

# Q3 2023 MULTIFAMILY MARKET REPORT

# Multifamily Market - Key Trends Snapshot

## Multifamily Market

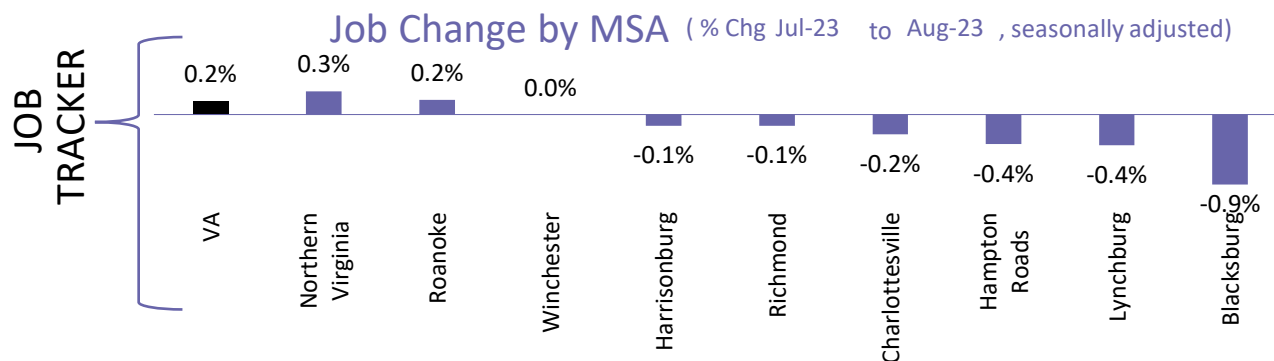
**Overview:** Conditions in Virginia's multifamily market remain solid, but the pace of growth has slowed. Net absorption continues to be positive, and rents are tracking upward, but not near the rate of growth experienced a year ago. Vacancy rates are inching up as new supply continues to come online. Affordability constraints in the for-sale housing market driven by rising home prices and elevated mortgage rates will likely keep many would-be homebuyers renting for longer. This should keep demand robust in the multifamily rental market in the near term.

**Absorption:** The demand for multi-family units remained strong statewide with 3,917 units absorbed in Q3 2023. Northern Virginia had a total of 1,845 multifamily units absorbed this quarter, due in large part to mid-rise/high rise apartments. Blacksburg was the only metro market in Virginia to have negative absorption with a net decrease of eight multifamily units.

**Vacancy Rate:** In Virginia, multifamily vacancy rates reached 5.7% in the third quarter, increasing from 5.3% a year ago. Vacancy in 2023 has been consistently higher than 2022 in large part because of the influx of newly delivered units over the year. Within the metro markets, the highest vacancy rate this quarter was in Lynchburg at 8.0% while in Harrisonburg vacancy rates were the lowest at 1.8%.

**Rent:** Multifamily rents continued to decelerate throughout the state. Effective rent was up just 2.7% in Q3 2023, a significant decline in comparison to the year prior when rent was up 5.8%. One of Virginia's biggest multifamily metro markets, Richmond, had the smallest increase in effective rent this quarter at just 0.5%. Multifamily rents in both Hampton Roads and Northern Virginia rose 3.0% from the third quarter of last year.

**Supply + Deliveries:** Supply of new multi-family units slowed in Virginia with about 29,000 units under construction, a 6.9% decrease from a year ago. Northern Virginia and Richmond are the metro areas where most of the new construction is taking place. Deliveries of new multifamily units fell in the state by 9.7% from the year before.



## VIRGINIA (Statewide)



### Market Indicator Dashboard

	YoY Chg	Q3-2023	Indicator
% chg	2.1%	671,424	<b>Total Inventory</b> (units)
units	4,019	3,917	<b>Net Absorption</b> (units)
pct point	0.4%	5.7%	<b>Vacancy Rate</b> (%)
\$ per unit	\$44	\$1,666	<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	-315	2,941	<b>New Supply Delivered</b> (units)
units	-2,178	29,282	<b>Under Construction</b> (units)



### Economic Indicator Dashboard

	MoM % Chg	Aug-23	Indicator
% chg	0.2%	4.2	<b>Total Jobs</b> (in millions, seasonally adjusted)
pct point	0	2.5%	<b>Unemployment Rate</b> (% seasonally adjusted)
pct point	-0.1%	2.1	<b>Gross Domestic Product</b> (% chg from prior year)

# Report Index

## Virginia Multifamily Market

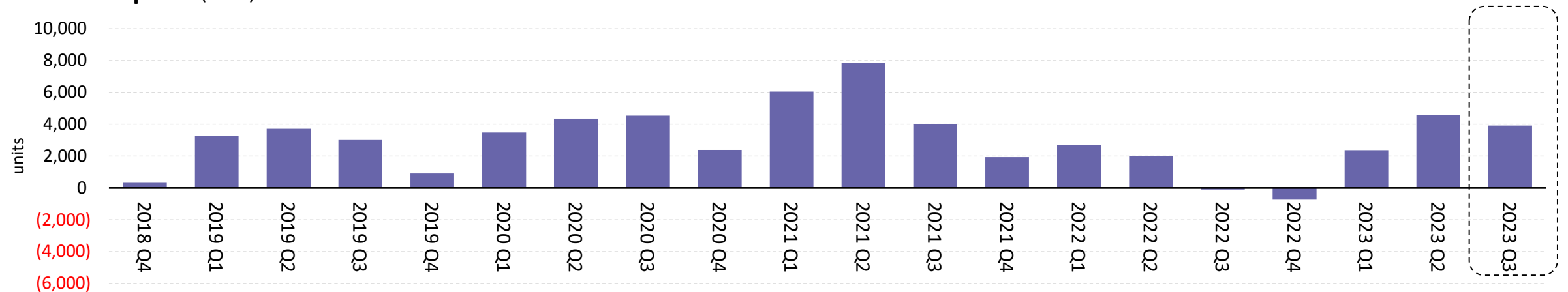
Absorption & Construction Trends	4
Rent Trends	5
Vacancy Trends	6
MSA-Level Trends	7
Northern Virginia	8
Richmond MSA	9
Hampton Roads	10
Roanoke MSA	11
Lynchburg MSA	12
Charlottesville MSA	13
Blacksburg MSA	14
Winchester MSA	15
Harrisonburg MSA	16



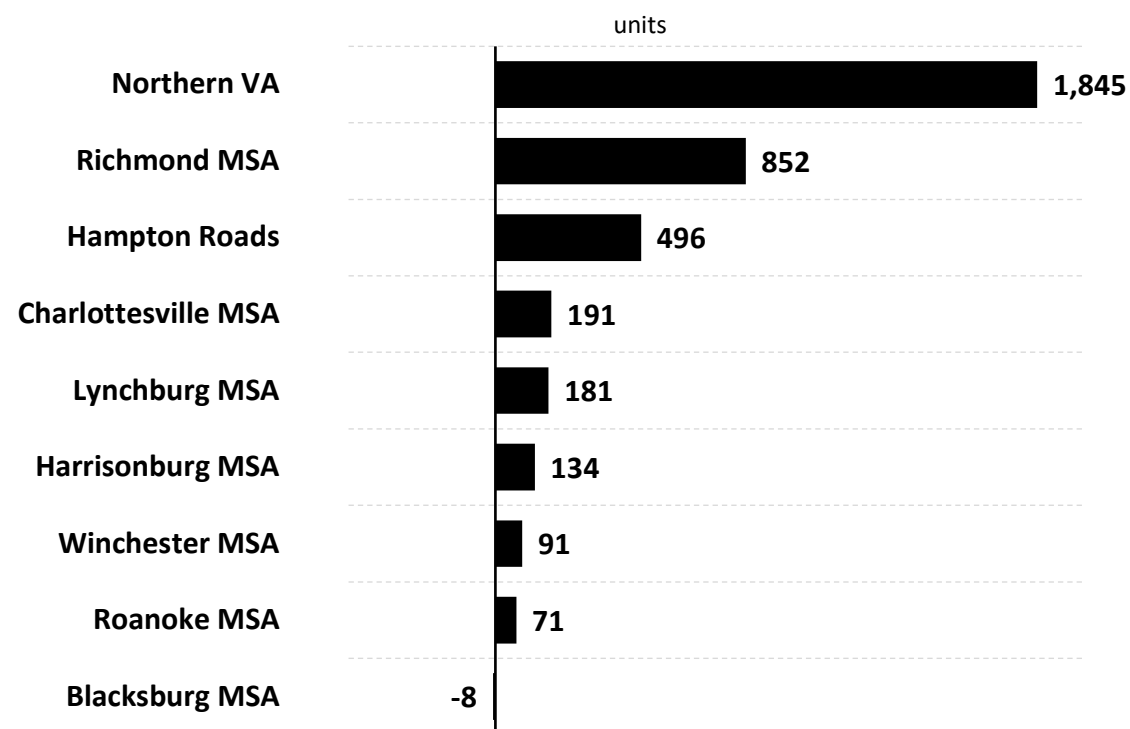
# Multifamily Market - Absorption & Construction Trends

## VIRGINIA (Statewide)

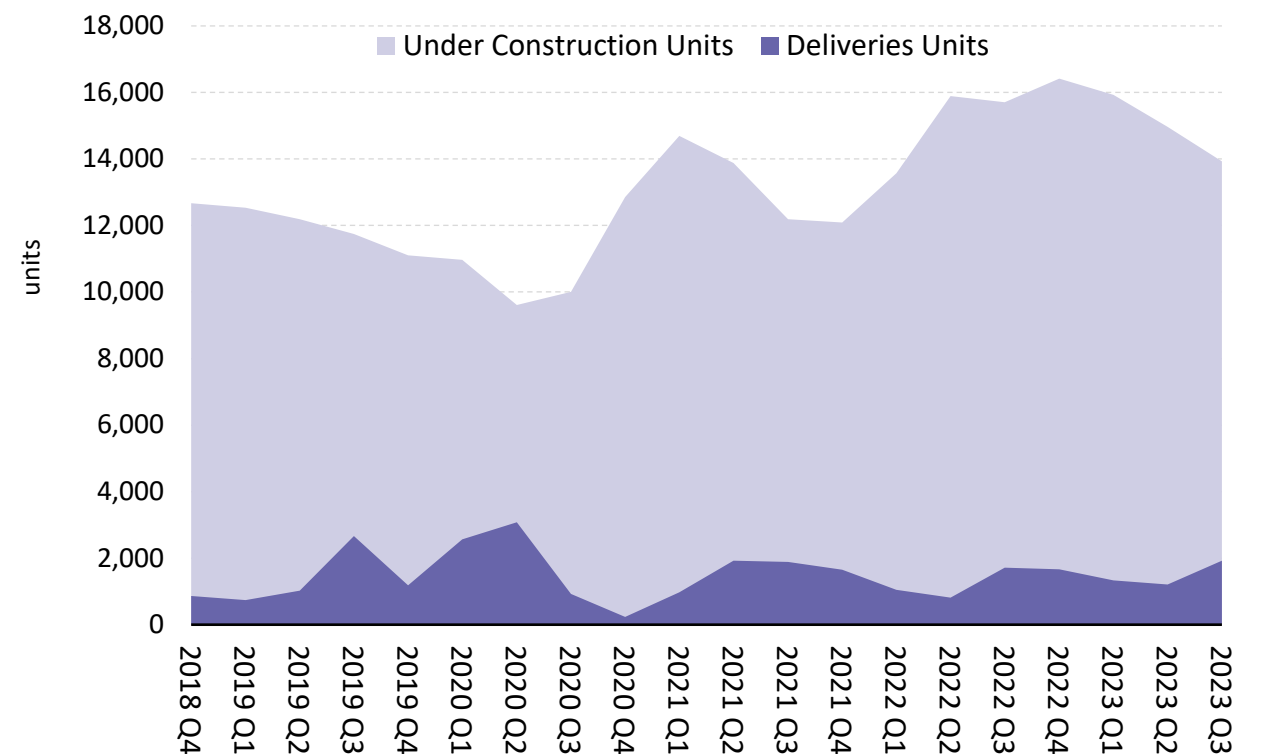
Net Absorption (units)



Q3-2023 Net Absorption by Metro Area (units)



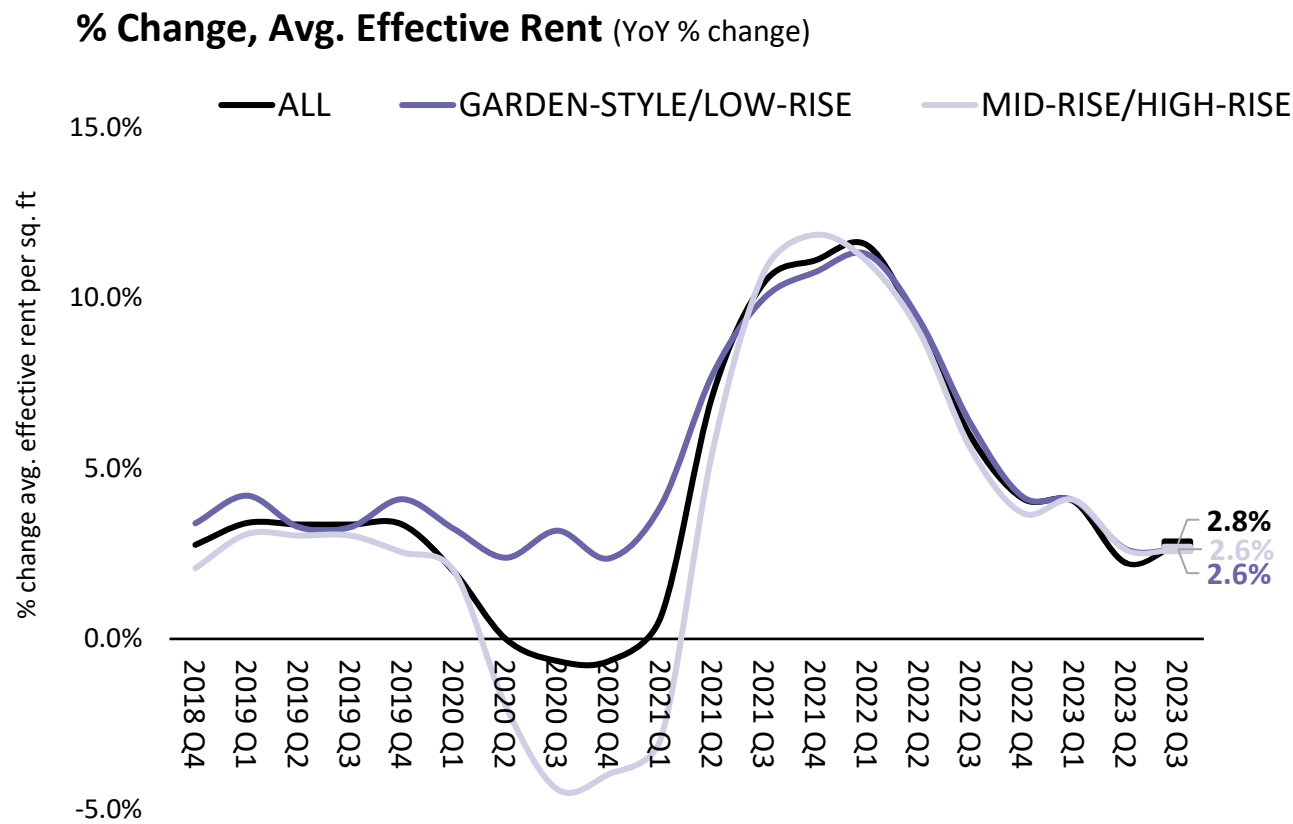
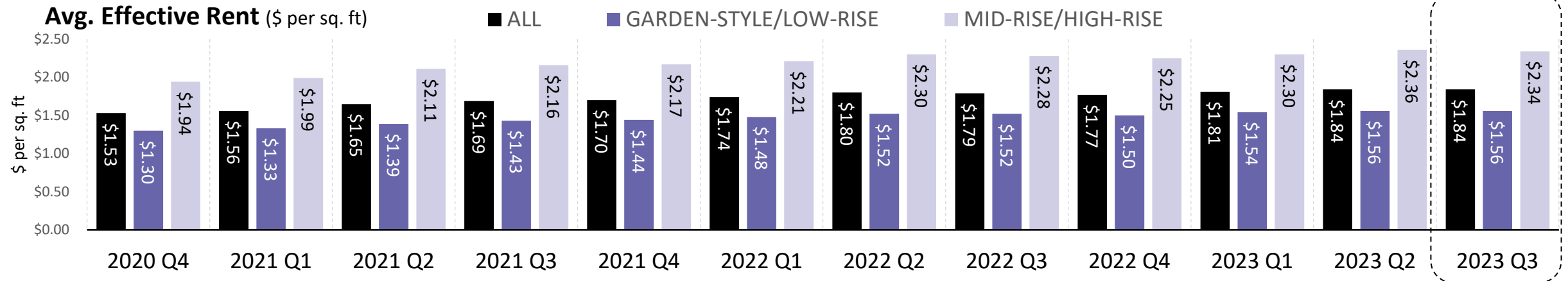
Under Construction & Net Deliveries (units)



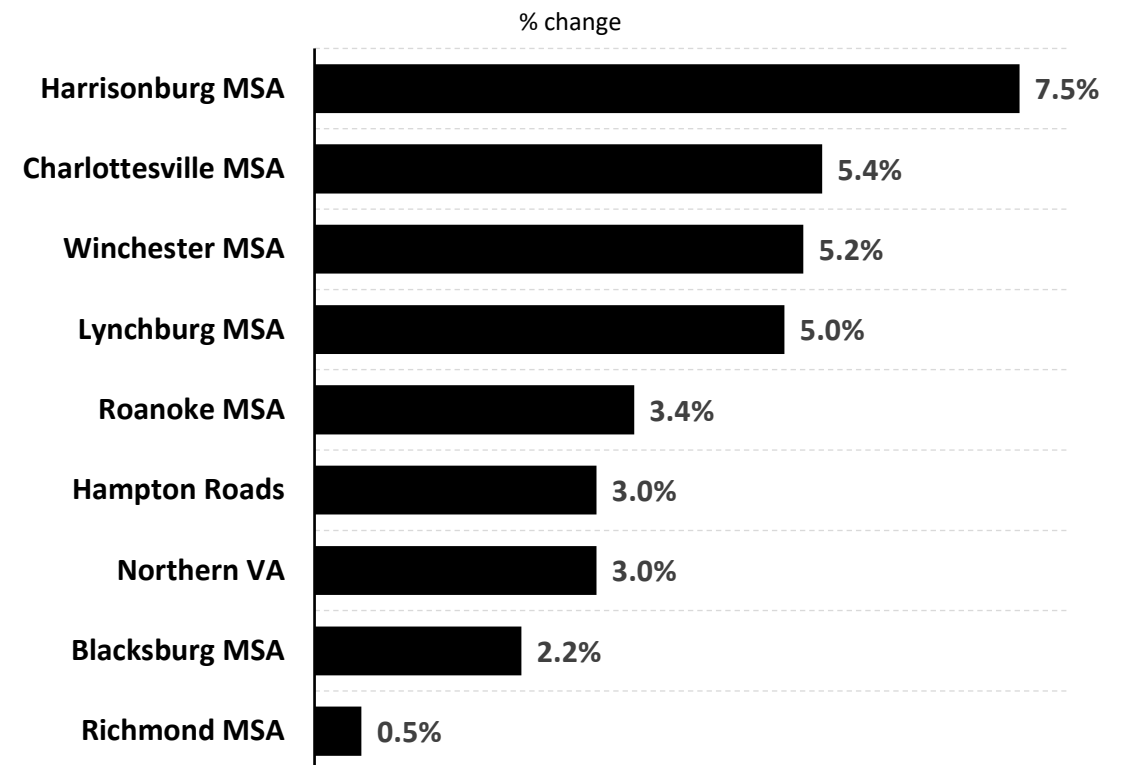


# Multifamily Market - Rent Trends

## VIRGINIA (Statewide)

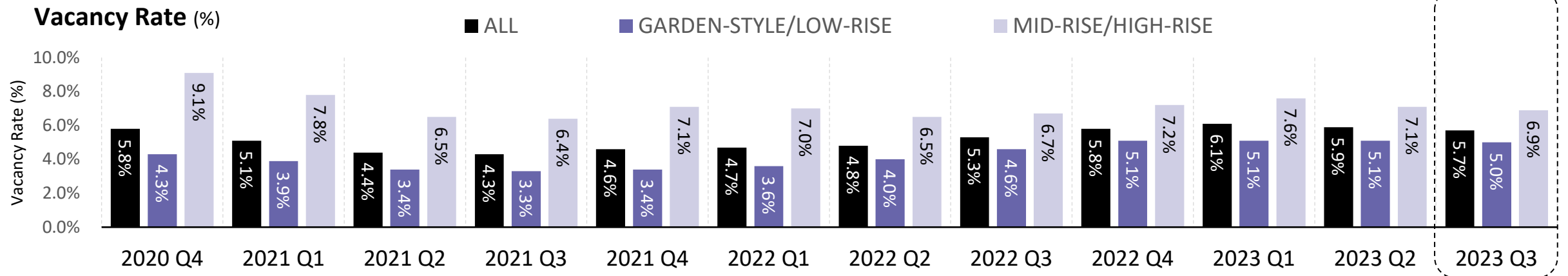


## Q3-2023 by MSA: % Change, Avg. Effective Rent (YoY % change)

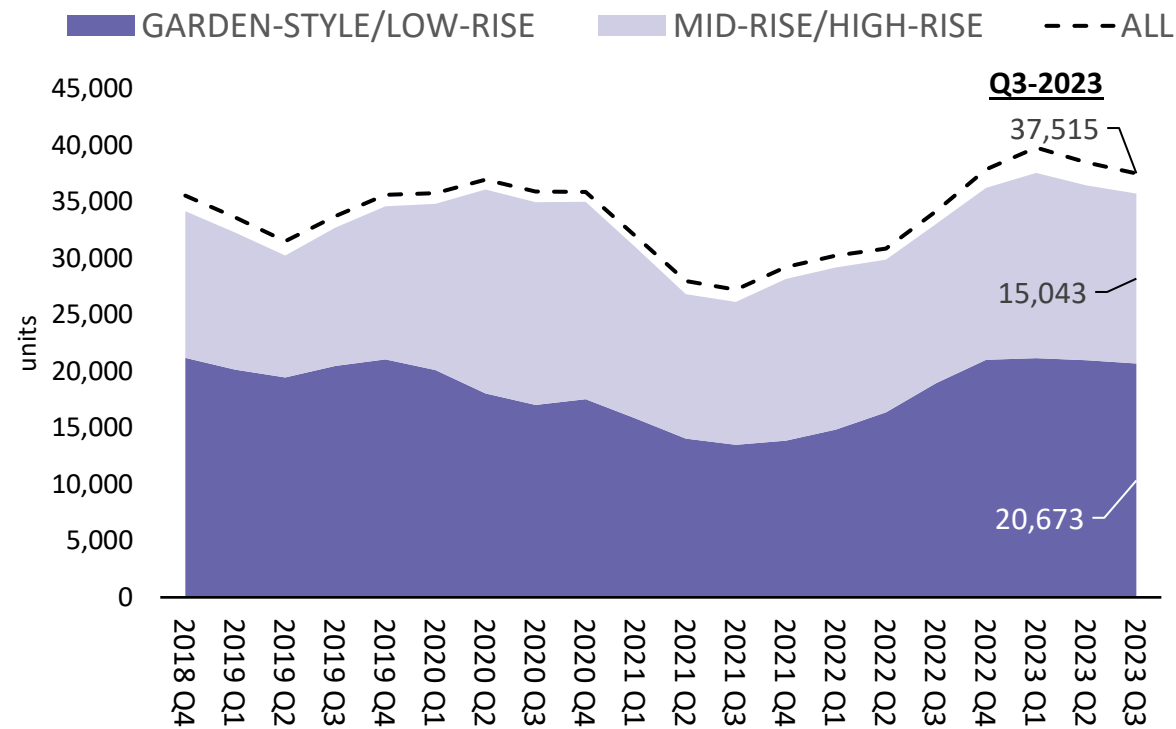


# Multifamily Market - Vacancy Trends

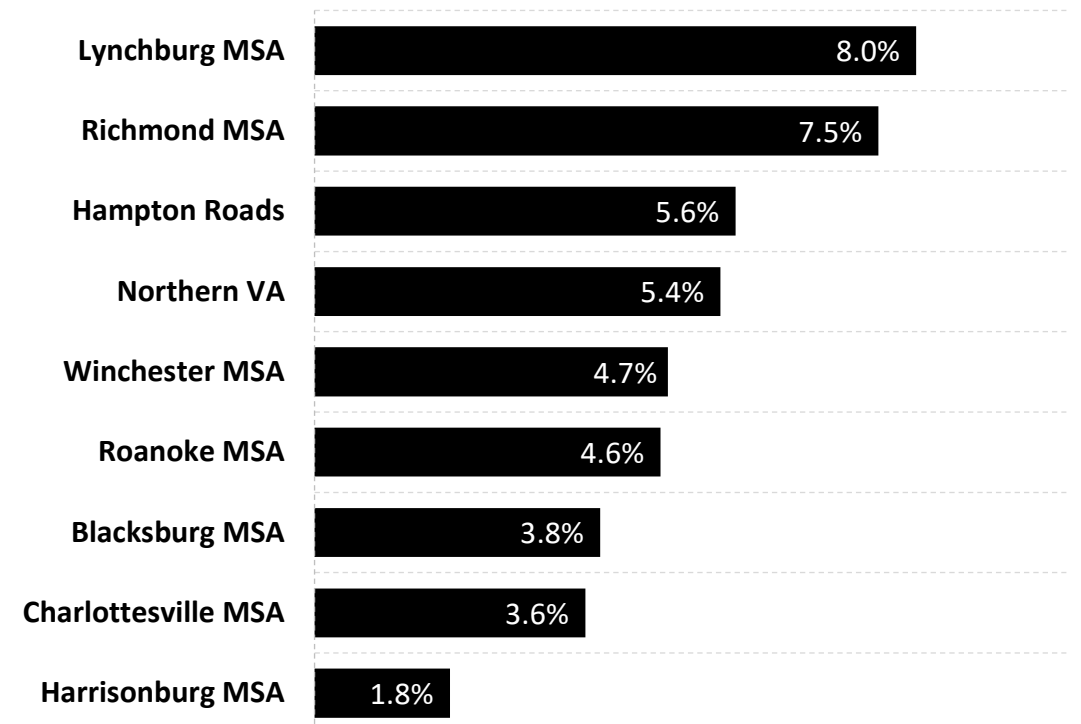
## VIRGINIA (Statewide)



## Vacant Inventory (units)



## Q3-2023 Multifamily Vacancy Rate by MSA



# MSA TRENDS

METROPOLITAN STATISTICAL AREA

Q3



2023

MULTIFAMILY  
Market Report



*Snapshot of Multifamily Market Conditions Around Virginia*

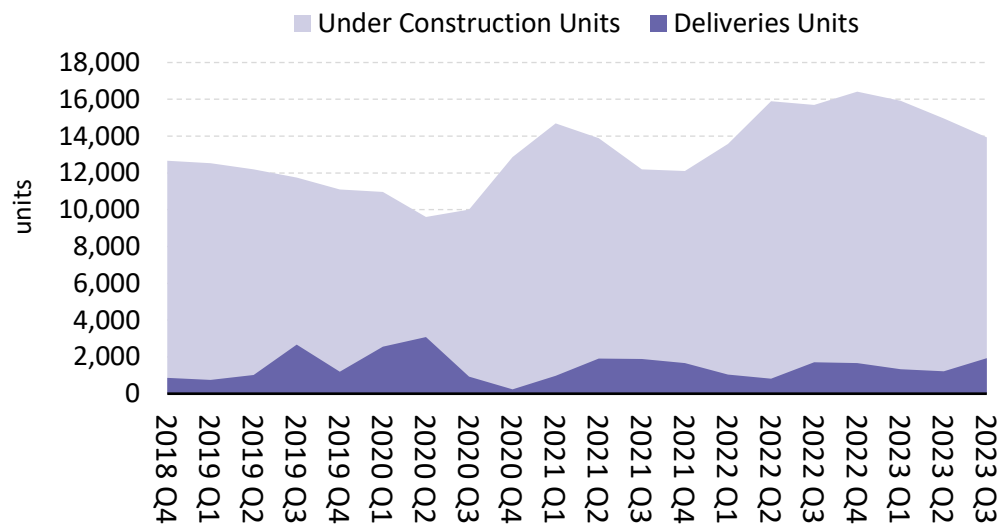
# Multifamily Market - MSA Trends

## NORTHERN VIRGINIA

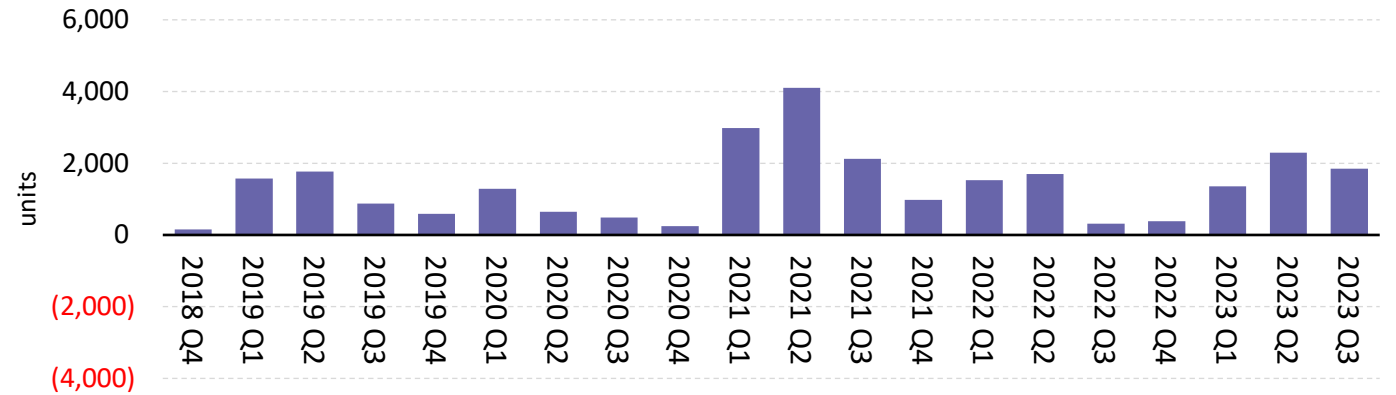
### Local Market Indicator Dashboard

	Q3-2023	YoY Chg
Total Inventory (units)	267,935	2.3% % chg
Vacancy Rate (%)	5.4%	0 pct points
Net Absorption (units)	1,845	1,534 units
Avg. Effective Rent (\$/per unit)	\$2,107	\$62 \$ per unit
Avg. Effective Rent (\$/per sq. ft)	\$2.33	\$0.07 \$ per sq. ft
Under Construction (units)	13,934	-1,766 units

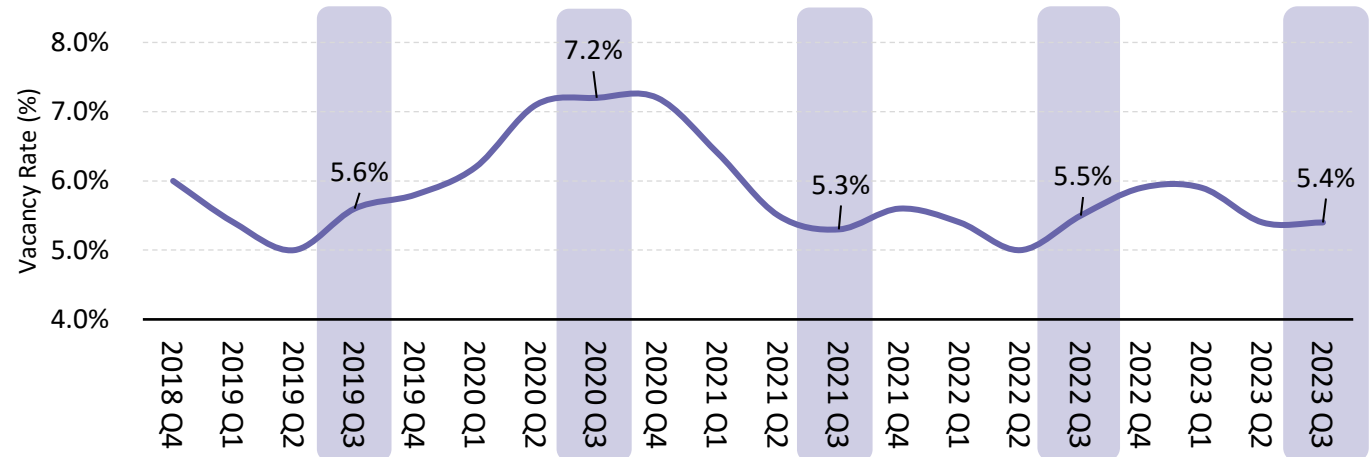
### Under Construction & Net Deliveries (units)



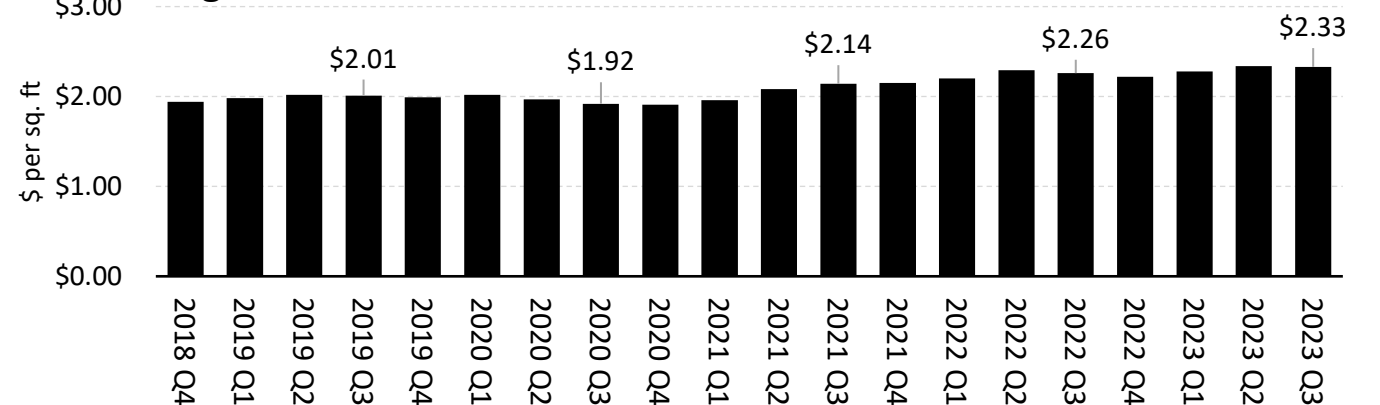
### Net Absorption (units)



### Vacancy Rate (%)



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





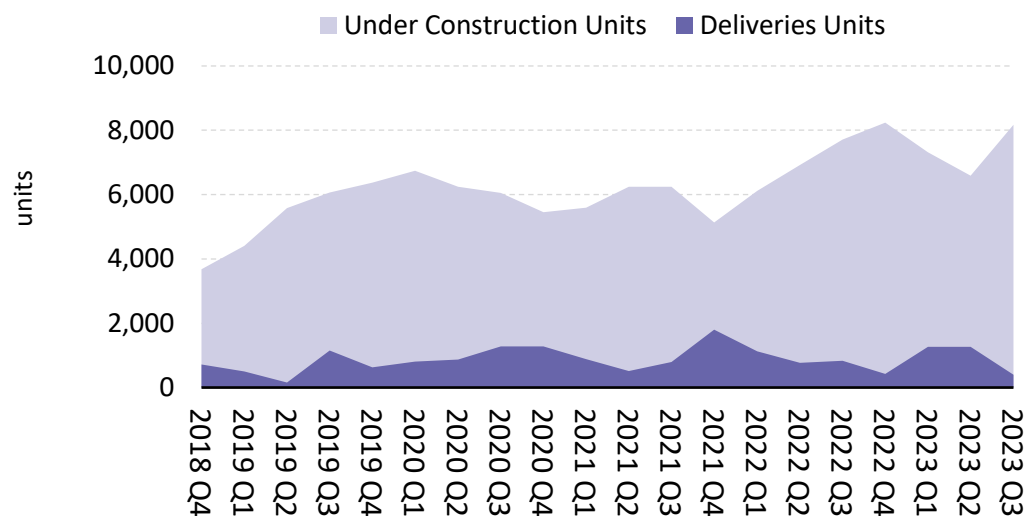
# Multifamily Market - MSA Trends

## RICHMOND MSA

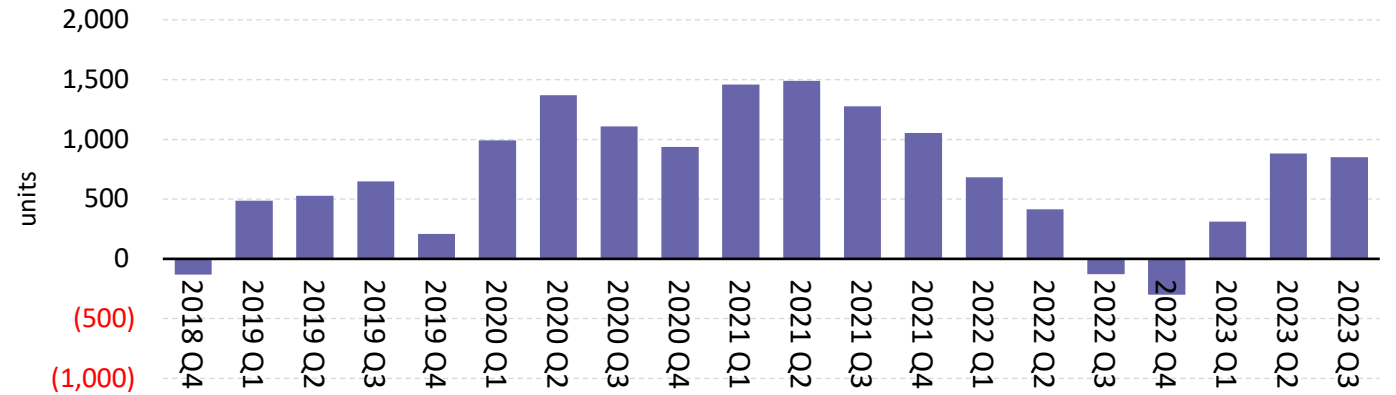
### Local Market Indicator Dashboard

	Q3-2023	YoY Chg
Total Inventory (units)	<b>132,380</b>	<b>2.6%</b> % chg
Vacancy Rate (%)	<b>7.5%</b>	<b>1.1%</b> pct points
Net Absorption (units)	<b>852</b>	<b>979</b> units
Avg. Effective Rent (\$/per unit)	<b>\$1,378</b>	<b>\$7</b> \$ per unit
Avg. Effective Rent (\$/per sq. ft)	<b>\$1.56</b>	<b>\$0.01</b> \$ per sq. ft
Under Construction (units)	<b>8,170</b>	<b>460</b> units

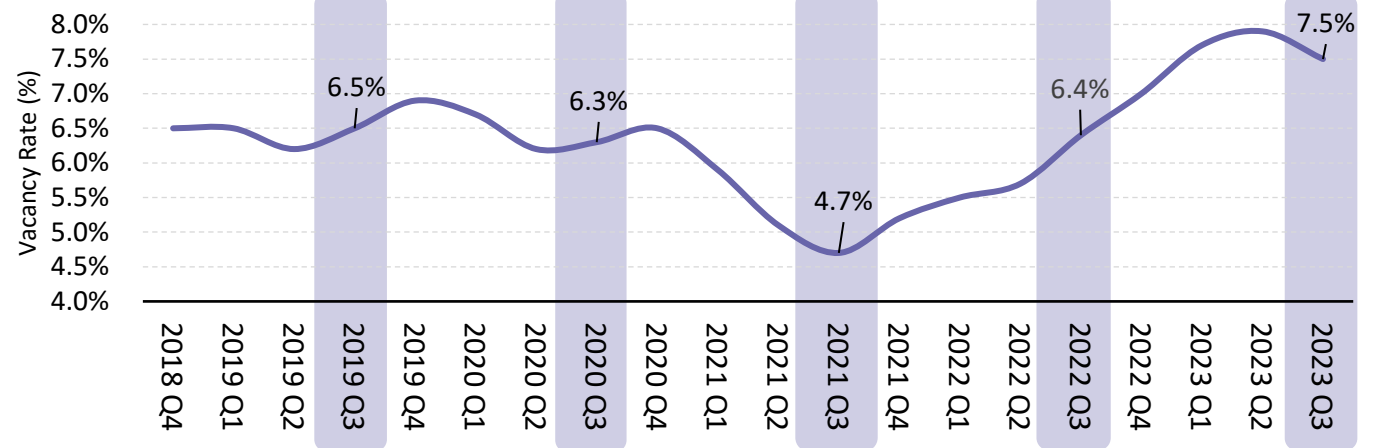
### Under Construction & Net Deliveries (units)



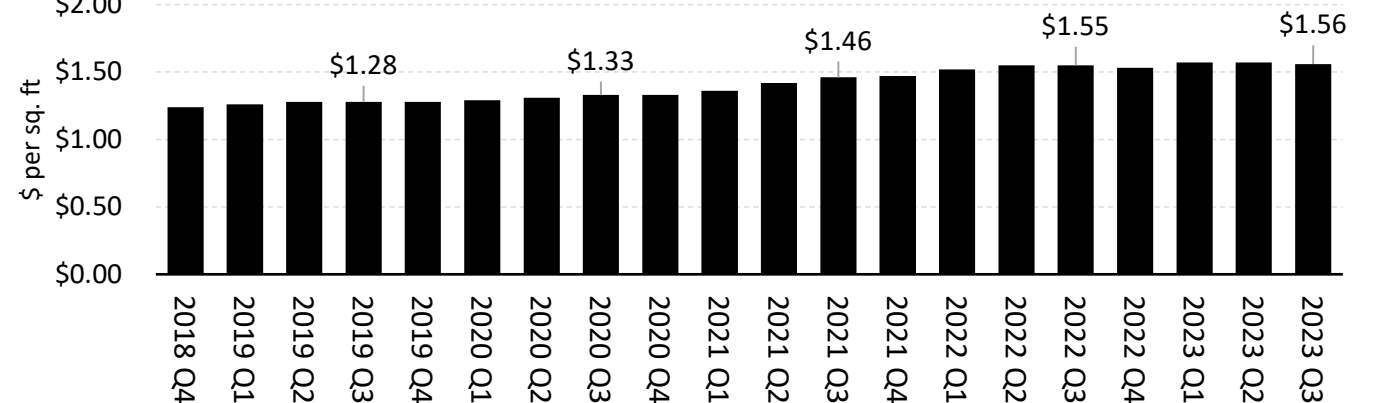
### Net Absorption (units)



### Vacancy Rate (%)



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



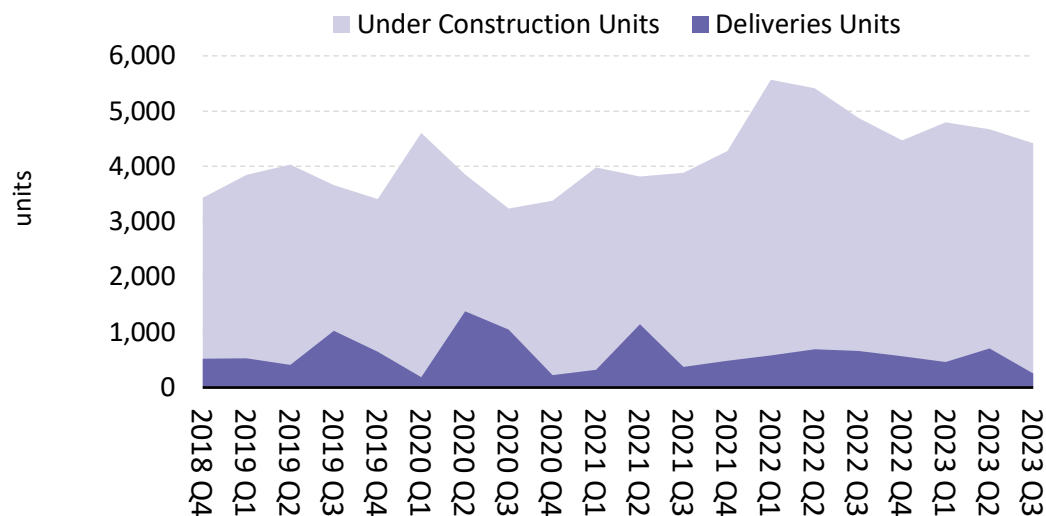
# Multifamily Market - MSA Trends

## HAMPTON ROADS

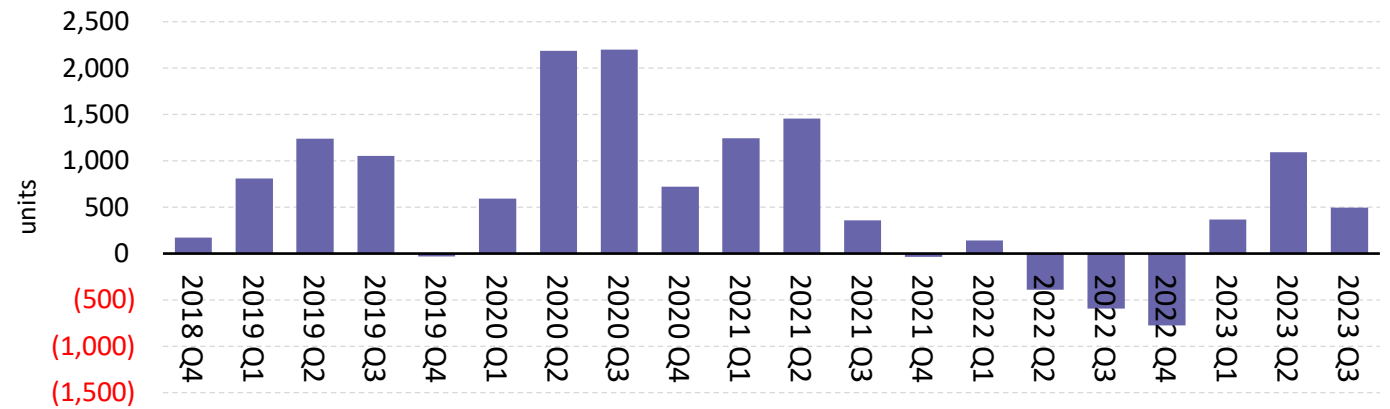
### Local Market Indicator Dashboard

	Q3-2023	YoY Chg
Total Inventory (units)	<b>174,584</b>	<b>1.2%</b> % chg
Vacancy Rate (%)	<b>5.6%</b>	<b>0.5%</b> pct points
Net Absorption (units)	<b>496</b>	<b>1,091</b> units
Avg. Effective Rent (\$/per unit)	<b>\$1,378</b>	<b>\$40</b> \$ per unit
Avg. Effective Rent (\$/per sq. ft)	<b>\$1.49</b>	<b>\$0.04</b> \$ per sq. ft
Under Construction (units)	<b>4,416</b>	<b>-466</b> units

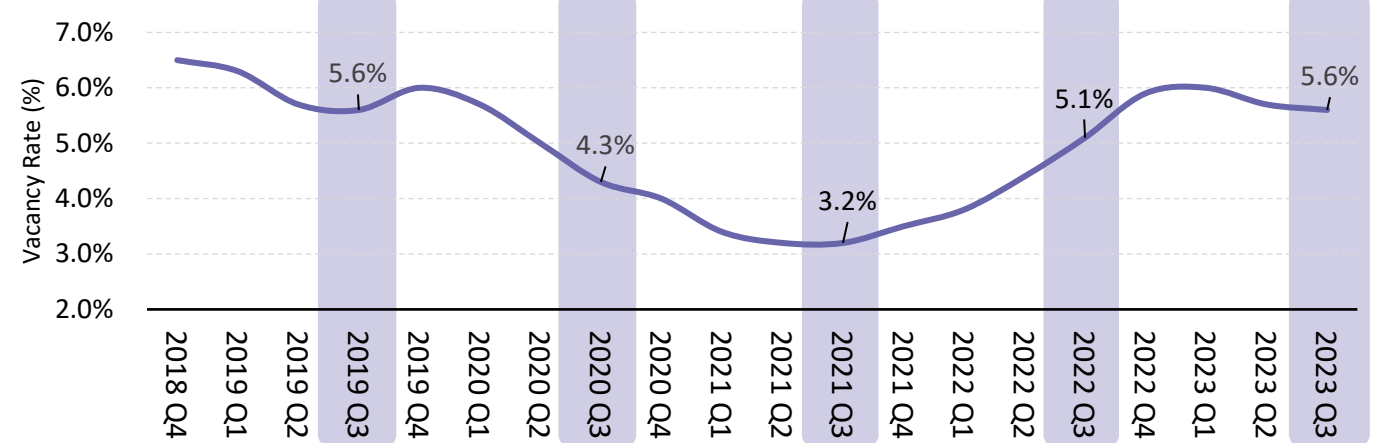
### Under Construction & Net Deliveries (units)



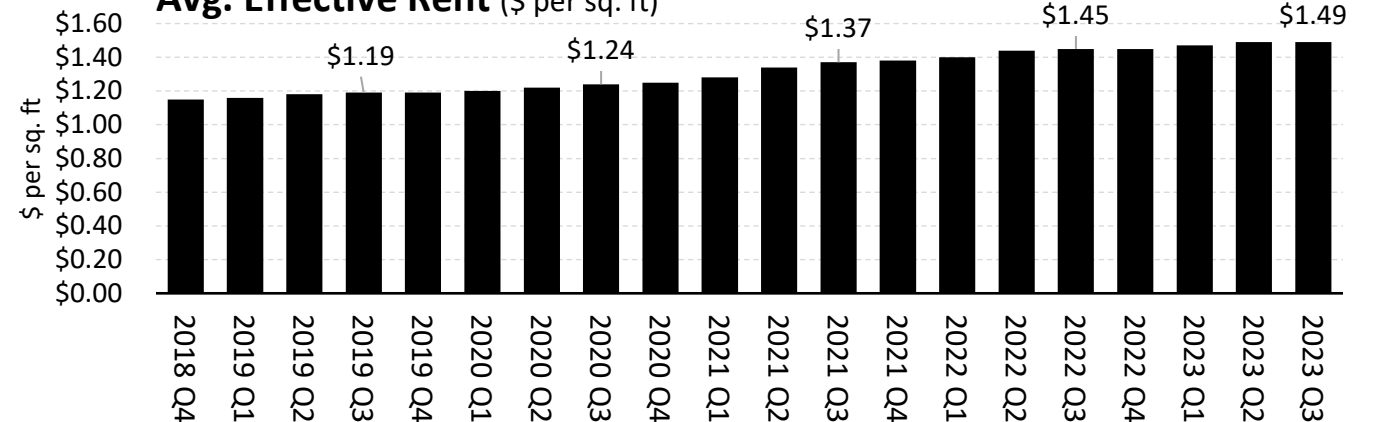
### Net Absorption (units)



### Vacancy Rate (%)



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



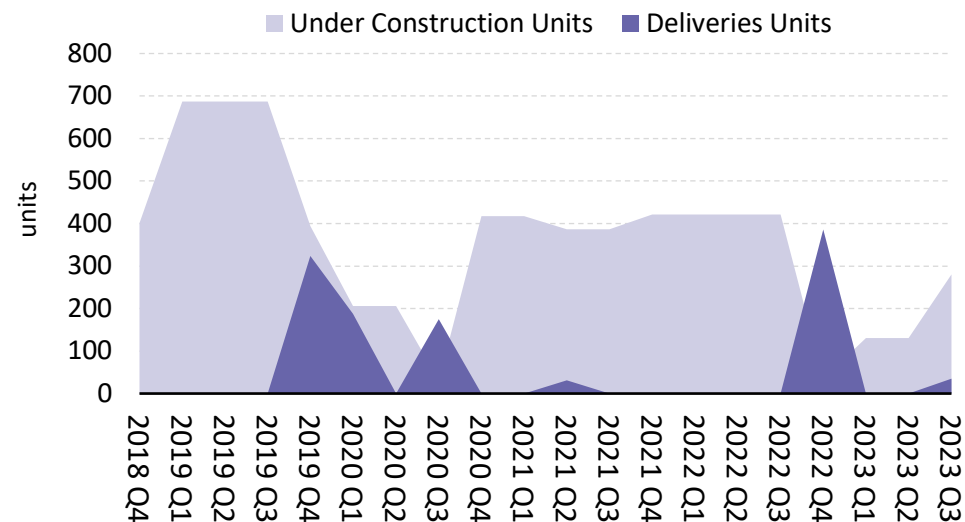
# Multifamily Market - MSA Trends

## ROANOKE MSA

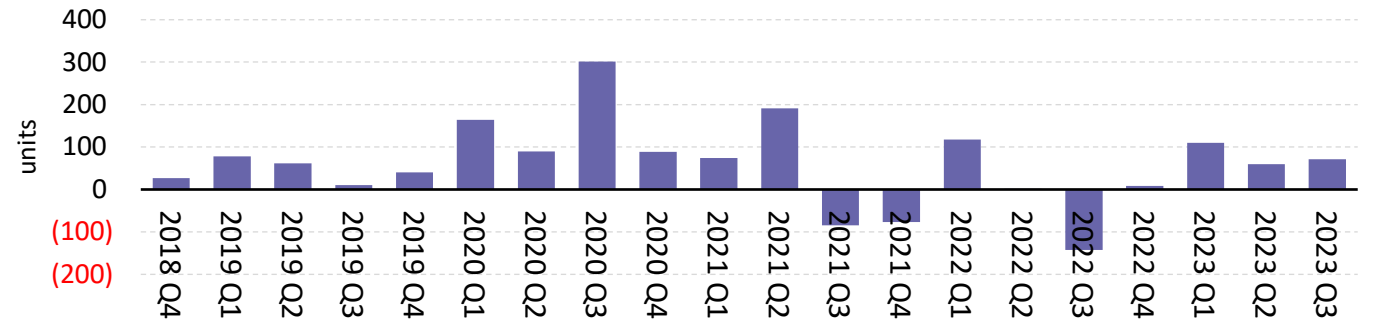
### Local Market Indicator Dashboard

	Q3-2023	YoY Chg
Total Inventory (units)	19,751	2.2% % chg
Vacancy Rate (%)	4.6%	0.8% pct points
Net Absorption (units)	71	213 units
Avg. Effective Rent (\$/per unit)	\$1,071	\$35 \$ per unit
Avg. Effective Rent (\$/per sq. ft)	\$1.22	\$0.04 \$ per sq. ft
Under Construction (units)	280	-141 units

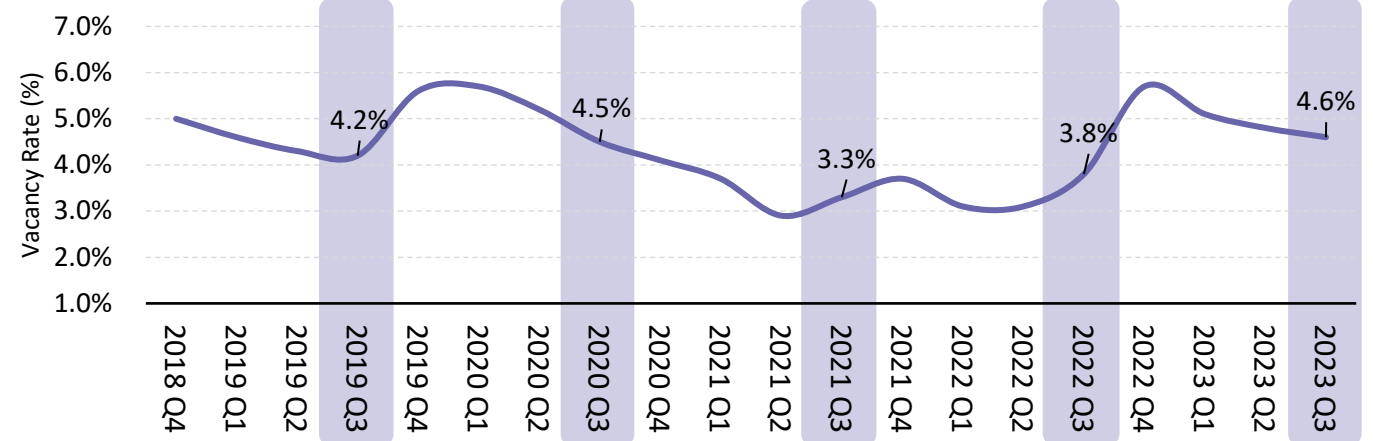
### Under Construction & Net Deliveries (units)



### Net Absorption (units)



### Vacancy Rate (%)



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



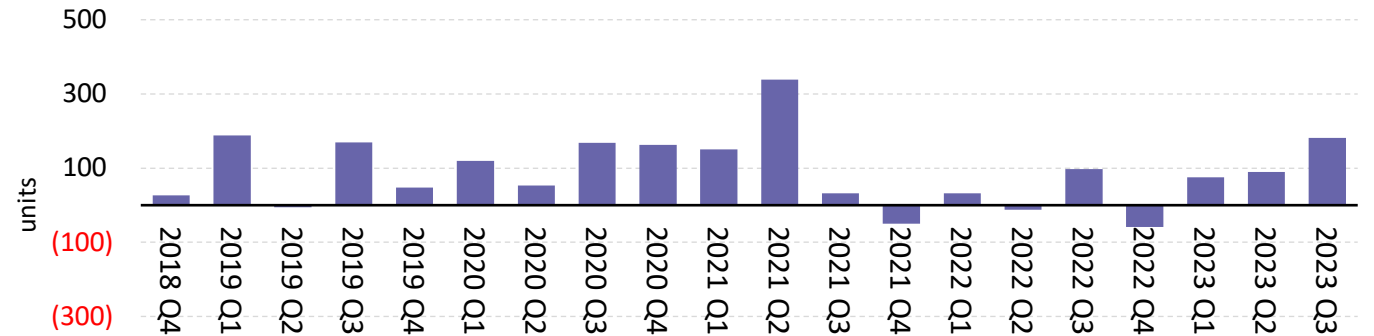
# Multifamily Market - MSA Trends

## LYNCHBURG MSA

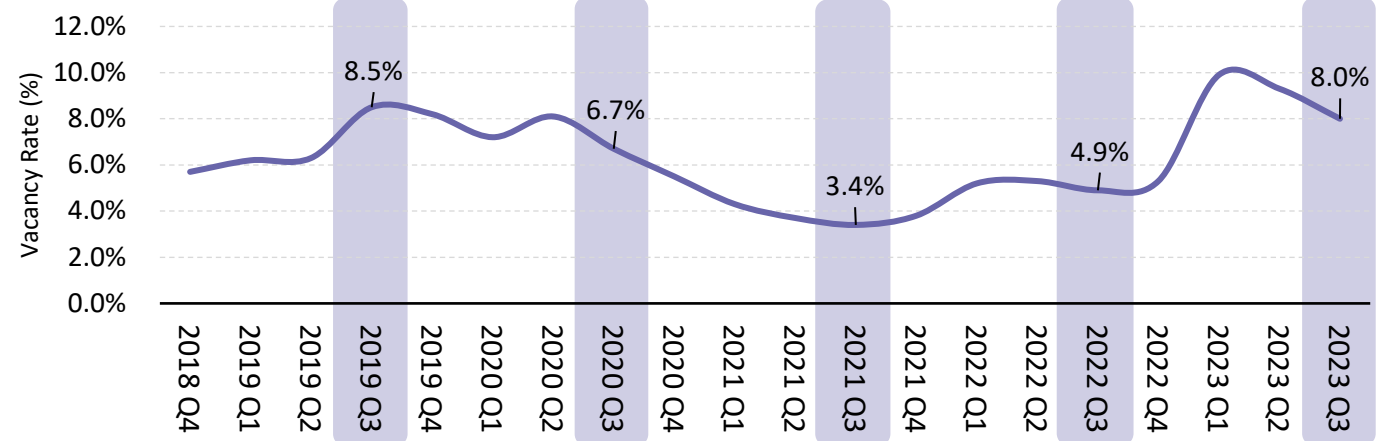
### Local Market Indicator Dashboard

	Q3-2023	YoY Chg
Total Inventory (units)	<b>14,121</b>	<b>5.7%</b> % chg
Vacancy Rate (%)	<b>8.0%</b>	<b>3.1%</b> pct points
Net Absorption (units)	<b>181</b>	<b>84</b> units
Avg. Effective Rent (\$/per unit)	<b>\$1,119</b>	<b>\$54</b> \$ per unit
Avg. Effective Rent (\$/per sq. ft)	<b>\$1.16</b>	<b>\$0.05</b> \$ per sq. ft
Under Construction (units)	<b>915</b>	<b>-38</b> units

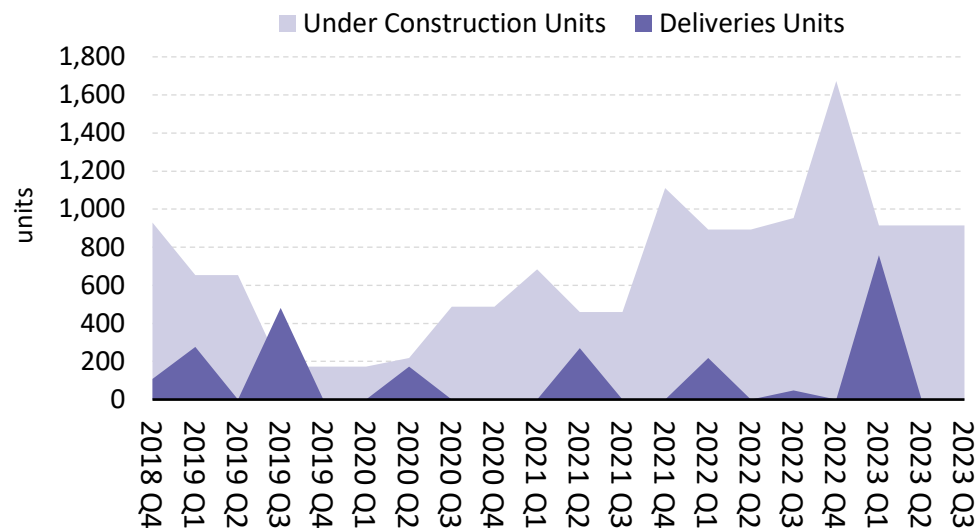
### Net Absorption (units)



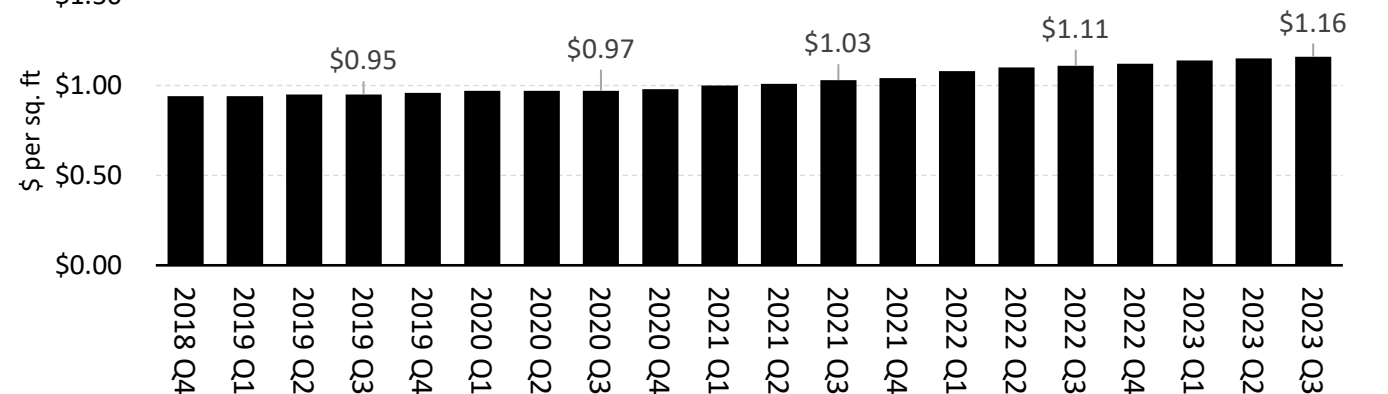
### Vacancy Rate (%)



### Under Construction & Net Deliveries (units)



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



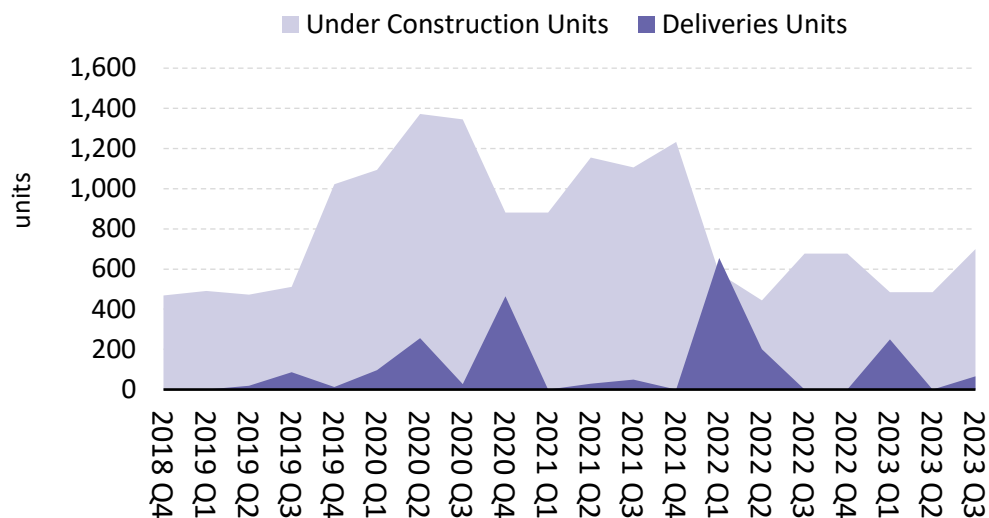
# Multifamily Market - MSA Trends

## CHARLOTTESVILLE MSA

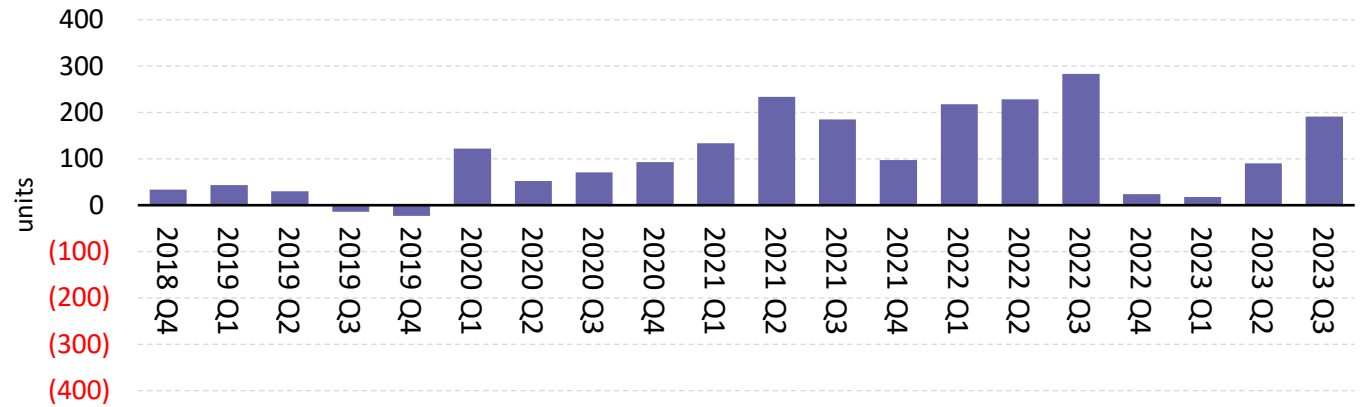
### Local Market Indicator Dashboard

	Q3-2023	YoY Chg
Total Inventory (units)	<b>13,972</b>	<b>2.3%</b> % chg
Vacancy Rate (%)	<b>3.6%</b>	<b>-0.1%</b> pct points
Net Absorption (units)	<b>191</b>	<b>-92</b> units
Avg. Effective Rent (\$/per unit)	<b>\$1,641</b>	<b>\$83</b> \$ per unit
Avg. Effective Rent (\$/per sq. ft)	<b>\$1.69</b>	<b>\$0.09</b> \$ per sq. ft
Under Construction (units)	<b>699</b>	<b>22</b> units

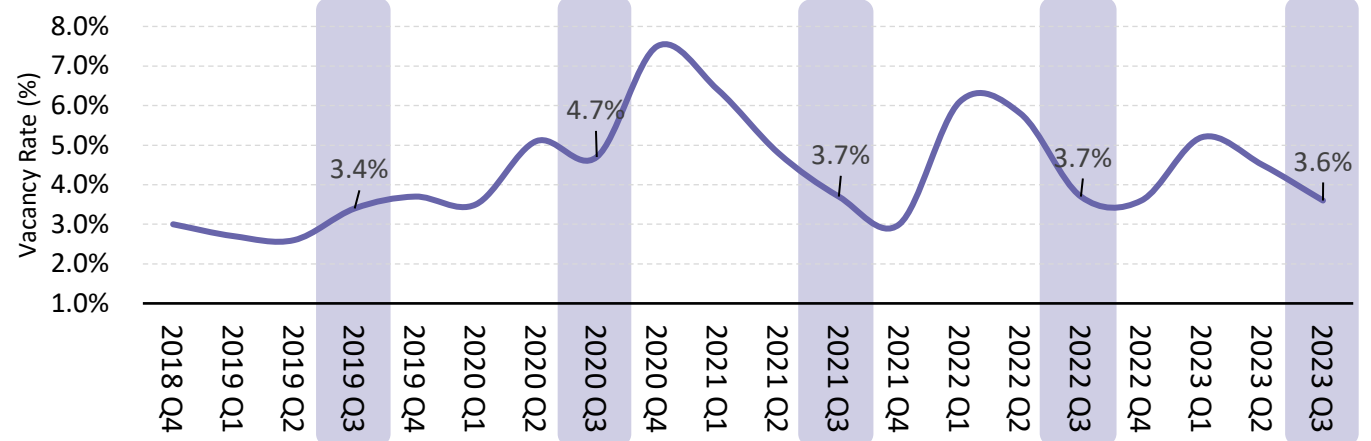
### Under Construction & Net Deliveries (units)



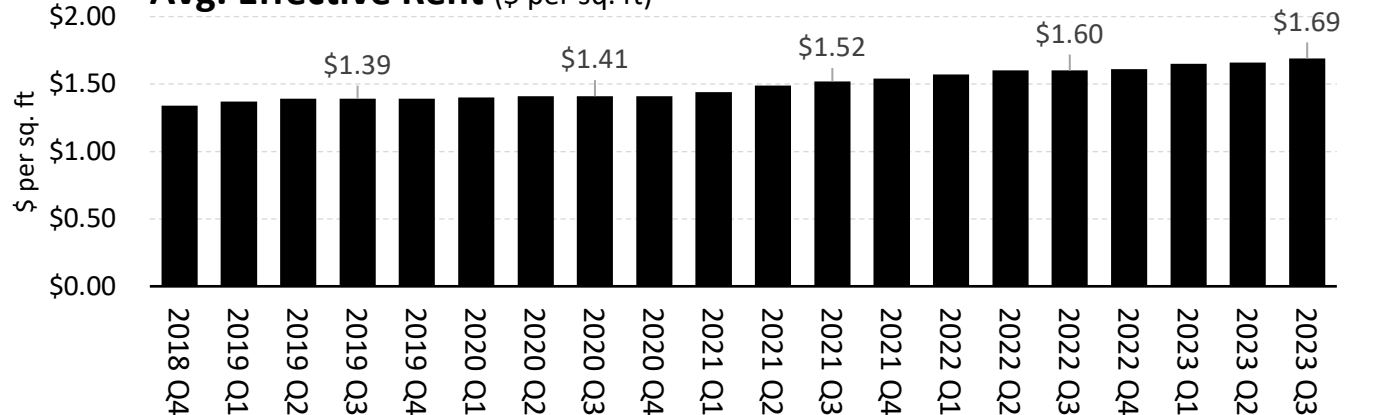
### Net Absorption (units)



### Vacancy Rate (%)



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





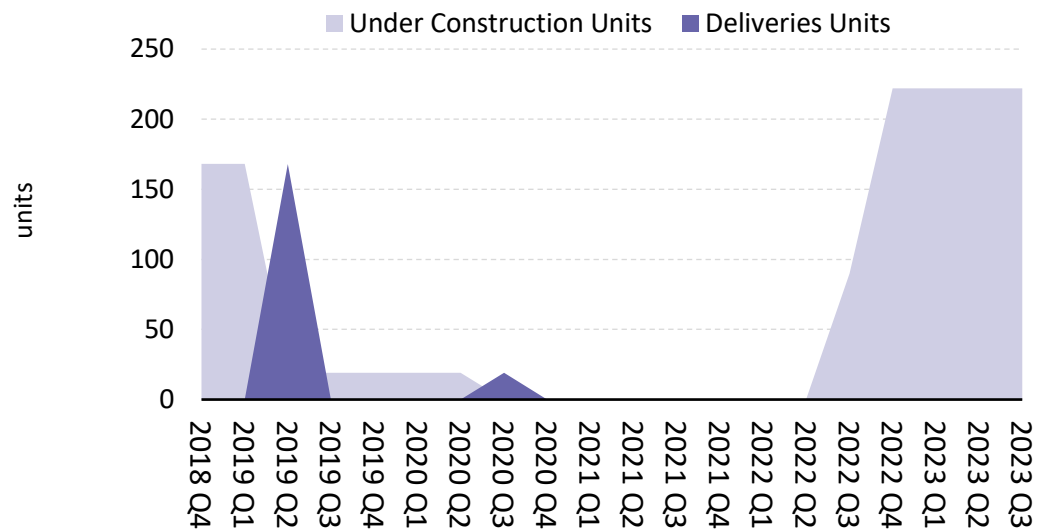
# Multifamily Market - MSA Trends

## BLACKSBURG MSA

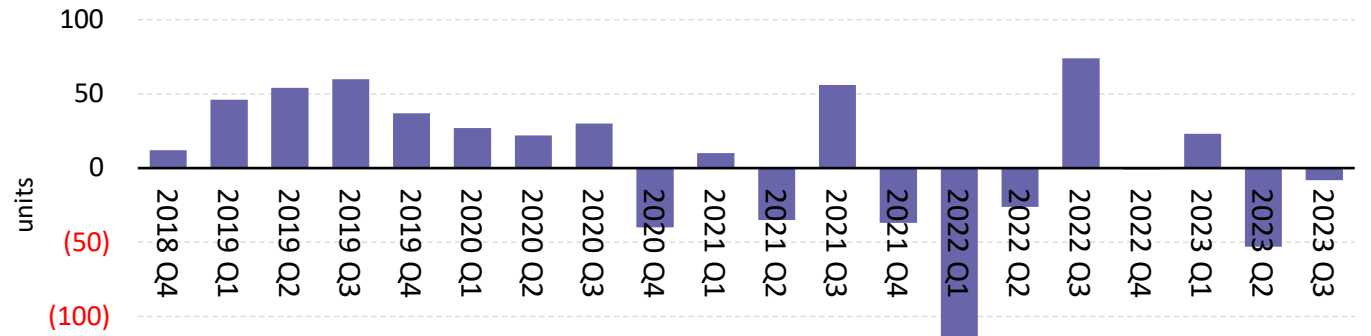
### Local Market Indicator Dashboard

	Q3-2023	YoY Chg
Total Inventory (units)	9,556	0 % chg
Vacancy Rate (%)	3.8%	0.4% pct points
Net Absorption (units)	(8)	-82 units
Avg. Effective Rent (\$/per unit)	\$1,211	\$26 \$ per unit
Avg. Effective Rent (\$/per sq. ft)	\$1.30	\$0.04 \$ per sq. ft
Under Construction (units)	222	132 units

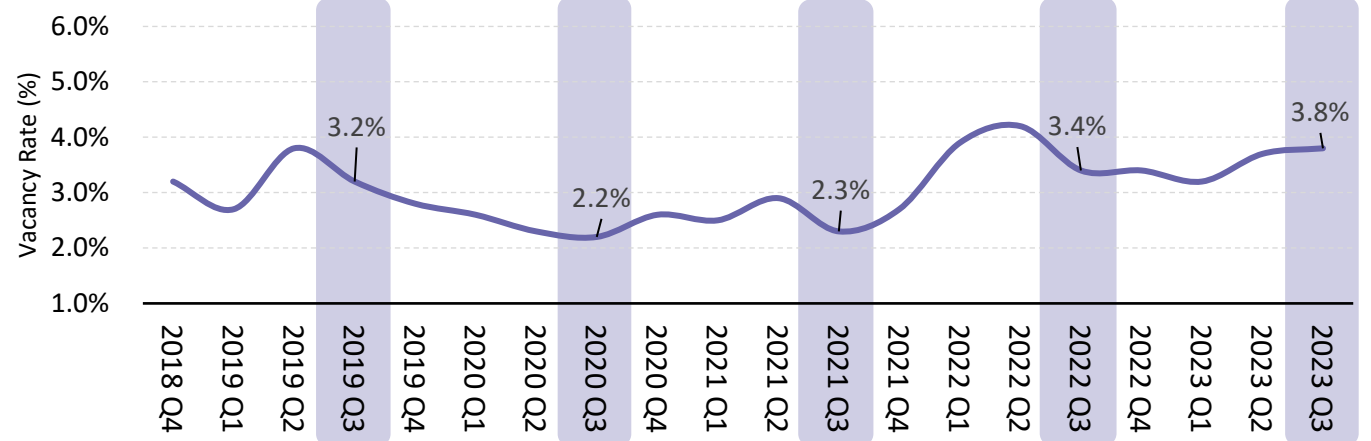
### Under Construction & Net Deliveries (units)



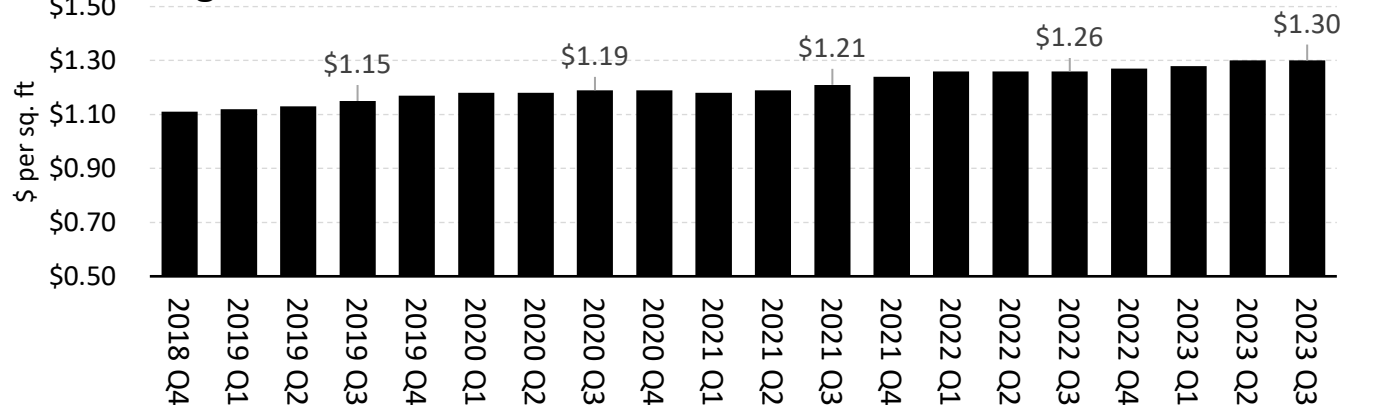
### Net Absorption (units)



### Vacancy Rate (%)



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



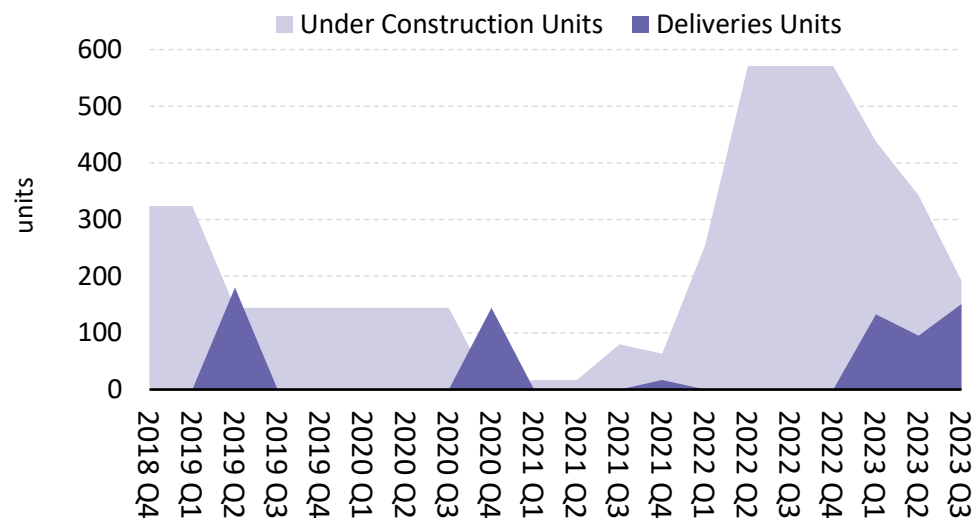
# Multifamily Market - MSA Trends

## WINCHESTER MSA

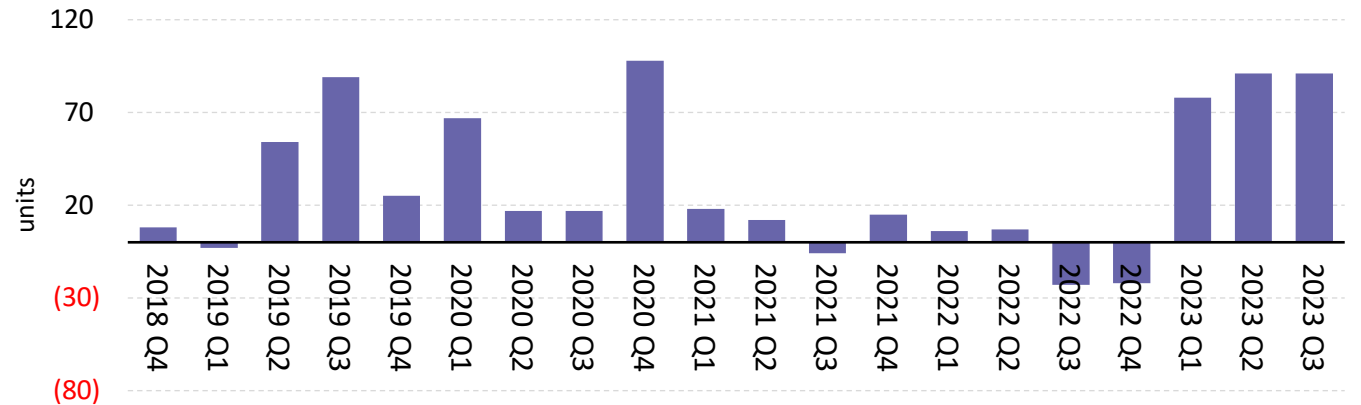
### Local Market Indicator Dashboard

	Q3-2023	YoY Chg
Total Inventory (units)	6,513	6.2% % chg
Vacancy Rate (%)	4.7%	2.1% pct points
Net Absorption (units)	91	114 units
Avg. Effective Rent (\$/per unit)	\$1,344	\$67 \$ per unit
Avg. Effective Rent (\$/per sq. ft)	\$1.44	\$0.07 \$ per sq. ft
Under Construction (units)	192	-379 units

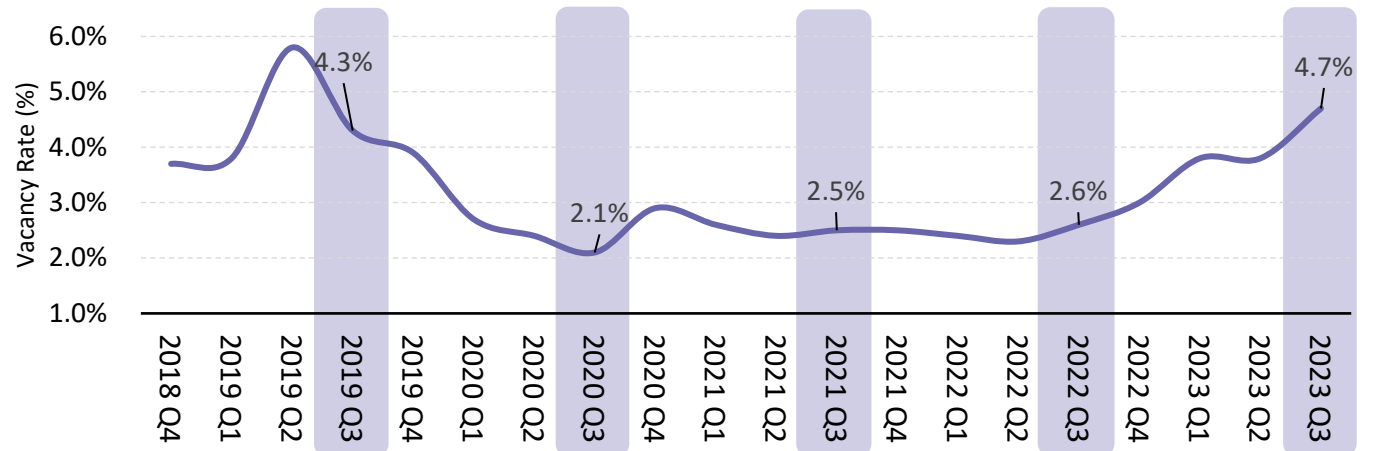
### Under Construction & Net Deliveries (units)



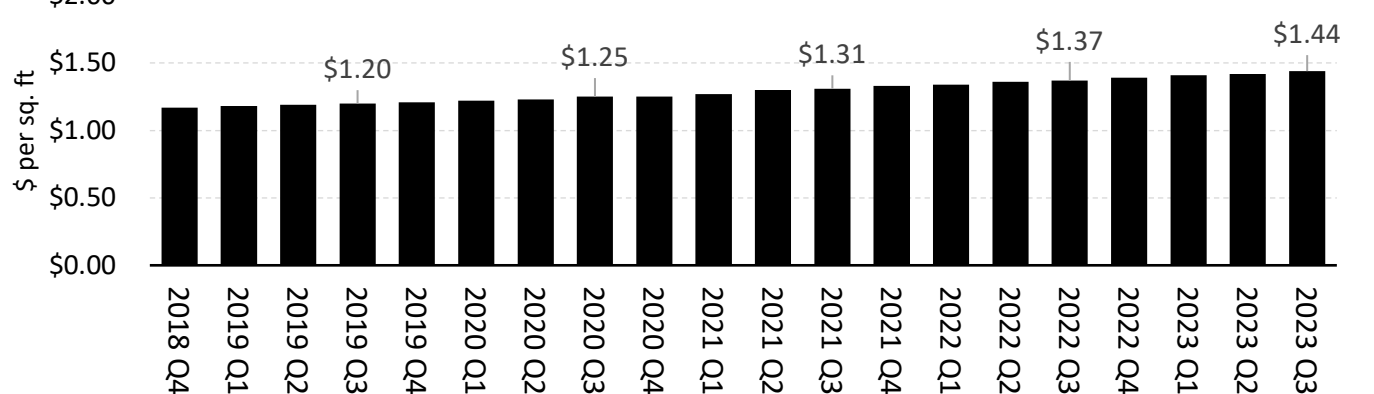
### Net Absorption (units)



### Vacancy Rate (%)



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



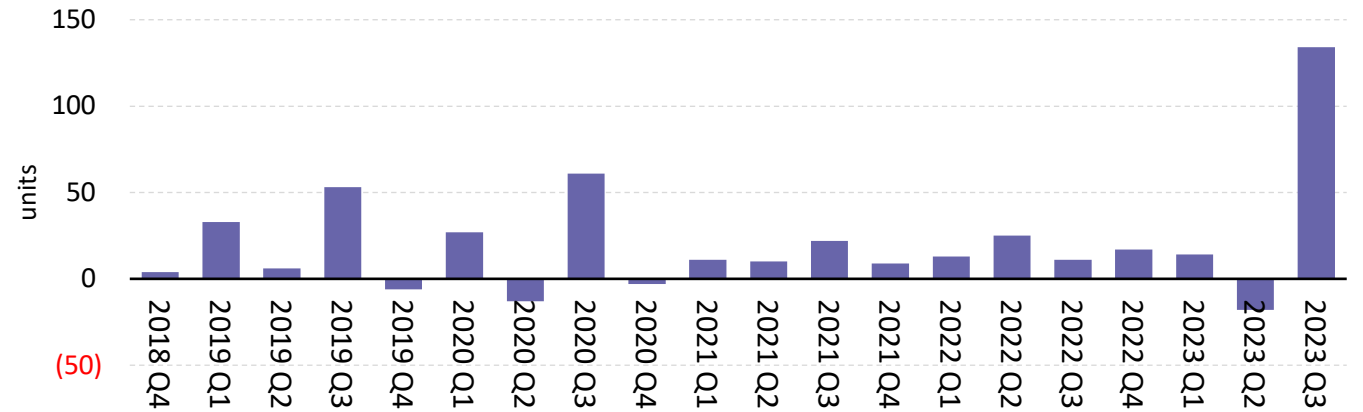
# Multifamily Market - MSA Trends

## HARRISONBURG MSA

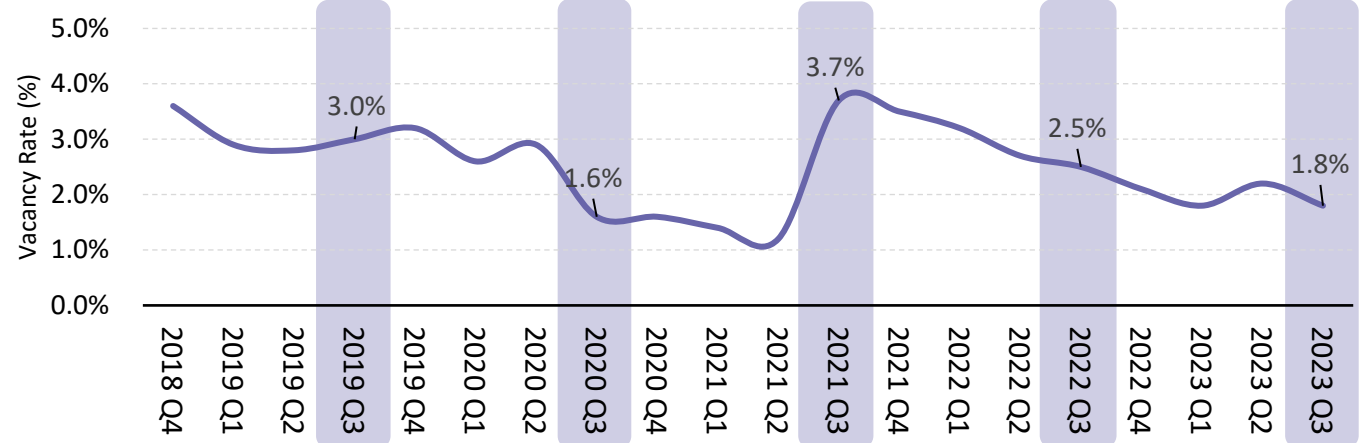
### Local Market Indicator Dashboard

	Q3-2023	YoY Chg
Total Inventory (units)	4,936	2.4% % chg
Vacancy Rate (%)	1.8%	-0.7% pct points
Net Absorption (units)	134	123 units
Avg. Effective Rent (\$/per unit)	\$1,152	\$80 \$ per unit
Avg. Effective Rent (\$/per sq. ft)	\$1.30	\$0.09 \$ per sq. ft
Under Construction (units)	0	-116 units

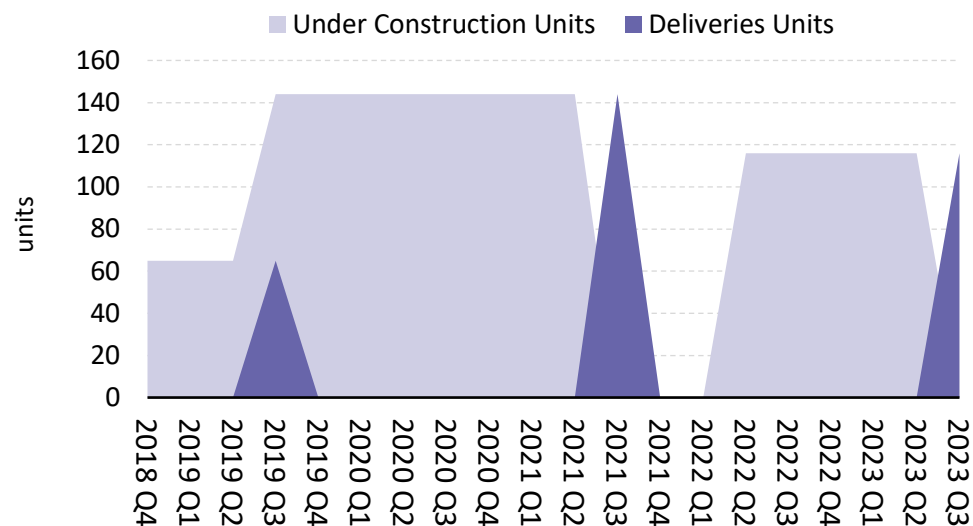
### Net Absorption (units)



### Vacancy Rate (%)



### Under Construction & Net Deliveries (units)



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



The Virginia REALTORS® association is the largest professional trade association in Virginia, representing 38,000 REALTORS® engaged in the residential and commercial real estate business. The Virginia REALTORS® association serves as the advocate for homeownership and private property rights and represents the interests of real estate professionals and property owners in the Commonwealth of Virginia.

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.

All inquiries regarding this report may be directed to:

**Robin Spensieri**

Virginia REALTORS® Vice President of Communications and Media Relations  
**[rspensieri@virginiarealtors.org](mailto:rspensieri@virginiarealtors.org)**  
404-433-6015

Data and analysis provided by Virginia REALTORS® Chief Economist.

The numbers reported here are based on data from CoStar.

Cover Photo: @somsubhra/Adobe Stock  
TOC Graphic: @ornavi/Adobe Stock

