



MULTIFAMILY REPORT

Cleveland: Stumbling Blocks Ahead

Summer 2020

Deliveries Keep Rent Gains Stable

Transaction Activity Grinds Close to a Halt

Deliveries Continue to Trail U.S. Average

CLEVELAND MULTIFAMILY



COVID-19 Hits Job Market Hard

The Cleveland multifamily market has remained relatively stable since the dawn of the COVID-19 pandemic. Due to steady demand amid tempering completions in the past few years, rents have stayed positive. On a trailing three-month basis through May, the average rent in Cleveland rose 0.4% to \$955, while the national growth rate contracted by 0.2%.

The coronavirus-mandated lockdown has exacerbated the metro's already decelerating employment growth. In the 12 months ending in March, the professional and business services, leisure and hospitality, and government sectors lost 13,600 jobs. The metro's unemployment rate hit 23.1% in April. Meanwhile, the region's industrial backbone might play a key role in its rebound from the crisis. Akron-based GOJO Industries, which manufactures hygiene products, purchased a 325,000-square-foot facility in Maple Heights. The company has also hired additional workers for its other Ohio plants to meet the increased demand for hand sanitizers.

After peaking at \$314 million last year, transaction volume in Cleveland slowed down significantly. In the first five months of 2020, multifamily deals totaled only \$14 million. Deliveries have also been decelerating during the past few years, which is partly why rent growth has endured. Yardi Matrix expects rents to increase moderately by year-end.

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Recent Cleveland Transactions

Solon Club



City: Oakwood Village, Ohio
Buyer: Morgan Properties
Purchase Price: \$13 MM
Price per Unit: \$66,598

Van Aken Crossing



City: Cleveland
Buyer: KPL Group
Purchase Price: \$6 MM
Price per Unit: \$50,901

Pleasant Valley



City: Parma, Ohio
Buyer: Brown Gibbons Lang & Co.
Purchase Price: \$5 MM
Price per Unit: \$23,141

Garfield Gardens



City: Garfield Heights, Ohio
Buyer: Smartland Turnkey
Investments
Purchase Price: \$3 MM
Price per Unit: \$24,132