this sector's role in driving the region's economy.

Economic Review Highlights for 2008

The Northeast Ohio Economic Review was established to provide an aggregate look at long-term trends in Northeast Ohio's economy. In 2008, we continued our quarterly reports by taking a look at our mix of industries as compared to the U.S., reviewing a 10 year projection for industry and occupational growth, and reporting the overall climate of industrial and office commercial real estate in the 16 counties that comprise the Cleveland Plus Region.

Cleveland Plus Mix of Industries

Cleveland Plus has a higher share of output than the national average in many industries, including: Manufacturing, Finance and Insurance; Healthcare; and Management of Companies and Enterprises (Headquarters). Both Manufacturing and Headquarters have shares of the Northeast Ohio economy that are more than 50% higher than the national average. Manufacturing represents 22% of the region's economy, compared to about 14% for the U.S. as a whole.

10 Year Projection: Growing Industry Sectors

Northeast Ohio's economy is expected to continue diversifying. The Information industry is expected to grow the fastest, at 34% over the next 10 years. Despite common misperceptions, manufacturing output is projected to continue growing as well. Other faster-growing sectors include: Professional and Technical Services; and Finance and Insurance sectors.

10 Year Projection: Higher Paying Jobs Will Grow Faster

Projections for the next ten years show higher paying occupations account for all the expected growth in employment. Jobs with above average pay are projected to grow 7.5%. Expected high-growth occupations include: Computer/Math, Business/Finance, Education, Training and Library, Sciences, Legal and Management.

Industrial Real Estate is Strong and Growing

Northeast Ohio is the sixth largest industrial market in North America. Our industrial vacancy rate is among the lowest in the past 5 years, with the Manufacturing vacancy rate showing a significant decline since 2006. In addition, there are approximately 411 million total square feet of Industrial space in the region, larger than at any time since 2000.

Office Space Market Continues to Thrive

Even in the face of a soft national economy, the demand for space in the Cleveland Plus office market continues to grow. Occupied Class A space is up nearly 17% since 2003. In addition, there is more Class A, B, and C occupied space than any time in the past five years. Total occupied space has increased to almost 112 million square feet. Northeast Ohio's vacancy rate of 12.1% is nearly on par with the U.S. average and notably lower than many other major U.S. markets such as Atlanta, Chicago and Phoenix.

In Summary

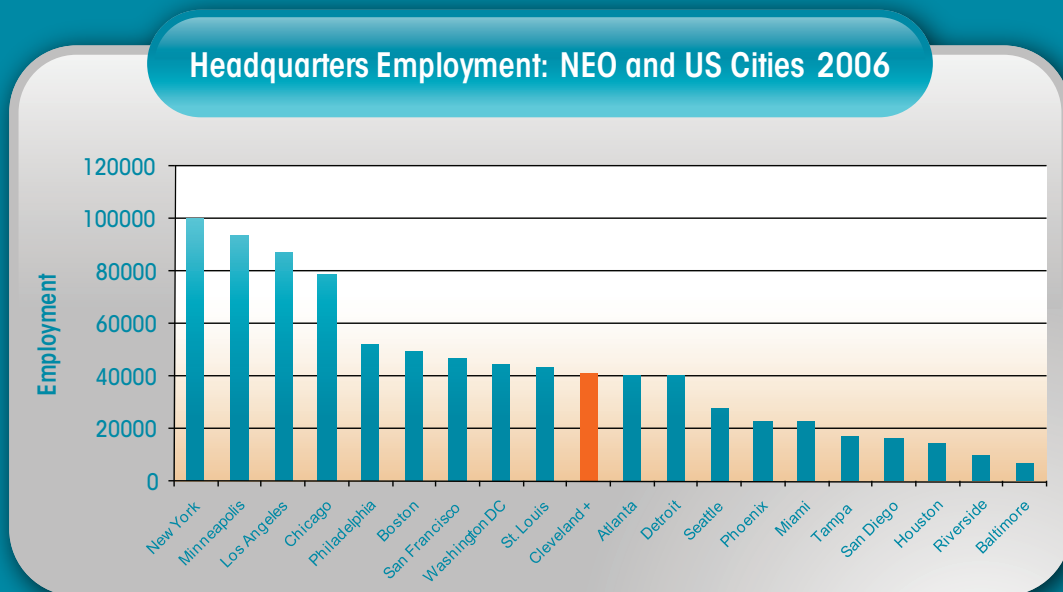
Even in the face of the current national economic decline, the Cleveland Plus Region continued to benefit in 2008 from its long-term trend of steady, moderate growth. We are diversifying and transitioning our economy to high-skill industries, indicating that education and workforce development will become even more valuable in the future. Our industrial and commercial real estate markets remain strong. By maintaining the course with Northeast Ohio's advancements in biomedical, alternative energies, high-tech manufacturing, corporate management and entrepreneurship, the region will accelerate growth and ensure long-term vitality.

"The decision by Goodyear to keep our headquarters in the NEO region was a result of the abundance of available talent and the overall positive business environment made possible by the collaborative spirit between the region's leaders."

-Robert J. Keegan, Chairman of the Board, Chief Executive Officer and President of The Goodyear Tire & Rubber Company, commenting on the decision to keep headquarters in the NEO region.

Cleveland Plus Headquarters Employment Strong

This graph looks at total headquarters employment among the top 20 Metropolitan Statistical Areas (MSAs). The Cleveland Plus region ranks 10th in terms of total employment, and is greater than larger regions such as Houston, Phoenix and Atlanta.



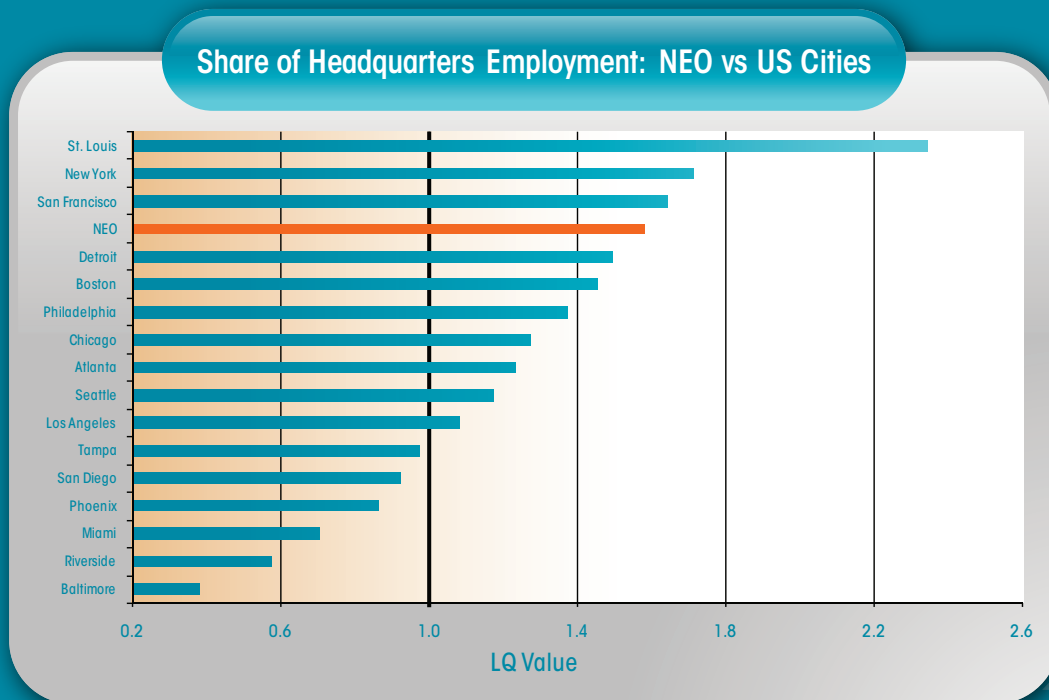
Source: County Business Patterns, 2006

"Headquarters are one of the core competitive advantages of the region."

-Edward W. (Ned) Hill, Professor and Distinguished Scholar of Economic Development, Maxine Goodman Levin College of Urban Affairs, Cleveland State University

Cleveland Plus Headquarters Employment Share 4th Highest in Nation

This graph demonstrates the proportion of headquarters employment as a percentage of total employment in major U.S. markets. Once adjusted for scale, the Cleveland Plus region has the fourth largest concentration of headquarters employment, 60% more than the national average.



Source: Bureau of Labor Statistics (BLS) and Economy.com

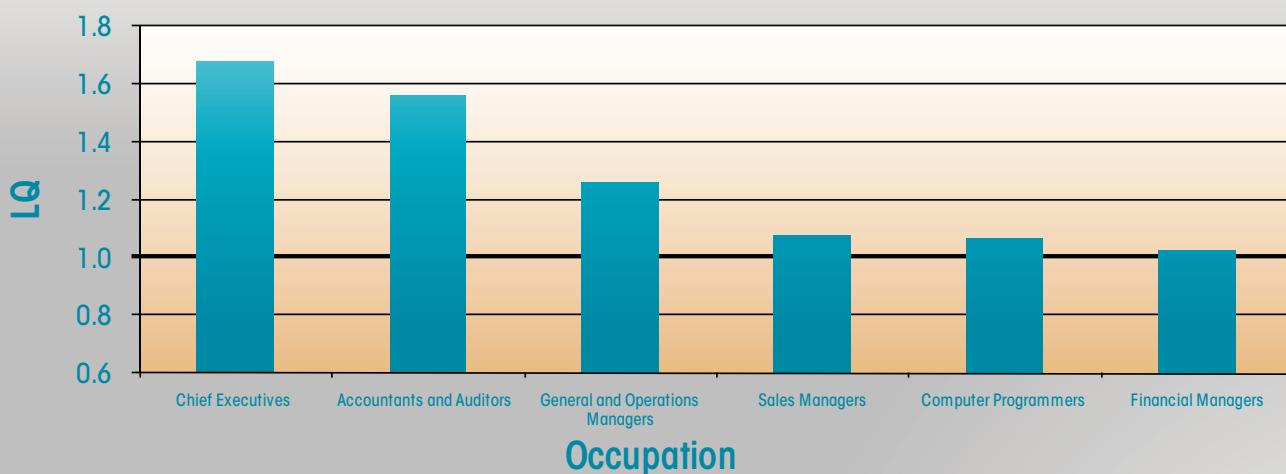
...rters in Northeast Ohio is a testament to the quality
...ss environment in Northeast Ohio and made
...gion's public and private entities."

...on his company's decision to build a new headquarters for their 3,000 corporate and North America Tire employees.

Cleveland Plus Strong in High Skill Headquarters Occupations

This chart depicts Northeast Ohio's position in the occupations that typically are associated with business headquarters. Northeast Ohio's strong national position in corporate headquarters is supported by a higher than average share of the occupations that are most important to the operation of a business headquarters. This concentration of occupations makes existing headquarters successful and provides a strong labor pool for those looking to establish new headquarters in the region.

Share of NEO Headquarters Occupations vs the US



Source: BLS, Occupational Employment Statistics

KEY:

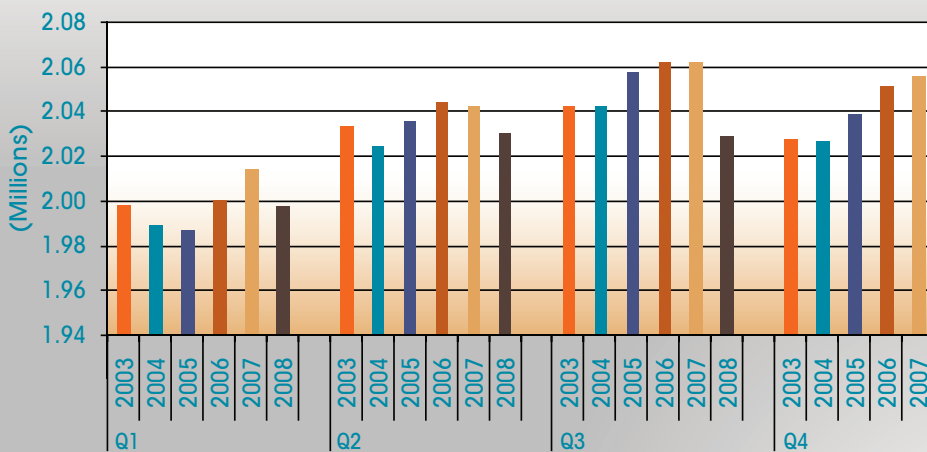
Location Quotient (LQ), as used in the charts to the left and above, compares Northeast Ohio and other regions to the U.S. as a whole. An LQ of 1.0 represents the national average. An LQ of 1.2 is 20% higher than the national average. An LQ of 0.8 is 20% less than the national average.

"We looked at the quality of labor force, the abundance of labor and the quality of infrastructure."

-SP Data Chief Executive Dan Plashkes comments on why his company chose the Cleveland Plus region for their US Headquarters

Northeast Ohio Employment Mirrors National Trends

Northeast Ohio Total Employment (Not Seasonally Adjusted)



Source: BLS, Occupational Employment Statistics

This chart shows total employment in Northeast Ohio without seasonal adjustments.

By viewing employment on a quarter to quarter basis we can see the overall trend that occurs

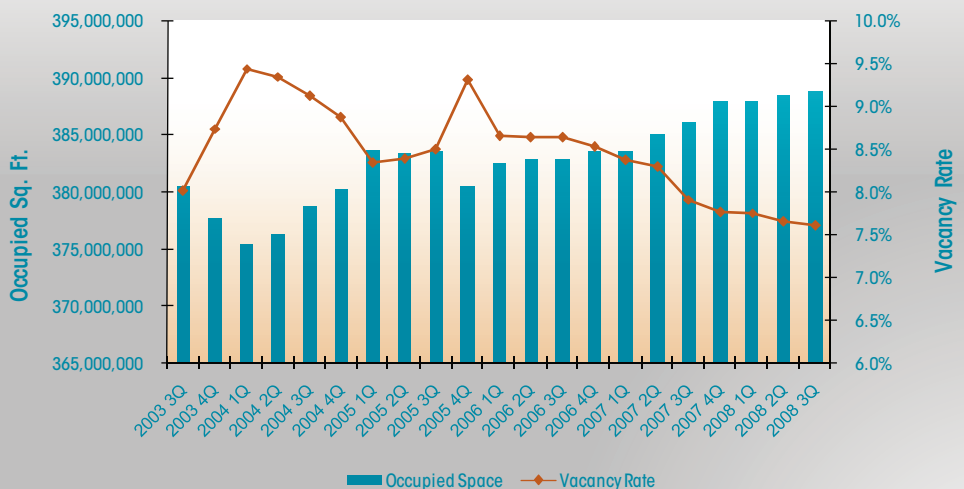
due to seasonal patterns of employment. Q3 of 2008 did not see the typical seasonal increase between the second and third quarter and lagged employment of one year ago.

This is similar to the national picture. Total employment remained just over 2 million workers in Q3, and is down approximately 1.5% from last year.

Demand for Industrial Space Continues to Grow

This graph shows the total amount of industrial space occupied by quarter, from third quarter of 2003 to third quarter of 2008. Over this period, total occupied industrial space has grown significantly with ten consecutive quarters of growth since the first quarter of 2006. In addition, occupied industrial space is higher than at any point in the previous five years while vacancy rates of 7.5% are also at their lowest point in the past five years.

Northeast Ohio Occupied Industrial Space

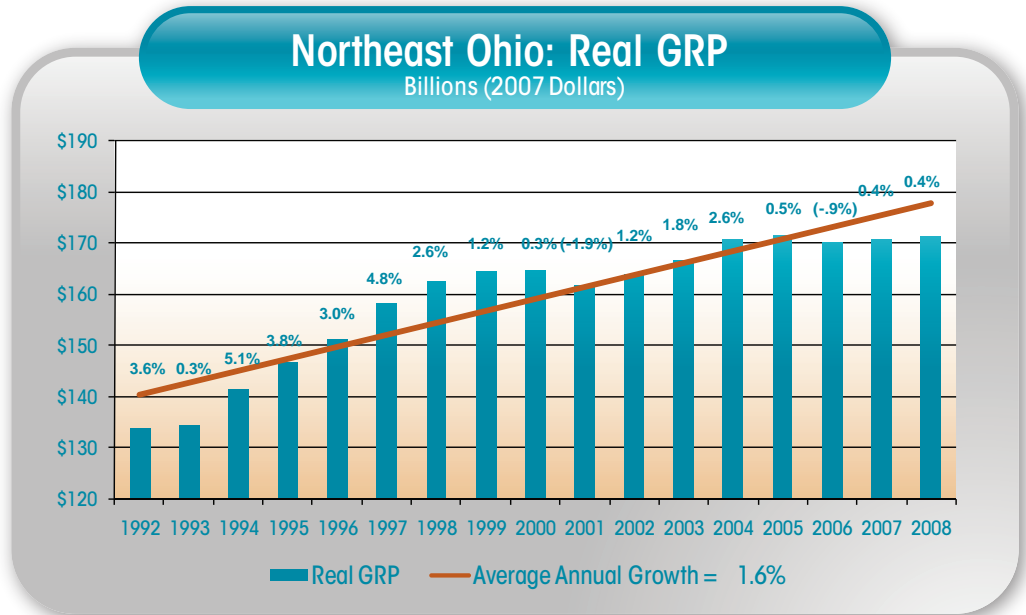


Source: Bureau of Labor Statistics (BLS) and Economy.com

Growth Still Projected for 2008

Modest growth is still projected for Northeast Ohio's 2008 Gross Regional Product, based on projections from Moody's Economy.com. Moody's detailed models of regional economic conditions are revised as actual data is received. Reflective of soft conditions in recent years, this updated chart contains lower estimates for 2006, 2007 and 2008 compared to previous reports.

Moody's estimates that the Northeast Ohio economy has grown at an annual rate of 1.6% over the past 15 years and has grown in 13 of the past 15 years.



Source: Moody's Economy.com

About Team NEO

Team NEO markets Northeast Ohio to attract business investment in targeted industry clusters. The organization is a joint venture of the largest metro chambers, representing 16 counties and their 4 million people. Team NEO serves as a central resource, informing and serving those considering investment in Northeast Ohio and is a co-founder of the Cleveland Plus® Marketing Alliance, a coalition to drive strategic, long-term marketing for Northeast Ohio. For more information, visit www.teamneo.org.

Data Sources: Team Northeast Ohio uses a number of data sources for the Regional Economic Review. One of the primary sources is the Moody's Economy.com (www.economy.com) Northeast Ohio modeling system. This firm is the leading independent provider of economic, financial and industry research and data that specializes in national and metropolitan economic growth forecasts. 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 the report. As with Economy.com, the information for the Team NEO footprint is derived from data reported at either the county or metropolitan level. We rely heavily on data from the U.S. Bureau of Labor Statistics (www.bls.gov) and Ohio's Labor Market Information (www.lmi.state.oh.us) for information on wages, unemployment and both general and industry-specific employment. In addition, Team NEO uses data from the Census (www.census.gov) to track housing-related activity including the number of single and multifamily permits, as well as their values.

Due to market limits within the CoStar database, historic trend data for the Team NEO region is defined as 10 of the 16 counties forming the regional footprint. These counties include Ashtabula, Cuyahoga, Geauga, Lake, Lorain, Medina, Portage, Richland, Stark and Summit.

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