

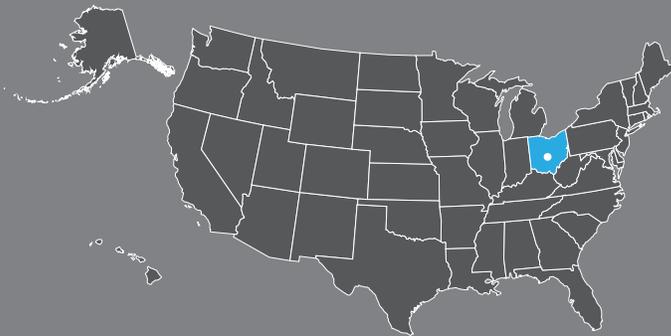
HUD PD&R Housing Market Profiles

Columbus, Ohio



Quick Facts About Columbus

- **Current sales market conditions: tight**
- **Current apartment market conditions: balanced**
- **The government sector is the largest employment sector in the Columbus metropolitan area; that area includes the capital of Ohio, with an estimated 21,350 state employees, and The Ohio State University (OSU), with approximately 33,350 employees. The OSU has an annual economic impact of \$15.2 billion statewide. The OSU began a \$2.4 billion development in the summer of 2019 that would build and expand educational and research facilities, with expected completion during 2024.**



By Gabriel Labovitz | As of March 1, 2020

Overview

The Columbus metropolitan area includes 10 counties in central Ohio—Delaware, Fairfield, Franklin, Hocking, Licking, Madison, Morrow, Perry, Pickaway, and Union. The city of Columbus in Franklin County includes an estimated 43 percent of the population of the Columbus metropolitan area. Jobs in the transportation and warehousing industry are significant in the Columbus metropolitan area because of its central location in the Midwest region at the intersection of Interstates 70 and 71. Transportation and warehousing jobs in the Columbus metropolitan area contributed to 94 percent of jobs in the larger transportation and utilities sector and more than 6 percent of total nonfarm payrolls during the 3 months ending February 2020. Nationally, transportation and warehousing jobs contribute 91 percent of jobs in the transportation and utilities sector and less than 4 percent of total nonfarm payrolls. Relatively steady economic and population growth in the Columbus metropolitan area have contributed to the current tight sales housing market and balanced apartment market conditions.

- As of March 1, 2020, the population of the Columbus metropolitan area is estimated at 2.13 million, an average

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annual increase of 19,450, or 0.9 percent, since 2017. By contrast, the population increased by an average of 25,150, or 1.3 percent, annually from 2010 to 2017.

- Because of slower job growth in the Columbus metropolitan area, net in-migration has decreased since 2017. From 2010 to 2017, net in-migration averaged 13,150 people annually and contributed 52 percent of population growth in the metropolitan area. By contrast, net in-migration has averaged

9,050 people annually since 2017, a 46-percent contribution to overall population growth.

- Among nine metropolitan areas in the Midwest region with a population of 1.0 million or larger in 2019, the Columbus metropolitan area had the second highest growth rate from 2018 to 2019, at 0.9 percent, following the Indianapolis-Carmel-Anderson metropolitan area, which increased 1.1 percent.

Economy

The economy of the Columbus metropolitan area began to recover from the effects of the Great Recession during 2010, and nonfarm payrolls surpassed pre-recession levels by 2012. By comparison, nonfarm payrolls did not surpass pre-recession levels until 2014 for both Ohio and the nation. Jobs in the Columbus metropolitan area grew faster than the national rate of growth until January 2018, when the rate in the metropolitan area fell below the national rate; the rate fell at least partially because a lack of qualified workers hindered expansion. During the past year, payrolls increased in 7 of the 11 payroll jobs sectors in the metropolitan area.

During the 3 months ending February 2020—

- Nonfarm payrolls in the Columbus metropolitan area averaged 1.11 million jobs, an increase of 12,800 jobs, or 1.2 percent. That rate was below the 1.5-percent rate of job growth nationally and below the average 2.4-percent annual growth rate for the metropolitan area from 2010 through 2017.

- The transportation and utilities sector reported the largest job growth and was the fastest growing sector, increasing by 8,300 jobs, or 12.4 percent. In February 2020, Amazon.com, Inc. opened an 855,000-square-foot fulfillment center in Madison County, Ohio, which is the third warehouse for the company in the metropolitan area; hiring is ongoing and will include an estimated 1,500 jobs when fully staffed.
- Overall slower job growth was partly attributed to job losses in the wholesale and retail trade sector. Losses in that sector were the largest in the metropolitan area, declining by 3,300 jobs, or 2.3 percent; growth of 600 jobs in the wholesale trade subsector was insufficient to offset the decline of 3,900 jobs in the retail trade subsector. Nonfarm payrolls also fell in the professional and business services, the manufacturing, and the information sectors, which reported losses of 2,500, 500, and 200 jobs, or 1.4, 0.7, and 1.1 percent, respectively, during the past year.

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Job growth in the Columbus metropolitan area resulted primarily from gains in the transportation and utilities and the government sectors.

	3 Months Ending		Year-Over-Year Change	
	February 2019 (Thousands)	February 2020 (Thousands)	Absolute (Thousands)	Percent
Total Nonfarm Payrolls	1,100.6	1,113.4	12.8	1.2
Goods-Producing Sectors	114.3	117.3	3.0	2.6
Mining, Logging, & Construction	40.6	44.1	3.5	8.6
Manufacturing	73.7	73.2	-0.5	-0.7
Service-Providing Sectors	986.2	996.1	9.9	1.0
Wholesale & Retail Trade	144.9	141.6	-3.3	-2.3
Transportation & Utilities	66.9	75.2	8.3	12.4
Information	17.5	17.3	-0.2	-1.1
Financial Activities	86.6	87.2	0.6	0.7
Professional & Business Services	180.1	177.6	-2.5	-1.4
Education & Health Services	162.2	163.7	1.5	0.9
Leisure & Hospitality	103.8	104.7	0.9	0.9
Other Services	41.5	41.9	0.4	1.0
Government	182.7	186.9	4.2	2.3
	(Percent)	(Percent)		
Unemployment Rate	4.1	3.7		

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



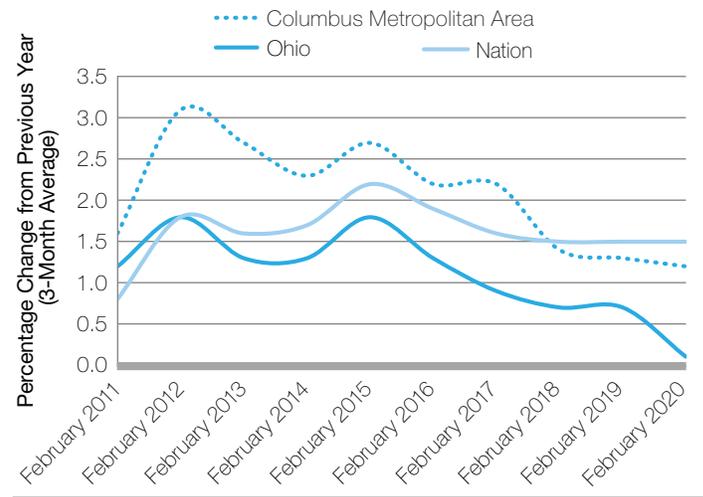
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- The average unemployment rate fell to 3.7 percent from 4.1 percent a year earlier because resident employment growth averaging 2.3 percent exceeded labor force growth averaging 1.9 percent. The national unemployment rate also averaged 3.7 percent, down from 4.1 percent a year earlier.

The Columbus Crew SC is a soccer team that competes in Major League Soccer, the highest level professional soccer league in the United States. As part of a successful effort to retain the team in the Columbus metropolitan area, a deal to construct a new stadium was reached by the city of Columbus, Franklin County, and the team. The new stadium is expected to open in the fall of 2021, with an estimated construction cost of approximately \$244 million, financed with public and private funds. The stadium will be located north of downtown Columbus, adjacent to and extending the Arena District west of the Olentangy River. The city will contribute various infrastructure improvements, a new parking garage, and a pedestrian bridge that will connect the

stadium to the Olentangy Trail. The construction of the stadium is expected to support approximately 600 construction jobs, while the stadium and related developments are expected to support approximately 775 new jobs upon completion.

After growing at a faster rate than the nation from 2011 through 2018, nonfarm payroll job growth in the Columbus metropolitan area has slowed and has lagged national growth.



Source: U.S. Bureau of Labor Statistics

Largest Employers in the Columbus Metropolitan Area

Name of Employer	Nonfarm Payroll Sector	Number of Employees
The Ohio State University	Government	33,335
OhioHealth	Education & Health Services	23,836
State of Ohio	Government	21,342

Note: Excludes local school districts.
Source: Columbus Business First

Sales Market Conditions

The home sales market in the Columbus metropolitan area is currently tight, with an estimated sales vacancy rate of 0.9 percent, down from 2.7 percent in April 2010, when conditions were soft. Despite generally increasing levels of new single-family housing construction since 2010, economic and population growth have led to increased sales, and the excess inventory of homes on the market has been absorbed. During February 2020, an estimated 1.8-month supply of homes was available for sale in the Columbus metropolitan area, down from a 2.1-month supply a year earlier. By contrast, during February 2010 when conditions were soft, an 11.7-month supply of homes was available for sale (CoreLogic, Inc.). The percentage of home loans in the Columbus metropolitan area that were seriously delinquent (90 or more days delinquent or in foreclosure) or transitioned into real estate owned (REO) status has declined to nearly pre-recession rates at less than 2 percent during January 2020. Distressed home sales, defined as REO or short sales, constituted approximately 1 percent of all existing home sales as of January 2020, down from more than 42 percent at the peak during 2011 (CoreLogic, Inc., with adjustments by the analyst).

During the 12 months ending February 2020—

- New home sales in the Columbus metropolitan area totaled 3,475, nearly 7 percent higher than the sales total a year

earlier and higher than the average growth rate of 5 percent annually from 2012 through 2018 (Metrostudy, A Hanley Wood Company and adjustments by the analyst).

- Existing home sales totaled 37,800, less than 1 percent above existing sales a year earlier, and followed an average annual increase of 8 percent annually from 2012 through 2018. Relatively slower growth in existing home sales is partly due to a lack of available inventory of homes for sale.
- The average new home sales price was \$384,000, nearly 2 percent above the \$376,800 average sales price a year earlier. New home sales prices have increased an average of 7 percent annually from 2010 through 2018.
- The average sales price for existing home sales was \$222,500, nearly 6 percent above the average sales price a year earlier. The rate of growth was greater than from 2011 through 2018, when existing home prices increased an annual average of 3 percent.

Homebuilding activity, as measured by the number of single-family homes permitted, has generally increased since 2010, although permitting activity is low when compared with construction activity during the previous decade. Among the constraints on new homebuilding activity is difficulty in securing suitable land and skilled labor, leading to increased costs for both.

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Average new and existing home sales prices have increased in the Columbus metropolitan area since 2015.



Note: Includes single-family homes, townhomes, and condominiums.
Source: Metrostudy, A Hanley Wood Company

- Single-family home permitting totaled 4,200 homes during the 12 months ending February 2020, unchanged from a year earlier (preliminary data). From a recent low of 2,450 homes permitted during 2011, homebuilding increased at an average rate of 9 percent annually, to 4,500 homes permitted during 2018.
- More than 34 percent of single-family homes permitted in the Columbus metropolitan area during the 12 months ending February 2020 were in Franklin County; just under 34 percent of single-family homes permitted were in Delaware County; Fairfield and Union Counties combined to contribute an additional 22 percent of single-family homes permitted, with the balance distributed among the remaining six counties in the metropolitan area.
- The Central Ohio Community Land Trust (COCLT), a subsidiary of the Central Ohio Community Improvement Corporation (COCIC), partnered with the city of Columbus in 2019 to construct more than 40 affordable single-family homes on parcels identified by COCIC and the Columbus Land Bank. Income requirements apply to potential homeowners, and homes are offered for sale at below \$200,000. The resale of

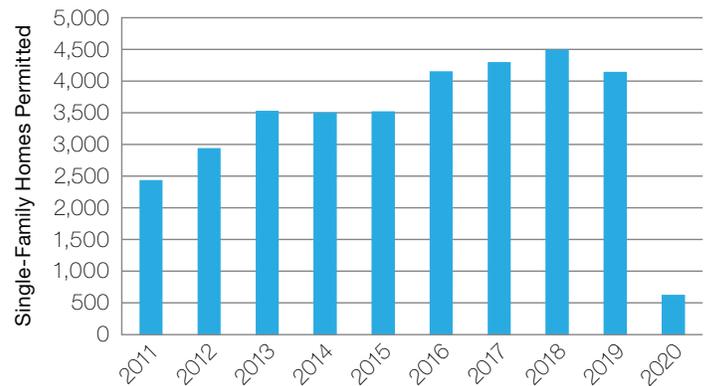
After displaying significant volatility through 2013, annual changes in new and existing home sales in the Columbus metropolitan area have been relatively steady since 2014.



Note: Includes single-family homes, townhomes, and condominiums.
Source: Metrostudy, A Hanley Wood Company

those homes will maintain affordability requirements for 99 years. Currently, six of these homes have been sold, with six more homes under contract.

Single-family home permitting has generally increased in the Columbus metropolitan area since 2011.



Note: Includes preliminary data from January 2019 through February 2020.
Source: U.S. Census Bureau, Building Permits Survey, with estimates by the analyst

Apartment Market Conditions

Apartment market conditions in the Columbus metropolitan area are currently balanced and have been since 2010, with quarterly average vacancy rates at or below 5 percent. Despite relatively high levels of multifamily development starting in 2013, population growth and a shift in tenure preference from

owning to renting have contributed to the absorption of new rental units. As a result, apartment vacancy rates have remained comparatively low and rent growth in the metropolitan area has exceeded the national rate of rent growth since 2015. Responding to the need for additional affordable rental housing,

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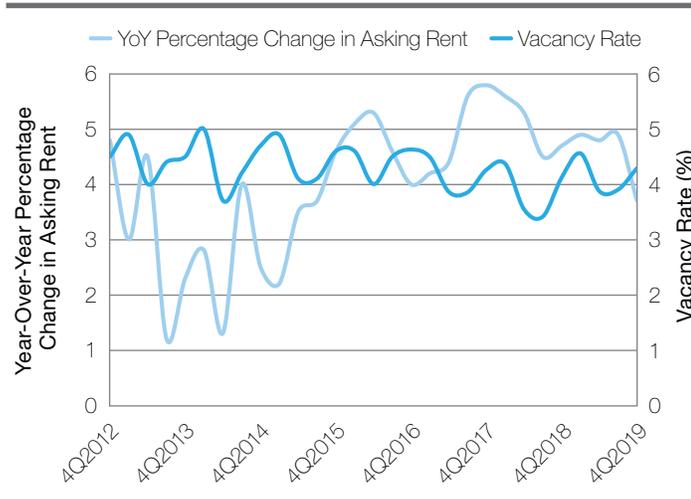
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the Columbus Metropolitan Housing Authority announced plans to spend approximately \$247 million to acquire or renovate, as needed, more than 1,400 apartment units during 2020.

During the fourth quarter of 2019—

- The apartment vacancy rate in the Columbus metropolitan area was 4.3 percent, slightly above the 4.1-percent rate reported during the fourth quarter of 2018 (RealPage, Inc.). Vacancy rates ranged from 3.3 percent in the RealPage, Inc.-defined Reynoldsburg/Far East Columbus market area to 5.1 percent in both the Dublin/Hilliard and the Westerville/New Albany/Delaware market areas.
- The average apartment asking rent in the Columbus metropolitan area was \$978, nearly 4 percent higher than the asking rent of \$943 a year earlier. Since the fourth quarter of 2015, average asking rents in the Columbus metropolitan area have risen an average of nearly 5 percent annually.
- The highest average asking rent in the metropolitan area was in the Downtown Columbus/University District market area, at \$1,387, significantly higher than the market rent of \$1,146 in the Dublin/Hilliard market area, which had the second highest rent. The largest rent increase during the past year was in the West Columbus market area, where rents rose nearly 7 percent.
- Station 324 Apartments is located north of the Arena District and opened in the fall of 2019. This property includes 196 apartment units in a four-story structure, with rents starting at \$1,070, \$1,050, and \$1,875 for studio, one-, and two-bedroom units, respectively.

Apartment market conditions in the Columbus metropolitan area have been balanced since 2010; since 2012, the vacancy rate has been at or below 5 percent, and the average rent has increased annually.



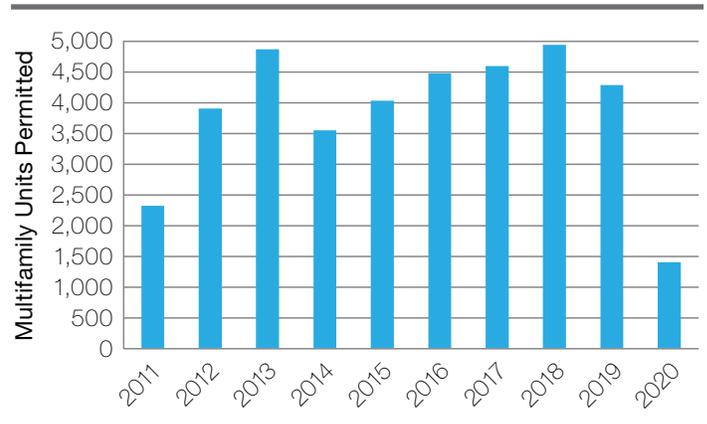
4Q = fourth quarter. YoY = year-over-year.
Source: RealPage, Inc.

- The Flats on Houk, in the city of Delaware, Delaware County, also opened recently and is a new construction property with 168 units in one- and two-bedroom configurations and rents starting at \$975 and \$1,275, respectively.

Apartment market conditions have remained balanced because rising rents incentivized developers to increase multifamily development. The current level of multifamily construction, as measured by the number of units permitted, is the highest annual level since 2002.

- Approximately 5,175 multifamily units were permitted during the 12 months ending February 2020, more than 25 percent above the number of units permitted a year earlier (preliminary data). Despite modest fluctuations, the trend in new construction is strengthening, and from 2011 through 2018, multifamily permitting rose by an average of nearly 11 percent annually.
- Almost all of the multifamily units permitted during the last 12 months are in Franklin and adjacent Delaware Counties, with Franklin County contributing to nearly 85 percent of total multifamily permitting. From 2010 through 2018, multifamily development in Franklin County contributed approximately 92 percent of the total multifamily units permitted in the Columbus metropolitan area, reflecting population growth in the city of Columbus.
- An estimated 34 percent of multifamily units currently under construction in the Columbus metropolitan area are in the Downtown Columbus/University District market area, encompassing downtown Columbus and the Columbus campus of OSU, and a relatively small area within Franklin County.
- An additional 35 percent of multifamily units under construction are in the Westerville/New Albany/Delaware market area, including much of the northern suburbs of Columbus and Delaware County; these two market areas include the first and third highest average asking rents in the area.

Since 2011, multifamily permitting in the Columbus metropolitan area has been relatively high, compared with low levels from 2008 through 2011.



Note: Includes preliminary data from January 2019 through February 2020.
Source: U.S. Census Bureau, Building Permits Survey, with estimates by the analyst

