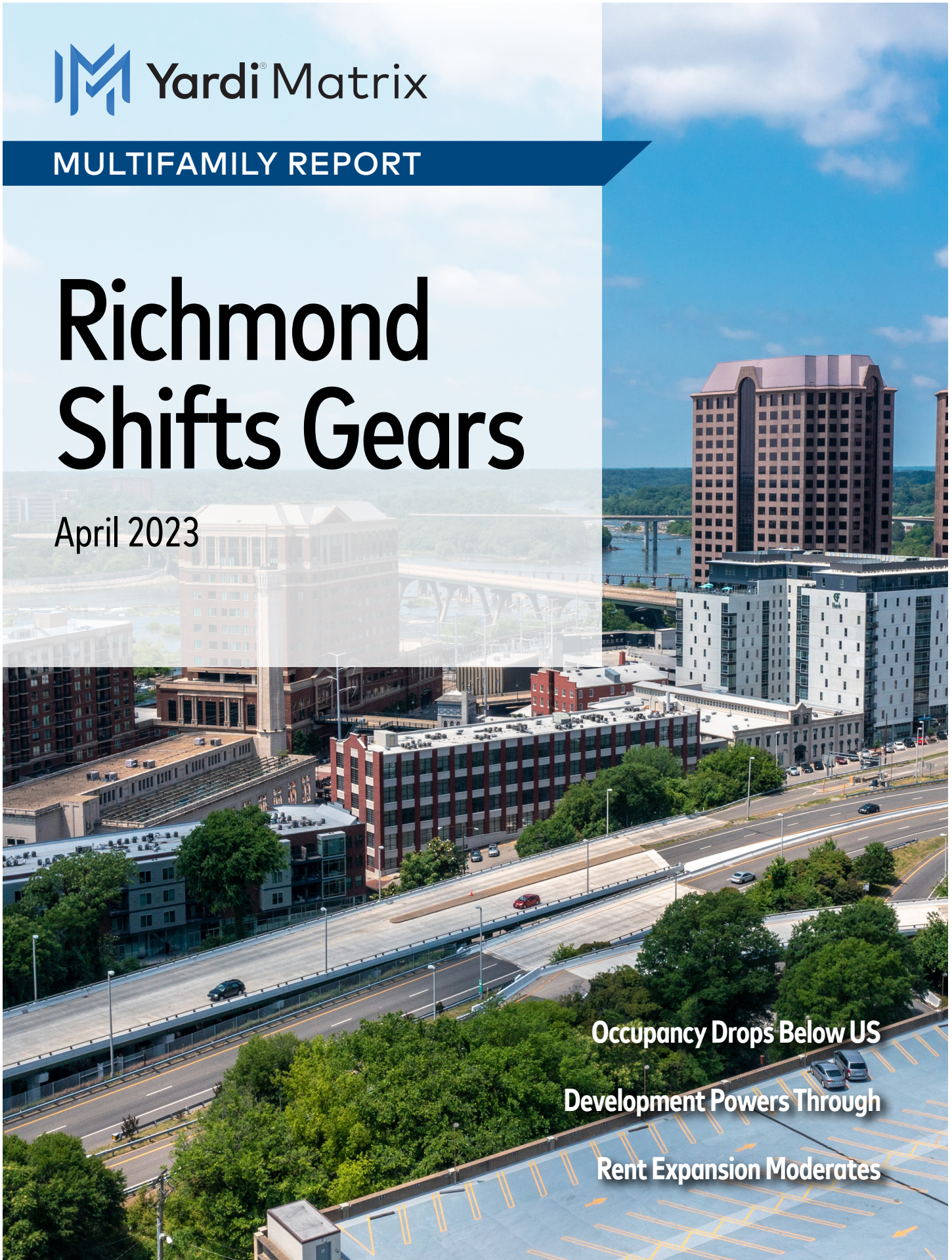




MULTIFAMILY REPORT

Richmond Shifts Gears

April 2023



Occupancy Drops Below US

Development Powers Through

Rent Expansion Moderates

RICHMOND MULTIFAMILY



Rent Growth Stalls, Development Endures

In line with the national cooldown and on the tail end of seasonal sluggishness, Richmond's multifamily market is now rebounding closer to historic figures. The average rent was down 30 basis points on a trailing three-month basis as of February, bringing year-over-year growth to 5.3%, still above the 4.8% U.S. figure. Meanwhile, occupancy took a hit, down 190 basis points in the 12 months ending in January, to a still relatively healthy 94.9%.

The area's economy is a mixed bag, with several sectors recording contractions, including professional and business services (-1,500 jobs) and financial activities (-1,300). However, other sectors, led by education and health services (11,300) and leisure and hospitality (10,900) more than made up for the loss. What's more, employment remained tight, at 3.4% in the Richmond MSA and 3.5% in the Hampton Roads area. While the metro's job growth has trailed the nation for the better part of the past 10 years, the area continues to add multibillion-dollar projects that are drawing capital and boosting employment. The list includes large developments from Lego and Meta, in addition to the \$2.3 billion mixed-use GreenCity.

Developers are doubling down in Richmond, having started work on 7,081 apartments last year, following the 4,931 units recorded in 2021. Yardi Matrix expects 4,433 units to come online this year, on par with the metro's five-year average. Meanwhile, transaction activity slowed down at the start of 2023, after two record years.

Market Analysis | April 2023

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Recent Richmond Transactions

Riverlands



City: Newport News, Va.
Buyer: Blackfin Real Estate
Investors
Purchase Price: \$42 MM
Price per Unit: \$104,455

Royal Pointe



City: Virginia Beach, Va.
Buyer: Featherstone Partners
Purchase Price: \$36 MM
Price per Unit: \$173,077

Laurel Pines



City: Richmond, Va.
Buyer: Highlands Vista Group
Purchase Price: \$21 MM
Price per Unit: \$175,000

Forest Ridge



City: Richmond, Va.
Buyer: Ritz Banc Group
Purchase Price: \$19 MM
Price per Unit: \$142,963