

NORTH HILLS

Raleigh-based Kane Realty Corporation is continuing to develop new components at its 100-acre North Hills development, which is located at the intersection of Six Forks Road and Interstate 440 in Raleigh.

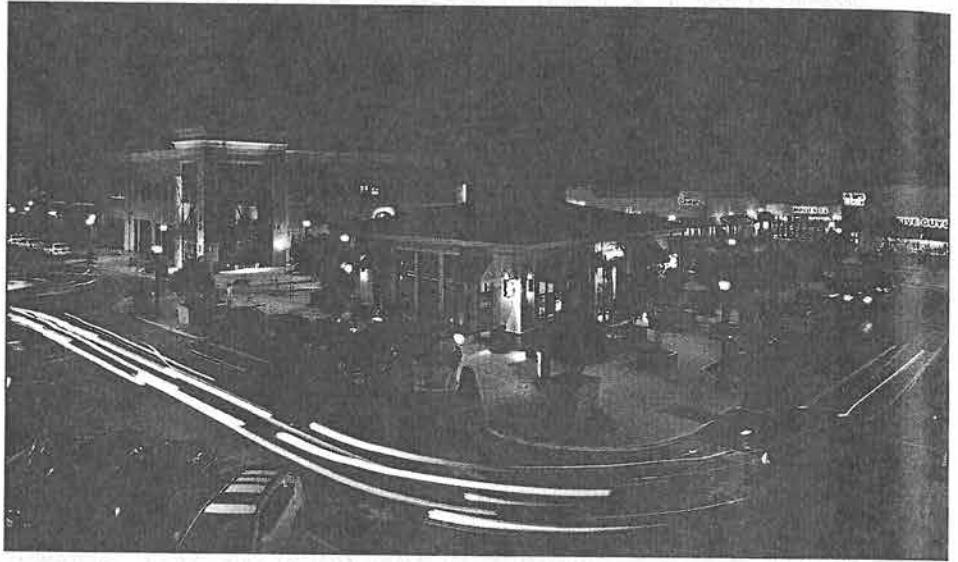
The project currently includes 720,000 square feet of retail, 120,000 square feet of office space and 300 apartments. These components opened between 2000 and 2004. Retail anchors include JC Penney, Target, REI, Gold's Gym, Regal Cinema, and Harris Teeter.

A 10-story, 229-room Renaissance hotel is slated to open in October 2008. Hotel guests will have direct access into the 50,000-square-foot Gold's Gym and a Natural Body day spa, both of which are already open. Kane Realty is developing the hotel in a joint venture with Raleigh-based Concord Hospitality.

Kane Realty is currently pre-selling condo units at The Lassiter, which is slated to begin construction in the spring. The seven-story building will have 50 condo units ranging from \$600,000 to \$2.6 million. Amenities will include a club room, a formal garden, a board room with a catering kitchen, and two levels of secure parking under the building. According to John Kane, chairman and CEO of Kane Realty, 17 units have been pre-sold, representing approximately \$20 million.

The first phase of North Hills is located on the west side of Six Forks Road. Kane Realty is also extending the project to the east side of the road, where it purchased 20 parcels and demolished hotels, apartments and restaurants that were built in the 1960s, '70s and '80s.

In February, Kane Realty and joint venture partner Indianapolis-based Duke Realty began construction on CAPTRUST Tower at North Hills, a 17-story office tower with street-level retail. The 300,000-square-foot project will open in late summer 2009. Approximately 100,000 square feet has been pre-leased.



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In March, Kane Realty will begin construction on a building that will contain 410 luxury rental apartments and 100,000 square feet of retail. Harris Teeter will move from its current location into a two-story, 50,000-square-foot store in this new building when it is complete in late 2009.

Kane Realty and Concord Hospitality also plan to develop a 150-room limited-service hotel. Construction will begin this summer.

In a joint venture with Raleigh-based Drucker & Falk, Kane Realty will also develop The Cardinal at North Hills, a continuing care retirement community project with 200 independent units, a wellness center, a bank, a beauty salon and several dining options. The facility also will offer skilled nursing and dementia care. Durham, North Carolina-based Duke University Healthcare (not affiliated with Duke Realty) will be a partner in managing the facility. Kane expects construction to begin in early 2009 and estimates the facility will open in third quarter 2010.

Kane says that the company plans additional retail at North Hills and is investi-

gating office and residential opportunities. There may be a third hotel in the future as well.

He estimates the entire project will be the result of more than \$1.5 billion of investment.

"This is a unique area," he says. "The demographics are extraordinary."

Within a 5-mile radius of the project, the population is 221,000 and the average annual income is \$72,500. Within a 1-mile radius, the average annual salary exceeds \$102,000.

The city also has been growing rapidly, Kane notes. The population has been increasing by approximately 100 people per day for a while, he says.

And Kane Realty is helping to make sure a good number of these people will live near North Hills. In addition to the residential components at the 100-acre North Hills project, Kane is developing 35 acres on the other side of I-440. At build-out, Ramblewood at North Hills will contain 300 to 400 residences. The first phase consists of 160 garden homes, condominiums and townhomes.