

YARDI[®] Matrix

Richmond's Rise

Multifamily Summer Report 2016

Deliveries Achieve Cycle High

Core Submarkets Lead Rent Growth

Price Per Unit Resumes Rise

RICHMOND MULTIFAMILY

YARDI® Matrix

Market Analysis

Summer 2016

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

Associate Editor

Virginia Is for Renters

With solid job gains in most employment sectors and an above-average population rise, Richmond's multifamily market is in a healthy state. Rents rose 3.7% during the last 12 months, well over the previous 1.4% but still trailing the national average by 190 basis points.

As the metro's economy is slowly but surely diversifying, the area continues to rely on some of its major employers, including nine military bases and several large health care providers. Huntington Ingalls, one of the largest industrial employers on the East Coast, is anchoring the otherwise shrinking manufacturing sector. The Port of Virginia and Richmond Marine Terminal are both planning expansions, hoping to take advantage of the widening of the Panama Canal.

Although trailing national trends, Richmond is still a steady market, having hit cycle-wide records this year for delivered units, rent growth, transaction volume, home prices and job gains. Multifamily demand is relatively high and developers are rising to the challenge: Last year's percentage of new stock was almost on par with the national average, as roughly 4,400 units, most of them high end, came online in 2015. However, the pipeline is accelerating even further. Richmond has 17,147 units in various stages of development—almost 60% more than at the same time last year. That is expected to moderate rent growth for at least the remainder of 2016.

Recent Richmond Transactions

Radius Urban



City: Newport News, Va.
Buyer: MAA
Purchase Price: \$42 MM
Price per Unit: \$166,008

The Heritage at Freemason Harbor



City: Norfolk, Va.
Buyer: JRK Property Holdings
Purchase Price: \$37 MM
Price per Unit: \$198,108

Hampton Center



City: Hampton, Va.
Buyer: The Embassy Group
Purchase Price: \$32 MM
Price per Unit: \$75,359

Indian Lakes



City: Virginia Beach, Va.
Buyer: Thalheimer Realty Partners
Purchase Price: \$29 MM
Price per Unit: \$98,818