

VIRGINIA BEACH, VIRGINIA

JOB GROWTH IN 2021 TO SUPPORT APARTMENT DEMAND & RENT GROWTH

The Virginia Beach metro area's monthly unemployment rate fell to 7.9% in December 2020, down from the pandemic-driven high of 11.5% in May. During that time, employers created or reinstated 33,700 jobs, accounting for 38% of the furloughed and eliminated jobs from January to May. The most significant jobs recovery was in the leisure and hospitality sector. By December, payrolls in the sector bounced back to 91% of the pre-pandemic level. The employment rebound occurred as developers brought 1,843 apartments online in 2020, more than double those in 2019. And while third quarter 2020 apartment demand was healthy, suppressed renter mobility in the second quarter drove down leasing activity, contributing to a near-50% reduction in annual net absorption compared to 2019. The drop caused apartment occupancy to dip 10 basis points to 96.5% by year-end. Simultaneously, average effective rent rose 3.4% to \$1,143 per month. In 2021, monthly effective rent is forecast to rise 2.5% to \$1,172, while apartment deliveries are expected to decrease from 2020. Net absorption is forecast to once again trail deliveries in 2021, prompting a 10-basis-point reduction in occupancy to 96.4% by year-end. Beyond 2021, the leisure and hospitality segment will get a boost following completion of two new casinos: Norfolk Resort and Casino expects to support 2,500 new jobs, while Rivers Casino Portsmouth anticipates hiring 2,000 workers. Additionally, sustained hiring at Newport News Shipbuilding will provide a stabilizing effect to local employment in the near term.



2021 MARKET AT A GLANCE

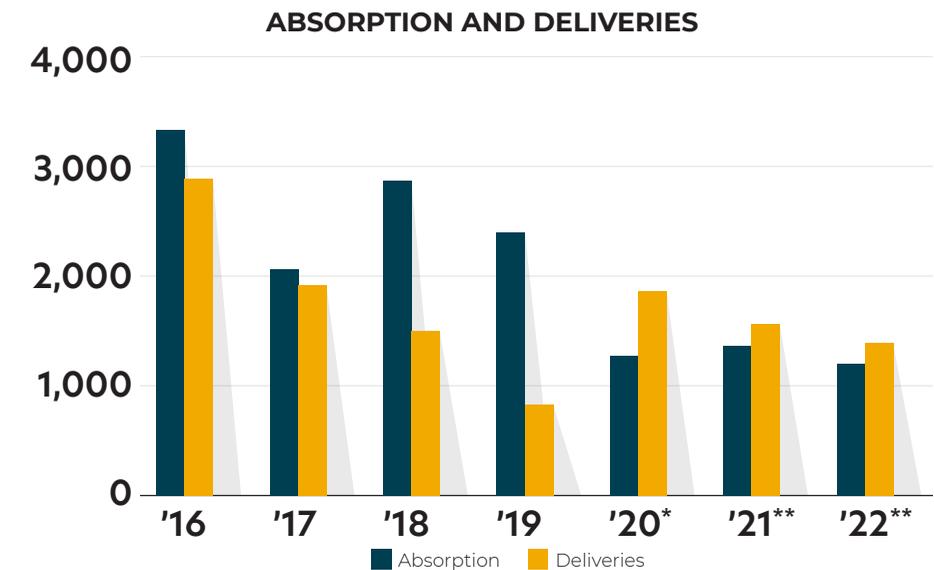
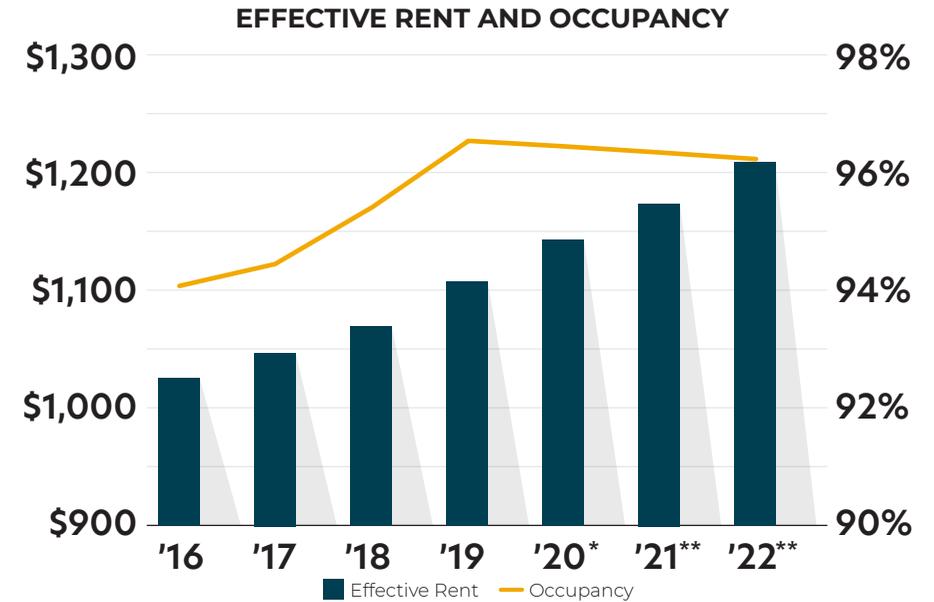
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OCCUPANCY RATE
96.4%
 Down 10 bps YOY
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EFFECTIVE RENT
\$1,172
 Up 2.5% YOY
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RENT SHARE OF WALLET
20.1%
 Up 40 bps YOY

MARKET TRENDS



Data and images pertaining to employment, income, permits, population, rents, single-family housing, and occupancy are year-end figures. Absorption, construction, and apartment sales figures are full-year totals. *Numbers for 2020 are projected values; **2021/2022 figures are forecast projections. Apartment market data criteria and methodologies vary by market.

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EMPLOYMENT TRENDS



2019	YOY CHANGE	2020*	YOY CHANGE	2021**
804,400	-6.9%	749,200	1.9%	763,600

2019	YOY CHANGE	2020	YOY CHANGE	2021
2.2%	570 BPS	7.9%	-110 BPS	6.8%

2019	YOY CHANGE	2020	YOY CHANGE	2021
1,735,300	0.5%	1,744,800	0.5%	1,753,600

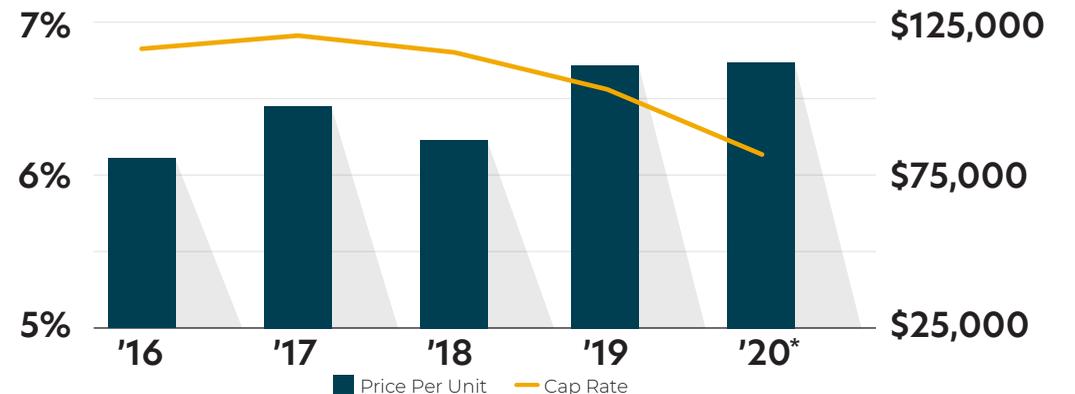
2019	YOY CHANGE	2020	YOY CHANGE	2021
675,300	0.8%	680,900	0.8%	686,400

2019	YOY CHANGE	2020	YOY CHANGE	2021
\$68,820	1.3%	\$69,709	0.5%	\$70,091

SALES TRENDS

2019	YOY CHANGE	2020*
\$111,224	1.4%	\$112,830

2019	YOY CHANGE	2020
6.6%	-40 BPS	6.2%



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