

Housing Market Profile



Midwest • HUD Region V

Columbus, Ohio

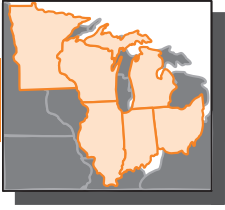
The Columbus metropolitan area is located in central Ohio and consists of eight counties: Delaware, Fairfield, Franklin, Licking, Madison, Morrow, Pickaway, and Union. As of July 1, 2012, the metropolitan area population was estimated to be 1.88 million, representing an average annual increase of 18,000, or 1.0 percent, since April 1, 2010, compared with the estimated average annual increase of 1.2 percent, or 21,800, during the previous 3 years. Net migration has been positive each year since 2000 and averaged 10,650 people from 2005 through 2008, before declining to an average annual figure of 6,500 people since 2008, a result of the slowing economy. As of July 1, 2012, an estimated 63 percent of the metropolitan area population resided in Franklin County, which includes the central city of Columbus, the state capital.

Economic conditions in the metropolitan area improved in the past year after registering declines from 2007 through 2010. During the 12 months ending May 2012, nonfarm payrolls increased by 12,800 jobs, or 1.4 percent, to an average of 922,900 jobs compared with an average annual decline of 13,100 jobs, or 1.4 percent, from 2008 through 2010. Despite recent gains, nonfarm payrolls in the metropolitan area are nearly 20,000 below the level in the 2007 calendar year, when nonfarm payrolls peaked at 939,800 jobs. During the 12 months ending May 2012, the education and health services sector led job growth, with an increase of 6,800 jobs, or 5.3 percent, compared with the number of jobs during the previous year. Growth in the sector reflects the expansion of several facilities, including Nationwide Children's Hospital in Columbus, which opened its expanded \$780 million campus in June 2012 and is expected to add 2,400 total jobs by 2014. The Ohio State University's Medical Center is completing an expansion and OhioHealth is building a new facility; both are scheduled for completion in 2015. In total, an estimated 9,000 full-time healthcare jobs are expected to be created by 2015 in the metropolitan area. The only sector that declined during the 12 months ending May 2012 was the government sector, down 4,200 jobs, or 2.7 percent, with one-half of the job loss in local governments, due to declining tax revenues from the slower economic conditions registered since 2008. The largest employers in the metropolitan area include The Ohio State University, JPMorgan Chase & Co., and OhioHealth, with 29,700, 17,000, and 16,000 employees, respectively. The

unemployment rate, which peaked at 8.7 percent in 2010, was 7.1 percent for the 12 months ending May 2012, down from 8.1 percent in the previous year.

Home sales market conditions in the Columbus metropolitan area are currently soft but have improved from a year ago. As of May 1, 2012, the sales vacancy rate was an estimated 2.2 percent compared with the 2.6 percent rate recorded in April 2010. The weak local economy and tighter lending standards contributed to the soft conditions. According to the Columbus Board of REALTORS®, during the 12 months ending May 2012, home sales increased by 5 percent, to 19,650 homes, and the average home sales price increased by 2 percent relative to the previous 12 months, to \$160,300. The inventory of homes on the market in May 2012 was 11,950, equivalent to 6.6 months of supply, down 32 percent from the 17,600 homes on the market in May 2011. Home sales peaked in the middle of the decade, averaging approximately 26,200 annually from 2004 through 2007, before declining to 20,450 from 2008 through 2010. The average home sales price, which was \$178,000 in 2005, declined by an average of 2 percent annually, to \$160,000, in 2010. As of May 2012, 7.8 percent of home loans in the metropolitan area were 90 or more days delinquent, in foreclosure, or in REO (Real Estate Owned), up from 7.2 percent in May 2011.

Single-family home construction, as measured by the number of building permits issued, has declined since 2007 as sales market conditions softened, and totaled approximately 2,525 homes during the 12 months ending May 2012, down 4 percent compared with the 2,625 homes permitted a year earlier, according to preliminary data. From 2004 through 2007, the number of single-family homes permitted averaged 7,400 annually, but the number declined 64 percent, to an average of 2,675 annually from 2008 through 2010. Multifamily construction, as measured by the number of units permitted, also declined in the latter half of the decade, before registering a significant increase during the past 12 months. After 1,550 units were permitted in the 12 months ending May 2011, the number of multifamily units permitted more than doubled, to 3,125, during the 12 months ending May 2012, according to preliminary data. Developers are starting more apartments in the Columbus metropolitan area in response to improving rental market conditions. The number of multifamily units permitted from 2004 through 2007 averaged 2,575 annually and declined 37 percent, to 1,625 annually, between 2008 through 2010. From 2000 through 2007, more than 50 percent of multifamily units permitted



were estimated to be for owner occupancy, a proportion that had dropped to approximately 10 percent since 2008 in response to the softer home sales market conditions.

Rental housing market conditions in the Columbus metropolitan area have improved since 2010 but remain soft. As of May 1, 2012, the overall rental market vacancy rate in the HMA was estimated at 7.9 percent, down from 9.6 percent in April 2010, because tighter lending standards led to an increased demand for rental units. The apartment market is also slightly soft, with the average

vacancy rate reported to be 6.1 percent in the second quarter of 2012, down from 8.0 percent in the second quarter of 2011, according to Reis, Inc. The average rent increased nearly 3 percent to \$715 from the second quarter of 2011 to the second quarter of 2012. Grandview Yard, a mixed-use development in Grandview Heights, just northeast of downtown Columbus, includes 160 units in its first phase, with occupancy scheduled for October 2012 and rents ranging from \$995 to \$1,255 for a one-bedroom unit, \$1,375 to \$1,855 for a two-bedroom unit, and \$1,825 to \$2,095 for a townhome.