

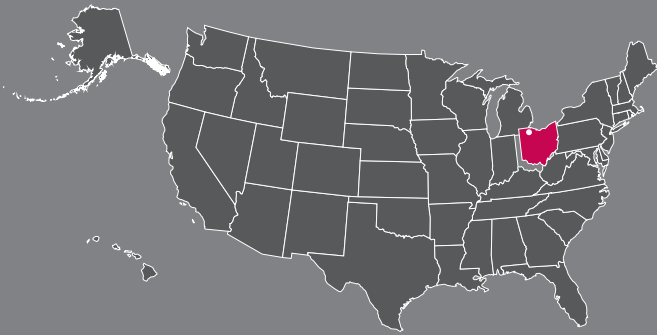
HUD PD&R Housing Market Profiles

Toledo, Ohio



Quick Facts About Toledo

- **Current sales market conditions: soft.**
- **Current apartment market conditions: balanced.**
- **The Toledo metropolitan area has historically been known for glass and automotive manufacturing, particularly Jeep® brand vehicles.**



By Fernando L. Ramirez | As of July 1, 2014

Overview

The Toledo metropolitan area encompasses Fulton, Lucas, Ottawa, and Wood Counties in northwestern Ohio. The principal city of Toledo, also known as the Glass City because of the historical importance of its glass manufacturing industry, is in Lucas County, approximately 60 miles southwest of Detroit, Michigan.

- As of July 1, 2014, the population of the metropolitan area was estimated at 649,000, a decrease of 570, or less than 1 percent, annually since April 1, 2010.
- Since 2010, net out-migration from the metropolitan area has averaged 2,125 people annually, less than the average annual out-migration of 3,825 people that prevailed from 2003 through 2010.
- The city of Toledo, the most populous city in the metropolitan area, has a population of approximately 287,200, or 44 percent of the population of the metropolitan area.



PD&R

The manufacturing sector led nonfarm payroll growth in the Toledo area in the second quarter of 2014.

	3 Months Ending		Year-Over-Year Change	
	June 2013 (thousands)	June 2014 (thousands)	Absolute (thousands)	Percent
Total nonfarm payrolls	310.5	312.1	1.6	0.5
Goods-producing sectors	53.5	54.9	1.4	2.6
Mining, logging, and construction	11.9	11.3	-0.6	-5.0
Manufacturing	41.6	43.7	2.1	5.0
Service-providing sectors	257.0	257.2	0.2	0.1
Wholesale and retail trade	45.0	45.4	0.4	0.9
Transportation and utilities	13.2	13.8	0.6	4.5
Information	3.3	3.4	0.1	3.0
Financial activities	10.4	10.3	-0.1	-1.0
Professional and business services	35.1	36.1	1.0	2.8
Education and health services	53.4	51.8	-1.6	-3.0
Leisure and hospitality	35.4	35.7	0.3	0.8
Other services	13.4	13.9	0.5	3.7
Government	47.8	46.8	-1.0	-2.1
	(percent)	(percent)		
Unemployment rate	8.1	5.7		

Note: Numbers may not add to totals because of rounding.
Source: U.S. Bureau of Labor Statistics

Economic Conditions

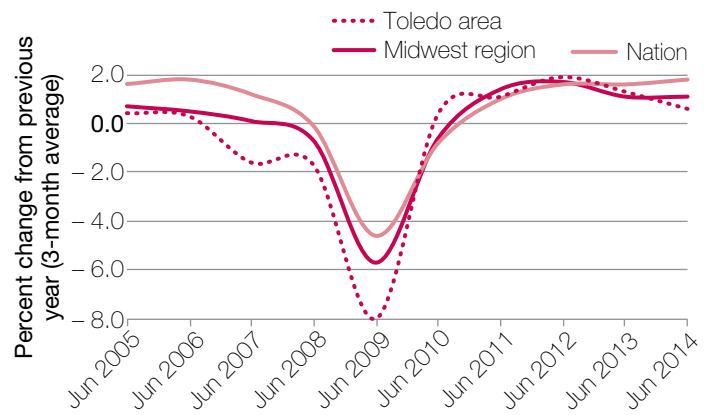
Economic conditions in the Toledo metropolitan area are improving after declines in nonfarm payrolls from the 3 months ending August 2006 through the 3 months ending May 2010. Despite recent improvement, nonfarm payrolls remain below the peak of 336,500 jobs during the 3 months ending December 2005, before the beginning of the most recent recession. The leading employers in the metropolitan area are ProMedica Health System, Inc., Mercy Health Partners, and Bowling Green State University, with 11,250, 6,175, and 5,950 employees, respectively.

During the 3 months ending June 2014—

- Nonfarm payrolls averaged 312,100 jobs, an increase of 1,600 jobs, or 0.5 percent, from the same 3-month period in 2013.
- The manufacturing and the professional and business services sectors led job growth by adding 2,100 and 1,000 jobs, increases of 5.0 and 2.8 percent, respectively.
- The mining, logging, and construction sector lost jobs at a greater rate than any other sector, declining by 600 jobs, or 5.0 percent, from the same period a year earlier because of a slowdown in commercial construction.
- The unemployment rate averaged 5.7 percent, down from the average of 8.1 percent during the same period a year ago, largely because of job gains in the manufacturing sector.

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Nonfarm payrolls in the Toledo area have been recovering since 2010 after steep losses during the recession from December 2007 to June 2009.



Note: Nonfarm payroll jobs.
Source: U.S. Bureau of Labor Statistics

Largest employers in the Toledo area

Name of Employer	Nonfarm Payroll Sector	Number of Employees
ProMedica Health System, Inc.	Education and health services	11,250
Mercy Health Partners	Education and health services	6,175
Bowling Green State University	Government	5,950

Note: Excludes local school districts.
Source: Regional Growth Partnership



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In 2014, Chrysler Group LLC began hiring additional employees at its Perrysburg facility to relieve permanent workers who are currently working overtime. By the time hiring is complete in late 2014, 1,000 additional workers are expected, which will contribute to gains in the manufacturing sector. In 2010, the Toledo-Lucas County Port Authority purchased a historic 111-acre Jeep® site in north Toledo,

which the Port Authority is currently redeveloping into Overland Industrial Park. In the second half of 2014, construction is expected to begin on a facility in Overland Industrial Park for Airgas, Inc., a distributor of industrial, medical, and specialty gases. The facility is expected to create 25 jobs in the transportation and utilities sector by the end of 2014.

Sales Market Conditions

After years of population declines, sales housing market conditions in the Toledo metropolitan area are soft. During the 12 months ending June 2014, the number of new homes sold totaled 170, an 11-percent increase from the previous 12-month period (Metrostudy, A Hanley Wood Company). During the same period, the number of existing homes sold totaled 9,350, a 6-percent decrease from the previous 12-month period. The average sales price of new homes increased 12 percent, to \$235,800, and the average sales price of existing homes increased 6 percent, to \$127,900.

- Because of continued net out-migration, the current level of home sales remains well below the levels from 2005 through 2007, when the number of new and existing homes sold averaged 950 and 11,550 a year, respectively.
- Despite recent increases, existing home prices remain slightly below the annual prerecession peak of \$130,700 in 2006 because of continued net out-migration.
- The current price for new homes exceeds the annual prerecession high of \$187,400 in 2006 because of job gains since 2010.
- As of June 2014, 5.1 percent of mortgage loans were 90 or more days delinquent, were in foreclosure, or transitioned into

REO (Real Estate Owned) status, down from 6.7 percent in June 2013 (Black Knight Financial Services, Inc.) because of nonfarm payroll gains during the past 12 months.

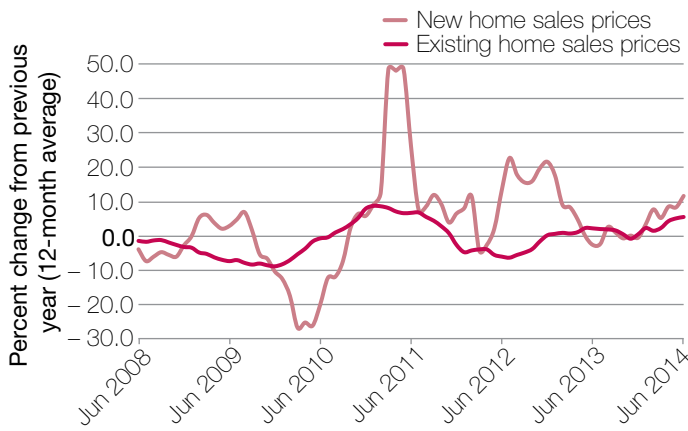
- Prices for new three-bedroom, single-family homes start at approximately \$120,000.

Although single-family permitting activity has been increasing since 2012, the number of single-family homes permitted remains near the lowest levels since 2000 because of annual declines in population since 2003.

- During the 12 months ending June 2014, 580 single-family homes were permitted, an increase of 5 percent compared with the 550 homes permitted during the previous 12-month period and up from the 430 homes permitted during the 12 months ending June 2012 (preliminary data) because of gains in nonfarm payrolls since 2010.
- By comparison, the number of single-family homes permitted averaged 2,075 annually from 2000 through 2007 before declining to an average of 540 annually from 2008 through 2012 because of job losses from 2006 through 2010.

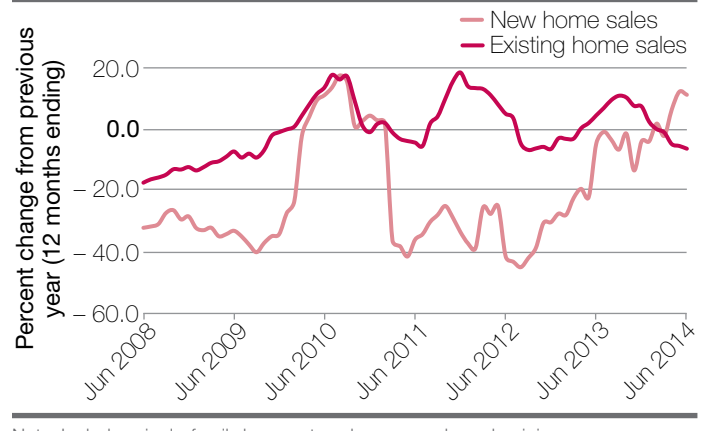
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New home sales prices in the Toledo area have increased since 2010, but existing home sales prices have remained relatively stagnant.



Note: Includes single-family homes, townhomes, and condominiums.
Sources: Metrostudy, A Hanley Wood Company; adjustments by the analyst

Existing home sales in the Toledo area have remained relatively stable since the expiration of the first-time homebuyer tax credit in 2010, but new home sales initially had declined but have begun to increase.



Note: Includes single-family homes, townhomes, and condominiums.
Sources: Metrostudy, A Hanley Wood Company; adjustments by the analyst

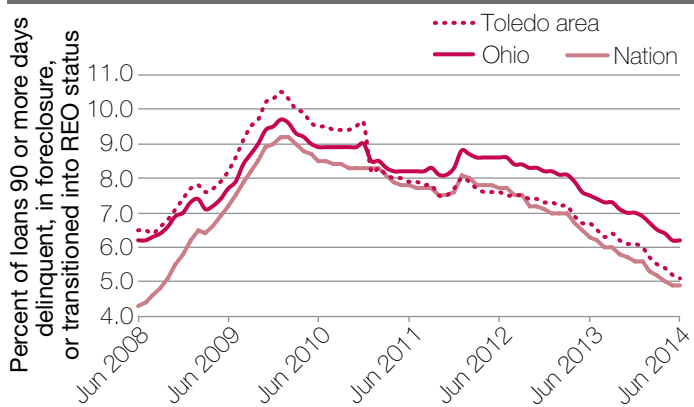


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- Although new single-family development consists largely of infill, the metropolitan area has a few new subdivisions, such as Crystal Ridge, in Maumee, with villa-style homes starting at \$159,000. In

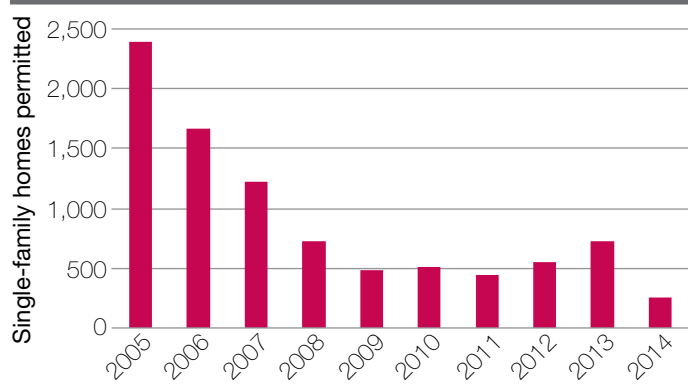
May 2014, construction began on Hawthorne, a new subdivision in Perrysburg with home prices expected to start at \$240,000; approximately 25 homes per year are planned, with 241 homes expected by the time the development is complete in 10 years.

The distressed mortgage and REO property rate for the Toledo area has been declining since 2010 and fell below the rate for Ohio in 2011.



REO = Real Estate Owned.
Source: Black Knight Financial Services, Inc.

Despite a slight recovery in 2013, single-family permitting activity in the Toledo area remained near the lowest levels recorded since 2005.



Note: Includes preliminary data from January 2014 through July 2014.
Source: U.S. Census Bureau, Building Permits Survey

Apartment Market Conditions

Apartment market conditions in the Toledo metropolitan area are currently balanced. The apartment market has tightened since 2011 because of job gains since 2010, coupled with limited numbers of apartment completions since 2008.

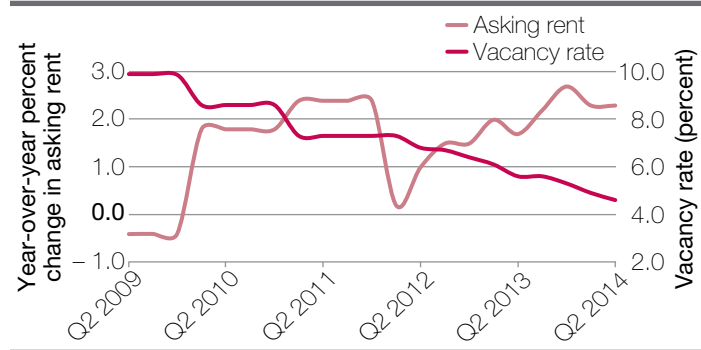
- The apartment vacancy rate was 4.6 percent during the second quarter of 2014, down from 5.6 percent during the second quarter of 2013 and much less than the rate of 8.6 percent in 2010 (Reis, Inc.). Apartments constitute an estimated 43 percent of the rental housing inventory.
- Asking rents for all apartments averaged \$620 during the second quarter of 2014, a 2-percent increase compared with the average asking rent during the same quarter a year ago.
- During the second quarter of 2014, the average asking apartment rents by number of bedrooms were \$530, \$680, and \$890 for one-, two-, and three-bedroom units, respectively.
- In June 2014, rents at market-rate properties built since 2000 were estimated at approximately \$800, \$950, and \$1,350, for one-, two-, and three-bedroom units, respectively.

Multifamily permitting activity in the Toledo metropolitan area increased during the past 12 months in response to tightening apartment market conditions.

- Approximately 330 multifamily units were permitted during the 12 months ending June 2014 compared with 95 units permitted during the previous 12 months (preliminary data).
- By comparison, multifamily permitting averaged 750 units a year from 2004 through 2008 before declining to an average of 220 units a year from 2009 through 2013, when builders responded to soft apartment market conditions by reducing multifamily construction activity.

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Since 2010, rents have increased and vacancy rates have declined, indicating tightening apartment market conditions in the Toledo area.



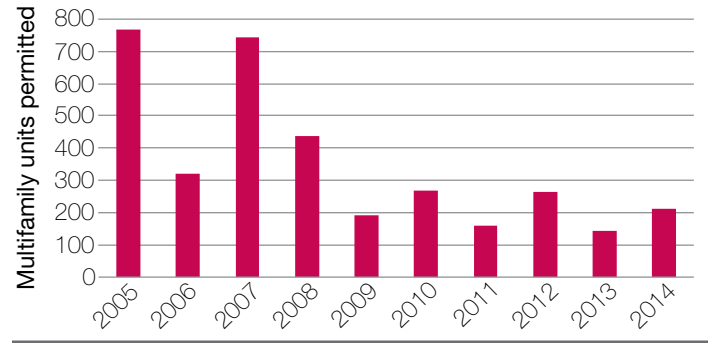
Source: Reis, Inc.



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- The 96-unit The Grove at Toledo, which is being marketed primarily to students, is currently under construction near the University of Toledo and is expected to be complete by October 2015.
- The 205-unit, 598-bed Toledo University Kuring Student Housing, currently under construction near the University of Toledo campus is expected to be complete by the summer of 2015; the starting rents are currently uncertain.
- The 69-unit Harbor Town Senior Residence, an income-restricted apartment development for seniors age 55 and older currently under construction in Perrysburg, is expected to be complete by February 2015; the starting rents have not been announced.

Despite a recovery in 2014, multifamily permitting activity in the Toledo area remained below the levels typical before 2008.



Note: Includes preliminary data from January 2014 through July 2014.
Source: U.S. Census Bureau, Building Permits Survey

