

Apartment

# Columbus

Midwestern Region

United States

## I. EXECUTIVE BRIEFING

AVERAGE ASKING RENT **\$1,027/unit**

AVERAGE VACANCY **4.3%**

(Published September 2021)

- Rent in the Columbus metro was up 1.8% from August.
- Columbus metro had its fastest rent rate of increase since December 2008.
- No vacancy change since August in the Columbus metro.
- Vacancy is expected to finish 2021 at 4.5% in the Columbus metro.

### Market Overview

The Columbus apartment market is comprised of 157,355 units in thirteen geographic concentrations ranging in size from the 21,227 unit Whitehall/Gahanna/Reynoldsburg submarket to the Delaware North submarket, which accounts for 2,501 units. In the ten-year period beginning with Q4 2011, the University/Downtown submarket has experienced the greatest introduction of new inventory, 7,674 units, amounting to 27.8% of all new market rate rentals added to the market.

### Asking and Effective Rent

Monthly movement in asking rent during the third quarter was mixed, with September's increase of 1.8% bringing the cumulative quarterly total up to 1.6%. Mean unit prices in the metro are as follows: studios \$815, one bedrooms \$920, two bedrooms \$1,080, and three bedrooms \$1,255. Since the same reporting period last year, asking rents have climbed by 2.8%, up from \$999. Since the beginning of Q4 2011, the metro as a whole has recorded an annual average increase of 3.8%. Effective rents, which exclude the value of concessions offered to prospective tenants, rose by 2.0% during September to an average of \$984. Although all of the Columbus metropolitan area's thirteen apartment submarkets contributed to the metro's recent rent growth, it is instructive to observe that the 2.8% asking rent growth rate of the past 12 months compares unfavorably to the metro's long term performance.

### Competitive Inventory, Household Formations, Absorption

The third quarter added 2,950 net new households to the Columbus MSA. Of course, not all newly formed households immediately become apartment renters, but an analysis of longer-term economic and demographic trends can be useful in understanding the current quarter's level of demand. Since the beginning of Q4 2011, household formations in Columbus have averaged 1.1% per year, representing the average annual addition of 9,100 households. During September, net absorption totaled 201 units, while the metro inventory grew by 108 units. Consequently, the metro average vacancy rate remained unchanged. Over the last 12 months, market absorption totaled 3,268 units, 0.3% greater than the average annual absorption rate of 3,258 units recorded since the beginning of Q4 2011. In a long-term context, September vacancy rate is 0.6 percentage points lower than the 4.9% average recorded since the beginning of Q4 2011.



## Executive Briefing (cont.)

### Outlook

Between now and year's end, 623 units of competitive apartment stock will be introduced to the metro, and Reis estimates that net total absorption will be positive 242 units. Consequently, the vacancy rate will drift upward by 0.2 percentage points to 4.5%. During 2022 and 2023, developers are expected to deliver a total of 4,843 units. Net new household formations at the metro level during 2022 and 2023 are expected to average 1.3% annually, enough to facilitate an absorption rate averaging 2,173 units per year. Because this amount does not exceed the forecasted new construction, the market vacancy rate will increase by 20 basis points to finish 2023 at 4.7%. Between now and year-end 2021 asking rents are expected to increase 0.7% to a level of \$1,034, while effective rents will advance by 0.6% to \$990. On an annualized basis, asking and effective rents are anticipated to rise at a rate of 2.9% through year end 2023, reaching average rates of \$1,095 and \$1,049 per unit, respectively.