Toledo – Improvement on Many Fronts

By several measures, the Toledo metro area’s economy increased strength in 2013 and has continued to improve in 2014. Employment grew faster in 2013 in the metro area than in Ohio, with manufacturing and professional and business services leading the growth. Toledo’s unemployment rate has fallen more than two percentage points since the beginning of 2014. After years of slower growth, home prices rose at rates comparable to the nation in 2014. GDP per capita and income per capita are above their 2007 levels. However, the latest population estimates suggest that the region is continuing to lose population.

The Toledo metro area’s unemployment rate has fallen to 5.7% in 2014

After being above the state and national unemployment rates for all of 2013, the Toledo metro area’s unemployment rate dropped sharply in 2014, sitting at 5.8 percent in August 2014. This is 0.4 percentage points below the national rate (6.1 percent) and just above the state’s (5.7 percent). The metro area’s unemployment rate is now lower than it was when the most recent recession started.

The metro area’s GDP per capita continues to rise as population declines

Toledo’s GDP per capita is 5.7 percent above pre-recession levels. This means that the metro area’s GDP per capita has recovered more quickly in the metro area than in the state, the nation, or the average of metro areas within 200 miles. Strong growth in manufacturing and professional services output since 2011 has helped GDP per capita recover. The metro area’s population decline has mixed effects: GDP is divided across fewer people, but industries that serve local residents, such as retail trade, have also experienced declines in output.

Toledo’s homes prices have accelerated sharply

Since September 2013 there has been a sharp acceleration in the rate at which Toledo’s home prices are rising. Home prices were 8.4 percent higher in August 2014 than in August 2013. Since the beginning of 2014, the metro area’s house prices have been rising at about the same rate as in the United States, Ohio, and nearby metro areas.
The two industrial sectors that grew more than 2 percent from March 2013 to March 2014 (manufacturing and professional and business services) together account for more than one quarter of Toledo's employment. The fact that two core industries experienced strong growth is very good news for the metro area's economy. It is also encouraging that no industrial sector lost more than one percent of employment.

between March 2013 and March 2014, manufacturing employment grew 5.1 percent in Toledo, five times the national growth rate over the same period. This reflects strong growth in the auto industry. The professional and business services and information sectors also grew faster in the metro area than in the United States and Ohio in the year leading up to March 2014. As is to be expected given the metro area's continued population loss, employment in industries that serve local demand—including construction, education and health services, and leisure and hospitality—shrank in the metro area while growing at the state and national levels.

The metro area's two core industries grew more than 2% between March 2013 and March 2014
CONSUMER FINANCES

At $23,198 per adult with a credit report in June 2014, the Toledo metro area's average balance of mortgage, auto, and credit card debt continued to be lower than that of Ohio, nearby metro areas, and especially the United States. This is largely due to the metro area having relatively low home prices, which keeps mortgage balances low. The metro area's decline in typical debt balance since the recovery began (24.8 percent) is a little larger than that of the nation (22.9 percent) and state (22.6 percent).

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

HOUSING MARKET

HOUSING PERMITS

Though quite volatile, single-family building permits in the Toledo metro area have increased in 2014 and the average number of permits in June, July, and August is 23 percent above the level in November 2007. The state and nearby metro areas have also seen increases in these building permits in 2014, while they have been flat nationally.

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CREDIT CARD DELINQUENCY RATES

Though the nation’s credit card delinquency rate has been steadily falling since the end of 2010, it rose from June 2012 to June 2013 in Toledo and, to a lesser extent, in Ohio and nearby metro areas. After having been below the US rate since at least 2000, Toledo’s credit card delinquency rate (8.4 percent) is now comparable to the national rate (8.5 percent).
Average weekly wages in Toledo are still higher than in the nation, state, and nearby metro areas

Dollars, three-month moving average


Toledo’s income per capita has increased with job recovery and out-migration of the retired
Thousands of dollars

Source: Bureau of Economic Analysis/Haver Analytics.

### 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. In August 2014, the average weekly wages of people working in the Toledo metro area were $852, $8.50 above the national average, $78 above nearby metro areas’ average, and about $100 above the state’s.

### Income Per Capita

Income per capita is a more straightforward indicator of earnings than weekly wages because it is less sensitive to whom is employed and reflects the decline in income when fewer people are employed. In 2012, Toledo’s income per capita rose to $38,876—just above its pre-recession level. Income per capita was also above pre-recession levels in nearby metro areas and the state in 2012; the nation reached that milestone in 2013. 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 share of adults over 25 with a bachelor’s degree is higher in the nation than the metro area, but from 2009 to 2013, it has increased faster in the metro area.

<table>
<thead>
<tr>
<th>Toledo metro area</th>
<th>United States</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>2013</td>
</tr>
<tr>
<td>Population</td>
<td>Change from 2009</td>
</tr>
<tr>
<td>608,145</td>
<td>-0.4%</td>
</tr>
<tr>
<td>Adults with less than a high school diploma</td>
<td>11.3%</td>
</tr>
<tr>
<td>Adults with an undergraduate degree or higher</td>
<td>24.8%</td>
</tr>
<tr>
<td>Median age (years)</td>
<td>37.2</td>
</tr>
<tr>
<td>Median household income</td>
<td>$43,691</td>
</tr>
</tbody>
</table>

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).