

Yardi® Matrix

# Richmond Hits A Speedbump

Multifamily Report Summer 2018

**Rent Growth Decelerates**

**Tepid Job Gains Soften Demand**

**Investors Focus on Value-Add Plans**



# RICHMOND MULTIFAMILY

Yardi® Matrix

## Market Analysis

Summer 2018

### Contacts

**Paul Fiorilla**

Associate Director of Research  
Paul.Fiorilla@Yardi.com  
(800) 866-1124 x5764

**Jack Kern**

Director of Research and Publications  
Jack.Kern@Yardi.com  
(800) 866-1124 x2444

### Author

**Bogdan Odagescu**

Senior Associate Editor

## Upscale Rents Take a Hit

Richmond–Tidewater rent growth decelerated in the first few months of 2018, reaching 1.1% as of May and once again falling behind the U.S. rate. The bump is mostly due to supply catching up with demand at the upper end of the spectrum, as the vast majority of new stock is upscale. While the number of Class A assets continued to grow, job gains in highly paid sectors shifted down a gear, which is dampening demand in the short run.

Tepid job growth in Richmond and Hampton Roads remains the area’s well-known chorus, as the region’s main anchors continue to greatly influence the local economy. Targets of deep defense cuts just five years ago, military bases and contractors across the Hampton Roads area are now bound to benefit directly from the turning of the budget tide. This could, in turn, send positive ripples across the area’s economy, strengthening residential real estate fundamentals along the way.

Investment volume and per-unit prices dropped in the first four months of 2018, with investors heavily focusing on value-add plans. While occupancy in stabilized properties slid 70 basis points year-over-year to 94.7% as of April, and roughly 1,200 units came online across the metro in the first five months of 2018, steady demographic expansion should keep demand relatively healthy this year. We expect rents to grow 2.5% in 2018.

## Recent Richmond Transactions

Ashland Towne Square



City: Ashland, Va.  
Buyer: United Property  
Purchase Price: \$27 MM  
Price per Unit: \$125,000

Meadow View Townhomes



City: Newport News, Va.  
Buyer: Brick Lane  
Purchase Price: \$25 MM  
Price per Unit: \$61,250

Midlothian Village



City: Richmond, Va.  
Buyer: WNC & Associates  
Purchase Price: \$18 MM  
Price per Unit: \$81,019

Village at the Arbors



City: Richmond, Va.  
Buyer: RailField Realty Partners  
Purchase Price: \$17 MM  
Price per Unit: \$58,784