

# Transaction activity rebounds in the fourth quarter

## CONSTRUCTION ACTIVITY



UNDER CONSTRUCTION **10,232**

UNITS DELIVERED (YTD) **13,191**

## MARKET FUNDAMENTALS



VACANCY RATE **8.1%**

YEAR-OVER-YEAR CHANGE **+50bps**

ASKING RENTS **\$1,561**

YEAR-OVER-YEAR CHANGE **-1.5%**

## TRANSACTION ACTIVITY (YTD)



MEDIAN PRICE PER UNIT **\$202,500**

RALEIGH-DURHAM  
MULTIFAMILY  
Q4 2025

## HIGHLIGHTS

- Operating conditions softened during the fourth quarter, as the vacancy rate rose while asking rents declined. Inventory growth was elevated again in 2025, but the pipeline tapered off significantly. Projects totaling roughly 10,200 units are currently under construction in Raleigh-Durham, down 43% from one year ago.
- Vacancy increased in recent months, offsetting the improvement recorded in the previous quarter. Area vacancy trended higher by 40 basis points during the fourth quarter to 8.1%. On a year-over-year basis, vacancy rose 50 basis points.
- Apartment rents continued to decrease during the fourth quarter, declining by 0.6% to \$1,561 per month. During 2025, rents trended lower by 1.5%.
- The pace of multifamily transactions accelerated in the closing months of 2025 after a slow start to the year. The late surge led to total sales during 2025 outpacing the light levels recorded in 2024 by 50%. Still, annual sales lagged the trailing 10-year average by 65%. The median sale price was \$202,500 per unit in 2025, down 8% from 2024.

## RALEIGH-DURHAM MULTIFAMILY MARKET OVERVIEW

Supply growth in the Raleigh-Durham multifamily market has weighed on fundamentals, but renter demand has remained elevated. The market posted net absorption totaling roughly 10,200 units in 2025, following move-ins of nearly 11,000 units in 2024. This absorption figure of more than 21,000 units since the beginning of 2024 outpaced levels from the preceding four years combined, highlighting that elevated levels of new supply have been met with record levels of demand. Demand has been strong on the Raleigh portion of the market, tracking traditional trends. The Northeast Raleigh, Downtown Raleigh, and North Cary/Morrisville submarkets accounted for roughly 40% of the absorption in the region in 2025. Market-wide demand has been strong enough to limit some of the impact of supply-side pressures on operating conditions. Vacancy is up just 60 basis points since the beginning of 2024, despite inventory increasing by more than 10% during this period.

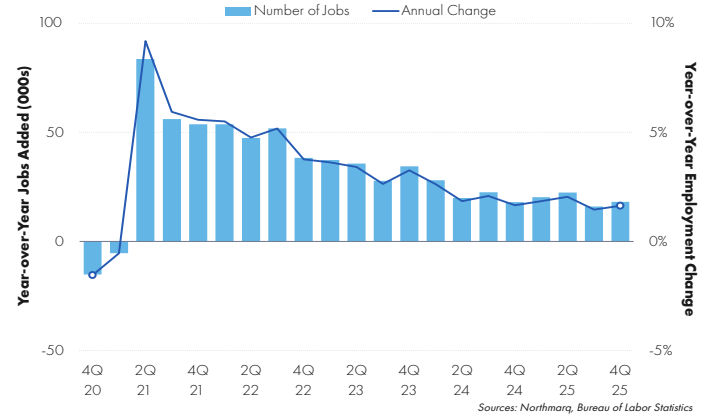
While sales activity in Raleigh-Durham was below historical levels for the full year, properties changed hands at a rapid clip during the fourth quarter. Total sales in the last three months of 2025 tracked averages from the same period of the last 10 years. Downtown Durham posted the highest concentration of sales in 2025, as activity in this area surged late in the year. Nearly all the properties that changed hands in Downtown Durham were older vintages, with 80% of these assets being built prior to 2000. This ran counter to the market-wide trend. In Raleigh-Durham, properties built in the 2020s made up 30% of sales during 2025, while 2000s- and 2010s-vintages combined for another 30%. Similar splits were recorded in the previous two years. Cap rates have been consistent, averaging between 5.0% and 5.5% throughout 2025.

## EMPLOYMENT

- Employment growth in Raleigh-Durham was stable from 2024 to 2025. Area employers added 18,200 workers during the past year, an increase of 1.6%. In 2024, total employment expanded by 18,100 positions.
- The pace of job additions in the professional and business services sector was solid in 2025, tracking the region’s overall growth. During the past 12 months, 3,300 workers were hired in this sector, expanding by 1.6%.
- Financial services company, Aspida, recently pledged to create more than 1,000 jobs in the region from 2028 to 2032 through state grants. Aspida is a subsidiary of the Los Angeles-based Ares Management. The company currently employs roughly 200 people in South Durham.
- **FORECAST:** Following steady growth in 2024 and 2025, the pace of hiring is expected to ease in 2026. In the coming year, total employment is projected to increase by 15,000 workers, an increase of 1.3%.

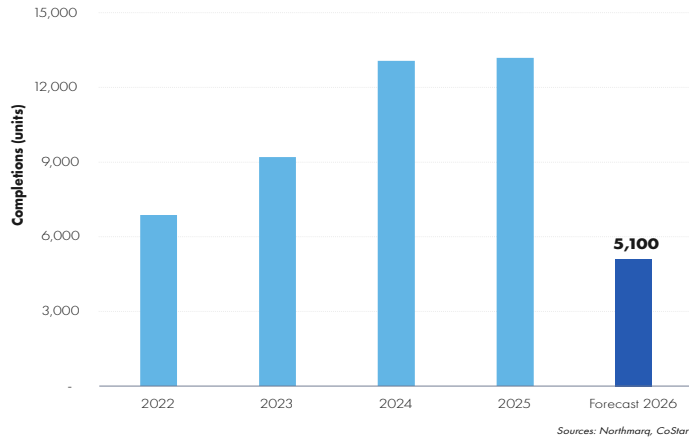
*Area employers added 18,200 workers during the past year.*

### EMPLOYMENT OVERVIEW



*Projects totaling roughly 13,200 units came online in 2025.*

### DEVELOPMENT TRENDS

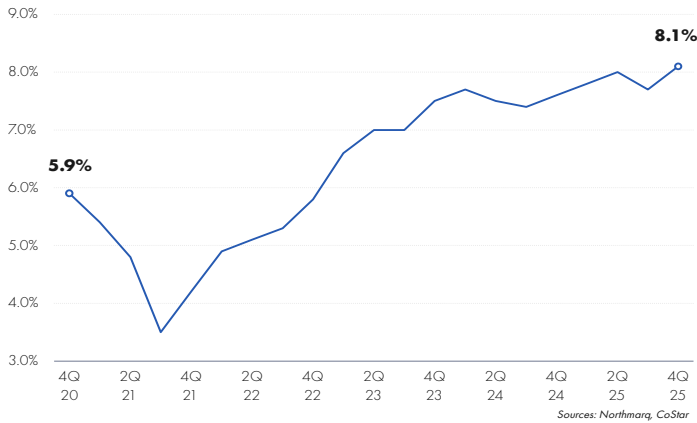


## DEVELOPMENT & PERMITTING

- Projects totaling roughly 13,200 units came online for the full year, up slightly from the 2024 delivery total.
- The development pipeline continues to taper off as starts slowed in 2025, while completions remained elevated. Projects totaling roughly 10,200 units were under construction at year-end, down 43% from levels recorded in 2024.
- Multifamily permitting picked up from 2024 to 2025. During the past year, developers pulled permits for approximately 7,500 units, up 14% from last year. Permitting activity peaked in 2022 and 2023, with 23,800 units approved across the two years.
- **FORECAST:** Supply growth is forecast to drop considerably in 2026. Projects totaling 5,100 units are expected to come online in the coming year, down 61% from 2025.

## Year-over-year vacancy increased by 50 basis points.

### VACANCY TRENDS



### VACANCY

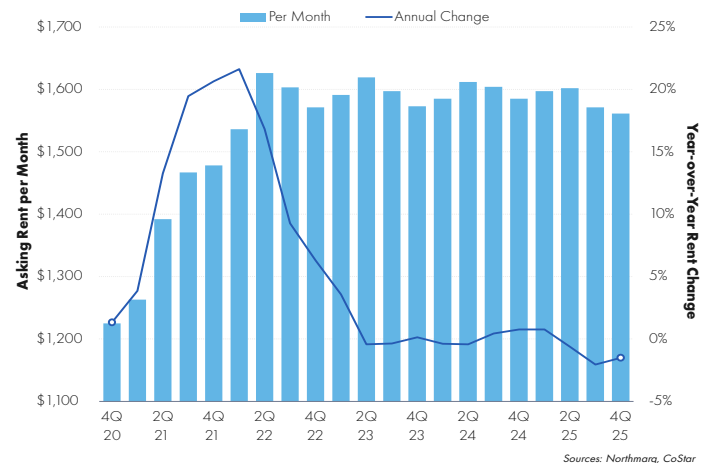
- Vacancy rose in recent months after improving in the previous quarter. The vacancy rate in Raleigh-Durham trended seasonally higher by 40 basis points during the fourth quarter to 8.1%. Year over year, vacancy increased by 50 basis points.
- In North Cary/Morrisville, vacancy performed well in recent quarters as demand was elevated in the area. The vacancy rate in this submarket closed the year at 7.6%, down 10 basis points annually. Absorption in North Cary/Morrisville was among the strongest in the region, posting net move-ins for more than 1,300 units during 2025.
- Top-tier vacancy rose at a rapid rate in the closing months of 2025, a trend that has occurred several times in the past few years. The vacancy rate for Class A properties closed the year at 9.2%, up 50 basis points annually.
- **FORECAST:** Vacancy is projected to improve in the coming quarters as supply growth tapers off. The vacancy rate is expected to decline 20 basis points in the coming year to 7.9%.

### RENTS

- Asking rents continued to trend lower, but the recent decrease was mild compared to the one recorded in the previous quarter. Apartment rents in Raleigh-Durham dipped 0.6% during the fourth quarter to \$1,561 per month. During the past year, rents edged down 1.5%.
- Rents decreased in most submarkets during 2025, but some areas fared better than others. Asking rents in Downtown Durham inched lower by 0.5% during the past year to \$1,624 per month.
- Rental trends for Class A assets continue to be impacted by the supply growth of the past two years. Top-tier rents are currently \$1,837 per month, down 1.6% annually.
- **FORECAST:** Rent growth should rebound in the coming quarters, offsetting losses recorded in 2025. Area rents are forecast to close 2026 at \$1,585 per month, advancing by 1.5% for the full year.

## During the past year, rents edged down 1.5%.

### RENTS TRENDS

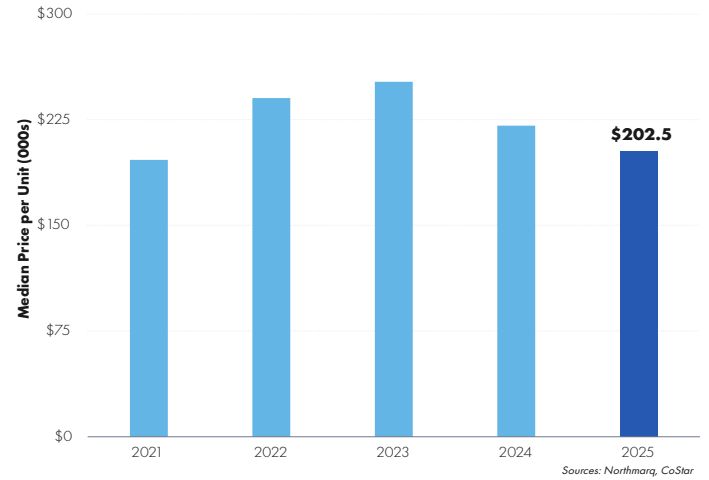


## MULTIFAMILY SALES

- After a slow start to the year, activity in the Raleigh-Durham multifamily investment market spiked in the closing months of 2025. Total sales during the fourth quarter nearly matched levels recorded in the preceding three quarters combined. Despite this increase, activity in 2025 still lagged traditional levels.
- Pricing declined in 2025, with the median price dipping 8% to \$202,500 per unit. Current pricing is closely tracking levels recorded in 2020 and 2021, before prices surged in 2022 and 2023.
- Cap rates remain lower in Raleigh than in Durham, with rates in both cities being relatively flat during the past year. During the fourth quarter, cap rates averaged in the low-5% range in Raleigh, while rates in Durham averaged 5.5%.

*The median sale price in 2025 was \$202,500 per unit.*

### INVESTMENT TRENDS



## RECENT TRANSACTIONS MULTIFAMILY SALES ACTIVITY

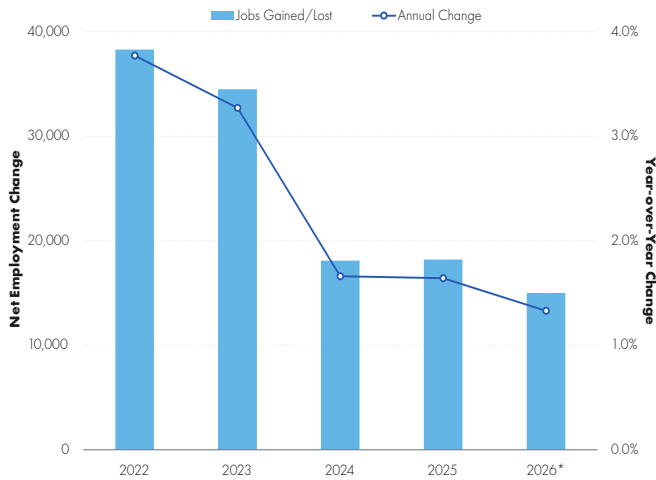
PROPERTY NAME	STREET ADDRESS	YEAR BUILT	UNITS	SALES PRICE	PRICE/UNIT
The Aster	3025 Alston Manor St., Cary	2017	497	\$143,000,000	\$287,726
Hudson 5401	7760 Midtown Market Ave., Raleigh	2019	456	\$106,000,000	\$232,456
Griffin Durham	509 N Magnum St., Durham	2023	182	\$52,000,000	\$285,714
Springfield Apartments	4600 University Drive, Durham	1986	288	\$45,400,000	\$157,639

## LOOKING AHEAD

After heightened deliveries in each of the past two years, the pace of new construction in Raleigh-Durham will slow by more than 60% in 2026. The slowing pace of new construction and anticipated levels of continued absorption should combine to result in the market's first annual vacancy improvement since 2021. That modest vacancy tightening should allow for a slight increase in area rents, although gains will lag long-term growth trends in a still competitive leasing environment. Over the longer term, the steep decline in permitting levels closer to historical levels will benefit the supply-demand balance in the region through the remainder of the decade.

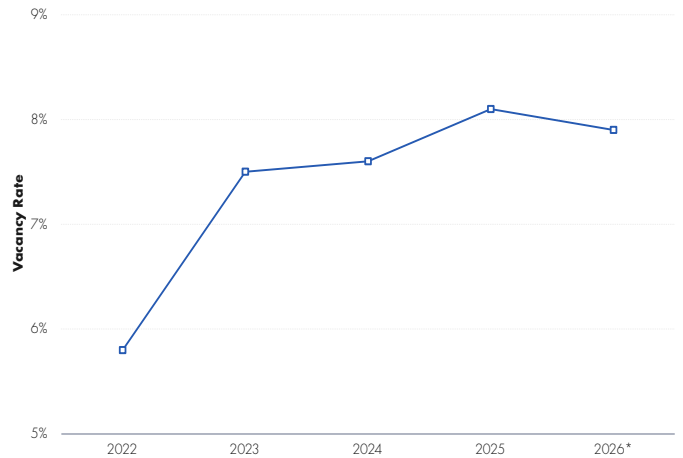
Sales activity in the Raleigh-Durham multifamily investment market may return to traditional levels in the coming quarters following a strong close to 2025. With the pace of deliveries scheduled to fall in 2026, property performance is expected to improve, which will likely bring investors off the sidelines. New builds should continue to trade at a strong clip, and this trend may ramp up in the coming years as the recent inventory additions lease-up. Of the properties built in the 2020s that have changed hands during the past two years, nearly all are recording vacancy rates of below 15%. There will likely be stronger investor interest once the properties built since the beginning of 2024 begin to stabilize.

### EMPLOYMENT FORECAST



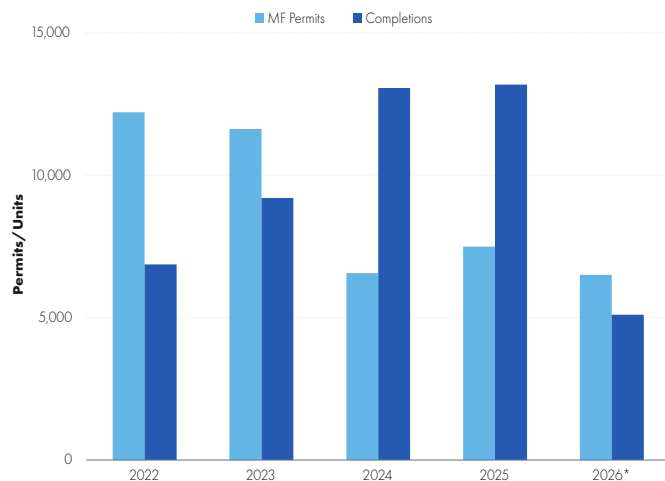
\* Year End Forecast  
Sources: Northmarq, Bureau of Labor Statistics

### VACANCY FORECAST



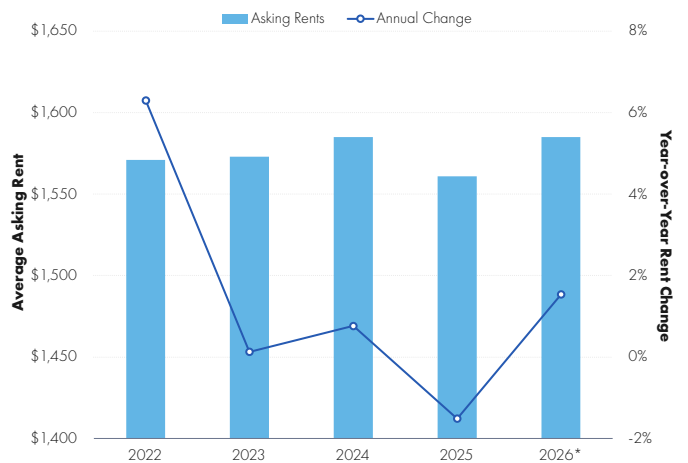
\* Year End Forecast  
Sources: Northmarq, CoStar

### CONSTRUCTION & PERMITTING FORECAST



\* Year End Forecast  
Sources: Northmarq, CoStar, Census Bureau

### RENTS FORECAST



\* Year End Forecast  
Sources: Northmarq, CoStar



FOR MORE INFORMATION, **PLEASE CONTACT**

**ANDREA HOWARD**  
*Regional Managing Director, Investment Sales*  
704.595.4280  
ahoward@northmarq.com

**DAVID VINSON**  
*Managing Director, Debt + Equity*  
919.781.1811  
dvinson@northmarq.com

**JEFF GLENN**  
*Managing Director, Investment Sales*  
919.322.4769  
jglenn@northmarq.com

**GRANT HARRIS**  
*Vice President, Debt + Equity*  
704.935.7029  
gharris@northmarq.com

**JOHN CURRIN**  
*Managing Director, Investment Sales*  
704.595.4276  
jcurrin@northmarq.com

**AUSTIN JACKSON**  
*Senior Vice President, Investment Sales*  
704.595.4281  
ajackson@northmarq.com

**JAMES DORSETT**  
*Vice President, Investment Sales*  
704.927.4330  
jdorsett@northmarq.com

**PETE O'NEIL**, *National Director, Research* | 602.508.2212 | poneil@northmarq.com

**JOHN TAGG**, *Research Manager* | 972.455.4916 | jtagg@northmarq.com

**SAM TIFFANY**, *Senior Market Analyst* | 602.955.7102 | stiffany@northmarq.com

**ABOUT NORTHMARQ**

Northmarq is one of the largest privately held commercial real estate firms in the United States, combining a nationwide presence with deep local expertise. With more than 50 offices across the country, we provide a full suite of debt, equity, investment sales, loan servicing and fund management solutions for a comprehensive range of property types. Our unique structure allows us to connect clients with the best opportunities, yet be nimble enough to ensure access to every expert across our company. The firm manages a loan servicing portfolio of over \$78 billion and has completed \$69.5 billion in transactions over the past three years. At Northmarq, collaboration fuels results, helping clients achieve success in every market, nationwide. For more information, visit [www.northmarq.com](http://www.northmarq.com).

The information contained herein has been obtained from sources deemed reliable. While every reasonable effort has been made to ensure its accuracy, we cannot guarantee it. No responsibility is assumed for any inaccuracies. Readers are encouraged to consult their professional advisors prior to acting on any of the material contained in this report. ©2026. All rights reserved.