

Urban Information Services, Inc.  
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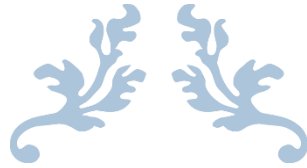
**2014-2016**

THE  
HILLIARD  
AREA

Case  
Study



The complete Case Study includes a Market Analysis, The Hilliard Area Market Opinion Survey and three Narrative Appraisal Reports



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THE

# HILLIARD AREA

CASE STUDY

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2014-2016



NOVEMBER 27, 2019  
URBAN INFORMATION SERVICES, INC.  
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# City Profile



FRANKLIN COUNTY FAIR GROUNDS: RAIL ROAD CROSSING



## A BRIEF HISTORY

Originally known as the Scioto, “John Reed Hilliard platted 200 parcels from 10 acres around the Columbus, Piqua and Indiana Railroad <sup>1</sup>” founding what became known as Hilliard’s Station in 1853. The area was incorporated as a village in 1869. Growing to a population of 5,633, the City of Hilliard was incorporated in 1960.

FRANKLIN COUNTY FAIR GROUNDS: TRAIN STATION



The ‘Existing Conditions’ report of the Hilliard Comprehensive Plan provided by the Department of Engineering reported, “Hilliard’s population growth [has] slowed in recent years following nearly three decades of heavy growth. In spite of lower population growth rate, annexations have continued to increase the geographic size of the City, mainly in the Big Darby area.”<sup>2</sup>

According to the plan, Hilliard’s Station was 79 acres in 1853. By 2011, The City of Hilliard grew to 8,448 acres (13.2 square miles).

Nearly 12% of these acres were annexed between 2008 and 2011. Hilliard’s sewer and water service area, approximately 11,500 acres, leaves potential area for annexations.

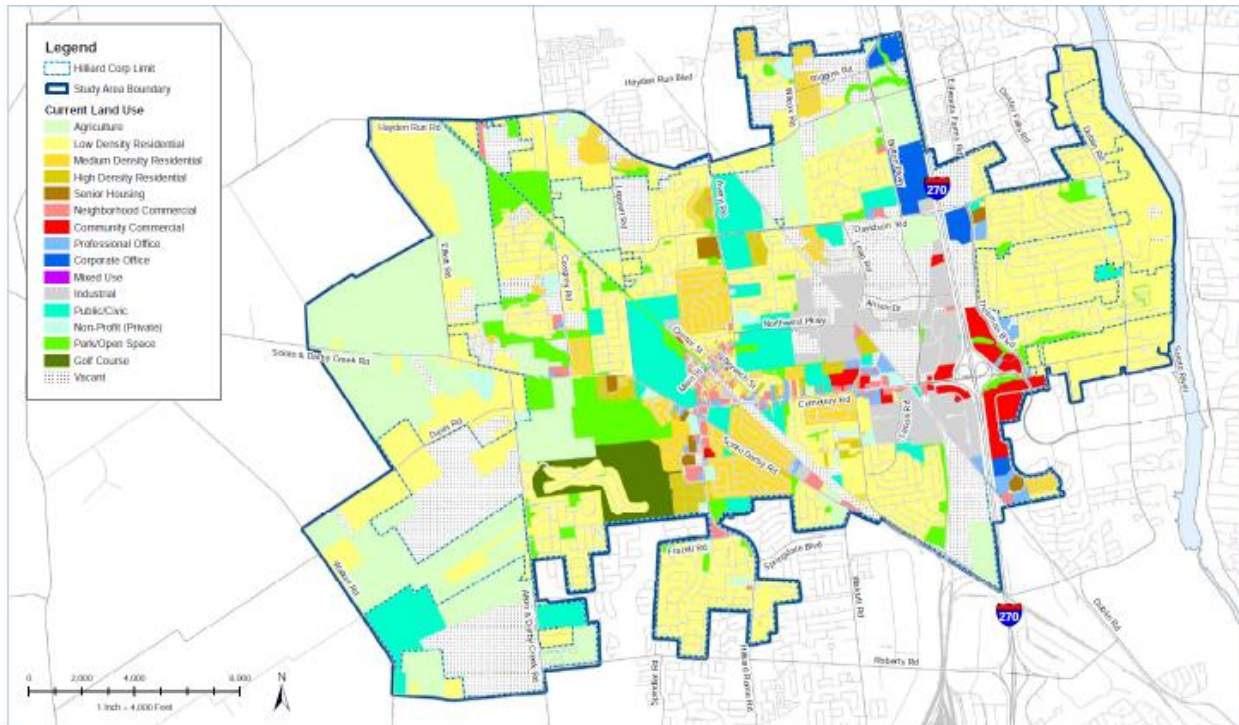
<sup>1</sup> Hilliard Area Chamber of Commerce, ‘History’, *Hilliard Area Chamber of Commerce*, Hilliard, <http://www.hilliardchamber.org/pages/History/>, (2/23/2014)

<sup>2</sup> City of Hilliard, ‘Existing Conditions’ *Comprehensive Plan*, Hilliard, pg.30

## LAND-USE & POTENTIAL

In the 1960s, development shifted from a traditional Midwest farm town around the railroad to a low to medium density Suburban sprawl development pattern. “To meet its goals of environmental and fiscal sustainability, the city’s development patterns will need to transition from suburban sprawl to a more interconnected system with a mix of uses and higher density development areas.”<sup>1</sup> The net density of housing units per acre of land zoned for residential use is 0.38 acres per housing unit.

FIGURE 1 EXISTING LAND USE



➤ City of Hilliard, 'Existing Conditions' Comprehensive Plan

The Existing Conditions portion of the Comprehensive Plan describes “approximately 2,656 acres of developable land within the city and 4,702 acres within the Comprehensive Plan Study Area.”<sup>2</sup> While new development is “predominantly on the fringe of the City primarily to the north and west”<sup>3</sup>, some undeveloped areas within the city (Ansmil area along Britton Parkway) have potential. Hilliard’s expansion areas are largely agricultural leaving potential for conversion to residential, commercial, and mixed uses. Industrial and office uses are concentrated towards I-270.

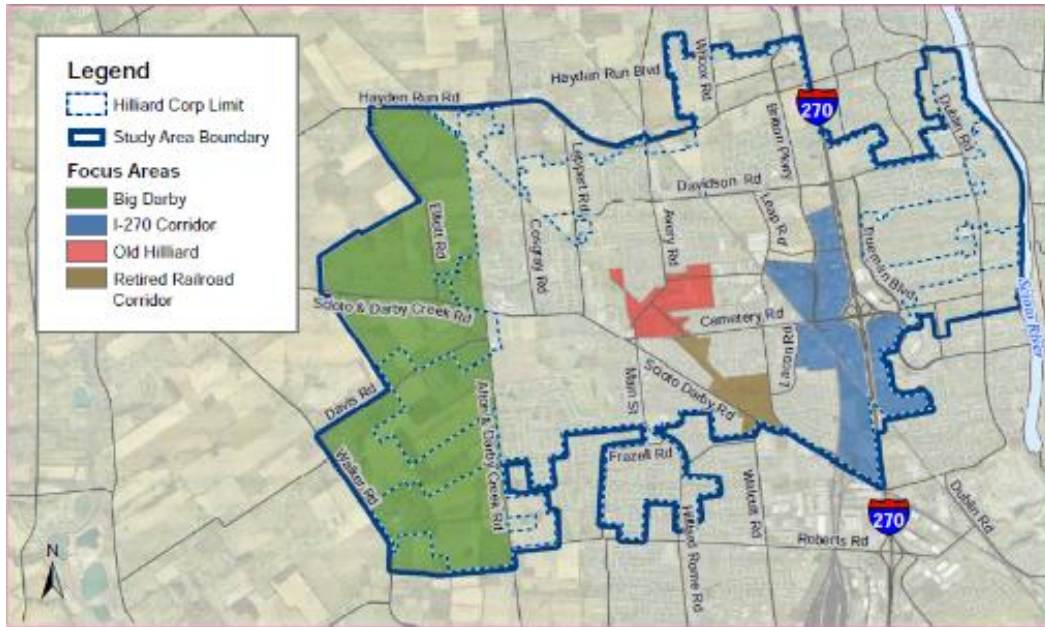
1 City of Hilliard, 'Existing Conditions' Comprehensive Plan, Hilliard, pg.32

2 City of Hilliard, 'Existing Conditions' Comprehensive Plan, Hilliard, pg.32

3 City of Hilliard, 'Existing Conditions' Comprehensive Plan, Hilliard, pg.32

The “Focus Areas” portion of the Hilliard Comprehensive Plan has identified four parts of the city with potential for mixed-use development”. The Retired Railroad Corridor, I-270, Old Hilliard and Big Darby. “[could]strengthen the image of the community and create new economically competitive places”<sup>1</sup> The proposed developments are projected increase the overall market absorption and property values by up to a 20%.

FIGURE 2 FOCUS AREAS



> City of Hilliard, ‘Existing Conditions’ Comprehensive Plan

Old Hilliard being priority, the plan proposes building First Responders Park and constructing a new streetscape on Main St. and Norwich St. Future investments include the proposed Hilliard’s Station Park, Heritage Rail Trail extension, streetscape improvements on side streets, and sanitary sewer capacity improvements.



HILLIARD STATION PARK

<sup>1</sup> City of Hilliard, ‘Focus Areas’ Comprehensive Plan, Hilliard, pg.69

## PARKS AND PUBLIC SPACES

The public spaces in Hilliard consists of a community center, a senior center, 2 pools and 23 parks totaling 331 acres (11.5 acres of parkland per 1,000 residents). According to the Existing Conditions report, this exceeds the national standard of 10 acres per 1,000 residents and will likely increase with the development of the Big Darby area. New developments are required to preserve a minimum of 10% of their site as open space. Other needs expressed in the report include a new community center, additional soccer fields and facilities, indoor swimming and expanded walking/biking facilities.

(Existing Conditions, Hilliard Comprehensive Plan)

HILLIARD FAMILY AQUATIC CENTER





## NATURAL RESOURCES AND ENVIRONMENT

Hilliard contains nearly 800 acres of wooded areas and over 100 acres of wetlands. These areas include Tudor Ditch, Hamilton Run, Holcomb Ditch, Clover Groff Ditch, Hayden Run. Over 25% is reported to be within the Big Darby Watershed.

HILLIARD DARBY WATERSHED SOUTH



The Big Darby Watershed is described as, “One of the healthiest and most biologically diverse aquatic systems in the Midwest, and one of the top five warm freshwater habitats in the country.”<sup>1</sup> The area encompasses numerous historic sites and parks including Hilliard Municipal Park and Prairie Oaks Metro Park.

HILLIARD DARBY WATERSHED NORTH



<sup>1</sup> City of Hilliard, ‘Existing Conditions’ *Comprehensive Plan*, Hilliard, pg.42



## UTILITIES

The City of Hilliard provides three public utilities; water, sanitary sewer, and stormwater management services. Hilliard has a service agreement through 2050 for the City of Columbus to receive and dispose of sanitary sewer waste. Hilliard owns, operates, and maintains the sanitary sewer network, “generally comprised of sewer mains and lift stations”<sup>1</sup> where wastewater is able to flow downhill toward collection points in Columbus. Hilliard also owns, operates, and maintains the water distribution network of pipes, water tanks, and booster stations within a negotiated service area. The clean drinking water is provided by the City of Columbus. Stormwater management is Hilliard’s newest public utility. Created by City Council in 2009, this allows the city to comply with Federal and State water pollution regulations.

- Electric service is provided by AEP Ohio.
- The house heating fuel for 91% of the housing units is natural gas provided by Columbia Gas of Ohio
- Solid waste and recycling collection services provided by a contracted hauler.
- Telecommunication (wired) utilities provided by AT&T, Time Warner Cable, and WOW Internet and Cable.

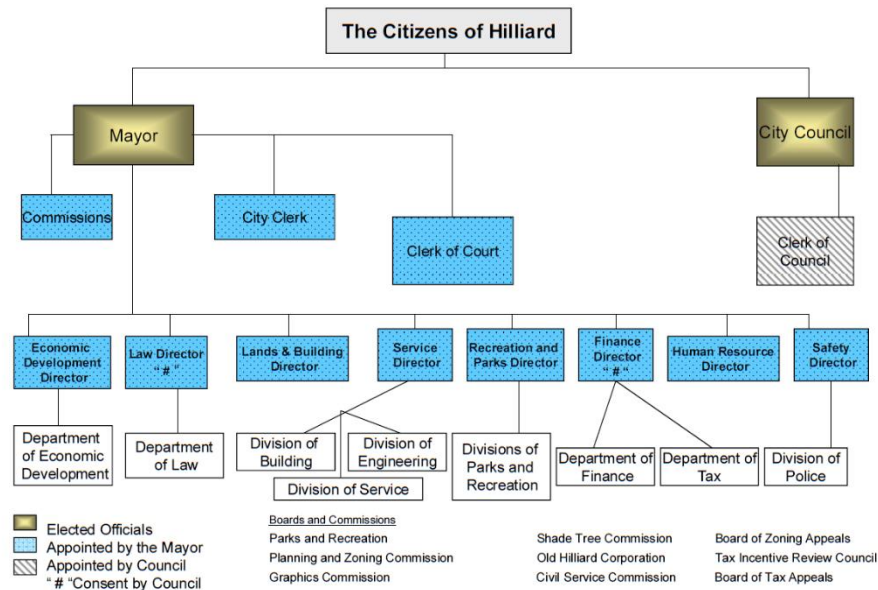
(Engineering Division-City of Hilliard, 2014)

<sup>1</sup> City of Hilliard, ‘Existing Conditions’ *Comprehensive Plan*, Hilliard, pg.44

## GOVERNMENT GROWTH

The City operates by Charter; adopted in 1963 and updated by voter approval effective January 1, 2010. The Charter provides for a Mayor-Council form of government.

**FIGURE 3** THE CITY OF HILLIARD OHIO ORGANIZATIONAL CHART



➤ Information Obtained From The City Of Hilliard, Comprehensive Annual Financial Report

**Figure 4** City Government Employees by Function/Program Last Ten Years

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
GENERAL GOVERNMENT:	35	48	49	47	48	49	47	45	47	45
SECURITY OF PERSONS AND PROPERTY:	50	50	50	49	50	50	49	48	48	47
LEISURE TIME ACTIVITIES:	35	32	32	35	35	35	32	29	28	28
BASIC UTILITY SERVICES:	14	4	1	1	1	1	1	1	1	1
TRANSPORTATION:	21	21	21	21	21	21	21	21	21	21

➤ Information Obtained From The City Of Hilliard, Comprehensive Annual Financial Report

Government personnel decreased to 2003 levels by 2012 and continues to account for 31% of the total expenditures going into 2015.

The 2.0 percent income tax is the largest source of revenue for the City of Hilliard. Future projections assume a 3 percent growth in income tax for 2014 and 2015. The revenue is divided among the General

Fund, Street Improvement Municipal Tax Special Revenue Fund, and Capital Improvement Municipal Tax Capital Projects Fund. (2012 Comprehensive Annual Financial Report)

The income tax revenue supports the five-year Capital Improvement Program which is “a comprehensive five-year plan that is updated every year to prioritize projects and provide improvements to everything from streets and sewer and waterlines to ball fields, traffic signals, and the municipal complex.”<sup>1</sup>

The General Fund budget was based on an allocation of 68% income tax revenue for 2014 and 2015, a 4% decrease from 2012. The allocations assumes a 3 percent annual growth in income tax. This fund covers The Street Maintenance/County Fund, Water/Sewer Fund and Storm Fund. Using the beginning fund balance to cover the year expenditures in 2012, revenue was estimated to exceed expenditures through 2014.

**FIGURE 4** CITY OF HILLIARD GENERAL FUND PROFORMA: OCTOBER 25, 2012  
(STATE BUDGET CHANGES INCORPORATED WITHIN)

Assumptions					
	2011	2012	2013	2014	2015
Income Tax Distribution %:	<b>70.0%</b>	<b>72.0%</b>	<b>69.0%</b>	<b>68.0%</b>	<b>68.0%</b>
Income Tax Growth Rates:	2%	3.9%	3.85%	3.0%	3.0%
Gross Income Tax:	\$ 17,737,698.73	\$ 18,504,732.00	\$ 19,217,164.18	\$ 19,793,679.11	\$ 20,387,489.48
Property Tax Growth		-5.60%	3.00%	1.50%	1.50%
Other Revenues Growth Rates:			0.00%	3.00%	3.00%
Shared Taxes:					
Local Government	819,976.23	572,210.83	422,015.47	300,000.00	300,000.00
Estate Tax	563,408.96	140,379.64	110,000.00	-	-
Rollback	79,317.45	142,508.13	146,783.37	148,985.12	151,219.90
Other	193,639.40	164,227.47	203,669.63	209,779.72	216,073.11
	\$ 1,656,342.04	\$ 1,019,326.07	\$ 882,468.47	\$ 658,764.84	\$ 667,293.01
Change in Total Shared Taxes from 2011		(637,015.97)	(773,873.57)	(997,577.20)	(989,049.03)
Expected percent of total revenue collections		100%			
Expected percent of total budgeted expenditures		93%	98%		
Expenditures Growth Rates:	-0.39%	0.00%	2.00%	3.50%	3.50%

➤ Information Obtained From The City Of Hilliard, Comprehensive Annual Financial Report

<sup>1</sup> Department of Finance, 'Comprehensive Annual Financial Report-For the Year Ended December 31, 2012' City of Hilliard, Ohio-Franklin County, pg.42.

According to the proforma (Figure 6), the target for the ending balance as a percentage of expenditures is 25% which was 22.75% in 2012 and projected to be similar in 2014 (22.87%). The additional revenue sources which includes Property Tax, Fines and Permits and Fees for Services are estimated to grow 1.5 percent per year. Real property tax revenue was 8.8% in 2012 which has been fairly consistent through 2014 and 2015 (9%).

**FIGURE 5** PROFORMA OF TAX REVENUE FOR THE CITY OF HILLIARD

<b>Proforma</b>					
Beginning Balance	\$ 2,577,237.00	\$ 3,461,239.00	\$ 4,470,340.77	\$ 4,987,441.58	\$ 4,948,773.78
			<b>Budget</b>		
<b>Revenue</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
Muni Income Tax	\$ 12,416,389.11	\$ 13,323,407.24	\$ 13,259,843.49	\$ 13,459,701.79	\$ 13,863,492.85
Real Property Tax	1,251,083.25	1,180,386.72	1,215,765.62	1,234,002.10	1,252,512.14
Shared Taxes	1,656,342.04	1,019,326.07	882,468.47	658,764.84	667,293.01
Interest Earnings	59,599.06	58,706.21	63,000.00	63,000.00	63,000.00
Fines and Permits	1,139,803.78	1,154,413.28	1,192,050.00	1,227,811.50	1,264,645.85
Fees for Services	2,679,869.96	2,797,270.56	3,654,567.00	3,764,204.01	3,877,130.13
Other	130,827.51	111,494.58	122,500.00	122,500.00	122,500.00
	\$ 19,333,914.71	\$ 19,645,004.66	\$ 20,390,194.58	\$ 20,529,984.25	\$ 21,110,573.97
Amount increase(decrease) in G/F Revenues		311,089.95	745,189.91	139,789.68	580,589.72
Percentage increase(decrease) in G/F Revenues		1.61%	3.79%	0.69%	2.83%
<b>Expenditures</b>					
Personnel	\$ 12,993,674.02	\$ 12,823,288.50	\$ 13,117,409.54	\$ 13,576,518.88	\$ 14,051,697.04
Supplies	623,232.90	677,338.09	820,627.50	849,349.46	879,076.69
Contracts for Services	2,967,911.93	3,280,544.31	3,970,303.72	4,109,264.35	4,253,088.61
Travel	18,030.75	21,217.96	48,167.00	49,852.85	51,597.69
Utilities	719,315.13	699,213.97	739,900.00	765,796.50	792,599.38
Other	903,938.02	1,134,300.06	1,176,686.00	1,217,870.01	1,260,495.46
	\$ 18,226,102.75	\$ 18,635,902.89	\$ 19,873,093.77	\$ 20,568,652.05	\$ 21,288,554.87
Revenues over Expenditures	\$ 1,107,811.96	\$ 1,009,101.77	\$ 517,100.81	\$ (38,667.80)	\$ (177,980.90)
Ending Cash	\$ 3,685,048.96	\$ 4,470,340.77	\$ 4,987,441.58	\$ 4,948,773.78	\$ 4,770,792.88
Adjustment for prior year expenditures	(223,809.96)	(230,524.26)	(237,439.99)	(244,563.19)	(251,900.08)
	\$ 3,461,239.00	\$ 4,239,816.51	\$ 4,750,001.59	\$ 4,704,210.59	\$ 4,518,892.80
Ending balance as a % of Expenditures	18.99%	22.75%	23.90%	22.87%	21.23%
Target is 25%	\$ 4,556,525.69	\$ 4,658,975.72	\$ 4,968,273.44	\$ 5,142,163.01	\$ 5,322,138.72

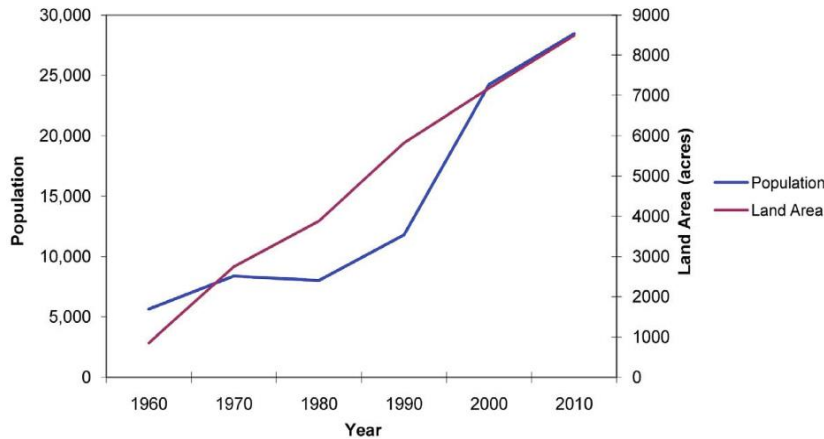
	<b>2011</b>	<b>2012</b>	<b>2013</b>
Revenue Estimate Beginning of Year	\$ 19,618,814.00	\$ 19,639,417.00	
Revenue (Projected 2012) End of Year	\$ 19,333,914.71	\$ 19,645,004.66	
Variance	\$ (284,899.29)	\$ 5,587.66	
Budget	\$ 19,554,729.00	\$ 19,635,333.56	
Expenditures (Projected 2012)	18,226,102.75	18,635,902.89	
Budget Variance	\$ 1,328,626.25	\$ 999,430.67	

➤ Information Obtained From The City Of Hilliard, Comprehensive Annual Financial Report

## THE POPULATION AND GROWTH

Reported in the 'Existing Conditions' portion of the Hilliard Comprehensive Plan, the population grew 105% from 1990 to 2000 and 17% from 2000 to 2010 based on U.S. Census data. With a population of 29,788, Hilliard is the smallest of the comparable Central Ohio cities. The closest in comparison would be Upper Arlington and Gahanna (13% more), then Worthington and Reynoldsburg at (18% more). Since

**FIGURE 6** HISTORIC GROWTH IN POPULATION, LAND AREA



City of Hilliard, 'Existing Conditions' Comprehensive Plan, Hilliard, Ohio

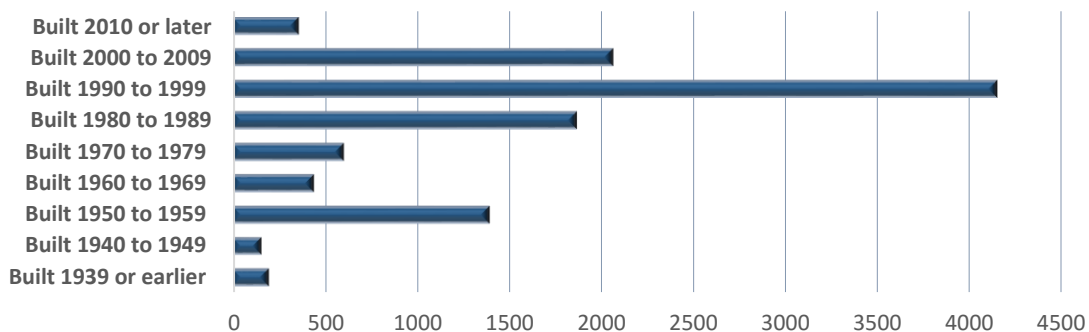
2010, the growth in Hilliard's population has been mainly attributed to the migration into the city from the Franklin County area. Movement into the city originating within Franklin County has increased by 2% each year since 2011 accounting for 11% of the Hilliard's population by 2013 (2013 Census). Excluding Franklin County migration, growth would be limited to just 1.6% in 2012 and .5% in 2013. U.S. Census data indicates that 88% of the population has lived in Hilliard the year prior. This percentage has

been fairly consistent since 2011 indicating an attraction and retention of the people migrating into the city. Based on the U.S. Census information from 2000 to 2010, the Department of Engineering has projected the annual growth rate in the population through 2015 to be 1.28%.

## OCCUPIED HOUSING UNITS

The first housing boom took place between 1950 and 1959 while the area was still known as Hilliard's Station. Following this increase in housing inventory (approximately 415%), the City of Hilliard was incorporated in 1960 with a population of 5,633. The decline of the population which occurred from 1960 to 1980 was still a period of modest growth in occupied units; 25% from 1960 to 1969 and 28% from 1970 to 1979 (Figure 8). New construction intensified from 1980 to 1989 at 68% which ushered in a second housing boom.

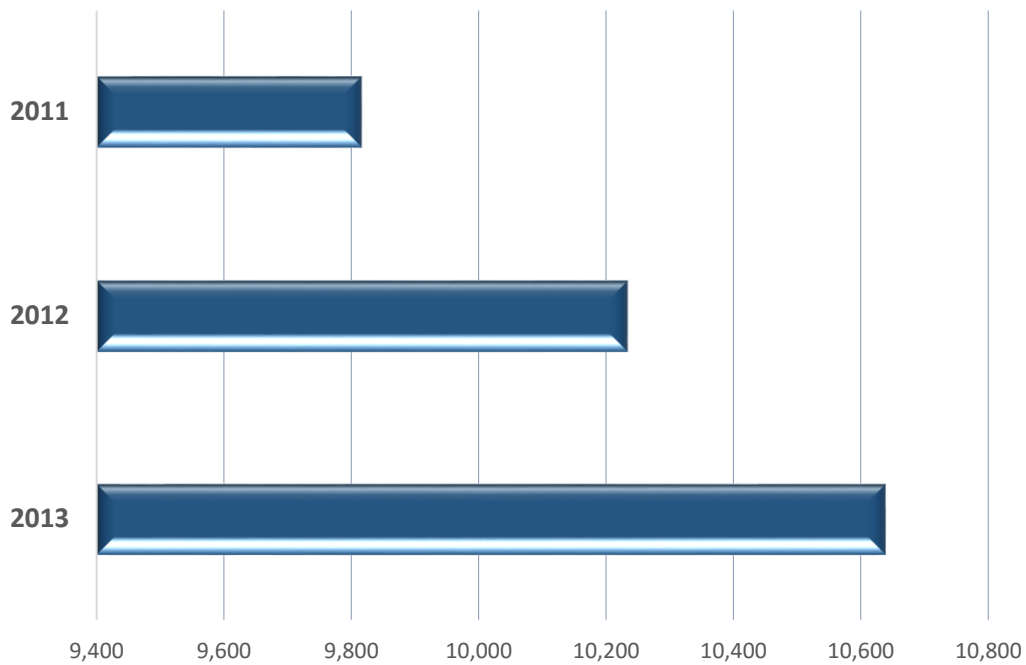
**FIGURE 7** OCCUPIED HOUSING UNITS



Information obtained from the US Census Bureau

From 1990 to 1999 was the most aggressive period of growth in the city’s history (90%). “Though the number of building permits issued has continued to increase over the past six years; this growth continues at a slower rate than during Hilliard’s most recent housing boom during the 1990s.”<sup>1</sup> Numerically, the 23% inventory increase from 2000 to 2010 is more than the 68% increase of the ‘80s when construction began to intensify. While still a period of substantial growth, the trends after 2010 are indications that the city is maturing. Figure 9 shows 4% annual growth in the two years prior to 2014. If this growth rate continues through 2020, more than 20% of the occupied housing units will be built after 2010. Although these figures will not match the past 3 decades or the first housing boom in the ‘50s, it will still nearly double inventory built during the 1960 to 1980.

**FIGURE 8** OCCUPIED HOUSING UNITS FOR THE CITY OF HILLIARD



➤ Information obtained from the US Census Bureau

<sup>1</sup> City of Hilliard, ‘Existing Conditions’ *Comprehensive Plan*, Hilliard, pg.44

# Market Analysis

*A consumer's decision to seek financing to purchase a home would be affected by adverse economic conditions; massive job losses, default and foreclosure, people owing more than what the house is worth, arduous lending standards or predatory lending practices. The cost associated with housing and steps required to close on a sale make the home the most significant purchase for majority of consumers and a key indicator of the consumer's confidence in the long-term health of the economy. Being a professional that is familiar with the obstacles in the economic conditions and the downfall associated with aspiring homebuyers, the Hilliard Area Market Opinion Survey on page ii involved active realtors to gain a sense of the consumer sentiment in the Hilliard area. In the month of July 2014, a sample of realtors servicing the Hilliard area was taken and interviewed over the telephone because these group of professionals are alongside the consumer from the beginning housing hunting phase all the way through to closing.*

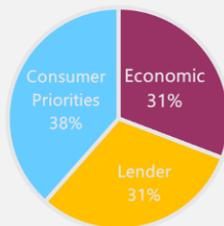


## DECLINING HOMEOWNERSHIP

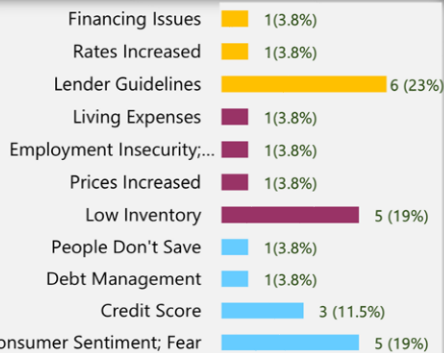
FannieMae reported in December that most people prefer to own a home. Housing affordability has improved substantially. Yet, homeownership rates have continued to drop over the past year.

The responses given by the realtors can be grouped into three major categories; consumer priorities, economic and lender. Witnessing declines in value up to 50%, a significant amount of people became disillusioned with the home as a sound investment. With the bargain homes inventory absorbed and multiple offers for suitable housing, the capital doesn't seem to be available for a growing number of the population. However, most of the realtors believe this trend will change. (7/2014)

### What Is Causing The Trend?



24 total responses; 80% of submissions



\*26 total responses, 86% of submissions

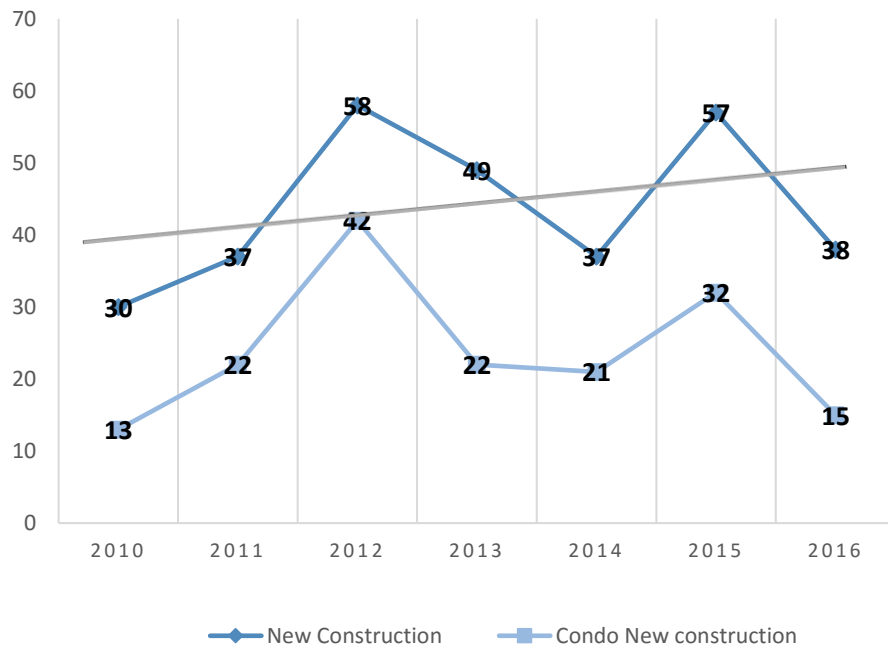
The Hilliard Comprehensive Plan published by the Department of Engineering (2010) forecasted a shifting demand as a new dynamic of consumers were entering the market. The plan proposed a change in housing product from traditional single-family homes to “smaller, detached and attached maintenance-free housing units that are close to a variety of amenities as both downsizing empty-nester baby boomers and Generation X and Y first-time home buyers enter the market”<sup>1</sup>

Following the Department of Engineer’s 2010 publishing, condo sales made significant increases. In 2011, new condo sales jumped 69.2% and nearly 91% in 2012 (Figure 10). When the comprehensive plan was published in 2010, 43% of new construction sales were condos. By 2012, condos were 72% of new construction sales with a volume increase of 54.7% and has continued rising through 2015 (43.6%). In 2016, closed sales volume for condos sales are on pace to reach the highest level since *The Hilliard Comprehensive Plan* was published in 2010. Coming off a five year high in 2015, median sales prices are still at peak levels in 2016. Even with new construction sales up from a 2 year decline (nearly 50% from 2012 sales), the increase of condominiums into the market has not been enough to curb the demand for single-family homeownership. “On a sobering note, the Census Bureau’s Housing Vacancy Survey showed the homeownership rate (not seasonally adjusted) declined 0.2 percentage points to 63.8 percent in the fourth quarter of 2015 from a year ago, sending the 2015 average to 63.7 percent, the lowest annual reading since 1967.”<sup>2</sup>

<sup>1</sup> City of Hilliard, ‘Existing Conditions’ Comprehensive Plan, Hilliard, pg.35

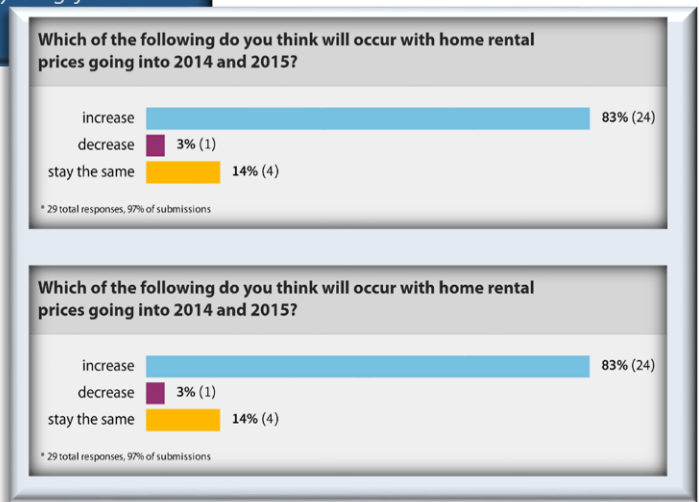
<sup>2</sup> ESR Macroeconomic Forecast Team, Economic Forecast: February 2016, (Washington D.C., FannieMae, April 8, 2016) p.3.

**FIGURE 9** HILLIARD OHIO: NEW CONSTRUCTION VS NEW CONDO SALES

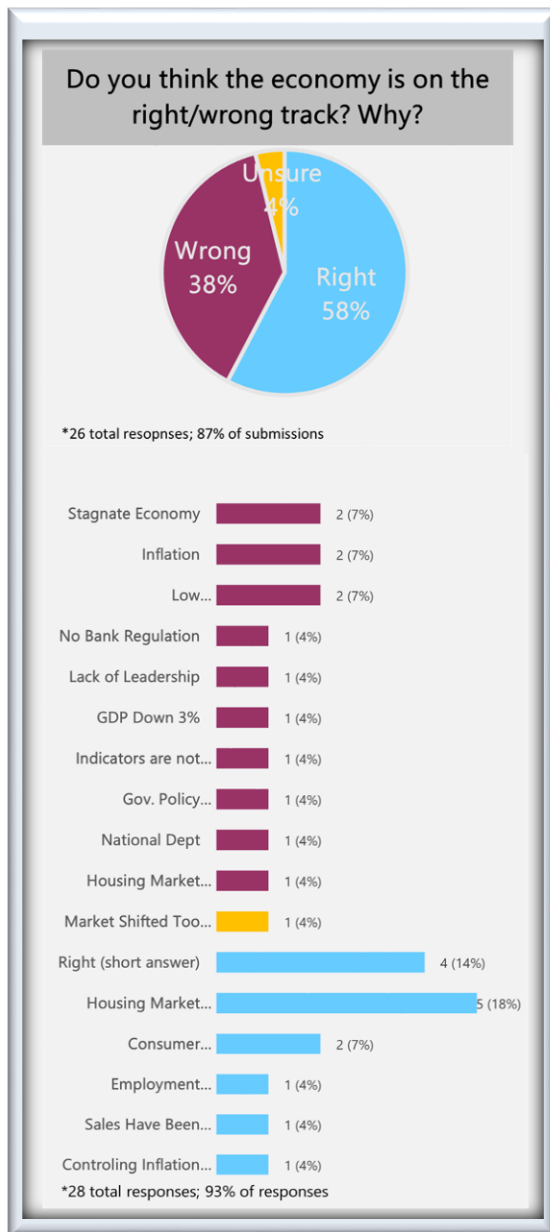


➤ information obtained from the Columbus Board Of Realtors MLS

*Several of the realtors described 2 generations of 'would be' home buyers; the generation of renters who kept leasing due to the increased bank regulations and sharp value declines during what became known as 'The Great Recession' combined with the increasing number of young families in need of more living space.*



## ECONOMIC SENTIMENT



When asked about the economy, the most detailed responses came from the personal perspective of the realtor. Nearly half of the respondents (46.4%) believed the economy was on the wrong track in July 2014. The group was large enough raise the question of ‘what lingering effects of the recession were contributing to the trend of declining homeownership in a city that seemed insulated from the harsh economic climate?’ The critical responses on the economy were not as singular as the assessment of the housing market. Beyond the main chord of dissatisfaction, one realtor’s simple response was that “[the] Indicators were not where they should be”. After listening to the dissatisfied group elaborate on the course of the economy, all of them used indicators they felt were critical when supporting their assessment. This analysis will explore some of these indicators.

A small minority (7%) pointed to government as the cause for misdirection; either a lack of leadership or government policy preventing growth. The economy had since been recovering from a shutdown which began on October 9, 2013. On December 20, 2013 the President signed a two-year budget agreement with the Congress on spending levels. Slow growth continued through the first quarter of 2014 and low employment participation was a concerning indicator for another seven percent of the group which has not improved since the survey. While unemployment through the third quarter of 2015 was steady at 5.3 percent, “labor force participation rate [declined] to a 38-year low of 62.4 percent..”<sup>1</sup> Though a ‘stagnate

economy’ was not the overwhelming response (7%), interviews with the dissenting group on the economy went under the premise of dissatisfaction with the growth rate up until that time. The indicators used for support would vary.

<sup>1</sup> ESR Macroeconomic Forecast Team, Economic Forecast: February 2016, (Washington D.C., FannieMae, October 12, 2016) p.1.

## ECONOMIC GROWTH

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After the interviews with the realtors, monthly reports from the Fannie Mae Economic & Strategic Research (ESR) Group made countless references through the months on the time it took to allow inventory to correct from the “unsustainable buildup” in the second half of 2013. At the time of the interviews in July, 2014 economic growth was “losing a little steam”<sup>1</sup> after coming off “the strongest pace in more than two years”<sup>2</sup>. One survey respondent’s reason for being unsure about the path of the economy was skepticism due to the sudden economic growth which would continue to lose momentum that year. “Growth slowed from 3.1 percent in 2013 to 2.4 percent in 2014.”<sup>3</sup>

**“We expect economic growth of 2.0 percent in 2016, essentially flat to the 2015 rate, with risk tilting toward the downside.”**— *ESR Macroeconomic Forecast Team, Economic Forecast (Washington D.C., FannieMae, April 8, 2016) pg.1*

Similar to the quarters preceding the interviews with the realtors, growth for the second half of 2015 through the first two quarters of 2016 was described as ‘anemic’ following “the largest back-to-back inventory accumulations on record during the first two quarters of 2015.”<sup>4</sup> Consumer spending, which has played a significant role in growth since the interviews, was expected to be more of an anchor due to the decline of gas prices and strengthening of the dollar by 20% in 2015. The reaction of the consumer instead was record savings. A key difference between 2013 and the first quarter of this year was the widespread loss of momentum in late 2015 and early 2016 which began to raise [concerns]...” that the economy is at imminent risk of recession.”<sup>5</sup> In 2013 annual growth, despite the inventory build-up and a slow second quarter, was 3.1% the last half of the year according to The Bureau of Economic Analysis. The ESR group’s projections for 2016 are “unspectacular”<sup>6</sup> as “the dollar and oil prices continue to put a strain on sectors of the economy.

The time since the interviews in July 2014, could carry the theme of diverging GDP and job numbers. This will be the third consecutive year that annual growth did not match the 3.1% ending 2013. According to the Bureau of Economic Analysis, annual growth for 2016 (2%) is subtle compared to 1.8% the year prior. While this may imply “continued feeble productivity growth”<sup>7</sup> according to the ESR Group. They also acknowledge that “For the housing market, employment and income trends have more weight than GDP.”<sup>8</sup> While annual growth has decreased every year since 2013, unemployment rates also have declined significantly; “By the end of 2015, the unemployment rate declined five percentage points from its cyclical peak.”<sup>9</sup> Unemployment had been steady (5.1%) when the realtors were being interviewed. Now, “The current pace of job gains is more than sufficient to keep up with growth in the working age

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<sup>1</sup> ESR Macroeconomic Forecast Team, Economic Forecast: February 2016, (Washington D.C., FannieMae, July, 2014) p.1.

<sup>2</sup> ESR Macroeconomic Forecast Team, Economic Forecast: February 2016, (Washington D.C., FannieMae, July, 2014) p.1.

<sup>3</sup> ESR Macroeconomic Forecast Team, Economic Forecast: February 2016, (Washington D.C., FannieMae, March 10, 2015) p.1.

<sup>4</sup> ESR Macroeconomic Forecast Team, Economic Forecast: February 2016, (Washington D.C., FannieMae, March 9, 2016) p.1.

<sup>5</sup> ESR Macroeconomic Forecast Team, Economic Forecast: February 2016, (Washington D.C., FannieMae, March 9, 2016) p.1.

<sup>6</sup> ESR Macroeconomic Forecast Team, Economic Forecast: February 2016, (Washington D.C., FannieMae, February 9, 2016) p.1.

<sup>7</sup> ESR Macroeconomic Forecast Team, Economic Forecast: February 2016, (Washington D.C., FannieMae, January 11, 2016) p.1.

<sup>8</sup> ESR Macroeconomic Forecast Team, Economic Forecast: February 2016, (Washington D.C., FannieMae, January 11, 2016) p.1.

<sup>9</sup> ESR Macroeconomic Forecast Team, Economic Forecast: February 2016, (Washington D.C., FannieMae, January 11, 2016) p.1.

population”<sup>1</sup> The pace has been so strong, that labor force participation rates, which had been suffering from historic lows since the study began in 2014, recorded a 13-month high of 62.9 percent on the results from the ESR group’s ‘February Report’s Household Survey’. This issue also highlights “the labor force participation rate rose for the third consecutive month the first time that has happened since late 2006.”<sup>2</sup> While it is apparent annual growth has lost momentum since 2013, economic conditions have improved for the home owner. The July 2015 issue of ESR Developments reported, “...the ratio of household net worth to personal disposable income increased to 639 percent for the quarter, the best showing since the third quarter of 2007, right before the economy slipped into recession.”<sup>3</sup>

HILLIARD DAVIDSON HIGH SCHOOL FROM HAYDEN RUN VILLAGE PARK



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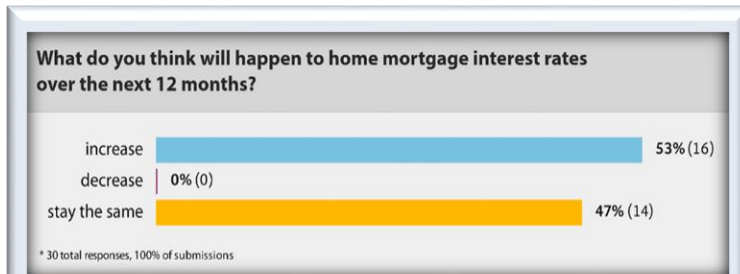
<sup>1</sup> ESR Macroeconomic Forecast Team, Economic Forecast: February 2016, (Washington D.C., FannieMae, March 9, 2016) p.1.

<sup>2</sup> ESR Macroeconomic Forecast Team, Economic Forecast: February 2016, (Washington D.C., FannieMae, March 9, 2016) p.1.

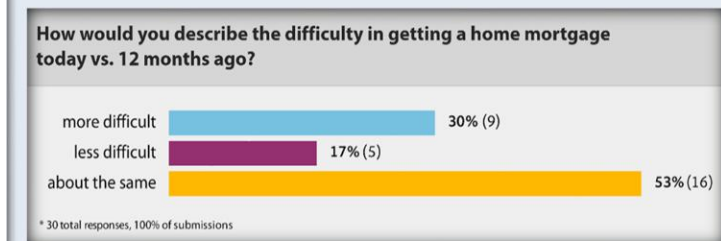
<sup>3</sup> ESR Macroeconomic Forecast Team, Economic Forecast: February 2016, (Washington D.C., FannieMae, March 9, 2016) p.1.

## MORTGAGE RATES

According to Freddie Mac's statistics on '30-Year Fix-Mortgages since 1971', the Federal Reserve increased the 30-year fixed rate from 3.54% in early May, 2013 to 4.49% by the end of September that year. The annual average commitment rate in 2006 was 6.41%. Compared to 2006, this is still considered historic low even with the increase. The nearly 1% increase over 4 months was enough to cause various parts of the real estate industry to suffer.



Majority of respondents (53%) believed the rates would increase going July, 2015. The other 47% believed the rates would stay the same. No one expected the (.08%) decrease after one year. Freddie Mac's monthly average commitment rate was as low as 3.67% in January, 2015.



Lending standards were raised after the housing crisis in 2006 in order to filter a more responsible, financially sound home buyer. As the standards increase, more of the buying audience became ineligible. Most of the respondents (80%) believed getting a mortgage was less difficult (16.6%) or about the same (53.3%) since the standards were raised.

The rates increase affected the refinance market more so than the home buyers. While the lenders, AMCs and appraisers may have felt the effects of the rates increase, most of the realtors sampled in Hilliard (97%) in July, 2014 responded that the interest rates increase did not affect them. Those who did report negative effects completely recovered.

According to Freddie Mac, the declines in rates have continued since the interviews with the realtors and remain at a four-year low. In December 2015, "...the Federal Open Market Committee (FOMC) raised the fed funds target rate 25 basis points ..." <sup>1</sup> The ESR Team reported that "So far, this first move has had a minimal impact on mortgage rates." <sup>2</sup> As mortgage rates continued at historically low levels, the initial expectation from the ESR group was a "gradual pace of monetary policy normalization" <sup>3</sup> with three fed funds rate hikes in 2016. However, the

lingering effects stemming from the strengthening dollar, collapse in oil prices and accumulation of inventory has fostered volatility in the economy and a swift revision by the ESR group: "We believe that slowing economic growth, and sharp deterioration of financial conditions, and weakening inflation expectations suggest more patience from the Fed for the next rate increase and a slower pace of tightening over the mid-term." <sup>4</sup>

<sup>1</sup> ESR Macroeconomic Forecast Team, Economic Forecast: February 2016, (Washington D.C., FannieMae, January 11, 2016) p.3.

<sup>2</sup> ESR Macroeconomic Forecast Team, Economic Forecast: February 2016, (Washington D.C., FannieMae, January 11, 2016) p.3.

<sup>3</sup> ESR Macroeconomic Forecast Team, Economic Forecast: February 2016, (Washington D.C., FannieMae, January 11, 2016) p.3.

<sup>4</sup> ESR Macroeconomic Forecast Team, Economic Forecast: February 2016, (Washington D.C., FannieMae, February 9, 2016) p.1.

“Because of the expected slow pace of U.S. monetary policy normalization and continued easing by major central banks around the globe, we project that the 30-year fixed mortgage rate will rise from 3.90 percent in the fourth quarter of 2015 to just 4.15 percent in the final quarter of 2016.”<sup>1</sup> The sample of realtors gave strong indications that when rates spiked in 2013 by nearly 1%, the demand from home-buyers was undeterred. As rates increases loom in this coming year, the expectation is a gradual rise. Based on the consumer reactions to the May 2013 spike, the increase will unlikely have a significant effect on the housing market in 2016.

HILLIARD SQUARE SHOPPING CENTER

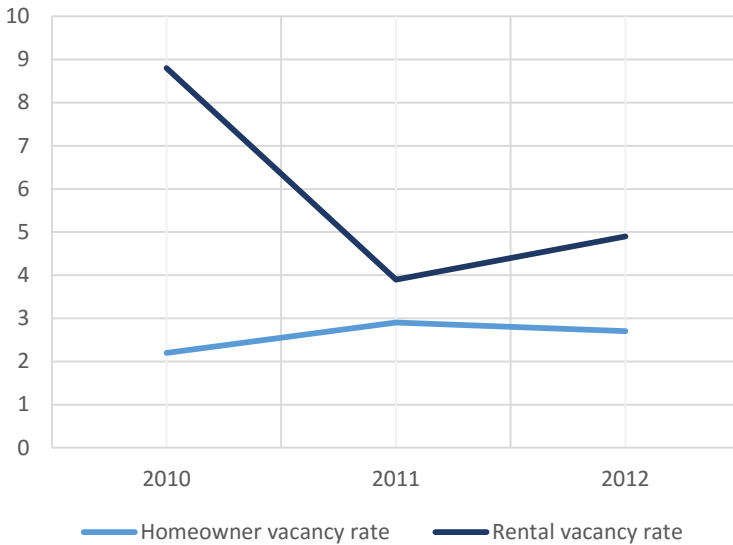


*With a majority of commercial and industrial business situated near the I-270 corridor, Hilliard Square is located towards the center of the city which relies more on local support. Hilliard’s largest commercial center for the local market is less than one mile west of Hilliard Square at the intersection of Cemetery Rd, Scioto Darby Rd and Main St.*

<sup>1</sup> ESR Macroeconomic Forecast Team, Economic Forecast: February 2016, (Washington D.C., FannieMae, January 11, 2016) p.3.

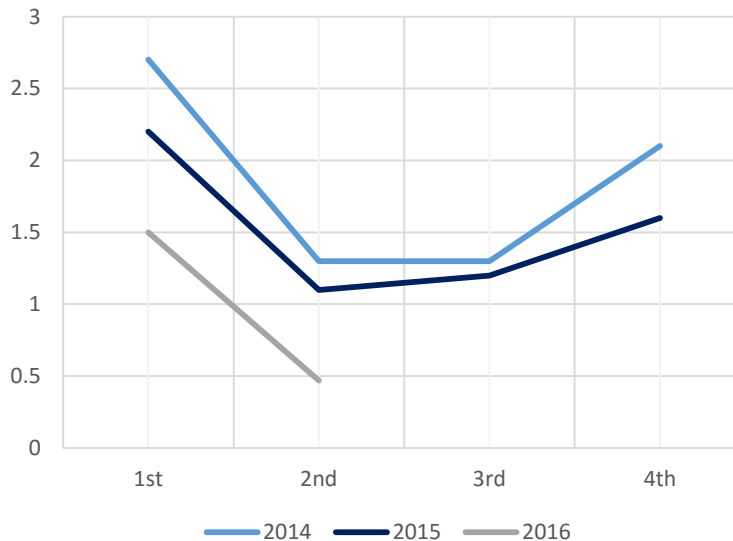
## THE INADEQUATE SUPPLY OF SUITABLE HOUSING

**FIGURE 111** RENTAL AND HOME VACANCY RATES



➤ information obtained from the US Census Bureau

**FIGURE 12** HILLIARD, OHIO: MONTHS OF HOUSING SUPPLY



➤ information obtained from the Columbus Board Of Realtors MLS

Since *the Hilliard Comprehensive Plan*, rental vacancy rates declined by 57 percent from 2010 to 2013 according to Census data. However, the increase of 2-4 bedroom rental units suggests accommodations are being made for families not ready for the home ownership. Despite the vacancy rates in homes increasing by nearly 23% since the 2010 comprehensive plan, demand for traditional single-family homes has shown signs of growth along with condo sales.

Demand for freestanding single-family housing has continued at a high level since the interviews with the realtors in July 2014. In March, the ESR group reported the months' supply of housing for the country "remains at a historically low level of 4.0 months, compared with 4.5 months in January 2015"<sup>1</sup> The supply for residential sales as a whole has experienced annual declines in Hilliard falling for the eighth straight month in January, 2016. Data collected from the Columbus Board of Realtors MLS shows a housing supply of just 2.1 months during the off seasons and 1.1 months during peak seasons for single-family properties (Figure 11). While residential sales have increased on an annual basis with the aid of new construction, inventory has been tight every step of the way.

Although condo sales came to dominate new construction in the years following the 2010 Hilliard Comprehensive Plan, analysis of

<sup>1</sup> ESR Macroeconomic Forecast Team, Economic Forecast: February 2016, (Washington D.C., FannieMae, March 9, 2016) p.3.



residential data from the U.S. Census (2010-2013) shows that family households (74%) and non-family households (26%) have not made any significant deviations since 2010. Detached 1-unit homes have continued to dominate the market (74.3%) while attached 1-unit housing (9%) declined slightly in 2013 (Figure 10). The median room count has been virtually consistent (6.6) since 2010. Homes with 9 rooms or more (25.8% of the market) have increased annually by 1%. The 3-4 bedroom traditional home comprised 72.7% of single family housing sales. Since 2010, the 3 bedroom home has been predominant. In 2013, however, 4 bedrooms became the lead room count (37.9%). With the average household size slightly below 2.9, nearly 98% of the homes have 1 or less occupants per bedroom indicating a demand for the spare bedroom. Nearly 67% of the households have two or more vehicles available making the two-car attached garage optimal for most home owners. The Census data does not support demand has shifted from owner-occupied traditional single-family homes since the Hilliard Comprehensive Plan.

“... the ‘fourth quarter 2015 Mortgage Lender Sentiment Survey’<sup>TM</sup> shows that lenders expect to continue to ease lending standards and expand consumers’ access to mortgage credit this year.”<sup>1</sup> Interest rates remain at historic lows. This was why business for the realtors in the survey was virtually unaffected after the increase in May 2013. Since the decline of bargain homes in the market, the emerging groups described above have been competing with seasoned homebuyers. Although interest rates have dropped even lower since the interviews, the tight housing supply has caused homeownership rates to decline also. Whether traditional single-family homes or condos, the demand for both products has remained ever present.

FRANKLIN COUNTY FAIRGROUNDS: CHURCH

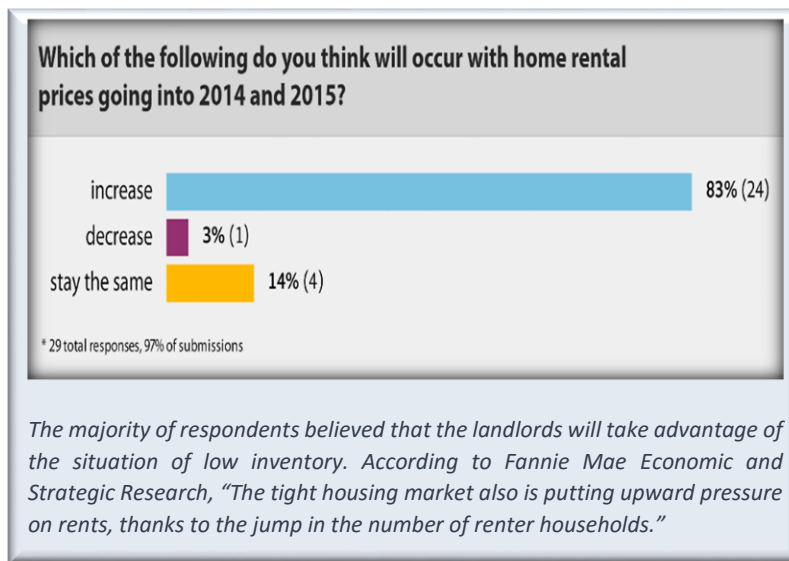


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<sup>1</sup> ESR Macroeconomic Forecast Team, Economic Forecast: February 2016, (Washington D.C., FannieMae, January 11, 2016) p.3.

## THE INVENTORY

According to the ESR Developments for August, 2015; “Housing activity was mixed in June, but all main indicators rose through the first six months of the year compared to the same period last year, supporting our expectation of a broad-based improvement in the housing market.” Revisiting the same time period mentioned above (July, 2014), 90 percent of the realtors interviewed said it was a good time to sell due to ‘a high demand and low inventory’. As the interviews progressed, it became apparent that this had been on going. Hilliard, a city that seemed insulated from the economic trends occurring throughout most of the country during the recession, seemed to hold true to its identity while the housing sector struggled for the rest of the country.



Monthly reports from the FannieMae Economic Strategic Research Group detail how the housing market lost momentum through the second half of 2013. And, most housing activity cooled further at the start of 2014 declining in seven out of eight months through March to “...the slowest pace since July 2012”<sup>1</sup>. Statements in the August 2014 ESR Developments note how, “..existing home sales through the first five months of 2014 remained more than 7.0 percent below

levels for the same period last year.” Through the first half of 2014, single-family housing starts were “... running just 1.0 percent ahead of the pace a year ago, compared with 16.0 percent for multifamily starts.”<sup>2</sup> New home sales would eventually rise by the third quarter reaching the “...highest level since July 2008.”<sup>3</sup>

While mortgage rates had stabilized by the end of 2014, weak housing demand was a formidable challenge and deemed “...crucial to the housing recovery.”<sup>4</sup> Most investors had exited the market by the second quarter of 2014, according to the ESR reports, and it was feared through the first half of the year that a void in the market would remain from a lack of effective demand. By October 2014, distressed transactions as a share of total sales had been through “... 40 consecutive months of year-over-year declines, according to data from CoreLogic.”<sup>5</sup>

As key indicators would “diverge” through 2015 sending mixed signals about the overall health of the economy, stronger income growth and a sustained level of historically low mortgage interest rates played its part in boosting the housing sector. While performance in other areas of the economy was deemed

<sup>1</sup> ESR Macroeconomic Forecast Team, Economic Forecast: February 2016, (Washington D.C., FannieMae, August, 2014) p.1.

<sup>2</sup> ESR Macroeconomic Forecast Team, Economic Forecast: February 2016, (Washington D.C., FannieMae, August, 2014) p.1.

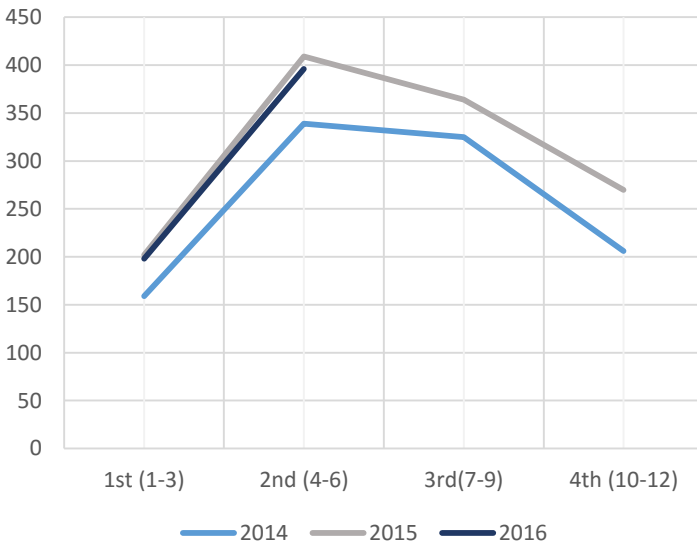
<sup>3</sup> ESR Macroeconomic Forecast Team, Economic Forecast: February 2016, (Washington D.C., FannieMae, August, 2014) p.1.

<sup>4</sup> ESR Macroeconomic Forecast Team, Economic Forecast: February 2016, (Washington D.C., FannieMae, October, 2014) p.1

<sup>5</sup> ESR Macroeconomic Forecast Team, Economic Forecast: February 2016, (Washington D.C., FannieMae, October, 2014) p.1

‘anemic’, “..the housing market remained resilient, contributing 0.3 percentage points to GDP growth during the fourth quarter as well as for all of 2015.”<sup>1</sup> Although moderation of pace is expected, sustained growth through 2016 was the forecast in the ESR Group first quarter reports. “Existing home sales posted a small gain in January following a surge in the prior month, new home sales dropped sharply, and both single- and multifamily starts pulled back.”<sup>2</sup>

**FIGURE 12** HILLIARD, OHIO: CLOSED SALES



➤ information obtained from the Columbus Board Of Realtors MLS

Although the realtors gave no indications of a void in demand during the survey in July 2014, such a void would be reflected in a diminishing sales volume and increasing cumulative marketing times (especially, for sales that aren’t distressed property). Data from the Columbus Board of Realtors MLS was used to analyze Hilliard’s closed sales for the past three years. Fluctuations in the quarterly sales volume show a seasonal flow revealing the cyclic nature of the housing market (Figure 12). In spite of a slight decline in the first quarter of 2016 compared to the previous year, single-family freestanding sales are still on par with 2015 which is 12% higher than the closed sales in 2014. For residential

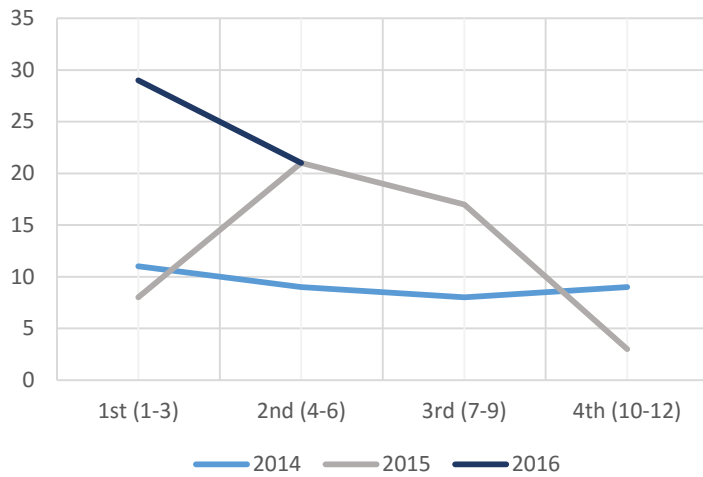
listings, after more than a year of annual declines, single-family freestanding homes show the first annual increase of nearly 7% in the second quarter of 2016.

While the housing market appears to be shrinking, Hilliard has experienced six consecutive quarters of annual declines in the supply of residential homes. In June 2016, after five consecutive quarters of annual declines, the supply in freestanding homes increased annually by 20% (.78mos). While the available inventory is diminishing, demand in the market remains high. In fact, the demand for single-family property has grown on a national scale. The February 2016 issue of the Fannie Mae’s ESR Developments reported, “Single-family starts and new home sales reached the highest annual levels since 2007, existing home

<sup>1</sup> ESR Macroeconomic Forecast Team, Economic Forecast: February 2016, (Washington D.C., FannieMae, February 9, 2016) p.1

<sup>2</sup> ESR Macroeconomic Forecast Team, Economic Forecast: February 2016, (Washington D.C., FannieMae, March 9, 2016) p.3

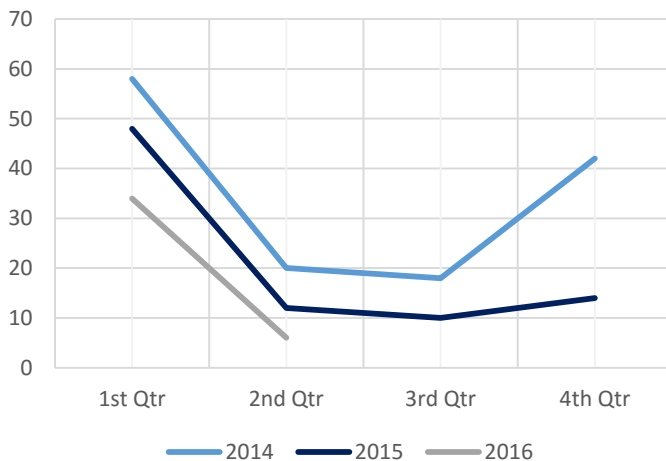
**FIGURE 13** HILLIARD, OHIO: RESIDENTIAL NEW CONSTRUCTION



➤ information obtained from the Columbus Board Of Realtors MLS

2014, an anemic period for housing activity throughout the rest of the country, is poised for another boom as this sector of the country’s economy has shown sustained growth over the past 12 months. In the first quarter of 2016, new construction sales increased more than 163% on an annual basis (Figure13). Coming off a three year high in the first quarter of 2016 (263% annual increase), sales have returned to 2015 levels decining 38%. Given the short marketing time for residential new construction, the second quarter decline in sales reflects the availability of new construction which is still at a 52% increase since 2014.

**FIGURE 14** HILLIARD, OHIO: DAYS ON MARKET



➤ information obtained from the Columbus Board Of Realtors MLS

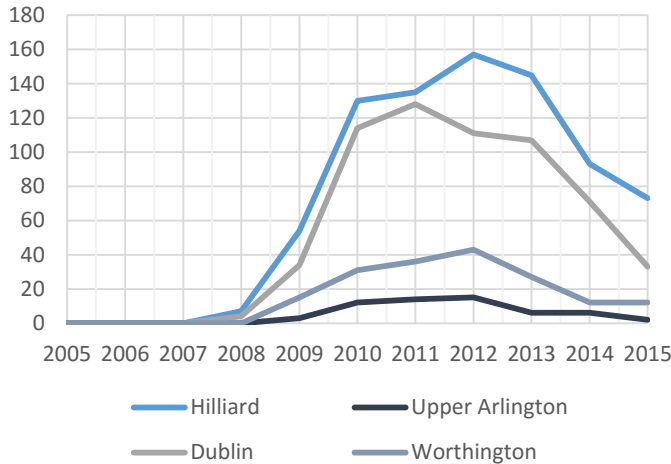
sales had the best showing since 2006, and multifamily starts posted the best year since 1988”<sup>1</sup> The new growth in Hilliard also shows how the high level of demand has not shifted to a different product or diminished since the interviews. After a fairly consistent amount of new construction sales each quarter of 2014 (an average of 9.25 ranging from 8-11), sales spiked 162.5 percent in the 2nd quarter of 2015 (Figure13). This burst of new growth was 133.3 percent higher than sales were the year before. When the 3<sup>rd</sup> quarter sales volume declined by 19 percent from the previous quarter, levels still increased on an annual basis by more than 100 percent. A city able to thrive through

In contrast to fading demand, marketing times have been declining an average of 50% annually for the past two years. The shortage of suitable housing described by the realtors in July 2014 has since grown into a national trend. According to the August 2015 issue of Fannie Mae’s ESR Developments, “Inventory remains tight...” The National Association of REALTORS® (NAR) noted that properties stayed on the market for an average of 34 days in June [2015], the shortest duration since tracking began in May 2011.” In Hilliard, the median cumulative marketing time was 11 days for 2016; a 52% percent decline from the previous year (Figure 14). Marketing times have continued to decline since the realtor interviews. For the past two years, the first

<sup>1</sup> ESR Macroeconomic Forecast Team, Economic Forecast: February 2016, (Washington D.C., FannieMae, February 9, 2016) p.1.

quarter has been the period with lowest volume and also the highest median cumulative marketing time of 49.3 days. Even in the off season the median is well below the 90-180 day window for reasonable marketing time. Suitable single-family homes during the peak season of 2015 had an extremely brief availability with the median cumulative marketing time as low as 10 days.

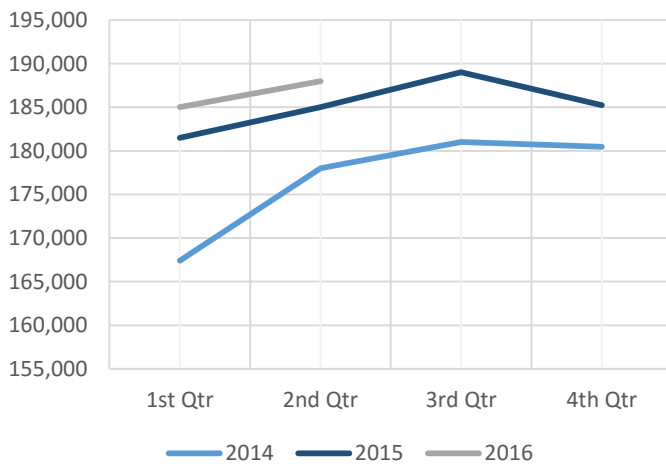
**FIGURE 15** HILLIARD, OHIO: FORECLOSURE SALES



➤ information obtained from the Columbus Board Of Realtors MLS

Realtors MLS. Since the recession, Hilliard had the highest foreclosure rates of the surrounding 3 cities (Dublin, Worthington and Upper Arlington)(Figure 15). Leading the 3 cities for the past 8 years, foreclosure sales in Hilliard went from 13.3% of the market sales in 2013 to just 9% of closed sales by the end of 2014. Although this is still a presence in the market, the influence is not strong enough to be considered a ‘driving force’. Through the first quarter of 2016, distressed sales have fallen back to zero. With distressed sales at marginal levels since 2014, the city was unaffected when investors left the market.

**FIGURE 16** MEDIAN SALES PRICE FOR RESIDENTIAL SALES



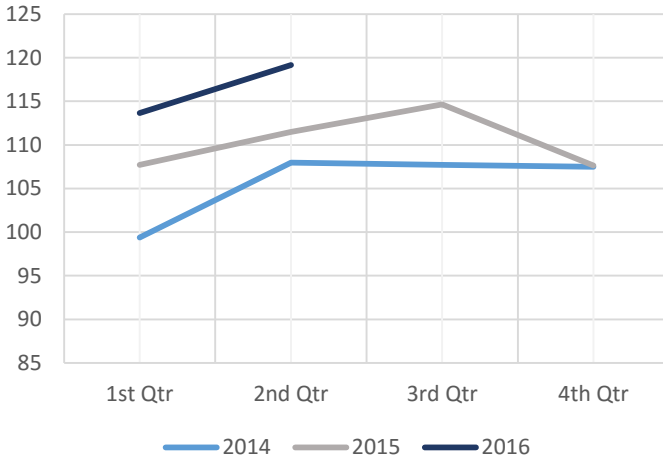
➤ information obtained from the Columbus Board Of Realtors MLS

This increased demand occurred throughout the country in 2015 without the aid of foreclosures sales in the housing market. According to the August 2015 issue of ESR Developments, “[the]NAR reported that distressed sales dropped to new lows in June, accounting for only 8 percent of the market, the lowest share since record-keeping began in late 2008.” The foreclosure listing data for Hilliard, available on the Columbus Board of Realtor’s MLS, gives similar indications. In 2014, Hilliard’s foreclosure sales were over 13 times what they were in 2008; the first year sales due to foreclosure were found recorded in the Columbus Board of

Without bargain homes to saturate the inventory, competition will begin to drive up the prices for suitable housing eventually affecting home values. In the second quarter of 2014, the realtors interviewed believed single-family home prices would increase over the next twelve months. Median sale prices for residential sales have risen for the past two years since the interviews; 4.6% in 2015 and 2% in 2016. Median sale prices of single-family freestanding homes have risen at an increasing annual rate; 4.2% in 2015 and 5.1% in 2016. While it appears prices for the residential market has reached its peak, single-family freestanding homes continue increasing. The second quarter of 2016

indicates almost no annual gain (.9%) for residential sales as a whole, but single-family freestanding sales have an annual increase of 3.6%.

**FIGURE 17** HILLIARD, OHIO: MEDIAN PRICE PER SQ.FT.



➤ information obtained from the Columbus Board Of Realtors MLS

Analysis of the quarterly change in the price per square foot over the same period further illustrates sustained value gained over the past two years (Figure 18). If the current pace continues through the final months, it will be the 5<sup>th</sup> quarter out of the past 8 where the median price per square foot is within \$.30 of \$107.70. While these levels were a constant the year before and prevalent in the off season of 2015, the lowest point in the year still has the highest price per square foot level in over 10 years with consecutive increases for the past three years. It seems home values in Hilliard have benefited from the competition.

FRANKLIN COUNTY FAIRGROUNDS: SCHOOL



**How would you describe the trend in seller concession over the past 12 months? (such as buy downs, and seller contributions)**



\* 30 total responses, 100% of submissions

*As inventory decreases and demand increases, the need for concessions to sell shifts to multiple offers, competition. This was the principal most often explained by the realtors.*

**What do you think the trend will be in seller concessions going forward?**



\* 28 total responses, 93% of submissions

*None of the realtors believed the trend in concessions would shift going into 2015. This is an indicator that the realtors believe the level of demand for housing will continue going into 2015.*

When the popular diagnosis was ‘high demand and low inventory’, a strong majority of the realtors being interviewed at the time also reported multiple offers for single-family property with little or no seller concessions available in the market. The interviews with the realtors occurred mid-way through the peak season of 2014. At that time, 93 percent believed the trend in seller concessions would remain the same if not decline even further over the next 12 months. According to the sample, homes were adequately priced for the market with little need for incentive. The median cumulative marketing time that quarter was 16 days and the median list to sales ratio was 0.98. The quarterly marketing times have continued to decrease on an annual basis since the interviews. Due to the competitive nature of the market, none of the realtors forecasted the

trend would change over 12 months. A year later, the median list to sales price ratio was 0.99. A market functioning with no need for incentives is another strong indicator that demand for single-family housing in Hilliard remains at a high level.

## CONCLUSIONS OF THE MARKET ANALYSIS

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'It's always a good time to sell!', the most common response given by the realtors in 2014, seemed like a sales pitch given by the realtors at time of the interviews, but it has been supported by the data for the past two years. The single-family housing inventory in Hilliard, indeed, has gotten extremely limited leaving no incentive to make sales concessions. With foreclosure sales in 2016 on pace to be the lowest since 2008, the high level of demand for traditional single-family housing has not faltered over the past two years. The positive effects of competition on home prices have been apparent through the first quarter of 2016. This trend in prices will result in the fourth consecutive year of annual increases in median sales prices and price per square foot. While the collective assessment from the sample of realtors' may generate some debate when considering the macro economic conditions of the country, their forecast of the market activity and home values has been supported by MLS data and irrespective of the struggles the housing sector has endured on a national level.

"Home price appreciation that continues to outpace income growth will further erode home purchase affordability, especially for first-time home buyers. Repeat buyers could potentially realize capital gains from selling their current home to buy another one, and thus are less likely to be deterred by rising prices."<sup>1</sup>

The economic growth rate is not expected to match the 3.1% ending 2013. It is expected to continue at a more modest 2% forecasted by the ESR Development Team through 2016. This will give sustainability to unemployment and labor force participation rates. The spike in mortgage rates which occurred in 2013 demonstrated the markets ability to sustain a 1% increase without losing momentum. When considering the status of economic conditions in 2013, the current status of the factors mentioned is not expected to negatively impact the housing market through 2016.

Without bargain homes as a driving force, investors have been a declining presence since July, 2014. This market analysis details support for a sustained level of legitimate effective demand coming from potential and current home-owners leaving little incentive for sales concessions. With supply and demand currently favoring the seller, the residential sales median list to sales price ratio is anticipated to continue to close near 100%. While list prices are expected to continue increasing, the market appears to have found an equilibrium in pricing for residential property making the increasing list price more reflective of the increasing sale price.

This growth in demand is expected to continue to outpace the housing supply through 2016. While residential sales are expected to continue at a 4% annual increase, single-family freestanding homes are expected to end 2016 at a 5%-10% annual decline due to the lack of availability and low turnover. The listing exposure times continue to show 50% annual declines while the total number of listings continues at an annual 7% increase with the aid of new construction. Although the months in the supply of single-family freestanding homes in the second quarter of 2016 showed a 20% annual increase, the increase was still less than one month (.78) and the currently available housing is in a shortage of supply. The months of housing supply is expected to return to slightly above one month, but continue to show year over year declines through 2016.

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<sup>1</sup> ESR Macroeconomic Forecast Team, Economic Forecast: February 2016, (Washington D.C., FannieMae, March 9, 2016) p.1.



This pressure generated from the competition will cause new construction to continue at an aggressive pace; 57% for residential sales, 27% for single-family freestanding (with single-family homes dominating the sales volume and condo sales [40%] continuing to make a significant contribution). However, this will not be enough to curb the sustained level of demand which has been well established since the interviews with the realtors in July, 2014. The growing demand will continue driving down rental and home vacancy rates putting upward pressure on median sales prices for single family freestanding homes which will continue to show a 3.6% - 5.1% annual price increase and a 6% annual increase in price per square foot. The median price in residential sales as a whole is expected to remain in balance with 2015. The marketing time, showing annual declines of 50%, will remain well under the 90 to 180 day window for reasonable marketing times.

# The Hilliard Area Market Opinion Survey

**Summary Report July, 2014**

*The Market Opinion Survey is a series of questions developed for realtors to gain a current perspective on conditions in the Hilliard area housing market. A sample of 30 realtors active within the Hilliard market were interviewed from July 8th to July 27th by phone. The responses were kept and recorded by Adobe FormCentral. A statistical summary report has been developed with additional commentary to further explain each graph series. My sincerest thanks goes out to those who participated.*

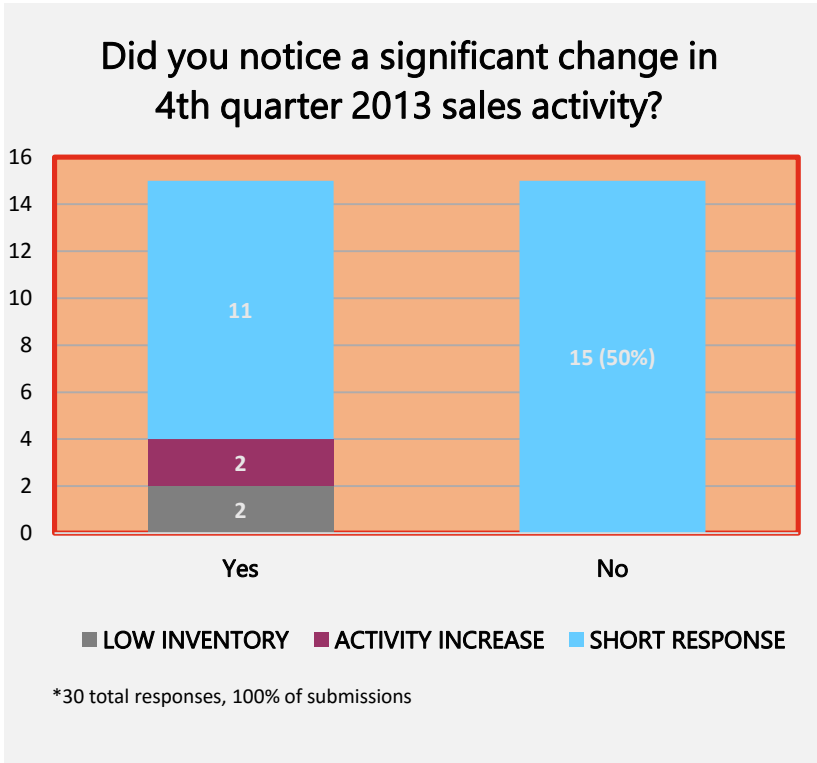


# THE HILLIARD AREA MARKET OPINION SURVEY

Summary Report: July, 2014

In November 2013 FannieMae reported the housing market as losing momentum. Then, in January 2014 reported the market on firm footing with market sentiment bouncing back.

FIGURE 1



## 4<sup>TH</sup> QUARTER 2013

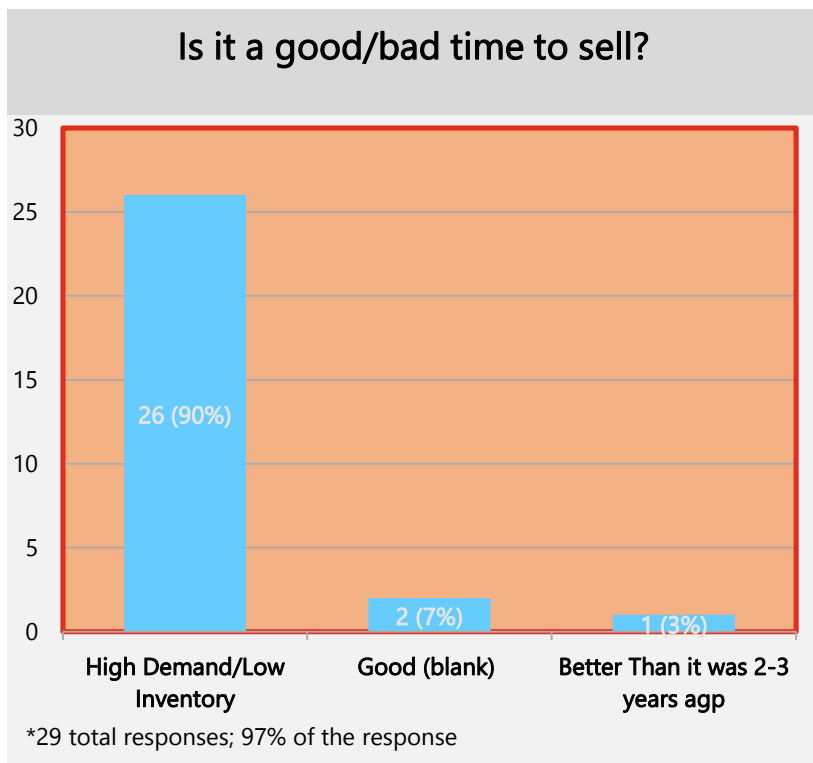


This question was asked due to the FannieMae reports in the 4<sup>th</sup> quarter of 2013 and the 1<sup>st</sup> quarter of 2014. The polarities in indicator readings when comparing reports suggests significant activity increases by the end of the 4<sup>th</sup> quarter of 2013.

Figure 2 below shows that by July, 2014 all the respondents recognized that it was a seller's market and inventory was low. However, half of the respondents did not recognize a significant change in the 4<sup>th</sup> quarter of 2013.



FIGURE 2



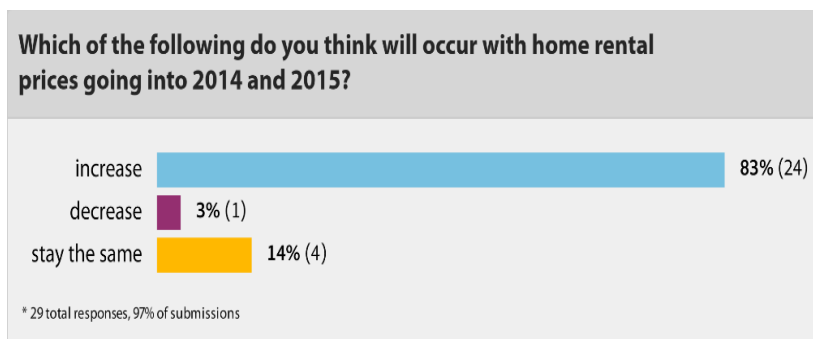
## A TIME TO SELL



Figure 2 illustrates an overwhelming number of respondents reported a high demand/low inventory. Many of the realtors would elaborate that an increasing number of qualified buyers are unable to find suitable housing.

Several of the realtors described 2 generations of ‘would be’ home buyers; the generation of renters who kept leasing due to the increased bank regulations and sharp value declines during what became known as ‘The Great Recession’ combined with the increasing number of young families in need of more living space. The general message from the respondents was that the landlords will take advantage of the situation of high demand (Figure 3).

FIGURE 18



# THE HILLIARD AREA MARKET OPINION SURVEY



FIGURE 4

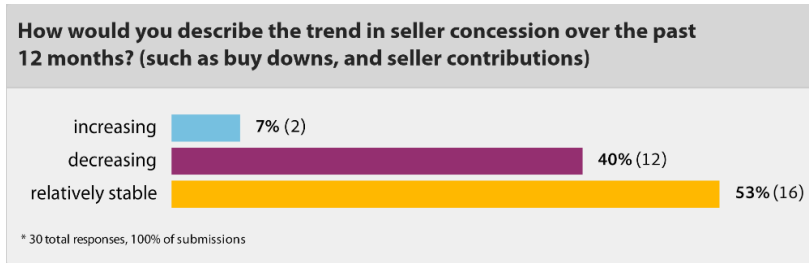


FIGURE 5

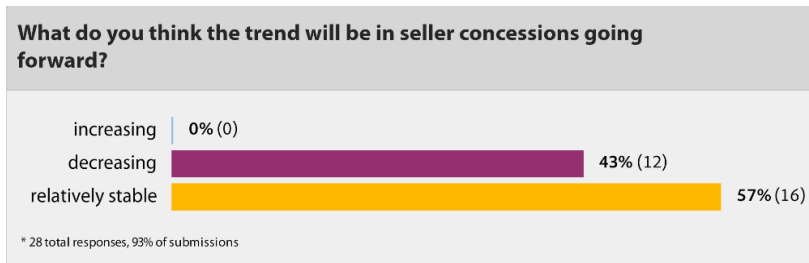


FIGURE 6

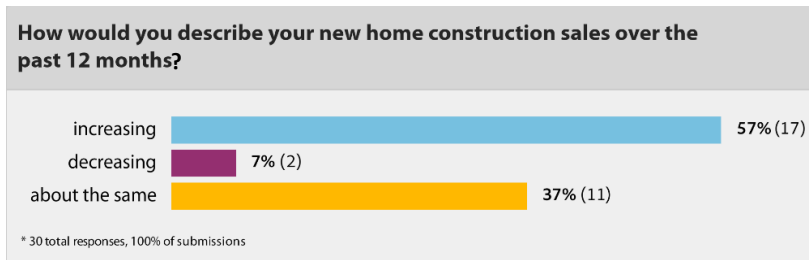
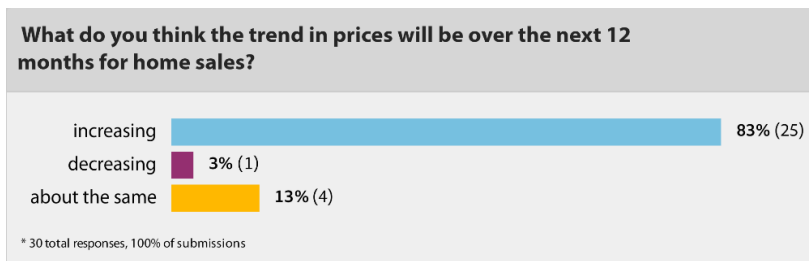


FIGURE 7



As inventory decreases and demand increases, the need for concessions to sell shifts to multiple offers, competition. This was the principal most often explained by the realtors (Figure 4).

Figure 5, none of the realtors believed the trend in concessions would shift going into 2015. This is an indicator that the realtors believe the level of demand for housing will continue going into 2015.

Many of the realtors reported an increase in new home construction sales. Figure 6 shows indications that the pace of new construction will continue or increase going into 2015.

With current listings receiving multiple offers, a majority of the realtors believed home values would show an increase over the next 12 months (Figure 7).



**FannieMae reported in December that most people prefer to own a home. Housing affordability has improved substantially. Yet, homeownership rates have continued to drop over the past year.**

FIGURE 8

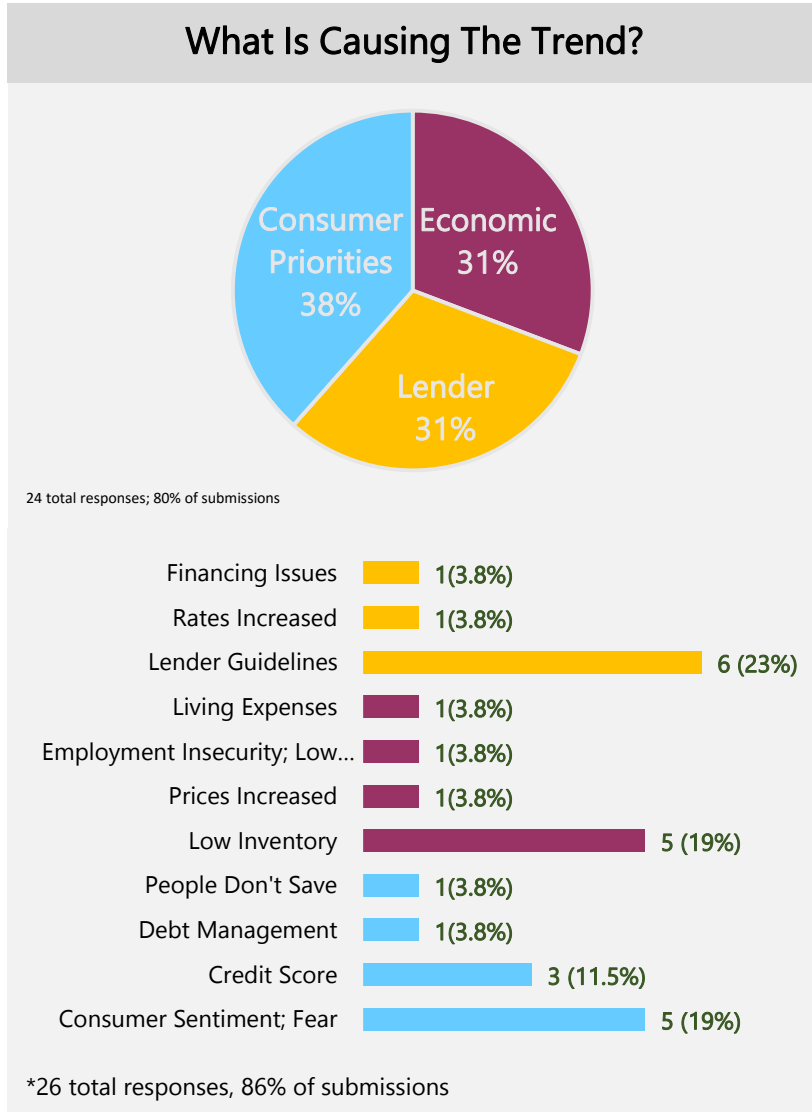
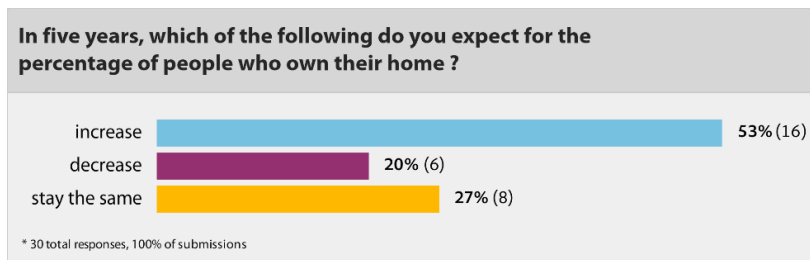


FIGURE 9



## THE BIG 3



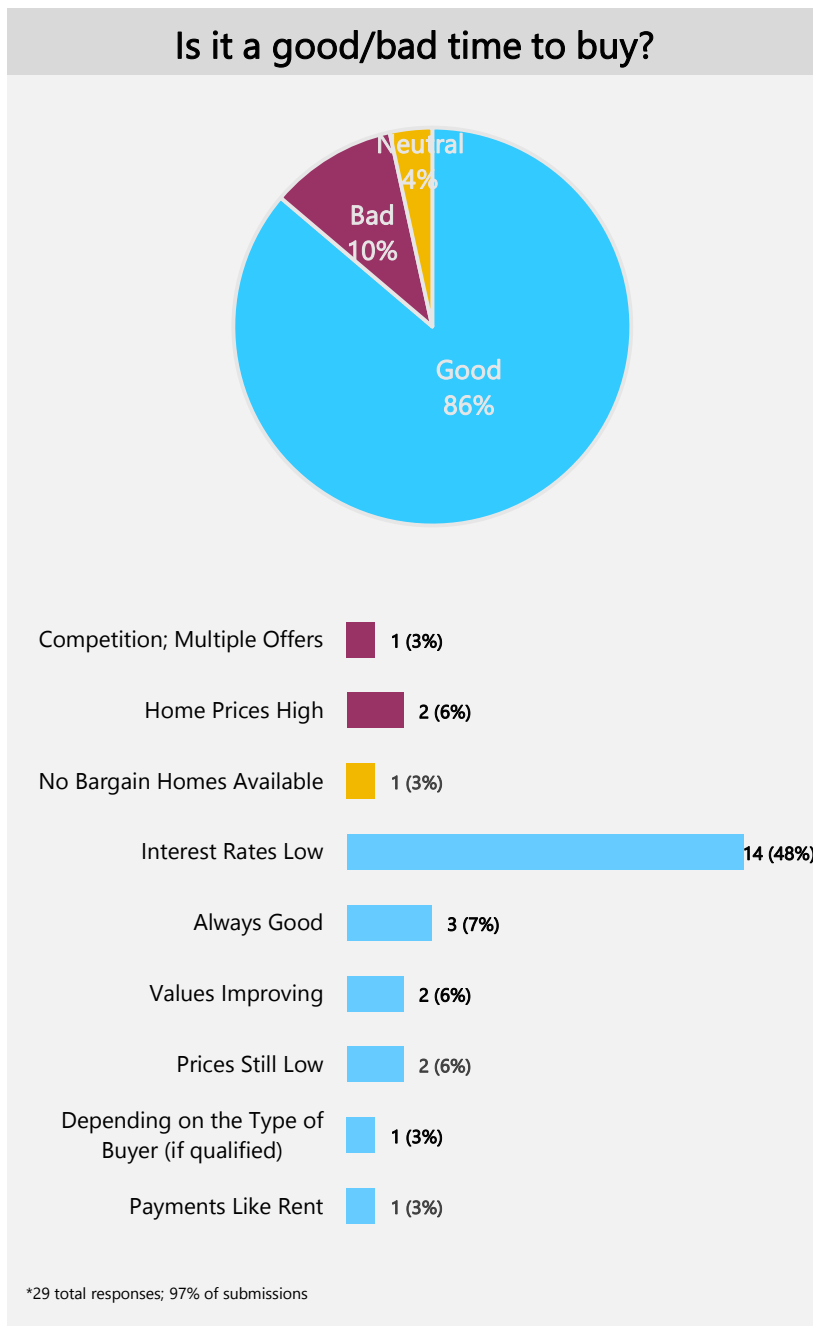
The response given by the realtors could be organized into 3 major categories (Figure 8)

The credit standards for the homebuyer are dictated by the lender. The standards were raised after the housing crisis in 2006 in order to filter a more responsible, financially sound home buyer. As the standards increase, more of the buying audience becomes ineligible.

Witnessing declines in value up to 50%, a significant amount of people became disillusioned with the home as a sound investment. With the bargain homes inventory absorbed and multiple offers for suitable housing, the capital doesn't seem to be available for a growing number of the population. However, most of the realtors believe this trend will change. (Figure 9)



FIGURE 10



## IT DEPENDS ON THE BUYER



During the interview process, I found that most realtors are reluctant to say 'bad time to buy'. Figure 2 illustrates that few realtors would admit that the buying conditions were not preferred or optimal (neutral response).

The bargain homes have been absorbed. The need for attractive seller concessions has gone as multiple offers are being received for suitable housing. A majority or the realtors agree the mortgage process is not getting any easier, nearly a third reporting the guidelines have become more stringent among 'would be' home buyers. (Figure 3)

The most common response was that interest rates are still at historic lows, despite everything working against the homebuyer.



FIGURE 11

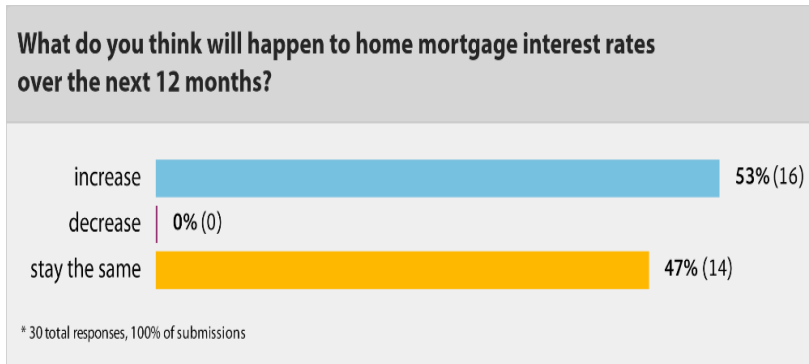


FIGURE 12

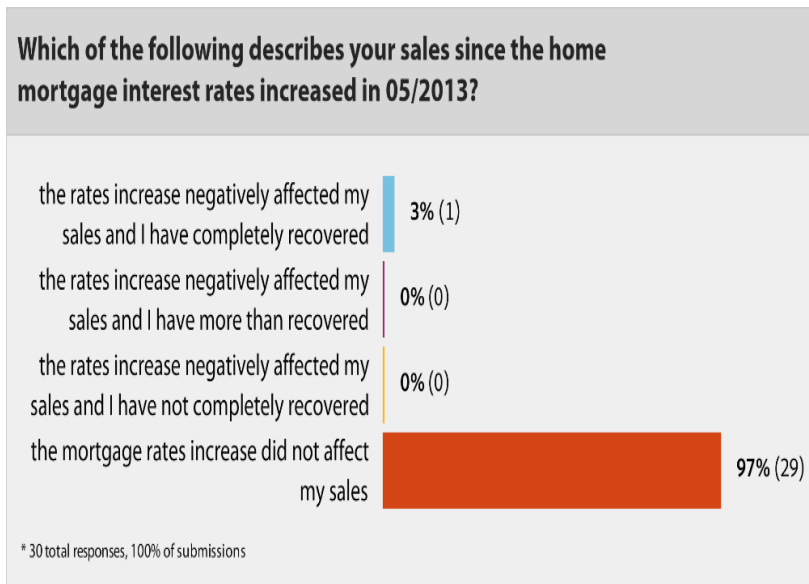
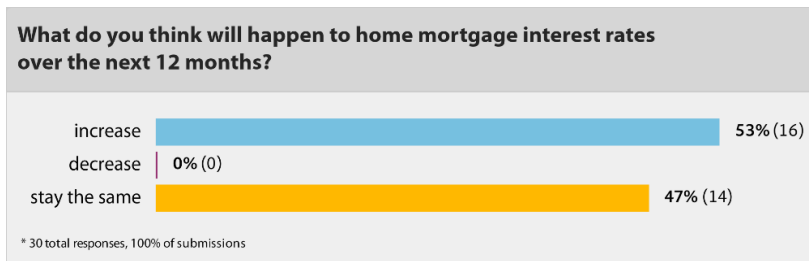


FIGURE 13



## THE DRIVING FORCE IN THE DEMAND



The Federal Reserve increased the 30-year fixed rate from 3.59% in early May to 4.73% by the end of August. (according to the Mortgage Bankers' Association, or MBA)

While the AMCs may have felt the effects of the rates increase, most of the realtors said the rates did not affect them. Those who did report negative effects completely recovered. The rates increase affected the refinance market more so than the home buyers.

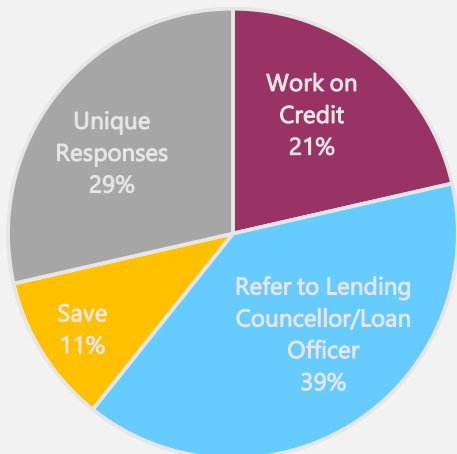
The mortgage rates are being used to attract a growing young audience offsetting the negative sentiments spawned from the 'The Great Recession'. Payments are like rent. The ever increasing lending regulations create a class of buyer with more financial stability. As long as the majority of people are kept wanting to purchase a home, the values will continue to rise due to the scarcity of homes and the rental prices will continue to rise due to the prolonged demand.





FIGURE 14

If you have clients looking for a mortgage today to purchase or refinance a home but were unable to qualify, what course of action would you recommend?



28 total responses; 93% of submissions

FIGURE 15



## GET COUNSELING



After hearing several realtors, it became apparent people can make substantial improvements to their portfolio within 12-18 months if they are willing to work with a lending counselor. A few added that they have loan officers affiliated with their company to assist.

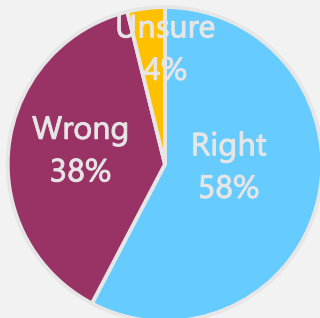
A qualified lending counselor can advise on all factors affecting finance eligibility including credit repair, down payment and savings goals (the other frequent responses). The subsequent responses are more vigilant while a counselor can facilitate a more guided effort.

The miscellaneous responses listed below offer a few alternatives that are outside the lending institutions.

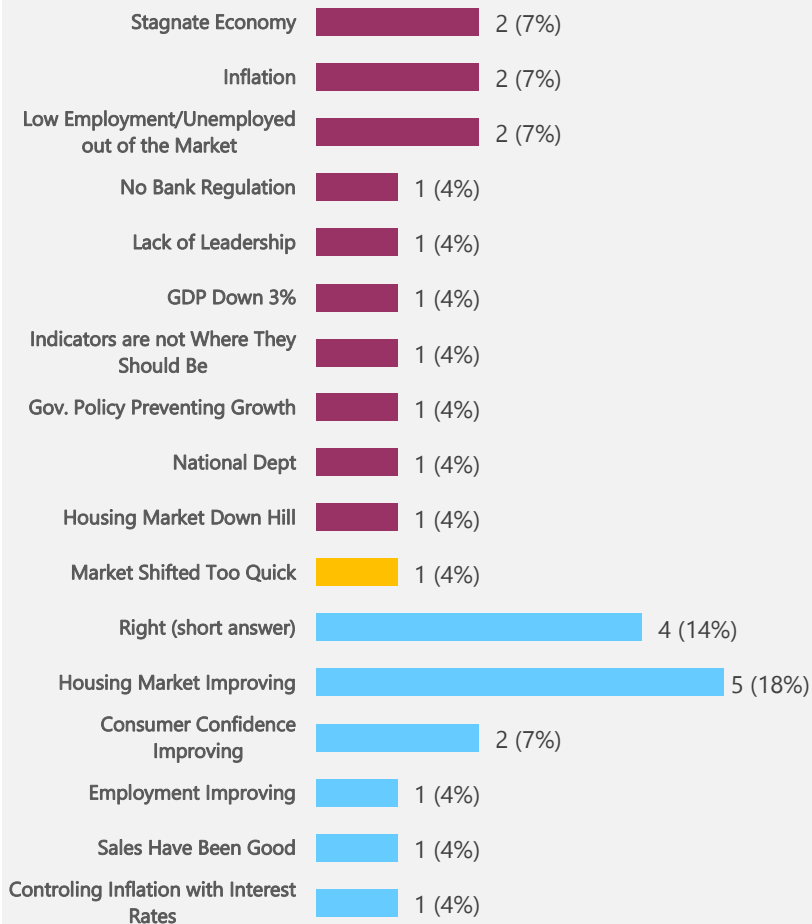


FIGURE 16

Do you think the economy is on the right/wrong track? Why?



\*26 total responses; 87% of submissions



\*28 total responses; 93% of responses

THE HOMEBUYER



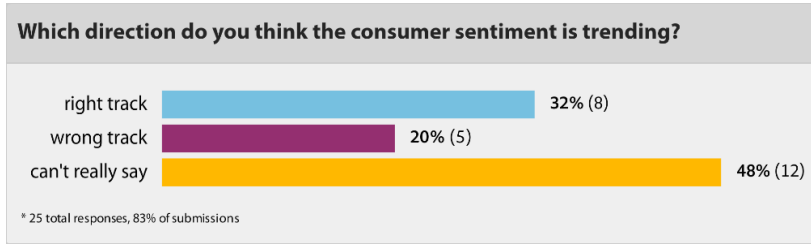
The housing market is widely regarded as a key indicator for the overall health of the economy. The living space expense being of high priority, the home is the most expensive investment for the average consumer.

The realtors were targeted because they are with the homebuyer from start to finish. The success of the realtor is very much linked to the success of the consumer, experiencing the hardships and success involved in closing along with the consumer.

A significant amount of realtors felt the economy was headed off course and replied with an array of responses. The high inventory/low demand phenomenon present within the market was not enough to gain their confidence in the over-all economy

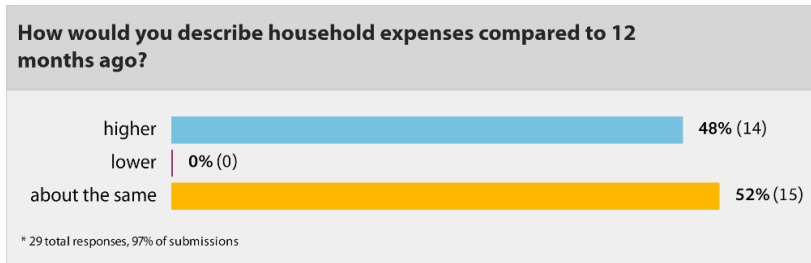


FIGURE 17



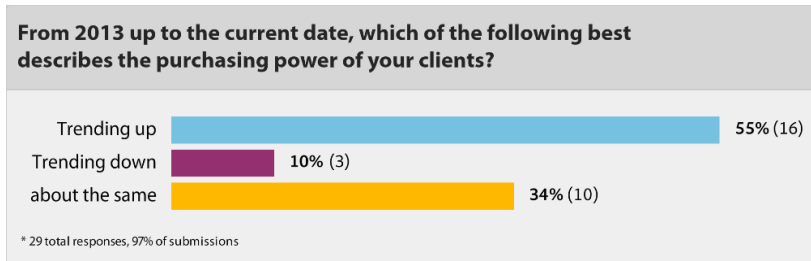
Although most did not want to comment on sentiment of their clients, the ones who did often made the point that the consumer would not be looking to buy a home if they did not feel the economy was on the right track.

FIGURE 18



While all the realtors could agree the cost of living was not decreasing, the nearly even division in responses suggest that living expenses did not drastically increase if any this past year.

FIGURE 19



A level of skepticism is noted with the claim that demand was synthesized by the lender (mentioned earlier).

A large part of the consumer's ability to purchase is absorbed into the home and associated cost. Once the essentials are paid, the consumer will spend in other sectors of the economy like retail technology and automotive. (Figure 19)



FIGURE 20

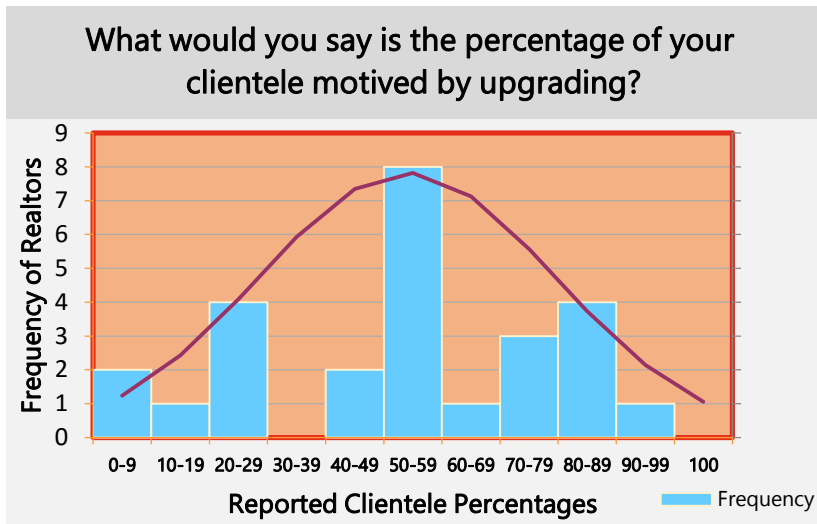


FIGURE 21

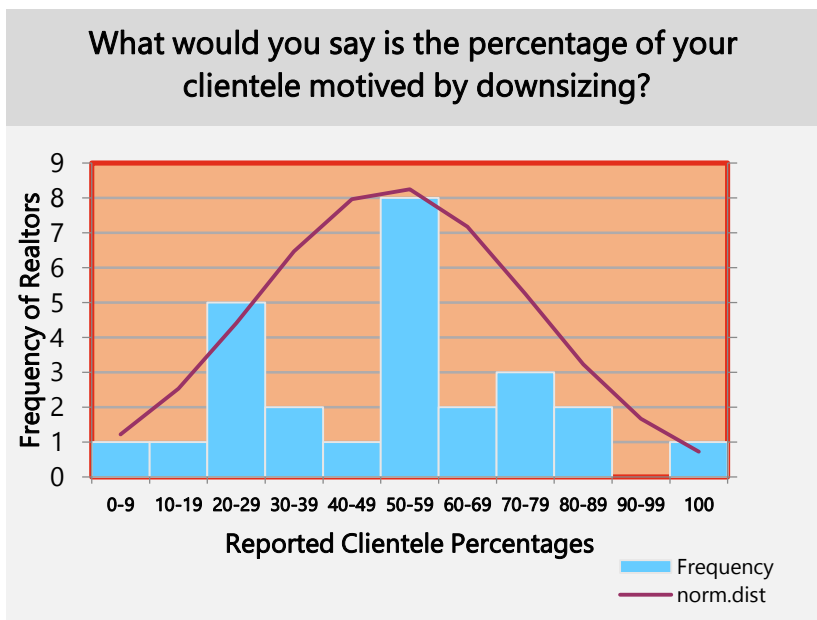
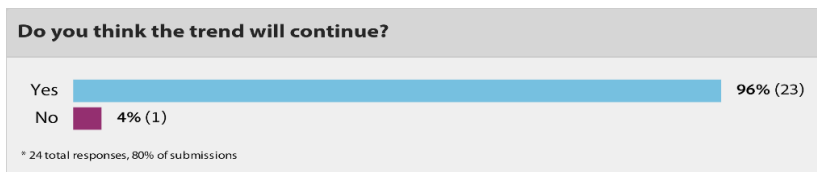


FIGURE 22



## 50:50



The responses were organized into bins of 10 percent. Figures 20 and 21 illustrate the most frequent response in the interview process, 50:50

A sample of 30 was chosen because a trend in overall responses had been recognized. The mean for those downsizing is 47% indicating a slightly disproportionate amount of realtors reporting below 50%. The mean for those upgrading is 49% and seems to adhere more closely to the distribution curb indicating a more even dispersion of responses. A majority of the responses for upgrading range between 24%-74%. For those downsizing, the majority fell between 23%-71%. Figures 20 and 21 show where the reported volume is concentrated.

A majority of the realtors believed this trend will continue going into 2015.

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# Photographs

*(Cover)* Love, Matthew. "Old Hilliard." 2019. JPEG.

*(Subtitle pages)* Love, Matthew. "Franklin County Fairgrounds." 2019. JPEG.

## A BRIEF HISTORY

1:1 Love, Matthew. "Rail Road Crossing." 2019. JPEG.

1:2 Love, Matthew. "Old Hilliard Station." 2019. JPEG.

## LAND-USE & POTENTIAL

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## PARKS AND PUBLIC SPACES

1:4 Love, Matthew. "Hilliard Family Aquatic Center." 2019. JPEG.

## NATURAL RESOURCES AND ENVIRONMENT

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1:6 Love, Matthew. "Big Darby Watershed North." 2019. JPEG.

1:7 Love, Matthew. "Main St." 2019. JPEG.

## ECONOMIC GROWTH

2:1 Love, Matthew. "Hilliard Davison High School." 2019. JPEG.

## DECLINING HOMEOWNERSHIP

2:2 Love, Matthew. "Hilliard Square." 2019. JPEG.

## THE INADEQUATE SUPPLY OF SUITABLE HOUSING

2:3. Love, Matthew. "Church." 2019. JPEG

## CONCLUSIONS OF THE MARKET ANALYSIS

2:4 Love, Matthew. "Church." 2019. JPEG

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**Effective Date of Appraisal:** November 27th, 2016



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## APPRAISER QUALIFICATIONS PAGE

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The Ohio State University, 2007 **BACHELORS OF ARTS-World Economics**  
Columbus, Ohio

**THE APPRAISAL INSTITUTE:** Successful completion of all required course work to become a State Registered Appraiser Assistant.

- **General Appraiser: Report Writing and Case**
- **Residential Design: The Makings of a Good House**
- **Basic Appraisal Procedures**
- **Basic Appraisal Principles**
- **Fair Housing**
- **Business Practices and Ethics**
- **15-Hour National USPAP Course**

**MCKISSOCK:** Successful completion of all required course work to become certified residential appraiser

- **Residential Property Inspection for Appraisers**
- **Residential Construction and the Appraiser**
- **2018-2019 7-Hour National USPAP Update Course**
- **The FHA Handbook 4000.1**
- **Supporting Your Adjustments: Methods for Residential Appraisers**
- **Understanding Residential Construction**
- **Essential Elements of Disclosures and Disclaimers**
- **Supervisor-Trainee Course for Ohio**
- **2016-2017 15-Hour National Uniform Standards of Professional Appraisal Practice**
- **2014-2015 7-hour National USPAP Update Course**
- **Advanced Residential Applications and Case Studies**
- **Appraisal Subject Matter Electives**
- **Statistics, Modeling and Finance**
- **2012-2013 7-hour National USPAP Update Course**

### APPRAISAL EXPERIENCE

Urban Information Services, Inc. 2009-Present  
Columbus, Ohio

*My role as an Independent Fee Appraiser Assistant began with report writing, information gathering and analysis. My responsibilities increased to completion of the entire appraisal process under the direction of principal E. Hale Whipkey, MAI.*

Franklin County•Fairfield County•Licking County•Marion County•Union County

Huntington Bank 2016-2018  
Columbus, Ohio

*My role as an Administrative Reviewer entailed ordering and reviewing valuation products for the .Residential Real-Estate Department. These products included AVMs, ECMRs, desktops, interior desktops, drive-by appraisals, multi-family appraisals, condominium appraisals and single-family residential appraisals. In conjunction, this role included performing administrative review of the previously mentioned valuation products for Huntington's Loss-Mitigation Department, the Default Services Department and the Home Savers Department.*

Nations Valuation Services 2012-2014  
Columbus, Ohio

*As a Senior Review Analyst, I conducted administrative review of valuation products nationwide while developing a local presence and strong geographic competency in surrounding counties as a state registered real estate appraiser assistant conducting fee appraisals for the company. The role consisted of gathering data to analyze factors affecting the value to assure the appropriate analysis and methodology has been applied to the products. Upon completion, my role expanded into the field with my mentor (Wallace Burke) conducting local fee appraisals. Additional roles also included submission of verbal and written communications to appraisers and lending institutions across the United States.*

### State Registered Appraiser Assistant

### REPRESENTATIVE ASSIGNMENTS

Residential: **SINGLE FAMILY RESIDENTIAL**  
**SINGLE FAMILY CONDO**

Commercial: **MULTI-FAMILY PROPERTIES**  
**GROUP HOME RESIDENCES**  
**LUXURY SINGLE-FAMILY HOMES**

### PREVIOUS CLIENTS

- **Citizens Bank**
- **HUD/FHA insurance**
- **Fifth-Third Bank**
- **Fidelity Residential Property Services Division**
- **JP Morgan Chase**
- **Encompass**
- **Nations Valuation Services**
- **Carlile Patchen & Murphy LLP**
- **Huntington Bank**
- **Guidance Residential LLC**
- **Stonegate Mortgage**
- **Living care alternatives**
- **Dan Barham, attorney**
- **Brent baisden, attorney**

## APPRAISER QUALIFICATIONS PAGE

E. HALE WHIPKEY, MAI  
33 EAST SCHROCK ROAD, SUITE 2, WESTERVILLE, OHIO 43081  
Ph: (614) 222-2601 and (614) 882-3122 Fax: (614) 882-2184  
uis@urbaninformationservices.com

### EDUCATION

Wittenberg University, 1972 B.A., Political Science,  
The Ohio State University, 1975 Master's Degree, City and Regional Planning,

THE APPRAISAL INSTITUTE, 1992 MAI Designation,

Course 8: Residential Valuation Course 110: Appraisal Principles  
Course 120: Appraisal Procedures  
Course 310: Basic Income Capitalization  
Course 410: Standards of Professional Practice, Part A  
Course 420: Standards of Professional Practice, Part B  
Course 430: Standards of Professional Practice, Part C  
Course 510: Advanced Income Capitalization  
Course 540: Report Writing and Valuation Analysis  
Course 550: Advanced Applications  
Course 797: Valuation of Conservation Easements  
1999 Appraisal Institute Instructor Leadership Conference

### CONTINUING EDUCATION SEMINARS

1990-2017 Appraisal Institute Annual Real Estate Economic Seminar  
1997 Appraising High Value and Historic Homes  
1999 Eminent Domain and Condemnation Appraising  
2008 Appraising Convenience Stores  
2014 Evaluating Commercial Construction  
2015-2016 Business Practices and Ethics  
2004-2017 Bi-Annual National USPAP Update

### SPECIAL CERTIFICATIONS

Completion of the *Valuation of Conservation Easements Certification Program* in 2012, as offered by the American Society of Appraisers, the American Society of Farm Managers and Rural Appraisers and the Appraisal Institute and endorsed by the Land Trust Alliance. This certificate indicates that I have completed the *Valuation of Conservation Easements* educational requirements and passed the examination.

### BUSINESS EXPERIENCE

1987 to Present Principal of Urban Information Services, a real estate consulting and appraisal company, and Broker of Whipkey Real Estate Co. (formerly Westerville Realty)  
1978 – 1987 Fee appraiser and real estate brokerage with Westerville Realty  
1976 – 1978 Appraiser for State of Ohio, Department of Tax Equalization ASSOCIATIONS

MAI Designated Member, The Appraisal Institute  
Certified General Real Estate Appraiser, State of Ohio, Certification 380365  
Associate member of the American Planning Association  
Licensed Real Estate Broker in Ohio; Member Columbus Board of Realtors,  
Ohio Association of Realtors and National Association of Realtors

### REPRESENTATIVE APPRAISAL CLIENTS

#### CURRENT CLIENTS

Civista Bank  
The Fahey Banking Company  
The Home Savings and Loan Co.  
Prudential Huntoon Paige Associates  
Bale, Begin & Associates, Ltd.  
Firestone Brehm Hanson Wolf & Young, LLP  
Strip, Hoppers, Leithart, McGrath & Terlecky, LPA  
Citizens Bank of Logan  
First Federal Savings & Loan  
Bellwether Real Estate Capital, LLC  
Red Mortgage Capital, Inc.  
Fred J. Milligan, Attorney at Law  
Whalen & Company, CPAs  
The Delaware County Bank & Trust  
Heartland Bank  
Carlile, Patchen & Murphy LLP  
U.S. Dept. of Housing and Urban Development  
M. Jebb Linch, Attorney at Law  
Ron Lykins, Inc. CPAs

#### PAST CLIENTS

Advantage Bank  
American National Bank  
Bank One, NA  
Commercial Savings Bank  
Metropolitan Savings Bank  
National City Bank  
Old Fort Bank  
Huntington National Bank  
Republic Bank  
Society Bank  
State Savings Bank  
Lancaster Pollard  
York Financial Corp.  
City of Newark, Ohio  
City of Reynoldsburg, Ohio  
Westerville Public Library  
Ohio University  
Otterbein College  
Farmers Home Administration  
Resolution Trust Corporation  
U.S. Federal Bankruptcy Court  
First Westerville Mortgage Corp

### REPRESENTATIVE APPRAISAL ASSIGNMENTS

#### STANDARD ASSIGNMENTS ON REPEATING BASIS

Agricultural Land and Farms  
Continuum Care Retirement Communities  
Nursing Homes  
Assisted Living Facilities  
Manufactured Home Communities  
Development Land  
Subdivision Analyses  
Apartment Complexes  
Senior Apartment Buildings/Communities  
Suburban Office Buildings  
Neighborhood and Community Shopping Centers  
Mixed Use, Commercial and Residential Properties  
Old (not registered historic) Commercial Properties

#### SPECIALTY ASSIGNMENTS

Resort Property Development  
Nuclear Power Plant  
High Value Single Family Residences  
Golf Courses  
Peat Bog Farm  
Registered Historic Single Family Residences



**Department  
of Commerce**

Division of Real Estate &  
Professional Licensing  
John R. Kasich, Governor  
Andra T. Portac, Director

November 19, 2014

Matthew Love  
2709 Talisman Court  
Columbus, Ohio 43209

Re: **ARA # 2010000583**  
**Approval of mentorship program for non-client appraisal reports**

**ADJUDICATION ORDER**

The above matter was presented to the Ohio Real Estate Appraiser Board at its November 12, 2014 meeting. The members of the Board present were Chairperson John McIntyre, Donald Leto, Elizabeth Sigg and Richard Hoffman.

**ACCORDINGLY IT IS ORDERED:**

The Board approves Mr. Love's mentorship program for non-client appraisal reports. Mr. Love has sufficiently demonstrated his mentorship program for non-client appraisal reports satisfies the requirements found in Ohio Administrative Code (OAC) 1301:11-3-04. As found in OAC 1301:11-3-04, up to 25% of Mr. Love's experience hours, as required by this rule, may be obtained from this approved mentorship program for non-client appraisal reports.

**AYE:** MR. LETO  
MR. MCINTYRE  
MS. SIGG  
MR. HOFFMAN

**NAY:** NONE

**OHIO REAL ESTATE APPRAISER BOARD**

Anne M. Petit  
Superintendent  
Ohio Division of Real Estate & Professional Licensing

AMP:elw

cc: Assistant Attorney General Jennifer Croskey

RETURN RECEIPT REQUESTED  
CERTIFIED MAIL # 7012 0470 0000 3415 6703

77 South High Street  
20<sup>th</sup> Floor  
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**TIME AND METHOD TO PERFECT AN APPEAL**

Any party desiring to appeal shall file a notice of appeal with the Ohio Division of Real Estate at 77 South High Street, 20<sup>th</sup> Floor, Columbus, Ohio 43215-6133, setting forth the order appealed from and stating that the agency's order is not supported by reliable, probative, and substantial evidence and is not in accordance with law. The notice of appeal may, but need not, set forth the specific grounds of the party's appeal beyond the statement that the agency's order is not supported by reliable, probative, and substantial evidence and is not in accordance with law. The notice of appeal shall also be filed by the appellant with the appropriate Court of Common Pleas. In filing the notice of appeal with the agency or court, the notice that is filed may be either the original notice or copy of the original notice. Such notices of appeal shall be filed within fifteen (15) days after the mailing of the notice of the Ohio Real Estate Appraiser Board's Order as provided in Section 119.12 of the Ohio Revised Code.

**CERTIFICATION**

The State of Ohio,  
County of Franklin, SS

I, Anne M. Petit, Superintendent of the Ohio Division of Real Estate and Professional Licensing hereby certify that the foregoing is a true and exact reproduction of the original Adjudication Order, involving approval of Matthew Love's mentorship program for non-client appraisal reports, of the Ohio Real Estate Appraiser Board entered on its journal, on the 12<sup>th</sup> day of November 2014.



Anne M. Petit  
Superintendent  
Ohio Division of Real Estate & Professional Licensing  
November 19, 2014

