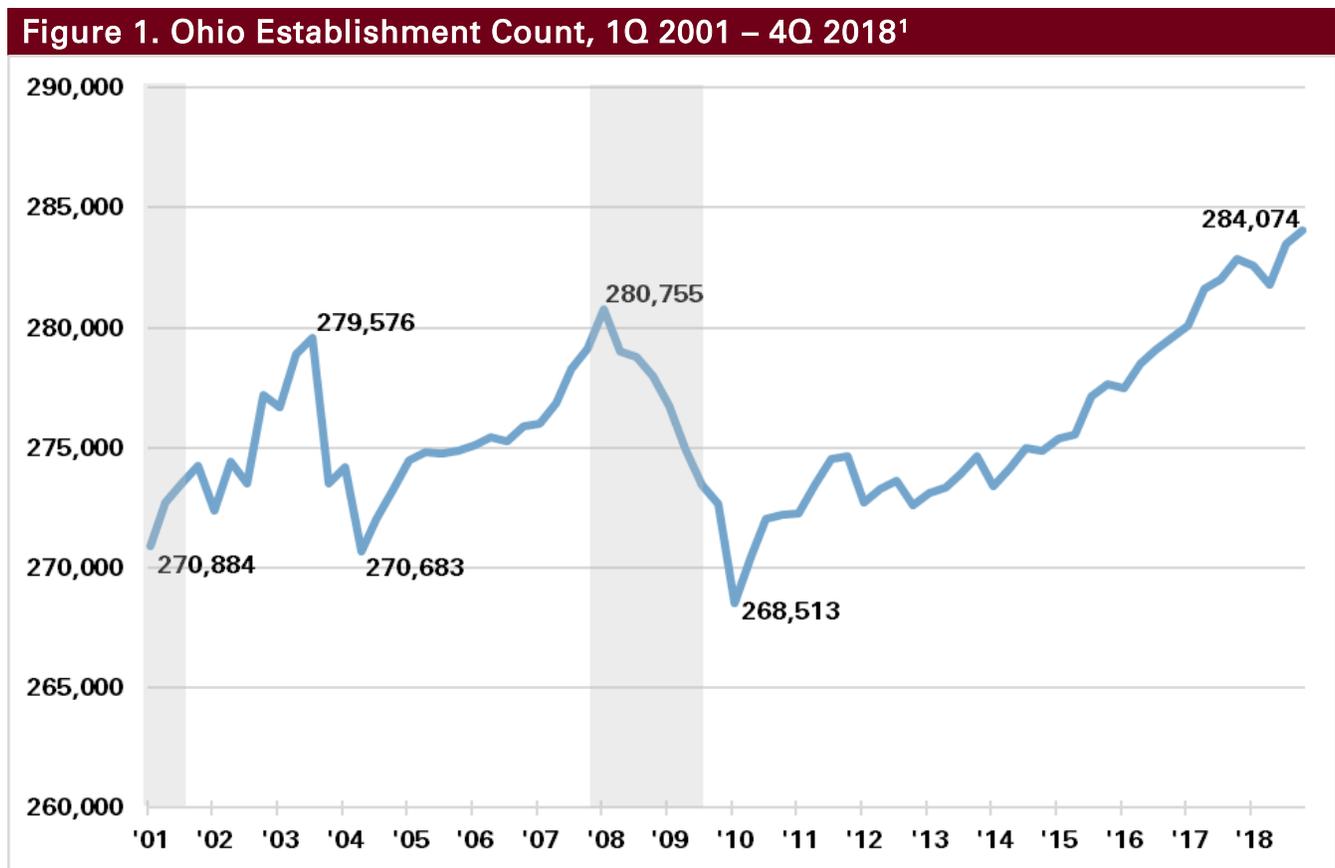


Ohio Business Establishments: Growing to Record Levels



Ohio set a record in the fourth quarter of 2018 for the number of private business establishments. This milestone is based on data from the Quarterly Census of Employment and Wages (QCEW) program, which uses administrative records from the state’s unemployment insurance office to identify the number of establishments in our economy. A business establishment is a physical location of a business. A company may have more than one location, but each location is an establishment.

Just as employment declines during recessions and improves during recovery, so do establishments. The number of establishments in Ohio declined after the 2001 recession and during and after the Great Recession of 2007-2009. The expansion of Ohio establishments has been trending up since 2010, with a net total of more than 13,000 new establishments since the first quarter of 2001 and more than 15,000 since the first quarter of 2010.

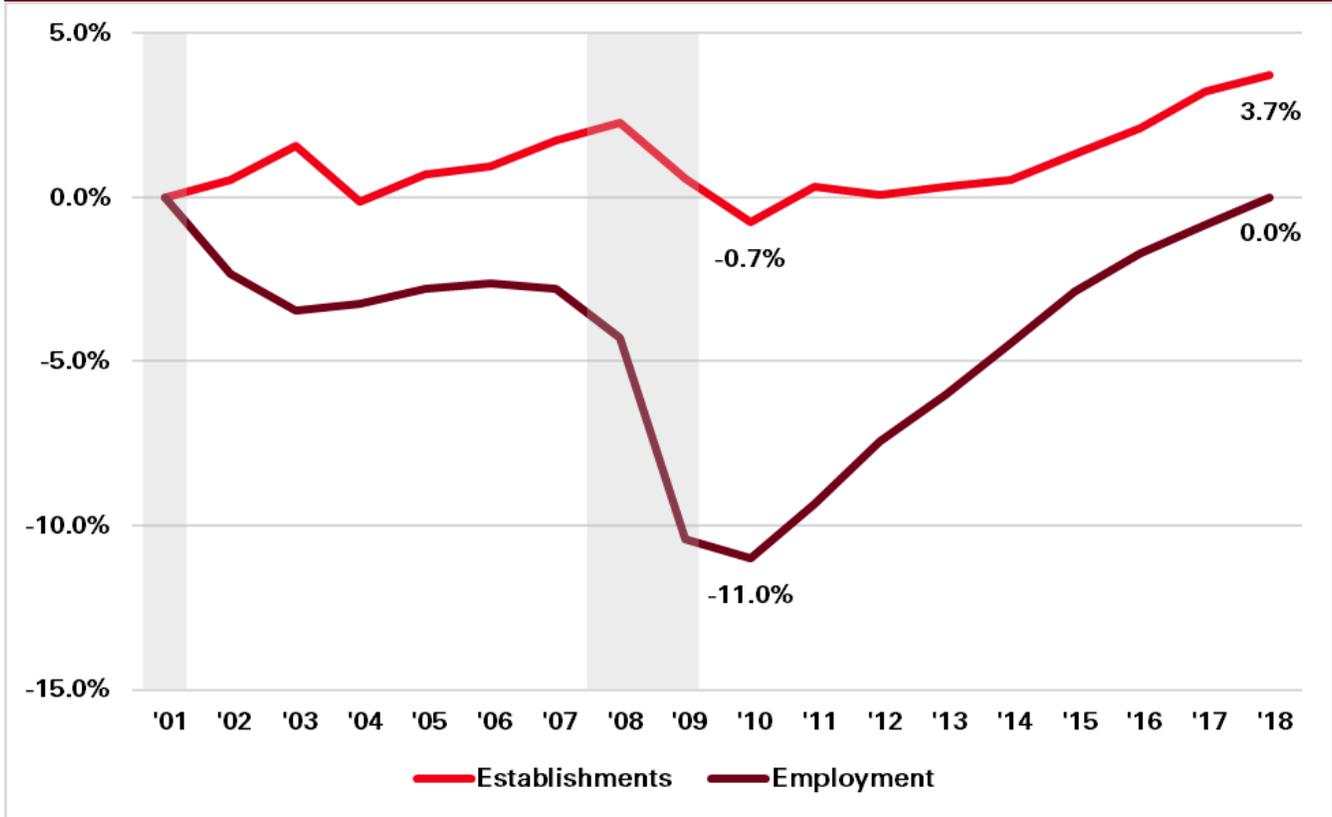


Recessionary periods as defined by the National Bureau of Economic Research (NBER).
Source: U.S. Bureau of Labor Statistics

¹ Data preliminary for all quarters in 2018.

Figure 2 shows the percent change in the average annual number of Ohio establishments and employment. Employment declined 0.7 percent and establishments declined 11 percent following the Great Recession, compared to 2001 levels. By 2018, employment had returned to 2001 levels and the number of establishments had risen 3.7 percent higher than 2001 levels.

Figure 2. Annual Percent Change in Establishments and Employment, 2001 – 2018

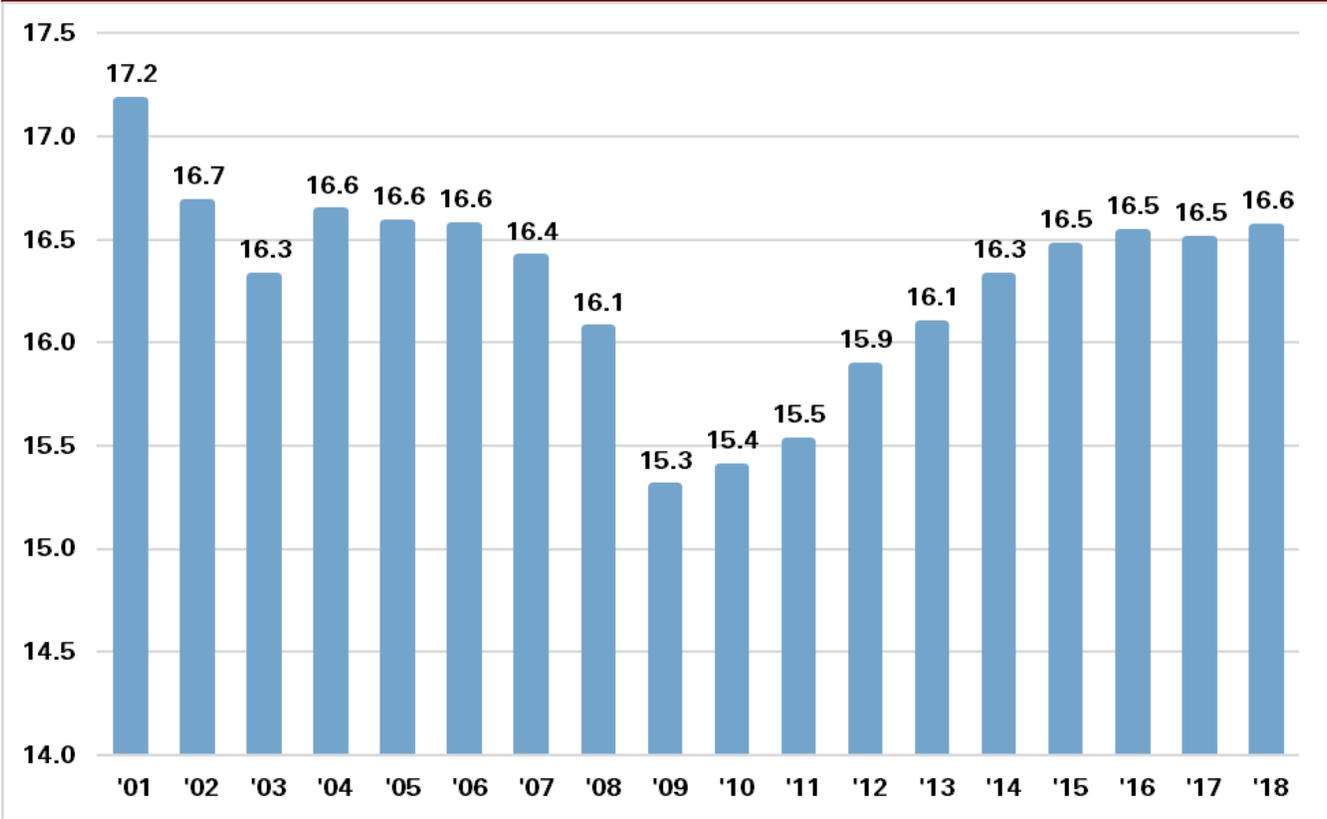


Recessionary periods as defined by the National Bureau of Economic Research (NBER).

Source: U.S. Bureau of Labor Statistics

As the number of jobs declines, the number of jobs per establishment declines. Figure 3 shows that the average number of workers per establishment was 17.2 in 2001. That dropped by almost two workers per establishment to 15.4 in 2010, a decline of more than 10 percent. As the economy recovered following the Great Recession, employment per establishment increased, rising to 16.6 workers by 2018.

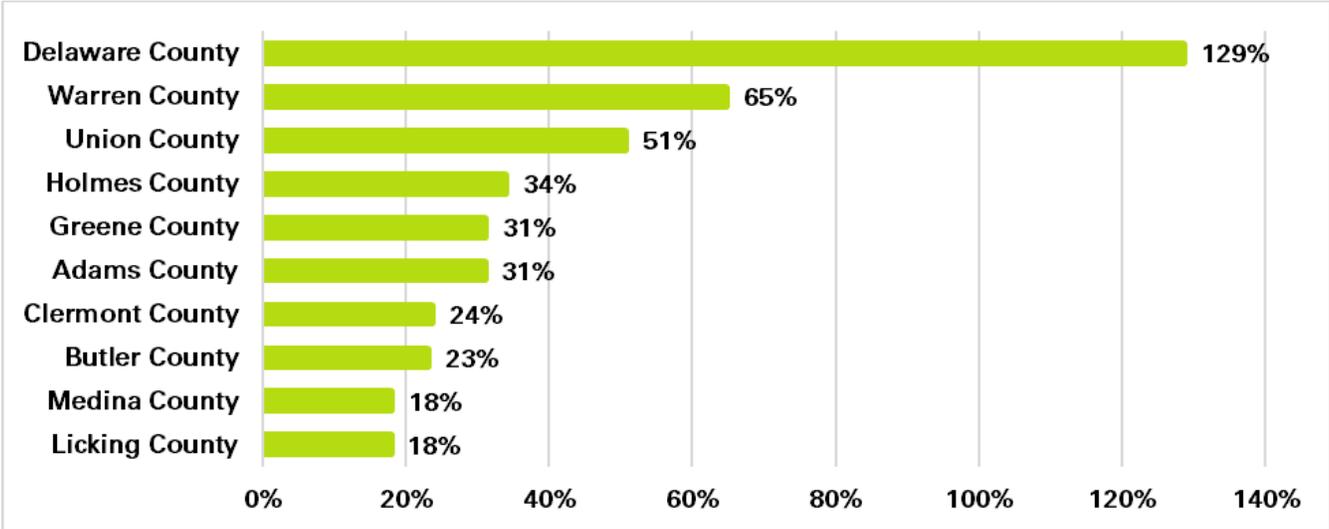
Figure 3. Average Number of Workers Per Establishment, 2001 – 2018



Source: U.S. Bureau of Labor Statistics

Rates of growth and decline have varied by county. Delaware County led with the fastest rate of growth for new establishments since 2001 at 128.6 percent, more than double the number of establishments it had in 2001. Warren County was the second-fastest at 64.7 percent, followed by Union County at 50.6 percent.

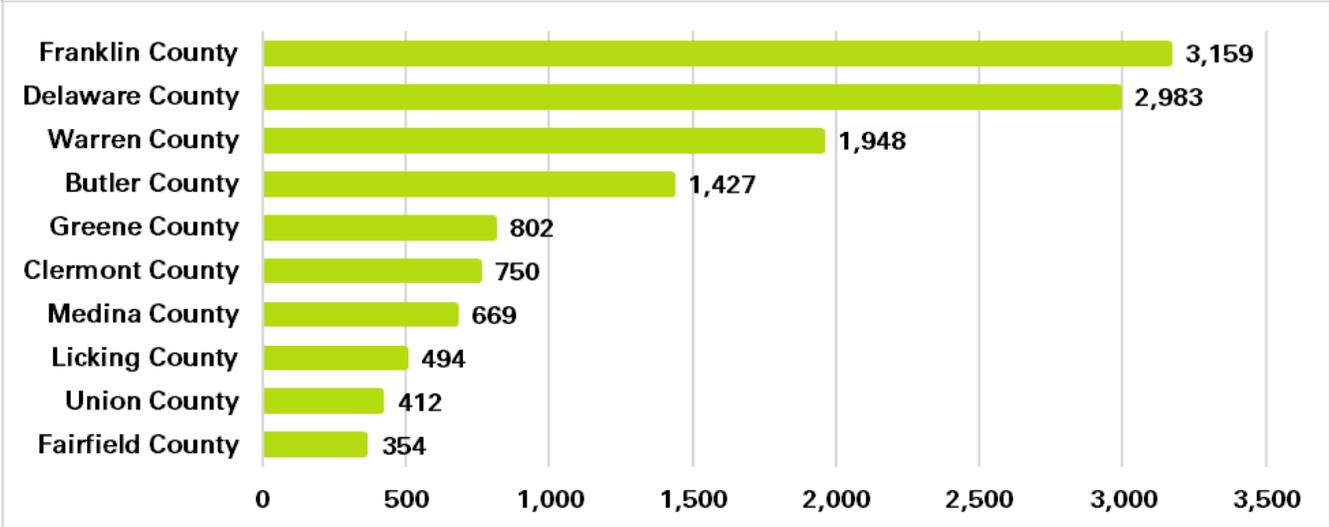
Figure 4. Top 10 Counties with the Fastest Growth Rates in Establishments, 2001 – 2018



Source: U.S. Bureau of Labor Statistics

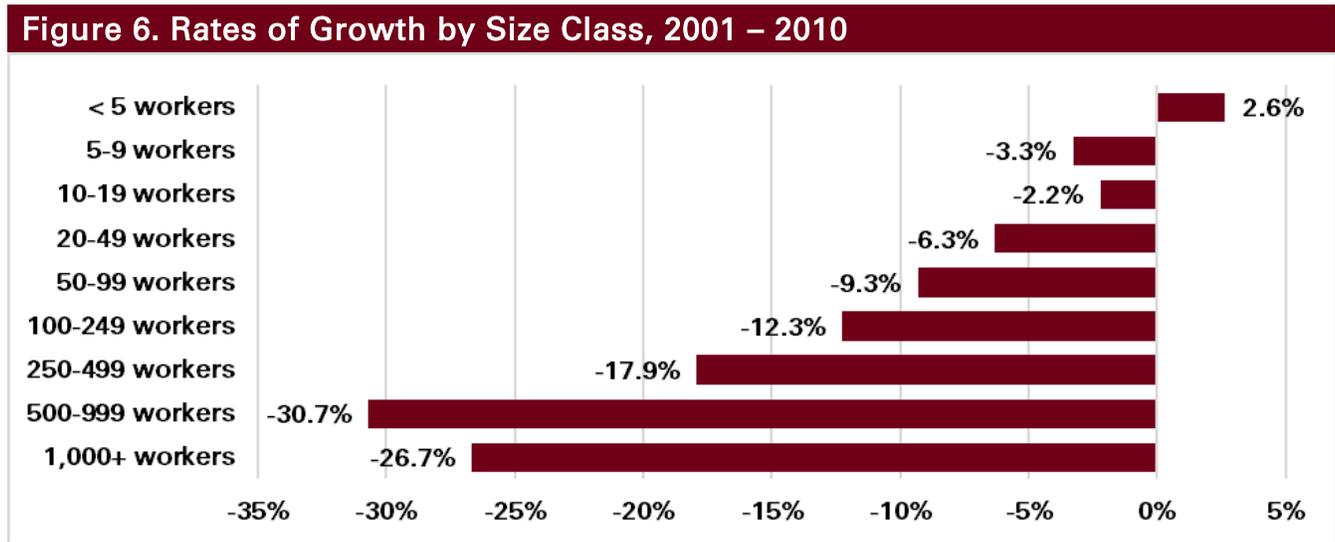
The counties adding the most establishments since 2001 were Franklin County with a net increase of 3,159 establishments and Delaware County with 2,983, followed by Warren County with 1,948 and Butler County with 1,427 (see Figure 5).

Figure 5. Top 10 Counties with the Largest Increases in Establishments, 2001 – 2018



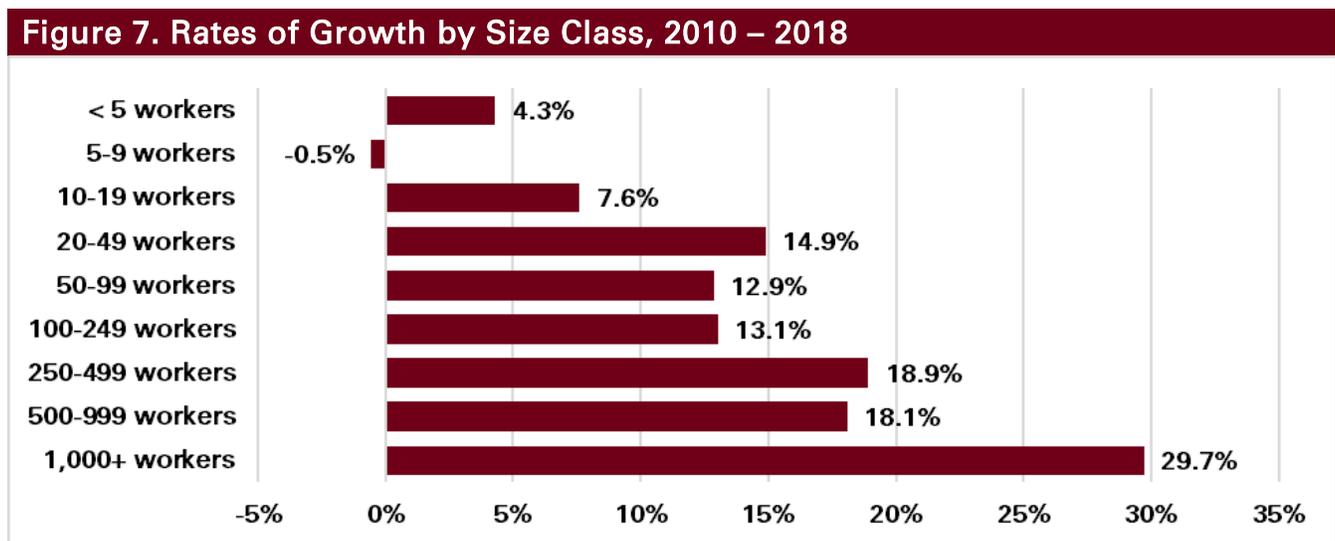
Source: U.S. Bureau of Labor Statistics

Figure 6 represents the rate of change in the number of establishments by size class from 2001 to 2010, the post-recession low in establishment volume. Establishments with 500-999 workers saw the largest rate of decline, falling 30.7 percent in that decade. Establishments with fewer than five workers, however, grew by 2.6 percent and never dropped below their 2001 level. Establishments with fewer than five workers make up about 53 percent of all Ohio establishments.



Source: U.S. Bureau of Labor Statistics

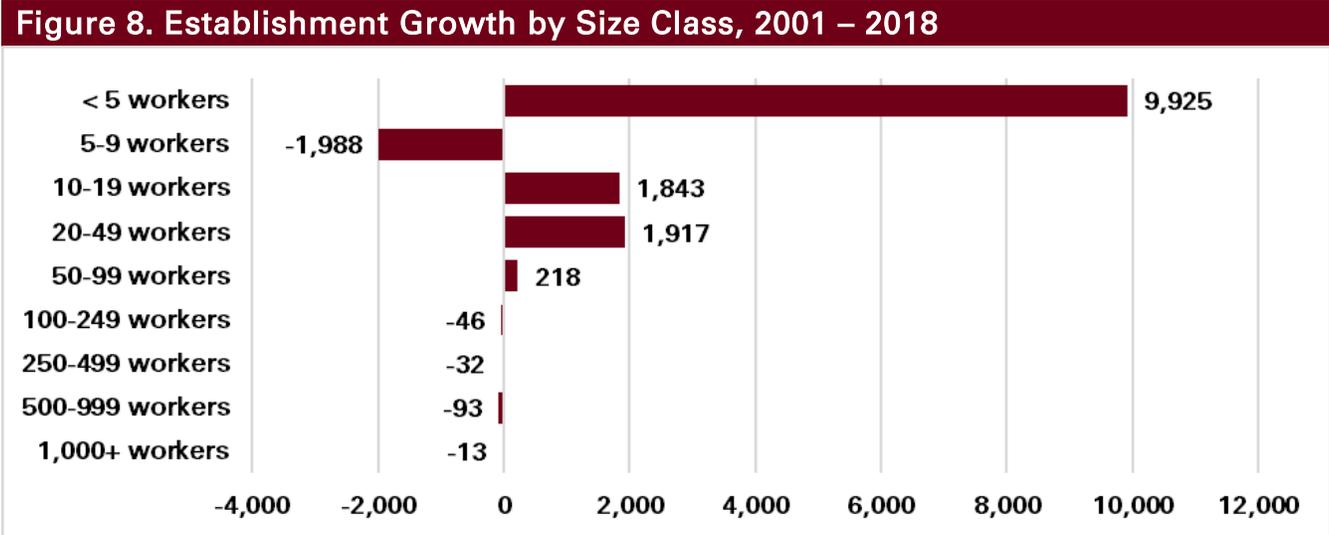
The number of establishments in most size classes has been growing in Ohio since 2010 (see Figure 7). The number of establishments with fewer than five workers has continued to increase, while the number of establishments with five to nine workers has continued to decrease, although at a slower rate. The number of establishments in the classes with 10 to 99 workers increased faster than they decreased in the prior decade.



Source: U.S. Bureau of Labor Statistics

Growth in the number of establishments in Ohio since 2001 has come mostly from smaller establishments (see Figure 8). While large establishments in Ohio have grown following the Great Recession, they are still below their 2001 levels. Most size classes with fewer than 100 workers per establishment have surpassed 2001 levels.

The largest number of new establishments from 2001-2018 came from the smallest size class, with 9,925 new establishments having fewer than five workers. In addition, 1,843 new establishments had 10 to 19 workers, and 1,917 new establishments had 20 to 49 workers.



Source: U.S. Bureau of Labor Statistics

The number of establishments in Ohio and the number of employees per establishment have been increasing since the end of the Great Recession. The growth in the number of establishments has been driven by smaller establishments.

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Acknowledgments: The Workforce Research Section produced this report under the direction of Bureau Chief Coretta Pettway. For further information, visit OhioLMI.com or call the Ohio Bureau of Labor Market Information at **1-888-296-7541** option 6, or **(614) 752-9494**.

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