

A photograph of a woman in a kitchen talking on a pink phone. A baby is sitting at a table with a laptop, looking at the screen. A man is visible in the background near a stove. The scene is set in a kitchen with a brick wall and white cabinets.

Raleigh-Durham multifamily market report

Q3 2022

**AVISON
YOUNG**

Multifamily market activity

01

Occupancy

Despite a slight moderation in demand, overall occupancy rates remained solid at **95%**, and all asset classes topped **94%** in the third quarter.

Like many markets across the U.S., annual demand in the Triangle slowed as just over **2,000 units** were absorbed. In the last twelve months, the **Southeast Raleigh** submarket has led the Triangle in both demand and new supply.

02

Rent growth

The pace of annual rent growth moderated in the third quarter, even as owners increased effective asking rents. With strong demand average annual rent growth per unit reached **13.3% and every submarket in Raleigh-Durham reported rent growth above 10%**.

While the anticipated level of new supply is expected to decelerate rent growth in the near term, positive economic and demographic trends will continue to support multifamily fundamentals.

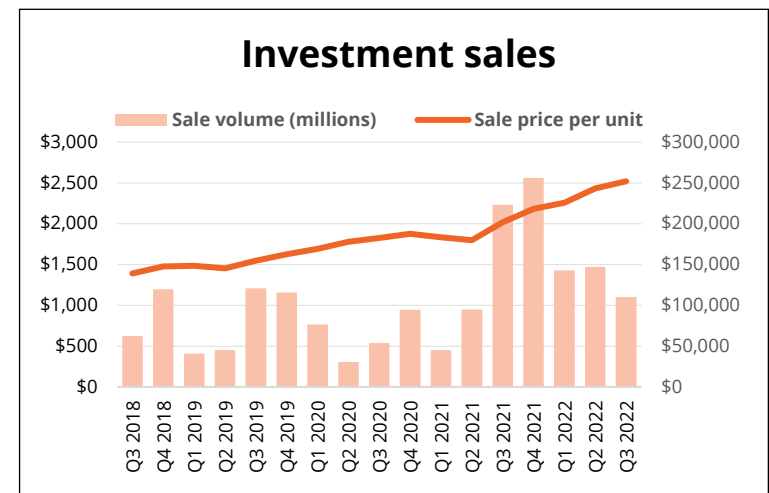
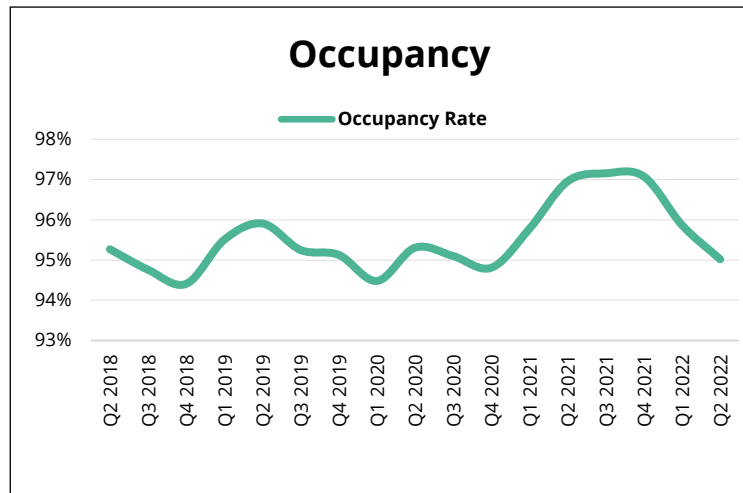
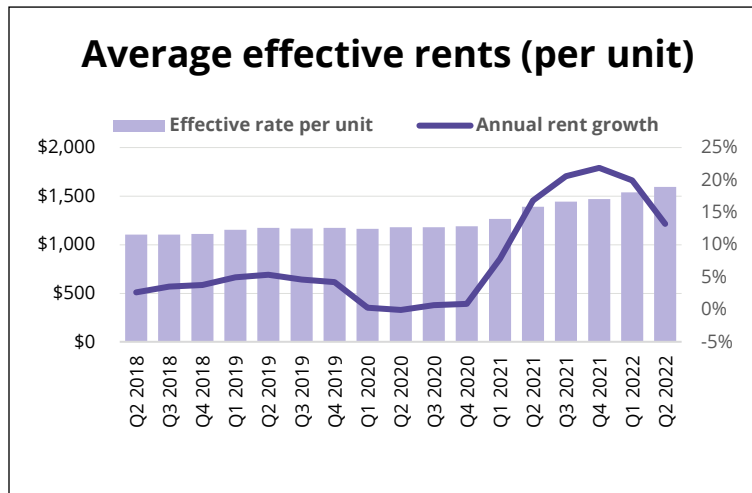
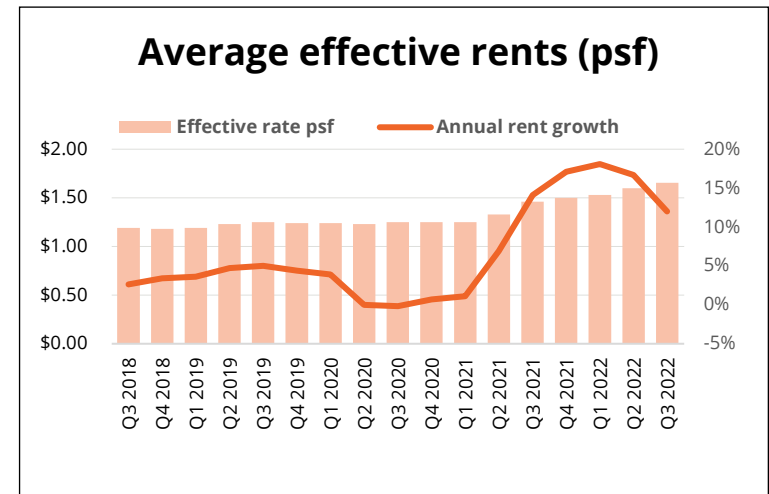
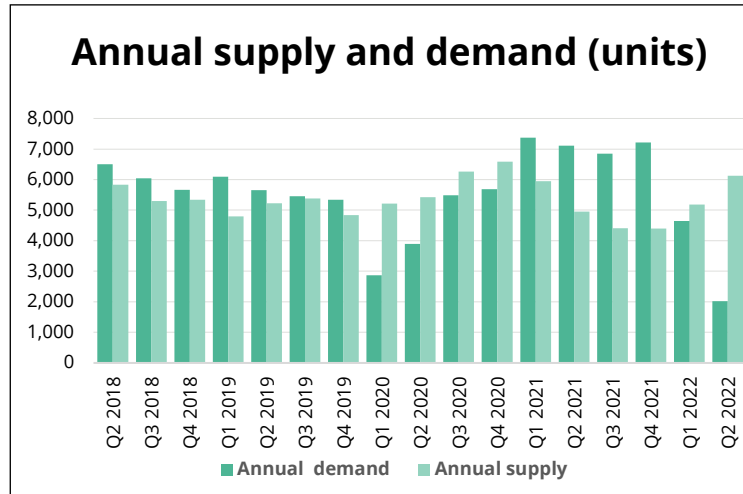
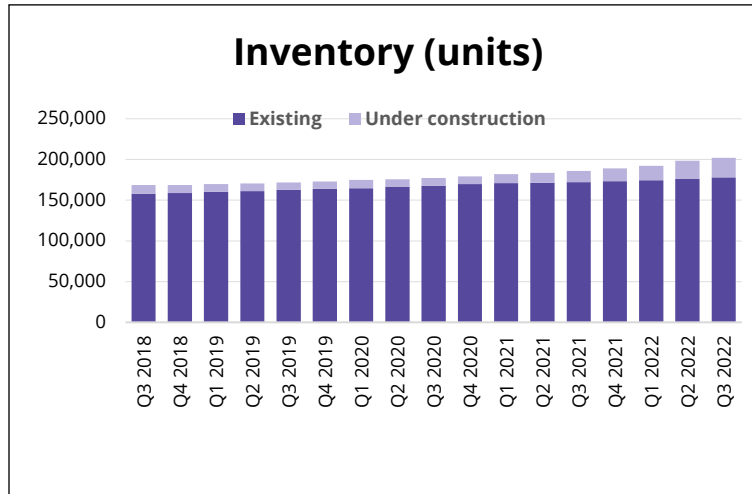
03

Supply

A record **24,223 units** are currently under construction with an additional **12,800 units** expected to deliver in the next twelve months. There were **6,126 units** that delivered in the last year and that new supply was heavily concentrated in the **Southeast Raleigh and Northwest Durham/Downtown Durham** submarkets. Even with peak construction volumes, demand is expected to remain steady.



Multifamily market activity



Multifamily market activity

Recent sales activity – Q3 2022

Property	Seller	Total units	Total sales price (\$M)	Avg. unit size	Avg. price/unit	Avg. effective rent/sf
Aldon at Powell & Broad	Signature Property Group	384	\$129	992	\$336,589	\$1.80
Aviation Crossing	Westbrook Partners	298	\$120	988	\$402,685	\$1.82
AXIS Crossroads	Boston Capital	344	\$111	1,265	\$322,674	\$1.42
Lex at Brier Creek	Stillman Group, Kettler	346	\$99	1,220	\$287,200	\$1.43
Southpoint Glen*	Stonebridge Investments	346	\$88	885	\$254,335	\$1.70
Hawthorne Davis Park	Cortland	287	\$85	1,050	\$294,425	\$1.62
The Mark	American Landmark	312	\$80	953	\$253,205	\$1.61
North Hills at Town Center	Irinda Capital	279	\$74	983	\$265,233	\$1.67
Campus Edge**	Preiss Company	262	\$57	1,034	\$218,321	\$1.71
One City Center	Austin Lawrence Partners	109	\$56	948	\$510,826	\$2.92
Grand Arbor Reserve	Starwood Capital	297	\$48	1,105	\$160,185	\$1.40
Alcove Garner	Stoneweg SA	170	\$42	1,116	\$248,529	\$1.27

* Stonebridge NC Apartment portfolio (\$88m of \$106m)

** Student housing property

Notable development

Property	Submarket	Property status	Total units	Property type	Developer
RUS Bus	Central Raleigh	Under construction	587	High-rise	Hoffman & Associates
Platform	Central Raleigh	Under construction	430	Podium	Kane Realty Corporation
Edgewater Commons	Southeast Raleigh	Under construction	412	Podium	APG Capital
Ardmore at Flowers	Southeast Raleigh	Under construction	396	Garden	Ardmore Residential
Town Drive	Northeast Raleigh	Under construction	384	Garden	Related Group
Aventon Nora	Near North Raleigh	Under construction	372	Garden	Aventon
Villages at Sunnybrook	Southeast Raleigh	Under construction	360	Garden	The Halle Companies

Multifamily market activity

By Submarket	Existing units	Occupancy %	Net demand	New supply	Under construction	Average effective rents	
			TTM	TTM	(units)	Rent/unit	Rent/psf
Central Raleigh	24,907	95.2%	-349	673	5,524	\$1,663	\$1.80
Chapel Hill/Carrboro	17,279	95.0%	397	425	1,176	\$1,628	\$1.71
East Durham	7,920	96.0%	59	101	689	\$1,541	\$1.63
Far North Raleigh	10,770	95.4%	-48	196	2,019	\$1,560	\$1.56
Near North Raleigh	17,587	95.2%	326	716	1,958	\$1,587	\$1.73
North Cary/Morrisville	20,063	95.4%	456	864	2,319	\$1,673	\$1.64
Northeast Raleigh	9,594	94.3%	-107	132	2,909	\$1,488	\$1.54
Northwest Durham/Downtown	15,576	93.0%	493	920	1,501	\$1,642	\$1.91
Northwest Raleigh	10,544	95.1%	87	300	485	\$1,596	\$1.58
South Cary/Apex	13,722	96.0%	388	555	2,006	\$1,605	\$1.59
Southeast Raleigh	13,787	95.2%	733	1,146	2,827	\$1,508	\$1.53
Southwest Durham	16,280	94.7%	-343	98	810	\$1,521	\$1.55
Market Total	178,029	95.0%	2,092	6,126	24,223	\$1,596	\$1.66

By asset class	Occupancy %	YoY change in			Eff. rent/unit	Eff. rent/psf	Concession	Concession value
		Occupancy	Area per unit	Value			% of asking rents	
Class A	94.7%	-1.99	930	\$1,904	\$2.05	\$91.00	4.8%	
Class B	94.9%	-2.06	976	\$1,570	\$1.61	\$49.00	3.2%	
Class C	96.0%	-1.41	965	\$1,279	\$1.33	\$45.00	3.3%	

*TTM is noted as trailing 12 mos.

Looking forward



Here's what we can expect

- Rising interest rates and decelerated price growth have moderated construction starts in the single-family market, while multifamily construction remains robust. Estimated single-family home volumes **decreased 13.8%** year-over-year in the Triangle.
- High demand and accelerated rent growth equated to exceptional multifamily investment sales in the last twelve months with more than **\$6.6 billion** in property trades. Average cap rates were reported at **3.8%** in the third quarter, down 80 bps year-over-year.
- Despite inevitable headwinds including rising interest rates, Raleigh-Durham's robust economic and population growth should keep investor and tenant demand strong throughout 2022.



For more market insights
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