Cleveland-Elyria-Mentor, Ohio

The Cleveland-Elyria-Mentor metropolitan area, on the coast of Lake Erie in northeast Ohio, includes Cuyahoga, Geauga, Lake, Lorain, and Medina Counties. The principal city, Cleveland, is home to the Rock and Roll Hall of Fame and Museum, Inc., and PlayhouseSquare® Center, the largest theater district in the United States outside of New York City. The metropolitan area is moving from a manufacturing hub to a center for education and health services. According to Moody's Analytics, Inc., the largest employers are the Cleveland Clinic Health System and University Hospitals, with 34,000 and 13,725 employees, respectively. In 2010 (the most recent data available), Cleveland Clinic reported an economic impact of $10.4 billion in the northeast Ohio region, directly or indirectly supporting 81,000 jobs. As of January 1, 2013, the estimated population of the metropolitan area was 2.06 million, representing an average annual decrease of 6,275, or 0.2 percent, since April 1, 2010.

Economic conditions in the Cleveland-Elyria-Mentor metropolitan area are improving and began to stabilize after nonfarm payrolls declined from 2007 through 2010. During 2012, nonfarm payrolls increased by 4,300 jobs, or 0.4 percent, to 997,000 jobs compared with the increase of 1,600 jobs, or 0.2 percent, recorded during 2011. The education and health services and the wholesale and retail trade sectors led employment growth by adding 3,500 and 3,400 jobs, 1.9- and 2.3-percent increases, respectively. During 2012, the manufacturing sector added 2,900 jobs, an increase of 2.5 percent. The recent gains in the manufacturing sector, however, did not fully offset losses from 2007 through 2010, a period when nonfarm payrolls in the manufacturing sector decreased by 31,000 jobs, or 21 percent, accounting for 37 percent of the job losses in the metropolitan area. During 2012, the most significant declines were in the government and the leisure and hospitality sectors, which lost 4,200 and 1,800 jobs, or 3.1 and 2.1 percent, respectively. The annual average unemployment rate decreased to 7.0 percent during 2012 from 7.7 percent during 2011. According to IHS Inc., the Horseshoe Casino, Cleveland, a $400 million project, opened in May 2012, adding 750 employees. The Cleveland Medical Mart & Convention Center, a $465 million development on a 1-million-square-foot campus in downtown Cleveland, is scheduled to open in 2013. The Medical Mart will feature single-vendor showrooms with an emphasis on technology-based products for contemporary healthcare delivery.

After years of economic contraction and population declines, sales housing market conditions in the Cleveland-Elyria-Mentor metropolitan area are soft. Based on data from Hanley Wood, LLC, during the 12 months ending October 2012 (the most recent data available), new and existing single-family home sales totaled 19,900, up 2,100, or 12 percent, from the previous 12 months. Single-family home sales, which include townhome sales, declined 8 percent compared with the average annual rate of 21,700 homes sold from 2008 through 2010. During the 12 months ending October 2012, the average sales price for new and existing single-family homes was $154,700, relatively unchanged from a year earlier and less than 1 percent more than the average price of $154,000 recorded from 2008 through 2010. During the 12 months ending October 2012, new and existing condominium sales, which represented 9 percent of all home sales in the metropolitan area, totaled 1,925, a 20-percent increase compared with the 1,600 sales recorded during the previous 12 months and a 4-percent increase from an average annual rate of 1,850 sales from 2008 through 2010. The average condominium sales price decreased 1 percent, to $116,800, from the previous 12 months and was down 11 percent compared with the average sales price of $130,600 recorded from 2008 through 2010. According to LPS Applied Analytics, as of December 2012, 9.9 percent of total home loans in the metropolitan area were 90 or more days delinquent, in foreclosure, or transitioned into REO (Real Estate Owned), down slightly from 10.0 percent a year earlier. As of December 2012, the rate for Cuyahoga County, which includes the city of Cleveland, was 11.7 percent, more than 2 percentage points greater than the rate for any other county in the metropolitan area and compared with the 8.2-percent statewide rate in Ohio.

Since 2008, soft sales housing market conditions have resulted in historically low levels of single-family home-building activity, as measured by the number of homes permitted. Based on preliminary data, during 2012, the number of single-family homes permitted increased 24 percent, to 1,950, compared with the 1,575 homes permitted during 2011. This total compares with an average of 1,975 homes permitted each year from 2008 through 2010.
Overall rental housing market conditions in the Cleveland-Elyria-Mentor metropolitan area are soft, but the market for newer and larger apartment projects is tight. As of January 1, 2013, the overall rental vacancy rate was estimated at 10.4 percent, down from 12.6 percent in April 2010. According to Reis, Inc., during the fourth quarter of 2012, the apartment vacancy rate decreased to 3.5 percent from 4.4 percent during the fourth quarter of 2011 because of low production levels of new units from 2009 through 2011. Apartment vacancy rates declined most significantly in downtown Cleveland, to 3.5 percent, a decline of 2.7 percentage points from the same period a year earlier. During the fourth quarter of 2012, the average monthly rents for one-, two-, and three-bedroom units were $656, $839, and $1,037, respectively, averaging $762 overall, a 2-percent increase compared with the average rent during the same period a year earlier. Average monthly rents were highest in Beachwood and in downtown Cleveland, at $1,075 and $1,074, 2- and 3-percent increases, respectively, from a year earlier.

Multifamily construction activity, as measured by the number of units permitted, increased in the metropolitan area during the past year in response to the tight apartment market. Based on preliminary data, during 2012, 410 units were permitted compared with the 190 units permitted during 2011 and the average of 260 units permitted a year from 2008 through 2010. The Langston is a new 318-unit community in the city of Cleveland, with buildings opening from August 2012 through June 2013. Rents for one-, two-, three-, and four-bedroom units start at $800, $1,450, $2,070, and $2,520, respectively.