

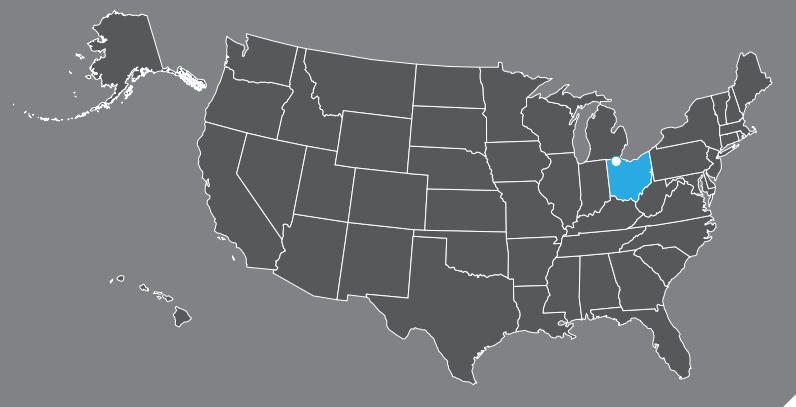
HUD PD&R Housing Market Profiles

Toledo, Ohio



Quick Facts About Toledo

- Current sales market conditions: tight
- Current rental market conditions: slightly tight
- The metropolitan area historically has been known for glass and automobile manufacturing, notably by Jeep. Currently, Jeep vehicles are produced by Stellantis N.V., which was formed in 2021 from a merger of Fiat Chrysler Automobiles (FCA) US LLC and the French PSA Groupe (Peugeot Société Anonyme). Stellantis N.V. is the sixth largest automaker in the world and one of the largest employers in the metropolitan area, with approximately 6,150 employees.



By Tomasz Kukawski | As of January 1, 2022

Overview

The Toledo metropolitan area, in northwestern Ohio on the shore of Lake Erie, is coterminous with the Toledo, OH Metropolitan Statistical Area (MSA) and includes Fulton, Lucas, and Wood Counties. Approximately 71 percent of people residing in the Toledo HMA live in Lucas County, where the principal city of Toledo is located along the Maumee River, about 60 miles southwest of Detroit, Michigan. The population of the metropolitan area has been declining since the 1960s, mostly due to net-out migration from the city of Toledo as deindustrialization reduced the number of well-paying manufacturing jobs. Currently, Toledo is the fourth most populous city in Ohio, after Columbus, Cincinnati, and Cleveland, and it has an estimated population of 268,600, which is about 30 percent smaller than the previous peak of 383,800 in 1970.

- As of January 1, 2022, the estimated population of the Toledo metropolitan area was 603,800, representing a decline of 550, or 0.1 percent, annually since 2010.
- Since 2010, net natural change (resident births minus resident deaths) has been estimated to average

continued on page 2



continued from page 1

approximately 1,275 people annually and has been offset by an average net out-migration of 1,825 people a year. (Census Bureau decennial census counts and analyst estimates).

- From 2010 to 2020, the population of Lucas County fell an average of 1,050, or 0.2 percent, annually, largely due to net out-migration from the city of Toledo (Census Bureau Decennial Census counts). Some people relocated to

nearby suburbs; the city of Perrysburg in Wood County is the fastest growing city in the metropolitan area, with a population gain of 21 percent, from 20,600 in 2010 to 25,050 in 2020. The population of Wood County from 2010 to 2020 increased an average of 680, or 0.5 percent, annually, whereas the population of Fulton County remained relatively unchanged.

Economic Conditions

The economy in the Toledo metropolitan area is recovering from the downturn in 2020 caused by efforts to limit the spread of COVID-19, but the pace of job gains is slower than in the state of Ohio and in the nation. During the fourth quarter of 2021, nonfarm payrolls totaled 296,100, representing an increase of 3,200 jobs, or 1.1 percent, from the same period a year earlier. By comparison, during the same period, nonfarm payrolls in Ohio and in the nation grew 2.2 and 4.3 percent, respectively. Overall job recovery in the Toledo metropolitan area was limited by continued weakness in the education and health services sector, partly because of the emergence of the Omicron variant, and stagnation in the manufacturing sector caused by supply chain disruptions contributed to the slow rate of recovery. The education and health services sector is one of the largest employment sectors in the metropolitan area, accounting for 47,200 jobs, or approximately 16 percent of all nonfarm payrolls. The number of nonfarm payroll jobs in the metropolitan area is currently 6 percent lower than the

pre-pandemic average of 315,400 jobs during the fourth quarter of 2019, compared with 2 percent lower nationally.

During the fourth quarter of 2021 —

- Strong job growth in the metropolitan area occurred in the mining, logging, and construction sector and the wholesale and retail trade sector, which added 1,500 and 1,100 jobs, increasing 10.6 and 2.6 percent, respectively. Strong residential construction activity, as well as commercial construction, which included the opening of four new Dollar General stores in the area since 2020, contributed to job growth in both sectors.
- The leisure and hospitality sector added 1,500 jobs to reach a total of 28,400, a gain of 5.6 percent from the same period a year earlier. Despite the recent gain, the number of jobs in the sector was about 15 percent below the 33,500 jobs during the fourth quarter of 2019. The pandemic has reduced demand for leisure activities; since the beginning of

continued on page 3

Only 5 out of 11 nonfarm payroll sectors gained jobs in the Toledo metropolitan area during the fourth quarter of 2021.

	3 Months Ending		Year-Over-Year Change	
	December 2020 (Thousands)	December 2021 (Thousands)	Absolute (Thousands)	Percent
Total Nonfarm Payrolls	292.9	296.1	3.2	1.1
Goods-Producing Sectors	60.5	62.0	1.5	2.5
Mining, Logging, & Construction	14.2	15.7	1.5	10.6
Manufacturing	46.3	46.3	0.0	0.0
Service-Providing Sectors	232.3	234.1	1.8	0.8
Wholesale & Retail Trade	42.7	43.8	1.1	2.6
Transportation & Utilities	14.4	14.7	0.3	2.1
Information	3.0	3.0	0.0	0.0
Financial Activities	10.9	10.8	-0.1	-0.9
Professional & Business Services	32.9	33.2	0.3	0.9
Education & Health Services	48.1	47.2	-0.9	-1.9
Leisure & Hospitality	26.9	28.4	1.5	5.6
Other Services	10.4	10.2	-0.2	-1.9
Government	43.1	42.8	-0.3	-0.7
Unemployment Rate	5.1%	3.9%		

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

Source: U.S. Bureau of Labor Statistics



continued from page 2

2020, annual visitor spending in Lucas County has declined nearly 24 percent from the recent high of \$1.7 billion in 2019 (Destination Toledo; annualized data).

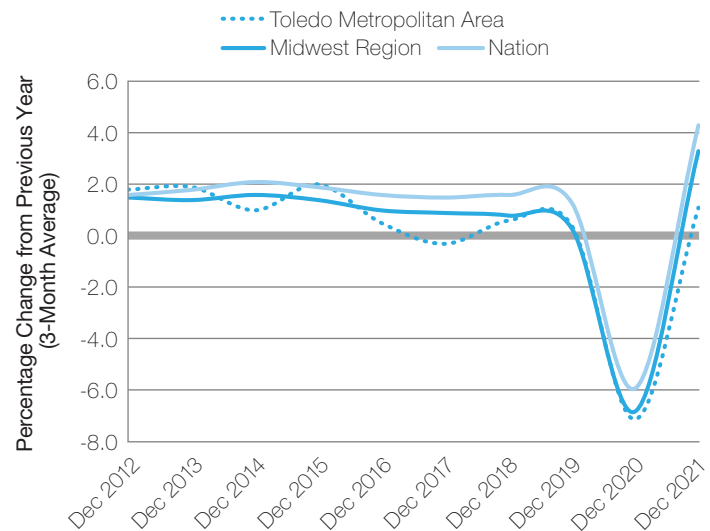
- Jobs in the education and health services sector declined by 900, or 1.9 percent, to 47,200, which followed a loss of 3,300 jobs, or 6.4 percent, during the fourth quarter of 2020, as demand for elective healthcare services declined due to concerns related to COVID-19. The sector, which grew before the pandemic by an average of 250 jobs, or 0.5 percent, annually from 2015 through 2019, includes ProMedica Health Systems, Inc. and Mercy Health, which are the two largest employers in the metropolitan area, with 14,450 and 8,825 employees, respectively.
- The unemployment rate declined to an average of 3.9 percent, down from 5.1 percent during the same period a year earlier and above the previous low of 3.3 percent during the fourth quarter of 2019. The current unemployment rate in the metropolitan area is higher than the 3.5-percent rate in the state of Ohio but lower than the 4.0-percent unemployment rate for the nation.

The manufacturing sector is the second largest payroll sector in the metropolitan area, with 46,300 jobs, or 16 percent of all nonfarm payrolls, compared with an 8-percent share nationally. The metropolitan area had been historically known as a hub for glass manufacturing, but it has since diversified into the production of automobiles, automobile parts, and components for the renewable-energy industry. During the 2010s, jobs in the manufacturing sector increased by an average of 1,300, or 3.1 percent, each year as gains in automobile sales nationally contributed to increased production from local producers and suppliers. However, temporary plant closures due to the COVID-19 pandemic and subsequent supply-chain shortages temporarily halted new job growth in the sector. During the fourth quarter of 2021, the number of jobs in the manufacturing sector remained unchanged from a year earlier. By comparison, the sector declined by 870 jobs, or 1.8 percent, during the fourth quarter of 2020, partly due to temporary layoffs caused by COVID-19-related plant closures. The manufacturing sector in the metropolitan area is expected to benefit from a shift to clean-energy production and from strong demand for sport

Sales Market Conditions

The sales housing market in the Toledo metropolitan area is currently tight, with an estimated vacancy rate of 1.2 percent, down from 2.5 percent in April 2010. Limited construction activity has allowed for the absorption of excess inventory since 2011 and has contributed to tight housing market conditions, despite continued net out-migration and weak economic conditions.

The rate of nonfarm payroll growth in the Toledo metropolitan area has generally lagged that of the nation and the Midwest region.



Source: U.S. Bureau of Labor Statistics

Largest Employers in the Toledo Metropolitan Area

Name of Employer	Nonfarm Payroll Sector	Number of Employees
ProMedica Health Systems, Inc.	Education & Health Services	14,450
Mercy Health	Education & Health Services	8,825
The University of Toledo	Government	7,000

Note: Excludes local school districts.
Source: RGP Northwest Ohio

utility vehicles and trucks; automakers are expected to increase production when the semiconductor chip shortage is resolved. Stellantis N.V. plans to invest \$23 million during the next 3 years to build a customization facility for its Jeep Wrangler and Jeep Gladiator vehicles. The expansion is expected to create 300 new jobs. In August 2021, First Solar, Inc. began construction of a third solar panel manufacturing plant in Ohio near the town of Perrysburg, which will be part of the largest integrated solar manufacturing complex in the nation. The \$680 million expansion is expected to create 500 new jobs when complete in 2025.

Changes in housing needs prompted by COVID-19, such as the desire for extra room for a home office, as well as historically low mortgage interest rates, further strengthened demand for single-family homes in the metropolitan area. During the 12 months ending November 2021, home sales (including new and existing single-family homes, townhomes, and condominiums) totaled

continued on page 4

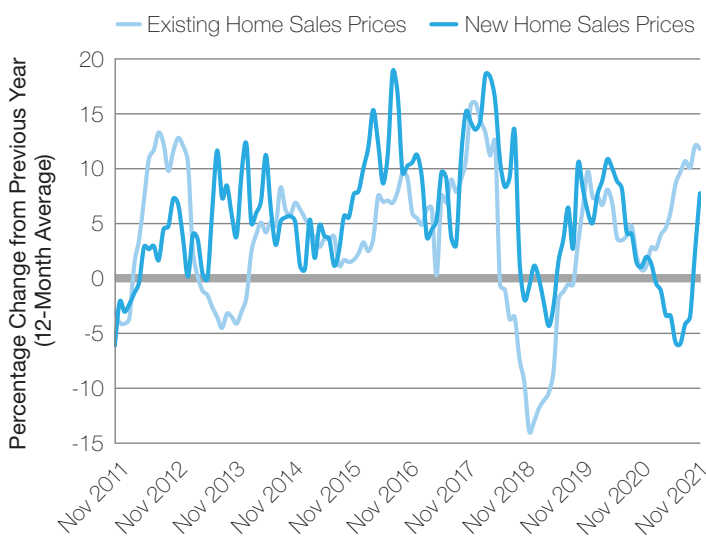
continued from page 3

13,300, an 8-percent increase from the 12,300 homes sold a year earlier (Zonda, with adjustments by the analyst). As of November 1, 2021, the metropolitan area had a 2.2-month supply of homes for sale, down from a 2.8-month supply a year earlier (CoreLogic, Inc.). The rate of seriously delinquent home loans and real estate owned (REO) properties in the Toledo metropolitan area was 2.1 percent as of November 2021, down from 4.0 percent a year earlier. The corresponding rates for Ohio and for the nation were also 2.1 percent.

During the 12 months ending November 2021 —

- New home sales in the Toledo metropolitan area totaled 450, a decline of 40 sales, or 8 percent, from the previous 12 months, whereas the average sales price for a new home reached a new high of \$261,400, an increase of \$19,000, or 8 percent, from a year earlier (Zonda, with adjustments by the analyst).
- Despite the low inventory of homes for sale, existing home sales rose by 1,075, or 9 percent, to 12,900, and the average sales price of an existing home was \$182,000, an increase of \$19,300, or 12 percent, from a year ago.
- The fastest home sales price growth in the metropolitan area was in Fulton County, where the median home sales price rose 14 percent to \$154,600. During the same period, the highest median home sales price was in Wood County at \$191,100, a gain of 12 percent, whereas the median home sales price in Lucas County rose nearly 6 percent to \$131,700.

Existing home sales prices increased faster than new home sales prices during the past year in the Toledo metropolitan area.

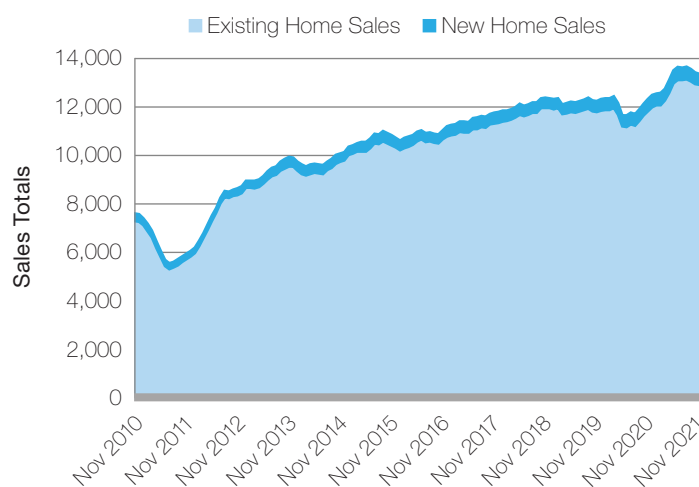


Note: Prices are for single-family homes, townhomes, and condominiums.
Source: Zonda, with adjustments by the analyst

- REO home sales declined by 250, or 47 percent, to 290, representing 2 percent of total home sales, and the average sales price for an REO home decreased 1 percent to \$115,300. In 2012, REO home sales peaked at 2,400, which accounted for 28 percent of total sales, with an average sales price of \$93,900. REO home sales have since declined an average of 21 percent annually.

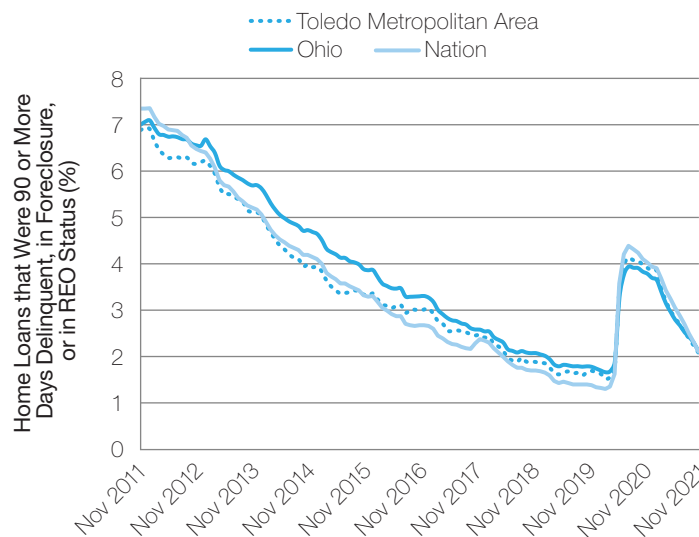
continued on page 5

Following a slowdown during early 2020, total home sales in the Toledo metropolitan area have recovered, largely because of an increase in existing home sales.



Note: Sales are for single-family homes, townhomes, and condominiums.
Source: Zonda, with adjustments by the analyst

The proportion of seriously delinquent loans and REO properties in the Toledo metropolitan area has decreased rapidly since the second half of 2020.



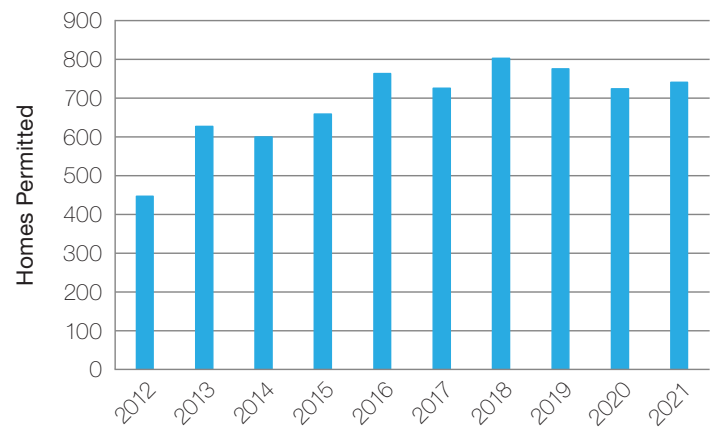
REO = real estate owned.
Source: CoreLogic, Inc.

continued from page 4

Despite increased homebuilding activity, as measured by the number of for-sale homes permitted, the supply of new homes has not met demand, which is contributing to tight market conditions.

- During 2021, the number of homes permitted totaled 740, an increase of 20, or 3 percent, from the number of homes permitted during 2020 (preliminary data, with estimates by the analyst).
- Home sales construction activity averaged 680 homes permitted annually from 2012 through 2019—higher than the average of 440 homes permitted from 2008 through 2012.
- New home construction in the metropolitan area is generally concentrated in the outer suburbs surrounding the city of Toledo. In Perrysburg, roughly 10 miles southwest of downtown Toledo, a new section consisting of 20 additional lots was approved earlier this year at the Hawthorne subdivision. Since construction began in 2015, approximately 130 homes have been sold. When the subdivision is complete, the community will feature 220 single-family homes. Prices for new homes at the Hawthorne subdivision start in the low \$400,000s. Also in Perrysburg, construction continues on Phase II of Summerfield

Sales housing construction in the Toledo metropolitan area has been relatively steady since 2016.



Sources: U.S. Census Bureau, Building Permits Survey; 2012–2020 final data and estimates by the analyst; 2021 data—preliminary data and estimates by the analyst

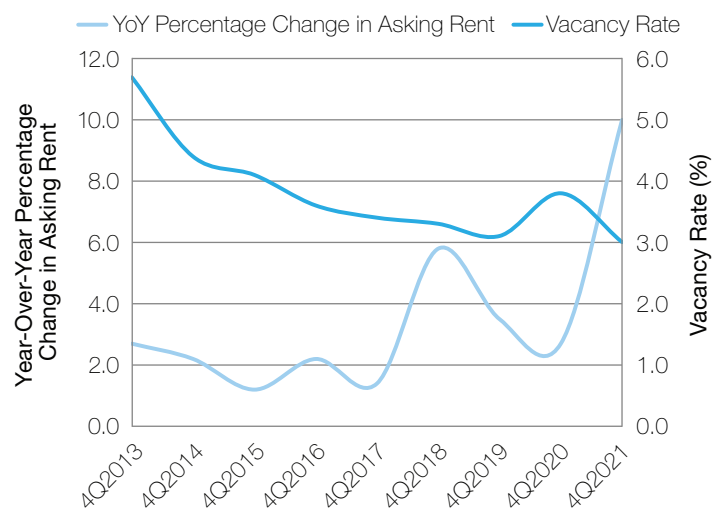
subdivision, consisting of 32 three- and four-bedroom single-family homes; 5 homes and 1 lot are currently for sale, with home prices starting in the low \$300,000s.

Rental Market Conditions

Rental housing market conditions in the Toledo metropolitan area are currently slightly tight, with an estimated vacancy rate of 6.0 percent for all rental units (including single-family homes, mobile homes, and apartments), a decline from 11.3 percent in April 2010. Despite the declining population, the number of renter households in the metropolitan area is estimated to have increased since 2010 by about 8 percent to 92,500. Renter household growth and generally low levels of multifamily construction until 2017 have contributed to the current slightly tight market conditions.

- The apartment market in the Toledo metropolitan area is slightly tight, with a 3.0-percent vacancy rate during the fourth quarter of 2021—down from 3.8 percent a year earlier and substantially below the 9.9-percent rate during the third quarter of 2009 (Moody's Analytics REIS).
- The average rent for an apartment was \$815 in the fourth quarter of 2021, an increase of \$70, or 10 percent, from the fourth quarter of 2020. From the fourth quarter of 2014 through the fourth quarter of 2017, rent growth in the metropolitan area averaged 2 percent annually and then increased to an average of 6 percent each year since the third quarter of 2018.
- Single-family home rentals comprise approximately 40 percent of the occupied rental housing stock in the Toledo metropolitan

The vacancy rate declined, and the average rent rose sharply during the fourth quarter of 2021 in the Toledo metropolitan area.



4Q = fourth quarter. YoY = year-over-year.

Source: Moody's Analytics REIS

area, up from 38 percent in 2013 (American Community Survey 5-year data). The vacancy rate for professionally managed single-family home rental units was 4.6 percent in November 2021, a decline from 4.7 percent a year earlier,

continued on page 6

continued from page 5

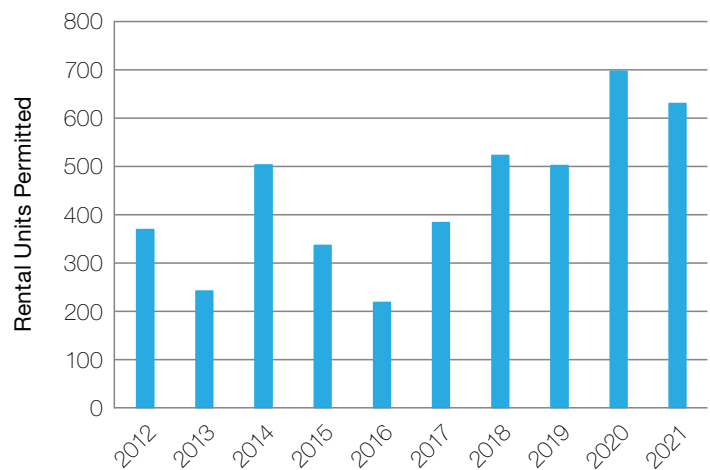
and the average rent for a single-family home rose 11 percent to \$1,138 (CoreLogic, Inc.).

- Student households in the metropolitan area predominately reside in the cities of Toledo and Bowling Green near the University of Toledo and Bowling Green State University. Of the approximately 38,700 students enrolled at the two universities, the number of students who live on their own off-campus is estimated to account for less than 5 percent of all rental households. The vacancy rate among residential properties targeted to students was 1.2 percent during December 2021, substantially down from 4.9 percent a year earlier, and the average asking rent for a student apartment declined about 10 percent from a year earlier to \$1,305 (ALN Apartment Data).

Low vacancy rates and slower net out-migration have contributed to increased rental construction activity in the Toledo metropolitan area since the mid-2010s.

- During 2021, the number of rental units permitted in the Toledo metropolitan area totaled 630, a decline of 70 units, or 10 percent, from the number of rental units permitted during 2020 (preliminary data with adjustments by the analyst).
- From 2012 through 2016, the permitting of new rental units averaged 330 units annually in the Toledo metropolitan area and then increased to an average of 470 rental units permitted each year from 2017 through 2019.
- Approximately 66 percent of new apartments added to the rental housing inventory in the metropolitan area since 2017 were built in the city of Toledo, compared with 48 percent from 2012 through 2016.
- Recent developments in the metropolitan area include the 202-unit SOMO Flats in the city of Sylvania, which opened in April 2021 and is currently in lease up, with approximately

Production of new rental units has increased since 2020 in the Toledo metropolitan area as builders responded to tightening rental market conditions.



Sources: U.S. Census Bureau, Building Permits Survey; 2012–2020 final data and estimates by the analyst; 2021 data—preliminary data and estimates by the analyst

31 percent of the units occupied. The development includes 57 one-bedroom units, 115 two-bedroom units, and 30 three-bedroom units, with monthly rents starting at \$1,175, \$1,841, and \$2,280, respectively. The 108-unit The Colony at Waterville Landing opened in 2020 in the city of Waterville—a southwestern suburb of Toledo. The property offers two-bedroom units with monthly rents starting at \$1,459 and is currently 99 percent occupied. In the city of Toledo, construction is underway on the 58-unit Secor Senior Lofts, which will provide apartments for households headed by seniors aged 55 and older. Proposed rents have not been announced yet, but five units will be available to those earning less than 70 percent of the area median income for a period of 20 years. (The units must be affordable for 20 years, and afterward will be allowed to rent at market rents.)