



Richmond, VA

Multifamily

22Q2

A better way to live





Richmond, VA

## Multifamily

21Q1 22Q2

## Key Takeaways

- Richmond's effective rental rate continued its growth and experienced a 10.3% increase year-over-year, the fourth consecutive quarter with double-digit year-over-year increases. While all submarkets experienced year-over-year rent growth greater than 5%, 8 submarkets posted double-digit rent growth among market rate products.
- Units under construction ended the second quarter at 6,191 units, or 5.9% of total inventory. Most development is concentrated in Downtown Richmond with eleven projects totaling 2,024 units. 754 units spread across 3 projects were delivered in the second quarter and were spread throughout the metropolitan area.
- Aden Park and Glenway Green was the largest sale of the quarter. The 538-unit garden apartment complex sold to AION Partners, an apartment investment group focused on acquisitions in the Mid-Atlantic and Southeastern portion of the United States. Selling for \$124 million, or \$230,483 per unit, the transaction pushed Richmond's average price per unit to \$211,324 per unit.



## Robust Demand Pushes Rents to New Highs

Richmond's multifamily market continued to demonstrate robust fundamentals after previous, record setting quarters. Vacancy rates remained steady at 5.3%, with the highest rates seen in the East End at 8.1%. Effective rent per unit increased 10.3% year-over-year and closed the quarter at \$1,365 per unit. As the fourth consecutive quarter with double-digit year-over-year growth, Richmond's multifamily market continued to show its strength.

## Richmond Market Indicators



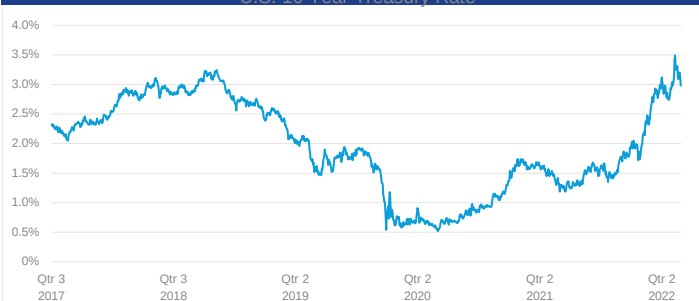
## Historic Comparison

	21Q2	22Q1	22Q2
<b>Total Inventory (in Thousands of Units)</b>	100.2	103.4	104.1
<b>Total Occupancy Rate</b>	95.2%	94.7%	94.7%
<b>Overall Vacancy</b>	4.8%	5.3%	5.3%
<b>Under Construction (in Thousands of Unit)</b>	5.5	5.8	6.1
<b>Effective Rent</b>	\$1,237	\$1,333	\$1,365
<b>Deliveries (in # of units)</b>	319	806	754

## MARKET FUNDAMENTALS



## U.S. 10 YEAR TREASURY RATE



## Recent Transactions



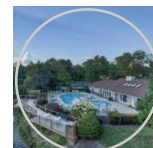
## Hunters Chase Apartments

Size: 320 Units  
 Sale Price: \$79,200,000  
 Price Per Unit: \$247,500  
 Date: May 2022



## Aden Park and Glenway Green

Size: 538 Units  
 Sale Price: \$77,000,000  
 Price Per Unit: \$143,123  
 Date: June 2022



## Copper Mill

Size: 192 Units  
 Sale Price: \$50,250,000  
 Price Per Unit: \$261,718  
 Date: April 2022

## Supply

Three apartment complexes were delivered in Q2 and added 754 units. The Rise at Regency, a 320-unit complex was delivered on the site of an old Sears shell in Regency Mall. The mixed-use project represents a recent trend of adding multifamily complexes to traditional retail malls to revitalize and increase foot traffic in an area. Southpark Mall in Colonial Heights is adopting a near identical strategy, with 280 proposed apartment units slated to take the place of another vacant Sears building.

The development pipeline ended the half with 6,191 units under construction. Most units were focused in the Downtown Richmond and Western Henrico County submarkets, with 2,024 and 1,811 units respectively. Watkins Centre, a 450-unit apartment complex in Midlothian, is currently the largest project under construction with an expected delivery in mid-2023.

## Demand

Apartment demand remained at all-time highs as effective rent growth increased 10.3% year-over-year. Net absorption totaled 642 units and extended Richmond's 14 consecutive quarter positive streak. This trend is expected to continue as properties begin to deliver from a record high development pipeline. In the past year, South Richmond and Chesterfield County have been the largest contributors to Richmond's 12-month-absorption and added 668 and 580 units, respectively. Vacancy rates remained at 5.3%, with the lowest rates seen in Richmond's smaller submarkets. Locations such as Dinwiddie County and Hanover finished the quarter with 1.7% and 0.9% vacancy, respectively. With no properties under construction in these submarkets, these rates are expected to remain low.

Despite delivering just under 4,000 units in the past 12 months, Richmond's vacancy rate has remained relatively consistent while experiencing significant rent growth. This can be attributed to elevated demand and is expected to continue as more units deliver throughout the year.

## Economy

Richmond's unemployment rate continued its downward trend to 2.9%, slightly above Virginia's unemployment rate of 2.8%. The state's labor force participation rate increased 60 basis points quarter-over-quarter and ended at 63.8%. Since the onset of the pandemic, Virginia's labor force participation has struggled returning to pre-pandemic levels [66.4%] compared to neighboring states.

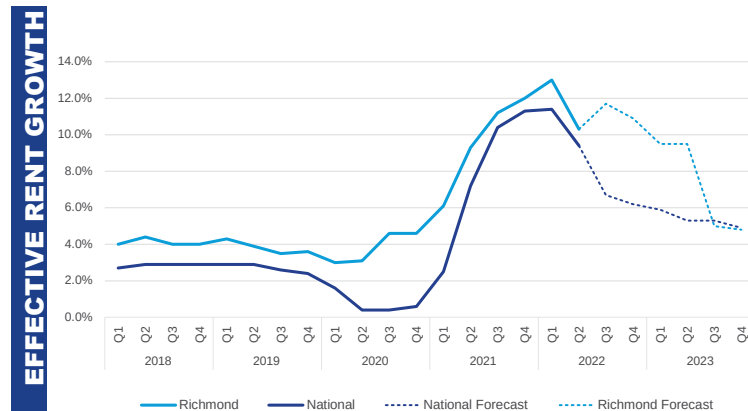
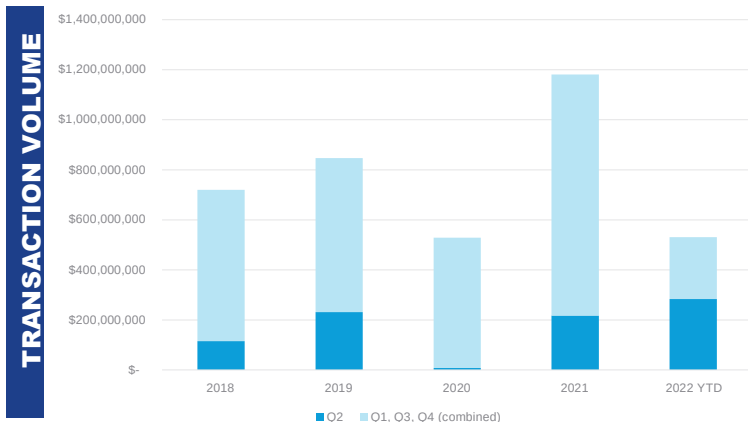
The Consumer Price Index, or a measure of prices over time, rose by 9.1% year-over-year. Energy, commodities, and food at home drove most of the increase and saw year-over-year increases of 50.3% and 11.9% respectively. All categories tracked in the Consumer Price Index saw increases year-over-year and can be attributed to the combination of supply chain breakdowns and increased product demand. To limit price increases, the Federal Reserve has signaled towards hiking rates until inflation begins to decelerate.

## Capital Markets

Multifamily investment sales accelerated from the beginning of the year and totaled \$283.3 million in total deal volume. Three transactions were over \$50 million, with the largest being Hunters Chase Apartments, which sold for \$79.2 million. Average price per unit climbed to \$181,000 per unit and was carried by high priced deals in Western Henrico County. Transactions remain dominated by Institutional and Private Investors despite recent increases in price per unit rates.

Despite increases in debt costs, year-over-year deal volume increased by 30%, representing investor's continued faith and a positive outlook towards the future. Richmond continued to prove itself as a quality market for investment due to its robust rent growth and high demand.

# Richmond, VA Multifamily 22Q2



## Richmond Multifamily Snapshot | Q2 2022

Submarket	Properties	Inventory (Units)	Lease-Up (Properties)	Lease-Up (Units)	Vacancy (Units)	Vacancy Rate (%)	Occupancy (Units)	Occupancy Rate (%)	Effective Rent Per Unit (\$)	12 Month Net Absorption	Under Construction (Properties)	Under Construction (Units)
<b>Chesterfield County</b>	61	14,214	1	79	771	5.4%	13,443	94.6%	\$1,454	580	1	201
<b>Dinwiddie County</b>	1	240	0	0	4	1.7%	236	98.3%	\$1,103	3	0	0
<b>Downtown Richmond</b>	60	8,195	1	75	434	5.3%	7,761	94.7%	\$1,500	280	11	2,024
<b>East End</b>	51	8,070	0	0	615	7.6%	7,455	92.4%	\$1,256	138	0	0
<b>Eastern Henrico County</b>	35	6,323	0	0	510	8.1%	5,813	91.9%	\$1,127	(128)	0	0
<b>Goochland County</b>	2	709	0	0	20	2.8%	689	97.2%	\$1,936	10	0	0
<b>Hopewell City</b>	9	877	0	0	20	2.3%	857	97.7%	\$907	(4)	0	0
<b>Midlothian</b>	23	6,314	0	0	404	6.4%	5,910	93.6%	\$1,622	337	4	1,249
<b>North Outlying-Hanover</b>	18	2,530	0	0	23	0.9%	2,507	99.1%	\$1,412	24	0	0
<b>Northside</b>	15	3,787	1	200	142	3.7%	3,645	96.3%	\$1,064	291	0	0
<b>Petersburg, Colonial Heights, Hopewell</b>	39	5,817	1	95	269	4.6%	5,548	95.4%	\$1,096	204	3	272
<b>Prince George County</b>	4	746	0	0	14	1.9%	732	98.1%	\$1,245	(6)	0	0
<b>South Richmond</b>	80	17,431	1	62	849	4.9%	16,582	95.1%	\$1,189	668	4	634
<b>West End</b>	7	1,238	1	137	93	7.5%	1,145	92.5%	\$1,667	426	0	0
<b>Western Henrico County</b>	100	27,654	2	270	1,654	6.0%	26,000	94.0%	\$1,477	391	6	1,811
<b>RICHMOND MULTIFAMILY TOTAL</b>	<b>505</b>	<b>104,145</b>	<b>8</b>	<b>918</b>	<b>5,822</b>	<b>5.6%</b>	<b>98,323</b>	<b>94.4%</b>	<b>\$1,365</b>	<b>3,214</b>	<b>29</b>	<b>6,191</b>

## Richmond Multifamily | Deliveries | Q2 2022

#	Project Name	Project Type	Deal Type	Location	Developer	# of Units
1	Commonwealth Apartments	Mid-Rise	Market	Chesterfield County	CMB Development Llc	234
2	The Foundry Apartments	Mid-Rise	Affordable	Downtown Richmond	The Lawson companies	200
3	The Rise at Regency	Mid-Rise	Market	Western Henrico County	Rebkee Company	320
<b>DELIVERIES TOTAL 754</b>						

## Richmond Multifamily | Under Construction | Q2 2022

#	Project Name	Project Type	Deal Type	Location	Developer	# of Units
1	710 Watkins Centre Pky	Mid-Rise	Market	Midlothian	Castle Development Partners	450
2	3500 Cox Rd	Mid-Rise	Market	Western Henrico County	Commonwealth Properties	407
3	The Apartments @ Innsbrook Square	Mid-Rise	Market	Western Henrico County	Dominion Realty Partners, LLC	363
4	The Otis	Mid-Rise	Market	Downtown Richmond	Capital Square Realty Advisors	350
5	Laurel Park	Low-Rise	Market	Western Henrico County	Aurelie Capital	350
6	Luxe 360	Low-Rise	Market	Midlothian	Edward Rose & Sons	342
7	The Westbrook at Brewers Row	Mid-Rise	Market	Downtown Richmond	Spy Rock	300
8	Kotarides River Mill	Garden	Market	Western Henrico County	Kotarides	285
9	Marcella at Gateway	Garden	Market	Midlothian	Boyd Homes	245
10	Silver Hills at Innsbrook	Mid-Rise	Market	Western Henrico County	Edward Communities	234
11	Sphere Apartments	Mid-Rise	Market	Downtown Richmond	Cox, Klierer and Company P.C.	224
12	Tidewater	Mid-Rise	Market	South Richmond	The Beach Company	221
13	The Boulders Lakeview	Mid-Rise	Market	Midlothian	Dominion Realty Partners, LLC	212
14	The Waterford	Mid-Rise	Market	Downtown Richmond	The WVS Companies LLC	203
15	The Station	Mid-Rise	Market	Chesterfield County	Breeden Construction	201
16	Hardywood Village	Mid-Rise	Market	Downtown Richmond	Spy Rock	189
17	Residences At Richmond Trust	Mid-Rise	Market	Downtown Richmond	Douglas Development Corporation	188
18	Manchester Commodore	Mid-Rise	Market	South Richmond	Capital City Real Estate	173
19	Studios at 6531	Mid-Rise	Market	Western Henrico County	KM Hotels	172
20	Mutual on Main	Mid-Rise	Market	Downtown Richmond	Landmark Property Services	170
21	Pine Oak Dr	Garden	Rent Restricted	Petersburg, Colonial Heights, Hopewell	Petersburg Redevelopment and Housing	150
22	One Canal	Mid-Rise	Market	Downtown Richmond	Commonwealth Construction Management	129
23	1508 Belleville St	Mid-Rise	Market	Downtown Richmond	Thalhimer Realty Partners	126
24	The Village at Westlake II	Mid-Rise	Market	South Richmond	Breeden Construction	122
25	The Box	Mid-Rise	Market	South Richmond	Fountainhead Development	118
26	Soda Flats	Mid-Rise	Market	Downtown Richmond	Bank Street Advisors	73
27	Jefferson Pointe Apartments - Phase II	Garden	Market	Petersburg, Colonial Heights, Hopewell	R & T Partners Llc	72
28	GEM at Scott's Collection	Mid-Rise	Market	Downtown Richmond	Capital Square Llc	72
29	Pecan Acres	Garden	Rent Restricted	Petersburg, Colonial Heights, Hopewell	Breeden Construction LLC	50
UNDER CONSTRUCTION TOTAL						6,191

# 351 offices in 67 countries on 6 continents

United States: 115

Canada: 41

Latin America: 12

Asia Pacific: 33

EMEA: 78



**\$3.3B**

in revenue



**2B**

square feet under management



**18,000 +**

professionals and staff

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