

## Multifamily Q2 2022

YoY Chg 12-Mo. Forecast

**5.3%**

Vacancy Rate



**405**

Net Absorption, units



**\$1,404**

Effective Rent, per unit



(Overall, All Property Classes)  
Source: CoStar

### ECONOMIC INDICATORS Q2 2022

YoY Chg 12-Mo. Forecast

**675.6k**

Richmond MSA  
Employment



**3.2%**

Richmond MSA  
Unemployment Rate



**0.5%**

Richmond MSA  
Population Growth



Source: BLS, Census Bureau, Moody's Analytics

### ECONOMIC OVERVIEW

Richmond's employment numbers continue to trend upward with metro-area unemployment still below the national average with job recovery at 98% of pre-pandemic levels. Greater Richmond is now home to the headquarters of a total of eight Fortune 500 companies with convenience store operator ARKO joining the list this year, with the area's educated workforce cited as a key factor in the company's growth. The talent base has also led education firm EAB, formerly known as the Education Advisory Board, to expand its local operation with a planned \$6 million investment and the addition of 200 new jobs over the next five years. Hamilton Insurance announced plans to create a U.S. subsidiary in Henrico County, creating 70 new jobs, and the LEGO Group has selected Chesterfield County as the site of its first U.S. operation, bringing 1,760 new jobs to the area with an investment of more than \$1 billion.

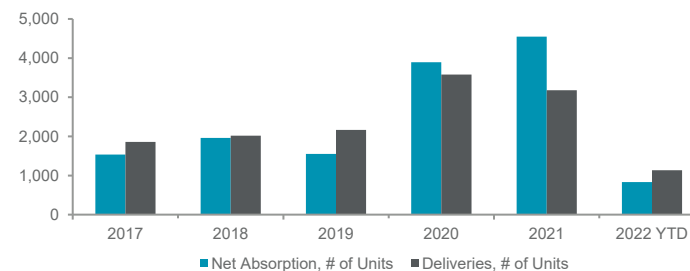
### SUPPLY AND DEMAND

The pipeline remains active with over 5,800 units currently under construction in the area. The central region remains the most active, encompassing the City Center as well as Scott's Addition and the Diamond area, where almost 32% of the product currently under construction is located. More than 2,900 more units are proposed in the central region with mid-rise and high-rise towers up to 20 stories planned closer to downtown. The Manchester area in South Richmond remains active as well with more than 2,400 units proposed and under construction. More than 60% of the multi-family product in the immediate Manchester area has been built since 2015, and with vacancy at 6.1%, absorption is forecast to keep pace with the new deliveries both in that submarket and in the market as a whole. Vacancy rates have edged up slightly in 2022, but remain down 180 basis points (bps) since the start of 2020.

### PRICING

Effective lease rates have continued to rise, up by 10.3% year-over-year (YOY) with recent inflation pressures, and rates are up almost 23% since the start of 2020. Investor interest in the Richmond area is growing as cap rates have dropped below 6% overall, and average pricing has reached \$200,000 per unit. Transaction volume has neared \$1.5 billion over the last four quarters with 31% of deals for complexes with a minimum of 100 units. Twelve sales closed in the second quarter, with total volume approaching \$163 million.

### SPACE DEMAND / DELIVERIES



### OVERALL VACANCY & EFFECTIVE RENT



## Multifamily Q2 2022

## 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	16,328	784	5.0%	50	111	452	1,935	111	\$1,433	\$1.85	7.4%
Chesterfield	13,009	982	5.6%	160	97	594	201	234	\$1,489	\$1.51	7.6%
East Richmond/Henrico	5,482	868	3.7%	(180)	(67)	(63)	21	0	\$1,175	\$1.37	10.3%
Hanover	2,137	952	1.1%	70	(12)	16	29	0	\$1,475	\$1.55	18.2%
Midlothian	6,030	986	6.5%	(130)	61	343	1,004	0	\$1,641	\$1.66	11.7%
Near West End	1,355	856	7.2%	1,070	46	425	0	211	\$1,649	\$1.93	7.9%
North Richmond	2,662	802	3.2%	460	7	95	448	0	\$1,034	\$1.30	11.1%
South Richmond	15,028	852	5.0%	80	10	610	676	0	\$1,232	\$1.45	11.0%
Tri-Cities	6,427	887	3.8%	(140)	(12)	(40)	0	0	\$1,060	\$1.19	12.1%
Western Henrico	25,606	905	6.3%	(230)	163	370	1,581	582	\$1,515	\$1.68	12.1%
<b>RICHMOND, VA TOTALS</b>	<b>94,064</b>	<b>887</b>	<b>5.3%</b>	<b>(40)</b>	<b>404</b>	<b>2,802</b>	<b>5,895</b>	<b>1,138</b>	<b>\$1,404</b>	<b>\$1.59</b>	<b>10.3%</b>

*Includes properties with five 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	4,874	483	5.0%	290	33	191	688	33	\$1,071	\$2.24	7.3%
One Bed	33,155	700	6.1%	(100)	364	1,648	3,056	733	\$1,285	\$1.85	10.2%
Two Bed	47,689	964	4.8%	-	(14)	713	1,804	363	\$1,429	\$1.48	10.6%
Three Bed	8,115	1,271	4.6%	40	14	3214	347	9	\$1,811	\$1.42	10.1%
Four+ Bed	231	1,749	10.5%	(160)	8	35	0	0	\$2,218	\$1.17	7.2%

*\*Unit mix not available on every property currently under construction.*

## NOTABLE CONSTRUCTION PIPELINE

PROPERTY	SUBMARKET	OWNERSHIP / DEVELOPER	UNITS	COMPLETION DATE
Watkins Centre	Chesterfield County	Castle Development Partners / Castle Development Partners	450	Q3 2023
3500 Cox Road	Western Henrico	WB APT Land LC / Commonwealth Properties	407	Q1 2023
The Apartments @ Innsbrook Square	Western Henrico	Dominion Realty Partners LLC / Dominion Realty Partners LLC	363	Q1 2024
Laurel Park	Western Henrico	Aurelie Capital / Aurelie Capital	350	Q1 2024
The Otis	Scott's Addition	Greystar Real Estate / Capital Square Realty Advisors	350	Q3 2022
NOVEL Scott's Addition	Scott's Addition	Crescent Communities / Thalhimer Realty Partners	275	Q4 2023

## KEY SALES TRANSACTIONS Q2 2022

PROPERTY	SUBMARKET	SELLER / BUYER	UNITS	PRICE / \$ UNIT
Acclaim at Carriage Hill Apartments	Western Henrico	Angelo, Gordon & Co. / Beitel Group	664	\$138M / \$208k
Hunter's Chase Apartments	Chesterfield	Hamilton Zanze & Company / Capital Square Realty Advisors	320	\$79M / \$248k
Colony at Centerpointe	Midlothian	Preferred Apartment Communities Inc. / Blackstone Real Estate Income Trust Inc.	255	\$111M / \$437k
Copper Mill Apartments	Western Henrico	Hamilton Zanze & Company / NorthRock Companies	192	\$50M / \$262k

