



# Raleigh-Durham Multifamily Market Report

Q4 2023

**AVISON  
YOUNG**

# 01

## Top Performer in Demand

Raleigh-Durham netted the **9<sup>th</sup>** spot in the U.S. for annual apartment demand. Out of the nation's 150 largest apartment markets, only a handful reported demand of more than 8,000 units. Annual demand in Raleigh-Durham reached of **8,653 units** at the close of the fourth quarter while only one out of twelve submarkets reported annual net move-outs.

# 02

## Concession Rates

Lease-up performance\* moderated in 2023, as supply levels continue to increase. The moderation in lease-up therefore initiated an increase in concession rates. New product that delivered within the last twelve months reported an average effective rent of **\$1.84 psf**, resulting in an average concession rate of **6.5% of asking rents**, whereas the concession value for stabilized properties averaged **3.7% of asking rents**.

*\*units absorbed per property per month*

# 03

## Investment Sales

While apartment sales volume was down 56% year-over-year, **multifamily remains the largest** recipient of investment capital, representing **67% of total transactions** in the Triangle. Total investment volume reached **\$2 billion** in last twelve months. The average cap rate was **5.2%**, up **130 bps** from last year. With the expectation of reduced interest rates in 2024, confidence is expected to return on the buyer side.

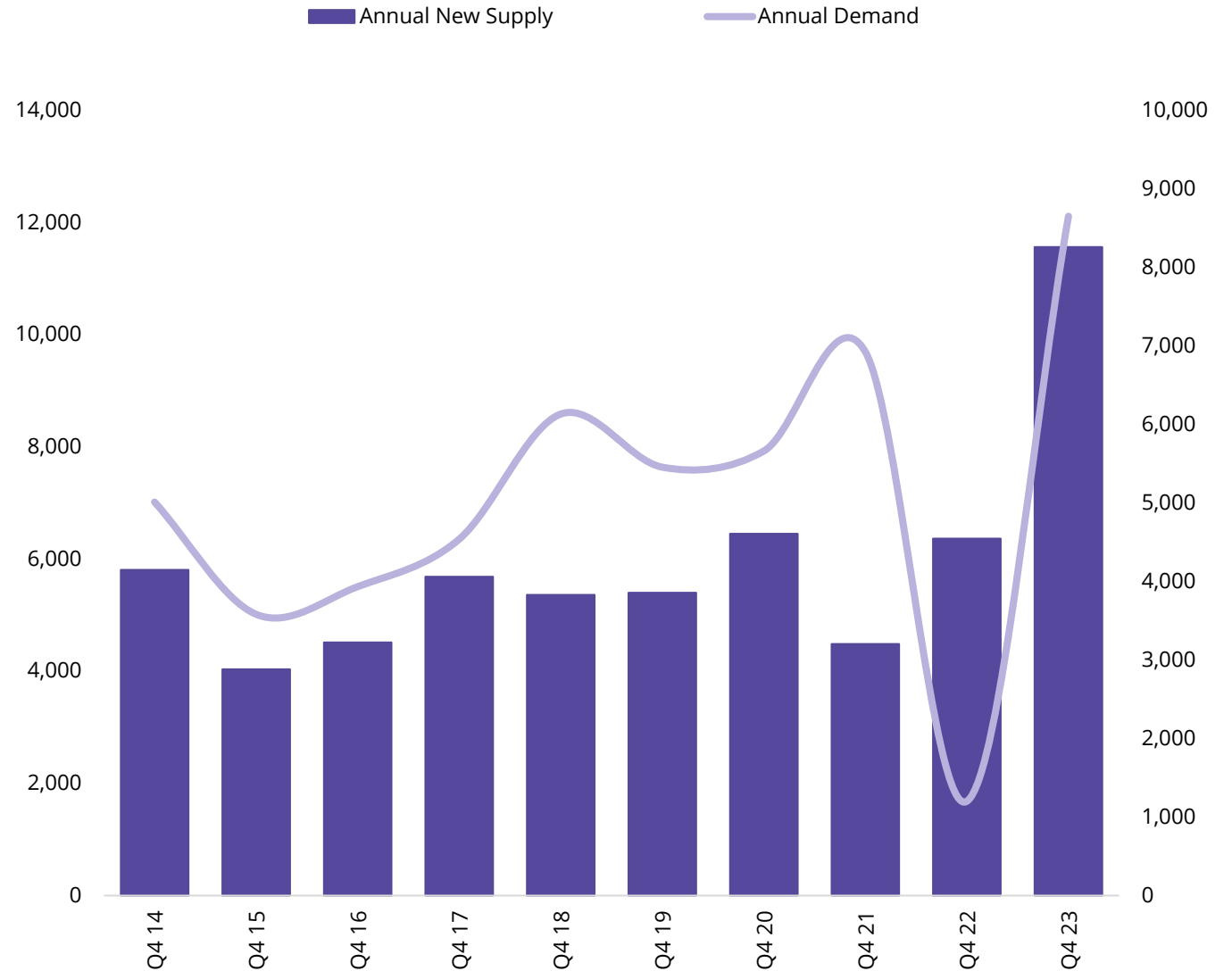


# Supply and demand

# 8,653 units

## Annual market demand

Annual demand of **8,653 units** placed Raleigh-Durham among the **Top 10** markets in the country for demand performance. This also marks the highest annual demand count on record in the Triangle. New supply remains elevated and slightly above demand levels, as half of the nation's new supply and demand moved to the southern region of the U.S. in 2023. Occupancy levels remain positive, reporting at **93.3%** in Q4 23.



Source: RealPage, AVANT Avison Young

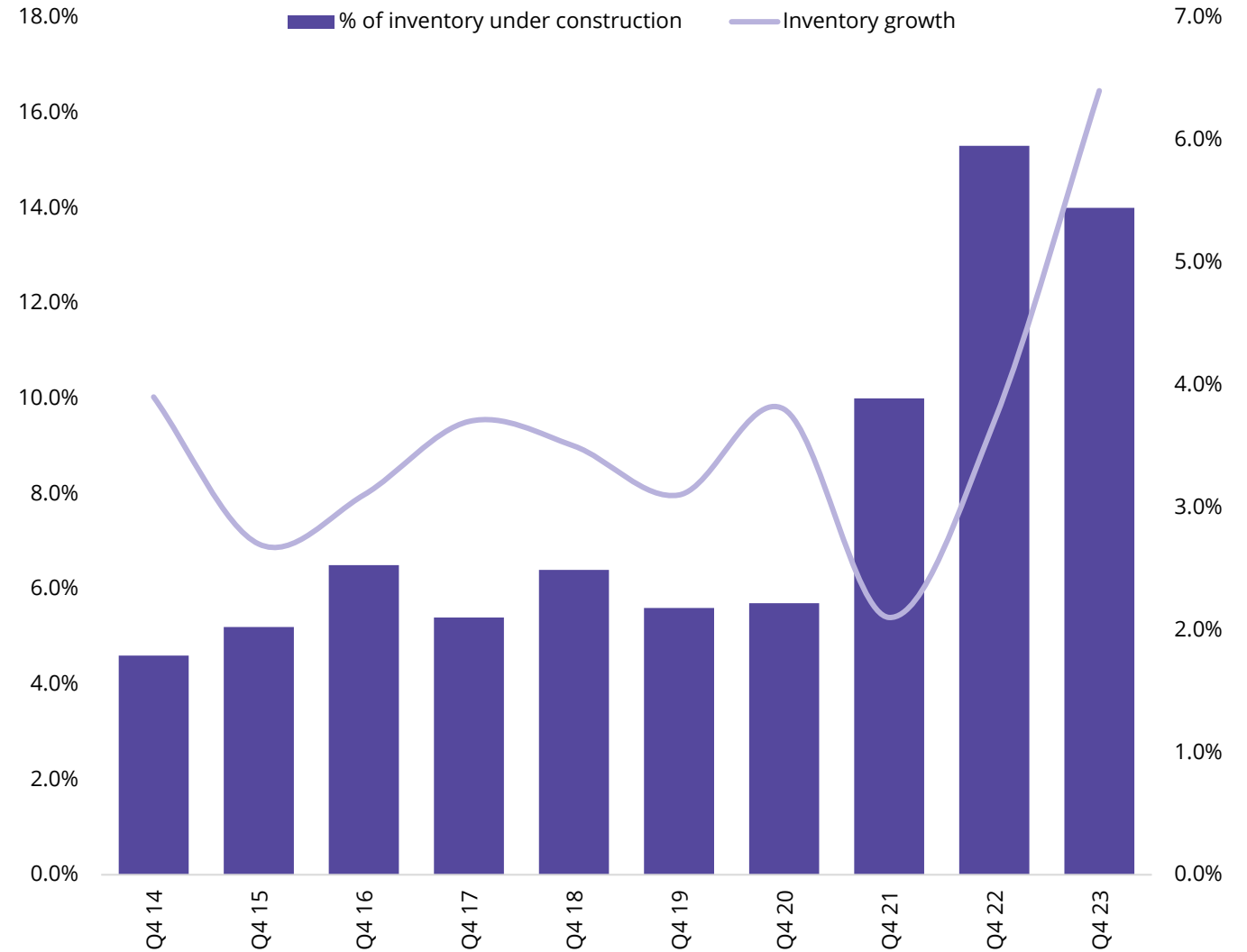
# Inventory snapshot

# 14%

## Inventory under construction

Despite record-setting absorption, supply levels remain above annual demand. In the fourth quarter, **3,874 units** were delivered pushing annual deliveries in the market to **11,566 units**. At the close of fourth quarter, **26,780 units** were under construction. Completions are expected to cool off in response to moderating construction starts and softening market fundamentals.

On the supply side, permits for **11,213** multifamily units were issued in the 12 months ending in November 2023, down **1,004** units from the previous year's totals.



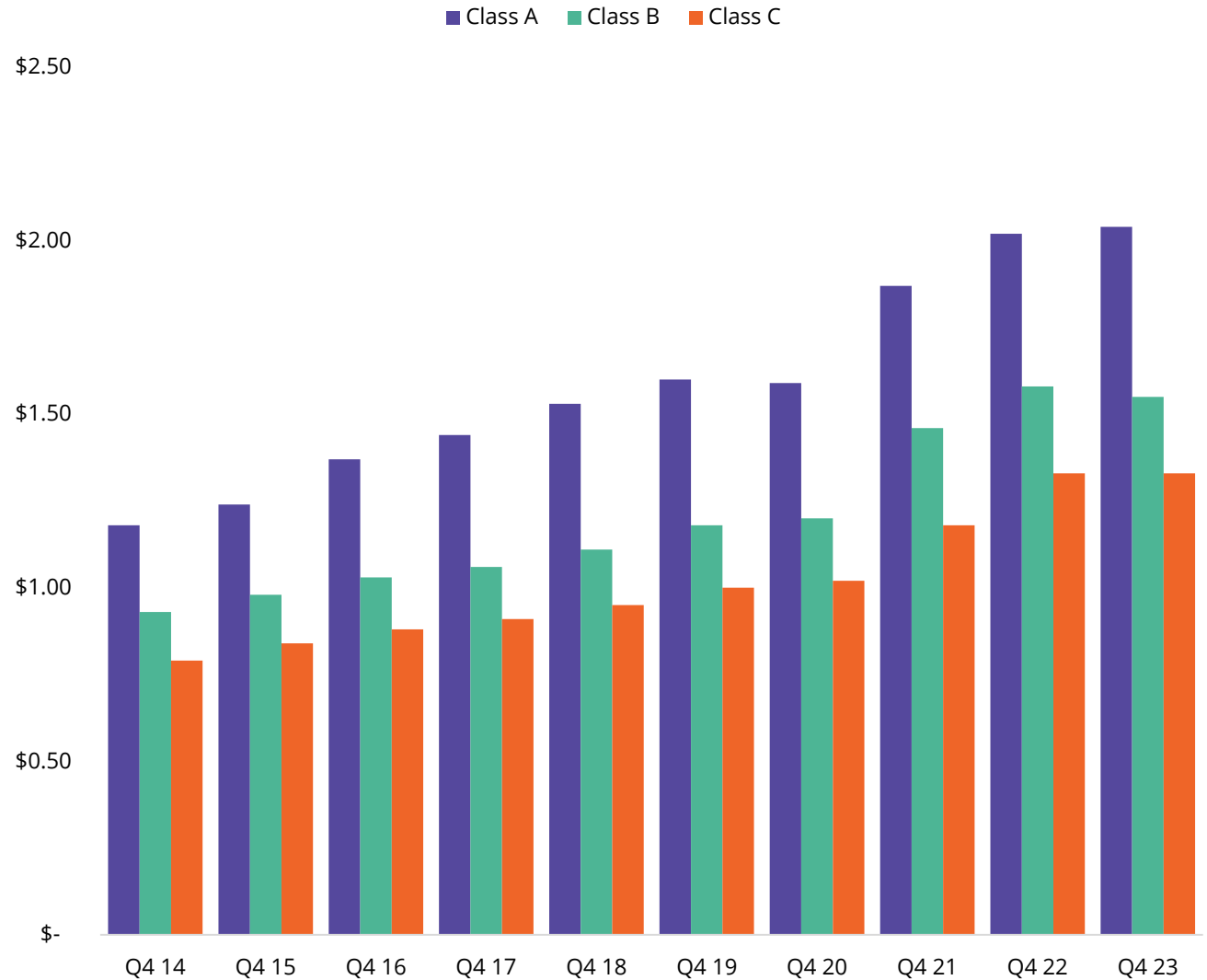
Source: RealPage, AVANT Avison Young

# Effective Rental Rates

# \$1.57

Effective asking rate/psf

Class A assets in the Raleigh-Durham market reported the lowest annual rent decline of **1.7%** compared to the market's Class C product, which reported a decline of **4.2%**. The average effective asking rate was **\$1,516** per unit or **\$1.57** psf in Q4 23. Studio/one-bedroom units witnessed the steepest decline in annual effective rent growth at **-3.9%**.



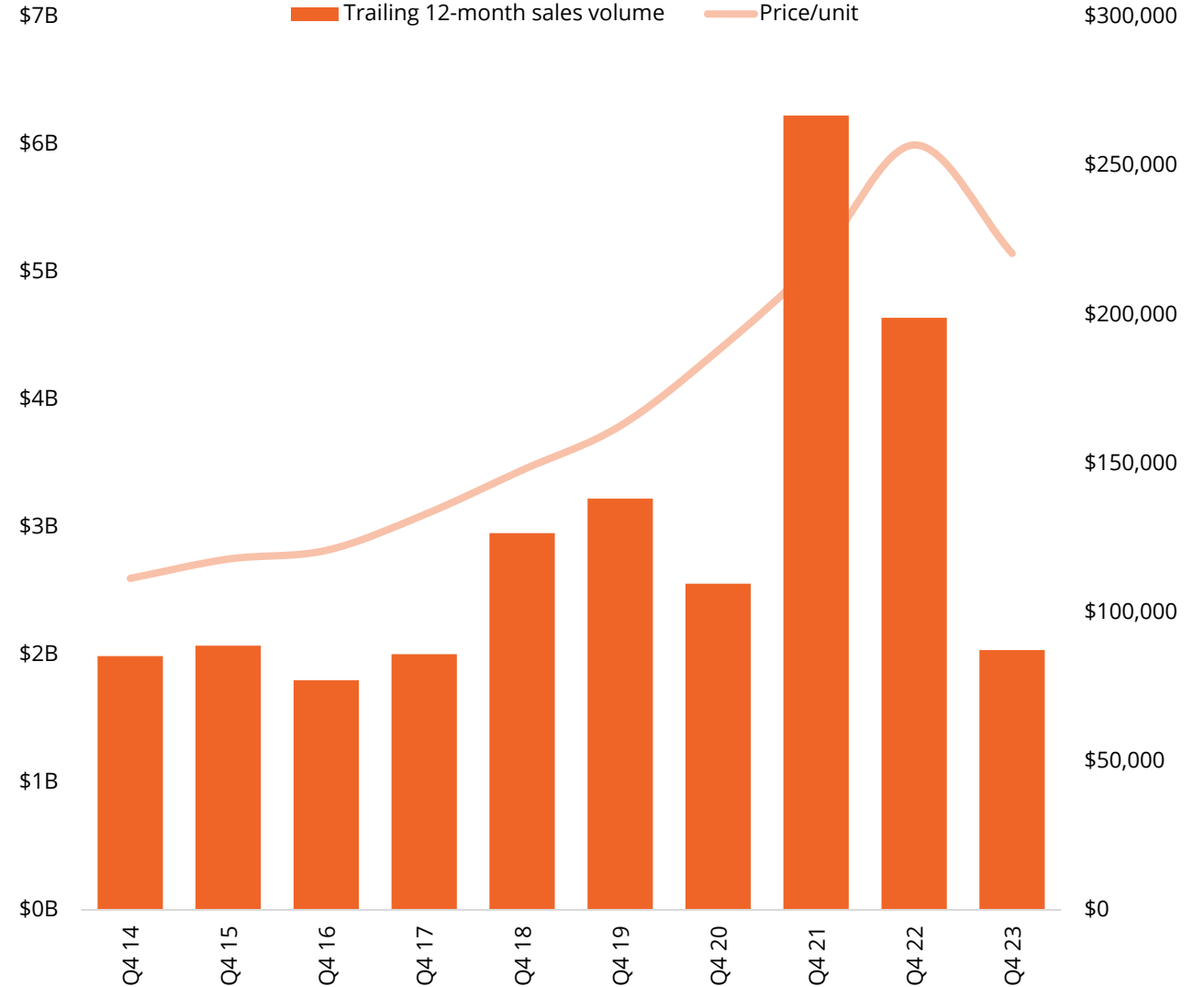
# Investment sales

# \$2B

## Trailing 12-month sales volume

Private funds remain the largest capital composition year-to-date accounting for **51%** of multifamily transactions in the Triangle. In the last 12 months, multifamily assets accounted for **67%** of total investment capital in the Triangle

The disposition of Solis Cameron Hills, a 315-unit property that is currently under construction was the largest sale transaction recorded in the fourth quarter at **\$115M** or **\$363,492/unit**.



Source: Real Capital Analytics, AVANT Avison Young

# Multifamily market activity

## Notable sales activity – last 12 mos.

Property	Seller	Total units	Total sales price (\$M)	Lease-Up %	Avg. unit size	Avg. price/unit	Avg. effective rent/sf
Solis Hills*	Terwilliger Pappas	315	\$115	37%	931	\$363,492	\$2.06
Novel Cary**	Crescent Communities; Pearl Street Partners	342	\$105	-	1,078	\$329,000	\$1.81
Broadstone Oak City*	Alliance Residential	335	\$94	23%	899	\$279,104	\$1.73
Marquis Ellis Crossing	Duck Pond Realty	336	\$85	-	1,070	\$253,845	\$1.48
Kelby Farms*	Woodfield Investments	277	\$85	55%	1,001	\$305,957	\$1.68
The Villages at Olde Towne	Halle Cos	360	\$85	-	922	\$234,722	\$1.64
Reserve at Meadowmont	Bell Partners	258	\$84	-	1,148	\$324,128	\$2.02
Legacy at Wakefield	Carter Haston	369	\$80	-	973	\$216,599	\$1.48
Bell Jones Franklin	TDK Construction	277	\$80	-	950	\$287,004	\$1.65
Manor Six Forks	Waterton Associates	298	\$74	-	943	\$249,161	\$1.73
Novo Blue Ridge	Shelton McNally RE Partners	280	\$74	-	932	\$263,036	\$1.75

\* Lease-Up, Lease-Up % is noted as percent in lease-up at the time of sale. Solis Hills (37%), Broadstone Oak City (23%),

\*\* Portfolio Sale: 642-unit portfolio, \$105.3M of \$204.6M .

## Notable development

Property	Submarket	Property status	Total units	Property type	Developer
The Village at Ellis Crossing	East Durham	Under construction	519	Garden	The Halle Companies
Platform	Central Raleigh	Under construction/Lease-Up	442	Tower	Kane Realty Corporation
Preston Ridge	North Cary/Morrisville	Under construction	425	Garden	Akridge
Camden Durham	Northwest Durham/Downtown	Under construction/Lease-Up	420	Mid-Rise	Camden Property Trust
Aura Chapel Hill	Chapel Hill/Carrboro	Under construction	419	Low-Rise	Trinsic Residential Group
MAA Nixie	East Durham	Under construction	406	Mid-Rise	Mid-America Apartment Communities

## Multifamily submarket activity | Q4 2023

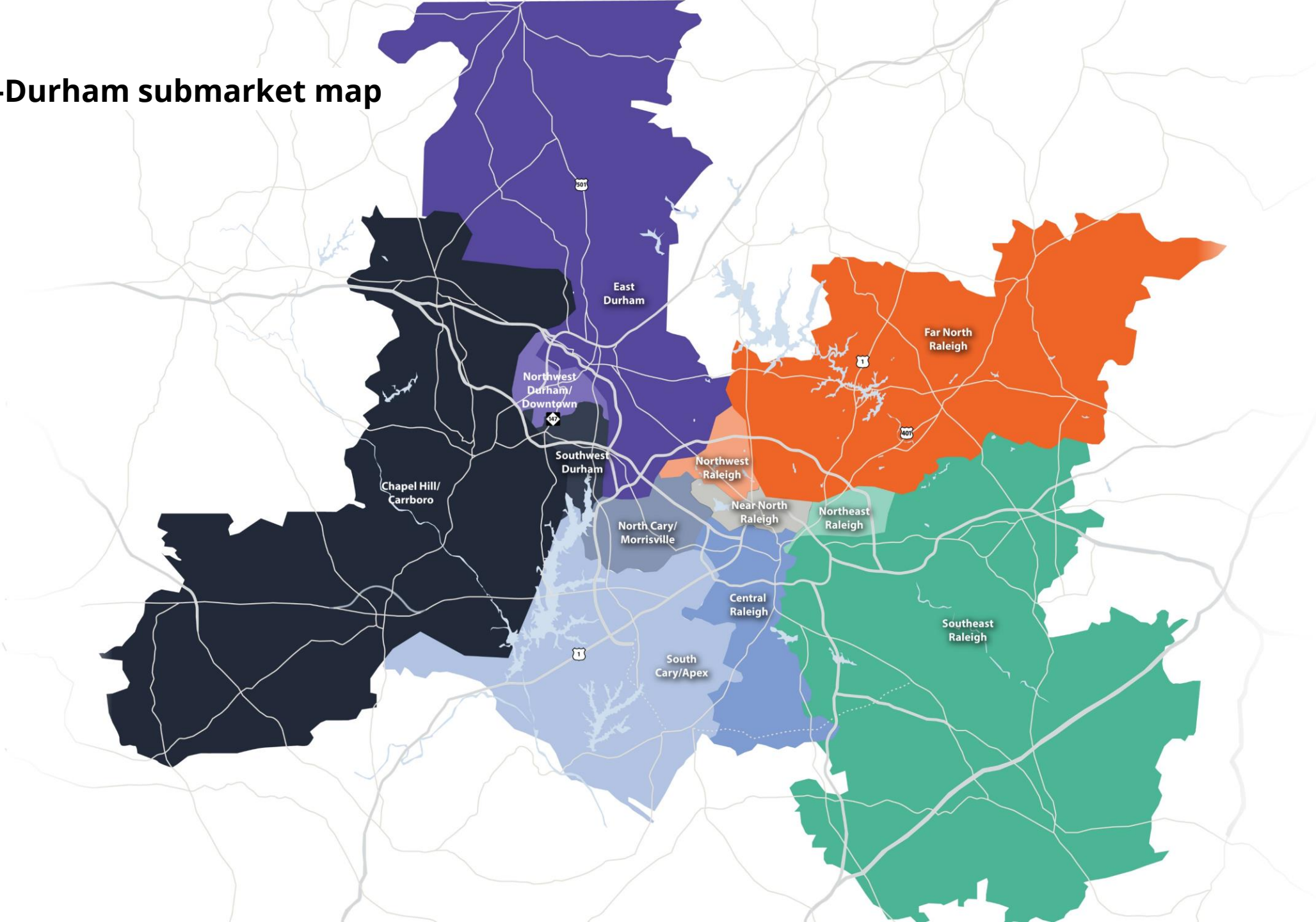
By Submarket	Existing units	Occupancy %	Annual Demand	Annual Supply	Under construction	Average effective rents	
					(units)	Rent/unit	Rent/psf
Central Raleigh	27,503	92.7%	1,348	1,965	5,237	\$1,580	\$1.72
Chapel Hill/Carrboro	17,850	93.9%	474	750	2,047	\$1,558	\$1.66
East Durham	8,224	93.7%	165	304	2,970	\$1,497	\$1.53
Far North Raleigh	12,224	93.0%	1,157	1,379	1,458	\$1,468	\$1.46
Near North Raleigh	18,815	92.9%	849	1,152	1,382	\$1,542	\$1.63
North Cary/Morrisville	20,895	93.9%	729	868	2,522	\$1,575	\$1.55
Northeast Raleigh	11,532	93.7%	1,696	1,773	1,652	\$1,426	\$1.47
Northwest Durham/Downtown	16,432	92.7%	429	712	1,952	\$1,613	\$1.82
Northwest Raleigh	10,544	93.3%	-86	0	488	\$1,465	\$1.46
South Cary/Apex	15,032	94.4%	640	747	2,419	\$1,571	\$1.52
Southeast Raleigh	15,680	92.7%	1,081	1,380	4,109	\$1,489	\$1.47
Southwest Durham	17,036	92.3%	171	536	544	\$1,422	\$1.45
<b>Market Total</b>	<b>191,767</b>	<b>93.3%</b>	<b>8,653</b>	<b>11,566</b>	<b>26,780</b>	<b>\$1,516</b>	<b>\$1.57</b>

## Raleigh-Durham asset class performance | Q4 2023

By asset class	Occupancy %	YoY change in	Area per unit	Eff. rent/unit	Eff. rent/psf	Concession Value	Concession as a % of asking rents
		Occupancy					
Class A	93.4%	-0.5%	920	\$1,873	\$2.04	\$136.00	6.5%
Class B	93.5%	-0.1%	969	\$1,506	\$1.55	\$49.00	3.2%
Class C	92.5%	-0.8%	998	\$1,330	\$1.33	\$54.00	3.9%



# Raleigh-Durham submarket map



For more market insights  
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