



MULTIFAMILY REPORT

The Triangle Grows In Leaps

June 2022

Rent Growth On Par With US Rate

Unemployment Falls Below 3.0% Mark

Investment Volume Keeps Steady Course

RALEIGH MULTIFAMILY



Solid Economy Backs Rental Market

With demand substantially outpacing supply, the Raleigh-Durham multifamily market continued its growth streak this year. On a three-month basis through April, rents grew 0.8% to an average of \$1,551, but remained well below the \$1,659 national rate, which also rose 0.8%. The Triangle's diverse talent pool and affordable cost of living, compared to other metros in the Southeast, continue to fuel in-migration and lure new businesses.

Raleigh-Durham added 48,300 net positions in the 12 months ending in February, with more than half of them in leisure and hospitality (14,800 jobs) and professional and business services (13,900 jobs). The tech, biotech and life sciences industries are gaining momentum in the metro, driving demand for all types of rentals. Morrisville and Holly Springs are two of the hottest investment areas, with billion-dollar projects under construction in both cities.

An average of 5,837 units were delivered every year between 2017 and 2021, and another 1,659 units came online during the first four months of this year. Construction starts also tripled compared to the first four months of 2021, but high construction costs, inflation and rising interest rates are barriers for developers in building at a pace that would satisfy demand. Meanwhile, multifamily investment hit \$1.1 billion year-to-date through April, indicating solid interest in the metro's rental sector.

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Recent Raleigh Transactions

Foster on the Park



City: Durham, N.C.
Buyer: Stockbridge Capital Group
Purchase Price: \$78 MM
Price per Unit: \$477,439

SoHo



City: Durham, N.C.
Buyer: FriedLam Partners
Purchase Price: \$63 MM
Price per Unit: \$158,375

Midtown Crossing



City: Raleigh, N.C.
Buyer: GVA Real Estate
Investments
Purchase Price: \$55 MM
Price per Unit: \$239,474

North Oaks Landing



City: Raleigh, N.C.
Buyer: The Beach Co.
Purchase Price: \$44 MM
Price per Unit: \$220,000