COMPREHENSIVE HOUSING MARKET ANALYSIS

Akron, Ohio

U.S. Department of Housing and Urban Development,
Office of Policy Development and Research

As of August 1, 2019

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

PD&R

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Executive Summary

Housing Market Area Description

The Akron Housing Market Area (HMA) is coterminous with the Akron, OH metropolitan statistical area (MSA), consisting of Summit and Portage Counties. The HMA is part of the 14-county Cleveland-Akron-Canton Combined Statistical Area, a region with approximately 3.5 million residents in northeast Ohio.

The current HMA population is estimated at 705,000.

Known as the "rubber capital of the world" for most of the 20th century, the economy in the HMA diversified in the 21st century, with a larger share of jobs in healthcare, higher education, and logistics and distribution, and fewer jobs in manufacturing.
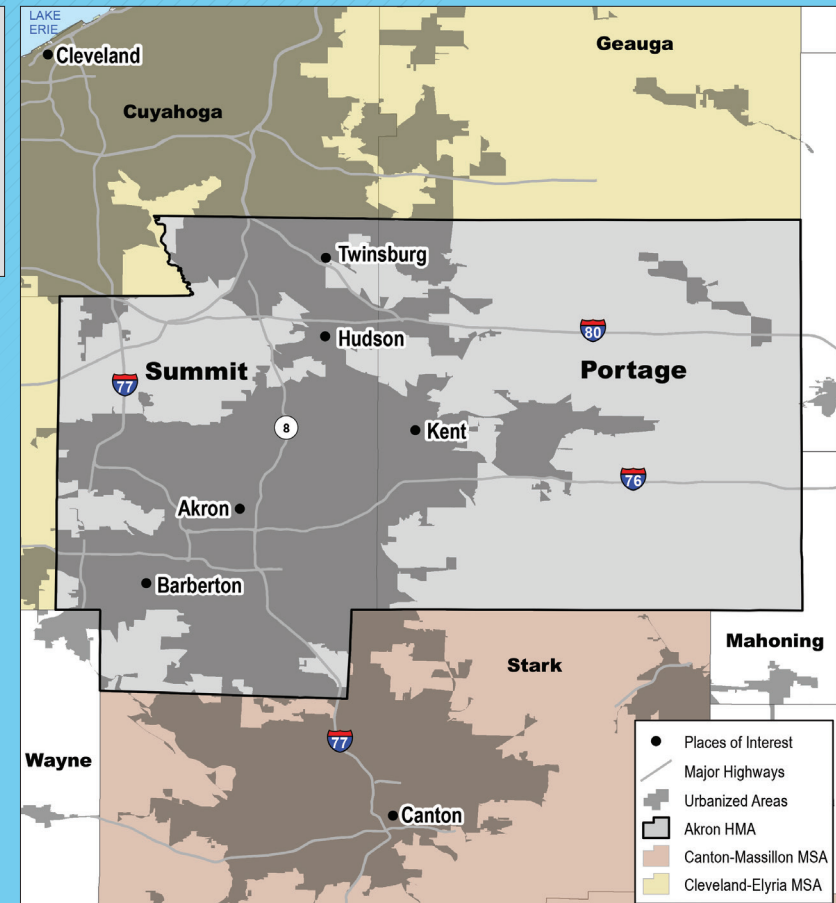
Tools and Resources

Find interim updates for this metropolitan area, and select geographies nationally, at PD&R's Market-at-a-Glance tool.
Additional data for the HMA can be found in this report's supplemental tables.
For information on HUD-supported activity in this area, see the Community Assessment Reporting Tool.

Comprehensive Housing Market Analysis Akron, Ohio
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Market Qualifiers

Economy

Stabilizing: with 900 jobs added during the 12 months ending July 2019, improving from a loss of 700 jobs during the previous 12 months.

Despite a positive change in payroll growth during the most recent 12 months, job growth is slower than the average increase of 3,300 jobs a year from 2011 through 2017. During the past 12 months, the education and health services and the leisure and hospitality sectors led job growth; the transportation and utilities sector, which has expanded by 32 percent since 2011, also added jobs. During the 3-year forecast period, nonfarm payrolls are expected to increase by an average of 0.5 percent a year.

Sales Market

Balanced: with total home sales up 2 percent and average home sales prices up 5 percent during the 12 months ending June 2019.

The home sales market is currently balanced; a declining inventory of homes for sale and stable economic conditions have supported a change from soft conditions in 2010. Nearly all home sales during the past 12 months were existing homes, with new construction accounting for only 5 percent of total sales. During the 3-year forecast period, demand is estimated for an additional 2,250 homes. The 300 homes currently under construction are expected to meet a portion of demand.

Rental Market

Balanced: with an estimated rental vacancy rate of 6.0 percent, down from 9.7 percent in 2010.

The rental market is currently balanced. Renter households have accounted for nearly all additional household growth since 2010, contributing to a lower vacancy rate and supporting demand for additional units. Newly constructed apartments, most of which are marketed to students or seniors, and previously owner-occupied homes that shifted to renter occupancy accommodated the growing number of renter households. During the 3-year forecast period, demand for an additional 1,050 apartment units is expected. The 330 units under construction are expected to meet a portion of demand.

TABLE OF CONTENTS

3-Year Housing Demand Forecast			
		Sales Units	Rental Units
Akron HMA	Total Demand	2,250	1,050
	Under Construction	300	330

Notes: Total demand represents estimated production necessary to achieve a balanced market at the end of the forecast period. Units under construction as of August 1, 2019. The forecast period is August 1, 2019, to August 1, 2022.
Source: Estimates by the analyst

Comprehensive Housing Market Analysis Akron, Ohio

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Economic Conditions

Largest sector: Education and health services

The economy of the HMA has transitioned from a manufacturing center in the 20th century to a center for higher education, health care, and logistics and distribution in the 21st century.
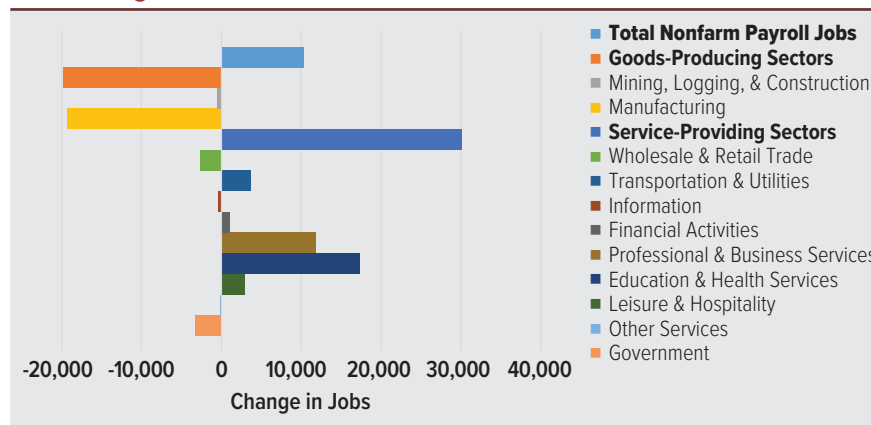
Primary Local Economic Factors

The Akron HMA was once home to four major tire companies during the 20th century: B. F. Goodrich, Firestone Tire and Rubber Company, General Tire, and Goodyear Tire and Rubber. At the peak in 1969, approximately 100,000 jobs in the HMA were in the manufacturing sector, accounting for 40 percent of total nonfarm payrolls (Bureau of Labor and Statistics, Standard Industrial Classification [SIC] data). From 1970 through 2000, the number of manufacturing jobs in the HMA fell by more than 35,000.

After declining further because of the two national recessions during the 2000s, the number of jobs in the manufacturing sector has stabilized in the current decade. Among the four major tire companies founded in the HMA, only Goodyear remains, while other tire companies have opened research and development facilities in the HMA. The types of products made in the Akron HMA have diversified over time, building on the knowledge gained by polymer-based technology workers with companies including GoJo, a soap manufacturer with headquarters in the HMA, and Rubbermaid. In 2017, legacy manufacturing—which includes industries such as steel making, machining, and chemical manufacturing—accounted for $19 billion of economic output in the 18-county northeast Ohio region, which includes the HMA (Cleveland State University, Center for Economic Development).
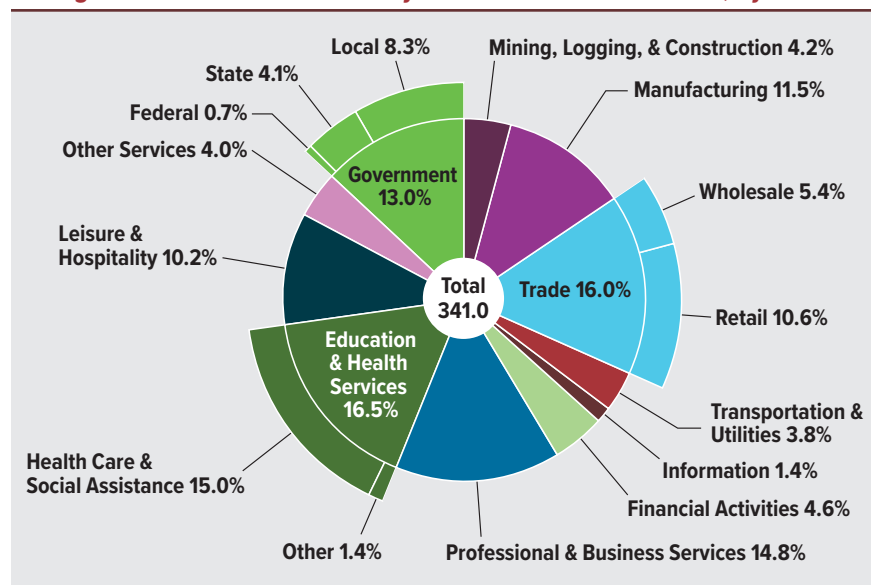
Offsetting the shrinking number of manufacturing jobs, the education and health services sector led growth during the past two decades, expanding by 17,400 jobs (Figure 1), or 45 percent, and is currently the largest nonfarm payroll sector (Figure 2). Healthcare providers account for three of the five largest employers in the HMA (Table 1).

Figure 1. Sector Growth in the Akron HMA, 2001 to Current

Legend:
- Total Nonfarm Payroll Jobs
- Goods-Producing Sectors
- Mining, Logging, & Construction
- Manufacturing
- Service-Providing Sectors
- Wholesale & Retail Trade
- Transportation & Utilities
- Information
- Financial Activities
- Professional & Business Services
- Education & Health Services
- Leisure & Hospitality
- Other Services
- Government

X-axis: Change in Jobs (-20,000, -10,000, 0, 10,000, 20,000, 30,000, 40,000)

Source: U.S. Bureau of Labor Statistics

Figure 2. Share of Nonfarm Payroll Jobs in the Akron HMA, by Sector

Total 341.0

- Mining, Logging, & Construction 4.2%
- Manufacturing 11.5%
- Wholesale 5.4%
- Trade 16.0%
- Retail 10.6%
- Transportation & Utilities 3.8%
- Information 1.4%
- Financial Activities 4.6%
- Professional & Business Services 14.8%
- Other 1.4%
- Health Care & Social Assistance 15.0%
- Education & Health Services 16.5%
- Leisure & Hospitality 10.2%
- Other Services 4.0%
- Federal 0.7%
- State 4.1%
- Local 8.3%
- Government 13.0%

Notes: Nonfarm payroll is in thousands. Sector percentages may not add to 100 percent and subsector percentages may not add to sector percentages due to rounding.
Source: U.S. Bureau of Labor Statistics

Table 1. Major Employers in the Akron HMA

Name of Employer	Nonfarm Payroll Sector	Number of Employees
Summa Health System	Education & Health Services	4,575
Cleveland Clinic	Education & Health Services	4,175
Kent State University	Government	3,975
Akron Children's Hospital	Education & Health Services	3,750
The Goodyear Tire & Rubber Company	Manufacturing	3,000
Signet Jewelers Limited	Wholesale & Retail Trade	2,850
FirstEnergy Corp.	Transportation & Utilities	2,475
University of Akron	Government	2,200
Time Warner Cable	Transportation & Utilities	2,100
Babcock & Wilcox Enterprises, Inc.	Manufacturing	1,900

Notes: Excludes local school districts.
Source: Moody's Analytics, Inc.

Higher education is also a major part of the economy. The two public universities, University of Akron (UA) and Kent State University (Kent State), had a combined enrollment of 47,700 in the fall of 2018 and employed nearly 6,200 people. Combined, the universities spent more than $80 million on research in 2017 (National Science Foundation).

Current Conditions—Nonfarm Payrolls

Nonfarm payrolls surpassed the pre-recession peak in 2017 but have since fluctuated (Figure 3). During the 12 months ending July 2018, nonfarm payrolls declined by 700 jobs, or 0.2 percent, followed by a gain of 900 jobs, or 0.3 percent, during the 12 months ending July 2019 (Table 2). During the most recent 12 months, the leisure and hospitality and the education and health services sectors added the most jobs, increasing by 1,100 and 1,000, or 3.3 and 1.8 percent, respectively. The opening of a $220 million expansion at Summa Akron City Hospital in early 2019 with the addition of approximately 100 jobs contributed to growth. Gains in the transportation and utilities sector also supported overall payroll growth, expanding by 800 jobs, or 6.4 percent.

The government sector declined by fewer jobs during the most recent 12 months compared with the previous 12 months, down by 600 jobs, or 1.3 percent, slowing from a decline of 900 jobs, or 1.9 percent. Growth occurred in the local

Figure 3. 12-Month Average Nonfarm Payrolls in the Akron HMA
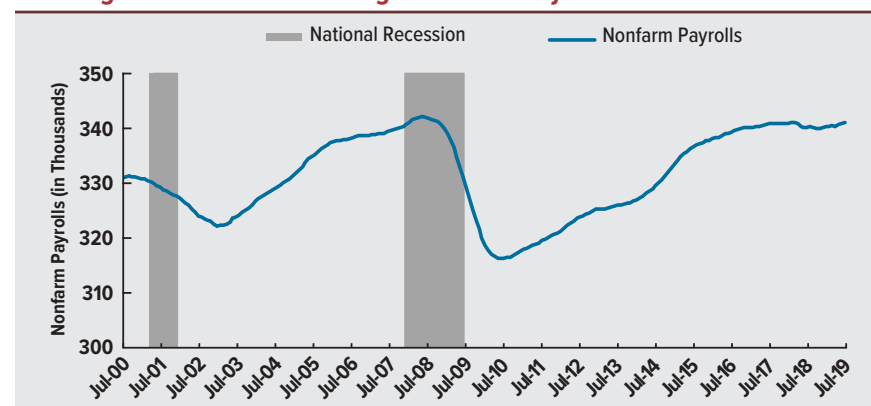
Note: 12-month moving average.
Sources: U.S. Bureau of Labor Statistics; National Bureau of Economic Research

Table 2. Nonfarm Payroll Jobs (1,000s) in the Akron HMA, by Sector

	12 Months Ending July 2018	12 Months Ending July 2019	Absolute Change	Percentage Change
Total Nonfarm Payroll Jobs	340.1	341.0	0.9	0.3
Goods-Producing Sectors	53.4	53.8	0.4	0.8
Mining, Logging, & Construction	14.1	14.5	0.3	2.4
Manufacturing	39.2	39.3	0.1	0.2
Service-Providing Sectors	286.8	287.3	0.5	0.2
Wholesale & Retail Trade	55.1	54.6	-0.6	-1.0
Transportation & Utilities	12.0	12.8	0.8	6.4
Information	4.8	4.7	0.0	-0.4
Financial Activities	15.8	15.7	0.0	-0.3
Professional & Business Services	52.0	50.6	-1.4	-2.7
Education & Health Services	55.1	56.1	1.0	1.8
Leisure & Hospitality	33.6	34.7	1.1	3.3
Other Services	13.3	13.6	0.3	1.9
Government	45.0	44.5	-0.6	-1.3

Notes: Based on 12-month averages through July 2018 and July 2019. Numbers may not add to totals due to rounding. Data are in thousands.
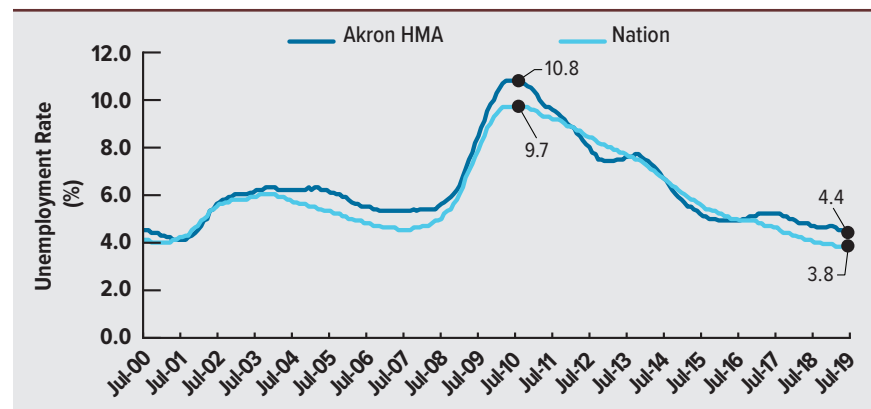Source: U.S. Bureau of Labor Statistics

government subsector, supported by an expansion of public schools funded by the LeBron James Family Foundation; however, the growth only partially offset losses in the state government subsector. The ongoing job decline in the state government subsector, which began in 2015, is partly because of falling enrollment and subsequent layoffs at UA.

Openings of repurposed former manufacturing buildings have also contributed to recent job growth. In early 2019, a portion of the downtown Akron B. F. Goodrich facility reopened as Bounce Innovation Hub, a co-working and makerspace currently housing 50 organizations with more than 200 workers. The former Goodyear headquarters was redeveloped as the East End, a mixed-use property with offices, a hotel, a school, and apartments. Babcock & Wilcox, a global energy and environmental technology manufacturer headquartered in the HMA, is planning to move to the East End later in 2019, consolidating an unannounced number of jobs from existing offices in the HMA and Charlotte, NC.

Unemployment

The unemployment rate in the HMA has been higher than the nation during most of the past two decades, exceeding the national rate from mid-2002 through late 2011 and since 2016 (Figure 4). During the 12 months ending July 2019, the unemployment rate in the HMA was 4.4 percent, down from 4.7 percent a year earlier, and 0.6 percentage point above the national rate of 3.8 percent. In mid-

Figure 4. 12-Month Average Unemployment Rate in the Akron HMA and the Nation

Source: U.S. Bureau of Labor Statistics

2010, the unemployment rate in the HMA peaked at 10.8 percent, 1.1 percentage points above the national rate, which also peaked.

The unemployment rate in the HMA has generally declined since 2011. In addition to improving economic conditions, a shrinking labor force contributed to the falling rate. During the period, the labor force has declined by 13,000, while resident employment has grown by 10,300.

Economic Periods of Significance

Overview

During the past two decades, the economy in the Akron HMA has continued to transition away from its manufacturing base and toward a service-providing economy. Since 2000, payrolls in the HMA have gone through two periods of contraction and two periods of expansion, with full recovery from the early 2000s recession in 2004 and partial recovery from the Great Recession in 2017. Recovery during both periods is mostly attributed to job growth in the service-providing sectors.

Peak and Contraction: 2000 Through 2002

Nonfarm payrolls expanded during the 1990s, peaked at 330,700 jobs in 2000, and then fell in response to the national recession in 2001. From 2001 through 2002, nonfarm payrolls declined by an average of 4,300 jobs, or 1.3 percent, annually. Losses were concentrated in the manufacturing sector, which declined by an average of 4,400 jobs, or 7.8 percent, annually. Gains in the service-providing sectors, which included growth in the education and health services and transportation and utilities sectors, averaged 800 jobs, or 0.3 percent, annually.

Expansion from 2003 Through 2007

The mid-2000s was a period of expansion in the Akron HMA supported by growth in the service-providing sectors. From 2003 through 2007, nonfarm payrolls increased by an average of 3,700 jobs, or 1.1 percent, annually, reaching a high of 340,700 jobs in 2007. Average annual growth in the service-providing sectors of 4,200 jobs, or 1.6 percent, included gains in the professional and businesses services and the education and health services sectors of 2,300 jobs and 1,300 jobs, or 5.3 percent and 2.9 percent, respectively. Job loss in the manufacturing sector slowed to an average decline of 600 jobs, or 1.3 percent annually.

Contraction from 2008 Through 2010

The economy in the HMA contracted from 2008 through 2010, losing all jobs gained during the mid-2000s period of expansion. Nonfarm payrolls declined by an annual average of 7,700 jobs, or 2.3 percent, reaching a low of 317,600 jobs in 2010, which was the lowest level since 1996. Job loss was again concentrated in the manufacturing sector, which fell by an average of 3,000 jobs, or 6.9 percent annually during the period. A Chrysler plant in the city of Twinsburg, which laid off 1,000 workers when it closed in 2010, was among numerous manufacturing plant closures.

Unlike the previous period of decline when gains in the service-providing sectors partially offset losses, jobs in the service-providing sectors also declined during the 2008-through-2010 period. Job loss in the service-providing sectors averaged 3,700, or 1.3 percent annually. All sectors declined except for the education and health services sector, which increased by an average of 1,000 jobs, or 2.1 percent annually.

Expansion from 2011 Through 2017

During most of the 2011-through-2017 period, the economy of the Akron HMA was in recovery from the Great Recession; gaining an annual average of 3,300

jobs, or 1.0 percent, and exceeded the 2007 payroll high by 200 jobs in 2017. The education and health services and the professional and businesses services sectors led job growth, each adding an average of 700 jobs, or 1.4 and 1.5 percent a year, respectively. The manufacturing sector added jobs during 4 of the 7 years in the period, resulting in an average annual gain of 200 jobs, or 0.6 percent. Bridgestone Americas opened a 450-worker center for research and technology in 2012 and in 2013, Goodyear, the only remaining tire company with a headquarters in the HMA, opened a new corporate headquarters building with an unannounced number of jobs. Downsizing and layoffs of 500 workers at a Lockheed Martin plant in 2015 offset some of the manufacturing job gains earlier in the period. Also in 2015, new distribution centers for FedEx and Dunkin Donuts opened on the site of the former Chrysler plant; these openings contributed to an average annual increase of 200 jobs, or 2.3 percent, from 2011 through 2017 in the transportation and utilities sector.

All sectors gained jobs during the period except for the government sector, which declined by an average of 500 jobs, or 1.0 percent a year. Enrollment at UA fell by nearly 7,600 students from the fall semesters of 2011 through 2017, resulting in a constrained budget and layoffs. Jobs in the local government subsector also declined, partly because of a decline in public school enrollment.

Commuting Patterns

The economy in the Akron HMA is closely linked to the other two MSAs within the Cleveland-Akron-Canton Combined Statistical Area: the Cleveland-Elyria MSA to the north and the Canton-Massillon MSA to the south (hereafter, the Cleveland MSA and the Canton MSA). Significant commuting occurs within the combined metropolitan area. During 2017, approximately 30 percent of jobs in the Akron HMA were filled by persons living in the Cleveland or Canton MSA, while 27 percent of employed residents of the HMA worked at a job located in one of the two neighboring MSAs (Figures 5a and 5b).
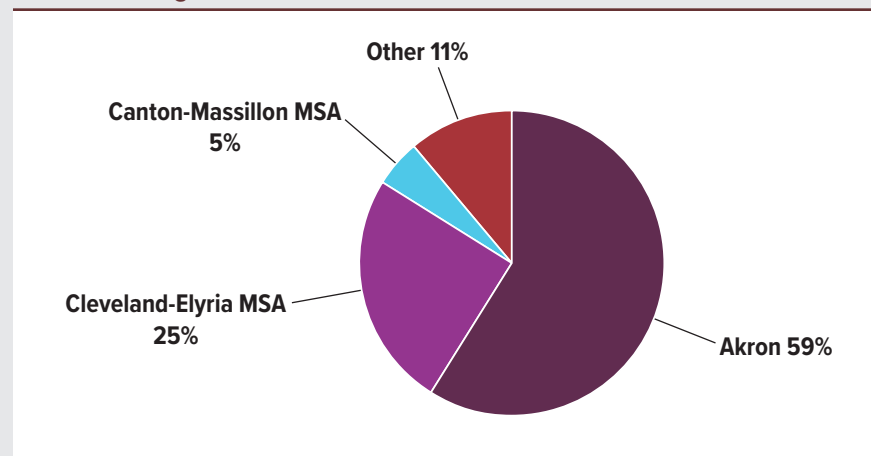
Figure 5a. Where Workers in the Akron HMA Live

Other 15%

Canton-Massillon MSA
9%

Akron 58%

Cleveland-Elyria MSA
18%
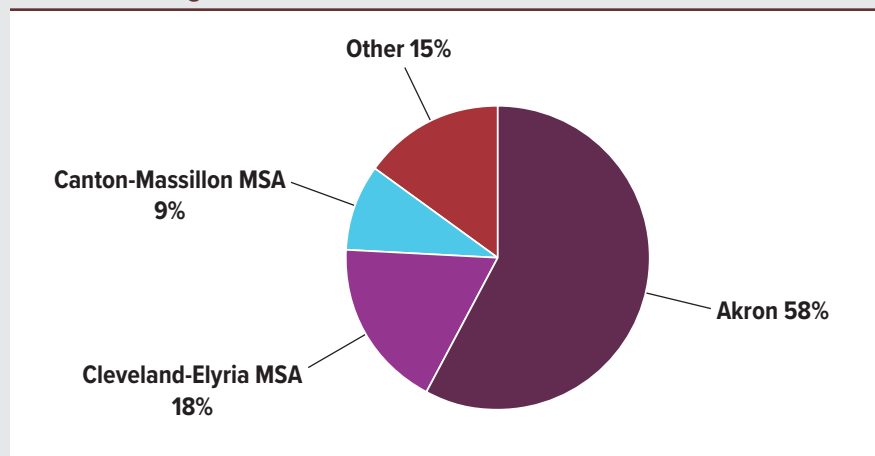
Source: U.S. Census, OnTheMap, 2017

Figure 5b. Where Residents of the Akron HMA Work

Other 11%

Canton-Massillon MSA
5%

Akron 59%

Cleveland-Elyria MSA
25%

Source: U.S. Census, OnTheMap, 2017

Employment Forecast

During the 3-year forecast period, nonfarm payrolls are expected to increase an average of 0.5 percent annually; this increase is an improvement from conditions during the most recent 12 months but is slower than during the 2011-through-2017 period. A new O'Reilly Auto Parts distribution center that plans to hire 400 workers and an Amazon distribution center that plans to hire up to 1,500 workers in the next 3 years are expected to support job growth.

Population and Households

Current population: 705,000

> Population growth has slowed in the current decade partially because of an aging population.
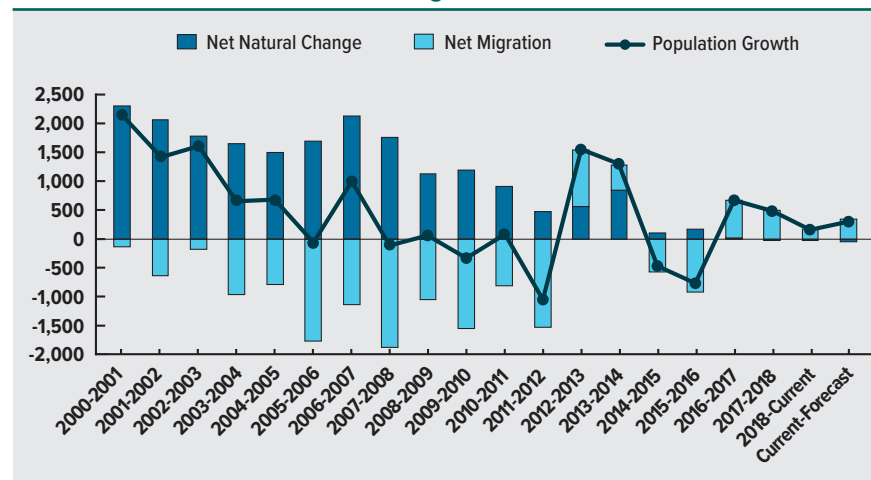
Population Trends by Decade

In the current decade, population growth has slowed compared with the 2000s (Table 3) due to an aging population and a lower birthrate that resulted in a near-zero net natural change (resident births minus resident deaths). Net out-migration has slowed in the current decade; net in-migration occurred from 2012 to 2014 and has occurred since 2016 (Figure 6). The reversal to net in-migration only partially offset the decline in net natural increase, however, resulting in overall slower population growth since 2010 compared with the 2000-to-2010 period.

Figure 6. Components of Population Change in the Akron HMA, 2000 Through the Forecast

Note: Net natural change and net migration totals are average annual totals over the time period.
Sources: U.S. Census Bureau; current to forecast—estimates by the analyst

Population Trends and the Economy

Since 2000, stronger economic growth elsewhere has resulted in net out-migration during most years. The relative affordability of the HMA and job growth have contributed to resident retention and attraction of non-residents in recent years. The period from 2000 to 2005 had the strongest population growth in the HMA, rising by an average of 0.2 percent, or 1,425 people annually (Census Bureau decennial census counts and population estimates as of July 1). All of the increase is attributed to net natural increase, which averaged 1,925 people a year. A relatively high unemployment rate compared with the nation and declining or slowly recovering payrolls during the period contributed to net out-migration averaging 500 people a year, as people moved away for better economic opportunities outside of the HMA.

Table 3. Akron HMA Population and Household Quick Facts

		2010	Current	Forecast
Population Quick Facts	**Population**	703,200	705,000	705,900
	Average Annual Change	820	190	300
	Percentage Change	0.1	0.0	0.0
		2010	**Current**	**Forecast**
Household Quick Facts	**Households**	285,003	291,100	293,200
	Average Annual Change	1,075	650	690
	Percentage Change	0.4	0.2	0.2

Note: Average annual changes and percentage changes are based on averages from 2000–2010, 2010 to current, and current to forecast.
Sources: 2000 and 2010—2000 Census and 2010 Census; current and forecast—estimates by the analyst

During the 2005-to-2012 period, the population declined by an average of approximately 50, or less than 0.1 percent annually. Compared with the 2000-to-2005 period, net out-migration was higher, averaging 1,375 annually, and net natural increase was lower, averaging 1,325 annually. Economic conditions in the HMA were improving in the mid-2000s, but as conditions improved faster outside of the HMA, a larger number of residents moved away. During the Great Recession and the early period of recovery in the late 2000s and early 2010s, residents continued to move away as recovery occurred faster in other parts of the nation.

Since 2012, the population has been increasing by an average of 410, or 0.1 percent a year. A period of job growth, which also began in the early 2010s, supported net in-migration, averaging 170 people annually. Relative affordability of the HMA compared with faster growing metropolitan areas around the nation also contributed to net in-migration during the period. Net natural change continued to slow, falling to an average of 240 a year as the share of residents aged 60 and over increased.

Population Forecast

During the next 3 years, the population is expected to continue to increase, averaging 300 people a year, or less than 0.1 percent annually, a slightly slower rate compared with the 2012-to-current period. Continued net in-migration is expected to offset negative net natural change during the forecast period. Net in-migration is expected to be above the average from the 2012-to-current period as job growth continues, but the shift to net natural decrease, which began in 2018, is expected to continue as the portion of older residents grows.

Migration Trends

Migration into and out of the Akron HMA is frequently from or to another metropolitan area in Ohio. Net in-migration is occurring from the Cleveland and Canton MSAs, whereas net out-migration is occurring to the Cincinnati, Columbus, and Youngstown-Warren-Boardman metropolitan areas (Table 4). The Columbus and Cincinnati metropolitan areas are home to the first and second largest public universities in the state, respectively, and are the third and first largest metropolitan areas in the state, drawing residents for educational and employment opportunities. The Youngstown metropolitan area is among the most affordable areas in the nation, and most residential areas are within a 1-hour drive of employment centers in the Akron HMA.

Table 4. Metro-to-Metro Migration Flows in the Akron HMA: 2013–2017

|	Into the HMA	Out of the HMA	Net Change
Cleveland-Elyria, OH Metro Area	9,161	6,685	2,476
Canton-Massillon, OH Metro Area	3,257	2,835	422
Youngstown-Warren-Boardman, OH-PA Metro Area	1,760	2,235	-475
Columbus, OH Metro Area	1,243	2,148	-905
Cincinnati, OH-KY-IN Metro Area	498	886	-388

Notes: 2013–2017 American Community Survey, 5-year data. Excludes international and non-metropolitan areas.
Source: U.S. Census Metro-to-Metro Migration Flows

Affordability in the HMA is relatively similar compared with the Cleveland and Canton MSAs, but because Akron is between both areas, residents who move to the HMA from either MSA can commute to a larger number of jobs.

Age Cohort Trends

The population in the Akron HMA currently includes a larger share of older residents and a smaller share of younger residents than in 2010. During the current decade, the portion of residents aged 60 and older rose from 20 percent to 24 percent, while the portion of residents aged 14 and younger has declined from 18 percent to 17 percent (Figure 7). The portion of adults aged 30 to 44 and 45 to 59, which make up the

Figure 7. Population by Age Range in the Akron HMA
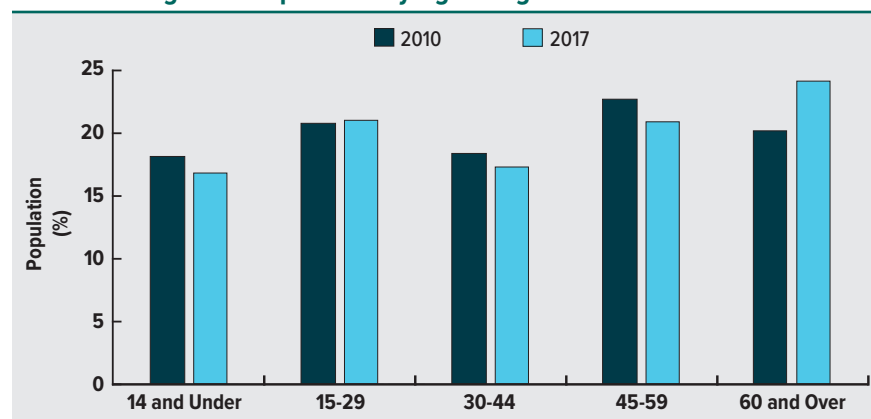
Source: 2010 and 2017 American Community Survey, 1-year data

majority of the labor force, has also declined since 2010. Despite declining student enrollment at UA, the portion of residents aged 15 to 29 has remained relatively steady, accounting for about 21 percent of the population in both 2010 and 2017.

Household Trends

Household growth has also slowed during the current decade, coinciding with slower population growth. From 2000 to 2010, the number of households increased by an annual average of 1,075, or 0.4 percent and since 2010, growth has slowed to an annual average of 650, or 0.2 percent. During the forecast period, household growth is expected to rise slightly, averaging 690, or 0.2 percent annually, supported by slightly higher population growth.

Student households are currently estimated to account for approximately 3 percent of all households, down from 4 percent at the beginning of the current decade. Student enrollment, which has fallen 16 percent from the peak of 56,650 during the fall semester of 2011 to 47,700 during fall semester of 2018, contributed to the decline.

Household Tenure

The homeownership rate is declining in the Akron HMA. From 2000 to 2010, renter households increased by an average of 940, or 1.1 percent a year, outpacing the average annual growth in owner households of 140, or 0.1 percent. Therefore,

the homeownership rate declined from 70.5 percent in 2000 to 68.3 percent in 2010 (Figure 8). Since 2010, all household growth has been attributed to renter households, resulting in further decline of the homeownership rate, which is currently estimated at 65.9 percent. During the forecast period, the homeownership rate is expected to continue to decline but at a slower rate.

Figure 8. Households by Tenure and Homeownership Rate in the Akron HMA
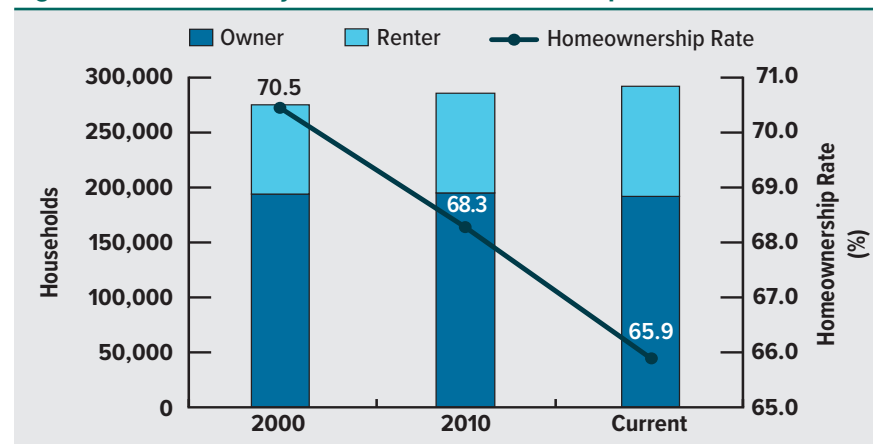
Sources: 2000 and 2010—2000 Census and 2010 Census; current—estimates by the analyst

Home Sales Market Conditions
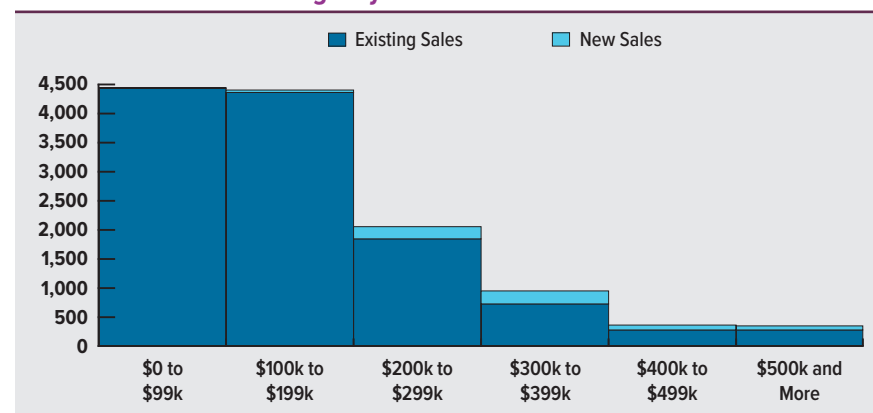
Market Conditions: Balanced

> The number of homes sold and the average home sales price increased during the 12 months ending June 2019.

Current Conditions

Home sales market conditions in the Akron HMA are currently balanced. The home sales vacancy rate is currently estimated at 1.8 percent (Table 5), down from 2.3 percent in 2010, when the market was slightly soft. The inventory of available homes for sale was 2.9 months in June 2019, down from 3.2 months in June 2018 and well below the peak of 12.3 months in December 2008 (CoreLogic, Inc., with adjustments by the analyst). During the 12 months ending June 2019, total home sales, including new and existing homes, increased 2 percent to 13,850, supported by an increase in existing sales. The average home sales price, including new and existing homes, exceeded the pre-recession high in 2016 and has continued to rise. During the 12 months ending June 2019, the average home sales price was $162,200, up 5 percent from a

Table 5. Home Sales Quick Facts in the Akron HMA and the Nation

		Akron HMA	Nation
Home Sales Quick Facts	**Vacancy Rate**	1.8%	NA
	Months of Inventory	2.9	4.3
	Total Home Sales	13,850	6,082,000
	1-Year Change	2%	-4%
	Total Home Sales Price	$162,200	$294,200
	1-Year Change	5%	2%
	Mortgage Delinquency Rate	1.9%	1.4%

NA = data not available.
Notes: The vacancy rate is as of the current date (August 1, 2019). Home sales and prices are for the 12 months ending June 2019. Months of inventory and mortgage delinquency data are as of June 2019.
Source: CoreLogic, Inc.

year ago and $19,000, or 13 percent, above the 2005 pre-recession high. Both new and existing home sales prices rose during the past 12 months. During the 12 months ending June 2019, among all homes sold, nearly three-fourths of existing homes sold for less than $200,000, and approximately 70 percent of new homes sold for between $200,000 and $399,999 (Figure 9).

Figure 9. Share of Sales by Price Range During the 12 Months Ending July 2019 in the Akron HMA

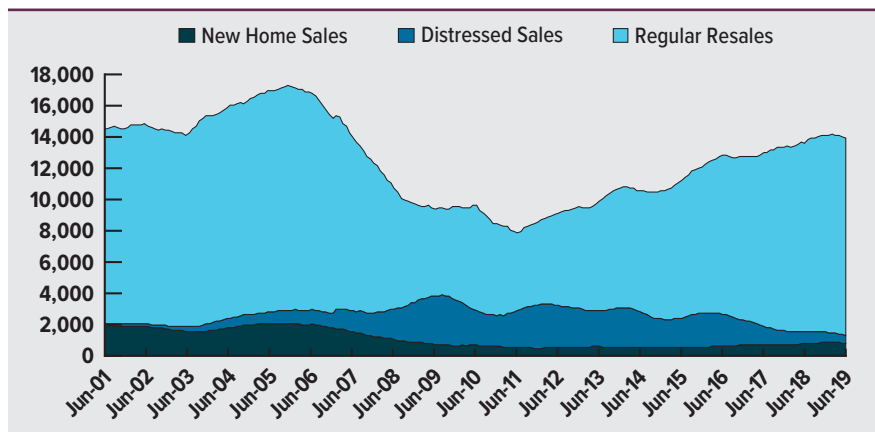Source: Metrostudy, A Hanley Wood Company

In the city of Akron, beginning in 2017, a 15-year tax abatement was offered on major improvements to existing homes and redevelopment of empty lots. The abatement is expected to have supported rising home sales and prices in recent years as residents use the opportunity to increase property values without increasing taxes.

Home Sales

Total home sales have been rising since 2011 but are below the pre-recessionary peak; during that peak, however, population growth was stronger and lending standards were more lenient. Home sales peaked in 2005 with 17,200 homes sold (Figure 10). As job growth slowed and the economy contracted, total home

Figure 10. 12-Month Sales Totals by Type in the Akron HMA

Source: CoreLogic, Inc., with adjustments by the analyst

Figure 11. Percentage of Loans 90 or More Days Delinquent, in Foreclosure, or Transitioned to REO Status in the Akron HMA and the Nation

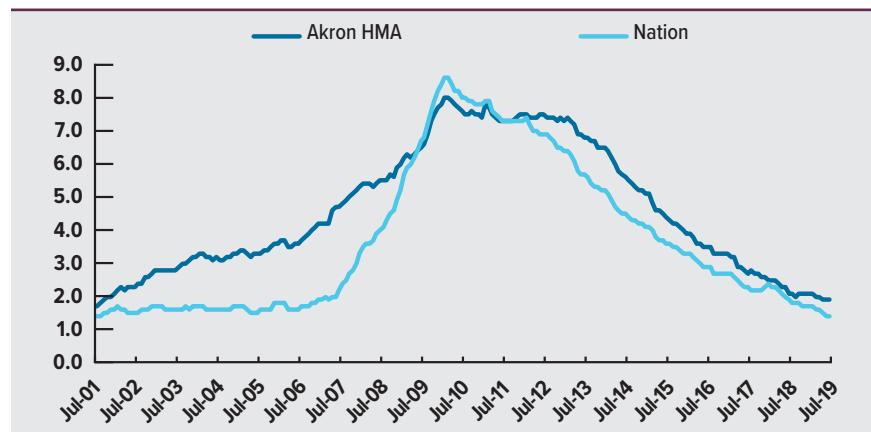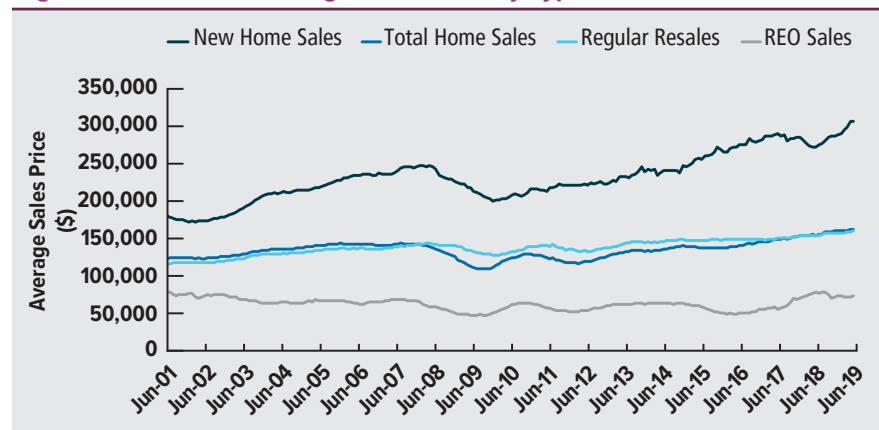
Source: CoreLogic, Inc., with adjustments by the analyst

sales fell by an average of 1,775, or 13 percent annually, to a low of 8,400 in 2010. Coinciding with the end of the Great Recession and subsequent recovery, home sales have generally been increasing since 2011, up an average of 640 homes, or 6 percent annually.

New construction home sales accounted for 12 percent of total sales in 2005, the largest share of sales during the past two decades, and have accounted for 5 percent of total sales since 2011. Distressed sales, including real estate owned (REO) and short sales, peaked at 33 percent of total sales during 2011 and have declined every year since, accounting for only 4 percent of total sales during the most recent 12 months.

Seriously Delinquent Mortgages and REO Properties

Compared with the nation, the rate of seriously delinquent home loans and REO properties in the HMA was elevated during the 2000s but peaked below the nation in early 2010 (Figure 11). In the HMA, the rate remained elevated for

a longer period in the early 2010s and has declined at a slower rate compared with the nation, coinciding with a slower economic recovery from the Great Recession. During June 2019, the rate in the HMA was 1.9 percent, down from 2.1 percent a year earlier and down from a peak of 8.0 percent in early 2010 (CoreLogic, Inc.). The rate for the nation was 1.4 percent in June 2019, down from 1.9 percent in June 2018 and a peak of 8.6 percent in early 2010.

Home Sales Prices

Home sales prices for all homes, including new and existing, peaked in 2005 and again in 2007, with the second peak coinciding with the end of a period of job growth in the HMA. Prices fell sharply in the late 2000s and then rose slowly; in 2016, prices exceeded the mid-2000s peak (Figure 12). During 2005, the average home sales price was $143,200, falling 2 percent during 2006 before increasing to $142,300 in 2007. From 2008 through 2009, prices fell an average of 12 percent, or $16,000 a year, to a low of $110,300 in 2009. Contributing to the decline in home prices in the late 2000s was a rising share of REO sales, which had an average price approximately 50 percent below the average price for

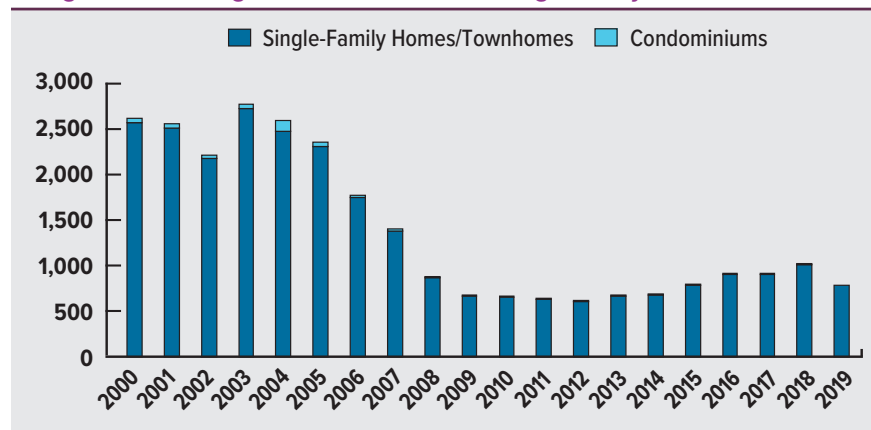**Figure 12. 12-Month Average Sales Price by Type of Sale in the Akron HMA**

Source: CoreLogic, Inc., with adjustments by the analyst

Figure 13. Average Annual Sales Permitting Activity in the Akron HMA

Notes: Includes single-family homes, townhomes, and condominiums. Data for 2019 are through July 2019.
Sources: U.S. Census Bureau, Building Permits Survey; 2000–2018 final data and estimates by the analyst; 2019—preliminary data and estimates by the analyst

regular resale homes. REO sales increased from 13 percent of total sales in 2007 to 30 percent in 2009. During 2010, average home sales prices rose 17 percent, partially because of the 2010 national first-time home buyer tax credit, but then fell again, down 10 percent to $117,100 in 2011 as the tax credit was no longer available and the economy in the HMA was still in recovery. Since 2012, home sales prices have been rising, up an average of 5 percent, or $6,925 annually.

Sales Construction Activity

Home sales construction activity, as measured by the number of new homes permitted, is up from recessionary levels in the late 2000s and early 2010s, but well below levels from the early to mid-2000s (Figure 13). From 2000 through 2005, a period that included the strongest population growth during the past two decades, sales permitting averaged 2,525 homes a year. As job growth in the mid-2000s expanded faster elsewhere in the nation than in the HMA, followed by the Great Recession, permitting fell by an average of 420 homes a year from 2006 through 2009. Permitting remained relatively low from 2010 through 2014, averaging 660 homes annually through the early part of recovery.

As payrolls approached the previous peak, permitting rose by an average of 80 homes a year from 2015 through 2018, to a recent high of approximately 1,025 homes permitted in 2018. During the 12 months ending July 2019, permitting slowed slightly, with 870 units permitted, down from 1,025 units permitted during the previous 12 months.

New Construction Homes

For-sale home construction is occurring throughout the HMA. Higher priced housing tends to be concentrated in the northern portion of the HMA, in areas closest to the Cleveland MSA. Lower priced new construction homes tend to be in the southern portion of the HMA. Sales prices for a single-family home in the 40-lot East New Haven subdivision in Barberton, a town in south Summit County, averaged $211,200 during the first 7 months of 2019. By comparison, in the 140-lot River Oaks single-family home subdivision in the city of Hudson, in northern Summit County, home sales prices averaged $555,400 during the same period. Nearly all new for-sale homes built in the HMA are single-family.

Forecast

During the 3-year <u>forecast</u> period, demand is expected for an additional 2,250 new sales units (Table 6). The 300 homes currently under construction are expected to meet demand during a portion of the first year of the forecast period. Demand is expected to increase slightly during each year of the forecast period.

Table 6. Demand for New Sales Units in the Akron HMA During the Forecast Period

Sales Units	
Demand	2,250 Units
Under Construction	300 Units

Note: The forecast period is August 1, 2019, to August 1, 2022.
Source: Estimates by the analyst

Rental Market Conditions

Market Conditions: Balanced

> Since 2010, approximately 70 percent of all rental units built in the HMA were intended for students or seniors.

Current Rental Market Conditions and Recent Trends

Rental market conditions in the Akron HMA are currently balanced. The vacancy rate for all rental units, including single-family homes, townhomes, and apartments, is currently 6.0 percent, improving from softer conditions in 2010 when the vacancy rate was 9.7 percent (Table 7). The decline in the vacancy rate is partially because the
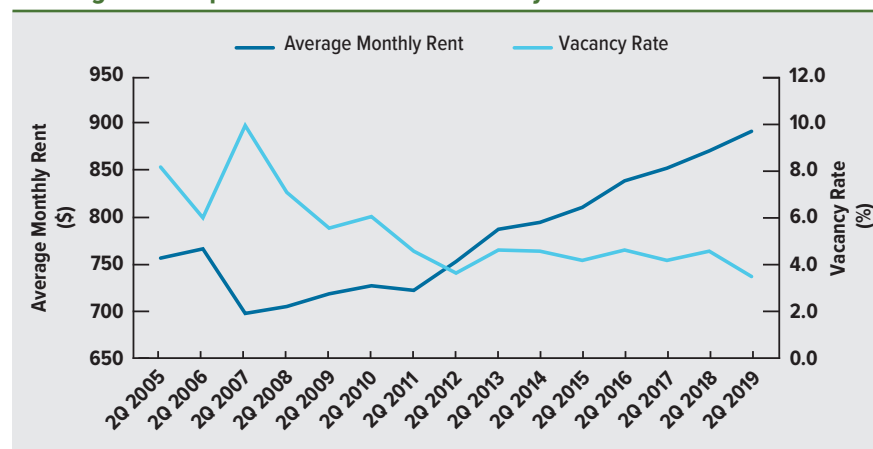
number of renter households—which is estimated to have increased by an average of 950 annually since 2010—exceeded the number of rental units added to the inventory. The number of units added includes newly built rental units and homes that shifted from owner to renter occupancy.

Single-family homes are a growing portion of the rental inventory, currently accounting for 40 percent of all rental units, up from 38 percent in 2010. Multifamily units currently account for 59 percent of rental units, down from 61 percent in 2010. The remaining 1 percent, an unchanged share since 2010, represents other housing types, including mobile homes.

Apartment Market Conditions

Apartment market conditions are balanced, but a decline in the vacancy rate during the past year is indicative of tighter than previous conditions. During the second quarter of 2019, the apartment vacancy rate was 3.5 percent, down from 4.5 percent a year earlier (Figure 14). By comparison, the apartment vacancy rate ranged from 4 to 5 percent during the 2013-to-2017 period. The average apartment rent increased 2 percent from a year ago to $892 during the second quarter of 2019. Rent growth has been relatively steady, averaging 2 percent annually from 2015 through 2018.

Table 7. Rental and Apartment Market Quick Facts in the Akron HMA

		2010 (%)	Current (%)
Rental Market Quick Facts	Rental Vacancy Rate	9.7	6.0
	Occupied Rental Units by Structure		
	Single-Family Attached & Detached	38	40
	Multifamily (2–4 Units)	19	19
	Multifamily (5+ Units)	42	40
	Other (Including Mobile Homes)	1	1

		Current	YoY Change
Apartment Market Quick Facts	**Apartment Vacancy Rate**	3.5%	4.5
	Average Rent	$892	2%
	Studio	$598	1%
	One-Bedroom	$778	3%
	Two-Bedroom	$937	2%
	Three-Bedroom	$1,131	0%

YoY = year over year.
Note: The current date is August 1, 2019.
Sources: Occupied rental units by structure data—2017 American Community Survey 1-year data; apartment data—RealPage, Inc.

Figure 14. Apartment Rents and Vacancy Rates in the Akron HMA

2Q = second quarter.
Source: RealPage, Inc.

Among the three RealPage, Inc.-defined market areas in the HMA, the North Summit County area had the highest average rent at $997 during the second quarter of 2019; the fastest rent growth, up 4 percent from a year earlier; and the lowest vacancy rate at 2.9 percent. The North Summit County area is also closest to the city of Cleveland. The South Summit County market area, which includes the city of Akron, had the lowest average rent at $748; the slowest rent growth, up only 1 percent from a year earlier; and the highest vacancy rate at 4.2 percent. Apartments in the South Summit County market area are relatively older, averaging 37 years since construction, compared with an average age of only 25 years in the North Summit County market area. Declining student enrollment at the University of Akron has also contributed to relatively softer conditions in the South Summit County market area. The third area, the Portage County area, had average rents that were relatively similar to rents in the North Summit County area, averaging $960 during the second quarter of 2019 and up 2 percent from a year ago. The vacancy rate in the Portage County area was 3.1 percent, higher than the vacancy rate in the North Summit County area and lower than the rate in the South Summit County area.

Student Housing

Student households account for an estimated 8 percent of all renter households, down from 9 percent in 2010, when enrollment was higher. Among all enrolled students during the 2018–2019 academic year, an estimated 20 percent lived on campus in residence halls (RealPage, Inc.), and the remainder lived off campus. Since 2010, approximately 970 rental units marketed to students, including 420 units in the city of Kent and 550 units in the city of Akron, have been constructed (Map 2). Student apartments account for nearly 30 percent of all rental units built since 2010.

The newest apartment project marketed toward students, Latitude Kent, will open in mid-August for the fall semester of 2019 at Kent State. Rents at the 130-unit property range from $1,449 for a private one-bedroom unit with a balcony to $689 for one bedroom in a shared four-bedroom unit.

Senior Housing

Senior households age 60 and older account for approximately 23 percent of all renter households, up from 21 percent in 2010 (2010 and 2017 American

Map 2. Completed Projects in the Akron HMA Since 2010
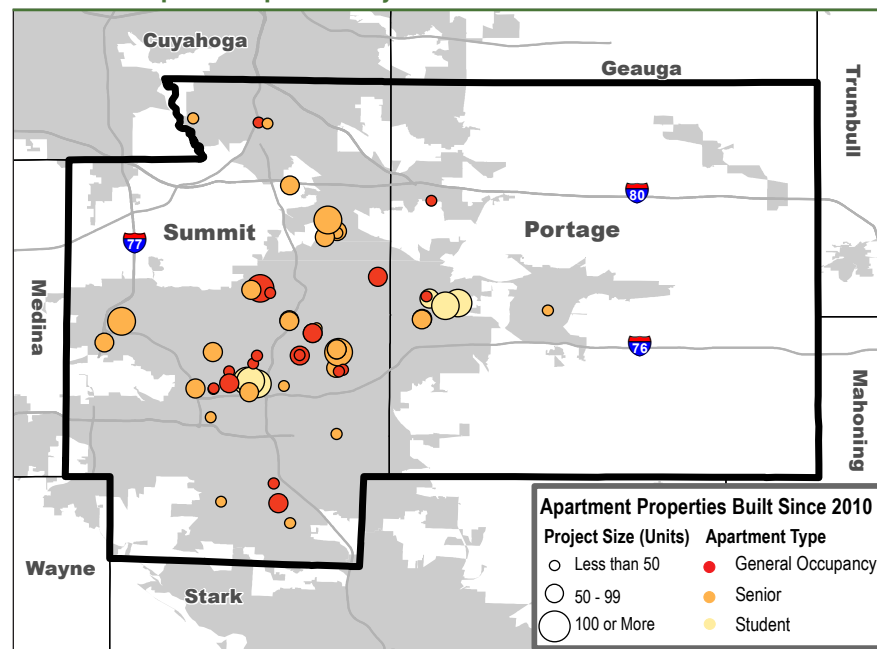
Source: McGraw-Hill Construction Pipeline database, with adjustments by the analyst

Community Survey 1-year data). To accommodate the growing share of senior renters, additional senior housing, including senior apartments and independent and assisted living, has been built, making up nearly 40 percent of additional rental units built since 2010.

The newest senior apartment property, Middlebury Commons, is a 40-unit property in the city of Akron that is currently under construction and partially financed through the Low Income Housing Tax Credit (LIHTC) program. When the building opens in late 2019, the units will be available to income-qualified senior households earning up to 60 percent of area median income.

Rental Construction Activity

Rental construction activity, as measured by the number of rental units permitted, is up in recent years compared with the late 2000s but remains

below levels from the early 2000s. From 2000 through 2006, rental permitting averaged 510 units annually, and then fell to an average of 170 units a year from 2007 through 2010 (Figure 15). From 2011 through 2018, the number of rental

Figure 15. Average Annual Rental Permitting Activity in the Akron HMA
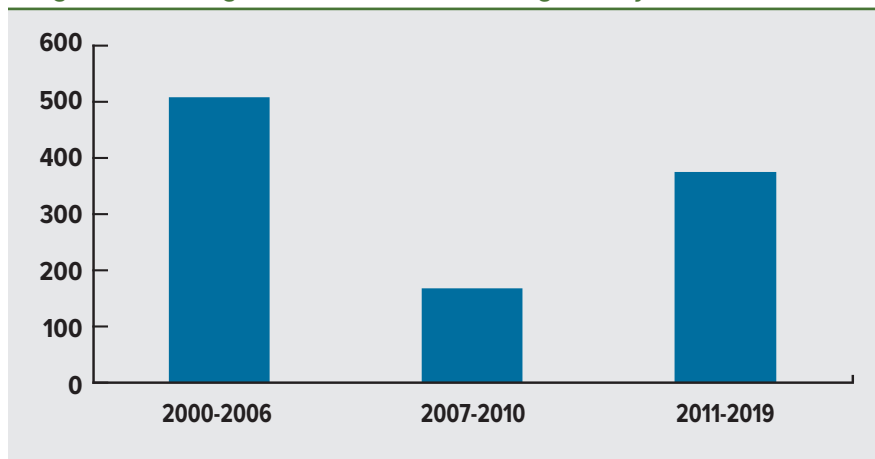
Notes: Includes apartments and other units intended for renter occupancy. Data for 2019 are through July 2019.
Sources: U.S. Census Bureau, Building Permits Survey; 2000–2018 final data and estimates by the analyst; 2019 preliminary data and estimates by the analyst

units permitted averaged 400 annually. Relatively slower population growth since 2012 compared with the early 2000s, and the conversion of owner-occupied homes to rental housing have slowed rental permitting in the current decade compared with the early 2000s. During the 12 months ending July 2019, permitting fell to 160 units, down from 460 units during the previous 12 months to allow for absorption of units permitted during the previous year.

Forecast

During the 3-year forecast period, demand is expected for an additional 1,050 rental units (Table 8). The 330 units currently under construction, including 170 senior units and 130 units marketed to students, are expected to meet demand during the first year of the forecast period. Demand is expected to increase slightly during each year of the forecast period.

Table 8. Demand for New Rental Units in the Akron HMA During the Forecast Period

Rental Units	
Demand	1,050 Units
Under Construction	330 Units

Note: The forecast period is August 1, 2019, to August 1, 2022.
Source: Estimates by the analyst

Terminology Definitions and Notes

A.   Definitions

Building Permits	Building permits do not necessarily reflect all residential building activity that occurs in an HMA. 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.
Demand	The demand estimates in the analysis are not a forecast of building activity. They are the estimates of the total housing production needed to achieve a balanced market at the end of the 3-year forecast period given conditions on the as-of date of the analysis, growth, losses, and excess vacancies. The estimates do not account for units currently under construction or units in the development pipeline.
Distressed Sales	Short sales and real estate owned (REO) sales.
Forecast Period	8/1/2019–8/1/2022—Estimates by the analyst
Home Sales/ Home Sales Prices	Includes single-family home, townhome, and condominium sales.
Net Natural Change	Resident births minus resident deaths.

Rental Market/ Rental Vacancy Rate	Includes apartments and other rental units such as single-family homes, multifamily homes, and mobile homes.
Senior Housing	Housing restricted to tenants meeting a minimum age requirement, typically 55 and older or 62 and older.
Seriously Delinquent Mortgages	Mortgages 90+ days delinquent or in foreclosure.
Student Household	Household of student(s) residing in the HMA for the primary purpose of attending a college or university.

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 February 28, 2013.
2.	Urbanized areas are defined using the U.S. Census Bureau's 2010 Census Urban and Rural Classification and the Urban Area Criteria.

C.   Additional Notes

1.	This analysis has been prepared for the assistance and guidance of HUD in its operations. The factual information, findings, and conclusions may also be useful to builders, mortgagees, and others concerned with local housing market conditions and trends. The analysis does not purport to make determinations regarding the acceptability of any mortgage insurance proposals that may be under consideration by the Department.
2.	The factual framework for this analysis follows the guidelines and methods developed by the Economic and Market Analysis Division within HUD. The analysis and findings are as thorough and current as possible based on information available on the as-of date from local and national sources. As such, findings or conclusions may be modified by subsequent developments. HUD expresses its appreciation to those industry sources and state and local government officials who provided data and information on local economic and housing market conditions.

Cover Photo	**iStock**

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