The Raleigh-Durham investment market closed out 2021 with a record-shattering $10.5 billion in volume, topping its previous high by 77%. Volume was up across all product types, and the multifamily, office and industrial sectors all posted record-setting figures.

Multifamily led the way with $6.2 billion in sales in 2021, accounting for 60% of total volume. The torrid investor demand comes as surging population and job growth in the region have pushed multifamily occupancy to the highest level since the late 1990s. Annual effective rent growth soared to 16.7% in the fourth quarter, the highest year-over-year increase ever registered.

Historically low vacancy rates have triggered a wave of industrial construction in Raleigh-Durham, opening up highly sought-after investment opportunities. Industrial sales totaled an all-time high of $1.3 billion in 2021.

Retail sales totaled $809 million for the year, the highest level since 2016. The local retail market showed signs of sustained recovery in 2021. Leasing activity picked up notably, and a substantial amount of obsolete space was removed from the market as developers re-purpose well-located assets for higher and better use.

### TTM volume

<table>
<thead>
<tr>
<th>Product Type</th>
<th>Q4 2021</th>
<th>Q4 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Office</td>
<td>$2.1 billion</td>
<td>$2.0 billion</td>
</tr>
<tr>
<td>Multifamily</td>
<td>$6.2 billion</td>
<td>$2.5 billion</td>
</tr>
<tr>
<td>Industrial</td>
<td>$1.3 billion</td>
<td>$1.0 billion</td>
</tr>
<tr>
<td>Retail</td>
<td>$809 million</td>
<td>$421 million</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$10.5 billion</strong></td>
<td><strong>$5.9 billion</strong></td>
</tr>
</tbody>
</table>

### Historical transaction volume (trailing 12 months)

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## Select 2021 sales

<table>
<thead>
<tr>
<th>Property</th>
<th>Type</th>
<th>Buyer</th>
<th>Sale date</th>
<th>Size</th>
<th>Price (millions)</th>
<th>Price per sf/unit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bloc[83]</td>
<td>Office</td>
<td>City Office REIT</td>
<td>4Q21</td>
<td>494,000 sf</td>
<td>$330.0</td>
<td>$668</td>
</tr>
<tr>
<td>The Forum[1]</td>
<td>Office</td>
<td>Highwoods Properties</td>
<td>1Q21</td>
<td>635,380 sf</td>
<td>$175.1</td>
<td>$276</td>
</tr>
<tr>
<td>Wells Fargo Capitol Center</td>
<td>Office</td>
<td>Highwoods Properties</td>
<td>3Q21</td>
<td>544,482 sf</td>
<td>$148.0</td>
<td>$272</td>
</tr>
<tr>
<td>Captrust Tower at North Hills</td>
<td>Office</td>
<td>Highwoods Properties</td>
<td>3Q21</td>
<td>300,389 sf</td>
<td>$142.5</td>
<td>$474</td>
</tr>
<tr>
<td>Imperial Center Portfolio (6 buildings)</td>
<td>Office</td>
<td>Admiral Capital Group</td>
<td>4Q21</td>
<td>421,378 sf</td>
<td>$94.1</td>
<td>$223</td>
</tr>
<tr>
<td>Palisades I, II &amp; III</td>
<td>Office</td>
<td>Alidade Capital</td>
<td>4Q21</td>
<td>322,634 sf</td>
<td>$87.1</td>
<td>$262</td>
</tr>
<tr>
<td>S2 North &amp; MacGregor Yards</td>
<td>Office</td>
<td>Adler Real Estate Partners</td>
<td>4Q21</td>
<td>364,624 sf</td>
<td>$66.5</td>
<td>$182</td>
</tr>
<tr>
<td>The Stitch</td>
<td>Office/Life Science</td>
<td>Related Companies</td>
<td>4Q21</td>
<td>248,000 sf</td>
<td>$181.8</td>
<td>$733</td>
</tr>
<tr>
<td>Research Commons</td>
<td>Office/Life Science</td>
<td>Oxford Properties Group</td>
<td>4Q21</td>
<td>422,000 sf</td>
<td>$138.0</td>
<td>$327</td>
</tr>
<tr>
<td>INQ 1101</td>
<td>Office/Life Science</td>
<td>TPG Real Estate</td>
<td>4Q21</td>
<td>140,302 sf</td>
<td>$88.0</td>
<td>$627</td>
</tr>
<tr>
<td>Beaver Creek Crossing</td>
<td>Retail</td>
<td>CTO Realty Growth, Inc.</td>
<td>4Q21</td>
<td>320,629 sf</td>
<td>$70.5</td>
<td>$220</td>
</tr>
<tr>
<td>Eastgate Crossing</td>
<td>Retail</td>
<td>Kite Realty Group</td>
<td>1Q21</td>
<td>153,000 sf</td>
<td>$46.0</td>
<td>$301</td>
</tr>
<tr>
<td>Plantation Point</td>
<td>Retail</td>
<td>Finnmarc Management</td>
<td>4Q21</td>
<td>394,576 sf</td>
<td>$58.0</td>
<td>$147</td>
</tr>
<tr>
<td>South Hills Mall and Plaza</td>
<td>Retail</td>
<td>Loden Properties, NorthPond Partners</td>
<td>4Q21</td>
<td>370,000 sf</td>
<td>$38.4</td>
<td>$104</td>
</tr>
<tr>
<td>Triangle Town Center</td>
<td>Retail</td>
<td>Kohan Realty Investment Group</td>
<td>4Q21</td>
<td>575,360 sf</td>
<td>$33.3</td>
<td>$58</td>
</tr>
<tr>
<td>Equus Portfolio (6 buildings)²</td>
<td>Industrial</td>
<td>AIG</td>
<td>2Q21</td>
<td>2,610,269</td>
<td>$414.0</td>
<td>$159</td>
</tr>
<tr>
<td>Eastgate 540 Buildings 1, 2, 5 &amp; 6</td>
<td>Industrial</td>
<td>BentallGreenOak</td>
<td>3Q21</td>
<td>737,560 sf</td>
<td>$138.8</td>
<td>$188</td>
</tr>
<tr>
<td>Regional Commerce Center</td>
<td>Industrial</td>
<td>Link Industrial Properties</td>
<td>3Q21</td>
<td>404,000 sf</td>
<td>$67.0</td>
<td>$166</td>
</tr>
<tr>
<td>South 40 Distribution Center</td>
<td>Industrial</td>
<td>Pennybacker Capital</td>
<td>4Q21</td>
<td>492,446 sf</td>
<td>$55.5</td>
<td>$113</td>
</tr>
<tr>
<td>Eastgate 540 Buildings 3 &amp; 4</td>
<td>Industrial</td>
<td>BentallGreenOak</td>
<td>4Q21</td>
<td>240,067 sf</td>
<td>$41.8</td>
<td>$174</td>
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<tr>
<td>Patriot Park Buildings 3 &amp; 4</td>
<td>Industrial/Life Science</td>
<td>JLL Income Property Trust</td>
<td>3Q21</td>
<td>375,000 sf</td>
<td>$66.8</td>
<td>$178</td>
</tr>
<tr>
<td>PGIM, Carroll Org, Portfolio (6 properties)</td>
<td>Multifamily</td>
<td>Starwood Capital</td>
<td>4Q21</td>
<td>3,441 units</td>
<td>$565.0</td>
<td>$246,617</td>
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<tr>
<td>Stanhope Student Apartments</td>
<td>Multifamily</td>
<td>Core Spaces</td>
<td>3Q21</td>
<td>300 units</td>
<td>$131.0</td>
<td>$436,667</td>
</tr>
<tr>
<td>Indigo</td>
<td>Multifamily</td>
<td>Starlight Investments</td>
<td>4Q21</td>
<td>489 units</td>
<td>$121.9</td>
<td>$249,284</td>
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<tr>
<td>Allister North Hills</td>
<td>Multifamily</td>
<td>TA Realty</td>
<td>2Q21</td>
<td>434 units</td>
<td>$120.0</td>
<td>$276,498</td>
</tr>
<tr>
<td>Bell Preston Reserve</td>
<td>Multifamily</td>
<td>Blackstone</td>
<td>3Q21</td>
<td>360 units</td>
<td>$110.6</td>
<td>$307,194</td>
</tr>
<tr>
<td>Reserve at Patterson Place</td>
<td>Multifamily</td>
<td>Hercules Living</td>
<td>4Q21</td>
<td>345 units</td>
<td>$104.0</td>
<td>$301,449</td>
</tr>
<tr>
<td>The Villages at Pecan Grove</td>
<td>Multifamily</td>
<td>Blackstone</td>
<td>4Q21</td>
<td>336 units</td>
<td>$98.0</td>
<td>$291,667</td>
</tr>
<tr>
<td>Hudson High House</td>
<td>Multifamily</td>
<td>NexPoint Residential Trust</td>
<td>4Q21</td>
<td>302 units</td>
<td>$93.3</td>
<td>$308,775</td>
</tr>
<tr>
<td>The Pointe at Crabtree</td>
<td>Multifamily</td>
<td>Braddock &amp; Logan</td>
<td>4Q21</td>
<td>336 units</td>
<td>$84.0</td>
<td>$250,000</td>
</tr>
<tr>
<td>Regatta at Lake Lynn</td>
<td>Multifamily</td>
<td>Knightvest Capital</td>
<td>4Q21</td>
<td>392 units</td>
<td>$80.0</td>
<td>$204,082</td>
</tr>
<tr>
<td>West Village</td>
<td>Multifamily</td>
<td>Blackstone</td>
<td>4Q21</td>
<td>608 units</td>
<td>$273.5</td>
<td>N/A</td>
</tr>
</tbody>
</table>

¹Majority interest (75%) sale. Price reflects full valuation. Purchase price for majority interest was $131.3 million.
²Recapitalization/majority interest sale. Part of $1 billion portfolio sale of 37 properties in North Carolina, Tennessee, Georgia, Virginia and West Virginia.

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Raleigh-Durham economic trends

The Raleigh-Durham region was a top destination for investment capital, new residents and businesses prior to the COVID-19 pandemic, and the area’s appeal has only been enhanced by the crisis. The region experienced a record level of corporate announcements in 2021, with new and expanding companies revealing plans to create more than 10,700 new jobs. The largest announcements came from Apple (3,000 jobs), Fidelity Investments (2,250), Bandwidth (1,165 jobs), Google (1,000 jobs) and Fujifilm Diosynth Biotechnologies (725 jobs).

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, the Raleigh-Durham-Chapel Hill combined statistical area has recovered all of the jobs lost to the pandemic. Unemployment stood at 2.9% in November 2021, down from 5.5% one year earlier and from a pandemic high of 12% in May 2020.

Raleigh-Durham Capital Markets Team

Avison Young’s capital markets group offers comprehensive real estate transaction services to a global client base. A trusted advisor to real estate owners and operators for more than 30 years, we source investment opportunities and provide investment sales and structured finance executions for clients in the U.S., Canada, Europe and Asia.

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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