



Vogt Strategic
Insights

A Tale of Two Markets

The Suburbs & Downtown

Robert Vogt

Vogt Strategic Insights

March 21, 2024

2023 Market Highlights

- Average asking rent were generally stagnant (+0.8%) last year.
- This compares to notable previous increases in 2021 (+5.1%) & 2022 (+9.4%).
 - Downtown/University District rents declined (-3.5%)
- Overall vacancy rates increased slightly (+0.3 percentage points) to 5.1%, compared to 2021 (4.8%) & 2022 (4.8%)
 - Downtown/University District vacancy rate increased (+11.2%)
- Turnover continues to remain relatively low.
- Pipeline continues to be well stocked.
- Downtown/University District continues to see the largest share of new development.



Change in Inventory Vacancy Rates and Rents

Year	Inventory	Comp.	Vac. Stock	Vac. Rate	Net Abs.	Asking Rent	Asking Rent % Change
2017	148,718	3,203	6,843	4.6%	2,240	\$904	+4.9%
2018	152,247	3,529	7,280	4.8%	3,092	\$955	+5.6%
2019	157,150	2,858	7,548	4.8%	4,635	\$989	+3.6%
2020	160,089	2,939	8,924	5.6%	1,563	\$996	+0.7%
2021	163,218	3,129	7,901	4.8%	4,152	\$1,047	+5.1%
2022	164,582	1,364	7,941	4.8%	1,324	\$1,145	+9.4%
2023	167,231	2,649	8,474	5.1%	2,116	\$1,154	+0.8%



Asking Rent by Age of Property

Year Built	2019	2020	2021	2022	2023	Vacancy Rate 2023
Before 1970	\$782	\$800	\$866	\$972	\$978	3.5%
1970 – 1979	\$781	\$796	\$847	\$952	\$987	3.5%
1980 – 1989	\$990	\$1,014	\$1,110	\$1,251	\$1,261	4.3%
1990 – 1999	\$998	\$1,042	\$1,127	\$1,226	\$1,301	3.1%
2000 – 2009	\$1,107	\$1,129	\$1,195	\$1,412	\$1,431	5.8%
2010 – 2019	\$1,396	\$1,357	\$1,443	\$1,646	\$1,590	6.8%
After 2019	-	\$1,415	\$1,595	\$1,686	\$1,657	9.7%
All Properties	\$955	\$996	\$1,047	\$1,145	\$1,154	5.1%



Vogt Strategic
Insights

Rent Comparison

Columbus, Midwest, U.S.

	Inventory		Current Asking Rent	
	Inventory %	Avg. Unit Size in SF	Asking Rent per Unit	Asking Rent per SF
Studio				
Columbus	2.3%	459	\$1,008	\$2.20
Midwestern Region	5.9%	561	\$1,184	\$2.11
United States	5.7%	568	\$1,617	\$2.84
1 Bedroom				
Columbus	37.6%	708	\$1,037	\$1.46
Midwestern Region	42.6%	801	\$1,230	\$1.54
United States	45.0%	817	\$1,651	\$2.02
2 Bedroom				
Columbus	55.2%	1,057	\$1,205	\$1.14
Midwestern Region	45.6%	1,133	\$1,479	\$1.31
United States	42.7%	1,150	\$1,949	\$1.70
3 Bedroom				
Columbus	4.9%	1,343	\$1,550	\$1.15
Midwestern Region	5.9%	1,476	\$1,992	\$1.35
United States	6.6%	1,455	\$2,406	\$1.65

Source: REIS Year End 2023 Columbus Metro report



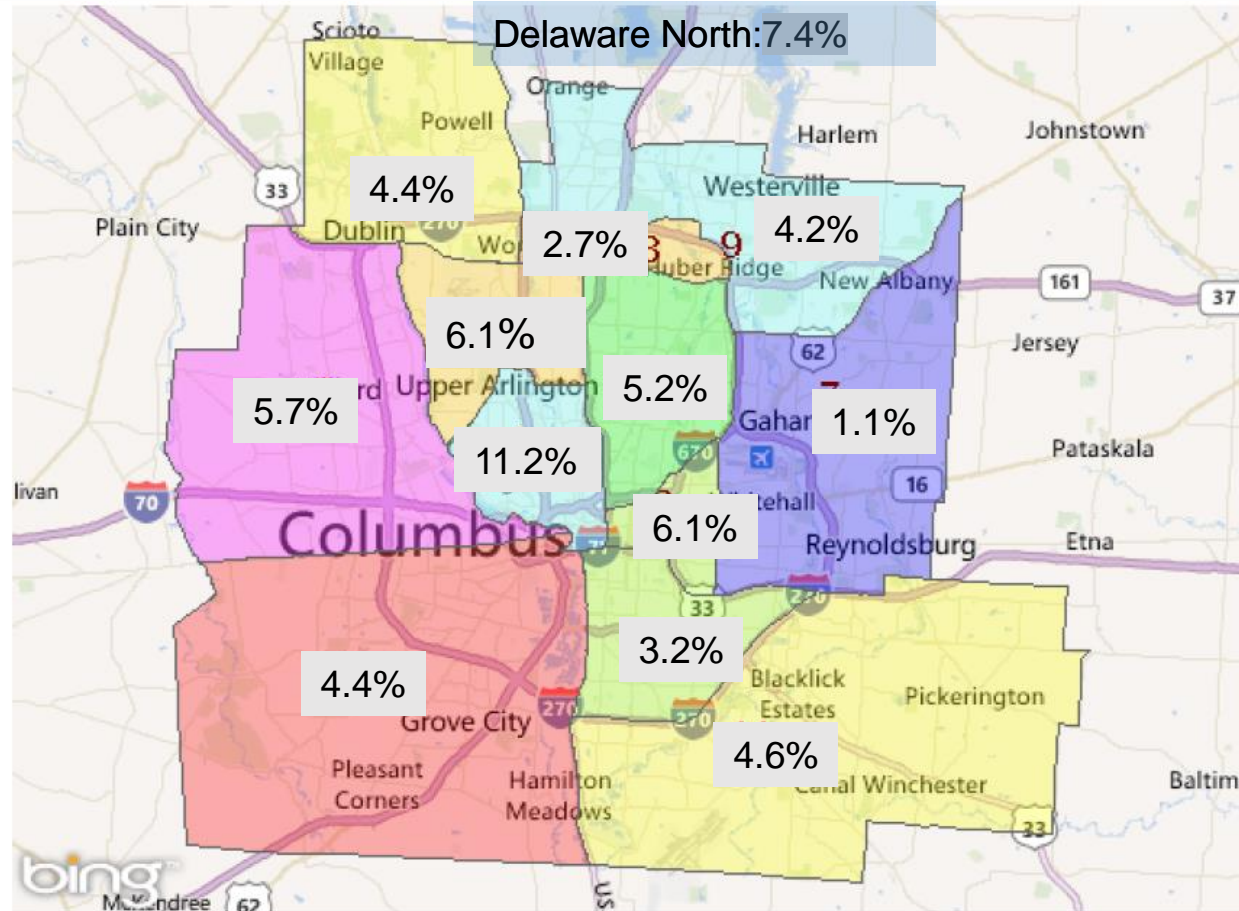
Performance by Submarket

Submarket Name	Inventory Units	Inventory Buildings	Asking Rent	Vacancy
Bexley	5,228	45	\$972	6.1%
Delaware North	2,501	16	\$1,179	7.4%
Dublin/Powell	13,598	68	\$1,272	4.4%
Grove City	13,243	66	\$933	4.4%
Groveport/Canal Winchester	10,469	59	\$999	4.6%
Hilliard	19,934	84	\$1,292	5.7%
Northeast/Minerva Park	13,919	62	\$951	4.7%
Sharon/Worthington	7,828	37	\$915	2.7%
Southeast	8,223	34	\$793	3.2%
University/Downtown	18,919	111	\$1,720	11.2%
Upper Arlington/North Columbus	11,425	50	\$1,147	6.1%
Westerville	20,073	90	\$1,323	4.2%
Whitehall/Gahanna/Reynoldsburg	21,871	98	\$913	1.1%

VS

Vogt Strategic Insights

Vacancy Rate by Submarket



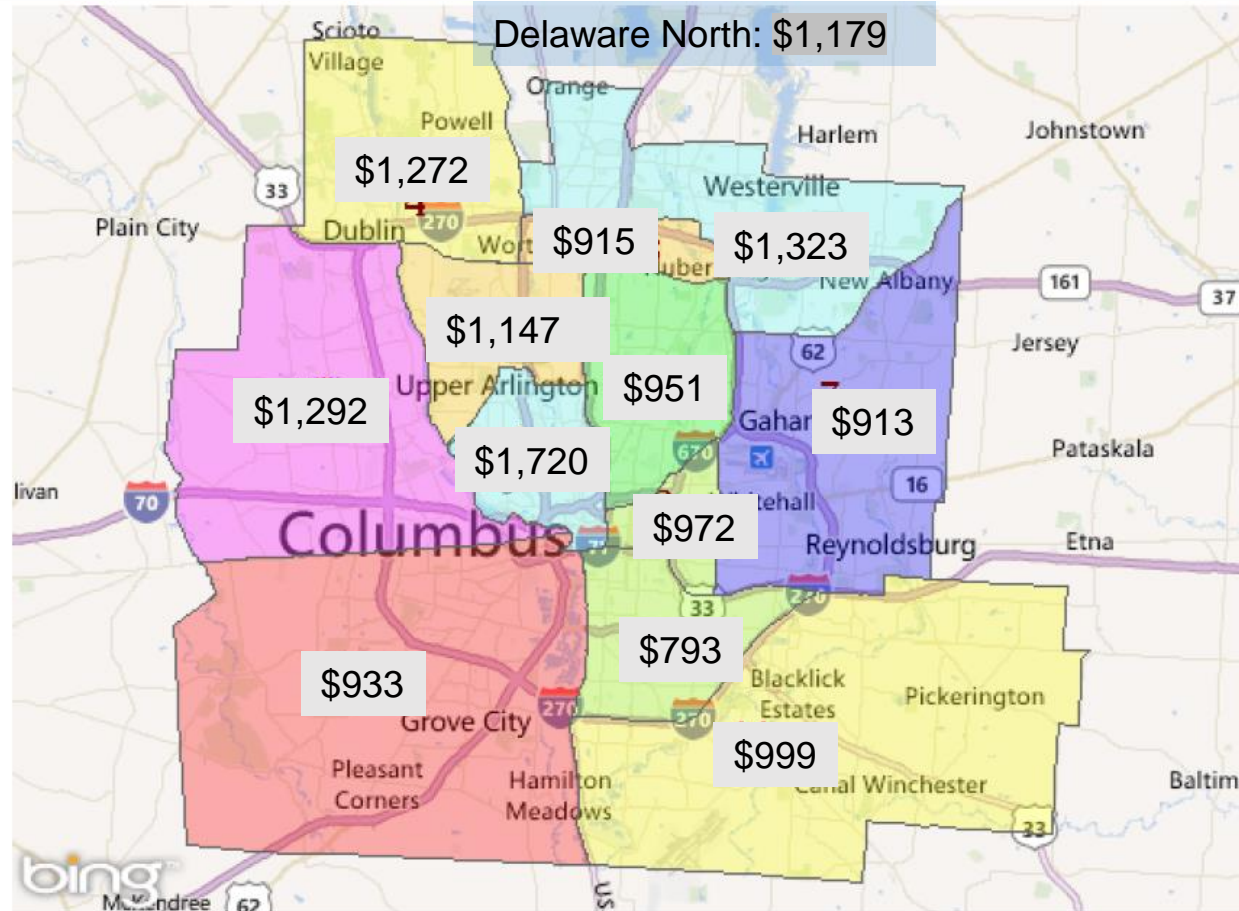
Columbus Submarkets

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

VS

Vogt Strategic
Insights

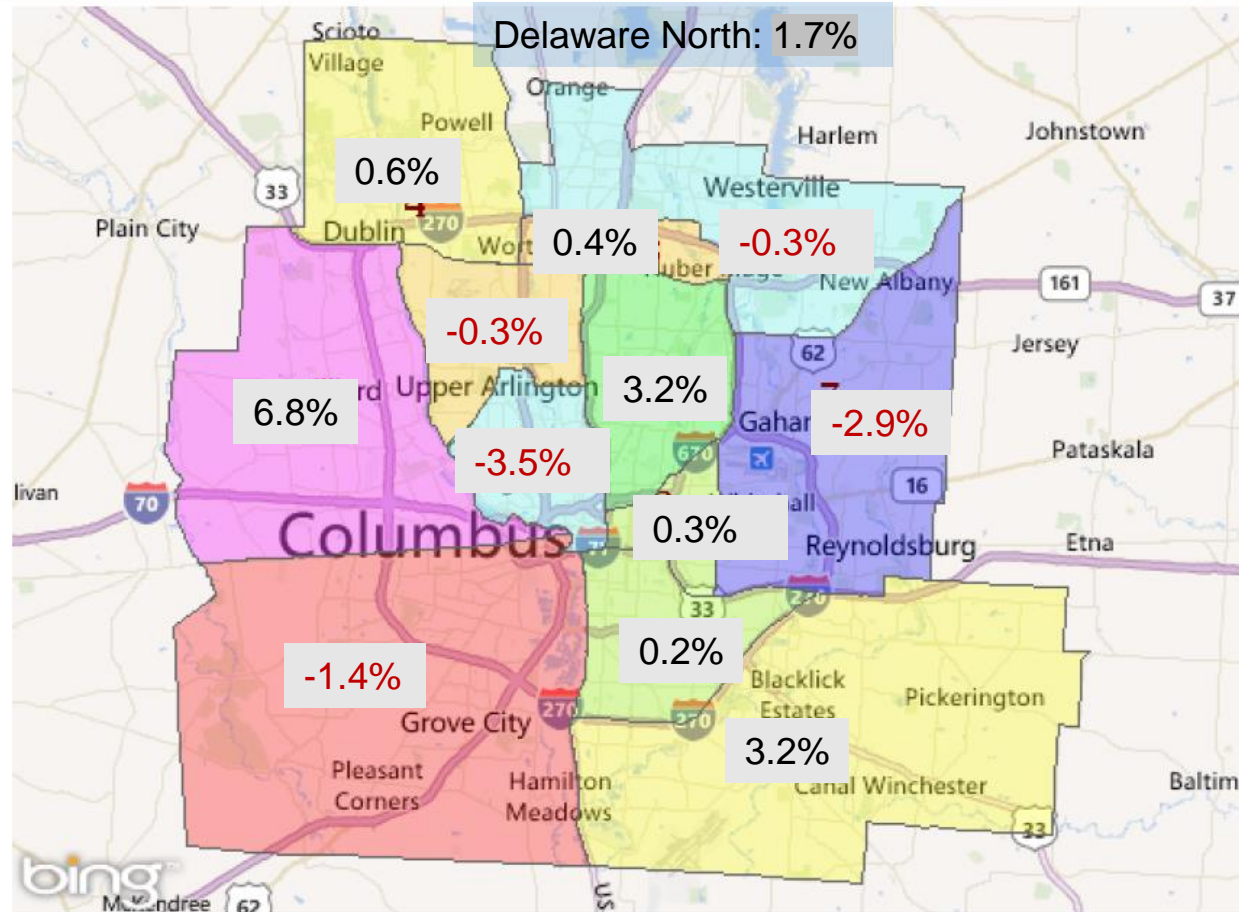
Asking Rent by Submarket



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 |

Change in Rent 2022-2023



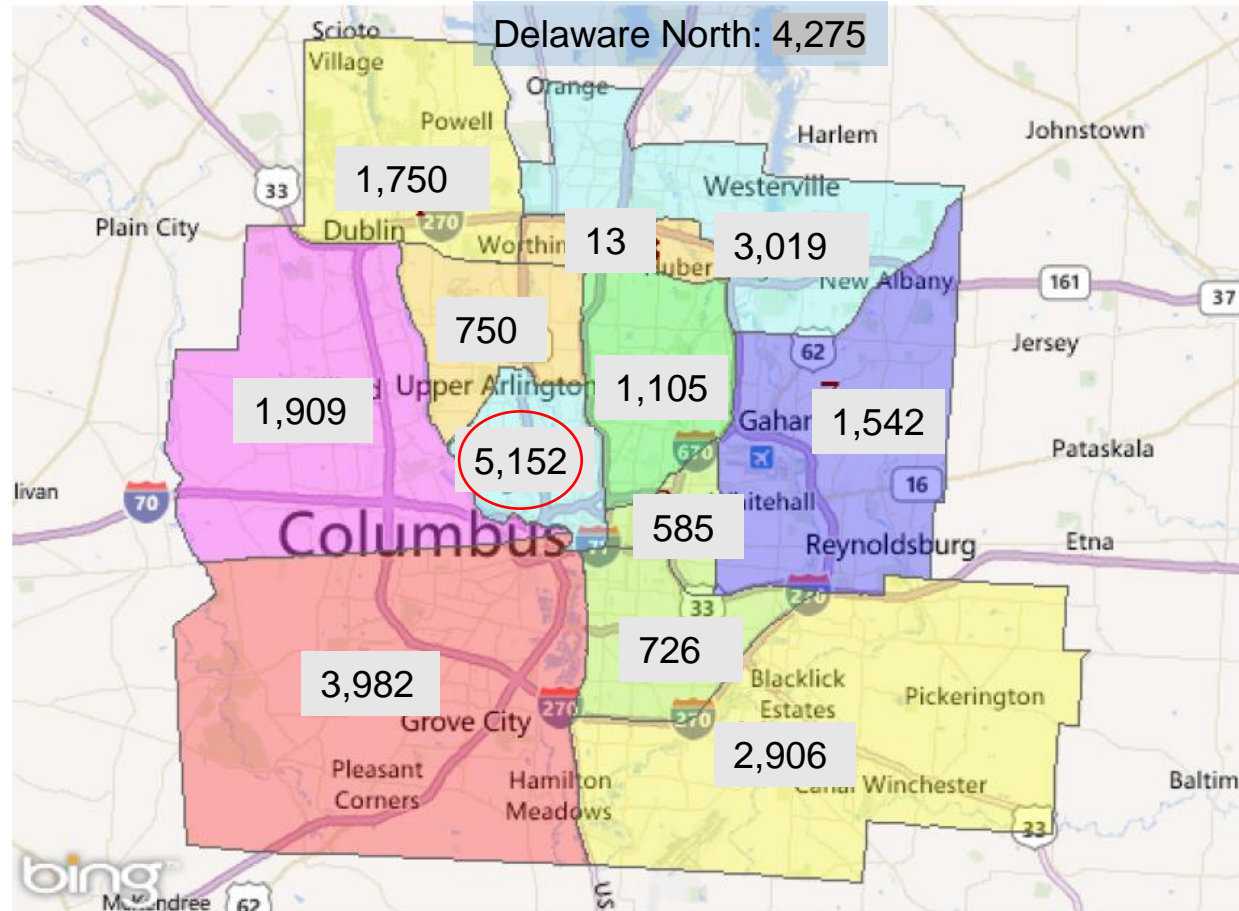
Columbus Submarkets

- | | | |
|----------------------------------|-------------------------------|-----------------------------------|
| 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 |

VS

Vogt Strategic Insights

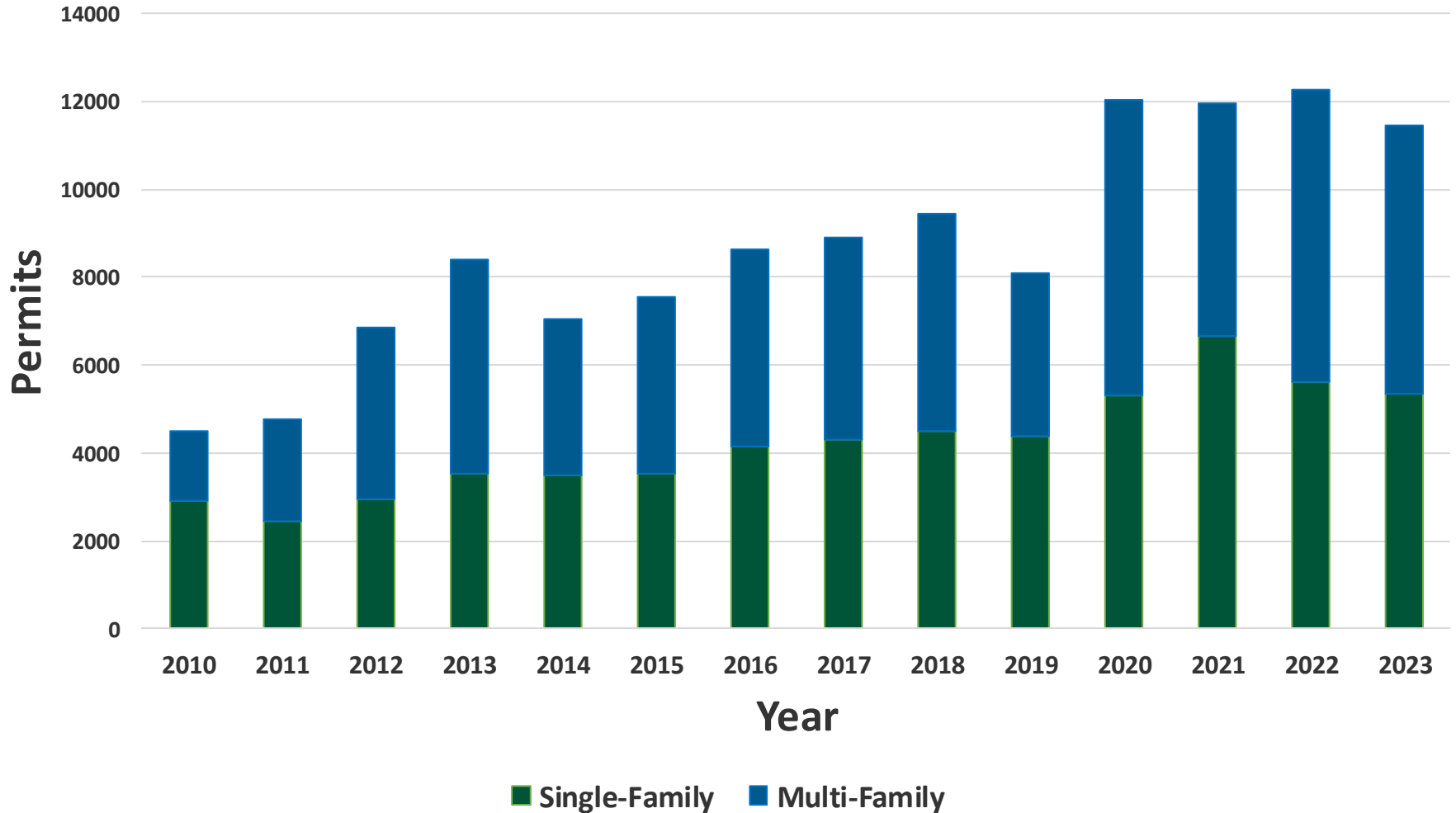
Planned and Proposed by Submarket



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

Number of Building Permits Issued Per Year



What Happened to the Downtown Apartment Market?

- The headlines are for a continued need for **housing**.
- The vast majority of the need is for **'affordable'** or **'missing middle'** housing.
- Unfortunately, downtown is generating a disproportionate share of the new housing.
- Most of this housing is at the **high-end**.
- Project development is unabated despite the reality.
- Downtown is approaching **12% vacancy rate**.

How Did We Get Here?

Population Density-2019

	Physical Size (Sq. Mi.)	Total Population In Households	Population Density (persons/Sq. Mi.)
Downtown Philadelphia	6.649	110,677	16,646
Downtown Denver	5.942	69,803	11,747
Downtown Minneapolis	2.713	25,319	9,332
Downtown Milwaukee	3.785	29,743	7,858
Average for 11 Cities	3.717	29,992	6,862
Downtown Cincinnati	1.917	12,793	6,673
Downtown Orlando	4.966	28,650	5,769
Downtown Pittsburgh	2.687	12,575	4,680
Downtown Indianapolis	4.42	17,527	3,965
Downtown Cleveland	4.848	16,349	3,372
Downtown Detroit	1.885	5,773	3,063
Downtown Memphis	3.411	9,945	2,916
Downtown Columbus	2.508	7,109	2,835

Source: U.S. Census Bureau, Urban Partners



Employment Efficiency

Share of Downtown Residents Working Downtown in 2019

	Total Downtown Jobs	Downtown Jobs Held by Residents	In-Area Employment Efficiency
Downtown Denver	204,294	15,880	7.8%
Downtown Philadelphia	297,707	22,168	7.4%
Downtown Milwaukee	98,488	4,085	4.1%
Downtown Minneapolis	159,684	6,128	3.8%
Average for 11 Cities	129,862	5,758	3.5%
Downtown Indianapolis	151,683	5,007	3.3%
Downtown Cincinnati	72,545	2,215	3.1%
Downtown Memphis	43,356	1,040	2.4%
Downtown Orlando	115,110	2,493	2.2%
Downtown Cleveland	99,558	2,097	2.1%
Downtown Pittsburgh	111,695	2,126	1.9%
Downtown Columbus	89,814	1,184	1.3%
Downtown Detroit	84,110	1,016	1.2%

Source: U.S. Census Bureau, Urban Partners



Vogt Strategic
Insights

Residents Who Work and Live Downtown

	Employed Downtown Residents	Residents Who Work in Downtown	Share
Downtown Indianapolis	11,260	5,007	44.5%
Downtown Philadelphia	58,123	22,168	38.4%
Downtown Minneapolis	17,019	6,128	36.0%
Downtown Denver	45,110	15,880	35.2%
Downtown Detroit	2,957	1,016	34.3%
Downtown Cleveland	6,567	2,097	31.9%
Downtown Pittsburgh	6,875	2,126	30.9%
Downtown Cincinnati	7,467	2,215	28.5%
Average for 11 Cities	16,968	5,758	33.9%
Downtown Milwaukee	16,103	4,085	25.4%
Downtown Columbus	4,859	1,184	24.4%
Downtown Memphis	4,449	1,040	23.4%

Pandemic Impacts Housing

- The pandemic has generated fundamental shifts in the office.
- Currently, 12.7% of full-time employees work from home and 28.2% of employees have adapted to a hybrid work model.
- 89,900 worked downtown in 2019 pre-pandemic, Conte estimates that 36,000 to 63,000 now work downtown, depending on the day.

So What's Going On?

- Job growth in Central Ohio is not as robust as expected.
- Fewer jobs means fewer people working downtown (and exasperated by the change in office habits).
- We built for the high-end not the 'missing middle'.
- Columbus has much shorter commute times.
- Lots of parking lots and vacant land downtown.



Downtown Absorption Performance (2018-2024)

Year	Opened		Market-rate Units Initially Leased by Year						
	Projects	Units	2018	2019	2020	2021	2022	2023	2024*
2018	5	630	285	345	0	0	0	0	0
2019	3	542	0	300	180	62	0	0	0
2020	7	999	0	0	360	410	229	0	0
2021	4	315	0	0	0	140	145	30	0
2022	3	431	0	0	0	0	256	163	12
2023	5	676	0	0	0	0	0	329	26
2024	13 UC	1,198 UC	0	0	0	0	0	0	0
Total			285	645	540	612	630	522	38
Average Monthly Absorption			23.8	53.8	45.0	51.0	52.5	43.5	38.0

Source: VSI Field Survey – January 2024

UC – Under Construction

*Through January



Vogt Strategic
Insights

And Here's the Pipeline

Project Name	Location	Total Units	Project Type	Development Status
Capitol Square	66 S. 3 rd St.	56	Market-rate	Planned
-	1088 N. High St.	113	Market-rate	Planned
-	23 W. 2 nd Ave.	166	Market-rate	Planned
Lucas Lofts	430 W. Rich St.	136	Market-rate	Planned
River & Rich Phase II	401 W. Rich St.	304	Market-rate	Prospective
-	497 E. Town St.	100	Market-rate	Prospective
-	765 Neil Ave.	50	Market-rate	Prospective
Kroger Bakery Redevelopment	427 Cleveland Ave.	448	Market-rate	Prospective
-	274 E. 1 st Ave.	175	Market-rate	Prospective
The Mondrian	567 W. Broad St.	206	Market-rate	Prospective
-	1475 N. High St.	146	Market-rate	Prospective
-	1778 N. High St.	68	Market-rate	Prospective
-	88 E. 9 th Ave.	135	Market-rate	Prospective
-	280 E. Whittier	262	Market-rate	Planned
-	50 E. 7 th Ave.	150	Market-rate	Planned
ONE at The Peninsula II	Belle St.	400	Market-rate	Planned
Continental Centre	150 E. Gay St.	344	Market-rate	Planned
220 Vine	220 Vine St.	124	Market-rate	Prospective
The Civic		94	Market-rate	Prospective
Knights of Columbus		75	Market-rate	Prospective
602 Town Street	602 Town St.	24	Market-rate	Planned
250 Town Street	250 Town St.	6	Market-rate	Planned
Arena District at 116 Spruce Street	116 Spruce St.	6	Market-rate	Planned
580 E. Rich Street	580 E. Rich St.	6	Market-rate	Planned
106-112 E. Lafayette Street	106-112 E. Lafayette St.	4	Market-rate	Planned
The Livingston	459-493 E. Livingston Ave.	170	Market-rate	Prospective
525 E. Main Street	525 E. Main St.	104	Market-rate	Prospective
Copious	514-520 S. High St.	75	Market-rate	Prospective
Jones Heel Building	NW Whittier & Front	100	Market-rate	Prospective
Spaghetti Warehouse Franklinton	397 W. Broad St.	534	Market-rate	Prospective
Astor Place	Lower.com Field	440+	Market-rate	Planned
Library Park IV		117	Market-rate	Prospective
Edwards Company Tower	33 S. 4 th Street	221	Market-rate	Prospective
The Estrella	175-199 E. Rich Street	180	Market-rate	Prospective
The Twofer	204 E. Main Street	60	Market-rate	Prospective
267-283 E. Spring Street		132	Market-rate	Prospective
266 E. Main Street		120	Market-rate	Prospective
Total		5,851		



Here's the Concern

Project	Units	Estimated Opening
Preston Centre	120	March 2024
The Gilbert	164	March 2024
174 E. Long Street	40	March 2024
Triumph	122	March 2024
Ethan on Main	85	Spring 2024
Jaeger Square	262	Summer 2024
Edwards Urban	231	Late 2024
815 E. Long Street	72	2024
220 Vine Street	124	2025
The Merchant	174	April 2026

Source: Vogt Strategic Insights – December 2023 Field Survey

To absorb the already excess inventory will require another nine months.

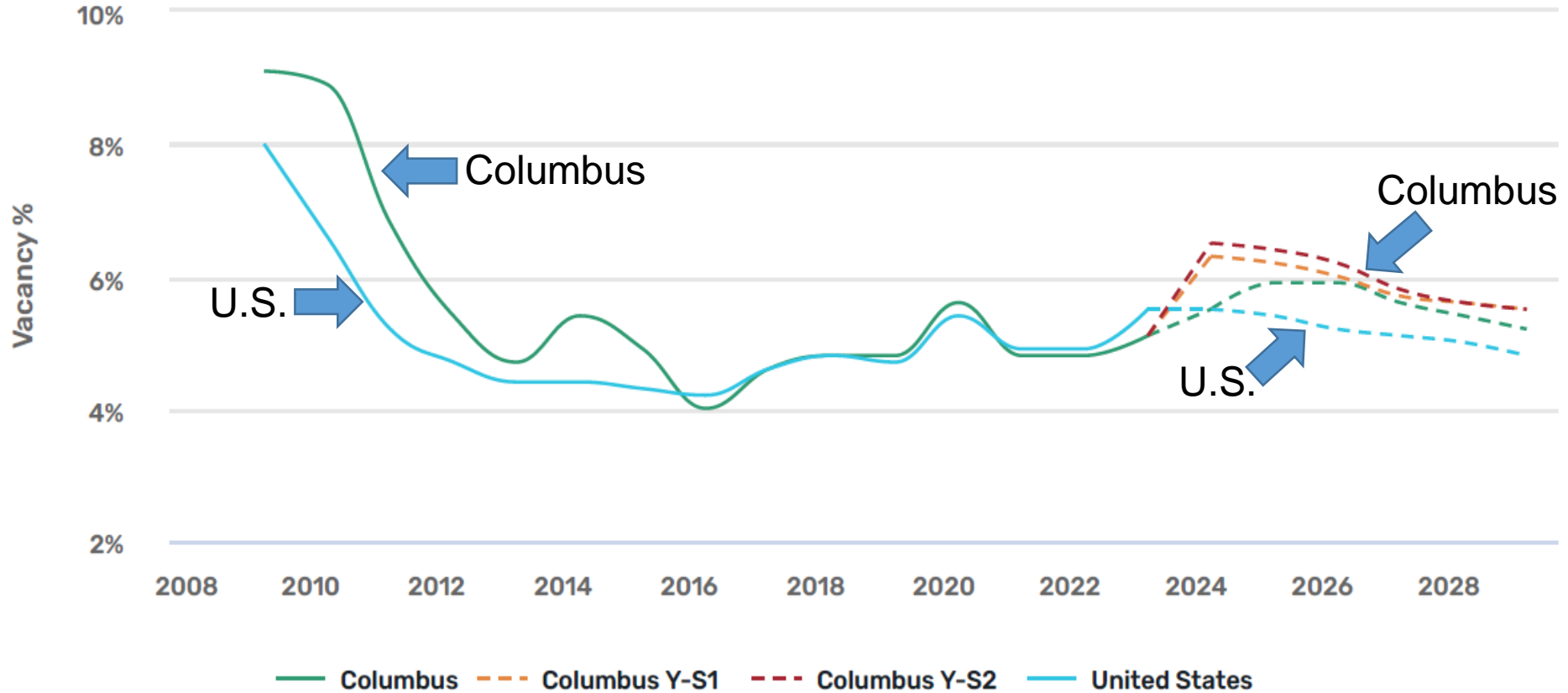
1,394 units under construction at an absorption of 60 units per month will take us nearly two years to absorb.

Market Predictions

- REIS forecasted a 2023 vacancy rate of 4.7% and we ended up at 5.2%.
- REIS forecasted a 2023 rent growth of +3.2% and we ended up at just 0.8% growth.
- REIS is currently forecasting a 5.5% vacancy rate for year-end 2024.
- VSI expects vacancies to be slightly higher than this in 2024 due to pipeline.
- REIS is currently forecasting asking rents will increase by +2.6% in 2024. In the Midwest, they are forecasting a +2.3% increase.

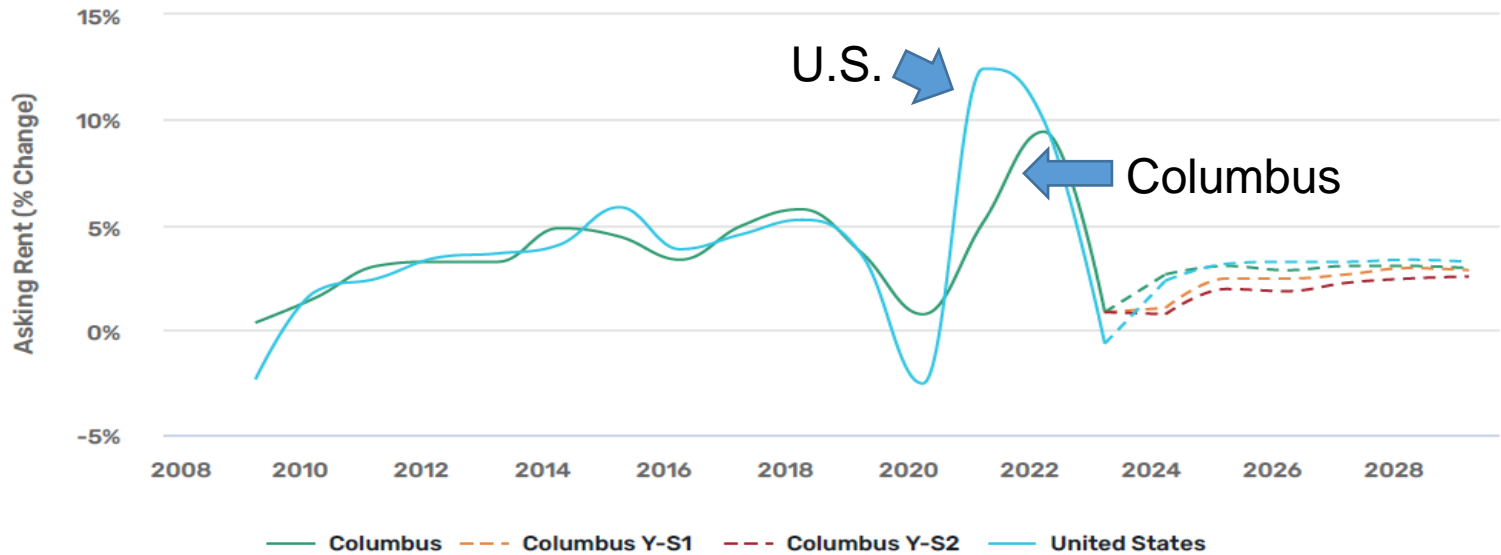


Vacancy Rate Projection



*Approximate 27,000 units in planning (similar to the last 2 years).

Asking Rent Projection



Year	Columbus			Midwestern Region	United States
	% Change	S1 - % Change ¹	S2 - % Change ²	% Change	% Change
2024	2.6%	1.0%	0.7%	2.3%	2.3%
2025	3.0%	2.4%	1.9%	2.8%	3.1%
2026	2.8%	2.4%	1.8%	3.0%	3.2%
2027	3.0%	2.6%	2.2%	2.9%	3.2%
2028	3.0%	2.9%	2.4%	2.9%	3.3%
2029	2.9%	2.8%	2.5%	2.8%	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)".

What To Watch

- Impact of city's tax abatement plan? Will we see new development in inner-city neighborhoods?
- Will construction/development/interest costs impact the construction pipeline?
- What will Merchant Building, Scioto Peninsula, Kroger Bakery and office building conversions do to the downtown market?
- How many rental projects will emerge on the coattails of Intel? Will downtown be impacted?
- Will we see more mixed-use developments? (Grandview Crossing and TruePointe for example)
- Will we see more for-rent single-family homes?

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, light-colored map of the United States is positioned on the left side of the slide. It shows major roads and state boundaries, with some state numbers like 61, 74, 91, 55, and 52 visible. The map is partially obscured by the text on the right.

Rob Vogt

Vogt Strategic Insights

robv@vsinsights.com

www.vsinsights.com

(614) 224-4300