



Raleigh-Durham Multifamily Market Report

Q3 2024



Raleigh-Durham multifamily insights

01

Demand Hits Market Record

Apartment demand has now reached the **highest annual number on record** at **12,816 units**. The impressive demand surge, culminating in the absorption of **4,607 units** in Q3 2024, highlights **a robust rebound** that began in 2023. The uptake reflects continued **population growth**, a **strong job market**, and rising interest in the Triangle as an **attractive place** to live and work.

02

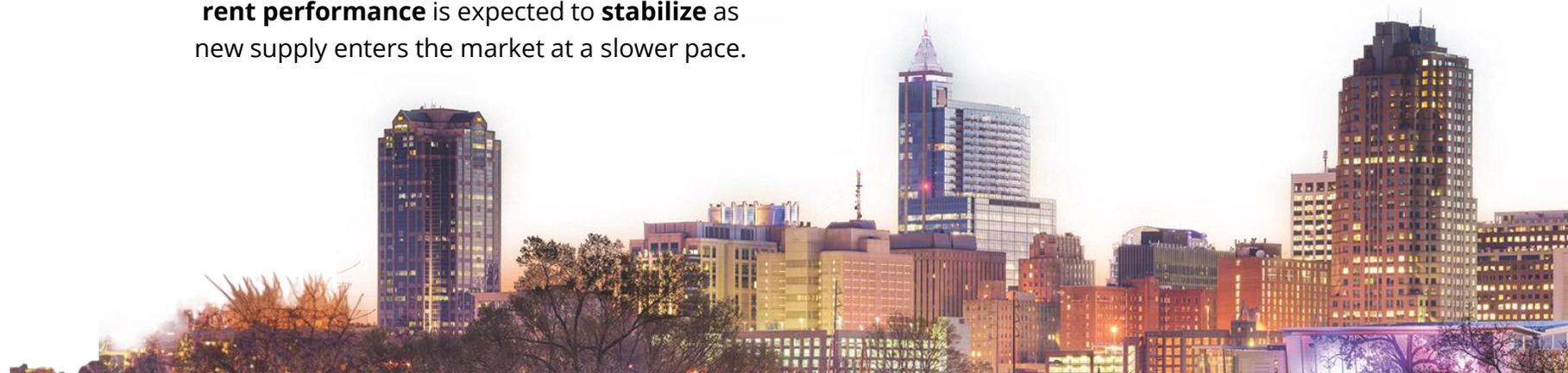
New Construction Volumes Have Peaked

The **55% decline** in annual unit starts indicates a slowdown in new supply entering the market, which should provide an opportunity for the Triangle area to continue to absorb existing and planned developments. Annual completions reached **14,747 units** in Q3, marking another record high for the market. With **construction peaking**, Raleigh-Durham's **rent performance** is expected to **stabilize** as new supply enters the market at a slower pace.

03

Multifamily Investment Sales

The **average cap rate** hovered around **5.4%** in Q3, up **40 bps** year-over-year. Despite the Fed's decision to place downward pressure on interest rates, multifamily sales volume decreased by **42%** year-over-year. Yet, Multifamily remains **the largest recipient of investment capital**, representing **63%** of total transaction volume in the Triangle.



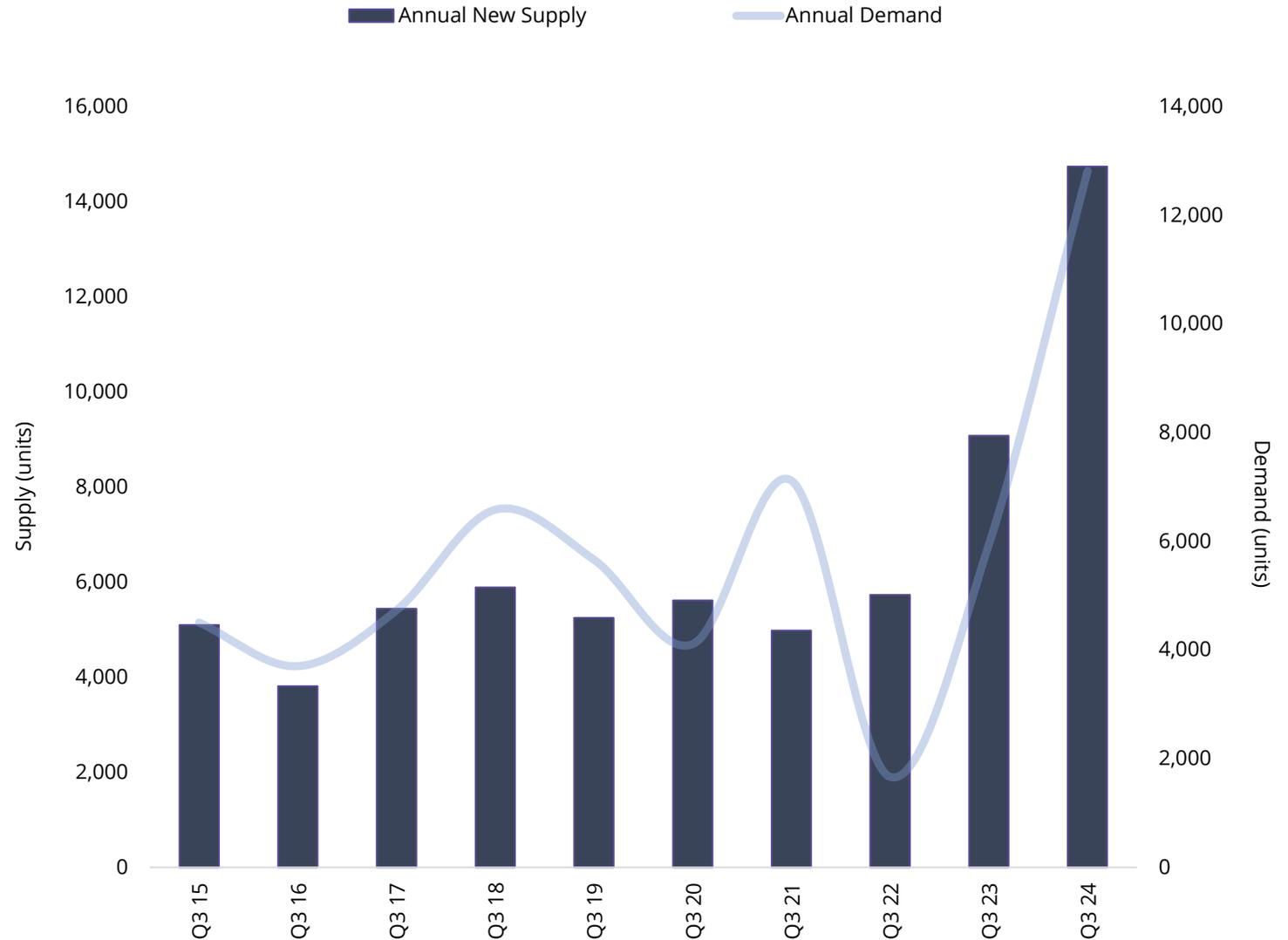
Supply and demand

12,816 units

Annual market demand

Annual demand hit a new record high in Q3, with **12,816 units** absorbed in the Triangle, ranking as one of the **top markets** in the nation for renter demand for several consecutive quarters. The **Central Raleigh** submarket led the Triangle in annual demand totals reported at **1,744 units**.

Occupancy rates declined **50 bps** year-over-year ending Q3 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

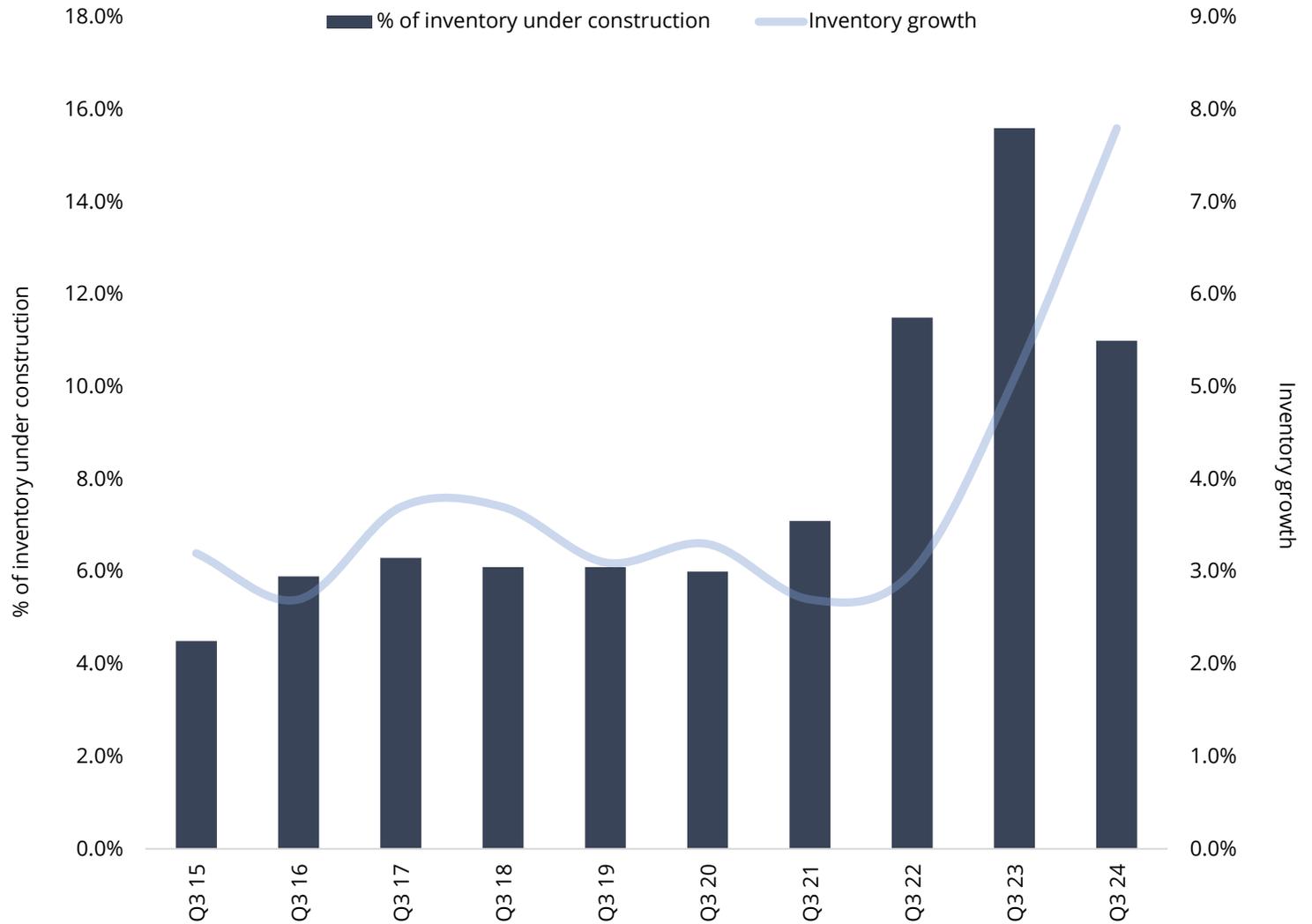
Inventory snapshot

9.2%

Inventory under construction

In the third quarter alone **4,576 units** were delivered pushing annual deliveries in the Triangle to an impressive **14,747 units**. There were **18,602 multifamily units under construction** at the close of Q3, a **31% decline** from the previous year's totals.

Out of the roughly 18,600 units under construction, **13,343** of those are **slated for delivery** in the next four quarters.



Multifamily permits

9,760

Down 28% year-over-year

Job growth in Raleigh-Durham was **2.5%** year-ending third quarter 2024, reflecting **26,100 jobs added** during the same time. The **unemployment rate** in August 2024 increased to **3.8%**, still below the national average of **4.4%**.

Permits for **9,760** multifamily units were issued in the 12 months ending in September 2024, a **28% decline** from the prior year's total.



Source: RealPage, U.S Bureau of Labor Statistics

Effective Rental Rates

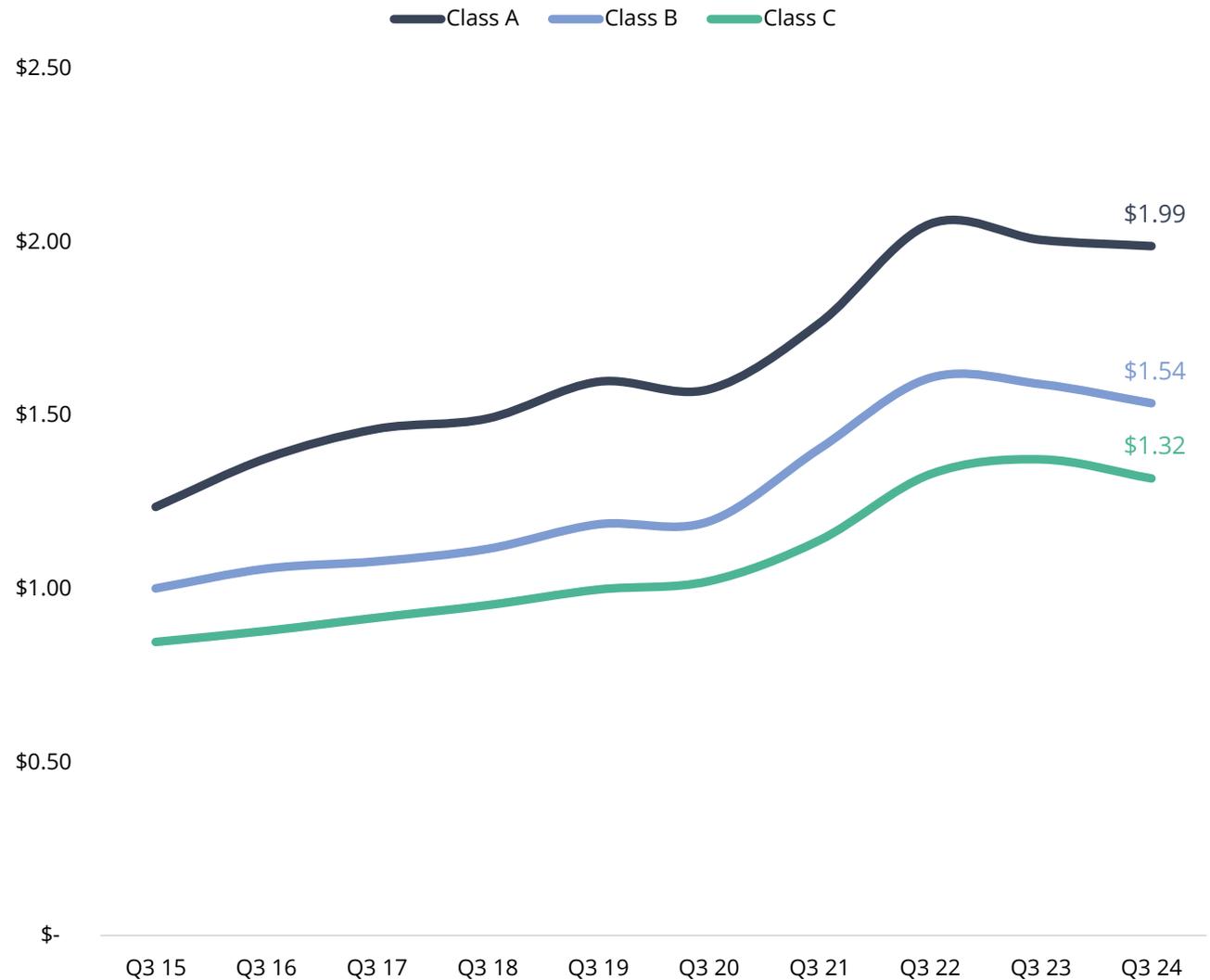
\$1.56

Average effective rate/psf

*Assets that have delivered in the last 12 months have attained effective rents of **\$1,738**, or **\$1.75** per square foot, resulting in an average concession value of **\$219.75**.

Existing assets in the Triangle reported an average effective rent of **\$1,499** per unit, or **\$1.55** psf, in Q3. Concessions for existing properties averaged **\$72.00**.

**Conventional units that are planned, under construction or in lease-up that are included in the RealPage pipeline lease-up trend (based on a trailing 12-month period)*



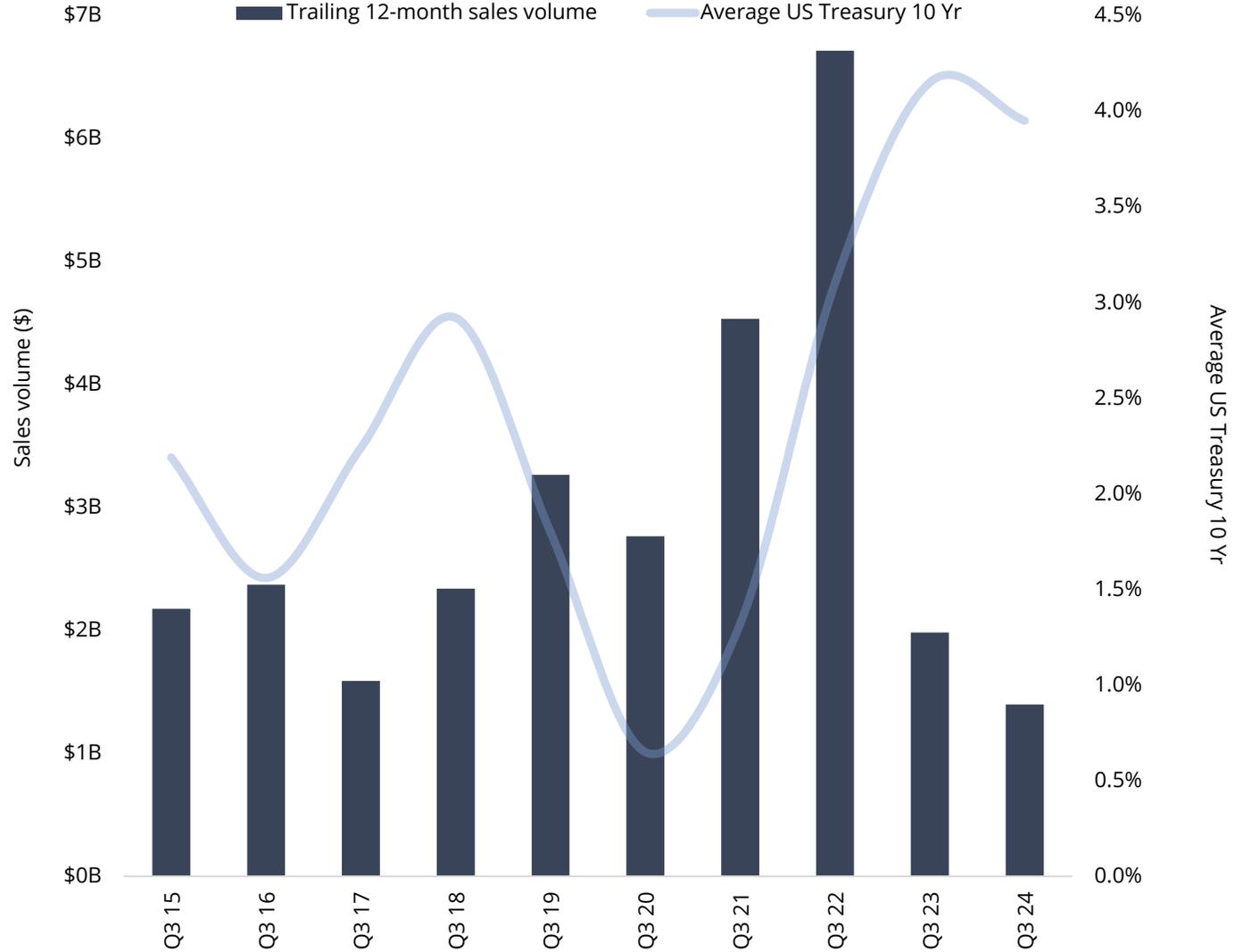
Investment sales

\$1.4B

Trailing 12-month sales volume

For the first time since 2014, REIT/Listed funds accounted for the largest capital composition, representing **41%** of multifamily transactions in the Triangle. Private funds were not far behind, however, at **39%** year-to-date.

The disposition of The Villages at Sunnybrook, a 384-unit property that is currently in lease-up was the largest sale transaction recorded in the last twelve months at **\$87M** or **\$225,260/unit** at a **5.7% cap rate**.



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
The Villages at Sunnybrook*	The Halle Companies	384	\$87	966	\$225,260	5.7%	\$1.56
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
MAA Vale	Wood Partners	306	\$81	990	\$265,000	-	\$1.73
501 Estates	Spyglass Capital Partners	270	\$72	1,168	\$264,815	-	\$1.55
Avalon Perimeter Park	Cortland	262	\$67	1,028	\$253,817	-	\$1.61
Village at Broadstone	Berkson Asset Management	300	\$66	1,134	\$220,833	6.0%	\$1.33
Conclave Glenwood	Novare JV: Batson Cook Development	248	\$61	848	\$244,456	5.0%	\$1.81
The Blue Light (<i>Student Housing</i>)	Wilmorite	208 beds	\$43	1,124	\$511,905	-	\$3.58

* Lease-Up: Lease-Up % is noted as percent in lease-up at the time of sale. Villages at Sunnybrook (39%)

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
Marlowe Capital Hills	Northeast Raleigh	Under construction	404	Garden	Greystar
Ray	Central Raleigh	Under construction	400	Tower	SLI Capital
Preston Ridge	North Cary/Morrisville	Under construction/lease-up	425	Garden	Akridge Kettler
MAA Nixie	East Durham	Under construction/lease-up	406	Wrap	Mid-America Apartment Communities
The Heath	Central Raleigh	Planned	550	Podium	Kane Realty; Merge Capital
Veridea	South Cary/Apex	Planned	511	Garden	RXR Realty

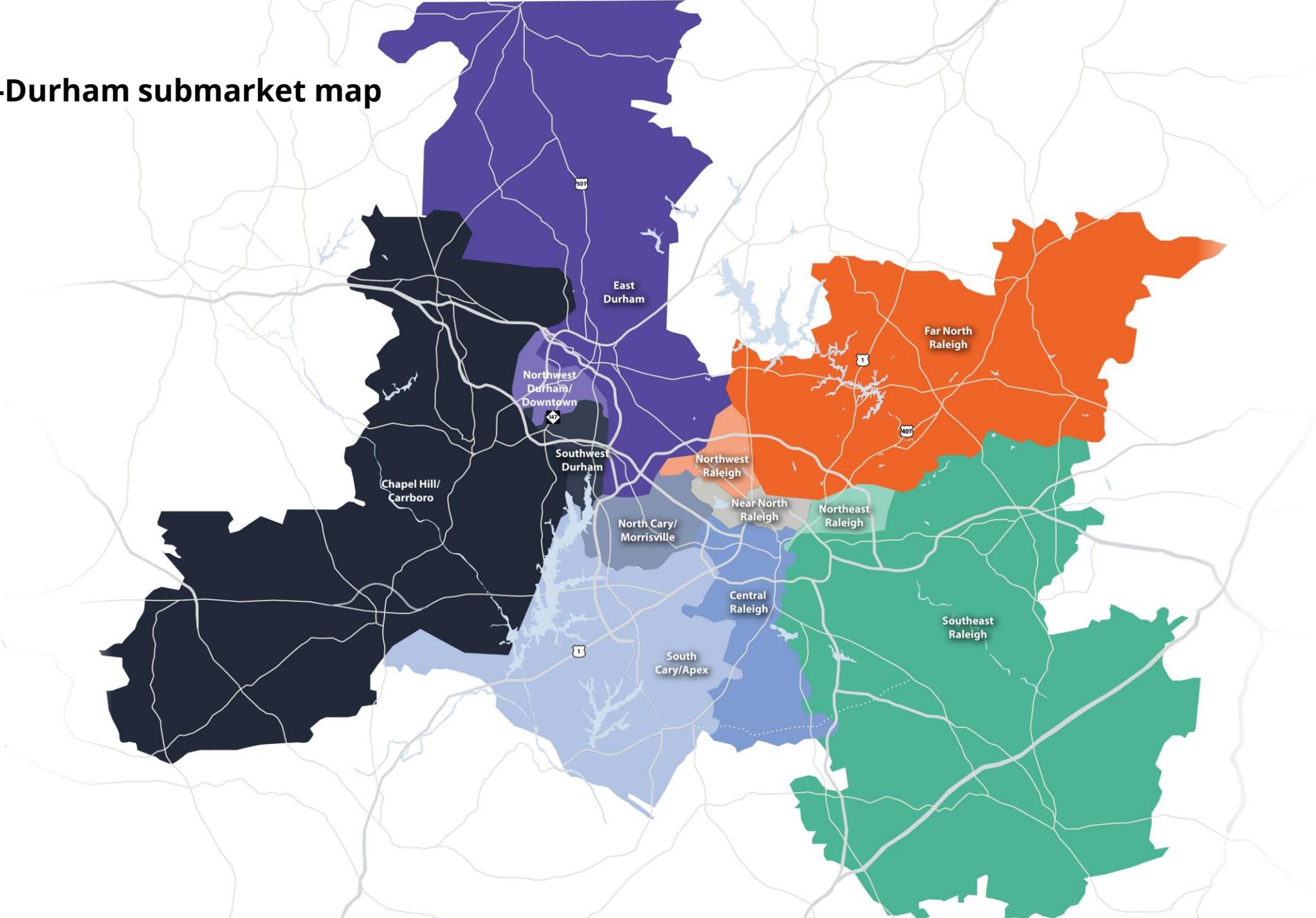
Multifamily submarket activity | Q3 2024

By Submarket	Existing units	Occupancy %	Annual Demand	Annual Supply	Under construction	Average effective rents	
					(units)	Rent/unit	Rent/psf
Central Raleigh	28,733	93.4%	1,744	1,965	4,921	\$1,541	\$1.68
Chapel Hill/Carrboro	18,718	92.4%	814	944	1,193	\$1,516	\$1.61
East Durham	9,838	94.2%	1,739	1,796	756	\$1,487	\$1.52
Far North Raleigh	12,644	93.2%	943	999	1,011	\$1,412	\$1.41
Near North Raleigh	19,607	93.3%	1,185	1,352	877	\$1,545	\$1.68
North Cary/Morrisville	22,099	93.6%	1,237	1,503	1,382	\$1,556	\$1.52
Northeast Raleigh	12,008	92.3%	983	1,502	1,486	\$1,385	\$1.44
Northwest Durham/Downtown	17,405	91.7%	1,145	1,206	817	\$1,590	\$1.83
Northwest Raleigh	10,920	93.2%	288	376	112	\$1,442	\$1.44
South Cary/Apex	15,901	93.8%	910	1,104	2,118	\$1,561	\$1.53
Southeast Raleigh	16,447	93.6%	1,367	1,460	2,819	\$1,441	\$1.43
Southwest Durham	17,478	93.1%	461	540	1,110	\$1,449	\$1.48
Market Total	201,798	93.1%	12,816	14,747	18,602	\$1,505	\$1.55

Asset class performance | Q3 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	92.2%	-1.6%	924	\$1,837	\$1.99	\$101	5.5%
Class B	93.7%	0.0%	967	\$1,483	\$1.54	\$60	4.0%
Class C	92.8%	-0.6%	999	\$1,316	\$1.32	\$84	6.1%

Raleigh-Durham submarket map



For more market insights
and information visit
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