

# FOURTH DISTRICT METRO MIX

YOUR DISTRICT, YOUR DATA



TOLEDO, OHIO MSA | JUNE 2017

FEDERAL RESERVE BANK of CLEVELAND

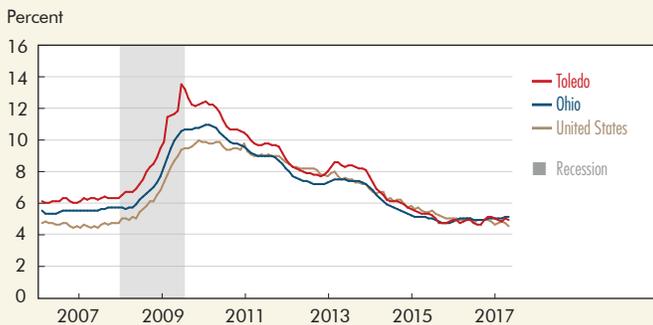
## Toledo—Improving Housing Market and Employment Situation

According to the most recent data, economic growth in the Toledo metro area has been strong during the past year, with the metro area outperforming the state as a whole on a number of indicators. This is partially due to the metro area's concentration of auto and glass manufacturing, industries that grew more strongly in 2016 than manufacturing as a whole. But that is not the whole story—Toledo also had strong growth in financial activities and professional and business services. The region's solid employment growth since mid-2014 is also reflected in its housing market, where prices are rising almost as fast as in the nation.

### METRO AREA SNAPSHOT

	Unemployment Rate		Median Home Value		Payroll Employment		Credit Card Delinquency Rate	
	March 2017 (percent)	One-year change (percentage points)	March 2017	One-year change (percent)	September 2016 (thousands)	One-year change (percent)	2016:Q4 (percent)	One-year change (percentage points)
Toledo	4.9	0.0	\$108,400	6.6	294	1.6	6.8	-0.3
Ohio	5.1	0.1	\$126,200	5.4	5,330	1.1	6.7	-0.3
United States	4.5	-0.5	\$196,500	6.8	142,452	1.8	7.1	-0.7

Unemployment in the Toledo metro area is 4.9 percent, similar to Ohio's rate, but higher than the nation's.

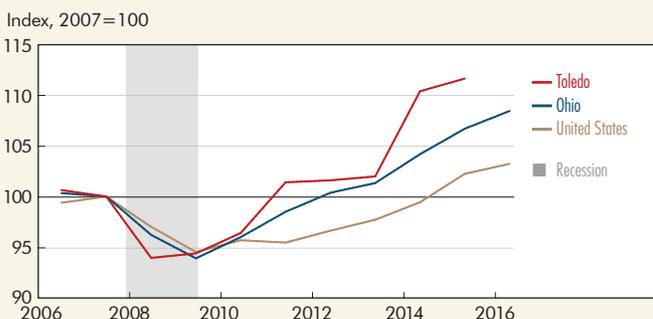


Source: Bureau of Labor Statistics/Haver Analytics.

#### ◀ UNEMPLOYMENT RATE

As of March 2017, 4.9 percent of the labor force in the Toledo metro area was unemployed—a rate essentially unchanged from the rate in March 2016. In fact, the metro area's unemployment rate has hovered near 5.0 percent since August of 2016. Ohio's unemployment trend has been similar: stable and close to 5.0 percent since the end of 2015. However, the nation's unemployment rate continues to decline and was at 4.5 percent in March. It appears that the reason the unemployment rate declined less in the metro area and in Ohio than in the nation during the past 12 months is that the metro area and Ohio saw sharper increases in the size of their labor forces than did the nation.

GDP per capita rose 1.2 percent in the Toledo metro area, less than in Ohio or the nation.



Source: Bureau of Economic Analysis/Haver Analytics.

#### ◀ GROSS DOMESTIC PRODUCT

The Toledo metro area's gross domestic product (GDP) per capita continued to grow in 2015, though at a slower rate than in Ohio and in the nation. The metro area's GDP per capita rose 1.2 percent; this rate is less than half the growth rate of Ohio or the nation (2.5 percent and 2.9 percent, respectively). However, the metro area's slower pace comes after a year in which GDP per capita grew dramatically faster in the Toledo metro area than in Ohio or the nation. The metro area's strong growth in 2014 is one of the reasons its GDP per capita rose 12 percent between 2007 and 2015, while Ohio's rose 6 percent, and the nation's rose 2 percent.

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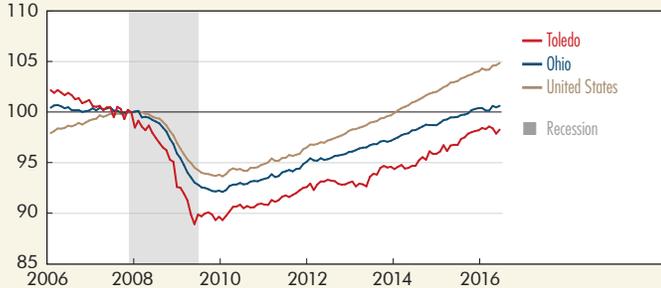
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## EMPLOYMENT AND INDUSTRIAL SECTORS

As of September 2016, year-over-year employment growth in the Toledo metro area was 1.6 percent.

Index, 2007: M12=100

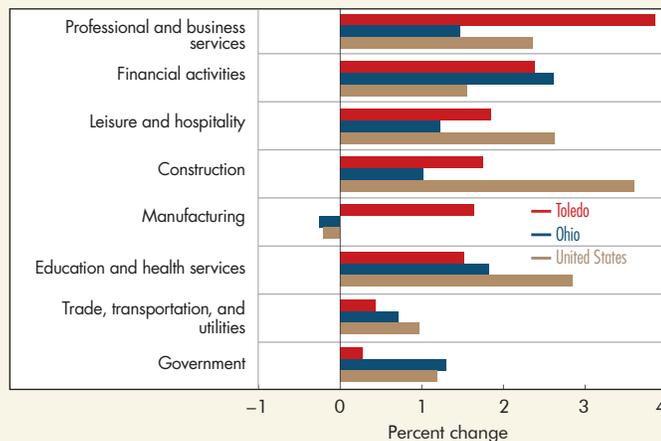


Source: Bureau of Labor Statistics' Quarterly Census of Employment and Wages.

### ◀ EMPLOYMENT

The Toledo metro area added approximately 3,900 jobs between September 2015 and September 2016—an increase of 1.6 percent. This growth is larger than Ohio's 1.1 percent increase during those 12 months and a little smaller than the nation's 1.8 percent increase. Though the metro area's employment growth has been stronger than Ohio's since the middle of 2013, the area still has not recovered its pre-recession employment levels. This is largely because the metro area lost more employment during the recession (11.2 percent) than did Ohio (8.0 percent). Since the recovery began in June 2009, employment has grown 10.7 percent in the Toledo metro area, 8.3 percent in Ohio, and 11.2 percent in the nation. The metro area's large decline during the recession was followed by a relatively strong recovery because the area has a high concentration of highly cyclical industries.

Two sectors, professional and business services and financial activities, saw the greatest employment growth.



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

### ◀ EMPLOYMENT GROWTH BY SECTOR

In percentage terms, the sectors with the greatest employment growth in the Toledo metro area in the 12 months ending in September 2016 are professional and business services and financial activities. Professional and business services grew more in the metro area than in Ohio or in the nation (3.9 percent, 1.5 percent, and 2.4 percent, respectively). The metro area's growth in financial activities (2.4 percent) was just behind Ohio's (2.6 percent) and well above the nation's (1.6 percent). While manufacturing was not one of the sectors with the largest growth, it grew in the metro area while declining in both Ohio and the nation. This is most likely because the Toledo metro area specializes in auto and glass manufacturing, industries which grew more than most manufacturing industries nationally in 2016.

The sector adding the most jobs in the Toledo metro area was professional and business services.

Sector	Employment	12-month change	Share of employment
Trade, transportation, and utilities	55,904	246	18.9
Education and health services	49,944	747	16.9
Manufacturing	44,688	724	15.1
Government	39,729	108	13.4
Professional and business services	36,134	1,348	12.2
Leisure and hospitality	33,521	611	11.3
Construction	13,300	230	4.5
Financial activities	9,702	227	3.3

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

### ◀ SECTOR EMPLOYMENT

Between September 2015 and September 2016, professional and business services added 1,348 jobs in the Toledo metro area, by far the most of any sector. The sector adding the next highest number of jobs was education and health services (+747 jobs), followed closely by manufacturing (+724 jobs). Notably, none of the sectors that account for at least 3 percent of the metro area's employment (those in the table at left) lost jobs during this period.

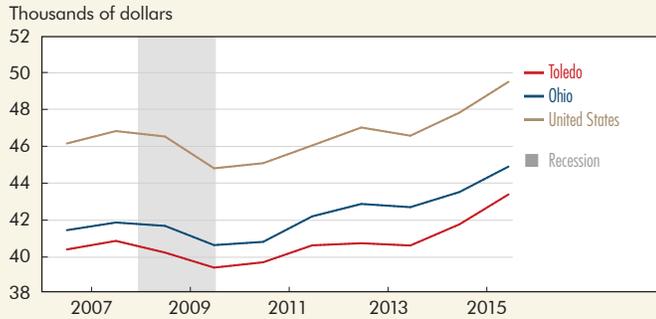
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## INCOME

Real per capita income rose in the Toledo metro area in 2015 to \$43,273, an increase of \$1,667.



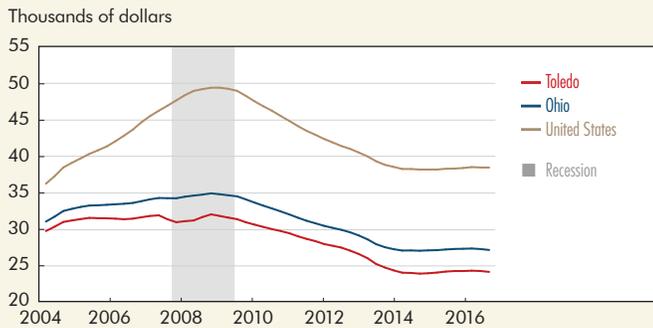
Source: Bureau of Economic Analysis/Haver Analytics.

### ◀ INCOME PER CAPITA

In 2015, the Toledo metro area's real per capita income rose to \$43,273, an increase of \$1,667. In percentage terms, the metro area's real per capita income growth outpaced that of Ohio and the nation in both 2014 and 2015. In 2015, real per capita income grew 4.0 percent in the Toledo metro area, 3.3 percent in Ohio, and 3.6 percent in the nation.

## CONSUMER FINANCES

In 2016, debt per adult in the Toledo metro area was \$23,905, below that of Ohio and the nation.

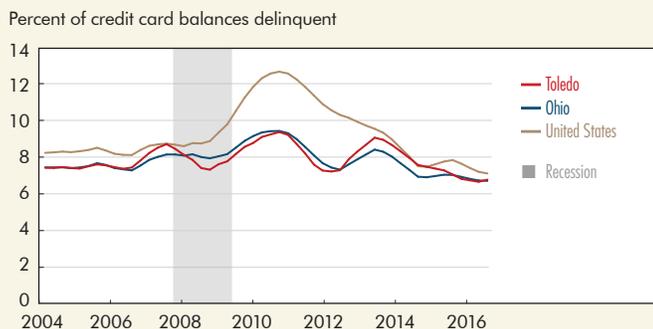


Source: Authors' calculations from the Federal Reserve Bank of New York's Consumer Credit Panel/Equifax.

### ◀ CONSUMER DEBT

In 2016, debt per adult declined 0.5 percent in both the Toledo metro area and Ohio and rose 0.4 percent in the nation. At \$23,905 per adult with a credit report in December 2016, the Toledo metro area's average balance of mortgage, auto, and credit card debt continues to sit below that of Ohio and the nation. This is largely because the metro area has relatively low home prices and an older population. Low home prices keep mortgage balances low. The age of the population matters because older adults tend to have lower debt levels than younger adults.

Delinquency rates are the lowest they have been since at least the beginning of 2004.



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

### ◀ CREDIT CARD DELINQUENCY RATES

Credit card delinquency rates fell 0.3 percentage points in 2016 in both the metro area and Ohio, while declining 0.7 percentage points nationally. Delinquency rates are the lowest they have been since at least the beginning of 2004. The downward trend is due primarily to two factors: household incomes are rising as the economy grows, and lending standards are more stringent than they were a decade ago.

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## HOUSING MARKET

The median home value in the Toledo metro area rose 6.6 percent year-over-year, to \$108,400.

Year-over-year percent change



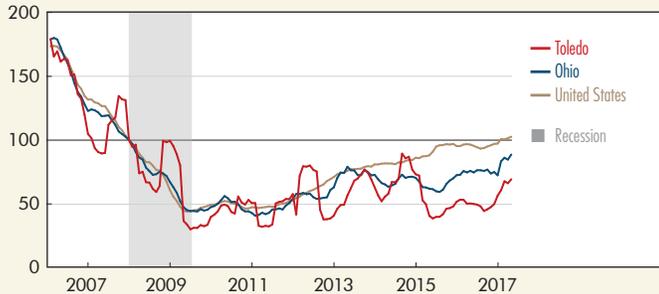
Source: Zillow.com/Haver Analytics.

### HOUSING PRICES

Between March 2016 and March 2017, the median home value in the Toledo metro area rose 6.6 percent, to \$108,400. Home values experienced strong growth during those 12 months, with the year-over-year change in home values in the metro area above 5.0 percent in 10 of those 12 months. This represents a substantial improvement in the metro area's housing market. The year-over-year change in the metro area's median home value is stronger than that of Ohio (5.4 percent) and comparable to that of the nation (6.8 percent).

The issuance of residential building permits has increased in the Toledo metro area 17 percent year-over-year.

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



Source: US Census Bureau/Haver Analytics.

### HOUSING PERMITS

The number of building permits issued for housing units increased in the Toledo metro area in the last quarter of 2016. The growth has continued in 2017—in the first quarter, 17 percent more permits have been issued than during the same quarter in 2016. Ohio and the nation also saw increases in the first three months of 2017, with year-over-year increases of 29 percent and 11 percent, respectively. Most of the increase occurred during the winter, and the mildness of the winter undoubtedly contributed to the increase in the number of building permits issued. More time will be needed to know whether the increase is primarily weather related or if it indicates improvement in the Toledo metro area's housing market.

## DEMOGRAPHICS AND EDUCATION

### TOLEDO, OHIO

According to 2016 US Census Bureau estimates, the Toledo metro area remained the 91st largest of the 381 metropolitan statistical areas in the nation. The share of adults older than 25 with an undergraduate degree is higher in the nation than in the metro area, but from 2009 to 2015 it increased more in the metro area.

	Toledo Metro Area		United States	
	2015	Change from 2009	2015	Change from 2009
Population	605,579	-0.8%	320,897,000	+4.6%
Adults with less than a high school diploma (percent)	9.7	-2.7	12.9	-1.9
Adults with an undergraduate degree or higher (percent)	25.5	+3.5	30.6	+2.7
Median age (years)	37.4	no change	37.8	+1.0
Median household income	\$48,585	-1.6%	\$57,542	+0.5%

Sources: 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).