

# FOURTH DISTRICT METRO MIX

YOUR DISTRICT, YOUR DATA



TOLEDO, OHIO MSA | AUGUST 2015

FEDERAL RESERVE BANK of CLEVELAND

## Toledo – Economy Growing, but Slowly

The first half of 2015 brought some good news for Toledo: the unemployment rate is at a ten-year low, home prices are growing at about the same rate as in the rest of the country, and the region added 2,000 jobs in 2014. Manufacturing alone added 1,700 jobs, which is important because this sector drives Toledo's long-term growth because it sells most of its output to other regions. However, significant job losses in professional and business services and leisure and hospitality tempered the gains in manufacturing and construction, making the 2014 jobs growth rate less than half that of nearby metro areas, Ohio, and the United States.

### METRO AREA SNAPSHOT

	Unemployment Rate		Home Prices		Payroll Employment		Credit Card Delinquency Rates	
	June 2015	One-year change	May 2015	One-year change	December 2014 (thousands)	One-year change	2015:Q1	One-year change
Toledo	5.0%	-1.0	\$99,500	1.4%	285	0.6%	7.5%	-1.2
Ohio	5.2%	-0.4	\$115,600	1.7%	5,228	1.6%	6.9%	-1.1
United States	5.3%	-0.8	\$179,200	3.0%	138,068	2.2%	7.5%	-1.5
Nearby metro average	5.0%	-1.2	\$130,160	2.3%	1,149	1.9%	6.7%	-1.1

The metro area's unemployment rate continued its downward trend

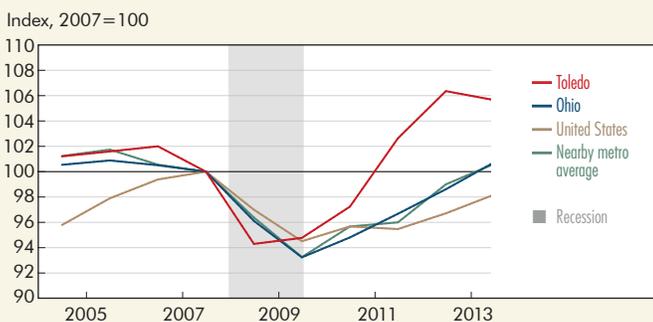


Source: Bureau of Labor Statistics/Haver Analytics.

#### ◀ UNEMPLOYMENT RATE

Toledo's unemployment rate has been falling since late 2013 and was 5.0 percent in June 2015. This is 0.3 percentage points below the national rate and 0.2 percentage points below the state's. While the unemployment rate has been fairly stable in Ohio since late 2014, it continues to fall in Toledo, the United States, and nearby metro areas. Toledo's unemployment rate is now at a ten-year low.

Toledo's GDP per capita recovery far outpaced that of the nation, state, and nearby metro areas



Source: Bureau of Economic Analysis/Haver Analytics.

#### ◀ GROSS DOMESTIC PRODUCT

Toledo's 2013 GDP per capita was 5.7 percent above pre-recession levels. This means that the metro area's GDP per capita has recovered more quickly than in the state, nation, or the average of metro areas within 200 miles. Strong growth in manufacturing and professional services output since 2011 has helped GDP with this recovery. 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.

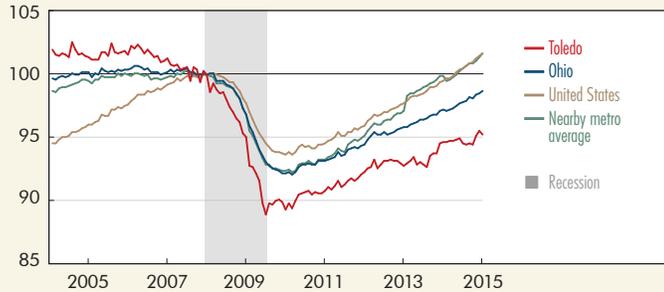
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Toledo has yet to recover its pre-recession employment levels

Index, 2007: M12=100



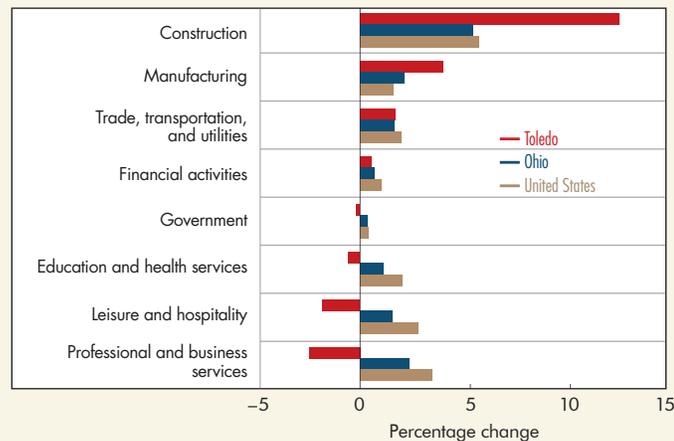
Source: Bureau of Labor Statistics' Quarterly Census of Employment and Wages.

## EMPLOYMENT AND INDUSTRIAL SECTORS

### EMPLOYMENT

In December 2014, the Toledo metro area had 285,000 jobs, 0.6 percent more than at the end of 2013. This is less than half the rate of job growth seen in the United States, Ohio, and nearby metro areas. The number of jobs in the Toledo metro area in December 2014 was 4.3 percent below pre-recession levels, while both the nation and nearby metro areas have 1.7 percent more employment at the end of 2014 than they did when the recession began.

Construction and manufacturing growth rates were strong in Toledo

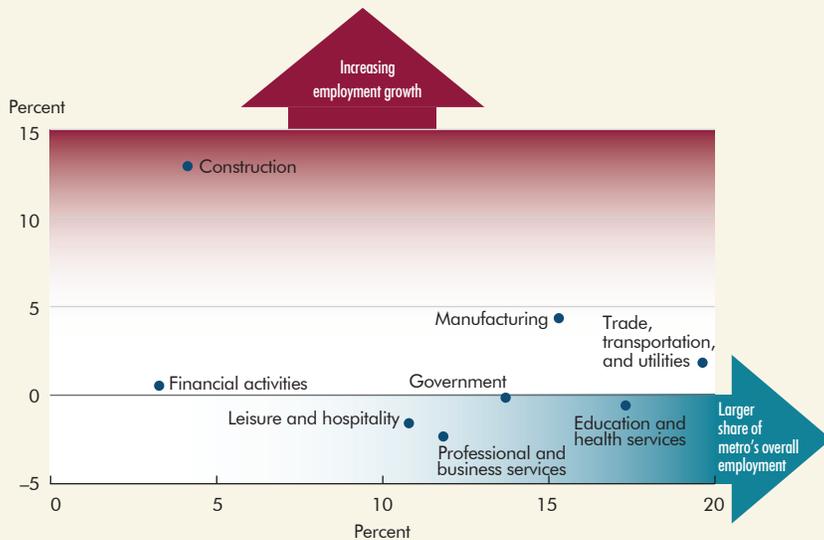


Source: Bureau of Labor Statistics' Quarterly Census of Employment and Wages.

### EMPLOYMENT GROWTH BY SECTOR

Between December 2013 and December 2014 manufacturing employment grew 4.1 percent in Toledo, about double the rate it grew in the United States and Ohio over the same period. This reflects strong growth in the auto industry. In 2014, construction employment also grew about twice as fast in the metro area as it did in the state and nation. The metro area's growth in financial activities was just behind that of Ohio and the United States, but the metro area lost jobs in the remaining sectors while they grew in the state and nation.

The construction and manufacturing sectors added more than 3,000 jobs combined



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

### RELATIVE EMPLOYMENT GROWTH

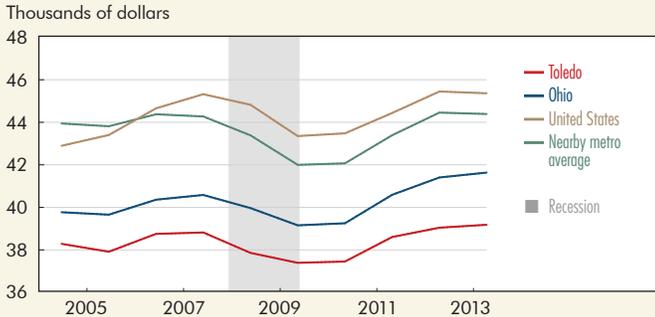
Two industrial sectors added more than 1,000 jobs in 2014 in Toledo: manufacturing (1,711 jobs) and construction (1,352 jobs). Manufacturing is the sector that drives the Toledo economy, so its strong growth is good news for the region. Trade, transportation, and utilities gained 966 jobs in 2014. The two sectors with the largest employment losses in 2014 in Toledo were professional and business services (down 870 jobs) and leisure and hospitality (down 585 jobs).

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## Toledo's income per capita continued to rise



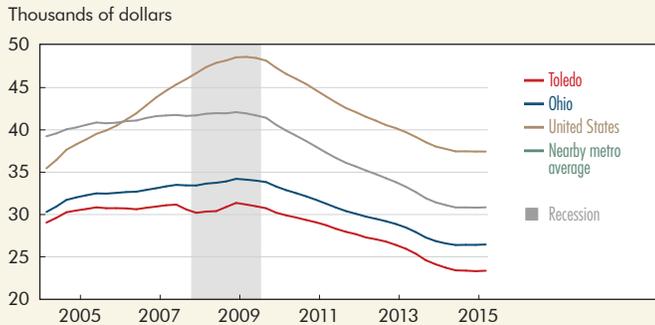
Source: Bureau of Economic Analysis/Haver Analytics.

## INCOME

### ◀ INCOME PER CAPITA

For the fourth consecutive year, Toledo's income per capita rose in 2013. It is \$386 above pre-recession levels, a larger increase than seen in the United States (\$44) and nearby metro areas (\$117), but about one-third as large as in Ohio (\$1,063). Toledo's gains in income per capita appear to be due to the recovery of jobs and the out-migration of retired people, who tend to have lower incomes.

## Toledo's consumer debt average was lower than in the nation, state, and nearby metro areas



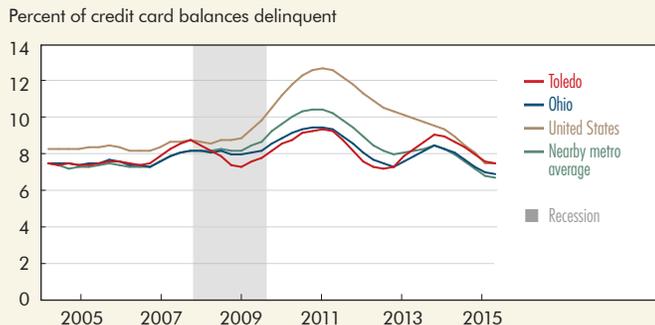
Source: Authors' calculations from the Federal Reserve Bank of New York's Consumer Credit Panel/Equifax.

## CONSUMER FINANCES

### ◀ CONSUMER DEBT

At \$23,236 per adult with a credit report in March 2015, the Toledo metro area's average balance of mortgage, auto, and credit card debt continues to sit below that of Ohio, nearby metro areas, and especially the United States. This is largely due the metro area having relatively low home prices, which keep mortgage balances low. The metro area's decline in typical debt balance since the recovery began (23 percent) is a little larger than that of the nation (20 percent) and Ohio (21 percent).

## Delinquency rates in Toledo were even with the nation's



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

### ◀ 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 metros. After having been below the US rate since at least 2000, Toledo's March 2015 credit card delinquency rate is the same as the nation's, with 7.5 percent of credit card balances delinquent. Delinquency rates have been fairly stable since the last quarter of 2014.

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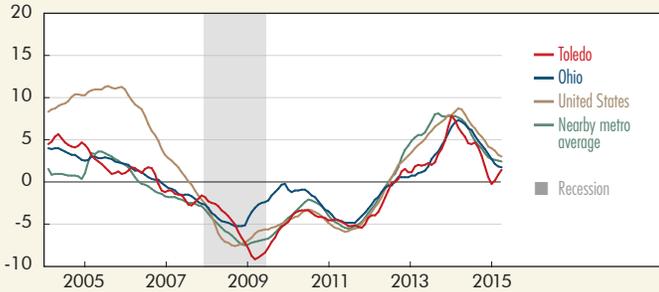
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## HOUSING MARKET

Over the past year, Toledo's average home price rose about 1%

Year-over-year percent change



Source: Zillow.com/Haver Analytics.

### HOUSING PRICES

Toledo's average home price was 1.4 percent higher in May 2015 than in May 2014. 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. Home price appreciation slowed in all four areas in 2014.

Toledo's building permits have not recovered to their pre-recession peak

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



Source: Census Bureau/Haver Analytics.

### HOUSING PERMITS

Though quite volatile, it appears that single-family building permits fell during the first half of 2015 in Ohio and Toledo, while increasing in nearby metro areas and the United States. In all four areas, permits remain well below their peak during the housing boom of 2005 and 2006.

## DEMOGRAPHICS AND EDUCATION

### TOLEDO, OHIO

According to 2014 Census estimates, Toledo is the 91st largest of the 381 statistical areas in the United States, down from 89th largest in 2013. 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 increased faster in the metro area.

	Toledo metro		United States	
	2013	Change from 2009	2013	Change from 2009
Population	608,145	-0.4%	316,129,000	+3.1%
Adults with less than a high school diploma	11.3%	-1.1%	13.4%	-1.3%
Adults with an undergraduate degree or higher	24.8%	+2.7%	29.6%	+1.7%
Median age (years)	37.2	-0.2 years	37.5	+0.7 years
Median household income	\$43,836	-9.0%	\$53,524	-4.2%

Sources: Census 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).