

INVESTMENT FORECAST

Multifamily
Raleigh

IPA
INSTITUTIONAL
PROPERTY
ADVISORS

2026

Market Balance Returns in 2026 Amid Steady Employment Growth

Rent gains remain measured as supply pressure moderates. The pace of expansion in apartment supply and renter demand should both ease by roughly 15 percent in 2026. This will return both completions and net absorption to their 10-year averages, signaling a more balanced market environment going forward. Despite this normalization, rent growth entering 2026 remains subdued. This reflects the lingering effects of 2025's elevated concessions and the 2023-2024 construction surge, during which apartment inventory expanded by nearly 15 percent. Many newly completed properties remain in lease-up, with elevated incentives muting overall rent growth. A sharper pullback in new supply this year should support stronger momentum with vacancy and rent growth as the market absorbs the recent delivery wave. Even so, some submarkets may continue to experience pressure from incoming inventory, particularly Apex-Cary, where a record number of completions could weigh on rents despite vacancy holding near the mid-5 percent range. By contrast, Downtown Durham is poised for firmer performance later in the year as project openings drop by nearly 90 percent – the steepest annual decline in more than a decade.

Investor activity rose across all segments coming into 2026. Transaction velocity increased last year after slowing in 2024, as the metro's average price per unit posted its first annual gain since 2022. While trades above \$20 million remained prevalent, activity among sub-\$10 million assets accelerated, particularly in Downtown Raleigh and Durham. This momentum may extend into 2026, supported by increasingly active investors amid looser monetary policy and an improving outlook. Institutional transactions inched higher last year, while assets trading above \$20 million posted their lowest average price per unit in five years. Post-2000 Class B properties dominated the sales mix, with mid-tier vacancy holding near the lowest level among segments since late 2023. Investors may continue to target Class B assets in 2026, seeking strong performance at a lower entry cost. Meanwhile, employment growth metrowide is expected to reaccelerate in 2026 after five years of slowing expansion, supporting renewed gains in household income and bolstering demand for upper-tier properties.



20.3%

2025 share of local population between 20 and 34 years old



47.6%

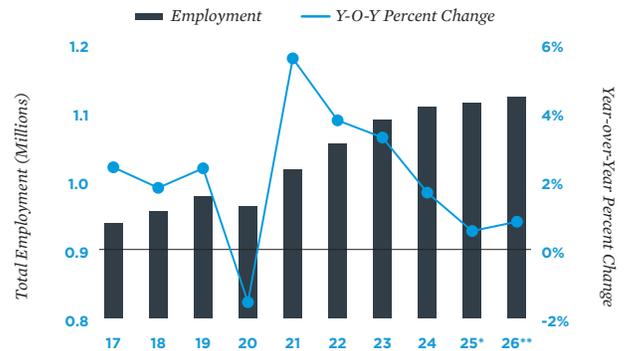
of local population hold bachelor's degree or higher*



\$431,600

2025 median home price*

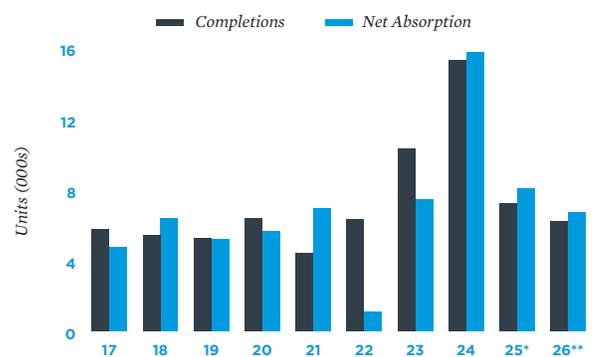
Employment Trends



Housing Affordability Gap



Supply and Demand



* Estimate ** Forecast * Through 3Q
*2025: 25+ years old

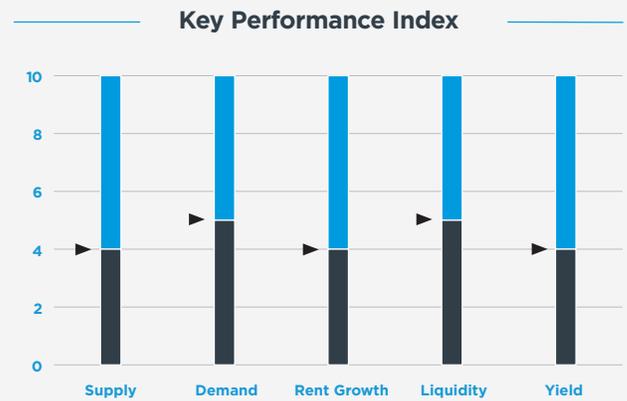
Sources: IPA Research Services; BLS; Freddie Mac; National Association of Realtors; RealPage, Inc.

Investment Outlook

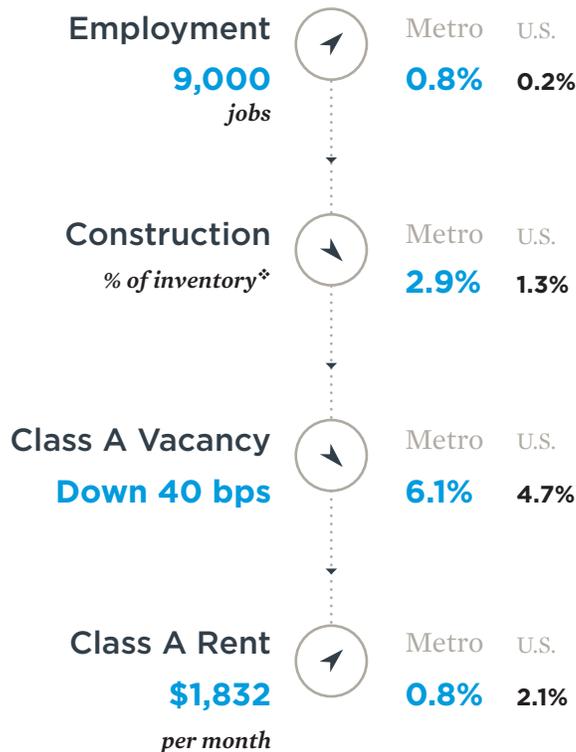
As construction activity begins to pull back in the greater Raleigh area, the metro's supply score improves from the lowest possible rating last year to a near-neutral score of 4 in 2026. Demand and rent values of 5 and 4 also indicate gains over last year and a market where the supply-demand balance tilts toward the latter.

Raleigh's liquidity value of 5 joins a large cohort of markets, reflecting improved sales activity. While the metro's yield level of 4 is below that of some of those other markets, the local mean cap rate has nevertheless risen more than 100 basis points since 2022.

Note: The Key Performance Index provides a metro-level relational benchmark scaled from 1-10 for five key metrics.



2026 INVESTMENT OUTLOOK



IPA Multifamily

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* Estimate ** Forecast
 * Arrow reflects completions trend compared with 2025
 Sources: IPA Research Services; CoStar Group, Inc.; RealPage, Inc.; Real Capital Analytics