

FOURTH DISTRICT METRO MIX

YOUR DISTRICT, YOUR DATA



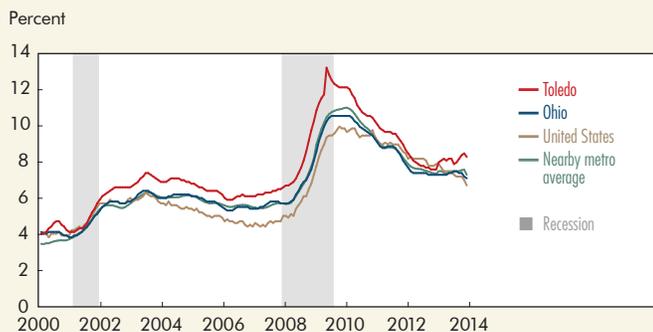
TOLEDO, OHIO MSA | SECOND QUARTER, 2014

FEDERAL RESERVE BANK of CLEVELAND

Toledo – Recovering, but Headwinds Remain

The Toledo metropolitan statistical area's recovery from the Great Recession has been mixed. After declining sharply from June 2006 to June 2009, manufacturing employment has seen strong growth, though it remains below 2006 levels. No doubt these job losses in the metro area's most important sector contributed to the region steadily losing population. The population loss has led to further employment declines in sectors that serve local residents like retail trade, leisure and hospitality services, and housing markets, all of which have seen only a limited recovery. On the positive side, population decline has recently slowed, output growth has been strong, and the professional and business services sector has reached employment levels not seen since 2000.

Unemployment in the Toledo metro area rose to 8.3% in 2013

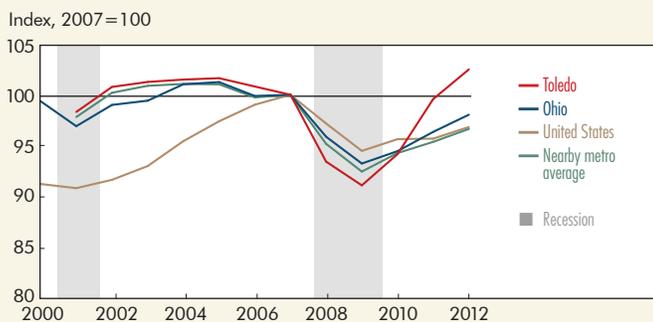


Source: Bureau of Labor Statistics/Haver Analytics.

◀ UNEMPLOYMENT RATE

The Toledo metro area's unemployment rate has been rising since mid-2012. It appears that this increase is due in large part to people re-entering the labor force and looking for work. As of December 2013, 8.3 percent of the metro area's labor force was unemployed, compared to 6.7 percent in the US and 7.1 percent in Ohio. The unemployment rate in the region has typically been 1 percentage point higher than Ohio's since 2002. This is most likely due to the metro area's relatively low levels of educational attainment and its concentration in durable manufacturing, which never fully recovered jobs lost in the 2001 recession.

GDP has surpassed pre-recession levels

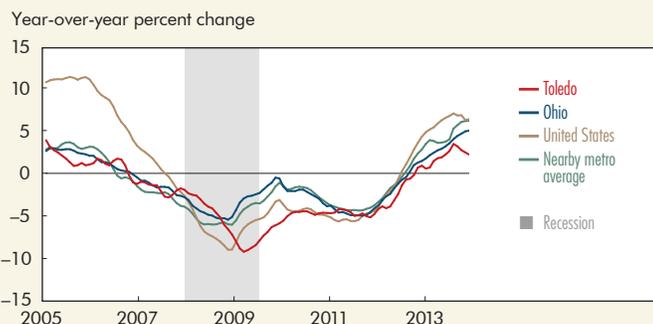


Source: Bureau of Economic Analysis/Haver Analytics.

◀ GROSS DOMESTIC PRODUCT

A bright spot for the Toledo region is its GDP per capita, which has surpassed pre-recession levels and recovered more robustly than in nearby metro areas, Ohio, and the US. This is due to strong output growth in nondurable manufacturing and professional and business services. The metro area's declining population has mixed effects: GDP is divided across fewer people, but industries that serve local residents such as retail trade and construction have also experienced declines in output.

Home prices lag those in Ohio, the nation, and nearby metro areas



Source: Zillow.com/Haver Analytics.

◀ HOUSING PRICES

Metro areas that lose population tend to have weak housing markets, and Toledo is not an exception. The region's home prices have also been held back by a higher-than-average foreclosure rate. Since late 2008, the metro area saw larger declines in house prices than Ohio and nearby metros did. House prices have been increasing since November 2012, though not as much as in nearby metro areas, Ohio, or the US. From December 2012 to December 2013, house prices rose 2 percent in Toledo, 5 percent in Ohio, and 6 percent in nearby metro areas and the US.

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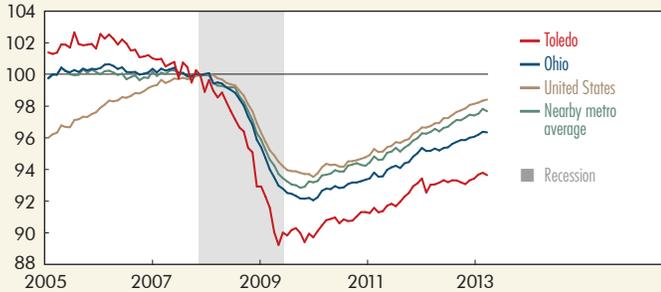
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EMPLOYMENT AND INDUSTRIAL SECTORS

Toledo's employment is more than 6% below pre-recession levels

Index, 2007: M12=100

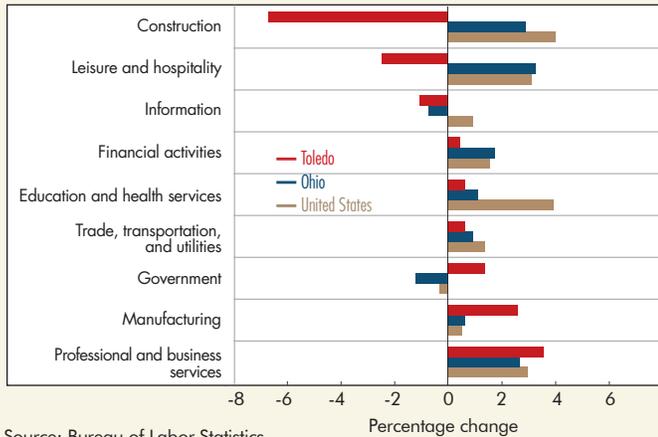


Source: Bureau of Labor Statistics.

EMPLOYMENT

The Toledo metro area began losing employment in the spring of 2006, 20 months before the Great Recession officially started. When the recession hit and auto sales plummeted, the metro area's employment levels bottomed out at 90 percent of pre-recession levels, a substantially larger decline than in nearby metro areas, Ohio, or the US. Spurred by a good recovery in manufacturing, Toledo's rate of job growth has been comparable to Ohio's since the beginning of 2010. However, as of September 2013, the metro area's employment was more than 6 percent below pre-recession levels.

Manufacturing grew 2.6%, more than four times the growth in Ohio and the nation

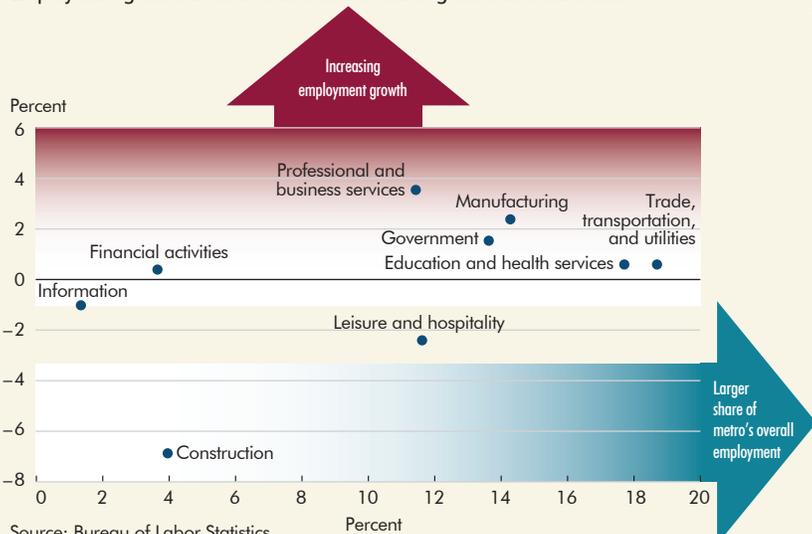


Source: Bureau of Labor Statistics.

EMPLOYMENT GROWTH BY SECTOR

All but three sectors of Toledo's employment—construction, information, and leisure and hospitality—grew from September 2012 to September 2013. Manufacturing grew 2.6 percent in the Toledo metro area, which is more than four times larger than the sector's growth in the nation and Ohio. Government and professional and business services also posted strong numbers. Given the metro area's population loss, it is not surprising that the Toledo area lagged in population-serving sectors such as construction, leisure and hospitality, education and health services, and trade, transportation, and utilities.

Employment growth in core sectors could lead to growth in other sectors



Source: Bureau of Labor Statistics.

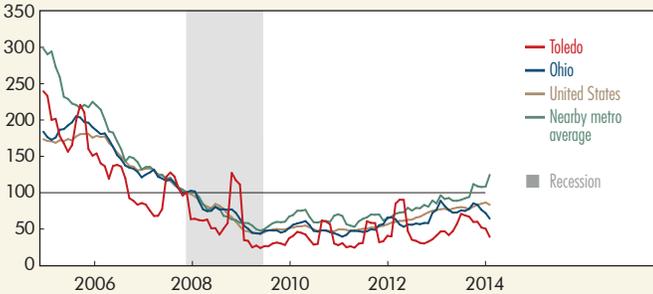
RELATIVE EMPLOYMENT GROWTH

While most sectors saw slower job growth in the Toledo area than in the nation or Ohio, the three sectors that outperformed the nation and state (government, manufacturing, and professional and business services) make up almost 40 percent of Toledo's jobs. Experiencing growth in core sectors, especially ones like manufacturing that sell their output to other regions, can lead to future growth in other sectors. Construction and financial activities, which grew much more slowly in the region than in Ohio, each represent less than four percent of the Toledo metro area's employment. Therefore, their weakness should not be a major drag on the local economy.

HOUSING MARKET

Toledo has seen little recovery in building permits

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



Source: Census Bureau/Haver Analytics.

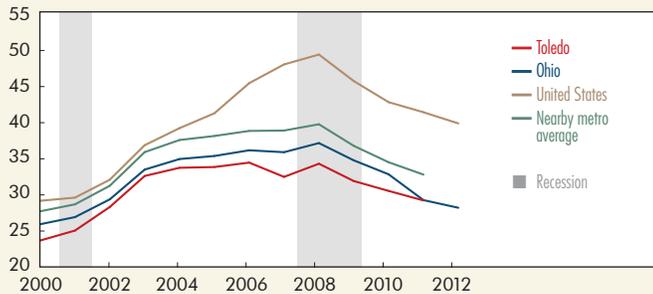
HOUSING PERMITS

Building permits dropped precipitously during the recession, but have begun to recover in Ohio, the US, and metro areas within 200 miles of Toledo. However, the Toledo metro area has seen little recovery in building permits. This is unsurprising as the metro area has an ample stock of existing homes.

CONSUMER FINANCES

Mortgage and credit card debt continue to decline

Thousands of dollars



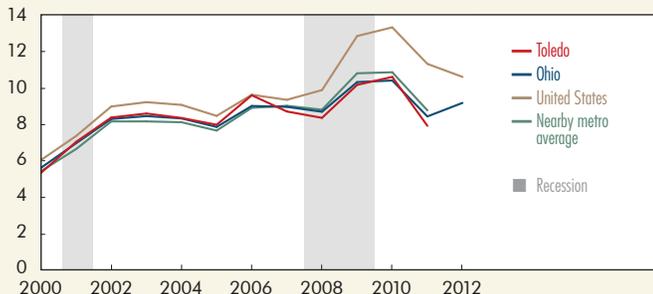
Source: FRBNY Consumer Credit Panel.

CONSUMER DEBT

At \$29,085 per adult with a credit report, the Toledo metro areas's average balance of mortgage, auto, and credit card debt was essentially the same in 2011 (the latest available data) as Ohio's level and 30 percent lower than that of the US. The US experienced large increases in per capita debt balances after 2004 because of rapid increases in house prices. As house prices fell during the recession and foreclosures rose, balances fell. Toledo, and to a lesser extent Ohio and nearby metros, experienced a less-severe version of this rise and fall in debt balances because house prices were more stable. Increased lending standards and foreclosure rates have also led to reductions in per capita debt balances.

Toledo's delinquency rate sits below pre-recession levels

Percent of credit card balances delinquent



Source: FRBNY Consumer Credit Panel/Haver Analytics.

CREDIT CARD DELINQUENCY RATES

Credit card delinquency rates increased sharply during the recession as people lost jobs and equity in their homes. As of 2011 (the latest available data), Toledo's delinquency rate sits slightly below pre-recession levels. Nearby metro areas and Ohio experienced similar trends, while the nation's credit card delinquency rate remains well above pre-recession levels.

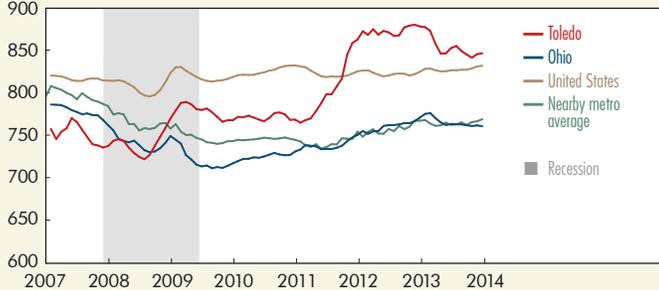
FOURTH DISTRICT METRO MIX

SECOND QUARTER, 2014

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The metro area's wages have risen dramatically since the onset of the Great Recession

Dollars, three-month moving average



Source: Bureau of Labor Statistics/Haver Analytics.

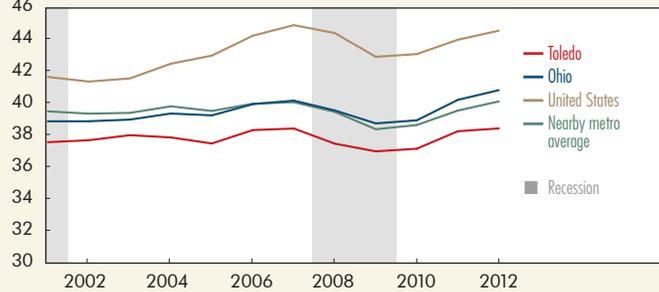
INCOME

◀ AVERAGE WEEKLY EARNINGS

The average weekly wages of those who are employed reflects two things: who is employed and the extent to which wages have grown or fallen. The Great Recession increased employed people's average weekly wages in the Toledo metro area as less-skilled workers were laid off. Another large upward shift occurred in the second half of 2011, likely due to the rehiring of relatively well-paid auto manufacturing workers after auto sales recovered. Today, the average weekly wages of people working in the Toledo metro area are \$847, surpassing the national average by \$15 and about \$80 above the average of Ohio and nearby metros.

Income per capita has risen above its pre-recession level

Thousands



Source: Bureau of Economic Analysis/Haver Analytics.

◀ INCOME PER CAPITA

Income per capita is a more straightforward indicator of earnings because it is less sensitive to who is employed and reflects the decline in income when fewer people are employed. In 2012, Toledo's income per capita rose to \$38,400—just above its pre-recession level. Income per capita was also above pre-recession levels in nearby metro areas and Ohio, but remains below pre-recession levels in the nation. Toledo's gains in income per capita are due to the recovery of jobs and the out-migration of retired people, who tend to have low incomes.

DEMOGRAPHICS AND EDUCATION

◀ TOLEDO, OHIO

According to 2013 Census estimates, Toledo is the 89th largest of the 381 statistical areas in the United States. The metro area's share of adults over 25 with a bachelor's degree is below that of the nation, but from 2009 to 2012 it has increased more than twice as fast as the nation's share.

	Toledo metro area		United States	
	2012	Change from 2009	2012	Change from 2009
Population	608,711	-0.3%	313,914,040	+2.2%
Adults with less than a high school diploma	10.3%	-2.1%	14.1%	-0.7%
Adults with an undergraduate degree or higher	23.7%	+1.6%	28.5%	+0.6%
Median age (years)	38.1	+0.7 years	37.4	+0.6 years
Median household income	\$44,701	-6.7%	\$52,991	-4.6%

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).