

# RICHMOND, VA MULTIFAMILY REPORT

2023 | MIDYEAR

**BERKADIA**<sup>®</sup>





## Jobs Added / Lost

### LAST 12 MONTHS

18,600

↑ 2.7%

### NEXT 12 MONTHS\*

4,400

↑ 0.6%

## Unemployment

### MIDYEAR 2023

3.2%

↑ 40 BPS YOY

### MIDYEAR 2024\*

2.9%

↑ 10 BPS YOY

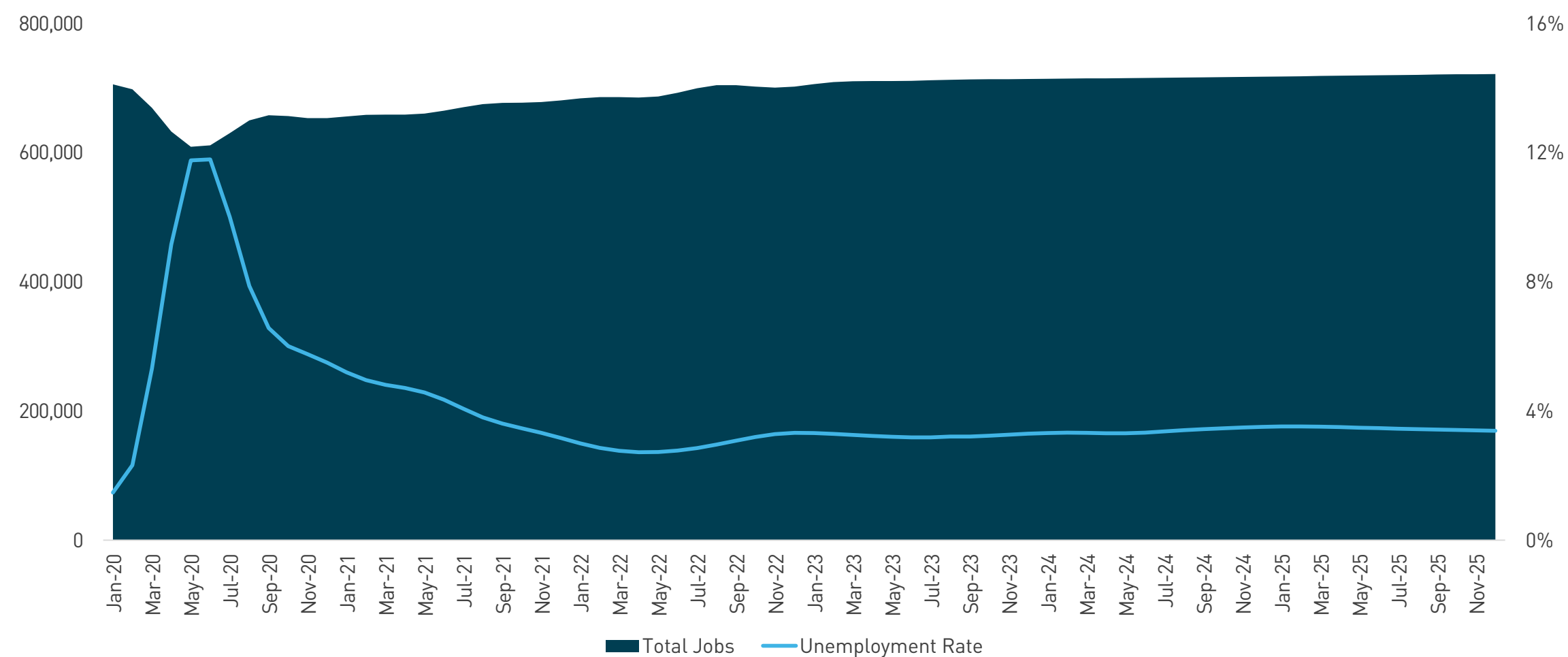
\*Projected

# RICHMOND, VA EMPLOYMENT

Greater Richmond's workforce reached 711,200 workers in the second quarter of 2023, surpassing pre-pandemic levels of employment. Jobs grew 2.7% annually, gaining 18,600 net jobs. The announcement of numerous corporate relocations and expansions in Greater Richmond will only increase the numbers of jobs created across the metro as the economy continues to prosper. Notable projects include a 1.7-million-square-foot LEGO manufacturing plant and SanMar's 1.1-million-square-foot distribution center. Both projects are expected to finish by 2025 and bring almost 3,000 new jobs to the area, with total combined investments in the billions of dollars. Businesses in the trade, transportation, and

utilities sector added 5,300 jobs to the area since the halfway point of 2022. Dominion Energy, a Fortune 500 company, is headquartered in Richmond and employs a workforce of more than 5,400 across the metro. Other notable increases in Richmond employment came from the government segment, where 5,300 net jobs were added since mid-2022. Government job growth in the area is supported by the Henrico County School Board, Henrico County, and the Virginia Department of Social Services. When combined, these employers support thousands of positions in the metro as government payrolls are now above pre-pandemic levels.

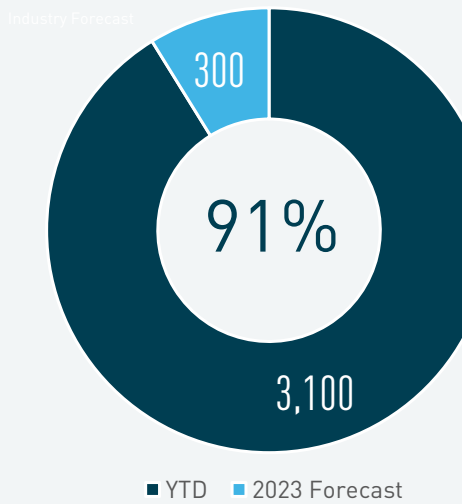
## Employment Trends



Source: Moody's Analytics

## Who's Hiring?

### PROFESSIONAL & BUSINESS SERVICES INDUSTRY



18%  
OF ALL JOBS IN THE METRO

\$82,600  
AVERAGE ANNUAL SALARY

## Top Professional & Business Services Employers



13,000 JOBS



1,150 JOBS



940 JOBS

## In The News

- 🔗 [CoStar Group plans big growth in Richmond, to add 2,000 more jobs](#)
- 🔗 [\\$1 billion Lego factory in Virginia expected to open in 2025](#)
- 🔗 [Weidmüller Group Expansion To Create 100 Jobs In Virginia](#)



# RICHMOND, VA DELIVERIES & ABSORPTION

2023 Units\*

**DELIVERIES**

4,499

**ABSORPTION**

3,608

2024 Units\*

**DELIVERIES**

4,4931

**ABSORPTION**

5,340

\*Projected

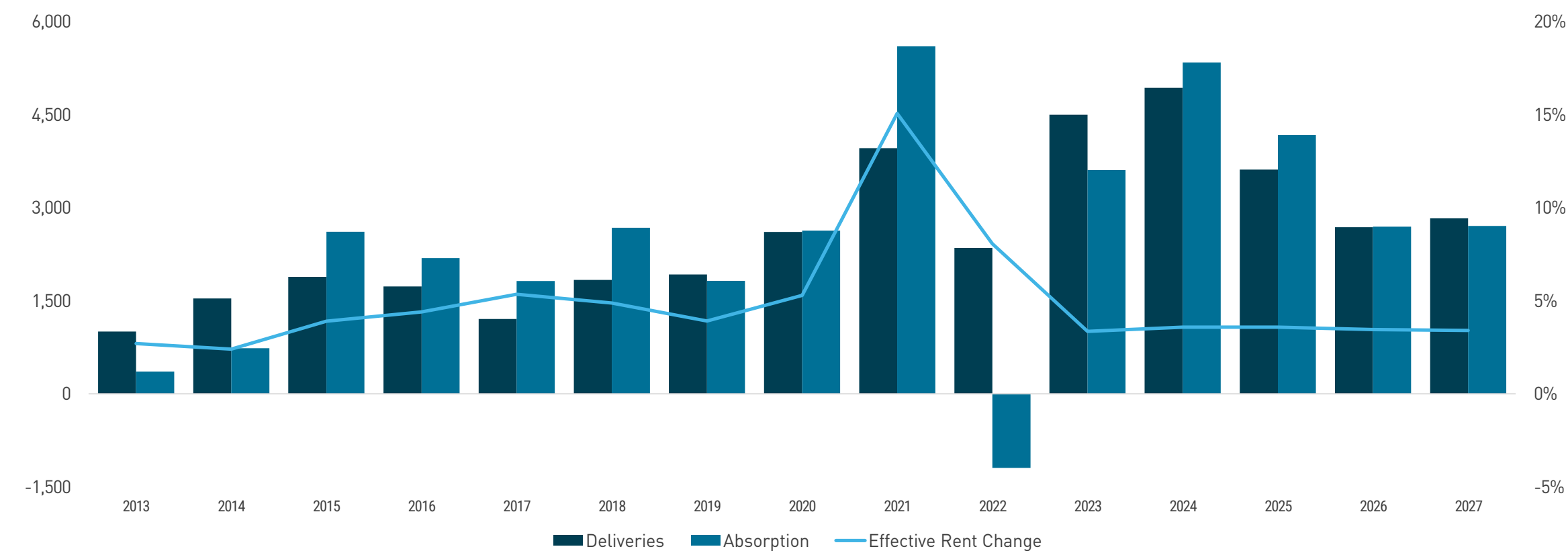
Apartment leasing activity across the Richmond metropolitan area accelerated in the first half of 2023 compared to the net absorption of 547 units during the same time in 2022. Almost 1,200 units were absorbed between the first two quarters of the year.

Greater Richmond has been the beneficiary of an increased population after the pandemic, due to the combination of migration from more expensive metropolitan areas, corporate relocation and expansion projects, and labor force growth, which have in turn created additional rental demand. Operators are aware of the swift population growth which has led to record levels of new development throughout the metro.

Of the more than 7,700 units in the construction pipeline, roughly 30% will take place in the Tuckahoe/Westhampton submarket. Development has been concentrated on the submarket due to affluent residents and population growth, creating an increased demand for luxury units in Richmond's West End. Notable luxury developments under construction include The Collective West Creek and 3500 West View, with both communities on track for new units to deliver in the second half of 2023 and early 2024.

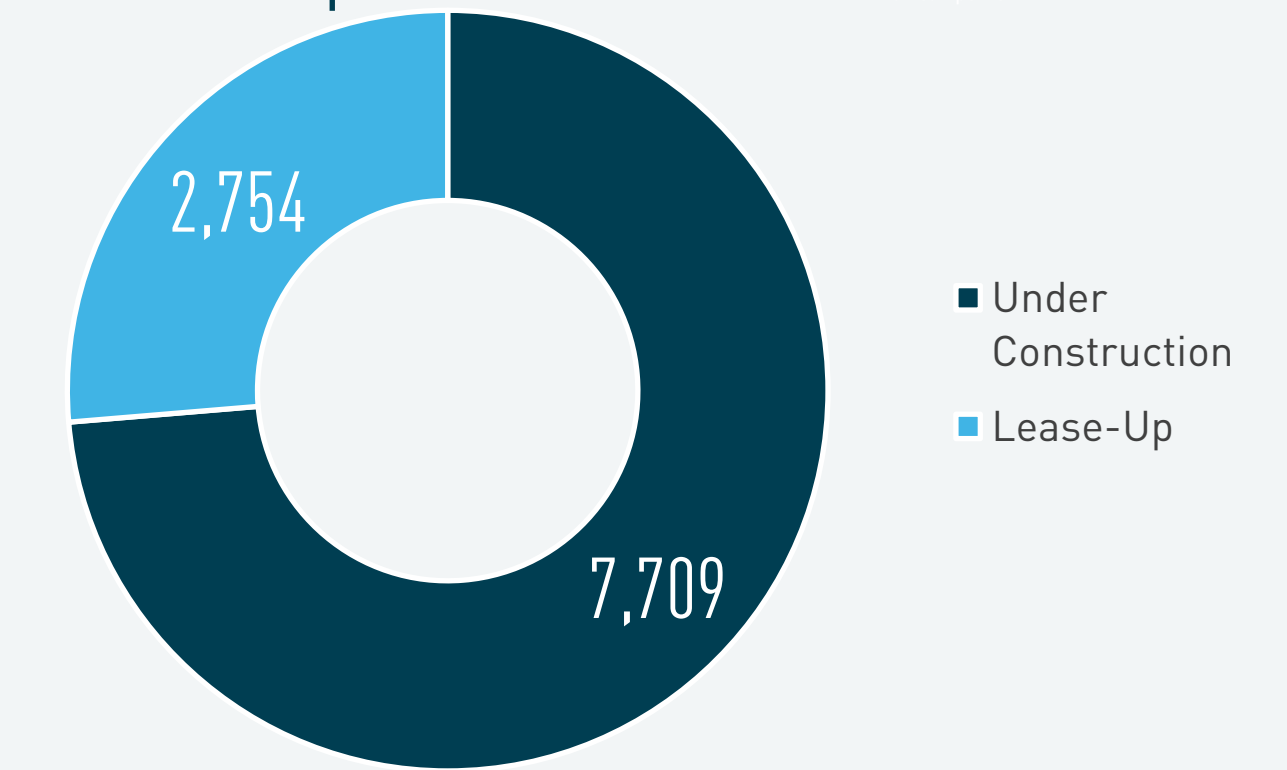
With many residents migrating from more expensive metro areas, demand for luxury apartments has sharply increased as tenants are able to afford premium units for a lower cost compared to other metros.

## Deliveries, Absorption, & Effective Rent Change

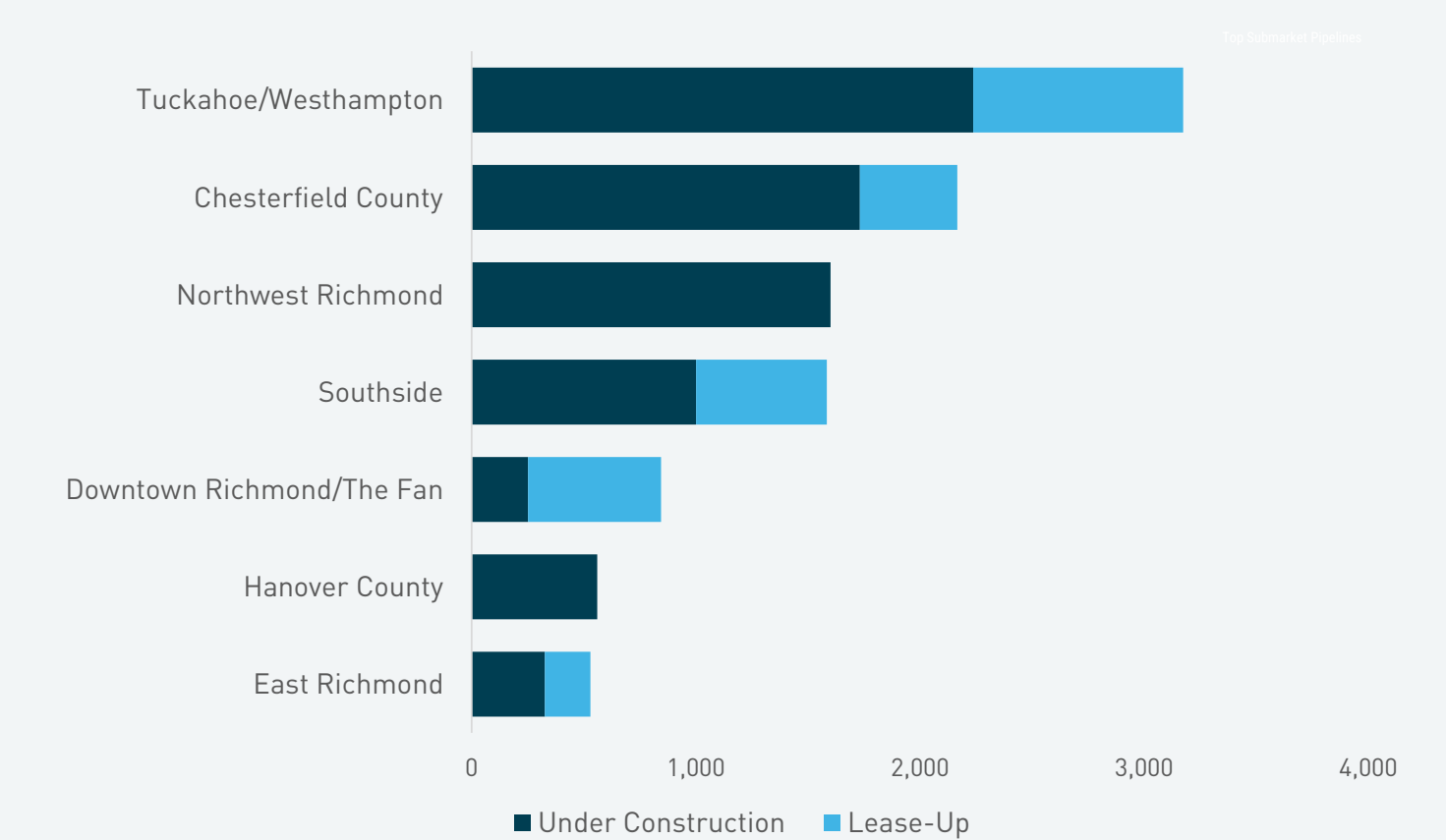


Source: RealPage

## Market Pipeline



## Top Submarket Pipelines

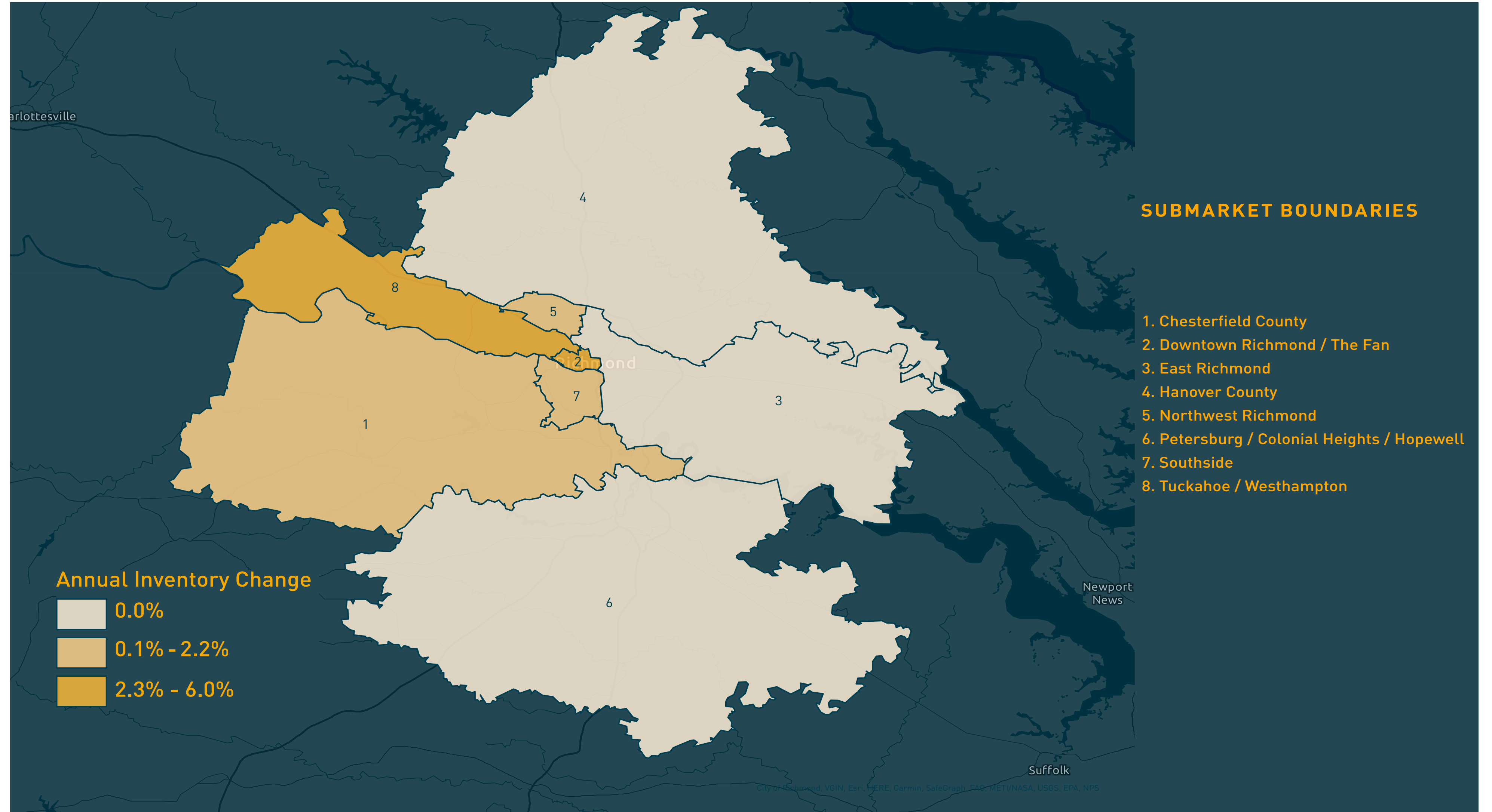




Apartment inventory growth had the largest upswing in the downtown area as new supply increased 6.0% annually. Developers targeted housing demand created by the combined workforce of more than 24,000 people at Virginia Commonwealth University (VCU) and its health system in the Downtown Richmond/The Fan submarket. To support the rise in population and the more than 28,000 students in the area, the submarket had expansive inventory growth annually. With approximately 74% of VCU students in need of off-campus housing, developers are convinced that the leasing pace of renters will keep up with the rate of new inventory moving forward. Filling the void for renters who have been priced out of luxury apartments while living in larger, more expensive metropolitan areas, the demand for luxury units has led to increased inventory of 5.8% on the year in the Tuckahoe/Westhampton submarket.

## RICHMOND, VA

# SUBMARKET ANNUAL INVENTORY CHANGE





# RICHMOND, VA RENT & OCCUPANCY

## Effective Rent

Q2 2023

\$1,495

↑ 4.1% YOY

## Occupancy

Q2 2023

94.2%

↓ 260 BPS YOY

Average effective rent was up 4.1% year over year through the second quarter of 2023 as the rise in population and rental demand across the Richmond metropolitan area enabled operators to continue to increase monthly rent.

While rent growth outpaced the national average on an annual basis, local rent remained well below the U.S. As the cost of renting in Richmond continued to be a more affordable option compared to other East Coast metros, a substantial portion of renters have been drawn to the market. Average effective rent is expected to increase an additional 2.9% by mid-2024 as net absorption is forecast to outpace new supply.

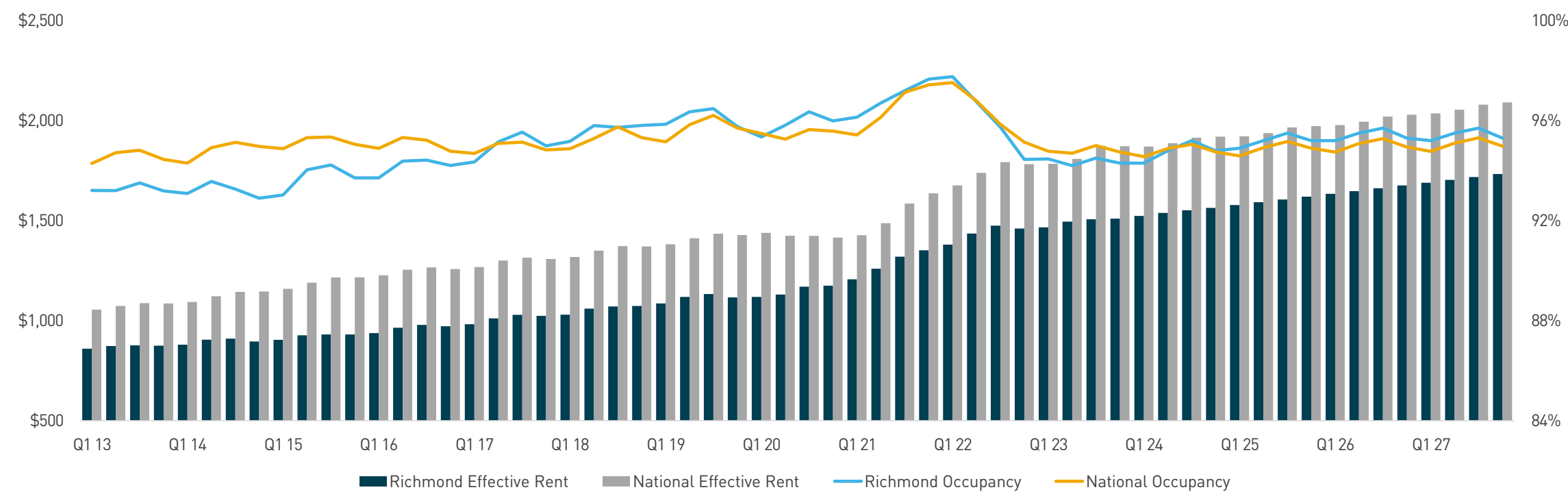
In the last year, Greater Richmond occupancy declined 260 basis points to an average of 94.2% in the second quarter of 2023. The drop was attributed to apartment supply being brought online at a faster rate than net move-ins. However, occupancy remained on par with the pre-pandemic growth cycle from 2010 to 2019, showing a sign of health for the Richmond apartment market.

Despite the occupancy drop, apartment operators offered average concessions of 2.5% in the second quarter of 2023, which was notably below the 4.5% national average.

## Submarket Performance

SUBMARKET NAME	Q2 2023 OCCUPANCY	YOY (BPS)	Q2 2023 EFFECTIVE RENT	YOY
Chesterfield County	95.1%	-150	\$1,620	2.2%
Downtown Richmond/The Fan	95.3%	-230	\$1,485	4.8%
East Richmond	93.3%	-190	\$1,304	1.9%
Hanover County	96.3%	-170	\$1,746	7.1%
Northwest Richmond	93.9%	-300	\$1,522	2.1%
Petersburg/Colonial Heights/Hopewell	93.8%	-320	\$1,209	8.9%
Southside	92.8%	-450	\$1,370	5.1%
Tuckahoe/Westhampton	94.6%	-220	\$1,658	1.3%

## Richmond vs. National Effective Rent & Occupancy



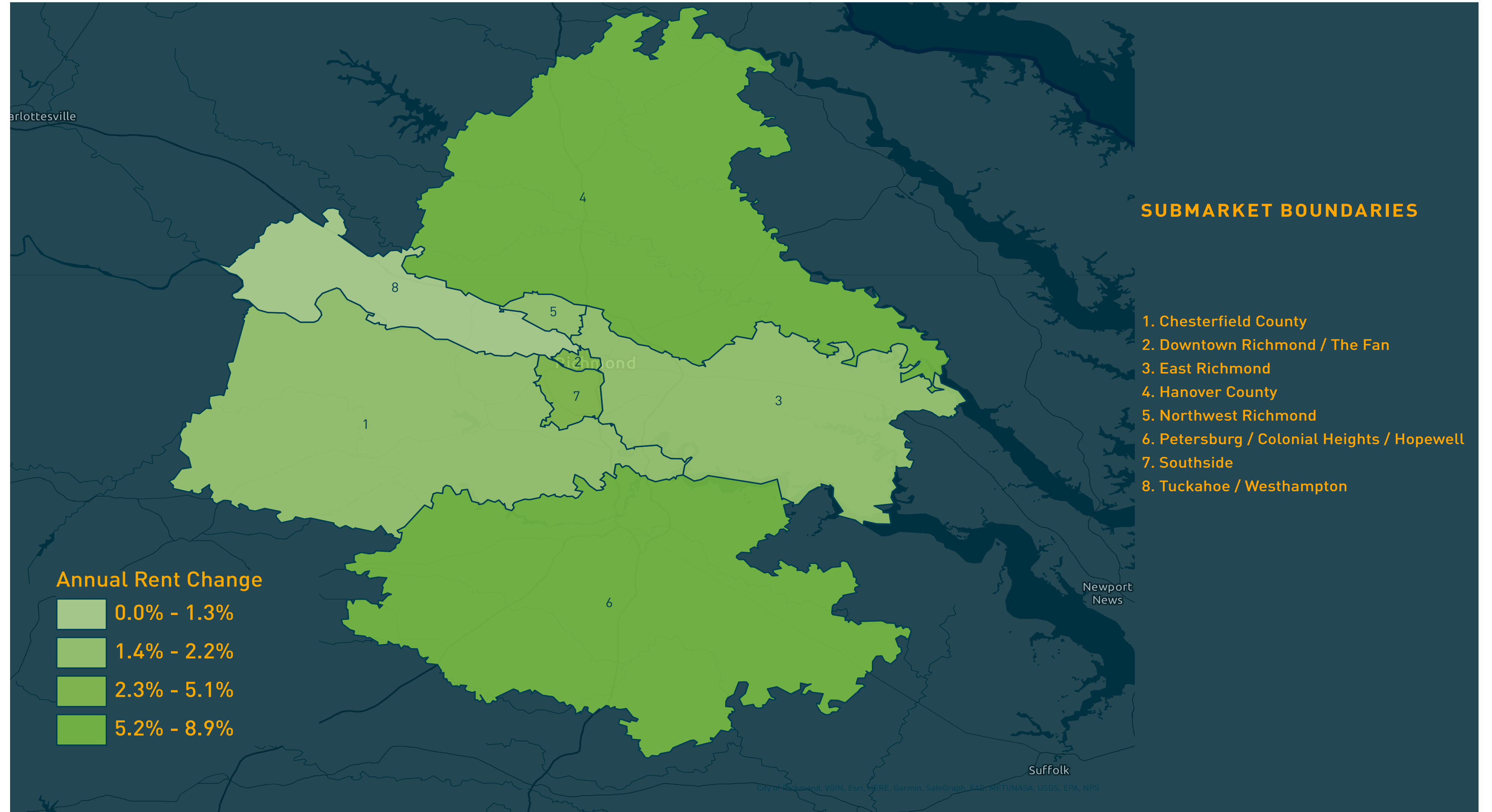
Source: RealPage



## RICHMOND, VA

# SUBMARKET ANNUAL RENT CHANGE

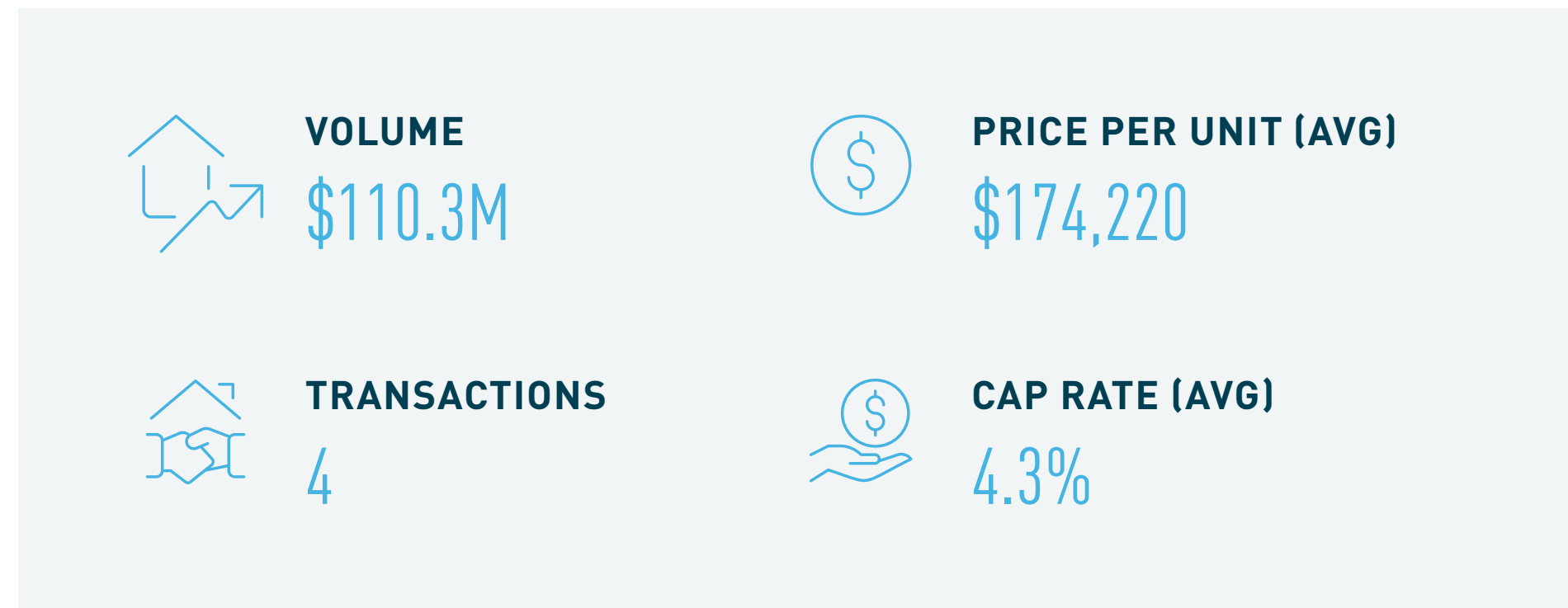
The Petersburg/Colonial Heights/Hopewell submarket, which has roughly two-thirds the amount of available inventory compared to some of the more urban submarkets, had an annual rent gain of 8.9%. The limited amount of supply facilitated operators' ability to increase rental rates as no new units were under construction or in the lease-up process at mid-2023. Despite a metro-leading annual increase in rents, the submarket remained the most affordable option in Greater Richmond, with effective rent averaging \$1,209 per month in the second quarter of 2023. Effective rental rates in the submarket are expected to accelerate an additional 3.2% by mid-2024, reaching \$1,248 per month. As of the second quarter of 2023, the market average asking rent remained 23.7% higher compared to the Petersburg/Colonial Heights/Hopewell submarket, with the next closest submarket regarding affordability being East Richmond.



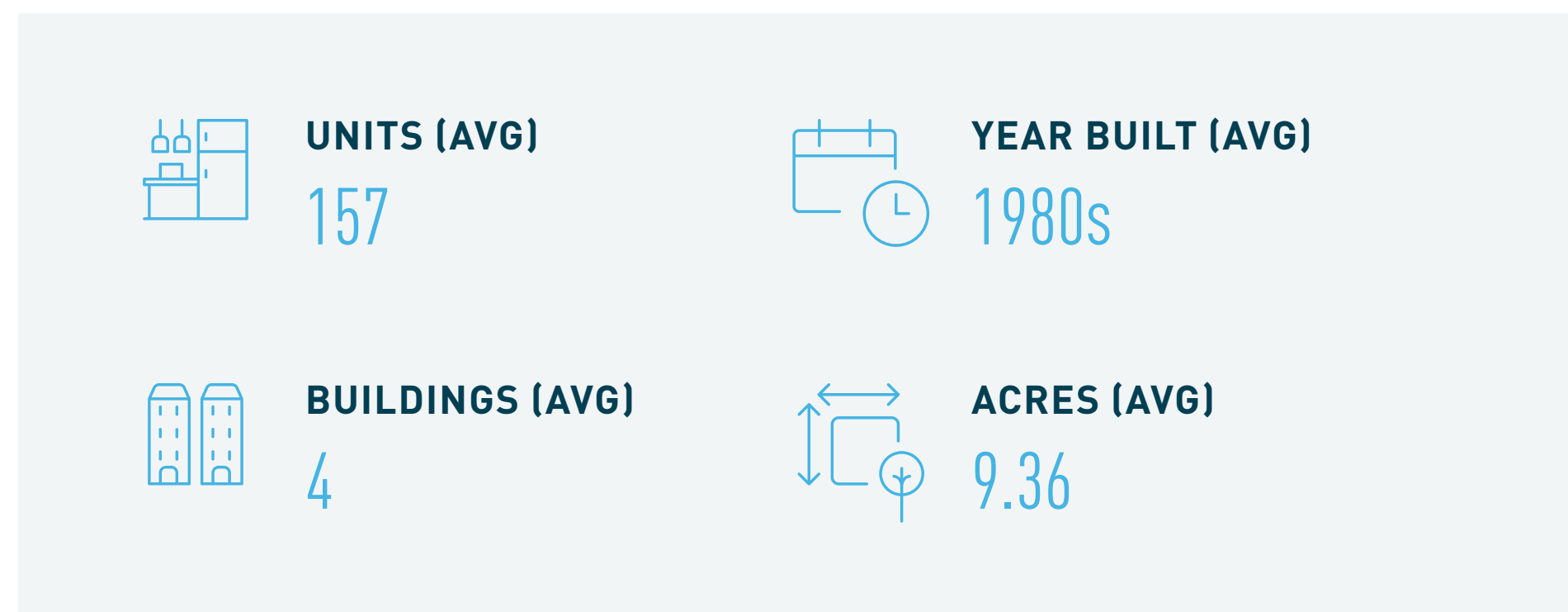


# RICHMOND, VA SALES

2023 Year to Date\*



What's Trading?\*



Source: Real Capital Analytics  
\*\$10m+

Top Buyers\*\*

BUYER	LOCATION
Capital Square 1031	Glen Allen, VA
AION Partners	New York
NorthRock Companies	Holladay, UT, USA
American Landmark	Tampa, FL
Greystar	Charleston, SC

Top Sellers\*\*

SELLER	LOCATION
C-III Investment Mgmt	New York
Bristol Development Group	Franklin, TN
Hamilton Zanze	San Francisco
Hivernan Realty Group	Denver
RangeWater Real Estate	Sandy Springs, GA

\*\*Past 24 Months

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Sources: RealPage; Moody's Analytics; Real Capital Analytics

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