



MULTIFAMILY REPORT

# Richmond's Ebb and Flow

Summer 2020

**Upscale Demand Sustains Rent Growth**

**Development Shifts Down a Gear**

**Transaction Volume Dwindles**



# RICHMOND MULTIFAMILY



## Low Inventory Keeps Rent Growth Positive

Despite the coronavirus pandemic, steady fundamentals kept the multifamily market relatively healthy in the Richmond-Hampton Roads area during the first five months of 2020. Rent growth remained encouraging, boosted by low inventory and steady upscale demand. The average rent rose 0.1% on a trailing three-month basis through May to \$1,127. The national average slid 0.2% to \$1,460 during the same period.

With government and professional and business services as its largest employment sectors, Richmond is relatively well prepared to weather COVID-19's impact. Nonetheless, five employment sectors contracted on a year-over-year basis through March, with education and health services registering the most job losses. Yet local firm Phlow Corp. received a four-year, \$354 million contract to manufacture pharmaceutical ingredients needed to treat the virus. Other research companies and the Virginia Commonwealth University are working to develop antibody tests.

Following 2019's \$1.4 billion cycle peak in multifamily deals, sales nearly stalled after the COVID-19 crisis reached the U.S. Just \$189 million in apartments traded in the first five months of 2020 for a per-unit price that slid 8.4% to \$103,530. Although construction was deemed an essential service, developers brought only 207 units online and had another 7,607 units underway as of May.

## Market Analysis | Summer 2020

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### Recent Richmond Transactions

#### Regency at Longhill



City: Williamsburg, Va.  
Buyer: Seminole Trail Properties  
Purchase Price: \$26 MM  
Price per Unit: \$117,188

#### Banbury Lake Village



City: Virginia Beach, Va.  
Buyer: Sierra Assets  
Purchase Price: \$20 MM  
Price per Unit: \$105,615

#### Kingstowne



City: Newport News, Va.  
Buyer: Grasshopper Capital  
Purchase Price: \$12 MM  
Price per Unit: \$31,738

#### Marina Point



City: Chesapeake, Va.  
Buyer: Pinto Capital Investments  
Purchase Price: \$9 MM  
Price per Unit: \$88,942