



Triad multifamily market report

Q2 2024

**AVISON
YOUNG**

Triad multifamily insights

01

#5 Market in Annual Rent Growth

Only five markets in the U.S. posted average rent growth of **3%** or higher (year-to-date). The **Triad ranked 5th** among those five markets reporting annual rent growth of **3.1%**. When comparing North Carolina's largest markets that have experienced record-breaking supply, the Triad added just **7,592 new units** in the past five years. Limited supply in the near-term is expected to continue to push positive rent growth.

02

Supply and Demand

After a decline in demand in 2023, the Triad **rebounded and recorded positive annual demand** in the first two quarters of 2024, after six consecutive quarters of negative absorption. Year-over-year **renewal lease term rates** remained steady increased to **12%** in Q2 24, while **new lease term rates** reached **13%** in the same period, increasing **50 bps**.

03

Capital Markets

In the last 12 months, multifamily sales volume remained the **largest share** of total investments across all property types, representing **35%** of investor allocations. Trailing 12-month apartment sales volume totaled **\$455M** across **43 properties** and over **4,110 units** in the Triad. Though multifamily assets remains an attractive commercial real estate investment, sales totals are expected to remain moderated into 2025.



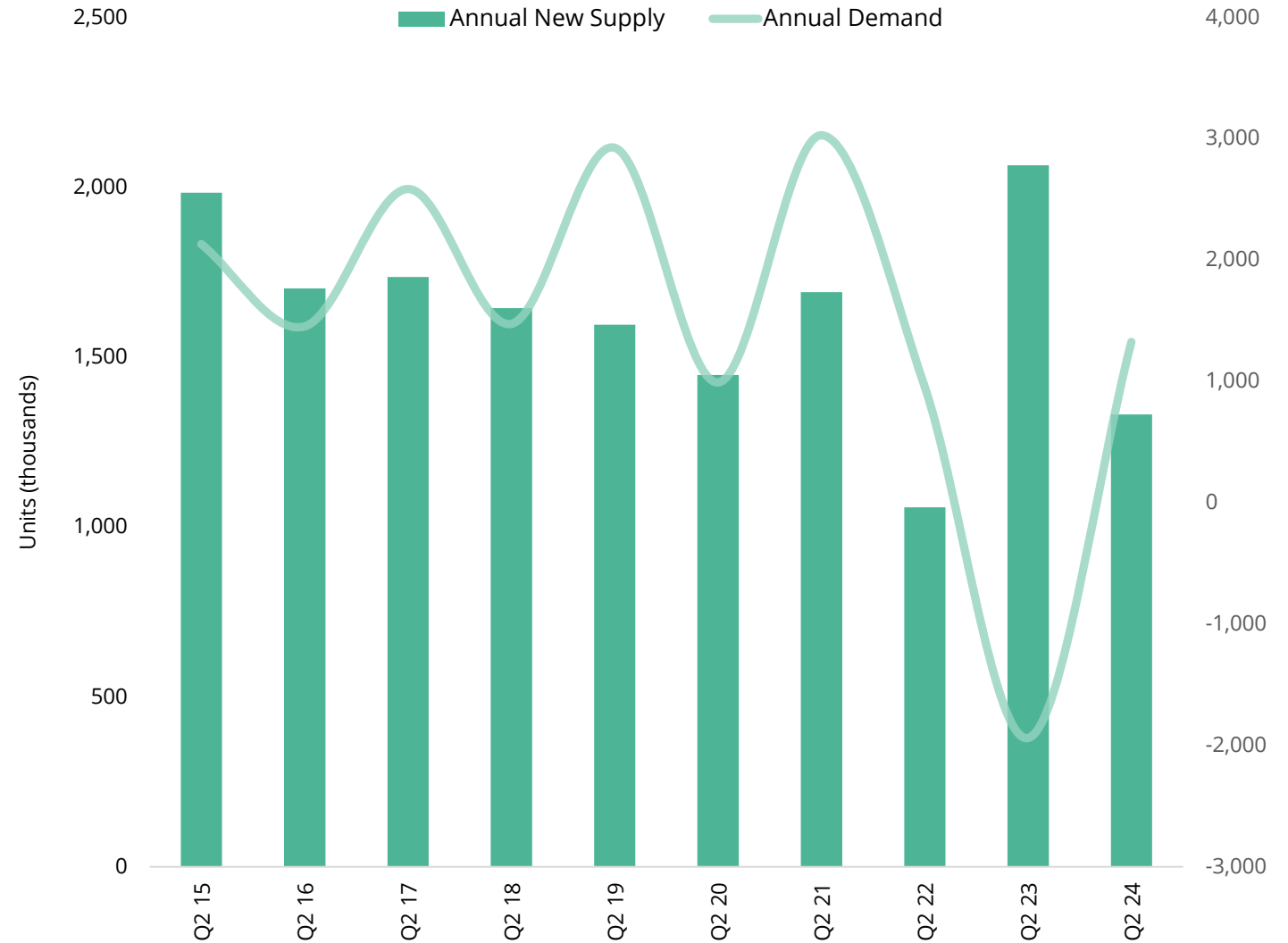
Supply and demand

1,250 units

Annual demand

Apartment demand rebounded after a noteworthy decline in the second quarter of 2023. Annual demand totals in Q2 **moved back into positive territory** after several quarters of negative absorption in the second half of 2023. Annual demand **was reported at 1,250 units**. New supply decreased year-over-year as **1,331 units** delivered in the last twelve months.

Properties that delivered in the last twelve months reported an average effective rent of **\$1,431**, or **\$1.63** per square foot, resulting in an average concession value of **\$132**, compared to an average concession of **\$41.00** for existing assets.

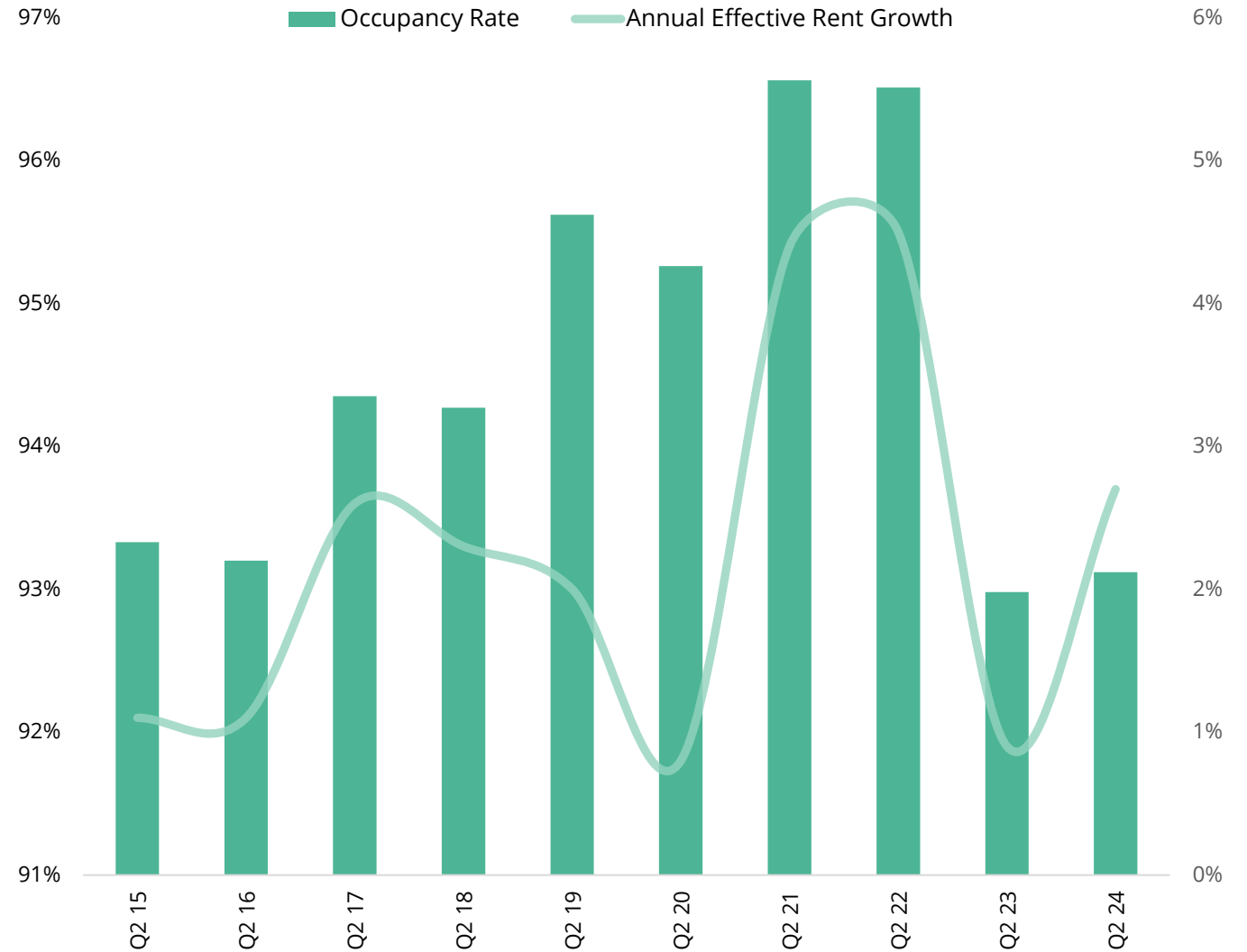


Occupancy vs. Rent Growth

93%

Occupancy Rate | Q2 24

The Triad market's occupancy rate remains healthy at **93%** in Q2 and has averaged above 93% over the last decade. Healthy occupancy rates continue to support stable effective rent growth. The average annual effective growth rate was reported at **2.7%** at the close of Q2, increasing by **180 bps** year-over-year.



Source: RealPage, Avison Young

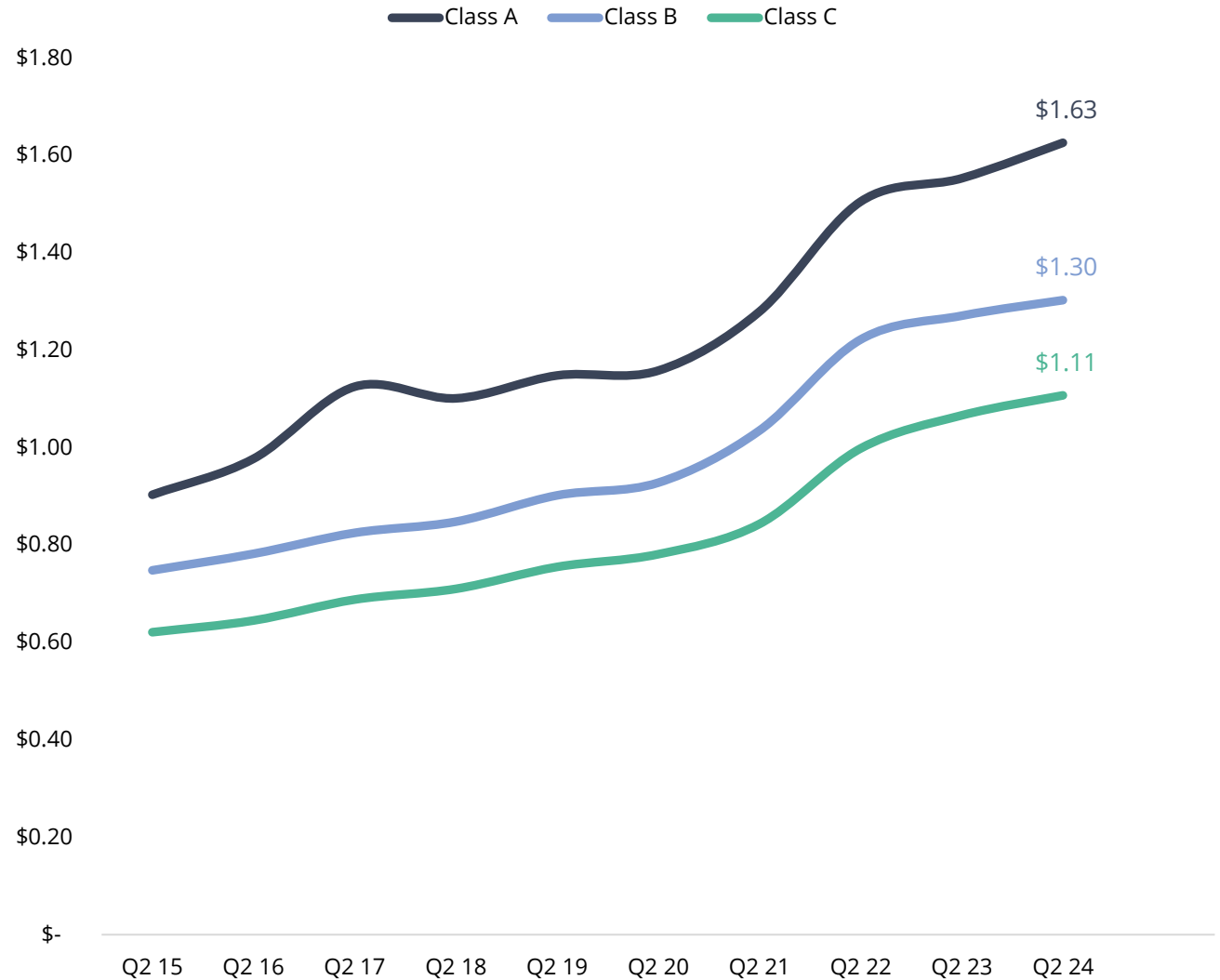
Effective Rental Rates

\$1.28

Average effective rate/psf

Quarter-over-quarter effective rent growth increased by **2.7%** at the close of the second quarter, while annual rent growth also increased by **2.6%**. The **South Winston-Salem** submarket reported the **highest effective rent growth (4.0%)** ranking in the overall Triad market. Average occupancy rates in the Triad remain healthy at **93%**.

At the close of Q2, the percent of units offering concessions decreased to **16%**, a 60-bps decline from Q2 23.



Investment sales

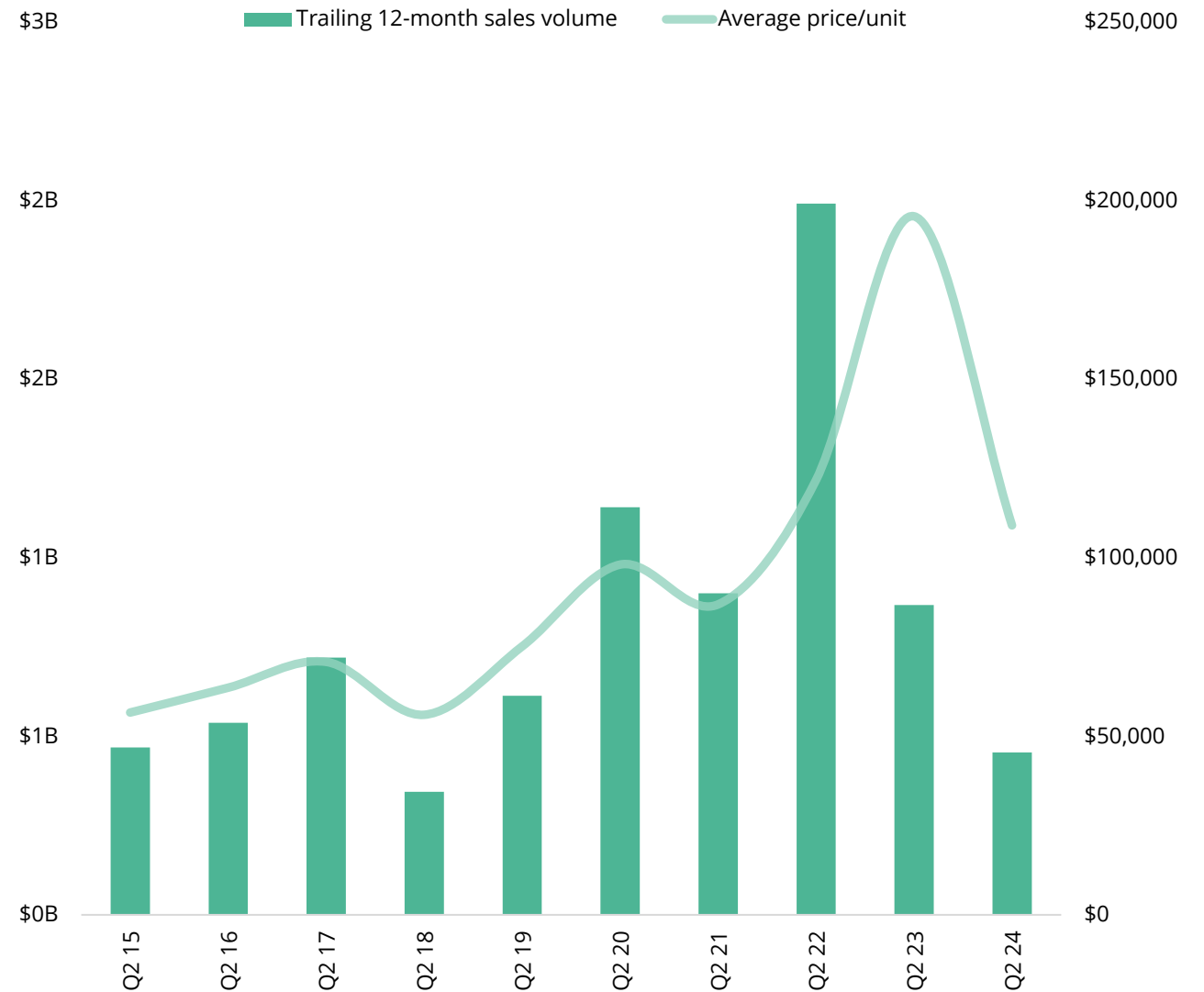
\$455M

Trailing 12-month sales volume

Multifamily assets represented **35%** of all investment sales in the Triad market. Trailing 12-month volume totaled **\$455M** with an average cap rate of **5.8%**.

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 |
|-----------------------------|---------------------|-------------------------------|-------------|---------------|--|
| Revel Greensboro | West Greensboro | Under construction | 360 | Garden | Collett Capital |
| Brookhyrst | North Winston-Salem | Under construction | 337 | Wrap | DPJ Residential; Chaucer Creek Capital |
| Ardmore Meadows | South Greensboro | Under construction | 324 | Garden | Ardmore Residential |
| The Byrum | North Winston-Salem | Under construction | 286 | Podium | DPJ Residential; Chaucer Creek Capital |
| Evolve Deep Rive | High Point | Under construction | 264 | Garden | Evolve Companies |
| Keystone at Horse Pan Creek | West Greensboro | Under construction Lease-Up | 380 | Garden | Keystone Homes |
| The Sutton | North Winston-Salem | Under construction Lease-Up | 285 | Garden | Woodfield Development |
| Abberly Rise | West Greensboro | Planned | 376 | Garden | HHHunt |

Multifamily submarket activity | Q2 2024

| By Submarket | Existing units | Occupancy % | Annual Supply | Annual Demand | Under construction | Average effective rents | |
|---------------------|----------------|--------------|---------------|---------------|--------------------|-------------------------|---------------|
| | | | | | (units) | Rent/unit | Rent/psf |
| Burlington | 11,795 | 94.5% | 0 | 87 | 816 | \$1,366 | \$1.35 |
| High Point | 8,970 | 92.1% | 0 | -43 | 264 | \$1,194 | \$1.26 |
| North Greensboro | 18,240 | 93.5% | 173 | 153 | 242 | \$1,209 | \$1.32 |
| North Winston-Salem | 22,571 | 92.4% | 322 | 97 | 1,013 | \$1,246 | \$1.35 |
| South Greensboro | 19,298 | 93.7% | 144 | 438 | 536 | \$1,201 | \$1.26 |
| South Winston-Salem | 18,271 | 93.5% | 310 | 250 | 266 | \$1,215 | \$1.27 |
| West Greensboro | 13,666 | 92.3% | 382 | 270 | 1,326 | \$1,296 | \$1.38 |
| Market Total | 112,811 | 92.9% | 1,331 | 1,252 | 4,463 | \$1,214 | \$1.28 |

Asset class performance | Q2 2024

| By asset class | Occupancy % | YoY change in | Average unit size | Eff. rent/unit | Eff. rent/psf | Concession | Concession as a % |
|----------------|-------------|---------------|-------------------|----------------|---------------|------------|-------------------|
| | | Occupancy | (sf) | | | Value | of asking rent |
| Class A | 94.0% | 0.5% | 954 | \$1,551 | \$1.63 | \$72 | 4.6% |
| Class B | 92.6% | 0.2% | 959 | \$1,250 | \$1.30 | \$33 | 2.7% |
| Class C | 93.5% | -0.2% | 919 | \$1,017 | \$1.11 | \$38 | 3.5% |

Triad submarket map



For more market insights and information
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