

INVESTMENT FORECAST

Multifamily
Columbus


IPA
INSTITUTIONAL
PROPERTY
ADVISORS


2020

Hiring in Medical and Government Industries Spurs Housing Growth

Leasing follows large influx of construction in urban core. Increased hiring by the healthcare services industry and government sector will help expand household formation in Columbus this year. The central business district continues to be the epicenter of housing formation due to the expansion of office demand and medical center demand. Economic growth in this area has motivated developers to construct apartments in the city as more employees move closer to the urban core for work. Approximately 3,100 apartments will be constructed in 2020, with 1,200 units of the inventory being delivered near the city center. Just north of the central business district, builders have broken ground on Columbus' \$300 million professional soccer stadium to be delivered in 2021, adding to the already flourishing Downtown/University area. Additionally, new mixed-use space is to be developed here, including the six-story Xander on State, which will total 222 units. This project will include 15,000 square feet of commercial space, attracting residents that want to be near a wealth of shopping, food and hometown events. Inflow of supply will minimally expand vacancy downtown; however, demand for housing near these amenities will continue to trigger stable rent gains this year.

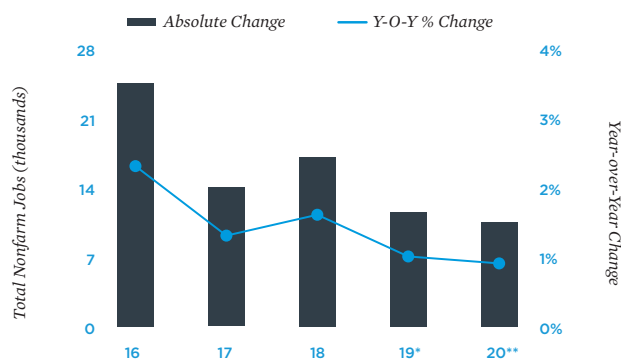
Limited disposition pipeline holding back capital placements. Solid multifamily fundamentals and elevated yields put Columbus near the top of the list in terms of highly desired secondary investment markets. However, a lack of properties coming to market for disposition has dramatically slowed transaction momentum and could hold back capital placements in the coming year. With the vacancy rate declining and rent growth just above the national average, many owners are holding back dispositions as they reap strong operational returns despite the steady decline in cap rates and the average price per unit hitting a cycle high at the end of 2018. While owners of existing properties consider whether to take advantage of the valuations, one potential outlet for purchases could be the development pipeline. The market saw 14 properties completed in 2019 and has 17 scheduled for completion this year. These 31 properties offer a potential number of target acquisitions. Institutional capital would be especially interested in the high percentage of them located in high-density neighborhoods within the city of Columbus as these locations perfectly fit into their investment thesis.

22.3%  2019 share of local population between 20 and 34 years old

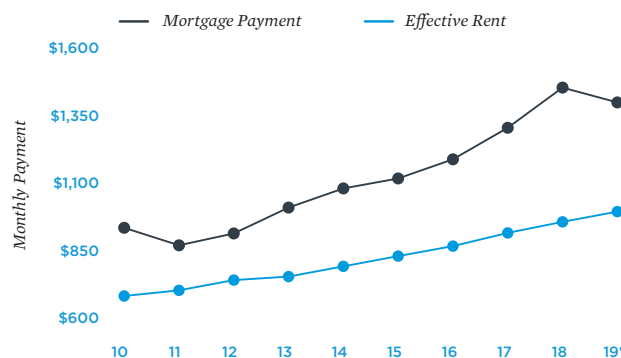
34.7%  of local population hold bachelor's degree or higher*

\$217,657  2019 median home price

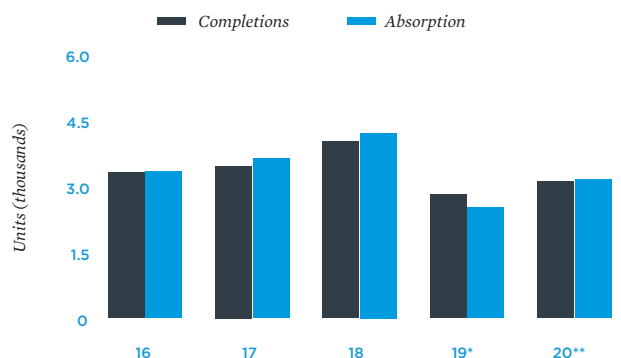
Employment Trends



Housing Affordability Gap



Supply and Demand



* Estimate ** Forecast * Through 3Q
* 2019: 25+ years old

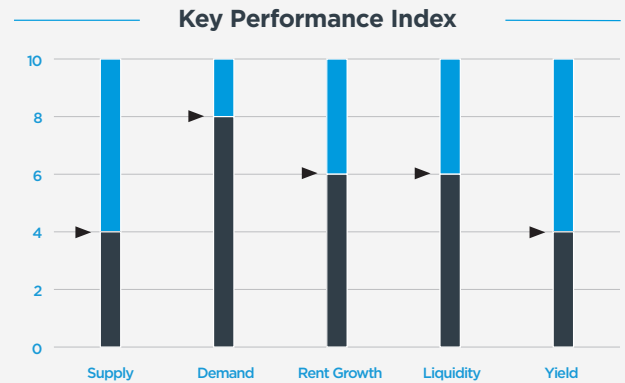
Sources: Marcus & Millichap Research Services; RealPage, Inc.

2020 Investment Outlook

Improving supply and rent growth indexes highlight the strength of the Columbus market. Supply increased two points since the summer while rent growth moved from 7 to 8, reflecting the positive momentum going into 2020.

Both liquidity and yield held steady in the second half of the year and reflect the potential for increased transaction activity. Limited assets for sale prevented sales activity from rising despite strong investor interest due to higher yields.

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



2020 Market Forecast

Employment
10,500 jobs



Metro **0.9%**
U.S. **1.0%**

Construction
as % of inventory*



Metro **1.7%**
U.S. **1.7%**

Class A Vacancy
Down 20 bps



Metro **5.0%**
U.S. **5.3%**

Class A Rent
\$1,361 per month

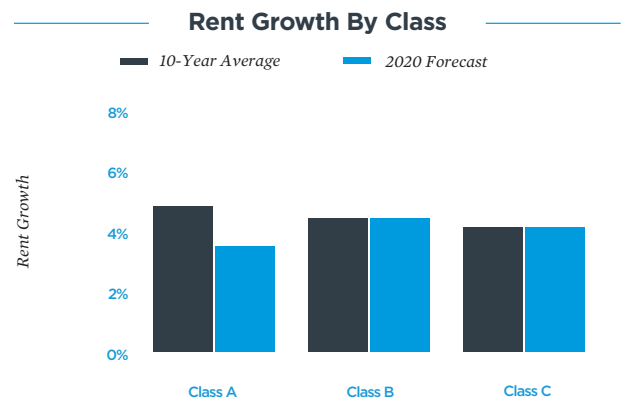
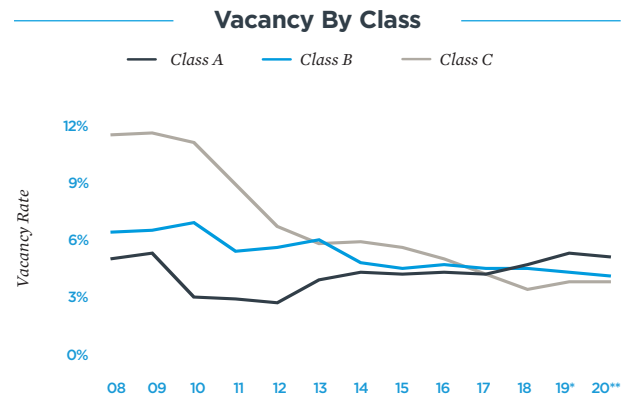


Metro **3.5%**
U.S. **3.3%**

Investment
3-yr. avg. activity
\$20+ million



Deals: **15**
Volume: **\$585 million**



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* Estimate ** Forecast

† Arrow reflects completions trend compared with 2019
Sources: Marcus & Millichap Research Services;
CoStar Group, Inc.; RealPage, Inc.; Real Capital Analytics