



MARKET AT A GLANCE



OCCUPANCY RATE **94.4%**
Down **40 bps** since 3Q16



ASKING RENT **\$1,064**
Up **1.5%** since 3Q16

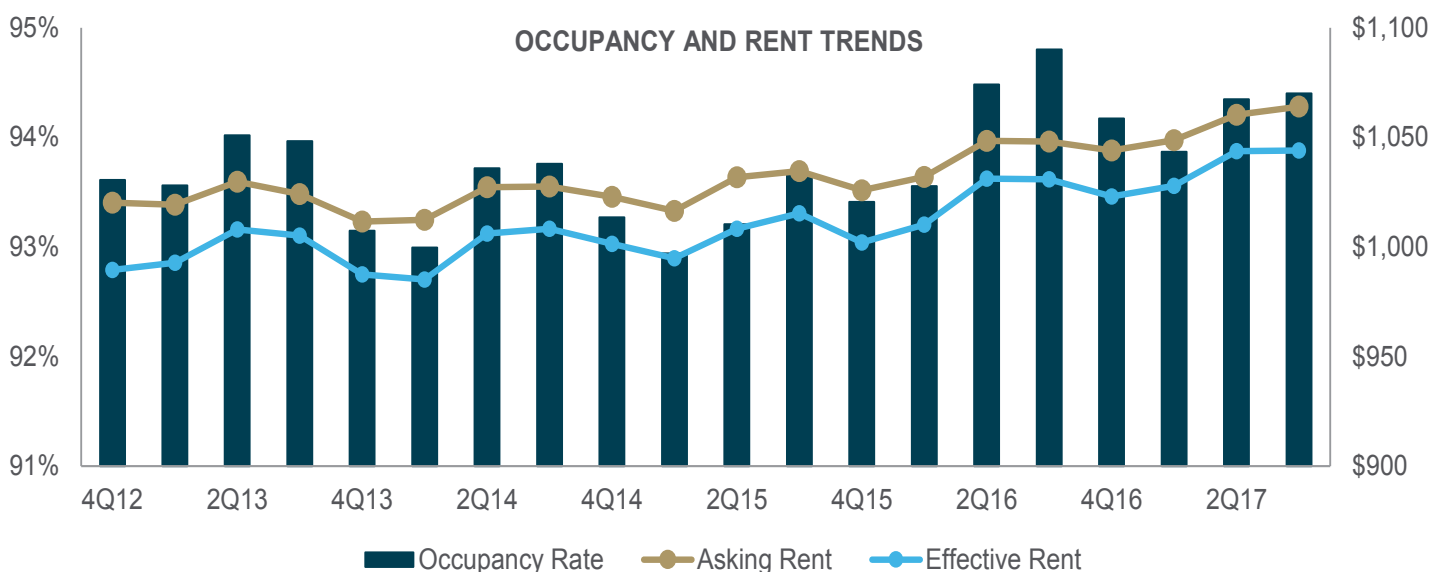


CONCESSIONS **1.9%**
Up **20 bps** since 3Q16

OCCUPANCY AND RENT TRENDS

HUNTINGTON INGALLS AND ADP ARE BRIGHT SPOTS IN LOCAL ECONOMY

Average multifamily asking rent reached \$1,064 per month in September in the Virginia Beach metro area. The 1.5% annual increase in rent was a reversal of the 0.1% reduction in rent during the prior year. Asking rent rose in nine of the 10 submarkets in the metro area. Concessions across the metro averaged 1.9% of asking rent, a 20-basis-point annual increase, driving 1.3% effective rent growth to \$1,044 per month. Rent appreciation occurred despite a decrease in occupancy. The occupancy rate fell 40 basis points year over year to 94.4% in September, resulting from a combination of employment contraction and apartment demand that trailed deliveries by 20%. Builders delivered 2,342 apartments since the third quarter of 2016, up 16% from the prior four-quarter period. In the last 12 months, 13 apartment communities were completed, the largest of which was the four-story, 288-unit Venture Apartments in Tech Center in Newport News. Another 575 apartment units are scheduled for delivery metrowide by year-end, nearly half of which were slated for the Kempsville/Bayside submarket. Multifamily developers scaled back on planning activity, requesting permits for 1,090 apartments so far this year, down 38% from the same period in 2016.



VIRGINIA BEACH

MULTIFAMILY REPORT

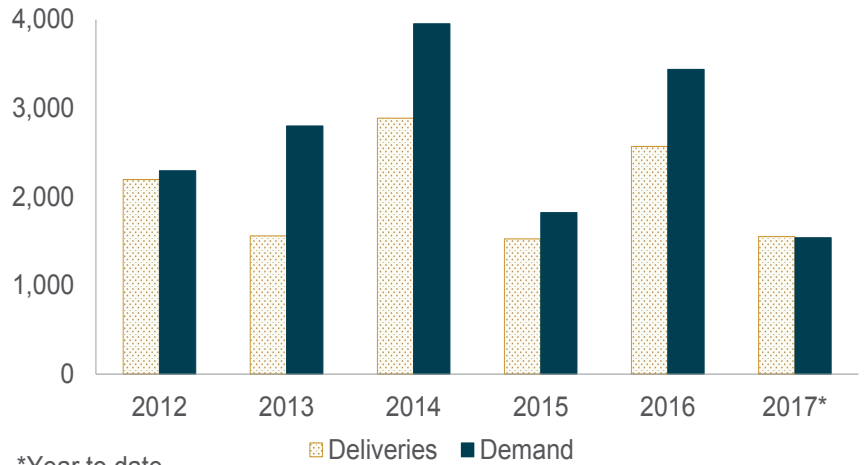
DELIVERIES AND DEMAND



DELIVERIES 1,551
Units YTD



NET ABSORPTION 1,539
Units YTD



*Year to date

ECONOMIC TRENDS

2016 **UNEMPLOYMENT*** 2017
4.6% **-30 BPS CHANGE** 4.3%

2016 **EMPLOYMENT*** 2017
772.1k **-0.5% CHANGE** 768.4k

2016 **EXISTING SFH SALES**** 2017
23.4k **-2.6% CHANGE** 22.8k

2016 **MEDIAN SFH PRICE**** 2017
\$209.9k **10.1% CHANGE** \$231.0k

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

Hampton Roads employment contracted 0.5% in the 12-month period ending in August of this year as 3,700 jobs were eliminated. A total of 9,700 layoffs occurred among the trade, transportation, and utilities, the leisure and hospitality, the financial activities, and the government sectors. Bright spots were present in the local economy, however. Expansion in the professional and business services sector was substantial as 4,200 workers were added, a 4.0% year-over-year gain, underpinned by aggressive hiring at ADP LLC in Downtown Norfolk. Employment in the education and health services segment grew 1.0% with the creation of 1,100 jobs. In the manufacturing sector, 300 positions were filled, a 0.6% gain. The manufacturing industry was underpinned by expansion at Huntington Ingalls Industries as the shipbuilder was in the process of hiring 3,000 workers by the end of this year. In the next few years, the completion of expansions at Sentara Norfolk General Hospital and Riverside Walter Reed Hospital in Gloucester bode well for health care subsector employment.

*August; **September



VIRGINIA BEACH

MULTIFAMILY REPORT

SUBMARKET BREAKDOWN

SUBMARKET NAME	OCCUPANCY		AVG RENT INCREASE		AVG RENT		NET ABSORPTION		DELIVERED UNITS	
	3Q16	3Q17	3Q16	3Q17	3Q16	3Q17	3Q17	ANNUAL	3Q17	ANNUAL
Chesapeake	94.8%	94.7%	-3.0%	1.5%	\$1,207	\$1,225	-54	-11	0	0
Gloucester County	97.1%	95.8%	-	0.1%	\$677	\$678	4	-5	0	0
Hampton/York	94.7%	94.4%	0.1%	2.4%	\$1,004	\$1,028	99	371	119	443
Isle of Wight County	95.4%	94.7%	-5.5%	3.7%	\$1,122	\$1,164	62	226	56	246
Kempsville/Bayside	94.3%	94.2%	0.9%	0.8%	\$1,132	\$1,141	-41	194	0	234
Lynnhaven/Oceana	94.6%	94.2%	0.1%	1.3%	\$1,105	\$1,120	-14	-11	0	50
Newport News	93.4%	93.3%	0.7%	2.1%	\$911	\$930	27	322	26	369
Norfolk	94.6%	94.2%	1.0%	-0.3%	\$1,044	\$1,041	105	320	183	455
Portsmouth/Suffolk	94.8%	94.5%	1.1%	0.6%	\$963	\$969	74	479	91	545
Williamsburg	96.4%	96.3%	2.3%	1.7%	\$1,111	\$1,130	24	-10	0	0
TOTALS	94.8%	94.4%	-0.1%	1.5%	\$1,048	\$1,064	283	1,875	475	2,342



CORPORATE HEADQUARTERS

521 Fifth Avenue
20th Floor
New York, NY 10175
(646) 600-7800 | Fax: (646) 600-7838
www.Berkadia.com

ALBUQUERQUE, NM

AMBLER, PA

ATLANTA, GA

AUSTIN, TX

BAKERSFIELD, CA

BATON ROUGE, LA

BETHESDA, MD

BIRMINGHAM, AL

BOCA RATON, FL

BOSTON, MA

CAMAS, WA

CHARLESTON, SC

CHATTANOOGA, TN

CHICAGO, IL

CLEARWATER, FL

CLEVELAND, OH

COLORADO SPRINGS, CO

DALLAS, TX

DENVER, CO

DETROIT, MI

EL SEGUNDO, CA

FRESNO, CA

HOUSTON, TX

IRVINE, CA

JACKSONVILLE, FL

KANSAS CITY, MO

LAS VEGAS, NV

LENOX, MA

LOS ANGELES, CA

MARBLEHEAD, MA

MIAMI, FL

MIDVALE, UT

MURRIETA, CA

NASHVILLE, TN

NEW YORK, NY

NEWPORT NEWS, VA

ORLANDO, FL

PASADENA, CA

PHILADELPHIA, PA

PHOENIX, AZ

PORTLAND, OR

RALEIGH, NC

RICHMOND, VA

SACRAMENTO, CA

SALT LAKE CITY, UT

SAN ANTONIO, TX

SAN DIEGO, CA

SAN FRANCISCO, CA

SCOTTSDALE, AZ

SEATTLE, WA

SHREWSBURY, NJ

ST. LOUIS, MO

TACOMA, WA

TAMPA, FL

TEMECULA, CA

TEMPE, AZ

TUCSON, AZ

WOODLAND HILLS, CA

HYDERABAD - INDIA*

**Back Office Support*

a Berkshire Hathaway and Leucadia National company