JARE
ANDERSON REAL ESTATE INVESTMENTS

Raleigh Q3 2025 Multifamily Market Report

Nationwide Markers (per 11/28/2025)		
5-year Treasury Yield	10-Year Treasury Yield	Secured Overnight Financing Rate (SOFR)
3.60	4.017	4.05

Raleigh Market Snapshot	Nominal	% Change
Average Rent	$1,524	-1.1% YoY
Average Occupancy	91.8%	+0.9% YoY
Absorption	11,589	+16.55% YoY
Units In-Cunstruction	9,337	-47.92% YoY
New Jobs Announced	811	
Layoffs Announced	<50	

National Apartment Narrative:

The national multifamily narrative has shifted decisively back to the basics, with operators emphasizing fundamentals after two volatile years. This renewed operational focus has driven measurable efficiency gains and positioned owners to better manage properties as deal flow returns to more normal levels. At the same time, the pricing gap between buyers and sellers has narrowed significantly, supported by moderating growth in major expenses—particularly taxes and insurance, where more realistic valuations have started to take hold. Strong collections performance has also become increasingly important, highlighting the growing value of well-run on-site teams and disciplined property management.

On the capital markets side, lending has broadened and stabilized after a period of heavy reliance on agency debt, with banks, debt funds, and life companies re-entering the market and creating some of the most competitive spreads between indexes and all-in rates in years. PropTech innovation continues to accelerate, offering operators new tools to streamline workflows, improve collections, and enhance NOI.

Looking ahead, slowing new supply should support absorption, but renter demand will depend heavily on consumer sentiment and job-market stability—two indicators that have yet to fully recalibrate. A softening for-sale housing market could reinforce demand for rentals, preserving high occupancy and setting the stage for potential rent growth over the next several years. Despite broader macro uncertainty, today's environment of easing expenses, improved capital availability, and heightened lender competition is creating one of the most compelling buying windows the multifamily sector has seen in recent cycles.

Local Apartment Narrative:

Raleigh continues to experience strong long-term demand for land and development, although macroeconomic uncertainty has caused many groups to temporarily pause or slow new starts. The pipeline has now settled into a healthier 4–6% annual supply growth range, a sharp moderation from the COVID-era construction boom. At the same time, the local labor market remains a standout performer: unemployment is materially lower than the national average, and new job announcements continue to substantially outweigh layoffs. These dynamics support sustained renter demand, but an imbalance in the delivery of Class A product and higher-cost for-sale housing has pushed many lower- and middle-income households toward the outer edges of the metro. With such significant growth—nearly half of Raleigh's apartment inventory has been built within the past decade—the market is younger, higher quality, and increasingly bifurcated by product type.

On the investment side, pricing has become more balanced. While Raleigh never truly shifted into a buyer's market—most listings still attract multiple offers—the gap between what buyers underwrite and what brokers bring to market has narrowed. As cap rates gradually decompress from the pandemic-era lows, Class A assets are expected to see stabilization and compression first, with Class B following 6–18 months later. Class C properties should continue to offer relatively high yields until a new wave of capital returns to the syndication and private equity space. Looking ahead, Raleigh appears to be in the early stages of another growth cycle. Rent growth is likely to resume at a slower, more sustainable pace after the extreme spikes seen early in the decade, but alongside strong operations and improving macro conditions, the next few years should present compelling return opportunities. Class A properties are positioned to lead the recovery in rent growth, while older and Class C assets still offer attractive long-term yield plays for investors with patient capital.