



Allscripts

MIDTOWN PLAZA

RALEIGH-DURHAM, NORTH CAROLINA



ADDRESS

305 Church at North Hills St,
Raleigh, NC 27609

YEAR BUILT (STORIES)

2017 (12)

NET RENTABLE AREA

329,747 SF

% LEASED

100%

WALT

6.0 Years


SITE AREA

3.3 Acres

PARKING

1,050 spaces
(two decks with 525 spaces each)





EXECUTIVE SUMMARY

Jones Lang Lasalle, a North Carolina licensed real estate broker (“JLL”), has been retained as the exclusive sales representative for Midtown Plaza. Midtown Plaza is a 100% leased, 329,747 SF, core office building located in North Hills, Raleigh’s most coveted mixed-use district providing corporations and their employees with an unmatched live, work, play environment.

Midtown Plaza features a diverse rent roll, including large block occupancy from Altera (NASDAQ: MDRX), Gilead Sciences (Moody’s: A3), Fifth Third Bank (Moody’s: Baa1), and a slew of additional tenants totaling 6.0 years of WALT. Midtown Plaza presents investors with an incredible mark to market opportunity as the North Hills micromarket continues to tighten and Class A rents have grown 27% since 2017. Furthermore, the offering includes two parking facilities featuring over 1,000 spaces in total on a 3.3-acre site allowing for a potential development densification of the site.

The Asset, which is positioned at the intersection of the Innovation District and Park District, is surrounded by chef driven restaurants, shops, fitness, and a large concentration of multifamily (4,000+ units existing/under construction) and residential uses occupied primarily by high income residents of North Hills. North Hills has become the Triangle’s preeminent office address with an unmatched demand story - the majority of office developments have delivered 100% preleased, existing vacancy is 1.5%, and average office utilization is among the highest in the country, north of 80%. This offering is a rare opportunity to gain an attractive foothold in the thinly traded North Hills submarket, featuring a blend of long-term stability and a significant mark to market opportunity.

INVESTMENT HIGHLIGHTS

- GENERATIONAL CORE OFFERING
- DURABLE OFFICE TENANT CASH FLOW
- PREMIER MIXED-USE DISTRICT IN THE SOUTHEAST
- RALEIGH-DURHAM’S LIVE-WORK-PLAY DISTRICT
- NORTH HILLS LEASING DYNAMICS
- DISCOUNT TO REPLACEMENT COST
- BELOW MARKET STORY WITH EMBEDDED UPSIDE
- REVENUE DRIVING POTENTIAL



GENERATIONAL CORE OFFERING IN RALEIGH'S MOST COVETED LOCATION

Delivered in 2017, Midtown Plaza is a newly constructed twelve-story office asset consisting of 329,747 SF. Featuring an innovative design, best-in-class buildouts, sweeping views of North Hills, two parking decks, and a market leading amenity package, the asset is the premier office building in Raleigh-Durham.

The asset features attractive glass facades and an innovative modern design distinguishing it as one of Raleigh-Durham's iconic office buildings. Featuring floor-to-ceiling window lines, impressive lobby areas, creative meeting spaces, modern breakrooms, private conference rooms and an outdoor patio, Midtown Plaza boasts some of the best tenant spaces in the market. Midtown Plaza leaves a lasting impression on tenants and visitors with significant tenant investment in the spaces allowing for extremely attractive buildouts and demonstrates current tenants long-term commitment to the asset.

DURABLE OFFICE TENANT CASH FLOW

The tenant roster at Midtown Plaza is 100% leased to a diverse rent roll of life science, financial services, law, software, and more with a WALT of 6.0 years. With no more than 4.8% of the rent roll expiring in the first three years, investors are positioned with stable cash flows for years to come.



ALTERA (FORMERLY ALLSCRIPTS)

- Global Leader in Healthcare IT
- 160,848 SF
- 3.9 Years of WALT
- MDRX (NASDAQ)
- \$1.5B in 2021 Revenue



GILEAD SCIENCES

- Leading Biopharmaceutical Company
- 84,183 SF
- 8.8 Years of WALT
- Rated A3 (Moody's)
- \$27B in 2021 Revenue



FIFTH THIRD BANK

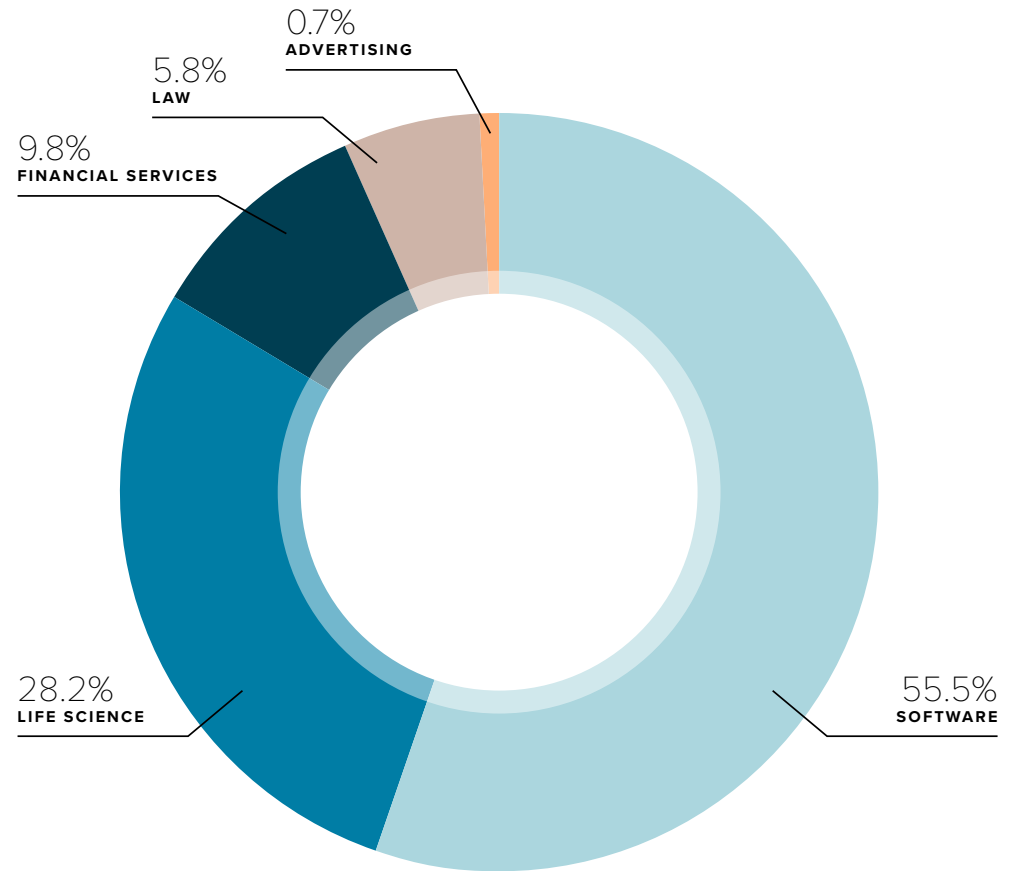
FIFTH THIRD BANK

- One of the Largest Consumer Banks
- 28,061 SF
- 9.8 Years of WALT
- Rated Baa1 (Moody's)
- \$8B in 2021 Revenue



TROUTMAN PEPPER HAMILTON SANDERS

- Preeminent Law Firm
- 19,182 SF
- 5.4 Years of WALT
- \$1B in 2021 Revenue
- Large role in the development of North Hills



INDUSTRY	SF	% OF OCCUPIED SF
SOFTWARE	183,211	55.5%
LIFE SCIENCE	92,913	28.2%
FINANCIAL SERVICES	32,297	9.8%
LAW	19,182	5.8%
ADVERTISING	2,144	0.7%
TOTAL	329,747	100%

NORTH HILLS

THE PREMIER MIXED-USE DISTRICT IN THE SOUTHEAST

Midtown Plaza is phenomenally located at the edge of the North Hills Park District, making it one of the few assets that is walkable to both the Main District and burgeoning Innovation District. North Hills is the premier mixed-use hub in the region and Midtown Plaza strongly benefits from the surrounding amenities. The area features a multitude of retail options, workout facilities, outdoor space including cross fit stations positioned within the Park District, and phenomenal accessibility to the broader market by way of the Cliff Benson Beltline and Six Forks Road.

THE MAIN DISTRICT

The Main District at North Hills was the original North Hills development and features the most retail in the submarket with over 70 retail and dining options. The district has historically thrived as a retail destination and is now seeing new development totaling 346k SF of office in NHX Creative Office (2023), and One North Hills Tower (2023), the Highlands Apartments (2023), and a total of 100k SF of added retail through ground floor retail at these projects as well as the construction of a new Restoration Hardware (2024) with a rooftop restaurant.

THE PARK DISTRICT

The Park District acts as the connective tissue between the Main and Innovation Districts with Midtown Plaza acting as the link between the Innovation and Park Districts, the two most dense areas of North Hills. The Park District features four trophy office towers totaling 1.3M SF of leasable space currently 98.5% leased. In addition to the office space, the area features a beautiful 1.25-acre park which serves visitors, office users, and residents of the 1,4000 apartments in the district. The area also features a plethora of retail and dining options and over 250 hotel rooms.

THE INNOVATION DISTRICT

The newest district added to the North Hills master plan, The Innovation District is a 33-acre development that consists of four phases and four acres of outdoor natural areas. Phase 1 was completed in 2020 with the opening of Vine North Hills Apartments. Phase 2 is currently underway which includes the Channel House Apartments (2023) and Tower V, an 18-story office asset (2024). Once phases 3 and 4 are completed, the North Hills Innovation District will have two high-rise office towers, four residential assets, and over 60k SF of retail space including a two story food hall.





TOWER 5



CHANNEL HOUSE

THE PARK DISTRICT

THE INNOVATION DISTRICT

SUM OF THE PARTS

98.5%

OFFICE OCCUPANCY

\$109K

AVERAGE
HOUSEHOLD INCOME

\$1,922

MARKET RENT FOR
MULTIFAMILY

8M+

ANNUAL VISITORS

TOP 1%

OF RETAIL CENTERS
NATIONALLY

MOST AMENITIZED BUILDING IN THE MARKET

RALEIGH-DURHAM'S PREMIER LIVE-WORK-PLAY DISTRICT

PARK DISTRICT

PARK CENTRAL

Arrow Haircuts
 Orange Theory Fitness
 Happy & Hale
 Vita Vite Wine Bar
 CycleBar
 iCRYO
 Kilwins
 Midtown Yoga

MIDTOWN GREEN APARTMENTS

Flour Power Kids Cooking
 Cowbar

HYATT HOUSE

Another Broken Egg Café

ADVANCED AUTO PARTS TOWER

Cucciolo Terrazza

CAPTRUST TOWER

Yard House
 The Cowfish

MAIN DISTRICT

4120 MAIN AT NORTH HILLS

Five Guys	Smoothie King
Regal Cinemas	Sports Clips
Omega Sports	Target
Warby Parker	Chick Fil A
Pieology Pizzeria	Ben & Jerry's

4350 LASSITER AT NORTH HILLS

Cameron Clothing	Edible Art Bakery
Bluemercury	Firebird Wood Fired Grill
Charlotte's Jewelry & Gifts	LensCrafters
Coquette Baserie	Paintbase Nail Bar

4321 LASSITER AT NORTH HILLS

Bonobos	Vermillion
Fink's Jewelers	Paper Source
Lilly Pulitzer	Kendra Scott
Sunglass Hut	Everything but Water

THE ALEXAN APARTMENTS

Aladdin's Eatery	Marta's	Von kekel Aveda Salon Spa
Glo de Vie Med Spa	Pure Barre	The Spectacle
Gena Chandler	Paperbuzz	Learning Express Toy's & Gifts
Lamb's Ear Children's Clothing	Vivace	Fleur Boutique

4421 SIX FORKS AT NORTH HILLS

Clean Juice	GNC	Cariloha North Hills
ArtSource Fine Art Gallery	Panera	Trellis Floral
Total Wine & More	Chipotle	Lee Nail and Spa
Lululemon	Verizon	Relax the Back
Bul Box	Bonfish Grill	UPS Store
Starbucks	Sur La Table	Walgreens

PARK & MARKET

Harris Teeter
 Giorgio Pizza
 Amazing Lash Studio
 Ideal Image
 Las Ramblas
 Massage Envy Spa
 Kings Dining & Entertainment
 Midtown Nail Spa
 PrimoHoagies
 Salon Blu

THE AC HOTEL

Level 7
 CO

BANK OF AMERICA TOWER

The Capital Grille
 STIR Raleigh
 Rosewater





PROTECTED PARKING
The North Hills' parking operation allows for transient visitors to park in most decks and allows tenants to cross park decks as well if there isn't space in their deck. Midtown Plaza's parking decks have the unique benefit of being tucked away by Midtown Plaza, the Cardinal, and the Church of the Apostles, leading to nearly exclusive use of these decks by Midtown Plaza tenants.



MIDTOWN PLAZA

ALLISTER NORTH HILLS
434 UNITS

THE ALEXAN APARTMENTS

ONE NORTH HILLS TOWER

THE EASTERN RESIDENCE

RENAISSANCE RALEIGH

4421 SIX FORKS

COASTAL CREDIT UNION
MIDTOWN PARK

4120 MAIN

NHX CREATIVE OFFICE

4321 LASSITER

ADVANCE AUTO PARTS TOWER

HIGHLAND NORTH HILLS APARTMENTS

CAPTRUST TOWER

HYATT HOUSE

BANK OF AMERICA TOWER

4350 LASSITER

CHUY'S

PARK AND MARKET

THE CARDINAL AT NORTH HILLS EXPANSION

MIDTOWN GREEN

THE DARTMOUTH

PARK CENTRAL

THE CARDINAL

FIRST CITIZENS CORPORATE CENTER

- | | |
|-------------|-------------|
| DEVELOPMENT | MULTIFAMILY |
| OFFICE | HOSPITALITY |
| RETAIL | GREENSPACE |

NORTH HILLS LEASING DYNAMICS

North Hills is currently 98.5% leased and has one of the highest utilization rates in the country exceeding 80%. This makes it one of the top leasing submarkets in the entire country with all previously constructed office projects delivering 100% preleased.

MIDTOWN PLAZA



CAPTRUST TOWER



ADVANCED AUTO PARTS TOWER



BANK OF AMERICA TOWER



YEAR DELIVERED:	2017	2010	2020	2016
DELIVERED RATE:	\$34.50	\$35.00	\$37.00	\$35.50
ASKING RATE:	\$44.50	\$46.00	\$45.00	\$44.50
RENT GROWTH:	26%	31%	22%	25%
PRELEASED PERCENT	100%	100%	100%	100%
CURRENT OCCUPANCY:	100%	97%	99%	87%

Tenants have been clamoring to get into the burgeoning North Hills micromarket for years, a trend that shows no signs of slowing. Any vacant space that becomes available is quickly reabsorbed. Midtown Plaza has seen sublease space lease up in less than 5 months with many turning into direct deals. In addition, Midtown Plaza signed five new tenants totaling 123,939 SF all commencing within a 12 month period.

RECENT LEASING ACTIVITY WITH MINIMAL DOWNTIME

TENANT	COMMENCEMENT	SQUARE FEET	TERM (MOS)
15Five	Nov-22	10,572	64
LGT Capital Partners	Aug-22	4,236	63
Fifth Third Bank	May-22	18,061	132
Librestream US	Apr-22	6,887	55
Gilead Sciences	Nov-21	84,183	124
TOTAL		123,939	

TIGHTEST SUBMARKET
IN THE SOUTHEAST

1,475,034
SF OFFICE INVENTORY

1.5%
VACANCY RATE






80%+
OFFICE UTILIZATION



DISCOUNT TO REPLACEMENT COST

The ability to acquire a Class A asset in the North Hills submarket has become increasingly competitive. As a result, the opportunity to acquire an office asset in one of Raleigh-Durham’s top submarkets, has become difficult with high barriers to entry. Midtown Plaza offers investors the opportunity to purchase a premier office building at an excellent cost basis, well below the **estimated replacement cost of \$600 per square foot**. The basis, in the face of rapidly rising construction costs allows for the owner to offer an epicenter location with strong surrounding amenities combined with the opportunity to push rental rates closer to new construction rates.

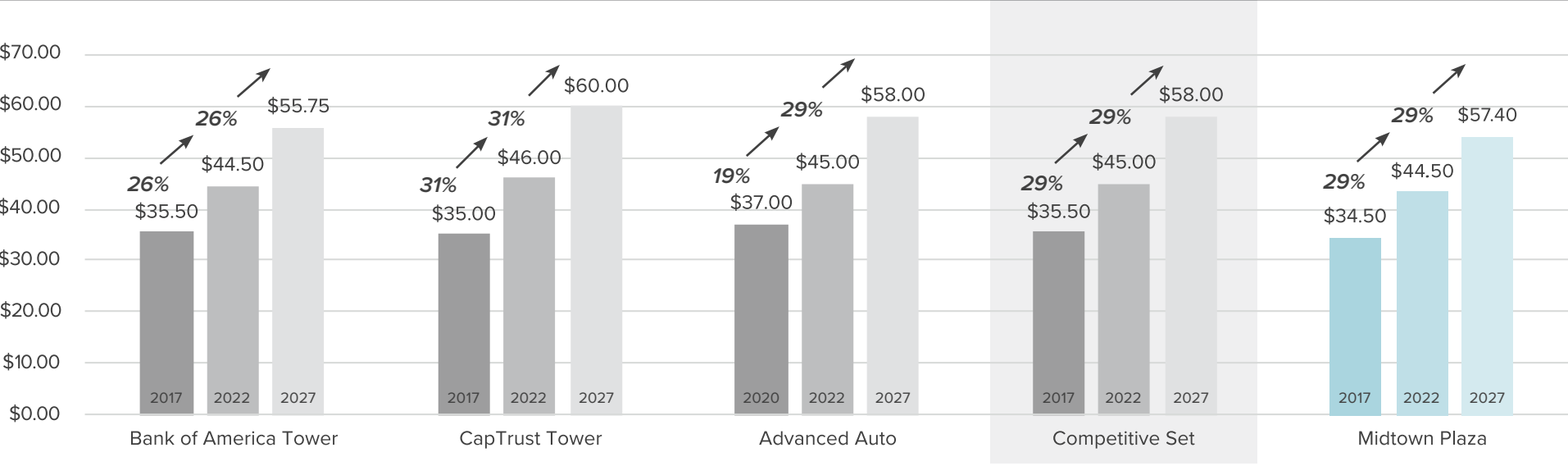
The next owner of Midtown Plaza will be stepping into a premier asset with tremendous upside potential due to the surrounding area’s growth and new developments including One North Hills Tower, Tower 5, NHX Creative Office, and 1000 Social.

	MIDTOWN PLAZA	1000 SOCIAL	ONE NORTH HILLS TOWER	TOWER 5	CREATIVE OFFICE @ NORTH HILLS
					
YEAR DELIVERED:	2017	2024	2023	2024	2023
ASKING RATE:	\$44.50	\$47.00	\$47.50	\$47.50	\$45.50
CURRENT OCCUPANCY:	100%	50%	10%	N/A	24%

BELOW MARKET STORY WITH EMBEDDED UPSIDE

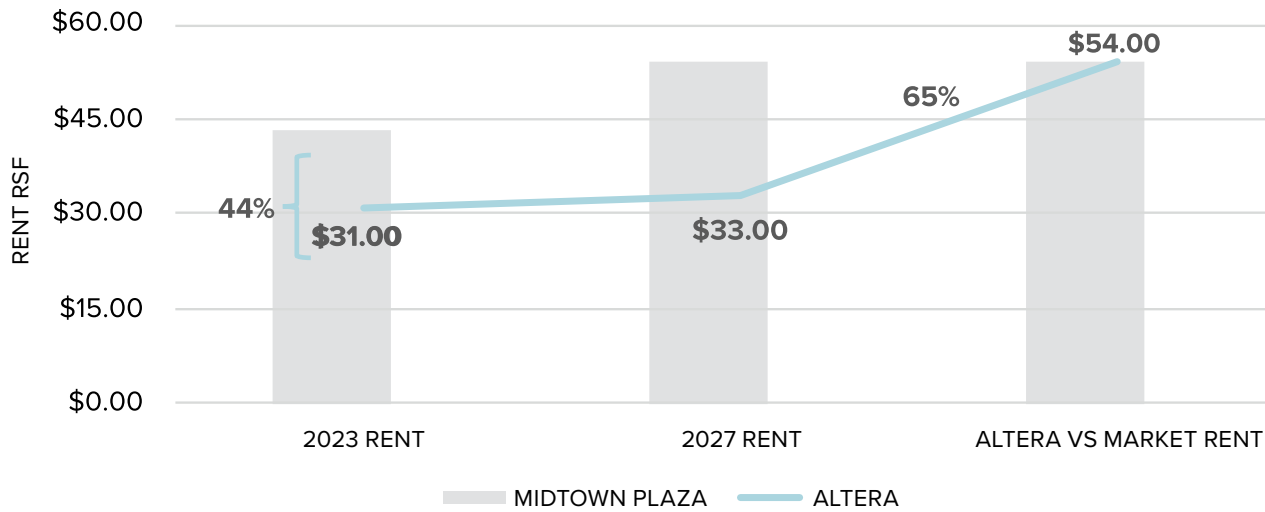
North Hills rental rates have experienced exceptional growth over the past 24 months. Midtown Plaza sits in between new developments in the Main District and Innovation District. These future deliveries are being well received by the market as it allows existing office product to draft off these unprecedented rental rates at a substantial discount. **The current weighted average in-place rent at Midtown Plaza is \$36 PSF.** Prospective investors will have the ability to continue riding the tailwinds of the positive leasing momentum in a submarket that has seen **rental rates increase 27% between 2017 and 2022.**

THE NORTH HILLS RENT GROWTH STORY



RAPIDLY APPRECIATING RENTS The above recent rent comps exemplify what neighboring assets are achieving and illustrate the room a potential investor has to push rates at Midtown Plaza to market levels.

ALTERA'S IN PLACE RENT IS 44% BELOW MARKET



Altera (formerly Allscripts) currently occupies Suites 100 – 600 for a total of 160,848 SF. Altera has three five-year fixed renewal options of a 10% increase per each term with 2.75% annual increases. If Altera exercises their renewal options, prospective investors will benefit from an anchor tenant with stable cash flow and 13.9 years of WALT. If Altera vacates, prospective investors could sign longer leases upon 5/31/2027 expiration and push this below market rental rate to maximize long term value. This tenant currently pays a rate 44% below the weighted average in-place rent at the Property and 65% below projected market rents in 5 years.



REVENUE DRIVING POTENTIAL



ADDITIONAL DEVELOPMENT POTENTIAL

Midtown Plaza presents investors with the unique option to add density via the parking decks given the large size of the parcel. The study above considers redeveloping the parking decks in two phases to accommodate podium development of multifamily. Speculatively, the rendering considers adding 348 multifamily units with a total parking count of 1,240 between the two assets.

With over 1,000 parking spaces, Midtown Plaza is exclusively serviced by two parking decks. Midtown Plaza's decks are tucked away and accessed by Garden at North Hills St, Church at N Hills St and an access road to The Church of the Apostles which allows parkers to be shielded from the heart of North Hill's tourism.



CAFE ACTIVATION

Altera leases now unused cafe space on the ground floor that is ripe for activation. The space features phenomenal bones for a coffee shop or small deli and faces the Park Central apartments across the street, making this highly visible to residents, Midtown Plaza office tenants, and visitors of the many retailers in the immediate vicinity.



COURTYARD ACTIVATION

Between the Asset and one of the parking decks exists an underutilized courtyard area that could easily be enhanced to become a prime outdoor space that would be nearly exclusively for tenant use.

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