



Raleigh-Durham Multifamily Market Report

Q2 2024



Raleigh-Durham multifamily insights

01

Demand Continues to Set Records

Impressive demand totals in Q2 continue to break records in the Triangle. Net multifamily demand reached the **highest level since 3Q 2020**, with the most impressive totals recorded in the first two quarters of 2024. 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 Taper in 2025

While the Triangle continues to be a high contributor in delivery totals, a sharp **37% decline in multifamily permitting** should provide a downturn in supply in the coming year. Economic uncertainty, spiked financing rates and terms coupled with declining lease-up rents are contributing to delayed starts. The percent of units offering **concession rates** reached a decade high of **31%**.

03

Multifamily Investment Sales

Multifamily remains **the largest recipient of investment capital**, representing **63%** of total transaction volume in the Triangle. Multifamily sales volume rebounded in Q2 yet still down **10%** year-over-year, bringing total volume to **\$2.1 billion** in last twelve months. The average cap rate hovered around **5.2%** in Q2, up **70 bps** year-over-year.



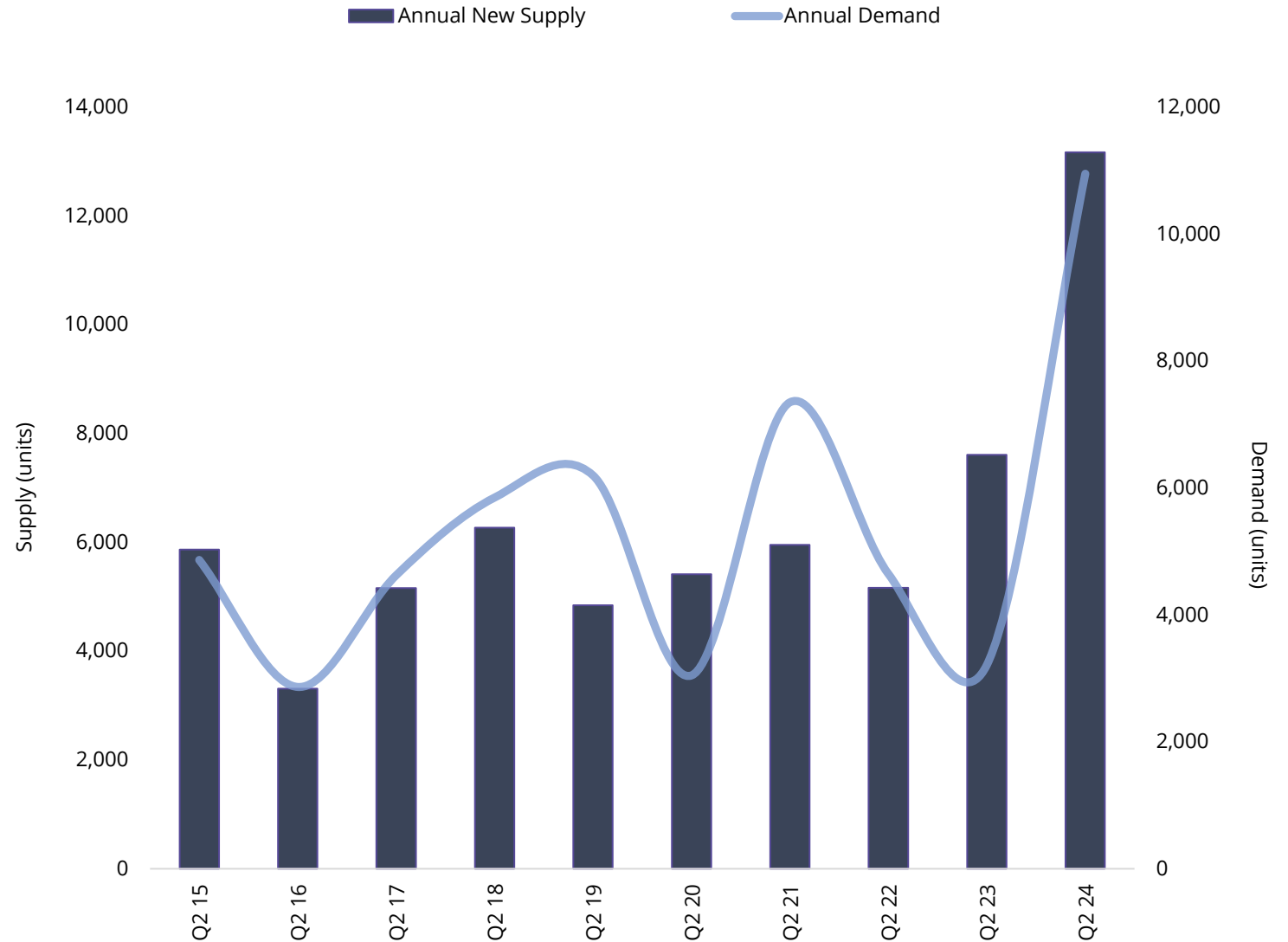
Supply and demand

10,953 units

Annual market demand

Annual demand hit a new record high in Q2, with **10,953 units** absorbed in the Triangle, ranking as one of the **top markets** in the nation for renter demand for several consecutive quarters.

Occupancy rates declined by **20 bps** quarter-over-quarter ending Q2 at **93%**. Despite the moderate dip in overall occupancy rates, the Triangle market has held an average occupancy rate of **95%** over the last ten years.



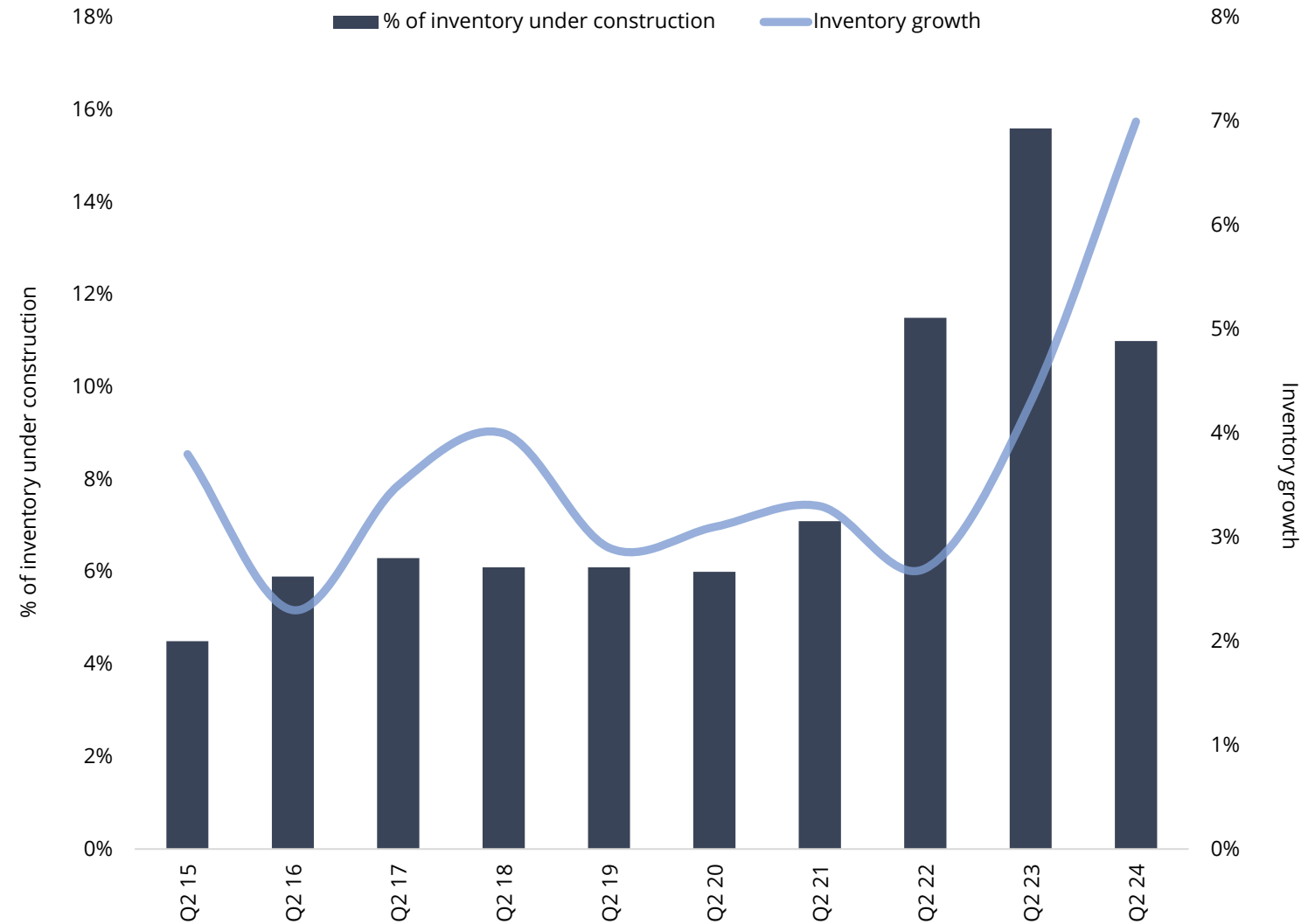
Source: RealPage, Avison Young Research

Inventory snapshot

11.3%

Inventory under construction

In the second quarter, **3,953 units** were delivered pushing annual deliveries in the Triangle to **13,170 units**. There were **22,280 multifamily units under construction** at the close of Q2, but completions are expected to slow in 2025 and into 2026 as multifamily permitting and construction starts continue to decline.



Multifamily permits

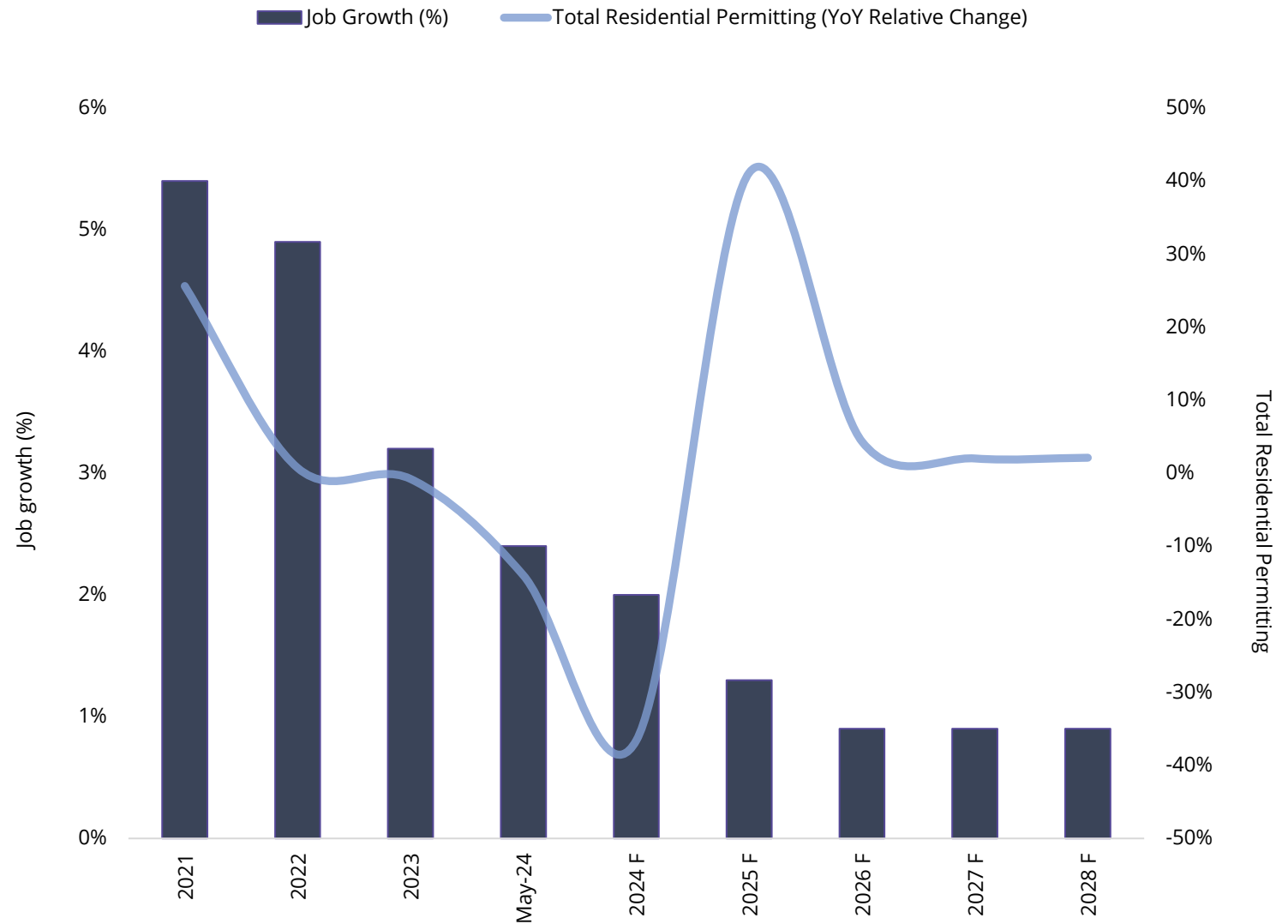
8,312

Down 37% year-over-year

Job growth in Raleigh-Durham was **2.4%** in May 2024, reflecting **25,400 jobs added** during a 12-month period and was above the national average of **1.8%**. The Professional and Business Services sector gained **3,500 jobs** during the 12 months ending February 2024, constituting job growth of **2.5%.***

Permits for **8,563** multifamily units were issued in the 12 months ending in May 2024, a decline of **3,820** units from the prior year's total.

*The Professional and Business Services Sector is the largest job sector in Raleigh-Durham.



Source: RealPage, U.S Bureau of Labor Statistics

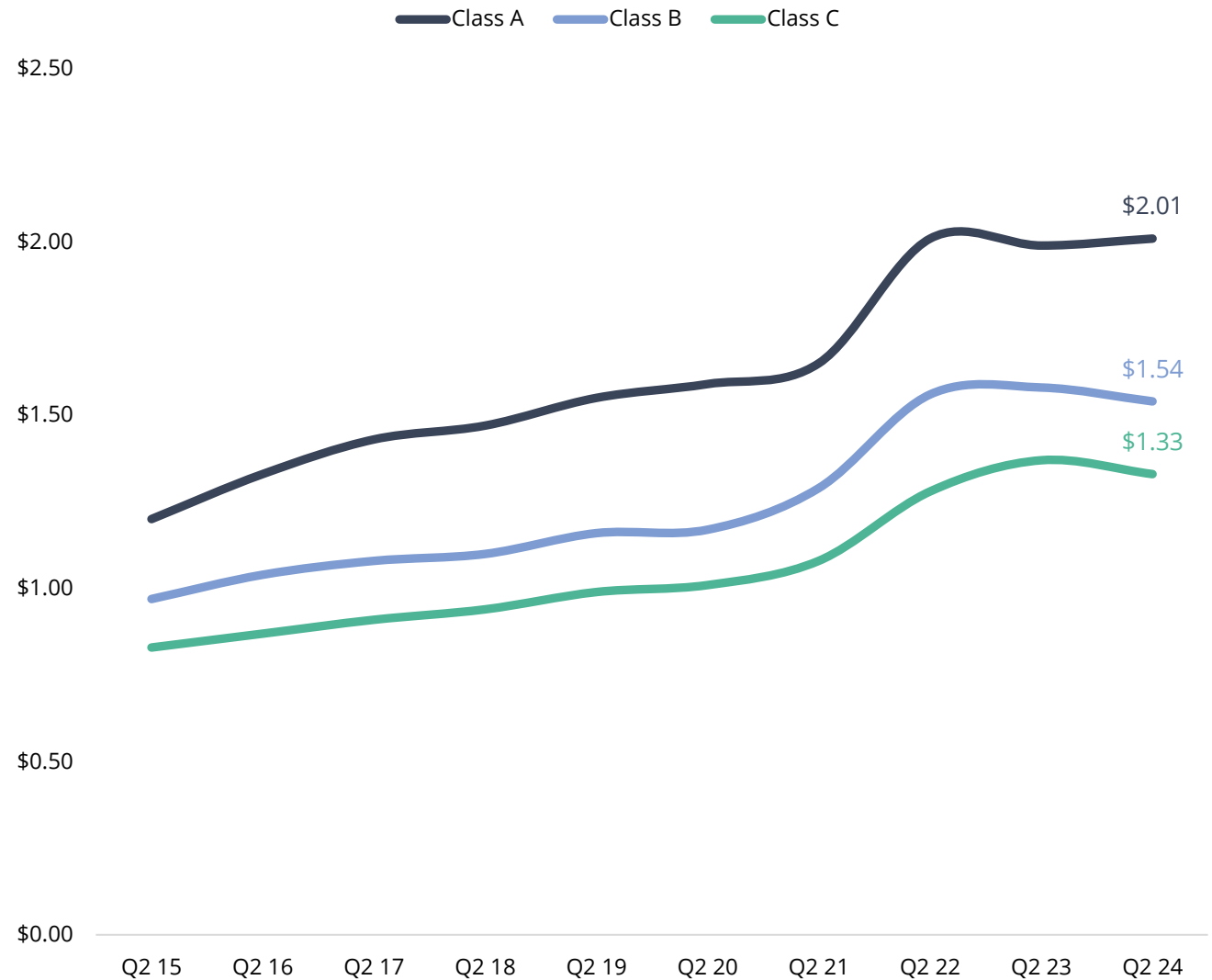
Effective Rental Rates

\$1.56

Average effective rate/psf

Existing assets in the Triangle reported an average effective rent of **\$1,508** per unit, or **\$1.56** per square foot, in Q2. Concessions for existing properties averaged **\$93.00**.

Multifamily assets that have delivered in the last 12 months have achieved average effective rents of **\$1,761**, or **\$1.80** per square foot, resulting in an average concession value of **\$209.00**. At the close of Q2, the percent of units offering concessions jumped to **31%**, up **from 16%** one year ago.



Source: RealPage, Avison Young Research

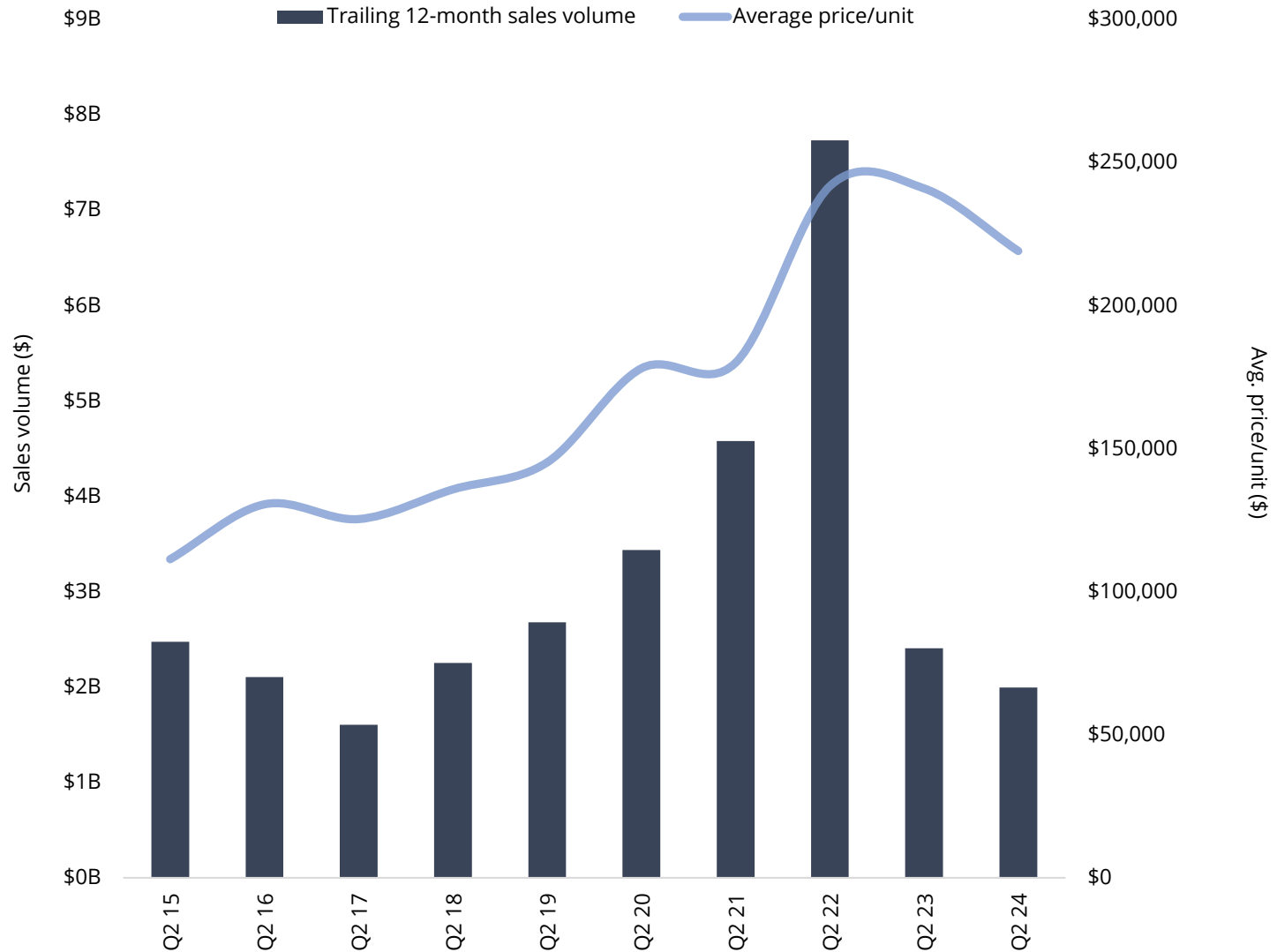
Investment sales

\$2B

Trailing 12-month sales volume

Private funds remain the largest capital composition year-to-date accounting for **48%** of multifamily transactions in the Triangle. In the last 12 months, multifamily assets accounted for **63%** of total investment capital in the market. Office transactions equaled a mere **18%** of total investment volume.

The disposition of Solis Hills, a 315-unit property that is currently in lease-up 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*	The Halle 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	The Halle Companies	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
Manor 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 (21%), Novel Cary (19%), Villages at Sunnybrook (39%), Kelby Farms (38%).

** Portfolio Sale: 642-unit portfolio, \$105.3M of \$205M.

Notable development

Property	Submarket	Property status	Total units	Property type	Developer
Swift Creek	Central Raleigh	Under construction	613	Garden	KDM Development
Aura Booth Park	Chapel Hill/Carrboro	Under construction	419	Wrap	Trinsic Residential
MAA Nixie	Southwest Durham	Under construction	406	Wrap	Mid-America Apartment Communities
Marlowe Capital Hills	Northeast Raleigh	Under construction	404	Garden	Greystar
Ray	Central Raleigh	Under construction	400	Tower	SLI Capital
Ellis Station	East Durham	Under construction/lease-up	519	Garden	The Halle Companies
The Heath	Central Raleigh	Planned	550	Podium	Kane Realty; Merge Capital

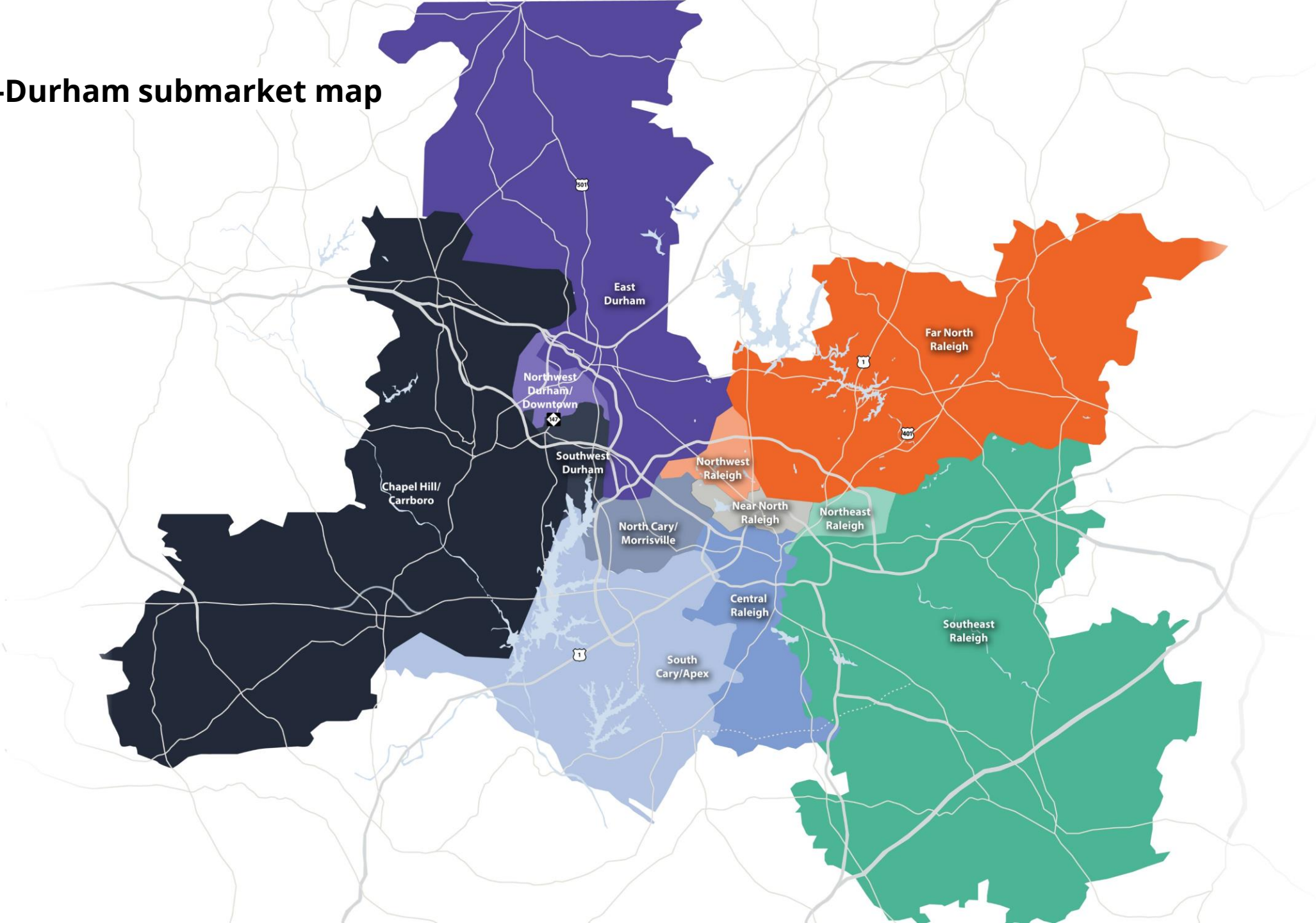
Multifamily submarket activity | Q2 2024

By Submarket	Existing units	Occupancy %	Annual Demand	Annual Supply	Under construction	Average effective rents	
					(units)	Rent/unit	Rent/psf
Central Raleigh	28,285	92.9%	1,666	2,030	5,354	\$1,540	\$1.67
Chapel Hill/Carrboro	18,429	92.4%	883	980	1,392	\$1,535	\$1.64
East Durham	9,175	94.2%	1,152	1,213	2,185	\$1,495	\$1.52
Far North Raleigh	12,477	93.3%	1,046	1,181	1,168	\$1,440	\$1.43
Near North Raleigh	18,990	92.2%	639	919	1,516	\$1,553	\$1.69
North Cary/Morrisville	21,372	93.7%	797	1,061	1,652	\$1,556	\$1.53
Northeast Raleigh	11,705	93.0%	1,150	1,598	1,904	\$1,406	\$1.46
Northwest Durham/Downtown	16,964	92.1%	843	888	1,258	\$1,592	\$1.84
Northwest Raleigh	10,808	93.1%	188	264	224	\$1,435	\$1.43
South Cary/Apex	15,650	93.8%	787	969	1,852	\$1,571	\$1.53
Southeast Raleigh	16,188	93.0%	1,350	1,438	3,312	\$1,445	\$1.43
Southwest Durham	17,298	92.9%	452	629	463	\$1,413	\$1.44
Market Total	197,341	93.0%	10,953	13,170	22,280	\$1,508	\$1.56

Asset class performance | Q2 2024

By asset class	Occupancy %	YoY change in	Average unit size	Eff. rent/unit	Eff. rent/psf	Concession	Concession as a %
		Occupancy	(sf)			Value	of asking rents
Class A	92.9%	-1.2%	912	\$1,830	\$2.01	\$120	6.5%
Class B	93.5%	-0.4%	974	\$1,499	\$1.54	\$73	4.8%
Class C	92.2%	-0.7%	991	\$1,313	\$1.33	\$102	7.3%

Raleigh-Durham submarket map



For more market insights
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