

# Laying foundation for downtown Raleigh growth spurt

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by [Courtney Doi](#)

RALEIGH - When Kenneth Penkowski searched for the perfect place to live in Raleigh, he found what he wanted downtown - a diverse population, nice restaurants, neighborhood bars and plenty of excitement.

With his condominium at The Dawson on Morgan, Penkowski was happy to leave behind yard work, traffic and a long commute. He now walks five blocks to work at [Ulanguzi Creative Strategies](#), a downtown marketing firm.

"People are looking for the urban experience," says Nancy Hormann, president and CEO of the [Downtown Raleigh Alliance](#). "We can now give them the urban experience ... You can move down here and walk to places. It's not dead down here anymore."

Hormann estimates that by 2010, downtown Raleigh's population will hit 7,500.

Many of the current, estimated 2,300 residents are young professionals, such as Penkowski, or empty-nesters.

There are 1,325 existing multifamily residential units in the downtown district, 436 units under construction and 632 units approved for construction, Hormann says.

On the edges of the downtown district, there are an additional 589 units under construction.

And six months from now, Hormann expects to announce yet another round of new residential developments.

Yet despite the construction, Raleigh lags Charlotte, where the center city houses about 9,000 residents.

The main obstacle to residential development downtown, Hormann says, is a lack of sites. Unlike many cities, Raleigh does not have a stock of older or historic office buildings to convert.

Except for the Hudson project on Raleigh's Fayetteville Street - which transformed an old Hudson Belk department store into condominiums, retail and office space - downtown residential projects require new construction.

To overcome this challenge, the Downtown Raleigh Alliance hopes to create a strategic plan to help developers decipher who owns what properties and what each owner is willing to do with their property.

The second challenge to downtown development is the escalating cost of land, Hormann says.

With such high costs, it is difficult to find a large enough footprint to make it economically feasible to build rental properties.

Though there is a tremendous amount of mixed-income housing on the edges of downtown, the newer developments in the core of downtown are predominantly luxury condominiums in high-rise developments that are out of reach for buyers with modest incomes.

This divide is evident in costs per square foot. Properties on the perimeter of downtown average about \$150 per square foot, while properties in the center city can cost \$350 per square foot, says Ann-Cabell Baum Andersen, who operates the real estate firm The Glenwood Agency.

A recent sale at the Hudson, the department store redevelopment project, was clocked at \$299 per square foot for a total sale price of \$488,000, according to Wake County records.

Condominiums and townhouses in the center city range from \$95,000 to \$800,000 depending on location and size, Andersen says.

For those with limited incomes who want to live downtown, the [Downtown Housing Improvement Corp.](#) is constructing 80 one-, two- and three-bedroom apartments across from Moore Square, says Gregg Warren, president of the non-profit development company.

Sixteen of the apartments will be offered at market rate, and 64 of them will have income restrictions.

The \$10 million development, called Carlton Place, will also feature 4,800 square feet of office and retail space along the street when it opens in December 2006.

DHIC also manages the Prairie Building on South Wilmington Street, which features 11 one- and two-bedroom, income-restricted apartments with rents ranging from \$540 to \$640 per month.

The target market for these properties, Warren says, is both young singles who work in the arts community or downtown restaurants and people living in poor-condition rental housing in southeast Raleigh who want a significant increase in their quality of living.

Erika Moss, a first grade teacher at [SPARC Academy Charter School](#), lives in the Prairie Building, a building designed in 1870.

A native of New Haven, Conn., Moss grew up in an urban area and longed for that kind of atmosphere in North Carolina.

Moss doesn't drive and enjoys walking to restaurants and museums. She rides a bus to work from the Moore Square Transit Station.

Her wish list for downtown includes variations of what already exists - a mainstream movie theater to complement the IMAX, more art galleries to complement [Artspace](#) and a commuter train to complement the bus system.

Downtown Raleigh still lacks a full-service grocery store, though a market is planned for Seaboard Station, a redeveloped warehouse area off Peace Street.

"I've had a positive experience with living downtown," Moss says. "It's centrally located. It doesn't take long for me to get from Point A to Point B. I'd like to stay in the downtown area. I enjoy the somewhat urban atmosphere."