

Yardi® Matrix

MULTIFAMILY REPORT

Raleigh Banks On Resilience

Spring 2020

Unemployment Claims Soar

Investment Activity Moderates

Developers Target Lifestyle Segment

RALEIGH MULTIFAMILY

Yardi® Matrix

Rental Market Faces a Challenge

The Triangle kicked off 2020 with strong fundamentals, but what was on track to be another dynamic year has shifted since the outbreak of the COVID-19 crisis. Rents contracted by 10 basis points on a trailing three-month basis as of April, in what was supposed to be the beginning of the prime leasing season.

The metro gained 16,800 jobs in the 12 months ending in March—a 1.8% uptick and 40 basis points above the U.S. rate. The early effects of the health crisis, however, began to unfold in the last two weeks of the first quarter. Retail, leisure and hospitality were immediately hit by social distancing measures and unemployment claims across the state had skyrocketed by May. GE Aviation, the Sheraton Imperial Hotel and Convention Center in Durham, and Cinemark Raleigh Grande were some of the many employers laying off or furloughing thousands of workers. On a positive note, most nonessential businesses were allowed to partially reopen on May 8 as part of the first phase to ease COVID-19 restrictions.

Almost \$480 million in assets traded in the Triangle in the first four months of 2020, a slight slowdown from last year. While the overall economic effects of COVID-19 are yet to be quantified, the market has been resilient through other crises. However, with significant completions in the past six years and the current downturn still unfolding, we expect the metro's average rent to drop in 2020.

Market Analysis | Spring 2020

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Recent Raleigh Transactions

Lodge at Croasdaile Farm



City: Durham, N.C.
Buyer: Hercules Real Estate
Services
Purchase Price: \$66 MM
Price per Unit: \$205,938

Independence Park



City: Durham, N.C.
Buyer: Magma Equities
Purchase Price: \$50 MM
Price per Unit: \$160,337

Hudson 5401



City: Raleigh, N.C.
Buyer: Hudson Capital Properties
Purchase Price: \$33 MM
Price per Unit: \$169,823

Overlook at Simms Creek



City: Raleigh, N.C.
Buyer: Starwood Capital Group
Purchase Price: \$31 MM
Price per Unit: \$117,530