Cleveland, OH

Headlines

- **Cleveland's labor market continued to lag the nation in 2026, but conditions have begun to stabilize, consistent with national trends.**
- **Cleveland's less cyclical and relatively affordable housing market is expected to see price growth outpace the national average, though gains should moderate in the near term.**
- **Looking ahead, PNC expects housing affordability to improve at a slow pace under continued wage growth and slow home price growth.** Rates could come down slightly with a potential truce agreement between the U.S. and Iran.
- **While the labor market stabilizes, the local economy is expected to continue expanding over the next year, led by growth in investments.** Its countercyclical, world-leading hospitals should help buffer the labor market against near-term weakness.
- **PNC expects the pace of economic expansion to moderate as persistent population outflows will remain a major drag on the metro area's long-term economic growth.**

KEY FACTS

Population: 2.2 mil.
(ranked 39/411 MSAs)
Source: Bureau of Census; Moody's Analytics

GDP: 1.0%
(ranked 339/411 MSAs)
Source: Bureau of Economic Analysis; Moody's Analytics

Job Growth: -0.02%
(ranked 220/411 MSAs)
Source: Bureau of Labor Statistics

HPI Growth: 3.6%
(ranked 145/411 MSAs)
Source: CoreLogic, Inc.; Moody's Analytics

"The gradual job growth is consistent with national trends, as labor market conditions have begun to stabilize in 2026."

Cleveland's labor market continued to lag the nation in 2026. As of April, total employment remained 2% below its pre-pandemic peak, compared with a 4% gain nationally. Nevertheless, conditions in the metropolitan area have shown measurable improvement this year. Nonfarm payroll employment increased 0.3% in April from December 2025 and 0.2% year-over-year. The unemployment rate declined to a two-year low, falling below the national rate of 4.3%. **The gradual job growth is consistent with national trends, as labor market conditions have begun to stabilize in 2026.**

After shedding approximately 6,800 jobs in the private services sector during the second half of 2025, Cleveland regained most of those losses in early 2026. **Leisure and Hospitality led services job gains over the past year, while weakness in other sectors has also eased.** Notably, in contrast to rapidly deteriorating financial sector hiring at the national level, employment in Financial Activities in the Cleveland metro area rose 0.5% year-over-year in April 2026, following several years of decline. Hiring in Transportation and Utilities also improved, increasing 0.6% year-over-year in April, compared with a 0.7% decline nationally. The manufacturing sector has likewise turned a corner, with employment stabilizing after three consecutive years of decline. **Overall, employment increased in four of the nine major sectors in April relative to a year earlier, more than offsetting declines in the remaining five sectors, including Government, and supporting weak but positive year-over-year job growth.**

Historically, Cleveland's housing market has been less cyclical and more affordable than the national market, even though home price trends generally mirror those seen across the country. In 2026, elevated mortgage rates continue to weigh on affordability and dampen buyer activity. Price growth has moderated over the past two years, in line with national patterns, but remained relatively firm at 3% year-over-year in March. **This exceeds the national increase of 0.7% and places Cleveland just behind Chicago and New York among the 20 cities tracked in the Case-Shiller CoreLogic Home Price Index.**

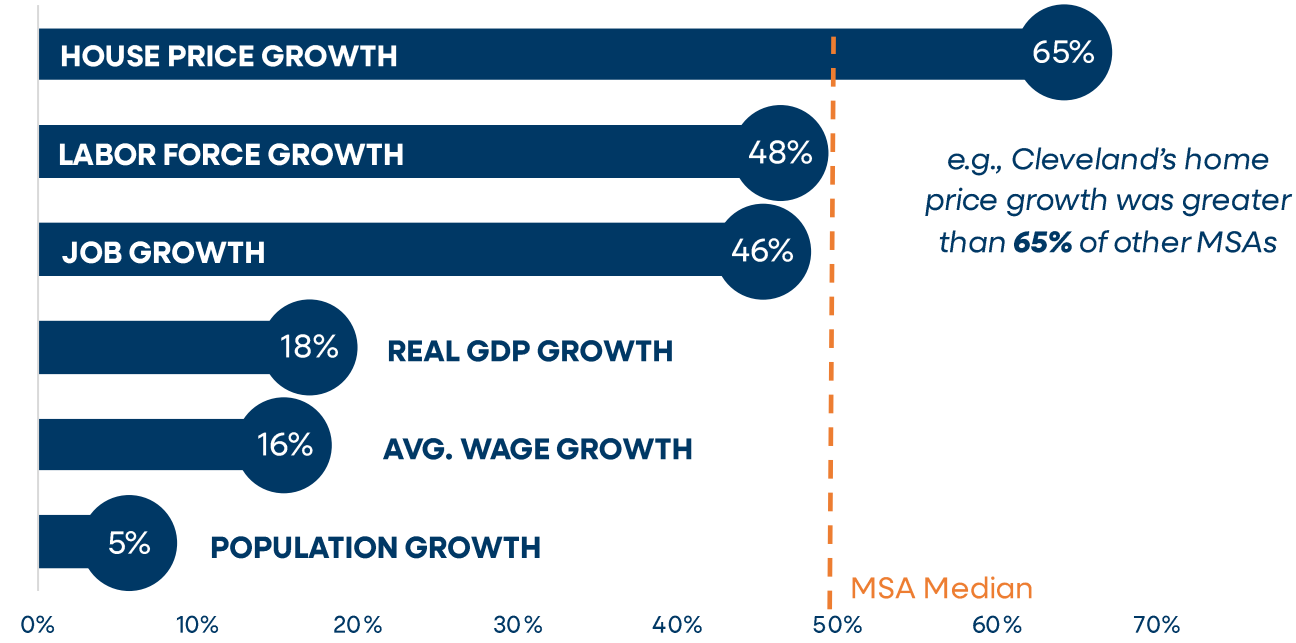
Looking ahead, PNC expects housing affordability to improve at a slow pace. As the labor market shows signs of improvement and attracts inbound workers, home prices in the metro area are expected to continue rising at a slower pace. Slower home price appreciation, combined with continued wage gains and equity market returns, should provide some relief for prospective buyers. The supply of existing homes for sale remained essentially unchanged in May, hovering near pre-pandemic levels, according to the National Association of Realtors. PNC anticipates that the Federal Open Market Committee will hold the federal funds rate steady within its current range of 3.50% to 3.75% for the remainder of the year and beyond. Tariff volatility has eased compared to early 2025, and with a potential end to the conflict between the U.S. and Iran, the average 30-year fixed mortgage rate is expected to edge lower but remain above 6%. Reduced uncertainty, improved clarity in the outlook, and lower gasoline prices should support an increase in housing contracts for homebuilders through the remainder of the year.

While the labor market stabilizes, the local economy is expected to continue expanding over the next year. Highly ranked hospitals and major healthcare systems continue to attract patients from outside the region, providing a buffer against cyclical weakness in other industries. Moreover, the $3.5 billion Master Development Plan for the Cuyahoga Riverfront is progressing successfully, highlighted by the planned opening of the Cleveland Cavaliers' Global Peak Performance Center in 2027. This initiative is expected to further boost construction activity, a sector that has already seen strong employment gains in recent years, in addition to the modernization of the Cleveland Hopkins International Airport. **However, PNC expects the pace of economic expansion to**

moderate, amid ongoing geopolitical tensions. Local auto manufacturers facing higher tariffs over the past year are likely to remain cautious in the near term, as elevated oil prices weigh on real household income and weigh on demand for durable goods. The prolonged conflict has pushed inflation higher, with real after-tax income down more than 1% in April from a year earlier. In addition, the civilian labor force has declined in Cleveland, Ohio, and nationally. A shrinking workforce could pose further challenges for both rental and housing demand as the market recovers. Persistent population outflows will remain a significant drag on the metro area's long-term economic growth.

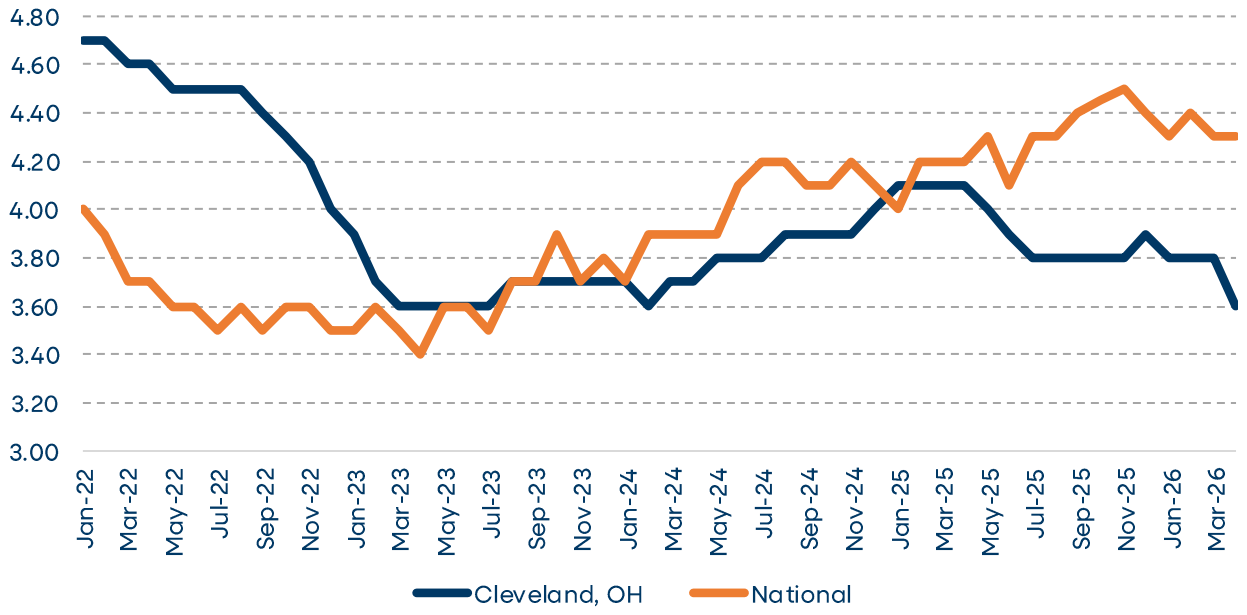
Key Charts and Figures

Figure 1: Key Metric Percentiles – Cleveland, OH vs. the Rest of the Country



Sources: Bureau of Economic Analysis; Moody's; Bureau of Labor Statistics; CoreLogic, Inc.; U.S. Census Bureau

Figure 2: Unemployment Rate: Cleveland, OH vs. National Average*



Sources: Bureau of Labor Statistics

*The October 2025 unemployment rates are an approximation. The official figures were not published due to the federal government shutdown during that month.

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