

Raleigh-Durham multifamily market trends

Fourth Quarter 2021

After another year of substantial inventory growth, the Triangle shattered records in both annual rent growth and occupancy levels. Population growth has been rapid in the region in recent years, but especially since the onset of the pandemic. The influx of renters has driven heavy demand for multifamily product, inflating occupancy rates and rent growth. Annual effective rent growth across all asset classes spiked to 18%, the highest rate ever reported in the Raleigh-Durham market and one the nation's highest.

Occupancy rates crossed the 97% threshold for the first time ever in the market and trailing 12-month absorption totaled more than 6,900 units. Record-breaking occupancy allowed operators to push rents higher; the average Class A effective rate peaked at \$1.88 psf in the fourth quarter, up 15.5% since the same period in 2020. Average Class B effective rents saw the largest annual increase across asset classes at 17.5%.

Concessions offered in the height of the pandemic have largely fallen off, also allowing for substantial rent growth. The year-over-year average percent of units offering concessions fell from 28% to 8% in the fourth quarter of 2021. Deliveries have not yet outpaced demand as 4,543 units were added to inventory in the last 12 months, the lowest level since 2016. Over the next year, the pace of inventory growth is expected to accelerate with the anticipated addition of 9,190 units.

Multifamily investment sales totaled an astounding \$6.2 billion in 2021, an increase of 60% over 2020. Both developers and buyers of apartments now have more options than ever in equity opportunities, and investor demand for Triangle multifamily assets has continued to surge alongside population and job growth. Accelerated in-migration and continued economic success will provide a positive outlook for the multifamily market in the long term.

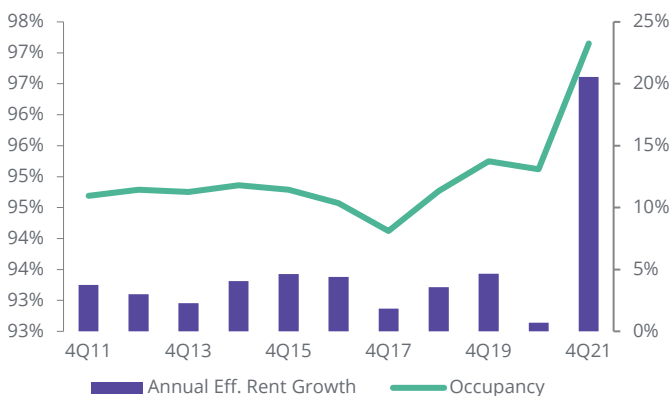
Quick stats

	4Q 2021	4Q 2020
Inventory	172,736	169,147
Occupancy	97.2%	95.1%
Absorption (units, TTM)	6,912	5,217
Deliveries (units, TTM)	4,543	5,948
Under construction (units)	14,398	10,103
Avg. effective rate (psf)	\$1.50	\$1.23
Concession rate (%)	4.8%	4.6%

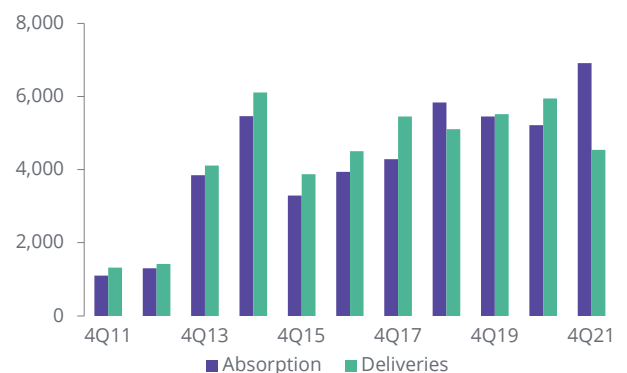
Ranked #2

The Urban Land Institute ranked Raleigh-Durham the #2 U.S. market for real estate prospects in 2022.

Annual effective rent growth



Supply and demand (trailing 12 months)



Get more market information

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

Kyle Gonzalez
Senior Associate, Capital Markets | Multifamily
+1 919 866 4273
kyle.gonzalez@avisonyoung.com

**AVISON
YOUNG**

Market by the numbers

BY SUBMARKET	Existing Units	Occupancy	Net Demand (TTM)	New Supply (TTM)	Under Const (Units)	EFFECTIVE RENTS	
						Rent/Unit	Rent/SF
Central Raleigh	24,260	97.1%	722	726	3,125	\$1,491	\$1.62
Chapel Hill/Carrboro	17,041	97.7%	1,087	478	752	\$1,436	\$1.53
East Durham	7,920	96.8%	293	276	930	\$1,345	\$1.41
Far North Raleigh	10,675	97.1%	284	206	818	\$1,431	\$1.43
Near North Raleigh	16,871	96.8%	304	-	2,036	\$1,411	\$1.53
North Cary/Morrisville	19,517	97.1%	1,592	1,315	1,903	\$1,510	\$1.48
Northeast Raleigh	9,505	96.9%	404	292	1,074	\$1,369	\$1.42
Northwest Durham/Downtown	14,895	97.3%	226	171	1,079	\$1,551	\$1.77
Northwest Raleigh	10,244	96.9%	167	-	-	\$1,457	\$1.44
South Cary/Apex	13,203	96.7%	1,012	739	1,352	\$1,441	\$1.42
Southeast Raleigh	12,711	98.1%	542	340	770	\$1,401	\$1.41
Southwest Durham	15,894	97.4%	387	-	559	\$1,362	\$1.40
Total Market	172,736	97.2%	6,912	4,543	14,398	\$1,441	\$1.50

[View submarket map](#)

Select 2021 sale transactions

Property	Seller	Total Units	Avg. Unit Size (sf)	Sale Price (\$M)	Avg. Price/Unit	Avg. Effective Rent/SF
Carroll Organization PGIM Portfolio	Carroll Organization, PGIM	2,291	983	\$572.8	\$252,905	\$1.43
Blackstone NC Apartment Portfolio	The Connor Group	608	1,029	\$278.5	\$307,519	\$1.82
Bell Partners US Portfolio	Bell Partners	568	1,123	\$167.5	\$290,376	\$1.42
Brookfield AM Portfolio	Brookfield AM	555	1,121	\$150.5	\$272,347	\$1.42
Stanhope Apartments *	Kane Realty, Valentine Construction	300	407 (per bed)	\$131.0	\$436,667	\$2.27
Foxwood I & II	KDM Development	460	1,083	\$126.0	\$273,913	\$1.58
Indigo	Blue Heron Asset Management	488	819	\$121.9	\$249,284	\$1.67
Allister North Hills	Heitman	434	864	\$120.0	\$276,498	\$1.89
Taurus Profimex Portfolio	Taurus, Profimex	530	1,026	\$104.3	\$195,573	\$1.45
Trilogy Chapel Hill	Leon Capital	328	913	\$93.0	\$287,926	\$1.80
The Piedmont	SR Real Estate Partners	382	853	\$93.0	\$243,455	\$1.89
Bell Chapel Hill	Ram Realty Partners	272	818	\$85.3	\$313,419	\$1.82
Candour House	Woodfield Investments	276	964	\$81.8	\$293,011	\$1.74
Bainbridge Aviation Crossing	Bainbridge Companies	298	1,000	\$79.0	\$265,101	\$1.77
Six Forks Station	Blackstone	321	1,118	\$74.8	\$232,897	\$1.39
Broadstone Trailside	Alliance Residential	263	1,013	\$71.0	\$270,000	\$1.63

*Student Housing