

II. Executive Summary

The purpose of this report is to estimate the need for new residential housing in the 10-county Building Industry of Central Ohio (BIA) service area in Central Ohio based on the projected job growth in the region through year 2032.

This report concluded that the BIA 10-County Region (see the table below for a list of counties that comprise the 10-County BIA Region) is projected to gain approximately 145,000 to 202,000 jobs through year 2032. There will be a corresponding need for additional housing units to accommodate and realize this job growth. This report also concludes that there are indicators that the Columbus region may not be positioned to address the housing need to accommodate the projected job growth. These indicators included current permitting activity and challenges to affordability.

National peer cities were profiled to provide context to the housing need challenges the Columbus region may face if development activity does not keep pace with job growth projections.

A summary of our findings is detailed as follows:

Housing Need Estimates

To estimate projected job growth to year 2032, two historical employment look-back periods were considered (years 1990 to 2019 and years 2010 to 2019). The employment disruption caused by the COVID-19 pandemic in the last two years substantially alters the trending data, even when considering a nearly 30-year look-back period. In most of the geographic areas of study, the employment totals for year 2021 returned to pre-pandemic levels.

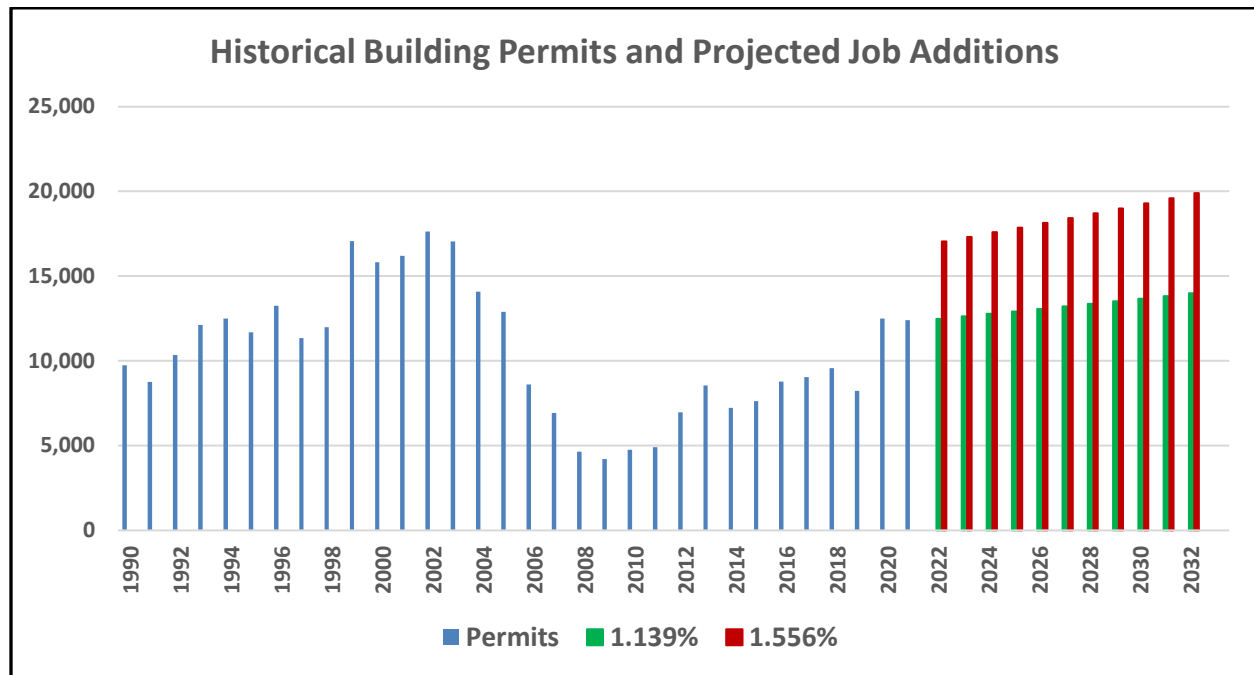
The table below summarizes estimated housing need projections by tenure to year 2032 for all geographic areas of study. For detailed figures on projected housing need by income cohorts, see the individual county profiles detailed in Section VII.

Housing Unit Need to Year 2032						
Geography	Renter		Owner		All	
	1990 to 2019 Historical Growth Trend	2010 to 2019 Historical Growth Trend	1990 to 2019 Historical Growth Trend	2010 to 2019 Historical Growth Trend	1990 to 2019 Historical Growth Trend	2010 to 2019 Historical Growth Trend
BIA Region	66,744	93,130	71,915	100,346	138,659	193,476
Delaware County	9,251	5,044	27,527	15,008	36,778	20,052
Fairfield County	2,758	2,455	6,712	5,973	9,470	8,428
Franklin County	45,522	90,515	33,616	66,842	79,138	157,356
Knox County	1,115	916	2,006	1,649	3,121	2,565
Licking County	3,038	2,743	6,511	5,879	9,549	8,622
Madison County	481	677	1,112	1,564	1,594	2,241
Marion County	533	N/A	867	N/A	1,400	N/A
Morrow County	220	164	712	531	932	695
Pickaway County	478	599	1,294	1,620	1,772	2,220
Union County	1,433	1,100	4,856	3,729	6,289	4,829

Source: Vogt Strategic Insights; Department of Labor Statistics; Ohio Department of Job and Family Services, ESRI
N/A – Not Applicable (negative growth projected based on the respective historical look-back period)

Building Permit Trends

The following table details historical building permits from 1990 to 2021 and the yearly job additions projected in the BIA 10-County Region to year 2032 under two compounded annual job growth scenarios (see Section VII for each individual county):

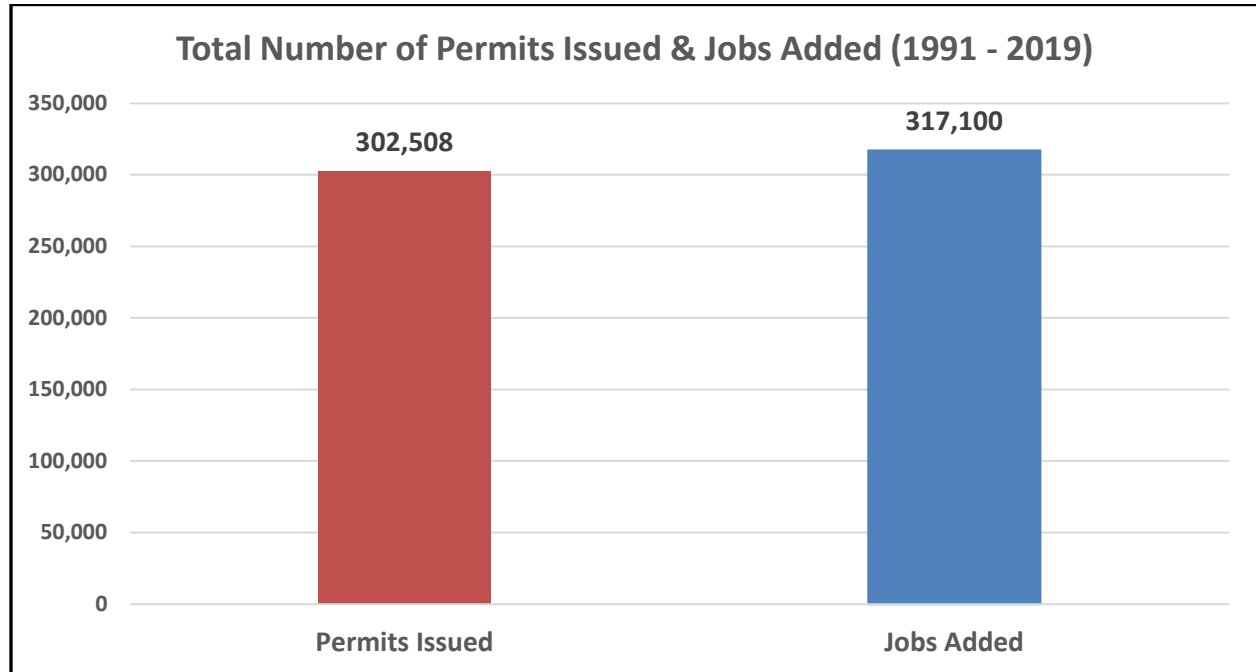


Source: Vogt Strategic Insights; Department of Labor Statistics; Ohio Department of Job and Family Services; State of the Cities Data Systems (SOCDS)

In the preceding chart, the **green** growth trend bars assume a compounded annual job growth rate of 1.139%. This is the historical compounded annual job growth rate in the BIA Region from 1990 to 2019. The **red** growth trend bars assume a compounded annual job growth rate of 1.556%. This is the historical compounded annual job growth rate in the BIA Region from 2010 to 2019.

Clearly, if historical building permit activity continues, the region will **not** meet the housing need based on the anticipated job growth projections through year 2032. In the BIA 10-County Region, the yearly average number of building permits from 1990 to 2021 was 10,535 (single-family and multifamily permits). If considering the time period from 2010 to 2021, the region averaged 8,327 building permits per year. Based on our job growth projections, the 10-County BIA Region will average 14,535 to 20,281 new jobs every year through year 2032. This further highlights the inadequate housing development in the region to meet the housing need that will be generated by new jobs added to the region over the next decade. **Based on our estimates, permitting activity needs to increase by approximately two-fold from recent trends over the past decade to meet the projected housing need over the next decade.**

The following chart details the change in employment and reported permits issued in the BIA 10-County Region from 1990 to 2019.



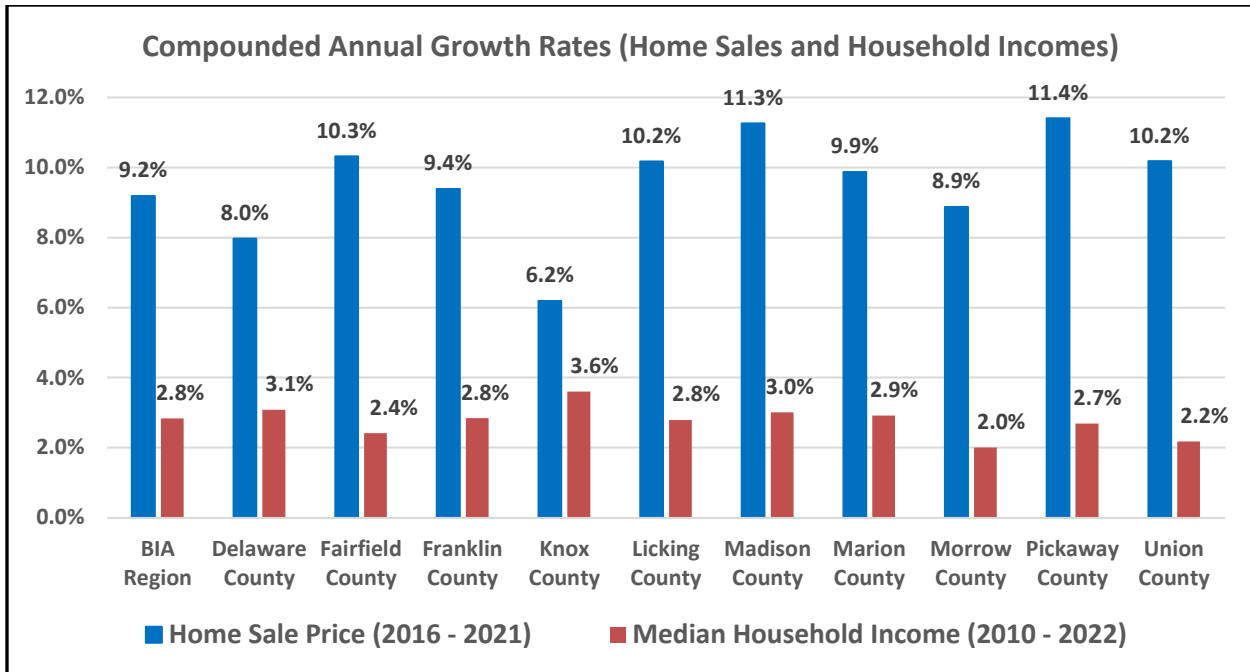
Source: Vogt Strategic Insights; Department of Labor Statistics; Ohio Department of Job and Family Services; State of the Cities Data Systems (SOCDS)

Within the BIA 10-County Region, the aggregate change in employment from 1990 to 2019 was 317,100, different of approximately 4.6%. Based on the historical employment growth and permitting activity in the 10-county BIA Region from 1990 to 2019, the job growth to housing need ratio assumption to year 2032 is for every 100 new jobs added, 95 housing units need to be permitted to support the anticipated growth. Note the employment data from 2020 and 2021 was excluded as the V-shaped economic recovery from the recent pandemic skews the data, especially when evaluating for historical comparison.

Affordability

A factor that impacts a region’s ability to provide the housing to meet job growth expectations is affordability.

The chart on the following page details the compounded annual growth rates for home sales (years 2016 to 2021) and median household incomes (years 2010 to 2022) for the respective geographic areas of study.



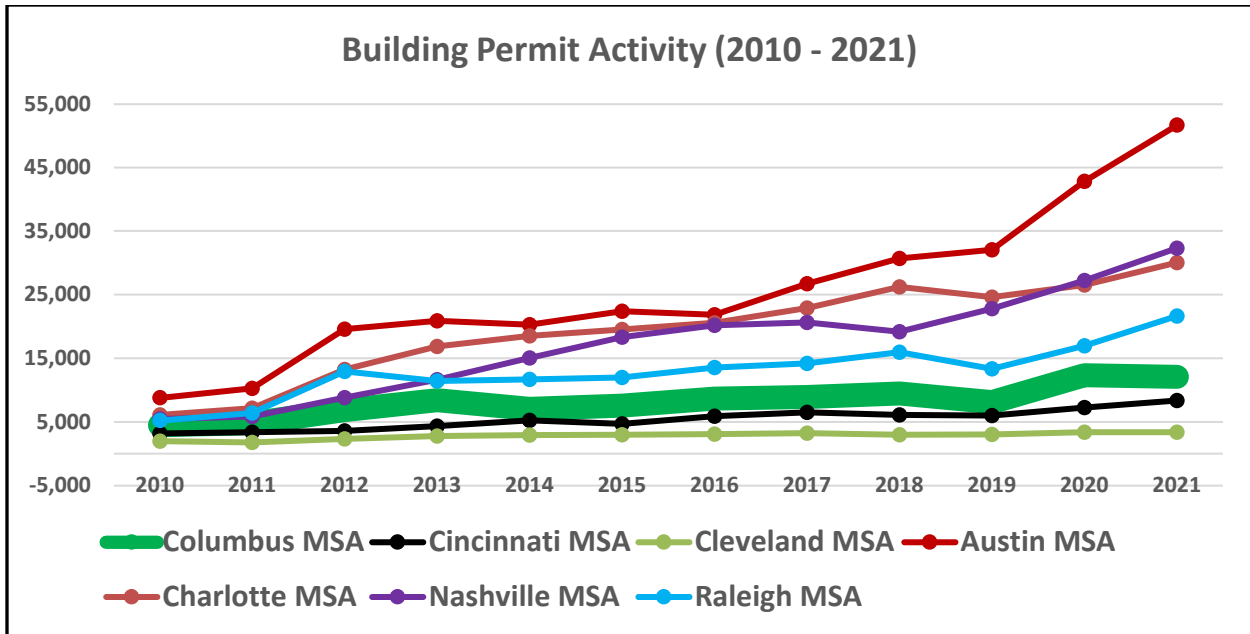
Source: U.S. Census; Vogt Strategic Insights; American Community Survey (ACS); ESRI; Urban Decision Group; Redfin

Within all geographic areas of study, the increase in median home sale prices has far outpaced the median household income growth. **In the BIA Region (aggregate of all 10 counties of study), the compounded annual growth rate in home price is more than three times the compounded annual growth rate in the median household income.** These trends will further exacerbate affordability housing challenges in the Columbus region and will limit the Columbus market from realizing job growth projections.

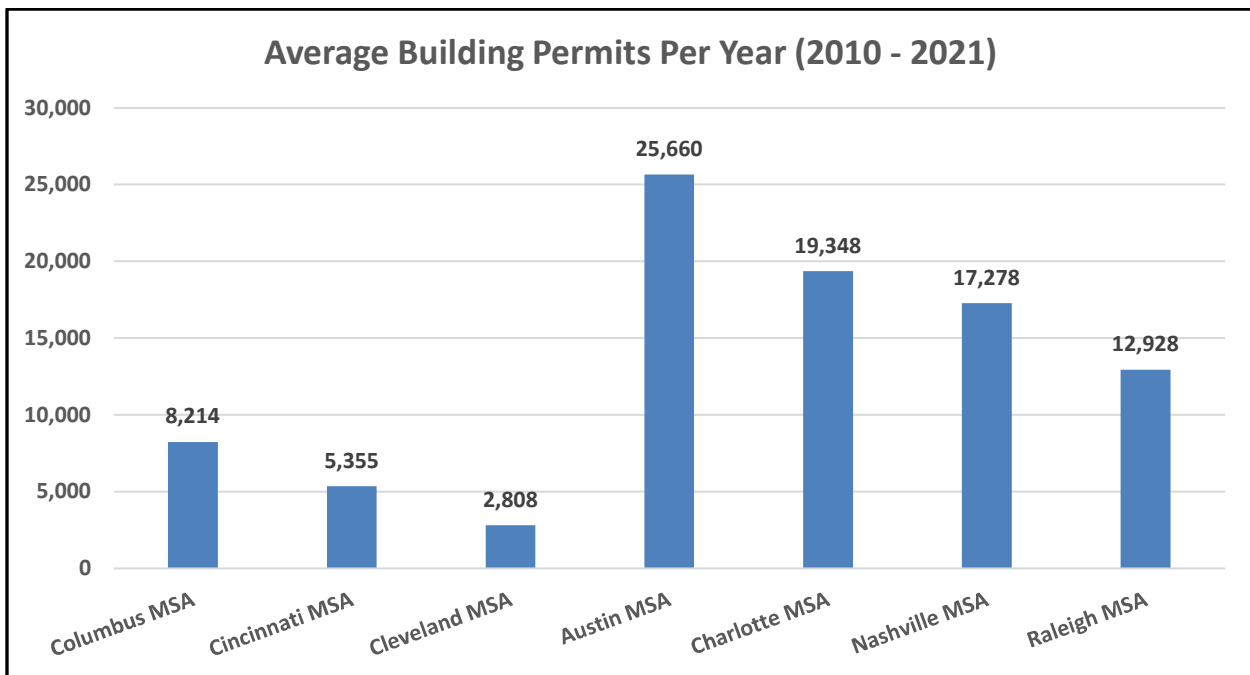
National Comparable Cities

We have compared Central Ohio permitting activity to other peer regions. VSI case studied two state and four national MSAs that have relative socioeconomic similarities to Central Ohio. The six comparable MSAs evaluated are Cincinnati, Cleveland, Austin, Charlotte, Nashville and Raleigh. Note that instead of evaluating the BIA 10-County Region in this portion of the analysis, the Columbus MSA was included. The 10-county Columbus MSA and the 10-County BIA Region share eight counties.

The following tables summarize building permit activity in the comparable MSAs and the Columbus MSA from 2010 to 2021.



Source: Vogt Strategic Insights; State of the Cities Data Systems (SOCDS)



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Since 2010, the Columbus MSA has averaged 8,214 permits per year (single-family and multifamily), whereas the national peers outside of the state of Ohio have averaged 50% to 300% greater permitting activity during the same time period. Clearly, the Columbus MSA (and the other Ohio MSAs) are not keeping pace with national peers. There are a multitude of factors that are contributing to this including, but not limited to zoning, land availability, regulatory guidelines, construction costs and availability of skilled workers. If permitting activity does not increase, Columbus will not realize its job growth projections, and housing affordability challenges will be exacerbated.