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Cover Story

Raleigh's Glenwood South boom enters new chapter with major investments

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See Correction/Clarification at end of article

For years, the Cornerstone Tavern on Glenwood Avenue has been a go-to spot for raucous weekend crowds at Glenwood South's booming bar scene.

The neighborhood has spent decades building a reputation for its weekend crowds and influx of bars and clubs out of what was once a sleepy and industrial part of town. But all that has started to change.

Case in point is the Cornerstone Tavern, situated on a property now slated for a pair of high-end mixed-use towers by longtime Raleigh developer Joe Meir.

Plans for those towers, dubbed the Madison and 603 Glenwood, came out last year and call for 11 stories of residential and office space over retail. They're just two of five high-end mixed-use towers planned for Glenwood South with the potential to transform the sometimes-rowdy district into a more upscale commercial corridor packed with weeklong foot traffic from office workers and residents in high-end apartments.

"It's similar to what we've seen in the Warehouse District. It's the next submarket," said Jason Davis, managing director at Turnbridge Equities, the developer behind the Creamery project. "There are certainly a lot of folks drawn to the submarket for the same reasons."

Meanwhile, property owners along Glenwood South have begun positioning their properties for future development interest while others are making the most of record-high investor demand.

On New Year's Eve, a Maryland developer sold its Glenwood South project, dubbed Bloc83, for \$330 million – the largest price in downtown Raleigh history.

The change could create opportunities for businesses that once may have thought it too hard to attract enough business



KYLEE GILKESON PHOTO ILLUSTRATION,
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Big projects in Glenwood South are highlighted in green.

throughout the week, as the influx of office workers could reshape the area into a more upscale commercial district.

Still, with the Covid-19 omicron variant spreading through the country, there remains a number of open questions and potential wrinkles for existing businesses to iron out in the months, and perhaps years, to come.

Decades in the making

Long before it was known as Glenwood South, the working-class neighborhood was made up of a loose collection of blocks mostly populated by a smattering of single-family homes and squat commercial buildings.

That changed in the 1990s, when businesses moved in, eyeing cheaper rents and access to percolating urban populations nearby.

"It was all grassroots businesses initially; small entrepreneurs and restaurateurs that wanted and could lease older buildings that were available," said Ann-Cabell Baum, owner of The Glenwood Agency real estate company. "It was never the hub of downtown, but Glenwood South was the cool trendy place."

Businesses opened in older commercial buildings or converted homes to house offices or shops, and the area began attracting interest from developers.

Apartment and condo buildings began popping up in the city around that time, drawing foot traffic from nearby growing neighborhoods. Eventually, developers began bringing apartments and condominiums to Glenwood South itself.

Baum and a number of Glenwood South businesses and residents formed a group to attract people back to the district.

That's when the name, Glenwood South, was born.

And, as always, local businesses continued fueling the bustling character of the neighborhood. "It was really all the business owners who leased space in the smaller buildings. Frankly, it still is the cool trendy place," Baum said. "I know the bars and clubs and stuff like that have kind of taken over."

But the area is changing — and more is on the way. "I know we're quickly getting rid of our character and charm," she said. "But I guess those are the growing pains of a city."

One entrepreneur who has seen the neighborhood change is Alex Amra. He moved to the Triangle in 2000, and eventually found work at Sullivan's in Glenwood South.

"I used to be an aircraft inspector for Midway Airlines. After Sept. 11 they went belly up, and now I own restaurants," he said. "I always tell people after 9/11 — I'm of Palestinian descent — we all of sudden became terrorists. So I couldn't get a job. We're immigrants and we had that American initiative."

After a stint in Houston, Amra returned to the Triangle to work with his brothers, first with a cigar bar and then with what has become a fixture of Glenwood South.

Alex, Brian and Rommie Amra launched Tobacco Road Sports Cafe & Brewery in 2008.

"We're big sports fans and we always wanted to open up a restaurant," Alex Amra said. "Whenever you'd want to go to watch a game you could only get fried food. We thought, 'We've got to do this better.' Ninety percent of our menus are locally sourced."

The brothers ultimately opened three locations – in Raleigh, Durham and Chapel Hill.

Neighbors, bars clash

Meanwhile, Glenwood South continued to build a reputation for its growing bar scene – at times to the consternation of local residents – as developers crammed more units into the district.

According to Downtown Raleigh Alliance data, the district is the densest in Raleigh, with 2,900 units across the neighborhood's roughly 0.28 miles. That comes out to 16.3 residential units per acre.

Since 2015, the Downtown Raleigh Alliance found that developers have delivered 1,679 residential units in Glenwood South, with 266 units currently under construction and 752 units planned or proposed. This makes up around a third of downtown Raleigh's residential pipeline.

This influx of residents has sometimes clashed with the businesses, as evidenced by a steady stream of noise complaints and petitions to the city to rein in what some residents say are overly loud and disruptive bars and businesses in the neighborhood. And even when businesses are willing to work with clients, the clientele can sometimes cause problems when outside.

One group that's on the front lines of these conversations is the Glenwood South Neighborhood Collaborative, which looks to bring residents and businesses together to strengthen the community and encourage communication.

Collaborative President Larry Miller and his wife moved from Cary to Glenwood South in 2014 to find a more urban place to live.

Miller said the GSNC puts on a slew of artistic and community activities while fostering community in the neighborhood. It also looks to balance the needs and interests of the residents with those of the businesses that draw so much prosperity to Glenwood South.

The group continues to urge residents to call a business before resorting to phoning the police, though Miller said things still occasionally escalate.

"I encourage people to do that because most of the businesses are reasonable, whether they can turn the music down or turn the speakers," he said. "But if someone just calls and said 'You're too loud'..."

"Let's just say there are certain businesses that get more complaints than others."

The pandemic hasn't made it easier. At first, the crowds were gone and businesses were left to wonder about the future. By summer, business came roaring back, and crowds of customers rushed into Glenwood South each weekend.

For residents, it came with some mixed feelings.

"We're leading the recovery in Raleigh but there are some side effects – the noise," Miller said.

"The bars here, after being closed completely for months, took advantage of that to expand their outdoor spaces and set up tents and speakers out there," he adds. "The city didn't complain about that because they'd been closed down for a long time, and this was a way to get them back and operating again. The downside is if you have all the business and customers moving outside, that's where the noise is."

Meanwhile, challenges remain for bars and restaurants as the labor shortage persists and costs rise.

At Tobacco Road Sports Cafe & Brewery, Amra said he and his brothers had to close the Chapel Hill location and struggle to staff the other two. Meanwhile, he said they're doing what they can to deal with rising supply costs without passing too much of that on to the customer.

Despite the tension in Glenwood South, he said the residents and businesses have learned to get along, even amid the rapid growth in the district.

"At the beginning it was tough. At first everyone didn't want to talk, they just wanted to scream," Amra said. "(But) you get people to talk. It's become more of a neighborhood."

Amid this backdrop, a third group is about to change the dynamic as developers bring a new class of construction to the neighborhood.

It has the potential to change the district forever.

Influx of office towers

Heritage Properties partner Ryan Blair's first experiences with Glenwood South came in his college days at N.C. State University two decades ago.

He spent five years in Baltimore after landing a job with Heritage Properties. By 2015, the company wanted to push into Raleigh, and Blair was tapped to lead it. Heritage set its sights on Glenwood South and a location that would become Bloc83.

"Prior to us starting Bloc83, there was a limited supply of parking, and we solved that," he said. "There was a limited supply of hotels. Now you have the Hampton Inn, AC Marriott, Origin Hotel and another one planned. Now you have 2,400 more apartments that are less than 10 years old."

By 2018, the company's first tower, One Glenwood, opened to tenants, followed two years later by Tower Two. The success of the

project, and the surge of interest in Glenwood South, led City Office REIT (NYSE: CIO) of Canada to pay \$330 million for the project.

Meanwhile, nearby developments such as Smoky Hollow and The Dillon brought more business to the area.

All this means foot traffic is shifting from heavy weekends and light on the weekdays, to weeklong surges from office workers.

"When I was in college, there wasn't enough office product or people in Glenwood South for the daytime demand," Blair said. "So all those businesses thrived and depended on the bar scene. That's totally shifting. It's the street with the most character in downtown Raleigh and that's not going to change.

"Now a restaurant can survive, so you're not going to see as many bars," he said. "You're going to see a broader mix."

Still, all this growth won't be a boon for everyone, and as the corridor grows, the influx of high-end real estate is putting immense pressure on housing affordability.

Across the Triangle, housing demand in prime urban corridors like Glenwood is slamming into the ongoing housing shortage, as a flood of newcomers deploy tech and life sciences salaries to land prime homes, condos and apartments in the city.

According to a submarket analysis by Rich Realty Group owner Marshall Rich, home prices in Glenwood South jumped from a median price of \$402,000 in 2020 to \$437,000 in 2021. That's up from 2019's median price of \$420,750 and 2018's median price of \$359,000.

Condos saw a notable boom too, despite naysayers' continually warning over the last two years of a pandemic-related backlash against urban living.

One property, 222 Glenwood, saw prices skyrocket, with median sales prices jumping from \$332,450 in the first half of 2021 to \$405,000 by the end of the year.

All that, even as new homes and units continued to pour into the neighborhood, sending sales volume soaring from 178 closed in 2020 to 264 closed in 2021. "That is strong for just six months time," Rich said.

Across Raleigh as a whole, home prices closed out 2021 with a 21.4 percent bump from the year before, according to data by Redfin Corp. (Nasdaq: RDFN).

All this could mean the makeup of the neighborhood could be changing, as property values, and therefore taxes, continue to rise.

Meanwhile, the area continues to attract upscale development.

Up the road from Bloc83, New York developer Turnbridge Equities is eyeing a summer start to its redevelopment of the Creamery property, with plans for a 32-story residential tower and 20-story office tower. The developer has committed to preserving the historic structure that currently sits at the corner of Glenwood Avenue and Tucker Street.

To the north, longtime Raleigh developer Joe Meir's Blue Ridge Realty Inc. has filed plans for a pair of towers, including an 11-story

apartment tower called The Madison and a 12-story office tower called 603 Glenwood.

All this additional high-end office and high-end residential product has the potential to reshape the types of businesses that can find success in Glenwood South.

Amra said he could see the new office and high-end residential making a huge difference for the neighborhood and for his business, which now relies on weekend traffic.

"And that's what kills us. People come down on the weekend. People say, 'Oh my god, it's so busy. This is great.' But it's just two days and that's what kills me," he said.

In the meantime, businesses continue to pour into the district.

According to data from the DRA, Glenwood South saw a major resurgence of business opening, with last year seeing 20 new businesses and just five business closings. That compares to 18 openings and 16 closings in 2020.

In addition to the planned towers of Turnbridge Equities and Blue Ridge Realty Inc., landowners along Glenwood have asked for zoning changes.

Raleigh firm Centerline Properties LLC filed a request to rezone an assemblage at 300, 304 and 306 Glenwood Ave. and 509 and 519 W. North St. to allow for development up to 40 stories tall.

And just recently, representatives for LLCs addressed to Raleigh-based Tuscany Construction held a neighborhood meeting regarding a potential rezoning for four parcels at 107, 117, 123, and 125 Glenwood Ave., also seeking a 40-story zoning change.

Waiting for change

For all the promises of weeklong hustle and bustle of high-paid residents and workers in Glenwood, the changes are in their infancy, and one ongoing wrinkle is the impact Covid continues to have on companies' work-from-home policies.

For businesses such as Tobacco Road, the boom can't come soon enough.

"People are getting scared again, man. I can tell," Amra said. "We still have little parties here and there; they're getting smaller."

These days, he focused on keeping his business alive through the pandemic.

"You know you used to think that far out, but the way things are going you're just trying to get staff here today," Amra said. "What am I going to be today? Am I going to be a host today? Am I going to be a cook today?"

For residents such as Miller, there is some hope that the new changes bring a calmer neighborhood and maybe the added density will soak up some of the noise.

"As long as it doesn't lose that community feel, I think it will be good," Miller said.

Correction/Clarification

A previous version of this story misidentified the company led by Joe Meir. It's Blue Ridge Realty Inc., not Blue Heron.

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