

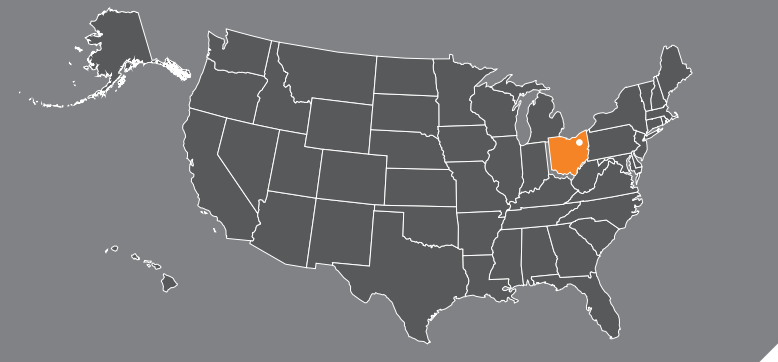
HUD PD&R Housing Market Profiles

Akron, Ohio



Quick Facts About Akron

- **Current sales market conditions: soft.**
- **Current apartment market conditions: tight.**
- **In January, Rubbermaid Commercial Products, LLC, a plastic container manufacturer, completed a new distribution center in Brimfield Township, which created approximately 150 jobs in the trade, transportation, and utilities sector.**



By Fernando L. Ramirez | As of May 1, 2013

Overview

The Akron metropolitan area, also 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 metropolitan area historically has been dominated by the manufacturing sector, particularly by the rubber industry. The area is currently making a transition from a manufacturing center to an education and health services center.

- As of May 1, 2013, the population of the metropolitan area was estimated at 702,200, a decrease of 320, or less than 1 percent, annually, since April 1, 2010.
- Since 2010, net out-migration from the area has averaged 1,150 people annually, more than the annual rate of 930 people that prevailed from 2000 through 2010.
- Akron is the largest city in the metropolitan area, with a population of approximately 199,100, or 28 percent of the area population.



Nonfarm payroll growth in the Akron area was led by the government and the education and health services sectors.

	3 Months Ending		Year-Over-Year Change	
	April 2012 (thousands)	April 2013 (thousands)	Absolute (thousands)	Percent
Total nonfarm payrolls	320.8	326.3	5.5	1.7
Goods-producing sectors	50.2	48.9	-1.3	-2.7
Mining, logging, and construction	10.6	9.3	-1.3	-11.9
Manufacturing	39.6	39.5	-0.1	-0.2
Service-providing sectors	270.6	277.5	6.8	2.5
Wholesale and retail trade	53.0	53.1	0.1	0.3
Transportation and utilities	10.1	9.9	-0.1	-1.3
Information	3.8	3.8	0.0	0.0
Financial activities	13.4	13.6	0.2	1.5
Professional and business services	49.2	51.1	1.9	3.9
Education and health services	51.0	53.0	2.1	4.1
Leisure and hospitality	28.6	28.6	0.0	0.0
Other services	13.1	13.0	-0.1	-0.5
Government	48.5	51.2	2.7	5.6
Unemployment rate	7.4%	7.0%		

Source: U.S. Bureau of Labor Statistics

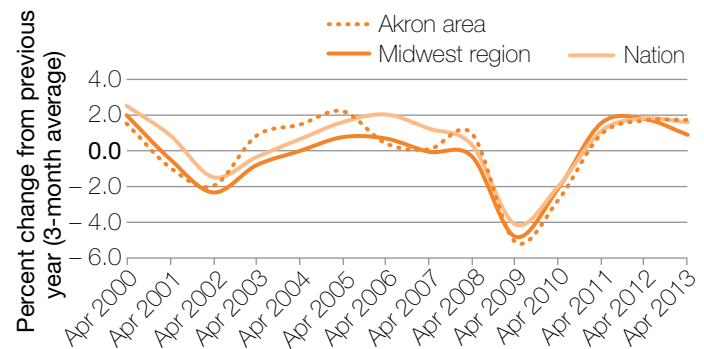
Economic Conditions

Economic conditions in the Akron metropolitan area are improving after the area recorded declines in nonfarm payrolls from 2008 through 2010, but the number of jobs remains less than the peak of 329,800 recorded during the 3 months ending August 2008.

During the 3 months ending April 2013—

- Nonfarm payrolls averaged 326,300 jobs, an increase of 5,500 jobs, or 1.7 percent, compared with the number of jobs recorded during the same 3-month period in 2012.
- The government sector and the education and health services sector led job growth, adding 2,700 and 2,100 jobs, increases of 5.6 and 4.1 percent, respectively. The gains were concentrated in the state government educational services industry, which added 2,800 jobs, or 20.2 percent. The construction of a \$37 million College of Architecture and Environmental Design building at Kent State University (KSU), expected to begin in June 2013, will likely contribute to further job growth in the sector.
- The most significant declines occurred in the mining, logging, and construction sector, which lost 1,300 jobs, or 11.9 percent, from the same 3-month period a year ago.
- The unemployment rate averaged 7.0 percent, down from the average of 7.4 percent recorded during the same 3-month period a year ago.

Nonfarm payrolls in the Akron area have increased since 2010.



Source: U.S. Bureau of Labor Statistics

Largest employers in the Akron area

Name of Employer	Nonfarm Payroll Sector	Number of Employees
Summa Health System	Education and health services	10,000
Akron General Health System	Education and health services	4,275
Kent State University	Government	3,600

Note: Excludes local school districts.

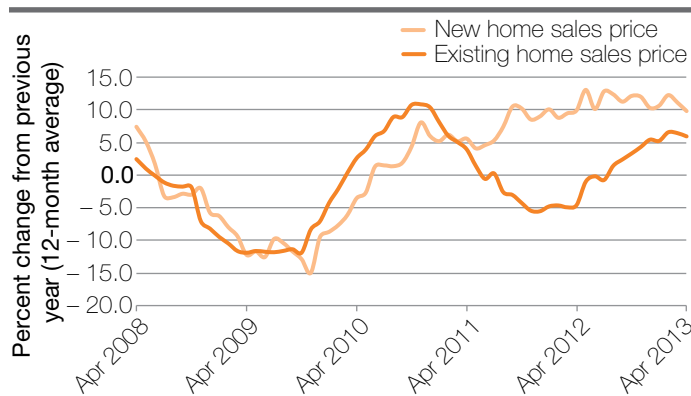
Source: Greater Akron Chamber

KSU, which has an annual economic impact of \$292 million in the northeastern Ohio area (KSU report), employs approximately 6,650 staff in its eight-campus system, which extends beyond the HMA. The University of Akron (UA) employs an academic staff of an estimated 1,900.

Sales Market Conditions

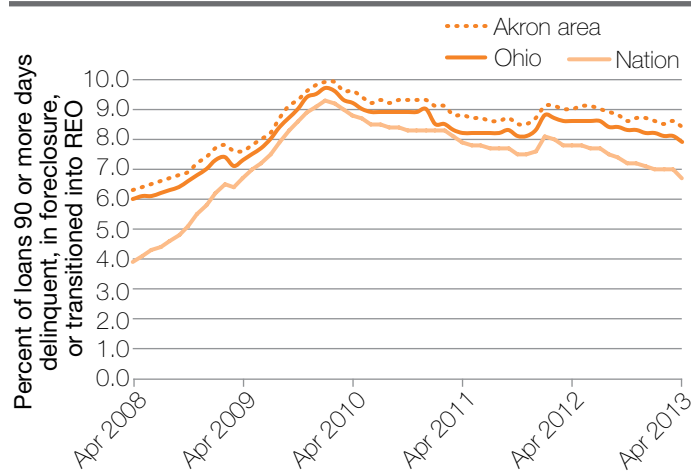
After years of weak job growth and stagnant population growth, sales housing market conditions in the Akron metropolitan area are soft. During the 12 months ending April 2013, existing home sales (including single-family homes, townhomes, and condominiums) totaled 8,175, an increase of 3.9 percent from the previous 12-month period (Hanley Wood, LLC). The number of new home sales totaled 380, unchanged from the previous 12 months. Also during the 12 months ending April 2013, the average sales price for existing homes increased 6 percent, to \$140,800, and the average sales price for new homes increased 10 percent, to \$259,500.

New home prices have increased since 2010 and existing home prices have increased since 2012 in the Akron area.



Note: Includes single-family homes, townhomes, and condominiums.
Source: Hanley Wood, LLC

The distressed mortgage rate in the Akron area has been gradually declining since 2010.

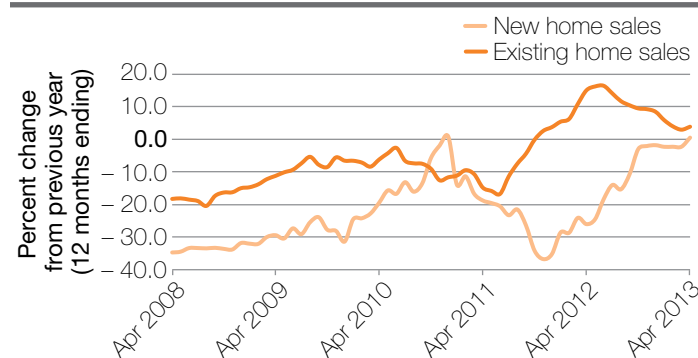


REO = Real Estate Owned.
Source: LPS Applied Analytics

- The number 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 current new home sales price exceeds the prerecession peak of \$240,400, set during the 12 months ending April 2008. By comparison, from 2008 through 2012, new home sales prices averaged \$220,800.
- Despite recent increases, existing home sales prices remain less than the peak of \$149,500 set in early 2008. By comparison, from 2008 through 2012, existing home sales prices averaged \$135,400.
- As of April 2013, 8.4 percent of mortgage loans were 90 or more days delinquent, were in foreclosure, or transitioned into REO (Real Estate Owned), down from 9.0 percent in April 2012 (LPS Applied Analytics).

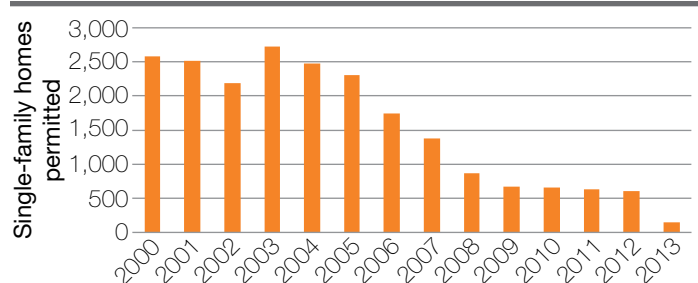
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Existing home sales have increased since 2012, but new home sales have declined almost without interruption since 2008 in the Akron area.



Note: Includes single-family homes, townhomes, and condominiums.
Source: Hanley Wood, LLC

The number of single-family homes permitted in the Akron area has been in steady decline since 2003.



Note: Includes preliminary data from January 2013 through April 2013.
Source: U.S. Census Bureau, Building Permits Survey

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Despite recent improvement, single-family homebuilding activity, as measured by the number of homes permitted, remains at the lowest levels recorded since 2000.

- During the 12 months ending April 2013, the number of single-family homes permitted totaled 480, an increase of 7 percent from the previous 12-month period (preliminary data). 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.

Apartment Market Conditions

Apartment market conditions in the Akron metropolitan area are tight, despite soft conditions in the overall rental housing market.

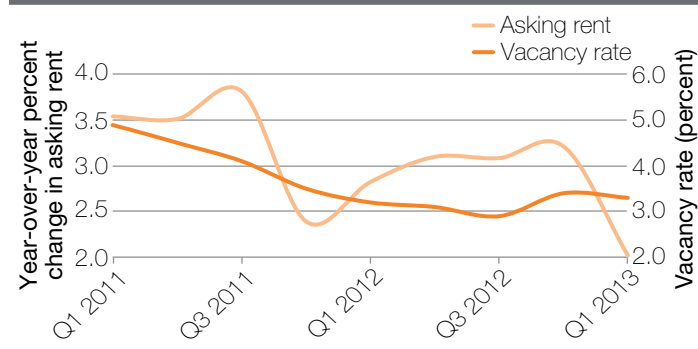
- The apartment vacancy rate as of the first quarter of 2013 was 3.3 percent, up slightly from 3.2 percent a year ago but much less than the rate of 5.1 percent recorded during 2010 (Reis, Inc.). Apartments constitute an estimated 40 percent of the rental housing inventory in the metropolitan area.
- Asking rents for apartment units averaged \$706 during the first quarter of 2013, an increase of 2 percent compared with the average rents during the first quarter of 2012.
- The average asking apartment rents by number of bedrooms were \$600, \$750, and \$1,000 for one-, two-, and three-bedroom units, respectively, during the first quarter of 2013.
- The overall rental vacancy rate remains much higher than the apartment vacancy rate because of the significant number of older homes in the single-family rental market, coupled with strong demand for apartments by UA and KSU students. The Kent campus of KSU enrolls approximately 27,400 students, of

whom approximately 71 percent reside off campus. UA enrolls approximately 26,600 students, of whom approximately 85 percent reside off campus.

During the 12 months ending April 2013, almost no multifamily units were permitted compared with the 40 units permitted during the previous 12-month period (preliminary data).

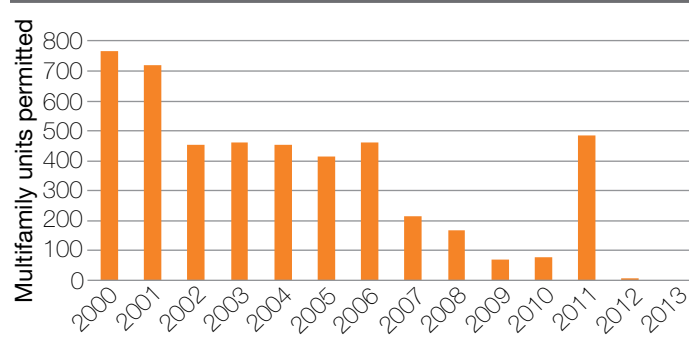
- The current level of permitting activity remains less than the average of 460 units permitted annually from 2000 through 2008.
- By comparison, from 2009 through 2012, multifamily permitting activity averaged approximately 160 units annually.
- Ongoing developments in Akron include the 189-unit 401 Lofts, which is marketed primarily to students and expected to be complete by August 2013, with rents starting at \$759 for a studio unit.
- Two developments recently completed construction in Kent. The 201-unit University Edge offers rents starting at \$754 for a studio unit and The Province at Kent, with 246 units, offers rents starting at \$750 for a studio unit.

The apartment market in the Akron area has tightened since 2010.



Source: Reis, Inc.

Multifamily construction activity has remained at low levels since 2012 in the Akron area.



Note: Includes preliminary data from January 2013 through April 2013.
Source: U.S. Census Bureau, Building Permits Survey