

# Multifamily Metro Outlook:

## Cincinnati - Q4 2024

### Overview:

- The job market recovery in the Cincinnati metro has been mostly tepid with a few breakthrough periods of growth. However, as of Q4 2024, job growth in the metro continues to stagnate and remains below the national average (1% compared to 1.3%, respectively). However, even with lukewarm job growth overall, the metro has seen a bright spot in the manufacturing sector, specifically aerospace manufacturing.
- The apartment market in the metro continues to perform decently despite the current economic environment nationwide. Vacancies have declined to 5.25%, down 25 basis points quarter-over-quarter, and rent growth remains flat at 0% during the period ending Q4 2024.

### Market Strengths:

- The Cincinnati metro's costs of living and doing business are 7% and 12%, respectively, below the national averages, according to Moody's Analytics. Both costs being below the national average has helped the metro lure a highly educated and talented workforce and has also helped lure top Fortune 500 employers.
- Additionally, the metro's demographic profile is in good standing, according to CoStar. As a result of lower costs of living and doing business, Cincinnati's overall population grew by 0.5% year-over-year, which is on par with the national rate of 0.6%.
- The rebound of the manufacturing sector has been a boon for the local economy. Much of the growth during this period can be attributed to the success of one of the metro's top employers in General Electric (GE), but more specifically GE Aerospace. According to Moody's Analytics, GE Aerospace will maintain its presence of 9,000 employees in the metro and will invest more than \$17 million locally. Moreover, increased military spending will also keep local defense contractors busy for the foreseeable future to keep up with demand.

### Market Weaknesses:

- The current economic environment of high levels of inflation and elevated interest rates is taking a toll on the local financial sector. During the period ending Q4 2024, the financial activities sector contracted by 1.2%, compared to 0.9% growth nationally. According to Moody's Analytics, elevated interest rates and higher levels of inflation are having a dramatic impact on the banking and insurance industries. The strict monetary policy is only expected to be short-term, but it will be some time until the sector regains its footing in the metro.
- Despite a small boon for the local manufacturing sector as a result of the increased aerospace demand, there is some fear that this recovery period could be tumultuous or short-lived. According to Moody's Analytics, the new administration's application of tariffs could increase input costs and hinder exported goods. Furthermore, there is the threat that the tariffs could impact manufacturing payrolls as employers may look to cut costs with higher inputs.

### New Development:

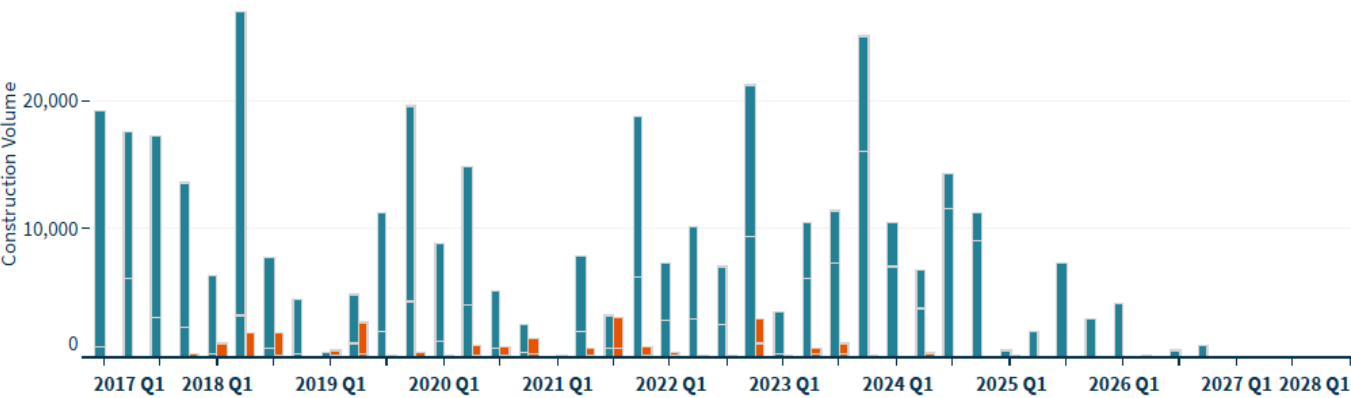
- Apartment development in the metro has been moderate. Nearly 19,000 units have completed since 2017. Construction will continue to be reasonable with approximately 7,000 units underway.

### Outlook:

- The slight uptick in supply that was prevalent in previous quarters has subsided and has now moderated. There is not a ton of supply in the pipeline, but all incoming supply should be easily absorbed by the people who continue to be attracted to the metro for its higher-paying white-collar jobs and lower costs of living. Apartment fundamentals continue to perform decently, which indicates the metro has not been hit too hard with excess supply.
- The local job market has fully recovered and is now in the expansion phase, even though much of the recovery has been tepid. Going forward, Cincinnati's recovery will likely continue to be on par with the national average as the metro boasts a very diverse employment profile and low costs of business and living. The manufacturing sector is poised to go through a rather tumultuous period as the on-and-off-again nature of tariffs could potentially impact costs and payrolls for the sector.

Multifamily Apartment Pipeline

Apartments & Condos/Townhomes: Units Completed and Underway  
*Apartments | Condos*

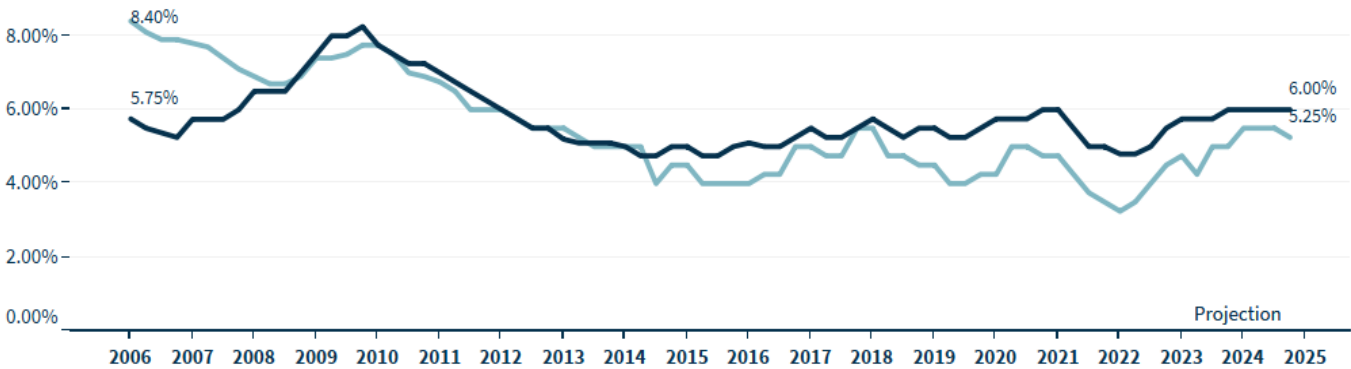


Source: Dodge Data & Analytics SupplyTrack Pipeline

Multifamily Vacancy & Rent Estimates

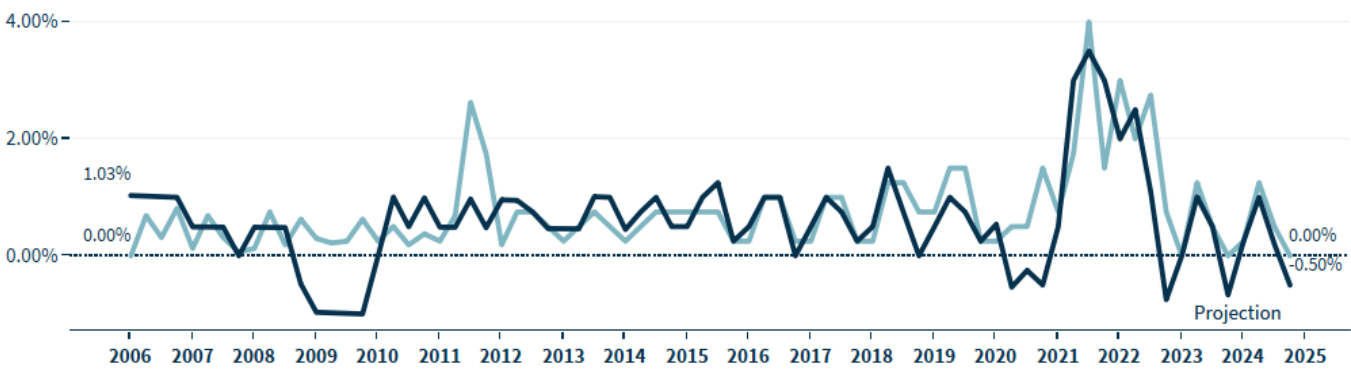
Vacancy Rates  
*Cincinnati | National*

Q4 2024 Vacancy Rate:  
5.25%



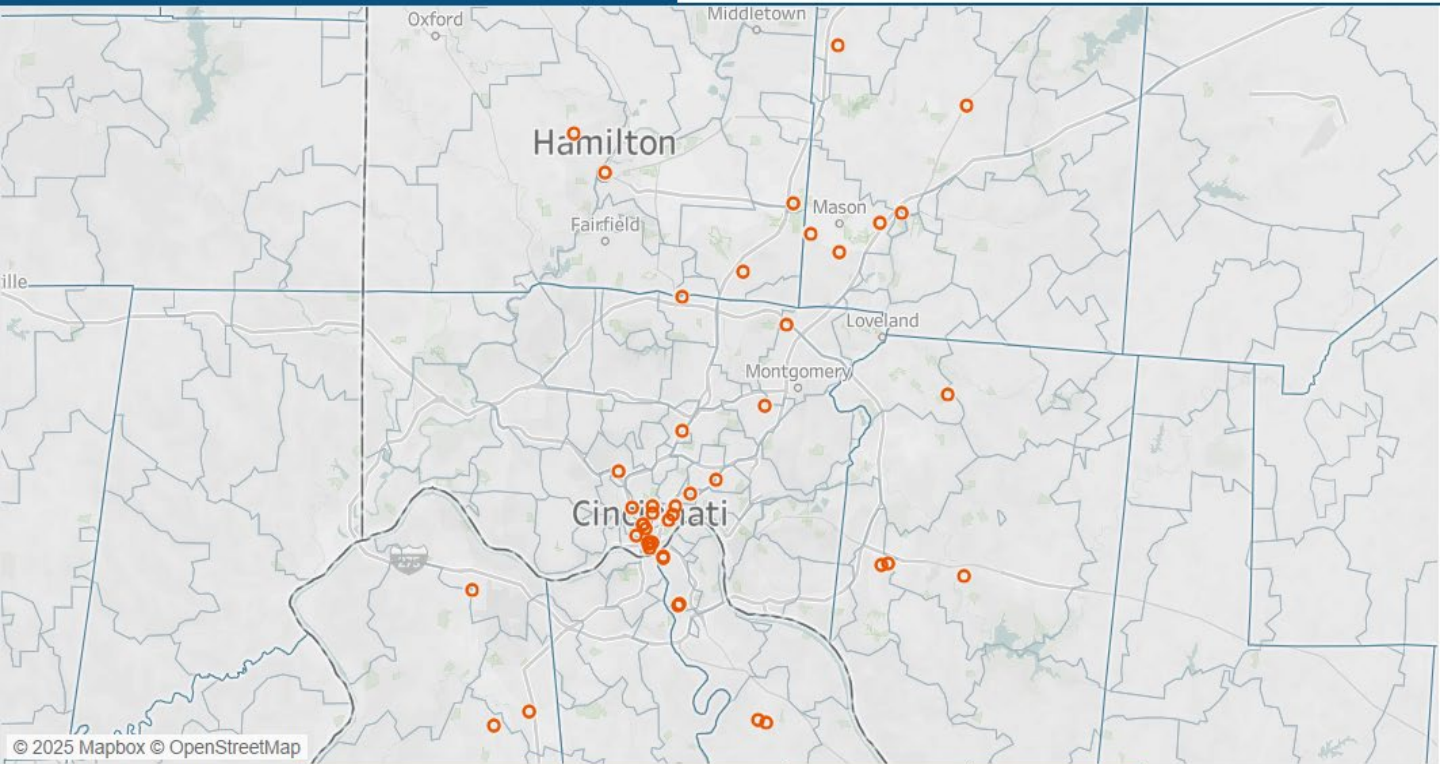
Asking Rent Growth  
*Cincinnati | National*

Q4 2024 Asking Rent:  
\$1,320



Source: Fannie Mae Multifamily Economics and Research

Multifamily Construction: Bidding & Underway



MultiHousingSubmarketName	Apartments	Units
Boone County/Erlanger	3	716
Butler County	4	1,047
Campbell/Kenton Counties	6	695
Central Cincinnati	9	965
North Central Cincinnati	5	291
North Cincinnati	1	306
Northeast Cincinnati/Warren County	9	1,771
Southeast Cincinnati	3	635
West Cincinnati	5	306
Grand Total	45	6,732

Source: Dodge Data & Analytics SupplyTrack Pipeline

## Multifamily: ESR Team

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## Multifamily Economics and Market Research Team

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### Sources Used

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

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