



MULTIFAMILY REPORT

Richmond Endures

October 2023

Rent Growth Above US

Completions Slow Down

Unemployment Decreases

RICHMOND MULTIFAMILY



Fundamentals Subdued, Rent Growth Healthy

Richmond-Tidewater market fundamentals started to thaw after the first quarter's slow performance, but metrics were still mostly below national and historic averages. Rates were up 0.4% on a trailing three-month basis through August, 20 basis points higher than the U.S. rate. On a year-over-year basis, rents were up 2.4%, to an average of \$1,506.

The labor market remained in line with the nationwide slowdown but was still on relatively good footing. Unemployment improved to 2.8% as of July, according to preliminary data from the Bureau of Labor Statistics, having dropped 60 basis points since January. It was also 70 basis points below the U.S. figure. Over the 12-month period ending in June, Richmond added 35,900 jobs, for a 2.3% expansion. Leisure and hospitality led gains with 14,500 positions added, up 8.9%. Earlier this year, Richmond authorities approved a \$2.4 billion development dubbed Diamond District, slated to include a baseball stadium; hospitality, office and retail space; and 1,000 affordable units.

Developers brought 3,152 units online through the first eight months of the year, down 21.9% year-over-year and representing a 1.3% expansion of stock. Although subdued, construction activity was healthy, with the pipeline totaling 13,326 units underway. At \$439 million, investments amounted to less than a fifth of the amount recorded during the same period last year.

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Recent Richmond Transactions

Millspring Commons



City: Richmond, Va.
Buyer: RailField Realty Partners
Purchase Price: \$34 MM
Price per Unit: \$214,465

Carson Square



City: Hampton, Va.
Buyer: Brentwood Investment Group
Purchase Price: \$31 MM
Price per Unit: \$106,164

Warwick Village



City: Newport News, Va.
Buyer: Cohen Investment Group
Purchase Price: \$21 MM
Price per Unit: \$131,250

Chippenhams Place



City: Richmond, Va.
Buyer: Lincoln Avenue Capital
Purchase Price: \$18 MM
Price per Unit: \$126,042