



Vogt Strategic  
Insights

# Rental Housing in Central Ohio

How did we get here  
and where are we  
headed?

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Vogt Strategic Insights  
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# 2022 Market Highlights

- Average asking rent increased faster than expected.
- Rents increased 9.2% in 2022 compared to less than 4.7% in 2021.
- Overall vacancy rates remained about the same as 2022 (up 0.1 percentage point to 4.5%).
- Turnover continues to remain relatively low.
- Pipeline continues to be well stocked.
- Downtown and University District continues to see a lot of the new development.



## Change in Inventory Vacancy Rates and Rents

Year	Inventory	Comp.	Vac. Stock	Vac. Rate	Net Abs.	Asking Rent	Asking Rent % Change
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	156,975	1,839	6,974	4.4%	3,198	\$1,040	4.7%
<b>2022</b>	<b>157,624</b>	<b>649</b>	<b>7,165</b>	<b>4.5%</b>	<b>458</b>	<b>\$1,136</b>	<b>9.2%</b>

Source: Reis Fourth Quarter 2022 Columbus Metro report



## Asking Rent by Age of Property

Year Built	2018	2019	2020	2021	2022	Vacancy Rate 2022
Before 1970	\$749	\$782	\$800	\$866	\$972	3.8%
1970 – 1979	\$742	\$781	\$796	\$847	\$952	4.3%
1980 – 1989	\$971	\$990	\$1,014	\$1,110	\$1,251	3.6%
1990 – 1999	\$987	\$998	\$1,042	\$1,127	\$1,226	2.9%
2000 – 2009	\$1,080	\$1,107	\$1,129	\$1,195	\$1,412	4.3%
2010 -- 2019	\$1,364	\$1,396	\$1,357	\$1,443	\$1,646	5.1%
After 2019	-	-	\$1,415	\$1,595	\$1,686	12.2%
<b>All Properties</b>	<b>\$950</b>	<b>\$986</b>	<b>\$994</b>	<b>\$1,040</b>	<b>\$1,136</b>	<b>4.5%</b>

Source: Reis Fourth Quarter 2022 Columbus Metro report



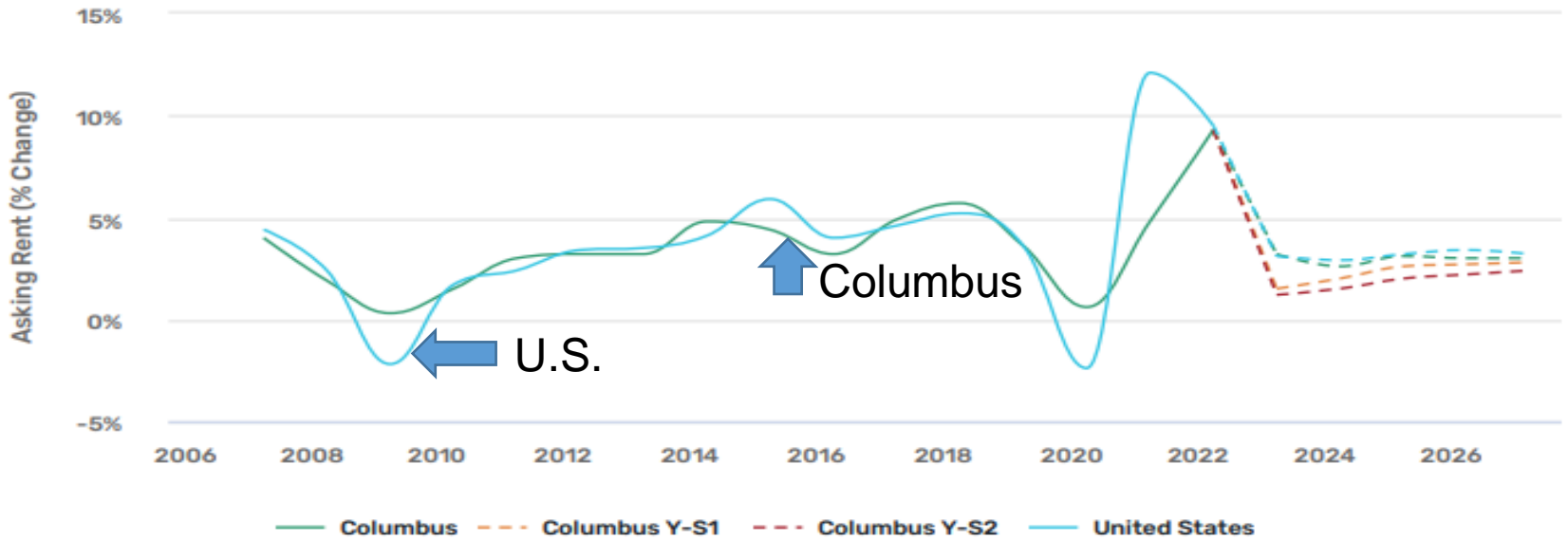
# Rent Comparison

## Columbus, Midwest, U.S.

	Inventory		Current Asking Rent	
	Inventory %	Avg. Unit Size in SF	Asking Rent per Unit	Asking Rent per SF
<b>Studio</b>				
Columbus	2.2%	422	\$872	\$2.07
Midwestern Region	6.0%	556	\$1,233	\$2.22
United States	5.7%	569	\$1,573	\$2.76
<b>1 Bedroom</b>				
Columbus	36.3%	709	\$1,023	\$1.44
Midwestern Region	41.9%	799	\$1,248	\$1.56
United States	43.7%	816	\$1,609	\$1.97
<b>2 Bedroom</b>				
Columbus	56.7%	1,057	\$1,189	\$1.12
Midwestern Region	46.5%	1,130	\$1,471	\$1.30
United States	44.0%	1,151	\$1,925	\$1.67
<b>3 Bedroom</b>				
Columbus	4.8%	1,339	\$1,483	\$1.11
Midwestern Region	5.6%	1,492	\$1,856	\$1.24
United States	6.6%	1,463	\$2,319	\$1.59

Source: Reis Fourth Quarter 2022 Columbus Metro report

# Asking Rent Projection



Year	Columbus			Midwestern Region	United States
	% Change	S1 - % Change <sup>1</sup>	S2 - % Change <sup>2</sup>	% Change	% Change
2023	3.2%	1.5%	1.2%	2.8%	3.1%
2024	2.6%	2.0%	1.5%	2.7%	2.9%
2025	3.1%	2.6%	2.0%	3.0%	3.2%
2026	3.0%	2.7%	2.2%	3.0%	3.4%
2027	3.0%	2.8%	2.4%	2.9%	3.2%

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



## Performance by Submarket

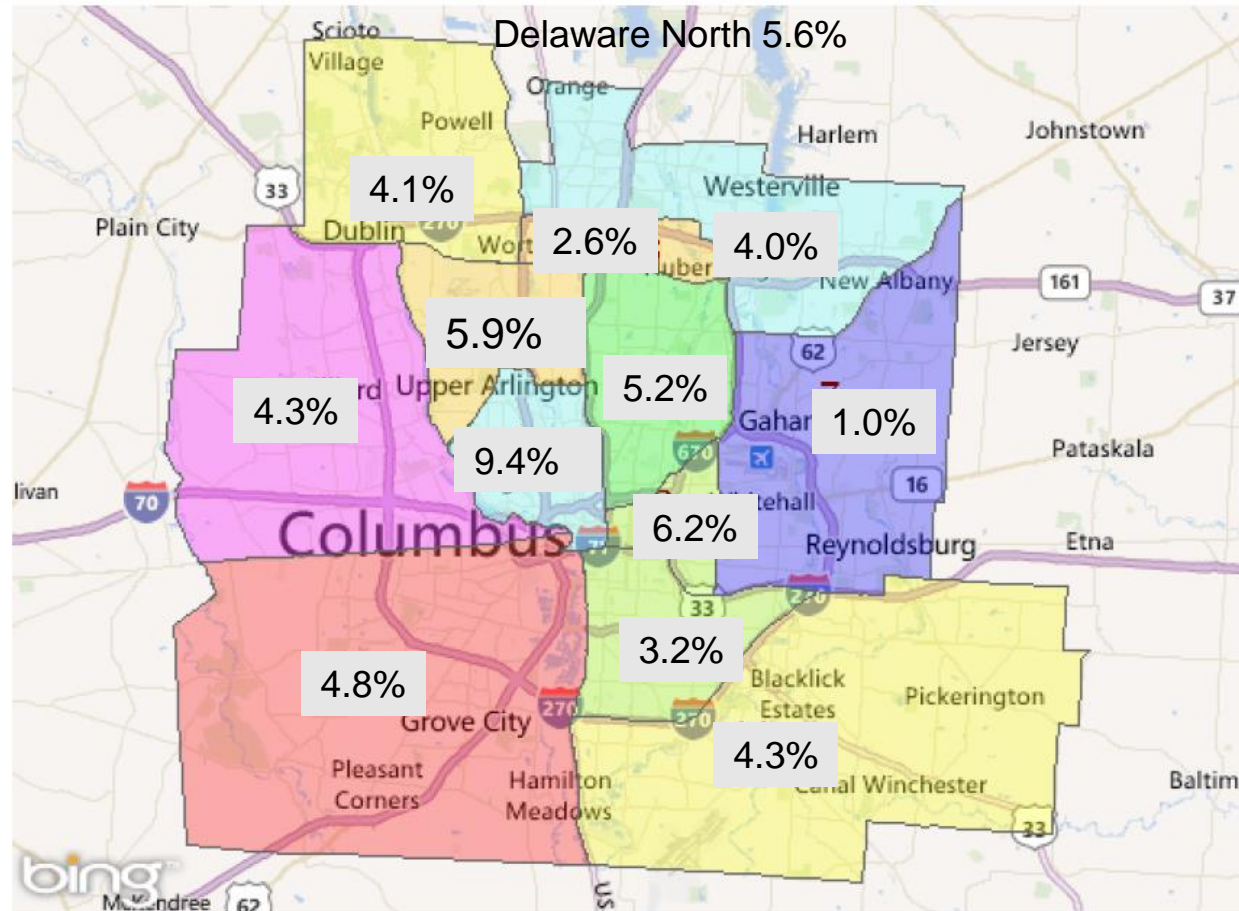
Submarket Name	Inventory Units	Inventory Buildings	Asking Rent Units	Vacancy
Bexley	5,228	45	\$969	6.2%
Delaware North	2,501	15	\$1,148	5.6%
Dublin/Powell	13,515	67	\$1,270	4.1%
Grove City	13,198	66	\$947	4.8%
Groveport/Canal Winchester	9,052	54	\$968	4.3%
Hilliard	15,963	70	\$1,234	4.3%
Northeast/Minerva Park	13,919	62	\$923	5.2%
Sharon/Worthington	7,828	37	\$917	2.6%
Southeast	8,223	34	\$795	3.2%
University/Downtown	17,360	107	\$1,682	9.4%
Upper Arlington/North Columbus	11,427	50	\$1,157	5.9%
Westerville	18,135	76	\$1,321	4.0%
Whitehall/Gahanna/Reynoldsburg	21,275	97	\$944	1.0%



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## Vacancy Rate by Submarket



Columbus Submarkets

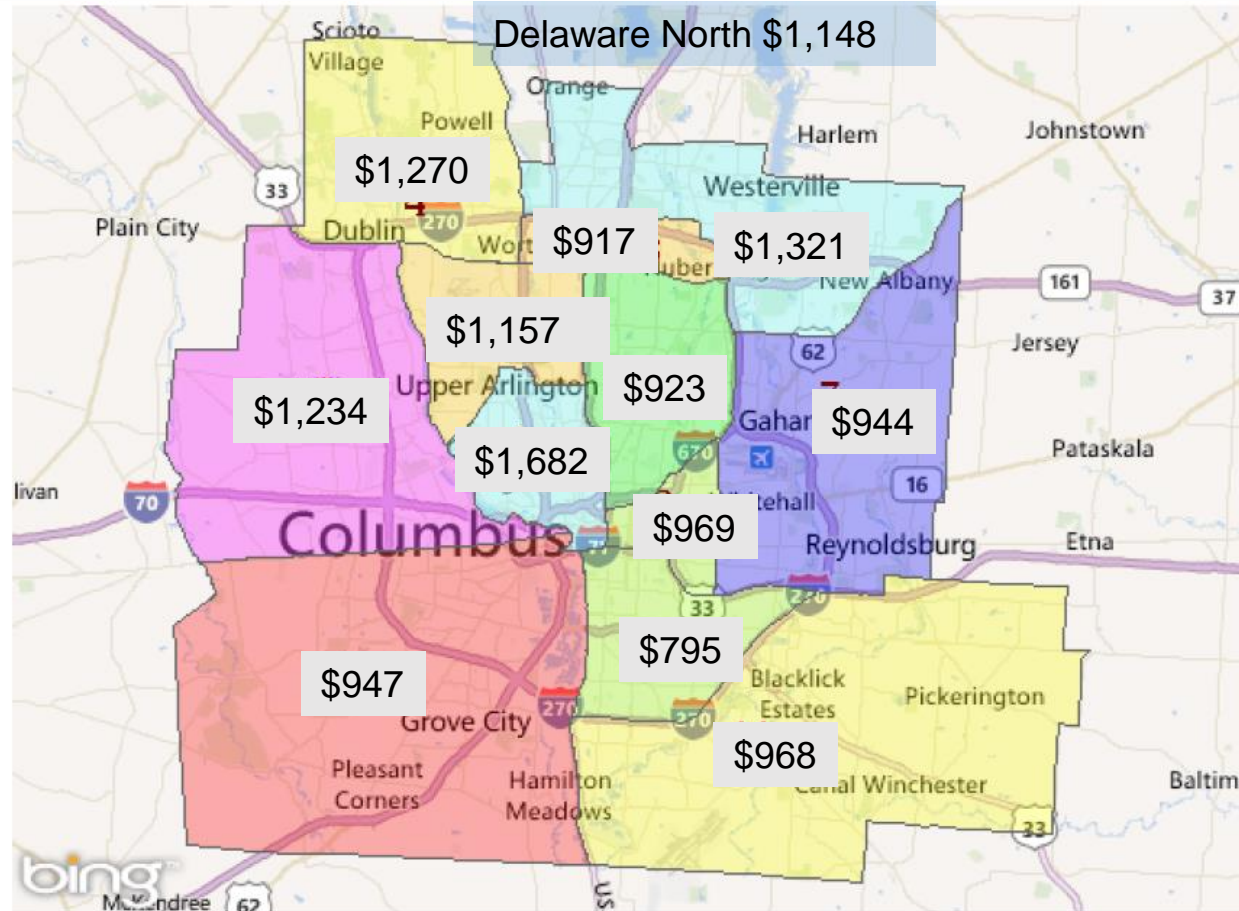
1 University/Downtown	2 Bexley	3 Sharon/Worthington
4 Dublin/Powell	5 Hilliard	6 Grove City
7 Whitehall/Gahanna/Reynoldsburg	8 Northeast/Minerva Park	9 Westerville
10 Southeast	11 Groveport/Canal Winchester	12 Upper Arlington/North Columbus



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## Asking Rent by Submarket

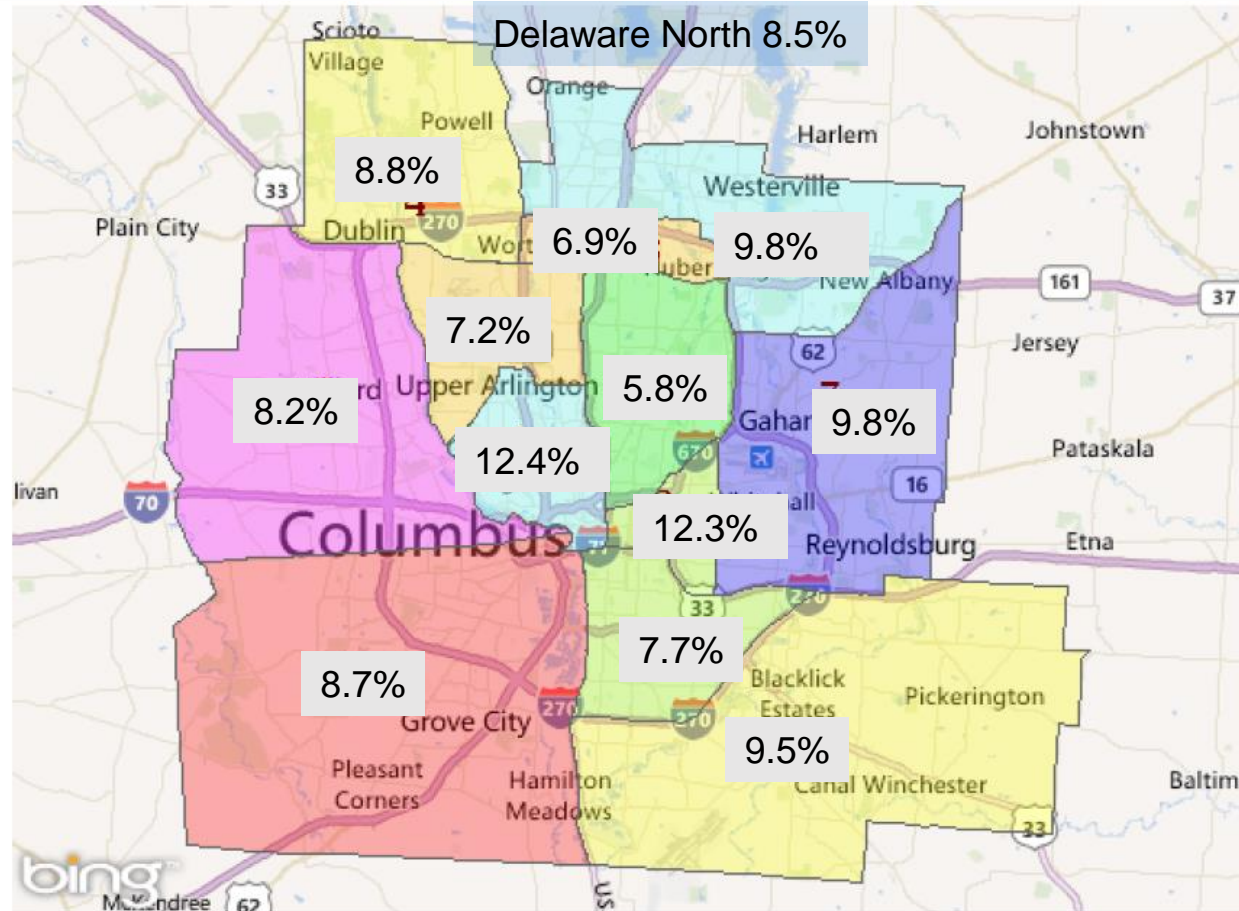


Columbus Submarkets

1	University/Downtown	2	Bexley	3	Sharon/Worthington
4	Dublin/Powell	5	Hilliard	6	Grove City
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# Change in Asking Rent 2022-2023



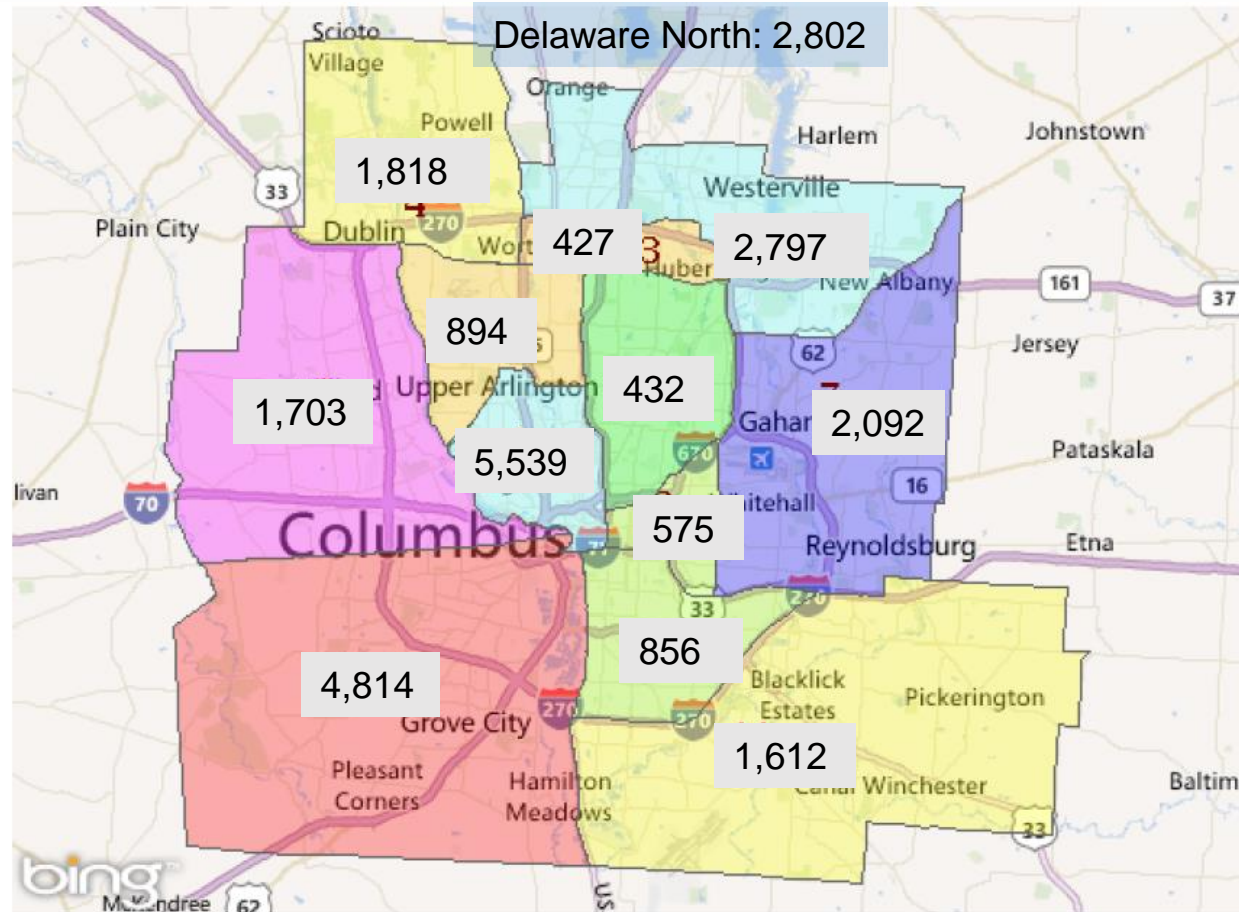
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# Planned and Proposed by Submarket

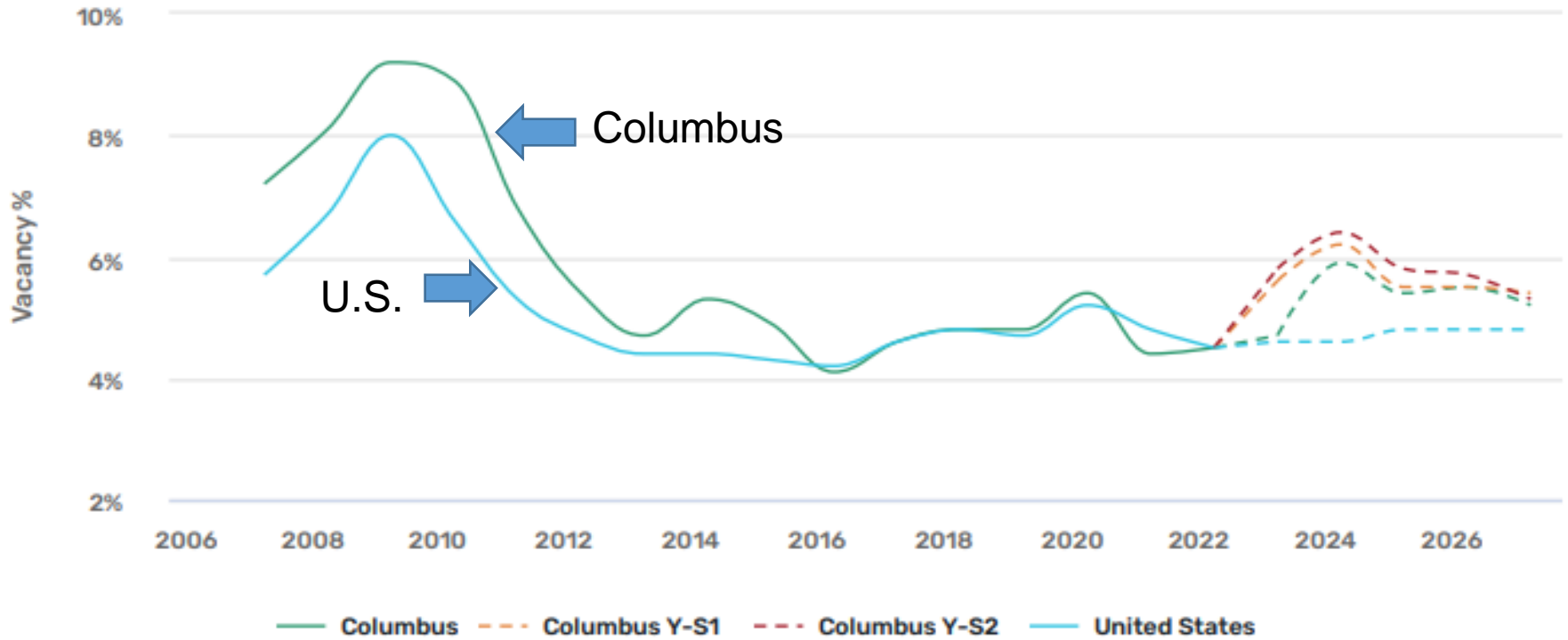


Columbus Submarkets

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# Vacancy Rate Projection

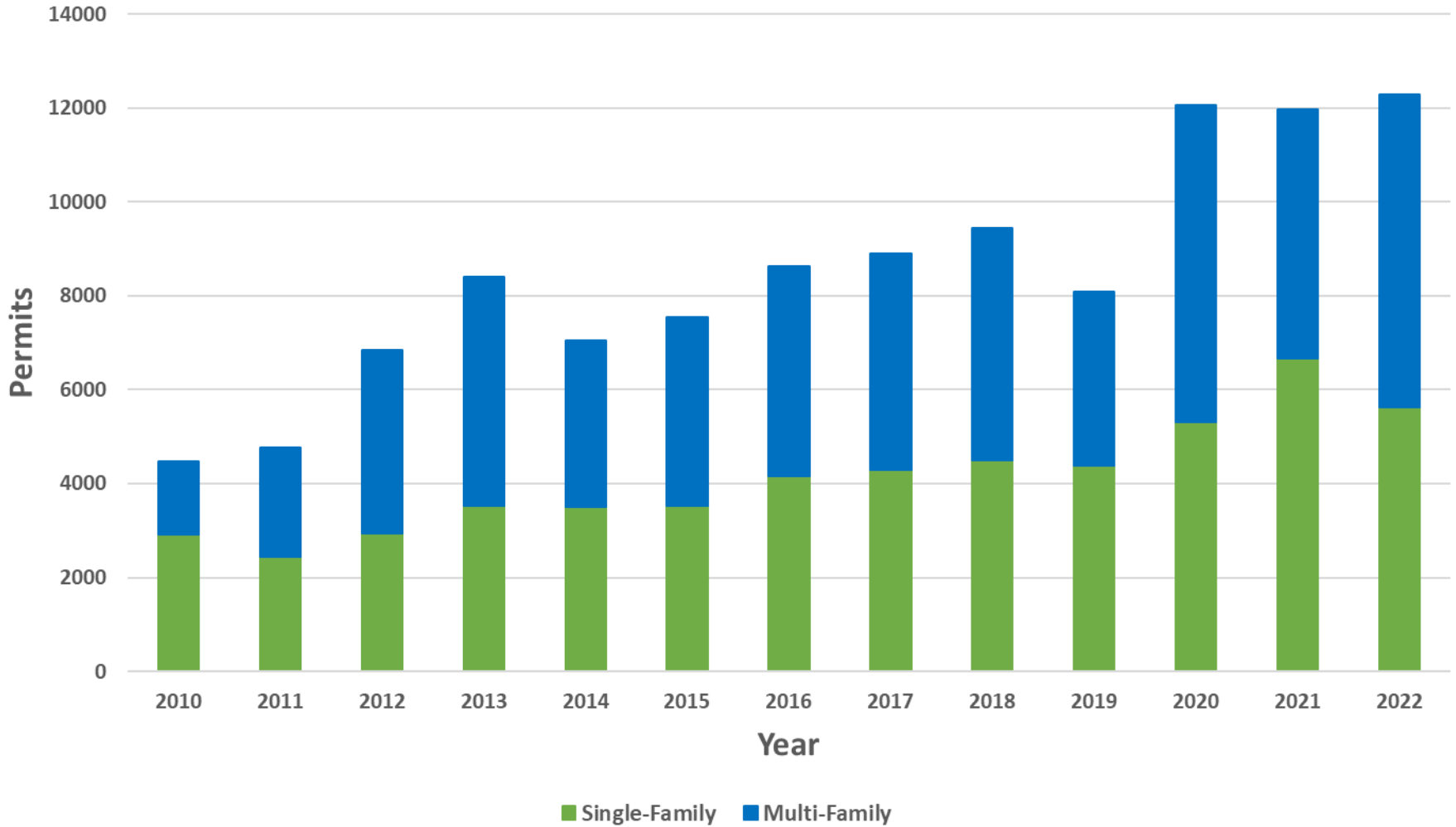


Source: Reis Fourth Quarter 2022 Columbus Metro report

Nearly 27,000 units in planning (similar to last year).



### Number of Building Permits Issued Per Year

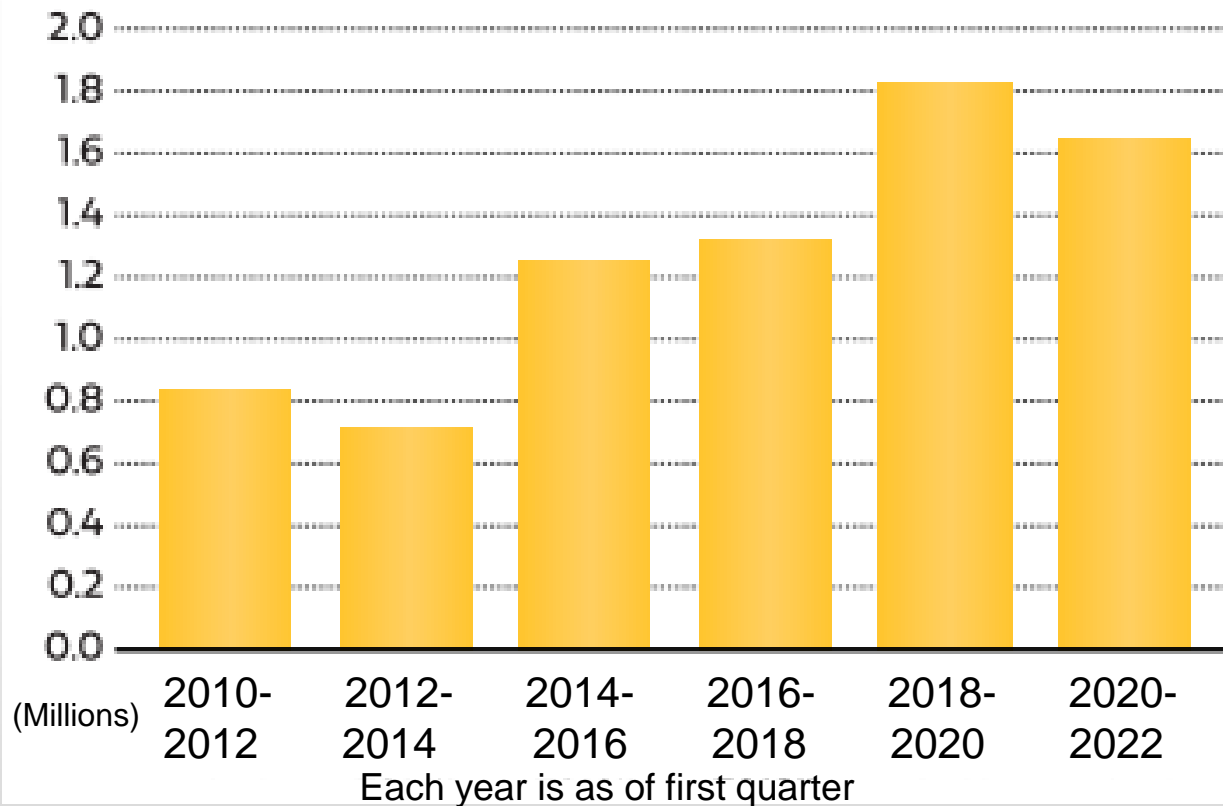


## What Did 2022 Tell Us?

- How did Central Ohio renters respond?
- Did the pandemic impact 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?



## U.S. Household Formations Remained Strong During the Pandemic



Average annual change in households (millions)

Source: JCHS tabulations and US Census



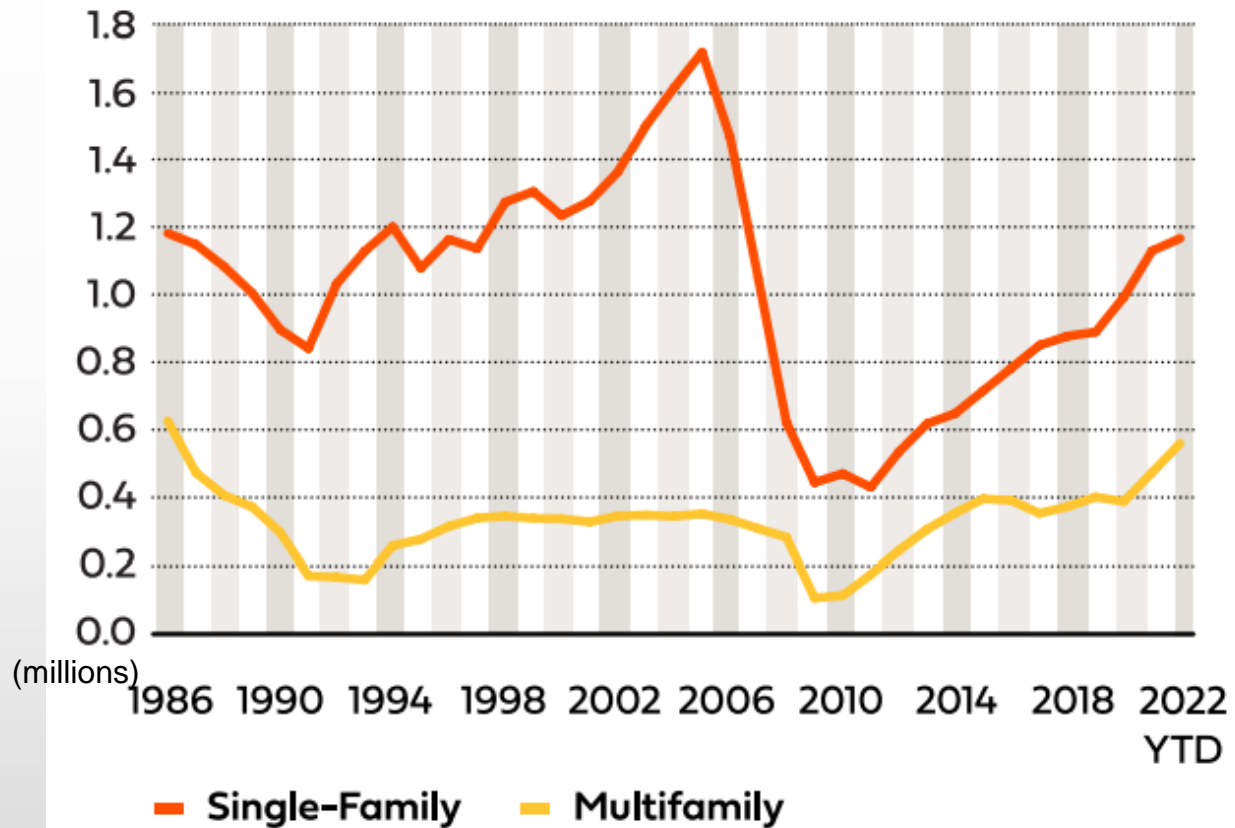
## What Generated the Growth in Households?

- Low unemployment and strong income gains leading up to the pandemic.
- Millennials delayed household formations in their early 20s and 30s.
- Baby-boomers moved into retirement.
- Expanded unemployment benefits and stimulus payments.
- Quick rebound in the economy.

## And Work From Home

- Dramatic increase in work from home.
- According to the FRB of San Francisco, remote work drove over 60% of the price surge of housing.
- Work from home has stabilized at about 30%. (Was about 6% prior to the pandemic).

# Increased Housing Production In U.S.



Source: JCHS tabs of U.S. Census, new residential construction data.

## We Continue to Lag in Housing Production

- According to *Up For Growth*, Ohio has underbuilt by 50,000 housing units.
- Based on the number of households and ‘missing households’ compared to production.
- ‘Missing Households’ are defined as those that would have formed a new household but buying or renting a home has become so expensive, new households are failing to form.

# Market Predictions

- Reis forecast a 2022 vacancy rate of 4.3% and we ended up at 4.5%.
- VSI forecast a vacancy rate of 4.8% in 2022.
- Reis forecasts a 4.7% vacancy rate for year-end 2023.
- VSI expects vacancies to be about this in 2023.
- Reis predicted a rent increase of 3.0% for 2022. According to Reis, asking rent growth was up 9.2%.
- Reis predicts asking rents will increase by 3.2% in 2023. In the Midwest, they are predicting a 2.8% increase.

# What To Watch

- Will construction/development costs impact the construction pipeline?
- What will North Market Tower, Scioto Peninsula, Kroger Bakery and Astor Park do to the downtown market?
- Will the downtown rental market firm up; what about the new affordable projects?
- 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 consists of the letters 'VSI' in a bold, white, sans-serif font, set against a dark green rectangular background.

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A vertical, light-colored map of the New York City area is positioned on the left side of the slide. It shows major highways such as I-95, I-495, I-287, and I-87, along with various local roads and their route numbers. The map is partially obscured by the 'VSI' logo at the top left.

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