



# Q1 2023 MULTIFAMILY MARKET REPORT

# Multifamily Market - Key Trends Snapshot

## Multifamily Market

Rental demand in Virginia remains strong, though the intensity has eased over the past year or so. Vacancy rates are up and rent growth has slowed across property types and regions. The pipeline of new construction remains robust, though the pace of deliveries has waned.

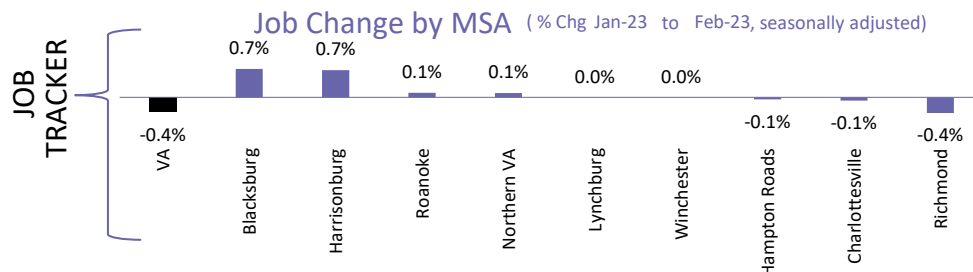
Virginia has fully recovered net jobs lost during the pandemic, and the job base has grown by nearly 42,000 jobs statewide since January of 2020. At the region-level, all but three MSAs have fully recovered their job base, and two of those, Charlottesville and Lynchburg, are just 800 jobs shy of full recovery. The Hampton Roads region has about 8,200 fewer jobs than pre-pandemic levels, but those are mostly hospitality and tourism related jobs, the sector that lost the most jobs during this time period.

Net multifamily absorption remains positive statewide, but has slowed down considerably from a year ago. There were nearly 800 multifamily units absorbed in Virginia in Q1-2023, down from more than 3,100 this time last year. Two of the three largest multifamily markets had positive absorption this quarter. Northern Virginia had nearly 500 multifamily units absorbed in the first quarter, and there were nearly 400 units absorbed in the Richmond market. Hampton Roads had a net decrease of about 300 units absorbed.

After tightening in 2021, vacancy in Virginia's multifamily market increased throughout 2022, and this has continued into 2023. The statewide multifamily vacancy rate in Q1-2023 was 6.1%, the highest it has been in five years. This reflects the impact of rising inflation on household budgets coupled with a solid influx of new deliveries that have been coming online, as many renters are opting to remain in place instead of looking for more expensive and newer apartment options. The highest vacancy rate this quarter was in the Richmond market (7.3%).

Multifamily rent growth continues to slow down in Virginia. The average effective rent statewide rose 3.6% in Q1-2023 from a year ago, a smaller growth rate than the previous eight quarters. Rents rose at a similar clip for mid-rise and high-rise apartments (+4.0%), and also garden-style and low-rise units (+3.4%).

The pipeline of multifamily construction in Virginia continues to grow, up 8.8% in Q1-2023. New deliveries, however, have slowed down considerably from last year (-33.1%). Most of the construction growth has been in Northern Virginia. The one bright spot for deliveries this quarter was in the Richmond Market (+26.6%).



## VIRGINIA (Statewide)



### Market Indicator Dashboard

	YoY Chg	Q1-2023	Indicator
% chg	1.8%	662,946	<b>Total Inventory</b> (units)
units	-2,387	771	<b>Net Absorption</b> (units)
pct point	1.4%	6.1%	<b>Vacancy Rate</b> (%)
\$ per unit	\$56	\$1,626	<b>Avg. Effective Rent Per Unit</b> (\$ per unit)
\$ per sq. ft	\$0.07	\$1.80	<b>Avg. Effective Rent Per Sq. Ft</b> (\$ per sq. ft)
units	-1,443	2,914	<b>New Supply Delivered</b> (units)
units	2,543	31,336	<b>Under Construction</b> (units)



### Economic Indicator Dashboard

	MoM % Chg	Feb-23	Indicator
% chg	-0.4%	4.1	<b>Total Jobs</b> (in millions, seasonally adjusted)
pct point	0	3.2%	<b>Unemployment Rate</b> (% seasonally adjusted)
pct point	QoQ Chg -0.6%	Q4-2022 2.6	<b>Gross Domestic Product</b> (% chg from prior year)

# Report Index

## Virginia Multifamily Market

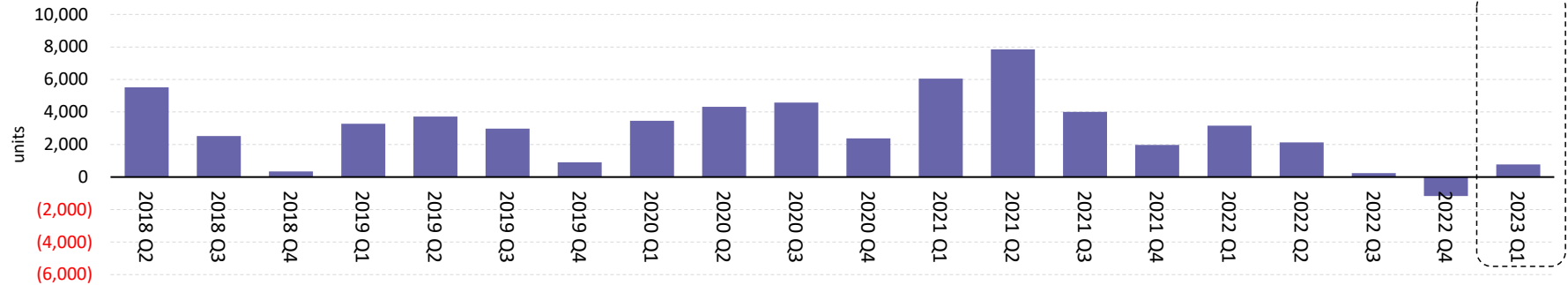
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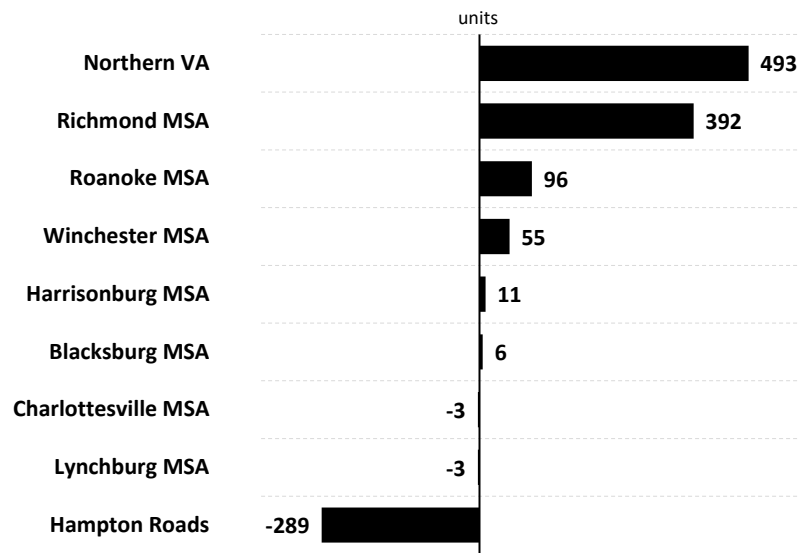
# Multifamily Market - Absorption & Construction Trends

## VIRGINIA (Statewide)

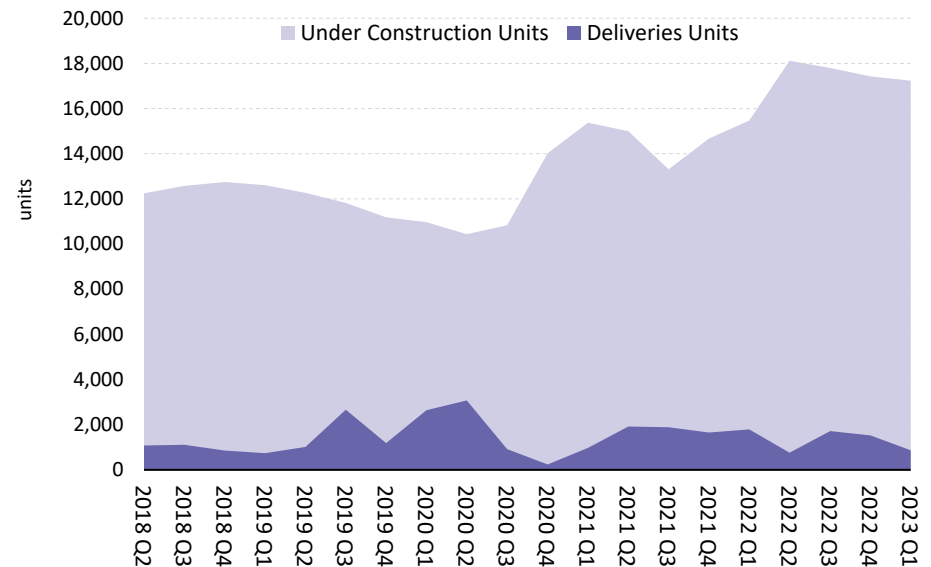
Net Absorption (units)



Q1-2023 Net Absorption by Metro Area (units)

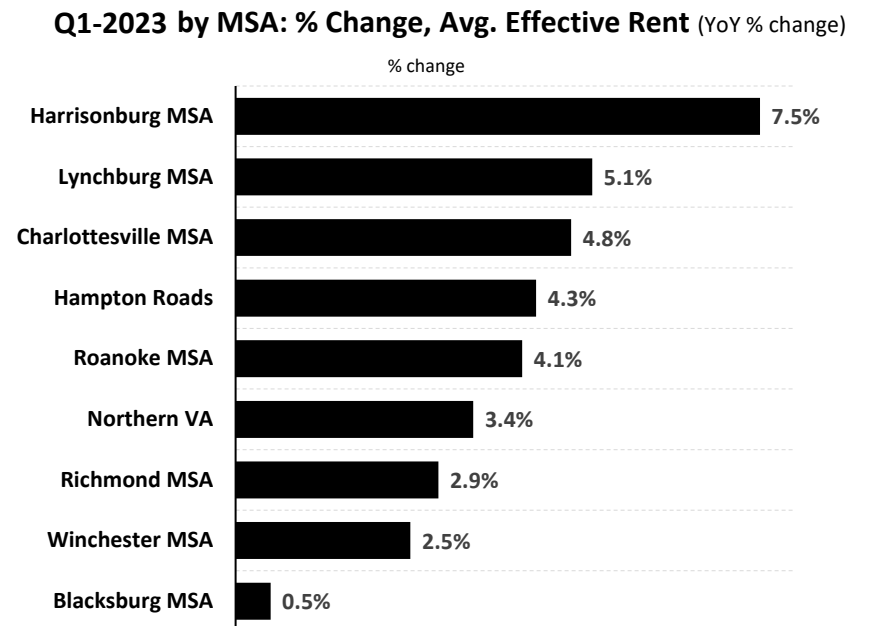
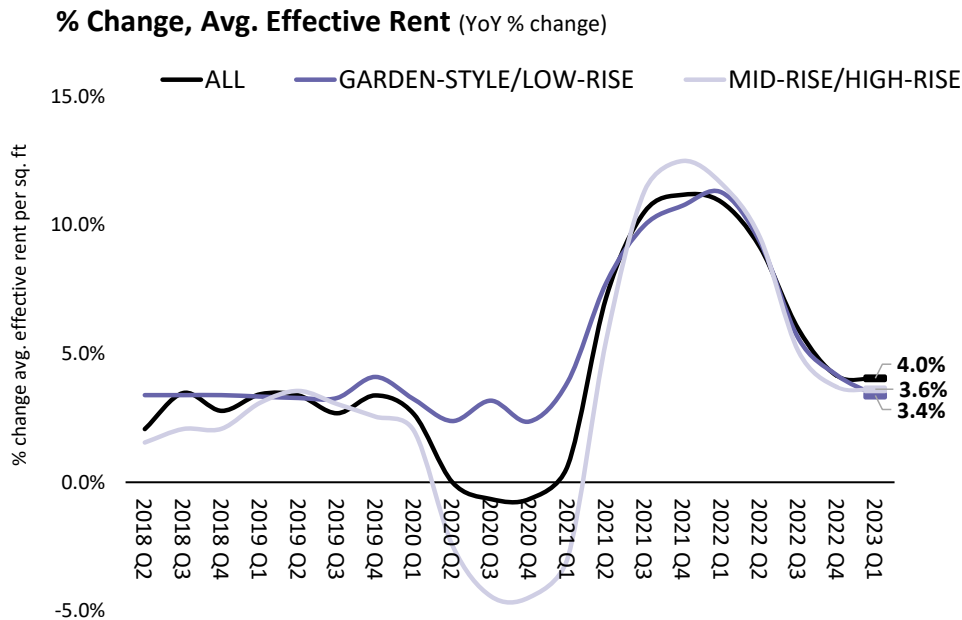
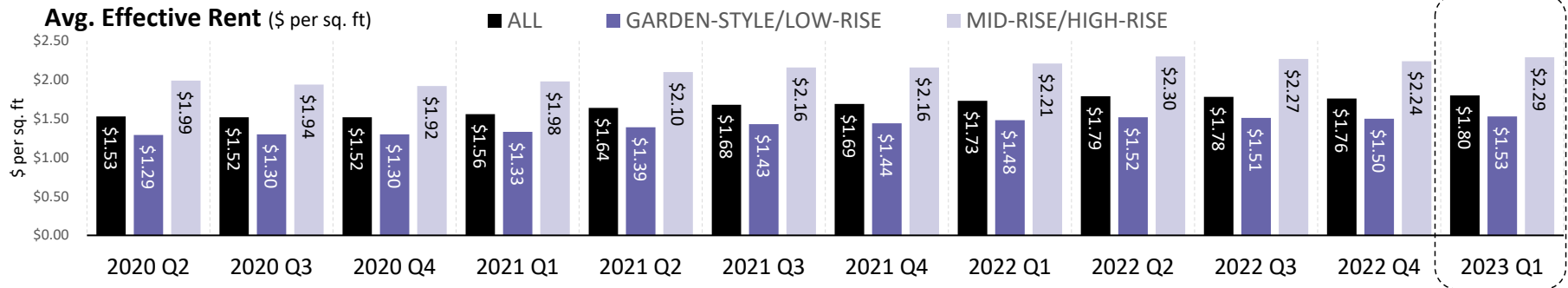


Under Construction & Net Deliveries (units)



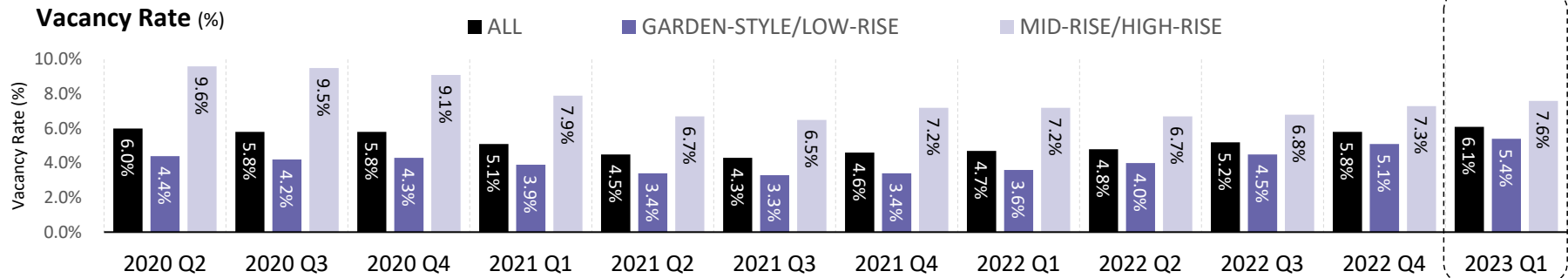
# Multifamily Market - Rent Trends

## VIRGINIA (Statewide)

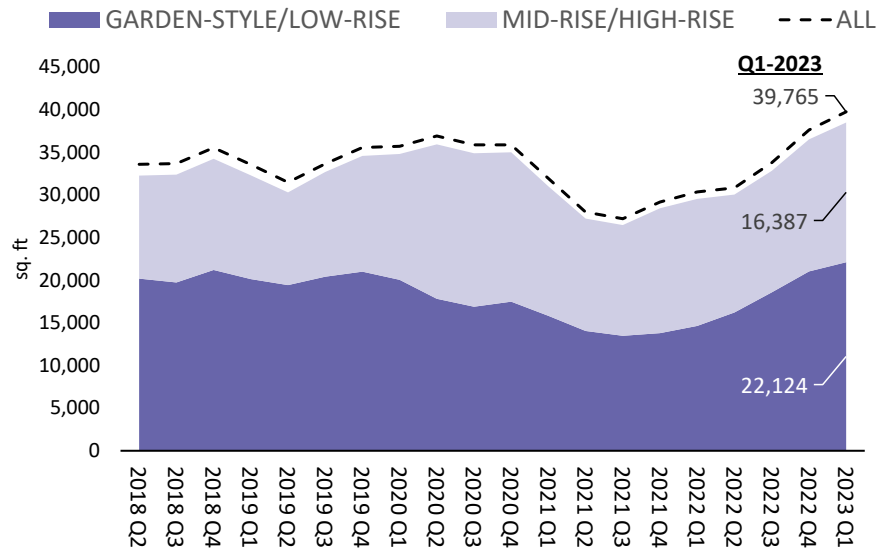


# Multifamily Market - Vacancy Trends

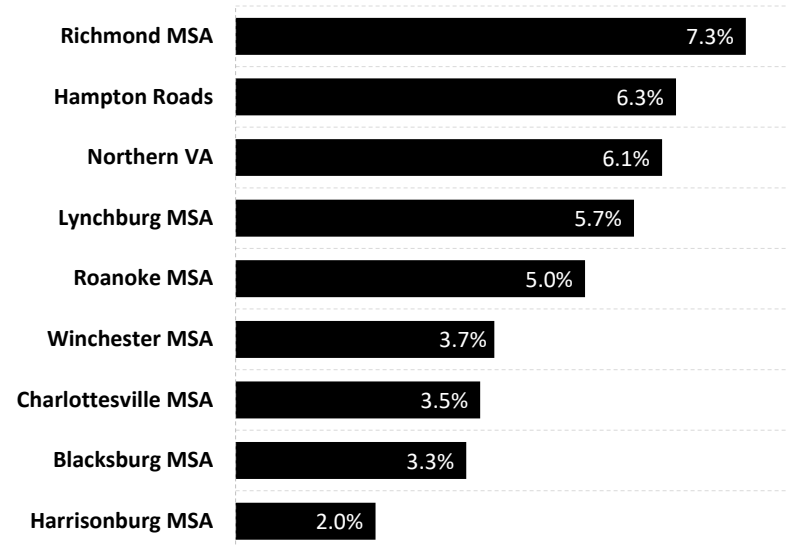
## VIRGINIA (Statewide)



## Vacant Inventory (sq. ft)



## Q1-2023 Multifamily Vacancy Rate by MSA



# MSA TRENDS

METROPOLITAN STATISTICAL AREA

Q1  
2023

Virginia  
REALTORS'  
MULTIFAMILY  
Market Report



*Snapshot of Multifamily Market Conditions Around Virginia*

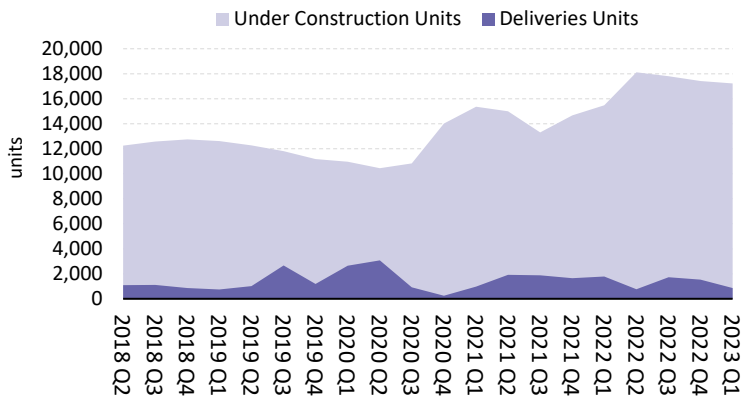
# Multifamily Market - MSA Trends

## NORTHERN VIRGINIA

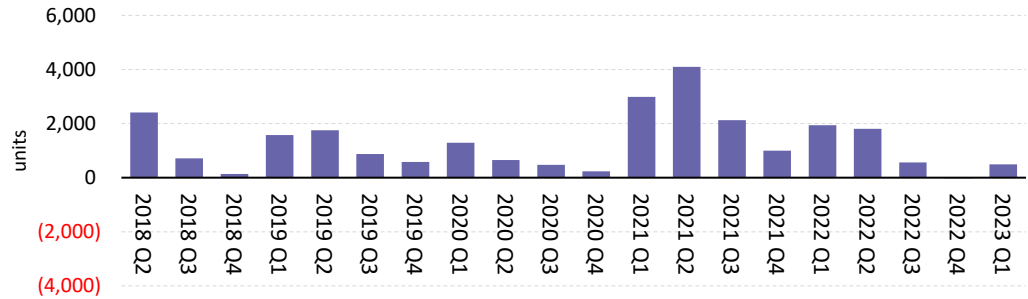
### Local Market Indicator Dashboard

	Q1-2023	YoY Chg
Total Inventory (units)	264,725	1.9% % chg
Vacancy Rate (%)	6.1%	0.1% pct points
Net Absorption (units)	493	-1,450 units
Avg. Effective Rent (\$/per unit)	\$2,045	\$68 \$ per unit
Avg. Effective Rent (\$/per sq. ft)	\$2.26	\$0.07 \$ per sq. ft
Under Construction (units)	17,236	1,763 units

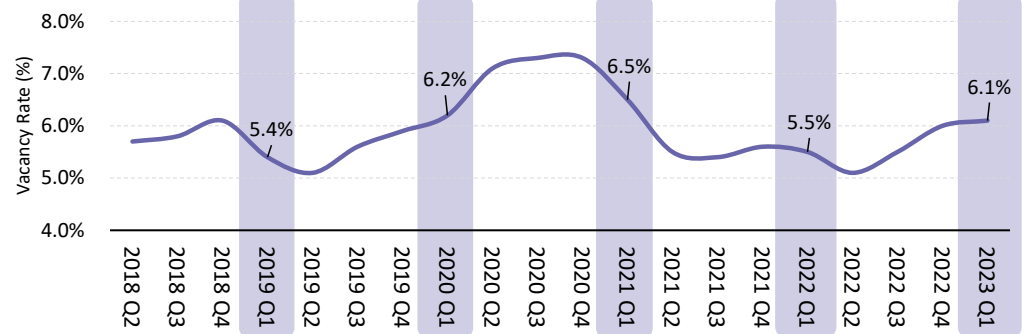
### Under Construction & Net Deliveries (units)



### Net Absorption (units)



### Vacancy Rate (%)



### Avg. Effective Rent (\$ per sq. ft)





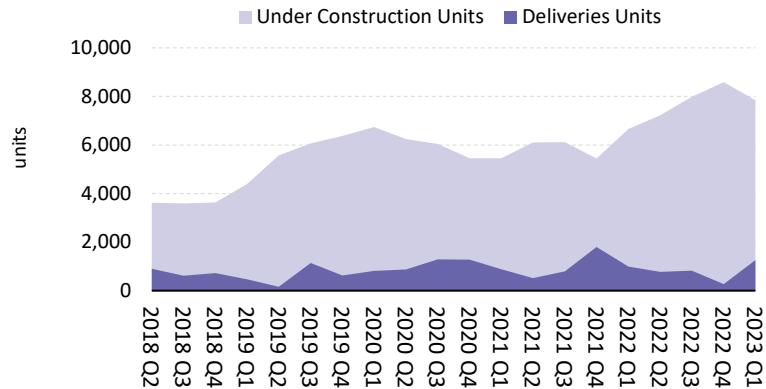
# Multifamily Market - MSA Trends

## RICHMOND MSA

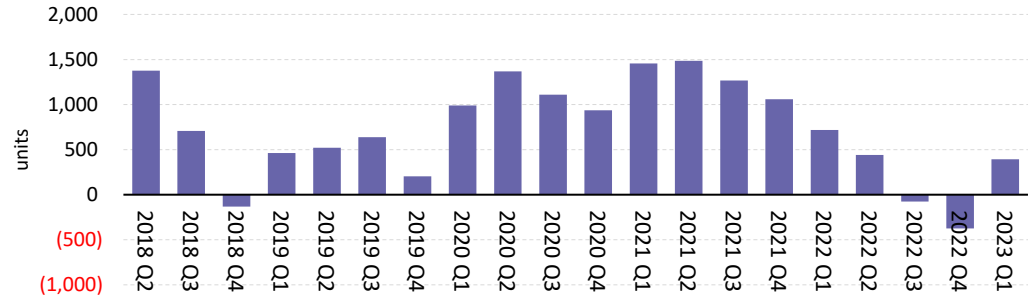
### Local Market Indicator Dashboard

	Q1-2023	YoY Chg
Total Inventory (units)	<b>130,464</b>	<b>2.4%</b> % chg
Vacancy Rate (%)	<b>7.3%</b>	<b>1.9%</b> pct points
Net Absorption (units)	<b>392</b>	<b>-327</b> units
Avg. Effective Rent (\$/per unit)	<b>\$1,378</b>	<b>\$39</b> \$ per unit
Avg. Effective Rent (\$/per sq. ft)	<b>\$1.56</b>	<b>\$0.04</b> \$ per sq. ft
Under Construction (units)	<b>7,842</b>	<b>1,180</b> units

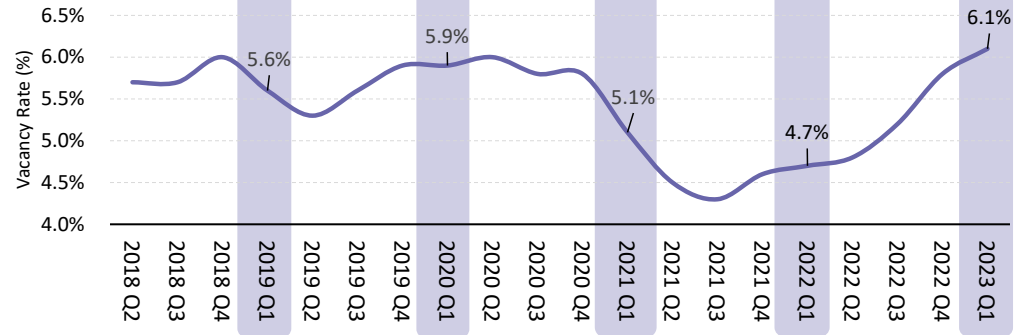
### Under Construction & Net Deliveries (units)



### Net Absorption (units)



### Vacancy Rate (%)



### Avg. Effective Rent (\$ per sq. ft)



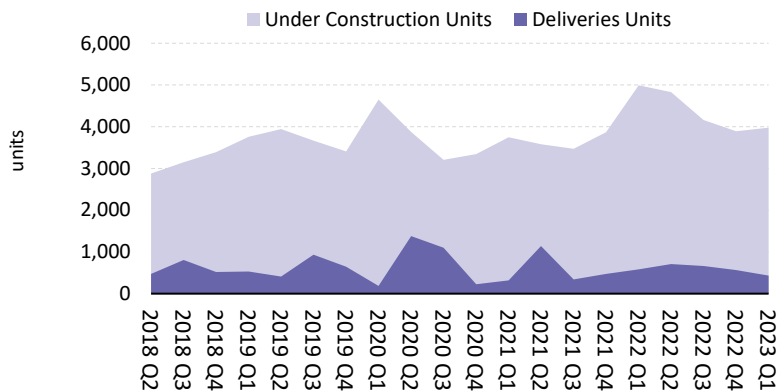
# Multifamily Market - MSA Trends

## HAMPTON ROADS

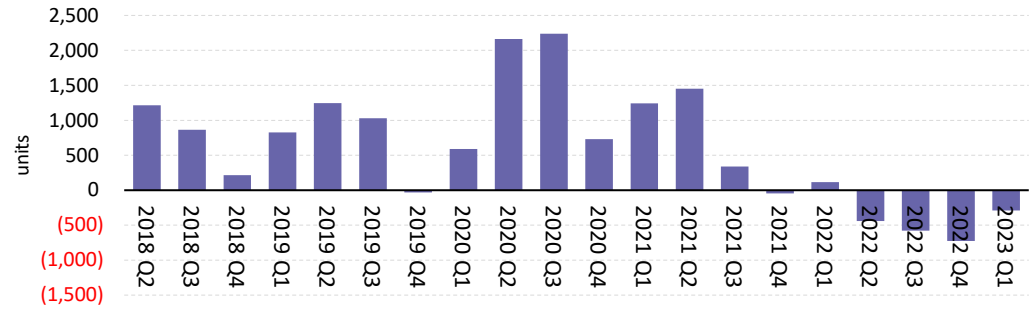
### Local Market Indicator Dashboard

	Q1-2023	YoY Chg
Total Inventory (units)	<b>173,350</b>	<b>1.4%</b> % chg
Vacancy Rate (%)	<b>6.3%</b>	<b>2.6%</b> pct points
Net Absorption (units)	<b>(289)</b>	<b>-406</b> units
Avg. Effective Rent (\$/per unit)	<b>\$1,344</b>	<b>\$56</b> \$ per unit
Avg. Effective Rent (\$/per sq. ft)	<b>\$1.45</b>	<b>\$0.06</b> \$ per sq. ft
Under Construction (units)	<b>3,976</b>	<b>-1,016</b> units

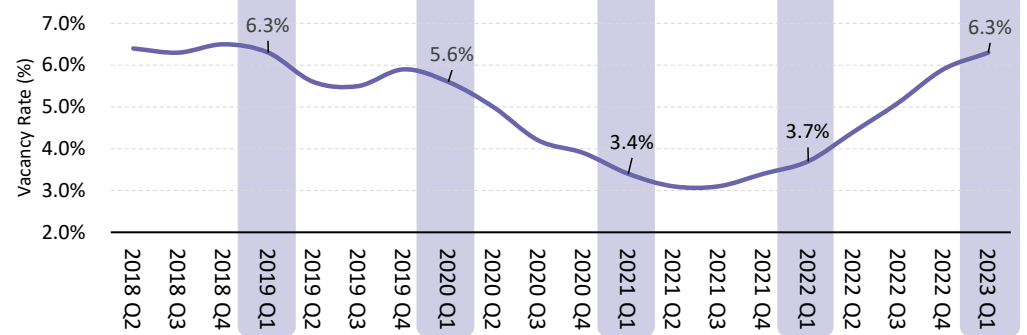
### Under Construction & Net Deliveries (units)



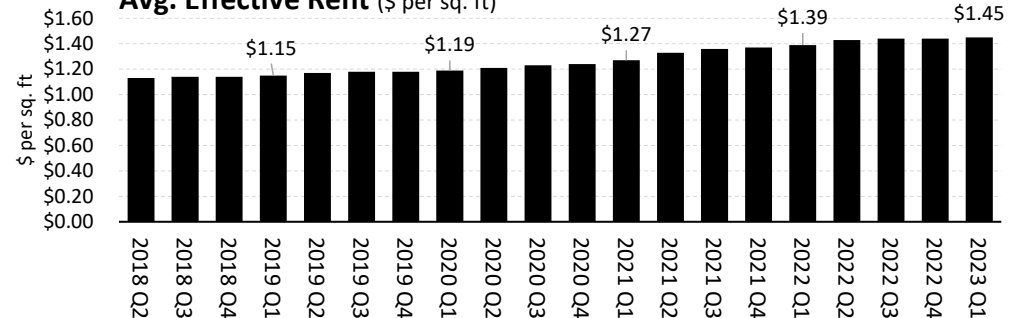
### Net Absorption (units)



### Vacancy Rate (%)



### Avg. Effective Rent (\$ per sq. ft)



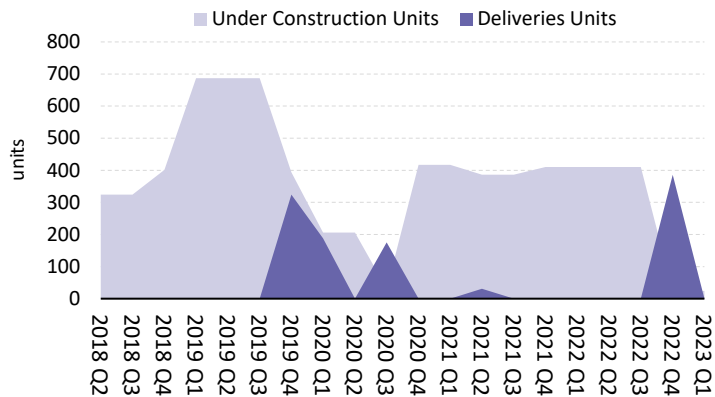
# Multifamily Market - MSA Trends

## ROANOKE MSA

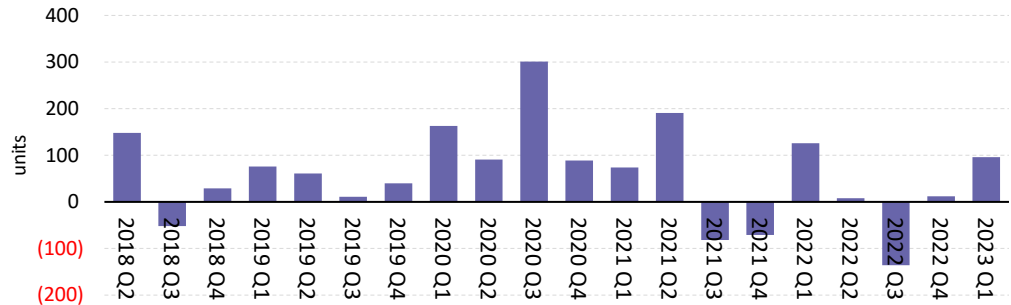
### Local Market Indicator Dashboard

	Q1-2023	YoY Chg
Total Inventory (units)	19,662	2.0% % chg
Vacancy Rate (%)	5.0%	2.0% pct points
Net Absorption (units)	96	-30 units
Avg. Effective Rent (\$/per unit)	\$1,036	\$41 \$ per unit
Avg. Effective Rent (\$/per sq. ft)	\$1.17	\$0.04 \$ per sq. ft
Under Construction (units)	24	-386 units

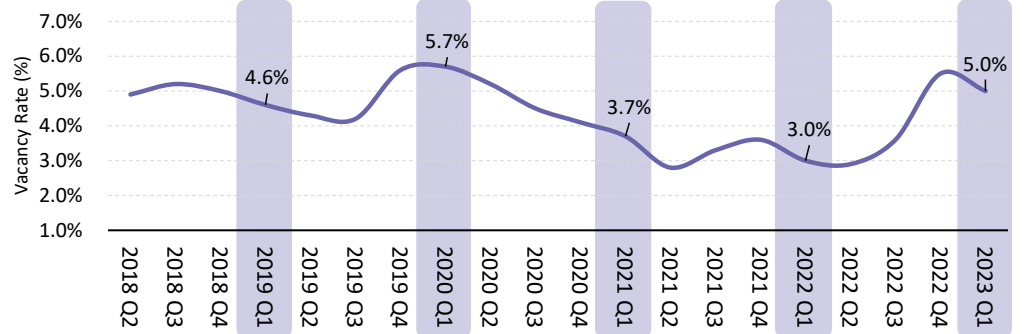
### Under Construction & Net Deliveries (units)



### Net Absorption (units)



### Vacancy Rate (%)



### Avg. Effective Rent (\$ per sq. ft)



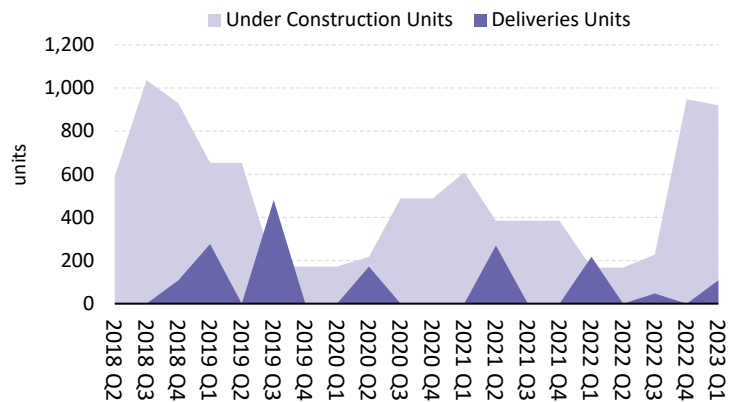
# Multifamily Market - MSA Trends

## LYNCHBURG MSA

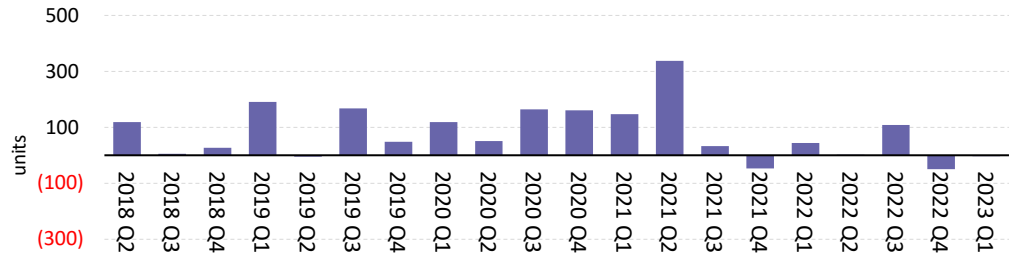
### Local Market Indicator Dashboard

	Q1-2023	YoY Chg
Total Inventory (units)	<b>13,288</b>	<b>1.2%</b> % chg
Vacancy Rate (%)	<b>5.7%</b>	<b>0.7%</b> pct points
Net Absorption (units)	<b>(3)</b>	<b>-47</b> units
Avg. Effective Rent (\$/per unit)	<b>\$1,057</b>	<b>\$51</b> \$ per unit
Avg. Effective Rent (\$/per sq. ft)	<b>\$1.10</b>	<b>\$0.05</b> \$ per sq. ft
Under Construction (units)	<b>920</b>	<b>753</b> units

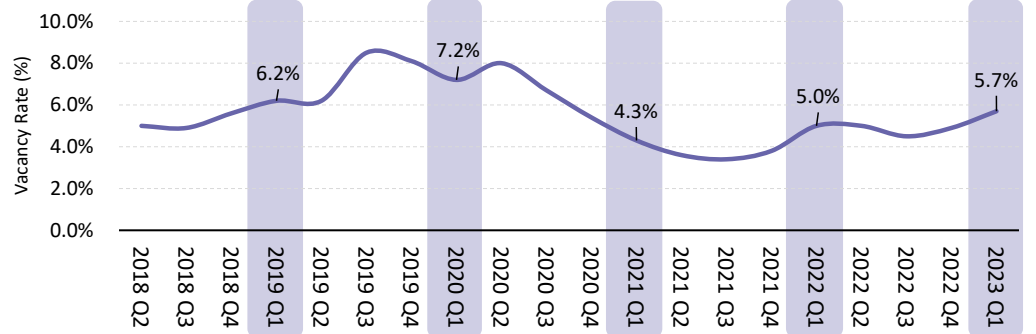
### Under Construction & Net Deliveries (units)



### Net Absorption (units)



### Vacancy Rate (%)



### Avg. Effective Rent (\$ per sq. ft)



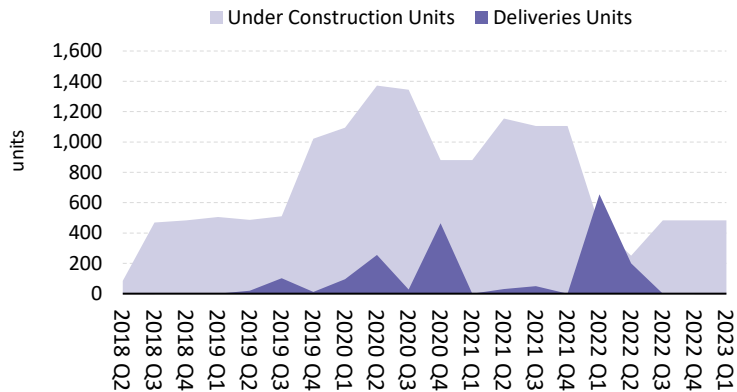
# Multifamily Market - MSA Trends

## CHARLOTTESVILLE MSA

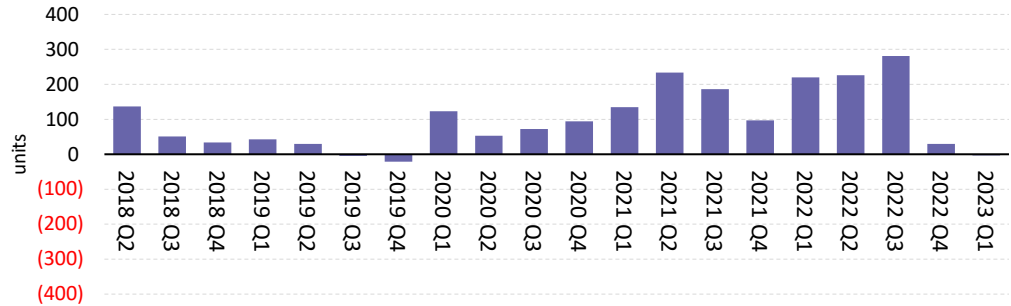
### Local Market Indicator Dashboard

	Q1-2023	YoY Chg	
Total Inventory (units)	13,681	1.5%	% chg
Vacancy Rate (%)	3.5%	-2.6%	pct points
Net Absorption (units)	(3)	-223	units
Avg. Effective Rent (\$/per unit)	\$1,594	\$74	\$ per unit
Avg. Effective Rent (\$/per sq. ft)	\$1.65	\$0.07	\$ per sq. ft
Under Construction (units)	484	34	units

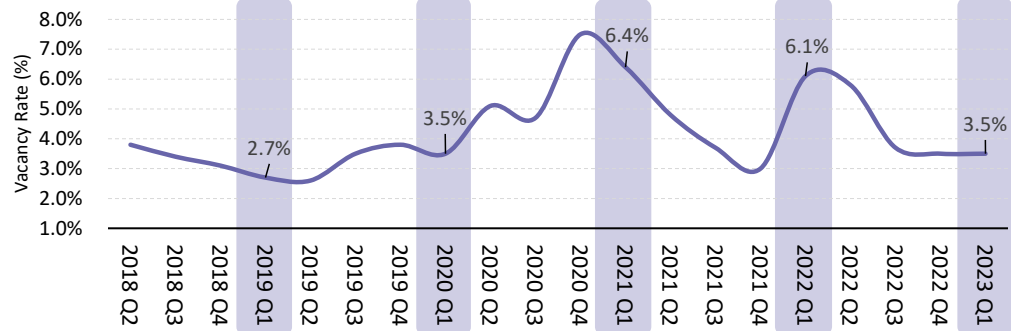
### Under Construction & Net Deliveries (units)



### Net Absorption (units)



### Vacancy Rate (%)



### Avg. Effective Rent (\$ per sq. ft)



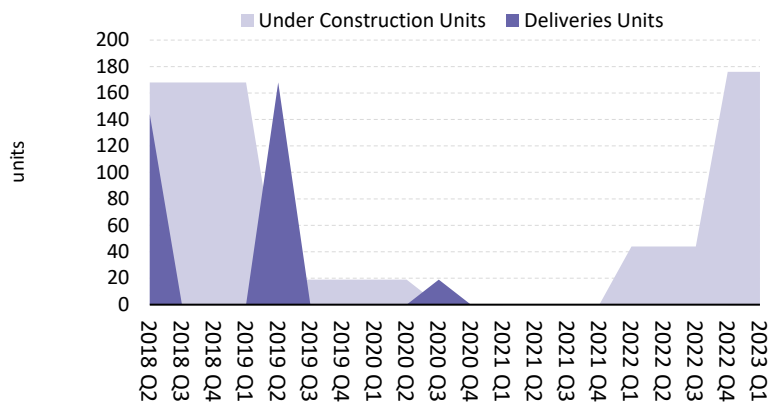
# Multifamily Market - MSA Trends

## BLACKSBURG MSA

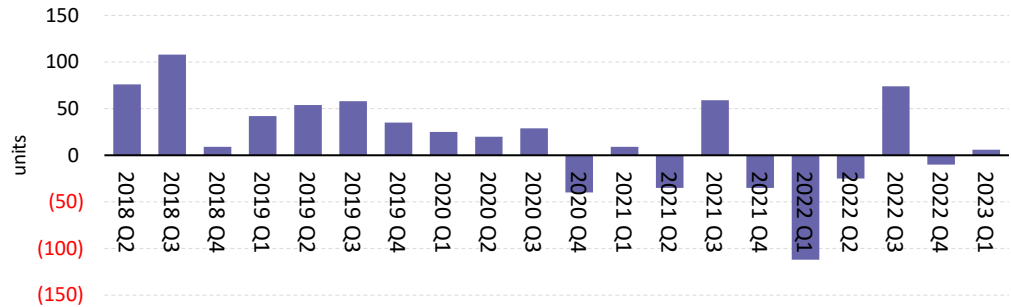
### Local Market Indicator Dashboard

	Q1-2023	YoY Chg	
Total Inventory (units)	9,491	0	% chg
Vacancy Rate (%)	3.3%	-0.5%	pct points
Net Absorption (units)	6	118	units
Avg. Effective Rent (\$/per unit)	\$1,143	\$6	\$ per unit
Avg. Effective Rent (\$/per sq. ft)	\$1.22	\$0.01	\$ per sq. ft
Under Construction (units)	176	132	units

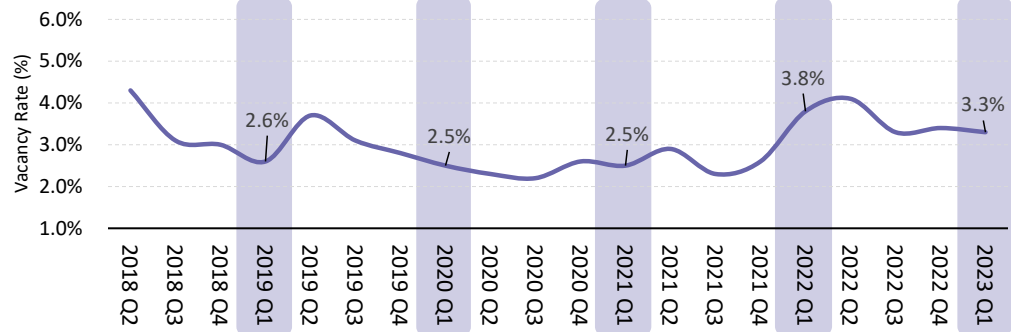
### Under Construction & Net Deliveries (units)



### Net Absorption (units)



### Vacancy Rate (%)



### Avg. Effective Rent (\$ per sq. ft)



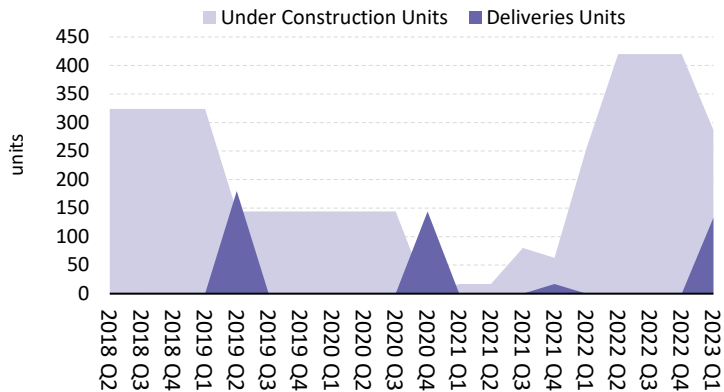
# Multifamily Market - MSA Trends

## WINCHESTER MSA

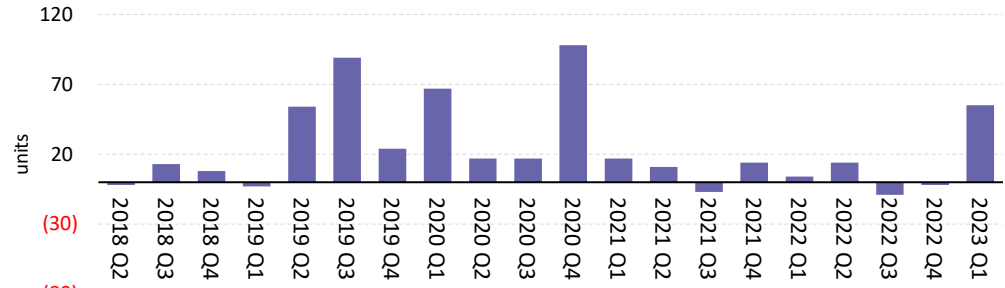
### Local Market Indicator Dashboard

	Q1-2023	YoY Chg
Total Inventory (units)	6,260	2.2% % chg
Vacancy Rate (%)	3.7%	1.1% pct points
Net Absorption (units)	55	51 units
Avg. Effective Rent (\$/per unit)	\$1,253	\$30 \$ per unit
Avg. Effective Rent (\$/per sq. ft)	\$1.34	\$0.03 \$ per sq. ft
Under Construction (units)	287	32 units

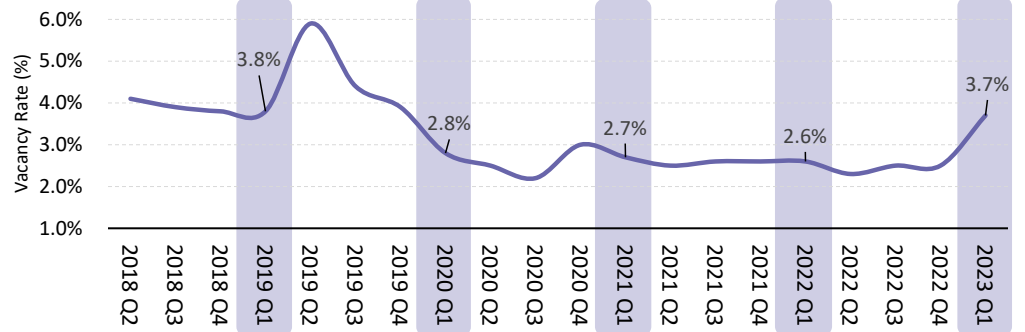
### Under Construction & Net Deliveries (units)



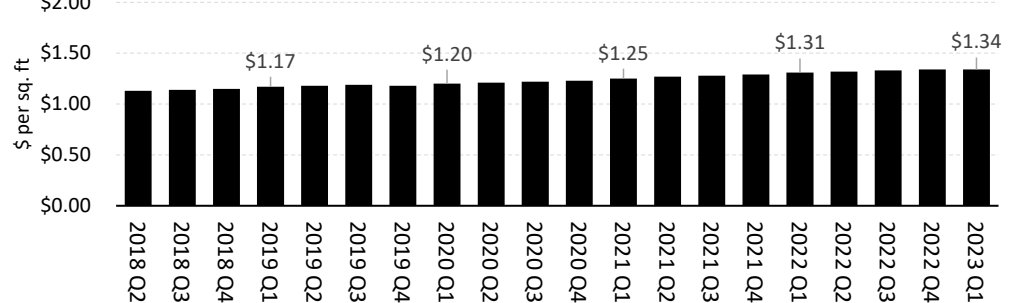
### Net Absorption (units)



### Vacancy Rate (%)



### Avg. Effective Rent (\$ per sq. ft)



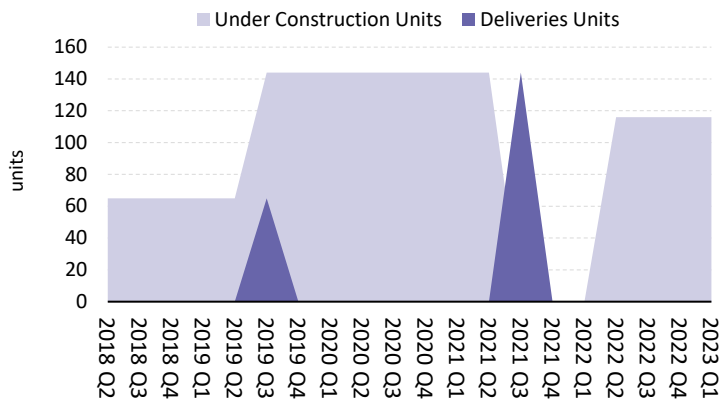
# Multifamily Market - MSA Trends

## HARRISONBURG MSA

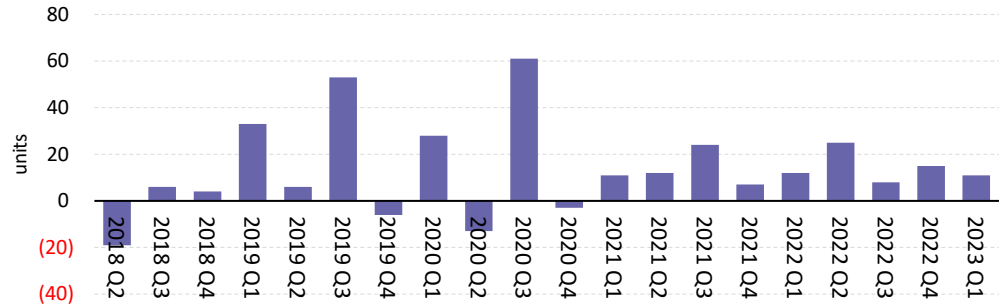
### Local Market Indicator Dashboard

	Q1-2023	YoY Chg	
Total Inventory (units)	<b>4,807</b>	<b>0</b>	% chg
Vacancy Rate (%)	<b>2.0%</b>	<b>-1.2%</b>	pct points
Net Absorption (units)	<b>11</b>	<b>-1</b>	units
Avg. Effective Rent (\$/per unit)	<b>\$1,107</b>	<b>\$77</b>	\$ per unit
Avg. Effective Rent (\$/per sq. ft)	<b>\$1.24</b>	<b>\$0.09</b>	\$ per sq. ft
Under Construction (units)	<b>116</b>	<b>116</b>	units

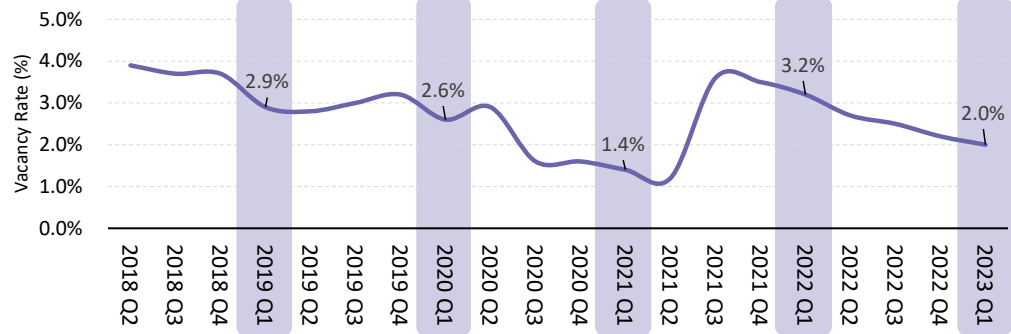
### Under Construction & Net Deliveries (units)



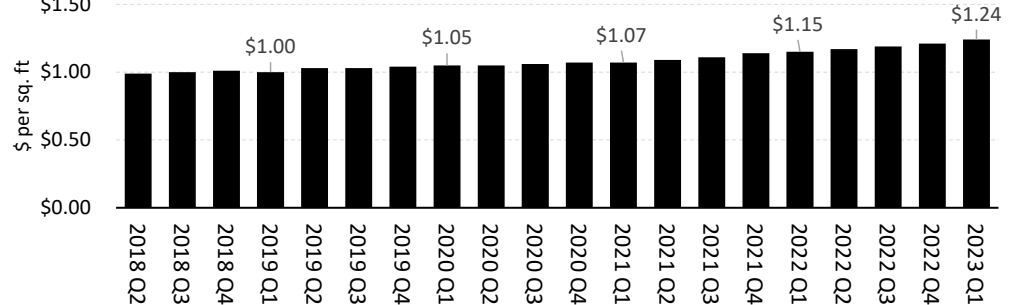
### Net Absorption (units)



### Vacancy Rate (%)



### Full Service Rent (\$ per sq. ft)





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404-433-6015

Data and analysis provided by Virginia REALTORS® Chief Economist.

The numbers reported here are based on data from CoStar.

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