

# RICHMOND VA

## Multifamily Report

**BERKADIA**<sup>®</sup>

a Berkshire Hathaway and Jefferies Financial Group company



# RICHMOND, VA EMPLOYMENT

## Jobs Added / Lost

### LAST 12 MONTHS

41,700  
↑ 6.8%

### NEXT 12 MONTHS\*

26,200  
↑ 4.0%

## Unemployment

### MID-YEAR 2021

4.7%  
↓ 620 BPS YOY

### MID-YEAR 2022\*

3.1%  
↓ 160 BPS YOY

\*Projected

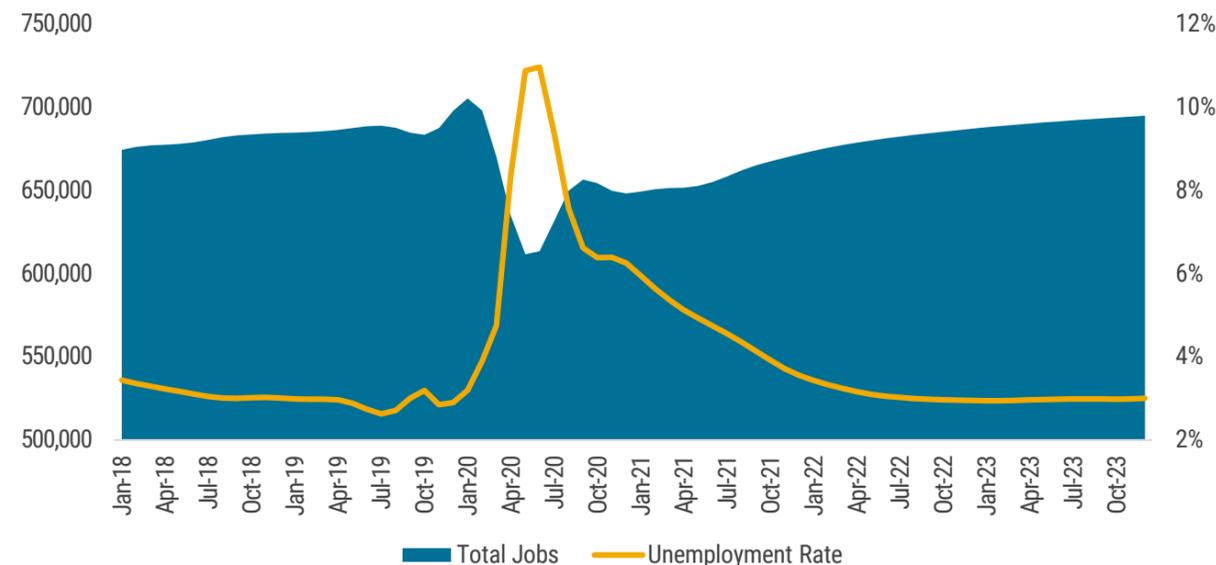
Coming out of the pandemic, Richmond's economy has been able to bounce back with improving employment. In the past year, local businesses added 41,700 net jobs, increasing employment 6.8%. With businesses reopening and expanding services, the leisure and hospitality industry boomed. Payrolls increased 56.6% through the addition of 20,100 net jobs in the past year.

Richmond's biggest industry—trade, transportation, and utilities—continued to grow with companies, such as Amazon.com Inc., building fulfillment centers. During the past year, 10,300 net jobs were added to the industry, totaling 124,200 positions in June 2021.

With multiple industries creating jobs, Richmond's unemployment rate dropped 620 basis points within a year to 4.7% in June 2021. Unemployment is projected to continue decreasing by an additional 150 basis points to 3.1% by June 2022 progressing to pre-pandemic levels.

Contributing to the drop in unemployment is the forecast growing payrolls. Total nonfarm employment is projected to expand 4.0%, or by 26,200 jobs, over the next 12 months. As the local economy normalizes the education and health services industry is expected to see the most gains. Part of the positions will come as Virginia Commonwealth University plans to fully operational in the fall of 2021.

## Employment Trends



SOURCE: MOODY'S ANALYTICS

## Who's Hiring?

### LEISURE & HOSPITALITY INDUSTRY



9%  
OF ALL JOBS IN THE METRO

\$24,000  
AVERAGE ANNUAL SALARY

## Top Leisure & Hospitality Employers



400 JOBS



300 JOBS



240 JOBS

## In The News

- Amazon to put new robotics fulfillment center in Henrico, creating 1,000 new jobs
- Biotechnology company bringing 300 jobs to Richmond with new facility
- Lowe's to hire over 400 associates at locations across Richmond
- Richmond-based snack company to bring 60 new jobs with \$16.5 million expansion
- CarLotz opening new HQ in Richmond creating nearly 200 jobs
- Biotech firm moving to new location, creating 250 jobs



## RICHMOND, VA

# DELIVERIES & ABSORPTION

### 2021 Units\*

DELIVERED

3,946

ABSORBED

3,705

### 2022 Units\*

DELIVERED

3,712

ABSORBED

2,897

\*Projected

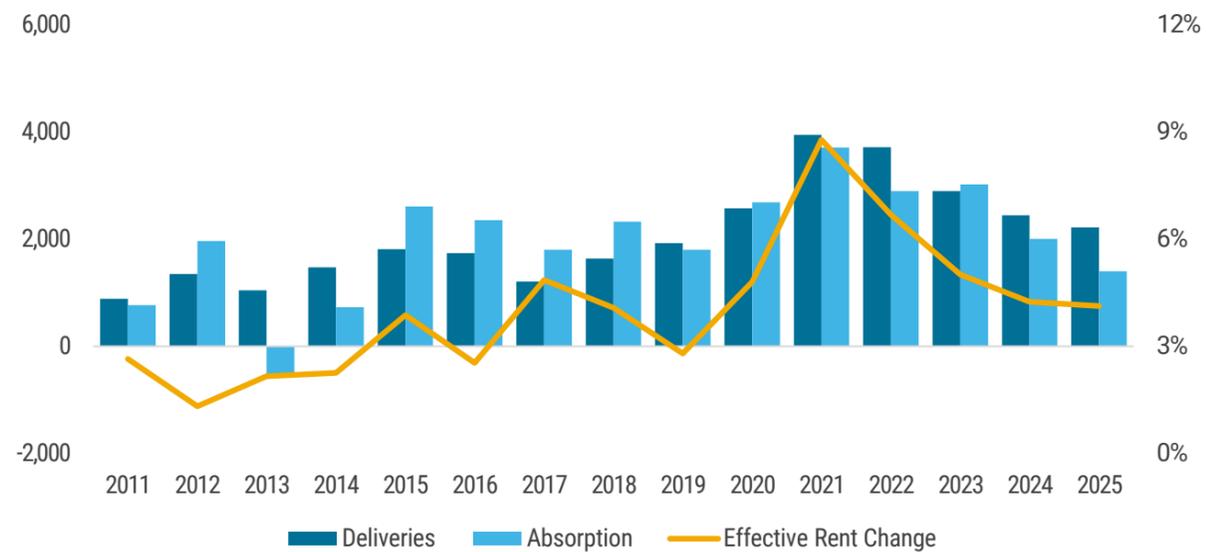
Richmond's multifamily market remained active and healthy as more people were migrating into the metro during the pandemic. According to a LinkedIn study, Richmond was third in the nation for attracting new residents between April 2020 and February 2021 and is ranked among the U.S. News' top 50 of best places to live in the U.S.

With new residents migrating to the area, apartment builders delivered 1,735 units through the first half of 2021. About 35.7% of units were completed in the Southside submarket. The submarket is at the heart of Richmond, surrounded by university students looking for housing and residents wanting an affordable urban lifestyle.

Developers are continuing to build new units throughout Richmond with 6,160 multifamily units under construction at mid-year 2021. An additional 2,211 units are scheduled to be delivered the second half of 2021, bringing the annual total to 3,946 units. This year's additions would be a 34.9% increase from deliveries in 2020.

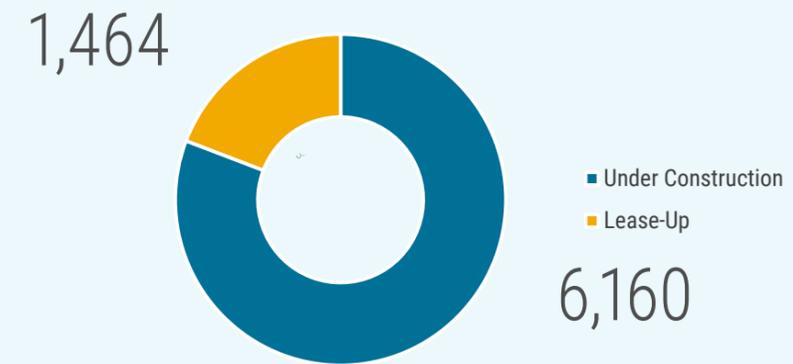
Of the units under construction, 38.5% of them are being built in the Tuckahoe/Westhampton submarket. The submarket is an upper-middle class suburban area that attracts white-collar workers who seek Class A product with premier amenities.

### Deliveries, Absorption, & Effective Rent Change

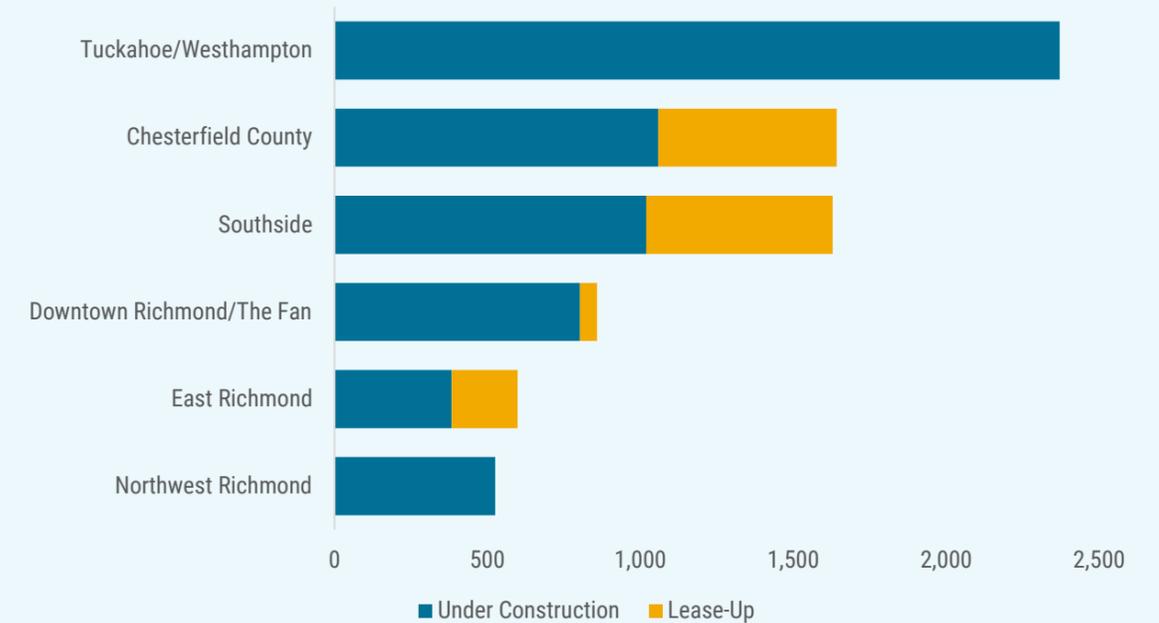


SOURCE: REALPAGE

### Market Pipeline



### Top 10 Submarket Pipelines



For a complete list of properties in the pipeline, [CLICK HERE](#)



# RICHMOND, VA

## RENT & OCCUPANCY

### Effective Rent

2Q 2021  
**\$1,242**  
 ↑ 9.5% YOY

### Occupancy

2Q 2021  
**96.6%**  
 ↑ 90 BPS YOY

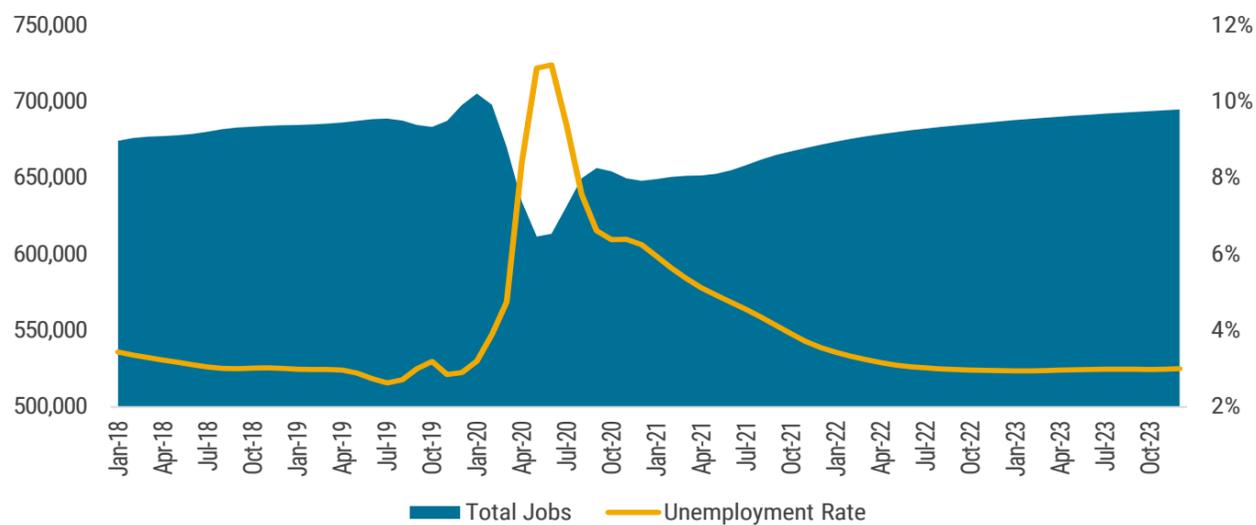
Richmond's rent and occupancy recovered and exceeded pre-pandemic levels in the second quarter of 2021 as apartment demand persisted with new residents moving to Richmond. With leasing activity outpacing elevated inventory growth, occupancy reached a record high in the second quarter of 2021. At 96.6% Richmond's occupancy increased 90 basis points year over year and was 40 points higher than the national average. Three suburban submarkets occupancy increase or more basis points in the last year as residents move for the Class A lifestyle with white-collar job opportunities.

With the rise in apartment occupancy, Greater Richmond effective rent increased 9.5% from one year prior to an average of \$1,242 per month in

the second quarter of 2021. Five out of the eight submarkets in metro Richmond had an 11.0% increase and above in effective rent over the past four quarters due to an increase demand from new residents. The Southside submarket had the highest year-over-year rent increase at 12.4% in part due to students returning to multiple universities in the area to participate in in-person classes.

Looking forward, sustained demand will benefit Greater Richmond apartment fundamentals. Effective rent is projected to grow 6.2% reaching an average of \$1,323 in the second quarter of 2022.

### Richmond vs. National Effective Rent & Occupancy



SOURCE: REALPAGE

### Submarket Performance

SUBMARKET NAME	2Q21 OCCUPANCY	YOY (BPS)	2Q21 EFFECTIVE RENT	YOY
Chesterfield County	97.4%	180	\$1,382	12.1%
Downtown Richmond/The Fan	95.4%	10	\$1,340	2.4%
East Richmond	96.5%	150	\$1,119	5.2%
Hanover County	98.0%	60	\$1,397	11.1%
Northwest Richmond	96.3%	90	\$1,274	11.8%
Petersburg/Colonial Heights/Hopewell	98.3%	180	\$1,052	8.7%
Southside	96.2%	-10	\$1,107	12.4%
Tuckahoe/Westhampton	96.3%	60	\$1,426	12.3%



# RICHMOND, VA SALES

## 2021 Year to Date\*



VOLUME

\$121.6M



PRICE PER UNIT (AVG)

\$205,188



TRANSACTIONS

3



CAP RATE (AVG)

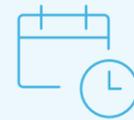
N/A

## What's Trading?\*



UNITS (AVG)

196



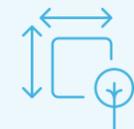
YEAR BUILT (AVG)

2010's



BUILDINGS (AVG)

11



ACRES (AVG)

12.36

\*\$10M+  
SOURCE: REAL CAPITAL ANALYTICS

## Top Buyers\*\*

BUYER	LOCATION
Capital Square 1031	Glen Allen, VA
Landmark Prop Services	Richmond, VA
Four Mile Captial	Louisville, CO
McCann Realty Partners	Henrico, VA
LEM Captial	Philadelphia, PA

## Top Sellers\*\*

SELLER	LOCATION
Bristol Development	Franklin, TN
Wilton Companies	Richmond, VA
Robinson Development	Norfolk, VA
CMB Development	Richmond, VA
RailField	Bethesda, MD

\*\*Past 24 Months

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Sources: RealPage; Moody's Analytics; Real Capital Analytics; Federal Reserve Bank of Cleveland

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