Small Multifamily Market Report: Raleigh–Durham 2025

Insights on 5–50 Unit Multifamily Properties Across the Triangle

Prepared by Raleigh Map Room

Executive Summary

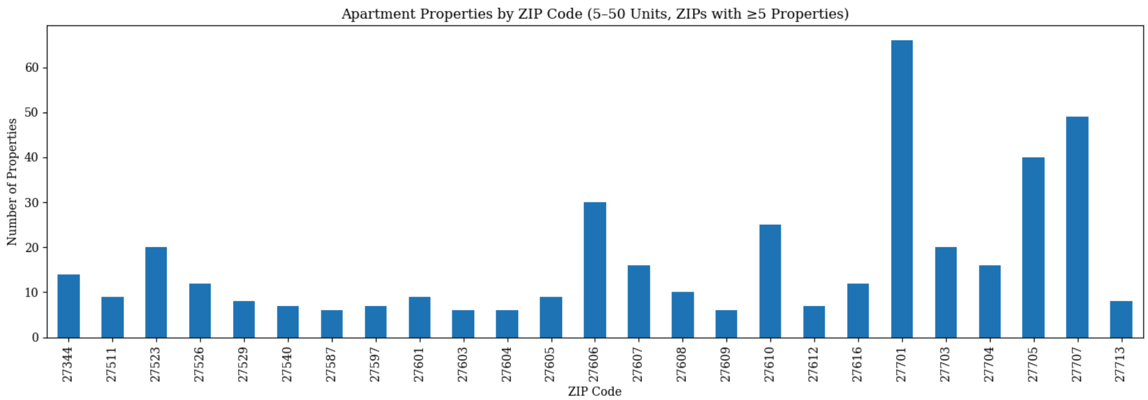
The Raleigh–Durham region continues to mature as one of the most competitive multifamily markets in the country, with strong job and population growth over the past decade. With forecasts for that same growth to continue over the next 5+ years, the competition and demand for multifamily investment properties around the triangle will continue to burn deep across smaller PE groups and institutional investors alike. These metrics have also attracted many developers to build for the countless new residents of the triangle; however, this has also brought a supply wave that has suppressed rent growth below zero for the past ~12 months. This surge in supply, along with the interest rate hikes that have held the CRE investment groups in a vice since 2022, has expanded cap rates for the first time since the Great Recession.

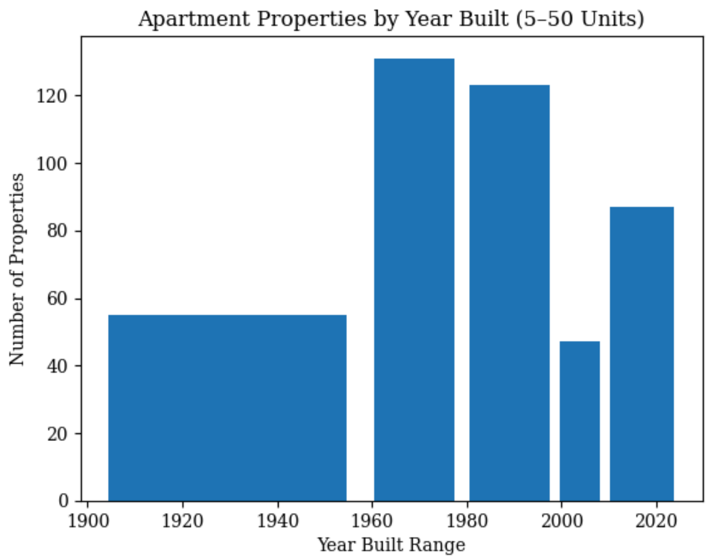
Those with a long-term view of the asset class now see that this short-term distress creates opportunities to acquire at purchase prices that haven't been seen since pre-COVID. However, bidding wars still exist on marketed deals, and it is harder to complete a capital raise than it has been in the past 5 years, meaning most of the challenge for multifamily investors is on the acquisition side rather than the operations. With institutional buyers waiting in the wings to deploy billions in dry powder on institutional-grade assets in the triangle area, this opens up an opportunity for investors to target smaller properties and work directly with sellers, as more investment groups have to focus on their existing deals that are under operational distress or are diverting to different asset classes.

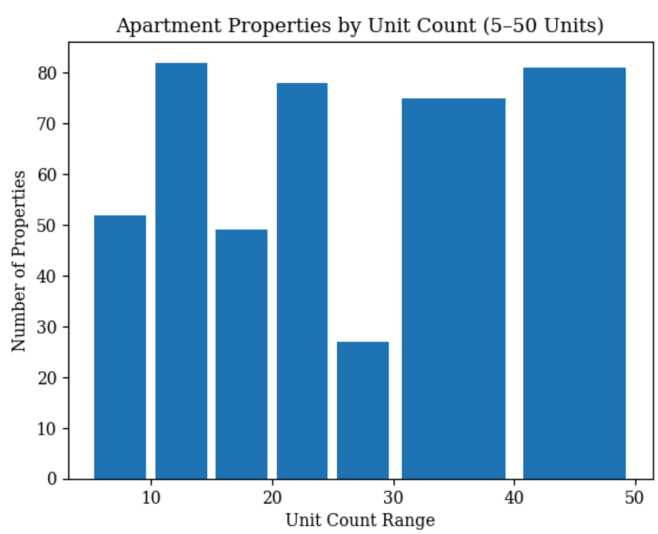
The Triangle Small Multifamily Landscape

Large institutional deals tend to dominate headlines, but they don't tell the full story of the apartment market in the Triangle. With the recent surge in multifamily demand over recent years, that trend has held true for the sub-50-unit deals as well. Many of the smaller multifamily properties were built before the 2000s on smaller lots, where the potential to amenitize significantly is limited. However, these constraints did not stop the surge of value-add investors from buying up the smaller properties. Now, the cap rate compression was extreme in the Raleigh-Durham market, especially for smaller and older properties, which led the spreads between A-class new-build, highly amenitized apartments and the C-class smaller and older properties to drop to just 75 basis points (0.75%). This was an unhealthy signal for the post-pandemic boom and resulted in properties being purchased at unrealistic prices that cannot meet investment goals. An opportunity does present itself as many of these properties are nearing the end of their hold periods over the next 18 months. Compounded with banks and bridge lenders calling loans due after a few years of extensions, properties with capital distress have been bubbling up over the past 12 months. Any distressed deal will move quickly and quietly if it is brought to market, but there is also the option to cultivate relationships with owners and lenders directly to take the inside track. Withholding a major economic recession or war, the next 6 to 15 months may open a window to purchase sub-50 unit properties in the triangle at a basis that allows for a long-term hold with a yield play.

Inventory Overview







There are 444 properties in the 5–50 unit range across the market, and the charts above break down those apartments based on location, vintage, and size. Reading down from the top of the apge the first table represents properties with 5 or more units, followed by a breakdown of when these smaller properties were built, and the spread of unit count. A large number of these smaller properties are located in Durham County, near the city. Along with denser housing in Durham, Duke University brings student housing demand to these smaller apartment sizes for undergraduate and graduate students alike.

There is a wide spread of years that these 5-50 unit properties were built, from the early 1900s all the way up to the recent 2020s. This visual shows the construction booms of the 60s, 70s, and 80s, as well as the past decade of low interest rates. The variety of older and newer inventory, along with the strong diversification of unit count for these smaller apartments, presents an opportunity for investors to either focus on cash flow or appreciation. This also allows investors to have more choice on where they want to focus their buy box, depending on how much capital they can bring to the deal. Another major consideration for the capitalization of these deals is Capital Expenditures on the major systems of older properties in the Triangle area, such as the roof, plumbing, windows, siding, HVAC, and parking lots. Although a higher cap rate may be achieved on purchasing these older properties, thorough due diligence is very important to understand the total capital required for these properties and the risk that it presents.

2026 Opportunity Themes

After three years of slogging through new supply coming online, the high-interest-rate environment, and an impassible spread between buyers and sellers, the multifamily market is slowly picking up momentum as it enters 2026. Not without its headwinds, as new supply continues to roll out to the Triangle market with concessions, the downward pressure on rent still prevails, along with a competition to keep occupancy around the mid-90s. The filtering effect is still in effect as residents from C-class apartments are taking advantage of concessions to move up to B-class properties, and current B-class residents are taking advantage of the strong incentives to get more residents into the new A-class builds. For those investment groups that are well capitalized, the buying opportunities will continue to roll over from 2025 as the same strong fundamentals continue wth some owners being forced into disposition by their lenders. Not only that, the cost increases for materials have tapered off along with insurance expenses, and with price valuations for multifamily remaining flat or decreased, the risk of a large property tax hike is very low. With a new surge in PropTech companies as well, the opportunity to trim operation costs in 2026 is strong for all apartment classes and vintages. Withstanding any major economic event, and as the population and job growth will continue to trend upwards as they have over the past decade, the multifamily market in the Triangle is poised to start riding the next wave of economic growth in the region.

About Raleigh Map Room

Raleigh Map Room is an interactive, map-based platform designed to help users better understand the Raleigh–Durham apartment market as it actually exists. The platform brings together parcel-level and public information to create a comprehensive view of apartment inventory and development activity across the Triangle, making it easier to explore patterns by location, property size, and vintage.

Raleigh Map Room is not intended to replace underwriting, broker relationships, or local expertise. Instead, it provides a clear starting point for market exploration and analysis, especially for those sourcing opportunities outside the most visible channels. As with any local market data, information continues to evolve, and users are encouraged to help improve accuracy by flagging missing or incorrect details over time.

Raleigh Map Room is intended to support clearer market understanding, not replace the relationships and judgment that ultimately drive transactions.