

YARDI MATRIX
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Richmond Rents Weak Amid Job Growth

Multifamily Summer Report 2015

**Port Expansions
on Tap**

**Home Prices
Heating Up**

**Budding Supply
Spigot**

RICHMOND MULTIFAMILY

Market Analysis

Summer, 2015

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Job Growth Outpaces Rents in Richmond

The Richmond Tidewater metro has a thriving economy and healthy job market, however, the copious amount of new supply has kept a lid on multifamily rent increases.

The metro’s economic story is largely positive. Although government remains the biggest employer in the region due to its military bases, Richmond is home to one of the state’s most thriving startup ecosystems, which led Forbes to designate it as one of the 10 up-and-coming cities for entrepreneurs in 2013. Local and state tax incentives have led to an uptick in small business development. What’s more, the Port of Richmond—located within one day’s drive of half of the U.S. population—has nearly \$18 billion in capital investments underway or in the pipeline. The port benefits from demand for logistics and shipping as international trade grows.

The recovering job growth has led to the addition of new apartment units, and supply has shown solid growth this year. Landlords should get increased pricing power as escalating demand is putting upward pressure on home prices. Owning, which still relatively inexpensive, is closing in on renting in terms of affordability. Richmond ranks near the bottom of metropolitan areas surveyed by Yardi Matrix for rent growth with a mere 1.5% overall, compared to the 6.4% average year-over-year increase on a national level, and we expect another slow year, with rents rising only 1% in 2015. .

Recent Richmond Transactions

Kopenhagen



City: Newport News, VA
Buyer: Abbitt Realty Company
Purchase Price: \$3 MM
Price per Unit \$52,500

Montgomery Square



City: Portsmouth, VA
Buyer: The Breden Company
Purchase Price: \$7 MM
Price per Unit: \$98,551

The Residences at Westover Hills



City: Richmond, VA
Buyer: Atlas Real Estate Partners
Purchase Price: \$12 MM
Price per Unit: \$47,674

Coliseum Lofts



City: Richmond, VA
Buyer: Time Equities
Purchase Price: \$12 MM
Price per Unit: \$99,194