

MARKETBEAT RICHMOND, VA

Multifamily Q2 2024



YoY
Chg

12-Mo.
Forecast

8.0%

Vacancy Rate



1,159

Net Absorption, units



\$1,521

Effective Rent, per unit



(Overall, All Property Classes)
Source: CoStar

ECONOMIC INDICATORS Q2 2024

YoY
Chg

12-Mo.
Forecast

724.7K

Richmond MSA
Employment



2.9%

Richmond MSA
Unemployment Rate



0.5%

Richmond MSA
Population Growth



Source: BLS, Census Bureau, Moody's Analytics

ECONOMIC OVERVIEW: Regional Rankings Dominate

Employment numbers continued to rise through the first half of the year as the region racked up additional accolades and awards both for its business climate and lifestyle. The Wall Street Journal ranked Richmond as the 11th hottest job market nationwide, and a study from USA Today named Richmond as the most climate-resilient city in the nation. Located on the eastern boundary of the metro area, New Kent County's population growth made headlines as the 10th fastest-growing region in the nation according to the U.S. Census Bureau. Richmond was selected as America's best town to visit by CNN Travel and was included in the top 50 best places to live by Money. On the state level, Virginia ranked first in the nation for customized workforce training by Business Facilities, a nod to the Virginia Talent Accelerator Program that expedites new facility startups through customized recruiting and training services.

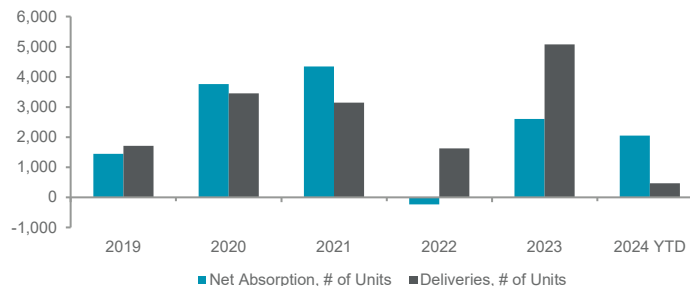
SUPPLY AND DEMAND: Absorption Numbers Rise

At the midyear mark, overall vacancy decreased 90 basis points (bps) quarter-over-quarter (QOQ) and dropped 60 bps year-over-year (YOY), with year-to-date (YTD) absorption numbers almost doubled compared to the same period last year. Construction starts have slowed with four projects breaking ground since the start of the year, but the pipeline remains active with 6,325 units currently in development and more than 2,175 units scheduled for delivery before the end of the year. Construction projects are spread throughout the market and focused in the Central region surrounding downtown with 34.1% of the total pipeline, followed by Western Henrico with 20.1% and Chesterfield with 18.7% of projects based on the number of units. YTD deliveries have been limited to 467 units, another factor that has contributed the upward trend in absorption. Capital Square acquired a 2.2-acre site in Scott's Addition with plans to build a 320-unit apartment complex that will include furnished luxury apartment hotel rooms, its sixth project in the highly desirable neighborhood.

PRICING: Rent Growth Gains

Effective rates continued to climb through the second quarter, closing the second quarter up 3.6% YOY. Growth rates have normalized since the intense upward pressure of late 2021 and early 2022 when pandemic era migration hit its peak, and rents remain poised for consistent growth more in line with historic levels. Sales volume neared \$47 million in the second quarter with YTD sales topping \$77.8 million, a drop from prior year numbers, but healthy given the constraints on capital. Walde Enterprises closed on the purchase of the Shady Creek Apartments in south Richmond at over \$103,000 per unit, and Lincoln Avenue Capital acquired senior community The Park at Ridgedale in Chesterfield for nearly \$113,000 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	13,490	772	7.1%	(330)	83	621	2,157	125	\$1,568	\$2.04	4.4%
Chesterfield	13,088	980	7.1%	90	112	118	862	252	\$1,563	\$1.59	1.2%
East Richmond/Henrico	4,789	895	9.9%	80	21	(36)	0	0	\$1,310	\$1.47	5.1%
Hanover	2,108	955	6.6%	310	27	22	0	90	\$1,681	\$1.76	1.7%
Midlothian	7,045	982	10.3%	(280)	220	713	1,185	0	\$1,727	\$1.75	1.8%
Near West End	1,238	842	4.6%	120	4	(15)	263	0	\$1,748	\$2.07	1.0%
North Richmond	2,580	795	5.5%	(340)	51	87	0	0	\$1,293	\$1.63	2.1%
South Richmond	14,687	865	7.0%	(180)	225	789	532	0	\$1,398	\$1.62	6.3%
Tri-Cities	5,632	898	9.6%	80	40	(34)	52	0	\$1,183	\$1.31	6.4%
Western Henrico	26,603	910	8.7%	70	376	1,177	1,274	0	\$1,571	\$1.73	3.3%
RICHMOND, VA TOTALS	91,260	894	8.0%	(60)	1,159	3,442	6,325	467	\$1,521	\$1.70	3.5%

Includes properties with 50 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	3,815	488	9.1%	(680)	29	171	766	0	\$1,269	\$2.54	4.8%
One Bed	32,977	702	8.5%	(70)	526	1,622	3,841	304	\$1,379	\$1.96	3.2%
Two Bed	46,197	977	7.7%	(40)	520	1,388	1,467	154	\$1,554	\$1.59	3.6%
Three Bed	8,110	1,282	7.3%	50	83	264	251	9	\$1,965	\$1.53	3.7%
Four+ Bed	161	1,809	5.0%	(50)	1	0	0	0	\$2,454	\$1.36	0.9%

**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
The Ace	Midtown Richmond	Cresset Partners / Level 2 Development LLC	295	Q2 2025
Hamlet Watkins Centre	Midlothian	Middleburg Communities / Middleburg Communities	283	Q1 2025
NOVEL Scott's Addition	The Diamond	Crescent Communities / Thalhimer Realty Partners	275	Q3 2024
Belmont at River Mill	Western Henrico	Kotarides / Kotarides	285	Q4 2024

KEY SALES TRANSACTIONS Q2 2024

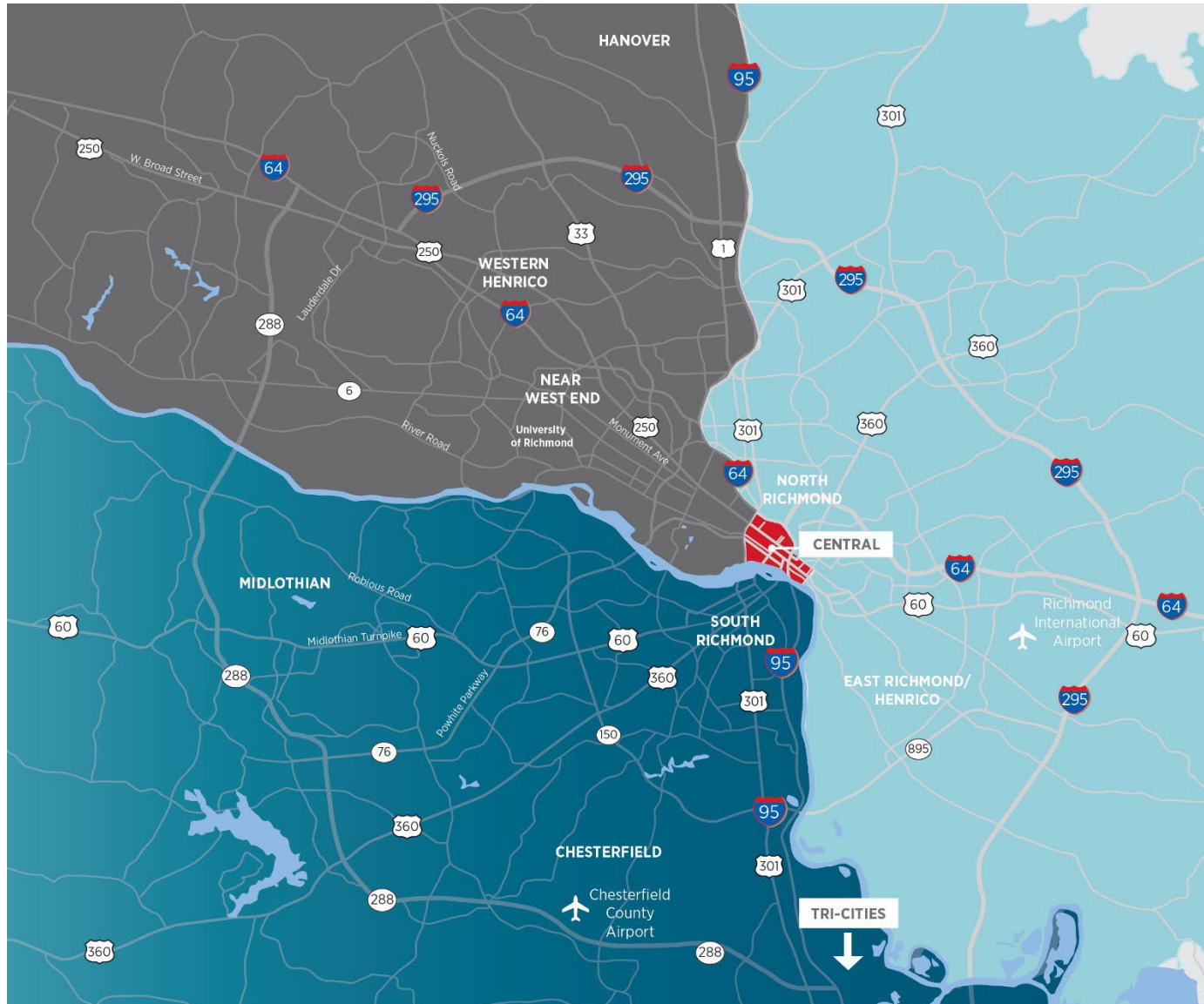
PROPERTY	SUBMARKET	SELLER / BUYER	UNITS	PRICE / \$ UNIT
Shady Creek Apartments	Piney Knolls	TRP Timbercreek LLC / Walde Enterprises	160	\$16.5M / \$103k
The Park at Ridgedale	Chesterfield	The Related Companies / Lincoln Avenue Capital	120	\$13.6M / \$113k

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CUSHMAN &
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MULTIFAMILY SUBMARKETS



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