

COMMERCIAL REAL ESTATE REPORT Q3 2022

Richmond, VA Metro Area

Demographics and Economy

Demographics

0.6%	32.7%	2.2%	52.6%
population growth (2020-2021) U.S.: 0.7%	share of renters (2021) U.S.: 34.5%	renter household formation (2021) U.S.: 2.6%	share of inbound moves (Jan-Sept 2022)

Economy

-0.3%	13,400	2.0%	1.1%
GDP growth (2021) U.S.: 5.9%	12-month job creation (September 2022)	1-year job growth (September 2022) U.S.: 3.9%	1-year wage growth (September 2022) U.S.: 4.8%
\$54,892	2.8%	23.0%	50.2%
Average wage per year (September 2022) U.S.: \$49,100	unemployment rate (September 2022) U.S.: 3.5%	share of workers teleworking (2021) U.S.: 17.9%	inbound businesses moves (Jan-Sept 2022)

Commercial Real Estate by Sector

1. Office

Demand for office space is **weaker than nationwide** as this area has a slower absorption of office space. As a result, rents rose slower than nationwide. However, vacancy rate is lower in this area.

	Net Absorption SF	Net Absorption SF 12 Months	Market Rent Growth 12 Months	Market Rent/SF	Vacancy Rate
Q3 2022	-441,245	-775,995	0.8%	\$21	8.3%
Q3 2021	266,751	-27,133	-1.0%	\$21	7.0%
	Inventory SF	Net Delivered SF	Net Delivered SF 12 Months	Total Sales Volume	Market Cap Rate
Q3 2022	67,674,560	-764	140,055	\$22,867,500	8.4%
Q3 2021	67,534,505	4,073	167,372	\$98,823,048	8.4%

2. Multifamily

Demand for multifamily space is **stronger than nationwide** as this area has a faster absorption of multifamily space. As a result, rent prices rose faster than nationwide. However, vacancy rate is higher in this area.

	Absorption Units	Absorption Units 12 Months	Market Asking Rent Growth 12 Months	Market Asking Rent/Unit	Market Effective Rent/Unit	Vacancy Rate
Q3 2022	-12	1,433	6.7%	\$1,416	\$1,406	6.5%
Q3 2021	1,045	4,364	11.0%	\$1,327	\$1,318	4.3%
	Inventory Units	Net Delivered Units	Net Delivered Units 12 Mo	Market Cap Rate		
Q3 2022	97,002	800	3,782	5.1%		
Q3 2021	93,220	440	2,502	5.3%		

3. Retail

Demand for retail space is **stronger than nationwide** as this area has a faster absorption of retail space. Despite strong conditions, rent prices rose slower than nationwide and vacancy rate is higher in this area.

	Net Absorption SF	Net Absorption SF 12 Months	Market Rent Growth 12 Months	Market Rent/SF	Vacancy Rate
Q3 2022	219,098	730,431	3.1%	\$19	4.8%
Q3 2021	271,627	518,581	1.9%	\$18	5.5%
	Inventory SF	Market Cap Rate	Total Sales Volume	Transaction Sale Price/SF	
Q3 2022	82,509,068	7.4%	\$65,043,808	\$238	
Q3 2021	82,327,181	7.6%	\$236,655,040	\$155	

4. Industrial

Demand for industrial space is **stronger than nationwide** as this area has a faster absorption of industrial space. As a result, rent prices rose faster than nationwide and vacancy rate is lower in this area.

	Net Absorption SF	Net Absorption SF 12 Months	Market Rent Growth 12 Months	Market Rent/SF	Vacancy Rate
Q3 2022	2,866,881	5,028,091	12.6%	\$8	3.0%
Q3 2021	1,088,906	2,276,854	9.5%	\$7	3.8%
	Inventory SF	Net Delivered SF	Net Delivered SF 12 Months	Market Cap Rate	Total Sales Volume
Q3 2022	138,810,536	2,939,366	4,165,839	6.9%	\$178,894,192
Q3 2021	134,644,697	340,971	1,405,086	7.1%	\$189,131,536

Sources: NAR analysis on data from the U.S. Census Bureau, U.S. Bureau of Labor Statistics, Bureau of Economic Analysis, USPS, CoStar

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COMMERCIAL REAL ESTATE REPORT Q3 2022

Virginia Beach-Norfolk-Newport News, VA-NC Metro Area

Demographics and Economy

Demographics

0.2%	37.6%	4.5%	55.4%
population growth (2020-2021) U.S.: 0.7%	share of renters (2021) U.S.: 34.5%	renter household formation (2021) U.S.: 2.6%	share of inbound moves (Jan-Sept 2022)

Economy

-1.7%	19,600	2.5%	16.3%
GDP growth (2021) U.S.: 5.9%	12-month job creation (September 2022)	1-year job growth (September 2022) U.S.: 3.9%	1-year wage growth (September 2022) U.S.: 4.8%
\$52,152	3.0%	13.8%	44.7%
Average wage per year (September 2022) U.S.: \$49,100	unemployment rate (September 2022) U.S.: 3.5%	share of workers teleworking (2021) U.S.: 17.9%	inbound businesses moves (Jan-Sept 2022)

Commercial Real Estate by Sector

1. Office

Demand for office space is **stronger than nationwide** as this area has a faster absorption of office space. Despite strong conditions, rent prices rose slower than nationwide. However, vacancy rate is lower in this area.

	Net Absorption SF	Net Absorption SF 12 Months	Market Rent Growth 12 Months	Market Rent/SF	Vacancy Rate
Q3 2022	-26,803	180,682	1.2%	\$21	7.9%
Q3 2021	206,276	163,839	1.5%	\$21	7.9%
	Inventory SF	Net Delivered SF	Net Delivered SF 12 Months	Total Sales Volume	Market Cap Rate
Q3 2022	55,836,925	25,486	168,726	\$79,388,312	8.8%
Q3 2021	55,668,199	-17,703	279,941	\$84,836,080	8.7%

2. Multifamily

Demand for multifamily space is **weaker than nationwide** as this area has a slower absorption of multifamily space. Despite weaker conditions, rent prices rose faster than nationwide. However, vacancy rate is higher in this area.

	Absorption Units	Absorption Units 12 Months	Market Asking Rent Growth 12 Months	Market Asking Rent/Unit	Market Effective Rent/Unit	Vacancy Rate
Q3 2022	-637	-1,162	6.1%	\$1,394	\$1,386	5.7%
Q3 2021	149	2,732	11.8%	\$1,313	\$1,310	3.3%
	Inventory Units	Net Delivered Units	Net Delivered Units 12 Mo	Market Cap Rate		
Q3 2022	119,333	356	1,762	5.2%		
Q3 2021	117,571	180	1,368	5.4%		

3. Retail

Demand for retail space is **stronger than nationwide** as this area has a faster absorption of retail space. Despite strong conditions, rent prices rose slower than nationwide and vacancy rate is higher in this area.

	Net Absorption SF	Net Absorption SF 12 Months	Market Rent Growth 12 Months	Market Rent/SF	Vacancy Rate
Q3 2022	503,793	834,764	3.7%	\$19	4.9%
Q3 2021	215,083	232,798	4.4%	\$18	5.6%
	Inventory SF	Market Cap Rate	Total Sales Volume	Transaction Sale Price/SF	
Q3 2022	106,853,344	7.3%	\$321,730,688	\$187	
Q3 2021	106,773,155	7.3%	\$156,808,784	\$168	

4. Industrial

Demand for industrial space is **stronger than nationwide** as this area has a faster absorption of industrial space. Despite strong conditions, rent prices rose slower than nationwide. However, vacancy rate is lower in this area.

	Net Absorption SF	Net Absorption SF 12 Months	Market Rent Growth 12 Months	Market Rent/SF	Vacancy Rate
Q3 2022	691,766	6,698,297	10.3%	\$9	1.7%
Q3 2021	272,029	979,227	7.7%	\$8	2.3%
	Inventory SF	Net Delivered SF	Net Delivered SF 12 Months	Market Cap Rate	Total Sales Volume
Q3 2022	127,441,025	690,200	6,076,862	7.4%	\$89,240,736
Q3 2021	121,364,163	279,253	408,681	7.4%	\$86,399,928

Sources: NAR analysis on data from the U.S. Census Bureau, U.S. Bureau of Labor Statistics, Bureau of Economic Analysis, USPS, CoStar

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