

Multifamily Q2 2021

YoY Chg 12-Mo. Forecast

4.9%

Vacancy Rate



1,365

Net Absorption, units



\$1,256

Effective Rent, per unit



(Overall, All Property Classes)

ECONOMIC INDICATORS Q2 2021

YoY Chg 12-Mo. Forecast

652.7k

Richmond MSA Employment



5.0%

Richmond MSA Unemployment Rate



-0.4%

Richmond MSA Household % Growth



Source: BLS, Census Bureau

ECONOMIC OVERVIEW: Signs of Recovery

Employment growth has remained steady through the second quarter. The unemployment rate dropped from 5.8% in Q1 to 4.4% in Q2 - its lowest since a pandemic high of 11.4%. Employment marketplace, ZipRecruiter, quotes over 50,000 jobs available in Greater Richmond, 20,000 more jobs than the reported number of unemployed persons. The talent pool of employees in Richmond has caught the attention of biotech firms Grenova and California-based Adixt Therapeutics. Grenova will be opening an office in Scott's Addition and adding 250 employees over the next three years. Adixt reports that it will open a 25,000-square foot (sf) downtown office and create 300 jobs over the same three-year span

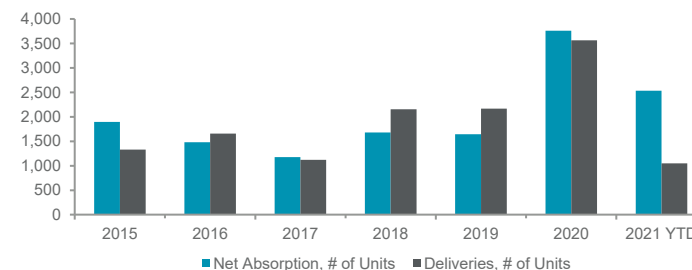
SUPPLY AND DEMAND: Shaping Up for Another Banner Year

Richmond's multi-family market has grown consistently year over year and 2021 appears to remain on trend. Since 2015 more than 13,000 units have been constructed, more than in the ten years prior. Construction has slowed somewhat from 2020, a record year for new deliveries, but units are still being added consistent with five-year averages. Even with the unprecedented expansion, Richmond is experiencing its lowest vacancy in 20 years. With a moratorium on evictions coming to an end in Q3 there is a degree of uncertainty how the vacancy rate will be impacted, however steady job growth and new construction of primarily class A and B properties point to a minimal hit to the market.

PRICING: Rental Growth Stays Steady

Historically below average vacancy and new construction has pushed rental rates to their highest on record. In 2020, Richmond was fourth nationally in all major markets with asking rents rising 5.3%. That number could more than double in 2021 with projected rent rising 11.1% and the second quarter ended with a 9.7% increase year-over-year (YoY). The incredibly hot multi-family market has not escaped the attention of investors with several headline deals taking place in the second quarter: Capital Square Realty purchased the 192 unit Sapphire at Centerpoint for over \$250,000 a unit and Four Mile Capital purchased River's Edge at Manchester for \$47.5m.

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	15,286	790	4.5%	(350)	319	943	0	62	\$1,324	\$1.68	3.8%
East Richmond/Henrico	5,389	867	1.9%	(260)	97	239	0	13	\$1,041	\$1.20	8.3%
North Richmond	2,654	776	7.8%	(1300)	31	252	0	0	\$925	\$1.21	13.0%
Hanover	2,152	946	1.8%	(470)	(9)	168	0	0	\$1,284	\$1.35	5.3%
South Richmond	14,380	848	5.8%	60	239	320	66	524	\$1,102	\$1.30	7.9%
Western Henrico	23,846	911	4.0%	(130)	61	650	0	0	\$1,335	\$1.46	13.6%
Near West End	1,026	861	17.9%	1530	76	9	0	250	\$1,513	\$1.76	13.9%
Chesterfield	12,536	985	7.2%	280	394	492	0	200	\$1,364	\$1.38	11.3%
Tri-Cities	5,875	898	2.4%	(160)	30	73	226	0	\$940	\$1.05	6.8%
Midlothian	5,578	998	5.2%	(920)	145	701	0	0	\$1,454	\$1.46	11.5%
RICHMOND, VA TOTALS	88,722	888	4.9%	(170)	1,383	4,288	292	1,049	\$1,228	\$1.39	9.5%

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	12,692	751	7.9%	(70)	325	1,040	292	586	\$1,180	\$1.57	6.6%
One Bed	75,612	879	5.1%	(170)	1,249	3,946	292	849	\$1,276	\$1.45	10.1%
Two Bed	83,544	890	4.8%	(180)	1,304	4,122	292	849	\$1,258	\$1.42	9.9%
Three Bed	53,506	952	5.0%	(150)	678	1,953	66	469	\$1,314	\$1.38	10.5%
Four+ Bed	2,153	1,087	8.9%	370.00	46	134	66	200	\$1,420	\$1.30	13.4%

NOTABLE CONSTRUCTION PIPELINE

PROPERTY	SUBMARKET	OWNERSHIP / DEVELOPER	UNITS	COMPLETION DATE
Austin Woods	Chesterfield County	Waverton Associates	500	Q4 2021
-Metropolis at Innsbrook	Western Henrico	Robinson Development	402	Q4 2022
1601 Roseneath Rd	Scott's Addition	Greystar / Capital Square Realty Advisors	350	Q2 2022
Wellsmith Apartments	Western Henrico	Gumenick Properties	349	Q3 2021

KEY SALES TRANSACTIONS Q1 2021

PROPERTY	SUBMARKET	SELLER / BUYER	UNITS	PRICE / \$ UNIT
Maple Spring Apartments	Western Henrico	Capital Square Realty Advisors / BH Mgmt Services	268	\$34.8 M / \$130k
Grand Oaks Apartment Homes	Chesterfield County	The NRP Group, LLC / Fairfield Residential	216	\$21.9 M / \$101k
River's Edge at Manchester	Manchester	CMB Development, LLC / Four Mile Capital	211	\$47.5 M / \$225k
Sapphire at Centerpointe	Midlothian	Robinson Development Groups / Capital Square Realty Advisors	192	\$48.3 M / \$252k

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