Richmond, Virginia

The Richmond metropolitan area comprises 16 counties and 4 independent cities in eastern Virginia, including the city of Richmond, the state capital. As of July 1, 2012, the population of the metropolitan area was estimated at 1.28 million, an average annual increase of 9,225, or 0.7 percent, since April 2010. By comparison, annual population growth averaged 11,350 people, or 0.9 percent, from July 2008 to April 2010. Net in-migration has accounted for 39 percent of the population growth since April 2010 compared with the 44-percent share recorded from July 2008 to April 2010.

Total nonfarm payrolls in the metropolitan area increased for nearly 2 years after a recent low during the 12 months ending June 2010. During the 12 months ending May 2012, nonfarm payrolls increased by 7,500 jobs, or 1.2 percent, to an average of 612,900 jobs compared with an increase of 4,800 jobs, or 0.8 percent, during the previous 12 months. The leisure and hospitality, financial activities, and wholesale and retail trade sectors increased by 3,200, 2,100, and 1,500 jobs, or 6.2, 4.9, and 1.7 percent, respectively. Approximately 75 percent of the jobs that the leisure and hospitality sector gained resulted from jobs added at accommodations and food services establishments. Amazon.com Inc. is expected to add 1,450 jobs to the retail trade subsector with the opening of two order-fulfillment centers in late 2012. Capital One Bank, the largest private employer in the metropolitan area, with 10,000 employees, added 2,125 jobs during 2011. Virginia Commonwealth University Health System, with 7,925 employees, and HCA Virginia Health System, with 7,225 employees, are also among the largest employers. Fort Lee, the U.S. Army’s third largest training base, is in Prince George County. During 2011, Fort Lee had 5,250 military personnel, 7,450 civilian employees and contractors, and an average daily enrollment of 9,700 students, according to the Base Realignment and Closure (BRAC) Synchronization Office at Fort Lee. As a result of activities related to the 2005 BRAC Commission, the total population of Fort Lee increased from 11,800 in 2008 to 22,400 in 2011. During the 12 months ending May 2012, the unemployment rate in the metropolitan area averaged 6.7 percent, down from 7.3 percent during the previous 12 months.

The home sales market in the Richmond metropolitan area is soft, with an estimated vacancy rate of 2.0 percent. According to the Virginia Association of REALTORS®, during the 12 months ending June 2012, 13,400 new and existing homes were sold, a 15-percent increase compared with the number sold during the previous 12-month period and equal to the average annual sales level from 2008 through 2010. Sales in Chesterfield and Henrico Counties, which surround the city of Richmond, increased 20 percent, to 7,325 homes sold, whereas sales in the city of Richmond increased 11 percent, to 2,075 homes sold during the 12 months ending June 2012. The average sales price in the metropolitan area declined 2 percent, to $212,200, compared with the average sales price during the previous 12 months and is 9 percent less than the average sales price from 2008 through 2010. An increase in the number of distressed homes for sale has caused the average sales price to decline 22 percent since peaking in June 2008. According to CoreLogic®, during the 12 months ending April 2012, 48 percent of existing homes sold were short sales or REO (Real Estate Owned) properties, up from 41 percent during the previous 12 months and significantly greater than the 10-percent average share recorded from 2007 through 2009. According to LPS Applied Analytics, as of May 2012, 5.5 percent of home loans in the metropolitan area were 90 or more days delinquent, in foreclosure, or in REO, up from 5.0 percent in May 2011.

Builders responded to improved home sales by increasing homebuilding activity. According to preliminary data, during the 12 months ending May 2012, permits were issued for 2,550 single-family homes, a 6-percent increase from the previous 12-month period. After single-family home permitting peaked at 9,125 homes in 2005, homebuilding activity declined each year through 2011. Permits were issued for an average of 3,050 single-family homes each year from 2008 through 2010. New units in planning include The Ridings, a 650-home, equestrian-themed community in Henrico County, where construction is expected to begin in the spring of 2013. According to preliminary data, during the 12 months ending May 2012, multifamily construction activity increased to 800 units permitted, a 15-percent increase compared with the number permitted during the previous 12 months but a 9-percent decrease compared with the number permitted annually from 2008 through 2010. Apartments under construction include 187 units at Link Apartments Manchester in the city of Richmond and 70 units at Star Tobacco Apartments in Petersburg, both expected to open in late 2012. The construction of 420 units at Bacova Luxury Apartments in Henrico County, with rents ranging from $1,000 to $1,400, is expected to begin in September 2012.
The rental housing market in the Richmond metropolitan area is slightly soft, with an overall vacancy rate of 7.8 percent. Apartment market conditions are more balanced. According to Reis, Inc., during the second quarter of 2012, the apartment vacancy rate was 5.0 percent, down from 5.8 percent during the same quarter a year earlier. The average apartment rent increased more than 2 percent, to approximately $810. As of January 2012, according to the most recent information available from Real Data, the apartment vacancy rate in the city of Richmond, where conditions are balanced, was 6.7 percent, unchanged from a year earlier. Improving economic conditions in the city of Richmond during 2011 resulted in an average rent of more than $1,000, a 6-percent increase from a year ago. The rental market is soft in and around the cities of Petersburg and Hopewell, where the vacancy rate rose from 7.1 percent as of January 2011 to 9.8 percent as of January 2012, according to Real Data. A late 2011 change in offpost lodging policy prohibits personnel in training at Fort Lee from short-term stays at apartments, contributing to the increased vacancy rate. The completion of a 1,000-room hotel at Fort Lee in late 2012 may cause apartment vacancies in the southern part of the metropolitan area to remain elevated during the next few years.