

FOURTH DISTRICT METRO MIX

YOUR DISTRICT, YOUR DATA



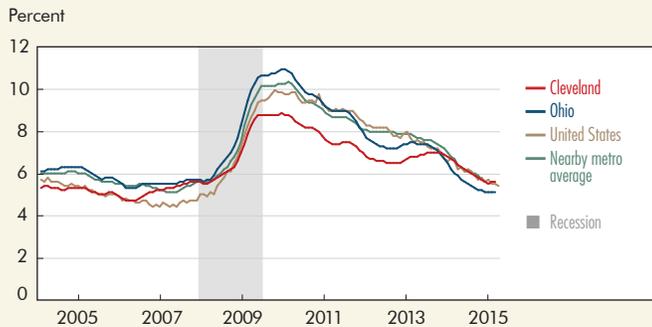
CLEVELAND, OHIO MSA | JULY 2015

FEDERAL RESERVE BANK of CLEVELAND

Cleveland – Settling into a New Normal?

The economy of the Cleveland metro area seems to be settling into a new normal. After falling since the end of 2013, the region's unemployment rate has hovered between 5.5 percent and 5.6 percent since December 2014. Employment has been growing at just under 0.5 percent per year since the end of 2013. Matching trends in the nation and state, household debt levels have been stable since the first quarter of 2014 and credit card delinquency rates are essentially the same as they were in the fourth quarter of 2014. However, the housing market continues to evolve with home prices appreciating less and building permits increasing.

Cleveland's unemployment rate was 5.6% in March 2015

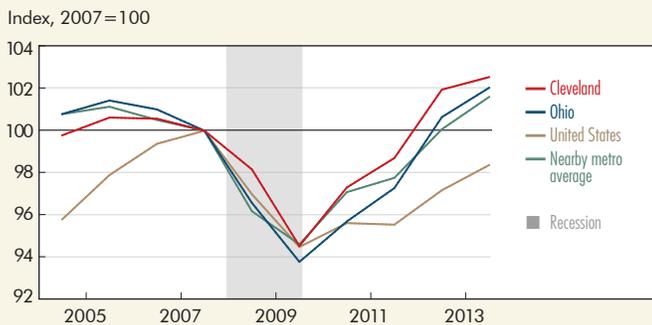


Source: Bureau of Labor Statistics/Haver Analytics.

◀ UNEMPLOYMENT RATE

The Cleveland metro area's unemployment rate has been quite stable since December 2014 and was 5.6 percent in March 2015. After having a lower unemployment rate than the nation for five years, the metro area has had essentially the same unemployment rate as the nation since the beginning of 2014. This is a change from what we reported in the 2015:Q2 Metro Mix because the Bureau of Labor Statistics published revised unemployment estimates. Cleveland's unemployment rate remains half of a percentage point above Ohio's.

Real GDP per capita sits 2.5% above pre-recession levels, outperforming the nation, state, and nearby metro areas

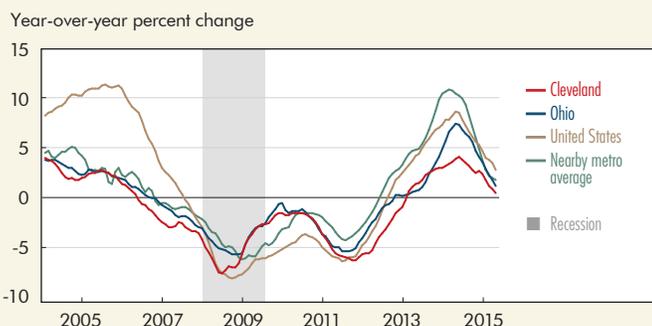


Source: Bureau of Economic Analysis/Haver Analytics.

◀ GROSS DOMESTIC PRODUCT

At \$60,478, the Cleveland metro area's real GDP per capita in 2013 was about \$6,800 above the nation's and \$10,800 above the state's. This shows that the region remains highly productive. Cleveland's 2013 real GDP per capita was 2.5 percent above pre-recession levels. It recovered at about the same rate as in Ohio and significantly faster than in the United States or nearby metro areas. Part of the reason the metro area had a stronger recovery in GDP per capita is that it lost population.

Home prices have grown more slowly since mid-2014



Source: Zillow.com/Haver Analytics.

◀ HOUSING PRICES

Continuing a trend that started in mid-2014, housing prices in the Cleveland area rose from April 2014 to April 2015, but the rate of growth has been slowing since mid-2014. The 12-month change in prices was 0.7 percent in April, while it was 4.3 percent in May 2014. Nearby metros, the state, and the nation have also seen slowing growth in home prices. It is likely that house prices rose relatively quickly from mid-2013 to mid-2014 because of reductions in the inventory of distressed homes, which tend to have low sales prices.

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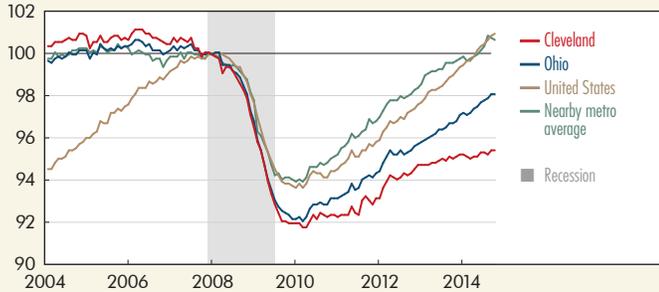
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EMPLOYMENT AND INDUSTRIAL SECTORS

Employment growth in Cleveland lagged national, state, and nearby metro area performance

Index, 2007: M12=100

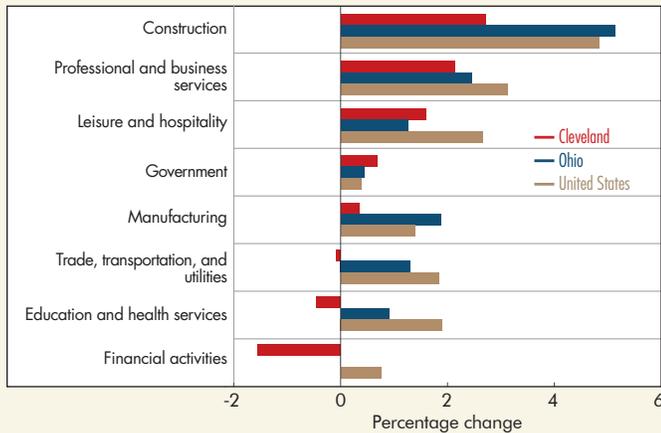


Source: Bureau of Labor Statistics' Quarterly Census of Employment and Wages.

EMPLOYMENT

The Cleveland metro area gained 3,958 jobs from September 2013 to September 2014—an increase of 0.4 percent. Over the same time, employment grew faster in the United States (2.0 percent), Ohio (1.4 percent), and nearby metros (1.1 percent). The Cleveland metro area's September 2014 employment was 4.6 percent below pre-recession levels, compared to 1.9 percent below in Ohio and 0.7 percent above in nearby metros. By September 2014, employment in the United States exceeded pre-recession levels by 1 percent.

Though Cleveland experienced employment gains, growth trailed the nation and state in most sectors

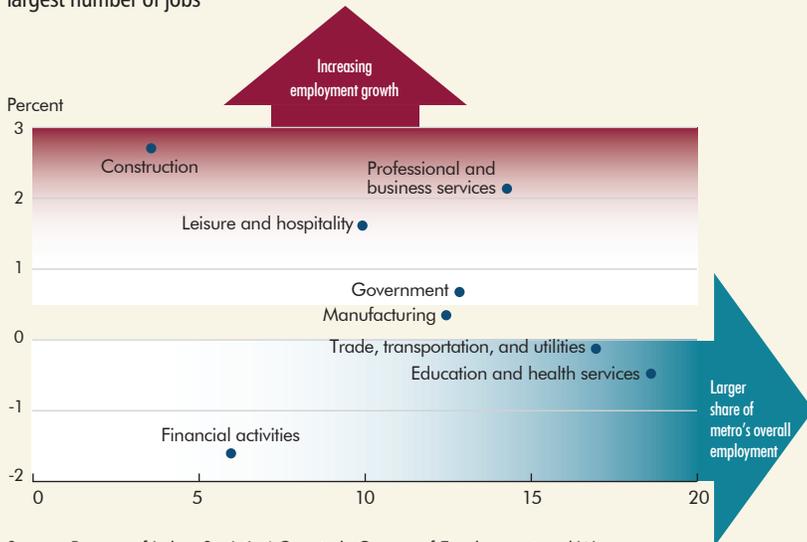


Source: Bureau of Labor Statistics' Quarterly Census of Employment and Wages.

EMPLOYMENT GROWTH BY SECTOR

The Cleveland metro area's employment growth from September 2013 to September 2014 trailed the nation and state in every sector except government (where it was ahead of both) and leisure and hospitality (where it was behind the United States and a little ahead of Ohio). Over this time, manufacturing employment grew 1.4 percent in the United States and 1.9 percent in Ohio, but only 0.4 percent in the metro area. The fastest growing sector in the metro is construction, which added 959 jobs from September 2013 to September 2014, a growth rate of 2.7 percent. The next fastest growing sector is professional and business services, which grew 2.1 percent. Financial activities had the largest percent decline in employment in Cleveland and Ohio: it lost 931 jobs in Cleveland over this period, a 1.6 percent decline.

Professional and business services and leisure and hospitality added the largest number of jobs



Source: Bureau of Labor Statistics' Quarterly Census of Employment and Wages.

RELATIVE EMPLOYMENT GROWTH

The Cleveland metro area's employment was fairly stable from September 2013 to September 2014. However, two sectors gained more than 1,000 jobs over the 12 months. The professional and business services sector added the most jobs—2,991—because the sector is large and grew well. Leisure and hospitality added the second largest number of jobs, 1,556. The sectors with the largest declines are financial activities (931 jobs) and education and health services (870).

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HOUSING MARKET

Cleveland's increase in building permits outpaced the nation, state, and nearby metro areas

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



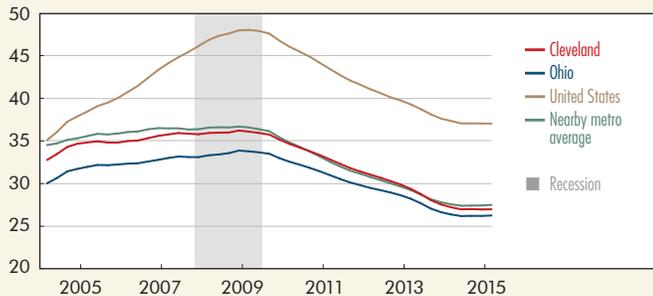
Source: Census Bureau/Haver Analytics.

HOUSING PERMITS

After smoothing the data, building permits have been on an upward trend in the Cleveland metro area since May 2014. The metro area's growth in building permits from May 2014 to April 2015 was faster than in the United States, Ohio, or nearby metro areas. As of April 2015, the moving average of building permits in the Cleveland area was 16 percent below its level immediately before the recession started, close to the 13 percent figure for the nation. This is substantially better than in Ohio, but not as good as in nearby metros.

After falling for five years, consumer debt has stabilized

Thousands of dollars



Source: Authors' calculations from the Federal Reserve Bank of New York's Consumer Credit Panel/Equifax.

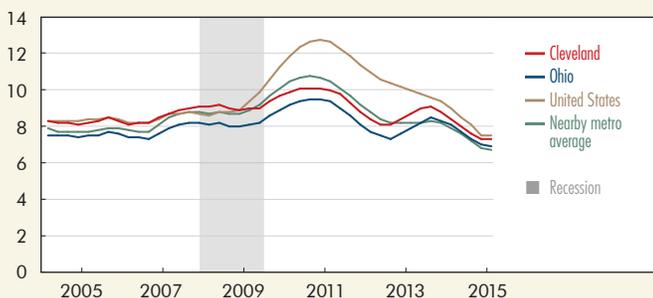
CONSUMER FINANCES

CONSUMER DEBT

Real auto, home, and credit card debt per adult was \$26,837 in the first quarter of 2015 in the Cleveland metro area. This is \$10,000 below the level of debt per adult in the United States, primarily because the metro has relatively low home prices and therefore its residents have less mortgage debt. It appears that households are finally done deleveraging from debt. After falling since mid-2009, debt per adult has been essentially flat for the last 12 months in the nation, state, Cleveland, and nearby metro areas.

Credit card delinquency rates continue their decline

Percent of credit card balances delinquent



Source: Authors' calculations from the Federal Reserve Bank of New York's Consumer Credit Panel/Equifax.

CREDIT CARD DELINQUENCY RATES

Credit card delinquency rates dropped throughout 2014 in the Cleveland area, nearby metros, Ohio, and the United States and are now below where they were ten years ago. This is most likely due to both increases in people's ability to pay their bills as the economy recovers and credit card companies' tougher lending standards in the aftermath of the financial crisis. There was little change in delinquency rates in the first quarter of 2015, with delinquency rates ranging from 6.7 percent in nearby metros to 7.5 percent in the United States.

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Average weekly wages in Cleveland were \$822 in March 2015

Dollars, three-month moving average



Source: Bureau of Labor Statistics/Haver Analytics.

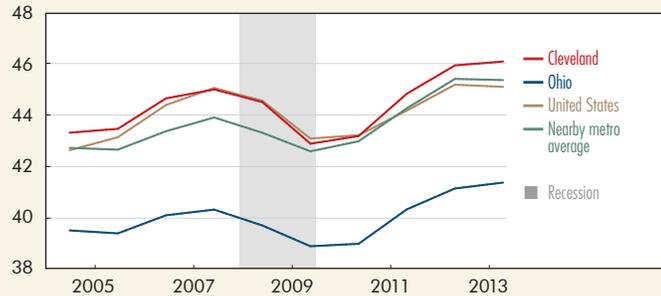
INCOME

◀ AVERAGE WEEKLY EARNINGS

Average weekly wages in the Cleveland metro area were \$822 in March 2015, which is essentially where they were at the end of 2014. The Cleveland area's average weekly wages remain closer to the nation's (\$862) than the state's (\$770).

Cleveland's 2013 real income per capita sat well above Ohio's figure

Thousands of dollars



Source: Bureau of Economic Analysis/Haver Analytics.

◀ INCOME PER CAPITA

In 2013, the Cleveland metro area's real income per capita rose for the fourth consecutive year. The metro's income per capita was \$46,119 in 2013, about \$1,000 above the nation's and \$4,700 above the state's. Like the United States, Ohio, and nearby metros, the Cleveland metro area's income per capita rose less in 2013 than it did in 2011 and 2012.

DEMOGRAPHICS AND EDUCATION

◀ CLEVELAND, OHIO

According to the 2014 Census population estimates, Cleveland is the 31st largest of the nation's 381 metropolitan statistical areas. This is down from 29th largest in 2013.

	Cleveland metro area		United States	
	2013	Change from 2009	2013	Change from 2009
Population	2,064,725	-0.8%	316,129,000	+3.1%
Adults with less than a high school diploma	10.6%	-1.6%	13.4%	-1.3%
Adults with an undergraduate degree or higher	29.8%	+2.9%	29.6%	+1.7%
Median age (years)	41.3	+1.1 years	37.5	+0.7 years
Median household income	\$50,028	+0.1%	\$52,959	-4.2%

Sources: American Community Survey; Bureau of Economic Analysis; Census population estimates.

All monthly and quarterly figures are seasonally adjusted and all dollar figures are in current dollars, except home prices (which are left nominal). Where applicable, these adjustments are made prior to calculating percent changes or indexes. 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.

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).