

Raleigh-Durham multifamily market report

Q1 2022

**AVISON
YOUNG**



Multifamily market trends

01

Rent growth

The Raleigh-Durham multifamily market continues to experience unrelenting demand with record occupancy rates allowing operators to increase rents. Annual effective rent growth on a psf basis reached 19.1% in the first quarter. Average rent growth in Class B product reached 18.1% year-over-year, the largest escalation among all asset classes. Increasing levels of new supply are expected to moderate annual effective rent growth toward historical norms in the long term.

02

Renewal rates

Renewal rates in Raleigh-Durham increased by 5.8% year-over-year. During the height of the COVID-19 lockdown, renewals reached 52%. In the first quarter of 2022, it was apparent that apartment dwellers were once again staying in place with retention hitting 55.3%. While strong demand is fueling record-setting occupancies, increased renewal rates are also playing a factor in elevated occupancy, particularly in Class A product.

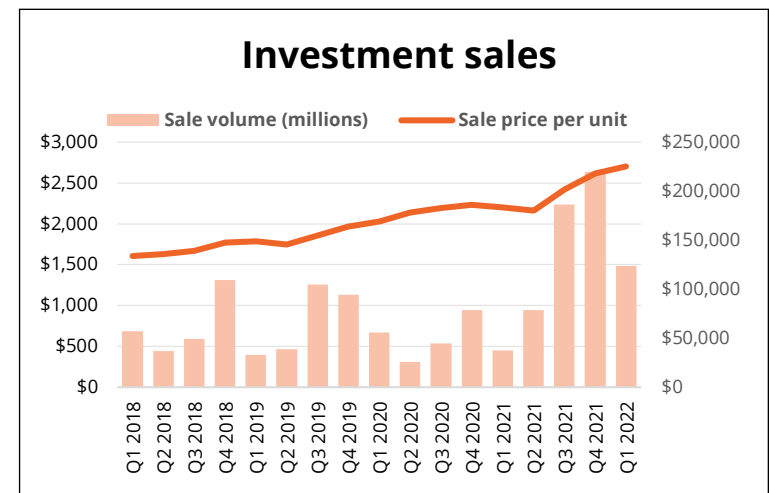
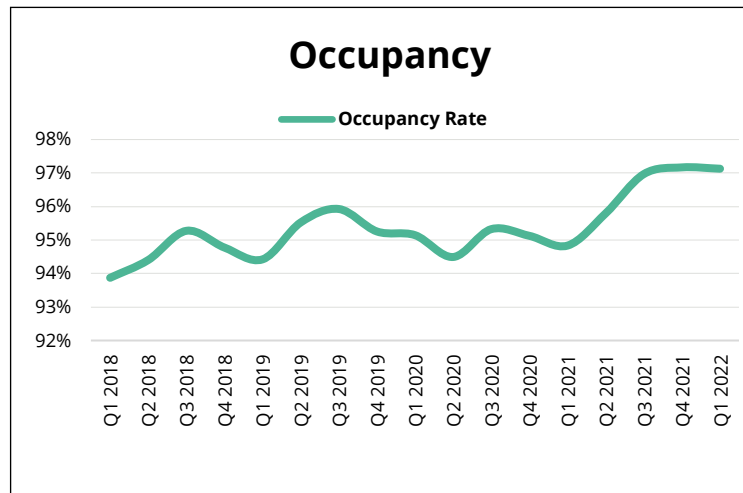
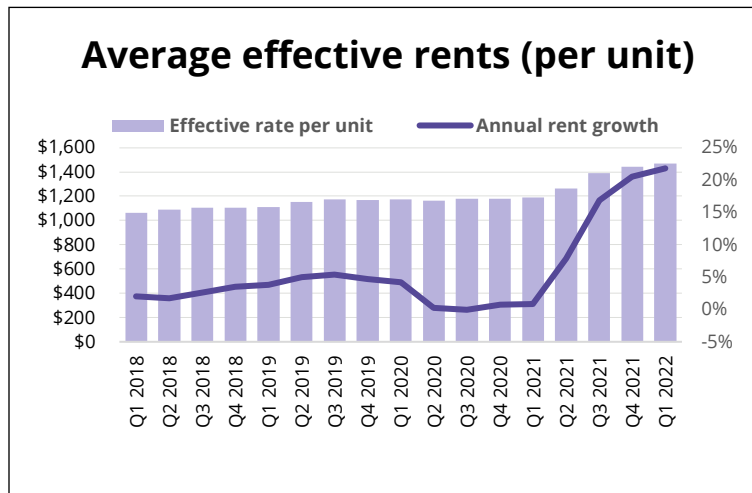
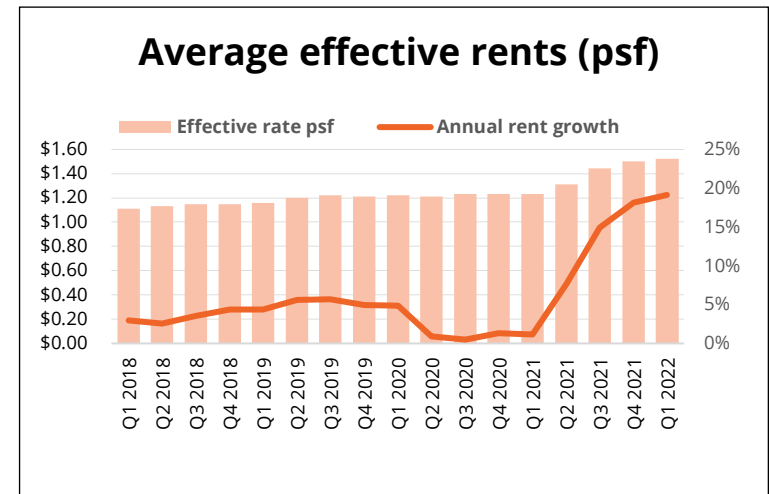
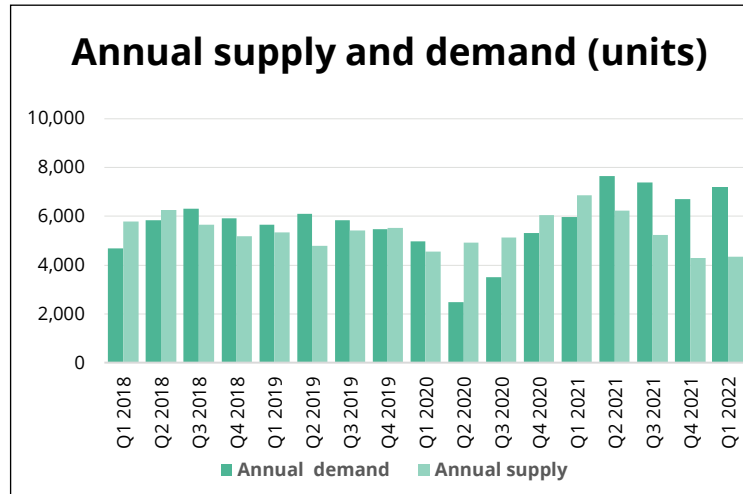
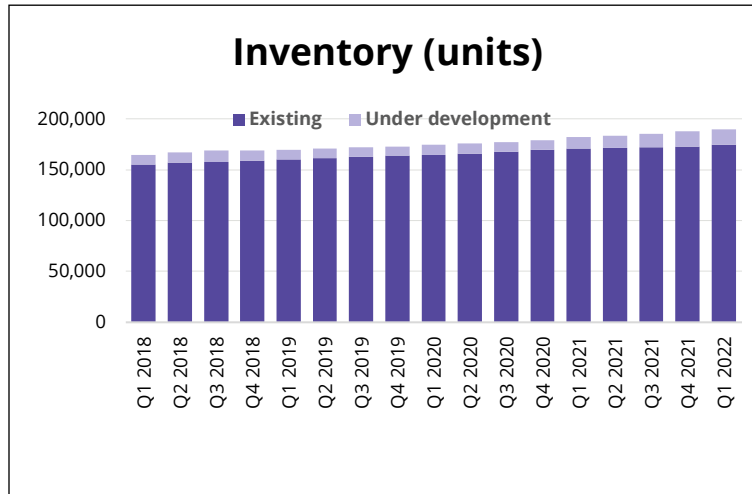
03

Capital markets

High demand and record-setting rent growth equated to another exceptional quarter for multifamily investment sales, with \$1.5 billion in property trades. Average cap rates were reported at 4.3% in the first quarter, down 30 bps year-over-year. Despite possible headwinds including rising interest rates, Raleigh-Durham's robust economic and population growth should keep investor demand strong in 2022.



Multifamily market indicators



© 2022 Avison Young. All rights reserved. E. & O.E.: The information contained herein was obtained from sources which we deem reliable and, while thought to be correct, is not guaranteed by Avison Young.

Multifamily market activity

Recent sales activity - YTD 2022

Property	Seller	Total units	Total sales price (\$M)	Avg. unit size	Avg. price/unit	Avg. effective rent/sf
The Hartley at Blue Hill	Woodfield Investments	414	\$114	983	\$275,870	\$2.00
Camden Asbury Village*	TRS of Texas	350	\$100	1,003	\$285,689	\$1.63
401 Oberlin	TriBridge Residential	244	\$91	1,006	\$373,770	\$1.91
Alta Wren	Newmark	250	\$91	1,140	\$364,000	\$1.53
The Villages at Raleigh Beach	Halle Cos	392	\$84	975	\$215,179	\$1.60
Aria North Hills**	Dasmen Residential	392	\$79	749	\$201,531	\$1.61
Foster on the Park	Blue Heron Asset Management	164	\$79	837	\$478,659	\$2.40
Cadence at Cates Creek***	Ardmore	270	\$76	1,073	\$279,630	\$1.29
ARIUM Cary Park	Passive Investing	288	\$73	965	\$254,774	\$1.57
54 Station Apartments	Chaucer Creek	288	\$73	999	\$251,736	\$1.42
Aurella Cary**	Dasmen Residential	360	\$73	779	\$201,614	\$1.48
Emerald Place**	Dasmen Residential	320	\$65	768	\$201,613	\$1.55

* TRST Sunbelt apt recap 2022 portfolio (\$100m of \$2.1b)

** Dasmen Residential NC apartment portfolio (\$436m of \$475m)

*** Ardmore Residential NC apartment portfolio (\$76m of \$174m)

Notable development

Property	Submarket	Property status	Total units	Property Type	Developer
Platform	Central Raleigh	Under construction	432	Wrap	Kane Realty Corporation
The Retreat at Fuquay Varina	South Cary / Apex	Under construction/lease-up	432	Garden	Berkley Hall
Alta Davis	North Cary / Morrisville	Under construction/lease-up	403	Garden	Wood Partners
Ardmore at Flowers	Southeast Raleigh	Under construction	396	Garden	Ardmore Residential
Seaboard Station Block A	Central Raleigh	Under construction	395	Podium	Hoffman & Associates
The Eastern	Near North Raleigh	Under construction/lease-up	376	Podium	Kane Realty Corporation

Multifamily market stats by submarket

By Submarket	Existing units	Occupancy %	Net Demand	New Supply	Average effective rents		
			TTM	TTM	Under Const. (units)	Rent/unit	Rent/psf
Central Raleigh	24,588	96.8%	581	655	3,295	\$1,528	\$1.66
Chapel Hill/Carrboro	17,272	97.9%	1,054	418	825	\$1,477	\$1.57
East Durham	7,920	97.4%	398	251	84	\$1,362	\$1.43
Far North Raleigh	10,709	97.2%	421	240	568	\$1,416	\$1.41
Near North Raleigh	16,949	96.6%	437	78	1,989	\$1,458	\$1.59
North Cary/Morrisville	19,751	97.0%	1,317	1,030	1,492	\$1,537	\$1.51
Northeast Raleigh	9,520	97.0%	411	210	1,667	\$1,379	\$1.43
Northwest Durham/Downtown	14,827	97.3%	368	171	1,487	\$1,575	\$1.80
Northwest Raleigh	10,244	96.7%	175	-	261	\$1,474	\$1.46
South Cary/Apex	13,467	96.7%	976	763	1,624	\$1,462	\$1.45
Southeast Raleigh	13,046	97.9%	761	533	1,493	\$1,429	\$1.44
Southwest Durham	16,182	97.5%	416	-	559	\$1,397	\$1.43
Market Total	174,475	97.1%	7,315	4,349	15,344	\$1,469	\$1.52

For more market insights
and information visit
avisonyoung.com

Steven B. Peden

Principal
Capital Markets | Multifamily
+1 919 719 8198
steven.peden@avisonyoung.com

Kyle Gonzalez

Senior Associate
Capital Markets | Multifamily
+ 1 919 785 3434
kyle.gonzalez@avisonyoung.com