

MARKET FUNDAMENTALS

	YOY Chg	Outlook
9.5% Vacancy Rate	▼	▼
678 Net Absorption, units	▲	▲
\$1,569 Effective Rent, per unit <small>(Overall, All Property Classes)</small>	▲	▲

ECONOMIC INDICATORS

	YOY Chg	Outlook
726.5K Richmond MSA Employment	▲	▲
3.1% Richmond MSA Unemployment Rate	▲	▲
0.9% Richmond MSA Population Growth <small>Source: BLS</small>	▬	▲

ECONOMY: REGIONAL DEVELOPMENT ACTIVE

The Richmond region continues to rack up accolades, most recently being named among the Top 25 North American Tech Hubs by Site Selection Magazine. Topsoe’s \$400 million investment in Chesterfield’s Meadowville Technology Park was named as the 2024 Impact Award winner for STEM by Business Facilities, and International pharmaceutical manufacturer Haleon announced plans to upgrade its Richmond facility, investing more than \$54 million in part to take advantage of the region’s growing workforce. The region’s housing market also showed signs of stabilization with costs now almost 17.0% more affordable than the national average.

SUPPLY AND DEMAND: ABSORPTION NUMBERS RISE

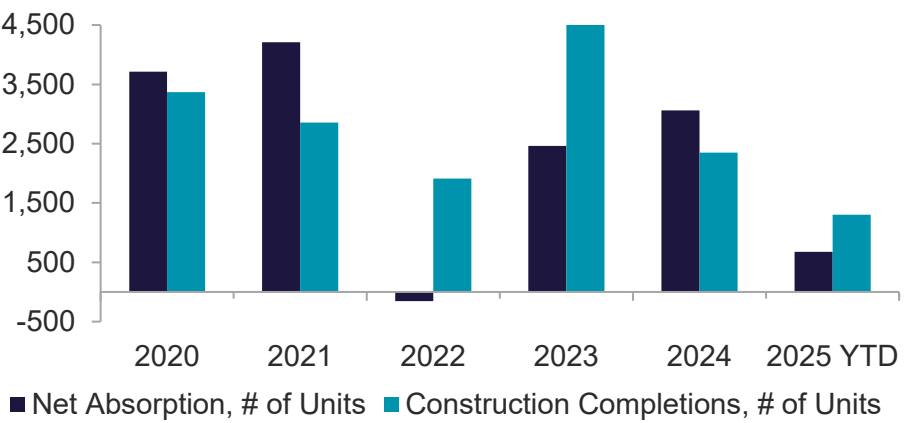
Overall vacancy closed the first quarter up 40 basis points (bps) year-over-year (YOY), and up 50 bps quarter-over-quarter (QOQ). Absorption over the last four consecutive quarters has hit 3,080 units with more than 3,800 units delivered in the same timeframe, including 1,301 units completed in the first quarter alone. The active construction pipeline is down 24.7% compared to the same period last year, but remains robust, nonetheless. The number of units in development reached 5,200 in the first quarter, up 18.1% since the end of 2024. Construction starts continue to slow compared to the peak numbers hit in second half of 2023, and while the number of units in the pipeline is still well above pre-pandemic averages, inventory growth rates are likely to stabilize.

Eight projects broke ground in the first quarter with 50% of those projects located in the Western Henrico submarket, including the second phase of development at The Rise at Regency, Three Notch’d Flats, and Harp’s Landing Apartments, all of which contain more than 300 units each.

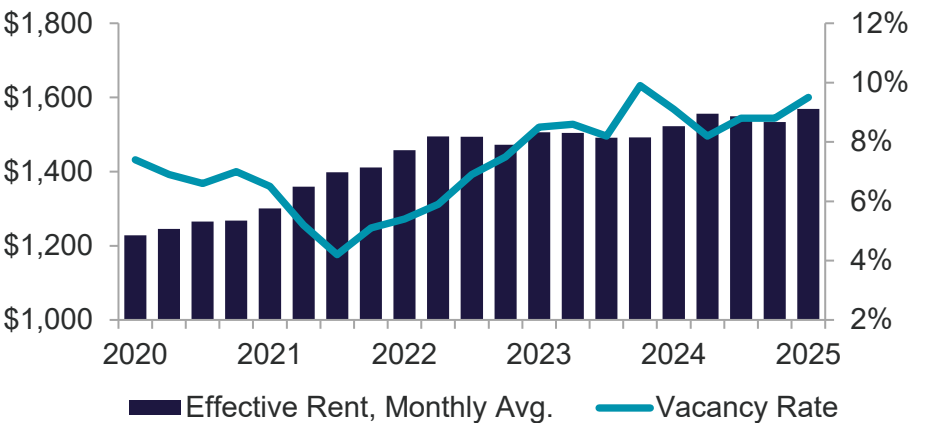
PRICING: RENT GROWTH STABLE

Effective rates closed the quarter up 2.5% YOY as growth rates continue to stabilize. Sales volume topped \$54.2 million in the first quarter, including the transfer of the 248-unit complex at The Bend at 4800 in Chesterfield County for \$44 million. Early in the first quarter, Hoffman & Associates acquired a full city block in Scott’s Addition for \$13.3 million in their first Richmond market deal. Totaling 2.4 acres, the site is planned for a mixed-use development that will include hundreds of apartments.

DEMAND / DELIVERIES



OVERALL VACANCY & EFFECTIVE RENT



MARKET STATISTICS

SUBMARKET	INVENTORY (UNITS)	YTD DELIVERIES (UNITS)	YTD % INVENTORY GROWTH	UNDER CNSTR (UNITS)	YTD NET ABSORPTION (UNITS)	VACANCY RATE	YOY VACANCY RATE CHANGE (BPS)	AVG EFFECTIVE RENT / UNIT	AVG EFFECTIVE RENT PSF	YOY % EFFECTIVE RENT GROWTH
Central	13,738	125	0.9%	1,848	60	9.0%	120	\$1,598	\$2.08	1.8%
Chesterfield	13,444	320	2.4%	1,010	150	7.3%	120	\$1,640	\$1.66	3.7%
East Richmond/Henrico	4,533	0	0.0%	0	(7)	8.7%	-110	\$1,314	\$1.46	2.7%
Hanover	1,972	0	0.0%	0	9	5.7%	180	\$1,713	\$1.82	5.7%
Midlothian	7,932	0	0.0%	410	150	12.9%	-60	\$1,758	\$1.77	3.2%
Near West End	1,501	263	17.5%	53	(1)	24.4%	1910	\$1,846	\$2.15	-2.9%
North Richmond	2,487	0	0.0%	0	(5)	13.1%	160	\$1,310	\$1.63	-1.1%
South Richmond	15,183	0	0.0%	393	91	8.2%	-30	\$1,420	\$1.65	3.6%
Tri-Cities	5,558	0	0.0%	0	17	9.7%	-80	\$1,187	\$1.33	0.5%
Western Henrico	27,592	593	2.1%	1,488	214	9.9%	-30	\$1,639	\$1.79	2.2%
RICHMOND, VA TOTALS	93,940	1,301	1.4%	5,202	678	9.5%	50	\$1,569	\$1.75	2.5%

NOTABLE CONSTRUCTION PIPELINE

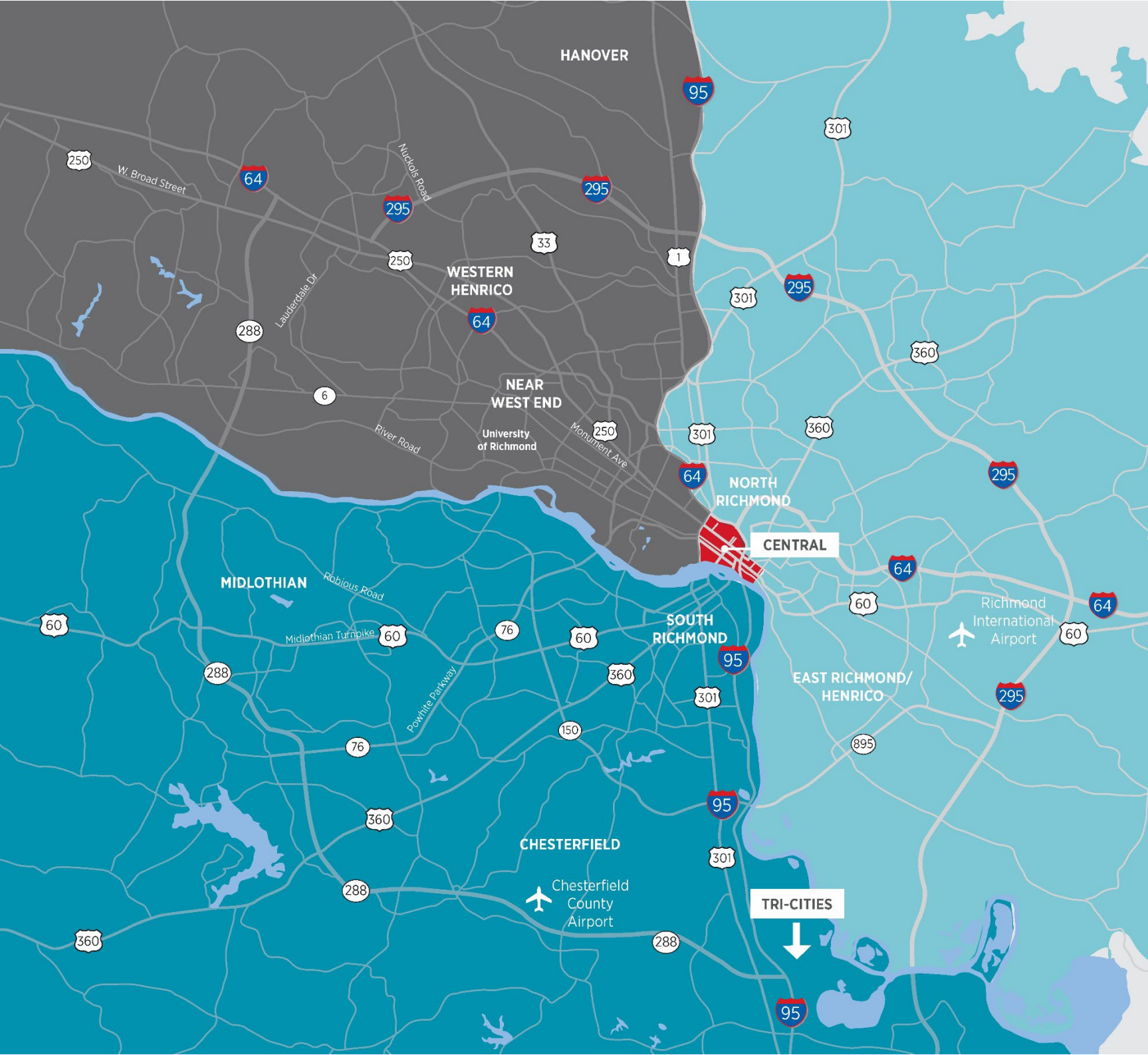
PROPERTY	SUBMARKET	OWNER / DEVELOPER	UNITS	COMPLETION DATE
The Lake	Chesterfield	National Land Realty / The Breeden Company	750	Q3 2025
Harp's Landing Apartments	Western Henrico	Gumenick Properties / Gumenick Properties	398	Q3 2026
2925 West Clay St	Scott's Addition	Capital Square / Capital Square	352	Q2 2025
Three Notch'd Flats	Western Henrico	Edward Rose & Sons / Edward Rose & Sons	325	Q1 2027
The Rise at Regency II	Western Henrico	Rebkee Company / Thalhimer Realty Partners	314	Q3 2026
The Guild	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
Bristol Telegraph Road	Western Henrico	Bristol Development Group / Bristol Development Group	279	Q3 2026
Fulton Yard Apartments	Shockoe Bottom	Zimmer Development Company / Evolve Companies	276	Q1 2026
Hamlet at Falling Creek	Chesterfield County	Middleburg Communities / Middleburg Communities	260	Q2 2025
Ellison Museum District	The Museum District	Kajima Corporation / Flournoy Companies	253	Q4 2025
Bakery Loft Apartments	Shockoe Bottom	Historic Housing / Historic Housing	212	Q2 2025
301 Hull Street	Old Town Manchester	Thalhimer Realty Partners / Thalhimer Realty Partners	211	Q2 2026

KEY SALES TRANSACTIONS Q1 2025

PROPERTY	SUBMARKET	SELLER / BUYER	UNITS	PRICE / \$ UNIT
The Bend at 400	Chesterfield County	Beachwood Residential / Tralee Capital Partners LLC	248	\$44.0M / \$177k



MULTIFAMILY SUBMARKETS



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