

JANUARY 1, 2026 TO MARCH 31, 2026 | GALLIMORE & ASSOCIATES

FIRST QUARTER OF 2026

Triangle Market Overview



SUMMARY | Q1 2026

GALLIMORE & ASSOCIATES

Raleigh-Durham's commercial real estate market is shifting into a more balanced phase after several years of rapid growth. Strong population trends, institutional investment, and a thriving life sciences sector continue to anchor long-term demand, particularly in industrial and research-focused assets. However, rising interest rates and increased supply have slowed deal velocity and leasing activity across several sectors.

Office and multifamily are facing the most pressure, with higher vacancies and more cautious tenant demand reshaping market dynamics. Investors and occupiers are becoming more selective, leading to a more price-sensitive environment. While short-term uncertainty remains, the Triangle's fundamentals continue to position it as one of the most resilient and attractive markets in the Southeast.

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ABOUT GALLIMORE & ASSOCIATES

At Gallimore & Associates, we are dedicated to guiding clients toward their commercial real estate goals. Our mission is to help individual clients achieve their financial objectives through strategic real estate investments.

We offer a comprehensive suite of services, including our proprietary Investor Portfolio Development PlanSM, which empowers clients to make informed decisions and maximize returns. Our expertise spans tenant and landlord representation, buyer and seller transactions, and advisory consulting.

Our team, led by Debbie Gallimore, CCIM, CIPS, brings a wealth of experience in commercial brokerage and development facilitation. Debbie's diverse background in architectural drafting, construction, and real estate investing positions her as a trusted advisor for investors, developers, and business owners.

At Gallimore & Associates, we are committed to excellence, personalized service, and comprehensive solutions that set us apart in the industry.

Achieving Results Exceeding Your Expectations!

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THE TRIANGLE'S ECONOMY

Raleigh-Durham continues to stand out as one of the nation's fastest-growing regions, with a combined population of approximately 2.2 million and growth rates well above the national average. Raleigh alone grew 1.3% year-over-year, while total employment has surged roughly 16% since pre-pandemic levels—far outpacing U.S. trends. Backed by North Carolina's top-ranked business climate and a highly educated workforce from institutions like NC State, Duke, and UNC, the Triangle remains a magnet for corporate investment.

That investment is being led by life sciences and advanced manufacturing, with headline projects including Novo Nordisk's \$4.1 billion facility and FUJIFILM Diosynth's \$2 billion expansion. In Durham, Research Triangle Park—home to over 350 companies—continues evolving with new mixed-use development, while major employers and ongoing expansions from firms like Novartis and Wolfspeed reinforce the area's economic strength. Job growth across the region continues to outperform national benchmarks, particularly in professional and business services.

However, momentum is beginning to moderate. Slowing population growth, reduced federal funding for education and research, and potential immigration constraints are emerging as key risks—especially in Durham, where recent hiring slowdowns and layoffs have raised concerns. Even so, the Triangle's diversified economy, strong talent pipeline, and continued corporate investment position the region for long-term, above-average growth.



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Industrial Market Overview



SUMMARY | Q1 2026

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Industrial fundamentals across the Raleigh–Durham market remain generally strong, though rising supply has begun to push vacancies above historical norms. Demand continues to be supported by population growth, job creation, and ongoing corporate investment, but elevated construction levels are creating a more balanced market. While absorption remains positive, vacancies are expected to rise modestly in the near term as new inventory delivers.

In Raleigh, vacancy sits at 7.2%, below the national average but well above its long-term norm. Demand has remained strong, with annual absorption significantly exceeding historical averages, though robust deliveries have kept upward pressure on vacancies. Rent growth has slowed to approximately 2.6% year-over-year, still outperforming national trends, while a sizable construction pipeline—partially preleased—suggests continued near-term supply pressure.

Durham has experienced greater vacancy expansion as supply has outpaced demand, pushing vacancy to 9.4%. While the market benefits from diverse demand drivers including life sciences, advanced manufacturing, and population growth, absorption has fallen below historical levels. Rent growth remains above national averages at roughly 2.8%, but continued deliveries—particularly in outlying submarkets—are expected to drive further vacancy increases through 2026.

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INDUSTRIAL MARKET OVERVIEW

RALEIGH

109M

INVENTORY SF

5.7M

UNDER CONSTR SF

2.7M

12 MO SF NET ABSORP

7.2%

VACANCY RATE

\$12.73

RENT/SF

\$156

SALE PRICE/SF

DURHAM

60.1M

INVENTORY SF

3M

UNDER CONSTR SF

209K

12 MO SF NET ABSORP

9.4%

VACANCY RATE

\$11.67

RENT/SF

\$148

SALE PRICE/SF

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FIRST QUARTER OF 2026

Office Market Overview



SUMMARY | Q1 2026

GALLIMORE & ASSOCIATES

Office fundamentals across the Raleigh–Durham market remain soft as demand continues to lag historical averages amid hybrid work trends and economic uncertainty. While leasing activity has improved in terms of tenant interest, downsizing and cautious decision-making have kept net absorption muted. Elevated vacancies persist, though limited new construction and strong regional fundamentals are helping both markets outperform national trends.

In Raleigh, vacancy has moderated slightly to 11.0% but remains well above its long-term average. Demand has been inconsistent, with annual absorption falling below historical norms as tenants reduce footprints. Rent growth has slowed to roughly 2.4% year-over-year, with elevated concessions impacting effective rents, while a shrinking construction pipeline and high pre-leasing levels should limit additional upward pressure on vacancy.

Durham continues to face weaker demand conditions, with negative absorption over the past year and vacancy at 9.2%, still below national levels. Performance varies by submarket, with Downtown showing relative strength while Research Triangle Park faces headwinds tied to uncertainty in research funding. Minimal construction activity and some office-to-multifamily conversions are helping stabilize vacancies, though near-term demand is expected to remain subdued.

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OFFICE MARKET OVERVIEW

RALEIGH

81.3 M

INVENTORY SF

614K

UNDER CONSTR SF

418K

12 MO SF NET ABSORP

11.0%

VACANCY RATE

\$32.19

RENT/SF

\$208

SALE PRICE/SF

DURHAM

37.5M

INVENTORY SF

6.4K

UNDER CONSTR SF

206K

12 MO SF NET ABSORP

9.2%

VACANCY RATE

\$29.16

RENT/SF

\$220

SALE PRICE/SF

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FIRST QUARTER OF 2026

Retail Market Overview



SUMMARY | Q1 2026

GALLIMORE & ASSOCIATES

Retail fundamentals across the Raleigh–Durham market remain strong, with extremely tight availability despite moderating demand. Limited new supply and steady population growth continue to support the sector, keeping vacancies well below national averages. While leasing activity has slowed, much of that is driven by a lack of available space rather than weakening fundamentals, allowing rent growth to remain above national trends.

In Raleigh, availability is just 2.9%, among the lowest in the region, as limited deliveries and below-average demand have kept space scarce. Leasing volume has dipped due to a shortage of quality space—particularly for restaurants—while rent growth has remained strong at 4.4% year-over-year. A largely pre-leased construction pipeline and continued suburban population growth are expected to keep availability tight and support above-average rent growth.

Durham has also maintained a tight retail market, with availability at 2.9%, though slightly rising as new supply has outpaced demand. Absorption has been mixed, with several submarkets experiencing negative demand, while others—such as Chatham County—continue to grow. Rent growth has slowed to 1.3% annually but remains positive, and with most new construction pre-leased, vacancies are expected to stay below national levels as the market stabilizes.

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RETAIL MARKET OVERVIEW

RALEIGH

76.4M

INVENTORY SF

668K

UNDER CONSTR SF

304K

12 MO SF NET ABSORP

2.6%

VACANCY RATE

\$28.28

RENT/SF

\$269

SALE PRICE/SF

DURHAM

31.2M

INVENTORY SF

452K

UNDER CONSTR SF

364K

12 MO SF NET ABSORP

2.8%

VACANCY RATE

\$24.99

RENT/SF

\$238

SALE PRICE/SF

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FIRST QUARTER OF 2026

Multi-Family Market Overview



SUMMARY | Q1 2026

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Multifamily demand in Raleigh remains exceptionally strong, driven by rapid population growth, with absorption well above historical norms as vacancies continue to ease from recent highs amid a slowing construction pipeline. Demand remains concentrated in higher-end properties, though elevated vacancy levels have continued to pressure rent growth in the near term.

In Durham, demand has remained consistently positive, led by Class A properties in South Durham and Downtown, while lower-tier assets have lagged. Although vacancies have declined from recent peaks, they remain above historical averages, and rent growth has stayed negative as the market works through recent supply.

Looking ahead, slowing deliveries and sustained population growth are expected to support gradual vacancy improvement across both markets, though rent growth is likely to remain muted in the near term as new inventory is absorbed.

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MULTI-FAMILY MARKET OVERVIEW

RALEIGH

139,355

INVENTORY UNITS

6,667

UNDER CONSTR UNITS

6,560

12 MO ABSORP UNITS

10.8%

VACANCY RATE

\$1,551

ASKING RENT/UNIT

\$244K

SALE PRICE/UNIT

DURHAM

64,965

INVENTORY UNITS

4,176

UNDER CONSTR UNITS

2,378

12 MO ABSORP UNITS

11.3%

VACANCY RATE

\$1,556

ASKING RENT/UNIT

\$218K

SALE PRICE/UNIT

FIRST QUARTER OF 2026

Highlights

HIGHLIGHTS | Q1 2026

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The Raleigh-Durham commercial real estate market is entering a more balanced phase following several years of rapid growth. Strong population gains, a highly educated workforce, and continued corporate investment—particularly in life sciences and advanced manufacturing—continue to support long-term fundamentals. Demand across most sectors remains positive, but elevated supply and shifting occupier behavior have slowed absorption and moderated rent growth.

While office and multifamily sectors face near-term pressure from higher vacancies and cautious tenant activity, industrial and retail fundamentals remain relatively strong. Across the market, new construction has begun to slow, which should help stabilize conditions moving forward. Despite growing economic uncertainty and policy-related headwinds, the Triangle remains one of the most resilient and attractive markets in the Southeast, with long-term growth prospects still firmly intact.

Quick Sector Snapshots:

- **Office:** Vacancies remain elevated across both Raleigh and Durham as hybrid work and tenant downsizing continue to weigh on demand. Leasing activity has improved, but absorption remains muted. Limited new construction is helping stabilize both markets, which continue to outperform national office trends despite ongoing softness.
- **Retail:** Retail fundamentals remain exceptionally tight, with availability around 2.9% in both markets—well below national averages. Limited new construction and steady demand are driving strong rent growth, particularly in Raleigh. Leasing activity is constrained more by lack of space than lack of demand.
- **Industrial:** Demand remains strong across the Triangle, supported by population growth and corporate investment, but elevated supply has pushed vacancies above historical norms. Raleigh continues to outperform with above-average absorption, while Durham faces more vacancy pressure as new deliveries outpace demand. Rent growth has slowed but remains above national levels.
- **Multifamily:** Strong demand continues to absorb new supply, but elevated deliveries have kept vacancies above historical levels and rent growth negative. Both Raleigh and Durham are stabilizing, with construction slowing and fundamentals expected to improve. Rent growth is likely to turn positive later in 2026 as supply pressures ease.

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Insider Insights



INSIDER INSIGHTS | Q1 2026

GALLIMORE & ASSOCIATES

The Triangle market is continuing to shift into a more disciplined phase, as recent waves of new supply are absorbed and occupiers reassess space needs. While demand remains present across sectors, activity has become more deliberate, with longer decision timelines and greater emphasis on efficiency. Fundamentals have largely stabilized, though performance varies by asset class, with industrial and retail remaining resilient while office and multifamily continue to work through near-term imbalances.

Tenant and investor preferences are increasingly centered on quality, location, and functionality. Well-located assets in high-growth submarkets are consistently outperforming, while older or less competitive properties face greater leasing challenges. At the same time, development activity has slowed significantly due to rising costs and tighter capital markets, which is expected to help rebalance supply and demand over the coming quarters.

Looking ahead, elevated vacancies and moderated rent growth are likely to persist in the near term, particularly in office and multifamily. However, the Triangle's strong population growth, diverse economic base, and continued corporate investment position the market for long-term stability and renewed growth as conditions improve.

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OFFICE MARKET

While still challenged, the Triangle office market is beginning to stabilize as vacancies level off and leasing activity improves modestly. Demand remains focused on higher-quality, well-located assets in submarkets like North Hills, Downtown Durham, and RTP, with tenants downsizing but upgrading space. With minimal new construction and a largely pre-leased pipeline, supply pressure is easing, positioning the market for gradual recovery.

RETAIL MARKET


Retail fundamentals in the Triangle remain strong, with availability holding near historic lows and limiting leasing activity. Demand is steady—particularly from restaurants, service users, and experiential concepts—but is constrained by a lack of quality space. With minimal new construction and most projects pre-leased, supply remains tight, supporting continued rent growth and keeping the market well-positioned moving forward.

MULTI-FAMILY MARKET

Multifamily fundamentals in the Triangle are stabilizing as strong demand continues to absorb recent deliveries, though vacancies remain elevated. Rent growth is still negative as operators work through excess supply, particularly in Class A assets. With construction slowing and population growth remaining strong, the market is expected to gradually rebalance, supporting a return to positive rent growth later in 2026.

INDUSTRIAL MARKET

Industrial fundamentals across the Triangle remain solid, supported by strong demand from population growth and corporate investment. However, elevated supply has pushed vacancies above historical norms, particularly in mid-sized buildings. While leasing activity remains active, users are becoming more selective, and rent growth has moderated. With construction still ongoing but beginning to slow, the market is expected to remain stable with modest upward pressure on vacancies in the near term.



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