

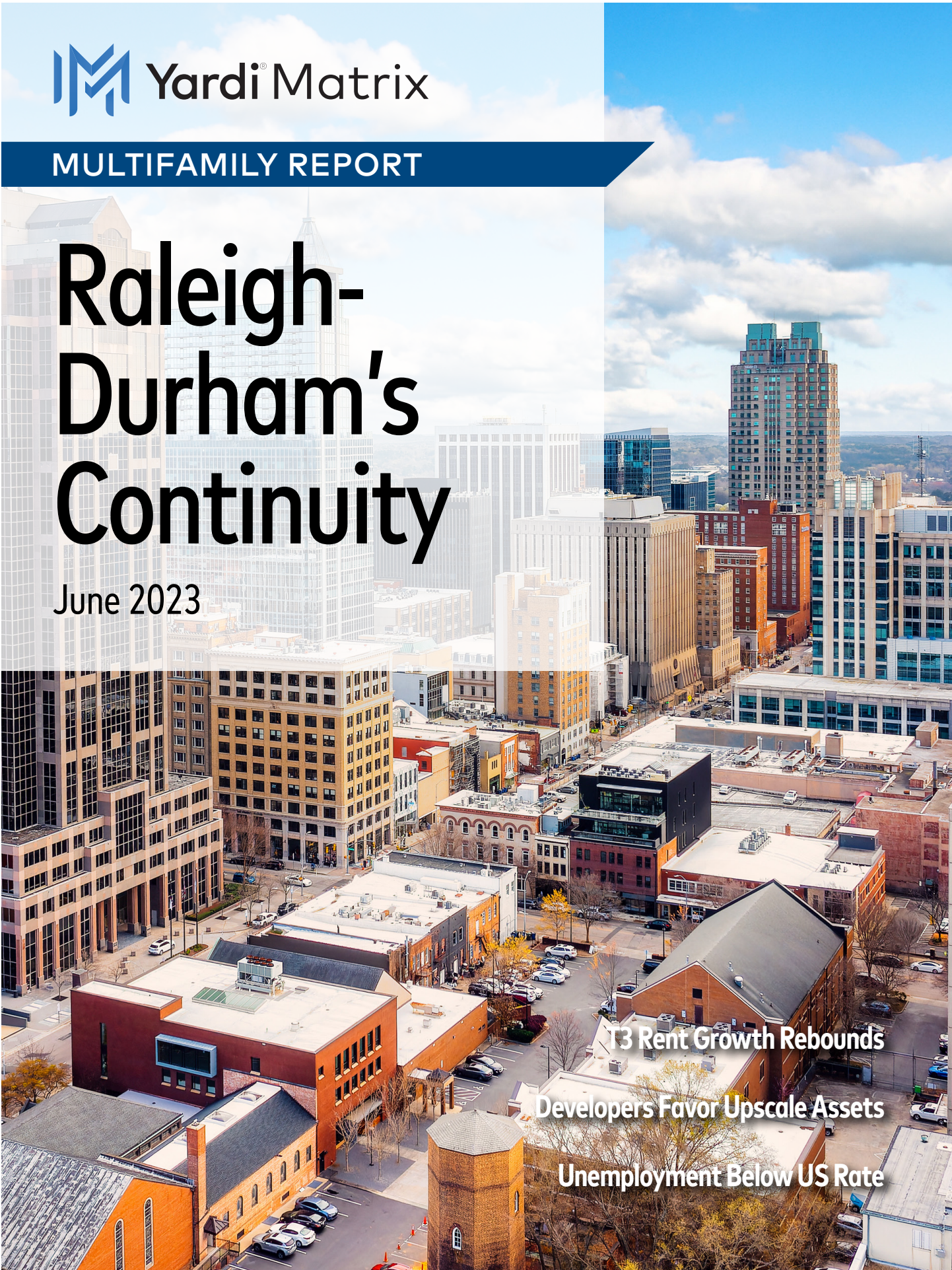


MULTIFAMILY REPORT

Raleigh-Durham's Continuity

June 2023

T3 Rent Growth Rebounds
Developers Favor Upscale Assets
Unemployment Below US Rate



RALEIGH MULTIFAMILY



Rent Gains Pick Up the Pace

The Raleigh-Durham multifamily market is showing signs of improving fundamentals. After a decline that started last year and continued through early 2023, the metro's rent growth finally picked up. The average rate climbed 0.3% on a trailing three-month basis through April, to \$1,604. Meanwhile, occupancy dropped 130 basis points in the 12 months ending in April, to 94.1%.

Raleigh-Durham unemployment was 3.1% in March, the same rate as the previous two months and 40 basis points below the national average, according to preliminary data from the Bureau of Labor Statistics. The leisure and hospitality sector led job expansion, with a 9% year-over-year increase. Professional and business services added 10,200 positions—the largest addition in the market—although this figure is expected to increase, as a \$3 billion RXR Realty mixed-use project is coming to the Research Triangle. The development could encompass up to 3.5 million square feet of space for life science research, logistics, education, retail and hospitality.

Developers had 25,140 units under construction as of April, with 91.9% concentrated in upscale projects. In the first four months of 2023, the market had a transaction volume of \$383 million.

Market Analysis | June 2023

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Recent Raleigh Transactions

Broadstone Oak City



City: Raleigh, N.C.
Buyer: Westbrook Partners
Purchase Price: \$93 MM
Price per Unit: \$278,358

Liberty Warehouse



City: Durham, N.C.
Buyer: CBRE Investment
Management
Purchase Price: \$89 MM
Price per Unit: \$360,324

Edwards Mill



City: Raleigh, N.C.
Buyer: Covenant Capital Group
Purchase Price: \$57 MM
Price per Unit: \$256,818

The Chelsea



City: Raleigh, N.C.
Buyer: Brazos Residential
Purchase Price: \$45 MM
Price per Unit: \$160,714