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Steady Cleveland

Multifamily Report Summer 2018

New Supply Tempers Rent Growth

Hiring Picks Up, Unemployment Drops

Downtown Population Reaches Milestone

CLEVELAND MULTIFAMILY

Market Analysis

Summer 2018

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Downtown Boom Drives Demand

Demand for apartments is strong in Cleveland's urban core, which reached a milestone of 15,000 residents and more than 95,000 jobs in 2017, becoming the largest downtown in Ohio. However, last year's spate of new supply, especially in the Lifestyle segment, has put a damper on rent growth, where the average rate remained flat year-over-year as of May.

Employment growth stayed below the previous years' averages, but job creation has begun to pick up, leading to reduced unemployment. The strengthening of the industrial sector led to increased hiring activity in trade, transportation and utilities. Growth was also strong in manufacturing, a driving force for the local economy, as well as biotech and office-using sectors such as financial activities, which is set to get a boost from insurer Progressive Corp. The company announced a \$30 million expansion in Highland Heights, where it plans to add 900 new jobs, while retaining nearly 10,000 local jobs, which have a total payroll of \$819 million.

Multifamily developers were active in the metro in 2017, a trend that is expected to persist through 2018. By the end of the year, 1,743 units are scheduled for completion, geared toward the Lifestyle renter cohort. Absorption is expected to keep up with the pace of new deliveries, generating 2.0% rent growth for the year.

Recent Cleveland Transactions

Statler Arms



City: Cleveland
Buyer: Millennia Housing Cos.
Purchase Price: \$40 MM
Price per Unit: \$135,593

Park Hill at Fairlawn



City: Akron, Ohio
Buyer: Haley Real Estate Group
Purchase Price: \$25 MM
Price per Unit: \$126,933

Barrington Place



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

Hickory Hill



City: Brunswick, Ohio
Buyer: DMG Rentals
Purchase Price: \$12 MM
Price per Unit: \$59,142