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# North Hills plans \$250M in new projects

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[Amanda Hoyle](#)

Staff Writer - Triangle Business Journal

[Email](#) | [Twitter](#)

RALEIGH – North Hills is on the verge of another growth spurt, with more than \$250 million in new building projects either under way or expected to break ground by the time the autumn leaves fall in 2013.

While builders of most office and retail properties in the region have been forced to the sidelines over the past four years amidst a lending market averse to projects deemed risky, developers at North Hills are in an enviable position, having found financial partners to help push projects forward this year.

"It's been quiet for so long," says [John Kane](#), chairman and CEO of **Kane Realty Corp.**, the developer of North Hills. "It's fun to be working on stuff again."

More than \$750 million in private investment over the past 10 years has been spent on the redevelopment of North Hills, once an enclosed shopping mall that's being transformed into a mixed-use project that has grown to cover about 100 acres on three of the four corners of the Six Forks Road intersection with Interstate 440.

But 2013 is already shaping up to be one of its busiest yet, with the addition of two apartment communities, a 137-room hotel, a \$1 million park and amphitheater, the start to the long-awaited Cardinal at North Hills retirement community, and possibly construction of a 19-story office tower.

Kane detailed each of the new projects slated for 2013 at a Jan. 17 meeting with NAIOP members from the Triangle, followed by an interview with Triangle Business Journal.

Here is a breakdown of the projects under way at North Hills:

- Midtown Park and Amphitheater. A manicured, tree-lined park that will cover a 100 - by 350-foot area in the center of the North Hills East property. Designed by the Clearscapes architecture firm of Raleigh, it will feature a sloping, tiered grass lawn leading to an

amphitheater stage designed by Clearscapes' principal and Raleigh sculptor [Thomas Sayre](#).

Sayre notes that the amphitheater stage will use crisscrossing steel beams to form a roof and a flat plane that can be tilted up or down for use as a backdrop to North Hills' beach music bands or for viewing outdoor movies on the lawn.

It's a very technical design, he says, but also artistic. "They wanted something unusual. The stage, is it a sculpture or is it architecture? It's neither and both," he says. "Kane is a fairly conservative outfit, so it's to their credit that they want to do this."

Cost: \$1 million

Projected opening: Fall 2013

- **Chuy's restaurant.** A nearly 8,000-square-foot building that has been pre-leased to the Austin, Texas-based Tex-Mex restaurant chain Chuy's. The standalone restaurant will anchor the west end of the Midtown Park park area.

Cost: \$2.5 million

Projected opening: Fall 2013

- **The Cardinal at North Hills.** A 160-unit continuing-care retirement community that will be operated by Kisco Senior Living of Carlsbad, Calif., and co-owned by Health Care REIT of Toledo, Ohio. It will have both independent living and assisted living apartments, as well as a nursing and memory care facility. Its 35,000-square-foot clubhouse will have three dining venues, a fitness center and an indoor pool.

The Cardinal community was originally planned several years ago as a 200-unit condo community, but developers were never able to secure enough commitments from future residents to get permission from the North Carolina Department of Insurance to start construction.

Kisco's scaled-down version of The Cardinal will offer rental units only, says [Mitch Brown](#), chief development officer of Kisco. The company has collected refundable deposits of \$1,000 each from 126 people so far, and Kisco will open a leasing and marketing office for The Cardinal in a retail space near Sparians at North Hills in late February.

"We feel real good about where we are now, and we hope to be under construction in the third quarter – fourth quarter at the latest," Brown says.

Cost: \$75 million to \$80 million

Projected opening: Late 2014

- **Midtown Green Apartments.** A 214-unit, mid-rise apartment community that will be built adjacent to the Park & Market mixed-use buildings. [Midtown Green](#) will have a parking deck, two courtyards, a pool and direct access to Midtown Park. Construction is expected to begin by early February. Federal **Capital Partners** of Washington, D.C., is providing a \$5 million mezzanine loan for [Midtown Green](#), and **Bank of the Ozarks** in Little Rock, Ark., is the



construction lender.

Cost: \$30 million

Projected opening: Spring 2014

- **Allister North Hills Apartments.** A 434-unit luxury garden apartment community located on Ramblewood Drive. The 14-acre property will have two swimming pools, two clubhouses and other amenities. Federal Capital Partners is an equity partner with Kane Realty in the Allister project, and **PNC Bank** is the construction lender.

Cost: \$40 million to \$45 million

Projected opening: Late April 2013

- **Hyatt House North Hills.** A 137-room extended stay hotel that will be co-owned and operated by **Concord Hospitality Enterprises** of Raleigh. Kane noted that when the American Board of Anesthesiology chose to move its corporate office to North Hills' CapTrust Tower building instead of relocating to Chicago, the tower's proximity to the new hotel played a big role in the decision. "When people come here to get tested, they usually stay for a week at a time, and this hotel was a real motivator for them," he says.

Concord Hospitality and Kane Realty were also joint venture partners in the development of the existing Renaissance Hotel built on the west side of North Hills.

The Hyatt House will feature studio, one- and two-bedroom suites with full kitchens, meeting and training facilities, swimming pool and workout room.

Cost: Around \$15 million

Projected opening: Late May 2013

- **Tower Two office building.** A 19-story office building with 300,000 square feet of office space on 12 floors and parking on the lower seven floors. It will be built on a lot overlooking Six Forks Road between the Bruegger's Bagels building and the **First Citizens Bank** headquarters building.

Tower Two is slated to have two entrance lobbies, one from the Six Forks Road side and a lower lobby entrance from the State at North Hills Street side, but construction is on hold until at least 50 percent of the office space is pre-leased, Kane says.

The Tower Two building is expected to command office rental rates of around \$30 a square foot, which would make it among the most expensive buildings in the Triangle. The 17-story CapTrust Tower building, a joint venture project with **Duke Realty Corp.** that opened in 2009, was 96 percent occupied in the fourth quarter of 2012.

Cost: \$90 million

Projected opening: Early 2015, if prelease target is met by summer 2013.