

Metro Housing Outlook:

Cincinnati - Q2 2024

Overview:

- The job market recovery in the Cincinnati metro has been mostly tepid with a few breakthrough periods of growth. However, as of Q2 2024, job growth in the metro has stagnated and is below the national average (0.8% compared to 1.6%, 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 remained at 5.5% since mid-2023 and rent growth has rebounded nicely as it expanded 1.25% during the period ending Q2 2024.

Market Strengths:

- The Cincinnati metro's costs of living and doing business are both 8% below the national averages, according to Moody's Analytics.
- Additionally, the metro's demographic profile is in good standing, according to Moody's Analytics. As a result of lower costs of living and business, Cincinnati's 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. 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 Q2 2024, the financial activities sector contracted by 0.9% compared to 0.4% nationally. 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 be 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 an 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, growth prospects of the prime renting cohort, those aged 20-34, will not be nearly as rosy, as this cohort is expected to contract by nearly 0.3% over the five-year period.

Outlook:

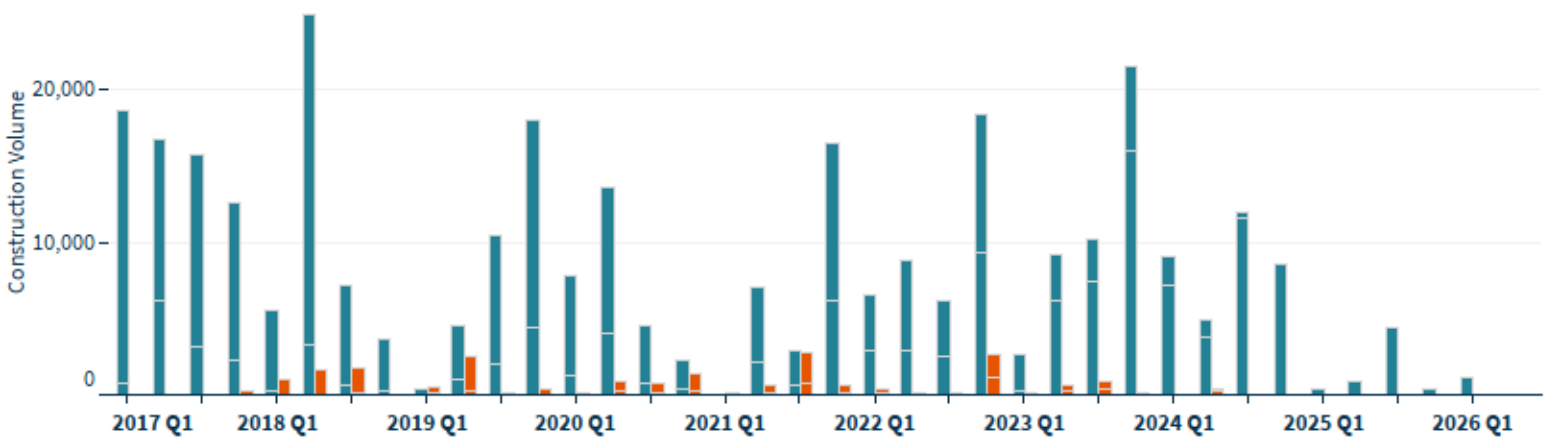
- The slight uptick in supply that was prevalent in previous quarters has subsided and has now moderated. There is not a ton of supply in the pipeline, but all incoming supply should be easily absorbed by the people who continue to be attracted to the metro for its higher-paying white-collar jobs and lower costs of living. Apartment fundamentals continue to perform decently, specifically rent growth, as it has reached its highest growth rate in nearly one year.
- 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 with 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

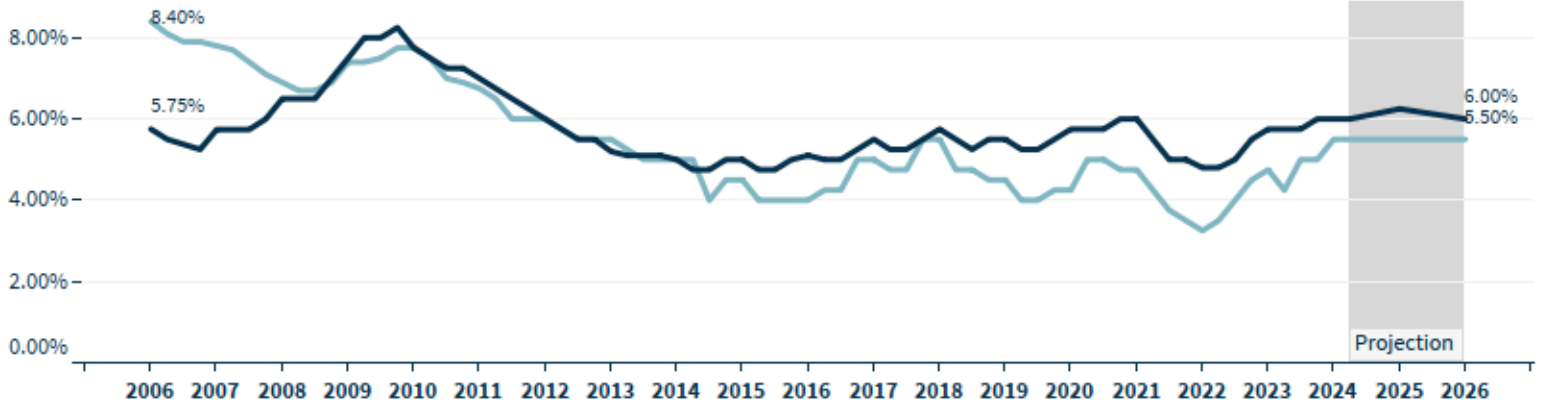
Multifamily Vacancy & Rent Estimates

Vacancy Rates

Cincinnati | National

Q2 2024 Vacancy Rate:

5.50%

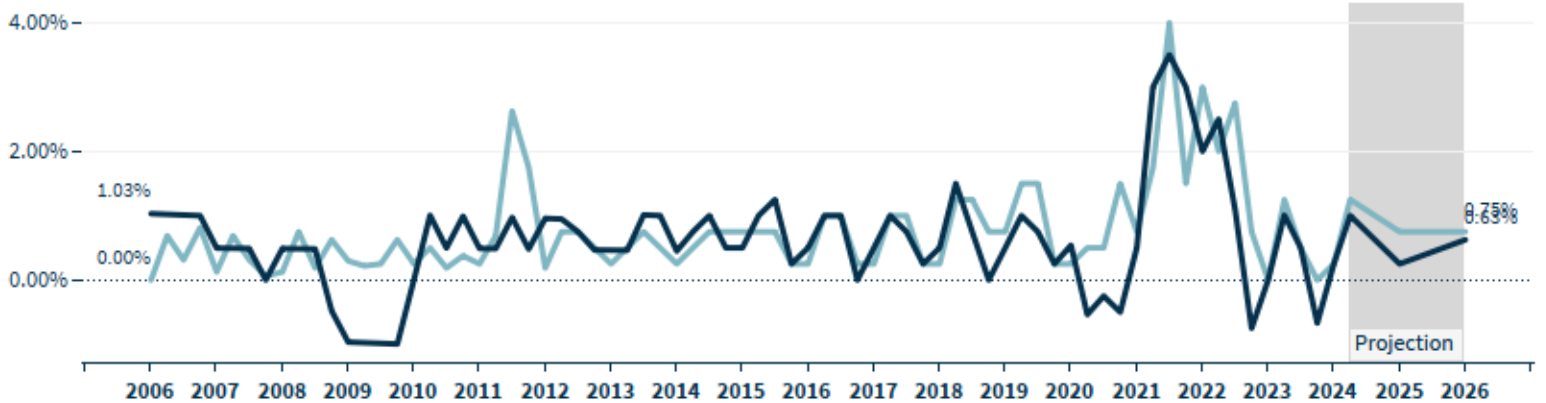


Asking Rent Growth

Cincinnati | National

Q2 2024 Asking Rent:

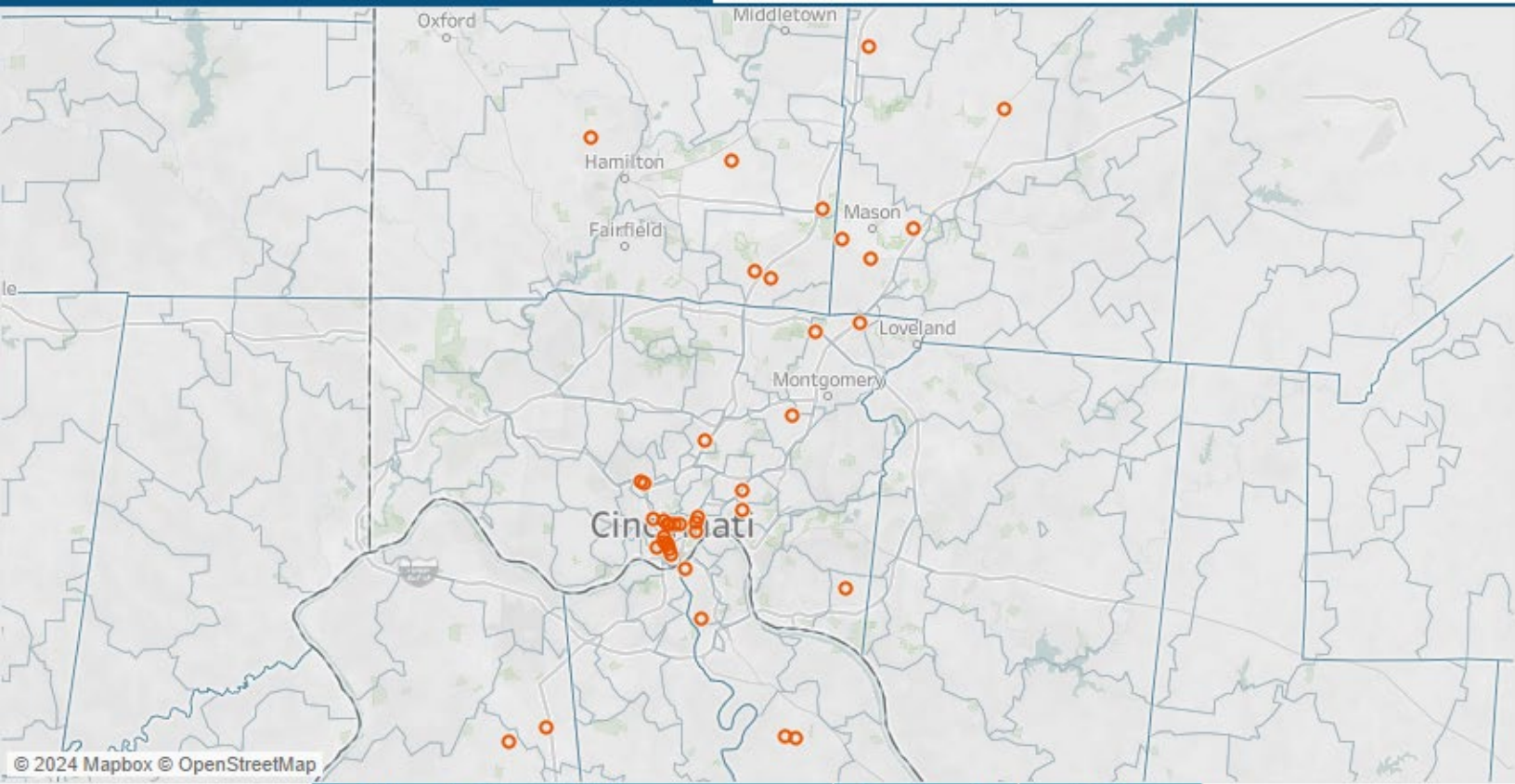
\$1,280



Source: Fannie Mae Multifamily Economics and Research



Multifamily Construction: Bidding & Underway



MultiHousingSubmarketName	Apartments	Units
Boone County/Erlanger	2	460
Butler County	5	1,343
Campbell/Kenton Counties	4	363
Central Cincinnati	11	1,416
North Central Cincinnati	5	225
Northeast Cincinnati/Warren County	8	1,745
Southeast Cincinnati	1	7
West Cincinnati	5	302
Grand Total	41	5,861

Source: Dodge Data & Analytics SupplyTrack Pipeline



Multifamily: ESR Team

Multifamily Metro Outlook: Cincinnati Q2 2024

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
- Greenstreet
- Dodge Data and Analytics SupplyTrack Pipeline
- CBRE-Econometric Advisors
- Yardi

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