

Yardi® Matrix

Richmond Sails On Steady Waters

Multifamily Report Winter 2018

Construction Surge Continues

Investor Interest Remains Elevated

Rents Outperform U.S. Average

RICHMOND MULTIFAMILY

Yardi® Matrix

Market Analysis

Winter 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 Demand Boosts Rent Growth

Although Richmond's economy is lagging, demographic expansion and the steady addition of office-using jobs are boosting upscale multifamily demand and elevating rent growth to above-trend levels. After trailing the U.S. average throughout the current cycle, the metro's rent growth reached 2.6% as of December, bucking the national trend during 2017's fourth quarter.

Anchored by government jobs, military bases, defense contractors and the Port of Virginia, the metro's economy relies heavily on public spending, but it is slowly diversifying. Facebook kicked off a \$1 billion data center project in Henrico County, and Dominion Resources is slated to top out its 1 million-square-foot downtown Richmond office tower in early 2018. Several other large-scale initiatives are in the works, including construction of a \$756 million tunnel, which recently kicked off in Hampton Roads. At the same time, the state is seeking a contractor for a \$3.8 billion Interstate 64 road-bridge project, which is slated for completion in 2024.

Investor interest remains high, with \$860 million in multifamily assets trading in Richmond last year. The development surge continues, signaled by the 3,800 units delivered in 2017 and the additional 4,800 units that were under construction as of December. Although occupancy in stabilized properties fell 50 basis points in 12 months, to 95.0% in November, above-trend population growth should keep demand healthy. We expect rents to grow by 2.5% in 2018.

Recent Richmond Transactions

Reflections



City: Virginia Beach, Va.
Buyer: The Breeden Company
Purchase Price: \$61 MM
Price per Unit: \$126,563

Copper Spring



City: Richmond, Va.
Buyer: Stonebridge Investments
Purchase Price: \$54 MM
Price per Unit: \$148,087

Colony at CenterPointe



City: Midlothian, Va.
Buyer: PAC
Purchase Price: \$46 MM
Price per Unit: \$179,741

Hunters Chase at Brandermill



City: Midlothian, Va.
Buyer: Hamilton Zanze & Co.
Purchase Price: \$42 MM
Price per Unit: \$131,250

To Subscribe

Hollie Zepke

Audience Development Specialist
Hollie.Zepke@Yardi.com
(800) 866-1124 x5389