



Vogt Strategic
Insights

The COVID Reset

Another reason
to move
out of apartments?

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Vogt Strategic Insights
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Has COVID-19 influenced where renters live?

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



2020 Market Highlights

- Average asking rent growth moderates.
- Rents increased only 0.4% in 2020 compared to 3.4% in 2019.
- Overall vacancy rates have increased from 4.6% in 2019 to 5.3% in 2021.
- Turnover has declined.
- B/C quality properties remain well occupied but with an uptick in vacancies from 3.9% in 2019 to 4.4% in 2020.
- 'A' quality properties saw no change in asking rents and minimally higher overall vacancies (5.7% in 2019 compared to 5.9% in 2020).



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Change in Inventory Vacancy Rates and Rents

Year	Inventory	Comp.	Vac. Stock	Vac. Rate	Net Abs.	Asking Rent	Asking Rent % Change
2014	134,928	3,842	7,152	5.3%	2,906	\$795	4.9%
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	\$990	0.4%

Source: Reis Fourth Quarter 2020 Columbus Metro report

Asking Rent by Age of Property

Year Built	2017	2018	2019	2020	Vacancy Rate 2020
Before 1970	\$712	\$749	\$782	\$800	3.8%
1970 – 1979	\$706	\$742	\$781	\$796	4.1%
1980 – 1989	\$905	\$971	\$990	\$1,014	4.1%
1990 – 1999	\$940	\$987	\$998	\$1,042	4.2%
2000 – 2009	\$1,016	\$1,080	\$1,107	\$1,129	5.1%
2010 -- 2019	\$1,312	\$1,364	\$1,396	\$1,357	7.3%
After 2019	-	-	-	\$1,415	29.8%
All Properties	\$901	\$950	\$986	\$990	5.3%

Source: Reis Fourth Quarter 2020 Columbus Metro report

	RENT GROWTH					
	Q4 2020 ¹	Q3 2020 ¹	YTD	1 Year Annualized Ending 12/31/2020	3 Year Annualized Ending 12/31/2020	5 Year Annualized Ending 12/31/2020
STUDIO						
Columbus	-1.64%	-0.25%	1.09%	0.65%	5.80%	6.01%
Midwestern Region	-1.70%	-2.76%	-4.60%	-4.64%	1.38%	2.59%
United States	-2.54%	-2.98%	-6.23%	-6.03%	0.81%	2.32%
1 BEDROOM						
Columbus	-0.80%	0.11%	0.79%	0.34%	3.43%	3.76%
Midwestern Region	-1.05%	-1.02%	-1.35%	-1.39%	2.41%	3.08%
United States	-1.53%	-1.91%	-3.67%	-3.47%	1.60%	2.69%
2 BEDROOM						
Columbus	-0.48%	0.19%	0.73%	0.29%	2.98%	3.48%
Midwestern Region	-0.72%	-0.45%	-0.40%	-0.44%	3.04%	3.55%
United States	-1.18%	-1.54%	-2.75%	-2.55%	2.10%	2.95%
3 BEDROOM						
Columbus	-0.47%	0.71%	2.86%	2.42%	3.39%	3.58%
Midwestern Region	-0.36%	-0.13%	0.97%	0.93%	4.25%	4.53%
United States	-0.75%	-1.30%	-1.66%	-1.46%	2.75%	3.43%

Class A Property Performance

Year	Inventory	Comp.	Vac. %	Asking Rent (\$)	Rent Change*
2010	46,330	1,035	5.4%	\$831	-
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%

* From previous year

Source: Reis Fourth Quarter 2020 Columbus Metro report

Class B/C Property Performance

Year	Inventory	Comp.	Vac. %	Asking Rent (\$)	Rent Change*
2010	80,337	272	10.9%	\$609	0.3%
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	81,107	0	3.9%	\$792	2.7%
2020	82,358	98	4.4%	\$796	0.5%


* From previous year

Source: Reis Fourth Quarter 2020 Columbus Metro report



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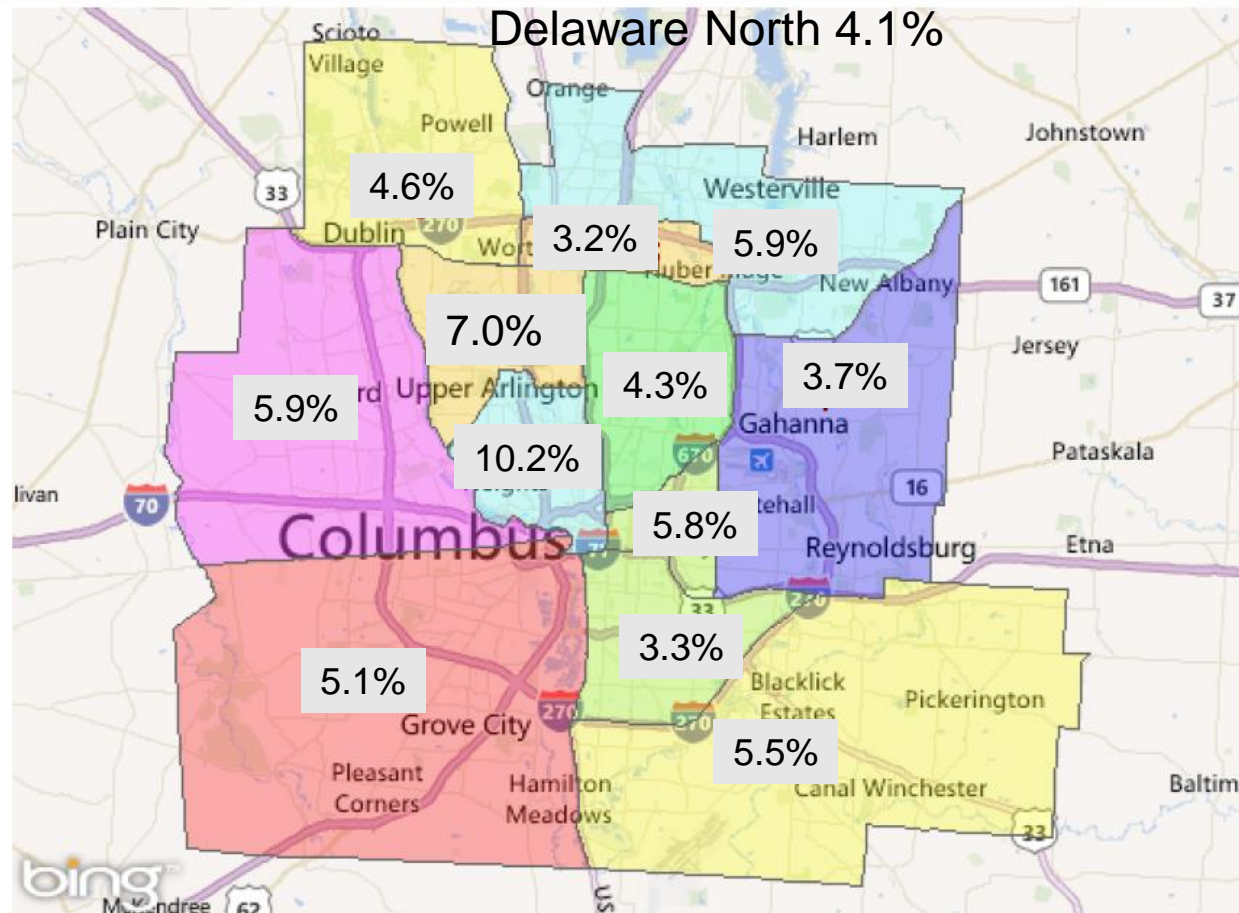
Performance by Submarket

A vertical map of Columbus, Ohio, is positioned on the left side of the slide. It shows major highways such as I-75, I-675, I-275, and I-54, as well as local roads and the city's geographic layout.

Submarket Name	Asking Rent Unit	Vacancy	Inventory Units
Bexley	\$821.76	5.8%	5,098
Delaware North	\$945.44	4.1%	2,213
Dublin/Powell	\$1,110.45	4.6%	13,515
Grove City	\$840.90	5.1%	13,133
Groveport/Canal Winchester	\$849.26	5.5%	8,896
Hilliard	\$1,084.07	5.9%	15,602
Northeast/Minerva Park	\$829.98	4.3%	13,507
Sharon/Worthington	\$830.06	3.2%	7,828
Southeast	\$709.35	3.3%	8,223
University/Downtown	\$1,467.46	10.2%	16,581
Upper Arlington/North Columbus	\$1,029.81	7.0%	11,132
Westerville	\$1,148.15	5.9%	18,063
Whitehall/Gahanna/Reynoldsburg	\$814.58	3.7%	21,138

VS

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Columbus Submarkets

- | | | |
|----------------------------------|-------------------------------|-----------------------------------|
| 1 University/Downtown | 2 Bexley | 3 Sharon/Worthington |
| 4 Dublin/Powell | 5 Hilliard | 6 Grove City |
| 7 Whitehall/Gahanna/Reynoldsburg | 8 Northeast/Minerva Park | 9 Westerville |
| 10 Southeast | 11 Groveport/Canal Winchester | 12 Upper Arlington/North Columbus |

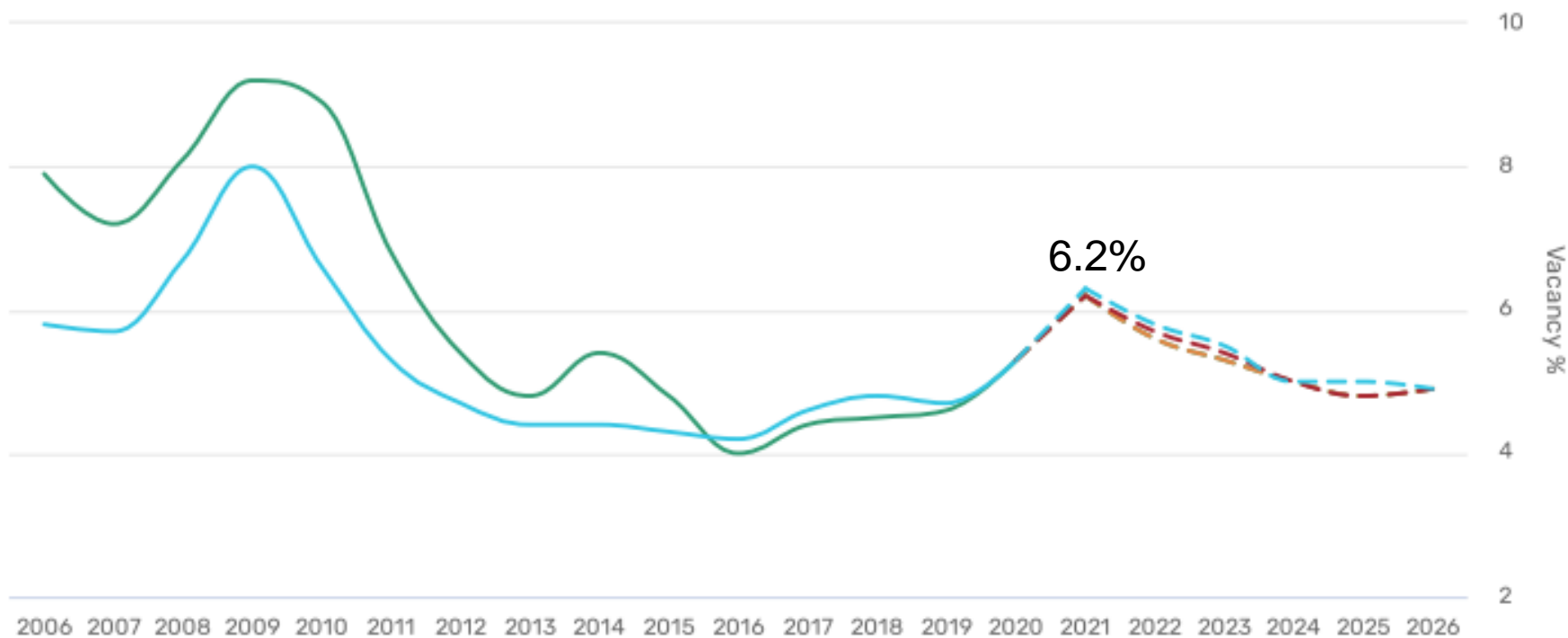


Year End 2020

	PROPOSED & PLANNED			UNDER CONSTRUCTION			COMPLETE		
	Market Rate Rentals	Condominiums	Other	Market Rate Rentals	Condominiums	Other	Market Rate Rentals	Condominiums	Other
Bexley	361	-	144	130	19	13	24	-	-
Delaware North	2,182	104	539	288	-	-	168	-	-
Dublin/Powell	1,183	-	-	-	-	-	146	43	-
Grove City	4,197	110	1,147	-	-	20	-	-	28
Groveport/Canal Winchester	1,146	48	187	-	-	-	-	-	40
Hilliard	2,128	220	64	481	-	-	488	-	-
Northeast/Minerva Park	480	-	495	-	-	-	-	-	-
Sharon/Worthington	282	110	56	-	-	-	32	-	-
Southeast	800	-	142	-	-	-	-	-	62
University/Downtown	5,820	216	64	1,084	96	-	1,229	36	-
Upper Arlington/North Columbus	1,119	102	-	180	81	-	384	-	-
Westerville	3,070	18	-	212	-	-	176	-	-
Whitehall/Gahanna/Reynoldsburg	1,115	-	249	360	-	200	360	-	30

Apartments under construction: 2,187 (2018) 2,420 (2019) 2,735 (2020)
Apartments planned: 15,960 (2018) 19,986 (2019) **23,883 (2020)**

Source: Reis Fourth Quarter 2020 Columbus Metro report

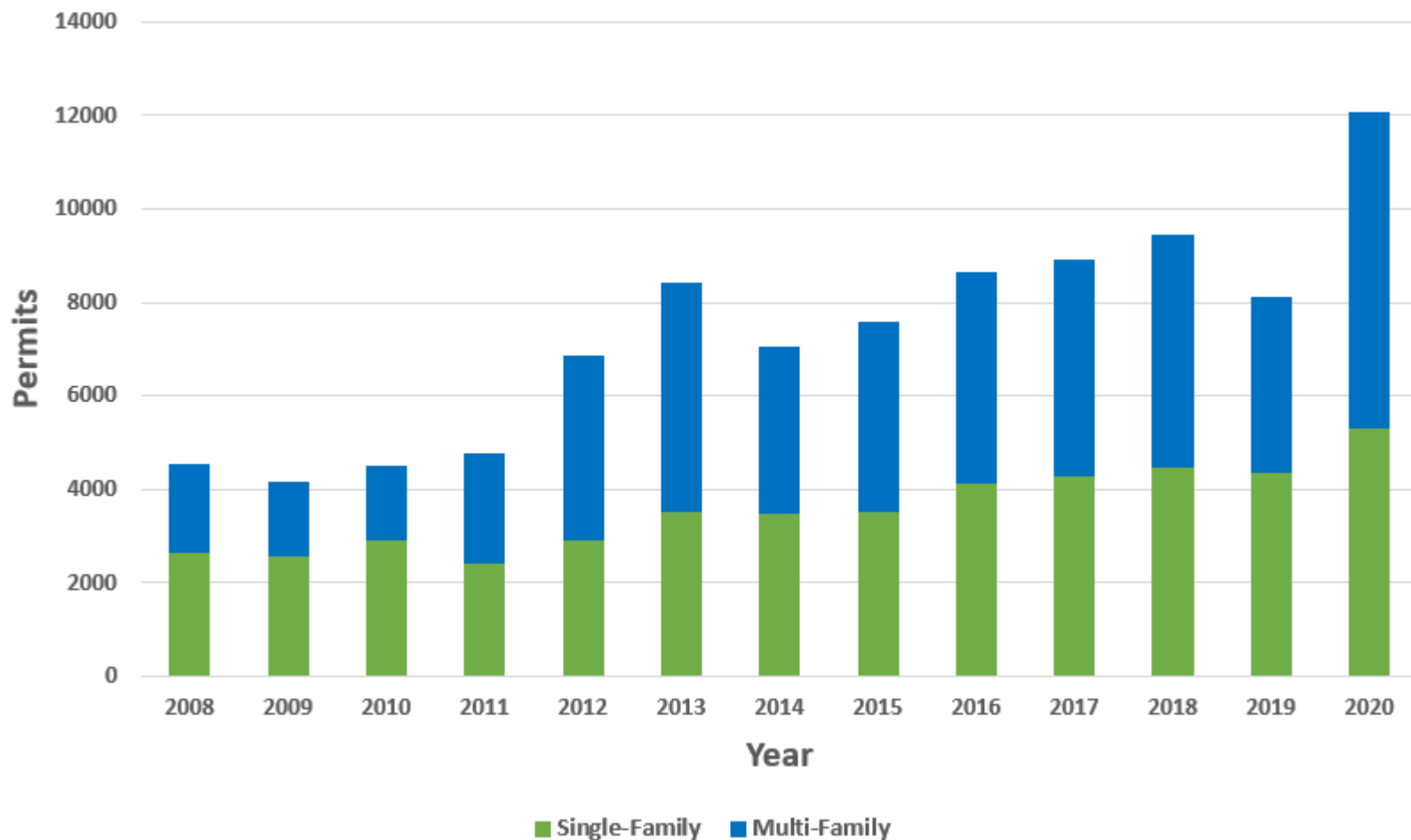


Source: Reis Fourth Quarter 2020 Columbus Metro report

Keep in mind there are over 23,000 units in planning
(compared to nearly 20,000 last year).

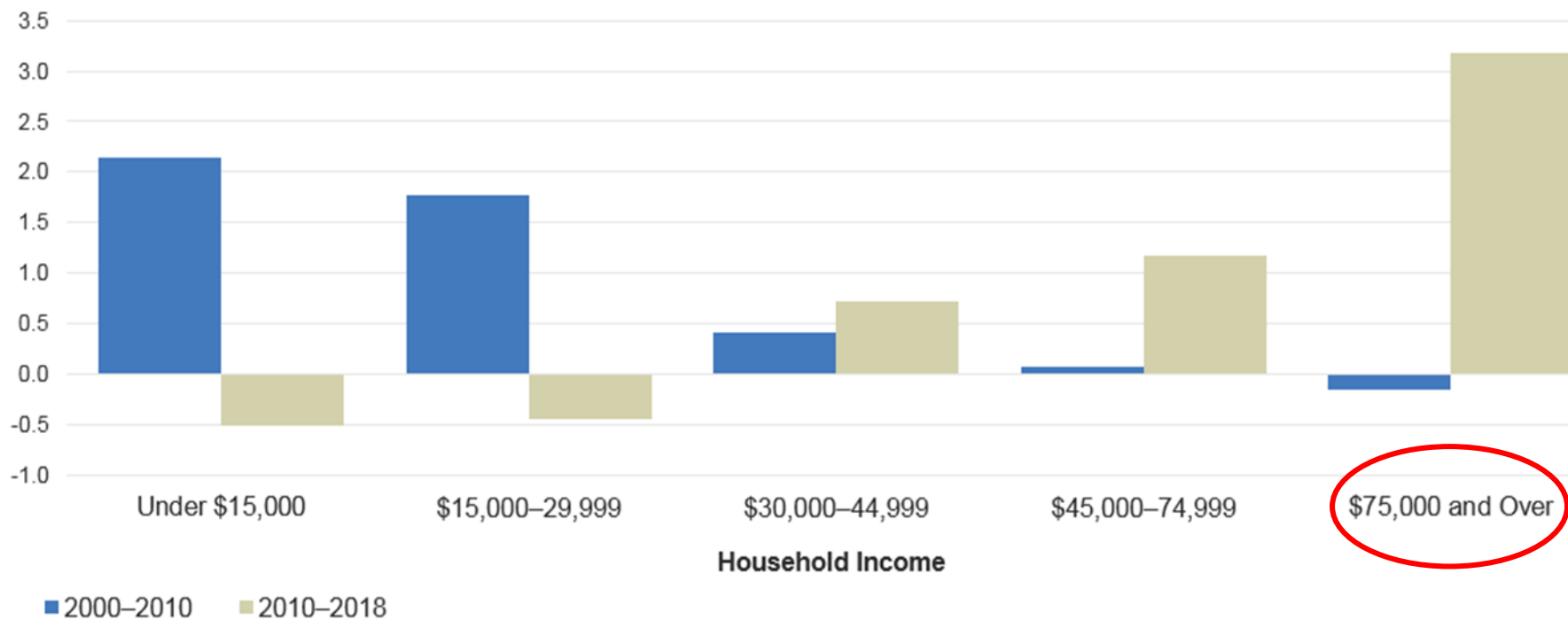
Columbus MSA

Number of Building Permits Issued Per Year



What Continues to Drive Demand?

Net Change in Renter Households (Millions)

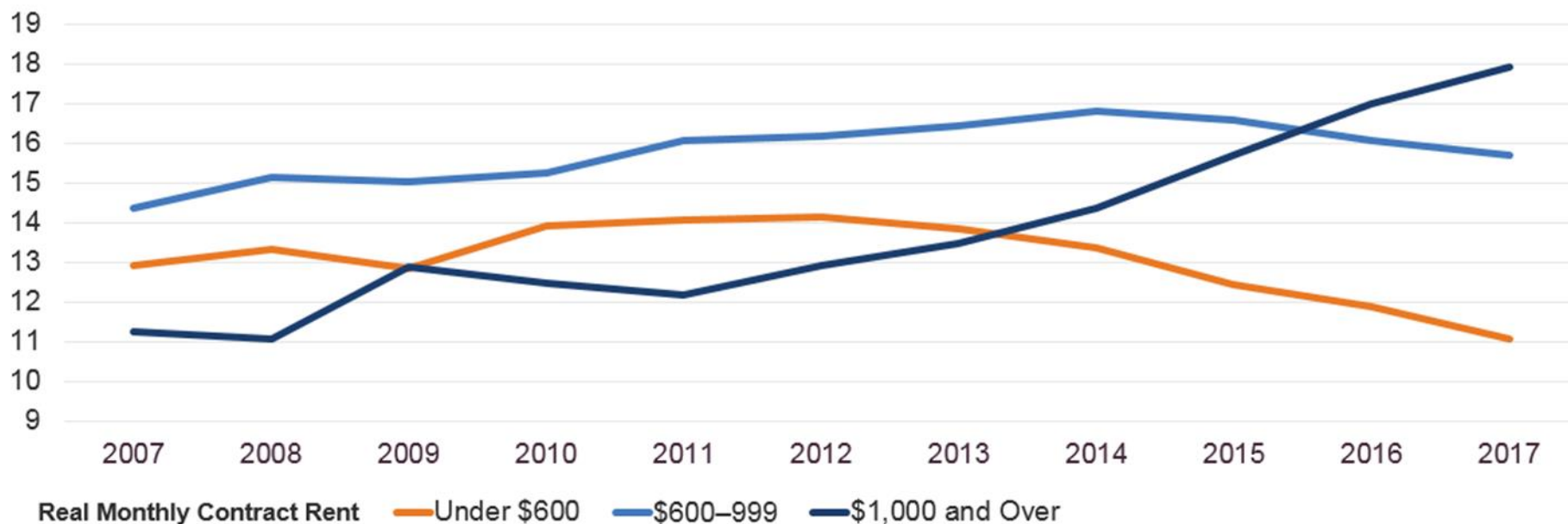


Note: Incomes are adjusted for inflation using the CPI-U for All Items.

Source: JCHS tabulations of US Census Bureau. American Community Survey 1-Year Estimates.

Growth in High-End Units Compared to Moderate Priced Rentals

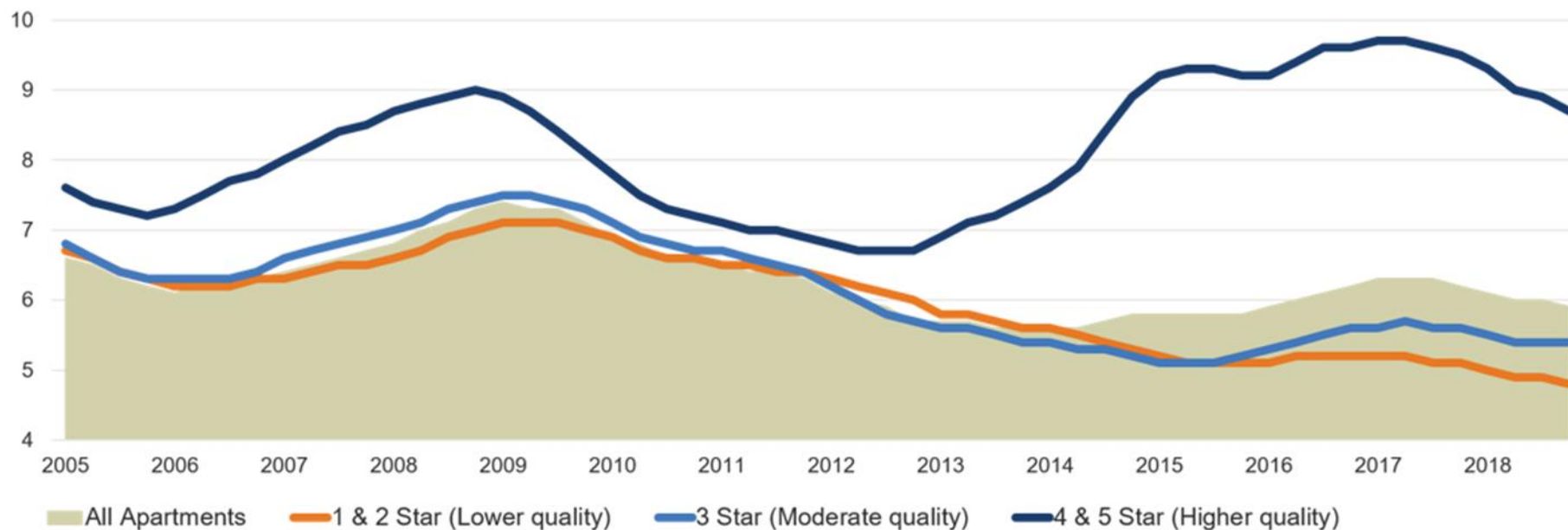
Rental Units (Millions)



Notes: Rental units may be occupied, vacant for rent, or rented but unoccupied; excludes units occupied without cash rent. Dollar values are adjusted for inflation using the CPI-U for All Items Less Shelter. Contract rent excludes all utilities paid separately.
Source: JCHS tabulations of US Census Bureau, American Community Survey 1-Year Estimates via IPUMS USA.

Vacancy Rates for Lower Quality Units Remains Low

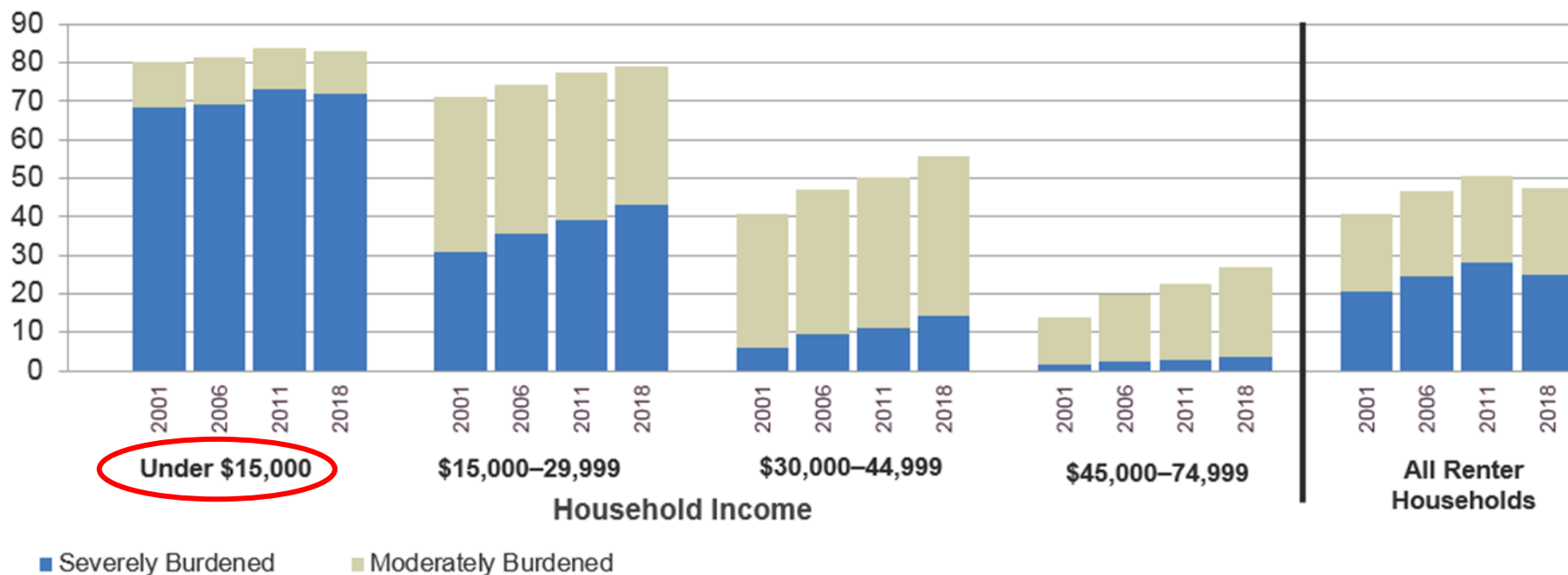
Rental Vacancy Rate (Percent)



Notes: Apartment quality is based on the CoStar Building Rating System for market-rate apartments in buildings with five or more units. Vacancy rates are four-quarter trailing averages.
Source: JCHS tabulations of CoStar data.

Rent Burden for Low-Income Households

Share of Renter Households with Cost Burdens (Percent)



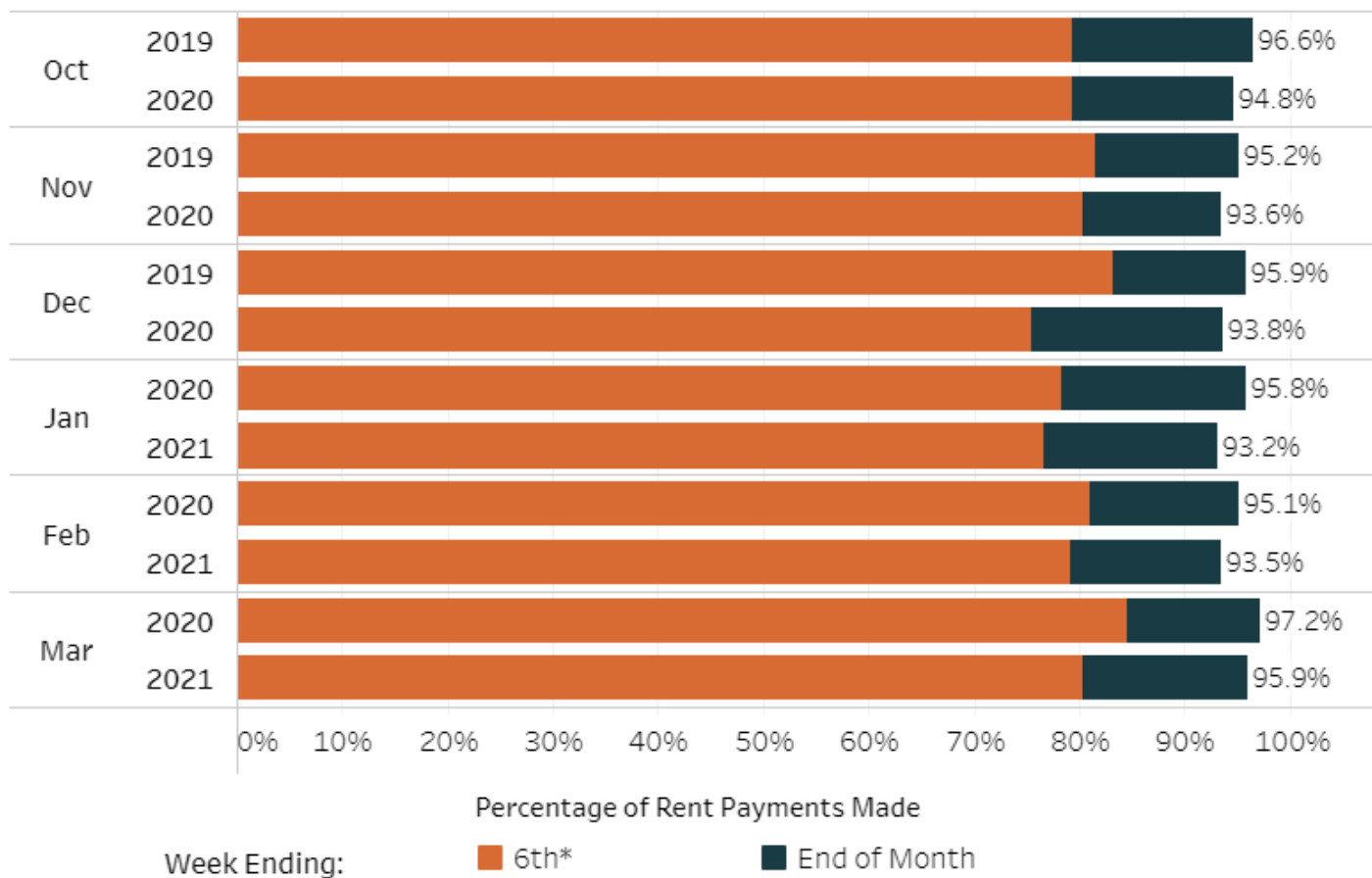
Notes: Household incomes are adjusted for inflation using the CPI-U for All Items. Moderately (severely) cost-burdened households pay more than 30% (more than 50%) of income for housing. Households with zero or negative income are assumed to have severe burdens, while households paying no cash rent are assumed to be without burdens.

Source: JCHS tabulations of US Census Bureau, American Community Survey 1-Year Estimates.

Rent Payments

Rent Payment Tracker: Full Month Results

**Data collected from between 11.1 - 11.6 million apartment units each month



Source: National Multifamily Housing Council

Pretty Good, Right?

- Professionally managed projects are working with tenants to arrange rent payments.
- Managers are accepting partial payments.
- Many tenants who can't make payments are moving voluntarily.
- The small 'mom and pop' owners are experiencing somewhat higher rates.
- According to U.S. Census Household Pulse Survey March 17-29, just 5.9% of renters surveyed in Ohio are not caught up on rent.

What Do These Trends Mean for Central Ohio?

- Increases in employment will translate into declining vacancy rates for high-end properties particularly downtown.
- The use of rent incentives will decline in higher-end properties.
- I don't foresee wide-spread migration of renters to single-family housing.
- Increasing labor and material costs will reduce the pipeline.
- COVID accelerated the already exceedingly high demand for affordable housing.

Market Predictions

- Reis forecast a 2020 vacancy rate of 4.8% and we ended up at 5.3%.
- VSI forecast a vacancy rate of 5.3% in 2020 (we got one).
- Reis forecasts a 6.2% vacancy rate for year-end 2021.
- VSI expects vacancies to be 5.4% in 2021.
- Reis predicted a rent growth of 3.5% for 2020. According to Reis asking rent growth was just 0.4%.
- Reis predicts asking rents will actually decline by 0.9% in 2021.

What To Watch

- Will downtown continue to see product coming on line?
- COVID has reduced turnover and opportunities to increase rent. Will this continue?
- The lack of for-sale single-family choices will 'bottle-up' many renters.
- Will job growth, a primary driver of housing demand, be robust in 2021 increasing the demand for housing?
- Will office buildings and hotels represent rehab opportunities for housing?
- The affordable housing situation becomes more dire.



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