

# HUD PD&R Housing Market Profiles

## Cincinnati, Ohio-Kentucky-Indiana



### Quick Facts About Cincinnati

- Current sales market conditions: balanced
- Current rental market conditions: balanced
- Current apartment market conditions: slightly tight
- The wholesale and retail trade sector is one of the primary payroll sectors in the metropolitan area, currently accounting for 15 percent of all nonfarm jobs. In 2020, The Kroger Company was the largest of the six Fortune 500 companies headquartered in the Cincinnati metropolitan area. With approximately 15,000 employees, The Kroger Company is the second largest employer in the metropolitan area. The company is the largest supermarket chain in the United States, with about \$122 billion in revenues in 2019 from its 2,757 stores in 35 states and the District of Columbia (Kroger).

Cincinnati, Ohio

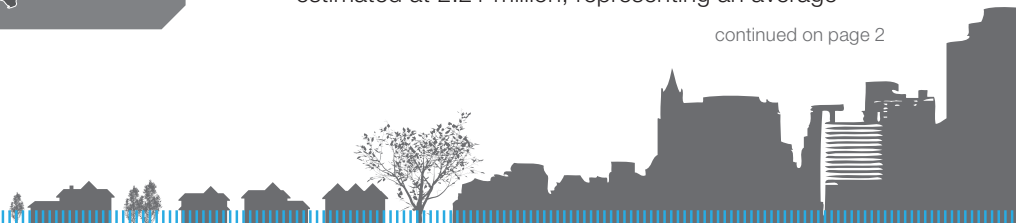
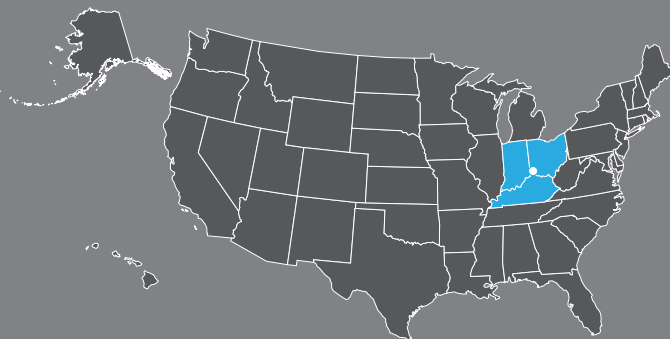
By Tomasz Kukawski | As of January 1, 2021

### Overview

The Cincinnati Metropolitan Statistical Area (hereafter, Cincinnati metropolitan area) is a major employment center for the tri-state area of southwestern Ohio, northern Kentucky, and southeastern Indiana. The metropolitan area includes 16 counties: Brown, Butler, Clermont, Hamilton, and Warren Counties in Ohio; Boone, Bracken, Campbell, Gallatin, Grant, Kenton, and Pendleton Counties in Kentucky; and Dearborn, Franklin, Ohio, and Union Counties in Indiana. Located along the Ohio River, the principal city, Cincinnati, is the third most populous city in Ohio, with an estimated population of 303,900 in 2019 (Census Bureau population estimate as of July 1). From 2011 through 2019, economic growth in the metropolitan area occurred largely due to expansions in the education and health services, the professional and business services, and the leisure and hospitality sectors. Currently, the local economy is recovering from a sharp downturn that occurred because of interventions to slow the spread of COVID-19 that began in March 2020.

- The population of the Cincinnati metropolitan area is estimated at 2.21 million, representing an average

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increase of 9,750, or 0.4 percent, annually since 2012. Approximately 77 percent of the metropolitan area population resides in Ohio.

- By comparison, during the initial years of economic recovery from the Great Recession, the population increased by an average of 6,100, or 0.3 percent, annually from 2010 to 2012 (Census Bureau decennial census count and population estimate as of July 1). Faster population growth since 2013 occurred because of a shift to net in-migration

that averaged 2,525 people annually compared with an average net out-migration of 3,000 people a year from 2010 through 2012. New migrants to the metropolitan area have primarily moved to Boone County in Kentucky and Butler and Warren Counties in Ohio.

- Overall population growth has been limited by a decline in net natural change (resident birth minus resident deaths) to an average of 7,700 annually since 2010, compared with an average net natural change of 11,750 annually from 2000 to 2010.

## Economic Conditions

Economic growth in the metropolitan area halted abruptly during March and April 2020 because of countermeasures to slow the spread of COVID-19. Nonfarm payrolls in April were down by 152,500 jobs from the number in February 2020. In May, jobs began to increase, and approximately 125,000 nonfarm payroll jobs—more than 80 percent of the jobs lost—were recovered by the end of December 2020. During the fourth quarter of 2020, nonfarm payrolls averaged 1.07 million, a reduction of 50,100 jobs, or 4.5 percent, from the same quarter in 2019, compared with a small increase of 1,200 jobs, or 0.1 percent, a year earlier. By comparison, overall nonfarm payroll growth in the Cincinnati metropolitan area averaged 1.4 percent annually from 2011 through 2019. During the same 9-year period, nonfarm payrolls nationally expanded an average of 1.6 percent a year.

During the fourth quarter of 2020—

- The government sector led job declines in the metropolitan area with a reduction of 11,800 jobs, or 9.0 percent. The local and the state government subsectors decreased by 6,200 and 5,900 jobs, or 7.1 and 20.0 percent, respectively, while the federal government subsector gained 300 jobs—an increase of 1.9 percent.
- Nonfarm payrolls in the leisure and hospitality sector fell by 10,300 jobs, or 8.5 percent, as hotels, restaurants, movie theaters, and sporting venues were forced to lay off employees. By comparison, the sector was the fastest growing sector in the metropolitan area from 2011 through 2019 with an average gain of 2,700 jobs, or 2.4 percent, a year.

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### Nonfarm payrolls in the Cincinnati metropolitan area declined in all but two sectors during the fourth quarter of 2020.

	3 Months Ending		Year-Over-Year Change	
	December 2019 (Thousands)	December 2020 (Thousands)	Absolute (Thousands)	Percent
<b>Total Nonfarm Payrolls</b>	1,122.7	1,072.6	-50.1	-4.5
Goods-Producing Sectors	168.0	160.0	-8.0	-4.8
Mining, Logging, & Construction	47.0	47.6	0.6	1.3
Manufacturing	120.9	112.4	-8.5	-7.0
Service-Providing Sectors	954.7	912.6	-42.1	-4.4
Wholesale & Retail Trade	168.9	164.4	-4.5	-2.7
Transportation & Utilities	54.8	56.8	2.0	3.6
Information	13.4	12.7	-0.7	-5.2
Financial Activities	74.6	70.5	-4.1	-5.5
Professional & Business Services	178.0	171.6	-6.4	-3.6
Education & Health Services	172.6	169.8	-2.8	-1.6
Leisure & Hospitality	121.0	110.7	-10.3	-8.5
Other Services	40.6	37.3	-3.3	-8.1
Government	130.8	119.0	-11.8	-9.0
<b>Unemployment Rate</b>	3.4%	5.0%		

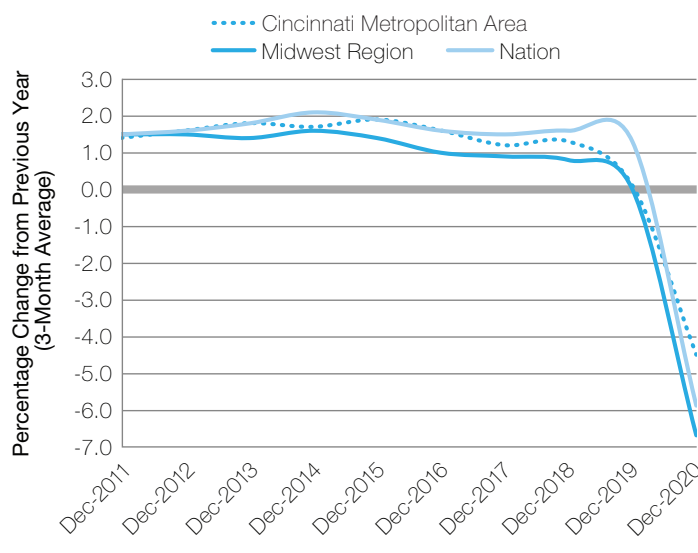
Note: Numbers may not add to totals due to rounding.  
Source: U.S. Bureau of Labor Statistics



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- Overall job losses in the metropolitan area were partially offset by growth in the transportation and utilities and the mining, logging, and construction sectors, which gained 2,000 and 600 jobs, or 3.6 and 1.3 percent, respectively. The Cincinnati/Northern Kentucky International Airport is the eighth largest cargo airport in North America and home to Amazon Air Hub and DHL Express Global Super Hub. Phase I of the \$1.5 billion Amazon Air facility is scheduled to open in 2021, and the company is planning to hire an additional 1,250 workers in the metropolitan area.
- The unemployment rate rose to 5.0 percent from the 3.4-percent rate during the fourth quarter of 2019. The current unemployment rate in the metropolitan area is lower than the 5.4 percent rate in Ohio, 5.9 percent in Kentucky, and the 6.6 percent unemployment rate nationally.

**During the fourth quarter of 2020, nonfarm payrolls in the Cincinnati metropolitan area fell at a slower rate than in the nation and in the Midwest Region.**



Note: Nonfarm payroll job growth.  
Source: U.S. Bureau of Labor Statistics

The professional and business services and the education and health services sectors are the two largest sectors in the metropolitan area, with 171,600 and 169,800 jobs, respectively, each accounting for approximately 16 percent of total nonfarm payrolls. Both sectors rely heavily on in-person interactions and contracted during 2020 because of countermeasures implemented to slow the spread of COVID-19. During the fourth quarter of 2020, the professional and business services and the education and health services sectors decreased by averages of 6,400 and 2,800 jobs, or 3.6 and 1.6 percent, respectively. By comparison, before the COVID-19 related declines, both sectors were among the fastest growing payroll sectors in the metropolitan area. Recovery from the Great Recession in the professional and business services and the education and health services sectors began in 2010. Through 2019, the sectors grew by averages of 2,575 and 2,475 jobs, respectively, or 1.6 percent each annually. Job growth in these sectors is expected to resume once the post-COVID-19 recovery is complete. Cincinnati Children’s Hospital Medical Center is the largest employer in the metropolitan area, with approximately 15,800 employees. Work is expected to start early in 2021 on a \$90 million expansion that will include the construction of a new 164,000 square-foot mental and behavioral health building to be complete by 2024.

**Largest Employers in the Cincinnati Metropolitan Area**

Name of Employer	Nonfarm Payroll Sector	Number of Employees
Cincinnati Children’s Hospital Medical Center	Education & Health Services	15,800
The Kroger Company	Wholesale & Retail Trade	15,000
Cincinnati/Northern Kentucky International Airport	Transportation & Utilities	14,600

Note: Excludes local school districts.  
Source: Moody’s Analytics REIS

**Sales Market Conditions**

The sales housing market in the Cincinnati metropolitan area is currently balanced, with an estimated vacancy rate of 1.5 percent, down from 2.5 percent in April 2010. Economic growth from 2011 through 2019 and net in-migration since 2012 has boosted homeownership demand and reduced the available for-sale inventory, contributing to balanced market conditions. During the 12 months ending November 2020, home sales (including new and existing single-family homes,

townhomes, and condominiums) totaled 40,300, a 10-percent decrease from the 44,850 homes sold a year earlier (Zonda, with adjustments by the analyst). As of December 2020, the metropolitan area had a 1.5-month supply of homes for sale, down from a 2.3-month supply in December 2019 (Redfin, a national real estate broker). The rate of seriously delinquent home loans and real estate owned (REO) properties in the Cincinnati metropolitan area was 3.4 percent as of November

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2020, up from 1.6 percent a year earlier (CoreLogic, Inc.). The current rate is lower than the 3.5-percent rate for the Midwest region and the 4.1-percent rate for the nation.

During the 12 months ending November 2020—

- New home sales totaled 3,175, a decrease of 300 sales, or 9 percent, from the previous 12 months (Zonda, with adjustments by the analyst). Current new home sales are nearly 60 percent higher than the low of 2,000 homes sold in 2011 and approximately one-third of the previous high of 9,500 new homes sold in 2005.
- Existing home sales declined by 4,250 sales, or 10 percent, from the previous 12 months to 37,100, partly because of the record low inventory of homes for sale. By comparison, existing home sales grew an average of 9 percent a year, from a low of 21,750 homes sold in 2011 to a recent high of 41,800 homes sold in 2019.
- The average sales price for new homes declined less than 1 percent to \$352,600, while the average price for existing homes rose 7 percent to \$209,300. From 2012 through 2019, new home sales prices increased an average of 5 percent a year, and prices for existing homes rose an average of 3 percent annually.
- REO home sales declined by 920, or 41 percent, to 1,325, representing 3 percent of total home sales, and the average sales price rose 14 percent to \$127,000. In 2013, REO home sales peaked at 6,975, which comprised 20 percent

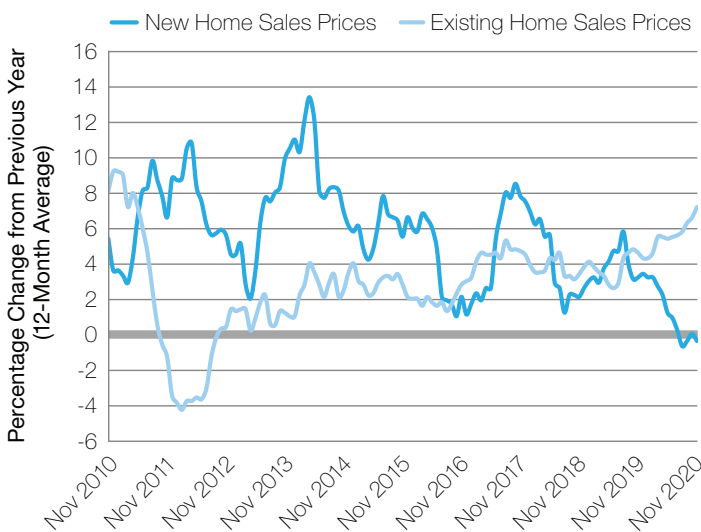
of total sales, with an average sales price of \$80,300. REO home sales have since declined an average of 21 percent annually.

New home construction, as measured by single-family permitting, has generally risen since 2012 because the home sales market improved due to population growth in the Cincinnati metropolitan area and a long period of job growth from 2011 through 2019.

- The number of single-family homes permitted totaled 5,325 in 2020, up 20 percent from the 4,400 homes permitted in 2019 (preliminary data). The current level of single-family homebuilding is more than double the low of 2,500 homes permitted during 2011.
- Single-family homebuilding rose an average of 8 percent annually from 2012 through 2019. By comparison, new home construction in the metropolitan area reached a high of 10,850 single-family homes permitted in 2004 and then fell an average of 19 percent annually from 2005 through 2011.
- In Butler County, Ohio, the Westview development in West Chester Township has 117 lots and features two- to four-bedroom single-family homes with prices starting at \$390,000. Currently, 26 lots remain available for sale. The 69-lot Woodgrove is a new subdivision in the city of Springboro in Warren County, Ohio. One-half-acre homesites are expected to go on sale in February 2020, with prices yet to be determined.

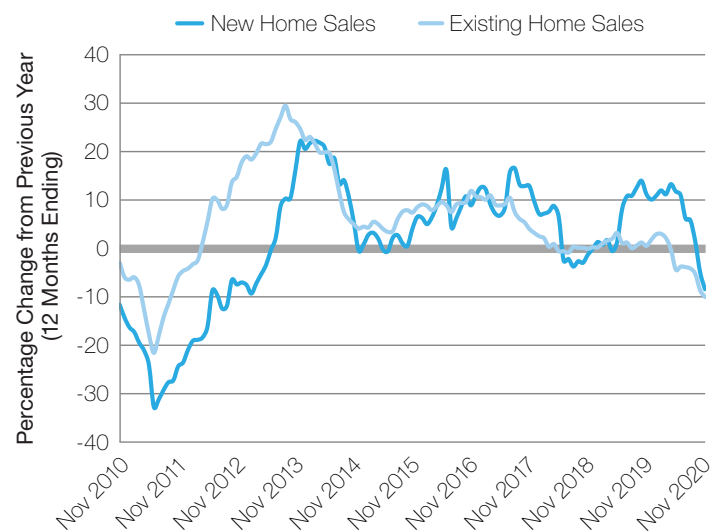
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In the Cincinnati metropolitan area, new home sales prices declined slightly during the past 12 months, but price growth for existing homes accelerated.



Note: Prices are for single-family homes, townhomes, and condominiums. Source: Zonda, with adjustments by the analyst

Sales for both new and existing homes in the Cincinnati metropolitan area declined during the past 12 months.

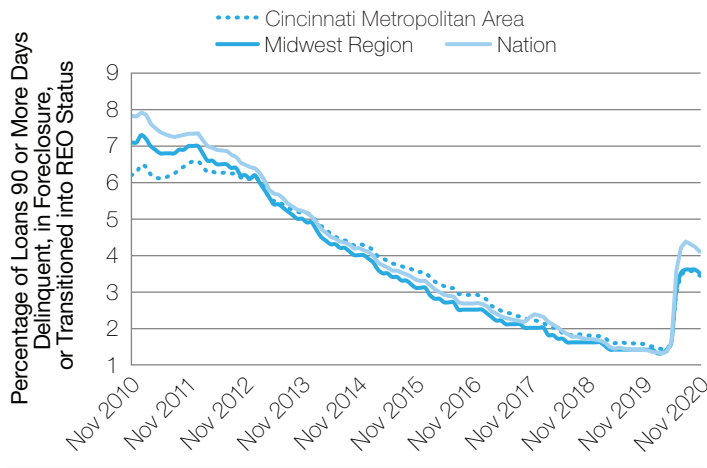


Note: Includes single-family homes, townhomes, and condominiums. Source: Zonda, with adjustments by the analyst



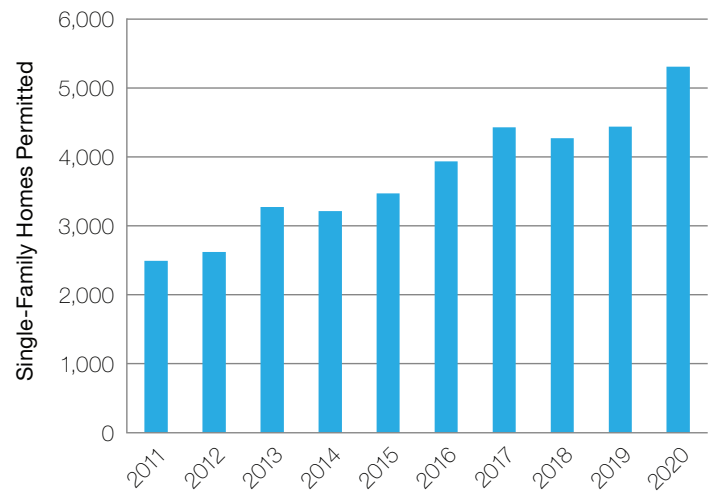
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The rate of seriously delinquent mortgages and REO properties has increased in the Cincinnati metropolitan area during the past 12 months but is lower than the rate for the Midwest region and the nation.



REO = real estate owned.  
Source: CoreLogic, Inc.

Single-family homebuilding in the Cincinnati metropolitan area has generally increased since 2012.



Note: Includes preliminary data from January 2020 through December 2020.  
Source: U.S. Census Bureau, Building Permits Survey, with estimates by the analyst

## Apartment Market Conditions

The apartment market in the Cincinnati metropolitan area is slightly tight, with a 3.6-percent vacancy rate during the fourth quarter of 2020—slightly up from 3.3 percent a year earlier and well below the 8.7-percent vacancy rate during the fourth quarter of 2009 (RealPage, Inc.). A slowdown in multifamily construction from 2017 through 2019 contributed to the recent low vacancy rates. During the fourth quarter of 2020, the apartment vacancy rate in the Cincinnati metropolitan area was the third lowest among the nine largest metropolitan areas in the Midwest region. Continued expected economic recovery and net in-migration to the metropolitan area will create demand sufficient to absorb rental units currently under construction. The apartment vacancy rate is not expected to change much during the next 2 years.

- During the fourth quarter of 2020, apartment vacancy rates in the nine RealPage, Inc.-defined market areas within the Cincinnati metropolitan area ranged from 2.3 percent in the Campbell/Kenton Counties market area to 6.3 percent in the Central Cincinnati market area. The current vacancy rate in the Central Cincinnati market area increased from 3.4 percent during the fourth quarter of 2019. Measures enacted to reduce the spread of COVID-19 have decreased the incentives of living in the densely populated city center.
- The average monthly apartment asking rent in the metropolitan area was \$1,022 during the fourth quarter of 2020, representing a 3-percent increase from a year earlier.

By contrast, rent growth averaged nearly 5 percent annually from the fourth quarter of 2017 through the fourth quarter of 2019.

- During the fourth quarter of 2020, the average rent in the Central Cincinnati market area fell nearly 4 percent to \$1,383 but remained the highest among all market areas. Average rents increased or were unchanged in the remaining market areas, with the highest rent growth of 6 percent in the Boone County/Erlanger and the Campbell/Kenton Counties market areas, to \$934 and \$946, respectively.
- The overall rental market (including renter-occupied single-family homes, manufactured homes, and apartment units) is balanced, with an estimated vacancy rate of 7.0 percent, down from 11.8 percent in 2010.

From 2016 through 2020, multifamily construction in the Cincinnati metropolitan area averaged approximately 1,825 units a year, the highest level since the average of 1,975 multifamily units permitted from 2005 through 2008.

- During 2020, approximately 1,875 multifamily units were permitted, compared with 1,600 units permitted a year earlier (preliminary data).
- Multifamily permitting rose by an average of nearly 200 units, or 16 percent, annually from 2012 through 2017.
- Following a high of 2,025 units permitted in 2017, multifamily construction slowed to allow for absorption of recently

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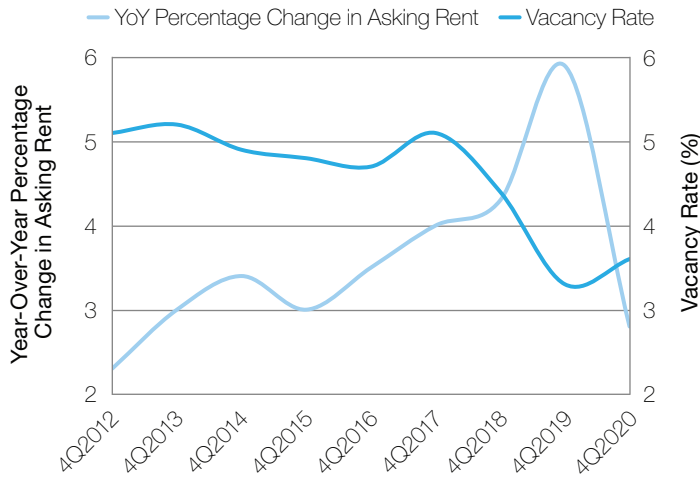
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completed units, declining by an average of 250 units, or 13 percent, a year during 2018 and 2019.

- Approximately 80 percent of apartments under construction in the metropolitan area, or 1,775 units, are in Hamilton County, including the city of Cincinnati. Recently completed developments in the metropolitan area include The Blonde in the city of Cincinnati, which opened in May 2020 and offers 95 studios and one-bedroom units with rents starting

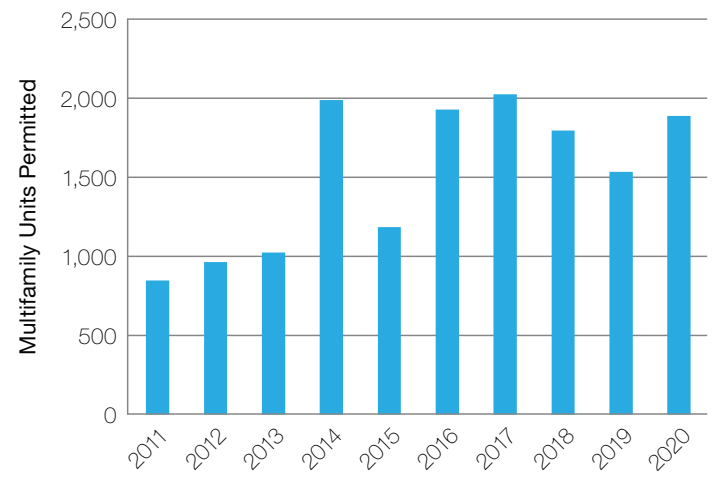
at \$1,054 and 66 two-bedroom units with rents starting at \$1,628. The development is currently 55 percent occupied. In Covington, Kentucky, construction was completed in June 2020 on the 187-unit Madison Place. The development is nearly 50 percent occupied and offers 127 studio and one-bedroom units with rents starting at \$1,523 and 60 two-bedroom units with rents starting at \$2,530.

Rent growth has decelerated sharply in the Cincinnati metropolitan area since the fourth quarter of 2019, while the apartment vacancy rate rose slightly.



4Q = fourth quarter. YoY = year-over-year. Source: RealPage, Inc.

Multifamily construction in the Cincinnati metropolitan area increased in 2020 after 2 years of declining activity.



Note: Includes preliminary data from January 2020 through December 2020. Source: U.S. Census Bureau, Building Permits Survey, with estimates by the analyst

