

Yardi® Matrix

Cleveland Grows From the Core

Multifamily Report Summer 2019

Deliveries Slated for Cycle Peak

Rent Growth Matches US Average

Downtown Drives Development Boom

CLEVELAND MULTIFAMILY

Yardi® Matrix

Market Analysis

Summer 2019

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Downtown Braces for Record Deliveries

Boosted by the ongoing revival of the urban core and by steady rent gains in workforce housing, Cleveland’s multifamily market remained relatively stable going into 2019, offering predictability to value-add investors, as well as to developers looking to convert and reposition downtown assets. Rents were up 2.4% year-over-year through May, just 10 basis points below the U.S. figure and relatively on par with other Midwestern metros—many of which recorded gains in the 2.0% to 3.5% range.

Anchored by education and health services, and boosted by job gains in the construction sector, Cleveland’s economy generated 16,200 jobs for an 80-basis-point expansion, just half the national rate. Even so, the metro still has its share of large-scale projects, including Stark Enterprises’ nuCLEus, a \$350 million mixed-use development inching closer to breaking ground.

The metro had 3,013 units underway as of May, with a small section of downtown accounting for more than half of the pipeline. Meanwhile, the occupancy rate in stabilized assets remained flat over 12 months, at 94.9% as of April. Nonetheless, the 1,577 apartments slated to come online in the second half of the year are set to bring another development cycle peak, putting additional pressure on occupancy rates. Overall, we expect the average Cleveland rent to advance 2.0% in 2019.

Recent Cleveland Transactions

The Hamptons Luxury



City: Beachwood, Ohio
Buyer: GoldOller Investments
Purchase Price: \$45 MM
Price per Unit: \$69,547

Butternut Ridge



City: North Olmsted, Ohio
Buyer: KC Venture Group
Purchase Price: \$33 MM
Price per Unit: \$126,278

Willogrove



City: Willoughby, Ohio
Buyer: The Snavely Group
Purchase Price: \$29 MM
Price per Unit: \$74,444

Triumph Tower



City: Euclid, Ohio
Buyer: Wolfe Investments
Purchase Price: \$4 MM
Price per Unit: \$31,975