



Thomas R. Horner, MAI – Pres.
Kimberly M. Eilerman, MAI – V.P.
Justin M. LeVois, MAI
Timothy S. Geiger, R.L.
Tammy L. Donaldson, G.C.
Joyce L. Knudsen, G.C.
Andrew G. Keriazes, Appraiser Trainee
Linda Robinette, Office Manager
Debbie Ballard, Admin. Assistant

OHIO REAL ESTATE CONSULTANTS, INC.

MARCH 2014 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

- Specialty Medical Facility, Columbus CBD
- Mixed-Used Property Portfolio, Dublin
- Proposed Medical Office, Northwest Franklin County
- Single-Family Subdivision, Northwest Franklin County
- Multi-Parcel Eminent Domain Assignment, Northwest Ohio
- Multi-Parcel Eminent Domain Assignment, Northeast Ohio
- Apartment Community, North Central Franklin County
- Apartment Community, Northeast Franklin County
- Single-Tenant Retail, Northwest Franklin County
- Multi-Parcel Eminent Domain Assignment, Northwest Franklin County
- 7 Agricultural Properties, Conservation Easements, Western Ohio
- Timberland, Southeast Ohio
- Custom Industrial Building, Northeast Franklin County
- Single-Tenant Industrial, Delaware, Ohio
- Single-Tenant Industrial, Southeast Franklin County
- Park Land, Delaware County, Ohio
- 2 Apartment Communities, Southwest Franklin County
- Proposed Apartments, Gahanna Area

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

RESIDENTIAL MARKET OVERVIEW

Over the past 2.5 years, residential activity has continued to improve from the weakened market conditions that began in approximately 2007/2008. The following paragraphs summarize activity over the past year within the new sale, re-sale and distressed sale categories for the Columbus regional market. For additional information, the most recent Local Market Update for the subject's sub-market is also included.

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 2013 results are compared to year-end 2012 results, unless otherwise noted.

Single-Family: 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 2013 results for the entire region, in all categories except inventory, continue to experience double-digit or higher improvement. The most notable increase is indicated by platting activity, which has nearly doubled over the past year. After several years of stalled activity, inventory in many active submarkets has diminished to a point which supports new development.

End-user demand, as indicated by building permit and new home sale activity, also indicates moderate improvement. Although lot sale activity is below both indications, it is not truly indicative of end-user demand, as many builders in the production category also develop/retain numerous lots at a time. In total, the region's inventory has decreased 11.8% over the past year, including the addition of over 800 new lots.

Volume Activity - Single-Family			
<u>Year-End</u>	<u>2012</u>	<u>2013</u>	<u>%</u>
Building Permits:	2,558	2,996	17.1%
Platting:	887	1,704	92.1%
New Home Sales:	2,012	2,304	14.5%
Lot Sales:	1,205	1,338	11.0%
Inventory:	10,749	9,483	-11.8%

Of the volume categories summarized previously, the majority of regional volume occurs within Franklin and Delaware Counties, followed by Union County. Licking and Fairfield Counties each account for less than 10% of total volume, while Pickaway and Madison County account for less than 5% of total volume. Individually, these counties have shown mostly positive results over the past year:

- **Franklin County** experienced tremendous growth in platting activity (132.1%), as well as strong growth (+/-10%) in building permit, new home sale and lot sale activity.
- **Delaware County** also experienced a 40%+ increase in platting activity, as well as moderate-to-strong increases in building permit and new home sale activity. Although lot sale activity declined nearly 7%, this indication merely reflects the diminishing availability of lots in the market, as southern Delaware County sub-market (Liberty Township in particular) continues to be the region's top submarket for both end-users and residential developers.
- **Licking County** results are mixed, as platting, building permit and lot sale activity has increased, while new home sale volume decreased 3.7%.
- **Fairfield County** included substantial increases in platting and building permits, and slight to moderate increases in lot sales and new home sales.
- **Pickaway County** experienced substantial improvement in building permit and lot sale activity, although new home sales declined approximately 5%. Platting activity has not yet recommenced.
- **Madison County** results indicate a substantial increase in development activity, as all categories increased 50% or more. However, overall volume is still nominal, relative to other areas of the metropolitan area.
- **Union County** is primarily influenced by several active developments in the Dublin submarket, which has experienced significant growth over the past year. Platting, building permit, new home sales and lot sale activity has increased between 28.3% and 83.2%.

Currently, the regional market has an inventory of 9,483 lots, down 11.8% from year-end 2012, including the additional platting activity within the past year. Approximately 32% of the region's inventory is located within Franklin County, while +/-20% each is located within Delaware and Fairfield Counties, 15% 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 2,304 new home sales sold in all of 2013. Applied to the remaining inventory, this amount indicates an overall supply of over approximately four years.

The improvement of the regional housing market is also indicated by average pricing, as summarized in the following chart.

Pricing Activity - Single-Family			
<u>Year-End</u>	<u>2012</u>	<u>2013</u>	<u>%</u>
Average New Home Sale Price:	\$259,693	\$282,411	8.7%
Average Lot Sale Price:	\$50,478	\$59,731	18.3%

Source: Binns Real Estate Services

Regionally, the average home price increased 8.7% in 2013. Individually, all counties experienced average price increases, with the most notable indicated by Licking and Madison Counties. Currently, Union and Delaware Counties have the highest average home sale prices, while Madison and Pickaway Counties are the lowest.

Home Sales			
Avg. Price			
<u>County</u>	<u>2012</u>	<u>2013</u>	<u>%</u>
Franklin	\$231,003	\$246,804	6.8%
Delaware	\$328,558	\$333,168	1.4%
Licking	\$201,129	\$274,611	36.5%
Fairfield	\$224,840	\$261,148	16.1%
Madison	\$135,898	\$194,752	43.3%
Pickaway	\$177,505	\$188,947	6.4%
Union	\$316,702	\$346,166	9.3%

Source: Binns Real Estate Services

The region's average lot price increased 18.3% over the past year. However, given the smaller volume of activity, this pace largely reflects a re-distribution of higher-priced lots, rather than true appreciation. Average lot sale results per county are mixed, as shown in the following chart.

Lot Sales			
Avg. Price			
<u>Lots</u>	<u>2012</u>	<u>2013</u>	<u>%</u>
Franklin	\$79,992	\$84,706	5.9%
Delaware	\$33,893	\$51,921	53.2%
Licking	\$39,535	\$48,654	23.1%
Fairfield	\$31,882	\$36,452	14.3%
Pickaway	\$40,508	\$33,300	-17.8%
Madison	\$47,981	\$40,041	-16.5%
Union	\$75,045	\$72,468	-3.4%

Source: Binns Real Estate Services

Condominiums: The majority of activity within the condominium market occurs in Franklin County (roughly 60%), followed by Delaware County (approximately 25%); the remaining counties include limited condominium development. As shown below, building permit activity has increased over the past year by 20.9% while platting has increased by 77.3%. This reflects the availability of construction financing, which prevented new construction over the past several years, as well as increased demand in several submarkets. However, new sales activity has not improved, as 2013 results indicate a 20.5% decline. This primarily reflects a sharp decline in Franklin County, as almost all other counties with active condominium markets experienced increases (except Union County).

Market Summary - Condominiums			
<u>Year-End</u>	<u>2012</u>	<u>2013</u>	<u>%</u>
Building Permits:	703	850	20.9%
New Sales:	757	602	-20.5%
Platting:	481	853	77.3%
Average Sale Price:	\$213,159	\$249,397	17.0%

Source: Binns Real Estate Services

While the average sales price increased 17%, much of this difference represents a difference in distribution to a higher price-point, rather than true appreciation. As empty-nesters have been able to sell their homes, the demand for higher-quality upscale condominium units has increased. Still, several factors are anticipated to negatively impact the regional condominium market for the near- to mid-term: 1) a large inventory of completed and/or approved pad sites remain in the regional pipeline; 2) a shift in demand patterns, based on the increasing influence of urbanism in the regional market, which has led to greater demand for upscale rental housing options that were once only available as condominiums.

Re-Sale Activity

Overall results within the regional re-sale market continued to improve in 2013. The following information was 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>2012</u>	<u>2013</u>	<u>%</u>
Closed Sales:	23,082	27,033	17.1%
In Contracts:	N/A	28,375	N/A
Days on Market Until Sale:	89	69	-22.5%
New Listings:	35,005	37,537	7.2%

Source: Columbus Board of Realtors

As shown previously, market conditions improved over the past year, as the volume of closed sales increased 17.1%, while the length of days on market decreased by 22.5%. As conditions improved, the number of new listings also increased. The improved market results reflect several factors, including improving economic factors, low interest rates and improving consumer confidence. While local realtors remain optimistic, the regional market will remain sensitive to fluctuating economic conditions, including unemployment and rising interest rates.

The average and median sale prices have also increased moderately between year-end 2012 and 2013. The average sales price, \$174,336, increased 4.2%, while the median sales price, \$145,000, increased 4.6%. The range between the sales price and both the original and last listing prices continues to compress, illustrating the diminishing negotiating power of a traditional buyer's market.

Pricing Activity - Columbus Region			
<u>Year-End</u>	<u>2012</u>	<u>2013</u>	<u>%</u>
Average Sales Price:	\$167,229	\$174,336	4.2%
Median Sales Price:	\$138,597	\$145,000	4.6%
Percent of Original List Price Received:	91.8%	93.4%	1.7%
Percent of Last List Price Received:	95.8%	96.4%	0.6%

Source: Columbus Board of Realtors

Distressed Activity

After the volume of distressed activity substantially increased during the market downturn, the Columbus Board of Realtors began 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 continues to steadily decline. As shown, the amount of new lender-mediated listings and sold properties substantially decreased in 2013 (-35.2% and -23.4%) This activity illustrates the on-going, diminishing influence of distressed property in the regional market.

The majority of distressed activity occurs within the \$80,000 and below price range, as the median distressed sales price is \$61,726. With a substantial decline in the available inventory for sale and moderate increase in the number of properties sold, lender-mediated or distressed sales are not anticipated to have the measurable impact on the overall housing market that was evident several years ago.

Lender-Mediated Activity - for 4th Quarter 2013			
	<u>2012</u>	<u>2013</u>	<u>%</u>
All Residential New Listings:	2,185	1,415	-35.2%
All Residential Properties Sold:	1,792	1,372	-23.4%
Median Sales Price:	\$67,000	\$61,726	-7.9%
Inventory for Sale:	1,980	1,292	-34.7%
Inventory by Price Range:			
\$80,000 and Below:	1,282	602	-53.0%
\$80,001-\$120,000:	574	295	-48.6%
\$120,001-\$160,000:	406	186	-54.2%
\$160,001-\$250,000:	302	145	-52.0%
\$250,000 and Above:	177	64	-63.8%

Source: Columbus Board of Realtors

Overall, lender-mediated activity accounts for approximately 14.8% of total residential inventory for sale and 24.1% of total residential sales. Municipalities with the percentage of lender-mediated inventory or sales above 20% include:

- Blacklick
- Buckeye Valley (School Dist.)
- Canal Winchester
- Columbus
- Groveport Madison
- Hamilton Local
- Lancaster
- London
- Minerva Park
- Miami Trace (School Dist.)
- Newark
- Obetz
- Pataskala
- Pickerington
- Reynoldsburg
- Southwestern School Dist. (Grove City)
- Washington Court House
- West Jefferson
- Whitehall

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

Conclusion/Projections

Over the past year, overall market conditions in the residential housing market have improved substantially. In the new sale category, all categories have improved at a moderate to strong pace. This increased activity has led to a re-commencement of platting activity; however, activity has mostly been limited to strong suburban submarkets in Franklin, Delaware and Union Counties. 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 and sales activity has decreased substantially. As moderate improvement in all three residential sectors was evident over the past year, a stable market is anticipated over the next year. However, possible mortgage rate increases and declining of pent-up demand jeopardize additional gains. Overall market conditions still remain generally fragile. A long-term stable residential market is possible, but not guaranteed.

Company News

We hope you found this newsletter information. If you would like additional information, please visit our website at www.ohiorealestate.org or call us at 800-536-0038.