



Thomas R. Horner, MAI – Pres.
Kimberly M. Eilerman, G.C. – V.P.
Tammy L. Donaldson, G.C. – V.P.
Timothy S. Geiger, R.L.
Joyce L. Knudsen, G.C.
Linda Robinette – Office Mgr.
Debbie Ballard – Admin. Asst.

OHIO REAL ESTATE CONSULTANTS, INC.

FEBRUARY 2013 NEWSLETTER

This letter will update you on our current assignments, the trends we see in the industry, staff accomplishments, community service and other current information.

Current Assignments

- Apartment Community, West Side Columbus
- Apartment Community, Northwest Columbus
- Apartment Community, Dublin
- Proposed Apartment Community, Dayton MSA
- LIHTC Apartment Community, Allen County
- Affordable Housing, Hyland County
- Apartment Community, Reynoldsburg
- Apartment Community, Worthington Area
- Proposed Apartment Community, Northwest Columbus
- Multi-Tenant Office, Dublin
- Multi-Tenant Office, Westerville
- Medical Office, Northwest Columbus
- Single-Family Subdivision Portfolio, Columbus MSA
- Single-Family Subdivision, Canal Winchester
- Single-Family Condominiums, Northwest Columbus
- Commercial Land, Dublin, Ohio
- Mixed-Use Commercial, German Village District
- Mixed-Use Commercial, Grandview
- Industrial Portfolio, Grove City
- Multi-Tenant Industrial, South Central Columbus
- Single-Tenant Industrial, Springfield
- 4 Agricultural Easements, Southwest Ohio
- 5 Agricultural Properties, Western Ohio

You and/or your clients may benefit from information we have used in our current assignments, as well as the more than 350 assignments we have completed within the past 12 months.

RESIDENTIAL MARKET OVERVIEW

Although economic conditions within the regional market have begun to show signs of improvement, overall economic conditions remain fragile, and it is too soon to project a sustained recovery. The following paragraphs summarize activity over the past year within the new sale, re-sale and distressed sale categories for the Columbus regional market.

New Sale Activity

The regional housing market for the new sales activity category encompasses Franklin, Delaware, Licking, Fairfield, Pickaway, Madison and Union Counties. For this analysis, year-end 2012 results are compared to year-end 2011 results.

Single-Family: With mortgage interest rates remaining at historic lows (4% or slightly below) and unemployment leveling off after several years of declines, market conditions are showing signs of improvement. The following chart summarizes volume activity (building permits, platting activity, new home sales, lot sales and inventory) within the new build, single-family residential market (condominium activity is discussed later in this section). As shown, year-end 2012 annual results for the entire region, in all categories except inventory, experienced double-digit improvement. Lot inventory has decreased 15.4%, up from 11.4% six-months ago. With increasing sales activity, the oversupply within the entire region is gradually being alleviated. However, with improving market conditions, new construction is also increasing. This may create additional over-supply if/when mortgage rates increase and overall economic conditions begin to decline.

Volume Activity - Single-Family				
<u>Year-End:</u>	<u>2011</u>	<u>2012</u>	<u>Diff</u>	<u>%</u>
Building Permits:	2,115	2,558	443	20.9%
Platting:	798	887	89	11.2%
New Home Sales:	1,627	2,012	385	23.7%
Lot Sales:	887	1,205	318	35.9%
Inventory:	12,709	10,749	-1,960	-15.4%

Source: Binns Real Estate Services

The majority of regional volume occurs within Franklin and Delaware Counties, followed by Licking, Fairfield and Union Counties. Limited new sale activity occurs within Pickaway and Madison Counties. Individually, these counties have shown mostly positive results over the past year. Franklin County experienced strong improvements in new home sales, lot sales and building permits, and a moderate decline in platting activity. Delaware County experienced substantial new platting, strong growth in building permit and new home sales, and a slight improvement in lot sale activity. Fairfield, Licking, Madison, Pickaway and Union Counties experienced moderate to strong growth in building permit, new home sale and lot sales, although only Delaware and Licking Counties experienced positive platting activity.

Currently, the regional market has an inventory of 10,749 lots, down 15.4% from year-end 2011. Approximately 30% of this amount is located within Franklin County, while +/-20% each is located within Delaware and Fairfield Counties, 16% is located in Licking County and 6% each is located in Union and Pickaway Counties. Although inventory has decreased, the existing supply is still substantial, as 2,012 new home sales sold in 2012. Applied to the remaining inventory, this amount indicates an overall supply of over approximately 5.3 years.

While regional activity increased in all volume categories over the past year, the average new home sale and average lot prices have increased only slightly during this time. Individual pricing results are mixed, as Franklin and Madison Counties experienced decreases, while the remaining counties experienced increases. The average lot price increased for Franklin, Delaware, Licking and Pickaway Counties, but decreased moderately for the remaining three counties. Given current market conditions, these pricing trends mostly reflect the changes in the distribution of sale prices.

Pricing Activity - Single-Family				
<u>Year-End:</u>	<u>2011</u>	<u>2012</u>	<u>Diff</u>	<u>%</u>
Average New Home Sale Price:	\$257,511	\$259,693	\$2,182	0.8%
Average Lot Sale Price:	\$66,662	\$67,155	\$492	0.7%

Source: Binns Real Estate Services

County	Gross Sales		Avg. Price		(Home Sales)	
	2011	2012	2011	2012	Diff	%
Franklin	\$234,558	\$231,003			(\$3,555)	-1.5%
Delaware	\$324,075	\$328,558			\$4,483	1.4%
Licking	\$190,470	\$201,129			\$10,659	5.6%
Fairfield	\$221,152	\$224,840			\$3,688	1.7%
Madison	\$179,536	\$135,898			(\$43,638)	-24.3%
Pickaway	\$174,168	\$177,505			\$3,336	1.9%
Union	\$292,096	\$316,702			\$24,605	8.4%

Gross Sales	Avg. Price		(Lot Sales)	
Lots	2011	2012	Diff	
Franklin	\$71,065	\$79,992	\$8,928	12.6%
Delaware	\$74,104	\$81,969	\$7,865	10.6%
Licking	\$32,848	\$39,535	\$6,687	20.4%
Fairfield	\$40,762	\$31,882	(\$8,881)	-21.8%
Pickaway	\$38,242	\$40,508	\$2,266	5.9%
Madison	\$54,905	\$47,981	(\$6,925)	-12.6%
Union	\$96,546	\$75,045	(\$21,501)	-22.3%

Source: Binns Real Estate Services

Condominiums: The majority of activity within the condominium market occurs in Franklin County (78%), followed by Delaware County (17%), and Fairfield and Union Counties (2% each). The remaining counties are typically in-active within the Condominium market. As shown below, building activity has increased over the past year, as the number of building permits within the region increased 5.2%. However, new sales activity decreased 0.1%, indicating that some new construction may be speculative. While the average sales price increased 18.8%, much of this difference represents a difference in distribution to a higher price-point, rather than true appreciation. Still, the substantial supply/demand imbalance within the regional condominium market is anticipated to negatively impact condominium sales activity and development for the next several quarters.

Market Summary - Condominiums				
Year-End:	2011	2012	Diff	%
Building Permits:	668	703	35	5.2%
New Sales:	758	757	-1	-0.1%
Platting:	606	483	-123	-20.3%
Average Sale Price:	\$179,397	\$213,159	\$33,761	18.8%

Source: Binns Real Estate Services

Re-Sale Activity

Overall results within the regional re-sale market are also improving. The following information has been compiled by the Columbus Board of Realtors, which includes a broader market range than Binns Real Estate Services. The Board of Realtors data includes all of Franklin, Delaware, Fayette, Licking, Madison, Morrow, Pickaway and Union Counties, and small parts of other outlying counties. (Please note the number of new listings is cumulative, which results in an indication greater than the total inventory for sale).

Volume Activity - Columbus Region				
<u>Year-End:</u>	<u>2011</u>	<u>2012</u>	<u>Diff*</u>	<u>%</u>
Closed Sales:	19,839	22,915	3,076	15.5%
In Contracts:	N/A	24,907	N/A	N/A
Days on Market Until Sale:	100	89	-11	-11.0%
New Listings:	35,061	35,038	-23	-0.1%
Estimated Mo. of Inventory:	N/A	4.9	N/A	N/A

Source: Columbus Board of Realtors

As shown previously, market conditions have improved over the past year, as closed sales have increased, while the length of days on market and the number of new listings have decreased. The inventory for sale has also decreased to under a five-month supply. Improved market results are largely attributable to historically low interest rates, which are currently below 4%. These market improvements will help alleviate over-supply within the regional market.

The average and median sale prices have also increased slightly between year-end 2011 and 2012. The average sales price, \$167,459, increased 7.2% while the median sales price, \$139,000, increased 8.7%. The range between the sales price and both the original and last listing prices increased slightly in 2011, but continues to illustrate the gap between what sellers wish to receive and what buyers are willing to pay in the current market environment.

Pricing Activity - Columbus Region				
<u>Year-End:</u>	<u>2011</u>	<u>2012</u>	<u>Diff</u>	<u>%</u>
Average Sales Price:	\$156,271	\$167,459	\$11,188	7.2%
Median Sales Price:	\$127,900	\$139,000	\$11,100	8.7%
Percent of Original List Price Received:	89.5%	91.8%	2.3%	2.6%
Percent of Last List Price Received:	94.7%	95.7%	1.0%	1.1%

Source: Columbus Board of Realtors

Distressed Activity

Due to the strong influence of distressed activity within the housing market, the Columbus Board of Realtors has also begun to track “Lender-Mediated”, or distressed properties. A summary of this information is included in the following chart. This activity peaked in mid-2010, but has steadily declined since that time. As shown, the amount of new “lender-mediated” listings increased modestly between year-end 2011 and 2012. However, over the same time frame, the inventory of lender-mediated properties for sale decreased 37.5%, while the number of lender-mediated properties sold increased 11.0%. The majority of this activity occurs within the \$80,000 to \$120,000 price range, although the current median sales price is \$67,000. With a substantial decline in the available inventory for sale and a moderate increase in the number of properties sold, “lender-mediated”, or distressed sales, should continue to have a decreasing impact on the overall housing market for the foreseeable future.

Lender-Mediated Activity - for the 4th Quarter 2012:				
<u>(Thru 4th Qtr. 2012)</u>	<u>2011</u>	<u>2012</u>	<u>Diff</u>	<u>%</u>
All Residential New Listings:	2,012	2,158	146	7.3%
All Residential Properties Sold:	1,568	1,740	172	11.0%
Median Sales Price:	\$63,950	\$67,000	\$3,050	4.8%
Inventory for Sale:	3,170	1,980	-1,190	-37.5%
Inventory by Price Range:				
\$80,000 and Below:	1,274	1,023	-251	-19.7%
\$80,001-\$120,000:	734	391	-343	-46.7%
\$120,001-\$160,000:	479	246	-233	-48.6%
\$160,001-\$250,000:	424	204	-220	-51.9%
\$250,000 and Above:	258	116	-142	-55.0%

Source: Columbus Board of Realtors

Overall, lender-mediated activity accounts for approximately 17.4% of total residential inventory for sale and 37.5% of total residential sales. Municipalities with the percentage of lender-mediated inventory or sales above 20% include:

- Blacklick
- Canal Winchester
- Columbus
- Delaware
- Gahanna
- Groveport Madison
- Grove City
- Hilliard
- Lancaster
- Lithopolis
- Marysville
- Minerva Park
- Newark
- Obetz
- Pataskala
- Pickerington
- Reynoldsburg
- Sunbury
- Valleyview
- Washington Court House
- West Jefferson
- Westerville
- Whitehall

It is significant to note that the majority of these municipalities were popular locations for entry- to mid-level production builders in the mid-2000's, which illustrates the drastic impact of over-building and aggressive lending practices in these areas.

Conclusion/Projections

Although the housing market is beginning to show signs of improvement, the overall economy remains fragile. In the new sale category, building permits, new home sales and lot sales have improved at a moderate to strong pace over the past year, which reduces overall inventory. However, after a period of market improvement, a concentration of new inventory is anticipated to come on-line within the next year. Unless limited to balanced submarkets, this inventory could off-set the gains achieved over the past year. The re-sale residential market has also exhibited moderate improvement over the past year, in both sales prices and volume. Furthermore, distressed or "lender-mediated" inventory has decreased substantially, while sales activity improved. As moderate improvement in all three residential sectors was evident over the past year, slight to moderate improvement is anticipated across all categories over the next year, unless overall economic conditions recede. A stable residential market is not anticipated until overall economic conditions strengthen.

Company News

Ohio Real Estate Consultants, Inc. is proud to announce that Marie Ragias will join the company as an analyst and appraiser trainee on March 4, 2013. Ms. Ragias is scheduled to graduate from The Ohio State University in May of 2013.