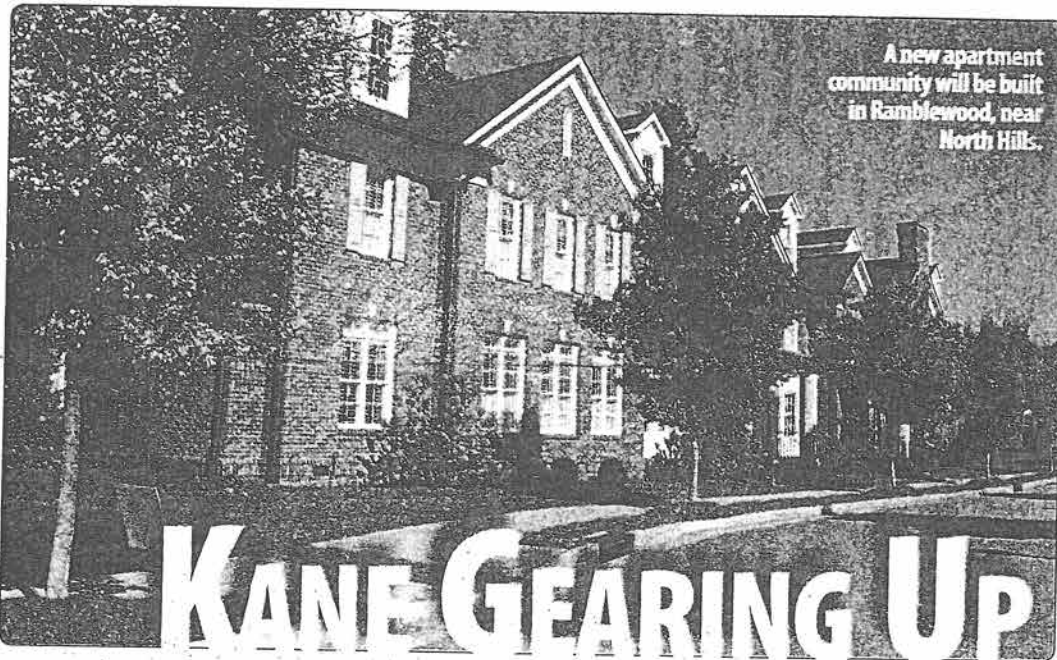


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Second hotel, more apartments for North Hills

By Amanda Jones Hoyle

RALEIGH – North Hills developer Kane Realty Corp. will kick off another round of development in 2012, including construction of North Hills' second hotel and its third apartment community.

A Hyatt House extended-stay hotel, formerly known as Hyatt Summerfield, is expected to break ground before the end of December and should open by spring 2013, says John Kane, president of Kane Realty.

Demolition of the Lantern Square apartment complex and construction of a new multifamily community to replace it within the Ramblewood neighborhood near North Hills should also be starting by the second quarter of 2012, he says.

"In spite of the economy, we're doing pretty good," Kane says.

Kane has formed a joint venture with Concord Hospitality Enterprises of Raleigh to build the seven-story Hyatt hotel in a deal that is similar to a joint venture forged with Concord to build the Renaissance Raleigh at North Hills hotel in 2008.

"The Renaissance is doing very well," Kane says, pointing out that a new restaurant, Mia Francesca's, opened in late October inside the hotel. Davidson & Jones Construction Co. of Raleigh is the general contractor for the 157-Hyatt



John Kane forms JV with Concord Hospitality Enterprises.

hotel project that will be built at the corner of Park and Market streets on the east side of Six Forks Road.

The Ramblewood apartment project has been on the drawing boards since Kane and his partners bought the 150-unit Lantern Square property in 2006. He says the first phase of the redevelopment will include 220 units with eventual build out at 420 apartment units.

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NORTH HILLS: With capital frozen for retirement community projects, The Cardinal remains on hold

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"We'll be coming back with more rental property, but obviously much nicer than what is there now," he says. Lantern Square opened in 1968.

But not every piece of North Hills news has been rosy.

Kane has frozen any plans to restart construction of The Cardinal at North Hills retirement community project after withdrawing the project's application with the state Department of Insurance in October 2010.

Kane says the Cardinal project has not been canceled and changes to the design continue,

but he could give no updated timeline on when construction might begin. "Capital for senior housing, especially for new starts, is non-existent," he says. Health Care REIT of Toledo, Ohio, is a financing partner for the project, but a representative of the company did not return calls for comment.

Lack of activity at The Cardinal has prompted construction contractor Fortune-Johnson Inc. of Atlanta to put a lien on the property, claiming non-payment of more than \$433,000 in site development work at the Cardinal.

Fortune-Johnson operations manager Jared Ford says the companies are work-

ing on a settlement and are in the process of removing the lien on the property. Most of the site work was completed more than a year ago, he says. "There's still peace and harmony between us and the developer, and we'll continue to work with him on other parts of the property," Ford says.

Kane also confirms that the firm had scouted for buyers for the Park & Market apartment and retail complex earlier in 2011 to see what kind of price it could fetch. "We got a lot of positive reaction," he says, "but we decided not to move forward. We're keeping it."

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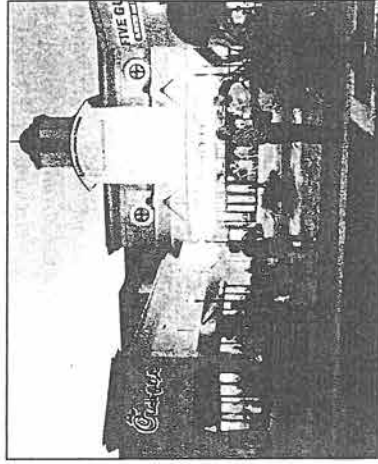


PHOTO C/O NORTH HILLS

North Hills lights up at night.