

Yardi® Matrix

Cleveland's Transition

Multifamily Report Summer 2017

**Upgrades Lift
Rental Rates**

**Downtown Demand
Fuels New Supply**

**Transaction Volume
Stays Soft**

CLEVELAND MULTIFAMILY

Yardi® Matrix

Market Analysis

Summer 2017

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All Eyes on Core

The Cleveland multifamily market is growing slowly, particularly in submarkets outside the urban core that still face difficulties stemming from the last downturn. The city center appeals to investors and residents alike, with signs of emerging opportunities. However, the metro is steadily losing residents, while rent growth—2.0% year-over-year as of June—is underperforming.

Education and health services, a sector that added 6,500 jobs in the 12 months ending in May, is leading economic growth. The Cleveland Clinic's \$276 million specialized cancer center opened in March, further fueling this surge. Fields requiring highly skilled workers, such as biotechnology, are rapidly expanding, in stark contrast to leisure and hospitality, transportation and manufacturing, which together contracted by roughly 4,600 positions. Financial activities, construction, and professional and business services also posted consistent job gains, supporting Cleveland's diversifying economy and benefiting the office market.

The growing number of renters looking to live near work, transportation, retail and entertainment options, coupled with limited housing supply, is stimulating rent growth. Cleveland's occupancy rate for stabilized properties was 95.1%, the highest among Ohio metros although 50 basis points below the national average. As construction activity was modest in the first two quarters of 2017—only 146 units came online—we expect rent growth to remain above 2.0% by year-end.

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

Remington



City: Westlake, Ohio
Buyer: Burton Carol Management
Purchase Price: \$28 MM
Price per Unit: \$98,469

Barrington Place



City: Westlake, Ohio
Buyer: APM Management
Purchase Price: \$20 MM
Price per Unit: \$119,715

Sherwood Village



City: Bedford, Ohio
Buyer: River Street Management
Purchase Price: \$6 MM
Price per Unit: \$31,888

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