Market Report

MULTIFAMILY 2Q/26

Columbus Metro Area

IPA INSTITUTIONAL PROPERTY ADVISORS

2026 FORECAST

EMPLOYMENT
15,000 — Jobs will be created
1.3% — Increase Y-O-Y

CONSTRUCTION
5,400 — Units will be added
2.5% — Inventory increase Y-O-Y

VACANCY
4.9% — Vacancy rate
20 — BPS increase Y-O-Y

RENT
$1,420 — Average effective rent by year-end
2.4% — Increase Y-O-Y

Long-Term Core Outlook Improves, Near-Term Headwinds Drive Marginal Rise in Vacancy

CBD-suburban divide grows. Downtown Columbus ended 2025 with vacancy at a record high of 8.1 percent, while suburban vacancy fell to 4.2 percent. Suburban demand was supported by faster population growth outside the broader core, helping lift net absorption to its highest level since at least 2001. CBD demand grew, but a sustained wave of deliveries continued to outpace absorption, keeping vacancy elevated. This pressure will ease but persist in 2026, while the CBD's share of new supply is set to fall to 15 percent in 2027 after averaging 25 percent since 2022, pointing to a more favorable longer-term outlook.

Employment headwinds impact Class A. Labor market fragility in late 2025 and early 2026 contributed to softer net absorption over the past two quarters. White-collar fields, particularly professional and business services, were a key drag, with sector employment in April falling to its lowest level since early 2022. Combined with elevated deliveries, this has put pressure on the Class A segment, especially in pockets such as the CBD, West Columbus, and Dublin-Hilliard. Employment gains in other sectors should provide some upside in 2026, though a hiring pipeline weighted toward advanced manufacturing and health care may offer less direct support for Class A demand than office-using job growth.

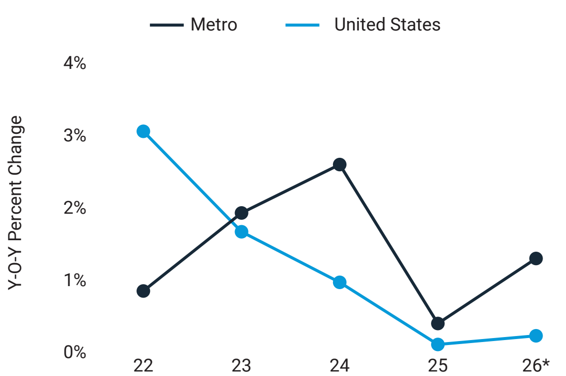
EMPLOYMENT

Despite a slower start, Columbus is expected to record its sixth consecutive year of job growth in 2026, one of only a few major Midwestern metros to do so. Although hiring should surpass last year's modest 4,300-position increase, expansion will remain below the 2014-2019 average of 1.9 percent annually. Through the first four months of 2026, retail trade and transportation and warehousing led hiring, while professional and business services posted the weakest performance, shedding roughly 3,000 jobs.

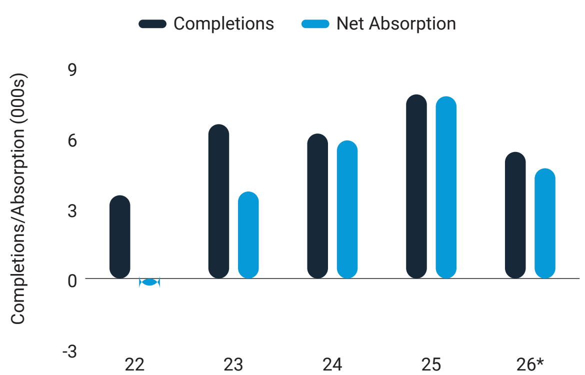
CONSTRUCTION

Completions will fall 31 percent from last year's record 7,850-unit slate, though 2.5 percent inventory growth will keep supply pressure elevated in 2026. Deliveries will focus on the CBD, Westerville-Delaware, and eastern Columbus — with Reynoldsburg, Newark, and Canal Winchester leading. CBD and Westerville-Delaware completions will moderate from past levels, while eastern Columbus openings stay historically elevated. Record permitting in early 2025 suggests another supply wave may emerge longer term.

EMPLOYMENT TRENDS



CONSTRUCTION TRENDS

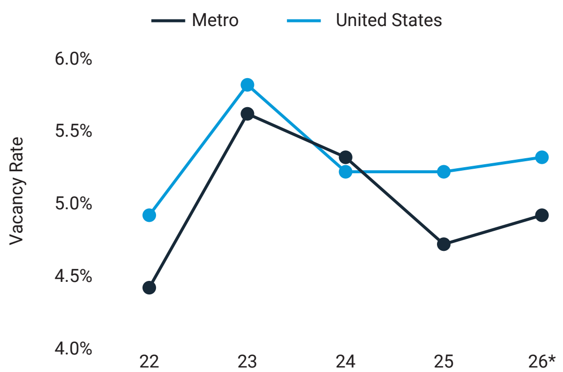


* Forecast
Sources: BLS; CoStar Group, Inc.; RealPage, Inc.

VACANCY

Tightening over the past two years was supported by strong net in-migration of about 43,000 residents and more than 1,600 apartment removals, the latter helping offset the negative impacts from 2025's weaker job growth. In 2026, deliveries will ease, and hiring should improve modestly, but demand conditions are unlikely to match the prior two years. With migration tailwinds potentially cooling, household formation softening in early 2026, and another large removal year unlikely, vacancy is expected to edge slightly higher.

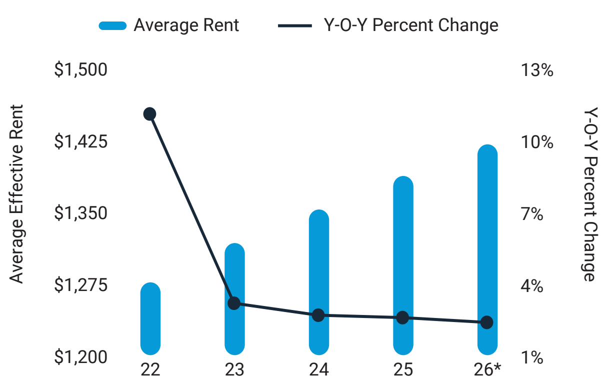
VACANCY TRENDS



RENT

Concession usage has increased steadily alongside supply expansion, rising from about 5 percent of units in 2022 to roughly 21 percent in early 2026. As the 2026 pipeline begins to taper, concession offerings may modestly ease, supporting average effective rent growth. Nonetheless, demand-side constraints will likely limit upside. As a result, the mean effective rent is expected to continue rising in 2026, though at roughly the same pace as the prior two years and culminating in the 17th straight year of gains.

RENT TRENDS



* Forecast ** Through 1Q

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

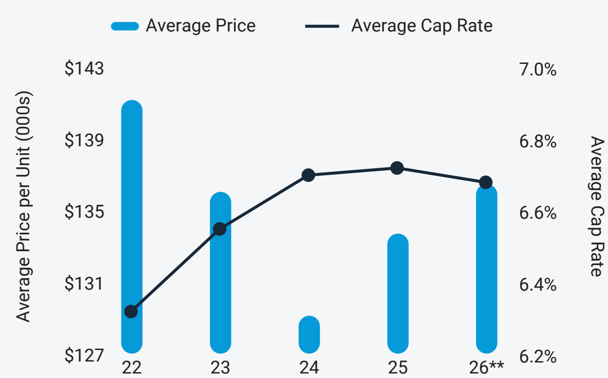
INVESTMENT HIGHLIGHTS

- Deal flow during the trailing 12 months ended March rose roughly 26 percent year-over-year. Private investors were most active in near-core and workforce-housing-oriented nodes such as Bexley-Whitehall, as well as student-driven areas near the University District, where value-add opportunities are more concentrated. Meanwhile, institutional capital remained focused on larger, stabilized assets in Northwest Columbus, downtown nodes, and portfolio-scale acquisitions.

- In the year ended March, Columbus Class C rent growth ranked among the strongest nationally at 6.0 percent year-over-year, while vacancy remained below other local class segments. Investors may focus on submarkets such as North Central Columbus and Southeast Columbus, where Class C vacancy is near 3.0 percent, rent growth is strong, and concession usage remains below the metro average. With limited completions slated for these nodes in 2026, tight conditions may support further rent gains.

- Columbus' healthcare sector is expected to grow significantly in the coming years, likely supporting renter demand and investor interest in assets near the core. Ohio State Wexner Medical Center's 1.9 million-square-foot University Hospital opened in early 2026, supporting roughly 12,000 providers and staff daily. Longer term, Nationwide Children's Hospital's $1.27 billion facility is slated for 2028 and is expected to support 7,500 new jobs over 15 years. OhioHealth is also expanding, adding hundreds of positions over time.

SALES TRENDS



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