



MULTIFAMILY REPORT

The Triangle Finds Its Footing

November 2022



Unemployment Inches Up

Investment Activity Maintains Momentum

Deliveries Soften, Construction Starts March On

RALEIGH MULTIFAMILY



Rent Growth Cools, Still Up YoY

This year started on a strong note for Raleigh-Durham's multifamily market, but the cooling economy began to take effect in the second half of 2022. In the third quarter, rates contracted by 0.1% to \$1,630, while national figures improved only marginally—0.2% to \$1,718. However, at 10.8%, year-over-year rent development in the Triangle remained strong by historical standards.

The Raleigh-Durham employment market expanded by 4.4% in the 12 months ending in July, adding 39,300 jobs. Growth was led by leisure and hospitality (13,400 positions), followed by professional and business services (12,800 jobs). The metro has experienced accelerated growth in the past few years. The downtown area alone has seen roughly \$6.7 billion in projects completed, under construction or planned since 2015, according to a Downtown Raleigh Alliance report. Several infrastructure projects are underway to support the metro's long-term growth. GoTriangle leaders have proposed a 43-mile commuter rail line from Durham to either Garner or Clayton, with a planned launch in 2033. The \$3.2 billion project is currently in the feasibility stage.

Deliveries softened, with only 2,968 units coming online during the first three quarters of the year. Meanwhile, transaction activity maintained momentum, with \$3.3 billion in multifamily assets changing hands. Per-unit prices surpassed the \$250,000 mark for the first time ever, following a 22.2% annual increase.

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Recent Raleigh Transactions

Hawthorne Davis Park



City: Morrisville, N.C.
Buyer: Hawthorne Residential Partners
Purchase Price: \$85 MM
Price per Unit: \$294,425

Alister Lake Lynn



City: Raleigh, N.C.
Buyer: Mill Creek Residential Trust
Purchase Price: \$79 MM
Price per Unit: \$253,205

One City Center



City: Durham, N.C.
Buyer: New York Life Real Estate Investors
Purchase Price: \$56 MM
Price per Unit: \$510,826

ReNew West Durham



City: Durham, N.C.
Buyer: FPA Multifamily
Purchase Price: \$31 MM
Price per Unit: \$138,393