



John Thomas Fritsch and his father, Ed, cruise through North Hills on their way to lunch there. North Hills' retail space is about 90 percent leased.

PHOTO BY MEL NATHANSON

Whetting the appetite for more

North Hills still growing strong

BY SUE STOCK
STAFF WRITER

If you think North Hills is big now, just wait two more years.

Even just partially filled and with many retailers open only a few months, the success of the North Raleigh shopping village is such that its owner John Kane has snapped up another 40 acres across the street.

Kane is keeping quiet on the details for that land for now, but he said he views it as a continuous extension of the existing North Hills development.

"It's a work in progress," Kane said. "We're starting the planning process now."

But that doesn't mean he's done with the original redevelopment on 45 acres at Raleigh's Beltline, Lassiter Mill Road and Six Forks Road. The former enclosed mall will keep growing, adding 23 new retailers, filling in its office space and adding apartments, condominiums and a hotel to the mix.

It was hard to imagine the current transformation two years ago when the old mall was demolished.

"I don't think many people understood what we were doing," Kane said. "It's tough to explain. It's not just a mall. It's a place that's been created."

So far, it seems Kane's confidence that North Hills has the power to attract retailers, shoppers and residents is well-founded.

The 660,000 square feet of retail space is about 90 percent leased, with big-name tenants to open soon, including REI's first Raleigh store in November.

The 125,000 square feet of office space is 73 percent leased, and 99 of the 300 residential units under construction have already been reserved for buyers who will pay at least \$124,900 for a one-bedroom and \$179,900 for a two-bedroom.

"North Hills is a new Rodeo Drive, with the exception of the

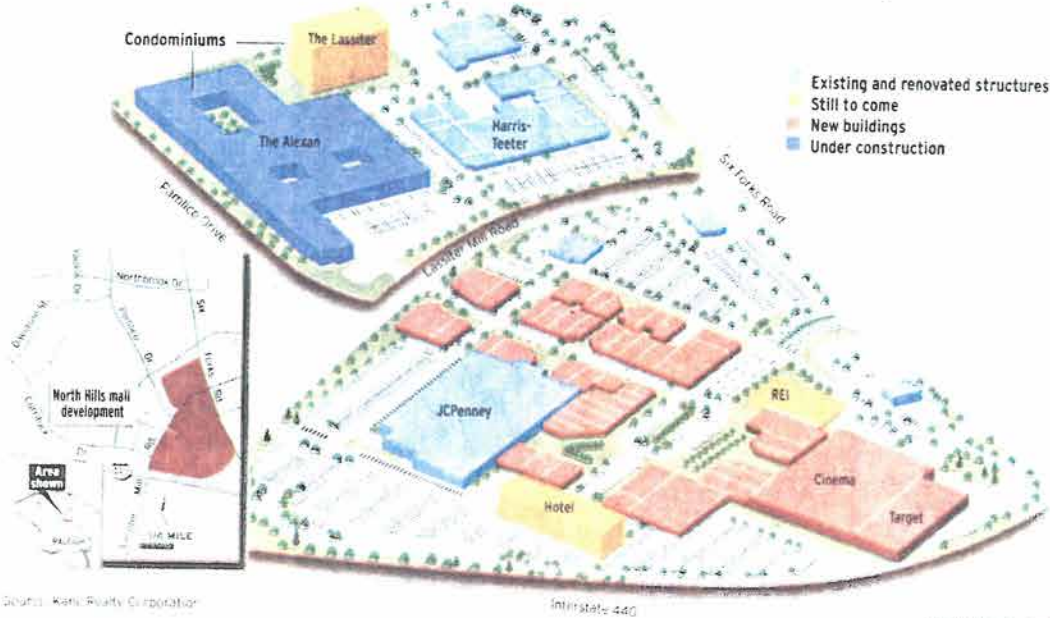


Sabrina Abbott of Raleigh looks over wedding rings with help from Gary Hardee, diamond sales manager for Jolly's Jewelers at North Hills in Raleigh.

SEE NORTH HILLS, PAGE 40

A NEW NORTH HILLS

The new North Hills is about 90 percent leased and more shops and restaurants are coming.



Source: Kane Realty Corporation

Interstate 440

The News & Observer

NORTH HILLS

CONTINUED FROM PAGE 1D

palm trees," said Lou Serotta, owner of Serotta's, a specialty shop selling furs, women's clothing and a variety of other fashions. He will move his Raleigh store in Olde Raleigh Village to North Hills in April. "There's no question about it being a good location."

Kane is hoping others think so, too.

Still to come at North Hills:
■ Another 40,000 square feet of retail space under those 300 residential units.

■ A seven-story building that will house 40 to 45 3,000-square-foot luxury condominiums. A price hasn't been set yet for those units. Construction will start early next year and be done in mid-2007.

■ A 229-room hotel, which will begin construction this summer and be completed in late 2006.

■ The 40 acres of land on the other side of Six Forks Road, which, as of now, Kane will only say will be some combination of retail, office and residential.

Already retailers say they're pleased with the traffic and sales in the center. February sales were up 40 percent at Jolly's Jewelers, which moved to North Hills in November after more than 29 years in Cameron Village.

"It's all about potential," said Frank Jolly Ragsdale, president of Jolly's. "It's unquestionably the right move. More people go past our door in an hour than used to go past our door in a whole day."

Still, no development is perfect. The names of the different sections of North Hills have been a little confusing, and there's been a little grumbling about lack of parking. But Gold's Gym CEO Ric Zimmerman said the pros outweigh the cons.

"We have no visibility from Six Forks, but good visibility from [Interstate] 440," he said. "But there's more [development] com-

OPENED RECENTLY

- Ben & Jerry's
- Mama Fu's Asian House
- McAlister's Deli
- Moe's Southwest Grill
- Mitchell's Hair Styling
- North State Bank

- Andy's (casual Italian), April
- Bonefish Grill, late summer
- Comfortable Soles, May
- Firebirds Rocky Mountain Grill, April
- Five Guys Famous Burgers & Fries, April
- Frances T. King Stationery, fall
- Georgiano's Shoes, March
- Highsmith Home, fall

STILL TO COME

- Hotpoint Cafe, fall
- JK's (seafood and steaks), June
- Kelly Odom Flowers, fall
- Kerry Catherine Jewelry, May
- Keve Juice, March
- Lamb's Ear (children's boutique), fall
- Mura (Japanese, sushi), early summer
- Nestle Toll House Cafe, May
- Possibilities (women's clothes), April
- REI, November
- Scout & Molly's (women's fashion), fall
- Serotta's (furs, women's fashion), March
- Starbucks, April
- Von Kekel Salon Spa, fall
- Wolf Camera, April



Fitness buffs exercise at Gold's Gym at North Hills. CEO Ric Zimmerman says the gym benefits from good visibility from Interstate 440, but is hidden from Six Forks Road.

STAFF PHOTO BY MEL NATHANSON

ing, and that should translate into more business."

Nationwide, the trend toward redeveloping old properties into new mixed-use sites has been bolstered by low interest rates and strong demand for housing, said Patrice Duker, spokes-

woman for the International Council of Shopping Centers.

"It's a touchy type of development because there are many types of tenants," she said. "If they do it right, then it's successful."

Kane said he believes he's got the mix right.

"This is something this market hasn't seen before," he said. "It will really be fall of this year before you see the real environment out here."

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