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Richmond Goes With the Flow

Multifamily Report Spring 2019

Employment Gains Take a Hit

Rent Growth Remains Steady

Investors Target Upscale Assets in Q1

RICHMOND MULTIFAMILY

Yardi® Matrix

Market Analysis

Spring 2019

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Job Gains Slip, Rent Growth Lingers

Although employment gains in Richmond–Tidewater started slipping in mid-2018, the multifamily market remained mostly unfazed. Rents were up 3.4% year-over-year as of March, outperforming the national average, while occupancy in stabilized properties actually inched up 10 basis points over 12 months, to 95.0% as of February.

Richmond added 6,500 jobs in the 12 months ending in February. Gains in manufacturing (3,900 jobs), leisure and hospitality (2,200) and professional and business services (1,900) helped offset cuts in contracting sectors, which included trade, transportation and utilities (-4,500 jobs) and information (-1,400). Despite the slightly shaky economy, the area has no shortage of large-scale development plans. The Commonwealth has picked a contractor for the \$3.3 billion Hampton Roads Bridge-Tunnel expansion, set for completion in 2025. Meanwhile, the City and NH District Corp. continued to negotiate the \$1.4 billion proposal to redevelop the Richmond Coliseum area, a megaproject that could reshape the metro's core.

With 4,315 units underway as of March and 2,520 units expected to come online during the whole of 2019, supply is bound to partially dampen rent growth in the context of a decelerating job market. We expect the average Richmond rent to advance 2.3% this year.

Recent Richmond Transactions

The Flats at West Broad Village



City: Glen Allen, Va.
Buyer: Pollack Shores
Purchase Price: \$76 MM
Price per Unit: \$222,714

Crowne at Swift Creek



City: Midlothian, Va.
Buyer: Sentinel Real Estate
Purchase Price: \$60 MM
Price per Unit: \$190,705

Park Crescent



City: Norfolk, Va.
Buyer: Croatan Investments
Purchase Price: \$57 MM
Price per Unit: \$143,000

Plant 1



City: Richmond, Va.
Buyer: PMC Property Group
Purchase Price: \$24 MM
Price per Unit: \$172,794