

DAY

# Once a mall, now a mixed-use hub

WHEN IT OPENED IN 1967, THE 700,000-SQUARE-FOOT North Hills Mall was the first two-level enclosed mall between Washington and Atlanta. It fast became *the* place to shop in Raleigh, N.C. But through the years, newer and larger regional malls sprang up in surrounding areas, eclipsing North Hills' drawing power. A succession of institutional owners failed to keep the center on par with its new competitors, local observers say. Even the city's highest-volume post office vacated its lease at the struggling property.

Locally based Kane Realty Corp. acquired the property for \$16 million in 2001, and Chairman and CEO John Kane set out to gauge local residents' reaction to a redevelopment. Kane converted an empty store in the mall into an information center and set up an e-mail account that received

over 500 messages from residents with suggestions and requests for the new, improved North Hills.

Kane's grassroots efforts paid off when the City Council unanimously approved his master plan, devised in collaboration with Fort Worth, Texas-based architecture firm Carter & Burgess. The plan called for doubling the

## At a glance...

**NORTH HILLS**  
Raleigh, N.C.

**Developer:**

Kane Realty

**Architect:**

Carter & Burgess

**Anchors:**

Aveda Salon & Spa, Bonefish Grill, Gold's Gym, JCPenney, Regal Cinemas, REI, Target

**Size:**

2 million square feet, including 850,000 square feet of retail

density of the 45-acre site and converting it into a mixed-use district with over 2 million square feet of space to serve as the city's heart.

In January 2003 the development team tore down the entire existing mall except for the JCPenney anchor and its parking deck. The store remained open for business throughout the redevelopment process with no sales disruption. One retailer, LensCrafters, even operated out of a trailer to stay open.

The development team faced all the hurdles that might be expected with a large-scale project encompassing 400,000 square feet of apartments and condominiums, a 219-room hotel, 121,000 square feet of offices and 850,000 square feet of retail and restaurants. True to its name, the North Hills site featured hilly, challenging topography. Kane had to carve into a hill, removing 250,000 cubic yards of earth and forming a pile of dirt five stories high.

The end result is an innovative use of space that includes three



city blocks of three-level buildings with retail space on the ground level and offices above, plus a 130,000-square-foot Target store with a cinema and some small-shop space stacked on top of it. Other tenants include Gold's Gym, Regal Cinema and REI.

Three levels of parking are situated below ground, with a limited number of spaces lining the project's streets to create an urban village atmosphere. The underground deck features a carbon monoxide filtering system that is so effective it pumps clean air out into the atmosphere. A main street connects the center to another Kane property, a Harris Teeter-anchored neighborhood center directly across the street and called The Lassiter.

Since its grand reopening in 2004, the project has been a success. Property values in adjacent neighborhoods have risen between 30 and 60 percent since the redevelopment's announcement, according to the development team. The project's sales per square foot have doubled to about \$400 on average. The retail is 95 percent leased, and the office space is 100 percent leased. A seven-level Renaissance Hotel is set to open next year, and construction begins this year on a seven-level condominium tower.

North Hills' primary trade area population of 218,407 is growing fast along with the Greater Research Triangle region, which is welcoming new residents from the New York City metro area and even from Florida. "We call them half-backers," said Gary Lyons, senior investment adviser at the Raleigh office of Sperry Van Ness. "They moved from New York to Florida, and now they're moving halfway back." Savvy developers are making plans to serve this age-50-and-older crowd, he says.

North Hills has been so successful, Lyons says, that Kane is in the process of assembling parcels of land across Six Forks Road from the project to "create another North Hills." SCT



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