

Apartment

# Columbus

Midwestern Region

United States

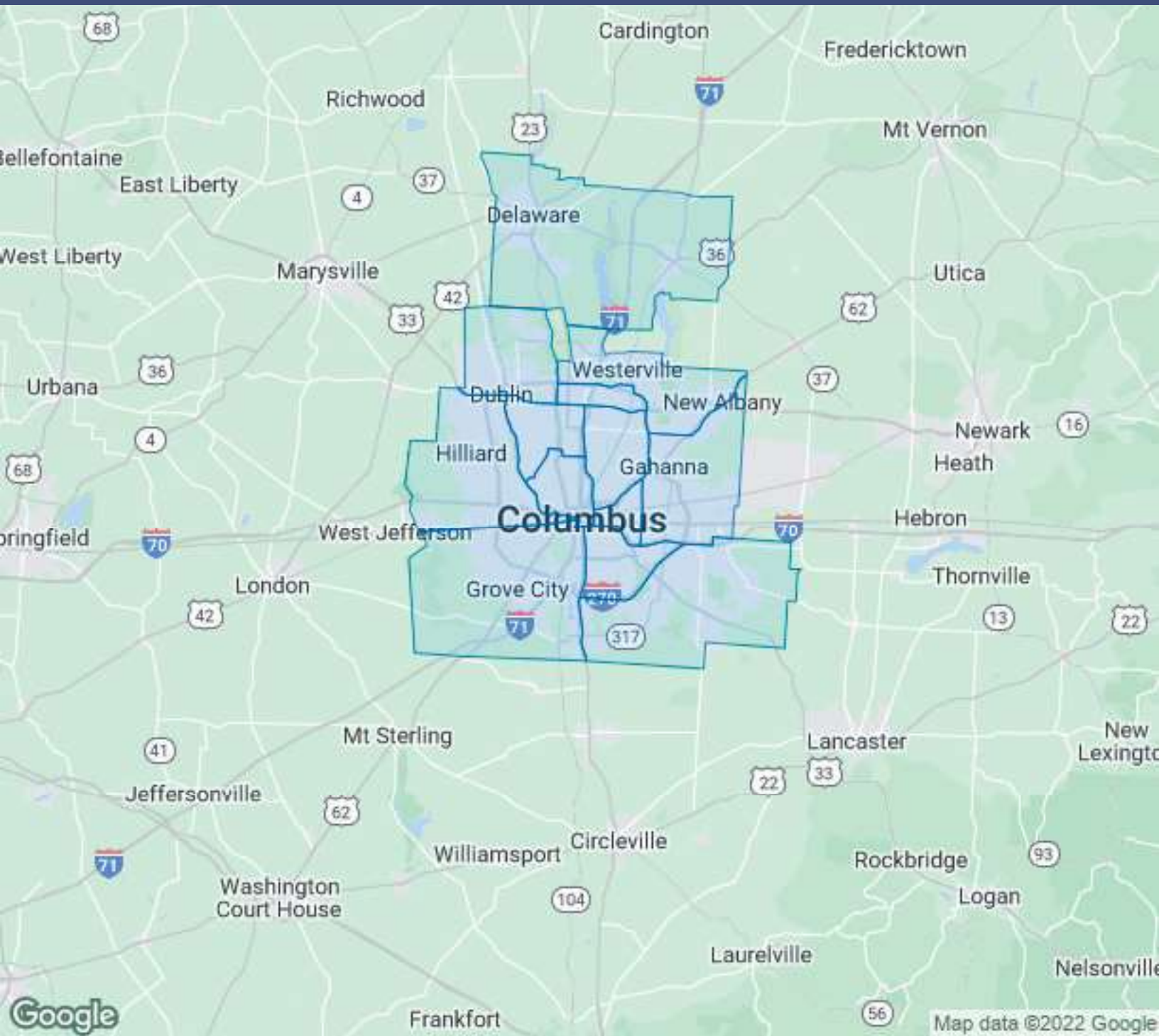
MOODY'S  
ANALYTICS

CRE

REPORT GENERATED

**July 13, 2022**

DATA AS OF Q1 2022



Apartment

# Columbus

# I. EXECUTIVE BRIEFING

AVERAGE ASKING RENT **\$1,092/unit**

AVERAGE VACANCY **4.1%**

(Published May 2022)

- Rent in the Columbus metro was down 0.2% from April.
- Rent is expected to finish 2022 at \$1,109 in the Columbus metro.
- No vacancy change since April in the Columbus metro.
- Vacancy is expected to finish 2022 at 4.3% in the Columbus metro.

## Market Overview

A comprehensive overview of the Columbus apartment market suggests that the largest concentrations of speculative apartment space are located in the Whitehall/Gahanna/Reynoldsburg submarket, representing 21,275 units and 13.5% of the metropolitan inventory, followed by Westerville, with a 11.7% share, and University/Downtown (10.9%). Since the beginning of Q2 2012, the fastest growing area has been the University/Downtown submarket, adding 7,894 units over that period, or 28.9% of total metropolitan apartment completions.

## Asking and Effective Rent

During May, asking rents relinquished some of April's increase, falling by 0.2% to \$1,092. Mean unit prices in the metro are as follows: studios \$813, one bedrooms \$991, two bedrooms \$1,142, and three bedrooms \$1,337. Since the same reporting period last year, asking rents have risen by 8.5%, up from \$1,006. 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, fell by 0.1% during May to an average of \$1,047. 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. Typically, changes in the total number of households are at least partially reflected in the average occupancy levels of market rate apartment units; therefore, it is useful to consider longer-term economic and demographic performance as a factor affecting current absorption rates. 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 May, net absorption totaled 89 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 2,803 units, 9.3% lower than the average annual absorption rate of 3,088 units recorded since the beginning of Q2 2012. In a long-term context, May vacancy rate is 0.6 percentage points lower than the 4.7% average recorded since the beginning of Q2 2012.



## Executive Briefing (cont.)

### Outlook

Reis is tracking apartment construction activity that will deliver 2,729 units to the metro by the end of the year, and net total absorption will be positive 1,999 units. As a result, the vacancy rate will drift upward by 0.2 percentage points to 4.3%. During 2023 and 2024, construction activity under surveillance is expected to deliver a total of 4,285 units. Net new household formations during 2023 and 2024 are expected to average 1.2% annually. Because this amount does not exceed the forecasted new construction, the market vacancy rate will rise by 70 basis points to finish 2024 at 5.0%. Between now and year-end 2022 asking rents are expected to climb 1.5% to a level of \$1,109. On an annualized basis through 2023 and 2024, asking and effective rents are projected to advance by 2.7% and 2.4%, respectively, to finish 2024 at \$1,169 and \$1,115.