

CCES Presentation

Progress Report #2: Innovation District Vision and Strategy

Friday, April 1, 2022



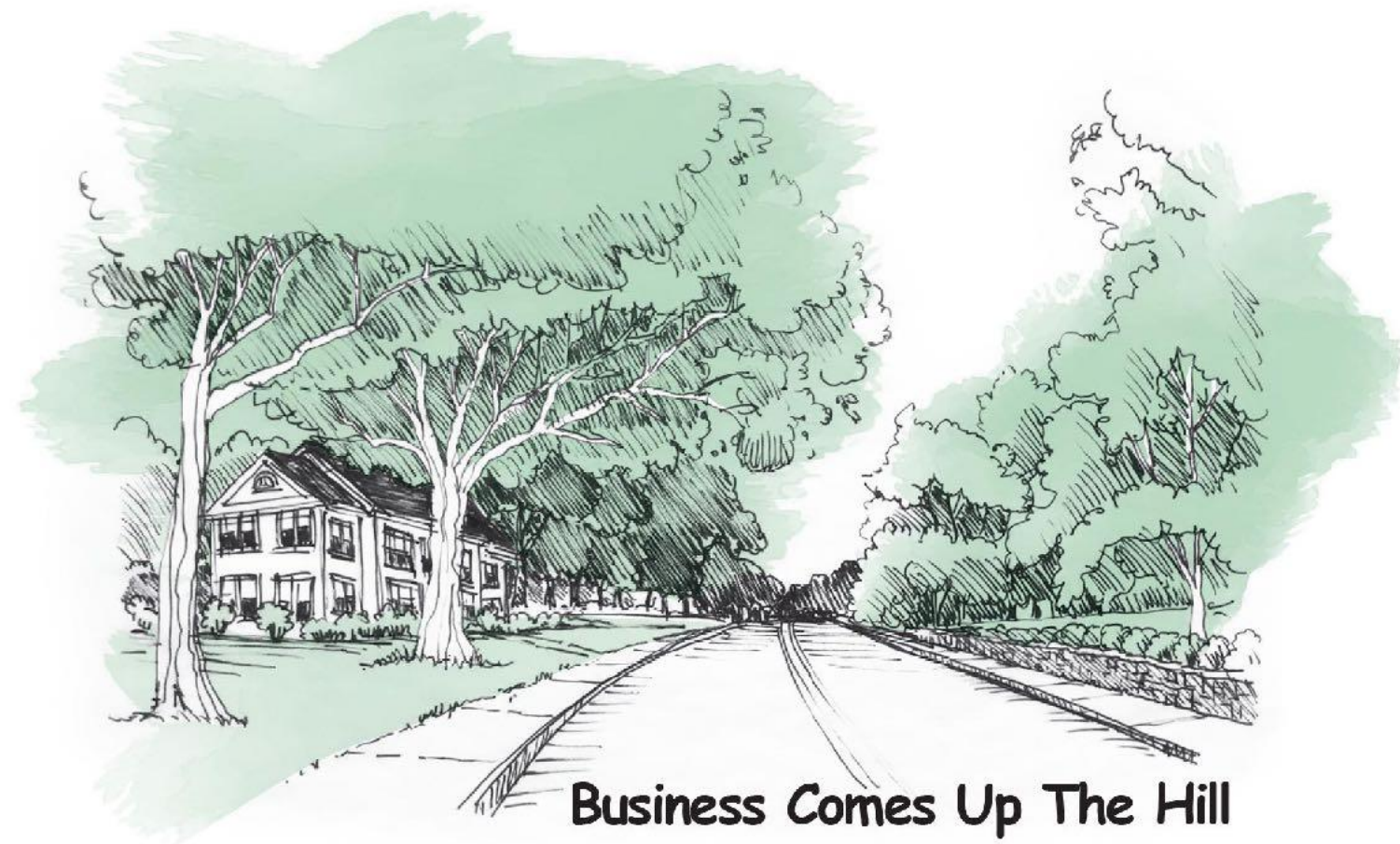
Goals

1. Make downtown more vibrant.
2. Create a better front door for the university.
3. Increase jobs and tax revenues.



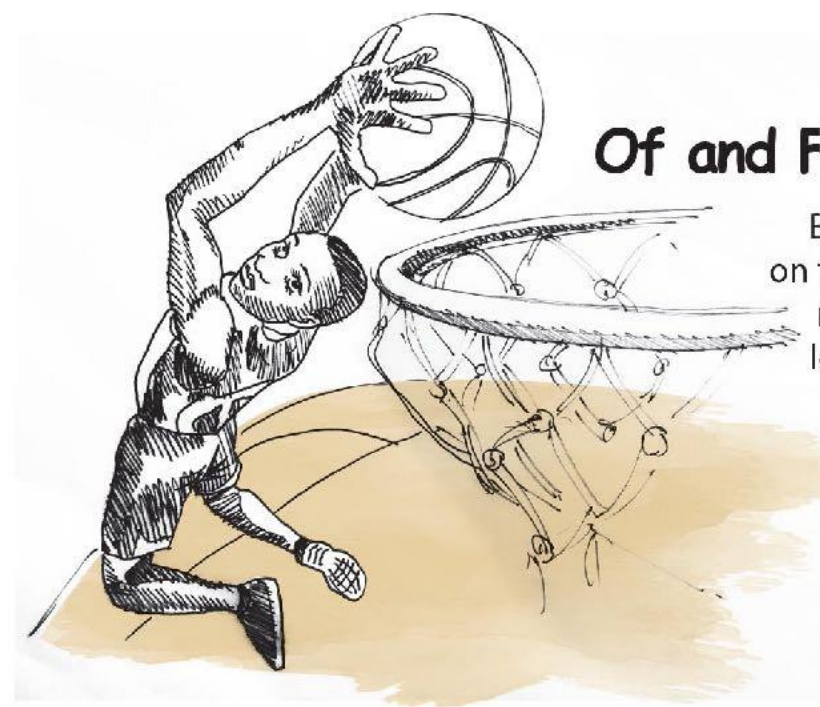
The Global Village

Downtown Chapel Hill becomes a place where industry and academia collaborate in solving some of the world's toughest problems. Already a place to live and play, work and learning become part of the mix.



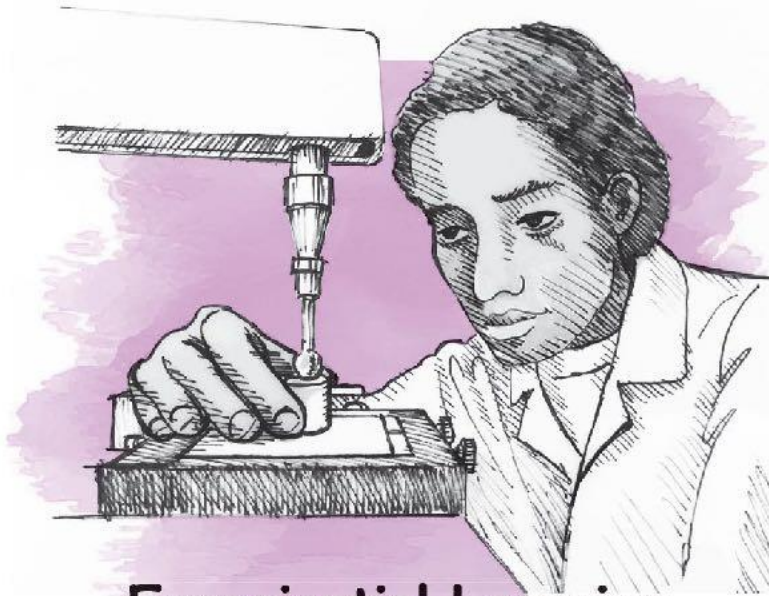
Business Comes Up The Hill

After 50 years elsewhere in the region, pharmaceutical companies, software firms and government institutes move their top R&D people to a more walkable place.



Of and For Carolina

Both in the lab and on the streets, this place reflects the state's learning, traditions and culture.

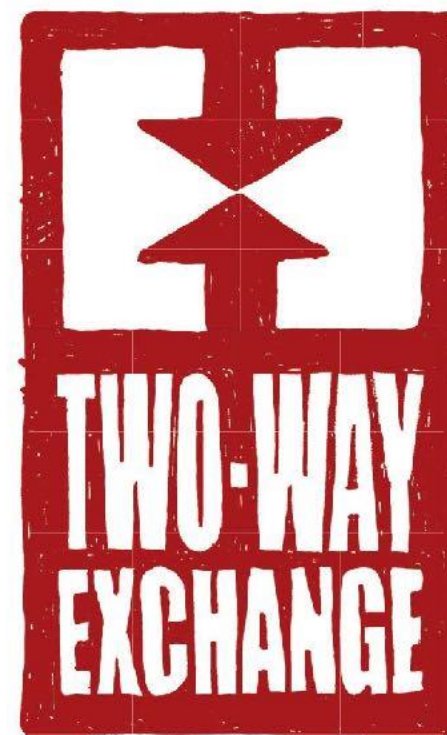


Experiential Learning

University students, residents and visitors alike come away seeing things in new ways

Gathering Places

A serendipitous encounter on the sidewalk leads to breakthrough thinking on a daunting problem.



Industry and academia work as peers and partners, swapping both talent and ideas.

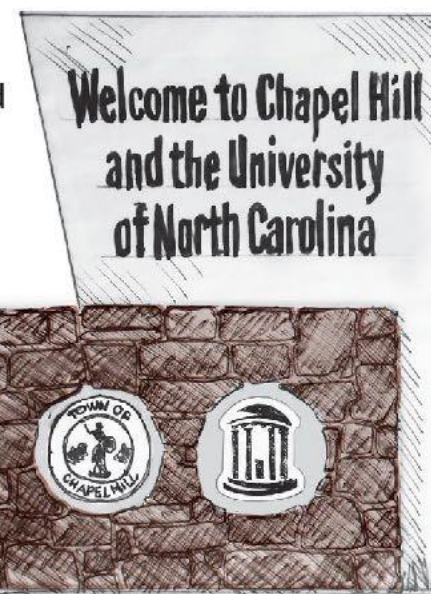


The Cool Factor

Expect the unexpected.

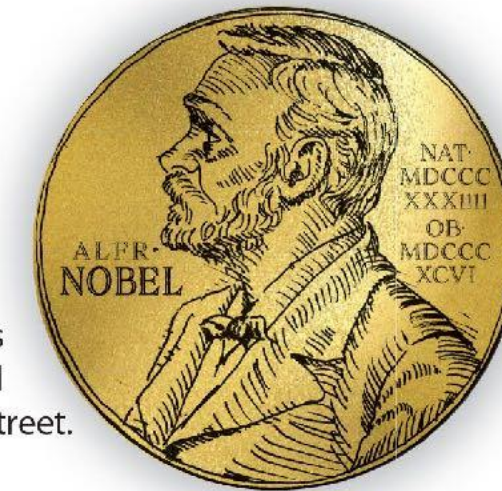
Coming to Carolina

A carefully-crafted arrival sequence guides visitors downtown and to the campus.



Research Impact

The cure for the next pandemic is being developed right down the street.



Organic Growth

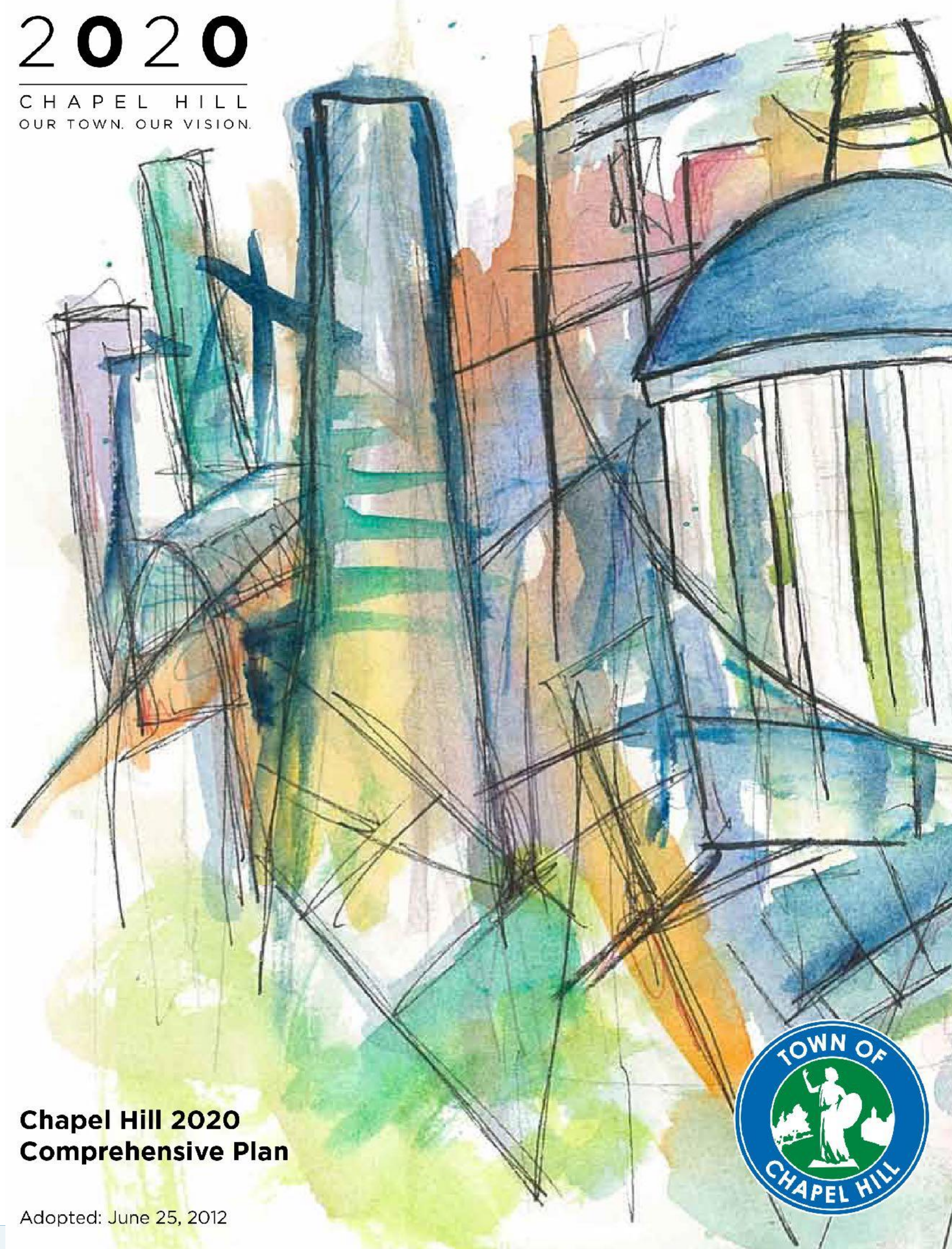
New buildings fit in with the scale and character of this place.



BUSINESS STREET

2020

CHAPEL HILL
OUR TOWN. OUR VISION.



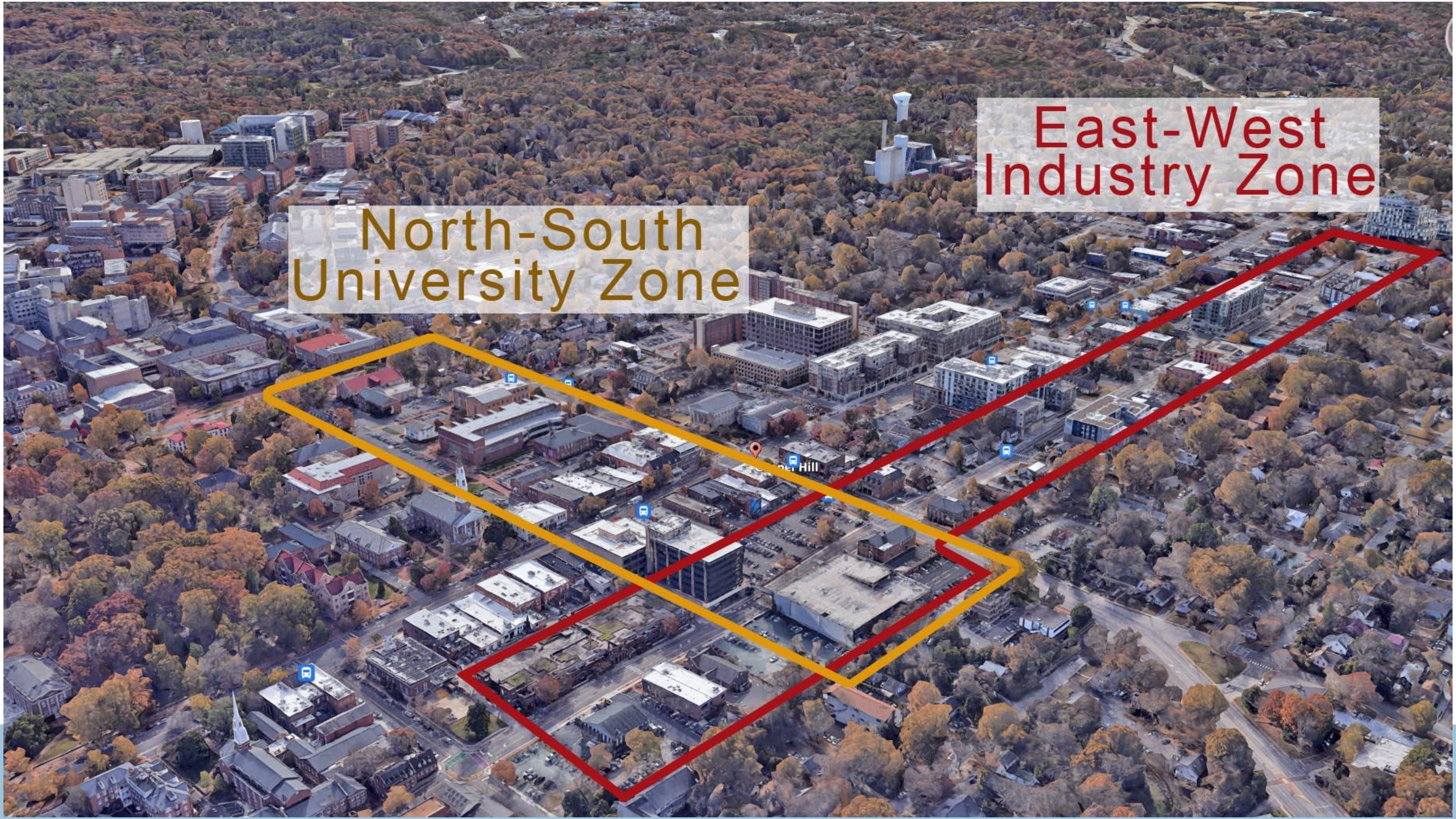
Chapel Hill 2020
Comprehensive Plan

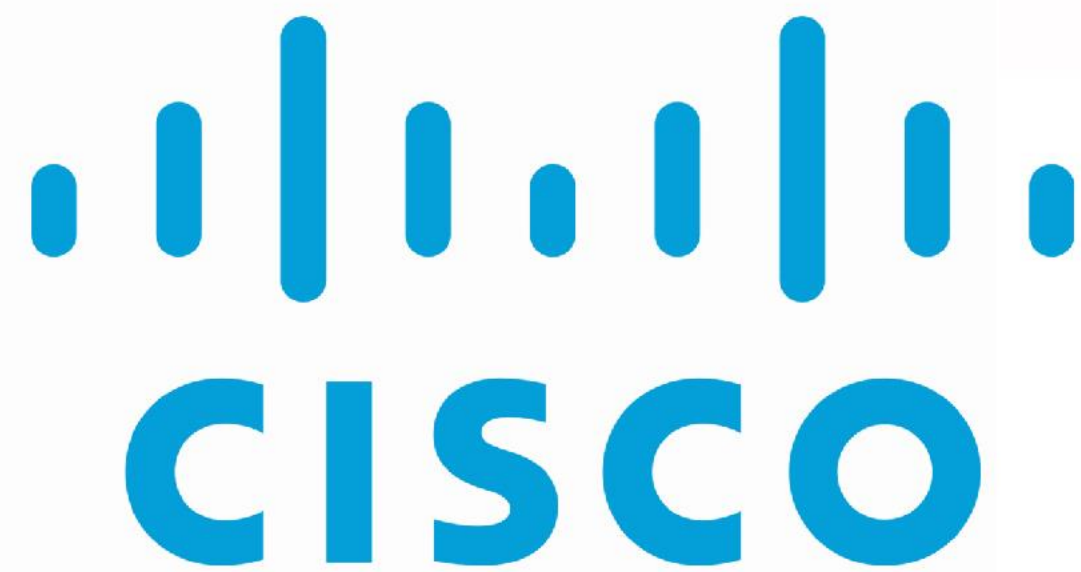
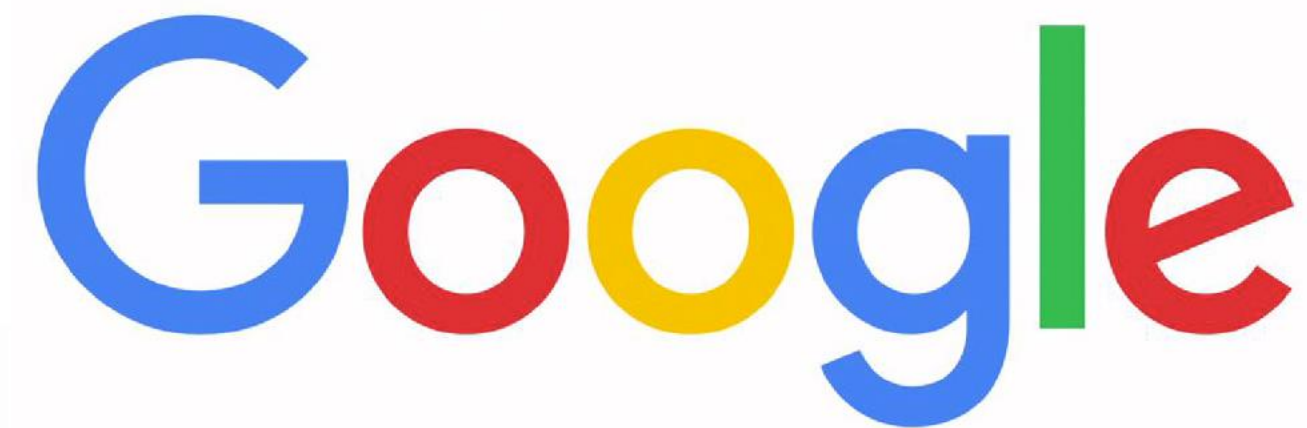
Adopted: June 25, 2012



East-West
Industry Zone

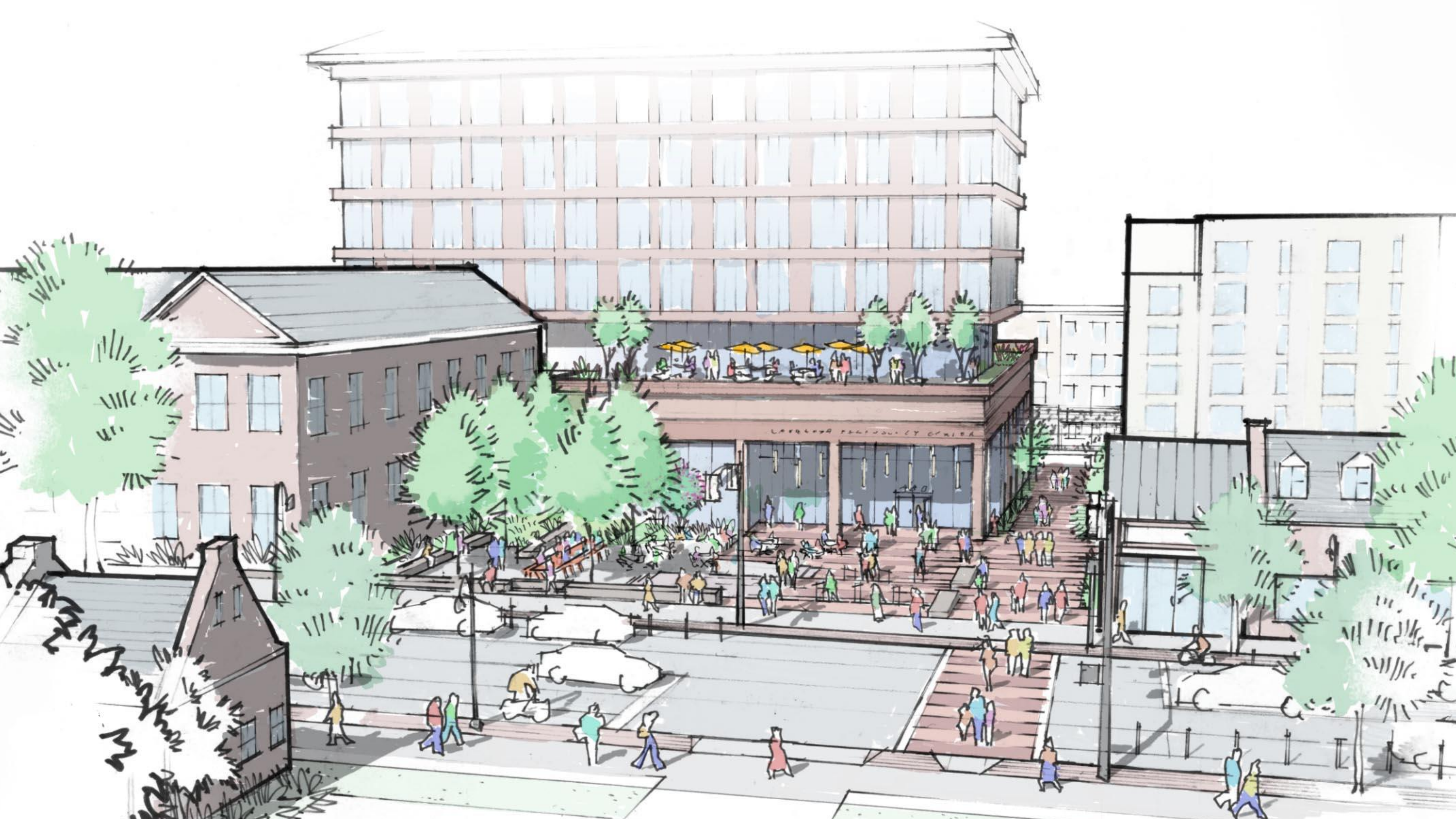
North-South
University Zone







| <u>Key</u> | <u>Name</u> | <u>Acreage</u> | <u>Contribution</u> | <u>Availability</u> | <u>Profitability</u> | <u>Notes</u> |
|---------------------|--------------------|----------------|---------------------|---------------------|----------------------|--|
| Top Priority | | | | | | |
| 1 | Puech- west | 0.6 | 9 | 9 | 8 | Owner eager to develop, possible Google expansion. |
| 2 | Puech- east | 1.5 | 8 | 9 | 9 | Owner eager to develop, possible Google expansion. |
| 3 | UNC Dev. ofc pkg. | 0.2 | 9 | 8 | 6 | Completes Puech holdings, but parking loss makes exist'g. bldg. less valuable. |
| 4 | UNC lots | 0.9 | 8 | 9 | 9 | High dev. potential, but likely restrictions on northern portions. |
| 5 | <u>Tate Realty</u> | <u>0.7</u> | 8 | 5 | 3 | Requires acquisition, likely restrictions on northern portions. |
| | subtotal | 3.9 | | | | |



| | Totals | | | Per Gross SF of Building | | |
|-------------------------|-----------------------|------------------------|---------------|--------------------------|------------------------|----------------|
| | Rosemary Mid Block | Rosemary & Columbia | ITS Plaza | Rosemary Mid Block | Rosemary & Columbia | ITS Parking |
| Site area | 74,500 | 28,600 | 47,200 | | | |
| Building Area | | | | | | |
| Ground floor space | 16,000 | 6,000 | 12,000 | | | |
| Patio level office | | | 14,000 | | | |
| <u>Office space</u> | <u>154,000</u> | <u>78,000</u> | <u>98,000</u> | | | |
| Gross floor area | 170,000 | 84,000 | 124,000 | | | |
| Net Rentable area | 139,400 | 68,880 | 101,680 | | | |
| Number of floors | | | | | | |
| Podium | 2 | 0 | 2 | | | |
| <u>Above podium</u> | <u>7</u> | <u>7</u> | <u>8</u> | | | |
| Total | 9 | 7 | 10 | | | |
| Typical floor plate | 11,000 | 13,000 | 14,000 | | | |
| Number of buildings | 2 | 1 | 1 | | | |
| Parking stalls | 420 | 10 | 245 | | | |
| Parking ratio | 2.5 | 0.1 | 2.0 | | | |
| Effective rents | | | | | | |
| Ground floor rent | 30.5 | 30.5 | 32.5 | | | |
| Office rents | 35.5 | 35.5 | 37.5 | | | |
| Monthly parking rate | 120 | 120 | 120 | | | |

| | | | | | | |
|---------------------------------------|------------------|------------------|------------------|--------------|--------------|--------------|
| Site preparation | 1,600,000 | 1,000,000 | 1,250,000 | 9.41 | 11.90 | 10.08 |
| Parking | 9,240,000 | 220,000 | 5,390,000 | 54.35 | 2.62 | 43.47 |
| Ground floor | 3,000,000 | 1,125,000 | 2,250,000 | 17.65 | 13.39 | 18.15 |
| Office Space | 28,875,000 | 14,625,000 | 21,525,000 | 169.85 | 174.11 | 173.59 |
| <u>Tenant improvements</u> | <u>7,903,500</u> | <u>3,910,500</u> | <u>5,109,500</u> | <u>46.49</u> | <u>46.55</u> | <u>41.21</u> |
| Total | 50,618,500 | 20,880,500 | 35,524,500 | 297.76 | 248.58 | 286.49 |
| Architecture & engineering | 3,037,110 | 1,252,830 | 2,131,470 | 17.87 | 14.91 | 17.19 |
| Permits and fees | 759,278 | 313,208 | 532,868 | 4.47 | 3.73 | 4.30 |
| Legal and administrative | 759,278 | 313,208 | 532,868 | 4.47 | 3.73 | 4.30 |
| Financing points | 759,278 | 313,208 | 532,868 | 4.47 | 3.73 | 4.30 |
| Construction interest | 3,037,110 | 1,252,830 | 2,131,470 | 17.87 | 14.91 | 17.19 |
| Leasing Commissions | 1,194,009 | 592,590 | 814,380 | 7.02 | 7.05 | 6.57 |
| <u>Project management</u> | <u>5,061,850</u> | <u>2,088,050</u> | <u>3,552,450</u> | <u>29.78</u> | <u>24.86</u> | <u>28.65</u> |
| Total | 14,607,912 | 6,125,922 | 10,228,373 | 85.93 | 72.93 | 82.49 |
| | 65,226,412 | 27,006,422 | 45,752,873 | 383.68 | 321.51 | 368.97 |

| | | | | | | |
|-----------------------|------------------|------------------|------------------|---------------|---------------|---------------|
| Parking revenues | 604,800 | 14,400 | 352,800 | 3.56 | 0.17 | 2.85 |
| Ground floor revenues | 390,400 | 146,400 | 312,000 | 2.30 | 1.74 | 2.52 |
| Office revenues | 4,646,950 | 2,353,650 | 3,123,750 | 27.34 | 28.02 | 25.19 |
| Total, gross revenues | 5,642,150 | 2,514,450 | 3,788,550 | 33.19 | 29.93 | 30.55 |
| <u>Vacancies</u> | <u>(423,161)</u> | <u>(188,584)</u> | <u>(284,141)</u> | <u>(2.49)</u> | <u>(2.25)</u> | <u>(2.29)</u> |
| Net Revenues | 5,218,989 | 2,325,866 | 3,504,409 | 30.70 | 27.69 | 28.26 |

| | | | | | | |
|-----------------------|----------------|--------------|---------------|-------------|-------------|-------------|
| Ground floor & office | 1,870,000 | 924,000 | 1,210,000 | 11.00 | 11.00 | 9.76 |
| <u>Parking</u> | <u>168,000</u> | <u>4,000</u> | <u>98,000</u> | <u>0.99</u> | <u>0.05</u> | <u>0.79</u> |
| Total | 2,038,000 | 928,000 | 1,308,000 | 11.99 | 11.05 | 10.55 |
| | 3,180,989 | 1,397,866 | 2,196,409 | 18.71 | 16.64 | 17.71 |
| | 70,688,639 | 31,063,694 | 48,809,083 | 415.82 | 369.81 | 393.62 |
| | 5,462,227 | 4,057,272 | 3,056,211 | 32.13 | 48.30 | 24.65 |
| | \$73 | \$142 | \$65 | | | |

Pro Formas Found Need For:

1. Premium for place.
2. Parking synergies.



Three Buckets

Approvals

Spending

Repatriation

