

MARKET REPORT

Multifamily
Columbus Metro Area

IPA
INSTITUTIONAL
PROPERTY
ADVISORS

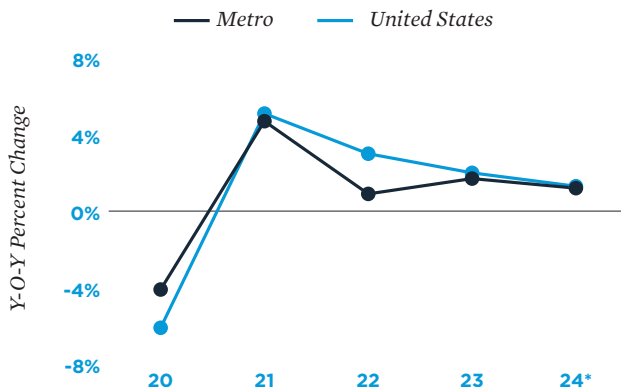
2Q/24

Economic Growth and In-Migration Position Columbus to Handle Another Round of New Rentals

Deliveries remain elevated in the second half. The completion of Intel's chip plant has been pushed back; however, other corporate expansions will make an immediate local impact. During the first quarter of 2024, Amgen opened a production facility in New Albany and Star Charge commenced operations at its EV charger plant in Columbus. Existing companies are also growing, highlighted by Ease Logistics establishing a new 700-employee headquarters in Dublin this year. Amid a period of labor tightness, developers are counting on this economic growth to facilitate in-migration that will foster apartment leasing. As of April, construction was underway on 9,100 units metrowide. While these deliveries will test demand, especially in areas that added a number of units over the past year, low vacancy in other parts of the metro will provide some overall stability.

Outer-ring submarkets claim the tightest vacancy. Since reaching the low-2 percent band in early 2022, Columbus' suburban vacancy rate has increased by 330 basis points. Still, a trio of northeast and eastern submarkets continue to record standout demand. Gahanna-Northeast Columbus, Westerville-New Albany-Delaware and Reynoldsburg-Far East Columbus each noted vacancy compression of 20 or 30 basis points over the past year ending in March, despite disparities in each area's average rent. These zones now rank as the metro's tightest rental markets, a status likely to hold amid economic growth in New Albany and moderate local construction pipelines.

Employment Trends



* Forecast

Sources: BLS; CoStar Group, Inc.; RealPage, Inc.

Multifamily 2024 Outlook



**14,000
JOBS**

will be created

EMPLOYMENT:

For a second straight year, Columbus adds the most jobs among Ohio's major markets. This hiring supports a 1.2 percent rate of employment growth, which also exceeds forecasts in Cleveland and Cincinnati.



**5,300
UNITS**

will be completed

CONSTRUCTION:

Among major Midwest markets, only Chicago and Minneapolis-St. Paul are expected to add more apartments this year. Rentals that come online in Columbus during 2024 will expand local inventory by 2.3 percent.



**40
BASIS POINT**

increase in vacancy

VACANCY:

The absorption of nearly 3,600 units in 2024 allows the pace of vacancy increase to moderate after last year's 120-basis-point rise. Still, the metro's vacancy rate of 6.0 percent is the highest year-end recording since 2010.



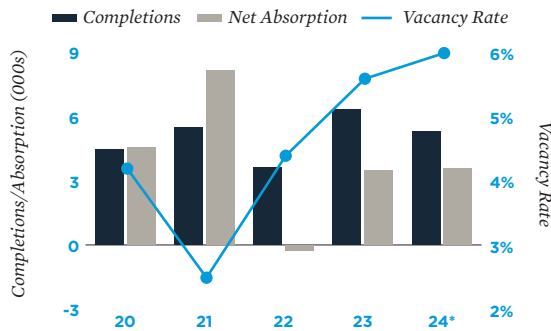
**1.4%
INCREASE**

in effective rent

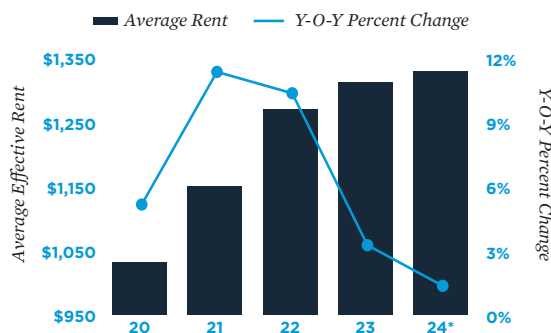
RENT:

While historically above-average vacancy translates to moderate rent growth, Columbus registers a 15th consecutive year of upward momentum that places its year-end effective rate at \$1,330 per month.

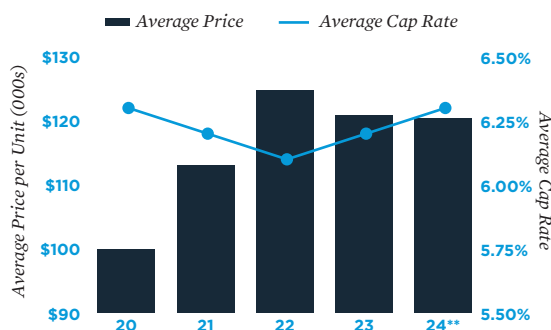
Supply and Demand



Rent Trends



Sales Trends



* Forecast ** Through 1Q

Sources: CoStar Group, Inc.; Real Capital Analytics; RealPage, Inc.

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1Q 2024 - 12-Month Period



CONSTRUCTION

6,977 units completed

- More than 1,500 units were delivered in each of the past four quarters, translating to inventory growth of 3.1 percent over this 12-month interval.
- Recent completions were widespread, with half of Columbus' 10 submarkets registering stock increases of more than 4 percent. Grove City-South Columbus led the pack, as local inventory grew by 7.9 percent.



VACANCY

80 basis point increase in vacancy Y-O-Y

- Renters absorbed a net of 4,280 units over the 12-month period ending in March, helping partially offset the impact of supply additions. At 5.7 percent, metro vacancy is on par with its long-term average.
- The Class B sector recorded just a 40-basis-point increase during the past year, while Class A and C vacancy each rose by triple-digit basis points.



RENT

2.7% increase in the average effective rent Y-O-Y

- All submarkets noted rent growth over the yearlong span, raising the metro's average effective rate to \$1,315 per month. Grove City-South Columbus was one of three submarkets to notch a gain above 5 percent.
- Rent growth was also registered across all property classes, with the Class A and B segments noting gains of 1.4 percent and 3.3 percent, respectively.

Investment Highlights

- Local sales activity during the 12-month stretch ending in March slowed by 40 percent year-over-year; however, the number of closings exceeded any annual total from 2000-2017, while also surpassing the tally from 2020. Columbus also continues to rank as one of the nation's top tertiary markets for deal flow — a group that includes Raleigh-Durham, San Antonio, Salt Lake City, Jacksonville and Charleston — an indication of buyers' confidence in the metro's long-term demand prospects.
- Out-of-state investors remain active in Columbus, attracted to the metro's diverse mix of listings and an average price point — roughly \$120,000 per unit over the past year — that represents a discount to most major markets. Buyers intent on deploying \$10 to \$30 million per transaction are pursuing post-2000-built Class B assets and 100-unit-plus Class C properties.
- Assets in first-ring suburbs accounted for a sizable share of recent deal flow, with buyers most active in Bexley-Whitehall, Northeast Columbus and Upper Arlington. Here, sub-\$100,000 per-unit pricing remains available for older complexes, with mid-tier properties built this century commanding \$200,000 to \$250,000 per door.

The information contained in this report was obtained from sources deemed to be reliable. Every effort was made to obtain accurate and complete information; however, no representation, warranty or guarantee, express or implied, may be made as to the accuracy or reliability of the information contained herein. Metro-level employment growth is calculated based on the last month of the quarter/year. Sales data includes transactions sold for \$1 million or greater unless otherwise noted. This is not intended to be a forecast of future events and this is not a guaranty regarding a future event. This is not intended to provide specific investment advice and should not be considered as investment advice. Sources: Marcus & Millichap Research Services; Bureau of Labor Statistics; CoStar Group, Inc.; Real Capital Analytics; RealPage, Inc.

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