



PRESENTED BY NAI Global

Raleigh, Atlanta, Lead Surging Southeast Region Part I Of 3

AUGUST 28, 2017



A recently published statistic by Urban Land Institute (ULI) reported that collectively, the six southeastern states of Alabama, Florida, Georgia, North Carolina, South Carolina and Tennessee would form the 6th largest country in the world from a GDP standpoint. Plus, over the last four years the Southeast has also experienced the greatest population growth in the United States. The Atlanta population increased by 1.6 percent, Miami's by 1.5 percent and Raleigh, NC's by 2.5 percent.

Quite frankly, we found the GDP assertion to be astonishing. If the Southeast would be the 6th largest economy in the world, the region would overtake the current number 6, India, with 2.454 trillion in goods and services sold- just ahead of number 7 France, with 2.420 trillion in GDP. Brazil, Italy and Canada round out the top 10 (in that order, 8, 9, 10). Canada's GDP is 1.600 trillion.

The US GDP is expected to hit 19.314 trillion in 2017, according to Statistic Times, with China second at 11.195 trillion and Japan third, at 4.841 trillion.

We looked up Wikipedia's stats on the list of U.S. states by GDP. For 2016, Wiki had the U.S. total at 18.456 trillion. Here are the state-by-state GDP totals for those six Southeast states.

Alabama: 204.8 million

Florida: 926.8 million

Georgia: 525.3 million

North Carolina: 517.9 million

South Carolina: 209.7 million

Tennessee: 323.7 million

It turns out, ULI was right (we never doubted them). Those six states generated 2.708 trillion in gross domestic product last year. However, Wiki reports the United Kingdom's GDP at 2.496 trillion, so the Southeast would be number 5 in the world, yet still lagging #4 Germany, with GDP of 3.423 trillion last year.

Raleigh and Atlanta have been major growth markets for years, of course, with Raleigh an attractive destination for tech companies - thanks to the iconic Research Triangle Park (RTP) and the talent graduating every year from three major universities there. Additionally, the high quality of life to be found in Raleigh, Durham, Cary and neighboring cities is a major draw for population growth and company relocations. Atlanta's ranking as a top distribution hub in America, meanwhile, has fueled much of that Georgia city's expansion, aided by 10-consecutive years of population growth.

Here's a closer look at some of the Southeast's major markets.

Downtown Raleigh, downtown Durham and the North Hills submarket are driving the Triangle's office market, according to **Robin Roseberry Anders**, SIOR, with NAI Carolantic Realty in Raleigh, an affiliate of NAI Global which has over 400 offices around the world. Anders is an office specialist and a 20-year industry veteran. Prior to brokerage services, she was on the leasing team with Highwood Properties, the largest office property owner in the Triangle area and one of the Southeast's biggest REITs.



Robin Roseberry Anders

"The overall vacancy for Class A space is around 9.7 percent – 12.6 percent in downtown Raleigh but only 5.2 percent in downtown Durham. Anything with historic status is being snapped up by investors for tax credit redevelopment funds, as well as opportunity due to demand for that creative, high ceiling, exposed brick and beam look so popular with tenants. Redevelopment projects are underway in both Raleigh and Durham downtown submarkets, and speculative office projects have recently come online or are under construction in a number of submarkets from downtown Durham to RTP and Cary into North Raleigh," says Anders.

Downtown Durham, which already attained its new status in the region as a changed, cool-place-to-be with the redevelopment of the 120-year-old American Tobacco building, is getting even cooler. New York's LRC Properties recently kicked off the redevelopment of a portion of the circa 1901 Golden Belt Manufacturing Co. (warehouse) properties that border Taylor Street. The plan is to convert the 188,000 square feet into offices, creative "maker" space and restaurants. LRC is branding the building as Mill No. 1 with tenants able to occupy the newly renovated space as early as the second quarter 2018. This July, LRC doubled down to close on the adjacent Golden Belt property that was renovated in 2008. The historic mill acquisition, with its office, live/works and artist studios, recombined for the first time in decades the original Golden Belt Manufacturing Company campus with total capacity nearing 380,000 square feet.

Check back next week for the rest of our report on Raleigh and some of the Southeast's other commercial real estate markets.

To learn more, visit www.naiglobal.com or email info@naiglobal.com