

INVESTMENT FORECAST

Office
Raleigh Metro Area

IPA
INSTITUTIONAL
PROPERTY
ADVISORS

2026

A Sizable Talent Pool and Enterprise Expansion Bolster Investor Confidence in Local Assets

Various tailwinds fuel local office fundamentals. For a second consecutive year, local construction activity will be limited, with inventory expanding at the metro's slowest pace in roughly two decades. Scant deliveries will coincide with a handful of expansions by small and midsized companies. This dynamic will help bolster net absorption, supporting a decline in vacancy that lowers the local year-end rate below 15 percent for the first time since 2022. Vacancy will nonetheless remain elevated relative to historical norms. However, long-term commitments like Apple's planned RTP campus and BuildOps' Raleigh tech hub bode well for future office demand. These large-scale expansions should lift the space needs of ancillary firms. Meanwhile, a highly skilled labor pool anchored by major universities will continue to provide these employers with ample talent, supporting a broader base of office demand.

Improving liquidity and selective value opportunities. Transaction velocity rose substantially last year as out-of-state and institutional investors engaged more actively with the local marketplace. At the same time, deal volume below \$10 million increased, nearing the 2015-2019 average. Cap rates stabilized around 7.3 percent, while pricing held near \$160 per square foot, making conditions appear more predictable entering 2026. Some investors are likely to target medical office listings after these properties traded more frequently last year. In this segment, Durham County is positioned to remain a key focus as one of the metro's largest submarkets by medical office inventory. It enters the year with vacancy below 5 percent and rent growth above the metro average. Meanwhile, the average sale price for traditional offices in the core entered 2026 modestly lower, appealing to investors seeking discounted entry points amid improving local vacancy.

2026 MARKET FORECAST

+0.8%



Employment: Traditional office-using employment expands by about 1,000 positions in 2026, while the metro's overall headcount grows roughly by 9,000 roles — readings below historical averages.

165,000
sq. ft.



Construction: Deliveries are limited, with inventory expanding by only 0.2 percent. East Wake County will receive the most new supply; however, just 50,000 square feet is slated to be added here.

-40 bps



Vacancy: Net absorption will remain positive for a fourth straight year, supporting a decline in the metro's vacancy rate to 14.9 percent, aligning with the median among major U.S. metros.

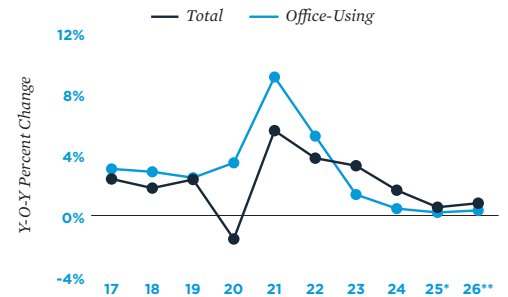
+1.1%



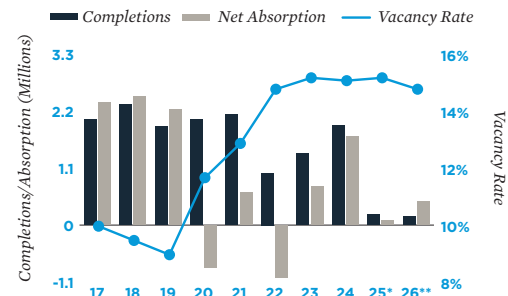
Rent: As firming demand places downward pressure on vacancy, Raleigh's average asking rent will increase to \$28.85 per square foot. The metro's growth rate will slightly outpace the national pace.

INVESTMENT: Raleigh's ongoing infrastructure and transit improvements are catalyzing redevelopment efforts, potentially strengthening office demand profiles and supporting favorable long-term investment.

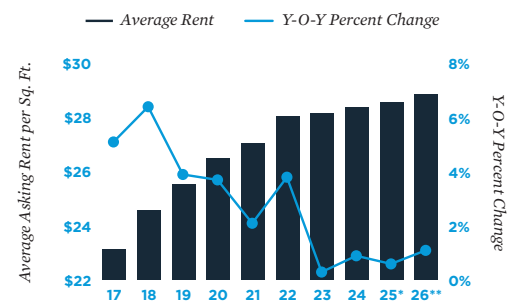
Employment Trends



Supply and Demand



Rent Trends



* Estimate ** Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics

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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.