

CONSTRUCTION ACTIVITY



UNDER CONSTRUCTION **4,532**

UNITS DELIVERED (YTD) **498**

MARKET FUNDAMENTALS



VACANCY RATE **7.2%**

YEAR-OVER-YEAR CHANGE **+40bps**

ASKING RENTS **\$1,658**

YEAR-OVER-YEAR CHANGE **+2.9%**

TRANSACTION ACTIVITY (YTD)



MEDIAN PRICE PER UNIT **\$129,500**

RICHMOND
MULTIFAMILY
Q1 2026

MARKET INSIGHTS

Vacancy holds steady amid elevated supply

HIGHLIGHTS

- Richmond's multifamily market delivered stable first-quarter performance. Vacancy has held flat for three quarters, while asking rents increased 2.9% year over year, outperforming many Mid-Atlantic markets.
- Vacancy held flat from the prior quarter at 7.2%, up 40 basis points year over year. Demand has largely kept pace with new supply during the past three quarters, helping stabilize occupancy.
- Rents advanced 1.8% in the first quarter to \$1,658 per month. Year-over-year rent growth reached 2.9%, led by Class B and Class C properties, while Class A rents continued to rise at a more modest pace.
- Sales volume had its strongest first-quarter performance since 2022. A wide pricing spread between Class A and Class B/C pulled median pricing lower, reaching \$129,500 per unit through the first quarter of 2026.

RICHMOND MULTIFAMILY MARKET OVERVIEW

Richmond's multifamily market stands apart from many peer markets due to its stability. The vacancy rate has generally ranged from the high-6% to low-7% range since early 2023, as absorption has generally kept pace with new supply. Richmond has also benefited from a measured pace of multifamily deliveries. Completions spiked in 2023 but returned to typical levels in subsequent years. This stability has enabled operators to raise rents steadily. Annual rent growth has remained consistently positive while many other markets have recorded more volatile rental trends. Class B and Class C rent growth outpaced Class A on both a quarterly and annual basis, indicating demand extends beyond newly delivered properties. Several submarkets posted annual rent growth above 2.0% including Chesterfield, East End, Eastern Henrico, Midlothian, and Petersburg.

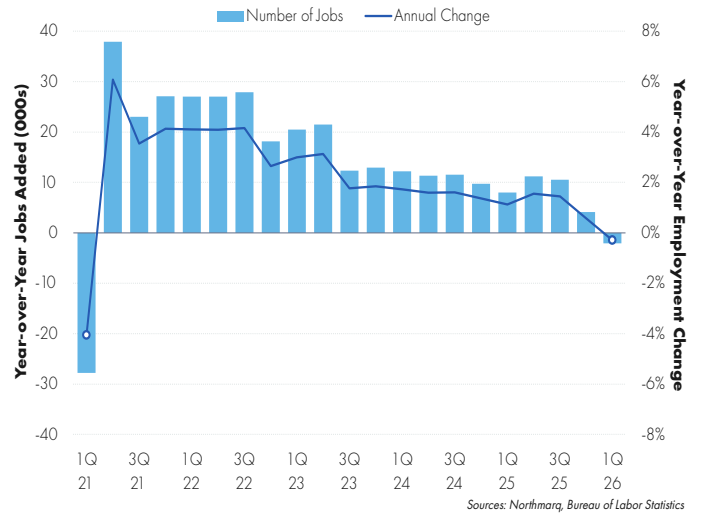
Richmond's multifamily investment market started 2026 with its strongest first-quarter sales volume since 2022. Transaction volume reached \$241 million, signaling a reacceleration of activity following a period of more measured deal flow. Class B and C properties in South Richmond accounted for roughly half of sales during the quarter, skewing the median sale price lower. As a result, the year-to-date median sale price fell to \$129,500 per unit, down from 2025 levels. Excluding one high-vacancy trade from the mix, the median sale price was \$180,700 per unit, more closely aligned with recent trends. Stabilized Class A assets are trading at cap rates between 5.0% and 5.5%, while core-plus and value-add properties are attracting buyers in the 5.75% to 6.5% range. The spread reflects active demand across a range of asset types and investment strategies, even as the valuation gap between Class A and Class B/C properties remains pronounced.

EMPLOYMENT

- Total employment in Richmond contracted during the first quarter of 2026. Year over year, employers cut roughly 2,100 positions across the metro, an annual decline of 0.3%.
- Sectors posting the strongest job growth include mining and construction and information, each expanding by nearly 2.0% year over year. Together, the sectors added roughly 2,000 new positions over the past 12 months.
- CoStar Group completed construction of a second research center adjacent to its James River campus this quarter. The \$460 million project, which has been dubbed "HQ2," is expected to create 2,000 jobs, expanding the company's Richmond workforce of approximately 2,300 employees.
- **FORECAST:** Job growth in Richmond is expected to return to positive growth through 2026, rising about 1.0% annually and adding roughly 7,000 new jobs.

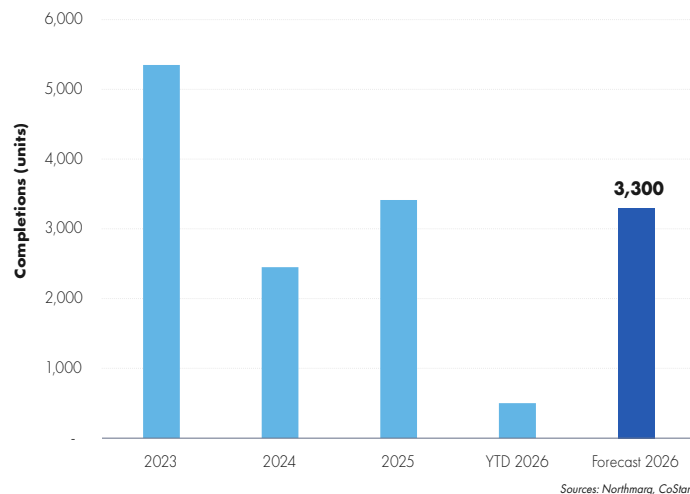
Year over year, employers cut roughly 2,100 positions.

EMPLOYMENT OVERVIEW



Roughly 500 units were delivered during the first quarter.

DEVELOPMENT TRENDS

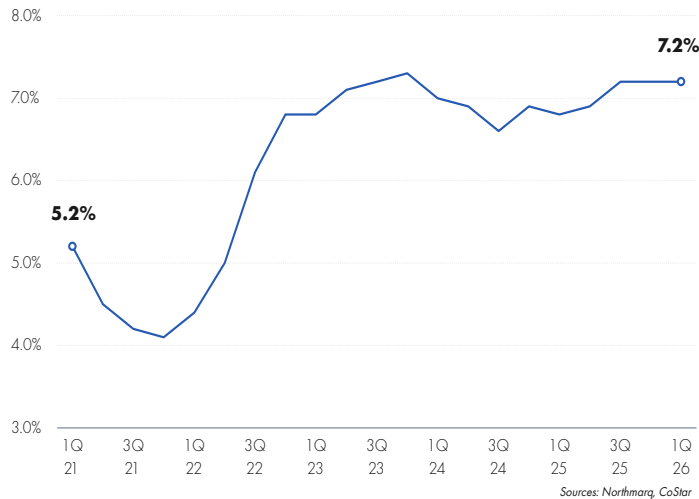


DEVELOPMENT & PERMITTING

- The Richmond multifamily market remains in a supply expansion phase. Over the past 10 years, an average of 2,600 units were delivered annually. While only about 500 units were delivered during the first quarter, total deliveries in 2026 are still projected to remain historically elevated.
- The development pipeline is still active, with more than 4,500 units under construction, down 5% from one year ago. Western Henrico County and Downtown Richmond continue to lead development activity, with roughly 1,200 units and 1,840 units underway, respectively.
- Multifamily building permits were issued for roughly 1,500 units during the first quarter, down 23% from the same period last year.
- **FORECAST:** Full-year deliveries in 2026 should generally track prior-year levels, with approximately 3,300 units expected to be completed by year-end. Based on the current pace of activity, permits for an estimated 3,400 units are projected to be issued in 2026.

Vacancy held at 7.2% for a third consecutive quarter.

VACANCY TRENDS



VACANCY

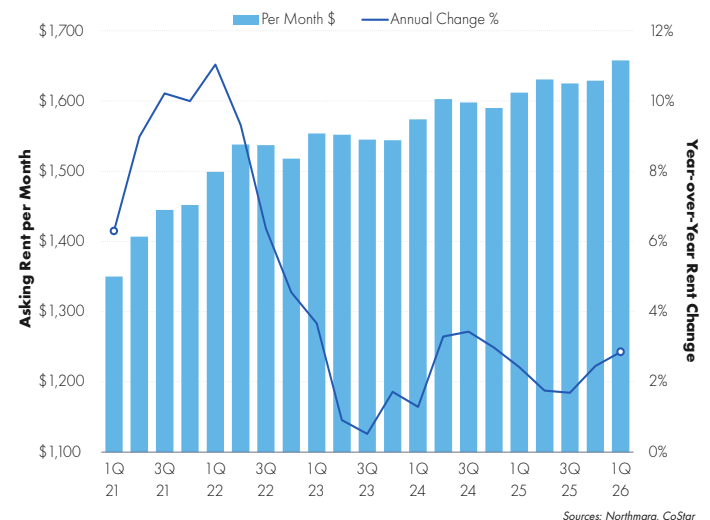
- Vacancy in Richmond remains elevated but stable. After rising to 7.2% during the third quarter of 2025, the rate has held flat for two consecutive quarters and is up 40 basis points year over year.
- Vacancy trends varied across Richmond's major submarkets. In Western Henrico County, the vacancy rate fell 160 basis points over the past 12 months to 7.9%, while Downtown Richmond recorded a sharp increase of 480 basis points to 13.8% during the same period.
- Vacancy conditions in Class A properties have faced increased pressure from supply growth. Class A vacancy increased 80 basis points annually to 6.8%. In comparison, vacancy in Class B and C assets increased just 30 basis points annually to 7.3%.
- FORECAST:** By year-end 2026, vacancy is expected to rise to 7.7% as new supply continues to exceed absorption. A more significant increase should be limited by healthy demand, driven by Richmond's employment and population growth trends.

RENTS

- Rent growth accelerated during the first quarter of 2026, with asking rents increasing 1.8% to \$1,658 per month. Year over year, rents are up 2.9%.
- Most submarkets recorded rent gains, led by Eastern Henrico County, where asking rents advanced 5.6% year over year to \$1,383 per month. Downtown Richmond was among the few exceptions, posting a 0.7% decline to \$1,753 per month.
- Class A rents increased by 1.0% during the past 12 months to \$1,864 per month. Rent growth was strongest among lower-tier properties, with Class C rents rising 3.2% year over year to \$1,422 per month.
- FORECAST:** Supported by balanced fundamentals, rent growth in Richmond is expected to continue through 2026. Asking rents are forecast to reach \$1,670 per month by year-end, an annual increase of 3.2%.

Year over year, asking rents are up 2.9%.

RENTS TRENDS

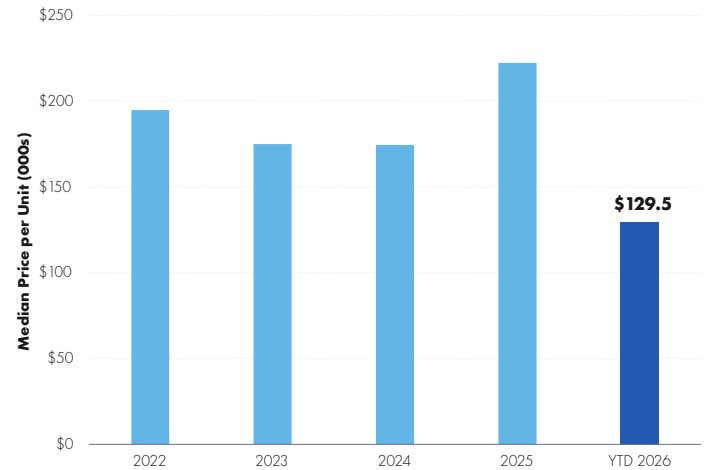


MULTIFAMILY SALES

- Transaction activity accelerated during the first quarter of 2026, producing the strongest first-quarter sales volume in several years. Total sales volume reached \$241 million, the highest first-quarter total recorded since 2022.
- The median sale price was \$129,500 per unit on properties sold this quarter, with prices ranging from \$50,400 to \$267,900 per unit. A high-vacancy property that traded for \$50,400 per unit weighed on pricing metrics. Excluding that transaction, the median sale price was \$180,700 per unit.
- Class A assets continued to command premium pricing, trading at a median of \$242,900 per unit. That figure was nearly unchanged from the 2025 Class A median of \$243,800 per unit and well above pricing for Class B and Class C properties.
- Stabilized Class A assets are generally trading at cap rates between 5.0% to 5.5%, while core-plus and value-add assets are changing hands in the 5.75% to 6.5% range.

First-quarter sales volume reached \$241 million.

INVESTMENT TRENDS



Sources: Northmarq, CoStar

RECENT TRANSACTIONS MULTIFAMILY SALES ACTIVITY

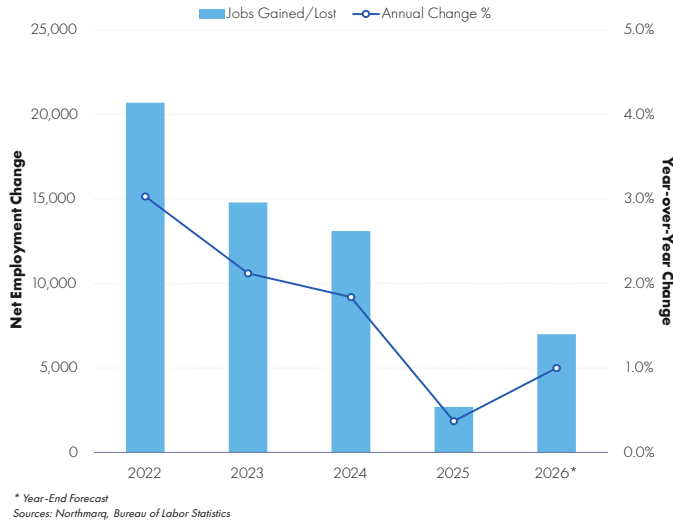
PROPERTY NAME	STREET ADDRESS	YEAR BUILT	UNITS	SALES PRICE	PRICE/UNIT
Innsbrook Square	4301 Dominion Forest Circle, Glen Allen	2023	305	\$81,700,000	\$267,869
The Boulders Lakeview	1501 Boulder Springs Terrace, North Chesterfield	2023	212	\$51,500,000	\$242,925
Innslake Place	4225 Innslake Drive, Glen Allen	2020	221	\$51,250,000	\$231,900
The Crossings	1401 Yellowpine Circle, Richmond	1975	338	\$34,200,000	\$101,183
Forest Hill Apartments	205 W. Roanoke St., Richmond	1973	101	\$9,300,000	\$92,079

LOOKING AHEAD

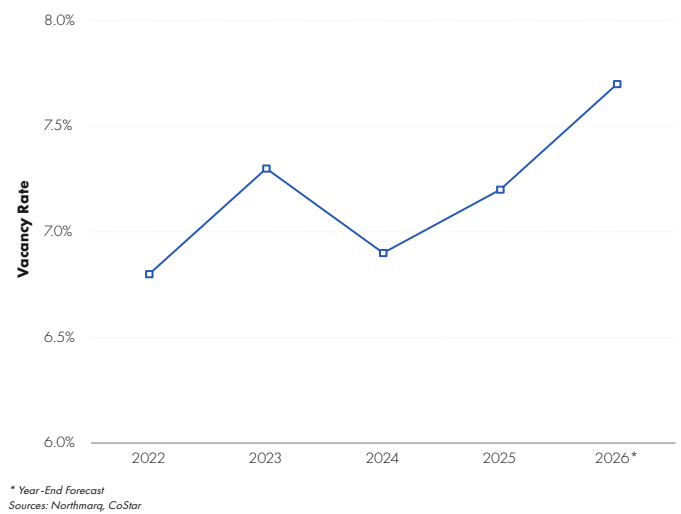
Richmond's multifamily fundamentals should remain relatively stable through the remainder of 2026. Vacancy is expected to rise modestly from 7.2% to approximately 7.7% as another 3,300 units deliver, but the increase should remain measured given the market's ability to absorb new supply. Even during a period of elevated construction, vacancy has generally remained within a narrow range since 2023, while rent growth has stayed positive. Supply pressures are also showing early signs of easing, with the construction pipeline down 5% from one year ago. Combined with an expected return to employment growth and continued household formation, those factors should support occupancy and allow rent growth to remain positive through year-end.

The investment outlook is becoming more constructive as improving visibility into operating performance supports underwriting confidence. The market also benefits from a favorable mix of affordability and economic growth, factors that should support renter demand as new supply is absorbed. While a pricing divide remains between stabilized Class A assets and value-add opportunities, Richmond should continue to attract capital across a range of investment strategies. Class A pricing has remained relatively stable despite a more selective investment environment, while pricing dispersion across asset classes continues to create acquisition opportunities. As capital markets conditions improve, Richmond is well positioned to draw additional investor interest seeking both yield and long-term growth potential.

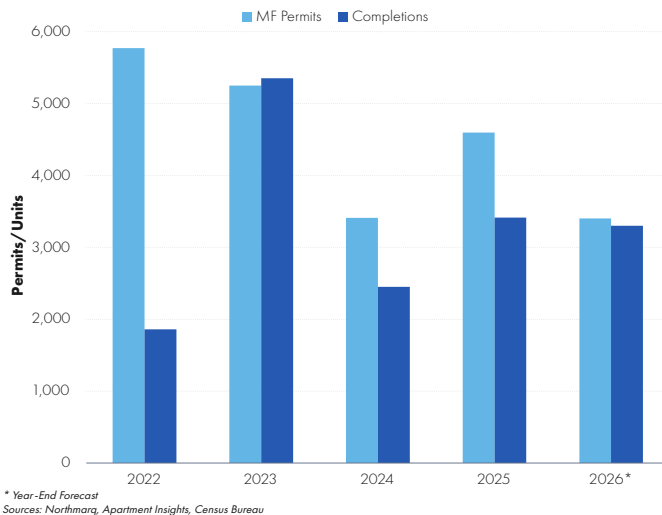
EMPLOYMENT FORECAST



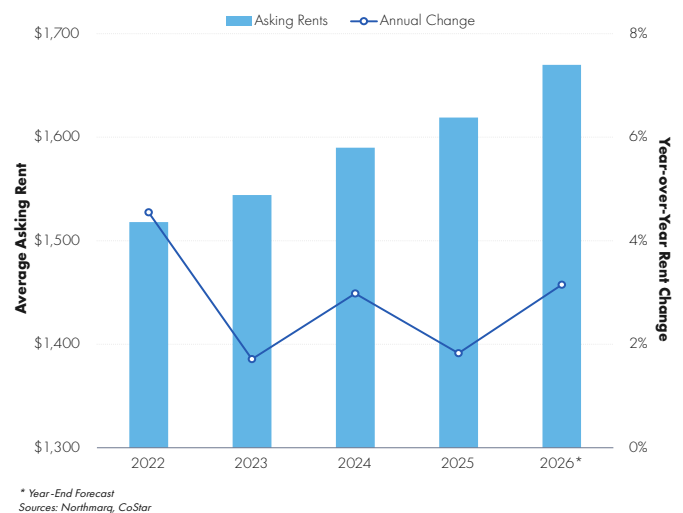
VACANCY FORECAST



CONSTRUCTION & PERMITTING FORECAST



RENTS FORECAST





FOR MORE INFORMATION, PLEASE CONTACT

CHRIS DOERR

Regional Managing Director, Investment Sales
301.861.0013
cdoerr@northmarq.com

KEITH WELLS

Managing Director, Debt + Equity
804.447.0433
kwells@northmarq.com

DAVE HOWARD

Senior Vice President, Debt + Equity
804.292.7380
dhoward@northmarq.com

WIN MARTIN

Vice President, Debt + Equity
804.918.9741
wmartin@northmarq.com

HANNAH TAYLOR

Vice President, Debt + Equity
804.292.7382
htaylor@northmarq.com

PETE O'NEIL, *National Director, Research* | 602.508.2212 | poneil@northmarq.com

JOHN TAGG, *Research Manager* | 972.455.4916 | jtagg@northmarq.com

KEVIN LIMA, *Research Analyst* | 480.977.6980 | klima@northmarq.com

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