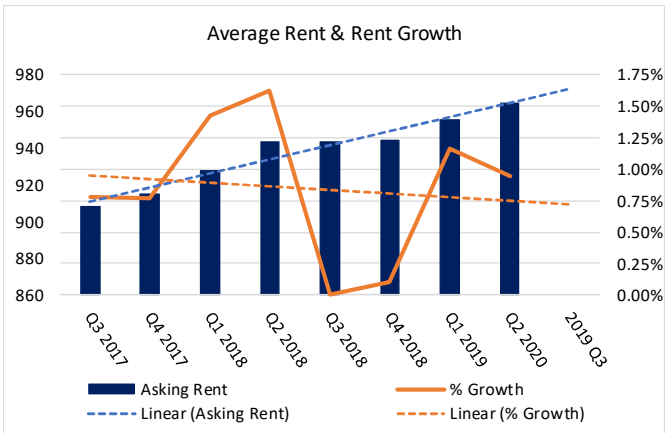


COLUMBUS, OHIO – MULTIFAMILY MARKET – 2ND QUARTER 2019

Market Overview

The Columbus multifamily market has more than 175,000 units, 15,000 of which have been added to the market over the past five years – 3,000 a year – according to CoStar. Nearly 5,000 of these were delivered in 2018 and over 1,800 were added in the 2nd quarter of 2019 alone. Over the same five-year period Columbus has added almost 140,000 new residents. While market vacancy has ticked up in recent quarters due to this influx of new product the future continues to look bright. In reality, Columbus remains under built as new supply has been insufficient to make up for years of undersupply coupled with steady increases in demand. The Ohio State University brings a continuous supply of new renters, while a diverse and strong job market and relatively low cost of living keeps many graduates in place. New construction remains overly focused on Class-A properties in Columbus’s historically affluent and high demand areas such as downtown, the Short North, University District, and Dublin. There remains plenty of room to expand into the less prominent submarkets which surround the city. Ample demand has fueled strong returns. Owners have experienced annual rent growth of over 2% every year of the cycle, with multiple years seeing gains of over 4%. While the most recent quarter’s data shows rent growth has slowed some with the latest supply wave, there is little reason to anticipate a severe slowdown given how readily the market has absorbed new units. The trailing twelve month rent growth figure remains solidly above 2.0%.

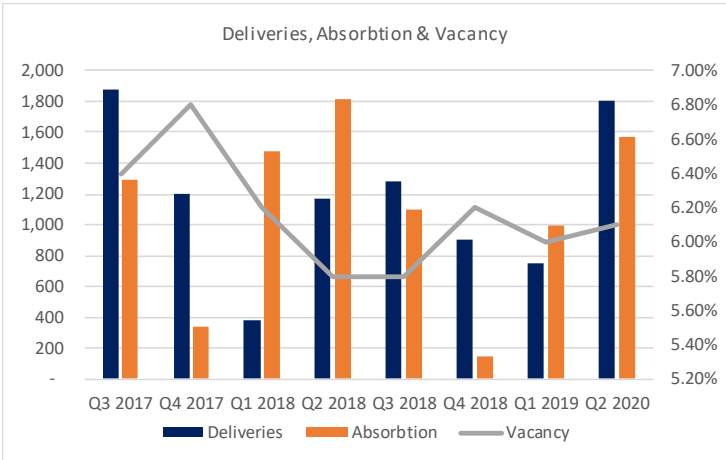
Rent and Rent Growth



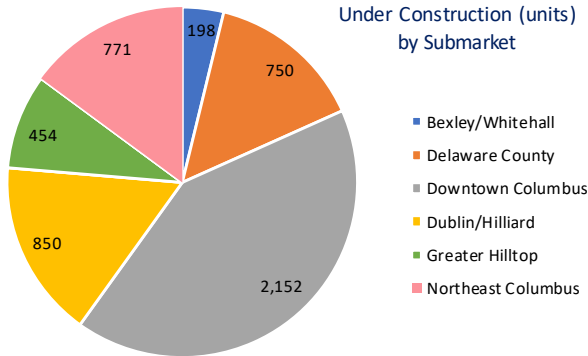
- With rent growth in Q2 2019 coming in at ±1.0% it has now been positive every quarter since Q1 2010. Rents have grown a total of 43% since then.
- While rent growth is still positive it has slowed since reaching its highs in 2017 as the influx of new supply put some downward pressure on rents. The fact that vacancy remains below historic averages and rent growth remains positive after adding over 1,800 units in the most recent quarter is a testament to the resilience of the market.
- Columbus’s growing population and solid local economic conditions should keep rent growth in positive territory over the short term even as inventory continues to grow.

Deliveries, Absorption & Vacancy

- The Columbus multifamily market saw its vacancy rate tick up slightly from 6.1% in the previous quarter to 6.2% in the current quarter. Vacancy has been hovering around the 6.0% mark for the past 7 quarters.
- The market has absorbed ±3,800 units over the last 4 quarters while ±4,700 units have been added its inventory. The figures were 1,550 and 1,800 in the most recent quarter.
- There are currently 7,129 units under construction, 4% of current inventory.



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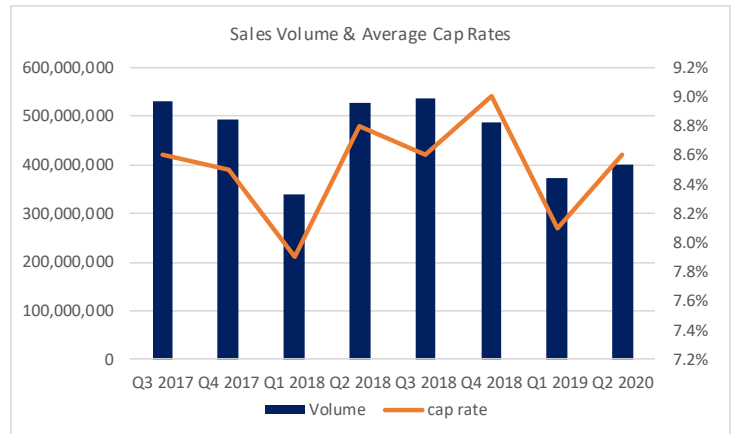


Inventory and Construction

- The chart to the left identifies the number of units under construction in each submarket. Only submarkets with space under construction are shown.
- Total multifamily inventory in the Columbus market area amounted to 178,317 units in 2,492 buildings.
- Over a third of all units under construction are in the Downtown Submarket which includes neighborhoods such as the Short North and the University District.

Sales Volume, Price and Cap Rates

- Sales volume over the last twelve months is ±\$1.8 billion, significantly above historic averages and the highest number in the state. The average property price ticked up to \$42,436/unit in the most recent quarter and the average cap rate came in at 8.6%.
- The Columbus multifamily market remains a popular target for those chasing yield. Given recent rent growth and asset value appreciation the market expects to continue to be a top target for investors.



Financing

- MSF has a history of success financing commercial assets and prides itself on connecting its clients with capital on even the toughest of deals. We partner with a diversified group of strong financial institutions which cover the spectrum of debt options. Recent deals of note closed this year include:
 - **Water Street Apartments:** (\$34.4 million financed) Financing for this 269-unit Class A, apartment complex in the Water Street district of Downtown Dayton was secured with a competitive rate via Freddie Mac. Loan terms were based on 75% LTV, 10-year term and a 30-year am.
 - **Vanguard at Polaris:** (\$33 million financed) Bridge loan financing for this 292-unit apartment complex was secured through one of our many life insurance company partners. Loan terms were based on 72% LTV at 4.5% rate, 5-year term, 30-year am with two years of interest only payments.

About MSF:

Our goals are to identify and execute the debt and equity solutions you need to capitalize on opportunities. As owners and investors in commercial real estate we understand the interest of borrowers and lenders. For over 30 years our full-service mortgage banking firm has worked with the very best commercial real estate developers and owners and has closed virtually every committed loan we have arranged for clients.

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