

# Multifamily Metro Outlook:

## Cincinnati - Q4 2023

### Overview:

- The job market recovery in the Cincinnati metro has been mostly tepid with a few breakthrough periods of growth. However, as of Q4 2023 growth in the metro has stagnated and is below the national average (1.1% compared to 1.8%, respectively). However, even with job growth being lukewarm overall, there has been a bright spot in the Manufacturing sector and more specifically the performance of aerospace manufacturing.
- The apartment market in the metro continues to perform well decently despite the current economic environment nationwide. Vacancies have softened slightly and risen to 5%, up 50bps from the previous quarter and rent growth remains flat for the period ending Q4 2023.

### Market Strengths:

- The Cincinnati metro has both business and living costs that are below the national averages. According to Moody's Analytics, both the cost of living and the costs of doing business in the metro are 8% below the national averages.
- Additionally, according to Moody's Analytics, demographic profile is in good standing. As a result of lower costs of living and business that the metro boasts, overall population grew by 0.6% in 2023 which was more than both the national and state averages.
- The dramatic rebound of the Manufacturing sector has been a boon for the local economy. According to CoStar, the local Manufacturing sector expanded by approximately 3.2% year-over-year in 2023. Furthermore, 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 G.E. Aerospace. According to Moody's Analytics, G.E. Aerospace will maintain its presence of 9,000 employees in the metro and will be investing more than \$17 million locally.

### Market Weaknesses:

- The current economic environment featuring high levels of inflation and elevated interest rates is having its toll on the local Financial sector. According to Moody's Analytics, the 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 last short-term, but it will be some time until the sector regains its footing in the metro.
- Despite a banner year for overall population growth, the metro has a very average to below average demographic profile going forward. Over the five-year forecast, the general population growth rate will be on par with the national average of nearly 0.4%, however the population growth prospects of the prime renting cohort, those who are aged 20-34 will not be nearly as rosy. Over the five-year forecast this cohort is expected to contract by nearly -0.3%.

### Development:

- Apartment development in the metro has been moderate. Nearly 16,000 units have completed since 2017. Construction will continue to be reasonable with approximately 6,000 units underway.

### Outlook:

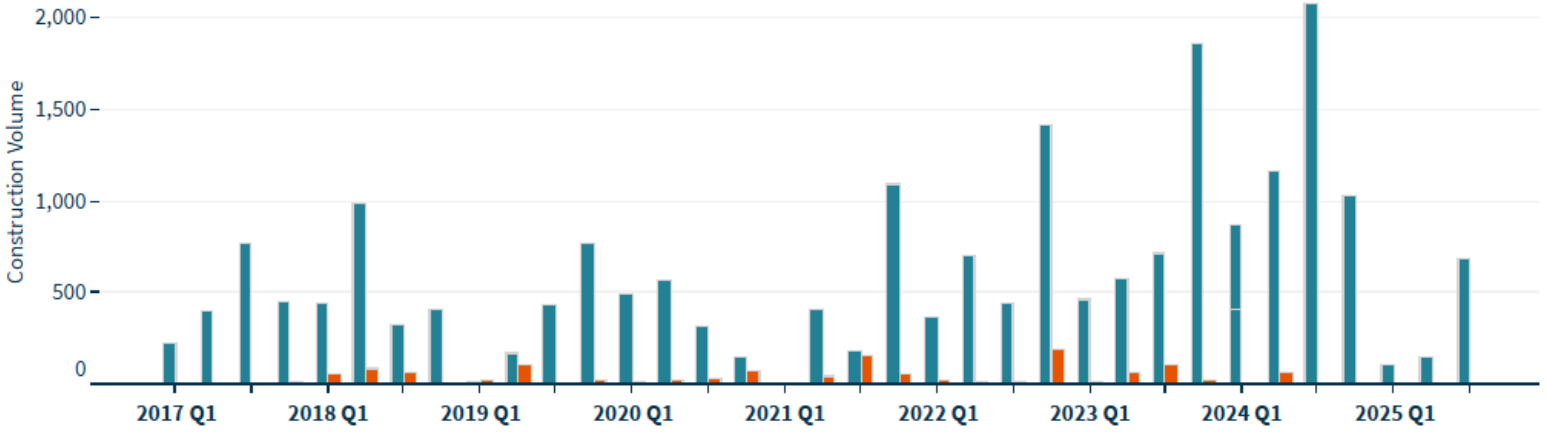
- The slight uptick in supply that was prevalent in previous quarters has subsided and has moderated. There is not a ton of supply in the pipeline, however all incoming supply should be easily absorbed by the those that will continue to be attracted to the metro for its higher paying white-collar jobs and lower costs of living.
- 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 continue to be on par the national average as the metro boasts a very diverse employment profile and low costs of business and living.



## Multifamily Apartment Pipeline

### Apartments & Condos/Townhomes: Units Completed and Underway

Apartments | Condos



Source: Dodge Data & Analytics SupplyTrack Pipeline

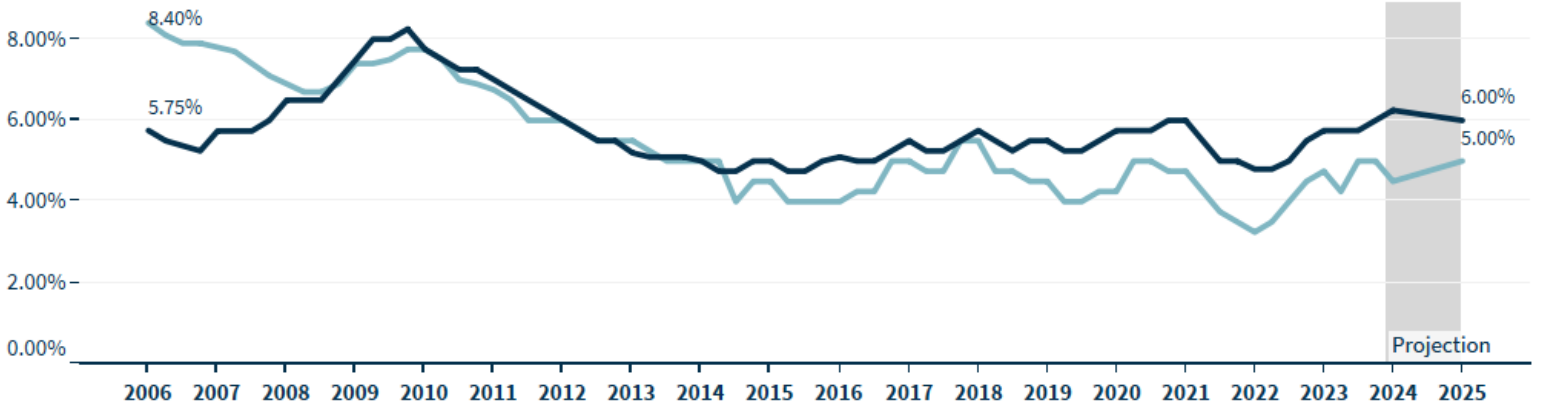
## Multifamily Vacancy & Rent Estimates

### Vacancy Rates

Cincinnati | National

Q4 2023 Vacancy Rate:

5.00%



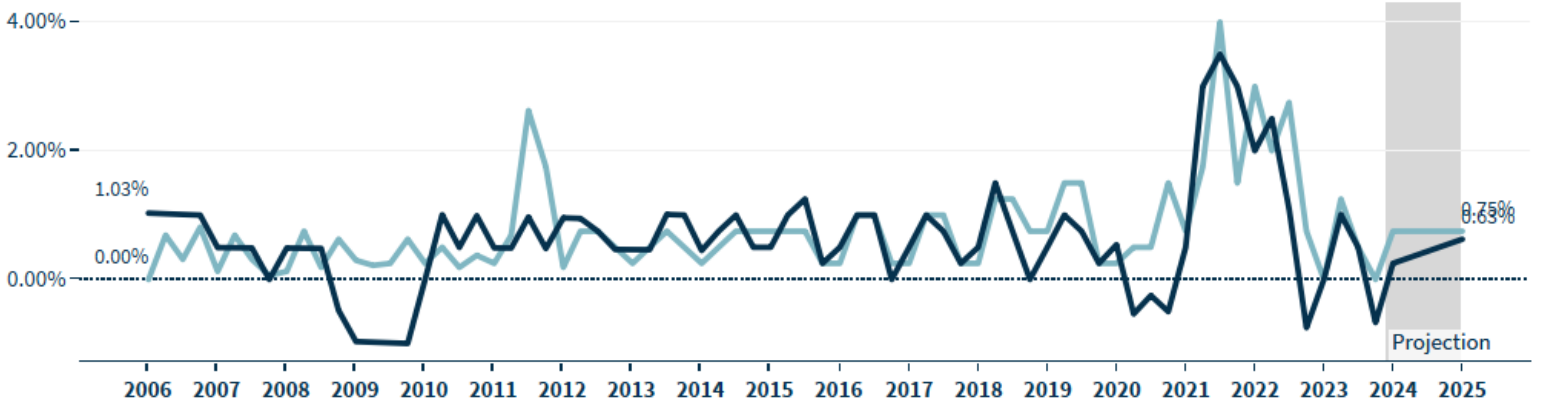
Projection

### Asking Rent Growth

Cincinnati | National

Q4 2023 Asking Rent:

\$1,250

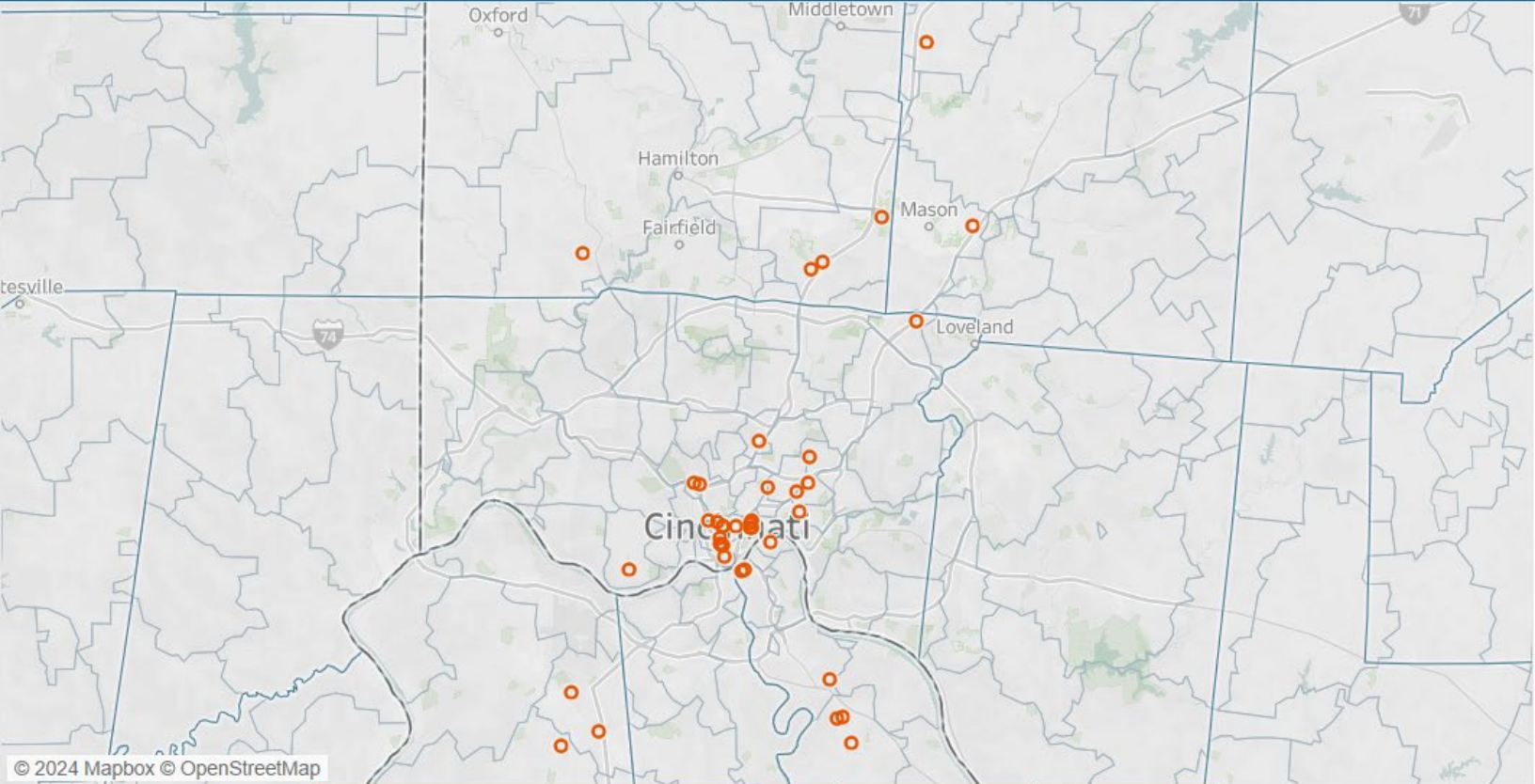


Projection

Source: Fannie Mae Multifamily Economics and Research



# Multifamily Construction: Bidding & Underway



MultiHousingSubmarketName	Apartments	Units
Boone County/Erlanger	3	616
Butler County	4	754
Campbell/Kenton Counties	8	1,003
Central Cincinnati	9	1,301
North Central Cincinnati	9	785
Northeast Cincinnati/Warren County	3	743
West Cincinnati	5	413
<b>Grand Total</b>	<b>41</b>	<b>5,615</b>

Source: Dodge Data & Analytics SupplyTrack Pipeline



## Multifamily: ESR Team

# Multifamily Metro Outlook: Cincinnati Q4 2023

## Multifamily Economics and Market Research Team

Francisco Nicco-Annan, Economic and Strategic Research - Economics – Advisor

### 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

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