Toledo—Economic Situation Has Improved

The economic situation in the Toledo metro area has improved in recent months. The unemployment rate dropped 0.9 percentage points in the 12 months that ended with August 2018, and gains in manufacturing employment are helping to fill the gap left by the closure of the Jeep Cherokee plant. Home price growth has slowed but remains strong, and residential building permit issuance continues to increase. Households’ financial situations are holding steady, as measured by the credit card delinquency rate and consumer debt per capita. Though the metro area suffers from a declining population and little change to aggregate measures such as personal income per capita and GDP per capita, the economy appears to be firming up.

### Toledo metro area snapshot

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<th>Unemployment Rate</th>
<th>Median Home Value</th>
<th>Payroll Employment</th>
<th>Credit Card Delinquency Rate</th>
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<tr>
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<td>August 2018</td>
<td>August 2018</td>
<td>March 2018 (thousands)</td>
<td>2018:Q2 (percent)</td>
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<tr>
<td>Toledo</td>
<td>4.9 (percent)</td>
<td>$109,300</td>
<td>295 (thousands)</td>
<td>0.1 (percent)</td>
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<tr>
<td>Ohio</td>
<td>4.6 (percent)</td>
<td>$132,900</td>
<td>5,403 (thousands)</td>
<td>0.9 (percent)</td>
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<tr>
<td>United States</td>
<td>3.9 (percent)</td>
<td>$216,700</td>
<td>145,640 (thousands)</td>
<td>1.6 (percent)</td>
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### Unemployment Rate

After rising earlier in the year, the unemployment rate in the Toledo metro area stabilized at 4.9 percent in August 2018; this is almost a full percentage point (0.9 percentage points) lower than it was in August 2017. The size of the labor force declined in all but one month of 2018. This situation can cause the unemployment rate to rise if the number of unemployed people stays the same because the unemployment rate is the number of unemployed workers divided by the size of the labor force. It is encouraging that the metro area has continued to see year-over-year unemployment rate declines despite a declining number of workers in the labor force. In Ohio and the United States, the unemployment rate has been declining, but the downward trend seems to be slowing as the economy approaches full employment. Ohio’s unemployment rate was 4.6 percent in August 2018, and that of the United States was 3.9 percent.

### Gross Domestic Product

The Toledo metro area’s real GDP per capita has been largely flat since 2015, with only small fluctuations in both population and real GDP. At $57,060, the metro area’s GDP per capita is slightly higher than the state’s ($56,918), but, in percentage terms, the metro area’s output per person has not grown as much as the state’s average has since 2007. This shows that the metro area remains highly productive, but its productivity has not grown in recent years. Most likely, the metro area’s slow productivity growth is due to the fact that manufacturing continues to be a large share of the metro area’s output and, nationally, manufacturing productivity has been fairly stagnant since 2010. Since before the recession, the metro area’s GDP per capita has grown 7.1 percent, the state’s GDP per capita has grown 9.9 percent, and the nation’s GDP per capita has grown 4.7 percent.
The Toledo metro area’s manufacturing sector added 1,706 jobs in the 12 months that ended with March 2018, the largest year-over-year gain in this sector in two years. The sector remains an important part of the metro area’s economy, accounting for 15.6 percent of the jobs there.

Trade, transportation, and utilities lost 932 jobs between March 2017 and March 2018, with year-over-year declines during all 12 months. Professional and business services lost 832 jobs during the same period.

The manufacturing sector saw the strongest job growth (3.9 percent) of any sector in the Toledo metro area during the 12 months that ended with March 2018. Employment also increased in construction and leisure and hospitality, and first-quarter gains in leisure and hospitality were much stronger than in 2017. Professional and business services showed a marked decline of 2.3 percent. This sector has seen year-over-year declines in employment since April 2017. The trade, transportation, and utilities and government sectors also saw declines of 1.7 percent and 0.5 percent, respectively.

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At $45,374, income per capita in the Toledo metro area trails that of the state and the nation.

Since 2014, consumer debt per capita has remained low and been quite stable in the Toledo metro area.

After drifting upward in 2017, the credit card delinquency rate in the Toledo metro area stabilized at 7.4 percent during the first two quarters of 2018.

The Toledo metro area’s per capita income growth slowed to 1.4 percent in 2016 after making strong gains in 2014 and 2015. While some of the metro area’s increase in income per capita in 2016 was driven by a declining population, real personal income in the metro area also grew 1.3 percent in 2016. At $45,374, income per capita in the metro area remains below that in the state ($47,165) and in the nation ($52,027).

Consumer debt per capita has been quite stable in the Toledo metro area, Ohio, and the United States since 2014. State and national averages rose 1.7 percent, year-over-year, in the second quarter of 2018, but the metro area’s debt per capita rose just 0.7 percent—or $168 to $24,642—during the same period. One reason the metro area had less growth in debt is that growth in the median home value—which has an impact on the average mortgage balance included in consumer debt—has been lower in the metro area than in Ohio or the United States. In all three regions, debt per capita remains low compared to its level in the 2000s.

After drifting upward in 2017, the credit card delinquency rate in the Toledo metro area stabilized at 7.4 percent during the first two quarters of 2018. In the second quarter, the rate was equal to that of the United States, which has been increasing steadily during the past four quarters. In Ohio, the credit card delinquency rate also increased slightly, to 7.0 percent, though it remains low compared to rates during the years immediately following the Great Recession.
Between 2006 and 2016, the population of the Toledo metro area declined by 1.6 percent. Overall, the population has become more educated since 2006. The proportion of adults who have not finished high school decreased by 2.8 percentage points, and the proportion who have a bachelor’s degree or higher increased by 4.1 percentage points. Residents of the metro area are slightly younger on average than those of the nation as a whole, with a median age of 37.3. Median household income has dropped significantly (~9.0 percent) during the 10-year period; this is surprising given the share of households with income of $100,000 or more rose from 14 percent in 2006 to 20 percent in 2016, according to the American Community Survey. This combination of facts suggests that the Toledo metro area has experienced income polarization, with a decline in the share of households with “middle-class” incomes.