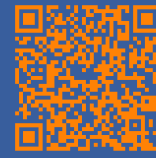




# NORTHERN KENTUCKY ECONOMY IN REVIEW



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2025

## EXECUTIVE SUMMARY

Northern Kentucky enters 2026 at a turning point. Over the past decade, the region added 3,600 residents and 1,800 workers annually—but future prosperity now depends less on adding jobs and more on increasing the value each worker creates.

This report provides a comprehensive assessment of the three-county region (Boone, Campbell, and Kenton), examining demographic trends, traded and non-traded sectors, workforce dynamics, and the challenges that will shape economic strategy in the years ahead.

### The Region Is Growing—But Growth Alone Isn't Enough

Northern Kentucky's population has reached 413,000, growing steadily across all three counties. The labor force stands at nearly 217,000 workers—a 66% participation rate that exceeds state and national averages. But an aging population (23% over 60, up from 18% in 2014) is tightening the talent pipeline, demanding coordinated strategies to sustain workforce growth.

### Productivity Gaps Threaten Long-Term Competitiveness

Across Northern Kentucky's key traded sectors, annual output per worker lags national benchmarks:

Sector	NKY Annual Labor Productivity	U.S. Average	Gap
Manufacturing	\$183,587	\$213,883	-14%
Wholesale Trade	\$187,135	\$218,971	-15%
Transportation and Warehousing	\$96,760	\$123,198	-21%
Information	\$307,173	\$486,098	-37%
Professional Services	\$147,957	\$185,352	-20%

Source: U.S. Bureau of Labor Statistics | Lightcast

These gaps reflect industry mix—what the region produces—and firm-level factors: technology adoption, scale, and business models. Closing them requires targeted investment in innovation, automation, and workforce upskilling.

### Manufacturing Remains a Strength—With Caveats

Manufacturing employs 22,855 workers, generates \$4.3 billion in GRP, and pays an average of \$80,475 annually—well above the regional median. At 56%, the sector's labor share of income (the percentage of output workers receive through wages) exceeds the national average (49%), directing more value to workers. But shift-share analysis reveals a negative industry mix effect: Northern Kentucky concentrates in slower-growing manufacturing subsectors, limiting future expansion without strategic repositioning.

### Transportation & Warehousing: Scale Without Productivity

The region's most concentrated sector (3.34 LQ) added 19,000 jobs since 2014—a 130% increase—yet generates the lowest value per worker among traded industries, reflecting its labor-intensive, volume-driven nature. DHL's superhub and CVG anchor a competitive logistics cluster, but the sector's 83% labor share of income (vs. 75% nationally) signals limited capital investment and automation.

### Housing Affordability Is Eroding

Housing costs have risen 104–150% since 2000—far outpacing the 81% CPI increase. Median household income varies dramatically by zip code (\$50,000 to \$130,000), and affordability gaps persist where housing costs outpace local earnings. The Home for All initiative addresses this challenge, but sustained investment in attainable housing remains essential to retaining the workforce.

### The Productivity Imperative

Northern Kentucky's economic foundation remains strong—anchored by logistics excellence, manufacturing depth, and steady population growth. But the region cannot grow its way to prosperity. By investing in innovation, workforce development, infrastructure, and quality of life, Northern Kentucky can convert its scale advantages into broad-based prosperity: not just more jobs, but better jobs.

# PRIORITIES MOVING FORWARD

The data in this report points to a clear and shared opportunity: Northern Kentucky has built an economy of remarkable scale and resilience. The next chapter is about deepening that foundation, increasing the value each job creates, strengthening the workforce pipeline that strains regional growth, and investing in the quality of place that makes Northern Kentucky a region people choose to call home.

The five priorities below translate this report's findings into possible actions. Each priority reflects work already underway by the region's public and private partners, and identifies where investments and focus should intensify over the next several years.

## 1. Build a workforce that is prepared for the economy of the future

Every other priority in this report depends on Northern Kentucky having the right workers and structures to execute it. Two converging forces — demographic change and technological disruption — are reshaping regional economies in ways that demand coordinated, proactive responses rather than incremental adjustments to existing programs. Both pressures are already visible. The demographic headwind is in the data, and technological disruption is moving faster than workforce systems are built to absorb. Nearly 50% of Northern Kentucky's workforce faces potential disruption from AI and automation. The window to get ahead of this is narrow, and the region must use it — convening educators, employers, and elected officials to build the systems and strategies needed before disruption arrives at scale.

## 2. Invest in the sites and infrastructure that keep Northern Kentucky competitive

Development-ready sites across the three-county region are increasingly scarce, and power, water, and sewer constraints are already limiting the region's ability to compete for large-scale projects. Addressing these constraints requires a regional approach — one that inventories infrastructure needs across all three counties, sequences public investment strategically, and coordinates utility capacity planning around the sites most likely to attract high-value employers. Smart infrastructure investment does more than win projects: it shapes how and where the region grows, preserving the quality of place and community character that make Northern Kentucky a compelling destination for residents and businesses while ensuring that growth continues to generate meaningful opportunity for the people who live here.

## 3. Advance housing affordability as an economic development need

Northern Kentucky has spent years studying its housing challenge through community roundtables and regional reports. Housing must be treated as an economic development issue — not a social one — because that distinction changes who is responsible, what tools are deployed, and how urgency is assigned. Public-private partnerships must be leveraged to deliver the scale the community needs, and housing metrics must be elevated alongside GRP and job growth as core economic indicators. Left unaddressed, the housing gap will continue to limit talent attraction and constrain business growth, undermining the competitiveness that years of economic development work have built.

## 4. Accelerate the life sciences cluster from incubation to anchor

Life sciences is Northern Kentucky's most productive emerging cluster and has 161% employment growth over the last decade. Moving it from emerging to established requires two things: anchoring industry employers who signal sectoral maturity and building out the capital infrastructure to support sustained growth. Strengthening venture funding and connecting life science research and development to pharmaceutical and medical device manufacturing will both deepen the cluster and elevate broader manufacturing productivity. Competition across the Midwest is strong, but Northern Kentucky's advantage lies in the depth of the greater Cincinnati health ecosystem — a foundation few regional competitors can match.

## 5. Elevate the manufacturing base toward high-value production

Northern Kentucky's manufacturing base is operationally strong. Local plants outperform national competitive trends, but the opportunity is to complement that strength by continuing to recruit manufacturers in subsectors where productivity is highest: pharmaceutical and chemicals, aerospace components, and advanced materials all provide high levels of productivity and align with BE NKY's targets. Cross-sector connections to life science and logistics will continue to elevate Northern Kentucky's assets and allow for the region to reach productivity levels that peer regions experience.