MULTIFAMILY MARKET REVIEW
Dwight Dunton
Renters by Necessity and by Choice

Tough Economic Conditions
Millennials’ unemployment rate: 10.9%
National Unemployment Rate: 7.7%
High student-debt loads

Waiting to Start a Family
75% of all Millennials are Single
47% of all Millennials live with a Family Member

Lifestyle Driven
77% of Millennials want to live in urban areas
67% of Millennials want to live in a walkable community

More Women Working
96% of Millennials list being independent as their most important life goals.

Sources: RCLCO, Pew Research
“Last year, according to census data, construction was started on a little less than one million new residential units, and about 1 in 3 of those was a rental in a multifamily building…”

“The move toward apartment construction reflects the convergence of several trends...mortgage credit still tight...muted wage gains...high student debt loads...larger numbers of young adults leaving parents’ homes…”

But you already knew this...you heard it here a year ago.
Market Trends

Units Under Construction
- 3,632+ units under construction
- 3.8% growth rate in supply

Vacancy Rate
- 6.6%

SOURCE: Reis Reports January 2014

Demand is expected to continue to outpace Supply
Market Trends

**Vacancy Rates**

- Current vacancy rate 6.6%

*SOURCE:* Apt Index November 2013
Market Trends

**Rental Rates**

- Average rental rate is $952
- How does Hampton Roads rental rate compare?

### Chart

Norfolk/Hampton Road:
- Jan: 0.4%
- Feb: 0.4%
- Mar: 0.1%
- Apr: 0.0%
- May: 0.1%
- Jun: 0.0%
- Jul: 0.2%
- Aug: 0.3%
- Sep: 0.0%
- Oct: 0.3%
- Nov: 0.0%
- Dec: 0.1%
- Jan: 0.3%

South Atlantic:
- Jan: 0.2%
- Feb: 0.1%
- Mar: 0.1%
- Apr: 0.2%
- May: 0.2%
- Jun: 0.2%
- Jul: 0.4%
- Aug: 0.3%
- Sep: 0.2%
- Oct: 0.3%
- Nov: 0.1%
- Dec: 0.1%
- Jan: 0.3%

United States:
- Jan: 0.2%
- Feb: 0.1%
- Mar: 0.2%
- Apr: 0.2%
- May: 0.2%
- Jun: 0.3%
- Jul: 0.3%
- Aug: 0.4%
- Sep: 0.2%
- Oct: 0.4%
- Nov: 0.2%
- Dec: 0.2%
- Jan: 0.3%

**Source:** Reis Reports January 2014
Hampton Roads is Open for Business
New Capital Coming From Out Of Town

Over the 2½ years:

- **$400,000,000 total sold**
- **77% came from outside of Virginia**
Boutique is the New Mainstream
Boutique is the New Mainstream

Oceanfront and Virginia Beach Town Center: A lot of new additions

Summer House
Indigo19
Encore
Aqua
Mayflower
True or False: You Can Never Have Too Much of a Good Thing
Is it too much or is it too little?

Absorption Rate: 1,400 units annually over past 5 years

Under Construction: 3,632+ units

Proposed to Start: 2,720 units

SOURCE: Apt Index November 2013