

INVESTMENT FORECAST

Retail
Raleigh

IPA
INSTITUTIONAL
PROPERTY
ADVISORS

2026

Faster Multi-Tenant Backfilling Draws Investors; Domestic In-Migration Anchors Consumer Demand

Lower international inflows shift Triangle spending. The market's retail vacancy held flat in 2025, though performance will likely remain split. Single-tenant vacancy rose to 2.5 percent last year, while multi-tenant vacancy posted the third largest drop among major U.S. markets, falling 70 basis points to 3.2 percent. Small-shop demand and flexible terms should keep multi-tenant space backfilling faster than single-tenant boxes that need heavier build-outs. Consumer spending in Raleigh-Cary may also hold up better than in Durham-Chapel Hill amid reduced immigration. About 35 percent of recent migration to the former area was international, about half that of the latter area, and the lowest share in the Sun Belt. This should keep fast-growing suburbs tight, where vacancy fell under 3 percent in Johnston County and East and West Wake counties last year. Big-box nodes like North Hills and Durham County have seen more move-outs, yet late-2025 leasing in North Raleigh from experiential and furniture tenants signals firmer demand aligned with a growing family and young-professional base.

Multi-tenant trades surge, with Johnston County leading. Sales activity rose in 2025 as investors leaned into multi-tenant assets, with trading more than doubling year-over-year as buyers sought stronger income potential and a diversified tenant base. Johnston County emerged as the most active submarket on record, with local transaction activity hitting an all-time high. The area's outlook remains supported by industrial growth, led by Novo Nordisk's \$4.1 billion build-out in Clayton. Nearby East Wake County also posted near-record sales last year, reinforced by Johnston and East Wake leading the metro in multi-tenant vacancy compression, with declines of over 200 basis points, fueling demand for strip centers and in-line shops.

2026 MARKET FORECAST

+0.8%



Employment: The market will maintain a top-10 pace of job growth in 2026, adding 9,000 new roles. Healthcare and white-collar sectors are likely to lead net employment gains.

605,000
sq. ft.



Construction: Deliveries rise from 2025 but remain below the prior 10-year average. A 100,000-square-foot-plus Target, a pickleball club, and a Life Time Fitness account for most new supply.

+20 bps



Vacancy: Modest leasing activity and an uptick in completions push vacancy up slightly. At 3.0 percent, the metro's rate will still rank second lowest among major U.S. markets.

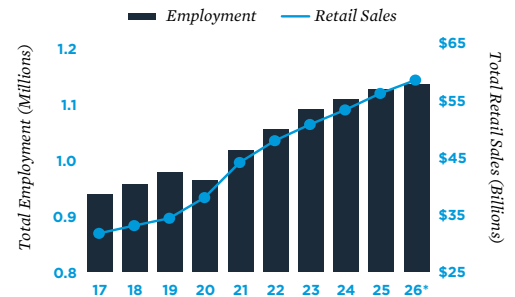
+1.3%



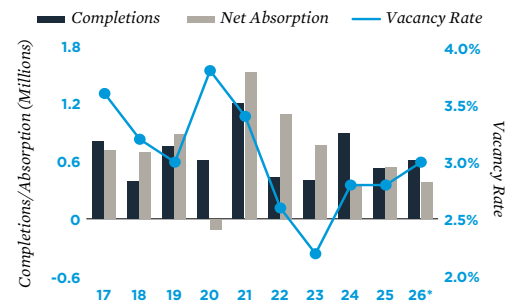
Rent: Rent growth will remain minimal in 2026, with the average asking rent reaching \$24.51 per square foot. Multi-tenant asking rent growth may continue to outpace single-tenant.

INVESTMENT: *Late-2025 zoning changes permit existing Research Triangle Park sites to add residential, hospitality, and retail uses, shifting the district beyond a single-use office park and supporting retail investment.*

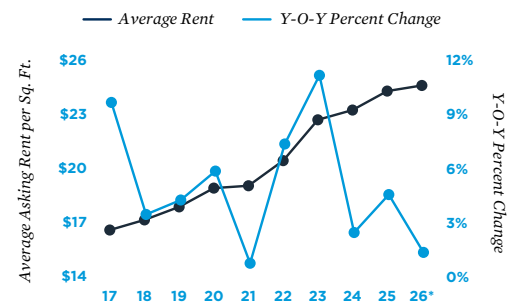
Economic Trends



Supply and Demand



Rent Trends



* Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics

IPA Retail

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Metro-level employment, vacancy and effective rents are year-end figures and are based on the most up-to-date information available as of January 2026. Average prices and cap rates are a function of the age, class and geographic area of the properties trading and therefore may not be representative of the market as a whole. Sales data includes transactions valued at \$1,000,000 and greater unless otherwise noted. Forecasts for employment and office data are made during the fourth quarter and represent estimates of future performance. No representation, warranty or guarantee, express or implied, may be made as to the accuracy or reliability of the information contained herein. This is not intended to be a forecast of future events and this is not a guarantee regarding a future event. This is not intended to provide specific investment advice and should not be considered as investment advice.