Ohio

Headlines

- **Ohio's labor market continues to expand in 2026, with job growth broadly tracking the national pace.** The statewide unemployment rate has been trending lower in 2026, but the improvement this year is coming almost entirely from a contraction in the labor force and not job growth.
- **Cleveland outperformed Ohio's overall labor market during the first half of 2026, driven by stronger manufacturing employment and resilient hiring across the services sector.**
- **By contrast, labor market conditions remain particularly challenging in Toledo and Akron.** In particular, Toledo recorded a ninth consecutive year of population loss in 2025, limiting labor force growth and constraining long-term economic expansion.
- **Ohio's housing market remains healthier than the national market, with home price growth continuing to outpace the U.S. average.** Historically Ohio has experienced less volatility in home prices than the nation as a whole.
- **Ohio remains one of the nation's most attractive locations for business investment.** Despite headwinds from national consumer spending, Ohio's economy remains on a modest growth trajectory.

KEY FACTS

Population: 11.9 mil.
(ranked 7/51*)
Source: Bureau of Census; Moody's Analytics
*Includes the District of Columbia

GDP: 2.8%
(ranked 12/51)
Source: Bureau of Economic Analysis; Moody's Analytics

Job Growth: 0.4%
(ranked 26/51)
Source: Bureau of Labor Statistics

HPI Growth: 2.8%
(ranked 13/51)
Sources: CoreLogic, Inc.; Moody's Analytics

"Ohio remains one of the nation's most attractive locations for business investment. According to CNBC, Ohio ranks No. 1 among all states for business in 2026."

Labor Market

Ohio's labor market continues to expand in 2026, with job growth broadly tracking the national pace. According to the Bureau of Labor Statistics, payroll employment increased at an average monthly growth rate of 0.1% between January and June. Cleveland, Mansfield, and Sandusky have been among the strongest-performing metropolitan areas, consistently outpacing the rest of the state.[1] **The statewide unemployment rate has been trending lower in 2026, down to 3.7% in May, below the nation's 4.3% rate. However, the improvement this year is coming almost entirely from a contraction in the labor force, and not job growth.**

On a year-over-year basis Sandusky has posted the strongest employment growth among Ohio metropolitan areas, with payroll employment rising 5% in June 2026, well above both the state's 0.4% increase and the nation's 0.3% gain. **Cleveland, Cincinnati, and Dayton recorded job growth roughly in line with state and national trends.** By comparison, Columbus has struggled to maintain momentum after leading Ohio's labor market for much of the post-pandemic period. The region lost jobs in three of the six months through June 2026 and payrolls were down 0.1% from a year earlier.

The weakest labor market conditions were evident in Toledo, where employment fell 1.3% over the year in June. Other metropolitan areas recording year-over-year job losses included Akron (-0.1%), Canton (-0.5%), Columbus (-0.1%), Lima (-1.0%), Springfield (-0.6%), Weirton-Steubenville (-0.1%) and Youngstown (-0.4%).

[1] For a more detailed discussion of the Columbus, Cincinnati, and Cleveland regions, please see our previously published reports located at Economics Research.

Cleveland Leads Ohio's Improvement

Cleveland has outperformed Ohio overall during the first half of 2026. **After nearly three years of contraction, hiring in goods-producing industries has begun to recover nationwide, with the rebound particularly evident in Ohio and the Cleveland metropolitan area this year.** Although labor demand has improved somewhat more slowly in Cleveland than statewide, local manufacturers, especially those in the metals, chemicals, and industrial machinery industries, continue to benefit from strong demand generated by Ohio's growing aerospace and semiconductor supply chains. Rising orders for aircraft and aircraft components, recent federal contract awards secured by GE Aerospace, and sustained AI-related capital expenditures have provided additional momentum for regional manufacturing activity. As a result, Cleveland's manufacturing sector has narrowed its performance gap relative to both Ohio and the nation since mid-2025.

Cleveland's private service sector has remained resilient. Employment in real estate and rental and leasing increased 2.6% over the year in June, supported by a healthy housing market and contrasting with an approximately 1% decline nationally. The S&P CoreLogic Case-Shiller Home Price Index showed Cleveland home prices rising 3.2% from a year earlier in April, trailing only Chicago and New York among 20 major metropolitan areas, underscoring the strength of local housing demand.

Finance and insurance employment in Cleveland has rebounded this year following four years of weakness, contrasting with a deepening national contraction of roughly 1% year-over-year. Similarly, local weakness in professional and business services employment has eased in recent months. Leisure and hospitality services remained a bright spot, with employment increasing 4.4% over the year in June, significantly exceeding Ohio's 0.7% gain and the national increase of 0.3%. The primary area of moderation has been the

metro area's large education and health services industry, with small local job losses so far in 2026.

Toledo Faces Persistent Headwinds

By contrast, labor market conditions remain particularly challenging in Toledo. Goods-producing employment declined more than 3% from a year earlier, reflecting both manufacturing weakness and broader demographic challenges. The region's shrinking population and heavy concentration in manufacturing have weighed on economic growth and labor demand. Tariffs and the conflict in Iran have led to rising input costs and softer demand for Toledo-area employers, including the major automakers. Local firms will remain cautious about investment and workforce expansion given ongoing uncertainty surrounding North American trade policy and geopolitical tensions in the Middle East.

Weakness in Toledo extends beyond manufacturing. Despite gains in leisure and hospitality and professional and business services this year, total service-providing employment remained 0.8% below its year-earlier level in June. Professional and business services employment also remains well below its pre-pandemic peak, unlike in Ohio and the nation overall.

Population decline remains Toledo's most significant structural challenge. **The region recorded a ninth consecutive year of population loss in 2025, limiting labor force growth and constraining long-term economic expansion.** Toledo's unemployment rate in May 2026 was 4.7%, well above the state's 3.7%, highlighting the region's labor market weakness entering the second half of the year.

Challenges for Akron

Akron faces similar challenges. Although gains in goods-producing industries have been encouraging over the past year, they have lost momentum in recent months, while persistent weakness in service-sector employment has restrained overall job growth. Like Toledo but in contrast to the state overall, both goods-producing and service-providing employment were still down from their pre-pandemic peaks in mid-2026. Akron faces a demographic challenge like Toledo, with population down since 2014, although it is up over the past few years. Both Kent State University and the University of Akron are confronting fiscal budget deficits in 2026, making it unlikely that either institution will provide a meaningful boost to hiring over the next year. Goodyear Tire & Rubber Co., one of the largest automotive suppliers, faces growing headwinds this year from higher oil prices; petroleum-based materials are a key input in tire manufacturing. At the same time cautious consumer spending and persistently high interest rates will continue pressuring vehicle affordability, particularly in the absence of meaningful sales incentives from automakers.

Other metropolitan areas posted notable gains in the goods-producing sector. Columbus recorded a 3.9% increase in goods-producing employment over the year, while Cincinnati reported growth of 0.8%. **These gains provided an important offset to weaker conditions in portions of the service sector and helped sustain overall economic growth across their respective regional economies.**

Housing Market

Ohio's housing market remains healthier than the national market, with home price growth continuing to outpace the U.S. average. Historically, Ohio has experienced less volatility in home prices than the nation as a whole, both because housing remains relatively affordable across much of the state and because of its more stable homebuilding and population trends. Affordability has gradually improved with home price appreciation slowing considerably over the past two years. Even so, affordability remains near a two-decade low, and high mortgage rates continue to weigh on housing demand. Although rates have declined from their peaks they remain elevated by historical standards and are not expected to move significantly lower in the near term, making a rapid recovery in housing activity unlikely.

Regional performance varies significantly. Cleveland is likely to remain among the strongest housing markets in Ohio, supported by comparatively affordable home prices relative to Cincinnati and

tight housing supply. Cleveland's homeownership rate remains below that of peer metropolitan areas, suggesting more potential for higher housing demand going forward.

In contrast, Toledo's housing market has cooled substantially. The Case-Shiller Home Price Index showed Toledo home prices increasing 2.9% year-over-year in April, trailing stronger-performing Ohio markets such as Cleveland, Sandusky, and Mansfield. Job losses, moderating wage gains, and elevated mortgage rates will limit local home price appreciation in the near term. Meanwhile, housing supply conditions have improved in parts of southwestern Ohio. The National Association of Realtors' housing shortage tracker indicates that the Cincinnati and Dayton markets have largely eliminated their supply deficits, raising the possibility of somewhat larger home price corrections relative to other Ohio metropolitan areas.

In July the 21st Century ROAD to Housing Act became federal law. The legislation is intended to address housing affordability and supply constraints, primarily through incentives for new construction. While the measure could support housing development over time, its ultimate impact remains uncertain because it relies largely on market incentives rather than mandatory regulatory changes. PNC expects Ohio homebuilding to improve only gradually during the second half of 2026. Although labor market stabilization should provide some support for housing demand, risks remain from elevated energy prices, geopolitical uncertainty, and the potential for renewed labor market weakness.

Outlook

Ohio remains one of the nation's most attractive locations for business investment. According to CNBC, Ohio ranks No. 1 among all states for business in 2026. Competitive labor and energy costs, strategic access to major transportation networks and Lake Erie, and continued economic resilience across much of the state continue to support business expansion. Stronger-than-expected population growth last year and ongoing investment related to artificial intelligence infrastructure should provide additional support for economic activity through 2026. Construction continues on two Intel semiconductor plants in the Columbus area with billions of dollars of investment, although the timeline for completion has been pushed out into the next decade.

Nonetheless downside risks remain, particularly on the consumer side of the economy. Wage growth has slowed sharply over the past year. According to the Bureau of Labor Statistics, average hourly earnings in Ohio increased 2.1% year over year in June 2026, down from more than 4% a year earlier and below the national rate of 3.5%. Average wages were actually down on a year-ago basis in Cleveland and Toledo. Sandusky, home to a major amusement park and other attractions, has more than one-fifth of its employment concentrated in leisure and hospitality, a sector characterized by below-average wages. Slower wage growth in neighboring metropolitan areas, particularly around Sandusky, could dampen consumer spending and moderate hospitality-sector expansion in the months ahead.

National consumer spending remains a key downside risk for Ohio's economy, especially its automakers and their suppliers. Slowing national income growth will likely limit automakers' pricing power through the remainder of this year. As of May 2026, Kelley Blue Book's average transaction price for a new vehicle remained near $49,000, up only 1.2% from a year earlier. The modest increase comes despite elevated transportation costs and significantly higher prices for key manufacturing inputs such as steel and aluminum, highlighting the impact of soft consumer demand on vehicle pricing.

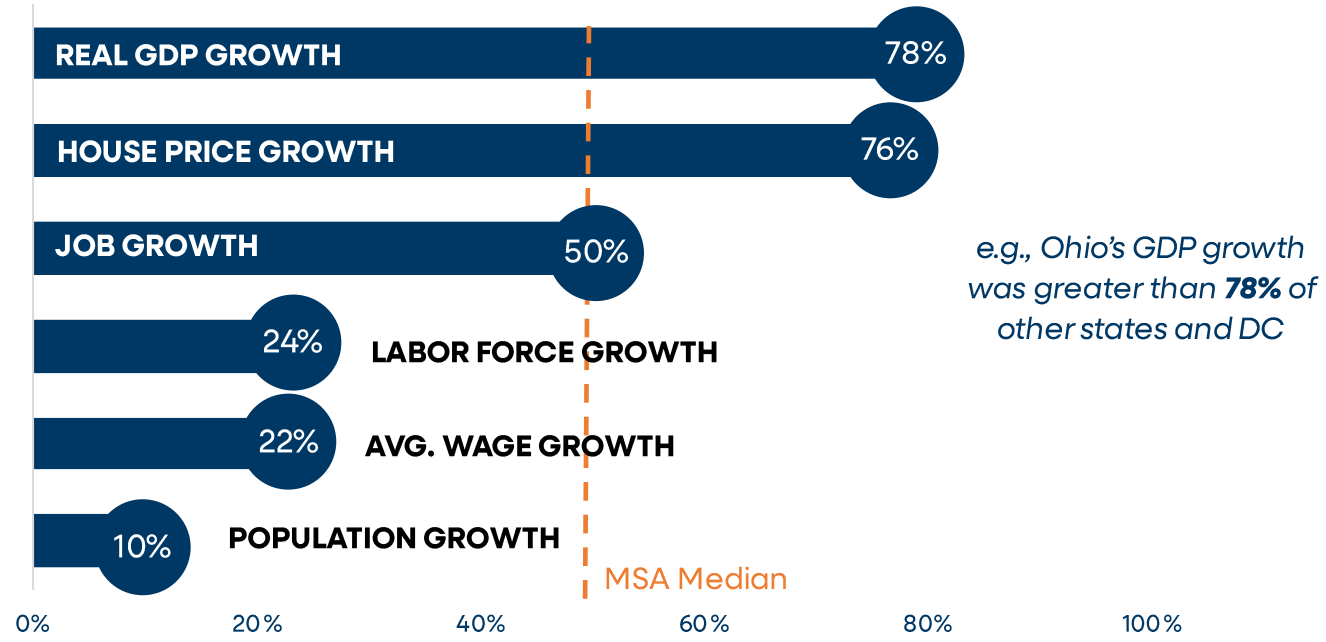
Although auto affordability has improved somewhat as manufacturers have increased incentives, signs of financial stress among consumers have become more pronounced. PNC expects the federal funds rate to remain in its current 3.50% to 3.75% target range throughout the remainder of the year. Higher energy prices resulting from the conflict involving Iran represent an upside risk to inflation and interest rates. Consequently, borrowing costs are likely to remain

elevated, continuing to weigh on demand for consumer durable goods, particularly new automobiles, and posing ongoing challenges for Ohio's large automotive manufacturing sector.

Despite these headwinds, Ohio's economy remains on a modest growth trajectory. Cleveland's resurgence and continued strong business investment provide important sources of support. However, persistent weakness in Toledo, slowing wage growth across much of the state, and elevated borrowing costs are likely to keep overall economic growth moderate through the remainder of 2026.

Key Charts and Figures

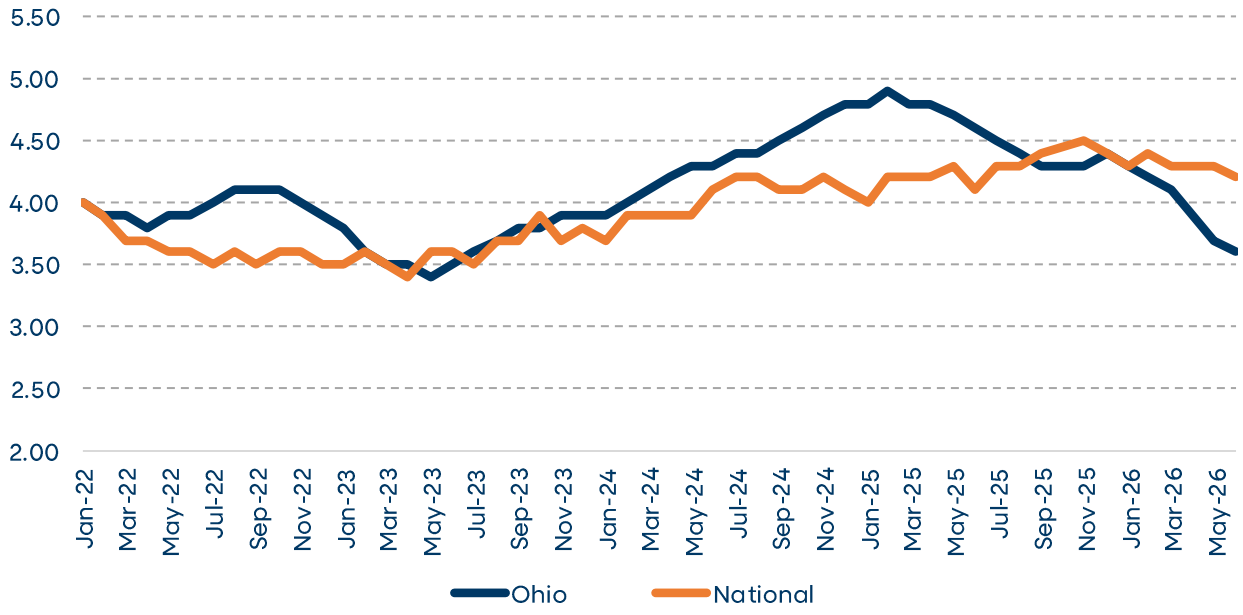
Figure 1: Key Metric Percentiles – Ohio vs. the Rest of the Country



*e.g., Ohio's GDP growth was greater than **78%** of other states and DC*

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

Figure 2: Unemployment Rate: Ohio 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.

Disclosures

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