

FOURTH DISTRICT METRO MIX

YOUR DISTRICT, YOUR DATA



Joel Elvery and Julianne Dunn

TOLEDO, OHIO MSA | JUNE 2019

FEDERAL RESERVE BANK of CLEVELAND

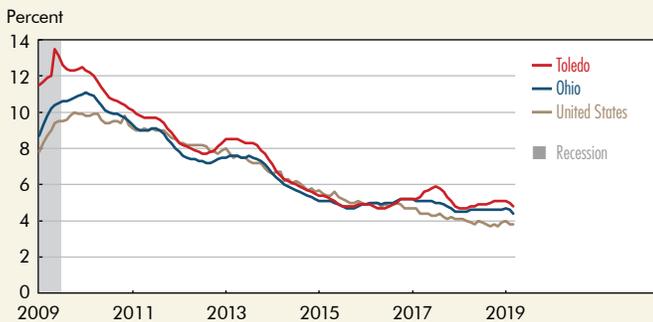
Toledo—Economy Rebounds

By a number of measures, the economy of the Toledo metro area has essentially bounced back to where it was at the end of 2015. The number of jobs, the unemployment rate, output per person, and median personal income are all similar to their 2015 levels—a positive situation representing a recovery from the 2017 closure of the Jeep Cherokee plant that reduced the number of jobs and increased the unemployment rate in the region. Coupled with the start of Jeep Gladiator production in March 2019, the rebound suggests the region will experience growth in 2019, as it will once again have two active Jeep plants (a first since the first half of 2017). Construction activity picked up in 2018, with more construction jobs and anecdotal reports of strong demand for warehouse space. Another bright spot in the region has been the housing market; building permits for apartments rose dramatically in 2018, and house values have continued to grow about 5.4 percent per year.

METRO AREA SNAPSHOT

	Unemployment Rate		Median Home Value		Payroll Employment		Credit Card Delinquency Rate	
	March 2019 (percent)	One-year change (percentage points)	March 2019	One-year change (percent)	September 2018 (thousands)	One-year change (percent)	2019:Q1 (percent)	One-year change (percentage points)
Toledo	4.8	0.1	\$113,400	5.4	294	1.1	7.4	-0.1
Ohio	4.4	-0.1	\$139,600	7.0	5,410	0.7	7.0	-0.0
United States	3.8	-0.2	\$226,700	6.6	146,414	1.6	7.5	0.2

In March 2019, the unemployment rate fell to 4.8 percent in the Toledo metro area.

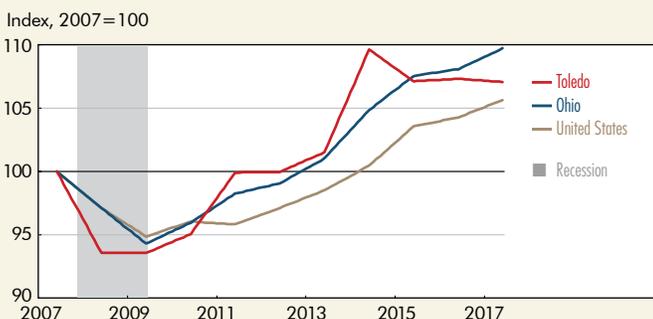


Source: Bureau of Labor Statistics/Haver Analytics.

◀ UNEMPLOYMENT RATE

After falling sharply at the end of 2017, the unemployment rate in the Toledo metro area gradually moved upward throughout 2018. In March 2019, the rate fell to 4.8 percent. This drop is the result of both an uptick in the size of the labor force and a drop in the number of people unemployed. In Ohio, the unemployment rate has been fairly steady since December 2017, hovering around 4.6 percent. However, the state also experienced a drop in the number of people unemployed in March 2019, and the rate fell to 4.4 percent, its lowest level since August 2001. In the United States, the unemployment rate has leveled off, hovering around 3.8 percent (the March 2019 reading) for the previous 12 months.

GDP per capita in the Toledo metro area has been largely flat since 2015.



Source: Bureau of Economic Analysis/Haver Analytics.

◀ GROSS DOMESTIC PRODUCT

After making a relatively quick recovery after the Great Recession, GDP per capita in the Toledo metro area has been largely flat since 2015. At \$57,571, it is slightly higher than in the state (\$57,125). However, Ohio's GDP per capita has grown steadily since 2012, and it increased 1.5 percent between 2016 and 2017. This was slightly faster than in the United States as a whole, where GDP per capita grew 1.3 percent to \$61,829 between 2016 and 2017.

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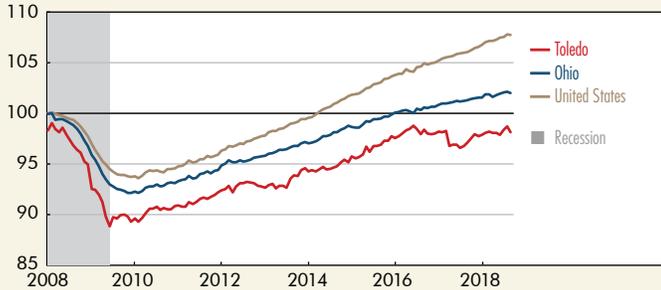
EMPLOYMENT AND INDUSTRIAL SECTORS

◀ EMPLOYMENT

There were more than 294,000 jobs in the Toledo metro area in September 2018—that is 1.1 percent more jobs than in the previous September. Though the metro area has slightly fewer jobs than it did before the Great Recession (there were just fewer than 300,000 jobs in December 2007), the population has also declined, leaving fewer people available to work. Employment growth was slower in Ohio (0.7 percent), but it has made a more steady recovery since the recession. In the United States, employment grew 1.6 percent between September 2017 and September 2018.

The number of jobs in the Toledo metro area rose 1.1 percent between September 2017 and September 2018.

Index, 2007:M12=100

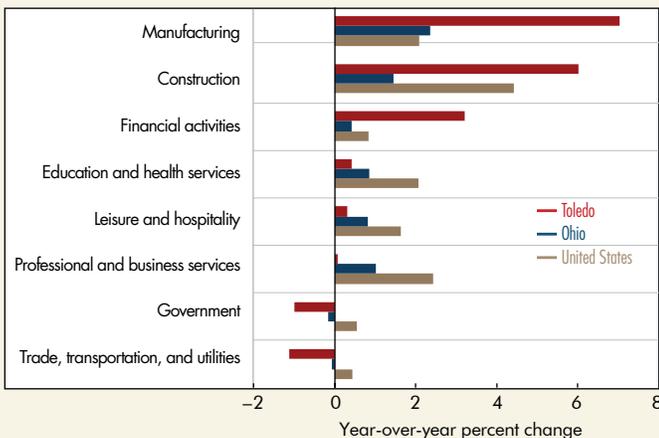


Source: Bureau of Labor Statistics' Quarterly Census of Employment and Wages.

◀ EMPLOYMENT GROWTH BY SECTOR

Manufacturing employment in the Toledo metro area grew 7.0 percent between September 2017 and September 2018. This represents a recovery from the sharp decline that occurred in April 2017 when the Jeep Cherokee plant closed. Construction employment also increased, growing 6.0 percent in the 12 months prior to September 2018. Employment growth in education and health services, leisure and hospitality, and professional and business services lags the national average in the metro area and in the state. Professional and business services employment in the metro area grew just 0.1 percent, compared with 2.4 percent growth in the nation. Such a situation can play an important role in the metro area's outlook for overall economic growth because jobs in professional and business services on average pay higher wages than those in construction and manufacturing.

In the year that ended with September 2018, manufacturing and construction saw the greatest employment growth in the Toledo metro area.



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

◀ SECTOR EMPLOYMENT

Trade, transportation, and utilities remains an important sector for employment in the Toledo metro area, accounting for 18.6 percent of jobs there. Though employment in the sector was down slightly year-over-year, it has been relatively stable over time, and this small loss (618 jobs) appears to be a normal fluctuation. Manufacturing saw the largest 12-month change in employment, adding 2,940 jobs between September 2017 and September 2018. The bulk of these added jobs were in transportation equipment manufacturing. The construction sector also experienced a large gain, adding 820 jobs in the 12 months leading up to September 2018.

In the Toledo metro area, manufacturing saw the largest 12-month change in employment, adding 2,940 jobs between September 2017 and September 2018.

Sector	Employment	12-month change	Share of employment
Trade, transportation, and utilities	54,680	-618	18.6
Education and health services	50,316	208	17.1
Manufacturing	44,797	2,940	15.2
Government	38,834	-390	13.2
Professional and business services	34,565	29	11.7
Leisure and hospitality	33,890	104	11.5
Construction	14,434	820	4.9
Financial activities	9,953	310	3.4

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

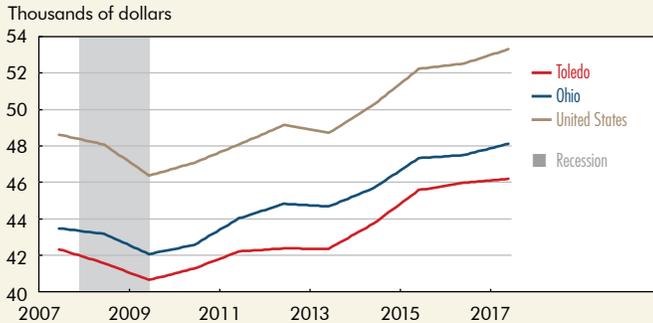
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INCOME

Real personal income per capita increased by just \$216 in the Toledo metro area in 2017.



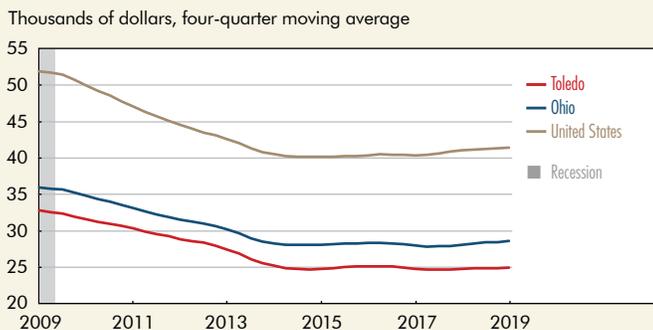
Source: Bureau of Economic Analysis/Haver Analytics.

◀ INCOME PER CAPITA

Real personal income per capita increased by just \$216, or 0.5 percent, in the Toledo metro area in 2017. Total real personal income grew just 0.3 percent in 2017, but per capita income grew faster because the metro area's population declined during the same period. This means that a slightly larger pie was divided among a slightly smaller number of people, so the percentage increase per person was greater than the total percentage increase. In Ohio, per capita personal income increased by \$641, or 1.3 percent, and in the United States, it increased \$811, or 1.5 percent. In 2017, personal income per capita was also higher in Ohio (\$48,192) and the United States (\$53,373) than in the Toledo metro area (\$46,257).

CONSUMER FINANCES

Consumer debt per capita has been relatively stable in the Toledo metro area since the second quarter of 2014.

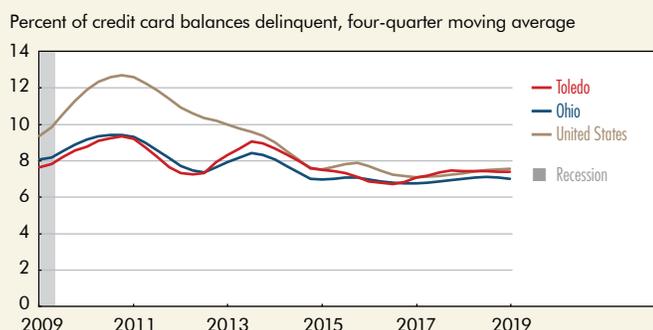


Source: Authors' calculations from the Federal Reserve Bank of New York's Consumer Credit Panel/Equifax.

◀ CONSUMER DEBT

Consumer debt per capita has been relatively stable in the Toledo metro area, Ohio, and the United States since the second quarter of 2014. In the first quarter of 2019, the four-quarter moving average of debt per capita in the metro area was \$24,775, lower than that in the state (\$28,462) and that in the nation (\$41,252). In Ohio, debt per capita was up 1.8 percent compared with the first quarter of 2018; the Toledo metro area and the United States saw slower growth, at 0.6 percent and 0.9 percent, respectively.

At 7.4 percent, the credit card delinquency rate has been stable in the Toledo metro area since the fourth quarter of 2017.



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

◀ CREDIT CARD DELINQUENCY RATE

At 7.4 percent, the credit card delinquency rate has been stable in the Toledo metro area since the fourth quarter of 2017. During the same period, the nation's credit card delinquency rate has increased slowly, to 7.5 percent. In Ohio, the rate has been steady at 7.0 percent except for a one-quarter uptick of 0.1 percentage points in the third quarter of 2018.

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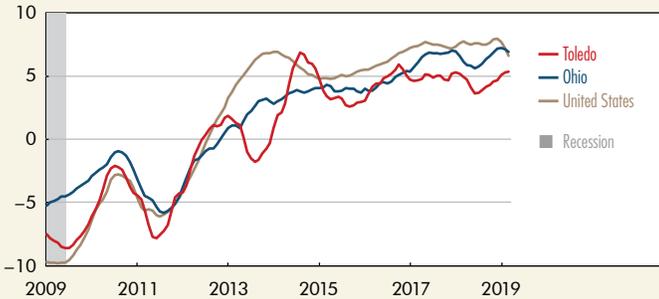
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HOUSING MARKET

After slowing during the second half of 2018, home price growth in the Toledo metro area has picked up.

Year-over-year percent change



Source: Zillow.com/Haver Analytics.

HOUSING PRICES

After slowing during the second half of 2018, home price growth in the Toledo metro area has picked up. In March 2019, the median home value was \$113,400, 5.4 percent higher than it was a year earlier. Still, homes are less expensive in the metro area than elsewhere in the state and nation. In Ohio, the median home value was \$139,600 in March 2019, 7.0 percent higher than in March 2018. During the same period, the median home value in the United States rose 6.6 percent to \$226,700.

Building permit issuance in the Toledo metro area shot up in March 2019.

Index, 2007:M12=100, 12-month moving average



Source: US Census Bureau/Haver Analytics.

HOUSING PERMITS

Building permit issuance in the Toledo metro area shot up in March 2019, as a result of a spike in the number of permits for apartment buildings. In the Toledo metro area, Ohio, and the United States, permit issuance has not reached the level it was prior to the recession. However, the period before the recession was marked by a large build-up in residential construction activity, so it is not surprising that construction has not returned to that unsustainable level of activity.

DEMOGRAPHICS AND EDUCATION

TOLEDO, OHIO

Between 2007 and 2017, the Toledo metro area's population declined by 1.6 percent, while the population in the United States grew 7.9 percent during the same period. Similarly, inflation-adjusted median household income declined by 8.2 percent in the metro area, compared with a slight increase (0.6 percent) in median income in the nation. The population has aged in both the metro area and the nation—the median age increased to 37.3 and 38.1 years, respectively. Educational attainment continues to improve in the metro area. About 1 in 8 adults aged 25 years or older had less than a high school diploma in 2007; in 2017, that figure was down to about 1 in 10.

	Toledo Metro Area		United States	
	2017	Change from 2007	2017	Change from 2007
Population	603,830	-1.6%	325,147,000	+7.9%
Adults with less than a high school diploma	10.5%	-1.8 pp	12.0%	-3.5 pp
Adults with an undergraduate degree or higher	27.1%	+3.4 pp	32%	+4.5 pp
Median age (years)	37.3	+0.7	38.1	+1.4
Median household income	\$52,256	-8.2%	\$62,572	+0.6%

Note: Percentage points is abbreviated as pp.

Sources: US Census Bureau population estimates; American Community Survey.

Joel Elvery is a policy economist at the Federal Reserve Bank of Cleveland. Julianne Dunn is a research analyst at the Bank. The authors thank economic analyst Christopher Vecchio for preparing the charts.

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).