

# Q4 2023 MULTIFAMILY MARKET REPORT

# Multifamily Market - Key Trends Snapshot

## Multifamily Market

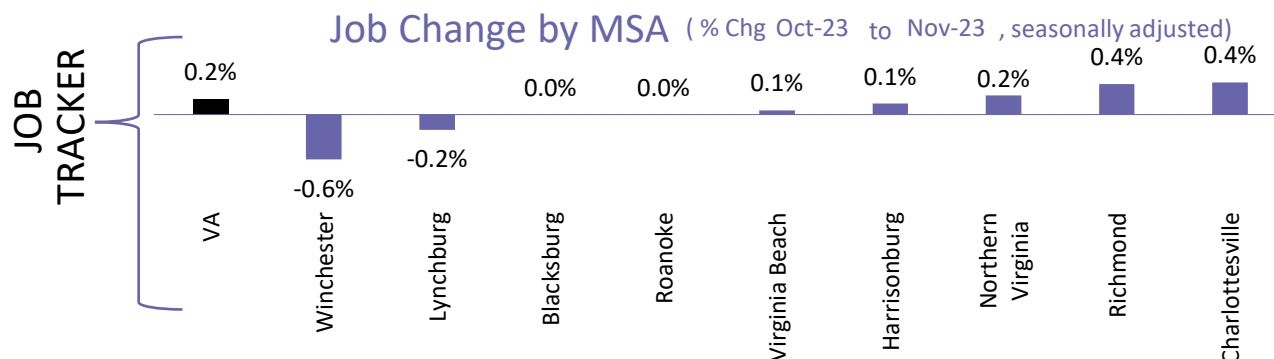
**Overview:** Newly delivered multifamily units continue to increase the rental housing supply in Virginia. However, as more of the new projects are completed, there are not as many entering the construction pipeline after them. Multifamily building permit activity has slowed down around the state, and vacancy rates have inched up, which reflects the influx of supply.

**Absorption:** Multifamily absorption remained positive in Virginia with 2,358 units absorbed statewide in Q4 2023. There was robust demand for Mid/High rise apartments this quarter with a positive net absorption of 2,434 units. Northern Virginia had more space being leased than any other metro market with 1,221 units absorbed, the majority of which came from Mid/High Rise apartments.

**Vacancy Rate:** Despite positive net absorption, the multifamily vacancy rate in Virginia rose to 6.4% this quarter, the highest rate it has been since Q4 of 2016. The influx of new apartment units into the market has led to an increase in vacancies. Rates were up for mid/high rise apartment units with a vacancy rate of 8.1%, one percentage point higher than Q4 2022. Lynchburg saw vacancy rates jump from 5.4% to 12.2% in Q4 2023, the highest across all metro areas. The vacancy rate in the Richmond metro market also rose sharply, climbing to 8.7%, up from 6.9% in Q4 last year.

**Rent:** As supply has increased, rent growth has slowed from 2022 levels. In Q4 2023, rent for multifamily units rose 3.4% compared to the prior year. At the local level, Charlottesville (+6.4%) and Harrisonburg (+5.4%) were the markets with the biggest increase in effective rent in Q4. The smallest rent growth occurred in the Richmond metro market this quarter (+1.8%).

**Supply+Delivery:** The multifamily construction pipeline is getting smaller in Virginia. In Q4 2023 there were about 26,000 units under construction, down 21.7% from Q4 2022. As more existing project are completed, an influx of units are coming onto the market. There were more than 5,200 delivered units in Q4, up from 2,800 a year ago.



## VIRGINIA (Statewide)



### Market Indicator Dashboard

	YoY Chg	Q4-2023	Indicator
% chg	2.6%	678,988	<b>Total Inventory</b> (units)
units	3,202	2,358	<b>Net Absorption</b> (units)
pct point	0.6%	6.4%	<b>Vacancy Rate</b> (%)
\$ per unit	\$59	\$1,667	<b>Avg. Effective Rent Per Unit</b> (\$ per unit)
\$ per sq. ft	\$0.06	\$1.83	<b>Avg. Effective Rent Per Sq. Ft</b> (\$ per sq. ft)
units	2,379	5,225	<b>New Supply Delivered</b> (units)
units	-7,196	25,854	<b>Under Construction</b> (units)



### Economic Indicator Dashboard

	MoM % Chg	Nov-23	Indicator
% chg	0.2%	4.2	<b>Total Jobs, Virginia</b> (in millions, seasonally adjusted)
pct point	0.2%	2.9%	<b>Unemployment Rate, Virginia</b> (% seasonally adjusted)
pct point	2.8%	4.9	<b>Gross Domestic Product, U.S.</b> (% chg from prior year)

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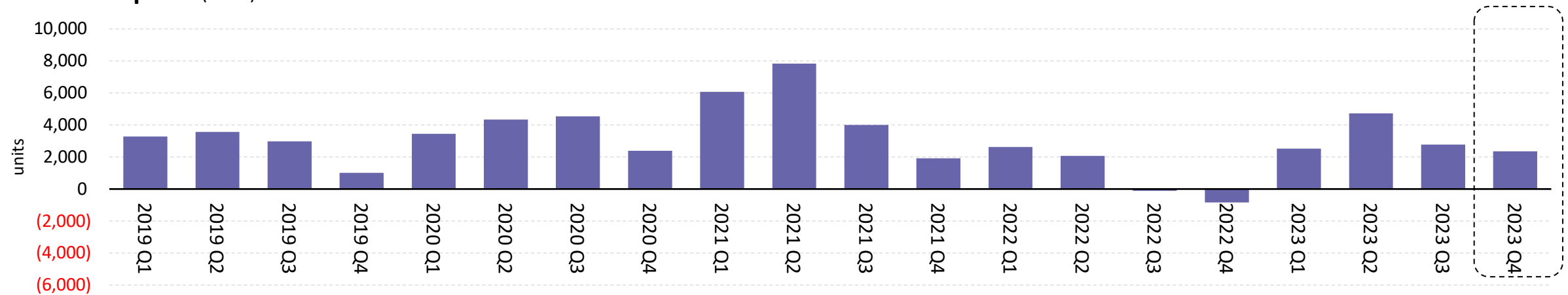
Harrisonburg MSA ----- 16



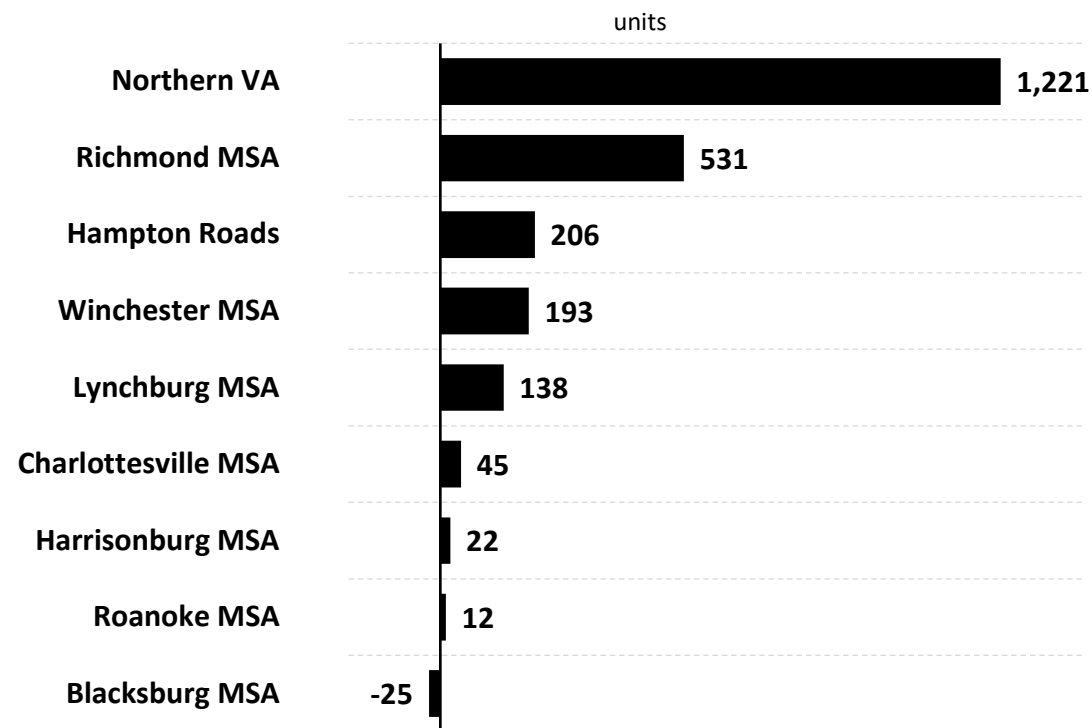
# Multifamily Market - Absorption & Construction Trends

## VIRGINIA (Statewide)

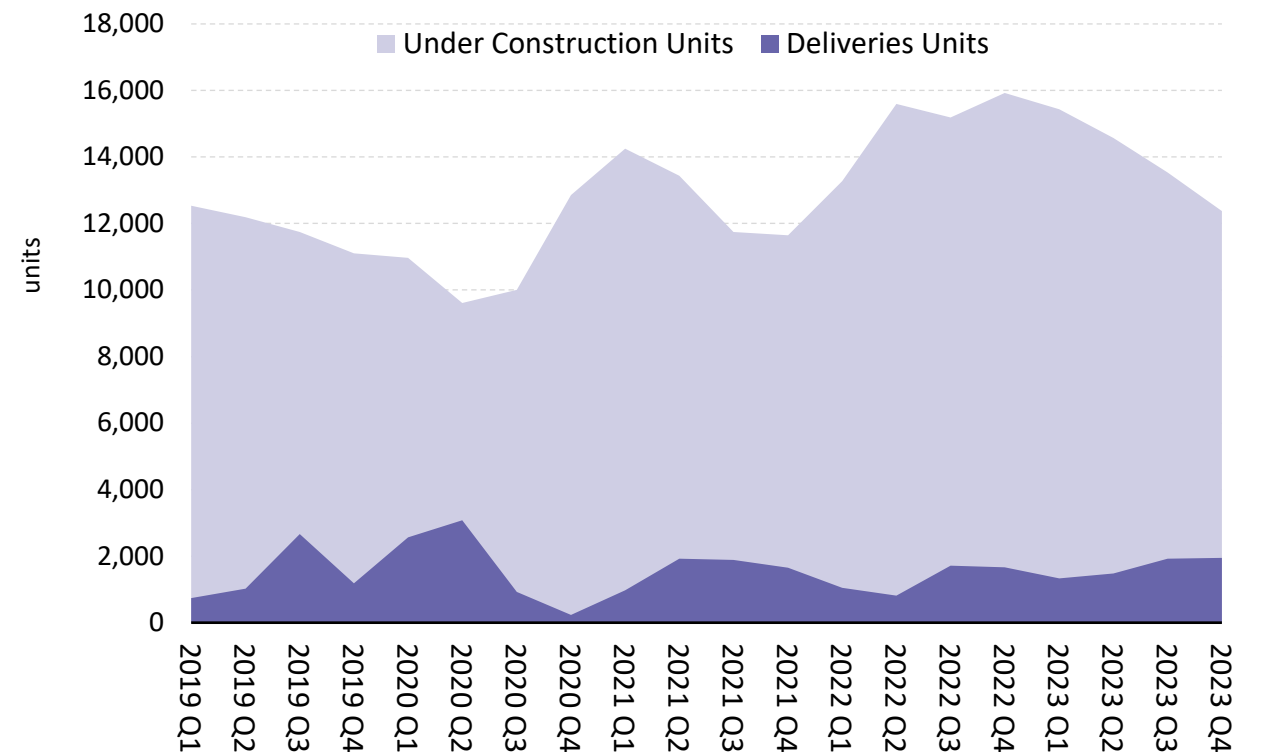
Net Absorption (units)



Q4-2023 Net Absorption by Metro Area (units)

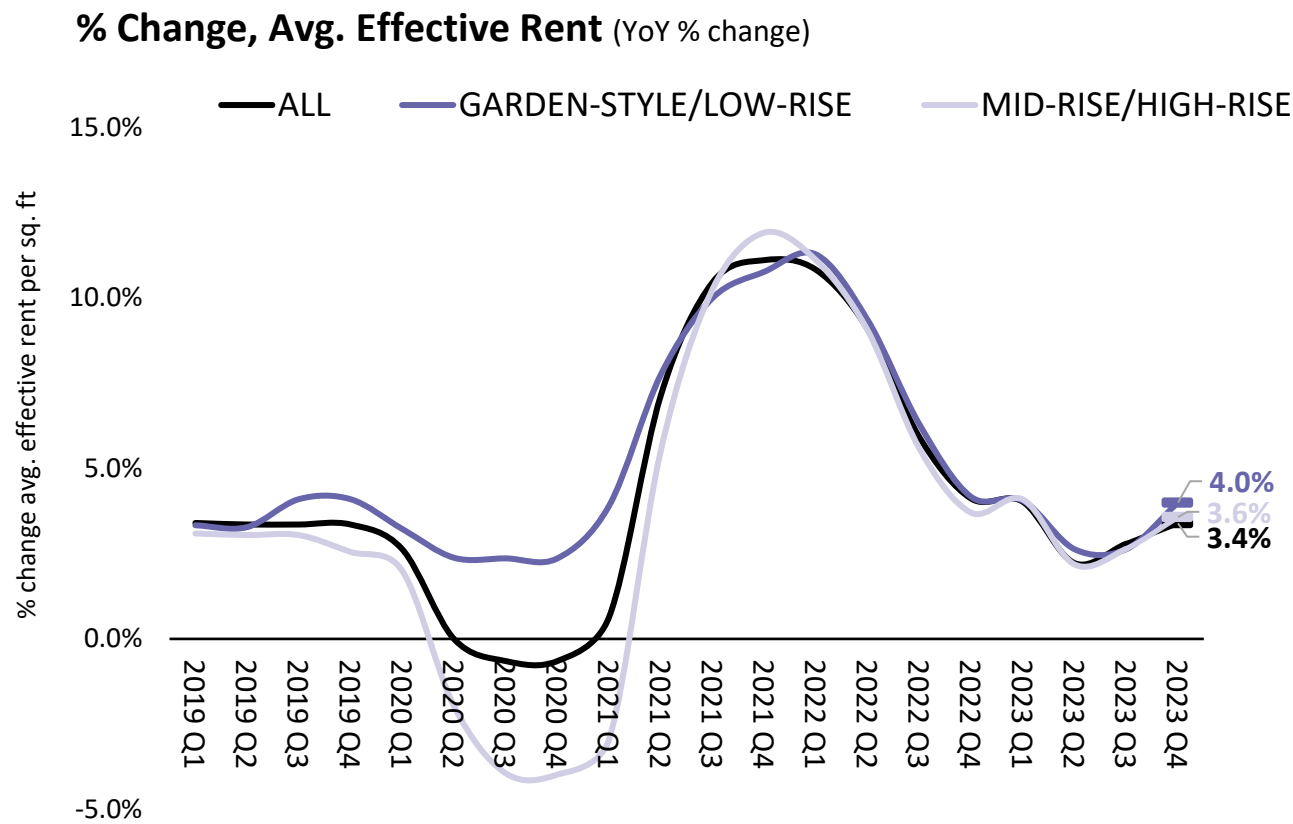
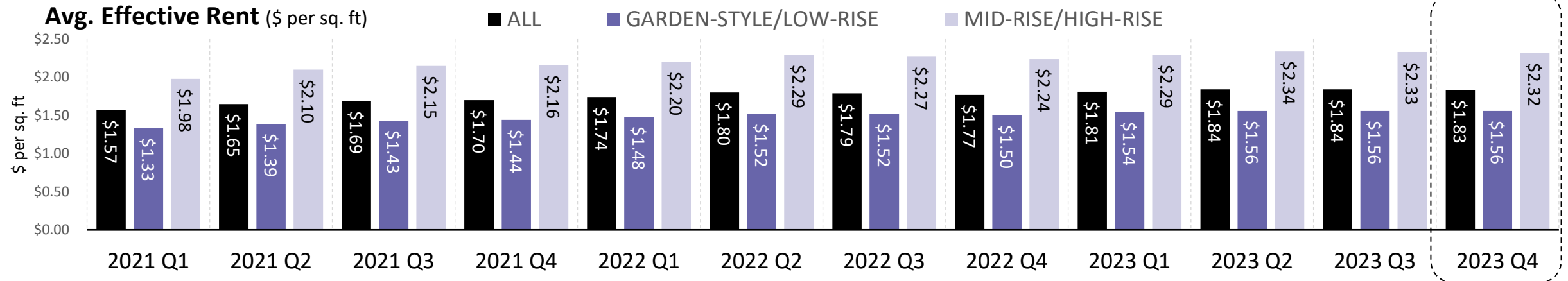


Under Construction & Net Deliveries (units)

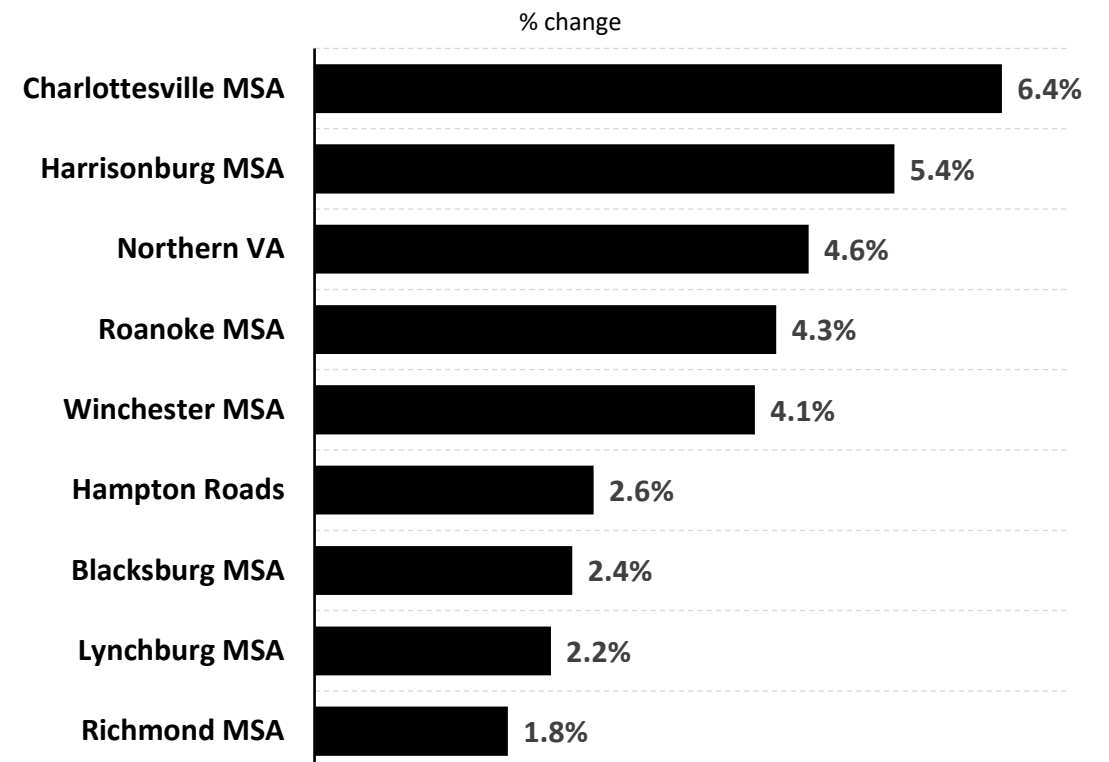


# Multifamily Market - Rent Trends

## VIRGINIA (Statewide)

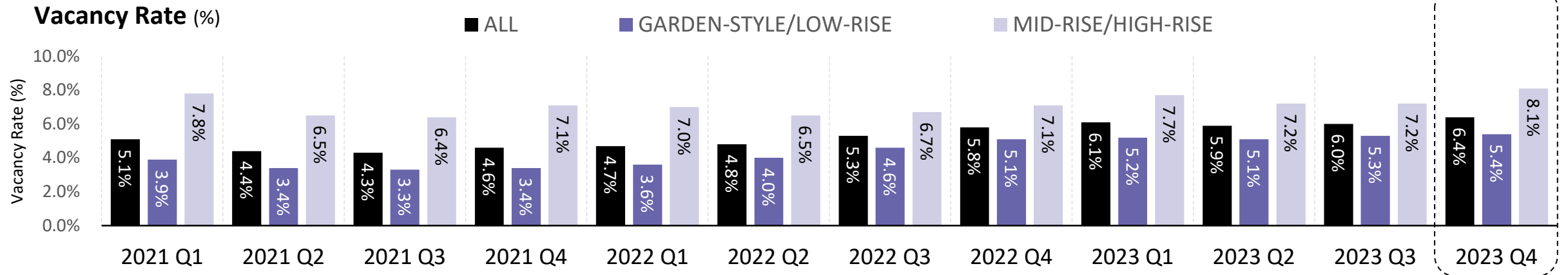


## Q4-2023 by MSA: % Change, Avg. Effective Rent (YoY % change)

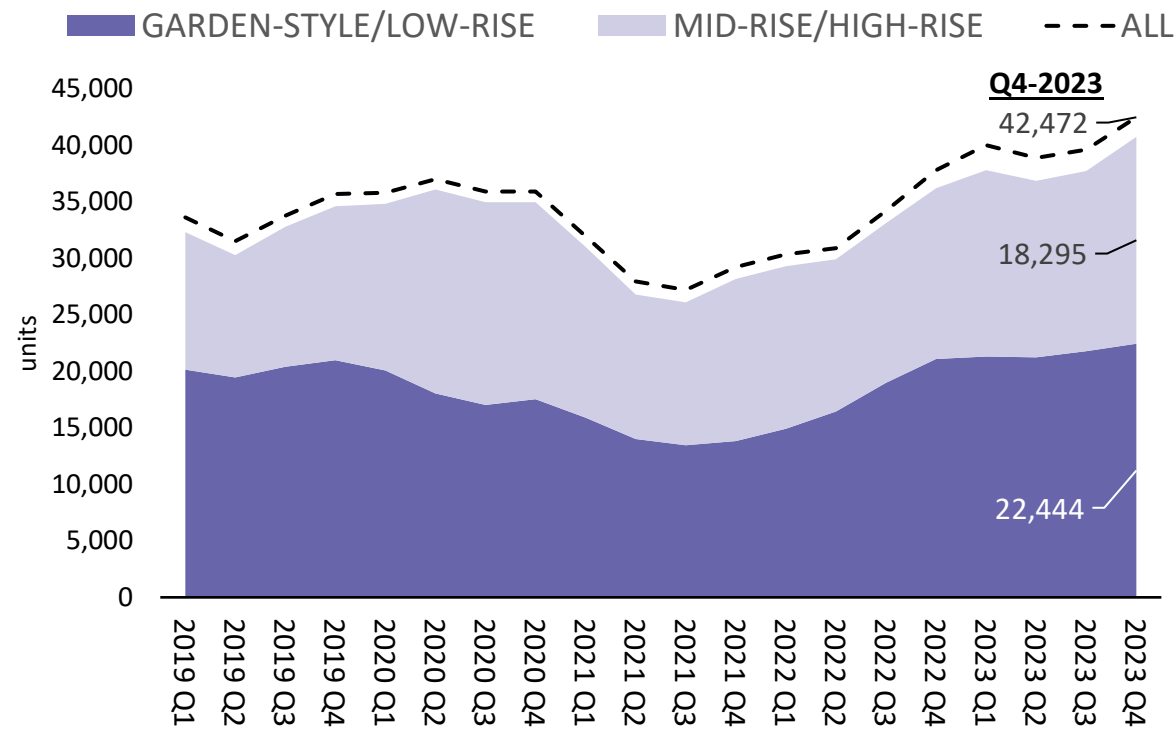


# Multifamily Market - Vacancy Trends

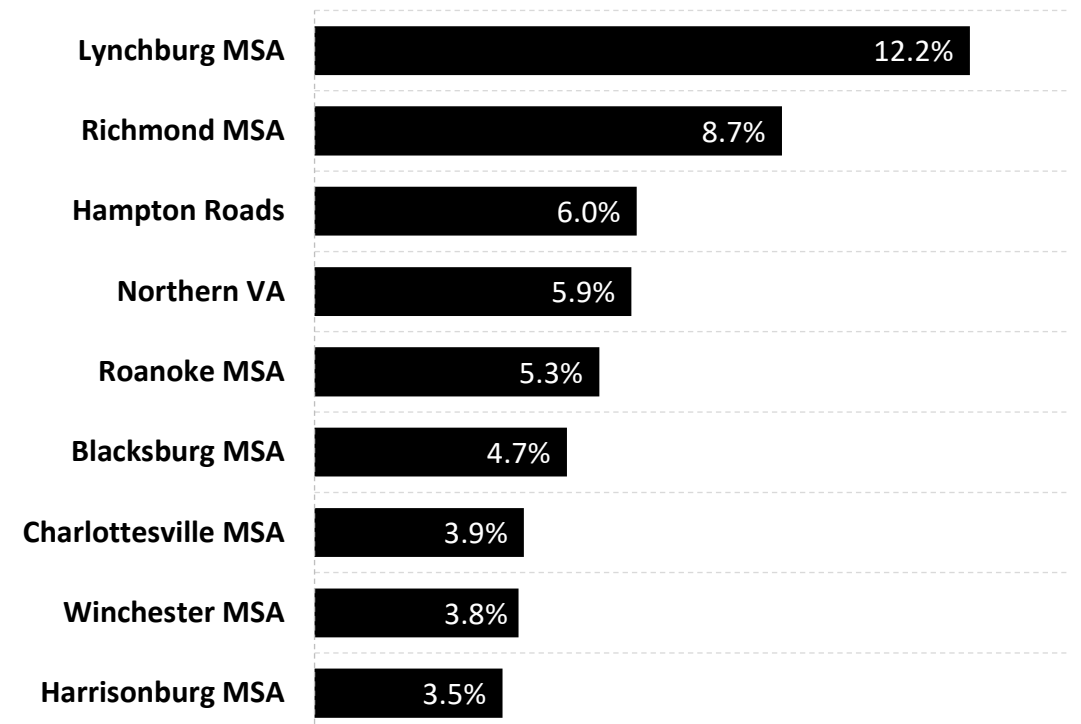
## VIRGINIA (Statewide)



## Vacant Inventory (units)



## Q4-2023 Multifamily Vacancy Rate by MSA



# MSA TRENDS

METROPOLITAN STATISTICAL AREA

Q4



2023

MULTIFAMILY  
Market Report



*Snapshot of Multifamily Market Conditions Around Virginia*

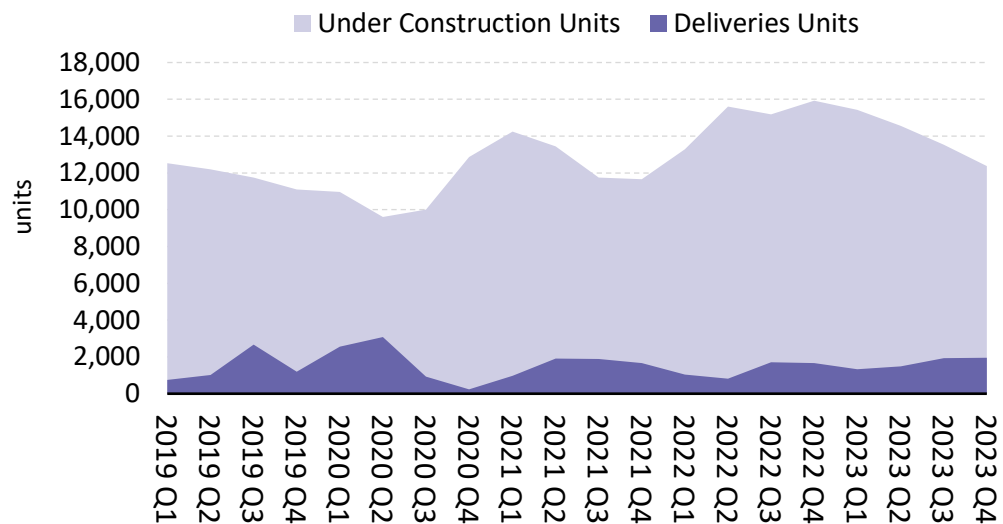
# Multifamily Market - MSA Trends

## NORTHERN VIRGINIA

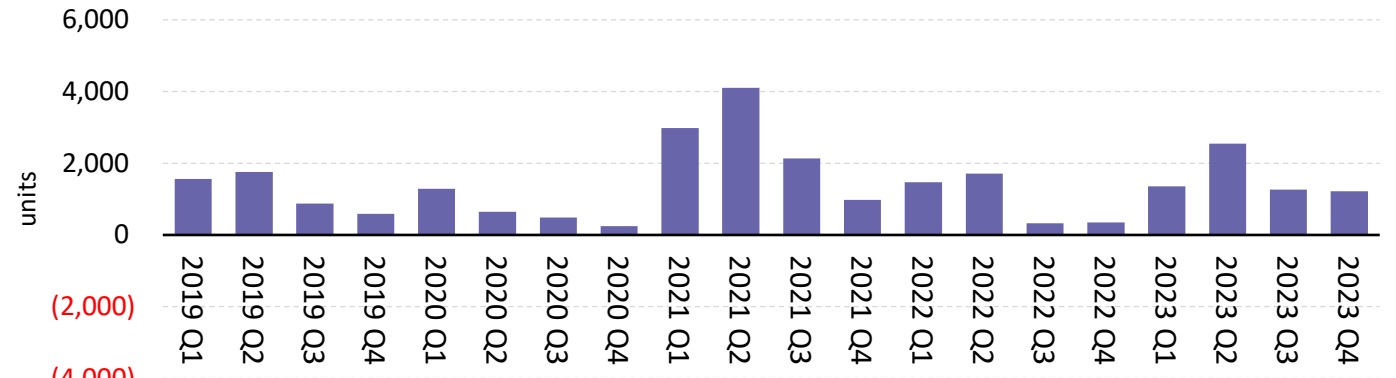
### Local Market Indicator Dashboard

	Q4-2023	YoY Chg
Total Inventory (units)	270,052	2.5% % chg
Vacancy Rate (%)	5.9%	0.3% pct points
Net Absorption (units)	1,221	869 units
Avg. Effective Rent (\$/per unit)	\$2,111	\$93 \$ per unit
Avg. Effective Rent (\$/per sq. ft)	\$2.33	\$0.10 \$ per sq. ft
Under Construction (units)	12,370	-3,555 units

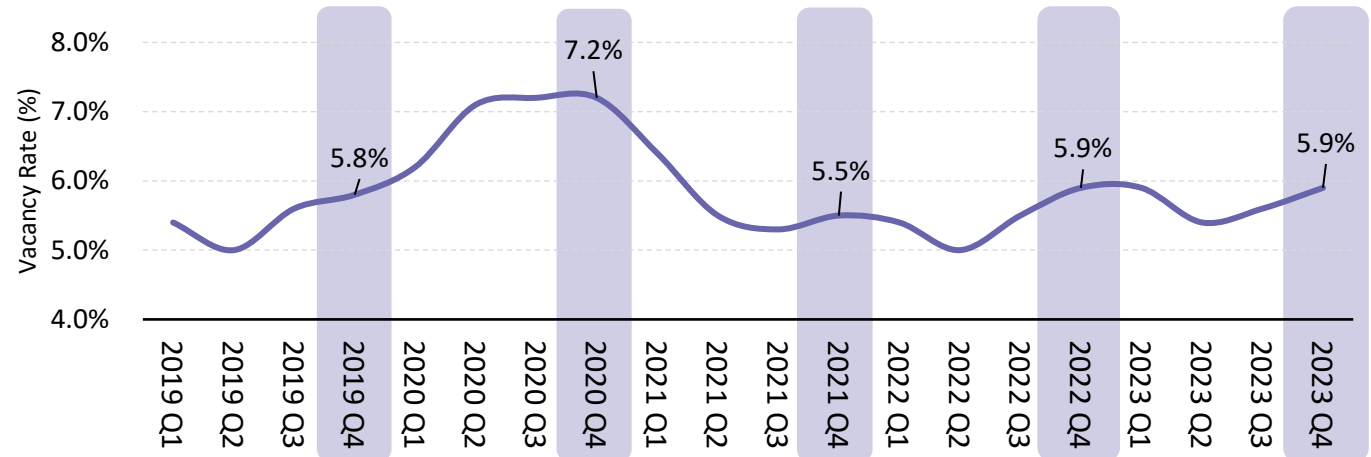
### Under Construction & Net Deliveries (units)



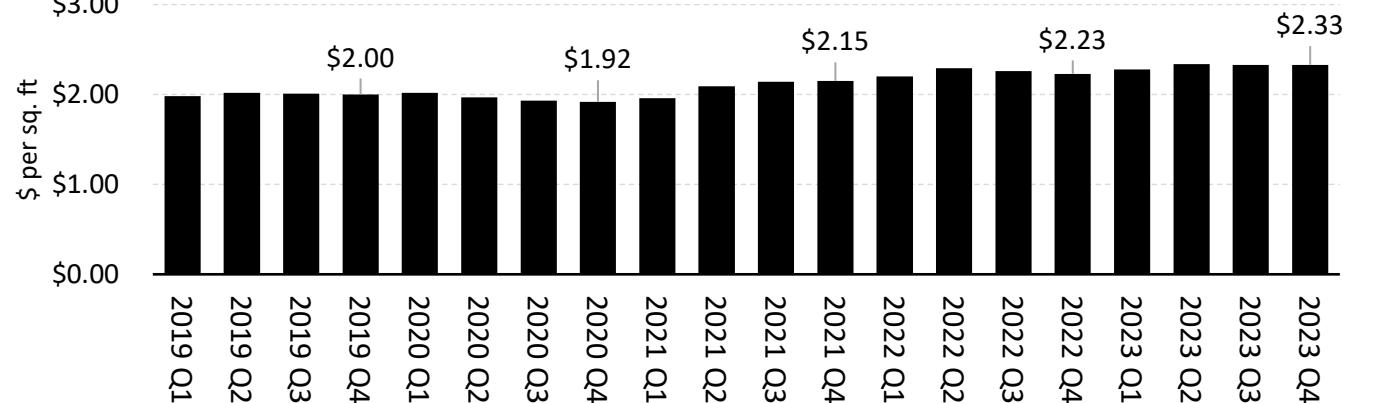
### Net Absorption (units)



### Vacancy Rate (%)



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





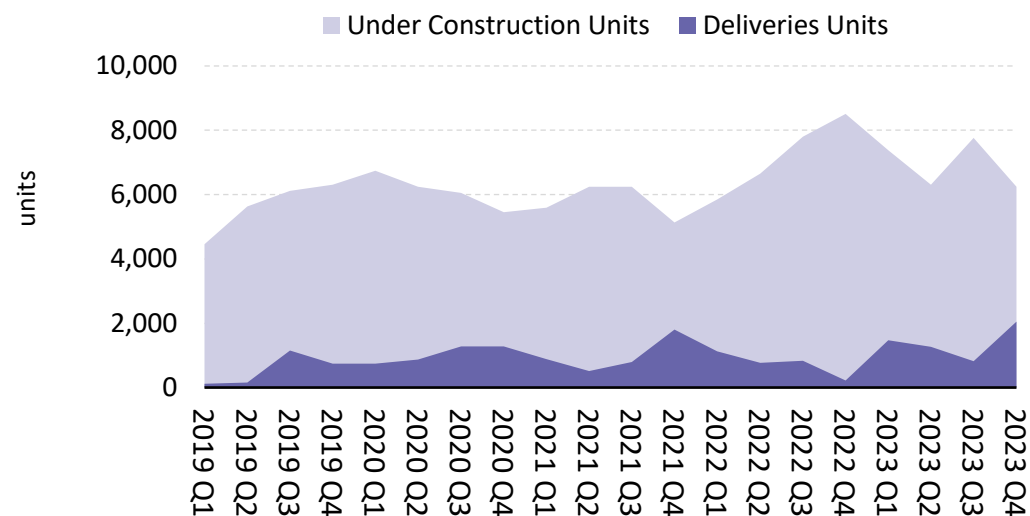
# Multifamily Market - MSA Trends

## RICHMOND MSA

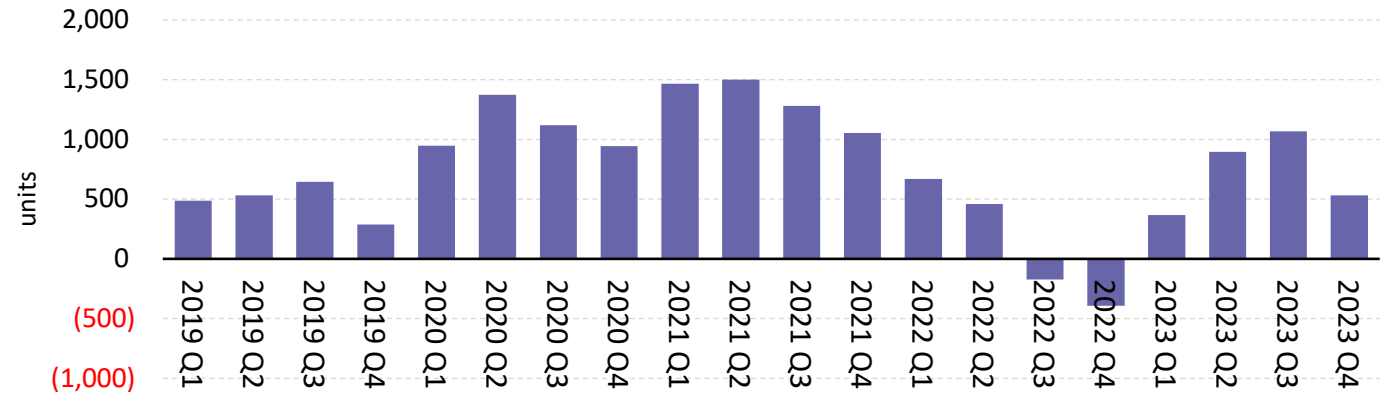
### Local Market Indicator Dashboard

	Q4-2023	YoY Chg
Total Inventory (units)	<b>135,059</b>	<b>4.3%</b> % chg
Vacancy Rate (%)	<b>8.7%</b>	<b>1.8%</b> pct points
Net Absorption (units)	<b>531</b>	<b>923</b> units
Avg. Effective Rent (\$/per unit)	<b>\$1,377</b>	<b>\$24</b> \$ per unit
Avg. Effective Rent (\$/per sq. ft)	<b>\$1.57</b>	<b>\$0.03</b> \$ per sq. ft
Under Construction (units)	<b>6,246</b>	<b>-2,263</b> units

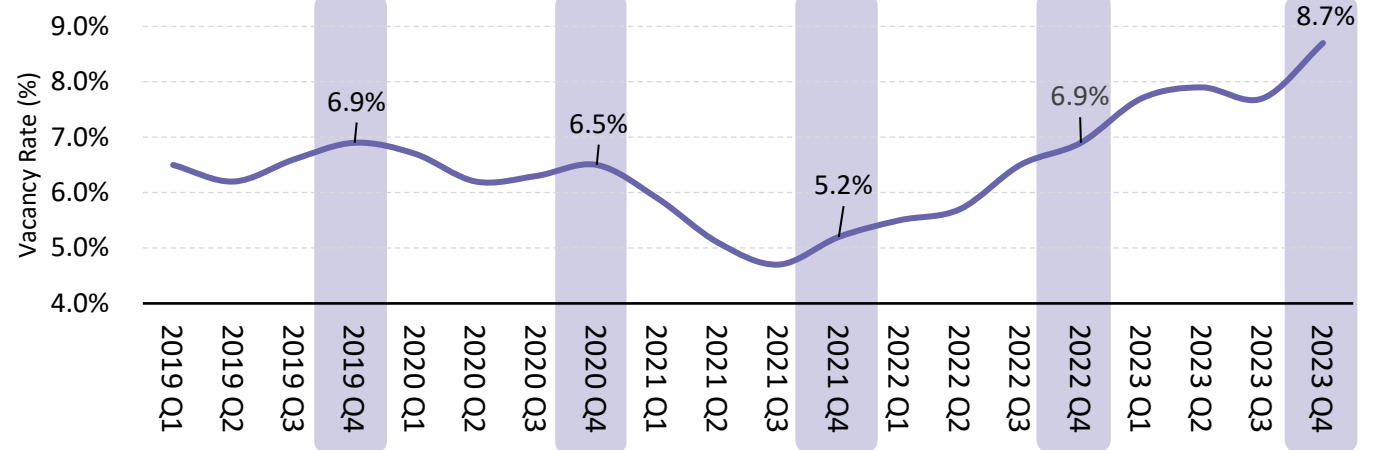
### Under Construction & Net Deliveries (units)



### Net Absorption (units)



### Vacancy Rate (%)



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



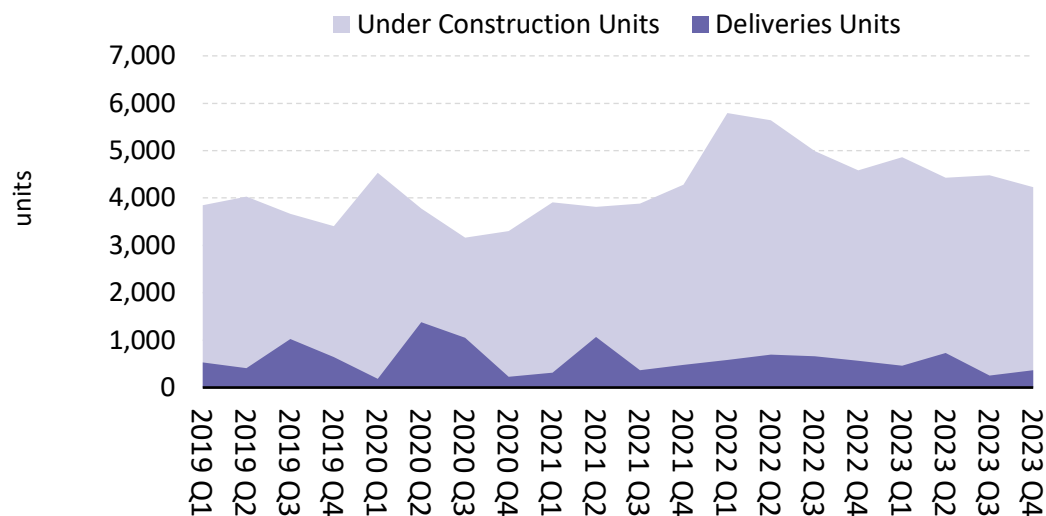
# Multifamily Market - MSA Trends

## HAMPTON ROADS

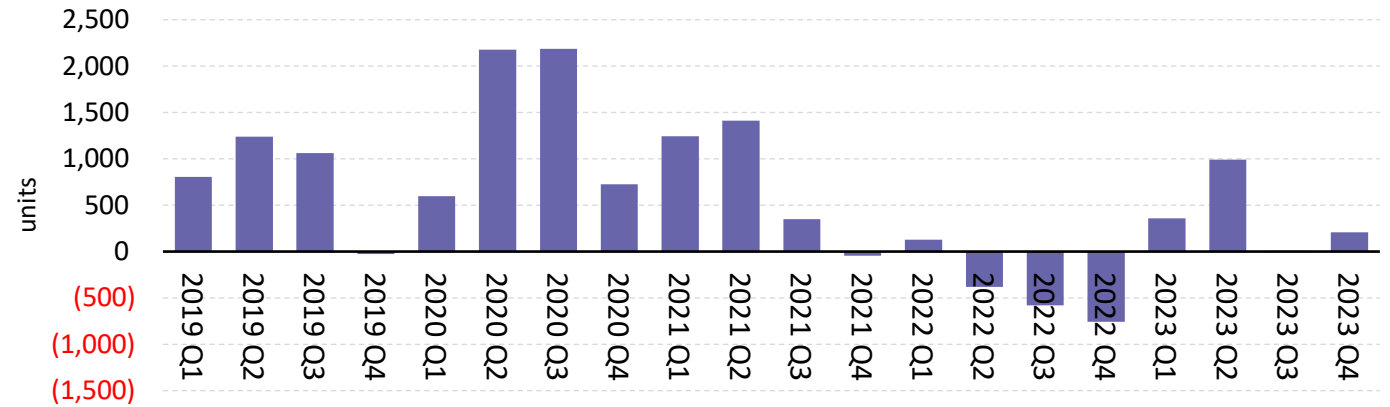
### Local Market Indicator Dashboard

	Q4-2023	YoY Chg
Total Inventory (units)	<b>174,973</b>	<b>1.0%</b> % chg
Vacancy Rate (%)	<b>6.0%</b>	<b>0.1%</b> pct points
Net Absorption (units)	<b>206</b>	<b>964</b> units
Avg. Effective Rent (\$/per unit)	<b>\$1,378</b>	<b>\$35</b> \$ per unit
Avg. Effective Rent (\$/per sq. ft)	<b>\$1.48</b>	<b>\$0.03</b> \$ per sq. ft
Under Construction (units)	<b>4,225</b>	<b>-361</b> units

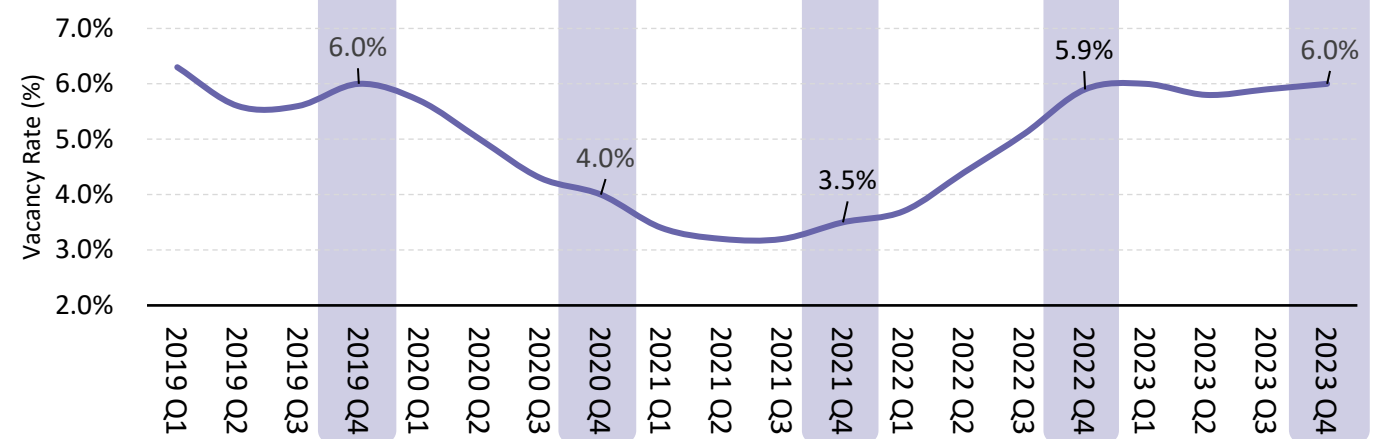
### Under Construction & Net Deliveries (units)



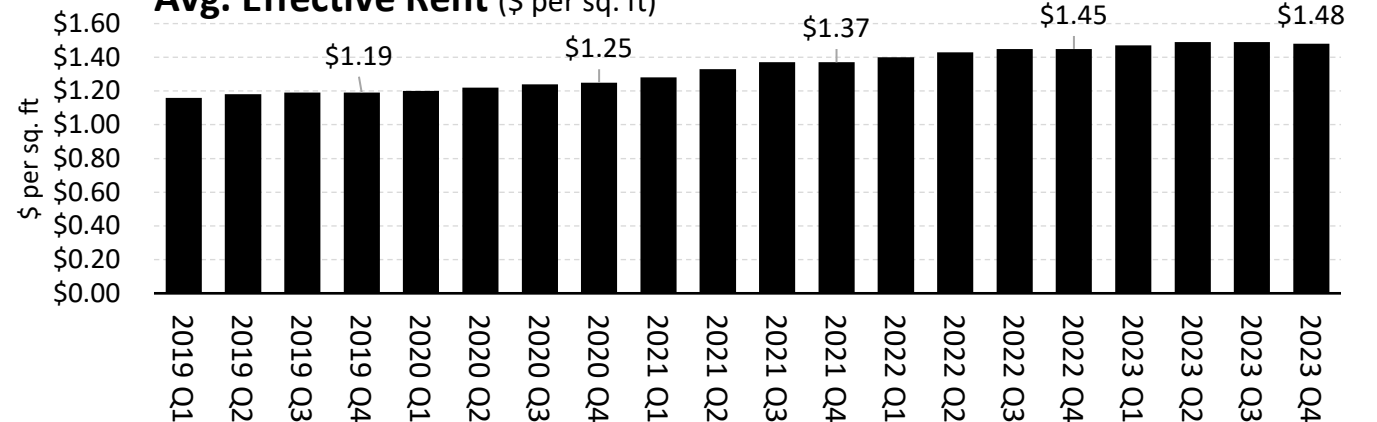
### Net Absorption (units)



### Vacancy Rate (%)



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



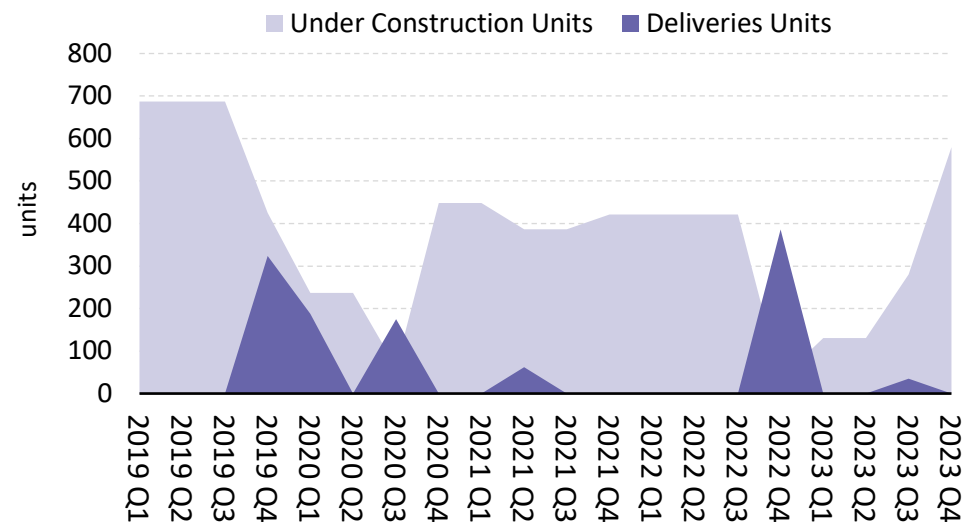
# Multifamily Market - MSA Trends

## ROANOKE MSA

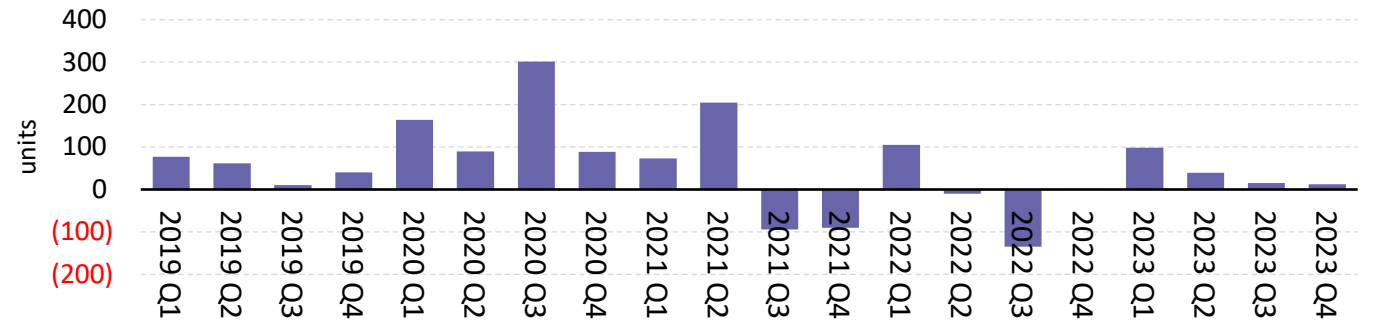
### Local Market Indicator Dashboard

	Q4-2023	YoY Chg
Total Inventory (units)	19,948	0.2% % chg
Vacancy Rate (%)	5.3%	-0.7% pct points
Net Absorption (units)	12	13 units
Avg. Effective Rent (\$/per unit)	\$1,064	\$44 \$ per unit
Avg. Effective Rent (\$/per sq. ft)	\$1.21	\$0.05 \$ per sq. ft
Under Construction (units)	580	545 units

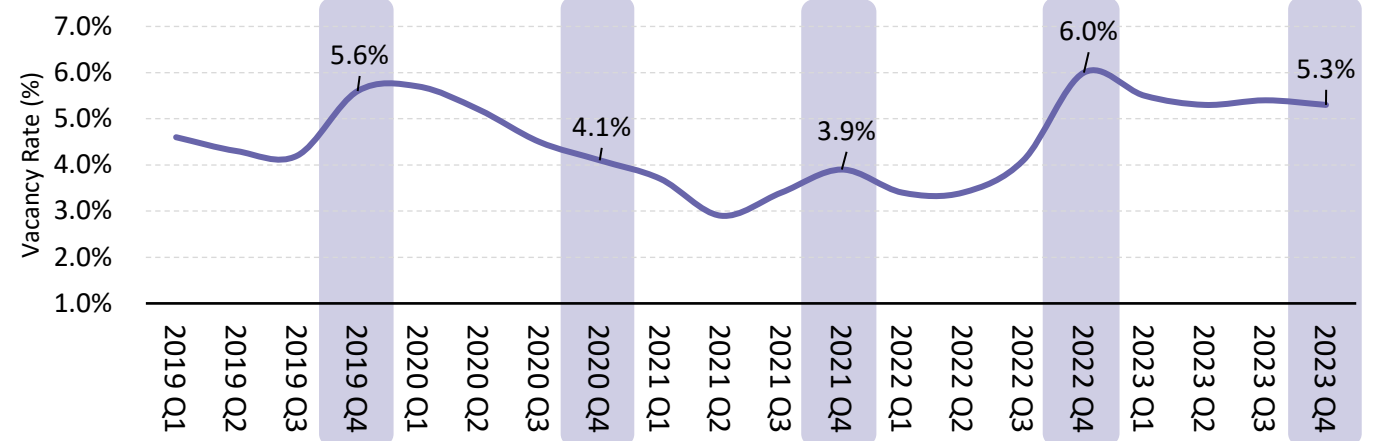
### Under Construction & Net Deliveries (units)



### Net Absorption (units)



### Vacancy Rate (%)



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



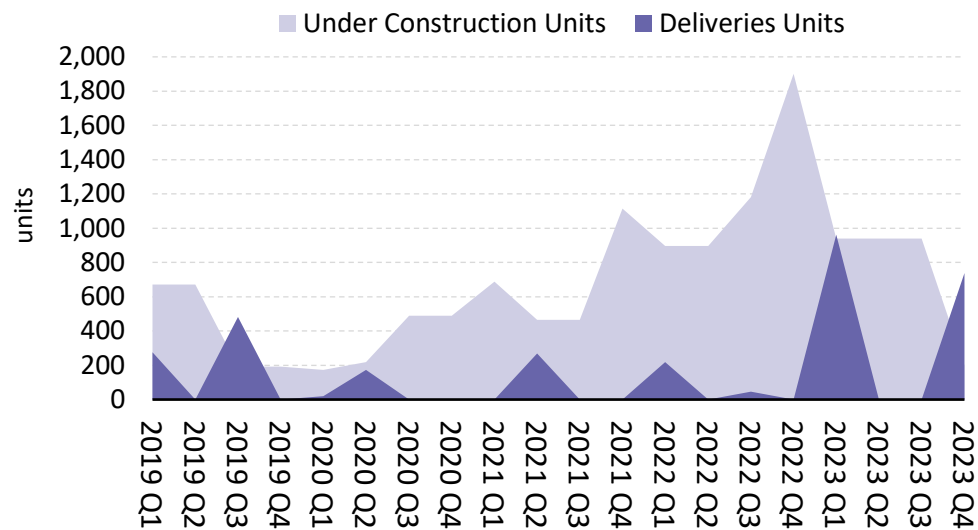
# Multifamily Market - MSA Trends

## LYNCHBURG MSA

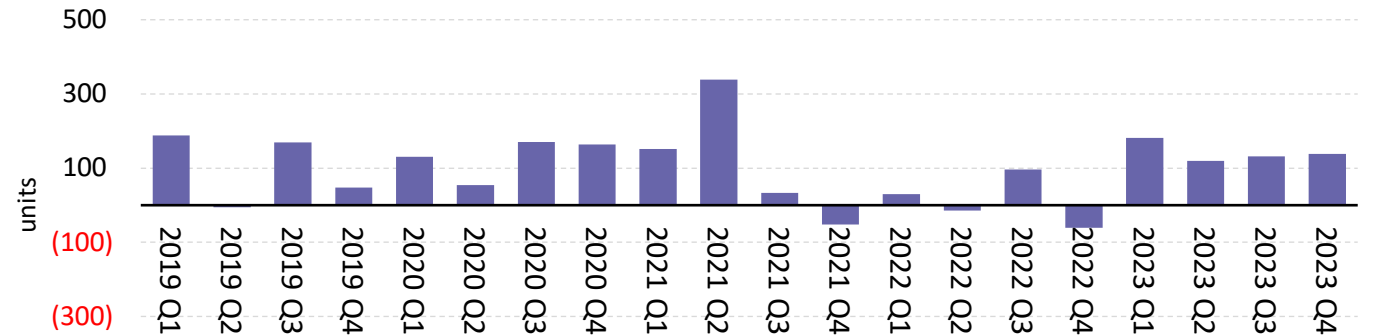
### Local Market Indicator Dashboard

	Q4-2023	YoY Chg
Total Inventory (units)	15,153	12.6% % chg
Vacancy Rate (%)	12.2%	6.8% pct points
Net Absorption (units)	138	199 units
Avg. Effective Rent (\$/per unit)	\$1,118	\$23 \$ per unit
Avg. Effective Rent (\$/per sq. ft)	\$1.16	\$0.03 \$ per sq. ft
Under Construction (units)	200	-1,701 units

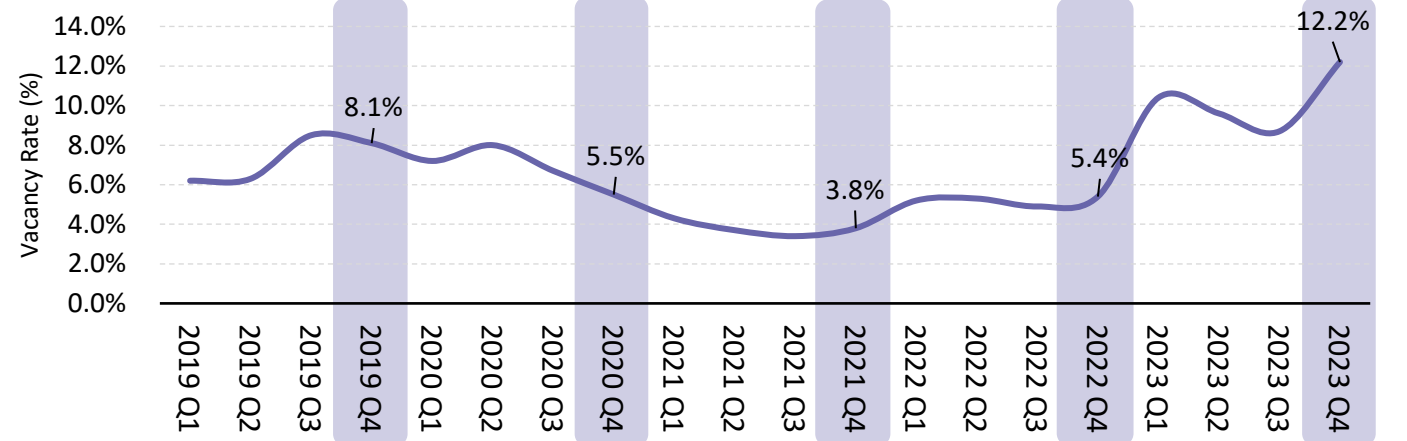
### Under Construction & Net Deliveries (units)



### Net Absorption (units)



### Vacancy Rate (%)



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



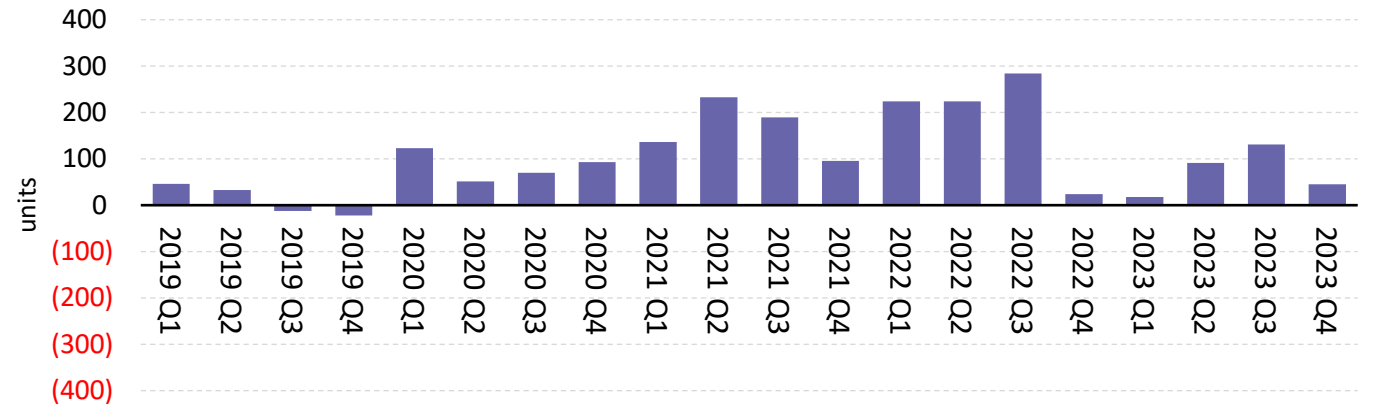
# Multifamily Market - MSA Trends

## CHARLOTTESVILLE MSA

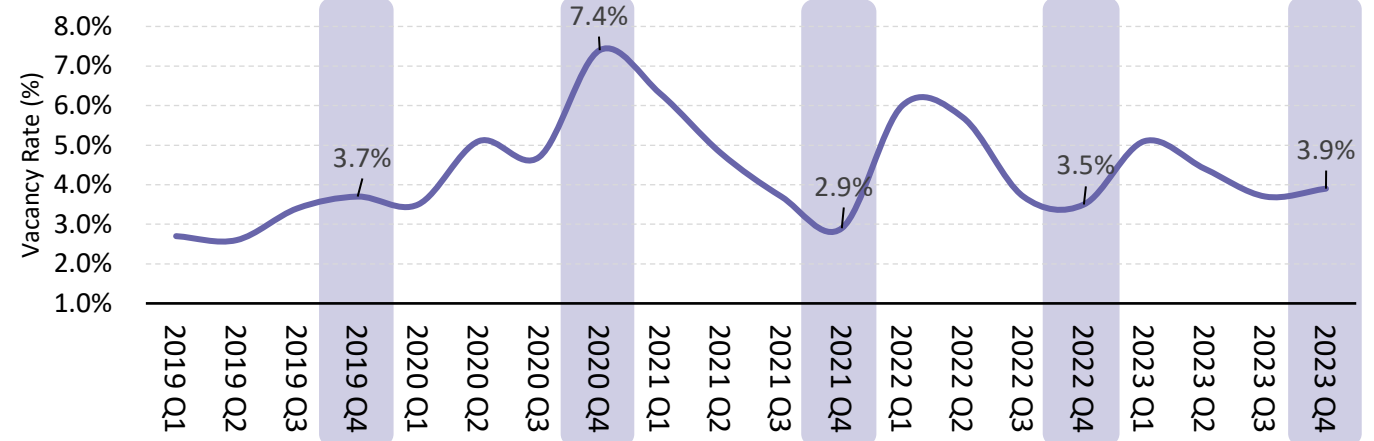
### Local Market Indicator Dashboard

	Q4-2023	YoY Chg
Total Inventory (units)	14,154	2.6% % chg
Vacancy Rate (%)	3.9%	0.4% pct points
Net Absorption (units)	45	21 units
Avg. Effective Rent (\$/per unit)	\$1,658	\$100 \$ per unit
Avg. Effective Rent (\$/per sq. ft)	\$1.71	\$0.11 \$ per sq. ft
Under Construction (units)	1,047	260 units

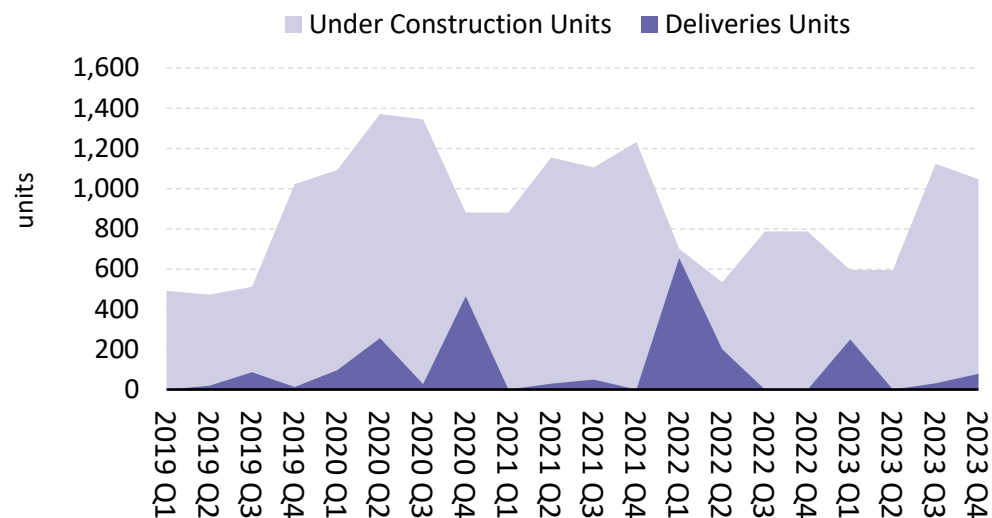
### Net Absorption (units)



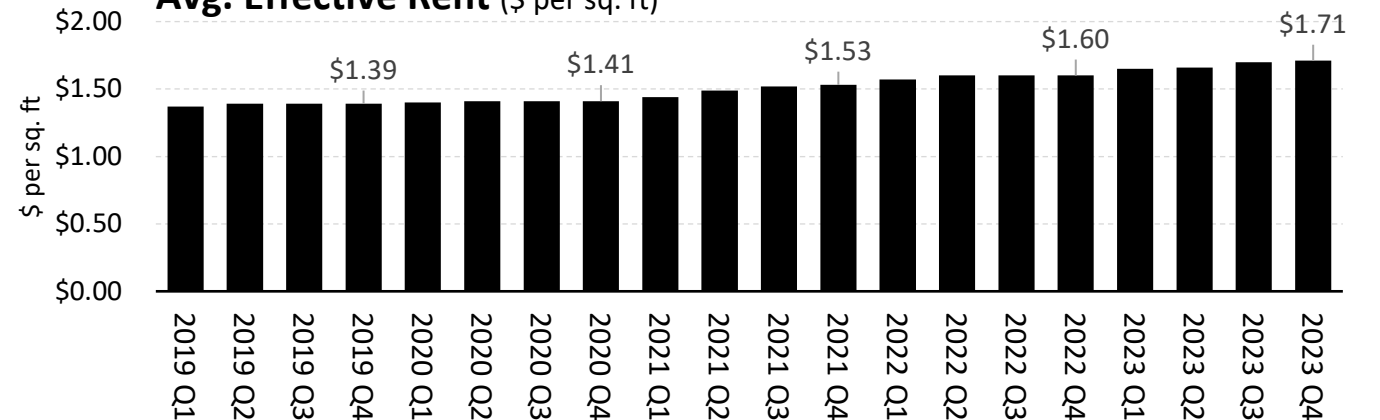
### Vacancy Rate (%)



### Under Construction & Net Deliveries (units)



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



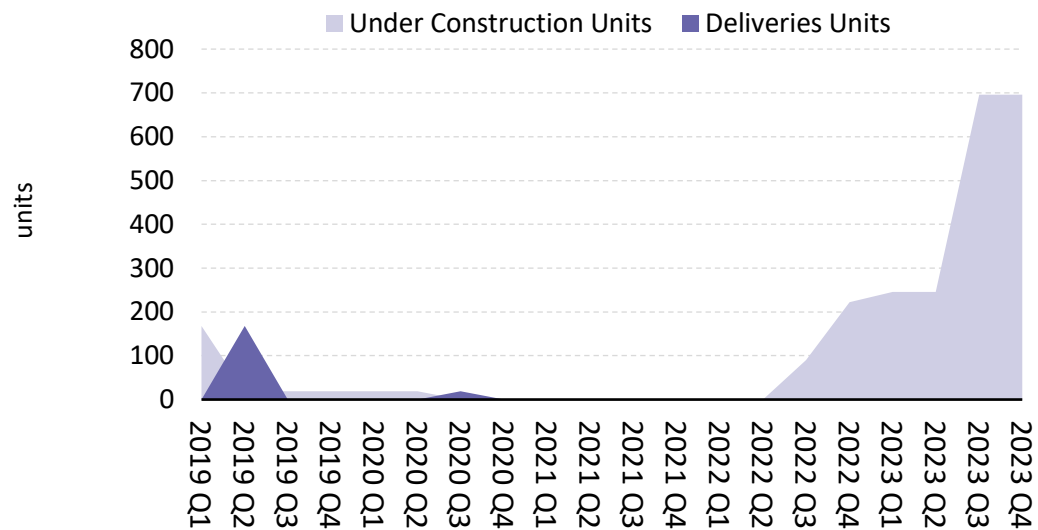
# Multifamily Market - MSA Trends

## BLACKSBURG MSA

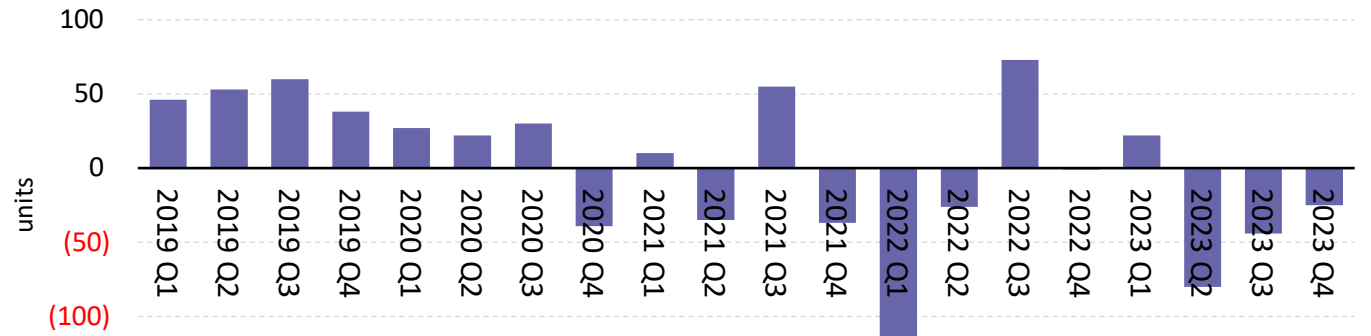
### Local Market Indicator Dashboard

	Q4-2023	YoY Chg
Total Inventory (units)	9,666	0 % chg
Vacancy Rate (%)	4.7%	1.3% pct points
Net Absorption (units)	(25)	-24 units
Avg. Effective Rent (\$/per unit)	\$1,223	\$29 \$ per unit
Avg. Effective Rent (\$/per sq. ft)	\$1.31	\$0.05 \$ per sq. ft
Under Construction (units)	696	474 units

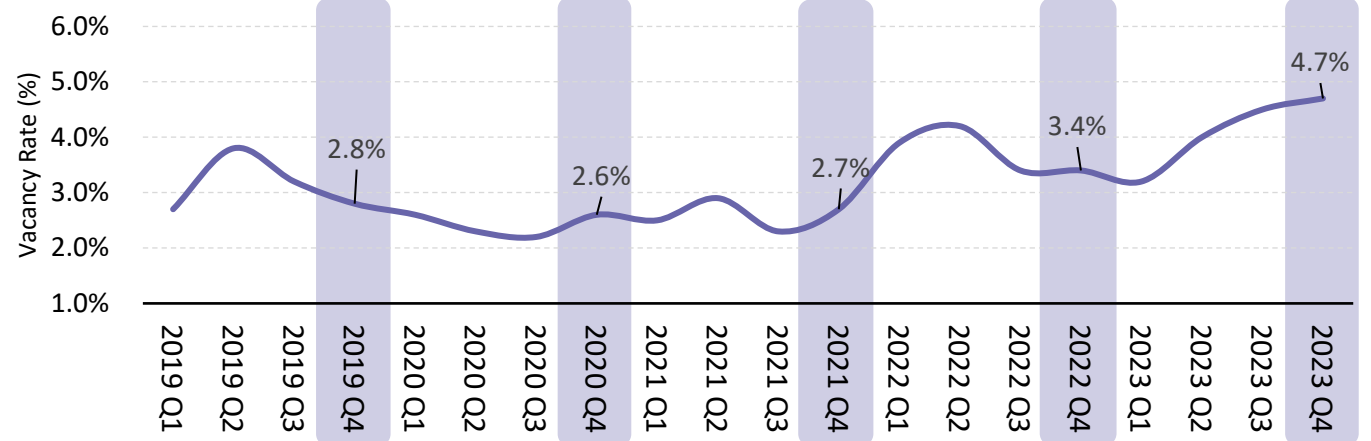
### Under Construction & Net Deliveries (units)



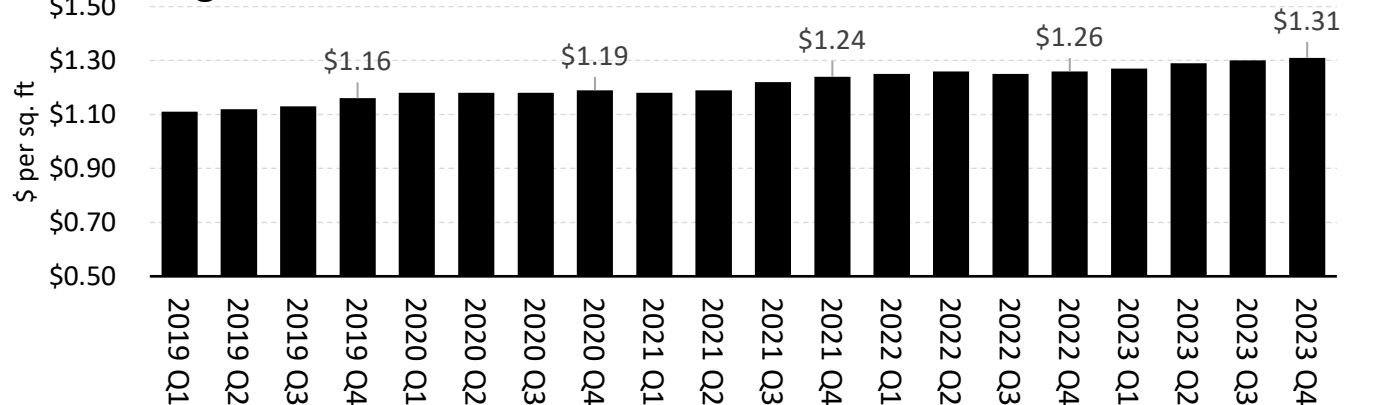
### Net Absorption (units)



### Vacancy Rate (%)



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



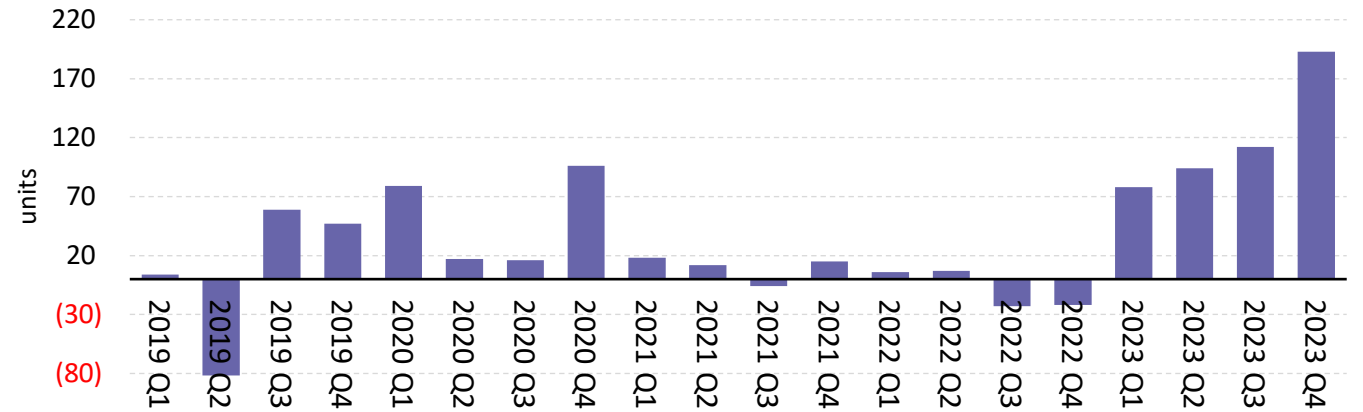
# Multifamily Market - MSA Trends

## WINCHESTER MSA

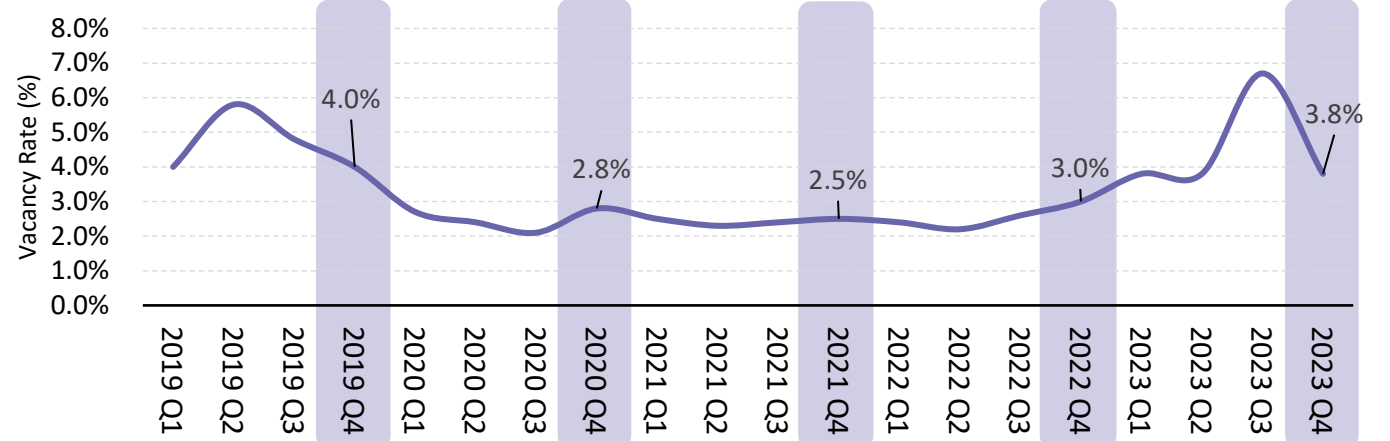
### Local Market Indicator Dashboard

	Q4-2023	YoY Chg
Total Inventory (units)	<b>6,683</b>	<b>9.0%</b> % chg
Vacancy Rate (%)	<b>3.8%</b>	<b>0.8%</b> pct points
Net Absorption (units)	<b>193</b>	<b>215</b> units
Avg. Effective Rent (\$/per unit)	<b>\$1,358</b>	<b>\$53</b> \$ per unit
Avg. Effective Rent (\$/per sq. ft)	<b>\$1.43</b>	<b>\$0.06</b> \$ per sq. ft
Under Construction (units)	<b>192</b>	<b>-549</b> units

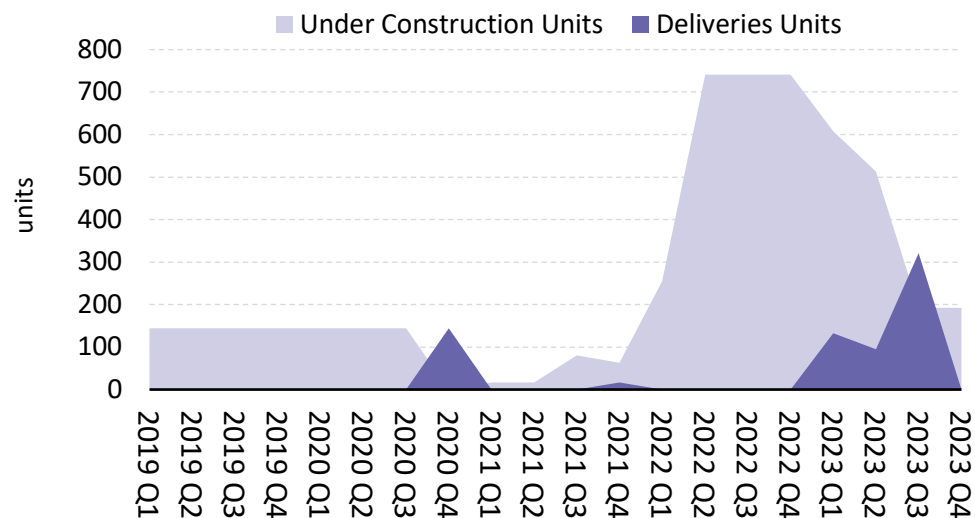
### Net Absorption (units)



### Vacancy Rate (%)



### Under Construction & Net Deliveries (units)



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



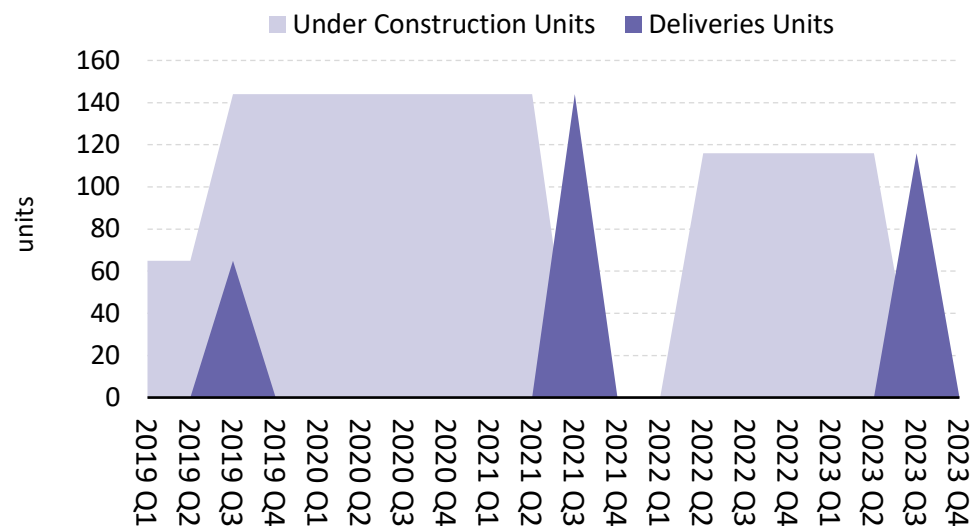
# Multifamily Market - MSA Trends

## HARRISONBURG MSA

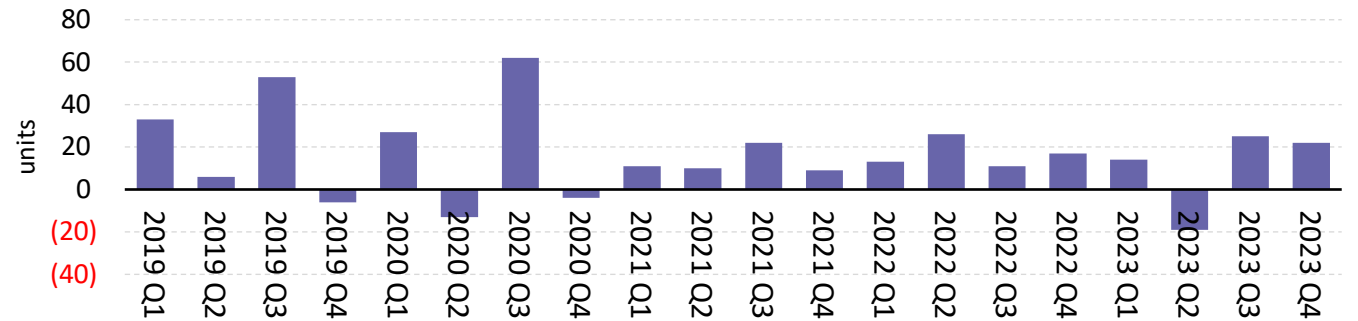
### Local Market Indicator Dashboard

	Q4-2023	YoY Chg
Total Inventory (units)	4,959	2.4% % chg
Vacancy Rate (%)	3.5%	1.4% pct points
Net Absorption (units)	22	5 units
Avg. Effective Rent (\$/per unit)	\$1,175	\$61 \$ per unit
Avg. Effective Rent (\$/per sq. ft)	\$1.31	\$0.07 \$ per sq. ft
Under Construction (units)	0	-116 units

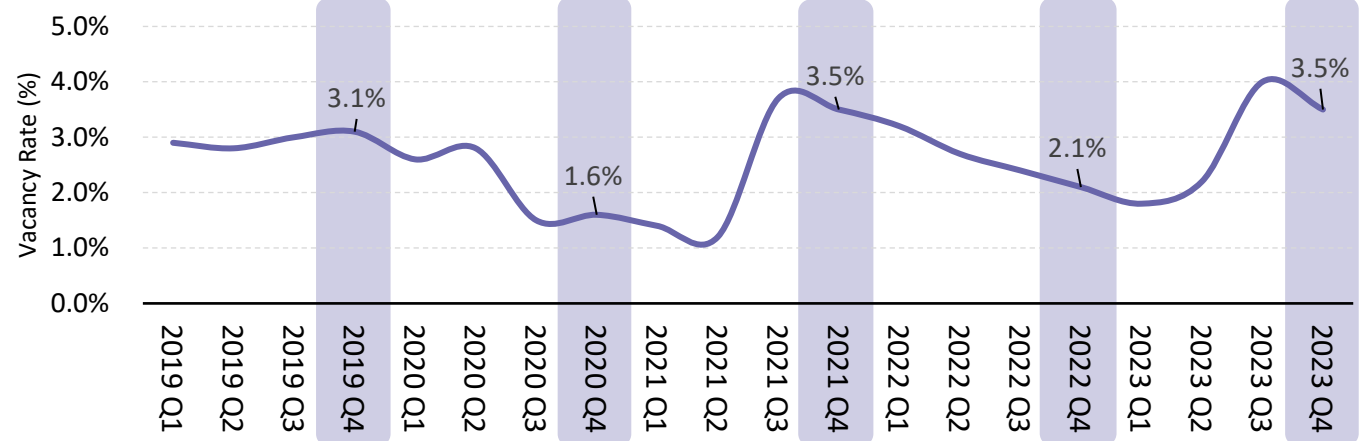
### Under Construction & Net Deliveries (units)



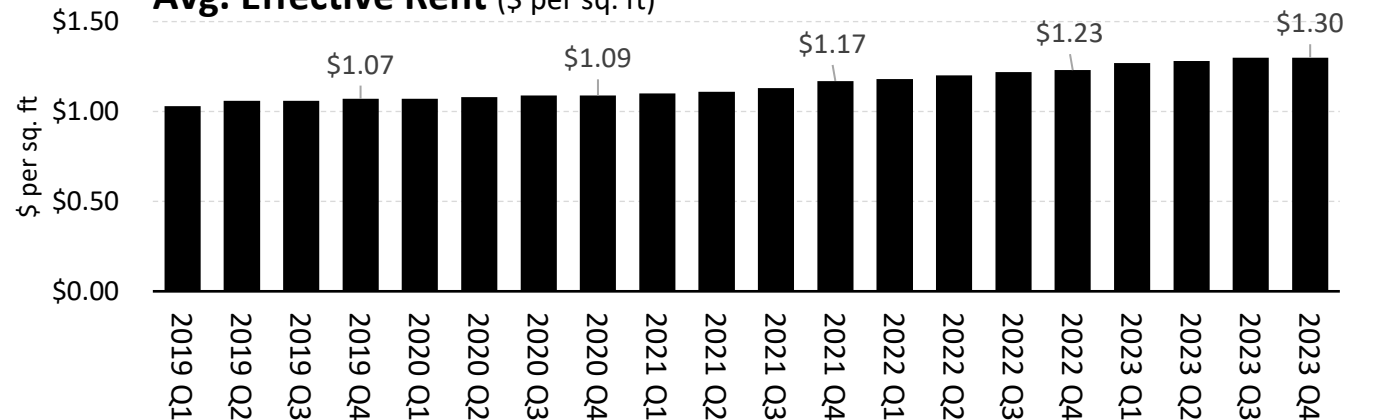
### Net Absorption (units)



### Vacancy Rate (%)



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





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