

THE HISTORIC KRESS BUILDING

FOR SALE: 3 COMMERCIAL CONDOS

\$3,985,000

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A DOWNTOWN DURHAM ICON

S.H. KRESS & CO BUILDING

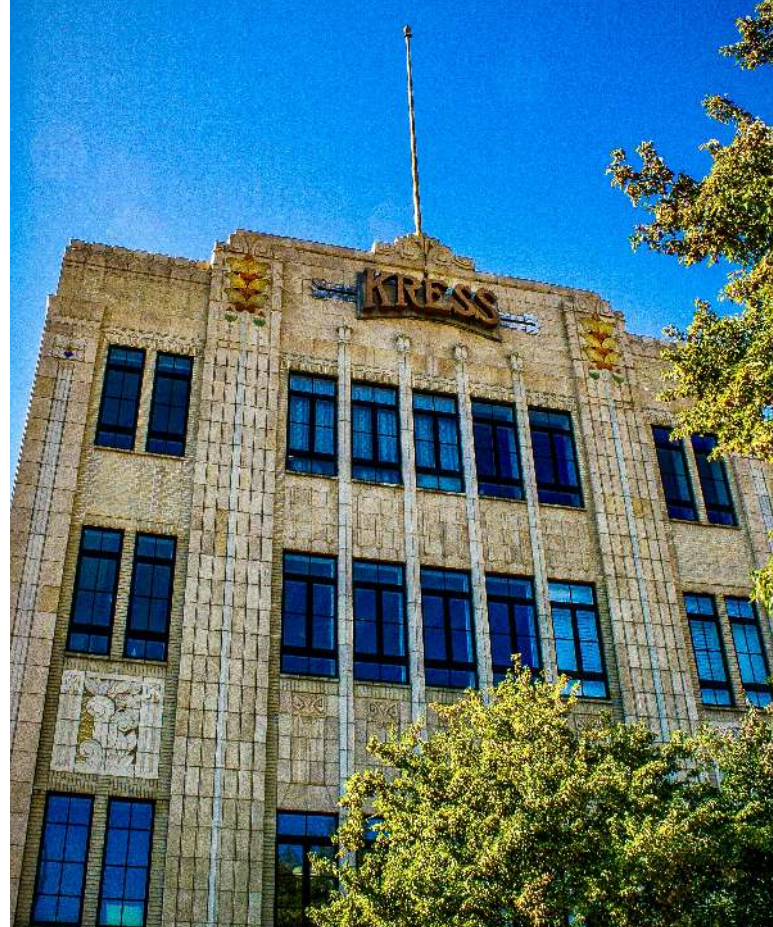
Real Estate Associates, as exclusive listing agent, is pleased to offer for sale three fully-leased commercial condominium units in the historic S.H. Kress department store building in downtown Durham, North Carolina.

The three units are located on the street level, mezzanine and lower level of the building, consisting of ±17,308 SF. Four tenant leases are in place, including two long-term leases to credit office tenants, as well as two that are beverage/entertainment and fitness oriented. The investment offers a steady income stream with long-term value-add potential, including future increases to below-market rents, as well as the ability to capture additional rentable square footage through unaccounted core factor.

The Kress was built in 1932 in the Art Deco style and features stunning architecture, with floral and foliage motifs adorning the facade and the interior of the building. The Kress was adaptively repurposed and renovated in 2006, with the upper levels now consisting of 14 luxury residential condo units.

The property sits on the corner of West Main Street and Mangum Street, one of the most prominent and highly traversed intersections in the city's center. Its location within the downtown core places this site within footsteps of all that downtown has to offer – numerous popular restaurants and bars, the Durham Performing Arts Center, the Durham Bulls Athletic Park, the Farmers' Market, offices for Durham's enviable creative, tech and entrepreneurial workforce and thousands of apartment units.

This property is being sold in conjunction with 162 W. Ramseur Street, a ±.153 acre parcel ideal for a residential infill project. The two properties may be sold together or separately at the Seller's discretion.



PROPERTY OVERVIEW

DURHAM'S ICONIC ART DECO LANDMARK

±17,308 SF

- Three commercial condo units
- Fully leased to four commercial tenants

LOCATION & ZONING

- City Center District
- Highly visible corner location on Main Street
- Walkable to food, beverage, entertainment & services
- DD-C (Downtown Core) Zoning

INVESTMENT

- Future value-add from current below-market rents and additional core factor
- 2020 Net Operating Income: ±\$247,000
- Full Offering Memorandum available with registration and signed NDA
- Co-brokers welcome with registration only: 2.5% fee
- **Price: \$3,985,000**

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KRESS

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STEPS AWAY FROM FOOD, BEVERAGE, AND ENTERTAINMENT

CITY CENTER

21c Museum Hotel
allday
Alley 26
Arcana Bar
B.Good
Bar Brunello
Bar Virgile
Beyu Caffè
Buldega Urban Market
Bull City Burger and Brewery
Bull McCabe's Irish Pub
Convivio
Copa
Counting House Restaurant
Criterion
Dashi
Dos Perros
Jack Tar & the Colonel's Daughter
Jeddah's Tea
Juicekeys
Kingfisher
Littler Restaurant
Loaf
Lucky's Deli
Luna Rotisserie & Empanadas
M Kokko
M Pocha
M Sushi
M Tempura
Marriot Hotel
Mateo Bar de tapas
Mother & Sons Trattoria
Neomonde

Ninth Street Bakery
Pie Pushers
Pizzeria Toro
Pokeworks
Pompieri Pizza
Pour Taproom
Quarter Horse Bar + Arcade
Rue Cler
Spanglish
Taberna Tapas
Table South Kitchen & Bar
Thai @ Main Street
The Durham Hotel
The Durham - Restaurant & Rooftop Bar
The Oak House
The Parlour
The Patio Pool & Lounge
The Pinhook
Toast
Unscripted Hotel
Viceroy

BRIGHTLEAF

Clouds Brewing
Devine's Grill & Sports Bar
El Rodeo Mexican Restaurant
Goorsha
James Joyce Irish Pub & Restaurant
Maverick's Smokehouse & Taproom
Miel Bon Bons
Mt. Fuji
Parker & Otis
Peabody Place Pizza
Rose's Noodles, Dumplings & Sweets

Saint James Seafood & Oyster Bar
Skewers Bar & Grill
Social Games & Brews
Sugarfish
The Federal
Torero's
Trattoria Salve
Shooters II

WAREHOUSE

Blue Note Grill
Cucciolo Osteria
Durham Distillery
Gonza Tacos y Tequila
It's a Southern Thing
Ramblers Beer Store
West End Billiards & Bocce
West End Wine Bar

AMERICAN TOBACCO

Durham Bulls Athletic Park
Durham Performing Arts Center
Mellow Mushroom
Moe's Southwest Grill
NanaSteak
Only Burger
Saladelia Café
Tobacco Road Sports Café
Wxyz Bar at the Aloft Hotel
YMCA (AT branch)

CENTRAL PARK

Beer Durham

Boxcar Bar + Arcade
Cocoa Cinnamon
Dame's Chicken & Waffles
Durham Athletic Park
Durham Food Hall
Durdy Bull Brewing Company
Foster Street Coffee
Fullsteam Brewery
Geer Street Garden
Hutchins Garage
King's Sandwich Shop
Kotuku Surf Club
LouElla
McDonald's
Parts & Labor Restaurant
Piedmont
Rise
The Bar Durham
The Pit
The Pickleback Bar
Urban Axes
YMCA (main branch)

GOVERNMENT SERVICES

Bull City Ciderworks
Nolia
Subway
The Wine Feed

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KRESS THEN ..



1930s

Real Estate Associates does not own the rights to these photographs. Source: www.opendurham.org



1970s



1930s



1930s



1890s

KRESS NOW..





TENANT PROFILES



AMERICAN UNDERGROUND
americanunderground.com

The American Underground (AU) launched in 2010 on the historic American Tobacco Campus. Today, it supports 275+ startups across four locations and has been dubbed the "Startup Capital of the South" by CNBC.

Inspired by Durham's century-old entrepreneurial legacy, American Underground, one of twelve Google for Entrepreneurs tech hubs in North America, is a diverse startup scene rich in innovative ideas and deep city engagement. AU is the Triangle's front door to the resources startups, their founders and employees need.

MEZZANINE LEVEL LONG-TERM LEASE ±7,306 SQUARE FEET



STEWART
stewartinc.com

Founded in 1994, Stewart is a design, engineering and planning firm located in Raleigh, Durham, Charlotte, Wilmington, and Columbia, SC. Serving clients throughout the southeastern US, Stewart offers a variety of services to meet the needs of its clients, including planning and design, structural engineering, geomatics, construction services, and more.

Stewart provides services in a variety of markets within the public and private sectors. Clients include education, healthcare, institutions, municipalities, architects, departments of transportation and the federal government as well as commercial, retail, residential and mixed-use developers.

STREET LEVEL LONG-TERM LEASE ±5,153 SQUARE FEET
MAIN ST. VISIBILITY

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quarterhorsearcade.com

Downtown Durham's Quarter Horse Bar & Arcade is a private club with an amazing collection of classic arcade and pinball machines.

Quarter Horse has been the host for numerous birthday and holiday parties, corporate events, local Durham DJ's, and gaming tournaments. They even have a designated telephone connecting members directly to Pie Pushers Pizza.

🏠 LOWER LEVEL 🏠 ±1,853 SQUARE FEET 🏠 MANGUM ST. VISIBILITY



intentfithouse.com

Opening in Late 2019, Intent FitHouse is the only privately-operated cycling studio in downtown Durham. Intent will offer, cycling classes, small group fitness training and yoga. The space is currently under construction.

The General Manger previously operated the very successful Sync Studio in Durham, before launching Intent FitHouse.

🏠 LOWER LEVEL 📄 NEWLY SIGNED LEASE 🏠 ±2,721 SQUARE FEET



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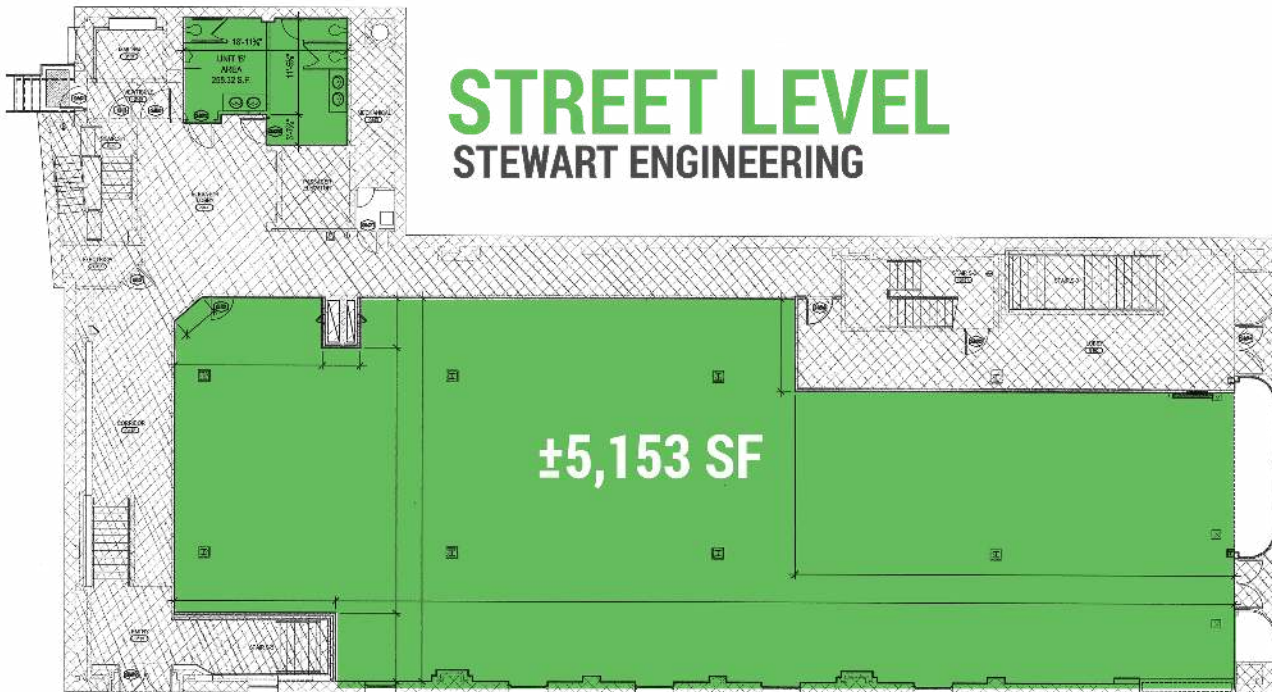
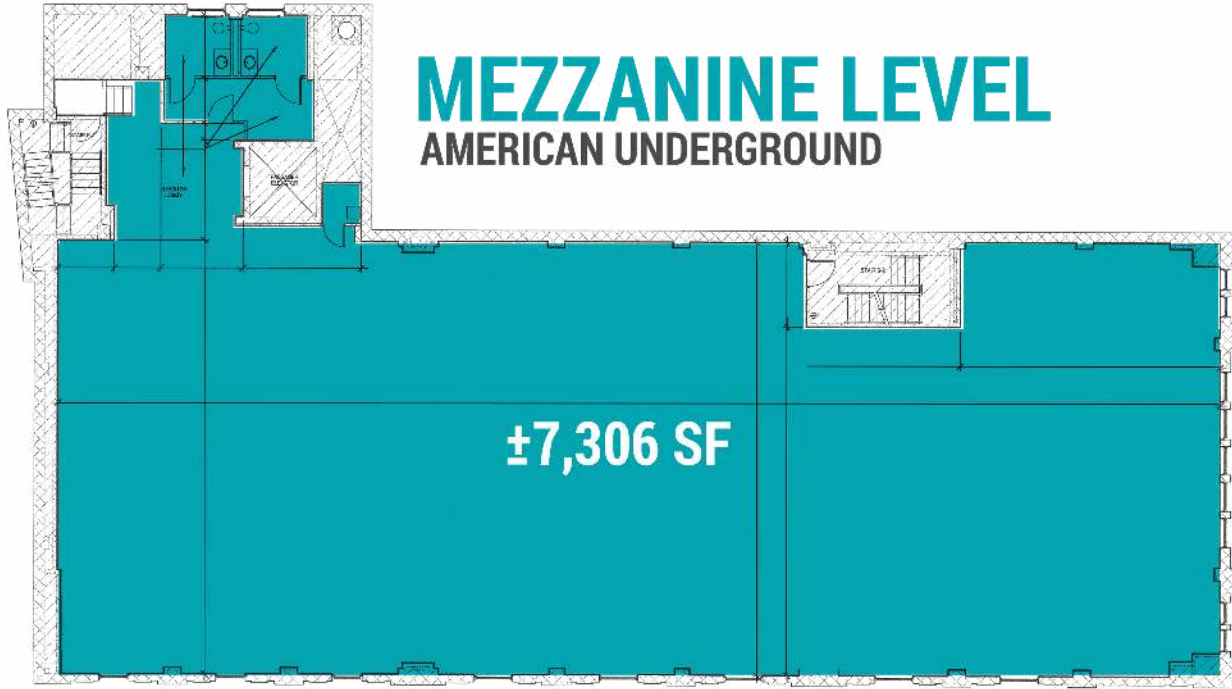
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FLOOR PLANS



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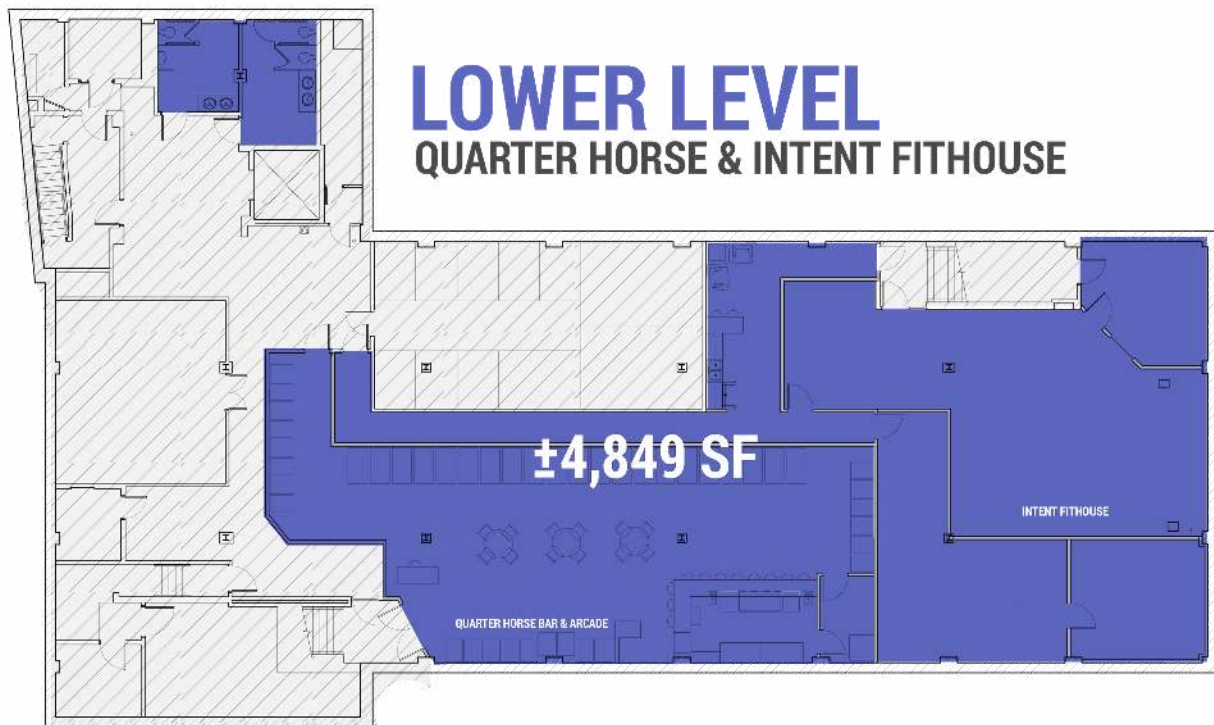
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LOWER LEVEL

QUARTER HORSE & INTENT FITHOUSE



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ABOUT DURHAM

DISCOVER DURHAM



PHOTOS BY ESTLIN HAISS

Durham, North Carolina is a city that has transformed itself from an economy based on tobacco products to one driven by health care, biopharmaceuticals, research, academia, high tech manufacturing, entrepreneurship, financial services and hospitality. The only reminders today of the once thriving tobacco industry are the numerous warehouse and factory buildings that still remain intact in and around Downtown Durham. These structures have been converted into loft apartments, creative office spaces, restaurants and shops, giving Durham its unique, charming character. Construction of new office buildings, apartment communities and entertainment venues such as the Durham Performing Arts Center, have added new places to work, live and enjoy culture and entertainment in the heart of Durham.

EDUCATION & HEALTHCARE

Duke University, consistently ranked among the nation's top universities, and its widely acclaimed medical center, employs tens of thousands in jobs associated with academia, health care and research. Duke's roughly 12,000 undergraduate and graduate school students hail from around the world.

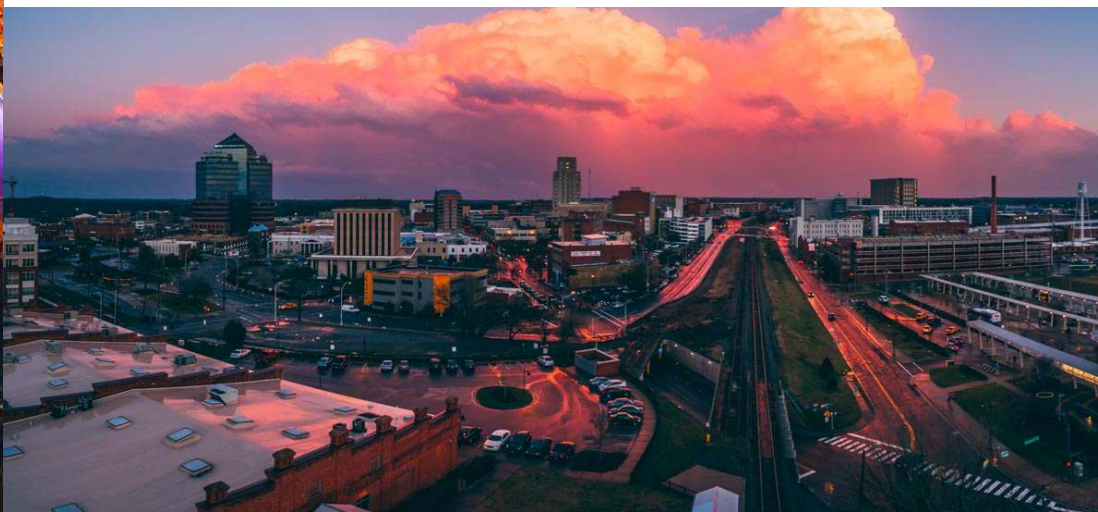
The University is located approximately one mile from downtown and its East Campus, the original Trinity College, touches downtown's western fringe. North Carolina Central University, also located nearby, has a student enrollment of over 8,000.

RESEARCH TRIANGLE PARK

Together, the cities of Raleigh, Durham and Chapel Hill form the three points of the Research Triangle region of North Carolina, home to over 1.5 million people.

At the center of the Triangle, and located almost entirely within Durham County, is the acclaimed Research Triangle Park (RTP), the largest research park in the country and one of the largest in the world.

Home to more than 200 of the world's most successful companies, RTP fosters a culture of innovation, education, and industry. Companies such as IBM, Syngenta Biotechnology, RTI International, BASF, and Cisco call RTP its home and employ over 50,000 people in high wage jobs.



DOWNTOWN DURHAM

In 2019, the downtown Durham area saw over \$758 million in investment alone. Since 2000, it has seen over \$1.8 billion. Large mixed-use projects are in the pipeline, including the redevelopment of the former Durham Police Headquarters site, as well as the expansion of the American Tobacco District on 11 acres of underutilized land next to the acclaimed historic factory redevelopment. Thousands of new apartments have opened in the last few years alone, with hundreds more under construction.

In the midst of an entrepreneurial boom, Durham continues to attract national attention from the public sector, Silicon Valley investors, and talented individuals worldwide. Co-working hubs such as the American Underground, WeWork, BioLabs North Carolina, Spaces, ReCity, Provident1898 and The Mothership now cater to a variety of startups that have made downtown their place of business.

Downtown has become the go-to location for Durham's bustling creative economy, with both homegrown startups finding a cultivating environment to grow and prosper, as well as larger tech companies from other parts of the country opening major outposts or second headquarters locations. In November 2019, Policygenius, an insurance technology company based in New York City, announced it was opening its second U.S. headquarters in downtown Durham and leased 48,000 SF. Precision Life Sciences, a homegrown Durham life sciences company, recently went public and expanded its operations in downtown's Venable Tobacco campus, which itself is planning for a major expansion of office and residential space. The list of announcements continues to grow, and with it, the demand for high quality creative office space, food & beverage services, entertainment and residential development.



SOURCE: DURHAMCHAMBER.ORG

DINING, ENTERTAINMENT & HOSPITALITY

Downtown's retail shops and restaurants are almost exclusively locally owned and operated. At last count, the downtown alone had 112 food and beverage establishments with announcements for more to come. In 2015, there were only 187 hotel rooms in downtown Durham. By 2018, that number expanded to 716 rooms in five hotels: Aloft, The Durham, Marriott, 21c, and Unscripted.

The Durham Performing Arts Center (DPAC) ended its 2018-2019 fiscal year by setting several records, including 163 sellout shows. In 2018, DPAC held 240 events with a total attendance at a record high of 539,710 guests. DPAC's average attendance per event was its highest ever at 2,249 people per event.

The Durham Bull's Athletic Park, home to Durham's own AAA baseball team, received a \$20 million renovation in 2014, earning recognition for the Best Ballpark Renovation over \$2 million in the 2014 annual awards from Ballpark Digest. The beloved Bulls typically bring over 500,000 visitors to games each year at the park.



SOURCE: DURHAMCHAMBER.ORG

RECENT ECONOMIC DEVELOPMENTS

→ LABCORP EXPANSION

In April 2018, LabCorp announced its creation of 422 new jobs and an investment of \$30M million for an operation center in RTP.

When all positions are hired, the payroll is anticipated to be \$27.7 million annually.

→ STRATA SOLAR HEADQUARTERS

In January 2019, Strata Solar, one of the nation's largest solar power development and management companies, moved its headquarters into 50,000 SF in a newly renovated space in downtown Durham's Golden Belt campus.

→ AVEVIS EXPANSION

In February 2019, leading gene therapy company, AveXis, announced it will launch a 200 job expansion and invest \$60 million into its manufacturing center in RTP.

→ PARAXEL HEADQUARTERS

In May 2019, Parexel International Corporation, one of the world's leading contract biopharmaceuticals research and services companies, will invest \$1.7 million to open its second U.S. headquarters in Durham. The investment will add 264 jobs and will in total provide an annual payroll impact of more than \$29.4 million to the local economy.

→ MERCK EXPANSION

In July 2019, leading pharmaceutical manufacturer, Merck, announced its plan to invest more than \$650 million to build a new production facility. This investment will allow them to create 390+ jobs at its Durham location.

Over the next 12-years, the project is estimated to grow the state's economy by \$3.1 billion.

→ POLICYGENIUS HEADQUARTERS

In November 2019, Policygenius, an online insurance marketplace, leased 48,000 square feet of office space in a new building in the heart of downtown Durham.

Policygenius' second headquarters is projected to create more than 377 jobs with an average annual salary of \$72,000.

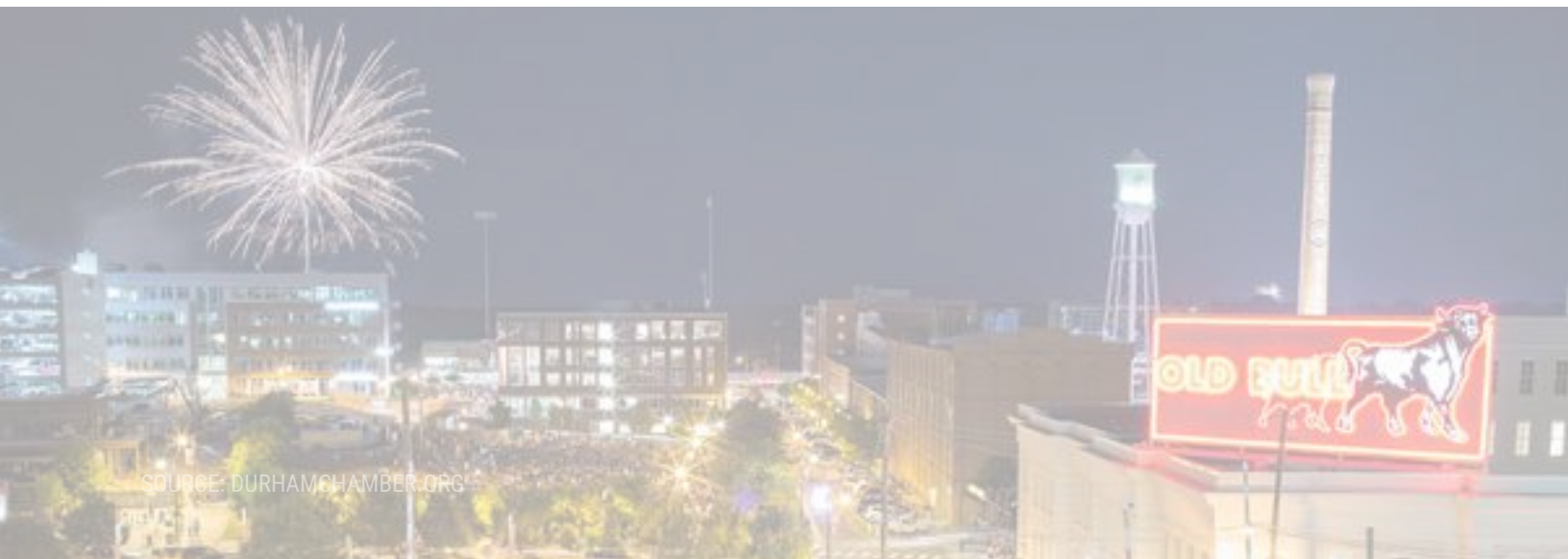
→ ELI LILLY EXPANSION

In January 2020, pharmaceutical giant, Eli Lilly, announced its plan to invest of \$747 million in Durham.

This expansion is projected to create 462 jobs with a minimum annual salary of \$72,000.

→ Q2 SOLUTIONS

Q2 Solutions, a leading clinical trial laboratory services organization, will establish a new facility in Durham to help develop the next generation of precision medicines, creating 749 jobs. Q2 Solutions will invest \$73 million in the project, which will grow in two phases over seven years.



COMPANY SUMMARY



WHO WE ARE

REA's roots run deep in Durham, North Carolina, the Bull City, where our firm was formed in the late 1960s. Our mission since the beginning was to be more than just another real estate firm. We serve markets where we can offer unparalleled expertise—understanding both the macro and micro trends, growth patterns and culture. REA is immersed in the communities we serve and is built to last—a value proposition that is proved by our decades of success and the quality of our team.

HOW WE WORK

Across our service lines, we start every proposal, negotiation and meeting with the end in mind. We invest time in learning the unique goals of each client—from what you need today to what you are planning for the future. The real estate business is about more than square footage; it's about leveraging your investments to meet your goals.

THE BOTTOM LINE

REA offers real knowledge in real estate through a team of experienced professionals who know and understand the nuances of the Triangle real estate market.

ADVISOR BIOS



MURRAY FORBES III

VICE PRESIDENT

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Murray Forbes III brings valuable experience in sales, customer relations and strategic community development. He received his MBA in 2010 and moved back to his hometown of Durham to join REA in 2015. Murray enjoys focusing on downtown and central Durham submarkets and has experience advising clients in leasing and sales transactions, including office and retail tenant representation.



CAREY GREENE

SENIOR VICE PRESIDENT
DIRECTOR OF BROKERAGE

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Carey Greene is a long-time Durham resident with degrees from both sides of Tobacco Road - UNC and Duke. He is considered an expert in the downtown and central Durham submarket and has vast experience advising clients in leasing and sales transactions of many types, including office and retail tenant representation as well as adaptive-reuse, industrial and investment sales.