



Triad multifamily market report

Q1 2024

**AVISON
YOUNG**

Triad multifamily insights

01

#9 Market in Renter Household Growth

The Triad market was the **#9 market in the U.S. for net growth in renter households since 2020***. The number of renter households grew by 2.2% from 2020-2023. New lease applications per unit were also on the rise in the first quarter of 2024. When comparing North Carolina's largest apartment markets that have been on the receiving end of record-breaking supply, the Triad added just **8,946 new units** in the past five years. Limited supply in the near-term is expected to drive **positive rent growth**.

Source: RealPage Market Analytics

02

Supply and Demand

After a decline in demand in 2023, the Triad market **rebounded and posted positive annual demand** in the first quarter of 2024, after six consecutive quarters of negative absorption. Demand is expected to increase in the long-term due to resilient market fundamentals and limited single-family inventory. Year-over-year **renewal lease term rates** remained steady at **11.9%** in Q1 24, while **new lease term rates** reached **12.5%** in the same period.

03

Capital Markets

In the last 12 months, multifamily sales volume remained the **largest share** of total investments across all property types, representing **50%** of investor allocations. Trailing 12-month apartment sales volume reached **\$700M** across **42 properties** and over **4,411 units** in the Triad. Elevated interest rates continued to soften investment sales ending the first quarter of 2024. The region's **economic fundamentals** are expected to bolster market performance in 2025-2026.



Supply and demand

1,291 units

Annual new supply

Apartment demand gained ground after a significant decline in the first quarter of 2023. Annual demand totals in Q1 24 **moved back into positive territory** after six consecutive quarters of negative absorption. Annual demand **was reported at 600 units**. New supply decreased year-over-year as **1,291 units** delivered in the last twelve months.

Properties that delivered in the last twelve months reported an average effective rent of **\$1,447**, or **\$1.62** per square foot, resulting in an average concession value of **\$137**, compared to an average concession of **\$40.00** for existing assets.



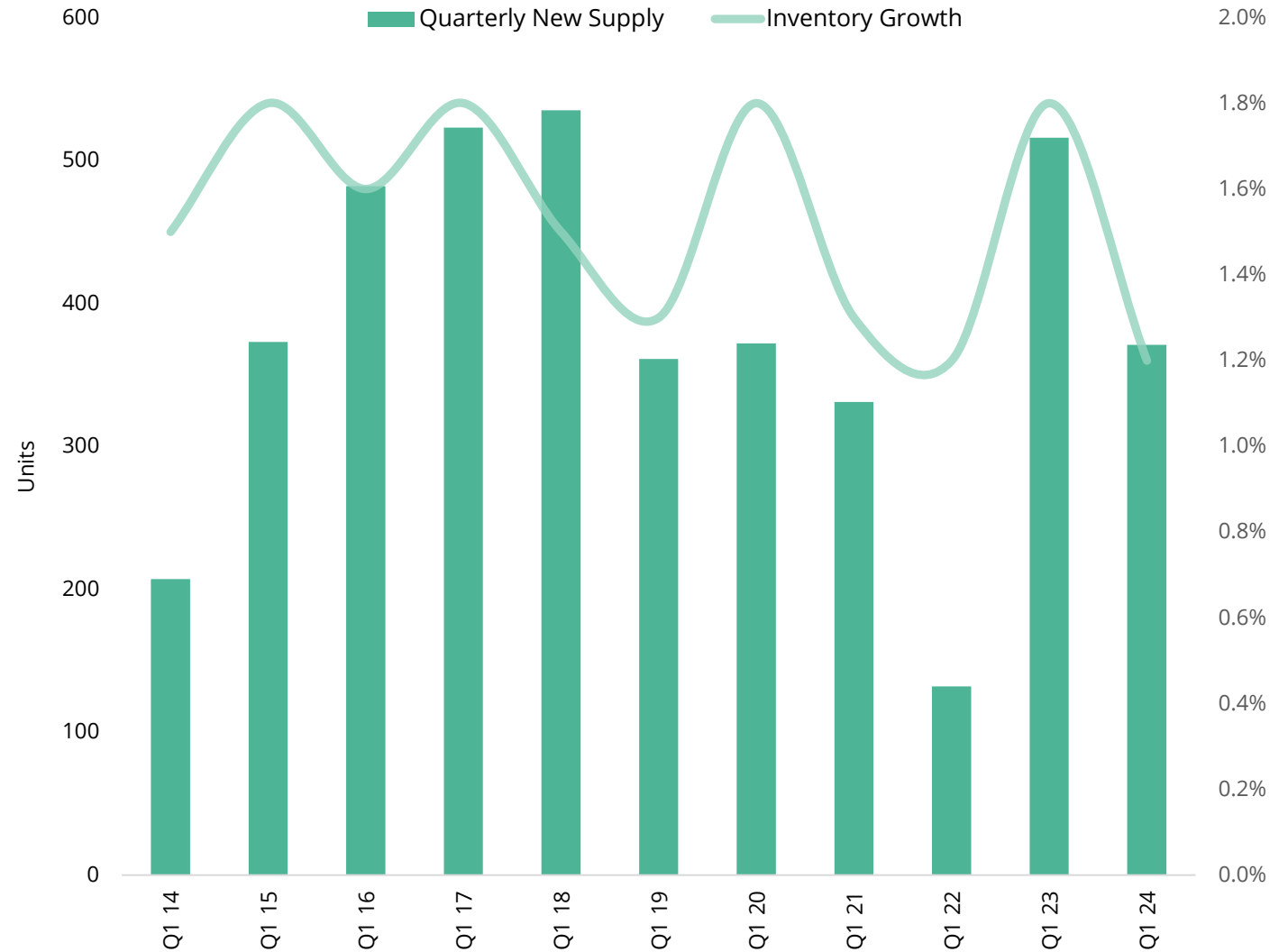
Inventory Snapshot

3.8%

Inventory Under Construction

Year-over-year completions cooled off in response to moderating construction starts. In the first quarter, **371 units** were delivered, a **28%** decrease from Q1 2023. At the close of first quarter, **4,289 units** were underway, representing a **3.8%** rate of inventory under construction.

Permits for **4,440** multifamily units were issued in the 12 months ending in February 2024, an increase of **726** units from the previous year's total.



Source: RealPage, Avison Young

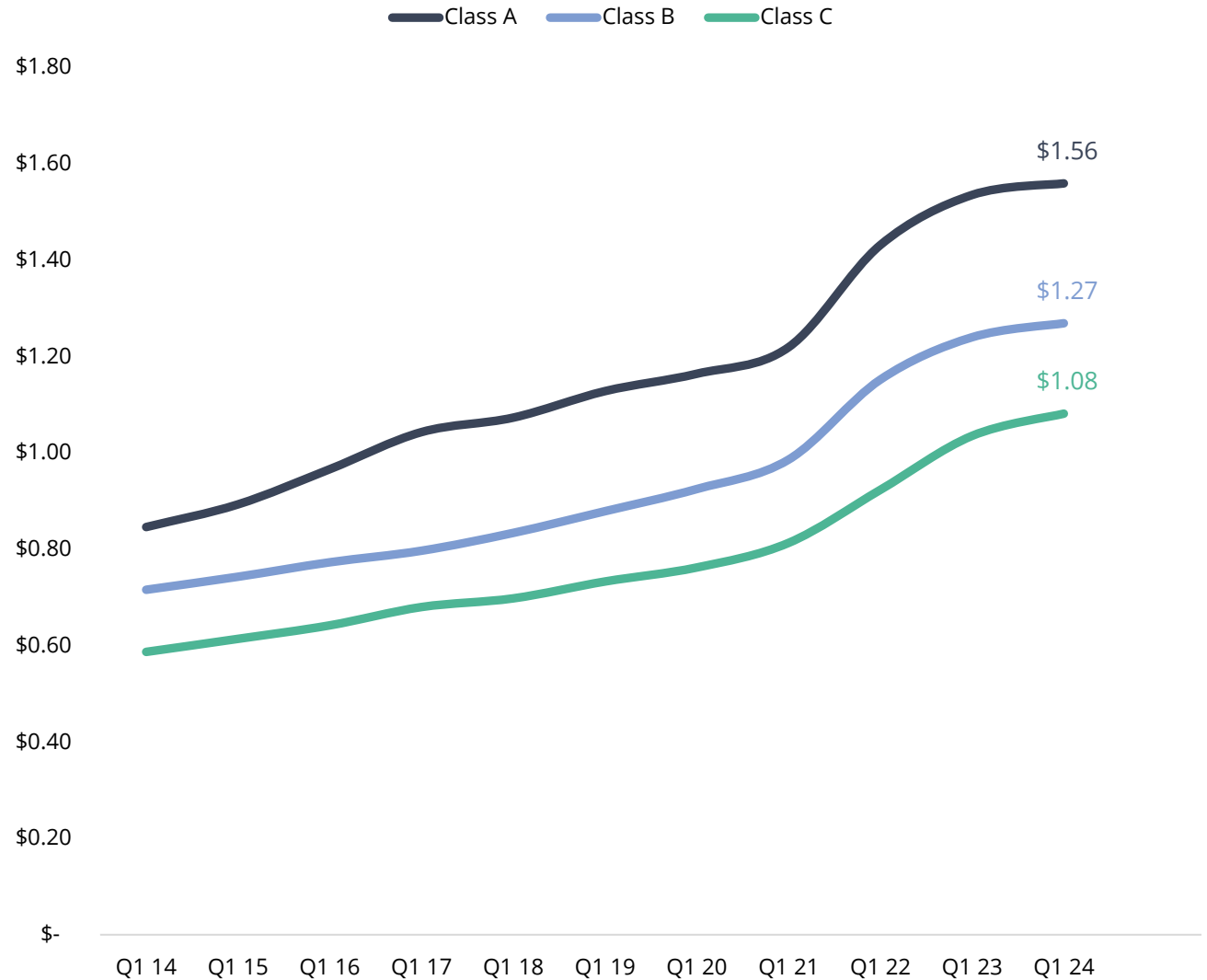
Effective Rental Rates

\$1.28

Average effective rate/psf

Quarter-over-quarter effective rent growth increased by just **0.3%** at the close of the first quarter, while annual rent growth remained flat. The **South Greensboro** submarket reported the **highest effective rent growth (2.7%)** ranking in the overall Triad market. Average occupancy rates in the Triad remain healthy at **93%**.

At the close of Q1 24, the percent of units offering concessions decreased to **22%**, a 40-bps decline from Q4 23.



Investment sales

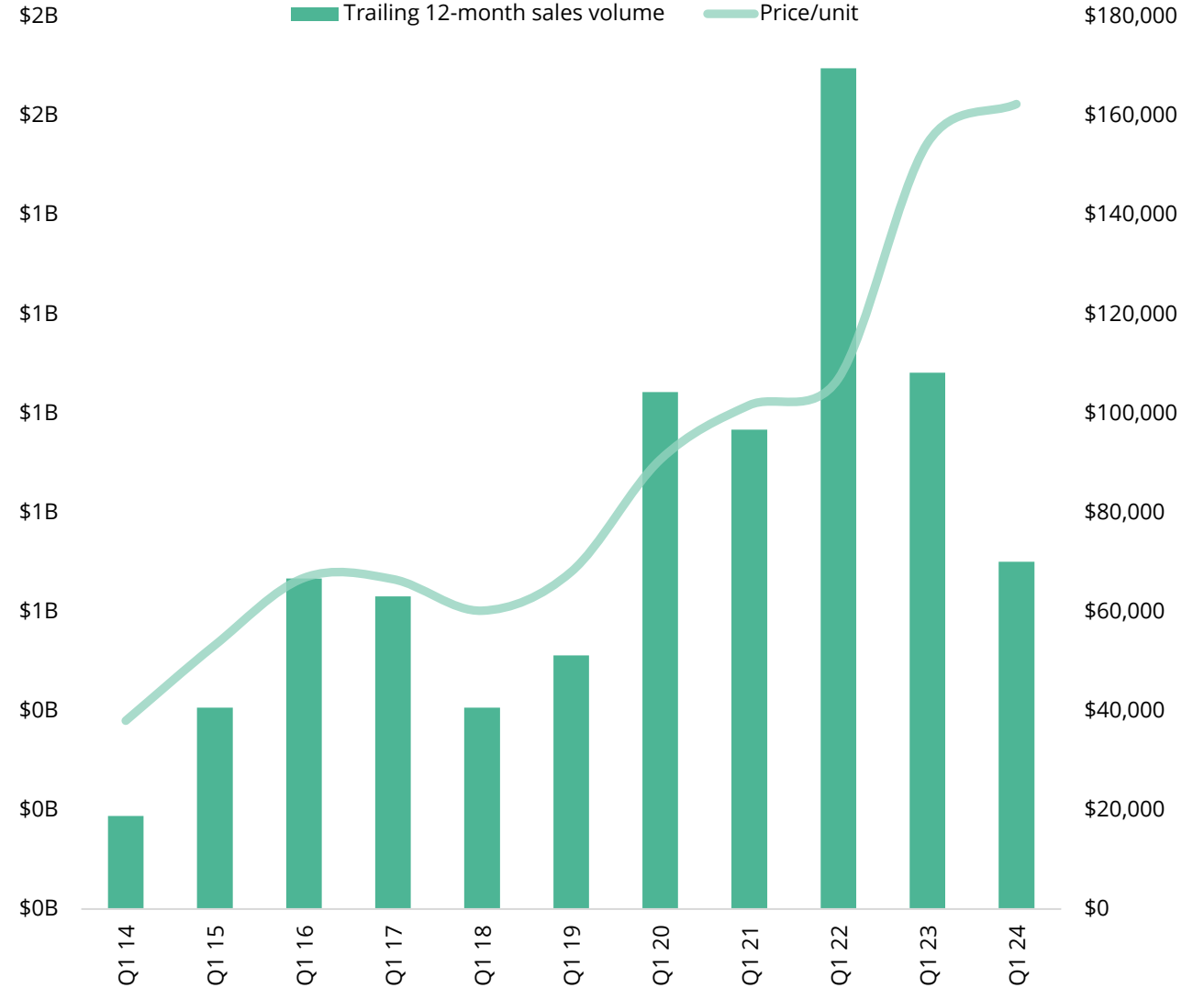
\$700M

Trailing 12-month sales volume

Multifamily assets represented **50%** of all investment sales in the Triad market. Trailing 12-month volume totaled **\$700M** with an average cap rate of **5.6%**.

In August 2023, the disposition of **Enclave at North Point**, a 370-unit asset in Winston-Salem, sold for **\$44M (\$118,378/unit)**, the largest transaction in the last twelve months.

Private funds remain the largest capital composition year-to-date accounting for **100%** of multifamily transactions in the Triad.



Source: Real Capital Analytics, Avison Young

Multifamily market activity

Notable investment sales – last 12 mos.

Property	Seller	Submarket	Total units	Total sales price (\$M)	Avg. unit size	Avg. price/unit	Cap rate	Avg. effective rent/sf
Enclave at North Point	Morgan Properties	North Winston-Salem	370	\$43.8	952	\$118,378	-	\$1.00
Pointe at St. Marks	Leonard Kern	Burlington	183	\$36.0	922	\$196,721	5.9%	\$1.61
RiVera Townhomes	Forestar Group	Burlington	114	\$34.0	1,421	\$297,794	-	\$1.33
Cardinal	CORE Realty Holdings	North Winston-Salem	256	\$33.0	952	\$128,906	5.5%	\$1.00
Northcliffe Forest	Eller Capital Partners	North Winston-Salem	288	\$28.8	709	\$99,826	6.1%	\$1.40
Madison Woods	Featherstone Partners	West Greensboro	180	\$26.0	1,009	\$144,444	4.6%	\$1.24
Summerlin Ridge	RAC Summerlin	South Winston-Salem	120	\$22.7	1,021	\$188,750	-	\$1.32
The Pointe	Nathan Friedman	Burlington	140	\$21.0	1,032	\$150,000	-	\$1.30
Summers Run	Equity Partnership Holdings	South Greensboro	112	\$16.3	1,073	\$145,536	-	\$1.18
Sedgefield Square	BridgeGaps Real Estate	South Greensboro	124	\$15.5	844	\$124,597	5.7%	\$1.37
Fairview Village	Fairview Village Apartments	South Winston-Salem	120	\$14.1	907	\$117,500	5.4%	\$1.19

Notable development

Property	Submarket	Property status	Total units	Property type	Developer
Keystone at Horse Pen Creek	West Greensboro	Under construction	380	Garden	Keystone Homes
Revel Greensboro	West Greensboro	Under construction	360	Garden	Collett Capital
Brookhyrst	North Winston-Salem	Under construction	337	Mid-Rise	DPJ Residential; Chaucer Creek Capital
Ardmore at Gibsonville	South Greensboro	Under construction	335	Garden	Ardmore Residential
West Edge	North Winston-Salem	Under construction	290	Garden	Woodfield Development
The Byrum	North Winston-Salem	Under construction	286	Mid-Rise	DPJ Residential; Chaucer Creek Capital
Hawthorne Northwest	West Greensboro	Under construction	276	Garden	Evolve Companies

Multifamily submarket activity

By Submarket	Existing units	Occupancy %	Annual Demand	Annual Supply	Under construction	Average effective rents	
					(units)	Rent/unit	Rent/psf
Burlington	11,795	93.3%	-32	17	481	\$1,316	\$1.30
High Point	9,076	92.2%	57	30	0	\$1,151	\$1.22
North Greensboro	18,412	92.9%	153	345	242	\$1,178	\$1.29
North Winston-Salem	22,447	92.3%	-167	198	1,142	\$1,221	\$1.31
South Greensboro	19,271	93.6%	323	174	574	\$1,176	\$1.23
South Winston-Salem	18,109	93.6%	181	281	496	\$1,187	\$1.25
West Greensboro	13,400	91.8%	85	246	1,354	\$1,262	\$1.34
Market Total	112,510	92.9%	600	1,291	4,289	\$1,214	\$1.28

By asset class	Occupancy %	YoY change in		Area per unit	Eff. rent/unit	Eff. rent/psf	Concession	Concession as a %
		Occupancy					Value	of asking rents
Class A	92.7%	-0.6%		962	\$1,500	\$1.56	\$54.00	3.4%
Class B	92.5%	-0.3%		955	\$1,212	\$1.27	\$37.00	3.0%
Class C	93.6%	-1.0%		928	\$1,003	\$1.08	\$36.00	3.4%

Triad submarket map



For more market insights and information
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