



DowntownRaleigh
Alliance



Photo: Brian Mullins

Q2 2023 MARKET REPORT

DOWNTOWN RALEIGH SUMMARY AND HIGHLIGHTS:

There are **17 developments under construction** and when completed they will deliver 2,032 residential units, 408 hotel rooms, 144,410 square feet of office space, and 99,650 square feet of retail space.¹ There are an additional **42 projects planned or proposed including six in site preparation.**¹ Previously announced projects are adapting to the new market climate; **603 Glenwood Avenue will now be a solely residential development** after replacing the office component with additional units. The development, expected to begin construction next year, will add **313 apartments** to the Glenwood South District.

Residential development continues to move forward with **eight multi-family and three for-sale projects under construction**, including the eight townhomes set to deliver in The Dukes at City View development. An additional 6,445 residential units in 21 developments have been proposed or are in planning. **Since 2015, 3,749 units have been delivered** including 3,545 apartment, 45 condos, and 159 townhomes. Downtown's multifamily stabilized occupancy rate, which does not include recently completed developments in lease-up phase, is 94.2% and the average asking rent is \$2.29 per square foot per month.³

The downtown **office market has absorbed 68,936 square feet** of Class A space so far in 2023.² For Q2 2023, the Class A rent per square foot is \$39.36 with an occupancy rate of 84.4%.^{4,2}

17
DEVELOPMENTS
UNDER
CONSTRUCTION¹
Q2 2023

2,032
RESIDENTIAL
UNITS UNDER
CONSTRUCTION¹
Q2 2023

+68,936 SF
YTD CLASS A OFFICE
NET ABSORPTION²
2023

¹DRA
²CBRE
³CoStar
⁴JLL

The total number of downtown storefront businesses increased in the second quarter with **10 new business openings and two relocations.**¹ Three businesses closed during the quarter for a **net gain of seven new storefront businesses.**¹ **Press Coffee, Cocktails, and Crepes** announced that they will open their third location in **400H. The Green Monkey** is moving downtown and will occupy the storefront at 215 S Wilmington St, which had been vacant. The full list of business openings, closings, and coming soon can be found on page 11.

Downtown food & beverage sales revenue increased in the second quarter, with sales in **May 2023 breaking a record for the most food & beverage sales ever in downtown, increasing 24% year over year.**² At the district level, Moore Square District increased 65% while Glenwood South District increased 2% in May 2023.² Glenwood South remains the downtown district with the largest food and beverage sales revenue.²

Across six downtown counting locations, there was a **6% increase in average daily pedestrian counts** from Q1 2023 to Q2 2023.³ The average daily pedestrian count increased 1% year over year for Q2 2023.³

Average monthly **hotel room sales increased 46% year over year** for the second quarter, averaging \$11.1 million between April and May.² Overall visitor **visits to downtown increased 11%** from Q1 2023 to Q2 2023 with 4.8 million visits.⁴

600 New Bern Ave, a vacant lot, sold at the end of May for **\$20 million** or \$2.6 million per acre.⁵ **200 W Morgan St**, an approximately 20,000 square foot office building, sold in June for **\$9.1 million**, or \$442 per square foot.⁵

**+12%
INCREASE**

*Average Monthly Food & Beverage Sales from Q2 2022²

**+6%
INCREASE**

Average Daily Pedestrian Traffic From Q1 2023³

**+46%
INCREASE**

*Average Monthly Hotel Room Sales Revenue From Q2 2022²

**408
Hotel Rooms**

Under Construction¹

¹DRA

²Wake County Tax Administration

³Eco-Counter

⁴Placer.ai

⁵CoStar

*Only April and

May data available

DEVELOPMENT UPDATES:

Overall, there is **\$5.70 billion** of investment in the current Downtown Raleigh development pipeline.¹ This includes an estimated **\$902 million** in projects completed since 2020, **\$922 million** in projects under construction, and **\$3.87 billion** in proposed or planned developments which includes **\$1.21 billion** in site preparation.¹

**\$902
MILLION**
Completed
(since 2020)

**\$922
MILLION**
Under Construction
as of Q2

**\$3.87
BILLION**
in Site Preparation/
Proposed/Planned
Developments

**\$5.70
BILLION**
Completed since 2020,
Under Construction, Site Prep,
and Planned Developments

Alexan Glenwood South

Site preparation work has begun at 401 W Lane Street where the Alexan Glenwood South will add **186 apartments** to the growing Glenwood South District. The **7-story, 235,622 square foot** development will have 120 one bedroom units, 44 two bedroom units, and 22 studio apartments.



Image: Alexan Glenwood South construction site



Image: The Dukes at City View

The Dukes at City View

Expected to deliver in the very near future, The Dukes at City View are **wrapping up construction of eight townhomes** located in two buildings at the corner of S West Street and Lenoir Street. **Half of the units have pre-sold** and residents will be moving in later this year. The project is the most recent for-sale residential product to deliver in downtown since The Fairweather condominiums in 2021 and The Saint townhomes in 2020.

The Weld

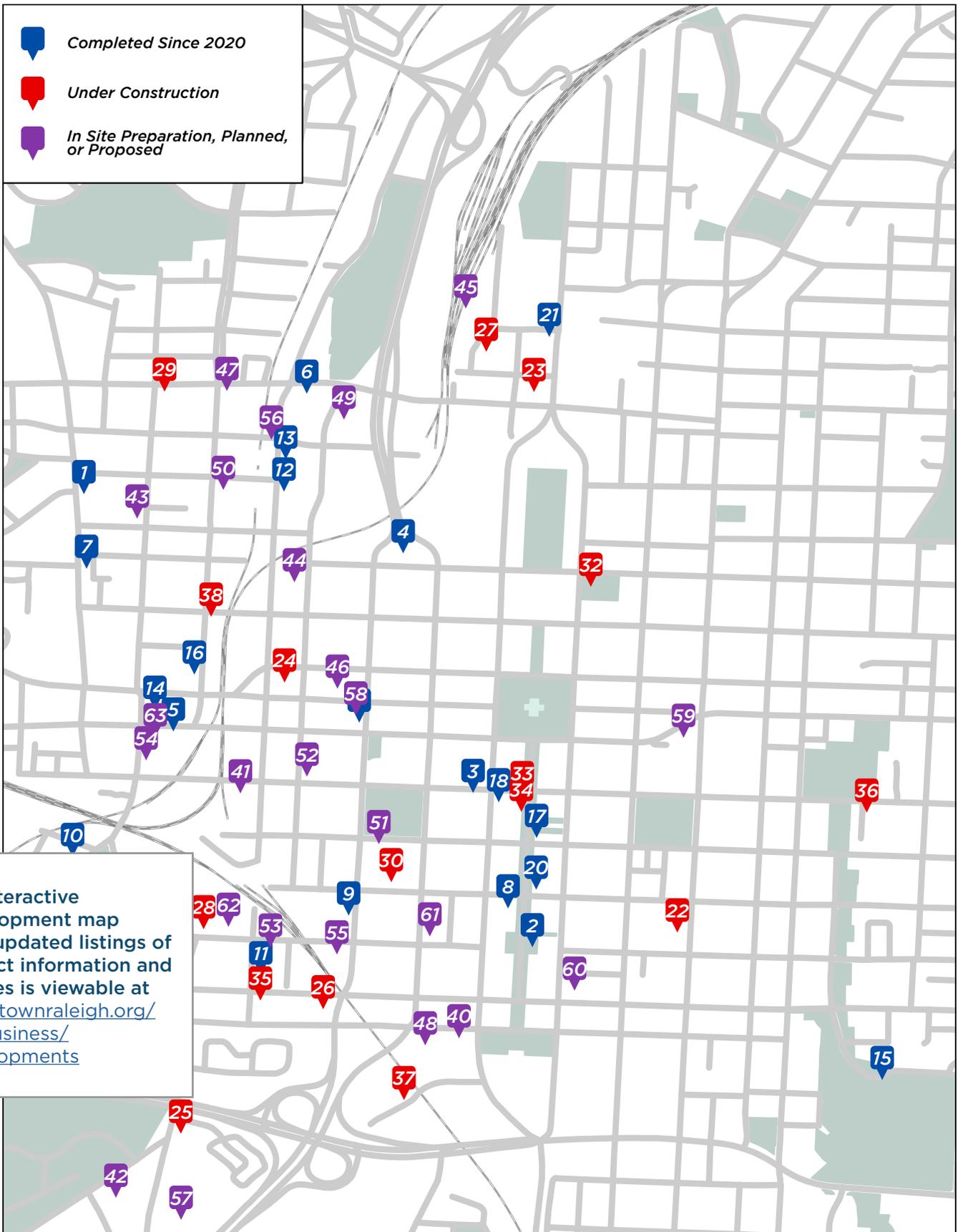
Directly across Lake Wheeler Rd from Dorothea Dix Park, site preparation work is well underway on **The Weld, a \$700 million** development along Hammell Drive. The first phase of the project will deliver **675 residential units in two 20-story towers.**¹



Image: rendering of the The Weld development
(Source: Mack Real Estate Group)

¹WRAL

Q2 2023 DEVELOPMENT MAP



RECENTLY COMPLETED (SINCE 2020)

#	NAME	Investment	SF	Units/Rooms	Type
2020					
1	CAMERON CREST	\$4,207,192	16,200 SF	6 units	Townhome
2	CITY PLAZA RENOVATION	\$3,100,000	N/A	N/A	Public Space
3	HARGETT WEST	\$4,000,000	25,500 SF	N/A	Office/Retail
4	LONGLEAF HOTEL	\$6,500,000	20,812 SF	56 rooms	Hotel/Retail
5	THE CASSO	\$22,702,726	71,794 SF	126 rooms	Hotel/Retail
6	PEACE (SMOKY HOLLOW PHASE I)	\$150,000,000	652,500 SF	417 units	Apartment/Retail
7	THE SAINT	\$23,000,000	53,199 SF	17 units	Townhome
8	SIR WALTER APARTMENTS (RENOVATION)	\$15,000,000	20,000 SF	18 new units	Apartment
9	SOUTH DAWSON RETAIL RENOVATIONS	\$471,857	9,746 SF	N/A	Retail
2021					
10	HEIGHTS HOUSE HOTEL	Not available	10,000 SF	9 rooms	Hotel
11	THE FAIRWEATHER	\$28,000,000	103,250 SF	45 units	Condo/Retail
12	THE LINE APARTMENTS (SMOKY HOLLOW PHASE II)	\$95,000,000	271,589 Residential SF / 30,000 Retail SF	283 units	Apartment/Retail
13	421 N. HARRINGTON ST (SMOKY HOLLOW PHASE II)	\$95,000,000	225,000 Office SF / 20,000 Retail SF	N/A	Office/Retail
14	TOWER TWO AT BLOC[83]	\$108,000,000	241,750 Office SF / 30,000 Retail SF	N/A	Office/Retail
15	JOHN CHAVIS MEMORIAL PARK IMPROVEMENTS	\$12,000,000	N/A	N/A	Public Space
16	AC HOTEL RALEIGH DOWNTOWN	\$25,000,000	88,454 Hotel SF / 3,860 SF Retail	147 rooms	Hotel
17	FIRST CITIZENS BANK BUILDING (RENOVATION)	\$9,000,000	N/A	N/A	Public Space
18	208 FAYETTEVILLE (RENOVATION)	Not available	18,000 Office SF / 9,000 Retail SF	N/A	Office/Retail
19	RALEIGH CROSSING PHASE I	\$160,000,000	287,252 Office SF / 12,100 Retail SF	N/A	Office/Retail
20	333 FAYETTEVILLE (RENOVATION)	\$750,000	N/A	N/A	Office
2023					
21	THE SIGNAL	\$95,000,000	30,000 Retail SF	298 units	Apartment/Retail
TOTALS:		\$902,991,775	793,102 Office SF / 206,542 Retail SF	1,084 units / 338 rooms	
UNDER CONSTRUCTION					
UNDER CONSTRUCTION					
22	THE ACORN AT PERSON ST	Not announced	N/A	107 units	Apartment
23	SEABOARD STATION BLOCK A	Not announced	11,400 Retail SF	75 units / 149 rooms	Apartment/Hotel/Retail
24	400H	\$130,000,000	144,410 Office SF / 16,935 Retail SF	242 units	Apartment/Office/Retail
25	PARK CITY SOUTH PHASE I	Not announced	16,800 Retail SF	336 units	Apartment/Retail
26	320 W SOUTH	Not announced	10,000 Retail SF	296 units	Apartment/Retail
27	SEABOARD STATION BLOCK C	\$125,000,000	34,656 Retail SF	204 units	Apartment/Retail
28	THE PLATFORM (WEST END PHASE I)	Not announced	26,000 Retail SF	442 units	Apartment/Retail
29	615 PEACE	\$7,000,000	2,200 Retail SF	24 units	Condo/Retail
30	TEMPO BY HILTON/HOMEWOOD SUITES	Not announced	1,810 Retail SF	259 rooms	Hotel/Retail
31	GIPSON PLAY PLAZA (DIX PARK)	\$55,000,000	N/A	N/A	Public Space
32	NC FREEDOM PARK	\$5,400,000	N/A	N/A	Public Space
33	210 FAYETTEVILLE ST (RENOVATION)	Not announced	Not announced	Not announced	Retail
34	216 FAYETTEVILLE ST (RENOVATION)	Not announced	Not announced	Not announced	Retail
35	THE DUKES AT CITY VIEW	Not announced	N/A	8 units	Townhome
36	ROW 12	Not announced	N/A	12 units	Townhome
37	CITY GATEWAY APARTMENTS	Not announced	4,000 Retail SF	286 units	Apartment/Retail
38	122 GLENWOOD AVE	Not announced	20,000 Office SF / 10,505 Retail SF	N/A	Office/Retail
TOTALS:		\$922,400,000*	164,410 Office SF / 89,143 Retail SF	2,032 units / 408 rooms	
IN SITE PREPARATION, PLANNED, & PROPOSED					
IN SITE PREPARATION					
39	865 MORGAN	Not announced	900 Retail SF	401 units	Apartment/Retail
40	SALISBURY SQUARE PHASE I	Not announced	13,720 Office SF	366 units	Apartment/Retail
41	UNION WEST - RUS BUS	\$200,000,000	18,000 Retail SF	587 units	Apartment/Retail/Transit
42	THE WELD	\$700,000,000	9,449 Retail SF	670 units	Apartment/Retail
43	GLENWOOD SOUTH TOWNHOMES	Not announced	Not announced	16 units	Townhome
44	ALEXAN GLENWOOD SOUTH	Not announced	8,612 Retail SF	186 units	Apartment/Retail
PLANNED & PROPOSED					
45	707 SEMART DR	Not announced	11,000 Retail SF	680 units	Apartment/Retail
46	KIMPTON MIXED-USE	Not announced	Not announced	350 units / 179 rooms	Apartment/Hotel/Retail
47	MADISON MIXED-USE	Not announced	13,000 Retail SF	313 units	Apartment/Retail
48	SALISBURY SQUARE PHASE II	Not announced	3,850 Retail SF	300 units	Apartment/Retail
49	SMOKY HOLLOW PHASE III	Not announced	Not announced	Not announced	Apartment/Office/Retail
50	THE CREAMERY MIXED-USE	Not announced	242,000 Office SF / 17,212 Retail SF	295 units	Apartment/Office/Retail
51	221 W MARTIN	Not announced	Not announced	450 units	Apartment/Retail
52	330 W HARGETT	Not announced	17,381 Retail SF	372 units	Apartment/Retail
53	401 CABARRUS	Not announced	7,964 Retail SF	298 units	Apartment/Retail
54	BLOOMSBURY APARTMENTS	Not announced	2,475 Retail SF	237 units	Apartment/Retail
55	CABARRUS AND DAWSON RESIDENCES	Not announced	Not announced	261 units	Apartment/Retail
56	MOXY HOTEL	Not announced	Not announced	169 rooms	Hotel
57	PARK CITY SOUTH PHASE II	Not announced	Not announced	386 units	Apartment/Retail
58	RALEIGH CROSSING PHASE II	Not announced	Not announced	275 units	Apartment/Retail
59	VELA LONGVIEW	\$170,000,000	10,268 Retail SF	374 units	Apartment/Retail
60	WILMINGTON STREET MIXED USE	Not announced	Not announced	387 units	Apartment/Retail
61	COURTYARD MARRIOTT	Not announced	Not announced	179 rooms	Hotel
62	518 W CABARRUS (WEST END PHASE II)	Not announced	Not announced	240 units	Apartment/Retail
63	TOWER THREE AT BLOC[83]	Not announced	Not announced	N/A	Office/Retail
TOTALS: **			831,086 Office SF / 223,643 Retail SF**	8,671 units / 1,269 rooms	

17 ADDITIONAL PLANNED & PROPOSED PROJECTS CAN BE FOUND AT downtownraleigh.org/do-business/developments

MARKET HIGHLIGHTS OFFICE



301 Hillsborough's rooftop amenity terrace (Source: Jared Haber)

Citrix ShareFile has leased two floors at **Tower Two at Bloc[83]**, totaling **54,420 square feet**.² The downtown office market has absorbed **68,936 square feet of Class A space** year to date, including 32,052 square feet in Q2 2023.² For Q2 2023, the Class A rent per square foot is \$39.36 with an occupancy rate of 84.4%.^{1,2}

144,410 square feet of new Class A office space is expected to deliver later this year in the mixed-use project 400H. The project will also deliver 242 residential units and 16,000 square feet of retail space.

+ PERFORMANCE INDICATOR: CLASS A OFFICE NET ABSORPTION (SF)²



OFFICE MARKET Q2 2023

Average Rent PSF (Class A)¹
\$39.36

Class A Office Net Absorption²
+32,052 SF

Office SF Delivered Since 2015³
1,828,479 SF

Total Office Inventory²
6,148,057 SF

Class A Office Occupancy Rate²
84.4%

Office Sublease Space Available¹
488,195 SF

¹ULL

²CBRE

³DRA

+5,698 SF INCREASE FROM Q1 2023

MARKET HIGHLIGHTS RESIDENTIAL

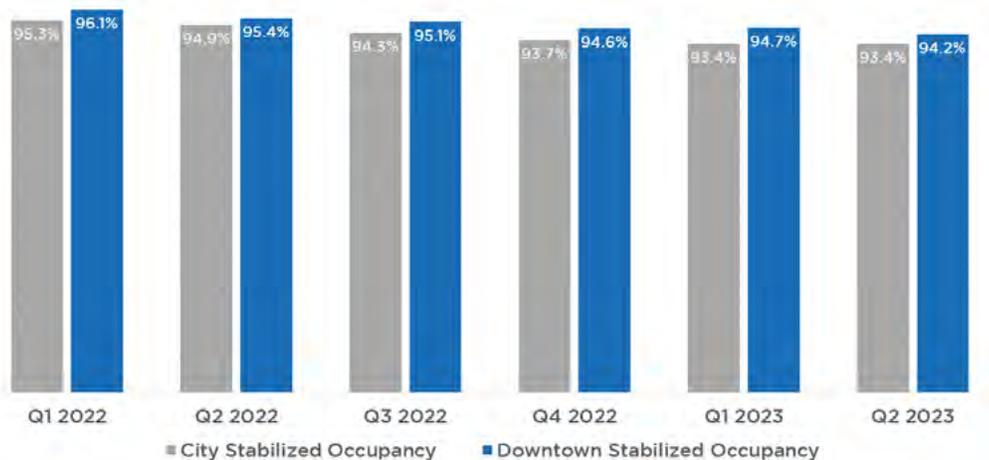


The Dillon

The downtown residential market is expanding with **2,032 units under construction across 11 downtown projects**. The **Alexan Glenwood South**, which will have **186 units**, has begun site preparation work at 401 W Lane St. Meanwhile, the final stages of construction are progressing on the **Platform** and **400H** developments which will deliver **442 and 242 units**, respectively, later this year.

Apartment stabilized **occupancy rate**, which does not include recently completed developments in lease-up phase, **remains high at 94.2%**. Market rent has increased 13% since the start of 2020 to \$2.29 per square foot.¹

+ PERFORMANCE INDICATOR: APARTMENT STABILIZED OCCUPANCY RATE ¹



RESIDENTIAL MARKET Q2 2023

Stabilized Occupancy¹
94.2%

Effective Rent per SF¹
\$2.29

Residential Inventory²
8,212 units

Units Under Construction ²
2,032

¹CoStar

²DRA

#2 SOUTH'S BEST CITY ON THE RISE 2022
Raleigh
Southern Living
March 2022

#1 HOTTEST HOUSING MARKET IN THE U.S.
Raleigh
U.S. News
February 2023

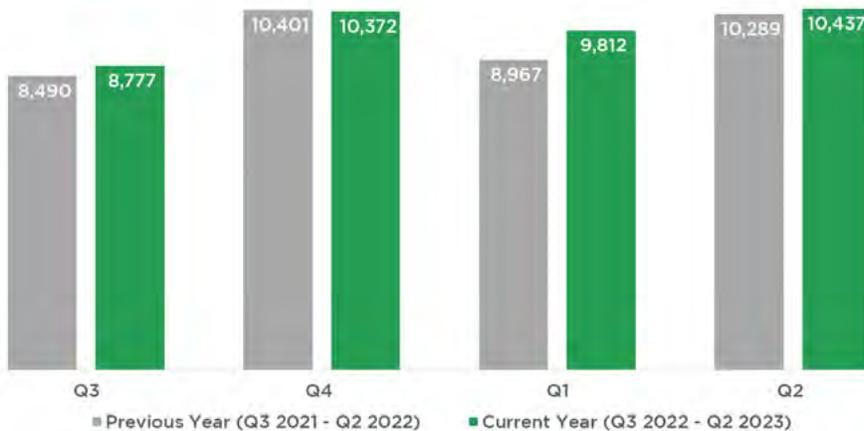
MARKET HIGHLIGHTS STOREFRONT



Recently renovated storefront space at 121 Fayetteville Street

There were **12 new storefront business openings or relocations** this quarter while another **16 are planned** in the near future.¹ Year to date, 33 new storefront businesses have opened downtown while nine have closed for a **net gain of 24 new storefront businesses in 2023**.¹ Press Coffee, Cocktails, and Crepes announced they will open their third location at 400H.¹ **The Green Monkey** is moving downtown and will occupy the storefront at 215 S Wilmington, which had previously been vacant.¹ **Average daily pedestrian counts** across six downtown locations **increased 1%** year over year and were **97% of their Q2 2019 average**.² Pedestrian traffic recovery remains uneven across downtown with the central and eastern portions of downtown still below pre-pandemic levels.

+ PERFORMANCE INDICATOR: AVERAGE DAILY COMBINED PEDESTRIAN COUNT ACROSS SIX COUNTER SITES IN DOWNTOWN¹



RETAIL MARKET Q2 2023

Retail SF under construction¹
99,650 SF

Retail SF planned or proposed¹
192,532 SF

New storefront business openings & expansions (Q2)¹
12

New storefront business openings & expansions 2023¹
33

¹DRA

²Eco-Counter

#1 BEST CITY TO START A BUSINESS
Raleigh
LendingTree 2021

+6% INCREASE
FROM Q1 2023¹

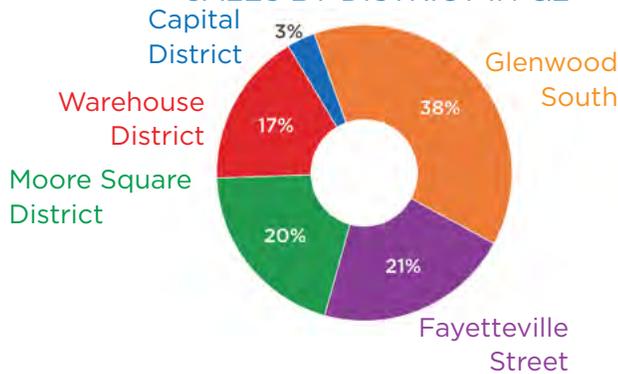
MARKET HIGHLIGHTS STOREFRONT



Back patio at Watts & Ward

Average monthly **food and beverage sales in downtown increased 12%** year over year during the first two months of Q2.¹ Sales in the **Warehouse District increased 34%**, the most of any downtown district followed by the **Moore Square District which increased 33%**.¹

FOOD AND BEVERAGE SALES BY DISTRICT IN Q2¹



RETAIL MARKET Q2 2023

Average monthly food & beverage sales in Q2^{1*}

\$28.1 MILLION

\$25.2 Million in Q2 2022

Restaurants & bars in downtown with outdoor seating²

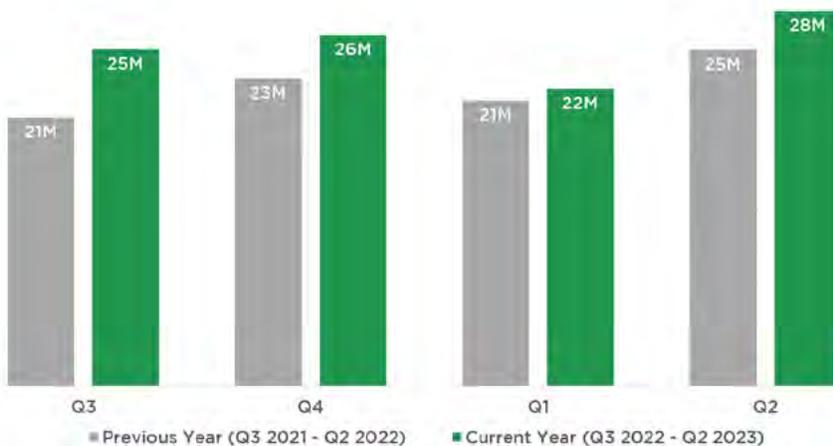
160+

Craft breweries & distilleries in downtown²

11

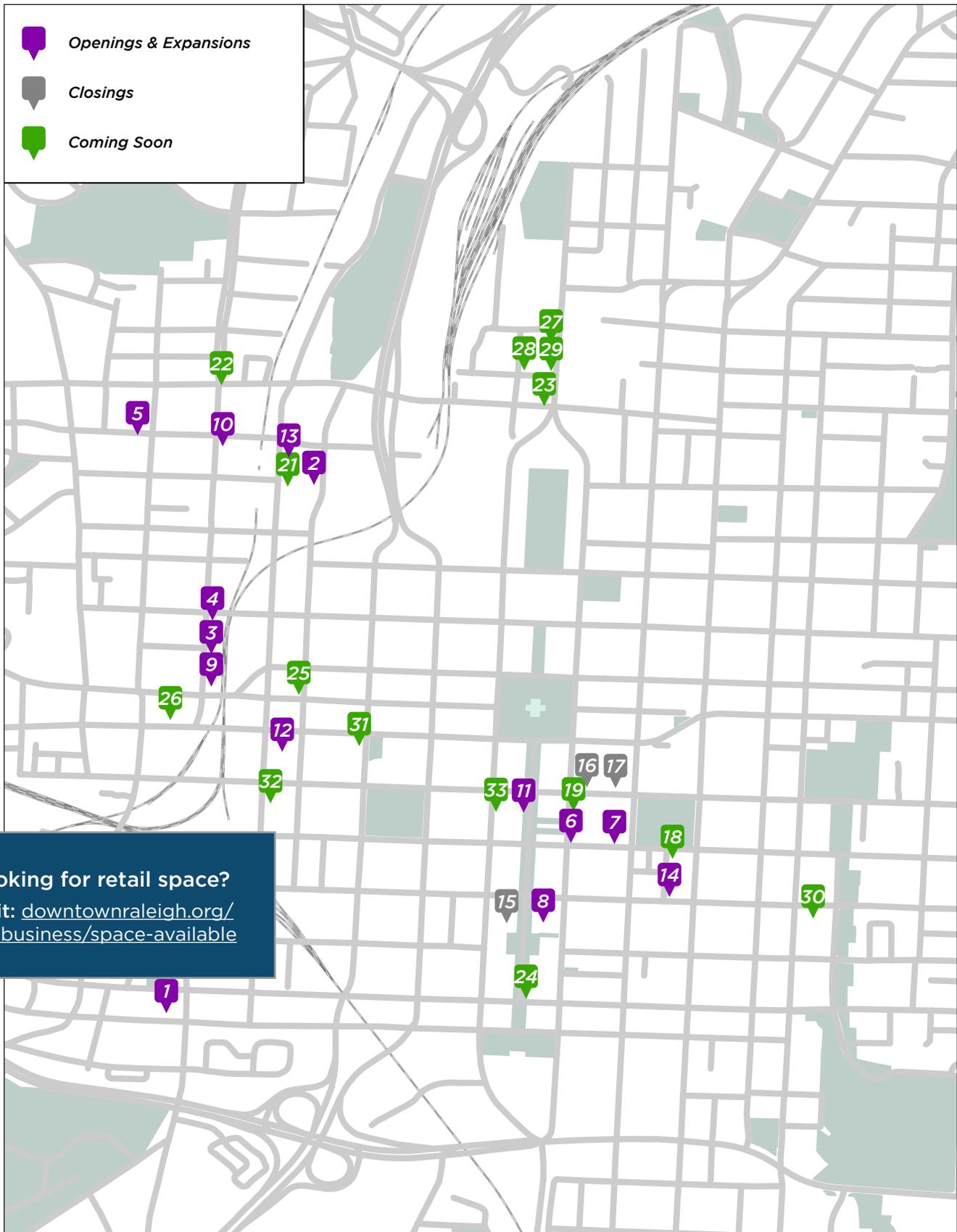
¹Wake County Tax Administration, DRA
*Only April & May data available
²DRA

+ PERFORMANCE INDICATOR: AVERAGE MONTHLY FOOD AND BEVERAGE SALES BY QUARTER¹



+12% INCREASE
FROM Q2 2022¹

Q2 2023 STOREFRONT ACTIVITY



Q2 2023 STOREFRONT BUSINESS ACTIVITY

#	Business Openings in Q2	Type	Date
1	Sound Off Records and Hi-Fi (relocation)	Retail	April 2023
2	New Anthem Beer Project Raleigh Annex	Bar/Nightclub	April 2023
3	Glenwood Fine Art	Gallery	April 2023
4	Arch & Edge (relocation)	Service	April 2023
5	ReFit Therapy	Service	May 2023
6	Fox Liquor Bar (reopen)	Bar/Nightclub	May 2023
7	The Hippo	Retail	May 2023
8	Mustang House	Restaurant	June 2023
9	Tea and Tiger Vintage	Retail	June 2023
10	Burger Village	Restaurant	June 2023
11	Liberation Station Bookstore	Retail	June 2023
12	Gym Tacos	Restaurant	June 2023
13	Madre	Restaurant	June 2023
#	Early Q3 Openings		
14	Blackbird Books & Coffee	Retail/Cafe	July 2023
#	Business Closings in Q2		
15	Miami Vibes	Bar/Nightclub	June 2023
16	Read With Me	Retail	June 2023
17	The Burrow	Retail	June 2023
#	Coming Soon		
18	Limatus Bespoke	Retail/Service	
19	The Green Monkey	Retail/Bar	
20	Gussies	Retail/Bar	
21	Hause of Dogs	Retail	
22	Embargo	Bar/Nightclub	
23	High Rail	Bar/Nightclub	
24	Chido Taco	Restaurant	
25	Press Coffee, Cocktails & Crepes	Restaurant	
26	Incendiary Brewing	Bar/Nightclub	
27	The Yard	Restaurant	
28	Biscuit Belly	Restaurant	
29	The Eye Institute	Service	
30	Yatai Market	Restaurant	
31	Hightide Salon Suites	Service	
32	La Terrazza	Restaurant	
33	ABC Store	Retail	



madre



MARKET HIGHLIGHTS

HOTEL & TOURISM



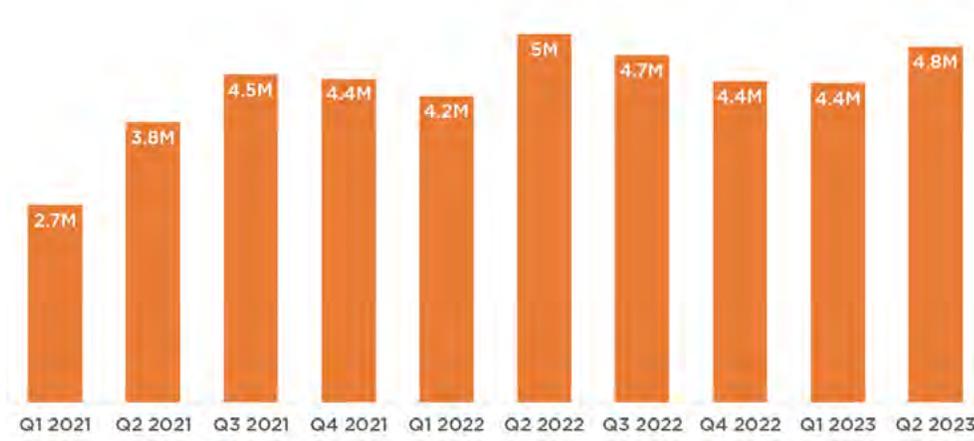
Raleigh Union Station (Source: Jared Haber)

Overall visitor **visits to downtown increased 11%** from Q1 2023 to Q2 2023 with 4.8 million visits but decreased 3% year over year.² The dual-branded **Tempo by Hilton and Homewood Suites development has topped out at 200 W Davie St** and when complete this fall will add 259 hotel rooms.

Average monthly **hotel room sales revenue increased 46% year over year** for the second quarter, averaging \$11.1 million between April and May.¹

+ PERFORMANCE INDICATOR: DOWNTOWN RALEIGH VISITOR VISITS²

Visitor visits to Downtown Raleigh in Q2 2023 increased 9% from Q1 2023



HOTEL + TOURISM MARKET Q2 2023

408
Hotel rooms under construction³

338
New hotel rooms added since 2020³

1.9M
Unique downtown visitors in Q2²

\$11.1M
Average Monthly hotel room revenue April & May¹

¹Wake County Tax Administration, DRA
²Placer.ai
³DRA

#1 MOST AFFORDABLE SOUTHERN CITY FOR 2022 FAMILY VACATION
Southern Living

NEWS & EVENTS

Downtown Economic Development Strategy

Downtown Raleigh Alliance and the City of Raleigh have selected Interface Studio to lead the development of the Economic Development Strategy for Downtown Raleigh. The strategy is intended to provide recommendations on **revitalizing Fayetteville Street, re-positioning the downtown office market, improving diverse business opportunities, and developing the next big ideas for Downtown Raleigh.**

Over the next twelve months Downtown Raleigh Alliance and Interface Studio will engage key stakeholders and leaders within the downtown community to guide the development of the strategy. A retail strategy for downtown with a focus on the Fayetteville Street corridor will be produced within the next six months.

Interface Studio, the selected project consultant, is a planning and urban design practice that blends research and analytical thinking with design and public visioning. Interface has been recognized with multiple national awards for work spanning downtown planning, equitable parks investment, sustainability, neighborhood planning, and community outreach. DRA and the City selected Interface Studio from among several detailed and qualified proposals after an extensive request for proposal (RFP) process that received national interest.

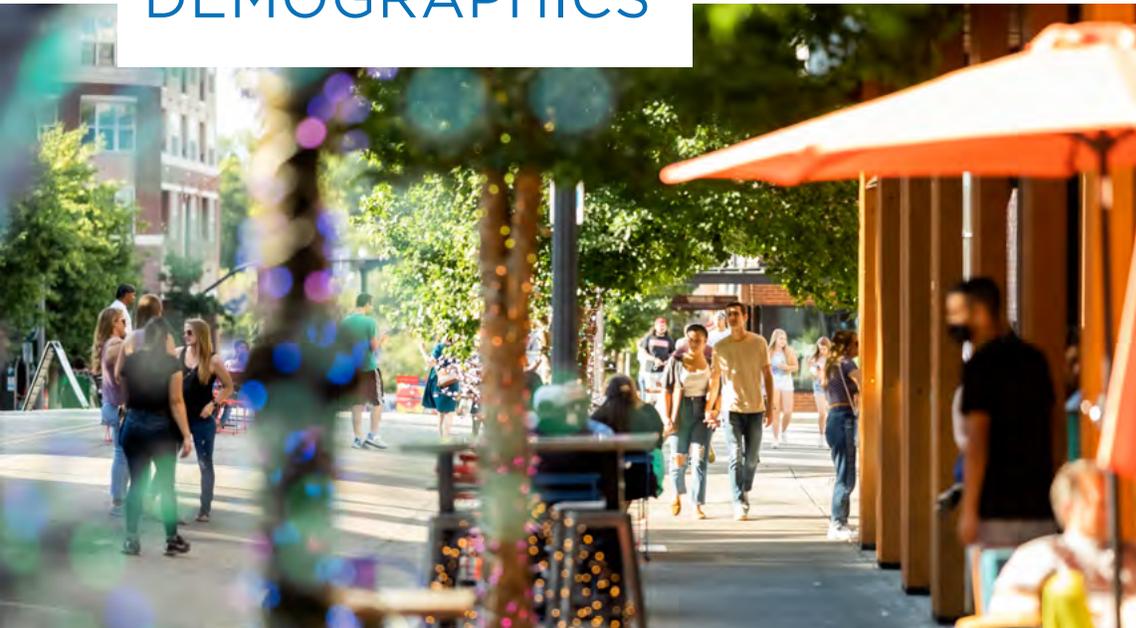


Image: Conlon Family Skatepark

Conlon Family Skatepark

The Conlon Family Skatepark has opened at the northern edge of downtown along Capital Blvd after months of community efforts and fundraising. The temporary skatepark is located at an old City of Raleigh maintenance facility and is also the location of the future Smoky Hollow Park.

DOWNTOWN DEMOGRAPHICS¹



12,000+
Resident
Population

48,000+
Downtown
Employees¹

32.9
Median Age¹

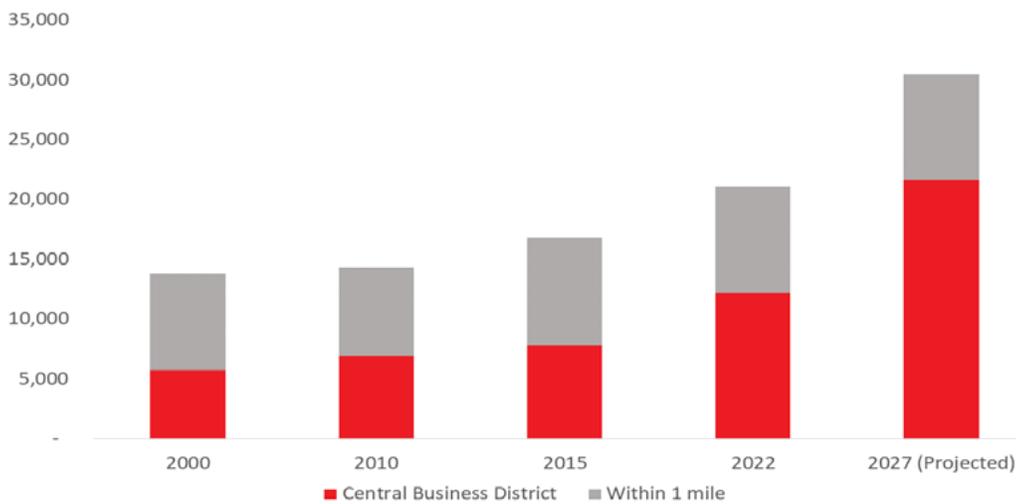
106,695
Average
Household
Income¹

66%
Bachelor's
Degree or
Higher¹

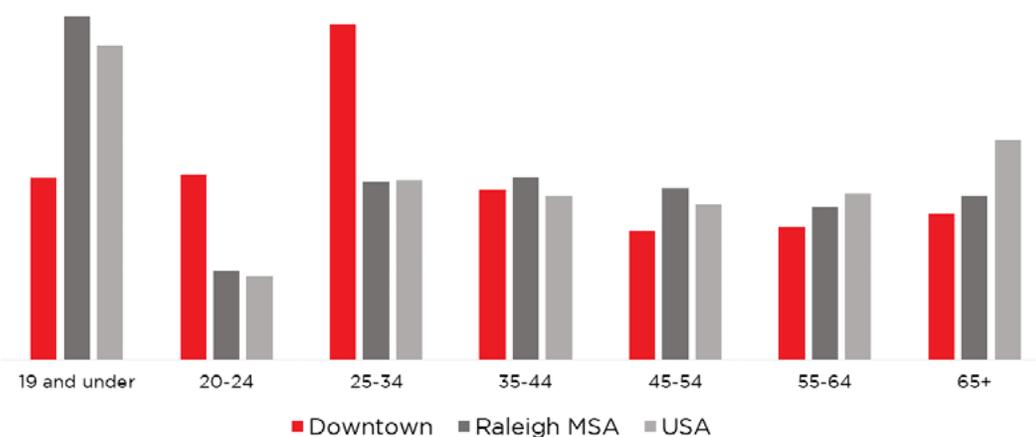
41%
Of population
between ages
20-34¹

¹ESRI, DRA

DOWNTOWN POPULATION GROWTH [2000-2027]



DOWNTOWN POPULATION BY AGE





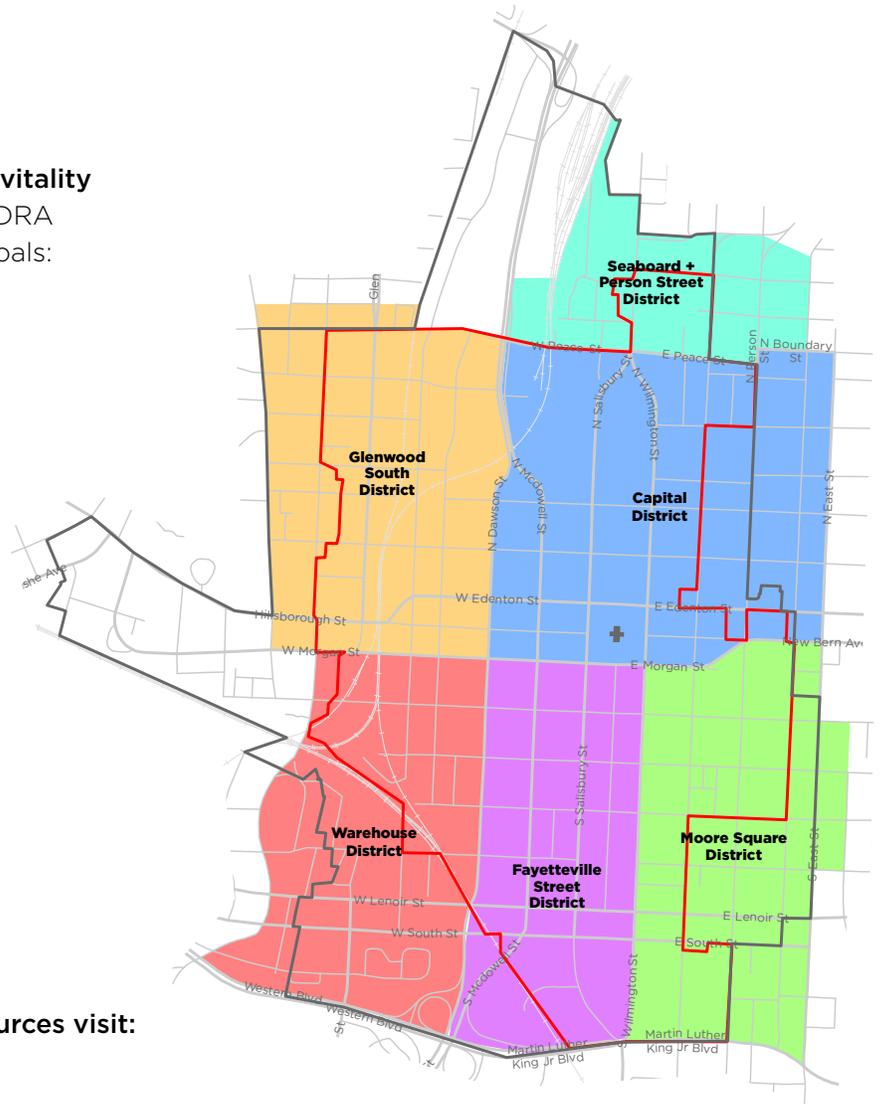
DowntownRaleigh
Alliance

ABOUT DOWNTOWN RALEIGH ALLIANCE (DRA)

DRA has a mission of **advancing the vitality of Downtown Raleigh for everyone**. DRA facilitates this mission through five goals:

- 1 Building a culture of authentic engagement and inclusion with Downtown’s diverse community;
- 2 Fostering a thriving and diverse storefront economy;
- 3 Facilitating strategic partnerships to produce positive, balanced activations across Downtown;
- 4 Improving physical connectivity and accessibility within and around Downtown;
- 5 Positioning DRA as a reliable, responsive, representative, and mission-directed.

For additional information and resources visit: downtownraleigh.org/do-business



CONTACT FOR QUESTIONS:

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DOWNTOWN BOUNDARY AND DISTRICT MAP

LEGEND

- Downtown Boundary
- Downtown Municipal Service District (MSD)



Photo by Patrick Maxwell



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