

**Economic Update: Residential Report**  
**Boone, Kenton and Campbell Counties in the**  
**Commonwealth of Kentucky**

Data Compiled by:  
Brian A. Miller  
Executive Vice President  
Home Builders Association of Northern Kentucky

# The Tri-County Housing Market 2002-2010

## Employment

At its height the housing market contributed over 8,613 jobs to the Tri-County area of Boone, Kenton and Campbell Counties as a direct result of construction activities. Unemployment in Northern Kentucky stands at just over 29,500 as of the latest figures provided by the Bureau of Labor Statistics. Housing construction activity now accounts for only 2,374 jobs. The industry has lost over 3/4 of its labor force. If these workers have not gone on to another line of work just over 7,925 workers are unemployed from the construction industry and other industries it touches. Housing is also responsible for the creation of jobs to support neighborhoods and those that live in them. At its height, housing created over 2,300 jobs in the Tri-County area that would support new communities and their homeowners. Now that number is down to just over 691. This represents a loss of another 1,700 jobs. The total job loss due to the local housing downturn stands just under 7,925 workers, representing 37% of those unemployed in the Tri-County area, if these workers have not gone on to new employment.

Unemployment in 2005 was nearly half of what it is today. These numbers represent nearly half of those unemployed when the country is not in recession.

### Construction job losses per county:

Boone	5,100
Kenton	2,250
Campbell	2,400
Tri-County	6,239

### Related job losses per county:

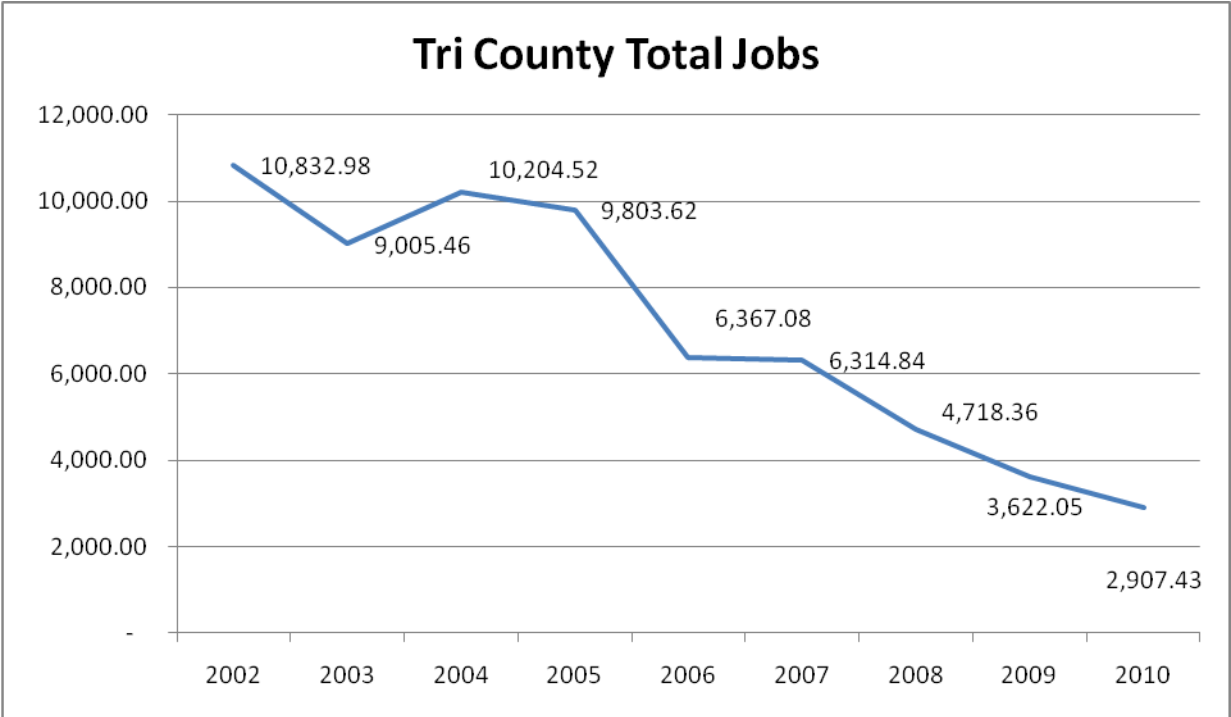
Boone	1,430
Kenton	517
Campbell	526
Tri-County	1,687

### Total Job Losses Due to Lack of Housing Economy

Boone	6,530 of 6,200 total unemployed in Boone
Kenton	2,763 of 8,600 total unemployed in Kenton
Campbell	2,926 of 5,000 total unemployed in Campbell
Tri-County	7,925 of 29,000 total unemployed in Tri-County area

Note: Some results per county are larger than total unemployed as many construction related jobs move from county to county in order to work as the nature of direct construction jobs is migratory across county and state lines. It is important to look at the Tri-County employment losses to get the most accurate picture of the area.

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### Personal Income

Housing and its related industries and offshoots provide a large portion of the region's personal income. During the height of activity the Tri-County area personal income derived directly from construction activity went from \$421,696,768 down to \$111,684,894. This represents a loss of \$10,011,873 of personal income that had been generated annually. The total amount of income that has been lost over an eight year span as a direct result of construction activity \$1,670,443,903. Personal income gained from employment generated by servicing a community has dropped from \$83,828,347 to \$25,170,659; representing a loss of \$58,657,687 of personal income earned annually. In total this represents a \$4,677,242,931 economic impact as this income would have regularly flowed throughout the marketplace.

Personal income directly from building activity per year lost per county, highest to lowest year:

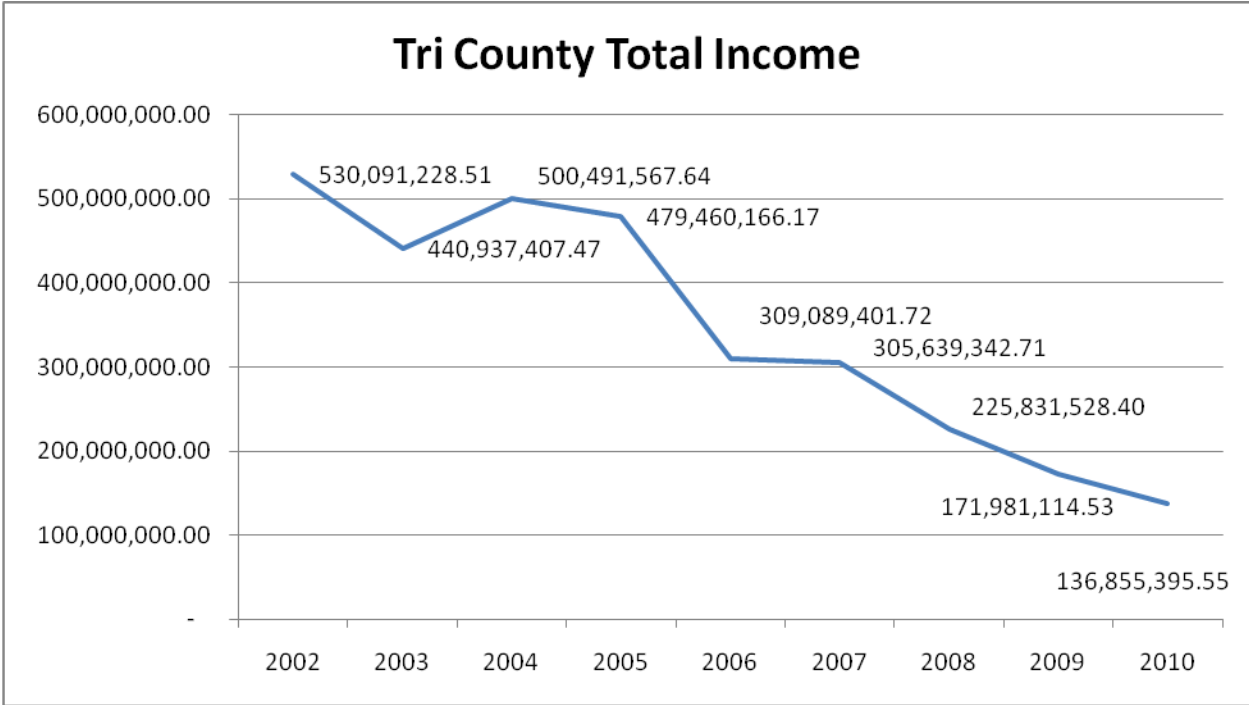
Boone	\$252,500,000
Kenton	\$114,000,000
Campbell	\$121,800,000

Personal income related to building per year lost per county, highest to lowest year:

Boone	\$71,395,991
Kenton	\$23,859,953
Campbell	\$23,691,106

Note: During the highest to lowest year's income has moved from county to county as each county's market fluctuated at different dates.

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### Taxes and fees paid to government

As a result of the economic downturn, there are less taxes and fees that have been generated by housing. During the height of building activity in the Tri-County area the taxes and fees directly related to the construction of housing equaled a total of nearly \$28.5 million per year. That amount has now dwindled to \$7.55 million as of 2010; a divide of nearly \$21 million per year no longer available for local governments. The taxes that are generated as a result of housings offshoots have fallen by an additional \$12.8 million. The total shortfall that area governments must contend with from the Tri-County's height of activity to the end of 2010 near \$34 million per year.

Taxes and fees lost from direct construction activity per year per county, highest to lowest year:

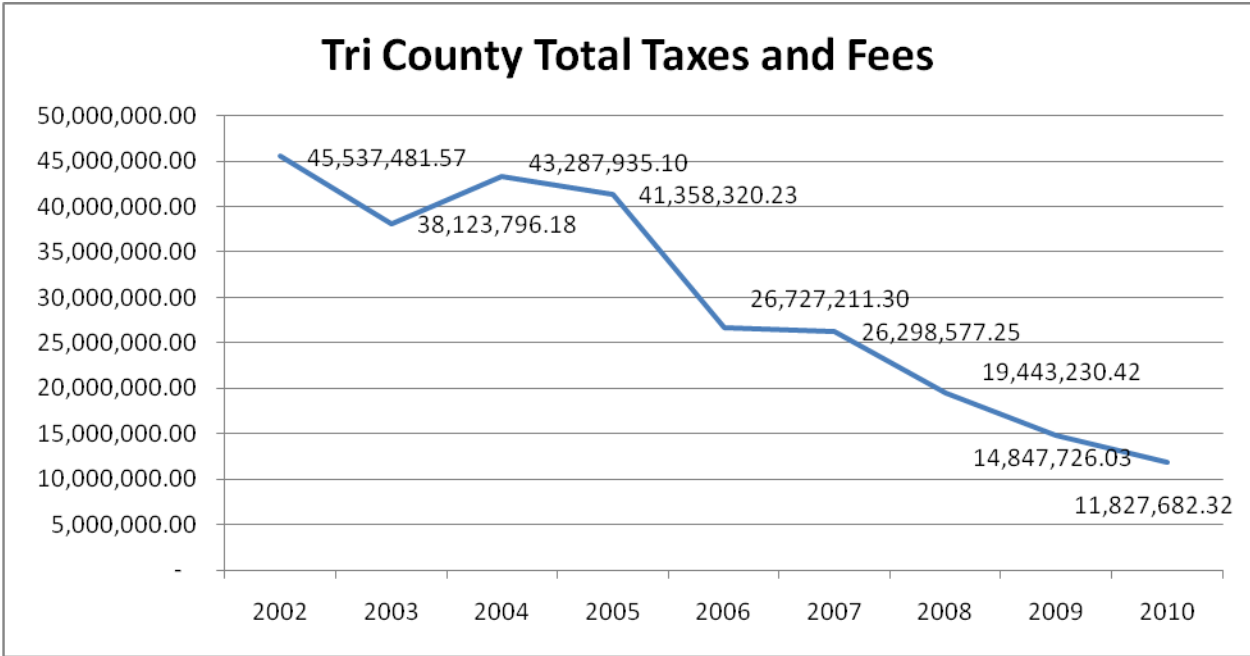
Boone	\$16,950,000
Kenton	\$7,700,000
Campbell	\$8,400,000

Related taxes and fees lost per year per county, highest to lowest year:

Boone	\$10,680,000
Kenton	\$4,340,000
Campbell	\$4,300,000

Note: During the highest to lowest year's tax dollars and fees have moved from county to county as each county's market fluctuated at different dates.

The Tri-County Housing Market 2002-2010

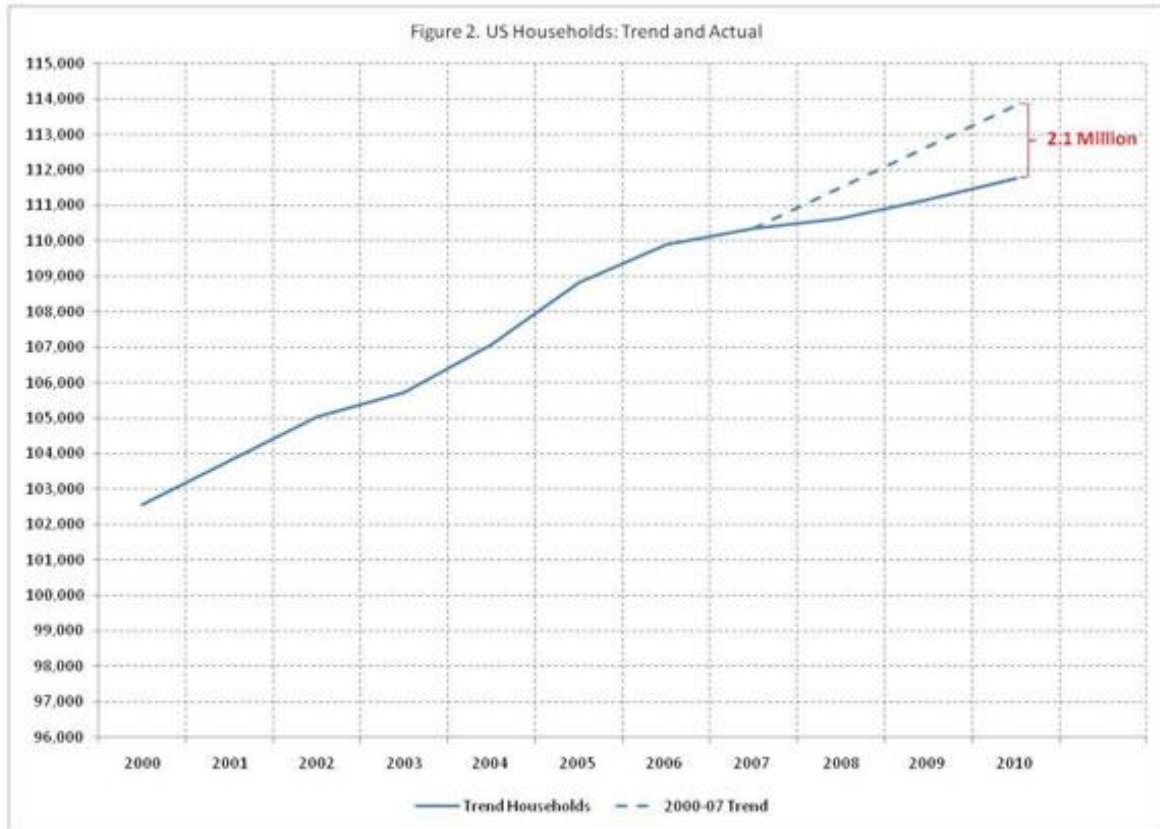


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### Housing Inventory and Homeownership

The homeownership rate in Northern Kentucky's Tri-County region rose to around 74-75% during the boom. Likely, the market was overleveraged by 5-6% during the height of the construction expansion. 30% of all homeowners have no mortgage and own their home free and clear. In a new normal market we have somewhere around 40% of the total population with a mortgage. There are about 152,000 households in Northern Kentucky's Tri-County area. About 45,000 own their home free and clear and 107,000 pay a mortgage. The rate of foreclosure in our area was at around .023% meaning that only just over 2,300 homes are in some state of foreclosure in the Tri-County market. For the last five years Northern Kentucky's Tri-County region has averaged a population growth rate in Northern Kentucky of about 1.35%. That would mean that during a normal year we would need 2,000 new homes to handle the increase. If a recovery happened we could expect a 3% increase, or even 4% if Northern Kentucky's economic engine would begin to increase. If that were the case Northern Kentucky would need another 4,200 or 5,600 homes respectively. Last year our Tri-County region produced just over 870 homes. In a normal year Northern Kentucky would have needed another 900 homes built in order to meet the demand. Nearly 60 percent of the market practically vanished. It can be logically assumed that room-mating or cohabitating with friends and relatives is a recent trend. In a normal period Northern Kentucky would have needed 1,440 in 2006, 1,760 in 2007 and 1,920 in 2008. However Northern Kentucky only produced 1,400, 1,700, and 1,800 respectively. That adds up to 1,100 plus homes from 2006 through 2010 that are already bottled up demand that hasn't been released yet. If this trend continues Northern Kentucky will need another 2,400 homes, but are only on pace to provide another 1,078 (est.) during 2011; another 1125 units of homes not being built; creating more pent up demand. By the end of this year we may have 3,500+ potential units that will need a home once demand increases and the labor sector firms up. With a labor force 2/3 of the size needed in the future, such a short supply of labor will invariably be another hurdle to affordable housing. In the Metropolitan area we are seeing vacancy rates in rental housing drop as individuals and families are beginning to move from the cohabitating situation to some form of independent housing. This historically has been one of the precursors of a trend of housing recovery. The National Association of Home Builders has released a study in January of 2011 which indicated a national figure of somewhere between 2,000,000 and 3,000,000 homes have not formed in the US that should have during normal economic conditions.

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**Assumptions:** This report covers the Counties of Boone, Kenton and Campbell in Northern Kentucky. This report is an update based upon conclusions found in an extensive report that was generated by the National Association of Home Builders in 2007. That study used data collected from Ass with the assumptions underlying the single family impact estimates, these numbers were obtained from the Boone County Property Valuation Administrator, the Campbell County Property Valuation Administrator, the Kenton County Property Valuation Administrator, the Boone County Fiscal Courts, the Campbell County Fiscal Courts, the Kenton County Fiscal Courts, the Kentucky Department of Revenue Office of Property Valuation, the Greater Cincinnati/Northern Kentucky Apartment Association, the Northern Kentucky Area Planning Commission, Buildex online building permit tracking service, Sanitation District #1, the Boone County Building Department, the Boone County Water District, the Campbell County Planning Commission, the Home Builders Association of Northern Kentucky, and the Northern Kentucky Water District.

**Abilities and Scope:** Further analysis is available to be performed which can show housing's impact over the last 7 years in specific industries including construction, manufacturing, transportation, communications, utilities, wholesale and retail trade, finance and insurance, real estate, personal and repair services, services to dwelling and buildings, business and professional services, eating and drinking places, automobile repair and service, entertainment services, health, educational and social services, and local government.

**Contact:** For a detailed analysis please make your request by call the Home Builders Association of Northern Kentucky at 859.331.9500. Ask for Brian Miller.

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## Jobs from Building Per County



# The Tri-County Housing Market 2002-2010

## Personal Income from Building Per County



# The Tri-County Housing Market 2002-2010

## Taxes and Fees from Building Per County

