



DowntownRaleigh  
Alliance

# Q1 2021 MARKET REPORT

## DOWNTOWN RALEIGH SUMMARY AND HIGHLIGHTS:

The start of 2021 shows continued signs of growth for Downtown Raleigh despite the unpredictable past year. Downtown Raleigh continues to see growth in all real estate markets and in its population. The residential market in Downtown is responding to increasing demand and in Q1 2021, **328 new residential units** were delivered. This includes downtown's first condo project since the 2008 recession, The Fairweather. There are an additional **322 units under construction** and there are **3,530 units currently proposed** for Downtown as of the end of the 1st quarter. Since 2015, there have been **3,451 units completed**, which is a **101% increase in downtown residential units** over that period.

The office market is also showing signs of continued growth with **754K SF of office space under construction as of Q1 2021**. This includes Tower Two at Bloc[83], which completed just after the 1st quarter, 421 N. Harrington (part of Smoky Hollow Phase II), and Raleigh Crossing Phase I. There is an additional **1.8 million SF of office space in planned or proposed projects**.

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**3,451**  
residential  
units  
completed  
since 2015

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**328**  
residential  
units added  
in Q1

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**754K**  
OFFICE SF  
under  
construction  
in Q1 2021

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Since the beginning of 2021, there have been **19 new storefront business openings, 2 storefront expansions, and 10 storefront business closings** in Downtown Raleigh. This is a **net of +11 new storefront businesses** year to date. There are an additional **16 storefront businesses announced and coming soon** to downtown. Since the beginning of 2021, **23 businesses have reopened** that temporarily closed during the pandemic.

Notable openings include the highly anticipated **Sam Jones BBQ**, a traditional eastern-NC BBQ joint, and **The Hightide Salon** in the Warehouse District as well as **Mon Macaron**, a macaron shop and café, in the Seaboard & Person Street District. **So & So Books** and **Burial Beer Co.** opened significant expansions in the Seaboard & Person Street District and Moore Square District respectively.

Food and beverage sales continued to increase in Q1 of 2021 with a **33% increase from Q4 2020**. March 2021 was a **76% increase from March 2020**.<sup>1</sup> Across 5 counter locations in Downtown Raleigh, average daily pedestrian traffic in Q1 was up 11% from Q4 2020 and **up 71% from Q2 2020**, when traffic was at its lowest during the pandemic.

There were several notable commercial real estate sales in downtown in Q1. The Snoopy's Hot Dogs location at 600 Hillsborough St., a 0.18-acre site, **sold for \$1.6 million** to Glenborough LLC. On the land alone, that sale amount equates to a valuation of just over **\$200 per square foot**. CityPlat and Modalia Capital also acquired real estate in Glenwood South, purchasing the 0.19-acre, gravel parking lot located at 504 Hillsborough St. for **\$700,000**. Finally, Raleigh-based Edgewater Ventures purchased the office building at 111 W. Hargett St. in the Fayetteville Street District for **\$5.45 million** or **\$176 per square foot** on the building.<sup>2</sup>

<sup>1</sup>Wake County Tax Administration  
<sup>2</sup>Triangle Business Journal

**21 NEW & EXPANDING STOREFRONT BUSINESSES**  
2021 YTD

**+11 NET NEW BUSINESSES**  
2021 YTD

**+76% INCREASE**  
in F&B sales from March 2020 to March 2021

**+71% INCREASE**  
in pedestrian traffic from Q2 2020 to Q1 2021

**\$7.75 MILLION**  
in commercial real estate sales in Q1

## DEVELOPMENT UPDATES:

Overall, there is **\$1.97 billion of investment** in the current Downtown Raleigh development pipeline. This includes **\$724.6 million** in projects completed since 2019, **\$390.2 million** in projects under construction, and **\$865 million** in proposed or planned developments.

In Q1 2021, The Fairweather and The Line Apartments were both completed, adding **328 new residential units**. The Fairweather, a **45-unit condo** project in the Warehouse District is **Downtown Raleigh's first condominium project completed since 2008**. Another condo project, 615 Peace, began site prep this quarter for the **construction of 24 condos** in Glenwood South. This site also includes about **2,000 SF of retail space** and is expected to deliver in spring of 2022. There are also 2 more condo projects currently planned in downtown at The Nexus and The Lynde.

**\$724.6**  
MILLION  
Completed  
(since 2019)

**\$390.2**  
MILLION  
Under Construction  
as of publication

**\$865**  
MILLION  
in Proposed/Planned  
Developments

**\$1.97**  
BILLION  
in Recently Completed,  
Under Construction, and  
Planned Developments



The Line Apartments, the residential portion of Smoky Hollow Phase II, is a **283-unit apartment complex** with studios, 1-bed, 2-bed, and 3-bed floor plans. The Line Apartments also adds about **30,000 SF of first-floor retail space**.

Construction continues on the office portion of Smoky Hollow Phase II, 421 N. Harrington, which will include around **11,000 SF in retail space** and **over 225,000 SF in Class A office space**.



The Line Apartments (part of Smoky Hollow Phase II)



Heights House Hotel

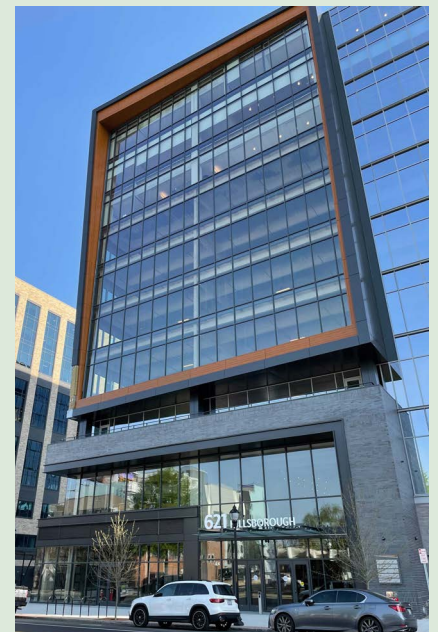
The Heights House, a **9-room boutique hotel** in Boylan Heights completed renovations in early Q2. The owners renovated the historic home which will serve as a wedding and event venue as well as a hotel.

Seaboard Station Block B began site preparation work in Q4 of 2020 and remained under construction in Q1 of 2021. Plans for Seaboard Station Block B call for **298 residential units** and **30,000 SF of retail**. The future phases of Seaboard Station, Block A and C, plan for more retail space, residential units, and a hotel. Block B is expected to deliver in **Q3 2022** and Block C in 2023. The combined investment across all three phases is estimated at **\$270 million**.



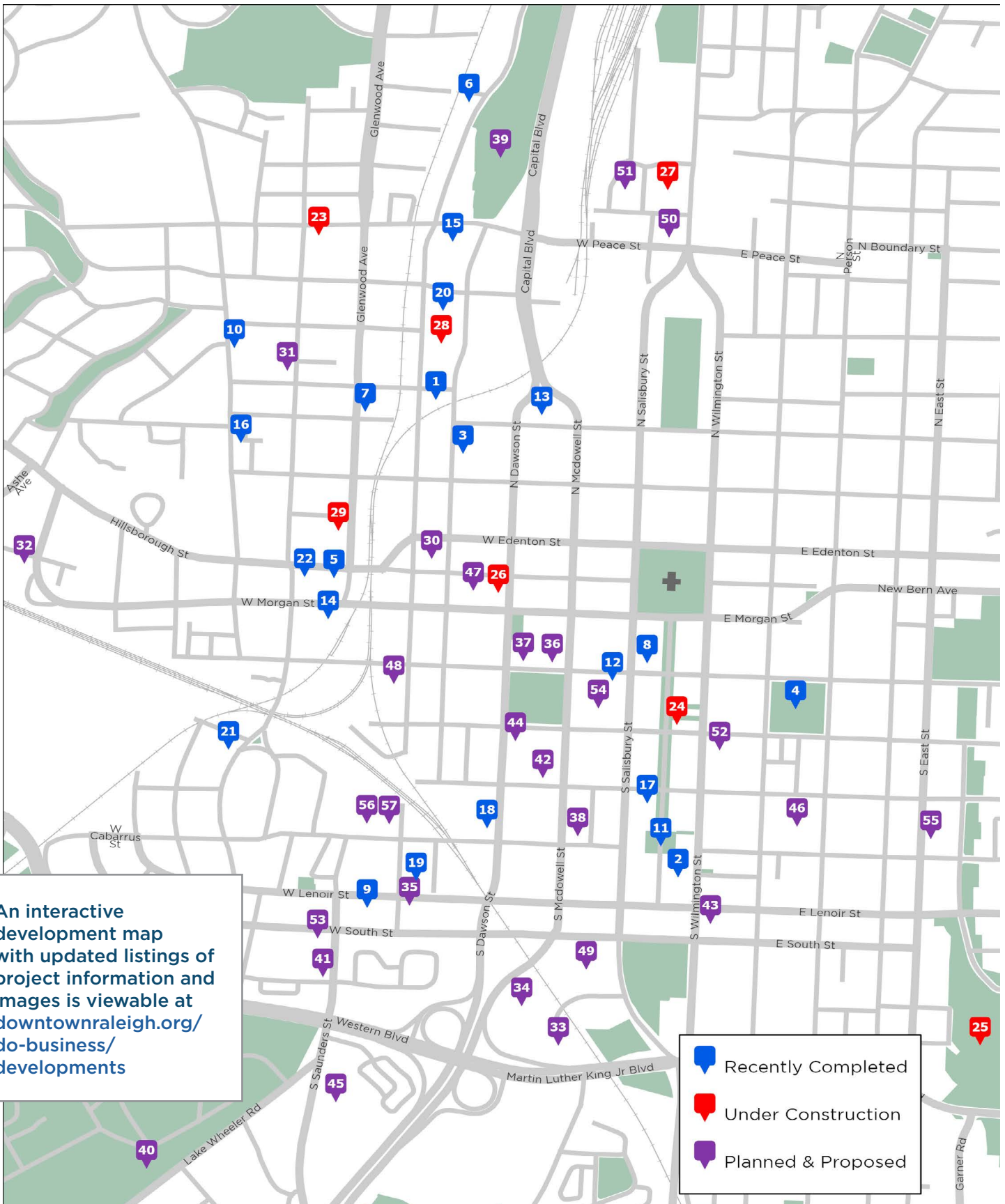
Bloc[83] courtyard

Work continued on Tower Two at Bloc[83] through Q1, completing in early April. The project adds over **270,000 SF of Class A office and retail space** and a 665-space parking garage. The high-rise is connected to One Glenwood through an urban courtyard that features landscaping and amenities for the office tenants. The building is anchored by expanding tech firm, Envestnet, who will occupy the top three floors, an **81,840 SF lease**.



Tower Two at Bloc[83]

# Q1 2021 DEVELOPMENT MAP





## RECENTLY COMPLETED (SINCE 2019)

#	NAME	Investment	SF	Units/Rooms	Type
<b>2019</b>					
1	303 N WEST ST	Not available	14,000 SF	N/A	Office/Retail
2	FNB TOWER	\$118,000,000	325,869 SF	239 units	Office/Apartment/Retail
3	THE METROPOLITAN APARTMENTS	\$52,500,000	274,959 SF	241 units	Apartment
4	MOORE SQUARE RENOVATION	\$13,000,000	N/A	N/A	Public Space
5	ONE GLENWOOD	\$86,000,000	227,500 SF	N/A	Office/Retail
6	RAINBOW UPHOLSTERY BUILDING	\$2,859,105	19,300 SF	N/A	Office/Retail
7	TIN ROOF	\$842,949	7,526 SF	N/A	Retail
8	150 FAYETTEVILLE BUILDING RENOVATIONS	\$10,000,000	N/A	N/A	Office
9	WEST + LENOIR PHASE 2	\$1,734,216	N/A	9 units	Townhome
<b>2020</b>					
10	CAMERON CREST	\$4,207,192	16,200 SF	6 units	Townhome
11	CITY PLAZA RENOVATION	\$3,100,000	N/A	N/A	Public Space
12	HARGETT WEST	\$4,000,000	25,500 SF	N/A	Office/Retail
13	LONGLEAF HOTEL	\$6,500,000	20,812 SF	56 rooms	Hotel/Retail
14	ORIGIN RALEIGH	\$22,702,726	196,000 SF	126 rooms	Hotel/Retail
15	PEACE (SMOKY HOLLOW PHASE I)	\$150,000,000	652,500 SF	417 units	Apartment/Retail
16	THE SAINT	\$23,000,000	53,199 SF	17 units	Townhome
17	SIR WALTER APARTMENTS (RENOVATION)	\$15,000,000	20,000 SF	18 units	Residential/Retail
18	SOUTH DAWSON RETAIL RENOVATIONS	\$471,857	9,746 SF	N/A	Retail
<b>2021</b>					
19	THE FAIRWEATHER	\$12,679,746	103,250 SF	45 units	Condo/Retail
20	THE LINE APARTMENTS (PART OF SMOKY HOLLOW PHASE II)	\$90,000,000	301,017 SF	283 units	Apartment/Retail
21	HEIGHTS HOUSE	Not available	10,000 SF	9 rooms	Hotel
22	TOWER TWO AT BLOC[83]	\$108,000,000	241,750 Office SF 30,000 Retail SF	N/A	Office/Retail
<b>TOTALS:</b>		<b>\$724,597,791</b>	<b>2,549,128 SF</b>	<b>1,275 units / 191 rooms</b>	

## UNDER CONSTRUCTION (AS OF PUBLICATION)

23	615 PEACE	Not announced	30,300 Residential SF 2,200 Retail SF	24 units	Condo/Retail
24	FIRST CITIZENS BANK BUILDING (RENOVATION)	\$8,200,000	N/A	N/A	Office/Retail
25	JOHN CHAVIS MEMORIAL PARK IMPROVEMENTS	\$12,000,000	N/A	N/A	Park
26	RALEIGH CROSSING PHASE I	\$160,000,000	12,100 Retail SF 287,252 Office SF	N/A	Office/Retail
27	SEABOARD STATION BLOCK B	\$95,000,000	30,000 Retail SF	298 units	Apartment/Retail
28	421 N. HARRINGTON (PART OF SMOKY HOLLOW PHASE II)	\$90,000,000	11,714 Retail SF 225,000 Office SF	N/A	Office/Retail
29	THE WILLARD	\$25,000,000	88,454 Hotel SF 3,860 SF Retail	147 rooms	Hotel
<b>TOTALS:</b>		<b>\$390,200,000</b>	<b>512,252 Office SF 59,874 Retail SF</b>	<b>322 units / 147 rooms</b>	

## PLANNED & PROPOSED

30	400H	\$100,000,000	560,000 SF	216 units	Office/Apartment/Retail
31	405 N BOYLAN ST	Not announced	Not announced	16 units	Townhome
32	865 MORGAN APARTMENTS	Not announced	438,856 SF	401 units	Apartment/Retail
33	CITY GATEWAY APARTMENTS (PHASE I)	Not announced	221,608 SF	286 units	Apartment/Retail
34	CITY GATEWAY PHASE II	Not announced	Not announced	N/A	Office
35	CITY VIEW TOWNES	Not announced	Not announced	8 units	Townhome
36	CIVIC CAMPUS PHASE I	Not announced	420,000 SF	N/A	Government
37	CIVIC CAMPUS PHASE II	Not announced	180,000 SF	N/A	Government
38	COURTYARD MARRIOTT	\$30,000,000	192,964 SF	179 rooms	Hotel
39	DEVEREUX MEADOW PROJECT	\$14,000,000	N/A	N/A	Park
40	DIX PLAZA & PLAZA PLAY AREA	\$50,000,000	N/A	N/A	Park
41	FOURTH WARD	Not announced	Not announced	10 units	Townhome
42	HILTON GARDEN INN/HOMEWOOD SUITES	\$35,102,906	260,890 SF	259 rooms	Hotel
43	HOME2 + TRU RALEIGH	Not announced	201,000 SF	190 rooms	Hotel
44	NASH SQUARE HOTEL	\$28,776,737	215,665 SF	190 rooms	Hotel
45	PARK CITY SOUTH PHASE I	Not announced	371,640 SF	336 units	Apartment/Retail
46	PERSON STREET APARTMENTS	Not announced	92,000 SF	107 units	Apartment
47	RALEIGH CROSSING PHASE 2	Not announced	Not announced	250-300 units	Apartment/Retail
48	RUS BUS (RALEIGH UNION STATION PHASE II)	\$50,700,000	50,000 SF Retail	165 units / 260 rooms	Transit/Apartment/Hotel/Retail
49	SALISBURY SQUARE	\$300,000,000	175,000 SF	575 units / 150 rooms	Office/Apartment/Hotel/Retail
50	SEABOARD STATION BLOCK A	\$50,000,000	11,400 SF Retail	75 units / 149 rooms	Apartment/Hotel/Retail
51	SEABOARD STATION BLOCK C	\$125,000,000	56,000 SF Retail	260 units	Apartment/Retail
52	THE EDGE	\$75,000,000	418,000 SF	N/A	Office/Retail
53	THE LYNDE	\$6,424,823	30,000 SF	32 units	Condo
54	THE NEXUS	Not announced	1,500,000 SF	414 units / 264 rooms	Office/Apartment/Condo/Hotel/Retail
55	TRANSFER CO. FOOD HALL PHASE II	Not announced	8,200 SF	N/A	Office/Retail
56	THE PLATFORM APARTMENTS (WEST CABARRUS WAREHOUSES PHASE I)	Not announced	Not announced	420 units	Apartment/Retail
57	WEST CABARRUS WAREHOUSES PHASE II	Not announced	289,261 Office SF 14,306 Retail SF	N/A	Office/Retail
<b>TOTALS:</b>		<b>\$865,004,466</b>	<b>1,184,046 Office SF 8,213,275 Retail SF 5,258,162 Total SF</b>	<b>3,599 units / 1,641 rooms</b>	

# MARKET HIGHLIGHTS RESIDENTIAL

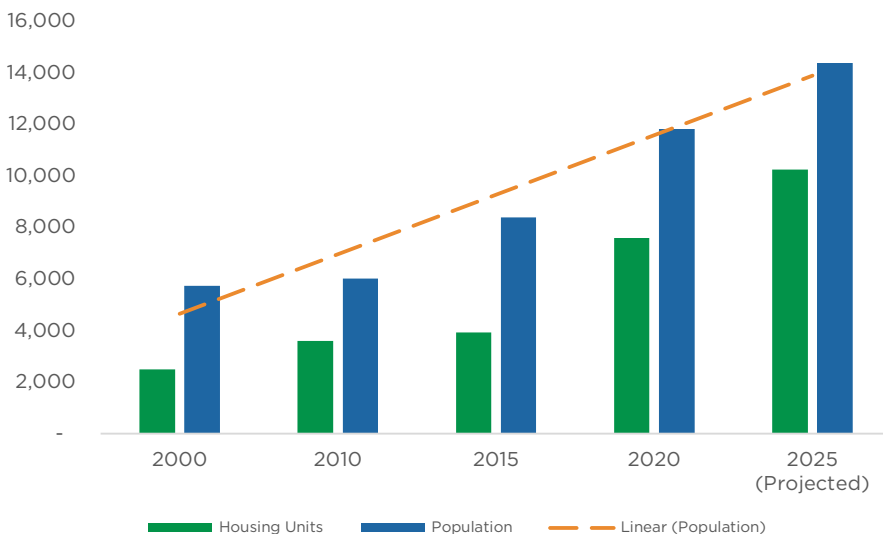


The Line Apartments (part of Smoky Hollow Phase II)

Despite the pandemic, demand continues for residential units in Downtown Raleigh. **328 residential units delivered this quarter** in downtown with **construction underway on an additional 322 units**. There are currently **3,530 units proposed or planned** and multiple apartment projects are gearing up to break ground before the end of 2021.

In Q1, search activity on Apartments.com in Raleigh increased to records levels, which is just one indicator of the increasing demand in the Raleigh market. According to CoStar data, **Raleigh's urban market rents are up by 6%** since the start of the year – which is **one of the strongest urban market performances in the country** for a metro's urban properties. Greater Raleigh market rents are up by only 4%, indicating that there is a **higher demand to return to the city center in 2021**.

## DOWNTOWN HOUSING UNITS 2000-2025



## RESIDENTIAL MARKET Q1 2021

Median Occupancy<sup>5</sup>  
**94.6%**

Market asking rent per SF<sup>6</sup>  
**\$1.85**

Increase in housing units in downtown since 2015<sup>7</sup>  
**101%**

Units under construction<sup>8</sup>  
**322**

Units delivered in Q1<sup>9</sup>  
**328**

<sup>5</sup>Costar  
<sup>6</sup>Costar  
<sup>7</sup>DRA  
<sup>8</sup>DRA  
<sup>9</sup>DRA

## TOP 10 CITIES TO LIVE IN AFTER THE PANDEMIC

(Berkin-top NY Realtor-March '21)

# MARKET HIGHLIGHTS OFFICE



421 N. Harrington (part of Smoky Hollow Phase II)

Despite a challenging year for CBDs across the world, the Downtown Raleigh office market continues to show signs of stability and resiliency. Downtown office occupancy has remained high with leasing interest and showing activity picking up significantly in 2021.

Office development has continued with three major downtown office towers set to deliver in 2021. **421 N. Harrington**, the Class A office component of Smoky Hollow Phase II, is expected to deliver in this summer. **Raleigh Crossing** will deliver its Class A office space by the end of the year. **Tower Two at Bloc[83]** completed in April and expects its first tenant to move in in June. JLL reported that for the Raleigh-Durham office market, **67.8% of leasing activity this quarter came from occupiers that are new-to-market** - indicating that the area continues to be a desirable location for business and entrepreneurs.

## + PERFORMANCE INDICATOR: DOWNTOWN PARKING DECK OCCUPANCY<sup>14</sup>

While parking deck occupancy hasn't returned to pre-pandemic levels yet, occupancy has been rising each month since the start of 2021 indicating that a **return to the workplace is underway**. There was an **18% increase** in average occupancy from January to the end of the quarter in March and the median occupancy of all garages in March 2021 was **19% higher** than the median occupancy in March 2020.

## OFFICE MARKET Q1 2021

Average Rent PSF (Class A)<sup>10</sup>  
**\$37.78**

Average Rent PSF (Total)<sup>11</sup>  
**\$36.75**

Office Occupancy<sup>12</sup>  
**91.1%**

Office SF under construction in Q1<sup>13</sup>  
**754,002 SF**

<sup>10</sup>JLL

<sup>11</sup>JLL

<sup>12</sup>Costar

<sup>13</sup>DRA

<sup>14</sup>City of Raleigh Parking

**#3**  
IN OFFICE CONSTRUCTION  
(CBRE Jan 2021)

*\*Based on various factors related to supply, demand, and absorption*

**TOP 5**  
LOWEST-COST MARKET  
(CBRE Jan 2021)

**#1**  
OVERALL REAL ESTATE PROSPECTS  
(Urban Land Institute 2020)



# MARKET HIGHLIGHTS

## RETAIL



Black Friday Market

## RETAIL MARKET<sup>15</sup>

### Q1 2021

Places to shop in downtown

**132**

New business openings & expansions YTD

**21**

Net new businesses YTD

**+11**

Businesses reopened in 2021

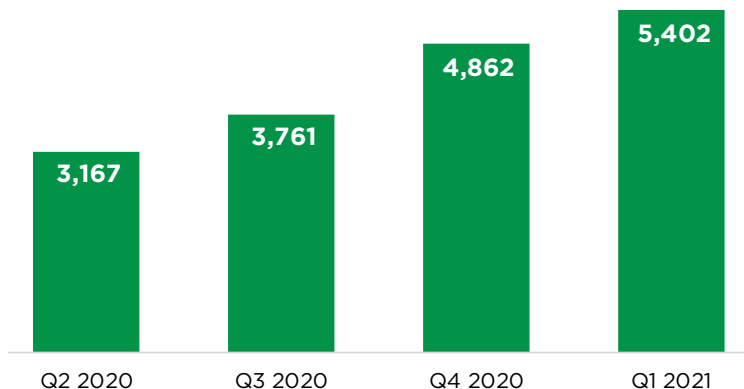
**23**

<sup>15</sup>DRA

### + PERFORMANCE INDICATOR: PEDESTRIAN DATA

Across five counter locations in Downtown Raleigh, the Q1 combined average daily pedestrian count was 5,402, which is an **11% increase** from Q4 2020 and a **71% increase** from Q2 2020, when traffic was at its lowest during the pandemic. Pedestrian counts in Q1 2021 were 59% of counts in Q1 2020. February 2021 was closest to pre-pandemic levels at 65% of February 2020 pedestrian counts.

#### AVERAGE DAILY PEDESTRIAN COUNTS (across five counter locations in downtown)



**+71% INCREASE**  
FROM Q2 2020

**+11% INCREASE**  
FROM Q4 2020

## #1 U.S. CITY WHERE SMALL BUSINESS SENTIMENT IS MOST POSITIVE FOR 2021

(US Census Bureau Small Business Pulse Survey - Feb '21)



# Q1 2021 STOREFRONT BUSINESS ACTIVITY

#	Business Openings YTD	Type	Date
1	Sam Jones BBQ	Restaurant	January 2021
2	State Farm - Carmen Ritz	Service	January 2021
3	2 Girls Antiques & Estate Decor	Retail	February 2021
4	Good Trip - Gallery and Tattoo Parlor	Service/Art	February 2021
5	NERD Escape Room	Experiential	February 2021
6	Dry Clean X-Press	Service	February 2021
7	Redbud Writing Project	Service	February 2021
8	So & So Books (Expansion)	Retail	February 2021
9	Pine State Public House	Bar	March 2021
10	The Hightide Salon	Service	March 2021
11	Mon Macaron	Restaurant	March 2021
12	Burial's "Exhibit Bottle Shop" (Expansion)	Brewery	March 2021
13	FastMed	Service	April 2021
14	Element Plant-Based Gastropub	Restaurant	May 2021
15	Heights House	Hotel	May 2021
16	Teets	Bar	May 2021
17	Red Rabbit Prints	Art	May 2021
18	Massages by Adara Spa	Service	May 2021
19	The Ark Royal	Bar	May 2021
20	Glenwood South Tailors & Alterations (Expansion)	Retail/Service	May 2021
21	Total Row Fitness	Service	May 2021
Business Closings YTD			
1	Raleigh Provisions	Retail	January 2021
2	Centerpiece Gallery	Art	January 2021
3	Imurj	Venue/Art	February 2021
4	Fine Folk NC Pop-Up	Restaurant	February 2021
5	Snoopy's Hot Dogs and More	Restaurant	February 2021
6	Calavera	Restaurant	February 2021
7	MKG Kitchen	Restaurant	February 2021
8	Remedy Diner	Restaurant	February 2021
9	Union Camp Collective	Retail	March 2021
10	Slice Pie Company	Bakery	April 2021
Coming Soon			
1	Libations 317	Bar	Summer 2021
2	Taylor White Gallery Pop-Up	Art	Summer 2021
3	Hartwell	Retail/Experiential	Summer 2021
4	West Street Dog	Service	Summer 2021
5	(ish) Delicatessen	Restaurant	Summer 2021
6	Tacos El Patron 323	Restaurant	Summer 2021
7	Rainbow Luncheonette	Restaurant	Summer 2021
8	The Merchant	Restaurant/Bar	Summer 2021
9	Young Hearts	Distillery	Summer 2021
10	The Pink Boot	Bar	Summer 2021
11	F45 Training	Service	Summer 2021
12	The Venue	Event	Summer 2021
13	Office Revolution	Service/Retail	Summer 2021
14	Vault Craft Beer	Retail/Bar	Fall 2021
15	Longleaf Swine	Restaurant	Fall 2021
16	Union Special Bread	Restaurant	Fall 2021



HIGHTIDE SALON



mon macaron

# MARKET HIGHLIGHTS

## FOOD & BEVERAGE<sup>16</sup>



**245**

RESTAURANTS & BARS IN DOWNTOWN

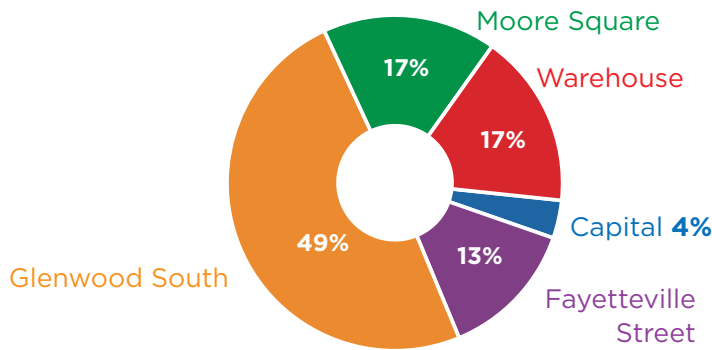
**19**

JAMES BEARD NOMINATIONS SINCE 2010

**8**

CRAFT BREWERIES IN DOWNTOWN

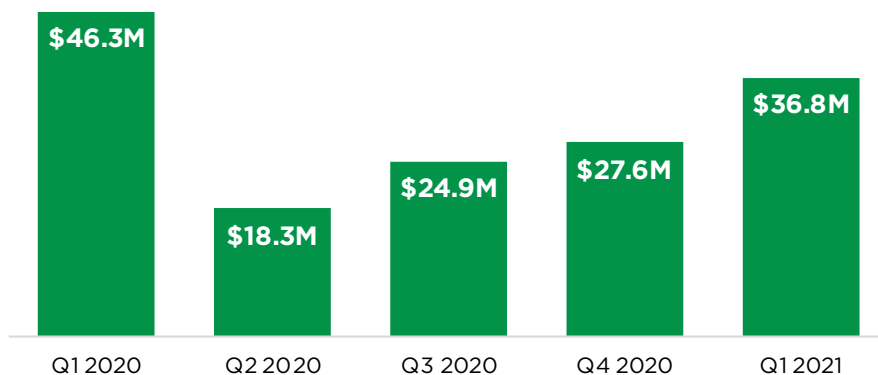
### Q1 2021 FOOD & BEVERAGE SALES BY DISTRICT



### + PERFORMANCE INDICATOR: FOOD & BEVERAGE SALES

Downtown Raleigh had \$36.8 million in food & beverage sales for Q1 2021. This is a **33% increase** from the previous quarter and an **101% increase** from Q2 2020. The Glenwood South district made up about half of the sales in Q1.

### FOOD AND BEVERAGE SALES BY QUARTER



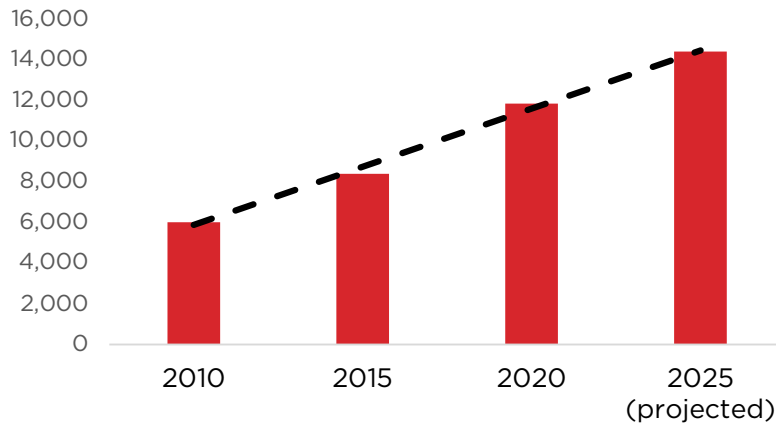
**\$36.8**  
**MILLION**  
IN SALES FOR  
Q1 2021

**+33%**  
**INCREASE**  
FROM Q4  
2020

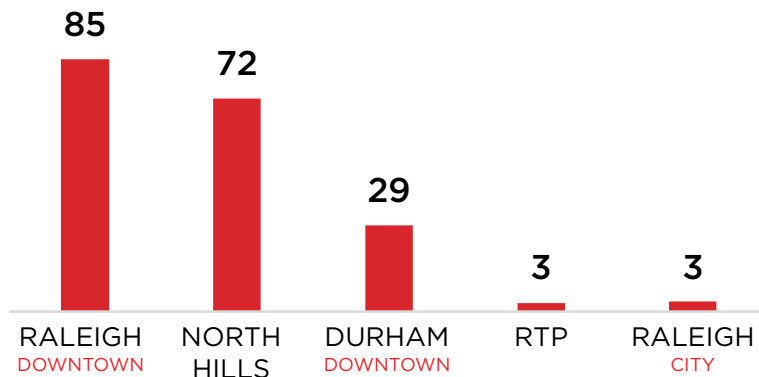
<sup>16</sup> Wake County Tax Administration

# DEMOGRAPHICS<sup>17</sup>

## DOWNTOWN POPULATION GROWTH [2010-2025]



## EMPLOYEES PER ACRE



**11,820**

Resident  
Population

**48,000**

Downtown  
Employees

**32.9**

Median Age

**\$85,871**

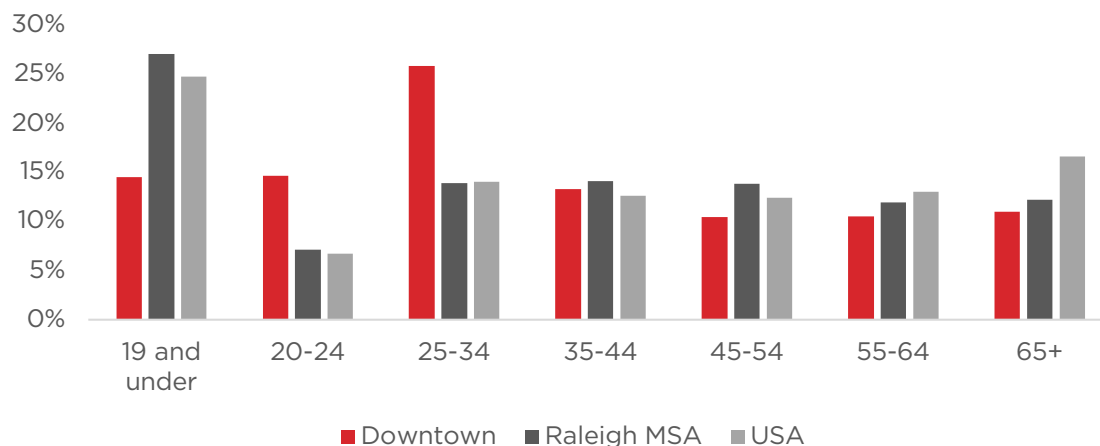
Average  
Household  
Income

**59%**

Bachelor's  
Degree or  
Higher

<sup>17</sup>ESRI, DRA

## DOWNTOWN POPULATION BY AGE







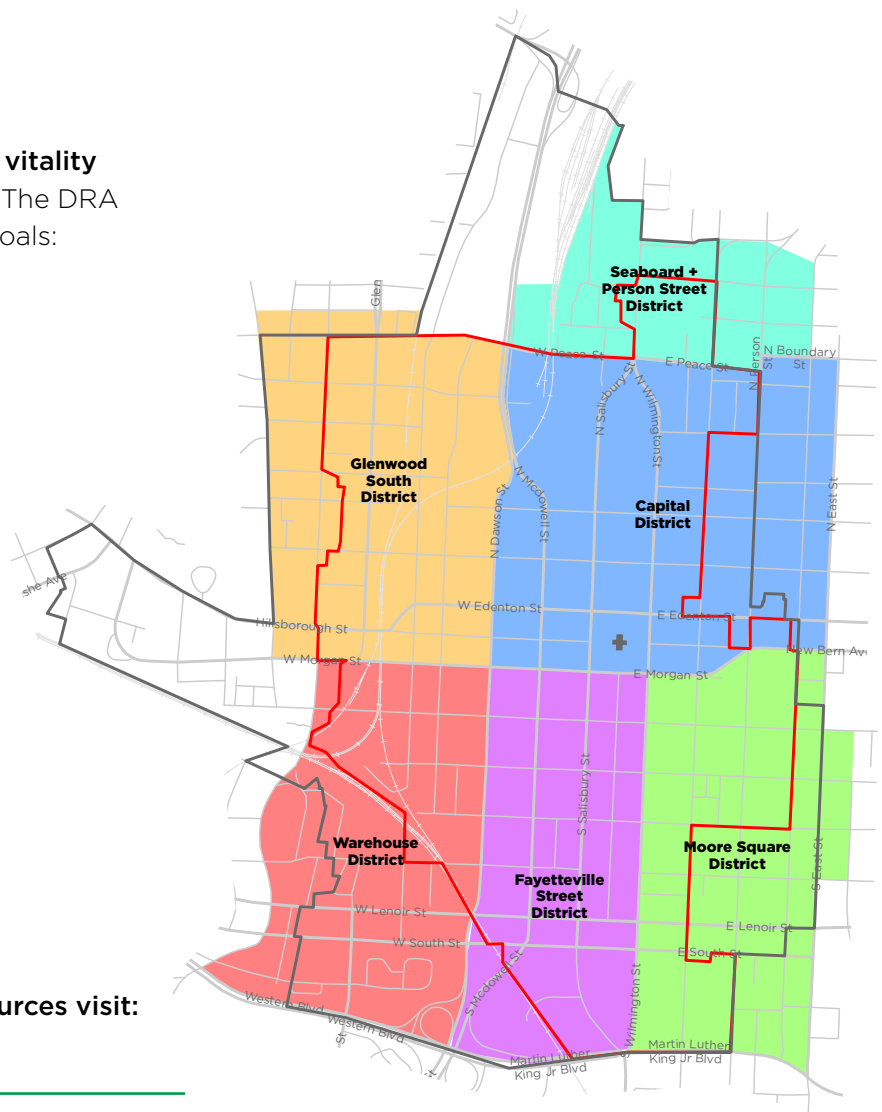
DowntownRaleigh  
Alliance

## ABOUT DOWNTOWN RALEIGH ALLIANCE (DRA)

DRA has a mission of **advancing the vitality of Downtown Raleigh for everyone**. The 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 the DRA as a reliable, responsive, representative, and mission-directed.

For additional information and resources visit: [downtownraleigh.org/do-business](http://downtownraleigh.org/do-business)



## DOWNTOWN BOUNDARY AND DISTRICT MAP

### LEGEND

- Downtown Boundary
- Downtown Municipal Service District (MSD)