Colliers

Columbus

Multifamily 24Q4

Key Takeaways

- Tightening supply is expected to drive vacancy rates lower and support steady rent growth through 2025.
- Developers are increasingly focusing on suburban areas due to high construction costs for urban projects. Limited urban deliveries through 2027.
- Columbus remained relatively liquid through 2024 and is spotlighted as a major expansion market for capital.

		YOY	FORECAST
Vacancy Rate	5.2%	▲	▼
YoY Rent Growth	3.37%	▼	▲
Avg. Market Rent	$1,355	▲	▼

Regional Summary

The Columbus multifamily market has seen significant shifts throughout 2024, with vacancies tightening to 5.2% due to robust demand and a slowdown in new supply. Vacancy rates reached their peak at 5.9% at the beginning of 2024. Vacancy has continued to trend lower, driven by younger rents and mid-priced units, although an influx of new Class A properties has kept the segment elevated at 11.8% vacant. Rent growth remains steady at 3.37%, with Columbus ranking among the top 10 U.S. markets for rent increases. Persistent inflationary pressures on construction materials and high interest rates have slowed development activity, resulting in a 37% drop in deliveries in 2024 compared to the prior year. Strong economic fundamentals, including Columbus' affordability, population growth, and investments in advanced manufacturing, continue to bolster the market. In 2025, the Columbus multifamily sector is poised for further stabilization as deliveries continue to plummet and demand remains robust. Only 4,700 units are expected to be delivered in 2025 but could potentially exceed 13,000 units. However, the projected pipeline is expected to face significant constraints due to the macroeconomic environment. Developers are facing challenges of reigniting inflationary pressures of construction costs and a swath of suburban nimbyism, both of which will provide tailwinds to effective rent growth. Suburban multifamily projects have become the key focus for developers. Meanwhile, the urban core will experience a significant supply shortage by 2026. The market will contend with macroeconomic volatility and new policies from the new administration. However, Columbus remains a top expansion market for capital.

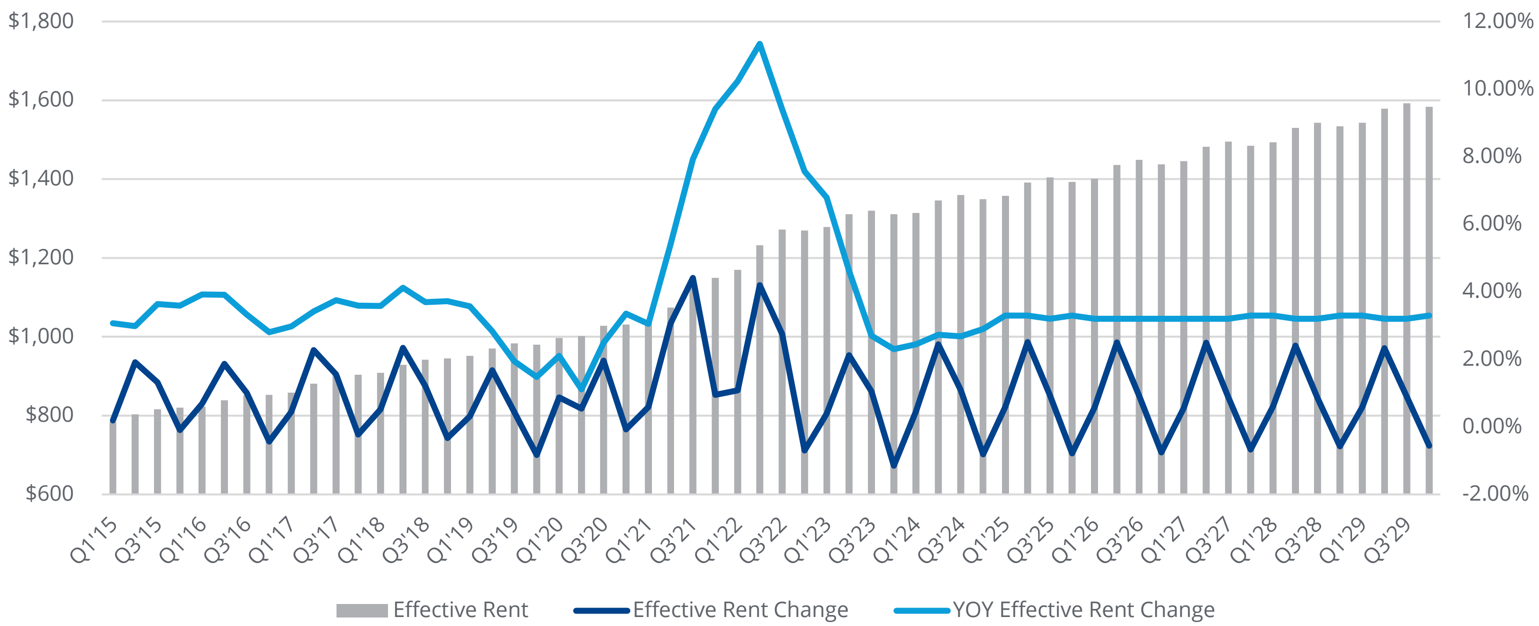
Market Indicators

4.31% Columbus Unemployment Rate

1.87% Columbus GDP – Quarterly % Change YoY

4.59% U.S. 10 Year Treasury Note

Columbus MSA: Effective Rent, Effective Rent Change & YOY Effective Rent Change

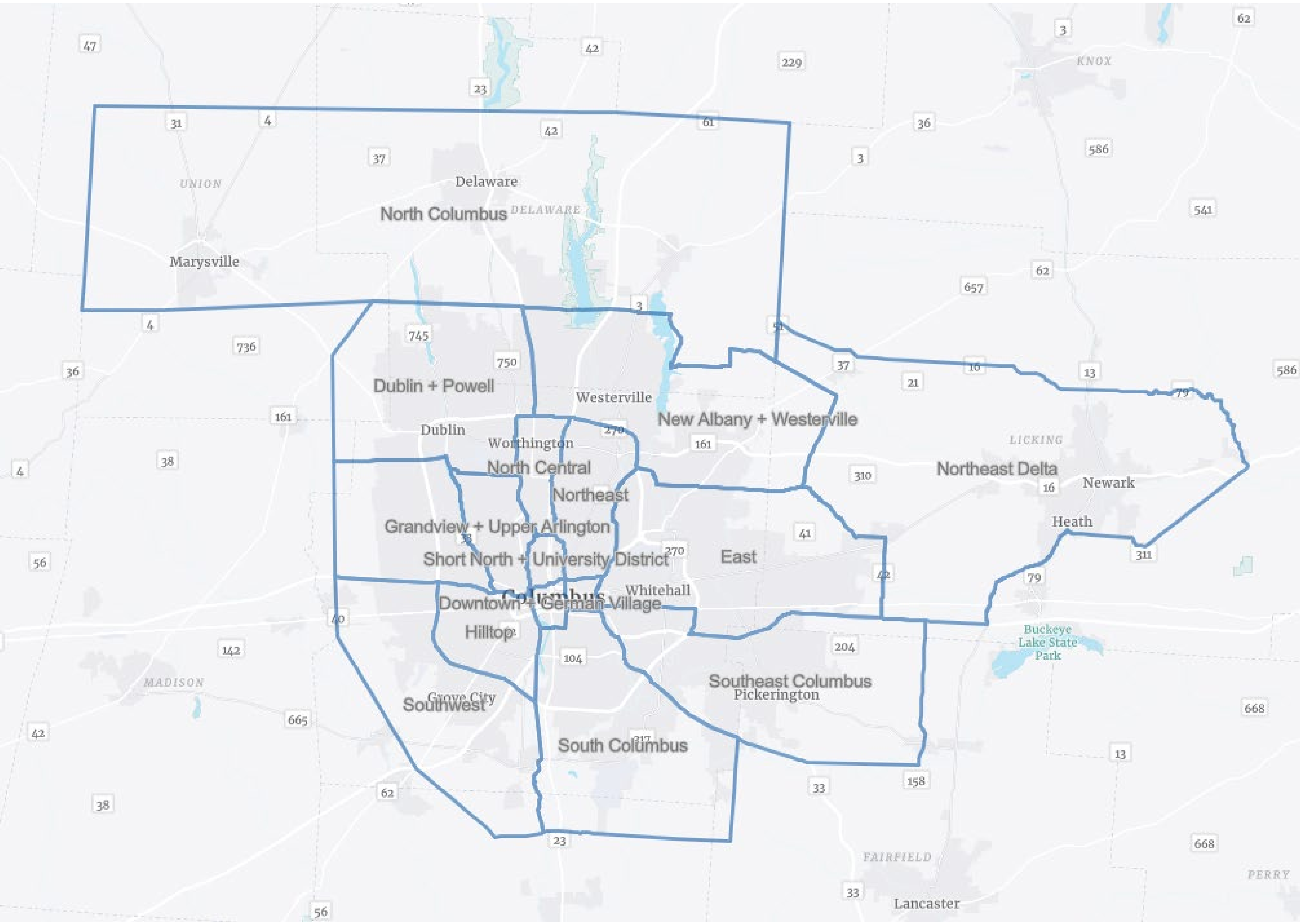


Columbus

Multifamily

24Q4

Multifamily Submarket Map



Columbus

Multifamily

24Q4

Submarket Rent Report

Multifamily Submarket Summary

Submarket	# of Properties	Inventory Units	Vacancy Rate	Market Rent Per Unit	Market Rent Per Square Foot	YOY Market Rent Growth
Downtown & German Village	44	7,416	10.8%	$1,640	$1.95	-1.0%
Short North & University District	49	7,100	16.3%	$1,593	$1.94	-1.1%
Grandview & Upper Arlington	74	14,129	7.7%	$1,472	$1.72	1.9%
Olde Town East	16	2,046	33.5%	$1,068	$1.51	-1.7%
North Central	23	4,756	7.4%	$1,127	$1.38	5.2%
Hilliard	74	18,462	6.7%	$1,456	$1.50	2.6%
Dublin & Powell	64	14,006	6.5%	$1,482	$1.47	3.1%
North Columbus	56	9,421	22.5%	$1,555	$1.47	22.5%
Westerville & New Albany	109	26,155	5.1%	$1,474	$1.50	3.5%
Northeast Columbus	101	16,444	5.4%	$1,095	$1.24	3.7%
Northeast Delta	27	2,845	2.1%	$1,076	$1.20	4.8%
East Columbus	111	24,088	6.1%	$1,256	$1.30	7.1%
Southeast Columbus	100	19,703	8.4%	$1,197	$1.28	3.2%
South Columbus	22	4,491	13.7%	$1,127	$1.16	0.6%
Hilltop	23	4,252	5.9%	$1,131	$1.16	0.4%
Southwest Columbus	70	12,283	8.2%	$1,248	$1.40	2.2%

Class A Submarket (Built 2010+)

Submarket	# of Properties	Inventory Units	Vacancy Rate	Market Rent Per Unit	Market Rent Per Square Foot	YOY Market Rent Growth
Downtown & German Village	32	5,298	13.9%	$1,726	$2.04	-1.9%
Short North & University District	34	5,587	6.2%	$1,670	$2.08	-2.0%
Grandview & Upper Arlington	37	6,120	9.3%	$1,833	$2.06	1.2%
Olde Town East	10	1,057	23.0%	$1,342	$1.71	1.4%
North Central	5	968	6.9%	$1,513	$1.75	6.4%
Hilliard	35	8,968	5.8%	$1,586	$1.60	3.4%
Dublin & Powell	22	4,646	7.0%	$1,688	$1.65	0.9%
North Columbus	25	5,612	34.6%	$1,698	$1.57	1.1%
Westerville & New Albany	57	12,121	5.4%	$1,525	$1.58	2.8%
Northeast Columbus	6	1,066	6.7%	$1,317	$1.43	3.2%
Northeast Delta	2	205	2.2%	$1,580	$1.59	2.2%
East Columbus	26	4,461	9.6%	$1,530	$1.59	7.1%
Southeast Columbus	20	4,129	13.1%	$1,525	$1.44	2.8%
South Columbus	4	1,151	37.3%	$1,605	$1.39	-8.6%
Hilltop	2	392	5.8%	$1,409	$1.27	6.4%
Southwest Columbus	16	3,047	5.6%	$1,506	$1.52	5.6%

Class B Submarket (Built 1980-2009)

Submarket	# of Properties	Inventory Units	Vacancy Rate	Market Rent Per Unit	Market Rent Per Square Foot	YOY Market Rent Growth
Downtown & German Village	4	1,265	4.8%	$1,716	$1.75	1.0%
Short North & University District	2	396	2.3%	$1,296	$1.89	9.0%
Grandview & Upper Arlington	6	1,274	8.4%	$1,510	$1.84	7.2%
Olde Town East	0	0	0	0	0	0
North Central	1	996	28.4%	$1,205	$1.47	-
Hilliard	31	8,171	6.2%	$1,346	$1.42	1.8%
Dublin & Powell	39	8,612	6.5%	$1,407	$1.39	4.7%
North Columbus	16	2,429	5.7%	$1,354	$1.42	5.1%
Westerville & New Albany	48	13,425	4.8%	$1,441	$1.45	4.3%
Northeast Columbus	23	3,174	4.8%	$1,151	$1.37	1.6%
Northeast Delta	9	742	0.5%	$1,015	$1.22	2.2%
East Columbus	45	10,428	5.1%	$1,302	$1.33	6.3%
Southeast Columbus	46	9,105	6.2%	$1,258	$1.31	3.8%
South Columbus	8	1,309	5.3%	$1,014	$1.13	3.1%
Hilltop	6	1,067	4.4%	$1,178	$1.41	-1.2%
Southwest Columbus	36	6,440	5.0%	$1,196	$1.37	2.6%

Class C Submarket (Built Pre-1979)

Submarket	# of Properties	Inventory Units	Vacancy Rate	Market Rent Per Unit	Market Rent Per Square Foot	YOY Market Rent Growth
Downtown & German Village	8	853	2.1%	$1,056	$1.81	3.1%
Short North & University District	12	1,045	4.8%	$1,325	$1.37	2.6%
Grandview & Upper Arlington	30	6,677	6.0%	$1,138	$1.38	1.8%
Olde Town East	6	979	8.3%	$828	$1.32	-4.2%
North Central	17	3,692	7.0%	$1,024	$1.30	7.0%
Hilliard	7	1,137	17.8%	$1,112	$1.32	4.5%
Dublin & Powell	2	373	0.2%	$1,119	$1.45	-0.4%
North Columbus	13	919	3.0%	$1,020	$1.26	4.4%
Westerville & New Albany	4	609	5.2%	$1,155	$1.25	2.9%
Northeast Columbus	72	12,204	5.4%	$1,059	$1.19	4.4%
Northeast Delta	14	1,774	2.9%	$1,010	$1.12	6.9%
East Columbus	39	9,133	5.4%	$1,065	$1.13	8.3%
Southeast Columbus	34	6,469	8.7%	$904	$1.11	2.5%
South Columbus	10	2,476	11.4%	$1,050	$1.09	3.9%
Hilltop	15	2,793	6.5%	$1,048	$1.06	-0.6%
Southwest Columbus	17	2,740	18.7%	$1,052	$1.28	3.0%

Columbus

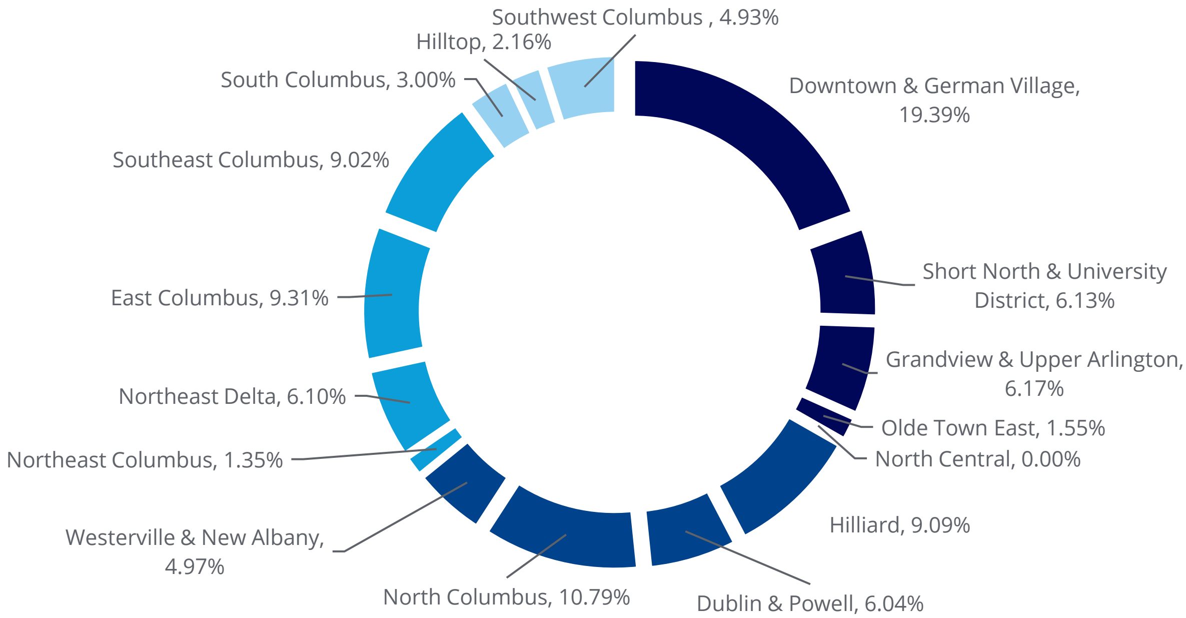
Multifamily

24Q4

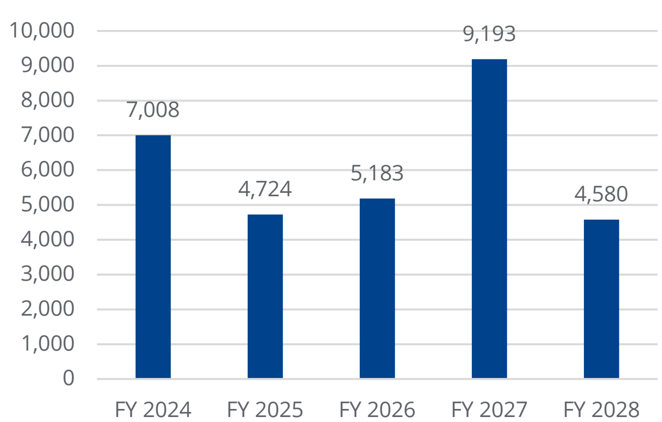
Under Construction

Columbus will grow by over one million residents by 2050, adding approximately 40,000 people annually. As of November 2024, the Columbus MSA has issued 11,833 private housing permits, with multifamily developments crucial in meeting the housing demand. While the multifamily development pipeline has remained resilient post-pandemic, it has faced challenges such as rising labor and material costs. Local developers dominate the market, and Columbus' relatively affordable rental rates have tempered outside interest. Multifamily housing starts are down nearly 40% in 2023 and 2024, creating a pent-up pipeline with potential for over 13,000 starts in 2025. Developers have shifted focus to construction efficiency and asset management while delaying most new projects in anticipation of two 25 basis point rate cuts in 2025. Despite improving interest rates, material costs remain high. For instance, lumber prices have risen from $372 per thousand board feet in 2019 to $550 in January 2025, with further inflationary risks looming. Global trade policies, demand spikes, and supply chain disruptions continue to influence costs. Suburban markets are the primary focus for new projects, but nimbyism has shifted projects to Columbus City limits bordering suburban neighborhoods where developers can benefit from the city-wide CRA and a more predictable entitlement process.

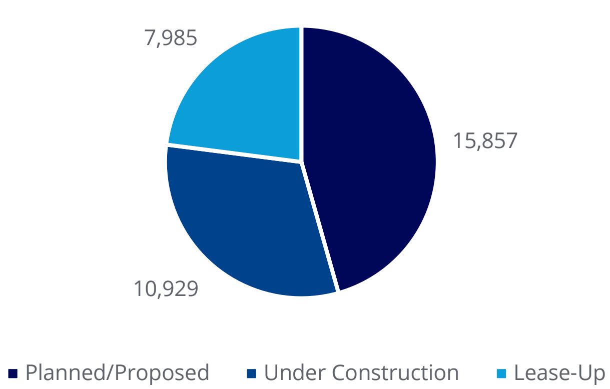
Unit Pipeline By Submarket



Expected Deliveries By Year



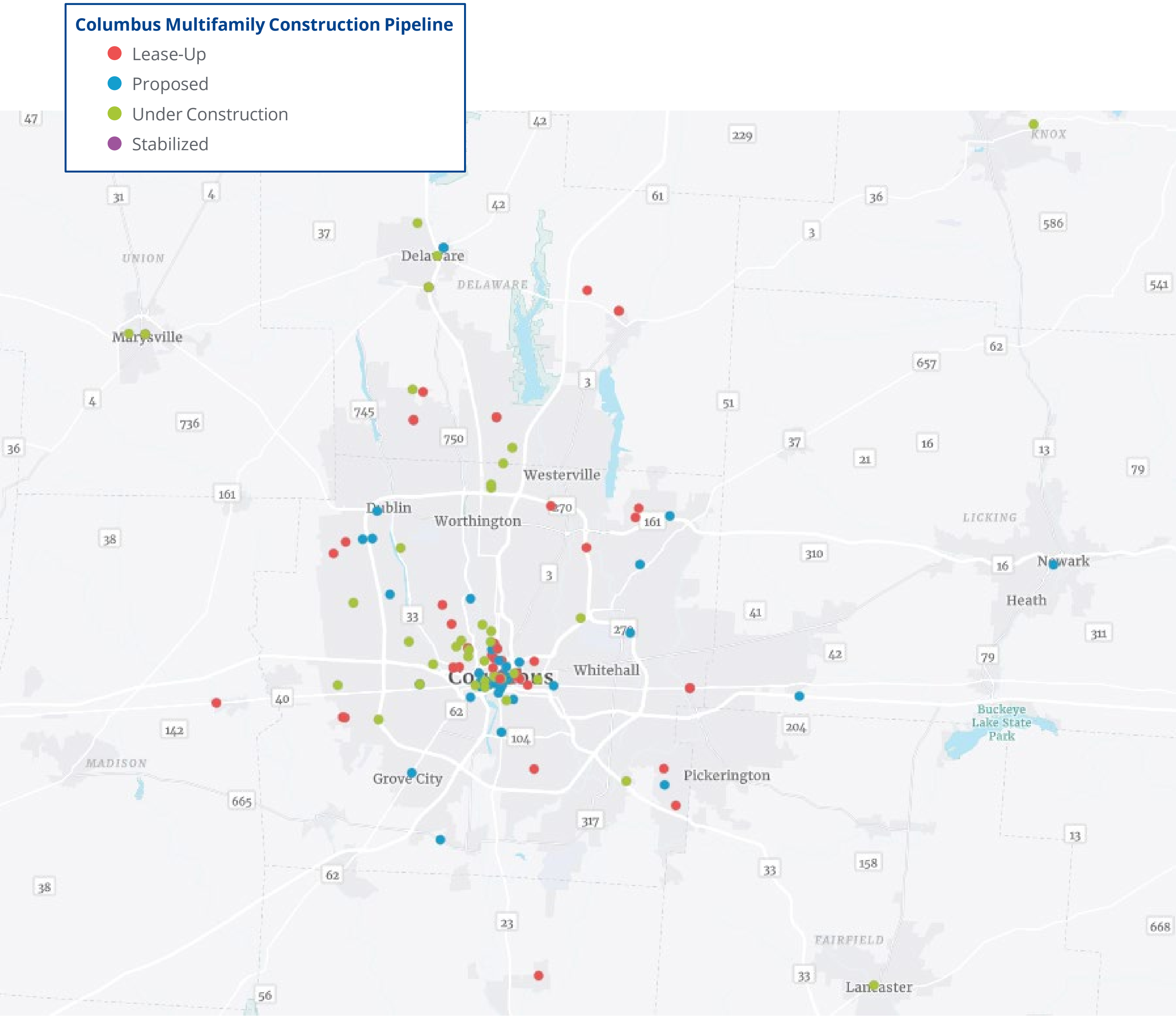
Construction Pipeline Status (Units)



Columbus

Multifamily

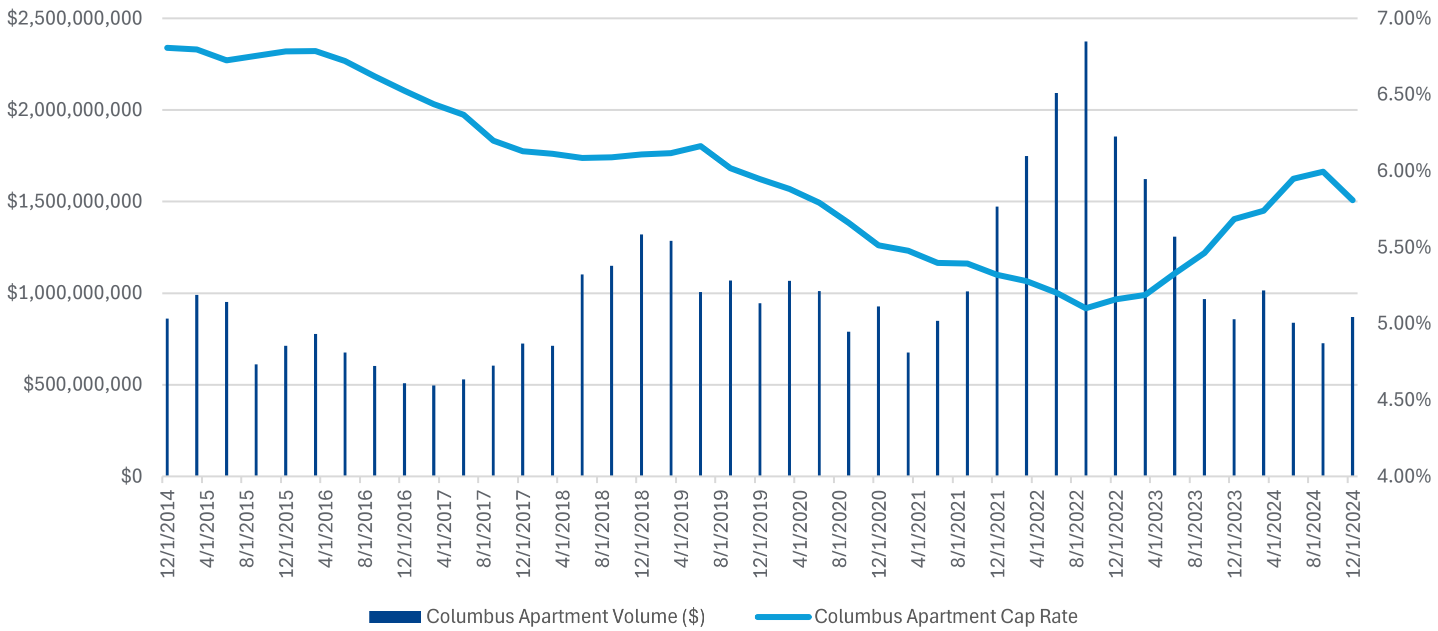
24Q4



Transaction Summary

Columbus has been identified as a top expansion market for capital nationally, driven by the robust economic development commitments to the region from global companies, investment in fundamental infrastructure, the supply and demand imbalance of permitted housing units, and the continued persistence in population growth. Throughout 2024, the market had to manage rapid shifts in the long-term treasury market. It caused many complications through an estimated $1.5+ billion transaction volume of market-rate apartments with greater than 50 units. In 2024, the Columbus multifamily market welcomed 19 new-to-market capital sources, with out-of-market capital sources acquiring 85% of transactions.Fixed-rate agency financing has served as a commendable proxy for the marketability and pricing of assets throughout 2024. Due to an elevated Secured Overnight Financing Rate (SOFR) through September 2024, Class B Value-Add owners prioritized asset management and sought fixed-rate financing solutions with prepayment flexibility, often opting for 5-year terms. An estimated 81% of transactions are considered Class A or C assets. Most Class C transactions completed were considered 'bite-sized,' and Class C properties of scale experienced significant difficulties in the capital markets despite elevated interest levels in the Columbus multifamily market. According to the CME FedWatch Tool, the market is incorporating a 60% probability that the federal funds rate target range will be 4.25%-4.5% or higher at the end of 2025, meaning no net rate cuts in 2025. The market will likely continue to rely heavily on the agencies to promote liquidity, and agency financing will likely remain a strong proxy for asset marketability and pricing. Gross Rent Multipliers for Columbus' Class A, B and C assets ranged from 10-13.50x, 8-10x, and 6-8x, respectively.

2024 Annual Sales Statistics: 50+ Market-Rate Unit Properties						
Total Transactions	Avg. Property Size (Units)	Avg. Year Built	# Of Class A Deals	Local Sellers	Out Of Market Buyers	# Of New Market Entrants
47	198	1999	22	62%	85%	19
Avg. Deal Size	Avg. Price Per SF	Avg. Gross Rent Multiplier	% Agency Acquisition Financing	% Fannie Mae	% Freddie Mac	Average LTV
$32,782,223	$182	8.84	62%	76%	24%	69%



FOR MORE INFORMATION
Collin Fitzgerald
Research Manager
Columbus
+1 614 436 9800
collin.fitzgerald@colliers.com