

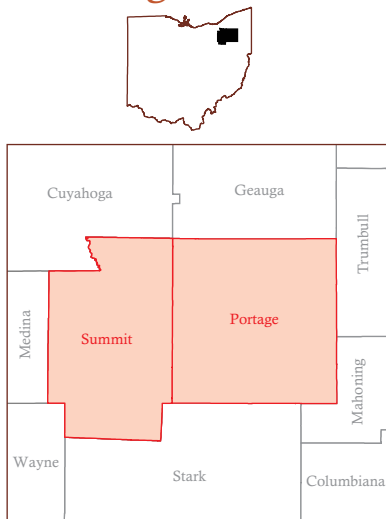


Akron, Ohio

U.S. Department of Housing and Urban Development | Office of Policy Development and Research | As of July 1, 2013



Housing Market Area



The Akron Housing Market Area (HMA), known as the Rubber Capital of the World, comprises Portage and Summit Counties in northeastern Ohio, approximately 40 miles south of Cleveland. The economy of the HMA was historically dominated by the manufacturing sector, particularly by the rubber industry. The HMA is currently moving from a manufacturing center to an education and health services center.

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Summary

Economy

The economy of the Akron HMA continues to recover after recording significant job losses from 2008 through 2010. During the 12 months ending June 2013, nonfarm payrolls averaged 326,900 jobs, an increase of 5,100 jobs, or 1.6 percent, from the previous 12-month period ending June 2012. During the 3-year forecast period, nonfarm payrolls are expected to increase by an average of 5,125 jobs, or 1.6 percent, annually. Summa Health System is the largest employer in the HMA, with 11,000 employees.

Sales Market

The sales housing market in the HMA is soft, with an estimated sales vacancy rate of 2.2 percent. During the forecast period, employment and population trends are expected to support demand for 1,525 new homes (Table 1). The 200 homes currently under construction and a portion of the 14,100 other vacant units in the HMA that may reenter the market will satisfy some of the demand.

Rental Market

The rental housing market in the HMA is currently soft, with an estimated overall rental vacancy rate of 7.6 percent, down from 9.7 percent in 2010. Although the overall rental market is soft, apartment market conditions are slightly tight. No demand is expected for new rental units during the forecast period (Table 1).

Table 1. Housing Demand in the Akron HMA, 3-Year Forecast, July 1, 2013, to July 1, 2016

	Akron HMA	
	Sales Units	Rental Units
Total demand	1,525	0
Under construction	200	340

Notes: Total demand represents estimated production necessary to achieve a balanced market at the end of the forecast period. Units under construction as of July 1, 2013. A portion of the estimated 14,100 other vacant units in the HMA will likely satisfy some of the forecast demand.

Source: Estimates by analyst

Economic Conditions

Economic conditions in the Akron HMA are improving after recording declines in nonfarm payrolls from 2008 through 2010. Despite recent improvement, nonfarm payrolls remain less than the peak of 341,500 jobs recorded during the 12 months ending May 2008. During the 12 months ending June 2013, nonfarm payrolls averaged 326,900 jobs, an increase of 5,100 jobs, or 1.6 percent, from the previous 12-month period ending June 2012 (Table 2). The government and the professional and business services sectors led job growth, adding 2,000 and 1,400 jobs, increases of 4.3 and 2.8 percent, respectively. Gains in the government

sector were concentrated in the state government educational services sub-sector, which added 2,300 jobs, an increase of 18.7 percent. In June 2013, Kent State University (KSU) began constructing a \$37 million College of Architecture and Environmental Design building that, when complete, will likely contribute to further job growth in the sector. The transportation and utilities sector also recorded recent gains. During the 12 months ending June 2013, nonfarm payrolls in the transportation and utilities sector increased by 100, or 1.0 percent. Rubbermaid Commercial Products LLC, a plastic container manufacturer, recently completed a new distribution center in Brimfield Township, which created approximately 150 jobs in the sector.

The most significant job losses during the 12 months ending June 2013 occurred in the mining, logging, and construction sector, which lost 700 jobs, or 6.0 percent, from the same 12-month period a year earlier. During the 12 months ending June 2013, the unemployment rate averaged 6.7 percent, down from the average of 7.6 percent recorded during the same 12-month period a year ago. Figure 1 shows trends in the the labor force, resident employment, and the average unemployment rate in the HMA from 2000 through 2012.

The education and health services sector, which includes three of the largest employers in the HMA, accounts for 15.9 percent of nonfarm payrolls (Figure 2). Summa Health System, Akron General Health System, and Akron Children's Hospital are the largest, second largest, and sixth largest employers in the HMA, respectively, with 11,000, 3,975, and

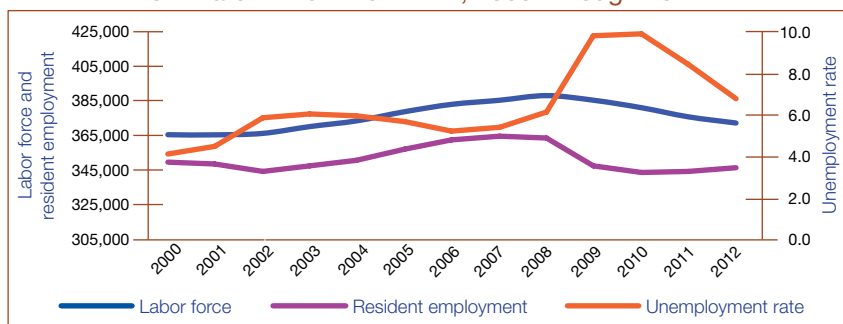
Table 2. 12-Month Average Nonfarm Payroll Jobs in the Akron HMA, by Sector

	12 Months Ending June 2012	12 Months Ending June 2013	Absolute Change	Percent Change
Total nonfarm payroll jobs	321,800	326,900	5,100	1.6
Goods-producing sectors	51,300	50,900	- 400	- 0.8
Mining, logging, & construction	11,700	11,000	- 700	- 6.0
Manufacturing	39,600	39,900	300	0.8
Service-providing sectors	270,600	275,900	5,300	2.0
Wholesale & retail trade	53,500	53,900	400	0.7
Transportation & utilities	10,000	10,100	100	1.0
Information	3,800	3,800	0	0.0
Financial activities	13,600	13,600	0	0.0
Professional & business services	49,300	50,700	1,400	2.8
Education & health services	50,800	52,000	1,200	2.4
Leisure & hospitality	29,600	29,900	300	1.0
Other services	13,100	13,100	0	0.0
Government	46,800	48,800	2,000	4.3

Notes: Based on 12-month averages through June 2012 and June 2013. Numbers may not add to totals because of rounding.

Source: U.S. Bureau of Labor Statistics

Figure 1. Trends in Labor Force, Resident Employment, and Unemployment Rate in the Akron HMA, 2000 Through 2012

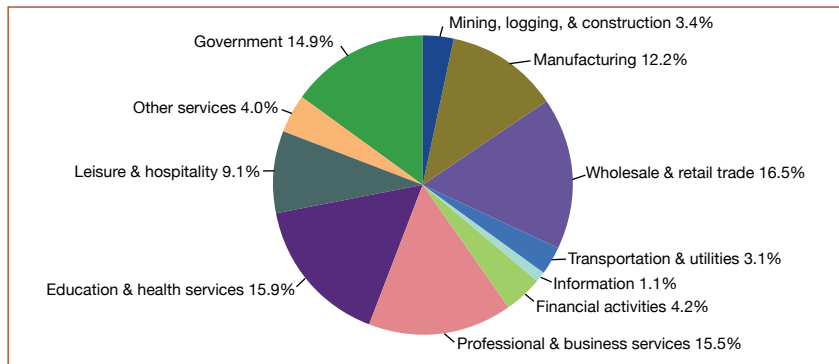


Source: U.S. Bureau of Labor Statistics

2,675 employees, respectively (Table 3). In 2009, Summa Health System, had a total economic impact of \$2.86 billion on Ohio and \$1.6 billion and \$228 million on Summit and Portage Counties, respectively (Tripp Umbach study). The government sector accounts for 14.9 percent of nonfarm payrolls, largely because of the presence of large state universities. KSU, with more than 3,000 employees in the HMA, and the University of Akron (UA), with 2,625 employees, are the fourth and seventh largest employers, respectively, in the HMA. KSU, which has an annual economic impact of \$292 million in northeastern Ohio (KSU report), employs a total staff of approximately 6,650 in its eight-campus system, which extends beyond the HMA into broader northeastern Ohio.

From 2000 to the current date, the fastest growing sectors in the HMA were the education and health services and the professional and business services sectors (Figure 3). The \$65 million expansion of Summa Health System's emergency department in 2010 and 2011 contributed to growth in the education and health services sector during the period. The city of Akron's creation of the Akron Biomedical Corridor in 2006 underscores the growth of the education and health services sector. The Corridor, a 506-acre area near downtown Akron that connects Summa Health System, Akron General Medical Center, and Akron Children's Hospital, benefits from general proximity between UA, KSU, and Northeast Ohio Medical University's Colleges of Medicine and Pharmacy. By contrast, the manufacturing sector contracted more than any other sector from 2000 to the current date. The manufacturing sector recorded losses every year from 2000 through 2010 and lost 28,500 jobs during the decade. Despite the losses since 2000, the sector has begun to recover. During the 12 months ending June 2013, manufacturing sector employment increased by 300 jobs, or 0.8 percent.

Figure 2. Current Nonfarm Payroll Jobs in the Akron HMA, by Sector



Note: Based on 12-month averages through June 2013.

Source: U.S. Bureau of Labor Statistics

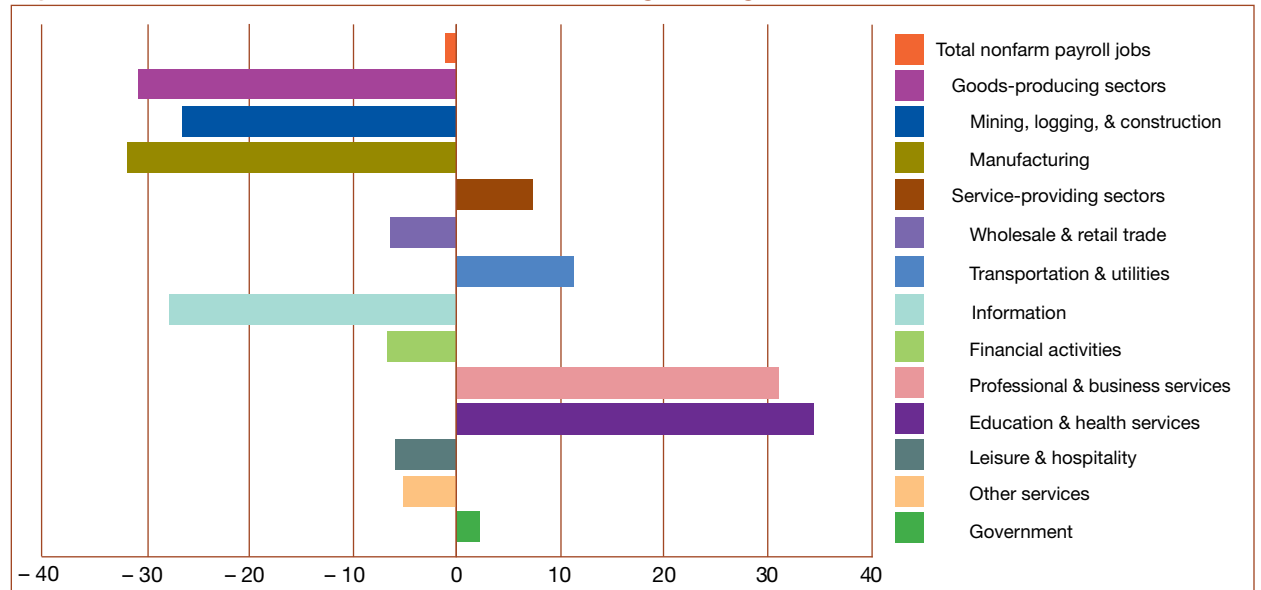
Table 3. Major Employers in the Akron HMA

Name of Employer	Nonfarm Payroll Sector	Number of Employees
Summa Health System	Education and health services	11,000
Akron General Health System	Education and health services	3,975
Summit County	Government	3,125
Kent State University	Government	3,000
The Goodyear Tire & Rubber Company	Professional and business services	3,000
Akron Children's Hospital	Education and health services	2,675
University of Akron	Government	2,625
FirstEnergy Corp.	Professional and business services	2,525
Time Warner Cable NEO	Information	2,450
Sterling Jewelers Inc.	Professional and business services	2,300

Note: Excludes local school districts.

Source: Greater Akron Chamber of Commerce

A partnership known as the University Park Alliance is leading an initiative to revitalize the 50 blocks surrounding UA. The objective is to redevelop University Square, with the cooperation of local stakeholders and area s ping. The initiative received more than \$18 million in funding from the John S. and James L. Knight Foundation during the past 6 years. The redevelopment of University Park will have an economic impact of \$18 billion and add 14,000 jobs by 2030 (Tripp Umbach study). In the city of

Figure 3. Sector Growth in the Akron HMA, Percentage Change, 2000 to Current

Note: Current is based on 12-month averages through June 2013.

Source: U.S. Bureau of Labor Statistics

Kent, in Portage County, an esplanade along the historic Pennsylvania and Ohio Canal is under development to link downtown Kent with KSU. The \$3.4 million project is expected to be complete by July 2013.

During the 3-year forecast period, nonfarm payrolls are expected to increase by an average of 5,125 jobs, or 1.6 percent, annually. Röchling-Group, an auto parts manufacturer,

is currently expanding its facility in the Akron HMA, which is expected to create an additional 15 to 65 jobs when complete at the end of 2013. Coltene Group, a dental device manufacturer, hired 68 employees in June 2013 and is expected to hire an additional 50 employees after 2014. The expansion of both companies is expected to contribute to employment in the manufacturing sector.

Population and Households

As of July 1, 2013, the estimated population of the Akron HMA was 702,200, reflecting an average annual decrease of 310 from 703,200 on April 1, 2010. By comparison, from 2000 to 2010, the population increased by an average of 820, or 0.1 percent, annually. The rate of population growth generally declined during the previous

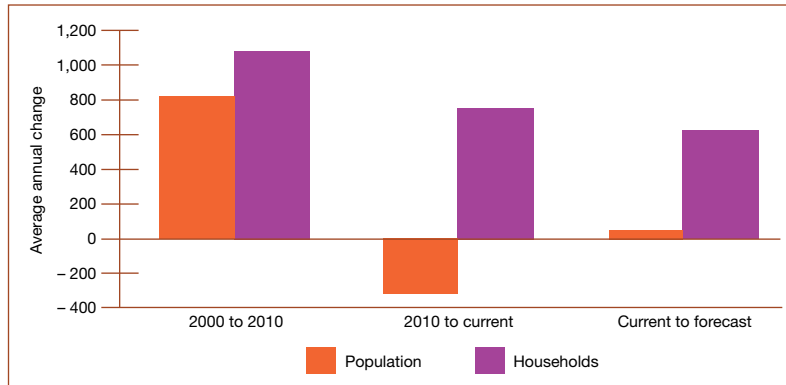
decade and was strongly correlated with labor market conditions. From April 2000 to July 2003, in response to job gains, the population grew by an average of 1,900, or 0.3 percent, annually. From July 2003 to July 2009, population growth stagnated, recording an average annual increase of 370 people, or less than 1 percent, because

Population and Households *Continued*

of slow job growth. From July 2009 to the current date, population growth reversed to an average annual decline of 290 people, or less than 1 percent, because of job losses during 2009 and 2010. Akron is the largest city in the

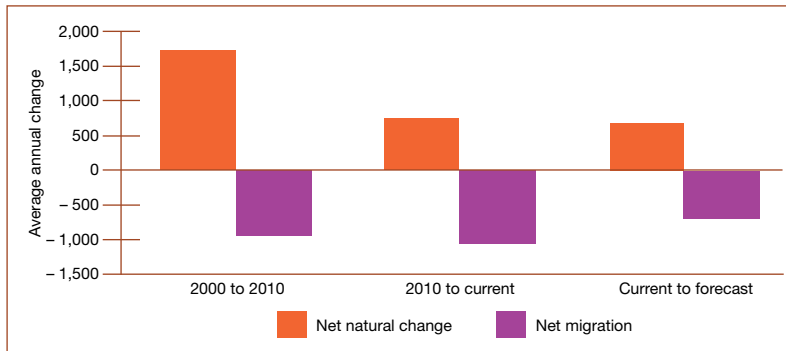
HMA, with a population of approximately 199,100, or 28 percent of the population of the HMA. During the forecast period, the population of the HMA is expected to remain stable, increasing by 35, or less than 1 percent, annually, to total 702,300 by July 1, 2016 (Figure 4).

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



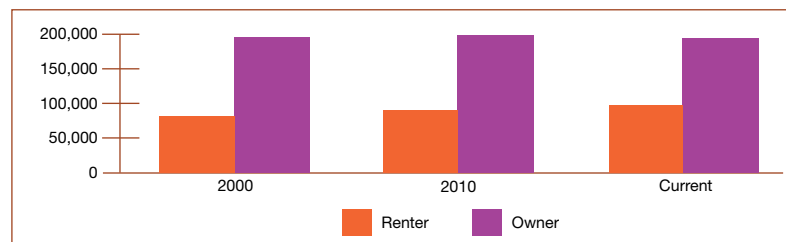
Sources: 2000 and 2010–2000 Census and 2010 Census; current and forecast—estimates by analyst

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



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

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



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

The HMA has recorded net out-migration every year since 2000. From 2000 to 2010, net out-migration averaged 920 annually (Figure 5). During the same period, net natural increase (resident births minus resident deaths) averaged 1,750 people annually. Since 2010, net out-migration has averaged 1,050 people annually, and net natural increase has averaged 750 people annually. Net out-migration from the HMA is expected to average 680 people a year to the forecast date.

The number of households in the HMA has increased at a lower rate since 2010 than during the previous decade because of the out-migration recorded during the period. Since 2010, the number of households has increased by 740, or 0.3 percent, annually compared with an average annual increase of 1,075, or 0.4 percent, during the previous decade. The estimated number of households in the HMA is currently 287,400. Figure 6 illustrates the number of households by tenure in 2000, in 2010, and on the current date.

During the 3-year forecast period, the number of households is expected to increase by 630, or 0.2 percent, annually, to total approximately 289,300 households by July 1, 2016. Table DP-1, at the end of this report, provides additional demographic data for the HMA.

Housing Market Trends

Sales Market

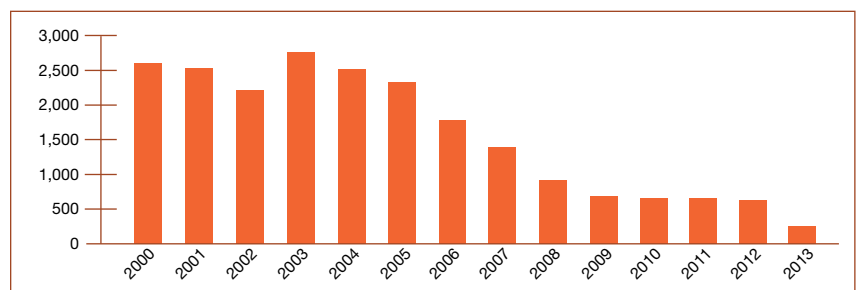
After years of weak job growth and stagnant population growth, sales housing market conditions in the Akron HMA are soft. The estimated sales vacancy rate is currently 2.2 percent, down from 2.3 percent in April 2010. During the 12 months ending June 2013, existing home sales totaled 8,725 homes, a 10-percent increase compared with existing home sales during the previous 12-month period (Metrostudy, A Hanley Wood Company). The number of new home sales totaled 370 during the 12 months ending June 2013, a 9-percent decrease from the previous 12-month period. The current level of home sales remains well below the levels recorded from 2005 through 2007, when the number of new and existing homes sold averaged 12,000 and 1,775 annually, respectively. The estimated homeownership rate in the HMA is currently 66.7 percent, down from 68.3 percent in 2010 (Table DP-1).

During the 12 months ending June 2013, the average sales price of existing homes increased 5 percent, to \$141,600, and the average sales price of new homes increased 11 percent, to \$266,500. The current price for new homes exceeds the prerecession peak of \$240,400, set during the 12

months ending April 2008. Despite recent increases, existing home sales prices remain less than those in early 2008, when the price for existing homes averaged \$149,400. As of June 2013, 8.0 percent of mortgage loans were 90 or more days delinquent, were in foreclosure, or transitioned into REO (Real Estate Owned), down from 9.1 percent in June 2012 (LPS Applied Analytics).

Single-family homebuilding activity, as measured by the number of single-family homes permitted, increased in the Akron HMA during the 12 months ending June 2013, in response to increased sales (Figure 7). During the 12 months ending June 2013, the number of single-family homes permitted increased 31 percent, to 500 homes, compared with the 380 homes permitted during the previous 12-month period (preliminary data). Despite the increase in permitting activity during the past 12 months, the current level of activity remains among the lowest levels recorded since 2000. By comparison, the number of single-family homes permitted averaged 2,250 annually from 2000 through 2007, before declining to average 690 annually from 2008 through 2012. Prices for new, three-bedroom, single-family

Figure 7. Single-Family Homes Permitted in the Akron HMA, 2000 to 2013



Notes: Includes townhomes. Includes data through June 2013.

Sources: U.S. Census Bureau, Building Permits Survey; estimates by analyst

homes start at approximately \$90,000, although the lowest prices are found only in the outlying areas. Although new single-family development consists largely of infill, this slow-growing HMA has some new subdivision. Bentley Reserve in Copley, slightly west of the city of Akron, plans 39 homes with prices starting at \$272,000. The University Park Alliance is investing \$190,000 to revitalize 15 homes and \$19,000 for park improvements in the Jewett Park neighborhood; both investments are part of the revitalization of University Park.

During the next 3 years, demand is expected for 1,525 new homes (Table 1). The 200 homes currently under construction will meet a portion of this demand. Demand is expected to increase during the forecast period, from 200 homes in the first year to approximately 670 homes annually during the final 2 years. Nearly one-half of the demand is expected to be for homes priced from \$150,000 to \$249,999 (Table 4). A portion of the estimated 14,100 other vacant units in the HMA likely will reenter the sales market and satisfy some of the forecast demand.

Table 4. Estimated Demand for New Market-Rate Sales Housing in the Akron HMA, July 1, 2013, to July 1, 2016

Price Range (\$)		Units of Demand	Percent of Total
From	To		
90,000	149,999	150	10.0
150,000	199,999	380	25.0
200,000	249,999	320	21.0
250,000	299,999	310	20.0
300,000	399,999	260	17.0
400,000	and higher	110	7.0

Note: The 200 homes currently under construction and a portion of the estimated 14,100 other vacant units in the submarket will likely satisfy some of the forecast demand.

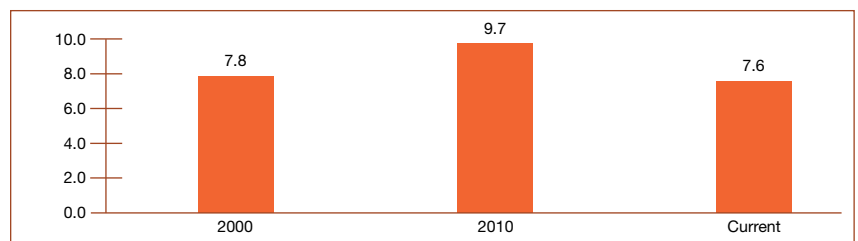
Source: Estimates by analyst

Rental Market

Overall rental housing market conditions in the Akron HMA are soft, although market conditions vary significantly by product type. The estimated rental vacancy rate in the HMA is 7.6 percent, down from 9.7 percent in April 2010 (Figure 8),

largely because of significant absorption in the apartment market coupled with moderate job growth. Despite soft overall rental market conditions, the apartment market is slightly tight. The apartment vacancy rate as of the second quarter of 2013 was 3.1 percent,

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



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

Housing Market Trends

Rental Market *Continued*

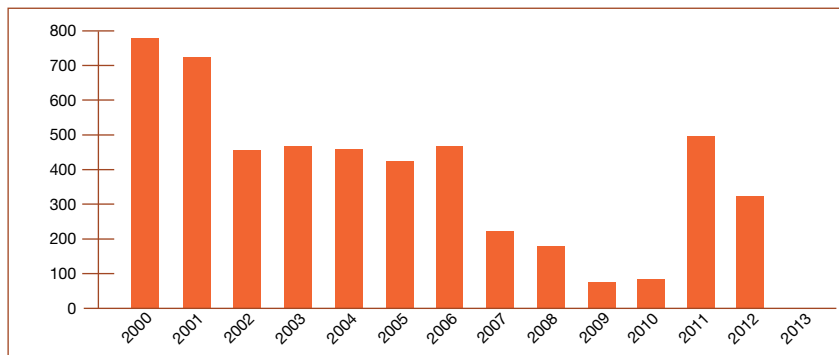
unchanged from the the second quarter of 2012 but much less than the rate of 5.1 percent recorded during 2010 (Reis, Inc.). Asking rents for all apartments averaged \$710 during the second quarter of 2013, a 2-percent increase compared with the average asking rent during the same quarter a year ago. The average asking apartment rents by number of bedrooms were \$610, \$750, and \$980 for one-, two-, and three-bedroom units, respectively. The overall rental vacancy rate remains much higher than the apartment vacancy rate because of the many older homes in the single-family rental market, coupled with strong demand for apartments by students at UA and KSU. The Kent campus of KSU enrolls approximately 27,400 students; approximately 71 percent reside off campus. UA enrolls approximately 26,600 students; approximately 85 percent reside off campus. Student households constitute an estimated 10 percent of all rental households in the HMA, providing a stable source of rental demand. An estimated 40 percent of the rental inventory in the HMA consists of apartments.

During the 12 months ending June 2013, approximately 310 multifamily

units were permitted, a 19-percent increase from the 260 units permitted during the previous 12 months (preliminary data) but less than the average of 450 units permitted annually from 2002 through 2006, when the HMA recorded moderate population growth (Figure 9). By contrast, multifamily permitting averaged 130 units annually from 2007 through 2010, during the recent recession. Ongoing developments in the city of Akron include the student-focused, 189-unit 401 Lofts, which is expected to be complete by August 2013, with rents starting at \$759 for a studio unit. Recent developments in Kent include the 201-unit University Edge, completed in 2012, with rents starting at \$754 for a studio unit, and the 246-unit Province at Kent, also completed in 2012, with rents starting at \$750 for a studio unit. Maple Brook at Golden Pond, a 68-unit community for low-income seniors is currently under development in Kent, although it is unclear when it will be complete.

During the 3-year forecast period, no demand is expected for new rental units because of soft rental market conditions and to allow for the existing supply of excess vacant available units to be absorbed (Table 1). Despite the level of vacancies in the HMA, developers have successfully constructed and marketed a modest level of apartments in the KSU and UA market areas. The market will continue to support some level of apartment construction in these areas, but demand will not support major additions to the apartment inventory throughout the HMA until the current surplus of rental vacancies is absorbed.

Figure 9. Multifamily Units Permitted in the Akron HMA, 2000 to 2013



Notes: Excludes townhomes. Includes data through June 2013.

Sources: U.S. Census Bureau, Building Permits Survey; estimates by analyst

Data Profile

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

	2000	2010	Current	Average Annual Change (%)	
				2000 to 2010	2010 to Current
Total resident employment	350,165	343,626	348,900	- 0.2	0.6
Unemployment rate	4.1%	9.9%	6.7%		
Nonfarm payroll jobs	330,800	316,400	326,900	- 0.4	1.3
Total population	694,960	703,200	702,200	0.1	0.0
Total households	274,237	285,003	287,400	0.4	0.3
Owner households	193,216	194,613	191,700	0.1	- 0.5
Percent owner	70.5%	68.3%	66.7%		
Renter households	81,021	90,390	95,700	1.1	1.8
Percent renter	29.5%	31.7%	33.3%		
Total housing units	290,976	312,581	313,800	0.7	0.1
Owner vacancy rate	1.4%	2.3%	2.2%		
Rental vacancy rate	7.8%	9.7%	7.6%		
Median Family Income	\$49,900	\$65,000	\$65,600	2.7	0.5

Notes: Numbers may not add to totals because of rounding. Employment data represent annual averages for 2000, 2010, and the 12 months through June 2013. Median Family Incomes are for 1999, 2009, and 2011.

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

Data Definitions and Sources

2000: 4/1/2000—U.S. Decennial Census
2010: 4/1/2010—U.S. Decennial Census
Current date: 7/1/2013—Analyst’s estimates
Forecast period: 7/1/2013–7/1/2016—Analyst’s estimates

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 the U.S. Department of Housing and Urban Development’s (HUD’s) analysis, 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 www.huduser.org/publications/pdf/CMARtables_AkronOH_13.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 HUD’s Economic and Market Analysis Division. 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 www.huduser.org/publications/econdev/mkt_analysis.html.