

# 5000

FALLS

RALEIGH-DURHAM, NC







*Investment Advisors*

DANIEL FLYNN  
Director  
919.573.4641  
daniel.flynn@jll.com

RYAN CLUTTER  
Senior Managing Director  
704.526.2805  
ryan.clutter@jll.com

*Analysts*

WOODY FLYTHE  
Associate  
704.526.2876  
woody.flythe@jll.com

*Debt & Structured Finance*

WARREN JOHNSON  
Director  
704.526.2839  
warren.johnson@jll.com

*table of* **contents**

**Executive Summary**      **04**  
Investment Highlights

**Property Profile**      **18**  
Property Details  
Site Plan  
Floor Plans

**Tenant Overview**      **28**  
Tenant Summaries

**Financial Analysis**      **32**





01

EXECUTIVE  
**SUMMARY**

INVESTMENT HIGHLIGHTS

EXECUTIVE SUMMARY

# 5000 FALLS

*A 75,246 square foot infill office asset in Raleigh-Durham, one of the most coveted U.S. real estate markets*

Jones Lang LaSalle Americas, Inc. (“JLL”) has been retained as the exclusive sale representative for 5000 Falls (the "Property"), an infill office asset totaling 75,246 square feet in Raleigh-Durham, one of the most coveted real estate markets in the country and a leading STEM hub. The Property is currently 77.2% occupied with 5.1 years of WALT, offering investors significant upside through leasing the remaining vacancy and improving the common areas. The Property has been institutionally owned, maintained, and operated by Highwoods Properties (NYSE:HIW) for more than 25 years.

The Property is positioned within the Six Forks / Falls of Neuse submarket in a highly attractive infill location minutes from the North Hills mixed-use district, and features walkable retail, a rapidly improving demographic profile driven by millennial workers and young families moving to the area, and excellent access to all points of the Raleigh-Durham market. Bolstered by recent developments in the submarket and an advantageous mark-to-market opportunity with substantial leasing velocity, 5000 Falls is a premier value-add opportunity in a proven leasing submarket, driven in part by its proximity to North Hills, East End, Midtown Exchange, and Downtown Raleigh.

Raleigh-Durham has rapidly recovered from the transitory impacts of COVID-19, and stands to benefit from robust corporate relocations and in-migration to the region as companies and employees seek low cost of living, high quality of life, and business friendly locales. These trends, which have been in-place for several years, were catalyzed over the past 2 years, as evidenced by recent announcements from corporations including Apple, Google, Gilead, and Invitae, each of which announced plans to establish a sizeable workforce in Raleigh-Durham in 2021.

## Investment Summary

---

### ADDRESS

**5000 FALLS**  
5000 Falls of Neuse Rd,  
Raleigh, NC 27609

---

### YEAR BUILT (RENOVATION)

1980(2012)

---

### NET RENTABLE AREA

75,246 SF

---

### ACRES

4.00

---

### OCCUPANCY

77.2%

---

### PARKING

270 parking spaces (3.59 / 1,000 SF)

---

---

---



 **COLDWELL BANKER**  
HOWARD PERRY AND WALSTON



# 5000 FALLS SITS DIRECTLY IN THE PATH OF GROWTH

**RALEIGH IRON WORKS**  
 9 MINUTE DRIVE  
 UNDER CONSTRUCTION  
 219 MULTIFAMILY UNITS  
 81,000 SF OF RETAIL  
 540,000 SF OF OFFICE

Jamestown

Grubb Ventures

**EAST END MARKET**  
 7 MINUTE DRIVE  
 UNDER CONSTRUCTION  
 465 MULTIFAMILY UNITS  
 40,000 RETAIL  
 235,000 SF OF OFFICE  
 ASKING OFFICE RATE: \$40.00

ATLAS AS STARK

SLI CAPITAL

**DOWNTOWN RALEIGH**  
 12 MINUTE DRIVE

**WEGMAN'S  
 TORCHYS TACOS  
 TRADER JOES  
 ROW HOUSE**

**DUKE RALEIGH HOSPITAL**

**DREWRY HILLS**  
 HOME PRICES \$500,000 - \$3,000,000+

**MIDTOWN EXCHANGE**  
 7 MINUTE DRIVE  
 UNDER CONSTRUCTION  
 1,275 APARTMENT UNITS  
 300 HOTEL KEYS  
 125,000 SF OF RETAIL  
 500,000 SF OF OFFICE  
 ESTIMATED OFFICE RATE: \$40.00

d carolinas  
 dewitt

**MONTECITO AND MONTECITO  
 WEST APARTMENTS**  
 354 UNITS

**WALMART SUPERCENTER**

**TREE TOP APARTMENTS**  
 206 UNITS

**QUAIL HOLLOW / LAKEMONT / NORTH HILLS**  
 HOME PRICES \$450,000 - \$2,500,000

**ADDITIONAL RETAIL**  
 CAROLINA ALE HOUSE THAI HOUSE  
 KANKI JAPANESE HOUSE CUISINE  
 LAS MARIAS RED LOBSTER  
 WINGSTOP WALGREENS  
 BOJANGLES AND MORE  
 DUNKIN DONUTS

**FOOD LION**

**OFFICE DEPOT**

**QUAIL CORNERS**  
 TIJUANA FLATS BIG ED'S NORTH  
 THE BUTCHER'S MARKET JUICEKEYS  
 CRISTO'S RISTORANTE DEJA BREW  
 RALEIGH COFFEE CO. YOBA STUDIO  
 ROCKET FIZZ N RALEIGH

**WINDSOR FALLS APARTMENTS**  
 276 UNITS

**5000 FALLS**

**QUAIL CORNERS**  
 PLANNED 16,000  
 & 16,000 SF

**SEOUL GARDEN**

**QUAIL COMMONS - 72,000 SF MEDICAL OFFICE BUILDING**  
 DELIVERING SHORTLY

**ARBORS AT NORTH HILLS APARTMENTS**  
 199 UNITS

**QUAIL RIDGE APARTMENTS**  
 246 UNITS

**CURRENTLY IN FOR 5-STORY  
 MULTIFAMILY REZONING**



**CAROLINA COUNTRY CLUB**

**NORTH HILLS**  
 8 MINUTE DRIVE  
 1,080 MULTIFAMILY UNITS  
 104,404 SF OF RETAIL (NOT INCLUDING GROUND FLOOR RETAIL OF MIXED USE BUILDINGS)  
 1,500,000 SF OF OFFICE  
 UNDER CONSTRUCTION:  
 601 MULTIFAMILY UNITS  
 266,000 SF OF OFFICE  
 AVERAGE OFFICE RATE: \$38.18



**EXPANSION**  
 100,000 SF OFFICE  
 100,000 SF RETAIL

**VALUE ALTERNATIVE**

BUILDING PARK	MARKET RATE	% ABOVE SUBJECT
5000 FALLS	\$26	-
NORTH HILLS	\$44-\$48	77%
EAST END	\$43+	65%
MIDTOWN EXCHANGE	\$50	92%
IRON WORKS	\$45	73%

## Excellent Infill Location

### WITH PREMIER ACCESSIBILITY & REGIONAL CONNECTIVITY

The neighborhoods surrounding 5000 Falls have seen significant increases in home prices over the last two years, outpacing North Carolina median price growth by 3% both years. The area has become a trendy destination for Gen Z and Millennial Home Buyers who are attracted to the area due to its proximity to major urban nodes such as North Hills and Downtown Raleigh, a trend seen nationally since 2017 that has not yet peaked. This influx of young professionals has driven commercial development as well with two planned developments encompassing medical office space, multi-family apartments, and retail both within walking distance of the Asset.

## Abundant Nearby Development

- The multiple large-scale developments in the submarket will further increase the value of 5000 Falls and drive leasing velocity in an already burgeoning submarket.
- Value alternative to new developments in the area with similar accessibility
- Large scale developments will further promote a live-work-play environment through the addition of shopping destinations as well as green space for public recreational use

## Nearby Area Undergoing Transformation

- The Asset provides tenants with plentiful retail and quality dining options within walking distance, a rarity for most suburban assets.
- Directly adjacent to 5000 Falls, a 72,000 SF medical office development is well underway with construction helping to transform the intersection and provide a modern, sleek look to the surrounding area.
- Quail Properties has purchased two residential properties directly behind Quail Corners Shopping Center, a bustling retail hub directly across the street from the Asset, and requested a rezoning to create a mixed use development with 16,000 SF of ground floor retail and 16,000 SF of office space on the second floor.

# Strong Price Growth

## DRIVEN BY A GROWING DEMOGRAPHIC OF YOUNG PROFESSIONALS

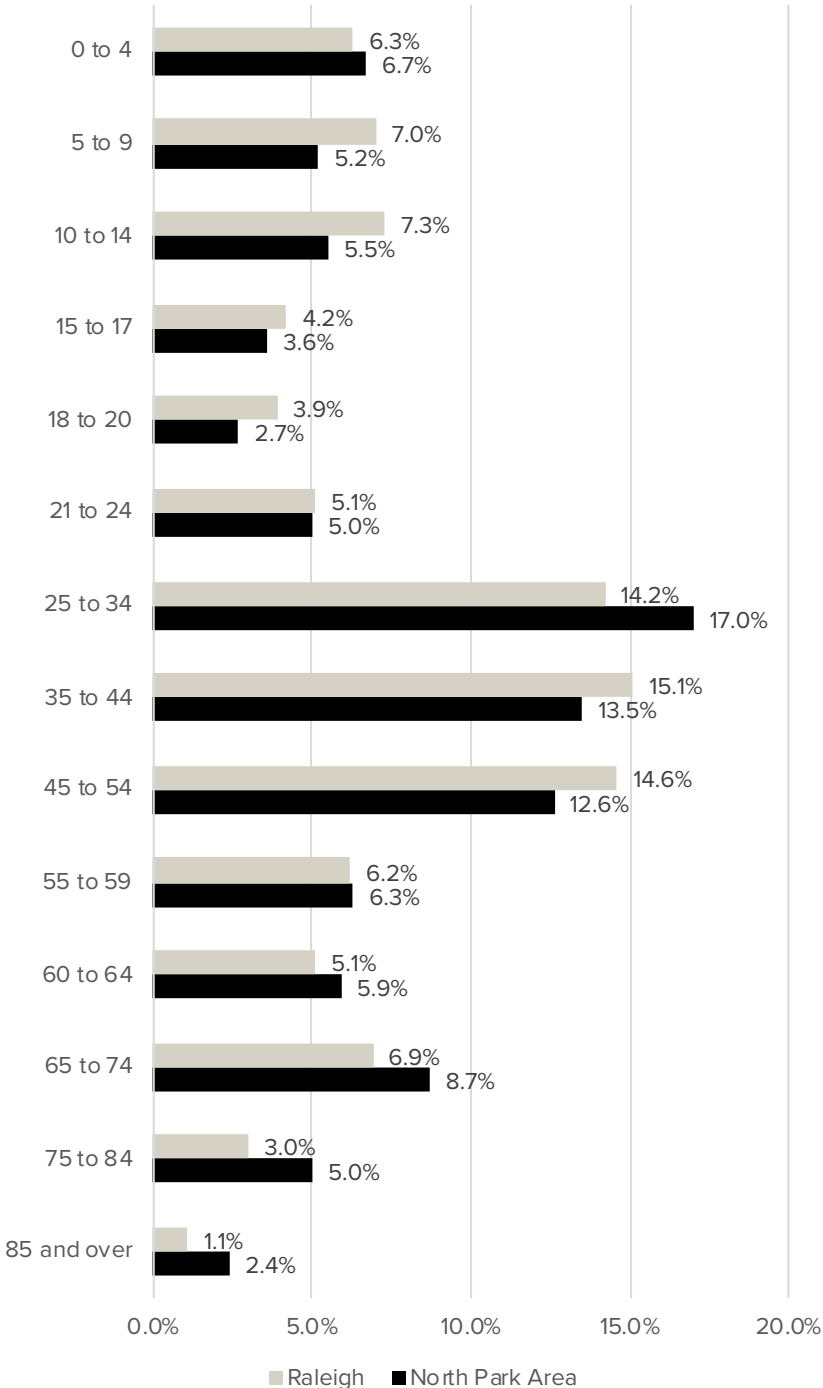
The residential areas surrounding 5000 Falls feature strong price growth as well as an outsized demographic of young professionals when compared to overall Raleigh demographics. 5000 Falls stands to benefit from these dynamics as young professionals graduate to become decision makers and groups seeking young talent head to the area, both helping to drive leasing momentum for 5000 Falls.

NEIGHBORHOOD HOME PRICE GROWTH		
YEAR	MEDIAN PRICE	PRICE GROWTH
2018	\$343,282	
2019	\$361,142	5.2%
2020	\$382,463	5.9%
2021	\$460,281	20.3%
2022	\$564,111	22.6%

**11%**  
GROWTH IN HOME OWNERSHIP AMONG GEN Z AND MILLENNIALS BETWEEN 2019 AND 2020



### POPULATION BY AGE



## COMPARABLE PRODUCT RENTS

ASSET	RENT PSF	% ABOVE 5000 FALLS
LAKERIDGE NORTH	\$28.50	9.6%
Northchase	\$31.00	19.2%
The Grove	\$35.00	34.6%
Carolina Place	\$32.00	23.1%
Average	\$31.63	21.6%

## Mark to Market

### RELATIVE TO RENOVATED NEARBY ASSETS

On a national scale groups have been implementing amenities and renovating common space in similar assets to 5000 Falls and have seen strong rent growth and leasing activity as a result. 5000 Falls has immense potential to take advantage of this trend with nearby, recently amenitized assets achieving rents more than 20% higher than rents at 5000 Falls.

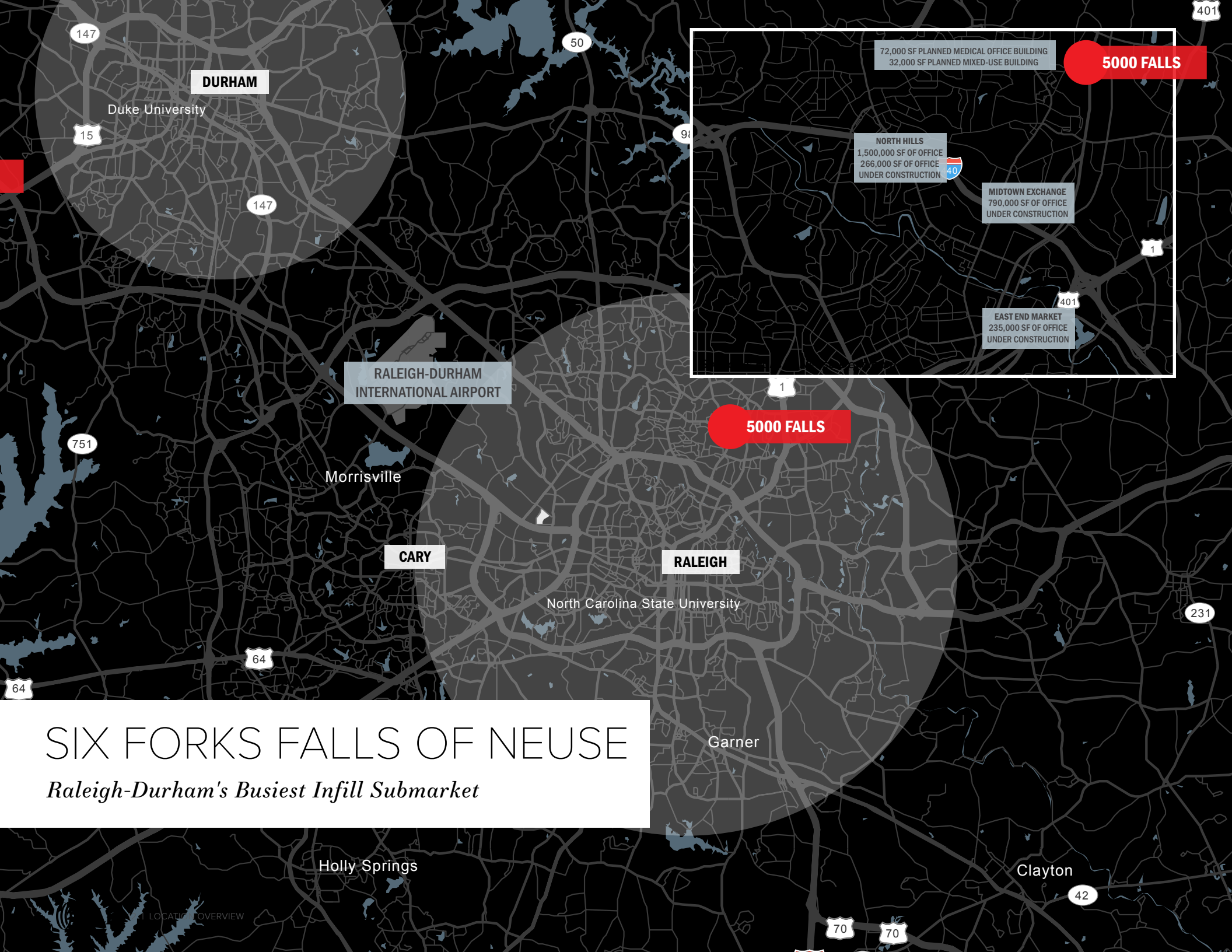


### TODAY'S SUBURBAN OFFICE AMENITIES

Rent Driving Amenities  
Outdoor Meeting Space  
Conference Rooms  
Tenant Lounge

Fitness Center  
Golf Simulator / Game Room  
Café





**DURHAM**

Duke University

**RALEIGH-DURHAM  
INTERNATIONAL AIRPORT**

Morrisville

**CARY**

**RALEIGH**

North Carolina State University

Garner

Holly Springs

Clayton

72,000 SF PLANNED MEDICAL OFFICE BUILDING  
32,000 SF PLANNED MIXED-USE BUILDING

**5000 FALLS**

**NORTH HILLS**  
1,500,000 SF OF OFFICE  
266,000 SF OF OFFICE  
UNDER CONSTRUCTION

**MIDTOWN EXCHANGE**  
790,000 SF OF OFFICE  
UNDER CONSTRUCTION

**EAST END MARKET**  
235,000 SF OF OFFICE  
UNDER CONSTRUCTION

# SIX FORKS FALLS OF NEUSE

*Raleigh-Durham's Busiest Infill Submarket*



Midtown Exchange

**1.9M**  
SQUARE FEET  
DELIVERED SINCE 2016

**1.1M SF**  
OF PLANNED AND  
UNDER CONSTRUCTION  
DEVELOPMENTS

**600,000**  
SQUARE FEET  
OF NET ABSORPTION  
SINCE 2020

SIX FORKS FALLS OF NEUSE

# Development Renaissance

The Six Forks Falls of Neuse submarket is experiencing mass modernization through the development of mixed-use projects. This effort was spearheaded with the North Hills development which has seen 330,000 SF delivered in 2020 alone and another 347,000 SF under construction. Projects have begun extending outside of North Hills as well with Midtown Exchange underway and East End Market beginning construction as well.

Development activity has spread beyond these large mixed-use projects as well with two planned developments around the bustling retail center of Quail Commons totaling 104,000 SF. These assets will provide 16,000 SF of office, 16,000 SF of retail, and 72,000 SF of medical office.

Six Forks Falls of Neuse is poised to become the next hub of retail and office activity in Raleigh with these major developments and the highly attractive infill profile the submarket offers investors.



North Hills





**North Ridge Country Club**  
*4 minute drive from 5000 Falls*



## SIX FORKS FALLS OF NEUSE SUBMARKET

The submarket is a significant infill location with astounding growth throughout the submarket in every category. The area has outpaced Raleigh-Durham in terms of population growth by over 5% since 2010 and continues to expand with a projected 5 year population growth of 6.2%. Income in the area has also risen drastically, with the median rising by nearly 40% in the last decade. These factors have led to massive investments in the area in the form of three large scale mixed use developments. The area has immense potential to become a staple of the North Raleigh area and one of the most sought after submarkets outside of the beltline.

SINCE 2010

**14.7%**

POPULATION GROWTH

**39.1%**

INCREASE IN MEDIAN INCOME

**21.1%**

INCREASE IN TOTAL HOUSEHOLDS



# Raleigh Durham Tailwinds

RALEIGH-DURHAM REGION AT A GLANCE

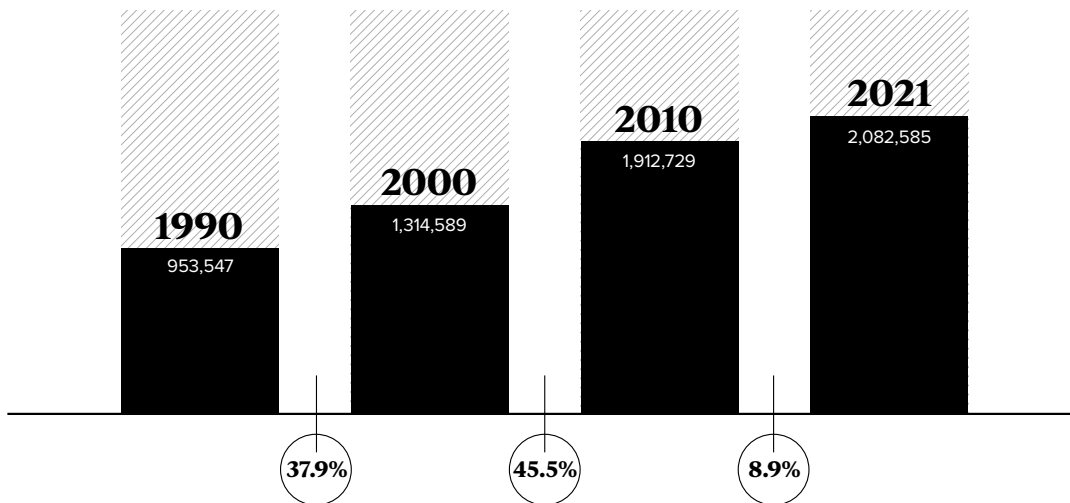
**2,000,000+ Residents**  
49% of which have a bachelor's degree or higher

**7,000+ Companies**  
Make up a diverse business ecosystem driven by technology, life science, agtech/ cleantech, finance, and advanced manufacturing

**700+ International Companies**  
Tap into the region's world-renowned intellectual capital

**10,500 Undergraduate Degrees Conferred Annually**  
Provide a steady stream of highly-educated millennial workers to the region

*Raleigh-Durham Population Growth*



*The portfolio benefits from the halo effect of the RTP campus and nearby Tier-1 research universities:*

HOME TO TWELVE COLLEGES AND UNIVERSITIES WHICH COMBINED PRODUCE THE MOST LIFE SCIENCE DOCTORATES IN THE NATION

49% OF INDIVIDUALS ABOVE THE AGE OF 25 IN RALEIGH-DURHAM HOLD A BACHELOR'S DEGREE OR HIGHER



**#8 NATIONAL UNIVERSITY RANKING**

*One of the top universities in the nation for research funding*



THE UNIVERSITY OF NORTH CAROLINA at CHAPEL HILL

**#5 NATIONAL PUBLIC UNIVERSITY RANKING**

*More than \$10 billion in annual revenue generated from UNC based startups*

**#12 BEST PUBLIC GRADUATE ENGINEERING PROGRAM**



*100+ startups and spin offs based on NC State research attracting a total of \$1.6 billion in venture capital*

Source: US News & World Report

**#1 IN NIH FUNDING PER CAPITA among major life science and tech hubs**

Raleigh-Durham was ranked No. 5 in the nation for NIH funding in 2020 and receives a disproportionate amount of capital in comparison to much more populous regions, receiving \$2.2 billion in 2020. The Research Triangle region leads major life science hubs in NIH funding per capita.

**#4 IN VENTURE CAPITAL FUNDING GROWTH AMONG MAJOR LIFE SCIENCE HUBS**



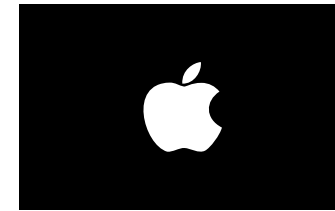


## Explosive Population & EMPLOYMENT GROWTH

Known for an exceptional quality of life, favorable business environment and breadth of top-quality employers, Raleigh-Durham is projected to be the second fastest growing large city in the nation, according to the United Nations Population Division.

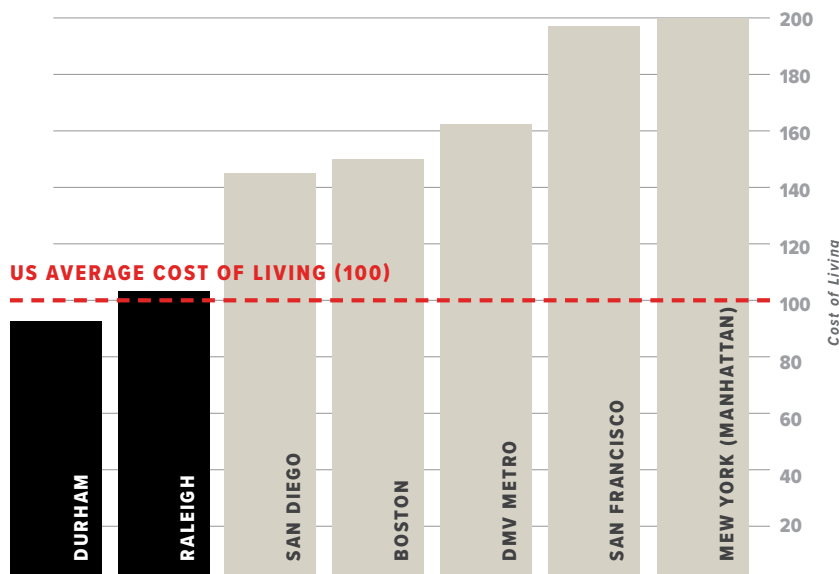
### NOTABLE EMPLOYERS

Raleigh-Durham's STEM and life science growth has seen tremendous growth over the last several years with notable job announcements from Apple, Google, Biogen, and Eli Lilly.



### COST OF LIVING INDEX

Raleigh-Durham significantly outperforms peer STEM hubs



### Significant Operating Cost Discount to Peer Stem Hubs

With the lowest corporate tax rate in the nation and a relatively low cost of living, Raleigh-Durham significantly outperforms peer markets.

The region has already attracted some of the world's largest institutional investors who recognize advantageous market fundamentals and the area's abundance of intellectual capital.

Source: Precis Metro Cost of Living Data





*Investment Advisors*

**DANIEL FLYNN**  
Director  
919.573.4641  
daniel.flynn@jll.com

**RYAN CLUTTER**  
Senior Managing Director  
704.526.2805  
ryan.clutter@jll.com

*Analysts*

**WOODY FLYTHE**  
Associate  
704.526.2876  
woody.flythe@jll.com

*Debt & Structured Finance*

**WARREN JOHNSON**  
Director  
704.526.2839  
warren.johnson@jll.com



650 SOUTH TRYON STREET | SUITE 600 | CHARLOTTE, NORTH CAROLINA | 28202  
4509 CREEDMOOR RD | SUITE 300 | RALEIGH, NORTH CAROLINA | 27609