

Multifamily Metro Outlook

Columbus - Fall 2019

Overview

- Columbus is seeing steady improvement in its overall economy, though job growth rates have leveled off. The metro has recovered all of the jobs lost during the Great Recession and is likely in the midst of a moderate, but secure, period of economic expansion.
- While students are a stabilizing force for the rental market, marginal changes in the non-student demographic could lessen demand for apartment rentals. With improving rents and vacancies, the market overall is in pretty good shape, especially when compared to other cities in Ohio and the Rust Belt.
- The characteristics that prevent Columbus from being an above average economic performer are also ones that prevent the city from being an overly risky place. The metro has a particularly diverse economy, and it is as unlikely to experience a negative shock as it is a positive one. Fortunately, developers have not overbuilt the metro, and both single-family and multifamily permitting activities have been appropriate given the metro's growth prospects.
- The large student and new graduate population in the Columbus metro drives steady demand for rental housing. The key 20 – 34 rental demographic represents 22.1 percent of the metro's population, compared to 20.7 percent nationally.
- The metro's population grew +1.1 percent in the year-ending Q1 2019, compared to +0.7 percent nationally. The young educated population has attracted some venture capital to the metro, which is a possible seed for future growth.
- Compared to the rest of Ohio, Columbus is a bright spot and an above average economic performer. The metro is forecasted to have job growth slightly better than the national average through 2022, which is comparatively strong for Ohio. Overall, jobs grew +1.7 percent in the year-ending Q1 2019, compared to +1.6 percent nationally.

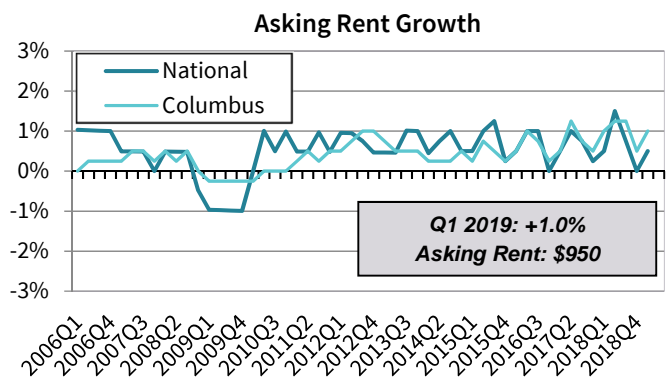
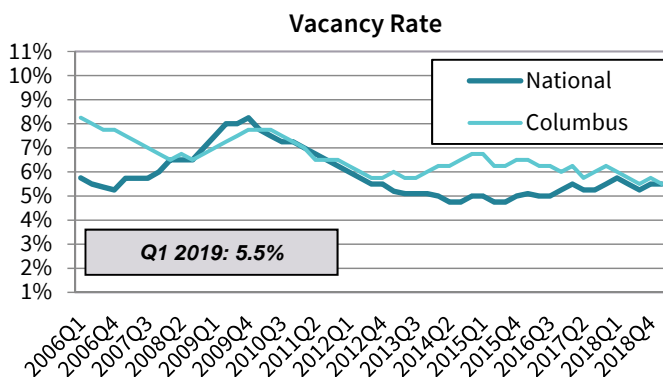
Development

- Apartment development activity is on the rise in response to reasonably strong fundamentals and attractive future growth prospects. Around 19,800 rental units have been delivered since the beginning of 2014, and around 6,900 are currently underway. Development is a bit too active to allow vacancies to greatly tighten. Since 2006, around 10,500 condos were completed, and around 300 units are underway and due to be completed through Q4 2020.

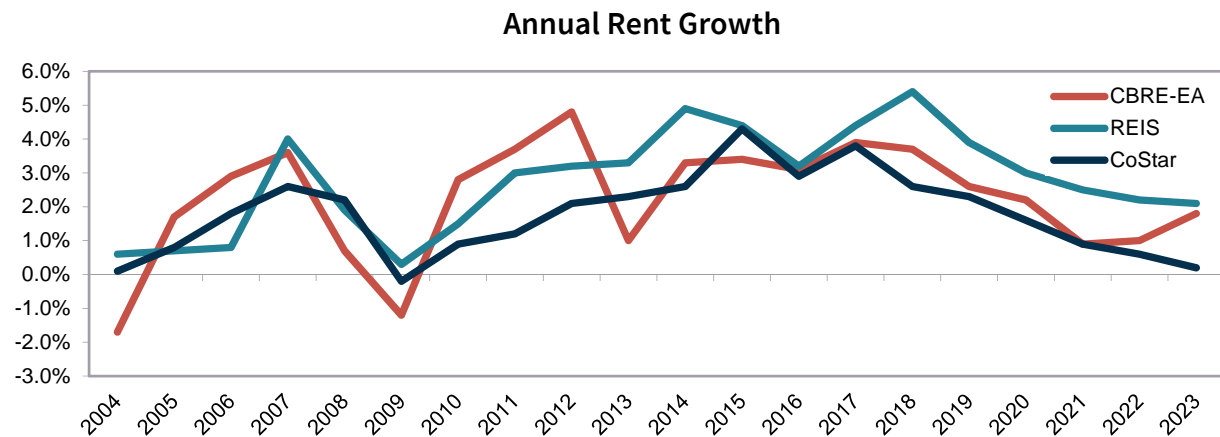
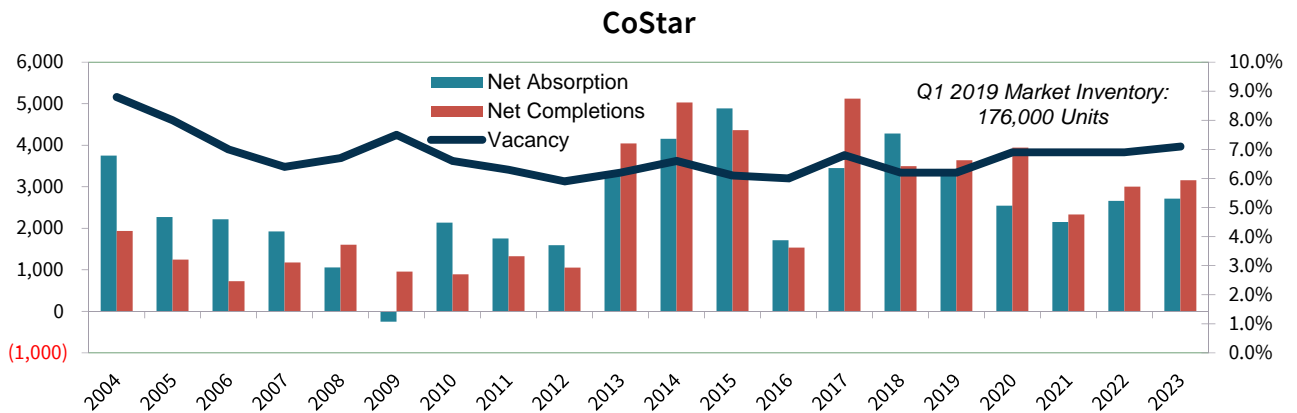
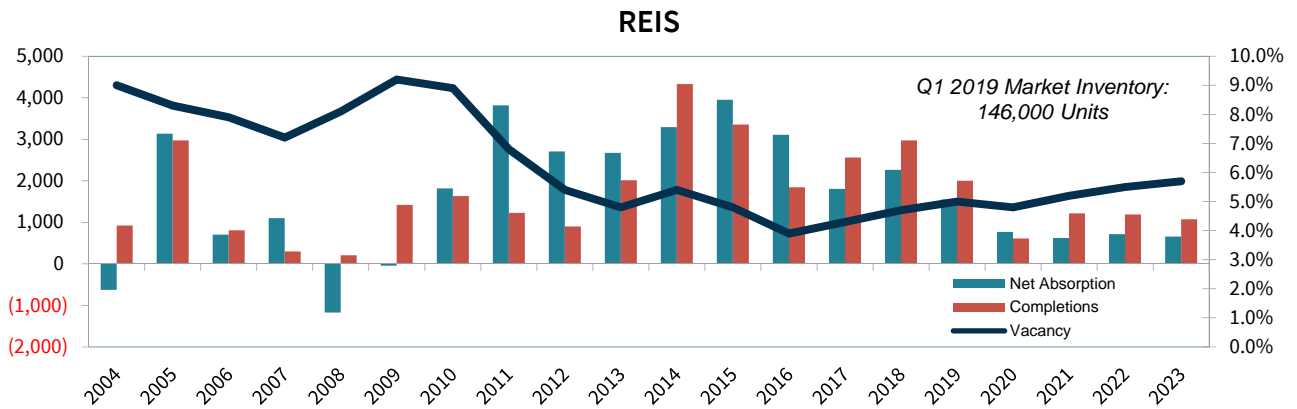
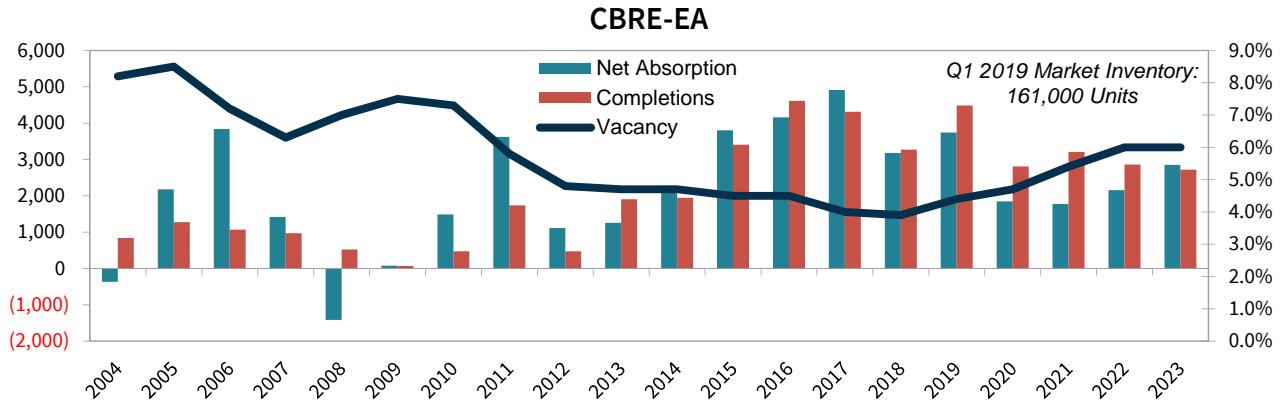
Outlook

- The overall stability in Columbus keeps things safe but prevents the metro from breaking out of average performance. A heavy supply of new apartments and a healthy job growth outlook should allow the apartment market to remain in good shape, though a tightening in rent and vacancy are unlikely. Overall, Columbus's apartment market and economy are among the best of the best Rust Belt metros.
- The metro's large student population and 20-34 demographic create a natural demand for rental inventory as well as an important seed for metro-wide economic growth. The city government and state university also provide a high level of economic stability for the metro. Overall, Columbus is expected to steadily expand economically and demographically over the next several years, but rental unit inventory additions will likely prevent exceptional rent and vacancy improvements in the multifamily market.

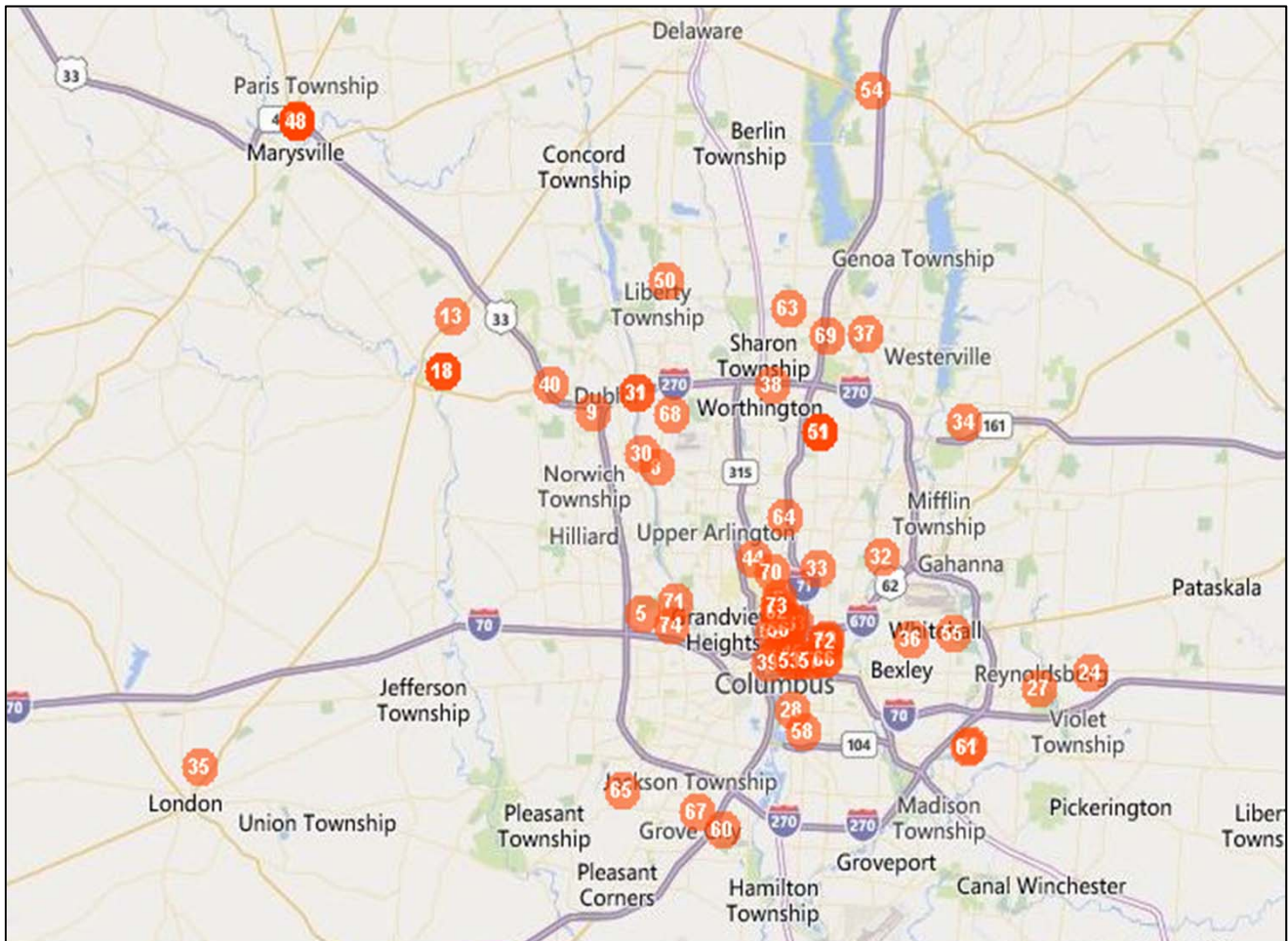
Vacancy and Rent Composite Estimates



Source: Fannie Mae Multifamily and Economics Research



Construction Bidding/Underway
74 projects/6,900 Units/8.3 M Sq. Feet)



CBRE-EA Submarket	Number of Projects	Total Sq Ft (000's)	Total Units
Bexley	6	612	285
Delaware County	5	1287	1099
Dublin	3	677	569
Grove City	3	275	321
Groveport/Canal Winchester	2	371	288
Hilliard	5	790	763
Licking County	1	240	240
Madison County	1	61	48
Northeast/Minerva Park	6	73	184
Sharon/Worthington	1	26	32
Southeast	2	61	67
Union County	13	428	415
University/Downtown	19	2418	1727
Upper Arlington/North Columbus	3	304	300
Westerville	1	323	180
Whitehall/Gahanna/Reynoldsburg	3	362	390

Source: Dodge Data & Analytics SupplyTrack

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Sources Used

- CBRE-Econometric Advisors
- Bureau of Labor Statistics
- Census Bureau
- CoStar
- Dodge Data & Analytics SupplyTrack
- Moody's Analytics
- Real Capital Analytics
- RealPage
- Reis, Inc.

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