

Richmond & Hampton Roads Multifamily Overview

2H25

Market Observations

Richmond metro area multifamily occupancy declined by 10 basis points year-over-year, to end 2025 at 95.2%. Occupancy is 130 basis points higher than at the end of 2023.

Average effective rental rates were down in 2025 in Richmond, declining by 0.1% year-over-year. Growth has dropped sharply from a peak in 2021, which remains an outlier in recent history.

Deliveries exceeded absorption in 2025 as absorption was down significantly, declining by about one-third compared with 2024. Deliveries increased slightly year-over-year but were 18.4% lower than the ten-year high reached in 2023.

Multifamily sales volume in the Richmond metro market for 2025 surpassed the previous two years, totaling \$800 million, nearly half of which occurred during the fourth quarter.



Hampton Roads multifamily occupancy has increased each of the last two years, ending 2025 at 96.5%, up 70 basis points year-over-year and up 120 basis points compared to 2023.

Effective rent growth increased by 110 basis points over the last two years, after declining sharply between 2021 and 2023. Rents grew 3.2% year-over-year.

Absorption outpaced deliveries in Hampton Roads during 2025, though both decreased compared with the year prior. Absorption was down 27.4% compared with 2024, while deliveries declined by 56.3% over the same period.

Multifamily sales in the Hampton Roads market increased during each of the last two years, ending 2025 with approximately \$1.1 billion in volume, 30.7% higher than in 2024.

Expert Insights

Richmond



What We Know

- Hotspots including Scott's Addition and The Fan have a high share of units under construction, potentially leading to oversupply and increasing concessions.
- Affordability remains an issue in Richmond, even as rental rate growth flattens.
- Recent deliveries have increased competition, and combined with sales price pressures, returns on investments are depressed.
- Construction and financing remain expensive, while tariffs on some supplies have impacted margins, leading to delayed starts.



What We Expect

- Transaction volume has normalized after the Covid-era boom, though elevated interest rates and operating expenses may put downward pressure on the capital markets.
- New developments will find competition, as recent deliveries especially in certain submarkets continue to lease-up.
- Richmond remains a cheaper alternative to larger northeastern markets, attracting new residents and leading to continued demand and modest rent growth.
- Market fundamentals are strong compared to peer markets. Although the market faces similar cost and affordability issues seen nationally, recent performance demonstrates positive momentum.

Hampton Roads



What We Know

- The Hampton Roads market exhibits the highest occupancy and effective rental rate growth of any Mid-Atlantic multifamily market and is the only market with increasing rent growth.
- Absorption has exceeded deliveries over the last two years, placing upward pressure on rents.
- Easing fundamentals has led to growing transaction volume, as owners see positive trends continuing.
- Operating expenses are rising faster than rents, creating problems for owners.



What We Expect

- Low levels of new supply will help to improve fundamentals from an owner's perspective but may lead to increased affordability issues.
- As in other markets, the cost of doing business remains high due to elevated interest rates, hampering new development.
- Demand around military installations will remain high, and coastal submarkets will benefit from strong hospitality and service employment from tourism growth.
- Land availability remains a challenge in the market.

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Richmond

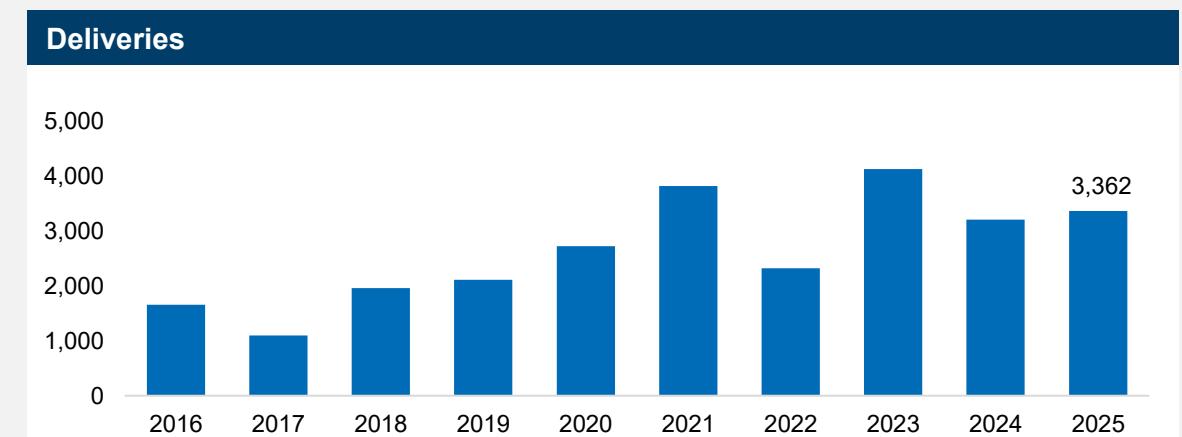
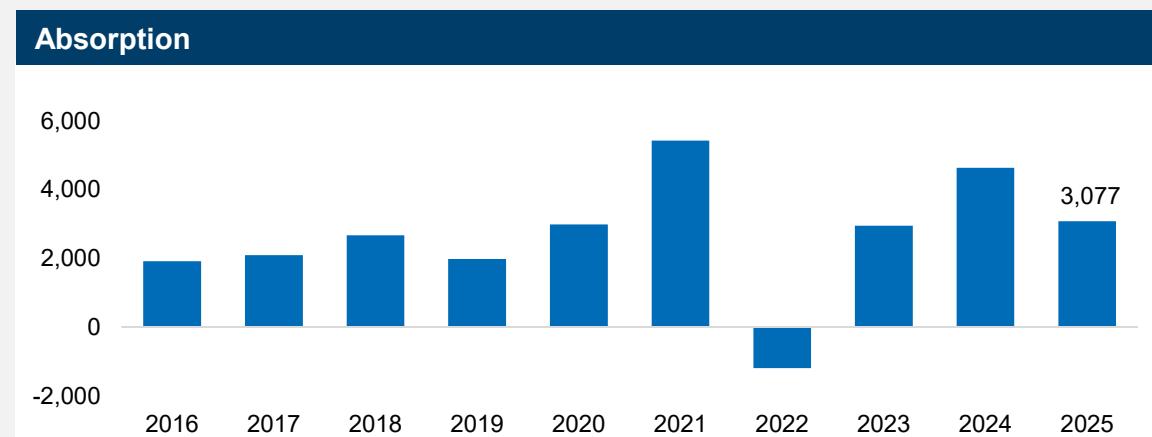
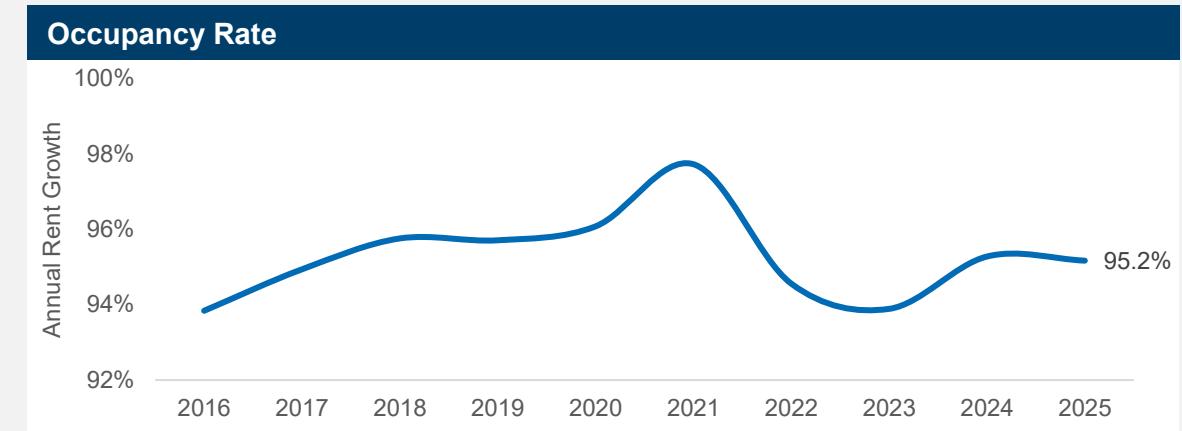
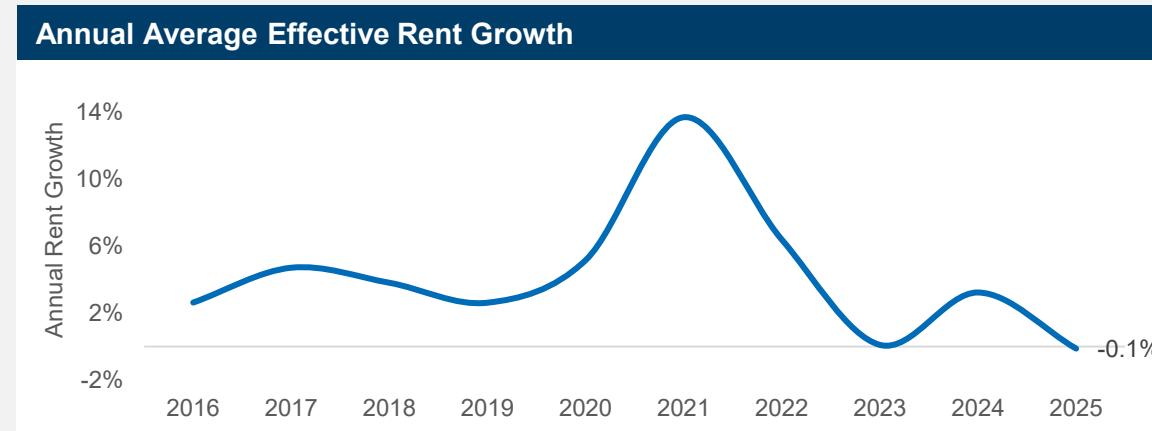
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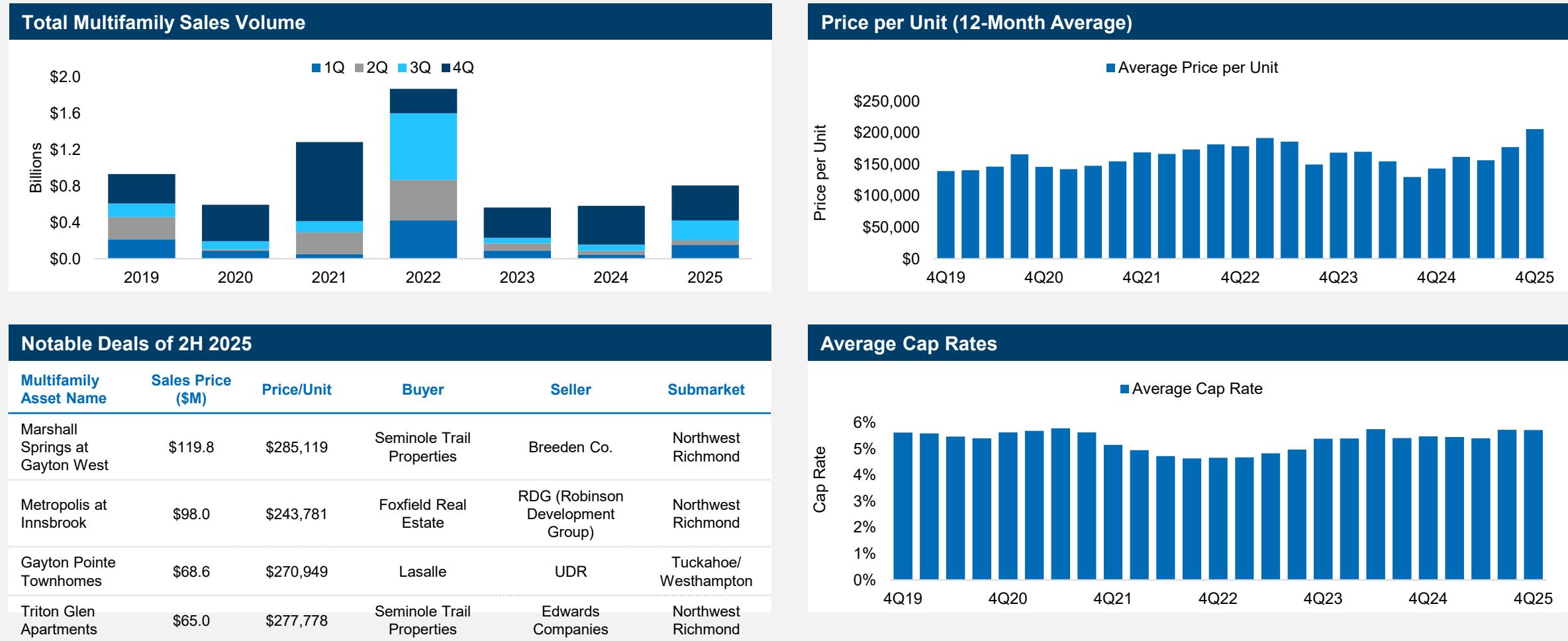
Richmond Multifamily Fundamentals

Richmond metro area multifamily fundamentals softened in 2025. Annual average effective rents decreased by 0.1% year-over-year, while occupancy rates declined by 10 basis points to end 2025 at 95.2%. Absorption was down significantly, declining by about one-third compared with 2024. Deliveries increased slightly year-over-year but were 18.4% lower than the ten-year high reached in 2023.

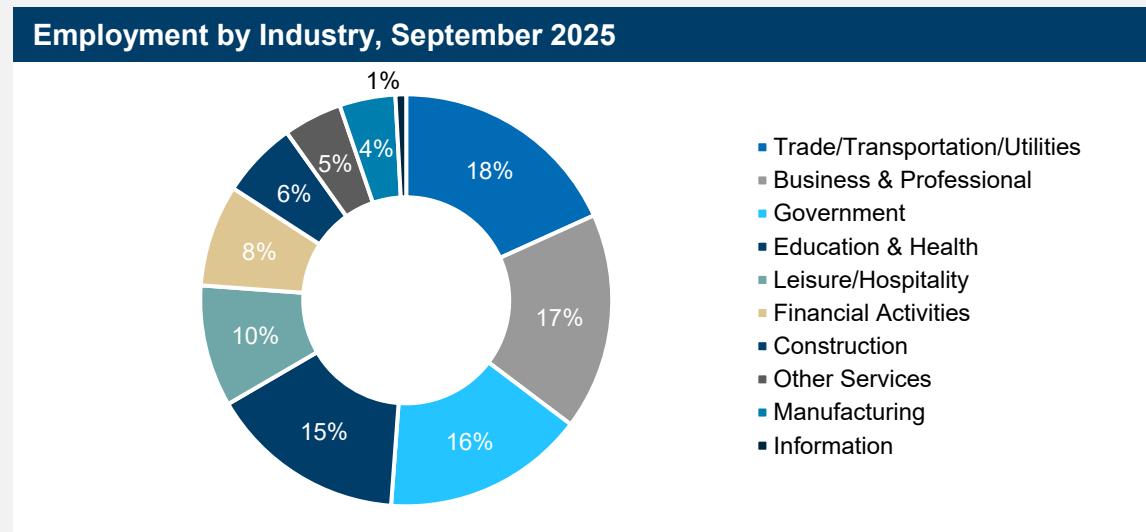
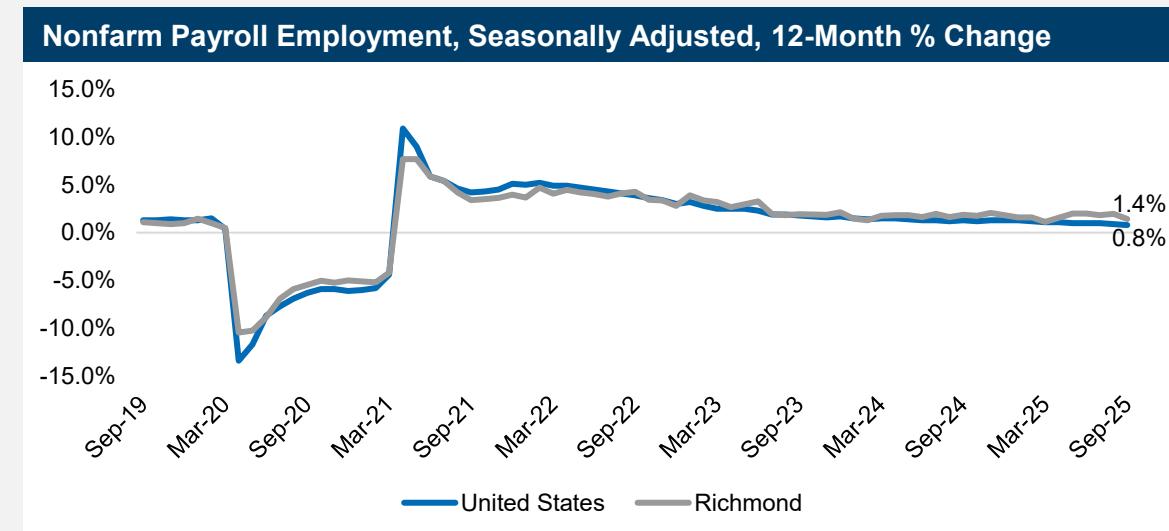
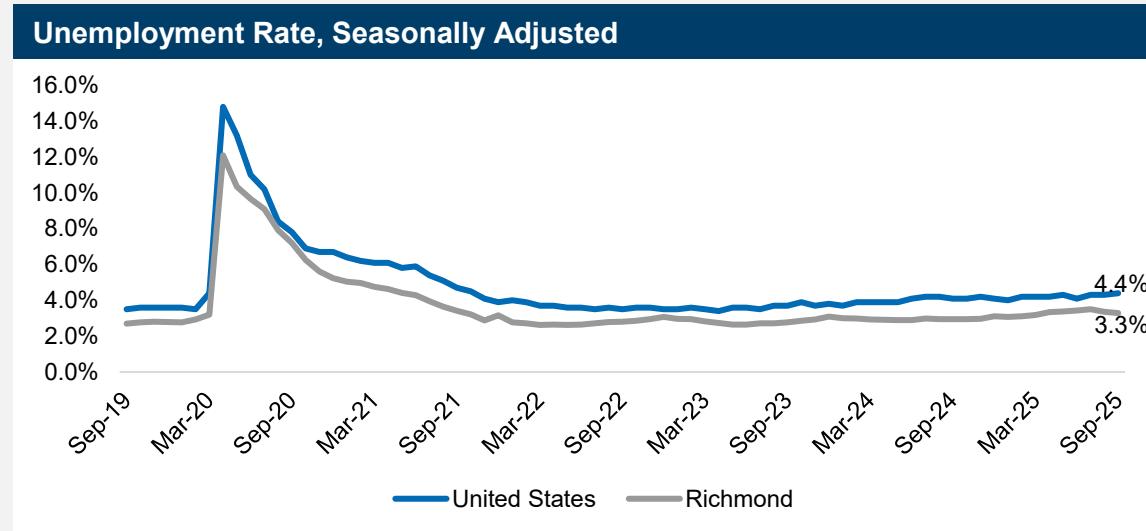


Richmond Multifamily Sales Market Overview

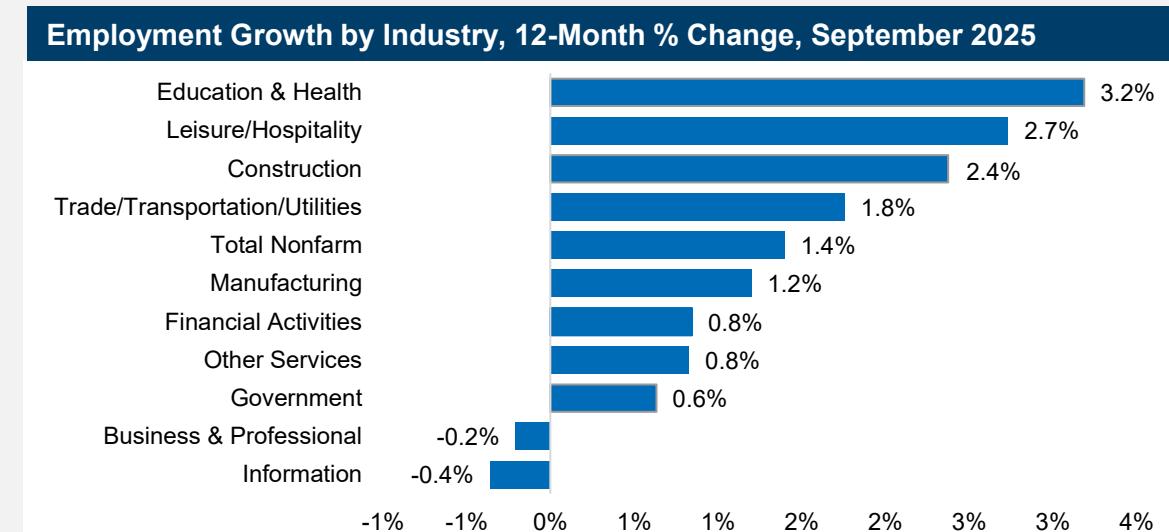
Multifamily sales volume in the Richmond metro market for 2025 surpassed the previous two years, totaling \$800 million, nearly half of which occurred during the fourth quarter. Overall, 2025 sales volume in the market increased by 38.5% year-over-year, after volume was flat between 2023 and 2024. Current year volume is approximately 57.1% lower than the recent peak reached in 2022. The average price per unit was up 16.2% quarter-over-quarter, and 43.9% over the last twelve months, ending 2025 at \$206,133 per unit. The largest transaction of the second half of 2025 was for Marshall Springs at Gayton West, a 420-unit property, sold by Breeden Co. for \$119.8 million, or \$285,119 per unit.



Richmond Economic Metrics



- Trade/Transportation/Utilities
- Business & Professional
- Government
- Education & Health
- Leisure/Hospitality
- Financial Activities
- Construction
- Other Services
- Manufacturing
- Information



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Hampton Roads

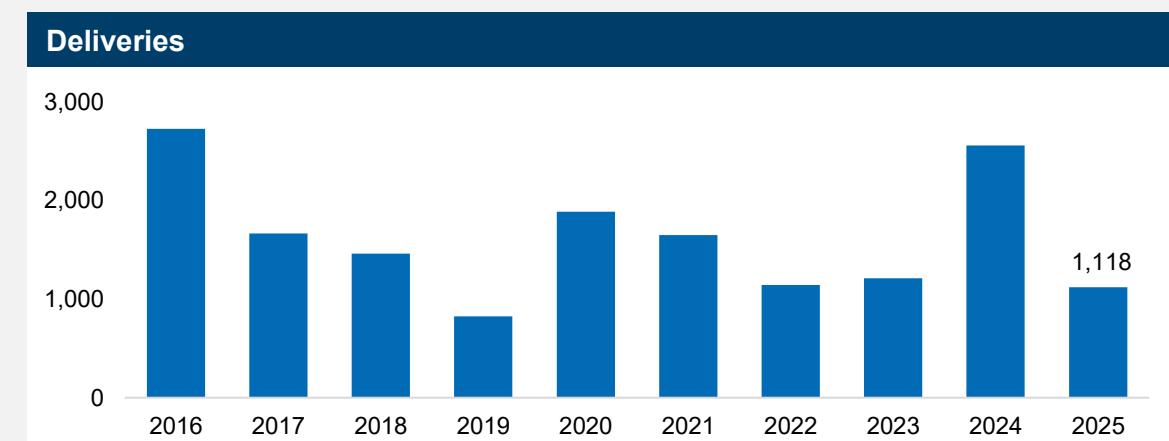
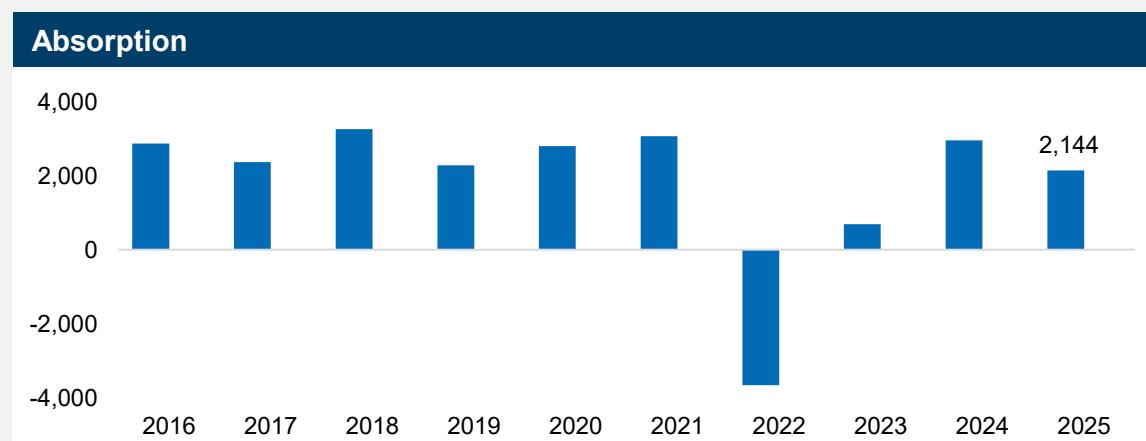
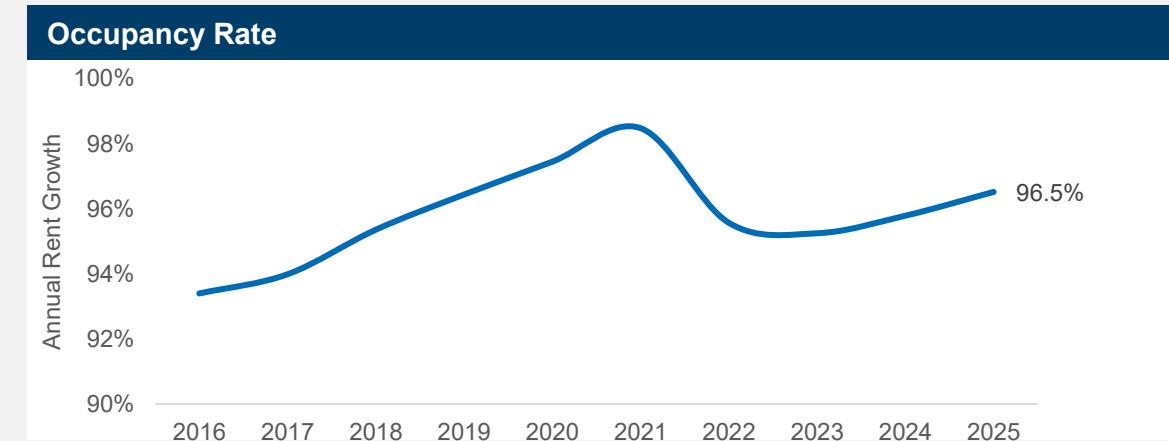
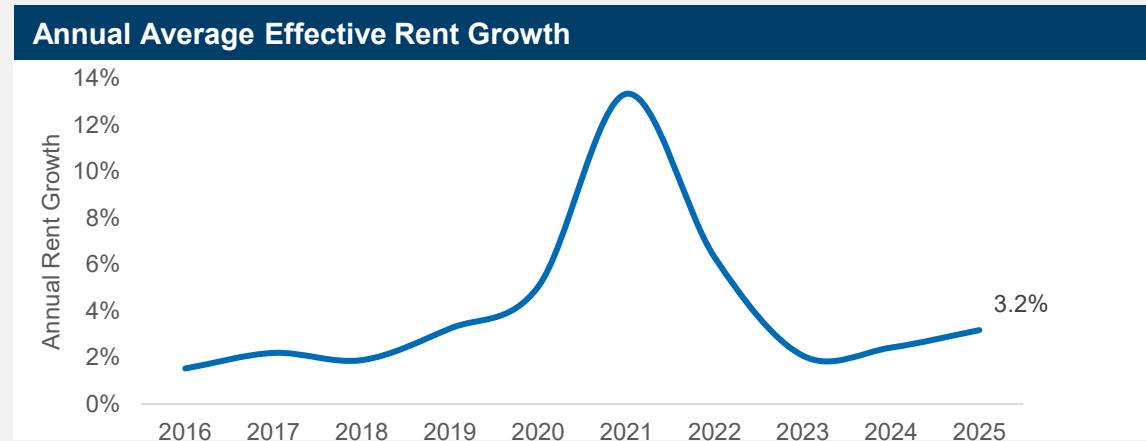
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Hampton Roads Multifamily Fundamentals

The Hampton Roads metro area experienced uneven multifamily fundamentals to close out 2025, average annual effective rents and occupancy increased, while absorption and deliveries were each down year-over-year. The market's occupancy rate increased 70 basis points compared with the end of 2024. Effective rent growth increased by 110 basis points over the last two years, after declining sharply between 2021 and 2023. Absorption was down 27.4% compared with 2024, while deliveries declined by 56.3% over the same period.

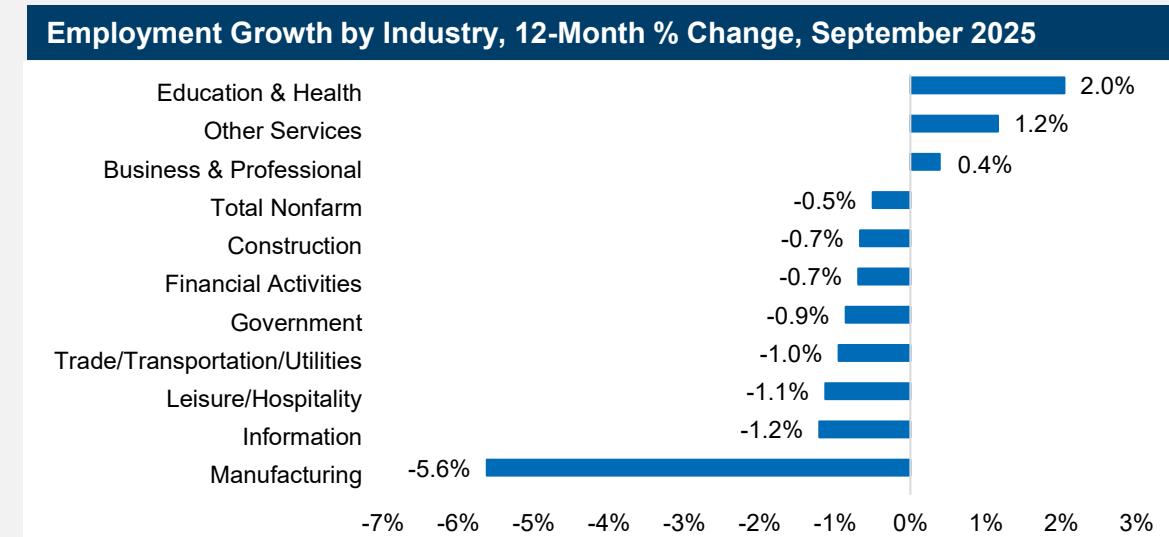
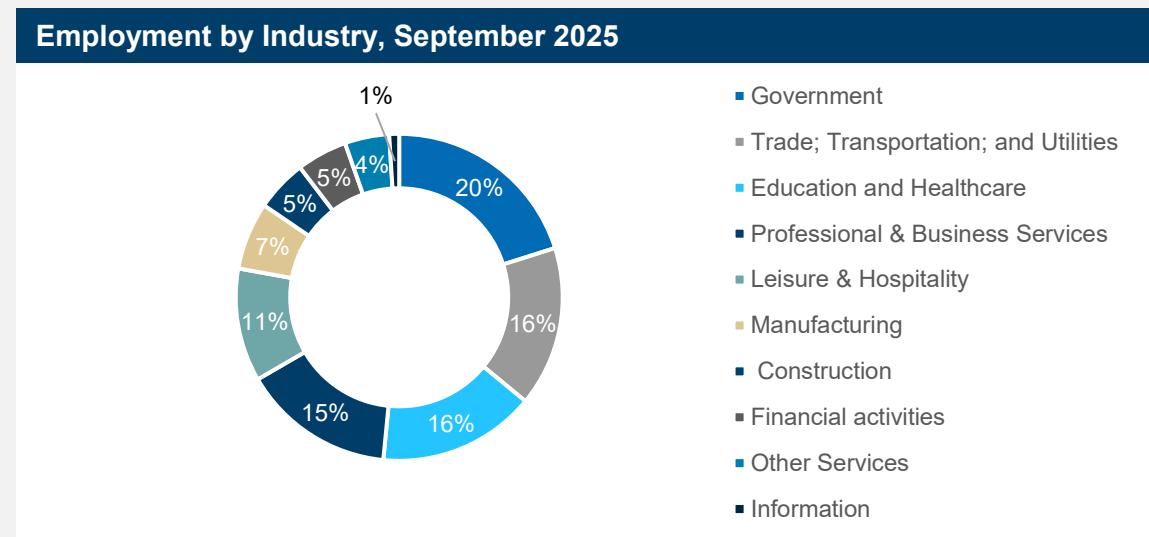
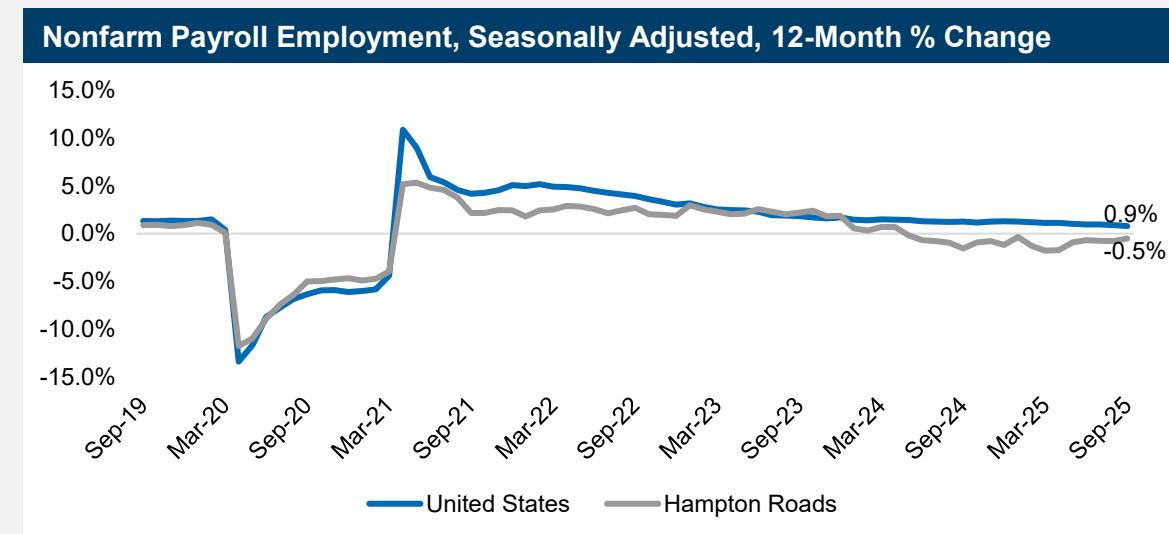
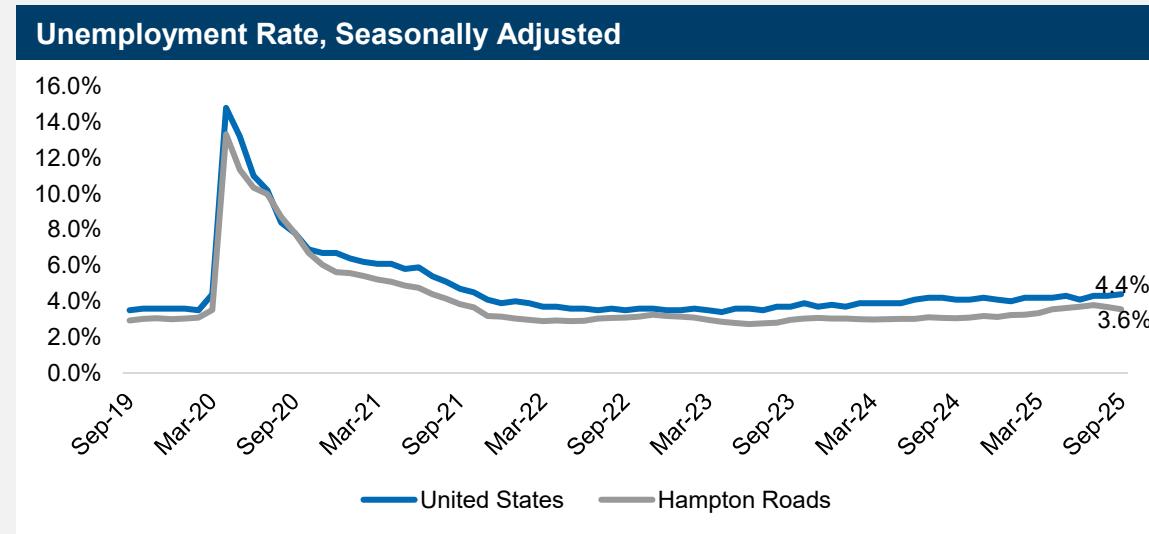


Hampton Roads Multifamily Sales Market Overview

Multifamily sales in the Hampton Roads market increased in each of the last two years, and ended 2025 with approximately \$1.1 billion in volume, 30.7% higher than in 2024. Volume has declined since 2021-2022, when transaction volume averaged \$1.9 billion per year. The average price per unit increased by 24.3% quarter-over-quarter and 38.9% over the year, ending 2025 at \$191,139 per unit. Cap rates averaged 5.4% in the Hampton Roads market metro to end the year, declining 30 basis points since last year. The largest transaction over the previous six months involved Latitudes in the Virginia Beach East submarket. The 448-unit property sold for \$102.0 million, or \$227,679 per unit.



Hampton Roads Economic Metrics



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Appendix

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Richmond Submarket Statistics

Multifamily Statistics by Submarket – As of 2H 2025

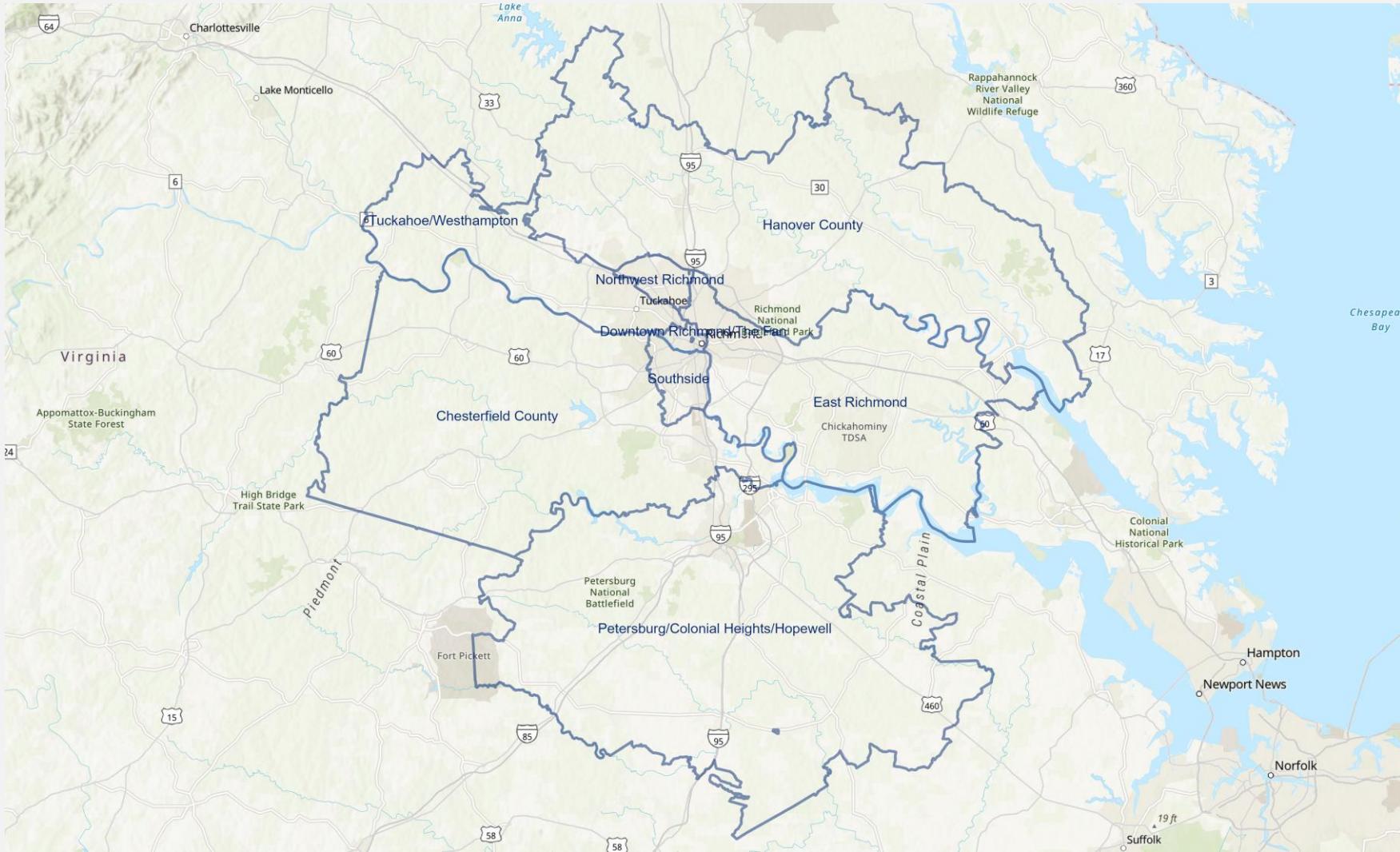
Multifamily Submarket	Inventory Units	Occupancy	Effective Rent	YOY % Change	Under Construction (Units)
Chesterfield County	17,637	95.1%	\$1,729	1.7%	260
Downtown Richmond/The Fan	14,274	94.0%	\$1,587	1.1%	1,548
East Richmond	18,446	94.0%	\$1,367	-1.5%	26
Hanover County	5,785	96.1%	\$1,724	-1.2%	279
Northwest Richmond	13,417	95.3%	\$1,543	-2.3%	-
Petersburg/Colonial Heights/Hopewell	9,088	97.2%	\$1,340	-0.2%	-
Southside	23,282	95.4%	\$1,449	0.7%	800
Tuckahoe/Westhampton	17,971	95.1%	\$1,725	-0.9%	1,363
Richmond Metro	119,900	95.2%	\$1,551	-0.1%	4,276

Hampton Roads Submarket Statistics

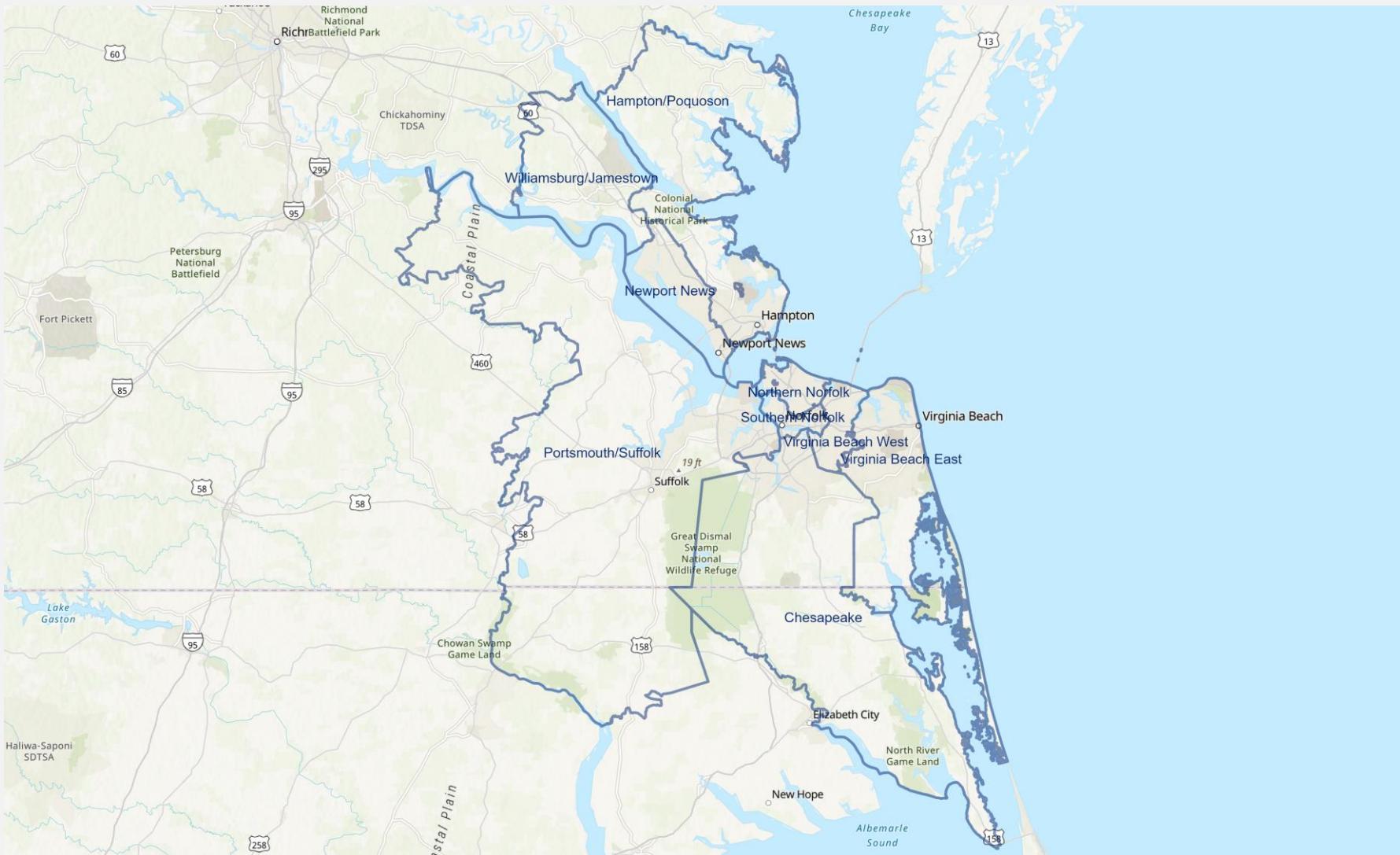
Multifamily Statistics by Submarket – As of 2H 2025

Multifamily Submarket	Inventory (Units)	Occupancy	Effective Rent	YOY % Change	Under Construction (Units)
Chesapeake	11,180	96.7%	\$1,732	4.3%	-
Hampton/Poquoson	17,791	95.6%	\$1,601	3.1%	78
Newport News	26,314	95.2%	\$1,429	2.9%	229
Northern Norfolk	15,562	98.2%	\$1,406	4.4%	-
Portsmouth/Suffolk	16,877	96.9%	\$1,575	2.7%	121
Southern Norfolk	13,852	96.5%	\$1,644	2.2%	-
Virginia Beach East	19,737	97.4%	\$1,736	3.9%	132
Virginia Beach West	17,805	96.9%	\$1,719	3.2%	315
Williamsburg/Jamestown	7,563	96.0%	\$1,758	0.4%	-
Hampton Roads Metro	146,681	96.5%	\$1,601	3.2%	875

Richmond Submarkets



Hampton Roads Submarkets



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