

COMMERCIAL REAL ESTATE

18-story office tower set for North Hills in Raleigh

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Kane Realty Corp. is expected to announce later today that it is breaking ground in December on its next major office tower at North Hills in Raleigh, the 300,000-square-foot Tower Two building.

Tower Two will reach to 18 stories high – only one floor taller than CapTrust Tower – but it will appear larger than CapTrust because of its higher ground elevation at the intersection of Six Forks Road and Dartmouth Road.

Construction of the Tower Two building will cost \$82 million to build and is expected to be completed in the fall of 2015.

Kane had co-developed the 17-story CapTrust Tower building with Indianapolis-based Duke Realty Corp. (NYSE: DRE) in 2009, and Duke Realty in January sold its interest in the North Hills office building to KBS Realty Advisors for \$98.5 million. The sale set a new price-per-square-foot record in the Triangle at \$327 a square foot.

Kane Realty CEO John Kane has not yet disclosed who will be his financing partner on the Tower Two construction project.

Kane has also not disclosed what pre-lease commitments have been made by potential office tenants for the tower, but Mac Hammer with Synergy Commercial Advisors says they are close to signing several deals and he anticipates they'll have commitments of 90,000 square feet or more by the time construction is expected to start in December.

Hammer and Doug Cook, also of Synergy Commercial Advisors in Morrisville, will be handling



KANE REALTY CORP.

Rendering of the North Hills Tower II building in Raleigh.

project marketing and leasing for the building along with Kane Realty, Hammer says.

Duda Paine Architects of Durham is designing Tower Two, which will complement CapTrust Tower that was designed by CSO Architects Inc. of Indianapolis, Ind. Duda Paine also designed the 3700 Glenwood office building in Raleigh, as well as the expansion of the Talley Student Center that is underway at North Carolina State University.

Tower Two will have 10 floors of office space atop seven levels of parking and streetscape retail and restaurant tenants. Office rental rates are expected to start at \$33.95 per square foot, which will be one of the highest rental rates in the region.

The North Hills tower is also be competing for tenant attention with several other office building projects that have been announced plans recently, including Duke Realty's Perimeter Two building in Morrisville that is expected to break ground in July, Dominion Realty Partners' Charter Square building in downtown Raleigh that is expected to break ground in November and Beacon Partners' Edison Office building in downtown Raleigh that is expected to also break ground in the fall.

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