More people are moving from Northern Virginia to Richmond for cost of living

Lured by a more affordable cost of living and a pandemic shift toward remote work, more people from Northern Virginia and the Washington area are trading in homes for new lives in the Richmond area.

The Richmond region is the fastest-growing metro area in the state, according to a census data analysis by the <u>University</u> of <u>Virginia Weldon Cooper Center for Public Policy</u>. The average number of Northern Virginians moving to the area jumped 36% in 2020 and 2021, compared to 2012-2019, according to the study.

Nate Bell has been making the two-hour trek from Mechanicsville to his nonprofit job in Shirlington since 2021. He was dating his girlfriend, Stephanie, who worked for Chesterfield County schools. She bought their current house before they got married. When it came time to decide where to live, Mechanicsville made more sense.

"The cost of living was so much cheaper I just thought, why not live down here?" Bell said. "I could do the commute and still get the D.C. salary."

But it has not been easy. Twice a week, Bell gets up at 4 a.m. to leave his house by 5 a.m., driving two hours up Interstate 95. He often stays overnight with his sister, who lives 20 minutes away in Alexandria, and then returns to Mechanicsville the following day.

"I would say that as a long-term strategy, this might be pretty hard," Bell said. "I enjoy driving; the hard part is the scheduling. Having to wake up early and be on the road, then start focusing and diving into work immediately when you get there at 7:30 a.m."

Richmond on the rise

The Richmond metropolitan area population has grown faster than that of Northern Virginia for two years in a row—something that has not happened since at least 1960. The Weldon Cooper Center found that the Richmond area grew by 2.1%, or 27,640 people, from 2020 to July 2022.

Richmond's growth rate is at least triple that of each of the rest of Virginia's five largest metropolitan areas. The study also shows that Northern Virginia transplants are drawn to Richmond's exurbs rather than the city itself. Since 2020, three of the fastest-growing localities in Virginia were New Kent County at 7.5%, Goochland at 5.6% and Chesterfield County at 4.5%.

Wes Fertig, a real estate agent with Joyner Fine Properties, said he has seen an increase in out-of-state buyers looking for homes in Richmond due to affordability. In his experience, it is not just people in Northern Virginia and D.C. looking to move to Richmond, but also people in places like New York City and Denver.

The median price of a home in D.C. in December was \$513,315, while the median price for a home in Richmond in 2022 was \$356,000.

New residents are "brought by the promise of getting into a home," Fertig said. "In some of these markets, they're either bring priced out or it's not sustainable financially for them to stay where they are." Just recently, he helped two out-of-town clients close on homes in Richmond. One couple from D.C. closed on a \$400,000 new construction in the Church Hill neighborhood. Another Manhattan couple bought a mid-\$700,000s Cape Cod-style house for its walkability to Byrd Park and Carytown.

"More often than not, if I have a client relocating from a dense urban area like Manhattan or Washington, they are looking for something comparable to what they're coming from, but in our market," Fertig said. "They can walk to places, everything is closer, and there is a sense of community."

Data Stacker analyzed U.S. Census Bureau data and found that Richmond gained approximately 3,000 new residents from the D.C., New York and Philadelphia metro areas from 2015 to 2019, even after subtracting people who moved from Richmond to those areas.

Fertig said you would be hard-pressed to find someone in his field who has not noticed a growing number of remote workers.

"People were moving here before the pandemic because of the hip factor and things like restaurants and the historic neighborhoods. But that was tethered to their ability to find a job in our market," Fertig said. "What's changed is that remote work has opened the door for more people to move in."

Remote workers in Richmond

The volume of Northern Virginians coming to the Richmond area has increased since the mid-2000s, when the average yearly migration was about 7,500 new people. In 2021, the most recent year for point-to-point migration data, about 12,500 Northern Virginia residents moved to the Richmond area. That number is about 62% higher than the 7,719 transplants in 2019, just before the pandemic.

Census Bureau data says that around 30% of the people moving from Northern Virginia to Richmond are remote workers. But Hamilton Lombard, estimates program manager for the Weldon Cooper Center's demographics research group, says it is likely that figure is severely undercounted based on results from other national statistics. The reality, Lombard estimates, is that 60% of those moving from Northern Virginia are remote workers.

"People coming in are much more likely to work remotely than people already in the area," Lombard said.

Lombard said the bulk of the Northern Virginia residents moving into the Richmond area are young families with children. Of the total number of people making that move, 90% bought higher-priced three- and four-bedroom homes, which make up about one-third of the area's total housing stock.

"It's generally families looking for bigger homes and, with higher wages, they can generally afford it, too," Lombard said. "They can take \$500,000 and get a much nicer house and quality of life. Really that trend is happening around the country but, in the Richmond area, I think we would be seeing a lot more migration if the housing supply wasn't so tight."

The number of available homes in Richmond has been so constrained that there is still fierce competition in some neighborhoods. The most desirable areas still have overvalue offers and sometimes waived inspections. This level of pandemic-era competition has mostly subsided across the country, but Richmond is so in-demand, those trends are still alive.

Lombard notes that the biggest destinations for expats from Fairfax County were actually North Carolina suburbs — Wake County outside of Raleigh and Mecklenburg County, which includes Charlotte.

While Richmond's overall population has grown, most of Virginia's cities have lost population since the 2020 census. Per the Weldon Cooper report, Virginia's population grew 185,000 between 2010 and 2012. But since 2020, it has grown only 52,000. Much of that was led by out-migration from Northern Virginia for other states, though many stayed in the state for places like Richmond.

Richmond was still ranked by Zillow as the <u>second-most</u> <u>popular metro area</u> for prospective homebuyers in the country in 2022.

Price and affordability

Lewis Muller is a remote worker who moved to Richmond when the pandemic hit in March 2020. He made an offer on his three-bedroom house in the Fan in July 2020, upgrading from his 800-square-foot D.C. apartment for a comparable price.

"Price was certainly a factor, but I had already been thinking about making the change for a while," Muller said. "I have friends and family that live here. I was stuck in my one-bedroom apartment. My building had great amenities, a communal rooftop and a gym, but they were shut down. I thought, 'I'm kind of trapped here, and started thinking about the opportunity to move to Richmond."

Muller is an executive for a boutique marketing firm and commutes to D.C. once or twice a month to meet with clients. Most of his work is done remotely.

"For our company, remote work makes a lot of sense because you can take office costs off the books and, having a three-bedroom house, I set up an office," Muller said.

He was not the only person at his company to leave the D.C. area. Several others left for places across the country — Seattle, Charleston, New Jersey and the Atlanta suburbs; one other came to the Richmond area.

"I think everyone either wanted to try out a new city or went back to live closer to their friends and family at home," Muller said.

When he does need to commute back to D.C., he takes an Amtrak train from Richmond to Union Station in Washington. He said the train is not perfect because it faces frequent delays and the Wi-Fi can be spotty. But it is still a decent commuting option because he can be productive with offline work like reading reports or writing.

Such long-distance commutes have been growing since at least 1990, according to census data. By 2010, the third-largest cluster of so-called extreme commuters — defined as workers who travel 90 minutes or more to work, one-way — in the U.S. was metro Washington, with some commuting from as far away as Delaware and New Jersey.

Bedroom commuters like Bell go to D.C. once or twice a week. He said he may be able to tolerate it only for another year at most.

"It wasn't too bad initially because it was just one day a week. Then we went to two days per week, and it's more of a struggle," Bell said. "Even though you're staying with your family, it still isn't your own space, and you have to pack a bag the night before and all that."

He and his wife are expecting their first child in August, which will put an even greater squeeze on his commuting lifestyle. She commutes 45 minutes to Chester for her job as a language pathologist. They would like a home closer to her job so that she could more easily care for their baby. The move would add almost 45 minutes to his commute. Bell said he is considering a new role that could be fully remote or is based in the Richmond region.

"We save a lot of money living down here," Bell said. "We love the Richmond metro area and at this point are committed to living here."