



MULTIFAMILY REPORT

# Research Triangle Recalibrates

February 2025



**Deliveries Set Record**

**Employment Market Thrives**

**Rent Movement Remains Negative**

# RALEIGH MULTIFAMILY



## Rents Contract, Development Booms

Raleigh–Durham ended the year with a decline in rent movement amid significant construction activity. Average advertised asking rents were down 0.6% on a three-month basis through December, to \$1,520. Rents also contracted year-over-year, down 3.1%, while the U.S. average marked a 0.6% expansion.

The Research Triangle recorded a 2.4% employment expansion as of November, with a net gain of 22,600 jobs over 12 months. This pace was nearly double the 1.3% U.S. average. The education and health services sector was the top contributor, with 10,200 jobs added. The local unemployment rate was also well below the U.S. average, which stood at 4.2% as of November, according to data from the Bureau of Labor Statistics. Amgen recently unveiled its drug substance facility in Holly Springs, N.C., concurrently kicking off its \$1 billion expansion at the Amgen North Carolina location. The company teamed up with Wake Tech Community College for an 18-month collaboration intended to spur employment in biomanufacturing.

Raleigh–Durham deliveries hit a decade high last year, with 12,002 units completed, double the previous five-year average. The metro had another 20,272 units under construction at the start of 2025. Meanwhile, multifamily sales reached \$1 billion in 2024, a considerable drop from 2023's \$1.8 billion.

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## Market Analysis | February 2025

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### Recent Raleigh Transactions

#### Crosstown at Chapel Hill



City: Chapel Hill, N.C.  
Buyer: Brookfield Properties  
Purchase Price: \$75 MM  
Price per Unit: \$181,990

#### 712 Tucker

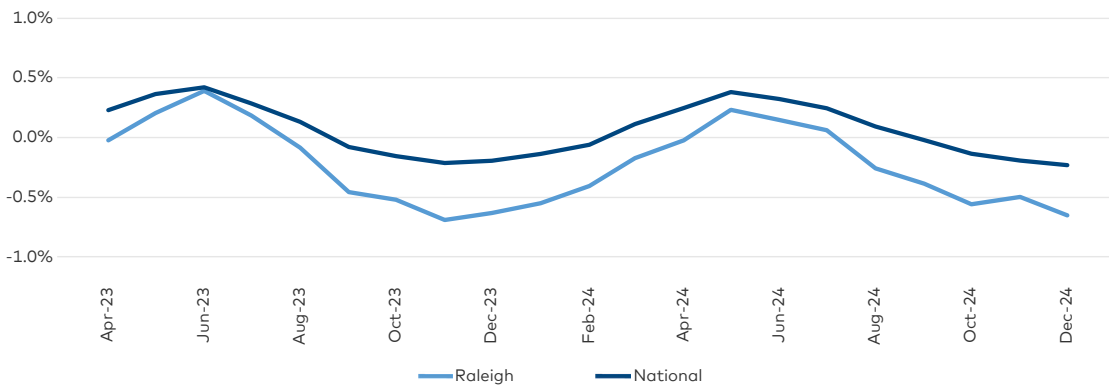


City: Raleigh, N.C.  
Buyer: Alidade Capital  
Purchase Price: \$37 MM  
Price per Unit: \$ 205,587

## RENT TRENDS

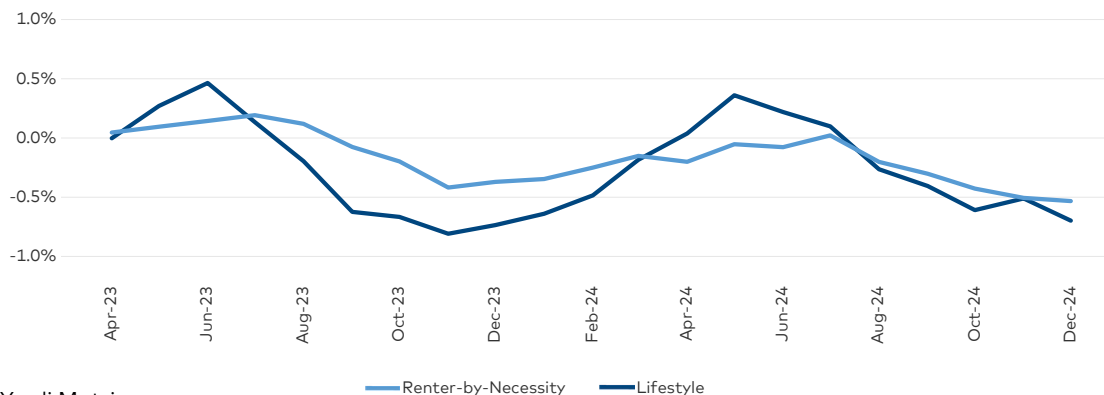
- ▶ The average advertised asking rent in Raleigh–Durham was down 0.6% on a trailing three-month (T3) basis as of December, to \$1,520. Meanwhile, the U.S. average contracted 0.2%, to \$1,742. T3 rent movement in the Triangle has been negative for 12 of the past 16 months, according to Yardi Matrix data. On a year-over-year basis, advertised asking rents were down 3.1% in 2024, even as the U.S. average recorded a 0.6% increase.
- ▶ Rent movement was negative in both quality segments on a T3 basis as of December. Lifestyle advertised asking rents were down 0.7%, to an average of \$1,604. Meanwhile, working-class Renter-by-Necessity assets saw a 0.5% decline, to \$1,304.
- ▶ Of the 40 submarkets tracked by Yardi Matrix, 31 recorded negative rent movement year-over-year, with Raleigh–East down 8.5%, to \$1,425. At the other end of the spectrum, Hillsborough saw the largest gains, with advertised asking rents climbing 4.6%, to \$1,531, followed by Raleigh–South (up 2.9% to \$1,327) and Vance County (2.0% to \$1,176). Raleigh–Downtown remained the most expensive submarket, at \$1,863, despite a 3.3% drop.
- ▶ The metro’s occupancy rate was flat year-over-year, at 93.8% in November 2024. Both Lifestyle and RBN rates stood still over 12 months, clocking in at 94.1% and 93.2%, respectively. Meanwhile, the national occupancy rate was 94.7%.

Raleigh vs. National Rent Growth (Trailing 3 Months)



Source: Yardi Matrix

Raleigh Rent Growth by Asset Class (Trailing 3 Months)



Source: Yardi Matrix

## ECONOMIC SNAPSHOT

- ▶ Raleigh–Cary unemployment stood at 2.9% as of October, according to data from the BLS. Durham–Chapel Hill fared slightly better, with unemployment at 2.8%. Both figures were well below the state’s 3.7%, as well as the 4.2% national average.
- ▶ Raleigh–Durham added 22,600 jobs in the 12 months ending in November, with four sectors recording losses. Trade, transportation and utilities contracted the most, losing 3,000 positions. On the other hand, the education and health services sector led gains, with 10,200 net jobs. Employment expanded 2.4% across the Triangle, 110 basis points above the national average.
- ▶ Amgen recently celebrated the opening of its new drug substance facility in Holly Springs, N.C., and also broke ground on its \$1 billion expansion at the Amgen North Carolina site. The combined facilities will encompass more than 500,000 square feet within Camp Helix Innovation Park. The new facility, designed with the company’s 2027 carbon neutrality goal in mind, features a smaller footprint and 50% less water usage. In collaboration with Wake Tech Community College, Amgen is also launching a manufacturing apprenticeship program to guide local talent toward the biomanufacturing industry.

### Raleigh Employment Share by Sector

Code	Employment Sector	Current Employment	
		(000)	% Share
65	Education and Health Services	184.8	16.6%
60	Professional and Business Services	213.5	19.2%
90	Government	174.4	15.6%
70	Leisure and Hospitality	110	9.9%
15	Mining, Logging and Construction	63.5	5.7%
80	Other Services	46.7	4.2%
55	Financial Activities	59.5	5.3%
50	Information	31.9	2.9%
30	Manufacturing	62	5.6%
40	Trade, Transportation and Utilities	168.2	15.1%

Sources: Yardi Matrix, Bureau of Labor Statistics

### Population

- ▶ Metro Raleigh’s population increased by 29,024 residents in 2022 alone. That marked a 2.1% gain, more than five times the national rate of growth.
- ▶ Between 2010 and 2022, Raleigh-Durham gained a whopping 500,000 residents.

### Raleigh vs. National Population

	2019	2020	2021	2022
National	324,697,795	326,569,308	329,725,481	331,097,593
Raleigh Metro	1,332,311	1,362,997	1,391,801	1,420,825

Source: U.S. Census

## SUPPLY

- ▶ Developers brought 12,002 units online in 2024, accounting for 6.2% of existing stock. That was more than double the 3.0% U.S. average and also marked a record for the North Carolina Triangle. In comparison, the previous five-year average clocked in at 6,238 units.
- ▶ Raleigh–Durham had 20,272 units under construction as of December, with an additional 107,000 units in the planning and permitting stages. Lifestyle projects made up 81% of the units underway, with RBN and fully affordable developments accounting for the remaining 10% and 9%, respectively.
- ▶ Construction starts slowed down in the metro, with work beginning on 17 projects totaling 4,213 units last year. This marked a sharp, nearly 70% drop from the 12,694 units across 58 projects that developers kicked off in 2023, which was a peak year for construction activity. Starts also decreased 17% compared to the 5,049 units that broke ground in 2022.
- ▶ Of the 40 submarkets tracked by Yardi Matrix, 29 had at least one project of more than 50 units under construction. Clay–Morrisville led activity with 2,247 units, followed by Raleigh–South (2,145) and Durham–Central (1,450).

Overall, nine submarkets had more than 1,000 units underway each.

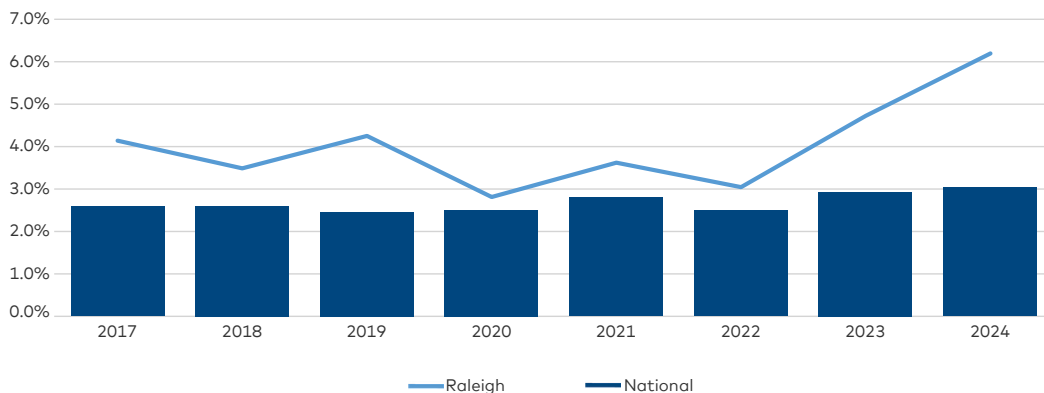
- ▶ The 371-unit Abberly Alston is the largest development underway in the Clay–Morrisville submarket. HHHunt broke ground on the 13-building project in the third quarter of 2022 and expects to deliver the Lifestyle asset in the second quarter of 2025. Principal Financial Group provided a \$54.6 million construction loan for the development in 2021.

### Raleigh Completions (as of December 2024)



Source: Yardi Matrix

### Raleigh vs. National Completions as a Percentage of Total Stock (as of December 2024)

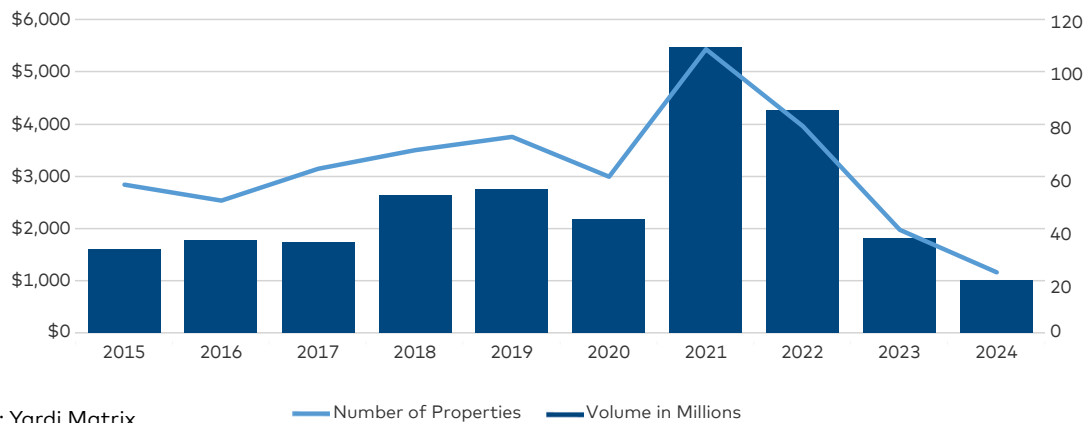


Source: Yardi Matrix

## TRANSACTIONS

- ▶ In 2024, Raleigh–Durham recorded slightly over \$1 billion in multifamily transactions, for a total of \$14.7 billion since 2020. Sales volume was down compared to the \$2.9 billion average of the past five years, and well below the 2020 peak of \$5.5 billion.
- ▶ Investors showed a slight preference for Lifestyle assets, with 14 of 26 sales closed last year involving this segment. Meanwhile, the metro's per-unit price decreased year-over-year, down 15.6%, to \$187,685. The figure slid below the U.S. average of \$193,187, which increased 3.3% year-over-year.
- ▶ The Finger Cos.' acquisition of the 171-unit The Dartmouth last September for \$47.1 million, or \$275,439 per unit, marked one of the highest per-unit prices closed in the metro in 2024. Newmark provided a \$25 million Fannie Mae loan to fund the purchase. The six-story property in the Raleigh–North submarket last traded in 2017 for \$43.9 million, or \$256,579 per unit.

### Raleigh Sales Volume and Number of Properties Sold (as of December 2024)



Source: Yardi Matrix

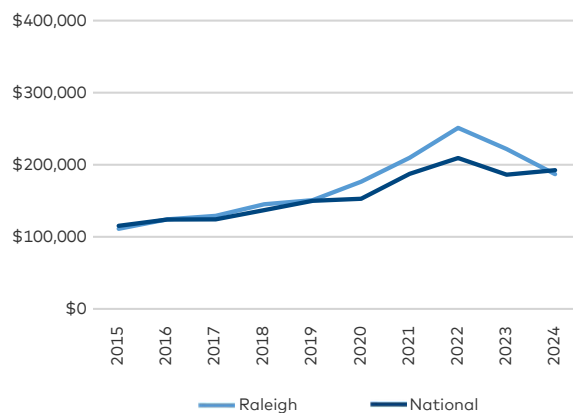
### Top Submarkets for Transaction Volume<sup>1</sup>

Submarket	Volume (\$MM)
Raleigh–North	176
Raleigh–Northwest	164
Raleigh–Southeast	87
Clay–Morrisville	84
Durham–North	83
Durham–Southwest	75
Apex	66

Source: Yardi Matrix

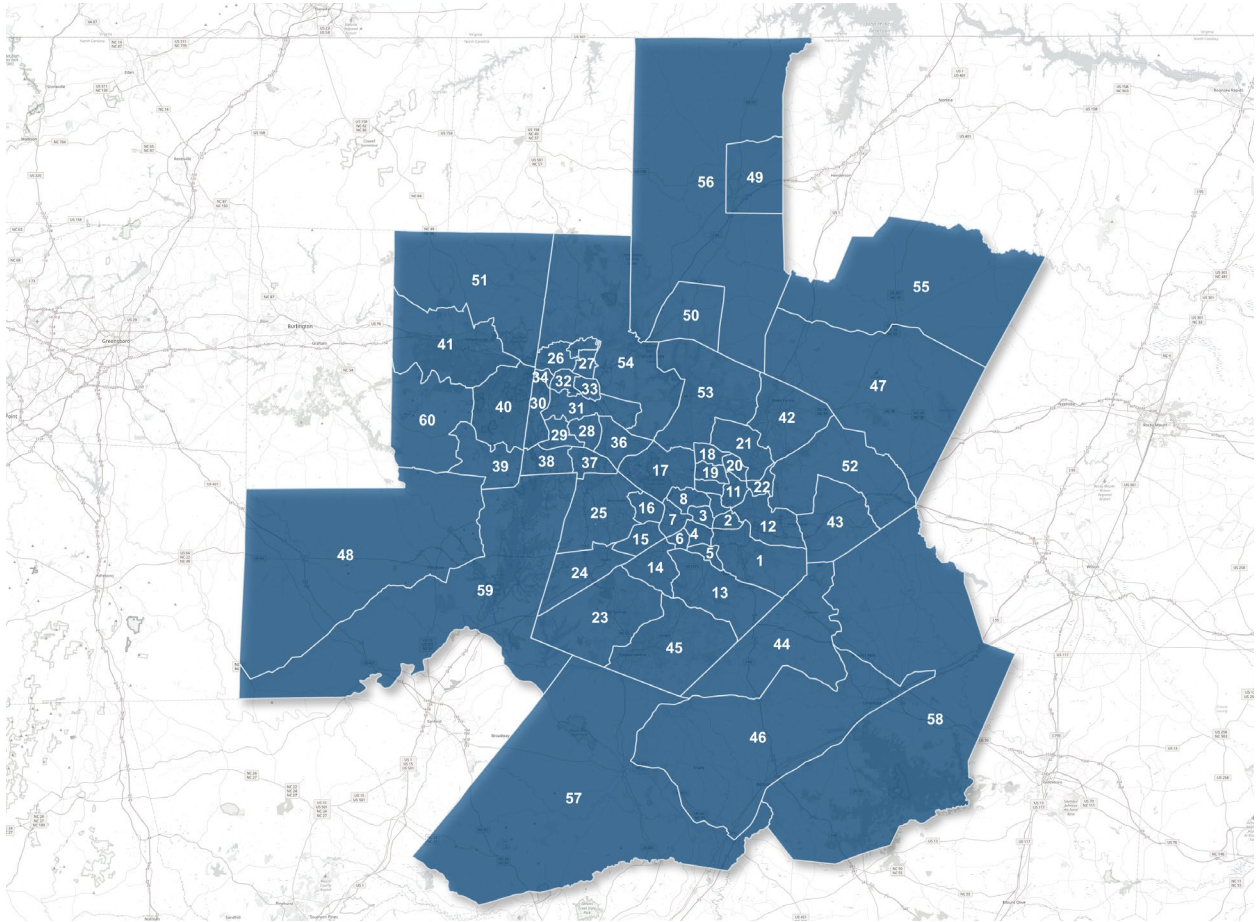
<sup>1</sup> From January 2024 to December 2024

### Raleigh vs. National Sales Price per Unit



Source: Yardi Matrix

# RALEIGH SUBMARKETS



Area No.	Submarket
1	Downtown Raleigh
2	Oakwood
3	Ridgewood
4	Hinton
5	Rhamkatte
6	Wynnewood
7	Westover
8	Laurel Hills
9	Crabtree Valley
10	Anderson Heights
11	Millbrook
12	Wilders Grove
13	Garner
14	Piney Plains
15	South Cary
16	North Cary
17	Glen Forest
18	Six Forks
19	Lynn
20	Wakeview

Area No.	Submarket
21	Neuse Crossroads
22	New Hope
23	Feltonville
24	Apex
25	Morrisville
26	Huckleberry Springs
27	Mill Grove
28	Keene
29	Woodcroft
30	Colony Park
31	Hope Valley
32	Duke University
33	Downtown Durham
34	American Village
35	River Forest
36	Research Triangle
37	Lowes Grove
38	Southport
39	Carrboro
40	Chapel Hill

Area No.	Submarket
41	Hillsborough
42	Wake Forest
43	Wendell
44	Clayton
45	Fuquay-Varina
46	Smithfield
47	Louisburg
48	Silver City
49	Oxford
50	Creedmoor
51	North Orange County
52	Northeast Wake County
53	Northwest Wake County
54	Outlying Durham County
55	Outlying Franklin County
56	Outlying Granville County
57	Outlying Harnett County
58	Outlying Johnston County
59	Southern Chatham County
60	Southwest Orange County

## DEFINITIONS

**Lifestyle households (renters by choice)** have wealth sufficient to own but have chosen to rent. Discretionary households, most typically a retired couple or single professional, have chosen the flexibility associated with renting over the obligations of ownership.

**Renter-by-Necessity households** span a range. In descending order, household types can be:

- *A young-professional*, double-income-no-kids household with substantial income but without wealth needed to acquire a home or condominium;
- *Students*, who also span a range of income capability, extending from affluent to barely getting by;
- *Lower-middle-income ("gray-collar") households*, composed of office workers, policemen, firemen, technical workers, teachers, etc.;
- *Blue-collar households*, which barely meet rent demands each month and likely pay a disproportionate share of their income toward rent;
- *Subsidized households*, which pay a percentage of household income in rent, with the balance of rent paid through a governmental agency subsidy. Subsidized households, while typically low income, extend to middle-income households in some high-cost markets, such as New York City;
- *Military households*, subject to frequency of relocation.

These differences can weigh heavily in determining a property's ability to attract specific renter market segments. The five-star resort serves a very different market than the down-and-outer motel. Apartments are distinguished similarly, but distinctions are often not clearly definitive without investigation. The Yardi® Matrix Context rating eliminates that requirement, designating property market positions as:

Market Position	Improvements Ratings
Discretionary	A+ / A
High Mid-Range	A- / B+
Low Mid-Range	B / B-
Workforce	C+ / C / C- / D

The value in application of the Yardi® Matrix Context rating is that standardized data provides consistency; information is more meaningful because there is less uncertainty. The user can move faster and more efficiently, with more accurate end results.

The Yardi® Matrix Context rating is not intended as a final word concerning a property's status—either improvements or location. Rather, the result provides reasonable consistency for comparing one property with another through reference to a consistently applied standard.

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