

RICHMOND MULTIFAMILY



Rent Growth Stalls, Development Endures

In line with the national cooldown and on the tail end of seasonal sluggishness, Richmond's multifamily market is now rebounding closer to historic figures. The average rent was down 30 basis points on a trailing three-month basis as of February, bringing year-over-year growth to 5.3%, still above the 4.8% U.S. figure. Meanwhile, occupancy took a hit, down 190 basis points in the 12 months ending in January, to a still relatively healthy 94.9%.

The area's economy is a mixed bag, with several sectors recording contractions, including professional and business services (-1,500 jobs) and financial activities (-1,300). However, other sectors, led by education and health services (11,300) and leisure and hospitality (10,900) more than made up for the loss. What's more, employment remained tight, at 3.4% in the Richmond MSA and 3.5% in the Hampton Roads area. While the metro's job growth has trailed the nation for the better part of the past 10 years, the area continues to add multibillion-dollar projects that are drawing capital and boosting employment. The list includes large developments from Lego and Meta, in addition to the \$2.3 billion mixed-use GreenCity.

Developers are doubling down in Richmond, having started work on 7,081 apartments last year, following the 4,931 units recorded in 2021. Yardi Matrix expects 4,433 units to come online this year, on par with the metro's five-year average. Meanwhile, transaction activity slowed down at the start of 2023, after two record years.

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Contacts

Jeff Adler

Vice President & General Manager of Yardi Matrix Jeff.Adler@Yardi.com (303) 615-3676

Ron Brock, Jr.

Industry Principal, Matrix JR.Brock@Yardi.com (480) 663-1149 x2404

Doug Ressler

Media Contact Doug.Ressler@Yardi.com (480) 695-3365

Author

Bogdan Odagescu Senior Editor

Recent Richmond Transactions

Riverlands



City: Newport News, Va. Buyer: Blackfin Real Estate

Investors

Purchase Price: \$42 MM Price per Unit: \$104,455

Royal Pointe



City: Virginia Beach, Va. Buyer: Featherstone Partners Purchase Price: \$36 MM Price per Unit: \$173,077

Laurel Pines



City: Richmond, Va. Buyer: Highlands Vista Group Purchase Price: \$21 MM Price per Unit: \$175,000

Forest Ridge



City: Richmond, Va. Buyer: Ritz Banc Group Purchase Price: \$19 MM Price per Unit: \$142,963