



MULTIFAMILY REPORT

Raleigh: First Signs of Recovery

Summer 2020

Demographic Expansion Endures

Investment Activity Slows Down

Tech-Focused Workforce Favors Rebound



RALEIGH MULTIFAMILY



Rental Market Improves Slightly

The Raleigh-Durham multifamily market has historically been resilient to downturns. Although stay-at-home orders, significant job losses and tightening bank policies at the onset of the crisis have shaken the metro's economy, the metro showed signs of resilience this summer. Rents inched up 0.2% on a trailing three-month basis through August to \$1,223, while the national rate remained flat.

Raleigh's unemployment rate hit 11.5% in May, but that figure had dropped to 8.0% by July, according to preliminary data from the U.S. Bureau of Labor Statistics. All employment sectors contracted in the 12 months ending in June, but small businesses that lost revenue due to COVID-19 were eligible to receive support through Wake County's \$5 million Wake Forward program. Moreover, Duke University announced a \$100 million investment in Research Triangle Park for an expansion of its school of medicine, in addition to several private sector investments prompted by the pandemic.

Almost \$736 million in multifamily properties traded in Raleigh-Durham in the first eight months of 2020. While the Triangle was not immune to coronavirus-related headwinds, the apartment market's performance remained relatively stable. Going forward, Raleigh-Durham is likely to benefit from investors' appetite for less dense metros with strong talent pools.

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Recent Raleigh Transactions

The Manor at Weston



City: Cary, N.C.
Buyer: Eaton Vance Corp.
Purchase Price: \$69 MM
Price per Unit: \$229,470

The Ashton



City: Raleigh, N.C.
Buyer: Knightvest Capital
Purchase Price: \$42 MM
Price per Unit: \$168,000

Chandler at University Tower



City: Durham, N.C.
Buyer: Knightvest Capital
Purchase Price: \$38 MM
Price per Unit: \$204,301

Oakley Square



City: Durham, N.C.
Buyer: Vitus Group
Purchase Price: \$11 MM
Price per Unit: \$112,500