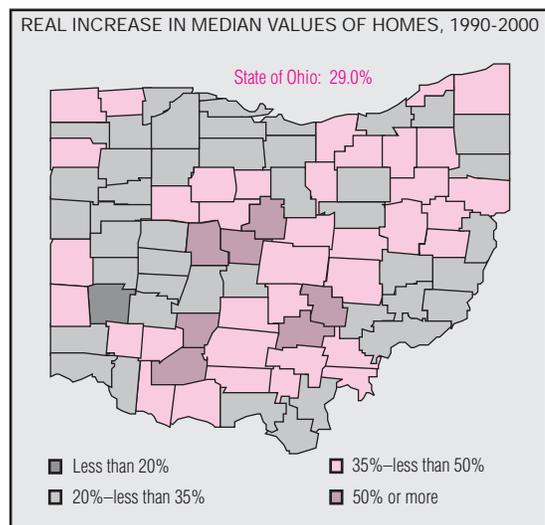
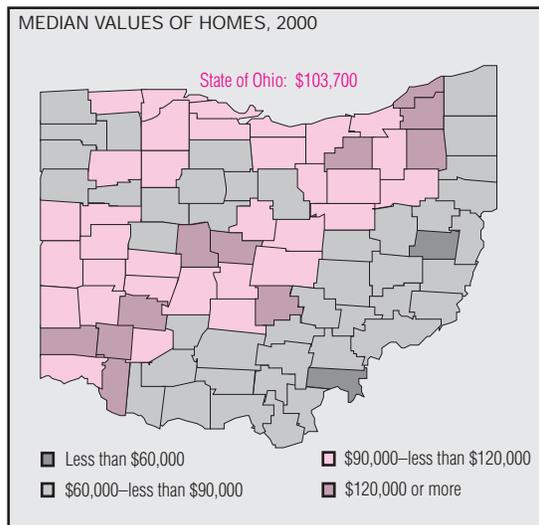
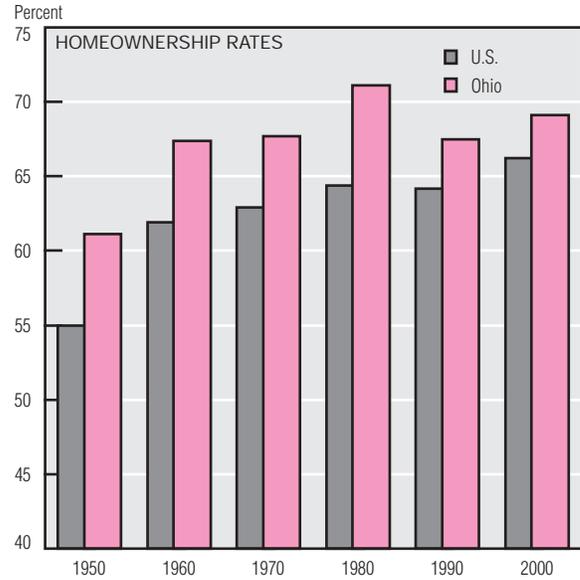
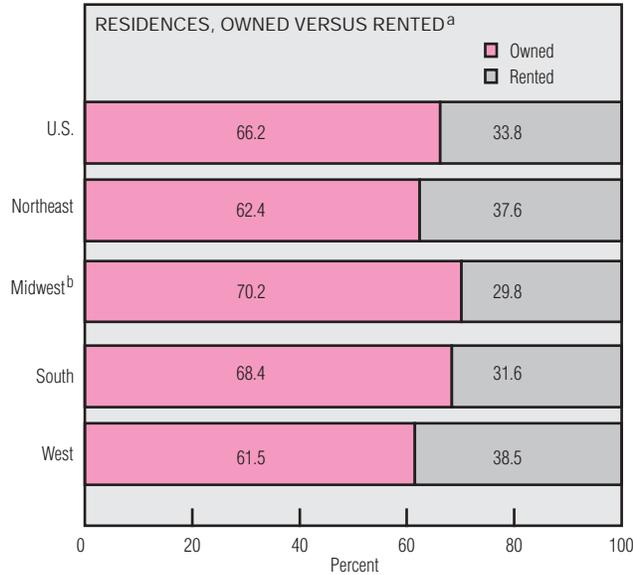


Housing in Ohio



a. Regions indicated are census regions.
 b. Includes Ohio.
 SOURCE: U.S. Department of Commerce, Bureau of the Census.

Owning a home has long been regarded as a sound method of gaining financial stability because housing values tend to be less volatile than stock prices and resilient during economic downturns. Data from the 2000 census reveal that a higher share of individuals owned their homes in the Midwest (which includes Ohio) than in any other area of the U.S. Historically, Ohio's homeownership rates have exceeded the national average. While the 2000 census reported the highest homeownership rate on record for the nation as a whole,

Ohio's historical high point was the 1980 census. For Ohio, the 2000 census showed a higher homeownership rate than the 1990 census, but the latest rate is still 2 percentage points lower than in 1980.

The median value of homes in Ohio was \$103,700 in 2000, with the highest concentration of more expensive homes in the counties bordering Cuyahoga, Franklin, and Hamilton counties (which contain Cleveland, Columbus, and Cincinnati, respectively). Residents continued to move further from the city in which they

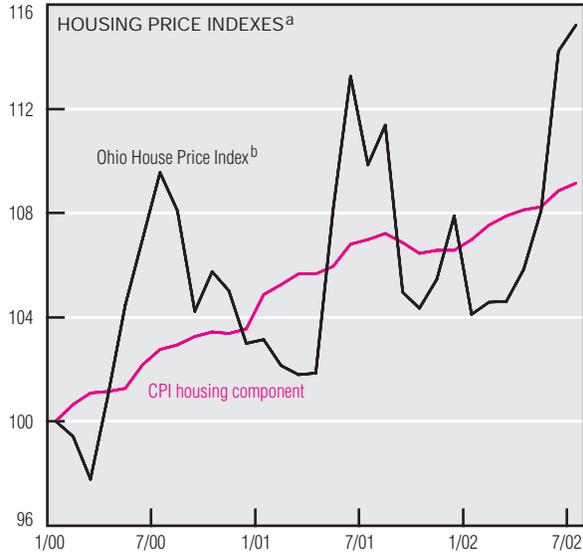
worked during the years between the 1990 census and the 2000 census. Over these 10 years, home values rose more than 50% (real dollars) in the counties directly north of Columbus and those along the I-71 corridor between Cincinnati and Columbus.

Home values have continued to appreciate since the 2000 census. Nationally, the housing component of the CPI has risen steadily despite the recession that began in March 2001. Although the price of housing in Ohio shows very seasonal movements, it

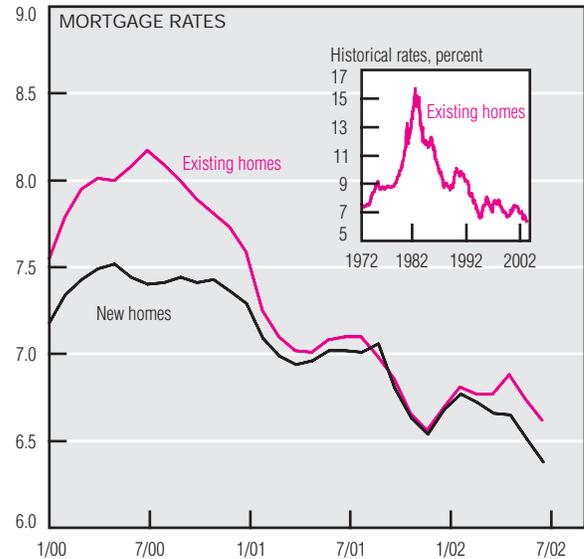
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Housing in Ohio (cont.)

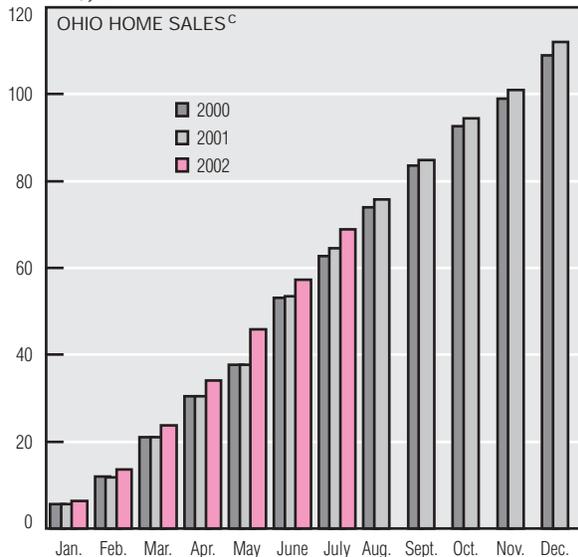
Index, January 2000 = 100



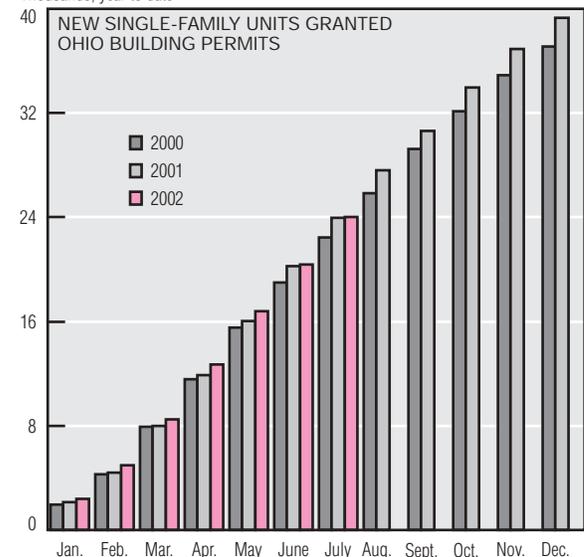
Percent



Thousands, year to date



Thousands, year to date



a. Not seasonally adjusted.

b. Calculated by the Federal Reserve Bank of Cleveland based on figures from the Ohio Association of Realtors.

c. New and existing homes.

SOURCES: U.S. Department of Commerce, Bureau of the Census; and Ohio Association of Realtors.

has trended up since 2000. Home prices tend to peak in the summer months, when demand is highest (favorable weather and the school-year cycle induce most families to move during the summer).

Housing prices are on the rise, and mortgage rates for both new and existing homes are at 30-year lows. Since the start of 2000, rates have fallen more than a percentage point. Although mortgage rates for existing homes were near those for new homes during the second half of 2001, the spread has been increased

in favor of new homebuyers since the beginning of 2002.

Historically low mortgage rates have doubtless helped to boost Ohio home sales. Sales for the year to date are higher than both 2000 and 2001 levels. (Sales in 2001 reached a record high). The Fourth District's Beige Book report noted that residential construction continued to be unaffected by the recession throughout 2001. After the terrorist attacks in September 2001, home investment accelerated; this trend has been sustained through 2002. In July 2002, Ohio home sales for the year to date (68,832 units) were

4.4% higher than July 2001 levels, and strong home sales are expected to continue.

The number of housing units for which the state issues building permits is a leading indicator of housing construction activity. In early 2002, Ohio's year-to-date permits for single-family units were notably greater than in 2002, suggesting that strength in residential housing construction will continue in the near future. Permit activity slowed to near 2001 levels in June and July, but whether this slowing proves to be temporary remains to be seen.