

FOURTH DISTRICT METRO MIX

YOUR DISTRICT, YOUR DATA



CLEVELAND, OHIO MSA | AUGUST 2017

FEDERAL RESERVE BANK *of* CLEVELAND

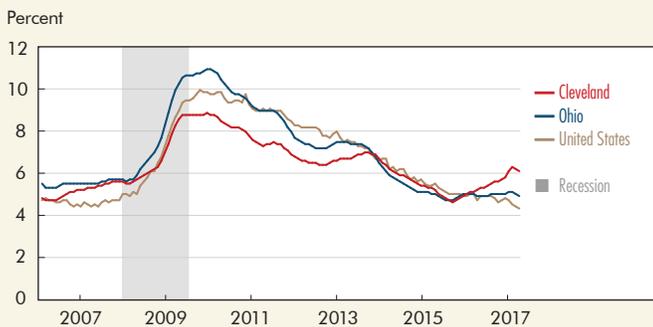
Slow growth continues

Overall, economic conditions were stable in the Cleveland metro area during the first half of 2017. While employment growth has been weak, the unemployment rate has declined in recent months. The housing market remains strong, with both home price growth and the number of building permits issued at or near their highest levels since the recovery began in June 2009. However, all of the indicators except building permits show that Cleveland's growth continues to be weaker than that of Ohio and the nation.

METRO AREA SNAPSHOT

	Unemployment Rate		Median Home Value		Payroll Employment		Credit Card Delinquency Rate	
	May 2017 (percent)	One-year change (percentage points)	May 2017	One-year change (percent)	December 2016 (thousands)	One-year change (percent)	2017:Q1 (percent)	One-year change (percentage points)
Cleveland	6.1	0.9	\$134,000	5.2	1,004	0.2	7.4	0.0
Ohio	4.9	0.0	\$127,500	5.7	5,330	0.7	6.7	-0.2
United States	4.3	-0.4	\$199,200	7.4	142,524	1.3	7.1	-0.6

The unemployment rate in the Cleveland metro area has been falling since March 2017.

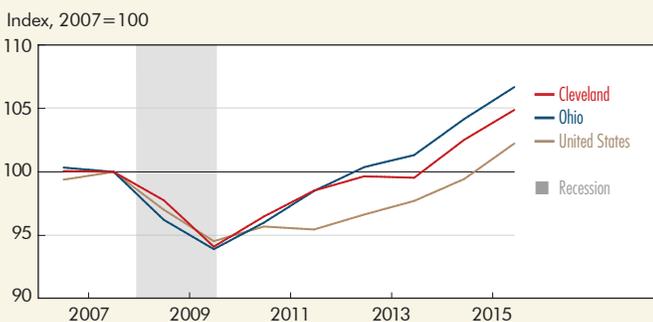


Source: Bureau of Labor Statistics/Haver Analytics.

◀ UNEMPLOYMENT RATE

The unemployment rate in the Cleveland metro area has fallen 0.2 percentage points since March 2017. It was 6.1 percent in May 2017—1.8 percentage points above where it was in May 2016. Taking the data at face value, the recent decline in the metro area's unemployment rate is due to two factors: a decline in the number of people unemployed and an even larger increase in the number of people employed. However, taking the data at face value is risky—metro-level unemployment and labor force statistics have wide confidence intervals because they are the results of models that are based on small sample sizes.

The Cleveland metro area has experienced robust productivity growth during the recovery.



Source: Bureau of Economic Analysis/Haver Analytics.

◀ GROSS DOMESTIC PRODUCT

The Cleveland metro area's per capita real gross domestic product grew 2.3 percent in 2015. This growth is comparable to that in Ohio (2.5 percent) and slower than that in the nation (2.9 percent) that year. However, in 2015, the metro area's output per capita was 5.0 percent higher than it was before the recession. This is a little less growth than Ohio had during the same period (6.8 percent), but it is more than twice as much growth as the nation had (2.3 percent). These comparisons suggest the Cleveland metro area has experienced robust productivity growth during the recovery.

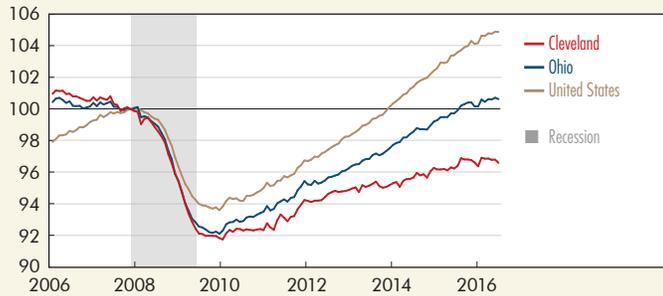
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AUGUST 2017

YOUR DISTRICT, YOUR DATA

Ohio's 2016 employment grew less in 2016 than in 2015.

Index, 2007:M12=100



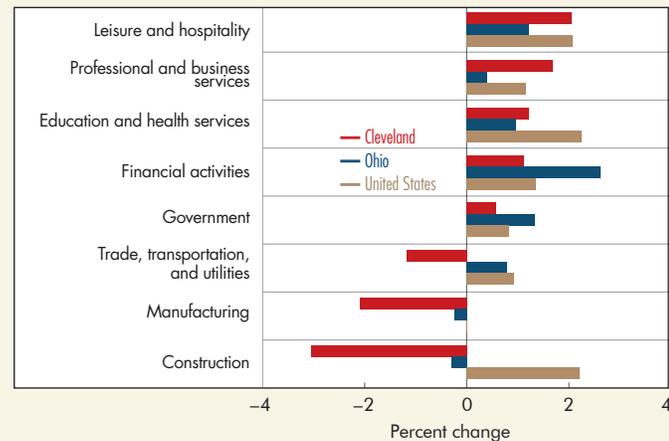
Source: Bureau of Labor Statistics' Quarterly Census of Employment and Wages.

EMPLOYMENT AND INDUSTRIAL SECTORS

EMPLOYMENT

Employment grew more slowly in 2016 than in 2015 in the Cleveland metro area, in Ohio, and in the nation. The metro area added just more than 2,000 jobs in 2016. That's a 0.2 percent gain, compared to a 0.5 percent gain in 2015. While Ohio and the nation saw larger percent changes in 2016 than did the Cleveland metro area (0.7 percent, 1.3 percent, and 0.2 percent, respectively), their growth rates slowed more significantly. Ohio's 2016 employment grew 0.4 percentage points less in 2016 than in 2015; the comparable figure for the nation is 0.7 percentage points. The slowdown in employment growth is consistent with the belief that the nation's economy is at or near full employment.

The growth in leisure and hospitality employment outpaced all other sectors in the Cleveland metro area in 2016.



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

EMPLOYMENT GROWTH BY SECTOR

In percentage terms, the growth in leisure and hospitality employment outpaced all other sectors in the Cleveland metro area in 2016. It grew 2.1 percent, the same amount it grew in the nation. Professional and business services employment grew 1.7 percent in the metro area in 2016; this is 0.5 percentage points more growth than the sector had in the nation. The Cleveland metro area's construction employment declined 3.1 percent in 2016; this is likely due to the completion of a number of projects for the Republican National Convention. Manufacturing employment fell 2.1 percent in 2016 in the metro area—it has been falling on a year-over-year basis since September 2015.

While the metro area gained jobs in 2016, manufacturing lost almost 2,600 jobs.

Sector	Employment	12-month change	Share of employment
Education and health services	195,627	2,365	19.4
Trade, transportation, and utilities	181,359	-2,162	18.0
Professional and business services	141,877	2,367	14.1
Government	130,100	749	12.9
Manufacturing	120,655	-2,586	12.0
Leisure and hospitality	101,198	2,050	10.0
Financial activities	60,132	673	6.0
Construction	33,050	-1,048	3.3

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

SECTOR EMPLOYMENT

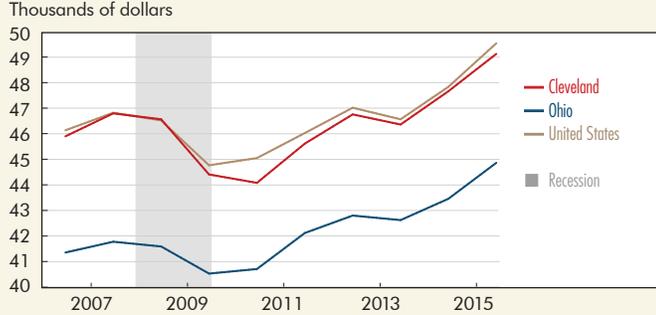
The Cleveland metro area's manufacturing sector lost 2,586 jobs in 2016, the largest decline of any sector. The trade, transportation, and utilities sector lost 2,162 jobs; this is likely due to challenges faced by brick-and-mortar retailers and reductions in demand for transportation services from manufacturers and retailers. These losses were more than offset by gains in professional and business services, education and health services, and leisure and hospitality—each of these sectors added more than 2,000 jobs in 2016.

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AUGUST 2017

The metro area's income per capita is well above that of Ohio and close to that of the nation.



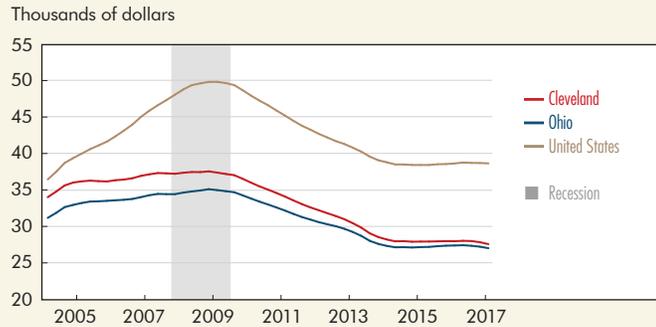
Source: Bureau of Economic Analysis/Haver Analytics.

INCOME

INCOME PER CAPITA

In 2015, real income per capita rose \$1,476 in the Cleveland metro area. This represents a 3.1 percent increase from the previous year; this is slower than the increase in Ohio or the nation (3.3 percent and 3.6 percent, respectively). At \$49,171, the metro area's income per capita is well above that of Ohio (\$44,864) and close to that of the nation (\$49,589).

Average consumer debt levels in the Cleveland metro area drifted down in the first quarter of 2017.



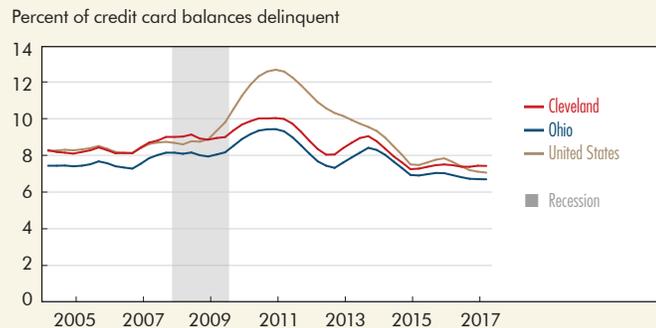
Source: Authors' calculations from the Federal Reserve Bank of New York's Consumer Credit Panel/Equifax.

CONSUMER FINANCES

CONSUMER DEBT

Average consumer debt levels in the Cleveland metro area continued to drift down in the first quarter of 2017. Average debt fell 1.0 percent (\$267) in the metro area, the largest single-quarter decline since the first quarter of 2014. Ohio had a comparable decline (0.8 percent) in the quarter, and debt levels were fairly stable in the nation (down 0.1 percent). This is most likely because home prices grew more in the nation, and rising home prices lead to larger mortgage balances.

Credit card delinquency rates remained low in the first quarter of 2017 in the Cleveland metro area.



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

CREDIT CARD DELINQUENCY RATES

Credit card delinquency rates remained low and fairly stable in the first quarter of 2017 in the Cleveland metro area, in Ohio, and in the nation. At 7.4 percent, the Cleveland metro area's delinquency rate is close to its lowest level since 2004 (7.3 percent). Credit card delinquencies are at their lowest rate since at least 2004 in Ohio and the nation at 6.7 percent and 7.1 percent, respectively.

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AUGUST 2017

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HOUSING MARKET

In May 2017, the median home value in the Cleveland metro area was the highest it has been since January 2008.

Year-over-year percent change



Source: Zillow.com/Haver Analytics.

HOUSING PRICES

In May 2017, the median home value in the Cleveland metro area was \$134,000—its highest value since January 2008. This is 5.2 percent higher than it was in May 2016, the largest 12-month percent change in at least a decade. Ohio and the nation also saw strong growth in home prices between May 2016 and May 2017—the median home value rose 5.7 percent in Ohio and 7.4 percent in the nation.

An unusually high number of building permits were issued in the Cleveland metro area in the first two months of 2017.

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



Source: US Census Bureau/Haver Analytics.

HOUSING PERMITS

An unusually high number of building permits were issued in the first two months of 2017 in the Cleveland metro area and Ohio, most likely due to the mild winter. In the months since then, the number of building permits issued in these areas has been comparable to their monthly averages in 2016. This means that the jump in permits in January and February has not been offset by unusually weak permitting in March, April, or May and suggests that residential construction in the metro area and Ohio will be stronger in 2017 than it was in 2016.

DEMOGRAPHICS AND EDUCATION

CLEVELAND, OHIO

According to the 2015 US Census Bureau population estimate, Cleveland remained the 31st largest of the nation's 382 metropolitan statistical areas.

	Cleveland Metro Area		United States	
	2015	Change from 2010	2015	Change from 2010
Population	2,059,929	-0.8%	320,897,000	+3.7%
Adults with less than a high school diploma (percent)	10.3	-0.9	12.9	-1.6
Adults with an undergraduate degree or higher (percent)	29.4	+1.7	30.6	+2.4
Median age (years)	41.2	+0.5	37.8	+0.6
Median household income	\$52,711	+1.6%	\$57,591	+2.5%

Source: US Census Bureau population estimates, American Community Survey.

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).