

Raleigh-Durham investment market trends

First Quarter 2022

The opening months of 2022 were active for the Raleigh-Durham investment market, with transaction volume reaching \$2.3 billion.

Unrelenting demand fueled another stellar quarter for multifamily, with \$1.5 billion in property trading hands. Record-setting occupancy and rent growth are driving strong demand for both trophy properties and value-add opportunities.

Industrial volume totaled \$585 million in the first quarter. Life science once again contributed to this activity with the \$80 million sale of The Labs at Research Triangle Park. Historically low vacancy and strong tenant demand are driving increased construction activity, opening up investment opportunities for both traditional industrial product and R&D/Flex properties.

Office sales slowed in the first quarter following a blockbuster performance in the second half of 2021. Volume

totaled \$198 million, with the largest deal being the \$92 million sale-leaseback of Credit Suisse's RTP office building. Raleigh-Durham's office market is showing increasing signs of life as more companies re-enter the workplace. First-quarter leasing activity was up 36% year-over-year, and rents continue to see upward movement.

Retail volume was relatively light at \$105 million for the quarter, but investor demand has rebounded in recent months. The local retail sector has gained significant traction, with tenant demand strong and vacancy back to pre-pandemic levels.

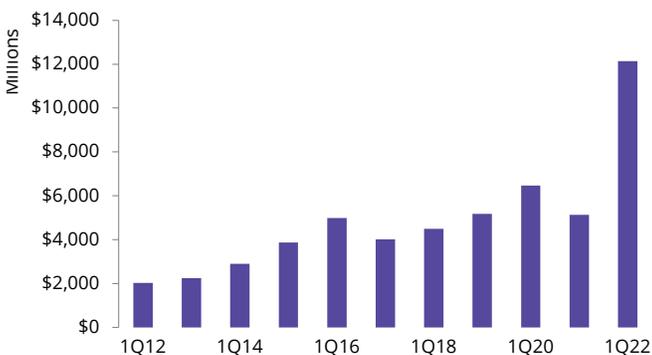
Robust local economic and population growth should keep investor demand for properties in the region strong throughout 2022, but headwinds such as rising interest rates, inflationary pressures and general uncertainty concerning the U.S. economy may push cap rates higher and lead to some moderation in sales activity.

TTM volume

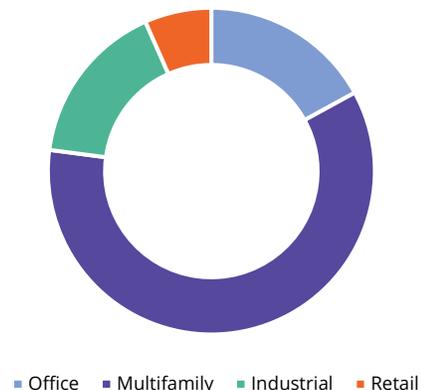
	Q1 2022	Q1 2021
Office	\$2.1 billion	\$1.8 billion
Multifamily	\$7.3 billion	\$2.2 billion
Industrial	\$2.0 billion	\$689 million
Retail	\$803 million	\$417 million
Total	\$12.1 billion	\$5.1 billion



Historical transaction volume (trailing 12 months)



Volume by product type (trailing 12 months)



Get more market information

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Select first-quarter sales

Property	Type	Buyer	Size	Price (millions)	Price per sf/unit
Credit Suisse ¹	Office	ElmTree Funds	205,000 sf	\$92.0	\$449
Regency Woods II	Office	GI Partners	150,000 sf	\$53.9	\$359
SouthCourt at South Square	Office	Crescent Communities	131,976 sf	\$22.4	\$169
Park40 Plaza ²	Office	Woodside Capital Partners	122,000 sf	\$14.4	\$118
630 Davis Drive	Office	630 Davis Drive, LLC	63,144 sf	\$8.8	\$139
RDU Center II ²	Office	Woodside Capital Partners	61,481 sf	\$6.3	\$102
The Labs at Research Triangle Park	Industrial/Lab	Alexandria Real Estate Equities	69,059 sf	\$80.0	\$1,158
100 K-Flex Way	Industrial	GMF Capital, Omega Industrial Realty	363,918 sf	\$26.5	\$73
Commercial Park West	Industrial/Flex	Alidade Capital	124,888 sf	\$16.9	\$134
Triangle Town Place	Retail	The Necessity Retail REIT	153,350 sf	\$28.5	\$186
Twin Lakes Center	Retail	L&B Realty Advisors	18,500 sf	\$13.0	\$700
Spring Forest Square	Retail	Red Hill Ventures	64,800 sf	\$11.0	\$170
79 Falling Springs Drive	Retail	HP Partners, LLC	22,379 sf	\$10.5	\$469
Apex Promenade	Retail	Prudent-Guard Investments, LLC	35,863 sf	\$7.4	\$206
Planet Fitness - 905 Wrigley Drive	Retail	Weyhell Props Piedmont Parkway,	29,255 sf	\$7.4	\$251
Tractor Supply - 4255 NC Hwy. 42	Retail	MPR Property LLC	19,025 sf	\$5.5	\$289
Dasmen Residential Portfolio ³	Multifamily	Harbor Group International	2,664 units	\$436.3	\$164
The Hartley at Blue Hill	Multifamily	SunBrook Partners	414 units	\$114.2	\$275,870
401 Oberlin	Multifamily	TA Realty	244 units	\$91.2	\$373,770
Alta Wren	Multifamily	TA Realty	250 units	\$91.0	\$364,000
Raleigh Beach Road Apartments	Multifamily	Blackstone	392 units	\$84.4	\$215,179
Foster on the Park	Multifamily	Stockbridge	164 units	\$78.5	\$478,659
Cadence at Cates Creek	Multifamily	American Landmark	270 units	\$75.5	\$279,630
ARIUM Cary Park	Multifamily	Carroll Organization	288 units	\$73.4	\$254,774
54 Station Apartments	Multifamily	Nuveen	288 units	\$72.5	\$251,736
Marquis Gardens	Multifamily	Friedlam Partners	400 units	\$63.4	\$158,375

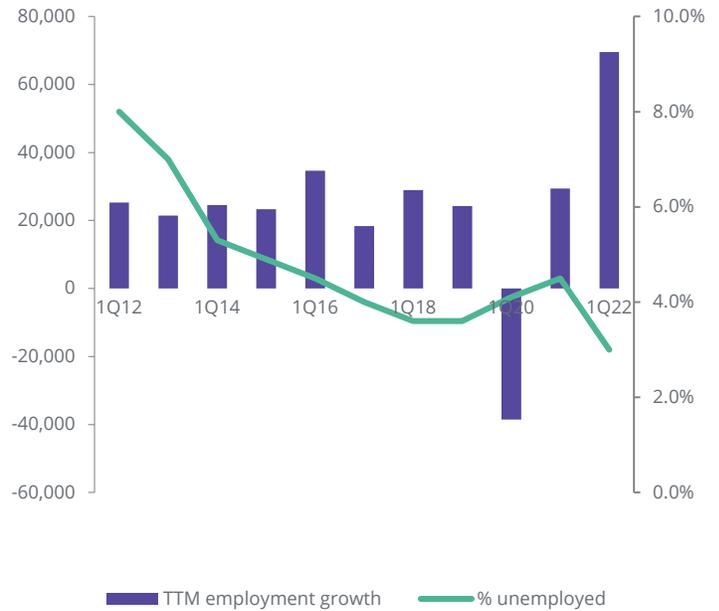
¹Sale leaseback transaction²Continental Realty portfolio sale³Eight apartment communities in Raleigh, Durham, Cary and Chapel Hill with per-unit pricing ranging from \$114,675 to \$243,231

Raleigh-Durham economic trends

The Raleigh-Durham region has experienced a record-setting number of new and expanding industry announcements in the last two years, with more than 10,700 jobs announced in 2021 and 8,000 jobs announced in the first quarter of 2022. In March, North Carolina secured its first automotive manufacturing facility with VinFast’s selection of Chatham County for its first U.S. manufacturing operation. The site will employ 7,500 people.

A substantial number of jobs announced in the last two years have been in the life science sector. The Triangle is emerging as one of the nation’s top life science hubs, transforming what was formerly a niche asset class into a targeted institutional capital allocation.

According to data from the Bureau of Labor Statistics, unemployment in the Raleigh-Durham-Chapel Hill combined statistical area stood at 3.0% in March 2022, down from 4.5% one year earlier. Year-over-year employment growth totaled 69,500 (6.3% growth).



Raleigh-Durham Capital Markets Team

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Our full suite of services coupled with deeply rooted relationships and an expansive network throughout the Southeast helps drive value to achieve client objectives. With offices in Raleigh, Chapel Hill and Charlotte, our Capital Markets team offers full market coverage across the rapidly growing North Carolina market.

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