

YARDI® Matrix

Cleveland's Transformation

Multifamily Winter Report 2015

**RNC Drives Hotel
Development Boom**

**Home Prices Outpace
Rental Costs**

**Low Prices, High Yields
Attract Investors**

CLEVELAND MULTIFAMILY

YARDI® Matrix

Market Analysis

Winter 2016

Contacts

Paul Fiorilla

Associate Director of Research
Paul.Fiorilla@Yardi.com
(800) 866-1124 x5764

Dana Seeley

Associate Director of Research
Dana.Seeley@Yardi.com
(800) 866-1124 x2035

Jack Kern

Director of Research and Publications
Jack.Kern@Yardi.com
(800) 866-1124 x2444

Health Care Leads Metro's Transformation

The Cleveland-Akron metro has largely underperformed in recent years as the region's economy transforms. Growth has slowed for traditional drivers such as manufacturing and exports, replaced by industries such as health care and education.

While still lagging the national pace, employment is on an upswing. Signs that the economy is picking up include Cleveland's unemployment rate drop of more than 100 basis points year-over-year to 4.2% in the third quarter of 2015. A recent example is Siemens Healthcare, which has moved its U.S. central zone headquarters from Pittsburgh to Cleveland's Global Center for Health Innovation in early December. Beside its prominent education and health sectors, Cleveland's hospitality segment is on a tear, in most part due to the upcoming 2016 Republican National Convention. The metro also boasts one of the most educated populations in the nation.

The effect of the strengthening employment is seen in multifamily rent gains in submarkets that include Cleveland's urban core and the Hough submarket in midtown. Development and investment activity are also showing signs of recovery. After several years of tepid supply growth, nearly 10,000 units are in the pipeline. Investor demand is also growing, as both the number of transactions and price per unit are on the upswing.

Recent Cleveland Transactions

Commodore Place



City: Cleveland
Buyer: The Community Builders
Purchase Price: \$9 MM
Price per Unit: \$43,922

Sunset Ridge



City: Painesville, Ohio
Buyer: Jure Krpan
Purchase Price: \$2 MM
Price per Unit: \$37,109

Forest Hill Park



City: East Cleveland
Buyer: LEDAHF
Purchase Price: \$4 MM
Price per Unit: \$21,552

Chestnut Acres



City: Elyria, Ohio
Buyer: Insight Management Group
Purchase Price: \$4 MM
Price per Unit: \$30,435