

COMPREHENSIVE HOUSING MARKET ANALYSIS

Cleveland-Elyria, Ohio

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

As of July 1, 2023



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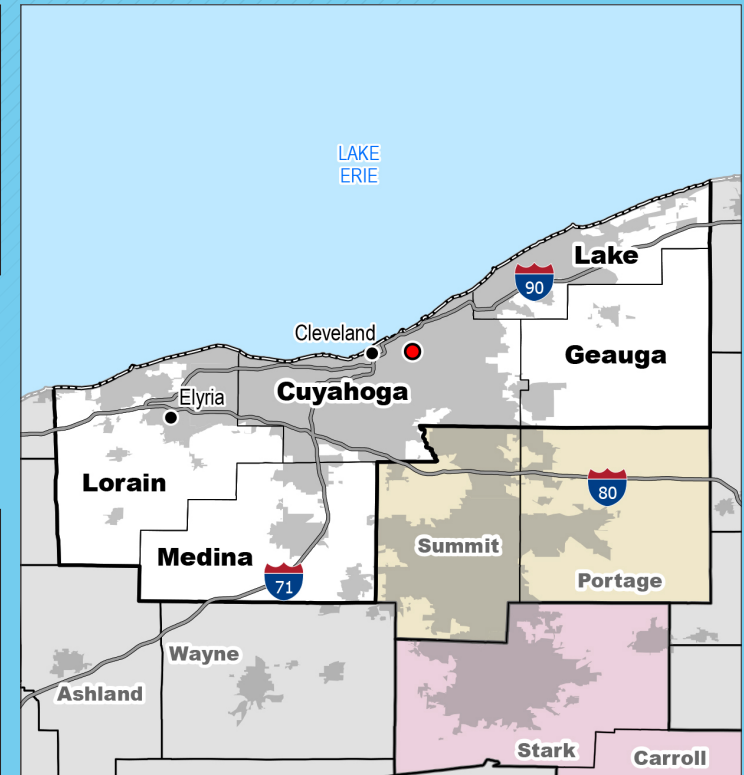
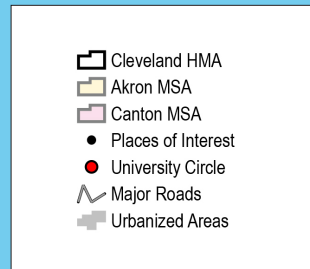


Executive Summary

Housing Market Area Description

The Cleveland-Elyria Housing Market Area (hereafter, Cleveland HMA) is coterminous with the Cleveland-Elyria Metropolitan Statistical Area. The HMA includes Cuyahoga, Geauga, Lake, Lorain, and Medina Counties. It is part of the 14-county Cleveland-Akron-Canton Combined Statistical Area, a region with approximately 3.5 million residents in northeast Ohio. The principal city of Cleveland, located on the south shore of Lake Erie, is home to the Rock & Roll Hall of Fame and is the second most populous city in Ohio, following Columbus. In 2022, the population of the city of Cleveland was estimated at 361,600, down significantly from the peak population of 914,800 in 1950, when Cleveland was the most populous city in Ohio and the eighth most populous in the nation (U.S. Census Bureau decennial census counts; population estimates as of July 1).

The current population of the HMA is estimated at 2.06 million.



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](#).



Market Qualifiers

Economy



Stable but still recovering: The local economy continues to recover from job losses in early 2020 caused by the COVID-19 pandemic; during the 12 months ending June 2023, total payroll jobs in the HMA were nearly 3 percent below 2019 levels.

During the 12 months ending June 2023, nonfarm payrolls increased by 11,800 jobs, or 1.1 percent, from a year earlier to 1.05 million. Nonfarm payrolls rose in 7 of the 11 sectors relative to a year ago, led by growth in the education and health services sector, which increased by 7,400 jobs, or 3.8 percent. The average unemployment rate in the Cleveland HMA declined from 5.1 percent a year earlier to 4.1 percent during the 12 months ending June 2023 as labor market conditions tightened. During the next 3 years, job growth is expected to moderate, averaging 0.8 percent annually—a slightly slower rate of growth than the average annual gain during the 2010s.

Sales Market



Balanced: The supply of homes available for sale in the HMA remains low; the for-sale inventory represented a 1.2-month supply during June 2023, down from a 1.5-month supply a year ago (Redfin, a national real estate brokerage).

The sales vacancy rate in the HMA is estimated at 1.3 percent as of July 1, 2023, slightly below the 1.4-percent rate in April 2020, when the sales market was also balanced. During the 12 months ending June 2023, home sales totaled approximately 39,600, down nearly 17 percent from a year earlier, and the average home sales price rose 5 percent to \$230,900 (Zonda, with adjustments by the analyst). As of June 2023, 1.6 percent of home loans in the HMA were 90 or more days delinquent, were in foreclosure, or had transitioned into real estate owned (REO) status, down from 1.9 percent a year ago (CoreLogic, Inc.). Demand is estimated for 8,950 new homes during the forecast period; a portion of that demand will be met by the 980 homes under construction.

Rental Market



Balanced: The estimated rental vacancy rate is 8.3 percent, down from 8.6 percent in April 2020, when conditions were also balanced.

Rental housing market conditions in the HMA are balanced; the apartment market is also balanced but has softened recently. As of the second quarter of 2023, the apartment vacancy rate increased 1.6 percentage points from a year earlier to 6.7 percent, and the average asking rent increased 3 percent to \$1,121 (CoStar Group). The apartment vacancy rate rose during the past year due in part to an increase in the number of units completed. During the forecast period, demand is expected for 6,650 new rental units. The 2,175 units under construction will satisfy all the demand during the first year of the forecast period.

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3-Year Housing Demand Forecast

Cleveland HMA	Sales Units		Rental Units	
	Total Demand	8,950	6,650	
	Under Construction	980	2,175	

Notes: Total demand represents estimated production necessary to achieve a balanced market at the end of the forecast period. Units under construction as of July 1, 2023. The forecast period is July 1, 2023, to July 1, 2026.
Source: Estimates by the analyst



Economic Conditions

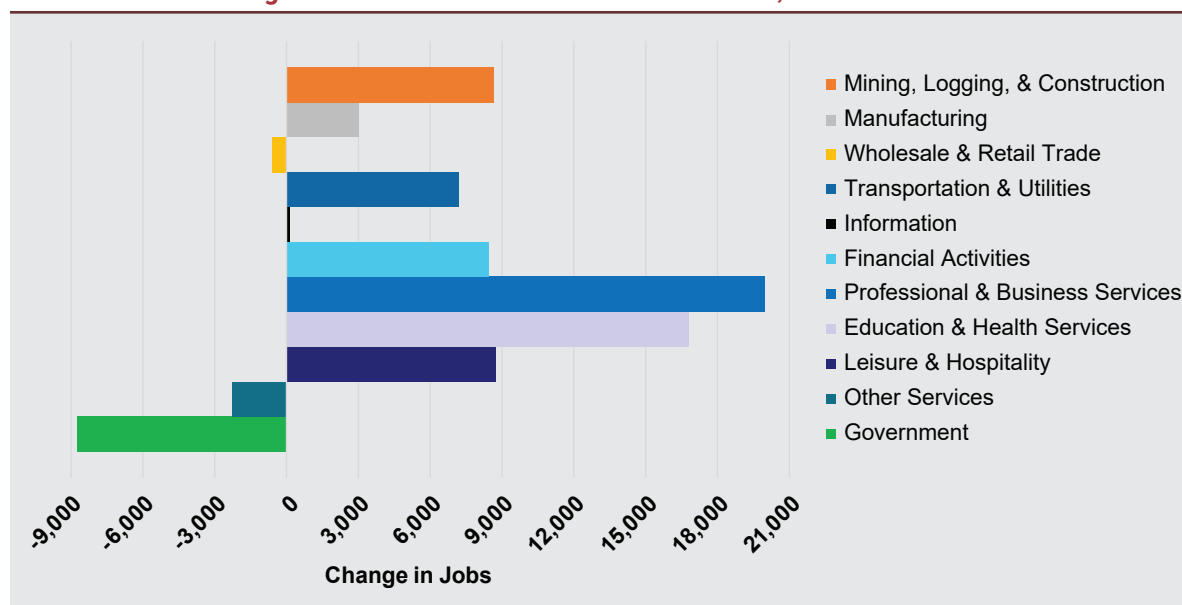
Largest Sector: Education and Health Services

Nonfarm payrolls in the HMA have been rising since 2021, but the pace of growth slowed during the past year.

Primary Local Economic Factors

The HMA is currently home to five Fortune 500 companies, including The Progressive Corporation, The Sherwin-Williams Company, and KeyCorp. The professional and business services and the education and health services sectors have a strong economic impact on the HMA and currently account for a combined 34 percent of all nonfarm payrolls. The two sectors have added the most jobs in the HMA since 2011 (Figure 1), accounting for 36,800 jobs, or 60 percent of the total job growth. Cleveland is home to Case Western Reserve University (CWRU), ranked the best university in Ohio and 44th nationwide by the *U.S. News & World Report* in 2022. The university has more than 12,200 students and is among the 10 largest employers in the Cleveland HMA, with approximately 4,500 employees (Table 1). In 2021, CWRU had an economic impact of \$4.7 billion on the northeast Ohio region; university research generates \$1.5 billion in economic activity annually (CWRU). Cleveland Clinic and University Hospitals (UH) are major providers of health care and the two largest employers in the HMA, with approximately 32,750 and 16,500 employees,

Figure 1. Sector Growth in the Cleveland HMA, 2011 to Current



Note: The current date is July 1, 2023.
Source: U.S. Bureau of Labor Statistics

Table 1. Major Employers in the Cleveland HMA

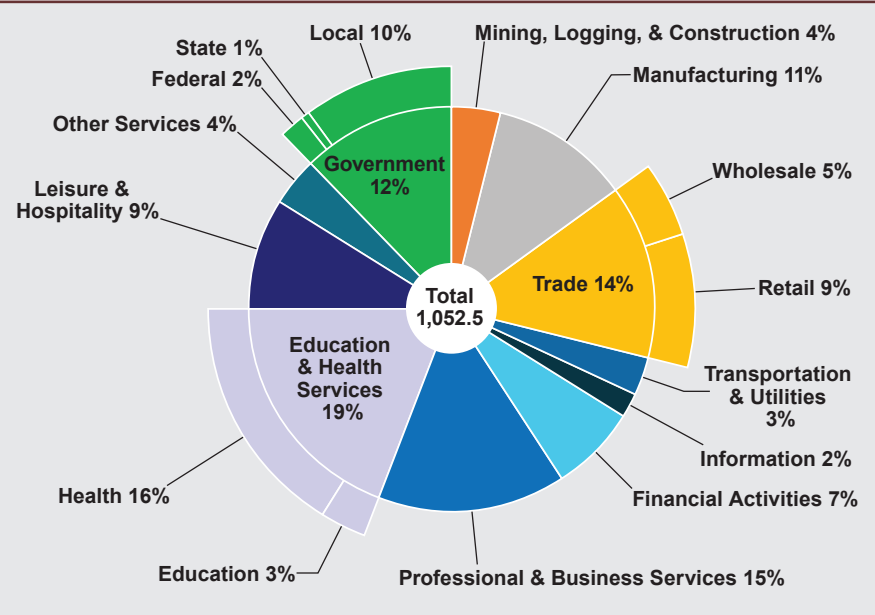
Name of Employer	Nonfarm Payroll Sector	Number of Employees
Cleveland Clinic	Education & Health Services	32,750
University Hospitals	Education & Health Services	16,500
U.S. Government	Government	15,350
The Progressive Corporation	Financial Activities	12,850
Cuyahoga County	Government	7,400
City of Cleveland	Government	6,550
The MetroHealth System	Education & Health Services	6,450
KeyCorp	Financial Activities	4,850
Case Western Reserve University	Education & Health Services	4,500
The Sherwin-Williams Company	Manufacturing	4,175

Note: Excludes local school districts.
Source: City of Cleveland Economic Development

respectively. They are affiliated with CWRU and located adjacent to its campus in the University Circle neighborhood in the city of Cleveland.

Before deindustrialization in the second half of the 20th century, the local economy was heavily dependent on the manufacturing industry, particularly the fabrication of metal products and manufacture of industrial equipment. In 1960, jobs in the manufacturing sector accounted for 40 percent of all nonfarm payrolls in the HMA. The manufacturing sector currently accounts for approximately 11 percent of all nonfarm payroll jobs in the HMA (Figure 2), but it continues to play an important role in the local economy. Major manufacturers in the HMA include The Sherwin-Williams Company, Parker-Hannifin Corporation, Ford Motor Company, and General Motors Company.

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



Notes: Total nonfarm payroll is in thousands. Percentages may not add to 100 percent due to rounding. Based on 12-month averages through June 2023. Source: U.S. Bureau of Labor Statistics

Current Conditions—Nonfarm Payrolls

Nonfarm payrolls in the HMA have increased during the past year and the local economy continues to recover from the downturn caused by the COVID-19 pandemic, but the year-over-year rate of job growth has slowed. During the 12 months ending June 2023, nonfarm payrolls increased by 11,800, or 1.1 percent, to 1.05 million, following a gain of 30,100 jobs, or 3.0 percent, during the previous 12 months. The job growth in the HMA during the past year has been slower compared with the rest of the nation, where nonfarm payrolls increased 3.2 percent. The education and health services sector led job gains in the HMA in the 12 months ending June 2023, expanding by 7,400 jobs, or 3.8 percent, to 203,000 (Table 2). The level of payrolls in the sector is currently less than 2 percent below the previous high of 206,300 in 2019, before the pandemic. In the city of Beachwood in eastern Cuyahoga County,

Table 2. 12-Month Average Nonfarm Payroll Jobs (1,000s) in the Cleveland HMA, by Sector

	12 Months Ending June 2022	12 Months Ending June 2023	Absolute Change	Percentage Change
Total Nonfarm Payroll Jobs	1,040.7	1,052.5	11.8	1.1
Goods-Producing Sectors				
Mining, Logging, & Construction	39.0	40.3	1.3	3.4
Manufacturing	116.1	119.5	3.4	2.9
Service-Providing Sectors				
Wholesale & Retail Trade	148.2	146.1	-2.1	-1.4
Transportation & Utilities	36.6	36.5	-0.1	-0.3
Information	15.2	15.9	0.7	4.6
Financial Activities	72.1	73.1	1.0	1.4
Professional & Business Services	157.4	153.7	-3.7	-2.4
Education & Health Services	195.6	203.0	7.4	3.8
Leisure & Hospitality	93.2	95.7	2.5	2.7
Other Services	37.4	39.0	1.6	4.3
Government	130.0	129.8	-0.2	-0.2

Notes: Based on 12-month averages through June 2022 and June 2023. Numbers may not add to totals due to rounding. Data are in thousands. Source: U.S. Bureau of Labor Statistics

the \$236 million UH Ahuja Phase 2 expansion project, which included a new hospital pavilion and the Drusinsky Family Sports Medicine Complex, was completed in June 2023 (UH).

The manufacturing sector added the second most jobs during the 12 months ending June 2023, increasing by 3,400 jobs, or 2.9 percent, to 119,500. The sector added jobs as part of a continued recovery from steep losses during the pandemic and because of efforts by the Manufacturing Advocacy & Growth Network (MAGNET), a nonprofit organization supporting growth in the manufacturing industry in the northeast Ohio region. Since 2021, MAGNET has trained more than 1,000 workers in manufacturing skills, and manufacturing companies supported by MAGNET have announced more than \$1 billion in new investments and created more than 1,000 jobs.

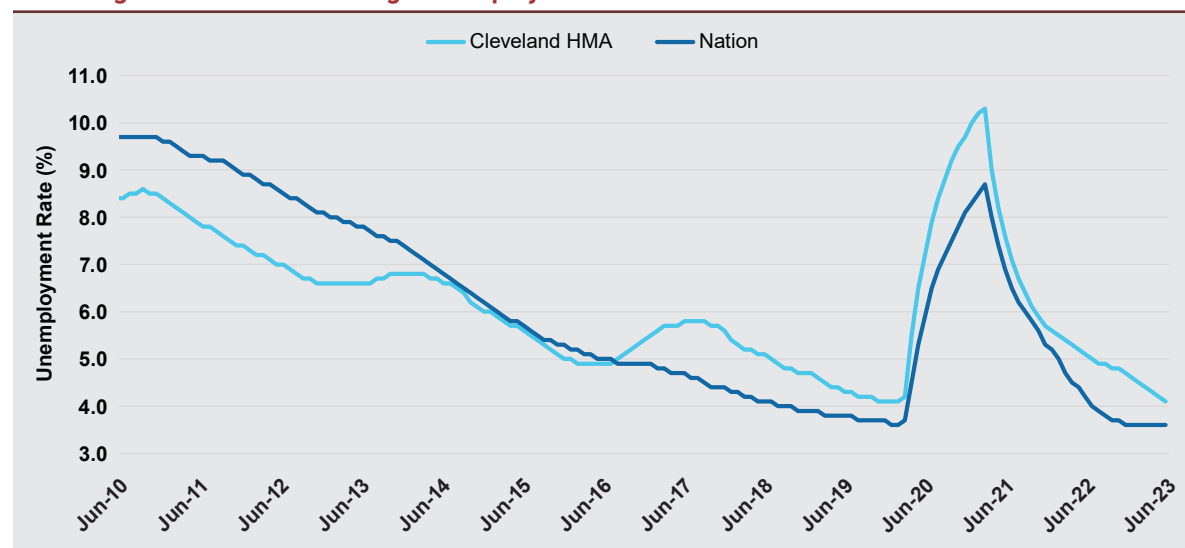
Notable growth during the past year occurred in the leisure and hospitality, the financial activities, and the mining, logging, and construction sectors. The leisure and hospitality sector continued to recover from steep job losses during the pandemic with a gain of 2,500 jobs, or 2.7 percent, to 95,700, during the 12 months ending June 2023. Jobs in the sector are currently 9 percent below the recent high in 2019, when payrolls averaged 105,500 jobs. During the 12 months ending June 2023, the financial activities and the mining, logging, and construction sectors expanded by 1,000 and 1,300 jobs, or 1.4 and 3.4 percent, respectively. All gains in the financial activities

sector during the past year occurred in the insurance carriers and related activities subsector. Despite a slowdown in residential construction, growth in the mining, logging, and construction sector continued because of infrastructure improvement and commercial development projects. In downtown Cleveland, work is underway on a 10-acre site that will become a new global headquarters for The Sherwin-Williams Company and include a 36-story office tower. In addition, the company is building a new global research and development center in Brecksville in southern Cuyahoga County. Both developments are part of the \$600 billion “Building Our Future” initiative expected to be complete in 2024 and estimated to create 3,500 new jobs in the HMA (The Sherwin-Williams Company).

Current Conditions—Unemployment

The unemployment rate in the HMA generally declined during the 2010s, from 8.4 percent in 2010, when the economy was weak, to 4.1 percent in 2019, before rising sharply during the COVID-19 pandemic (Figure 3). Following the increase, the unemployment rate in the HMA has been trending down again and is currently on par with the low in 2019. During the 12 months ending June 2023, the unemployment rate in the HMA averaged 4.1 percent, down from 5.1 percent a year earlier and substantially below the previous high of 10.3 percent during the 12 months ending March 2021. By comparison, during the 12 months ending June 2023, the unemployment rate in the HMA was above the 3.6-percent rate for the nation.

Figure 3. 12-Month Average Unemployment Rate in the Cleveland HMA and in the Nation



Note: Based on the 12-month moving average.
Source: U.S. Bureau of Labor Statistics

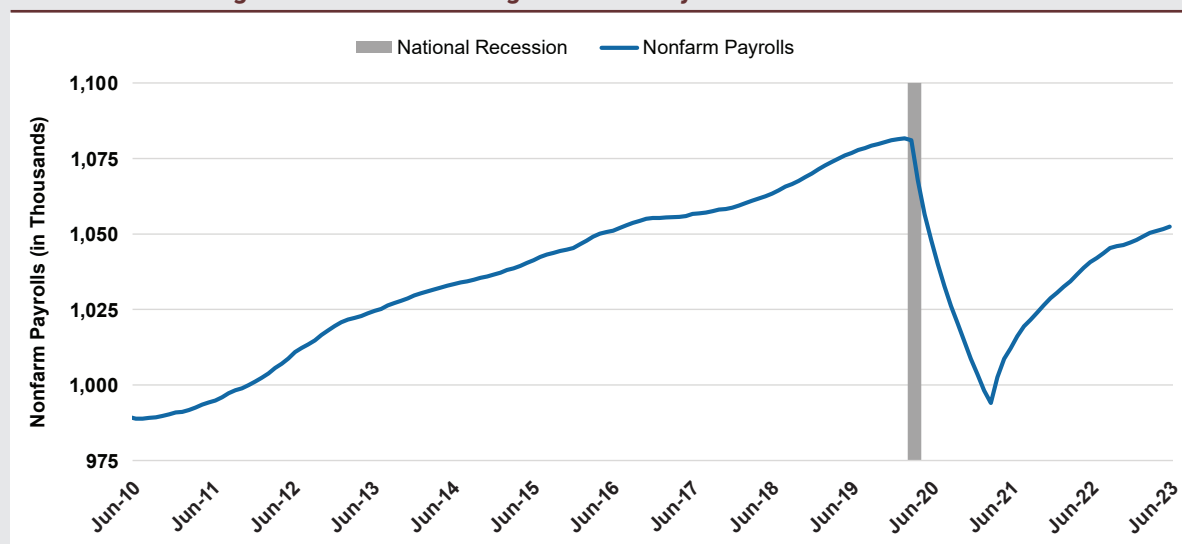
Economic Periods of Significance

2011 Through 2019—Economic Recovery

In 2011, the economy of the Cleveland HMA began to recover from the downturn caused by the Great Recession of the late 2000s, but the rate of job growth in the HMA through 2019 was generally slow. From 2011 through 2019, nonfarm payrolls expanded by an average of 10,000 jobs, or 1.0 percent, annually to 1.08 million (Figure 4). The local economy recovered all jobs lost in the recession by 2019, much later than the national economy, which recovered all the jobs lost during the Great Recession by 2014. During the period, job growth in the HMA was faster than the average gain of 0.7 percent a year each in the nearby Akron and Canton-Massillon metropolitan areas. Job growth was slower, however, than the average annual gains of 1.6 percent in the nation and 2.1 percent in the Columbus metropolitan area, which had the highest job growth rate among the large metropolitan areas in Ohio from 2011 through 2019.

Approximately 84 percent of job gains in the HMA during the period occurred in the service-providing sectors. From 2011 through 2019, the professional and business services sector led job growth in the HMA, expanding by an average of 3,200 jobs, or 2.2 percent, annually. Strong growth also occurred in the education and health services and the leisure and hospitality sectors, with average annual increases of 2,200 and 2,100 jobs, or 1.1 and 2.2 percent, respectively.

Figure 4. 12-Month Average Nonfarm Payrolls in the Cleveland HMA



Note: 12-month moving average.

Sources: U.S. Bureau of Labor Statistics; National Bureau of Economic Research

Demand for health care—supported by growth in the population aged 65 years and older, who typically use more healthcare services—increased an average of 2 percent a year during the period. Boosted by the rising demand from an aging population, Cleveland Clinic and The MetroHealth System expanded their presence in the HMA. The opening of the Robert. J. Tomsich Pathology and Laboratory Medicine Institute at Cleveland Clinic in 2012 and the completion of a \$100 million MetroHealth Critical Care Pavilion in 2016 were some of the expansion projects during the period.

The opening of JACK Cleveland Casino in 2012 and new hotels and restaurants in preparation for hosting the 2016 Republican National Convention contributed to job growth in the leisure and hospitality sector. From 2011 through 2019, job growth in the mining, logging, and construction sector averaged 800 jobs, or 2.3 percent, a year. Growth in the sector occurred partially because residential construction activity gradually increased during the economic recovery in the HMA. During the same time, the manufacturing sector reversed a long period of decline with a shift to job gains that averaged 800, or 0.6 percent, annually. Ford Motor Company made several investments to move production of its 2.0-liter and 2.3-liter EcoBoost engines and F-650 and F-750 trucks from abroad to the HMA.

2020—The Onset of the Pandemic

The long period of job gains during and after the recovery from the Great Recession halted in 2020. Economic activity slowed abruptly because of public health protocols implemented to reduce the spread of COVID-19. Nonfarm payrolls in the HMA fell by 72,300 jobs, or 6.7 percent, to approximately 1.01 million in 2020. The rate of job losses in the HMA was more severe than the 5.7-percent rate for the nation. All but one nonfarm payroll sector in the HMA declined. The most job losses occurred in the leisure and hospitality sector, which fell by 23,700 jobs, or 22.5 percent,

because entertainment venues and restaurants laid off many workers. The education and health services sector lost 9,300 jobs, or 4.5 percent, after schools closed temporarily and hospitals postponed elective procedures. Substantial declines occurred in the professional and business services and the manufacturing sectors, which declined by 8,500 jobs each, or 5.2 and 6.9 percent, respectively. The only sector to expand in 2020 was the transportation and utilities sector, which added 1,300 jobs, or 3.8 percent, because demand from consumers increasingly shifted from in-person shopping to e-commerce and delivery.

Forecast

During the next 3 years, the local economy is anticipated to continue recovering from the pandemic, but job growth is expected to slow from recent rates. Nonfarm payrolls are expected to increase an average of 0.8 percent annually. Continued recovery from pandemic-related job losses is expected in the leisure and hospitality sector. Moreover, jobs in the education and health services, the professional and business services, and the manufacturing sectors are expected to steadily increase, reflecting ongoing and planned projects during the forecast period. At the University Circle neighborhood,

work is underway on a 150,000-square-foot expansion at the Cole Eye Institute that will include a new surgery and imaging center expected to be complete in 2025. Work is also underway on a \$1.5 billion expansion of the Ford Ohio Assembly Plant in northeastern Lorain County to build electric vehicles. Production is expected to begin in 2025, and the expansion will create 1,800 new jobs. Furthermore, the mining, logging, and construction sector is expected to add jobs when construction of the 1-million-square-foot Cleveland Clinic Neurological Institute building commences later in 2023 (Cleveland Clinic).



Population and Households

Current Population: 2.06 Million

Increased net out-migration and the shift to net natural decline contributed to the large population decline in the HMA since 2020.

Population Trends

The population of the Cleveland HMA as of July 1, 2023, is estimated at 2.06 million, reflecting a decrease of 9,100, or 0.4 percent, annually since 2020 (Table 3), with net out-migration averaging 5,000 people a year. This decline is partly because of a slowdown in international net in-migration during the pandemic and an increase in domestic net out-migration compared with the 2010s. The slow economic recovery in the HMA, relative to the rest of the nation, is a contributory factor to the ongoing domestic net out-migration. COVID-19-related deaths during the pandemic contributed to deaths outnumbering births in the HMA, resulting in net natural decline that averaged 4,100 people annually since 2020. By comparison, the population of the HMA increased an average of 1,825, or 0.1 percent, annually from 2010 to 2016, when net out-migration from the HMA was relatively slow during the early years of economic recovery, averaging about 325 people a year, and net natural increase averaged 2,150 people a year (U.S. Census Bureau population

estimates as of July 1; Figure 5). From 2016 to 2020, net natural increase slowed to an average of 400 people annually and was offset by continued net out-migration, resulting in near-zero population growth in the HMA.

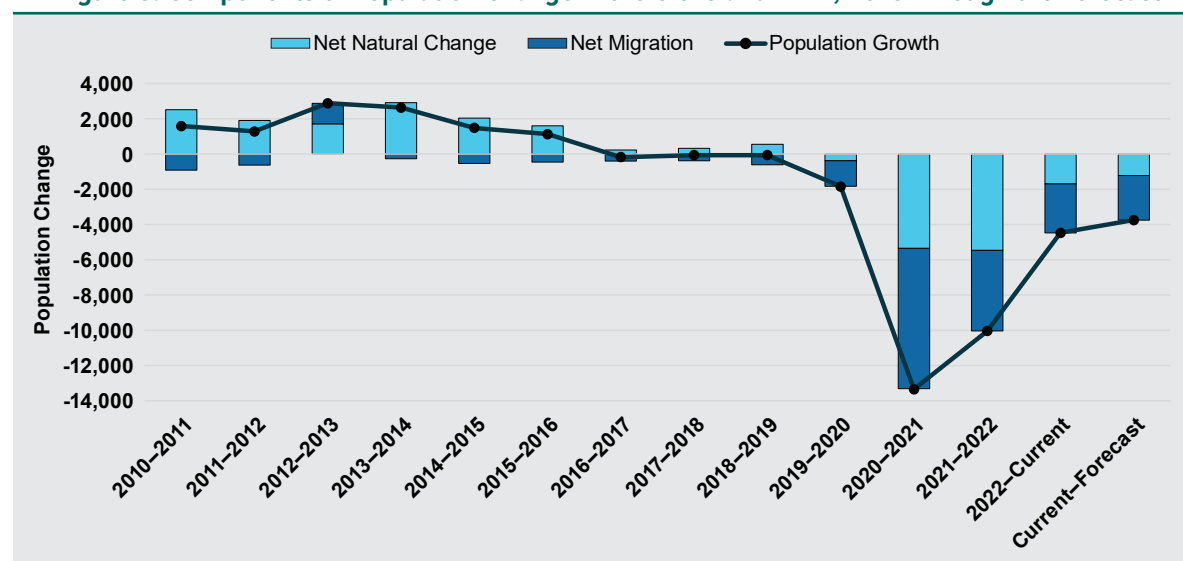
Table 3. Cleveland HMA Population and Household Quick Facts

Population Quick Facts	2020	Current	Forecast
	Population	2,088,251	2,059,000
	Average Annual Change	1,100	-9,100
	Percentage Change	0.1	-0.4
Household Quick Facts	2020	Current	Forecast
	Households	887,924	897,200
	Average Annual Change	3,300	2,850
	Percentage Change	0.4	0.3

Notes: Average annual changes and percentage changes are based on averages from 2010 to 2020, 2020 to current, and current to forecast. The forecast period is from the current date (July 1, 2023) to July 1, 2026.

Sources: 2010 and 2020—2010 Census and 2020 Census; current and forecast—estimates by the analyst

Figure 5. Components of Population Change in the Cleveland HMA, 2010 Through the Forecast



Notes: Data displayed are average annual totals. The forecast period is from the current date (July 1, 2023) to July 1, 2026.

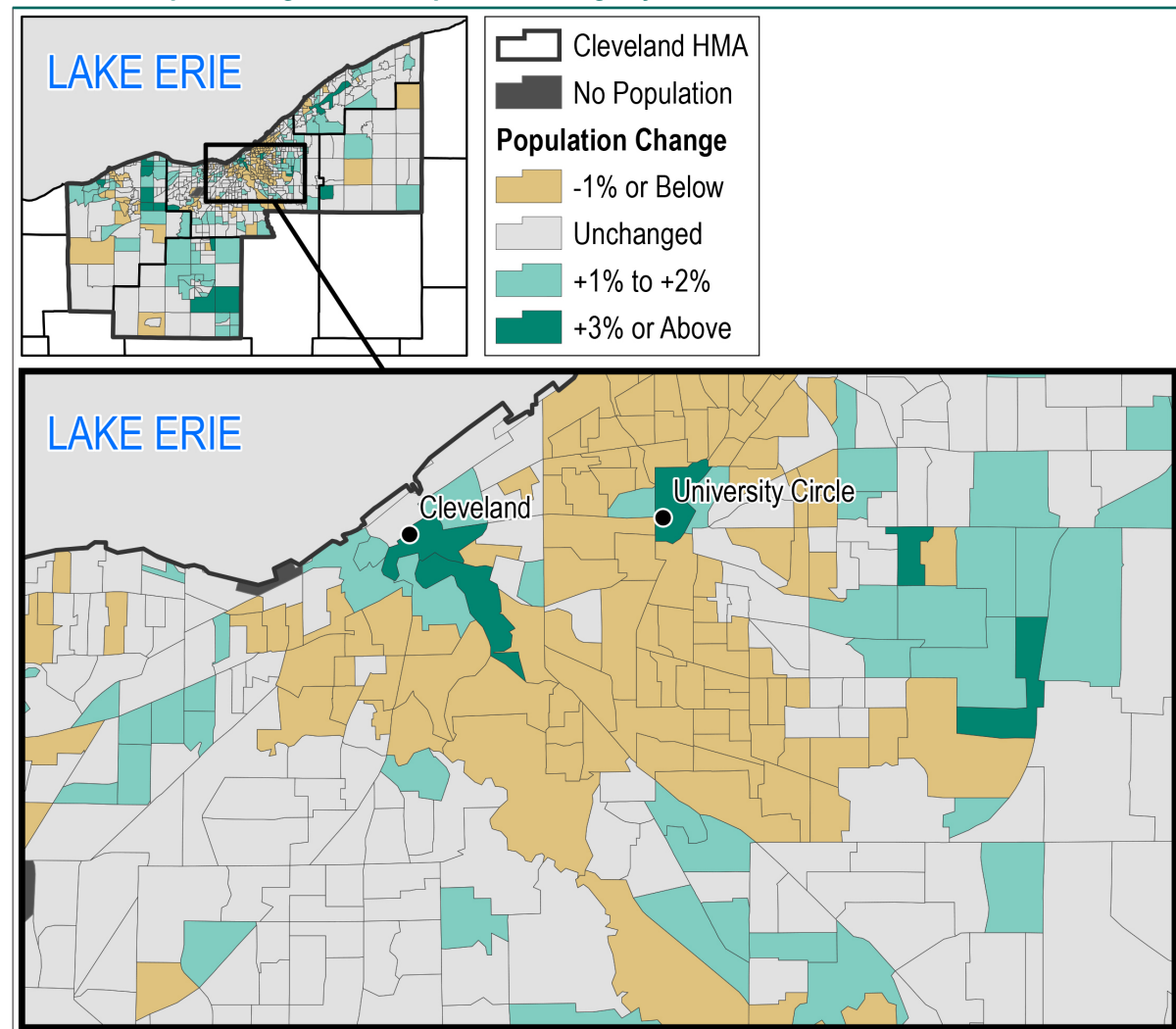
Sources: U.S. Census Bureau; current to forecast—estimates by the analyst

Population by Geography

The HMA is the third most populous MSA in the state of Ohio after Cincinnati and Columbus. With an estimated 1.24 million people, Cuyahoga County is the most populous county in the HMA, accounting for approximately 60 percent of the total population, but the population of the county has been consistently declining, averaging a loss of 0.3 percent annually since 2010 (U.S. Census Bureau decennial census counts). All the net out-migration from the HMA since 2010 has been from Cuyahoga County, mostly from the city of Cleveland, which remains the economic hub and the most populous city in the HMA, with an estimated population of 359,000. However, the city began steadily losing residents in the second half of the 20th century, with the decline attributed in large part to job losses in the manufacturing sector and a preference for suburban living. Population growth in the central portion of the city of Cleveland and near University Circle has averaged more than 2 percent a year since 2010 (Map 1), offset by declines in the rest of Cuyahoga County. Job growth in the professional and business services and the education and health services sectors, construction of new apartments, and infrastructure improvements have made those neighborhoods an attractive place to live.

The availability of developable land and an easy commute to employment centers in the HMA have contributed to population growth in Lorain and Medina Counties, south and west of Cuyahoga

Map 1. Average Annual Population Change by Census Tract in the Cleveland HMA



Source: U.S. Census Bureau

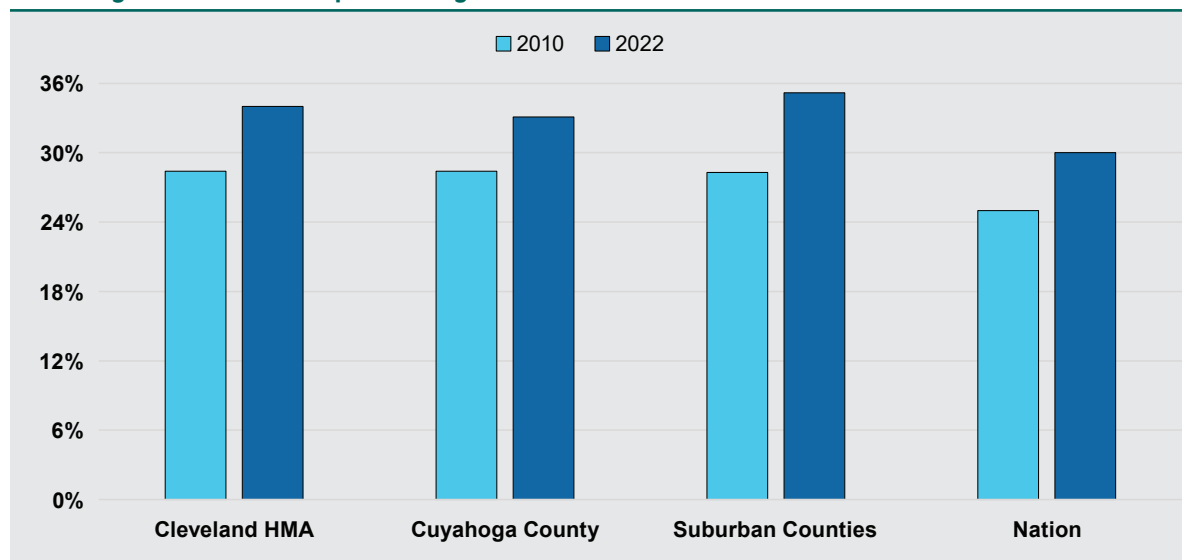
County. Since 2010, the strongest growth, of 0.5 percent a year, has occurred in Medina County, which accounts for nearly 9 percent of the total population of the HMA. Westfield Insurance, Cleveland Clinic, and manufacturer RPM International are among the largest employers in Medina County. The population

of Lorain County, which accounts for 15 percent of the HMA population, grew an average of 0.4 percent a year since 2010. Major employers in Lorain County include Ford Motor Company, Republic Steel, U.S. Steel, Cleveland Clinic, and University Hospitals. Tourism is a major industry in Lake County, with 31 miles of shoreline, fishing, beaches, and several wineries. Lake County is northeast of Cuyahoga County and is geographically the smallest county in Ohio. Since 2010, population growth averaged 0.1 percent annually in Lake County, which accounts for 11 percent of the HMA population. The largely rural Geauga County, east of Cuyahoga County, is the least populous county in the HMA, accounting for less than 5 percent of the total HMA population. Since 2010, the population of Geauga County increased an average of 0.2 percent annually.

Age Cohort Trends

The HMA is attractive to older residents because of the availability of high-quality health care. In 2022, the median age of the Cleveland HMA was 41.8 years, compared with 39.0 nationally (ACS 1-year data). The share of the population in the HMA aged 55 and older exceeds the national average. In 2022, approximately 34.0 percent of all residents of the HMA were 55 and older, up from 28.4 percent in 2010 and above the rate for the nation, which increased from 25.0 percent in 2010 to 30.0 percent in 2022 (Figure 6). The share of older residents rose the most in the suburban counties of the HMA, outside of its economic hub.

Figure 6. Share of Population Aged 55 and Older in the Cleveland HMA and in the Nation



Note: Suburban Counties = Geauga, Lake, Lorain, and Medina Counties.
Source: 2010 and 2022 American Community Survey 1-year data

From 2010 to 2022, the share of residents aged 55 and older in suburban counties rose from 28.3 to 35.2 percent, compared with an increase from 28.4 to 33.1 percent in Cuyahoga County.

Household Trends

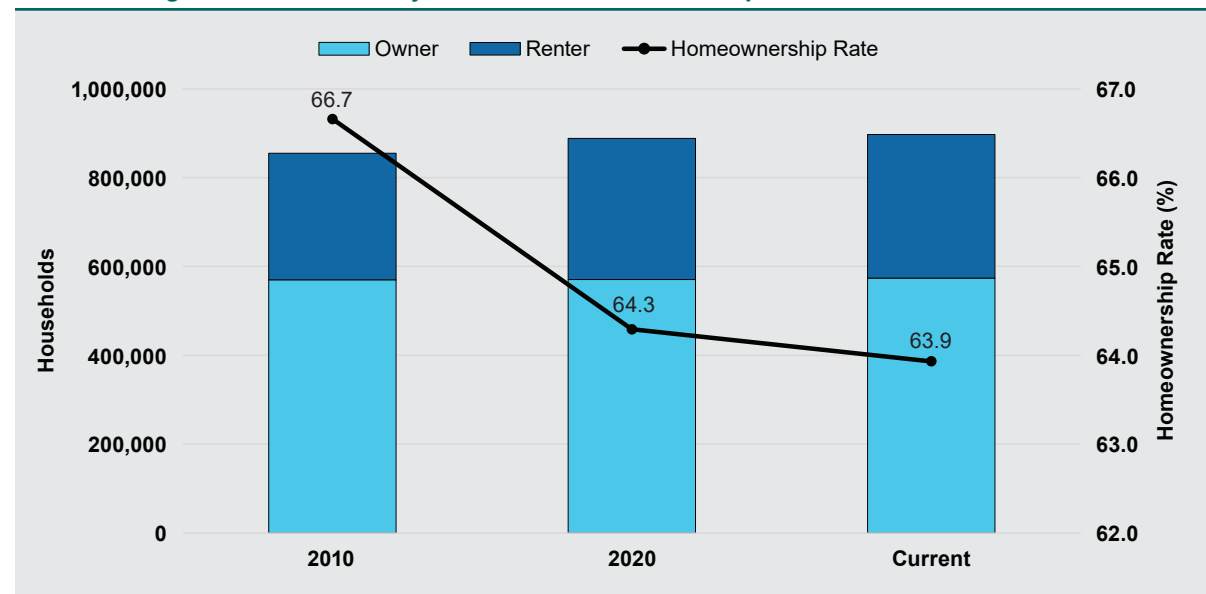
The current number of households in the HMA is estimated at 897,200, reflecting an average annual increase of 2,850, or 0.3 percent, since 2020. By comparison, household growth in the HMA averaged 3,300, or 0.4 percent, annually during the 2010s. The aging population and declining birthrates in the HMA, coupled with families moving out of the HMA in search of better employment opportunities elsewhere, have led to a smaller average household size. The average household size in the HMA was 2.30 people in 2020, down from 2.38 during 2010. Demand for homes in suburban areas increased during the pandemic and was fueled in part by a desire for more space. Low mortgage interest rates through the beginning of 2022 contributed to stronger growth in owner households. Since 2020, owner household growth accounted for 29 percent of all household growth in the HMA, compared with only 3 percent during the previous decade, when the slow economic recovery from the Great Recession and the housing crisis led to a shift in household preference toward renting. Growth in owner households moderated

during the past year largely because the rapid increase in mortgage interest rates made homeownership less attainable. Despite relatively stronger growth in owner households since 2020, the homeownership rate has continued to decline. The homeownership rate in the HMA is currently estimated at 63.9 percent, down from 64.3 percent in 2020 and 66.7 percent in 2010 (Figure 7).

Forecast

Net out-migration and net natural decline are both expected to moderate during the forecast period. By July 1, 2026, the population is expected to be 2.05 million, reflecting an average annual decline of 3,750, or 0.2 percent, with net out-migration and net natural decline averaging 2,525 and 1,225 people each year, respectively. All the net out-migration is expected to be from Cuyahoga County. During the next 3 years, household growth is expected to remain relatively unchanged from the current levels, averaging a gain of 2,975, or 0.3 percent, annually to 906,100 by July 1, 2026.

Figure 7. Households by Tenure and Homeownership Rate in the Cleveland HMA



Note: The current date is July 1, 2023.

Sources: 2010 and 2020—2010 Census and 2020 Census; current—estimates by the analyst

Home Sales Market

Market Conditions: Balanced

Home sales market conditions became slightly tight early in the pandemic but have shifted to balanced conditions during the past year.

Sales Market Conditions

The sales housing market in the Cleveland HMA is balanced. Current conditions are relatively unchanged from balanced conditions in April 2020 but have improved from soft conditions in April 2010. The estimated vacancy rate is currently 1.3 percent (Table 4), slightly down from 1.4 percent in 2020. The home sales market in the HMA is 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. In June 2023, home listings in the HMA represented 1.2 months of for-sale inventory, down from a 1.5-month supply a year earlier and substantially lower than the 3.2-month supply in June 2019 (Redfin, a national real estate brokerage).

Current Home Sales and Prices

During the 12 months ending June 2023, new and existing home sales (including single-family homes, townhomes, and condominiums) declined by 7,850, or nearly 17 percent, to 39,600 homes sold in the HMA compared with the 12 months ending June 2022, when sales totaled 47,450, nearly unchanged from a year earlier (Zonda, with adjustments by the analyst). Existing home sales fell 17 percent during the 12 months ending June 2023 and represented approximately 96 percent of the total sales. New home sales declined 9 percent during the same period. The average price for new and existing homes in the HMA rose by \$10,600, or 5 percent, during the 12 months ending June 2023 to a new high of \$230,900 following a gain of nearly 11 percent during the previous year. Existing home sales prices increased 4 percent to \$221,900 during the most recent 12-month period, and the average price for new homes rose nearly 13 percent to \$427,400. New home sales prices rose faster than prices for existing homes in part because of rising construction costs, including higher labor and material costs,

reflecting the lingering effects of the pandemic. During the past year, new and existing homes priced from \$100,000 to \$199,999 accounted for the greatest share of total home sales in the HMA (Figure 8).

Table 4. Home Sales Quick Facts in the Cleveland HMA

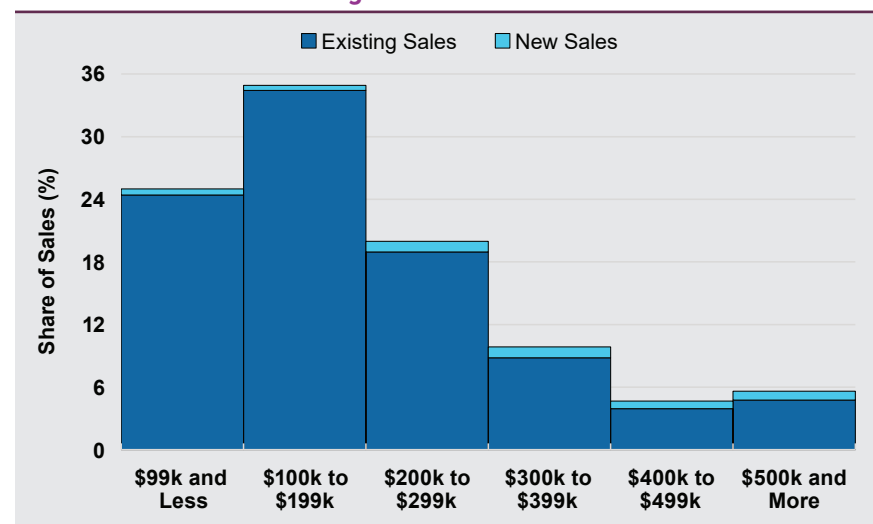
	Cleveland HMA	Nation
Vacancy Rate	1.3%	NA
Months of Inventory	1.2	1.8
Total Home Sales	39,600	5,770,000
1-Year Change	-17%	2%
New Home Sales Price	\$427,400	\$505,900
1-Year Change	13%	8%
Existing Home Sales Price	\$221,900	\$421,000
1-Year Change	4%	2%
Mortgage Delinquency Rate	1.6%	1.1%

NA = data not available.

Notes: The vacancy rate is as of the current date; home sales and prices are for the 12 months ending June 2023; and months of inventory and mortgage delinquency data are as of June 2023. The current date is July 1, 2023.

Sources: Vacancy rate—estimates by the analyst; months of inventory—Redfin, a national real estate brokerage; mortgage delinquency rate—CoreLogic, Inc.; home sales and prices—Zonda, with adjustments by the analyst

Figure 8. Share of Overall Sales by Price Range During the 12 Months Ending June 2023 in the Cleveland HMA



Note: New and existing sales include single-family homes, townhomes, and condominium units.
Source: Zonda

Home Sales Trends

Following the housing crisis in the 2000s and the local economic downturn caused by the Great Recession, home sales in the HMA declined to a low of 24,700 in 2011. As economic conditions in the HMA improved, home sales in the HMA generally trended upward from 2012 through 2020, averaging an increase of 7 percent annually (Figure 9). Demand for homes was strong during 2021. Market conditions tightened that year because people sought larger suburban homes, and historically low interest mortgage rates made homebuying more attainable. Following an increase of 6 percent from a year earlier, a record high of 47,600 new and existing homes sold in the HMA in 2021.

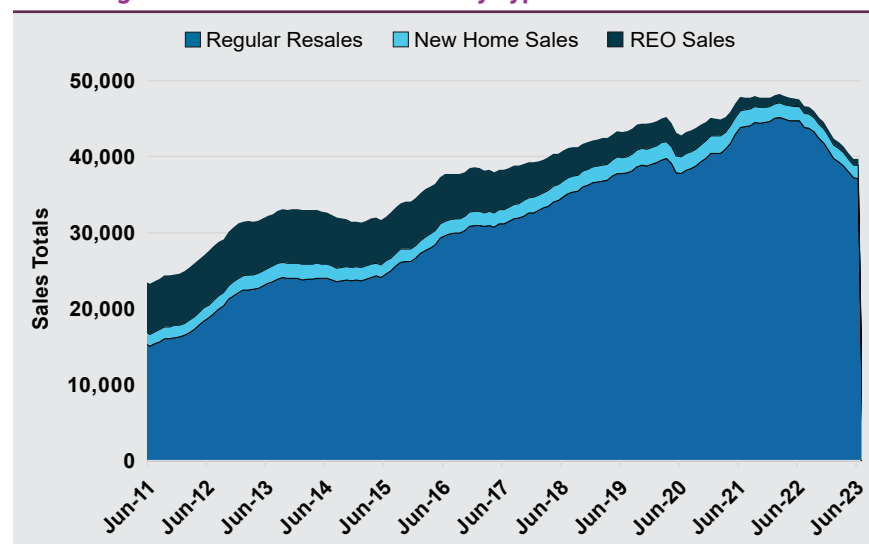
Home Sales Price Trends

During the 2010s, home sales prices in the HMA were slow to recover from the declines during the housing crisis because of a large inventory of REO properties, which typically have much lower prices than regular resale homes, and because demand was limited by net out-migration. From 2011 through 2019, growth in overall home prices in the HMA fluctuated on an annual basis, ranging from a decline of 4 percent in 2013 to a gain of 7 percent in 2016. In aggregate, the average home price rose an average of 2 percent annually to \$178,500 in 2019. By comparison, during the same period, home sales prices rose an average of 4 percent a year nationally. With increased demand for homes during the pandemic, home sales price growth in the HMA accelerated sharply. During 2020 and 2021, the average home sales price in the HMA increased an average of 8 percent a year compared with an average gain of 11 percent nationally. Figure 10 shows trends in the average home sales price by type of sale in the Cleveland HMA.

REO Home Sales and Price Trends

During the 12 months ending June 2023, REO sales in the HMA declined by 110 homes, or 12 percent, to 800, the lowest level in more than 20 years, and accounted for only 2 percent of existing home sales in the HMA. The decline followed a steep decrease of 44 percent to 910 homes sold a year earlier. By comparison, early in the 2010s, REO home sales in the HMA represented

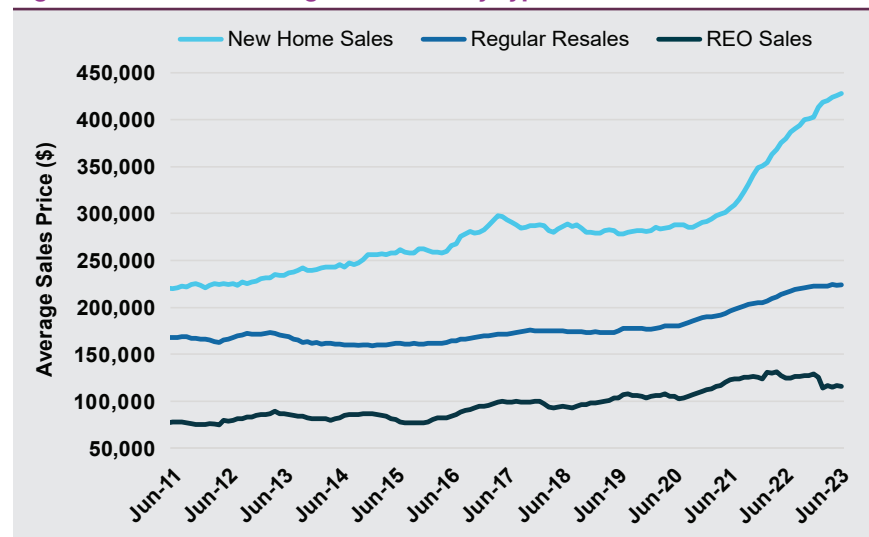
Figure 9. 12-Month Sales Totals by Type in the Cleveland HMA



REO = real estate owned.

Source: Zonda, with adjustments by the analyst

Figure 10. 12-Month Average Sales Price by Type of Sales in the Cleveland HMA



REO = real estate owned.

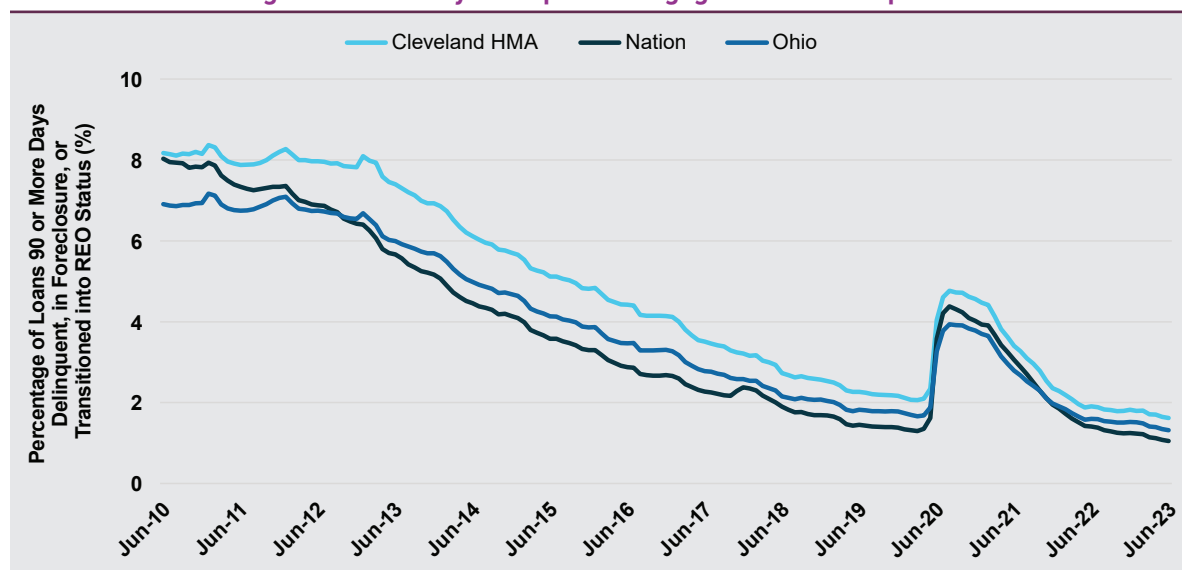
Source: Zonda, with adjustments by the analyst

approximately 26 percent of existing home sales in the HMA, averaging 6,900 home sales a year from 2010 through 2013. With improving housing market conditions, REO home sales in the HMA trended downward from 2014 through 2021, averaging a decline of 21 percent a year. During the 12 months ending June 2023, the average REO home sales price in the HMA declined 7 percent to \$115,900 following a gain of 2 percent during the previous 12 months; that price was 48 percent less than the average price for regular resales and 73 percent less than the average price for new home sales.

Seriously Delinquent Mortgages and REO Properties

Before the pandemic, the rate of seriously delinquent mortgages and REO properties in the HMA fell from a high of 8.4 percent in January 2011 to a low of 2.1 percent in April 2020 (CoreLogic, Inc.; Figure 11). The rate increased to 4.8 percent in August 2020 because of a sharp uptick in the number of mortgages 90 or more days past due in the HMA. Delinquencies increased after the number of people unemployed increased dramatically during the pandemic, making it difficult for affected owners to remain current on their mortgage payments. However, many people participated in mortgage forbearance, which allowed homeowners to avoid foreclosure. The mortgage delinquency rate in the HMA declined as economic conditions improved. As of June 2023, 1.6 percent of mortgages in the HMA were

Figure 11. Seriously Delinquent Mortgages and REO Properties



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

seriously delinquent or had transitioned into REO status, down from 1.9 percent a year earlier. The current rate for the HMA is higher than the 1.3-percent rate for Ohio and the 1.1-percent rate for the nation.

Housing Affordability: Sales

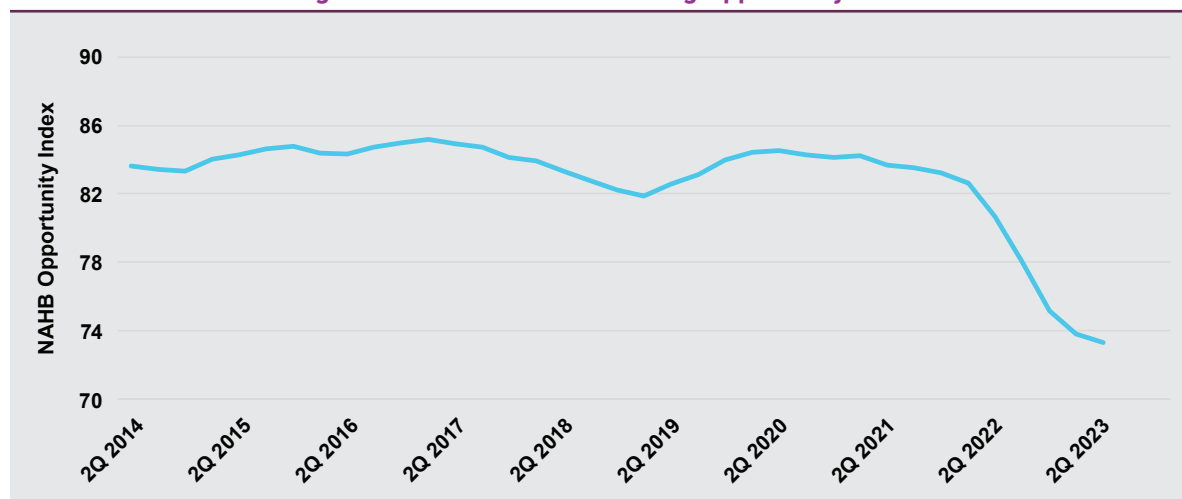
Sales affordability in the HMA has been declining for the past 4 years because homeownership costs have generally increased faster than incomes. Higher homeownership costs resulted from a combination of rising home sales prices and a recent rapid increase in mortgage interest rates. The average interest rate for a 30-year fixed-rate mortgage was 6.7 percent in June 2023, up from 5.5 percent in June 2022 and substantially higher than the 3.0-percent rate in June 2021 (Freddie Mac). In the HMA, the National Association of Home Builders/Wells Fargo Housing Opportunity Index, which represents the share of homes sold that would have been affordable to a family earning the median income, was 71.8 during the second quarter of 2023, down from 73.9 during the second quarter of 2022 and below the recent second quarter high of 83.9 in 2020 (Figure 12). Despite the reduced affordability, the HMA remained among the most affordable in the nation. During the second quarter of 2023, the HMA ranked as the 22nd most

affordable metropolitan area in the nation, with 204, or 85 percent of the 241 ranked metropolitan areas in the nation, being less affordable. Similarly, during the second quarter of 2023, the adjacent metropolitan areas of Canton and Akron ranked 20th and 24th, respectively.

Sales Construction

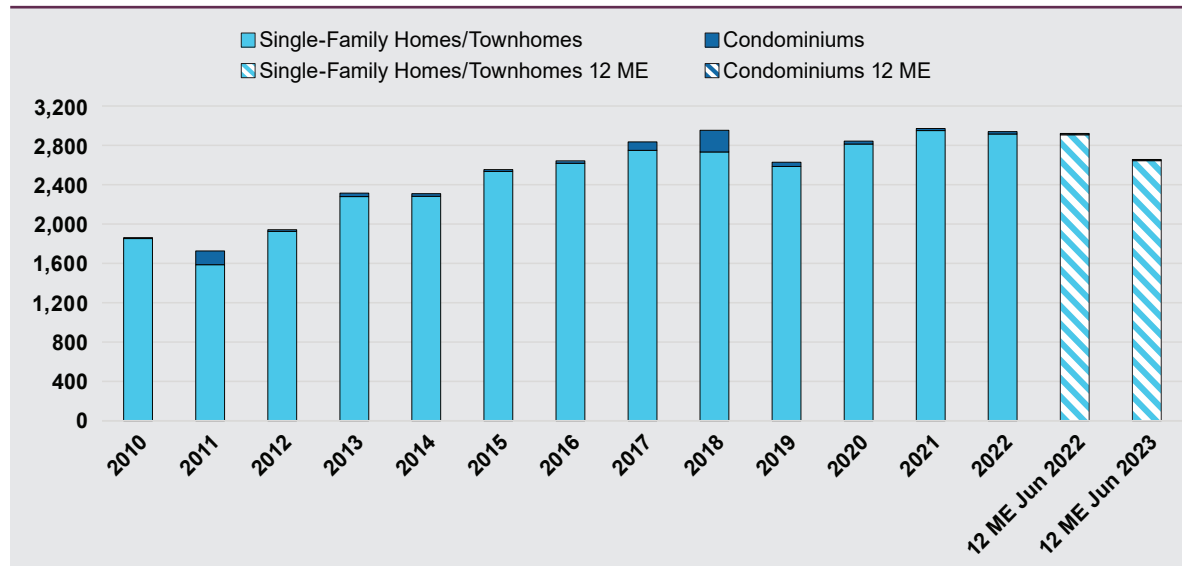
Sales housing construction activity, as measured by the number of single-family homes, townhomes, and condominium units permitted (building permits), slowed during the past year because builders curtailed production in response to moderating demand. Homebuilding totaled approximately 2,650 homes during the 12 months ending June 2023, representing a decline of 9 percent from the 2,925 homes permitted a year earlier (preliminary data, with adjustments by the analyst; Figure 13). By comparison, permitting averaged only 1,800 homes annually during 2010 and 2011, when housing market conditions were weak and lending standards tightened in the aftermath of the housing crisis late in the 2000s. From 2012 through 2018, permitting trended upward, averaging 2,500 homes permitted annually as economic conditions in the HMA improved. Construction of new homes for sale declined 11 percent from 2,950 homes permitted in 2018 to 2,625 homes permitted in 2019, but construction increased a year later as demand for new homes rose during the pandemic. From 2020 through 2021, an average of 2,900 homes were permitted annually in the HMA.

Figure 12. Cleveland HMA Housing Opportunity Index



Note: 4-quarter moving average.
NAHB = National Association of Home Builders. 2Q = second quarter.
Source: NAHB/Wells Fargo

Figure 13. Annual Sales Permitting Activity in the Cleveland HMA



12 ME = 12 months ending.
Sources: U.S. Census Bureau, Building Permits Survey; 2010–22—final data and estimates by the analyst; past 24 months of data—preliminary data and estimates by the analyst

New Home Developments

Much of the new home construction activity has been concentrated in suburban towns near major expressways with easy access to job centers in Lorain County and Medina County. Hampshire Farms is a single-family home subdivision underway in the city of Amherst in Lorain County that will consist of 51 three-bedroom homes at buildout, 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-, three-, and four-bedroom floorplans and home prices starting in the high \$200,000s. Home construction is also underway at The Reserve at Pine Valley in Hinckley Township in Medina County—roughly halfway between the cities of Cleveland and Akron—which will have 31 custom three- and four-bedroom single-family

homes at buildout. Currently, 22 homesites remain available for sale at the subdivision, with prices starting in the mid-\$750,000s.

Forecast

During the 3-year forecast period, demand is expected for an additional 8,950 new homes in the Cleveland HMA (Table 5). The 980 units under construction are expected to meet a portion of demand, which is expected to remain fairly stable during each year of the forecast period.

Table 5. Demand for New Sales Units in the Cleveland HMA During the Forecast Period

Sales Units	
Demand	8,950 Units
Under Construction	980 Units

Note: The forecast period is July 1, 2023, to July 1, 2026.
Source: Estimates by the analyst

Rental Market

Market Conditions: Balanced

Strong renter household growth since 2010 contributed to absorption of excess vacant inventory in the Cleveland HMA, allowing for market conditions to shift from soft during the early 2010s to balanced currently, despite the increased levels of rental construction.

Current Conditions and Recent Trends

Renter households currently account for approximately 36 percent of all households in the HMA, relatively unchanged since 2020 but up from 33 percent in 2010. The rental market in the HMA is balanced, with an overall rental vacancy rate estimated at 8.3 percent (Table 6), down slightly from 8.6 percent in 2020 and substantially below the 12.6-percent rate in 2010, when market conditions were soft. Declining vacancies among single-family homes for rent have contributed to the small decrease in the overall rental vacancy rate since 2020. The rental market in the HMA remains balanced—despite the relatively large number of new apartment units entering the market and net out-migration—because of increased demand for apartments near employment centers and households unable to buy homes.

Apartment Market Trends

Apartment market conditions in the HMA are balanced but softening. As of the second quarter of 2023, the apartment vacancy rate was 6.7 percent, up from 5.1 percent during the second quarter of 2022 (CoStar Group; Figure 14). The apartment vacancy rate rose during the past year because completions of new apartments in the HMA outpaced absorption. By comparison, the housing crisis late in the 2000s led to softening apartment market conditions when newly constructed apartments were absorbed slowly because of increased competition from single-family rental homes. Tightened mortgage lending standards in the early 2010s contributed to a shift from homeownership to renting and increased apartment absorption. The apartment vacancy rate trended downward from a high of 8.0 percent as of the second quarter of

Table 6. Rental and Apartment Market Quick Facts in the Cleveland HMA

Rental Market Quick Facts		2020 (%)	Current (%)
	Rental Vacancy Rate	8.6	8.3
		2019 (%)	2022 (%)
	Occupied Rental Units by Structure		
	Single-Family Attached & Detached	33	32
	Multifamily (2–4 Units)	18	16
	Multifamily (5+ Units)	48	51
	Other (Including Mobile Homes)	1	1

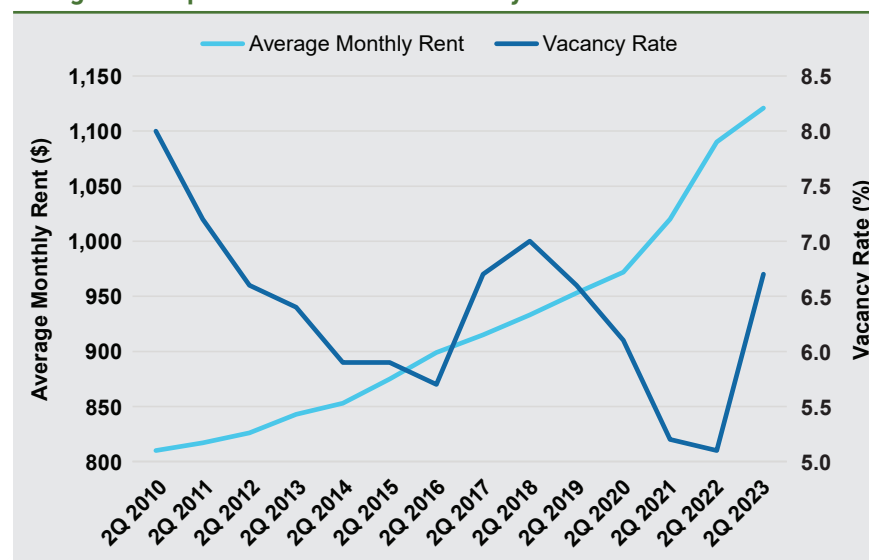
Apartment Market Quick Facts		2Q 2023	YoY Change
	Apartment Vacancy Rate	6.7	1.6
	Average Rent	\$1,121	3%
	Studio	\$924	2%
	One-Bedroom	\$984	2%
	Two-Bedroom	\$1,217	3%
	Three-Bedroom	\$1,510	3%

YoY= year-over-year. 2Q = second quarter.

Notes: The current date is July 1, 2023. Percentages may not add to 100 due to rounding.

Sources: 2020 vacancy rate—2020 Census; current vacancy rate—estimate by the analyst; occupied rental units by structure—2019 and 2022 American Community Survey 1-year data; apartment data—CoStar Group

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



2Q = second quarter.

Source: CoStar Group

2010 to 5.7 percent as of the second quarter of 2016. Rising levels of rental construction in the mid-2010s caused the supply to outpace demand that was limited by stagnant population growth. The apartment vacancy rate increased during the next 2 years to 7.0 percent as of the second quarter of 2018. Following the increase, apartment vacancy rates in the HMA began to steadily decline to a recent low during the second quarter of 2022 because construction of new rental units late in the 2010s was limited. In addition, demand for apartments rose during the pandemic because some people living in shared housing moved to apartments for more space, and government financial assistance programs helped people afford rent.

During the 2010s, rent growth in the HMA was steady but weak, averaging 2 percent a year, rising from \$810 as of the second quarter of 2010 to \$972 as of the second quarter of 2020. Because of strong demand for new apartments during the pandemic, rent growth accelerated to an average of 6 percent a year during the next 2 years to \$1,090 as of the second quarter of 2022. However, rent growth has since moderated. The average rent for an apartment in the HMA was \$1,121 during the second quarter of 2023, representing an increase of 3 percent from a year ago. By comparison, the average monthly rent in the nation increased less than 2 percent during the same period.

Market Conditions by Geography

As of the second quarter of 2023, apartment vacancy rates increased in all CoStar Group-defined market areas in the Cleveland HMA. The Avon/Westlake market area in Lorain County and the Lakewood market area in eastern Cuyahoga County had the lowest vacancy rates of 3.8 and 3.9 percent, respectively. The Downtown Cleveland market area and the East Cleveland market area, which includes the University Circle neighborhood, had the highest vacancy rates of 11.7 and 11.1 percent, respectively. Substantial additions to the supply in these two market areas contributed to higher vacancy rates. During the past year, approximately 1,025 and 620 new

apartments were completed in the Downtown Cleveland and the East Cleveland market areas, respectively. Apartment vacancies in the remaining market areas during the second quarter of 2023 ranged from 4.9 percent in the Brooklyn Heights market area to 6.2 percent in the South Cleveland market area.

The average monthly rent rose during the past year in all but one market area in the HMA. As of the second quarter of 2023, the steepest increase in the average apartment rent was in the Avon/Westlake market area, where rents rose 5 percent to \$1,127 compared with a year earlier. In the Southeast Cleveland market area, the average apartment rent fell 3 percent from the same period a year earlier to \$1,313 as apartment market conditions shifted from slightly tight to balanced. In the remaining market areas, apartment rent growth from the second quarter of 2022 to the second quarter of 2023 ranged from 4 percent in the Northeast Cleveland market area to 1 percent each in the Beachwood, Brooklyn Heights, and South Cleveland market areas. During the second quarter of 2023, average apartment rents among the 11 CoStar Group-defined market areas ranged from \$771 in the Brooklyn Heights market area to \$1,602 in the Downtown Cleveland market area.

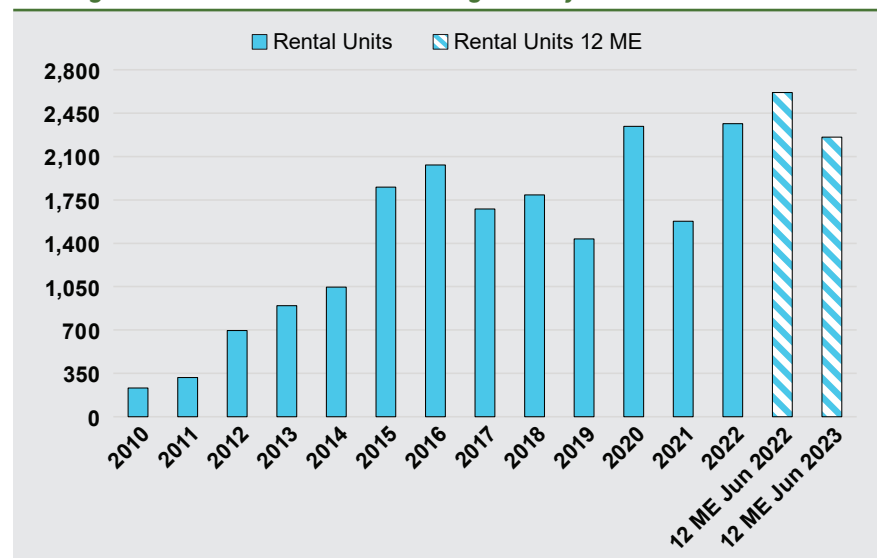
Single-Family Homes for Rent

Approximately 32 percent of all renter households in the HMA lived in single-family homes in 2022, slightly down from 33 percent in 2019 but higher than the rate of 29 percent in 2010 (ACS 1-year data). Since 2021, the market for single-family rental homes in the HMA has tightened somewhat. The vacancy rate among professionally managed, three-bedroom single-family homes for rent averaged 4.2 percent from 2012 through 2020 and then declined to an average of 3.8 percent during 2021 and 2022 (CoreLogic, Inc.). As of June 2023, the average vacancy rate for three-bedroom single-family homes for rent in the HMA was 3.8 percent, and the average monthly rent was \$1,443, down 3 percent from a year earlier. The decrease in the average rent followed a large increase of 17 percent a year earlier.

Rental Construction

Rental construction activity in the Cleveland HMA, as measured by the number of rental units permitted, totaled 2,250 units permitted during the 12 months ending June 2023, down 14 percent from the 2,625 units permitted a year earlier (preliminary data, with adjustments by the analyst). By comparison, following a low of 230 rental units permitted in 2010, rental unit construction in the HMA increased during the early period of the post-recession economic recovery, averaging 740 units permitted annually from 2011 through 2014 (Figure 15). Builders responded to balanced market conditions, and permitting rose to an average of 1,750 units annually from 2015 through 2019. Permitting increased further to 2,350 units in 2020 when several large developments broke ground in the cities of Cleveland and Cleveland Heights. Construction slowed nearly 33 percent to 1,575 units permitted in 2021 but rebounded strongly in 2022 to 2,375 units permitted.

Figure 15. Annual Rental Permitting Activity in the Cleveland HMA



12 ME = 12 months ending.

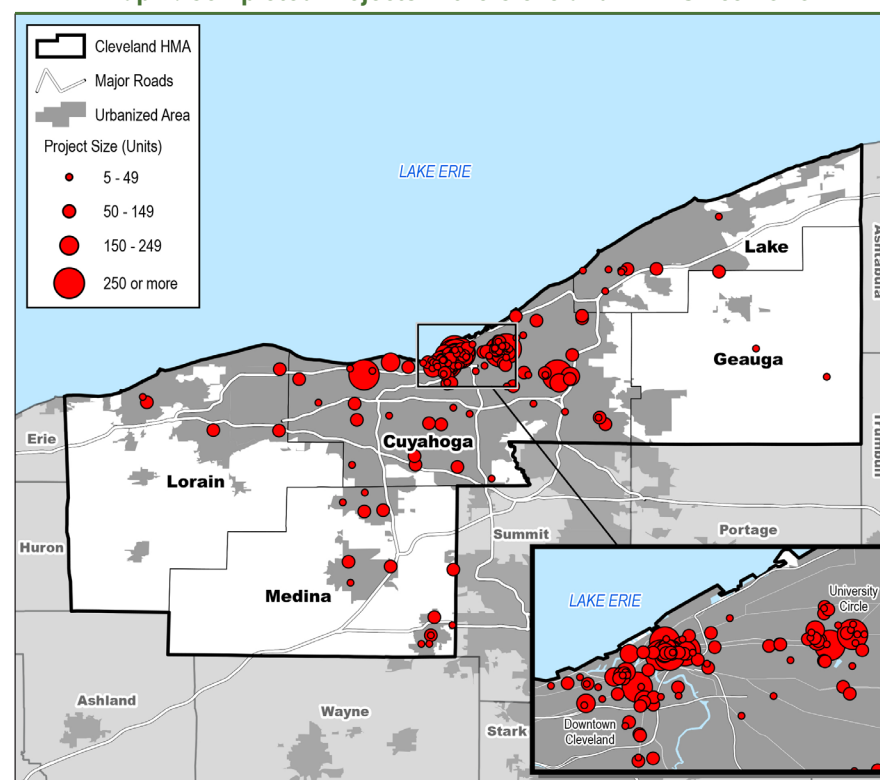
Note: Includes apartments and units intended for rental occupancy.

Sources: U.S. Census Bureau, Building Permits Survey; 2010–22—final data and estimates by the analyst; past 24 months of data—preliminary data and estimates by the analyst

Recent Developments

Approximately 86 percent of apartment units that have been constructed in the HMA since 2020 were built in Cuyahoga County, mostly in downtown Cleveland and in neighborhoods immediately east and west of the city center. (Map 2). Recently completed rental properties include the 261-unit Ascent at Top of the Hill development 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 small studio to \$6,500 for a luxury three-bedroom penthouse unit. The 160-unit Foundry Lofts near the Cleveland Clinic main

Map 2. Completed Projects in the Cleveland HMA Since 2020



Source: Dodge Data & Analytics LLC

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. Rental properties under construction include the City Club Apartments development, which will offer resort-class amenities in downtown Cleveland. The project is expected to be complete early in 2024 and will include studio and one-, two-, and three-bedroom units with monthly rents ranging from \$1,250 to \$4,200.

Forecast

During the 3-year forecast period, demand is expected for an additional 6,650 rental units (Table 7). The 2,175 units under construction are anticipated to

meet all demand during the first year of the forecast period. Rental demand is expected to be relatively steady throughout the forecast period, supported by slow but steady renter household growth. Apartment construction is expected to remain concentrated in areas near the central portion of the city of Cleveland.

Table 7. Demand for New Rental Units in the Cleveland HMA During the Forecast Period

Rental Units	
Demand	6,650 Units
Under Construction	2,175 Units

Note: The forecast period is July 1, 2023, to July 1, 2026.
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 a housing market area. 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.
Existing Home Sales/Existing Home Sales Prices	Includes regular resales and real estate owned sales.
Forecast Period	July 1, 2023–July 1, 2026—Estimates by the analyst.
Home Sales/Home Sales Prices	Includes single-family home, townhome, and condominium sales.
Net Natural Increase/Decline	Resident births minus resident deaths.
Regular Resales	These are home closings that have no ties to either new home closings (builders) or foreclosures. They are homes that were previously constructed and sold to an unaffiliated third party and include short sales.

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.
2.	Urbanized areas are defined using the U.S. Census Bureau 2020 Census Urban and Rural Classification and the Urban Area Criteria.

C. Additional Notes

1.	The NAHB Housing Opportunity Index represents the share of homes sold in the HMA that would have been affordable to a family earning the local median income, based on standard mortgage underwriting criteria.
2.	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.
3.	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.



D. Photo/Map Credits

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Contact Information

Tomasz Kukawski, Economist
Chicago HUD Regional Office
312-813-8894
tomasz.m.kukawski@hud.gov