INVESTMENT FORECAST

Multifamily

Cleveland

IPA | INSTITUTIONAL PROPERTY ADVISORS

2026

CBD Poised for a Stronger Year, Influencing Investment Outlook

Supply contraction aids Class A recovery. Apartment fundamentals improved across the metro in 2025, with suburban submarkets posting some of the county's strongest rent gains as the CBD began to recover from elevated vacancy. This occurred despite persistent demographic challenges, as Cleveland led the nation in household consolidation amid scant population growth and ongoing weak net in-migration. Looking ahead, a decline in 2026 deliveries combined with multifamily permitting among the lowest in the country should help maintain tight vacancy metrowide. This constrained pipeline is expected to sustain Class A momentum, with upper-tier vacancy below 2024 highs and robust rent growth through 2025, especially in East Cleveland, where the pullback in openings is among the steepest. Additionally, solid job creation in retail trade and local government — sectors where median wages are at or below $65,000 — should reinforce Class B and C performance this year, especially in Medina County, where retail openings could strengthen already healthy conditions.

Core developments support the metro's long-term appeal. Transaction velocity edged higher in 2025, concluding a two-year slowdown, though Cleveland's overall deal volume still lagged other secondary markets. The CBD and nearby infill areas are expected to remain focal points for investors, supported by revitalization initiatives such as The Riverfront redevelopment and the Thunderbird project on the Scranton Peninsula, both of which are set to enhance the core's lifestyle appeal. As multifamily development activity cools, these projects should bolster long-term apartment performance. Buyers are also expected to focus on established submarkets like East Cleveland, targeting smaller, older properties that offer steady occupancy and lower entry costs than those in the urban core. While local and private investors dominate these lower-tier trades, pricing dynamics at the upper end could attract renewed institutional interest. Investors seeking discounted acquisitions may turn to Cleveland — the metro with the lowest average price per unit among Midwestern markets — for a comparatively low cost of entry for institutional capital. With upper-tier fundamentals expected to improve this year, large-scale investment activity could improve after a subdued 2025.

18.9%

2025 share of local population between 20 and 34 years old

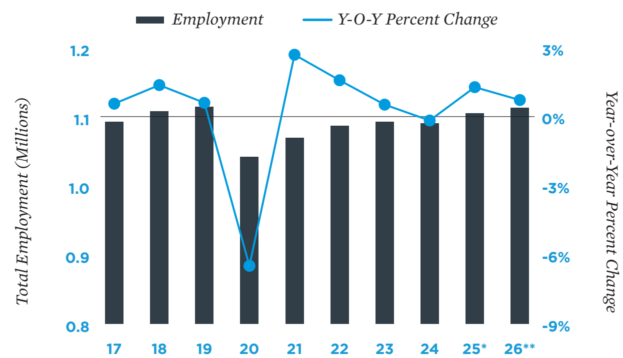
30.9%

of local population hold bachelor's degree or higher ⌘

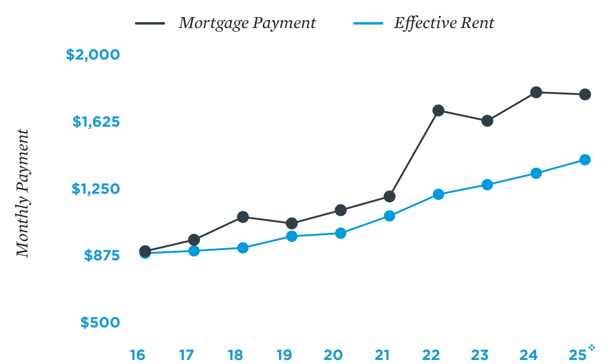
$224,800

2025 median home price ❖

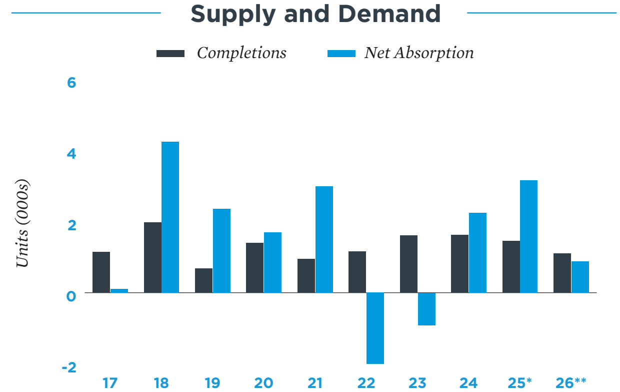
Employment Trends



Housing Affordability Gap



Supply and Demand



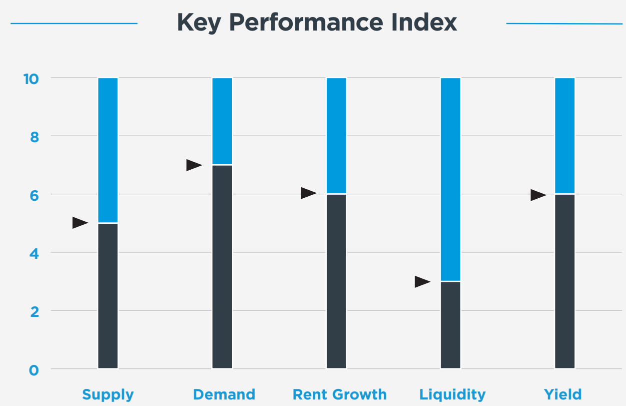
* Estimate ** Forecast ❖ Through 3Q
⌘2025: 25+ years old
Sources: IPA Research Services; BLS; Freddie Mac; National Association of Realtors; RealPage, Inc.

Investment Outlook

The mirror of Cincinnati in KPI valuations for supply, vacancy, and rent, Cleveland's on-the-ground fundamentals nevertheless vary. The market's pace of inventory growth is half of that of Cincinnati, while its vacancy rate will increase by half as much, though at a comparatively higher rate. Rent growth is similar.

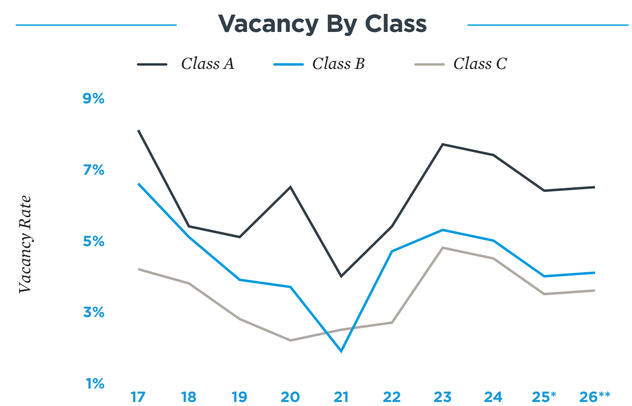
As with property performance-related measures, Cleveland shares the same liquidity score as Cincinnati at 3. Comparatively lower entry costs do not translate into meaningfully higher cap rates in aggregate, however, producing a slightly lower KPI yield rating of 6.

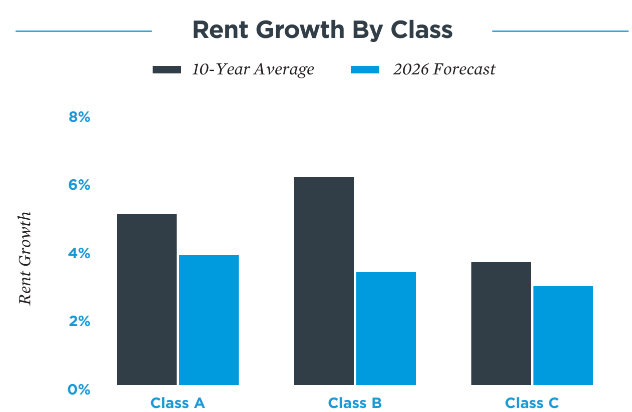
Note: The Key Performance Index provides a metro-level relational benchmark scaled from 1-10 for five key metrics.



2026 INVESTMENT OUTLOOK

	Metro	U.S.
Employment 8,000 *jobs*	0.7%	0.2%
Construction *% of inventory*❖	0.6%	1.3%
Class A Vacancy Up 10 bps	6.4%	4.7%
Class A Rent $2,185 *per month*	3.8%	2.1%





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** Estimate ** Forecast*

❖ Arrow reflects completions trend compared with 2025

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