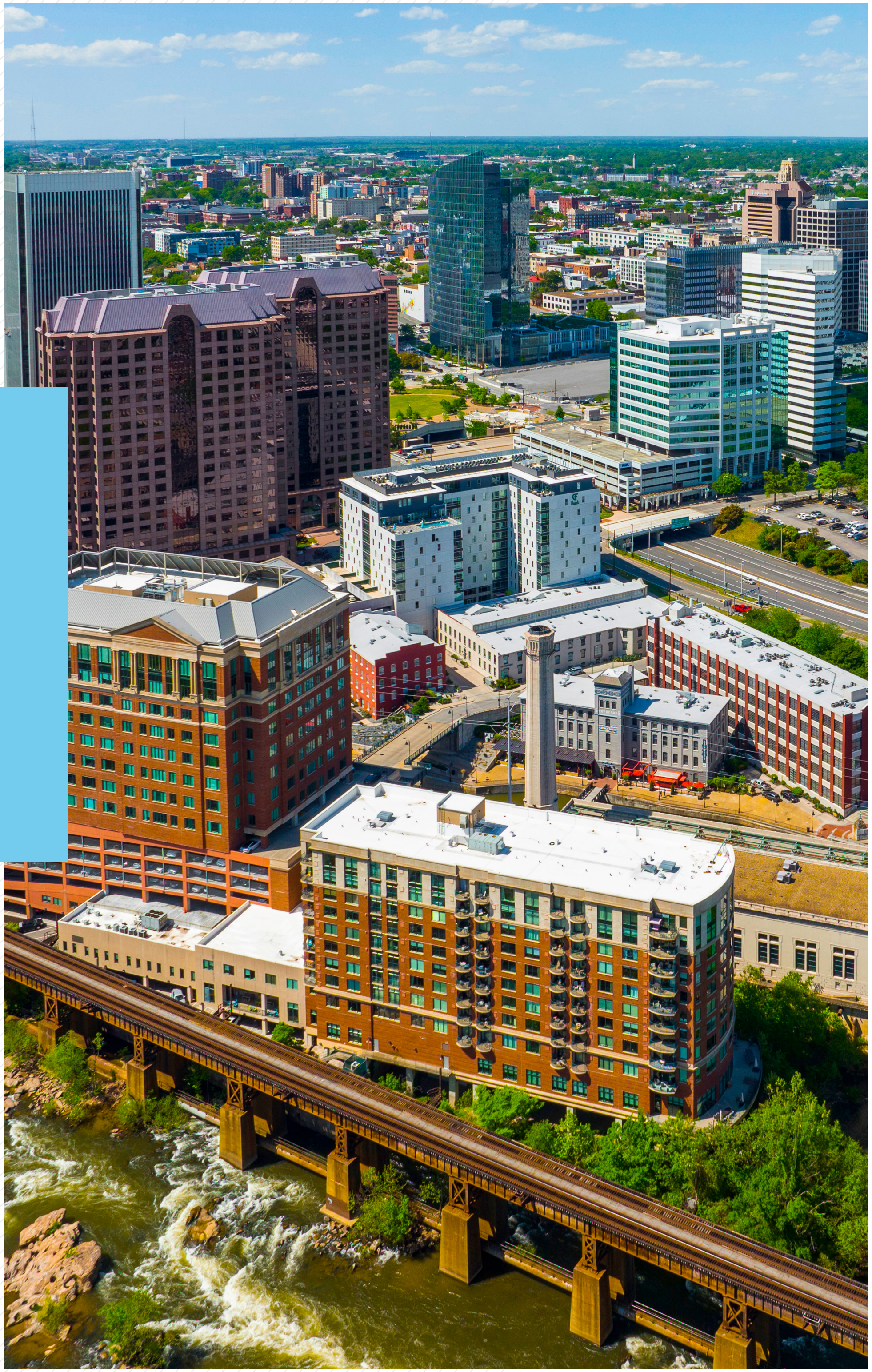
COMPREHENSIVE HOUSING MARKET ANALYSIS

# Richmond, Virginia



**U.S. Department of Housing and Urban Development,**
Office of Policy Development and Research

As of April 1, 2022

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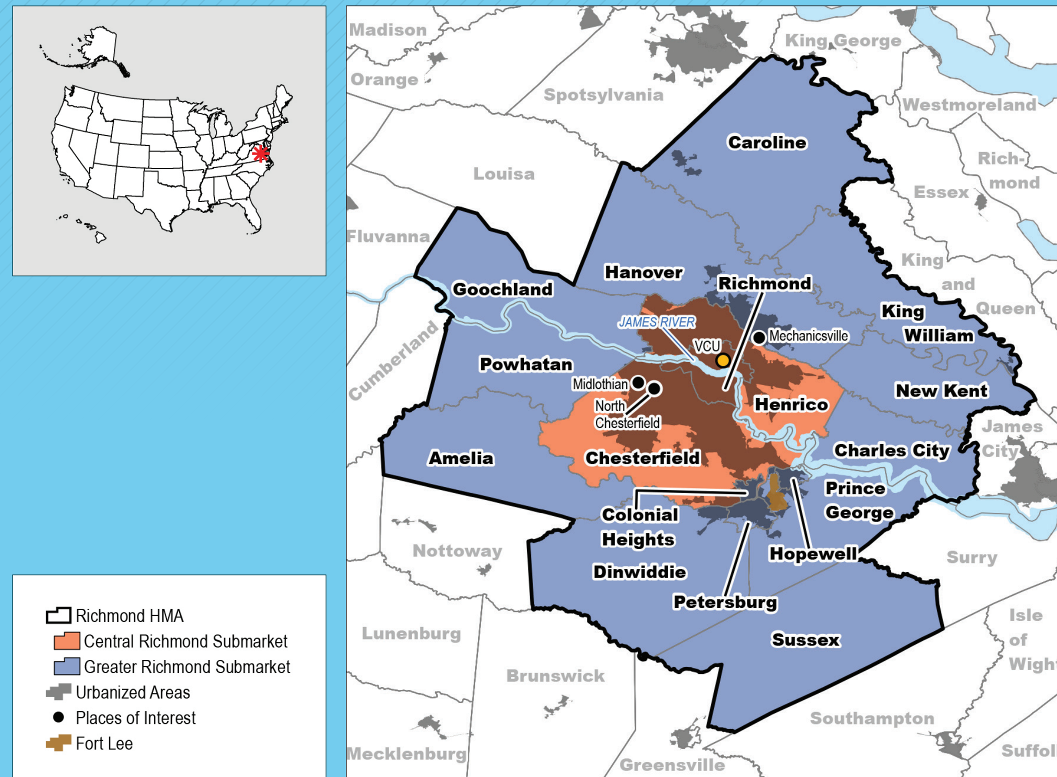
# Executive Summary

## Housing Market Area Description

The Richmond Housing Market Area (HMA) consists of 13 counties and four independent cities and is coterminous with the Richmond, VA Metropolitan Statistical Area. For purposes of this analysis, the HMA is divided into two submarkets: the Central Richmond submarket, which includes Henrico and Chesterfield Counties and the city of Richmond, and the Greater Richmond submarket, which includes Amelia, Caroline, Charles City, Dinwiddie, Goochland, Hanover, King William, New Kent, Powhatan, Prince George, and Sussex Counties and the independent cities of Colonial Heights, Hopewell, and Petersburg.

The current population of the HMA is estimated at 1.36 million.

Situated in central Virginia and bisected by the James River, the HMA is a center for corporate headquarters and government jobs, in part because the city of Richmond is the state capital and is approximately 100 miles south of Washington, D.C.




### Tools and Resources

Find interim updates for this metropolitan area, and select geographies nationally, at PD&R's Market-at-a-Glance tool.
Additional data for the HMA can be found in this report's supplemental tables.
For information on HUD-supported activity in this area, see the Community Assessment Reporting Tool.

# Market Qualifiers

## Economy

**Weak, but Improving:** Approximately 78 percent of the 74,000 jobs lost in the HMA during March and April 2020 were recovered by March 2022 (monthly data, not seasonally adjusted).

Economic conditions were weak but improving during the 12 months ending March 2022, when 24,300 jobs were added, compared with a loss of 44,700 jobs during the 12 months ending March 2021. During the recent 12-month period, nonfarm payrolls were up in 9 of 11 sectors, led by growth in the leisure and hospitality sector, which increased by 11,800 jobs, or 24.0 percent. During the 3-year forecast period, job growth is expected to average 1.8 percent a year. Job recovery is expected to turn into job expansion during the third year of the forecast period when jobs surpass prepandemic levels; however, the leisure and hospitality sector is not expected to recover all of the jobs lost during the pandemic over the next 3 years.

## Sales Market

**Tight:** As of March 2022, a 0.7-month supply of homes was available for sale, down from a 0.9-month supply a year ago (Redfin, a national real estate brokerage).

The home sales market in the HMA has a sales vacancy rate estimated at 1.3 percent, down from 2.4 percent in 2010, when conditions were soft. A shortage of for-sale housing contributed to tight market conditions and double-digit price growth during the past year. During the 12 months ending March 2022, the average home sales price increased nearly 12 percent to $334,300, and home sales increased approximately 11 percent to 31,950 homes (CoreLogic, Inc., with adjustments by the analyst). During the next 3 years, demand is estimated for 13,625 new homes, a slight decrease from recent years, partly because of slowed net in-migration and rising mortgage interest rates. The 2,240 homes under construction in the HMA are expected to satisfy some of the forecast demand.

## Rental Market

**Slightly Tight:** The overall rental market has an estimated rental vacancy rate of 5.3 percent, down from 8.9 percent in 2010, when conditions were soft.

Renter households currently account for 34.2 percent of all households in the HMA, up from 32.9 percent in 2010. An increase in renter households since 2010 has contributed to the absorption of vacant rental units and the decline in the vacancy rate. Apartment market conditions are tight, with a 4.9-percent vacancy rate during the first quarter of 2022, down from 6.1 percent one year earlier, and the average rent increased 12 percent year-over-year to $1,371 (CoStar Group.). During the next 3 years, demand is estimated for 8,125 new rental units; the 9,280 units underway will satisfy all of the demand in the Central Richmond submarket and a portion of demand in the Greater Richmond submarket.

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**3-Year Housing Demand Forecast**

| | Sales Units | | | Rental Units | | |
|---|---|---|---|---|---|---|
| | Richmond HMA Total | Central Richmond Submarket | Greater Richmond Submarket | Richmond HMA Total | Central Richmond Submarket | Greater Richmond Submarket |
| Total Demand | 13,625 | 7,550 | 6,075 | 8,125 | 6,925 | 1,200 |
| Under Construction | 2,240 | 1,450 | 790 | 9,280 | 8,550 | 730 |

Notes: Total demand represents estimated production necessary to achieve a balanced market at the end of the forecast period. Units under construction as of April 1, 2022. The forecast period is April 1, 2022, to April 1, 2025.
Source: Estimates by the analyst

# Economic Conditions

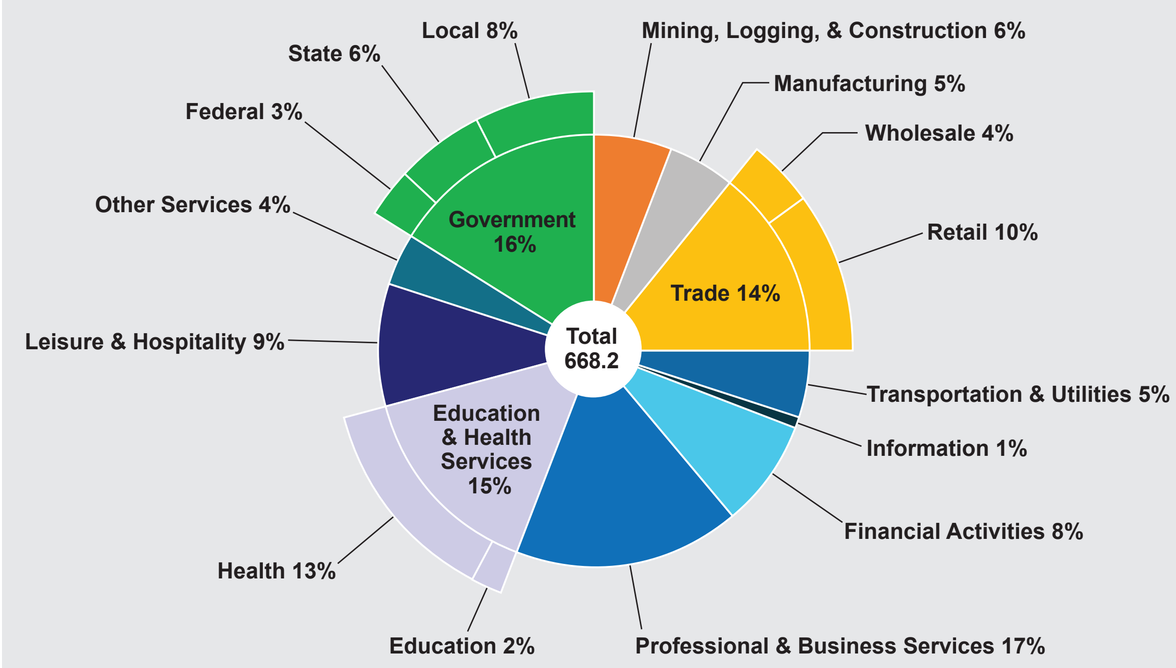
**Largest Sector:** Professional and Business Services

> The professional and business services sector accounts for 17 percent of all nonfarm payroll jobs in the HMA and was the sector that added the most jobs from 2011 through 2019, before the COVID-19-related recession.

## Primary Local Economic Factors

The city of Richmond, founded in 1737 and located along the James River in the central portion of the eastern United States, was known as a center for tobacco product manufacturing in the 1800s. While manufacturing of these and other products continues, the sector currently accounts for 5 percent of jobs in the HMA (Figure 1), down from 12 percent in 1990. Most notably, the HMA has historically been a center for government jobs, and the government sector is currently the second largest payroll sector in the HMA, with 16 percent of all nonfarm payrolls. The state government subsector, which accounts for 35 percent of government sector jobs, includes Virginia Commonwealth University (VCU), which is located in the city of Richmond, and the VCU Health System. Together, these institutions have economic impacts of $3.9 and $9.5 billion within the city of Richmond and the state of Virginia, respectively (Office of Institutional

**Figure 1. Share of Nonfarm Payroll Jobs in the Richmond HMA, by Sector**




Notes: Total nonfarm payroll is in thousands. Percentages may not add to 100 percent due to rounding. Based on 12-month averages through March 2022.
Source: U.S. Bureau of Labor Statistics

Equity, Effectiveness and Success; Innovation Gateway, a division of the Office of the Vice President for Research and Innovation; and the Center for Urban and Regional Analysis in the L. Douglas Wilder School of Government and Public Affairs). The federal government subsector, which accounts for 16 percent of jobs in the sector, is supported by 1 of the 13 United States Courts of Appeals in the city of Richmond, the Federal Reserve Bank of Richmond, and Fort Lee Army Base (AB) in the city of Petersburg, which has a significant impact on the southern part of the HMA. In 2019, it was estimated that the direct, indirect, and induced economic impact of the AB was $2.25 billion and supported 23,483 jobs in the Tri-Cities Area (Chmura Economics and Analytics, 2020). The professional and business services sector has been the largest sector in the HMA since 2016, accounting for 17 percent of nonfarm payrolls in the HMA—a proportion that has remained relatively unchanged, despite the impact of the recession resulting from the COVID-19 pandemic. Eight Fortune 500 companies have headquarters in the HMA, including 2 of the major employers (Table 1): Dominion Energy, Inc., an electric and gas utility company, ranked 257th on the list, and Altria Group, Inc., a tobacco and wine manufacturer, ranked 165th on the list (2022 Fortune 500).

## Current Conditions—Nonfarm Payrolls

The economy of the HMA is recovering, on a year-over-year basis, following the economic recession caused by the COVID-19 pandemic in early 2020, but the recovery is lagging behind the nation. During the 12 months ending March 2022, nonfarm payrolls rose by 24,300 jobs, or 3.8 percent, from a year earlier to nearly 668,200 jobs (Table 2), compared with a loss of 44,700 jobs, or 6.5 percent, during the 12 months ending March 2021. Although job growth resumed, nonfarm payroll jobs remained below prepandemic levels and lagged behind job growth in the nation. By March 2022, approximately 78 percent of the 74,000 jobs lost in the HMA during March and April 2020 had been recovered, compared with a job recovery rate of 95 percent nationwide (monthly data, not seasonally adjusted). In addition, nonfarm payrolls during the 12 months ending March 2022 in the HMA remained 3.0 percent below the average during the 12 months ending March 2020.

**Table 1. Major Employers in the Richmond HMA**

| Name of Employer | Nonfarm Payroll Sector | Number of Employees |
|---|---|---|
| VCU Health System | Government | 13,500 |
| Capital One Financial Corporation | Financial Activities | 13,000 |
| HCA Virginia Health System | Education & Health Services | 11,000 |
| Bon Secours Health System, Inc. | Education & Health Services | 8,416 |
| Virginia Commonwealth University | Government | 7,832 |
| Dominion Energy, Inc. | Transportation & Utilities | 5,433 |
| Truist Financial Corporation | Financial Activities | 4,549 |
| Amazon.com, Inc. | Wholesale & Retail Trade | 4,100 |
| Altria Group, Inc. | Manufacturing | 3,850 |
| Federal Reserve Bank of Richmond | Government | 2,700 |

Notes: Excludes local school districts. Excludes the 3,800 active duty military personnel at Fort Lee Army Base. State government jobs during the 12 months ending March 2022 averaged 37,900, which includes employees at VCU Health System and VCU. The state government is not listed as a top employer.
Source: Greater Richmond Partnership

**Table 2. 12-Month Average Nonfarm Payroll Jobs (1,000s) in the Richmond HMA, by Sector**

| | 12 Months Ending March 2021 | 12 Months Ending March 2022 | Absolute Change | Percentage Change |
|---|---|---|---|---|
| **Total Nonfarm Payroll Jobs** | **643.9** | **668.2** | **24.3** | **3.8** |
| **Goods-Producing Sectors** | 70.5 | 72.2 | 1.7 | 2.4 |
| Mining, Logging, & Construction | 40.1 | 41.0 | 0.9 | 2.2 |
| Manufacturing | 30.4 | 31.2 | 0.8 | 2.6 |
| **Service-Providing Sectors** | 573.5 | 596.0 | 22.5 | 3.9 |
| Wholesale & Retail Trade | 89.4 | 92.2 | 2.8 | 3.1 |
| Transportation & Utilities | 31.0 | 31.0 | 0.0 | 0.0 |
| Information | 6.1 | 6.2 | 0.1 | 1.6 |
| Financial Activities | 53.0 | 52.3 | -0.7 | -1.3 |
| Professional & Business Services | 113.2 | 116.9 | 3.7 | 3.3 |
| Education & Health Services | 95.8 | 97.1 | 1.3 | 1.4 |
| Leisure & Hospitality | 49.1 | 60.9 | 11.8 | 24.0 |
| Other Services | 28.1 | 29.9 | 1.8 | 6.4 |
| Government | 107.8 | 109.6 | 1.8 | 1.7 |

Notes: Based on 12-month averages through March 2021 and March 2022. Numbers may not add to totals due to rounding. Data are in thousands.
Source: U.S. Bureau of Labor Statistics

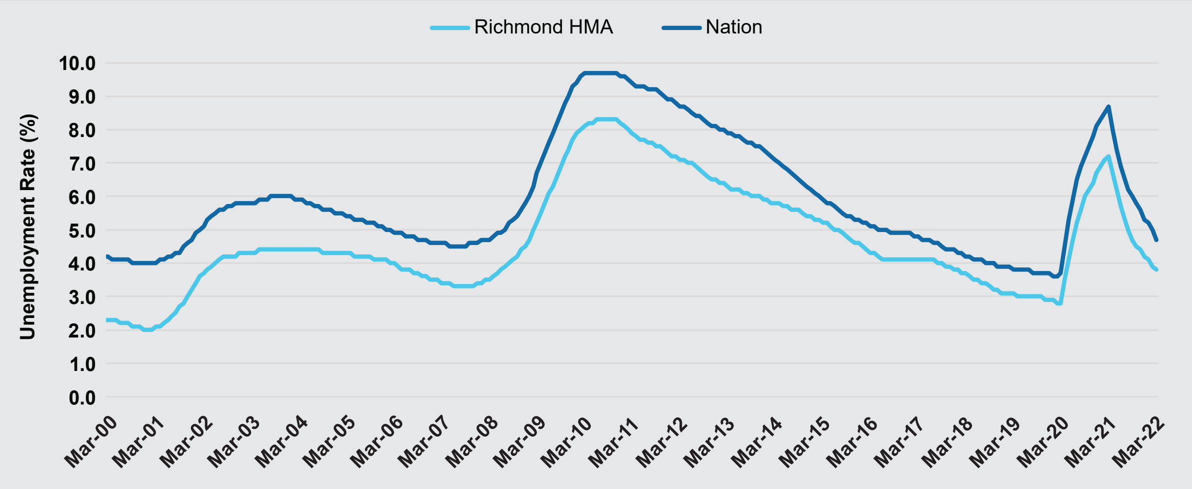
By comparison, nonfarm payrolls in the nation rose 5.5 percent during the 12 months ending March 2022 after falling 7.4 percent a year earlier, but they are 2.4 percent below the number of nonfarm payrolls during the 12 months ending March 2020.

Job growth in the HMA occurred in 9 of the 11 payroll sectors during the 12 months ending March 2022, with the greatest gains in sectors that had been most affected by interventions taken to slow the spread of COVID-19. The leisure and hospitality sector accounted for nearly 49 percent of net job gains, up by 11,800 jobs, or 24.0 percent, compared with the 12 months ending March 2021, when 19,600 jobs were lost, a decline of 19.6 percent, the most jobs in any sector. Sector growth in the HMA surpassed the 23.3-percent national growth rate. During the 12 months ending March 2022, the professional and business services sector grew by 3,700 jobs, or 3.3 percent, and accounted for 15 percent of net job gains, compared with a loss of 6,100 jobs, or 5.1 percent, from the previous year. At the same time, the government sector and the education and health services sector added 1,800 and 1,300 jobs, respectively, or 1.7 and 1.4 percent; the manufacturing sector added 800 jobs, or 2.6 percent. The transportation and utilities sector did not add any jobs from a year earlier and remained at 31,000 jobs. That sector and the mining, logging, and construction sector, which added 900 jobs, or 2.2 percent, from the previous year, were the only sectors to surpass job levels during the 12 months ending March 2020, partly because of the pandemic-driven shift in spending on online goods and increased housing construction. Increased online shopping was reflected in an increase in wholesale and retail trade sector jobs, which rose by 2,800, or 3.1 percent, compared with a decline of 4,400 jobs, or 4.7 percent, a year earlier. The financial activities sector was the only sector to lose jobs in the HMA during the most recent 12-month period, down by 700 jobs, or 1.3 percent, from a year earlier, and job losses were larger than the decline of 500, or 0.9 percent, during the same period 1 year earlier.

## Current Conditions—Unemployment

With continued economic recovery during the 12 months ending March 2022, compared with the previous year, the average unemployment rate declined to 3.8 percent from 7.2 percent a year earlier, but the rate is up from 2.8 percent during the same period in 2020 (Figure 2). The decline in the unemployment rate during the past year is due to growth in employment and a reduction in the labor force. The labor force has declined recently, despite recovering some of the pandemic-induced losses, partly because of the accelerated retirement of the baby boomer generation during the pandemic (The Federal Reserve Bank of Kansas City, 2022). The unemployment rate in the HMA has consistently been below the national rate. The national jobless rate was 4.7 percent during the 12 months ending March 2022, down from 8.7 percent a year ago but up from 3.7 percent during the 12 months ending March 2020.

**Figure 2. 12-Month Average Unemployment Rate in the Richmond HMA and the Nation**



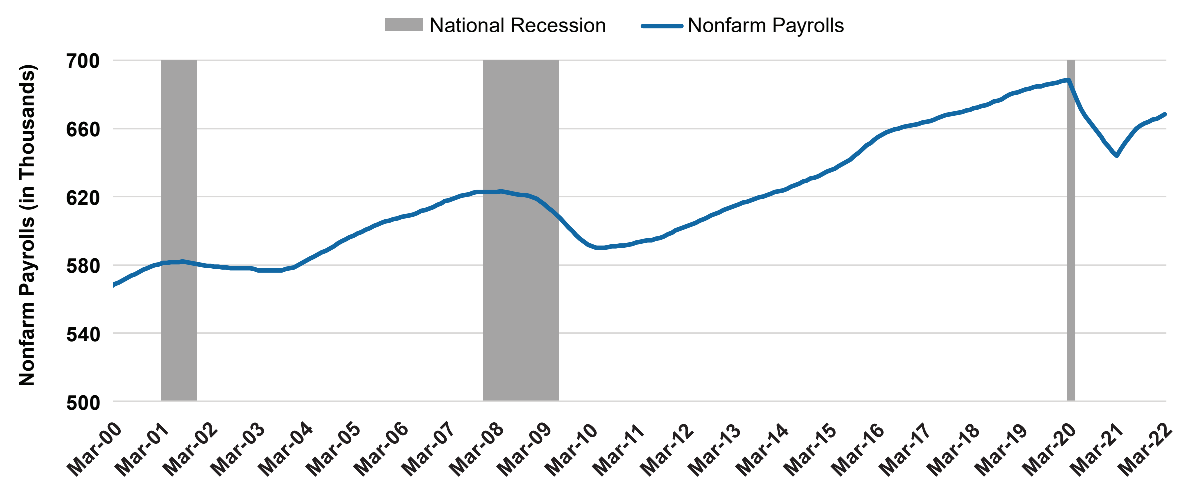

Note: Based on the 12-month moving average.
Source: U.S. Bureau of Labor Statistics

# Economic Periods of Significance—2000 Through 2020

## 2000 Through 2007—Contraction and Expansion

The economy in the HMA generally followed national economic trends from 2000 through 2007, and by 2007, the number of nonfarm payrolls in the HMA was higher than in 2000 (Figure 3). During 2000, there were 578,800 jobs in the HMA, but during 2001 and 2002, a period that included the national economic recession that resulted from the bursting of the dot-com bubble, the HMA lost an average of 300 jobs, or 0.1 percent, annually, to 578,100 jobs. By comparison, job declines averaged nearly 0.5 percent a year nationally during the same 2-year period. During 2001 and 2002, 4 of the 11 sectors in the HMA lost jobs, including the manufacturing and the professional and business services sectors—which declined the most, down by averages of 2,600 and 2,100 jobs, or 5.0 and 2.3 percent, respectively, annually. Simultaneously, the education and health services sector increased by an average of 2,500 jobs, or 4.7 percent, annually. During the subsequent 5 years, an average of 8,900 jobs, or 1.5 percent, were added annually, to reach 622,700 jobs in 2007, outpacing national growth, which averaged 1.1 percent annually. In the HMA, seven sectors added jobs, with the education and health services, the professional and business services, and the leisure and hospitality sectors leading job growth; each increased by averages of 3,500, 2,200, and 1,600 jobs, or 5.5, 2.4, and 3.3 percent, annually, respectively. The manufacturing sector continued to lose jobs from 2003 through 2007, down by an average of 1,800 jobs, or 3.9 percent, annually. Contributing to declines, Honeywell International Inc. sold its Richmond-based performance fibers business in 2004, resulting in the loss of 390 jobs.

**Figure 3. 12-Month Average Nonfarm Payrolls in the Richmond HMA**




Note: 12-month moving average.
Sources: U.S. Bureau of Labor Statistics; National Bureau of Economic Research

## 2008 Through 2010—Impact of the Great Recession

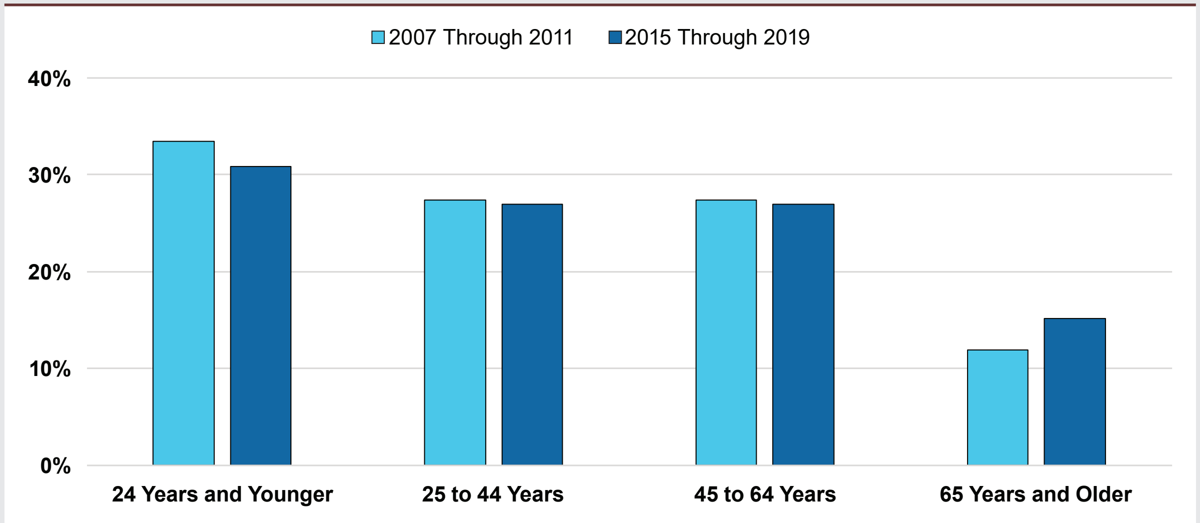
The impact of the Great Recession was less severe in the HMA than for the nation. From 2008 through 2010, nonfarm payrolls in the HMA declined by an average of 10,300 jobs, or 1.7 percent, each year, compared with an average annual national job decline of 1.9 percent. Job losses were widespread in the HMA. The mining, logging, and construction and the manufacturing sectors led declines, with losses averaging 4,200 and 3,000 jobs, or 10.4 and 8.1 percent, respectively; combined the two sectors accounted for nearly 70 percent of all nonfarm payroll loss during the period. A significant slowdown in residential construction caused by the housing crisis partly reduced jobs in the mining, logging, and construction sector. In 2009, staffing levels declined 70 percent at Prospect Homes of Richmond, Inc., one of the largest builders in the HMA, when the company filed for bankruptcy after home sales at the company dropped 40 percent in 2008. In the manufacturing sector, job losses were partly because 2,550 employees were laid off at the memory chip manufacturer Qimonda

AG when its facility in eastern Henrico County closed. During the period, the education and health services and the government sectors were the only two sectors to add jobs, increasing by averages of 3,500 and 200 jobs, or 4.5 and 0.2 percent, annually. All the gains in the education and health services sector from 2008 through 2010 were in the healthcare and social assistance industry. Within the government sector, job gains in the federal and local government subsectors offset an average annual 500-job decline in the state government subsector. Growth in the federal government subsector occurred largely after the implementation of the 2005 Defense Base Closure and Realignment Commission recommendations for Fort Lee AB, which added approximately 2,400 active-duty and civilian personnel.

## 2011 Through 2019—Recovery and Expansion

Following the local economic contraction from the Great Recession and preceding the COVID-19-related recession, jobs increased in the HMA from 2011 through 2019. Jobs recovered from the Great Recession in 2014, and the HMA entered an expansionary period. From 2011 through 2019, nonfarm payrolls rose by an average of 10,600 jobs, or 1.7 percent, annually, to 686,900 jobs. Job growth in the HMA was faster than the 1.6-percent annual growth rate for the nation. Within the HMA, 10 of the 11 sectors added jobs during the 9-year period. The professional and business services sector added the most jobs, increasing by an average of 2,900 jobs, or 2.8 percent, annually. From 2016 through 2019, CoStar Group, a real estate data firm headquartered in Washington, D.C., added approximately 730 new employees in the HMA, when a research and software development hub was opened in downtown Richmond. From 2011 through 2019, the education and health services sector added an average of 2,000 jobs, or 2.1 percent, annually. The expansion in this sector was partly due to the increasing population, including the retirement-age portion of the population—generally defined as residents age 65 and older (American Community Survey [ACS] 2007–2011 and 2015–2019 5-year data; Figure 4)—which caused an increase in demand for healthcare services. In 2011, Bon Secours Westchester Emergency Center opened in Chesterfield County, and in 2018, Bon Secours Short Pump Emergency Center opened in Henrico County. Jobs in the leisure and hospitality sector increased by an average of 1,800, or 3.0 percent, a year, to 68,600 jobs. From 2011 through 2019, nine new hotels, with approximately 1,200 rooms, opened throughout the HMA. In addition, the $10 million Bon Secours Washington Commanders Training Center opened in downtown Richmond in 2013. From 2011 through 2019, job growth in the manufacturing sector resumed, increasing by an average of 100 jobs, or 0.2 percent, annually, to 32,000 jobs, but remained below the previous peak of 60,000 jobs in 1990. The only sector to lose jobs during the 9-year period was the information sector, down an average of 300 jobs, or 3.3 percent, annually. In 2014, 350 employees were laid off at General Dynamics Information Technology, Inc., a software and technical services provider in Chesterfield County.

**Figure 4. Population by Age Range in the Richmond HMA**




Source: 2007–2011 and 2015–2019 American Community Survey 5-year data

## Forecast

During the 3-year forecast period, nonfarm payrolls are expected to increase an average of 1.8 percent annually, with the strongest growth expected during the first year, as the HMA continues to recover from the job losses during COVID-19. Nonfarm payrolls are projected to exceed prepandemic levels during the third year of the forecast period. Job growth is expected to be particularly notable in the professional and business services sector, partly because CoStar Group is planning a $460 million campus expansion in the city of Richmond, adding two buildings and 2,000 jobs; it is expected to be complete in 2024. Jobs in the government and the education and health services sectors are expected to continue increasing at steady paces, and job growth in the manufacturing sector is expected to accelerate during the next three years. This growth is partly because LEGO Group announced that more than 1,700 jobs will be added in the HMA when a $1 billion, 1.7 million square foot manufacturing facility is complete in Chesterfield County in 2025. At the same time, leisure and hospitality sectors are expected to recover a large portion of the jobs lost during the pandemic, although labor force shortages may curtail otherwise faster job growth.

# Population and Households

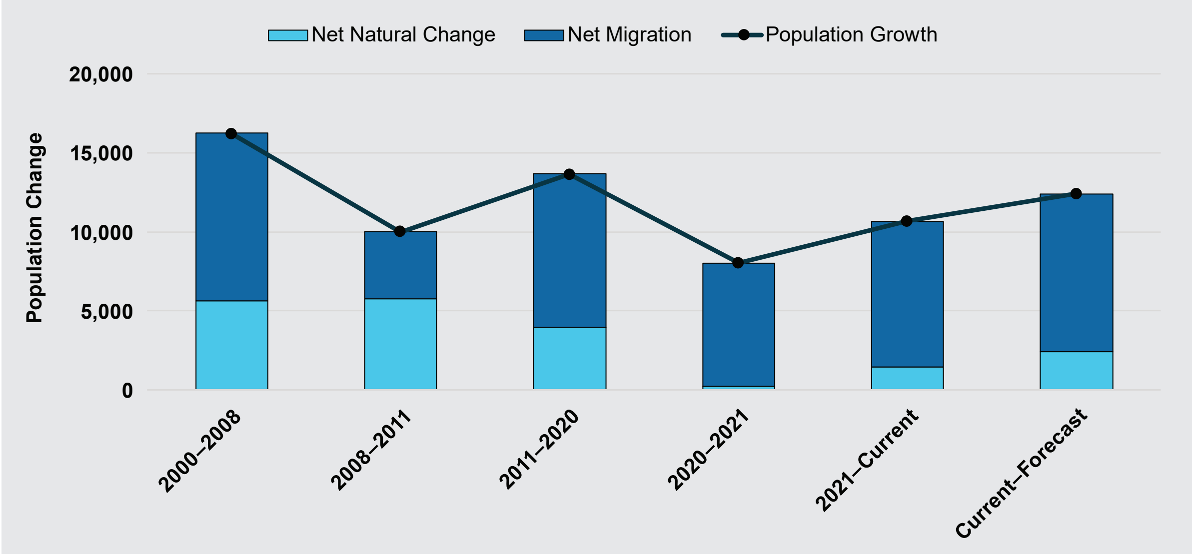
## Current Population: 1.36 Million

> Population growth averaging 0.6 percent a year from 2020 to 2021 has accelerated to an average of 0.8-percent annual growth since 2021 because of higher net natural increase and net in-migration following the onset of the COVID-19 pandemic.

## Population Trends

Population trends have generally mirrored economic conditions in the HMA since 2000. From 2000 to 2008, a period that included economic contraction and expansion, population growth was relatively stable, increasing by an average of 16,150, or 1.5 percent, annually (U.S. Census Bureau decennial census counts and population estimates as of July 1). During the period, net in-migration averaged 10,550 people annually (Figure 5) and accounted for 65 percent of population growth. With the impact of the Great Recession, population growth decelerated to an average of 10,000 people, or 0.8 percent, annually, from 2008 to 2011. During the period, net in-migration averaged 4,250 people a year, and net natural increase averaged 5,750 people annually. Net in-migration rose to an average of 9,725 people a year from 2011 to 2020, a period that included strong job growth and ended with the first month of job loss resulting from the COVID-19 pandemic. During the same period,

**Figure 5. Components of Population Change in the Richmond HMA, 2000 Through the Forecast**




Notes: Data displayed are average annual totals. The forecast period is from the current date (April 1, 2022) to April 1, 2025.
Sources: U.S. Census Bureau; current to forecast—estimates by the analyst

net natural increase averaged 3,925 people a year, contributing to an average population growth of 13,650 people, or 1.1 percent, annually. After these three relatively long periods of steady change, the pandemic caused periods of change to shorten and vary. From April 2020 to July 2021, net in-migration and net natural increase slowed to averages of 7,850 and 175 people a year, respectively, and caused population growth to slow to an average of 8,025 people, or 0.6 percent, annually. During this period, the HMA was impacted by a combination of a reduction in international and domestic net in-migration and in the number of births, but also a rising number of deaths. Since 2021, a combination of accelerated net in-migration averaging 9,250 people and a rise in net natural increase averaging 1,400 people, resulted in population growth increasing by 10,650 people, or 0.8 percent, to an estimated 1.36 million as of April 1, 2022. During this period, it is estimated that international and domestic net in-migration and births rose, but deaths remained elevated.

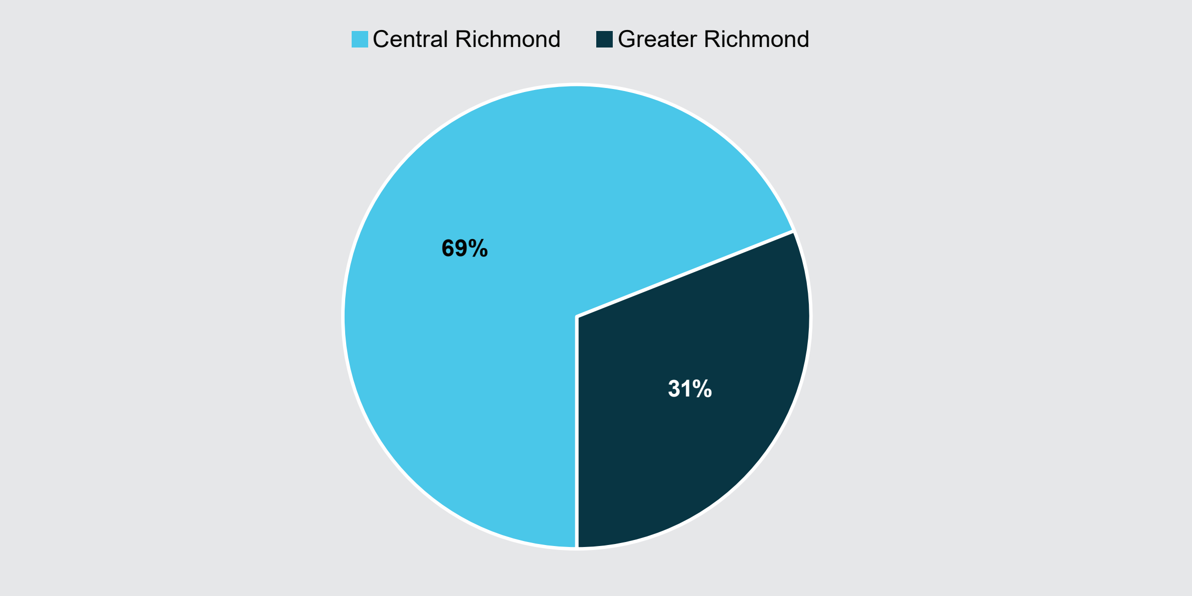
### Central Richmond Submarket

The Central Richmond submarket is smaller than the Greater Richmond submarket in terms of land area, accounting for 16 percent of the land in the HMA, but it is more populated, accounting for 69 percent of the population in the HMA (Figure 6). As of April 1, 2022, the population in the submarket is estimated at 935,700, representing an average increase of 6,500, or 0.7 percent, since 2021, faster than the average annual increase of 4,250, or 0.5 percent, from 2020 to 2021. The accelerated population growth since 2021 is attributable to a rise in net in-migration, which averaged 5,150 people annually, up from an average increase of 3,350 people annually from 2020 to 2021. Since 2021, net natural increase averaged 1,350 people, whereas it averaged 900 people annually from 2020 to 2021. Prior to shifts in population growth caused by the pandemic, the submarket had 10 years of relatively strong growth. From 2011 to 2020, when net in-migration averaged 6,550 people annually and net natural increase averaged 3,550 people a year, the population rose by an average of 10,100, or 1.2 percent, a year. This rate of population growth was lower than the average annual 1.5-percent rate during the 2000-to-2008 period, but higher than the average 1.0-percent growth rate averaged from 2008 to 2011, when economic conditions were weak. During the former period, net in-migration and net natural increase averaged 6,775 people and 4,425 people a year, respectively, compared with averages of 3,700 and 4,625 annually from 2008 to 2011.

## Greater Richmond Submarket

The Greater Richmond submarket is larger than the Central Richmond submarket in terms of land

**Figure 6. Current Population in the Richmond HMA, by Submarket**




**Source:** Estimates by the analyst

area, and it is less populous, accounting for 84 percent of the land area in the HMA and 31 percent of the total population of the HMA. Population growth trends in the submarket were aligned with the Central Richmond submarket from 2000 to 2008, but trends have varied in the Greater Richmond submarket since 2008. Population growth from 2000 to 2008 averaged 4,975 people, or 1.4 percent, annually. During the period, net in-migration averaged 3,800 people a year, and net natural increase averaged 1,175 people annually. From 2008 to 2014, when population growth averaged 2,000 people, or 0.5 percent, a year, net in-migration averaged 1,150 people annually, and net natural increase averaged 850 people a year. The prolonged period of slow net in-migration to the submarket was mostly because of an increased tendency to live in urban areas with strong economic expansion elsewhere in the HMA, such as in the city of Richmond. Population growth accelerated from 2014 to 2019, however, averaging 4,425 people, or 1.1 percent, annually, when net in-migration rose to an average of 4,075 people a year, and net natural increase averaged 350 people annually. From 2019 to 2020, the population grew an average of 3,075 a year because net in-migration averaged 3,325 people a year, whereas net natural decrease averaged 250 people a year. As of April 1, 2022, the population of the Greater Richmond submarket is estimated at 421,000, reflecting an average gain of 3,925, or 0.9 percent, annually since 2020. During the period, net in-migration accounted for all population growth, averaging 4,350 people a year. It is estimated that nearly 80 percent of residents moving into the submarket since 2020 were moving to Goochland, Hanover, New Kent, and Powhatan Counties.

## Household Trends

The rate of household creation in the Richmond HMA since 2010 has slowed compared with the 2000 to 2010 period because of slowed population growth, a trend that is reflected in both submarkets. The number of households in the HMA is currently estimated at 534,850, representing an average annual increase of 5,525, or 1.1 percent, since 2010, down from the average of 5,950 households, or 1.4 percent, added annually from 2000 to 2010 (Table 3). The current estimated number of households in the Central Richmond submarket is 374,500, reflecting an average increase of 3,925 households, or 1.1 percent, annually since 2010, down slightly from the average increase of 4,100, or 1.3 percent, annually from 2000 through 2010. In the Greater Richmond submarket, household growth slowed from an average annual increase of 1.4 percent during the 2000-to-2010 period to an average of 1.1-percent annual growth since 2010. Currently, an estimated 160,350 households are in the Greater Richmond submarket.

**Table 3. Richmond HMA Population and Household Quick Facts**

| | | 2010 | Current | Forecast |
|---|---|---|---|---|
| Population Quick Facts | **Population** | 1,208,101 | 1,356,700 | 1,394,000 |
| | Average Annual Change | 15,250 | 12,375 | 12,425 |
| | Percentage Change | 1.4 | 1.0 | 0.9 |
| | | **2010** | **Current** | **Forecast** |
| Household Quick Facts | **Households** | 468,524 | 534,850 | 551,900 |
| | Average Annual Change | 5,950 | 5,525 | 5,675 |
| | Percentage Change | 1.4 | 1.1 | 1.1 |

Notes: Average annual changes and percentage changes are based on averages from 2000 to 2010, 2010 to current, and current to forecast. The forecast period is from the current date (April 1, 2022) to April 1, 2025.
Sources: 2000 and 2010—2000 Census and 2010 Census; current and forecast—estimates by the analyst

## Military and Student Households

Fort Lee AB and VCU affect household formation in the HMA. Fort Lee AB is home to approximately 3,800 active-duty military personnel, and it provides unaccompanied housing for approximately 900 military personnel and more than 1,500 single-family homes for officers and their dependents. The remaining 1,400 active-duty military personnel and their family members live off base. The military provides a monthly basic allowance for housing, ranging from $1,269 to $2,496, and military personnel may use it for rent or to purchase a home off-base. It is unknown what number of active military personnel households choose to rent instead of purchase their homes. Student enrollment at VCU has declined an average of 3 percent a year since 2010, to 23,400 (Integrated Postsecondary Education Data System, with estimates by the analyst). Of those students, approximately 5,950 are housed in dormitories. The remaining 17,450 students who live off-campus and do not live with their parents occupy an estimated 3,150 housing units. Student households account for 2 percent of the renter households in the HMA.

## Households by Tenure

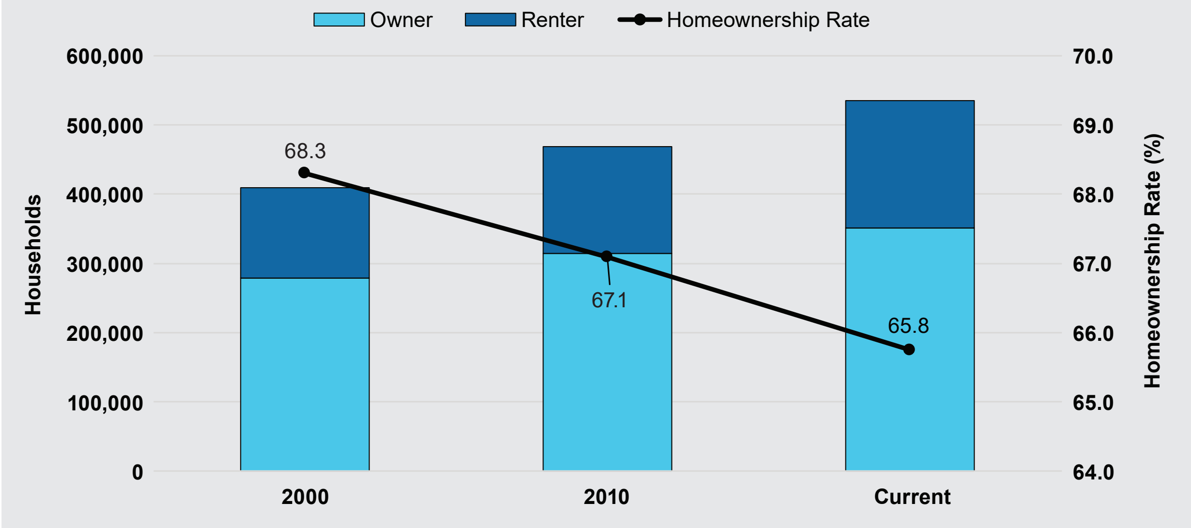
Among the households in the HMA, a greater proportion have traditionally been owners, but that proportion has declined since 2010 (Figure 7). Homeownership rates vary by submarket. In the Central Richmond submarket, the current estimated homeownership rate is lower, at 62.6 percent, and the rate declined from 63.4 percent in 2010 and 64.9 percent in 2000, partly because homeownership costs are relatively higher than in locations farther out from the urban core. By comparison, in the Greater Richmond submarket, the homeownership rate fell to a current estimated 73.0 percent, down from 76.2 and 75.6 percent in 2000 and 2010, respectively, partly because of declining affordability of for-sale homes.

## Forecast

During the 3-year forecast period, the population of the HMA is expected to increase by an average of 12,425, or 0.9 percent, annually—faster than the 2020-to-current average rate, but slower than the 2011-to-2020 average rate. The HMA is likely to benefit from continued net in-migration, propelled by job growth and by student enrollment at VCU. The population is expected to reach 1.39 million by April 1, 2025. Population in the Central Richmond submarket is expected to grow an average of 0.8 percent a year. Population in the Greater Richmond submarket is expected to grow stronger on a percentage basis, at an average of 1.1 percent annually. However, the Central Richmond submarket is expected to make up the largest share of population growth (Figure 8).

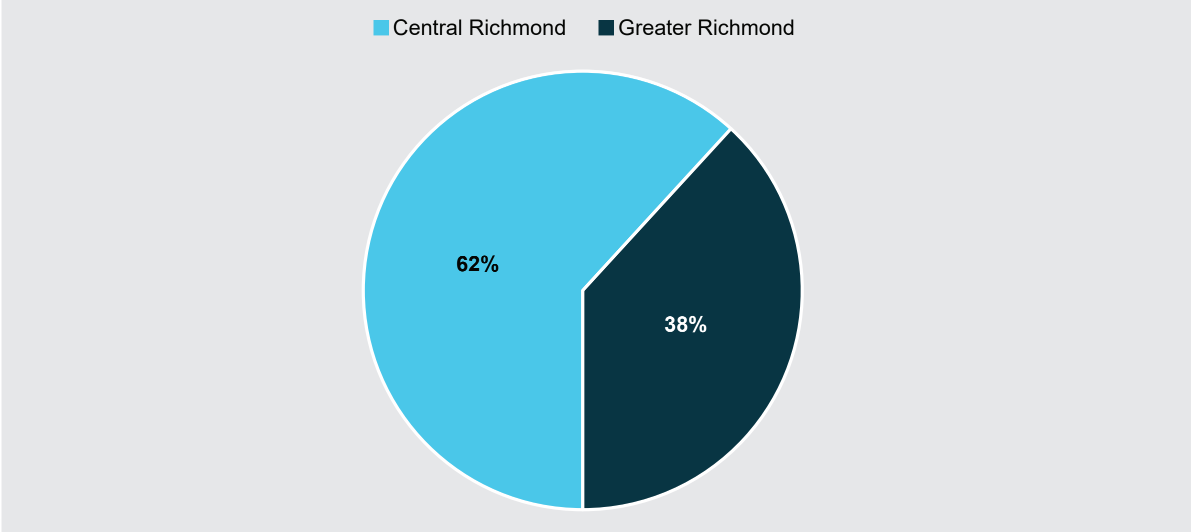
Based on anticipated population growth and improving economic conditions, the number of households in the HMA during the next 3 years is expected to increase by an average of 5,675, or 1.1 percent, annually, reaching 551,900 households by April 1, 2025. Household growth is expected to average 1.0 percent annually in the Central Richmond submarket, to 385,700 households, and 1.2 percent annually in the Greater Richmond submarket, to 166,200 households. The homeownership rate in the HMA is expected to decline slightly to 65.6 percent by the end of the forecast period, and it is expected to decrease to 62.5 and 72.8 percent, respectively, in the Central Richmond and Greater Richmond submarkets.

**Figure 7. Households by Tenure and Homeownership Rate in the Richmond HMA**




Note: The current date is April 1, 2022.
Sources: 2000 and 2010—2000 Census and 2010 Census; current—estimates by the analyst

**Figure 8. Share of Forecast Population Growth by Submarket**




Source: Estimates by the analyst

# Home Sales Market

## Sales Market—Richmond HMA

Market Conditions: Tight

During March 2022, the HMA had 0.7 month of available for-sale inventory—down from 0.9 month a year earlier and significantly below the 5.6 months of available inventory in 2012 (Redfin, a national real estate brokerage).

### Current Conditions

The home sales market in the HMA is currently tight, with an estimated vacancy rate of 1.3 percent (Table 4), down from 2.4 percent in April 2010, when conditions were soft. The decline in the vacancy rate occurred because of a combination of lower levels of homebuilding activity and prepandemic population and economic growth, which generated increased demand for sales housing. In 2020, despite significant job losses, slowed population growth, and an increase in homebuilding activity, the sales market tightened further, partially because of a decline in the number of homes listed for sale and because mortgage interest rates reached their lowest levels in more than 50 years. Although the interest rate has been rising since September 2021, conditions have remained tight, partly because of improved economic conditions and increased population growth. During March 2022, the HMA had 0.7 month of available for-sale inventory, down from 0.9 month a year earlier and well below the 5.6 months of available inventory during the same month in 2012 (Redfin, a national real estate brokerage). The supply of inventory has remained below 3.0 months since March 2019. In March 2022, the average interest rate for a 30-year fixed-rate mortgage was 4.7 percent, up from 3.2 percent one year earlier, but below the 5.0 percent rate in March 2010 (Freddie Mac).

Table 4. Home Sales Quick Facts in the Richmond HMA

| | | Richmond HMA | Nation |
|---|---|---|---|
| Home Sales Quick Facts | Vacancy Rate | 1.3% | NA |
| | Months of Inventory | 0.7 | 1.2 |
| | Total Home Sales | 31,950 | 7,338,000 |
| | 1-Year Change | 11% | 1% |
| | Total Home Sales Price | $334,300 | $390,800 |
| | 1-Year Change | 12% | 15% |
| | Mortgage Delinquency Rate | 1.5% | 1.5% |

NA = data not available.
Notes: The vacancy rate is as of the current date; home sales and prices are for the 12 months ending March 2022; and months of inventory and mortgage delinquency data are as of March 2022. The current date is April 1, 2022.
Sources: Vacancy rate—estimates by the analyst; months of inventory—Redfin, a national real estate brokerage; HMA home sales and prices—CoreLogic, Inc., with adjustments by the analyst; national home sales and prices—CoreLogic, Inc., with adjustments by the analyst

These low levels of for-sale inventory and relatively low interest rates have contributed to upward pressure on home sales and home sales prices. During the 12 months ending March 2022, the average home sales price rose 12 percent to $334,300, accelerating from the 9-percent increase during the same period 1 year earlier (CoreLogic, Inc., with adjustments by the analyst). The higher average home sales price is also a result of a surge in lumber prices in late 2020 and early 2021, when the price of lumber caused the average price of a new single-family home to increase by nearly $30,000 nationwide (National Association of Home Builders). Despite rising home sales prices, home sales rose 11 percent, to 31,950 homes, during the 12 months ending March 2022 (CoreLogic, Inc., with adjustments by the analyst). By comparison, home sales decreased 2 percent during the 12 months ending March 2021, when population growth was lower and stay-at-home orders and pandemic-related precautions limited the number of homes listed for sale.

### Delinquent Mortgages and REO Properties

The recent pandemic-related recession resulted in an increase in the percentage of seriously delinquent mortgages and real estate owned (REO) properties in the HMA and the nation, but the impact was significantly lower in the HMA than it was during and immediately after the Great Recession of 2007 through 2009. As of March 2022, 1.5 percent of home loans in the HMA and the nation were seriously delinquent or had transitioned into REO status, down from 3.4 and 3.7 percent, respectively, a year earlier but up from 1.3 percent each in March 2020 (CoreLogic, Inc.). Between March 2020 and March 2021, the number of home loans that were 90 or more days delinquent in the HMA nearly tripled; at the same time, the number of home loans that were in foreclosure was 32 percent lower compared with March 2020. During the same 12-month period, the number of REO properties was 31 percent lower. Mortgage forbearance policies provided through the Coronavirus Aid, Relief, and Economic Security (CARES) Act likely prevented an increase in foreclosures and properties from becoming REOs during the period. By comparison, as of March 2010, 5.6 percent of home loans in the HMA were seriously delinquent or in REO status, whereas 8.4 percent were seriously delinquent or in REO status nationwide.

## Housing Affordability—Sales

Homeownership in the HMA is more attainable relative to the nation for residents ages 25 to 44 years, but homeownership in the HMA declined faster from 2010 to 2019, likely because of declining affordability. From 2010 to 2019, the homeownership rate for those 25 to 34 years of age decreased by 8.7 percentage points to 39.1 percent in the HMA and declined by 3.5 percentage points to 38.5 percent nationwide (2010 Census and 2015–2019 ACS 5-year estimates; Table 5). Factors such as increased rent, student loan debt, and delayed marriage and childbearing, which typically postpone home purchases for those aged 25 to 34 (Urban Institute), were less of a concern in the HMA than the nation from 2010 to 2019, a period when home sales prices were on average 5 percent lower in the HMA than the nation (CoreLogic, Inc., with adjustments by the analyst). From 2010 to 2019, homeownership for heads of households in the HMA aged 35 to 44 years declined by 8.1 percentage points, to 60.2 percent, and declined by 4.0 percentage points, to 58.3 percent nationwide.

## Forecast

During the next 3 years, demand is expected for an estimated 13,625 new homes in the HMA, including single-family homes, townhomes, and condominiums (Table 6). The 2,240 homes under construction in the HMA will satisfy a portion of the demand during the forecast period. Despite increasing interest rates, demand is expected to increase during the forecast period because of continued net in-migration and economic recovery. Demand is estimated to be concentrated in the Central Richmond submarket.

**Table 5. Homeownership Rates by Age of Householder**

| | Richmond HMA | | | Nation | | |
|---|---|---|---|---|---|---|
| | 2000 | 2010 | 2019 | 2000 | 2010 | 2019 |
| **Householder Age 25 to 34 Years** | 47.3 | 43.6 | 39.1 | 45.4 | 42.0 | 38.5 |
| **Householder Age 35 to 44 Years** | 70.0 | 66.4 | 60.2 | 66.3 | 62.3 | 58.3 |
| **Total Households** | 68.3 | 67.1 | 65.8 | 66.2 | 65.1 | 64.1 |

Sources: 2000 and 2010 Decennial Census; 2019 American Community Survey 1-year data

**Table 6. Demand for New Sales Units in the Richmond HMA During the Forecast Period**

| | Sales Units |
|---|---|
| **Demand** | 13,625 Units |
| **Under Construction** | 2,240 Units |

Note: The forecast period is from April 1, 2022, to April 1, 2025.
Source: Estimates by the analyst

# Sales Market—Central Richmond Submarket

Market Conditions: Tight

The Central Richmond submarket has a sales vacancy rate estimated at 1.2 percent, down 2.6 percentage points from 2010, when conditions were soft.

## Current Conditions

The sales market in the submarket is currently tight, with an estimated sales vacancy rate of 1.2 percent (Table 7), down from 2.6 percent in April 2010. The 1.4-percentage-point decline in the vacancy rate since 2010 is twice the 0.7-percentage-point decline in the Greater Richmond submarket. Conditions have been tightening since 2012 in the Central Richmond submarket, with the number of sales increasing generally every year. Despite increased home sales, the homeownership rate in the submarket declined 0.8 percentage point since 2010. Large-scale, single-family residential construction in the submarket is less pronounced than in the Greater Richmond submarket because the submarket is almost completely built out.

As a result of limited land availability in the submarket, homes are more expensive than in the Greater Richmond submarket. During the 12 months ending March 2022, the average new home sales price in the Central Richmond submarket was $446,200 (Figure 9), up 8 percent, accelerating from a 2-percent increase during the same period 1 year earlier (CoreLogic, Inc., with adjustments by the analyst). At the same time, the average existing home sales price rose 13 percent to $340,300, the fastest rate of increase since 2006, before the onset of the housing market downturn. During the recent 12 months, resale and REO sales prices increased 13 and 18 percent, respectively, to $341,200 and $314,600, whereas short sales prices declined 4 percent to $212,700.

Table 7. Home Sales Quick Facts in the Central Richmond Submarket

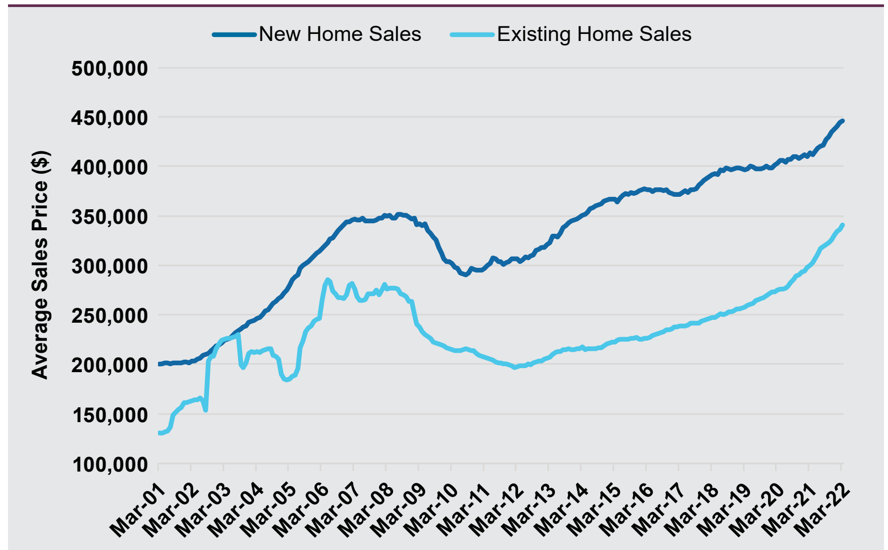
| | | Central Richmond Submarket | Richmond HMA |
|---|---|---|---|
| Home Sales Quick Facts | Vacancy Rate | 1.2% | 1.3% |
| | Months of Inventory | NA | 0.7 |
| | Total Home Sales | 21,100 | 31,950 |
| | 1-Year Change | 12% | 11% |
| | Total Home Sales Price | $351,000 | $334,300 |
| | 1-Year Change | 13% | 12% |
| | Mortgage Delinquency Rate | 1.4% | 1.5% |

NA = data not available.

Notes: The vacancy rate is as of the current date; home sales and prices are for the 12 months ending March 2022; and months of inventory and mortgage delinquency data are as of March 2022. The current date is April 1, 2022.

Sources: Vacancy rate—estimates by the analyst; months of inventory—Redfin, a national real estate brokerage; HMA home sales and prices—CoreLogic, Inc., with adjustments by the analyst; national home sales and prices—CoreLogic, Inc., with adjustments by the analyst

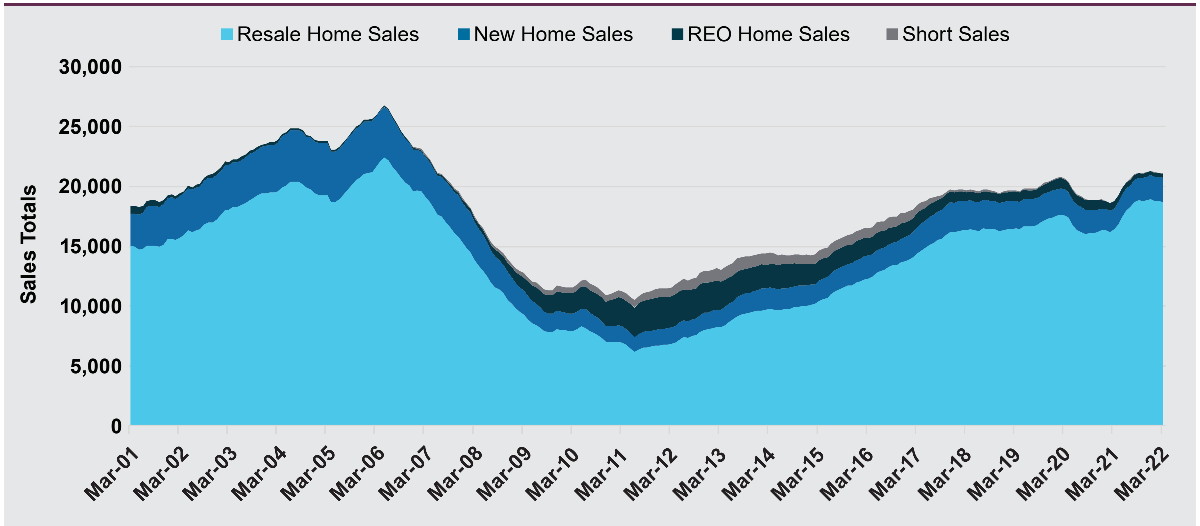
Figure 9. 12-Month Average Sales Price by Type of Sale in the Central Richmond Submarket




Source: CoreLogic, Inc., with adjustments by the analyst

Despite high home sales prices, new and existing home sales in the submarket rose 15 and 12 percent respectively during the 12 months ending March 2022, to 2,025 and 19,050 homes sold (Figure 10), compared with decreases of 20 and 8 percent during the 12 months ending March 2021, when population growth was slower. The recent increase in existing home sales reflected increases of 14 and 56 percent in resale and short sales, respectively, whereas REO home sales declined 51 percent; the three sales types accounted for 89 percent, less than 1 percent, and 1 percent of total sales, respectively, while new home sales accounted for the remaining nearly 10 percent.

Figure 10. 12-Month Sales Totals by Type in the Central Richmond Submarket




REO = real estate owned.
Source: CoreLogic, Inc., with adjustments by the analyst

## Home Sales Trends—2001 Through 2020

From 2011 through 2020, home sales increased from the number of homes sold during the local housing market downturn in the late 2000s, but they were below the level reached in 2005, when lending standards were more lenient. Home sales peaked at 25,550 in 2005, representing an average increase of 7 percent a year since 2001, but they declined an average of 15 percent annually for 5 consecutive years to 11,000 homes sold in 2010. During the latter period, tightening mortgage lending standards, the local economic downturn, and slowing net in-migration all put downward pressure on home sales. The decline in home sales from 2006 through 2010 reflected an average annual reduction of 21 and 20 percent in new and resale home sales, respectively, but a 73-percent increase in REO home sales. REO sales increased from 130 in 2006 to 2,125 in 2010, accounting for 19 percent of total sales. Home sales rose at an average annual rate of 9 percent, to 19,700 homes sold by 2017, in response to economic growth and accelerated net in-migration. All the gains in sales resulted from average increases of 9 and 13 percent annually, respectively, in new and resale home sales, which offset average 12- and 15-percent annual reductions in REO and short sales, respectively. From 2018 through 2020, home sales fluctuated but ultimately declined an average of 1 percent a year to 18,900 by 2020, reflecting average annual declines of 10, 5, and 44 percent in new, REO, and short sales, respectively, but no change in resale home sales. By 2020, REO and short sales accounted for 4 percent and less than 1 percent, respectively, of total home sales in the submarket.

## Home Sales Price Trends—2001 Through 2020

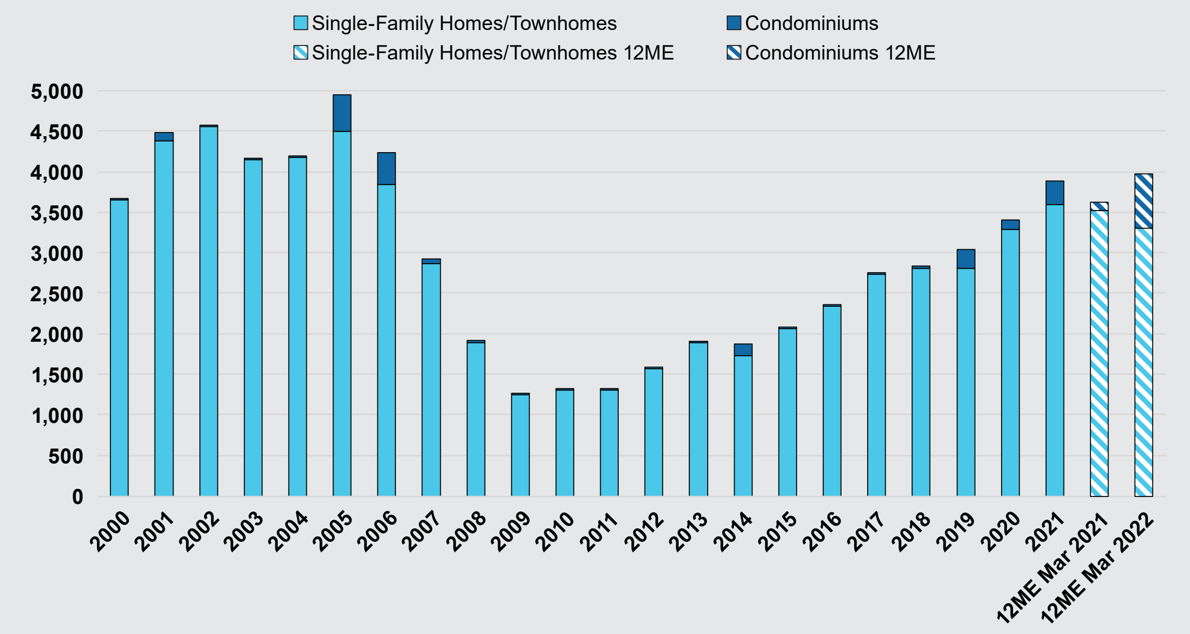
The average home sales price in the submarket increased every year from 2012 through 2020 after decreasing from 2008 through 2011, when REO sales were increasing, putting downward pressure on sales prices. From 2001 through 2007, the average home sales price rose at an average annual rate of

11 percent. At the same time, new, resale, and REO home prices rose averages of 8, 11, and 7 percent a year, respectively. The average home sales price decreased an average of 7 percent annually from 2008 through 2011, with all sales type prices decreasing except for short sales prices, which increased an average of 2 percent a year. From 2012 through 2020, home sales prices increased an average of 4 percent a year to $304,000; home sales prices increased for every sales type.

## Sales Construction Activity

Homebuilding activity has generally increased since 2015, but fewer new homes have been permitted on an annual basis compared with the 2000-through-2006 period (Figure 11). From 2000 through 2006, an average of 4,325 homes were permitted annually, before declining to an average of 1,750 homes permitted from 2007 through 2014 in response to the national housing market downturn. The number of homes permitted increased to an average of 2,500 annually from 2015 through 2018—a period that included economic expansion and a rise in net in-migration—before increasing further to an average of 3,450 homes permitted annually during the 2019 through 2021 period. During the 12 months ending March 2022, approximately 3,975 homes were permitted, up 10 percent from the 3,625 homes permitted during the same period the previous year. From 2000 through 2018, nearly 2 percent of all homes permitted

**Figure 11. Annual Sales Permitting Activity in the Central Richmond Submarket**




12ME = 12 months ending.
Sources: U.S. Census Bureau, Building Permits Survey; 2000–21—final data and estimates by the analyst; past 24 months of data—preliminary data and estimates by the analyst

were condominiums, but since 2019, that share has risen to nearly 8 percent, partly because building a single-family home has become increasingly expensive.

Since 2015, when homebuilding activity increased in the submarket, nearly 60 percent of new home construction has occurred in Chesterfield County. In the county, approximately 20 miles south of downtown Richmond, the 1,200-acre Harpers Mill community is expected to have 2,400 homes at buildout. The community was established in 2003, but construction started after the housing market downturn in the late 2000s. The subdivision includes Glen Royal, the fifth neighborhood with approximately 250 homes expected at buildout; approximately 65 homes in the neighborhood have been built and sold, and 33 lots are available for sale. Home prices start at $500,000 for a 3,000-square-foot home. A more moderately priced master-planned community is Silverleaf in North Chesterfield, 12 miles southwest of downtown Richmond. Prices range from $290,000 to $399,000 for three-to-four-bedroom, 1,542-to-2,592-square-foot homes. Construction of the community began in 2017; 440 single-family homes and townhomes are expected at completion.

## Forecast

During the next 3 years, demand is estimated for 7,550 homes in the Central Richmond submarket (Table 8), with demand rising slightly in each successive year of the forecast period because of an expected economic recovery from the impact of COVID-19. The 1,450 homes under construction will meet a portion of the demand during the first year.

**Table 8. Demand for New Sales Units in the Central Richmond Submarket During the Forecast Period**

| | Sales Units |
|---|---|
| **Demand** | 7,550 Units |
| **Under Construction** | 1,450 Units |

Note: The forecast period is from April 1, 2022, to April 1, 2025.
Source: Estimates by the analyst

# Sales Market—Greater Richmond Submarket

Market Conditions: Tight

Home sales in the submarket rose 10 percent from the previous year, to 10,850, the highest level of home sales in the submarket since 2000 (CoreLogic, Inc., with adjustments by the analyst).

## Current Conditions

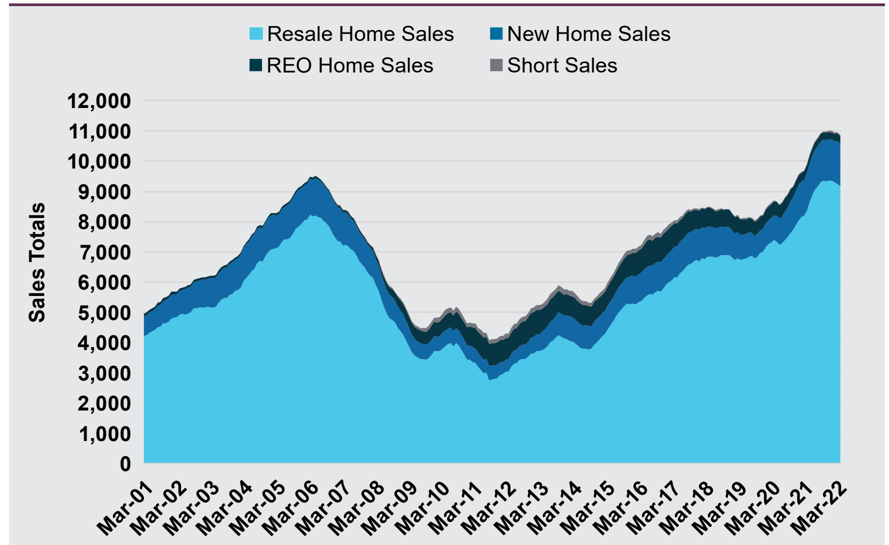
The sales market in the Greater Richmond submarket is currently tight, with an estimated sales vacancy rate of 1.4 percent (Table 9), down from 2.1 percent in April 2010. With the declining supply of for-sale inventory throughout the HMA, home sales rose at a slower pace during the 12 months ending March 2022 compared with the previous year, up 10 percent to 10,850 (Figure 12). Home sales reached the highest level in the submarket

**Table 9. Home Sales Quick Facts in the Greater Richmond Submarket**

| | | Greater Richmond Submarket | Richmond HMA |
|---|---|---|---|
| Home Sales Quick Facts | **Vacancy Rate** | 1.4% | 1.3% |
| | **Months of Inventory** | NA | 0.7 |
| | **Total Home Sales** | 10,850 | 31,950 |
| | 1-Year Change | 10% | 11% |
| | **Total Home Sales Price** | $302,800 | $334,300 |
| | 1-Year Change | 10% | 12% |
| | **Mortgage Delinquency Rate** | 1.7% | 1.5% |

NA = data not available.
Notes: The vacancy rate is as of the current date; home sales and prices are for the 12 months ending March 2022; and months of inventory and mortgage delinquency data are as of March 2022. The current date is April 1, 2022.
Sources: Vacancy rate—estimates by the analyst; months of inventory—Redfin, a national real estate brokerage; HMA home sales and prices—CoreLogic, Inc., with adjustments by the analyst; national home sales and prices—CoreLogic, Inc., with adjustments by the analyst

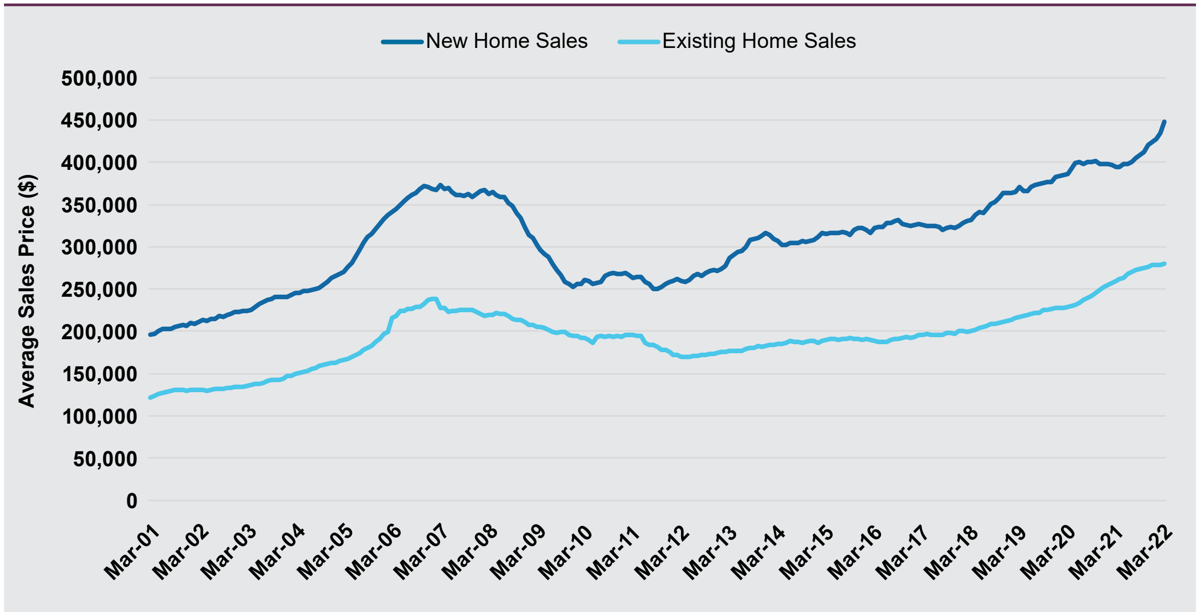
**Figure 12. 12-Month Sales Totals by Type in the Greater Richmond Submarket**




REO = real estate owned.
Source: CoreLogic, Inc., with adjustments by the analyst

since 2000 (CoreLogic, Inc., with adjustments by the analyst). The increase in home sales during the 12 months ending March 2022 reflected an increase of 15, 10, and 41 percent in new, resales, and short sales, respectively, but a decline of 8 percent in REO home sales. By comparison, during the 12 months ending March 2021, home sales rose 14 percent because increases of 50 and 13 percent in new and resale home sales offset decreases of 42 and 6 percent in REO and short sales, respectively. During the most recent 24 months, home sales rose partly because of a desire to live in less urbanized areas as a result of the pandemic. This submarket is the less urbanized and less expensive of the two and has more land available to build single-family homes. During the 12 months ending March 2022, the home sales price averaged $302,800 (Figure 13), reflecting a 10-percent increase, after the 13-percent increase during the same period 1 year earlier. Prices for all home sales types increased during the recent 12-month period, including a 13-percent increase in the average price of new homes, an 8-percent increase in the average price of resales, a 20-percent increase in the average price of REO home sales, and a 3-percent increase in short sales.

**Figure 13. 12-Month Average Sales Price by Type of Sale in the Greater Richmond Submarket**




Source: CoreLogic, Inc., with adjustments by the analyst

## Home Sales Trends—2001 Through 2020

Home sales in the submarket increased from 2001 through 2005, declined each of the 6 following years, and generally increased from 2012 through 2020. From 2001 through 2005, home sales rose an average of 14 percent annually, reflecting an average annual increase of 14 percent in new and resale home sales, each, but an average decrease of 1 percent in REO home sales. Home sales fell an average of 12 percent annually during each of the following 6 years to 4,225 homes in 2011. The decline reflected an average annual reduction of 16 and 15 percent in new and resale home sales, respectively, but an average increase of 45 percent a year in REO home sales. REO sales increased from 60 in 2006 to 740 in 2011, increasing from less than 1 percent to nearly 18 percent of total home sales during the period. Home sales began increasing in 2012, 1 year after the economy gained momentum and 1 year later than the Central Richmond submarket, partly because of increased demand to live in urban areas. From 2012 through 2020, sales fluctuated but rose at an average annual rate of 9 percent to 9,575 homes. The increase resulted from average gains of 12 percent annually in both new and resale home sales, offsetting average annual reductions of 9 and 18 percent in REO and short sales; which, combined, accounted for nearly 4 percent of total sales in 2020.

## Home Sale Price Trends—2001 Through 2020

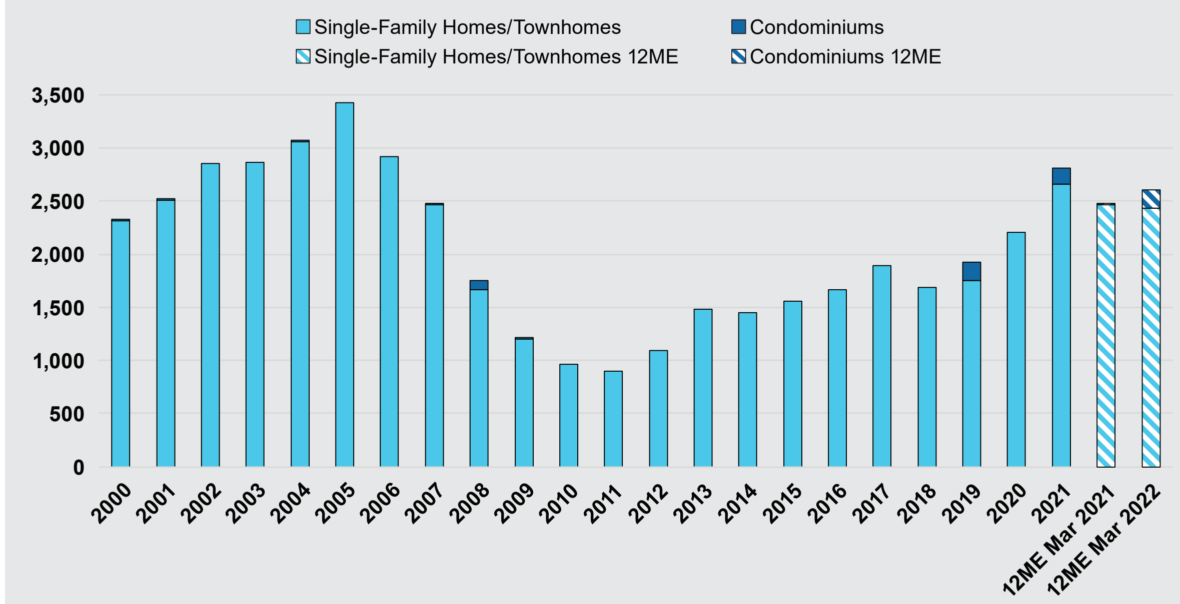
The average home sales price in the submarket resumed increasing in 2012, the same year home sales began to rise, and continued through 2020. After increasing at an average annual rate of 12 percent from 2001 through 2006, as a result of all sales type prices increasing, average prices declined an average of 6 percent from 2007 through 2011, when rising REO sales put downward pressure on sales prices. From 2007 through 2011, new, resale, and REO sales prices each decreased at average rates of 7, 5, and 9 percent a year, respectively, whereas short sales prices rose an average of 9 percent annually. From 2012 through 2020, home sales prices rose an average of 4 percent a year to $269,500; the sales price increased for every sales type during the period, up an average of 5, 4, 3, and 2 percent, annually, respectively, for new, resales, REO, and short sales.

## Sales Construction Activity

Homebuilding activity has generally increased since 2012 but has been subdued compared with the early-to-mid-2000s (Figure 14). During 2000, nearly 2,325 homes were permitted, and permitting rose an average 8 percent a year to reach 3,425 homes in 2005, a period that included increased home sales when mortgage lending standards were relatively lenient. Permitting fell an average 20 percent during each of the 6 subsequent years to reach 900 homes permitted during 2011 in response to the local housing market downturn and economic contraction. As economic conditions improved and population growth accelerated, homebuilding activity rose generally every year, averaging 13 percent a year, to 1,900 homes in 2017, before declining slightly to 1,700 homes in 2018. During the next three years, homebuilding activity rose an average of 18 percent to 2,825 in 2021. During the 12 months ending March 2022, approximately 2,600 homes were permitted, up 5 percent from the 2,475 homes permitted during the same period the previous year. From 2000 through 2018, less than 1 percent of homes permitted were condominiums, but since 2019, that proportion has risen to 4 percent, partly because the cost of building a single-family home has increased.

Since 2012, home construction has generally been widespread in the submarket, but one-third of home construction in the submarket has been concentrated in Hanover County. Approximately 13 miles north of downtown Richmond, in the town of Mechanicsville, Giles Farm, which includes single-family

**Figure 14. Annual Sales Permitting Activity in the Greater Richmond Submarket**




12ME = 12 months ending.
Sources: U.S. Census Bureau, Building Permits Survey; 2000–21—final data and estimates by the analyst; past 24 months of data—preliminary data and estimates by the analyst

homes and townhomes for sale, has approximately 370 homes sold of the 122 townhomes and 320 single-family homes planned at completion. The community currently includes 3-bedroom, 2.5-bathroom townhomes for sale, with square footage ranging from 1,969 to 2,106 square feet; sales prices for these properties start at $400,000.

## Forecast

During the next 3 years, demand is estimated for 6,075 new homes (Table 10) in the Greater Richmond submarket. Demand is expected to increase each year during the forecast period, when economic recovery shifts to economic expansion and net in-migration accelerates. The 790 homes currently under construction will meet a portion of the demand during the first year of the forecast period.

**Table 10. Demand for New Sales Units in the Greater Richmond Submarket During the Forecast Period**

| | Sales Units |
|---|---|
| **Demand** | 6,075 Units |
| **Under Construction** | 790 Units |

Note: The forecast period is from April 1, 2022, to April 1, 2025.
Source: Estimates by the analyst

# Rental Market

## Rental Market—Richmond HMA

### Market Conditions: Slightly Tight

The average apartment rent in the HMA increased approximately 12 percent during the past year, which was the fastest annual increase in the HMA since 2012 (CoStar Group).

## Current Conditions and Recent Trends

The overall rental market in the Richmond HMA is slightly tight, with an estimated 5.3-percent vacancy rate, down from 8.9 percent in April 2010 (Table 11). Rental market conditions ranged from slightly tight in the Central Richmond submarket to tight in the Greater Richmond submarket. Apartment market conditions in the HMA are tight. During the first quarter of 2022, the apartment vacancy rate was 4.9 percent, down from 6.1 percent during the first quarter of 2021 (CoStar Group). By comparison, the recent vacancy rate is down more significantly from the 7.1-percent rate during the first quarter of 2020, when the COVID 19-related economic contraction led many renters to search for more affordable rental housing or, for those with the means and expected long-term work-from-home options, to transition into homeownership both in and outside the HMA. During the first quarter of 2022, apartment rents rose 12 percent year-over-year to $1,371, compared with a 7-percent increase during the first quarter of 2021, and a 2-percent increase during the same quarter in 2020. Nationally, the apartment vacancy rate was 4.9 percent during the first quarter of 2022, down from 6.0 percent a year earlier, and the rent averaged $1,592, up 11 percent from a year earlier.

## Renter Cost Burden

Rents in the HMA are lower than in the nation, but renter households in the HMA face a similar degree of cost burden with renters nationally, and very low-income renter households, earning up to 50 percent of the area median income, are more likely to experience severe cost burden. During the 2014-through-2018 period, an estimated 22.3 percent of all renter households in the HMA experienced moderate to high cost burden, whereas 23.0 percent experienced severe cost burden, spending 51 percent or more of their income on rent (Table 12). By comparison, nationwide, 21.8 and 22.6 percent of renter households experienced moderate to high cost burden and severe cost burden, respectively. Of the very low-income renter households in the HMA, 23.0 percent experienced moderate to high cost burden, and 55.9 percent experienced severe cost burden. Nationally, 24.7 and 51.2 percent of renter households experienced moderate to high cost burden and severe cost burden, respectively.

**Table 11. Rental and Apartment Market Quick Facts in the Richmond HMA**

| Rental Market Quick Facts | | 2010 (%) | Current (%) |
|---|---|---|---|
| | **Rental Vacancy Rate** | 8.9 | 5.3 |
| | | **2010 (%)** | **2019 (%)** |
| | **Occupied Rental Units by Structure** | | |
| | Single-Family Attached & Detached | 39 | 40 |
| | Multifamily (2–4 Units) | 12 | 11 |
| | Multifamily (5+ Units) | 45 | 47 |
| | Other (Including Mobile Homes) | 3 | 3 |

Notes: The current date is April 1, 2022. Percentages may not add to 100 due to rounding.
Sources: 2010 vacancy rate—2010 Census; current vacancy rate—estimate by the analyst; occupied rental units by structure—2010 and 2019 American Community Survey

**Table 12. Percentage of Cost Burdened Renter Households by Income, 2014–18**

| | Moderate to High Cost Burden: 31–50 Percent of Income Toward Housing Costs | | Severe Cost Burden: 51 Percent or More of Income Toward Housing Costs | |
|---|---|---|---|---|
| | Richmond HMA | Nation | Richmond HMA | Nation |
| **Renter Households with Income <50% HAMFI** | 23.0 | 24.7 | 55.9 | 51.2 |
| **Total Renter Households** | 22.3 | 21.8 | 23.0 | 22.6 |

HAMFI = HUD area median family income.
Source: Consolidated Planning/CHAS Data, 2014–2018 American Community Survey 5-year estimates

## Forecast

During the 3-year forecast period, demand is expected for 8,125 new rental units (Table 13). Rental demand is expected to increase slightly in the second and third years of the forecast period as economic conditions recover from the pandemic-related disruption, and the number of people moving into the HMA is expected to rise. The 9,280 units under construction in the HMA are expected to more than satisfy all demand for new rental units in the Central Richmond submarket and satisfy a portion of the demand in the Greater Richmond submarket during the forecast period.

**Table 13. Demand for New Rental Units in the Richmond HMA During the Forecast Period**

| | Rental Units |
|---|---|
| **Demand** | 8,125 Units |
| **Under Construction** | 9,280 Units |

Note: The forecast period is April 1, 2022, to April 1, 2025.
Source: Estimates by the analyst

# Rental Market—Central Richmond Submarket

### Market Conditions: Balanced

The estimated overall rental vacancy rate of 5.6 percent is down from 9.0 percent in April 2010, when conditions were soft.

## Current Conditions and Recent Trends

Rental housing market conditions in the Central Richmond submarket are balanced, with an estimated overall rental vacancy rate of 5.6 percent, down from 9.0 percent in April 2010 (Table 14). The inventory of occupied rental housing is generally large apartment complexes, given more limited developable land in the submarket. In 2019, approximately 52 percent of

**Table 14. Rental and Apartment Market Quick Facts in the Central Richmond Submarket**

| Rental Market Quick Facts | | 2010 (%) | Current (%) |
|---|---|---|---|
| | **Rental Vacancy Rate** | 9.0 | 5.6 |
| | | **2010 (%)** | **2019 (%)** |
| | **Occupied Rental Units by Structure** | | |
| | Single-Family Attached & Detached | 33 | 35 |
| | Multifamily (2–4 Units) | 13 | 12 |
| | Multifamily (5+ Units) | 53 | 52 |
| | Other (Including Mobile Homes) | 2 | 1 |

Notes: The current date is April 1, 2022. Percentages may not add to 100 due to rounding.
Sources: 2010 vacancy rate—2010 Census; current vacancy rate—estimate by the analyst; occupied rental units by structure—2010 and 2019 American Community Survey

all renter households resided in buildings with five or more units, down from 53 percent during 2010 (ACS 1-year data). Those denser building types are more common in urbanized areas. Twelve percent of the rental-occupied housing in the submarket consists of units in buildings with two to four units, down from 13 percent in 2010. Approximately 35 percent of renter households resided in single-family homes in 2019, up from 33 percent in 2010. The increase in rental occupied single-family housing is partly a result of students opting to live in relatively more affordable single-family rentals in neighborhoods like The Fan near VCU.

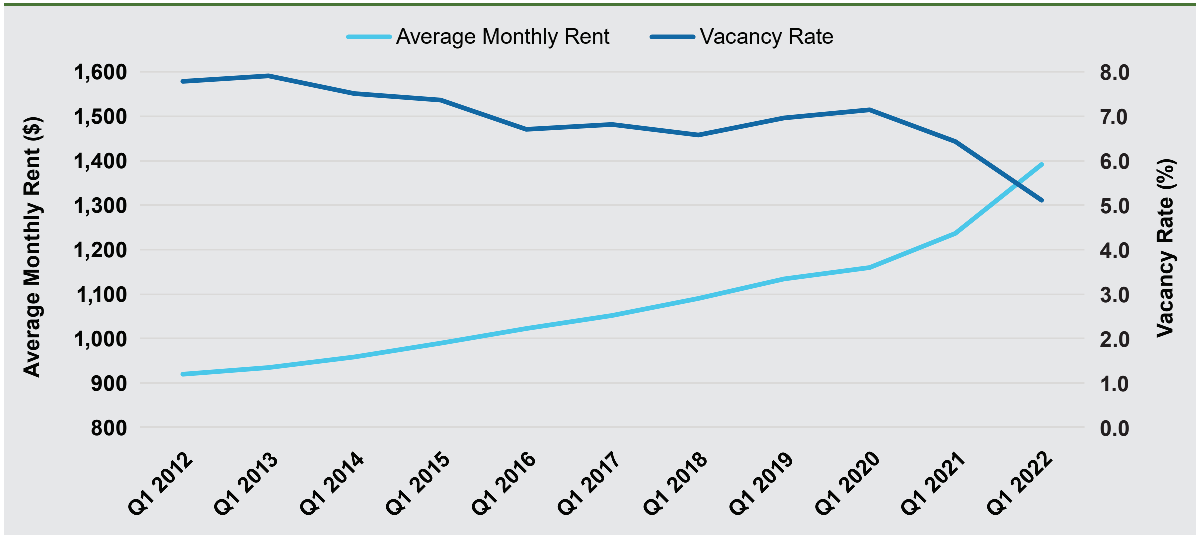
## Single-Family Rental Market Current Conditions and Recent Trends

Rental market conditions for professionally managed detached and attached single-family homes in the submarket are tight and have been tightening since 2012. In the city of Richmond, the single-family rental vacancy rate was 3.8 percent during March 2022, down slightly from 3.9 percent in March 2021 (CoreLogic, Inc.). Rents for professionally managed units in the city of Richmond averaged $1,752, $1,538, $1,763, and $2,095 for one-, two-, three-, and four-bedroom homes, respectively. Rents for one-bedroom homes were significantly higher than for two-bedroom homes partly because of increased demand for more affordable housing units near the university, rather than for new, more expensive apartments. Conditions were tighter in Chesterfield and Henrico Counties, with vacancy rates of 1.3 and 1.5 percent, respectively, unchanged from the same month 1 year earlier. During March 2022, average rents in the two counties ranged from $1,359 to $1,561 for one-bedroom homes, $1,481 to $1,612 for two-bedroom homes, $1,775 to $1,801 for three-bedroom homes, and $2,190 to $2,202 for four-bedroom homes. The recent vacancy rates are the lowest since at least March 2013, when the rates averaged 1.5, 2.2, and 5.3 percent in Chesterfield County, Henrico County, and the city of Richmond, respectively. During March 2013, average rents in the three jurisdictions that comprise the submarket ranged from $853 to $1,092 for one-bedroom homes, $926 to $990 for two-bedroom homes, $1,007 to $1,141 for three-bedroom homes, and $1,339 to $1,632 for four-bedroom homes.

## Apartment Market Current Conditions and Recent Trends

The apartment market in the submarket is tight and has generally been tightening following the first quarter of 2012. During the first quarter of 2022, the apartment vacancy rate was 5.1 percent, down from 6.4 percent during the first quarter of 2021 (CoStar Group; Figure 15). By comparison, during the first quarter of 2020, the vacancy rate increased to 7.2 percent from 7.0 percent one year earlier, when the pandemic

**Figure 15. Apartment Rents and Vacancy Rates in the Central Richmond Submarket**




Q1 = first quarter.
Source: CoStar Group

led many renters to search for housing in less dense areas and when students returned home to live with their parents. The reduction in the vacancy rate recorded during the two most recent first quarters is partly a result of residents, workers, and students returning to the submarket when offices and universities reopened; that vacancy rate reduction is also because the Virginia eviction moratorium is in place through June 2022, and property managers have been unable to evict tenants even if they have been unable to pay rent. The recent vacancy rate is the lowest first quarter vacancy rate in the submarket since at least 2012, despite rental construction activity reaching peak levels since 2019. From the first quarter of 2012 through the first quarter of 2015, the vacancy rate generally declined, from 7.8 percent to 7.4 percent, respectively, and it declined further, to 6.6 percent, by the first quarter of 2018.

By the first quarter of 2022, apartment rents had risen 13 percent, to $1,392, from the first quarter of 2021, compared with a 7-percent increase between the first quarter of 2020 and the first quarter of 2021, faster than any year since at least 2013. This increase is partly because of tightening apartment market conditions and new apartment stock entering the market. By the first quarters of 2020 and 2019, rents had risen 2 and 4 percent from the prior first quarter, respectively. From 2012 through 2018, the first quarter rent rose from $920 to $1,090, an average 3 percent increase a year.

## Current Apartment Market Conditions by Market Area

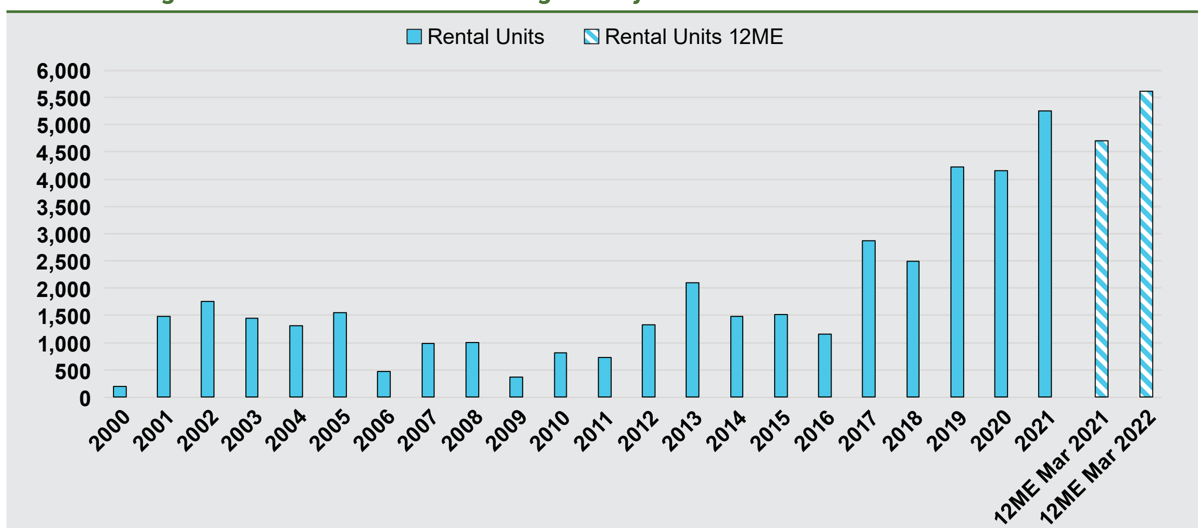
The apartment market in the CoStar Group-defined Downtown Richmond market area, particularly in The Fan and Scott's Addition neighborhoods, is an area largely impacted by early-to-mid-career adults and students enrolled at VCU. During the first quarter of 2022, the vacancy rate in the market area was 5.1 percent, down only 0.2 percentage point from 5.3 percent the previous year. The market tightened because demand by workers returning to the office and students returning to the university outpaced several years of increased construction in the market area. Additionally, during the middle of the fall semester of 2021, demand for apartments increased when a residence hall at VCU with more than 400 students was closed, moving those students into alternative on-campus and off-campus housing, including hotel rooms and apartments. The hall has remained closed through the spring semester of 2022, but it is expected to open in the fall, when student enrollment is expected to remain relatively unchanged. Between the first quarter of 2021 and the first quarter of 2022, the average rent rose 7 percent, the lowest growth rate in the Central Richmond submarket, partly because of the large number of units that have entered the market area in recent years. At $1,406, the rent is not the highest in the HMA, but it is the most expensive on a square foot basis because the market area has the smallest average unit sizes in the submarket.

The two most expensive market areas in the submarket are west of the Downtown Richmond market area. Rents in the Midlothian and the West End market areas during the first quarter of 2022 averaged $1,611 and $1,559, respectively, up 17 and 8 percent, from the previous year. At the same time, the vacancy rates fell 0.3 percentage point and 14.7 percentage points, respectively, in the respective market areas, to 7.5 and 10.6 percent, the highest vacancy rates in the HMA. The large drop in the vacancy rate in the West End market area occurred because the absorption of units exceeded the delivery of 340 new apartment units in the past year, compared with 1 year earlier when the delivery of 250 new apartment units exceeded absorption; the market area is near Downtown Richmond, but it has suburban components like strip malls and chain restaurants. The lowest rent in the submarket was $1,010 in the Northside market area, with a vacancy rate of 4.4 percent, down from 9.0 percent during the first quarter of 2021.

## Rental Construction

Rental construction activity, as measured by the number of rental units permitted, increased to the highest level since 2021, and construction has been at an elevated level since 2012 (Figure 16). During 2000, nearly 190 rental units were permitted annually, increasing to an average of 1,500 units a year from 2001 through 2005, a period that included strong population growth but a strong propensity for homeownership.

**Figure 16. Annual Rental Permitting Activity in the Central Richmond Submarket**




12ME = 12 months ending.
Note: Includes apartments and units intended for rental occupancy.
Sources: U.S. Census Bureau, Building Permits Survey; 2000–21—final data and estimates by the analyst; past 24 months of data—preliminary data and estimates by the analyst

From 2006 through 2011, when the local economy was affected by the Great Recession and lower levels of population growth, rental construction activity declined to an average of 730 units. Low levels of apartment construction, along with population and job growth following the Great Recession, contributed to a tightening rental market, and developers responded with rising levels of new construction; from 2012 through 2016, an average of 1,525 units were permitted annually. Rental permitting rose further to an average of 2,675 units annually during 2017 and 2018 as the rental market again tightened. Rental permitting rose to an average of 4,200 units during 2019 and 2020 before rising to 5,250 units in 2021. During the 12 months ending March 2022, approximately 5,600 rental units were permitted, up 20 percent from the nearly 4,700 units permitted during the previous 12-month period (preliminary data, with adjustments by the analyst).

Rental construction since 2012 has been concentrated in and around the city of Richmond. In the Downtown Richmond market area, the market-rate general occupancy Mutual on Main is currently underway, and it will include 168 units when complete in January 2023. In addition, two student-oriented apartment properties are under construction in the market area, with 168 and 24 units each at Ascend Richmond Student Living and Parkview Franklin in The Fan neighborhood, and they are expected to be complete in 2022 and 2023, respectively. Of the approximately 1,125 rental units under construction in the Midlothian market area, Luxe 360, a 342-unit luxury apartment building, is expected to be complete in April 2023; at completion, the property will feature one-bedroom units. The growing aging population has also affected construction in the submarket. In the Northside market area, the Westminster Canterbury Richmond retirement community will add 100 apartment units for residents age 55 and older when it opens in December 2022; this is an addition to the existing 487 apartment units, 164 assisted living units, and 158 nursing units in the community.

## Forecast

During the 3-year forecast period, demand is estimated for 6,925 new rental units in the Central Richmond submarket (Table 15). The combination of continued growth in the number of renter households and continued economic recovery are expected to result in demand increasing in years two and three of the forecast period. Rental demand is likely to continue in and near the city of Richmond. The 8,550 units currently under construction are expected to satisfy all of the forecast demand. As a result, new construction should be timed to enter the market after the third year of the forecast period to allow for the units currently under construction to be completed and absorbed.

**Table 15. Demand for New Rental Units in the Central Richmond Submarket During the Forecast Period**

| Rental Units | |
|---|---|
| **Demand** | 6,925 Units |
| **Under Construction** | 8,550 Units |

Note: The forecast period is April 1, 2022, to April 1, 2025.
Source: Estimates by the analyst

# Rental Market—Greater Richmond Submarket

### Market Conditions: Tight

The estimated overall rental vacancy rate of 4.3 percent is down from 8.3 percent in April 2010, when conditions were soft.

## Current Conditions and Recent Trends

The rental market in the Greater Richmond submarket is tight, with an estimated 4.3-percent vacancy rate, down from 8.3 percent in April 2010 (Table 16). With moderate levels of rental construction, accelerated population growth since the Great Recession has contributed to persistently tight market conditions. Although the submarket has the lower proportion of renters in the HMA, at 27.0 percent, that proportion has grown at a more rapid pace than in the Central Richmond submarket since 2010. Because the submarket is the least urbanized in the HMA, it had the highest proportion of single-family homes occupied by renters of the two submarkets in the HMA in 2019, at 57 percent—down from 61 percent in 2010—and the lowest percentage of renter households in buildings with two to four units, at 8 percent, down from 11 percent. Occupied rental housing in the submarket has been shifting to apartments, and in 2019, approximately 27 percent of all renter households resided in buildings with five or more units, up from 20 percent in 2010.

**Table 16. Rental and Apartment Market Quick Facts in the Greater Richmond Submarket**

| | | 2010 (%) | Current (%) |
|---|---|---|---|
| Rental Market Quick Facts | **Rental Vacancy Rate** | 8.3 | 4.3 |
| | | **2010 (%)** | **2019 (%)** |
| | **Occupied Rental Units by Structure** | | |
| | Single-Family Attached & Detached | 61 | 57 |
| | Multifamily (2–4 Units) | 11 | 8 |
| | Multifamily (5+ Units) | 20 | 27 |
| | Other (Including Mobile Homes) | 9 | 7 |

Notes: The current date is April 1, 2022. Percentages may not add to 100 due to rounding.
Sources: 2010 vacancy rate—2010 Census; current vacancy rate—estimate by the analyst; occupied rental units by structure—2010 and 2019 American Community Survey

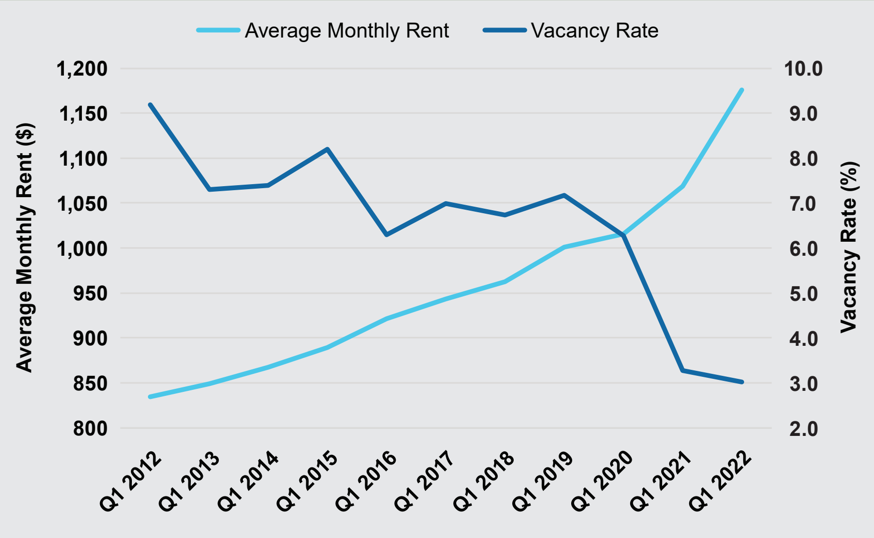
## Single-Family Rental Market Current Conditions and Recent Trends

Rental market conditions for professionally managed detached and attached single-family homes are tight to very tight in the Greater Richmond submarket. During March 2022, the vacancy rate ranged from 0.9 percent to 1.1 percent in nearly all the jurisdictions of the submarket, except in the independent cities of Colonial Heights, Hopewell, and Petersburg, where the vacancy rates were 3.1, 5.0, and 5.2 percent, respectively (CoreLogic, Inc.). Vacancy rates remained unchanged or declined from 1 year earlier in nearly all the jurisdictions, but the vacancy rates rose 0.3 and 0.1 percent, respectively, in the cities of Colonial Heights and Hopewell. During March 2022, average rents in the submarket ranged from $887 to $1,406 for one-bedroom homes, $959 to $1,622 for two-bedroom homes, $1,247 to $1,887 for three-bedroom homes, and $1,619 to $2,312 for four-bedroom homes. Vacancy rates in the submarket have generally trended downward since 2013, except in the city of Colonial Heights and in New Kent and Powhatan Counties. Average rents in the submarket during March 2013 ranged from $613 to $862, from $712 to $1,105, from $895 to $1,263, and from $1,335 to $1,771 for one-, two-, three-, and four-bedroom homes, respectively.

## Apartment Market Current Conditions and Recent Trends

Apartment market conditions in the submarket are currently tight. Tight conditions have persisted as measured during the two most recent first quarters, and first quarter vacancy rates have declined for 3 consecutive years. During the first quarter of 2022, the apartment vacancy rate was 3.0 percent, down from 3.3 percent a year earlier, and the average rent rose 10 percent to $1,176, compared with a 5-percent increase from the first quarter of 2020 to the first quarter of 2021 (CoStar Group; Figure 17). By comparison, by the first

**Figure 17. Apartment Rents and Vacancy Rates in the Greater Richmond Submarket**




Q1 = first quarter.
Source: CoStar Group

quarter of 2020, at the start of the pandemic, the vacancy rate declined to 6.3 percent from 7.2 percent one year earlier. The decreases in the apartment vacancy rate are partly a result of increased demand from residents who moved into the submarket from more urban areas, like the Central Richmond submarket, to more suburban areas. By the first quarter of 2020, the rents in the Greater Richmond submarket had risen 1 percent from the previous year, following a 4-percent increase during the first quarter of 2019.

By comparison, the apartment vacancy rate fluctuated between the first quarters of 2012 through 2018, but it ultimately declined. From the first quarter of 2012 through the first quarter of 2018, the vacancy rate decreased from 9.2 percent to 6.7 percent. The overall decline occurred because of a shift from homeownership to renting and an increase in net in-migration. At the same time, rents rose an average of 2 percent annually from $835 to $963.

## Current Apartment Market Conditions by Market Area

Apartment vacancy rates declined in 9 of the 11 CoStar Group-defined market areas of the submarket during the first quarter of 2022. Vacancy rates for all the market areas in the submarket were below the HMA rate. The largest decrease in vacancy rate occurred in the Sussex County market area, where the vacancy rate fell 5.3 percentage points to 3.0 percent and where the rent is the lowest in the HMA, at $644. Located south of the Downtown Richmond market area, the Sussex County market area is the southernmost in the HMA. Adjacent to and north of the Sussex County submarket, the vacancy rate declined the least, 0.1 percentage point, to 2.0 percent in the Prince George County market area. The vacancy rate rose 0.7 percentage point each in the Hopewell City and the Petersburg/Colonial Heights/Ft. Lee/Ettrick market areas to 1.9 and 4.7 percent, respectively, although only one 106-unit apartment property, the Market Street Lofts, entered the latter market area during the past year. Although military personnel live throughout the HMA, as of September 2021, the largest concentration of personnel live in off-base housing in the Petersburg/Colonial Heights/Ft. Lee/Ettrick market area.

Average monthly rents rose in the nine market areas where data are available, but average rent growth in only two market areas matched or exceeded the growth rate in the HMA. Rents in the submarket vary more widely in this submarket, depending on location, compared with the Central Richmond submarket. Located north of the Downtown Richmond market area, rents rose 12 and 13 percent in the Hanover County and the Goochland County market areas, respectively, to $1,373 and $1,839; the Goochland County market area is the most expensive market area in the HMA. These increases are likely because both market areas are tight, and no new inventory has been delivered in either market area in the past year. The smallest rent increase of 2 percent occurred in the northernmost market area, Caroline County, where the average rent rose to $881.

## Rental Construction

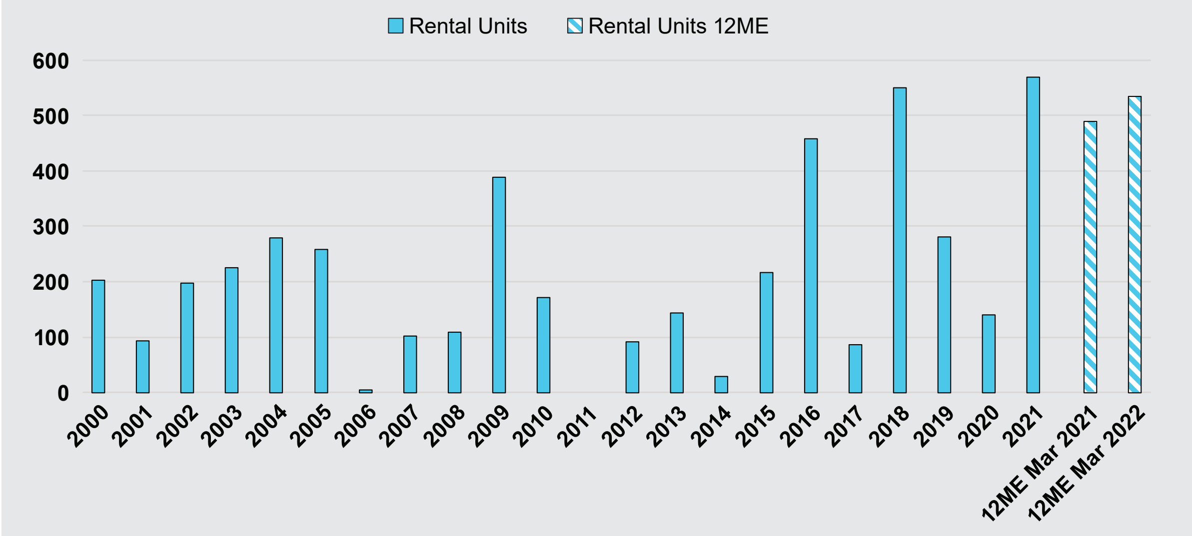
Builders increased the magnitude of rental construction, as measured by the number of units permitted, to the highest level in 2021 (Figure 18), when housing demand increased following the impact of the COVID-19 pandemic. From 2000 through 2005, an average of 210 units were permitted. That number declined to 5 units in 2006 before increasing to 390 units permitted in 2009, when the HMA was impacted by the sales housing market downturn, and builders increased apartment construction. Rental permitting declined to 170 units in 2010 and to zero in 2011, allowing for the absorption of recently completed units. Permitting rose an average of 49 percent a year, from 90 units permitted in 2012 to the 460 units permitted in 2016, as the rental market tightened. In 2017, the number of units permitted decreased to 90, rose to 550 units in 2018 as market conditions tightened, and then declined 50 percent a year during the next 2 years to 140 units during 2020. By 2021, permitting rose to a peak of 570 units. During the 12 months ending March 2022, nearly 540 units were permitted, up 9 percent from the 490 units permitted during the same period a year earlier (preliminary data, with adjustments by the analyst).

Since 2018, Hanover County has accounted for 50 percent of new construction in the submarket. New apartment construction has been highest in the town of Mechanicsville and has accounted for approximately 86 percent of all construction in the submarket since 2018. Currently under construction in the city of Mechanicsville, just 9 miles northeast of Downtown Richmond, is the 90-unit expansion at the 132-unit market-rate Sherwood Crossing Apartments; the expansion is expected to be complete in August 2022. Rents for one- and two-bedroom units at the existing property average $1,419 and $1,519.

## Forecast

During the 3-year forecast period, demand is estimated for 1,200 new rental units (Table 17). Continued economic recovery and household growth are expected to result in rental demand at a similar level compared with recent years. Significant rental demand is likely to continue in and near Mechanicsville. The 730 units currently under construction will satisfy a portion of the demand.

**Figure 18. Annual Rental Permitting Activity in the Greater Richmond Submarket**




12ME = 12 months ending.
Note: Includes apartments and units intended for rental occupancy.
Sources: U.S. Census Bureau, Building Permits Survey; 2000–21—final data and estimates by the analyst; past 24 months of data—preliminary data and estimates by the analyst

**Table 17. Demand for New Rental Units in the Greater Richmond Submarket During the Forecast Period**

| | Rental Units |
|---|---|
| **Demand** | 1,200 Units |
| **Under Construction** | 730 Units |

Note: The forecast period is January 1, 2022, to January 1, 2025.
Source: Estimates by the analyst

# Terminology Definitions and Notes

## A. Definitions

| | |
|---|---|
| **CARES Act** | The Coronavirus Aid, Relief, and Economic Security (CARES) Act was signed into law on March 27, 2020. The more-than-$2 trillion in federal funding provides economic assistance in response to the public health and economic impacts of COVID-19. |
| **Cost Burden** | Spending more than 30 percent of household income on housing costs. Moderate to high cost burden refers to households spending 31 to 50 percent of income on housing costs. Severe cost burden refers to households spending 51 percent or more of income on housing costs. |
| **Demand** | The demand estimates in the analysis are not a forecast of building activity. They are the estimates of the total housing production needed to achieve a balanced market at the end of the 3-year forecast period given conditions on the as-of date of the analysis, growth, losses, and excess vacancies. The estimates do not account for units currently under construction or units in the development pipeline. |
| **Existing Home Sales/Existing Home Sales Prices** | Includes resale sales, short sales, and REO sales. |
| **Forecast Period** | 4/1/2022–4/1/2025—Estimates by the analyst. |
| **Homebuilding Activity/Building Permits** | Building permits do not necessarily reflect all residential building activity that occurs in an HMA. Some units are constructed or created without a building permit or are issued a different type of building permit. For example, some units classified as commercial structures are not reflected in the residential building permits. As a result, the analyst, through diligent fieldwork, makes an estimate of this additional construction activity. Some of these estimates are included in the discussions of single-family and multifamily building permits. |
| **Home Sales/Home Sales Prices** | Includes single-family, townhome, and condominium sales. |

| | |
|---|---|
| Net Natural Decrease | Resident deaths are greater than resident births. |
| Net Natural Increase | Resident births are greater than resident deaths. |
| Real Estate Owned (REO) Sales | Bank-owned properties that were sold to an unaffiliated third party. |
| Rental Market/ Rental Vacancy Rate | Includes apartments and other rental units such as single-family, multifamily, and mobile homes. |
| Resales | These are home closings that have no ties to either new home closings (builders) or foreclosures. They are homes that were previously constructed and sold to an unaffiliated third party. |
| Seriously Delinquent Mortgages | Mortgages 90+ days delinquent or in foreclosure. |
| Short Sales | Sales that have transaction amounts that are less than the loan balance. |
| Tri-Cities Area | An area in the Richmond HMA that includes the cities of Colonial Heights, Hopewell, and Petersburg, and the counties of Chesterfield, Dinwiddie, and Prince George. |
| Unaccompanied Housing | Military housing intended to be occupied by members of the armed forces serving a tour of duty unaccompanied by dependents. |

## B. Notes on Geography

| | |
|---|---|
| 1. | The metropolitan statistical area definition noted in this report is based on the delineations established by the Office of Management and Budget (OMB) in the OMB Bulletin dated April 10, 2018. |
| 2. | Urbanized areas are defined using the U.S. Census Bureau 2010 Census Urban and Rural Classification and the Urban Area Criteria. |
| 3. | The census tracts referenced in this report are from the 2010 Census. |

## C. Additional Notes

| | |
|---|---|
| 1. | The NAHB Housing Opportunity Index represents the share of homes sold in the HMA that would have been affordable to a family earning the local median income, based on standard mortgage underwriting criteria. |
| 2. | This analysis has been prepared for the assistance and guidance of HUD in its operations. The factual information, findings, and conclusions may also be useful to builders, mortgagees, and others concerned with local housing market conditions and trends. The analysis does not purport to make determinations regarding the acceptability of any mortgage insurance proposals that may be under consideration by the Department. |
| 3. | The factual framework for this analysis follows the guidelines and methods developed by the Economic and Market Analysis Division within HUD. The analysis and findings are as thorough and current as possible based on information available on the as-of date from local and national sources. As such, findings or conclusions may be modified by subsequent developments. HUD expresses its appreciation to those industry sources and state and local government officials who provided data and information on local economic and housing market conditions. |

## D. Photo/Map Credits

| | |
|---|---|
| Cover Photo | Adobe Stock |

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