MARKETBEAT
HAMPTON ROADS, VA
MULTIFAMILY Q3 2025

CUSHMAN & WAKEFIELD THALHIMER

MARKET FUNDAMENTALS

	YOY Chg	Outlook
5.3% Vacancy Rate	▼	▼
1,923 YTD Net Absorption, units	▲	▲
$1,603 Effective Rent, per unit	▲	▲

(Overall, All Property Classes)

ECONOMIC INDICATORS

	YOY Chg	Outlook
821.6K Hampton Roads MSA Employment	▼	▼
3.7% Hampton Roads MSA Unemployment Rate	▲	▲
0.6% Hampton Roads MSA Population Growth	▲	▲

Source: BLS

ECONOMY: MAJOR MIXED-USE DEVELOPMENT NEWS

The third quarter saw the opening of the first phase of Atlantic Park, a $350 million 12-acre entertainment-based mixed-use development that is master planned for more than 100,000 square feet (sf) of retail space. The 3-acre surf park opened in mid-August, joining a Live Nation indoor/outdoor concert venue that opened earlier in the year. The development includes a multifamily component with 309 market-rate apartments, scheduled for delivery before the end of the year. Construction is also underway on an $80 million mixed-use development known as The Canopy. Also located in Virginia Beach, near the Hilltop shopping district, the12-acre project will include a combination of multifamily, retail, and office space.

SUPPLY AND DEMAND: VACANCY RATES COMPRESSED

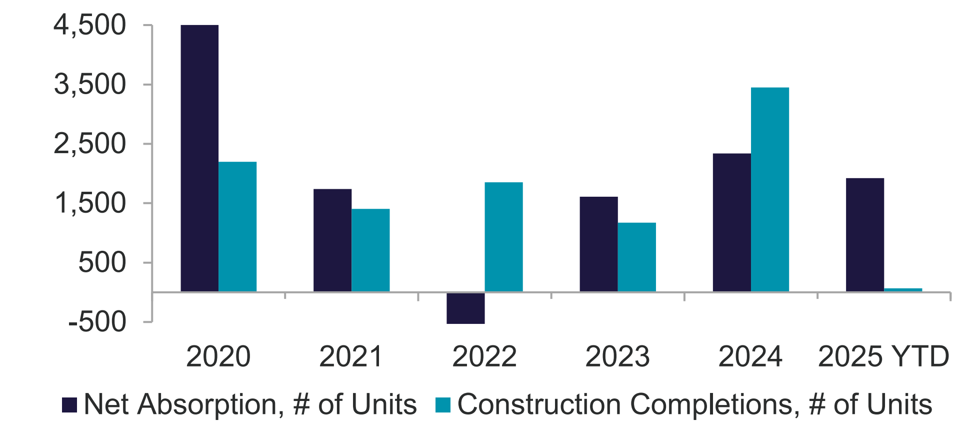
Overall vacancy closed the third quarter at 5.3%, a drop of 30 basis points (bps) quarter-over-quarter (QOQ), and down 150 bps year-over-year (YOY). Elevated mortgage rates and persistent single family inventory shortages have contributed to sustained demand as the differential cost between renting and owning continues to climb. Those factors, combined with the limited new construction in the market, have kept vacancy compressed. Absorption has topped 4,130 units since the start of 2024 with 3,518 units delivered in the same timeframe.

The active construction pipeline is limited to 1,762 units currently in development with only two groundbreakings since the start of the year. The majority of the current pipeline is in the Southside region with only one project underway on the Peninsula. Virginia Beach is home to the largest share of development projects with 33% of units currently under construction.

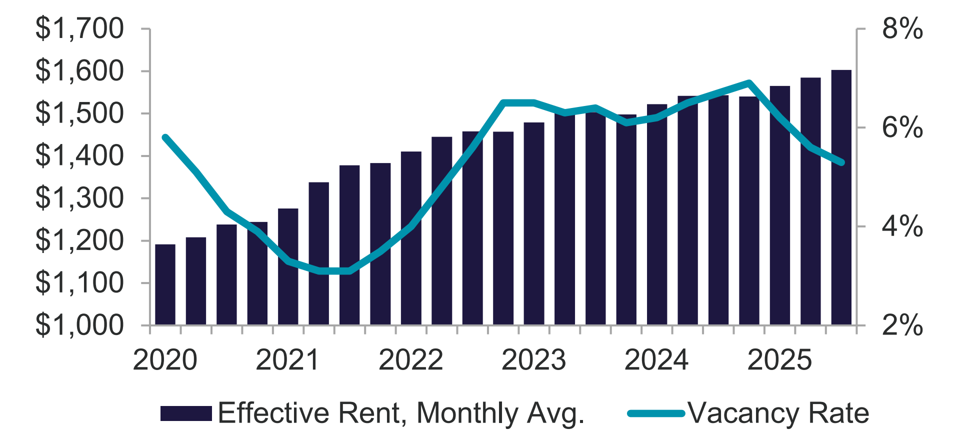
PRICING: RENT GROWTH STABLE

Rent growth continues to moderate after the dramatic pandemic era increases hit during 2021 and 2022, and at the close of the third quarter, effective rates are up 3.5% YOY. Year-to-date sales volume topped $726.8 million, within striking range of market totals reached in 2023 and 2024. Average pricing per unit continues to trend upward with 2025 YTD pricing up 24.8% compared to 2024 averages. The Latitudes Apartments in Virginia Beach transferred in the third quarter from Heritage Capital Group to Briar Capital Management for $102 million, with the 448-unit community was 94% occupied at the time of sale.

DEMAND / DELIVERIES



OVERALL VACANCY & EFFECTIVE RENT



HAMPTON ROADS, VA
MULTIFAMILY Q3 2025

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
Chesapeake	10,007	0	0.0%	200	183	4.7%	40	$1,778	$1.81	3.6%
Gloucester	404	0	0.0%	0	0	0.7%	-30	$989	$1.32	-3.2%
Hampton City	12,673	0	0.0%	0	62	6.6%	-50	$1,511	$1.62	3.2%
Isle of Wight	1,146	0	0.0%	0	76	4.8%	-1,330	$1,678	$1.55	-1.4%
James City	2,355	0	0.0%	0	47	4.6%	40	$1,737	$1.71	0.1%
Newport News	19,025	0	0.0%	320	151	6.4%	-60	$1,385	$1.50	3.5%
Norfolk City	19,250	68	0.4%	260	597	5.1%	-430	$1,481	$1.69	3.6%
Poquoson City	405	0	0.0%	0	67	1.5%	-110	$1,693	$1.61	6.6%
Portsmouth	5,049	0	0.0%	0	-24	6.6%	-190	$1,332	$1.50	2.5%
Suffolk City	4,590	0	0.0%	0	5	6.4%	-40	$1,787	$1.77	4.2%
Virginia Beach	33,632	0	0.0%	856	620	4.4%	-70	$1,753	$1.80	4.1%
Williamsburg	2,082	0	0.0%	126	52	4.1%	-290	$1,710	$1.77	1.7%
York	3,611	0	0.0%	0	85	6.0%	-310	$1,823	$1.75	2.4%
HAMPTON ROADS, VA TOTALS	**113,824**	**68**	**0.1%**	**1,762**	**1,921**	**5.3%**	**-150**	**$1,603**	**$1.69**	**3.5%**

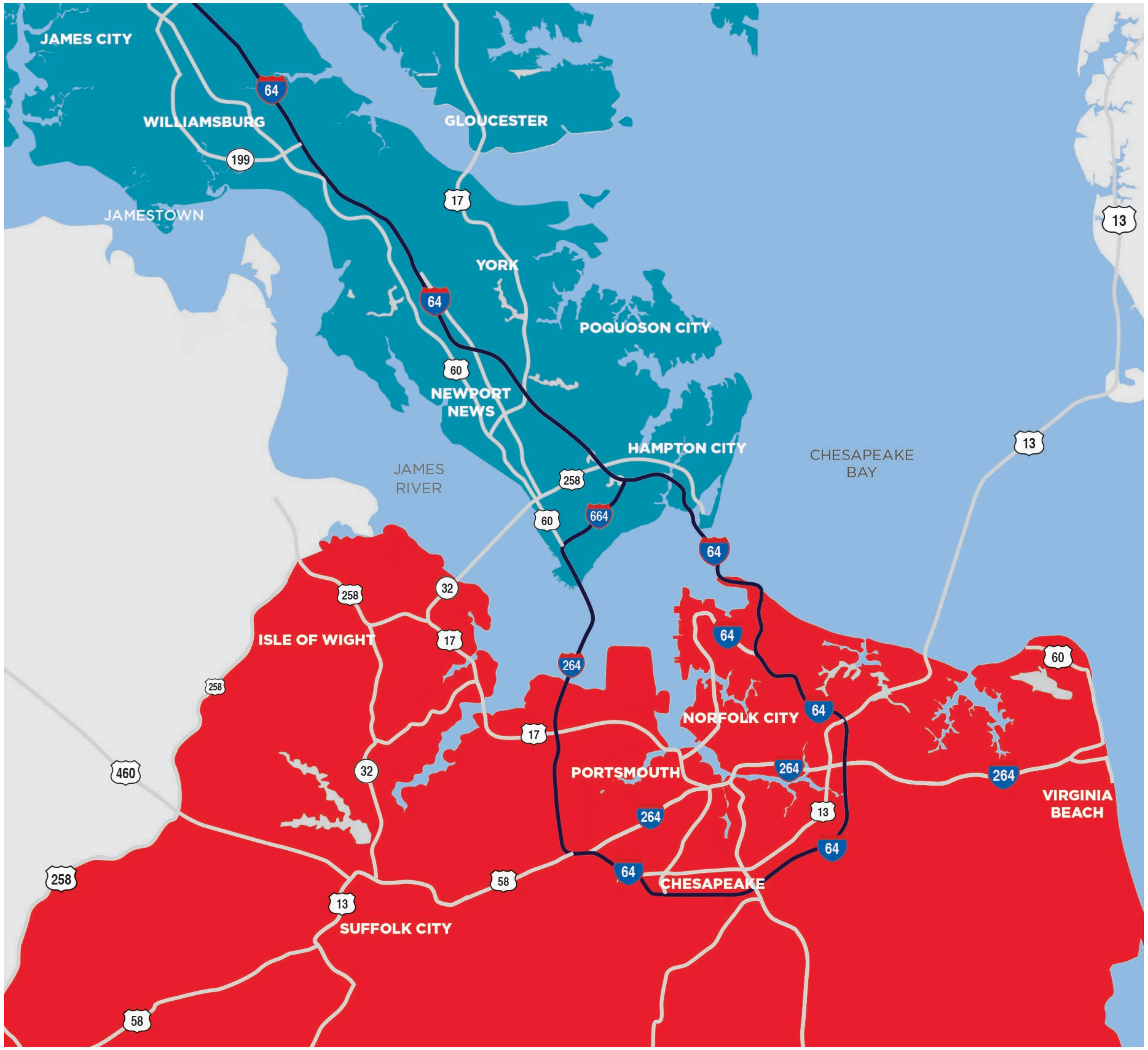
NOTABLE CONSTRUCTION PIPELINE

PROPERTY	SUBMARKET	OWNER / DEVELOPER	UNITS	COMPLETION DATE
Artistry on Greenwich	Outer Virginia Beach County	Signature Management / Signature Management	315	Q1 2026
Atlantic Park	Northeast Virginia Beach	Venture Realty Group / Venture Realty Group	309	Q4 2025
Aviator Lofts	Palmer	Brick Lane / Brick Lane	229	Q4 2025
The Grove at Western Branch	Western Branch South	Kotarides / Kotarides	200	Q3 2026
Unity Place at Kindred	Tidewater Gardens	City of Norfolk / City of Norfolk	140	Q3 2025
The Canopy	Northeast Virginia Beach	Franklin Group / Franklin Group	132	Q2 2026
The Foundry at Williamsburg	Williamsburg County	Conserve Holdings LLC / Conserve Holdings LLC	126	Q3 2026
Shipyard Flats	Downtown Newport News	The Monument Companies / The Monument Companies	91	Q4 2025

KEY SALES TRANSACTIONS Q3 2025

PROPERTY	SUBMARKET	SELLER / BUYER	UNITS	PRICE / $ UNIT
Latitudes Apartments	Northeast Virginia Beach	Heritage Capital Group / Briar Capital Management LLC	448	$102M / $228k
MacDonald Manor	Indian River	Chesapeake Redevelopment & Housing Authority / Fairstead	152	$14.3M / $94k
Parkway Apartments	Williamsburg County	Hamilton Zanze & Company / Bonaventure Realty Group LLC	148	$24.7M / $167k
City Lofts of Williamsburg	Williamsburg County	City Lofts LLC / Capital Vision Management	90	$13.7M / $153k

MULTIFAMILY SUBMARKETS



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