

# FOURTH DISTRICT METRO MIX

YOUR DISTRICT, YOUR DATA



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TOLEDO, OHIO MSA | JUNE 2018

## FEDERAL RESERVE BANK of CLEVELAND

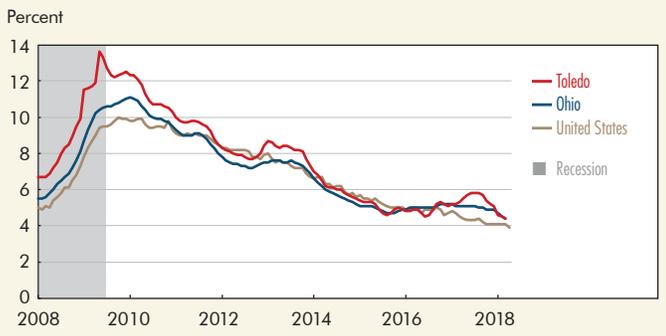
### Toledo—Mixed Signals

Indicators suggest that the economic situation in the Toledo metro area is a mixed bag. Measures of real per capita gross domestic product and per capita income rose slightly in 2016, but recent estimates of employment and unemployment paint a darker picture. Though the unemployment rate has fallen, the decline is driven by a decrease in the labor force. Consumer debt per capita has fallen slightly, but credit card delinquency rates are on the rise. On the housing side, home prices grew 7.7 percent between March 2017 and March 2018, but permits for new housing have stabilized.

#### METRO AREA SNAPSHOT

	Unemployment Rate		Median Home Value		Payroll Employment		Credit Card Delinquency Rate	
	March 2018 (percent)	One-year change (percentage points)	March 2018	One-year change (percent)	September 2017 (thousands)	One-year change (percent)	2017:Q4 (percent)	One-year change (percentage points)
Toledo	4.4	-0.9	\$109,757	7.7	292	-0.8	7.4	0.7
Ohio	4.4	-0.7	\$130,659	6.4	5,365	0.6	6.9	0.2
United States	4.1	-0.4	\$213,146	8.0	143,869	1.0	7.2	0.1

As of March 2018, the unemployment rate in the Toledo metro area was 4.4 percent.

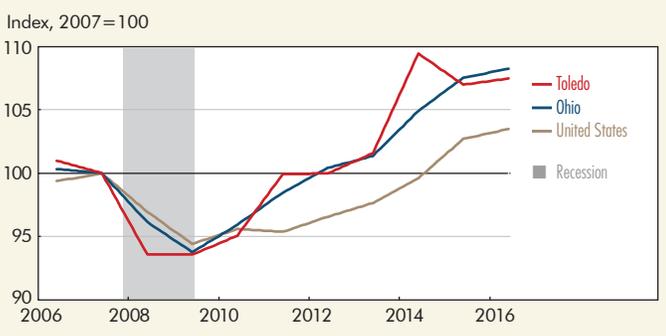


Sources: Bureau of Labor Statistics/Haver Analytics.

#### ◀ UNEMPLOYMENT RATE

As of March 2018, the unemployment rate in the Toledo metro area was 4.4 percent. This is down 0.9 percentage points from a year earlier. On a month-over-month basis, the figure has dropped during the last seven months. Some of this decline may be due to people giving up looking for work, something economists call “discouraged workers.” But discouraged workers are not the only reason for the decline—the number of unemployed people in the metro area fell by 3,000 between March 2017 and March 2018, while the labor force fell by only 2,700 people during those 12 months. The size of the labor force can shrink for a variety of reasons, including retirements and population loss.

Real gross domestic product per capita in the Toledo metro area grew 0.5 percent in 2016.



Sources: Bureau of Economic Analysis/Haver Analytics.

#### ◀ GROSS DOMESTIC PRODUCT

Real gross domestic product per capita in the Toledo metro area grew 0.5 percent in 2016. This was slightly slower than growth in Ohio (0.7 percent) and the United States (0.8 percent). Since 2007, the metro area’s real GDP per capita has risen 7.5 percent, slightly less than the 8.3 percent growth experienced in Ohio, but more than the 3.5 percent growth experienced in the nation as a whole.

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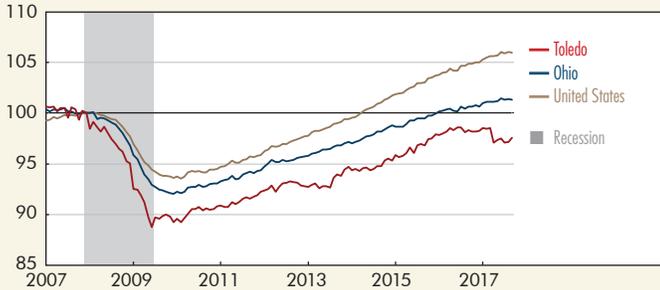
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## EMPLOYMENT AND INDUSTRIAL SECTORS

Following several years of growth, employment in the Toledo metro area declined by 2,240 jobs between September 2016 and September 2017.

Index, 2007:M12=100

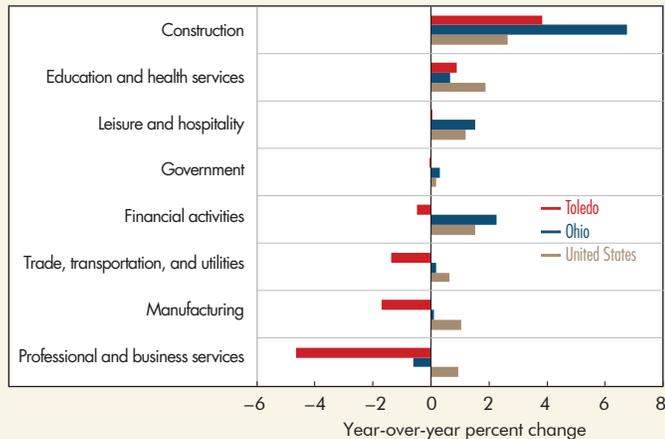


Source: Bureau of Labor Statistics' Quarterly Census of Employment and Wages.

### EMPLOYMENT

Following several years of growth, employment in the Toledo metro area declined by 2,240 jobs (0.8 percent) between September 2016 and September 2017. Much of the decline can be attributed to the closure of the Jeep Cherokee assembly plant in April 2017; the year-over-year employment loss in the month of the plant's closure was 1.5 percent. Since then, employment has been fairly steady. While Ohio and the United States have seen employment levels rise above their December 2007 prerecession levels, as of September 2017, employment in the metro area had reached just 97.5 percent of its December 2007 level. However, a decline in population in the metro area is responsible for some of this decline in employment. The employment-to-population ratio dropped much less than did employment over a 10-year period—from 48.9 percent in 2006 to 47.4 percent in 2016.

The Toledo metro area saw declines in many employment sectors between September 2016 and September 2017.



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

### EMPLOYMENT GROWTH BY SECTOR

The decline in employment for the Toledo metro area was spread across many sectors. Employment declined in five industries: government; financial activities; trade, transportation, and utilities; manufacturing; and professional and business services. The most significant of these was a 4.6 percent decline in employment in professional and business services. Within professional and business services, the decline was concentrated in the administrative support and waste management and remediation services sector. However, the construction sector saw an increase in employment in the Toledo metro area between September 2016 and September 2017; strong growth in August and September followed nearly a year of decline in this sector. Growth in construction employment has also been high in Ohio, averaging 6.6 percent year-over-year between April and September.

Four of the five largest employment sectors in the Toledo metro area lost jobs between September 2016 and September 2017.

Sector	Employment	12-month change	Share of employment
Trade, transportation, and utilities	55,386	-763	18.9
Education and health services	50,215	438	17.1
Manufacturing	43,918	-762	15.0
Government	39,215	-22	13.4
Professional and business services	34,541	-1,684	11.8
Leisure and hospitality	33,713	18	11.5
Construction	13,622	501	4.6
Financial activities	9,650	-46	3.3

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

### SECTOR EMPLOYMENT

More than 55,000 people in the Toledo metro area work in trade, transportation, and utilities, a sector that includes jobs in retail and wholesale trade, commercial and passenger transportation, warehousing, power generation and distribution, and water and sewage treatment. Employment in the sector declined by 763 jobs between September 2016 and September 2017. Professional and business services, a sector that employs about 20,000 fewer people, saw an even larger decline of 1,684 jobs in the Toledo metro area during the same period. Manufacturing also saw a decline, year-over-year, during every month in 2017 for which we have data.

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## INCOME

Though income per capita growth slowed in 2016, the Toledo metro area outpaced both the state and the nation.



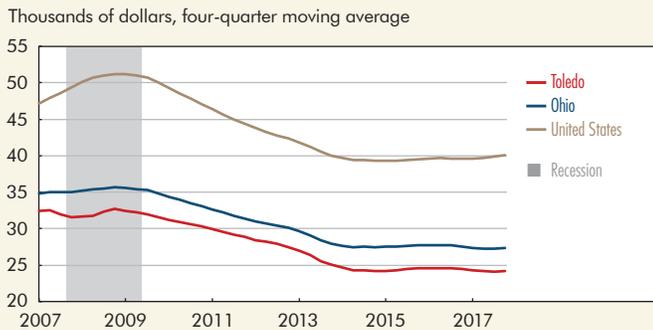
Sources: Bureau of Economic Analysis/Haver Analytics.

### ◀ INCOME PER CAPITA

Income per capita growth slowed in 2016, but the Toledo metro area outpaced both Ohio and the United States at 1.4 percent. Income per capita grew only 0.5 percent in the state in 2016, just above the national average of 0.3 percent. Income per capita in the metro area in 2016 was \$45,051, just \$1,142 below Ohio's \$46,193. The gap between the metro area and the state is the smallest it has been since 2007. However, it is important to keep in mind that the denominator (population) in these calculations has also been declining in the metro area.

## CONSUMER FINANCES

Consumer debt per capita was down in the Toledo metro area between the fourth quarter of 2016 and the fourth quarter of 2017.

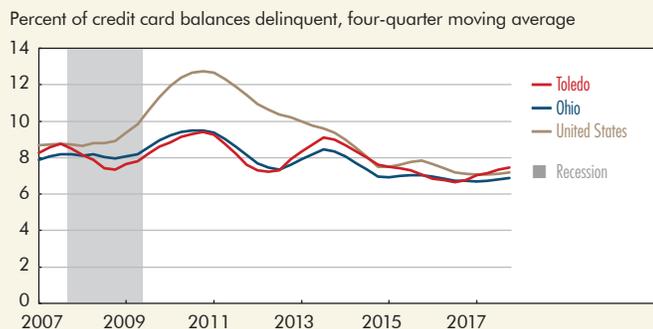


Sources: Authors' calculations from the Federal Reserve Bank of New York's Consumer Credit Panel/Equifax.

### ◀ CONSUMER DEBT

Consumer debt per capita ticked down slightly in the Toledo metro area and in Ohio between the fourth quarter of 2016 and the fourth quarter of 2017. In the metro area, the figure dropped by \$274 (1.1 percent) to \$24,161. The decline in the state was slightly smaller—\$230 (0.8 percent). At the national level, debt per capita saw the largest year-over-year increase (1.1 percent) since the first quarter of 2009. National consumer debt per capita now stands at \$40,069. This figure is substantially higher than those in the metro area and the state, but the difference is largely driven by the fact that housing is much more expensive in other parts of the country. Higher home values drive up mortgage balances.

The Toledo metro area's credit card delinquency rate rose to 7.4 percent in the fourth quarter of 2017.



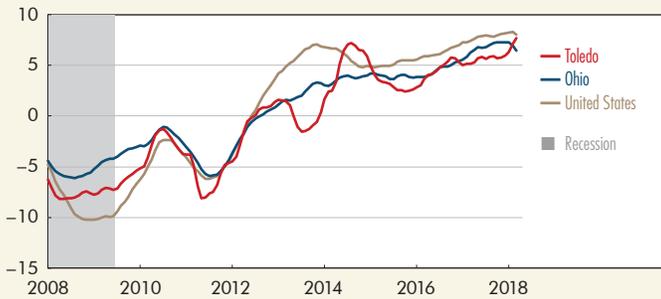
Sources: Authors' calculations from the Federal Reserve Bank of New York's Consumer Credit Panel/Equifax.

### ◀ CREDIT CARD DELINQUENCY RATE

The credit card delinquency rate, a measure of the degree to which credit card holders are behind on making payments, rose to 7.4 percent in the Toledo metro area in the fourth quarter of 2017. The figure grew, year-over-year, in every quarter of 2017, with increases of 0.7 percentage points in the third and fourth quarters. This growth suggests that household finances in the area are worsening. Ohio's credit card delinquency rate ticked up slightly to 6.9 percent in the fourth quarter, a 0.2 percentage point increase compared with a year earlier. The national figure is in between the metro area's and the state's at 7.2 percent.

The Toledo metro area has experienced solid growth in home prices over the past four years.

Year-over-year percent change



Sources: Zillow.com/Haver Analytics.

## HOUSING MARKET

## ◀ HOUSING PRICES

Average home prices grew 7.7 percent in the Toledo metro area in the 12 months leading up to March 2018. This was slightly faster than growth in Ohio (6.4 percent) but slightly slower than in the United States as a whole (8.0 percent). The median home value in the metro area was \$109,757 in March, up from \$101,898 a year earlier. Solid growth in this figure over the past four years suggests that the metro area's housing market has recovered from the downturn during the Great Recession.

Residential building permit issuance in the Toledo metro area stabilized during the first three months of 2018.

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



Sources: US Census Bureau/Haver Analytics.

## ◀ HOUSING PERMITS

After rebounding from a sharp drop during 2015, residential building permit issuance stabilized during the first three months of 2018 in the Toledo metro area. In the United States as a whole, permit issuance is growing steadily and approaching prerecession levels. Permit issuance was very strong in the years leading up to the recession, but 40 percent fewer permits were issued in March 2018 compared with December 2007. Given that the Toledo metro area's population has fallen during the past 10 years, the drop in permit issuance could be a sign that the current housing stock is sufficient for the metro area.

## DEMOGRAPHICS AND EDUCATION

## ◀ TOLEDO, OHIO

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 dropped by 2.8 percentage points, and the proportion who have a bachelor's degree or higher increased by 4.1 percentage points. People in the metro area are slightly younger, on average, than people in the nation, with a median age of 37.3. Median household income has also dropped significantly.

	Toledo Metro Area		United States	
	2016	Change from 2006	2016	Change from 2006
Population	604,591	-1.6%	323,406,000	+8.4%
Adults with less than a high school diploma	9.5%	-2.8 pp	12.5%	-3.4 pp
Adults with an undergraduate degree or higher	27.1%	+4.1 pp	31.3%	+4.3 pp
Median age (years)	37.3	+1.0	37.9	+1.5
Median household income	\$50,764	-9.0%	\$59,909	-0.1%

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).