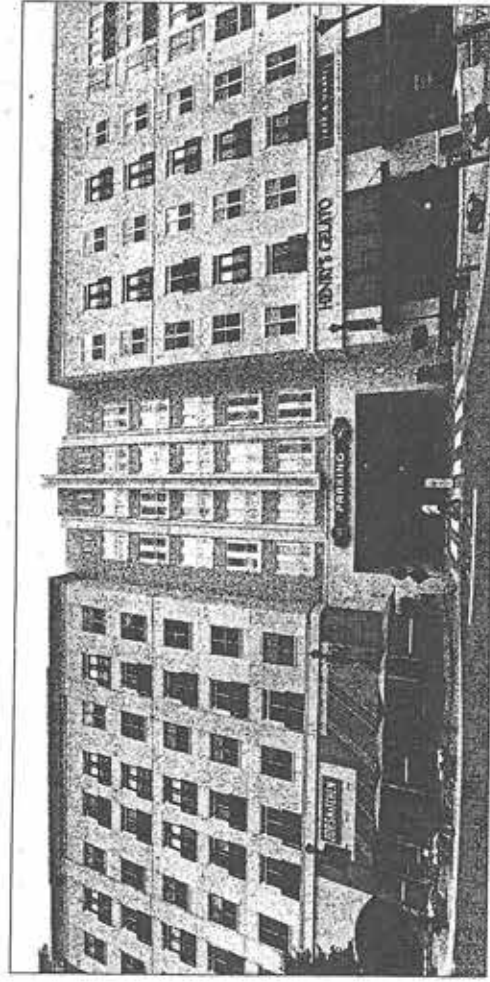


Caterpillar sales

Revenue climbed 23% overall, but sales fell in China and Brazil. Net income grew for first quarter. **4B**



SHAWN ROCCO - newsobserver.com
 Developer John Kane sold Park & Market apartments at North Hills East in Raleigh for \$82 million - a Triangle record for such a sale on a per-unit basis. Dallas-based Crow Holdings bought the 409-unit luxury complex for \$200,489 per apartment, a level previously found no closer than Charlotte. The deal is another sign of how attractive apartments, particularly in the Triangle, have become to investors.

Apartments sell for record sum

SALE OF PARK & MARKET INDICATES TRIANGLE IS A HOT BUY FOR INVESTORS



Real Deals
David Braden

In a record-breaking deal that further validates investors' belief in the strength of the Triangle apartment market, developer John Kane has sold the Park & Market apartments at North Hills for \$82 million.

Dallas-based Crow Holdings, the investment arm of the Trammell Crow family, paid \$200,489 per unit for the apartments, which opened in 2010 on the east side of Six Forks Road.

To get close to \$200,000 a unit you usually have to go to Charlotte, where The Catalyst sold for \$195,000 a unit last year.

"It's a big number," Kane said of the sales price. He said it's a validation of North Hills' success and the kind of apartment living that Park & Market offers.

The sale does not include any of the retail space beneath the apartments, which Kane Realty still owns. The complex features elevator access to a Harris Teeter on the ground floor that is open 24 hours. The price paid for Park & Mar-

lets is yet another indication of why so many developers are now scrambling to get apartment projects out of the ground in the Triangle. With investors struggling to find good returns in an environment of low interest rates, apartment owners have become an attractive asset to own because rent growth in places such as the Triangle has been fairly strong in recent years.

The region's growing population, and steady stream of new graduates from local universities, only increases investors' belief in the market's long-term viability. The Triangle is now on pace to

SEE APARTMENTS, PAGE 7B



SHAWN ROCCO - newsobserver.com
 Rents at Park & Market, right, range from \$1,030 to \$1,700 a month. The complex was 91 percent rented as of March in a market that's also showing rent growth.

APARTMENTS

CONTINUED FROM PAGE 1B

record more than a billion dollars in apartment deals this year, with \$342 million committed thus far, according to real estate firm CBRE. Last year, investment sales of apartments in the Triangle totaled \$866 million.

Apartment construction on rise

The Park & Market sale is likely to lead to more debate about whether the market is overheated, or soon will be as new projects are completed.

There are now 3,596 apartment units under construction in the Triangle, according to MPP Research, which analyzes apartment data in 64 U.S. metro markets. While that figure dwarfs the 1,495 units that were completed last year, it is still well below the 6,000 units under construction that the region averaged before the economic downturn.

Park & Market is also in an area of the Triangle, north central Raleigh, that saw rents increase 7.8 percent over the past year, according to MPP.

Park & Market's 409 units were 91 percent occupied as of mid-March, according to data from Kames Research and the Triangle Apartment Association. Rents in the complex range from \$1,030 for a studio to nearly \$1,700 for some two-bedroom apartments.

It's also worth noting that Trammell Crow

and Kane Realty know each other well. The two partnered to build the 287-unit Alexan North Hills apartment complex in 2005 on the west side of Six Forks Road. That property was sold in 2008 for what at the time was a record price of \$159,933 a unit.

Kane said he isn't looking to sell any other pieces of North Hills. Kane Realty and Concord Hospitality Enterprises are now building a \$40 million second hotel in the section of North Hills where Park & Market is located.

More deals ahead for Kane

Kane also appears to have saved his struggling Ramblewood residential project just south of North Hills. He's auctioning off 11 condominiums and townhouses in the development next month, and he said this week that he has brought in an equity partner and reached a deal to buy the debt on the project back from Charlotte-based Mountain Real Estate Group.

Kane was in default on nearly \$28 million in loans when Mountain purchased the debt from BB&T in December.

And Kane says he has secured an equity partner for a new apartment project in Randlewood and expects to begin construction within the next 30 to 45 days. That project, which is expected to include about 420 units, involves tearing down the 1960s-era Lantern Square apartment complex.

"We're not typically a seller," Kane said.

Brackett: 919-698-4548