

Multifamily Q4 2021

YoY Chg 12-Mo. Forecast

3.9%

Vacancy Rate



1,367

Net Absorption, units



\$1,268

Effective Rent, per unit



(Overall, All Property Classes)

ECONOMIC INDICATORS Q4 2021

YoY Chg 12-Mo. Forecast

648.8k

Richmond MSA
Employment



3.9%

Richmond MSA
Unemployment Rate



0.5%

Richmond MSA
Household % Growth



Source: BLS, Census Bureau

ECONOMIC OVERVIEW: Full Recovery

Despite the largest spike in inflation since 1982 and the emergence of the COVID-19 variant Omicron, the Richmond Metro Area's economy continued the positive trends experienced throughout 2021. The unemployment rate of 3.9% in the fourth quarter was down 40 basis points (bps) from the previous quarter and 2.4% less than Q4 2020. This past year Richmond led the entire country in wage growth at 13% and the median income increased over \$3,000 year-over-year. Virginia was ranked by CNBC as the best state for business the second year in a row, and several major companies and institutions are bullish on the state capital's growth for good reason. Richmond added two more locally head quartered companies to the Fortune 1,000 in 2021 and major area employers including Carvana, Amazon, CoStar, and VCU made announcements to add more than 5,000 new jobs in addition to planning more than \$1B in new real estate development.

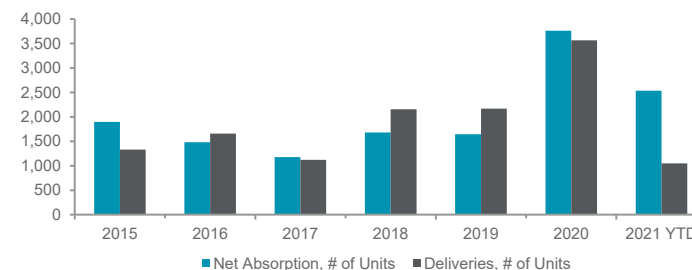
SUPPLY AND DEMAND: A Growing City

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.

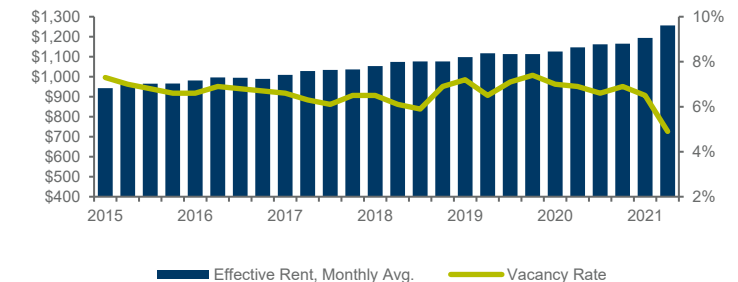
PRICING: Record Setting Numbers

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	16,470	786	5.4%	-1.8%	126	987	1,855	572	\$1,359	\$1.75	6.2%
East Richmond/Henrico	5,670	863	2.1%	-2.0%	12	140	21	13	\$1,067	\$1.23	9.7%
North Richmond	2,662	778	5.4%	-5.4%	-21	172	224	0	\$933	\$1.21	4.2%
Hanover	2,399	949	0.5%	-1.0%	12	21	0	0	\$1,325	\$1.40	10.2%
South Richmond	14,835	852	3.1%	-2.6%	326	953	650	762	\$1,171	\$1.37	10.1%
Western Henrico	24,669	908	4.7%	-0.5%	109	499	582	349	\$1,413	\$1.56	15.3%
Near West End	1,144	848	5.2%	-7.5%	40	343	211	378	\$1,477	\$1.74	4.7%
Chesterfield	12,575	978	5.8%	-4.5%	-47	739	941	200	\$1,415	\$1.43	12.6%
Tri-Cities	4,845	891	3.4%	-0.3%	-20	47	0	0	\$994	\$1.11	9.3%
Midlothian	5,778	988	3.3%	-6.3%	83	438	1004	0	\$1,531	\$1.55	14.2%
RICHMOND, VA TOTALS	91,047	884	3.9%	-3%	620	4,339	5,488	2,274	\$1,268.50	\$1.44	9.7%

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)	DELIVERIES YTD (UNITS)	RENT (MONTHLY)	RENT/SF/MONTH	YOY RENT CHANGE
Studio	4,012	493	4.70%	-1.8%	71	243	181	\$1,007	\$2.06	6.50%
One Bed	32,861	698	5.00%	-2.8%	321	2115	1293	\$1,211	\$1.74	11.80%
Two Bed	48,825	964	3.60%	-2.4%	185	1704	550	\$1,326	\$1.37	11.10%
Three Bed	8,517	1266	4.30%	-2.0%	36	334	175	\$1,693	\$1.34	12.60%
Four+ Bed	584	1524	9.50%	4.6%	9	45	75	\$1,649	\$1.05	14.10%

NOTABLE CONSTRUCTION PIPELINE

PROPERTY	SUBMARKET	OWNERSHIP / DEVELOPER	UNITS	COMPLETION DATE
Austin Woods	Chesterfield County	Waverton Associates	500	Q2 2022
710 Watkins Center	Midlothian	Castle Development Partners	400	Q3 2023
Metropolis at Innsbrook	Western Henrico	Robinson Development	402	Q4 2022
1601 Roseneath Rd	Scott's Addition	Greystar / Capital Square Realty Advisors	350	Q3 2022

KEY SALES TRANSACTIONS Q3 2021

PROPERTY	SUBMARKET	SELLER / BUYER	UNITS	PRICE / \$ UNIT
The Flats at West Broad Village	Western Henrico	Heitman / Capital Square Realty Advisors	339	\$111 M / \$327k
Crystal Lakes	Chesterfield	Emet Capital Mgmt, LLC, / Levco Management	716	\$106 M / \$148k
Avava Copper Spring	Western Henrico	Stonebridge Investments / Greystar	366	\$86 M / \$234k

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