

Multifamily Q3 2021

YoY Chg 12-Mo. Forecast

4.2%

Vacancy Rate



1,367

Net Absorption, units



\$1,298

Effective Rent, per unit



(Overall, All Property Classes)

ECONOMIC INDICATORS Q3 2021

YoY Chg 12-Mo. Forecast

651.4k

Richmond MSA Employment



4.3%

Richmond MSA Unemployment Rate



0.7%

Richmond MSA Household % Growth



Source: BLS, Census Bureau

ECONOMIC OVERVIEW: Signs of Recovery

The Richmond Metro Area economy continued its recovery in Q3 2021. The unemployment rate of 4.3% in the 3rd quarter was down 10 basis points (bps) from the previous quarter and 360 bps from Q3 2020. Nonagricultural employment was 651,400, an increase of 5,600 jobs year-over-year (YOY). The third quarter saw an increase of dining and travel that had previously been restricted and not surprisingly leisure and hospitality jobs experienced the largest gains of any sector, with a 16% gain YOY. Accolades for the area were high in Q3; Virginia was elected by CNBC as the best state for businesses for the second consecutive year and the Wall St. Journal ranked Richmond as a top 25 city in America to start a career based on opportunity and quality of life.

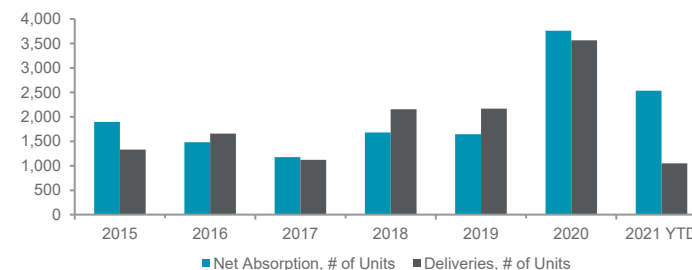
SUPPLY AND DEMAND: A Growing City

Based on recent census data, Richmond was 23rd in the nation for population growth amongst major metropolitan areas and developers are capitalizing on the demand for space. Multi-Family absorption for the past year has been 100 basis points (bps) higher than the ten-year average and there is little hesitation to greenlight new construction projects. There are currently 27 properties under construction making up nearly 5,300 units- nearly 6% of current inventory. This is the largest pipeline the area has ever seen. Along with a growing population, according to the Central Virginia MLS inventory of single-family homes is less than half of the five-year average. By all indications, the need for multi-family space will only continue to grow in Richmond.

PRICING: Record Setting Numbers

Richmond's multi-family market continues to set milestone numbers across key performance indicators. The annual growth rate for asking rents has risen to a record setting 11.7%, the ten-year average is 2.3%. Despite 2,979 additional units being delivered since the third quarter 2020, the most ever in a twelve-month time span, Q3 2021 saw record average rents of \$1,307 per square foot (psf). The moratorium on evictions was extended in Virginia through June 2022 and while this adds a degree of uncertainty to property owners, record low vacancies of 4.3% and surging demand ensures any ill effects to the market will be easily absorbed.

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	5,670	863	2.20%	(280)	7	169	21	13	\$1,065	\$1.23	9.20%
North Richmond	2,662	778	4.80%	(1,040)	53	277	0	0	\$941	\$1.22	6.10%
Hanover	2,399	948	1.00%	(150)	21	37	0	0	\$1,283	\$1.35	7.20%
South Richmond	14,563	846	4.30%	(60)	435	768	215	696	\$1,167	\$1.38	11.60%
Western Henrico	24,320	910	3.80%	(160)	127	402	0	0	\$1,396	\$1.53	15.50%
Near West End	1,144	848	8.10%	510	219	309	0	378	\$1,467	\$1.73	8.00%
Chesterfield	12,741	978	5.50%	(80)	166	837	0	200	\$1,426	\$1.45	14.00%
Tri-Cities	5,042	884	5.90%	190	65	122	0	226	\$1,015	\$1.15	11.80%
Midlothian	5,778	989	4.70%	(540)	27	537	0	0	\$1,542	\$1.56	15.20%
RICHMOND, VA TOTALS	89,856	883	4.46%	-208	1,357	4,770	289	1,864	\$1,266	\$1.43	10.36%

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	13,742	749	6.00%	-300	504	1246	268	898	\$1,212	\$1.62	8.20%
One Bed	80,352	878	4.40%	-230	1264	4475	268	1664	\$1,327	\$1.51	12.20%
Two Bed	88,499	888	4.10%	-220	1330	4619	268	1664	\$1,310	\$1.48	11.90%
Three Bed	55,613	951	4.30%	-220	711	2245	0	746	\$1,371	\$1.44	13.40%
Four+ Bed	3,099	1079	7.60%	250	160	269	0	349	\$1,415	\$1.31	10.50%

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 Q3 2021

PROPERTY	SUBMARKET	SELLER / BUYER	UNITS	PRICE / \$ UNIT
Livingston Apartment Flats	Chesterfield County	LIV Development/ Capital Square Realty Advisors	307	\$86 M / \$280k
Windham Hills	Petersburg	Tri City Windham Hills, LLC/ Dantes Partners	72	\$5.8 M / \$81k
Venus at Manchester Apartments	Blackwell	Eastside Equities/ Northway Equities	68	\$7.1 M / \$105k

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