

Apartment

# Columbus

Midwestern Region

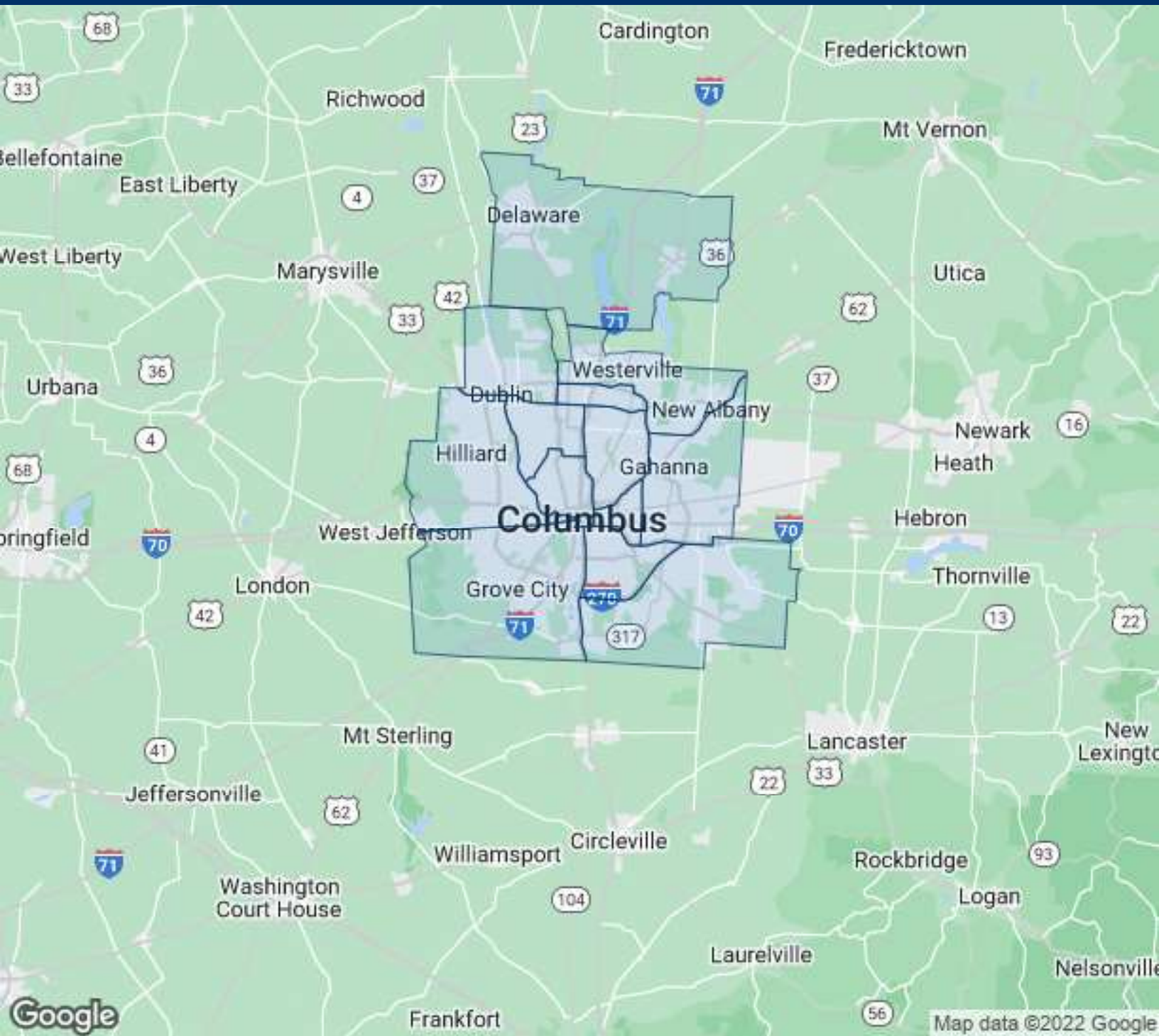
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**August 12, 2022**

DATA AS OF Q2 2022



Apartment

# Columbus

# I. EXECUTIVE BRIEFING

AVERAGE ASKING RENT **\$1,097/  
unit**

AVERAGE VACANCY **4.0%**

(Published June 2022)

- Rent in the Columbus metro was up 0.5% from May.
- Rent is expected to finish 2022 at \$1,112 in the Columbus metro.
- Vacancy in the Columbus metro drifted downward by 10 basis points.
- The Columbus metro had the lowest vacancy level since September 2017.

## Market Overview

A comprehensive assessment of the Columbus apartment market shows 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 Q3 2012, the fastest growing area has been the University/Downtown submarket, adding 7,894 units over that period, or 29.2% of total metropolitan apartment completions.

## Asking and Effective Rent

Monthly movement in asking rent during the second quarter was varied, with June's increase of 0.5% bringing the cumulative quarterly total up to 1.5%. Mean unit prices in the metro are as follows: studios \$794, one bedrooms \$995, two bedrooms \$1,141, and three bedrooms \$1,466. Over the past twelve months, asking rents have advanced a total of 8.6%, up from \$1,010. Since the beginning of Q3 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 climbed by 0.5% during June. The equal rates of change suggest that landlords have managed to command higher rents without sweetening the relative value of concessions packages used to attract new renters. 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

The second quarter added 2,790 net new households to the Columbus MSA. 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 Q3 2012, household formations in Columbus have averaged 1.1% per year, representing the average annual addition of 9,200 households. During June, net absorption totaled 48 units, while there was no new development; the net effect of absorption and construction dynamics caused the vacancy rate to drift downward by 10 basis points to 4.0%. Over the last 12 months, market absorption totaled 2,486 units, 18.7% lower than the average annual absorption rate of 3,058 units recorded since the beginning of Q3 2012. In a long-term context, June vacancy rate is 0.7 percentage points lower than the 4.7% average recorded since the beginning of Q3 2012.



## Executive Briefing (cont.)

### Outlook

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Between now and year's end, 3,345 units of competitive apartment stock will be introduced to the metro, and Reis estimates that net total absorption will be positive 2,688 units. As a result, the vacancy rate will drift upward by 0.3 percentage points to 4.3%. During 2023 and 2024, developers are expected to deliver a total of 9,755 units. Net new household formations during 2023 and 2024 are anticipated to average 1.1% annually. Because this amount does not exceed the forecasted new construction, the market vacancy rate will increase by 100 basis points to finish 2024 at 5.3%. Between now and year-end 2022 asking rents are expected to rise 1.3% to a level of \$1,112. On an annualized basis through 2023 and 2024, asking and effective rents are expected to climb by 2.9% and 2.7%, respectively, to finish 2024 at \$1,177 and \$1,123.