

MARKETBEAT RICHMOND, VA

Multifamily Q1 2024



YoY
Chg

12-Mo.
Forecast

8.6%

Vacancy Rate



879

Net Absorption, units



\$1,460

Effective Rent, per unit



(Overall, All Property Classes)
Source: CoStar

ECONOMIC INDICATORS Q1 2024

YoY
Chg

12-Mo.
Forecast

720K

Richmond MSA
Employment



3.2%

Richmond MSA
Unemployment Rate



0.5%

Richmond MSA
Population Growth



Source: BLS, Census Bureau, Moody's Analytics

ECONOMIC OVERVIEW: HQ Expansion + Population Growth

Population growth and local expansion led the headlines at the start of 2024 along with new accolades for the Richmond region. Site Selection named Richmond among the top 10 best US cities for headquarters projects as well as among the top 10 US cities for projects per capita, a result of more than 40 new or expanding projects announced in 2023. Genworth's new corporate headquarters location in western Henrico County is scheduled for occupancy early in the second quarter of 2024 and will bring more than 400 employees back to the newly redesigned office. Fueling local expansion, the University of Virginia's Weldon Cooper Center for Public Service, recognized for its applied research services, continues to report population growth in the Richmond region with a significant influx of residents from Northern Virginia and the Washington DC region. Located on the outer edges of the Richmond metro area, New Kent, Goochland, and Louisa counties led the state in population growth between 2020 and 2023 with increases of 11.9%, 7.7% and 7.5%, respectively.

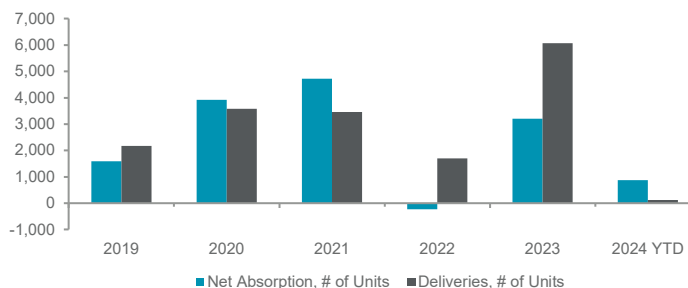
SUPPLY AND DEMAND: Absorption Numbers Stabilize

The first quarter closed with overall vacancy down 70 basis points (bps) quarter-over-quarter (QOQ) and up 40 bps year-over-year (YOY), as absorption numbers jumped to more than double compared to the first quarter of last year. Construction starts slowed at the start of 2023, following the frenzy of development activity that delivered more than 14,500 units to the market since the start of 2020, and have begun to build momentum since the mid-year mark. While first quarter deliveries totaled 125 units, more than 2,800 units are scheduled for completion in 2024, with more than 6,000 units in the current construction pipeline. Two projects broke ground in the first quarter: Middleburg Communities' second Midlothian development of 283 units in Chesterfield's Hamlet Watkins Centre, and Audeo Partners' redevelopment of former Dominion Energy buildings into a 125-unit complex in the City of Richmond. Audeo also filed plans to build an additional 221 units on a nearby lot, also purchased from Dominion.

PRICING: Rent Growth Gains

Effective rates posted consistent gains, closing the first quarter up 1.9% QOQ and up 0.8% YOY. While growth rates have slowed from the double-digit increases of late 2021 and early 2022, rents have increased 22.8% since the start of 2020 and remain poised for normal levels of growth with sustained demand from renters. Sales volume hit \$24 million in the first quarter, slowing from prior year averages, a signal less of a decline in investor interest than of constraints on capital. Lakeland Capital closed on the purchase of The Parkwood in central Richmond from Crescent Preservation at nearly \$173,000 per unit, and Carlton Equities acquired Terrace View in Colonial Heights from a private investor for just under \$119,000 per unit.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & EFFECTIVE RENT



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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	18,619	780	7.2%	(210)	101	920	1,904	125	\$1,462	\$1.89	0.6%
Chesterfield	13,421	988	6.1%	(80)	45	305	1,114	0	\$1,534	\$1.57	0.1%
East Richmond/Henrico	5,398	897	9.9%	170	3	(109)	0	0	\$1,264	\$1.41	1.9%
Hanover	2,640	1,053	4.0%	140	(3)	406	90	0	\$1,587	\$1.67	-1.7%
Midlothian	7,045	980	12.8%	230	146	735	1,185	0	\$1,625	\$1.66	-1.5%
Near West End	1,375	849	4.9%	210	(10)	(29)	263	0	\$1,705	\$2.00	5.6%
North Richmond	3,160	792	8.1%	280	(4)	55	0	0	\$1,227	\$1.56	1.3%
South Richmond	15,813	862	8.6%	20	159	614	450	0	\$1,331	\$1.55	2.8%
Tri-Cities	6,627	886	8.9%	210	13	(89)	52	0	\$1,135	\$1.29	4.0%
Western Henrico	27,021	927	10.0%	270	429	974	1,009	0	\$1,551	\$1.70	0.2%
RICHMOND, VA TOTALS	101,119	898	8.6%	80	879	3,782	6,067	125	\$1,423	\$1.64	0.8%

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	5,467	493	8.0%	80	8	241	6550	0	\$1,175	\$2.35	-0.1%
One Bed	36,492	699	9.0%	100	402	1,643	3,723	111	\$1,316	\$1.89	0.4%
Two Bed	49,510	976	8.4%	60	388	1,113	1,451	14	\$1,498	\$1.54	0.7%
Three Bed	9,157	1,301	7.9%	70	81	679	243	0	\$1,924	\$1.49	2.5%
Four+ Bed	493	2,335	5.1%	(190)	0	105	0	0	\$2,450	\$1.34	3.5%

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

NOTABLE CONSTRUCTION PIPELINE

PROPERTY	SUBMARKET	OWNERSHIP / DEVELOPER	UNITS	COMPLETION DATE
The Lake	Chesterfield	National Land Realty / The Breeden Company	750	Q1 2025
2925 West Marshall St	Scott's Addition	Capital Square / Capital Square	352	Q2 2025
Bainbridge Midlothian	Midlothian	The Bainbridge Companies / The Bainbridge Companies	310	Q3 2024
The Brook	Western Henrico	The Resmark Companies / Middleburg Communities	310	Q1 2025
900 N Allen	Midtown Richmond	Spy Rock Real Estate Group / Spy Rock Real Estate Group	300	Q3 2025
The James at Springline	Midlothian	Chesterfield County Economic Development Authority / Collins Capital Partners	298	Q2 2025
Belmont at River Mill	Western Henrico	Kotarides / Kotarides	285	Q4 2024
Avant at Midlothian	Midlothian	The Bainbridge Companies / The Bainbridge Companies	294	Q2 2024
NOVEL Scott's Addition	Scott's Addition	Crescent Communities / Thalhimer Realty Partners	275	Q2 2024
Silverhills at Monument Ave	Sauer's Gardens	International Mission Board / Silver Hills Development	263	Q3 2024

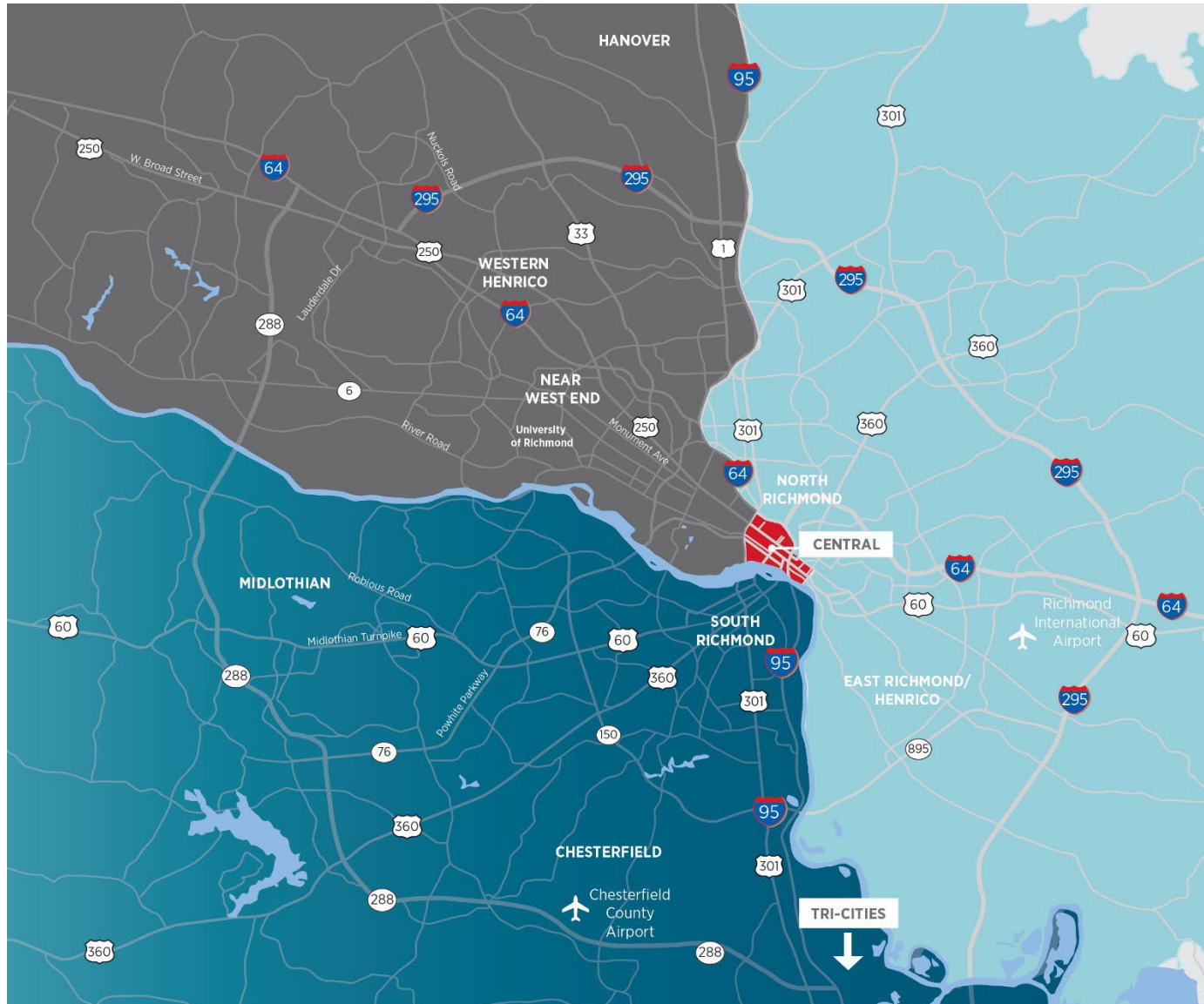
KEY SALES TRANSACTIONS Q1 2024

PROPERTY	SUBMARKET	SELLER / BUYER	UNITS	PRICE / \$ UNIT
Terrace View	Petersburg-Colonial Heights	WI Terrace View LLC / Carlton Equities	62	\$7.4M / \$119k
The Parkwood	Carytown	Crescent Preservation & Development / Lakeland Capital	32	\$5.5M / \$173k

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MULTIFAMILY SUBMARKETS



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