



MARKET AT A GLANCE



OCCUPANCY RATE **95.8%**
Down **50 bps** since 2Q19



EFFECTIVE RENT **\$1,124**
Up **0.7%** since 2Q19

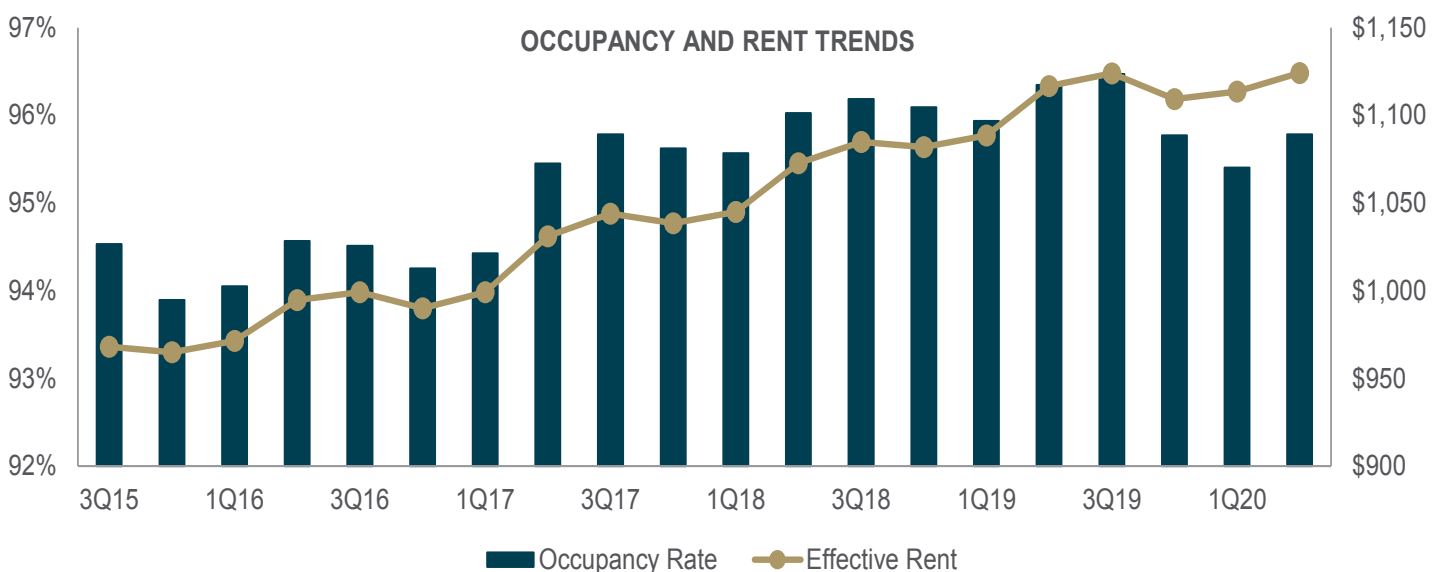


TOTAL INVENTORY **103,702**

OCCUPANCY AND RENT TRENDS

HOUSING DEMAND LEADS TO RISE IN APARTMENT OCCUPANCY

The apartment construction wave continued in the Richmond market in 2020. Builders brought 568 units online in the second quarter. Deliveries were met by housing demand as leasing activity across all properties outpaced inventory growth. Leasing activity was highest in the Southside submarket, appealing to renters seeking more affordable apartments near Downtown Richmond. Metrowide, heightened absorption elevated average apartment occupancy 40 basis points since the first quarter to 95.8% in the second quarter. Demand amid inventory growth also underpinned a 1.0% increase in monthly effective rent in the second quarter to an average of \$1,124. As a result, rising occupancy and increased rent benefited apartment owners. Surveyed CMBS and Fannie Mae loans in forbearance held at 1.1% month over month in June, while loans less than 30 days delinquent fell 100 basis points at the same time to 2.2% in June. Apartment fundamentals will be tested in the near term due in part to more than 1,600 units scheduled to come online in the second half of 2020. A positive sign for apartment operators is the return to in-person classes for fall classes at Virginia Commonwealth University and the Virginia Commonwealth University.



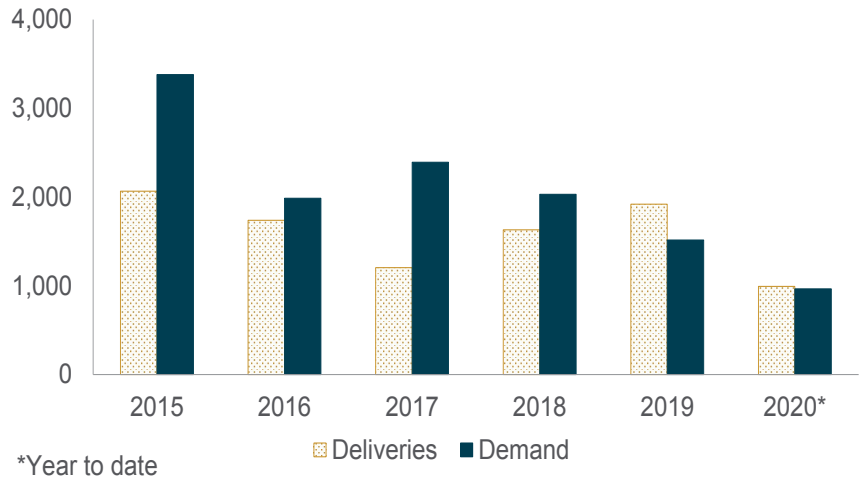
DELIVERIES AND DEMAND



DELIVERIES 993
Units YTD



NET ABSORPTION 966
Units YTD



ECONOMIC TRENDS

2019 3.0% **UNEMPLOYMENT*** 2020 9.6%
660 BPS CHANGE

2019 687.4k **EMPLOYMENT**** 2020 631.2k
-8.2% CHANGE

2019 19.3k **EXISTING SFH SALES**** 2020 16.5k
-14.5% CHANGE

2019 1.3m **POPULATION**** 2020 1.3m
0.6% CHANGE

2019 2.07% **10-YEAR TREASURY**** 2020 0.73%
-130 BPS CHANGE

*May; **June



SUBMARKET BREAKDOWN

SUBMARKET NAME	OCCUPANCY			EFFECTIVE RENT			NET ABSORPTION		DELIVERED UNITS	
	2Q20	Q-o-Q Change (BPS)	Y-o-Y Change (BPS)	2Q20	Q-o-Q Change	Y-o-Y Change	2Q20	Annual	2Q20	Annual
Chesterfield County	95.7%	20	-60	\$1,235	1.3%	0.0%	180	335	157	428
Downtown Richmond/The Fan	95.3%	-100	-20	\$1,292	-0.1%	0.9%	-9	515	108	570
East Richmond	95.1%	110	-70	\$1,015	1.2%	2.2%	279	216	76	369
Hanover County	97.3%	10	-80	\$1,277	0.5%	-3.8%	71	159	70	207
Northwest Richmond	95.3%	0	-170	\$1,139	1.5%	0.3%	41	-163	40	40
Petersburg/Colonial Heights/Hopewell	96.4%	-10	-10	\$965	0.3%	3.6%	-6	-12	0	0
Southside	96.4%	170	30	\$988	1.6%	1.5%	374	132	45	69
Tuckahoe/Westhampton	95.8%	-50	-120	\$1,265	0.4%	-2.1%	7	257	72	417
TOTALS	95.8%	40	-50	\$1,124	1.0%	0.7%	936	1,439	568	2,100



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