



Vogt Strategic
Insights

Rental Housing in Central Ohio

Endless Opportunity

Robert Vogt
Vogt Strategic Insights
March 17, 2022



What Did 2021 Tell Us?

- How did Central Ohio renters respond?
- Is Covid it really an issue impacting housing?
- Are renter households moving out to single-family homes?
- Will design become a bigger issue for future projects?
- Have we made any progress in providing affordable housing?

2021 Market Highlights

- Average asking rent growth accelerated.
- Rents increased 4.7% in 2021 compared to less than 1% in 2020.
- Overall vacancy rates have declined from 5.3% in 2020 to 4.3% in 2021.
- Turnover continues to remain relatively low.
- B/C quality properties remain well occupied as vacancies declined from 4.4% in 2020 to 3.6% in 2021.
- 'A' quality properties saw asking rents increase 4.4% and vacancies decline (5.9% in 2020 compared to 5.1% in 2021).



Change in Inventory Vacancy Rates and Rents

Year	Inventory	Comp.	Vac. Stock	Vac. Rate	Net Abs.	Asking Rent	Asking Rent % Change
2015	138,956	3,351	6,604	4.8%	3,960	\$832	4.4%
2016	140,798	1,842	5,337	3.8%	3,109	\$859	3.2%
2017	143,356	2,558	6,095	4.3%	1,800	\$901	4.9%
2018	146,757	3,298	6,844	4.6%	2,779	\$950	5.1%
2019	152,090	2,917	7,028	4.6%	4,577	\$986	3.4%
2020	154,233	2,143	8,131	5.3%	1,040	\$994	0.8%
2021	157,463	3,230	6,771	4.3%	4,590	\$1,041	4.7%

Source: Reis Fourth Quarter 2021 Columbus Metro report

Asking Rent by Age of Property

Year Built	2017	2018	2019	2020	2021	Vacancy Rate 2021
Before 1970	\$712	\$749	\$782	\$800	\$866	3.4%
1970 – 1979	\$706	\$742	\$781	\$796	\$847	3.8%
1980 – 1989	\$905	\$971	\$990	\$1,014	\$1,110	3.2%
1990 – 1999	\$940	\$987	\$998	\$1,042	\$1,127	2.7%
2000 – 2009	\$1,016	\$1,080	\$1,107	\$1,129	\$1,195	3.8%
2010 -- 2019	\$1,312	\$1,364	\$1,396	\$1,357	\$1,443	5.3%
After 2019	-	-	-	\$1,415	\$1,595	17.3%
All Properties	\$901	\$950	\$986	\$994	\$1,041	4.3%

Source: Reis Fourth Quarter 2021 Columbus Metro report



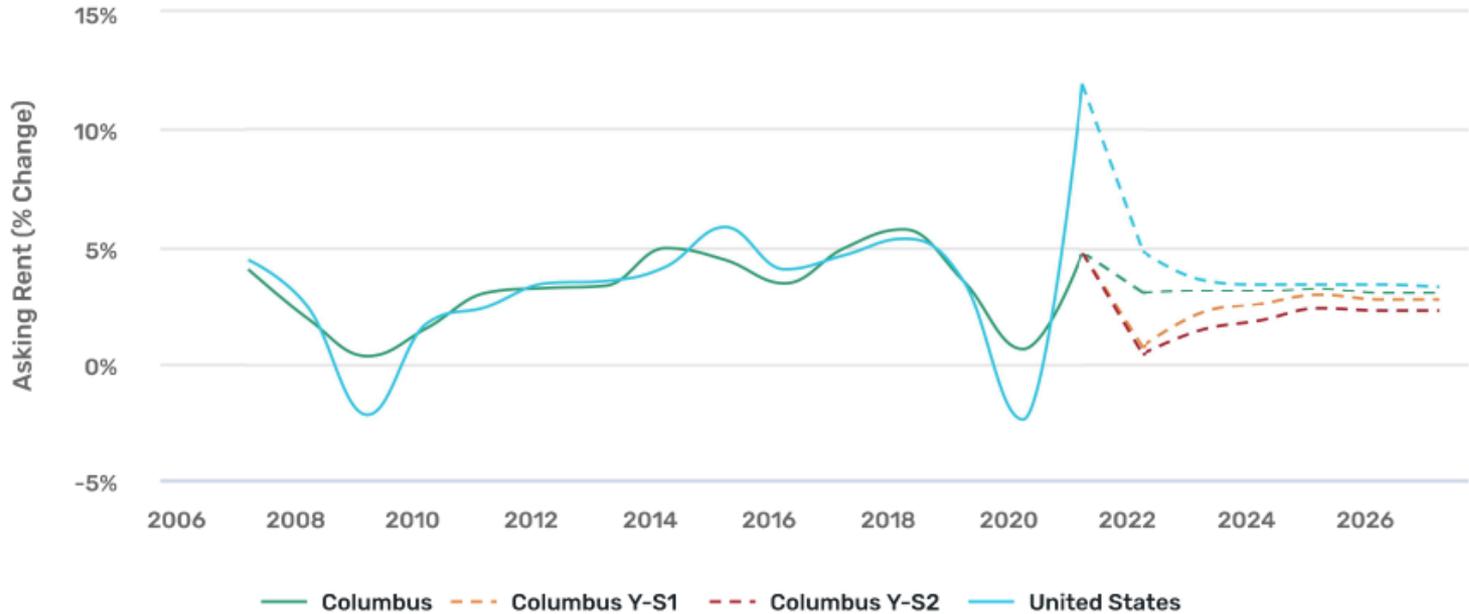
Rent Performance

	Q4 2021 ¹	Q3 2021 ¹	YTD	1 Year Annualized Ending 12/31/2021	3 Year Annualized Ending 12/31/2021	5 Year Annualized Ending 12/31/2021
Studio						
Columbus	2.2%	0.1%	9.1%	9.1%	0.5%	3.6%
Midwestern Region	2.1%	2.4%	8.5%	8.5%	1.9%	2.6%
United States	2.5%	6.1%	7.4%	7.4%	1.6%	2.9%
1 Bedroom						
Columbus	0.8%	3.9%	2.4%	2.4%	1.9%	2.5%
Midwestern Region	0.4%	6.5%	7.8%	7.8%	3.4%	3.7%
United States	2.0%	7.8%	11.3%	11.3%	3.6%	4.1%
2 Bedroom						
Columbus	0.5%	0.8%	6.0%	6.0%	3.0%	4.5%
Midwestern Region	3.6%	5.8%	9.9%	9.9%	5.0%	5.3%
United States	3.5%	8.2%	12.8%	12.8%	4.7%	4.8%
3 Bedroom						
Columbus	11.9%	-0.5%	4.0%	4.0%	8.3%	5.7%
Midwestern Region	5.3%	7.5%	20.0%	20.0%	8.4%	7.2%
United States	3.5%	5.4%	12.5%	12.5%	5.6%	5.1%

1: These numbers show a quarter over quarter change.

Source: Reis Fourth Quarter 2021 Columbus Metro report

Asking Rents



Year	Columbus			Midwestern Region	United States
	% Change	S1 - % Change ¹	S2 - % Change ²	% Change	% Change
2022	3.0%	0.7%	0.4%	4.2%	4.8%
2023	3.1%	2.1%	1.4%	3.3%	3.6%
2024	3.1%	2.5%	1.8%	3.2%	3.4%
2025	3.2%	2.9%	2.3%	3.2%	3.4%
2026	3.0%	2.7%	2.2%	3.0%	3.4%
2027	3.0%	2.7%	2.2%	2.9%	3.3%

1: Y-S1 is REIS's "downside scenario 1". That corresponds to, and is consistent with, Moody's Analytics "Downside - 90th Percentile (S3)".
 2: Y-S2 is REIS's "downside scenario 2". That corresponds to, and is consistent with, Moody's Analytics "Downside - 96th Percentile (S4)".

Class A Property Performance

Year	Inventory	Comp.	Vac. %	Asking Rent (\$)	Rent Change*
2011	47,558	1,228	4.2%	\$855	2.9%
2012	48,417	859	3.7%	\$880	2.9%
2013	50,377	1,910	4.1%	\$916	4.1%
2014	54,169	3,842	6.0%	\$964	5.2%
2015	57,890	3,541	5.5%	\$1,017	5.5%
2016	59,732	1,842	4.7%	\$1,049	3.1%
2017	62,352	2,507	5.0%	\$1,114	5.7%
2018	65,650	3,298	6.1%	\$1,174	5.4%
2019	67,929	2,279	5.7%	\$1,215	3.5%
2020	71,327	1,497	5.9%	\$1,215	0.0%
2021	74,557	3,230	5.1%	\$1,269	4.4%

* From previous year

Source: Reis Fourth Quarter 2021 Columbus Metro report

Class B/C Property Performance

Year	Inventory	Comp.	Vac. %	Asking Rent (\$)	Rent Change*
2011	80,387	50	8.4%	\$629	2.3%
2012	80,759	0	6.4%	\$649	3.2%
2013	80,759	0	5.1%	\$660	1.7%
2014	80,759	0	4.8%	\$681	3.2%
2015	81,066	0	4.2%	\$701	2.9%
2016	81,066	0	3.1%	\$719	2.6%
2017	81,107	51	3.8%	\$740	4.2%
2018	81,107	0	3.5%	\$771	4.2%
2019	82,880	0	3.9%	\$792	2.7%
2020	83,166	286	4.4%	\$798	0.8%
2021	83,166	0	3.6%	\$837	4.9%

* From previous year

Source: Reis Fourth Quarter 2021 Columbus Metro report



Performance by Submarket

Submarket Name	Inventory Units	Inventory Buildings	Asking Rent Units	Vacancy
Bexley	5,098	44	\$863	3.5%
Delaware North	2,501	15	\$1,058	5.0%
Dublin/Powell	13,515	67	\$1,167	3.8%
Grove City	13,133	65	\$871	4.5%
Groveport/Canal Winchester	9,052	54	\$884	4.4%
Hilliard	16,137	70	\$1,141	4.9%
Northeast/Minerva Park	13,715	61	\$872	3.4%
Sharon/Worthington	7,828	37	\$858	2.2%
Southeast	8,223	34	\$738	2.9%
University/Downtown	17,021	106	\$1,497	7.0%
Upper Arlington/North Columbus	11,426	50	\$1,079	6.2%
Westerville	18,539	76	\$1,203	5.3%
Whitehall/Gahanna/Reynoldsburg	21,275	97	\$860	1.9%





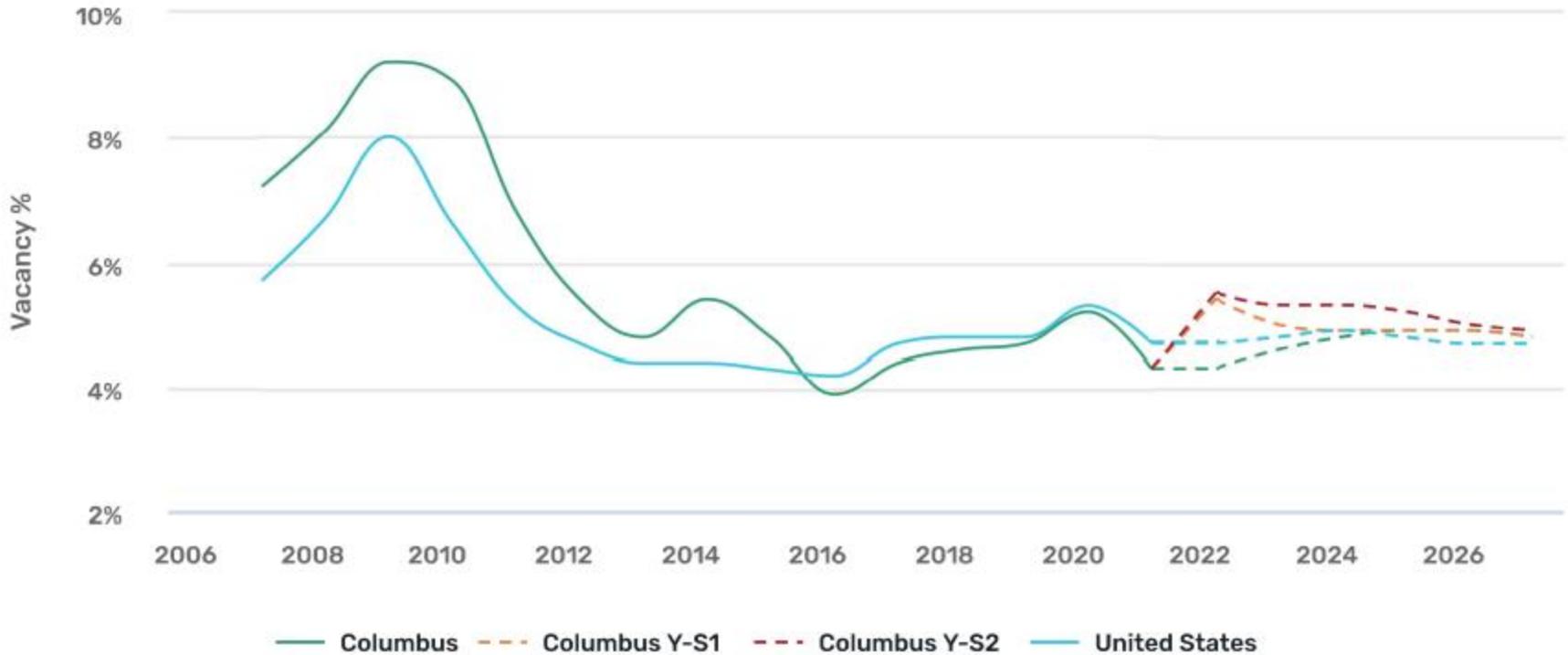
Planned and Proposed Year End 2021

	Market Rate Rentals	Condominiums
Bexley	578	-
Delaware North	2,540	344
Dublin/Powell	1,338	-
Grove City	4,995	110
Groveport/Canal Winchester	1,446	-
Hilliard	2,529	-
Northeast/Minerva Park	948	-
Sharon/Worthington	295	-
Southeast	872	-
University/Downtown	6,565	166
Upper Arlington/North Columbus	1,237	102
Westerville	2,586	-
Whitehall/Gahanna/Reynoldsburg	1,805	-

Apartments under construction: 2,420 (2019) 2,735 (2020) 2,893 (2021)
Apartments planned: 19,986 (2019) 23,883 (2020) **27,734 (2021)**

Source: Reis Fourth Quarter 2021 Columbus Metro report

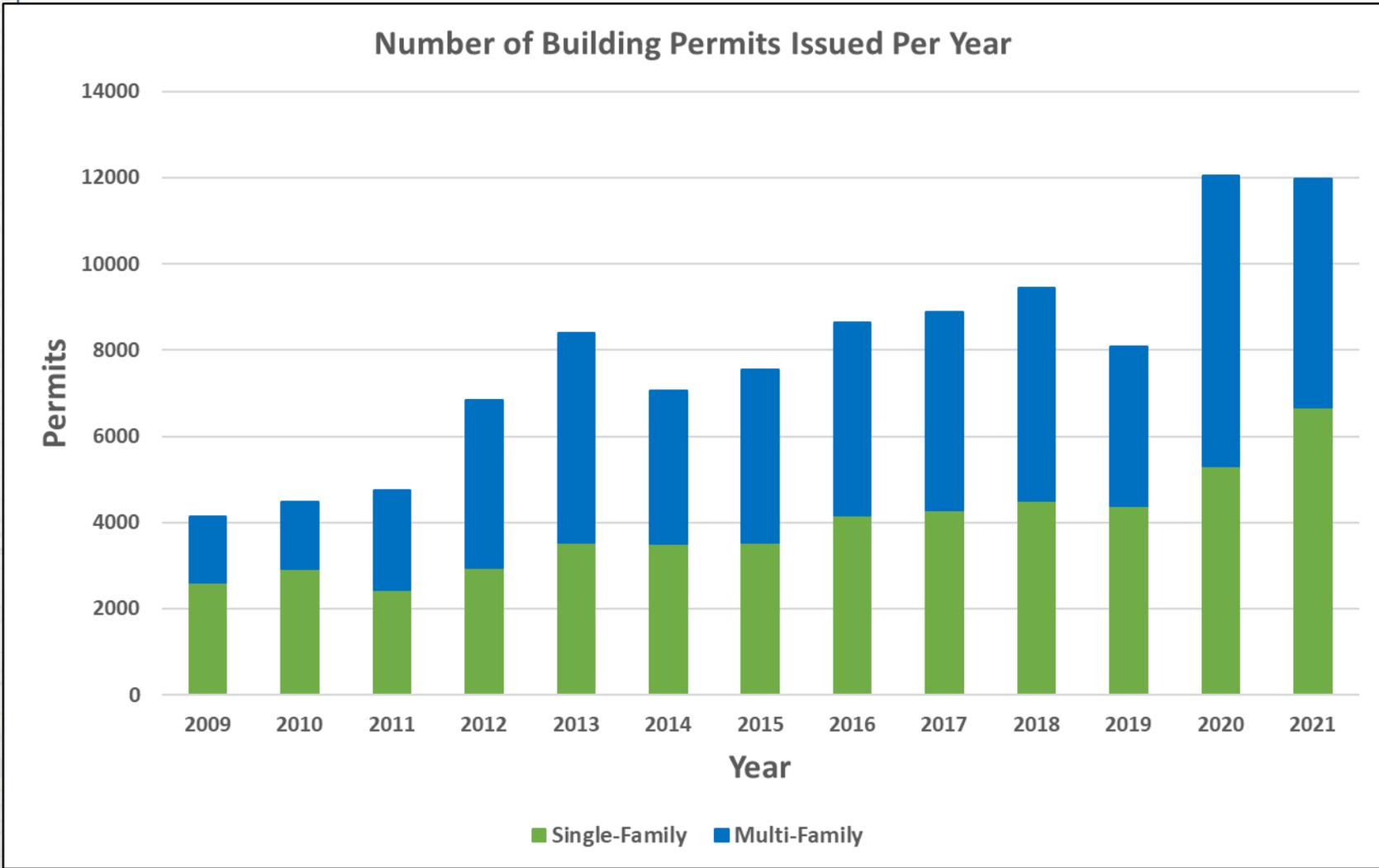
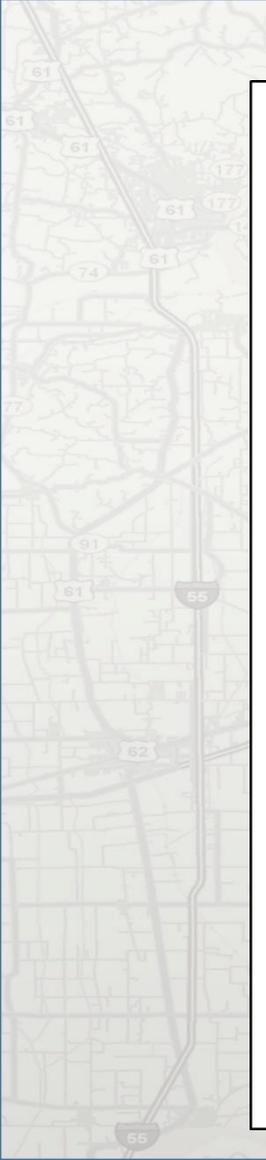
Vacancy Projection



Source: Reis Fourth Quarter 2021 Columbus Metro report

Keep in mind there are over 27,000 units in planning (compared to nearly 24,000 last year).

Columbus MSA

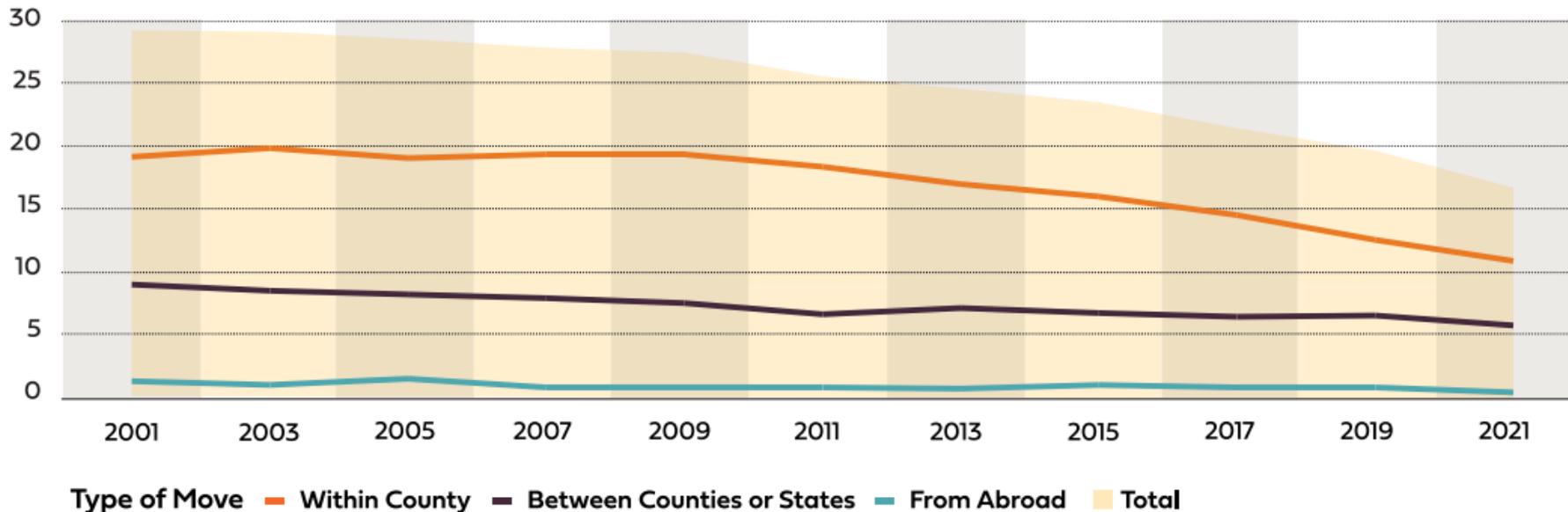


Trends Driving Rental Demand

- In 2020, millennials peaked (age 29).
- Older renters are growing rapidly as the baby-boomer generation ages.
- Rentership rates for younger and middle-aged households is rising sharply.
- The number of renter households earning at least \$75,000 grew by 3.7 million between 2009 and 2019 accounting for almost 70% of the renter household growth in the past decade.
- People of color drove 91% of the total household growth between 2009 and 2019 and 85% were renters.

Renter Mobility Continues to Decline

Share of Renter Households That Moved Within the Preceding Year (Percent)

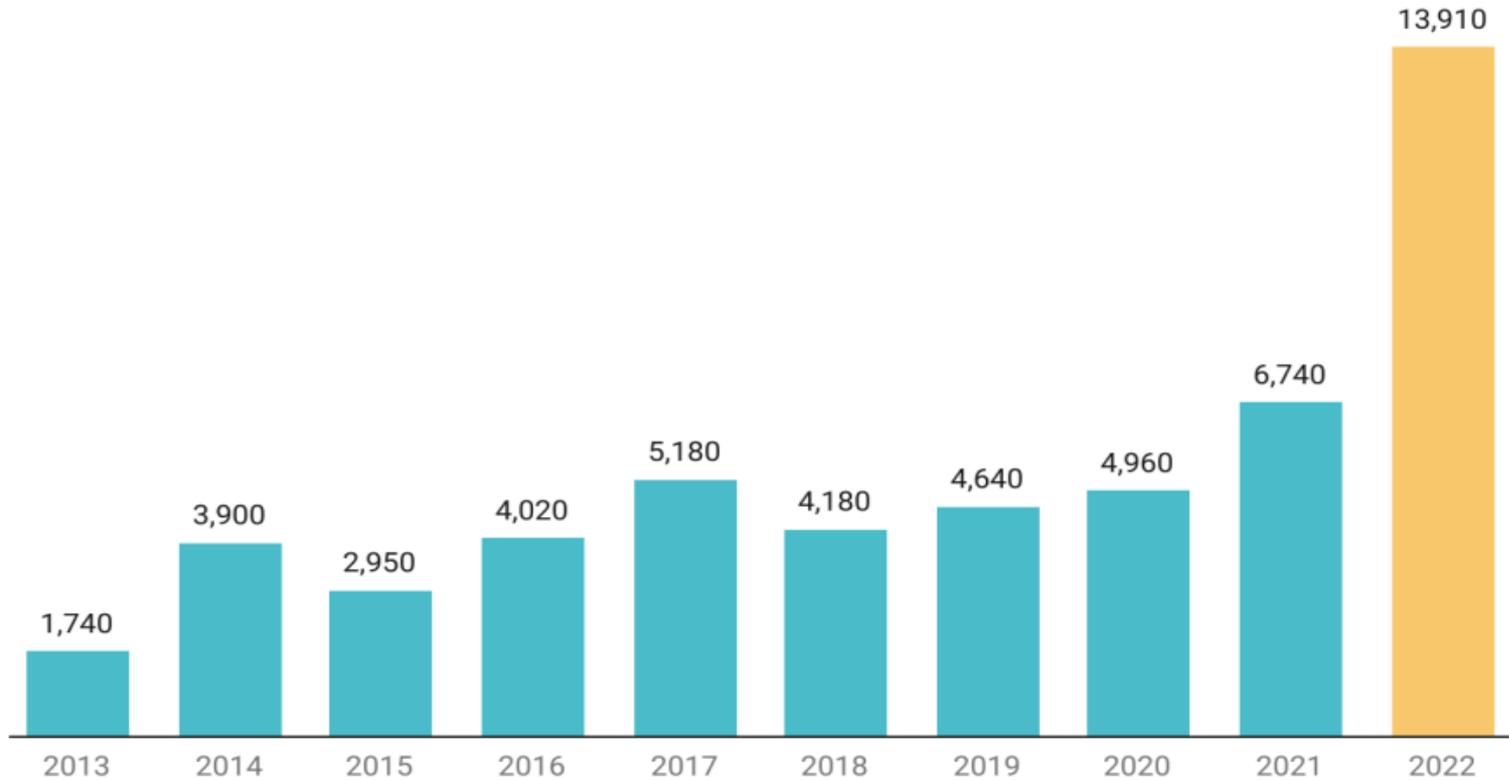


Note: Data exclude group quarters and all imputed mobility values.

Source: JCHS tabulations of US Census Bureau, Current Population Surveys via IPUMS-CPS, University of Minnesota.

Built-to-Rent Single-Family Rentals

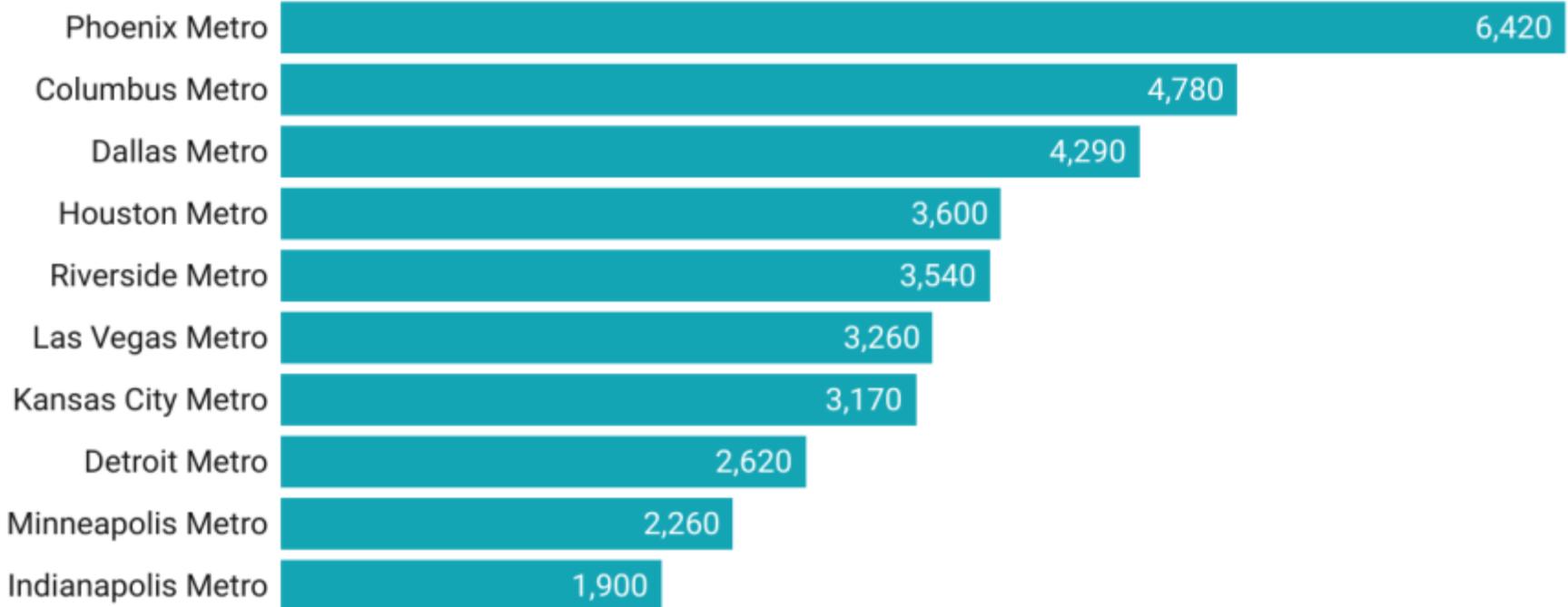
10-Year Evolution



**2022 data represents built-to-rent homes under construction in U.S. markets where data is available and is subject to change.
Unit numbers may be rounded.*



Top 10 Metros for With Single-Family Rentals



*Numbers refer to single-family rentals located in built-to-rent communities.
Unit numbers may be rounded.*

Source: RentCafe analysis of Yardi Matrix data • Created with Datawrapper

The Intel Factor

- 3,000 direct jobs and 7,000 construction jobs.
- Potentially 20,000 new direct and indirect jobs.
- Assuming one new job yields one new household indicates the potential of 6,000 to 8,000 more rental units in the next three to five years.
- Where will they go? Downtown?
- Higher density housing in places like Westerville, Gahanna, Pickerington and Sunbury.
- Growth in ex-urban communities like Johnstown, Newark and Utica.

Market Predictions

- Reis forecast a 2021 vacancy rate of 6.2% and we ended up at 4.3%.
- VSI forecast a vacancy rate of 5.4% in 2021.
- Reis forecasts a 4.3% vacancy rate for year-end 2022.
- VSI expects vacancies to be 4.8% in 2022.
- Reis predicted a rent decline of 0.9% for 2021. According to Reis, asking rent growth was up 4.7%.
- Reis predicts asking rents will increase by 3.0% in 2022.

What To Watch

- Will construction costs impact the construction pipeline?
- Keep an eye on North Market Tower, Scioto Peninsula, Kroger Bakery and Astor Park (Crew Stadium).
- Will the downtown rental market firm up?
- How many rental projects will emerge on the coattails of Intel? Will downtown be impacted?
- Will we see more mixed-use developments?
- Will we see more for-rent single-family subdivisions?
- Redevelopment of big box sites and aging retail centers.

The logo for Vogt Strategic Insights, consisting of the letters 'VSI' in a bold, white, sans-serif font. The 'V' and 'S' are larger and more prominent than the 'I'. The logo is set against a dark green rectangular background.

Vogt Strategic
Insights

A vertical strip on the left side of the slide shows a map of the New York City area, including parts of Manhattan, the Bronx, and Westchester County. Major highways like I-95, I-87, and I-287 are visible, along with various road numbers such as 61, 74, 91, 146, 177, 55, and 62. The map is rendered in a light, semi-transparent style.

Rob Vogt Vogt Strategic Insights

robv@vsinsights.com

www.vsinsights.com

614-224-4300