

MARKET FUNDAMENTALS

	YOY Chg	Outlook
9.0% Vacancy Rate	▲	▼
1,787 YTD Net Absorption, units	▲	▲
\$1,595 Effective Rent, per unit <small>(Overall, All Property Classes)</small>	▲	▲

ECONOMIC INDICATORS

	YOY Chg	Outlook
729.2K Richmond MSA Employment	▲	▲
3.3% Richmond MSA Unemployment Rate	▲	▲
1.1% Richmond MSA Population Growth <small>Source: BLS</small>	▲	▲

ECONOMY: DEVELOPMENT NEWS DOMINATES

Major development announcements dominated the headlines during the second quarter, beginning with The LEGO Group announcing plans to build a 2 million square foot (msf) distribution facility in Prince George at a planned investment of \$366 million. Amazon also announced plans to build its fourth robotics facility in the state: a 3.1 msf multi-story building in Goochland County that will create 1,000 jobs. Ten graduate programs from Virginia Commonwealth University (VCU) ranked in the top 50 in their fields by US News & World Report, and VCU Health broke ground on its new \$90 million surgical center and medical office complex in Chesterfield County.

SUPPLY AND DEMAND: ABSORPTION NUMBERS RISE

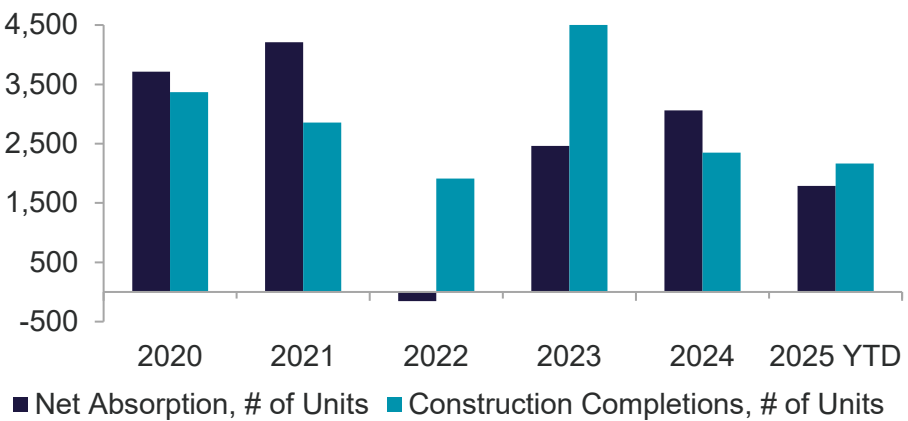
Overall vacancy closed the first quarter up 80 basis points (bps) year-over-year (YOY), and down 20 bps quarter-over-quarter (QOQ) as year-to-date (YTD) absorption has closed in on deliveries. Absorption has hit 5,161 units since the start of 2024 with 4,844 units delivered in the same timeframe. The active construction pipeline is down 13.5% YOY but remains robust with 14 new projects breaking ground since the start of the year. More than 4,200 units are scheduled for delivery before the end of 2026 based on current developments.

Midtown Richmond, including The Diamond and Scott’s Addition, continues to be a hot spot for development, home to 25.6% of the units currently under construction. More than 37.3% of units in development are located in the Western Henrico submarket, including the second phase of The Rise at Regency, the 314-unit complex adjoining the massive mixed-use development in the West End.

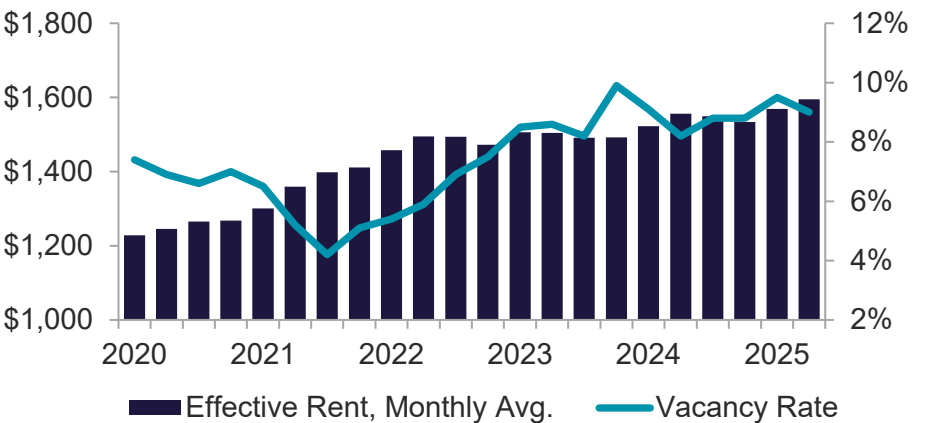
PRICING: RENT GROWTH STABLE

Effective rates closed the quarter up 1.6% YOY as growth rates continue to stabilize. Effective rents have increased 26.0% since the start of 2020 and have settled into increases below pre-pandemic averages. Year-to-date sales volume topped \$100.7 million, comparable to first half numbers for the last few years and down from the highs hit during 2021 and 2022. Average pricing per unit continues to trend upward with 2024 pricing up 14.2% compared to 2020 averages.

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	14,250	636	4.7%	1,782	321	10.0%	290	\$1,666	\$2.17	0.4%
Chesterfield	13,444	320	2.4%	260	257	6.6%	-50	\$1,669	\$1.69	4.2%
East Richmond/Henrico	4,533	0	0.0%	0	6	8.4%	-150	\$1,336	\$1.48	2.1%
Hanover	1,972	0	0.0%	0	18	5.8%	80	\$1,740	\$1.84	1.0%
Midlothian	8,230	298	3.8%	402	337	12.9%	260	\$1,808	\$1.81	2.0%
Near West End	1,554	316	25.5%	0	47	24.3%	1,970	\$1,877	\$2.19	-1.7%
North Richmond	2,489	0	0.0%	0	111	7.6%	210	\$1,297	\$1.62	-1.6%
South Richmond	15,183	0	0.0%	627	125	9.1%	120	\$1,425	\$1.67	0.5%
Tri-Cities	5,558	0	0.0%	0	45	9.7%	-50	\$1,193	\$1.35	0.7%
Western Henrico	27,592	593	2.1%	1,824	519	8.6%	-10	\$1,653	\$1.81	2.0%
RICHMOND, VA TOTALS	94,805	2,163	2.3%	4,895	1,786	9.0%	100	\$1,595	\$1.79	1.6%

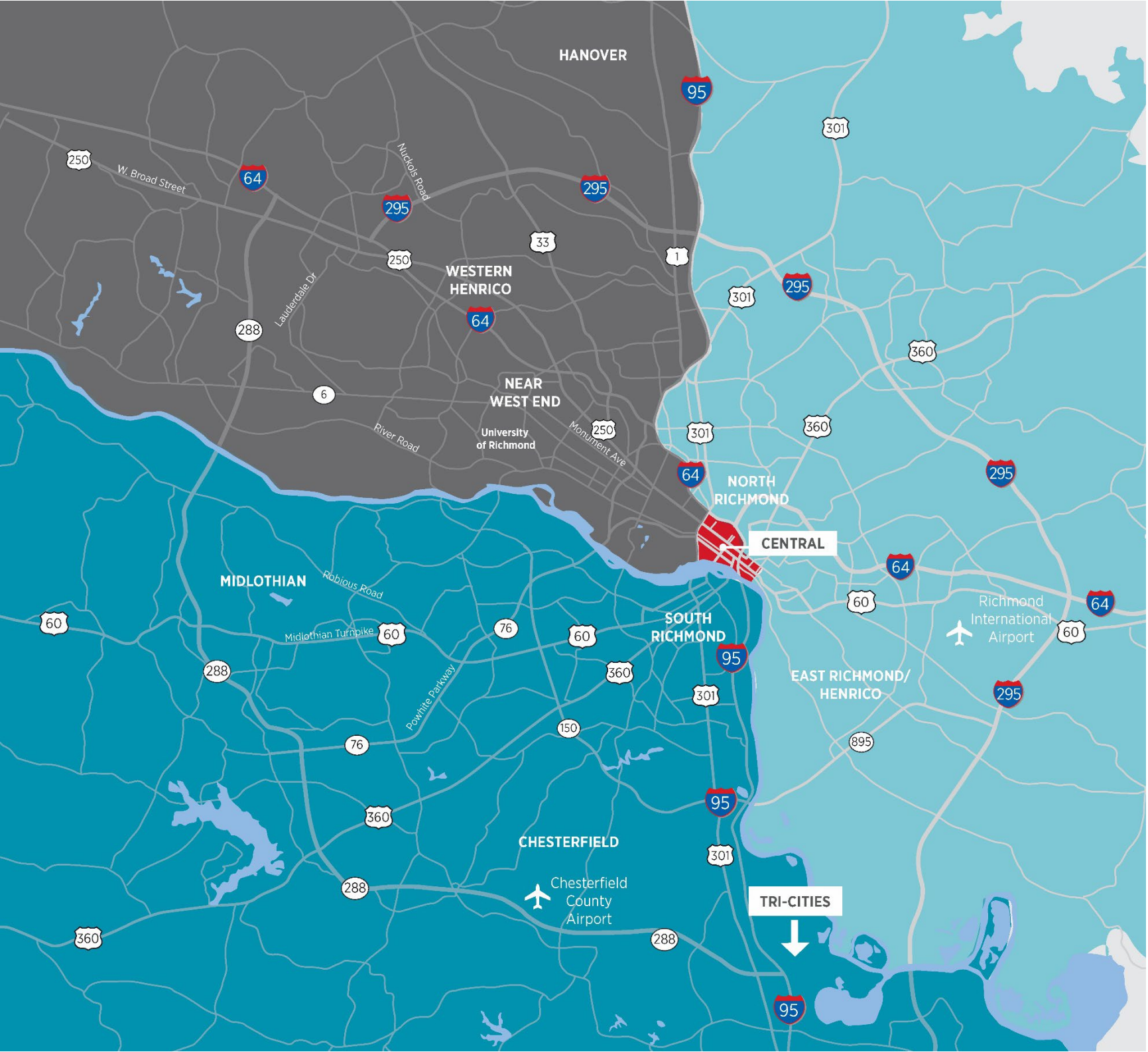
NOTABLE CONSTRUCTION PIPELINE

PROPERTY	SUBMARKET	OWNER / DEVELOPER	UNITS	COMPLETION DATE
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	Q3 2025
Wrighthaven Square Apartments	Western Henrico	Gumenick Properties / Gumenick Properties	336	Q2 2027
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 Porter	The Diamond	Mid-America Apartment Communities Inc. / Mid-America Apartment Communities Inc.	306	Q2 2026
2700 W Leigh St	Midtown Richmond	Greystar Real Estate Partners / Greystar Real Estate Partners	300	Q4 2026
The Ace	Midtown Richmond	Cresset Partners / Level 2 Development LLC	295	Q3 2025
11621 Old Buckingham Rd	Midlothian	SJC Ventures / SJC Ventures	290	Q4 2026
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
301 Hull Street	Old Town Manchester	Thalhimer Realty Partners / Thalhimer Realty Partners	211	Q2 2026

KEY SALES TRANSACTIONS Q2 2025

PROPERTY	SUBMARKET	SELLER / BUYER	UNITS	PRICE / \$ UNIT
Deering Manor	Hickory Hill	Thalhimer Realty Partners / Ritz Banc Group	168	\$17.0M / \$102k
Twin Rivers Townhomes	Hopewell	Thalhimer Realty Partners / Cleghorn Capital	149	\$12.7M / \$85k

MULTIFAMILY SUBMARKETS



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