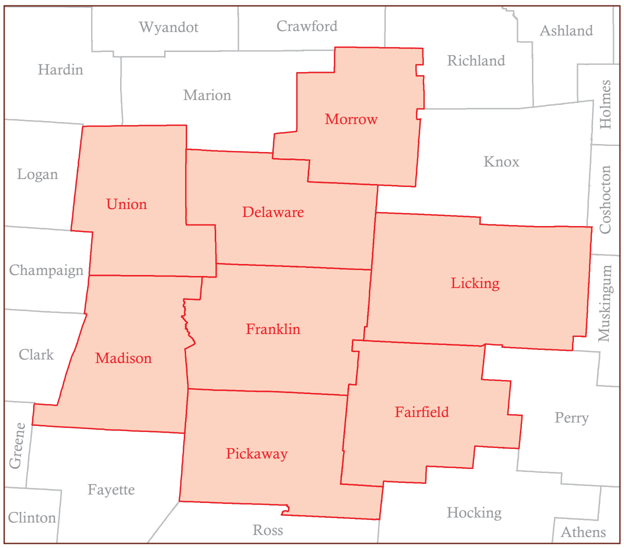
COMPREHENSIVE HOUSING MARKET ANALYSIS

Columbus, Ohio

U.S. Department of Housing and Urban Development | Office of Policy Development and Research | As of July 1, 2013



Housing Market Area

The Columbus Housing Market Area (HMA) is coterminous with the Columbus, OH Metropolitan Statistical Area. For purposes of this analysis, the HMA is divided into three submarkets: (1) the Franklin County submarket, which is the central county of the HMA and includes most of the city of Columbus; (2) the Northwestern Counties submarket, which includes Delaware and Union Counties; and (3) the Remainder Counties submarket, which consists of Fairfield, Licking, Madison, Morrow, and Pickaway Counties.

Summary

Economy

After reporting job losses from 2008 through 2010, the economy of the Columbus HMA improved during the past 2 years, primarily because of growth in the education and health services and the leisure and hospitality sectors. During the 12 months ending June 2013, nonfarm payrolls increased by 14,800 jobs, or 1.6 percent, which followed an increase of 29,000 jobs, or 3.2 percent, during the previous 12 months. The unemployment rate averaged 6.0 percent during the 12 months ending June 2013, down from 6.8 percent the year before.

Sales Market

The sales housing market in the HMA remains slightly soft, with an estimated sales vacancy rate of 1.7 percent, which is down from 2.6 percent in 2010. During the forecast period, demand is expected for 16,055 new homes, which includes 100 mobile homes. The 1,720 homes currently under construction and a portion of the 26,650 other vacant units in the HMA that may reenter the market will satisfy some of the forecast demand (Table 1).

Rental Market

The rental housing market in the HMA is currently slightly soft, with an estimated rental vacancy rate of 6.8 percent, down from 9.6 percent in 2010. Absorption of rental units has increased since 2010, faster than rental production, leading to the declining rental vacancy rate. During the forecast period, demand is expected for 7,030 new rental units (Table 1). The 2,990 units currently under construction will likely meet a portion of that demand.

Market Details

Table 1. Housing Demand in the Columbus HMA, 3-Year Forecast, July 1, 2013, to July 1, 2016

	Columbus HMA		Franklin County Submarket		Northwestern Counties Submarket		Remainder Counties Submarket	
	Sales Units	Rental Units	Sales Units	Rental Units	Sales Units	Rental Units	Sales Units	Rental Units
Total demand	16,055	7,030	12,750	6,650	2,525	380	780	0
Under construction	1,720	2,990	780	2,000	650	830	290	10

Notes: Total demand represents estimated production necessary to achieve a balanced market at the end of the forecast period. Units under construction as of July 1, 2013. A portion of the estimated 26,650 other vacant units in the HMA will likely satisfy some of the forecast demand.

Source: Estimates by analyst

Economic Conditions

After 3 years of declining nonfarm payrolls, from 2008 through 2010, economic conditions have improved in the Columbus HMA since 2011. During the 12 months ending June 2013, nonfarm payrolls grew by 14,800 jobs, or 1.6 percent, to 955,900 jobs (Table 2), and have surpassed the previous peak level of 942,500 jobs reported during 2007. The sector that added the most jobs during the 12 months ending June 2013 was the education and health services sector, which increased by 4,700 jobs, or 3.5 percent, compared with the previous year. Large hospitals or health services organizations are 2 of the 10 largest employers in the HMA (Table 3). New or expanded medical facilities are under construction or recently completed at Nationwide Children's Hospital, valued at $783 million and opened in June 2012; OhioHealth's Riverside Methodist Hospital, valued at $321 million and scheduled for completion in 2015; and Mount Carmel St. Ann's, valued at $110 million and scheduled for completion in 2013. These projects have added, or are expected to add,

Table 2. 12-Month Average Nonfarm Payroll jobs in the Columbus HMA, by Sector

	12 Months Ending June 2012	12 Months Ending June 2013	Absolute Change	Percent Change
Total nonfarm payroll jobs	941,100	955,900	14,800	1.6
Goods-producing sectors	94,900	95,800	900	0.9
Mining, logging, & construction	29,500	29,700	200	0.7
Manufacturing	65,400	66,100	700	1.1
Service-providing sectors	846,200	860,200	14,000	1.7
Wholesale & retail trade	137,200	136,900	– 300	– 0.2
Transportation & utilities	44,800	45,800	1,000	2.2
Information	16,800	16,500	– 300	– 1.8
Financial activities	70,800	71,700	900	1.3
Professional & business services	155,200	158,700	3,500	2.3
Education & health services	134,400	139,100	4,700	3.5
Leisure & hospitality	90,800	94,500	3,700	4.1
Other services	35,800	36,500	700	2.0
Government	160,300	160,300	0	0.0

Notes: Based on 12-month averages through June 2012 and June 2013. Numbers may not add to totals because of rounding.

Source: U.S. Bureau of Labor Statistics

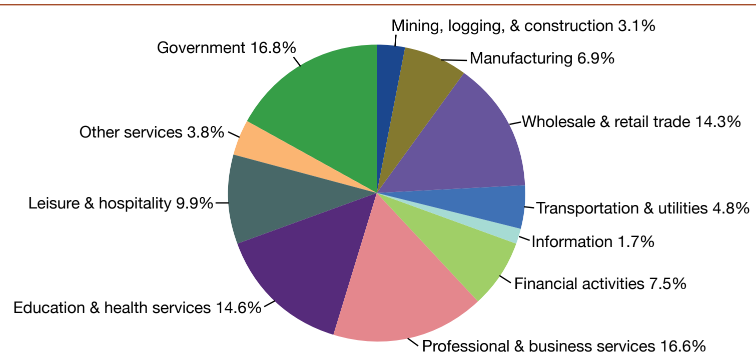
Table 3. Major Employers in the Columbus HMA

Name of Employer	Nonfarm Payroll Sector	Number of Employees
The Ohio State University	Government	29,700
State of Ohio	Government	22,050
JPMorgan Chase	Financial activities	17,000
OhioHealth & Co.	Education & health services	16,000
Nationwide Mutual Insurance Company	Financial activities	11,250
United States Government	Government	10,800
City of Columbus	Government	8,650
Mt. Carmel Health Systems	Education & health services	8,450
Honda of America Manufacturing, Inc.	Manufacturing	7,400
Franklin County	Government	6,050

Note: Excludes local school districts.

Source: City of Columbus Economic Development more than 12,000 healthcare-related jobs in the HMA. In addition, the Wexner Medical Center at The Ohio State University, which is categorized in the government sector but supports many private firms in the education and health services sector, has projects valued at $1.1 billion scheduled for completion in 2014. The leisure and hospitality sector increased by 3,700 jobs, or 4.1 percent, during the 12 months ending June 2013, because the October 2012 opening of the new Hollywood Casino® Columbus, OH, has created approximately 2,000 jobs. As the second largest employment sector in the HMA, the professional and business services sector recorded the third largest increase, when it gained 3,500 jobs, or 2.3 percent. The largest employment sector in the HMA is the government sector (Figure 1), which currently includes nearly 17 percent of total nonfarm employment. Government sector employment remained stable during the past 12 months, as growth in the number of state government jobs offset declines in federal and local government payrolls. During the 12 months ending June 2013, the information and the wholesale and retail trade sectors were the only sectors that reported a decline in nonfarm payrolls, of 300 jobs each, or 1.8 and 0.2 percent, respectively.

Figure 1. Current Nonfarm Payroll Jobs in the Columbus HMA, by Sector



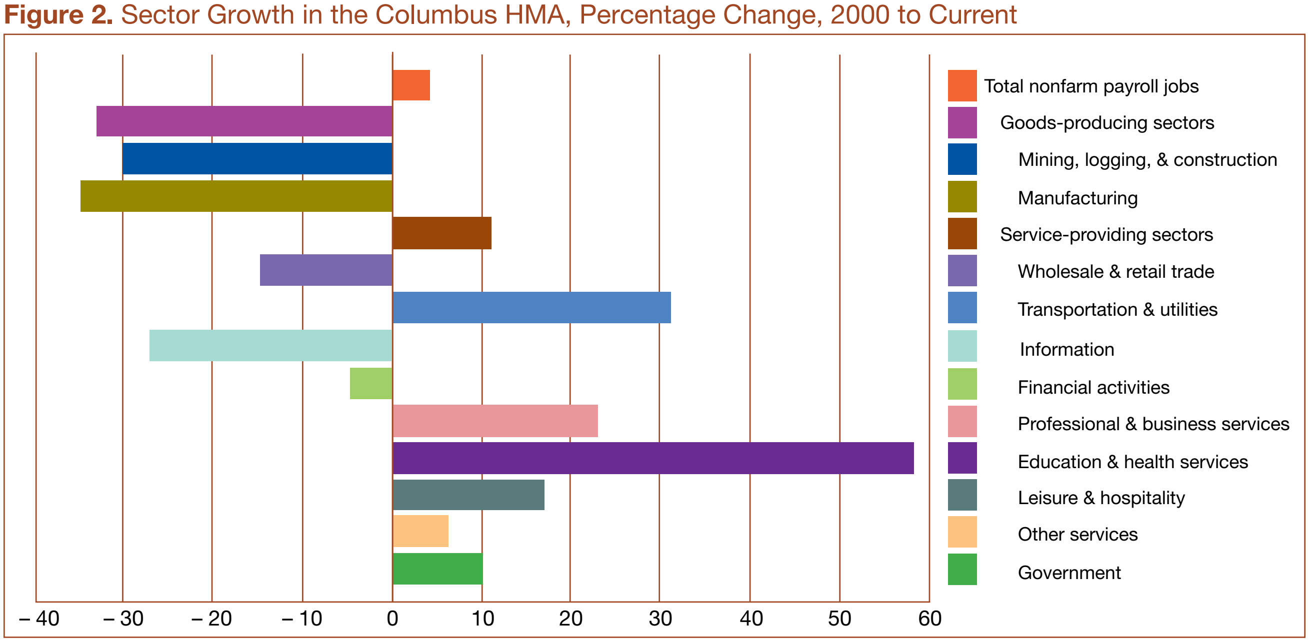
Note: Based on 12-month averages through June 2013.
Source: U.S. Bureau of Labor Statistics

During much of the previous decade, the economy of the HMA was characterized by a long period of slow growth followed by losses because of the impact of the national recession. From 2004 through 2007, nonfarm payrolls in the HMA increased by an average of 7,950, or 0.9 percent, annually. The professional and business services, education and health services, and transportation and utilities sectors led the growth, increasing by an annual average of 4,675, 3,275, and 3,200 jobs, or 3.4, 3.2, and 7.7 percent, respectively. In the transportation and utilities sector, the transportation and warehousing subsector accounted for 96 percent of the growth, because expanding transportation and warehousing is a focus of economic development efforts in the HMA. Offsetting growth during this period, the manufacturing sector declined by an average of 1,850 jobs, or 2.3 percent, annually from 2004 through 2007, and the wholesale and retail trade sector declined by an average of 1,825 jobs , or 1.3 percent, annually. When the economy softened, from 2008 through 2010, nonfarm payrolls in the Columbus HMA declined by an average of 13,050 jobs, or 1.4 percent, annually. During this period, two sectors reported growth: the education and health services sector, which increased by an average of 4,700 jobs, or 4.1 percent, annually and the government sector, which increased marginally, by an average of 100 jobs, or 0.1 percent, annually. Declines occurred in all other sectors and were led by the manufacturing, the mining, logging, and construction, and the wholesale and retail trade sectors, which declined by annual averages of 4,500, 3,525, and 2,575 jobs, or 6.2, 10.3, and 1.9 percent, respectively.

Despite recording employment declines, the economy in the Columbus HMA was more stable than the national economy during the most recent downturn. During the contraction, from 2008 through 2010, the average annual rate of job loss in the HMA was 1.4 percent, compared with the average annual national rate of 1.9 percent. This relative stability is partially because of employment at The Ohio State University and the State of Ohio, which are the two largest employers in the HMA, with 29,700 and 22,050 employees, respectively. JPMorgan Chase & Co., with 17,000 employees, is the third largest employer in the HMA. In addition, six Fortune 500 companies are currently headquartered in Columbus, including American Electric Power Company Inc.; Big Lots, Inc.; Cardinal Health Inc.; L Brands, Inc.; Momentive Specialty Chemicals Inc.; and Nationwide Mutual Insurance Company and Affiliated Companies.

The Columbus HMA is within 500 miles of approximately 45 percent of the U.S. population, making it a center for transportation and shipping. The transportation and utilities sector reported the second highest growth rate from 2000 to current, after education and health services, at 2 percent annually (Figure 2). The transportation and warehousing subsector comprises more than 90 percent of the employment in this sector. CSX Corporation is currently expanding its intermodal freight terminal, designed to enhance rail capacity between the Midwest and East coast seaports as part of the National Gateway Initiative. Scheduled for completion during the summer of 2013, this effort is valued at approximately $60 million. Although manufacturing employment in the HMA has declined since 2000, as it has throughout much of the nation, the number of manufacturing jobs in the HMA has increased 1.8 percent annually since 2010. This rate is more than the 1.6-percent annual increase in manufacturing employment nationally, and manufacturing employment in the HMA now exceeds the level

Figure 2. Sector Growth in the Columbus HMA, Percentage Change, 2000 to Current

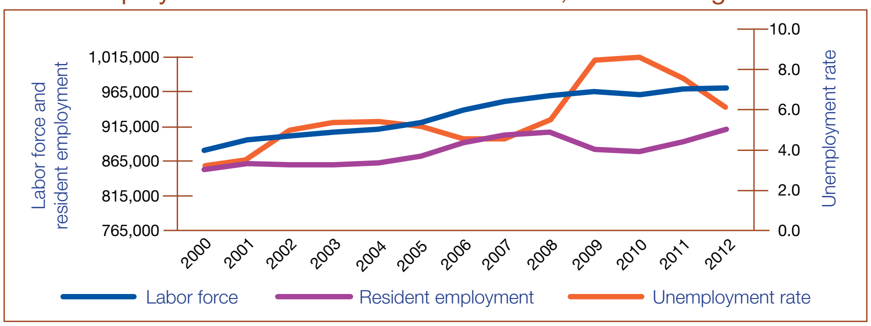


Note: Current is based on 12-month averages through June 2013.
Source: U.S. Bureau of Labor Statistics

last reported in 2009. The manufacturing sector contributed $10 billion to the region's economic output in 2012 (Columbus 2020, a regional economic development organization). Major manufacturing companies in the HMA include American Honda Motor Co., Inc.; Whirlpool Corporation; and Abbott Nutrition. American Honda Motor Co. recently announced a $70 million investment to manufacture the new Acura NSX sports car near Marysville, in Union County, beginning in 2014.

Nonfarm payrolls in the HMA are expected to grow an average of 1.9 percent a year during the forecast period. The professional and business services, wholesale and retail trade, and education and health services sectors are expected to contribute most new nonfarm payroll jobs during the next 3 years. The unemployment rate in the Columbus HMA averaged 6.0 percent during the 12 months ending June 2013, down from 6.8 percent during the previous 12 months. By comparison, the unemployment rate averaged 5.0 percent from 2004 through 2007. Figure 3 shows labor force, resident employment, and unemployment rate trends in the HMA from 2000 through 2012.

Figure 3. Trends in Labor Force, Resident Employment, and Unemployment Rate in the Columbus HMA, 2000 Through 2012



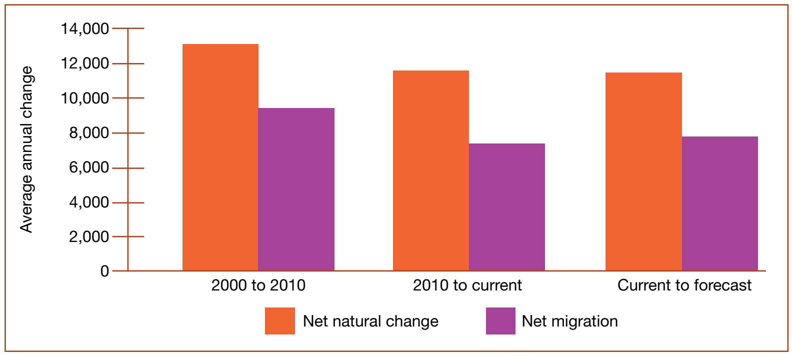
Source: U.S. Bureau of Labor Statistics

Population and Households

As of July 1, 2013, the population of the Columbus HMA is estimated at 1.9 million, reflecting an average annual increase of 18,900, or 1.0 percent, since April 1, 2010. (Tables DP-1 through DP-4 at the end of this report provide information about population growth in the HMA and in each submarket from 2000 to the current date.) By comparison, population growth in the HMA from 2000 through 2010 was stronger, averaging 1.3 percent annually between 2000 and 2007 and declining slightly to an average of 1.2 percent annually from 2008 through 2010. Net-migration has been positive each year since 2000 but has fluctuated, averaging 9,675 people annually between 2000 and 2007 and averaging 7,450 annually from 2008 to the current date. During the forecast period, the population is expected to increase by 19,350, or 1.0 percent, annually and to total 1.96 million by July 1, 2016. Net migration is expected to average 7,800 annually during the next 3 years. Figure 4 illustrates the components of population change in the HMA from 2000 to the forecast date.

An estimated 1.21 million people currently reside in the Franklin County submarket, which includes the central city of Columbus. This estimate represents 64 percent of the HMA population. From 2000 to 2010, the population of the Franklin County submarket

Figure 4. Components of Population Change in the Columbus HMA, 2000 to Forecast



Sources: 2000 and 2010—2000 Census and 2010 Census; current and forecast—estimates by analyst

increased by an average of 9,450, or 0.9 percent, annually, almost entirely due to net natural change (resident births minus resident deaths), as in-migration was almost exactly offset by out-migration, and net in-migration was negligible, averaging 35 people annually. Migration trends, however, changed significantly in the submarket during this time. From 2000 through 2007, net out-migration from the Franklin County submarket averaged 1,150 people annually, a trend that reversed from 2007 through 2010, when annual net in-migration averaged 3,200 people annually. Local planning officials indicate that, while the economy was contracting from 2008 through 2010, the Franklin County submarket retained jobs better than the surrounding area. Some people chose to move and live closer to the job base to shorten commute times. International migrants moving to the Franklin County submarket rather than to the suburban submarkets also contributed to the increase in net in-migration to the Franklin County submarket after 2007. These trends have continued since 2010 as the Franklin County submarket continues to register strong population growth, partially at the expense of population growth in the other two suburban submarkets. Census estimates of change from 2011 to 2012 indicate that Franklin County became the fastest growing county in Ohio, surpassing Delaware County (in the Northwestern Counties submarket) for the first time since at least 2000. Since 2010, population growth in the Franklin County submarket has averaged 1.2 percent, or 14,650 people, annually, with net in-migration accounting for nearly 39 percent of total population growth. During the 3-year forecast period, population growth is expected to average 1.2 percent, or 14,350 people, annually, with net migration accounting for 38 percent of the growth.

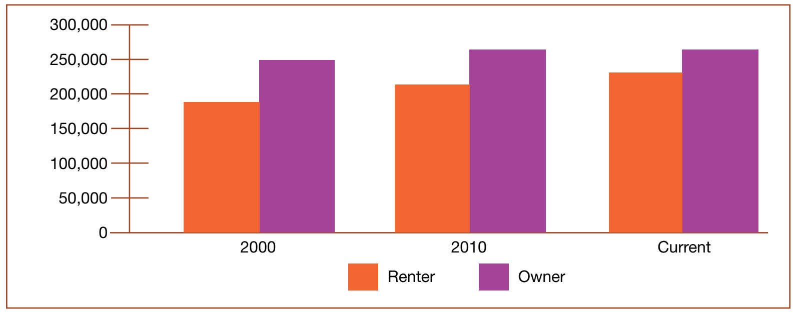
From 2000 to 2010, the population of the Northwestern Counties submarket, the fastest growing submarket in the HMA, increased by 7,550, or 4.1 percent, annually. Approximately 75 percent of the population growth in the submarket was from net in-migration. Delaware County, adjacent to Franklin County, reported the strongest growth rate of the eight counties in the HMA, growing at a rate of 4.7 percent annually. The second fastest growing county in the eight-county HMA was Union County, the other county in this submarket, which grew at a rate of 2.5 percent annually. The rapid growth in these two counties during the 2000s resulted in an increase for the submarket from 9 percent of the HMA population in 2000 to 12 percent in 2010. Net in-migration to the submarket averaged 6,500 people annually from 2000 through 2007, but it slowed to 3,475 people annually from 2007 through 2010. When the economy began to contract in 2008, although fewer people migrated to the HMA overall, the new residents primarily moved into Franklin County. The trend of declining net in-migration has continued since 2010, as net in-migration averaged an estimated 1,525 annually since 2010 and the rate of population growth declined to 1.3 percent annually, which is still the strongest growth rate in the HMA. Local planning officials indicate that this submarket remains attractive for families looking to upgrade from starter homes, and the improving economy is likely to increase net in-migration to this submarket, although not to early 2000s levels. The population of the Northwestern Counties submarket is expected to increase 1.3 percent, or by 3,100 people, annually during the forecast period.

The population of the Remainder Counties submarket increased by an average of 5,375, or 1.3 percent, annually from 2000 to 2010. During that period, net in-migration accounted for approximately two-thirds of the population growth. As with the Northwestern Counties submarket, the rate of in-migration declined significantly in the later years of the decade. From 2000 to 2007, net in-migration averaged approximately 4,325 people annually, but it declined to 1,750 from 2007 through 2010. Since 2010, net migration has been negative, and an annual average of approximately 50 people have moved out of the submarket. The reversal of migration trends slowed the rate of population growth to 0.3 percent, or 1,125 people, annually since 2010; all the growth is the result of net natural increase. As the economy recovers, the Remainder Counties submarket, which remains a desirable housing choice for move-up buyers, is expected to resume net in-migration, although not at the rate reported during the 2000s. During the forecast period, the population is expected to increase by 2,000, or 0.4 percent, annually and in-migration is forecast to be 800 people annually.

An estimated 748,200 households currently reside in the HMA, with 495,900 in the Franklin County submarket, 84,800 in the Northwestern Counties submarket, and 167,500 in the Remainder Counties submarket. During the 2000s, household growth in the HMA averaged 8,700 households, or 1.3 percent, a year. Since 2010, the number of households in the HMA has increased, but at a slower rate—by 7,575 new households, or 1.0 percent, annually. The current homeownership rates are 53.4 percent in the Franklin County submarket, 80.1 percent in the Northwestern Counties submarket, and 73.2 percent in the Remainder Counties submarket. Figures 5, 6, and 7 illustrate the number of households by tenure in each submarket for 2000, 2010, and the current date.

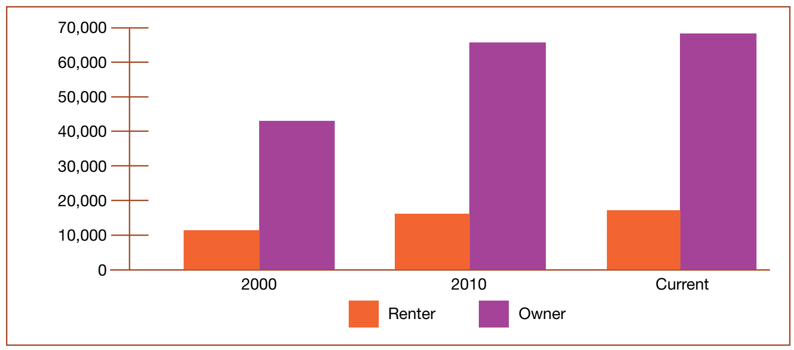
The number of households in the HMA is expected to grow by 7,275, or 1.0 percent, annually during the next 3 years to total 770,000 households. The number of households is expected to grow 1.1, 1.3, and 0.5 percent annually in the Franklin County, Northwestern Counties, and Remainder Counties submarkets, respectively. Figure 8 shows population and household growth in the HMA from 2000 to the forecast date.

Figure 5. Number of Households by Tenure in the Franklin County Submarket, 2000 to Current



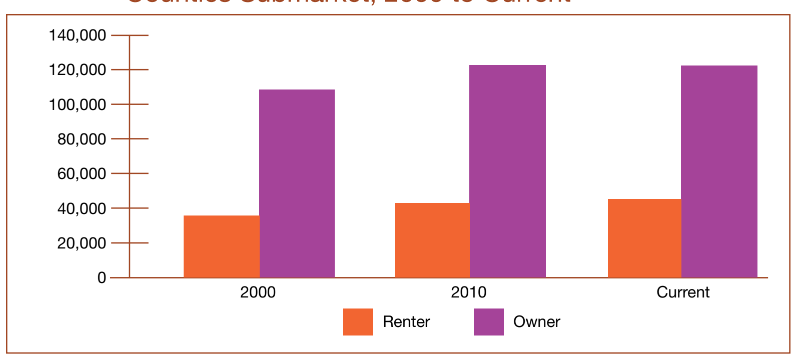
Sources: 2000 and 2010—2000 Census and 2010 Census; current—estimates by analyst

Figure 6. Number of Households by Tenure in the Northwestern Counties Submarket, 2000 to Current



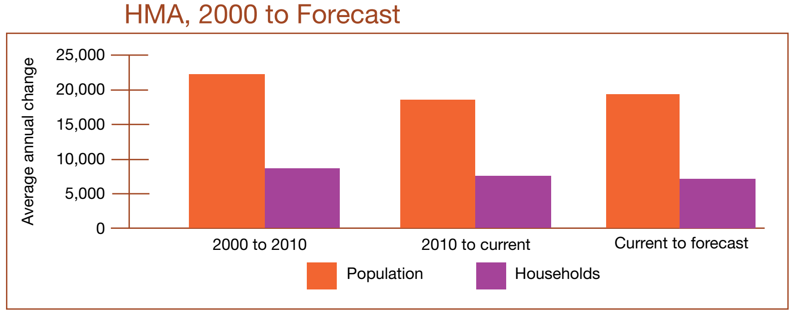
Sources: 2000 and 2010—2000 Census and 2010 Census; current—estimates by analyst

Figure 7. Number of Households by Tenure in the Remainder Counties Submarket, 2000 to Current



Sources: 2000 and 2010—2000 Census and 2010 Census; current—estimates by analyst

Figure 8. Population and Household Growth in the Columbus HMA, 2000 to Forecast



Sources: 2000 and 2010—2000 Census and 2010 Census; current and forecast—estimates by analyst

Housing Market Trends

Sales Market—Franklin County Submarket

Sales housing market conditions in the Franklin County submarket are balanced, with a current sales vacancy rate estimated at 1.5 percent, improved from 2.9 percent in 2010. Approximately 18,750 new and existing home sales were reported for the 12 months ending June 2013, the highest rate of home sales since 2007 and more than 29 percent more sales than during the 12 months ending June 2012 (Metrostudy, A Hanley Wood Company). New and existing home sales in the Franklin County submarket declined by more than 11 percent annually from 2005 through 2011 before starting to recover in 2012. Improved economic conditions in the HMA and historically low interest rates made home purchases more affordable.

New home sales in the Franklin County submarket averaged 4,800 annually from 2005 through 2007, declined to average 2,050 annually from 2008 through 2010, and then dropped further to average 1,350 annually in 2011 and 2012. By contrast, the average sales price for new homes has been more consistent, averaging $213,600 from 2005 through 2008, before dropping to $188,100 in 2009, but then recovering to average $220,500 from 2010 through 2012. For the 12 months ending June 2013, 1,325 new home sales were reported in the Franklin County submarket, nearly 4 percent more than during the previous 12-month period, but the average new home sales price declined 7 percent, to $209,400 from $223,200. Local REALTORS® identify the decline in new construction with helping to maintain average sales prices.

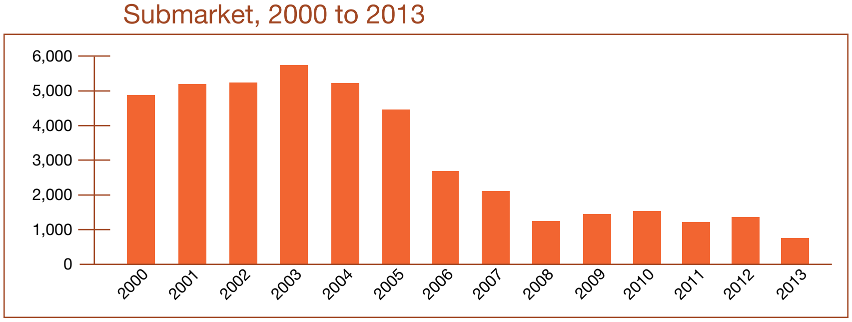
Existing home sales in the Franklin County submarket declined by more than 9 percent annually, from 22,150 in 2005 to 12,450 in 2011, before increasing 17 percent, to 14,600 in 2012. For the 12 months ending June 2013, 17,400 existing home sales were reported in the Franklin County submarket, nearly 32 percent more than during the previous 12-month period. Sales prices for existing homes have fluctuated relatively little since 2005, when the average sales price was $157,700. The average sales price increased to a peak of $161,800 in 2007, but then it fell each year to $153,000 in 2011. During the 12 months ending June 2013, the average existing home sales price increased nearly 3 percent, to $159,200, which is slightly more than it had been in 2005.

Among all existing home sales, the percent of home sales that were Real Estate Owned (REO) increased from 10.8 percent in 2005 to 34.1 percent in 2010 and represented more than 24 percent of all home sales during the 12 months ending June 2013. The proportion of home loans in the submarket that were 90 or more days delinquent, in foreclosure, or transitioned into REO has improved to 7.1 percent of all loans in June 2013, down from the 8.4-percent rate recorded in March 2012 (LPS Applied Analytics).

Single-family home construction, as measured by the number of single-family homes permitted, increased moderately from 2000 through 2003, declined from 2003 through 2008, and has remained relatively low since 2008. An average of 5,250 homes were permitted annually in the Franklin County submarket from 2000 through 2004. Although the economy was strong from 2005 through 2007, population growth was still relatively slow, and single-family home construction in the submarket declined to an average of 3,075 permits annually. Between 2008 and 2012, through the economic downtown and recovery, the level of single-family home construction declined further, averaging 1,400 homes permitted annually, although migration into the submarket increased. For the 12 months ending June 2013, approximately 1,450 single-family homes were permitted in the submarket, nearly 21 percent more than the 1,200 homes permitted during the previous 12-month period (preliminary data). Figure 9 shows the number of single-family homes permitted in the submarket from 2000 through the current date.

The construction of new condominium homes has declined significantly in the Franklin County submarket and has been minimal since approximately 2009, as developers shifted multifamily production to apartments. From 2000 through 2008, an estimated 41 percent of the multifamily units permitted in the Franklin County submarket were intended for owner occupancy, for an average of approximately 1,275 owner-occupied units annually. Since 2009, the ratio of owner-occupied multifamily units has declined significantly, to approximately 8 percent, for an

Figure 9. Single-Family Homes Permitted in the Franklin County Submarket, 2000 to 2013



Notes: Includes townhomes. Includes data through June 2013.
Sources: U.S. Census Bureau, Building Permits Survey; estimates by analyst

average of approximately 160 units permitted annually. Resale prices for existing condominium units in the submarket start at approximately $80,000 for smaller duplex and triplex units outside the city of Columbus and approximately $100,000 for condominiums in the city.

Asking prices for newly constructed single-family homes in the Franklin County submarket typically start at approximately $100,000. Cherry Landing, in Canal Winchester, includes 180 single-family homes that start at $169,450 and is nearly sold out. In Dublin, the Estates at Scioto Crossing include 53 sites in the first phase, with single-family homes starting at $235,900. In downtown Columbus, the Neighborhood Launch project includes three phases of one-, two-, and three-bedroom townhome and condominium units for owner occupancy, creating a walkable downtown neighborhood. Asking prices at Neighborhood Launch units start at $200,500, $300,000, and $370,000 for one-, two-, and three-bedroom homes, respectively, with the first phase of 73 homes sold out.

During the 3-year forecast period, demand in the Franklin County submarket is expected for 12,750 new homes (Table 1). The 780 homes currently under construction and a portion of the 17,700 other vacant units that may reenter the market will likely satisfy some of the forecast demand. Table 4 illustrates the estimated demand for new sales housing in the submarket by price range. Demand is expected for 3,200 homes in the first year and is expected to increase to 5,000 homes by the third year of the forecast period.

Table 4. Estimated Demand for New Market-Rate Sales Housing in the Franklin County Submarket, July 1, 2013, to July 1, 2016

Price Range ($)		Units of Demand	Percent of Total
From	To		
100,000	149,999	1,925	15.0
150,000	199,999	1,925	15.0
200,000	249,999	2,550	20.0
250,000	299,999	2,550	20.0
300,000	399,999	1,275	10.0
400,000	499,999	1,275	10.0
500,000	and higher	1,275	10.0

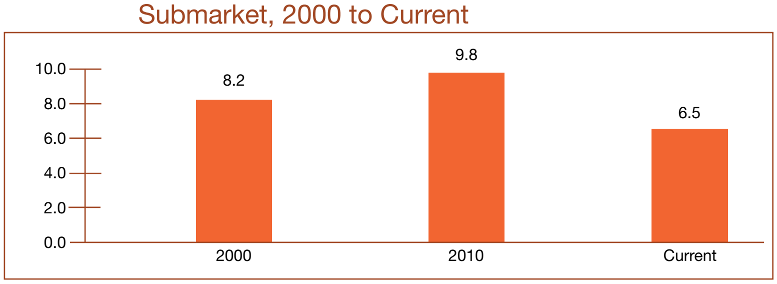
Note: The 780 homes currently under construction and a portion of the estimated 17,700 other vacant units in the submarket will likely satisfy some of the forecast demand.

Source: Estimates by analyst

Rental Market—Franklin County Submarket

The rental housing market in the Franklin County submarket is currently slightly soft, with an estimated overall vacancy rate of 6.5 percent, down from 9.8 percent in April 2010 (Figure 10). Apartment market conditions are somewhat stronger and were balanced to tight during the second quarter of 2013, with a vacancy rate of approximately 4.0 percent, down slightly from 4.5 percent in the second quarter of 2012 (MPF Research). Apartment rents in the submarket averaged $680 for a one-bedroom unit, $830 for a two-bedroom unit, and $1,050 for a three-bedroom unit during the second quarter of 2013. The average apartment rent in the submarket increased 4 percent from the second quarter of 2012 to the second quarter of 2013, to $790. Concessions noted in the submarket during the second quarter of 2013 included 1 month's free rent with a 12-month lease. Approximately 10 percent of new and existing apartments offered concessions compared with approximately 15 percent offering concessions a year earlier. In downtown Columbus, concessions currently are not widely offered.

Figure 10. Rental Vacancy Rates in the Franklin County Submarket, 2000 to Current

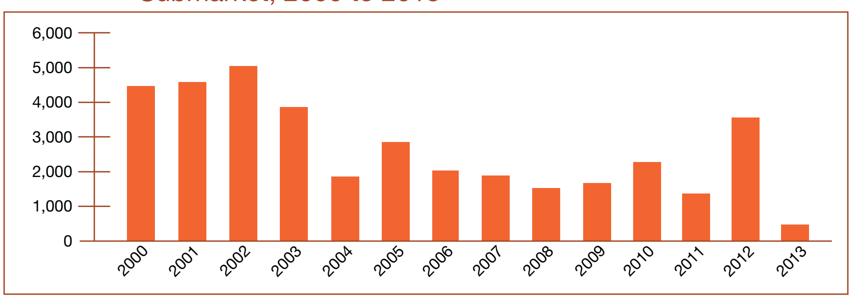


Sources: 2000 and 2010—2000 Census and 2010 Census; current—estimates by analyst

Multifamily construction activity, as measured by the number of multifamily units permitted, decreased 9 percent, to 2,225 units permitted during the 12 months ending June 2013, down from 2,475 units permitted during the same period a year earlier. By comparison, from 2000 through 2003, multifamily units permitted averaged 4,475 annually; they declined to average 2,150 from 2004 through 2007 and further declined to 1,700 units permitted annually from 2008 through 2011. Approximately 59 percent of the multifamily units permitted from 2000 through 2008 were intended for renter occupancy. From 2009 through 2011, nearly 93 percent of multifamily units permitted were intended for renter occupancy, as developers built to satisfy an increasing demand for rental apartments. More recently, the proportion of multifamily units permitted for owner occupancy is beginning to shift, and, of the estimated 2,100 multifamily units under construction, about 10 percent are for condominiums. Figure 11 illustrates the number of multifamily units permitted in the submarket from 2000 to the current date.

Newly constructed rental properties in the Franklin County submarket include the 302-unit Highpoint at Columbus Commons, in downtown Columbus, which is scheduled to open in the fall of 2013. The Highpoint at Columbus Commons includes studio units from $895, one-bedroom units from $1,140, and two-bedroom units from $1,590.

Figure 11. Multifamily Units Permitted in the Franklin County Submarket, 2000 to 2013



Notes: Excludes townhomes. Includes data through June 2013.
Sources: U.S. Census Bureau, Building Permits Survey; estimates by analyst

Also in downtown Columbus, the Neighborhood Launch development has started construction on the first 130 units of a planned 260-unit rental property. Rents have not been set for the Neighborhood Launch rental property, but they are expected to range from $950 for studio units to $2,500 for three-bedroom units. In suburban Franklin County, The Benchmark Apartments in Upper Arlington includes 108 units and opened in the spring of 2013. Rents for one-bedroom units start at $800, while two- and three-bedroom units start at $999 and $1,499, respectively.

Demand is expected for 6,650 new market-rate rental units in the Franklin County submarket during the forecast period. The 2,000 units currently under construction will meet a portion of this demand (Table 1). Table 5 shows the estimated demand for new market-rate rental housing in the submarket by rent level and number of bedrooms.

Table 5. Estimated Demand for New Market-Rate Rental Housing in the Franklin County Submarket, July 1, 2013, to July 1, 2016

Zero Bedrooms		One Bedroom		Two Bedrooms		Three or More Bedrooms	
Monthly Gross Rent ($)	Units of Demand	Monthly Gross Rent ($)	Units of Demand	Monthly Gross Rent ($)	Units of Demand	Monthly Gross Rent ($)	Units of Demand
700 to 899	65	800 to 999	670	1,000 to 1,199	670	1,200 to 1,399	250
900 to 1,099	100	1,000 to 1,199	670	1,200 to 1,399	670	1,400 to 1,599	250
1,100 to 1,299	100	1,200 to 1,399	530	1,400 to 1,599	530	1,600 to 1,799	200
1,300 or more	65	1,400 to 1,599	530	1,600 to 1,799	530	1,800 to 1,999	200
		1,600 or more	270	1,800 or more	270	2,000 or more	100
Total	330	Total	2,650	Total	2,650	Total	1,000

Notes: Numbers may not add to totals because of rounding. The 2,000 units currently under construction will satisfy some of the estimated demand.
Source: Estimates by analyst

Sales Market—Northwestern Counties Submarket

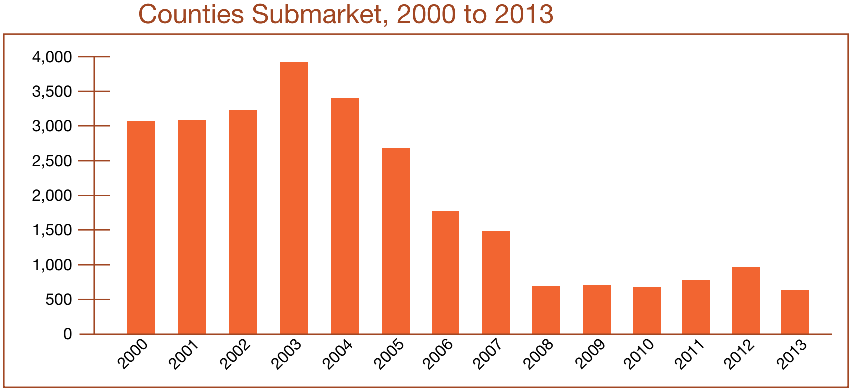
The sales housing market in the Northwestern Counties submarket is slightly soft, with a current estimated sales vacancy rate of 1.8 percent; conditions have improved since 2010, when the vacancy rate was 2.1 percent. New and existing home sales totaled 4,300 during the 12 months ending June 2013, 21 percent more than the 3,550 home sales reported during the previous 12-month period (Metrostudy, A Hanley Wood Company). Home sales in the Northwestern Counties submarket averaged 5,900 annually from 2005 through 2007, before declining to an average of 3,575 annually from 2008 through 2012. Home sales in Delaware County accounted for approximately 81 percent of the total for the submarket from 2005 through June 2013.

For the 12 months ending June 2013, new home sales totaled 850, nearly 26 percent more than in the previous 12 months, with an average sales price of $309,900, 6 percent more than in the previous 12-month period. New home sales declined from 2005 through 2011, by 21 percent annually, from 2,850 in 2005 to 680 in 2011. The new homes sales market began to recover in 2012, increasing nearly 10 percent, to 750 sales. From 2005 through 2008, the average sales price for a new home in the Northwestern Counties submarket was $320,100, which declined to an average of $282,500 from 2009 through 2011, nearly 12 percent less, before beginning to recover to an average of $303,400 in 2012.

The number of existing home sales also declined from 2005 through 2011, by nearly 8 percent annually, from 4,200 sales in 2005 to 2,575 in 2011. The existing home sales market started to recover in 2012, when 3,175 sales were reported, 24 percent more than in 2011. During the 12 months ending June 2013, a total of 3,450 existing home sales were recorded, nearly 20 percent more than in the previous 12 months, and the average sales price increased 4 percent, to $241,700. As of June 2013, about 4.4 percent of home loans in the Northwestern Counties submarket were 90 or more days delinquent, were in foreclosure, or transitioned into REO, down from 5.3 percent in June 2012 (LPS Applied Analytics). REO sales accounted for 14 percent of existing home sales during the 12 months ending June 2013, down from 15 percent during the previous 12-month period.

In response to improving sales housing market conditions, home builders increased new home construction activity in the Northwestern Counties submarket. Single-family home construction activity, as measured by the number of single-family homes permitted, totaled 1,150 homes during the 12 months ending June 2013, a 35-percent increase from the previous 12 months (preliminary data). The current level of permitting activity remains less than the average of 2,825 homes permitted annually from 2000 through 2007 but is above the average of 710 homes permitted annually from 2008 through 2011. Figure 12 shows the number of single-family homes permitted in the submarket from 2000 through the current date. Single-family home construction activity in the submarket is concentrated in Delaware County, with most new construction in southern areas of the county, near the Franklin County border. New developments include Westfield Hills in Delaware, with a capacity of 66 single-family homes and prices starting at

Figure 12. Single-Family Homes Permitted in the Northwestern Counties Submarket, 2000 to 2013



Notes: Includes townhomes. Includes data through June 2013.

Sources: U.S. Census Bureau, Building Permits Survey; estimates by analyst

$170,900. In Westerville, in Delaware County, the Regency at Highland Lakes, with 116 total home sites, includes single-family homes starting at $299,900. Most new homes in the submarket currently sell in the $200,000-to-$300,000 range.

During the 3-year forecast period, demand is expected for 2,525 new homes in the Northwestern Counties submarket, or approximately 840 homes annually (Table 1). Approximately 650 homes are currently under construction. An estimated 1,950 other vacant units are currently in the inventory, a portion of which may reenter the sales market and satisfy a portion of the forecast demand. Table 6 illustrates the estimated demand for new homes in the submarket by price range.

Table 6. Estimated Demand for New Market-Rate Sales Housing in the Northwestern Counties Submarket, July 1, 2013, to July 1, 2016

Price Range ($)		Units of Demand	Percent of Total
From	To		
150,000	174,999	380	15.0
175,000	249,999	630	25.0
250,000	299,999	630	25.0
300,000	399,999	380	15.0
400,000	499,999	250	10.0
500,000	and higher	250	10.0

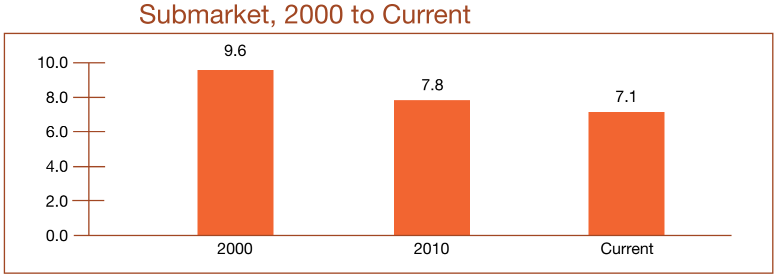
Note: The 650 homes currently under construction and a portion of the estimated 1,950 other vacant units in the submarket will likely satisfy some of the forecast demand.
Source: Estimates by analyst

Rental Market—Northwestern Counties Submarket

The rental housing market in the Northwestern Counties submarket is currently slightly soft, with an estimated overall vacancy rate of 7.1 percent, down from 7.8 percent in April 2010 (Figure 13). Conditions in the apartment market are tight as of the second quarter of 2013, with a vacancy rate of 2.9 percent; however, this rate is up from 2.5 percent a year ago (MPF Research). The average apartment rent in the submarket during the second quarter of 2013 was $890, approximately 4 percent more than the average rent reported during the second quarter of 2012. During the second quarter of 2013, apartment rents in the submarket averaged $740 for a one-bedroom unit, $930 for a two-bedroom unit, and $1,130 for a three-bedroom unit. Concessions are offered at less than 5 percent of new and existing apartment properties in the market and equate to 1 month of free rent with a 12-month lease or a waived security deposit.

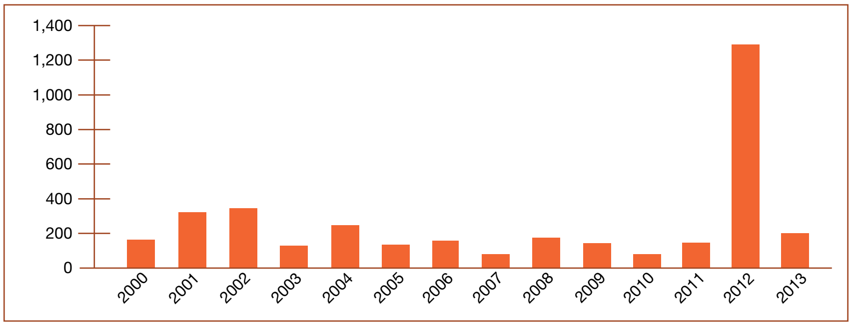
Multifamily construction activity, as measured by the number of multifamily units permitted, increased 12 percent, to 800 units during the 12 months ending June 2013, up from 710 units during the same period a year earlier. The number of multifamily units permitted averaged 210 units annually from 2000 through 2006 and 120 units annually from 2007 through 2011, with a large increase to 1,275 units during 2012, when developers responded to continued tight conditions in the new-construction rental market. An estimated 830 multifamily rental units

Figure 13. Rental Vacancy Rates in the Northwestern Counties Submarket, 2000 to Current



Sources: 2000 and 2010—2000 Census and 2010 Census; current—estimates by analyst are currently under construction in the submarket. Figure 14 illustrates the number of multifamily units permitted in the submarket from 2000 to July 1, 2013. Among new construction properties, Polaris Apartments, in Columbus, Delaware County, is scheduled to open in the summer of 2014, with 309 units, including one-, two-, and three-bedroom units. Rents are not yet identified for this property. In the city of Delaware, in Delaware County, a 63-unit seniors apartment named Delaware Place is scheduled to open in the fall of 2013, partially financed with low-income housing tax credits.

Figure 14. Multifamily Units Permitted in the Northwestern Counties Submarket, 2000 to 2013



Notes: Excludes townhomes. Includes data through June 2013.
Sources: U.S. Census Bureau, Building Permits Survey; estimates by analyst

Table 7. Estimated Demand for New Market-Rate Rental Housing in the Northwestern Counties Submarket, July 1, 2013, to July 1, 2016

One Bedroom		Two Bedrooms		Three or More Bedrooms	
Monthly Gross Rent ($)	Units of Demand	Monthly Gross Rent ($)	Units of Demand	Monthly Gross Rent ($)	Units of Demand
800 to 999	30	1,000 to 1,199	50	1,200 to 1,399	35
1,000 to 1,199	30	1,200 to 1,399	50	1,400 to 1,599	35
1,200 to 1,399	20	1,400 to 1,599	35	1,600 to 1,799	25
1,400 to 1,599	10	1,600 to 1,799	15	1,800 to 1,999	10
1,600 or more	10	1,800 or more	15	2,000 or more	10
Total	95	Total	170	Total	110

Notes: Numbers may not add to totals because of rounding. The 830 units currently under construction will more than satisfy the estimated demand.
Source: Estimates by analyst

During the 3-year forecast period, demand is expected for 380 new market-rate rental units in the Northwestern Counties submarket (Table 1). The 830 units currently under construction will more than meet the demand and no additional new units will be needed during the 3-year forecast period. The city of Columbus, primarily in Franklin County, extends into southern Delaware County and adds to the demand in this part of the submarket. Table 7 shows the estimated demand for new market-rate rental housing units in the submarket by rent level and number of bedrooms.

Sales Market—Remainder Counties Submarket

The sales housing market in the Remainder Counties submarket is currently soft, with an estimated vacancy rate of 2.1 percent, unchanged from the rate reported in the 2010 Census. New and existing home sales totaled 5,625 homes during the 12 months ending June 2013, nearly 19 percent more than the 4,750 homes sold during the previous 12-month period (Metrostudy, A Hanley Woods Company). The current level of sales activity remains less than the average of 7,650 new and existing homes sold annually from 2005 through 2007 and is only slightly more than the average of 4,825 homes sold annually from 2008 through 2011. Home sales are concentrated in Fairfield and Licking Counties, the two most populous counties in the five-county submarket, which, combined, account for 74 percent of all home sales in the submarket.

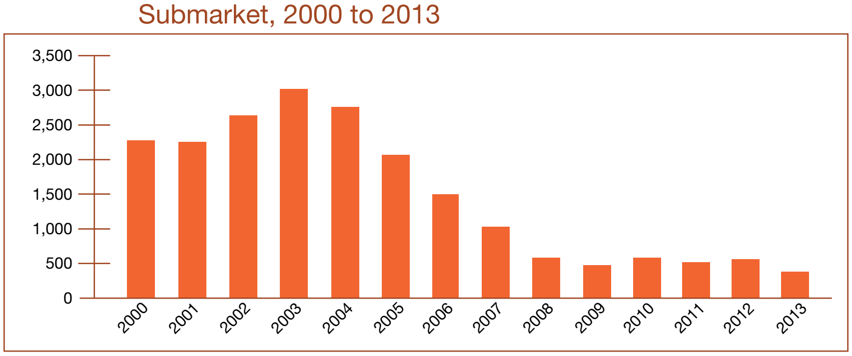
For the 12 months ending June 2013, 390 new home sales were recorded, 31 percent more than the 300 new home sales recorded during the previous 12 months, at an average sales price of $199,100, 3 percent more than the previous average. New home sales declined in the submarket from an average of 1,750 annually in 2005 and 2006 to 740 annually in 2007 and 2008 and to 370 annually from 2009 through 2012. The decline in home sales prices during the recent economic downturn was not as severe in the Remainder Counties submarket as in the other submarkets, and home sales prices have fully recovered. The sales price for a new home in the submarket declined from an average of $197,300 from 2005 through 2009 to an average of $186,100 during 2010 and 2011 but recovered to $195,900 in 2012.

Existing home sales in the submarket also declined but began recovering in 2011. For the 12 months ending June 2013, 5,250 existing home sales were reported in the submarket, 18 percent more than during the previous 12-month period, while the average home sales price increased 4 percent, to $137,600. Existing home sales averaged 6,800 during 2005 and declined an average of 9 percent annually, to 4,200 sales during 2010. Since 2010, existing home sales have increased, to 4,375 in 2011 and 4,825 in 2012. The average sales price for existing homes in the submarket, which was $142,500 from 2005 through 2007, declined to average approximately $133,000 from 2008 through 2012.

As of June 2013, 6.8 percent of home loans in the Remainder Counties submarket were 90 or more days delinquent, were in foreclosure, or transitioned into REO, down from 7.8 percent in June 2012 (LPS Applied Analytics). The sales of REO properties, as a percentage of all existing home sales in the market, accounted for 24 percent of existing home sales during the 12 months ending June 2013, down from 28 percent during the 12 months ending June 2012.

New home construction, as measured by the number of single-family homes permitted, increased 27 percent, from 520 homes permitted during the 12 months ending June 2012 to 660 homes permitted during the current 12-month period (preliminary data). Single-family construction activity averaged approximately 2,750 homes permitted annually from 2000 through 2006, before declining to an average of 640 permitted annually from 2007 through 2011, when developers responded to the declining migration into the submarket. Figure 15 shows the number of single-family homes permitted in the submarket from 2000 through June 1, 2013. As with home sales activity, single-family building activity is also concentrated in Fairfield and Licking Counties. Newly constructed homes start at approximately $100,000 in the submarket. Examples of new home developments in the submarket include Willow Pond in Pickerington, Fairfield County, where 124 single-family homes are under construction

Figure 15. Single-Family Homes Permitted in the Remainder Counties Submarket, 2000 to 2013



Notes: Includes townhomes. Includes data through June 2013.
Sources: U.S. Census Bureau, Building Permits Survey; estimates by analyst

and approximately 60 percent have been sold, with asking prices in the low $200,000 range. In Pataskala, in Licking County, York Gates Estates includes 25 homes under construction, with asking prices starting at $195,900.

Table 8. Estimated Demand for New Market-Rate Sales Housing in the Remainder Counties Submarket, July 1, 2013, to July 1, 2016

Price Range ($)		Units of Demand	Percent of Total
From	To		
100,000	149,999	140	20.0
150,000	199,999	200	30.0
200,000	249,999	140	20.0
250,000	299,999	100	15.0
300,000	399,999	70	10.0
400,000	and higher	35	5.0

Note: The 290 homes currently under construction and a portion of the estimated 7,000 other vacant units in the submarket will likely satisfy some of the forecast demand.

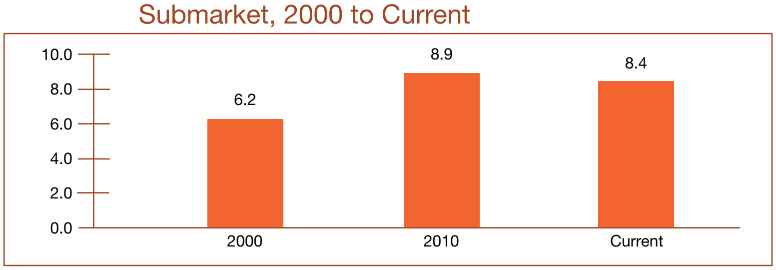
Source: Estimates by analyst

During the 3-year forecast period, demand is expected for 780 new homes, including 100 mobile homes, in the submarket (Table 1). Demand is expected to start at approximately 200 homes in the first year and increase to 300 homes in the third year of the forecast period. The 290 homes under construction and a portion of the 7,000 other vacant units that may reenter the sales market will likely satisfy a portion of the forecast demand. Table 8 illustrates the estimated demand for new sales housing in the submarket by price range.

Rental Market—Remainder Counties Submarket

The rental housing market in the Remainder Counties submarket is currently soft, with an estimated overall vacancy rate of 8.4 percent, but improved from 8.9 percent in April 2010 (Figure 16). Declining net in-migration to the submarket has contributed to the continued high vacancy rate. The apartment market, typically tighter than the overall rental market, is balanced, with a vacancy rate of 4.5 percent during the second quarter of 2013, down from 5.5 percent during the second quarter of 2012 (MPF Research). The overall average apartment rent in the submarket was $680 during the second quarter of 2013, or 3 percent more than the rent reported during the previous year. During the second quarter of 2013, rents averaged $570, $700, and $775 for one-, two-, and three-bedroom units, respectively. Concessions are not widely offered in the Remainder Counties submarket. Approximately 15 percent of apartments in the submarket are offering rental concessions, such as 1 month's free rent with a 12-month lease or waiving the security deposit, but typically not both. The number of properties offering concessions and the value of those concessions are similar to those reported during the second quarter of 2012.

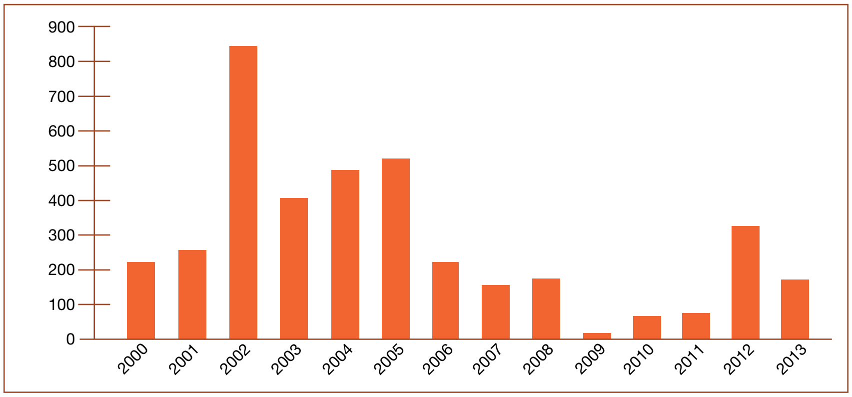
Figure 16. Rental Vacancy Rates in the Remainder Counties Submarket, 2000 to Current



Sources: 2000 and 2010—2000 Census and 2010 Census; current—estimates by analyst

Despite soft rental market conditions, the apartment market is balanced and multifamily construction activity, as measured by the number of multifamily units permitted, increased to 330 units during the 12 months ending June 2013, up from 200 units during the previous 12 months. By comparison, multifamily units permitted averaged 360 annually from 2000 through 2008 before falling to average 50 units permitted annually from 2009 through 2011. Figure 17 illustrates the number of multifamily units permitted in the submarket from 2000 through June 2013. Approximately 35 percent of the multifamily units permitted from 2000 through 2007 were intended for owner occupancy, a rate that declined to 14 percent from 2008 through the current date. In Pickerington, Fairfield County, Waterstone Landing apartments, which opened in March 2013, include 112 single-story, two-bedroom units with attached garages and starting rents of $999. No new market-rate rental demand is forecast in the submarket because current available units will be sufficient to meet rental housing needs during the 3-year forecast period. In addition, approximately 160 units are currently under construction in the submarket.

Figure 17. Multifamily Units Permitted in the Remainder Counties Submarket, 2000 to 2013



Notes: Excludes townhomes. Includes data through June 2013.
Sources: U.S. Census Bureau, Building Permits Survey; estimates by analyst

Data Profiles

Table DP-1. Columbus HMA Data Profile, 2000 to Current

	2000	2010	Current	Average Annual Change (%) 2000 to 2010	Average Annual Change (%) 2010 to Current
Total resident employment	853,990	878,867	914,000	0.3	1.6
Unemployment rate	3.2%	8.7%	6.0%		
Nonfarm payroll jobs	915,400	903,300	955,900	– 0.1	2.3
Total population	1,612,694	1,836,536	1,898,000	1.3	1.0
Total households	636,602	723,572	748,200	1.3	1.0
Owner households	401,166	452,499	455,400	1.2	0.2
Percent owner	63.0%	62.5%	60.9%		
Renter households	235,436	271,073	292,800	1.4	2.4
Percent renter	37.0%	37.5%	39.1%		
Total housing units	680,416	792,340	804,200	1.5	0.5
Owner vacancy rate	1.7%	2.6%	1.7%		
Rental vacancy rate	8.0%	9.6%	6.8%		
Median Family Income	$53,800	$68,600	$67,500	2.5	– 0.5

Notes: Numbers may not add to totals because of rounding. Employment data represent annual averages for 2000, 2010, and the 12 months through June 2013. Median Family Incomes are for 1999, 2009, and 2012.
Sources: U.S. Census Bureau; U.S. Department of Housing and Urban Development; estimates by analyst

Table DP-2. Franklin County Submarket Data Profile, 2000 to Current

				Average Annual Change (%)	
	2000	2010	Current	2000 to 2010	2010 to Current
Total population	1,068,978	1,163,414	1,211,000	0.9	1.2
Total households	438,778	477,235	495,900	0.8	1.2
Owner households	249,633	264,583	264,900	0.6	0.0
Percent owner	56.9%	55.4%	53.4%		
Rental households	189,145	212,652	231,000	1.2	2.6
Percent renter	43.1%	44.6%	46.6%		
Total housing units	471,016	527,186	533,700	1.1	0.4
Owner vacancy rate	1.7%	2.9%	1.5%		
Rental vacancy rate	8.2%	9.8%	6.5%		

Note: Numbers may not add to totals because of rounding.
Sources: U.S. Census Bureau; U.S. Department of Housing and Urban Development; estimates by analyst

Table DP-3. Northwestern Counties Submarket Data Profile, 2000 to Current

				Average Annual Change (%)	
	2000	2010	Current	2000 to 2010	2010 to Current
Total population	150,898	226,514	236,200	4.1	1.3
Total households	54,020	80,825	84,800	4.1	1.5
Owner households	43,029	65,341	67,950	4.3	1.2
Percent owner	79.7%	80.8%	80.2%		
Rental households	10,991	15,484	16,800	3.5	2.5
Percent renter	20.3%	19.2%	19.8%		
Total housing units	57,591	85,807	89,250	4.1	1.2
Owner vacancy rate	2.2%	2.1%	1.8%		
Rental vacancy rate	9.6%	7.8%	7.1%		

Note: Numbers may not add to totals because of rounding.
Sources: U.S. Census Bureau; U.S. Department of Housing and Urban Development; estimates by analyst

Table DP-4. Remainder Counties Submarket Data Profile, 2000 to Current

				Average Annual Change (%)	
	2000	2010	Current	2000 to 2010	2010 to Current
Total population	392,818	446,608	450,300	1.3	0.3
Total households	143,804	165,512	167,500	1.4	0.4
Owner households	108,504	122,575	122,600	1.2	0.0
Percent owner	75.5%	74.1%	73.2%		
Rental households	35,300	42,937	44,950	2.0	1.4
Percent renter	24.5%	25.9%	26.8%		
Total housing units	151,809	179,347	181,300	1.7	0.3
Owner vacancy rate	1.4%	2.1%	2.1%		
Rental vacancy rate	6.2%	8.9%	8.4%		

Note: Numbers may not add to totals because of rounding.
Sources: U.S. Census Bureau; U.S. Department of Housing and Urban Development; estimates by analyst

Data Definitions and Sources

2000: 4/1/2000—U.S. Decennial Census
2010: 4/1/2010—U.S. Decennial Census
Current date: 7/1/2013—Analyst's estimates
Forecast period: 7/1/2013–7/1/2016—Analyst's estimates

The metropolitan statistical area definition in this report is based on the delineations established by the Office of Management and Budget (OMB) in the OMB Bulletin dated December 6, 2009, and does not reflect changes defined by the OMB Bulletin dated February 28, 2013.

Demand: The demand estimates in the analysis are not a forecast of building activity. They are the estimates of the total housing production needed to achieve a balanced market at the end of the 3-year forecast period given conditions on the as-of date of the analysis, growth, losses, and excess vacancies. The estimates do not account for units currently under construction or units in the development pipeline.

Other Vacant Units: In the U.S. Department of Housing and Urban Development's (HUD's) analysis, other vacant units include all vacant units that are not available for sale or for rent. The term therefore includes units rented or sold but not occupied; held for seasonal, recreational, or occasional use; used by migrant workers; and the category specified as "other" vacant by the Census Bureau.

Building Permits: Building permits do not necessarily reflect all residential building activity that occurs in an HMA. Some units are constructed or created without a building permit or are issued a different type of building permit. For example, some units classified as commercial structures are not reflected in the residential building permits. As a result, the analyst, through diligent fieldwork, makes an estimate of this additional construction activity. Some of these estimates are included in the discussions of single-family and multifamily building permits.

For additional data pertaining to the housing market for this HMA, go to www.huduser.org/publications/pdf/CMARtables_ColumbusOH_14.pdf.

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This analysis has been prepared for the assistance and guidance of HUD in its operations. The factual information, findings, and conclusions may also be useful to builders, mortgagees, and others concerned with local housing market conditions and trends. The analysis does not purport to make determinations regarding the acceptability of any mortgage insurance proposals that may be under consideration by the Department.

The factual framework for this analysis follows the guidelines and methods developed by HUD's Economic and Market Analysis Division. The analysis and findings are as thorough and current as possible based on information available on the as-of date from local and national sources. As such, findings or conclusions may be modified by subsequent developments. HUD expresses its appreciation to those industry sources and state and local government officials who provided data and information on local economic and housing market conditions.

For additional reports on other market areas, please go to www.huduser.org/publications/econdev/mkt_analysis.html.