

HOUSES

From Page A1

recession of a decade ago for one primary reason: Most buyers can't afford what the companies are building.

The median price of a new home in central Ohio topped \$350,000 last year — almost twice the median cost of an existing home. That gap between new and used is one of the highest in the country and well above the national gap of 35 percent, according to Metrostudy, a firm in Washington, D.C., that tracks the building industry. "Prices are just really on a tear for new homes in Columbus," said Mark Gianopoulos, director of Metrostudy's Midwest region.

Such prices have kept builders from exploiting what should be ideal conditions: enormous demand for homes, coupled with incredibly few homes for sale.

Last year, central Ohio builders sold 2,691 new homes, up 3 percent from the previous year but fewer than a third of the number sold during the boom years of 2002 through 2004, according to Binns Real Estate Services, a Columbus company that tracks the new-home industry.

"We should be at 5,000 homes or more," said Robert Schottenstein, chief executive officer and president of M/I Homes, the area's second-largest builder after Pulte Homes. "We're seriously under-supplying the market."

Last year, according to Metrostudy, 14,991 new homes were sold in Austin, Texas; 10,567 in Charlotte, North Carolina; 8,014 in Raleigh/Durham, North Carolina; and 4,721 in Indianapolis. New homes also cost less in those cities. For example, the median price of a new home in Indianapolis last year was \$292,962.

Central Ohio builders know that they have a price problem. The median price of a new home here last year was \$350,525, up from \$259,900 five years earlier, according to Binns. (Metrostudy placed the median price last year even higher, at \$377,900.)

"It's really difficult for a builder to buy land, turn it into a community and build a new home anywhere near what it used to cost, or what a similarly sized home for resale can sell for," said Jon Jasper, president of Fischer Homes' Columbus division. Builders point to the rising price of land, labor and material (especially lumber), but they also say that regulations prevent them from building more-affordable homes.

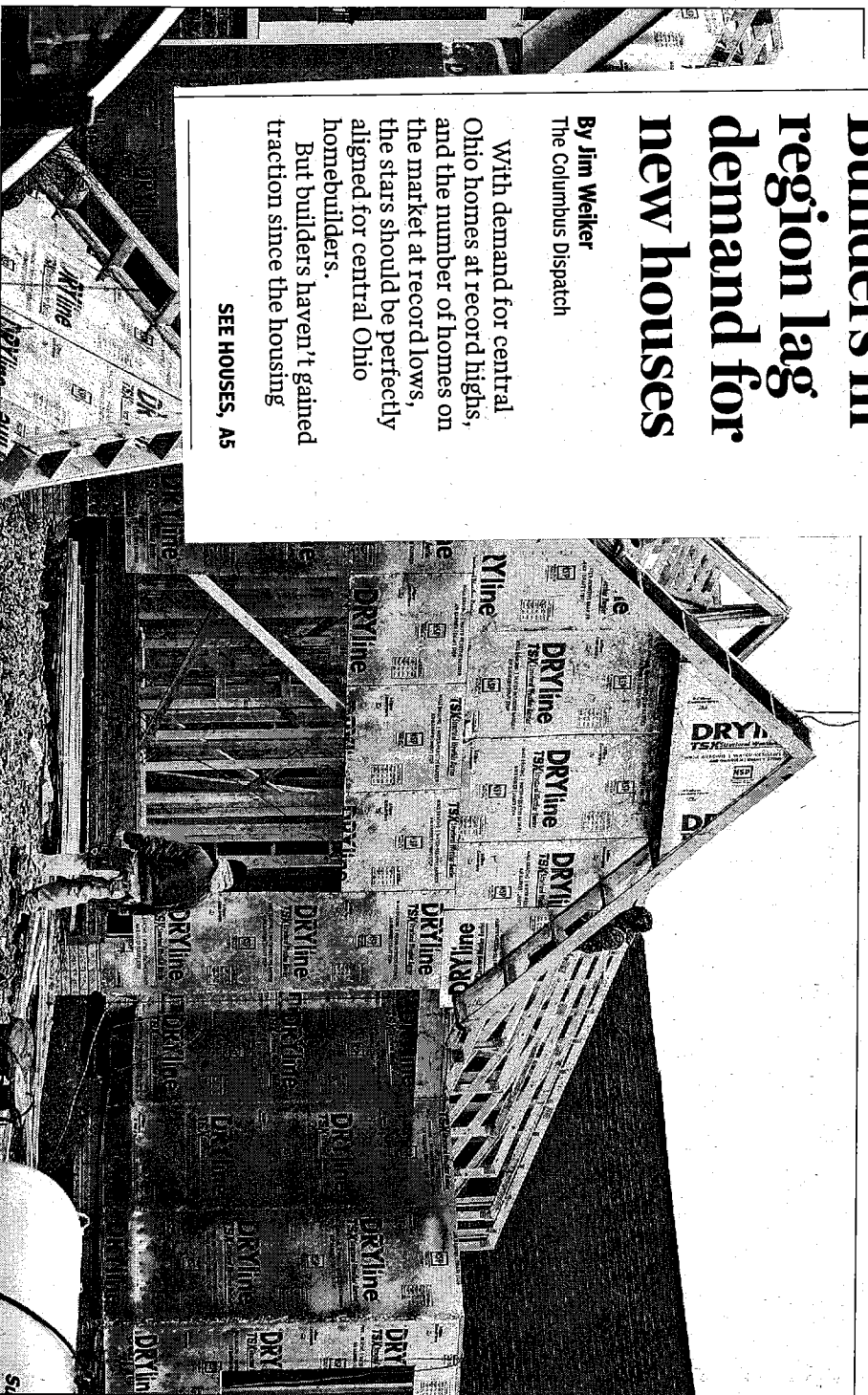
REAL ESTATE Builders in region lag demand for new houses

By Jim Welker
The Columbus Dispatch

With demand for central Ohio homes at record highs, and the number of homes on the market at record lows, the stars should be perfectly aligned for central Ohio homebuilders.

But builders haven't gained traction since the housing

SEE HOUSES, A5



This house is being built in Heritage Preserve, a Fischer Homes subdivision in Hilliard. Central Ohio's third-largest homebuilder has boosted sales in part by building patio homes in the development. (FRED SQUILLANTE/DISPATCH)

New-home sales by year in central Ohio

Despite booming demand for homes in central Ohio, new-home sales haven't risen substantially since the housing recession. Here's a look at the number of new homes sold in central Ohio through the years:

1996	5,730	2007	3,365
1997	6,125	2008	2,227
1998	6,566	2009	2,111
1999	7,046	2010	1,976
2000	7,097	2011	1,626
2001	7,647	2012	1,913
2002	8,121	2013	2,304
2003	8,426	2014	2,355
2004	8,745	2015	2,364
2005	6,852	2016	2,607
2006	4,827	2017	2,691

SOURCE: BINNS REAL ESTATE SERVICES

land approved for building has grown more extended, putting them several steps behind market demand.

"From the time I shake that farmer's hand to buy the land to the time I build the first house can be five years, given the permitting process," Boni said Don Wicks, president of Rockford Homes.

"In the past, you got your zoning and dealt with inspectors, and it was over."

Some municipalities are aware of the concerns and seeking to address them.

Orange Township in southern Delaware County is working to update its zoning code to allow higher-density development, said Michele Boni, the township's planning and zoning director.

"We're getting more applications for higher-density development," she said, "and we understand that's what the market wants and where the trends are, but we don't have anything in our code that allows that now." The township's residential

code allows for no more than two homes per acre and a minimum lot size of 75 feet wide by 135 feet deep.

"I would like to see more flexibility with that, although I hope we could narrow it down to specific areas," Boni said.

"I wouldn't want it for the entire township," she said.

"We have traffic concerns as is, and we don't want to add any more students than we need to to Olentangy schools. But we understand there's a need for more density. We know central Ohio is growing and people need a place to live. ... We're trying to learn how we can accommodate that to make sure it's not a complete urban sprawl."

Builders, too, share some responsibility for the high cost of homes. They are choosing to build most subdivisions in southern Delaware County, where land prices are among the highest in central Ohio.

In addition, they are building large homes.

According to Metrostudy, the average new home sold last year in central Ohio was 3,032 square feet, far larger than in similar markets such as Indianapolis (2,770 square feet) or Cincinnati (2,399 square feet).

Builders are trying to increase sales by finding cheaper land farther out in areas such as Galena and Sunbury and by developing smaller homes to cater to niche audiences, especially first-time buyers and empty-nesters.

Fischer Homes, the third-largest homebuilder in central Ohio, has boosted sales in part by building patio homes at its Heritage Preserve community in Hilliard. This year, it plans to introduce two patio-home communities and a line of more economical town-home condominiums while exploring other products.

Pulte Homes didn't respond to Dispatch interview requests, but the builder is targeting retirees with ranch homes at its newest communities: Autumn Rose Woods in Dublin and Nottingham Trace in New Albany.

M/I Homes is introducing a "Smart Series" of homes — smaller homes on smaller lots — in two more communities after the success of its first such community, in Minerva Park. Homes in Minerva Park start in the \$230,000s, far below M/I's average central Ohio price of \$400,000.

"We're not looking to build matchboxes," Schottenstein said. "We're looking for density."

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