

# HUD PD&R Housing Market Profiles

## Durham-Chapel Hill, North Carolina

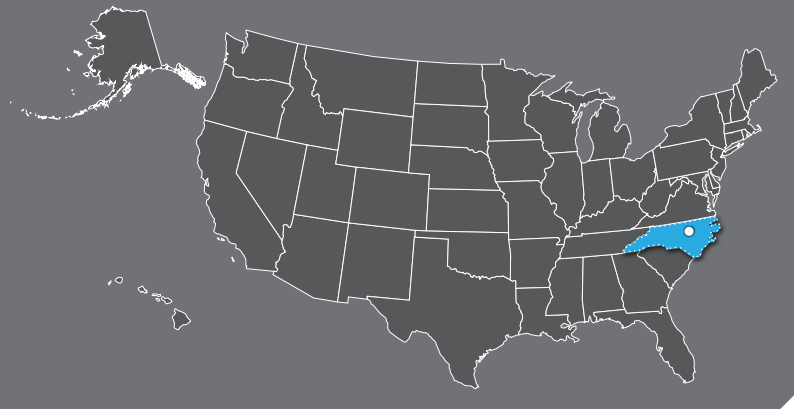


### Quick Facts About Durham-Chapel Hill

Durham, North Carolina

By [Pete Komaroski](#) | As of December 1, 2024

- Current sales market conditions: balanced
- Current apartment market conditions: soft
- Durham became known as “Bull City” in the late 1800s after the Blackwell Tobacco Company, headquartered in Durham, branded its tobacco products as Bull Durham Tobacco. Since then, Durham has also become known as the “City of Medicine,” with the healthcare industry emerging as a major presence in the local economy.



### Overview

The Durham-Chapel Hill, NC Metropolitan Statistical Area (MSA; hereafter, Durham metropolitan area) includes Chatham, Durham, Orange, and Person Counties in central North Carolina and borders the Raleigh-Cary, NC MSA to the east. The two MSAs combined make up most of the region known as the Research Triangle, which is supported by the presence of three large Tier-1 research universities in the cities of Chapel Hill, Durham, and Raleigh. Primarily in Durham County, Research Triangle Park (RTP) is the largest research park in the nation and is a biotech research and manufacturing hub, partly because of the presence of UNC Medical Center and Duke University Health System in the Durham metropolitan area.

- As of December 1, 2024, the estimated population of the metropolitan area is 620,600, representing an average increase of 6,800, or 1.1 percent, annually since 2020. From 2010 to 2020, the population increased by an average of 8,450, or 1.6 percent, annually (U.S. Census Bureau decennial census counts).
- Net in-migration has contributed the most to population growth in the metropolitan area, averaging 5,000 people

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annually since 2020, representing 74 percent of total population growth. From 2010 to 2020, net in-migration represented 68 percent of total population growth.

- The presence of top-tier research universities and the availability of high-paying jobs in the metropolitan area

contribute to a highly educated workforce. In 2023, 49.9 percent of adults aged 18 and older in the area had attained at least a bachelor's degree, compared with 33.9 and 33.5 percent for the state and nation, respectively (2023 American Community Survey 1-year data).

## Economic Conditions

The economy of the Durham metropolitan area is strong after a relatively quick recovery from the economic downturn caused by the COVID-19 pandemic. As of the 3 months ending November 2024, nonfarm payrolls in the metropolitan area averaged 359,000, up by 9,800 jobs, or 2.8 percent, from the same period a year ago. By comparison, nonfarm payrolls in North Carolina and the nation as of the 3 months ending November 2024 increased 1.6 and 1.2 percent, respectively, from a year ago. Nonfarm payrolls in the metropolitan area as of the 3 months ending November 2024 averaged 9.2 percent more than the prepandemic high of 328,900 as of the 3 months ending December 2019. From 2014 through 2019, nonfarm payrolls in the metropolitan area increased an average of 2.0 percent annually.

As of the 3 months ending November 2024—

- Jobs in the education and health services sector increased by 3,900, or 5.1 percent, and jobs in the government sector increased by 1,600, or 2.4 percent. The two sectors are the first and second largest nonfarm payroll sectors in the metropolitan area, respectively.

- The leisure and hospitality sector was the fastest growing sector in the metropolitan area, increasing by 2,100 jobs, or 7.5 percent, to 30,100 jobs. That increase represents a full recovery of the number of jobs lost in the sector during the pandemic.
- Nonfarm payrolls in the goods-producing sectors increased by 200 jobs, or 0.5 percent, with all of the job gains concentrated in the mining, logging, and construction sector, which increased by 700 jobs, or 6.7 percent.
- The unemployment rate in the metropolitan area decreased slightly to 2.9 percent compared with 3.0 percent during the same period a year ago.

The local economy benefits significantly from the presence of Duke University in the city of Durham, the University of North Carolina at Chapel Hill (hereafter, UNC-Chapel Hill), and their respective research hospitals, Duke University Health System and UNC Medical Center. The education and health services and the government sectors represent 22 and 19 percent of total nonfarm payrolls in the metropolitan area, compared

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### Jobs increased in 7 out of 11 sectors in the Durham metropolitan area from a year earlier.

|                                  | 3 Months Ending              |                              | Year-Over-Year Change   |         |
|----------------------------------|------------------------------|------------------------------|-------------------------|---------|
|                                  | November 2023<br>(Thousands) | November 2024<br>(Thousands) | Absolute<br>(Thousands) | Percent |
| <b>Total Nonfarm Payrolls</b>    | 349.2                        | 359.0                        | 9.8                     | 2.8     |
| Goods-Producing Sectors          | 39.6                         | 39.8                         | 0.2                     | 0.5     |
| Mining, Logging, & Construction  | 10.5                         | 11.2                         | 0.7                     | 6.7     |
| Manufacturing                    | 29.1                         | 28.6                         | -0.5                    | -1.7    |
| Service-Providing Sectors        | 309.6                        | 319.2                        | 9.6                     | 3.1     |
| Wholesale & Retail Trade         | 33.1                         | 32.8                         | -0.3                    | -0.9    |
| Transportation & Utilities       | 7.5                          | 7.1                          | -0.4                    | -5.3    |
| Information                      | 6.0                          | 6.1                          | 0.1                     | 1.7     |
| Financial Activities             | 17.2                         | 16.8                         | -0.4                    | -2.3    |
| Professional & Business Services | 61.6                         | 64.3                         | 2.7                     | 4.4     |
| Education & Health Services      | 76.5                         | 80.4                         | 3.9                     | 5.1     |
| Leisure & Hospitality            | 28.0                         | 30.1                         | 2.1                     | 7.5     |
| Other Services                   | 13.0                         | 13.2                         | 0.2                     | 1.5     |
| Government                       | 66.7                         | 68.3                         | 1.6                     | 2.4     |
| <b>Unemployment Rate</b>         | 3.0%                         | 2.9%                         |                         |         |

Note: Numbers may not add to totals due to rounding.

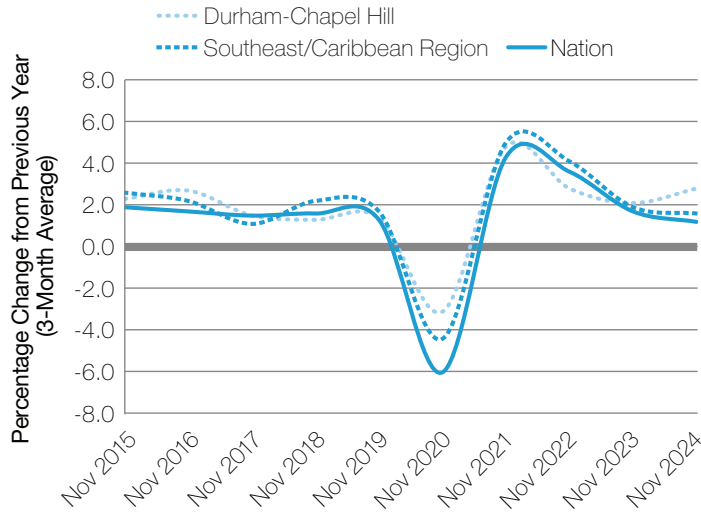
Source: U.S. Bureau of Labor Statistics



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with 17 and 15 percent for the nation, respectively. Combined enrollment at the two universities has generally increased

**The Durham metropolitan area added jobs at a faster rate year over year when compared with the region and the nation.**



Source: U.S. Bureau of Labor Statistics

since 2015, totaling more than 48,000 students during the fall semester of 2024. Duke University and its health system directly employ more than 35,000 residents in Durham County, accounting for a total payroll of nearly \$2.5 billion during 2023 (Duke University Economic Impact Analysis, September 2024). UNC-Chapel Hill and UNC Medical Center together account for more than 21,000 employees in Orange County, and UNC-Chapel Hill ranked ninth in the nation for research and development expenditures during the 2023 fiscal year, at more than \$1.5 billion (Higher Education Research and Development Survey, 2023); Duke University ranked 11th in the nation during the same period.

### Largest Employers in the Durham Metropolitan Area

| Name of Employer                            | Nonfarm Payroll Sector      | Number of Employees |
|---|-----------------------------|---------------------|
| Duke University Health System               | Education & Health Services | 25,862              |
| Duke University                             | Education & Health Services | 21,364              |
| University of North Carolina at Chapel Hill | Government                  | 13,938              |

Note: Excludes local school districts.

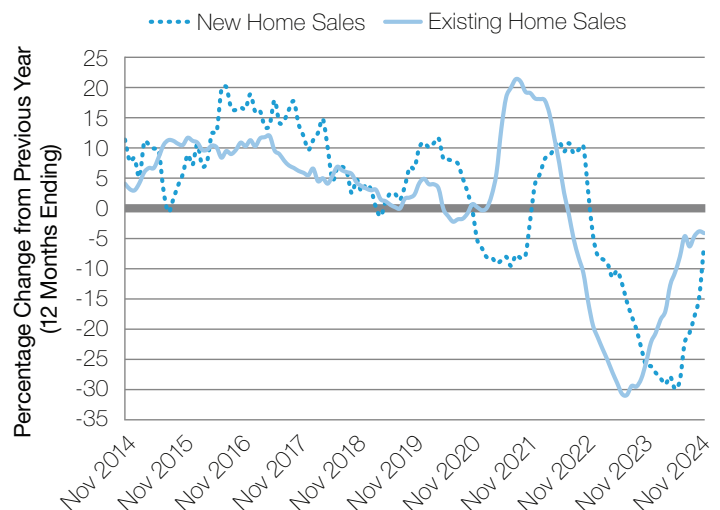
Sources: Duke University; University of North Carolina at Chapel Hill

## Sales Market Conditions

The home sales market in the Durham metropolitan area is balanced, easing from tight conditions in 2021 and 2022. The inventory of homes for sale represented 2.5 months of supply during November 2024, up from 2.2 months a year ago and 1.6 months during November 2022. Conditions have eased since 2021 because interest rates have risen from a recent low of 2.7 percent during the week ending January 7, 2021, to a recent high of 7.2 percent during the week ending November 30, 2023. The average rate for a 30-year, fixed-rate mortgage declined in the past year to 6.8 percent during the week ending November 27, 2024. During the 12 months ending November 2024, total home sales in the metropolitan area declined 5 percent to 10,025. By comparison, home sales in the metropolitan area reached a recent high of 16,100 during the 12 months ending November 2021.

The percentage of home loans in the metropolitan area that were seriously delinquent or had transitioned into real estate owned (REO) status spiked to a recent high of 3.5 percent during August 2020, after the onset of the COVID-19 pandemic. The respective rates for North Carolina and the nation reached 4.1 and 4.7 percent during August 2020. Since 2022, economic and housing market conditions in the metropolitan area have

### New and existing home sales in the Durham metropolitan area declined in the past year.



Note: Data include new and existing single-family homes, townhomes, and condominiums.

Source: CoreLogic, Inc., with adjustments by the analyst

improved, and the rate of seriously delinquent mortgages and REO properties has averaged less than 1 percent.

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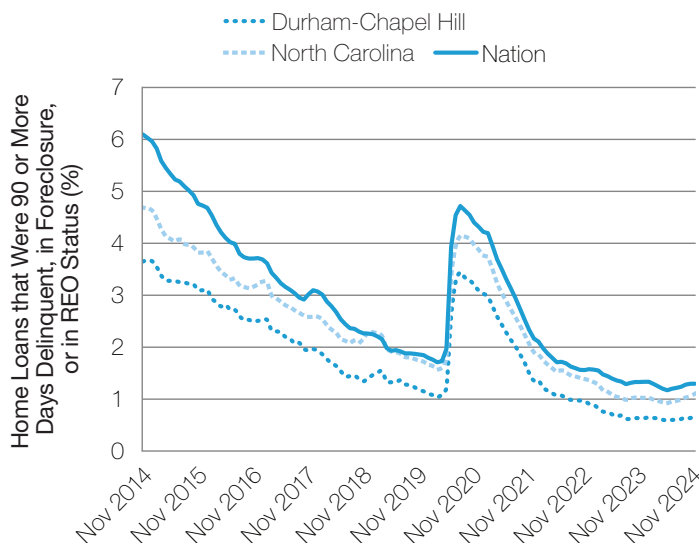
During the 12 months ending November 2024—

- The average sales price for an existing home increased 10 percent to \$476,100, accelerating from a 7-percent increase during the same period a year ago.
- Existing home sales declined 4 percent to 8,075. By comparison, existing home sales declined 26 percent during the 12 months ending November 2023.
- The price for a new home averaged \$509,200, a 1-percent decrease from the same period a year ago. The average price for a new home increased 4 percent during the 12 months ending November 2023.
- New home sales declined 6 percent to 1,950, slowing from a decline of 26 percent during the same period a year ago.

Sales housing construction has slowed following tight market conditions in 2021, when a recent high of 3,525 sales units were permitted in the metropolitan area. Homebuilding increased after 2015 and was elevated from 2018 through 2022 amid strengthening economic conditions and continued population growth.

- Sales permitting in the metropolitan area totaled 2,425 homes during the 12 months ending November 2024, down 16 percent from the same period a year ago (preliminary data, with adjustments by the analyst). From 2018 through 2022, an average of 3,325 sales units were permitted annually in the metropolitan area.

The rate of seriously delinquent home loans and REO properties is lower in the Durham metropolitan area than in both North Carolina and the nation.

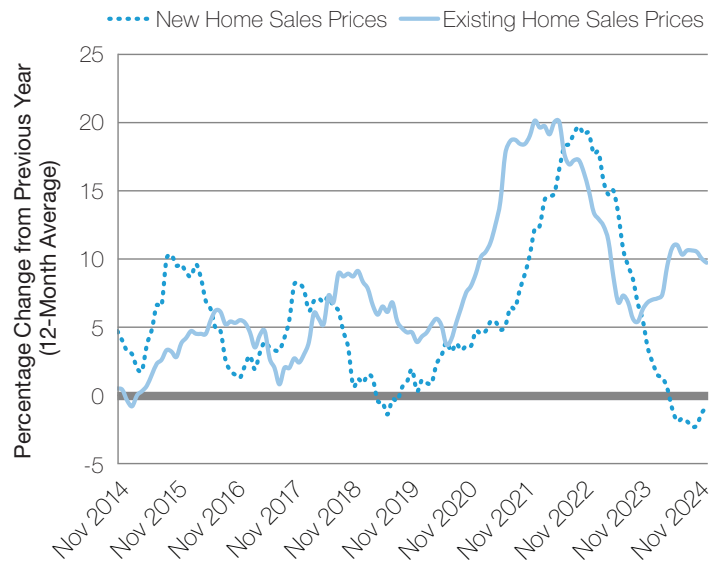


REO = real estate owned.  
Source: CoreLogic, Inc.

- Approximately 68 percent of single-family units permitted during the 12 months ending November 2024 were in Durham County, whereas 17 and 10 percent were in Chatham and Orange Counties, respectively. A large portion of the

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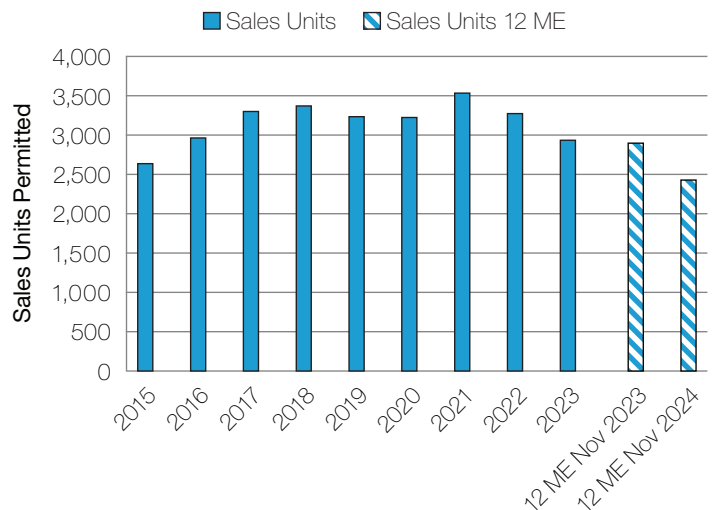
New home prices declined and existing home prices increased in the Durham metropolitan area during the past year.



Note: Data include new and existing single-family homes, townhomes, and condominiums.

Source: CoreLogic, Inc., with adjustments by the analyst

The number of sales units permitted in the Durham metropolitan area has declined since 2021.



12 ME = 12 months ending.

Sources: U.S. Census Bureau, Building Permits Survey; 2015–23—final data and estimates by the analyst; past 24 months of data—preliminary data and estimates by the analyst





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construction in Durham County is occurring in the eastern part, near RTP and the neighboring Raleigh-Cary MSA.

- Cambrey Crossing, a new development in the eastern part of Durham County, offers townhomes ranging in size from

1,925 to 2,200 square feet with starting prices ranging from \$401,990 to \$430,990. Approximately 90 percent of the 115 townhomes have sold.

## Apartment Market Conditions

Apartment market conditions are soft in the Durham metropolitan area. Elevated levels of apartment deliveries during 2022 and 2023 have led to softening conditions in the past 2 years. As of the third quarter of 2024, the apartment vacancy rate in the metropolitan area was 11.7 percent, up from 9.9 percent a year ago (CoStar Group). The third quarter vacancy rate has increased from 4.8 percent as of 2021, when the market was tight.

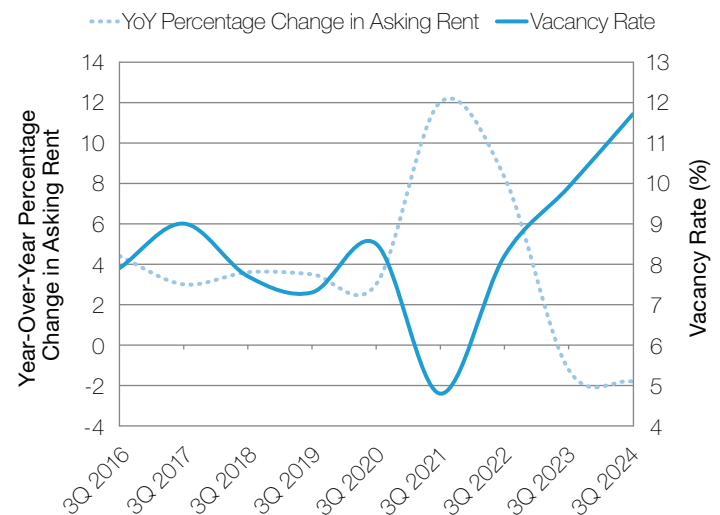
As of the third quarter of 2024—

- The average rent in the metropolitan area declined to \$1,546, a 2-percent decrease from a year ago. Rents declined 1 percent year over year as of the third quarter of 2023.
- Rents increased 2 percent year over year in the CoStar Group-defined East Durham market area to \$1,564 but declined in the Downtown Durham, South Durham, and Chapel Hill market areas, which are the three largest market areas in the metropolitan area.
- In the Downtown Durham market area, which includes Duke University, the average apartment rent was \$1,536, down 2 percent from a year ago. The vacancy rate in the market area was 10.4 percent, down from 10.7 percent a year ago but up from 7.9 percent as of the third quarter of 2022, when conditions were balanced.
- In the Chapel Hill market area, the average apartment rent declined 2 percent to \$1,561. The vacancy rate in the market area has averaged 10.4 percent since the third quarter of 2022, compared with 8.7 percent from the second quarter of 2017 to the second quarter of 2019.

From 2021 through 2022, rental construction activity in the metropolitan area increased significantly in response to rising apartment demand and tight market conditions in 2021. In the past year, rental construction has slowed notably as builders responded to softening market conditions and increasing vacancy rates.

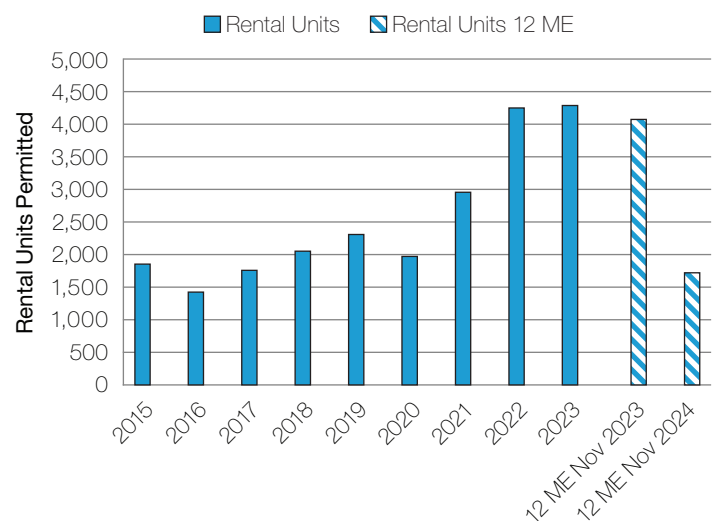
- Rental construction decreased to 1,725 units during the 12 months ending November 2024, down 58 percent from 4,075 units during the same period a year ago (preliminary

**The average rent in the Durham metropolitan area declined during the past 2 years, while the vacancy rate increased.**



3Q = third quarter. YoY = year-over-year.  
Source: CoStar Group

**Rental permitting in the Durham metropolitan area declined in the past year after elevated levels in 2022 and 2023.**



12 ME = 12 months ending.

Sources: U.S. Census Bureau, Building Permits Survey; 2015–23—final data and estimates by the analyst; past 24 months of data—preliminary data and estimates by the analyst

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data, with adjustments by the analyst). An estimated 5,250 rental units are under construction in the metropolitan area.

- An average of 4,275 rental units were permitted in the metropolitan area from 2022 through 2023, the highest average on record for a 2-year period for the metropolitan area.
- During the 12 months ending November 2024, approximately 93 percent of multifamily units permitted in the metropolitan area were in Durham County, 6 percent were in Orange County, and less than 1 percent were in the

remaining two counties. By comparison, from 2018 through 2022, approximately 80 percent of multifamily permitting in the metropolitan area occurred in Durham County, followed by 13 and 7 percent in Orange and Chatham Counties, respectively.

- Maizon Durham is a 248-unit apartment property under construction in downtown Durham. At completion in March 2025, the property is expected to offer studio and one-, two-, and three-bedroom units with rents starting at \$1,614, \$2,046, \$2,816, and \$3,399, respectively.

## Terminology Definitions and Notes

### A. Definitions

|                                   |   |
|-----------------------------------|---|
| Building Permits                  | Building permits do not necessarily reflect all residential building activity. Some units are constructed or created without a building permit or are issued a different type of building permit. For example, some units classified as commercial structures are not reflected in the residential building permits. As a result, the analyst, through diligent fieldwork, makes an estimate of this additional construction activity. Some of these estimates are included in the discussions of single-family and multifamily building permits. |
| Existing Home Sales               | Includes resales, short sales, and real estate owned (REO) sales. Resales are home closings that have no ties to either new home closings (builders) or foreclosures. They are homes that were previously constructed and sold to an unaffiliated third party.  |
| Home Sales/Home Sales Prices      | Includes single-family home, townhome, and condominium sales.   |
| Rental Market/Rental Vacancy Rate | Includes apartments and other rental units, such as single-family, multifamily, and mobile homes.   |
| Seriously Delinquent Mortgages    | Mortgages 90 or more days delinquent or in foreclosure.   |

### B. Notes on Geography

|    |   |
|----|---|
| 1. | The metropolitan statistical area definitions noted in this report are based on the delineations established by the Office of Management and Budget (OMB) in the OMB Bulletin dated April 10, 2018. |
| 2. | The HUD Southeast/Caribbean region includes Alabama, Florida, Georgia, Kentucky, Mississippi, North Carolina, Puerto Rico, South Carolina, Tennessee, and the U.S. Virgin Islands.                  |