

Yardi® Matrix

Raleigh-Durham: A Burgeoning Cluster

Multifamily Report Fall 2018

Rent Growth Trails National Average

Developers Target Upscale Segment

Population Gains Outstrip US Rate

RALEIGH MULTIFAMILY

Market Analysis

Fall 2018

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Economic Growth Sustains Demand

Driven by a healthy economy and strong population growth, multifamily demand in Raleigh-Durham remains robust. As prices continue to increase in the single-family market, the local apartment sector is likely to remain an attractive option for both residents and investors. Although rents rose only 1.6% year-over-year, several submarkets, including many suburban ones, registered strong hikes. This is in part due to a high demand coming from eastern North Carolina residents seeking refuge after Hurricane Florence.

With access to three of the country's top universities, the Triangle added 30,700 jobs in the 12 months ending in July. The professional and business services and trade, transportation and utilities sectors led employment growth. According to nonprofit Downtown Raleigh Alliance, 47% of Raleigh residents have a bachelor's degree or higher, which is enticing employers in search of highly educated workers. This, in turn, has increased demand for connectivity and public transport development. Local authorities recently completed Union Station, a \$110 million-plus multimodal transit center.

The metro had 7,400 units underway as of September, with 2018 completions likely to exceed last year's 4,660 apartments. With steady development matching healthy demand, Yardi Matrix expects a moderate rent growth in Raleigh-Durham in the foreseeable future.

Recent Raleigh Transactions

Republic Flats



City: Durham, N.C.
 Buyer: Eaton Vance
 Investment Managers
 Purchase Price: \$64 MM
 Price per Unit: \$194,000

Woodlyn on the Green



City: Cary, N.C.
 Buyer: Starwood Capital Group
 Purchase Price: \$59 MM
 Price per Unit: \$128,139

Sterling TownCenter



City: Raleigh, N.C.
 Buyer: Electra America
 Purchase Price: \$53 MM
 Price per Unit: \$156,271

Apartments at the Arboretum



City: Cary, N.C.
 Buyer: Stoltz Real Estate Partners
 Purchase Price: \$45 MM
 Price per Unit: \$218,537