

FOURTH DISTRICT METRO MIX

YOUR DISTRICT, YOUR DATA



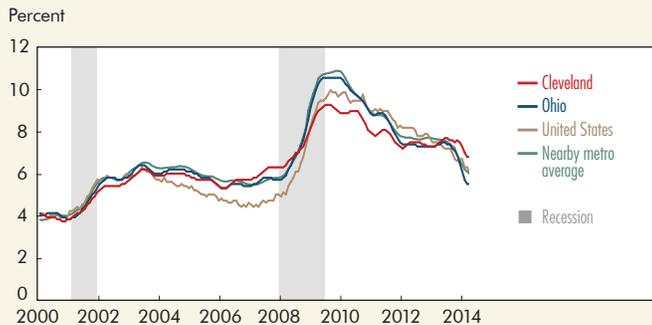
CLEVELAND, OHIO MSA | THIRD QUARTER, 2014

FEDERAL RESERVE BANK of CLEVELAND

Cleveland – Further Improvement

Though growth continues to be slower than national and statewide advances, the Cleveland metro area's economy has strengthened in the first half of 2014. The housing market has particularly improved, with both house prices and building permits increasing. The metro area has also experienced a sharp decline in unemployment and modest increases in job numbers and average weekly wages. The latest data shows that 28.5 percent of adults in Cleveland have a bachelor's degree, bringing the metro area up to the nation's rate.

The Cleveland metro area's unemployment rate has dropped to 6.8% in 2014

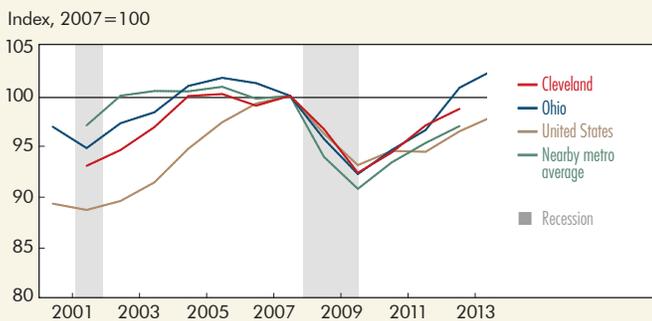


Source: Bureau of Labor Statistics/Haver Analytics.

◀ UNEMPLOYMENT RATE

During the recession, unemployment increased far less in the Cleveland metro area than in the nation, state, and the average of nearby metro areas. After slightly increasing in 2013, the metro's unemployment rate has dropped sharply in 2014 (from 7.5 percent in December 2013 to 6.8 percent in May 2014). The nation, state, and nearby metro areas experienced similar declines.

GDP per capita growth continues

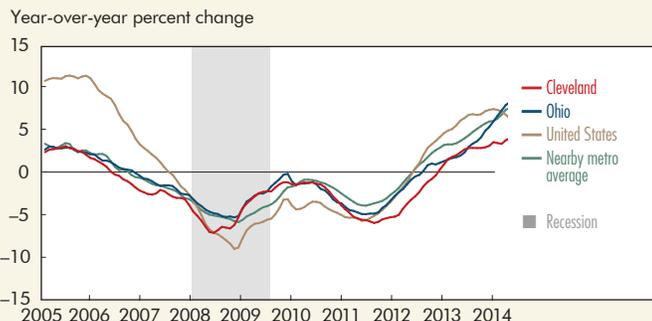


Source: Bureau of Economic Analysis/Haver Analytics.

◀ GROSS DOMESTIC PRODUCT

The metro area's GDP per capita grew steadily in 2010, 2011, and 2012; it was just under pre-recession levels in 2012 (the latest period for which data is available). Ohio and nearby metro areas had similar growth rates, but the nation remained about 3 percent below pre-recession levels. The metro area's robust growth in GDP per capita is due to strong export growth, continued population loss, and the recovery of manufacturing output.

Housing prices in Cleveland have improved in 2014, but still lag increases in the nation, Ohio, and nearby metro areas



Source: Zillow.com/Haver Analytics.

◀ HOUSING PRICES

The population loss that helped increase GDP per capita has limited the rise in house prices because demand for housing is strongly linked to population growth. While the metro area's house prices have risen since December 2012, increases in the nation, the state, and nearby metros were earlier and stronger. In June 2014, Ohio's year-over-year percent gain in house prices was double Cleveland's. While the rate of growth has slowed nationally in 2014, the state, Cleveland, and nearby metros are seeing continued increases in the growth rates of house prices.

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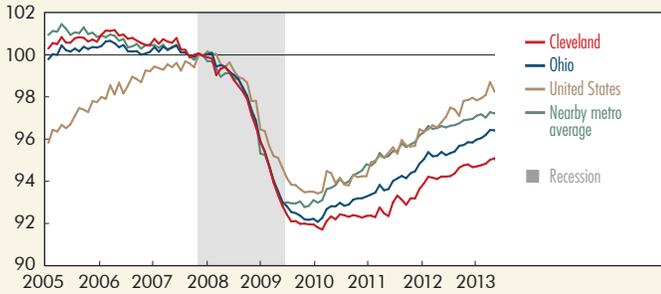
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EMPLOYMENT AND INDUSTRIAL SECTORS

Cleveland's employment recovery from the Great Recession is stronger than its recovery from the 2001 recession

Index, 2007: M12=100

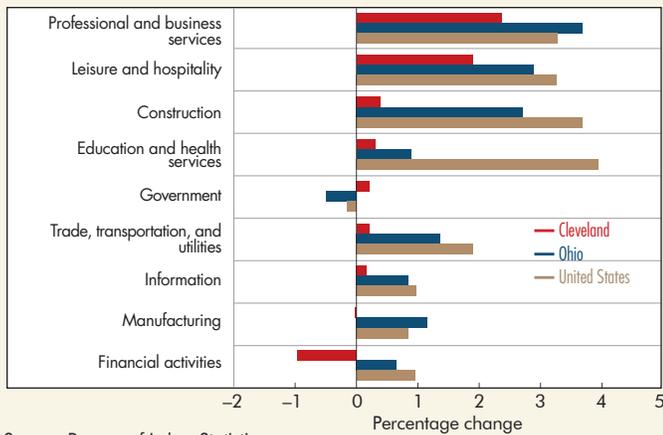


Source: Bureau of Labor Statistics.

◀ EMPLOYMENT

The Cleveland metro area's employment recovery from the 2007–2009 recession continues to be stronger than its recovery from the 2001 recession. The metro area saw fairly steady employment growth in both 2012 and 2013. Over that time, Cleveland's employment growth was a little behind Ohio's, but ahead of advances in nearby metro areas. While the nation had faster employment growth than the Cleveland metro area in both years, the difference is not as great as was typical in the years leading up to the recession.

Manufacturing growth in the metro area remains stalled

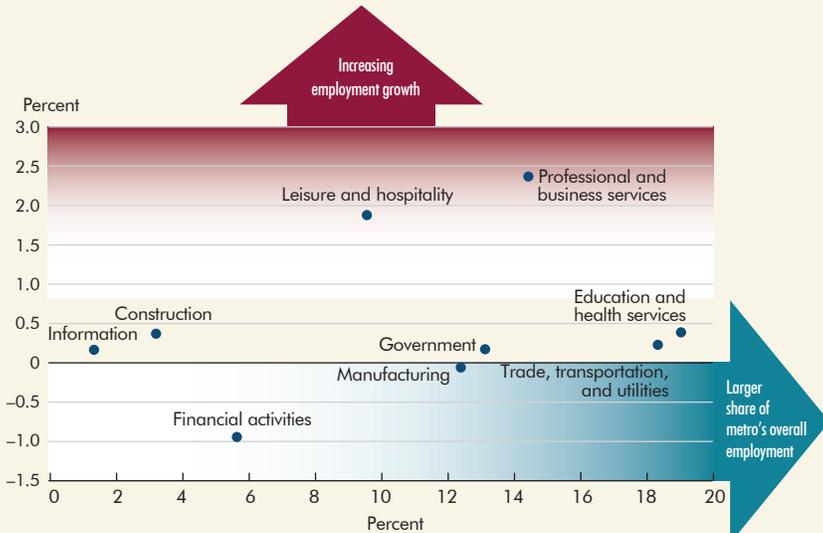


Source: Bureau of Labor Statistics.

◀ EMPLOYMENT GROWTH BY SECTOR

The Cleveland metro area is home to seven Fortune 500 companies and its economy has grown more diverse since 2000. In both the Cleveland area and Ohio, the sector with the largest percent gain in employment from December 2012 to December 2013 was professional and business services, which grew 2.4 percent in the metro. In all sectors except government, Cleveland saw less growth than the state or nation. Given its continued importance to the metro area's economy, it is troubling that manufacturing employment was flat in Cleveland while growing modestly in the state and nation.

Two major sectors saw more than a 1% gain in employment since June 2013



Source: Bureau of Labor Statistics.

◀ RELATIVE EMPLOYMENT GROWTH

While only two sectors—professional and business services and leisure and hospitality—saw more than a 1 percent gain in employment in 2013, they are significant sectors that account for 24 percent of the metro area's employment. Seventy percent of the region's employment is in sectors that gained or lost less than 0.5 percent of their employment in 2013. The only sector that lost more than 0.5 percent of its employment last year, financial services, held 6 percent of the metro's employment.

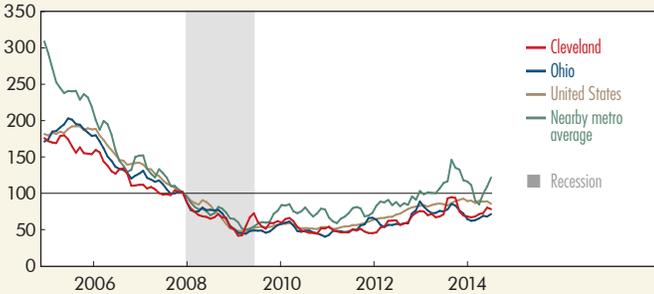
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THIRD QUARTER, 2014

The number of permits issued for new single-family homes in Cleveland has increased in 2014

Index, 2007: M12=100, three-month moving average



Source: Census Bureau/Haver Analytics.

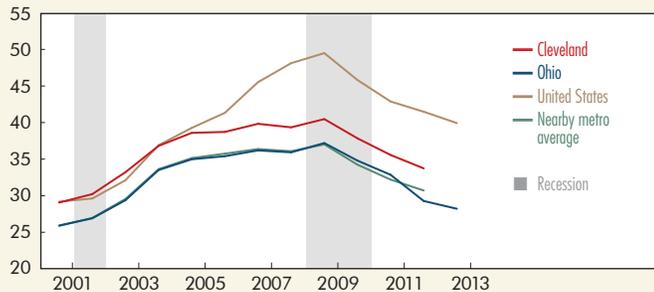
HOUSING MARKET

HOUSING PERMITS

During the first half of 2014, the seasonally-adjusted number of permits issued for new single-family homes declined slightly in the country, but increased in the Cleveland metro area, the state, and nearby metro areas. However, homebuilding is still well below its pre-recession levels in the Cleveland metro area, as well as in the state and nation. This is not surprising as there was an oversupply of new housing going into the recession. What is surprising is that, on average, metro areas within 200 miles of Cleveland have 20 percent more housing permits issued than before the recession. This growth is driven by the Pittsburgh and Columbus metro areas.

Cleveland's rate of decline in consumer debt is in line with that of Ohio

Thousands of dollars



Source: FRBNY Consumer Credit Panel.

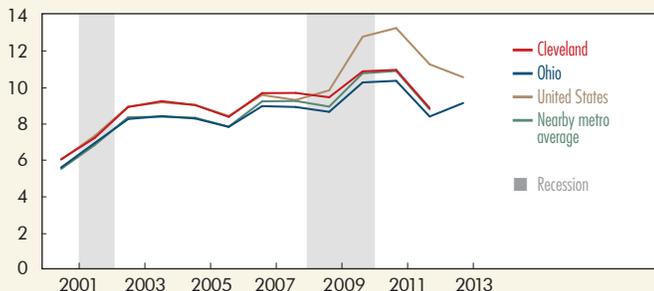
CONSUMER FINANCES

CONSUMER DEBT

Consumer debt per capita grew more slowly in the Cleveland metro area than the national average from 2003 to 2007, primarily because house prices rose faster in other parts of the nation. The sharp drop in house prices that accompanied the recession, along with increases in foreclosures and reductions in homeownership have reduced mortgage debt since 2007. The rate of decline in consumer debt has been roughly the same in the Cleveland metro as in Ohio, nearby metros, and the nation. One would expect the nation to have the largest declines in consumer debt because its house prices fell more, but this effect may be offset by higher foreclosure rates in Ohio and its metro areas.

Credit card delinquency rates remain below pre-recession levels in the Cleveland metro area

Percent of credit card balances delinquent



Source: FRBNY Consumer Credit Panel/Haver Analytics.

CREDIT CARD DELINQUENCY RATES

After rising steadily from 2005 to 2010, the Cleveland metro area's credit card delinquency rates fell in 2011 and remain below pre-recession levels. The improvement probably results from the general economic recovery and from lenders' restriction of access to credit. The nation saw a much sharper increase in credit card delinquency during the recession, a sign that the recession was more severe nationally than in the metro area.

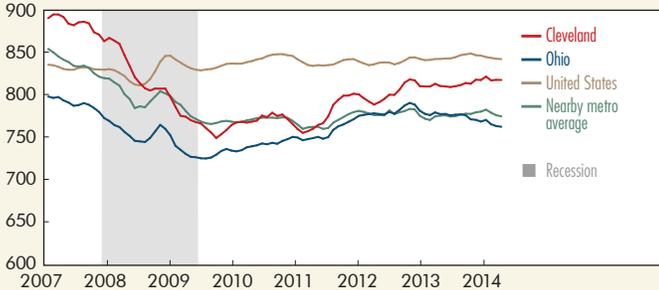
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Average weekly wages of people employed in the Cleveland metro area are \$818

Dollars, three-month moving average



Source: Bureau of Labor Statistics/Haver Analytics.

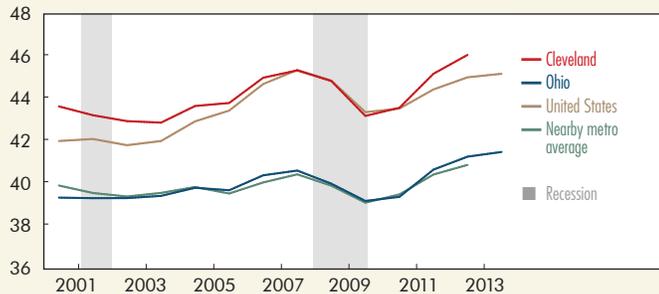
INCOME

◀ AVERAGE WEEKLY EARNINGS

After declining sharply during the recession, average weekly wages have tended to rise in the Cleveland metro area since the beginning of 2012. Over that time, weekly wages have been essentially flat in the nation and nearby metro areas. Ohio has seen moderate declines in average weekly wages since the start of 2013. In June 2014, the average weekly wages of people employed in the Cleveland metro area were \$818. This value is \$25 less than the national average and \$56 more than the state's.

Cleveland's per capita income exceeds that of the nation, state, and the nearby metro average

Thousands of dollars



Source: Bureau of Economic Analysis/Haver Analytics.

◀ INCOME PER CAPITA

The Cleveland metro area remains a very productive region. Its per capita income exceeds that of the nation, state, and the average of nearby metro areas. Although all four geographic areas experienced similar declines in income per capita from 2007 to 2009, Cleveland's grew fastest from 2009 to 2012. The metro area's income per capita was \$1,055 above the nation's in 2012, the largest gap between the two since 2003.

DEMOGRAPHICS AND EDUCATION

◀ CLEVELAND, OHIO

According to 2012 Census estimates, Cleveland is the 29th largest of the nation's 381 metropolitan statistical areas.

	Cleveland metro area		United States	
	2012	Change from 2009	2012	Change from 2009
Population	2,063,535	-0.8%	313,914,000	+2.3%
Adults with less than a high school diploma	11.5%	-0.8%	14.1%	-0.7%
Adults with an undergraduate degree or higher	28.5%	+1.6%	28.5%	+0.6%
Median age (years)	41.2	+1.0 years	37.4	+0.6 years
Median household income	\$48,733	-3.4%	\$53,329	-4.4%

Sources: Census Population estimates; American Community Survey.

All monthly figures are seasonally adjusted and all dollar figures are in current dollars. Several charts use indexed measures to facilitate comparisons across regions and have a reference line at 100. These numbers can be thought of as the percentages of pre-recession levels. If levels were growing before the recession, pre-recession indexes will be below 100; if levels were falling before the recession, pre-recession indexes will be above 100. Employment data in the Metro Mix come from the Quarterly Census of Employment and Wages, which we have found to be the earliest accurate source of the number of jobs in metro areas.

The Federal Reserve Bank of Cleveland, including its branch offices in Cincinnati and Pittsburgh, serves the Fourth Federal Reserve District (Ohio, western Pennsylvania, the northern panhandle of West Virginia, and eastern Kentucky).