



MULTIFAMILY REPORT

Richmond's Solid Streak

April 2025

YoY Rents Lead Nation

Pipeline Remains Healthy

Occupancy Sees Uptick

RICHMOND MULTIFAMILY



T3 Rents Flat, Other Metrics Improve

Richmond began the new year with a positive streak, with most multifamily fundamentals on solid footing. The only exception was average advertised asking rents, which remained flat on a trailing three-month basis through February, as did the U.S. figure. Year-over-year, however, rents in the metro were up 2.8%, more than double the 1.2% national rate. Considering two years of sizable new supply, Richmond's average occupancy in stabilized assets continued to perform well, recording a 20-basis-point uptick year-over-year through February, to 95.0%.

Local employment growth clocked in at 2.3% through December, far outpacing the 1.3% national figure. In 2024, the metro added 36,400 net jobs. Education and health services accounted for the bulk of these gains, with 12,200 positions. Government (5,800 jobs) and construction (5,700 jobs) also recorded strong performance, with the latter improving 6.7%. Construction accounted for the largest expansion across sectors. Financial activities was the only sector that lost jobs (down 1,400 jobs).

Last year, developers completed 6,755 units, noticeably more than the previous five-year average, which clocked in at 5,473 apartments. This, combined with the 9,094 units underway as of February, highlights the metro's healthy supply dynamics, unlike many other Southern markets. Meanwhile, investment saw an uptick, totaling \$1.3 billion in 2024, aligning with pre-pandemic performance.

Market Analysis | April 2025

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Recent Richmond Transactions

The River Lofts at Tobacco Row



City: Richmond, Va.
Buyer: West Shore
Purchase Price: \$123 MM
Price per Unit: \$166,442

Century Hampton Roads



City: Suffolk, Va.
Buyer: Centennial Holding Co.
Purchase Price: \$50 MM
Price per Unit: \$232,870

Ashley Park



City: Richmond, Va.
Buyer: DSP Real Estate Capital
Purchase Price: \$47 MM
Price per Unit: \$171,898

Pembroke Lake

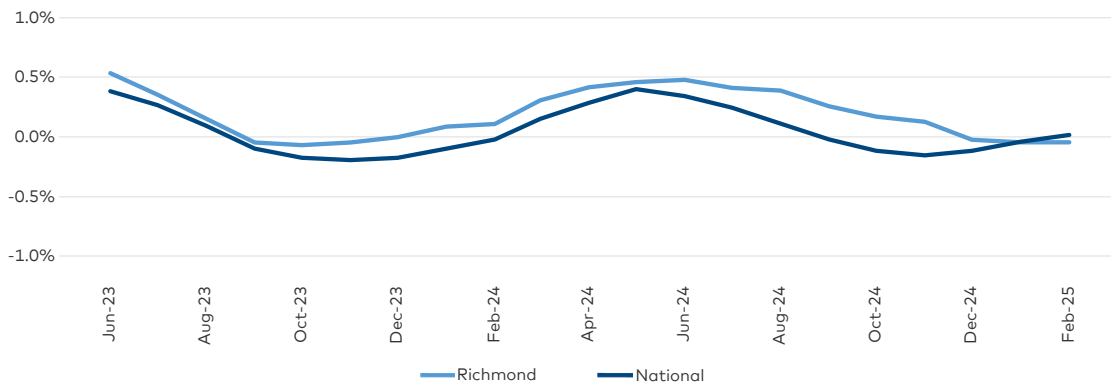


City: Virginia Beach, Va.
Buyer: The Temple Group
Purchase Price: \$43 MM
Price per Unit: \$141,667

RENT TRENDS

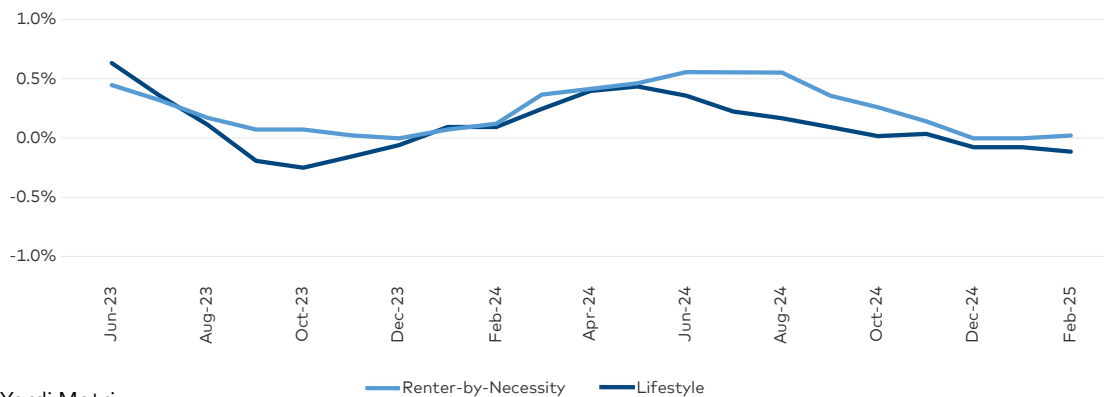
- ▶ Richmond's average advertised asking rent remained flat on a trailing three-month (T3) basis through February, matching the U.S. figure. The average reached \$1,553, but was still behind the \$1,751 U.S. figure. Rates in the metro had been flat on a T3 basis for three consecutive months, yet the figure did not go in the red once during the past five quarters. Year-over-year through February, rents were up 2.8%, more than double the 1.2% national figure.
- ▶ Average advertised asking rents in the working-class Renter-by-Necessity segment were flat on a T3 basis through February, at \$1,402. Lifestyle rates recorded a 0.1% contraction, to \$1,769. Year-over-year, RBN assets outperformed, with rates up a solid 3.6%. Meanwhile, the Lifestyle sector recorded a 1.6% improvement.
- ▶ Richmond's average occupancy in stabilized assets grew 20 basis points year-over-year, to 95.0% as of February, ahead of the 94.5% national figure. The RBN segment alone drove this improvement, recording a 30-basis-point increase, to 94.8%. Meanwhile, the Lifestyle figure remained unchanged, at 95.3%.
- ▶ Out of the area's 74 submarkets tracked by Yardi Matrix, a few stood out when it came to year-over-year gains, with the list including both Hampton Roads submarkets and several closer to the Richmond city core. Suffolk-Central led the pack, with rates up 11.8%, to \$1,672. It was followed by Lakeside (11.3%, to \$1,479), Portsmouth-North (8%, to \$1,462) and Richmond-Fan District (7.2%, to \$1,610).

Richmond vs. National Rent Growth (Trailing 3 Months)



Source: Yardi Matrix

Richmond Rent Growth by Asset Class (Trailing 3 Months)



Source: Yardi Matrix

ECONOMIC SNAPSHOT

- ▶ Richmond employment growth stood at 2.3% through December 2024, a full 100 basis points ahead of the national figure. The rate was consistently ahead of the U.S. last year and gained momentum in the second half. In August, it crossed the 2.0% mark and continued to climb. Meanwhile, the national average remained in a tight 1.3% to 1.4% range.
- ▶ Richmond unemployment clocked in at 2.6% as of December, 150 basis points lower than the national figure, according to data from the Bureau of Labor Statistics. Meanwhile, the Hampton Roads area closed 2024 with unemployment at 2.7%, also outperforming the U.S. figure.
- ▶ The metro gained 36,400 net jobs in 2024. Education and health services led activity, adding 12,200 positions. Government (5,800 jobs) and construction (5,700) also saw strong gains. Meanwhile, financial activities was the only sector that lost jobs (-1,400), while the information sector stood flat.
- ▶ There are several large-scale, long-term projects underway in the area. One important project is the \$3.9 billion Hampton Roads Bridge-Tunnel expansion. Developers aim to expand a nearly 10-mile section of Interstate 64 to six lanes on land and eight over water, connecting Norfolk and Hampton. Completion is expected in 2027.

Richmond Employment Share by Sector

| Code | Employment Sector | Current Employment | |
|------|-------------------------------------|--------------------|---------|
| | | (000) | % Share |
| 65 | Education and Health Services | 240.6 | 15.3% |
| 90 | Government | 280.5 | 17.9% |
| 15 | Mining, Logging and Construction | 90.2 | 5.7% |
| 40 | Trade, Transportation and Utilities | 274.2 | 17.5% |
| 60 | Professional and Business Services | 245.4 | 15.6% |
| 70 | Leisure and Hospitality | 162.6 | 10.3% |
| 80 | Other Services | 69 | 4.4% |
| 30 | Manufacturing | 91.9 | 5.8% |
| 50 | Information | 16 | 1.0% |
| 55 | Financial Activities | 100.9 | 6.4% |

Sources: Yardi Matrix, Bureau of Labor Statistics

Population

- ▶ Metro Richmond added 12,933 residents in 2022 alone, for a 1.0% growth rate.
- ▶ Meanwhile, the Hampton Roads area gained 6,827 citizens that year, for a 0.4% uptick, on par with the nation.

Richmond vs. National Population

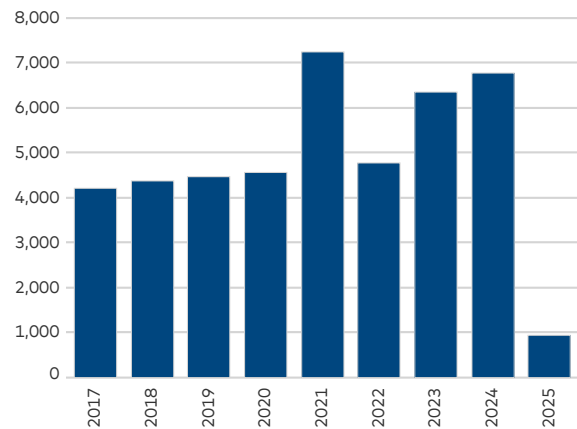
| | 2019 | 2020 | 2021 | 2022 |
|----------|-------------|-------------|-------------|-------------|
| National | 324,697,795 | 326,569,308 | 329,725,481 | 331,097,593 |
| Richmond | 1,269,530 | 1,282,067 | 1,303,212 | 1,316,145 |

Source: U.S. Census

SUPPLY

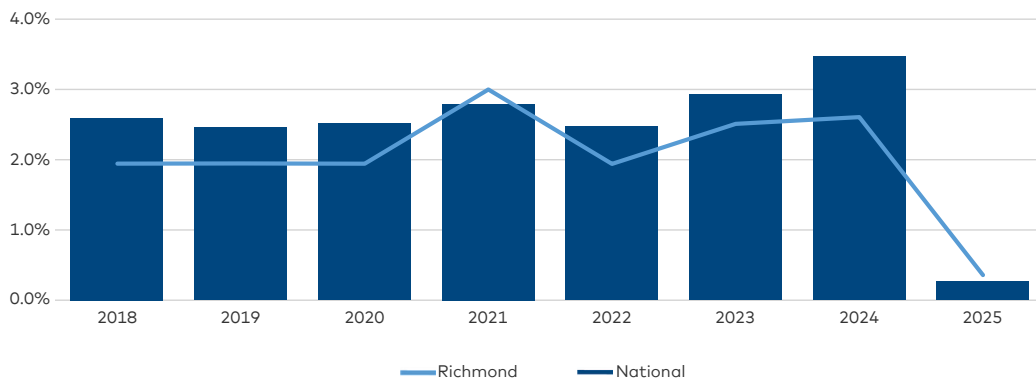
- ▶ As of February, Richmond had 9,094 units under construction and an additional 45,000 apartments in the planning and permitting stages. Three-quarters of units under construction were in Lifestyle assets, 20% were in fully affordable projects and the remaining were RBN. This distribution was mostly consistent with both national trends and the market's history, but fully affordable developments accounted for a greater share compared to many larger markets.
- ▶ Last year, Richmond developers completed 6,755 units, which equated to 2.6% of existing stock. Although this was 90 basis points below the national figure, it signaled a relatively strong year for the metro. On average, developers have added 5,338 units to the market yearly since 2017, with 2024 ranking as the second-best year for volume in that time frame. The highest volume was recorded in 2021, when 7,235 units came online. However, the pace is projected to slow slightly. Yardi Matrix expects some 5,000 units to be delivered in 2025 across metro Richmond.
- ▶ Bucking nationwide trends, developers broke ground on 3,564 units across 12 properties last year, a slight uptick from the 3,156 units that construction started on in 2023.
- ▶ A few suburban and outlying submarkets held a large share of the units under construction as of February. Midlothian led activity, with 1,285 units under construction, followed by Glen Allen (872) and Norfolk–Central West (652).
- ▶ Four multifamily projects reached completion year-to-date through February, encompassing 940 units. The largest of these was Rebkee Co.'s 275-unit development in the Glen Allen submarket, dubbed The Walker Virginia Center.

Richmond Completions (as of February 2025)



Source: Yardi Matrix

Richmond vs. National Completions as a Percentage of Total Stock (as of February 2025)

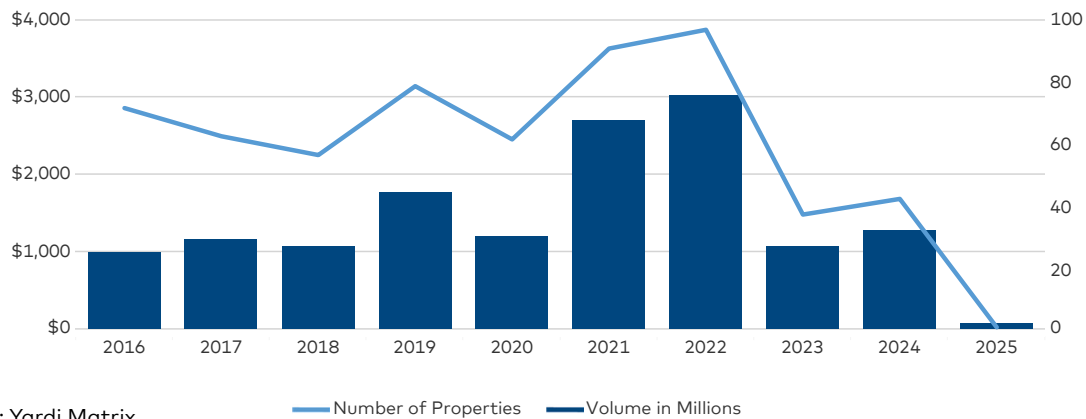


Source: Yardi Matrix

TRANSACTIONS

- ▶ Investors traded \$1.3 billion in metro Richmond assets in 2024, up nearly \$300 million year-over-year. Activity regained its usual pace after the 2021-2022 surge, back in line with historical figures. Excluding the outlier years, some \$1.1 billion traded on average annually across the metro between 2015 and 2024.
- ▶ Year-to-date through February, only \$70 million in assets changed hands. This is behind figure in 2024, when \$100 million in sales was recorded.
- ▶ The metro's average per-unit price was \$144,271 in 2024, down 7.4% year-over-year, while the national figure grew 3.9%, to \$194,060. Last year, investors were more bullish on Richmond RBN properties, which made up the bulk of volume, \$800 million.
- ▶ In January this year, Centennial Holding Co. paid \$50 million for a 216-unit community in the Suffolk-North submarket. Artcraft Management sold the asset for \$232,870 per unit, marking a considerably high value for the metro.

Richmond Sales Volume and Number of Properties Sold (as of February 2025)



Source: Yardi Matrix

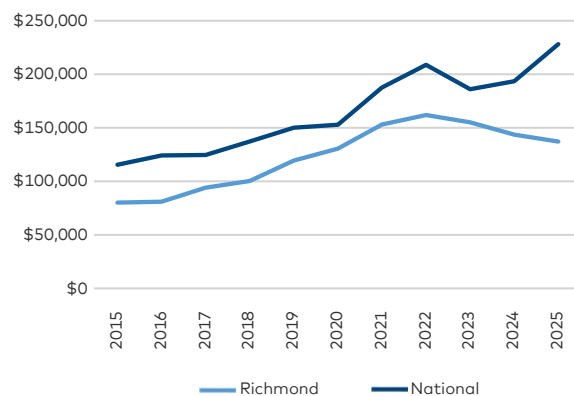
Top Submarkets for Transaction Volume¹

| Submarket | Volume (\$MM) |
|--------------------------|---------------|
| Hampton-North | 149 |
| Midlothian | 138 |
| Richmond-Church Hill | 123 |
| Newport News-Central | 114 |
| Virginia Beach-Northeast | 91 |
| Norfolk-Northeast | 86 |
| Richmond-West | 83 |

Source: Yardi Matrix

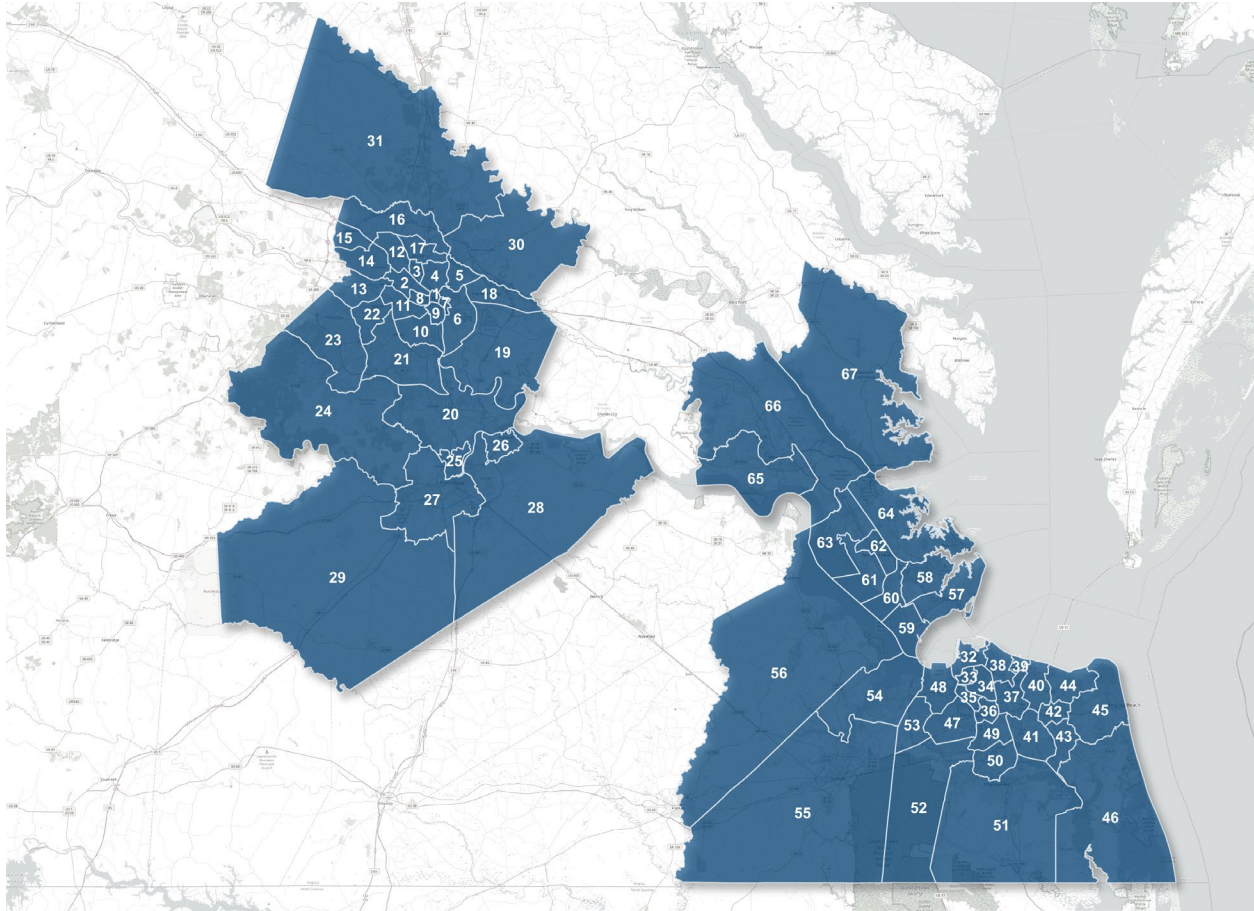
¹ From March 2024 to February 2025

Richmond vs. National Sales Price per Unit



Source: Yardi Matrix

RICHMOND SUBMARKETS



| Area No. | Submarket |
|----------|-----------------------------|
| 1 | Richmond–City Center |
| 2 | Richmond–Fan District |
| 3 | Richmond–Scott’s Addition |
| 4 | Richmond–North Side |
| 5 | Richmond–East Highland Park |
| 6 | Richmond–East End |
| 7 | Richmond–Church Hill |
| 8 | Richmond–Randolph |
| 9 | Richmond–Manchester |
| 10 | Richmond–South |
| 11 | Richmond–West |
| 12 | Richmond–West End |
| 13 | Richmond–Stony Point |
| 14 | Tuckahoe |
| 15 | Three Chopt |
| 16 | Glen Allen |
| 17 | Lakeside |
| 18 | Highland Springs |
| 19 | Sandston–Airport |
| 20 | Chester |
| 21 | North Chesterfield |
| 22 | Bon Air |
| 23 | Midlothian |

| Area No. | Submarket |
|----------|----------------------------|
| 24 | Chesterfield County |
| 25 | Colonial Heights |
| 26 | Hopewell |
| 27 | Petersburg |
| 28 | Prince George County |
| 29 | Dinwiddie County |
| 30 | Mechanicsville |
| 31 | Hanover County |
| 32 | Norfolk–Navy Base |
| 33 | Norfolk–Lochhaven |
| 34 | Norfolk–Lafayette River |
| 35 | Norfolk–Central West |
| 36 | Norfolk–Central East |
| 37 | Norfolk–Southeast |
| 38 | Norfolk–Northeast |
| 39 | Norfolk–East Beach |
| 40 | Virginia Beach–Northwest |
| 41 | Virginia Beach–West |
| 42 | Virginia Beach–Town Center |
| 43 | Virginia Beach–Central |
| 44 | Virginia Beach–Bayside |
| 45 | Virginia Beach–Northeast |
| 46 | Virginia Beach–South |

| Area No. | Submarket |
|----------|------------------------|
| 47 | Portsmouth–Central |
| 48 | Portsmouth–North |
| 49 | Chesapeake–Northeast |
| 50 | Chesapeake–Central |
| 51 | Chesapeake–South |
| 52 | Chesapeake–Deep Creek |
| 53 | Chesapeake–Northwest |
| 54 | Suffolk–North |
| 55 | Suffolk–Central |
| 56 | Isle of Wight County |
| 57 | Hampton–South |
| 58 | Hampton–North |
| 59 | Newport News–Far South |
| 60 | Newport News–South |
| 61 | Newport News–West |
| 62 | Newport News–Central |
| 63 | Newport News–North |
| 64 | Yorktown |
| 65 | Williamsburg–South |
| 66 | Williamsburg–North |
| 67 | Gloucester |

DEFINITIONS

Lifestyle households (renters by choice) have wealth sufficient to own but have chosen to rent. Discretionary households, most typically a retired couple or single professional, have chosen the flexibility associated with renting over the obligations of ownership.

Renter-by-Necessity households span a range. In descending order, household types can be:

- *A young-professional*, double-income-no-kids household with substantial income but without wealth needed to acquire a home or condominium;
- *Students*, who also span a range of income capability, extending from affluent to barely getting by;
- *Lower-middle-income ("gray-collar") households*, composed of office workers, policemen, firemen, technical workers, teachers, etc.;
- *Blue-collar households*, which barely meet rent demands each month and likely pay a disproportionate share of their income toward rent;
- *Subsidized households*, which pay a percentage of household income in rent, with the balance of rent paid through a governmental agency subsidy. Subsidized households, while typically low income, extend to middle-income households in some high-cost markets, such as New York City;
- *Military households*, subject to frequency of relocation.

These differences can weigh heavily in determining a property's ability to attract specific renter market segments. The five-star resort serves a very different market than the down-and-outer motel. Apartments are distinguished similarly, but distinctions are often not clearly definitive without investigation. The Yardi® Matrix Context rating eliminates that requirement, designating property market positions as:

| Market Position | Improvements Ratings |
|-----------------|----------------------|
| Discretionary | A+ / A |
| High Mid-Range | A- / B+ |
| Low Mid-Range | B / B- |
| Workforce | C+ / C / C- / D |

The value in application of the Yardi® Matrix Context rating is that standardized data provides consistency; information is more meaningful because there is less uncertainty. The user can move faster and more efficiently, with more accurate end results.

The Yardi® Matrix Context rating is not intended as a final word concerning a property's status—either improvements or location. Rather, the result provides reasonable consistency for comparing one property with another through reference to a consistently applied standard.

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