

APRIL 1, 2026 TO JUNE 30, 2026 | GALLIMORE & ASSOCIATES

SECOND QUARTER OF 2026

Triangle Market Overview



SUMMARY | Q2 2026

GALLIMORE & ASSOCIATES

The Research Triangle continues to be one of the nation's strongest growth markets, with more than 2.2 million residents across Raleigh and Durham and population growth that continues to outpace the national average. A highly educated workforce, business-friendly environment, and steady corporate investment remain key drivers of the region's long-term strength.

North Carolina's reputation as a top destination for business continues to attract major employers. Recent investments from Novo Nordisk (\$4.1B), AbbVie (\$1.4B), FUJIFILM Diosynth (\$2B), and Novartis (\$771M) reinforce the Triangle's position as a national hub for life sciences, advanced manufacturing, and biotechnology.

While federal funding reductions for education and research have introduced near-term uncertainty—particularly affecting Durham's research institutions and hiring—the region's diversified economy, Research Triangle Park, world-class universities, and continued private investment position the Triangle for sustained long-term growth.

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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

The Triangle economy continues to outperform much of the nation, supported by a diverse employment base, a highly educated workforce, and sustained private-sector investment. While economic uncertainty has increased in recent months due to reductions in federal funding for education and research, the region's long-term fundamentals remain among the strongest in the Southeast.

The Raleigh market now supports more than 760,000 jobs, representing approximately 16% employment growth since the market's pre-pandemic peak in 2021—well above the national increase of roughly 5% during the same period. Employment growth continues to be driven by healthcare, technology, government, professional services, advanced manufacturing, and life sciences.

North Carolina's pro-business climate continues to attract corporate investment. The state was recognized by CNBC as America's Top State for Business in 2025, following consecutive top rankings in recent years. Combined with a lower cost of doing business, competitive tax environment, and access to one of the nation's most educated labor pools, the Triangle remains a preferred destination for corporate expansion.

Life sciences and advanced manufacturing continue to reshape the regional economy through record-breaking capital investment. Novo Nordisk is investing \$4.1 billion in a 1.4 million-square-foot pharmaceutical manufacturing campus in Clayton, while AbbVie recently announced a \$1.4 billion manufacturing campus in Durham. Additional investments from FUJIFILM Diosynth Biotechnologies (\$2 billion) and Novartis (\$771 million) further reinforce the Triangle's position as one of the country's fastest-growing biotechnology and pharmaceutical manufacturing hubs.

Research Triangle Park remains a cornerstone of the regional economy, housing more than 350 companies across technology, life sciences, finance, and manufacturing. Recent expansion announcements from companies including Eli Lilly, GRAIL, and Taysha Gene Therapies continue to demonstrate confidence in the market's long-term prospects. At the same time, RTP continues its transition toward a more mixed-use environment through projects such as Hub RTP, creating opportunities for additional commercial development.

Despite these positive trends, the region faces near-term challenges. Federal policy changes have resulted in reduced funding for education and scientific research, leading to hiring freezes and workforce reductions at several universities and research institutions, particularly within Durham. Population growth has also moderated as immigration has slowed nationally. Nevertheless, continued domestic migration, strong corporate investment, and the Triangle's diversified economy position the region for sustained long-term growth.

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Industrial Market Overview



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The Triangle industrial market remains fundamentally healthy, though supply continues to outpace demand as new development delivers at a historic pace. Strong population growth, corporate investment, and manufacturing expansion continue to support long-term demand, but elevated construction activity has pushed vacancy rates higher across both Raleigh and Durham.

Raleigh recorded 3.4 million SF of net absorption over the past year, outperforming its long-term average, yet 4.7 million SF of new deliveries resulted in the vacancy rate rising to 7.8%. Demand remains strongest for large distribution facilities, with buildings over 500,000 SF maintaining just a 1.6% vacancy rate, while mid-sized industrial properties continue to experience the greatest leasing challenges. Average asking rents increased 2.6% year-over-year to \$12.90/SF, continuing to outperform national rent growth despite moderating from peak levels.

Durham's industrial market has also experienced rising vacancies as new supply enters the market and leasing activity slows. Vacancy increased to 8.6%, while annual net absorption totaled 810,000 SF, below historical averages. Even so, Durham continues to benefit from its concentration of life sciences, biotechnology, pharmaceutical manufacturing, and advanced manufacturing users, particularly around Research Triangle Park, Chatham County, and South Durham. Asking rents increased 3.0% year-over-year, remaining above the national average.

Looking ahead, both markets are expected to remain active, supported by continued corporate investment and manufacturing growth. However, with approximately 5.2 million SF under construction in Raleigh and 3.5 million SF underway in Durham, vacancies are likely to remain elevated through 2026 before gradually stabilizing as new space is absorbed.

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INDUSTRIAL MARKET OVERVIEW

RALEIGH

112M

INVENTORY SF

5.2M

UNDER CONSTR SF

3.4M

12 MO SF NET ABSORP

7.8%

VACANCY RATE

\$12.94

RENT/SF

\$158

SALE PRICE/SF

DURHAM

60.4M

INVENTORY SF

3.5M

UNDER CONSTR SF

809K

12 MO SF NET ABSORP

8.6%

VACANCY RATE

\$11.80

RENT/SF

\$144

SALE PRICE/SF

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Office Market Overview



SUMMARY | Q2 2026

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The Triangle office market continues its gradual recovery, with improving leasing activity but demand remaining below historical norms. While hybrid work continues to influence tenant space requirements, limited new construction and steady population growth have helped stabilize market fundamentals.

Raleigh's office market has shown encouraging signs of improvement, recording 1.3 million SF of positive net absorption over the past year—well above its long-term average. Vacancy has declined from its recent peak to 10.5%, supported by slowing new deliveries and a construction pipeline that has fallen significantly since 2023. Although asking rents increased 2.4% year-over-year, elevated tenant concessions continue to pressure effective rental rates. With nearly 90% of space currently under construction already pre-leased, Raleigh is expected to avoid significant supply-side pressure in the near term.

Durham's office market remains more challenging, posting 260,000 SF of negative net absorption over the past year as demand has softened, particularly within Research Triangle Park. However, Downtown Durham continues to outperform other submarkets thanks to its walkability and mixed-use environment. Developers have remained cautious, with no office space currently under construction, and several obsolete office buildings have been demolished for future multifamily redevelopment. Vacancy currently stands at 10.0%, remaining well below the national average, while asking rents increased 1.4% over the past year.

Looking ahead, both Raleigh and Durham are expected to benefit from continued long-term population and employment growth. However, hybrid work trends, corporate space optimization, and uncertainty surrounding research funding are likely to keep office demand modest. Limited new construction should help prevent significant increases in vacancy, positioning both markets to gradually strengthen as leasing activity improves.

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OFFICE MARKET OVERVIEW

RALEIGH

81.9 M

INVENTORY SF

763K

UNDER CONSTR SF

1.3M

12 MO SF NET ABSORP

10.5%

VACANCY RATE

\$32.38

RENT/SF

\$214

SALE PRICE/SF

DURHAM

37.6M

INVENTORY SF

0

UNDER CONSTR SF

264K

12 MO SF NET ABSORP

10%

VACANCY RATE

\$28.81

RENT/SF

\$219

SALE PRICE/SF

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Retail Market Overview



SUMMARY | Q2 2026

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The Triangle retail market remains one of the strongest sectors in commercial real estate, supported by steady population growth, limited new construction, and exceptionally low space availability. Tight market conditions continue to drive healthy rent growth despite moderating leasing activity.

Raleigh's retail availability remains exceptionally low at 3.0%, well below the national average of 4.8%. Net absorption totaled 330,000 SF over the past year, while new deliveries remained modest at 710,000 SF, with less than 15% of newly completed space available for lease. Construction activity has remained disciplined, with 500,000 SF currently underway and more than 85% pre-leased, helping sustain annual rent growth of 4.2%, well above the national average.

Durham continues to post even tighter fundamentals, with a retail availability rate of just 2.3%. Although net absorption has softened due to several tenant move-outs, demand remains healthy for restaurants, food and beverage operators, and personal service businesses, particularly in Research Triangle Park and South Durham. Approximately 260,000 SF of retail space has been delivered over the past year, with another 420,000 SF under construction—more than 95% of which is already pre-leased. Asking rents increased 1.5% year-over-year and are expected to strengthen as new supply remains limited.

Looking ahead, both Raleigh and Durham are expected to continue outperforming national retail markets. Strong population growth, expanding suburban communities, and limited speculative construction should keep availability among the lowest in the country while supporting continued rent growth, particularly for grocery-anchored, restaurant, and experiential retail properties.

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RETAIL MARKET OVERVIEW

RALEIGH

76.8M

INVENTORY SF

499K

UNDER CONSTR SF

331K

12 MO SF NET ABSORP

2.9%

VACANCY RATE

\$28.68

RENT/SF

\$266

SALE PRICE/SF

DURHAM

31.3M

INVENTORY SF

425K

UNDER CONSTR SF

292K

12 MO SF NET ABSORP

2.2%

VACANCY RATE

\$25.14

RENT/SF

\$230

SALE PRICE/SF

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Multi-Family Market Overview



SUMMARY | Q2 2026

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The Triangle multifamily market continues to normalize following several years of record apartment construction. While demand remains healthy and above historical averages, elevated deliveries have kept vacancy rates above long-term norms and placed downward pressure on rent growth across both Raleigh and Durham.

Raleigh continues to benefit from one of the fastest-growing populations among major U.S. metros, supporting 6,800 units of net absorption over the past year—well above its long-term average. New deliveries have moderated to 4,400 units, allowing vacancy to decline to 9.3% from its recent peak. However, rent growth remains slightly negative at -0.9% as the market continues absorbing recently completed luxury communities. The construction pipeline has also slowed, with 7,400 units currently underway, signaling improving market balance over the next several years.

Durham's multifamily market remains active, recording 2,200 units of net absorption over the past year, with demand concentrated in Downtown Durham and South Durham. Vacancy currently stands at 11.8%, above historical averages but below last year's peak, while asking rents declined 1.1% year-over-year due to elevated supply. Approximately 4,300 units remain under construction, with most new development focused in the region's most desirable live-work-play districts.

Looking ahead, population growth, a strong employment base, and continued in-migration are expected to support long-term apartment demand across the Triangle. While vacancies may remain elevated through 2026 as additional projects deliver, slowing construction activity should allow market fundamentals to gradually improve, with occupancy strengthening and rent growth stabilizing over the medium term.

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MULTI-FAMILY MARKET OVERVIEW

RALEIGH

140,132

INVENTORY UNITS

7,395

UNDER CONSTR UNITS

6,560

12 MO ABSORP UNITS

9.3%

VACANCY RATE

\$1,575

ASKING RENT/UNIT

\$246K

SALE PRICE/UNIT

DURHAM

65,790

INVENTORY UNITS

4,176

UNDER CONSTR UNITS

4,303

12 MO ABSORP UNITS

11.8%

VACANCY RATE

\$1,579

ASKING RENT/UNIT

\$221K

SALE PRICE/UNIT

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Highlights

HIGHLIGHTS | Q2 2026

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The Raleigh-Durham commercial real estate market continues to demonstrate resilience as it transitions into a more balanced growth cycle. Strong population gains, steady job creation, and billions in corporate investment continue to reinforce the Triangle's long-term outlook. While higher interest rates, elevated construction activity, and federal policy changes have introduced near-term challenges, the region remains one of the nation's strongest-performing commercial real estate markets.

New development has begun to moderate across most property sectors, allowing market fundamentals to gradually stabilize. Industrial and retail continue to outperform, while office and multifamily markets are working through elevated vacancies following several years of significant new supply. Looking ahead, slowing construction pipelines, continued in-migration, and sustained corporate expansion position the Triangle for continued long-term growth.

Quick Sector Snapshots:

- **Office:** The office market continues its gradual recovery as leasing activity improves and new construction slows. Raleigh has posted positive absorption for three consecutive quarters, while Durham remains challenged by softness in research-related employment. Limited development activity should help vacancies continue trending downward.
- **Retail:** Retail remains the Triangle's strongest-performing asset class. Extremely limited availability, strong consumer spending, and continued suburban population growth are driving healthy leasing demand and rent growth. Most new retail developments are substantially pre-leased before delivery.
- **Industrial:** Industrial fundamentals remain healthy despite rising vacancy rates. Raleigh continues to post strong absorption while Durham benefits from continued life science and advanced manufacturing investment. New supply remains elevated, but slowing construction starts should help rebalance the market over the coming years.
- **Multifamily:** Apartment demand remains above historical averages as population growth continues to support leasing activity. Although elevated deliveries have kept vacancies above long-term norms and pressured rents, construction pipelines are shrinking, setting the stage for improving occupancy and rent growth as the market absorbs recent supply.

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Insider Insights



INSIDER INSIGHTS | Q2 2026

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The Triangle commercial real estate market is entering a more balanced phase after several years of exceptional growth and record development. While higher vacancies and moderating rent growth have created near-term challenges in certain sectors, the region's long-term fundamentals remain among the strongest in the Southeast. Continued population growth, a highly educated workforce, and sustained corporate investment continue to support demand across the market.

Industrial and retail remain the strongest-performing asset classes, driven by manufacturing expansion, limited available space, and resilient consumer demand. Office and multifamily sectors are steadily moving toward equilibrium as developers reduce new construction and recently delivered space is absorbed. This slowdown in development should help improve occupancy levels and support healthier rent growth over the coming years.

Although higher interest rates, federal funding reductions, and broader economic uncertainty may temper growth in the short term, the Triangle continues to benefit from a diversified economy, world-class universities, and billions of dollars in announced investments from life science and advanced manufacturing companies. As market conditions continue to normalize, the region remains well-positioned for sustainable long-term growth, creating opportunities for investors, businesses, and developers alike.

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OFFICE MARKET

Companies renewing office leases are leasing better space, not necessarily more space. Modern Class A buildings with amenities continue to outperform older office product, while obsolete buildings are increasingly being repositioned or redeveloped into other uses.

RETAIL MARKET

Many retailers aren't delaying expansion because of weak demand—they simply can't find quality space. Restaurant, grocery, and experiential retail users continue to compete for limited vacancies, especially in growing suburban communities.

MULTIFAMILY 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

While headlines often focus on technology companies, the Triangle's biggest investments are coming from life sciences, pharmaceuticals, and advanced manufacturing. Projects from Novo Nordisk, AbbVie, FUJIFILM Diosynth, and Novartis are creating long-term demand for industrial, flex, office support services, housing, and retail.



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