

Raleigh-Durham investment market trends

Fourth Quarter 2021

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.

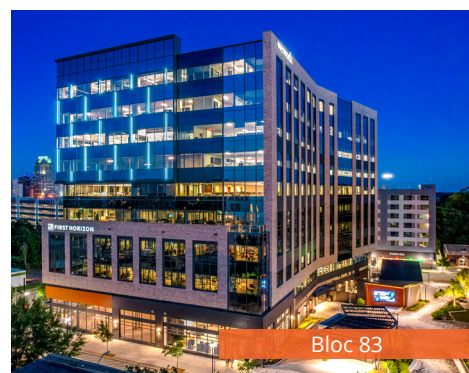
While delayed return-to-office plans kept office leasing activity muted in 2021, investors signaled confidence in the future of the sector in Raleigh-Durham, snapping up properties to the tune of \$2.1 billion. In the highest psf

price ever recorded for a non-medical, multi-tenant office building, City Office REIT paid \$330 million (\$668 psf) for two towers at Bloc[83] in Downtown Raleigh. This sale comes on the heels of the previous high-water mark of \$474 psf for the Captrust Tower at North Hills in the third quarter.

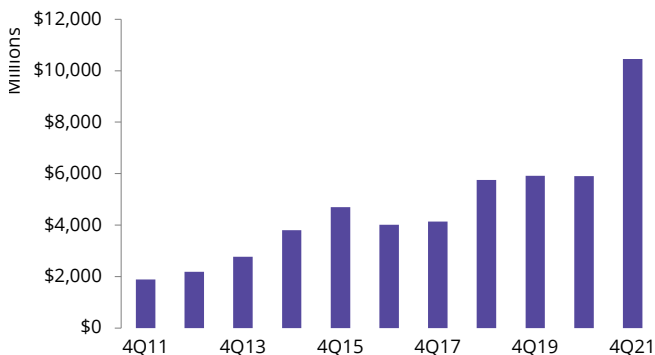
Historically low vacancy rates have triggered a wave of industrial construction in Raleigh-Durham, opening up highly sought-after investment opportunities. Industrial sales totaled an all-time high of \$1.3 billion in 2021.

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.

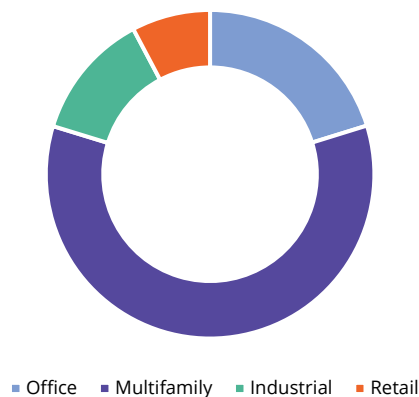
TTM volume	Q4 2021	Q4 2020
Office	\$2.1 billion	\$2.0 billion
Multifamily	\$6.2 billion	\$2.5 billion
Industrial	\$1.3 billion	\$1.0 billion
Retail	\$809 million	\$421 million
Total	\$10.5 billion	\$5.9 billion



Historical transaction volume (trailing 12 months)



Volume by product type (trailing 12 months)



Get more market information

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Select 2021 sales

Property	Type	Buyer	Sale date	Size	Price (millions)	Price per sf/unit
Bloc[83]	Office	City Office REIT	4Q21	494,000 sf	\$330.0	\$668
The Forum ¹	Office	Highwoods Properties	1Q21	635,380 sf	\$175.1	\$276
Wells Fargo Capitol Center	Office	Highwoods Properties	3Q21	544,482 sf	\$148.0	\$272
Captrust Tower at North Hills	Office	Highwoods Properties	3Q21	300,389 sf	\$142.5	\$474
Imperial Center Portfolio (6 buildings)	Office	Admiral Capital Group	4Q21	421,378 sf	\$94.1	\$223
Palisades I, II & III	Office	Alidade Capital	4Q21	332,634 sf	\$87.1	\$262
52 North & MacGregor Yards	Office	Adler Real Estate Partners	4Q21	364,624 sf	\$66.5	\$182
The Stitch	Office/Life Science	Related Companies	4Q21	248,000 sf	\$181.8	\$733
Research Commons	Office/Life Science	Oxford Properties Group	4Q21	422,000 sf	\$138.0	\$327
INQ 1101	Office/Life Science	TPG Real Estate	4Q21	140,302 sf	\$88.0	\$627
Beaver Creek Crossing	Retail	CTO Realty Growth, Inc.	4Q21	320,629 sf	\$70.5	\$220
Eastgate Crossing	Retail	Kite Realty Group	1Q21	153,000 sf	\$46.0	\$301
Plantation Point	Retail	Finmarc Management	4Q21	394,576 sf	\$58.0	\$147
South Hills Mall and Plaza	Retail	Loden Properties, NorthPond Partners	4Q21	370,000 sf	\$38.4	\$104
Triangle Town Center	Retail	Kohan Realty Investment Group	4Q21	575,360 sf	\$33.3	\$58
Equus Portfolio (6 buildings) ²	Industrial	AIG	2Q21	2,610,269	\$414.0	\$159
Eastgate 540 Buildings 1, 2, 5 & 6	Industrial	BentallGreenOak	3Q21	737,560 sf	\$138.8	\$188
Regional Commerce Center	Industrial	Link Industrial Properties	3Q21	404,000 sf	\$67.0	\$166
South 40 Distribution Center	Industrial	Pennybacker Capital	4Q21	492,446 sf	\$55.5	\$113
Eastgate 540 Buildings 3 & 4	Industrial	BentallGreenOak	4Q21	240,067 sf	\$41.8	\$174
Patriot Park Buildings 3 & 4	Industrial/Life Science	JLL Income Property Trust	3Q21	375,000 sf	\$66.8	\$178
PGIM, Carroll Org. Portfolio (6 properties)	Multifamily	Starwood Capital	4Q21	3,441 units	\$565.0	\$246,617
Stanhope Student Apartments	Multifamily	Core Spaces	3Q21	300 units	\$131.0	\$436,667
Indigo	Multifamily	Starlight Investments	4Q21	489 units	\$121.9	\$249,284
Allister North Hills	Multifamily	TA Realty	2Q21	434 units	\$120.0	\$276,498
Bell Preston Reserve	Multifamily	Blackstone	3Q21	360 units	\$110.6	\$307,194
Reserve at Patterson Place	Multifamily	Hercules Living	4Q21	345 units	\$104.0	\$301,449
The Villages at Pecan Grove	Multifamily	Blackstone	4Q21	336 units	\$98.0	\$291,667
Hudson High House	Multifamily	NexPoint Residential Trust	4Q21	302 units	\$93.3	\$308,775
The Pointe at Crabtree	Multifamily	Braddock & Logan	4Q21	336 units	\$84.0	\$250,000
Regatta at Lake Lynn	Multifamily	Knightvest Capital	4Q21	392 units	\$80.0	\$204,082
West Village	Multifamily Office & Retail	Blackstone	4Q21	608 units 110,648 sf	\$273.5	N/A

¹Majority interest (75%) sale. Price reflects full valuation. Purchase price for majority interest was \$131.3 million.

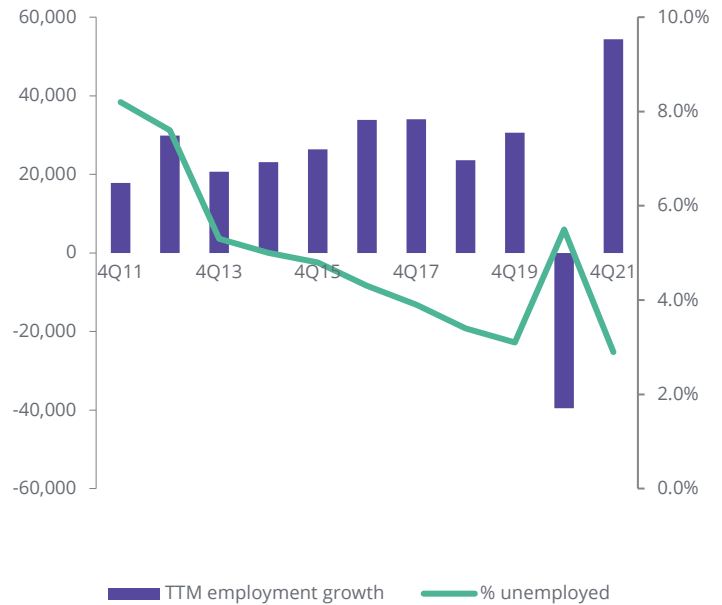
²Recapitalization/majority interest sale. Part of \$1 billion portfolio sale of 37 properties in North Carolina, Tennessee, Georgia, Virginia and West Virginia.

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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