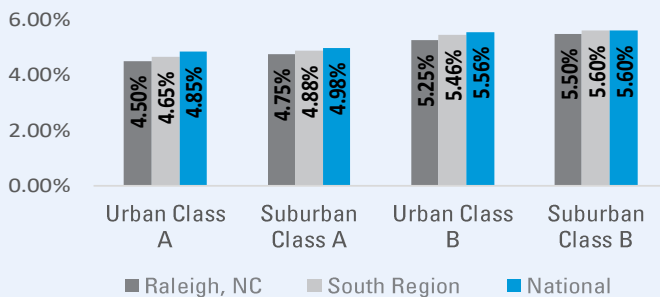


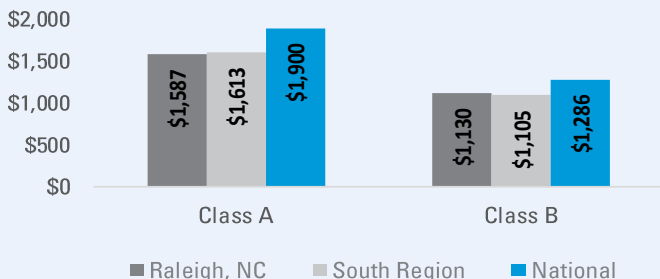
### Market Rate Indicators (Y/Y)

Categories	Class A	Class B
Going In Cap Rate (%)	▲	▲
Asking Rent (\$/Unit)	▲	▲
Vacancy Rate (%)	▼	▼

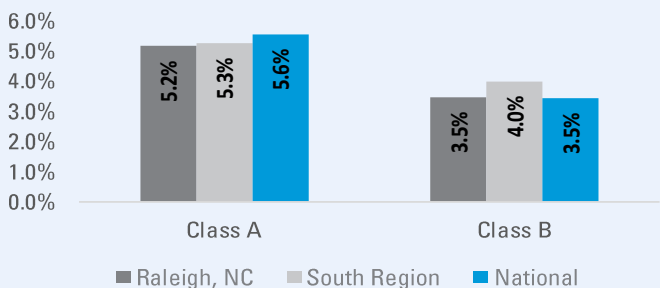
### Going In Cap Rate Comparisons (%)



### Asking Rents (\$/Unit)



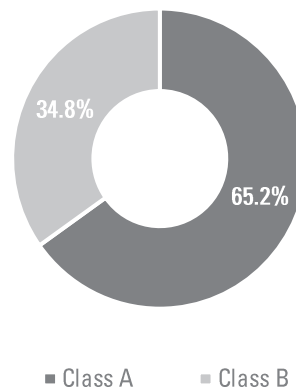
### Vacancy Rates (%)



### Raleigh, NC Multifamily Market Overview

The Triangle multifamily market continues to experience rent growth and strong occupancy despite economic woes signaling a recession is inevitable in Q4 2022 or early 2023. Job creation and inbound migration continue to fuel strong rental rates and low vacancy. The Fed continues to raise interest rates in an effort to curb inflation. The impact that the rate increases will ultimately have on capitalization rates is yet to be realized. The rate hikes have resulted in a sharp drop-off in transactions as market participants are now beginning to experience financing challenges for the first time in years. Many institutional investors are no longer willing to take gambles on buying deals with negative leverage in hopes that rent growth and market fundamentals will allow them to hedge the risk associated with negative leverage. Multifamily brokers all echo the sentiment that every deal has substantial challenges now and many sellers are not willing to accept that capitalization rates have shifted on the heels of the interest rate hikes despite few transactions to provide support for this trend. Construction costs remain high despite some relief surrounding material pricing. The cost of labor remains at a record high level and many developers do not see the cost of labor going down in the Triangle with as many construction projects as are currently underway. Local economists expect that the U.S. will officially be in a recession in the next 6 months; however, the Triangle region as well as other metropolitan markets in North Carolina are expected to outperform many other markets nationally due to job growth, favorable tax policies, and cost of living.

### Distribution of Total Inventory



147,016 Units  
Multifamily Inventory

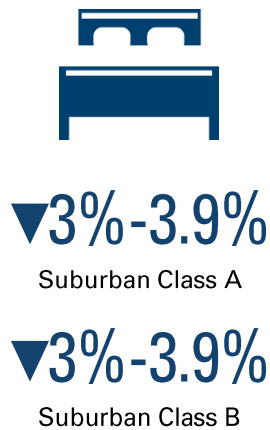
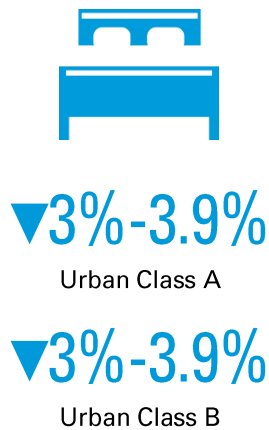
1.90% - 12 Mo. Proj.  
Construction/Inventory

# 2023 RALEIGH, NC MULTIFAMILY ANNUAL REPORT

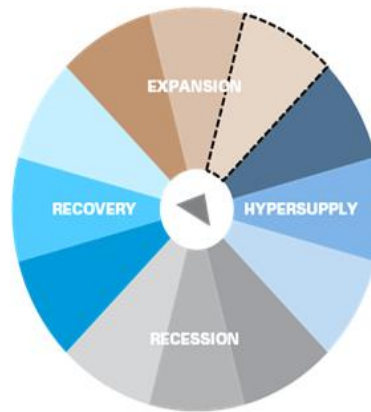
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## Change In Value Next 12 Months



## Market Cycle: Expansion Stage 3



- High Absorption
- Moderate/High Employment Growth
- Med/High Rental Rate Growth
- Moderate/High New Construction
- Decreasing Vacancy Rates

## Forecasts

### Raleigh, NC 12-Month Multifamily Forecasts

Categories	Urban Class A	Urban Class B	Suburban Class A	Suburban Class B
Going-In Cap Rates	Increase 50-74 bps	Increase 50-74 bps	Increase 50-74 bps	Increase 50-74 bps
Discount Rate	Increase 50-74 bps	Increase 50-74 bps	Increase 50-74 bps	Increase 50-74 bps
Reversion Rate	Increase 50-74 bps	Decrease 50-74 bps	Increase 50-74 bps	Decrease 50-74 bps
Construction (Units)	2,798			
Market Rent Change	+4.00%	+5.00%	+4.00%	+5.00%
Expense Rate Change	+3.00%	+3.00%	+3.00%	+3.00%
Years to Balance	In Balance			

### Raleigh, NC 36-Month Multifamily Forecasts

Categories	Urban Class A	Urban Class B	Suburban Class A	Suburban Class B
Market Rent Change	+14.34%			
Change in Value	Decrease 5%-9.9%	Decrease 5%-9.9%	Decrease 5%-9.9%	Decrease 5%-9.9%

Integra Realty Resources (IRR) is the largest independent commercial real estate valuation and consulting firm in North America, with over 165 MAI-designated members of the Appraisal Institute among 600+ professionals based in our 50+ offices throughout the United States and the Caribbean. Founded in 1999, the firm specializes in real estate appraisals, feasibility and market studies, expert testimony, and related property consulting services across all local and national markets. Our valuation and counseling services span all commercial property types and locations, from individual properties to large portfolio assignments.

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