

Spillover effect from revitalization lifting downtown economy

By Richard Craver - Nov 5, 2017



Downtown development over the past two years

Growth in the Wake Forest Innovation Quarter has helped spur development in other areas of downtown. Major projects completed in the past two years include the \$28 million Central Library, \$17.5 million in renovations to the Benton Convention Center and the \$60 million transition of the former R.J. Reynolds Tobacco Co. headquarters building into the Kimpton Cardinal Hotel and apartments.

COMPLETED

- 1 50 W. Fourth St. apartments
- 2 711 N. Trade St.
- 3 751 W. Fourth St.
- 4 757 North Apartments
- 5 Art for Art's Sake
- 6 Artivity on the Green
- 7 Bailey Park
- 8 Benton Convention Center renovations
- 9 Bookmarks
- 10 Central Library
- 11 Livery Apartments
- 12 R.J. Reynolds Building (Kimpton Cardinal)
- 13 Sheriff's office

UNDER WAY

- 14 T.W. Garner Food headquarters
- 15 Wake Downtown and Bowman Gray Center for Medical Education
- 16 418 N. Trade St.
- 17 Bailey Power Plant
- 18 Chamber of Commerce building
- 19 Former GMAC building
- 20 Hampton Inn & Suites
- 21 Harvey Building/Trade Street Market
- 22 Kaleideum
- 23 Link Apartments Innovation Quarter
- 24 Pepper Building/Indigo Hotel
- 25 Trade Street passageway

ANNOUNCED

- 26 Twin City Lofts
- 27 Twin City Quarter upgrades (Marriott and Embassy Suites hotels)
- 28 West End Station
- 29 Winston-Salem Journal building
- 30 Mixed-use development at BB&T Ballpark
- 31 Courtyard by Marriott
- 32 Forsyth County Courthouse
- 33 Merschel Plaza
- 34 O'Hanlon Building
- 35 Olympic Cycling Center
- 36 Stevens Center renovations

The revitalization of downtown Winston-Salem — with more than \$1.5 billion spent since 2000 — is nearing a critical mass tipping point.

Expansion in one area, say housing and hotels, is having a spillover effect into other areas, such as retail, restaurants and amenities.

Some downtown observers have said for years they believe revitalization will have arrived once a grocery-store chain opens an outlet to serve the 3,837 housing units. Publix made such an announcement Thursday for downtown Raleigh as part of a multipurpose project.

Until then, here are some of the recent downtown Winston-Salem revitalization examples:

- An \$18 million, 126-room Courtyard by Marriott will be built at 640 W. Fourth St. with a summer 2019 debut date;
- The sight of towering cranes at a complex in Wake Forest Innovation Quarter by Grubb Properties that will have, when completed in 2019, about 350 apartment units and 5,000 square feet of retail space wrapped around a shared parking deck with more than 850 spaces;
- Brand Properties' plans for a \$96 million campus near BB&T Ballpark that would include: a six-story hotel with 133 rooms; a four- and five-story apartment building with 313 residential units; a parking deck with 669 spaces; and a one-story 9,000-square-foot retail site;
- The debut in August of the \$28 million Central Library that has more than 106,000 square feet of space with 90 public computers with internet access, as well as a 20-seat computer training lab;
- A \$17.5 million renovation to Benton Convention Center to modernize its appeal to the business travel and convention sectors;
- Plans of local business leader Don Flow and Charlotte commercial real-estate developer Grubb to redevelop the 18-story GMAC building and an adjacent site extending to Fourth Street into a business center with retail spaces and apartments;
- UNC School of the Arts' board of trustees approving Sept. 22 a concept master plan for \$32.5 million in renovations to the Stevens Center over a potential five-year period;
- A 119-room hotel Hampton Inn and Suites being built at 235 N. Cherry St. at an estimated cost of \$6.49 million;
- \$10 million Twin City Lofts project at 400 W. Fourth St. with CycleBar as a street-level tenant; and
- The move of Sweet Potatoes to a larger site with another restaurant taking its former site.

"Downtown Winston-Salem has become a very attractive place to live and do business," said Mark Vitner, a senior economist with Wells Fargo Securities with a focus on the N.C. economy.

“The arrival of new hotels and restaurants has provided the critical mass needed to get the region noticed by prospective new employers.

“Businesses are increasingly looking for locations that have a certain charm and buzz to them, particularly if it enhances the ability to attract and retain younger college-educated workers.”

Michael Walden, an economics professor at N.C. State University, had a chance recently to observe the revitalization effort firsthand when he came downtown to deliver a presentation to the N.C Manufacturers conference.

“I was very impressed with the positive changes in the downtown,” Walden said.

“It is still relatively small compared to other cities, but for companies looking for a mid-sized city location with good access, Winston-Salem certainly can be an option.”

\$1.5 billion

Investments downtown from 2000 to 2016 total about \$1.5 billion, according to a study by Winston-Salem/Forsyth County Planning and Development Services. The data is based on city and county building permits for the same period.

About half that amount — at least \$713 million — has been spent in the nearly 200-acre research park, an enterprise of Wake Forest Baptist Medical Center. The Innovation Quarter was conceived as a place where people can work, live, learn and play.

Jason Thiel, president of Downtown Winston-Salem Partnership, said he views the revitalization initiative as a continuing effort to “raise the bar for our downtown community.”

There are 3,837 residential units in downtown, with 1,978 built since 2005. Another 553 rental properties are in the proposed stage.

Although 81.7 percent of the downtown residential units are rental properties, Thiel said that “more housing units will increase demand for more businesses downtown.”

The research park project is considered as “the largest private development ever of residential apartments in downtown Winston-Salem,” Eric Tomlinson, president of Wake Forest Innovation Quarter, told the Winston-Salem Journal in October 2016.

“The continued rapid growth of Wake Forest Innovation Quarter has created demand for more housing, more retail and more parking. This project is one of many steps in our efforts to meet that demand.”

Meanwhile, Hospitality Ventures Management Group of Atlanta is planning to spend \$20 million on buying and renovating the 316-room Marriott and the 150-room Embassy Suites. The

investment is related to the \$17.5 million upgrade to Benton Convention Center, which Hospitality manages for the city.

“My sense is that the impressive redevelopment of downtown Winston-Salem, beginning with projects like the transformation of the R.J. Reynolds buildings, including the Kimpton Hotel and the Indigo Hotel in the Pepper Building, are becoming a story line of national interest,” said John H. Boyd, a principal in The Boyd Co. Inc., a New Jersey site-location consulting company.

“Downtown redevelopment and historic preservation is growing as a trend coast to coast, with it being leveraged in Winston-Salem in such a marvelous fashion.”

Development tools

A city of Winston-Salem report says that parking decks have always been seen as “a tool to leverage major development in the community.”

The Link Apartments complex in the research park, with an 850-space parking deck a key component, is proof of that concept.

An existing parking lot played a key role for the Courtyard by Marriott hotel project, which is being built between Foothills Brewery and the 730-space Center City West parking deck.

Foothills Brewery founder Jamie Bartholomaeus said the hotel project helped clinch his company’s decision to invest in a new coffee shop, bar and event space connected to the brewpub.

It’s a section of downtown that has experienced, until recently, limited economic-development progress in the revitalization spree compared with the heart of downtown and the blossoming of Wake Forest Innovation Quarter.

There was a brief spark of hope in 2003 when Krispy Kreme Doughnuts Inc. was going to be the anchor for Unity Place — an office, entertainment, arts and residential development stretching from Broad Street to Brookstown Avenue and from Second to Fourth streets. Another key element was going to be an IMAX theater.

However, by 2005, corporate, financial and regulatory troubles at Krispy Kreme had basically put an end to Unity Place.

A bright spot has been 751 W. Fourth St., where Winston-Salem Foundation is an anchor in a 55,000-square-foot building at the corner of Fourth and Broad streets. Plans were unveiled July 21 for a \$35 million luxury apartment complex between Brookstown Avenue and Green Street.

Another economic shot-in-the-arm came in 2016, when TW Garner Food Co. moved its headquarters to a 14,500-square-foot site in the Nash-Bolich building on Fourth Street.

When Winston-Salem embraced the brand of City of the Arts and Innovation, Garner officials said they took it as a challenge to blend its Texas Pete product innovations with its planned downtown headquarters. They met that goal by featuring a culinary test kitchen on the main floor.

The 751 West Fifth and Courtyard by Marriott projects involve John Reece II, managing partner of Commercial Realty Advisors LLC.

Reece said his group continues to explore a second office building — across the street from 751 W. Fourth down Broad — that could be a \$12 million project.

“I think the development of 751 West Fourth was an example of a successful attempt at progress for this submarket,” Reece said.

“The new county library, QB and Springhouse restaurants, upgrades at the Center City West Parking facility, Garner Food’s new headquarters, opening of Bookmarks and a number of new tenants in the Nash Building all represent successful attempts at progress.”

Into the future

After spending \$6.15 million to buy the property, Flow 500 West Fifth LLC has pledged to spend \$10 million on upgrades to the former GMAC building.

Flow Automotive Cos. will take 90,000 square feet of office space, where it will have a workforce of 140.

Among the new uses besides consolidating Flow Automotive offices are providing start-up and early-stage companies with affordable space as well as dedicating 17,500 square feet toward a nonprofit business accelerator organization called Winston Starts, a nonprofit corporation headed by Steve Lineberger.

“Our goal is to fill the building with vitality and young people who want to start companies, who want to take risks, and want to imagine a different future,” Flow said during an Oct. 26 presentation to the Downtown Winston-Salem Partnership.

Simultaneously, Grubb’s \$48 million mixed-use project at the site features 240 apartments and retail space.

On the downtown wish list for Gayle Anderson is “more condos downtown, in addition to the apartments, to offer more options for downtown living.” Anderson plans to retire in December as Winston-Salem Chamber of Commerce’s president and chief executive.

“I would like to see continued work to do infill development projects between the central business district, Goler, West End, Crystal Towers and Boston Thurmond neighborhoods,” she said.

Thiel said his wish list would include “neighborhood-supporting retail, such as grocery stores, dry cleaners as well as more entertainment venue options.”

Boyd said the use of historic tax credits, particularly in Wake Forest Innovation Quarter, has been so successful in Winston-Salem that other North Carolina cities, such as Asheville, Durham and Hickory have gone to school on the success Winston-Salem is enjoying.”

“Nationally, other cities can surely benefit from Winston-Salem’s downtown playbook,” Boyd said.

Boyd said that beyond the brick and mortar aspects, “the turnaround of downtown Winston-Salem has a ‘re-branding’ effect on the city as an innovative community in-tune with the growing attractiveness of the downtown setting as a place to work, live and play — especially in the eyes of the coveted millennial market.”