



CHAPEL HILL  
OPEN2.BIZ

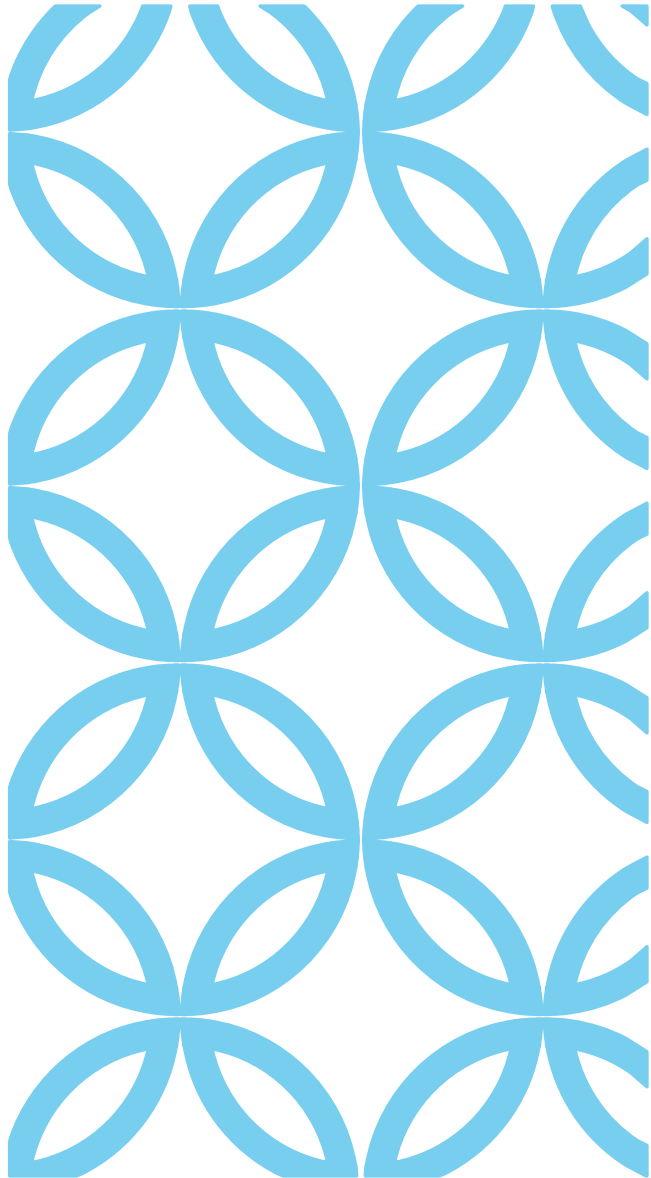
**DRAFT**

# CHAPEL HILL NORTH

---

January 2021

Council Committee on Economic Sustainability



- Council had reviewed a concept from Hanover and struggled with how to move forward with the mobile home residents.
- There was a desire to understand the market and direct development on these two parcels that would come close to community interests.
- Per those interests, we pursued a market study and a financial feasibility analysis to better understand what could be supported on these sites.
- We moved forward on concepts with the intent of entitling the sites to assure we met the intent of the interests.

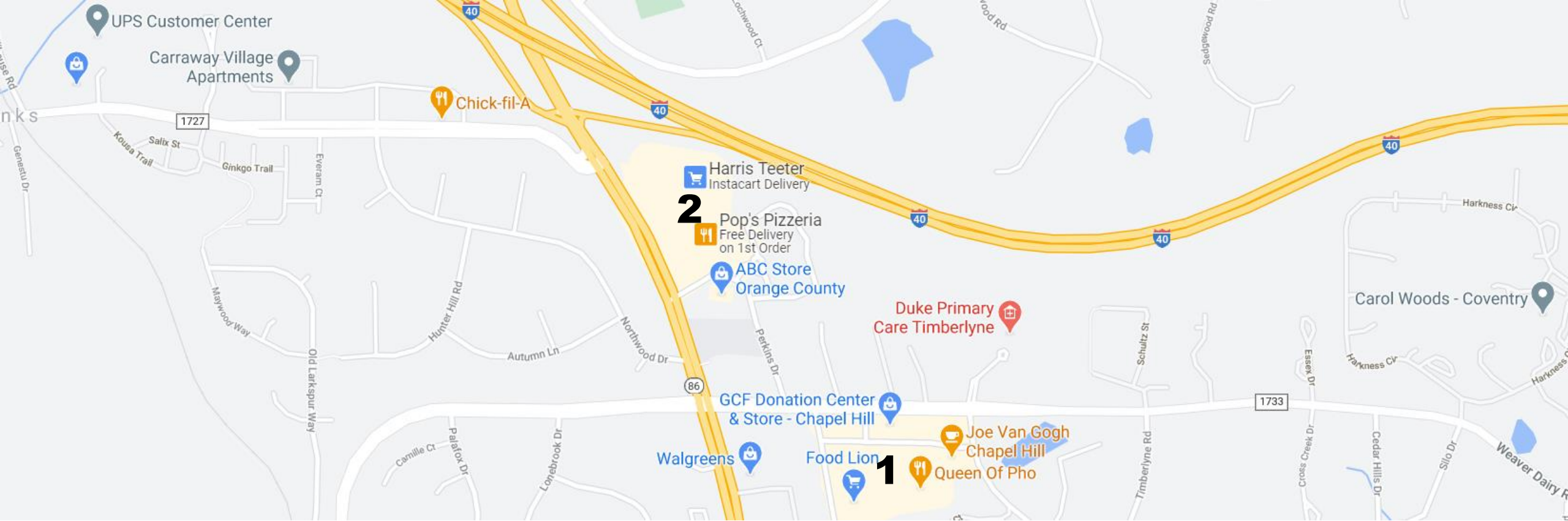
---

## PURPOSE

## **History of our planning efforts**

- > MARKET STUDY – APRIL 2019
- > FOLLOW-UP PRESENTATIONS IN MAY & JUNE 2019
- > STAFF CONCEPTS – FALL 2019
- > MARKET FEASIBILITY – FEBRUARY 2020
- > PER COUNCIL: STAFF REFINE PLAN AND CONSIDER FEASIBILITY OF INFRASTRUCTURE
- > STAFF RETAINS MCADAMS ENGINEERING TO COMPLETE OPINION OF PROBABLE COSTS FOR INFRASTRUCTURE
- > COULTER JEWELL THAMES RETAINED TO REFINE STAFF CONCEPT PLAN

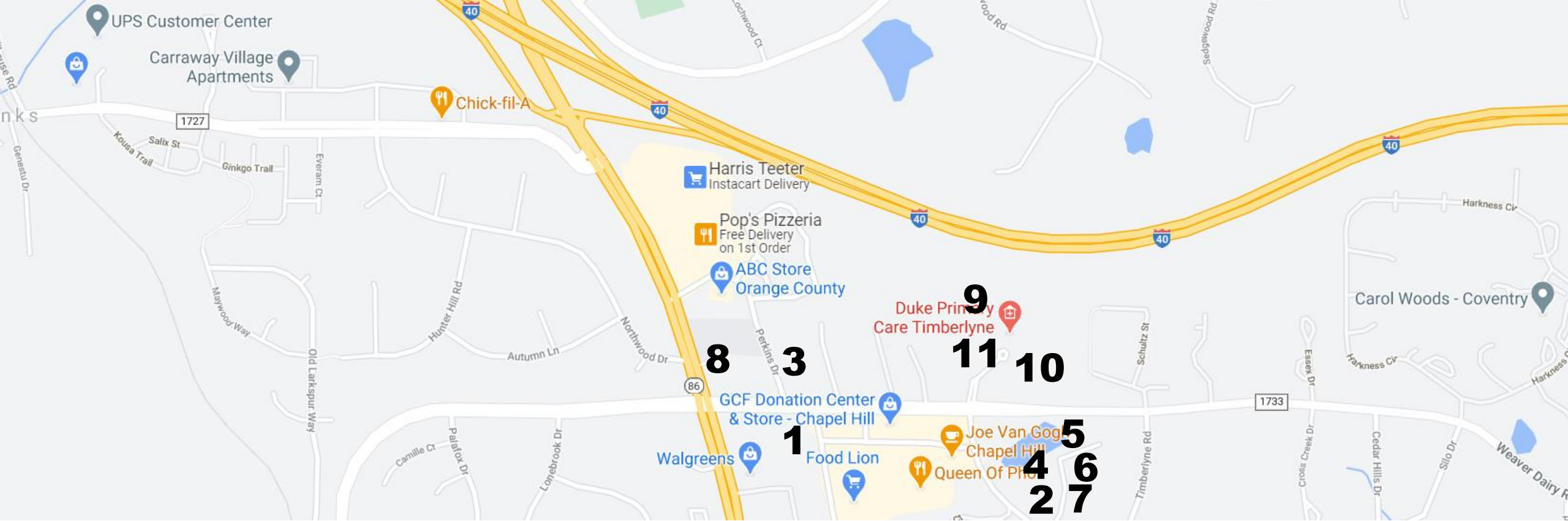
**D R A F T**



**Retail  
North Chapel Hill  
208,745 SF**

<b>1 Timberlyne</b>	<b>112,925</b>
<b>2 CH North</b>	<b>95,820</b>
<b>Total</b>	<b>208,745</b>

**DRAFT**



**Office  
North Chapel Hill  
304,000 SF**

1	13087	110 BANKS DR
2	15000	123/125/127 Kingston Dr
3	10348	112 Perkins Dr
4	22000	111 SILVER CEDAR CT
5	8500	201 SILVER CEDAR CT
6	14000	300 SILVER CEDAR CT
7	25000	400 SILVER CEDAR CT
8	32000	200 Timberhill PI
9	72000	77 VILCOM CENTER CIR
10	50000	55 VILCOM CENTER DR
11	43000	88 VILCOM CENTER DR
<b>Total SF</b>	<b>304935</b>	

**DRAFT**

CHAPEL HILL

OPEN2.BIZ

## Market take-aways

- > Reshape retail to create more experiential retail
- > Connect office, new and existing, to other areas in the district. (Pedestrian, and bike to add to connectedness)
- > Improve district Placemaking
- > Build needed housing:
  - *Large, high-quality condominiums .*
  - *Townhouses and mid-priced condominiums .*
  - *Main Street apartments .*
  - *Independent living, assisted care and memory care for seniors .*

**DRAFT**

# RETAIL ADDITIONS

From 2019 Market Study

## *New Types of Retail Developable Here*

When it comes to strong retail, Town leaders should think in terms of **quality, not quantity**. Stores and restaurants better suited to the needs and tastes of local residents will command their spending and loyalty, and others will follow if there is a good place to go. Here are some of the kinds of stores and restaurants that could be successful here:

- Diners, bakeries and coffee houses.
- Three-star bistros and restaurants that draw lunch time traffic from neighboring office buildings and that provide an evening alternative to dining downtown.
- Brew pubs, wine bars and micro-distilleries.
- High-service stores for leisure-time pursuits like reading, biking, knitting, running and travel.

Collectively, these businesses might add up to 20,000 square feet of space or more. However, it is not enough to simply re-tenant existing centers, which are conventional shopping centers built for another era when the shopping experience counted for little. To succeed here, upscale stores and restaurants will need to be located together in a project with a sense of place, somewhere people can eat outside and enjoy one another's company without the "view" being a parking lot. The success of Saxapahaw, Whittaker Mill in Raleigh, and Geer St. in Durham shows what happens when people break the rules of conventional suburban retail and "anchor" their place with outdoor activity.

**DRAFT**

# OFFICE

From 2019 Market Study

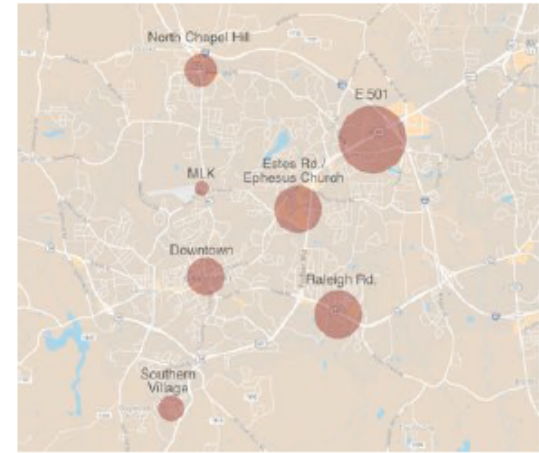
## Office Development

As shown in the table at right, North Chapel Hill has a substantial amount of office space. This is a solid suburban place to work, but rent levels here are not what they could be if the area were able to more software and biotech firms.

Like the town's retail space, most of Chapel Hill's office space is concentrated along the major highways. The biggest single office tenant in town appears to be UNC Health, and this appears to be the major tenant in North Chapel Hill. Besides UNC and its affiliates, the area also has some non-profits and industry associations. It has relatively few tech firms. The area is vulnerable to competition. Over time, new office space near the UNC Health acute care clinic in Hillsborough may draw north medical professionals now located in North Chapel Hill.

To have more high-paying jobs, Chapel Hill will need more office space in more interesting settings. Downtown Chapel Hill could become a major employment center, but parking and office space is limited there. The last ten years a number of tech companies have located in downtown Durham, which now has three times as much office and lab space as all of Chapel Hill. If Chapel Hill wants those jobs, it simply has to create more office space, in a good, walkable setting.

North Chapel Hill is not now that setting. Most of the space is in either smaller buildings located on smaller streets and courts north of Weaver Dairy, many of those filled with medical professionals, or in quiet, older, suburban office parks to the east on Weaver Dairy where the main selling point is landscaping, not connection. Given the growing congestion on I-40, and the difficulty attracting regional tenants to this location, it is unlikely that this area will be able to attract many tech users unless it provides more services and amenities that workers can walk to. If it can provide those connections, then it may also be able to draw highly-skilled professionals from nearby neighborhoods now working in home offices.



<u>Area</u>	<u>Inventory</u>	<u>Share</u>
Eastowne/ 501	665,000	25%
Raleigh Road	608,000	23%
Franklin-Ford Triangle	577,000	22%
Downtown	408,000	16%
North Chapel Hill	338,000	13%
<u>MLK</u>	<u>29,000</u>	<u>1%</u>
Total	2,625,000	100%

**DRAFT**

CHAPEL HILL

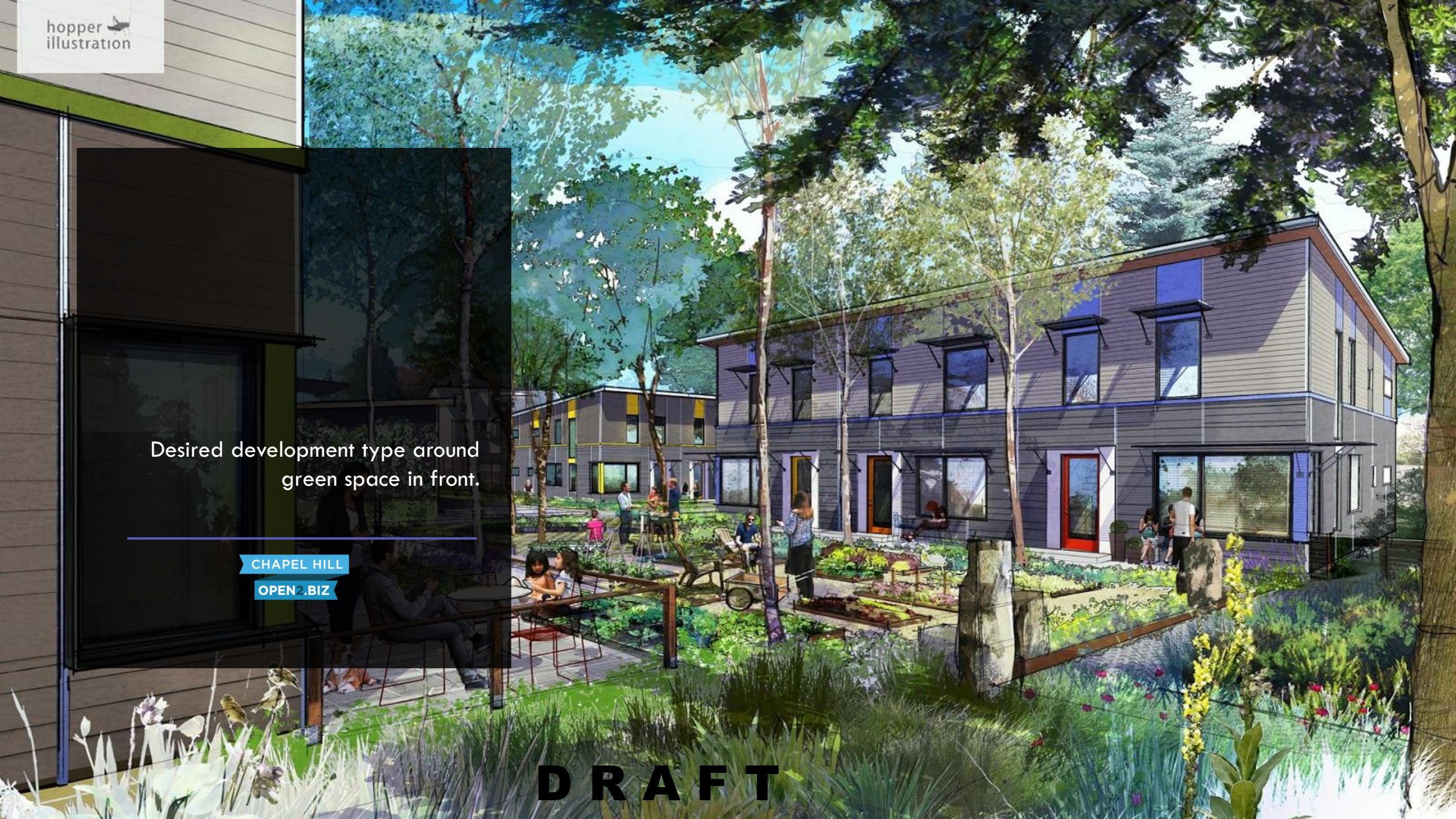
OPEN2.BIZ



Desired development type around green space in front.

CHAPEL HILL  
OPEN .BIZ

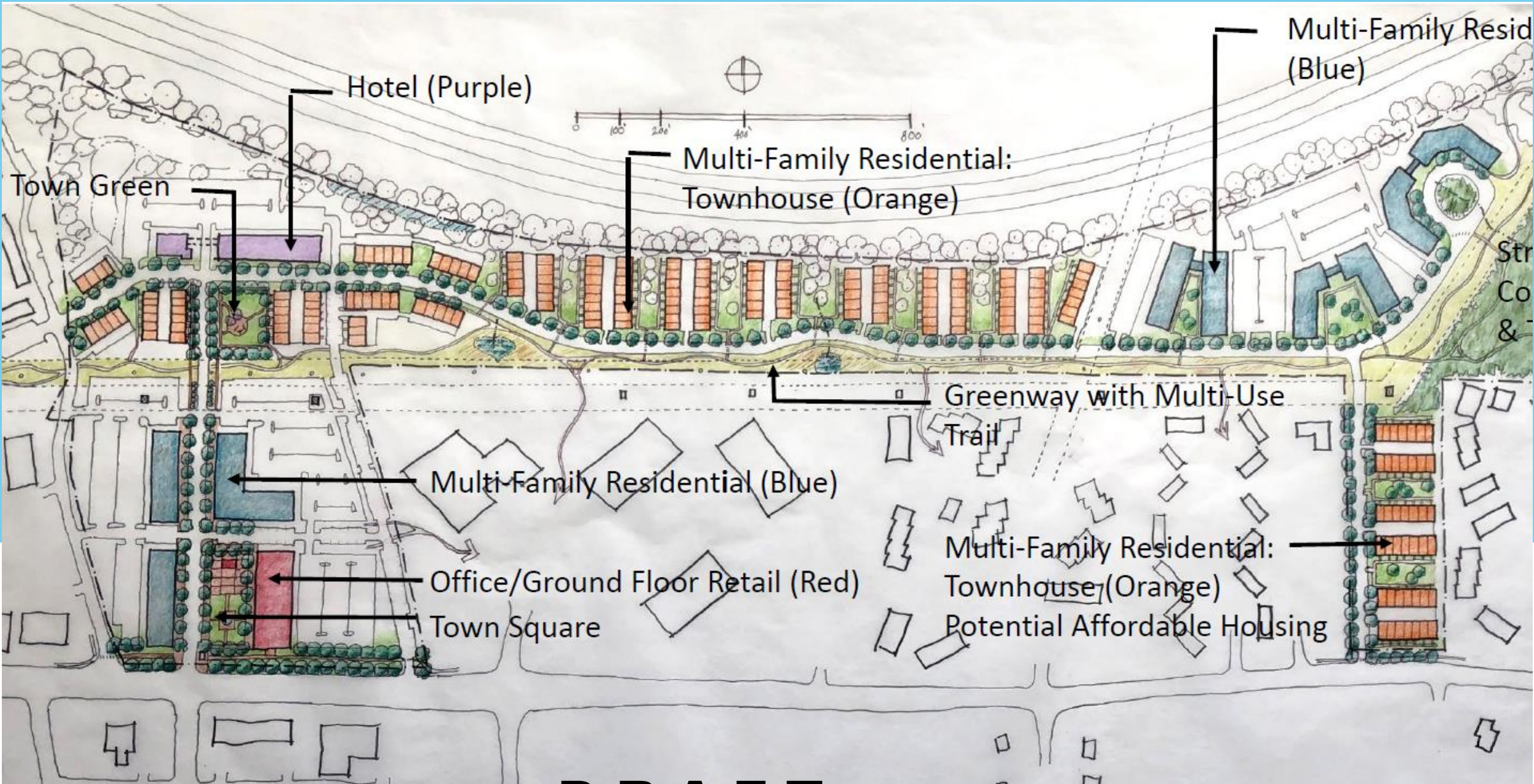
**DRAFT**



## **History of our planning efforts**

- > MARKET STUDY – APRIL 2019
- > FOLLOW-UP PRESENTATIONS IN MAY & JUNE 2019
- > STAFF CONCEPTS – FALL 2019
- > MARKET FEASIBILITY – FEBRUARY 2020
- > PER COUNCIL: STAFF REFINE PLAN AND CONSIDER FEASIBILITY OF INFRASTRUCTURE
- > STAFF RETAINS MCADAMS ENGINEERING TO COMPLETE OPINION OF PROBABLE COSTS FOR INFRASTRUCTURE
- > COULTER JEWELL THAMES RETAINED TO REFINE STAFF CONCEPT PLAN

**D R A F T**



**DRAFT**

## History of our planning efforts

- > MARKET STUDY – APRIL 2019
- > FOLLOW-UP PRESENTATIONS IN MAY & JUNE 2019
- > STAFF CONCEPTS – FALL 2019
- > MARKET FEASIBILITY – FEBRUARY 2020
- > PER COUNCIL: STAFF REFINE PLAN AND CONSIDER FEASIBILITY OF INFRASTRUCTURE
- > STAFF RETAINS MCADAMS ENGINEERING TO COMPLETE OPINION OF PROBABLE COSTS FOR INFRASTRUCTURE
- > COULTER JEWELL THAMES RETAINED TO REFINE STAFF CONCEPT PLAN

**D R A F T**



# DEVELOPMENT PROGRAM COMPARISON

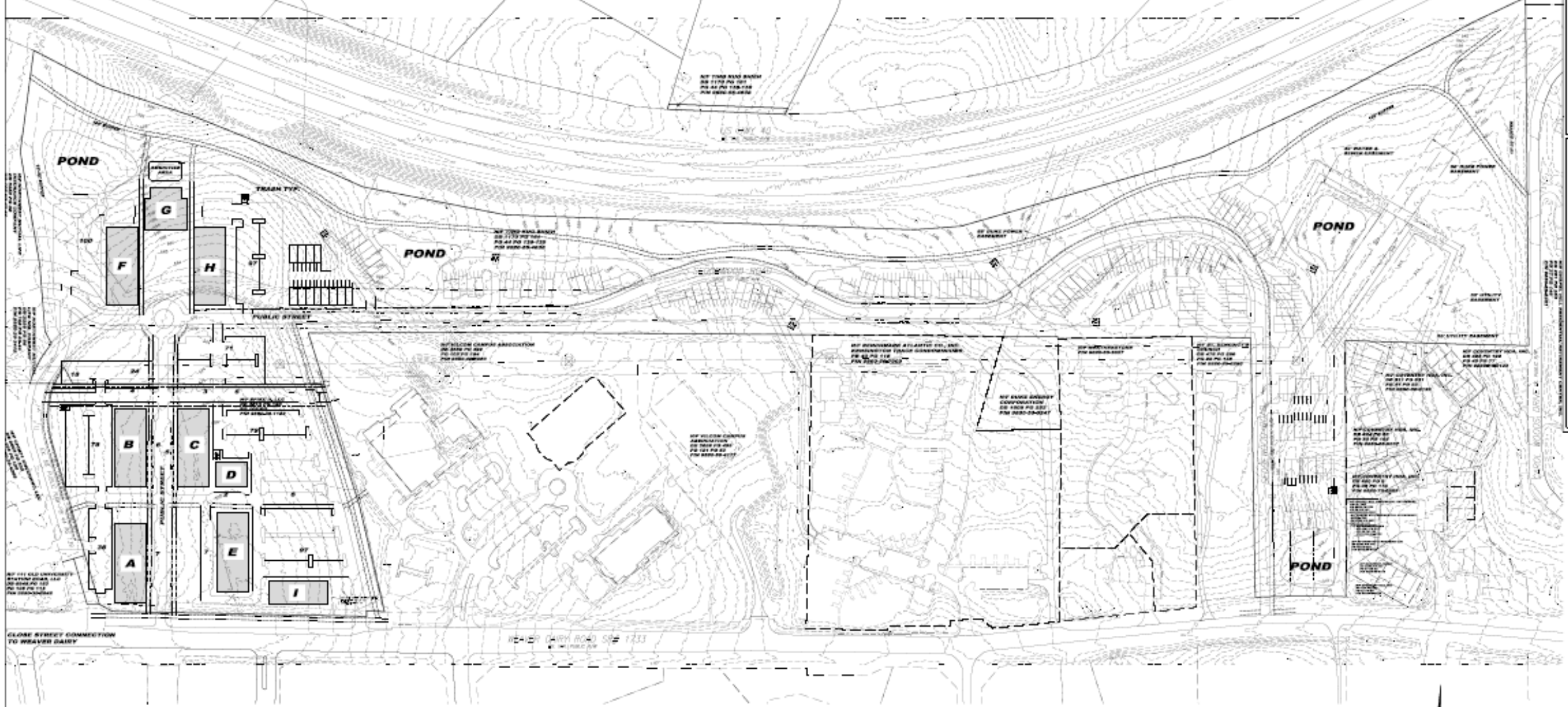
Land Use	Prev. Units/SF	Prev. Dev. Pad Land Value	10/8/20 Concept Plan	10/8 Dev. Pad Land Value	Dev. Pad Land Value Change
Townhomes/Condominiums	220	\$8.8M	137	\$5.48M	-\$3.32M
Class A Rental Apartments (Excl. Student)	400	\$10M	240	\$6M	-\$4M
Retail	20,000	\$800k	31,500	\$1.26M	+\$460k
Office	60,000	\$2.4M	63,000	\$2.52M	+\$120k
Lodging	150	\$3M	90	\$1.8M	-\$1.2M
Park Space	-	\$0	-	\$0	-
<b>Total</b>		<b>\$25M</b>		<b>\$17.06M</b>	<b>-\$7.94M</b>

**DRAFT**

## History of our planning efforts

- > MARKET STUDY – APRIL 2019
- > FOLLOW-UP PRESENTATIONS IN MAY & JUNE 2019
- > STAFF CONCEPTS – FALL 2019
- > MARKET FEASIBILITY – FEBRUARY 2020
- > PER COUNCIL: STAFF REFINE PLAN AND CONSIDER FEASIBILITY OF INFRASTRUCTURE
- > STAFF RETAINS MCADAMS ENGINEERING TO COMPLETE OPINION OF PROBABLE COSTS FOR INFRASTRUCTURE
- > COULTER JEWELL THAMES RETAINED TO REFINE STAFF CONCEPT PLAN

**D R A F T**



BUILDING	USE	SIZE	STORES	PARKING RATE	PARKING NEEDED	PARKING PROVIDED
A	RES	48 UNITS	3	3.5/UNIT	72	43
B	RES	48 UNITS	3	3.5/UNIT	72	130
C	RES	48 UNITS	3	3.5/UNIT	72	86
D	OFFICE	32,000 SF	2	3/1000	56	87
E	RETAIL	35,000 SF	1	4/1000	74	7
	RETAIL	6,000 SF	1	4/1000	32	
F	RES	48 UNITS	3	3.5/UNIT	72	100
G	RES (OR HOTEL)	48 UNITS/NO ROOMS	4	3.5/UNIT	72	
H	RES	48 UNITS	3	3.5/UNIT	72	97
I	OFFICE	15,000	3	3/1000	45	97
	RETAIL	7,500	3	4/1000	30	

**CONCEPT PLAN**  
**10.06.2020**

**DRAFT**

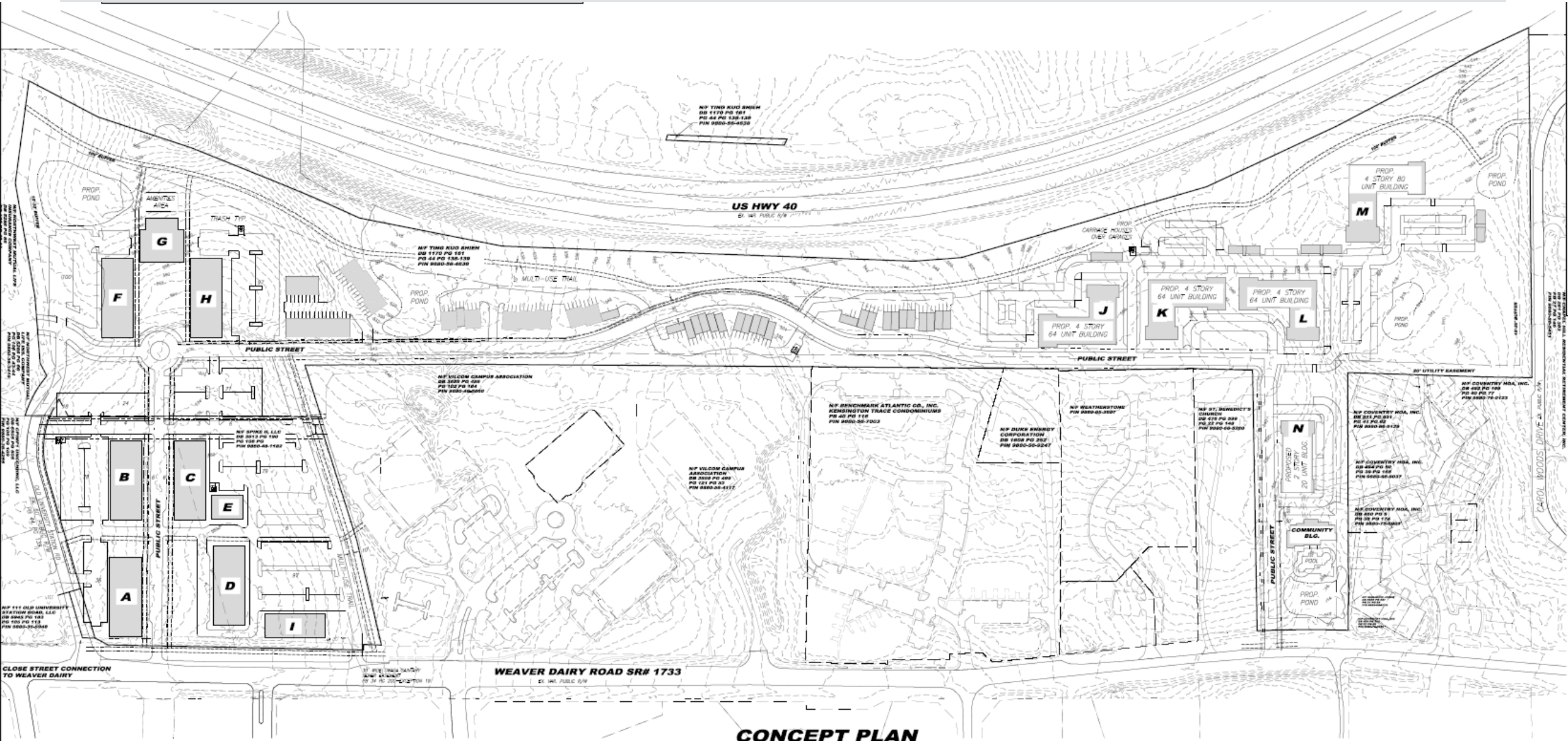


**Chapel Hill Open2.Biz**  
COMMERCIAL REAL ESTATE  
1000 W. WEAVER DAIRY ROAD  
CHAPEL HILL, NC 27515  
919.487.1111  
www.chapelhillopen2biz.com

Not enough units and square feet to justify the \$9 million in infrastructure costs.

# LAST UPDATE





**CONCEPT PLAN**

**DRAFT**

# THE PLAN

BUILDING	USE	SIZE	STORIES	PARKING RATE	PARKING NEEDED	PARKING PROVIDED
A	RES	64 UNITS	4	1.1/UNIT	71	43
B	RES	64 UNITS	4	1.1/UNIT	71	130
C	RFS	64 UNITS	4	1.1/UNIT	71	86
D	RES	48 UNITS	4	1.1/UNIT	53	87
E	RETAIL	16,000 SF	1	4/1000	74	
	OFFICE	16,000 SF	3	3/1000	48	7
F	RETAIL	8,000 SF	1	4/1000	32	
	RES	64 UNITS	3	1.1/UNIT	71	100
G	RES (OR HOTEL)	48 UNITS/150 ROOMS	4	1.5/UNIT	72	
H	RES	64 UNITS	4	1.1/UNIT	71	97
I	OFFICE	22,500	4	3/1000	67	97
	RETAIL	7,500	4	4/1000	30	
J-N	RES	292 UNITS	2 & 4	1.5/UNIT	438	522
CARRIAGE HOMES OVER GARAGES	RES	12 UNITS	2	1.1/UNIT	13	13
TOWNHOMES	RES	58 UNITS	2	2/UNIT	116	116
<b>TOTAL</b>					<b>1298</b>	<b>1298</b>

**DRAFT**

Chapel Hill North									
Revenue Comparison 1.6.2021									
Land Use	Prev Units or SF	July Dev. Plan Pad Land Value	10.8.20 Plan Units/ SF	10.8.20 Plan Pad Land Value	Plan with Hotel		Plan without Hotel		
					1.06.2021 Plan Units, SF	1.06.2021 Plan Pad Land Value	1.06.2021 Plan Units, SF	1.06.2021 Plan Pad Land Value	
Townhomes/Condos	220	\$ 8,800,000	137	\$ 5,480,000	58	\$ 2,320,000	58	\$ 2,320,000	
Class A Aparments	400	\$ 10,000,000	240	\$ 6,000,000	644	\$ 16,100,000	720	\$ 18,000,000	
Retail	20000	\$ 800,000	31500	\$ 1,260,000	23500	\$ 940,000	23500	\$ 940,000	
Office	60000	\$ 2,400,000	63000	\$ 2,520,000	38500	\$ 1,540,000	38500	\$ 1,540,000	
Lodging	150	\$ 3,000,000	150	\$ 3,000,000	150	\$ 3,000,000	0	\$ -	
<b>Total</b>		<b>\$ 25,000,000</b>		<b>\$ 18,260,000</b>		<b>\$ 23,900,000</b>		<b>\$ 22,800,000</b>	

**D R A F T**

**HOW THIS  
PLAN CAN  
WORK:**

1. Up to 4 stories on most buildings
2. Reduce parking to roughly .8 space per bed

**D R A F T**

**PROCEED**

Move forward with entitlement of this  
plan?

**D R A F T**