

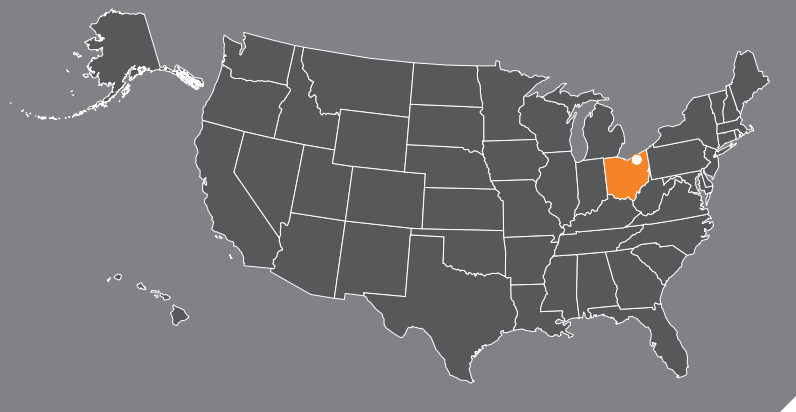
# HUD PD&R Housing Market Profiles

## Cleveland-Elyria, Ohio



### Quick Facts About Cleveland-Elyria

- Current sales market conditions: balanced
- Current apartment market conditions: balanced
- Cleveland is home to Case Western Reserve University (CWRU), ranked the best university in Ohio and 44th nationwide by *U.S. News & World Report*. The university, with more than 12,200 students and approximately 4,500 employees, is among the 10 largest employers in the Cleveland metropolitan area. In 2021, CWRU had an economic impact of \$4.7 billion on the Northeast Ohio Region, and university research generates \$1.5 billion in economic activity annually (CRWU).



Cleveland, Ohio

By Tomasz Kukawski | As of July 1, 2023

### Overview

The Cleveland-Elyria (hereafter Cleveland) metropolitan area, located in northeastern Ohio along the Lake Erie shore, includes Cuyahoga, Geauga, Lake, Lorain, and Medina Counties. The Cleveland metropolitan area is coterminous with the Cleveland-Elyria Metropolitan Statistical Area, part of the 16-county Northeast Ohio region that has approximately 3.5 million residents and includes the Akron and the Canton-Massillon metropolitan areas. The local economy is recovering from the downturn in 2020 caused by measures taken to slow the spread of COVID-19. The rate of year-over-year job growth slowed during the second quarter of 2023 compared with a year earlier. The home sales market in the metropolitan area remains balanced, largely because of a historically low inventory of homes available for sale, despite reduced demand for homebuying caused by net out-migration and increases in mortgage interest rates. Apartment market conditions shifted from tight to balanced during the past year as an increased supply of new apartments satisfied demand.

- As of July 1, 2023, the estimated population of the Cleveland metropolitan area was 2.06 million, representing an average

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decline of 9,100, or 0.4 percent, annually since April 2020. By comparison, from 2010 to 2020, the population increased by an average of 1,100, or 0.1 percent, a year.

- Since 2020, declining births and an increase in deaths caused by the COVID-19 pandemic have resulted in net natural decline that averaged 5,150 people annually, compared with an average net natural increase of 1,475 people annually from 2010 to 2020 (U.S. Census Bureau decennial census counts and population estimates as of July 1). Net out-migration from the metropolitan area

averaged about 390 people a year from 2010 to 2020 and accelerated to an average of 6,000 people a year since 2020.

- With an estimated population of 1.24 million, Cuyahoga County is the most populous county in the metropolitan area. The population in Cuyahoga County decreased an average of 0.1 percent a year from 2010 to 2020 and has decreased further at an average rate of 1.0 percent annually since 2020. By contrast, the population in the four suburban counties grew an average of 0.3 percent annually from 2010 to 2020 and 0.2 percent a year since 2020.

## Economic Conditions

The economy in the Cleveland metropolitan area improved during the past year, continuing the year-over-year job growth that began in 2021 after the pandemic-related downturn in 2020. During the second quarter of 2023, nonfarm payrolls grew by 8,300 jobs, or 0.8 percent, to 1.06 million, following a gain of 2.5 percent a year earlier. Despite the job gains, nonfarm payrolls in the Cleveland metropolitan area during the second quarter of 2023 were more than 2 percent below the prepandemic level of nearly 1.09 million during the second quarter of 2019. Job growth in the Cleveland metropolitan area during the second quarter of 2023 was substantially slower than the 1.8-percent gain in the Great Lakes Region and the 2.5-percent growth rate nationwide.

During the second quarter of 2023—

- Six of 11 nonfarm payroll sectors gained jobs, with the largest increases in the education and health services and

the manufacturing sectors, which rose by 9,300 and 2,800 jobs, or 4.7 and 2.4 percent, respectively.

- Overall job gains were limited largely because of losses in the wholesale and retail trade sector, which declined by 7,500 jobs, or 5.0 percent, from a year earlier. Jobs in the sector have been declining because of reduced demand from the declining population and because consumers shifted their spending from goods to services after the COVID-19 pandemic.
- Only four nonfarm payroll sectors in the metropolitan area had more jobs than during the second quarter of 2019, with the largest gains of 5,500 and 2,500 jobs in the financial activities and the mining, logging, and construction sectors, respectively. By contrast, the largest decreases in jobs compared with the second quarter of 2019 were in the

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**Nonfarm payroll growth occurred in 6 of the 11 sectors during the second quarter of 2023 in the Cleveland metropolitan area.**

	3 Months Ending		Year-Over-Year Change	
	June 2022 (Thousands)	June 2023 (Thousands)	Absolute (Thousands)	Percent
<b>Total Nonfarm Payrolls</b>	1,052.3	1,060.6	8.3	0.8
Goods-Producing Sectors	158.1	162.4	4.3	2.7
Mining, Logging, & Construction	40.5	42.1	1.6	4.0
Manufacturing	117.6	120.4	2.8	2.4
Service-Providing Sectors	894.2	898.2	4.0	0.4
Wholesale & Retail Trade	149.7	142.2	-7.5	-5.0
Transportation & Utilities	35.4	36.6	1.2	3.4
Information	15.9	15.8	-0.1	-0.6
Financial Activities	72.6	72.4	-0.2	-0.3
Professional & Business Services	155.3	154.6	-0.7	-0.5
Education & Health Services	197.0	206.3	9.3	4.7
Leisure & Hospitality	97.5	98.3	0.8	0.8
Other Services	38.1	40.6	2.5	6.6
Government	132.6	131.4	-1.2	-0.9
<b>Unemployment Rate</b>	5.0%	3.9%		

Note: Numbers may not add to totals due to rounding.

Source: U.S. Bureau of Labor Statistics



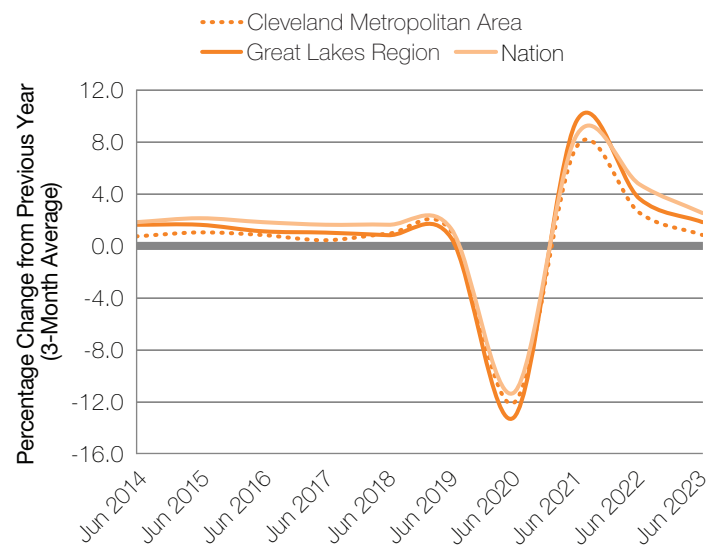
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leisure and hospitality and the government sectors, which lost 9,600 and 9,300 jobs, respectively.

- The unemployment rate in the Cleveland metropolitan area averaged 3.9 percent, down from 5.0 percent during the same period a year earlier. By contrast, the current rate for the Great Lakes Region was 3.5 percent, and the national unemployment rate averaged 3.4 percent.

The education and health services sector is the largest employment sector in the metropolitan area, with 206,300 jobs, accounting for 19 percent of all nonfarm payrolls. Following a period of consistent job growth during the 2010s, jobs in the sector reached 206,400 during the second quarter of 2019. Employment in the sector fell sharply to a low of 194,700 jobs during the second quarter of 2020 after elective healthcare procedures were postponed during the pandemic. The sector is expected to recover fully from the recent downturn during the next year and again be one of the fastest growing sectors in the metropolitan area, largely because of the increasing demand for health care from an expanding elderly population. Cleveland Clinic and University Hospitals (UH) are affiliated with CWRU in the University Circle neighborhood of Cleveland. They are among the largest providers of health care and medical research centers in the nation and are the two largest private employers in the metropolitan area, with approximately 32,800 and 16,500 employees, respectively. In the city of Beachwood, the \$236 million UH Ahuja Phase II expansion project, which includes a new hospital pavilion and the Drusinsky Family Sports Medicine Complex, was completed in June 2023 (UH). In the University Circle neighborhood, a 150,000-square-foot expansion at the Cole Eye Institute, which will include a new surgery and imaging center, is expected to be complete in 2025. Cleveland Clinic is expected to break ground later this year on a 1-million-square-foot Neurological Institute building at the main campus that is anticipated to be complete in 2027 (Cleveland Clinic).

During the second quarter of 2023, nonfarm payrolls grew at a slower rate in the Cleveland metropolitan area than in the Great Lakes region and in the nation.



Source: U.S. Bureau of Labor Statistics

### Largest Employers in the Cleveland Metropolitan Area

Name of Employer	Nonfarm Payroll Sector	Number of Employees
Cleveland Clinic	Education & Health Services	32,800
University Hospitals	Education & Health Services	16,500
U.S. Government	Government	12,050

Note: Excludes local school districts.

Source: MakeltCleveland.org

## Sales Market Conditions

The sales housing market in the Cleveland metropolitan area is currently balanced, with an estimated 1.3-percent vacancy rate, slightly down from 1.4 percent in 2020. During the 12 months ending June 2023, new and existing home sales (including single-family homes, townhomes, and condominiums) totaled about 39,600, reflecting a nearly 17-percent decline from the 47,450 homes sold a year earlier (Zonda). Nevertheless, the inventory of homes for sale represented only 1.2 months of supply in June 2023, down from a 1.5-month supply in June 2022 and substantially lower than the 3.2-month supply in June 2019 (Redfin, a national real estate brokerage). The low inventory of homes available for sale is due to a combination

of factors, including the low level of single-family home construction in the aftermath of the housing crisis and the reluctance of homeowners to sell their homes after they financed their mortgages at lower rates. In May 2023, the percentage of home loans in the metropolitan area that were seriously delinquent (90 or more days delinquent or in foreclosure) or had transitioned into real estate owned (REO) status was 1.6 percent, representing a decline from 1.9 percent a year earlier and a recent high of 4.8 percent in August 2020. The current rate in the metropolitan area is higher than the 1.3-percent rate for Ohio and the 1.1-percent rate for the nation.

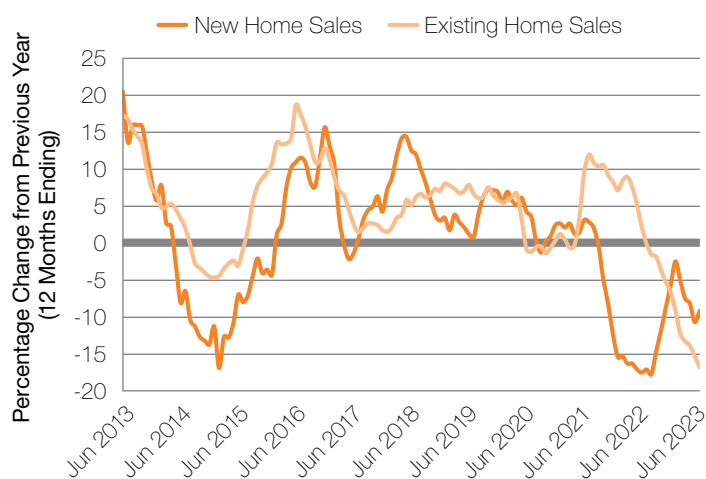
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During the 12 months ending June 2023—

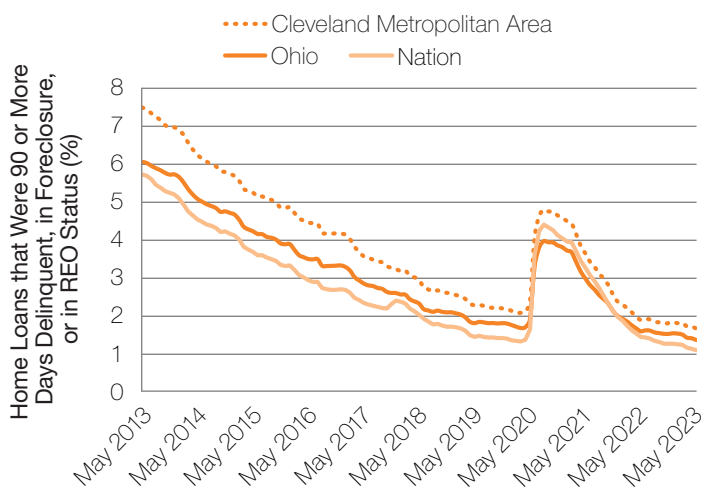
- New home sales totaled 1,725, representing a decline of 150 sales, or 9 percent, from the same period a year earlier, which followed a decrease of nearly 18 percent during the 12 months ending June 2022. By comparison, new home sales in the metropolitan area increased an average of 6 percent a year from 2016 through 2020.

During the 12 months ending June 2023, new and existing home sales declined in the Cleveland metropolitan area, primarily because of the rising costs of homeownership and the low inventory of homes available for sale.



Note: Sales are for single-family homes, townhomes, and condominiums.  
Source: Zonda

The rate of seriously delinquent mortgages and REO properties in the Cleveland metropolitan area has declined since late 2020 but remains above the rate for Ohio and the nation.



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

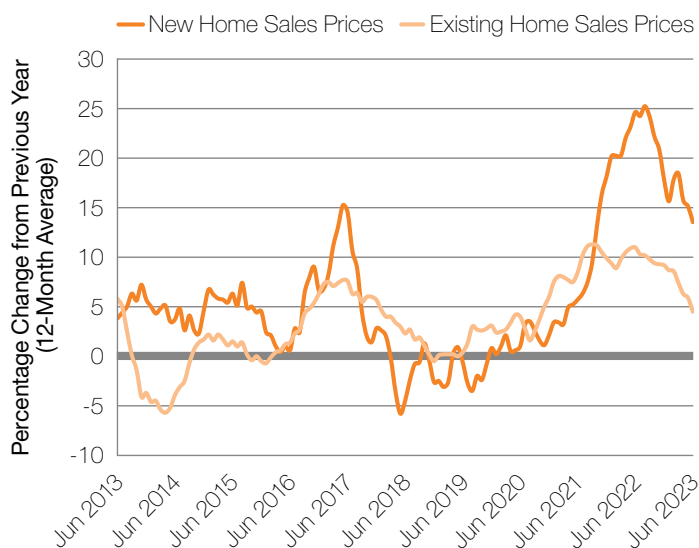
- Existing home sales, which include regular resales and REO sales, totaled 37,900, down by 7,650, or nearly 17 percent, from the previous 12 months. The recent decline is in contrast with an average annual increase in existing home sales of 6 percent from 2015 to 2021.
- The average price for a new home reached a high of \$425,600, representing an increase of nearly 14 percent from the average price a year earlier. Although price growth slowed compared with an increase of 25 percent during the 12 months ending June 2022, it was substantially above the average gain of 3 percent annually from 2013 through 2020.
- The average price for existing homes was \$221,600, representing an increase of 5 percent compared with a year earlier. Prices for existing homes in the metropolitan area rose an average of 3 percent a year from 2016 through 2019 before accelerating to an average annual increase of 8 percent from 2020 through 2021.

Home construction, as measured by the number of single-family homes, townhomes, and condominiums permitted, slowed during the past 12 months as demand moderated because of rising home prices and mortgage interest rates.

- During the 12 months ending June 2023, the number of homes permitted totaled 2,650, representing a decline of 270 homes, or 9 percent, from a year earlier, mostly because of a slowdown in single-family home construction (preliminary data, with adjustments by the analyst).

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Home sales prices in the Cleveland metropolitan area have been rising at a slower rate during the past year.

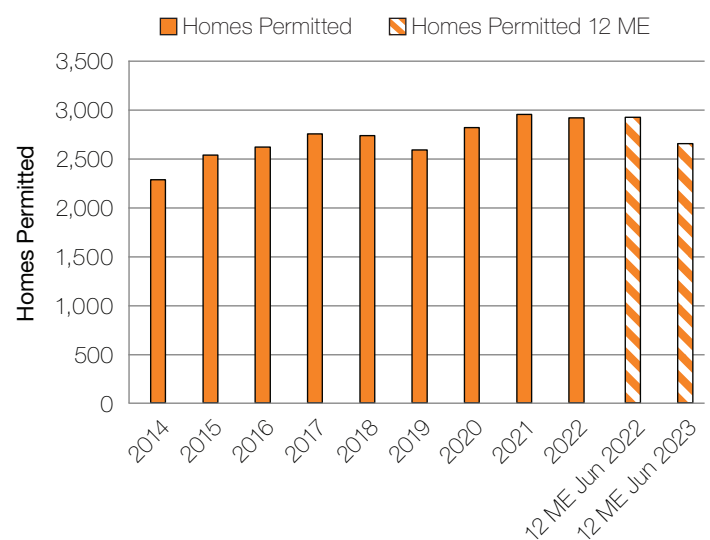


Note: Prices are for single-family homes, townhomes, and condominiums.  
Source: Zonda

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- Home sales construction in the metropolitan area averaged 1,925 homes permitted annually from 2010 through 2014 before accelerating to an average of 2,700 homes permitted annually from 2015 through 2021, with the recent high of 2,950 units permitted during 2021.
- Approximately 61 percent of homes permitted in the metropolitan area during the 12 months ending June 2023 were in suburban Lorain and Medina Counties. By contrast, approximately 20 percent of homes permitted were in Cuyahoga County, even though the county population accounts for 59 percent of the total population of the metropolitan area.
- The Hampshire Farms Phase I is a single-family home subdivision underway in the city of Amherst that will consist of 51 three-bedroom homes with prices starting in the mid-\$300,000s. Only three home sites remain available for sale at the first phase of Hampshire Farms. The 126 single-family home Ridge Water community in the city of Elyria is in the early stages of development. The first homes are expected to be complete in early 2024, with two- to four-bedroom home prices starting in the high \$200,000s.

### Construction of homes for sale in the Cleveland metropolitan area slowed during the 12 months ending June 2023.



12 ME = 12 months ending.

Sources: U.S. Census Bureau, Building Permits Survey; 2014–22—final data and estimates by the analyst; past 24 months of data—preliminary data and estimates by the analyst

## Apartment Market Conditions

The apartment market in the Cleveland metropolitan area is balanced but easing, with a 6.7-percent vacancy rate during the second quarter of 2023, up from 5.1 percent a year earlier and above the 6.1-percent rate during the second quarter of 2020 (CoStar Group). By comparison, from the second quarter of 2021 through the second quarter of 2022, apartment market conditions were slightly tight. Construction activity slowed during 2021, but demand for new apartment units remained strong. With the tighter market conditions, builders responded by greatly increasing construction in 2022. During the past year, the apartment vacancy rate rose as deliveries of new apartments in the metropolitan area outpaced absorption, with demand limited partly by continued net-out migration from the metropolitan area. During the second quarter of 2023, the average apartment rent was \$1,121, representing an increase of about 3 percent from \$1,090 during the second quarter of 2022. Nationally, the apartment vacancy rate was 6.9 percent during the second quarter of 2023, up from 5.3 percent a year earlier, and the average rent increased 1 percent to \$1,751.

During the second quarter of 2023—

- Apartment market conditions ranged from slightly tight to balanced in 8 of the 10 CoStar Group-defined market areas in the Cleveland metropolitan area. The Avon/Westlake and Lakewood market areas had the lowest vacancy rates, at

3.8 and 3.9 percent, up 1.0 and 0.5 percentage points, respectively, from a year earlier.

- Apartment market conditions shifted from slightly tight to balanced in the Downtown Cleveland market area and the East Cleveland market area, which includes the University Circle neighborhood, where vacancy rates, including new apartment units in lease up, rose 2.7 and 2.9 percentage points to 11.7 and 11.1 percent, respectively. In the Downtown Cleveland market area, approximately 1,025 new apartments entered the market during the past year, up from 730 units delivered a year earlier, and in the East Cleveland market area, new deliveries spiked to 620 units during the past year, up from only 70 units added to the inventory a year earlier.
- The average monthly rent increased in all but one market area in the Cleveland metropolitan area. The steepest increase occurred in the Avon/Westlake market area, up 5.4 percent to \$1,129. In the Southeast Cleveland market area, the average monthly rent fell 3 percent as apartment market conditions shifted from slightly tight to balanced.
- Rent growth occurred in the remaining market areas, ranging from 4 percent in the Northeast Cleveland market area to 1 percent each in the Beachwood, Brooklyn Heights, and

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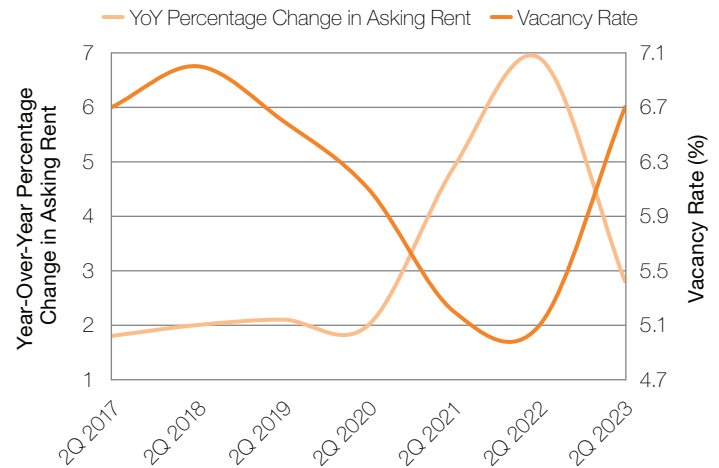
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South Cleveland market areas. The highest rent among all areas was \$1,602 in the Downtown Cleveland market area, representing a gain of 2 percent from a year earlier.

Despite a recent decline, rental construction activity, as measured by the number of rental units permitted and analyst estimates, remains elevated. Rental construction in the Cleveland metropolitan area averaged 1,760 units permitted annually from 2015 through 2019. Several large developments broke ground in the city of Cleveland and in Cleveland Heights in 2020, contributing to an increase in permitting to 2,350 units that year. Construction slowed nearly 33 percent to 1,575 units permitted in 2021 but rebounded strongly in 2022.

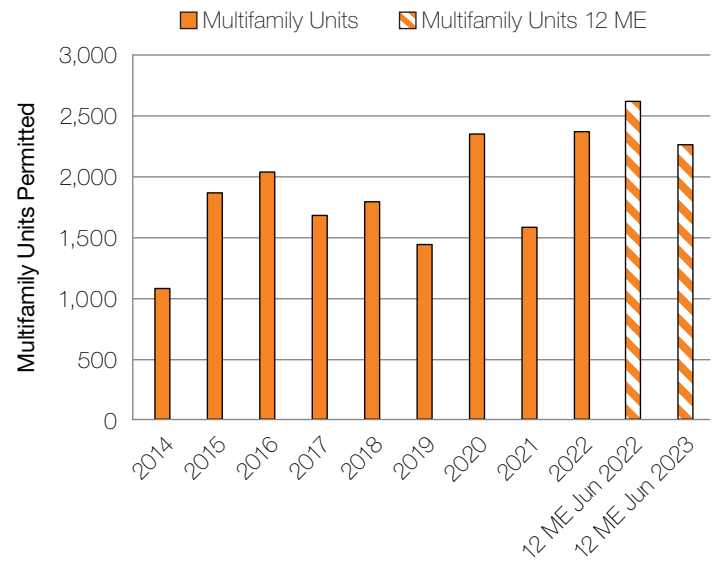
- During the 12 months ending June 2023, approximately 2,250 rental units were permitted, reflecting a decline of 14 percent from 2,625 units permitted during the same period a year ago (preliminary data, with adjustments by the analyst).
- An estimated 2,175 rental units are currently under construction in the metropolitan area. Approximately 75 percent of the units are in the city of Cleveland; most of the construction is occurring in downtown Cleveland and in neighborhoods immediately east and west of the city center.
- Recently completed rental properties include the 261-unit The Ascent at Top of the Hill in the city of Cleveland Heights; the property offers studio and one-, two-, and three-bedroom units, with monthly rents ranging from \$1,500 for a studio to \$6,500 for a three-bedroom penthouse unit. The 160-unit Foundry Lofts near the Cleveland Clinic main campus, east of downtown Cleveland, opened in 2022 and is 71 percent occupied. The property offers studio and one- and two-bedroom apartments with rents ranging from \$1,132 to \$1,900 per month.
- The City Club Apartments development is among the rental properties under construction in downtown Cleveland. The project is expected to be complete in early 2024 and will include studio and one-, two-, and three-bedroom units with monthly rents ranging from \$1,250 to \$4,200.

During the second quarter of 2023, rent growth slowed, and the vacancy rate rose from a year ago in the Cleveland metropolitan area.



2Q = second quarter. YoY = year-over-year.  
Source: CoStar Group

Rental housing construction moderated from recent highs in the Cleveland metropolitan area during the 12 months ending June 2023 but remains elevated compared with levels during the late 2010s.



12 ME = 12 months ending.

Sources: U.S. Census Bureau, Building Permits Survey, Dodge Data & Analytics LLC; 2014–22—final data and estimates by the analyst; past 24 months of data—preliminary data and estimates by the analyst

## Terminology Definitions and Notes

### A. Definitions

Building Permits	Building permits do not necessarily reflect all residential building activity. 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.
Existing Home Sales	Includes regular resales and REO sales.
Home Sales/Home Sales Prices	Includes single-family home, townhome, and condominium sales.
Net Natural Decline	Resident deaths are greater than resident births.
Net Natural Increase	Resident births are greater than resident deaths.
Rental Market/ Rental Vacancy Rate	Includes apartments and other rental units such as single-family, multifamily, and mobile homes.
Seriously Delinquent Mortgages	Mortgages 90 or more days delinquent or in foreclosure.

### B. Notes on Geography

1.	The metropolitan statistical area definition noted in this report is based on the delineations established by the Office of Management and Budget (OMB) in the OMB Bulletin dated April 10, 2018.
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