Toledo—Pace of Growth Has Slowed

The economy of the Toledo metro area has continued to grow, but the pace of growth appears to have slowed relative to the strong growth seen in 2014 and 2015. For example, per capita gross domestic product rose only half a percent in 2016, compared to an average of 2.7 percent in 2014 and 2015. Employment growth also slowed, with employment growing 0.5 percent between March 2016 and March 2017, compared to growth of 1.6 percent between March 2014 and March 2015. Perhaps most troubling is that the metro area’s credit card delinquency rate and unemployment rate are rising. On the plus side, housing prices experienced their strongest growth in more than a decade.

### METRO AREA SNAPSHOT

<table>
<thead>
<tr>
<th>Unemployment Rate</th>
<th>Median Home Value</th>
<th>Payroll Employment</th>
<th>Credit Card Delinquency Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>August 2017 (percent)</td>
<td>One-year change (percentage points)</td>
<td>August 2017 (percent)</td>
<td>April 2017 (thousands)</td>
</tr>
<tr>
<td>Toledo</td>
<td>6.0</td>
<td>1.1</td>
<td>$109,300</td>
</tr>
<tr>
<td>Ohio</td>
<td>5.4</td>
<td>0.5</td>
<td>$129,300</td>
</tr>
<tr>
<td>United States</td>
<td>4.4</td>
<td>−0.5</td>
<td>$201,900</td>
</tr>
</tbody>
</table>

Unemployment in the Toledo metro area increased 1.1 percentage points during the last year.

#### UNEMPLOYMENT RATE

In August 2017, 6.0 percent of the Toledo metro area’s labor force was unemployed, a 1.1 percentage point increase from a year earlier. This increase appears to be due to a rise in the number of workers entering the labor force, not from more people losing their jobs. Essentially, the unemployment rate went up because the number of jobs created was less than the number of people entering the labor force. The fact that the labor force is growing suggests that as the job market has improved, more people have begun looking for work. Ohio’s unemployment rate rose during this time for the same reason—its labor force grew by more than its employment. In August 2017, Ohio’s unemployment rate was 5.4 percent, 1 percentage point higher than that of the nation.

#### GROSS DOMESTIC PRODUCT

After declining 2.3 percent in 2015, the Toledo metro area’s real per capita gross domestic product grew 0.5 percent in 2016. This growth is slower than the growth in Ohio (1.7 percent) and the nation (1.0 percent). The metro area’s 2016 per capita GDP is 7.4 percent higher than it was when the recession began in 2007; this is just less than Ohio’s growth (8.6 percent), but more than double the nation’s growth (3.3 percent), during the same time.

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Source: Bureau of Economic Analysis/Haver Analytics.
The Toledo metro area gained 1,420 jobs between March 2016 and March 2017. This increase (0.5 percent) is less than the job growth in Ohio or the nation (0.8 percent and 1.5 percent, respectively) during the same period. Toledo's slower employment growth reflects the fact that auto sales peaked in 2016 and that the metro area continued to lose population in 2016. As of March 2017, the Toledo metro area had 1.3 percent less employment than it did at the beginning of the recession, but both Ohio and the nation had gained back more employment than they each had lost during the recession.

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In 2015, the Toledo metro area’s real per capita income growth outpaced that of Ohio and was comparable to that of the nation.

The Toledo metro area’s average balance of mortgage, auto, and credit card debt remains below that of Ohio and the nation.

The Toledo metro area’s credit card delinquency rate has been increasing for the last three quarters.

### INCOME

#### INCOME PER CAPITA

In 2015, the Toledo metro area’s real per capita income rose to $43,388, an increase of $1,671. In percentage terms, in both 2014 and 2015 the metro area’s real per capita income growth outpaced that of Ohio and was comparable to that of the nation: In 2015, real per capita income grew 4.0 percent in the Toledo metro area, 3.7 percent in Ohio, and 4.1 percent in the nation.

#### CONSUMER DEBT

At $23,801 per adult with a credit report in the second quarter of 2017, the Toledo metro area’s average balance of mortgage, auto, and credit card debt continues to sit below that of Ohio ($26,848) and the nation ($39,073). The difference, especially relative to the nation, 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. Between June 2016 and June 2017, per capita debt declined 0.7 percent in the metro area and 1.1 percent in Ohio and rose 0.8 percent in the nation.

### CONSUMER FINANCES

#### CREDIT CARD DELINQUENCY RATE

The Toledo metro area’s credit card delinquency rate rose 0.2 percentage points in the second quarter of 2017, the third quarter in a row in which the delinquency rate increased. Between the second quarter of 2016 and the second quarter of 2017, the credit card delinquency rate rose in the Toledo metro area (0.4 percentage points) and declined in Ohio (0.1 percentage point) and the nation (0.3 percentage points). While all three places continue to have relatively low delinquency rates, the fact that the metro area’s rate is rising shows that some metro area households are having difficulty paying their bills.
The median home value in the Toledo metro area has increased 5.1 percent in the last year.

### HOUSING PRICES

Between August 2016 and August 2017, the median home value in the Toledo metro area increased 5.1 percent to $109,300. The metro area’s growth in home prices in 2016 and 2017 was faster and more sustained than in any previous year since 2004. Home-price growth has also been strong in Ohio (6.1 percent) and the nation (6.9 percent).

### HOUSING PERMITS

After falling in the middle of 2015, the number of residential building permits issued has continued to rebound in the Toledo metro area. In the first eight months of 2017, 523 permits were issued; this is 28 percent more permits than were issued during the same period in 2016. The increase in permits issued is a larger percentage growth than was seen in Ohio (19 percent) or the nation (9 percent) during the same period. However, the number of building permits issued remains 41.5 percent less than prerecession levels in the Toledo metro area, which saw a greater decline than Ohio (24.0 percent) or the nation (9.4 percent).

### DEMOGRAPHICS AND EDUCATION

#### Toledo, Ohio

Even though the Toledo metro area continues to lose population, it remained the 91st largest of the 382 metro areas in the nation in 2016. The median age in the metro area is below that of the nation and has been falling in the metro area while rising in the nation. This suggests the metro area is disproportionately losing older people and better retaining families with children.

<table>
<thead>
<tr>
<th></th>
<th>Toledo Metro Area</th>
<th>United States</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population</td>
<td>2016</td>
<td>2016</td>
</tr>
<tr>
<td></td>
<td>Change from 2010</td>
<td>Change from 2010</td>
</tr>
<tr>
<td>Adults with less than a high school diploma</td>
<td>9.5%</td>
<td>12.5%</td>
</tr>
<tr>
<td>Adults with an undergraduate degree or higher</td>
<td>27.1%</td>
<td>31.3%</td>
</tr>
<tr>
<td>Median age (years)</td>
<td>37.3</td>
<td>37.9</td>
</tr>
<tr>
<td>Median household income</td>
<td>$49,943</td>
<td>$58,940</td>
</tr>
</tbody>
</table>

Note: Percentage points is abbreviated as pp.
Sources: US Census Bureau population estimates; American Community Survey.

All monthly and quarterly figures are seasonally adjusted, and all dollar figures are in constant dollars, for which the base period is provided by the latest available data. Home prices are an exception, and they are not adjusted for inflation. 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 prerecession levels. If levels were growing before the recession, prerecession indexes will be below 100; if levels were falling before the recession, prerecession 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).