

THAT'S ALL, LITTLE MALL

Enter bulldozer, stage left, as curtain falls on North Hills

BY SAMANTHA THOMPSON SMITH
STAFF WRITER

RALEIGH — Willa Kane remembers the hot topic at a dinner party her parents threw back in the mid-1960s: the new mall being built on Six Forks and Lassiter Mill roads. North Hills Mall would never take off, she remembers everyone saying. It was simply too far out of town.

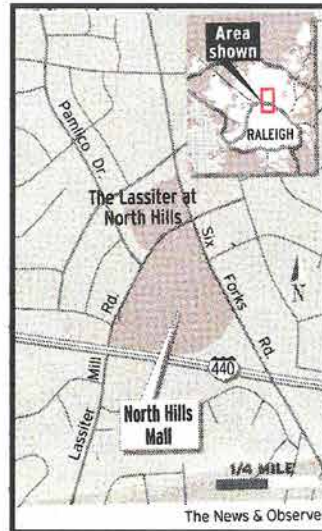
On Wednesday, she stood by her husband, Raleigh developer and mall owner John Kane, watching as a bulldozer tore into the southern end of the mall — one of the South's oldest — demolishing it to make way for what Kane's company describes as a "midtown district" for shopping, dining, working and living.

It will be the third life for the 40-year-old shopping center that started as a small strip center anchored by a Winn-Dixie. The new development is ground-breaking for the Triangle, combining discount shopping, a movie theater, a hotel, boutiques, offices, condominiums and high-end dining to create a high-density complex on 45 acres.

"What's fascinating is how the industry has evolved, and how this property is reflective of the evolution of the shopping center industry," said Jim Anthony, president of Raleigh's Anthony Allenton Commercial Real Estate.

North Hills has a history of ushering in change and altering the Triangle's shopping landscape.

When it was converted from a strip center into a mall in 1967, it was the first enclosed mall between Washington and Atlanta. The modern mall posed an immediate threat to retailers in the area's leading shopping districts, Fayetteville



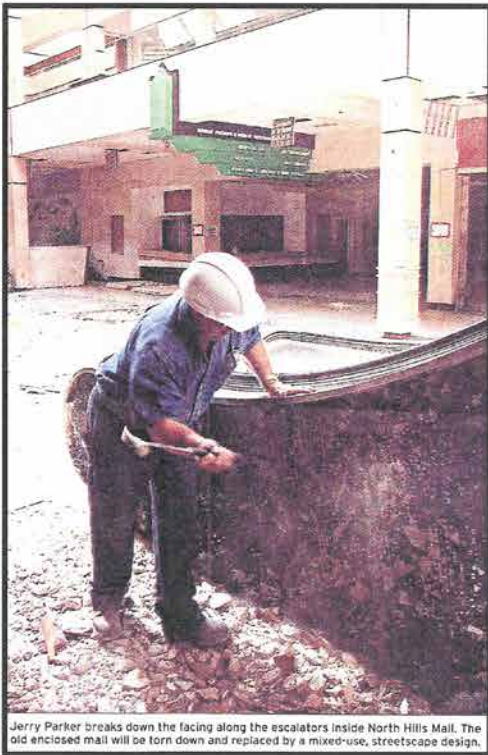
"We're rivals now."

Part of North Hills' edge was its design. Shoppers could roam inside an enclosed, air conditioned space, away from rain, cold, heat and stifling humidity. At the time, the idea of a mall was relatively new. The very first mall, Southdale Center, opened in 1956 outside Minneapolis in Edina, Minn., but it would be nine more years before the Southeast got its first: Greenbriar Mall in Atlanta.

"We were pioneering into an area that had never been tried before," said Arnold Aronson whose women's clothing store Ronsons was among the first stores to open at North Hills in 1963. "We were in an enclosed mall, and it was the first one in North Carolina. Everybody just looked out for each other."

But the mall's glory faded quickly as the competitor came. Crabtree Valley Mall

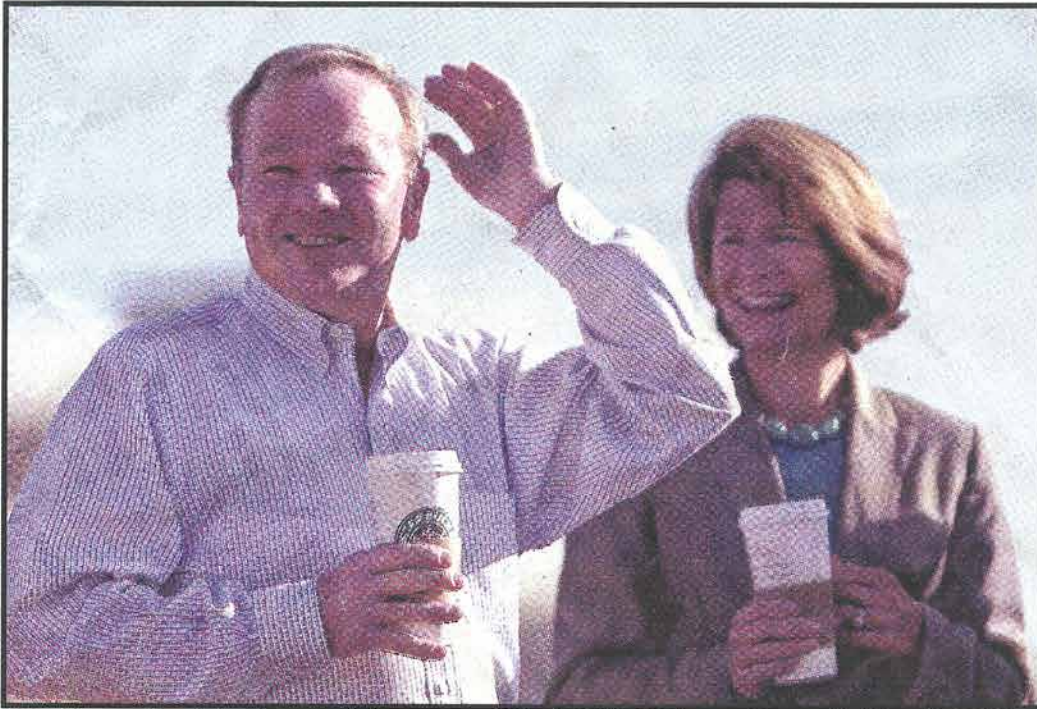
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Jerry Parker breaks down the facing along the escalators inside North Hills Mall. The old enclosed mall will be torn down and replaced by a mixed-use, streetscape design.



Paul Moldenhauer, a demolition worker, hoses down debris to minimize dust on the opening day of demolition at North Hills Mall. The job will take several months.



John Kane, a local developer and the owner of North Hills Mall, was there with his wife, Willa, to watch the demolition begin. His planned project should be completed next fall.

STAFF PHOTO BY HARRY LYNCH

NORTH HILLS

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opened nearby five years later with more stores and more space, eclipsing North Hills as king of the malls until last year, when two other mega-malls opened. North Hills never regained its status, in part because of fair-weather owners over the years that made renovation promises they couldn't keep.

But the memories are still strong for many Raleigh residents who grew up hanging out at the mall.

Willa Kane remembered losing her dental retainer four times after eating at Scotty's, famous for its hot dogs. The last time, her frustrated father made her dig through the trash to retrieve it.

Charlotte Ellis, who owns the Cary marketing consulting company Ellis & Others, remembers looking at an art show in the middle of the mall when she was in college and wondering whose job it was to put together mall events. Her company now focuses in part on shopping-center marketing.

Ruth Green, whose Little Art Gallery was a fixture at North Hills from 1968 until it moved to Cameron Village last year, re-

members the plastic pools filled with live fish that management used to put in the middle of the mall. "People would come from all around and fish," she said. "It was real homey."

Fiquet Bailey remembers getting her first makeover at Montaldo's, a small mall department store. Now she owns a make-up and beauty products store called Luxe across from the mall at The Lassiter at North Hills, the first phase of the area's redevelopment.

John Kane, who bought North Hills in 2000, hopes to create a place for more memories.

The \$200 million project has already pulled in discounter Target, which will be the first store to be built on the site, since it will take the ground-level space around the back side of the new North Hills. A 14-screen movie theater run by Marquee Cinemas will sit on top of it, surrounded by an open-air main street with a collection of national chain stores and locally owned boutiques and restaurants, including the Charlotte-based restaurant Firebirds Rocky Mountain Grill.

Pulse Athletic Club, which Kane owns, will take about 35,000 square feet. A day spa and a hotel also are in the works.

Other tenants are coming, but

no deals are signed yet, said Stephen Brown, director of leasing at Kane Realty. About 75 percent of the project's space is spoken for. "Really, it speaks to the quality of the project. Despite the difficult economic times, we have had tremendous interest in the project," he said.

Brown said shoppers can expect to see more of what has already been created at The Lassiter. Once called North Hills Plaza, in recent years under Kane's ownership the aging shopping center has been renovated and leased to a mix of new tenants, including locally owned stores such as the women's clothing store Tyler House and the shoe store Plush, and national chains such as Starbucks and French shoe retailer Mephisto.

The guts of the mall have already been ripped out, mostly to rid the site of asbestos. J.C. Penney is the only mall retailer to stay open throughout the renovation. The project should be completed by fall 2004.

"It's fun to finally be executing something we've been working on for so long," Kane said. "It's good to get started."

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Key events

1963: North Hills Shopping Center opens.

1967: North Hills becomes an enclosed mall. In its heyday, it draws shoppers from all over Eastern North Carolina.

MAY 29, 1972: On Memorial Day, 11 people are shot, four fatally, by a gunman in the North Hills parking lot. The shooter, a 22-year-old high school janitor, then kills himself.

AUGUST 1972: Crabtree Valley Mall opens.

DECEMBER 1979: Several stores do extensive remodeling during the year, and five new stores open.

JUNE 1980: Three North Hills stores begin regular Sunday afternoon shopping hours.

AUGUST 1980: Developer Ed Richards sells the mall to KLM Royal Dutch Airlines pension fund.

FEBRUARY 1983: Now 20, North Hills begins a major renovation to attract younger, richer customers.

OCTOBER 1984: North Hills celebrates its "grand reopening" after an 18-month, \$3 million renovation that features eight new stores.

1991: North Hills gets another face-lift in response to the opening of Crossroads and the expansion of Cary Towne Center.

1994: Plans for Triangle Town Center off Capital Boulevard are announced. North Hills Mall is for sale again.

DECEMBER 1995: North Hills Mall releases details of a three-year, \$50 million expansion to be completed by the end of 1998.

1997: Expansion is delayed until 1998.

1998: Nags Head Properties purchases the mall but has no firm redevelopment plans.

2000: Nags Head Properties seeks to sell North Hills Mall.

DECEMBER 2000: Developer John Kane buys North Hills Mall. He already owns North Hills Plaza across Lassiter Mill Road from the mall.

MARCH 2001: Dillard's announces it will move to Triangle Town Center when it opens in 2002. The North Hills store will close.

JULY 2002: Developer John Kane submits plans for North Hills to Raleigh City Council.

NOVEMBER 2002: The city council unanimously approves Kane's plan.

COMPILED BY NEWS RESEARCHER DENISE JONES