

MARKET FUNDAMENTALS

	YOY Chg	12-Month Forecast
8.7% Vacancy Rate	▲	▼
802 Net Absorption, units	▼	▲
\$1,541 Effective Rent, per unit	▲	▲
<i>Overall, All Property Classes Source: CoStar</i>		

ECONOMIC INDICATORS

	YOY Chg	12-Month Forecast
727.4K Richmond MSA Employment	▲	▲
2.9% Richmond MSA Unemployment Rate	▬	▲
1.2% Richmond MSA Population Growth	▼	▲
<i>Source: BLS</i>		

ECONOMY: REGIONAL RANKINGS DOMINATE

Employment has stabilized through the third quarter with overall unemployment unchanged year-over-year (YOY). Greater Richmond's cost of living index hit 93.4 at the mid-year mark, making it almost 7% more affordable than the national average. On a state level, Virginia has been named America's Top State for Business by MSNBC, an award won by the state six times since the list's inception. Virginia also ranked first in the nation for its education system, third for infrastructure, and fifth for business friendliness. Business Facilities named Greater Richmond among the Best Metros for Tech Talent for the third consecutive year with AI jobs surging locally to 21.5 new positions per 100,000 residents, almost twice the U.S. average.

SUPPLY AND DEMAND: DEVELOPMENT PIPELINE ACTIVE

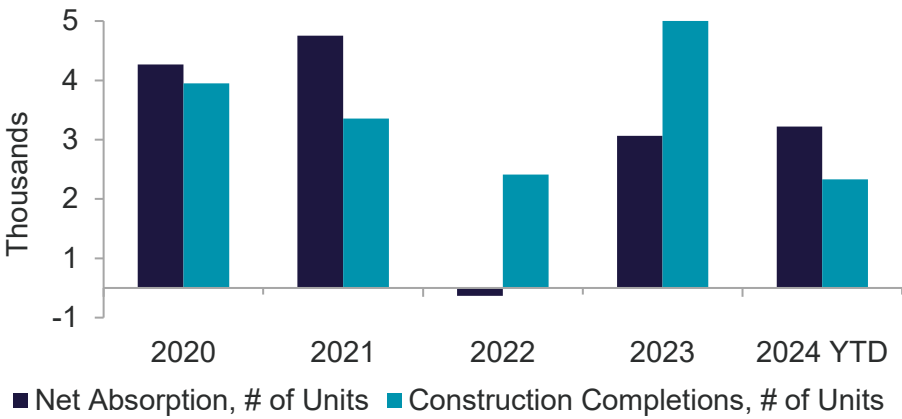
Overall vacancy closed the third quarter up 50 basis points (bps) quarter-over-quarter (QOQ) and up 40 bps year-over-year (YOY), while year-to-date (YTD) absorption numbers have outpaced the same period last year by 25.9%. While construction starts have slowed, the pipeline remains active with just under 5,000 units currently in development.

The appetite for well-located amenity-rich offerings remains strong with a mix of residents relocating to the region from out of state and from other areas in Virginia. Six properties delivered in the third quarter, including the first phase of the Novel Scott's Addition, which will include 275 units at full buildout with loft views of the new baseball stadium underway in the redeveloping Diamond District.

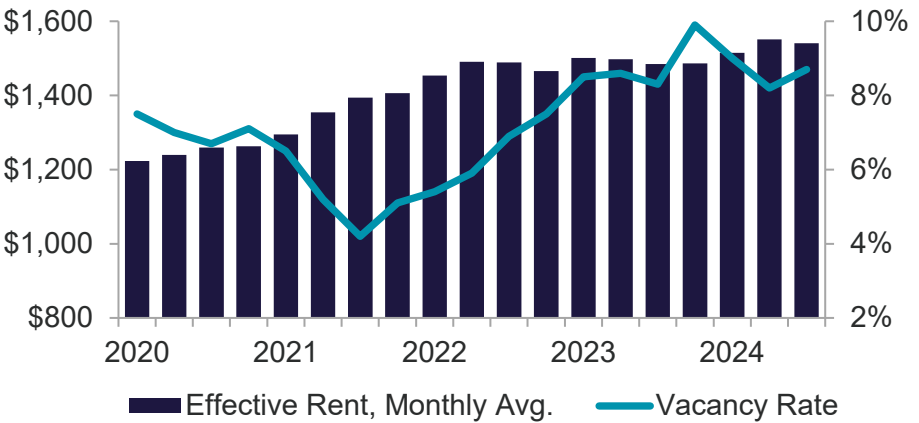
PRICING: RENT GROWTH STABILIZED

Overall effective rents increased 3.8% YOY, marking the second consecutive quarter of growth rates above 3.5% after four rolling quarters of more marginal increases. Effective rents are up more than 26.0% since the start of 2020. YTD sales volume has topped \$71.6 million and slowed in the third quarter, more a sign of lingering capital constraints than a lack of investor interest.

DEMAND / DELIVERIES



OVERALL VACANCY & EFFECTIVE RENT



MARKET STATISTICS

SUBMARKET	INVENTORY (UNITS)	AVG SF/UNIT	VACANCY RATE	YOY VACANCY RATE CHANGE (BPS)	CURRENT ABSOPTION (UNITS)	4Q ROLLING ABSORPTION (UNITS)	UNDER CONSTRUCTION (UNITS)	DELIVERIES YTD (UNITS)	EFFECTIVE RENT (MONTHLY)	EFFECTIVE RENT/SF/MONTH	YOY % EFFECTIVE RENT GROWTH
Central	13,856	771	9.4%	140	56	396	1,572	489	\$1,566	\$2.04	2.5%
Chesterfield	13,079	980	6.7%	70	95	208	1,071	252	\$1,592	\$1.62	3.3%
East Richmond/Henrico	4,789	894	10.1%	90	(11)	(6)	0	0	\$1,320	\$1.48	4.8%
Hanover	2,108	950	5.4%	160	28	57	0	90	\$1,724	\$1.81	10.1%
Midlothian	7,649	984	13.9%	340	261	714	581	604	\$1,733	\$1.74	1.5%
Near West End	1,238	838	8.4%	490	(19)	(56)	263	0	\$1,786	\$2.13	3.4%
North Richmond	2,487	804	5.9%	10	4	80	310	0	\$1,297	\$1.61	1.1%
South Richmond	15,082	862	9.6%	(30)	35	610	137	395	\$1,398	\$1.62	3.4%
Tri-Cities	5,632	898	9.2%	(60)	(5)	34	52	0	\$1,211	\$1.36	3.7%
Western Henrico	26,598	910	7.5%	10	359	1,083	964	0	\$1,615	\$1.77	5.4%
RICHMOND, VA TOTALS	92,518	893	8.7%	70	803	3,120	4,950	1,830	\$1,541	\$1.72	3.8%

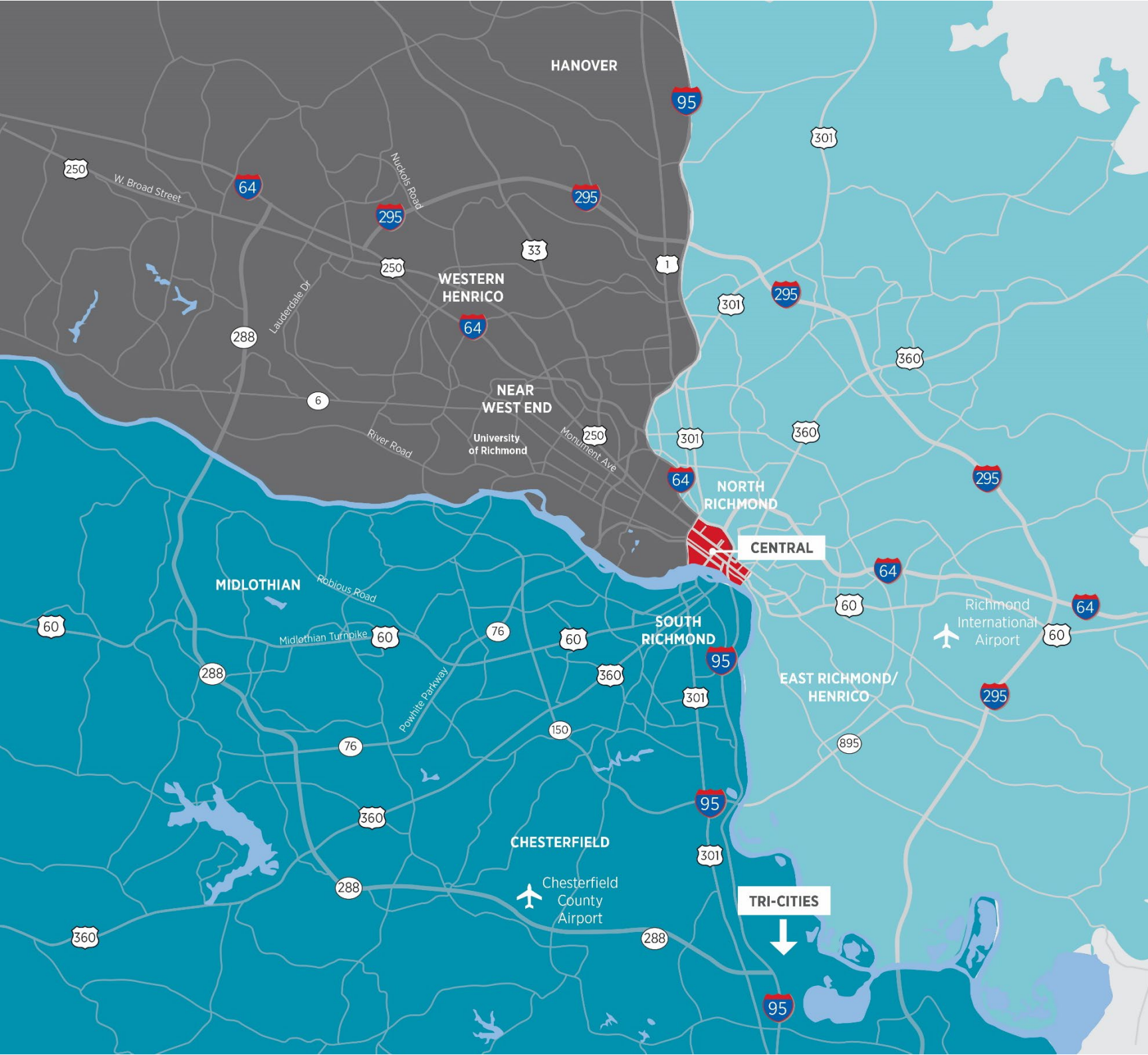
SUMMARY BY BEDROOM	INVENTORY (UNITS)	AVG SF/UNIT	VACANCY RATE	YOY VACANCY RATE CHANGE (BPS)	CURRENT ABSOPTION (UNITS)	4Q ROLLING ABSORPTION (UNITS)	UNDER CONSTRUCTION (UNITS)*	DELIVERIES YTD (UNITS)	EFFECTIVE RENT (MONTHLY)	EFFECTIVE RENT/SF/MONTH	YOY % EFFECTIVE RENT GROWTH
Studio	3,874	490	9.1%	20	28	119	465	38	\$1,273	\$2.55	2.6%
One Bed	33,804	702	9.6%	110	483	1,563	2,866	1,155	\$1,392	\$1.98	2.9%
Two Bed	46,529	979	8.3%	60	240	1,228	1,327	583	\$1,581	\$1.61	4.3%
Three Bed	8,156	1,284	7.1%	40	52	212	292	54	\$1,985	\$1.54	4.5%
Four+ Bed	155	1,801	4.6%	(120)	0	0	0	0	\$2,557	\$1.42	4.5%

\*Unit mix not available on every property under construction

NOTABLE CONSTRUCTION PIPELINE

PROPERTY	SUBMARKET	OWNER / 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
The Brook	Virginia Union	The Resmark Companies / Middleburg Communities	310	Q4 2024
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 EDA / 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
The Walker Virginia Center	Western Henrico	Shamin Management / Shamin Management	275	Q4 2024
Belmont at River Mill	Western Henrico	Kotarides / Kotarides	275	Q4 2024
Triton Scott's Addition	Sauer's Gardens	Silver Hills Development / Silver Hills Development	263	Q4 2024
3600 Grove Ave	The Museum District	Kajima Corporation / Flournoy Development Co	253	Q2 2025

MULTIFAMILY SUBMARKETS



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