



MARKET AT A GLANCE



OCCUPANCY RATE **95.3%**
Up **10 bps** since 3Q16



ASKING RENT **\$1,037**
Up **3.3%** since 3Q16

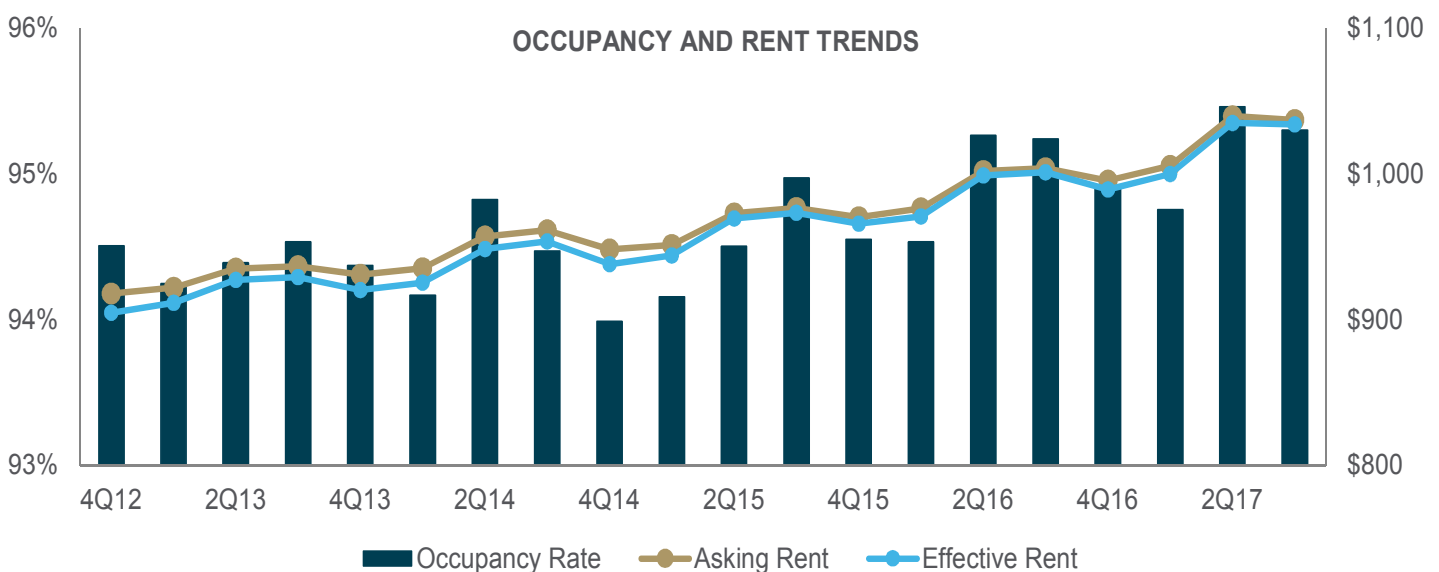


CONCESSIONS **0.3%**
Down **10 bps** since 3Q16

OCCUPANCY AND RENT TRENDS

RENT RISES, CONCESSIONS DROP AS PAYROLLS EXPAND 2.6%

Despite subdued rental activity in the third quarter of this year, apartment demand for the most recent four quarter-period remained healthy. The trailing 12-month net absorption total of 1,225 units exceeded new supply by 283 units and helped push the year-over-year occupancy rate up 10 basis points to 95.3%. Multiple corporate relocations, expansions, and continued growth at the Virginia Biotechnology Research Park stimulated increased rental activity in the Downtown/The Fan submarket. The aforementioned submarket, combined with the North Chesterfield and Far West End submarkets located near the I-64 corridor, accounted for 76% of all new leases signed in metro Richmond over the last year. Seeking to match demand in those submarkets, developers added 56% of the annual total deliveries in those areas. At the end of the third quarter, average asking rent reached \$1,037, a 3.3% annual increase, the metro's second-highest growth rate since 2007. Rent growth was spurred by positive annual appreciation in 16 of Richmond's 17 submarkets. Meanwhile, average concessions dipped 10 basis points year over year to 0.3% of asking rent. Effective rent reached \$1,034 per month, matching the growth rate of asking rent.



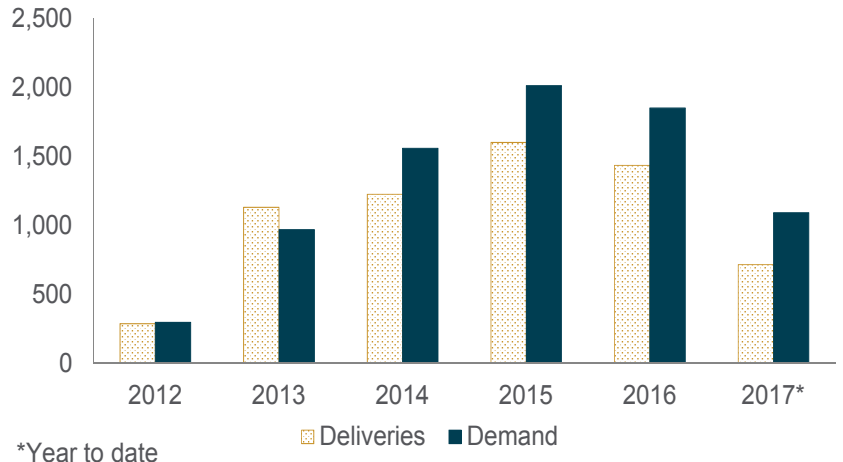
DELIVERIES AND DEMAND



DELIVERIES 714
Units YTD



NET ABSORPTION 1,089
Units YTD



ECONOMIC TRENDS

2016 4.1% **UNEMPLOYMENT*** 2017 3.8%
-30 BPS CHANGE

2016 665.4k **EMPLOYMENT*** 2017 682.4k
2.6% CHANGE

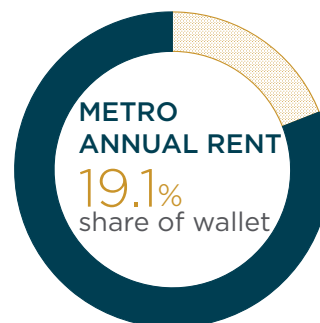
2016 19.6k **EXISTING SFH SALES**** 2017 21.2k
8.2% CHANGE

2016 \$233.3k **MEDIAN SFH PRICE**** 2017 \$247.2k
6.0% CHANGE

2016 1.63% **10-YEAR TREASURY**** 2017 2.20%
60 BPS CHANGE

The addition of 17,000 jobs throughout Greater Richmond in the 12-month period ending in August 2017 equated to a 2.6% annual growth rate, eclipsing the national growth rate by 120 basis points. The education and health services sector set the pace for hiring with the addition of 6,400 positions. Companies in the professional and business services sector added 3,900 new jobs over the past year as Owens and Minor Inc. and CoStar Group Inc. expanded into Downtown Richmond. Buoyed by multiple health care-related construction projects by Virginia Commonwealth University (VCU), Resource Healthcare of America Inc., and Bon Secours International getting underway over the last 12 months, the construction industry expanded by 2,300 jobs. Government agencies including the Commonwealth of Virginia, VCU, and local school districts filled hundreds of vacant staff positions, aiding in the addition of 4,400 public-sector jobs. A loss of 1,100 jobs occurred in the trade, transportation, and utilities sector despite large-scale hiring events by grocers Aldi Inc. and Kroger.

*August; **September



SUBMARKET BREAKDOWN

SUBMARKET NAME	OCCUPANCY		AVG RENT INCREASE		AVG RENT		NET ABSORPTION		DELIVERED UNITS	
	3Q16	3Q17	3Q16	3Q17	3Q16	3Q17	3Q17	ANNUAL	3Q17	ANNUAL
Airport	95.3%	95.4%	-0.1%	1.9%	\$1,064	\$1,084	-28	66	0	58
Chesterfield County/Other	96.6%	96.2%	4.0%	3.3%	\$1,117	\$1,154	21	-19	0	0
Colonial Heights City	95.9%	98.2%	0.0%	1.2%	\$749	\$758	-6	18	0	0
Dinwiddie County	96.7%	97.3%	2.5%	2.0%	\$890	\$908	-3	2	0	0
Downtown/The Fan	92.1%	95.5%	0.2%	3.2%	\$1,239	\$1,278	64	460	62	218
Far West End	95.5%	96.2%	3.9%	2.1%	\$1,098	\$1,121	-63	196	0	88
Goochland County	94.6%	94.1%	-	-0.6%	\$1,396	\$1,387	-3	51	0	55
Hanover County	97.1%	97.5%	2.7%	2.6%	\$1,041	\$1,068	1	87	0	79
Hopewell City	96.9%	96.8%	-2.6%	2.6%	\$732	\$751	25	0	0	0
Near West End	95.8%	96.5%	6.2%	3.1%	\$1,070	\$1,103	19	118	51	51
North Chesterfield	93.5%	94.4%	5.9%	4.5%	\$1,119	\$1,170	6	272	63	223
Northside/Laburnum	94.1%	92.2%	6.7%	8.8%	\$714	\$777	7	-109	0	0
Petersburg	93.3%	92.6%	4.7%	0.3%	\$883	\$886	-51	58	0	89
Prince George County	92.4%	95.4%	4.3%	5.1%	\$950	\$999	3	12	0	0
South Chesterfield	93.9%	93.6%	4.1%	2.0%	\$903	\$921	53	-18	0	0
Southside/Broadrock	96.0%	96.1%	-2.5%	5.8%	\$697	\$738	29	5	0	0
Southside/Westover Hills	95.7%	95.1%	0.6%	4.2%	\$870	\$907	33	28	32	81
TOTALS	95.2%	95.3%	2.8%	3.3%	\$1,004	\$1,037	107	1,225	208	942



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