

## Multifamily Q3 2022

YoY Chg 12-Mo. Forecast

**6.4%**

Vacancy Rate



**(21)**

Net Absorption, units



**\$1,408**

Effective Rent, per unit



(Overall, All Property Classes)  
Source: CoStar

### ECONOMIC INDICATORS Q3 2022

YoY Chg 12-Mo. Forecast

**682.4k**

Richmond MSA  
Employment



**2.9%**

Richmond MSA  
Unemployment Rate



**0.6%**

Richmond MSA  
Population Growth



Source: BLS, Census Bureau, Moody's Analytics

### ECONOMIC OVERVIEW

Virginia's statewide unemployment numbers have dropped to pre-pandemic levels, and Richmond's unemployment rate has followed that trend with a drop of 140 basis points year-over-year (YOY). Richmond has been ranked among the top 10 Best Metros for Corporate Headquarters by Business Facilities, and two Richmond communities – Innsbrook and Short Pump, both in western Henrico County – were also included among Stacker's top 50 Best Places to live in the U.S. The region's talent base is only expected to grow as recent projections from the University of Virginia estimate the population of Richmond City will increase 19.3% by 2050 with growth in Henrico County estimated at 26.4% and in Chesterfield County estimated at 38.4% in the same timeframe.

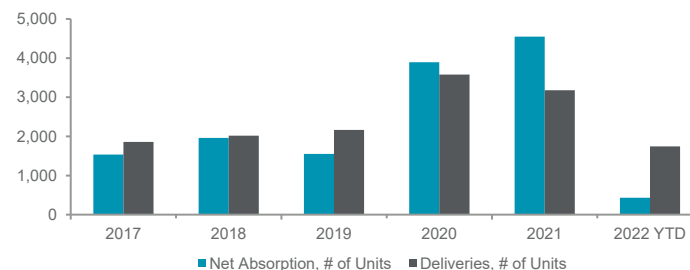
### SUPPLY AND DEMAND

Year-to-date (YTD) deliveries edged absorption for the first time since 2019 as the pandemic-era frenzy of leasing activity has settled to more typical levels of demand. Vacancy rates have increased 210 basis points (bps) year-over-year (YOY) but remain down 80 bps since the start of 2020. Developer confidence in the Richmond area remains strong with more than 6,200 units currently under construction and more than 9,400 additional units proposed. The central region, which includes the City Center, Scott's Addition, and the Diamond area, is home to 22% of the product currently in development as well as 33% of proposed projects. Suburban areas to the south and west of downtown are also seeing an uptick in construction activity. Western Henrico County, the largest region with 27% of the total inventory, has more than 3,900 units under construction or proposed, and Chesterfield County, with no construction currently underway, is drawing developer attention with more than 1,100 units planned in locations proximate to mixed-use projects that include sports and entertainment venues.

### PRICING

Rents continue to trend upward, albeit at a slower rate, as rent growth has slowed in the third quarter to an overall average of 6.8% YOY, down from an elevated average of 10.36% for the prior twelve-month period. Effective rates have increased by 23% since the start of 2020, buoyed in part by the delivery of more than 8,500 units in that same timeframe. Investor interest remains strong in Richmond's multifamily sector, despite the continuing upward pressure on interest rates. Sales volume topped \$490 million for the quarter with average pricing in the range of \$190,000 per unit, ending the second most active quarter for transfers since the start of 2020. YTD transaction volume has topped \$1.2 billion, a 200% increase compared to the first three quarters of 2021.

### SPACE DEMAND / DELIVERIES



### OVERALL VACANCY & EFFECTIVE RENT



## Multifamily Q3 2022

## MARKET STATISTICS

SUBMARKET	INVENTORY (UNITS)	AVG SF/UNIT	VACANCY RATE	YOY VACANCY RATE CHANGE (BPS)	CURRENT ABSORPTION (UNITS)	4Q ROLLING ABSORPTION (UNITS)	UNDER CONSTRUCTION (UNITS)*	DELIVERIES YTD (UNITS)	EFFECTIVE RENT (MONTHLY)	EFFECTIVE RENT/ SF/MONTH	YOY RENT CHANGE
Central	16,762	782	7.0%	(250)	148	388	1,559	496	\$1,468	\$1.88	6.9%
Chesterfield	13,424	979	6.5%	(100)	161	500	0	435	\$1,504	\$1.53	5.6%
East Richmond/Henrico	5,313	867	5.0%	(280)	(34)	(111)	60	21	\$1,160	\$1.34	6.2%
Hanover	2,137	952	2.0%	(100)	(11)	(20)	29	0	\$1,528	\$1.60	18.9%
Midlothian	5,991	986	9.0%	(430)	(135)	176	1,004	0	\$1,629	\$1.65	6.1%
Near West End	1,355	856	1.7%	640	73	287	263	211	\$1,605	\$1.88	10.4%
North Richmond	2,662	803	5.0%	(20)	(19)	(9)	224	0	\$1,033	\$1.30	9.9%
South Richmond	14,975	852	5.8%	(150)	(51)	212	741	0	\$1,240	\$1.46	7.4%
Tri-Cities	6,543	889	5.1%	80	(32)	(99)	0	0	\$1,058	\$1.19	1.2%
Western Henrico	25,606	904	7.2%	(340)	(121)	23	2,382	582	\$1,498	\$1.66	7.0%
<b>RICHMOND, VA TOTALS</b>	<b>94,768</b>	<b>887</b>	<b>6.4%</b>	<b>(200)</b>	<b>(21)</b>	<b>1,347</b>	<b>6,262</b>	<b>1,745</b>	<b>\$1,408</b>	<b>\$1.59</b>	<b>6.8%</b>

*Includes properties with five units and above. Dormitories, senior housing, and properties with only affordable housing units excluded.*

SUMMARY BY BEDROOM	INVENTORY (UNITS)	AVG SF/UNIT	VACANCY RATE	YOY VACANCY RATE CHANGE (BPS)	CURRENT ABSORPTION (UNITS)	4Q ROLLING ABSORPTION (UNITS)	UNDER CONSTRUCTION (UNITS)*	DELIVERIES YTD (UNITS)	EFFECTIVE RENT (MONTHLY)	EFFECTIVE RENT/ SF/MONTH	YOY RENT CHANGE
Studio	5,060	478	6.9%	(90)	53	179	661	158	\$1,091	\$2.29	6.9%
One Bed	33,396	628	6.9%	(250)	192	734	3,433	1,009	\$1,295	\$1.86	7.7%
Two Bed	47,998	965	6.2%	(210)	(227)	(38)	1,754	548	\$1,428	\$1.48	6.5%
Three Bed	8,083	1,271	5.8%	(150)	(48)	6	414	30	\$1,809	\$1.42	6.0%
Four+ Bed	231	1,749	5.9%	170	9	36	0	0	\$2,318	\$1.28	9.1%

*\*Unit mix not available on every property currently under construction.*

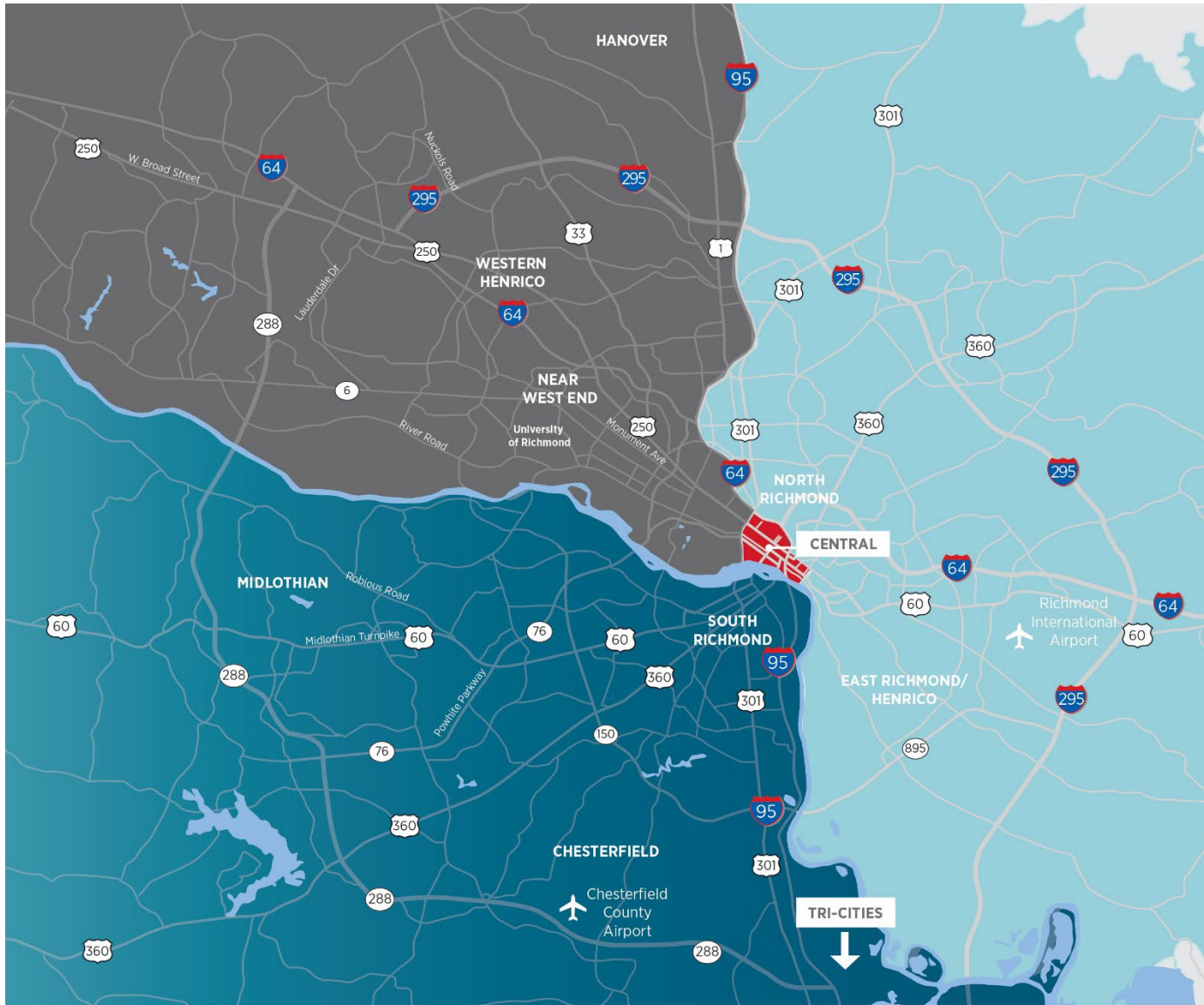
## NOTABLE CONSTRUCTION PIPELINE

PROPERTY	SUBMARKET	OWNERSHIP / DEVELOPER	UNITS	COMPLETION DATE
Watkins Centre	Chesterfield County	Castle Development Partners / Castle Development Partners	450	Q3 2023
3500 West View	Western Henrico	WB APT Land LC / Commonwealth Properties	407	Q1 2024
Metropolis at Innsbrook	Western Henrico	Robinson Development Group / Robinson Development Group	402	Q1 2023
The Otis	Scott's Addition	Greystar Real Estate / Capital Square Realty Advisors	350	Q4 2022
NOVEL Scott's Addition	Scott's Addition	Crescent Communities / Thalhimer Realty Partners	275	Q1 2024
Eddy on the James	South Richmond	The Beach Company / The Beach Company	221	Q1 2023

## KEY SALES TRANSACTIONS Q3 2022

PROPERTY	SUBMARKET	SELLER / BUYER	UNITS	PRICE / \$ UNIT
Stratford Hills Apartments	South Richmond	Landmark Property Services Inc. / Lightstone Group	430	\$76.5M / \$178k
Element at Stonebridge	Chesterfield	Boyd Homes / American Landmark	400	\$96.3M / \$241k
Tapestry West Apartments	Western Henrico	Bristol Development Group / Capital Square Realty Advisors	262	\$91.7M / \$350k
Glenmoor Oaks	Chesterfield	iStar Inc. / NorthRock Companies	248	\$72M / \$290k

## MULTIFAMILY SUBMARKETS



### LIZ GREVING

Research Manager  
Tel: +1 804 697 3560  
[liz.greving@thalhimer.com](mailto:liz.greving@thalhimer.com)

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