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Kane crosses fingers, starts work on \$90M North Hills Tower Two

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True speculative office buildings, or projects that start without a tenant committed to pay rent once it's complete, had become a rare species even before the economic downtown.

But, Raleigh real estate developer John Kane and his joint venture partners with KBS Realty Advisors are so confident in their design and location of the proposed \$90 million North Hills Tower Two building that they are starting construction even without a signed commitment from an anchor tenants.

"We have a lot of prospects," Kane assures me, following the Tuesday morning groundbreaking ceremony at the building site.

But, no lease contracts have been signed.

"The reality of new building really begins to sink in once they see construction starting," Kane says of his prospects. "That makes a big difference in this market."

When the 17-story, CAPTRUST Tower was breaking ground in 2008, for example, Kane Realty Corp. and its joint venture partner in that project, Duke Realty Corp. (NYSE: DRE), had about 66 percent of its office space committed to corporate tenants. Now, the tower is 100 percent leased.

"We have literally no space available (in our other buildings)," Kane says. "It's a really good problem to have, but we've had so many people who wanted to be here and we couldn't accommodate them."

The glass-paneled, 18-story tower, designed by Duda Paine Architects of Durham, will be at the



JOHN WEST

John Kane, CEO of Kane Realty, speaks at the North Hills Tower Two groundbreaking... more

corner of Six Forks and Dartmouth roads, next to the CAPTRUST Tower.

Holder Construction of Atlanta is the general contractor, and it will be targeting a minimum of silver-level LEED certification for the building.

Bank of the Ozarks (Nasdaq: OZRK) of Little Rock, Arkansas, is the lender for the construction loan. It had also helped finance construction of the new Midtown Green Apartments that recently opened at North Hills.

Cassidy Turley will be in charge of project marketing and leasing representatives for North Hills Tower Two. Full service rental rates will be \$33.95 per square foot per year, which includes on-site, covered parking in the building's parking deck on floors two through seven.

Construction is expected to take between 18-20 months with completion targeted for April 2016.

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