



# Job Growth Continues to Pressure Housing Market in Richmond

The Richmond, Virginia housing market is being driven by job growth and the continued influx of millennials. The region gained 17,100 jobs during a 12-month period, translating to 10.0 new jobs for every new multifamily permit, adding to the pressure on the cost of housing.

The Richmond, Virginia market has seen substantial job growth compared to the rest of the state and nation. Two long established local employers, Markel Insurance and Performance Food Group, have recently been named to the Fortune 500. This totals eight Fortune 500 companies in Richmond, enhancing the region's competitive edge at the national level.

As examples on either side of the wage scale, CoStar, which we reported in our Q1 newsletter to be adding 700 analyst and sales jobs in the market starting at \$60,000 annually, has announced that they anticipate adding an additional 200 jobs (900 total) to the area. Amazon, which already employs more than 2,000 locally, has recently leased additional distribution space to employ an additional 300 people.

The gain in new jobs throughout the area has put an increased demand on the current multifamily inventory, specifically on the Class B and Class C assets. This is due to the more entry-level positions coming to the market, incentivizing investors to turn their focus towards Class B and Class C opportunities with the goal of creating better living environments and fulfilling the demand for those employees who cannot afford the rents of Class A.

Top 25 Markets by Quarterly Effective Rent Growth	
MSA/Metropolitan Division	Annual Effective Rent Growth
Sacramento, CA	9.1%
Riverside, CA	6.0%
Seattle, WA	5.4%
Salt Lake City, UT	4.9%
Orlando, FL	4.8%
San Diego, CA	4.5%
Warren, MI	4.5%
Fort Worth, TX	4.4%
Phoenix, AZ	4.3%
Nassau-Suffolk, NY	4.1%
Las Vegas, NV	4.1%
Jacksonville, FL	3.8%
Atlanta, GA	3.7%
<b>Richmond, VA</b>	<b>3.6%</b>
Los Angeles, CA	3.5%
Anaheim, CA	3.4%
Minneapolis	3.3%
<b>National Average</b>	<b>2.2%</b>

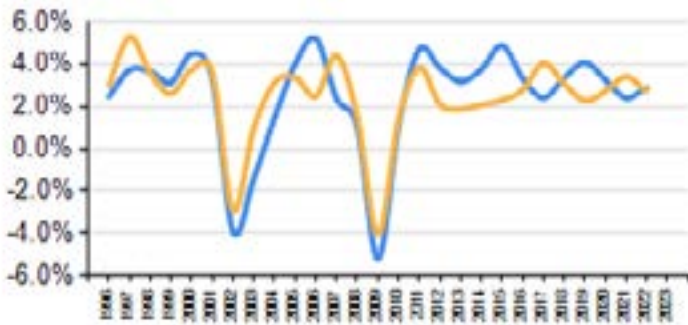
# MARKET METRICS

## Market Survey Results and Forecasts

	Sequential				Month	Annual						
	3Q16	4Q16	1Q17	2Q17	Jul-17	2015	2016	2017F	2018F	2019F	2020F	2021F
<b>Effective Rent Per Unit</b>	\$1,001	\$989	\$1,000	\$1,035	\$1,049	\$963	\$990	\$1,030	\$1,062	\$1,086	\$1,116	\$1,154
Per Sq. Ft	\$1.10	\$1.09	\$1.10	\$1.14	\$1.16	\$1.06	\$1.09	\$1.13	\$1.17	\$1.20	\$1.23	\$1.27
Effective Rent Growth - Annually	2.8%	2.4%	3.0%	3.6%	4.9%	2.3%	2.8%	4.0%	3.1%	2.3%	2.7%	3.4%
Effective Rent Growth - Quarterly	0.2%	-1.2%	1.1%	3.5%								
<b>Occupancy Rate</b>	95.2%	94.9%	94.8%	95.5%	95.7%	94.5%	95.0%	95.2%	94.7%	94.1%	94.6%	95.1%
Occupancy Change - Annually	0.3%	0.4%	0.2%	0.2%	1.1%	0.2%	0.5%	0.2%	-0.5%	-0.6%	0.5%	0.5%
Occupancy Change - Quarterly	0.0%	-0.3%	-0.2%	0.7%								
<b>Economic Concessions</b>												
Concession Value	-\$3.62	-\$7.23	-\$6.82	-\$4.69	-\$2.31	-\$5.91	-\$5.47					
As a % of Asking Rent	-0.4%	-0.7%	-0.7%	-0.5%	-0.2%	-0.6%	-0.5%					

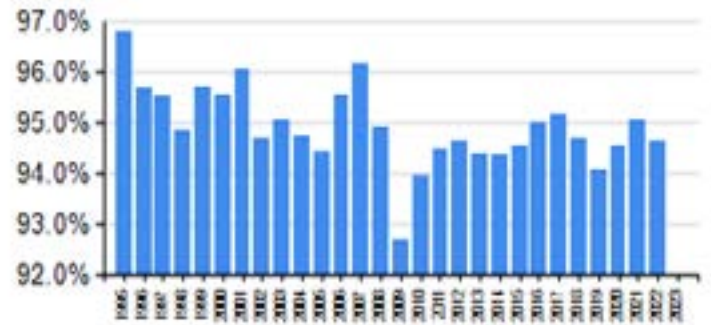
### Annual Effective Rent Growth

— National — Richmond, VA



### Annual Occupancy Rate

■ Richmond, VA



# SUPPLY AND DEMAND

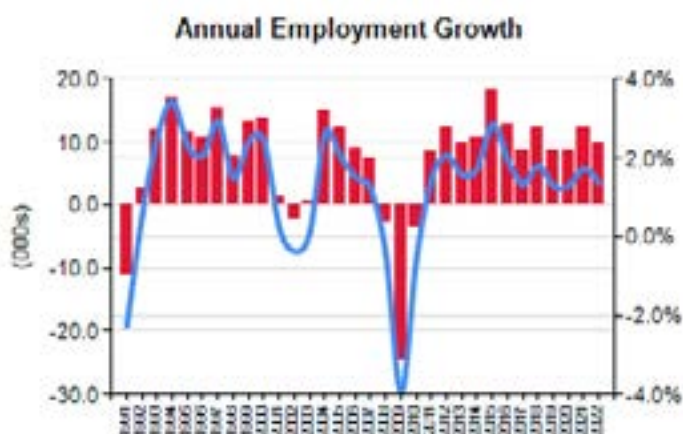
According to the Bureau of Labor Statistics, job growth in Richmond, VA Metro Area was 2.6% in July 2017, reflecting 17,100 jobs added during a 12-month period. The metro job growth figure was above the national number of 1.5%.

Axiometrics forecasts Richmond, VA Metro Area's job growth to be 1.5% in 2018, with 10,354 jobs added. Job growth is expected to average 1.2% from 2019 to 2021, with an average of 8,000 jobs added each year.

On the supply side, permits for 1,727 multifamily units were issued in the 12 months ending in June 2017, up 976 units from the prior year's sum. In terms of total residential housing, 6,078 units were permitted in the 12 months ending June 2017, an increase of 1,241 units from the prior year's total.

Market Employment and Permitting										
	Annual			July-17		Annual Forecast				
	2014	2015	2016	Market	National	2017F	2018F	2019F	2020F	2021F
<b>Employment (000s)</b>	633.3	651.5	664.3	680.9	146,368.0	674.6	684.9	691.6	698.5	708.9
Job Gain (000s)	10.7	18.1	12.8	17.1	2,165.0	10.3	10.4	6.7	6.9	10.4
Job Growth (%)	1.7%	2.9%	2.0%	2.6%	1.5%	1.5%	1.5%	1.0%	1.0%	1.5%
<b>Total Residential Permitting</b>	4,330	4,858	4,837	5,644	1,127,614	6,940	7,740	6,722	6,431	5,527
Relative Change	-10.4%	12.2%	-0.4%	20.6%	6.6%	43.5%	11.5%	-13.2%	-4.3%	-14.1%
Single Family Units Permitted	3,199	3,602	3,955	3,857	725,224					
Relative Change	-5.5%	12.6%	9.8%	9.8%	10.1%					
Multifamily Units Permitted	1,006	1,154	751	1,656	369,955					
Relative Change	-26.1%	14.7%	-34.9%	54.5%	0.0%					
Multifamily as a % of Total	23.2%	23.8%	15.5%	29.3%	32.8%					
<b>Demand/Supply Ratio</b>										
Job Gain / Total Residential Units Permitted	2.2	4.2	2.6	3.7	2.0	2.1	1.5	0.9	1.0	1.6
Job Gain / Single Family Units Permitted	3.2	5.7	3.6	4.9	3.3					
Job Gain / Multifamily Units Permitted	7.9	18.0	11.1	16.0	5.9					

Multifamily Absorption and Supply										
	Annual			2Q17		Annual Forecast				
	2014	2015	2016	Market	National	2017F	2018F	2019F	2020F	2021F
<b>Total Units Absorbed</b>	817	2,085	2,068	1,520	175,965	2,122	491	652	1,800	828
<b>New Supply</b>	1,224	1,679	1,837	1,659	363,579	1,951	1,364	1,252	883	667
<b>Inventory Growth</b>	1.4%	1.9%	2.0%	2.0%	1.4%	2.1%	1.5%	1.3%	0.9%	0.7%



# THE DEMAND SIDE

Richmond is a continually evolving and growing market. With 17,100 jobs added to the Richmond metro in a 12-month period through July 2017, majority of the individuals moving to the city for these jobs are millennials, which are the pulse of the multifamily sector. Strict zoning and entitlements within the MSA help to further insulate the market from new supply, which in turn increases demand.

Effective Rent Growth Ranking by Submarket					
Submarket	Rank	2Q17	LTA*	2017	2018-2021
Near West End	1	5.6%	2.3%	4.7%	3.0%
Hanover County	2	5.6%	2.6%	6.2%	3.1%
Northside/Laburnum	3	4.2%	3.5%	8.7%	3.1%
Southside/Broadrock	4	4.1%	1.9%	2.5%	2.8%
Far West End	5	4.0%	2.5%	4.7%	3.1%
Airport	6	3.7%	1.1%	3.1%	2.8%
Downtown/The Fan	7	3.6%	1.8%	2.7%	2.9%
Chesterfield County/Other	8	3.6%	1.8%	4.2%	2.8%
South Chesterfield	9	3.4%	2.3%	3.4%	2.9%
Southside/Westover Hills	10	2.4%	1.3%	3.7%	2.8%
North Chesterfield	11	2.3%	2.1%	2.4%	2.8%
Petersburg	12	-0.8%	0.3%	0.1%	2.6%
Market Average		3.5%	2.0%	3.9%	2.9%

The market's occupancy rate increased from 94.8% in 1Q17 to 95.5% in 2Q17, and was up from 95.3% a year ago. The market's occupancy rate was above the national average of 95.0% in 2Q17. For the forecast period, the market's occupancy rate is expected to be 94.7% in 2018, and average 94.6% from 2019 to 2021. The market's occupancy rate has averaged 94.5% since 3Q95.

Occupancy by Submarket					
Submarket	Rank	2Q17	LTA*	2017	2018-2021
Hanover County	1	97.5%	95.0%	96.3%	94.8%
Near West End	2	96.7%	96.7%	96.3%	95.4%
Far West End	3	96.5%	95.6%	96.0%	95.1%
Chesterfield County/Other	4	95.8%	92.4%	95.0%	93.8%
Airport	5	95.7%	95.1%	95.7%	95.2%
Southside/Broadrock	6	95.5%	90.6%	94.5%	94.6%
Downtown/The Fan	7	95.5%	96.4%	96.5%	96.0%
North Chesterfield	8	95.2%	93.5%	94.6%	94.3%
Southside/Westover Hills	9	95.1%	96.2%	95.1%	95.0%
Petersburg	10	94.0%	95.3%	93.5%	94.4%
South Chesterfield	11	92.6%	93.5%	92.3%	91.9%
Northside/Laburnum	12	92.1%	91.2%	92.3%	91.7%
Market Average		95.2%	94.3%	94.8%	94.4%

\*LTA - Long term average 1996 (or available) to current

# IDENTIFIED SUPPLY

As of August 13, 2017, Axiometrics has identified 1,466 apartment units scheduled for delivery in 2017, of which, 682 have been delivered. As a comparison, there were 1,746 apartment units delivered in 2016. Properties delivered to the market in the last 12 months have achieved an average asking rent of \$1,359 per unit, or \$1.59 per square foot. Effective rent has averaged \$1,329, or \$1.56 per square foot, resulting in an average concession value of \$-30.52. As a comparison, existing properties in the market had an average asking rent of \$1,040 per unit (\$1.14 per square foot) and an average effective rent of \$1,035 per unit, or \$1.14 per square foot, in 2Q17. Concessions for existing properties averaged \$-4.69.

Submarket Delivery Schedule											
Top Submarkets	Pipeline Delivery Schedule				Pipeline Lease Up Trend						
	2015	2016	2017	Total	Units Absorbed		Asking Rent		Effective Rent		
					Totals	PPM	Per Unit	PSF	Per Unit	PSF	
Downtown/The Fan	347	407	304	1,058	154	7	\$1,280	\$1.93	\$1,270	\$1.91	
Near West End	234	270	119	623	31	7	\$1,424	\$1.75	\$1,424	\$1.75	
North Chesterfield	457	319	189	965	16	1	\$1,382	\$1.56	\$1,274	\$1.44	
South Chesterfield			112	112	100	11	\$1,222	\$1.57	\$1,132	\$1.46	
Southside/Westover Hills	140	187	303	630	485	12	\$1,409	\$1.39	\$1,400	\$1.38	
Other	501	563	362	1,426	<b>786</b>	<b>8</b>	<b>\$1,354</b>	<b>\$1.60</b>	<b>\$1,325</b>	<b>\$1.57</b>	
<b>Richmond, VA</b>	<b>1,679</b>	<b>1,746</b>	<b>1,389</b>	<b>4,814</b>							

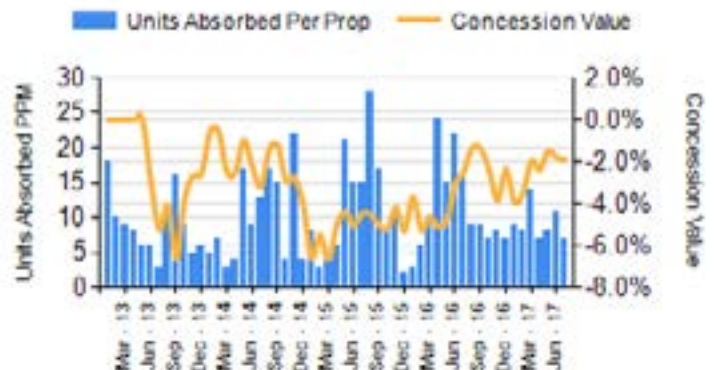
\*Based on 2017 deliveries

\*Trend based on a trailing 12 month period

### Identified Unit Deliveries



### Lease Up Performance



# RECENT SALES

We have utilized Real Capital Analytics for past transaction information on the most recent sales within the Richmond marketplace, from August 2016 to June 2017.

Date	Property Name	Address	City	Units	Year Built	Price in \$	\$/Units
Jun-17	The Argon	3805 Cutshaw Ave	Richmond	66	1988	10,558,000	87,983
Jun-17	Terraces at Manchester	800 Semmes Ave	Richmond	148	1945	19,676,350	87,450
Jun-17	2001 East	2001 E Broad St	Richmond	75	1946	3,700,000	25,694
May-17	Park at Forest Hill	3900 Forest Hill Ave	Richmond	81	1963	5,100,000	41,129
Mar-17	Laurel Pines Apartments	4123 E Wood Harbor Ct	Montrose	120	1986	23,950,000	89,366
Feb-17	Lofts at Commerce	700 Stockton St	Richmond	225	1975	19,200,000	83,843
Jan-17	Bellevue Land Apartments	3935 Chamberlayne Ave	Richmond	144	1976	8,375,000	84,596
Dec-16	Webster Court	400 Mars St	Petersburg	89	1940	5,700,000	98,276
Dec-16	Hawthorne Hall	3505 Chamberlayne Ave	Richmond	124	1956	5,500,000	56,122
Nov-16	Maple Springs Apartment Homes	5624 Maple Run Ln	Laurel	268	1974	3,300,000	20,625
Nov-16	Sunrise Apartments	705 Pool Rd	Chesterfield	229	2003	5,500,000	62,500
Oct-16	4053 Old Brook Rd	4053 Old Brook Rd	Richmond	99	1979	3,055,000	40,197
Aug-16	Ram Cat Alley	111 W Marshall St	Richmond	58	1973	2,900,000	22,656
Aug-16	The Birches Apartments	1307 And 1224 W Graham Rd 2318 Cecil Rd An	Richmond	98	1985	23,320,000	110,000
Aug-16	Audubon Village II	4633 Needham Ct	Sandston	160	1985	28,500,000	91,346
Aug-16	Riverview	205 Archer Ave	Colonial Heights	88	1973	6,250,000	43,403

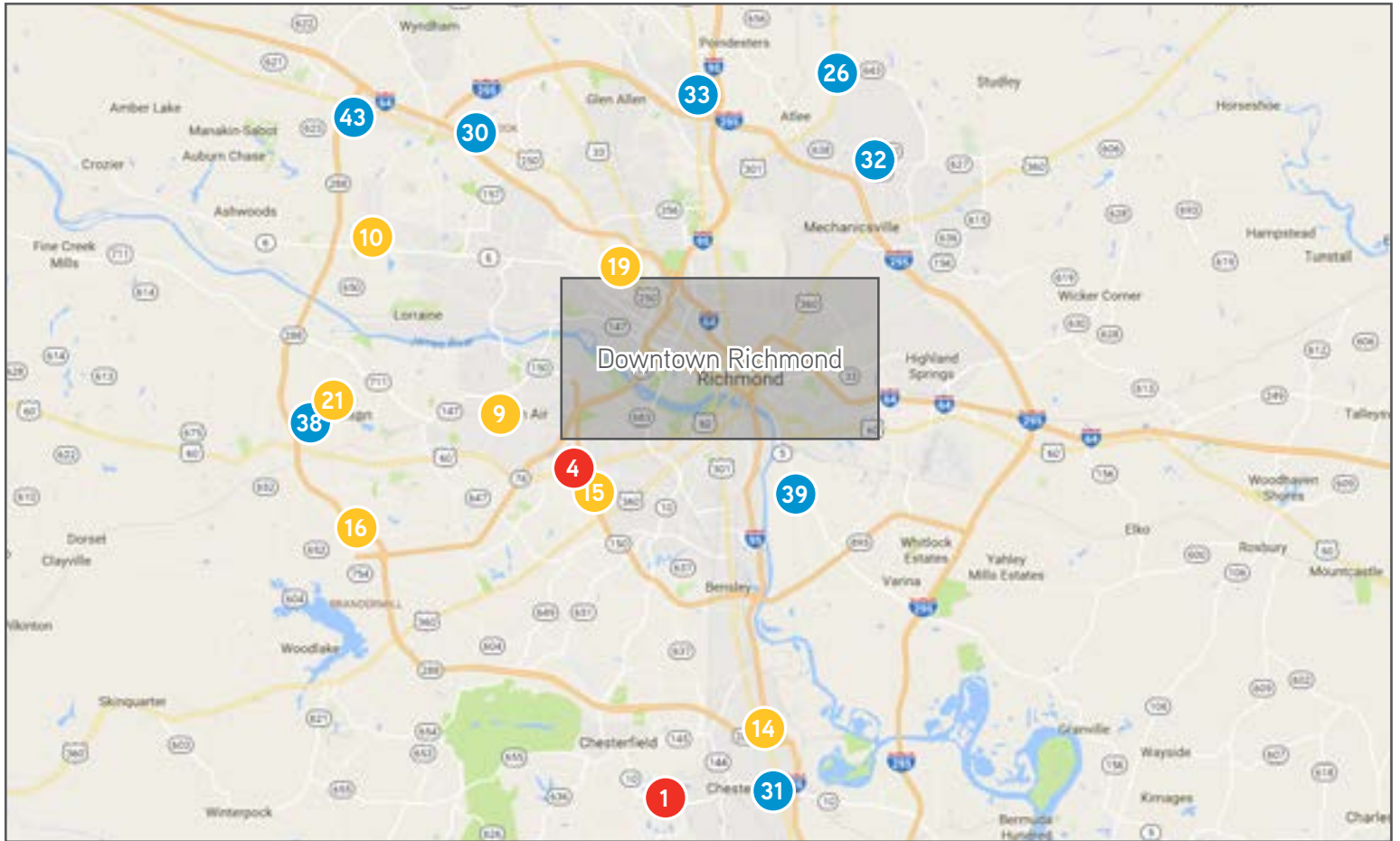


# PIPELINE DETAIL

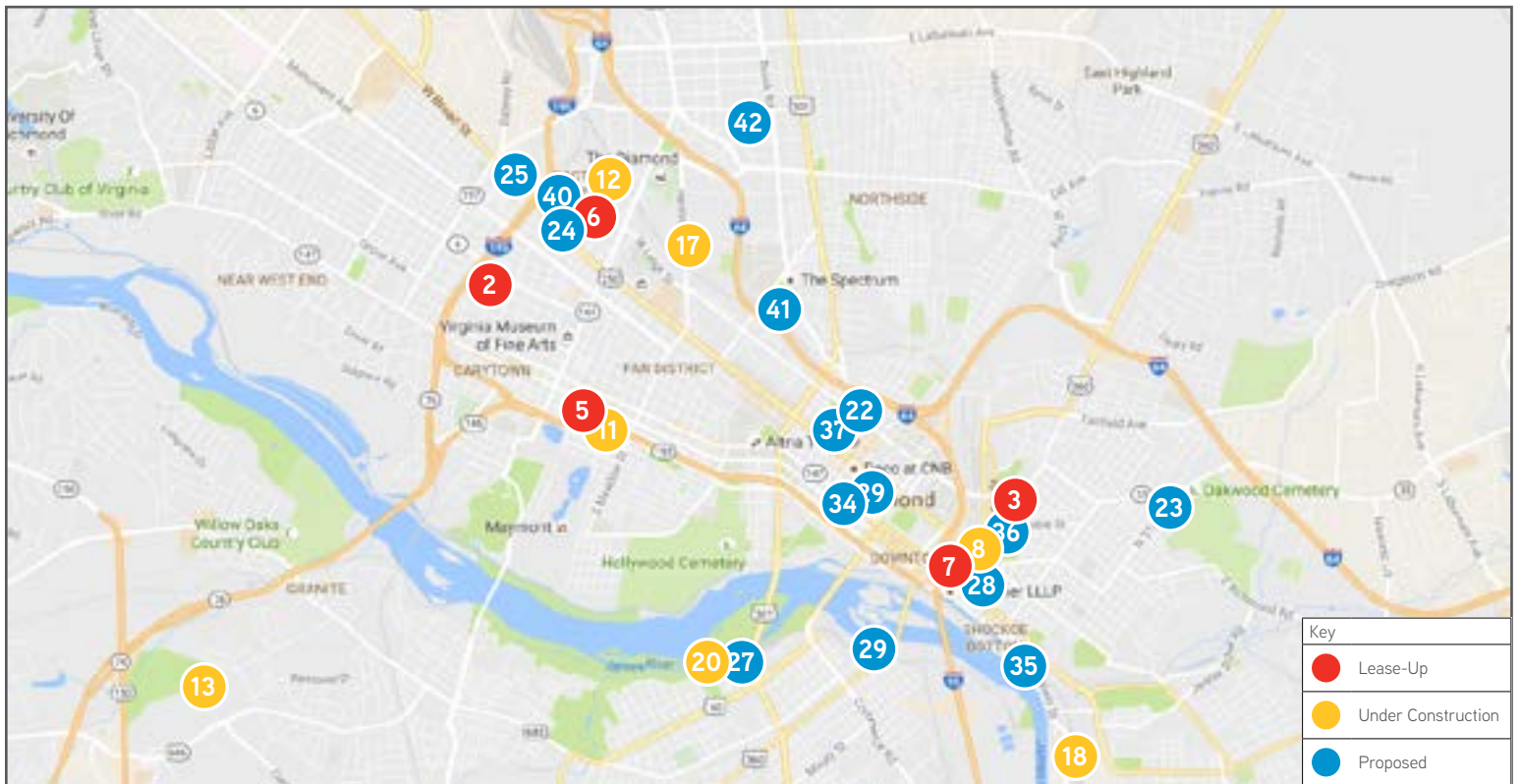
#	Name	Status	Owner	Address	Market	Units	
<b>Lease-Up</b>						<b>Total Units</b>	<b>959</b>
1	Ironbridge Road Apartments	Lease Up	Surber Development and Consulting	6700 Iron Creek Rd	Chesterfield County	80	
2	Carytown Crossing	Lease Up	Oliver Properties	3500 Kensington Ave	The Museum District	50	
3	Shockoe Valley View Apartments	Lease Up	Genesis Properties	1904 Cedar St	Upper Shockoe Valley	238	
4	Element at Stonebridge	Lease Up	Boyd Homes	301 Karl Linn Dr	Chesterfield County	263	
5	Cary Street Station	Lease Up	The Monument Companies, LLC	101 S Davis Ave	The Fan	162	
6	Courtyard Lofts at Scott's Addition	Lease Up	Cushman & WakefieldThathimer Property Management	3200 W Clay St	Near West End	90	
7	The Overview	Lease Up	Historic Housing Ltd.	1817 E Main St	Shockoe Bottom	76	
<b>Under Construction</b>						<b>Total Units</b>	<b>3,132</b>
8	Valley West Apartments	Under Construction	Emerson Builders	100 N 20th St	Shockoe Bottom	160	
9	James River at Stony	Under Construction	Wood Partners	Chippenham Pky	Stony Point	282	
10	Bristol at West Creek	Under Construction	Bristol Development Group	12000 W Creek Pky	Goochland County	373	
11	GRTC Phase II	Under Construction	The Monument Companies, LLC	101-S S Davis Ave	The Fan	174	
12	Symbol Mattress Multi-Family Development	Under Construction	Spy Rock Real Estate Group	1814 Highpoint Ave	Scott's Addition	202	
13	The Village at Westlake	Under Construction	The Breeden Company	6508 Jahnke Rd	Jahnke	252	
14	Colony Village Phase II	Under Construction	Plus Management	10220 Jefferson Davis Hwy	Chesterfield County	166	
15	Element at Stonebridge Phase II	Under Construction	Boyd Homes	301 Karl Linn Dr	Chesterfield County	137	
16	Abberly at CenterPointe	Under Construction	University Of Virginia	1900 Brandermill Pky	Midlothian	271	
17	Overbrook Lofts	Under Construction	Henry Salomonsky	1650 Overbrook Rd	The Diamond	173	
18	Rocketts Landing Apartments	Under Construction	The WVS Companies LLC	212 Rocketts Way	Eastern Henrico County	156	
19	Gumenick Apartments	Under Construction	Gumenick Properties	5001 Libbie Mill Blvd E	Western Henrico County	327	
20	Reynolds South Tower	Under Construction	Purcell Construction Corp	505 Porter St	Old Town Manchester	213	
21	Midlothian Town Center Apartments	Under Construction	CMB Development, LLC	1300 Winterfield Rd	Midlothian	246	
<b>Proposed</b>						<b>Total Units</b>	<b>4,556</b>
22	Jackson Place	Proposed	CPDC, Inc.	N 1st St	Jackson Ward	174	
23	Church Hill North	Proposed	City Of Richmond	1611 N 31st St	Church Hill North	155	
24	3200 W Broad St	Proposed	Better Housing Coalition	3200 W Broad St	Scott's Addition	150	
25	Belmont Apartments	Proposed	2252 Llc	4000 W Broad St	Sauer's Gardens	238	
26	Chamberlayne Rd @ New Ashcake Rd	Proposed	Edge Development Partners	Chamberlayne Rd @ New Ashcake Rd	Hanover County	286	
27	Manchester on the James	Proposed	Northwood Ravin	700 Cowardin Ave	Woodland Heights	200	
28	2201 E Franklin St	Proposed	The Monument Companies, LLC	2201 E Franklin St	Shockoe Bottom	59	
29	Fountainhead MF Project	Proposed	Fountainhead Properties	115 Hull St	Old Town Manchester	225	
30	4235 Innslake Dr	Proposed	Wam Associates Llc	4235 Innslake Dr	Western Henrico County	350	
31	Moore's Lake Apartments - Phase I & II	Proposed	Plus MGT	12310 Jefferson Davis Hwy	Chesterfield County	285	
32	Big Oak at Bell Creek	Proposed	Stanley Shield, Inc	Left Flank Rd	Hanover County	331	
33	Kotarides River Mill	Proposed	Kotarides	Magnolia Ridge Dr & Brook	Western Henrico County	285	
34	CMB Multi-Family Development: Phase II	Proposed	CMB Development, LLC	519 E Main St	City Center	84	
35	James at River Bend	Proposed	Historic Housing Ltd.	2825 E Main St	Shockoe Bottom	100	
36	1903 E Marshall St	Proposed	GTR Cedar, LLC	1903 E Marshall St	Upper Shockoe Valley	178	
37	Marshall Lofts	Proposed	EGP Properties LLC	2 W Marshall St	Jackson Ward	167	
38	Winterfield Crossing Apartments	Proposed	Blackwood Development Co.	14210 Midlothian Tpke	Midlothian	250	
39	Oakland Chase Phase II	Proposed	United Property Associates	6418 Oak Front Ct	Eastern Henrico County	150	
40	Scott's View	Proposed	Historic Housing Ltd.	1400 Roseneath Rd	Scott's Addition	258	
41	1207 School St	Proposed	Spy Rock Real Estate Group	1207 School St	Virginia Union	200	
42	Canopy at Ginter Park	Proposed	Bristol Development Group	1311 Westwood Ave	Sherwood Park	301	
43	Tuckahoe Pines	Proposed	Resort Lifestyle Communities	Wilkes Ridge Pky	Goochland County	130	
<b>Total Units</b>						<b>8,647</b>	

# PIPELINE MAPS

## Richmond



## Downtown Richmond





# OUR PROVEN TRACK RECORD

## Recent Closings

				
Property	Wellesley Terrace	Hickory Creek	Champions Club	Park West End
Address	3807 Chase Wellesley Dr Henrico, VA 23233	2344 Hickory Creek Dr Henrico, VA 23294	4200 Harwin Place Glen Allen, VA 23060	5300 Glenside Drive Richmond, VA 23228
Vintage	1989	1984	1987	1985
Units	340	294	212	312
Occupancy	93.8%	95.0%	97.6%	95.2%
Avg SF	852	932	778	721
Avg Rent	\$1,084	\$957	\$888	\$822
Rent PSF	\$ 1.27	\$1.03	\$1.14	\$1.14
Closing Date	July 11, 2017	June 21, 2016	July 11, 2016	July 11, 2016

“We were extremely pleased with the East Region team and its ability to attract an incredible amount of interest in our 3 assets. The number of offers received and the end results exceeded our expectations. They have a talented group who was a pleasure to work with. Their performance stands out against any of the groups we work with nationally.”

*Nels Billsten, Vice President | CORE Realty Holding Management*

## WE CAN HELP YOU

As an investor in multifamily properties, you need a firm that provides experience, broad reach and the ability to market an asset no matter how challenging the economic environment. You need a team that specializes in your **market** you need the East Region Multifamily Advisory Group.

Colliers International has one of the largest and most experienced teams in the industry, strategically located in key markets throughout North America. Our combination of market dominance, expertise, and singular focus, make us uniquely successful in helping our clients achieve their disposition objectives.

How are we able to bring together the skills and tools necessary to complete challenging assignments? Our East Region Multifamily Advisory Group is connected by purpose and focus. Our team is dedicated to sharing information on market opportunities, capital sources and buyers/sellers to achieve the best results for our clients.



# RICHMOND IN THE NEWS



## The 25 Cities Where Millennials Are Moving,

by David Johnson, TIME U.S.

Richmond's uptick in millennials — a 14.9% increase from 2010 to 2015 in the metro area — is no surprise because of the increased job growth and redevelopments going on in the city's core, creating the live, work, play atmosphere.

### 25 Cities Where Millennials Are Moving - Millennial Change 2010-2015 (%)

Virginia Beach-Norfolk- Newport News, VA-NC	16.4%
<b>Richmond, VA</b>	<b>14.9%</b>
Riverside-San Bernardino- Ontario, CA	11.7%
Memphis, TN-MS-AR	9.5%
New Orleans-Metairie, LA	8.5%
Austin-Round Rock, TX	6.6%
Pittsburgh, PA	6.6%
Baltimore-Columbia- Towson, MD	6.5%
Boston-Cambridge-Newton, MA-NH	6.5%
Miami-Fort Lauderdale-West Palm Beach, FL	6.4%

\* David Johnson, TIME U.S.



## Richmond Population up Almost 19,000 Since 2010, the Church Hill People's News

New data from the U.S. Census Bureau puts the Richmond population at 223,170 people as of July 2016. This is an increase of over 1% from last year, and up almost 19,000 from the 2010 count of 204,214.

The city's population peaked at just over 249,000 in 1970, fell to a low under 190,000 sometime in the mid-1990s, and began to gain traction again in the mid-2000s. It was only in 2014 that the population of the East End began to rise again after falling since at least 1990.



## Richmond Area Outpaces State and Nation in Job Growth, Carol Hazard, the Richmond Times-Dispatch

"The Richmond metropolitan area still rates 13th best among large metro areas in the nation," said senior economist Ann Lang at the Virginia Employment Commission.

The civilian labor force in the Richmond area totaled 667,191 in February, with 639,124 people employed and 28,067 seeking unemployment benefits, according to the report. That compares with a labor force of 652,420 in February 2015 with 618,309 people working and 34,111 seeking unemployment benefits.



## Richmond is Growth Central for Rapidly Expanding CoStar, Carol Hazard, the Richmond Times-Dispatch

CoStar plans to hire as many as 730 people — most in the \$60,000 annual salary range — from the Richmond area over the next couple of years.

It will invest nearly \$8.2 million in the office building, which will become growth central for the rapidly expanding company, said CoStar founder and CEO Andrew C. Florance. It will infuse \$250 million into the Richmond economy over the next several years.

The cost of living here — with apartment rates less than half the going price of \$2,300 a month in the D.C. area — is one of the main reasons CoStar chose Richmond; that and minimal traffic congestion compared with Washington.

## WHO WE ARE

One of the largest and most experienced teams of multifamily specialists in the industry

MORE THAN  
**50**

Dedicated Multifamily Professionals & Advisors

COVERING OVER  
**20**  
STATES

Expansive geographic footprint

MORE THAN  
**33,500**

Units sold since 2011



**\$2.3<sup>B</sup>**

Group gross transaction value since 2011



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