

Steady Gains In Columbus

September 2024

Rents Improve Steadily

Workforce Segment Outperforms

Employment Growth Below US Average

COLUMBUS MULTIFAMILY



Rent Gains Maintain Positive Improvement

Despite economic volatility, Columbus fundamentals have been mostly solid. Advertised asking rents were up 0.2% on a trailing three-month basis, to \$1,297, behind the U.S. rate of growth. However, Columbus gains continued to outperform on a yearly basis. Meanwhile, occupancy in stabilized properties was down 40 basis points year-over-year as of June, to 94.6%, driven by an uptick in upscale deliveries.

Columbus employment was up 0.8% in the 12 months ending in May, with 13,000 net jobs added. The metro's growth rate was 50 basis points below the national average. Education and health services led gains, with 9,600 positions. The area's unemployment rate stood at 4.8% as of June, 70 basis points below the U.S. figure, according to preliminary data from the Bureau of Labor Statistics. A new terminal at John Glenn Columbus International Airport could boost Columbus' local economy significantly. The \$2 billion project, which is slated to break ground next year, will add 36 new gates.

A total of 2,097 units, or 1.1% of existing stock, came online this year through July, 30 basis points behind the national pace of completions. The metro's five-year average clocked in at 4,818 units delivered yearly. Transaction activity remained slow, with just \$314 million in assets changing hands, a far cry from the record-breaking volumes of 2021 and 2022.

Market Analysis | September 2024

Contacts

Jeff Adler

Vice President & General
Manager of Yardi Matrix
Jeff.Adler@Yardi.com
(303) 615-3676

Ron Brock, Jr.

Industry Principal, Matrix
JR.Brock@Yardi.com
(480) 663-1149 x14006

Doug Ressler

Media Contact
Doug.Ressler@Yardi.com
(480) 695-3365

Author

Madalina Pojoga
Associate Editor

Recent Columbus Transactions

The Moors at Countryview



City: Canal Winchester, Ohio
Buyer: Nuveen Real Estate
Purchase Price: \$40 MM
Price per Unit: \$96,154

Waldren Woods



City: Columbus, Ohio
Buyer: Columbus Metropolitan
Housing Authority
Purchase Price: \$30 MM
Price per Unit: \$187,500

The Chambers



City: Columbus, Ohio
Buyer: Coastal Ridge Real Estate
Purchase Price: \$15 MM
Price per Unit: \$129,762

Bexley House

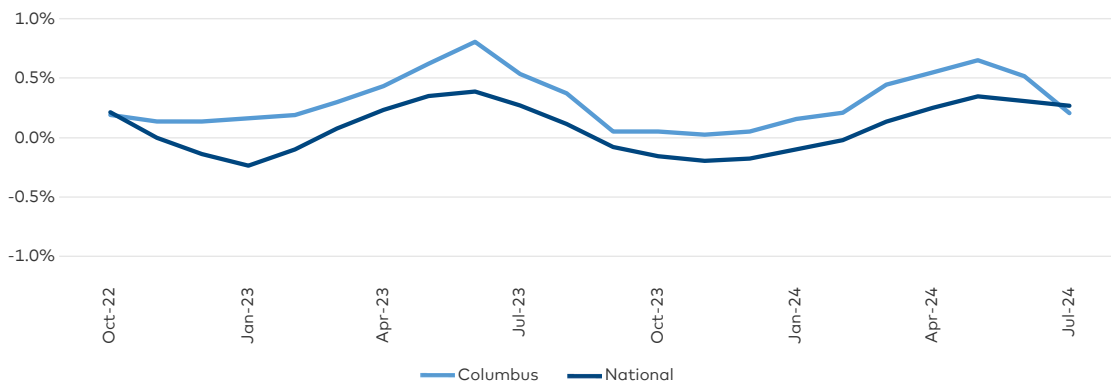


City: Columbus, Ohio
Buyer: Rocky Fork Capital
Purchase Price: \$10 MM
Price per Unit: \$162,708

RENT TRENDS

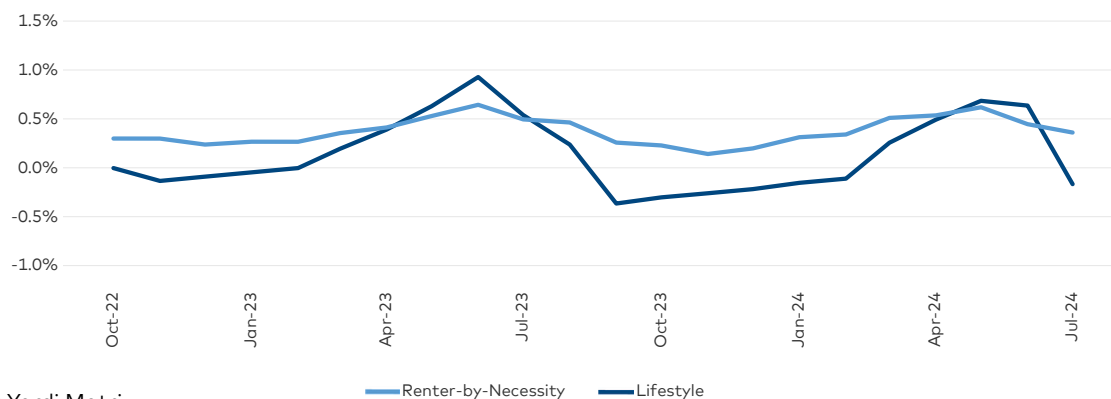
- ▶ Columbus average advertised asking rents were up 0.2% on a trailing three-month (T3) basis as of July, to \$1,297, just 10 basis points lower than the U.S. figure. The metro's best T3 performance in the past 12 months came in May, when the advertised asking rate was up 0.7%.
- ▶ Year-over-year, the average was up 2.9%, placing Columbus in the fourth spot for rent gains among our top 30 metros. The latest Yardi Matrix forecast projects a 3.2% hike for Columbus in 2024.
- ▶ Working-class Renter-by-Necessity average advertised asking rents were up 0.4%, on a T3 basis, to \$1,199. Meanwhile, the Lifestyle segment lagged, down 0.2%, to \$1,554. The drop was significant, as upscale apartments registered a 0.6% growth rate in the previous month and have been positively progressing since March. All of this came on the heels of the latest seasonal slowdown, which began in September 2023.
- ▶ The metro's average overall occupancy rate in stabilized properties stood at 94.6% as of June, a 40-basis-point decrease year-over-year. The RBN figure saw a 20-basis-point contraction, to 94.9%. Meanwhile, Lifestyle assets recorded a more significant drop, down 80 basis points, to 93.9%.
- ▶ Of the 48 submarkets tracked by Yardi Matrix, only five registered negative performances year-over-year as of July. Growth was led by submarkets including North Linden (up 14.9%), Southwest (9.9%) and Bexley (8.7%).

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 employment rose 0.8% in the 12 months ending in May, 50 basis points lower than the U.S. rate. Education and health services led growth, accounting for 9,600 of the 13,000 net positions added, for a 5.7% expansion year-over-year. Government (3,000 jobs) and mining, logging and construction (2,400 jobs) also contributed to the metro's employment growth. Columbus lost 5,100 net positions across five sectors, with the largest losses registered in trade, transportation and utilities (-2,300 jobs).
- ▶ The metro's unemployment rate stood at 4.8% as of June, 70 basis points higher than the U.S. figure, according to preliminary data from the Bureau of Labor Statistics. Following its lowest

point in the past decade, at 2.7% in December 2023, the rate rebounded to 3.6% in January and continued to climb. The unemployment rate in Columbus was also 40 basis points higher than Ohio's, which clocked in at 4.4% as of June.

- ▶ The new terminal at John Glenn Columbus International Airport is now set for groundbreaking in early 2025, with completion expected by 2029. The \$2 billion project will take shape on what is currently the blue long-term shuttle and cellphone waiting lot and will add 36 gates. With this addition, the airport will be able to accommodate 51% more passengers on a daily basis.

Columbus Employment Share by Sector

Code	Employment Sector	Current Employment	
		(000)	% Share
65	Education and Health Services	178.4	15.3%
90	Government	191.9	16.4%
15	Mining, Logging and Construction	53.1	4.5%
80	Other Services	45	3.8%
70	Leisure and Hospitality	114.3	9.8%
60	Professional and Business Services	189.6	16.2%
50	Information	17.7	1.5%
30	Manufacturing	73.4	6.3%
55	Financial Activities	84.2	7.2%
40	Trade, Transportation and Utilities	221.6	19.0%

Sources: Yardi Matrix, Bureau of Labor Statistics

Population

- ▶ Columbus gained 14,743 residents between in 2022, a 0.7% population increase and above the 0.4% U.S. rate of expansion.
- ▶ In the 10 years ending in 2022, the metro's population grew by almost 300,000 residents, a strong growth pace for a large Midwestern metro.

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

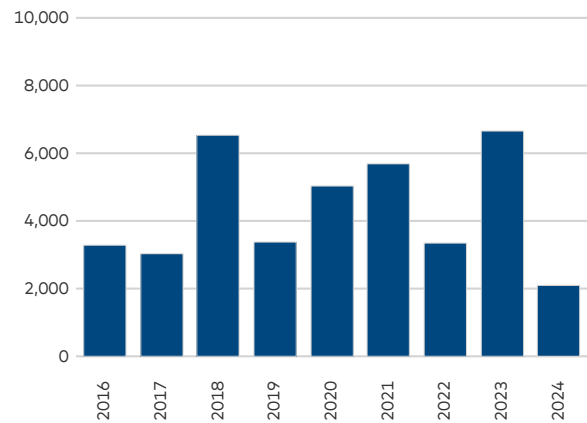
Source: U.S. Census

SUPPLY

- ▶ Columbus developers added 2,097 units in the first seven months of 2024. That accounted for 1.1% of existing stock, 30 basis points lower than the national rate of completions. All but one property that came online were in the Lifestyle segment. Last year, multifamily stock expanded by 6,664 units, accounting for the metro's best year for deliveries in the last decade. The figure was significantly higher than Columbus' five-year average, which clocked in at 4,818 apartments.
- ▶ The under-construction pipeline in Columbus included 12,992 units as of July. Another 35,000 units were in the planning and permitting stages. Construction is concentrated in upscale projects, with 78.5% of units underway in Lifestyle developments. RBN and fully affordable projects account for the remaining 21.5%.
- ▶ Despite a visible slowdown in construction starts nationwide, this year's low number of starts in Columbus is in line with the metro's 2023 performance. The area had 3,217 units across 13 projects breaking ground in the first seven months of 2024. Last year, developers began work on 3,700 apartments across 19 projects during the same time frame.

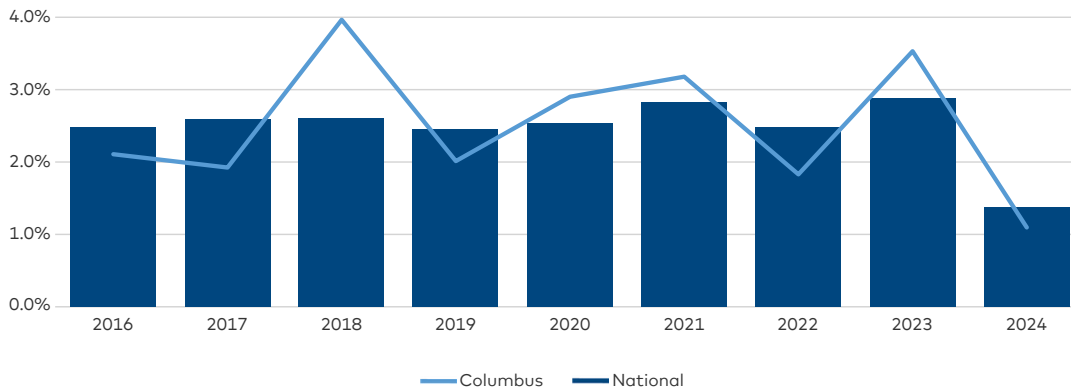
- ▶ Of the 48 submarkets tracked by Yardi Matrix, only two crossed the 1,000-unit mark for units underway as of July. Columbus—Downtown had 1,502 units under construction, followed by Lewis Center (1,301 units) and Hilliard (918 units) rounding out the top three.
- ▶ Hilliard also boasts the largest project underway. Thrive Cos. is developing Tillmore at Quarry Trails, a 559-unit community, slated for delivery in January 2025.

Columbus Completions (as of July 2024)



Source: Yardi Matrix

Columbus vs. National Completions as a Percentage of Total Stock (as of July 2024)

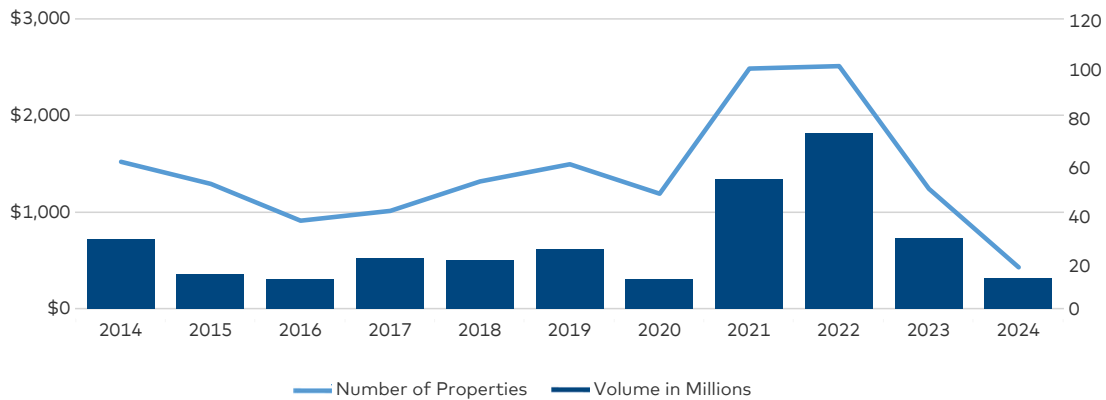


Source: Yardi Matrix

TRANSACTIONS

- ▶ Columbus registered \$314 million in multifamily deals year-to-date through July, with 20 assets of 50-plus units trading. The metro's investment activity has been slowing, in line with national trends and on the heels of two record-breaking years. In 2021 and 2022, Columbus' total investment volume came in at \$3.2 billion.
- ▶ RBN assets led sales activity, with 15 properties trading through July, at an average price per unit of \$97,363. Average per-unit prices in the Life-style segment reached \$188,038. The metro's overall price per unit of \$117,681 was significantly lower than \$182,423 U.S. figure. The figure was also down slightly from the 2023 price.
- ▶ Greater Hilltop led transaction activity across Columbus submarkets, with \$95 million in properties changing hands in the 12 months ending in July. Worthington (\$71 million) and Clintonville (\$60 million) came in second and third, respectively.

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



Source: Yardi Matrix

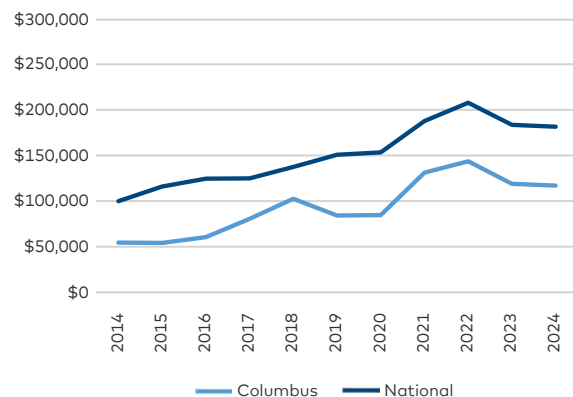
Top Submarkets for Transaction Volume¹

Submarket	Volume (\$MM)
Greater Hilltop	95
Worthington	71
Clintonville	60
Columbus-Downtown	59
Gahanna	55
Obetz	44
Delaware	43

Source: Yardi Matrix

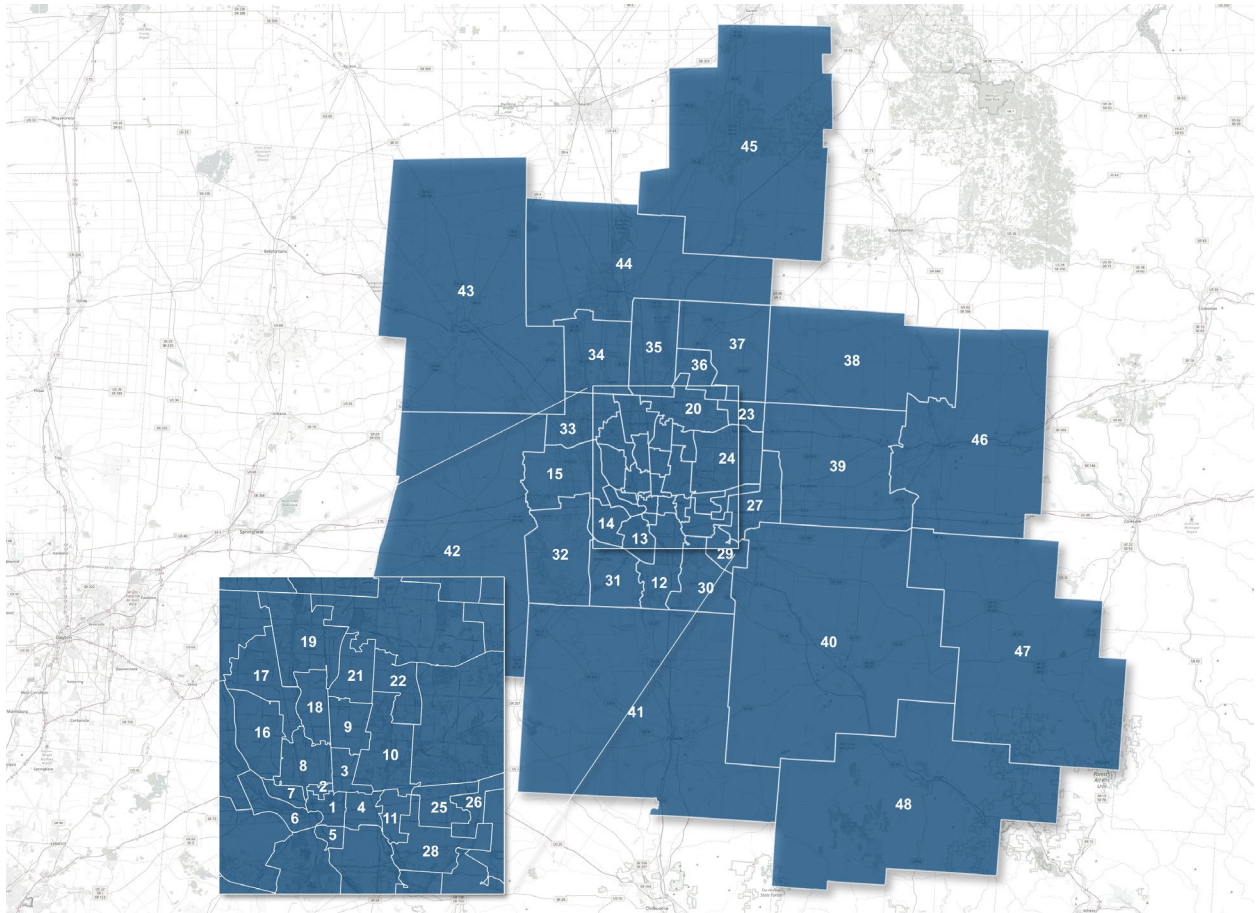
¹ From August 2023 to July 2024

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 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 x14006.



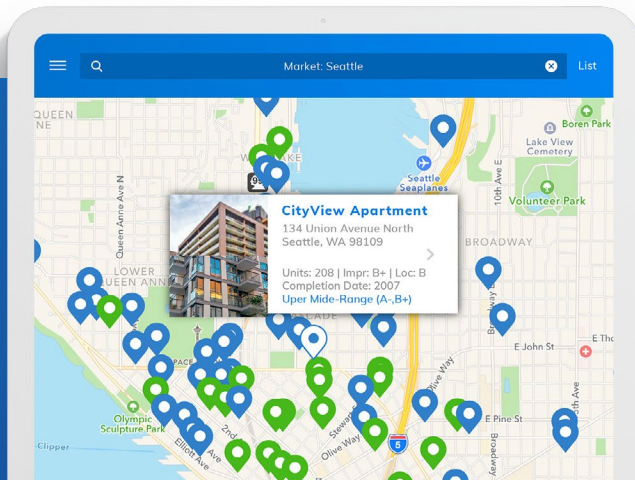
Yardi[®] Matrix

Power your business
with the industry's
leading data provider



MULTIFAMILY KEY FEATURES

- Pierce the LLC every time with true ownership and contact details
- Leverage improvement and location ratings, unit mix, occupancy and manager info
- Gain complete new supply pipeline information from concept to completion
- Find acquisition prospects based on in-place loans, maturity dates, lenders and originators
- Access aggregated and anonymized residential revenue and expense comps



Yardi Matrix Multifamily
provides accurate data on
22.3+ million units, covering over
92% of the U.S. population.



(800) 866-1144

Learn more at yardimatrix.com/multifamily

Contact
US



DISCLAIMER

Although every effort is made to ensure the accuracy, timeliness and completeness of the information provided in this publication, the information is provided "AS IS" and Yardi Matrix does not guarantee, warrant, represent or undertake that the information provided is correct, accurate, current or complete. Yardi Matrix is not liable for any loss, claim, or demand arising directly or indirectly from any use or reliance upon the information contained herein.

COPYRIGHT NOTICE

This document, publication and/or presentation (collectively, "document") is protected by copyright, trademark and other intellectual property laws. Use of this document is subject to the terms and conditions of Yardi Systems, Inc. dba Yardi Matrix's Terms of Use (<http://www.yardimatrix.com/Terms>) or other agreement including, but not limited to, restrictions on its use, copying, disclosure, distribution and decompilation. No part of this document may be disclosed or reproduced in any form by any means without the prior written authorization of Yardi Systems, Inc. This document may contain proprietary information about software and service processes, algorithms, and data models which is confidential and constitutes trade secrets. This document is intended for utilization solely in connection with Yardi Matrix publications and for no other purpose.

Yardi®, Yardi Systems, Inc., the Yardi Logo, Yardi Matrix, and the names of Yardi products and services are trademarks or registered trademarks of Yardi Systems, Inc. in the United States and may be protected as trademarks in other countries. All other product, service, or company names mentioned in this document are claimed as trademarks and trade names by their respective companies.

© 2024 Yardi Systems, Inc. All Rights Reserved.