

SEMIANNUAL MARKET REPORT

HILLSBOROUGH STREET Q3 & Q4 2022



Key Takeaways

> Prepared food and beverage sales for the second half of the year were \$27 million in gross sales. Due to the COVID-19 pandemic this is an increase to year-over-year sales of 12% and a gross of \$3M.

> Q3 and Q4 saw 3 business openings and 3 business closings for a net change of 0. The six-month net absorption in combined office and retail space was 789 SF.

> Hillsborough Street retail vacancy continues to remain fairly low at 6.1%.

> Three apartment projects are in the construction phase. Several additional apartment projects are in the planning phase.

Market Indicators

\$27 M

Prepared Food and
Beverage Sales Q3 & Q4
2022

55.3%

Increase from 1st half of
2021 Food & Beverage Sales

3 Businesses Opened
in Q3 & Q4

3 Businesses Closed
in Q3 & Q4

789 SF

Combined Office & Retail
Net Absorption (6-Month)

6.1%

Retail Vacancy in the
Hillsborough St. MSD

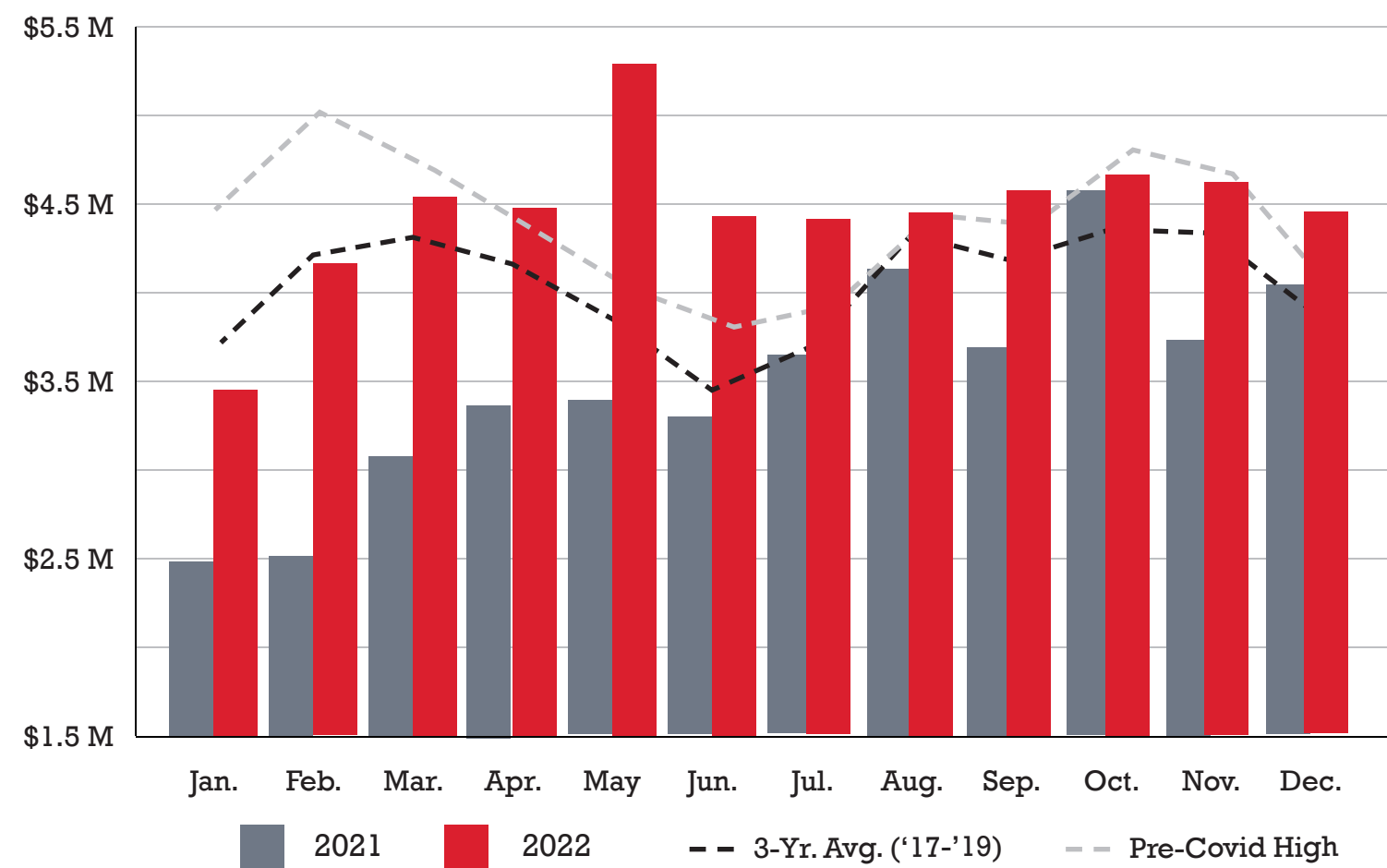
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Major Planned Apartment
Construction Projects

3.5M SF

Planned or Under
Construction Projects

Prepared Food & Beverage Sales



\$53.3M

2022 Gross F&B Sales

Food & Beverage sales have continued to steadily recover from the pandemic. Q3 and Q4 consistently outperformed 2021 sales. 2022 saw the highest sales to date.

Gross Increase in F&B Sales

\$3M

F&B sales were up \$3M or 12% compared to the same time last year. Overall, Hillsborough Street saw \$27M in gross sales for Q3 & Q4 of 2022.

12%

Change Year-over-Year in F&B Sales

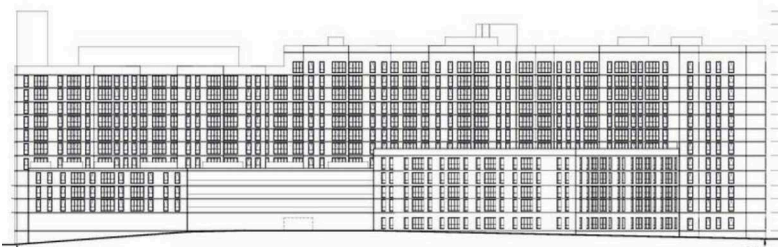
Business Openings & Closings

Q3 & Q4 2022

Openings	Address	Type	SF	Month
Soul Taco	927 West Morgan St.	Restaurant	2,958SF	July
Hemp Generation	2402 Hillsborough St.	Retail	1,500 SF	September
Crisp Goldens	1213 Hillsborough St.	Restaurant	1,550 SF	October
Closings	Address	Type	SF	Month
Wing It On	2526 Hillsborough St.	Restaurant	2,300 SF	September
Pisco Mar	2502 Hillsborough St.	Restaurant	1,400SF	October
Soul Taco	927 West Morgan St.	Restaurant	2,958 SF	November

Q3 and Q4 saw three business openings and three closings for a net change of zero.

Business & Development News



Core Student Housing at the Doubletree

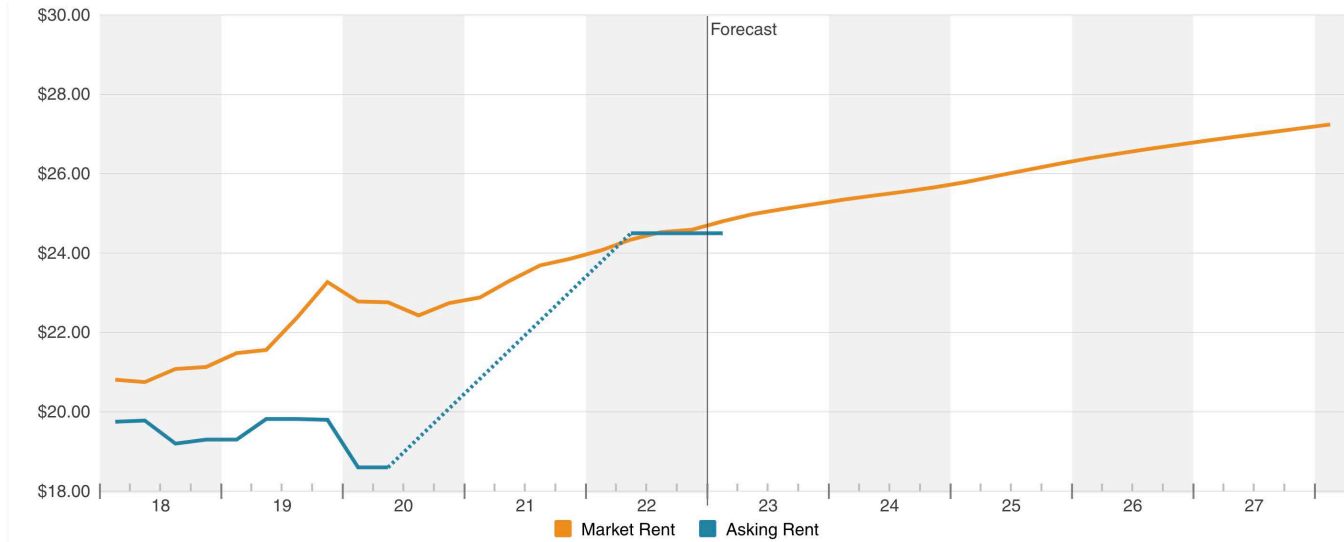
Core Spaces purchased the former Doubletree hotel for \$42M last year and plans to invest \$70M to create a 2,000 bed flagship student housing complex. For more info about this, click [here](#).

Local Entrepreneur finds Hillsborough Street home

Crisp Goldens Mediterranean Cuisine opened at 1213 Hillsborough Street. The restaurant offers many types of Mediterranean dishes including traditional, organic, and vegan options. To find their menu click [here](#). For more information about locating your business on Hillsborough Street click [here](#).



Commercial Space



Source: CoStar

Overall, vacancy rates for both office and retail space along Hillsborough Street continue to sit at lower levels (6.1%) in comparison to the City of Raleigh as a whole (9.3%). The six-month net absorption of combined office and retail space on the street was 789 SF.

Market rents for office class buildings remained consistent throughout the second half of 2022. Market rents for retail class buildings in the district are currently \$.21 per SF less expensive than Raleigh as a whole.

2022 saw market rents equal with asking rent for retail space within the district.

Construction Activity

3

Housing Projects Under Construction

Proposed Bedrooms to be Added

+2,954

3.5M SF

Planned or Under Construction



Featured Project: 865 West Morgan Street

865 W. Morgan St. is projected to be a 438,865 SF construction project. Plans include a 7-story mixed-use apartment building with 401 units and 9,000 SF in retail. Construction is expected to be completed Q4 2022. For more info, click [here](#).

PLANNED				
Project	Address	Size	Units	Est. Completion
1415 Hillsborough St.	1415 Hillsborough St.	22,600 SF	100	TBD
1707 Hillsborough St. (Apts)	1707 Hillsborough St.	1,069,715 SF	663 (2000 BRs)	TBD
Hotel on Pullen Circle	1912 Hillsborough St.	TBD	TBD	TBD
Hillsborough Centre	2510 Hillsborough St.	15,724 SF	N/A	TBD
Hillsborough Pointe	2812 Hillsborough St.	156,861 SF	138	TBD
3402 Hillsborough St.	3402 Hillsborough St.	71,000 SF	106	TBD
3415 Hillsborough St.	3415 Hillsborough St.	11,849 SF	16 (28 BRs)	TBD
105 Ashe Avenue	105 Ashe Avenue	TBD	8 Townhomes	TBD
UNDER CONSTRUCTION				
Project	Address	Size	Units	Est. Completion
I-440 Widening Project	Walnut St. to Wade Ave.	N/A	N/A	Q3 2023
BR-HS Grade Separation Proj.	Blue Ridge & Hillsborough St	N/A	N/A	Q3 2023
The Lansing	101 Enterprise St.	101,700 SF	51 Condos	Q4 2023
29 Enterprise	17,21,25,2 Enterprise St.	22,625 SF	28 (66 BRs)	Q1 2024
865 Morgan Street	865 West Morgan Street	438,865 SF	401 (505 BRs)	Q3 2024
COMPLETED (SINCE January 1st 2020)				
Project	Address	Size	Units	Completion
Pullen Art Center (Renovation)	105 Pullen Rd.	21,500 SF	N/A	Q2 2021
NCSU Memorial Belltower (Renovation)	2011 Hillsborough St.	N/A	N/A	Q4 2021

The current development pipeline of planned or under construction projects includes nine major projects (3.5M SF) that will add another 2,954 bedrooms.

Real Estate For Sale & Lease



Stanhope Apartments

Location: 3001 Hillsborough St.

Type/Use: For Lease - Retail

Available Space: 3,427 - 7,281 SF

Shell space and second generation restaurant space available for lease on ground floor of Stanhope Apartments... [See More](#)



3020 Hillsborough St.

Location: 3020 Hillsborough St.

Type/Use: For Lease - Retail

Available Space: 3,700 - 8,000 SF

Storefront connected to Uncommon Raleigh student apartments; adjacent to NC State and Meredith College... [See More](#)



927 West Morgan St.

Location: 927 West Morgan St.

Type/Use: For Lease - Restaurant

Available Space: 760 - 3,718 SF

Full Service restaurant space available. ...

[See More](#)



3321 Trillium Whorl Ct.

Location: 3321 Trillium Whorl Ct.

Type/Use: For Sale - Office Condo

Available Space: 3,894 SF

Two story, brick office building fronting Hillsborough Street offered at \$1.5M... [See More](#)

About This Report

The goal of this report is to track the market of Raleigh's Hillsborough Street Municipal Service District with data and metrics on a quarterly basis. This report includes trends in food and beverage sales, businesses openings and closings, business and development news, commercial space, construction activity and properties for sale or lease.

Going forward, we plan to produce and distribute this report semiannually to allow our stakeholders the ability to view the progress and success of their community.

To view the most current version of this report, visit:

www.hillsboroughstreet.org/doing-business

This information has been secured from sources we believe to be reliable, but Hillsborough Street Community Service Corporation (HSCSC) makes no representations or warranties, expressed or implied, as to the accuracy of the information.

About Hillsborough Street C.S.C.

The Hillsborough Street Community Service Corporation (HSCSC) is an independent, 501(c)(3), not-for-profit, municipal service district created in the fall of 2009 by the City of Raleigh in partnership with N.C. State University and the property owners, merchants and residents on and around Hillsborough Street.

The HSCSC territory is a 3-mile long corridor that runs on both sides of Hillsborough Street, from St. Mary's School to the I-440 Beltline, including W. Morgan Street and a few side streets. The territory connects to, but does not include, Cameron Village. The territory includes a diverse collection of businesses, organizations, institutions and residential options.

The organization's mission is to make the Hillsborough Street community a distinct destination in Raleigh by providing services and programs that improve the economic sustainability of the territory's businesses and increase the market value of its properties.

