

Q4 2023 MULTIFAMILY MARKET REPORT



Multifamily Market - Key Trends Snapshot

Multifamily Market

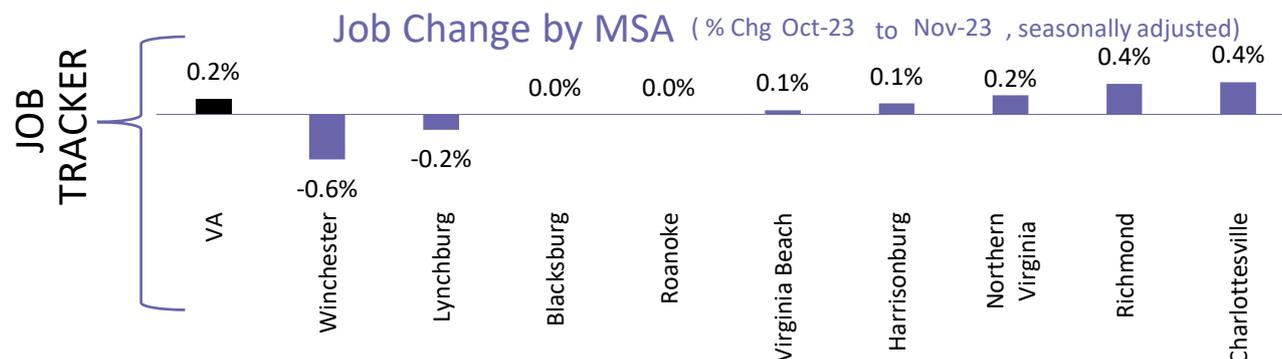
Overview: Newly delivered multifamily units continue to increase the rental housing supply in Virginia. However, as more of the new projects are completed, there are not as many entering the construction pipeline after them. Multifamily building permit activity has slowed down around the state, and vacancy 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	Total Inventory (units)
units	3,202	2,358	Net Absorption (units)
pct point	0.6%	6.4%	Vacancy Rate (%)
\$ per unit	\$59	\$1,667	Avg. Effective Rent Per Unit (\$ per unit)
\$ per sq. ft	\$0.06	\$1.83	Avg. Effective Rent Per Sq. Ft (\$ per sq. ft)
units	2,379	5,225	New Supply Delivered (units)
units	-7,196	25,854	Under Construction (units)



Economic Indicator Dashboard

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

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Virginia Multifamily Market

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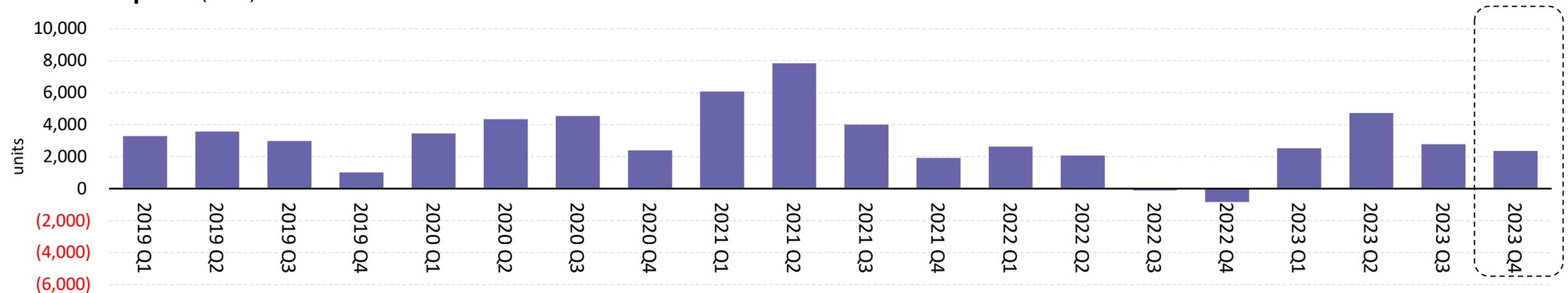
Harrisonburg MSA ----- 16



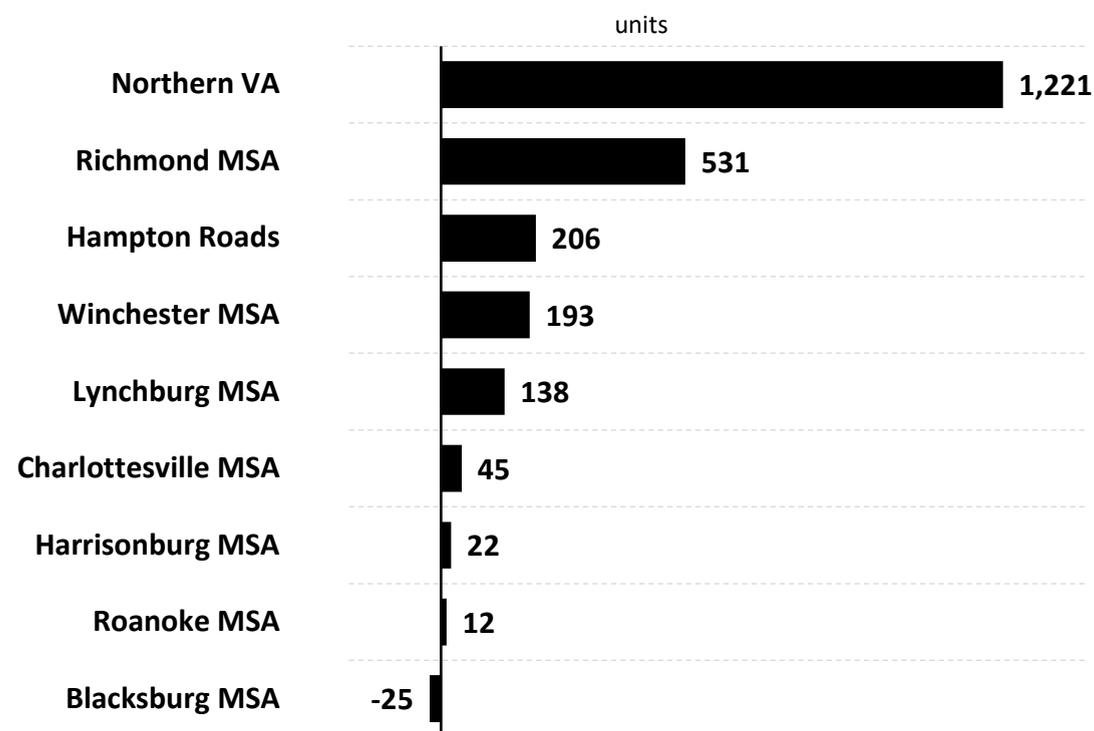
Multifamily Market - Absorption & Construction Trends

VIRGINIA (Statewide)

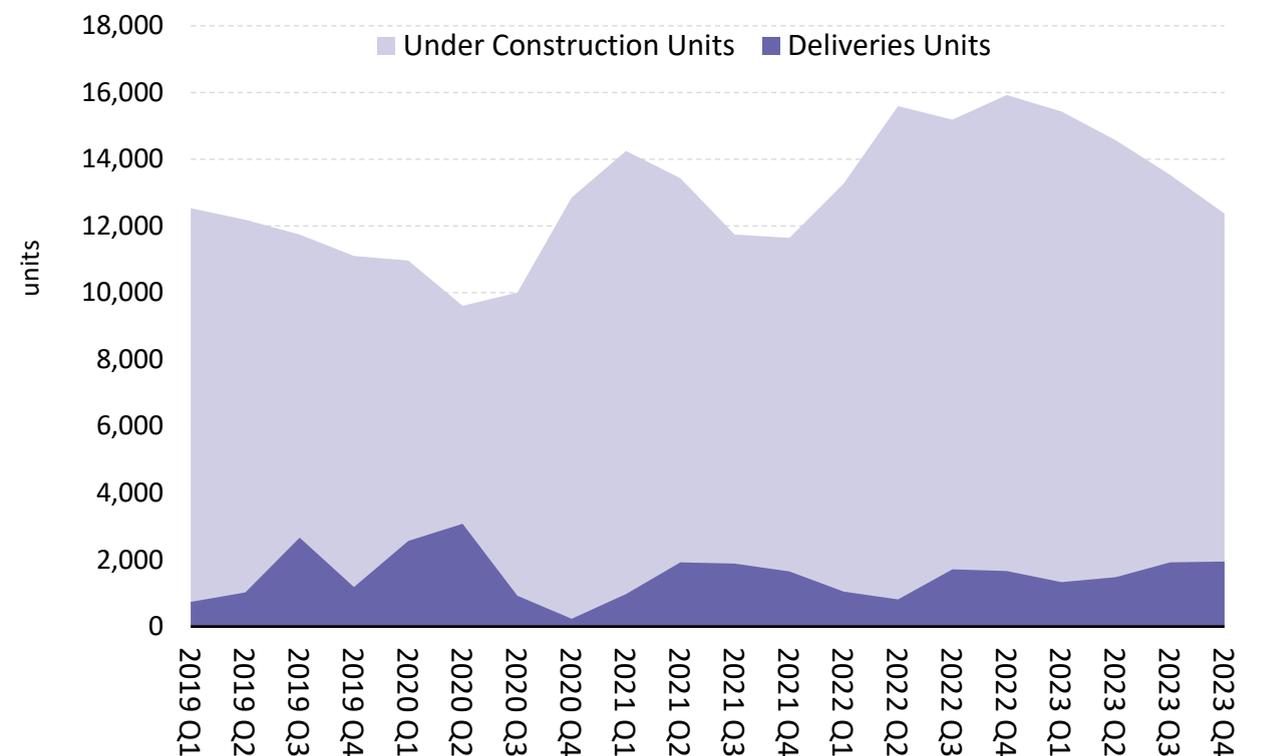
Net Absorption (units)



Q4-2023 Net Absorption by Metro Area (units)

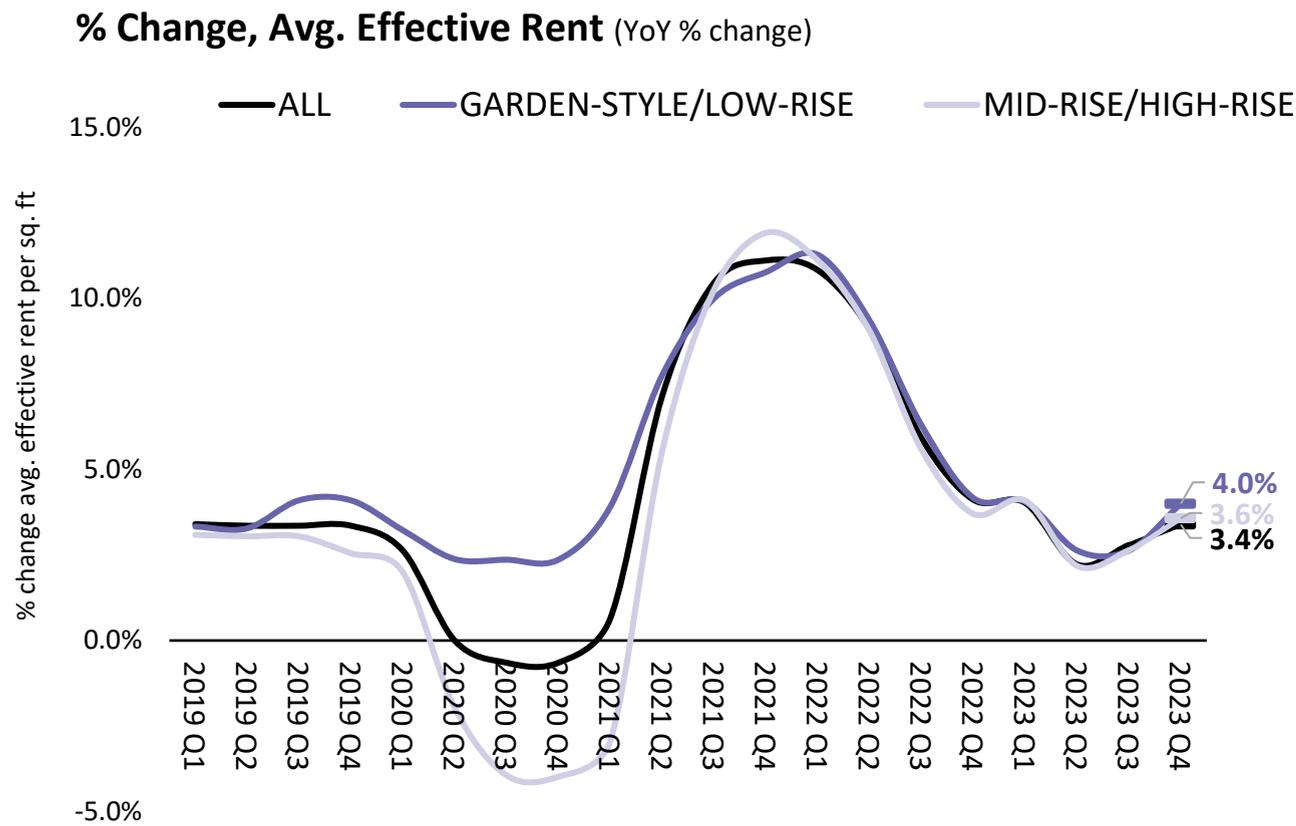
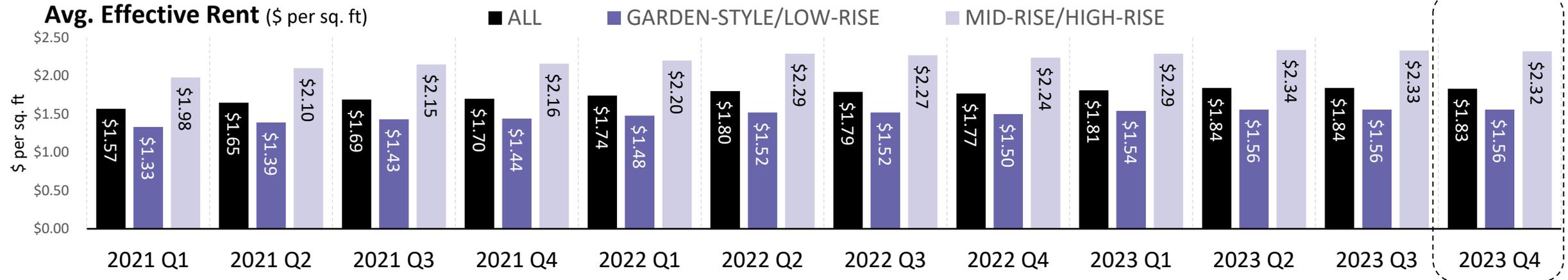


Under Construction & Net Deliveries (units)

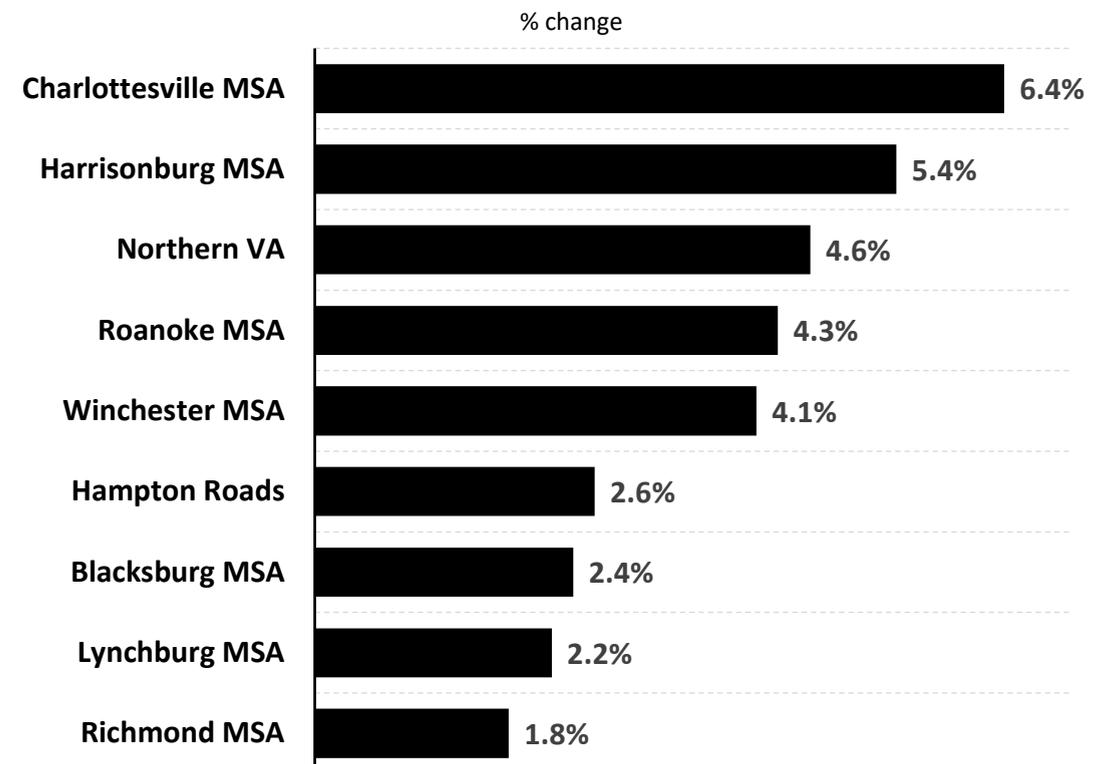


Multifamily Market - Rent Trends

VIRGINIA (Statewide)

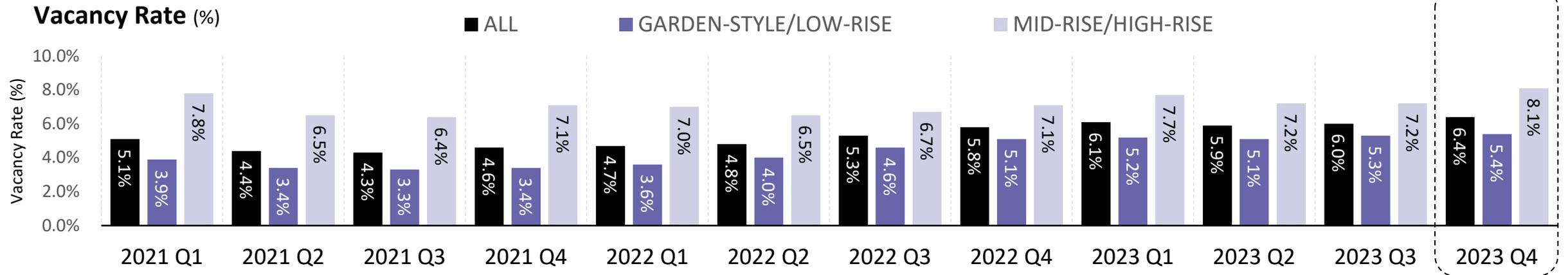


Q4-2023 by MSA: % Change, Avg. Effective Rent (YoY % change)

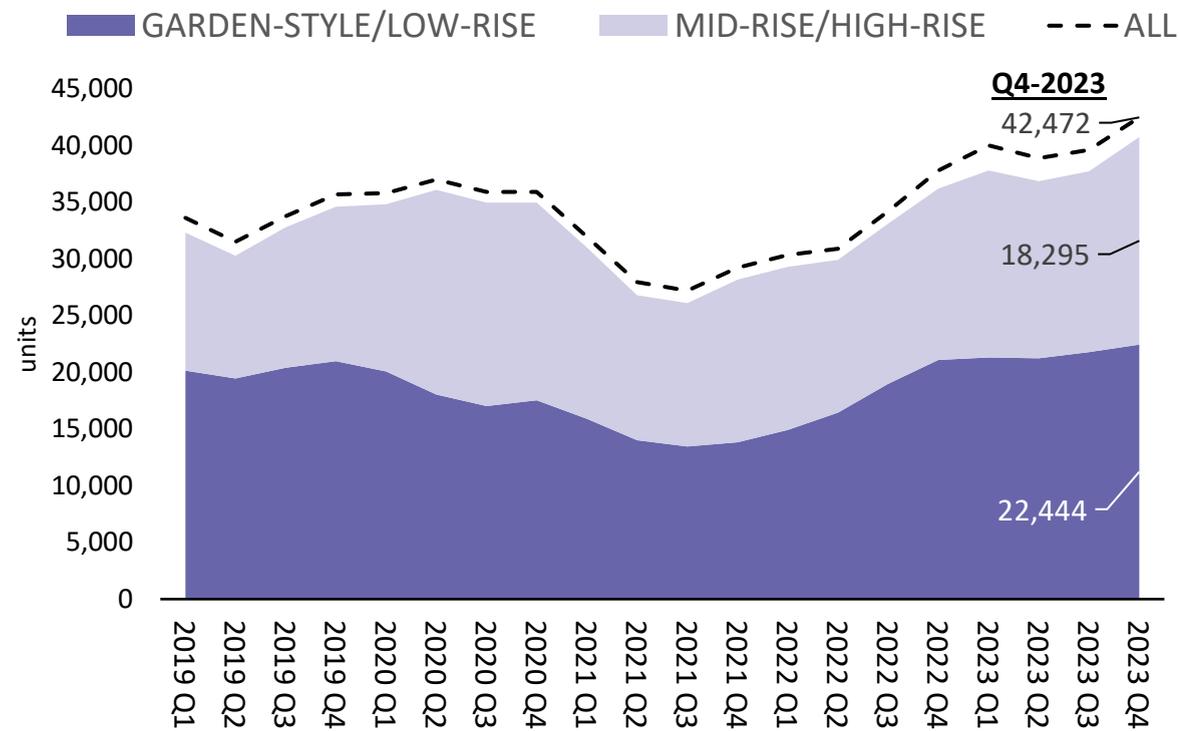


Multifamily Market - Vacancy Trends

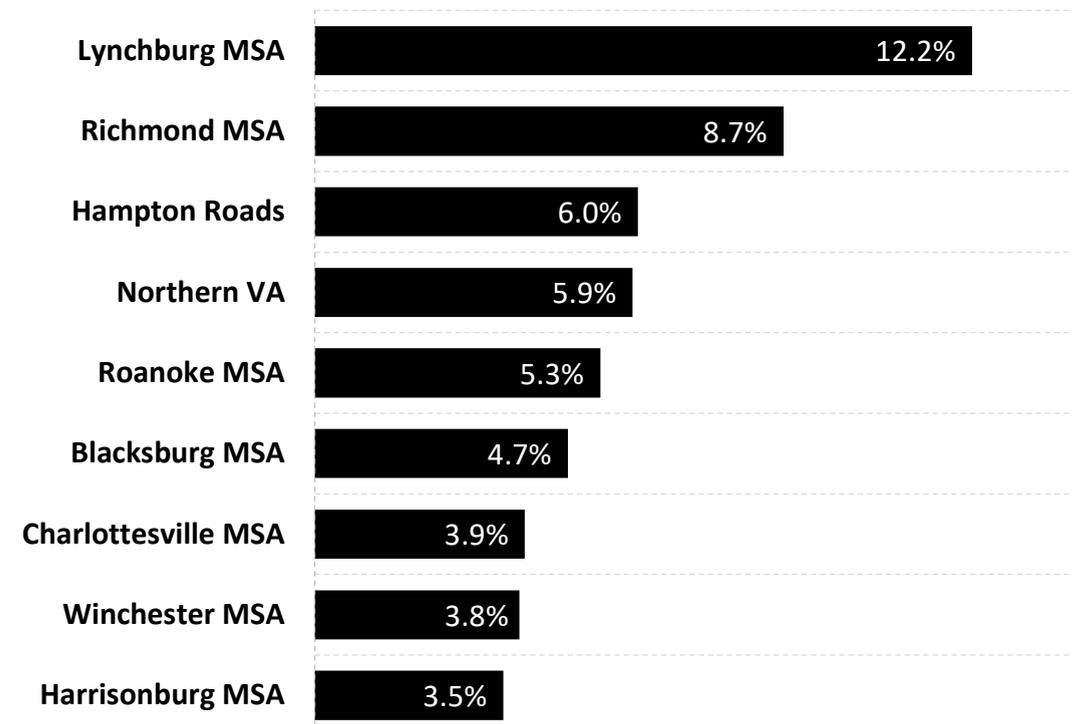
VIRGINIA (Statewide)



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

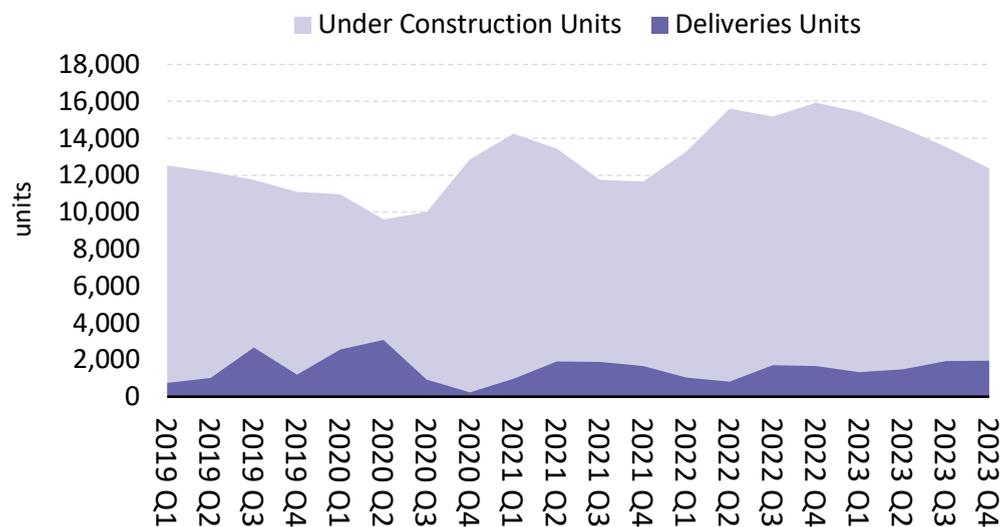
Multifamily Market - MSA Trends

NORTHERN VIRGINIA

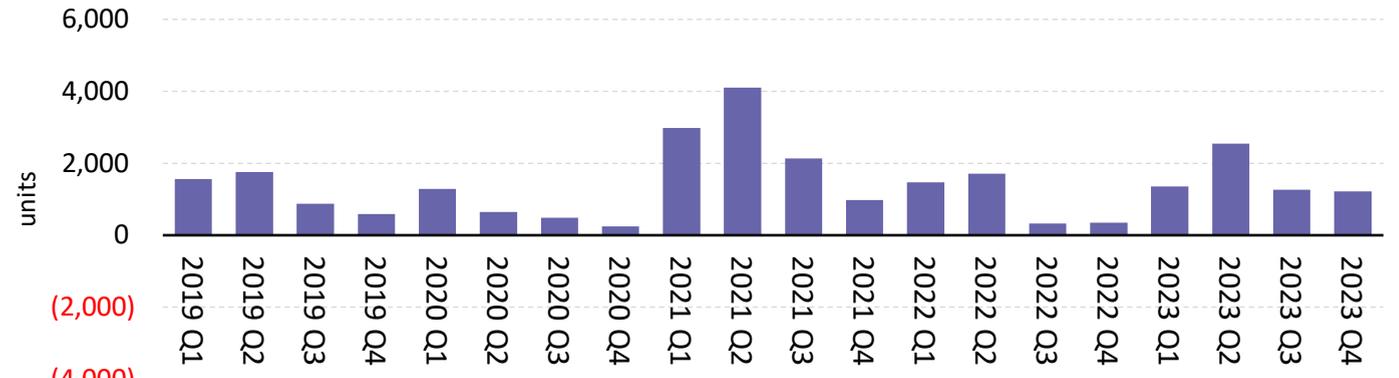
Local Market Indicator Dashboard

	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

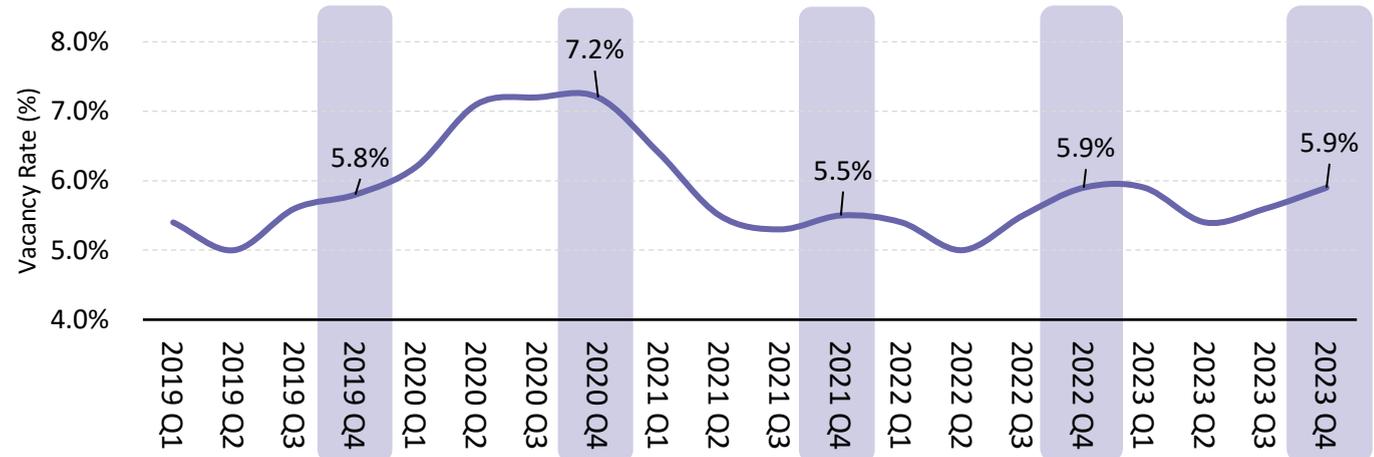
Under Construction & Net Deliveries (units)



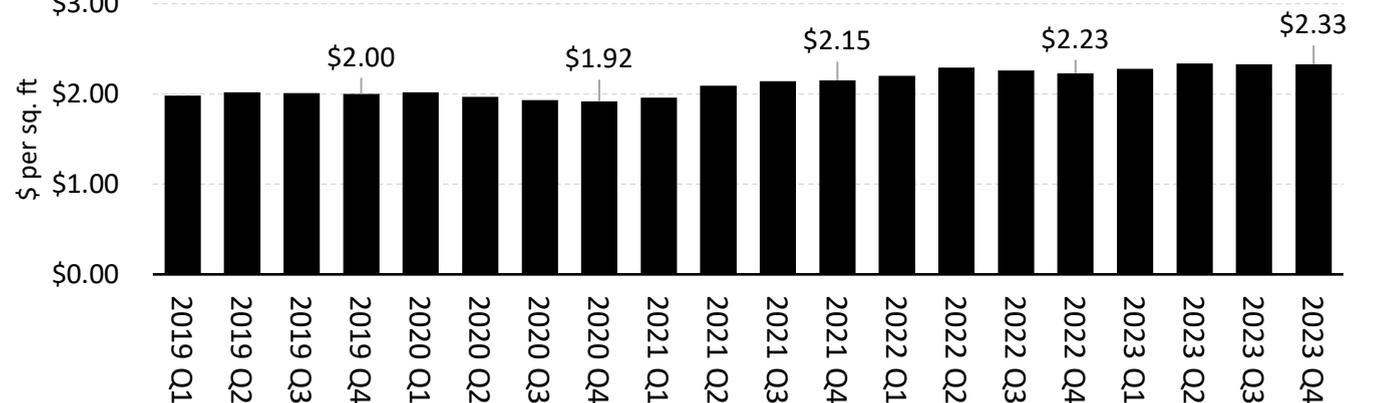
Net Absorption (units)



Vacancy Rate (%)



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



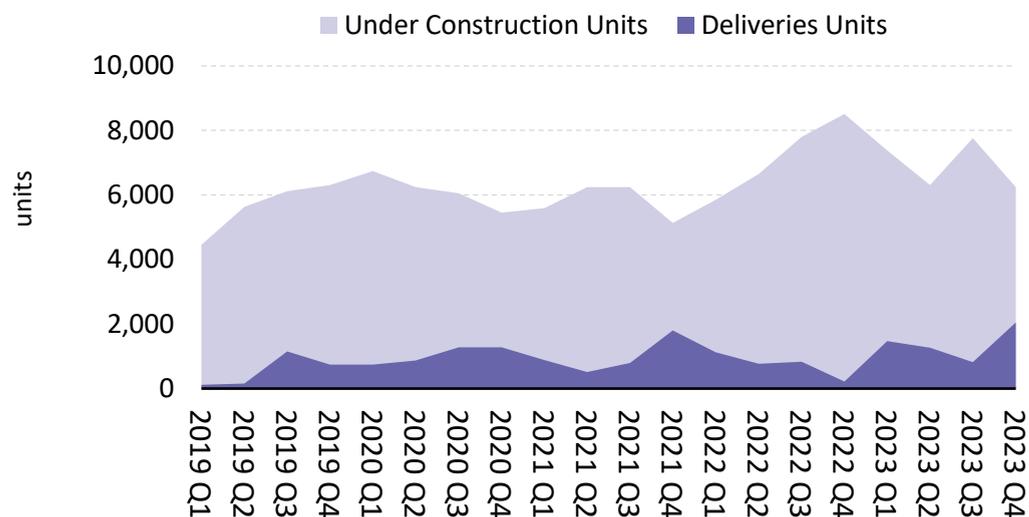
Multifamily Market - MSA Trends

RICHMOND MSA

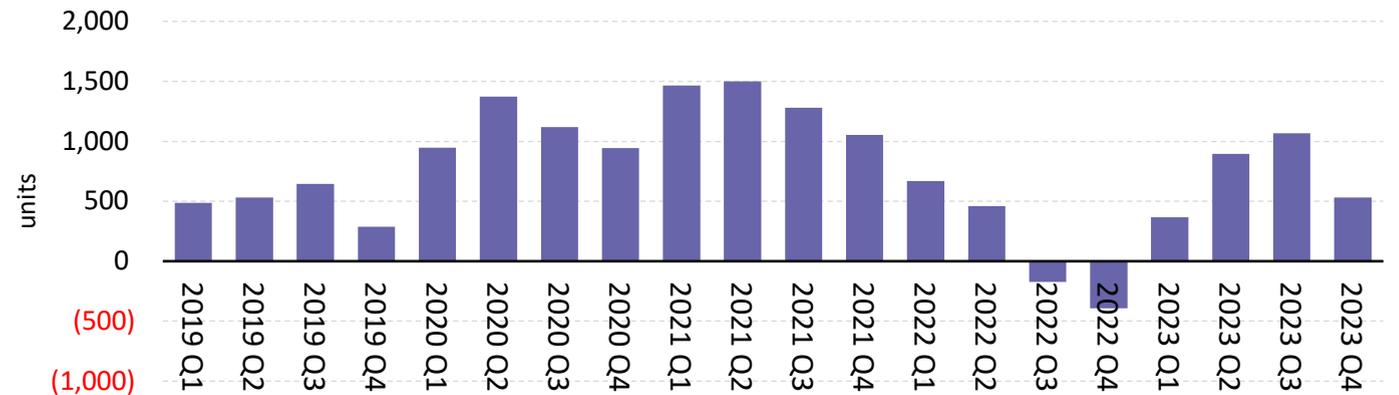
Local Market Indicator Dashboard

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

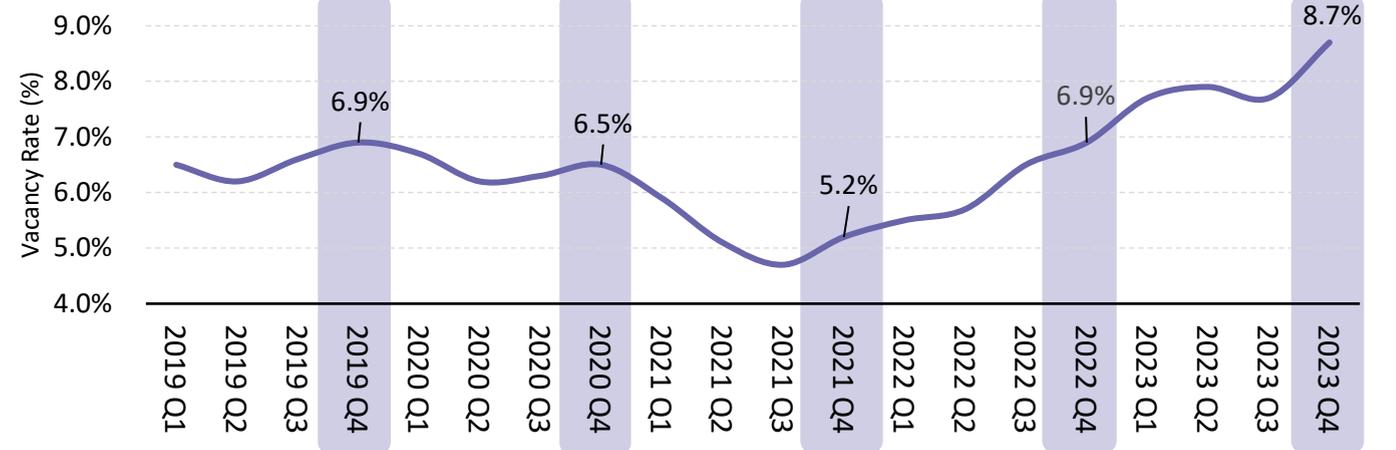
Under Construction & Net Deliveries (units)



Net Absorption (units)



Vacancy Rate (%)



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



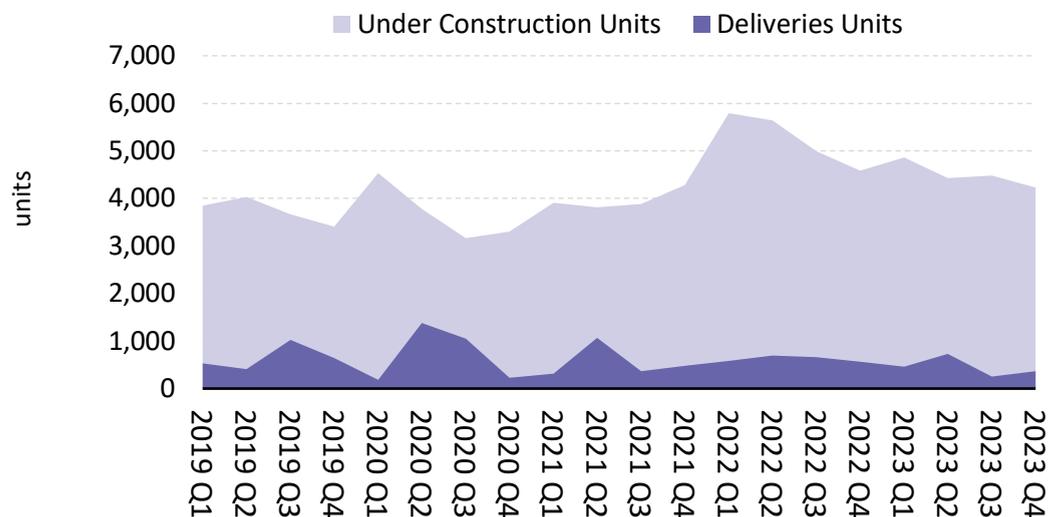
Multifamily Market - MSA Trends

HAMPTON ROADS

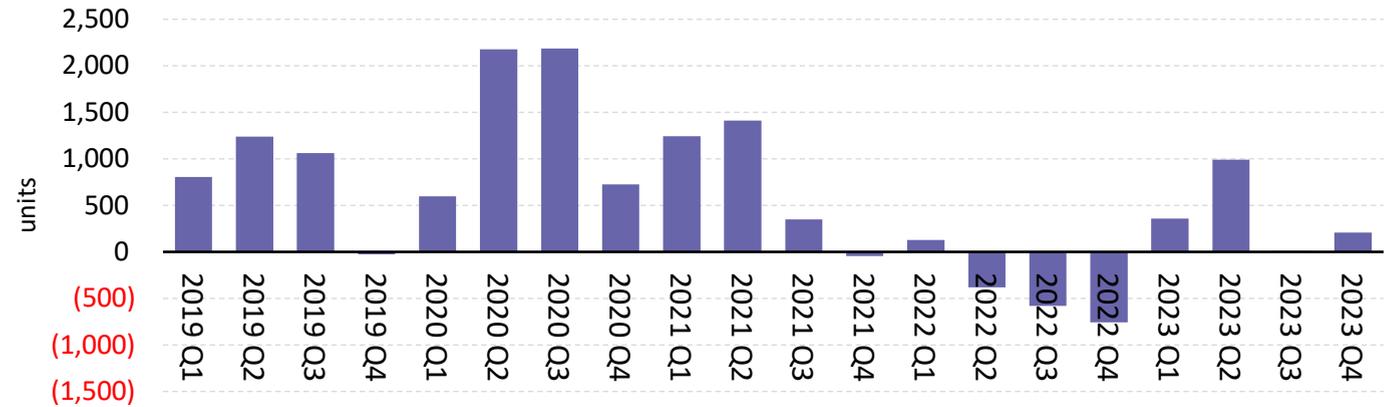
Local Market Indicator Dashboard

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

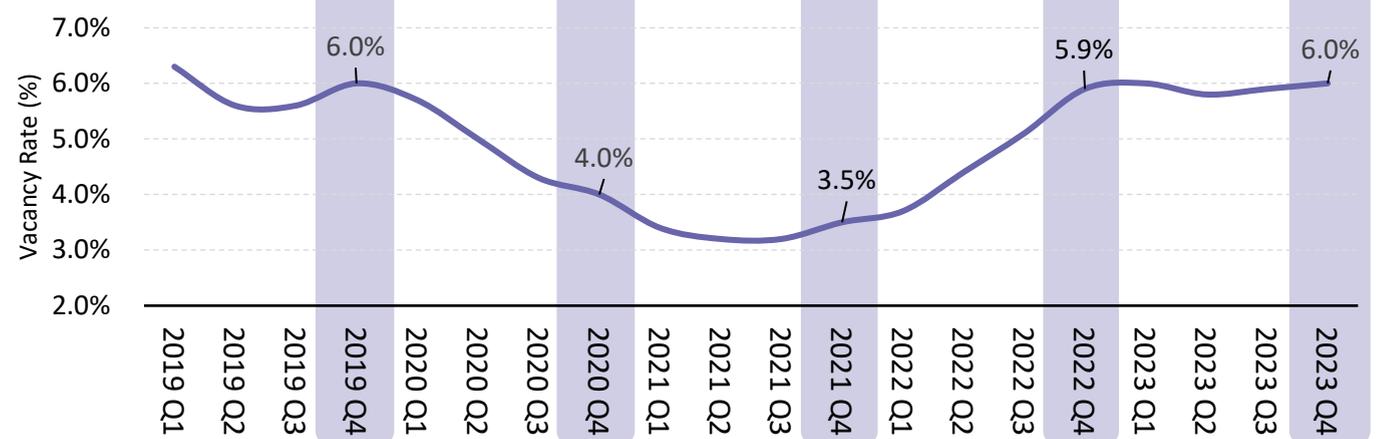
Under Construction & Net Deliveries (units)



Net Absorption (units)



Vacancy Rate (%)



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



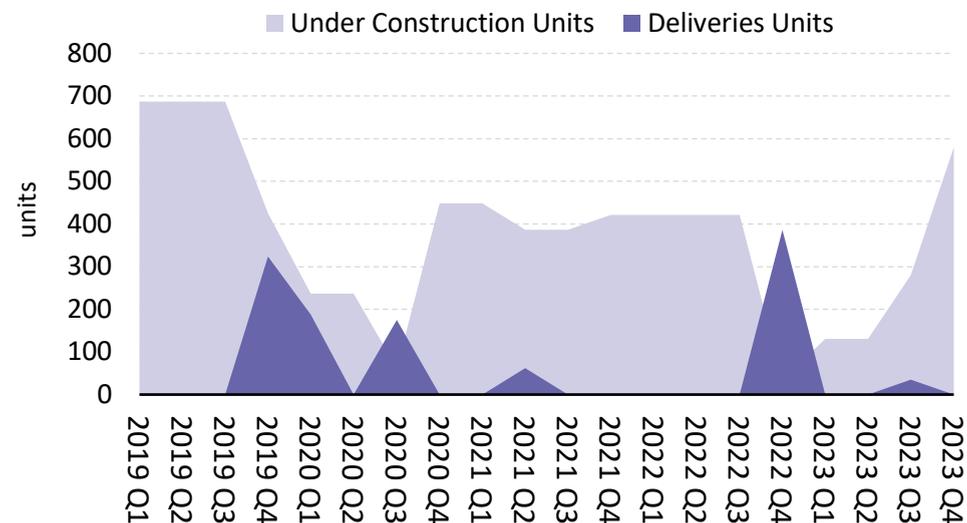
Multifamily Market - MSA Trends

ROANOKE MSA

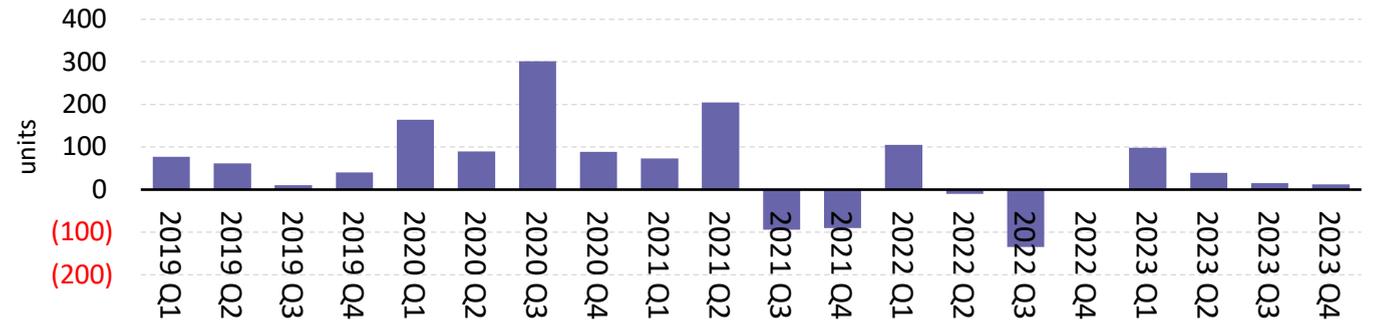
Local Market Indicator Dashboard

	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

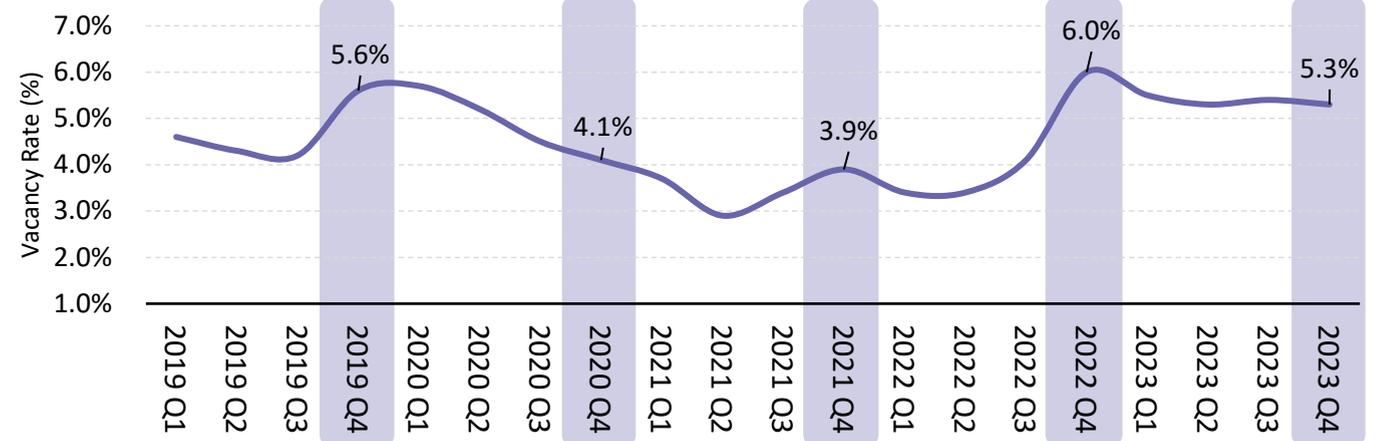
Under Construction & Net Deliveries (units)



Net Absorption (units)



Vacancy Rate (%)



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



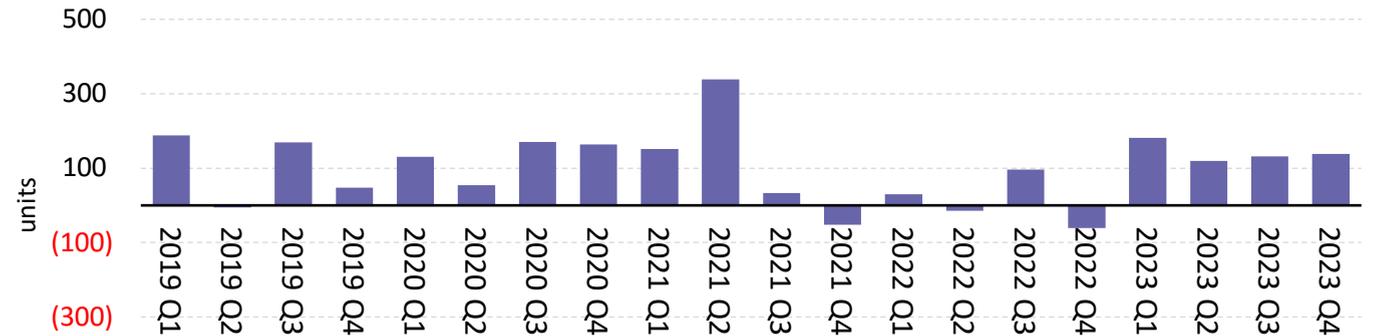
Multifamily Market - MSA Trends

LYNCHBURG MSA

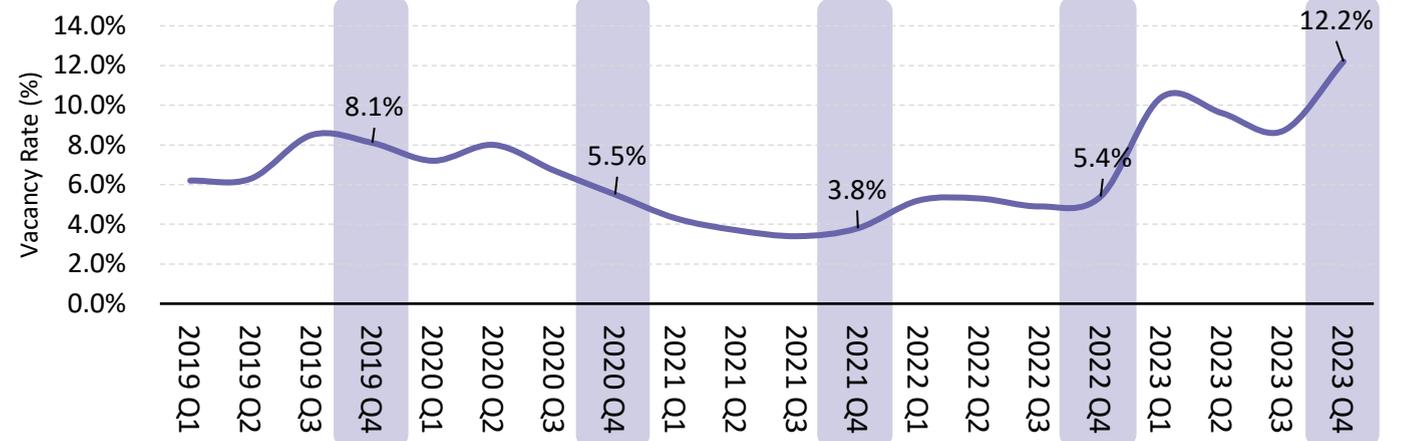
Local Market Indicator Dashboard

	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

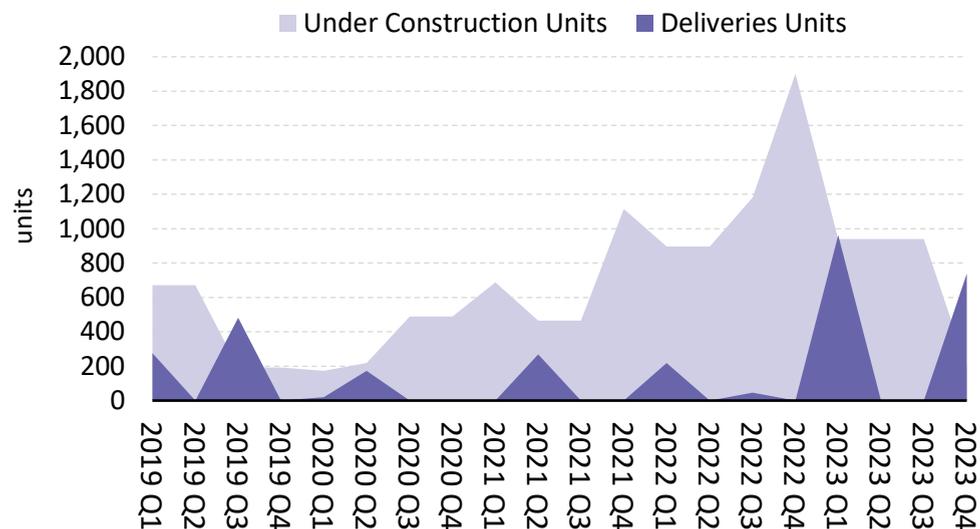
Net Absorption (units)



Vacancy Rate (%)



Under Construction & Net Deliveries (units)



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



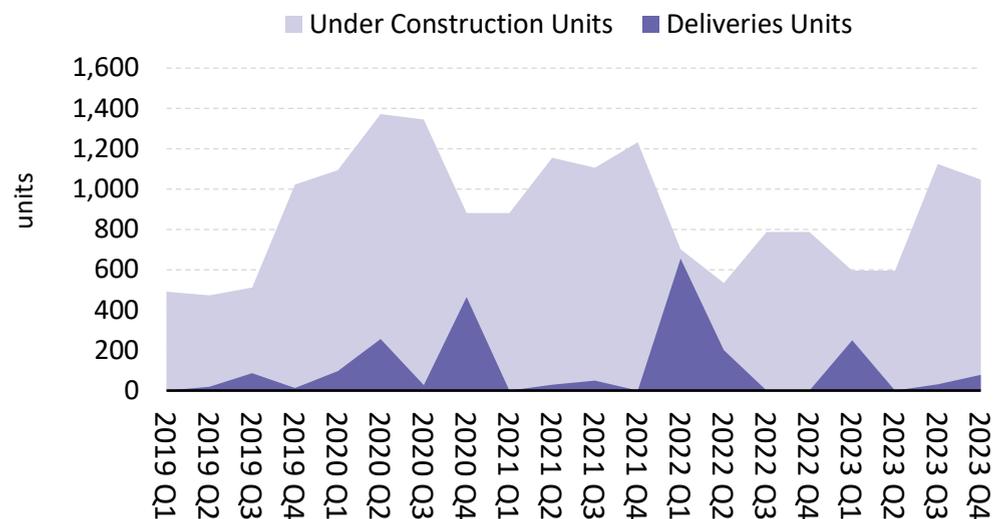
Multifamily Market - MSA Trends

CHARLOTTESVILLE MSA

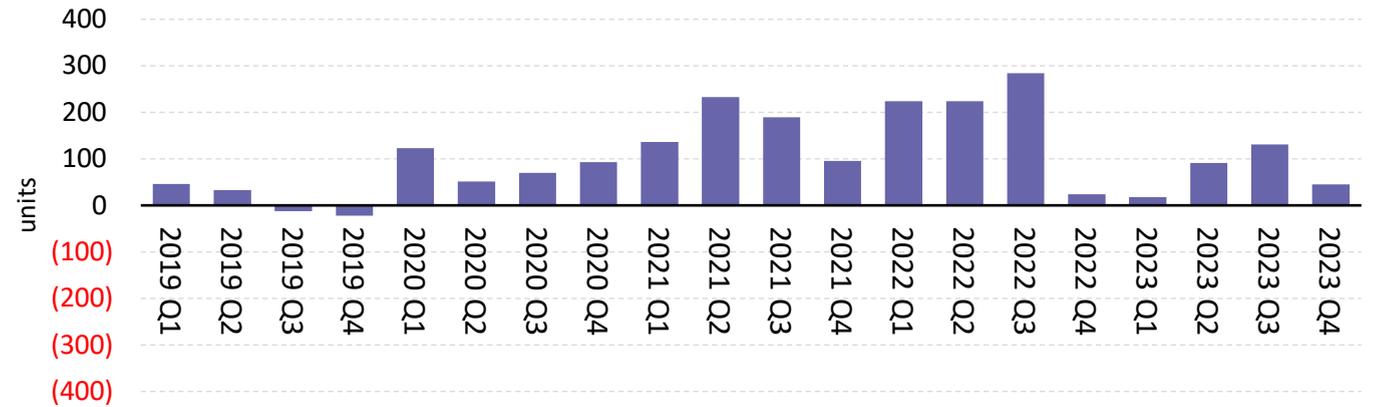
Local Market Indicator Dashboard

	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

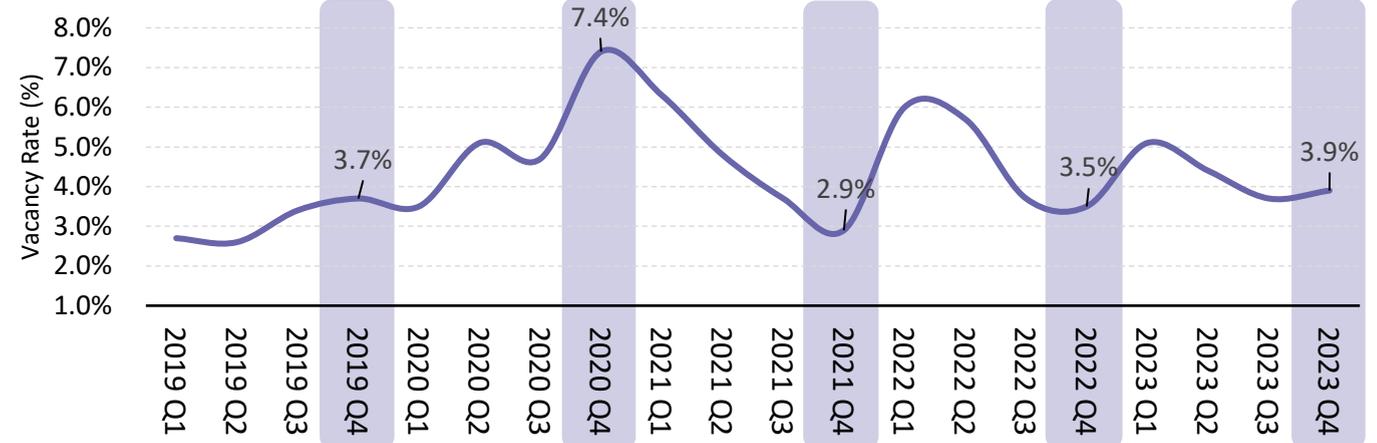
Under Construction & Net Deliveries (units)



Net Absorption (units)



Vacancy Rate (%)



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



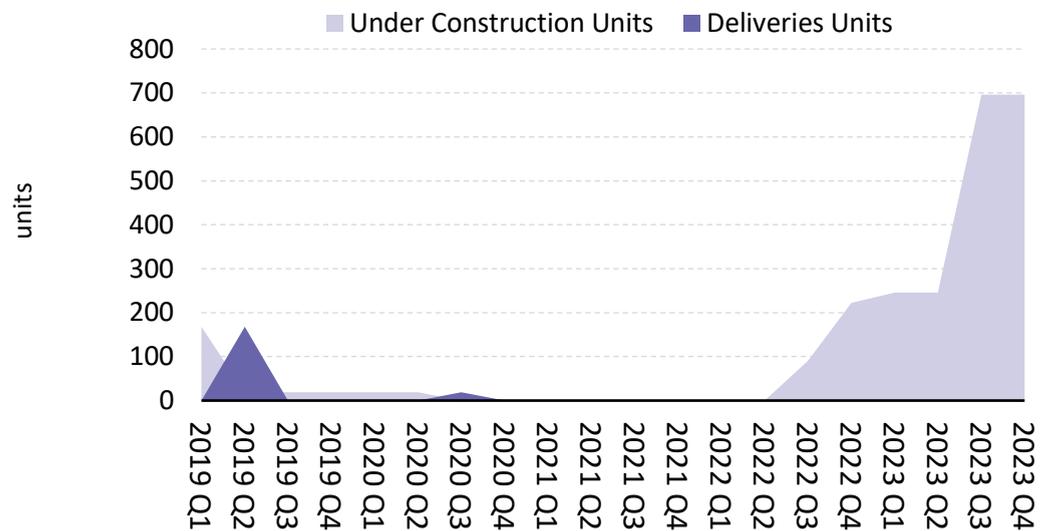
Multifamily Market - MSA Trends

BLACKSBURG MSA

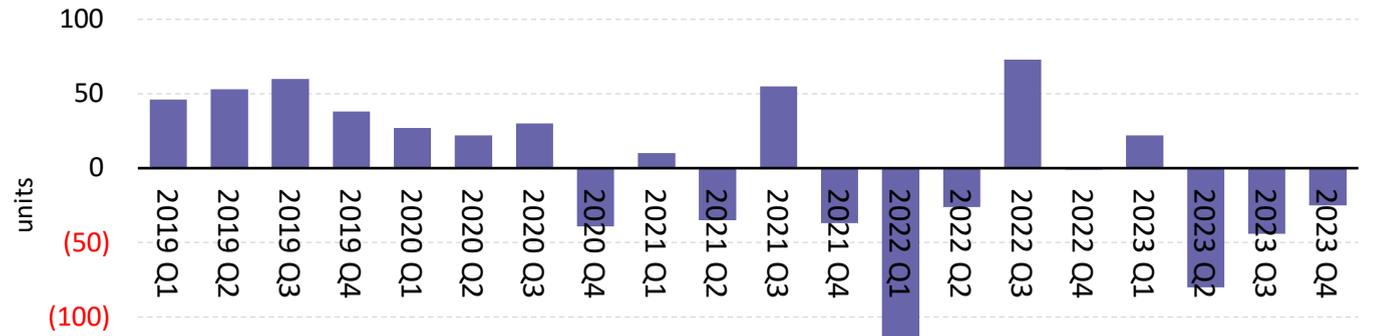
Local Market Indicator Dashboard

	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

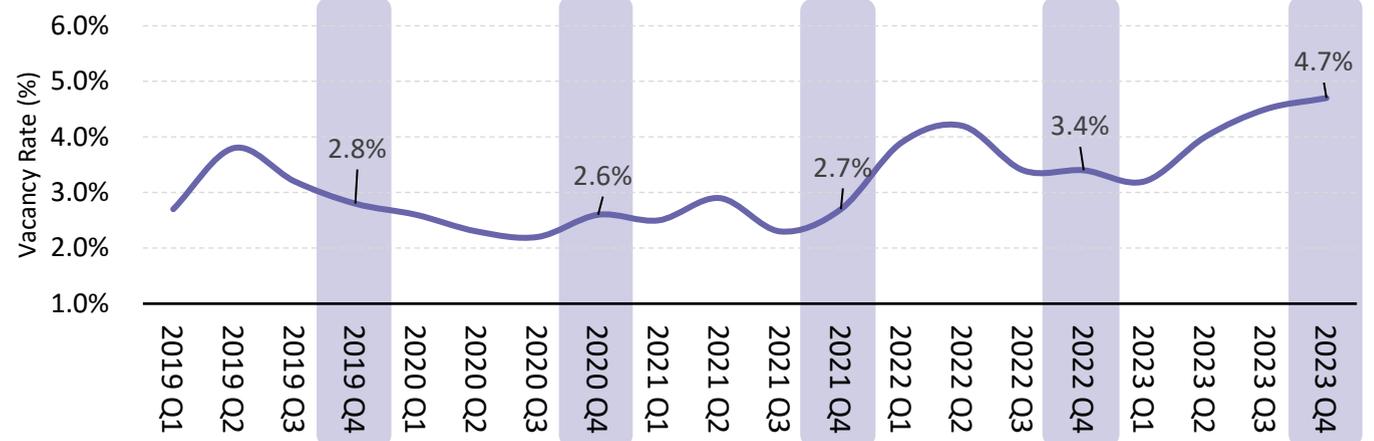
Under Construction & Net Deliveries (units)



Net Absorption (units)



Vacancy Rate (%)



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



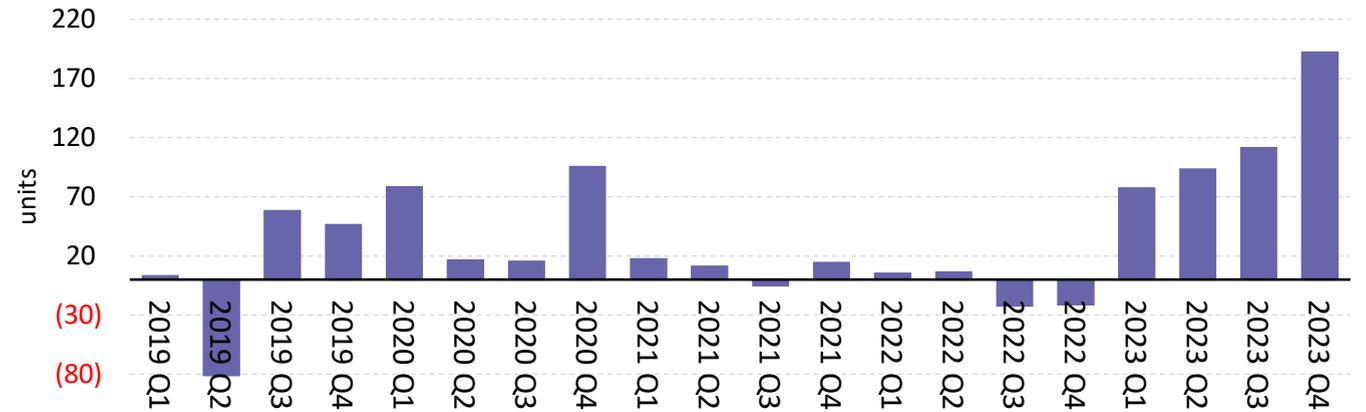
Multifamily Market - MSA Trends

WINCHESTER MSA

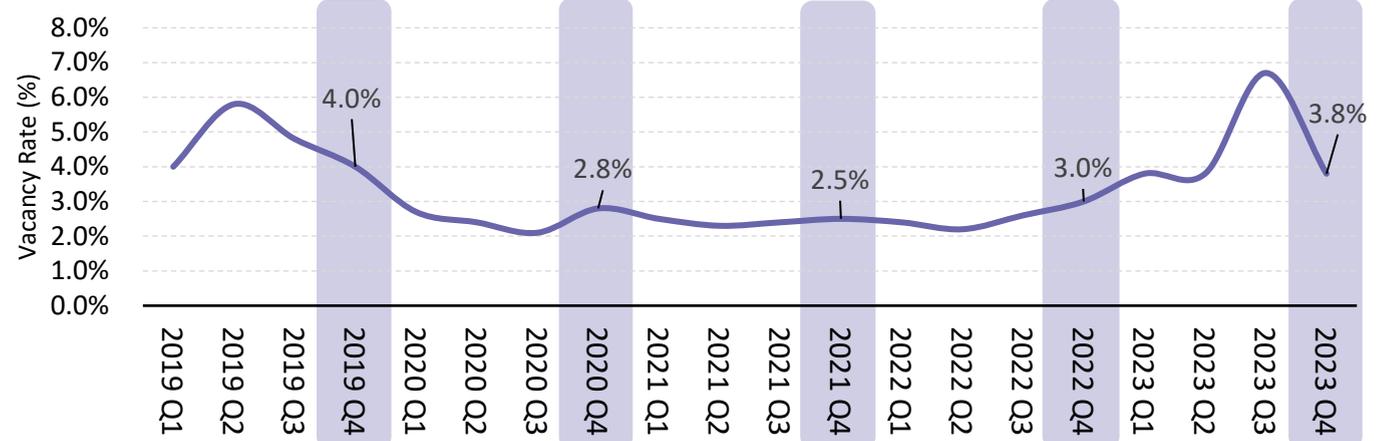
Local Market Indicator Dashboard

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

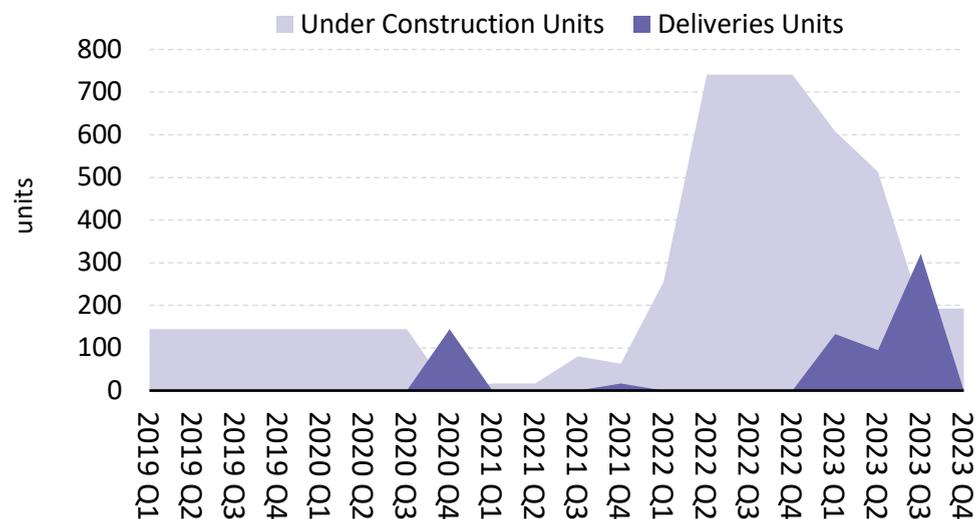
Net Absorption (units)



Vacancy Rate (%)



Under Construction & Net Deliveries (units)



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



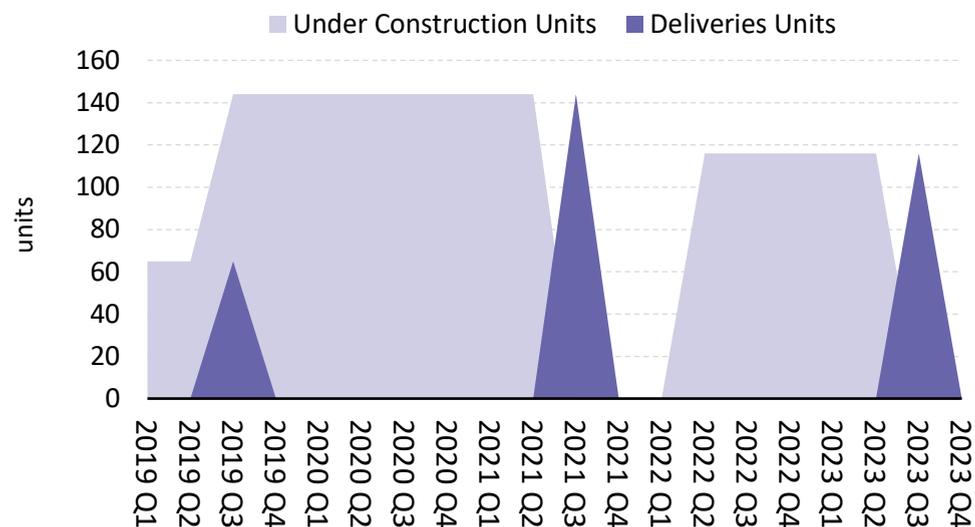
Multifamily Market - MSA Trends

HARRISONBURG MSA

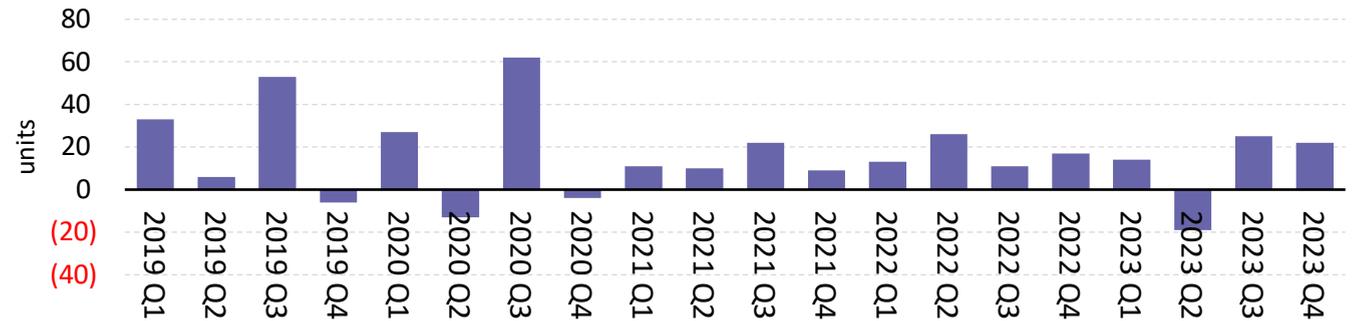
Local Market Indicator Dashboard

	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

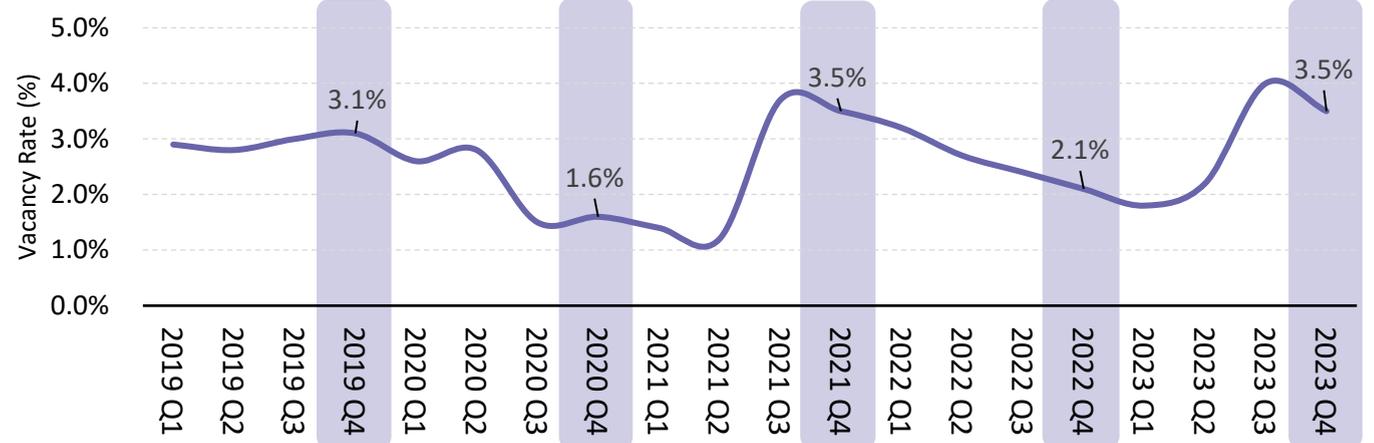
Under Construction & Net Deliveries (units)



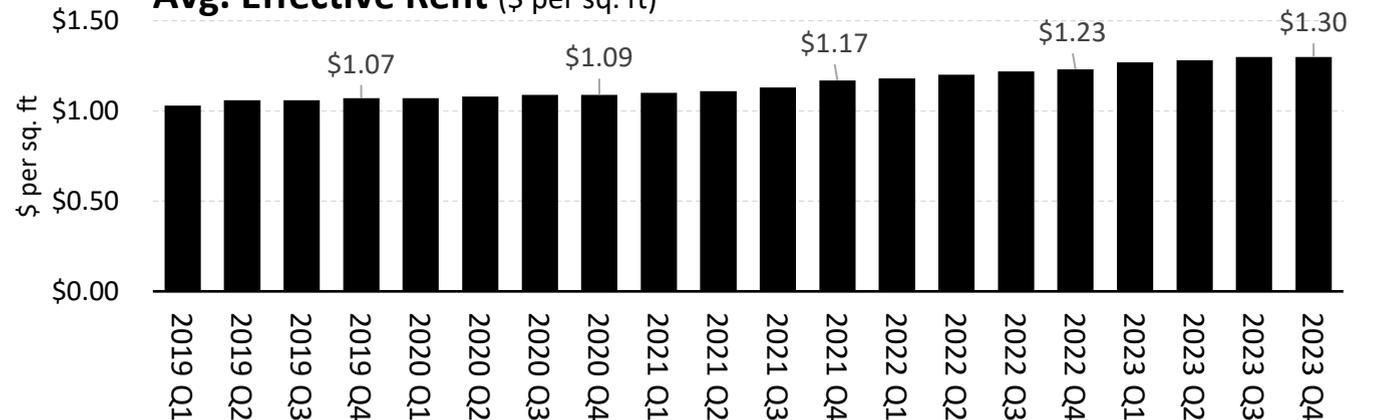
Net Absorption (units)



Vacancy Rate (%)



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



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Data and analysis provided by Virginia REALTORS® Chief Economist.

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