

2022 MID-YEAR

RICHMOND VA

Multifamily Report

BERKADIA[®]

a Berkshire Hathaway and Jefferies Financial Group company





Jobs Added / Lost

LAST 12 MONTHS

12,800

↑ 1.9%

NEXT 12 MONTHS*

8,900

↑ 1.3%

Unemployment

MID-YEAR 2022

3.0%

↓ 130 BPS YOY

MID-YEAR 2023*

2.9%

↓ 10 BPS YOY

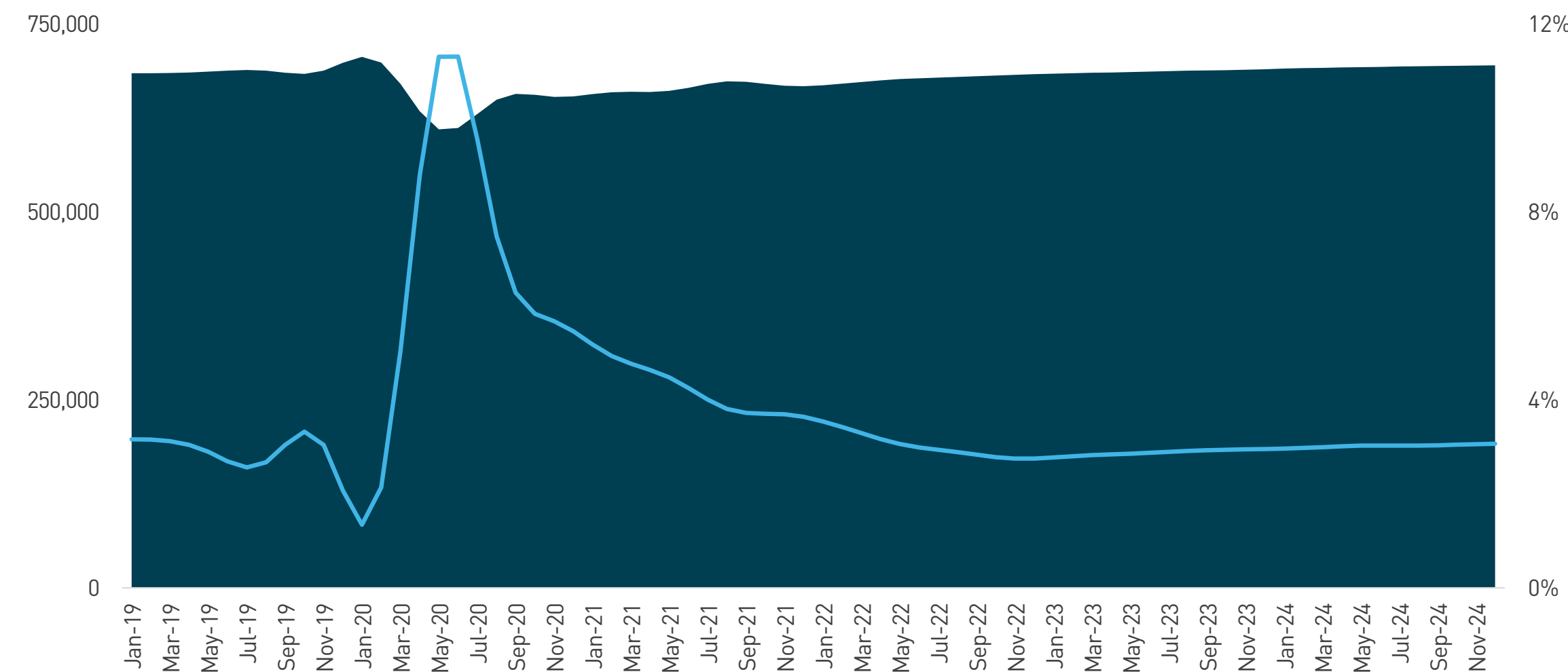
*Projected

RICHMOND, VA EMPLOYMENT

Richmond has been steadily working back towards pre-pandemic economic norms. Local employers added 12,800 net jobs to payrolls in the past year. The leisure and hospitality sector was responsible for nearly 61% of total jobs added. The sector experienced an increase of 13.6% year over year with the addition of 7,800 jobs. With over 600 bars and restaurants and being home to Virginia's State Capitol Building, it was no surprise that Richmond's leisure and hospitality sector grew as more tourists were able to visit in the last year as pandemic restrictions lifted. Beyond tourism, the education and health services expanded by 2,200 workers. The sector is projected to continue to grow with the \$108 million expansion of Bon

Secours is to be completed in 2024, and the Children's Hospital of Richmond expected to open its new \$400 million wing in spring 2023. The CoStar Group announced that they were launching a \$460 million expansion project as well. Once completed in 2024, the campus will feature a two-building complex expected to bring 2,000 new jobs to Richmond. The new complex will join DuPont's largest manufacturing site along the James River. The combination of a highly educated workforce and low cost of doing business makes the metro the ideal location for development, growth, and investment.

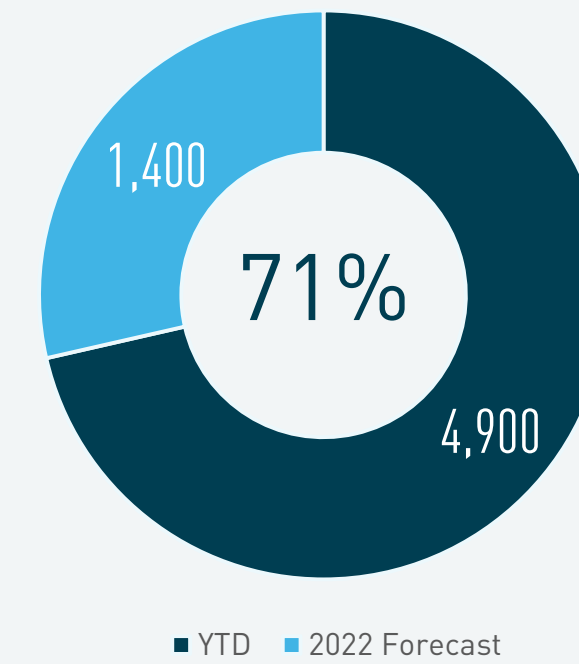
Employment Trends



SOURCE: Moody's Analytics

Who's Hiring?

EDUCATION & HEALTH SERVICES INDUSTRY



15%
OF ALL JOBS IN THE METRO

\$38,100
AVERAGE ANNUAL SALARY

Top Education & Health Services Employers



10,700 JOBS



8,400 JOBS



7,600 JOBS

In The News

- [CoStar Group to hire 2,000 new employees](#)
- [Children's Hospital of Richmond invests \\$400M for expansion](#)
- [Bon Secours plans \\$108M expansion](#)



RICHMOND, VA DELIVERIES & ABSORPTION

2022 Units*

DELIVERIES

3,179

ABSORPTION

2,041

2023 Units*

DELIVERIES

4,498

ABSORPTION

3,281

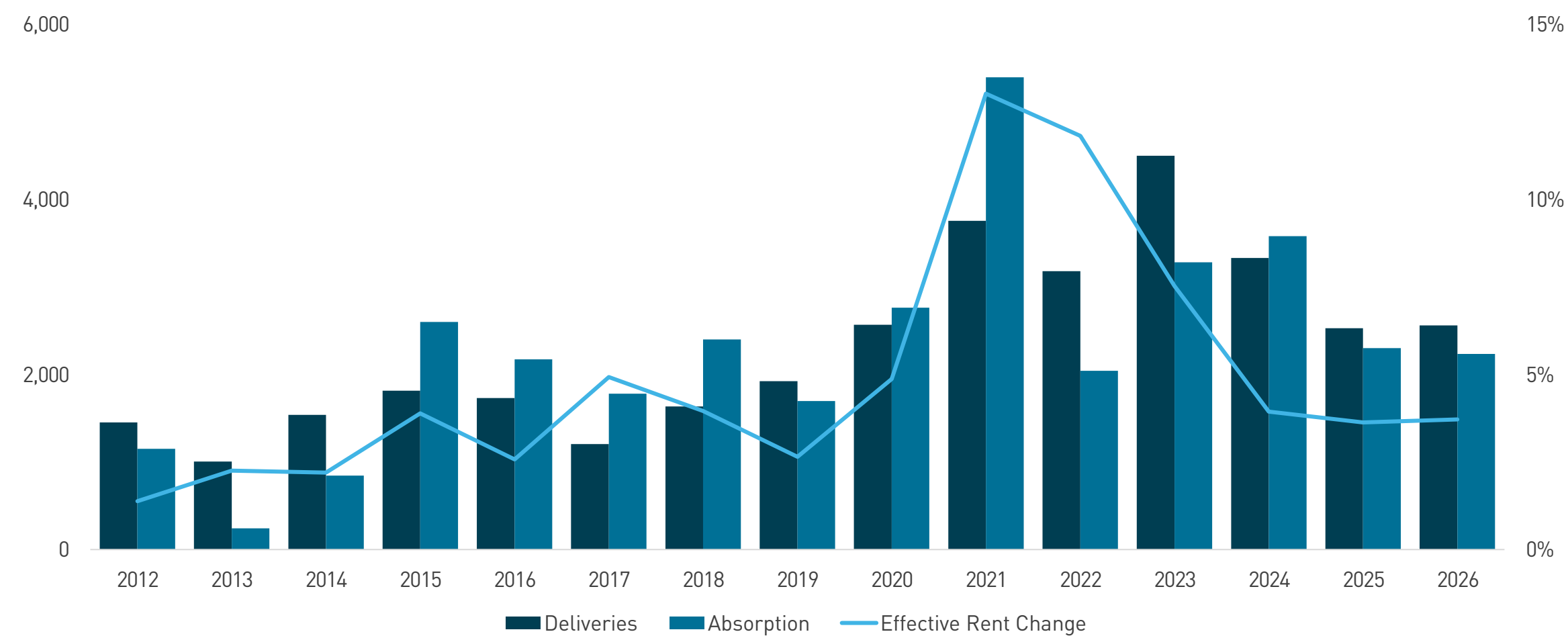
*Projected

With effective rent 18.5% under the national average, Richmond's affordability was one of the main reasons leasing activity picked up in the past year. Apartment operators recorded nearly 3,500 net move-ins from June 2021 to June 2022 metrowide, nearly 20% higher than the five-year average. Demand in Richmond is mainly driven by the young professionals and students in the area. With the Richmond Commonwealth University and University of Richmond located in central Richmond, the metro welcomes back over 30,000 students every fall, with over 70% in need of off-campus housing.

Deliveries also exceeded the metro's five-year average, with 3,600 new units coming online in the

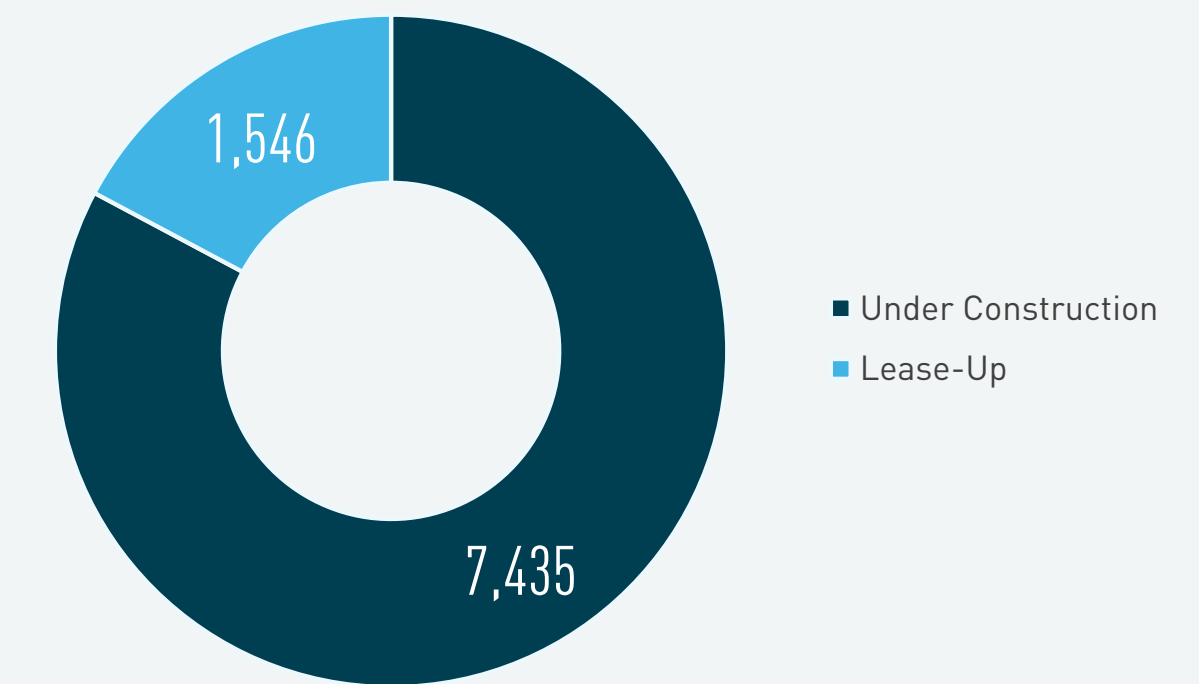
past 12 months. The majority of the new inventory was built in the Southside and Tuckahoe/Westhampton submarkets. Together, the submarkets accounted for 65%, or approximately 2,400 units, of the total deliveries. Tuckahoe/Westhampton had the highest number of annual deliveries with 1,300 units, while Southside followed with 1,100 units. The recent development of these two submarkets comes from sustained demand. Both submarkets border the Downtown Richmond area providing residents easy access to the large employers and urban entertainment simultaneous with the family friendly suburban lifestyle.

Deliveries, Absorption, & Effective Rent Change

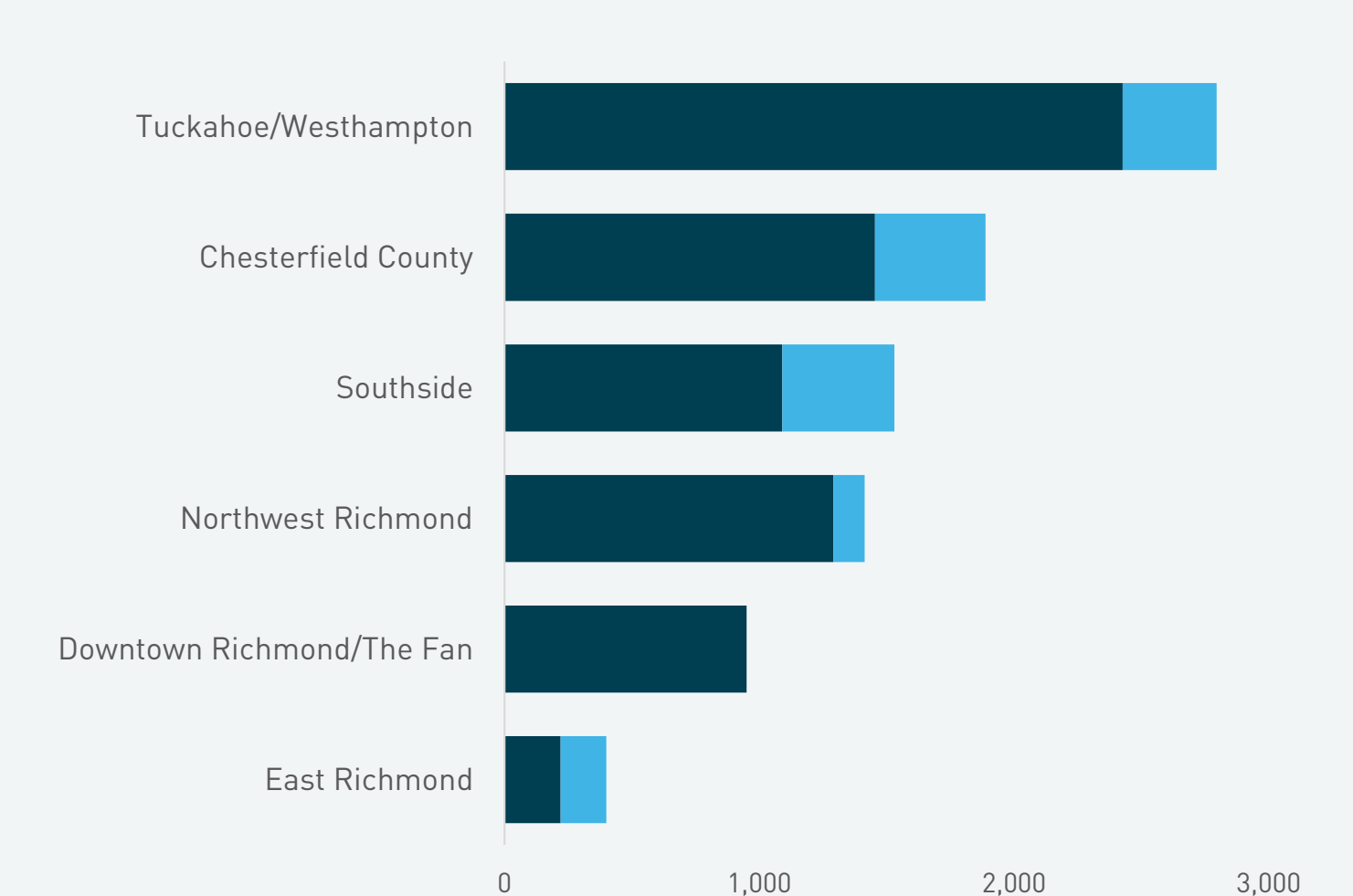


Source: RealPage

Market Pipeline



Top Submarket Pipelines

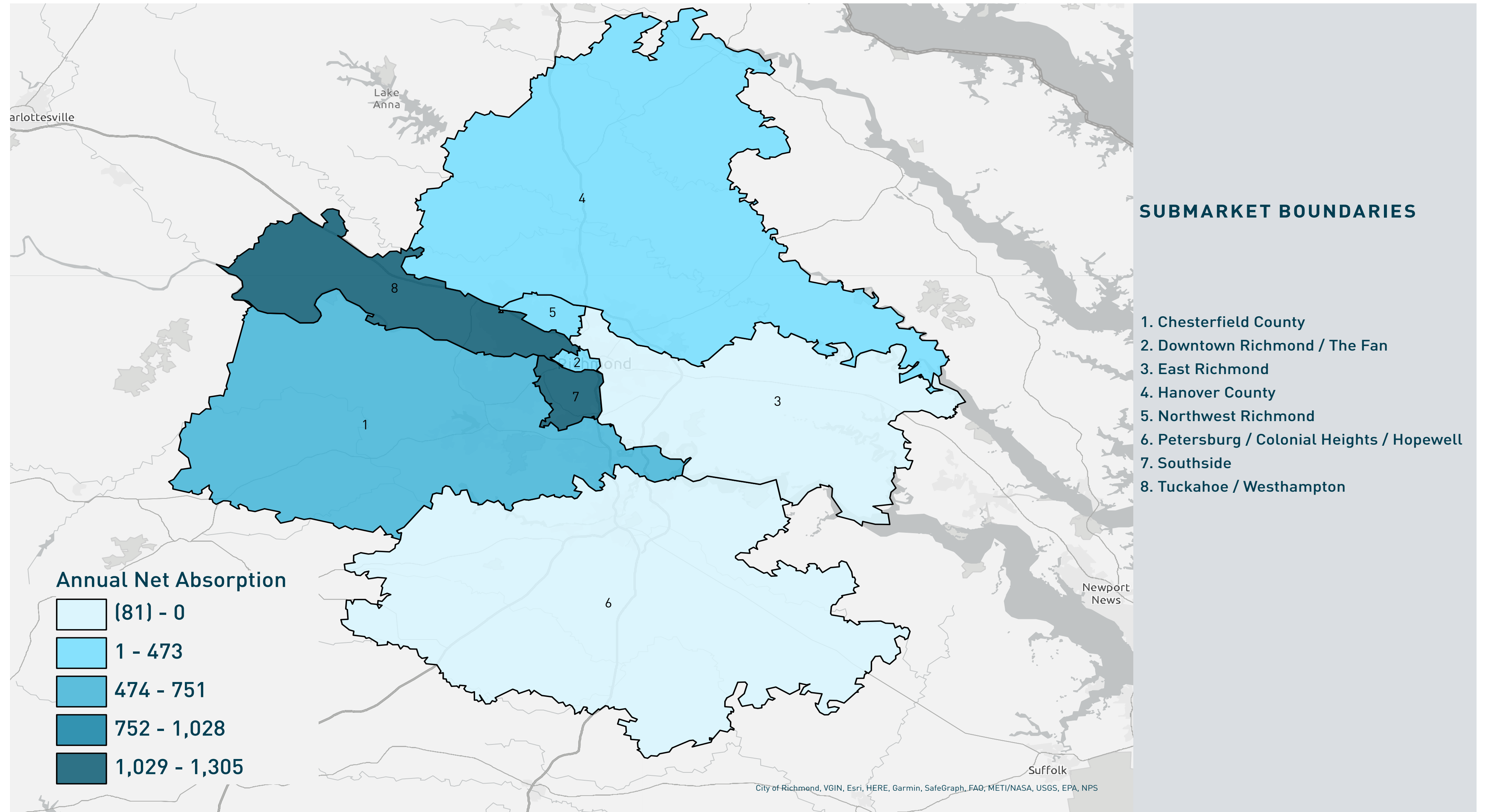




RICHMOND, VA

SUBMARKET ANNUAL ABSORPTION

Parallel with deliveries, the Tuckahoe/Westhampton and Southside submarkets accounted for the majority of leasing activity in Greater Richmond. The Southside submarket had more than 1,200 net move-ins in the past 12 months, trailing Tuckahoe/Westhampton, which had approximately 1,300 net units absorbed. Combined, the two submarkets made up over 72% of the metro's total absorption. Rated one of the best places to live in Virginia, the Tuckahoe/Westhampton submarket is sought out by many residents. As a spread-out submarket, the area caters to both suburban and urban residents with parts of it bordering The Downtown Richmond/The Fan submarket and other parts extending to the edge of the market. It's a vibrant area with a robust economy and stellar educational institutions. Home to the University of Richmond and an array of restaurants, bars and cafes, many students and young professionals are drawn to this area.





RICHMOND, VA RENT & OCCUPANCY

Effective Rent

2Q 2022

\$1,415

↑ 12.7% YOY

Occupancy

2Q 2022

96.6%

↓ 10 BPS YOY

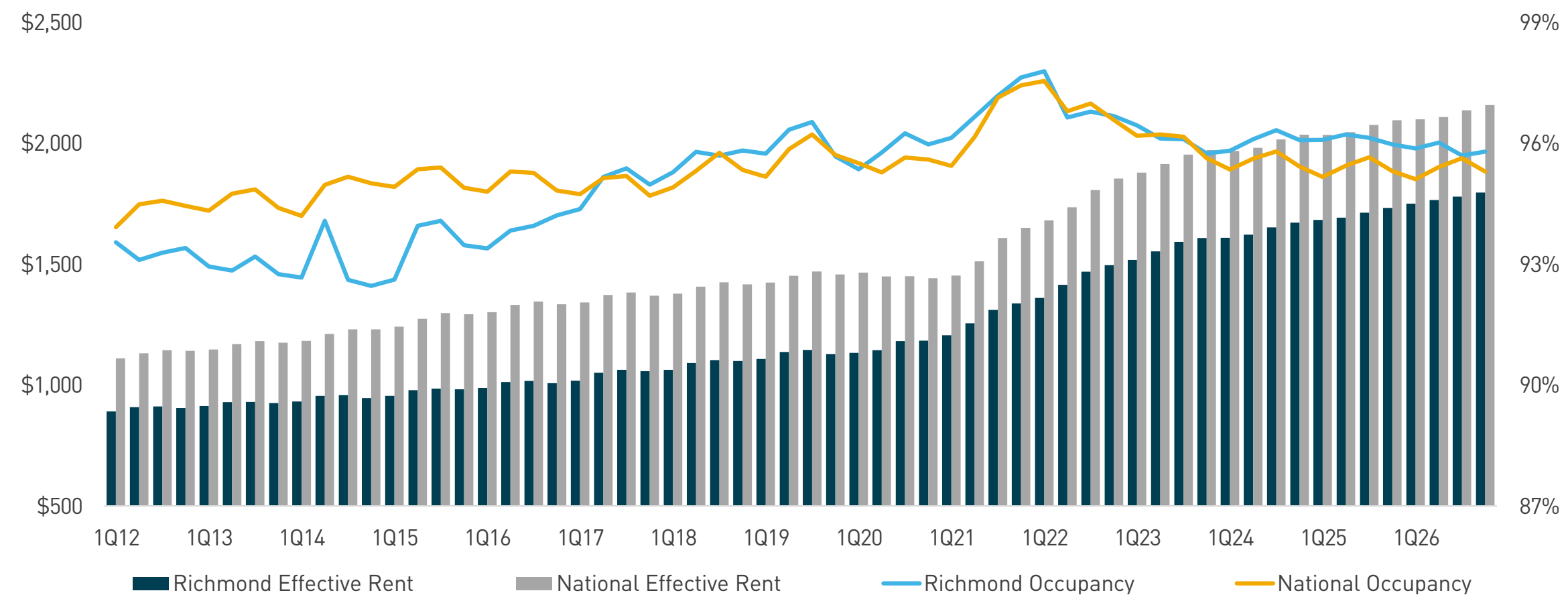
Metro Richmond’s effective rent increased 12.7% annually, the highest mid-year, year-over-year increase in the past decade. Five out of the eight submarkets had an annual effective rent growth rate of 13.0% or greater. Metrowide effective rent reached an average of \$1,415 per month in the second quarter of 2022. Even with the increase, effective rent was below the national average of \$1,736 per month. Compared to neighboring markets such as Washington, D.C.; Charlotte; and Raleigh-Durham, Richmond has a lower rent as of the second quarter of 2022, which helps the metro maintain their affordable reputation that attracts demand. With the increase in rent and inventory, Richmond’s average occupancy dipped 10 basis points from the year-ago rate, sitting

at 96.6% in the second quarter of 2022. Conversely, the Downtown Richmond/The Fan submarket experienced the highest annual occupancy change, climbing 210 basis points, shifting up the rate to a metro-leading 97.5%. The elevated rate follows the trend of residents returning to downtown areas post-pandemic. With an expanding economy supported by incoming white-collar workers, the Downtown Richmond/The Fan submarket is projected to continue to grow its multifamily inventory paired with high leasing activity over the next year.

Submarket Performance

SUBMARKET NAME	2Q22 OCCUPANCY	YOY (BPS)	2Q22 EFFECTIVE RENT	YOY
Chesterfield County	96.60%	-80	\$1,577	13.00%
Downtown Richmond/The Fan	97.50%	210	\$1,420	5.60%
East Richmond	95.10%	-130	\$1,272	13.70%
Hanover County	97.90%	0	\$1,629	14.30%
Northwest Richmond	96.60%	-10	\$1,496	15.20%
Petersburg/Colonial Heights/Hopewell	96.90%	-150	\$1,111	96.00%
Southside	97.10%	90	\$1,307	12.90%
Tuckahoe/Westhampton	96.70%	30	\$1,636	14.40%

Richmond vs. National Effective Rent & Occupancy



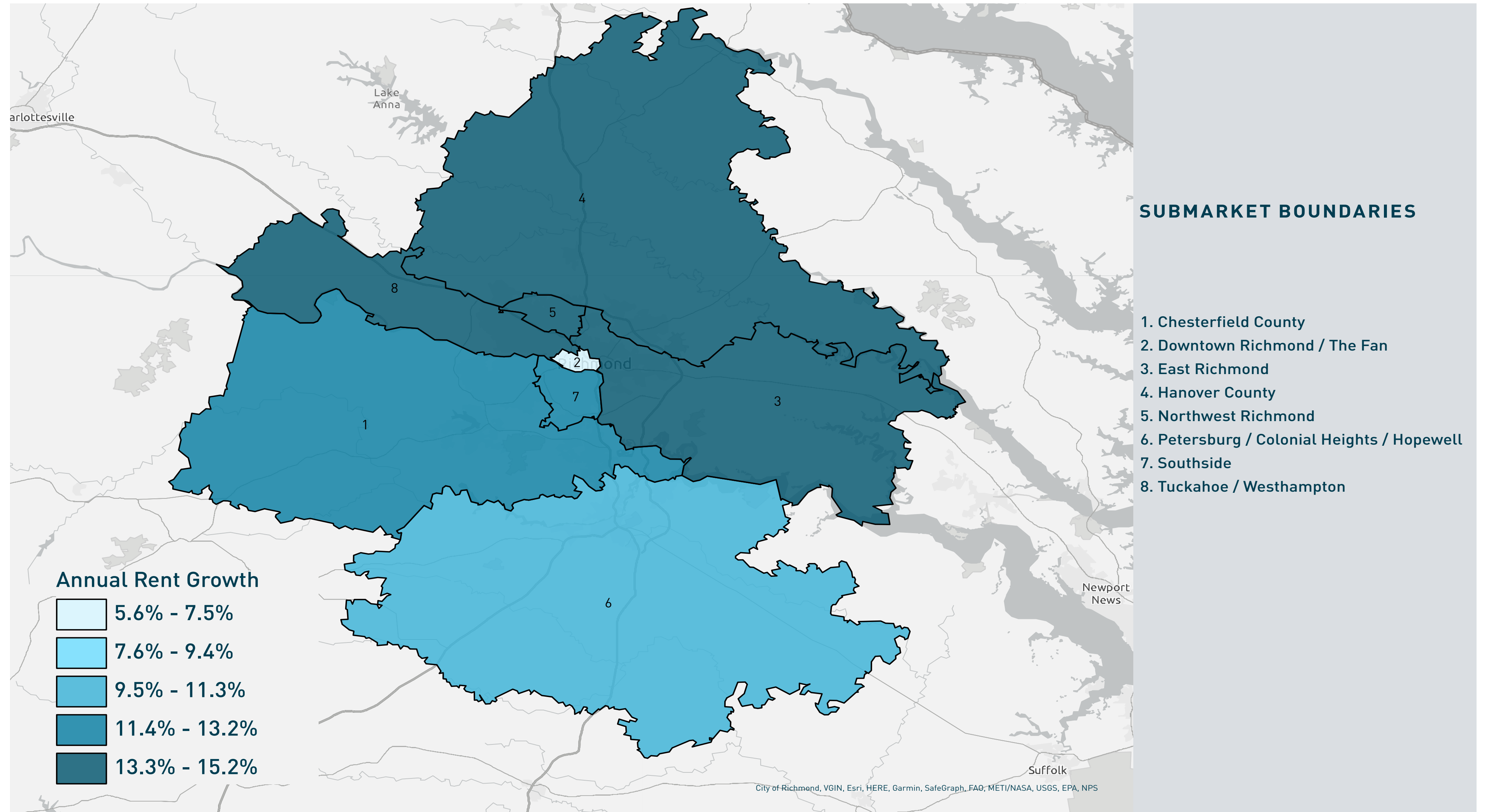
Source: RealPage



RICHMOND, VA

SUBMARKET ANNUAL RENT CHANGE

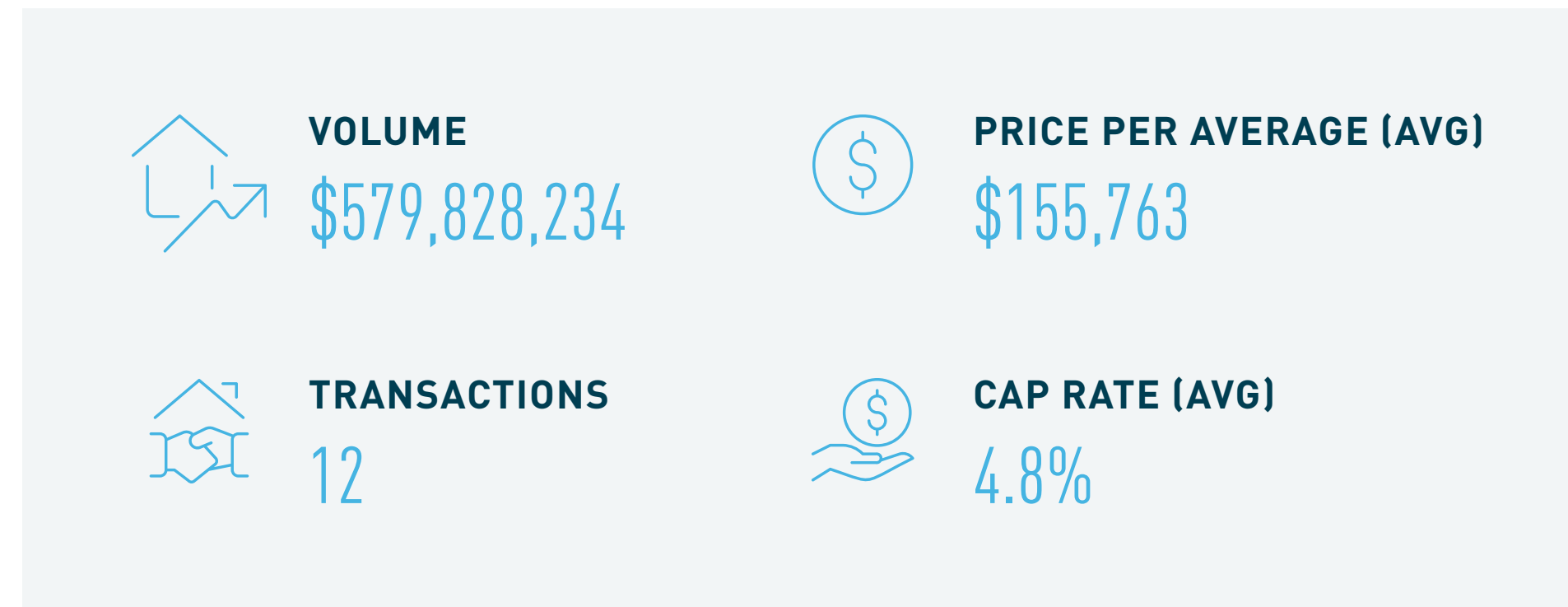
The Northwest Richmond submarket had the largest annual rent change, increasing 15.2% to \$1,496 per month in the second quarter of 2022. The Northwest Richmond submarket borders the Tuckahoe/Westhampton submarket and offers quick access to Downtown Richmond. Compared to downtown apartments, Northwest Richmond rental communities provide renters with a less expensive rental option while maintaining a family friendly suburban atmosphere. Over the past year, new lease trade-outs in the submarket averaged 18.4%, the second highest in the metro. The Tuckahoe/Westhampton submarket experienced the second-highest annual rent change. Increasing 14.4% year over year, the submarket's effective rent was \$1,636 per month. The price acceleration is due to new luxury apartment communities coming online.



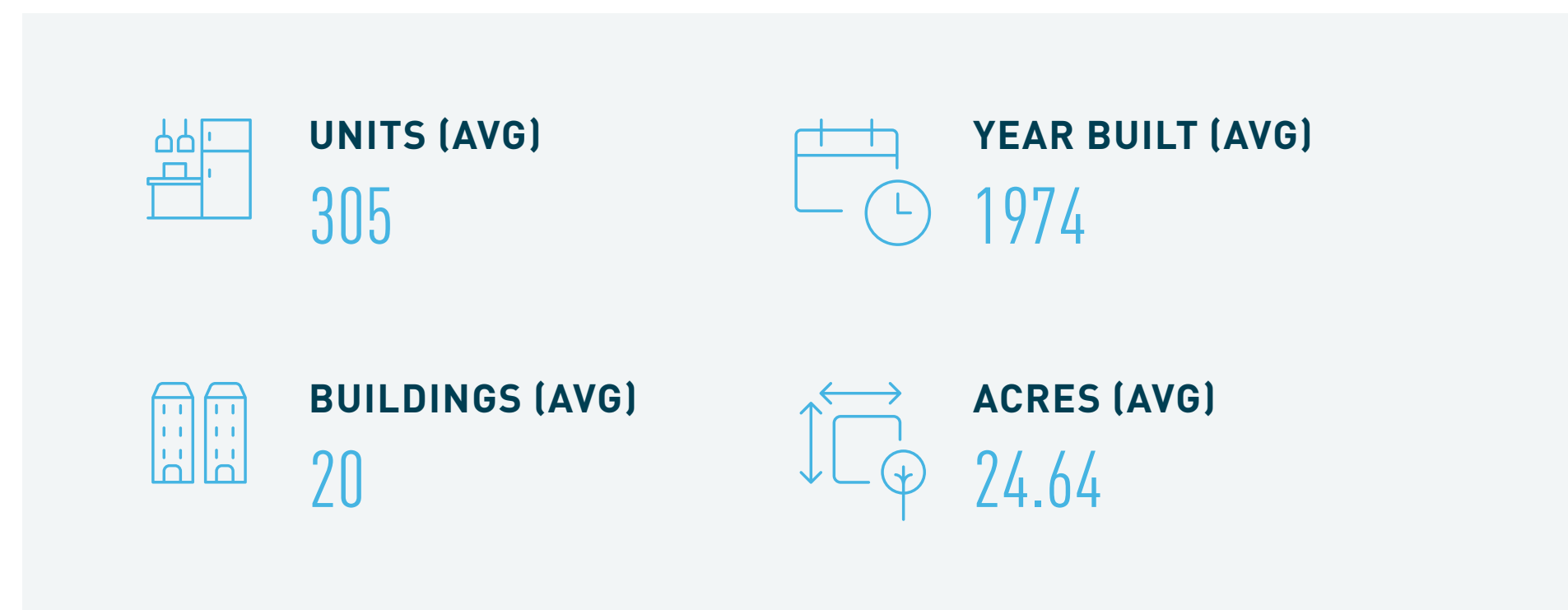


RICHMOND, VA SALES

2022 Year to Date*



What's Trading?*



Source: Real Capital Analytics
*\$10m+

Top Buyers**

BUYER	LOCATION
Capital Square 1031	Glen Allen, VA
AION Partners	New York, NY
Levco Realty Group	Richmond, VA
NorthRock Companies	Holladay, UT
McCann Realty Partners	Henrico, VA

Top Sellers**

SELLER	LOCATION
C-III Investment Mgmt	New York, NY
Bristol Development	Franklin, TN
Hamilton Zanze & Co	San Francisco, CA
Hivernan Realty Group	Denver, CO
RangeWater RE	Sandy Springs, GA

**Past 24 Months

BERKADIA[®]

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

© 2022 Berkadia Real Estate Advisors LLC

Berkadia® is a trademark of Berkadia Proprietary Holding LLC

Commercial mortgage loan origination and servicing businesses are conducted exclusively by Berkadia Commercial Mortgage LLC and Berkadia Commercial Mortgage Inc. This website is not intended to solicit commercial mortgage loan brokerage business in Nevada. Investment sales and real estate brokerage businesses are conducted exclusively by Berkadia Real Estate Advisors LLC and Berkadia Real Estate Advisors Inc. For state licensing details for the above entities, visit: www.berkadia.com/legal/licensing.aspx

The information contained in this flyer has been obtained from sources we believe to be reliable; however, we have not conducted any investigation regarding these matters and make no warranty or representation whatsoever regarding the accuracy or completeness of the information provided. While we do not doubt its accuracy, we have not verified it and neither we, nor the Owner, make any guarantee, warranty or representation of any kind or nature about it. It is your responsibility to independently confirm its accuracy and completeness. Any projections, opinions, assumptions or estimates used are for example and do not necessarily represent past, current or future performance of the property. You and your advisors should conduct a careful and independent investigation of the property to determine to your satisfaction the suitability of the property and the quality of its tenancy for your records.