

Apartment

Columbus

Midwestern Region

United States

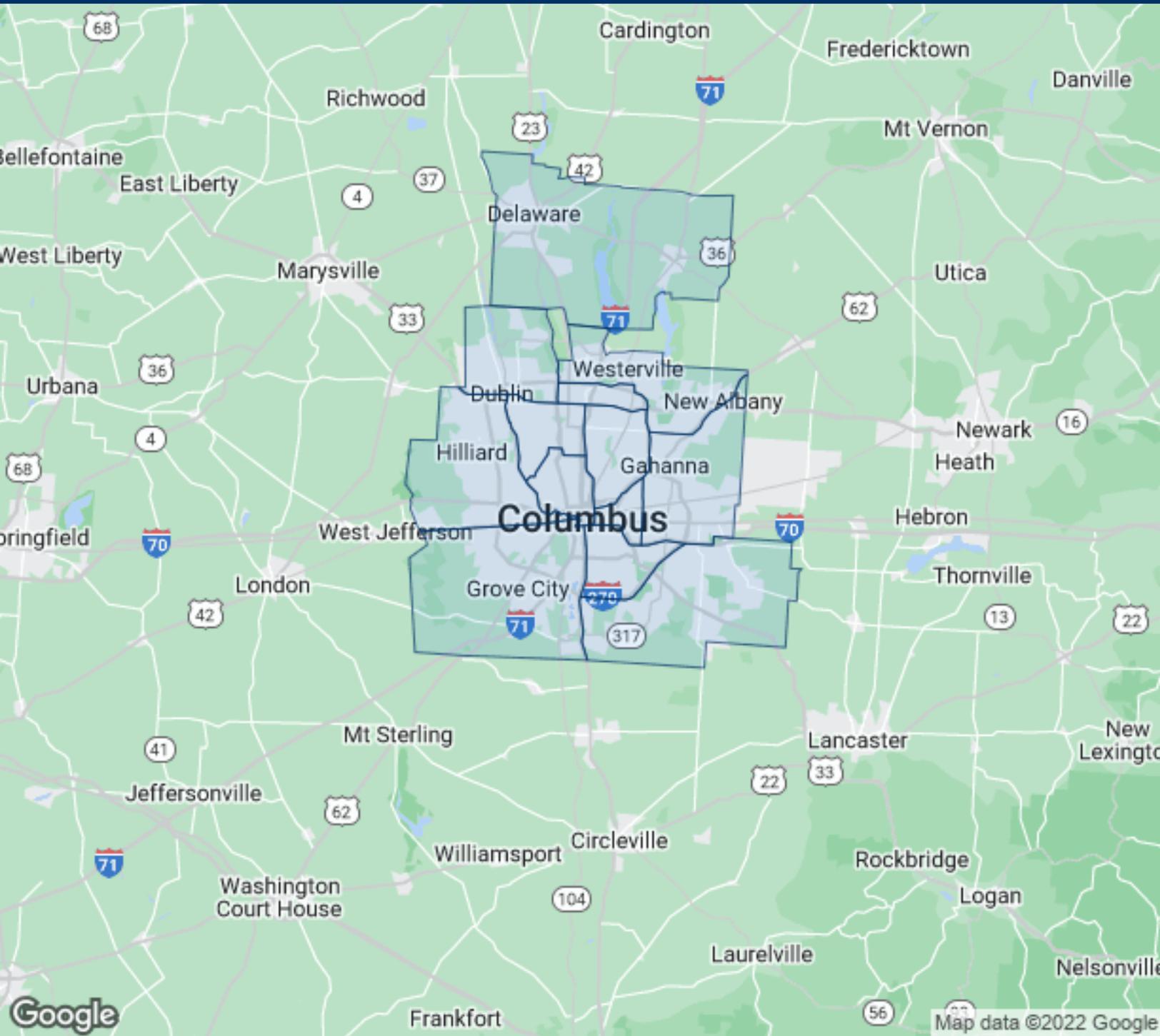
MOODY'S
ANALYTICS

REIS

REPORT GENERATED

May 12, 2022

DATA AS OF Q1 2022



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I. EXECUTIVE BRIEFING

AVERAGE ASKING RENT **\$1,039/unit**

AVERAGE VACANCY **4.2%**

(Published March 2022)

- The Columbus metro had the For March, fastest rent growth in the Midwest region, fifth most rapid in the nation.
- Columbus metro had its fastest rent rate of increase in six months.
- No vacancy change since February in the Columbus metro.
- Vacancy is expected to finish 2022 at 4.3% in the Columbus metro.

Market Overview

The Columbus apartment market is comprised of 157,631 units in thirteen geographic concentrations ranging in size from the 21,275 unit Whitehall/Gahanna/Reynoldsburg submarket to the Delaware North submarket, which amounts to 2,501 units. In the ten-year period beginning with Q2 2012, the University/Downtown submarket has experienced the greatest introduction of new inventory, 7,653 units, amounting to 28.3% of all new market rate rentals added to the market.

Asking and Effective Rent

Asking rents climbed every month during the first quarter, with March's increase of 1.6% bringing the cumulative quarterly total up to 3.8%. Mean unit prices in the metro are as follows: studios \$805, one bedrooms \$981, two bedrooms \$1,130, and three bedrooms \$1,324. The market has now experienced four consecutive monthly gains in asking rent, for a cumulative total of 4.6%. Since the beginning of Q2 2012, the metro as a whole has recorded an annual average increase of 4.2%. Effective rents, which exclude the value of concessions offered to prospective tenants, also rose by 1.6% during March. The parity in rates of change shows that landlords have been able to raise rents without also increasing the relative value of concessions packages offered to new tenants. During the past 12 months, positive movement in asking rent was recorded in all thirteen of the metro's submarkets.

Competitive Inventory, Household Formations, Absorption

Net new first quarter household formations in the Columbus metropolitan area were 2,860. 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 Q2 2012, household formations in Columbus have averaged 1.1% per year, representing the average annual addition of 9,100 households. During March, net absorption totaled 62 units, while there was no new development; the net effect of absorption and construction dynamics caused the vacancy rate to remain unchanged. Over the last 12 months, market absorption totaled 2,720 units, 11.5% lower than the average annual absorption rate of 3,073 units recorded since the beginning of Q2 2012. In a long-term context, March vacancy rate is 0.5 percentage points lower than the 4.7% average recorded since the beginning of Q2 2012.

Executive Briefing (cont.)

Outlook

Between now and year's end, 2,729 units of competitive apartment stock will be introduced to the metro, and Reis estimates that net total absorption will be positive 2,400 units. In response, the vacancy rate will drift upward by 0.1 percentage points to 4.3%. During 2023 and 2024, 4,285 additional units are anticipated to be introduced to the metro inventory. Net new household formations at the metro level during 2023 and 2024 are projected to average 1.2% annually, enough to facilitate an absorption rate averaging 1,468 units per year. Because this amount does not exceed the forecasted new construction, the market vacancy rate will increase by 70 basis points to finish 2024 at 5.0%. Between now and year-end 2022 asking rents are expected to increase 2.7% to a level of \$1,109, while effective rents will advance by 2.8% to \$1,063. On an annualized basis through 2023 and 2024, asking and effective rents are projected to rise by 2.7% and 2.4%, respectively, to finish 2024 at \$1,169 and \$1,115.