



# Q2 2023 MULTIFAMILY MARKET REPORT

# Multifamily Market - Key Trends Snapshot

## Multifamily Market

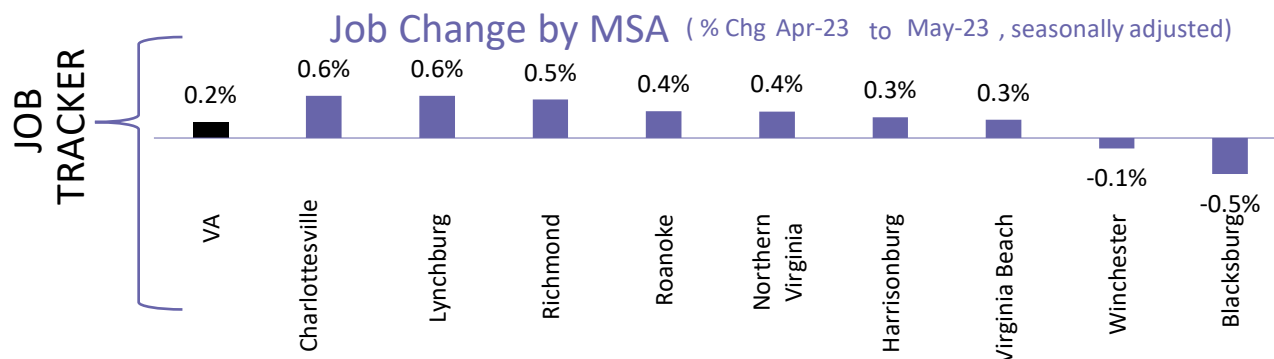
**Overview:** The multifamily market in Virginia continues to show signs of cooling from peak levels, though many regional markets are still experiencing positive absorption and rent growth. New deliveries continue to build up supply levels, but the overall multifamily construction pipeline has declined each quarter since the spring of 2022. This drop in new construction reflects slower deal volume due to higher interest rates and growing economic uncertainty. Virginia's job base continues to expand, with about 3,500 jobs added to the economy between April and May of 2023. But even with resiliency in the labor market and robust demand for housing, activity in the multifamily sector is likely to be conservative in the near-term amid volatile interest rates and rising vacancy in some areas.

**Absorption:** The positive net absorption of 4,814 units in Q2 2023 shows demand is still strong for multifamily in Virginia but has cooled from the high levels seen in 2021. There were 1,067 garden style/low rise multifamily units absorbed during the second quarter of this year. Mid rise/high rise units were also on the rise with 3,394 units absorbed, up from 2,892 units in Q2 2022.

**Vacancy:** Multifamily vacancy rates increased to 5.9% in the second quarter of this year compared to 4.8% last year, an indicator that supply is catching up with demand. Vacancy rates were up for both garden style/low rise units (5.1%) and mid rise/high rise units (7.2%) in the state. Harrisonburg was the metro area with the lowest vacancy rates in the second quarter at 2.1%.

**Rent:** In Virginia, multifamily rent growth increased by 2.8% in Q2 2023, a significant cool down from the 9.2% growth renters experienced in Q2 2022. Rents in Harrisonburg rose by 7.9% in the second quarter, the highest rent growth across all metro areas in the state. The smallest growth in rent occurred in Richmond with an increase of 1.3% from the previous year.

**Supply/Deliveries:** New multifamily construction dipped in Virginia during the second quarter. There were 28,380 multifamily units under construction, down 13.3% from the previous year. Deliveries were up in Q2 2023 with mid rise/ high rise accounting for most of the growth (+24.7%).



## VIRGINIA (Statewide)



### Market Indicator Dashboard

	YoY Chg	Q2-2023	Indicator
% chg	2.1%	668,517	<b>Total Inventory</b> (units)
units	2,769	4,814	<b>Net Absorption</b> (units)
pct point	1.1%	5.9%	<b>Vacancy Rate</b> (%)
\$ per unit	\$41	\$1,670	<b>Avg. Effective Rent Per Unit</b> (\$ per unit)
\$ per sq. ft	\$0.05	\$1.84	<b>Avg. Effective Rent Per Sq. Ft</b> (\$ per sq. ft)
units	830	3,480	<b>New Supply Delivered</b> (units)
units	-4,358	28,380	<b>Under Construction</b> (units)



### Economic Indicator Dashboard

	MoM % Chg	May-23	Indicator
% chg	0.2%	4.1	<b>Total Jobs</b> (in millions, seasonally adjusted)
pct point	-0.2%	2.9%	<b>Unemployment Rate</b> (% seasonally adjusted)
pct point	-1.5%	1.1	<b>Gross Domestic Product</b> (% chg from prior year)

# Report Index

## Virginia Multifamily Market

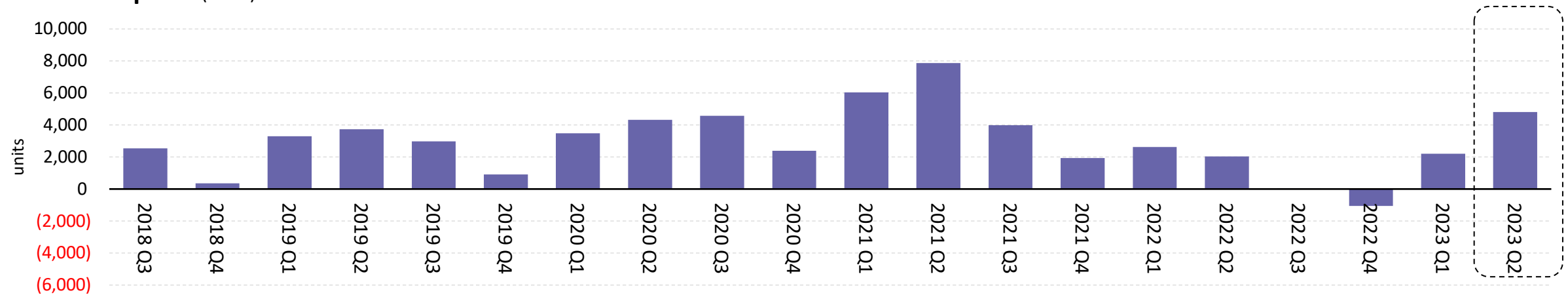
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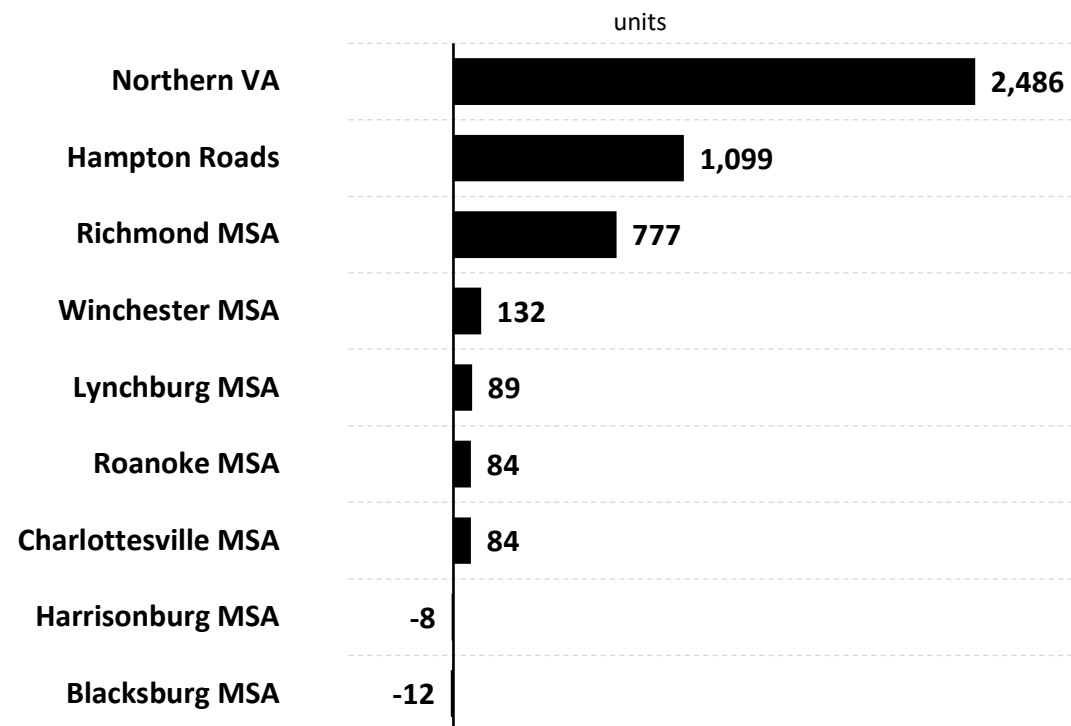
# Multifamily Market - Absorption & Construction Trends

## VIRGINIA (Statewide)

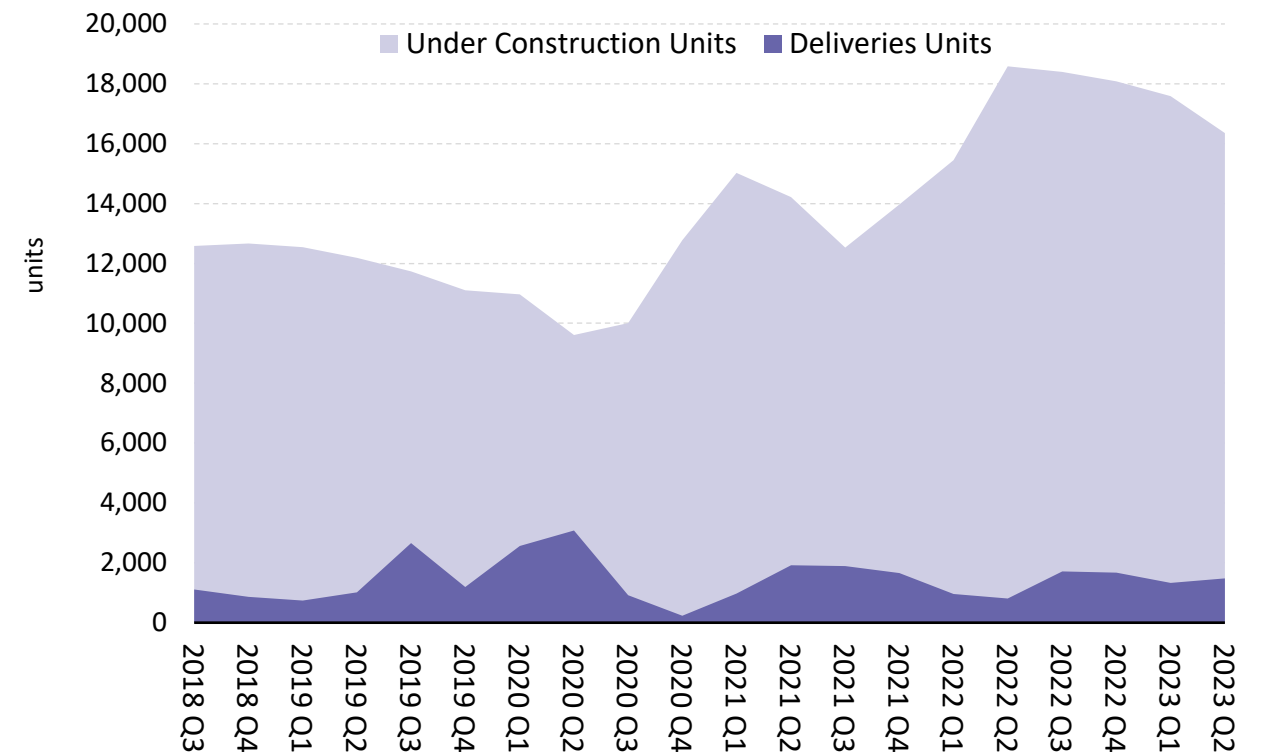
Net Absorption (units)



Q2-2023 Net Absorption by Metro Area (units)

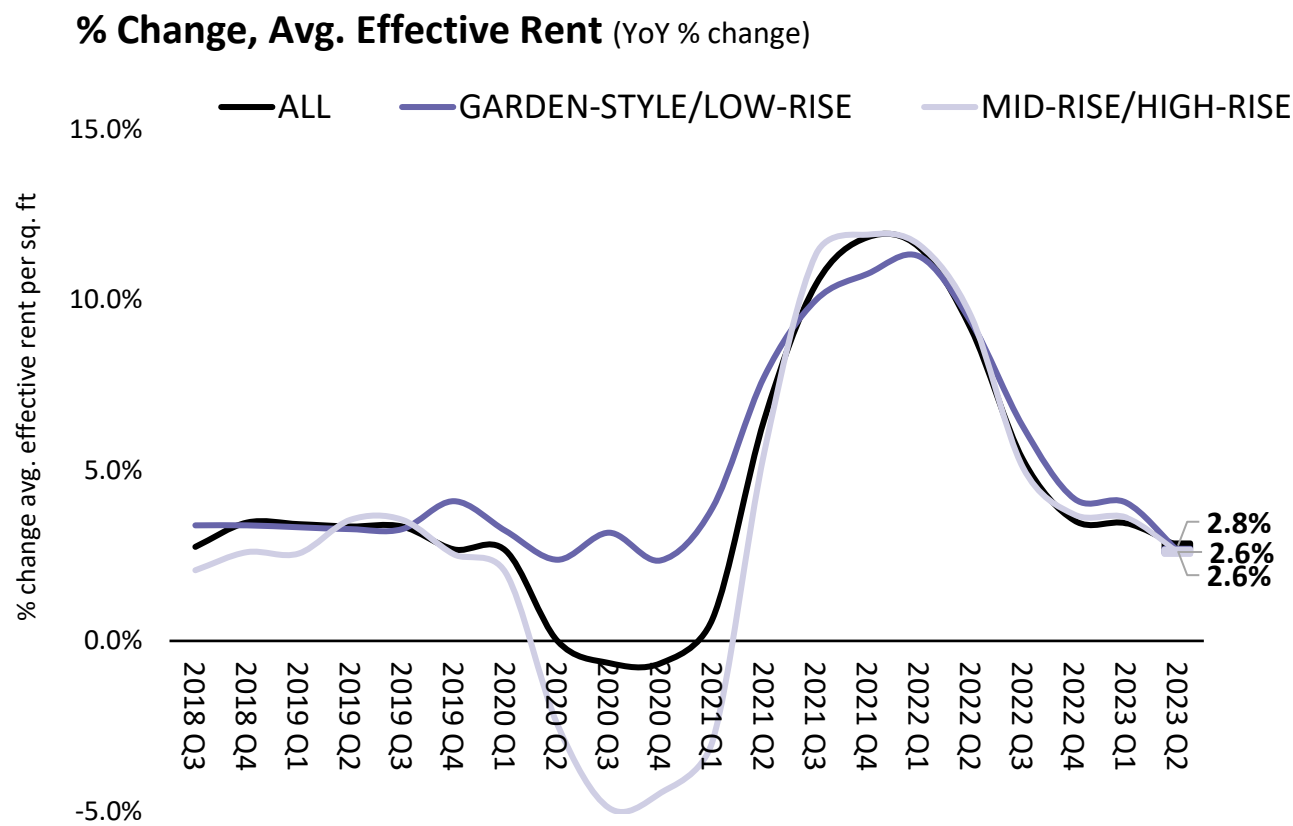
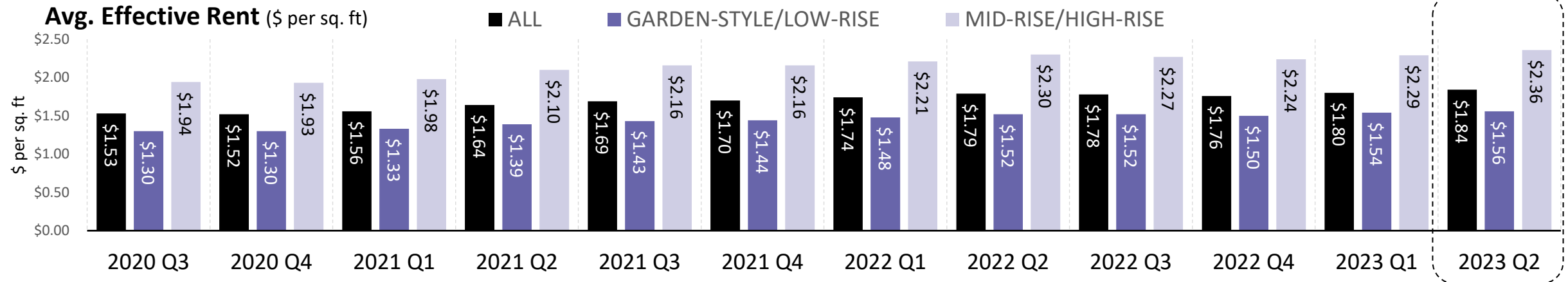


Under Construction & Net Deliveries (units)

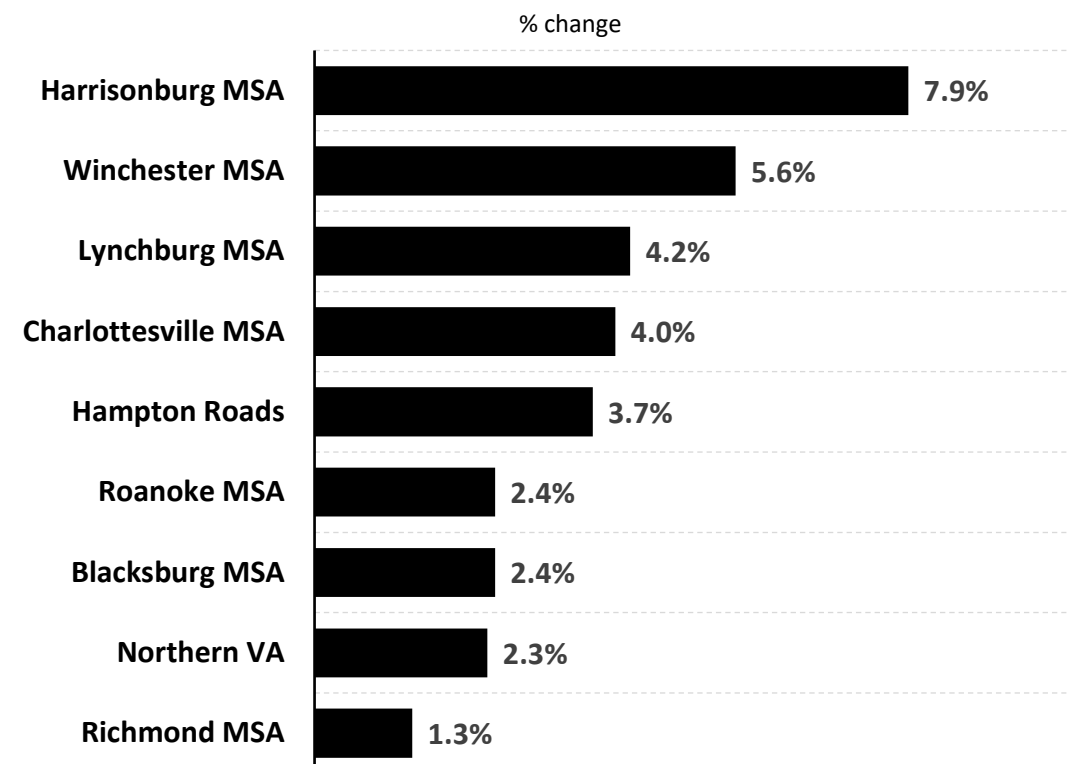


# Multifamily Market - Rent Trends

## VIRGINIA (Statewide)

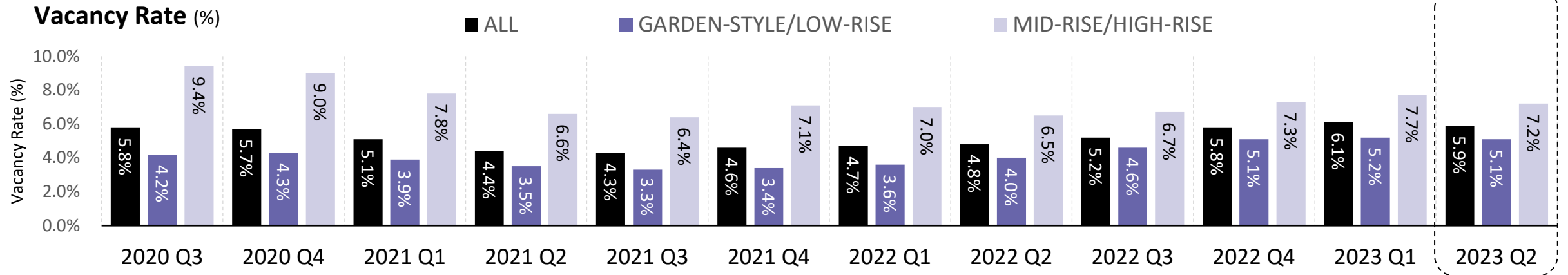


## Q2-2023 by MSA: % Change, Avg. Effective Rent (YoY % change)

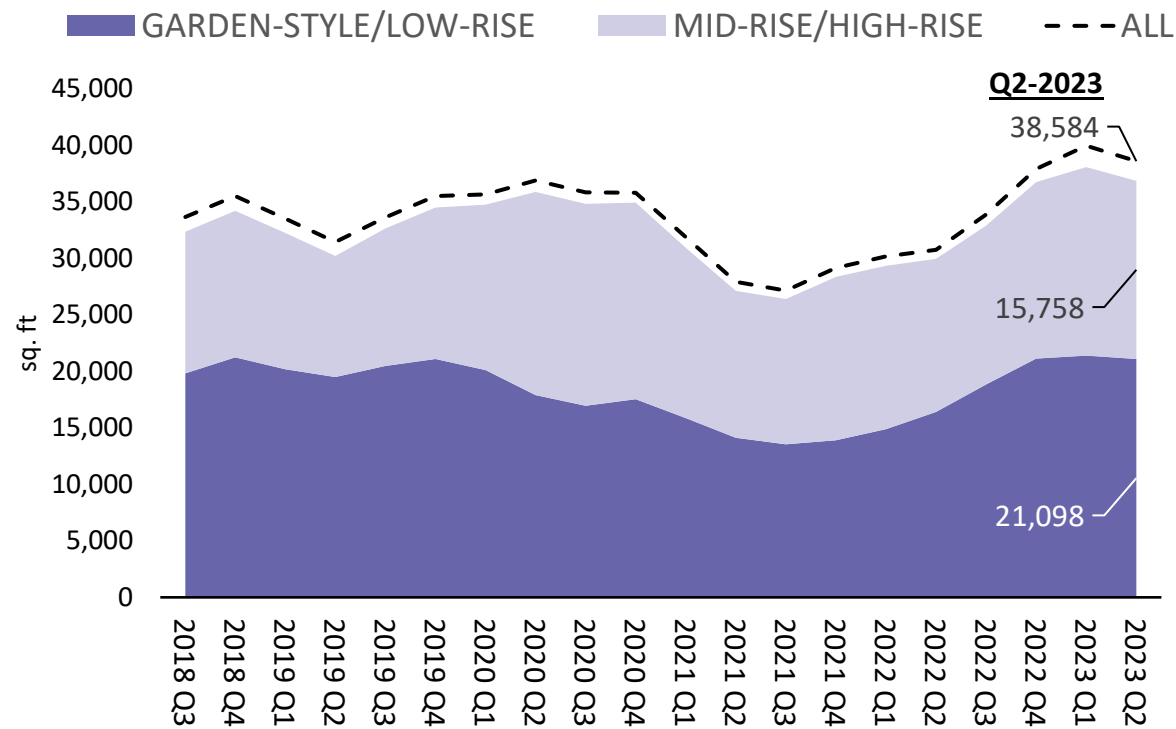


# Multifamily Market - Vacancy Trends

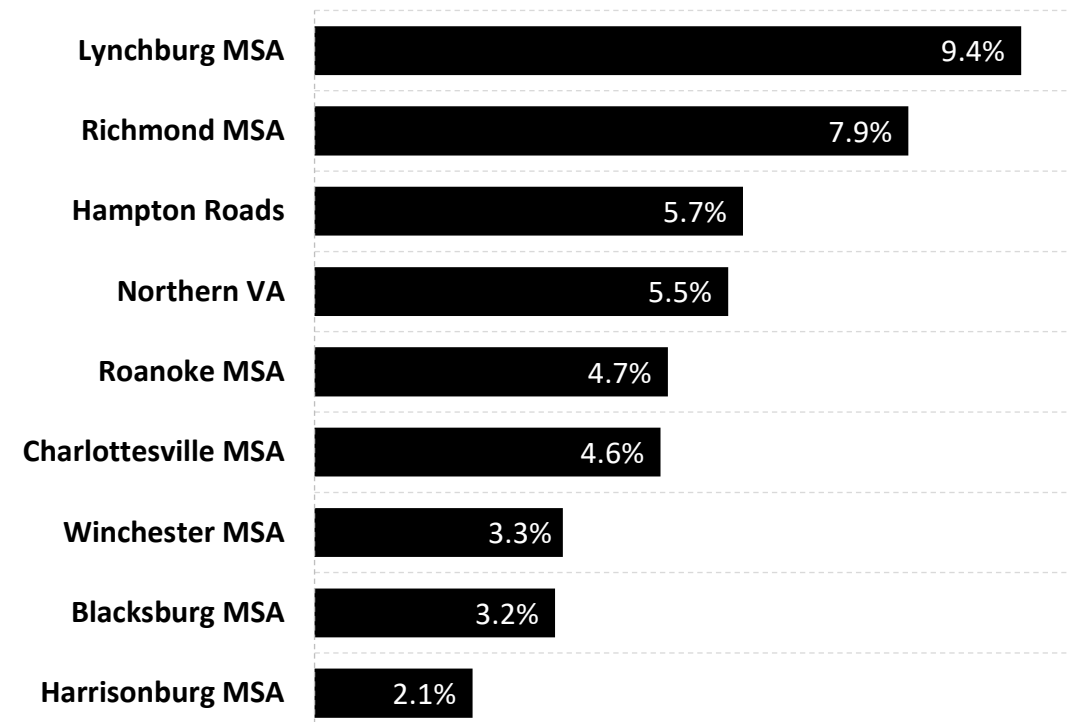
## VIRGINIA (Statewide)



## Vacant Inventory (sq. ft)



## Q2-2023 Multifamily Vacancy Rate by MSA



# MSA TRENDS

METROPOLITAN STATISTICAL AREA

Q2



2023

MULTIFAMILY  
Market Report



*Snapshot of Multifamily Market Conditions Around Virginia*

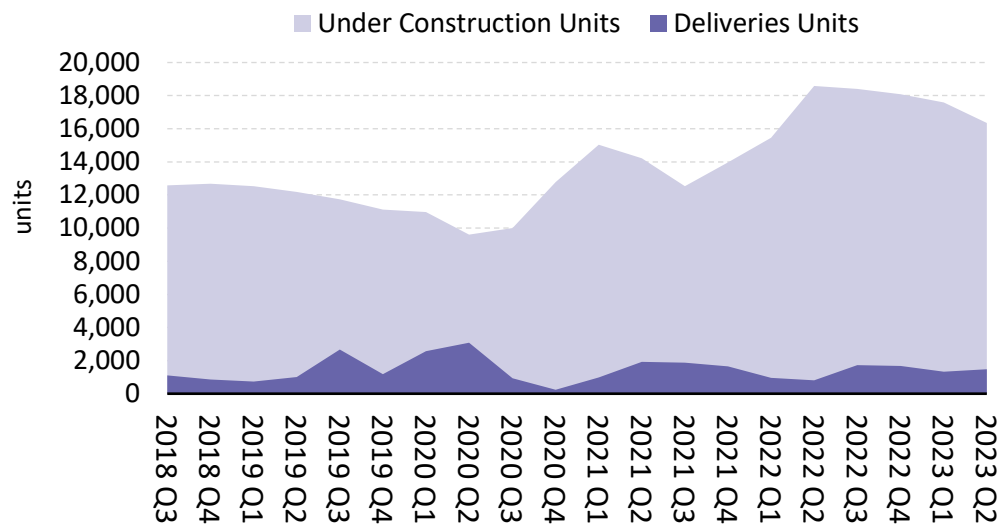
# Multifamily Market - MSA Trends

## NORTHERN VIRGINIA

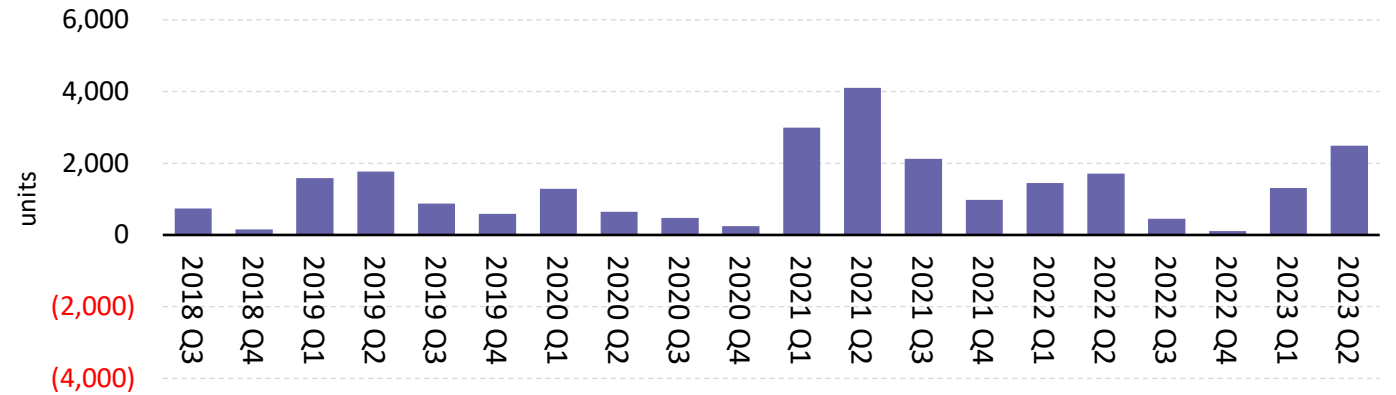
### Local Market Indicator Dashboard

	Q2-2023	YoY Chg
Total Inventory (units)	266,126	2.3% % chg
Vacancy Rate (%)	5.5%	-0.4% pct points
Net Absorption (units)	2,486	776 units
Avg. Effective Rent (\$/per unit)	\$2,120	\$48 \$ per unit
Avg. Effective Rent (\$/per sq. ft)	\$2.34	\$0.06 \$ per sq. ft
Under Construction (units)	16,355	-2,229 units

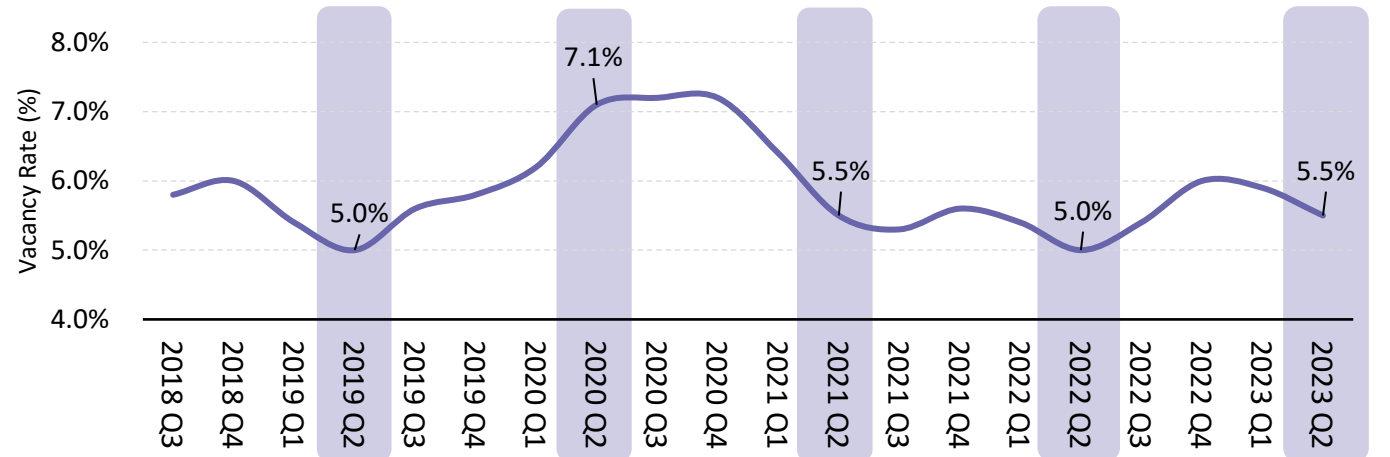
### Under Construction & Net Deliveries (units)



### Net Absorption (units)



### Vacancy Rate (%)



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





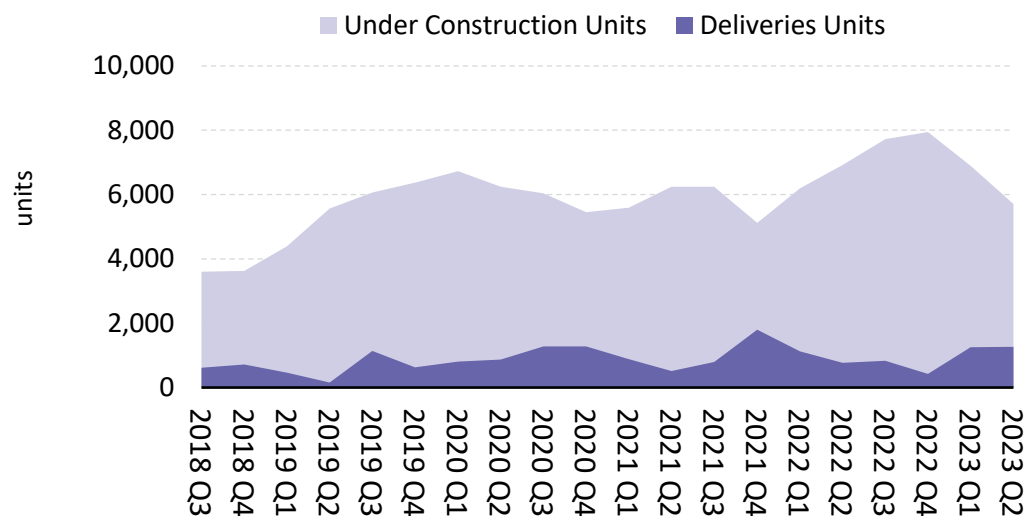
# Multifamily Market - MSA Trends

## RICHMOND MSA

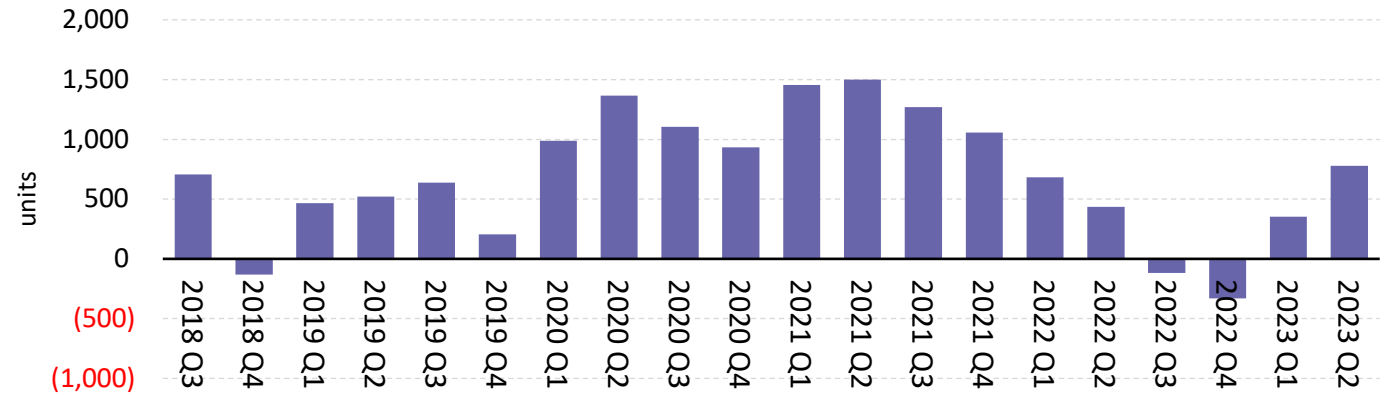
### Local Market Indicator Dashboard

	Q2-2023	YoY Chg
Total Inventory (units)	<b>132,193</b>	<b>2.9%</b> % chg
Vacancy Rate (%)	<b>7.9%</b>	<b>2.2%</b> pct points
Net Absorption (units)	<b>777</b>	<b>342</b> units
Avg. Effective Rent (\$/per unit)	<b>\$1,388</b>	<b>\$17</b> \$ per unit
Avg. Effective Rent (\$/per sq. ft)	<b>\$1.58</b>	<b>\$0.02</b> \$ per sq. ft
Under Construction (units)	<b>5,705</b>	<b>-1,216</b> units

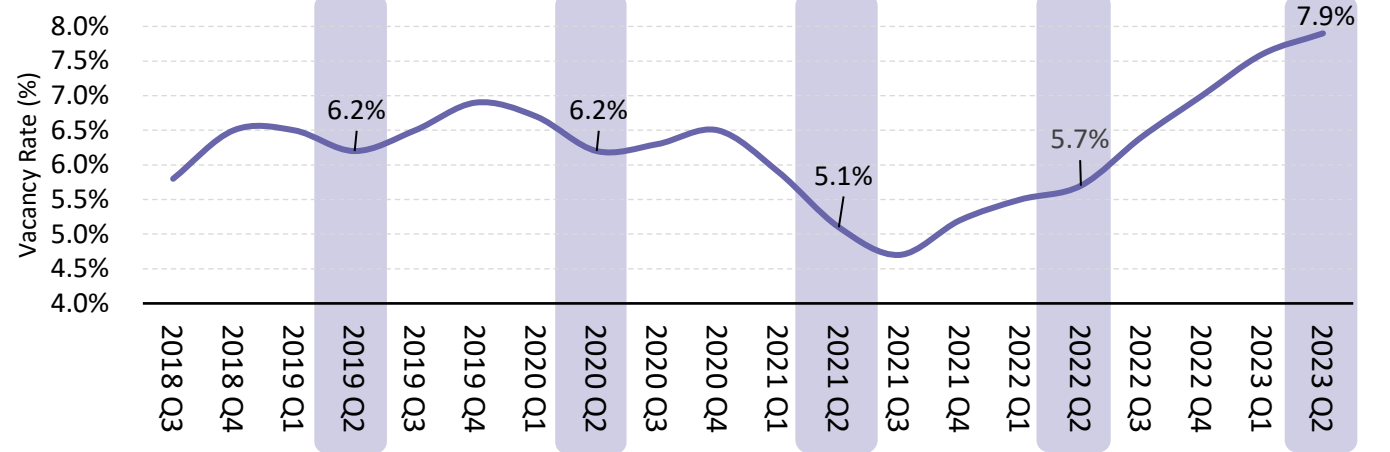
### Under Construction & Net Deliveries (units)



### Net Absorption (units)



### Vacancy Rate (%)



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

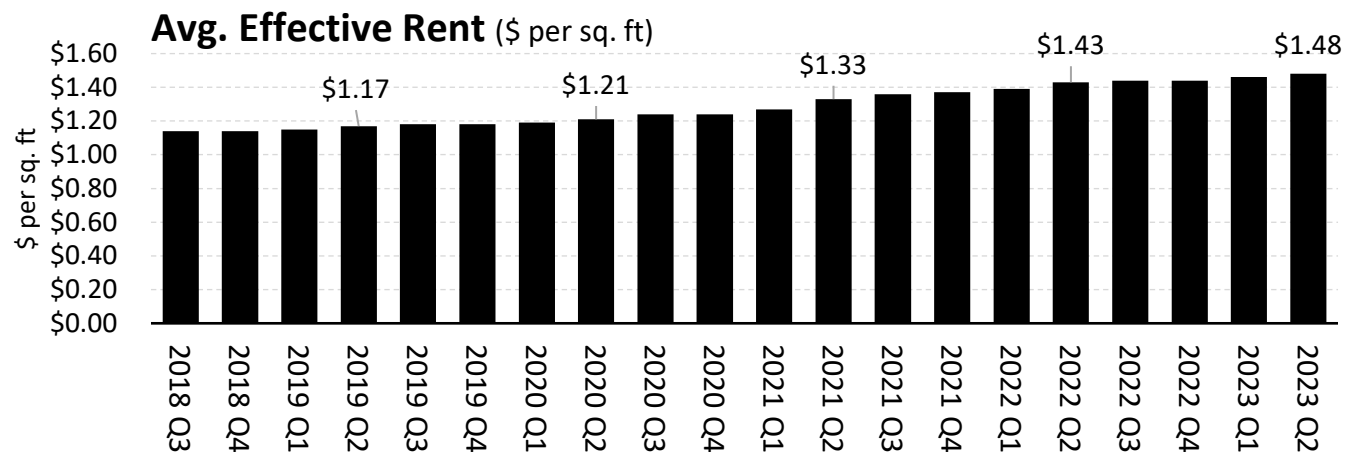
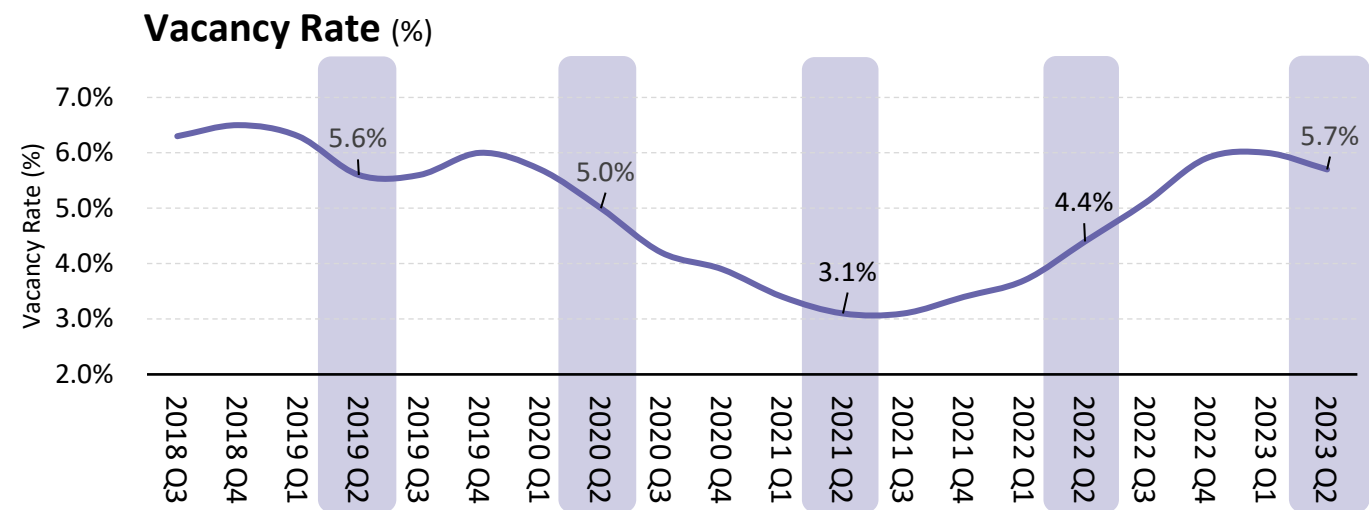
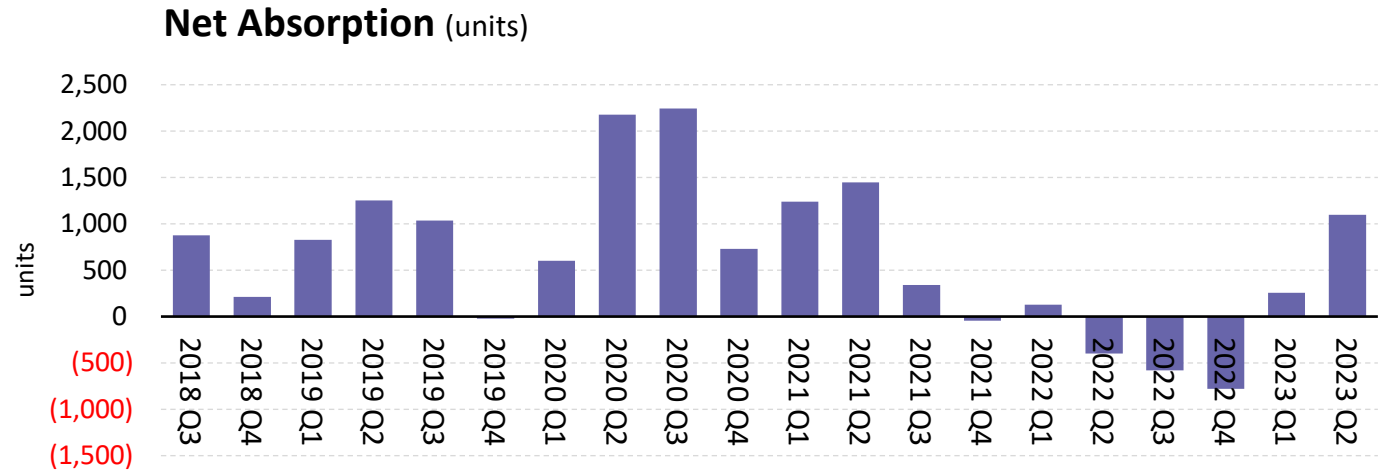
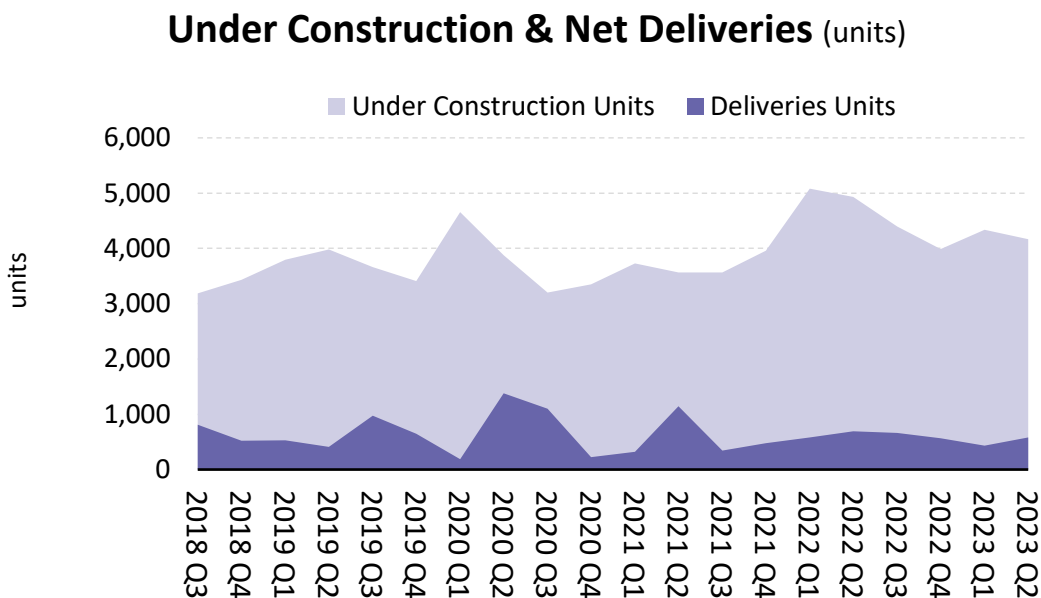


# Multifamily Market - MSA Trends

## HAMPTON ROADS

### Local Market Indicator Dashboard

	Q2-2023	YoY Chg
Total Inventory (units)	<b>174,368</b>	<b>1.3%</b> % chg
Vacancy Rate (%)	<b>5.7%</b>	<b>1.3%</b> pct points
Net Absorption (units)	<b>1,099</b>	<b>1,496</b> units
Avg. Effective Rent (\$/per unit)	<b>\$1,368</b>	<b>\$48</b> \$ per unit
Avg. Effective Rent (\$/per sq. ft)	<b>\$1.48</b>	<b>\$0.05</b> \$ per sq. ft
Under Construction (units)	<b>4,167</b>	<b>-764</b> units



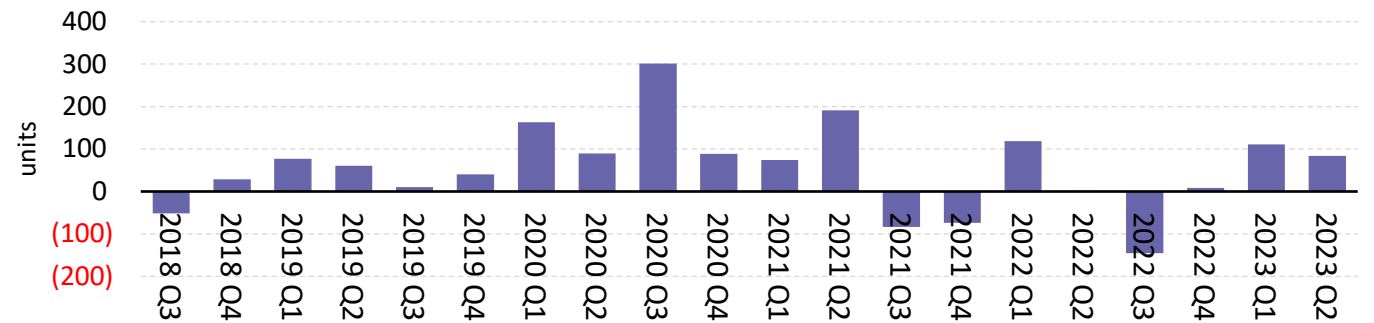
# Multifamily Market - MSA Trends

## ROANOKE MSA

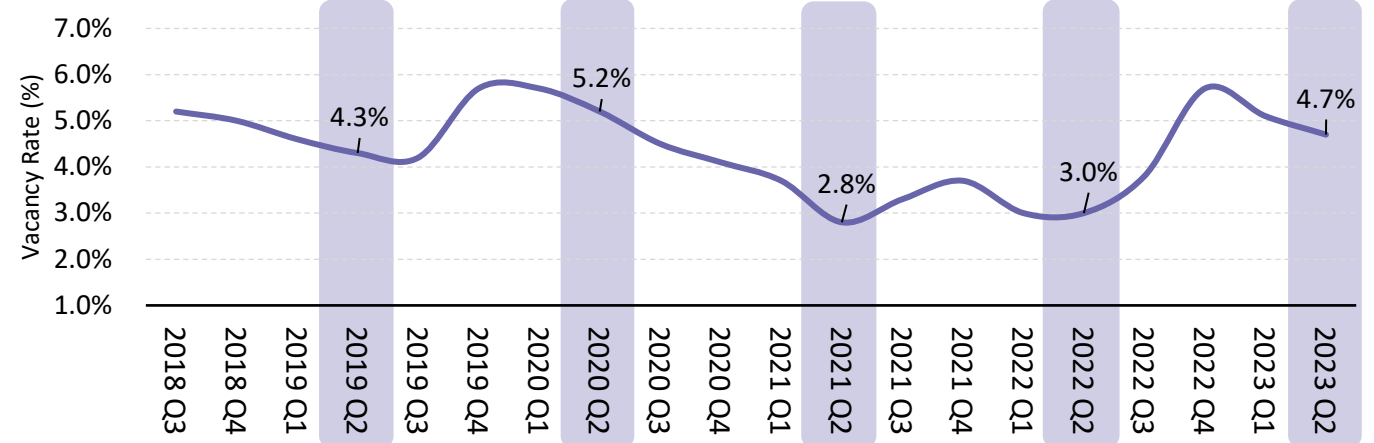
### Local Market Indicator Dashboard

	Q2-2023	YoY Chg
Total Inventory (units)	<b>19,663</b>	<b>2.0%</b> % chg
Vacancy Rate (%)	<b>4.7%</b>	<b>1.7%</b> pct points
Net Absorption (units)	<b>84</b>	<b>82</b> units
Avg. Effective Rent (\$/per unit)	<b>\$1,073</b>	<b>\$25</b> \$ per unit
Avg. Effective Rent (\$/per sq. ft)	<b>\$1.22</b>	<b>\$0.03</b> \$ per sq. ft
Under Construction (units)	<b>131</b>	<b>-290</b> units

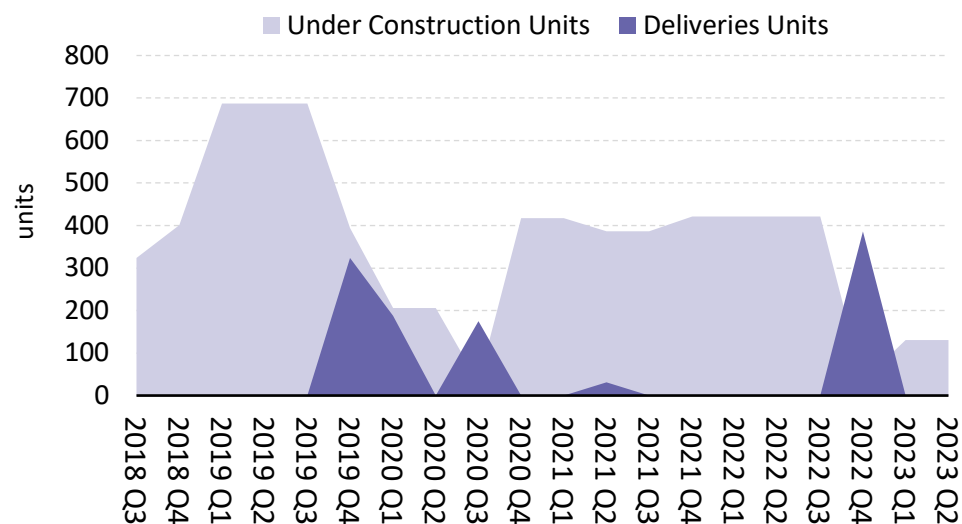
### Net Absorption (units)



### Vacancy Rate (%)



### Under Construction & Net Deliveries (units)



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



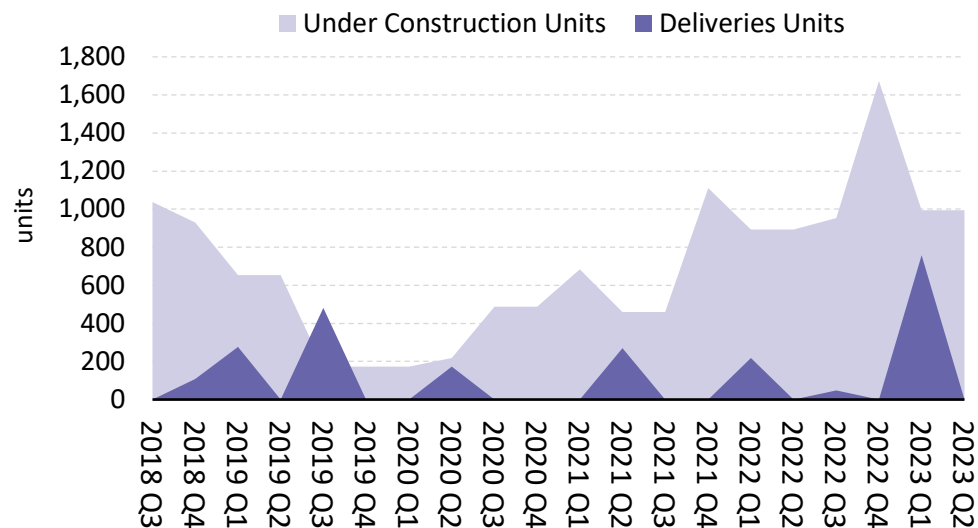
# Multifamily Market - MSA Trends

## LYNCHBURG MSA

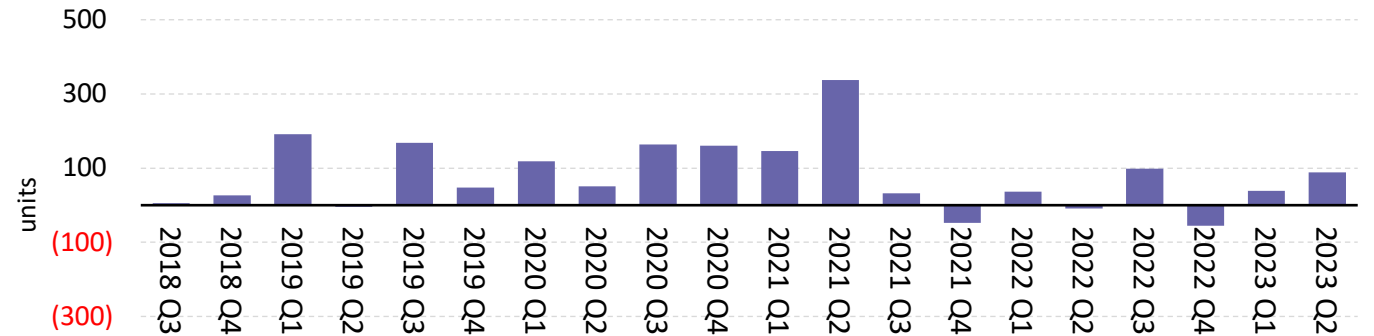
### Local Market Indicator Dashboard

	Q2-2023	YoY Chg
Total Inventory (units)	<b>13,984</b>	<b>6.1%</b> % chg
Vacancy Rate (%)	<b>9.4%</b>	<b>4.2%</b> pct points
Net Absorption (units)	<b>89</b>	<b>98</b> units
Avg. Effective Rent (\$/per unit)	<b>\$1,074</b>	<b>\$43</b> \$ per unit
Avg. Effective Rent (\$/per sq. ft)	<b>\$1.13</b>	<b>\$0.05</b> \$ per sq. ft
Under Construction (units)	<b>995</b>	<b>103</b> units

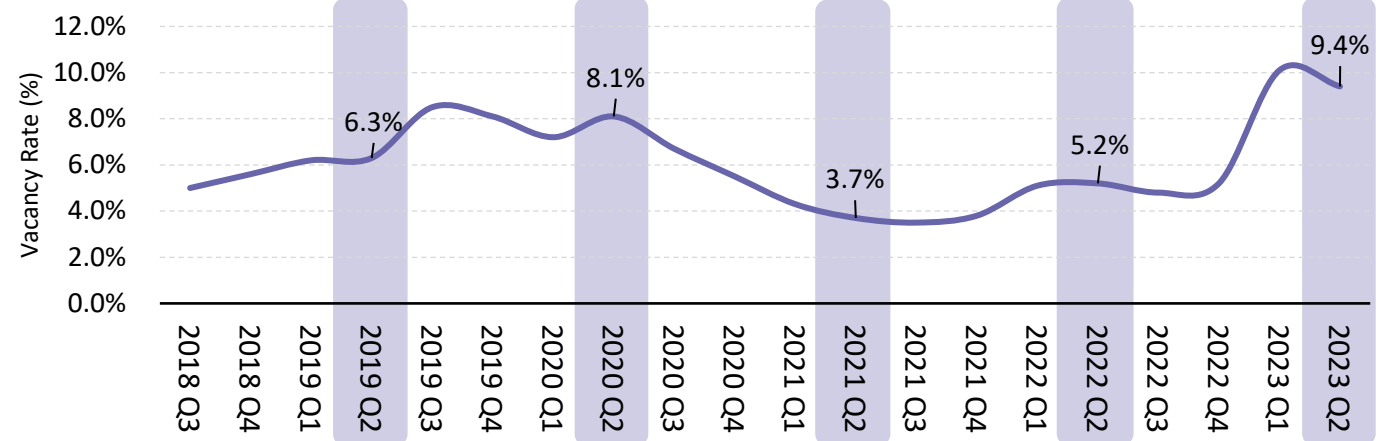
### Under Construction & Net Deliveries (units)



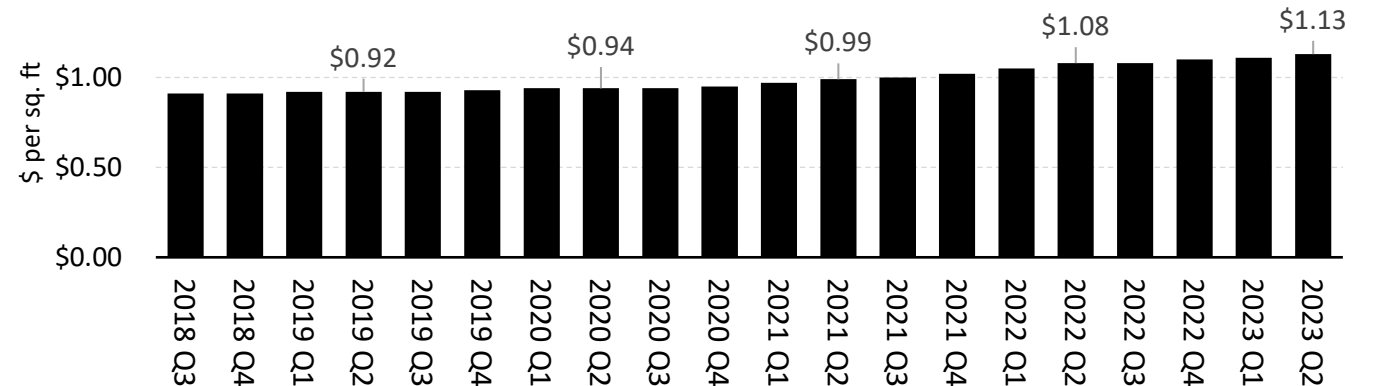
### Net Absorption (units)



### Vacancy Rate (%)



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



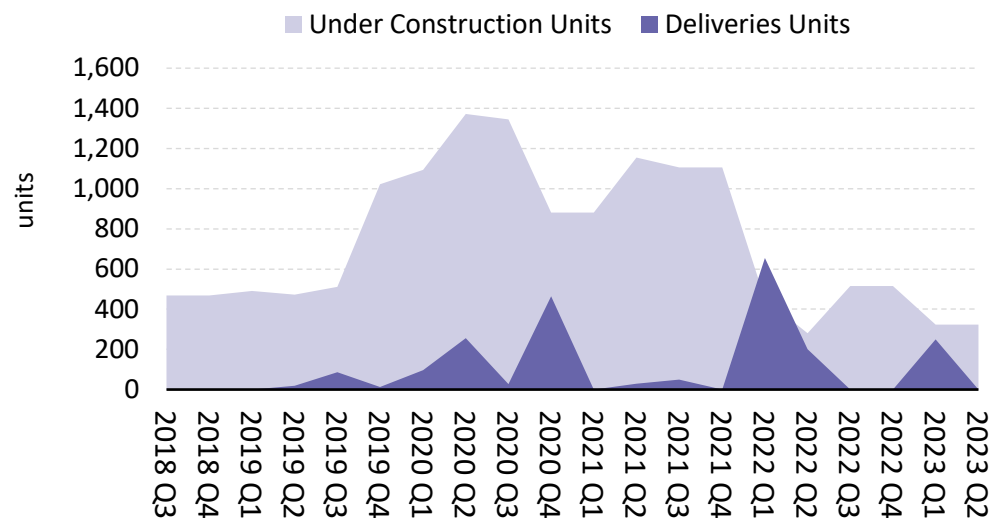
# Multifamily Market - MSA Trends

## CHARLOTTESVILLE MSA

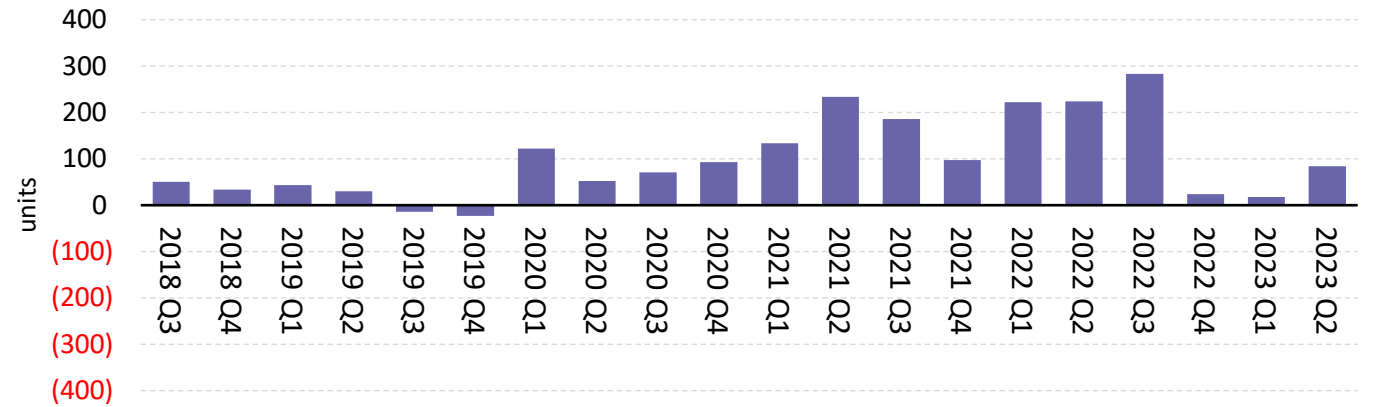
### Local Market Indicator Dashboard

	Q2-2023	YoY Chg
Total Inventory (units)	13,949	1.8% % chg
Vacancy Rate (%)	4.6%	-1.2% pct points
Net Absorption (units)	84	-140 units
Avg. Effective Rent (\$/per unit)	\$1,609	\$61 \$ per unit
Avg. Effective Rent (\$/per sq. ft)	\$1.67	\$0.06 \$ per sq. ft
Under Construction (units)	323	42 units

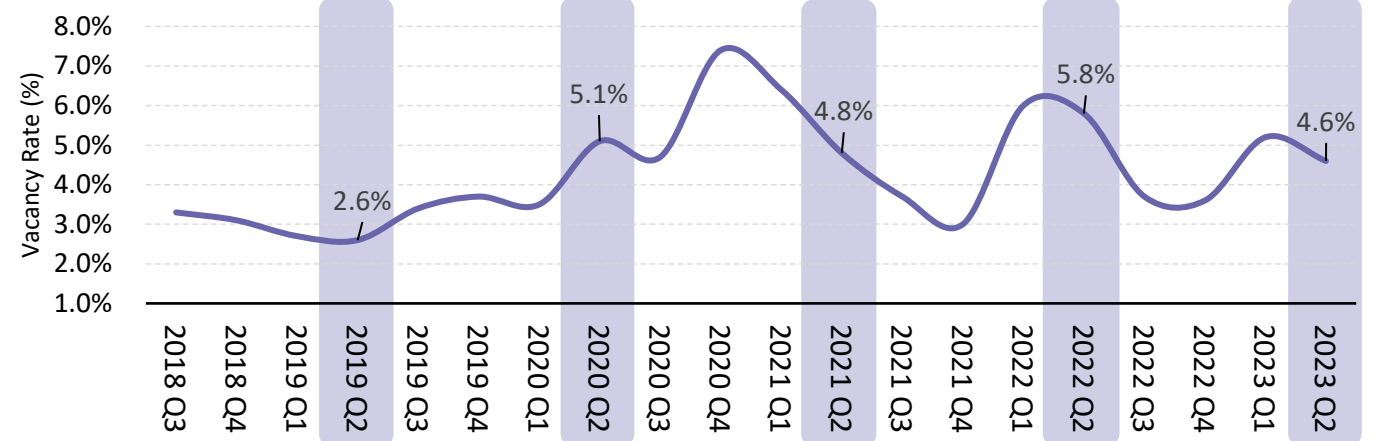
### Under Construction & Net Deliveries (units)



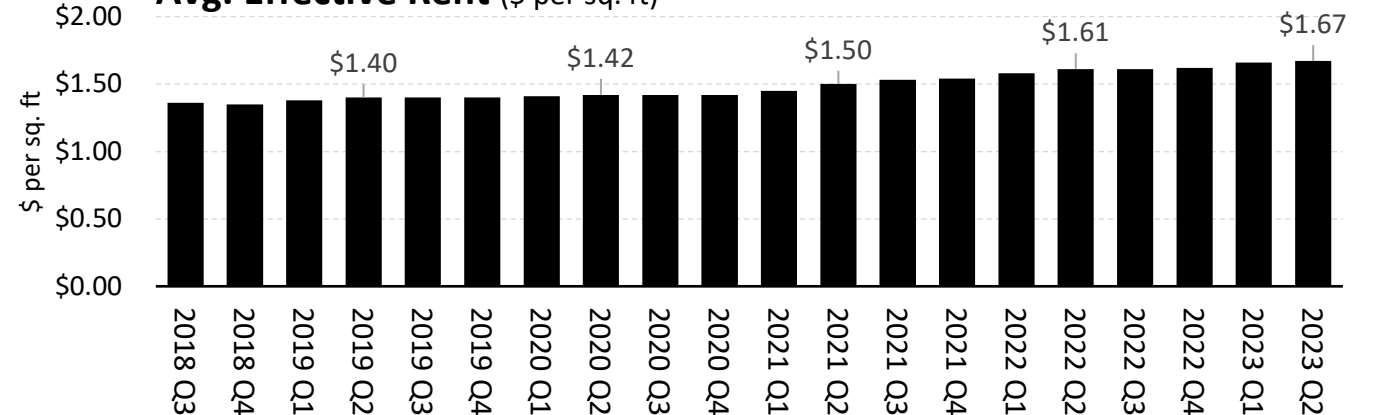
### Net Absorption (units)



### Vacancy Rate (%)



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

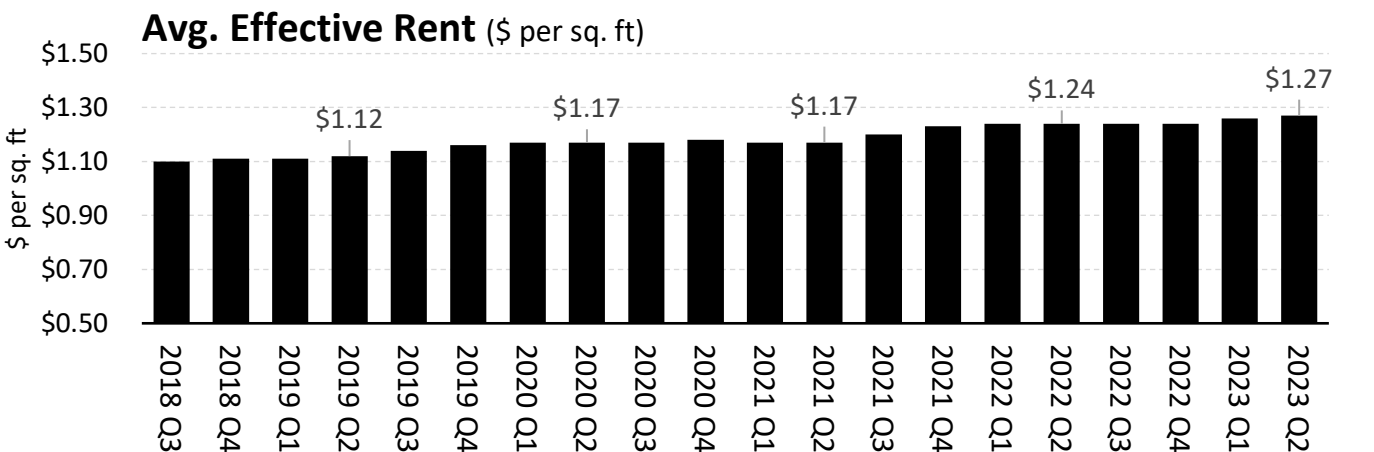
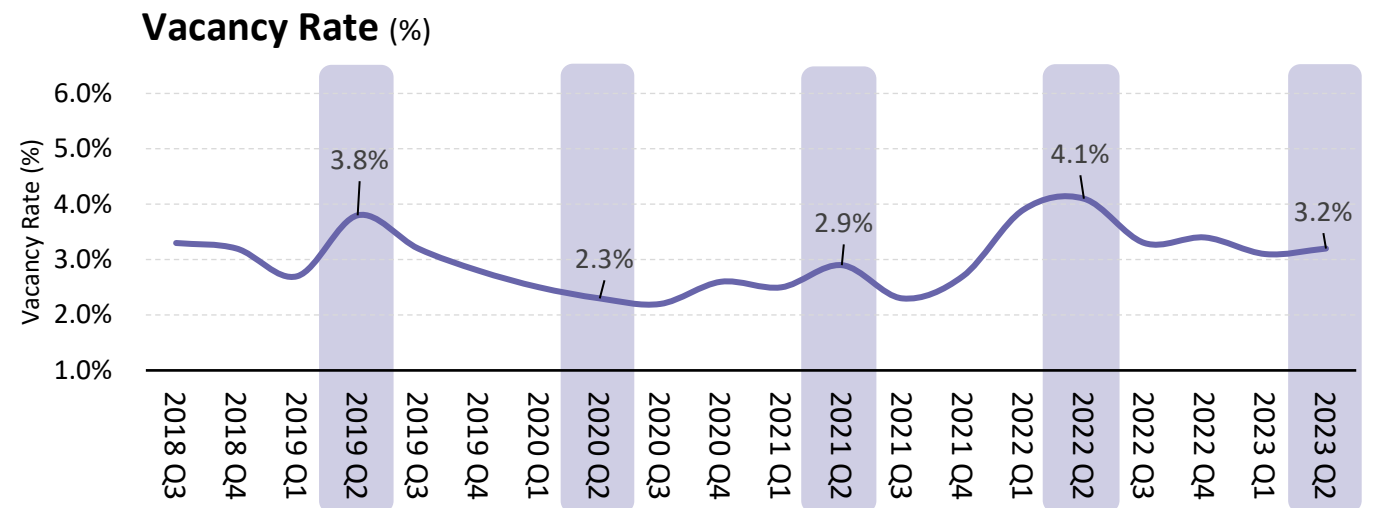
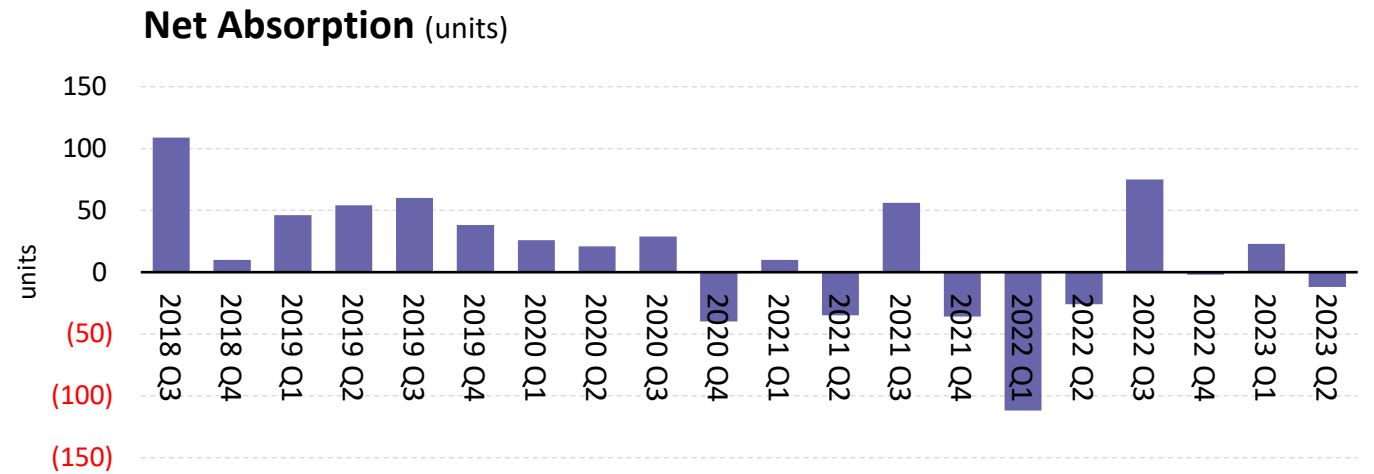
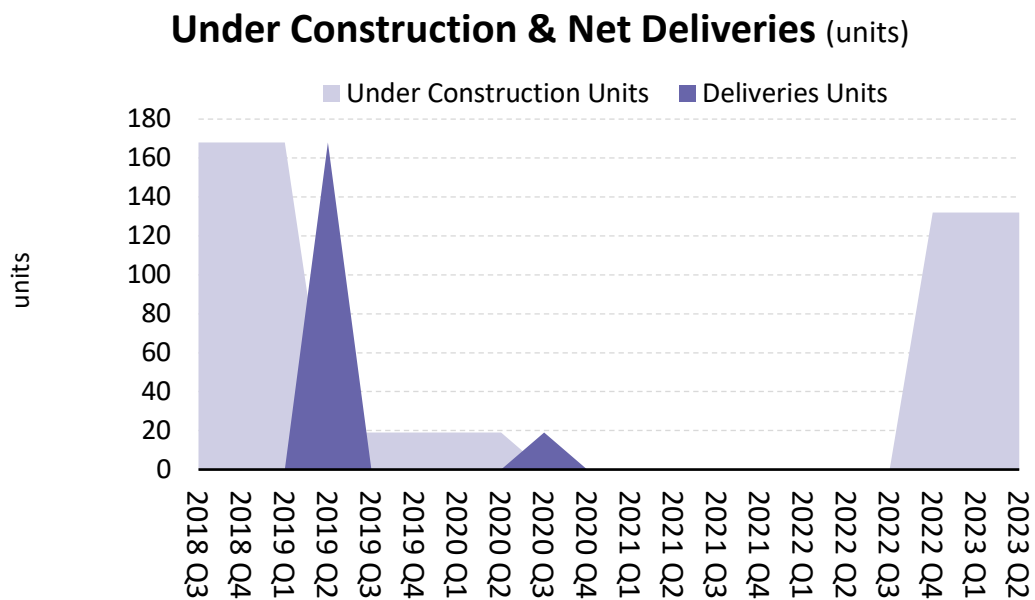


# Multifamily Market - MSA Trends

## BLACKSBURG MSA

### Local Market Indicator Dashboard

	Q2-2023	YoY Chg
Total Inventory (units)	9,488	0 % chg
Vacancy Rate (%)	3.2%	-0.9% pct points
Net Absorption (units)	(12)	14 units
Avg. Effective Rent (\$/per unit)	\$1,194	\$28 \$ per unit
Avg. Effective Rent (\$/per sq. ft)	\$1.27	\$0.03 \$ per sq. ft
Under Construction (units)	132	132 units



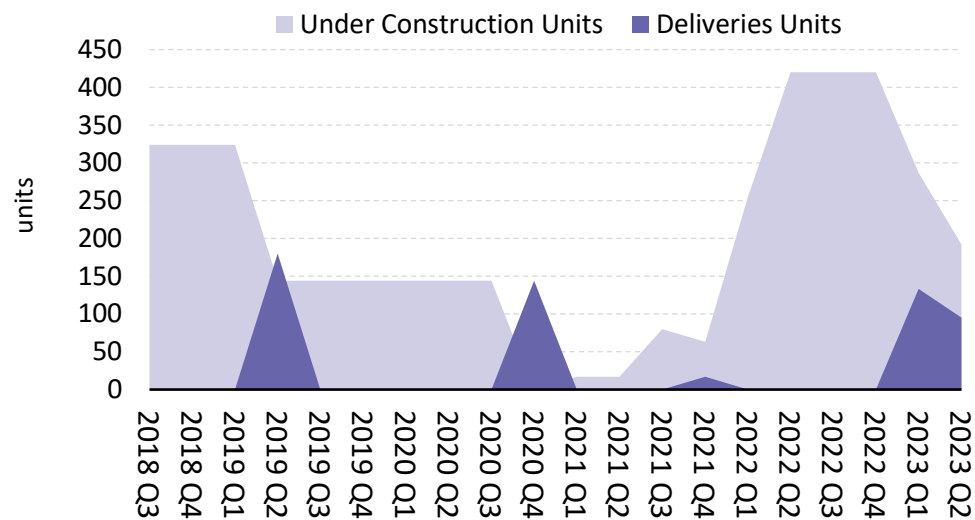
# Multifamily Market - MSA Trends

## WINCHESTER MSA

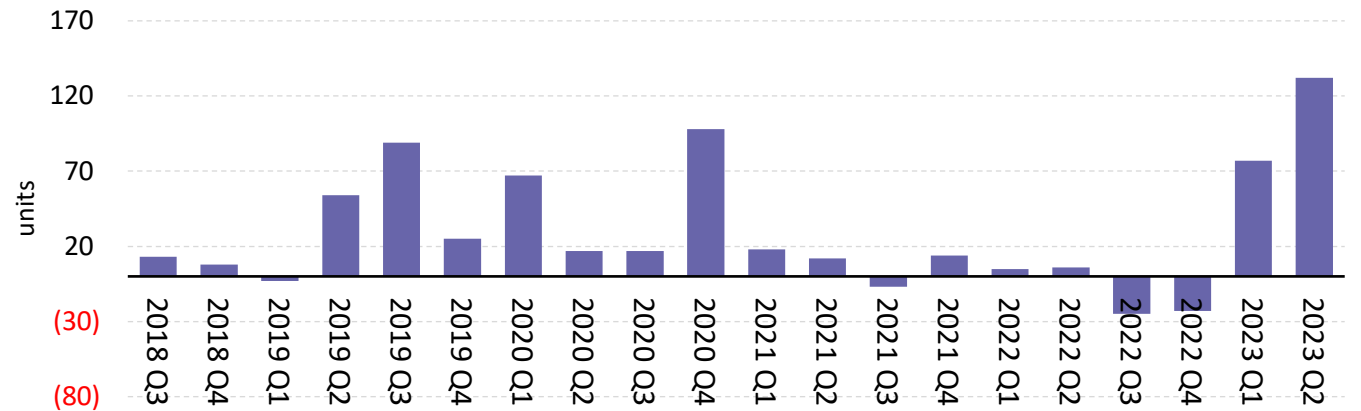
### Local Market Indicator Dashboard

	Q2-2023	YoY Chg
Total Inventory (units)	6,358	3.7% % chg
Vacancy Rate (%)	3.3%	0.9% pct points
Net Absorption (units)	132	126 units
Avg. Effective Rent (\$/per unit)	\$1,321	\$69 \$ per unit
Avg. Effective Rent (\$/per sq. ft)	\$1.42	\$0.07 \$ per sq. ft
Under Construction (units)	192	-228 units

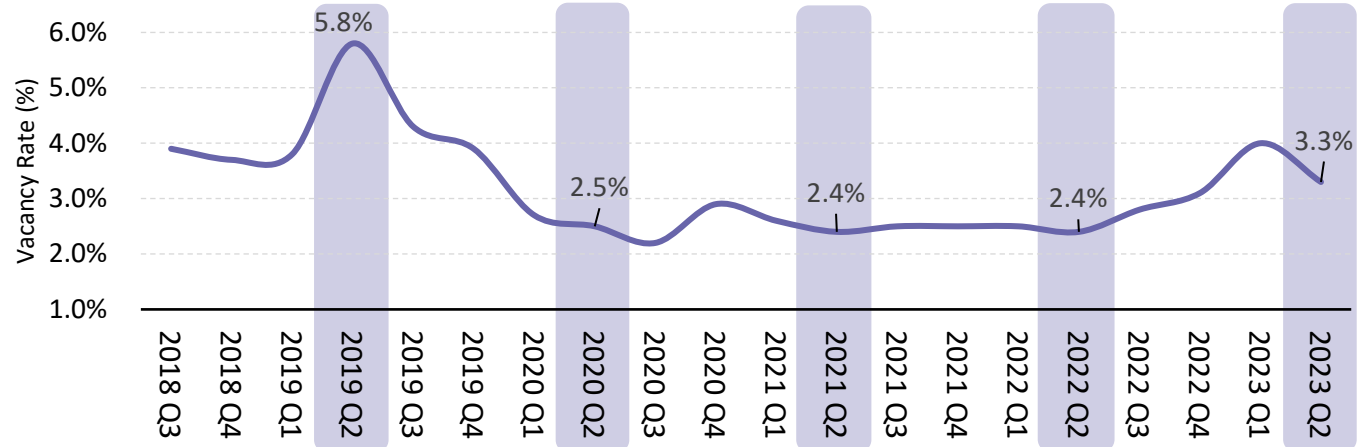
### Under Construction & Net Deliveries (units)



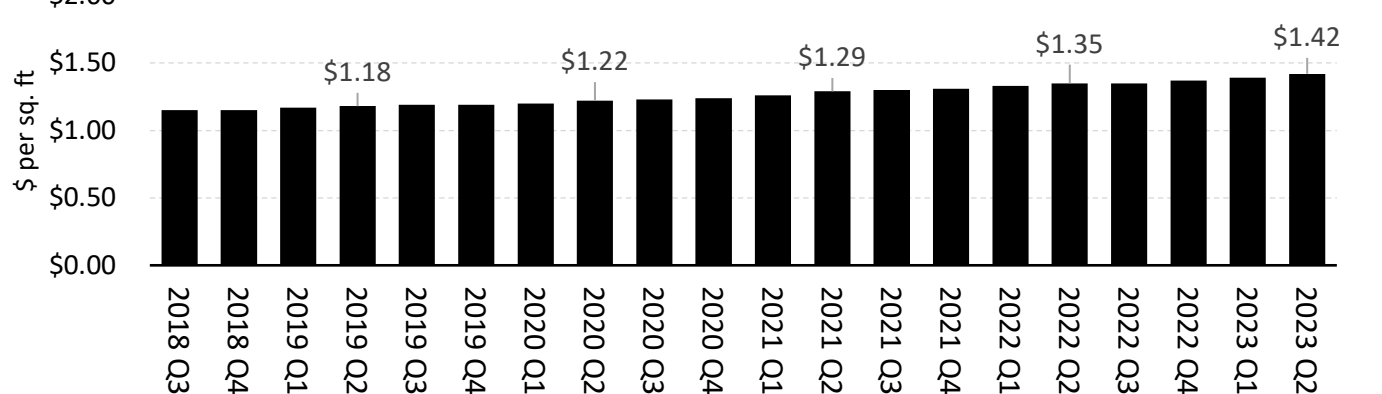
### Net Absorption (units)



### Vacancy Rate (%)



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



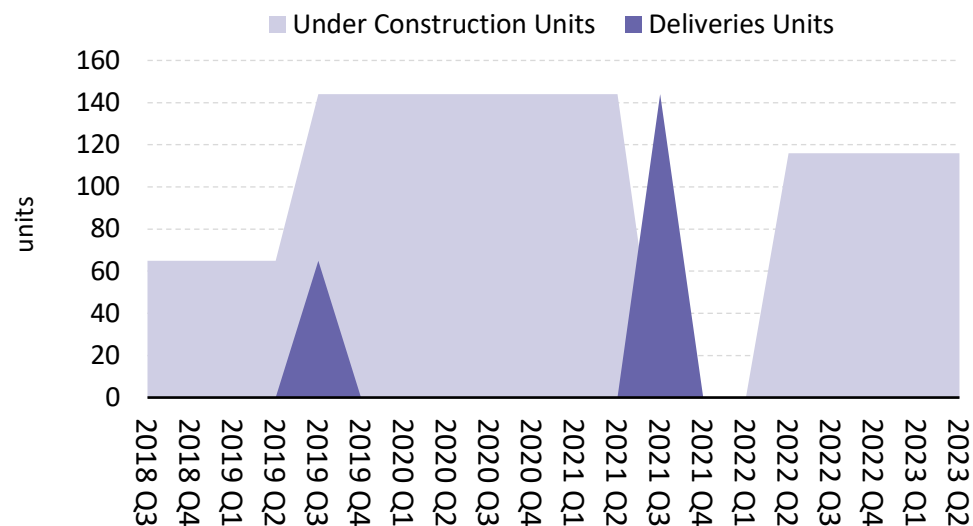
# Multifamily Market - MSA Trends

## HARRISONBURG MSA

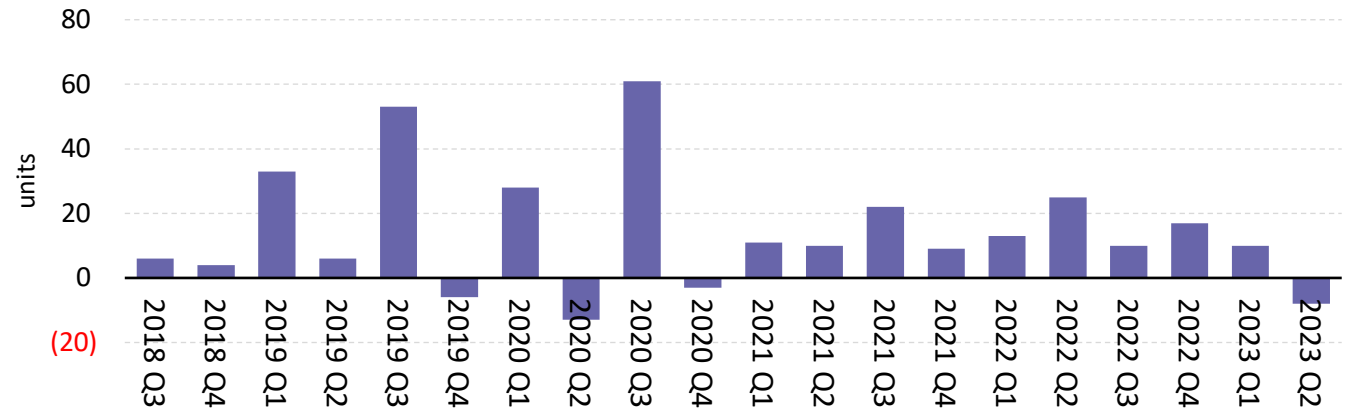
### Local Market Indicator Dashboard

	Q2-2023	YoY Chg	
Total Inventory (units)	4,817	0	% chg
Vacancy Rate (%)	2.1%	-0.6%	pct points
Net Absorption (units)	(8)	-33	units
Avg. Effective Rent (\$/per unit)	\$1,135	\$83	\$ per unit
Avg. Effective Rent (\$/per sq. ft)	\$1.27	\$0.08	\$ per sq. ft
Under Construction (units)	116	0	units

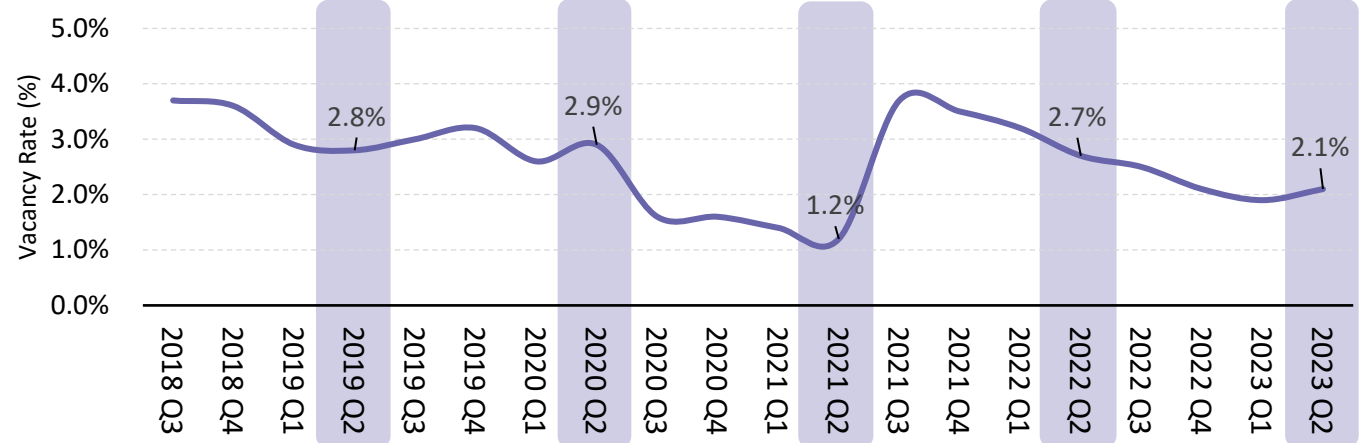
### Under Construction & Net Deliveries (units)



### Net Absorption (units)



### Vacancy Rate (%)



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





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NOTE: The term REALTOR® is a registered collective membership mark that identifies a real estate professional who is a member of the National Association of REALTORS® and subscribes to its strict code of ethics.

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Data and analysis provided by Virginia REALTORS® Chief Economist.

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