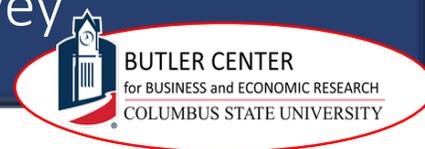


Fall 2015 Local Business Attitude Survey



January 2016

The Butler Center for Business and Economic Research is pleased to announce the results of the Fall 2015 Local Business Attitude Survey. The results of the survey are used to measure the expectations of local business for the upcoming year regarding local and national economic conditions and the costs of doing business. Below we present the results of the 2015 survey and a comparison of the results with those from 2012 and 2014.

We measure sentiment regarding future economic conditions on a scale from 0 to 200. A value equal to 100 indicates an equal amount of positive and negative attitudes, a value below 100 indicates relatively more pessimism, and a value above 100 indicates relative optimism. Questions were asked about economic conditions both locally and nationally. Each of the questions and the corresponding measure of consumer sentiment is presented below.

Local Business Sentiment Results: Local Economic Conditions

During the upcoming year, will	Sentiment		
	2012	2014	2015
o the local economy expand?	110	128.1	100
o the local unemployment rate decrease?	105	98.4	64.7
o the number of residential housing permits increase?	122.5	138	100
o the number of commercial construction permits increase?	125	144.7	97
o the number of visitors to Columbus increase?	147.5	164.8	128.6
Overall Index of Local Economic Conditions	122	134.8	98.1

Only a glimmer of the optimism expressed in previous years regarding local economic conditions remains as businesses look forward into 2016. Expectations are evenly split whether the local economy will expand or contract and a majority of respondents indicated flat growth. These attitudes are duplicated for both the local residential and commercial construction industries. Despite the falling unemployment rate over the past year, expectations are that the rate will eventually tick up in 2016. The one expected bright spot is the outlook for the tourism industry as businesses expect the number of visitors to increase in the coming year. The overall index of local economic conditions has fallen over 35 points from last year when a great deal of optimism was present. The overall index for 2016 is near 100, indicating that on average, businesses expect local conditions to remain unchanged.

At a national level, local businesses continue to be optimistic about economic growth. The index has grown from year to year indicating a larger and larger proportion of optimists.

During the upcoming year, will the <i>national</i> economy expand?	Sentiment		
	2012	2014	2015
	112.5	122	147

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 across cost components. The results are presented below along with those from previous surveys.

Local Business Sentiment Results: Cost of Doing Business

During the upcoming year ...	Sentiment		
	2012	2014	2015
o labor costs will rise	160	143.8	166
o employee health care costs will increase	192.2	158	188
o the cost of materials will rise	155.2	152	152
o the cost of utilities will rise	138.5	153	135
o transportation costs will increase	156.7	126.8	141
o taxes and fees will increase	170	152.8	121
o property rental costs will rise	95	124	109
Overall Local Business Cost Index	152.5	144.4	145

Results indicate that on average a greater proportion of businesses expect each of these costs to increase in 2016. The overall cost index remained relatively constant indicating that the proportion of business expecting overall costs to increase is the same this year as last. While cost increases are expected across all dimensions, the proportion of businesses expecting an increase declined from 2014 for three categories--utilities, taxes and fees, and property rental---and increased with regard to labor, transportation, and health care. The increase in the index for health care is notable with nearly all businesses now expecting costs to increase; this reverses a downward trend in expectations from the previous year.

Looking forward into 2016, local businesses expect little economic growth locally, costs of doing business to rise across the board, and economic expansion nationally.

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