RICHMOND, VA
MULTIFAMILY REPORT

2024 | MID-YEAR

BERKADIA®

Jobs Added / Lost*

LAST 12 MONTHS

12,900

1.8%

Unemployment*

JUNE 2024

2.9%

20 BPS YOY

*Seasonally Adjusted

RICHMOND, VA

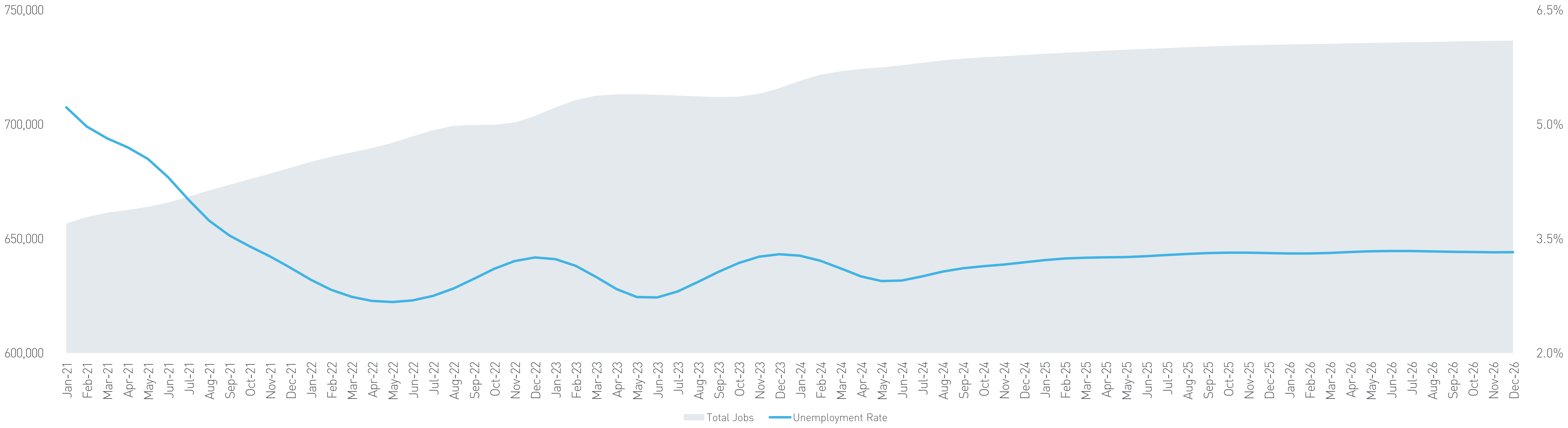
EMPLOYMENT

Companies in Metro Richmond added 12,900 net new jobs since the middle of last year for an employment gain of 1.8%. The largest nominal employment changes were in the private education and healthcare sector. Industry job creation was led by the many prominent healthcare systems in the metro. Following several years of construction, the Bon Secours health system completed its $108 million expansion project at the St. Francis Medical Center in May 2024. The project included a two-story, 110,000-square-foot addition that features 55 new acute-care hospital beds, the renovation of 70,000-square-feet of existing hospital space, and additional jobs. VCU Health, which is the largest employer in the Richmond Metro, has been in the process of enlarging its geographic footprint and local workforce even more. Notable projects include the 500,000-square-foot, $420 million VCU Children's Tower, which was completed April 2023. The facility is part of the Children's Hospital of Richmond at VCU, where further improvements to the facility have been recently announced that will include more hospital beds and staff members in the future. The projects not only impacted job creation for the healthcare industry, as many new positions within the construction sector were created as well. Ongoing developments include the 622-acre technology park in Henrico County, which will further boost construction employment. Primary ownership of the site belongs to QTC, with room for 13 data centers upon project buildout.

In the News

- Everything to know about Richmond's $2.4B Diamond District project
- Henrico County approves purchase of 110 acres for $2.3B GreenCity development
- The LEGO Group is building a $1B precision production facility in Chesterfield

Employment Trends



Source: Moody's Analytics

RICHMOND, VA

DELIVERIES & ABSORPTION

2024 YEAR TO DATE

DELIVERIES
1,937 UNITS

ABSORPTION
2,266 UNITS

2024 TOTAL*

DELIVERIES
3,731 UNITS

ABSORPTION
4,816 UNITS

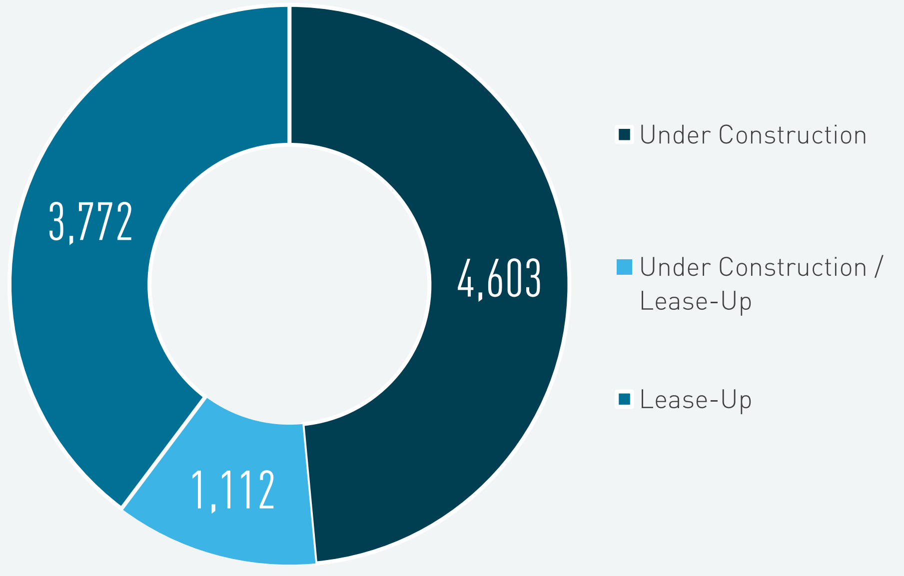
Projected

Apartment demand rebounded in 2023 and that momentum carried over to this year. Part of the positive shift came as 5,300 more people moved to the metro than left since the start of 2023. In the first half of the year, apartment operators recorded nearly 2,300 net move-ins, a metric which was above the metro's annual pre-pandemic average from 2015 through 2019. Drawing people to Greater Richmond was the area's affordability, with luxury apartments seeing the largest uptick in demand compared to other apartment types. Also facilitating leasing activity was nearly 1,940 units coming online in the first half of 2024 across the Richmond metropolitan area. Most of the new supply has been focused on the metro's steadily growing suburban pockets on the western side of Henrico County. Much of the renter demand has been geared towards higher-end apartments, with local builders having allocated a significant portion of the supply pipeline towards these types of properties. The new apartment inventory presented an attractive option to residents facing a tight homeownership environment. With limited available inventory for sale and a high interest rate situation expected in the near term, the multifamily sector will fill the housing gap. The supply-demand equilibrium will shift more in favor of apartment operators as net absorption is forecast to exceed deliveries in the second half of this year.

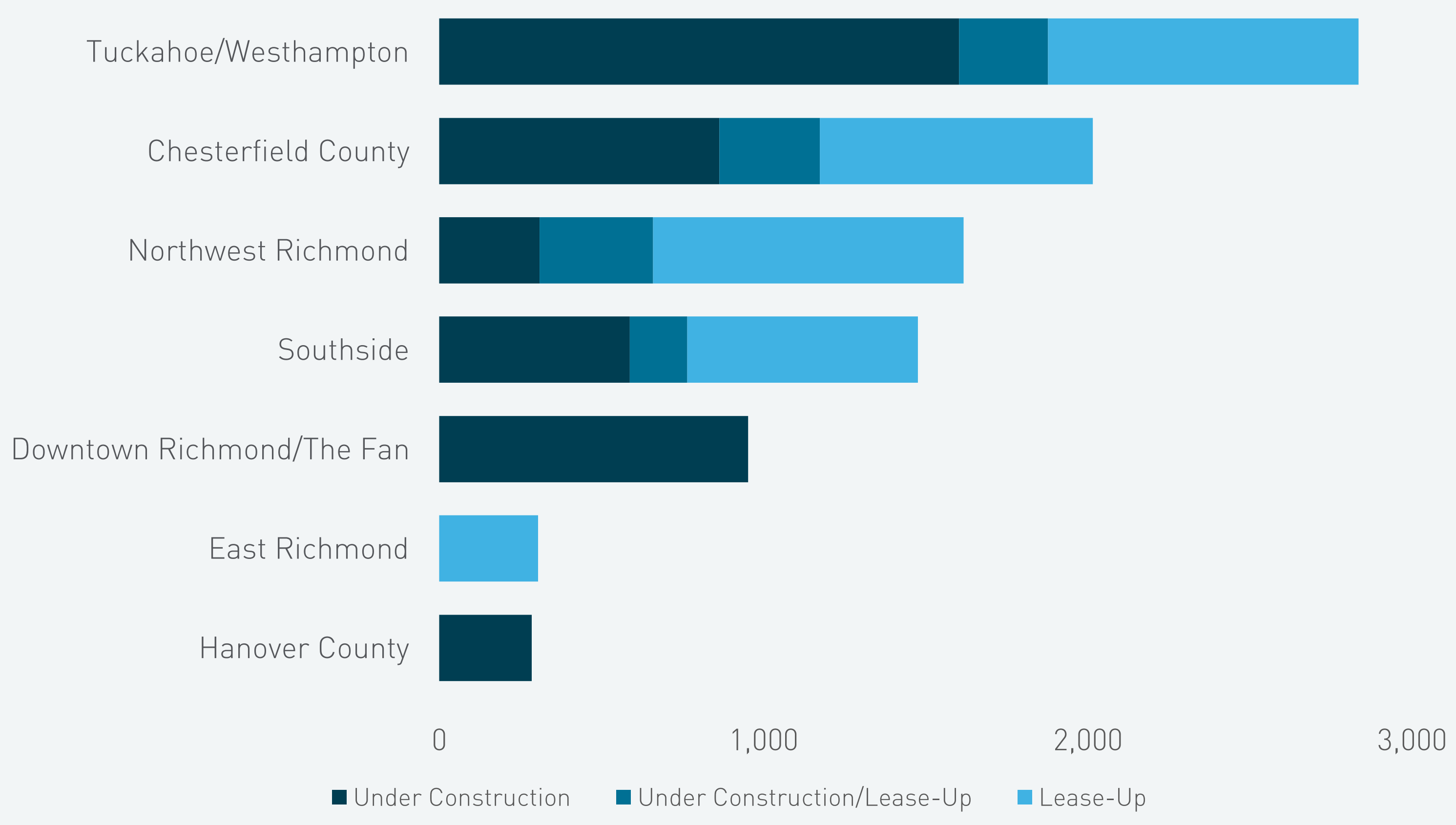
Deliveries, Absorption, & Effective Rent Change

Source: RealPage

Market Pipeline



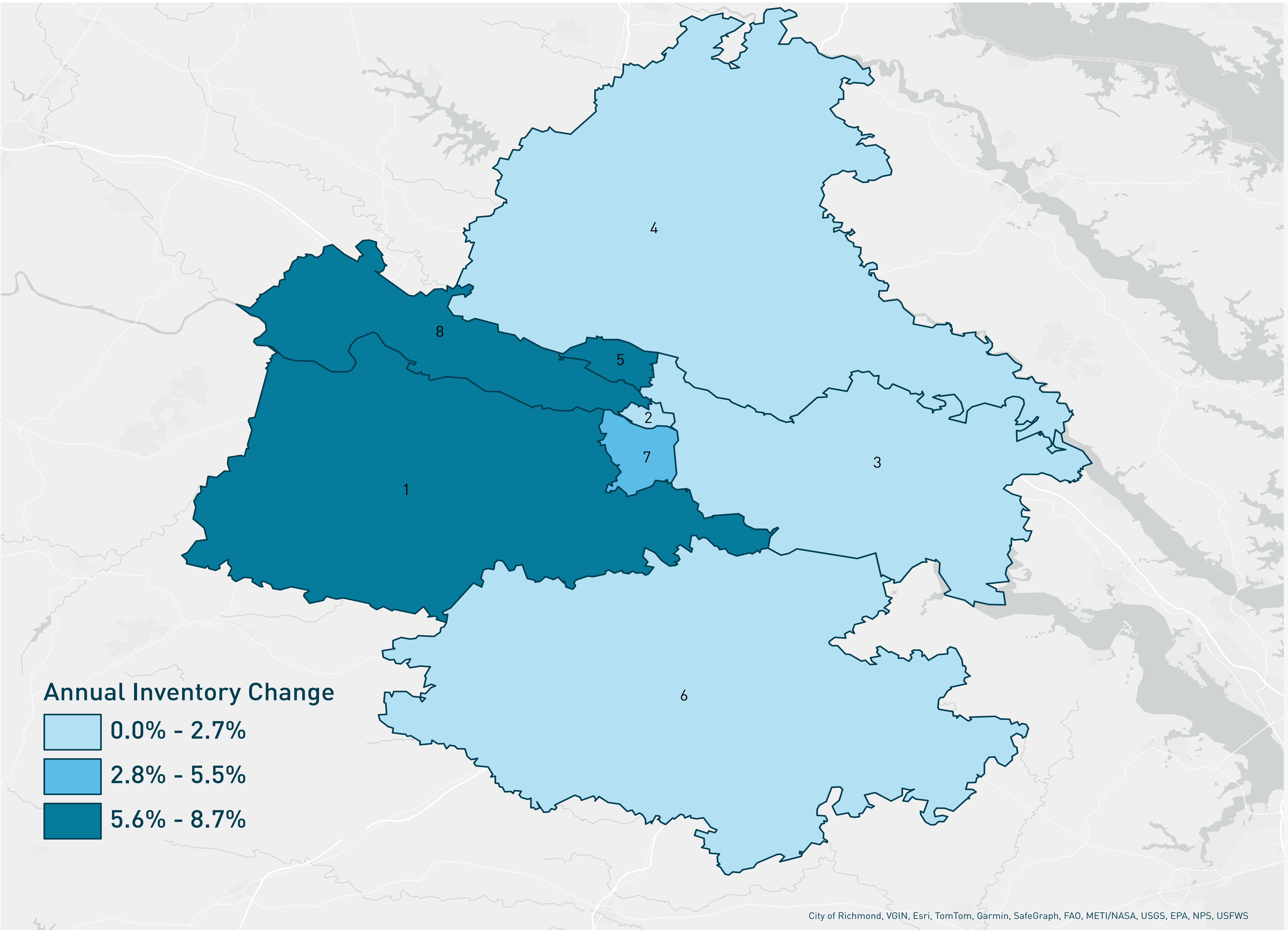
Top Submarket Pipelines



Inventory growth in the first half of 2024 was concentrated on Richmond's western suburbs in the Tuckahoe/Westhampton and Northwest Richmond submarkets. The two submarkets combined for 1,104 new deliveries through the second quarter of 2024. Driving factors of growth on Richmond's west side are due to easy transportation modes via Interstates 95 and 64, which enable a short commute time into Downtown Richmond's employment centers. In addition, the area is in proximity to major shopping and entertainment attractions, such as the Short Pump Town Center. The open-air, 1.3 million-square-foot shopping destination is known to have some of Richmond's best shopping and dining options. Affordability, location, and transportation have resulted in population growth on the outskirts of the city, which has been met with healthy apartment demand amid increased multifamily building activity .

RICHMOND, VA

SUBMARKET MID-YEAR 2024 ANNUAL INVENTORY CHANGE



SUBMARKET BOUNDARIES

1. Chesterfield County
2. Downtown Richmond / The Fan
3. East Richmond
4. Hanover County
5. Northwest Richmond
6. Petersburg / Colonial Heights / Hopewell
7. Southside
8. Tuckahoe / Westhampton

Effective Rent

Q2 2024

$1,523

1.7% YOY

Occupancy

Q2 2024

94.3%

20 BPS YOY

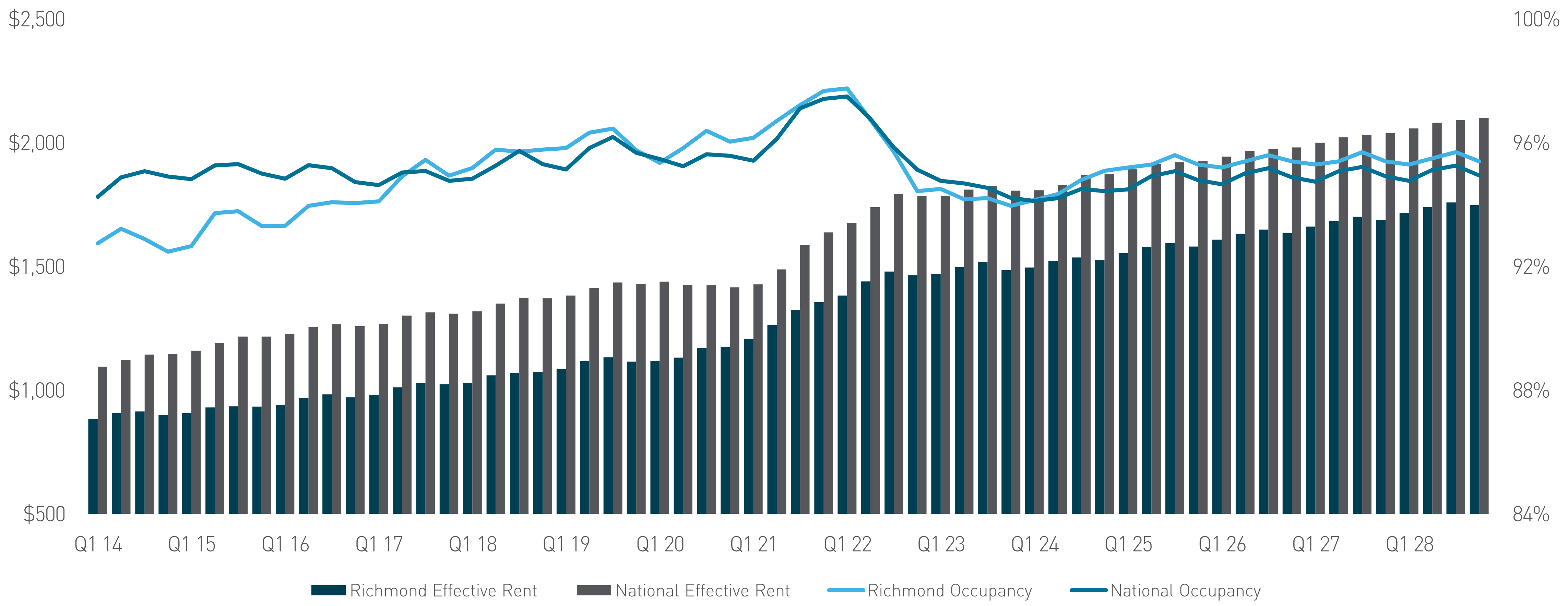
RICHMOND, VA

RENT & OCCUPANCY

Even with heightened levels of new apartment supply for the past two years, Richmond apartment operators have been able to achieve healthy rent growth due in part to strong in-migration trends. Effective rent rose 1.7% annually, reaching $1,523 per month on average at the end of the second quarter of 2024. Even with the increase, local rent was less than the $1,828 monthly national average effective rent in the second quarter of 2024. Of Richmond's eight submarkets, one submarket had significant rent growth in the last year. The Petersburg/Colonial Heights/Hopewell effective rent advanced 8.7% over the last four quarters as operators play catch up to the market average. Even with the increase, the submarket still had the lowest average effective rent in Greater Richmond.

Metro occupancy rose 20 basis points year over year to 94.3% in the second quarter of 2024 with the surging leasing activity. The increase shifted the local rate 10 basis points higher than the national average. Richmond occupancy is expected to continue to ascend through year-end from strong rental demand underpinned by healthy in-migration. The projected 95.1% year-end occupancy rate in the Richmond metro will be higher than the forecast nationwide average, which shows signs of strong multifamily fundamentals within the market.

Richmond vs. National Effective Rent & Occupancy



Source: RealPage

Note: Effective rent and occupancy reflect stabilized properties and does not include preleased units or properties in lease-up. A newly constructed property is considered stabilized once it becomes 85% occupied.

Submarket Performance

SUBMARKET NAME	Q2 2024 OCCUPANCY	YOY (BPS)	Q2 2024 EFFECTIVE RENT	YOY
Chesterfield County	94.2%	-90	$1,627	-0.2%
Downtown Richmond/The Fan	94.6%	-90	$1,515	2.2%
East Richmond	92.6%	-60	$1,399	6.0%
Hanover County	96.5%	20	$1,718	-1.6%
Northwest Richmond	95.2%	130	$1,512	0.1%
Petersburg/Colonial Heights/Hopewell	94.6%	70	$1,314	8.7%
Southside	93.8%	110	$1,362	-0.5%
Tuckahoe/Westhampton	94.9%	30	$1,720	3.4%

The Petersburg/Colonial Heights/Hopewell submarket had the largest rent gain among all of Metro Richmond, increasing 8.7% year over year. The submarket has the lowest effective rent in the metro, indicating that operators had abundant room to raise rental rates. The most expensive submarket in Richmond, which has lured high earners who desire the top amenities of Class A properties, still had moderate rent growth since the middle of 2023. The Tuckahoe/Westhampton submarket, which commands a 13% price premium when compared to the market average, ended the second quarter of 2024 with an average effective rent of $1,720 per month. Rent in the submarket is approximately 6% below the national average despite offering the best amenities and enabling easy travel to the area's top employers, making it an attractive yet affordable alternative to many of the higher-priced metropolitan areas on the East Coast.

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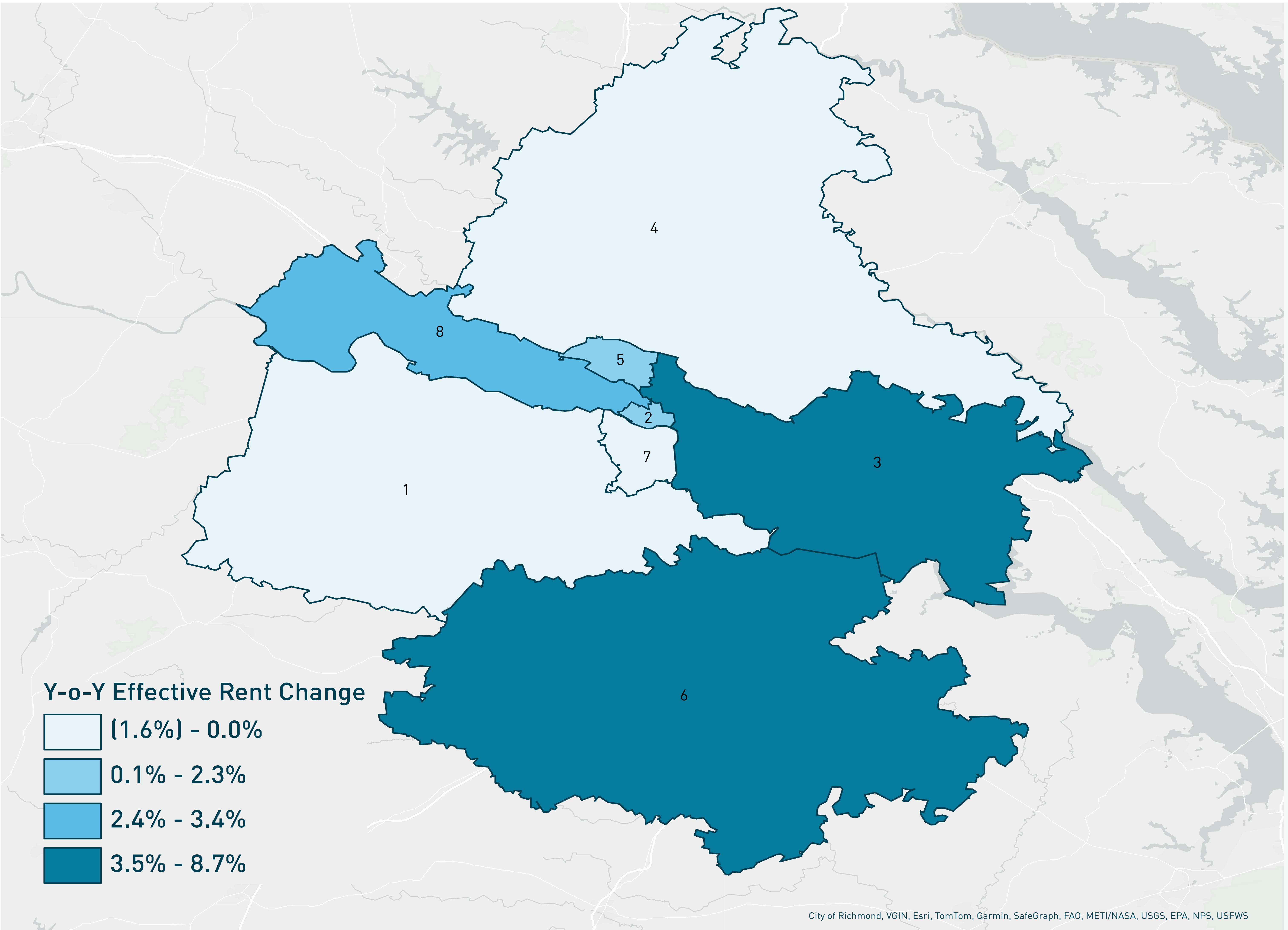
SUBMARKET MID-YEAR 2024 ANNUAL RENT CHANGE



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RICHMOND, VA

SALES

2024 Year to Date*

VOLUME
$220.5M

PRICE PER UNIT (AVG)
$155,190

TRANSACTIONS
9

CAP RATE (AVG)
N/A

What's Trading?*

UNITS (AVG)
109

YEAR BUILT (AVG)
1970s

BUILDINGS (AVG)
2

ACRES (AVG)
4.63

Top Buyers*

BUYER	LOCATION
Capital Square	Glen Allen, VA
Time Equities	New York, NY
Walde Enterprises	Bethesda, MD
Park at Ridgedale Apartments LLC	Richmond, VA
Terrace View Owner LLC	Colonial Heights, VA

Top Sellers*

SELLER	LOCATION
Capital Square	Glen Allen, VA
Signature Group Investments	New York, NY
Thalhimer Realty Partners	Glen Allen, VA
Commons at Ironbridge LP	New York, NY
WL Terrace View LLC	Los Angeles, CA

Sources: Berkadia; MSCI Real Capital Analytics
**$2.5m+*

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Sources: RealPage; Moody's Analytics; Real Capital Analytics

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