

YARDI® Matrix

Cleveland's Fundamental Promise

Multifamily Fall Report 2016

Which Submarkets Are Driving Rental Demand?

Investors Embrace Low Prices with High Volume

Controlled Supply Keeps Pace with Population

CLEVELAND MULTIFAMILY

YARDI® Matrix

Market Analysis

Fall 2016

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Stable Fundamentals in the Buckeye State

As a component of the slow-growth Rust Belt, Cleveland's multifamily rent levels have historically lagged the national rate. However, despite recording a below-average 3.1% year-over-year rent growth through August 2016, the metro is displaying relatively stable fundamentals.

The Weston/Citymark project, the nuCLEus high-rise and the 925 Building renovation—three Downtown investments that add up to more than \$1 billion in value—are on the verge of redefining the city's skyline and adding 2,300 units to Cleveland's multifamily stock. As skilled Millennials and downsizing Baby Boomers are renting more and more in downtown Cleveland and surrounding submarkets, old office buildings are being converted to upscale residential or mixed-use properties. The hospitality industry was boosted by this summer's Republican National Convention and the Cavaliers' National Basketball Association championship. The education and health services sector continues to add consistent numbers of highly paid jobs, easing the city's transition from a post-industrial center to a diversified economy.

Taking into account the city's still-shrinking population, multifamily fundamentals are promising. Strong demand has increased occupancy levels by 210 basis points in recent years, development reached cyclical peaks in 2015 and more than 11,500 units are currently in different stages of development.

Recent Cleveland Transactions

The Vue at Beachwood



City: Beachwood, Ohio
Buyer: Strategic Properties of N. America
Purchase Price: \$90 MM
Price per Unit: \$258,406

Hunter's Chase



City: Westlake, Ohio
Buyer: Morgan Management
Purchase Price: \$30 MM
Price per Unit: \$123,497

444 Park



City: Richmond Heights, Ohio
Buyer: NM Residential
Purchase Price: \$23 MM
Price per Unit: \$30,571

Cascade Falls



City: Akron, Ohio
Buyer: Read Property Group
Purchase Price: \$15 MM
Price per Unit: \$49,342