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Policy Development & Research

# **Analysis of the Canton, Ohio Housing Market**

**As of January 1, 2003**



ECONOMIC RESEARCH

U.S. Department of Housing and Urban Development

## **Foreword**

This analysis has been prepared for the assistance and guidance of the U.S. Department of Housing and Urban Development (HUD) in its operations. The factual information, findings, and conclusions may be useful also to builders, mortgagees, and others concerned with local housing conditions and trends. The analysis does not purport to make determinations with respect to the acceptability of any particular mortgage insurance proposals that may be under consideration in a particular locality or the housing market area.

The factual framework for this analysis was developed by HUD's Economic and Market Analysis Division as thoroughly as possible on the basis of information available on the "as-of" date from both local and national sources. As such, they may be modified by subsequent developments. We wish to express our appreciation to those industry sources and government officials who provided data and information on local economic and housing market conditions.

This analysis takes into consideration changes in the economic, demographic, and housing inventory characteristics of the market area during three periods: 1990 to 2000, 2000 to the as-of date of the analysis ("Current date"), and from the Current date to a "Forecast date." The analysis presents counts and estimates of employment, population, households, and housing inventory as of the 1990 and 2000 Censuses, the Current date, and Forecast date. For the purposes of this analysis the forecast period is 24 months.

The prospective demand expressed in the analysis should not be construed as a forecast of building activity; rather, it presents the prospective housing production that would maintain a reasonable balance in demand-supply relationship given the market's condition on the as-of date of the analysis. This analysis was prepared by Ms. Sondra Scott King, one of the Division's Field Economists in the Ohio State Office, based on fieldwork conducted in November and December 2002. If there are questions regarding the findings and conclusions of the analysis, she may be reached at (614) 469-5737, extension 8135 and at [Sondra\\_King@hud.gov](mailto:Sondra_King@hud.gov).

## **Housing Market Area**

For purposes of this analysis the Canton Housing Market Area (HMA) is coterminous with the Canton Metropolitan Statistical Area, comprised of Stark and Carroll Counties. In this analysis the HMA has been segmented into two distinct submarket areas: the city of Canton and the Remainder of the HMA, consisting of suburban Stark County and Carroll County. During the past 13 years the Canton metropolitan area has increasingly become a bedroom community for the Akron/Cleveland area. Interstate 77 allows Canton area residents easy access to employment centers in Akron and Cleveland with only minor increases in commuting time.

## **Summary**

In the 1990s the Canton economy grew steadily through 1998, primarily from increases in the services sector. The Canton economy has remained stable through most of the recession, with slight growth in nonagricultural employment and no large job losses. With low interest rates and adequate supplies of buildable land, demand for new sales housing has been strong. Economic performance during the 2-year forecast period is expected to slow slightly.

Expectations of continued household growth and low interest rates are forecast to support the demand for approximately 925 new homes annually during the forecast period. Multifamily construction has been limited and is expected to continue at approximately 100 units per year.

## **Economy of the Area**

Manufacturing remains a major factor in the Canton economy. The 43,000 manufacturing jobs as of 2002 accounted for 23 percent of the total nonagricultural wage and salary employment. Two of the three largest private sector employers in the area are manufacturing companies. The Timken Company, a steel processor with more than a century of history in Canton, is the largest employer with more than 5,600 jobs. The other major employer is the Hoover Company. The vacuum cleaner manufacturer has a current workforce of 2,900 persons.

The Stark County Development Board, a local nonprofit charged with attracting and assisting businesses, says that their main focus in recent years has been job retention, especially in the manufacturing sector. Tables 1 and 2 present the annual trends in resident civilian labor force and total employment and nonagricultural wage and salary employment, respectively.

Between 1990 and 2000 manufacturing employment in the Canton metropolitan area averaged approximately 45,500 persons. In the 24 months prior to the Current date manufacturing employment declined by 700, or 1.6 percent. Services, wholesale trade, and local government were the most significant growth sectors between 1990 and 2001.

Service employment increased 37.8 percent during the period, reaching a 12-month average of 56,500 jobs in 2002.

Many Canton area residents work outside the metropolitan area. The percent of workers that held jobs outside their county of residence also increased from 19.5 percent to 21.8 percent between 1990 and 2000. The increase in out-commutation is also evidenced in growth in total resident employment, which has been greater than the annual growth in nonagricultural employment growth during the past few years. This trend is expected to continue during the forecast period.

The labor force is expected to increase by 1,200 persons annually in the forecast period, a substantial decrease compared with the annual gain between 2000 and the Current date, but more in line with activity in the prior decade. From 1990 to 2000 the labor force in the HMA grew an average of 1,395 persons annually. Nonagricultural wage and salary employment is forecast to increase by 1,050 jobs annually during the forecast period compared with an average annual increase of 1,891 jobs from 1990 to 2000 and 1,125 jobs from 2000 to the Current date.

The unemployment rate was lowest in 2001 at 4.1 percent. For the most recent 12-month period the unemployment rate is up to 5.4 percent. In 2001 the Canton metropolitan area registered a lower unemployment rate than the state of Ohio. During the 2-year forecast period unemployment is expected to be in the mid 5-percent range.

## **Household Incomes**

As of the 2000 Census the median family income for the Canton metropolitan area was reported to be \$47,169, or 45 percent greater than the 1990 Census figure of \$32,485. HUD reported the 2003 Canton area median income as \$53,200.

## **Population**

As of the Current date the population in the Canton HMA is estimated to be 410,000 persons, or a 0.27-percent annual increase since the 2000 Census. The rate of growth is only slightly below the annual rate of population growth between 1990 and 2000 of 0.34 percent. The population of the HMA is forecast to increase approximately 1,125 persons annually between the Current and Forecast dates. The trends in population and households from 1990 through the Forecast date for the Canton HMA, the city of Canton, and the Remainder of the HMA are presented in Table 3.

The average annual net natural change between 1990 and 2000 was 1,357 persons. From 2000 to the Current date average annual change declined to 1,175 persons. Between 1990 and the Current date there has been a small out-migration that averaged less than 75 persons annually.

The city of Canton reached its peak population of approximately 116,000 in 1950. The current population is estimated at 80,050 and is forecast to decline further to 79,400 persons as of the Forecast date. Net natural change within the city has remained relatively stable, averaging approximately 520 persons annually. Out-migration continues to substantially offset this change and there is no evidence to suggest that this trend will not continue.

Population growth is forecast to continue at approximately the same level during the 2-year forecast as from 2000 to the Current date, in the Canton HMA. The net growth in population in the HMA will be the result of continued net natural change. In terms of migration the city is expected to continue to lose population and the remainder of the HMA will gain an equal number during the forecast period.

## **Households**

The trend in household growth in the Canton HMA has paralleled that of steady gains in population. The number of households increased an average of 1,020 annually between 1990 and 2000. Between 2000 and the Current date average annual growth totaled 925 households, or a decrease of approximately 10 percent. From the Current date to the Forecast date household growth is expected to rebound to an average of 1,050 households annually as a result of moderate growth in the local economy and new households moving to the area for affordable housing opportunities. As of the Forecast date households in the Canton HMA are anticipated to total 164,000.

Since 1990 there has been a steady shift in the tenure of households in the Canton HMA. In 1990 approximately 71 percent of the households in the HMA were homeowners. With the strong economy and migration to the area of families looking to buy affordable homes, the ratio had increased to 73 percent by 2000. Between 1990 and 2000 owner households grew at a rate of 1,080 households annually, while there was a decline of approximately 60 renter households annually. Between the 2000 Census and the Current date owner households increased on average by 1,050 households annually, while the number of renter households in the HMA declined by 140.

One reason for the decline in renter households, particularly during the past 3 years, has been the increase in the number of single-family rental properties being sold by landlords to their tenants. With a continuation of low interest rates and affordable home prices the shift to homeownership in the HMA is expected to continue, and absolute loss of approximately 250 renter households is anticipated during the forecast period.

## **Housing Inventory**

As of the 1990 Census there were 158,466 housing units in the Canton HMA. Between 1990 and 2000 there was an average annual addition of 1,159 housing units a year. From 2000 to the Current date the increase has averaged 920 units. As of the Current date the inventory in the HMA was estimated to total 172,600 housing units. The counts of housing inventory, as well as occupancy and vacancy, by tenure for the 1990 and 2000 Censuses and the Current date are presented in Table 4.

Over the 13-year period from 1990 through 2002 homebuilding in the Canton HMA has remained relatively stable. During the period building permits have been issued for an average of 1,066 homes annually. Multifamily building permit activity has averaged 246 units a year, or less than 19 percent of the total additions to the housing stock. However, multifamily activity has declined during the past 2 years to an average of 144 units annually. With the slowing in job growth it is forecast that there will be some slowdown in single-family construction. With the expectation that interest rates will remain low and with a steady supply of available sites in townships with solid school districts, sales housing construction is expected to register approximately 1,850 units during the forecast period. Rental housing construction is less predictable. Approximately 40 percent of newer building has been housing targeted to the elderly, with units/rooms often in complexes with available additional services. The Canton area pipeline contains several projects that focus on the elderly market, reflecting that 14.4 percent of the population is over age 65.

The trends in residential building permit activity from 1990 through 2002 are presented in Table 5.

## **Housing Vacancy**

Between the 1990 and 2000 Censuses owner and rental vacancy rates increased at the HMA level and in the city of Canton and the Remainder of the HMA. In the HMA as a whole the owner vacancy rate increased from 1.1 percent in 1990 to 1.4 percent in 2000. The rental vacancy rate in 1990 was 6.5 percent and in 2000 was 8.0 percent. The owner vacancy rate in Canton increased to 2.2 percent as of 2000 and the rental vacancy rate was 10.2 percent. Much of the increased vacancy in the city of Canton is due to the continued out-migration of households moving from the HMA or to the suburbs. The increase in the rental vacancy rate in the remainder of the HMA was the result of increased multifamily rental construction together with a decline in the growth of renter demand as more renters moved to homeownership.

As of the Current date the owner vacancy rate in the HMA is estimated to be 1.3 percent and the rental vacancy rate is 7.5 percent. These vacancy rates are significantly below the historic rates recorded in the census. To derive vacancy rates reflecting the marketable vacant available inventory, the analyst has made an adjustment to remove obsolete and uninhabitable units from the stock.

## **Sales Market Conditions**

Low mortgage interest rates, adequate supplies of buildable land, and moderate household growth continue to support a strong but relatively stable sales housing market in the Canton HMA. The relatively affordable cost of housing has allowed expanded opportunities for homeownership. As measured by building permit data single-family production between 1990 and 1998 averaged approximately 1,070 homes annually. In 1999 permits were issued in the Canton HMA for a record setting 1,378 single-family homes. In 2000 single-family permits dropped to 1,201 units, while activity over the past 2 years has averaged 1,149 homes. Though building activity has occurred throughout the HMA in recent years a significant volume of the activity has been located in Jackson Township and Lake Township, both of which are in northern Stark County and easily accessible from Interstate 77.

Based on the latest information from the Stark County Board of REALTORS<sup>®</sup>, which covers Stark and Carroll Counties, the average sales price in 2002 for all homes sold (single-family homes and condominiums) in the Canton area was \$114,193. The highest average sales price recorded was \$190,500 in the unincorporated area of Stark County. As of the third quarter of 2002 the Building Industry Association of Stark County reported that the average value for a new home in Stark County was \$228,414.

## **Rental Market Conditions**

There has been a steady and continuous shift in the Canton HMA toward homeownership as well as a decline in the number of renter households since 1990. The shift is the result of the relatively affordable cost of homeownership compared to rents in this market area.

The rental vacancy rate for the HMA is currently estimated to be 7.5 percent and overall rental market conditions in the HMA are balanced. However, the rental vacancy rate in the city is estimated to be approximately 10 percent and conditions are somewhat soft. The high rate reflects the older rental stock and its competitive disadvantage with newer units being built in the suburbs of the HMA. There has been little market-rate, general occupancy rental construction in the city in recent years. The limited rental development that has occurred in the city has been mostly subsidized housing for the independent elderly or housing in assisted living communities. Much of the new market-rate rental development in recent years is located along Interstate 77 in suburban Stark County.

Rental management firms continue to be concerned about the overall rental market, especially within the city of Canton, because the low interest rates have helped convert many renters to homeowners. Newer rental properties in the metropolitan area are offering one-bedroom units for \$450 to \$550 and two-bedroom units for \$500 to \$700. The projects have unit amenities such as laundry hookups, but lack substantial project amenities such as swimming pools or workout facilities. This market provides basic units at lower market rents.

Currently, the pipeline is small and multifamily rental construction is expected to average approximately 100 units a year during the forecast period in the Canton HMA.

## **Forecast Housing Demand**

Household growth in the Canton HMA during the 2-year forecast period is expected to total 2,080 households, with 1,500 of these anticipated to be owners and 540 renters. After adjustments to account for estimated tenure shift, need to replace losses to the inventory, current construction activity, and housing vacancies, annual demand is forecast to total 925 sales units and 100 rental units.

The demand for 925 units of sales housing annually is based on expectations of growth in the local economy, the continuation of low mortgage interest rates, and the availability of builders to continue to produce relatively affordable homes compared to the Cleveland or Akron areas, where prices are significantly higher.

Table 1  
Labor Force and Total Employment  
Canton HMA  
1990 through December 2002

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
Labor Force	195,900	198,400	199,600	197,000	197,200	198,600	201,600	202,800	202,800	201,500	203,500	206,000	210,100
Total Employment	183,400	184,200	183,600	183,100	185,300	185,300	190,900	193,300	193,000	192,400	195,000	197,600	198,700
Unemployment	12,500	14,100	16,000	14,000	12,000	10,000	10,700	9,800	8,400	9,200	8,400	8,400	11,300
Rate (%)	6.4	7.1	8.0	7.1	6.1	4.9	5.3	4.8	4.2	4.5	4.1	4.1	5.4

Note: Data do not add because of rounding.

Source: Bureau of Labor Statistics

Table 2  
 Nonagricultural Wage and Salary Employment  
 Canton HMA  
 1990 through December 2002

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
Total	167,200	166,000	165,800	166,400	170,100	175,300	178,500	180,700	183,900	184,300	187,500	186,400	186,900
Mining	800	800	700	600	600	600	700	600	600	500	500	600	600
Construction	7,600	6,900	6,600	6,700	7,600	8,000	8,100	8,400	9,100	8,900	9,000	8,900	8,400
Manufacturing	45,600	44,300	43,500	44,100	45,400	46,800	46,400	46,300	47,400	46,600	45,600	43,700	43,000
Durables	34,000	33,000	31,700	31,700	33,000	34,500	34,300	34,000	35,000	34,200	33,100	31,400	31,400
Fabricated metals	5,700	5,200	4,200	4,500	4,800	5,000	4,800	4,600	5,100	5,600	5,400	5,300	5,600
Nondurables	11,600	11,200	11,800	12,400	12,400	12,300	12,100	12,300	12,400	12,400	12,400	12,300	12,600
Transportation and public utilities	5,600	5,500	5,600	5,700	5,600	5,600	5,600	5,200	5,100	5,000	5,000	4,800	4,800
Wholesale and retail	41,400	41,400	41,100	41,100	41,900	43,400	44,400	45,100	45,000	45,400	46,100	45,500	45,500
Finance, insurance, and real estate	6,900	6,800	6,700	6,700	6,500	5,800	5,800	5,900	6,400	6,700	7,100	7,100	7,200
Services	40,000	41,300	42,300	42,400	43,800	46,600	48,300	49,600	50,500	50,800	53,500	55,100	56,500
Government	19,300	19,200	19,300	19,100	18,700	18,700	19,400	19,700	19,900	20,400	20,700	20,900	20,900
Percent change	—	-0.72	-0.12	0.36	2.22	3.06	1.83	1.23	1.77	0.22	1.74	-0.59	0.27

Note: Data may not add due to rounding.

Source: Bureau of Labor Statistics

Table 3  
Population and Household Trends  
Canton HMA  
April 1990 to January 2005

	April 1, 1990	April 1, 2000	Current Date*	Forecast Date**	Average Annual Change					
					1990 to 2000		2000 to Current		Current to Forecast	
					Number	Rate (%)	Number	Rate (%)	Number	Rate (%)
<u>Population</u>										
Canton HMA	394,106	406,934	410,000	412,350	1,283	0.32	1,115	0.27	1,175	0.29
City of Canton	84,161	80,806	79,950	79,400	-336	-0.41	-311	-0.39	-275	-0.34
Remainder of HMA	309,945	326,128	330,000	332,950	1,618	0.51	1,408	0.43	1,475	0.45
<u>Households</u>										
Canton HMA	149,240	159,442	162,000	164,050	1,020	0.66	930	0.58	1,025	0.63
City of Canton	33,452	32,489	32,250	32,200	-96	-0.29	-87	-0.27	-25	-0.08
Remainder of HMA	115,788	126,953	129,750	131,850	1,117	0.92	1,017	0.80	1,050	0.81

Notes: \*The Current date is January 1, 2003.

\*\*The Forecast date is January 1, 2005.

Rate of change is calculated on a compound basis.

Sources: 1990 and 2000—U.S. Census Bureau  
Current and Forecast—Estimates by Analyst

Table 4  
 Housing Inventory Tenure and Vacancy  
 Canton HMA  
 1990 to January 1, 2003

	Canton HMA			City of Canton			Remainder of HMA		
	1990	2000	Current	1990	2000	Current	1990	2000	Current
Total housing inventory	158,446	170,040	172,550	36,527	35,502	35,100	121,919	134,538	137,750
Occupied units	149,240	159,442	162,000	33,452	32,489	32,250	115,788	126,953	129,750
Owners	105,457	116,266	119,200	19,179	19,394	19,500	86,278	96,872	99,700
%	70.7	72.9	73.6	57.3	59.7	60.5	74.5	76.3	76.8
Renters	43,783	43,176	42,800	14,273	13,095	12,750	29,510	30,081	30,050
%	29.3	27.1	26.4	42.7	40.3	39.5	25.5	23.7	23.2
Vacant units	9,206	10,598	10,550	3,075	3,013	2,850	6,131	7,585	7,750
Available units	4,254	5,434	5,300	1,919	1,917	1,650	2,335	3,517	3,650
For sale	1,218	1,675	1,600	392	432	400	826	1,243	1,200
Rate (%)	1.14	1.42	1.32	2.00	2.18	2.01	0.95	1.27	1.19
For rent	3,036	3,759	3,700	1,527	1,485	1,250	1,509	2,274	2,450
Rate (%)	6.48	8.01	7.96	9.66	10.19	8.93	4.86	7.03	7.54
Other vacant	4,952	5,164	5,250	1,156	1,096	1,150	3,796	4,068	4,100

Note: Data may not add due to rounding.

Sources: 1990 and 2000—U.S. Census Bureau  
 Current Estimate—HUD Analyst

Table 5  
Residential Building Permit Activity  
Canton HMA  
1990 to January 1, 2003

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
Canton HMA													
Total	1,256	1,406	1,122	1,440	1,323	1,228	1,230	1,351	1,409	1,485	1,279	1,132	1,400
Single-family	880	867	944	1,068	1,026	995	1,061	1,039	1,193	1,342	1,201	1,010	1,235
Multifamily	376	539	178	372	297	233	169	312	216	143	78	122	165
City of Canton													
Total	19	72	18	33	34	126	37	111	80	105	177	79	168
Single-family	19	17	16	29	20	18	23	83	54	79	156	59	82
Multifamily	0	55	2	4	14	108	14	28	26	26	21	20	86
Remainder of HMA													
Total	1,237	1,334	1,104	1,407	1,289	1,102	1,193	1,240	1,329	1,380	1,102	1,053	1,232
Single-family	861	850	928	1,039	1,006	977	1,038	956	1,139	1,263	1,045	951	1,153
Multifamily	376	484	176	368	283	125	155	284	190	117	57	102	79

Source: U.S. Census Bureau, C-40 Series