Quick Facts About Richmond

- Current sales market conditions: tight.
- Current rental market conditions: balanced.
- The region is home to Richmond International Raceway and has one of the most active and robust street-art communities in the nation.

Overview

The Richmond metropolitan area consists of 13 counties (Amelia, Caroline, Charles City, Chesterfield, Dinwiddie, Goochland, Hanover, Henrico, King William, New Kent, Powhatan, Prince George, and Sussex) and 4 independent cities (Colonial Heights, Hopewell, Petersburg, and Richmond) in central Virginia. The principal city of Richmond, the state capital of Virginia, is approximately 100 miles south of Washington, D.C., and 90 miles north of Norfolk. The metropolitan area is home to the Fort Lee U.S. Army base, which includes the Combined Arms Support Command where more than 180,000 soldiers receive training annually.

- As of February 1, 2018, the estimated population of the Richmond metropolitan area is 1.3 million, reflecting an average annual increase of 11,475, or 0.9 percent, since 2014, after the economy fully recovered the jobs lost during the Great Recession. Net natural change (resident births minus resident deaths) averaged 4,575 annually, and net in-migration averaged 6,900.

- From 2010 to 2014, net natural change averaged 4,800 annually, while net in-migration averaged 7,350. Average population growth of 12,150, or 1.0 percent, a year during this period was slightly higher than after the economy recovered, following the statewide trend.

- The population of the city of Richmond grew by 3,500 annually, or 1.6 percent, since 2014, a higher rate than the metropolitan area. The population of the city of Richmond currently makes up approximately 20 percent of the population of the metropolitan area but has accounted for more than 30 percent of the population growth since 2014.
Nonfarm payrolls in the professional and business services sector, the largest sector in the Richmond area, declined, while several smaller sectors had significant job growth of more than 2 percent.

<table>
<thead>
<tr>
<th>Sector</th>
<th>January 2017 (thousands)</th>
<th>January 2018 (thousands)</th>
<th>Absolute (thousands)</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total nonfarm payrolls</td>
<td>669.5</td>
<td>670.9</td>
<td>1.4</td>
<td>0.2</td>
</tr>
<tr>
<td>Goods-producing sectors</td>
<td>68.5</td>
<td>71.9</td>
<td>3.4</td>
<td>5.0</td>
</tr>
<tr>
<td>Mining, logging, and construction</td>
<td>36.9</td>
<td>39.6</td>
<td>2.7</td>
<td>7.3</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>31.6</td>
<td>32.4</td>
<td>0.8</td>
<td>2.5</td>
</tr>
<tr>
<td>Service-providing sectors</td>
<td>601.0</td>
<td>598.9</td>
<td>– 2.1</td>
<td>– 0.3</td>
</tr>
<tr>
<td>Wholesale and retail trade</td>
<td>96.5</td>
<td>95.4</td>
<td>– 1.1</td>
<td>– 1.1</td>
</tr>
<tr>
<td>Transportation and utilities</td>
<td>27.0</td>
<td>27.7</td>
<td>0.7</td>
<td>2.6</td>
</tr>
<tr>
<td>Information</td>
<td>7.2</td>
<td>7.6</td>
<td>0.4</td>
<td>5.6</td>
</tr>
<tr>
<td>Financial activities</td>
<td>51.0</td>
<td>51.3</td>
<td>0.3</td>
<td>0.6</td>
</tr>
<tr>
<td>Professional and business services</td>
<td>116.2</td>
<td>113.9</td>
<td>– 2.3</td>
<td>– 2.0</td>
</tr>
<tr>
<td>Education and health services</td>
<td>97.9</td>
<td>95.7</td>
<td>– 2.2</td>
<td>– 2.2</td>
</tr>
<tr>
<td>Leisure and hospitality</td>
<td>61.1</td>
<td>61.8</td>
<td>0.7</td>
<td>1.1</td>
</tr>
<tr>
<td>Other services</td>
<td>32.1</td>
<td>32.5</td>
<td>0.4</td>
<td>1.2</td>
</tr>
<tr>
<td>Government</td>
<td>111.9</td>
<td>112.9</td>
<td>1.0</td>
<td>0.9</td>
</tr>
</tbody>
</table>

Note: Numbers may not add to totals because of rounding.
Source: U.S. Bureau of Labor Statistics

Economic Conditions

Despite a recent slowdown, economic conditions in the Richmond metropolitan area are strong and have improved since the national recession and housing crisis of the late 2000s. Nonfarm payrolls increased from 2011 through 2017 by an average of 10,000 jobs, or 1.7 percent, annually, with all the jobs lost during the downturn recovered by 2014. Since 2015, 41,300 jobs have been added in the metropolitan area.

During the 3 months ending January 2018—

- Nonfarm payrolls averaged 670,900, an increase of 1,400 or 0.2 percent from the same period in 2017, although below the state and national payroll growth rates of 0.5 and 1.5 percent, respectively.
- The mining, logging, and construction sector added the most jobs of any sector, with an increase of 2,700, or 7.3 percent, compared with a year earlier and is also the highest percentage increase of any sector. This growth reflects an increase in single-family and multifamily home construction in the metropolitan area during the same period.
- Transportation and utilities sector payrolls increased by 700, or 2.6 percent, totaling 27,700 jobs. In 2017, Amazon.com Inc.
leased a warehouse in Hanover County for a new package sorting facility, resulting in approximately 300 new jobs in the metropolitan area.

- The unemployment rate declined to 3.7 percent, from 4.0 percent during the same period a year earlier. This unemployment rate is the lowest in 10 years but is above the low of 2.9 percent in 2006, when the economy expanded after a recession in the early 2000s. The metropolitan area is popular among technology firms as the city of Richmond and surrounding counties attract young professionals. Forbes listed Richmond as one of “The Coolest U.S. Cities to Visit in 2018,” in part because of its numerous restaurants, bars, and craft breweries along with its rich history and role as the state capital. As of July 2016, the median age of residents in the city of Richmond was 33.4 years compared with 39.0 in the metropolitan area and 37.9 nationally. In October 2017, Facebook, Inc. announced it will invest more than $1 billion in building a new data center and solar power facility in Henrico County, adding approximately 100 new jobs on completion in 2019.

Sales Market Conditions

Sales housing market conditions in the Richmond metropolitan area are currently tight, with an estimated vacancy rate of 1.0 percent, down from 2.4 percent in April 2010. Household growth was relatively strong since 2010 and outpaced the construction of single-family units. As of December 2017, the metropolitan area had approximately 1.3 months of inventory, down from 1.6 months a year ago. Approximately 27,300 homes sold in 2017, an increase of 7 percent from the 25,350 homes sold a year earlier, while the economy strengthened, and greater than any other year since 2007 (CoreLogic, Inc., with estimates by the analyst). The rate of seriously delinquent loans (those 90 or more days delinquent or in foreclosure) and real estate owned (REO) properties declined, while excess inventory was absorbed and economic conditions improved. As of December 2017, the proportion of home loans in the region that were seriously delinquent or had transitioned into REO status decreased to 2.0 percent from 2.5 percent a year earlier but was above the Virginia state average of 1.6 percent and below the national average of 2.4 percent (CoreLogic, Inc.).

The average price of a new home in the Richmond area increased during late 2017, and existing home prices have increased since 2012. During 2017—

- The number of new homes (including single-family homes, townhomes, and condominiums) sold totaled 3,300, an increase of 11 percent from the 2,975 homes sold during the previous 12 months (CoreLogic, Inc., with adjustments by the analyst) and was the highest number of new home sales since 2008. New home sales are currently 80 percent higher than the 1,825 homes sold during 2011, when the economy was weak.
- The average sales price for new homes was $364,600, a 2-percent increase from $356,200 a year ago and the highest price since 2000. New home prices are approximately 28 percent higher than the average of $286,200 in 2010.
- The average sales price for existing homes was $233,300, an increase of 3 percent from $225,800 a year earlier. The current existing home sales price is 19 percent higher than the recent low in 2012 of $196,600, when REO sales accounted for approximately 22 percent of existing home sales compared with 6 percent during 2017.

Annual sales of new and existing homes in the Richmond area were up more than 10 and 7 percent, respectively, from a year ago.
Single-family home construction, as measured by the number of single-family homes permitted, has increased each year since 2011, while the economy recovered and excess inventory was absorbed. Nearly one-third of all single-family homes built since 2011 were in Chesterfield County, the most populous county in the metropolitan area.

- The number of single-family homes permitted totaled 4,600 during the 12 months ending January 2018, up from the 4,000 homes permitted during the previous 12 months, an increase of 15 percent (preliminary data). From 2012 through 2015, permitting increased by an average of 350, or 12 percent, annually despite a slight decline in 2014.

The percentage of home loans that were seriously delinquent or had transitioned into REO status in the Richmond area continued to be below the national level but higher than the state rate.

With the exception of a slight decline in 2014, the number of single-family homes permitted annually in the Richmond area increased from 2012 through 2017.

Rental market conditions in the Richmond metropolitan area currently are balanced, with an estimated vacancy rate for all rental units (including single-family homes, mobile homes, and apartment units) of 5.9 percent as of February 1, 2018, a decrease from 8.9 percent in 2010. The rental market has improved since 2010, in part, because of the increasing draw of downtown Richmond, which appeals to young professionals with a greater propensity to rent. As of July 2016, 59 percent of the households in the city of Richmond were renters compared with 35 percent in the metropolitan area and 37 percent nationally (2016 American Community Survey 1-year data).

During the fourth quarter of 2017—

- The apartment market was balanced with an estimated vacancy rate of 3.8 percent, slightly up from 3.5 percent a year earlier but slightly below the fourth-quarter vacancy rate of 3.9 percent in 2014 after the economy recovered from the Great Recession (Reis, Inc.).
- The average rent for apartments in the metropolitan area was $953, an increase of nearly 4 percent from an average rent of $920 during the fourth quarter of 2016. The average rents for studio, one-bedroom, two-bedroom, and three-bedroom apartments were $767, $869, $965, and $1,191, respectively.

Note: Includes preliminary data from January 2017 through January 2018. Source: U.S. Census Bureau, Building Permits Survey
• The Reis-defined Downtown/The Fan market area in the city of Richmond had the highest average asking rent in the Richmond metropolitan area at $1,176, with 66 percent of multifamily units less than 10 years old compared with 13 percent in the metropolitan area overall. The vacancy rate in the Downtown/The Fan area is estimated at 7.5 percent, the highest in the metropolitan area, due in part to the newly constructed 285-unit Cary Street Station apartments currently in lease up.

• The South Chesterfield area in Chesterfield County had the lowest vacancy rate in the metropolitan area at 1.4 percent and the second lowest average asking rent at $861. The lower rent is partly because the average age of apartment units in the area is 34 years old compared with 30 years for the metropolitan area overall.

Multifamily permitting increased in 2017, after a sharp decline in 2016. This decline was due in part to previously permitted units from 2014 and 2015 entering into lease up and developers allowing time for them to be absorbed.

• During the 12 months ending January 2018, approximately 2,775 multifamily units were permitted in the metropolitan area, more than twice the 1,350 units permitted during the previous year (preliminary data, with adjustments by the analyst). An average of 2,450 multifamily units were permitted annually from 2013 through 2015 compared with 1,325 units a year from 2009 through 2012.

• More than 96 percent of all multifamily units permitted in the metropolitan area during the 12 months ending January 2018 were in Chesterfield and Henrico Counties and the city of Richmond. These regions accounted for 35, 29, and 32 percent of multifamily units permitted, respectively.

• The Element at Stonebridge in Chesterfield County recently completed the first phase of a proposed two-phase, 600-unit development in the summer of 2017. The development has 400 units complete and in lease up, with asking rents for studio, one-, and two-bedroom apartments starting at $1,194, $1,272, and $1,594, respectively.

• Canopy at Ginter Park is a multifamily development currently under construction in the city of Richmond, approximately 4 miles north of the Downtown/The Fan area. The 301 apartments are expected to be complete in 2019. Rents for one- and two-bedroom apartments are currently unavailable.

Since 2016, asking rents and vacancy rates in the Richmond area have increased, as newly constructed apartments have entered the market.

![Graph showing year-over-year percent change in asking rent and vacancy rate](image-url)

Q2 = second quarter. Q4 = fourth quarter.
Source: Reis, Inc.

Multifamily permitting has fluctuated in the Richmond area since peaking in 2013.

![Bar chart showing multifamily units permitted](chart-url)

Note: Includes preliminary data from January 2017 through January 2018.
Source: U.S. Census Bureau, Building Permits Survey