

Business Analytics

Final Project

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Unlocking Value: Evaluating Richmond's Residential Market and Portfolio Performance

Richmond City, Virginia is the 126th largest in the United States. Over the past 12 months, real estate prices in Richmond City have risen, and according to Wallet Investor's market research, home values are expected to continue climbing over the coming year. Furthermore, our own Richmond City real estate market analysis projects that sales prices will increase by approximately 20.533% over the next 10 years.

Overall Equity and Growth

The table shows a set of houses in the Richmond area, listing their original purchase prices, down payments, estimated amounts owed, and estimated current (or future) values. From these figures, we can see how much equity is tied up in each property and what percentage that equity represents of the total home value. Some houses display higher annual equity growth rates than others. For instance, Chesterfield House 1 indicates a substantial year-over-year equity increase (around 13%), whereas other properties, such as Henrico House 2 or Northside House 1, feature more modest annual gains (4–5%). These comparisons are key to determining whether each property has been delivering the desired returns, especially if rental income (or “dividends”) is limited.

Market Context and Trend

Richmond's real estate market, alongside the broader region (Henrico, Chesterfield, etc.), has seen steady appreciation in recent years. Rising interest rates in the U.S. have put pressure on refinances and new mortgages, which can influence a property owner's next steps. A property with strong equity growth may still be worth holding if it also generates positive net rent. On the other hand, if a property's annual appreciation is low and rental income is insufficient to cover costs, it might be prudent to consider selling while local property values remain relatively high.

Selling Underperforming Properties

For houses that do not generate sufficient “dividend” (net rental income) and offer lower equity growth, selling can free up cash to invest elsewhere. Properties such as Henrico House 2 or Northside House 1, which show slower appreciation rates, can be attractive candidates for sale if the intention is to optimize the portfolio. By doing so, you can redirect capital toward properties in neighborhoods with stronger potential for both appreciation and rental demand. In some cases, a 1031 exchange (if you are in the U.S.) could defer capital gains taxes when reinvesting.

Retaining Strong Performers and Diversification

Meanwhile, properties like Chesterfield House 1 and Richmond House 1, showing strong equity gains (8–13% per year), present more compelling cases for continued ownership. These homes could not only appreciate but also offer better cash-flow potential if the rental market remains healthy. If additional diversification is a goal, considering multi-family properties (duplexes, triplexes) or commercial assets may widen your real-estate exposure. Alternatively, real-estate investment trusts (REITs) and other asset classes could help spread risk while still focusing on property investments.

Actionable Steps Moving Forward

Based on the table, the best move might be to maintain high-growth, high-rental-yield houses, while selling or refinancing properties that lack adequate returns—particularly those with minimal equity growth and low rental cash flow. Updating the numbers regularly will be crucial: as market conditions shift, so might a property's performance. By revisiting this analysis at least twice a year, you can ensure that your portfolio remains balanced and aligns with your goals, whether that involves maximizing cash flow, building equity quickly, or diversifying across locations and property types.