



# Raleigh-Durham Multifamily Market Report

Q4 2024

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**AVISON  
YOUNG**

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# Raleigh-Durham multifamily insights

## 01

### Demand Hits Record Numbers

Demand reached the **highest annual** number ever recorded in Raleigh-Durham at **15,812 units**. In the fourth quarter alone, demand surged, representing absorption of **5,416 units**, outpacing supply. Rising home values, population growth, and a thriving job market all continue to be attributing factors in demand with no indication of decline in the near future.

## 02

### Rent Growth

While **rent growth** was sluggish in 2024, **record-setting demand** and increasing occupancy rates suggest Raleigh-Durham will **turn the corner** in 2025. **New construction** volumes seem to have hit their peak, and in turn, **pricing power** is expected to return to owners and operators, improving rent performance in the long-term.

## 03

### Multifamily Investment Sales

Multifamily remains **the largest recipient of investment capital**, representing **43%** of total transaction volume in the Triangle. Despite the downward pressure on interest rates, multifamily sales volume decreased by **62%** year-over-year. The **average cap rate** was reported at **4.9%** in Q4, down **30 bps** year-over-year.



# Supply and demand

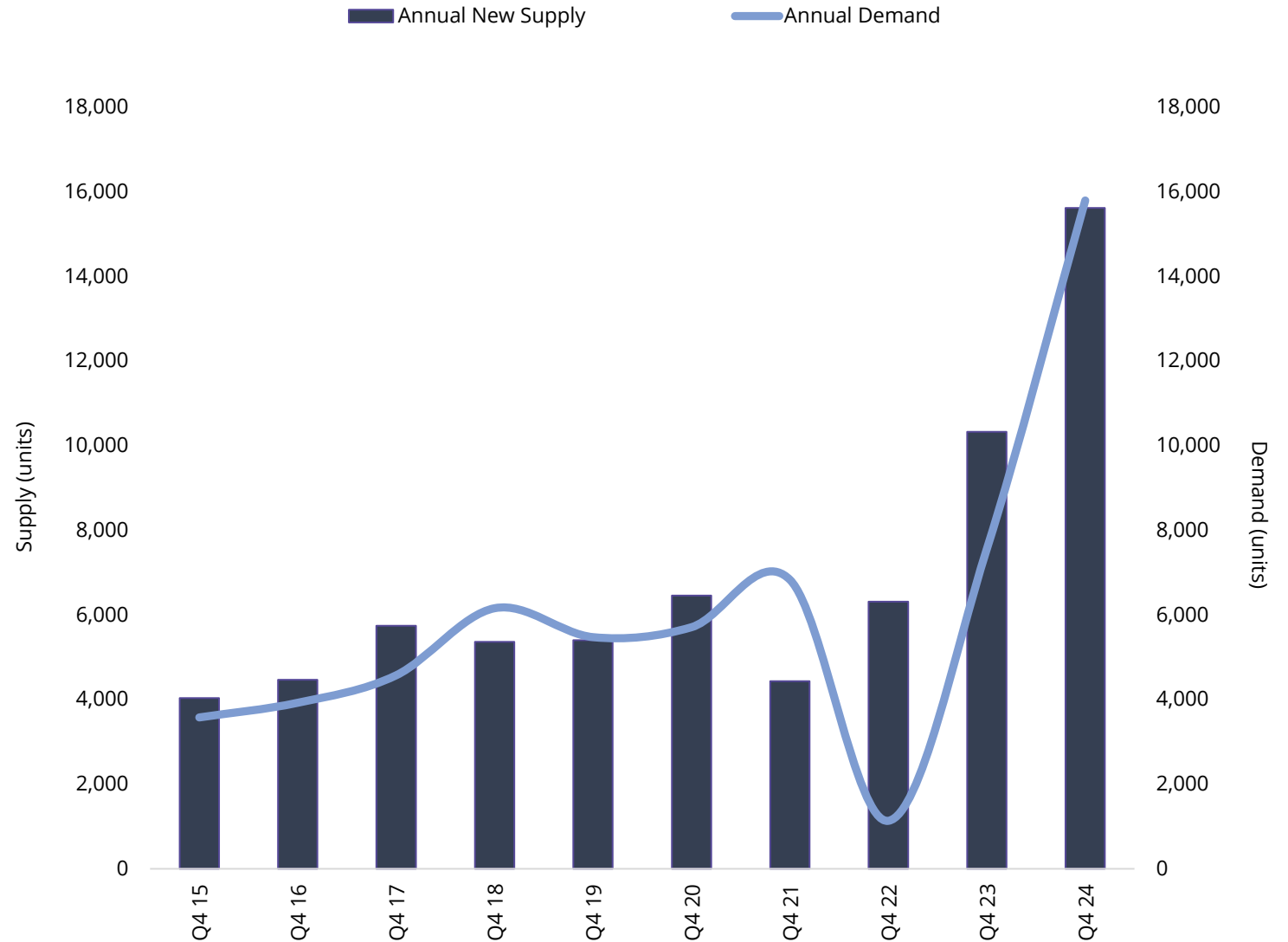
# 15,812 units

Annual market demand

Annual demand hit a new record high in Q4, with **15,812 units** absorbed in the Triangle, outpacing completions.

The **Central Raleigh** submarket led the Triangle market in annual demand totals reporting at **2,245 units**.

New supply was heaviest in the **North Cary/Morrisville** and **Central Raleigh** submarkets, with a collective **4,124 units**.



Source: RealPage, Avison Young

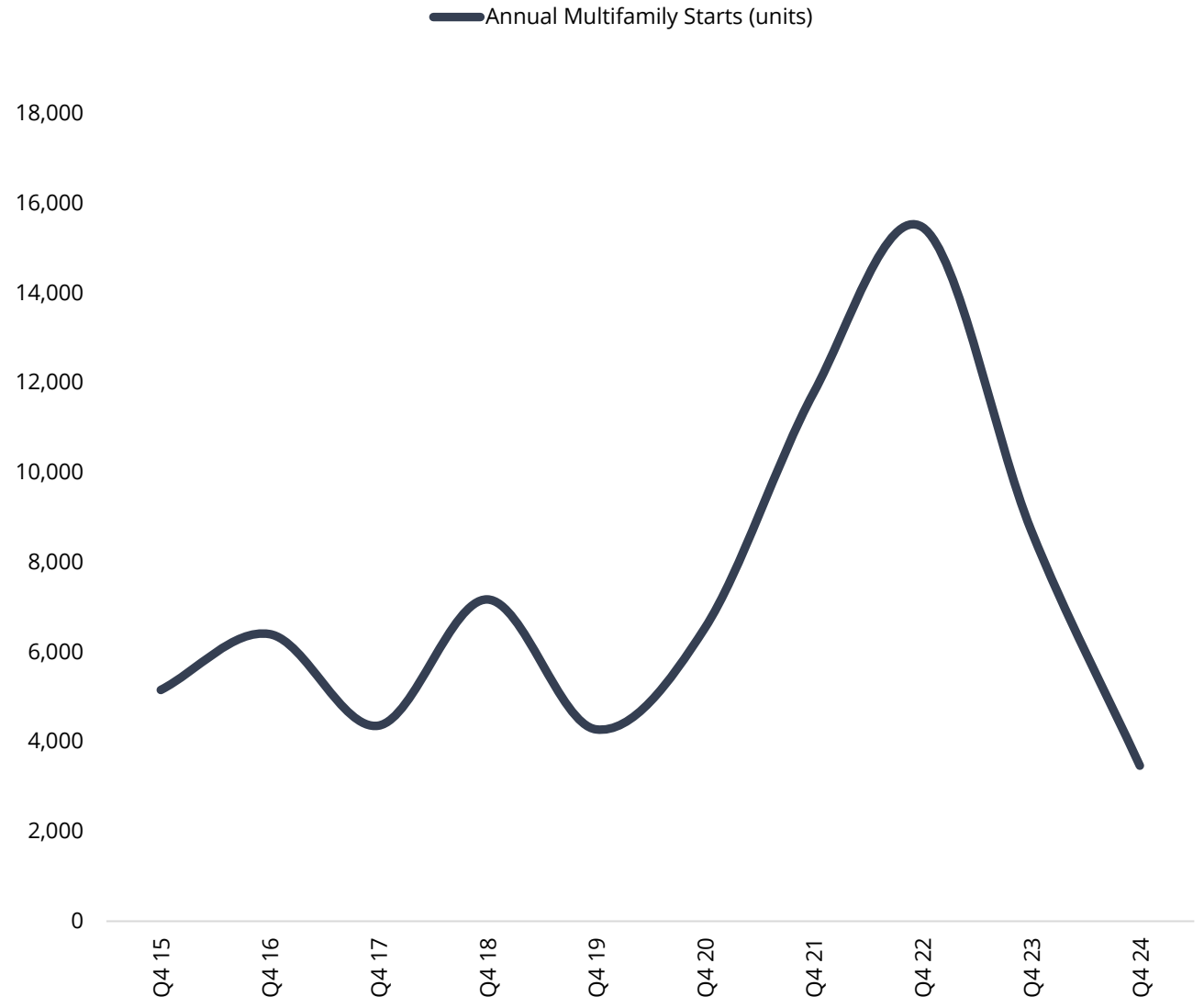
# Multifamily Starts

# 3,467 units

By the end of 2024, annual multifamily starts (in units) totaled **3,467**, marking a significant decline, emphasizing a contraction in the market's supply pipeline.

Permits for **8,211** multifamily units were issued in the 12 months ending in October 2024, **down 27%** from the previous year's total.

While new starts are subdued, the existing pipeline and longer build times will continue to help stabilize supply in the long-term. The **East Durham** submarket reported the highest inventory growth in 2024 at **25%**.



Source: RealPage, Avison Young

# Rents and Occupancy

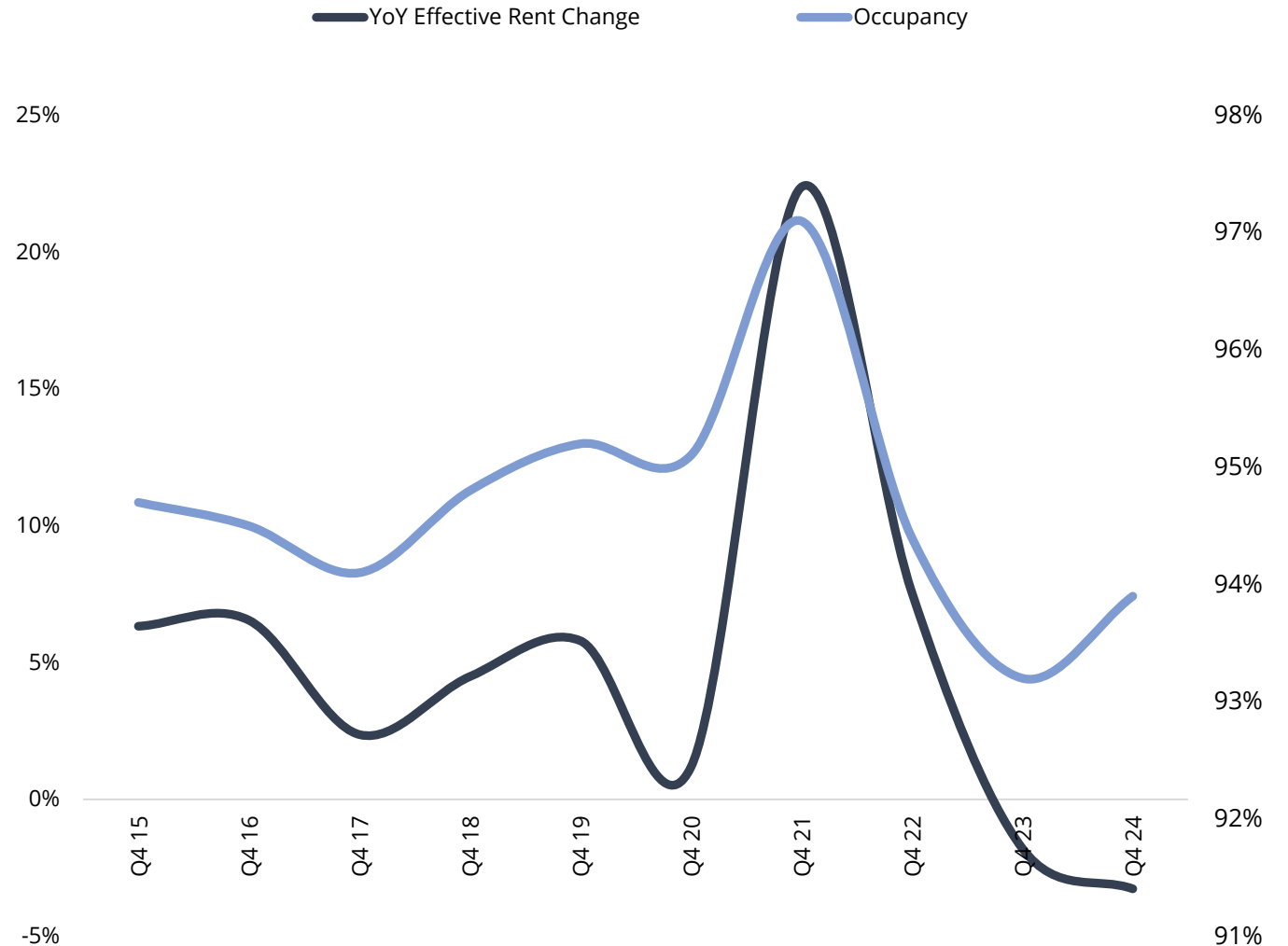
# \$1.53

Average effective rate psf

Existing assets reported average effective rents of **\$1,478** per unit (**\$1.53 psf**) with an average of **32%** of units offering concessions.

Annual effective rent growth declined by **3.3%**, while average occupancy rates in Raleigh-Durham hovered around **94%** in Q4.

**Efficiency units** commanded the highest rents among all unit types in Raleigh-Durham, reaching **\$2.28 psf** in Q4.



# Rates by Asset Class

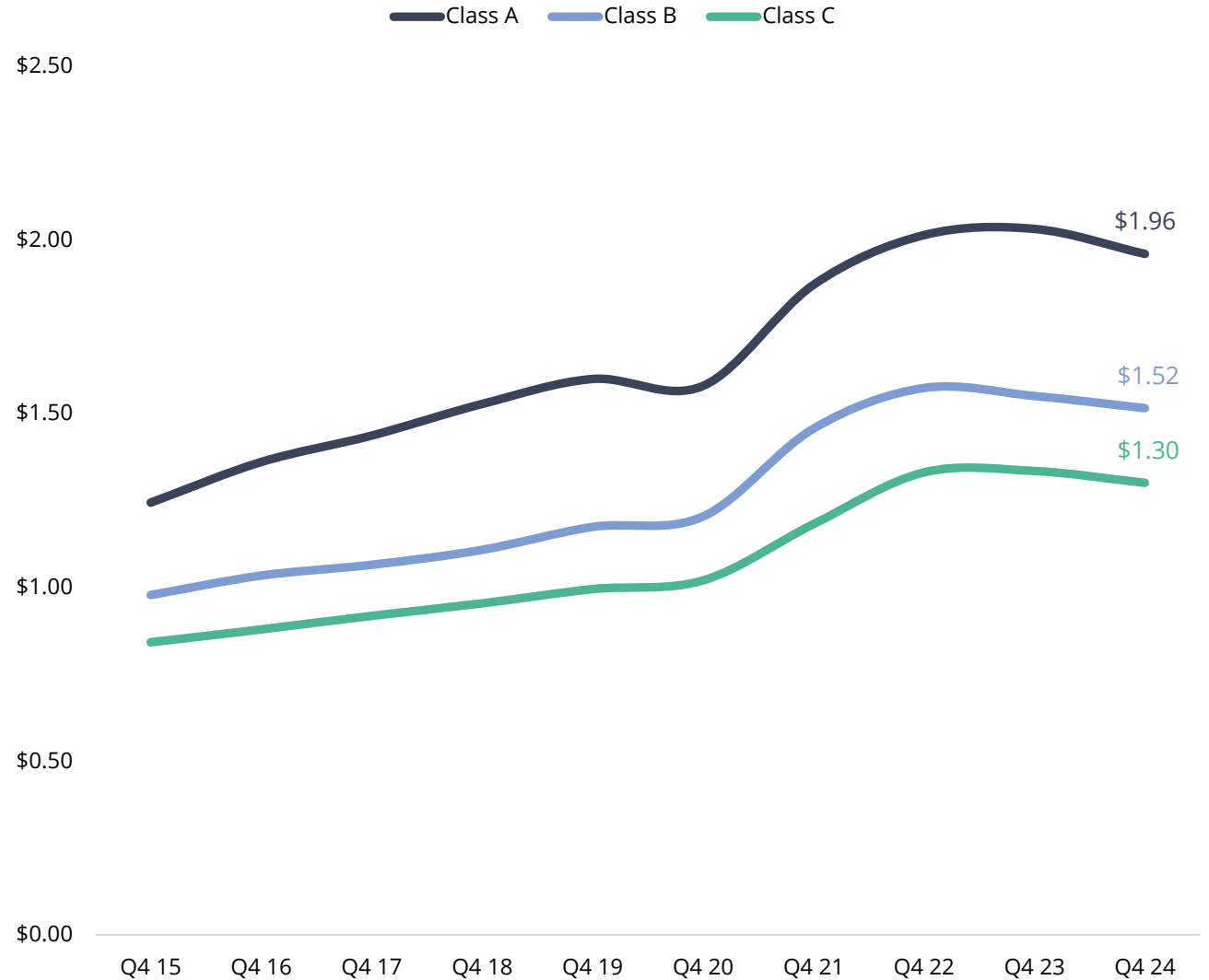
# \$1.96

Average Class A effective rate

**Class A** assets experienced the largest effective growth decline at the close of Q4, down **3.7%**.

The **Central Raleigh** submarket reported the lowest percentage of units offering concessions at **16%**, while **Southwest Durham** reported the highest rate of **32%**.

**Class C** product had the highest percentage of units offering concessions at **44%**.



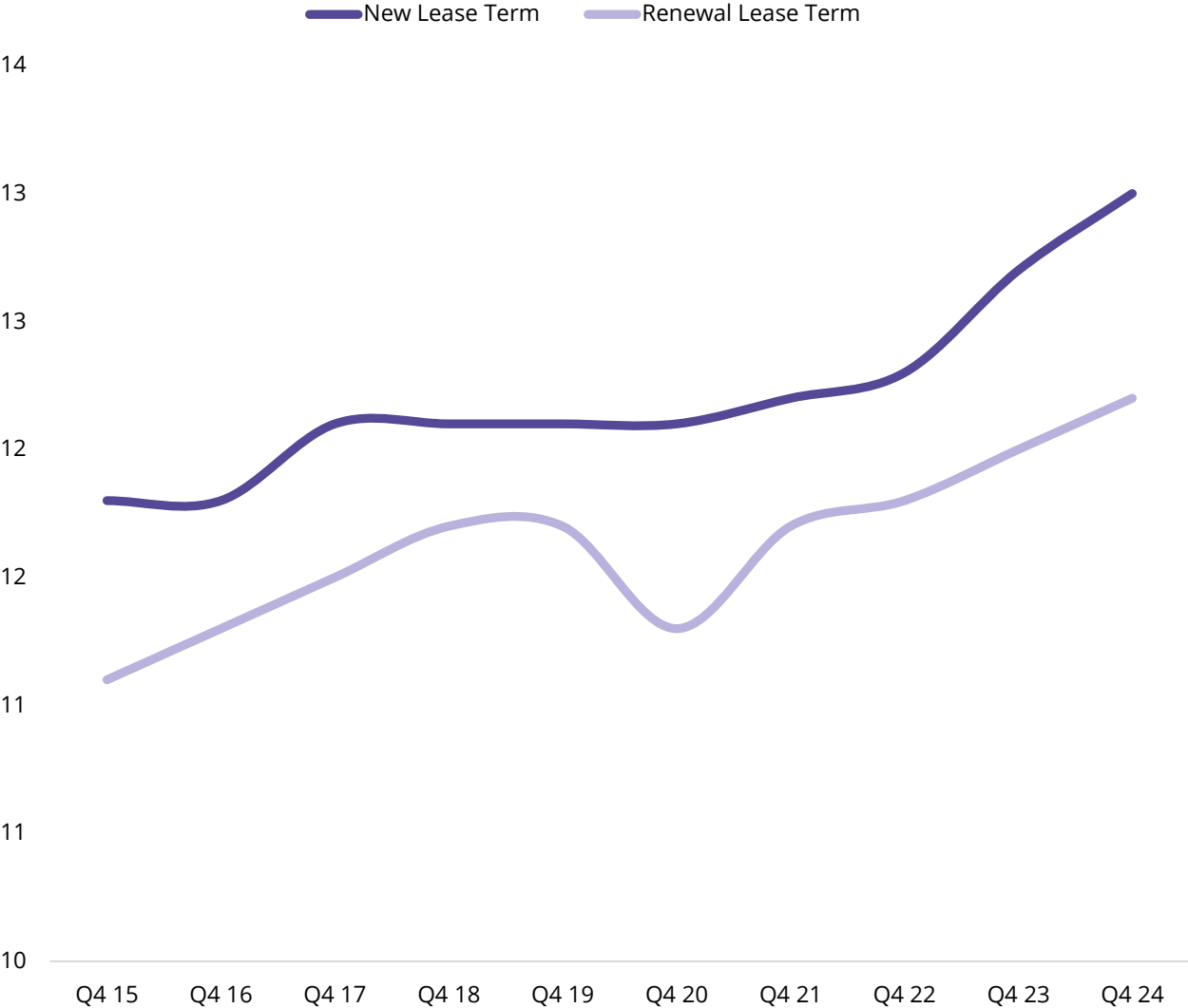
# Lease Terms

# 13 (months)

## Average New Lease Term

The average **new lease term** increased to **13 months**, driven by demand and increased concession rates.

**Lease renewal rates** in Raleigh-Durham rose by **1.6%** year-over-year, highlighting a growing trend of tenants choosing to stay. This reflects a preference for stability, affordability, and the convenience of avoiding relocation costs.



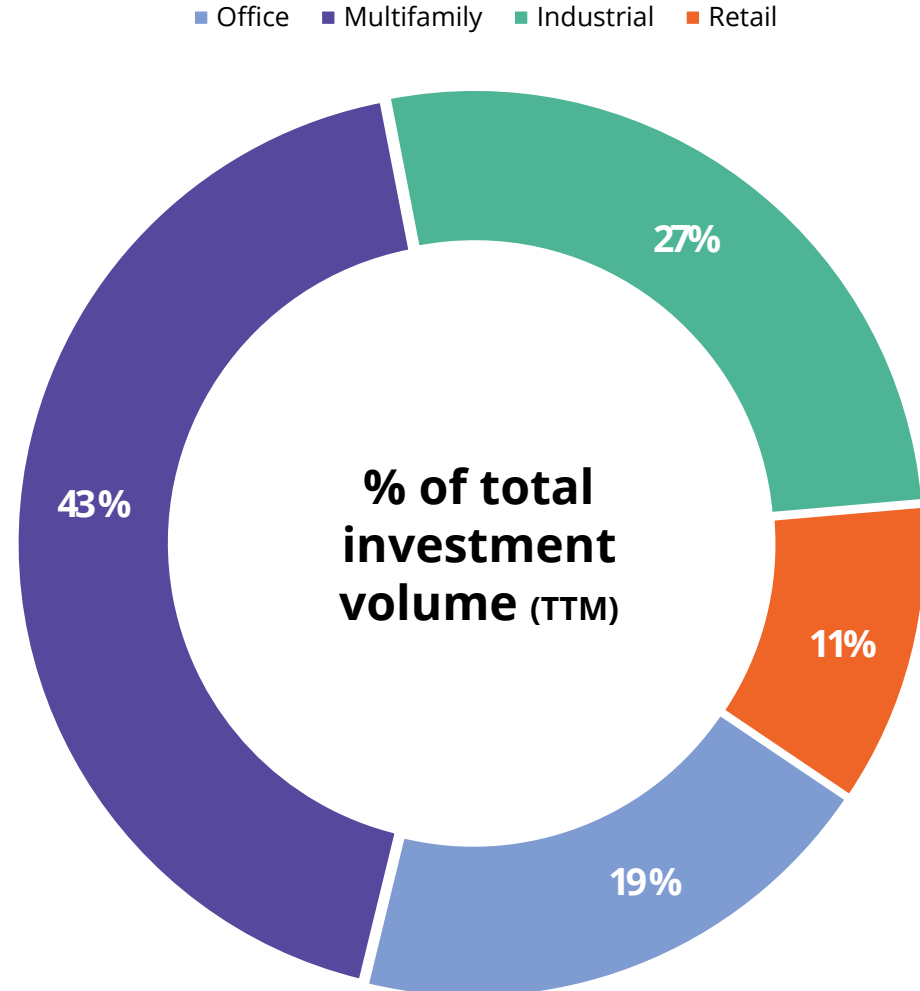
# Investment Sales

# \$1.3B

Trailing 12-month multifamily volume

Multifamily assets represented **43% of total investment** capital in Raleigh-Durham, as trailing 12-month sales volume totaled **\$1.3B**. **Private funds** remain the largest capital composition year to date accounting for **40%** of multifamily transactions, while **REIT/Listed** funds represented **27%**.

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





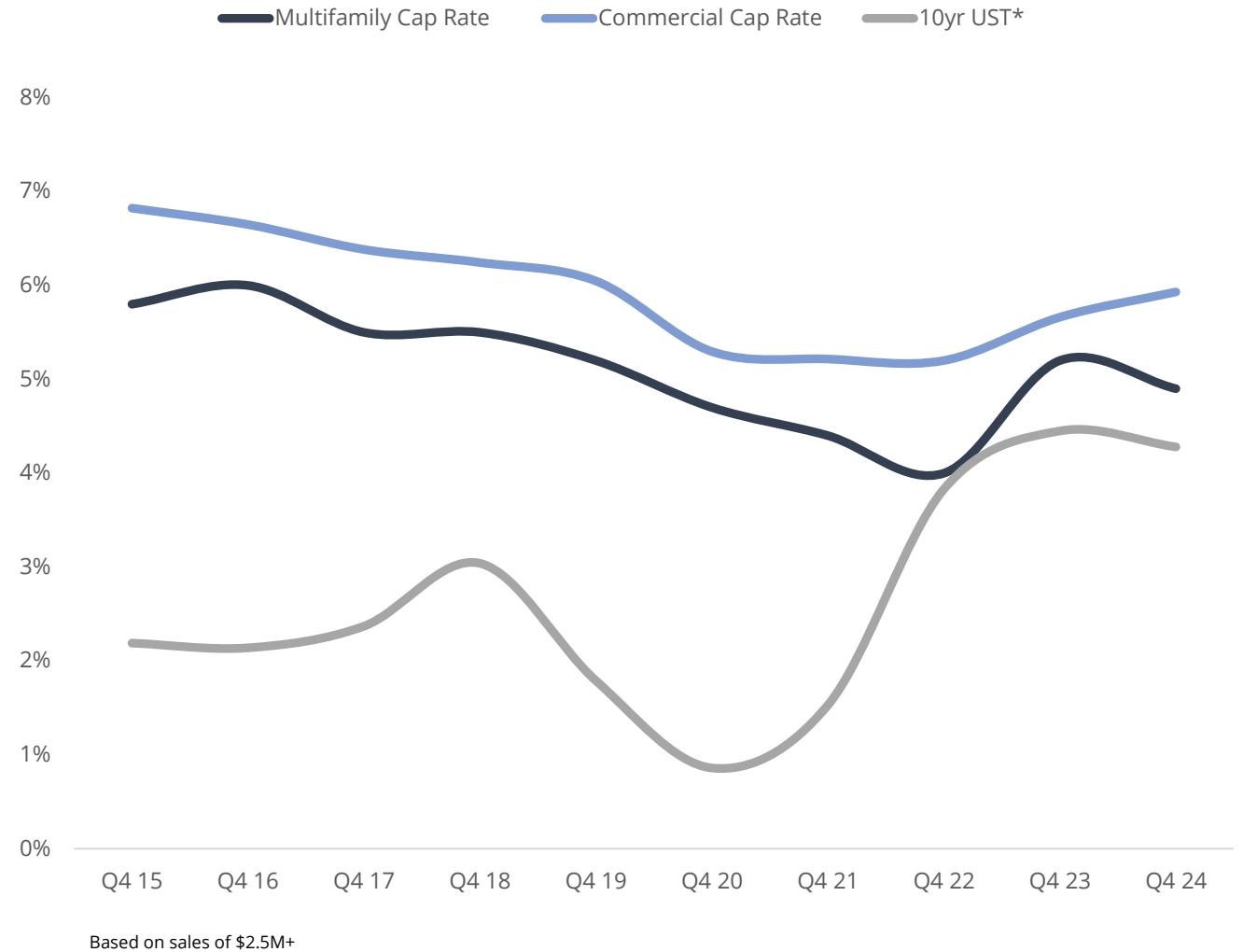
# Average Cap Rates

# 4.9%

## Multifamily Cap Rate

**Optimism** in capital markets, especially within **multifamily** product, is beginning to recover. Interest rates began to decline in the latter half of 2024, and transactional activity is expected to gain traction.

The average multifamily cap rate in Raleigh-Durham totaled **4.9%**, **down 30 bps** at the close of the year.



# 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%	\$1.58
Lofts at Lakeview	Sentinel Real Estate	352	\$83	1,028	\$235,795	-	\$1.72
MAA Vale	Wood Partners	306	\$81	990	\$265,000	-	\$1.78
Crosstown at Chapel Hill*	BREIT	411	\$75	1,004	\$181,900	-	\$1.32
Avalon Perimeter Park	Cortland; JV: Oaktree	262	\$67	1,027	\$253,817	-	\$1.52
Lake Cameron	DRA Advisors	328	\$66	940	\$202,134	4.8%	\$1.36
Village at Broadstone	Berkson Asset Management	300	\$66	1,133	\$220,833	4.9%	\$1.23
Advenir at Varina Oaks	DR Horton	264	\$66	963	\$250,000	-	\$1.44
Conclave Glenwood	Novare   JV: Batson Cook, Marble Capital	248	\$61	847	\$244,456	5.0%	\$1.55

\* Portfolio Sale: 8-property portfolio, \$75M of \$810M

## 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
MAA Nixie	East Durham	Under construction/lease-up	406	Wrap	Mid-America Apartment Communities
Village Gate at Knightdale	Southeast Raleigh	Under construction/lease-up	388	Garden	KDM Development
The Heath	Central Raleigh	Planned	550	Podium	Kane Realty; Merge Capital
Veridea	South Cary/Apex	Planned	511	Garden	RXR Realty

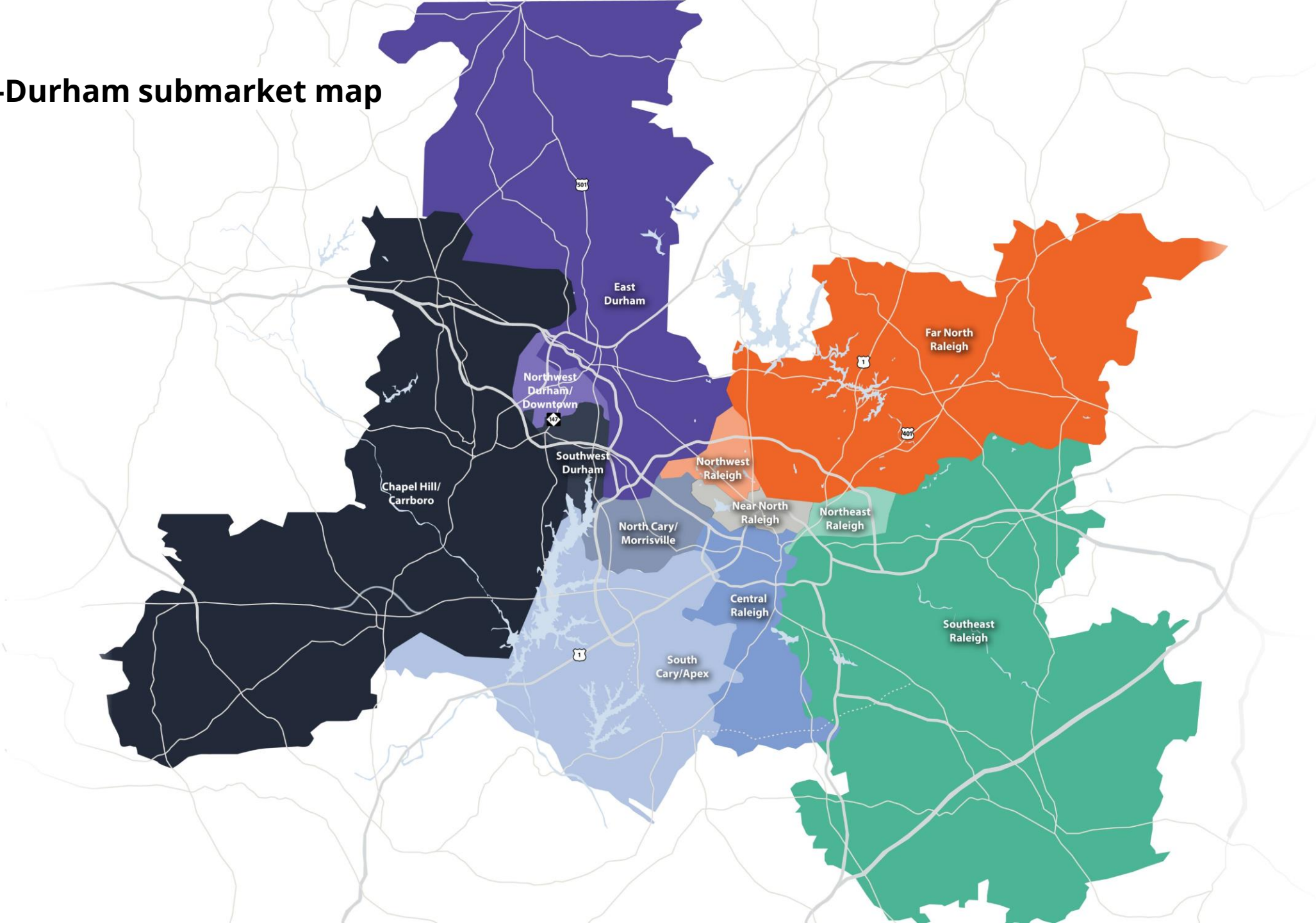
## Multifamily submarket activity | Q4 2024

By Submarket	Existing units	Occupancy %	Annual Demand	Annual Supply	Under construction	Average effective rents	
					(units)	Rent/unit	Rent/psf
Central Raleigh	29,476	93.9%	2,245	2,049	4,417	\$1,515	\$1.64
Chapel Hill/Carrboro	19,100	93.5%	1,182	1,326	721	\$1,499	\$1.61
East Durham	10,195	94.8%	2,020	2,039	617	\$1,447	\$1.48
Far North Raleigh	13,119	94.3%	1,091	984	323	\$1,422	\$1.41
Near North Raleigh	19,734	93.8%	1,322	1,219	396	\$1,507	\$1.65
North Cary/Morrisville	22,890	94.3%	2,032	2,075	779	\$1,507	\$1.47
Northeast Raleigh	12,233	93.4%	838	1,113	844	\$1,377	\$1.43
Northwest Durham/Downtown	17,431	92.4%	865	981	791	\$1,581	\$1.81
Northwest Raleigh	11,071	93.8%	540	523	0	\$1,410	\$1.40
South Cary/Apex	15,929	94.1%	827	919	2,220	\$1,551	\$1.51
Southeast Raleigh	17,098	94.7%	2,059	1,860	2,382	\$1,451	\$1.43
Southwest Durham	17,574	94.2%	791	528	309	\$1,382	\$1.41
<b>Market Total</b>	<b>205,850</b>	<b>93.9%</b>	<b>15,812</b>	<b>15,616</b>	<b>13,799</b>	<b>\$1,478</b>	<b>\$1.53</b>

## Asset class performance | Q4 2024

By asset class	Occupancy %	YoY change in		Eff. rent/unit	Eff. rent/psf	Concession Value	Concession as a % of asking rents
		Occupancy	Average unit size (sf)				
Class A	92.8%	-0.5%	925	\$1,813	\$1.96	\$118	6.5%
Class B	94.4%	1.0%	966	\$1,464	\$1.52	\$78	5.2%
Class C	93.8%	1.2%	995	\$1,295	\$1.30	\$60	4.5%

# Raleigh-Durham submarket map



For more market insights  
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