

Key Multifamily Market Trends from the First Quarter of 2025

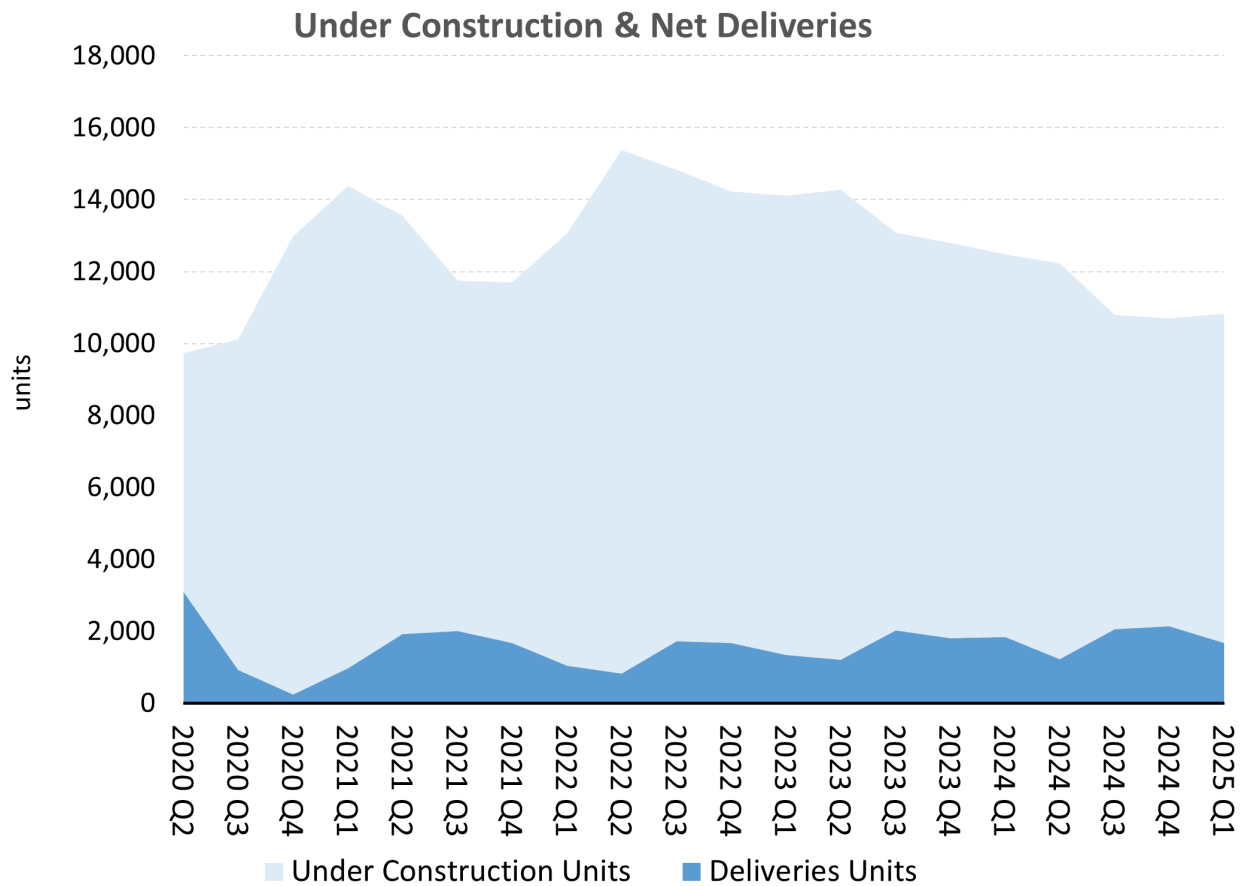
April 16, 2025

Each quarter, through its Multifamily Market report, the research team at Virginia REALTORS® analyzes the trends and changes in the multifamily market. Here, we share the key highlights from the most recent report for the first quarter of 2025.

The multifamily supply levels continued their downward trajectory at the beginning of 2025.

There were 22,628 multifamily units under construction in Q1 2025, 26% lower compared to the same time last year. Two of Virginia's largest metro markets – Northern Virginia and Richmond – had the largest share of new multifamily construction in the commonwealth. The supply of completed units also experienced a decline, with 3,811 multifamily units delivered in Q1 2025, 7% lower than the same time last year. These trends highlight a notable shift in the multifamily market activity levels and are likely to persist given the current economic conditions.

Figure 1: Under Construction & Net Deliveries (Q2 2020 – Q1 2025)

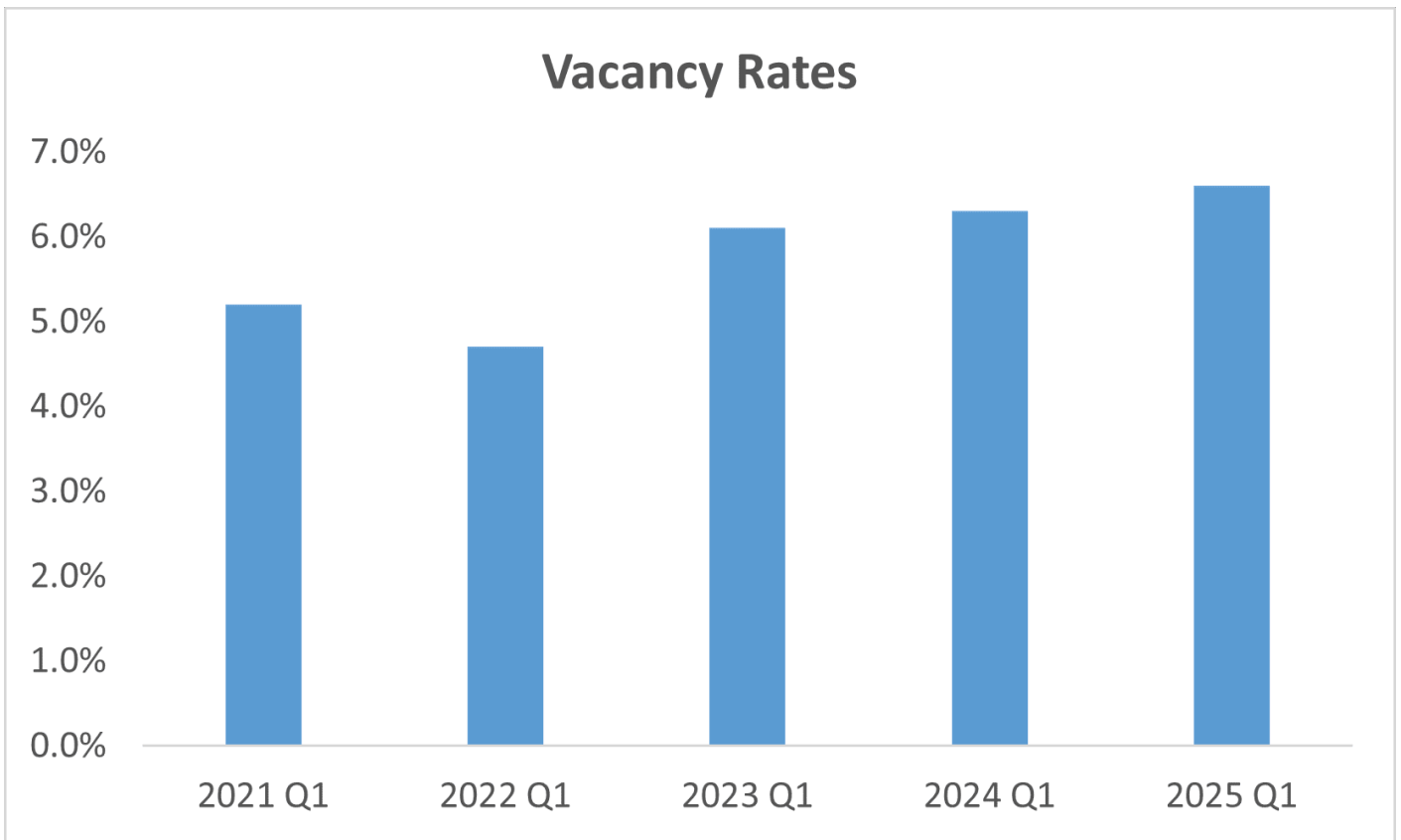


Source: CoStar

Multifamily vacancy rates remain high in Virginia's rental market.

The vacancy rate in Virginia's multifamily market increased to 6.6% in the first quarter of 2025, up from 6.3% during the same time last year. Vacancy rates for garden/low rise (5.6%) multifamily units increased slightly, while the vacancy rate for mid/high rise (8.0%) units remained unchanged compared to the previous year. The metro market with the highest vacancy rate in the state was Lynchburg at 10.3%, and Harrisonburg had the lowest vacancy rate at 2.1%. With a slowdown in the supply side of the market, we expect vacancy rates to remain consistent around the current levels.

Figure 2: Vacancy Rates (Q4 2020 – Q4 2024)



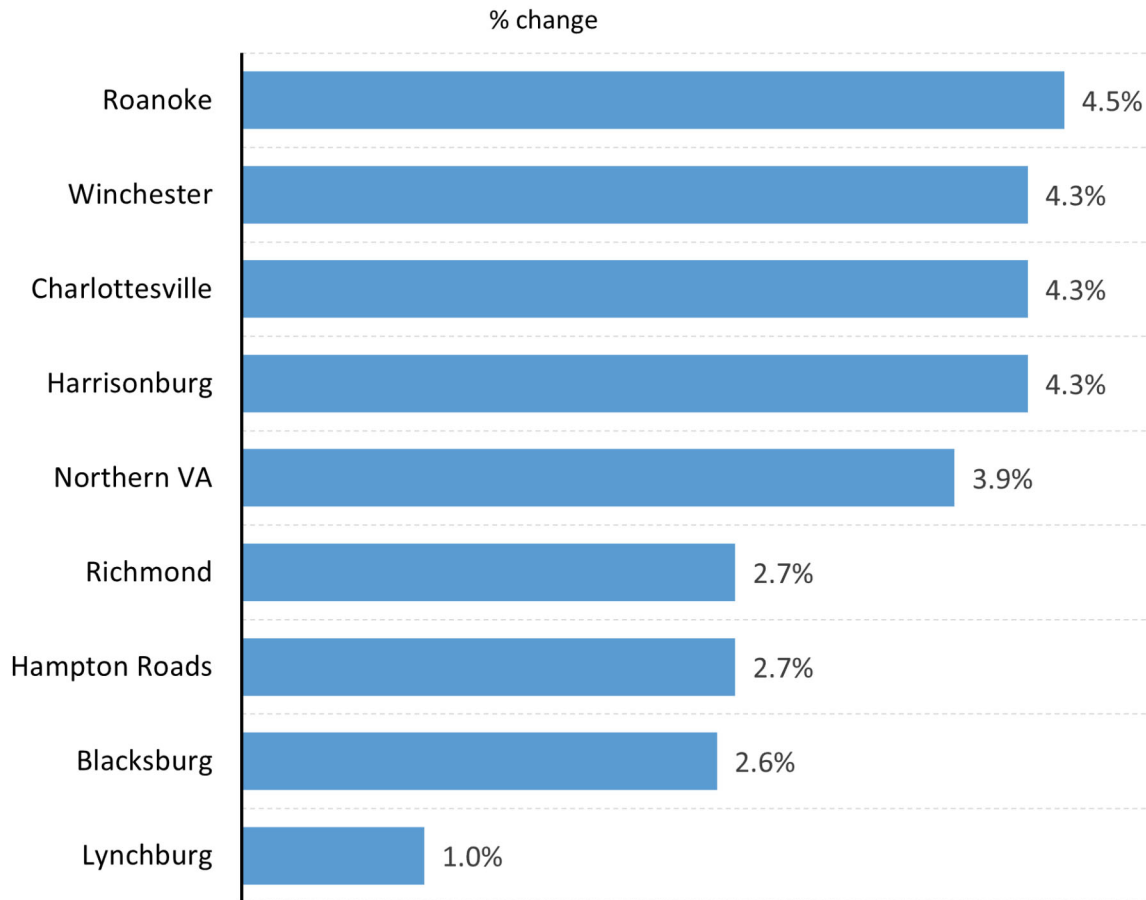
Source: CoStar

Rental prices remain elevated at the start of 2025.

The average effective rent per unit in Virginia was at \$1,802 in Q1 2025, increasing 3.4% from the same time last year, signifying that rental prices continue to rise. All nine metro areas saw an increase in rental prices contributing to the overall rent growth. Roanoke topped this list by representing a 4.5% increase in rent while Lynchburg had the slowest increase in rent growth of 1.0%.

Figure 3: Percent Change in Average Effective Rent by MSA, Q1-2025

Percent change in average effective rent by MSA, Q1-2025



Source: CoStar

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