CLEVELAND, OHIO

MAJOR DEVELOPMENTS UNDERWAY BODE WELL FOR CLEVELAND'S RECOVERY

Multifamily developers completed 1,513 apartment units in the Cleveland metro area in 2020, nearly 90% of which were in the urban core and consisted mostly of Class A stock. Metrowide, occupancy among Class A apartment communities slipped 170 basis points during 2020, fueled by heightened competition among Class A apartments, the economic disruption caused by the pandemic, and the ease at which many households could transition to homeownership. Among all apartment classes, average occupancy was 96.0% by year-end 2020, just 20 basis points lower than one year prior. Average effective rent reached $976 per month in the fourth quarter, a 0.7% year-over-year increase. The decelerating apartment fundamentals followed 207,800 jobs lost from January to May 2020. Employment recovery began in the last half of 2020. December monthly unemployment was 9.2% compared to May's 18.5% jobless rate. Going forward, several developments will tremendously aid the metro's recovery. Cleveland Clinic has three major local projects underway that, when completed, will require the company to hire 1,300 doctors, nurses, and technicians. In Elyria, Carvana plans to build a 200,000-square-foot vehicle reconditioning facility staffed with 400 workers. Sherwin-Williams Company is opening a 500,000-square-foot research and development center in Brecksville and in 2024 will move more than 3,500 workers into its new headquarters building in Downtown Cleveland. All these developments pose a potential upside for the local apartment market. Over the next two years, metrowide apartment occupancy is projected to remain over 95%, and effective rent growth is forecast to rise 4.2%.

2021 MARKET AT A GLANCE

OCCUPANCY RATE
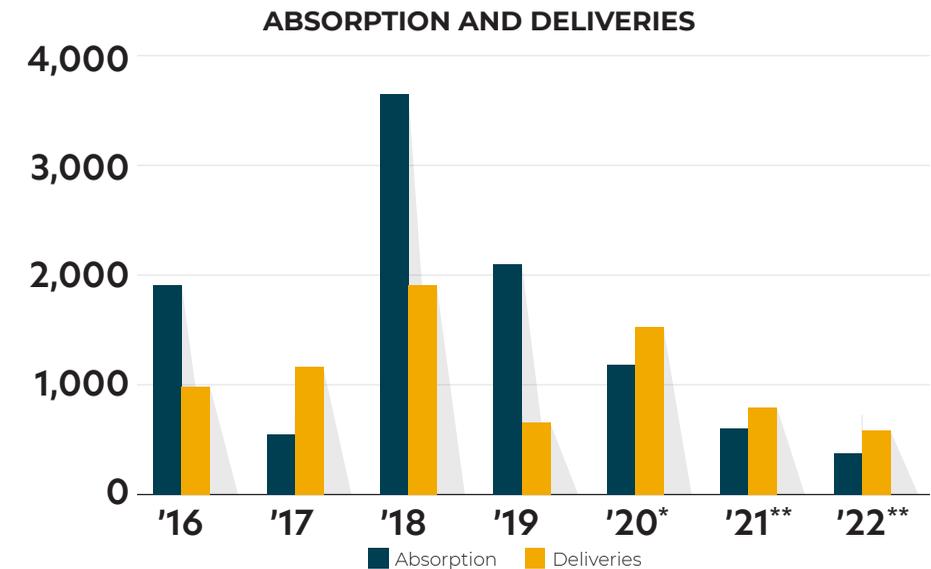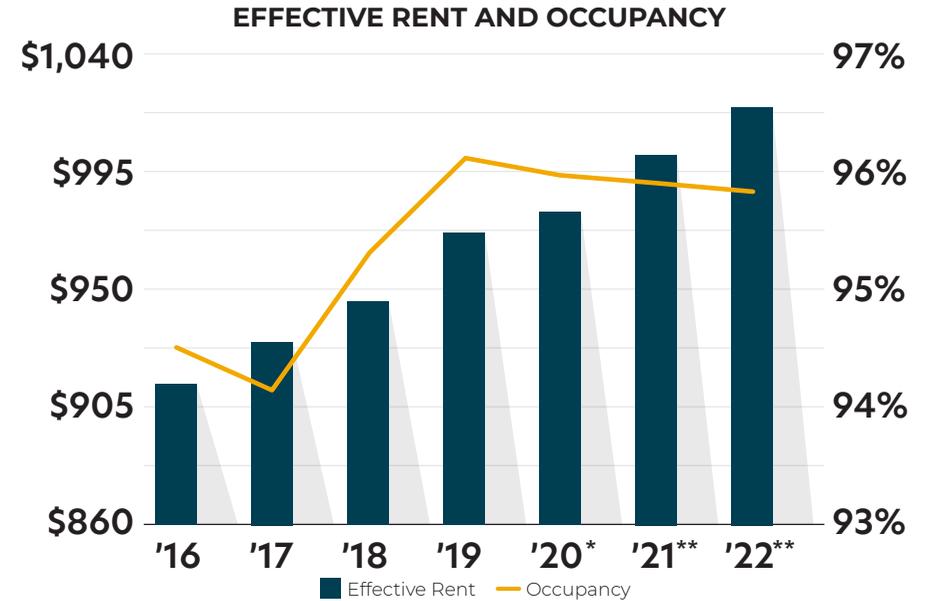**95.9%**
Down **10 bps** YOY

EFFECTIVE RENT
$999
Up **2.4%** YOY

RENT SHARE OF WALLET
20.5%
Up **40 bps** YOY

MARKET TRENDS

EFFECTIVE RENT AND OCCUPANCY

ABSORPTION AND DELIVERIES

CLEVELAND, OHIO

EMPLOYMENT TRENDS

EMPLOYMENT CHANGE

	'16	'17	'18	'19	'20*	'21**	'22**

EMPLOYMENT

2019	YOY CHANGE	2020*	YOY CHANGE	2021**
1,093,000	-11.2%	970,300	2.3%	993,000

UNEMPLOYMENT RATE

2019	YOY CHANGE	2020	YOY CHANGE	2021
2.9%	630 BPS	9.2%	-210 BPS	7.1%

POPULATION

2019	YOY CHANGE	2020	YOY CHANGE	2021
2,045,700	-0.2%	2,042,400	-0.2%	2,038,500

HOUSEHOLDS

2019	YOY CHANGE	2020	YOY CHANGE	2021
862,100	0.2%	863,500	0.1%	864,000

MEDIAN HOUSEHOLD INCOME

2019	YOY CHANGE	2020	YOY CHANGE	2021
$56,658	3.0%	$58,385	0.1%	$58,465

SALES TRENDS

PRICE PER UNIT

2019	YOY CHANGE	2020*
$63,300	45.2%	$91,895

CAP RATE

2019	YOY CHANGE	2020
6.9%	-60 BPS	6.3%

■ Price Per Unit ── Cap Rate
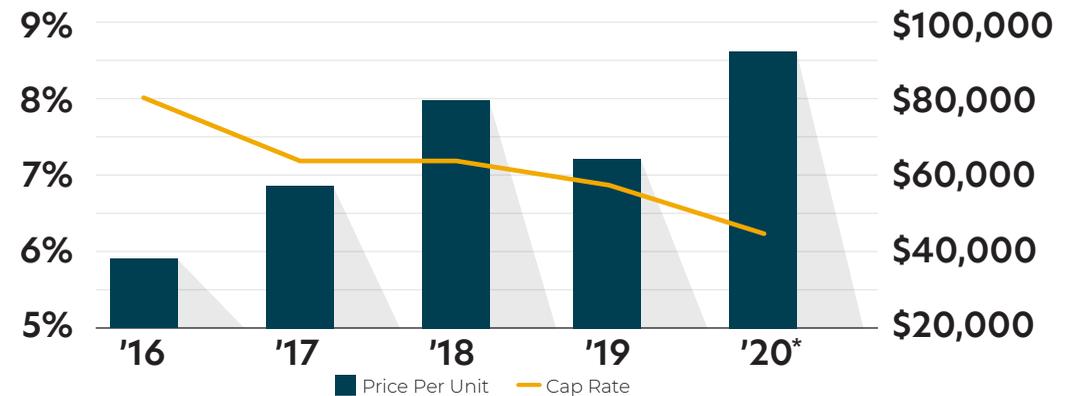
Data and images pertaining to employment, income, permits, population, rents, single-family housing, and occupancy are year-end figures. Absorption, construction, and apartment sales figures are full-year totals. *Numbers for 2020 are projected values; **2021/2022 figures are forecast projections. Apartment market data criteria and methodologies vary by market.