



DowntownRaleigh
Alliance



Photo: Downtown Raleigh skyline facing south
Credit: AK Photography

Q2 2024 MARKET REPORT

DOWNTOWN RALEIGH SUMMARY AND HIGHLIGHTS:

Downtown Raleigh is growing with **17 developments under construction**.¹ When completed projects will deliver **1,811 residential units, 410 hotel rooms, and 137,266 square feet of retail space**. An additional 45 planned and proposed developments would bring 7,381 residential units, 1,954 hotel rooms, 368,000 square feet of office space, and 252,008 square feet of retail space.

The stabilized **apartment occupancy rate is 93.6%** and average asking rents are \$2.17 per square foot.^{2*} Already in 2024, a total of **419 residential units have been completed downtown** with recent deliveries in Q2 of the Acorn Apartments and Mira Raleigh Apartments.

The **Class A office direct vacancy rate** in downtown, which does not include sublease space available for immediate occupancy, ended the quarter at **14.0%**, a slight decrease from 15.6% in Q2 2023.³ Total Class A net absorption for Q2 was -21,976 square feet, bringing the year to date total to +53,643 square feet.³ **Class A average asking rents** in Downtown Raleigh ended the quarter at **\$34.47** per square foot.⁴

17
DEVELOPMENTS
UNDERWAY¹
Q2 2024

1,811
RESIDENTIAL
UNITS UNDER
CONSTRUCTION¹
Q2 2024

15
NEW STOREFRONT
BUSINESS OPENINGS¹
Q2 2024

¹DRA
²CoStar
³JLL
⁴CBRE

*Stabilized occupancy does not include recently completed projects

Downtown Raleigh added **15 new storefront businesses and 13 storefront businesses closed in Q2**, with another 34 businesses slated to open in the near future.¹ Downtown Raleigh has seen **37 new businesses open, expand, or relocate so far this year.**

Average monthly downtown food and beverage sales for the first two months of Q2 were \$28.2 million, level year over year.² Total **food and beverage sales in the Fayetteville Street District increased +5.7%** year to date, the most of any district.

Downtown Raleigh had its **best month for visitation since before the pandemic in June with 1,873,602 visitor visits**, an +8.8% increase year over year.⁴ Overall visitor visits to Downtown Raleigh in Q2 increased +2.5% year over year with 5.1 million visitor visitors. Glenwood South and Fayetteville Street Districts saw the largest increases in visitor visits at +5.6% and +4.6%, respectively.

There are **410 hotel rooms under construction in two projects**, Hyatt House and the dual branded Tempo by Hilton & Homewood Suites, with **another 1,954 rooms proposed or in planning.**¹ Total hotel room sales revenue between April and May increased 9.1% year over year, averaging \$12.1 million per month.²

600 W Hargett Street, a 1 acre lot adjacent to Raleigh Union Station, sold in June for \$12,500,000 and will be redeveloped in the future to add boarding capacity to Raleigh Union Station.⁵ **216 S Wilmington Street**, a 4,303 square foot building, sold at the end of March for \$2,075,000.

**This Q2 2024 Market Report report is abridged in advance of the 2024 State of Downtown Raleigh report which will be released in August 2024.*

+2.5% INCREASE
Visitor visits to downtown year over year⁴

+4.6% INCREASE
Total Visits To Fayetteville Street Year Over Year⁴

\$28.2M
Estimated Average Monthly Food & Beverage Sales April & May²

+9.1% INCREASE
Hotel Room Sales Revenue year over year April and May²

5.1M VISITOR VISITS
Q2 2024⁴

¹DRA
²Wake County
³Eco-Counter
⁴Placer.ai
⁵CoStar

DEVELOPMENT UPDATES:

Overall, there is **\$7.2 billion** of investment in the current Downtown Raleigh development pipeline.¹ This includes an estimated **\$2.6 billion** in projects completed since 2015, **\$777 million** in projects under construction, and **\$3.9 billion** in proposed or planned developments.¹

\$2.6 BILLION
Completed (since 2015)

\$777 MILLION
Under Construction as of Q2

\$3.9 BILLION
in Site Preparation/Proposed/Planned Developments

\$7.2 BILLION
Completed since 2015, Under Construction, and Planned Developments

Creamery Redevelopment

Plans to renovate the historic Pine State Creamery building and develop two adjacent mixed-use high-rises have been updated. **The Highline Glenwood will add 306 apartment units** and sit at 37 stories, becoming one of Raleigh’s tallest buildings. Construction is expected to begin at the end of 2024. A second phase, named **404 Glenwood at The Creamery**, will add up to **280,000 square feet of Class A office space**. In total the development will add 17,400 square feet of retail space to the existing 24,000 square feet.



Image: Rendering of both towers
Credit: Turnbridge Equities



Image: the recently completed Mira Raleigh
Credit: Origin Investments

Mira Raleigh

Residents have begun moving into the **recently completed 288 unit Mira Raleigh apartment community**. The development features a rooftop amenity deck with views of the downtown skyline, a professional grade co-working space on the ground floor, and a saltwater pool. This is the first project as part of a multi-phase redevelopment to the southern gateway of downtown near MLK Jr. Blvd. and S. McDowell St.

N.C. Museum of History

The North Carolina Museum of History has announced it will undergo a **\$180 million renovation project that will close the museum on October 7th for approximately two to three years**. The museum receives over 465,000 visitors annually, including 83,000 school children, and has been at its current location since 1994.



Image: the existing museum



Photo by Patrick Maxwell

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