

Intelligent Investment

Hampton Roads Market Report H1 2021

REPORT

CBRE RESEARCH
SEPTEMBER 2021

CBRE



CBRE is pleased to present the Hampton Roads Multifamily Market Report, the most relevant sales, rental, and submarket information. Produced by Peyton Cox, Calvin Griffith, and CBRE Research, this report was assembled by local experts to empower decision making and inform those interested in multifamily in the Hampton Roads Metro.

This report compiles research from various in-house and third party data sources to dissect the market at a granular level.

Data contributions from this publication were sourced from:

- | | |
|----------------------------|-----------------------------------|
| CBRE Research | - Axiometrics |
| - CoStar | - Real Capital Analytics |
| - CBRE Econometric Advisor | - U.S. Bureau of Labor Statistics |

CBRE consistently leads the U.S. market with multifamily investment sales totaling \$24.2 billion in 2020 (Source: Real Capital Analytics). CBRE's integrated service platform, speed to market, and site-specific knowledge provides clients with unparalleled results and ultimately the best value for their real estate.

Because every piece of real estate is unique, we welcome your inquiries and the opportunity to deliver market research specific to your asset.

For a market analysis on your property or more information contact::



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Executive Summary

Market forces are propelling the Hampton Roads region and driving market pricing to all-time highs. Hampton Roads' economic foundations of shipping and logistics have never been stronger with the port expanding rapidly to meet global shipping needs and multiple massive Amazon distribution centers under construction. Federal spending, the other economic pillar of the Hampton Roads region, is at historic highs with the naval production pipeline providing decades of job certainty for the ship building community. Hampton Roads is investing in the future, laying the ground work for a thriving off-shore wind industry which will support the installation of the largest off-shore wind project on the East Coast. Post-Covid trends of remote work and population migration from the Northeast Corridor to warmer secondary markets is also driving momentum. With miles of coastline and a low cost of living, Hampton Roads is seeing an influx of new residents who are fueling its resurgence as one of the strongest secondary markets on the East Coast.



Key Statistics

2.07%

Vacancy Rate

↓ 0.43%

Vacancy Year Over Year

124,049

Total Inventory

\$1,221

Rent Per Month Average

↑ 10.05%

Rent Year Over Year

4,994

Units transacted in H1 2021

5.10%

Average Cap Rate H1 2021

2,100

Units Under Construction

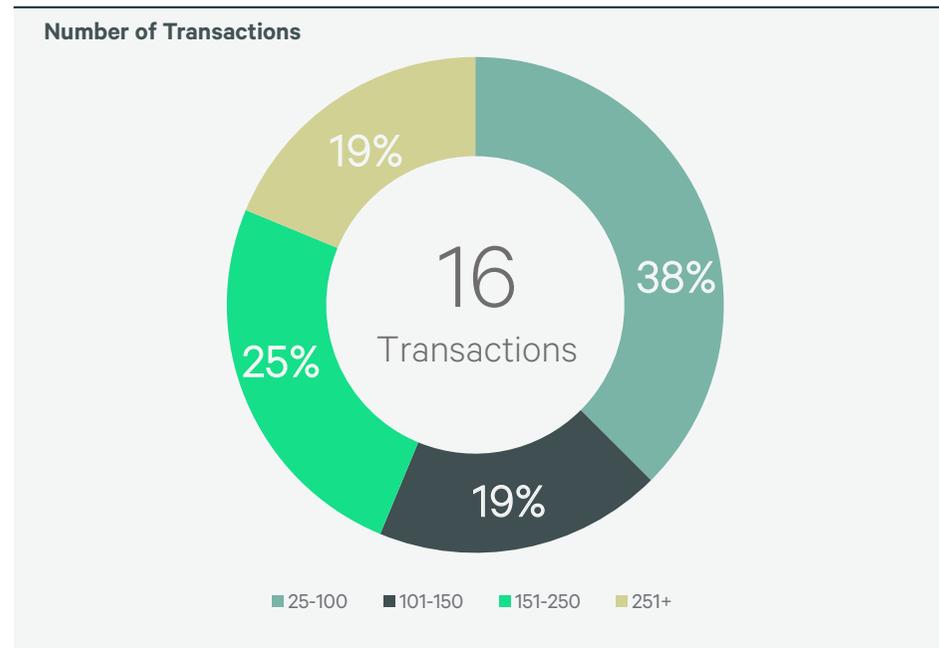
3,392

Units Proposed

MARKET TRENDS:

- 38.5% Bachelor Degree Graduates
- 10.5% Population Growth
- 643,000 Labor Force

Submarkets To Watch
Suffolk, Norfolk, Virginia Beach and Williamsburg



Hampton Roads Sales & Volume

In the first two quarters of 2021, there was a total of \$331,353,133 in multifamily sales volume transacted across 16 sales in the Hampton Roads region. The average price per unit in the Hampton Roads region in H1 2021 was \$124,815, a 17.8% Y-o-Y increase. With 7 transactions totaling \$114M in H1 2021, Hampton replaced Newport News as the top submarket for multifamily sales. Key industries in Hampton include aerospace, advanced manufacturing, and homeland defense/security, making the region well-insulated from the downturn effects of the COVID-19 pandemic. The largest transaction in the Hampton Roads region for the first half of the year was Capital Square Realty Advisor's \$67.25M purchase of Streets of Greenbrier in Chesapeake. The 2013 built, 280-unit property sold at \$240,179 per unit, which was also the largest price per unit throughout the entire Hampton Roads region in H1 2021.

5.40%

CAP Rate
H2 2020

5.10%

CAP Rate
H1 2021

\$121K

Avg. Price Per Unit
H2 2020

\$125K

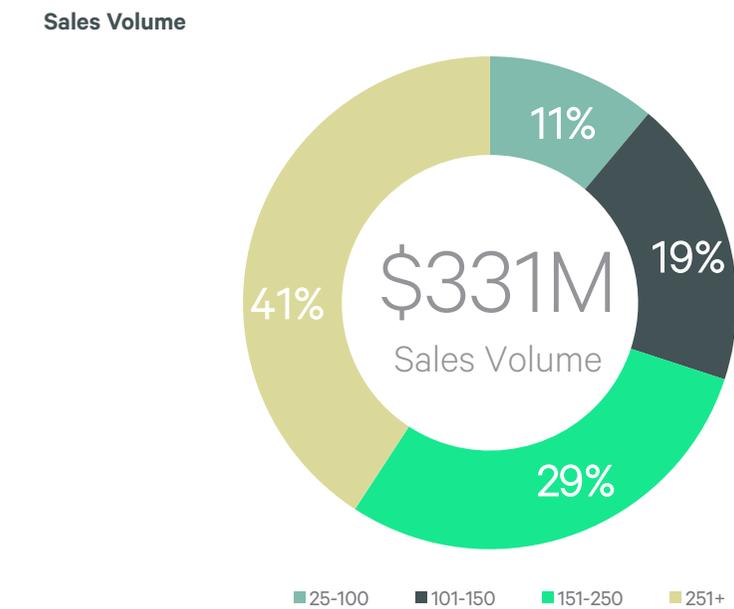
Avg. Price Per Unit
H1 2021

16

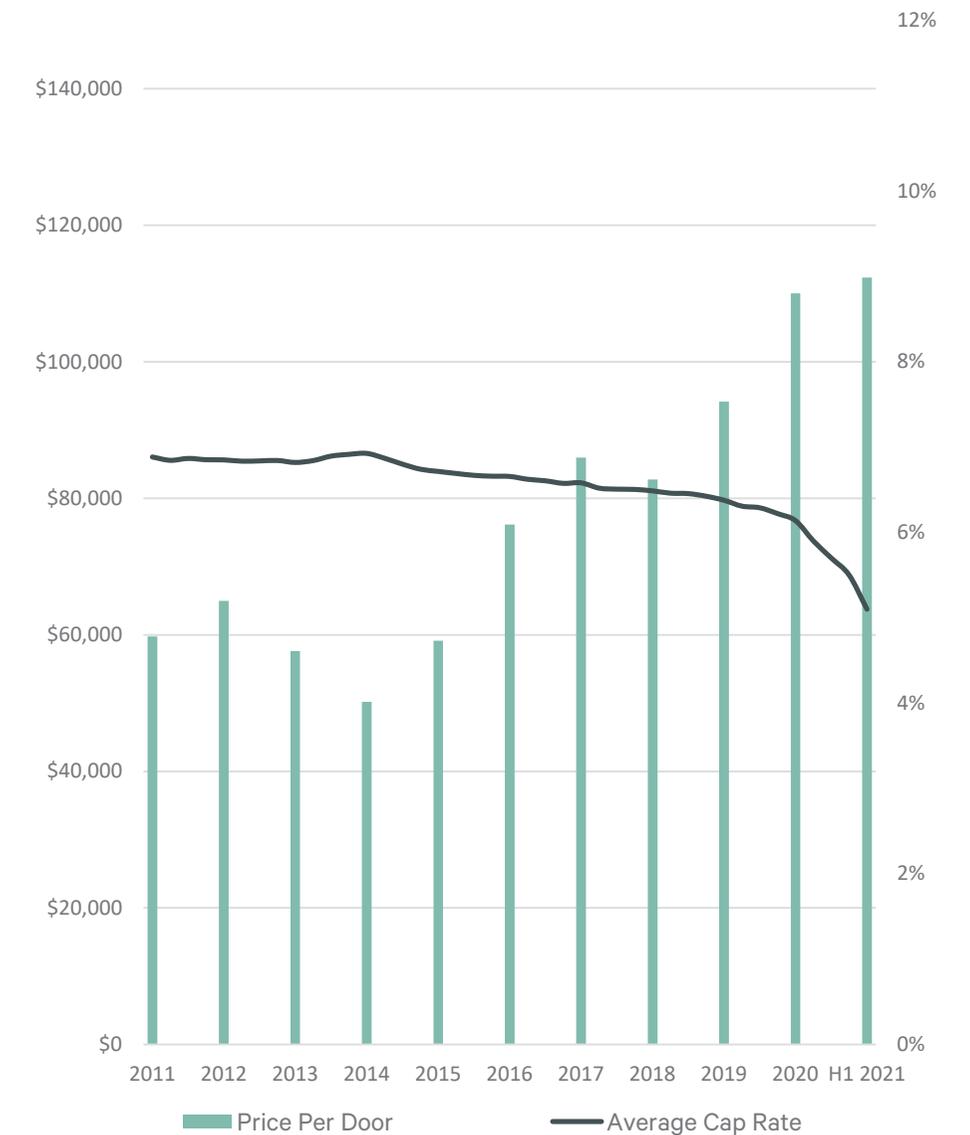
Total Sales
H2 2020

16

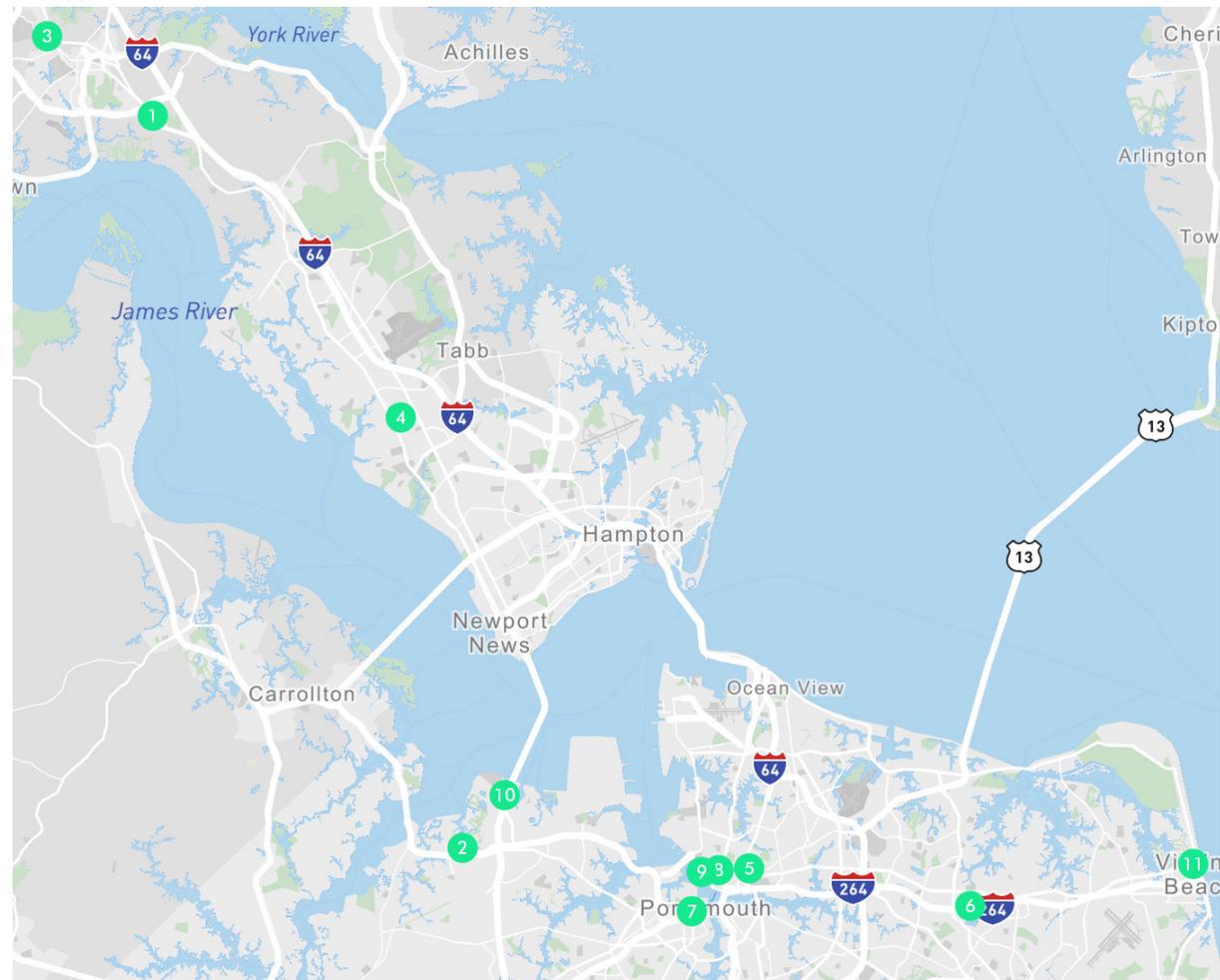
Total Sales
H1 2021



Hampton Roads Average Cap Rate & Price Per Door



Development Pipeline



Hampton Roads Pipeline

#	Property Name	Status	Units	Est Completion	Owner Developer
1	The Arbors at Williamsburg	Under Construction	150	Sept 2022	Marlyn Development
2	Royal Sail at Bridgeport	Under Construction	159	Sept 2021	BECO
3	High Street View (Phase II)	Under Construction	223	Oct 2021	Commonwealth Properties
4	Huntington Village	Under Construction	96	Oct 2021	Dakota Partners, Inc.
5	The Ashton Apartment Homes	Under Construction	118	Oct 2021	S.L. Nusbaum Realty Co.
6	The Constitution	Under Construction	216	Nov 2021	Ripley Heatwole Co., Inc.
7	Holley Pointe	Under Construction	59	Nov 2021	Woda Cooper Companies
8	150 W Brambleton Ave	Under Construction	181	Dec 2022	The Monument Companies,
9	Lofts at Front Street	Under Construction	258	Feb 2022	The Breden Company
10	Aura at Harbour View	Under Construction	400	Aug 2022	Bonaventure Realty Group,
11	Pinnacle on 31st	Under Construction	240	Jan 2023	The Breden Company



Recent Transactions

Spotswood Commons	
Units	212
Sale Price	\$46,000,000
Price/Unit	\$216,981
Owner/Buyer	Kushner Companies
Seller	Dolben Companies
Date	Jun-21



CBRE Represented Deal

Cedarfield at Churchland	
Units	118
Sale Price	\$14,575,000
Price/Unit	\$123,517
Owner/Buyer	MRKT Capital
Seller	Capital Vision Management
Date	Jun-21

Poquoson Place	
Units	157
Sale Price	\$19,641,862
Price/Unit	\$125,107
Owner/Buyer	Brentwood Invstmnt Group
Seller	Riverdale Management
Date	Apr-21



CBRE Represented Deal

Hilton Village Townhomes	
Units	160
Sale Price	\$15,000,000
Price/Unit	\$93,750
Owner/Buyer	Fulton Street Partners
Seller	Capital Vision Management
Date	Apr-21

Sacramento Townhomes	
Units	138
Sale Price	\$18,437,551
Price/Unit	\$133,605
Owner/Buyer	Brentwood Investment Group
Seller	Riverdale Management
Date	Apr-21



CBRE Represented Deal

Parkwood Manor	
Units	100
Sale Price	\$8,650,000
Price/Unit	\$86,500
Owner/Buyer	Fulton Street Partners
Seller	Capital Vision Management
Date	Apr21

Tidemill Farms	
Units	284
Sale Price	\$22,732,156
Price/Unit	\$80,043
Owner/Buyer	Brentwood Investment Group
Seller	Riverdale Management
Date	Apr-21

Rockfeller	
Units	146
Sale Price	\$29,758,500
Price/Unit	\$203,825
Owner/Buyer	Waverton Associates
Seller	Marathon Development Group
Date	Mar-21

The Samuel	
Units	284
Sale Price	\$45,200,000
Price/Unit	\$159,155
Owner/Buyer	Harbor Group International
Seller	McDowell Properties
Date	Mar-21

Streets of Greenbrier	
Units	280
Sale Price	\$67,250,000
Price/Unit	\$240,179
Owner/Buyer	Capital Square Realty Advisors
Seller	GrayCo
Date	Mar-21

Country Club of Apartments	
Units	100
Sale Price	\$12,250,000
Price/Unit	\$122,500
Owner/Buyer	Levco Management
Seller	PRG Real Estate
Date	Feb-21

Employment Overview

Hampton Roads, with a labor force of approximately 903,000, has a unique talent pipeline that is unlike many others in the United States. Contributing factors are a well-educated and ample workforce that is consistently enhanced by graduates from the region’s 12 universities and a large pool of military personnel exiting the service and entering the private sector. In addition, the city of Norfolk was recently named the #5 city for net millennial migration in the United States "(SmartAssets)". The area is currently home to over 155 international businesses and serves as headquarters for multiple Fortune 500 companies. Businesses continue to be attracted to Hampton Roads for a multitude of reasons including the low business cost, an accessible transportation infrastructure, and a superior economic climate.



Top Hampton Roads Employers



Huntington Ingalls Industries is America's largest military shipbuilding company and a provider of professional services to partners in government and industry



Ferguson, headquartered in Newport News, Virginia, United States, is the largest U.S distributor of plumbing supplies, PVF, waterworks and fire and fabrication products.



General Dynamics is an American aerospace and defense corporation. As of 2019, it was the fifth-largest defense contractor in the United States, and the sixth-largest in the world, by sales.



ADP, is an American provider of human resources management software and services. ADP pays more than 40 million workers worldwide and serves more than 800,000 businesses from small business to global enterprise in 140 countries.



Dollar Tree is a Fortune 500 company and operates 15,115 stores throughout the 48 contiguous U.S. states and Canada.



Sentara Healthcare is a not-for-profit healthcare organization serving Virginia and northeastern North Carolina

Top Universities



Old Dominion University, is a public research university in Norfolk, Virginia with an enrollment of 24,176 students for the 2019 academic year.



Christopher Newport University, is a public liberal arts university in Newport News, Virginia. CNU is the youngest comprehensive university in the commonwealth of Virginia.



William & Mary University, is a public research university in Williamsburg, Virginia, it is the second-oldest institution of higher education in the United States, after Harvard University.

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Peyton Cox joined CBRE in 2016, specializing in multifamily property sales in Virginia and covers the Hampton Roads, Central and Western Regions of the state. Peyton focuses on multifamily dispositions for institutional as well as private capital clients. He also has considerable experience in the affordable housing sector assisting owners with the disposition of LIHTC assets. In the last three years, he has participated in more than \$250 million of transactions with the CBRE Multifamily Team.

Virginia, including the Richmond, Charlottesville, Roanoke and Danville submarkets of Central and Western Virginia and has been (affiliated/associated/participated with) a part of some of the largest multifamily investment sales in the Richmond region. In the last two years, he has participated in more than \$200 million of transactions with the CBRE Multifamily Team. In 2017 and 2018 he was awarded the CoStar Power Broker Award for Capital Markets Sales



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Calvin Griffith joined CBRE in 2020, specializing in multifamily investment sales throughout the state of Virginia. Calvin is currently a Vice President with the CBRE Virginia Multifamily Team, and is focused on multifamily dispositions for institutional, middle market, and private capital clients. He also has experience in the affordable housing and manufactured housing sectors. Calvin has completed transactions throughout Virginia, including the Richmond, Charlottesville, Roanoke and Norfolk markets. Since 2016, Calvin has participated in over \$800 million in transactions throughout Virginia.

Investors consistently turn to CBRE because of our proven ability to execute on any multifamily transaction -- from large complex portfolios to individual private capital assignments. CBRE's trusted experts work seamlessly across our integrated platform to connect clients to global opportunities.

\$24.2 B
 Multifamily Sales in 2020

\$53.2 B+
Capital Markets Multifamily Activity in 2020

\$29.0 B
 Multifamily Financing in 2020

#1
 U.S. Apartment Broker Since 2001*

Freddie Mac Loan Originator in 2020*

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