

Columbus 1Q 2024 Market Report

MARKET SNAPSHOT



AVERAGE RENT
\$1,266 1Q 2024



1Q 2024 RENT CHANGE
2.7%



OCCUPANCY RATE
93.8% 1Q 2024



ANNUAL OCCUPANCY CHANGE
-60 BASIS POINTS



TOTAL OPERATING EXPENSE ANNUAL CHANGE
4.7% (FEB 2024)



NET OPERATING INCOME ANNUAL CHANGE
9.7% (FEB 2024)

* Please note that these employment figures have been adjusted for seasonal variations and are based on Moody's Analytics forecast as of January 1, 2024.

** Please note that these unemployment rates are estimates that have not been adjusted for seasonal variations, and they are derived from Moody's Analytics forecast as of January 1, 2024.

KEY TAKEAWAYS

- **Resilient Rental Growth:** Despite a broader market slowdown in terms of rent growth, Columbus recorded a 2.7% annual rental growth rate in the first quarter of this year, which ranked fourth among the 50 largest U.S. apartment markets.
- **Market Reversal:** In Q1 2024, Columbus reversed the previous year's trend with an impressive absorption of 1,320 units, significantly outstripping the 479 units added to the market during the same period.
- **Investor Confidence Remains High:** Despite high interest rates impacting overall transaction activity, the 18% growth in transaction volume in the year ending Q1 2024 demonstrates that markets with solid fundamentals, like Columbus, continue to attract investors looking to deploy their capital effectively.

Supply & Demand

1Q 2024

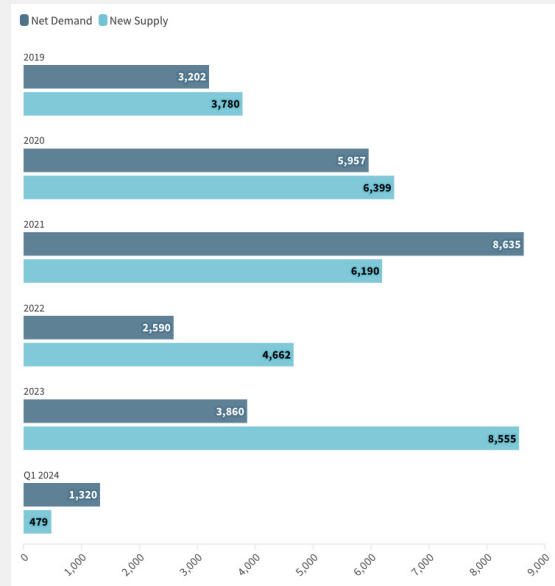


1,320 Units
QUARTERLY DEMAND



479 Units
QUARTERLY COMPLETIONS

Annual Demand Vs Completions



• A Flourish chart

Demand Trends

In the first quarter of 2024, the Columbus apartment market displayed robust demand, with over 1,320 units newly occupied, far exceeding the number of units completed during the same period. This strong performance underscores the current strength of the Columbus market. Among the 14 submarkets, 11 saw positive net absorption, with Northeast Columbus standing out by recording 305 net new units occupied.

Construction Trends

In Q1 2024, Columbus's apartment inventory expanded by 479 units. The majority of this growth occurred in the Downtown Columbus submarket, which expanded by 232 units. Delaware County and Upper Arlington were the only other submarkets to add to the inventory in this period, contributing 178 units and 69 units, respectively.

Occupancy & Rent Trends



OCCUPANCY TRENDS

In the first quarter of 2024, the Columbus apartment market demonstrated resilience with positive net absorption similar to pre-pandemic levels, though it did not fully keep pace with the expansion of multifamily units over the past year. As a result, the average market occupancy rate declined to 93.8%, a 60-basis point drop from the previous year. However, occupancy levels remained stable from the final quarter of 2023, suggesting that the trend of declining occupancy each quarter may be stabilizing and could soon reverse course upwards.

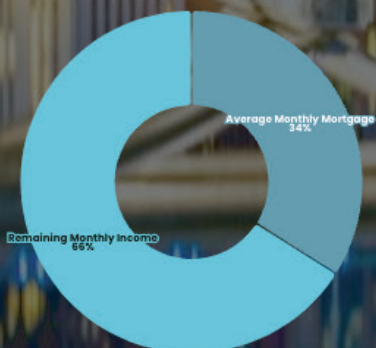
On a submarket level, ten out of Columbus' 14 submarkets exceeded the market-wide occupancy rate. Madison County led with an impressive 99.1% occupancy, significantly outperforming other areas. In contrast, Downtown Columbus, which has undergone significant inventory expansion recently, recorded the lowest occupancy at 91.2%.

RENT TRENDS

While the U.S. apartment market experiences sluggish rent growth, the Columbus, OH rental market remains comparatively strong. As of the first quarter of 2024, Columbus ranked fourth among the 50 largest U.S. apartment markets in rent growth, registering a 2.7% year-over-year increase that pushed the average rent for new leases to \$1,266. Although Downtown Columbus has seen a 1.7% decline in rents, all other submarkets in Columbus have reported increases over the past year. Morrow County, in particular, has seen the most substantial growth at 7.8%.

Rent gains among lower-tier properties have bolstered overall market growth in recent quarters, indicating a shift towards more affordable housing options in response to the rising cost of living. These properties have seen an average annual rent growth of about 5.0%, well above the national average of 2.1%. In contrast, mid-tier and luxury properties have seen slower growth due to an influx of new supply, which has limited operators' ability to raise rents. However, this trend may reverse once the bulk of this new supply is absorbed and construction activity realigns with historical levels.

MONTHLY MORTGAGE AS A SHARE OF INCOME



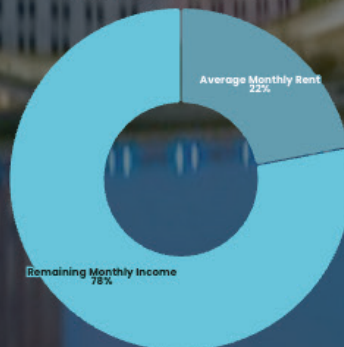
A Flourish chart



\$1,891

Average Monthly Mortgage Payment

MONTHLY RENT AS A SHARE OF INCOME



A Flourish chart



\$1,266

Average Monthly Rent

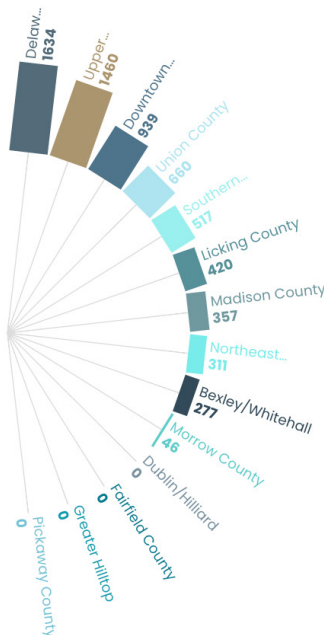
Submarket Rent & Occupancy

Submarket	Q1 2024 Occupancy	Annual Occupancy Change	Q1 2024 Effective Annual Rent Growth	Q1 2024 Effective Annual Rent/Unit
Bexley/Whitehall	94.4%	0.5%	6.6%	\$1,085
Delaware County	95%	-0.7%	2.1%	\$1,457
Downtown Columbus	91.2%	-3.4%	-1.7%	\$1,544
Dublin/Hilliard	93.6%	-0.8%	2.9%	\$1,356
Fairfield County	95.6%	-0.5%	5.7%	\$1,273
Greater Hilltop	93.6%	-0.5%	4.1%	\$1,147
Licking County	97.1%	-1.1%	3%	\$1,150
Madison County	99.1%	0.1%	1.4%	\$1,213
Morrow County	96.1%	-1%	7.8%	\$680
Northeast Columbus	94.2%	0%	4.5%	\$1,206
Pickaway County	96.1%	-1.3%	3.3%	\$1,022
Southern Columbus	92.4%	0.9%	3.7%	\$1,133
Union County	96.5%	-0.8%	2.4%	\$1,430
Upper Arlington	92.9%	-1.4%	0.2%	\$1,330

A Flourish table

Submarket Construction Pipeline

Units UC Delivering in the Next 4 Quarter



A Flourish hierarchy chart

Submarket	Units UC Delivering in the Next 4 Quarters	Under Construction Units	% of Total Market Wide UC
Bexley/Whitehall	277	287	3.2%
Delaware County	1,634	2,135	24%
Downtown Columbus	939	1,539	17.3%
Dublin/Hilliard	0	0	0%
Fairfield County	0	60	0.7%
Greater Hilltop	0	264	3%
Licking County	420	423	4.8%
Madison County	357	358	4%
Morrow County	46	47	0.5%
Northeast Columbus	311	325	3.7%
Pickaway County	0	0	0%
Southern Columbus	517	812	9.1%
Union County	660	673	7.6%
Upper Arlington	1,460	1,966	22.1%
Total	6,621	8,889	100%

A Flourish table

Sales Activity

While the quarterly total for individual asset trades of conventional multifamily properties in Columbus saw a dramatic increase of over 300% in the first quarter of 2024, reaching \$136.7 million, this figure could be skewed by a single large institutional trade, potentially distorting the underlying trend. A broader perspective, provided by the rolling four-quarter transaction volume, reveals a more consistent picture. The \$756.6 million traded during this period marks an 18% increase compared to the year prior, distinguishing Columbus from many other major apartment markets where transaction volumes have declined over this period.

On a transaction count basis, 27 deals were executed over the last four quarters, only slightly down from 28 in the previous year, suggesting that the properties traded over the last four quarters were of higher quality. This trend is further supported by the significant participation of institutional buyers, who made up a large portion of the buyer mix in the first quarter of this year. This indicates that despite high interest rates dampening transaction activity overall, markets with solid fundamentals like Columbus continue to attract investors eager to capitalize on their available capital.

▲ Most Active Buyers (Previous 24 Months)

- Champion RE Services
- VennPoint Real Estate
- Preserve Partners

▲ Most Active Sellers (Previous 24 Months)

- Dietz Property Group
- CASTO
- Celmark Development Group

*Most Active Buyers and Sellers are based on the sale volume of apartment units.

TRANSACTION VOLUME

\$136.7M

YTD Transaction Volume

332.4%

Y-O-Y Change

5 YTD

Individual Transaction Count

\$144.5k*

Price Per Unit

-1.5%

Annual PPU Change

* Trailing 4Q average PPU

* Preliminary Data from RCA - Individual transaction \$2.5M +

Income & Expense Analysis

Please note that the income and expense data presented in this section is sourced from third-party providers. Our firm does not provide any warranty or guarantee as to the accuracy or reliability of this information. We recommend that users exercise their own discretion and professional judgment when interpreting and utilizing this data.

Income & Expenses

— Operating Income Metrics

Income Assumptions	Value / Unit	Year Change (%)
Rental Income / Occupied Unit	\$1,228.28	7.1%
Recoverable Expenses / Occupied Unit	\$79.96	8.2%
Other Income / Occupied Unit	\$82.65	6.7%
Total Income / Occupied Unit	\$1,390.89	7.2%
Rental Income	\$1,142.16	7.4%
Recoverable Expenses	\$74.35	8.5%
Other Income	\$76.83	6.9%
Total Income	\$1,293.35	7.4%

— Operating Expense Metrics

Operating Expenses	Value / Unit	Year Change (%)
Payroll	\$121.55	5.8%
Repairs & Maintenance	\$46.75	4.6%
Leasing	\$48.52	7.4%
General	\$26.28	4.9%
Marketing & Advertising	\$17.72	6.1%
Repairs & Maintenance	\$98.46	-0.4%
Cleaning	\$16.17	1.6%
Roads & Grounds	\$21.52	-1.4%
General	\$60.77	-0.6%
Administrative	\$39.89	1.3%
Security	\$4.91	-2.9%
General	\$34.99	1.9%
Management Fees	\$50.21	6.5%
Utilities	\$78.34	5.9%

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Electric	\$18.97	13.8%
Gas	\$4.17	-19.7%
Water/Sewer	\$55.21	6.3%
Real Estate & Other Taxes	\$143.88	3.2%
Insurance	\$33.67	23.8%
Other Operating Expenses	\$1.00	
Total Operating Expense	\$584.72	4.7%

Net Operating Income

	Value / Unit	Year Change (%)
Net Operating Income	\$708.62	9.7%

Market Outlook

As 2024 progresses, the Columbus apartment market continues to be a bright spot for multifamily performance, outperforming many other U.S. markets amidst generally softening fundamentals. This resilience is bolstered by strong economic growth and a well-managed construction pipeline. Demand for rental properties remains healthy, surpassing the number of completions in the first quarter of this year. The annual increase in transaction volume reflects growing investor confidence in Columbus and suggests strong potential for further investment throughout the year.

Columbus is positioning itself as a major investment hub in the Midwest, bolstered by its status as a leading job market. This growth is driven by a burgeoning tech industry and the presence of Ohio State University—one of the largest college campuses in the nation. Local policies aimed at attracting new businesses and fostering diverse employment opportunities, particularly in the Professional and Business Services sector, are critical drivers of future apartment demand.

Sources: Yardi Matrix, Costar, MSCI.

TO GAIN FURTHER INSIGHTS INTO THE COLUMBUS MARKET PLEASE REACH OUT TO OUR LOCAL TEAM



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