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

<table>
<thead>
<tr>
<th></th>
<th>Unemployment Rate</th>
<th>Median Home Value</th>
<th>Payroll Employment</th>
<th>Credit Card Delinquency Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>May 2017 (percent)</td>
<td>May 2017 (thousands)</td>
<td>December 2016 (percent)</td>
<td>2017:Q1 (percent)</td>
</tr>
<tr>
<td>Cleveland</td>
<td>6.1</td>
<td>$134,000</td>
<td>1,004</td>
<td>7.4</td>
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<tr>
<td>Ohio</td>
<td>4.9</td>
<td>$127,500</td>
<td>5,330</td>
<td>6.7</td>
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<tr>
<td>United States</td>
<td>4.3</td>
<td>$199,200</td>
<td>142,524</td>
<td>7.1</td>
</tr>
</tbody>
</table>

### 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 the nation’s unemployment rate that month and 0.9 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.

### 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.
Ohio’s 2016 employment grew less in 2016 than in 2015.

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

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

### 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.

### 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.

### 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.
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.

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.
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.

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

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).