

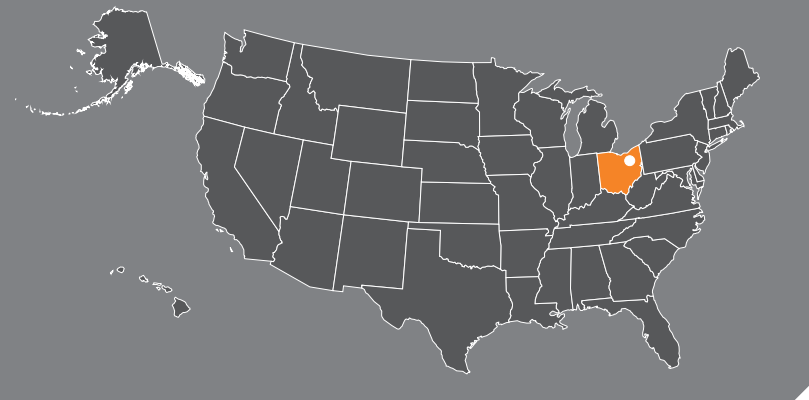
HUD PD&R Housing Market Profiles

Akron, Ohio



Quick Facts About Akron

- Current sales market conditions: balanced
- Current apartment market conditions: slightly tight
- There are 32 institutions of higher learning within a 50-mile radius of the Akron metropolitan area. The University of Akron and Kent State University are the two public universities within the metropolitan area; they employ approximately 5,925 people and had a combined enrollment of 46,900 in the fall of 2019. In 2017, The University of Akron and Kent State University contributed \$2.7 billion and \$3.4 billion, respectively, to the economy of the Northeast Ohio region.



By Tomasz Kukawski | As of May 1, 2020

Overview

The Akron metropolitan area includes the counties of Summit and Portage and is coterminous with the metropolitan statistical area of the same name. The metropolitan area is part of the 14-county Cleveland-Akron-Canton Combined Statistical Area, a region with approximately 3.5 million residents in northeastern Ohio. The city of Akron, approximately 30 miles south of the city of Cleveland, is the fifth largest city in Ohio, with an estimated population of 197,600 as of July 2019.

- As of May 1, 2020, the estimated population of the Akron metropolitan area was 703,000, relatively unchanged since April 2010.
- Since 2010, net natural increase (resident births minus deaths) has averaged 330 people annually and was offset by an average net out-migration of 340 people a year. By comparison, net natural increase and net out-migration averaged 1,845 and 1,021 people annually, respectively, from 2000 to 2010 (Census Bureau decennial census counts and population estimates as of July 1).
- A decline in net natural increase since 2010 has occurred because of growth in the share of residents age 60 and older in the metropolitan area. From 2010 to 2018, the

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portion of residents age 60 and older grew from 20 to 25 percent; at the same time, the portion of residents age

15 to 44 years declined from 39 to 38 percent (American Community Survey, 1-year data).

Economic Conditions

Economic growth in the metropolitan area was slow in the aftermath of the Great Recession. From 2011 through 2018, nonfarm payroll growth in the metropolitan area averaged 0.9 percent annually. During the same period, nonfarm payrolls nationally expanded an average of 1.9 percent a year. The education and health services sector was the fastest growing payroll sector in the metropolitan area from 2011 through 2018, averaging gains of 710 jobs, or 1.4 percent, annually. Economic conditions in the Akron metropolitan area deteriorated following the implementation of the stay-at-home order in Ohio on March 23, 2020, in response to the COVID-19 pandemic. During the 3 months ending April 2020, nonfarm payrolls in the metropolitan area declined by 6,800 jobs, or 2.0 percent, to nearly 332,100, compared with a gain of 500 jobs, or 0.1 percent, during the 3 months ending April 2019.

During the 3 months ending April 2020—

- The leisure and hospitality and the professional and business services sectors led job declines in the metropolitan area, with losses of 2,000 jobs each, or 5.9 and 4.0 percent, respectively. By comparison, the leisure and hospitality and the professional and business services sectors grew an

average of 690 and 430 jobs annually, or 2.2 and 0.9 percent, respectively, from 2011 through 2018.

- During the stay-at-home order, hospitals were temporarily unable to provide elective services, leading to furloughs among local health care providers. This resulted in a significant decline in the education and health services sector, which fell by 1,500 jobs, or 2.7 percent. The education and health services sector is the largest payroll sector, with 54,400 jobs, or 16 percent of all nonfarm payrolls. Health care providers Summa Health, Akron Children’s Hospital, and Cleveland Clinic are the three largest employers in the metropolitan area, with 5,800, 5,050, and 5,025 employees, respectively (Moody’s Analytics).
- Job losses in the metropolitan area were partially offset by growth in the transportation and utilities sector, which gained 500 jobs, or 4.0 percent. Job gains in the sector are expected to continue. In late 2019, Amazon.com, Inc. started construction on a 700,000-square-foot fulfillment center in Summit County expected to open in 2021; the company plans to hire between 1,500 and 3,000 new workers during the next 3 years.

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Nonfarm payrolls in the Akron metropolitan area declined largely because of job losses in the service-providing sectors.

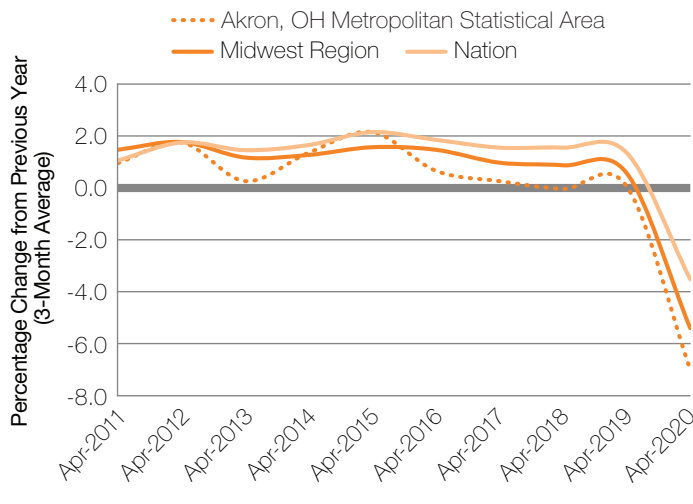
	3 Months Ending		Year-Over-Year Change	
	April 2019 (Thousands)	April 2020 (Thousands)	Absolute (Thousands)	Percent
Total Nonfarm Payrolls	338.9	332.1	-6.8	-2.0
Goods-Producing Sectors	53.8	53.3	-0.5	-0.9
Mining, Logging, & Construction	13.9	14.0	0.1	0.7
Manufacturing	39.9	39.3	-0.6	-1.5
Service-Providing Sectors	285.0	278.8	-6.2	-2.2
Wholesale & Retail Trade	53.6	52.7	-0.9	-1.7
Transportation & Utilities	12.5	13.0	0.5	4.0
Information	4.8	4.9	0.1	2.1
Financial Activities	15.3	15.4	0.1	0.7
Professional & Business Services	49.5	47.5	-2.0	-4.0
Education & Health Services	55.9	54.4	-1.5	-2.7
Leisure & Hospitality	33.8	31.8	-2.0	-5.9
Other Services	13.1	13.2	0.1	0.8
Government	46.5	46.0	-0.5	-1.1
Unemployment Rate	4.3%	8.6%		

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



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During the 3 months ending April 2020, nonfarm payrolls in the Akron metropolitan area fell at a faster rate than in the nation and in the Midwest Region.



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

Largest Employers in the Akron Metropolitan Area

Name of Employer	Nonfarm Payroll Sector	Number of Employees
Summa Health	Education & Health Services	5,800
Akron Children’s Hospital	Education & Health Services	5,050
Cleveland Clinic	Education & Health Services	5,025

Note: Excludes local school districts.
Source: Moody’s Analytics

Sales Market Conditions

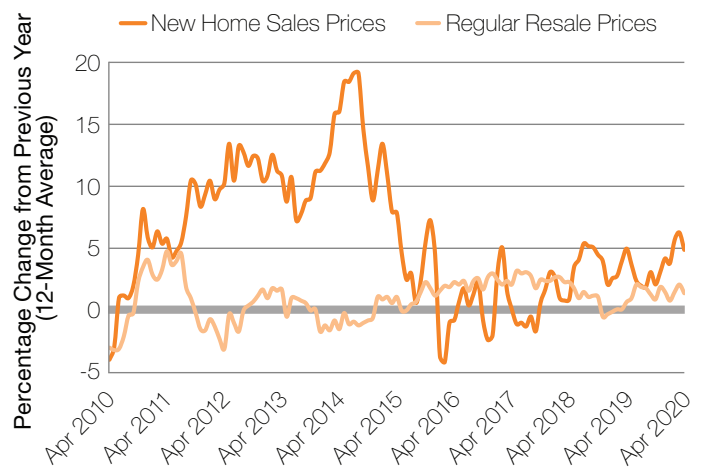
The sales housing market in the Akron metropolitan area is currently balanced, with an estimated vacancy rate of 1.9 percent, down from 2.3 percent in April 2010. Relatively low levels of single-family home construction and slower out-migration since 2010 have helped to significantly reduce the available for-sale inventory and contributed to balanced market conditions. During the 12 months ending April 2020, home sales (including single-family homes, townhomes, and condominiums) totaled 13,200 homes, a 3-percent decrease from the 13,600 homes sold a year earlier (Metrostudy, A Hanley Wood Company). As of April 2020, the metropolitan area had a 2.3-month supply of homes for sale, down from a 2.9-month supply in April 2019 (Redfin). The rate of seriously delinquent home loans and real estate owned (REO) properties in the Akron metropolitan area was 1.8 percent as of February 2020, down from 2.0 percent a year earlier (Core Logic, Inc.). The current rate is higher than the 1.7-percent rate for Ohio and the 1.3-percent rate for the nation.

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- The unemployment rate rose to 8.6 percent from the 4.3-percent rate during the 3 months ending April 2019. The current unemployment rate in the metropolitan area is lower than the 9.1 percent rate in Ohio but higher than the 7.5 percent unemployment rate nationally.

The manufacturing sector — anchored around production of fabricated metals, machinery, plastics, and rubber-related products — continues to be an important part of the local economy, with 39,300 jobs. The current share of manufacturing jobs accounts for nearly 12 percent of total nonfarm payrolls in the metropolitan area, compared with the national average of 8 percent. The Goodyear Tire & Rubber Company is the largest employer in the sector, with 2,800 employees. In 2019, BWX Technologies, Inc. began the \$80 million expansion of a manufacturing plant that produces components for nuclear reactors used in submarines and aircraft carriers. The company, which has about 650 employees in the metropolitan area, is expected to add 82 full-time positions during the next 2 years. During the first quarter of 2020, the manufacturing sector decreased by 600 jobs, or 1.5 percent, from a year earlier, and sector payrolls are 3 percent lower than the previous peak of 40,400 jobs in 2015. Declines in the manufacturing sector occurred because lower new-vehicle sales in the nation since 2016 reduced demand for automotive components produced in the metropolitan area and because of recent business shutdowns related to the COVID-19 pandemic. Examples of pandemic-related closures include General Aluminum Manufacturing Company and Wright Tool Company, firms that announced temporary layoffs of 212 and 140 employees, respectively, in March 2020.

In the Akron metropolitan area, sales price growth for regular home resales was modest during the past year, but price growth for new homes accelerated.



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



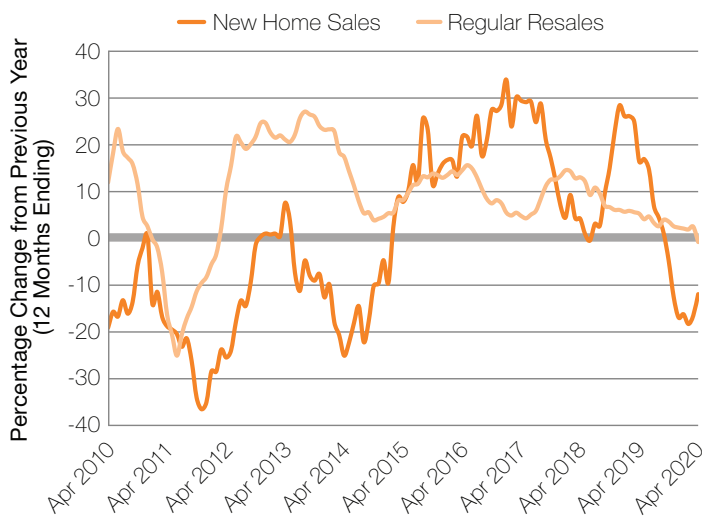
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During the 12 months ending April 2020—

- New home sales totaled 560, a decrease of 75 sales, or 12 percent, from the previous 12 months (Metrostudy, A Hanley Wood Company, with adjustments by the analyst). New home sales grew an average of 19 percent a year, from a low of 330 new homes sold in 2014 to a recent high of 670 homes sold in 2018.
- Regular resales declined by 90 sales, or 0.8 percent, to 11,850, in part because of the low inventory of homes for sale. Regular resales are currently more than double the 5,000 homes sold in 2011.
- The average sales price for new and regular resale homes rose 5 and 1 percent from the previous 12 months to \$363,100 and \$168,100, respectively. By comparison, from 2011 through 2018, new home sales prices increased an average of 6 percent a year, and prices for regular resales rose an average of 1 percent annually.
- Distressed home sales, including REO home sales, declined by 230, or 22 percent, to 810, representing 6 percent of total home sales, and the average sales price was \$94,500. In 2015, distressed home sales peaked at 2,700 sales, which comprised 22 percent of total sales, with an average sales price of \$72,600. Distressed home sales have since declined an average of 24 percent annually.

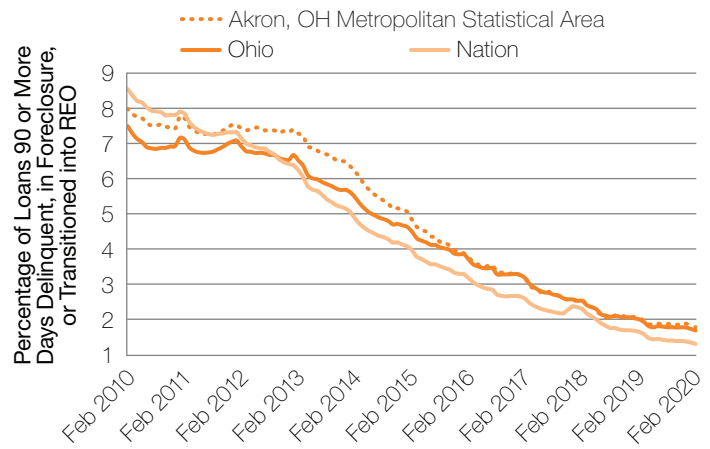
Single-family homebuilding activity, as measured by the number of homes permitted, has increased from levels in the late 2000s and early 2010s but remains at relatively low levels compared with construction activity during the early to mid-2000s.

Sales for both new and regular resale homes in the Akron metropolitan area declined during the past 12 months.



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

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

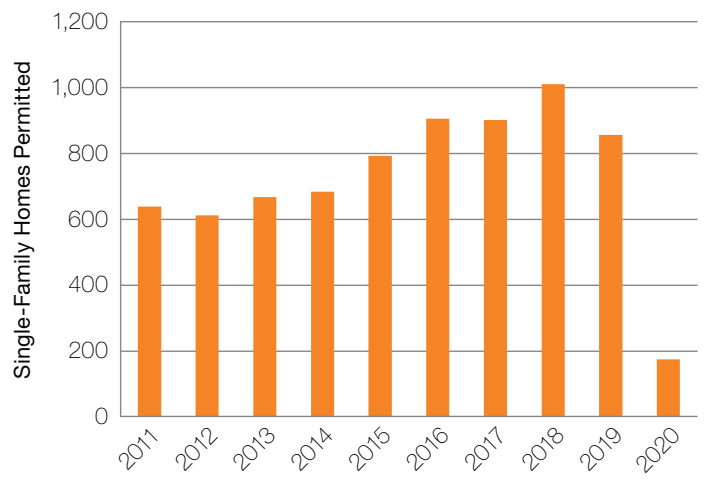


REO = real estate owned. Source: CoreLogic, Inc.

- The number of single-family homes permitted totaled 860 during the 12 months ending April 2020, down 14 percent from the 1,000 homes permitted a year earlier (preliminary data, with adjustments by the analyst). The current level of single-family construction is more than 40 percent higher than the low of 610 homes permitted in 2012.
- Single-family home construction averaged 900 homes permitted annually from 2015 to 2018, peaking at 1,000 in 2018, up from an average of 650 homes a year from

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Single-family home construction in the Akron metropolitan area peaked in 2018 after rising nearly every year since 2012.



Note: Includes preliminary data from January 2020 through March 2020. Source: U.S. Census Bureau, Building Permits Survey, with estimates by the analyst



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2009 through 2014, but far below the average of 2,075 each year from 2000 through 2008.

- Home construction is occurring throughout the metropolitan area. In the southern Summit County town of Barberton, the 40-lot East New Haven is a new development that features

three- and four-bedroom homes with prices starting at \$196,000. The 140-lot River Oaks is a new subdivision in the city of Hudson, in northern Summit County, with four- to six-bedroom single-family homes starting at \$456,000.

Apartment Market Conditions

The apartment market in the Akron metropolitan area is slightly tight, with a 3.1-percent vacancy rate during the first quarter of 2020. The average rent for an apartment was \$891, an increase of \$34, or nearly 4 percent, from the first quarter of 2019 (RealPage, Inc.).

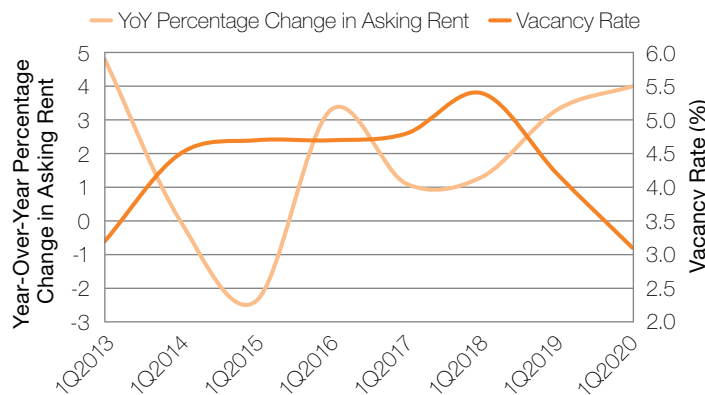
- From the first quarter of 2014 to the first quarter of 2019, the apartment market was balanced; the vacancy rate remained stable, ranging from 4.7 percent to 5.4 percent. Slower construction activity since 2018 has contributed to tighter market conditions.
- Currently, the average rents for one-, two-, and three-bedroom units in the metropolitan area are \$779, \$942, and \$1,130, respectively.
- During the first quarter of 2020, average monthly apartment rents among the three RealPage, Inc.-defined market areas grew 5 percent each in the North Summit County and South Summit County areas to \$957 and \$782, respectively. In the Portage County area, the average rent rose 1 percent to \$782. Apartment market vacancy rates declined in all market areas and ranged from 2.6 percent in the North Summit County area to 3.8 percent in the South Summit County area.
- The average apartment vacancy rate among properties targeted to students near the two public universities in the metropolitan area is currently estimated at 9.9 percent, and the average rent per-bedroom is \$576. The apartment

vacancy rate is elevated because some students returned home after universities cancelled in-person classes in mid-March and moved to online instruction.

Multifamily construction activity in the metropolitan area, as measured by the number of multifamily units permitted, has varied on an annual basis to allow for absorption of new units added to the rental inventory since 2011, but construction has generally been limited as builders respond to slow population growth.

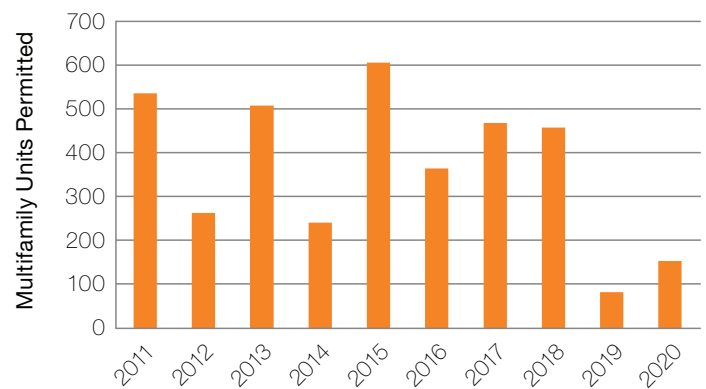
- During the 12 months ending April 2020, approximately 220 multifamily units were permitted, a 39-percent decline from the 360 units permitted during the previous 12 months (preliminary data, with adjustments by the analyst).
- From 2011 through 2018, multifamily construction averaged 430 units a year. By comparison, from 2000 through 2006, multifamily permitting averaged 510 units annually, then fell to an average of 170 units a year from 2007 through 2010.
- Recent developments include the 92-unit The Bowery District apartment building in downtown Akron, offering studio, one-, and two-bedroom units with monthly rents ranging from \$1,140 to \$1,885; the property is currently in lease-up, with approximately 85 percent of units available to rent. The 100-unit French Mill II development in Cuyahoga Falls is currently under construction. When completed in 2021, the property will offer one- and two-bedroom units with monthly rents starting at \$920 and \$1,040, respectively.

Apartment vacancy rates in the Akron metropolitan area declined substantially since early 2018 and contributed to stronger rent growth.



1Q = first quarter. YoY = year-over-year. Source: RealPage, Inc.

Multifamily construction in the Akron metropolitan area tends to vary on an annual basis and has declined since 2018.



Note: Includes preliminary data from January 2020 through March 2020. Source: U.S. Census Bureau, Building Permits Survey, with estimates by the analyst

