

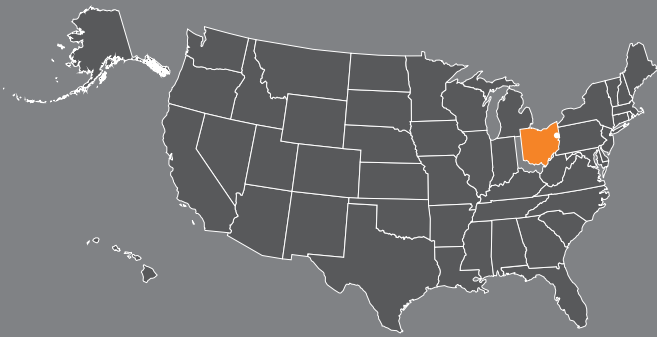
HUD PD&R Housing Market Profiles

Youngstown-Warren-Boardman, Ohio-Pennsylvania



Quick Facts About Youngstown-Warren-Boardman

- Current sales market conditions: soft.
- Current rental market conditions: soft.
- In 2014, the Youngstown Edison Incubator Corporation was recognized as the number one university-associated business incubator by UBI Global. The organization has 380 employees and an economic impact of \$5,422,500 annually on the metropolitan area.

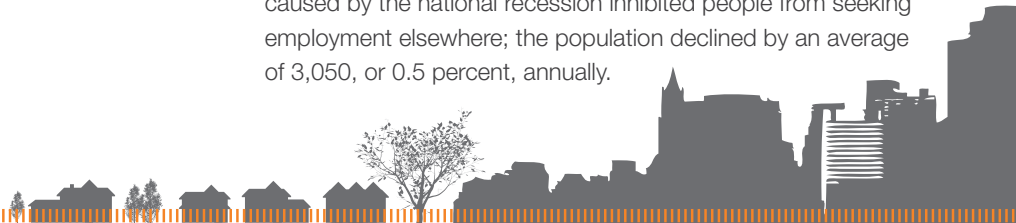


By Tomasz Kukawski | As of June 1, 2016

Overview

The Youngstown-Warren-Boardman (hereafter, Youngstown) metropolitan area includes Mahoning and Trumbull Counties in Ohio and Mercer County in Pennsylvania. The metropolitan area, in the center of the U.S. Rust Belt, was part of the largest steel-producing region in the world, but plant closures in the 1970s greatly reduced the manufacturing presence. The manufacturing sector currently accounts for 13 percent of total nonfarm payrolls compared with 21 percent in 2000. The sector has stabilized since 2010, because General Motors Company rehired previously laid off workers as the company emerged from bankruptcy and several manufacturers began operations supporting drilling in the natural gas-rich Marcellus and Utica shale formations.

- As of June 1, 2016, the estimated population of the Youngstown metropolitan area is 547,700, an average decline of 2,900, or 0.5 percent, annually since 2010.
- From 2000 to 2008, job losses in the manufacturing sector contributed to net out-migration averaging 3,450 people annually, and the population of the metropolitan area declined by 3,900, or 0.7 percent, a year (U.S. Census Bureau decennial census counts and population estimates as of June 1).
- From 2008 to 2010, net out-migration fell to an average of 2,175 people annually because weak economic conditions caused by the national recession inhibited people from seeking employment elsewhere; the population declined by an average of 3,050, or 0.5 percent, annually.



The manufacturing sector was the main contributor to recent nonfarm payroll declines in the Youngstown area.

	3 Months Ending		Year-Over-Year Change	
	May 2015 (thousands)	May 2016 (thousands)	Absolute (thousands)	Percent
Total nonfarm payrolls	225.9	225.0	- 0.9	- 0.4
Goods-producing sectors	39.8	38.5	- 1.3	- 3.3
Mining, logging, and construction	8.9	9.1	0.2	2.2
Manufacturing	30.9	29.4	- 1.5	- 4.9
Service-providing sectors	186.1	186.5	0.4	0.2
Wholesale and retail trade	38.5	39.0	0.5	1.3
Transportation and utilities	9.0	9.0	0.0	0.0
Information	2.0	2.0	0.0	0.0
Financial activities	7.3	7.3	0.0	0.0
Professional and business services	22.2	21.8	- 0.4	- 1.8
Education and health services	43.6	43.3	- 0.3	- 0.7
Leisure and hospitality	23.8	24.6	0.8	3.4
Other services	9.2	9.3	0.1	1.1
Government	30.6	30.1	- 0.5	- 1.6
	(percent)	(percent)		
Unemployment rate	6.0	6.4		

Note: Numbers may not add to totals because of rounding.
Source: U.S. Bureau of Labor Statistics

Economic Conditions

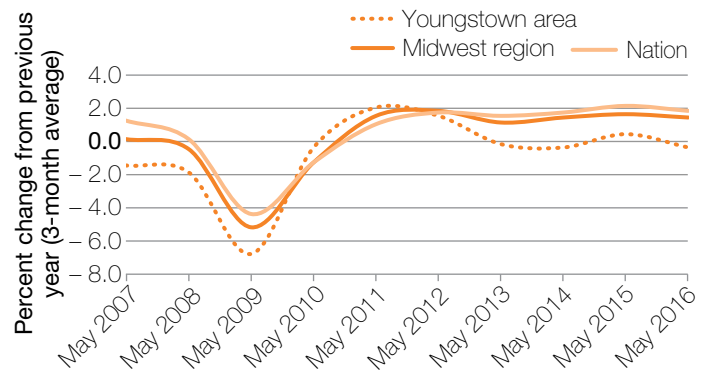
During the 3 months ending May 2016, nonfarm payrolls in the Youngstown metropolitan area decreased by 900 jobs, or 0.4 percent, from the same 3 months a year earlier. By comparison, nonfarm payrolls increased by an average of 1,500, or 0.7 percent, annually from 2010 through 2014 after declining by an average of 6,200, or 2.6 percent, annually from 2006 through 2009.

During the 3 months ending May 2016—

- The manufacturing sector declined by 1,500 jobs, or 4.9 percent, from the same 3 months a year earlier. By comparison, from 2010 through 2014, the manufacturing sector increased by an average of 800 jobs, or 2.9 percent, annually after declining by 2,925 jobs, or 7.4 percent, annually from 2001 through 2009.
- The General Motors Lordstown assembly plant is the largest employer in the metropolitan area, with 4,500 employees. General Motors has invested approximately \$250 million at Lordstown since 2009, including \$50 million in upgrades to the facility in 2014 for production of the next-generation Chevrolet Cruze.
- The education and health services sector, the largest employment sector in the metropolitan area with 43,300 employees, or nearly 20 percent of all nonfarm payrolls, declined by 300 jobs, or 0.7 percent, from the same 3 months a year earlier. Employment in this sector has been relatively stable and, since 2005, total payrolls have ranged from a low of 42,300 in 2006 to a high of 43,800 in 2011.

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The Youngstown area has lagged the nation and the region in nonfarm payroll growth since mid-2012.



Note: Nonfarm payroll jobs.
Source: U.S. Bureau of Labor Statistics

Largest employers in the Youngstown area

Name of Employer	Nonfarm Payroll Sector	Number of Employees
General Motors Company	Manufacturing	4,500
Humility of Mary Health Partners	Education and health services	3,500
Youngstown State University	Government	2,800

Note: Excludes local school districts.
Source: Youngstown/Warren Regional Chamber of Commerce



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- The unemployment rate in the metropolitan area, which peaked at 14.1 percent in 2010, is 6.4 percent, up from 6.0 percent during the 3 months ending May 2015.

The Youngstown metropolitan area benefited from natural gas and oil exploration in the Marcellus and Utica shale formations from 2011 through 2014. The existing manufacturing presence, ample labor force, and well-developed transportation network enabled the metropolitan area to take advantage of the energy-related growth. In 2013, Vallourec Star, a French manufacturer of steel pipes for the oil and gas industry, opened a \$1 billion plant along the Mahoning River and added 350 employees. The \$375 million Hickory Bend

cryogenic processing plant at New Middletown, south of the city of Youngstown, began operations in 2014 and supports delivery of more than 600 million cubic feet of gas per day. As a result of significant declines in the price of natural gas and oil since 2014, exploration and drilling activity has subsided and the demand for steel components related to the energy industry has declined, leading to the recent slowdown in the manufacturing sector in the metropolitan area. Since 2014, Vallourec Star has undergone at least three rounds of layoffs because of low demand for its pipe from the oil and gas industry, bringing its workforce in the metropolitan area to just above 400. Two other manufacturing facilities in the metropolitan area closed down their operations early in 2016.

Sales Market Conditions

The sales housing market in the Youngstown metropolitan area is currently soft but improving. The sales vacancy rate is estimated at 2.0 percent, down from 2.4 percent in April 2010. The percentage of home loans in the metropolitan area that were seriously delinquent (90 or more days delinquent or in foreclosure) or had transitioned into real estate owned (REO) status was 4.6 percent in April 2016, down from 5.4 percent a year ago (CoreLogic, Inc.). The current rate is higher than the 3.5-percent rate for Ohio and the 2.9-percent rate for the nation. The inventory of homes for sale comprised a 4.0-month supply in April 2016, down from 5.4- and 6.0-month supplies in April 2015 and 2014, respectively.

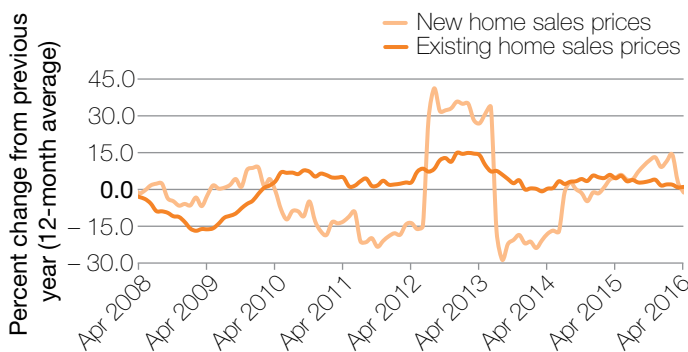
During the 12 months ending April 2016—

- New home sales accounted for less than 2 percent of all home sales and totaled 130, virtually unchanged from the previous 12 months. New home sales are well below the average of 560 annually from 2001 through 2005, prior to the housing market downturn.

- Existing home sales totaled 7,750, up 430, or 6 percent, from the previous 12 months. Existing sales include 2,950 REO sales, which were down 45 percent during the same period. Existing home sales remain below the average of 8,875 annually during the peak years of 2002 through 2005 but are above the average of 5,950 sales reported from 2007 through 2010, during the worst of the housing market downturn.
- The average sales price for new homes was \$144,100, a 1-percent decline from the average price during the previous 12 months and down 24 percent from the previous peak of \$190,700 during 2006. The large decline in the average sales price for new homes since the mid-2000s is because a greater proportion of current sales are lower-priced starter homes, compounded by a significantly lower number of new home sales.
- The average sales price for existing homes was \$94,650, an increase of less than 1 percent compared with the average price

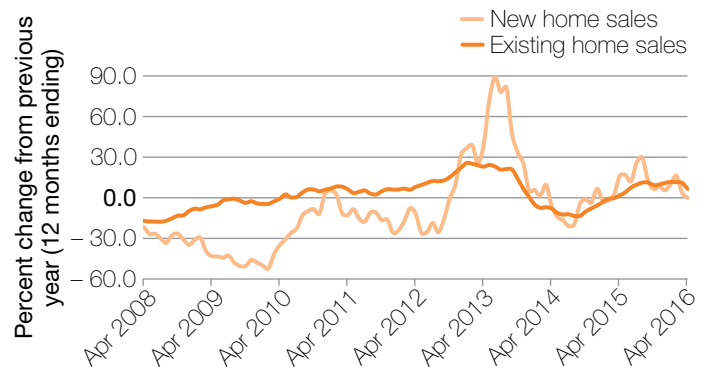
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The low level of new home sales contributed to increased volatility in the average sales price of a new home in the Youngstown area.



Note: Includes single-family homes, townhomes, and condominiums. Source: CoreLogic, Inc.

In the Youngstown area, existing home sales continued to grow at a moderate rate, but new home sales declined for the first time since March 2015.



Note: Includes single-family homes, townhomes, and condominiums. Source: CoreLogic, Inc.



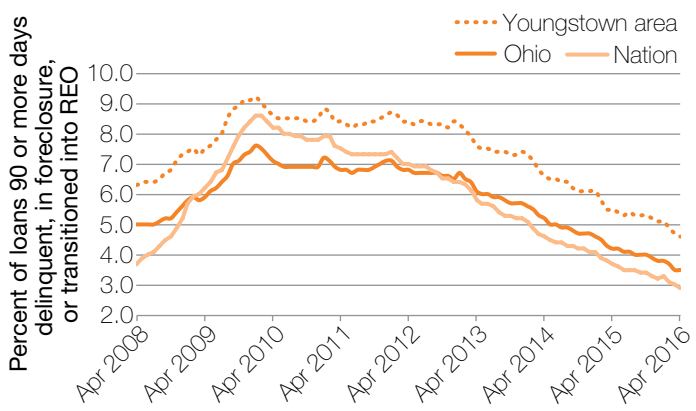
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during the 12 months ending April 2015. The average sales price for existing homes rose an average of 8 percent a year from 2010 through 2012, when economic conditions were better in the metropolitan area, but price growth slowed to an average of 2 percent a year in 2013 and 2014, as job growth began to slow.

Single-family home construction activity, as measured by the number of single-family homes permitted, remains well below prerecessionary levels.

- The number of single-family homes permitted totaled 220 during the 12 months ending May 2016, unchanged from the previous 12 months (preliminary data).

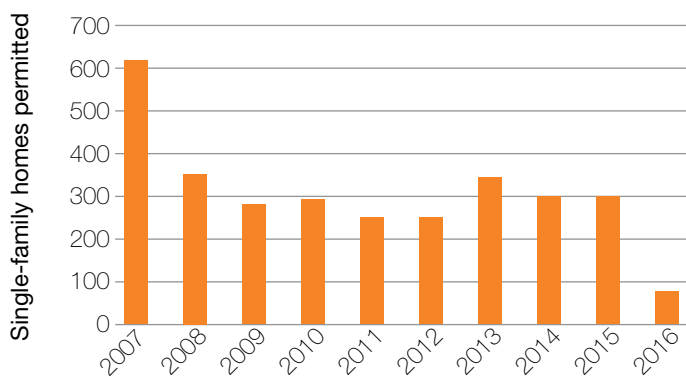
The rate of seriously delinquent mortgages and REO properties in the Youngstown area remained above the rates for Ohio and the nation but has declined significantly since 2013.



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

- Single-family home construction activity averaged 1,150 homes permitted annually from 2000 through 2007 before declining 74 percent to average 300 homes a year from 2008 through 2015.
- In Columbiana, Ohio, Master Plan Builders Inc. is adding 50 two-bedroom, single-family cottages to The Back Bay at Arrowhead Lake community. As of June 1, approximately 65 percent of lots have been sold, with home prices starting at \$185,000. Other single-family home construction is occurring in the Avellino the Legacy, Custer Estate, Ridgely Park, Park Place Villas, and Holly Hill subdivisions.

Single-family home construction in the Youngstown area remained well below the levels recorded in the early and mid-2000s.



Note: Includes preliminary data from January 2016 through May 2016.
Source: U.S. Census Bureau, Building Permits Survey, with estimates by the analyst

Rental Market Conditions

Rental housing market conditions in the Youngstown metropolitan area are currently soft but have improved since 2010, particularly among apartment units. Low levels of multifamily construction from 2011 through 2014 contributed to a small decline in the overall rental vacancy rate and a larger decline in the apartment vacancy rate.

- The estimated vacancy rate for all rental units (including single-family homes, manufactured homes, and apartment units) is 9.5 percent as of June 1, 2016, a decrease from 11.1 percent in 2010.
- Single-family homes accounted for approximately 45 percent of all rental units in the metropolitan area in 2014, up from 42

percent in 2010 (2010 and 2014 American Community Survey 1-year data). A higher level of foreclosures and demand by Youngstown State University students to live off campus spurred the increasing number of conversions of single-family homes to rentals.

- The apartment market was tight, with a 3.6-percent vacancy rate during the first quarter of 2016, a decrease from 4.7 percent a year earlier and 7.9 percent during the first quarter of 2010 (Reis, Inc.).
- The average apartment asking rent was approximately \$531 during the first quarter of 2016, up 1.3 percent from a year earlier.

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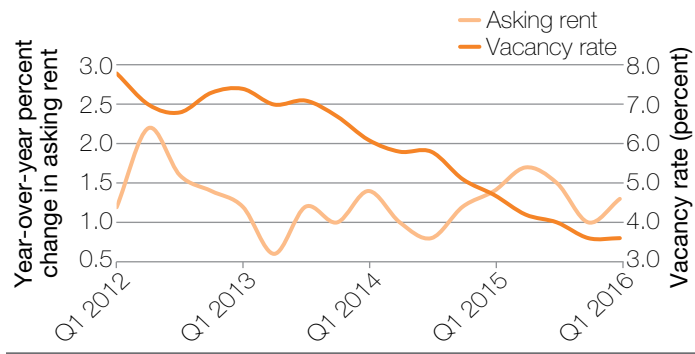
Despite tightening apartment market conditions, multifamily construction activity, as measured by the number of units permitted, continued to be significantly below prerecessionary levels.

- During the 12 months ending May 2016, 264 multifamily units were permitted, a significant increase from the 12 units permitted during the previous 12 months (preliminary data, with adjustments by the analyst).
- In the aftermath of the local economic downturn, brought on by the 2007-to-2009 national recession, building activity averaged

only 160 units annually from 2009 through 2013. By comparison, from 2000 through 2008, multifamily building activity averaged 240 units annually.

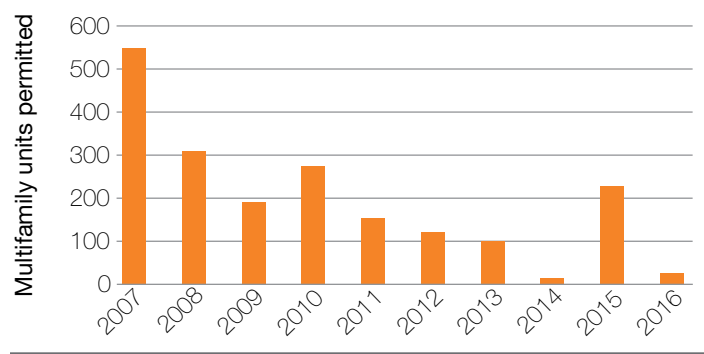
- The historic Wick Tower was recently renovated in downtown Youngstown. The tower contains 33 apartment units with rents of \$1,150, \$1,600, and \$2,100 for one-, two-, and three-bedroom units, respectively.
- Of the 264 units currently under construction, 224 are for seniors and 40 are for students; none are market-rate, general-occupancy apartments.

Although the apartment vacancy rate in the Youngstown area has been declining, rent increases have remained below 2 percent annually since mid-2012.



Source: Reis, Inc.

Despite tightening rental market conditions in the Youngstown area, multifamily construction activity remained significantly below the peak levels of the mid-2000s.



Note: Includes preliminary data from January 2016 through May 2016. Source: U.S. Census Bureau, Building Permits Survey, with estimates by the analyst

