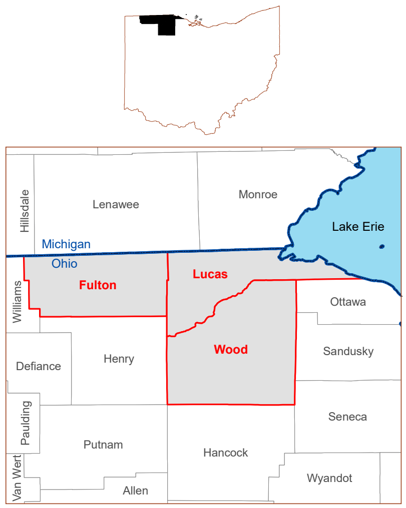
COMPREHENSIVE HOUSING MARKET ANALYSIS

Toledo, Ohio

U.S. Department of Housing and Urban Development | Office of Policy Development and Research | As of September 1, 2018



Housing Market Area

The Toledo Housing Market Area (HMA), along the Maumee River and adjacent to Lake Erie, is approximately 60 miles southwest of the city of Detroit. The HMA is coterminous with the Toledo, OH Metropolitan Statistical Area, which consists of Fulton, Lucas, and Wood Counties. The HMA includes the city of Toledo, known as the Glass City, in Lucas County. It is the most populous city in the HMA and the economic center of the HMA. The HMA historically has been known for glass and automobile manufacturing, particularly the Jeep.

Summary

Economy

Economic conditions in the Toledo HMA improved from 2011 through 2016, but jobs have declined during the past 24 months, and nonfarm payrolls are below the all-time peak of 330,200 jobs in 2000. During the 12 months ending August 2018, nonfarm payrolls decreased by 900 jobs, or 0.3 percent, to 308,200, compared with a decline of 200 jobs, or 0.1 percent, that occurred during the same period 1 year earlier. Despite the recent overall payroll contraction, the education and health services sector added jobs. Nonfarm payrolls are expected to increase by an average of 100 jobs, or less than 1 percent, annually, as economic conditions stabilize during the 3-year forecast period.

Sales Market

The sales housing market in the HMA is currently balanced, with an estimated 1.8-percent vacancy rate, down from 2.5 percent in April 2010. New and existing home sales in the HMA totaled 10,400 during the 12 months ending August 2018, up 130, or 1 percent, from the previous 12 months. During the forecast period, demand is estimated for 2,275 new homes (Table 1). The 270 homes currently under construction in the HMA will satisfy some of the demand.

Rental Market

The rental housing market in the HMA is currently balanced, with an estimated vacancy rate of 7.0 percent, down from 11.3 percent in 2010, when conditions were soft. During the forecast period, demand is estimated for 870 new market-rate rental units (Table 1). The 390 units currently under construction and the 420 units in planning will satisfy a large portion of the demand during the forecast period.

Table 1. Housing Demand in the Toledo HMA During the Forecast Period

	Toledo HMA	
	Sales Units	Rental Units
Total Demand	2,275	870
Under Construction	270	390

Notes: Total demand represents estimated production necessary to achieve a balanced market at the end of the forecast period. Units under construction as of September 1, 2018. The forecast period is September 1, 2018, to September 1, 2021.

Source: Estimates by analyst

Market Details

Economic Conditions

The Toledo HMA was established as a manufacturing hub in the 1880s, when the city of Toledo became known for glass manufacturing. In the 20th century, glass manufacturing and proximity to Detroit enabled Toledo to become a major automotive manufacturing center. In 1941, Toledo car makers began producing the city's most renowned product, the Jeep. The Jeep brand has been produced by a division of Fiat Chrysler Automobiles (FCA) US LLC since 2009, when Fiat began its acquisition of Chrysler. By 2000, the manufacturing sector, with 59,500 jobs, or 18.0 percent of nonfarm payrolls, was the largest employment sector in the HMA. However, manufacturing-sector jobs declined every year by an average 2,800 jobs, or 6.0 percent, from 2001 through 2009, when a combination of increased competition from foreign auto makers, automation, and two national recessions affected auto manufacturing employment in the HMA. During the 2007-to-2009 national recession, a lack of available credit for potential car buyers significantly reduced car sales in 2008, and Chrysler cut thousands of jobs nationally, including 825 jobs at the Jeep plant in the HMA. By late 2008, Chrysler had 56,600 employees nationally, after reductions of about 32,000 employees since 2007. From 2010 through 2016, the sector started recovering when an average 1,500 jobs, or 3.9 percent, were added annually and accounted for 40 percent of total nonfarm payroll growth during this period. In 2013, approximately 1,800 jobs were added to a Jeep plant in the city of Perrysburg to produce the new Jeep Cherokee; Fiat took full ownership of Chrysler in 2014. During the most recent 24 months, the manufacturing sector has fluctuated, however. Jobs in the sector remained unchanged during the 12 months ending August 2018 (Table 2), compared with the loss of 700 jobs, or 1.5 percent, a year earlier. In February 2017, Jeep announced that 3,200 workers would be laid off while the plant is updated for the new Jeep Wrangler. Even with the reduction, FCA US LLC is currently the fourth largest employer in the HMA, with 6,150 employees (Table 3). The current

Table 2. 12-Month Average Nonfarm Payroll Jobs in the Toledo HMA, by Sector

	12 Months Ending		Absolute Change	Percent Change
	August 2017	August 2018		
Total Nonfarm Payroll Jobs	309,100	308,200	– 900	– 0.3
Goods-Producing Sectors	57,900	58,000	100	0.2
Mining, Logging, & Construction	14,000	14,100	100	0.7
Manufacturing	43,900	43,900	0	0.0
Service-Providing Sectors	251,200	250,200	– 1,000	– 0.4
Wholesale & Retail Trade	44,900	44,400	– 500	– 1.1
Transportation & Utilities	13,900	14,100	200	1.4
Information	2,900	2,900	0	0.0
Financial Activities	10,900	10,900	0	0.0
Professional & Business Services	37,200	35,800	– 1,400	– 3.8
Education & Health Services	50,800	52,000	1,200	2.4
Leisure & Hospitality	32,800	33,000	200	0.6
Other Services	12,500	12,700	200	1.6
Government	45,300	44,600	– 700	– 1.5

Notes: Based on 12-month averages through August 2017 and August 2018. Numbers may not add to totals because of rounding.

Source: U.S. Bureau of Labor Statistics

Table 3. Major Employers in the Toledo HMA

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
Fiat Chrysler Automobiles US LLC	Manufacturing	6,150
Bowling Green State University	Government	3,400
Kroger Inc.	Wholesale & Retail Trade	2,925
Lucas County	Government	2,875
Sauder Woodworking	Manufacturing	2,850
Libbey Glass	Manufacturing	2,775
City of Toledo	Government	2,650

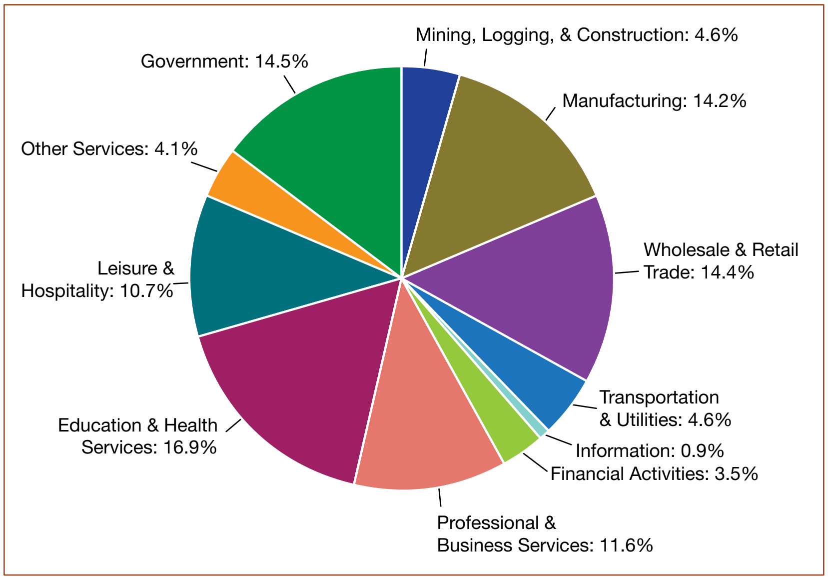
Note: Excludes local school districts.

Sources: Moody's Analytics, 2017; Lucas County, OH, 2017 level of manufacturing jobs is 43,900, or 14.2 percent of nonfarm payrolls, which is higher than the 34,200 jobs, or 12 percent, in 2009.

The government sector is also an important part of the HMA economy. With 44,600 jobs, or 14.5 percent of nonfarm payrolls, the government sector is the second largest in the HMA (Figure 1) despite overall sector losses since 2000. It contains 4 of the 10 largest employers in the HMA, including the University of Toledo and Bowling Green State University, with 10,900 and 3,400 employees, respectively. During the 2015-through-2016 fiscal year, the University of Toledo had an economic impact of $3.3 billion on the HMA (University of Toledo). The government sector lost jobs from 2001 through 2016, decreasing by 100, or 0.3 percent, annually, with all the loss occurring in the local government subsector as a result of a reduction in educational services jobs. During the 12 months ending August 2018, government payroll loss accelerated, decreasing by 700 jobs, or 1.5 percent, faster than the 1.2 percent during the previous 12-month period. Job loss in the government sector during the 12 months ending August 2018 resulted from declines in the state and local subsectors of 400 jobs each, or 2.3 and 1.4 percent, respectively. At the state level, job reduction was the result of a 2,400-job, or 1.9-percent, loss in the educational services industry.

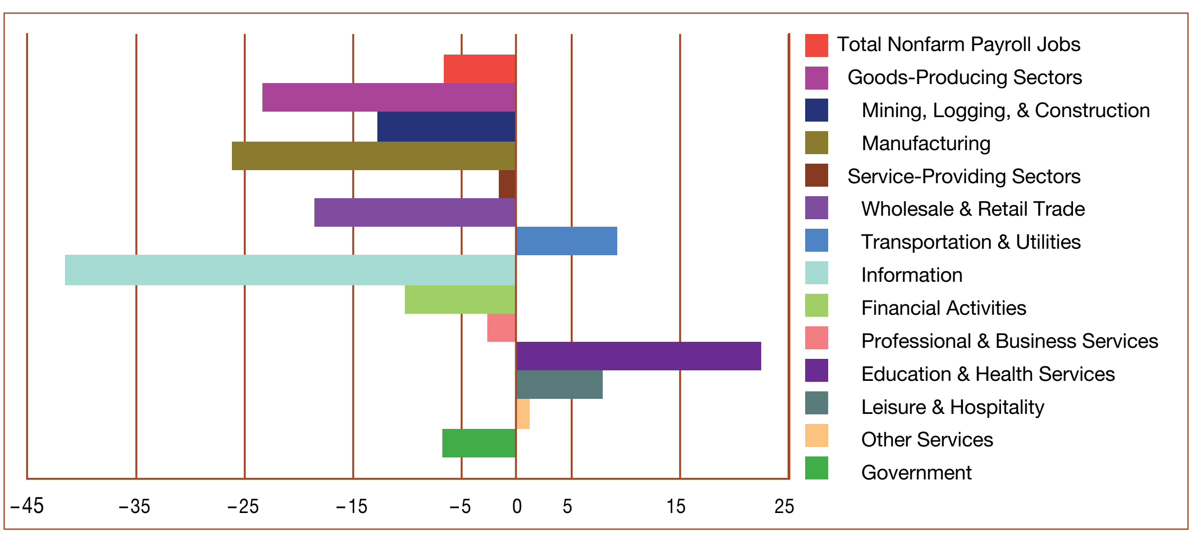
The education and health services sector has been the fastest growing payroll sector in the HMA since 2000 (Figure 2). Overall, the sector increased by an average of 500

Figure 1. Current Nonfarm Payroll Jobs in theToledo HMA, by Sector



Notes: Based on 12-month averages through August 2018. Numbers may not add to 100 percent due to rounding.
Source: U.S. Bureau of Labor Statistics

Figure 2. Sector Growth in the Toledo HMA, Percentage Change, 2000 to Current

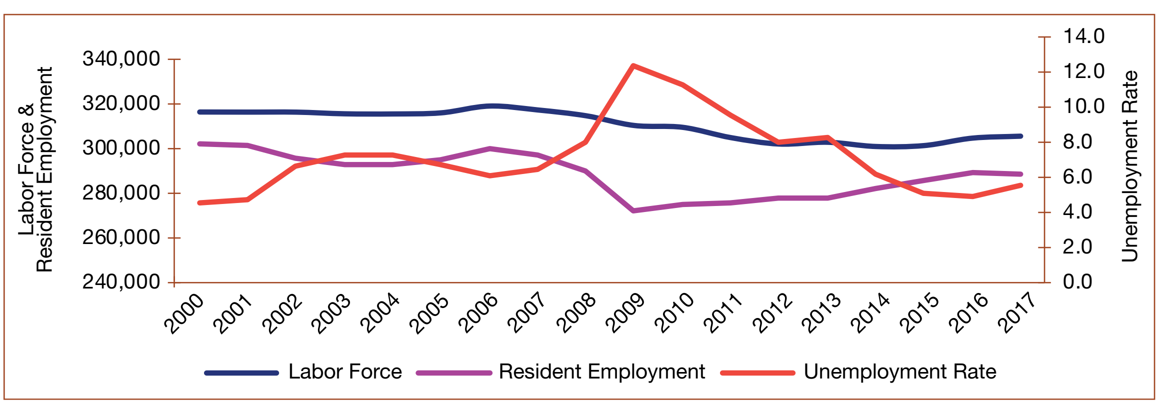


Note: Current is based on 12-month averages through August 2018.
Source: U.S. Bureau of Labor Statistics

jobs, or 1.1 percent, annually from 2001 through 2016, surpassing the number of jobs in the government and manufacturing sectors by 2006. The sector includes ProMedica Health System, a healthcare organization headquartered in the city of Toledo. During 2008, the $156 million, 500,000-square-foot, eight-story Renaissance Tower (part of ProMedica Health Systems) was completed and contributed an unspecified number of jobs in the sector. During the 12 months ending August 2018, the education and health services sector added 1,200 jobs, or 2.4 percent, up from an increase of 300 jobs, or 0.7 percent, during the previous 12 months. During May 2018, ProMedica and the University of Toledo College of Medicine and Life Sciences opened a 122,000-square-foot neurosciences center on the ProMedica Toledo Hospital campus. Approximately 450 staff members, including 17 physicians and 5 neurosurgeons, are employed at the center. The sector is the largest nonfarm payroll sector, with 52,000 jobs, or 16.9 percent of all nonfarm payrolls, during the 12 months ending August 2018.

Even with growth in the education and health services sector, the overall economy of the HMA has not recovered the total number of jobs lost during the previous decade and has lagged the nation in job growth since 2004. From 2001 through 2003, the HMA economy lost an average of 5,400 jobs, or 1.7 percent, annually; this is higher than the 0.4-percent rate of loss for the nation during the same period as the country experienced a recession. The manufacturing sector accounted for 52 percent of the overall job loss in the HMA during the period. The HMA economy expanded from 2004 through 2006, adding an average of 800 jobs, or 0.2 percent, annually to reach 316,200 jobs compared with the average annual growth rate of 1.5 percent in the nation. During the period, the education and health services sector led job gains, increasing by an average of 1,500 jobs, or 3.2 percent, a year. When the Great Recession began in 2007, job losses in the HMA averaged 8,500 jobs, or 2.8 percent, annually, from 2007 through 2010, a rate of decline substantially higher than the annual average of 1.1 percent for the nation. The unemployment rate in the HMA during the economic downturn rose from 6.1 percent in 2006 to 11.2 percent in 2010, with a peak of 12.3 percent in 2009 (Figure 3). During the 4-year downturn, 10 of 11 sectors in the HMA lost jobs, with the largest loss occurring

Figure 3. Trends in Labor Force, Resident Employment, and Unemployment Rate in the Toledo HMA, 2000 Through 2017



Source: U.S. Bureau of Labor Statistics in the manufacturing sector, which accounted for 36 percent of nonfarm payroll loss. From 2007 through 2010, the education and health services sector added an average of 200 jobs, or 0.4 percent, annually. From 2011 through 2016, economic conditions improved in the HMA, and nonfarm payrolls rose by an average of 4,700 jobs, or 1.6 percent, annually, but fell short of the average 1.7-percent annual growth rate in the nation. During that period, the manufacturing sector outpaced job gains in all sectors of the HMA.

After nonfarm payrolls increased from 2011 through 2016, economic conditions in the HMA became weak. During the 12 months ending August 2018, nonfarm payrolls in the HMA decreased by 900 jobs, or 0.3 percent, to 308,200, accelerating from the 200-job, or 0.1-percent, decrease during the previous 12 months. Despite the job losses, the unemployment rate in the HMA fell to an average of 4.9 percent during the 12 months ending August 2018, from 5.5 percent during the previous year, primarily because the labor force declined by 1,600, whereas employment was relatively unchanged.

During the 3-year forecast period, the economy of the HMA is expected to stabilize, with nonfarm payroll growth increasing an average of 100 jobs, or less than 1 percent, annually. Job losses are expected to occur in the first year of the forecast period because Mobis North America, LLC, an onsite supplier for FCA, will lay off 572 employees from April 2018 through April 2019, as Jeep reconfigures the plant to produce the new Wrangler by October 2018. Jobs are expected to increase slightly during the second and third years of the forecast period. The education and health services sector is expected to continue adding jobs. Additional growth is expected in the manufacturing sector, partly because construction is under way on a $400 million, 1 million-square-foot expansion of a First Solar manufacturing facility. Capacity will be tripled in late 2019, when approximately 500 new jobs are added at the plant, making First Solar the largest solar panel manufacturer in the nation. Job growth is also expected when an $82 million, 380,000-square-foot expansion of a Walgreens warehouse and distribution center is complete in Perrysburg by the summer of 2019; 350 jobs are expected to be added. Credit Adjustments, an accounts receivable business, will relocate 500 jobs from its headquarters outside the HMA in the city of Defiance to Toledo during the next 3 years.

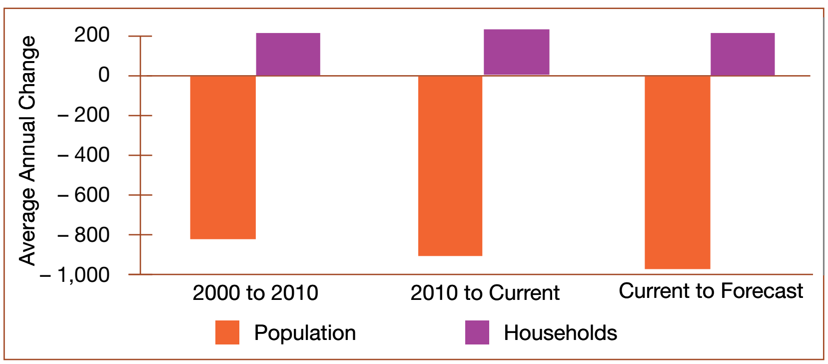
Population and Households

As of September 1, 2018, the population of the Toledo HMA is estimated at 602,300. The HMA has lost population nearly every year since 2000 because of continued net out-migration and a general slowing of net natural increase (resident births minus resident deaths). Although most of the population loss in the HMA is because of declining population in Lucas County, the population of Wood County is increasing partly because Perrysburg is the fastest growing city in the HMA, with a 10.2-percent annual rate of growth from 2015 through 2017 (American Community Survey [ACS] 1-year estimates). Wood County has attracted new residents because the city of Toledo is built out. 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 15.7 percent of the population, up from 14 percent in 2013.

From 2000 to 2003, when the local economy was weak, net out-migration averaged 2,250 people a year (U.S. Census Bureau decennial census counts and population estimates as of July 1). During the period, the population of the HMA grew by an average of 250 annually, however, because net natural increase averaged 2,500 people annually. From 2003 to 2006, when employment conditions strengthened in the HMA but significantly lagged the nation, net out-migration increased to an average of 4,150 people a year because greater employment opportunities were expected elsewhere. Combined with an average net natural increase of 2,675 people annually, the population declined by an average of 1,475, or 0.2 percent, a year. During the Great Recession, net out-migration slowed slightly to an average 3,900 people annually from 2006 to 2010 because of a lack of job opportunities elsewhere. At the same time, net natural increase remained stable, averaging 2,675 people a year, resulting in a reduction in the population by an average 1,225, or 0.2 percent, annually. From 2010 to 2016, job growth contributed to average net out-migration slowing to 2,575 people, annually; population loss averaged 870 people, or 0.1 percent, a year during the period because net natural change slowed to an average of 1,700 people a year. Although economic conditions began deteriorating in 2017, net out-migration slowed further to an average 2,425 people a year since 2016; however, population loss increased to an average 1,050, or 0.2 percent, because net natural increase declined to an average of 1,375 people a year. During the next 3 years, the population of the HMA is expected to decrease by an average of 970, or 0.2 percent, annually, to 599,400 as net out-migration slows and net natural increase continues to slow (Figure 4). Figure 5 shows the components of population change in the HMA from 2000 to the forecast date.

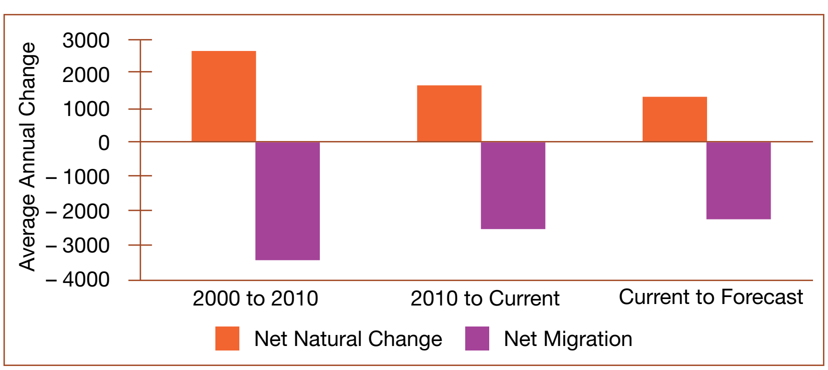
Despite continued population loss since 2003, the increase in the proportion of the population aged 65 years and older has partly contributed to stable household growth in the HMA since 2000. From 2000 through 2010, the

Figure 4. Population and Household Growth in the Toledo HMA, 2000 to Forecast



Notes: The current date is September 1, 2018. The forecast date is September 1, 2021.
Sources: 2000 and 2010—2000 Census and 2010 Census; current and forecast—estimates by analyst

Figure 5. Components of Population Change in the Toledo HMA, 2000 to Forecast



Notes: The current date is September 1, 2018. The forecast date is September 1, 2021.
Sources: 2000 and 2010—2000 Census and 2010 Census; current and forecast—estimates by analyst

number of households increased from 243,499 to 245,498, an average annual increase of 200, or 0.1 percent. The number of households in the HMA is currently estimated at 247,300, an average annual increase of 210, or 0.1 percent, since April 2010. Since 2010, all the household growth has been from renter households, whereas owner households have declined. During the 3-year forecast period, the number of households is expected to increase by an average of 200, or 0.1 percent, annually, despite declines in population. Figure 6 depicts the number of households by tenure from 2000 through the current date.

Figure 6. Number of Households by Tenure in the Toledo HMA, 2000 to Current

Note: The current date is September 1, 2018.

Sources: 2000 and 2010—2000 Census and 2010 Census; current—estimates by analyst

Housing Market Trends

Sales Market

The sales housing market in the Toledo HMA is currently balanced, with an estimated vacancy rate of 1.8 percent, down from 2.5 percent in April 2010, because much of the excess inventory that resulted from the foreclosure crisis has been absorbed (Table DP-1). As of August 1, 2018, the months' supply of homes declined to 3.0 months, down from 5.0-months' supply of homes in April 2010 (CoreLogic, Inc.). During the housing crisis, the sales market in the HMA had higher rates of seriously delinquent mortgage loans (loans that are 90 or more days delinquent or in foreclosure) and real estate owned (REO) properties compared with Ohio overall but has recovered faster than the state and slower than the nation since then. In April 2010, 7.5 percent of mortgages in the HMA were seriously delinquent or had transitioned into REO status compared with rates of 7.1 and 8.2 percent for Ohio and the nation, respectively (CoreLogic, Inc.). As of August 2018, the rate of seriously delinquent loans and REO properties in the HMA was 1.9 percent, down from 2.6 percent a year earlier; that is below the 2.1-percent rate for Ohio but above the 1.8-percent rate for the nation. Partly because of the impact of the national housing crisis in the

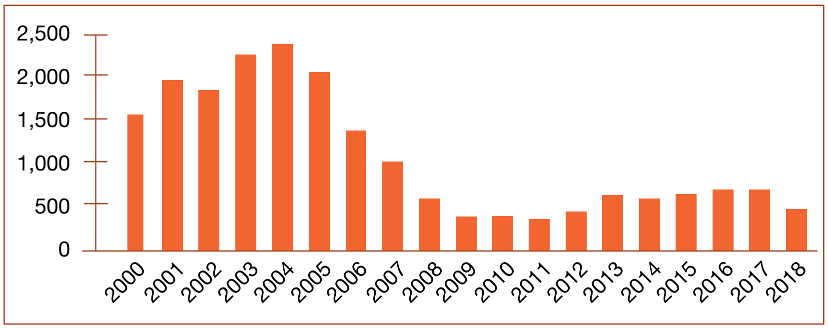
HMA, the homeownership rate has decreased 3.9 percentage points since 2010 to 61.1 percent.

Existing single-family home, townhome, and condominium (hereafter, existing home) sales in the HMA have increased from the number of homes sold during the local housing market downturn but are below levels reached during the early to mid-2000s, when homeownership was higher. During the local housing market downturn, from 2007 through 2010, an average of 8,350 existing homes sold annually in the HMA, down 31 percent from the average 12,150 homes sold a year from 2000 through 2006 (CoreLogic, Inc., with adjustments by the analyst). The decline in sales reflected reductions of 5,650, or 48 percent, of regular resales, but growth in REO home sales slightly offset those reductions. When the market weakened, REO purchases rose from 690 homes sold in 2006 to 2,000 homes sold in 2010. Following the economic and housing market downturn, the sales market in the HMA began to improve in 2011. The number of existing home sales increased nearly 3 percent during each of the next 6 years, to 9,475 in 2016, whereas the number of REO sales declined an average 21 percent annually. During the 12 months ending August 2018, 10,100 homes sold, a 1-percent increase from the previous 12 months. Regular resales were up 250 homes, or 3 percent, from a year earlier, whereas REO sales declined by 40, or 9 percent. The average existing home sales price rose 4 percent during the 12 months ending August 2018, to $131,400, slightly slower than the average growth rate of 5 percent annually from 2011 through 2016. The current home sales price in the HMA is 30 percent higher than the average of $101,100 from 2007 through 2010, when REO sales constituted 20 percent of existing sales and negatively affected the average sales price in the HMA; REO sales currently account for 4 percent of existing sales. From 2007 through 2010, the average REO home sales price was $56,400, approximately 51 percent lower than the $115,500 average sales price of a regular resale home. The current existing home sales price in the HMA is 11 percent above the $118,300 peak reached in 2006, before the housing downturn.

Whereas existing home sales have increased, new single-family home, townhome, and condominium (hereafter, new home) sales have been subdued in the HMA since 2007, partly because average new home sales prices are 56 percent higher than average existing home sales prices. During the 12 months ending August 2018, an average of 300 new homes sold compared with the 270 sold during the previous 12-month period. From 2011 through 2016, an average of 260 new homes sold annually, only slightly higher than the average of 250 homes sold a year during the housing market downturn, from 2007 through 2010. By comparison, new home sales averaged 660 annually from 2000 through 2006, when readily available access to mortgage credit contributed to a higher propensity for homeownership. The average sales price of new homes during the 12 months ending August 2018 was $204,400, a decrease of 5 percent from the previous 12-month period. Before the recent decline, new home sales prices had increased by an average of $8,200, or 5 percent, annually from 2011 through 2016. By comparison, from 2000 through 2006, the average new home sales price increased by an average $7,025, or 4 percent, a year to $205,700 before declining to $152,200 in 2010, when housing conditions were weak.

Homebuilding activity, as measured by the number of single-family homes permitted, has increased since 2012 but has been at relatively low levels since the late 2000s. From 2000 through 2005, the number of single-family homes permitted averaged 2,025 annually before declining 34 percent a year to 590 in 2008 (Figure 7). From 2009 through 2011, the number of homes permitted declined further, to an average of 380 homes annually, in response to the local economic contraction and housing market downturn. Even with improved economic conditions, homebuilding activity increased only slightly to an average 600 homes a year from 2012 through 2016, because of continued net out-migration and increasing construction costs. During the 12 months ending August 2018, 640 homes were permitted compared with 580 homes permitted the previous year (preliminary data).

Figure 7. Single-Family Homes Permitted in the Toledo HMA, 2000 to Current



Notes: Includes townhomes. Current includes data through August 2018.

Sources: U.S. Census Bureau, Building Permits Survey; 2000–2017 final data and analyst estimates; 2018 preliminary data

Single-family home construction occurred recently outside the city of Toledo. In Perrysburg, 10 miles southwest of downtown Toledo, the Hawthorne subdivision is currently under way. Since construction began in 2015, 84 single-family homes have sold; 9 single-family homes and 10 lots are currently for sale. When the subdivision is complete, the community will feature 220 single-family homes, with prices starting at $339,900 for a four-bedroom home. Approximately 8 miles southwest of Perrysburg, in the city of Waterville, The Villages at Waterville Landing is currently under construction. The subdivision includes the Farnsworth Village community, with 14 homes completed. Prices range from $275,000 to $400,000 for homes ranging from 1,700 to 3,000 square feet.

During the next 3 years, demand is expected for an estimated 2,275 new homes in the HMA (Table 1). Demand is expected to be highest during the second and third years of the 3-year forecast period as the economy stabilizes. The 270 single-family homes currently under construction will satisfy a small proportion of the estimated demand during the forecast period. Sales are expected to be strongest in the $250,000-to-$349,999 price range. Table 4 shows the estimated demand for market-rate sales housing by price range.

Table 4. Estimated Demand for New Market-Rate Sales Housing in the Toledo HMA During the Forecast Period

Price Range ($)		Units of Demand	Percent of Total
From	To		
137,000	249,999	450	20.0
250,000	349,999	1,125	50.0
350,000	449,999	450	20.0
450,000	and higher	230	10.0

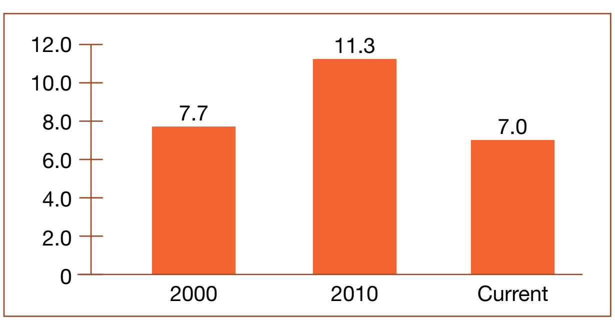
Notes: Numbers may not add to totals because of rounding. The 270 homes currently under construction in the HMA will likely satisfy some of the forecast demand.

Source: Estimates by analyst

Rental Market

Overall rental housing market conditions are currently balanced in the Toledo HMA. The vacancy rate for all rental units (including single-family homes, townhomes, mobile homes, and apartments) is estimated at 7.0 percent, down from 11.3 percent in April 2010 (Figure 8). Renter households currently account for 38.9 percent of all households in the HMA, up from 35.0 percent during April 2010. Even with a higher propensity to rent, 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 2000s. Approximately 40 percent of renter households in the HMA live in single-family homes, up from 29 percent in 2000 (2000 Census and 2017 ACS 1-year data). The vacancy rate among three-bedroom single-family homes for rent was 4.8 percent, with an average monthly rent of $883 during August 2018, down from $905, or 2 percent, from a year earlier, according to CoreLogic, Inc., which measures only rental properties that go through the Multiple Listing Service. Multifamily buildings with five or more units, typically apartments, accounted for 43 percent of all occupied rental units in the HMA in 2017, down from 46 percent in 2000. Of those occupied apartment units, 79 percent are in Lucas County, 19 percent are in Wood County, and the remaining 2 percent are in Fulton County.

Figure 8. Rental Vacancy Rates in the Toledo HMA, 2000 to Current



Note: The current date is September 1, 2018.

Sources: 2000 and 2010—2000 Census and 2010 Census; current—estimates by analyst

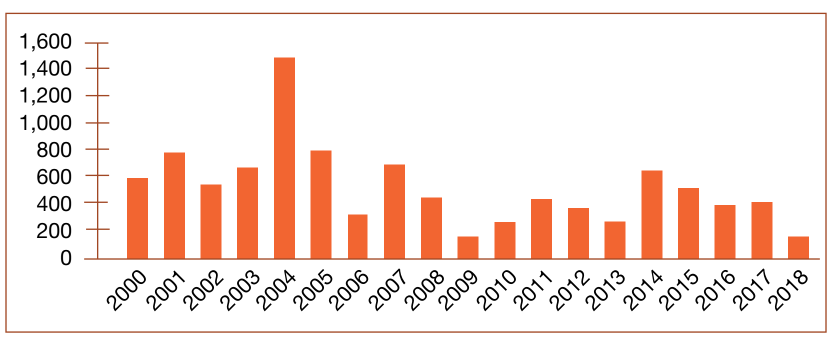
Apartment market conditions in the HMA are currently tight. During the second quarter of 2018, the apartment vacancy rate was 2.5 percent, down from 2.9 percent during the second quarter of 2017 (Reis, Inc.). The average apartment rent increased $14, or 2 percent, to $671 during the second quarter of 2018. In 2005, when economic conditions were strong, but new apartment completions were high and readily available access to mortgage credit contributed to a higher propensity for homeownership, the apartment vacancy rate in the HMA was 9.7 percent and the average rent was $532. From 2006 through 2010, when homeownership decreased in response to the housing crisis, demand for apartments increased, reducing the apartment vacancy rate to 8.6 percent in 2010. During the same period, the average rent increased by an average of $9, or 2 percent, a year. When economic conditions began to improve in the early 2010s, fewer people were moving away, contributing to a continued improvement of apartment market conditions, and the apartment market vacancy rate declined to 5.3 percent by 2013. From 2011 through 2013, the average rent increased an average of $13, or 2 percent, a year, to $615. Although developers responded to tightening conditions with increased apartment production from 2014 through 2016, the apartment vacancy rate continued decreasing, and rent growth averaged 2 percent a year.

The rental market in the HMA is notably affected by enrollment at the University of Toledo and the Bowling Green State University. Of the approximately 40,950 students enrolled at the two universities, approximately 8,450 are housed in on-campus dormitories. The remaining 32,500 students who live off campus occupy an estimated 4,675 rental units and account for approximately 5 percent of the rental market; that proportion is expected to remain relatively stable partly because no dormitories are under construction or in planning and no changes in enrollment are anticipated.

Multifamily construction activity, as measured by the number of multifamily units permitted, slowed during 2018 after 4 years of higher permitting levels from 2014 through 2017. From 2000 through 2003, multifamily permitting averaged 640 units a year, before surging to 1,475 units in 2004, when economic conditions began to improve. Although multifamily building activity declined in 2005, the level remained slightly elevated at 790 units and subsequently declined to an average of 470 units a year from 2006 through 2008 to allow for the absorption of recently completed units. With the onset of economic contraction, multifamily permitting decreased further to an average of only 290 units annually from 2009 through 2013 before increasing to an average 510 units a year from 2014 through 2016 in response to the tightening market. During the 12 months ending August 2018, approximately 140 multifamily units were permitted, down from 610 during the previous 12-month period (preliminary data, with adjustments by the analyst). Figure 9 shows the number of multifamily units permitted in the HMA from 2000 through the current date.

Recent apartment completions in the HMA 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 aging population has affected the rental market, and projects currently under construction include four developments intended for retirees. In the city of Toledo, three senior apartment properties with a combined 319 units are currently under way. Approximately 11 miles northwest, in the city of Sylvania, 60 assisted-living units are also under construction. Properties in planning for general occupancy include the 55-unit Collingwood Green Apartments Phase III, approximately 1 mile west of downtown Toledo, with completion expected by the second

Figure 9. Multifamily Homes Permitted in the Toledo HMA, 2000 to Current



Notes: Excludes townhomes. Current includes data through August 2018.

Sources: U.S. Census Bureau, Building Permits Survey; 2000–2017 final data and analyst estimates; 2018 analyst estimates year of the forecast period. The property will be financed in part with Low-Income Housing Tax Credit equity and will feature two-, three-, and four-bedroom units. Occupancy for 27 of the 55 units will be restricted to households at or below 60 percent of the area median income, and subsidies will be provided for the remaining 28 units through the Community Housing Assistance Program. In addition, 1 mile east of downtown Toledo, across the Maumee River, the 360-unit Gateway Lofts apartment complex in the Marina District is also in planning and will likely be complete by the end of the forecast period.

During the next 3 years, demand is estimated for 870 new market-rate rental units in the HMA (Table 1). Similar to demand in the sales market, demand in the rental market is expected to be relatively stable during the 3-year forecast period, as economic conditions remain steady. The 390 units currently under construction and the 420 units in planning will meet nearly all the expected rental housing demand. Table 5 shows the forecast demand for new market-rate rental housing in the HMA by rent level and number of bedrooms.

Table 5. Estimated Demand for New Market-Rate Rental Housing in theToledo HMA During the Forecast Period

Zero Bedrooms		One Bedroom		Two Bedrooms		Three or More Bedrooms	
Monthly Rent ($)	Units of Demand	Monthly Rent ($)	Units of Demand	Monthly Rent ($)	Units of Demand	Monthly Rent ($)	Units of Demand
795 or more	85	800 to 999	130	1,000 to 1,199	85	1,425 to 1,624	45
		1,000 or more	130	1,200 to 1,399	170	1,625 to 1,824	45
				1,400 or more	85	1,825 to 2,024	35
						2,025 to 2,224	35
						2,225 or more	15
Total	85	Total	260	Total	350	Total	170

Notes: Numbers may not add to totals because of rounding. Monthly rent does not include utilities or concessions. The 390 units currently under construction will likely satisfy some of the estimated demand.

Source: Estimates by analyst

Data Profile

Table DP-1. Toledo HMA Data Profile, 2000 to Current

	2000	2010	Current	Average Annual Change (%) 2000 to 2010	Average Annual Change (%) 2010 to Current
Total Resident Employment	301,897	274,489	288,300	– 0.9	0.6
Unemployment Rate (%)	4.5	11.2	4.9		
Total Nonfarm Payroll Jobs	330,200	282,000	308,200	– 1.6	1.2
Total Population	618,203	610,001	602,300	– 0.1	– 0.2
Total Households	243,499	245,498	247,300	0.1	0.1
Owner Households	163,837	159,582	151,000	– 0.3	– 0.7
Percent Owner (%)	67.3	65.0	61.1		
Renter Households	79,662	85,916	96,300	0.8	1.4
Percent Renter (%)	32.7	35.0	38.9		
Total Housing Units	259,959	273,413	273,600	0.5	0.0
Sales Vacancy Rate (%)	1.5	2.5	1.8		
Rental Vacancy Rate (%)	7.7	11.3	7.0		
Median Family Income	$50,200	NA	$61,500	NA	NA

NA = data not available.

Notes: Median Family Incomes are for 1999, 2009, and 2017. Employment data represent annual averages for 2000, 2010, and the 12 months through August 2018.

Sources: Estimates by analyst; U.S. Census Bureau; U.S. Department of Housing and Urban Development

Data Definitions and Sources

2000: 4/1/2000—U.S. Decennial Census

2010: 4/1/2010—U.S. Decennial Census

Current date: 9/1/2018—Estimates by the analyst

Forecast period: 9/1/2018–9/1/2021—Estimates by the analyst

The (metropolitan statistical area) definition noted in this report is based upon the delineations established by the Office of Management and Budget (OMB) in the OMB Bulletin dated February 28, 2013.

Demand: The demand estimates in the analysis are not a forecast of building activity. They are the estimates of the total housing production needed to achieve a balanced market at the end of the 3-year forecast period given conditions on the as-of date of the analysis, growth, losses, and excess vacancies. The estimates do not account for units currently under construction or units in the development pipeline.

Other Vacant Units: In this analysis conducted by the U.S. Department of Housing and Urban Development (HUD), other vacant units include all vacant units that are not available for sale or for rent. The term therefore includes units rented or sold but not occupied; held for seasonal, recreational, or occasional use; used by migrant workers; and the category specified as "other" vacant by the Census Bureau.

Building Permits: Building permits do not necessarily reflect all residential building activity that occurs in an HMA. Some units are constructed or created without a building permit or are issued a different type of building permit. For example, some units classified as commercial structures are not reflected in the residential building permits. As a result, the analyst, through diligent fieldwork, makes an estimate of this additional construction activity. Some of these estimates are included in the discussions of single-family and multifamily building permits.

For additional data pertaining to the housing market for this HMA, go to huduser.gov/publications/pdf/CMARtables_ToledoOH_18.pdf.

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This analysis has been prepared for the assistance and guidance of HUD in its operations. The factual information, findings, and conclusions may also be useful to builders, mortgagees, and others concerned with local housing market conditions and trends. The analysis does not purport to make determinations regarding the acceptability of any mortgage insurance proposals that may be under consideration by the Department.

The factual framework for this analysis follows the guidelines and methods developed by the Economic and Market Analysis Division within HUD. The analysis and findings are as thorough and current as possible based on information available on the as-of date from local and national sources. As such, findings or conclusions may be modified by subsequent developments. HUD expresses its appreciation to those industry sources and state and local government officials who provided data and information on local economic and housing market conditions.

For additional reports on other market areas, please go to huduser.gov/portal/ushmc/chma_archive.html.