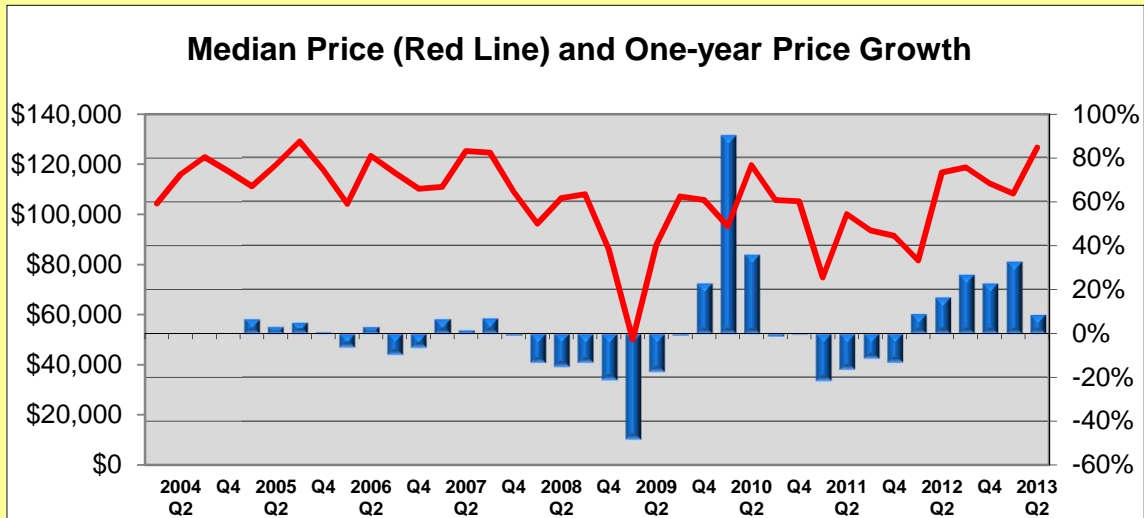


## Akron Area Local Market Report, Second Quarter 2013

### Today's Market...



#### Local Price Trends

Price Activity	Akron	U.S.	Local Trend
Current Median Home Price (2013 Q2)	\$126,700	\$203,033	Prices are up from a year ago, but price growth is slowing
1-year (4-quarter) Appreciation (2013 Q2)	8.6%	12.2%	
3-year (12-quarter) Appreciation (2013 Q2)	5.8%	15.0%	
3-year (12-quarter) Housing Equity Gain*	\$7,000	\$26,433	Gains in the last 3 years have extended the trend of positive price growth after the recession
7-year (28 quarters) Housing Equity Gain*	\$3,300	-\$23,767	
9-year (36 quarters) Housing Equity Gain*	\$10,700	\$9,067	

\*Note: Equity gain reflects price appreciation only

	Akron	U.S.	
<b>Conforming Loan Limit**</b>	\$417,000	\$625,500	Most buyers in this market have access to government-backed financing
<b>FHA Loan Limit</b>	\$330,000	\$729,250	
<b>Local Median to Conforming Limit Ratio</b>	30%	not comparable	

Note: limits are current and include the changes made in November of 2012 and extended in November of 2013

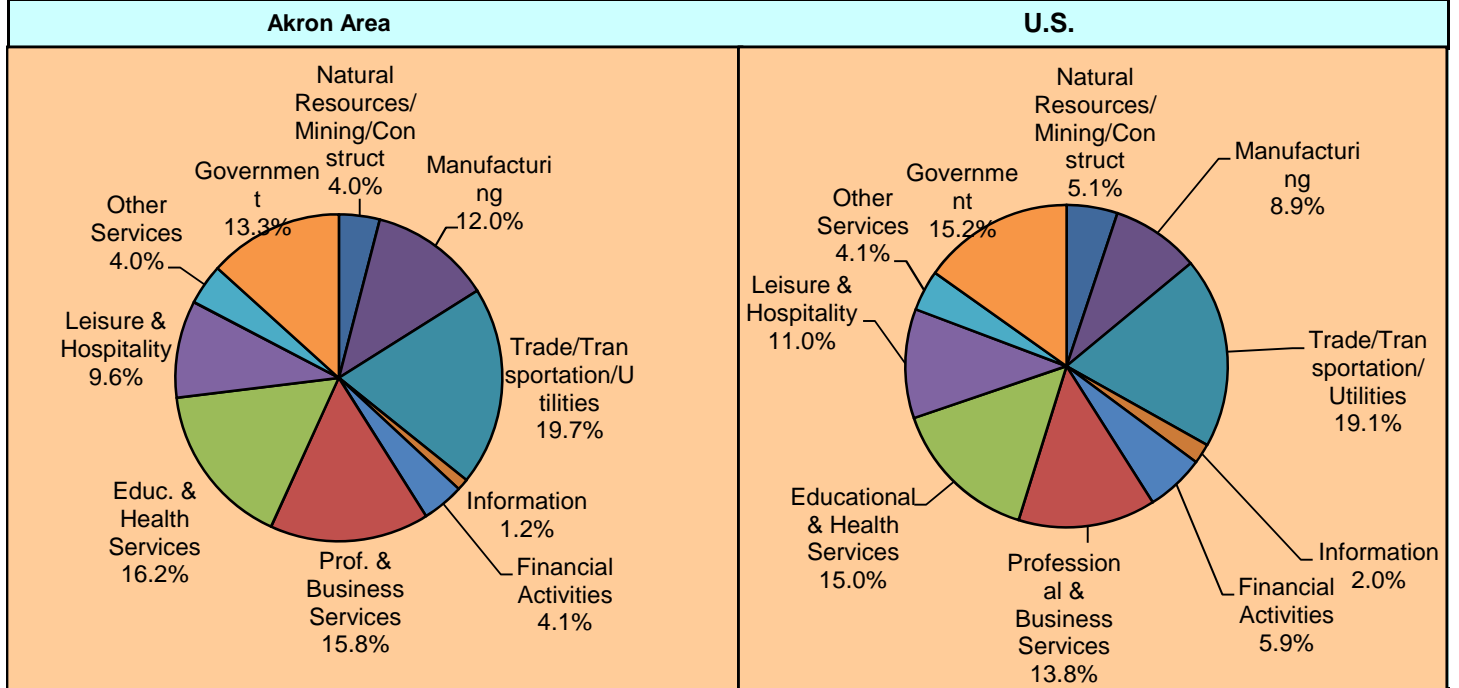
#### Local NAR Leadership

The Akron market is part of region 6 in the NAR governance system, which includes all of Ohio and Michigan. The 2013 NAR Regional Vice President representing region 6 is Robert Taylor.

# Drivers of Local Supply and Demand...

Local Economic Outlook	Akron	U.S.	
12-month Job Change (Jun)	5,800	Not Comparable	Employment growth has eased, but remains positive
12-month Job Change (May)	6,000	Not Comparable	
36-month Job Change (Jun)	12,000	Not Comparable	Unemployment has risen since the same period last year, but Akron's labor market has been more resilient than the national average
Current Unemployment Rate (Jun)	7.1%	7.6%	
Year-ago Unemployment Rate	7.0%	8.2%	Local employment growth is strong compared to other markets
1-year (12 month) Job Growth Rate	1.8%	1.6%	

## Share of Total Employment by Industry



### 12-month Employment Change by Industry in the Akron Area (Jun - 2013)

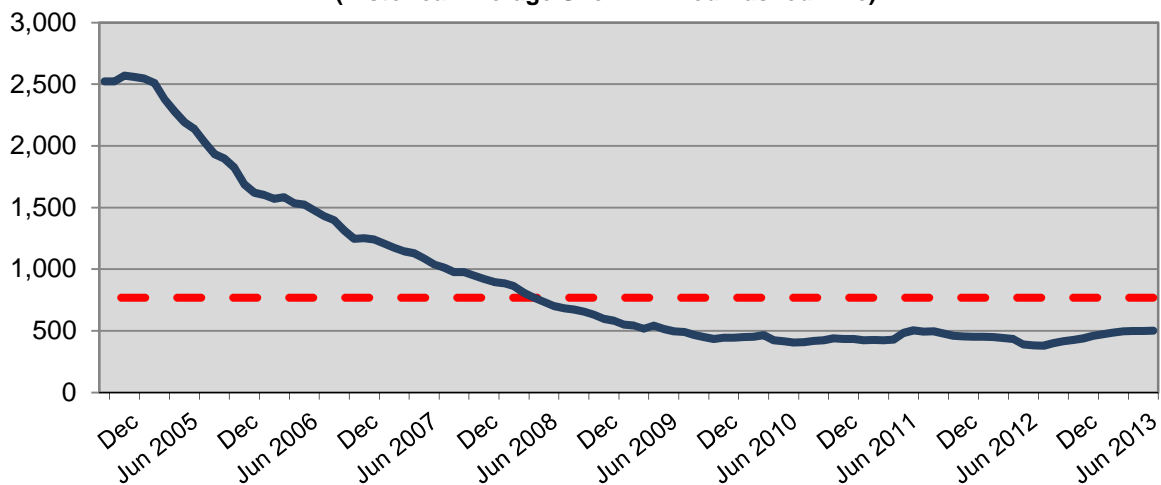
Goods Producing	NA	Information	0
Natural Resources/Mining/Construction	1,300	Financial Activities	0
Natural Resources and Mining	NA	Prof. & Business Services	1,000
Construction	NA	Educ. & Health Services	2,500
Manufacturing	-500	Leisure & Hospitality	-300
Service Providing Excluding Government	NA	Other Services	0
Trade/Transportation/Utilities	400	Government	1,400

State Economic Activity Index	Ohio	U.S.	
12-month change (2013 - Jun)	1.6%	2.9%	Ohio's economy is growing, but decelerated from last month's 1.76% change and lags the rest of the nation
36-month change (2013 - Jun)	7.5%	8.5%	

## New Housing Construction

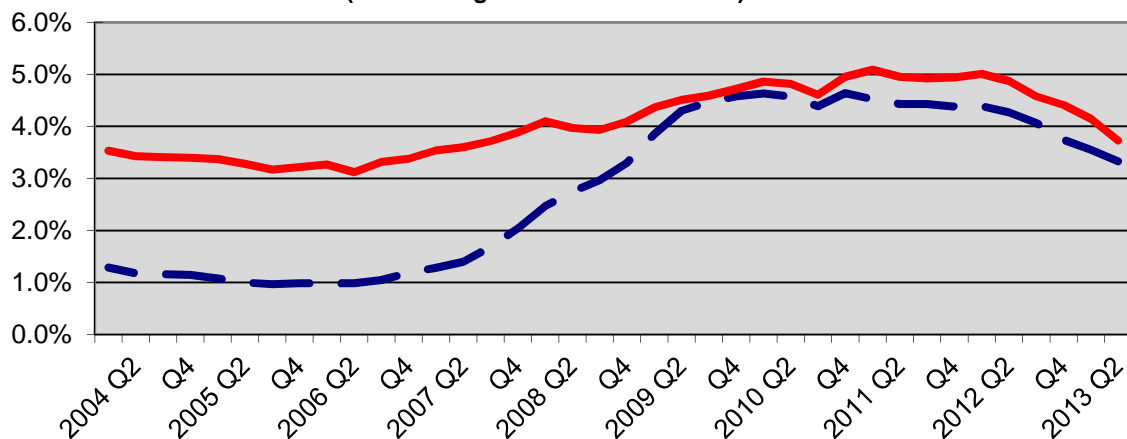
Local Fundamentals	Akron	U.S.	
12-month Sum of 1-unit Building Permits through Jun 2013	501	not comparable	The current level of construction is 34.9% below the long-term average
8-year average for 12-month Sum of 1-Unit Building Permits	769	not comparable	Reduced construction will limit new supply to the market, allowing demand to catch up with inventory more quickly
Single-Family Housing Permits (Jun 2013) 12-month sum vs. a year ago	31.5%	27.4%	Construction is on the rise relative to last year, suggesting that the local inventory has stabilized

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



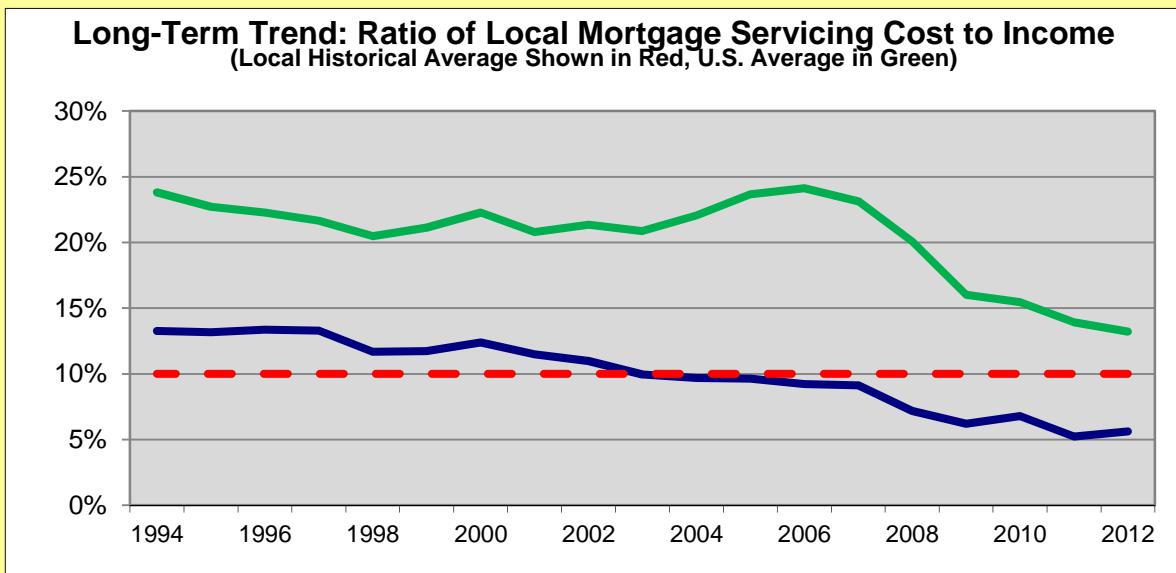
While new construction is the traditional driver of supply in real estate, foreclosures and short-sales now have a strong impact on inventories, particularly at the local level. Rising inventories, through construction or distressed sales, place downward pressure on the median home prices.

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

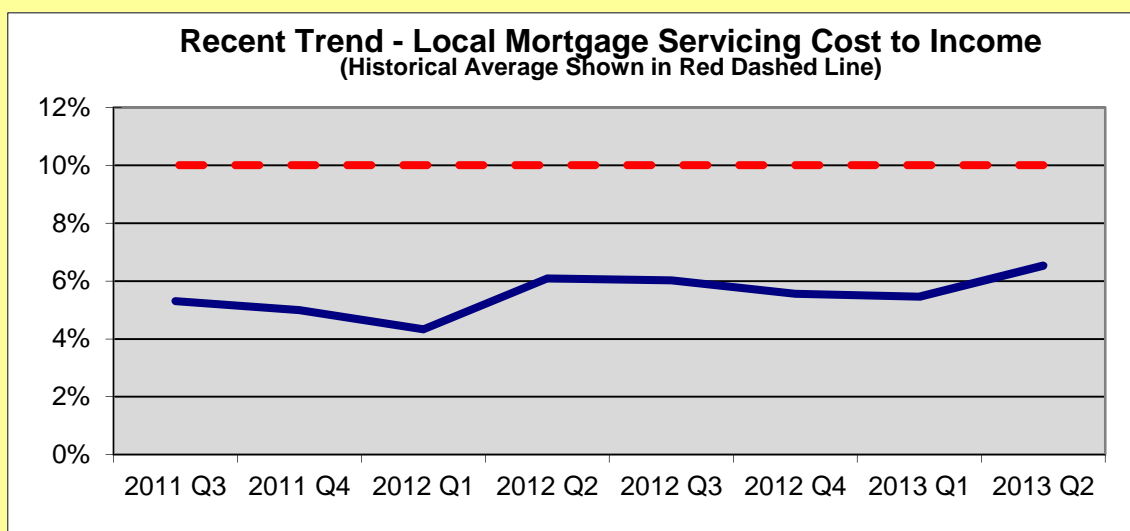


Source: Mortgage Bankers' Association

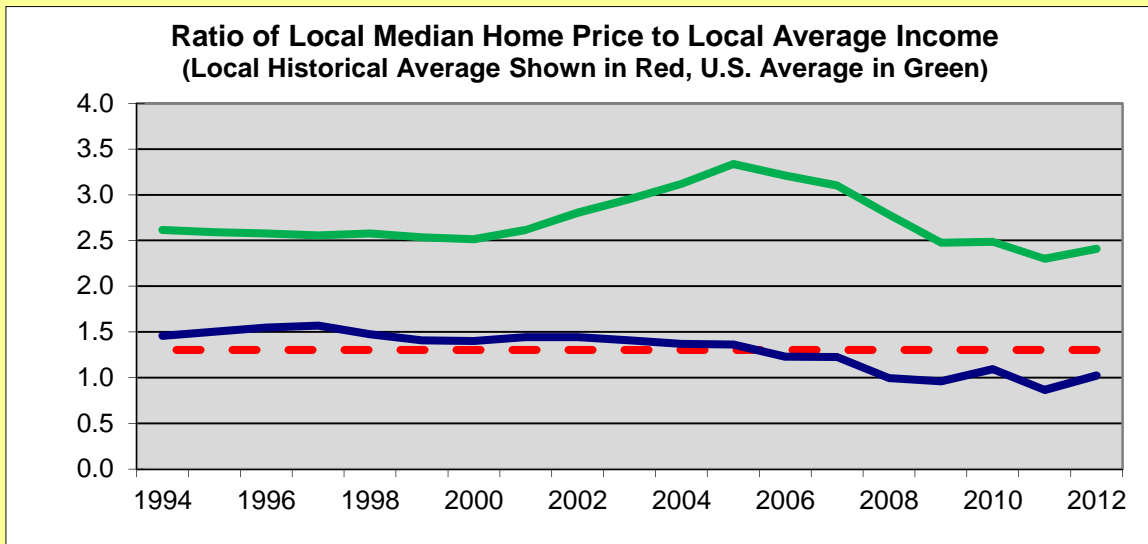
# Affordability



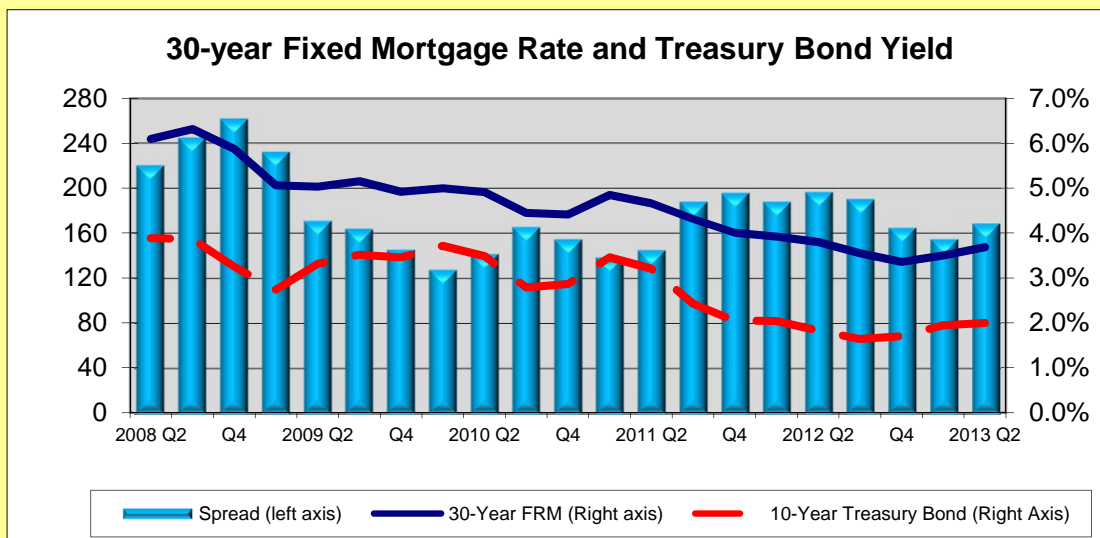
Monthly Mortgage Payment to Income	Akron	U.S.	
Ratio for 2012	5.6%	13.2%	Historically strong, but weaker than the first quarter of 2013
Ratio for 2013 Q2	6.5%	14.9%	
Historical Average	10.0%	20.7%	More affordable than most markets



Median Home Price to Income	Akron	U.S.	
Ratio for 2012	1.0	2.4	The price-to-income ratio rose, but is better than the historic average
Ratio for 2013 Q2	1.2	2.7	
Historical Average	1.3	2.7	Affordable compared to most markets

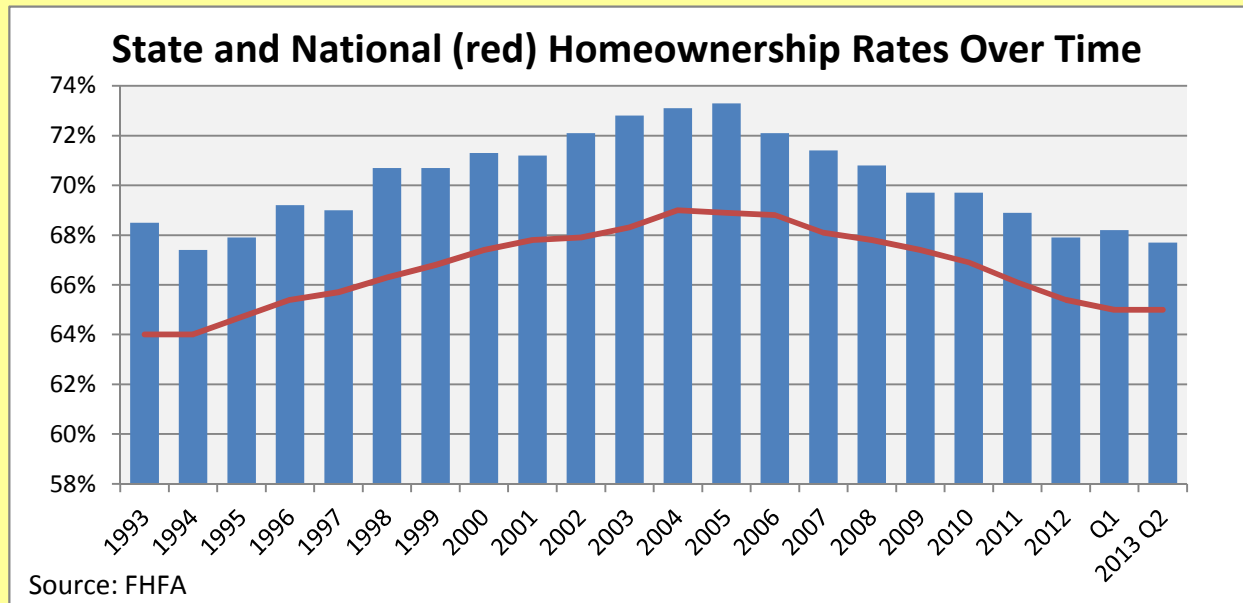


## The Mortgage Market



The average rate for the 30-year fixed rate mortgage rose 20 basis points to 3.7% in the second quarter of 2013. However, the headline figure does not illuminate the dramatic shift in rates at the tail-end of this period. The spread between the 10-year Treasury and 30-year fixed rose over the second quarter by about 14 basis points (0.14%), likely a reflection of the growing strength in the housing market and suggestions of an early exit of the Fed from purchases of mortgage backed securities. Ben Bernanke hinted at just such a move in the middle of June, which sent Treasury and mortgage rates up more than one percentage point above their mid-May lows. This spike in rates is largely not reflected in the second quarter figures, but will show up in the third quarter. The sharp rise in rates had the effect of delaying some home purchases as potential buyers paused to take stock of affordability conditions in the wake of strong price appreciation combined with the jump in rates. Sales were brisk for the majority of the quarter as record low mortgage rates which bottomed at 3.3% in May pushed affordability to all-time highs.

# A Closer Look...Homeownership



Homeownership Rate	Ohio	U.S.	
Q2 2013	67.7%	65.0%	Down from the local peak from 2005, but stronger than a year ago
Q2 2012	67.5%	65.5%	
2004	73.1%	69.0%	

The national homeownership rate has fallen dramatically in the wake of the housing bubble. Homeownership peaked at 69.0% in 2004 after averaging 65.2% over the prior two decades. The national figure eased to 65.0% in the first quarter of 2013 where it remained for the second quarter. A dramatic increase in foreclosures and shortsales that resulted from a sharp drop in prices, weak lending standards, and a surge of layoffs contributed to the decline. Furthermore, weak household formation, tepid job growth, and tight lending standards have exacerbated the problem. This sea change has moved many former owners into rentals or into multi-family living situations with family members or friends. In Ohio, the annual homeownership rate peaked at 73.3% in 2005 after averaging 70.1% from 1993 through 2003. The homeownership rate reached 67.7% in the second quarter of 2013, 0.2 percentage points above the level from the second quarter of 2012. While an expanding economy and rate of household formation will increase home sales over the coming decade, the homeownership rate is likely to fluctuate around an equilibrium much lower than the peak of the boom reflecting a more healthy balance between renting and owning.

## Geographic Coverage for this Report

The Akron area referred to in this report covers the geographic area of the Akron 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:

Portage County and Summit County

More information on the OMB's geographic definitions can be found at [http://www.whitehouse.gov/omb/inforeg\\_statpolicy/](http://www.whitehouse.gov/omb/inforeg_statpolicy/)