



# ECONOMIC DEVELOPMENT REPORT DOWNTOWN RALEIGH

## Q4-2019



DowntownRaleigh  
Alliance

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Downtown Raleigh Alliance produced this quarterly report. DRA is an award-winning nonprofit organization whose mission is to continue to revitalize Raleigh's downtown by enhancing its quality of life and contributing to its economic success (For more information, visit [www.downtownraleigh.org](http://www.downtownraleigh.org)). The City of Raleigh is a key partner of DRA in its economic development efforts to revitalize downtown. DRA receives a grant from the city to enhance its tax base by generating new jobs, supporting existing businesses, and attracting new businesses—in particular storefront businesses.



TABLE OF CONTENTS

ECONOMIC DEVELOPMENT REPORT

Highlights.....1

Real Estate & Population Snapshot .....3

Historic Trends .....4

Fourth Quarter Street-Level Business Activity.....5

Development Pipeline .....7

Food and Beverage Tax Revenue .....11

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## ECONOMIC DEVELOPMENT REPORT

### Highlights

Downtown Raleigh's Fourth Quarter of 2019 saw new street-level businesses open and strong growth in food and beverage sales. More major construction projects have begun and been announced while others near completion.

### Development Pipeline

Since the start of 2015, projects totaling at least **\$2.3 billion** were delivered, are under construction, or have been planned/announced for downtown in the near future. More than **\$1.13 billion** in projects have been completed since 2015. Projects under construction in Downtown Raleigh currently total **\$539 million** and over **\$538 million** in projects have been announced. There are also several more major development projects that have not yet announced their total investment figures. Projects completed in 2019 totaled over **\$278 million**.

Public investment remains an important part of downtown's growth, as more than **\$200 million in public projects** are underway, planned or have been completed in the past three years. City Plaza will be renovated in the coming months. Other public projects include **Capital Boulevard/Peace Street** bridges and interchanges and the **Blount/Person Street** corridor improvements.

### Retail & Storefront Market

Downtown saw several storefront businesses open in Q4 of 2019. **WHITE of Raleigh**, a bridal shop, opened in City Market. **Unlikely Professionals**, a men's clothing boutique opened in late November on Franklin Street. **The Pour House Music Hall and Record Shop** has become more than a music venue and added a retail component for new and used vinyl records. Additionally, **The Nutty Bavarian** opened in late October as part of a **pop-up program** in which Downtown Raleigh Alliance partnered with Wake Tech. The program is designed to provide a downtown storefront space that will attract **entrepreneurs from diverse backgrounds**.

Downtown has remained a hotspot for prominent chefs and entrepreneurs. Celebrity Chef Katsuji Tanabe opened **High Horse** in City Market in mid-October. **Wine & Design**, a winner of the business reality television series **Shark Tank**, opened in Union Station in November. **Cheeni Chai + Coffee + Tiffin** launched in the YMCA on Fayetteville Street. **Johnson Street Yacht Club** and **Work Raleigh** opened in October and December, respectively, to add to downtown's bar scene. **Shred415** opened at The Dillon in early December, bringing a new workout concept downtown. **Little Pup Lounge** also opened in mid-November, adding to the diversity of downtown's storefront businesses.

During the fourth quarter, **11 new street-level businesses opened in downtown**. Overall, **182 storefront businesses have opened since the start of 2016**. At least **20 more street-level businesses have been announced** and are expected to open during the next few months, including retail, restaurants, bars, and services.

**\$2.3 Billion**  
Delivered, Under  
Construction, and  
Planned

**\$1.13 Billion**  
Recently Completed

**\$539 Million**  
Under Construction

**\$538 Million**  
Announced

**46**  
New Storefront  
Businesses in 2019  
+  
**16**  
New Food Hall  
Vendors in 2019



# ECONOMIC DEVELOPMENT REPORT

## Highlights

### Residential Market

Construction is underway on **786 residential units** in downtown. Phase I and Phase II of Kane Realty's **Smoky Hollow** project are both underway. Phase I will bring 417 units to the market and Phase II will add another 283. **The Fairweather** has 45 units under construction and serves as downtown's first condominium project since before the Recession. **Cameron Crest Townhomes** began construction on St. Mary's Street and will consist of six units. **FNB Tower** held its grand opening in the fourth quarter of 2019, adding 239 units to downtown's housing inventory. Since 2015, **2,665 units have been delivered** and **1,485 units** are currently proposed for the near future.

**786**  
Residential units  
under construction

**2,665**  
Residential units  
Delivered since 2015

### Dining & Hospitality Market

Downtown Raleigh **set another new record in 2019** in food and beverage sales with **\$262.7 million in sales**, up **9.4%** over 2018. **Warehouse District** sales alone were **up 28%** in Q4 of 2019 over Q4 of 2018 and are up **69.4%** this year over last year. Overall, **Glenwood South** still accounts for the largest portion of downtown's food and beverage sales, bringing in more than **32%** of all sales. There are now more than **200 restaurants, cafes, and bars/clubs/lounges** in downtown.

**9.4%**  
growth in food and  
beverage sales in 2019  
over 2018

In the hotel market, **Origin Hotel**, located in Glenwood South, currently has **126 rooms under construction** and is nearing completion. **The Longleaf Hotel**, which transformed the former Days Inn on N. Dawson Street into a **56-room** boutique hotel, has opened and has additional work ongoing. Demolition and site clearance for **The Willard** is also underway, which will bring a **147-room hotel** to Glenwood Avenue.

**\$262.7 million**  
in food and beverage  
sales in 2019, a new record for downtown

### Office Market

Office occupancy continues to be strong in downtown at **93.9%**, according to JLL. Downtown Raleigh saw a total net absorption of **315,459 square feet** in 2019. Downtown Raleigh has a Class A average asking rate of **\$36.43 per square foot** and an overall asking rate of **\$35.77 per square foot**.

**93.9%**  
Office occupancy rate

### New Development News

Details have emerged about a new condo tower for Downtown Raleigh. **The Nash**, which is part of **The Nexus**, a multi-tower, mixed-use development planned for the former site of The News & Observer, will include over **100 condos** overlooking Nash Square. Lock7 announced the acquisition of 615 W. Peace St. and is planning to build **24 units and over 1,500 square feet of retail space**. Lambert Development announced plans for a new condominium project, the **Lynde**, which is a **32-unit** luxury development located on W. South Street. Kane Realty and Clancy & Theys announced the **West Cabarrus Warehouses**, which involve the renovation of two existing industrial buildings, transforming them into a **retail and dining hub** complete with outdoor seating and a live entertainment courtyard. In addition, they plan to build three six-story buildings of **330 housing units** as well as office and retail space with a parking deck.

## Downtown Dashboard

### Residential Market and Demographics

<b>11,341</b> Population estimated in downtown	<b>18,931</b> Residents within one mile of downtown core	<b>7,128</b> Downtown Residential Units	<b>2,665</b> Units delivered since 2015	<b>786</b> Units under construction
<b>1,485</b> Units currently planned	<b>54.8%</b> of residents with Bachelor's Degree or Higher	<b>1.72</b> Average household size within 1-mile radius	<b>\$78,759</b> Average household income within 1-mile of downtown	<b>33.7</b> Median Age for residents within 1-mile radius

### Office Market

<b>48,000</b> Employees estimated in downtown	<b>93.9%</b> Office occupancy rate in Q4 2019 (JLL)	<b>315,459</b> Net absorption square footage in 2019 (JLL)	<b>269,100</b> Square feet of co-working space in downtown	<b>85</b> Employees per acre, densest office market in region
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### Dining & Hospitality Market

<b>\$262.7 million</b> in food and beverage sales in 2019	<b>225</b> Restaurants and bars in downtown	<b>40+</b> New retailers since 2014	<b>16</b> James Beard Award Nominations since 2010	<b>9.4%</b> Growth in food and beverage sales in 2019 over 2018
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### Tourism & Hotel Market

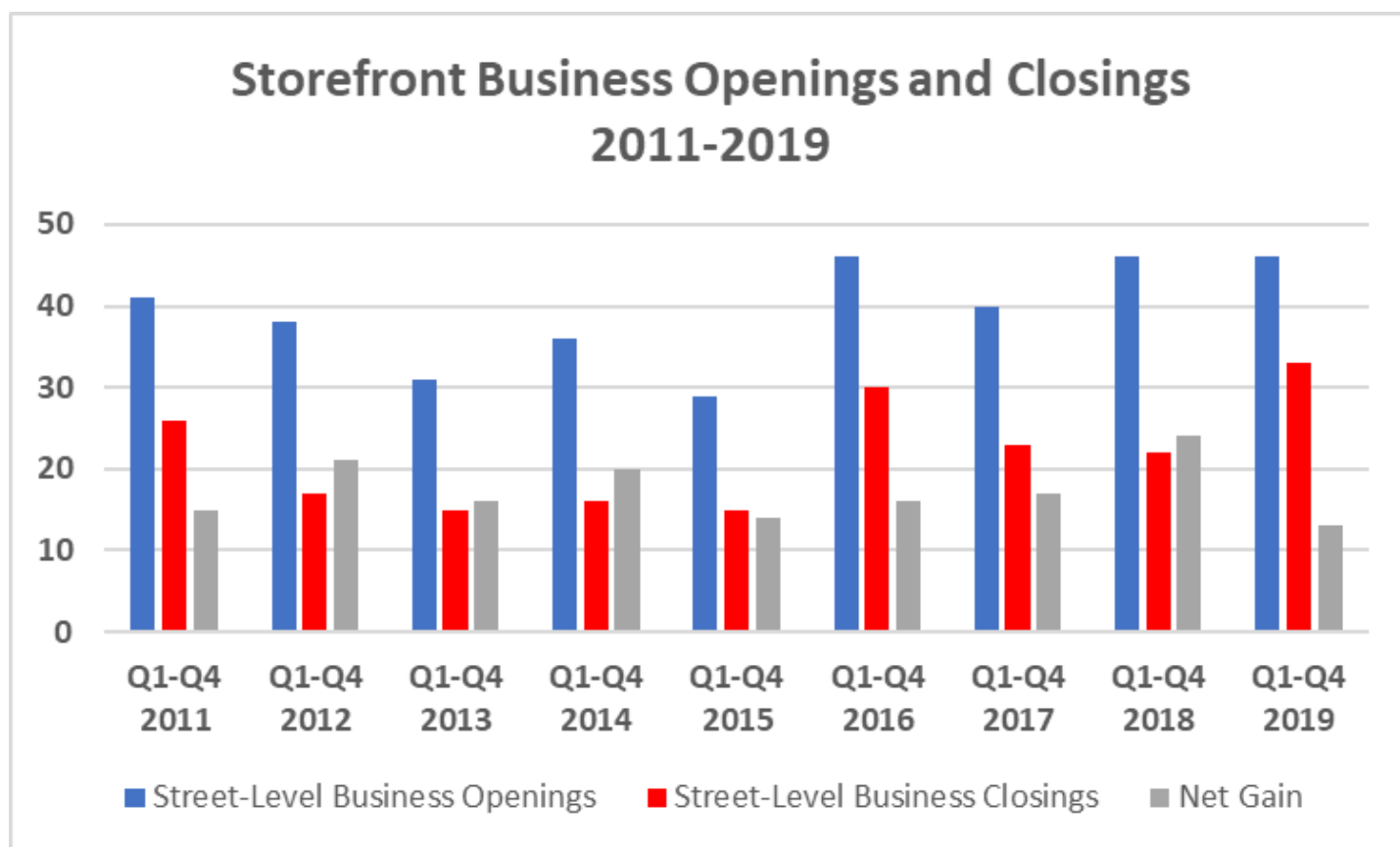
<b>1,322</b> Existing rooms in downtown	<b>273 rooms</b> Rooms under construction	<b>74.9%</b> Hotel occupancy	<b>3.4 million</b> Visitors to top downtown attractions in 2018	<b>47%</b> Increase in visitors since 2007
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### Real Property Square Footage Within the Downtown MSD

<b>8,341,212</b> Commercial office space	<b>1,664,594</b> Retail space	<b>6,964,275</b> Government office/ facility space	<b>5,335,977</b> Other: educational, religious, institutional
<b>29,033,335</b> Total existing space	<b>2,288,308</b> Under construction	<b>34,915,514</b> Combined existing, under construction and planned	Sources: DRA, U.S. Census, Greater Raleigh CVB, STB Travel, CBRE Raleigh

## Storefront and Development Trends

Historical Trends	Q1-Q4 2011	Q1-Q4 2012	Q1-Q4 2013	Q1-Q4 2014	Q1-Q4 2015	Q1-Q4 2016	Q1-Q4 2017	Q1-Q4 2018	Q1-Q4 2019
Street-Level Business Openings	41	38	31	36	29	46	40	46	46
Street-Level Business Closings	26	17	15	16	15	30	23	22	33
Net Gain	15	21	16	20	14	16	17	24	13
Year-End Office Occupancy (%)	89.9	89.2	93.3	89.9	89.4	88.6	94.7	94.9	93.9
Public Investment started or underway (millions)	\$0	\$205	\$187	\$0	\$91	\$169	\$137	\$137	\$37
Private Investment started or underway but not completed (millions)	\$106	\$117	\$351	\$133	\$261	\$242	\$288	\$290	\$502
Projects Completed	5	5	8	5	15	10	3	14	8
Total Investment completed (millions)	\$22	\$160	\$343	\$115	\$260	\$174	\$104	\$298	\$278



## Fourth Quarter Storefront Business Activity

### Business Openings in Fourth Quarter:

<u>Name</u>	<u>Type</u>
1 White of Raleigh	Retail
2 The Nutty Bavarian	Retail
3 Unlikely Professionals	Retail
4 The Pour House Music Hall and Record Shop	Retail/Music Venue
5 High Horse	Restaurant
6 Cheeni Chai + Coffee + Tiffin	Restaurant
7 Johnson Street Yacht Club	Bar
8 Work. Raleigh	Bar/Club
9 Wine & Design	Bar/Service
10 Shred415	Fitness
11 Little Pup Lounge	Pet Care for Small Dogs
1 Primal Cuts	Food Hall
2 Aunt Betty's Gin and Absinthe Bar	Food Hall

### Business Openings in Early First Quarter:

1 Zambrero	Restaurant
2 Longleaf Lounge	Bar

### Business Closings in Fourth Quarter:

1 Oak City Market	Retail
2 Hannah's Stop N Shop	Retail
3 Devilish Egg	Retail
4 Western Dragon Teas and Tisanes	Retail
5 Runologie	Retail
6 Xoco	Restaurant
7 Sunflower's Café	Restaurant
8 Sweetwater NY Ice	Dessert
9 Capital City Tavern	Bar
10 BREW Coffee Bar	Coffee Shop



See next page for announced  
businesses coming soon.

### Announced Storefront Businesses (Coming Soon)

1 Publix	Retail
2 Saxapahaw General Store	Retail
3 Rainbow Luncheonette	Restaurant
4 (ish) Delicatessen	Restaurant
5 Sam Jones BBQ	Restaurant
6 Rush Bowls	Restaurant
7 Luang Prabang Laotian Grill and Garden Bar	Restaurant
8 Flying Mayan	Restaurant
9 Friendship BBQ	Restaurant
10 Good Day Good Night	Restaurant
11 Blowfish	Restaurant/Bar
12 Standard Beer and Food	Restaurant/Bar
13 The Merchant	Restaurant/Bar
14 The Pink Boot	Bar
15 Vault Craft Beer	Brewery
16 Iris Coffee Lab	Coffee Shop
17 City Market Artist Collective	Gallery
18 Current Wellness	Service
19 FastMed	Service
20 UNC Physicians Network	Service
21 FNB	Service
1 Sweet Peas Urban Gardens	Food Hall
2 Pazza Pasta	Food Hall
3 Longleaf Swine	Food Hall





## Downtown Raleigh Development and Investment

Under Construction					
<u>Project Name</u>	<u>Investment</u>	<u>Project type</u>	<u>Square Footage</u>	<u>Housing Units/Hotel Rooms</u>	<u>District</u>
Peace St/Capital Blvd	\$36,900,000	Infrastructure	n/a	n/a	Capital
The Saint	\$23,000,000	Townhomes	n/a	17 units	Glenwood South
Origin Hotel	\$22,702,726	Hotel	4,000 (retail)	126 rooms	Glenwood South
Peace (Smoky Hollow Phase 1)	\$150,000,000	Mixed-use (Residential, Retail)	51,600 (retail)	417 units	Glenwood South
107 W. Hargett St.	\$4,000,000	Retail/Office Renovation	17,634 (office)	n/a	Fayetteville St
			3,780 (retail)		
The Fairweather	\$12,679,746	Mixed-use (Residential, Retail)	1,836 (retail)	45 units	Warehouse
Sir Walter Apartments (Renovation)	\$15,000,000	Senior Housing	20,000 (retail)	18 new units	Fayetteville St
Tower II at Bloc 83	\$108,000,000	Mixed-use (Office, Retail)	241,750 (office)	n/a	Glenwood South
			30,000 (retail)	n/a	
Smoky Hollow Phase II	Not Announced	Mixed-use (Office, Residential, Retail)	225,000 (office)	283 units	Glenwood South
			41,142 (retail)		
Raleigh Crossing Phase 1	\$160,000,000	Mixed use (Office, Retail)	287,252 (office)	n/a	Capital
			12,500 (retail)		
The Willard	Not Announced	Hotel	3,860 (retail)	147 rooms	Glenwood South
Wells Fargo Capitol Center (Renovation)	\$7,000,000	n/a	n/a	n/a	Fayetteville St
Cameron Crest	Not Announced	Residential	n/a	6 units	Warehouse
S. Dawson St. Retail (Renovation)	\$471,857	Retail	9,746 (retail)	n/a	Warehouse
Total	\$539,754,329		771,636 (office)	786 Units/	
			178,464 (retail)	273 Rooms	

In 2019, new projects were announced that will bring significant changes to Downtown Raleigh. Completed projects have delivered residential units along with Class A office and retail space. Several more projects are nearing completion over the next few months such as Peace, Origin Hotel, and The Saint.

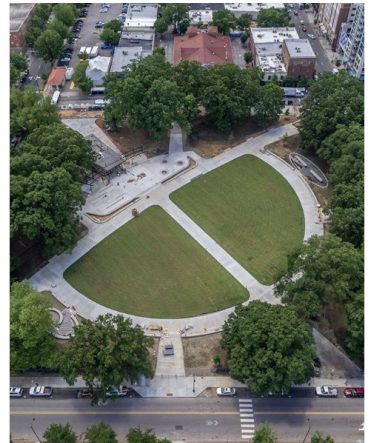
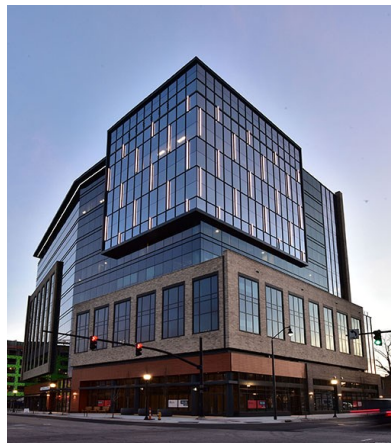
## Downtown Raleigh Development and Investment

### Completed in 2020

<u>Project Name</u>	<u>Investment</u>	<u>Project type</u>	<u>Square Footage</u>	<u>Housing Units/Hotel Rooms</u>	<u>District</u>
Longleaf Hotel	\$6,500,000	Hotel	20,812	56 rooms	Capital

### Completed in 2019

<u>Project Name</u>	<u>Investment</u>	<u>Project type</u>	<u>Square Footage</u>	<u>Housing Units/Hotel Rooms</u>	<u>District</u>
Metropolitan Apartments	\$52,500,000	Apartment	274,959	241 units	Glenwood South
One Glenwood	\$86,000,000	Mixed-use (Office/Retail)	212,500 (office) 14,914 (retail)	n/a	Glenwood South
West + Lenoir Townhomes Phase II	\$1,734,216	Residential	13,349	9 units	Warehouse
Moore Square Renovation	\$13,000,000	Park renovation	n/a	n/a	Moore Square
Rainbow Upholstery Building	\$2,859,105	Retail/Office renovation	13,540 (office) 5,760 (retail)	n/a n/a	Glenwood South
Tin Roof	\$842,949	Restaurant, Music Venue	7,526 (retail)	n/a	Glenwood South
FNB Tower	\$118,000,000	Mixed-use (Office/Residential/Retail)	152,000 (office) 11,010 (retail)	239 units	Fayetteville St
Blount-Person Street Corridor Improvement Project Phase I	\$3,260,000	Infrastructure	n/a	n/a	Seaboard/Person St.
<b>Total</b>	<b>\$278,196,270</b>		<b>378,040 (office) 39,210 (retail)</b>	<b>489 units</b>	



## Downtown Raleigh Development and Investment

### Completed in 2018

<u>Project Name</u>	<u>Investment</u>	<u>Project type</u>	<u>Square Footage</u>	<u>Housing Units/Hotel Rooms</u>	<u>District</u>
Poyner YMCA	\$ 3,000,000	Service	28,000	n/a	Fayetteville St
The Dillon	\$ 150,000,000	Mixed-use (Office, Residential, Retail)	210,000 (office)	271 units	Warehouse
			52,000 (retail)		
10Arros	\$ 1,805,000	Townhomes	n/a	10 units	Moore Square
Union Station	\$ 111,400,000	Infrastructure	26,000	n/a	Warehouse
Guest House	\$ 850,000	Hotel	4,756	8 rooms	Moore Square
Morgan St. Food Hall	\$ 2,000,000	Retail/Restaurant	22,000 (retail)	n/a	Warehouse
Junction West	\$ 4,200,000	Office/Event Space Renovation	9,473	n/a	Warehouse
Revisn	\$ 6,540,000	Residential	n/a	48 units	Glenwood South
Transfer Co.	\$ 19,000,000	Retail/Restaurant	42,000 (retail)	15 units	Moore Square
The Ware		Townhomes			
<b>Total</b>	<b>\$ 298,795,000</b>		<b>210,000 (office)</b>	<b>344 units</b>	
			<b>116,000 (retail)</b>	<b>8 rooms</b>	



## Downtown Raleigh Development and Investment

### Proposed

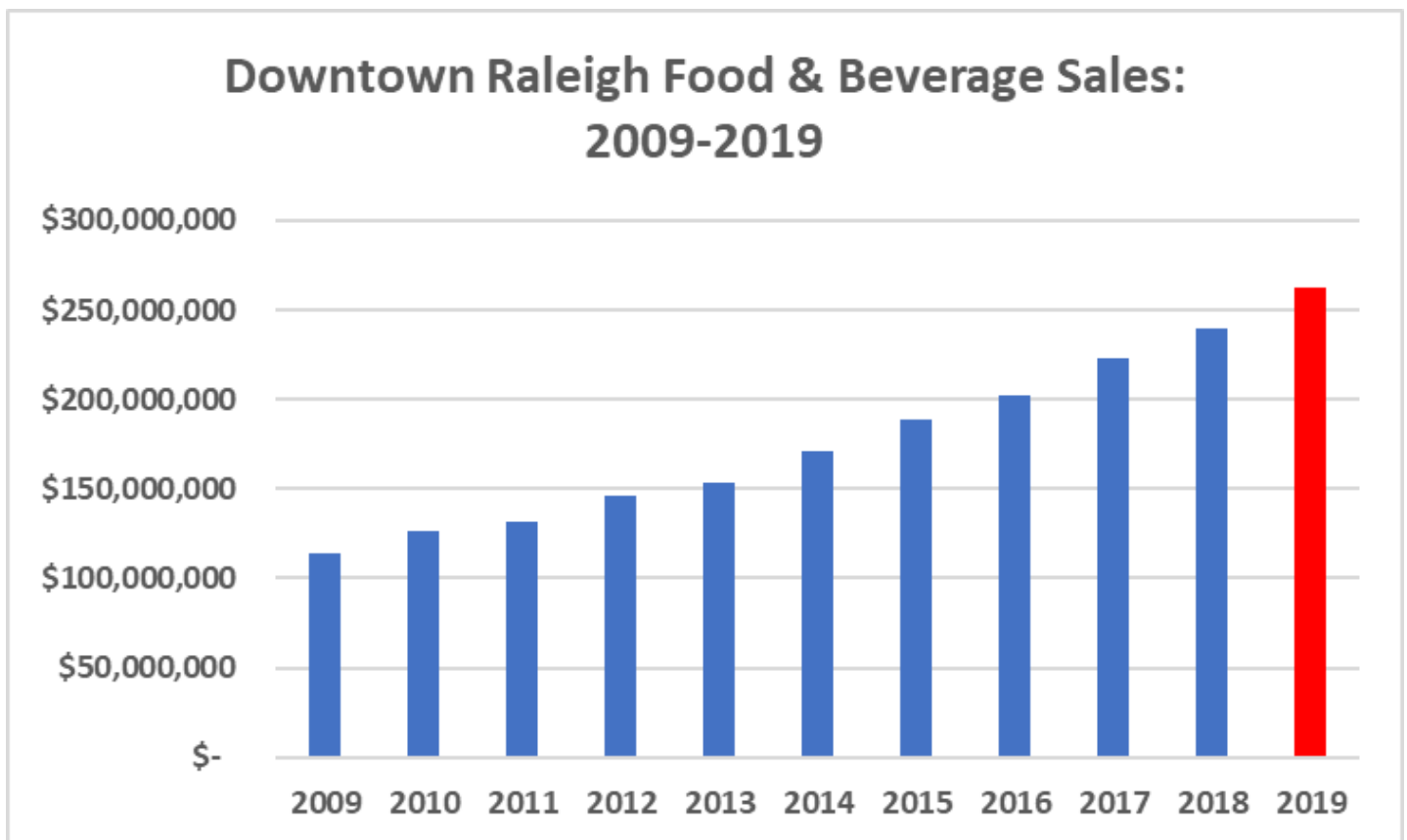
<u>Project Name</u>	<u>Investment</u>	<u>Project type</u>	<u>Square Footage</u>	<u>Housing Units/Hotel Rooms</u>	<u>District</u>
The Nexus	Not announced	Mixed-use (Office, Retail, Residential, Hotel)	327,375 (office) 29,718 (retail)	414 units/ 264 rooms	Fayetteville St
The Lynde	Not announced	Residential	n/a	32	Warehouse
Seaboard Station Phase 1	\$250,000,000	Mixed-use (Residential, Retail, Hotel)	12,000 (retail)	96 units/ 150 rooms	Seaboard/Person St.
Seaboard Station Phase 2		Mixed-use (Residential, Retail)	45,000 (retail)	549 units	Seaboard/Person St.
Hilton Garden Inn/ Homewood Suites	Not announced	Hotel	1,810 (retail)	259 rooms	Fayetteville St
Raleigh Crossing Phase 2	Not announced	Mixed (Residential, Hotel, Retail)	7,000 (retail)	136 units 169 rooms	Capital
Courtyard Marriott	\$30,000,000	Hotel	n/a	179 rooms	Fayetteville St
Home2 + Tru Raleigh	Not announced	Hotel	n/a	190 rooms	Fayetteville St
The Edge	\$75,000,000	Mixed-use (Office, Retail)	242,000 (office) 8,300 (retail)	n/a	Moore Square
Fourth Ward	Not announced	Residential	n/a	10 units	Warehouse
City Gateway	\$70,000,000	Mixed-use (Office, School)	144,130 (office) 52,672 (school)	n/a	Fayetteville St
South Street Condos	Not announced	Residential	n/a	Not announced	Warehouse
400 H	\$100,000,000	Mixed-use (Office, Retail, Hotel)	144,410 (office) 16,935 (retail)	216 units	Glenwood South
Nash Square Hotel	Not announced	Hotel	4,224 (retail)	190 rooms	Warehouse
City View Townes	Not announced	Residential	n/a	8 units	Warehouse
121 Fayetteville	Not announced	Mixed-use (Office, retail)	375,000 (office) 10,242 (retail)	n/a	Fayetteville St
Peace St. Condos	Not announced	Residential	1,500 (retail)	24 units	Glenwood South
Blount-Person St. Corridor Improvement Project Phase II	\$9,400,000	Infrastructure	n/a	n/a	Seaboard/Person St.
City Plaza Renovation	\$3,100,000	Infrastructure	n/a	n/a	Fayetteville St
Civic Campus Phase I	Not announced	Government	420,000	n/a	Fayetteville St
Civic Campus Phase II	Not announced	Government	180,000	n/a	Fayetteville St
Total	\$537,500,000		1,232,915 (office)	1,485 Units/	
			136,729 (retail)	1,401 Rooms	

Note: these projects are subject to change and should be considered estimates based on public information. Additionally, several projects have not finalized their investment total. As such, planned investment dollars are likely higher and project costs likely to change.



## FOURTH QUARTER FOOD AND BEVERAGE SALES IN DOWNTOWN

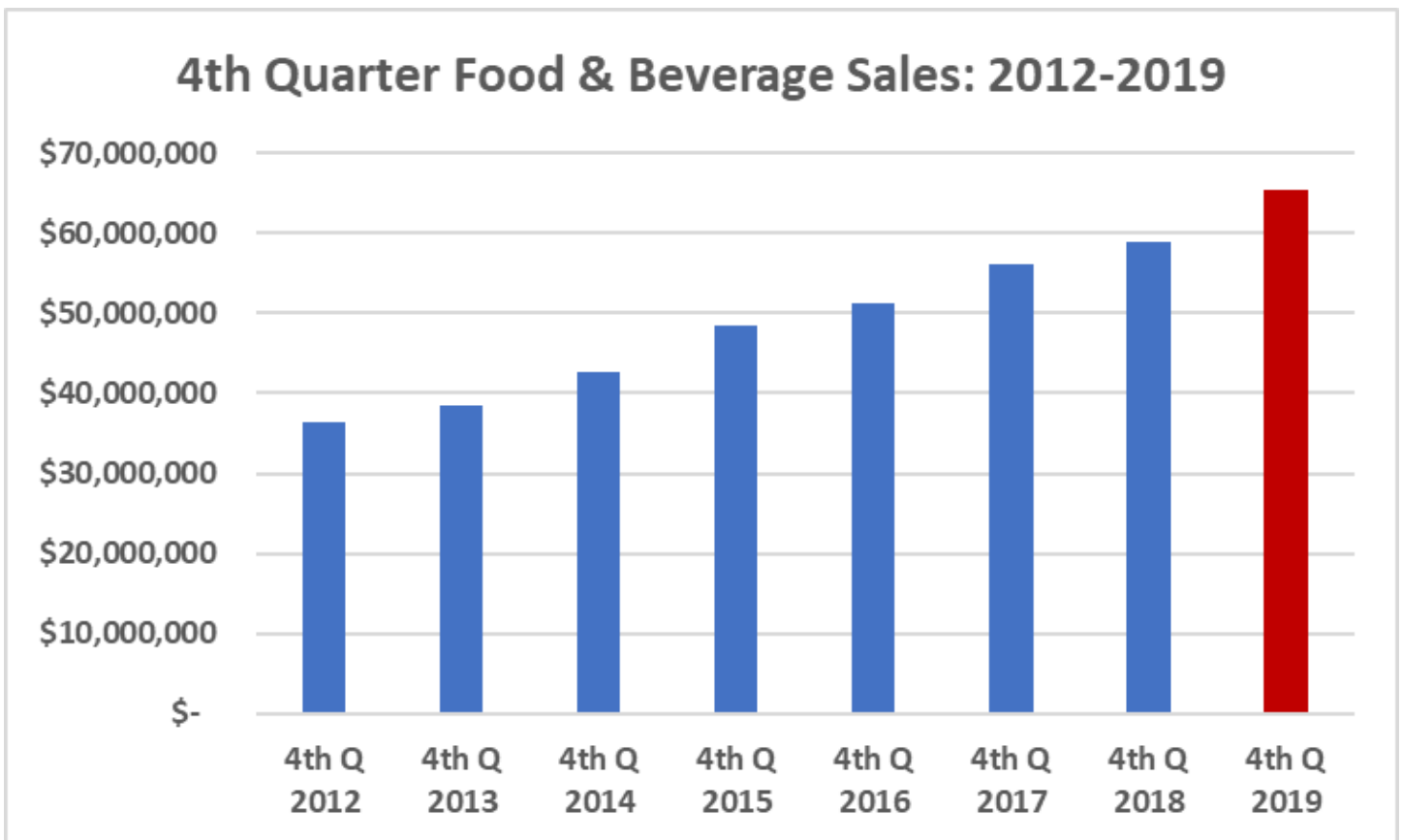
Food and beverage sales for downtown **set yet another new record** with over **\$262 million** in sales, finishing off 2019 with the highest numbers ever recorded. This topped the previous record set last year of \$240 million and sales were **up 9.4% for 2019 over 2018**. Downtown restaurants and bars are continuing their strong performance over the past seven years with sales in 2019 **up 79.4% over sales in 2012**.





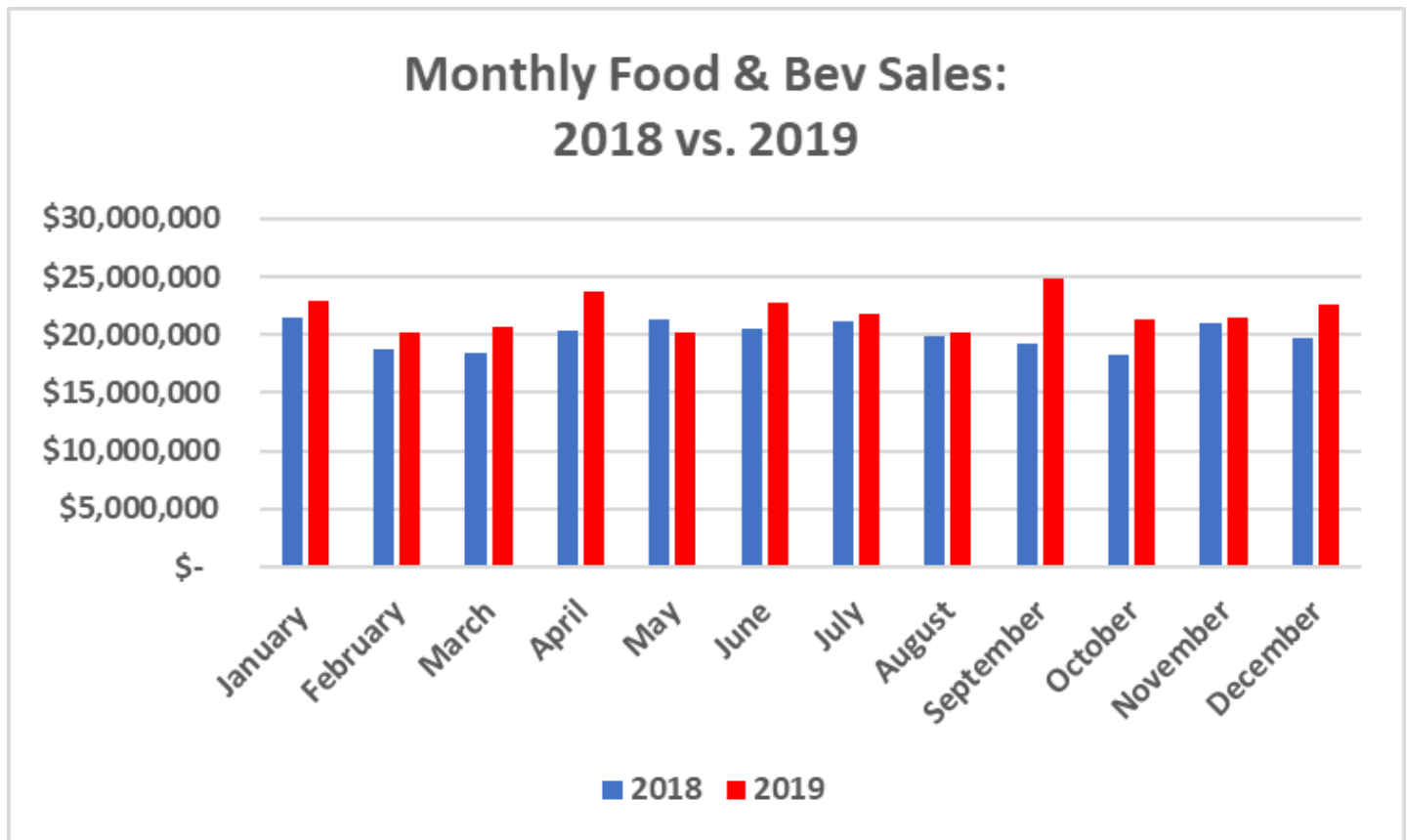
YEAR-TO-DATE FOOD AND BEVERAGE SALES IN DOWNTOWN

Food and beverage sales for downtown were up **11.2% for Q4 of 2019 over Q4 of 2018**. Downtown restaurants and bars have maintained consistent growth and their strong performance over the past seven years with Q4 2019 up **80% over Q4 of 2012**.



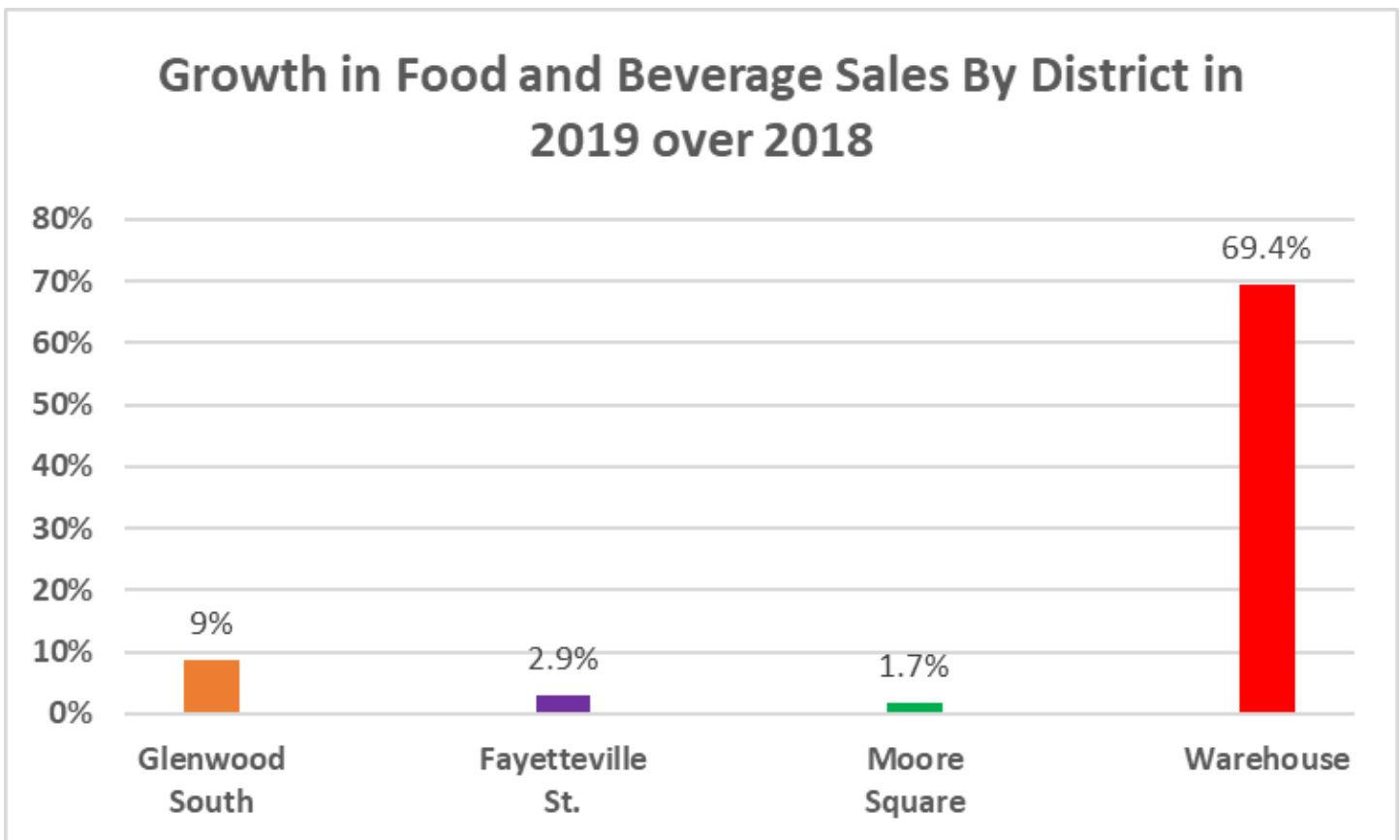
## MONTHLY FOOD AND BEVERAGE SALES IN 2018 AND 2019

Downtown monthly food and beverage sales outpaced last year's sales with **September being the highest grossing month** in 2019 followed by April. **Sales in January, April, June, September, and December topped \$22 million**, which had not previously happened in any month in downtown history before this year. In comparison, monthly sales averaged \$12.3 million per month in 2012 and \$20.1 million in 2018, whereas monthly sales averaged \$21.7 million in 2019.



## FOOD AND BEVERAGE SALES GROWTH BY DISTRICT

Commercial districts throughout downtown experienced growth in food and beverage sales in 2019 compared to 2018. In the **Warehouse District**, sales were **up 69.4%** in 2019 over 2018. Glenwood South also experienced a growth of 17.9% in Q4 2019 compared to Q4 2018. New and existing restaurants throughout downtown have been supplemented by more residents and visitors to downtown.

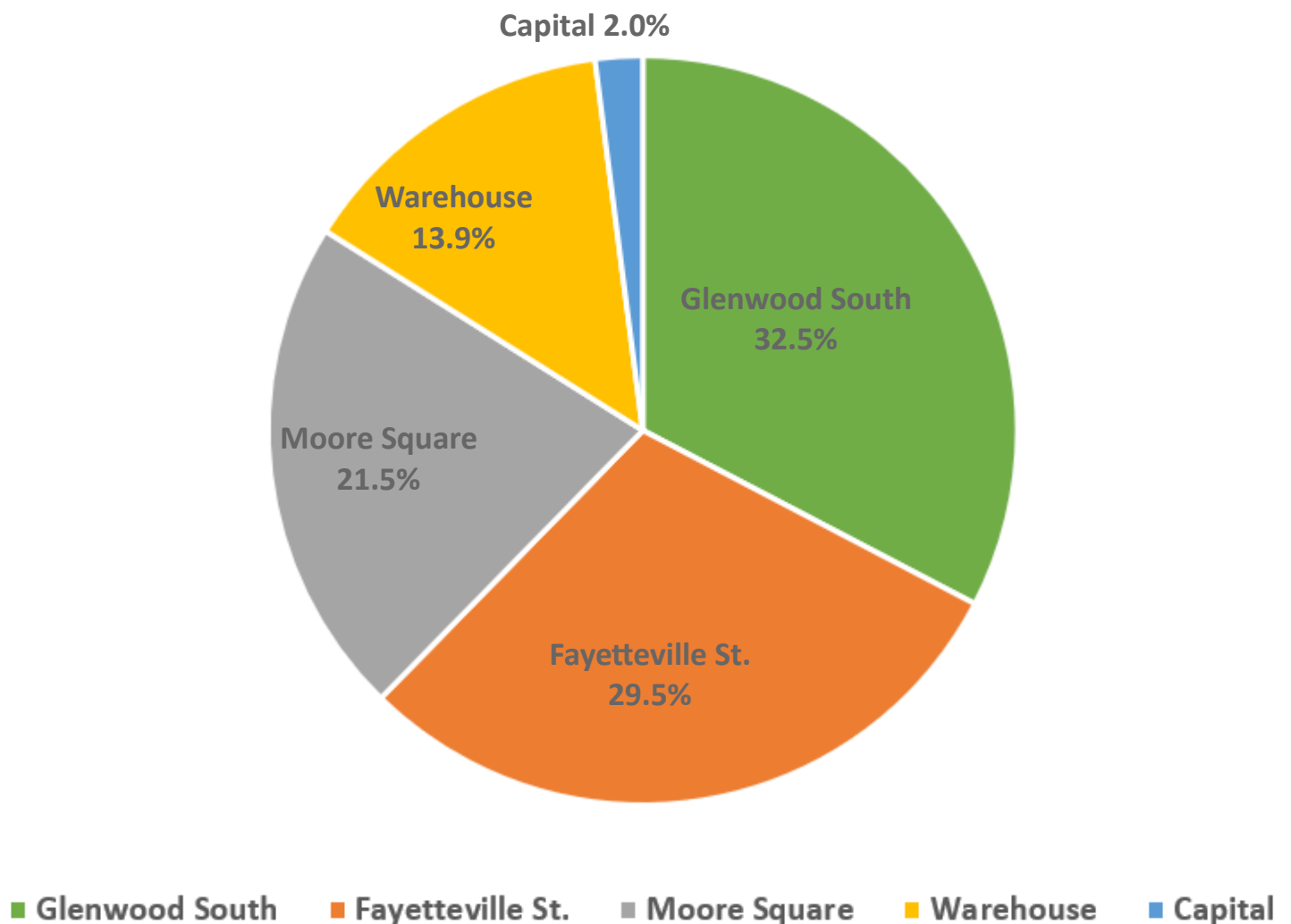


FOOD AND BEVERAGE SALES DISTRIBUTION BY DISTRICT

Fourth quarter saw the **Warehouse District** increase its share of downtown’s food and beverage sales from 10% in 2018 to 13.9% in 2019.

**Glenwood South** remains the district with the largest share of downtown sales, edging out Fayetteville Street district. Both districts saw positive gains in sales this quarter.

Distribution of Downtown  
Food & Beverage Sales By District



Source: Wake County Tax Assessor