

Multifamily Q1 2021

YoY Chg 12-Mo. Forecast

6.5%

Vacancy Rate



949

Net Absorption, units



\$1,194

Effective Rent, per unit



(Overall, All Property Classes)

ECONOMIC INDICATORS Q1 2021

YoY Chg 12-Mo. Forecast

651.1k

Richmond MSA Employment



5.8%

Richmond MSA Unemployment Rate



-0.1%

Richmond MSA Household % Growth



Source: BLS, Census Bureau

ECONOMIC OVERVIEW: Pandemic Recovery Continues

The regional unemployment rate continues to stay below the national average after a slight increase from the fourth quarter to 5.8%. Following the governor's announcement that all Virginians will be eligible for the COVID-19 vaccine in April, optimism remains for a strong economic rebound for the remainder of the year. The opportunity for employees to relocate during the pandemic has benefitted the Richmond region. Analysis by LinkedIn's Economic Graph shows Richmond is one of the nation's top destinations for new residents during the pandemic. Richmond's proximity to major metro areas, employment opportunities, and quality of life led to the region having the third largest gains in net arrivals to the area according to the analysis. Meanwhile, Vytal Studios announced it would relocate its corporate headquarters to the City of Richmond and create 155 new jobs.

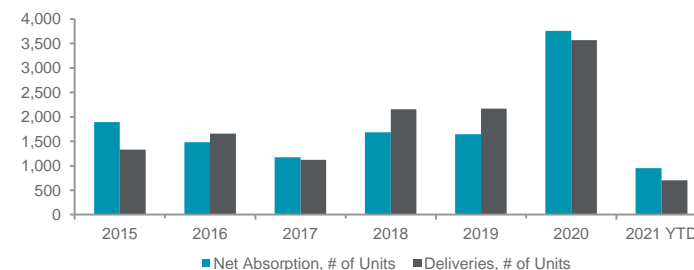
SUPPLY AND DEMAND: Shaping Up for Another Banner Year

Following a record year of deliveries, multifamily development continues to be one of the most active asset classes in the Richmond area. Over 4,000 units are under construction after 705 units were delivered in the first quarter. Demand is keeping up with supply growth as absorption has outpaced deliveries by 180 units over the past four quarters. Notable construction completions in the first quarter included The Ella in Scott's Addition, the first phase of South Falls Tower in Manchester, and Towns at Swift Creek in Chesterfield County. Approximately 80% of the units currently under construction are expected to deliver this year and should surpass the record number of deliveries set in 2020.

PRICING: Rental Growth Stays Steady

All product classes experienced year-over-year rent growth, pushing the overall effective rental rate up 6.0% to \$1,194 per unit. Class C properties had the highest rate of growth at 7.0%, reaching \$1,008 per unit, followed closely behind by a 6.4% increase in Class B properties, which reached \$1,277 per unit. Class A properties saw rental rates increase 4.3% to \$1,392 per unit. The influx of Class A product being built may limit growth for this product, but renters will benefit from added amenities available in new construction. Sales activity was limited during the first quarter with minimal product available for sale. The Oaks at Dunlop in Colonial Heights was largest sale during the quarter. The 144-unit property sold as part of a portfolio for \$19.7 million. Out of town and local investor interest in the market coupled with minimal product available are expected to drive sales prices higher for the foreseeable future.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & EFFECTIVE RENT



MARKET STATISTICS

SUBMARKET	INVENTORY (UNITS)	AVG. SF/UNIT	VACANCY RATE	YOY VACANCY RATE CHANGE	CURRENT ABSORPTION (UNITS)	4Q ROLLING ABSORPTION (UNITS)	UNDER CONSTRUCTION (UNITS)*	DELIVERIES YTD (UNITS)	RENT (MONTHLY)	RENT/SF/MONTH	YOY RENT CHANGE
Central	15,041	788	6.8%	(60)	260	943	819	0	651	\$1,271	0.2%
East Richmond/Henrico	5,358	867	4.1%	(160)	21	239	34	0	145	\$990	9.8%
North Richmond	2,664	752	14.4%	(950)	12	252	0	0	60	\$880	2.0%
Hanover	2,137	945	1.1%	(790)	7	168	0	0	69	\$1,215	6.2%
South Richmond	14,125	844	5.9%	(40)	64	320	882	255	266	\$1,054	4.9%
Western Henrico	24,081	913	4.2%	(130)	237	650	974	0	199	\$1,256	8.8%
Near West End	1,016	863	25.8%	2310	14	9	366	250	53	\$1,417	5.1%
Chesterfield	12,353	986	10.7%	380	142	492	740	200	404	\$1,287	8.7%
Tri-Cities	5,905	899	3.8%	(170)	20	73	0	0	22	\$921	5.4%
Midlothian	5,563	998	7.9%	(150)	172	701	200	0	288	\$1,359	5.6%
RICHMOND, VA TOTALS	88,243	890	6.5%	(50)	949	3,847	4,015	705	2,157	\$1,194	6.0%

Only includes properties with five units and above. Dormitories, senior housing, and properties with only affordable housing units excluded.

*Unit mix not available on every property currently under construction

SUMMARY BY BEDROOM	INVENTORY (UNITS)	AVG. SF/UNIT	VACANCY RATE	YOY VACANCY RATE CHANGE	CURRENT ABSORPTION (UNITS)	4Q ROLLING ABSORPTION (UNITS)	UNDER CONSTRUCTION (UNITS)*	DELIVERIES YTD (UNITS)	RENT (MONTHLY)	RENT/SF/MONTH	YOY RENT CHANGE
Studio	4,778	482	6.3%	90	34	122	400	22	65	\$923	1.0%
One Bed	30,189	697	7.8%	(20)	444	1,854	2,647	337	1,159	\$1,081	4.8%
Two Bed	44,776	963	5.4%	(110)	398	1,652	838	146	772	\$1,215	6.9%
Three Bed	8,238	1,260	7.3%	(10)	63	207	130	91	139	\$1,534	6.6%
Four+ Bed	88,243	890	40.7%	366	9	9	4,015	705	2,157	\$2,007	-1.2%

NOTABLE CONSTRUCTION PIPELINE

PROPERTY	SUBMARKET	OWNERSHIP / DEVELOPER	UNITS	COMPLETION DATE
Austin Woods	Chesterfield County	Waverton Associates	500	Q2 2021
Wellsmith Apartments	Western Henrico	Gumenick Properties	350	Q4 2021
Kotarides River Mill	Western Henrico	Kotarides	285	Q4 2021
Jamestown	South Richmond	LIV Development	269	Q2 2021

KEY SALES TRANSACTIONS Q1 2021

PROPERTY	SUBMARKET	SELLER / BUYER	UNITS	PRICE / \$ UNIT
The Oaks of Dunlop Farms	Tri-Cities	The Franklin Johnston Group / Blackfin Real Estate Investors	144	\$19.7 M / \$137k
1001 E Main St	Central	1001 E Main Owner Equities / American Heritage Owner	60	\$8.2 M / \$137k
Atrium on Broad	Central	Barry A Wilton / Dodson Commercial	42	\$4.8 M / \$114k
Delmont Plaza Apartments	Western Henrico	Dp Apts / Delmont Plz Apts	32	\$4.0 M / \$125k

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