

Columbus: Newfound Attraction

April 2022



Occupancy Climbs Above 96.0%

Rent Growth on Par With US Rate

Investment Activity Remains Elevated

COLUMBUS MULTIFAMILY



Demand Keeps Up With Robust Supply

Columbus continued to post healthy market performance in early 2022, with rents up 0.5% on a trailing three-month basis through February, to \$1,147. Meanwhile, overall occupancy climbed to 96.1%, boosted mainly by the upscale segment, up a solid 250 basis points in the 12 months ending in January, to 96.9%.

Columbus unemployment stood at 3.8% in January, according to preliminary data from the Bureau of Labor Statistics, nearly on par with the U.S. rate and above the state (4.3%), Cincinnati (3.9%) and Cleveland (6.0%). Employment posted a 2.5% expansion in 2021, trailing the 4.4% U.S. rate. Four sectors lost jobs, with education and health services and manufacturing shedding 2,600 positions each. With 21,200 net job gains overall, 10,500 were added in the leisure and hospitality sector. Good omens come from announced company expansions, including Ashely Furniture Industries, Amazon, BARK and Upstart.

Last year was the second best of the past decade for deliveries, with nearly 6,000 units coming online across Columbus. The pipeline decelerated and only 172 units were delivered in 2022 through February, with an additional 7,548 apartments underway. Meanwhile, \$187 million in assets traded in the first two months of the year, on the heels of a record 2021, when \$1.4 billion in communities changed hands, nearly double the previous peak.

Market Analysis | April 2022

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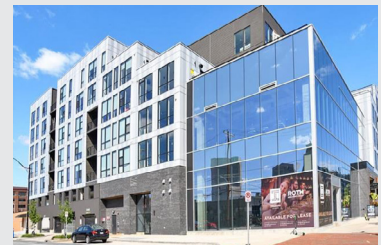
Recent Columbus Transactions

Hilliard Station



City: Hilliard, Ohio
Buyer: 29th Street Capital
Purchase Price: \$103 MM
Price per Unit: \$157,033

Industry Columbus



City: Columbus, Ohio
Buyer: Cantor Fitzgerald
Purchase Price: \$81 MM
Price per Unit: \$343,220

Abington Village



City: Dublin, Ohio
Buyer: TruAmerica Multifamily
Purchase Price: \$64 MM
Price per Unit: \$209,892

River Oaks

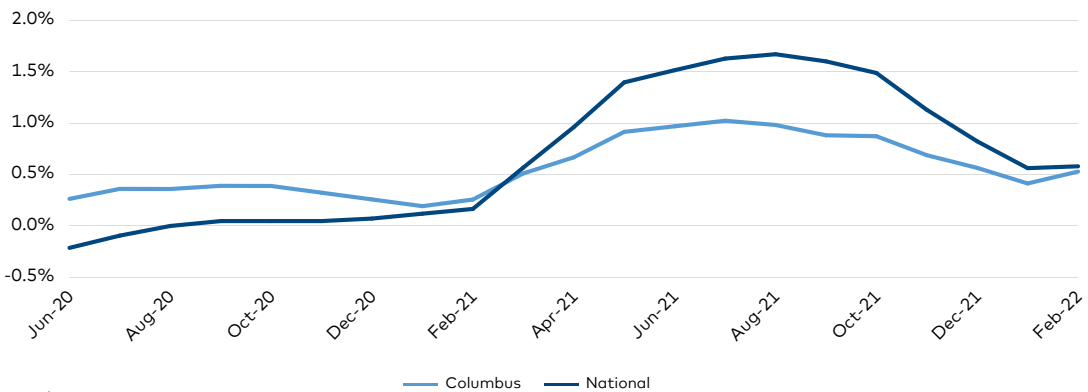


City: Columbus, Ohio
Buyer: Berkley Properties
Purchase Price: \$60 MM
Price per Unit: \$209,843

RENT TRENDS

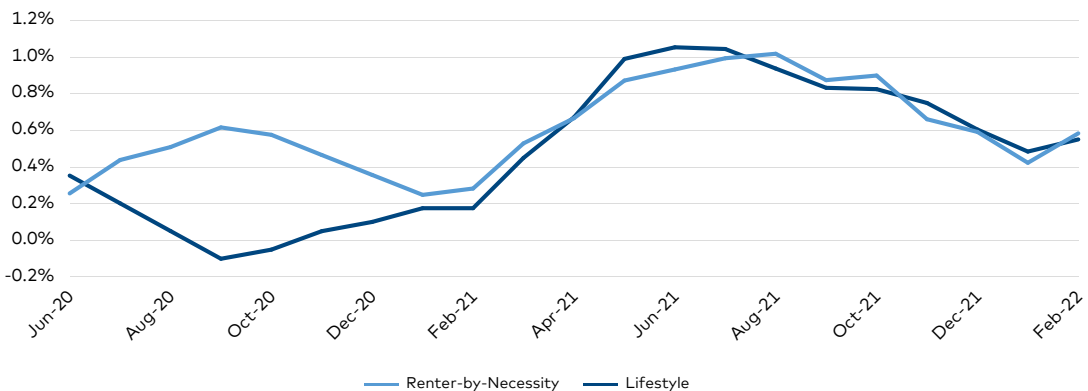
- ▶ Columbus rents rose 0.5% on a trailing three-month (T3) basis through February, nearly on par with the 0.6% U.S. rate. The average reached \$1,147, behind the \$1,628 national figure. Columbus rent development had a good run in 2021, with the T3 rate hovering near the 1.0% mark for six consecutive months, then softening with the arrival of the cold season. On a year-over-year basis, Columbus rates rose 9.6%, trailing the historic 15.4% national average.
- ▶ Rent growth was even across quality segments, rising 0.6% on a T3 basis for both Lifestyle communities (\$1,470) and working-class Renter-by-Necessity properties (\$1,041). While in 2020 RBN rates kept improving while Lifestyle rents contracted, last year the two remained close.
- ▶ The occupancy rate in stabilized properties reflects increased demand for Lifestyle apartments, marking a significant 240-basis-point gain in the 12 months ending in January, to 96.9%. Meanwhile, RBN occupancy rose just 20 basis points, to 95.8%. Overall, occupancy stood at 96.1% in January.
- ▶ Of the 45 submarkets tracked by Yardi Matrix, 20 posted double-digit increases on a year-over-year basis, with the largest recorded in Union (21.7% to \$1,198) and Delaware (16.5% to \$1,192). Victorian Village remained the most expensive submarket, with rents up 10.6% to \$1,696.
- ▶ Demand remained strong for single-family rentals, with rates rising 14.8% year-over-year, outperforming Cleveland (13.2%).

Columbus vs. National Rent Growth (Trailing 3 Months)



Source: Yardi Matrix

Columbus Rent Growth by Asset Class (Trailing 3 Months)



Source: Yardi Matrix

ECONOMIC SNAPSHOT

- ▶ The Columbus unemployment rate has been steadily improving from 5.7% last June, but posted a slight spike in January, at 3.8%. That placed the metro nearly on par with the U.S. rate and ahead of the state's 4.3%. Moreover, it also led ahead of Cincinnati (3.9%) and Cleveland (6.0%).
- ▶ Job growth in Ohio's capital has been trailing the nation since August and the trend continued going into 2022. Employment posted a 2.5% expansion (21,200 jobs) in 2021, while nationally, the rate stood at 4.4%. Four sectors lost 6,100 jobs combined, with education and health services and manufacturing each down by 2,600 positions. Meanwhile, leisure and hospitality (10,500 jobs) and trade, transportation and utilities (9,800 jobs) led growth.
- ▶ Several company expansions were announced or are underway, indicating that the recovery is getting a boost. The list includes Ashley Furniture Industries, which will bring a new regional distribution hub to Etna with 300 job openings, as well as Amazon, which announced a new fulfillment center in New Albany, where it plans to hire 1,000 employees by 2024.
- ▶ The metro's central U.S. location and startup ecosystem is leading BARK to add 500 jobs over the next four years. In addition, AI-based lending platform Upstart announced an expansion of its local operations with 508 new positions.

Columbus Employment Share by Sector

Code	Employment Sector	Current Employment	
		(000)	% Share
70	Leisure and Hospitality	93	8.4%
40	Trade, Transportation and Utilities	238	21.5%
90	Government	182	16.5%
60	Professional and Business Services	180	16.3%
80	Other Services	41	3.7%
15	Mining, Logging and Construction	46	4.2%
55	Financial Activities	86	7.8%
50	Information	14	1.3%
30	Manufacturing	70	6.3%
65	Education and Health Services	155	14.0%

Sources: Yardi Matrix, Bureau of Labor Statistics

Population

- ▶ Columbus gained 16,675 residents in 2020, up 0.8%. The rate is 10 basis points above the one recorded in 2019 and double the U.S. rate.
- ▶ Between 2010 and 2020, the population in Ohio's capital expanded by 12.2%, nearly twice the 6.5% U.S. rate.

Columbus vs. National Population

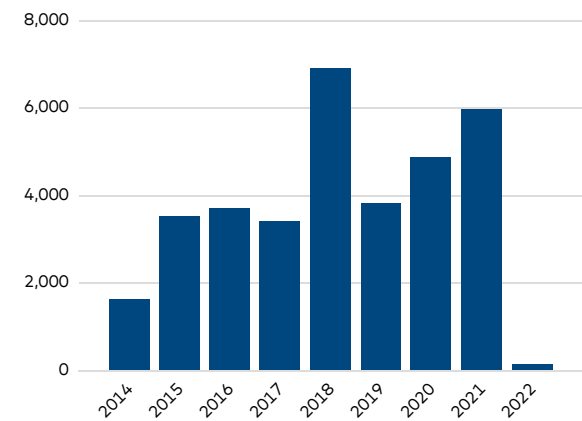
	2017	2018	2019	2020
National	325,147,121	327,167,434	328,239,523	329,484,123
Columbus Metro	2,082,475	2,106,541	2,122,271	2,138,946

Sources: U.S. Census, Moody's Analytics

SUPPLY

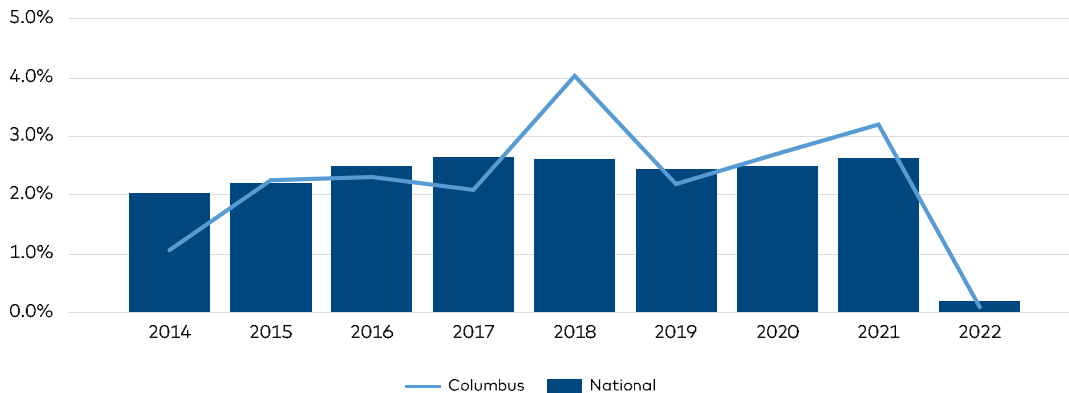
- ▶ This year through February, developers brought online just 172 units. This comes on the heels of nearly 6,000 units delivered in 2021, or 3.2% of total stock, which marked the second-best year in deliveries during the past decade. The decade's peak was registered in 2018, when 6,922 units came online. Since 2020, the inventory has expanded by more than 11,000 units, which accounts for roughly one-third of the total multifamily deliveries since 2014 onward.
- ▶ Developers had 7,548 apartments under construction and another 29,000 units in the planning and permitting stages as of February. More than one-third of the construction pipeline includes projects located within 5 miles of downtown, with Hilliard (910 units), Downtown (884 units) and Franklinton (766 units) leading the way. Taking into considerations some headwinds, including inflation and the rising costs of construction materials, deliveries could moderate in the foreseeable future.
- ▶ Some of the most active developers in Columbus at the start of 2022 included Wilcox Communities (678 units in three properties), Schottenstein Property Group (716 units in three properties) and Metro Development (552 units in two properties).
- ▶ The largest project underway as of February was Victoria Manor in the Gahanna submarket. The 480-unit property is owned by DRK & Co., which took out a \$48.2 million construction loan funded by The Huntington National Bank, due in 2026. The project is slated for completion in 2024 and has 20% of its units reserved for lower-income residents.

Columbus Completions (as of February 2022)



Source: Yardi Matrix

Columbus vs. National Completions as a Percentage of Total Stock (as of February 2022)



Source: Yardi Matrix

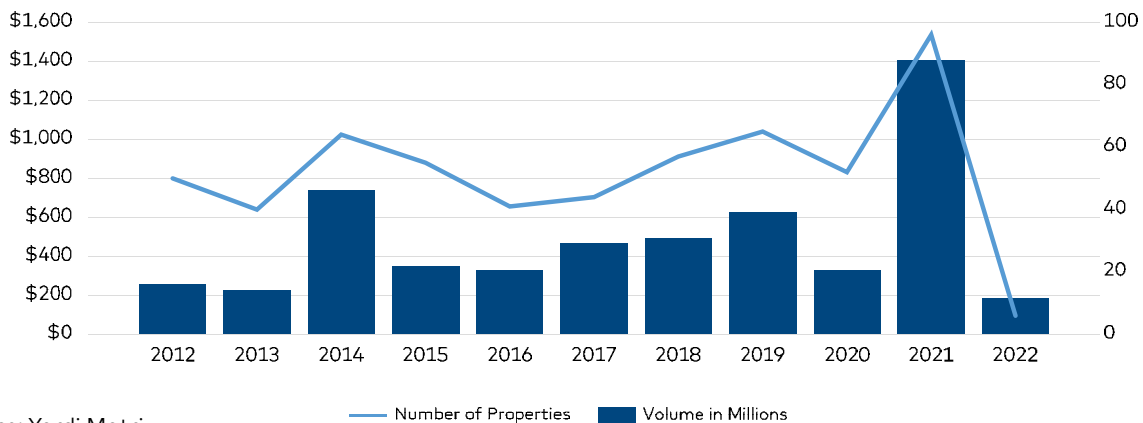
TRANSACTIONS

- ▶ Investment remained elevated in 2022, with \$187 million in multifamily assets trading in Columbus through February. Last year marked an all-time high for transaction volume—in excess of \$1.4 billion—almost double the previous peak recorded in 2014, when the total reached \$742 million.
- ▶ Investors placing their funds in Columbus have always been attracted to value-add plays, and this remained true both in 2021 and during

the first two months of 2022, with the sales composition heavily favoring the working-class segment. Even so, property values increased substantially last year, with the average price per unit rising a massive 84.2% year-over-year through February, to \$136,907.

- ▶ Despite the remarkable price appreciation, the metro remains relatively affordable, with the per-unit price significantly trailing the \$221,271 U.S. average.

Columbus Sales Volume and Number of Properties Sold (as of February 2022)



Source: Yardi Matrix

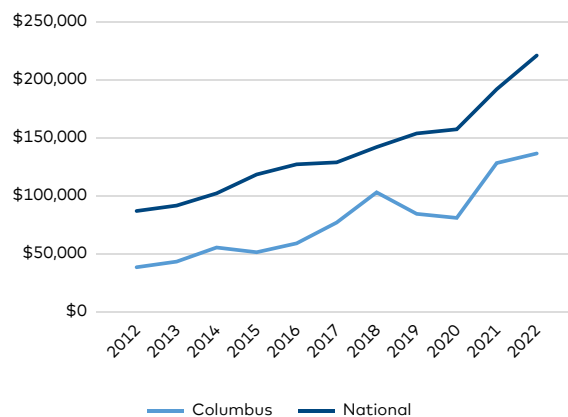
Top Submarkets for Transaction Volume¹

Submarket	Volume (\$MM)
Northwest Columbus	277
Hillard	184
University	157
Whitehall	107
Westerville	102
Columbus-Downtown	97
Victorian Village	97

Source: Yardi Matrix

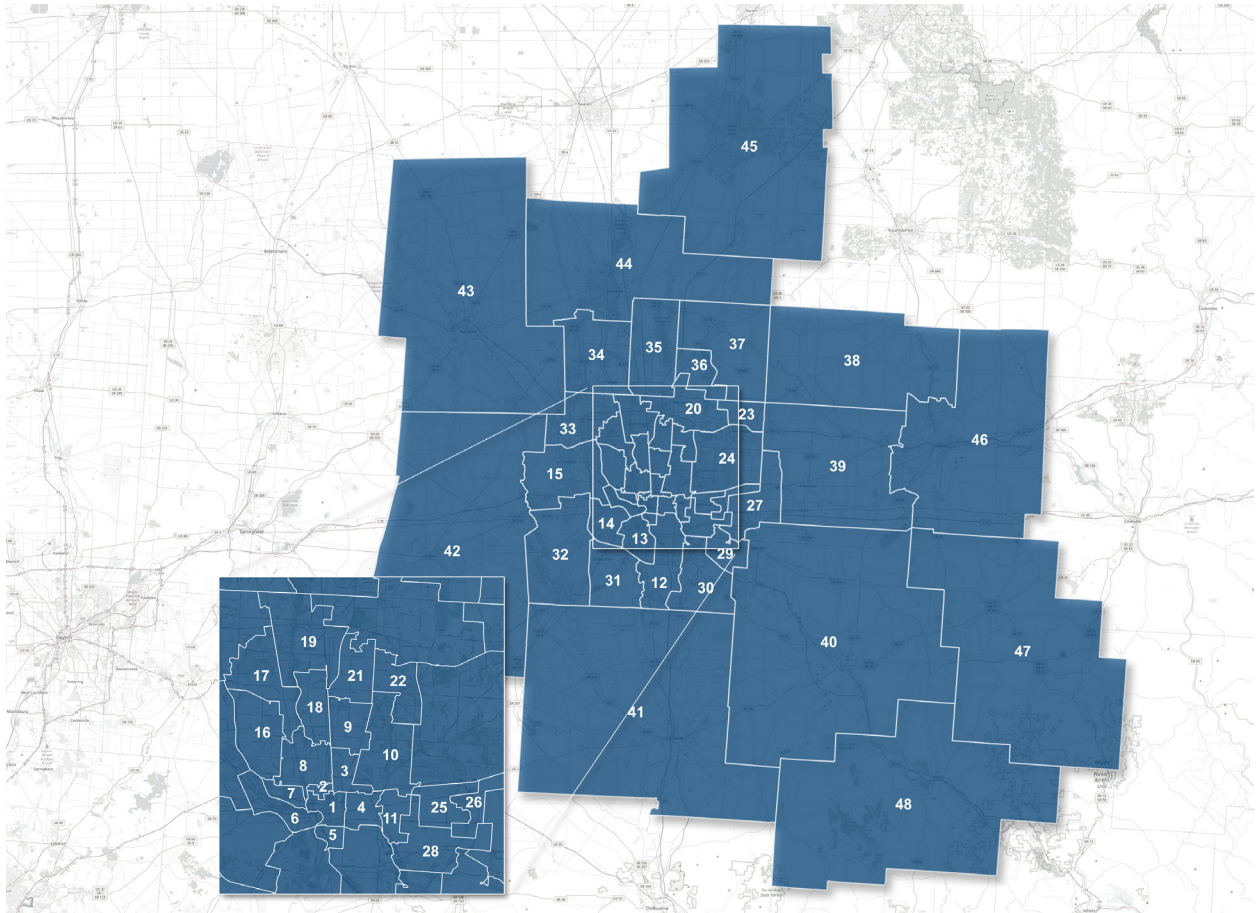
¹ From March 2021 to February 2022

Columbus vs. National Sales Price per Unit



Source: Yardi Matrix

COLUMBUS SUBMARKETS



Area No.	Submarket
1	Columbus-Downtown
2	Victorian Village
3	South Linden
4	Near East
5	Columbus-Southside
6	Franklinton
7	Grandview Heights
8	University
9	North Linden
10	Northeast Columbus
11	Bexley
12	Far South
13	Southwest
14	Greater Hilltop
15	Hilliard
16	Upper Arlington

Area No.	Submarket
17	Northwest Columbus
18	Clintonville
19	Worthington
20	Westerville
21	Northland
22	Minerva Park
23	New Albany
24	Gahanna
25	Whitehall
26	Blacklick
27	Reynoldsburg
28	Obetz
29	Canal Winchester
30	Groveport
31	Grove City
32	Westland

Area No.	Submarket
33	Dublin
34	Powell
35	Lewis Center
36	Galena
37	Sunbury
38	Johnstown
39	Pataskala
40	Fairfield
41	Pickaway
42	Madison
43	Union
44	Delaware
45	Morrow
46	Newark
47	Perry
48	Hocking

DEFINITIONS

Lifestyle households (renters by choice) have wealth sufficient to own but have chosen to rent. Discretionary households, most typically a retired couple or single professional, have chosen the flexibility associated with renting over the obligations of ownership.

Renter-by-Necessity households span a range. In descending order, household types can be:

- *A young-professional*, double-income-no-kids household with substantial income but without wealth needed to acquire a home or condominium;
- *Students*, who also December span a range of income capability, extending from affluent to barely getting by;
- *Lower-middle-income ("gray-collar") households*, composed of office workers, policemen, firemen, technical workers, teachers, etc.;
- *Blue-collar households*, which December barely meet rent demands each month and likely pay a disproportionate share of their income toward rent;
- *Subsidized households*, which pay a percentage of household income in rent, with the balance of rent paid through a governmental agency subsidy. Subsidized households, while typically low income, December extend to middle-income households in some high-cost markets, such as New York City;
- *Military households*, subject to frequency of relocation.

These differences can weigh heavily in determining a property's ability to attract specific renter market segments. The five-star resort serves a very different market than the down-and-outer motel. Apartments are distinguished similarly, but distinctions are often not clearly definitive without investigation. The Yardi® Matrix Context rating eliminates that requirement, designating property market positions as:

Market Position	Improvements Ratings
Discretionary	A+ / A
High Mid-Range	A- / B+
Low Mid-Range	B / B-
Workforce	C+ / C / C- / D

The value in application of the Yardi® Matrix Context rating is that standardized data provides consistency; information is more meaningful because there is less uncertainty. The user can move faster and more efficiently, with more accurate end results.

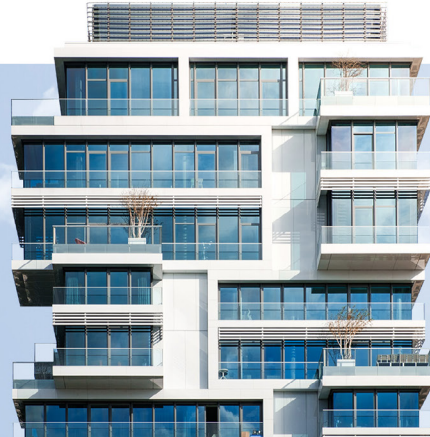
The Yardi® Matrix Context rating is not intended as a final word concerning a property's status—either improvements or location. Rather, the result provides reasonable consistency for comparing one property with another through reference to a consistently applied standard.

To learn more about Yardi® Matrix and subscribing, please visit www.yardimatrix.com or call Ron Brock, Jr., at 480-663-1149 x2404.



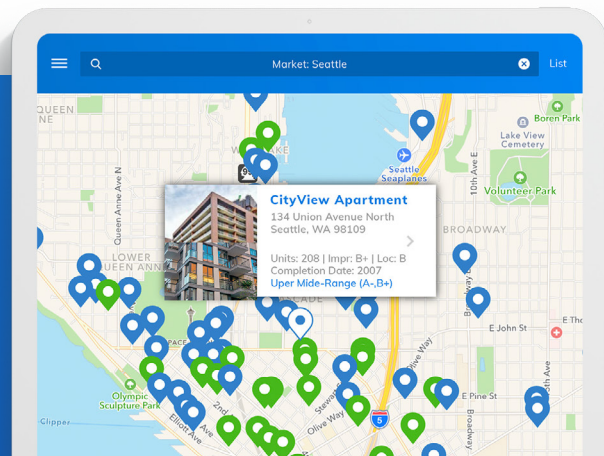
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