

PRESENTED BY
OH + LEX MULTIFAMILY

MARIANNE TAYLOR

2025

State of the Industry

PRESENTED TO THE TRISTATE LEAGUE OF FINANCIAL INSTITUTIONS

CBRE



TABLE OF

Contents

- 1 National Overview**
Employment, Inflation, & Interest Rates
- 2 Local Overview**
Cincinnati, OH MSA Economics
- 3 Rental Market**
Fundamentals
- 4 New Developments**
Multifamily Supply & Construction
- 5 Investment Sales**
Multifamily Sales & Transactions
- 6 Forecast & Strategies**
Client Survey



01

Big Picture

National Employment Snapshot

UNEMPLOYMENT RATE

4.2%

U.S. JUNE 2025

PROJECTED UNEMPLOYMENT

4.0% - 4.5%

PROJECTED YE 2025 UNEMPLOYMENT

LABOR PARTICIPATION

62.6%

U.S. JUNE 2025

JOB OPENINGS

7.4M | -200K

OPENINGS IN DEC 2024

DOWN SINCE YE 2024

REVISED JOBS

-143K

JAN-APRIL REVISED JOBS

TOTAL EMPLOYMENT

158.6M | 163.9M

2024

2025 PROJECTED



Source: CBRE Research, U.S. Bureau Of Labor Statistics, Q4 2024.

Interest Rates

KEY INDICATORS EXPECTED TO STABILIZE

10-YEAR TREASURY

4.89% | 3.86%

High | Low

21%

High | Low % Change

4.34%

Current Rate

5.84%

Historic Long Term Avg.
1962 - Present

FEDERAL FUNDS RATE

4.33% | 4.33%

High | Low

0%

High | Low % Change

4.33%

Current Rate

4.87%

Historic Long Term Avg.
1962 - Present

Source: Bureau of Labor Statistics, Federal Reserve Economic Data, Federal Reserve Bank of St. Louis, CBRE Research, 2025.



02

Closer to Home

Greater Cincinnati MSA

UNEMPLOYMENT RATE

3.32%	4.15%	4.40%
2023	2024	JUNE 2025

LABOR PARTICIPATION

64.74%	64.76%	65.20%
2023	2024	JUNE 2025

TOTAL EMPLOYMENT

1.15M	1.16M	1.17M
2023	2024	JUNE 2025

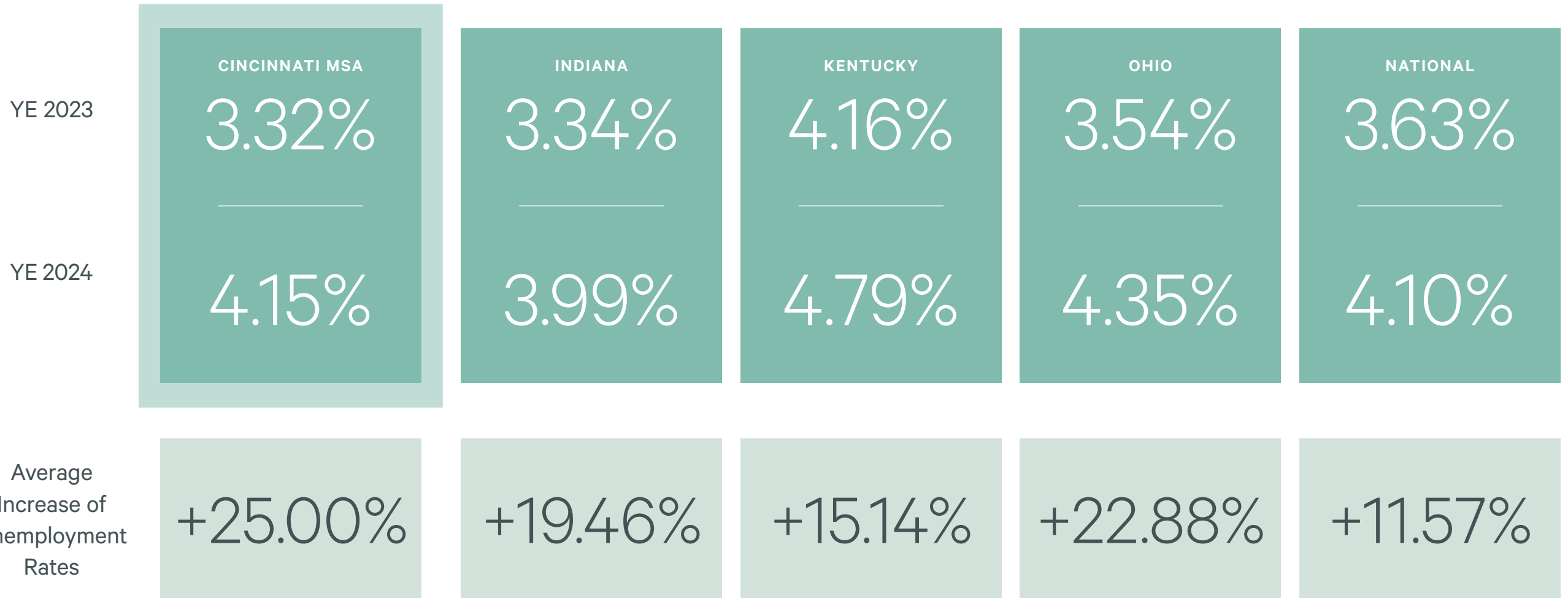
TOTAL POPULATION

2.25M	2.26M	2.29M
2023	2024	JUNE 2025

Source: CBRE Research, U.S. Bureau Of Labor Statistics, Q4 2024.



Unemployment





03

Rents & Occupancy

U.S. Rent Growth & Vacancy

U.S. YE 2024



Vacancy Rate



Average Rent
YE 2024



Rent Growth, YoY

U.S. 2025 (EXPECTED)



Peak Vacancy
Expected 2025



Avg. Rent
Expected 2025



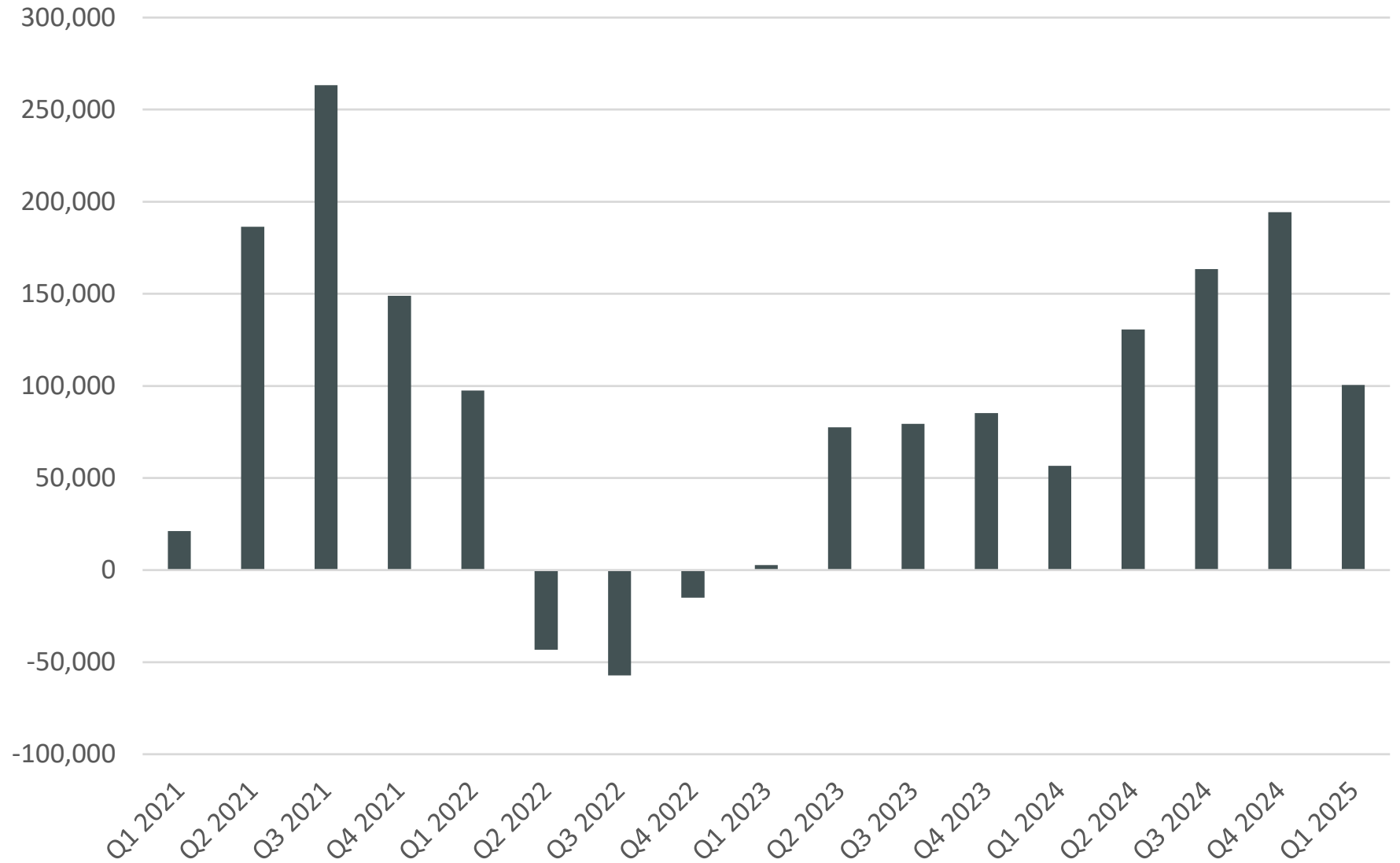
Rent Growth
Expected in 2025

Source: CBRE Research, CBRE Econometric Advisors

Renter demand is setting new records with the largest fourth quarter on record (since 1985) and 12x the pre-pandemic average.

This was also the first Q4 with all markets reporting positive absorption.

U.S. NET ABSORPTION (UNITS)



Source: CBRE Research, CBRE Econometric Advisors, Q4 2024.

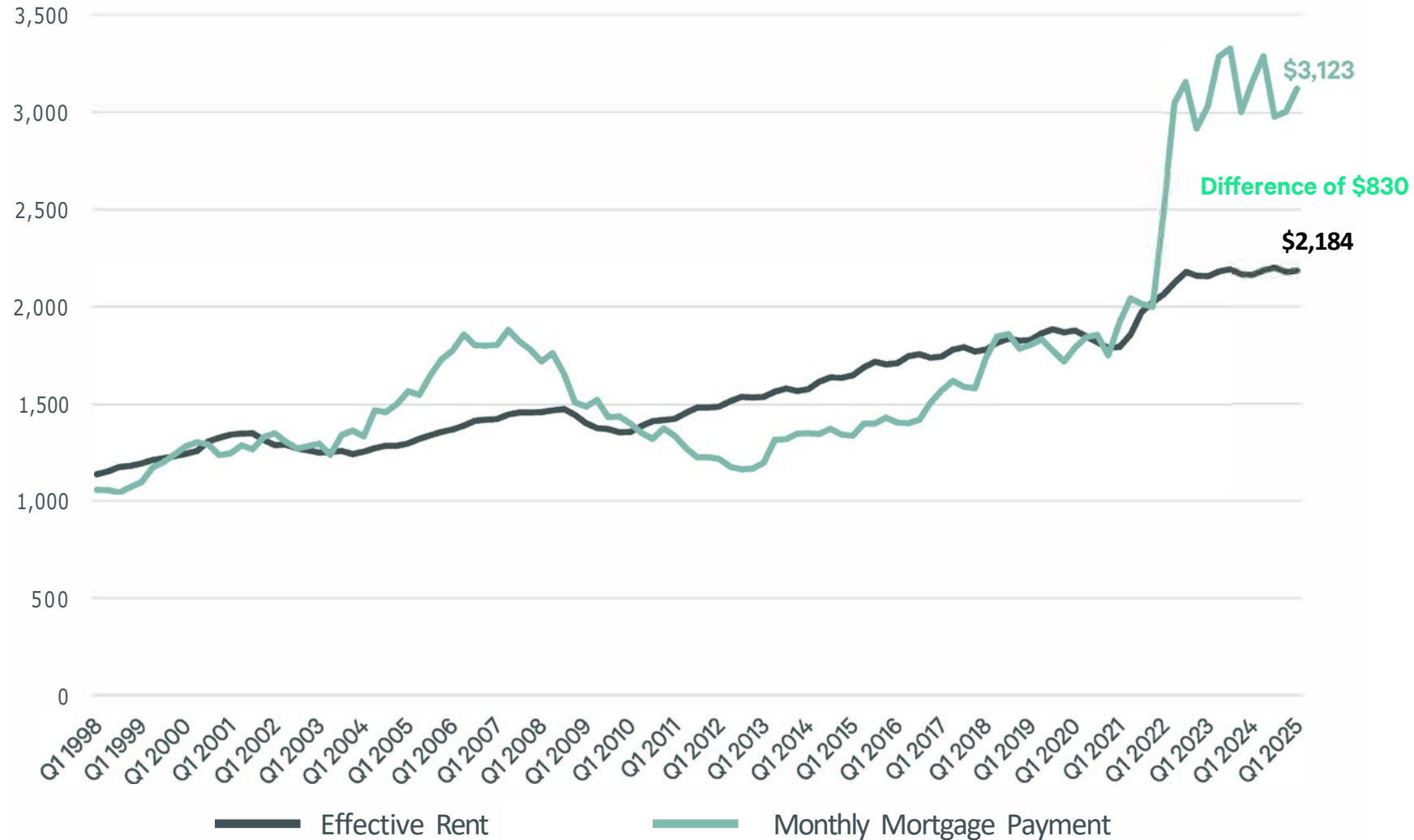
Mortgage Rates

Buying a Home? Not So Fast...

In Q4, the monthly premium for a newly purchased home was 43% nationally.

This is keeping renters renting for longer and helping preserve existing occupancies.

U.S. AVERAGE RENT VS. NEW MORTGAGE PAYMENT (\$)



Source: CBRE Research, CBRE Econometric Advisors, Freddie Mac, U.S. Census Bureau, Realtor.com®, FHFA, Q4 2024.

2024 Greater Cincinnati Rent & Occupancy Survey

MARKET AVERAGES FROM:

CBRE'S ANNUAL RENT SURVEY TOP 50 LARGEST PROPERTIES	COSTAR	YARDI	ECONOMETRIC ADVISORS	AVERAGE
<p>\$1,389 Overall Average Cincinnati Rent</p>	<p>\$1,295 Overall Average Cincinnati Rent</p>	<p>\$1,398 Overall Average Cincinnati Rent</p>	<p>\$1,436 Overall Average Cincinnati Rent</p>	<p>\$1,376 Overall Average Cincinnati Rent</p>
<p>-0.22% Overall Average Cincinnati Rent Growth</p>	<p>2.3% Overall Average Cincinnati Rent Growth</p>	<p>3.0% Overall Average Cincinnati Rent Growth</p>	<p>2.5% Overall Average Cincinnati Rent Growth</p>	<p>2.6% Overall Average Cincinnati Rent Growth</p>
<p>33.3% Overall Cincinnati Properties Offered Concessions</p>	<p>1.0% Overall Cincinnati Properties Offered Concessions</p>	<p>—</p>	<p>—</p>	<p>—</p>
<p>5.5% Cincinnati Vacancy Rate Q4</p>	<p>7.3% Cincinnati Vacancy Rate Q4</p>	<p>4.9% Cincinnati Vacancy Rate Q4</p>	<p>3.9% Cincinnati Vacancy Rate Q4</p>	<p>5.6% Cincinnati Vacancy Rate Q4</p>

CBRE's Top 50 Largest Properties Annual Rent Survey

RENT GROWTH & VACANCY

	CLASS A	CLASS B	CLASS C
EFFECTIVE RENT YE 2024 YE 2023	\$1,731 \$1,764	\$1,414 \$1,390	\$1,050 \$1,033
RENT GROWTH YOY 2024 2023 Rent Growth	-1.87% +3.9%	+1.73% +3.9%	+1.65% +3.9%
REPORTED 2024 CONCESSIONS % Of properties surveyed 2023 Concessions	26.7% 13.3%	39.3% 10.7%	27.3% 9.0%

Source: CBRE Research, CBRE Econometric Advisors, CBRE Cincinnati Rent Survey, January 2025

CBRE's Cincinnati Rent by Bedroom

EFFECTIVE RENT	OVERALL	CLASS A	CLASS B	CLASS C
1 BED 1 BATH YE 2024 YE 2023	\$1,178 \$1,170	\$1,473 \$1,512	\$1,196 \$1,172	\$924 \$893
2 BED 1 BATH YE 2024 YE 2023	\$1,247 \$1,246	\$1,505 \$1,509	\$1,310 \$1,314	\$1,132 \$1,124
2 BED 2 BATH YE 2024 YE 2023	\$1,617 \$1,644	\$1,921 \$1,957	\$1,534 \$1,498	\$955 \$975
3 BED AVG. YE 2024 YE 2023	\$1,926 \$1,890	\$2,292 \$2,332	\$1,943 \$1,713	\$1,403 \$1,368

Source: CBRE Research, CBRE Econometric Advisors, CBRE Cincinnati Rent Survey, January 2025



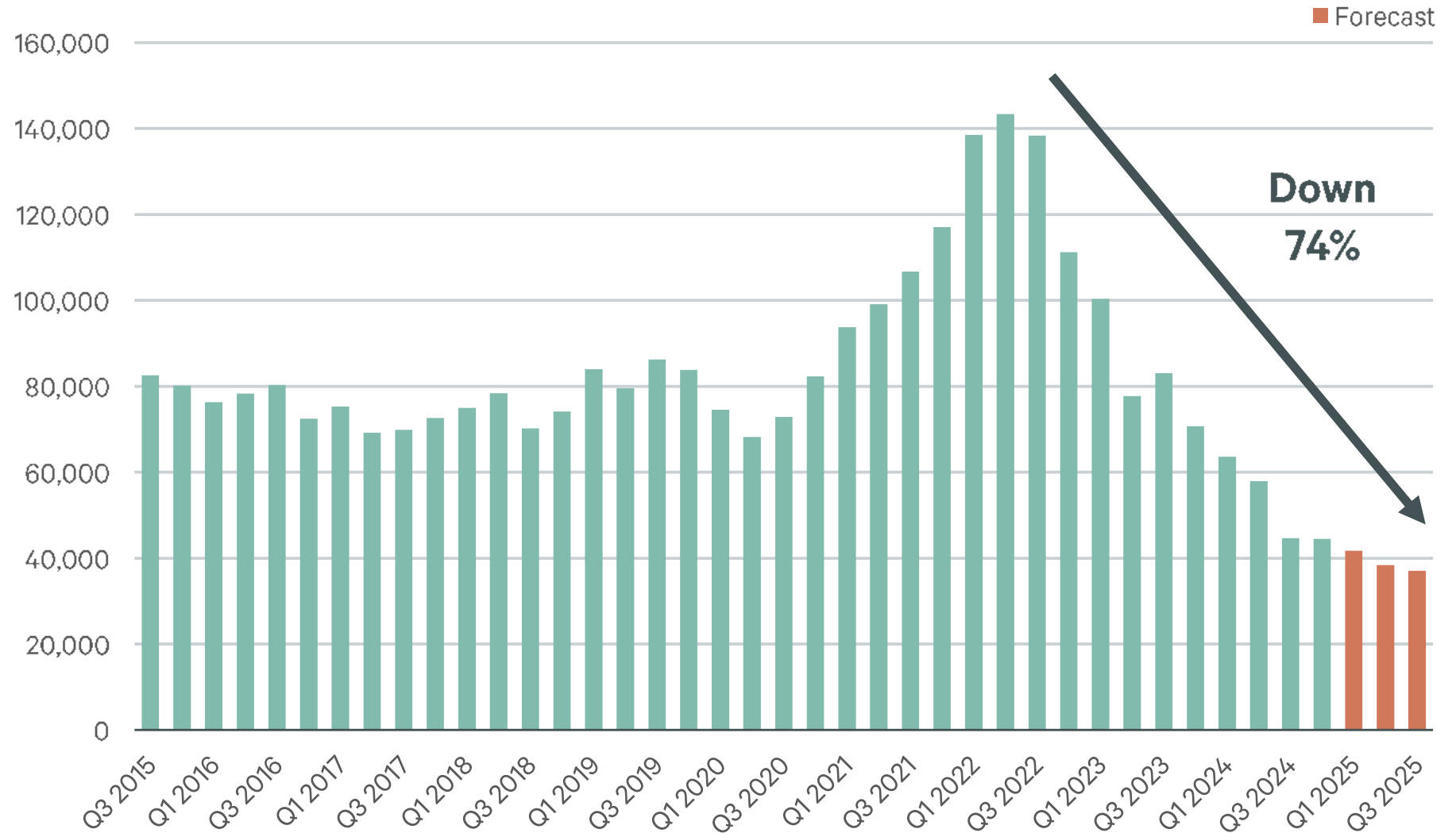
04

Supply & Construction

Due to the rapid increase in cost of construction financing (as well as softening fundamentals), construction starts are down significantly.

Conservatively, starts are expected to fall at least 52% from their pre-pandemic average, 74% from their peak.

ESTIMATED QUARTERLY U.S. MULTIFAMILY STARTS (UNITS)



Source: CBRE Research, Q3 2024.

Top Inventory Growth Around the Country

- Supply headwinds remain strongest across the Sun Belt.
- Fortunately, demand-driving job growth is also expected to be strongest in many of these markets.

		Units Under Construction	Construction (as of % of Inventory)
1	Charlotte	21,400	10.2
2	Austin	27,800	9.1
3	Raleigh	14,700	8.4
4	Salt Lake City	7,800	6.5
5	Columbus	11,800	6.2
6	Phoenix	25,600	6.2
7	Fort Worth	11,000	5.5
8	Dallas	34,100	5.3
9	Orlando	14,000	5.2
10	Miami	17,500	5.2
11	Nashville	9,700	5.1
12	Jacksonville	6,700	4.8
13	Kansas City	8,200	4.7
14	Atlanta	23,100	4.6
15	Tampa	12,000	4.1
	Cincinnati	5,509	3.7

Source: CBRE Research, CBRE Econometric Advisors, Q4 2024.

Cincinnati Developments

3,273 UNITS
COMPLETED YE 2024

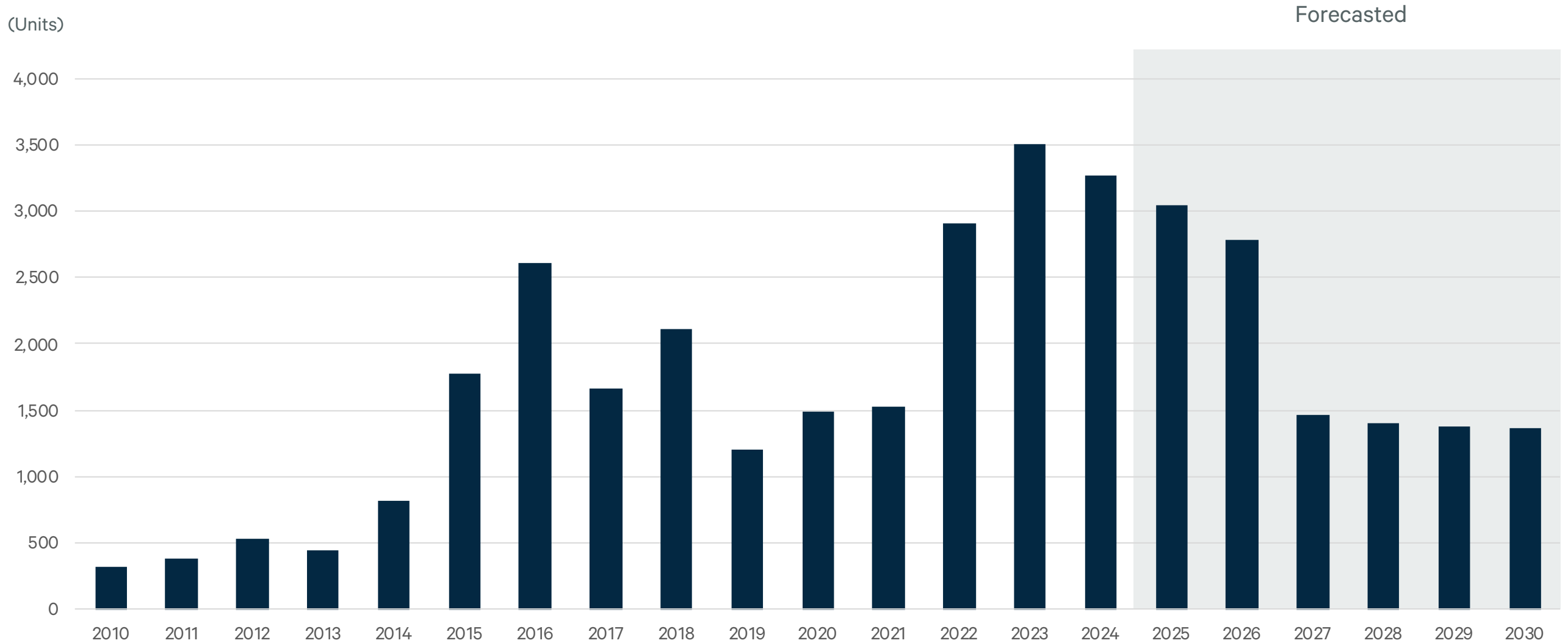
3,041 UNITS
2025 PROJECTED COMPLETIONS

2,783 UNITS
2026 PROJECTED COMPLETIONS

1,263 UNITS
LONG TERM ANNUAL AVERAGE (SINCE 2000)



Greater Cincinnati Multifamily Deliveries



Peer Markets

Indianapolis, IN

3,953
2024 COMPLETIONS

3,077
2025 PROJECTED

2,179
2026 PROJECTED

2,218
LONG TERM AVG.

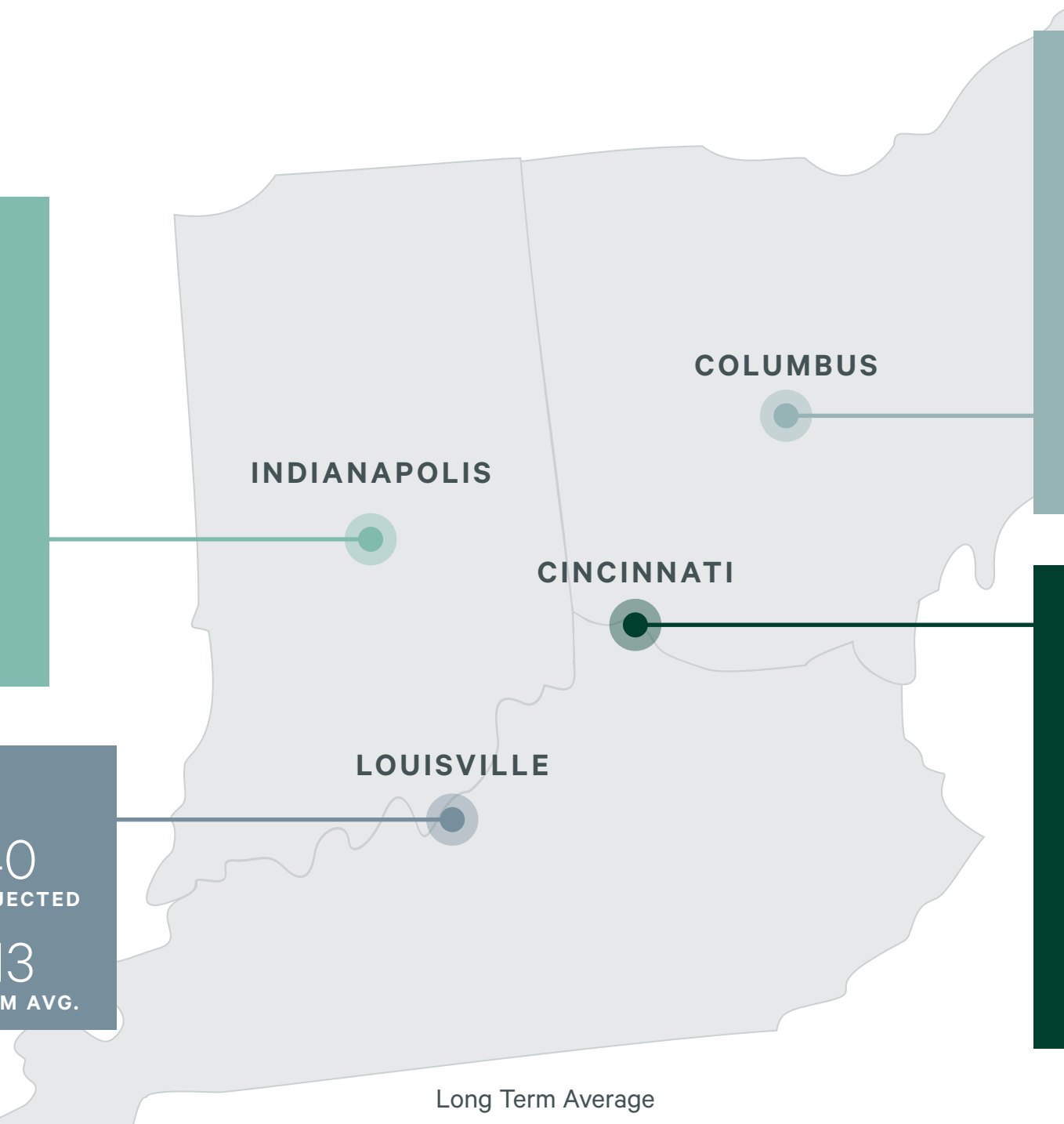
Louisville, KY

2,076
2024 COMPLETIONS

1,140
2026 PROJECTED

2,888
2025 PROJECTED

1,313
LONG TERM AVG.



Columbus, OH

5,470
2024 COMPLETIONS

6,778
2025 PROJECTED

5,219
2026 PROJECTED

2,569
LONG TERM AVG.

Cincinnati, OH

3,273
2024 COMPLETIONS

3,041
2025 PROJECTED

2,783
2026 PROJECTED

1,263
LONG TERM AVG.

Long Term Average
2000-Present

Source: CBRE Research, CBRE Econometric Advisors, Q4 2024.

Downtown

7

East

West

Central

North

Northern Kentucky

South of I-275

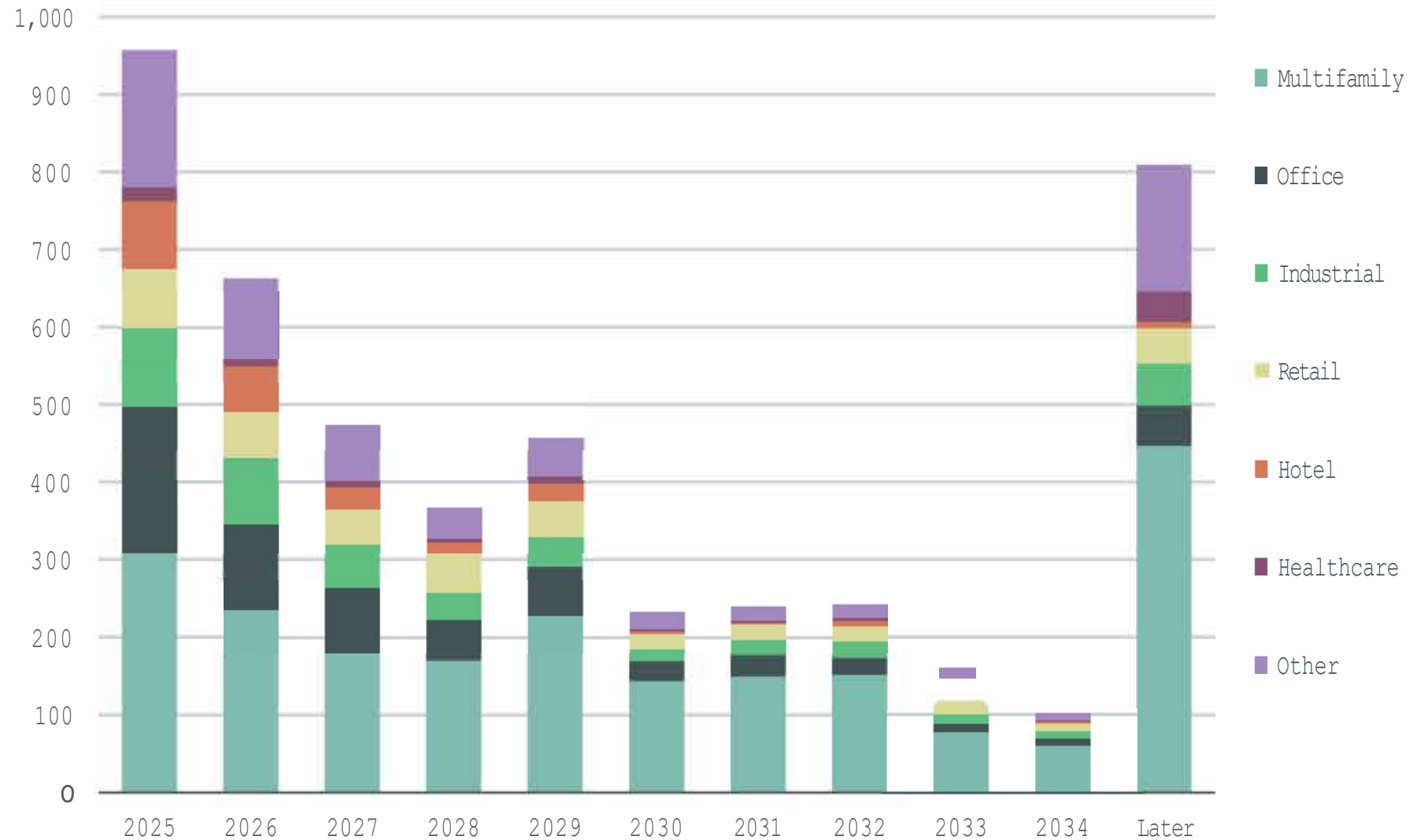


05

Investment Sales

Multifamily has steadily become the leader with the largest share of total investment into U.S. Commercial real estate.

SHARE OF TOTAL INVESTMENT



CAP RATES(%)

How are cap rates actually moving?

Data from CBRE's Multifamily Underwriting Survey suggests cap rates for Core assets remain mostly stable.



Source: CBRE Research, MSCI Real Assets, Q1 2025

U.S. Multifamily Sales Volume (Billions)

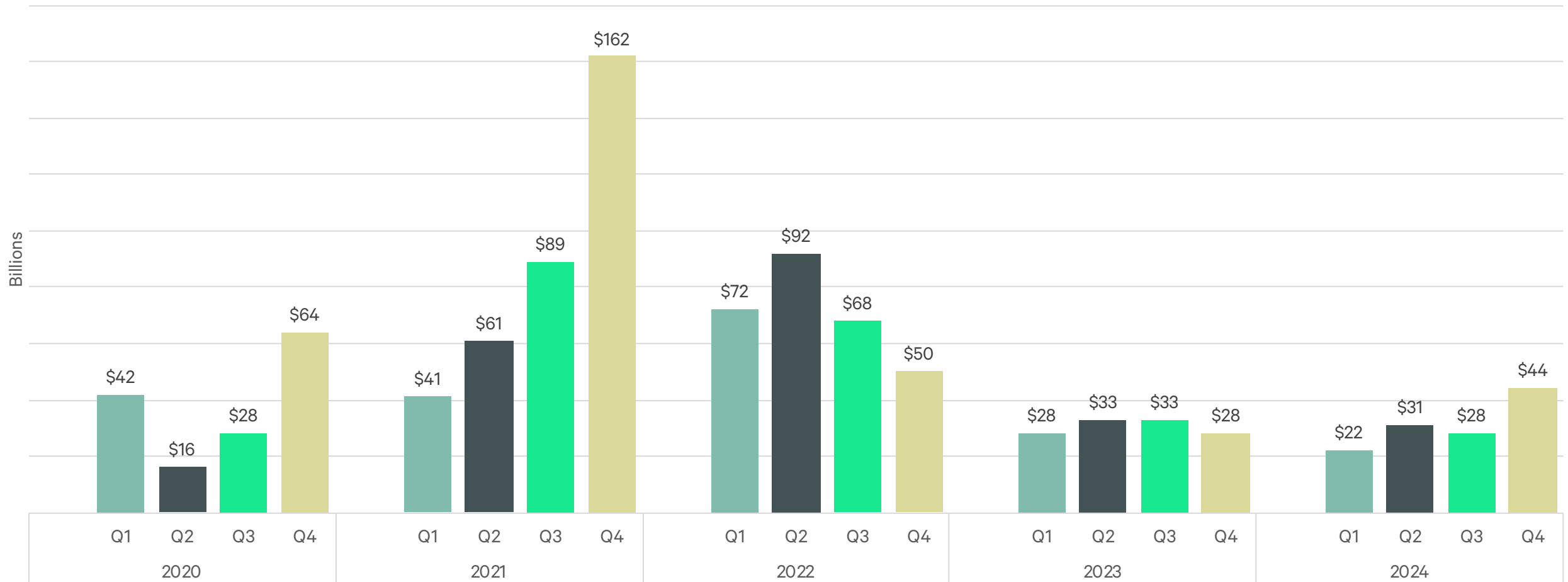
2020:
\$149.5B

2021:
\$352.6B

2022:
\$282.0B

2023:
\$121.8B

2024:
\$134.9B



Source: MSCI Real Assets (RCA), CBRE Business Intelligence

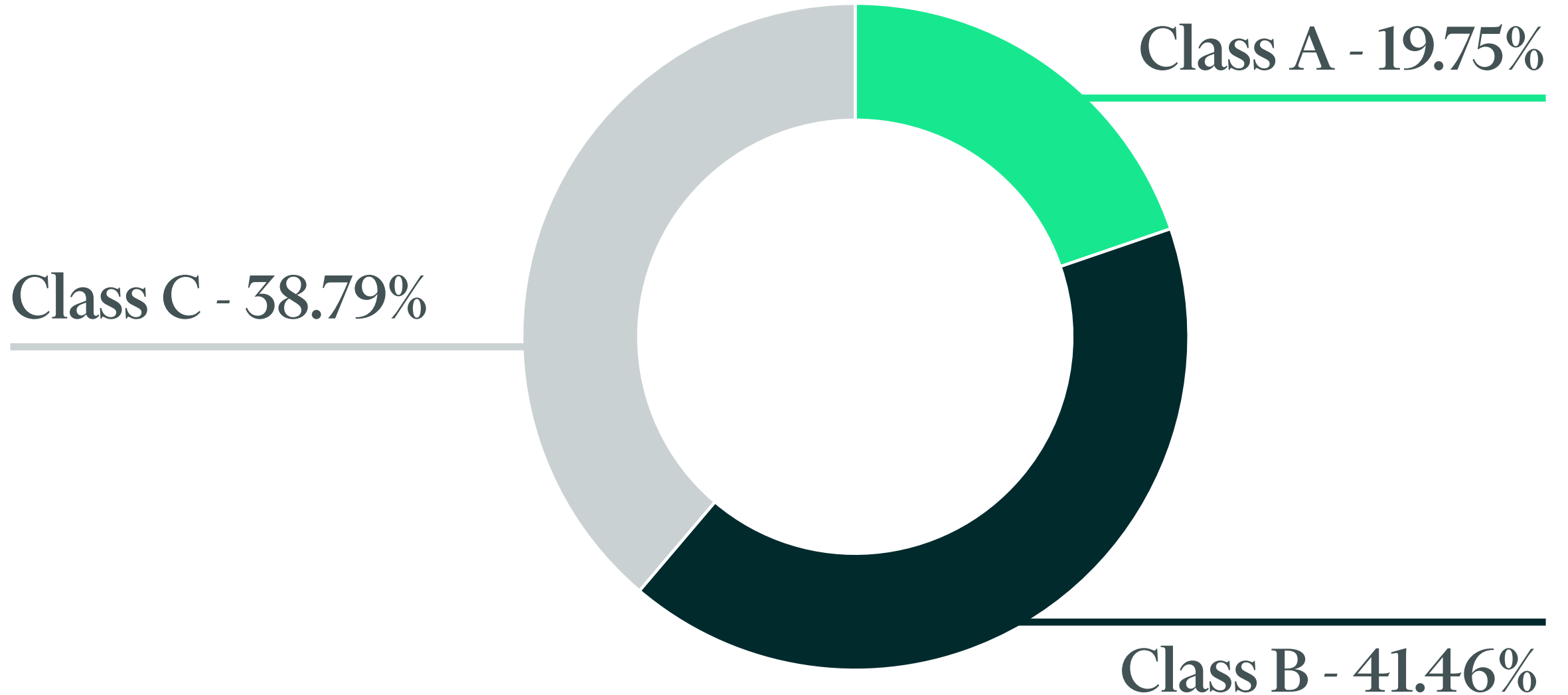
Cincinnati Multifamily Sales

YE 2022	% CHANGE	YE 2023	% CHANGE	YE 2024
5,103 TOTAL UNITS	-39%	3,115 TOTAL UNITS	+51%	4,715 TOTAL UNITS
\$740M TOTAL SALES VOLUME	-55%	\$329.1M TOTAL SALES VOLUME	+71%	\$562.1M TOTAL SALES VOLUME
5.0% AVG. CAP RATE	+20%	6.0% AVG. CAP RATE	-	6.0% AVG. CAP RATE
\$145,000 AVG. PRICE / UNIT	-27%	\$105,657 AVG. PRICE / UNIT	-2.8%	\$102,699 AVG. PRICE / UNIT

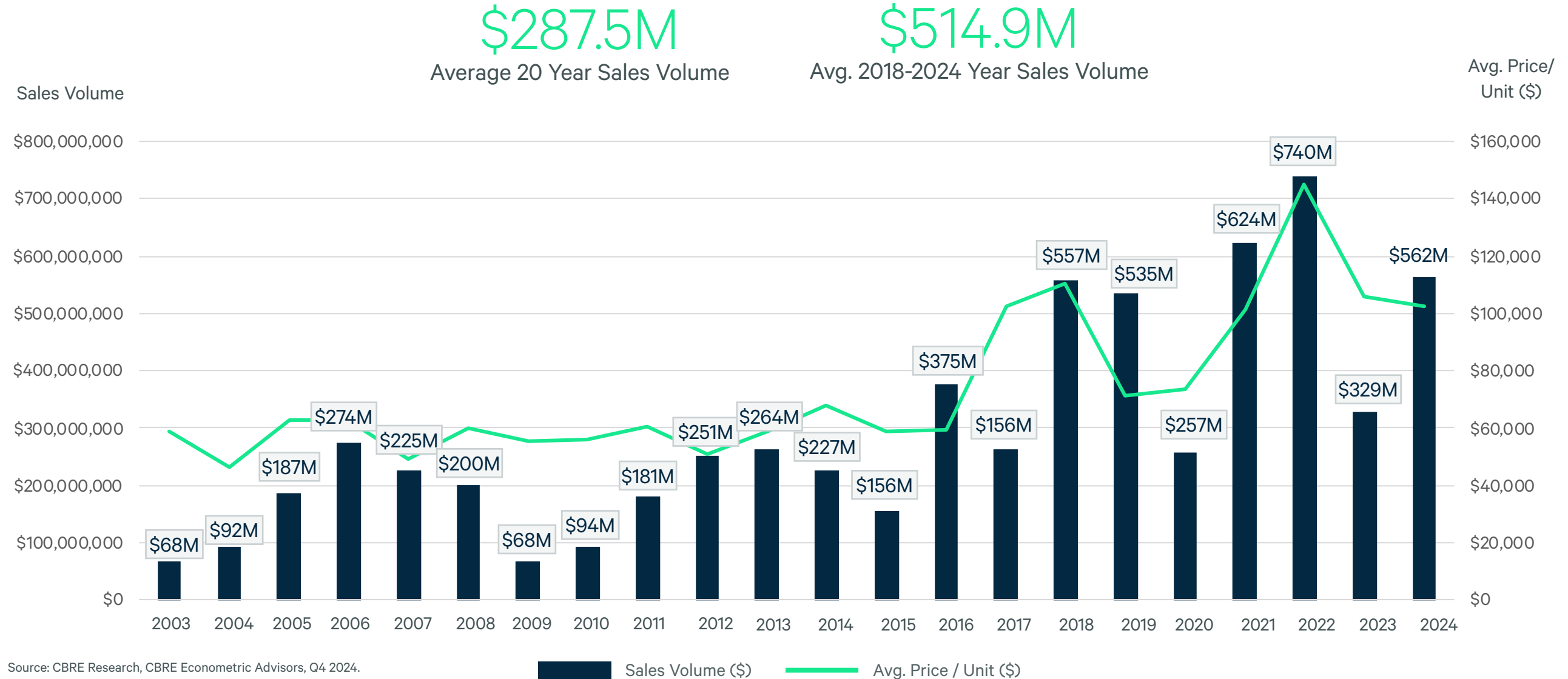
Source: CBRE Research, Q4 2024

2024 Multifamily Transaction Volume

CINCINNATI MSA TOTAL TRANSACTIONS BY CLASS



Cincinnati Sales Volume vs. Average Price Per Unit



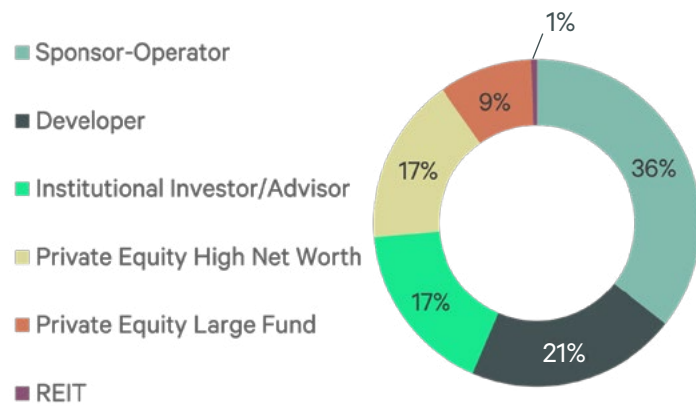


06

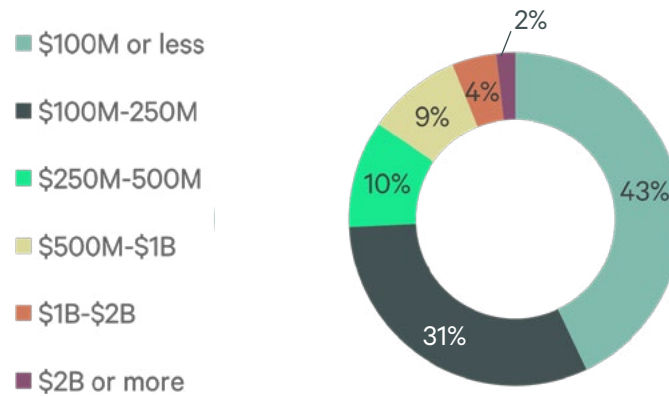
Multifamily Client Survey

Primary Investor Profile

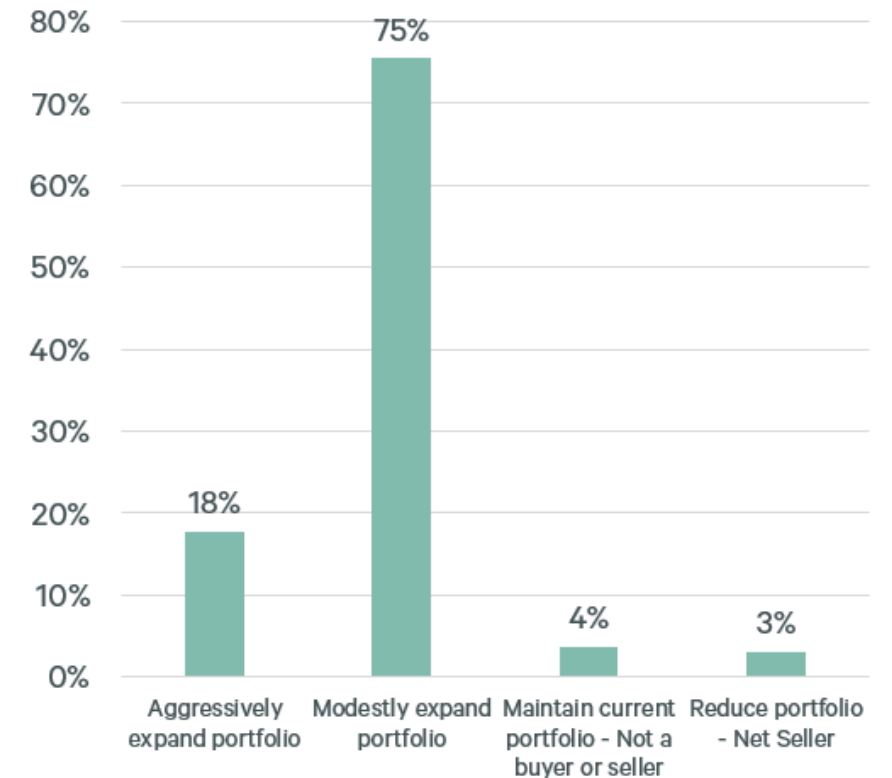
PRIMARY INVESTOR PROFILE



EQUITY DEPLOYMENT TARGET FOR 2025 FULL YEAR



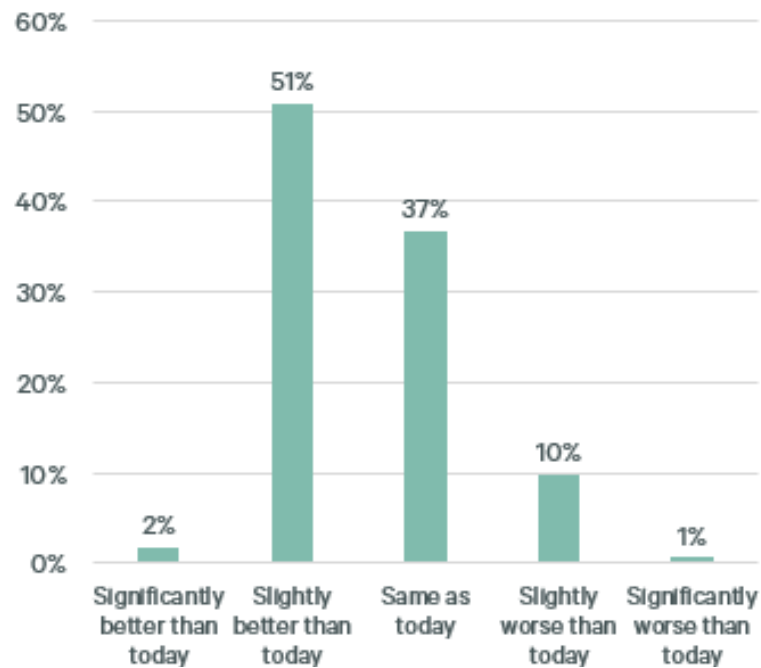
OVERALL INVESTMENT STRATEGY



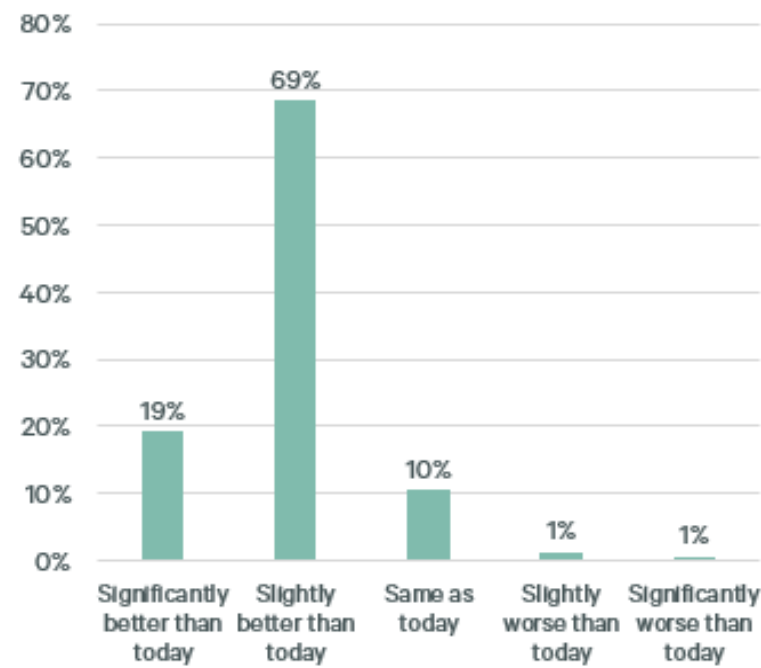
Multifamily Market Landscape & Outlook

How do you anticipate the investment climate to look over the next year and a half?

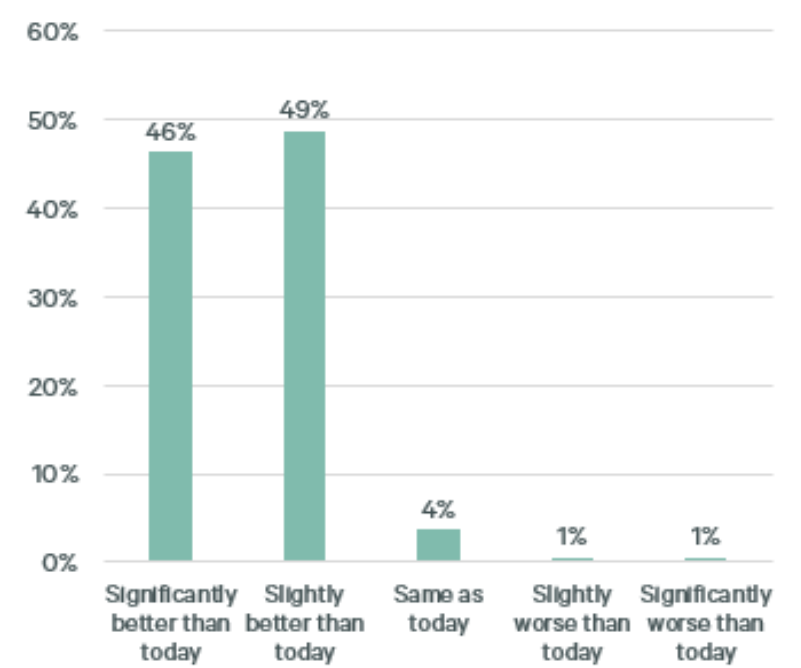
SECOND HALF 2025



FIRST HALF 2026



SECOND HALF 2026



Multifamily Market Landscape & Outlook

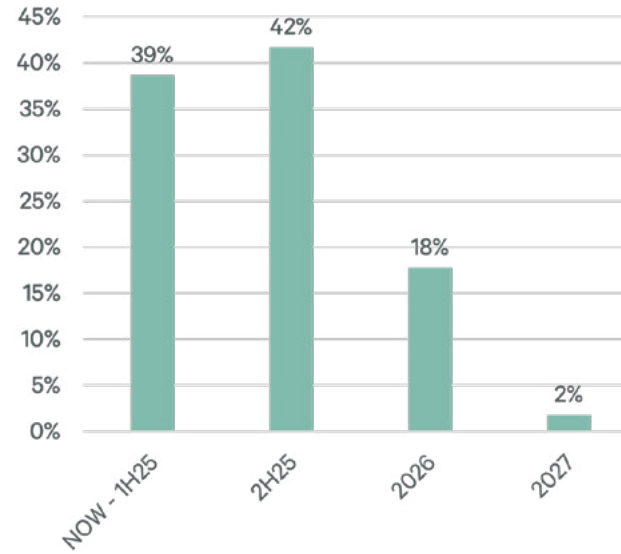
Best Three Risk-Adjusted Multifamily Strategies:

Buy Pre-Stabilized New

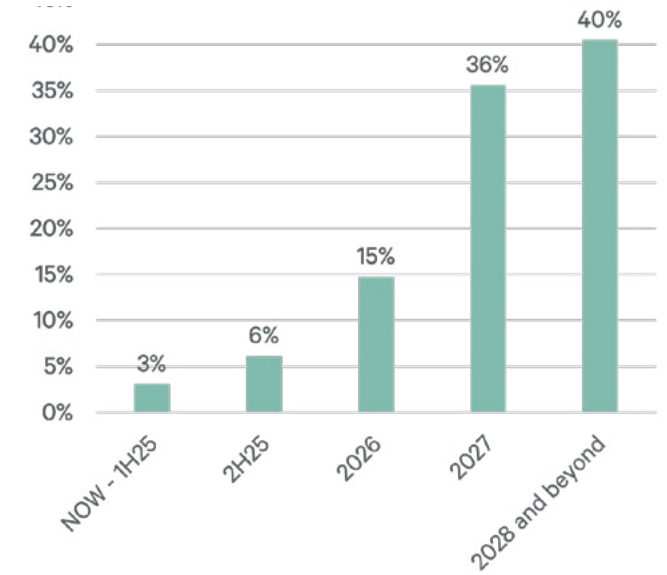
Buy Stabilized Core

Buy Value-Add Suburban

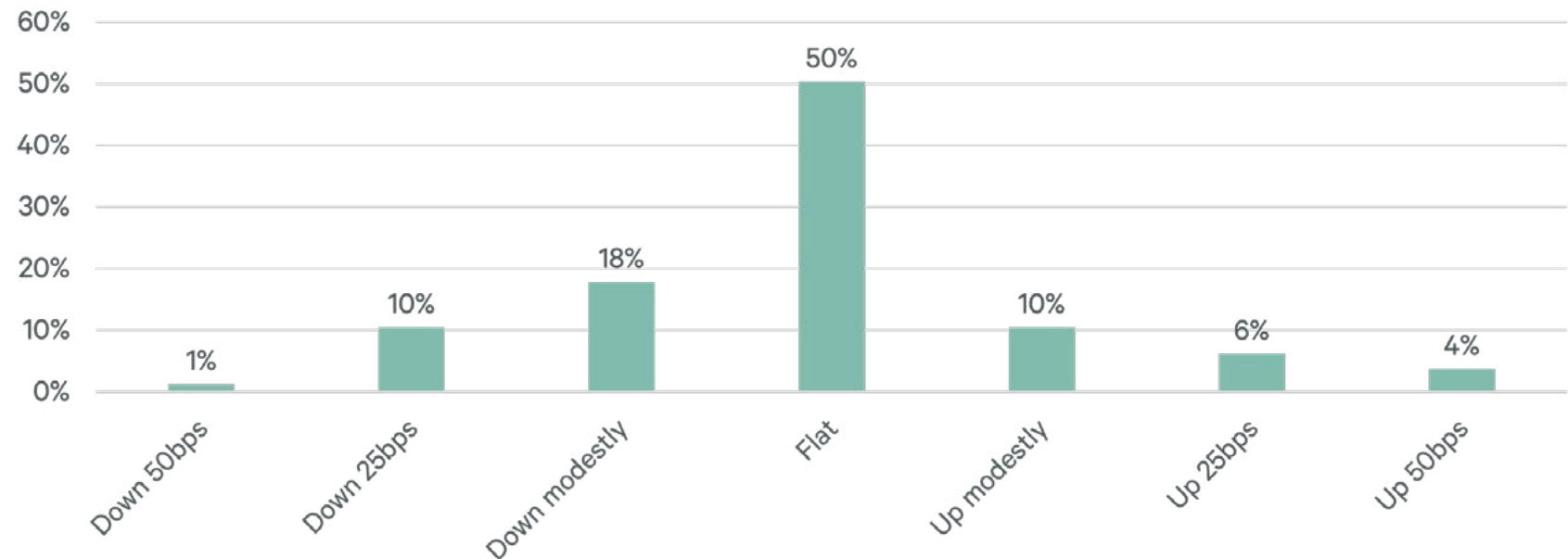
BEST TIME TO BUY



BEST TIME TO SELL



EXPECTATIONS OF CAP RATES BY YEAR END



Office-to-Multifamily Conversions

11

Total Count - Completed

1,457,120

Total SF Count - Completed

11

Total Count - Underway

2,281,503

Total SF Count - Underway

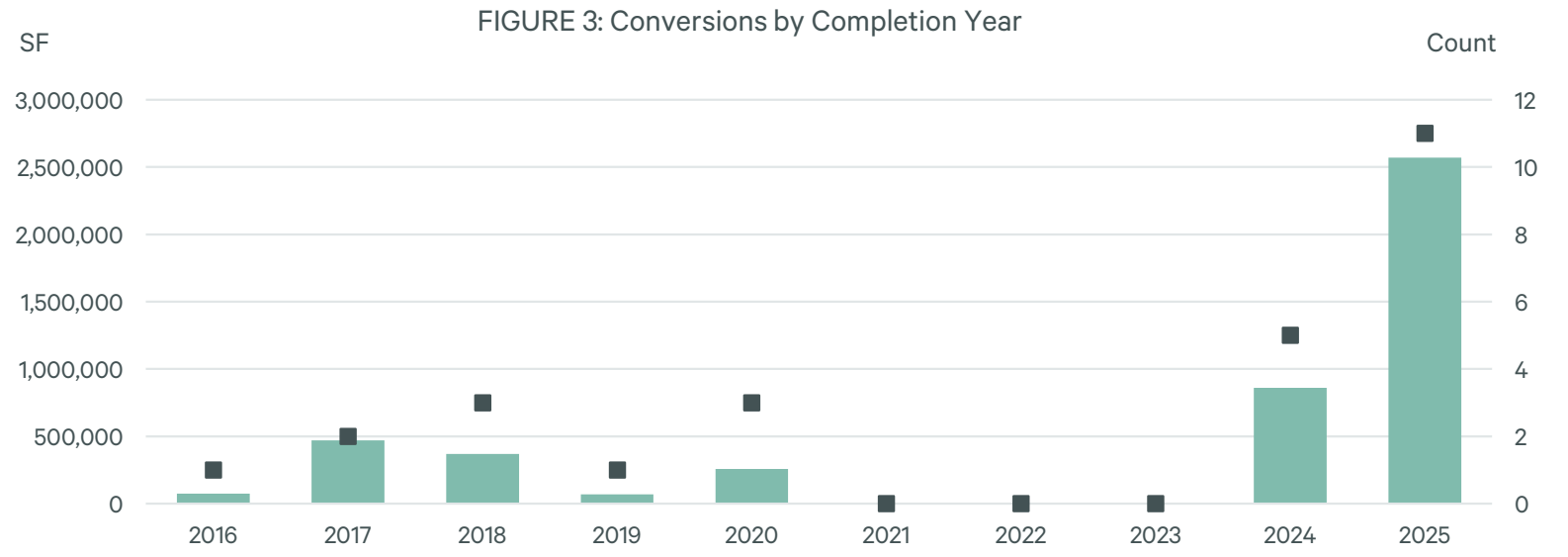
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Total Count - Planned/Announced

934,948

Total SF Count - Planned/Announced

Class	Completed	Underway	Planned/Announced	Total
Class A	-	581,375	578,948	1,160,323
Class B	1,256,100	1,700,000	356,000	3,312,228
Class C	201,020	-	-	201,020



RESEARCH

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CBRE MULTIFAMILY UNDERWRITING SURVEY
HISTORICAL SUMMARY OF UNDERWRITING ASSUMPTIONS

Both the average core and value-add multifamily going-in cap rate appear to have peaked going into 2024.

Recent bond market volatility and policy uncertainty have likely paused any additional cap rate compression for now.

Quarter	Average Annual Rent Growth Underwriting First 3 Years (%)		Unleveraged IRR Target (%)		Going-In Cap Rate (%)		Exit Cap Rate (%)		Spread between Going-In and Exit Cap Rates	
	Core	Value-Add	Core	Value-Add	Core	Value-Add	Core	Value-Add	Core	Value-Add
Q1 2024	2.1	2.8	7.76	10.13	4.96	5.46	5.09	5.61	13	15
Q2 2024	2.1	2.9	7.72	10.09	4.95	5.32	5.12	5.56	17	24
Q3 2024	2.5	3.0	7.64	9.89	4.90	5.19	5.05	5.44	15	25
Q4 2024	2.7	3.1	7.64	9.79	4.88	5.25	5.03	5.39	15	14
Q1 2025	2.7	3.1	7.58	9.81	4.81	5.32	5.00	5.42	19	0
Movement In	%	%	bps	bps	bps	bps	bps	bps	bps	bps
Q2 2024	0.0	.01	-4	-4	-1	-14	3	-5	4	9
Q3 2024	0.4	0.1	-8	-20	-5	-13	-7	-12	-2	1
Q4 2024	0.2	0.1	0	-10	-2	6	-2	-5	0	-11
Q1 2025	0.0	0.0	-6	2	-7	7	-3	3	4	-4

Source: CBRE Research, Q1 2025

What Will be the Next Big Disrupter in the Multifamily Industry?

The most common responses centered around **artificial intelligence (AI)**, which was frequently mentioned in various contexts such as leasing, asset management, and overall operational efficiency. Other common themes included increasing **debt maturities, higher-for-longer interest rates, macroeconomic policies, and political uncertainty**, particularly related to tariffs, rent control, and tax policy.

Economic concerns like **recession, inflation, and consumer debt** are also prevalent, alongside **conflicting supply concerns** centered around excess supply today vs. long-term supply shortage expectations stemming from the lack of new starts. The potential for job displacement due to advancements in automation and robotics was also mentioned.

The Team

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