



# Raleigh-Durham Multifamily Market Report

Q1 2024

**AVISON  
YOUNG**

# Raleigh-Durham multifamily insights

## 01

### Apartment Demand Outpaces Most Markets Across the U.S.

For the second consecutive quarter, multifamily demand in Raleigh-Durham reached a **record high, posting some of the highest demand in the nation**. While the question of oversupply remains, sky rocketing renter demand tells us that we aren't over building as the Triangle ranks among the **nation's fastest-growing renter bases** in the last three years.\*

\*14.3% change in renter households (2020-2023)

## 02

### Deliveries Expected to Hit Pause in 2026-2027

While inventory is set to grow **10%** in 2024, a decline in **multifamily permitting** will offer the market a reprieve from delivery totals in 2026-2027. Delayed permitting and increased material costs are expected to decrease the total number of units underway. In Raleigh-Durham, multifamily permitting has already **decreased 23%** year-over-year.

## 03

### Multifamily Investment Sales

Multifamily remains **the largest recipient of investment capital**, representing **65%** of total transactions in the Triangle. Multifamily sales volume was down **41%** year-over-year bringing total volume to **\$2.1 billion** in last twelve months. The average cap rate was **5.1%**, down **80 bps** year-over-year. With the expectation of reduced interest rates in 2024, confidence is expected to return on the buyer side.



# Supply and demand

# 10,028 units

## Annual market demand

Annual demand of **10,028 units** marks the highest annual demand count on record in the Triangle. This is the second consecutive quarter of record-high absorption, ranking as one of the top markets in the nation for renter demand.

New supply remains elevated yet only slightly above demand levels. Occupancy rates strengthened in the month of February and ended the first quarter at **93.2%**.



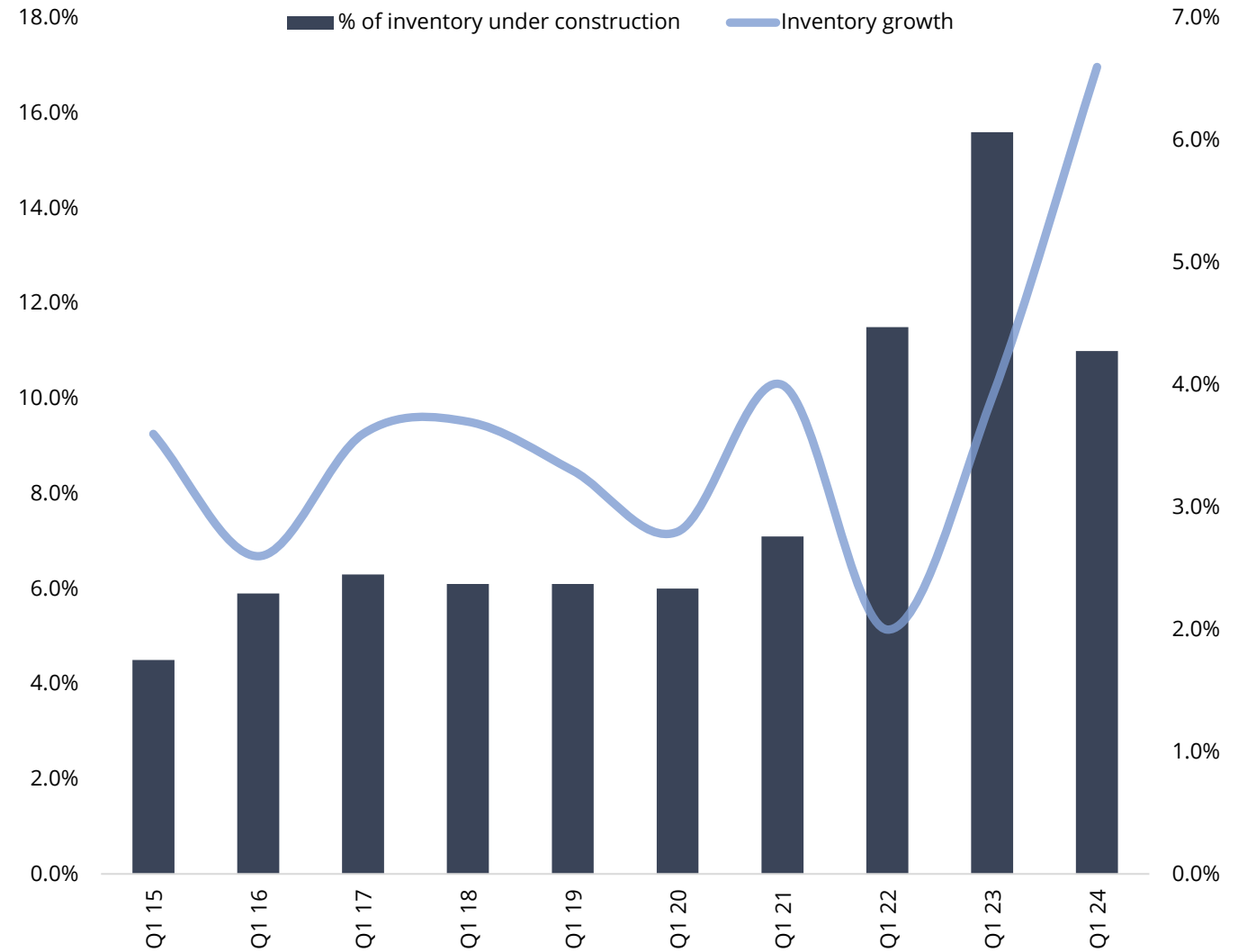
Source: RealPage, Avison Young Research

# Inventory snapshot

# 11%

## Inventory under construction

In the first quarter, **3,160 units** were delivered pushing annual deliveries in the Triangle to **12,059 units**. At the close of first quarter, **21,403 units** were under construction. Completions are expected continue to decrease in 2026-2027 in response to moderating construction starts.



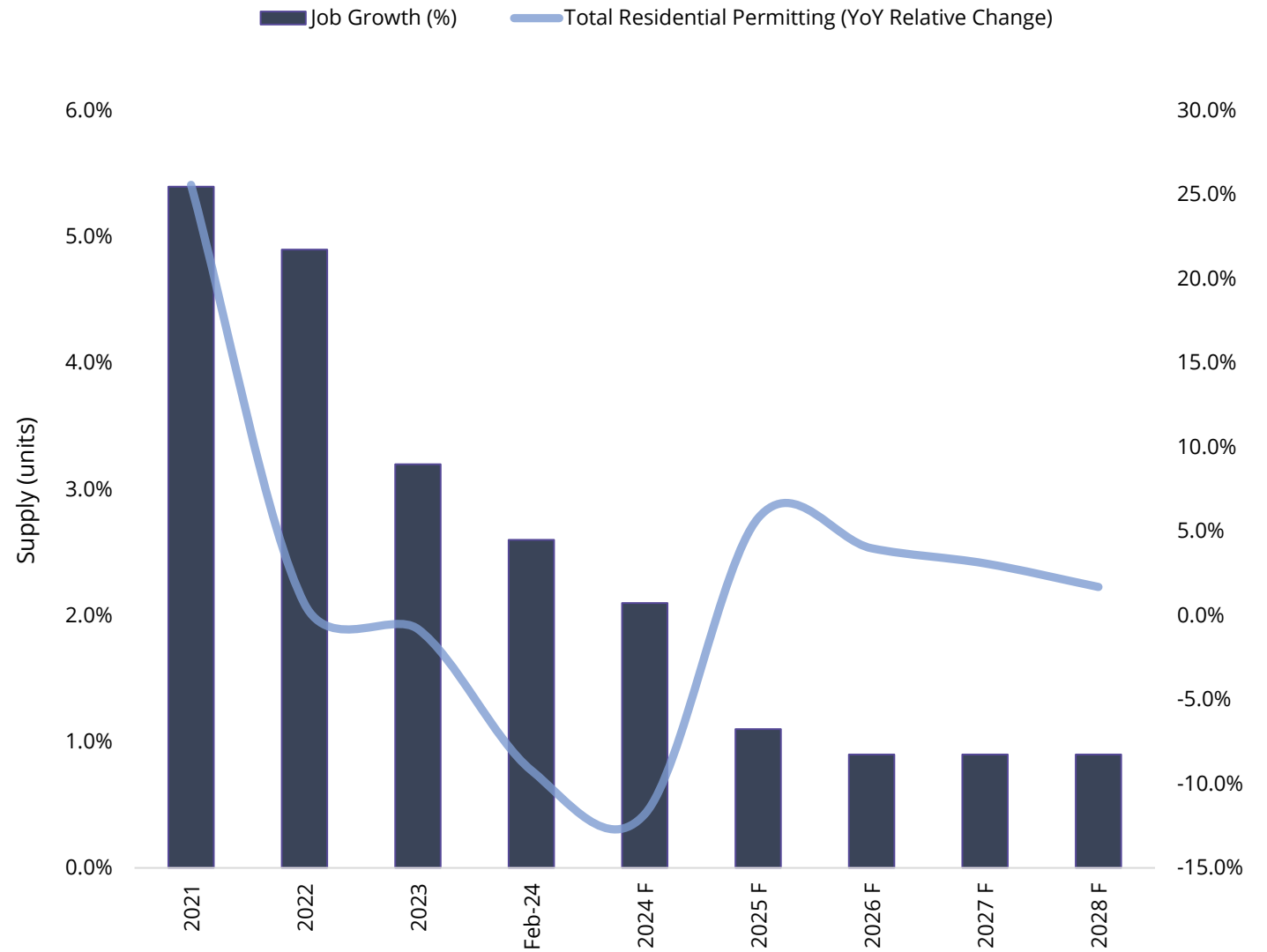
# Multifamily permits

# 10,471

Down 22% Year-over-Year

Job growth in Raleigh-Durham was **2.6%** in February 2024, reflecting **27,400 jobs added** during a 12-month period and was above the national number of **1.8%**. The Professional and Business Services sector gained **4,700 jobs** during the 12 months ending February 2024, constituting job growth of **3.3%**.

On the supply side, permits for **10,471** multifamily units were issued in the 12 months ending in February 2024, a decline of **1,912** units from the prior year's total.



Source: RealPage, U.S Bureau of Labor Statistics

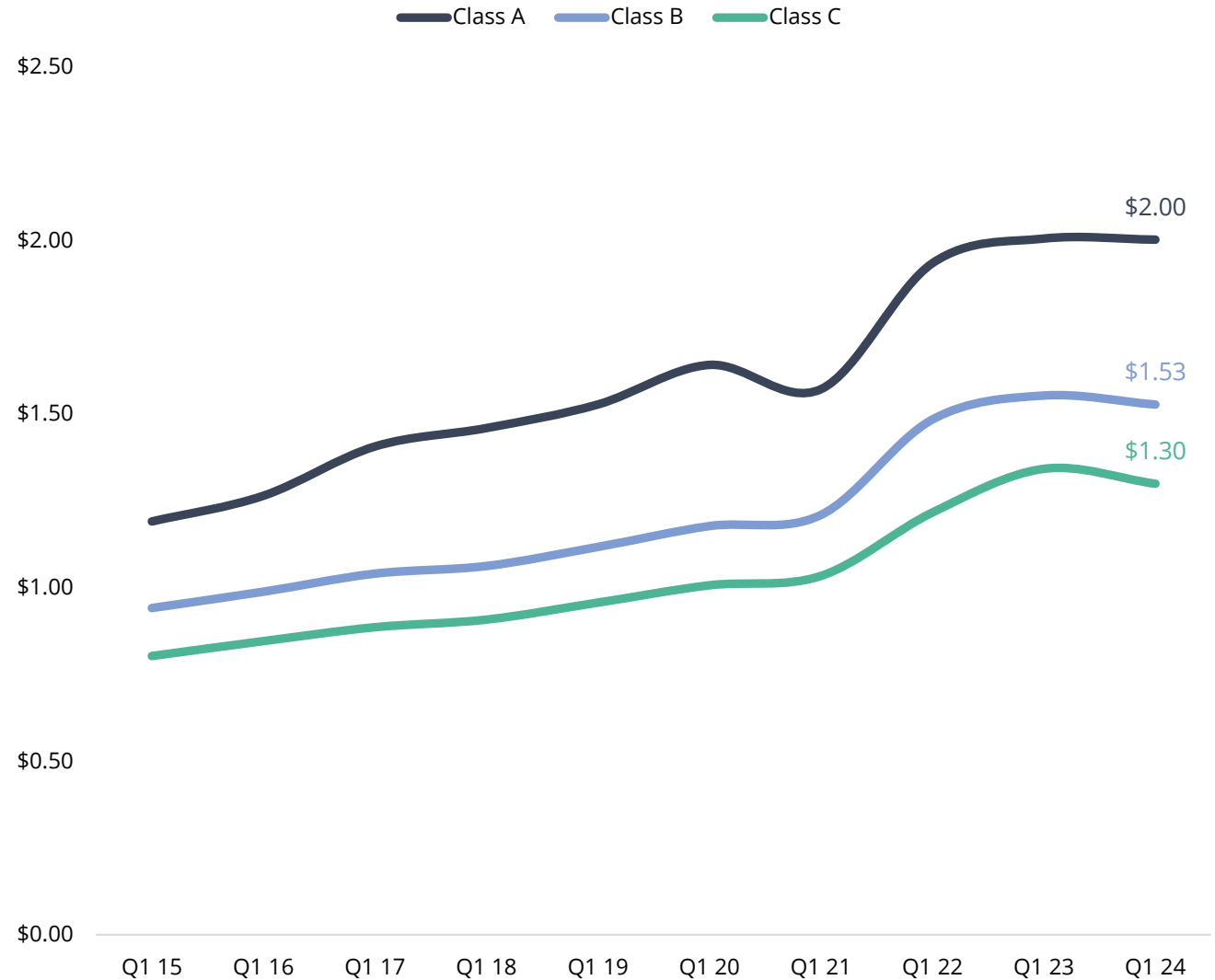
# Effective Rental Rates

# \$1.56

Average effective rate/psf

Existing assets in the Triangle reported an average effective rent of **\$1,509** per unit, or **\$1.56** per square foot, in 1Q24. Concessions for existing properties averaged **\$69.00**.

Properties that have delivered in the last 12 months have achieved average effective rents of **\$1,785**, or **\$1.82** per square foot, resulting in an average concession value of **\$208**.



Source: RealPage, Avison Young Research

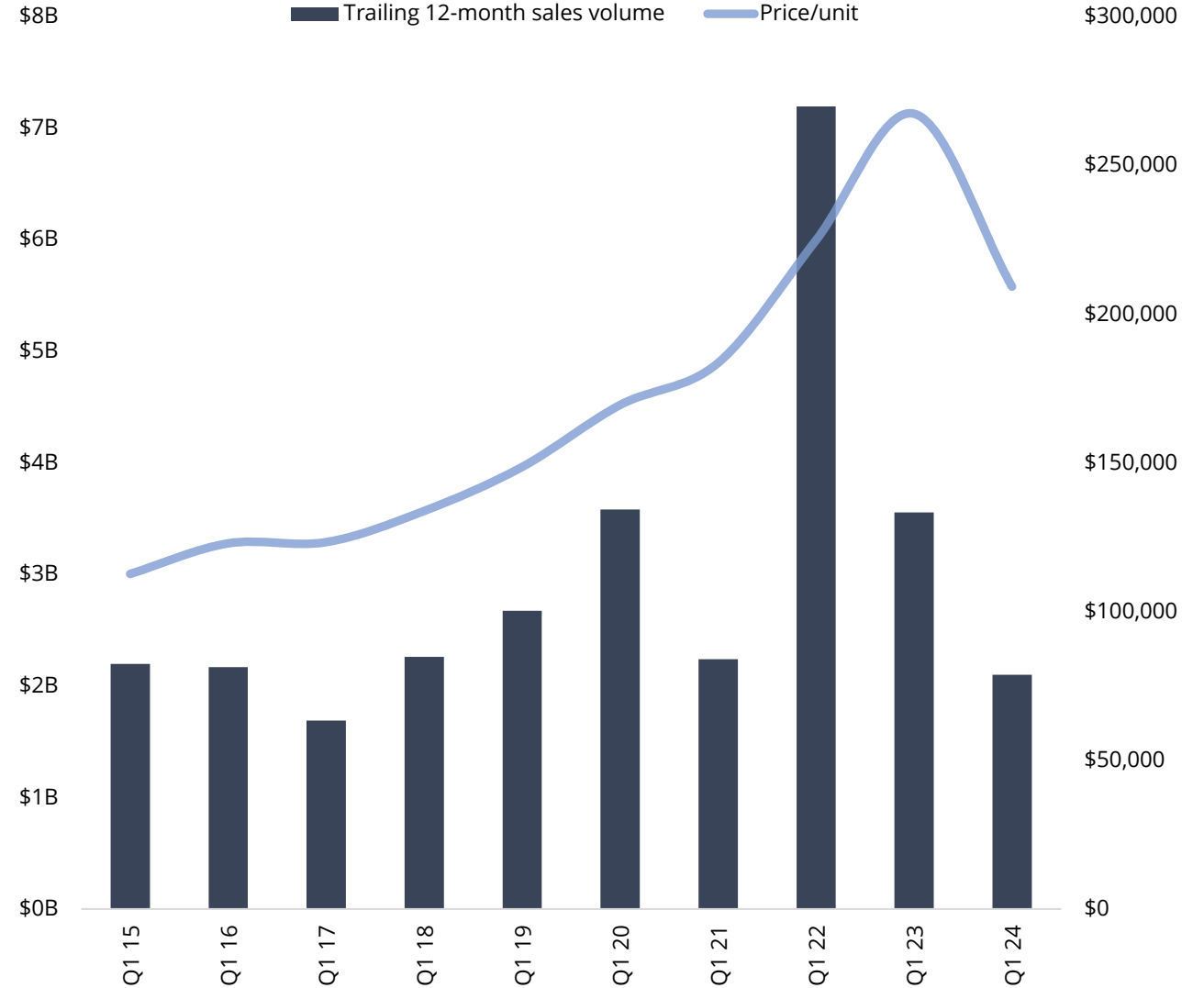
# Investment sales

# \$2.1B

## Trailing 12-month sales volume

Private funds remain the largest capital composition year-to-date accounting for **44%** of multifamily transactions in the Triangle. In the last 12 months, multifamily assets accounted for **65%** of total investment capital in the market. Office transactions equaled a mere **17%** of total investment volume.

The disposition of Solis Cameron Hills, a 315-unit property that is currently under construction was the largest sale transaction recorded in the last twelve months at **\$115M** or **\$363,492/unit**.



Source: Real Capital Analytics, Avison Young Research

# Multifamily market activity

## Notable sales – last 12 mos.

Property	Seller	Total units	Total sales price (\$M)	Avg. unit size	Avg. price/unit	Cap Rate	Avg. effective rent/sf
Solis Hills*	Terwilliger Pappas	315	\$115	931	\$363,492	-	\$2.06
Novel Cary**	Crescent Communities; Pearl Street Partners	342	\$105	1,078	\$329,000	-	\$1.81
The Villages at Sunnybrook	Halles Companies	384	\$87	966	\$225,260	5.7%	\$1.56
Kelby Farms*	Woodfield Investments	277	\$85	1,001	\$305,957	5.3%	\$1.71
The Villages at Olde Towne	Halle Cos	360	\$85	922	\$234,722	4.8%	\$1.55
Reserve at Meadowmont	Bell Partners	258	\$84	1,148	\$324,128	-	\$1.87
Lofts at Lakeview	Sentinel Real Estate	352	\$83	1,028	\$235,795	-	\$1.51
Legacy at Wakefield	Carter Haston	369	\$80	973	\$216,599	4.8%	\$1.53
Bell Jones Franklin	TDK Construction	277	\$80	950	\$287,004	4.7%	\$1.66
Infinity Six Forks	Waterton Associates	298	\$74	943	\$249,161	4.7%	\$1.69

\* Lease-Up, Lease-Up % is noted as percent in lease-up at the time of sale. Solis Hills (37%), Kelby Farms (38%).

\*\* Portfolio Sale: 642-unit portfolio, \$105.3M of \$204.6M.

## Notable development

Property	Submarket	Property status	Total units	Property type	Developer
Swift Creek	Central Raleigh	Under construction	613	Garden	KDM Development
The Villages at Ellis Crossing	East Durham	Under construction	519	Garden	The Halle Companies
Preston Ridge	North Cary/Morrisville	Under construction	425	Garden	Akridge Kettler
Aura Chapel Hill	Chapel Hill/Carrboro	Under construction	419	Wrap	Trinsic Residential
MAA Nixie	East Durham	Under construction	406	Wrap	Mid-America Apartment Communities
Camden Durham	Northwest Durham/Downtown	Under construction/lease-up	420	Wrap	Camden Property Trust
Camden Village District	Central Raleigh	Under construction	369	Wrap	Camden Property Trust



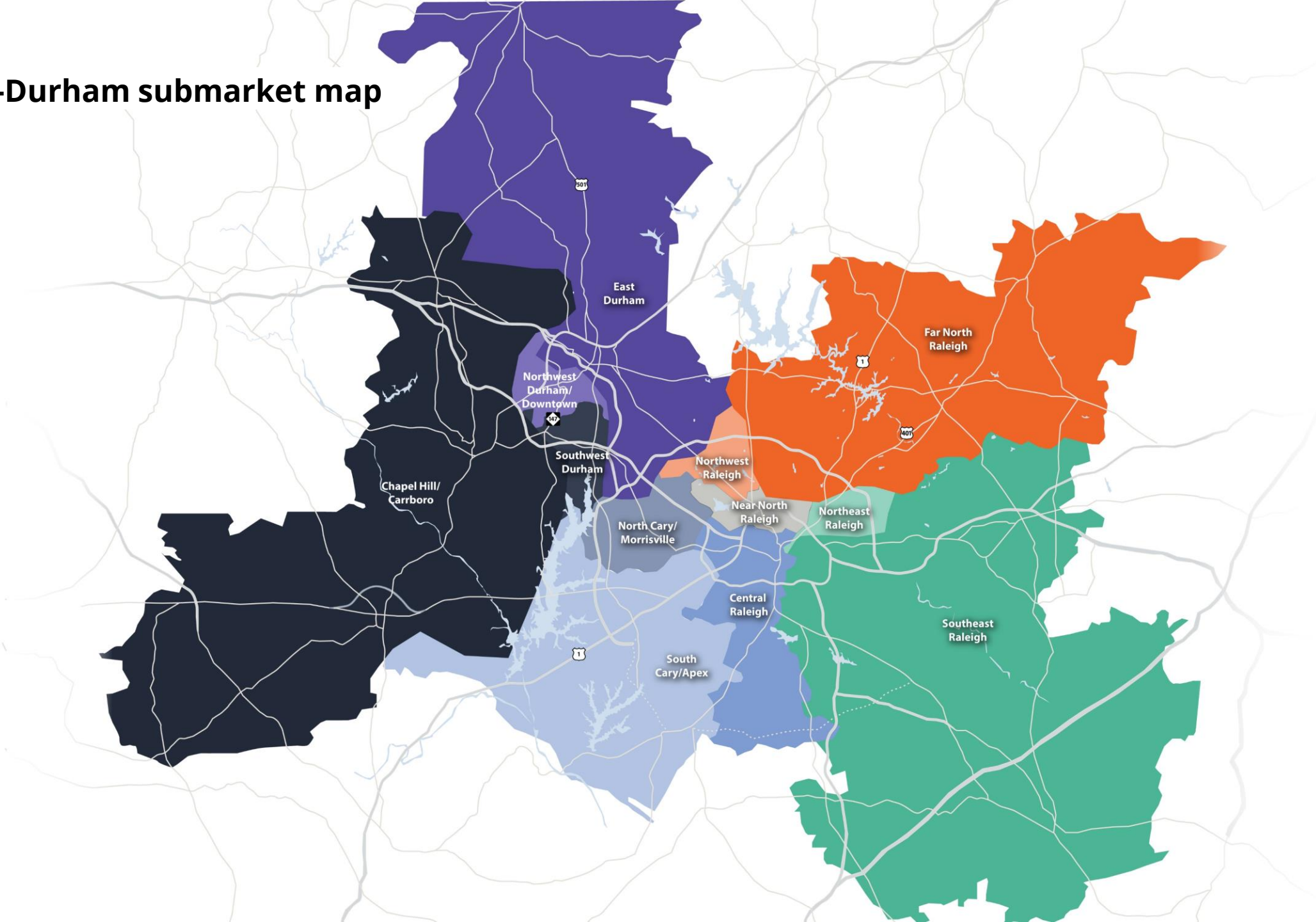
## Multifamily submarket activity | Q1 2024

By Submarket	Existing units	Occupancy %	Annual Demand	Annual Supply	Under construction	Average effective rents	
					(units)	Rent/unit	Rent/psf
Central Raleigh	27,895	92.7%	1,699	2,131	5,725	\$1,549	\$1.68
Chapel Hill/Carrboro	18,147	93.2%	795	972	1,674	\$1,547	\$1.64
East Durham	8,464	94.5%	472	544	2,523	\$1,493	\$1.51
Far North Raleigh	12,477	93.0%	1,101	1,260	730	\$1,434	\$1.43
Near North Raleigh	18,867	92.2%	823	1,094	1,162	\$1,540	\$1.67
North Cary/Morrisville	20,949	94.0%	666	806	2,215	\$1,549	\$1.53
Northeast Raleigh	11,684	93.7%	1,504	1,603	1,849	\$1,419	\$1.46
Northwest Durham/Downtown	16,516	92.5%	618	796	1,704	\$1,606	\$1.85
Northwest Raleigh	10,632	93.4%	18	88	400	\$1,442	\$1.44
South Cary/Apex	15,358	94.3%	816	878	1,799	\$1,551	\$1.50
Southeast Raleigh	15,775	92.6%	1,163	1,265	1,265	\$1,452	\$1.43
Southwest Durham	17,228	92.7%	353	622	357	\$1,406	\$1.44
<b>Market Total</b>	<b>193,992</b>	<b>93.2%</b>	<b>10,028</b>	<b>12,059</b>	<b>21,403</b>	<b>\$1,508</b>	<b>\$1.56</b>

## Raleigh-Durham asset class performance | Q1 2024

By asset class	Occupancy %	YoY change in		Area per unit	Eff. rent/unit	Eff. rent/psf	Concession Value	Concession as a % of asking rents
		Occupancy	Area per unit					
Class A	92.8%	-1.6%	921	\$1,845	\$2.00	\$120.00	6.0%	
Class B	93.5%	-0.2%	965	\$1,474	\$1.53	\$57.00	3.9%	
Class C	92.5%	-1.0%	1,009	\$1,311	\$1.30	\$67.00	4.9%	

# Raleigh-Durham submarket map



For more market insights  
and information visit  
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