Yardi Matrix
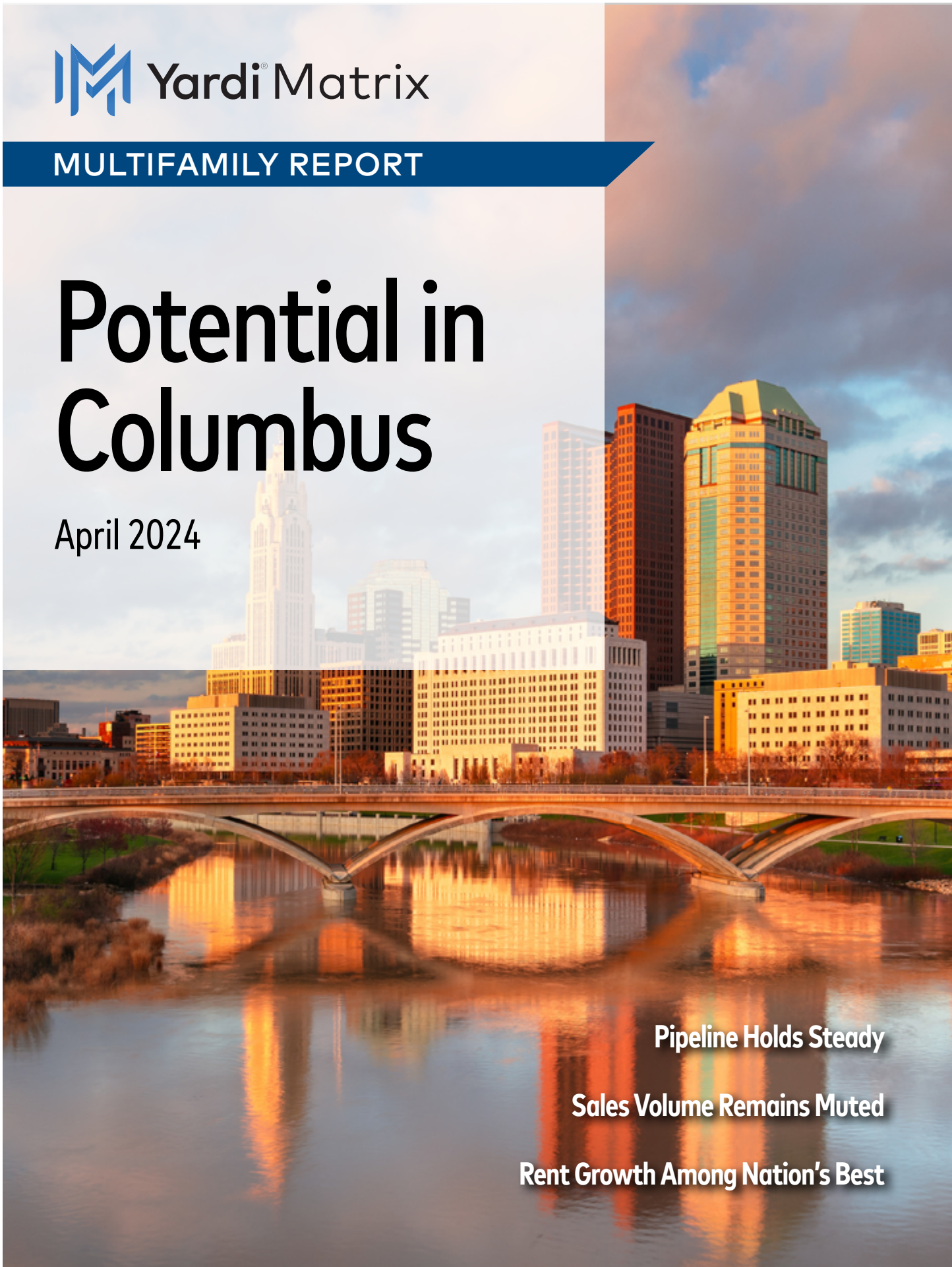
Potential in Columbus

April 2024

Pipeline Holds Steady

Sales Volume Remains Muted

Rent Growth Among Nation's Best

ⅩⅯ Yardi Matrix

Market Performs Despite Ebbs and Flows

The Columbus multifamily market showed a glimpse of resilience amid a fluctuating performance. Rents recorded a modest 0.2% uptick on a trailing three-month basis through February. Meanwhile, the national rate of growth remained in negative territory. Columbus rents grew to $1,270, clocking in significantly below the $1,713 national figure as of February. Only the metro's priciest submarket surpassed the U.S. average. And while occupancy in stabilized assets dropped 70 basis points over 12 months, it still recorded a relatively healthy 94.5% in February.

Columbus job growth continued its slowdown, at just 0.6% in 2023. The pace fell significantly below the U.S. average, with a loss of 6,500 jobs in trade, transportation and utilities, which weighed down the overall performance. Meanwhile, the December 2023 jobless figure was the lowest in more than a decade, according to preliminary data from the Bureau of Labor Statistics. At 2.7%, it was well below the national average of 3.7%. Columbus' diversifying economy is boosting construction activity across the metro. Projects include OhioHealth Corp.'s $400 million expansion of Grant Medical Center. The Central Ohio Transit Authority also recently received $42 million to build a 9-mile bus rapid transit system along West Broad Street.

Mirroring the national trend, investment activity remained tepid in Columbus. In the first two months of the year, only two sizable multifamily transactions were recorded, for a total of $70 million.

Market Analysis | April 2024

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Recent Columbus Transactions

One Pearl Place

City: Columbus, Ohio
Buyer: Kayne Anderson Capital Advisors
Purchase Price: $56 MM
Price per Unit: $215,355

Stone Lodge

City: Columbus, Ohio
Buyer: M3 Equities
Purchase Price: $14MM
Price per Unit: $72,917

RENT TRENDS

➤ Columbus rents increased by 0.2% on a trailing three-month (T3) basis through February. The figure outperformed the nation, which remained negative, down 0.1% on a T3 basis. Year-over-year, the metro ranked among the country's best, with rates up 3.6%, while the U.S. average rose just 0.6%.

➤ The average rate in Columbus stood at $1,270 as of February, well below the $1,713 national figure. The working-class Renter-by-Necessity segment fueled growth, as rates increased 0.4% on a T3 basis, to $1,173. Lifestyle rents mirrored the national trend, dipping 0.1% on a T3 basis to $1,536. On an annual basis, the spread between the segments was even more pronounced. RBN rents increased 4.6% as of February, while Lifestyle figures rose 1.7%.

➤ The average occupancy rate in stabilized assets across Columbus was 94.5% as of February. Although the figure marked a 70-basis-point slide on an annual basis, it remained virtually on par with the national average, which dropped 60 basis points.

➤ Nearly all submarkets recorded rent increases year-over-year as of February. North Linden led the list with an impressive 20.6% hike, to $1,008. Groveport (10.5% to $1,254) and Northeast Columbus (10.1% to $1,149) also saw double-digit increases. At the other end, rents in Northwest Columbus were down 1.0%, to $1,352.

➤ Despite a slight annual drop, Victorian Village remained the most expensive submarket, with rents down 0.4%, to $1,834.

Columbus vs. National Rent Growth (Trailing 3 Months)
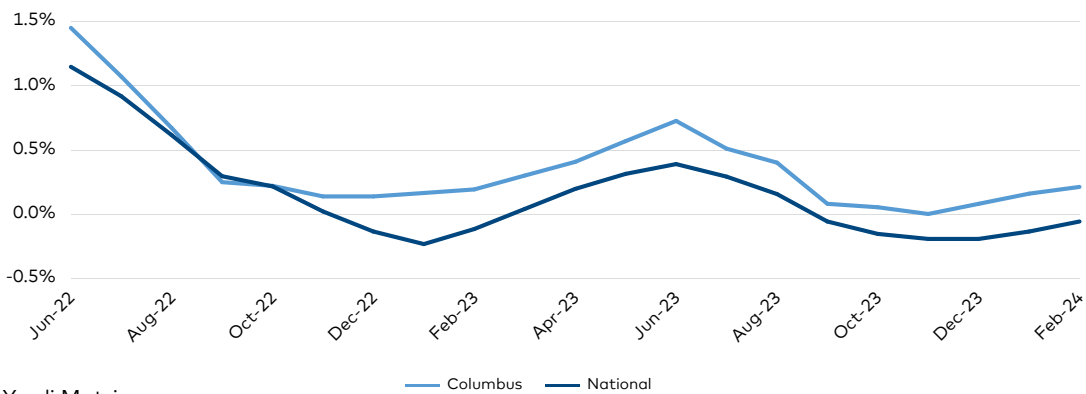
Source: Yardi Matrix

Columbus Rent Growth by Asset Class (Trailing 3 Months)
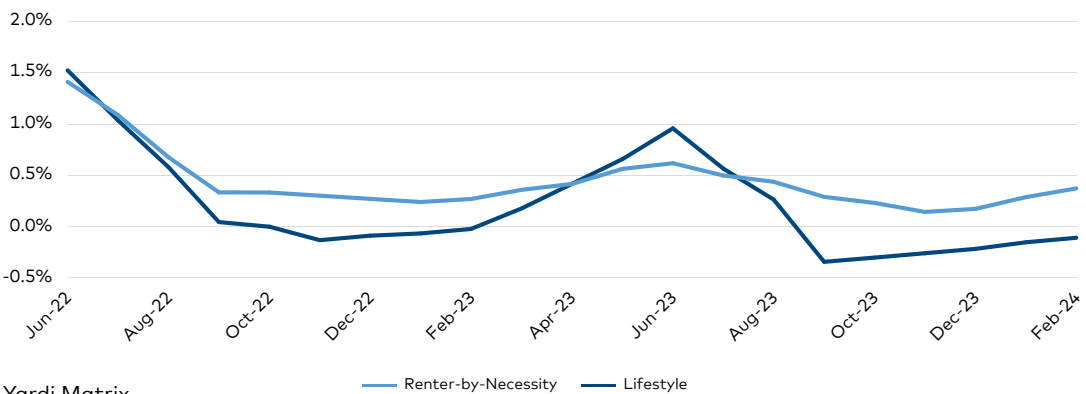
Source: Yardi Matrix

ECONOMIC SNAPSHOT

➤ Columbus' unemployment rate was 2.7% as of December, according to preliminary BLS data. The figure was the lowest in at least a decade. The rate was also 100 basis points lower than the U.S. average and 90 basis points below the state's. Columbus also outperformed Cleveland (3.0%) and Cincinnati (2.9%).

➤ Columbus added 5,200 net jobs last year. This amounted to an expansion of only 0.6%, with the national figure more than three times that. Trade, transportation and utilities and financial activities lost a combined 7,400 jobs, which affected the overall total significantly. On the other hand, government and construction recorded the largest gains, with a collective 8,000 jobs added.

➤ Plans advanced for a passenger rail expansion that would return Amtrak service to Columbus. The Federal Railroad Administration has prioritized building four routes in Ohio. Two of these routes, which are slated to receive initial funding, will connect to Columbus: the Cleveland-Columbus-Dayton-Cincinnati (also known as the 3C+D) and the Chicago-Fort Wayne-Columbus-Pittsburgh routes.

➤ Another recent infrastructure project involves the creation of more than 9 miles of bus rapid transit system. The Central Ohio Transit Authority received $42 million for the project, which will involve the addition of stations, among other enhancements.

Columbus Employment Share by Sector

Code	Employment Sector	Current Employment (000)	% Share
90	Government	189	16.3%
15	Mining, Logging and Construction	51	4.4%
65	Education and Health Services	163	14.1%
80	Other Services	45	3.9%
60	Professional and Business Services	191	16.5%
30	Manufacturing	74	6.4%
70	Leisure and Hospitality	105	9.1%
50	Information	18	1.6%
55	Financial Activities	83	7.2%
40	Trade, Transportation and Utilities	236	20.4%

Sources: Yardi Matrix, Bureau of Labor Statistics

Population

➤ Columbus gained 14,743 people in 2022, for a 0.7% boost. The metro has added 340,000 residents since 2010.

➤ According to a recent Bank of America Institute report, Columbus was the fastest-growing city in the second half of 2023, followed by Austin, Texas.
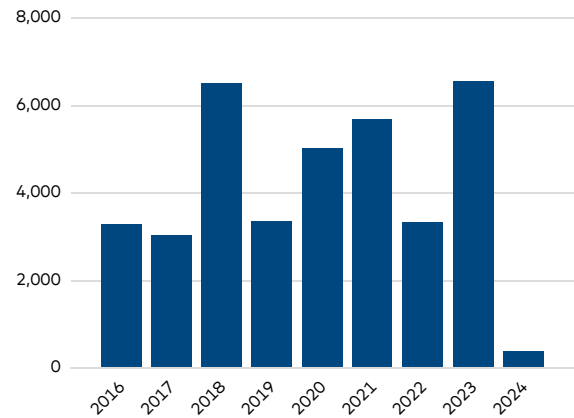
Columbus vs. National Population

|	2019	2020	2021	2022
National	324,697,795	326,569,308	329,725,481	331,097,593
Columbus	2,077,761	2,101,543	2,122,480	2,137,223

Source: U.S. Census

SUPPLY

➤ Developers completed two projects totaling 386 units in the first two months of 2024. The completions amounted to 0.2% of existing inventory, on par with the U.S. figure. Last year, Columbus' multifamily stock grew by 6,553 units. This was one-third higher than the metro's five-year average. Yardi Matrix expects an additional uptick in completions for 2024.

➤ The metro's pipeline included 11,793 units under construction as of February. Developers also had some 33,000 in the planning and permitting stages. Among the projects underway, more than two-thirds (roughly 70%) were Lifestyle developments and 17% were fully affordable projects. The remaining consisted of market-rate, RBN projects.

➤ Columbus – Downtown led construction activity, with more than 1,100 apartments under construction across the submarket as of February. Lewis Center (989 units) and Hilliard (918 units) rounded out the top three.

➤ Hilliard is also home to the largest project underway. Thrive Cos. expects to deliver the 559-unit Tillmore at Quarry Trails by mid-2025. The developer kicked off construction with the help of a $41.5 million construction loan financed by Peoples Bank.

➤ The largest fully affordable project under construction was in Greater Hilltop. KCG Development and Ascent Development Group are developing the 264-unit The Retreat at Scioto Creek. The Columbus-Franklin County Finance Authority and Merchants Bank of Indiana provided a $55 million financing package.

Columbus Completions (as of February 2024)

Source: Yardi Matrix

### Columbus vs. National Completions as a Percentage of Total Stock (as of February 2024)
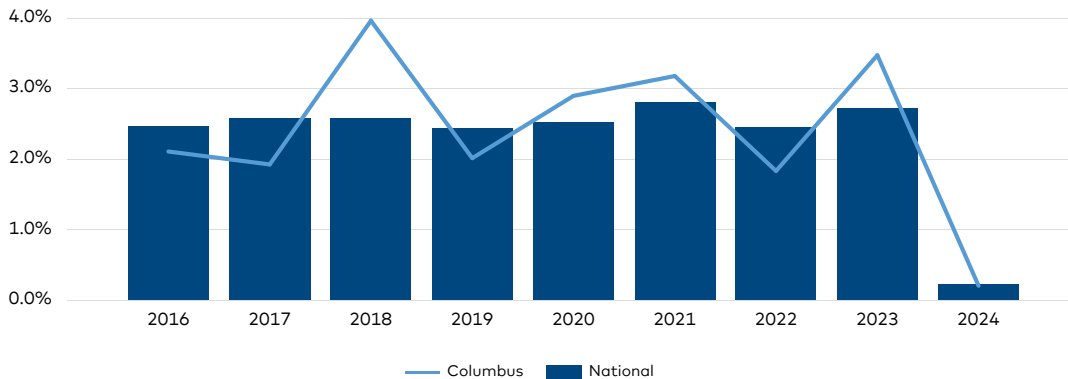
Source: Yardi Matrix

TRANSACTIONS

➤ The first two months of 2024 saw a sluggish start for Columbus, with recorded multifamily investment totaling only $70 million. However, this marked an improvement from the first two months of 2023, when the total was $43 million. Overall, the previous year was relatively modest, with the total at $730 million. The figure slightly surpassed the average for the 10 years ending in 2023, which was $721 million.

➤ Of the 48 Columbus submarkets tracked by Yardi Matrix, more than 20 recorded at least some transaction activity during the 12 months ending in February. Greater Hilltop and Dublin led the pack.

➤ The Greater Hilltop submarket is also home to the largest asset to change hands in the 12 months ending in February. Yellowstone Property Group bought the 820-unit Havenwood Townhomes from Asia Capital Real Estate, with help from a $71.3 million Fannie Mae loan originated by Newmark.

Columbus Sales Volume and Number of Properties Sold (as of February 2024)
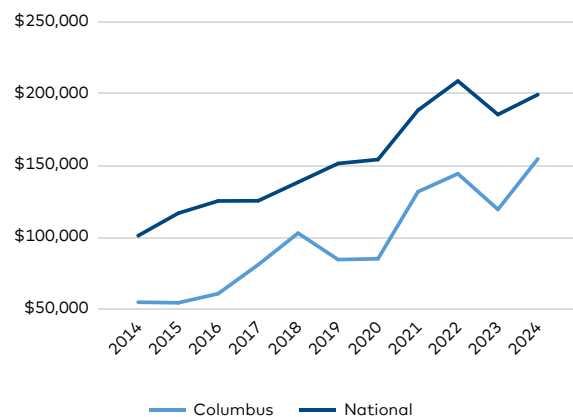

Source: Yardi Matrix — Number of Properties — Volume in Millions
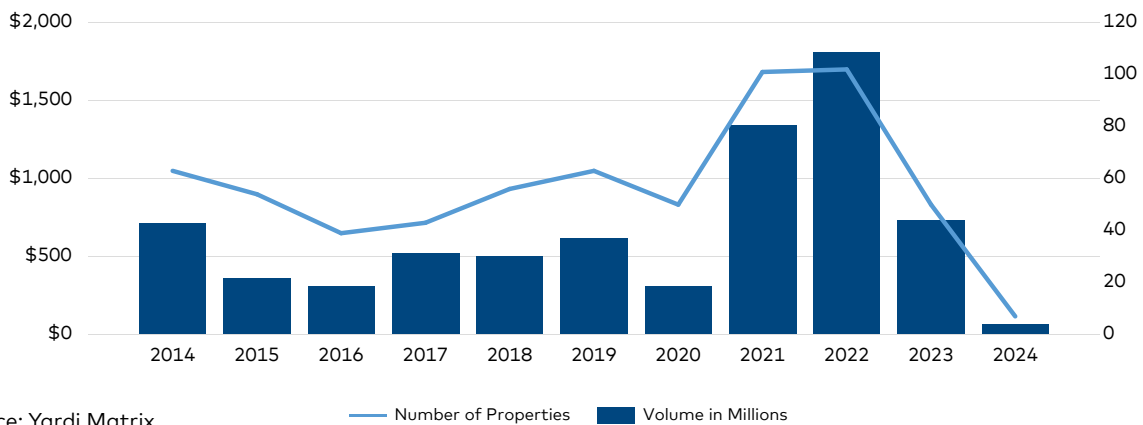
Top Submarkets for Transaction Volume[1]

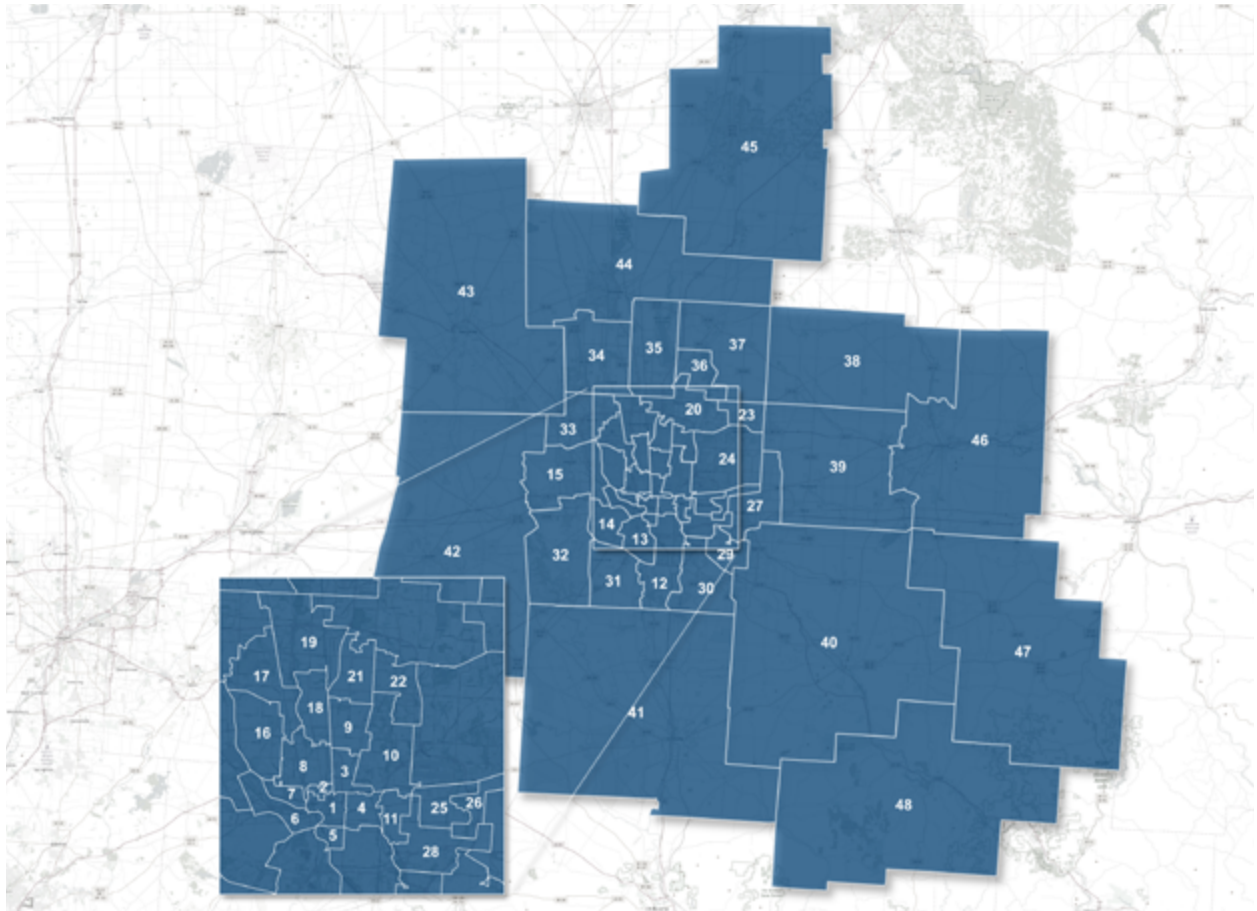| Submarket	Volume ($MM)
Greater Hilltop	95
Dublin	93
Worthington	77
Blacklick	57
University	56
Gahanna	55
Whitehall	43

Source: Yardi Matrix
[1] From March 2023 to February 2024

Columbus vs. National Sales Price per Unit

Columbus — National

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 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 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, 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.
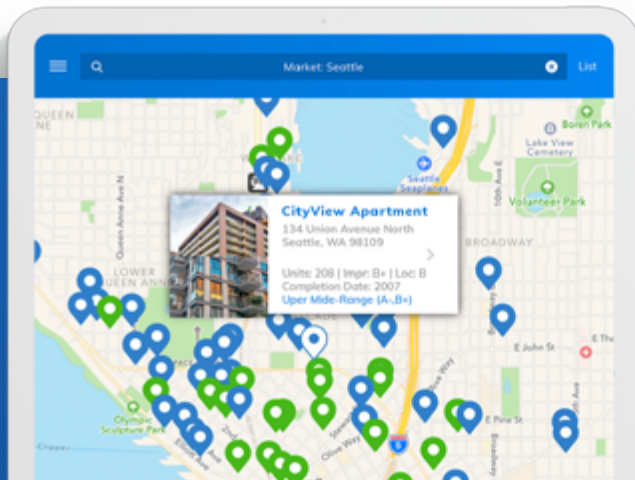
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