



DowntownRaleigh
Alliance

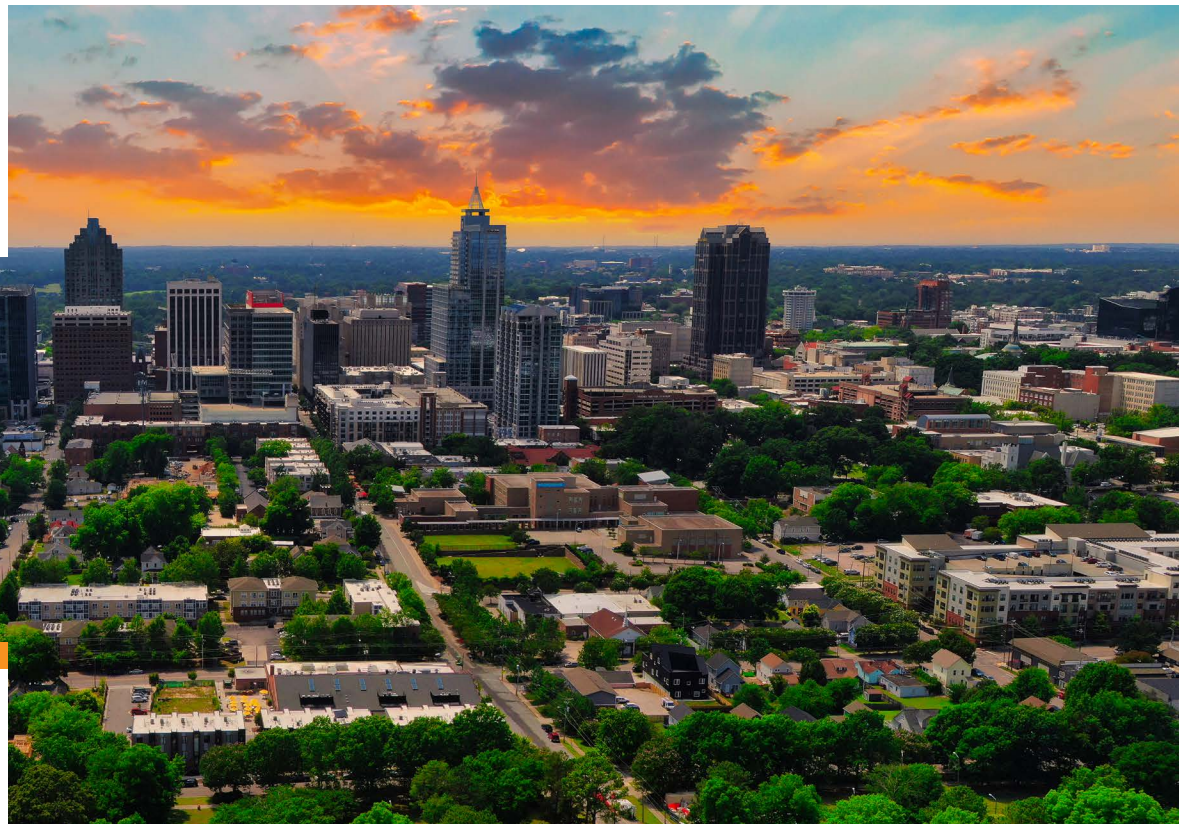


Photo: AK Photography

Q1 2023 MARKET REPORT

DOWNTOWN RALEIGH SUMMARY AND HIGHLIGHTS:

There are 16 developments under construction and when completed they will deliver 2,032 residential units, 408 hotel rooms, 144,410 square feet of office space, and 89,145 square feet of retail.¹ There are an additional 41 projects planned or proposed including five in site preparation.¹ The Signal apartments, the first building among three in the multi-phase Seaboard Station development, delivered 298 apartment units in March of 2023. The Signal is the first apartment development to deliver in downtown since The Line's 283 units at Smoky Hollow.¹

320 W South, a 296 unit development with 10,000 square feet of retail, joined 10 other residential projects under construction.¹ Meanwhile, The Platform at 600 W Cabarrus has topped out and will add 442 residential units plus 26,000 square feet of retail in the growing Warehouse District later this year.¹ An additional 8,558 units in 26 developments are in site preparation, have been proposed, or are working through entitlement.¹ Downtown's stabilized occupancy rate, which does not include recently completed developments in lease-up phase, remains high at 94%.²

400H has topped out and is set to deliver 144,410 square feet of class A office space later this year.¹ Downtown's overall direct vacancy rate ended the quarter at 12.3% while the average class A asking rate for rent is \$35.52 per square foot.³ Class A office direct net absorption for the quarter was positive at 26,354 square feet.³

16
DEVELOPMENTS
UNDER
CONSTRUCTION¹
Q1 2023

2,330
RESIDENTIAL
UNITS UNDER
CONSTRUCTION
AND RECENTLY
DELIVERED¹
Q1 2023

+26,354 SF
CLASS A OFFICE
NET ABSORPTION³
Q1 2023

¹DRA
²CoStar
³CBRE

There were 17 new business openings and six closings this quarter. 21 storefront businesses have announced they are coming soon to downtown.¹ The Signal, a recently completed residential development, has announced that three businesses; Biscuit Belly, The Yard Milkshake, and The Eye Institute, will soon be opening along their ground floor. New Anthem Beer Project has opened a new Smoky Hollow location while another brewery, Incendiary Brewing Company of Winston-Salem, has announced a planned expansion at Bloc[83].¹

Average monthly food and beverage sales in downtown increased 4% year over year during the first two months of the quarter with the Warehouse District increasing 19%, more than any other district.²

Average daily pedestrian counts across six counting sites increased 9% year over year.³ Visitor visits to downtown increased 4% year over year for the first quarter with 4.3 million visits but remained unchanged from the previous quarter.⁴

Average monthly hotel room sale revenue increased 36% year over year with January seeing a 69% increase year over year.² There are currently 408 hotel rooms under construction across two developments while another 1,269 rooms in seven projects have been proposed or are in planning.¹

Two parcels, 219 N Harrington and 401 W Lane, were sold in February for a total of \$6.8 million as part of a package deal.⁵

+4%
INCREASE
Average Monthly Food & Beverage Sales
from Q1 2022²

+9%
INCREASE
Average Daily Pedestrian Traffic
From Q1 2022³

+36%
INCREASE
Average Monthly Hotel Room Sales Revenue
From Q1 2022²

408
Hotel Rooms
Under Construction¹

¹DRA
²Wake County Tax Administration
³Eco-Counter
⁴Placer.ai
⁵CoStar
*Only January and February data available

DEVELOPMENT UPDATES:

Overall, there is \$5.67 billion of investment in the current Downtown Raleigh development pipeline.¹ This includes an estimated \$903 million in projects completed since 2020, \$922 million in projects under construction, and \$5.67 billion in proposed or planned developments which includes \$1.05 billion in site preparation.¹

\$903
MILLION
Completed
(since 2020)

\$922
MILLION
Under Construction
as of Q1

\$3.84
BILLION
in Site Preparation/
Proposed/Planned
Developments

\$5.67
BILLION
Completed since 2020,
Under Construction, Site Prep,
and Planned Developments

320 W South

Construction is well underway at 320 W South and is set to deliver 296 apartments and 10,000 square feet of retail to the southwest edge of downtown. The 20-story Warehouse District development lies within an opportunity zone and will have approximately 30,000 square feet of amenity space including a swimming pool, rooftop lounge, coworking space, and fitness center.



Image: 320 W South Rendering
(Source: J Davis Architects)



Image: Park City South Rendering
(Source: Kane Realty)

Park City South

Toward the edge of downtown, construction is moving forward on the 336 unit Park City South multifamily development. The multiphase project will be Raleigh's first Trail-Oriented Development (TOD) by connecting Dorothea Dix Park and the Capital Area Greenway.

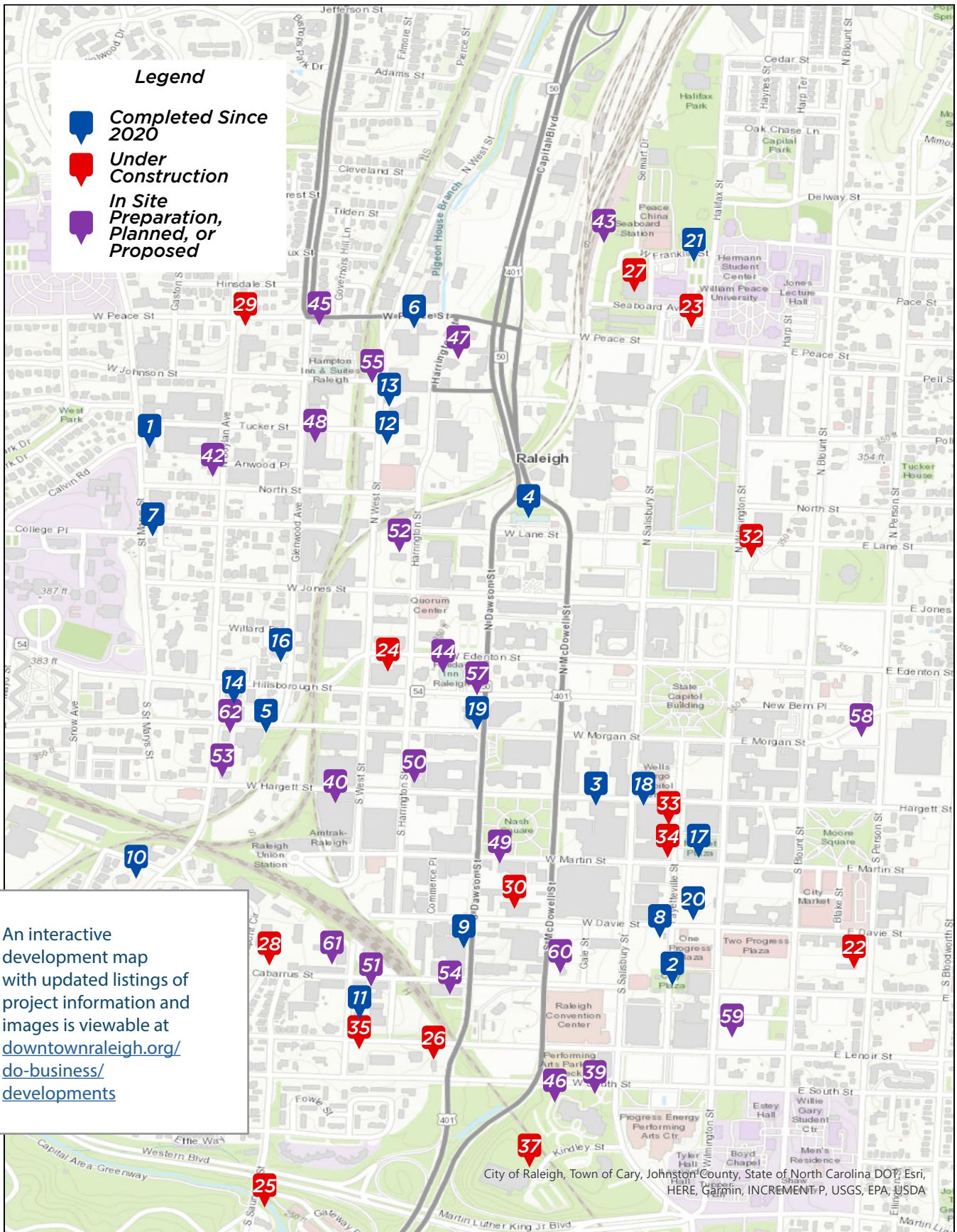
Nash Square

An administrative site plan for a 36-story tower with 403 residential units has been submitted for a set of parcels at the corner of Dawson and Martin Street including the site of the Berkeley Cafe across the street from Nash Square. The development will add 214 one bedroom units, 167 with two bedrooms, and 22 with three while adding 7,431 square feet of ground floor retail space.



Image: Nash Square
(Source: City of Raleigh)

Q1 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	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
TOTALS:		\$922,400,000*	144,410 Office SF 89,143 Retail SF	2,032 units / 408 rooms	

IN SITE PREPARATION, PLANNED, & PROPOSED

IN SITE PREPARATION					
38	HAMMEL DRIVE MIXED USE DEVELOPMENT	\$600,000,000	9,449 Retail SF	670 units	Apartment/Retail
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	GLENWOOD SOUTH TOWNHOMES	Not announced	Not announced	16 units	Townhome
PLANNED & PROPOSED					
43	707 SEMART DR	Not announced	11,000 Retail SF	680 units	Apartment/Retail
44	KIMPTON MIXED-USE	Not announced	Not announced	350 units / 179 rooms	Apartment/Hotel/Retail
45	MADISON MIXED-USE	Not announced	112,000 Office SF / 10,772 Retail SF	200 units	Apartment/Office/Retail
46	SALISBURY SQUARE PHASE II	Not announced	3,850 Retail SF	300 units	Apartment/Office/Retail
47	SMOKY HOLLOW PHASE III	Not announced	Not announced	Not announced	Apartment/Office/Retail
48	THE CREAMERY MIXED-USE	Not announced	242,000 Office SF / 17,212 Retail SF	295 units	Apartment/Office/Retail
49	221 W MARTIN	Not announced	Not announced	450 units	Apartment/Retail
50	330 W HARGETT	Not announced	17,381 Retail SF	372 units	Apartment/Retail
51	401 CABARRUS	Not announced	7,964 Retail SF	298 units	Apartment/Retail
52	ALEXAN GLENWOOD SOUTH	Not announced	8,612 Retail SF	186 units	Apartment/Retail
53	BLOOMSBURY APARTMENTS	Not announced	2,475 Retail SF	237 units	Apartment/Retail
54	CABARRUS AND DAWSON RESIDENCES	Not announced	Not announced	261 units	Apartment/Retail
55	MOXY HOTEL	Not announced	Not announced	169 rooms	Hotel
56	PARK CITY SOUTH PHASE II	Not announced	Not announced	386 units	Apartment/Retail
57	RALEIGH CROSSING PHASE II	Not announced	Not announced	275 units	Apartment/Retail
58	VELA LONGVIEW	\$170,000,000	10,268 Retail SF	374 units	Apartment/Retail
59	WILMINGTON STREET MIXED USE	Not announced	Not announced	387 units	Apartment/Retail
60	COURTYARD MARRIOTT	Not announced	Not announced	179 rooms	Hotel
61	518 W CABARRUS (WEST END PHASE II)	Not announced	Not announced	240 units	Apartment/Retail
62	TOWER THREE AT BLOC[83]	\$111,000,000	295,000 Office SF / 5,850 Retail SF	N/A	Office/Retail
TOTALS: **			1,259,906 Office SF 210,276 Retail SF**	8,558 units / 1,269 rooms	

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

MARKET HIGHLIGHTS OFFICE

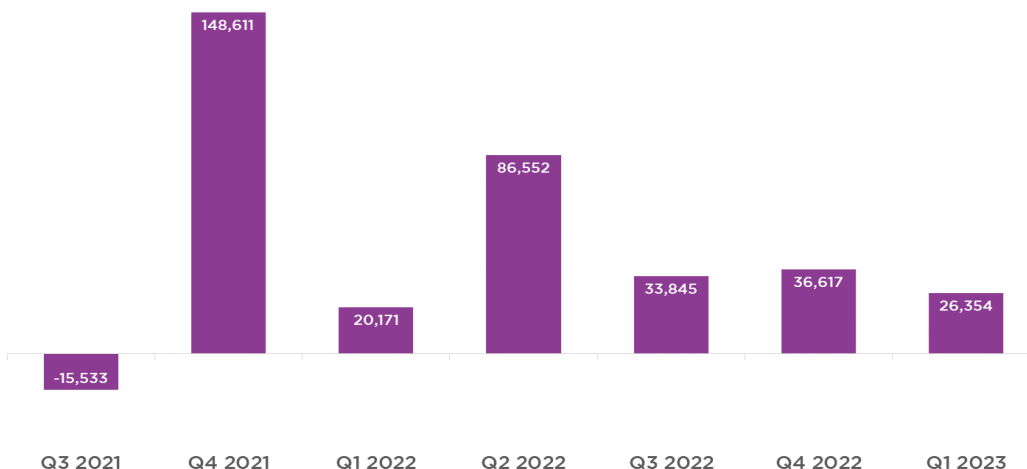


FNB Tower's new tenant amenity floor

In January, Citrix announced it was vacating and subleasing 153,000 square feet at 120 S West Street.³ More recently ProPharma, a single-source provider of pharmaceutical services, has announced they will be moving their headquarters from Kansas to downtown Raleigh at 107 W Hargett and will bring 75-100 jobs to downtown.⁴

Direct vacancy, which does not include sublease space that is available for immediate occupancy, increased slightly to 12.3% from 11.2%.¹ Net absorption for the quarter was 18,680 square feet and the average class A asking rent is \$35.52 per square foot.¹ 144,410 square feet of Class A office space is under construction at the 400H development which will deliver later this year.¹

**+ PERFORMANCE INDICATOR:
CLASS A NET ABSORPTION (SF)¹**



OFFICE MARKET Q1 2023

Average Rent PSF (Class A)¹
\$35.52

Class A Office Net Absorption¹
+26,354 SF

Office SF Delivered Since 2015²
1,828,479 SF

Total Office Inventory¹
6,148,057 SF

Overall Office Occupancy Rate¹
87.7%

Office Sublease Availability Rate¹
9.5%

¹CBRE

²DRA

³CoStar

⁴Triangle Business Journal

+6,183 SF INCREASE FROM Q1 2022

MARKET HIGHLIGHTS RESIDENTIAL

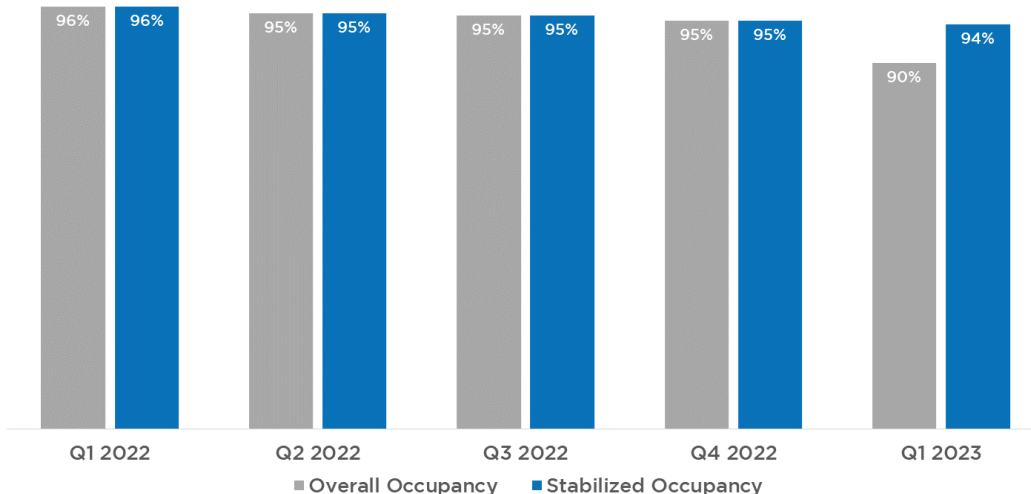


The Platform Rendering (Source: Cline Design)

The downtown residential development pipeline is progressing with 11 projects and 2,032 residential units under construction while another 2,040 units in four projects are in site preparation.² 320 W South and Park City South have begun construction and when complete will deliver 296 and 336 residential units, respectively.² Site preparation work has begun on the 670 unit Hammell Drive development across from Dorothea Dix Park.² An additional 8,558 units in 26 developments have been proposed.²

298 new apartment units were completed in downtown in March of 2023 at The Signal development (Seaboard Station Block B).¹ Downtown's stabilized occupancy rate, which does not include recently completed developments in lease-up phase, remains high at 94%.¹

+ PERFORMANCE INDICATOR: APARTMENT OCCUPANCY RATE ¹



RESIDENTIAL MARKET Q1 2023

Stabilized Occupancy¹
94%

Effective Rent per SF¹
\$2.24

Residential Inventory²
8,212 units

Units Under Construction or In Site Preparation²
4,072

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

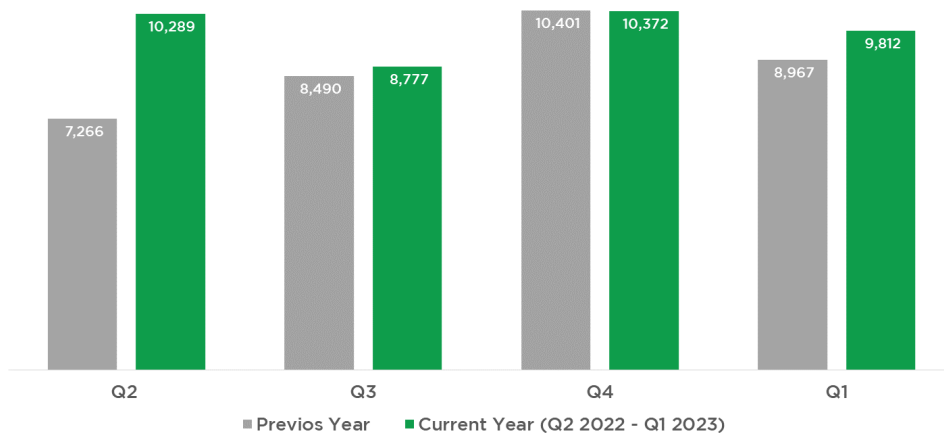


Midwood Smokehouse below The Line apartments

There were 17 new business openings this quarter including five retailers, five retail service providers, three restaurants, three bars, and an art gallery.¹ Another 21 storefront businesses are announced as coming soon to downtown.¹ Three businesses: Biscuit Belly, The Yard Milkshake, and The Eye Institute, have announced they are moving into the recently completed first phase of the Seaboard Station development. Six storefront businesses closed during the quarter.¹

Average daily pedestrian counts across six counting sites increased 9% year over year. The combined average for February was 98% of its pre-pandemic average.²

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



RETAIL MARKET Q1 2023

Retail SF under construction¹
89,145 SF

Retail SF planned or proposed¹
237,770 SF

New storefront business openings & expansions (Q1)¹
17

New storefront business openings & expansions 2022¹
29

¹DRA

²Eco-Counter

#1 BEST CITY TO START A BUSINESS
Raleigh
LendingTree 2021

+9% INCREASE
FROM Q1 2022¹

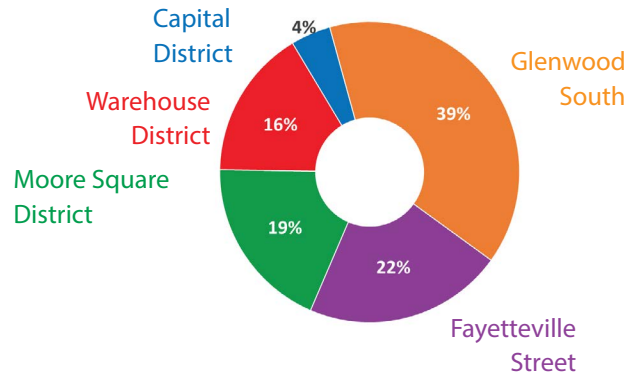
MARKET HIGHLIGHTS STOREFRONT



First Watch at Bloc(83)

Average monthly food and beverage sales in downtown increased 4% year over year during the first two months of the quarter.¹ The Warehouse District increased 19%, the most of any downtown district.¹ Downtown now has 11 breweries and distilleries with the recent opening of New Anthem Beer Project at Smoky Hollow.²

FOOD AND BEVERAGE SALES BY DISTRICT IN Q4¹



RETAIL MARKET Q1 2023

Average monthly food & beverage sales in Q1^{1*}

\$22.3 MILLION

\$21.4 Million in Q1 2022

Restaurants & bars in downtown with outdoor seating²

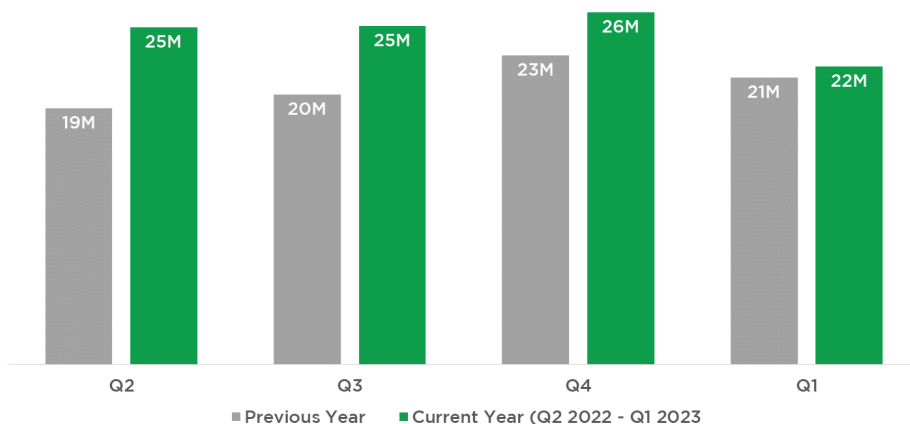
160+

Craft breweries & distilleries in downtown²

11

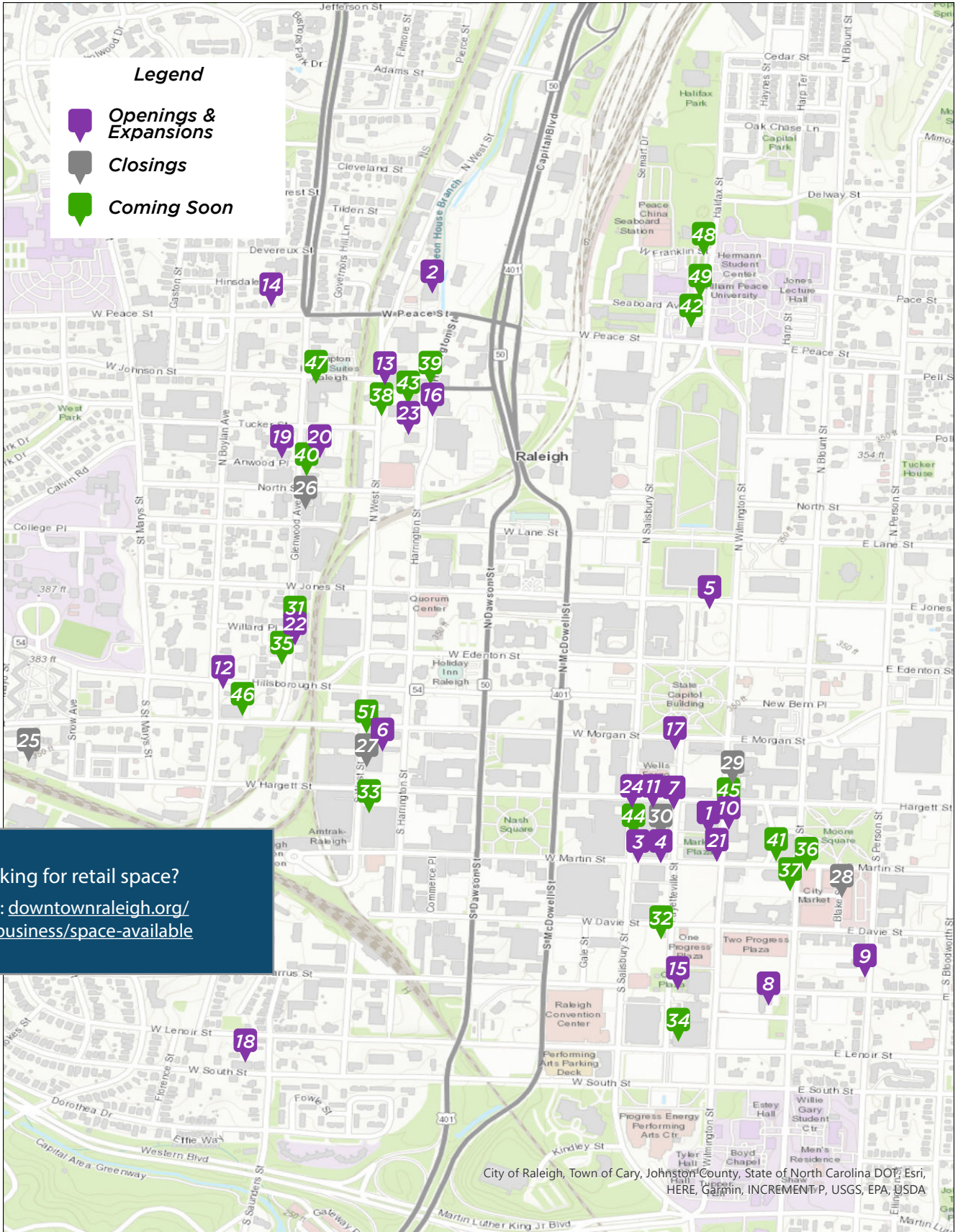
¹Wake County Tax Administration, DRA
²Only January & February data available
³DRA

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



+4% INCREASE
FROM Q1 2022¹

Q1 2023 STOREFRONT ACTIVITY



Q1 2023 STOREFRONT BUSINESS ACTIVITY

#	Business Openings in Q1	Type	Date
1	Amitie Macaron	Retail	January 2023
2	East Coast Electric Speed Shop	Service / Retail	January 2023
3	Kings (Reopen)	Experiential	January 2023
4	Neptune's Parlour (Reopen)	Bar	January 2023
5	Premier Cakes Diner	Restaurant	January 2023
6	Raleigh Popsicle Co	Retail	January 2023
7	Rolley	Retail	January 2023
8	CrossFit Serve	Service	January 2023
9	Boot & Trunk	Retail	February 2023
10	Downtown Smoke & Vape	Retail	February 2023
11	Finally Barbershop	Service	February 2023
12	First Watch	Restaurant	February 2023
13	Midwood Smokehouse	Restaurant	February 2023
14	Peace Street Wellness	Service	February 2023
15	Happy + Hale (Reopen)	Restaurant	March 2023
16	HUSH	Service	March 2023
17	Social Club 112	Bar	March 2023
18	Sound Off Records and HiFi (Relocate)	Retail	March 2023
19	Split Tequila Lounge	Bar	March 2023
20	The Ark Royal (Reopen)	Bar	March 2023
#	Early Q2 Openings		
21	Frills Atelier	Retail	April 2023
22	Glenwood Fine Art	Art Gallery	April 2023
23	New Anthem Beer Project	Bar	April 2023
24	U.B. Pant'N & Sip'N	Service	April 2023
#	Business Closings in Q1		
25	The Factory	Coworking	January 2023
26	The Rockford	Restaurant	January 2023
27	Wicked Taco	Restaurant	February 2023
28	Davis + Rhodes	Service	March 2023
29	J Lights	Restaurant	March 2023
30	The Vault	Retail	March 2023
#	Coming Soon		
31	Co-Lab Raleigh	Experiential	
32	Taste of Himalaya / Mustang Hous	Restaurant	
33	La Terrazza	Restaurant	
34	Chido Taco	Restaurant	
35	Anthony's La Piazza Italian Restaurant & Bar	Restaurant	
36	Sky Cafe	Restaurant	
37	El Toro Loco Taqueria	Restaurant	
38	Madre	Restaurant	
39	The Crunkleton	Bar	
40	Heat Studio	Service	
41	The Hippo	Retail	
42	High Rail	Bar	
43	Salty Paws	Retail	
44	Past Participle Books	Retail	

#45-51 ADDITIONAL STOREFRONT BUSINESSES COMING SOON TO DOWNTOWN CAN BE FOUND AT downtownraleigh.org/do-business/new-businesses



MARKET HIGHLIGHTS

HOTEL & TOURISM



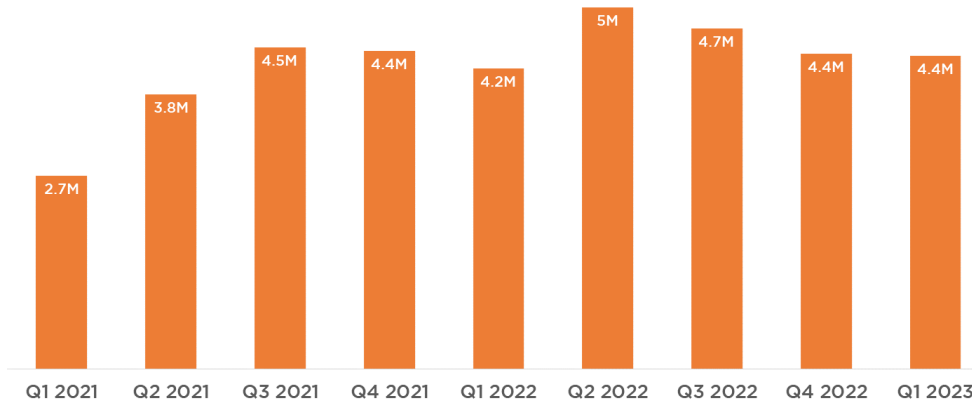
Flannels and Frost 2023 event in Moore Square, image by Chris Facey

There are 408 hotel rooms under construction including 259 rooms in the dual brand Tempo by Hilton Homewood Suites hotel and 149 rooms in the Hyatt at Seaboard Station's Block A.⁴ Site plans have been filed to develop a 9-story, 169-room Moxy branded hotel at 501 N West.⁴

Average monthly hotel room sales revenue increased 36% year over year for the first quarter. Visitor visits to downtown increased 4% year over year for the first quarter with 4.3 million visits but remained unchanged from the previous quarter.²

+ PERFORMANCE INDICATOR: DOWNTOWN RALEIGH VISITOR VISITS²

Visitor visits to Downtown Raleigh in Q1 increased 4% year over year



HOTEL + TOURISM MARKET Q1 2023

408

Hotel rooms under construction⁴

338

New hotel rooms added since 2020⁴

1.5M

Unique downtown visitors in Q1²

\$9.9M

February 2023 hotel room revenue¹

¹Wake County Tax Administration, DRA
²Placer.ai
³CoStar
⁴DRA

#1 MOST AFFORDABLE SOUTHERN CITY FOR 2022 FAMILY VACATION

Southern Living

NEWS & EVENTS

Convention Center Expansion

In February, local officials presented a plan to Wake County Commissioners and Raleigh City Council to expand the Raleigh Convention Center and build a new outdoor amphitheater directly south of the existing Red Hat Amphitheater. Proposed improvements include adding 500,000 square feet of convention space directly west of the existing building, including two flex halls with 50,000 and 30,000 square feet.

The expansion will enable the Raleigh Convention Center to attract bigger events to the city by increasing the building’s overall capacity as well as increase demand for additional hotel rooms. If approved the proposed project is expected to cost \$425 million and could break ground later this decade.

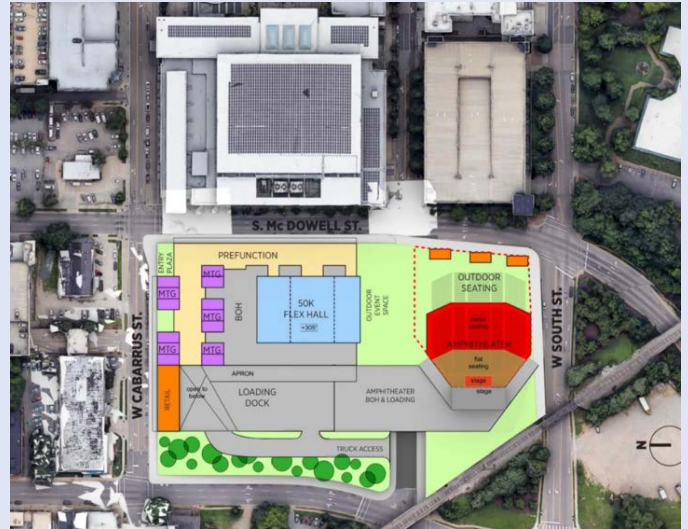


Image: proposed amphitheater & convention center expansion
(Source: City of Raleigh)



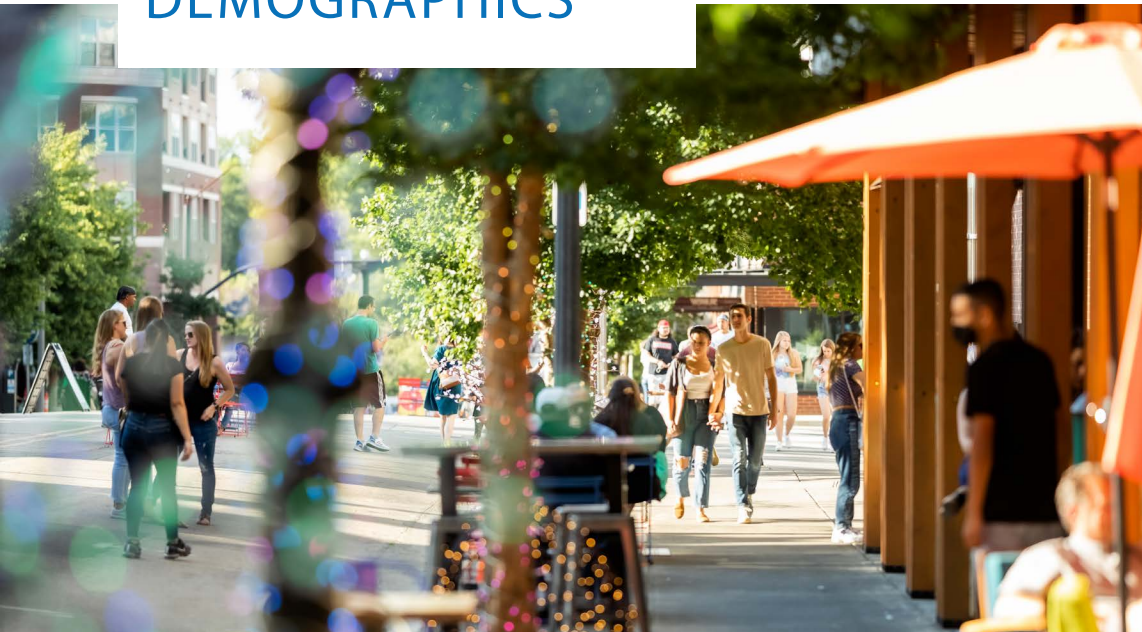
Image: Canes Fest on Fayetteville Street

Carolina Hurricanes Fan Fest 2023

A Carolina Hurricanes “Fan Fest” was held along Fayetteville Street to celebrate the team’s 25 year anniversary and the outdoor stadium series NHL game at Carter-Finley Stadium. The event featured dozens of local vendors, food trucks, craft beer vendors, live music, and a ferris wheel.

The event brought thousands of Canes’ fans downtown to celebrate their team in preparation for the NHL Stadium Series game on February 20th at Carter-Finley Stadium. Fans joined for a watch party in Moore Square on gameday. According to Visit Raleigh, the weekends’ events generated \$20.1 million in economic impact.

DOWNTOWN DEMOGRAPHICS¹



12,000+
Resident
Population

48,000+
Downtown
Employees¹

32.9
Median Age¹

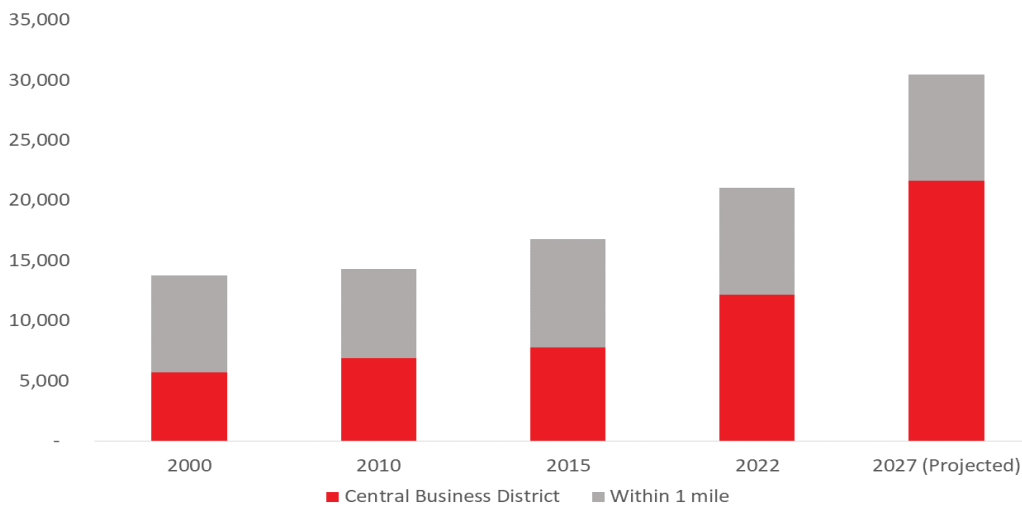
106,695
Average
Household
Income¹

66%
Bachelor's
Degree or
Higher¹

41%
Of population
between ages
20-34¹

¹ESRI, DRA

DOWNTOWN POPULATION GROWTH [2000-2027]



DOWNTOWN POPULATION BY AGE





Photo by Patrick Maxwell



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