


The Triangle's Transition

June 2025



T3 Rents Grow, YoY Rate Posts Decline

High Deliveries Lead to Robust Supply

Transactions Still on a Decline

RALEIGH MULTIFAMILY



Robust Supply Tempers Fundamentals

In early 2025, Raleigh–Durham’s multifamily market displayed an uneven performance amid robust new supply. Average advertised asking rents were up 0.5%, on a trailing three-month basis, as of April. However, year-over-year, the average dropped 0.6% to \$1,557, while the national figure recorded a 0.9% increase to \$1,736. The metro’s occupancy rate slid to 93.5%, below the national average of 94.4%, as of March.

As of February, the unemployment rate was 3.1% in Durham–Chapel Hill and slightly lower in Raleigh–Cary, at 3.0%, according to data from the Bureau of Labor Statistics. Both were well below the national average of 4.1%. The metro gained 18,800 net jobs in the 12 months ending in February. The Research Triangle continues to attract companies. Genetech announced plans for a \$700 million manufacturing facility at the same hub in Holly Springs, N.C., while Amgen has already invested \$1.5 billion to grow its drug manufacturing capabilities. Nearby, FUJIFILM Diosynth Biotechnologies will start manufacturing biologic medicines for Regeneron Pharmaceuticals under a \$3 billion agreement. The new Holly Springs facility is expected to come online later this year.

Year-to-date through April, Raleigh–Durham added 3,851 units or 1.9% of existing stock, outpacing the U.S. by 110 basis points. Multifamily sales totaled \$345 million, continuing a downward trend in both volume and number of transactions since the 2021 peak.

Market Analysis | June 2025

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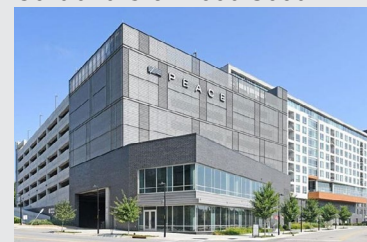
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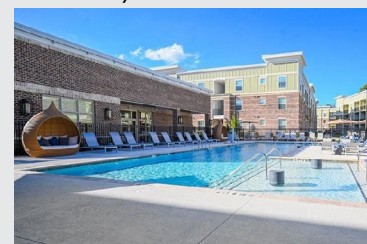
Recent Raleigh Transactions

Cortland Glenwood South



City: Raleigh, N.C.
Buyers: Cortland, PAMERA Real Estate Partners
Purchase Price: \$152 MM
Price per Unit: \$364,510

The Averly at Flowers

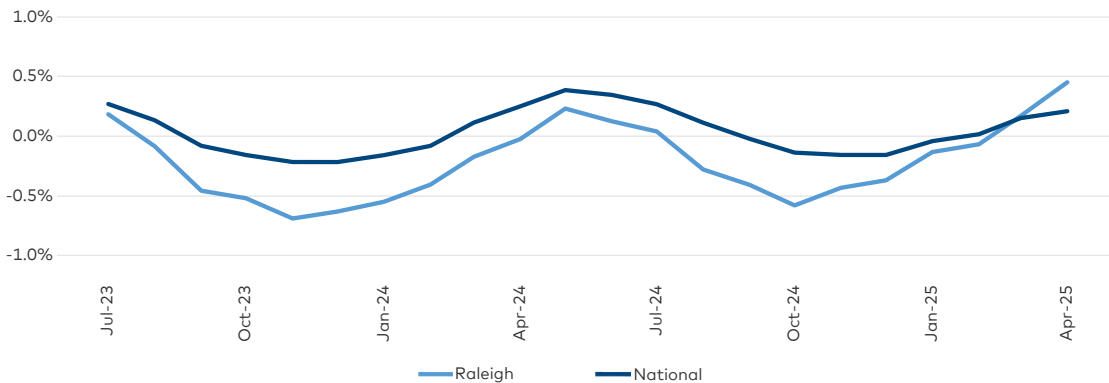


City: Clayton, N.C.
Buyer: ECI Group
Purchase Price: \$92 MM
Price per Unit: \$232,323

RENT TRENDS

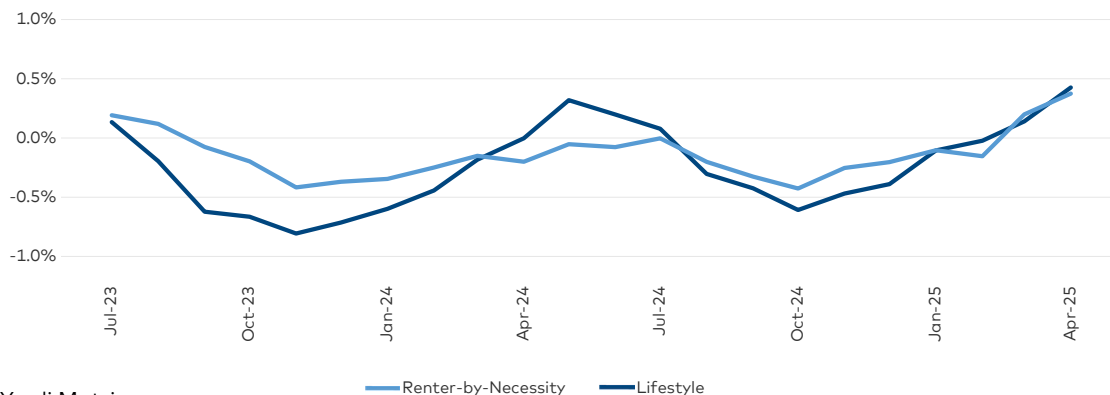
- ▶ The average advertised asking rent in Raleigh–Durham saw a 0.5% improvement on a trailing three-month (T3) basis as of April, to \$1,557. Meanwhile, the U.S. average increased 0.2%, to \$1,736. On an annual basis, the advertised asking rent in the metro saw a 0.6% drop, while the U.S. figure recorded a 0.9% increase.
- ▶ Rent growth was even for both quality segments, up 0.4%, on a T3 basis as of April. Renter-by-Necessity averages increased to \$1,335 and Lifestyle figures climbed to \$1,646. Year-over-year, the average RBN advertised asking rent contracted 0.4% and Lifestyle figures fell 0.6%.
- ▶ Of the 40 submarkets tracked by Yardi Matrix, 18 saw positive rent growth year-over-year. The Holly Springs submarket led gains, with advertised asking rents expanding 6.6%, to \$1,725, followed by Raleigh–Central West (up 5.9% to \$1,793) and Hillsborough (up 5.7% to \$1,576). Raleigh–Downtown remained the most expensive submarket, even as advertised asking rents fell 1.4% year-over-year, to \$1,906.
- ▶ As of March, Raleigh–Durham’s occupancy rate decreased 20 basis points year-over-year, to 93.5%, 90 basis points below the U.S. rate. Both quality segments contracted by 20 basis points. The RBN rate settled at 92.8%, while Lifestyle closed at 93.8%.
- ▶ As of April, SFR rates across the metro dropped 1.5% year-over-year, to \$2,418, while the U.S. rate was flat, at \$2,178. At 97.6%, SFR occupancy in Raleigh–Durham outperformed.

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

- ▶ The unemployment rate in Durham–Chapel Hill was 3.1% as of February, according to BLS data. Raleigh–Cary performed somewhat better, at 3.0%. Overall, both averages were well below North Carolina's 3.7%, as well as the 4.1% national average.
- ▶ The Research Triangle added 18,800 net jobs in the 12 months ending in February. The government, and education and health services sectors led gains with a combined 13,800 jobs. Employment expanded 1.9% across the metro, 100 basis points above the national rate of growth.
- ▶ Genentech, a biotech-focused division of pharmaceutical giant Roche Group, announced plans for a \$700-million manufacturing facility in Hol-

ly Springs, N.C. The 700,000-square-foot facility will be the company's first drug manufacturing site on the East Coast and will take shape in the CaMP Helix Innovation Park—a life science and advanced manufacturing hub that spans more than 400 acres and is home to Amgen. The biotech company has already committed \$1.5 billion to develop two drug manufacturing facilities at the site. The two buildings, at different stages of development, will total more than 500,000 square feet. Nearby, FUJIFILM Diosynth Biotechnologies will produce biologic medicines for Regeneron Pharmaceuticals at its new manufacturing facility. The firms signed a 10-year, \$3 billion manufacturing agreement.

Raleigh Employment Share by Sector

Code	Employment Sector	Current Employment	
		(000)	% Share
90	Government	179.4	16.2%
65	Education and Health Services	182.8	16.5%
60	Professional and Business Services	210.1	19.0%
40	Trade, Transportation and Utilities	169.1	15.3%
80	Other Services	46.4	4.2%
15	Mining, Logging and Construction	64.3	5.8%
55	Financial Activities	58.5	5.3%
50	Information	30.7	2.8%
30	Manufacturing	62	5.6%
70	Leisure and Hospitality	103	9.3%

Sources: Yardi Matrix, Bureau of Labor Statistics

Population

- ▶ In 2022, The Research Triangle added 29,024 new residents. This marked a 2.1% population increase and was more than five times the national rate of growth. Overall, the state is expected to reach 11.7 million residents by 2030, according to the North Carolina Office of State Budget and Management.

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

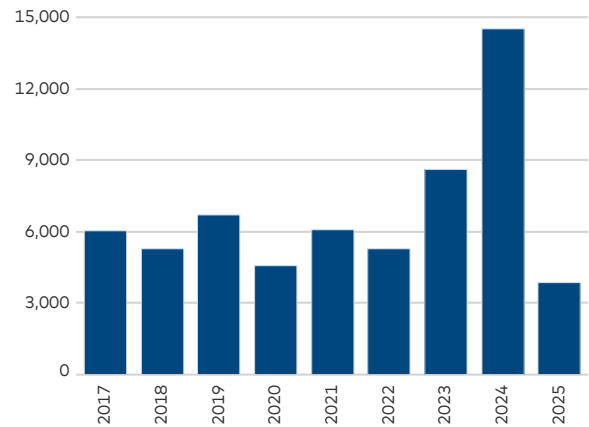
Source: U.S. Census

SUPPLY

- ▶ The Research Triangle gained 3,851 units through the first four months of the year. The increase accounted for 1.9% of existing stock, more than double the 0.8% national rate of completions. Yardi Matrix expects the metro to gain a total of 8,600 units by the end of 2025. This comes shortly after a wave of new supply. Developers brought 14,529 units online in 2024, accounting for 7.3% of existing stock, more than double the 3.6% national average.
- ▶ Raleigh–Durham had 15,684 units under construction as of April, with an additional 107,000 units in the planning and permitting stages.
- ▶ Construction starts have cooled, as developers kicked off construction on two projects totaling 398 units year-to-date. That’s a steep decline from the eight projects encompassing 2,237 units that work was started on in 2024. Starts were down even compared to 2023, when developers began work on four projects totaling 726 units.
- ▶ Of Raleigh’s 40 tracked submarkets, 26 had at least one project of 50-plus units under construction. Raleigh–South led with 2,097 units, followed by Clay–Morrisville (1,884 units) and Durham–Central (1,151 units). Raleigh–University trailed the list with 55 units under construction.

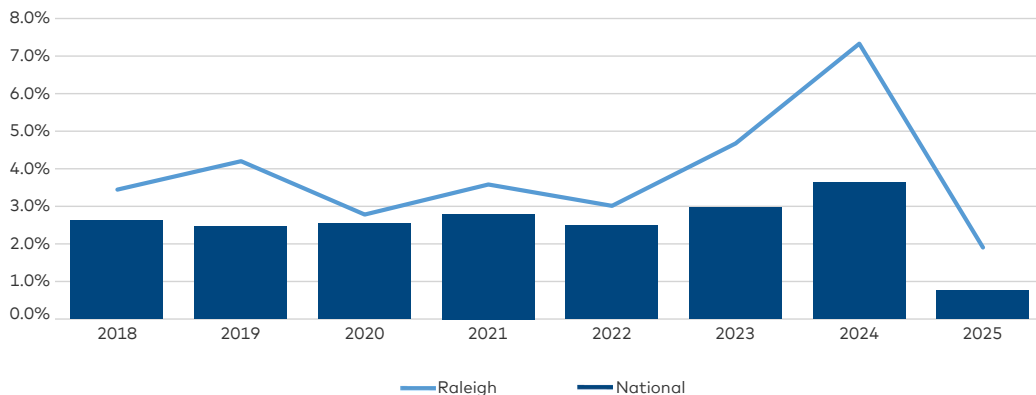
- ▶ The 176-unit Tryon Station is one of the few fully affordable projects underway in Raleigh–South. Bradley Development broke ground on the project in late 2024 and expects to deliver it in the second half of 2026. Bank of America provided \$33.9 million to fund the construction, with additional financing totaling \$12.8 million provided by Wake County, Cedar Rapids Bank and Trust Co. as well as the Town of Garner.

Raleigh Completions (as of April 2025)



Source: Yardi Matrix

Raleigh vs. National Completions as a Percentage of Total Stock (as of April 2025)

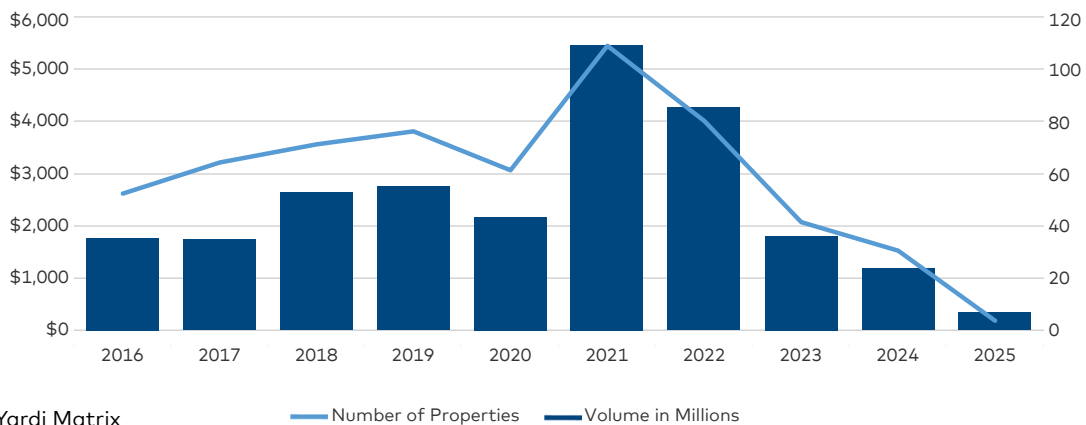


Source: Yardi Matrix

TRANSACTIONS

- ▶ Through April, four assets traded for a total of \$345 million in the metro. Sales were down compared to the same period in 2024, when 11 properties traded for \$383 million. The peak year of 2021, when 110 assets sold for \$5.5 billion, reversed the overall growth trend. Since then, both annual sales volume and the number of transactions have been decline. In 2024, 31 multifamily properties sold for \$1.2 billion.
- ▶ Investors favored the Lifestyle segment, with no sales completed in other quality segments in the first four months of 2025. This pushed the price per unit to \$262,257, up \$64,000 year-over-year. The figure was also well above the U.S. average of \$212,785.
- ▶ Cortland and PAMERA Real Estate Partners paid \$152 million for Cortland Glenwood South in downtown Raleigh. With a price per unit of \$364,510, the sale of the 417-unit community was Raleigh–Durham’s largest transaction to date, in both sale price and price per unit.

Raleigh Sales Volume and Number of Properties Sold (as of April 2025)



Source: Yardi Matrix

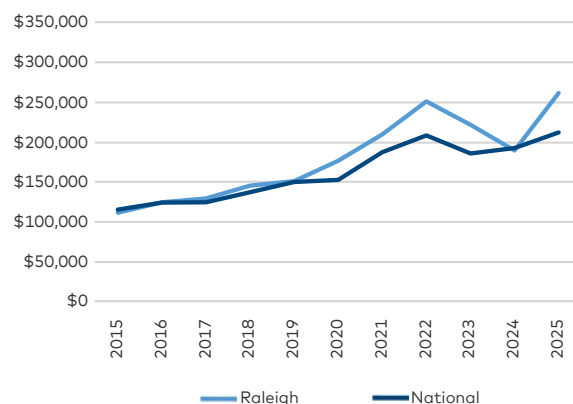
Top Submarkets for Transaction Volume¹

Submarket	Volume (\$MM)
Raleigh–Downtown	325
Raleigh–North	260
Apex	254
Durham–Southwest	243
Clay–Morrisville	227
Durham–South	203
Clayton	161

Source: Yardi Matrix

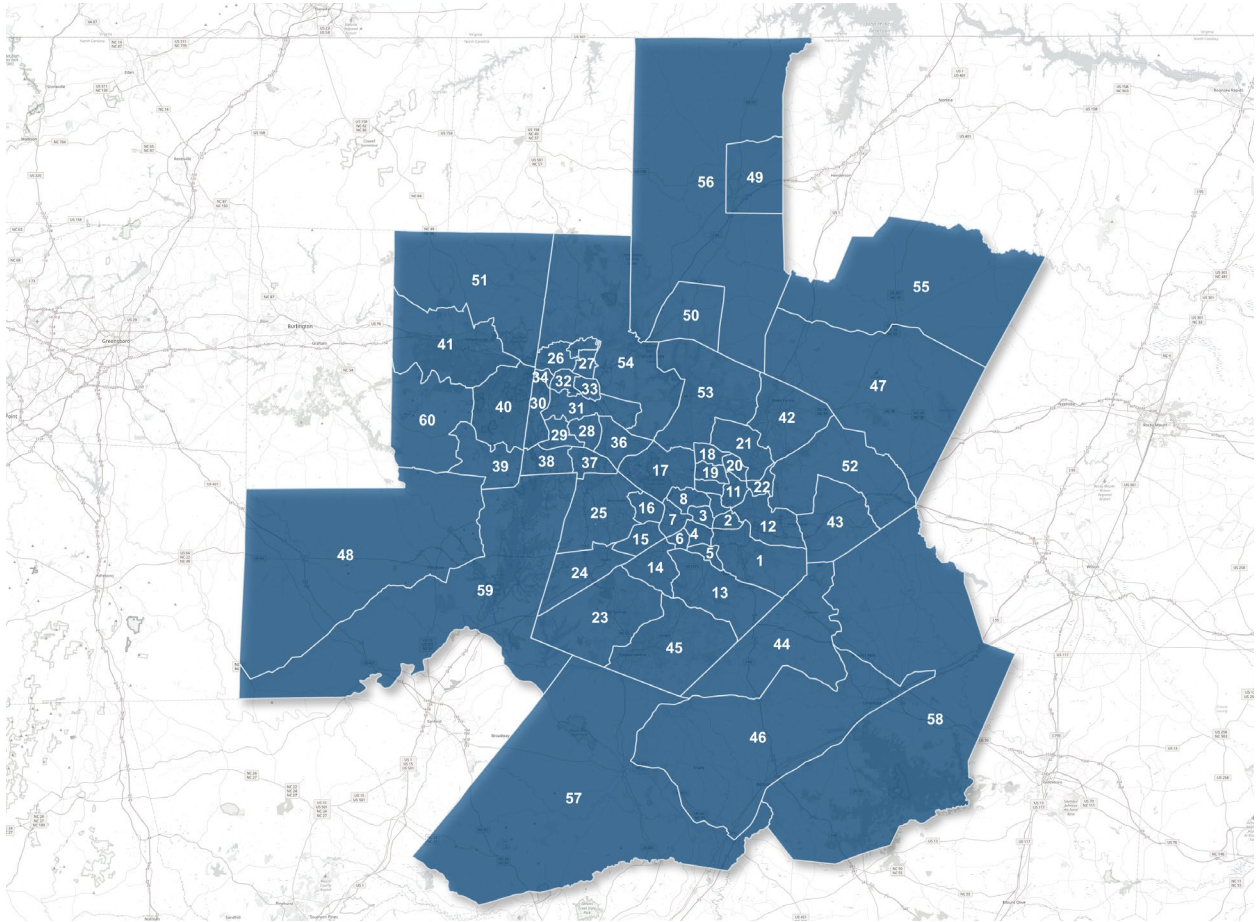
¹ From May 2024 to April 2025

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.

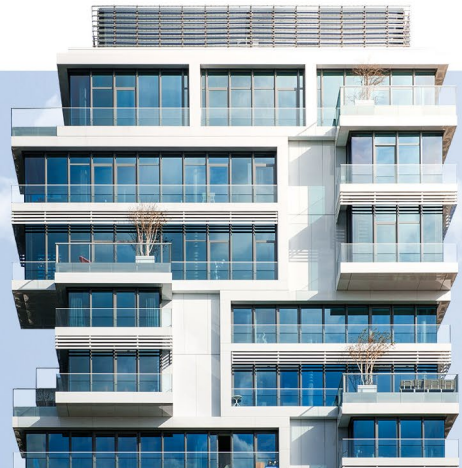
The Yardi® Matrix Context rating is not intended as a final word concerning a property's status—either improvements or location. Rather, the result provides reasonable consistency for comparing one property with another through reference to a consistently applied standard.

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