

Multifamily Metro Outlook:

Columbus - Q1 2022

Overview:

- Columbus' recovery is gaining strength. Job growth is advancing and has surpassed the Buckeye State average. The labor pool has also grown consistently since the summer as previously discouraged workers reenter the market, bringing the unemployment rate down to 3.7% by the middle of the first quarter 2022, a decline of a full percentage point from the previous quarter.
- This has proven mostly beneficial for the apartment market, which thanks to the economic diversity in the metro, is just as unlikely to experience a negative shock as it is a positive one. So, it hardly comes as a surprise that the vacancy rate remained flat over the previous quarter at 4.25%. Demand could be building in the metro considering vacancy levels did not change even with the addition of more than 1,000 units over the past quarter.
- Mounting demand can also be seen in rent prices, which increased 1.75% over the previous quarter to an average of \$1,100. Over the past year rents continued to increase across all three property classes, with the highest increase of 12.4% among Class B properties. While this may be modest compared to other metros, for a metro like Columbus this is very significant.

Market Strengths:

- Despite the pandemic, local educational institutions registered record enrollment last year and the share of the population with a bachelor's degree is trending upwards and is now higher than the state and national averages.
- Competitive business costs are another key advantage. J.P. Morgan is looking to add a couple of thousand new mid- and high-wage positions. In addition, Nationwide Insurance is also ramping up hiring amid rising auto and life policy issuance.

Market Weaknesses:

- The single-family market in Columbus is booming, evidenced by home price appreciation exceeding 12.0% annually. However, with growth in local average hourly earnings outpacing much of the nation, the single-family market remains an exceptionally affordable one; the median family income can afford sales prices nearly double the local average.

Development:

- Multifamily development in Columbus is consistent with the rest of the nation. Deliveries to the metro come in ebbs and flows, and right now they are flowing. Over the past year close to 4,500 units have been added to the apartment inventory, an increase of more than 10%. However, with just 6,500 additional units in the pipeline, it's unlikely that the pace of deliveries picks up anytime soon.
- The shadow market never posed significant competition, but whatever threats there were to the multifamily market have completely diminished now. No condo units were added to the metro during the first quarter of 2021, and over the past year, the condo inventory in Columbus has only increased by 130 units.

Outlook:

- Columbus' multifamily market is a testament to stability; therefore, further rent and vacancy tightening is unlikely, preventing the metro's performance from crossing above the average threshold in either direction. The natural demand stemming from the outsized student population means that Columbus' apartment market and economy are among the best of the best Rust Belt metros, a status that is not in jeopardy of changing any time soon.
- Columbus' recovery will accelerate in 2022 as consumer confidence rebounds and household spending increases amid fading pandemic concerns. Over the long term, an excellent demographic profile including high levels of in-migration will enable the metro to consistently outpace Ohio and the nation.

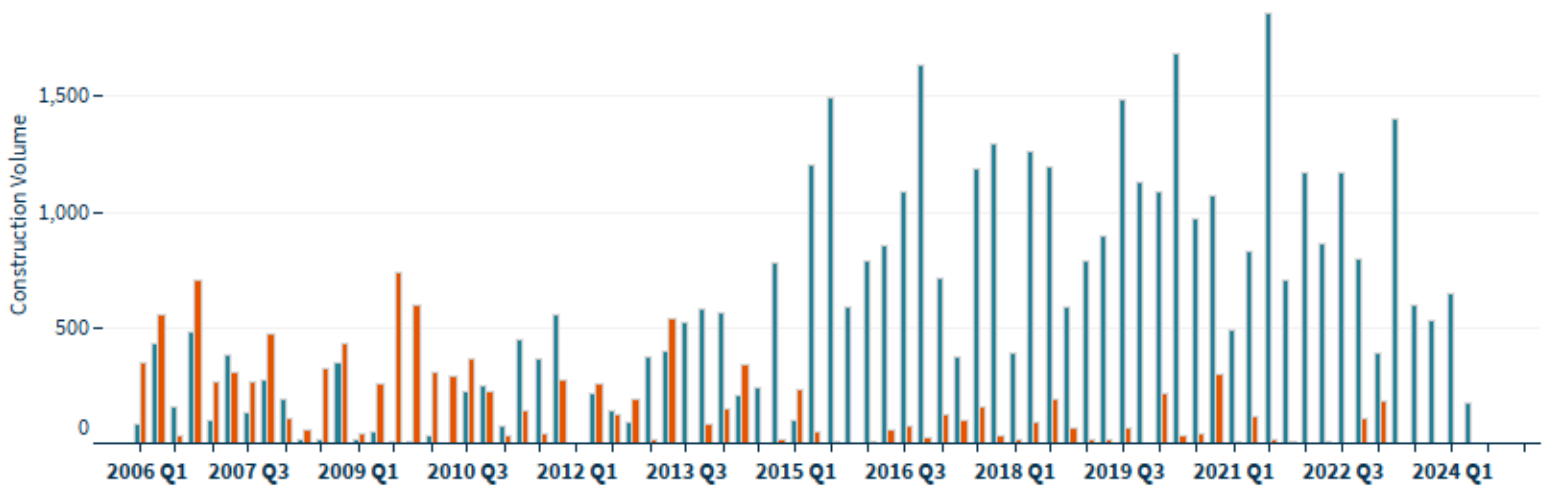
Five Year Metro Area Growth Forecast

Source: Moody's Analytics	Q4 2021	Q4 2026	Columbus (5-Year Annual Average Change)	National (5-Year Annual Average Change)
Population (000s)	2,174	2,282	0.97%	0.47%
Households (000s)	854	903	1.12%	0.90%
Renting Cohort (Ages 20-34) (000s)	482	488	0.24%	-0.30%
Total Employment (000s)	1,099	1,171	1.28%	1.08%
Median Household Income	\$62,960	\$74,333	3.38%	3.30%
Median SF Home Price	\$282,629	\$300,983	1.27%	1.93%
Net Migration	13,942	11,953		

SupplyTrack Pipeline

Apartments & Condos/Townhomes: Units Completed and Underway

Apartments | Condos



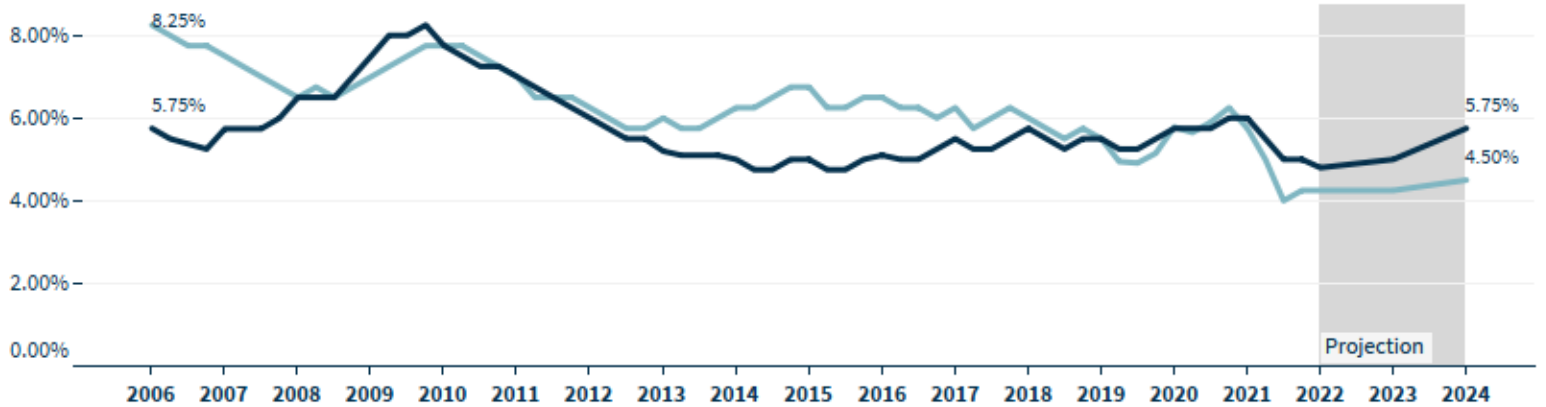
Vacancy & Rent Composite Estimates

Vacancy Rates

Columbus | National

Q1 2022 Vacancy Rate:

4.25%

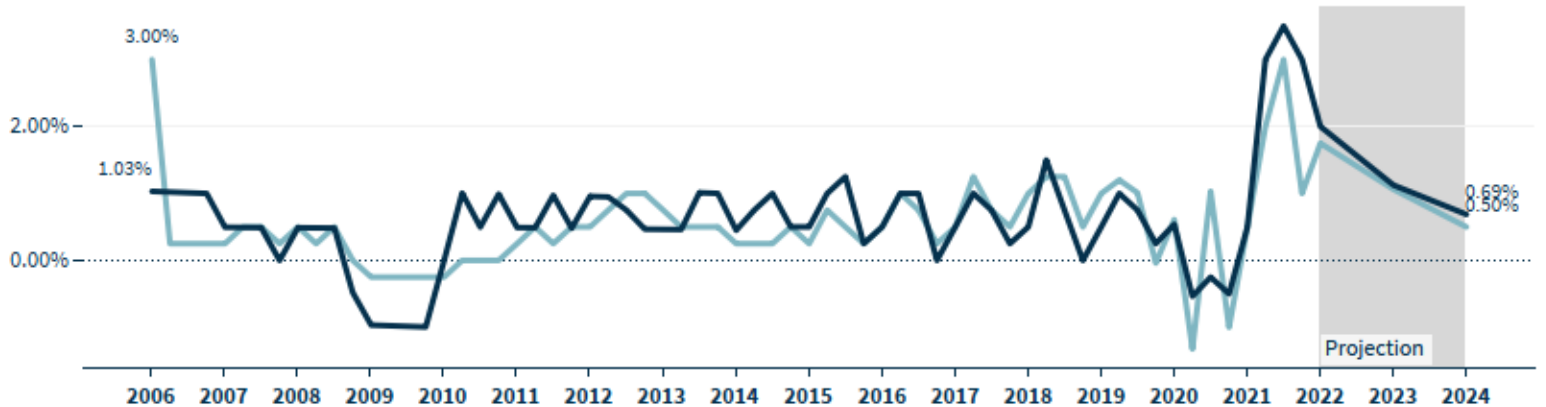


Asking Rent Growth

Columbus | National

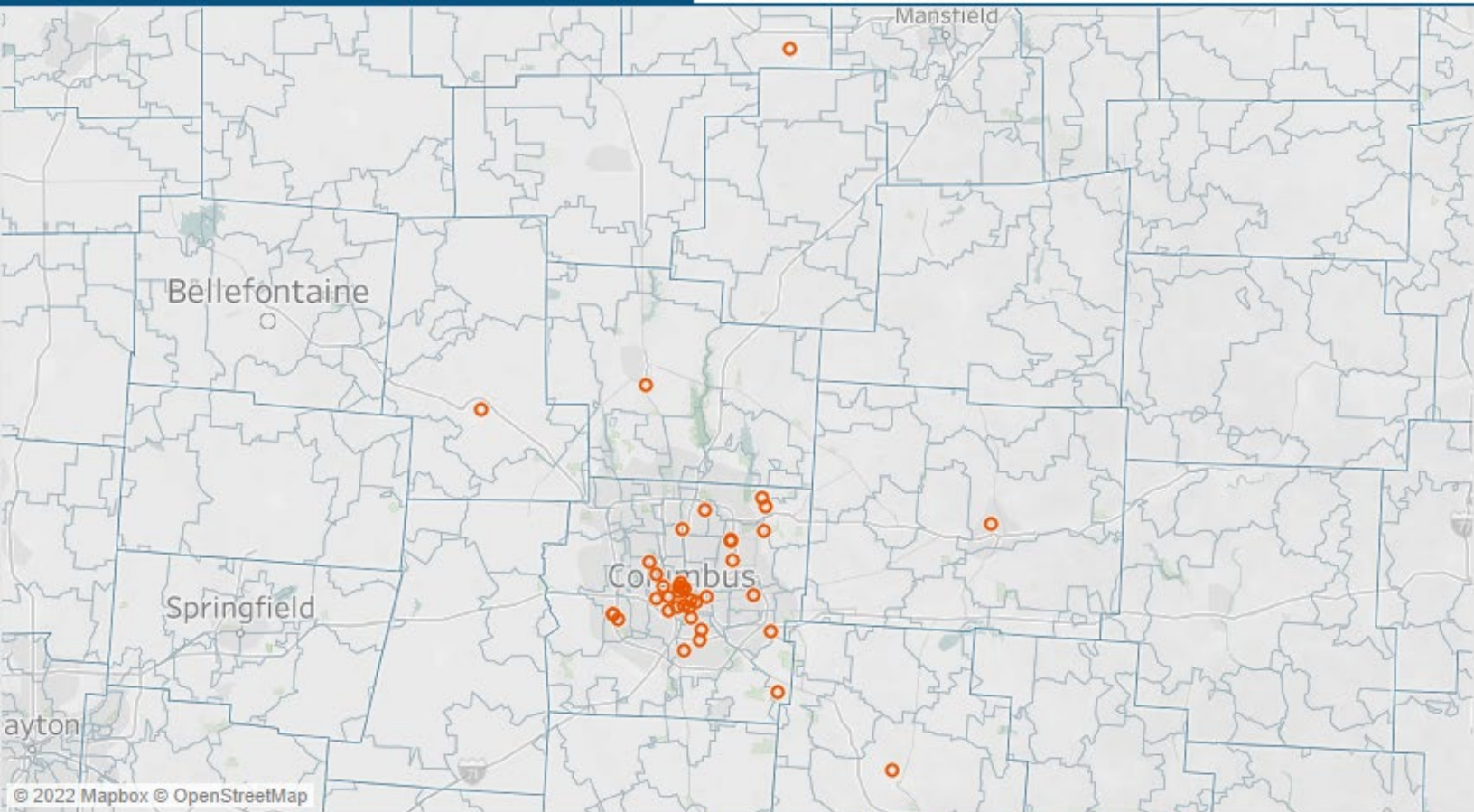
Q1 2022 Asking Rent:

\$1,100



Source: Multifamily Economics and Research

Construction: Bidding & Underway



<i>TWR Submarket Name</i>	<i>Apartments</i>	<i>Building Units</i>	<i>Building Area SF</i>
Downtown Columbus/University District	14	2,237	2.65M
Dublin/Hilliard	1	5	0.01M
Gahanna/Northeast Columbus	3	1,130	1.11M
Grove City/South Columbus	4	456	0.49M
n/a	1	25	0.04M
North Central Columbus	2	236	0.24M
Reynoldsburg/Far East Columbus	3	382	0.38M
Southeast Columbus	5	500	0.51M
Upper Arlington	2	799	1.16M
West Columbus	3	123	0.13M
Westerville/New Albany/Delaware	4	614	0.48M
Grand Total	42	6,507	7.20M

Multifamily: ESR Team

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Sources Used

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

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