

Yardi[®] Matrix

Richmond's Revival

Multifamily Report Fall 2017

Deliveries to Top Last Year

Rent Growth Exceeds U.S. Average

Investment Tempers After Cycle High

RICHMOND MULTIFAMILY

Yardi® Matrix

Market Analysis

Fall 2017

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High-Paying Jobs Add to Upscale Demand

After fears of overbuilding began to subside in 2017's first half, the Richmond-Tidewater multifamily market rebounded, boosted by consistent, substantial job gains in the professional and business services sector. Mainly fueled by demand for upscale apartments, rents were up 2.5% year-over-year through August, surpassing the U.S. growth rate for the first time during the cycle.

Although overall employment growth is tepid and continues to trail the national rate, the metro's economy is slowly but steadily diversifying, drawing investors and large projects. Dominion Energy's 20-story Canal Place headquarters is underway and scheduled to open in 2019. The Virginia Port Authority has kicked off a \$670 million project expected to expand the port's container capacity by 40%. The pipeline also includes a 1,035-unit master-planned project in Glen Allen and a large Ikea store in Norfolk, as well as a \$2 billion data center park and a \$220 million arena, both in Virginia Beach.

Roughly \$375 million in assets traded in 2017 through July, with investment moderating after last year's \$880 million cycle peak. Although 2,200 units came online this year through August and another 1,000 are slated for delivery by December, the occupancy rate in stabilized properties rested at 95.3% as of July, staying flat year-over-year. Demand for Lifestyle apartments is bound to remain relatively steady, leading us to predict that rent growth will reach 3.5% in 2017.

Recent Richmond Transactions

Tattersall



City: Chesapeake, Va.
Buyer: Peter J. Weidhorn
Purchase Price: \$60 MM
Price per Unit: \$173,977

Latitudes



City: Virginia Beach, Va.
Buyer: Chandler Management
Purchase Price: \$56 MM
Price per Unit: \$124,732

Wellesley Terrace



City: Richmond, Va.
Buyer: General Services Corporation
Purchase Price: \$51 MM
Price per Unit: \$150,375

The Pointe at New Town



City: Williamsburg, Va.
Buyer: The Penzance Companies
Purchase Price: \$47 MM
Price per Unit: \$177,736

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