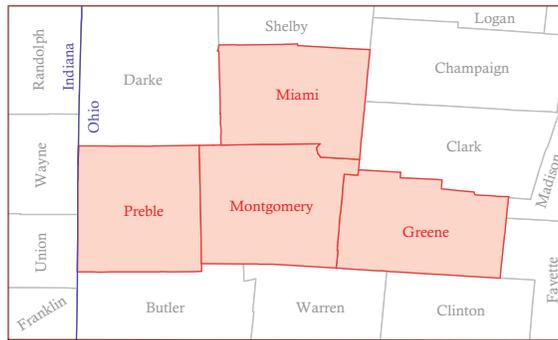




# Dayton, Ohio

U.S. Department of Housing and Urban Development | Office of Policy Development and Research | As of October 1, 2013



## Housing Market Area

The Dayton Housing Market Area (HMA) in western Ohio, approximately 50 miles north of Cincinnati, includes Greene, Miami, Montgomery, and Preble Counties. The HMA is home to several colleges and universities, including Wright State University, the University of Dayton, and Sinclair Community College. The HMA is also home to Wright-Patterson Air Force Base (WPAFB).

## Summary

### Economy

During the 12 months ending September 2013, nonfarm payrolls in the Dayton HMA averaged 377,600, unchanged compared with a year earlier. By comparison, jobs declined each year from 2000 through 2010 before recording gains during 2011 and 2012. WPAFB is the largest employer in the HMA, with 27,700 employees. Payrolls are expected to increase annually by an average of 900 jobs, or 0.2 percent, during the 3-year forecast period.

### Sales Market

The sales market in the HMA is currently soft, unchanged since April 2010. During the next 3 years, demand is expected for 2,075 new homes (Table 1). It is likely that a portion of the 18,950 other vacant units currently in the HMA will reenter the market and satisfy some of this demand.

### Rental Market

The rental market in the HMA is currently soft because of recent declines in demand as a result of prolonged net out-migration and of overbuilding that occurred from 2000 through 2005. The estimated rental vacancy rate is 10.6 percent, down from 12.2 percent

in April 2010. During the 3-year forecast period, no additional rental units need to be constructed. All the demand during this time can be satisfied by the current supply of vacant available units (Table 1).

**Table 1. Housing Demand in the Dayton HMA, 3-Year Forecast, October 1, 2013, to October 1, 2016**

	Dayton HMA	
	Sales Units	Rental Units
Total demand	2,075	0
Under construction	310	400

*Notes: Total demand represents estimated production necessary to achieve a balanced market at the end of the forecast period. Units under construction as of October 1, 2013. A portion of the estimated 18,950 other vacant units in the HMA will likely satisfy some of the forecast demand. Source: Estimates by analyst*

## Market Details

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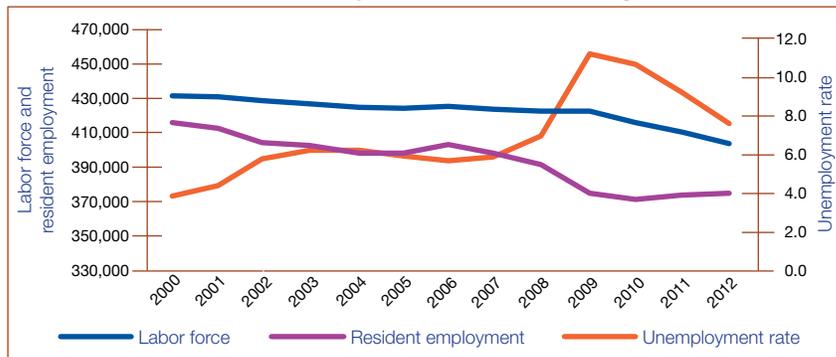
# Economic Conditions

During the 12 months ending September 2013, nonfarm payrolls in the Dayton HMA were unchanged, at 377,600, compared with a year earlier. By comparison, nonfarm payrolls during the 12 months ending September 2012 increased by 4,000 jobs, or 1.1 percent, from the previous year. During the 12 months ending September 2013, the unemployment rate averaged 7.4 percent, representing a decrease from the 7.9-percent rate recorded a year earlier (Table DP-1 at the end of this report). The current unemployment rate remains higher than the prerecession average rate of 5.5 percent recorded from 2000

through 2007. Figure 1 illustrates trends in the labor force, resident employment, and the unemployment rate in the HMA from 2000 through 2012.

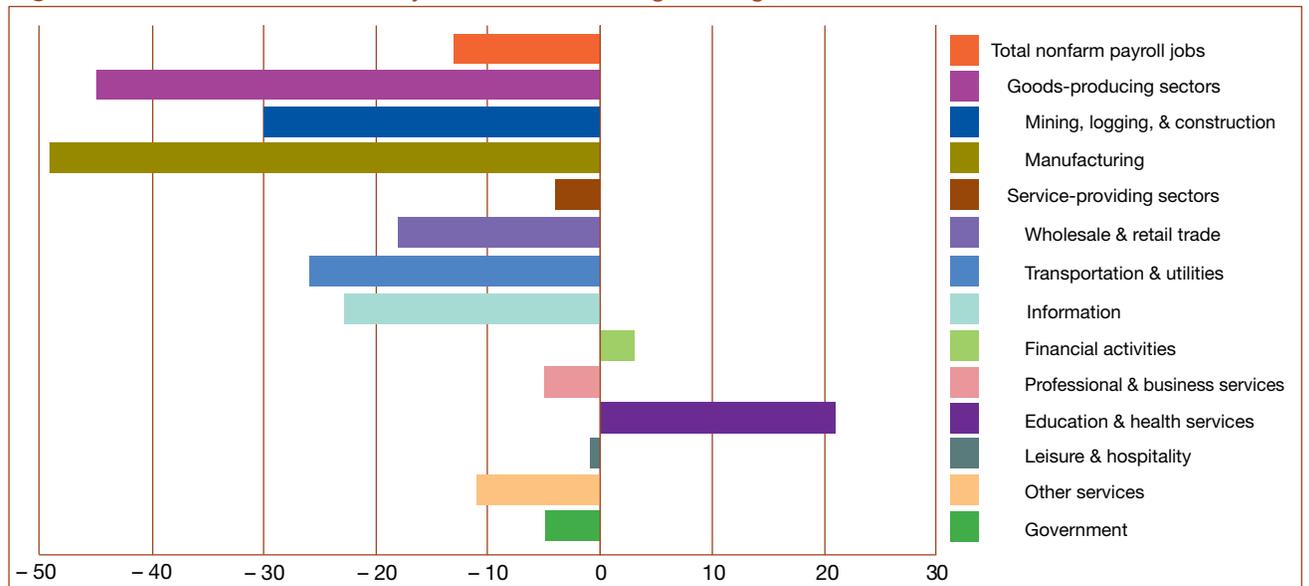
In 2000, 435,300 nonfarm payroll jobs were in the HMA before job losses began in 2001. From 2001 through 2005, an average of 4,700 jobs, or 1.1 percent, were lost annually, with more than one-half of those losses coming from the manufacturing sector. For a brief period during 2006, the HMA, then with 409,600 nonfarm jobs, began to grow from the previous year, before continuing the trend of job losses. From mid-2006 through mid-2010, job losses accelerated, and an average of 10,000 nonfarm jobs, or 2.1 percent, were lost annually. Despite jobs losses in the HMA during much of the past decade, the education and health services sector has increased 21 percent since 2000 and is one of only two sectors to record growth during this time (Figure 2). This increase was partially attributed to job growth at HMA hospitals, including the Dayton Children's Hospital and Kettering Health Network

**Figure 1.** Trends in Labor Force, Resident Employment, and Unemployment Rate in the Dayton HMA, 2000 Through 2012



Source: U.S. Bureau of Labor Statistics

**Figure 2.** Sector Growth in the Dayton HMA, Percentage Change, 2000 to Current



Note: Current is based on 12-month averages through September 2013.

Source: U.S. Bureau of Labor Statistics

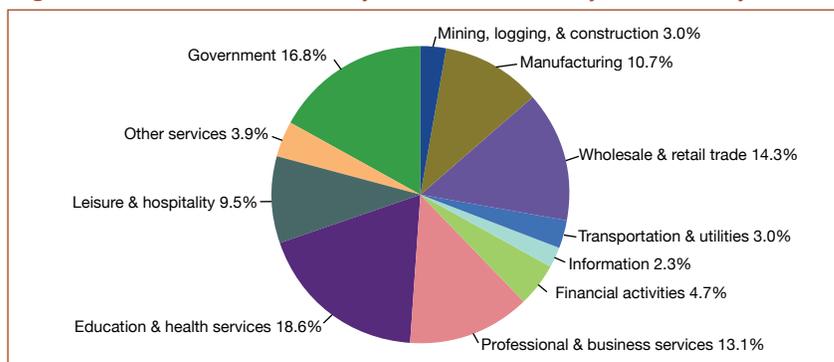
hospitals, resulting from expanded operations in current facilities and the development of new facilities. The only other sector to increase since 2000 is the financial activities sector, which has grown 3 percent.

Despite moderate gains in the manufacturing sector in 2011 and 2012, the current number of manufacturing jobs of 40,600 represents a 49-percent decrease compared with the annual average recorded during 2000; this decrease is partially a result of widespread losses in automotive parts manufacturing jobs. Job losses in the manufacturing sector occurred each year from 2000 through 2010, when more than 40,000 jobs were lost; notable closures tied to the automotive industry include the General Motors (GM) Moraine Assembly and Delphi Corporation plants. In 2000, the GM Moraine Assembly plant employed more than 4,000 people and the Delphi Corporation employed more than 9,000 people. The decline in the manufacturing and the mining, logging, and construction sectors and the increase in the education and health services sector during the past decade resulted in a shift from a manufacturing-based to a services-oriented economy in the HMA. In 2000, the manufacturing sector accounted for more than 18 percent of the total nonfarm payroll

jobs in the economy. The manufacturing sector currently makes up approximately 10.7 percent of the total nonfarm payrolls (Figure 3).

The greatest job gains in the HMA during the 12 months ending September 2013 occurred in the professional and business services, the wholesale and retail trade, and the financial activities sectors, which added 1,500, 900, and 700 jobs, or 3.1, 1.7, and 4.1 percent, respectively. Assurant, Inc., an insurance provider, leased 41,000 square feet of office space in the city of Dayton in June 2013 and is currently in the process of hiring 200 new workers. In addition, General Electric Aviation has added 450 manufacturing jobs at its three plants in the HMA since 2007 and is in the process of hiring an additional 50 researchers at its new facility on the University of Dayton campus, which was completed in mid-2013. The company expects to employ 150 to 200 workers when the facility is at full capacity in 2017. Cintas Corporation, a diverse business services provider, has added 100 full-time jobs in the HMA since completing a \$500,000 facility renovation in 2010. Retail space expansion, especially south of the city of Dayton, in southern Montgomery County, has resulted in increased hiring in the wholesale and retail trade sector. Job losses were concentrated in the leisure and hospitality, government, manufacturing, and information sectors, offsetting the gains in other nonfarm sectors (Table 2). Nearly all the job losses in the government sector were in the federal government subsector as a result of sequestration-related automatic spending cuts. Leisure and hospitality sector losses are broad and include restaurant and hotel job losses.

**Figure 3. Current Nonfarm Payroll Jobs in the Dayton HMA, by Sector**



Note: Based on 12-month averages through September 2013.

Source: U.S. Bureau of Labor Statistics

**Table 2.** 12-Month Average Nonfarm Payroll Jobs in the Dayton HMA, by Sector

	12 Months Ending September 2012	12 Months Ending September 2013	Absolute Change	Percent Change
Total nonfarm payroll jobs	377,600	377,600	0	0.0
Goods-producing sectors	52,600	51,900	- 700	- 1.3
Mining, logging, & construction	11,400	11,400	0	0.0
Manufacturing	41,100	40,600	- 500	- 1.2
Service-providing sectors	325,100	325,700	600	0.2
Wholesale & retail trade	53,200	54,100	900	1.7
Transportation & utilities	11,200	11,300	100	0.9
Information	9,100	8,700	- 400	- 4.4
Financial activities	17,100	17,800	700	4.1
Professional & business services	48,100	49,600	1,500	3.1
Education & health services	70,400	70,300	- 100	- 0.1
Leisure & hospitality	37,100	35,900	- 1,200	- 3.2
Other services	14,700	14,500	- 200	- 1.4
Government	64,200	63,400	- 800	- 1.2

Notes: Numbers may not add to totals because of rounding. Based on 12-month averages through September 2012 and September 2013.

Source: U.S. Bureau of Labor Statistics

WPAFB, the largest employer in the HMA, has an estimated 7,325 active duty, 16,600 civilian, and 3,775 contract personnel (Table 3). A 2011 economic impact study conducted by the base estimated annual direct salary and expenses to be \$3.15 billion. Sinclair Community College, a Southwestern Ohio Council for Higher Education member and one of the largest employers in the HMA, has an enrollment of close to 24,000 students as of the fall 2012 semester; its main

campus is near downtown Dayton. It is one of the largest community college campuses by enrollment in the country. The school had an estimated direct impact of \$340 million on the local economy during the 2010–2011 school year.

During the forecast period, economic conditions are expected to continue improving, although at a slow rate, with an average increase in nonfarm payrolls of approximately 900, or 0.2 percent, during each of the next 3 years. During the forecast period, the number of jobs at WPAFB is expected to remain unchanged. The Dayton Children's Hospital recently announced a \$140 million expansion at its downtown facility; jobs at the hospital are expected to continue to increase. The Kettering Health Network also is expanding its Indu and Raj Sooin Medical Center, which opened in 2012 in Greene County, and which is contributing to job growth.

**Table 3.** Major Employers in the Dayton HMA

Name of Employer	Nonfarm Payroll Sector	Number of Employees
Wright-Patterson Air Force Base	Government	27,700
Premier Health	Education & health services	14,135
Kettering Health Network	Education & health services	5,029
Montgomery County	Government	4,559
The Kroger Co.	Wholesale & retail trade	4,100
Sinclair Community College	Government	3,800
Lexis-Nexis	Professional & business services	3,100
Wright State University	Government	2,948
AK Steel Corporation	Manufacturing	2,450
Honda of America Manufacturing, Inc.	Manufacturing	2,400

Notes: Excludes local school districts. Wright-Patterson Air Force Base employment includes active-duty personnel.

Source: City of Dayton Office of Economic Development

# Population and Households

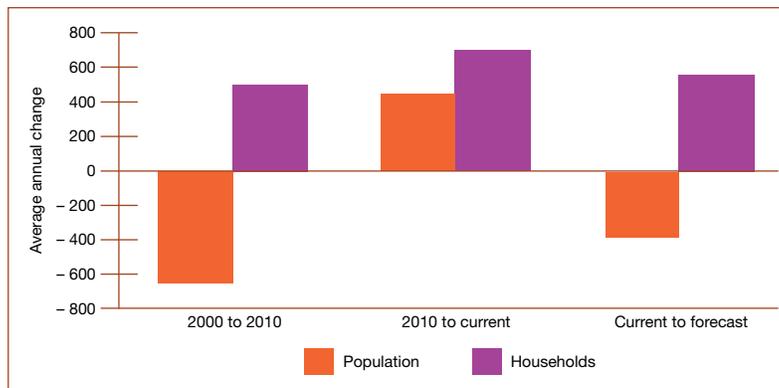
As of October 1, 2013, the estimated population of the Dayton HMA was 843,100, an average increase of approximately 460, or 0.1 percent, annually since 2010. The population decreased annually from 848,150 in 2000 to 841,500 in 2010, or 0.1 percent, because of net out-migration, which averaged 3,450 people annually. Net out-migration

increased from 2004 through 2009 to an average annual rate of 4,100 after averaging 2,750 annually during the first 4 years of the decade. Declining jobs locally and a relatively stronger economy elsewhere were the primary causes of this trend. From 2010 through 2012, with the national economy still weak, net out-migration declined to an average of approximately 1,200 annually, and the population increased annually by an average of 600, or 0.1 percent (Figure 4). Since 2012, the population has increased at a slower rate of 150 annually because net out-migration has increased to 1,375 annually as national economic growth has outpaced local growth. The city of Dayton and Montgomery County, which includes the city of Dayton, made up approximately 17 and 64 percent of the population of the HMA during 2010, respectively. Montgomery County, which includes the city of Dayton, comprised approximately 64 percent of the population of the HMA during 2010; the city of Dayton comprised 17 percent of the HMA population. Figure 5 displays components of population change since 2000.

An estimated 346,400 households currently reside in the HMA. The number of households has increased at an average annual rate of 690, or 0.2 percent, since April 2010. This rate was faster than the 2000-to-2010 average annual increase of 500, or 0.1 percent, when the population was declining. Figure 6 shows the number of households by tenure in 2000, 2010, and the current date.

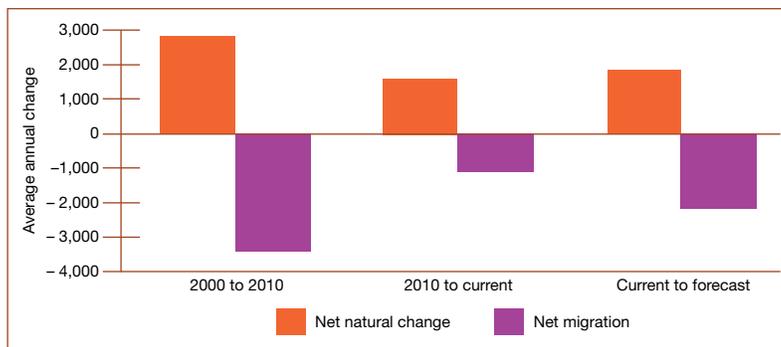
Because nonfarm payrolls are estimated to increase slowly during the forecast period, the population in the HMA is expected to decline slightly, to 841,900, or by an average of 400

**Figure 4. Population and Household Growth in the Dayton HMA, 2000 to Forecast**



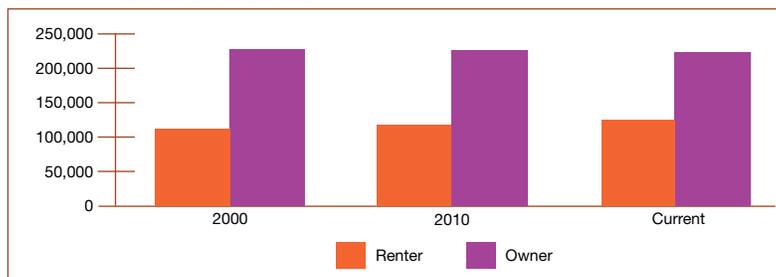
Sources: 2000 and 2010–2000 Census and 2010 Census; current and forecast—estimates by analyst

**Figure 5. Components of Population Change in the Dayton HMA, 2000 to Forecast**



Sources: 2000 and 2010–2000 Census and 2010 Census; current and forecast—estimates by analyst

**Figure 6. Number of Households by Tenure in the Dayton HMA, 2000 to Current**



Sources: 2000 and 2010–2000 Census and 2010 Census; current—estimates by analyst

annually during the forecast period. Net out-migration is expected to begin to increase again because job creation remains slow. The number of

households is expected to grow at an average rate of 570, or 0.2 percent, annually, to 348,100 during the forecast period.

## Housing Market Trends

### Sales Market

Sales housing market conditions are soft in the Dayton HMA. The estimated sales vacancy rate is currently 2.6 percent, unchanged from the rate in April 2010. Vacancy rates have remained high because of a decline in demand resulting from continuing net out-migration and stricter lending requirements for homebuyers. As of October 2013, 7.0 percent of home loans in the HMA were 90 or more days delinquent, were in foreclosure, or transitioned into REO (Real Estate Owned), down from 8.1 percent a year earlier (Black Knight Financial Services, Inc.). As of October 1, 2013, 7,614 active properties were available for sale, a 5.7-month supply based on August's resale rate. This quantity compares with 7,765 listings and 6.9 months of supply a year earlier (Dayton Area Board of REALTORS®).

During the 12 months ending September 2013, existing home sales (including single-family homes, townhomes, and condominiums) increased by 2,300, or 24 percent, to 11,900, and new home sales increased nearly 3 percent, or by 10 homes, to 460, during the same period (Metrostudy, A Hanley Wood Company). By comparison, existing and new sales averaged 8,750 and 550 homes annually, from 2010 through 2011 and

12,050 and 1,150, respectively, from 2006 through 2009. During the 12 months ending September 2013, the average sales price for existing homes was \$119,800, unchanged from the previous year, but the average sales price for new homes increased by \$17,550, or 7 percent, to \$252,200. Average sales prices for new and existing homes declined from mid-2008 through mid-2010 at an average rate of nearly 3 percent annually from a peak of \$126,800 then fluctuated near \$117,600 until mid-2012.

In response to the declining sales of new homes, single-family building activity, as measured by the number of homes permitted, has remained low since 2009. The number of single-family homes permitted averaged 2,450 from 2000 through 2004. From 2005 through 2009, the number of single-family homes permitted declined from 2,725 to 780, or by an average of 490 permits annually (Figure 7). The number of single-family homes permitted decreased slightly, to 750 homes, during the 12 months ending September 2013 compared with 810 homes permitted a year earlier (preliminary data). Recent construction includes the 102-lot Oak Pointe residential community in Moraine, 4 miles south of downtown Dayton.

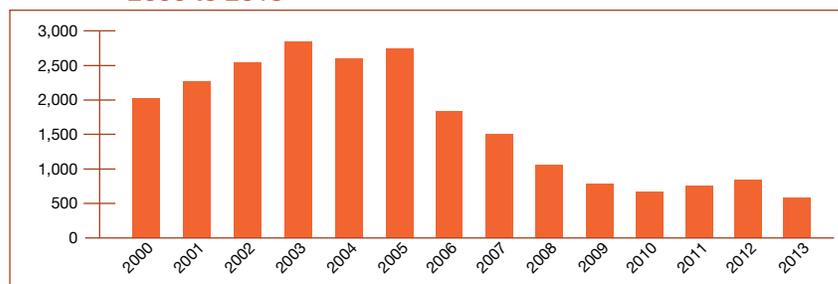
The subdivision broke ground in 2007, and 15 lots are currently left to sell. Prices of newly constructed single-family homes start at \$130,000.

The condominium market has comprised approximately 7 percent of the total sales market since 2005. Condominium sales volume declined from the 1,550 units sold during 2005 to 520 units sold during 2011 (Metrostudy, A Hanley Wood Company). During the 12 months ending September 2013,

810 condominiums sold. The average price of new and existing condominiums was \$91,750, a 5-percent decline from the previous year. New condominium sales made up less than 5 percent of all new sales in the HMA during the past 2 years compared with an annual average of 12 percent from 2005 through 2009. Recent construction includes the 56-unit Scarborough Village Condominiums, completed in 2008 in southeast Montgomery County, and the 96-unit The Villas at Beavercreek Condominiums, completed in 2013 in Greene County, south of WPAFB.

During the next 3 years, demand is estimated for 2,075 new homes, including single-family homes, townhomes, and condominiums; the 310 units currently under construction will satisfy a portion of this demand (Table 1). It is likely that some of the 18,950 other vacant units currently in the HMA will reenter the market and satisfy a portion of the demand. Demand is expected to be concentrated in the second and third years of the forecast period, after the current excess supply of vacant units is absorbed. Prices of new homes are expected to start at approximately \$115,000, with 49 percent of the demand satisfied by homes priced between \$150,000 and \$250,000 (Table 4).

**Figure 7.** Single-Family Homes Permitted in the Dayton HMA, 2000 to 2013



Notes: Includes townhomes. Includes data through September 2013.

Sources: U.S. Census Bureau, Building Permits Survey; estimates by analyst

**Table 4.** Estimated Demand for New Market-Rate Sales Housing in the Dayton HMA, October 1, 2013, to October 1, 2016

Price Range (\$)		Units of Demand	Percent of Total
From	To		
115,000	149,999	310	15.0
150,000	199,999	520	25.0
200,000	249,999	500	24.0
250,000	299,999	370	18.0
300,000	399,999	290	14.0
400,000	and higher	85	4.0

Note: The 310 homes currently under construction and a portion of the estimated 18,950 other vacant units in the HMA will likely satisfy some of the forecast demand.

Source: Estimates by analyst

## Rental Market

The rental housing market in the Dayton HMA is currently soft, with an estimated overall vacancy rate of 10.6 percent, primarily resulting from overbuilding from 2000 through 2005 and steady net out-migration. The current vacancy rate has fallen from the 2010 rate of 12.2 percent because

of increased demand stemming from stricter lending standards in the sales market and limited additions to the rental supply since 2008 (Figure 8).

In 2000, the rental market was slightly soft, with an 8.9-percent vacancy rate. From 2000 through 2005, because of increased demand for new rental units

## Housing Market Trends

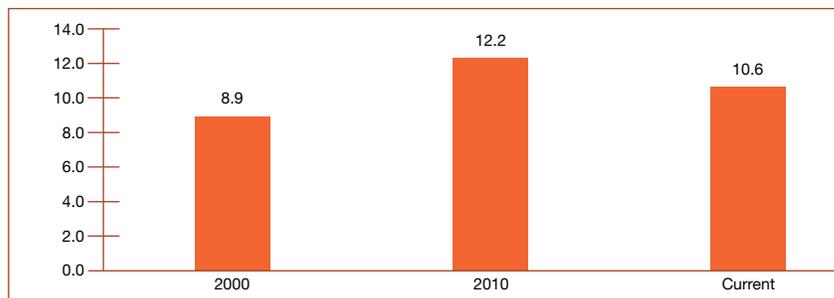
### Rental Market *Continued*

and low-interest financing readily available to developers, significant construction of new apartment units occurred at a rate that outpaced the demand, causing the market to further soften. During this period, multifamily building activity, as measured by the number of multifamily units permitted, averaged 1,050 units annually, with an estimated 29 percent of those units being condominiums. From 2006 through 2011, multifamily permits averaged 300 units annually with a similar proportion of 29 percent being condominiums. During the 12 months ending September 2013, 420 multifamily units were permitted, up 17.5 percent from 360 units permitted during the previous 12-month period (preliminary data). Condominiums made up an estimated 5 percent of all multifamily building activity during the most recent 12-month period, down from 24 percent the previous year (Figure 9).

WPAFB offers dormitory-style accommodations for roughly 400 unaccompanied airmen, and offers an additional 100 three- and four-bedroom homes for senior and general officers. The approximately 1,540 privatized single-family rental units comprise most of the base housing. Local sources indicate that both the dormitory-style housing and single-family units are typically 93 to 95 percent occupied. An estimated 5,150 active-duty personnel reside off base, along with an estimated 11,850 dependents, occupying an estimated 4,125 rental units, or more than 3 percent of the overall rental market. An estimated 15,000 students from five universities in the Dayton HMA comprise an estimated 6 percent of the overall rental market. As of the fall 2013 semester, these universities also housed an estimated 11,350 students in on-campus dormitories or campus apartments. Numerous apartment complexes in the HMA cater predominantly to students. Rent for studio units in these complexes start at \$400 per month.

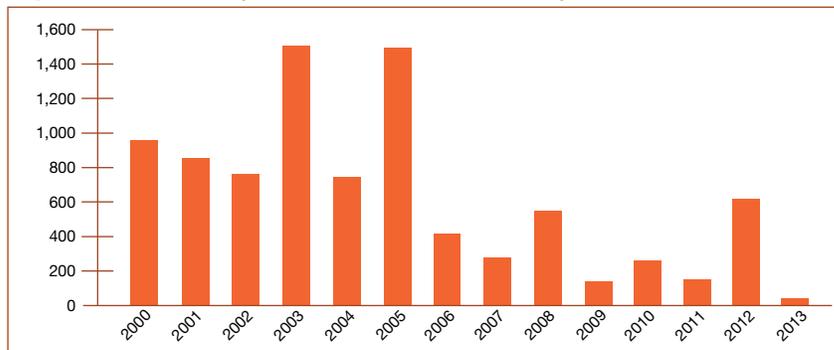
Conditions in the apartment market are balanced. Apartments comprise 35 percent of the overall rental market. The average apartment vacancy rate was an estimated 5.5 percent as of the third quarter of 2013, unchanged from a year earlier but down from 7 percent in 2010 (Reis, Inc.). As of the third quarter of 2013, the average apartment asking rent was \$660 per month, a \$10 increase, or more than 1 percent, from the third quarter of 2012. In the city of Fairborn, northeast of Dayton, 160 units at Brinley Place apartments are currently under construction, with completion expected in December 2013. Brinley Place will offer two- and three-bedroom units with rents starting at \$900 per month.

**Figure 8.** Rental Vacancy Rates in the Dayton HMA, 2000 to Current



Sources: 2000 and 2010—2000 Census and 2010 Census; current—estimates by analyst

**Figure 9.** Multifamily Units Permitted in the Dayton HMA, 2000 to 2013



Notes: Excludes townhomes. Includes data through September 2013.

Sources: U.S. Census Bureau, Building Permits Survey; estimates by analyst

In downtown Dayton, 200 units (about 350 total beds) intended for students who attend Sinclair Community College are under construction and expected to be complete by the fall 2015 semester. Water Street, a \$33.5 million mixed-use project in downtown Dayton, is expected to break ground in April 2014. The development will include 50,000 square feet of office space, expected

to be complete in 2014, and 150 to 170 apartment units, expected to be ready for the first occupants in 2015.

During the next 3 years, all the demand for rental units will be satisfied by the current supply of vacant available units (Table 1). No additional units should be constructed at this time to avoid prolonging the current soft market conditions.

## Data Profile

**Table DP-1.** Dayton HMA Data Profile, 2000 to Current

	2000	2010	Current	Average Annual Change (%)	
				2000 to 2010	2010 to Current
Total resident employment	415,136	371,436	371,900	- 1.1	0.0
Unemployment rate	3.9%	10.7%	7.4%		
Nonfarm payroll jobs	435,300	370,300	377,600	- 1.6	0.7
Total population	848,153	841,502	843,100	- 0.1	0.1
Total households	338,979	343,971	346,400	0.1	0.2
Owner households	227,200	225,334	222,400	- 0.1	- 0.4
Percent owner	67.0%	65.5%	64.2%		
Renter households	111,779	118,637	124,000	0.6	1.3
Percent renter	33.0%	34.5%	35.8%		
Total housing units	364,407	385,160	386,000	0.6	0.1
Owner vacancy rate	1.7%	2.6%	2.6%		
Rental vacancy rate	8.9%	12.2%	10.6%		
Median Family Income	\$52,400	\$57,673	\$58,628	1.0	0.5

*Notes: Numbers may not add to totals because of rounding. Employment data represent annual averages for 2000, 2010, and the 12 months through September 2013. Median Family Incomes are for 1999, 2009, and 2012.*

*Sources: U.S. Census Bureau; U.S. Department of Housing and Urban Development; estimates by analyst*

## Data Definitions and Sources

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2000: 4/1/2000—U.S. Decennial Census  
2010: 4/1/2010—U.S. Decennial Census  
Current date: 10/1/2013—Analyst’s estimates  
Forecast period: 10/1/2013–10/1/2016—  
Analyst’s estimates

**Demand:** The demand estimates in the analysis are not a forecast of building activity. They are the estimates of the total housing production needed to achieve a balanced market at the end of the 3-year forecast period given conditions on the as-of date of the analysis, growth, losses, and excess vacancies. The estimates do not account for units currently under construction or units in the development pipeline.

**Other Vacant Units:** In the U.S. Department of Housing and Urban Development’s (HUD’s) analysis, other vacant units include all vacant units that are not available for sale or for rent. The term therefore includes units rented or sold but not occupied; held for seasonal, recreational, or occasional use; used by migrant workers; and the category specified as “other” vacant by the Census Bureau.

**Building Permits:** Building permits do not necessarily reflect all residential building activity that occurs in an HMA. Some units are constructed or created without a building permit or are issued a different type of building permit. For example, some units classified as commercial structures are not reflected in the residential building permits. As a result, the analyst, through diligent fieldwork, makes an estimate of this additional construction activity. Some of these estimates are included in the discussions of single-family and multifamily building permits.

For additional data pertaining to the housing market for this HMA, go to [www.huduser.org/publications/pdf/CMARtables\\_DaytonOH\\_14.pdf](http://www.huduser.org/publications/pdf/CMARtables_DaytonOH_14.pdf).

## Contact Information

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This analysis has been prepared for the assistance and guidance of HUD in its operations. The factual information, findings, and conclusions may also be useful to builders, mortgagees, and others concerned with local housing market conditions and trends. The analysis does not purport to make determinations regarding the acceptability of any mortgage insurance proposals that may be under consideration by the Department.

The factual framework for this analysis follows the guidelines and methods developed by HUD’s Economic and Market Analysis Division. The analysis and findings are as thorough and current as possible based on information available on the as-of date from local and national sources. As such, findings or conclusions may be modified by subsequent developments. HUD expresses its appreciation to those industry sources and state and local government officials who provided data and information on local economic and housing market conditions.

For additional reports on other market areas, please go to  
[www.huduser.org/publications/econdev/mkt\\_analysis.html](http://www.huduser.org/publications/econdev/mkt_analysis.html).