

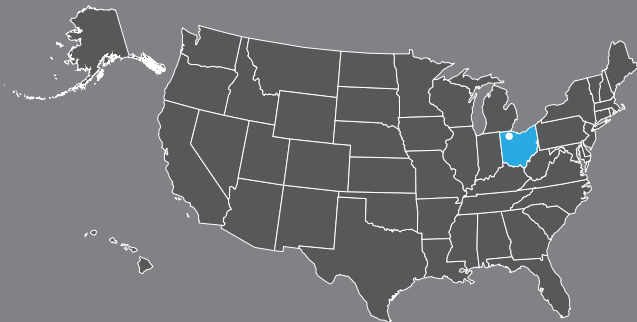
HUD PD&R Housing Market Profiles

Toledo, Ohio



Quick Facts About Toledo

- **Current sales market conditions: balanced**
- **Current rental market conditions: balanced**
- **The Toledo metropolitan area has been known for automobile manufacturing, particularly the Jeep, since 1941 when the Willys-Overland Company built more than 350,000 general purpose (GP) military vehicles during World War II. Currently, the Jeep Gladiator and the Jeep Wrangler are produced at assembly plants in the Toledo metropolitan area (Fiat Chrysler Automobiles, 2019).**



By Diana Villavicencio | As of March 1, 2019

Overview

The Toledo metropolitan area, along the Maumee River and adjacent to Lake Erie, is approximately 60 miles southwest of the city of Detroit. The metropolitan area is coterminous with the Toledo, OH Metropolitan Statistical Area, which consists of Fulton, Lucas, and Wood Counties. The city of Toledo, in Lucas County, is the economic center and the most populous city of the metropolitan area, with nearly one-half of the population of the metropolitan area. The metropolitan area is home to the University of Toledo and Bowling Green State University, with 10,900 and 3,400 employees, respectively. During the 2015–16 fiscal year, the University of Toledo had an economic impact of \$3.3 billion on the metropolitan area (University of Toledo).

- As of March 1, 2019, the estimated population of the Toledo metropolitan area was 602,000, representing an average decline of 875, or 0.1 percent, each year since 2011. During this period, net out-migration averaged 2,425 people a year, and net natural increase (resident births minus resident deaths) averaged 1,550 people a year.
- From 2007 to 2011, a period that included the local economic downturn, net out-migration averaged 3,575 people annually

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because of job opportunities outside of the metropolitan area. At the same time, net natural increase averaged 2,375 people a year, resulting in population loss averaging 1,200, or 0.2 percent, annually.

- The slowing of net natural increase is tied, in part, to an increasing number of people at retirement age. During 2017, the population aged 65 and older accounted for nearly 16 percent of the population, up from 14 percent in 2013.

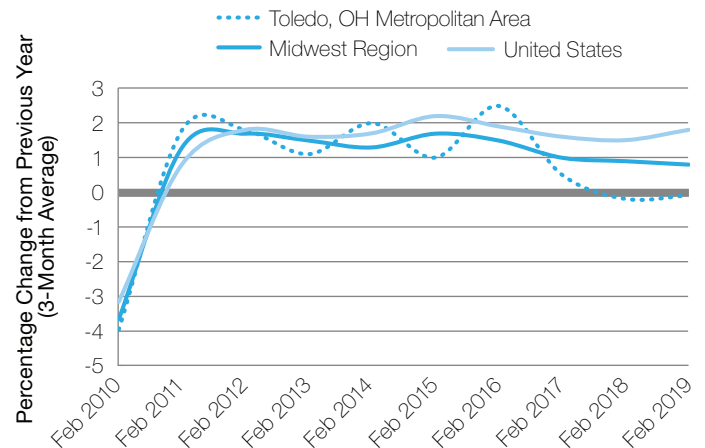
Economic Conditions

Following the local economic downturn that occurred from 2007 through 2010, nonfarm payrolls increased an average of 1.5 percent annually in the Toledo metropolitan area from 2011 through 2017, but jobs have declined during the past 24 months, and are 7 percent below the all-time peak of 330,200 jobs in 2000. During the 3 months ending February 2019, nonfarm payrolls decreased by 300 jobs, or 0.1 percent, to 308,000, compared with a 500-job, or 0.2-percent decrease, during the same 3-month period in 2018. By comparison, nonfarm payrolls grew an average 0.7 and 1.8 percent, respectively, in Ohio and the nation, during the 3 months ending February 2019—

- Nonfarm payroll loss in the Toledo metropolitan area was largest in the leisure and hospitality sector, down by 1,200 jobs, or 3.7 percent, to 31,200 jobs. During the period, 170 employees were laid off at the Holiday Inn French Quarter in preparation for a March 31, 2019, closure.
- The only two other nonfarm payroll sectors to lose jobs were the professional and business services and the wholesale and retail trade sectors, decreasing by 800 and 200 jobs, or 2.2 and 0.5 percent, respectively. Job loss in the two sectors resulted from declines in the administrative and support and waste management and remediation services and general merchandise stores of 800 and 300 jobs, or 4.1 and 3.9 percent, respectively.

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Job growth in the Toledo metropolitan area has lagged behind the rate of growth for the Midwest and the nation since 2017.



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

Even with eight sectors adding jobs or with no change in the Toledo metropolitan area, nonfarm payrolls declined overall during the 3 months ending February 2019 relative to a year ago.

	3 Months Ending		Year-Over-Year Change	
	February 2018 (Thousands)	February 2019 (Thousands)	Absolute (Thousands)	Percent
Total Nonfarm Payrolls	308.3	308.0	-0.3	-0.1
Goods-Producing Sectors	57.9	59.0	1.1	1.9
Mining, Logging, & Construction	12.8	13.7	0.9	7.0
Manufacturing	45.1	45.4	0.3	0.7
Service-Providing Sectors	250.4	249.0	-1.4	-0.6
Wholesale & Retail Trade	44.4	44.2	-0.2	-0.5
Transportation & Utilities	13.8	14.2	0.4	2.9
Information	2.8	2.8	0.0	0.0
Financial Activities	10.9	11.1	0.2	1.8
Professional & Business Services	37.0	36.2	-0.8	-2.2
Education & Health Services	51.1	51.3	0.2	0.4
Leisure & Hospitality	32.4	31.2	-1.2	-3.7
Other Services	12.0	12.0	0.0	0.0
Government	45.9	45.9	0.0	0.0
	(Percent)	(Percent)		
Unemployment Rate	5.1	5.3		

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



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- Partially offsetting job losses in the Toledo metropolitan area were increases in the mining, logging, and construction sector, which rose by 900 jobs, or 7.0 percent. Job growth in the construction subsector was supported by the development of a \$400 million, 1 million-square-foot First Solar manufacturing plant and an \$82 million, 380,000-square-foot expansion of a Walgreens warehouse; at completion, approximately 850 jobs will be added at both projects total.
- The unemployment rate in the Toledo metropolitan area increased to an average of 5.3 percent, from 5.1 percent during the same period 1 year earlier. The current unemployment rate is lower than the 12.3 percent all-time peak during 2009, however.

Despite 9 years of job loss in the manufacturing sector, from 2001 through 2009, when competition from foreign automakers, automation, and two national recessions reduced auto manufacturing employment, the sector has continued to be an important part of the Toledo metropolitan area economy. From 2010 through 2017, the manufacturing sector added more jobs than any other sector with 8,800 new jobs. In 2013, approximately 1,800 jobs were added at a Jeep plant to produce the new Jeep

Cherokee, which contributed to job growth. During the 3 months ending February 2019, the manufacturing sector expanded by 300 jobs, or 0.7 percent, to 45,400, compared with an increase of 500 jobs, or 1.2 percent, during the previous year. The current level of manufacturing jobs accounts for nearly 15 percent of total nonfarm payrolls in the metropolitan area, higher than 12 percent in 2009, but below 18 percent in 2000. Job growth in the sector is expected to continue when construction of the First Solar manufacturing facility is complete in late 2019, adding approximately 500 new jobs, which will make First Solar the largest solar panel manufacturer in the nation.

Largest Employers in the Toledo Metropolitan Area

Name of Employer	Nonfarm Payroll Sector	Number of Employees
ProMedica Health Systems	Education & Health Services	14,475
The University of Toledo	Government	10,900
Mercy Health Partners	Education & Health Services	8,825

Note: Excludes local school districts.
Sources: Moody's Analytics, 2017; Lucas County, OH, 2017

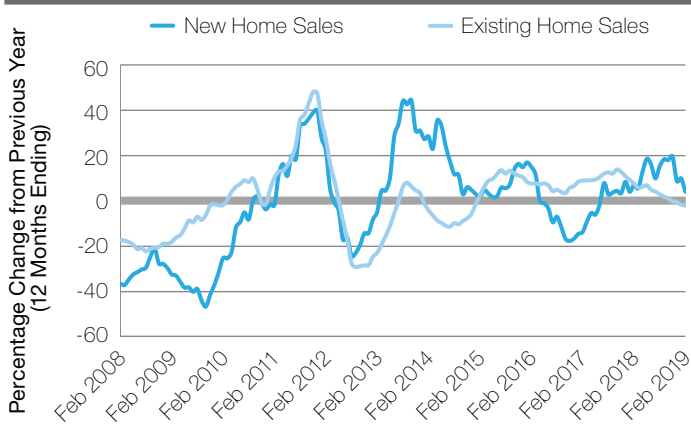
Sales Market Conditions

The sales housing market in the Toledo metropolitan area is balanced with an estimated sales vacancy rate of 1.6 percent as of March 1, 2019, down from 2.5 percent during April 2010. Market conditions have improved since the housing market downturn that occurred from 2007 through 2010 because much of the excess inventory that resulted from the foreclosure crisis has been absorbed. As of February 1, 2019, the average months' supply of homes was 2.8, down from 3.6 months' supply of homes in February 2018 and down from 10.8 months in April

2010 (CoreLogic, Inc.). During 2010, 7.5 percent of home loans in the metropolitan area were seriously delinquent (90 or more days delinquent or in foreclosure) or had transitioned into real estate owned (REO) status, compared with rates of 7.1 and 8.2 percent for Ohio and the nation, respectively (CoreLogic, Inc.). As of February 2019, the rate of seriously delinquent loans and REO properties in the metropolitan area was 1.8 percent, down from 2.4 percent a year earlier; that is below the 2.0-percent rate for Ohio but above the 1.6-percent rate for the nation.

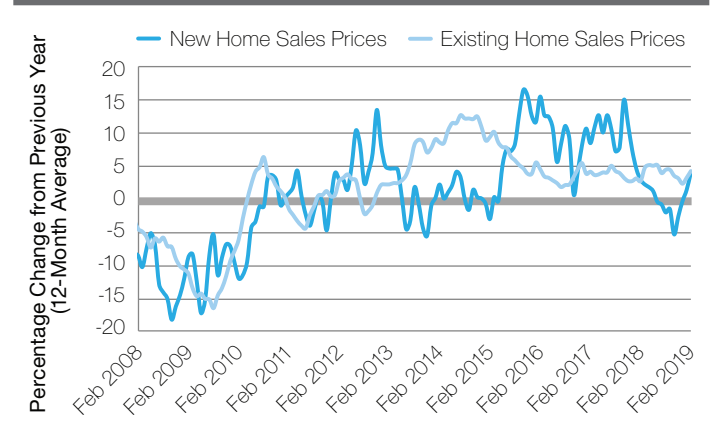
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Existing home sales in the Toledo metropolitan area shifted from growth to a decline since December 2018, and new home sales have been increasing since summer 2017.



Note: Includes single-family homes, townhomes, and condominiums.
Source: CoreLogic, Inc., with adjustments by the analyst

Existing home sales prices in the Toledo metropolitan area have increased since late 2012, and new home sales prices shifted from a decline to growth during January 2019.

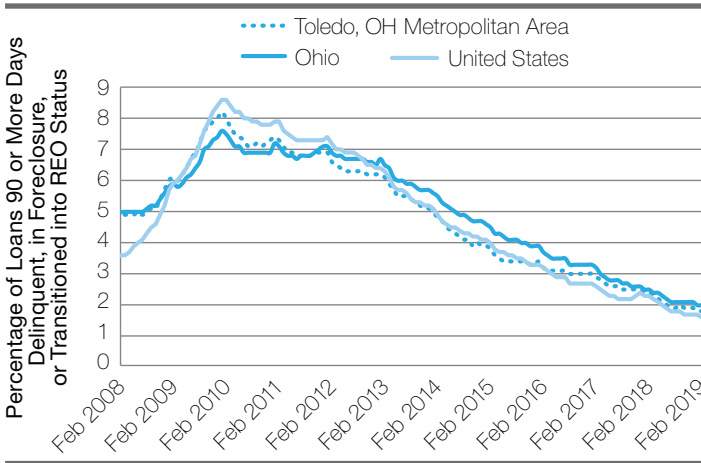


Note: Includes single-family homes, townhomes, and condominiums.
Source: CoreLogic, Inc., with adjustments by the analyst



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The rate of seriously delinquent mortgages and REO properties has declined significantly in the Toledo metropolitan area since the early 2010s but is currently above the rate for the nation.



REO = real estate owned.

Source: CoreLogic, Inc., with adjustments by the analyst

During the 12 months ending February 2019—

- Approximately 9,850 existing homes (including single-family homes, townhomes, and condominiums) sold in the metropolitan area, down approximately 2 percent from the 10,000 homes sold during the previous 12 months (CoreLogic, Inc., with adjustments by the analyst), and up 35 percent from a low of 7,275 homes sold in 2010 during the local housing market downturn. From 2007 through 2010, when the sales market was weak, regular resales declined by 4,975 homes, but REO sales increased by 1,300 homes.
- The existing home sales price averaged \$134,000, up 4 percent from a year earlier and approximately 43 percent greater than the average \$94,000 price in 2010 when an elevated level of REO sales negatively affected the average sales price in the metropolitan area.
- New home sales (including single-family homes, townhomes, and condominiums) increased 4 percent from a year earlier to approximately 310 homes sold, and the average sales price increased 4 percent to \$215,300. Since 2007, new home sales have been subdued compared with existing home sales, partly because the average new home sales price is 61 percent higher than the average existing home sales price.

Rental Market Conditions

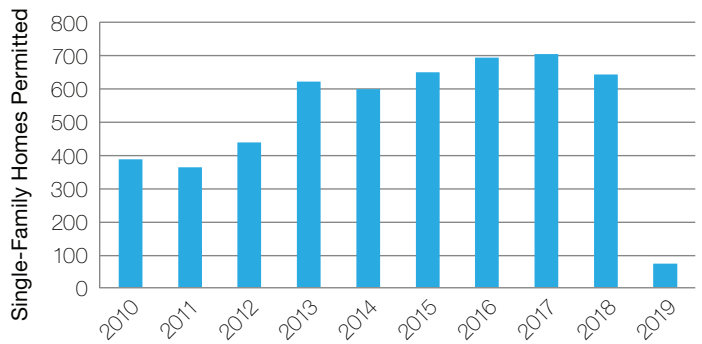
As of March 1, 2019, overall rental housing market conditions are currently balanced in the Toledo metropolitan area, with an estimated 7.5-percent vacancy rate for all rental units (including single-family homes, townhomes, mobile homes, and apartments), down from 11.3 percent in April 2010. Renter households currently account for approximately 40.1 percent of all households in the metropolitan area, up from 35.0 percent during April 2010. The overall rental vacancy rate is higher than the apartment vacancy rate because many older single-family homes were converted for rental use during the 2010s.

- Approximately 74 percent of total home sales occurred in Lucas County, partly because average home sales prices in Lucas County are 8 percent below the average sales price in the metropolitan area.

Homebuilding activity, as measured by the number of single-family homes permitted, has increased since 2012 but has been at relatively low levels since 2010.

- The number of single-family homes permitted totaled 630 during the 12 months ending February 2019, up 11 percent from the 570 homes permitted during the previous 12-month period (preliminary data). Permitting in Lucas County accounted for nearly 53 percent of all single-family homes permitted in the metropolitan area.
- From 2010 through 2012, in response to the local economic contraction and housing market downturn, an average of 400 single-family homes was permitted a year, compared with an average of 650 homes permitted a year from 2013 through 2017, when economic conditions generally improved.
- New single-family home construction in Lucas County is concentrated outside the city of Toledo. In the city of Sylvania, the Brint Crossing subdivision is currently under construction, with the last 18 lots for sale; at completion, the subdivision will include 96 homes. The price for a recently completed 2,250-square-foot, four-bedroom, three-bathroom home starts at \$317,900.

Single-family home permitting in the Toledo metropolitan area decreased since 2017, after increasing from 2014 through 2017.



Note: Includes preliminary data from January 2018 through February 2019. Source: U.S. Census Bureau, Building Permits Survey

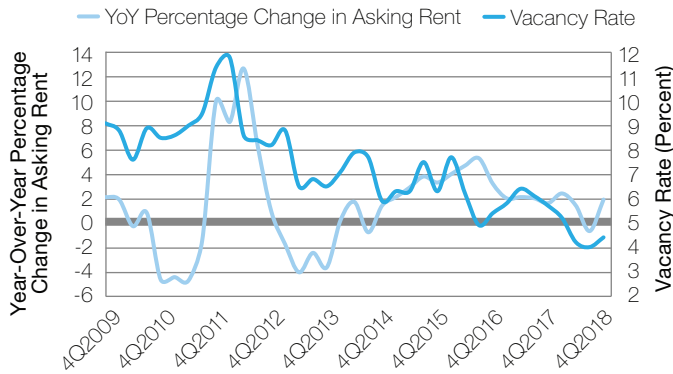
- The apartment market was slightly tight during the fourth quarter of 2018, with a vacancy rate of 4.4 percent, down from 5.7 percent a year earlier and from 8.5 percent in 2010 (RealPage, Inc.).
- Vacancy rates were generally higher in areas near the Jeep assembly plants and the two universities, particularly in the RealPage Inc.-defined Central Toledo/East Lucas and the Bowling Green/Wood County market areas. The lowest vacancy

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Renter household growth has contributed to the declining vacancy rates and increasing rents in the Toledo metropolitan area since 2014.



4Q = fourth quarter.
YoY = year-over-year.
Source: RealPage, Inc.

rate, 3.8 percent, was in the West Toledo market area, and the highest rate, 5.6 percent, was in the Bowling Green/Wood County market area.

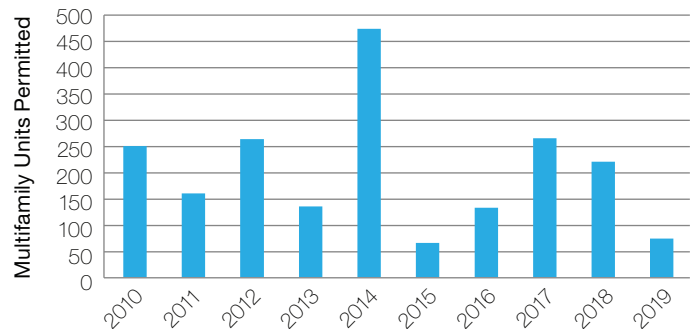
- During the fourth quarter of 2018, average apartment rent increased nearly 2 percent to \$733 from the fourth quarter of 2017, faster than the 1-percent average annual rent increase from 2010 through 2016. Average rents in the metropolitan area ranged from \$657 in the Central Toledo/East Lucas County market area to \$869 in the Bowling Green/Wood County market area.
- The rental market in the metropolitan area is notably affected by the 40,950 students enrolled at the University of Toledo and Bowling Green State University, of which approximately 32,500 live off campus, accounting for approximately 5 percent of the rental market. Enrollment at the two universities has declined an average of 0.4 percent a year from fall 2008 to fall 2017.

Multifamily construction, as measured by the number of multifamily units permitted, has been moderate in the Toledo metropolitan area since 2010, but spiked in 2014.

- During the 12 months ending February 2019, approximately 290 multifamily units were permitted, up 14 percent from the 250 units permitted during the previous 12-month period (preliminary data; estimates by the analyst).

- From 2010 through 2013, multifamily permitting averaged 200 units a year, increased to 480 units in 2014, but declined to an average of 160 units a year from 2015 through 2017 to allow for the absorption of recently completed units.
- Recent market-rate apartment completions in the city of Toledo include the 106-unit Tower on the Maumee, which was completed in August 2018. The units are in the top 11 floors of a 30-story office building in downtown Toledo; rents for one- and two-bedroom units start at \$1,005 and \$1,690, respectively.
- The growing number of people at retirement age has affected the rental market, and projects currently under construction include three senior apartment properties with a combined 212 units in the cities of Toledo, Oregon, and Swanton.
- Construction is underway on the third phase of the 55-unit Collingwood Green Apartments, approximately 1 mile west of downtown Toledo, with completion expected by January 2020; the first and second phases were completed in 2013 and 2015 and include 65 senior units and 68 general occupancy units, respectively. The property will be financed in part with Low-Income Housing Tax Credit equity and will feature two-, three-, and four-bedroom units, with 27 units restricted to households at or below 60 percent of the area median income and subsidies provided for the remaining 28 units through the Community Housing Assistance Program.

Multifamily construction has been moderate in the Toledo metropolitan area since 2009 but increased significantly during 2014.



Note: Includes preliminary data from January 2018 through February 2019.
Source: U.S. Census Bureau Building Permits Survey

