Cleveland-Elyria Area
Local Market Report, First Quarter 2020
including the impact of COVID-19 on the local economy

Today's Market...

Median Price (Red Line) and One-year Price Growth

<table>
<thead>
<tr>
<th>Price Activity</th>
<th>Cleveland</th>
<th>U.S.</th>
<th>Local Trend</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Median Home Price (2020 Q1)</td>
<td>$160,700</td>
<td>$272,433</td>
<td>Prices continue to grow relative to last year</td>
</tr>
<tr>
<td>1-year (4-quarter) Appreciation (2020 Q1)</td>
<td>7.4%</td>
<td>7.7%</td>
<td></td>
</tr>
<tr>
<td>3-year (12-quarter) Appreciation (2020 Q1)</td>
<td>27.4%</td>
<td>18.1%</td>
<td></td>
</tr>
<tr>
<td>3-year (12-quarter) Housing Equity Gain*</td>
<td>$34,600</td>
<td>$41,733</td>
<td>Gains in the last 3 years have extended the trend of positive price growth after the recession</td>
</tr>
<tr>
<td>7-year (28 quarters) Housing Equity Gain*</td>
<td>$59,700</td>
<td>$96,500</td>
<td></td>
</tr>
<tr>
<td>9-year (36 quarters) Housing Equity Gain*</td>
<td>$73,700</td>
<td>$114,500</td>
<td></td>
</tr>
</tbody>
</table>

*Note: Equity gain reflects price appreciation only

<table>
<thead>
<tr>
<th>Conforming Loan Limit**</th>
<th>Cleveland</th>
<th>U.S.</th>
<th>Most buyers in this market have access to government-backed financing</th>
</tr>
</thead>
<tbody>
<tr>
<td>FHA Loan Limit</td>
<td>$314,827</td>
<td>$726,525</td>
<td>Most buyers in this market have access to government-backed financing</td>
</tr>
<tr>
<td>Local Median to Conforming Limit Ratio</td>
<td>33%</td>
<td>not comparable</td>
<td>Most buyers in this market have access to government-backed financing</td>
</tr>
</tbody>
</table>

Note: limits are current and include the changes made on January 1st 2019.

Local NAR Leadership

The Cleveland-Elyria market is part of region 6 in the NAR governance system, which includes all of Ohio and Michigan. The 2020 NAR Regional Vice President representing region 6 is Greg Hrabcak.
Benefits of Ownership:
Total Equity Appreciation

Total Equity Gained** through 2020 Q1 from quarter in which home was purchased

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<tbody>
<tr>
<td>1-year (4-quarter)</td>
<td>$13,357</td>
<td>$23,185</td>
<td></td>
</tr>
<tr>
<td>3-year (12-quarter)*</td>
<td>$40,746</td>
<td>$52,978</td>
<td></td>
</tr>
<tr>
<td>5-year (20-quarter)*</td>
<td>$64,376</td>
<td>$87,425</td>
<td>Price appreciation and principle payments in the last 3 years have boosted total equity growth since the recession</td>
</tr>
<tr>
<td>7-year (28 quarters)*</td>
<td>$73,392</td>
<td>$120,351</td>
<td></td>
</tr>
<tr>
<td>9-year (36 quarters)*</td>
<td>$86,951</td>
<td>$138,556</td>
<td></td>
</tr>
</tbody>
</table>

*Note: Equity gain reflects price and principle payments since purchase, prevailing 30-year fixed rate mortgage at time of purchase and a 10% downpayment. Downpayment is not included in total equity.
Drivers of Local Supply and Demand...

### Local Economic Outlook

<table>
<thead>
<tr>
<th></th>
<th>Cleveland</th>
<th>U.S.</th>
<th>Note</th>
</tr>
</thead>
<tbody>
<tr>
<td>12-month Job Change (Mar)</td>
<td>-15,600</td>
<td>Not Comparable</td>
<td></td>
</tr>
<tr>
<td>12-month Job Change (Feb)</td>
<td>-3,000</td>
<td>Not Comparable</td>
<td></td>
</tr>
<tr>
<td>36-month Job Change (Mar)</td>
<td>7,800</td>
<td>Not Comparable</td>
<td></td>
</tr>
<tr>
<td>Current Unemployment Rate (Mar)</td>
<td>7.1%</td>
<td>4.4%</td>
<td></td>
</tr>
<tr>
<td>Year-ago Unemployment Rate</td>
<td>4.3%</td>
<td>3.8%</td>
<td></td>
</tr>
<tr>
<td>1-year (12 month) Job Growth Rate</td>
<td>-1.5%</td>
<td>1.3%</td>
<td></td>
</tr>
</tbody>
</table>

Employment continues to decline and will weigh on demand in some areas.

Cleveland's unemployment situation is worse than the national average and weighs on confidence.

Local employment growth is poor and needs to improve.

### Share of Total Employment by Industry

#### Cleveland-Elyria Area

- Government: 14.9%
- Natural Resources/Mining/Construction: 5.3%
- Manufacturing: 13.3%
- Government: 14.9%
- Natural Resources/Mining/Construction: 8.5%
- Manufacturing: 1.9%
- Trade/Transportation/Utilities: 20.0%
- Information: 1.9%
- Financial Activities: 16.3%
- Educational & Health Services: 7.2%
- Leisure & Hospitality: 10.5%
- Other Services: 11.5%
- Prof. & Business Services: 16.6%
- Prof. & Business Services: 14.1%
- Educational & Health Services: 16.3%
- Leisure & Hospitality: 10.5%
- Other Services: 3.9%
- Government: 15.4%
- Financial Activities: 14.1%
- Manufacturing: 1.9%
- Trade/Transportation/Utilities: 14.1%
- Information: 1.9%

#### U.S.

- Government: 15.4%
- Natural Resources/Mining/Construction: 8.5%
- Manufacturing: 1.9%
- Trade/Transportation/Utilities: 14.1%
- Information: 1.9%
- Financial Activities: 16.3%
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- Government: 15.4%
- Natural Resources/Mining/Construction: 8.5%
- Manufacturing: 1.9%
- Trade/Transportation/Utilities: 14.1%
- Information: 1.9%

### 12-month Employment Change by Industry in the Cleveland-Elyria Area (Mar - 2020)

<table>
<thead>
<tr>
<th>Industry</th>
<th>Cleveland</th>
<th>U.S.</th>
</tr>
</thead>
<tbody>
<tr>
<td>GoodsProducing</td>
<td>NA</td>
<td>Information: -600</td>
</tr>
<tr>
<td>Natural Resources/Mining/Construction</td>
<td>2,600</td>
<td>Financial Activities: -1,400</td>
</tr>
<tr>
<td>Natural Resources and Mining</td>
<td>NA</td>
<td>Prof. &amp; Business Services: -5,400</td>
</tr>
<tr>
<td>Construction</td>
<td>NA</td>
<td>Educ. &amp; Health Services: -300</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>-2,200</td>
<td>Leisure &amp; Hospitality: 5,000</td>
</tr>
<tr>
<td>Service Providing Excluding Government</td>
<td>NA</td>
<td>Other Services: 300</td>
</tr>
<tr>
<td>Trade/Transportation/Utilities</td>
<td>1,200</td>
<td>Government: -2,200</td>
</tr>
</tbody>
</table>

### State Economic Activity Index

<table>
<thead>
<tr>
<th></th>
<th>Ohio</th>
<th>U.S.</th>
<th>Note</th>
</tr>
</thead>
<tbody>
<tr>
<td>12-month change (2020 - Mar)</td>
<td>-2.1%</td>
<td>1.2%</td>
<td>The economy of Ohio is still in recession, but improved modestly from last month's - 22.17% change</td>
</tr>
<tr>
<td>36-month change (2020 - Mar)</td>
<td>NA</td>
<td>7.0%</td>
<td></td>
</tr>
</tbody>
</table>
### New Housing Construction

<table>
<thead>
<tr>
<th>Local Fundamentals</th>
<th>Cleveland</th>
<th>U.S.</th>
<th>Source: Mortgage Bankers' Association</th>
</tr>
</thead>
<tbody>
<tr>
<td>12-month Sum of 1-unit Building Permits through Mar</td>
<td>2,598</td>
<td>not comparable</td>
<td>The current level of construction is 7.8% above the long-term average</td>
</tr>
<tr>
<td>8-year average for 12-month Sum of 1-Unit Building Permits</td>
<td>2,409</td>
<td>not comparable</td>
<td>Production above trend for an extended period of time could cause prices to moderate as inventory is built up.</td>
</tr>
<tr>
<td>Single-Family Housing Permits (Mar) 12-month sum vs. a year ago</td>
<td>-0.2%</td>
<td>5.5%</td>
<td>Construction continues to decline from last year</td>
</tr>
</tbody>
</table>

### Construction: 12-month Sum of Local Housing Permits
(Historical Average Shown in Red Dashed Line)

### State Total Foreclosure Rate vs. U.S Average
(U.S. Average in Blue Dashed Line)
Affordability

### Monthly Mortgage Payment to Income Ratio for 2020 Q1

<table>
<thead>
<tr>
<th></th>
<th>Cleveland</th>
<th>U.S.</th>
<th>Historical Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ratio for 2019</td>
<td>6.4%</td>
<td>16.0%</td>
<td>Historically strong, but weaker than the fourth quarter of 2019</td>
</tr>
<tr>
<td>Ratio for 2020 Q1</td>
<td>6.0%</td>
<td>14.6%</td>
<td></td>
</tr>
<tr>
<td>Historical Average</td>
<td>7.2%</td>
<td>18.4%</td>
<td>More affordable than most markets</td>
</tr>
</tbody>
</table>

### Median Home Price to Income

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<th>Note</th>
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</thead>
<tbody>
<tr>
<td>Ratio for 2019</td>
<td>1.1</td>
<td>2.8</td>
<td>The price-to-income ratio rose, but is better than the historic average</td>
</tr>
<tr>
<td>Ratio for 2020 Q1</td>
<td>1.1</td>
<td>2.7</td>
<td>Affordable compared to most markets</td>
</tr>
<tr>
<td>Historical Average</td>
<td>1.1</td>
<td>2.7</td>
<td></td>
</tr>
</tbody>
</table>
The first quarter of the year mostly encompassed a pre-pandemic economy that was characterized by low unemployment and a robust economy. Nevertheless, as a result of the COVID-19 outbreak, mortgage rates reached a then-historical low in March of 2020 fueling an increase in refinance activities. Specifically, at the end of the first quarter, mortgage rates declined 90 basis points compared to a year earlier. According to the mortgage finance provider Freddie Mac, the 30-year fixed rate mortgage dropped to 3.51 percent in Q1 2020 from 4.37 percent in Q1 2019. Looking ahead, NAR is forecasting the 30-year fixed rate mortgage to average 3.20 percent for 2020.
REALTOR® Price Expectations

REALTOR® Price Expectations for the Next 12 Months
(U.S. Average in Blue Dashed Line)

<table>
<thead>
<tr>
<th>REALTOR® Price Expectations</th>
<th>Ohio</th>
<th>U.S.</th>
<th>REALTORS® expect higher price growth in Ohio than in the U.S. in the next 12 months. Their price expectations are also higher than a year ago.</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020 - Mar</td>
<td>2.9%</td>
<td>-0.5%</td>
<td></td>
</tr>
<tr>
<td>Prior 12 months</td>
<td>2.2%</td>
<td>2.4%</td>
<td></td>
</tr>
</tbody>
</table>

Source: NAR
Geographic Coverage for this Report

The Cleveland area referred to in this report covers the geographic area of the Cleveland-Elyria metro area as officially defined by the Office of Management and Budget of the U.S. Government. The official coverage area includes the following counties:

Cuyahoga County, Geauga County, Lake County, Lorain County, and Medina County

More information on the OMB's geographic definitions can be found at https://obamawhitehouse.archives.gov/omb/bulletins_default/