



MULTIFAMILY REPORT

Raleigh Showcases Stability

February 2023



YoY Rent Growth Weakens, Still Above US

Construction Starts Increase

PPU Hits New Peak

RALEIGH MULTIFAMILY



Fundamentals Cool But Remain Healthy

With consistent investment, the Triangle's economy remained robust in 2022, keeping the metro's multifamily market up and running. Year-over-year, rents were up 7.0%, 80 basis points above the national rate. However, the metro was not immune to the overall economic slowdown that became increasingly apparent as the year went on. In the last quarter, rents in Raleigh-Durham contracted by 0.4% to an average of \$1,618, while U.S. figures also contracted by 0.2%, to \$1,715.

The Triangle's employment market saw 4.3% year-over-year growth through October, having added 44,900 positions. Job expansion was led by professional and business services (16,600 jobs), followed by leisure and hospitality (10,200 jobs). Manufacturing—which added 2,500 positions—is set to receive a boost from one of the largest economic projects in North Carolina history. Semiconductor maker Wolfspeed intends to expand its presence in the state with a \$5 billion investment in a chip plant in Chatham County. The plant is expected to create more than 1,800 new jobs by 2030.

Investor interest in the metro's rental sector remained elevated, with \$4.1 billion in multifamily properties changing hands in 2022. That followed 2021's record \$5.5 billion total investment volume. On the development side, activity moderated, as it did across most of the country. Only 4,642 units came online in 2022, marking a 32.8% decline from the previous year.

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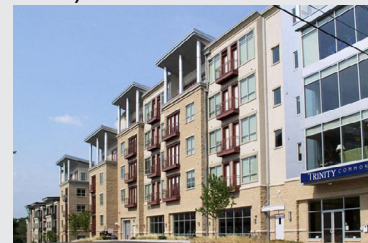
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Recent Raleigh Transactions

Trinity Commons at Erwin



City: Durham, N.C.
Buyer: The Connor Group
Purchase Price: \$100 MM
Price per Unit: \$292,398

Grand Arbor Reserve



City: Raleigh, N.C.
Buyer: FCP
Purchase Price: \$48 MM
Price per Unit: \$161,616

Brampton Moors



City: Cary, N.C.
Buyer: Kettler
Purchase Price: \$42 MM
Price per Unit: \$187,500

Pinewood Station



City: Hillsborough, N.C.
Buyer: RailField Realty Partners
Purchase Price: \$31 MM
Price per Unit: \$186,818