

Multifamily Metro Outlook:

Columbus - Q1 2024

Overview:

- Columbus's economic performance has recently surpassed pre pandemic levels. Columbus' labor force is fully recover with current employment base now sitting roughly at 30,500 jobs or about 3% above February 2020. Another sign Columbus has continued to stabilize is a steady increase in employment and payroll wage growth. According to CBRE, over the past four quarters, Columbus' employment has grown at an annual rate of 1.6% which is higher than previous years. Payroll wage growth increased 3.86% annually in third quarter. In turn, the unemployment rate ticked up to 4.01%.
- Low business costs and a highly educated population enabled stronger-than-anticipated wage growth in Q1 2024, yet still slower compared to last quarters. The median household income in the metro increased to just above \$78,000 – which is higher than the national average of roughly 75,100 in the fourth quarter.
- Although the cost of housing continues to rise in both the multifamily and single-family sectors, cooling inflation has slowed down the pace at which rents and mortgages are increasing. However, home sales did increase 15.8% from same quarter last year. Considering single-family housing price growth continues to top price growth among multifamily rents, the cost of renting in the metro is a much more affordable option.

Market Strengths:

- Wells Fargo's new technology hub is opening soon in Northeast Columbus, bringing at least 350 financial technology jobs to the region and G&J Pepsi-Cola bottlers is planning a \$24 million expansion of existing warehouse in Columbus.

Market Weaknesses:

- With growth in local average hourly earnings outpacing much of the nation, the single-family market remains an exceptionally affordable one on a relative basis.
- Santa Clara, CA based technology company Intel announced that it will postpone the launch date of their \$20 Billion chip manufacturing site. The company blames the delay on slow chip market and a slow rollout of U.S government grant money. This does give more time for central Ohio to address the housing shortage.

Development:

- Development continues to increase as more than 6,100 units were delivered in the last 12 months. At the end of 2023 there were 10,500 units under construction with 5,500 units scheduled to be completed in 2024.
- Although the number of single-family permits is expected to dropped to 5,991 in 2024. The market is still competitive and expected to grow as the National Association of Realtors announced the median sales price increased 8.2% since last year to \$366,882.

Outlook:

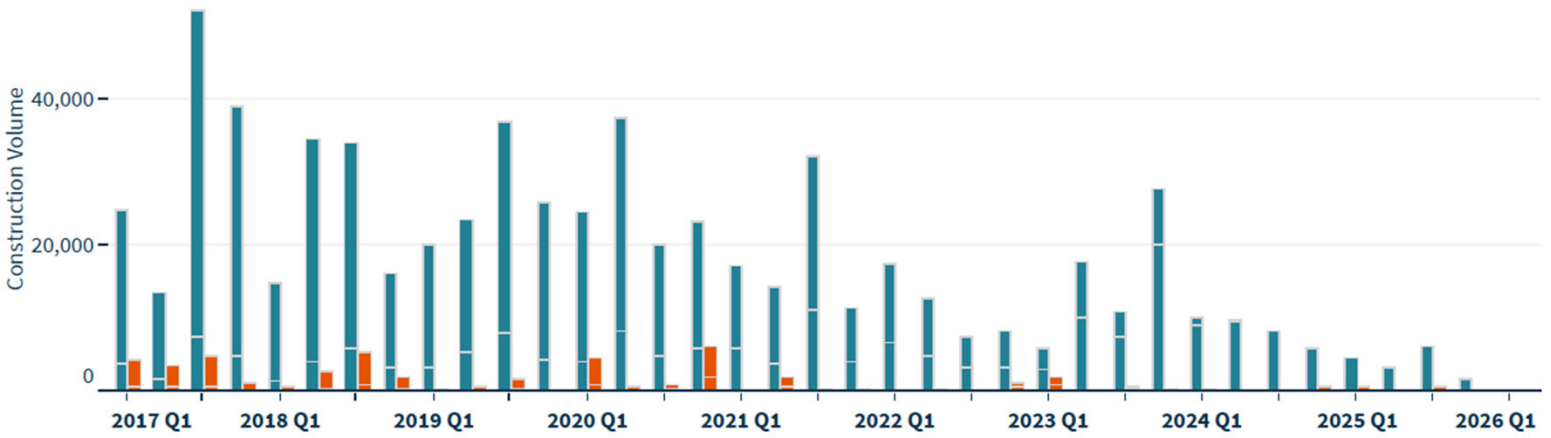
- The natural demand stemming from the outsized student population means that Columbus's apartment market and economy are just as unlikely to experience a positive shock as it is a negative one. Even with the drop off in supply, vacancies in the metro, which have been rising consistently since third quarter ending 2021, continued to increase. This quarter, vacancy rates rose to 6.25% . Despite the rising vacancies, fundamentals have yet to completely start deteriorating in the metro. The average rent in the metro reached \$1,10 in first quarter 2024, and Columbus should see continued positive growth for the next several quarters.
- Columbus's economic growth has already started to dial back as a result of the tight labor market combined with an uncertain macroeconomic environment, but elevated investment has likely given it a shot in the arm. Construction and high-tech manufacturing should remain key supports for the metro's economy. However, longer term, a strong demographic profile, including robust in-migration and superb natural population gains, should enable Columbus to consistently outperform Ohio and the national average.



Multifamily Apartment Pipeline

Apartments & Condos/Townhomes: Units Completed and Underway

Apartments | Condos



Source: Dodge Data & Analytics SupplyTrack Pipeline

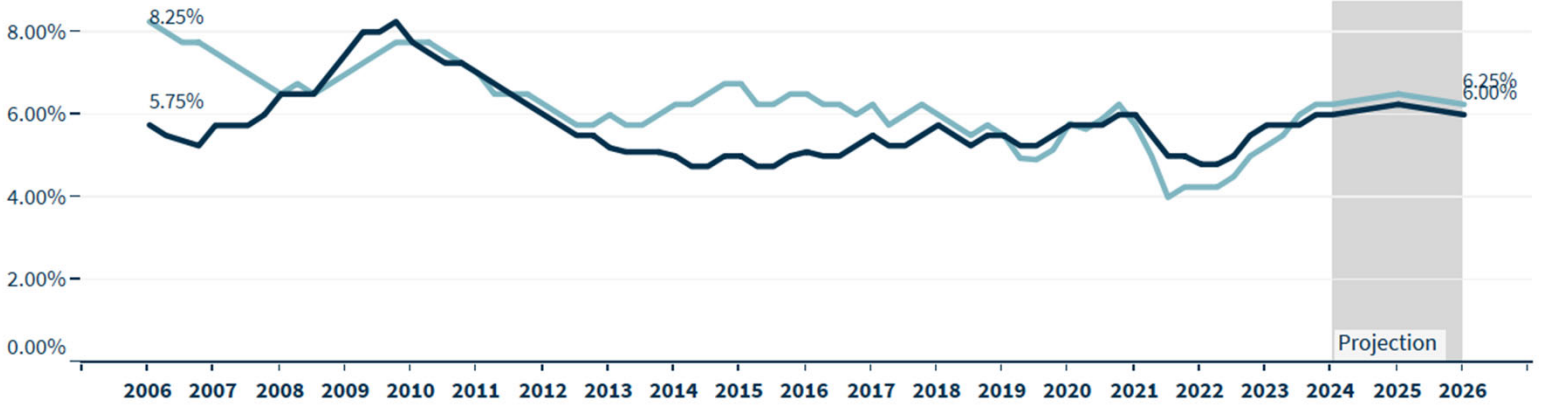
Multifamily Vacancy & Rent Estimates

Vacancy Rates

Columbus | National

Q1 2024 Vacancy Rate:

6.25%



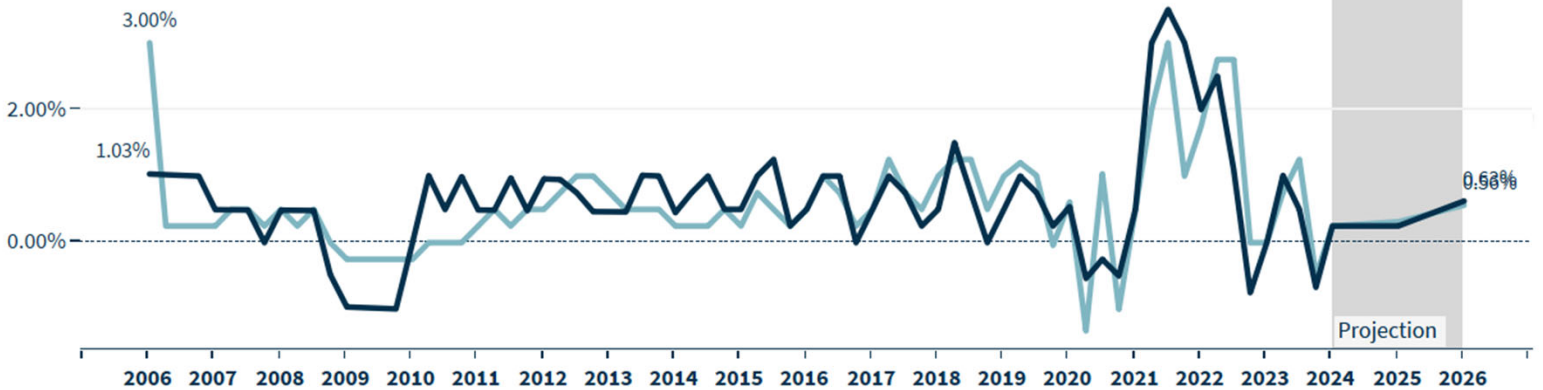
Projection

Asking Rent Growth

Columbus | National

Q1 2024 Asking Rent:

\$1,210

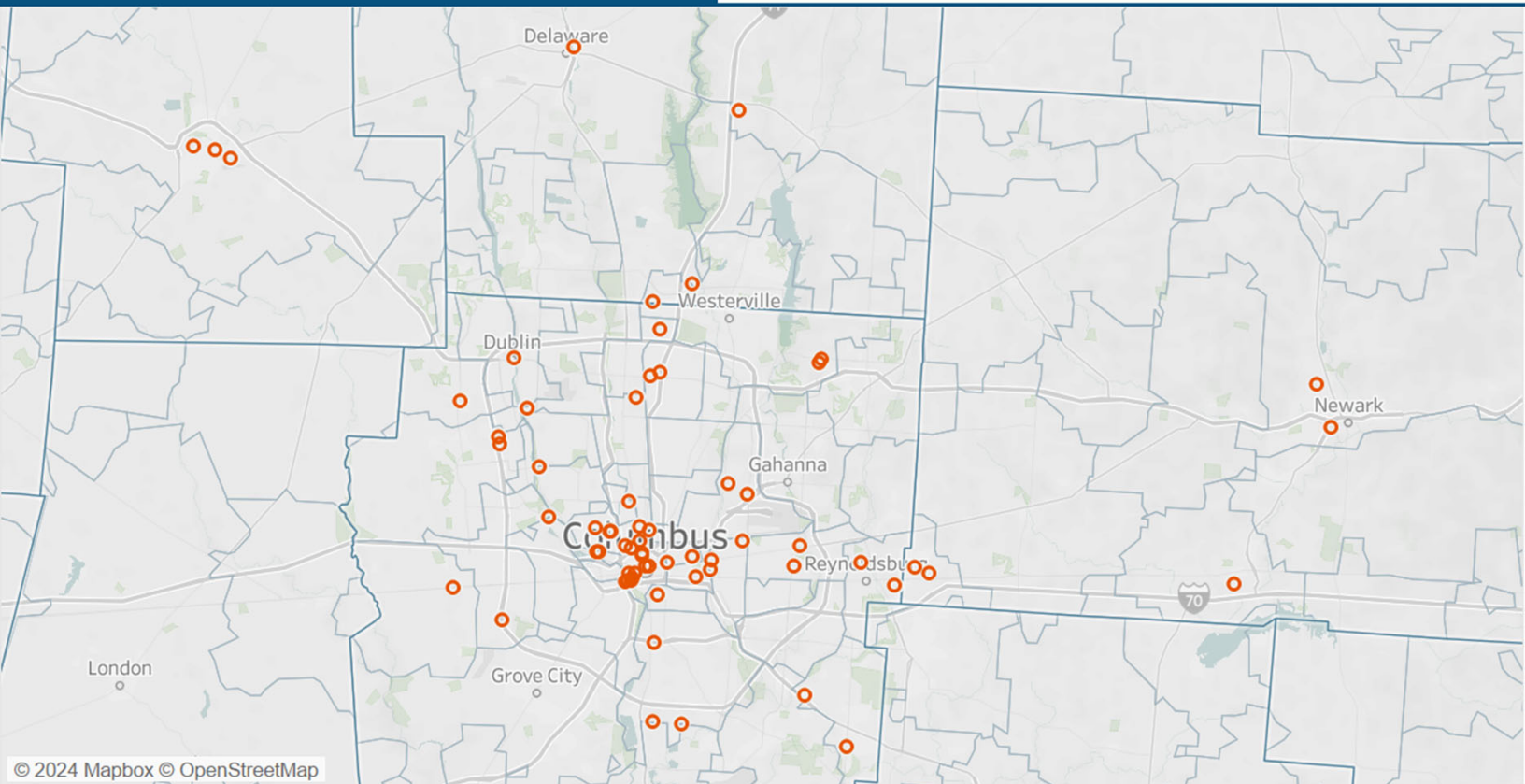


Projection

Source: Fannie Mae Multifamily Economics and Research



Multifamily Construction: Bidding & Underway



<i>MultiHousingSubmarketName</i>	<i>Apartments</i>	<i>Units</i>
Downtown Columbus/University District	21	3,878
Dublin/Hilliard	9	1,071
Gahanna/Northeast Columbus	2	492
Grove City/South Columbus	4	956
North Central Columbus	2	296
Reynoldsburg/Far East Columbus	9	1,222
Southeast Columbus	8	786
Upper Arlington	4	327
West Columbus	3	635
Westerville/New Albany/Delaware	6	959
Grand Total	68	10,622

Source: Dodge Data & Analytics SupplyTrack Pipeline



Multifamily: ESR Team

Multifamily Metro Outlook: Columbus, Ohio Q1 2024

Multifamily Economics and Market Research Team

Caitlin Peirce, Economic and Strategic Research

Sources Used

- Moody's Economy.com
- Moody's CRE/REIS
- CoStar
- Real Capital Analytics
- RealPage
- Greenstreet
- Dodge Data and Analytics SupplyTrack Pipeline
- CBRE-Econometric Advisors
- Yardi

Opinions, analyses, estimates, forecasts, and other views of Fannie Mae's Economic and Strategic Research (ESR) Group included in these materials should not be construed as indicating Fannie Mae's business prospects or expected results, are based on a number of assumptions, and are subject to change without notice. How this information affects Fannie Mae will depend on many factors. Although the ESR Group bases its opinions, analyses, estimates, forecasts, and other views on information it considers reliable, it does not guarantee that the information provided in these materials is accurate, current, or suitable for any particular purpose. Changes in the assumptions or the information underlying these views could produce materially different results. The analyses, opinions, estimates, forecasts, and other views published by the ESR Group represent the views of that group as of the date indicated and do not necessarily represent the views of Fannie Mae or its management.