



CONSTRUCTION ACTIVITY



UNDER CONSTRUCTION **9,805**

UNITS DELIVERED (YTD) **2,610**

MARKET FUNDAMENTALS



VACANCY RATE **7.8%**

YEAR-OVER-YEAR CHANGE **-20bps**

ASKING RENTS **\$1,592**

YEAR-OVER-YEAR CHANGE **-0.6%**

TRANSACTION ACTIVITY (YTD)



MEDIAN PRICE PER UNIT **\$218,000**

RALEIGH-DURHAM
MULTIFAMILY
Q2 2026

MARKET INSIGHTS

Fundamentals improve as new supply slows

HIGHLIGHTS

- Operating conditions in Raleigh-Durham performed well during the second quarter, with vacancy trending lower and rents advancing. New deliveries have been light, with roughly 2,600 units completed during the first half of the year.
- The vacancy rate declined 40 basis points in the past three months to 7.8%. During the past year, vacancy is down 20 basis points. Despite the improvement, vacancy remains elevated. During the past five years, the rate has averaged 6.6%.
- Area rents continued to rise in recent months following declines during the second half of 2025. Asking rents increased 1.0% in the second quarter to \$1,592 per month, though rents remain 0.6% below year-ago levels.
- Year-to-date multifamily investment activity is in line with levels recorded during the same period of the past three years. Even so, the median sale price in 2026 is \$218,000 per unit, up 8% from 2025.

RALEIGH-DURHAM MULTIFAMILY MARKET OVERVIEW

Supply growth in the Raleigh-Durham multifamily market remained limited, contributing to the region's first year-over-year vacancy improvement since early 2022. The decline was further supported by stronger renter demand in recent months. During the second quarter, multifamily net absorption totaled roughly 2,600 units, more than double the number of deliveries, driving a decrease in vacancy. The Raleigh segment of the market has been the primary contributor to the recovery. In the past year, every Raleigh submarket posted declining vacancy. In Raleigh, net move-ins during the past year made up more than 5% of Raleigh's approximately 150,000 units of inventory. To the west, net move-ins in Durham during the past 12 months accounted for 3.8% of Durham's roughly 65,000 units of stock.

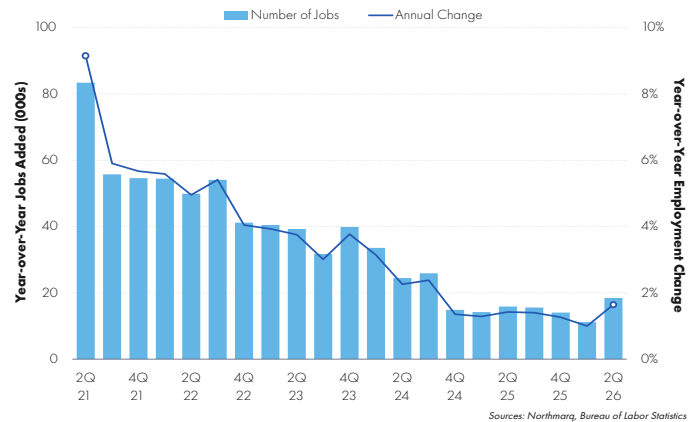
Sales activity in the Raleigh-Durham multifamily investment market has been heavily concentrated in Raleigh this year. Nearly 95% of recorded transactions have occurred on the Raleigh side of the market, a significantly larger share than has historically been the case. Excluding 2023, when activity was nearly evenly split, Raleigh has typically accounted for 60% to 70% of transactions since 2020. Investment activity has been particularly strong in Central Raleigh and Northwest Raleigh, both of which are posting vacancy rates below the market average. While Central Raleigh has long been an active investment hub, the recent uptick in Northwest Raleigh stands out. Transaction activity in that submarket was relatively limited from 2021 through 2025, suggesting investors are increasingly targeting areas with strengthening fundamentals.

EMPLOYMENT

- Area employers have added positions at a modest pace in recent periods. During the past year, total employment increased by 18,500 workers, representing 1.7% growth. By comparison, annual employment growth averaged 2.4% over the past decade.
- The professional and business services sector is building momentum after a period of light job additions. In the past 12 months, the sector added 5,800 positions, expanding by 2.8%. This marks the largest year-over-year increase since the first quarter of 2023.
- Following its recent acquisition of Dallas-based Intellys, Opex Technologies is planning to expand. While the acquisition was primarily intended to strengthen the company's presence in Texas, the move is also expected to support growth in Raleigh. Opex may pursue additional office space in the area to accommodate future expansion.
- **FORECAST:** Total employment is expected to increase by 17,000 workers in 2026, representing 1.5% growth. If realized, hiring activity would exceed the gains recorded in each of the prior two years.

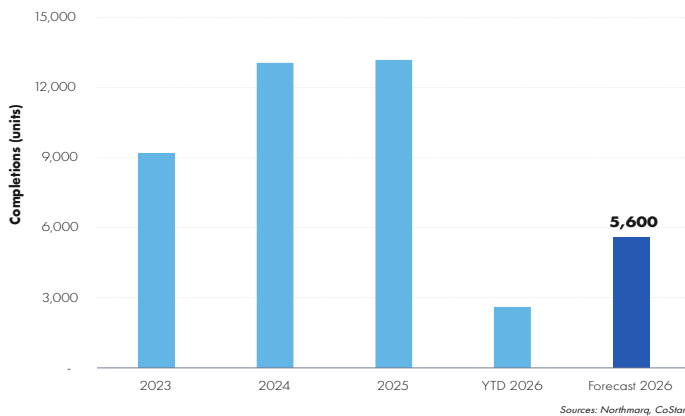
During the past year, employment increased by 18,500 workers.

EMPLOYMENT OVERVIEW



Year to date, approximately 2,600 units have come online.

DEVELOPMENT TRENDS

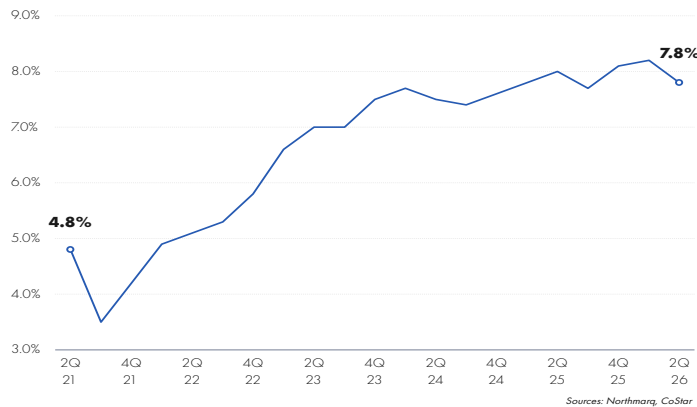


DEVELOPMENT & PERMITTING

- Completion levels remain light, as deliveries during the second quarter closely tracked levels recorded in the preceding three months. Year to date, approximately 2,600 units have come online, down 57% from the same period last year.
- Projects totaling roughly 9,800 units are currently under construction in Raleigh-Durham, down 21% from one year ago. New development in the Central Raleigh area has declined sharply, with roughly 400 units underway. Central Raleigh's pipeline peaked at nearly 4,000 units in late 2022.
- Multifamily permitting is accelerating after declining from heightened levels in 2024 and 2025. During the past six months, developers pulled permits for more than 7,000 units, a cyclical high for the period. In the same period last year, permits for roughly 4,100 units were issued.
- **FORECAST:** Projects totaling 5,600 units are expected to come online in 2026, down 58% from last year. This pace would be more in line with pre-2023 delivery levels, before construction activity accelerated.

Year over year, vacancy is down 20 basis points.

VACANCY TRENDS



VACANCY

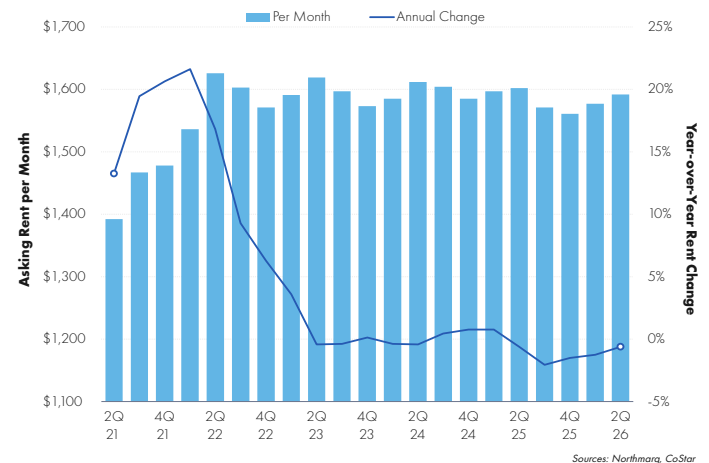
- Vacancy conditions in Raleigh-Durham improved in recent months after trending higher in the preceding two quarters. The rate declined 40 basis points in the second quarter to 7.8%. Year over year, vacancy is down 20 basis points.
- During the past year, vacancy performance was split, with Raleigh submarkets posting improvements while the rates in Durham trended higher. South Cary/Apex is recording one of the tightest vacancy rates in the region at 5.6%, down 190 basis points annually. In Central Raleigh, vacancy declined 170 basis points during the past year to 7.1%.
- After a steep increase in the previous six months, Class A vacancy improved by 70 basis points in the second quarter to 8.6%. Still, the rate is up 60 basis points year over year.
- FORECAST:** Vacancy is expected to continue trending lower, with the rate projected to finish 2026 at 7.5%, a 60-basis-point improvement from 2025. This would mark the first full-year decline in vacancy since 2021.

RENTS

- Area rents continued to rise, building on the gains recorded earlier this year. Apartment rents in Raleigh-Durham trended 1.0% higher during the second quarter to \$1,592 per month. Despite recent growth, rents remain down 0.6% year over year following declines in the second half of 2025.
- In South Cary/Apex, asking rents advanced on an annual basis for the first time in more than two years. During the past 12 months, rents increased 0.8% to \$1,800 per month.
- Rents declined across all asset classes during the past year. Class A rents fell 1.6% annually to \$1,886 per month, while Class B properties recorded the smallest decline, with rents slipping 0.4% to \$1,620 per month.
- FORECAST:** Asking rents are expected to ease through the remainder of the year, consistent with typical seasonal patterns, though annual growth is still projected to remain positive. Apartment rents are forecast to finish 2026 at \$1,580 per month, up 1.2% annually. This follows a 1.5% decline in 2025.

Rents trended 1.0% higher during the second quarter.

RENTS TRENDS

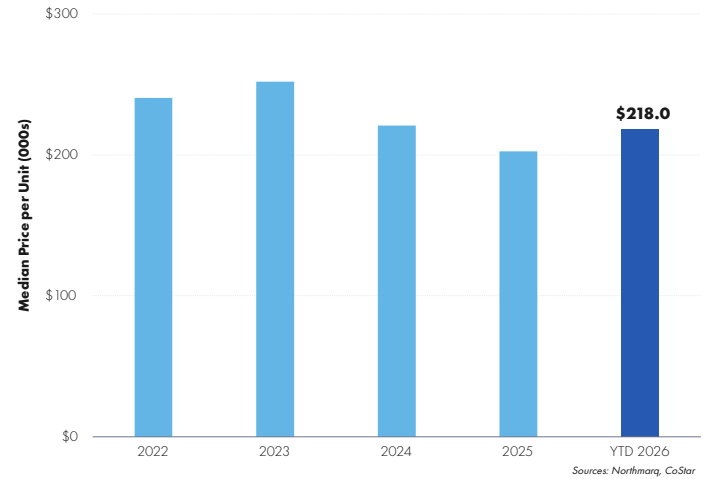


MULTIFAMILY SALES

- Sales activity in the Raleigh-Durham multifamily investment market has been modest in recent periods. Total sales to this point in the year are closely tracking levels recorded in the same period of each of the past three years.
- After exceeding \$320,000 per unit during the first quarter, median pricing moderated in recent months due to transactions of suburban garden communities. Even so, the year-to-date median sale price is \$218,000 per unit, up 8% from levels recorded in 2025.
- Properties built in the 1980s and 2020s accounted for the largest share of year-to-date sales activity, with each vintage representing roughly one-third of all transactions. Last year, 2020s-vintage assets made up 30% of all sales, while 1980s-vintages accounted for roughly 20%.

The year-to-date median sale price is \$218,000 per unit.

INVESTMENT TRENDS



RECENT TRANSACTIONS MULTIFAMILY SALES ACTIVITY

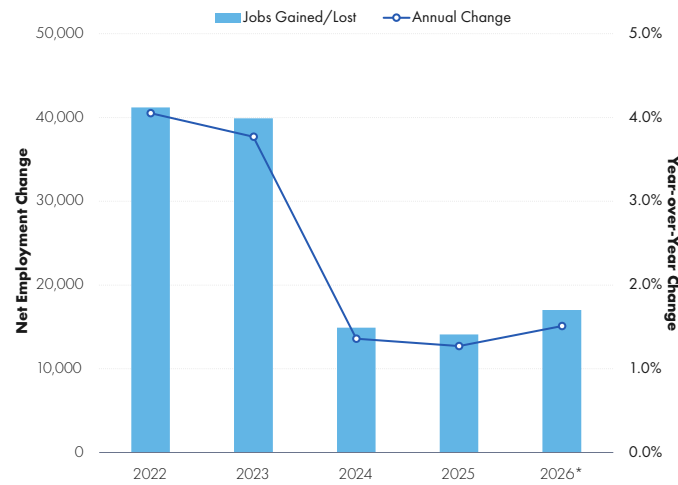
PROPERTY NAME	STREET ADDRESS	YEAR BUILT	UNITS	SALES PRICE	PRICE/UNIT
University Hill	3806 University Drive, Durham	2020	269	\$87,125,000	\$323,885
Nu Six Forks	6317 Shanda Drive, Raleigh	1982	471	\$76,600,000	\$162,633
The Crest at Brier Creek	6450 Viewpointe Circle, Raleigh	2013	291	\$64,400,000	\$221,306
Atria at Crabtree Valley	4601 Baymar Drive, Raleigh	1987	268	\$40,300,000	\$150,373

LOOKING AHEAD

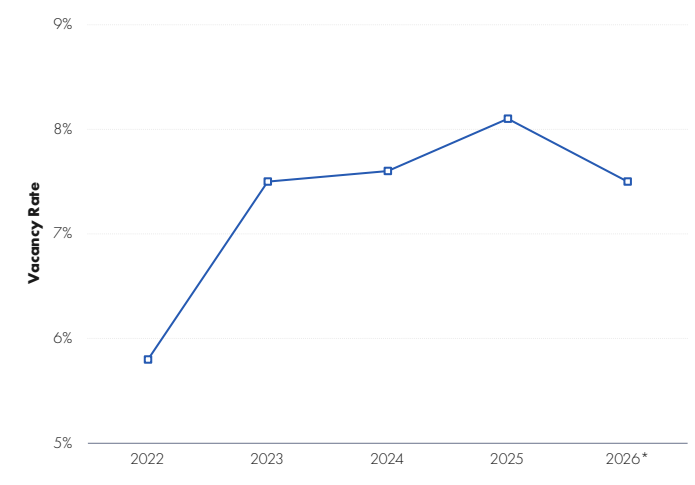
Multifamily completions are expected to remain light through the end of the year, supporting further vacancy improvement in the Raleigh-Durham market. Despite vacancy being projected to trend lower, asking rents will likely soften during the second half of the year, as has been the case in the past four years. Longer-term, multifamily permitting has surged to this point in the year, specifically in Durham. Year to date, developers have pulled permits for more than 2,800 units in Durham, already exceeding the area's trailing five-year annual average of roughly 2,500 units. While it remains too early to identify a sustained trend, elevated permitting could signal a broader shift in development activity in the coming quarters. Since 2023, Raleigh has captured more than 75% of new deliveries, but Durham may account for a larger share of future construction if recent permitting momentum persists.

The pace of multifamily sales in the Raleigh-Durham multifamily investment market is expected to accelerate during the second half of the year, with total sales in 2026 closely tracking levels recorded in 2025. While softer fundamentals in Durham continue to weigh on investment activity, improving vacancy conditions and stronger sales momentum in Raleigh should support deal flow across the region. South Cary/Apex could attract greater investor interest in the coming quarters. Although transaction activity there has been relatively limited in recent years, rapid inventory growth since 2020 has elevated the submarket's profile, making it comparable in size to some of the region's larger multifamily submarkets. In addition, South Cary/Apex currently boasts the strongest fundamentals in Raleigh-Durham, with tight vacancy conditions alongside elevated asking rents, which trended higher during the past year.

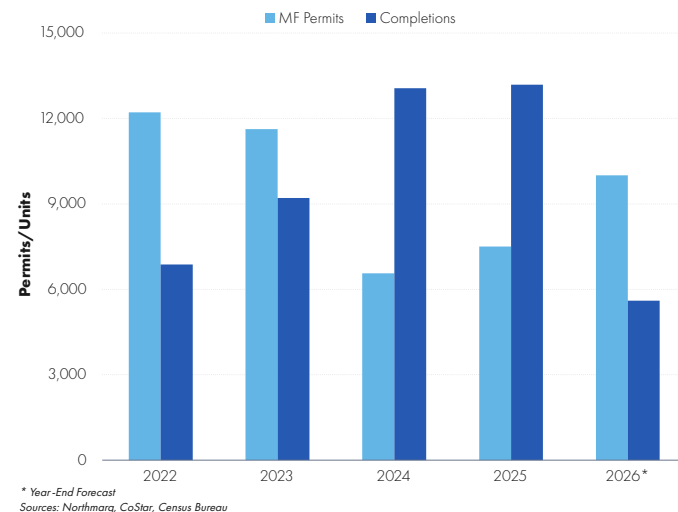
EMPLOYMENT FORECAST



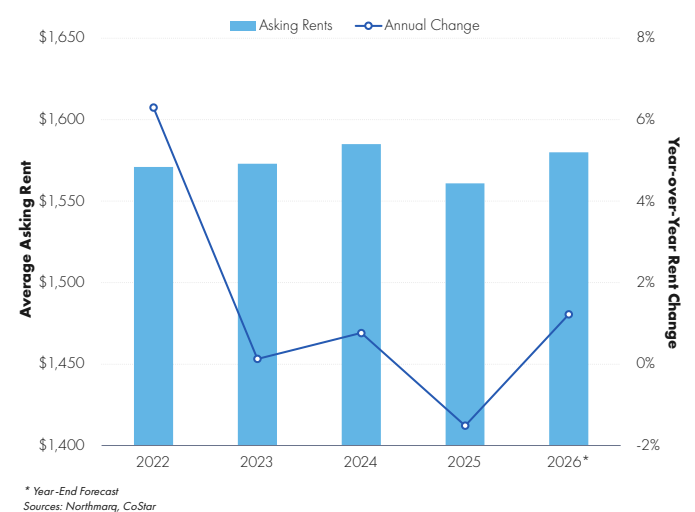
VACANCY FORECAST



CONSTRUCTION & PERMITTING FORECAST



RENTS FORECAST





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