MARKET REPORT

Multifamily

Columbus Metro Area

IPA INSTITUTIONAL PROPERTY ADVISORS

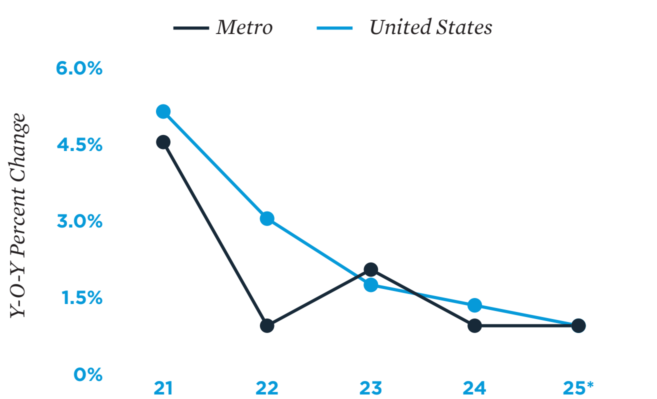
2Q/25

Apartment Availability Tightens Despite Elevated Construction and Lower-Tier Softening

Supply influx tests demand resilience. Columbus' multifamily inventory will expand by roughly 3 percent for a third consecutive year in 2025 before an expected drop in deliveries during 2026. A substantial share of this year's new supply will cluster Downtown. Heightened development here will likely keep vacancy above 7 percent in the urban core, though consistent demand from lifestyle renters should maintain tighter conditions at Class A properties than in Class B. Elsewhere, record completions near the New Albany-Westerville area may also slow local momentum after vacancy across all property classes fell below 5 percent over the year ended in March. Nevertheless, strong job growth to start 2025, supported by major investments from Intel and Honda, underscores Columbus' potential to outperform even if the national economy slows.

Tight submarkets face property class divide. Deliveries are expected to ease in select suburbs this year, particularly near Reynoldsburg and Dublin. This moderation should support a further improvement in fundamentals after suburban vacancy fell below 5 percent and rent growth topped 4 percent over the year ended in March. Class B complexes will likely outperform other rental properties, supported by steady demand for moderately priced apartments. In contrast, concession usage among Class C properties rose early this year in lower-income suburbs. This trend suggests softening conditions, which could temper Class C rent growth.

Employment Trends



* Forecast

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

Multifamily 2025 Outlook

11,000 JOBS *will be created*

EMPLOYMENT:

An expanding traditionally office-using sector, supported by a highly educated workforce, will keep employment growth at 0.9 percent this year. This rate, however, represents about half of the metro's long-term average.

7,000 UNITS *will be completed*

CONSTRUCTION:

Deliveries in 2025 will mark a post-2000 record, with inventory growth ranking seventh among major U.S. markets at 2.8 percent. This pace of expansion will roughly align with the metro's previous two years.

10 BASIS POINT *decrease in vacancy*

VACANCY:

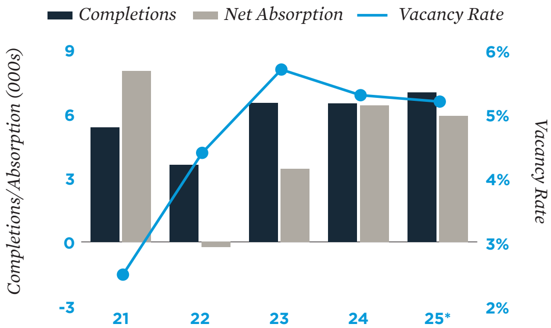
Elevated new supply and moderating renter demand will slow vacancy compression in 2025. Still, the metro's rate is expected to edge down to 5.2 percent, staying below the long-term average of 5.8 percent.

3.0% INCREASE *in effective rent*

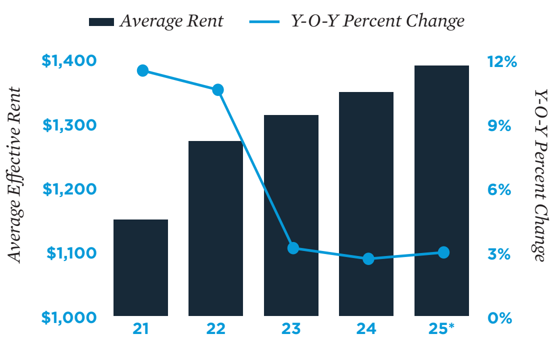
RENT:

Historically tight vacancy should help rent growth remain stable in 2025, lifting the metro's average effective rate to $1,390 per month by year-end. This will mark a third consecutive year of rent gains around 3 percent.

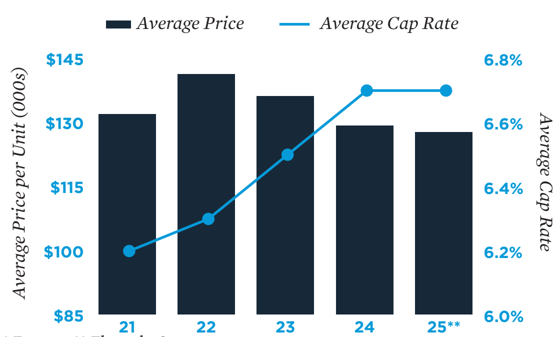
Supply and Demand



Rent Trends



Sales Trends



** Forecast ** Through 1Q*

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

IPA Multifamily
Andrew Leahy
Senior Vice President, National Director
Tel: (202) 536-3700 | aleahy@ipausa.com

IPA Multifamily Research
Dags Chen
First Vice President, Head of IPA Multifamily Research & Strategy
Tel: (212) 430-5100 | dchen@ipausa.com

Price: $250

1Q 2025 — 12-Month Period

CONSTRUCTION

6,740 units completed

- Deliveries over the 12 months ended in March fell by about 400 units from the prior year, though completions are expected to pick up later in 2025.
- Downtown Columbus and New Albany-Westerville each added about 2,000 units over the past year. Roughly 1,000 units were delivered in Reynoldsburg, but the area is expected to see decline during the rest of 2025.

VACANCY

60 basis point decrease in vacancy Y-O-Y

- Vacancy has declined for five consecutive quarters, bringing the metro's rate to 5.0 percent in March — the lowest level since early 2023.
- Downtown Columbus and Dublin-Hilliard were the only submarkets where vacancy rose last year, though increases were capped at 30 basis points. All other areas recorded compression of at least 50 basis points.

RENT

3.3% increase in the average effective rent Y-O-Y

- Tightening vacancy lifted rent growth to its fastest pace since 2023, pushing the metro's average effective rent to $1,359 per month.
- Heightened new supply kept Class A rent growth below 1 percent as of March, while Class B and C gains each exceeded 4 percent. Downtown Columbus was the only submarket to record a decrease in its average rent.

Investment Highlights

- An improvement in transaction activity was recorded in early 2025; however, economic uncertainty could stall this momentum as investors act cautiously. Nevertheless, volatility in financial markets could push more capital into real estate. Apartments near Ohio State University should remain a popular opportunity, supported by stable rental demand from the college's large student population, faculty and health care workforce.
- South Franklin County suburbs could sustain investment momentum following strong vacancy compression and rent growth last year. Limited new supply should keep local vacancy tight, while Anduril Industries' planned facility near Rickenbacker International Airport enhances the area's appeal. Grove City is also one of only five U.S. submarkets to achieve rent growth above 5 percent for five consecutive years as of March 2025.
- Anchored by Easton Town Center, institutions will likely favor Northeast Columbus, driven by steady renter demand for mid-market housing and proximity to major employment hubs. The submarket is one of just nine nationwide where Class B rent growth has exceeded 5 percent for five consecutive years, reinforcing interest in 1990s- and 2000s-vintage assets.