

COMPREHENSIVE HOUSING MARKET ANALYSIS

Durham-Chapel Hill, North Carolina

U.S. Department of Housing and Urban Development,
Office of Policy Development and Research

As of December 1, 2024



PD&R

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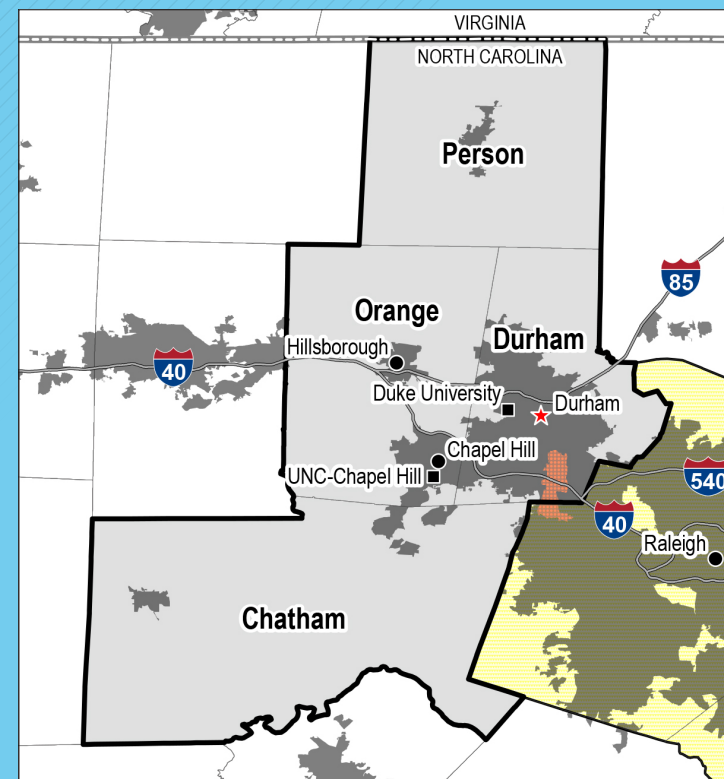
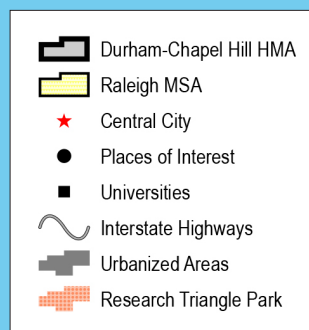
Executive Summary

Housing Market Area Description

The Durham-Chapel Hill Housing Market Area (HMA) includes Chatham, Durham, Orange, and Person Counties in north-central North Carolina and is coterminous with the Durham-Chapel Hill, NC Metropolitan Statistical Area (MSA). The HMA borders the Raleigh-Cary, NC MSA (hereafter, Raleigh MSA) to the east, and both areas, when combined, make up most of the larger region known as the Research Triangle.

The current population of the HMA is estimated at 620,600.

The University of North Carolina at Chapel Hill (hereafter, UNC-Chapel Hill) opened its doors to students in 1795, making it the first public university in the United States to do so and the only public university in the United States to have awarded degrees in the 18th century. Since then, it has become the flagship campus for the statewide public university system. UNC-Chapel Hill enrolled more than 32,000 students in the fall of 2024.



Tools and Resources

Find interim updates for this metropolitan area, and select geographies nationally, at PD&R's [Market-at-a-Glance tool](#).

Additional data for the HMA can be found in this report's [supplemental tables](#).

For information on HUD-supported activity in this area, see the [Community Assessment Reporting Tool](#).

Market Qualifiers

Economy



Strong: Nonfarm payrolls in the Durham-Chapel Hill HMA increased 2.4 percent from a year earlier during the 12 months ending November 2024 compared with an increase of 1.4 percent nationally.

The local economy has expanded strongly since 2021, when nonfarm payrolls recovered to prepandemic levels. During the 12 months ending November 2024, nonfarm payrolls increased by 8,200 jobs, or 2.4 percent, to 354,400 jobs, similar to the increase a year ago. The unemployment rate averaged 3.2 percent during the past 12 months, up slightly from a recent low of 3.0 percent during the 12 months ending November 2023. Payroll growth is expected to continue during the 3-year forecast period at an average annual rate of 1.9 percent.

Sales Market



Balanced: A 2.5-month supply of homes is available for sale during November 2024, up from 2.2 months a year ago (CoreLogic, Inc., with adjustments by the analyst).

The sales vacancy rate in the Durham-Chapel Hill HMA is estimated at 1.6 percent, up slightly from 1.4 percent in April 2020, when market conditions were also balanced. New home sales totaled 1,950 during the 12 months ending November 2024, down 6 percent from the previous 12 months, and the average sales price for a new home decreased 1 percent to \$509,200. Existing home sales decreased 5 percent to 7,950, but the average price for an existing home was up 10 percent to \$476,100. During the forecast period, demand is expected for 8,225 new homes. The 800 homes under construction are expected to meet a portion of demand during the first year of the forecast period.

Rental Market



Soft: The overall rental vacancy rate is estimated at 11.2 percent, up from 6.6 percent in April 2020, when rental market conditions were balanced.

The apartment market in the Durham-Chapel Hill HMA is also soft, with an 11.7-percent vacancy rate as of the third quarter of 2024, up from 9.9 percent a year ago (CoStar Group). The average apartment rent in the HMA was \$1,546 as of the third quarter of 2024, down 2 percent from the third quarter of 2023. Demand is estimated for 3,800 new rental units during the 3-year forecast period. The 5,250 units under construction significantly exceed the expected demand, which will likely contribute to continued soft market conditions.

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3-Year Housing Demand Forecast			
		Sales Units	Rental Units
Durham-Chapel Hill HMA	Total Demand	8,225	3,800
	Under Construction	800	5,250

Notes: Total demand represents the estimated production necessary to achieve a balanced market at the end of the forecast period. Units under construction as of December 1, 2024. The forecast period is December 1, 2024, to December 1, 2027. Source: Estimates by the analyst



Economic Conditions

Largest Sector: Education and Health Services

The education and health services sector is the largest job sector in the HMA, representing approximately 22 percent of total nonfarm payrolls.

Primary Local Economic Factors

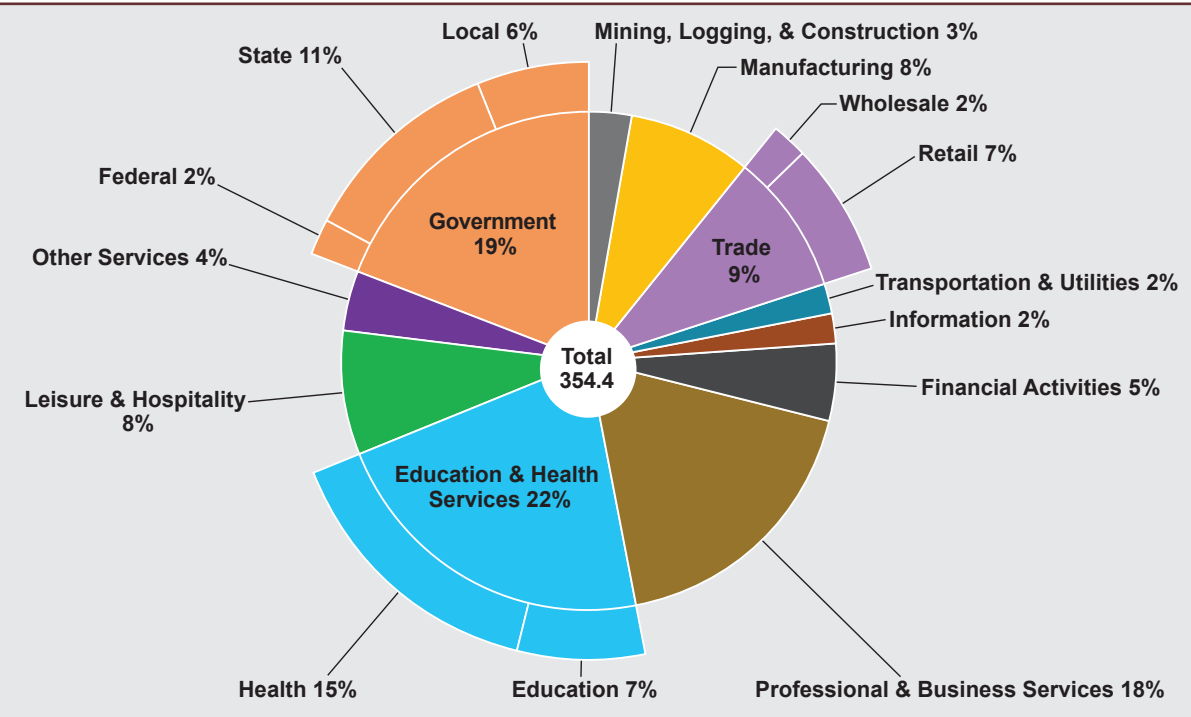
The economy in the Durham-Chapel Hill HMA significantly benefits from the presence of two prominent research universities, both of which include nationally recognized research hospitals; consequently, the HMA has a highly educated workforce. UNC-Chapel Hill enrolled more than 32,000 students during the fall 2024 term, and Duke University—the largest employer in Durham County—enrolled more than 16,000 students (Table 1). Combined, the two universities accounted for more than \$3 billion in research and development expenditures during the 2023 fiscal year, ranking ninth and 11th, respectively, among surveyed institutions across the nation (Higher Education Research and Development Survey, 2023). The health care and social assistance industry represents approximately two-thirds of payrolls in the education and health services sector, partly because of the presence of Duke University Health System and the public nonprofit UNC Medical Center (Figure 1). Many university students elect to stay in the area after graduation because of the presence of Research Triangle Park (RTP) and the availability of high-paying jobs.

Table 1. Major Employers in the Durham-Chapel Hill HMA

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
UNC Medical Center	Government	7,100
RTI International	Other Services	5,924
Blue Cross and Blue Shield of North Carolina	Financial Activities	4,945
FHI 360	Other Services	4,500
EmergeOrtho-Triangle Region	Education & Health Services	1,920
Fleet Feet	Wholesale & Retail Trade	1,400
BioAgilytix Labs LLC	Manufacturing	1,000

Note: Excludes local school districts.
Sources: Duke University; *Triangle Business Journal*; University of North Carolina at Chapel Hill

Figure 1. Share of Nonfarm Payroll Jobs in the Durham-Chapel Hill HMA, by Sector



Notes: Total nonfarm payroll is in thousands. Percentages may not add to 100 percent due to rounding. Based on 12-month averages through November 2024.
Source: U.S. Bureau of Labor Statistics



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

RTP is the largest research park in the United States, covering more than 7,000 acres, most of which is in Durham County. The research park houses more than 300 companies which collectively employ more than 60,000 workers. The workforce in RTP is drawn largely from the three Tier-1 research universities surrounding it: UNC-Chapel Hill, Duke University, and North Carolina State University in the neighboring Raleigh MSA. RTP supports collaboration between universities and private ventures, leading to continued expansion. From 2013 to 2023, construction projects within RTP supported more than 6,000 jobs (RTP Economic Impact Study, February 2024). RTP has an estimated impact of more than \$16 billion annually in Durham County.

Current Conditions—Nonfarm Payrolls

Economic conditions in the HMA are strong. During the 12 months ending November 2024, nonfarm payrolls increased by 8,200 jobs, or 2.4 percent, to 354,400 jobs, similar to the increase a year ago (Table 2). Job growth occurred in 6 of the 11 sectors in the past year, with the education and health services sector increasing by 2,900 jobs, the most of any sector in the past year. Job growth was the fastest in the mining, logging, and construction sector, increasing by 700 jobs, or 6.8 percent, to 11,000 jobs. The leisure and hospitality sector, increased by 1,800 jobs, or 6.5 percent, to 29,400 jobs during the 12 months ending November 2024. That increase represented a full recovery of the number of jobs lost in the sector during the COVID-19 pandemic. By comparison, the leisure and hospitality sector averaged 28,500 jobs during 2019.

Current Conditions—Unemployment

The unemployment rate in the HMA rose slightly during the 12 months ending November 2024 to 3.2 percent, up from a recent low of 3.0 percent during the same period a year ago (Figure 2). The increase in the rate during the past year occurred because the labor force expanded 1.4 percent year over

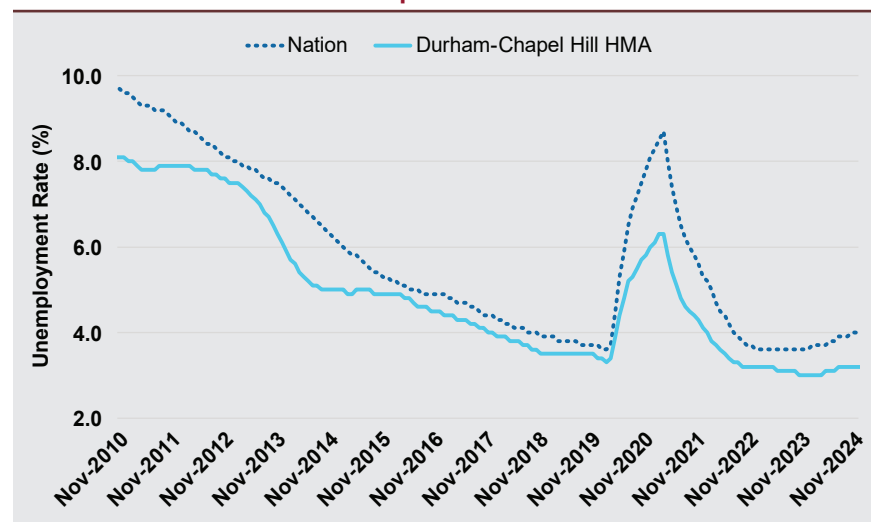
Table 2. 12-Month Average Nonfarm Payroll Jobs in the Durham-Chapel Hill HMA, by Sector

	12 Months Ending Nov 2023	12 Months Ending Nov 2024	Absolute Change	Percentage Change
Total Nonfarm Payroll Jobs	346.2	354.4	8.2	2.4
Goods-Producing Sectors	39.5	39.9	0.4	1.0
Mining, Logging, & Construction	10.3	11.0	0.7	6.8
Manufacturing	29.2	28.8	-0.4	-1.4
Service-Providing Sectors	306.7	314.5	7.8	2.5
Wholesale & Retail Trade	33.1	32.9	-0.2	-0.6
Transportation & Utilities	7.7	7.2	-0.5	-6.5
Information	6.1	6.1	0.0	0.0
Financial Activities	16.9	16.9	0.0	0.0
Professional & Business Services	61.2	63.2	2.0	3.3
Education & Health Services	75.5	78.4	2.9	3.8
Leisure & Hospitality	27.6	29.4	1.8	6.5
Other Services	13.1	13.2	0.1	0.8
Government	65.6	67.2	1.6	2.4

Notes: Based on 12-month averages through November 2023 and November 2024. Numbers may not add to totals due to rounding. Data are in thousands.

Source: U.S. Bureau of Labor Statistics

Figure 2. 12-Month Average Unemployment Rate in the Durham-Chapel Hill HMA and the Nation



Note: Based on the 12-month moving average.

Source: U.S. Bureau of Labor Statistics



year, faster than the 1.3-percent increase in resident employment. Since 2010, when the unemployment rates for the HMA and the nation reached highs of 8.1 and 10.5 percent, respectively, the unemployment rate in the

HMA has been lower than that of the nation. In 2020, during the pandemic, the unemployment rate for the HMA reached an annual rate of 6.0 percent compared with 7.8 percent for the nation.

Economic Periods of Significance

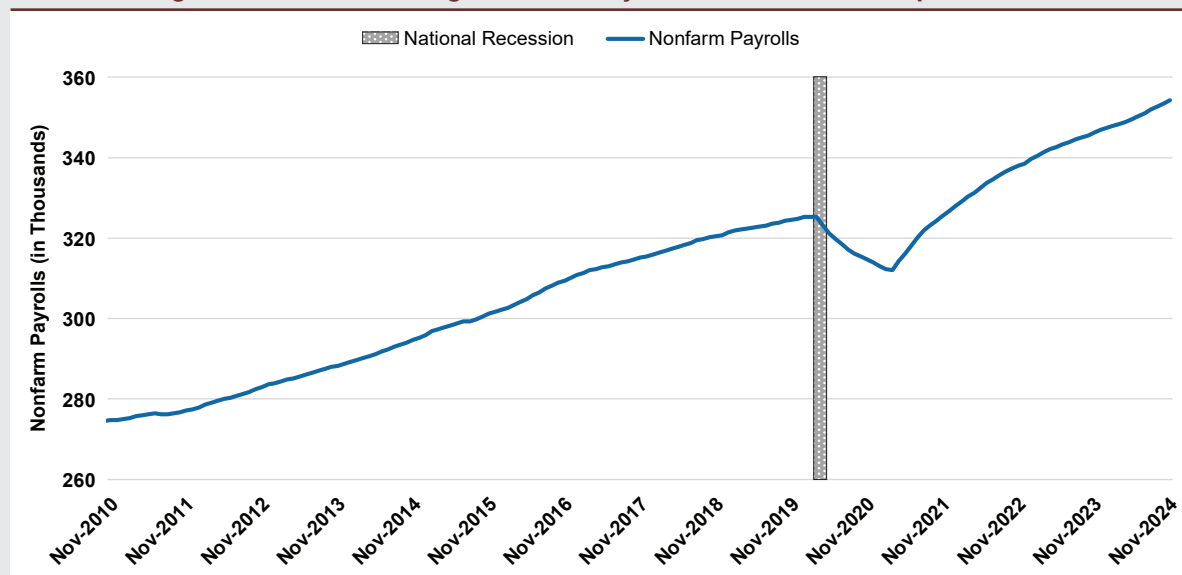
2010 Through 2012

After nonfarm payrolls reached a low of 274,800 jobs during 2010, the local economy recovered relatively quickly from the Great Recession. From 2011 through 2012, total nonfarm payrolls increased by an average of 4,300 jobs, or 1.6 percent, annually to 283,500, marking a full recovery of the number of jobs lost (Figure 3). The total number of nonfarm payrolls in the nation did not fully recover until 2014. Payrolls in the education and health services sector were stable on an annual basis during the Great Recession, and it was the fastest growing sector from 2011 through 2012, increasing by an average of 2,800 jobs, or 5.1 percent, annually. In both goods-producing sectors, jobs declined during this period, with jobs in the mining, logging, and construction sector decreasing an average of 2.9 percent annually. The manufacturing sector declined an average of 2.2 percent during the period, continuing a trend that started during the Great Recession.

2013 Through 2019

Job growth accelerated from 2014 through 2019, with the HMA adding an average of 6,000 jobs, or 2.0 percent, annually. Strong growth in the

Figure 3. 12-Month Average Nonfarm Payrolls in the Durham-Chapel Hill HMA



Note: 12-month moving average.

Sources: U.S. Bureau of Labor Statistics; National Bureau of Economic Research

education and health services sector continued but slowed to an annual increase of 2,100 jobs, or 3.3 percent, during the period. Much of that growth was a result of increasing enrollment at Duke University and UNC-Chapel Hill, including UNC Medical Center. In addition, expansions at the Duke Medicine Pavilion in Durham and the Hillsborough Medical Office Building at UNC Health, completed in 2013, contributed to job growth in the sector. The professional and business services sector increased by 1,500 jobs, or 3.9 percent, from 2014 through 2019. Frontier RTP, a conversion of a former IBM campus that created more than 500,000 square feet of office and lab space, opened in 2015, attracting startups and small businesses to the area. Mining, logging, and construction sector payrolls increased by an average of 400 jobs, or 5.5 percent, annually, partly because of increased demand for new housing as the excess

inventory of distressed homes for sale from the Great Recession was absorbed. Jobs in the manufacturing sector continued to decline but at a slower rate, falling by 300 jobs, or 1.0 percent, during the period.

2020 Through 2022

Total nonfarm payrolls declined by 10,900 jobs, or 3.4 percent, during 2020 because of the economic impact of the COVID-19 pandemic, but this decline was less severe than the 5.8-percent contraction nationally. Approximately two-thirds of the loss in the HMA occurred in the leisure and hospitality sector,

which decreased by 7,300 jobs, or 25.5 percent, during 2020. From 2021 through 2022, total nonfarm payrolls in the HMA increased by an average of 12,300 jobs, or 3.8 percent, to 338,600 jobs, fully recovering the total number of jobs lost by 2021. The nation fully recovered jobs in 2022. The fastest growing sector in the HMA in 2021 and 2022 was the professional and business services sector, increasing by an average of 6,300 jobs, or 12.6 percent, each year. Part of that growth can be attributed to continued expansion at RTP, including the addition of more than 2,500 jobs by Fidelity Investments at the company's technology hub on the RTP campus during 2022.

Forecast

During the 3-year forecast period, strong nonfarm payroll growth is estimated to continue, with average growth of 1.9 percent annually. Hub RTP, a 100-acre urban downtown district in development within RTP, is expected to contribute to continued growth by attracting businesses to the area. Strong job growth

in the education and health services sector is also expected to continue. Wolfspeed, Inc., a Durham-based semiconductor manufacturer, is expected to complete a new manufacturing plant in Chatham County that will create approximately 1,800 jobs and contribute to growth in the manufacturing sector.



Population and Households

Current Population: 620,600

Population growth in the Durham-Chapel Hill HMA has been strong since 2010, with most of the increase resulting from net in-migration.

Population Trends

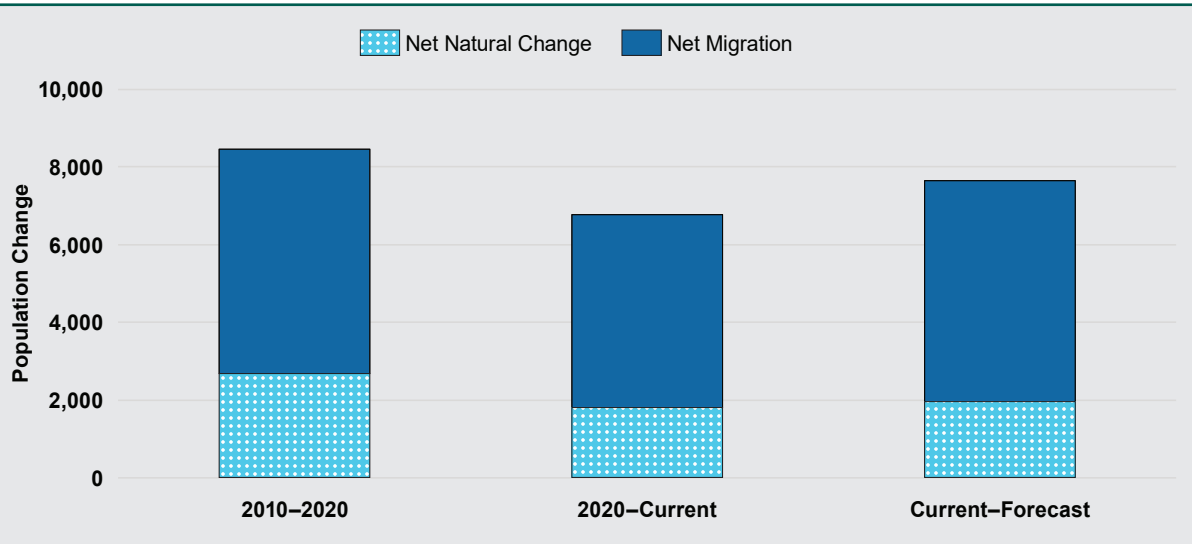
Population growth in the Durham-Chapel Hill HMA has been strong since 2010 due in part to consistently strong economic growth. It has slowed since 2020, partly because of the effects of the COVID-19 pandemic. As of December 1, 2024, the population of the HMA is estimated at 620,600, representing an average annual increase of approximately 6,800, or 1.1 percent, since 2020, compared with an average annual gain of 8,450, or 1.6 percent, from 2010 to 2020 (Table 3). Net in-migration has contributed the most to the population growth in the HMA, averaging 5,775 people annually from 2010 to 2020 and 5,000 people annually from 2020 to the current date, accounting for 68 and 74 percent of total population growth during each period, respectively (Figure 4). Net natural increase has steadily declined since 2010 because of an aging population in the HMA. From 2010 to 2020, net natural increase averaged 2,675

Table 3. Durham-Chapel Hill HMA Population and Household Quick Facts

Population Quick Facts		2020	Current	Forecast
	Population	588,911	620,600	643,500
	Average Annual Change	8,450	6,800	7,650
	Percentage Change	1.6	1.1	1.2
Household Quick Facts		2020	Current	Forecast
	Households	239,176	259,200	272,200
	Average Annual Change	3,675	4,300	4,325
	Percentage Change	1.7	1.7	1.6

Notes: Average annual changes and percentage changes are based on averages from 2010 to 2020, 2020 to current, and current to forecast. The forecast period is from the current date (December 1, 2024) to December 1, 2027. Sources: 2010 and 2020—2010 Census and 2020 Census; current and forecast—estimates by the analyst

Figure 4. Components of Population Change in the Durham-Chapel Hill HMA, 2010 Through the Forecast



Notes: Data displayed are average annual totals. The forecast period is from the current date (December 1, 2024) to December 1, 2027. Sources: U.S. Census Bureau; current to forecast—estimates by the analyst

people annually, compared with an average of 1,800 from 2020 to the current date. The long-term trend of slower net natural increase has been exacerbated since 2020 by the effects of the coronavirus pandemic, which caused increased mortality.



Age Cohort Trends

Although all age groups in the HMA had population increases from 2013 to 2023, only the cohort of residents aged 65 and older increased as a share of the population (American Community Survey [ACS] 1-year data; Figure 5). A relatively temperate climate and the presence of top-tier medical facilities make the HMA attractive for seniors and retirees. From 2013 to 2023, the share of residents aged 65 and older increased from 11 percent of the population to 17 percent. Even though the presence of higher education institutions and high-paying jobs in the Research Triangle attracts many recent college graduates and young professionals, the proportion of the population aged 18 to 44 declined from 42 to 40 percent during the same period.

Population by Geography

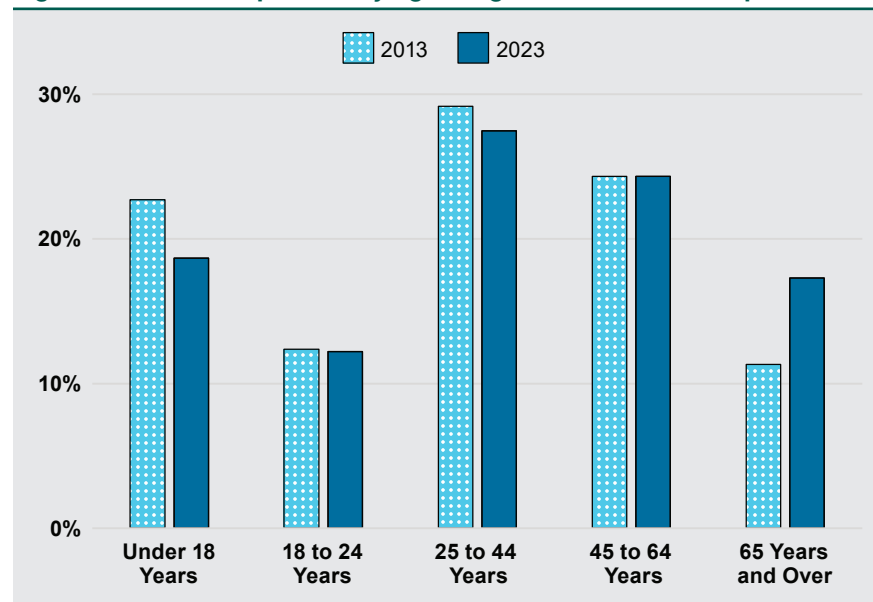
Durham County is the most populous county in the HMA and the sixth most populous in North Carolina, with a population of 336,900 as of July 1, 2023 (U.S. Census Bureau population estimates). Most of the population growth in the HMA occurred in Durham County, which has grown an average of 1.8 percent annually from 2010 to 2023, accounting for 66 percent of the total growth in the HMA during that time.

The HMA neighbors the Raleigh MSA to the east, and the population trends of the two areas are notably intertwined. Similar to the Durham HMA, the Raleigh MSA benefits from its proximity to RTP and a highly educated workforce, supported by the presence of North Carolina State University—the largest university in North Carolina. The largest share of migration interchange for the Durham-Chapel Hill HMA is with the Raleigh MSA, and other areas in North Carolina contribute a significant share (Table 4). Approximately 11 percent of in-migration to the HMA from 2016 to 2020 was international (U.S. Census Metro-to-Metro Migration Flows). Most of that international in-migration occurred in Durham and Orange Counties, home to Duke University and UNC-Chapel Hill, respectively.

Household Trends

Strong population growth in the HMA has contributed to consistently strong household growth since 2010. As of December 1, 2024, the number of households in the HMA is estimated at 259,200, an average increase of 4,300 households,

Figure 5. Share of Population by Age Range in the Durham-Chapel Hill HMA



Sources: 2013 and 2023 American Community Survey 1-year data

Table 4. Metro-to-Metro Migration Flows in the Durham-Chapel Hill HMA: 2016–2020

Into the HMA	
Raleigh-Cary, NC	9,173
Charlotte-Concord-Gastonia, NC-SC	3,877
New York-Newark-Jersey City, NY-NJ-PA	2,332
Winston-Salem, NC	1,754
Washington-Arlington-Alexandria, DC-VA-MD-WV	1,552
Out of the HMA	
Raleigh-Cary, NC	10,883
Burlington, NC	2,086
Greensboro-High Point, NC	1,891
Greenville, NC	1,872
Washington-Arlington-Alexandria, DC-VA-MD-WV	1,550

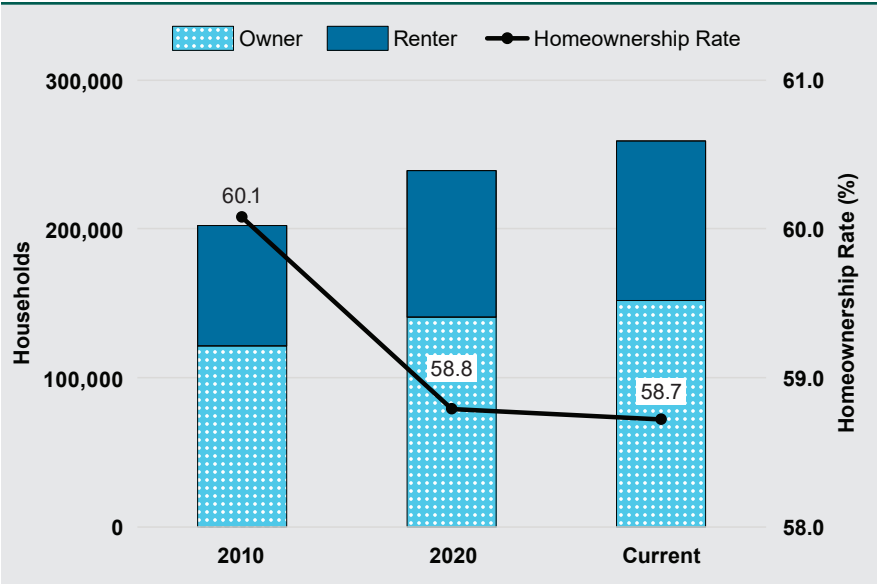
Source: U.S. Census Bureau Migration Flows, 2016–2020 American Community Survey 5-year data

or 1.7 percent, annually since 2020, equal to the average annual growth rate from 2010 to 2020 (Figure 6). Household growth since 2020 has exceeded the 1.1-percent average annual population growth during the period, partly attributed to people in shared living arrangements who dispersed into separate households during the pandemic. In addition, growth in the population aged 65 and older and a declining share of households with children younger than 18 have contributed to a long-term trend of smaller household size. University enrollment in the area has generally increased since 2010, partly contributing to a decline in the already relatively low homeownership rate since 2010. The current homeownership rate in the HMA is estimated at 58.7 percent, down slightly from 58.8 percent in 2020 and from 60.1 percent in 2010. By comparison, the homeownership rate was 63.5 percent for North Carolina and 65.6 percent for the nation during the third quarter of 2024 (U.S. Census Bureau, Current Population Survey/ Housing Vacancy Survey).

Forecast

During the 3-year forecast period, the population is expected to increase by an average of 7,650, or 1.2 percent, annually to 643,500, similar to the growth rate since 2020. Net in-migration is expected to continue accounting for most of the growth. Net natural change during the forecast is expected to be comparable to that of the previous decade, reflecting diminishing effects from the pandemic but a continuation of the long-term decline that occurred

Figure 6. Households by Tenure and Homeownership Rate in the Durham-Chapel Hill HMA



Note: The current date is December 1, 2024.
Sources: 2010 and 2020—2010 Census and 2020 Census; current—estimates by the analyst

during the previous decade. Household growth is expected to continue outpacing population growth. Households are estimated to increase by 4,325, or 1.6 percent, to 272,200 during the forecast period.

Home Sales Market

Market Conditions: Balanced

Total home sales in the HMA decreased, whereas the average home price increased, during the 12 months ending November 2024.

Current Conditions

The sales market in the Durham-Chapel Hill HMA is balanced, with a current sales vacancy rate estimated at 1.6 percent, up slightly from 1.4 percent in 2020 but down from 2.6 percent in 2010, when market conditions were soft (Table 5). Growth in home prices has stabilized after significant increases from 2021 through 2022, and the decline in total home sales has slowed. Home prices in the HMA increased year over year 7 percent to \$482,500 during the 12 months ending November 2024, and home sales declined 4 percent to 10,000 homes. By comparison, the average home sales price increased 6 percent and home sales declined 26 percent during the same period a year ago. Market conditions were tight in 2021 but have since eased,

Table 5. Home Sales Quick Facts in the Durham-Chapel Hill HMA

Home Sales Quick Facts		Durham-Chapel Hill HMA	Nation
	Vacancy Rate	1.6%	NA
	Months of Inventory	2.5	3.5
	Total Home Sales	10,000	4,954,000
	1-Year Change	-4%	-6%
	New Home Sales Price	\$509,200	\$494,900
	1-Year Change	-1%	1%
	Existing Home Sales Price	\$476,100	\$414,000
	1-Year Change	10%	7%
	Mortgage Delinquency Rate	0.6%	1.0%

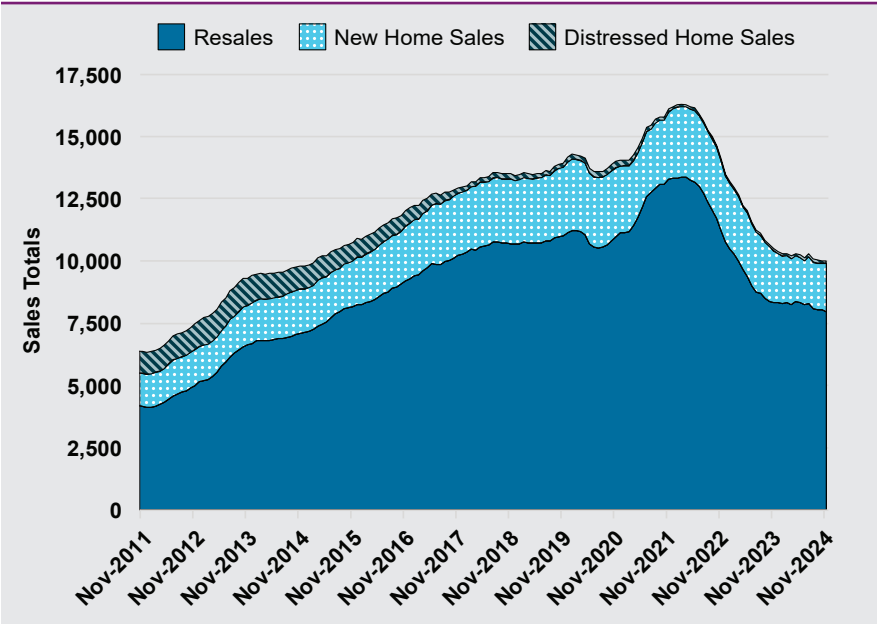
NA = data not available.
Notes: The vacancy rate is as of the current data; home sales and prices are for the 12 months ending November 2024; and months of inventory and mortgage delinquency data are as of November 2024. The current date is December 1, 2024.
Sources: Vacancy rate—estimates by the analyst; home sales and prices—CoreLogic, Inc., with adjustments by the analyst; months of inventory and mortgage delinquency rate—CoreLogic, Inc.

mainly due to rising mortgage interest rates, although the rate declined from a year ago. During the week ending November 27, 2024, the average interest rate for a 30-year fixed-rate mortgage was 6.8 percent, down from 7.2 percent during the week ending November 30, 2023 (Freddie Mac). The rate reached a recent low of 2.7 percent during the week ending January 7, 2021.

Resale and Distressed Home Sales and Prices

Resale home sales declined during the early years of the 2010s, following the national housing crisis and the Great Recession, to a low of 4,125 homes sold during 2011 and subsequently increased each year through 2019 (Figure 7; CoreLogic, Inc., with adjustments by the analyst). From 2012 through 2019, resales increased by an average of 880 homes, or 13 percent, annually to 11,150 homes, and distressed sales in the HMA declined by an average of 85 homes, or 18 percent, annually to 190 homes. During 2020, resales did not increase,

Figure 7. 12-Month Sales Totals by Type in the Durham-Chapel Hill HMA



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

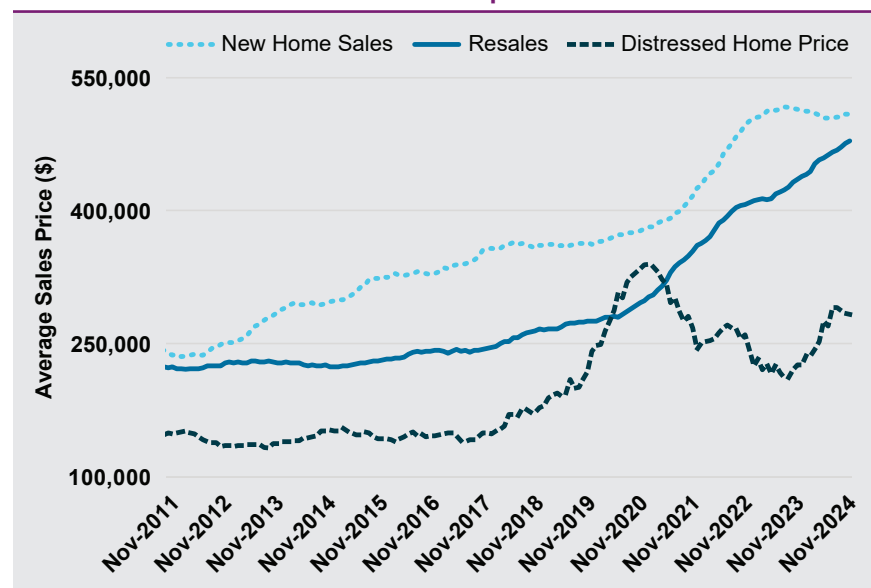
but distressed home sales increased 24 percent, partly because of an increase in short sales and real estate owned properties available and because buyers sought cheaper housing options. As economic conditions strengthened, resales increased by 2,200, or 20 percent, during 2021 before declining significantly during 2022 and 2023, when interest rates started increasing from historic lows. Distressed home sales averaged 75 homes, or less than 1 percent of home sales during that period, compared with 870 homes, or 14 percent of home sales during 2011. During the 12 months ending November 2024, resales declined by 390, or 5 percent, to 7,950 homes. By comparison, resales totaled 8,350 during the 12 months ending November 2023, down 26 percent year over year.

During the 12 months ending November 2024, existing home prices averaged \$476,100, an increase of 10 percent from the previous year, compared with an increase of 7 percent during the 12 months ending November 2023. The average price for an existing home in the HMA averaged \$211,800 from 2011 through 2012, when an excess supply of distressed properties following the national housing crisis suppressed price growth for resales (Figure 8). From 2013 through 2019, existing home prices increased an average of 4 percent annually to \$274,900. During 2020, the average prices for resales and distressed homes increased 8 and 40 percent, respectively. Resale prices increased 21 percent during 2021 as demand increased amid a surge in net in-migration and improving economic conditions after the pandemic. Distressed sales prices decreased 28 percent that year, partly because the most desirable distressed properties were sold during previous periods. From 2021 through 2022, existing home prices continued to increase an average of 13 percent annually. Resale homes accounted for all of that price growth, averaging an increase of 13 percent annually, whereas distressed home prices declined an average of 1 percent annually.

New Home Sales and Prices

After reaching a low of 1,325 homes sold during 2011, new home sales increased by an average of 200, or 10 percent, annually from 2013 through 2019. During 2020, new home sales declined by 150, or 5 percent, as economic conditions

Figure 8. 12-Month Average Sales Prices by Type of Sale in the Durham-Chapel Hill HMA



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

deteriorated and population growth slowed. New home sales then increased in 2021 by 110 homes, or 4 percent, before declining from 2022 through 2023 by an average of 410 homes, or 16 percent. Rising costs for homeownership, including higher mortgage interest rates, contributed to reduced demand for new homes. New home sales declined further during the 12 months ending November 2024, by 130 homes, or 6 percent, to 1,950.

New home sales prices have increased every year since 2012, when the average price for a new home was \$251,800. From 2013 through 2020, the average price for new homes increased an average of 5 percent annually. Price growth accelerated from 2021 through 2022, when the average price for a new home increased 18 percent annually. During the 12 months ending November 2024, the average price for a new home decreased 1 percent to \$509,200 when demand weakened, partly because of the increased cost of homes and other living costs. By comparison, new home prices increased

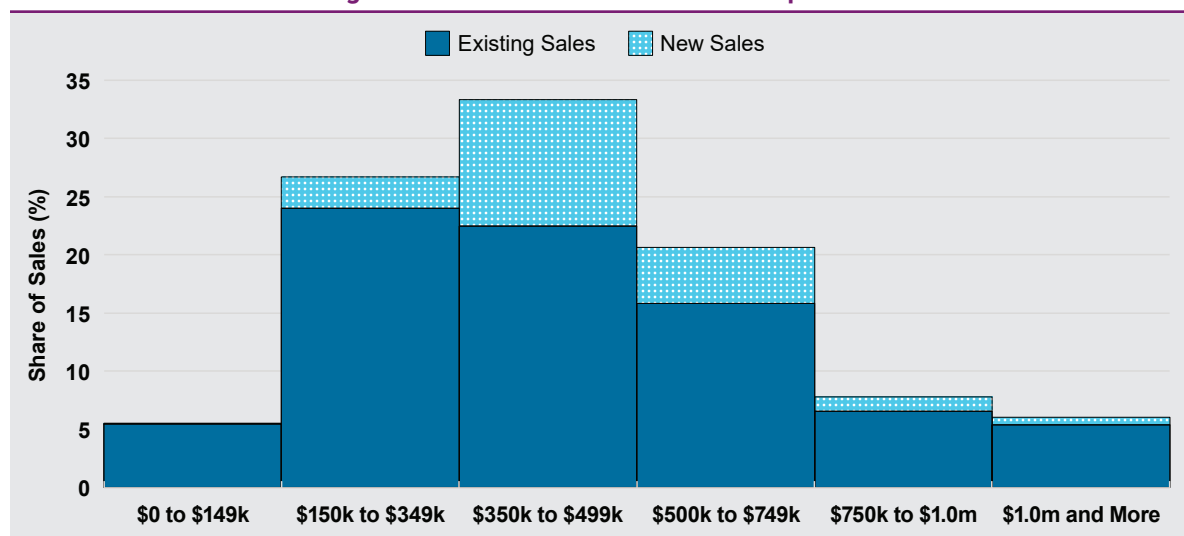
3 percent during the 12 months ending November 2023. More than one-half of all new homes sold during the 12 months ending November 2024 were at prices ranging from \$350,000 to \$499,999 (Figure 9; Zonda).

Sales Construction

New home construction activity was relatively low in the years following the Great Recession, when the local housing market was still recovering. New home construction—as measured by the number of sales housing units permitted (see [building permits](#))—averaged 1,600 units annually from 2010 through 2012 (Figure 10). New home construction increased an average of 16 percent annually from 2013 through 2017 as the economy and the population in the HMA increased, resulting in greater demand for housing. From 2018 through 2021, new home construction stabilized but remained elevated, averaging 3,325 homes annually. From 2022 through 2023, new home construction activity remained strong but declined from the recent peak of 3,525 homes in 2021 to an average of 3,100 homes annually. During the 12 months ending November 2024, new home construction totaled 2,425 homes, decreasing 16 percent from the same period a year ago.

Recent construction includes the Courtney Creek townhome community between downtown Durham and RTP, with approximately 80 percent of the planned 253 units already sold. Prices for homes in this community start at \$351,990.

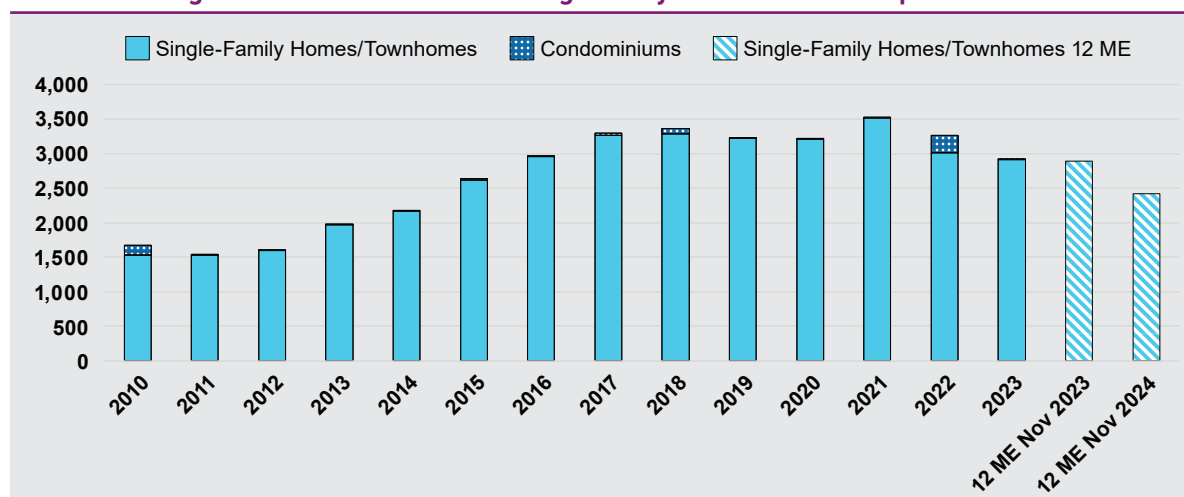
Figure 9. Share of Overall Sales by Price Range During the 12 Months Ending November 2024 in the Durham-Chapel Hill HMA



Note: New and existing sales include single-family homes, townhomes, and condominium units.

Source: Zonda

Figure 10. Annual Sales Permitting Activity in the Durham-Chapel Hill HMA



12 ME = 12 months ending.

Sources: U.S. Census Bureau, Building Permits Survey; 2010–23—final data and estimates by the analyst; past 24 months of data—preliminary data and estimates by the analyst

Construction has started in the northern part of Chapel Hill on the 47-unit Stanat Place community. Prices for the three-bedroom townhomes start at \$482,990.

Forecast

During the 3-year forecast period, demand is estimated for 8,225 sales housing units in the HMA (Table 6). The 800 units under construction are expected to satisfy a portion of the demand in the first year.

Table 6. Demand for New Sales Units in the Durham-Chapel Hill HMA During the Forecast Period

Sales Units	
Demand	8,225 Units
Under Construction	800 Units

Note: The forecast period is from December 1, 2024, to December 1, 2027.
Source: Estimates by the analyst



Rental Market

Market Conditions: Soft

Apartment construction in the Durham-Chapel Hill HMA has been elevated since 2022 after the market tightened in 2021.

Current Conditions and Recent Trends

Rental market conditions in the HMA are soft, with an estimated rental vacancy rate of 11.2 percent, up from 6.6 percent in 2020, when conditions were balanced. Household growth during the pandemic resulted in strong rental demand and tight market conditions in 2021. Since then, elevated levels of apartment completions have contributed to increasing vacancy rates and declining rents. In 2023, more than one-half of all renter households in the HMA lived in multifamily structures with five or more units.

Apartment Market

The apartment market in the HMA was soft as of the third quarter of 2024, with a vacancy rate of 11.7 percent, up from 9.9 percent a year ago (Table 7; CoStar Group). The apartment market has softened considerably from tight conditions in 2021 because new apartment completions have outpaced the absorption of apartment units. During the 24 months ending the third quarter of 2024, 5,550 apartment units entered the market, and only 2,875 apartment units were absorbed. Following an increase of 8 percent year over year, the average apartment rent reached a high of \$1,593 as of the third quarter of 2022 before declining an average of 1 percent annually to \$1,546 as of the third quarter of 2024.

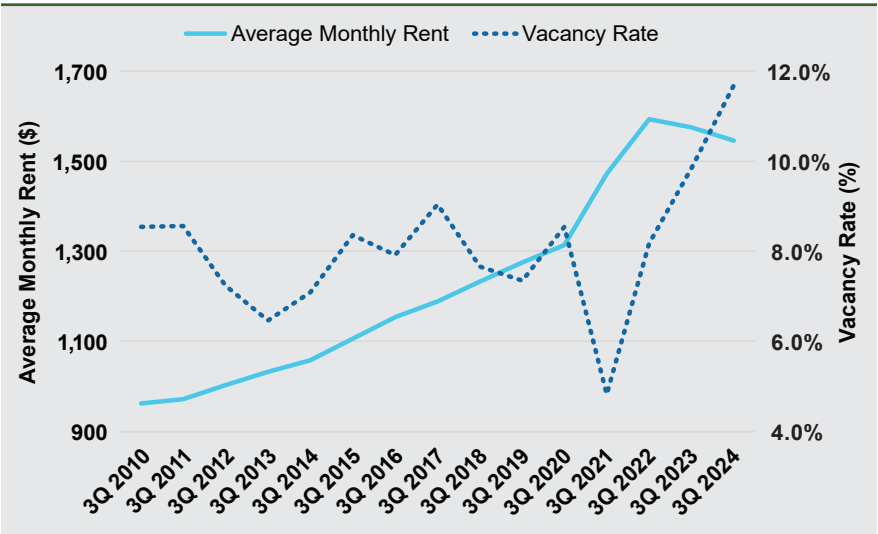
The apartment market was generally balanced throughout much of the 2010s. From the third quarter of 2010 to the third quarter of 2020, the apartment vacancy rate averaged 7.9 percent, reaching a low of 6.5 percent in 2013 when construction activity in the years following the Great Recession did not keep pace with the growth in demand (Figure 11). The average apartment rent in the HMA was \$961 as of the third quarter of 2010 and increased an average of 3 percent annually to \$1,313 as of the third quarter of 2020. By the third quarter of 2021, demand for apartment units in the HMA outpaced supply,

Table 7. Rental and Apartment Market Quick Facts in the Durham-Chapel Hill HMA

Rental Market Quick Facts	2020 (%)	Current (%)
	Rental Vacancy Rate	6.611.2
	2021 (%)	2023 (%)
	Occupied Rental Units by Structure	
	Single-Family Attached & Detached	3134
Apartment Market Quick Facts	Multifamily (2–4 Units)	1210
	Multifamily (5+ Units)	5152
	Other (Including Mobile Homes)	63
	Q3 2024	YoY Change
Apartment Market Quick Facts	Apartment Vacancy Rate	11.71.8
	Average Rent	\$1,546-2%
	Studio	\$1,368-4%
	One-Bedroom	\$1,380-2%
	Two-Bedroom	\$1,606-2%
	Three-Bedroom	\$1,9870%

Q3 = third quarter. YoY = year-over-year.
Notes: The current date is December 1, 2024. Percentages may not add to 100 due to rounding.
Sources: 2020 vacancy rate—2020 Census; current vacancy rate—estimate by the analyst; occupied rental units by structure 2021 and 2023 American Community Survey 1-year data; apartment data—CoStar Group

Figure 11. Apartment Rents and Vacancy Rates in the Durham-Chapel Hill HMA



3Q = third quarter.
Source: CoStar Group



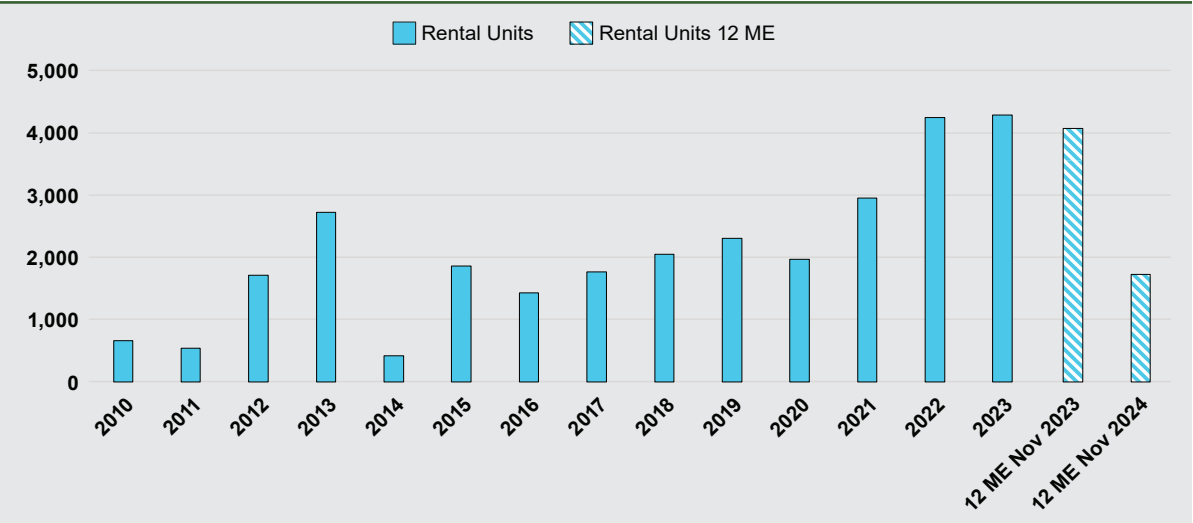
partly because net in-migration increased, leading to strong absorption. The apartment vacancy rate decreased from 8.5 percent as of the third quarter of 2020 to 4.8 percent as of the third quarter of 2021. During that period, the average apartment rent increased 12 percent to \$1,471.

As of the third quarter of 2023, the vacancy rate in the CoStar Group-defined Downtown Durham market area, which includes Duke University, was 10.5 percent, down slightly from 10.7 percent a year ago. In the Chapel Hill market area, which includes UNC-Chapel Hill, the vacancy rate increased slightly, from 10.5 percent as of the third quarter of 2023 to 10.6 percent as of the third quarter of 2024. The average rents in the Downtown Durham and Chapel Hill market areas were \$1,536 and \$1,561, respectively, as of the third quarter of 2024. Rents declined 2 percent in both areas from the third quarter of 2023.

Rental Construction

Rental construction activity, as measured by the number of rental units permitted, has slowed significantly in the past year amid prolonged soft rental market conditions. Rental construction activity totaled 1,725 units during the 12 months ending November 2024, down 58 percent from 4,075 units during the same period a year ago (Figure 12). An average of 1,200 rental units were permitted annually from 2010 through 2014, after the Great Recession, but demand strengthened, and an average of 1,900 rental units were permitted annually from 2015 through 2020 as

Figure 12. Annual Rental Permitting Activity in the Durham-Chapel Hill HMA



12 ME = 12 months ending.
Note: Includes apartments and units intended for rental occupancy.
Sources: U.S. Census Bureau, Building Permits Survey; 2010–23—final data and estimates by the analyst; past 24 months of data—preliminary data and estimates by the analyst

the economy continued to expand before the onset of the pandemic. In response to the surge in net in-migration in 2021, rental construction activity increased an average of 47 percent annually from 2021 through 2022 and reached an average of 4,275 units permitted from 2022 through 2023.

Approximately 72 percent of rental construction since 2010 has occurred in Durham County, primarily around the downtown area and RTP. A recent development in downtown Durham is Camden Durham, which was completed in September 2023. The 420 apartments have rents starting at \$1,529, \$1,718, \$2,393, and \$3,459 for studios and one-, two-, and three-bedroom units, respectively. In Hub RTP, MAA Nixie is a 406-unit apartment complex completed in September 2024. The rents start at \$1,478, \$1,802, \$2,297, and \$3,012 for studios and one-, two-, and three-bedroom units, respectively. Approximately 21 percent of all units completed since 2010 have been in the city of Chapel Hill near UNC-Chapel Hill.

Forecast

Demand is estimated for 3,800 units in the HMA during the 3-year forecast period (Table 8). The 5,250 units under construction significantly exceed the expected demand. To avoid contributing to further softening of the market and to allow for absorption of the current excess supply and the units under



construction, builders should consider not planning for additional units to enter the market during the forecast period. Much of the new construction is occurring in Durham and Orange Counties, notably in downtown Durham and between the cities of Durham and Chapel Hill.

Table 8. Demand for New Rental Units in the Durham-Chapel Hill HMA During the Forecast Period

Rental Units	
Demand	3,800 Units
Under Construction	5,250 Units

Note: The forecast period is from December 1, 2024, to December 1, 2027.
Source: Estimates by the analyst



Terminology Definitions and Notes

A. Definitions

Absorption	The net change, positive or negative, in the number of occupied units in a given geographic range.
Apartment Vacancy Rate/ Average Monthly Rent	Data are for market-rate and mixed market-rate and affordable general occupancy apartment properties with five or more units, including those that are stabilized and in lease up. A property is stabilized once the occupancy rate reaches 90 percent or at least 18 months have passed since the property was changed from “under construction” to “existing” on the CoStar Group website.
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.
Demand	The demand estimates in the analysis are not a forecast of building activity. They are the estimates of the total housing production needed to achieve a balanced market at the end of the 3-year forecast period given conditions on the as-of date of the analysis, growth, losses, and excess vacancies. The estimates do not account for units currently under construction or units in the development pipeline.
Distressed Sales	Short sales and real estate owned (REO) sales.
Existing Home Sales	Includes resales, short sales, and REO sales.
Forecast Period	12/1/2024–12/1/2027—Estimates by the analyst.

Great Recession	The Great Recession occurred nationally from December 2007 to June 2009.
Home Sales/ Home Sales Prices	Includes new and existing single-family home, townhome, and condominium sales.
Net Natural Change	Resident births minus resident deaths.
Net Natural Increase	Resident births are greater than resident deaths.
Other Vacant Units	In this analysis conducted by the U.S. Department of Housing and Urban Development (HUD), other vacant units include all vacant units that are not available for sale or for rent. The term therefore includes units rented or sold but not occupied; held for seasonal, recreational, or occasional use; used by migrant workers; and the category specified as “other” vacant by the Census Bureau.
Rental Market/ Rental Vacancy Rate	Includes apartments and other rental units, such as single-family, multifamily, and mobile homes.
Resales	These 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.

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.	Urbanized areas are defined using the U.S. Census Bureau’s 2020 Census Urban and Rural Classification and the Urban Area Criteria.
3.	The Research Triangle is defined as the Raleigh-Durham-Cary, NC Combined Statistical Area, which includes the Durham-Chapel Hill, NC MSA; the Henderson, NC Micropolitan Statistical Area; and the Raleigh-Cary, NC MSA.



C. Additional Notes

1.	This analysis has been prepared for the assistance and guidance of HUD in its operations. The factual information, findings, and conclusions may also be useful to builders, mortgagees, and others concerned with local housing market conditions and trends. The analysis does not purport to make determinations regarding the acceptability of any mortgage insurance proposals that may be under consideration by the Department.
2.	The factual framework for this analysis follows the guidelines and methods developed by the Economic and Market Analysis Division within HUD. The analysis and findings are as thorough and current as possible based on information available on the as-of date from local and national sources. As such, findings or conclusions may be modified by subsequent developments. HUD expresses its appreciation to those industry sources and state and local government officials who provided data and information on local economic and housing market conditions.

D. Photo/Map Credits

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