

The Butler Center for Business and Economic Research is pleased to announce the results of the Fall 2014 Local Business Attitude Survey. The results of the survey are used to measure the expectations of local business for the upcoming year regarding local economic conditions and the costs of doing business. This survey was previously conducted in 2012 regarding business expectations for 2013. Below we present the results of the 2014 survey and a comparison of the results with those from 2012.

Expectations regarding local economic conditions are derived by measuring the level of agreement or disagreement with the following five statements:

- In the upcoming year,
- the local economy will expand
 - the local unemployment rate will decrease
 - the number of residential housing permits will increase
 - the number of commercial construction permits will increase
 - the number of visitors to Columbus will increase

We measure business sentiment for each question on a scale from 0 to 200. A value equal to 100 indicates that the same number of businesses agreed with a statement as disagreed, a value below 100 indicates relatively more disagreement, and a value above 100 indicates relative agreement. Overall sentiment is then calculated as the average of all five measures. The results from the 2012 and 2014 surveys are presented below.

Local Business Sentiment Results: Economic Conditions

During the upcoming year ...	2012 Sentiment	2014 Sentiment
○ the local economy will expand	110	128.1
○ the local unemployment rate will decrease	105	98.4
○ the number of residential housing permits will increase	122.5	138
○ the number of commercial construction permits will increase	125	144.7
○ the number of visitors to Columbus will increase	147.5	164.8
Overall Index of Local Economic Conditions	122	134.8

On average, local businesses expressed more positive expectations along all dimensions except for the local unemployment rate which they now expect to increase in the upcoming year. However, this does not necessarily indicate expected weakness in the local economy. Expectations regarding local economic expansion increased the most from 2012 and unemployment rates often increase with economic expansions as more people enter the labor force because of increasing job

opportunities. Overall, compared to the expectations for 2013, businesses are much more positive about what local economic conditions will be in 2015. The overall index indicates a 10.5% increase in positive expectations.

Expectations regarding the costs of doing business are derived by measuring the level of agreement or disagreement about whether the following costs will increase.

Labor Costs	Employee Health Care Costs	Cost of Materials	Cost of Utilities
Transportation Costs	Taxes and Fees	Property Rental Costs	

As above, we measure business sentiment for each cost dimension on a scale from 0 to 200. A value equal to 100 indicates that the same number of businesses agreed as disagreed that the cost would increase, a value below 100 indicates relatively more disagreement, and a value above 100 indicates relative agreement that the cost would increase. Overall sentiment is then calculated as the average of all seven answers. The results from the 2012 and 2014 surveys are presented below.

Local Business Sentiment Results: Cost of Doing Business

During the upcoming year ...	2012 Sentiment	2014 Sentiment
o labor costs will rise	160	143.8
o employee health care costs will increase	192.2	158
o the cost of materials will rise	155.2	152
o the cost of utilities will rise	138.5	153
o transportation costs will increase	156.7	126.8
o taxes and fees will increase	170	152.8
o property rental costs will rise	95	124
Overall Local Business Cost Index	152.5	144.4

Results indicate that on average a greater proportion of businesses expect each of these costs to increase in 2015, however, the sentiment is not as strong as that expressed for 2013. The overall cost index decreased by 5.3% indicating that a smaller proportion of business expect overall costs to increase. This reduction in expectations is due primarily to a smaller percentage of businesses expecting health care costs to increase in 2015 than in 2013 when they were just beginning to adjust to the requirements of the Affordable Care Act. The largest change in cost expectations is for property rental costs. In 2012, businesses expected rental costs to decrease, in 2014, the sentiment is that rental costs will increase in 2015.

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