



RALEIGH, NC

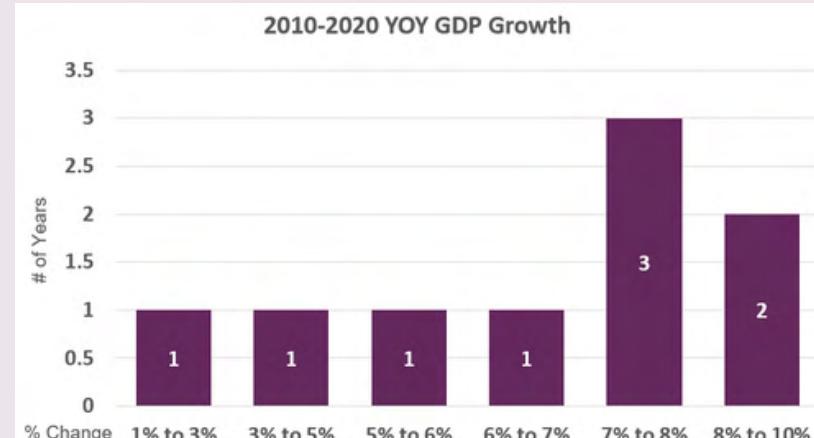
PLUM LENDING MARKET SPOTLIGHT



PLUM LENDING MARKET SPOTLIGHTS ARE INTENDED TO GIVE INVESTORS AND BORROWERS A DETAILED OVERVIEW OF THE INFORMATION THAT IS ALLOWING PLUM TO PLACE COMMERCIAL REAL ESTATE DEBT IN GROWING MARKETS

PLUM MARKET SPOTLIGHT - RALEIGH, NC

- Raleigh is the capital of North Carolina and is the 41st largest MSA in the United States.
- From 2010 to 2020, Raleigh was the second fastest growing metro in the US, growing nearly 25% from 1,137,386 to 1,420,225.
- PwC US named Raleigh-Durham the #2 real estate market to watch in 2022 and the #1 home building real estate market.
- The city of Raleigh holds an AAA credit rating from Fitch.
- In 2021, Lending Tree named Raleigh the best place in the United States to start a small business.
- Raleigh is part of an area called "The Triangle" or "Research Triangle" due to its proximity to three major research universities - Duke University, the University of North Carolina, and North Carolina State University - as well as being a hub for technology and biotech companies.
- In January 2022, CrowdStreet named Raleigh-Durham #2 on their list of the Best Places to Invest in Real Estate, behind only Austin, TX.
- In 2022, GoBankingRates named Raleigh the best city to live in for young professionals.



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Commercial Real Estate Trends

Multifamily: Multifamily vacancy in Raleigh is just above 6.0% as of June 2022, with the majority coming from higher end properties (7.0%), many of which have been built over the past 2 years. Asking rents are also up over 13.5% YOY. The average asking rent in Raleigh is now \$1,580 per unit. More than 11,000 units are currently under construction in Raleigh, representing slightly more than a 10% expansion. This will likely lift vacancies in the near term and help cool off increasing rents. Some recent construction projects include:

- Vintage Jones Franklin, a 277-unit, Class A apartment complex that was completed in March 2022. The property is nearly 40% occupied and has an average asking rent of \$1,796 per unit.
- Litchford 315, a 240-unit, Class A apartment complex that was completed in July 2021 and sold in June 2022 for \$83 million (345,833 per unit). The property is slightly above 88% occupied and has an average asking rent of \$1,686 per unit.
- Overture Cary, a 189-unit, Class A apartment complex that was completed in April 2021. The property is 92% occupied and has an average asking rent of \$2,315 per unit.

Office: Over the last decade, Raleigh has seen an influx of tech and life science companies which has increased office demand and greatly impacted the ability for the market to recover from recessionary periods. Office rents average \$29/SF throughout the MSA, and as of June 2022, 2 million SF of office space was under construction, or about 2.5% of market inventory.

A new mixed-use project, One Fenton Main, in nearby Cary, is currently under construction and, when completed, will feature 1.2 million SF of office space, 250,000 SF of retail space, 900+ luxury rental homes, and 450 hotel rooms. Phase 1 was completed in May 2022, which includes 217,160 SF of office space that is currently available for rent with an asking rent of \$41.50/ SF.

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Census statistics for Raleigh-Cary MSA in 2020

- Median age - 36.9
- Median household income - \$78,706 vs the national average of \$64,994
- Median value of owner-occupied housing units - \$286,900
- 47.8% of the population has a bachelor's degree or higher vs. 32.9% in the US

Major recent corporate investments

- Amgen, a leading biotech company, announced plans to build a new manufacturing facility in the Raleigh-Durham area, to the tune of \$550 million, and will bring 355 new jobs.
- Apple has begun construction on a \$1 billion campus in Raleigh that will bring 3,000 new high paying jobs, such as software engineering and machine learning.
- Fujifilm Diosynth Biotechnologies announced plans to build the largest end-to-end cell culture CDMO biopharmaceutical manufacturing facility in North America. The new facility will cost \$2 billion and will add 725 high-paying jobs to the Raleigh area.
- Nearby, Chatham County is in talks with Wolfspeed, a Durham-based semiconductor manufacturer, to build a nearly \$5 billion computer chip manufacturing facility, which would create at least 1,800 high paying jobs.

Top employers in Wake County

- Duke University and Duke Health Systems - 41,206 employees
- State of North Carolina - 24,083
- Wake County Public School System - 17,000
- Wal-Mart - 16,200
- University of North Carolina at Chapel Hill - 12,204
- WakeMed Health & Hospitals - 9,773

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