

HUD PD&R Housing Market Profiles

Columbus, Ohio



Quick Facts About Columbus

- **Current sales market conditions: tight**
- **Current apartment market conditions: balanced**
- **The Columbus metropolitan area is home to The Ohio State University (OSU). A total of nearly 61,200 students were enrolled at the main campus in the city of Columbus in 2018, and 2,875 students were enrolled at the Newark campus. The OSU Columbus campus has an economic impact of an estimated \$7.0 billion annually and supports nearly 67,250 jobs, and the Wexner Medical Center, located at the Columbus campus, generates an additional \$7.3 billion in economic activity and supports approximately 22,000 jobs (The Ohio State University, 2019).**

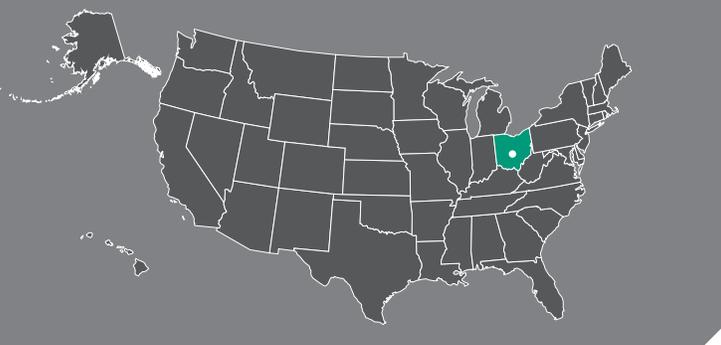
By Gabe Labovitz | As of June 1, 2019

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, is the state capital of Ohio. The city of Columbus is situated along the Scioto River, and the Lower Scioto Greenway is a 12.2-mile trail, following the east and west banks of the river through downtown Columbus. The trail is wheelchair accessible and available to bicycles, pedestrians, and inline skaters. On the west bank of the Scioto River in Columbus, west of the state capitol building and adjacent to the Scioto Greenway, the Scioto Peninsula includes the Center of Science and Industry (COSI), a large, experiential science museum, and the National Veteran's Memorial and Museum, which opened in October 2018.

- As of June 1, 2019, the population of the Columbus metropolitan area is estimated at 2.13 million, an average annual increase of 25,300, or 1.2 percent, since 2015 (U.S. Census Bureau population estimates as of July 1). Net in-migration, which averaged 14,150 people annually, provided nearly 56 percent of total population growth during this period.

continued on page 2



continued from page 1

- Population growth was slightly faster during the 2012-to-2015 period, averaging 26,800 annually, or 1.4 percent. Net in-migration was slightly higher during this period, averaging 14,500 people annually, or 54 percent of the total population growth.
- By comparison, from 2008 to 2012, which included the Great Recession, the population grew by an average of 20,400, or 1.1 percent, annually, and net in-migration accounted for 38 percent of total population growth as economic conditions in the metropolitan area slowed.
- Franklin County is the predominant county in the 10-county Columbus metropolitan area and includes the city of Columbus. The population of Franklin County grew at an annual average rate of 0.8 percent from 2000 to 2010, a rate that has nearly doubled to 1.5 percent since 2010. Much of the economic growth has been concentrated in the city of Columbus, with significant downtown development activity. An increased preference for urban living has contributed to population growth in Franklin County.

Economic Conditions

The economy of the Columbus metropolitan area began to recover from the effects of the Great Recession during 2010, and in 2012, nonfarm payroll jobs surpassed pre-recession levels. By comparison, nonfarm payrolls did not surpass pre-recession levels until mid-2014 nationally. Job growth occurred at a faster rate in the metropolitan area compared with the nation until January 2018, when the rate of growth in the metropolitan area fell below the national rate. Payrolls increased in 8 of the 11 payroll job sectors in the metropolitan area during the past year.

During the 3 months ending May 2019—

- Nonfarm payrolls in the Columbus metropolitan area averaged 1.11 million jobs, an increase of 14,500 jobs, or 1.3 percent, from a year earlier. The current rate of growth is slightly higher than the 1.2-percent gain a year earlier but significantly below job growth during the same 3-month period from 2015 to 2017, when nonfarm payrolls increased an average of 2.3 percent annually.
- Job growth was led by the education and health services sector, which added 6,700 jobs, or 4.1 percent. There have been numerous expansions among health service providers in the Columbus metropolitan area. Nationwide Children's Hospital has been expanding its campus, located southeast of downtown Columbus. The hospital added more than 1,000 jobs during 2018 and is on pace to add an additional 1,000 jobs by 2024.
- The mining, logging, and construction sector, which gained 2,900 jobs, or 7.1 percent, increased at the fastest rate. The majority of this growth was likely in the construction subsector, and a shortage of construction workers is keeping residential construction from meeting current demand.

continued on page 3

Job gains in the education and health services sector and both goods producing sectors propelled payroll growth in the Columbus metropolitan area.

| | 3 Months Ending | | Year-Over-Year Change | |
|----------------------------------|-------------------------|-------------------------|-------------------------|---------|
| | May 2018 (Thousands) | May 2019 (Thousands) | Absolute (Thousands) | Percent |
| Total Nonfarm Payrolls | 1,091.8 | 1,106.3 | 14.5 | 1.3 |
| Goods-Producing Sectors | 113.5 | 118.5 | 5.0 | 4.4 |
| Mining, Logging, & Construction | 40.6 | 43.5 | 2.9 | 7.1 |
| Manufacturing | 72.9 | 75.0 | 2.1 | 2.9 |
| Service-Providing Sectors | 978.3 | 987.8 | 9.5 | 1.0 |
| Wholesale & Retail Trade | 143.2 | 141.8 | -1.4 | -1.0 |
| Transportation & Utilities | 61.9 | 61.2 | -0.7 | -1.1 |
| Information | 17.4 | 17.3 | -0.1 | -0.6 |
| Financial Activities | 85.6 | 86.4 | 0.8 | 0.9 |
| Professional & Business Services | 179.4 | 179.6 | 0.2 | 0.1 |
| Education & Health Services | 164.9 | 171.6 | 6.7 | 4.1 |
| Leisure & Hospitality | 107.3 | 108.3 | 1.0 | 0.9 |
| Other Services | 41.3 | 42.3 | 1.0 | 2.4 |
| Government | 177.4 | 179.3 | 1.9 | 1.1 |
| | (Percent) | (Percent) | | |
| Unemployment Rate | 3.6 | 3.0 | | |

Note: Numbers may not add to totals due to rounding.

Source: U.S. Bureau of Labor Statistics



continued from page 2

- Job losses occurred in the wholesale and retail trade, transportation and utilities, and information sectors, declining by 1,400, 700, and 100 jobs, or 1.0, 1.1, and 0.6 percent, respectively. Bon-Ton Stores, Inc., is in the process of closing a fulfillment center in the village of West Jefferson in Madison County, which will result in the loss of approximately 330 jobs.
- The unemployment rate in the Columbus metropolitan area was 3.0 percent, down from 3.6 percent a year earlier. Between July 1, 2010 and July 1, 2017, jobs added in the Columbus metropolitan area averaged 24,200, or 2.3 percent, annually; by contrast, population aged 20 to 64 grew by 17,700, or 1.5 percent, annually. At the same time, the unemployment rate fell from 9.0 to 4.0 percent. A shortage of qualified workers has contributed to the recent drop in job growth.

Job growth is expected to continue in the education and health services sector and wholesale and retail trade sector as well as the construction subsector during the next 3 years. In addition, expansions will result in jobs created in the professional and business services and the leisure and hospitality sectors. In early 2019, the city of Columbus, Franklin County, and the Columbus Crew Soccer Club agreed to develop a new soccer stadium in the Arena District, northwest of downtown Columbus. The \$233-million development is expected to result in more than 600 construction jobs during the construction phase and 775 full-time jobs in the leisure and hospitality sector once the stadium is completed in the summer of 2021. Other job announcements include Olive, a healthcare technology company that received Ohio tax credits to create 100 new technology jobs in the professional and business services sector by the end of 2021. As of June 2019, 80 of those positions have been filled. Quantum Health, which offers health benefits counseling, committed to create 350 new jobs by 2022 in Columbus, also in

Sales Market Conditions

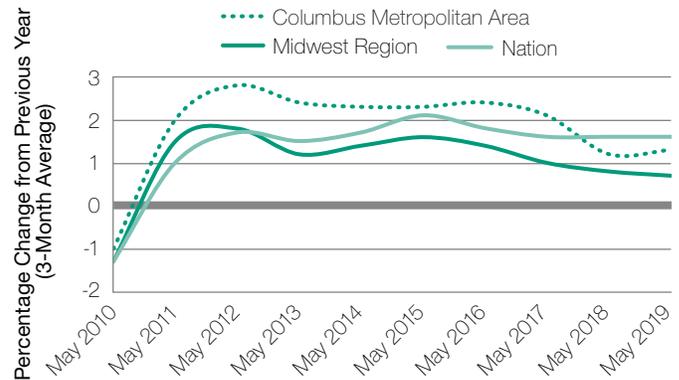
The sales housing market in the Columbus metropolitan area is currently tight, with an estimated vacancy rate of 1.0 percent, down from 2.7 percent in April 2010. From 2011 through 2017, new home sales increased an average of 2 percent annually to 3,425 (CoreLogic, Inc., with adjustments by the analyst). During the same period, existing home sales increased at an 8-percent average annual rate to 40,700 sales. Distressed sales (short sales plus real estate owned [REO] sales), decreased an average of 20 percent annually during the same period to 1,525 homes, reflecting improved home sales market conditions in the metropolitan area. Distressed home sales accounted for nearly one-third of all existing home sales during 2011, a proportion that fell to 12 percent during 2015; during the 12 months ending May 2019, distressed home sales represented less than 2 percent of all existing home sales, similar to pre-recession levels. During May 2019, there was approximately a 1.7-month supply of homes for sale in the Columbus metropolitan area, down from a 1.9-month supply a year earlier; and down significantly from the 9.8-month supply during May 2008, when the housing market was soft (CoreLogic, Inc.).

Largest Employers in the Columbus Metropolitan Area

| Name of Employer | Nonfarm Payroll Sector | Number of Employees |
|---------------------------|-----------------------------|---------------------|
| The Ohio State University | Government | 30,950 |
| State of Ohio | Government | 23,850 |
| OhioHealth | Education & Health Services | 19,950 |

Note: Excludes local school districts.
Source: City of Columbus Economic Development Division

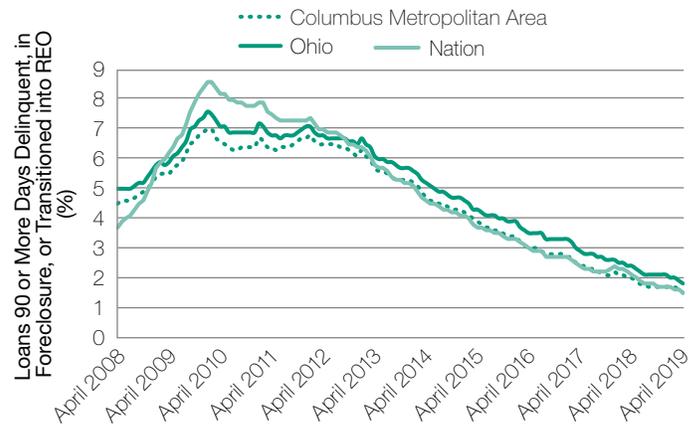
The rate of job growth in the Columbus metropolitan area fell below the national rate 1 year ago, for the first time since 2008.



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

the professional and business services sector. Amazon.com, Inc. is completing a new fulfillment center in West Jefferson (Madison County), which is expected to bring 1,500 new jobs in the transportation and utilities sector by the end of 2019; this is the same community where the Bon-Ton fulfillment center recently closed.

The rate of seriously delinquent mortgages and REO properties in the Columbus metropolitan area has fallen to pre-recession levels.



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

continued on page 4



continued from page 3

During the 12 months ending April 2019—

- New home sales totaled 3,425, slightly below the 3,500 sales recorded during the previous year. During the same period, the average new home sales price was \$351,100, more than 9 percent higher than the average new home sales price a year earlier. Since 2010, the average new home sales price has risen an average of more than 5 percent annually.
- Existing home sales totaled 39,600 sales, down nearly 3 percent from a year earlier. Nearly one-half of the decline was because of a decrease in distressed home sales, which fell 40 percent from a year earlier. Regular resale sales were nearly unchanged at 38,600 homes.
- The average home sales price for an existing home was \$206,200, more than 6 percent higher than the average existing home sales price a year earlier. The average price for existing homes increased an average of more than 5 percent annually from a recent low of \$140,200 during 2011, to \$190,600 during 2017.
- The percentage of home loans in the Columbus metropolitan area that were seriously delinquent (90 or more days delinquent or in foreclosure) or had transitioned into REO status was 1.5 percent as of April 2019, down from 2.0 percent during April 2018. The rate was below the 1.8-percent statewide rate and equal to the 1.5-percent national rate.

Single-family homebuilding, as measured by the number of single-family homes permitted, has risen steadily in the Columbus metropolitan area. Since reaching a recent low of 2,450 homes in 2011, single-family home permitting increased an average

New and existing home prices in the Columbus area have increased year-over-year each month since April 2012.



Note: New and existing home sales prices include single-family homes, townhomes, and condominiums. Source: CoreLogic, Inc., with adjustments by the analyst

New and existing home sales in the Columbus metropolitan area have recently declined, partly because of a lack of available inventory.



Note: New and existing home sales include single-family homes, townhomes, and condominiums. Source: CoreLogic, Inc., with adjustments by the analyst

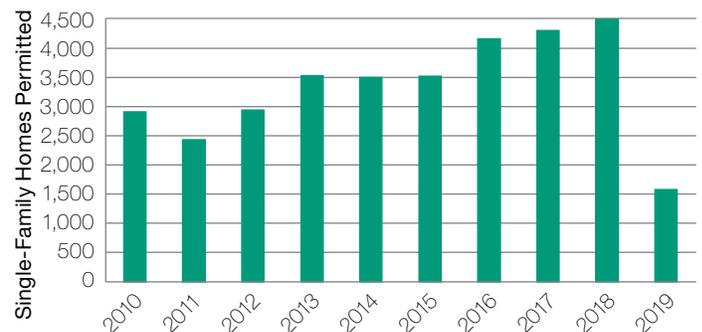
of nearly 10 percent annually to 4,300 homes permitted during 2017. By comparison, single-family home permitting averaged 10,700 annually from 2000 through 2005, a recent peak. Though construction activity has been strong recently, the supply of homes for sale has not met demand because of curtailed homebuilding stemming from increased land costs and a shortage of construction workers.

During the 12 months ending May 2019—

- Approximately 4,050 single-family homes were permitted in the Columbus metropolitan area, down more than 4 percent

continued on page 5

Single-family permitting in the Columbus area has generally risen each year since reaching a recent low during 2011.



Note: Includes preliminary data from January 2019 through May 2019. Source: U.S. Census Bureau, Building Permits Survey



continued from page 4

compared with a year earlier (preliminary data). By comparison, single-family permitting increased nearly 2 percent to 4,225 homes during the 12 months ending May 2018.

- One-third of single-family homes permitted, or 1,325, were in Franklin County, and 32 percent, or 1,275, were in Delaware County. Homes permitted in Fairfield and Union Counties totaled 520 and 500, or 13 and 12 percent of homes permitted in the metropolitan area, respectively.
- In February 2019, a partnership between the city of Columbus and Franklin County resulted in the creation of the Central Ohio

Community Improvement Corporation (COCIC). The goal of the COCIC is to acquire land and build homes for working families in central Ohio neighborhoods. COCIC plans to assist with the affordability of homeownership by holding the land on which homes are built in a “land lease” for 99 years, while the home is purchased and financed by buyers. The city of Columbus has allocated \$3.8 million to start initial projects, which include 40 single-family houses in four different Columbus neighborhoods. Target home prices are between \$130,000 and \$200,000.

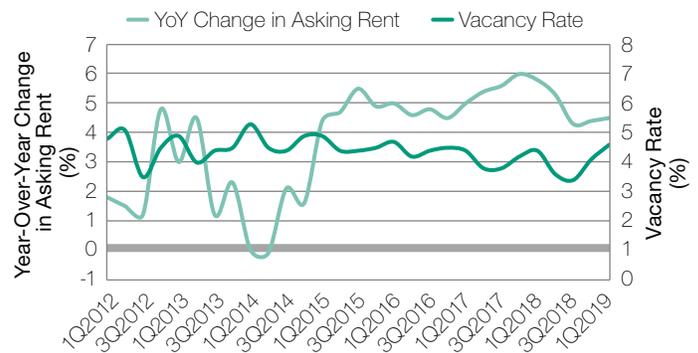
Apartment Market Conditions

Apartment market conditions in the Columbus metropolitan area are currently balanced, unchanged since 2010, with quarterly average vacancy rates consistently below 5.5 percent. Positive economic trends, population growth, and a shift in tenure preference from owning to renting have contributed to continued balanced apartment market conditions in the area, and conditions have also remained balanced since 2010 because of high levels of apartment construction. In June 2019, a “Housing Action Fund” was announced, funded by private sector contributions and investments and managed by the Affordable Housing Trust for Columbus and Franklin County. This fund is expected to create at least 2,150 units of affordable rental housing, which will be available to households earning 120 percent or less of Area Median Income (AMI). More than one-half of the units will be reserved for households earning 80 percent or below of AMI, and the fund will prioritize projects that target units to households earning 60 percent or less of AMI.

During the first quarter of 2019—

- The apartment vacancy rate in the Columbus metropolitan area was 4.6 percent, slightly higher than 4.4 percent a year earlier (RealPage, Inc.). Vacancy rates ranged from 3.6 percent in the RealPage, Inc.-defined Downtown Columbus/University District market area and the Grove City/South Columbus area to 6.1 percent in the Westerville/New Albany/Delaware area.
- The average asking rent in the Columbus metropolitan area was \$950, nearly 5 percent higher than the average asking rent a year earlier. From the first quarter of 2011 through the first quarter of 2018, average asking rents rose an average of 4 percent annually.
- The highest average asking rents among market areas in the metropolitan area was in the Downtown Columbus/University District area, where the average rent was \$1,355, more than 5 percent higher than a year earlier. The largest rent increase

Since 2011, the apartment vacancy rate has been below 5.5 percent in the Columbus metropolitan area, and since 2014, rent increases have averaged 5 percent annually.



1Q = first quarter. 3Q = third quarter. YoY = year-over-year. Source: RealPage, Inc.

was 7 percent in the Westerville/New Albany/Delaware area, where the average rent rose from \$995 to \$1,062 and more than 1,000 new units were completed and added to the apartment supply.

- Recently completed projects include the 105-unit 985 High apartments, which opened in the summer of 2018 in the Downtown Columbus/University District area. Rents for studio, one-, and two-bedroom units at 985 High range from \$1,795 to \$2,795.
- Bridge Park is a mixed-use development recently completed in Dublin, Ohio, northwest of the city of Columbus, and includes rental and owner units, a hotel, and commercial and office space. The site includes Bridge Park I apartments, which opened in the spring of 2018, includes 376 apartments with rents ranging from \$814 to \$3,329 for studio, one-, two-, and three-bedroom units.

continued on page 6

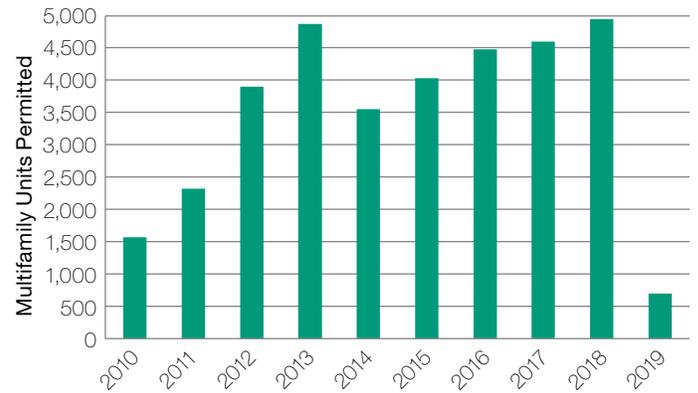


continued from page 5

Although multifamily permitting has declined during the past 12 months, multifamily permitting from 2015 through 2018 was the highest level since 2003.

- During the 12 months ending May 2019, nearly 3,500 multifamily units were permitted in the Columbus metropolitan area, a decline of more than 21 percent from the 4,425 multifamily units permitted a year earlier.
- During the 12 months ending May 2019, multifamily permits in Franklin County accounted for 81 percent of multifamily construction in the Columbus metropolitan area, and 9 and 8 percent of multifamily units permitted were in Delaware County and Union County, respectively. This represents a slightly more dispersed allocation of multifamily unit permitting compared with the period from 2010 through 2018, when 92 percent of all multifamily units permitted were in Franklin County and permitting in Delaware and Union Counties totaled a combined 5 percent.
- From a recent low level of 1,550 units permitted during 2010, the same year the economy in the Columbus metropolitan area began to recover from the Great Recession, multifamily units permitted rose an average of 18 percent annually, to a recent peak of 4,875 units permitted during 2013. Multifamily construction declined during 2014 to 3,550 units, before increasing an average of 7 percent annually from 2015 through 2018.
- During the 2000s, multifamily construction peaked during 2000 through 2003, with an average of 5,275 units permitted annually. Multifamily permitting decreased during 2003 through 2007 to an average annual 2,625 units permitted. During 2008 and 2009, when economic conditions began to slow in the

Multifamily permitting activity in the Columbus area increased each year from 2015 through 2018.



Note: Includes preliminary data from January 2019 through May 2019.
Source: U.S. Census Bureau, Building Permits Survey

Columbus metropolitan area, multifamily permitting averaged 1,700 annually.

- Since the first quarter of 2014, the Downtown Columbus/ University District area has added new apartments at an average pace of 1,025 annually (RealPage, Inc.). The area consists of downtown Columbus and the near-northern portion of Columbus, including the fast-growing Short North Arts District and the OSU Columbus campus. The 230 East Long Street apartments—located less than one-half mile from the Ohio Statehouse (the state capitol)—are currently under construction. The seven-story mixed-use development is expected to include 234 apartment units and is scheduled to be completed in mid-2020. Rent information is not yet available for 230 East Long Street.

