

Construction activity falls to a five-year low

CONSTRUCTION ACTIVITY



UNDER CONSTRUCTION **8,996**

UNITS DELIVERED (YTD) **1,338**

MARKET FUNDAMENTALS



VACANCY RATE **8.2%**

YEAR-OVER-YEAR CHANGE **+40bps**

ASKING RENTS **\$1,577**

YEAR-OVER-YEAR CHANGE **-1.3%**

TRANSACTION ACTIVITY (YTD)



MEDIAN PRICE PER UNIT **\$320,200**

RALEIGH-DURHAM
MULTIFAMILY
Q1 2026

HIGHLIGHTS

- Property fundamentals in the Raleigh-Durham multifamily market recorded a mixed performance during the first quarter, as rents increased while vacancy rose. Development slowed abruptly following elevated deliveries in 2024 and 2025. Projects totaling roughly 1,300 units came online during the first quarter, 63% below the same period of 2025.
- Area vacancy rose by 10 basis points during the past three months to 8.2%. Year over year, local vacancy is up 40 basis points.
- Asking rents advanced during the first quarter following losses in the second half of 2025, a trend that has repeated for four years now. Area rents increased 1.0% during the first quarter to \$1,577 per month. Still, rents are down 1.3% from one year ago.
- Momentum in the multifamily investment market cooled in recent months after a brief return to trend during the fourth quarter of last year. While activity was mild, pricing spiked. To this point in the year, the median price is \$320,200 per unit, up 58% from last year.

RALEIGH-DURHAM MULTIFAMILY MARKET OVERVIEW

The pace of multifamily deliveries in the Raleigh-Durham multifamily market slowed to begin 2026, as projects totaling roughly 1,300 units came online after more than 26,000 units were completed during 2024 and 2025. The recent decline in inventory growth led to some stability in vacancy conditions, as the rate appears to have leveled off after gradually rising for the past four years. Absorption continues but has declined in recent months alongside the slowing pace of completions. During the first quarter, apartments recorded net move-ins for nearly 1,400 units, tracking levels recorded prior to the supply boom of 2024 and 2025. Much of the elevated levels of vacancy in 2025 were driven by the market coming off a year of heightened deliveries while still experiencing continued supply growth.

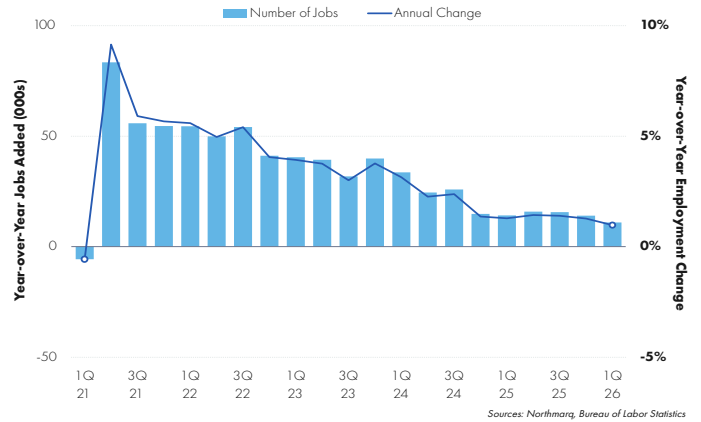
First quarter sales activity in the Raleigh-Durham multifamily investment market returned to the lighter levels of the past two years following an uptick in the fourth quarter of 2025. Total sales during the past three months closely tracked levels recorded in the same period of the past two years. Sales of more than \$10 million were exclusive to Raleigh to begin the year, which recorded higher rents and tighter vacancy than Durham. In the trailing five years, sales have been split, with about 60% of transactions occurring in Raleigh and the remaining 40% of trades closing in Durham. The shift toward Raleigh has driven pricing in the region higher, as properties in Raleigh have traded at per-unit values that were between 30% and 45% higher than those in Durham in recent years. The region's median sale price during the first quarter was \$320,200 per unit, up 58% from one year ago.

EMPLOYMENT

- Employment growth continued at a modest rate in recent quarters. Total employment in Raleigh-Durham expanded by 11,000 positions year over year, an increase of 1.0%. Gains were strong in Raleigh while Durham incurred job losses in recent periods. Employers in Raleigh hired 13,900 workers during the past year, raising employment in the area by 1.8%.
- While white-collar sectors continue to add positions, the private education and health services sector accounts for the largest share of employment growth. During the past 12 months, this sector added 3,800 workers, an increase of 2.0%.
- Biopharmaceutical Company, AbbVie, recently announced plans for a \$1.4 billion manufacturing campus in Durham, marking the largest capital investment in company history. AbbVie plans to hire more than 700 workers at the 185-acre site in the next four years.
- **FORECAST:** Area employers are expected to hire 11,500 workers in 2026, an increase of 1.0%. Employment growth has continued to taper off since the rapid hiring recorded in 2021.

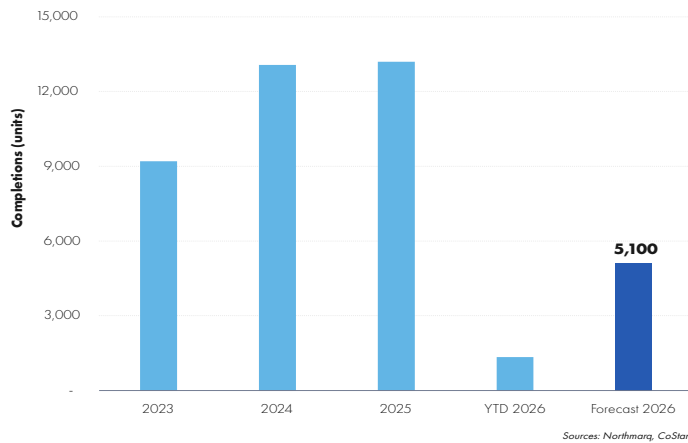
Total employment expanded by 11,000 positions year over year.

EMPLOYMENT OVERVIEW



Construction activity has slowed in recent periods.

DEVELOPMENT TRENDS

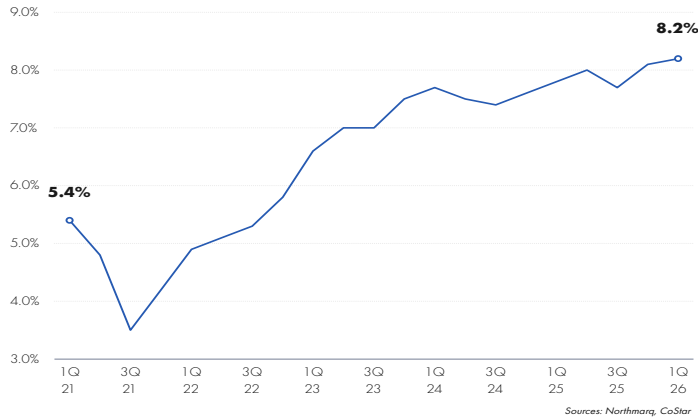


DEVELOPMENT & PERMITTING

- The pace of multifamily deliveries dipped to begin 2026 following elevated supply growth during the previous two years. Projects totaling roughly 1,300 units came online during the first quarter, 63% below the level recorded in the same period last year.
- Construction activity has slowed in recent periods. Projects totaling less than 9,000 units are currently under construction in Raleigh-Durham, down 39% from one year ago. Downtown Durham, South Cary/Apex, and East Raleigh account for roughly half of construction activity in the region, with each of these three submarkets having roughly 1,500 units underway.
- Multifamily permitting picked up in recent months after a slow finish in 2025. Developers pulled permits for roughly 1,900 units during the first quarter, up 44% from the preceding three months.
- **FORECAST:** Completion totals are expected to drop sharply in 2026 following two consecutive years of more than 13,000 units coming online. Projects totaling 5,100 units are forecast for delivery in 2026, 32% below the region's trailing 10-year average.

Year over year, vacancy is up 40 basis points.

VACANCY TRENDS



VACANCY

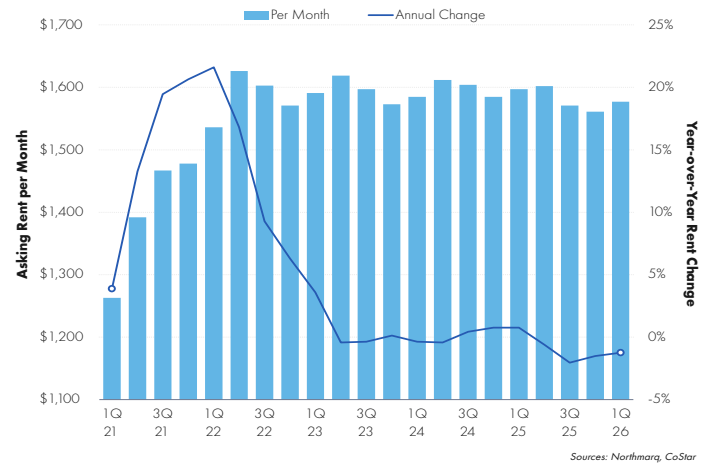
- The vacancy rate inched higher to begin the year following a steeper increase at the end of 2025. During the first quarter, area vacancy rose 10 basis points to 8.2%. Year over year, vacancy is up 40 basis points.
- Vacancy is performing well in South Cary/Apex, as this area recorded a modest annual increase while maintaining a rate well below the market level. The vacancy rate in this area inched up 10 basis points year over year to 6.7%.
- Class A vacancy continues to rise following a spike during the previous quarter. The vacancy rate for top-tier assets is currently 9.5%, up 90 basis points from levels recorded one year ago.
- **FORECAST:** Vacancy conditions are expected to stabilize as supply growth drops. The vacancy rate is forecast to finish the year at 8.2%, up 10 basis points for the full year.

RENTS

- Apartment rents rose during the first quarter after declining in the second half of 2025, repeating trends recorded in the preceding three years. Rents increased 1.0% during the past three months to \$1,577 per month. Despite the increase, apartment rents are down 1.3% year over year.
- While rents trended lower across most submarkets in the region during the past year, rents in South Cary/Apex remained relatively flat. Apartment rents in this submarket are the highest in the region at \$1,782 per month.
- Top-tier rents advanced by 1.5% during the first quarter, closely tracking levels recorded in the same period last year, as rents have traditionally risen to begin the year. Still, Class A apartment rents are down 1.5% from one year ago at \$1,872 per month.
- **FORECAST:** While first-half gains may be followed by second-half losses in 2026, area rents are projected to increase on an annual basis. Asking rents are expected to rise 1.5% in 2026, reaching \$1,585 per month.

Rents increased 1.0% during the past three months.

RENTS TRENDS

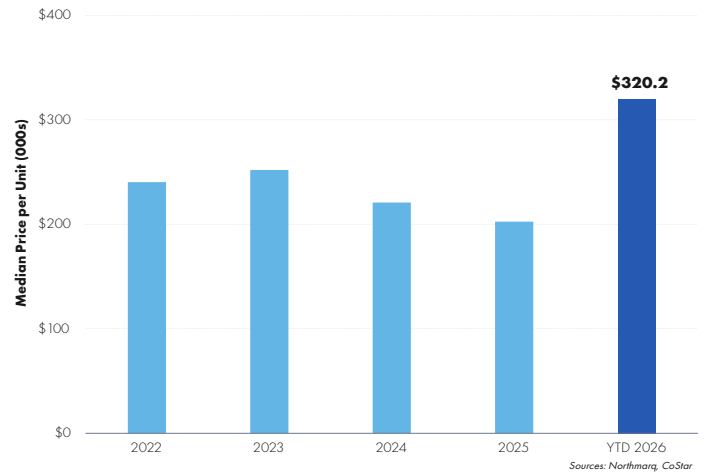


MULTIFAMILY SALES

- Following the most active fourth quarter since 2021, total sales dipped, as sales activity during the first quarter lagged levels recorded in the preceding three months by roughly 70%. Sales activity to begin the year tracked the limited levels recorded in the same period of the previous two years.
- In the sales that occurred, pricing was elevated. Year to date, the median price is \$320,200 per unit, up 58% from 2025.
- During the first quarter, transactions included My Door at Brier Creek, a BTR property, which sold for \$351,000 per unit, and The Maggie, an upscale mixed-use property. The multifamily component of The Maggie traded at \$320,200 per unit, with the retail portion contributing approximately \$25,000 per unit, bringing the combined value to more than \$340,000 per unit.
- During the past year, cap rates averaged roughly 5%, with rates operating in a tight band. During the past 12 months, the lowest rate recorded was 3.9% and the highest was 5.7%. Most deals recorded rates between 4.9% and 5.2%.

Year to date, the median price is \$320,200 per unit.

INVESTMENT TRENDS



RECENT TRANSACTIONS MULTIFAMILY SALES ACTIVITY

PROPERTY NAME	STREET ADDRESS	YEAR BUILT	UNITS	SALES PRICE	PRICE/UNIT
The Maggie*	401 Oberlin Rd., Raleigh	2014	244	\$84,250,000	\$320,205
Crestline Cary	10300 Kingsclere Dr., Cary	1992	247	\$60,850,000	\$246,356
My Door at Brier Creek	7639 Waypond Ct., Raleigh	2024	39	\$13,689,000	\$351,000

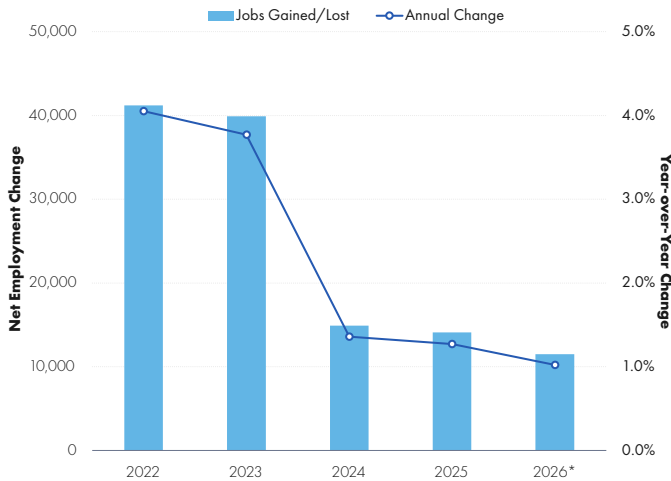
*Per-Unit Pricing Excludes \$25,000 Per Unit for Retail Portion

LOOKING AHEAD

The pace of multifamily deliveries in the Raleigh-Durham multifamily market is expected to slow by more than 60% from 2025 levels this year. The steep drop in deliveries is expected to remain in place for the long term, with construction totals expected to remain modest for the next few years. Construction activity is as low as it has been since early 2021 and may continue to contract. With inventory growth easing for the first time in three years, vacancy conditions should begin to stabilize. Since closing 2021 in the low-4% range, the vacancy rate has increased significantly but appears to have peaked at the start of 2026. Asking rents are expected to advance for the full year while still following the region’s pattern of first-half gains followed by second-half dips. Rents are expected to advance 1.5% in 2026, offsetting last year’s decline.

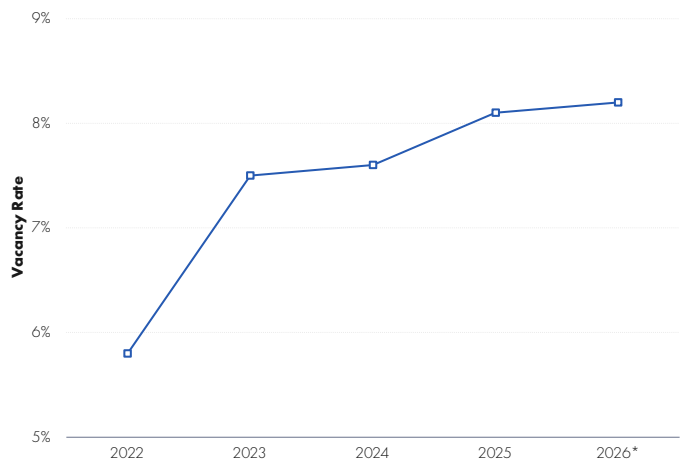
Investment activity in the Raleigh-Durham multifamily market may remain light in the coming quarters, as total sales in 2026 will likely again lag long-term trends. Investor interest will likely remain focused on Raleigh, as vacancy is significantly tighter in this area and rents are higher than in Durham. Properties built in recent years should also present opportunities as they begin to stabilize. Since the beginning of 2024, Raleigh has exceeded Durham in both units added as well as growth rate, which may lead to even greater skew toward Raleigh if newer assets begin to change hands more actively. At the submarket level, properties should continue to trade in North Cary/Morrisville. This area is among the largest submarkets in the region and is recording below-market vacancy as well as the highest asking rents.

EMPLOYMENT FORECAST



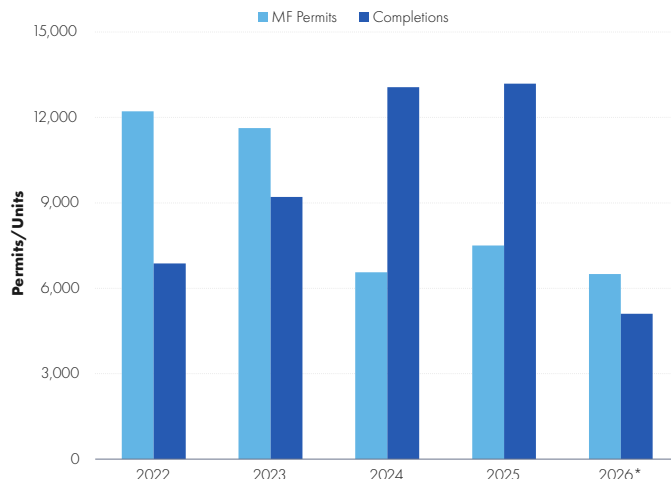
* Year End Forecast
Sources: Northmarq, Bureau of Labor Statistics

VACANCY FORECAST



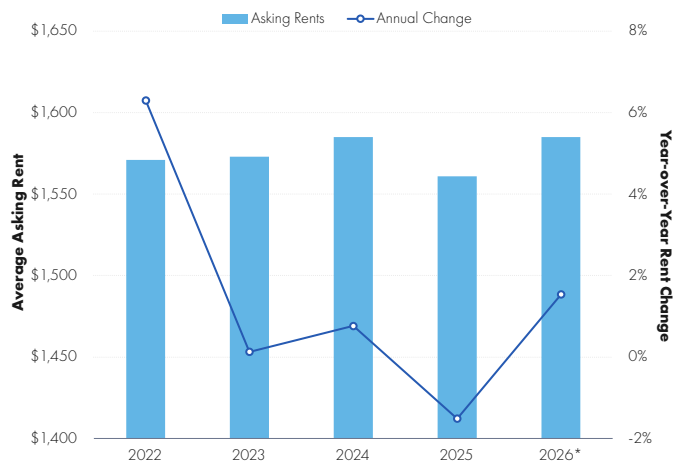
* Year End Forecast
Sources: Northmarq, CoStar

CONSTRUCTION & PERMITTING FORECAST



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

RENTS FORECAST



* Year End Forecast
Sources: Northmarq, CoStar



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