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From the Triangle Business Journal:

<https://www.bizjournals.com/triangle/news/2024/08/09/chapel-hill-restaurant-shops-restaurant-office-unc.html>

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FRANKLIN STREET'S FACELIFT

Long dependent on UNC students, downtown Chapel Hill looks to diversify its base of customers

The intersection of Franklin and Columbia streets in Chapel Hill, with the Top of the Hill Restaurant and Brewery and the relocated Starbucks location.

MEHMET DEMIRCI



By [Natalie Bradin](#) – Reporter intern, Triangle Business Journal
Aug 9, 2024

Every generation of students that passes through UNC-Chapel Hill carries memories of the beloved Franklin Street that runs along the campus.

They stormed Franklin Street after basketball wins over Duke University, scarfed down Porthole rolls at the now-closed restaurant and shopped for Tar Heel T-shirts at places like the Shrunk Head.

But while [many stores have come and gone](#), what has remained consistent is that downtown Chapel Hill's economy has centered around UNC.

Until now.

And that shift has accelerated a significant change as the Town of Chapel Hill and its businesses seek to turn downtown from an [economy dependent on students into one that is bustling 12 months of the year](#).

"It would be unwise of us to only accommodate the academic calendar and students," Chapel Hill Mayor Jessica Anderson said. "We are really trying to think about how do we make downtown a vibrant, exciting place 12 months a year - which makes it a better place when students are here."

Planning and construction is underway [to craft a new face for Franklin Street](#). The goal is [a healthy mix of local and chain businesses](#), ample office space, wet labs, hotels, apartments and ample parking spaces to secure a steady economy independent of UNC's academic calendar.



Mayor Jessica Anderson with a view of Franklin and Columbia streets from the Top of the Hill restaurant.

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If all of these proposed changes come to fruition, there will be about **380,000 square feet of office, retail and lab space**, according to the Chapel Hill Downtown Partnership. More than 3,000 jobs will come to downtown as well – not far in size from the 4,700 freshmen who enroll at Carolina on a given year.

The goal is to build a downtown that is a hub of economic activity for a growing population of people who work and live in the town – one that embraces, but is not dependent on, students.

These changes **could infuse new life into businesses** that struggled in the UNC-centric economy.

Students are increasingly disinterested in dining on Franklin Street – or hanging out there at all. Convenience is part of the reason. Franklin Street used to offer Carolina students a refreshing break from the miserable food offerings on campus. But now, the Student Union offers sandwiches from Alpine Bagel and Lenoir Hall offers gyros from Med Deli.

Scott Maitland, whose Top of the Hill Restaurant & Brewery features a rooftop view of Franklin Street, noticed a diminishing presence of students before the pandemic. He saw students frequenting the local bars until 2017, followed by a “decline in the sheer numbers of people who go out.”

For students who are nose deep in flashcards for an exam, why venture to Franklin Street when they have the dining halls and DoorDash?

Even [Sutton's Drug Store](#), which dates to 1923, has seen a difference in the booths so familiar to those who have passed through Carolina. Owner Don Pinney said he has seen about a 30 percent drop in revenue in recent years.

“At the end of every academic year, I always host about 80 graduating seniors through the Carolina Alumni Association,” Pinney said. “Every year, all 80 have at least been to Sutton's once before.”

“Last year, over half of them had never been.”

New offerings on Franklin Street

This isn't just a few restaurants coming to downtown Chapel Hill. It's an entire facelift for Franklin Street.

But let's start with the tasty news first.

The corner lots on the intersection of Franklin and Columbia streets — or what Anderson calls “the four corners” — will be fully occupied for the first time in five years, [hosting Raising Cane's](#), an expanded Starbucks (Nasdaq: SBUX), Playa Bowls, and Pulp Juice and Smoothie Bar. The previous tenants — MidiCi Italian Kitchen, Seafood Destiny and Lula's — [closed after brief runs](#).

“With the new businesses coming online this fall, the occupancy rates are high,” Anderson said.



Raising Cane's had lines when it opened last year and has continued to be a hit. But luring students to Franklin Street is no longer a given.

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Starbucks is moving across the street into 100 E. Franklin St., more than doubling its seating from 35 to 85 in a new space just below Top of the Hill.

“The goal is to attract not just students in the immediate area, but for people to come to it from even a ways away,” Starbucks Manager Daniel Reutzel said. “That is our specific intention.”

And Raising Cane's, which has been a hit with students since opening in November 2023, [will expand further down Franklin Street.](#)

Meanwhile, Cosmic Cantina, which overflows with students craving a burrito at midnight, is moving from its back-alley location to a storefront on Franklin Street. This new version of the popular Mexican restaurant includes a new juice bar and space-themed mural from a local artist.

New restaurants set to open on Franklin Street this year include Voodoo Wing Co., Zayka Indian Cuisine and Próximo.

But in a telling sign of the changes ahead, the [space that once held Ye Olde Waffle Shoppe](#), which closed during the pandemic, will become Próximo, a Spanish wine and

tapas bar owned by Michelin-star Chef Brandon Sharp.

[Próximo should appeal to an older and more affluent population](#) – exactly what Chapel Hill hopes to attract as it looks to spark a year-round economy.

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Big projects in Chapel Hill, but slow progress

These new and expanding restaurants are intended to bring more employees and customers downtown and to serve future professionals in a growing innovation landscape. To support all of this, the town has invested \$51 million in a massive new parking deck on Rosemary Street to address the town's chronic lack of parking. The deck will add over 1,000 parking spaces to downtown.

But in many ways, Chapel Hill's hopes are facing some of the same realities as other American downtowns, as developers and investors pause projects in an uncertain economic environment. In many cases on Chapel Hill projects, no ground has been broken yet.

Grubb Properties of Charlotte has plans for several projects to transform the side of town just across from the university into a bustling environment centered around innovation and life sciences.

The former home of CVS pharmacy at 137 E. Franklin St. now hosts a 3-story life sciences coworking space that is seeking new tenants. The property is 36,667 square feet, and Durham's Biolabs signed a lease to host startups on the third floor of the building.

Connected to the property via skybridge is a 6-story structure at 136 E. Rosemary St., where Innovate Carolina – UNC's hub for innovation and entrepreneurship – occupies the first two floors. This building is 83,964 square feet.

While these properties are out of the ground and fully operational, they are still waiting to be entirely leased. Two spaces are still available at 137 E. Franklin St. and four are for lease at 136 E. Rosemary St., according to LoopNet.com.



Construction in downtown Chapel Hill has been picking up as the college town sees a transformation.

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Public investment in Chapel Hill's Innovation District:

- **\$51M:** 125 E. Rosemary parking deck
- **\$500K:** Streetscape and mobility plans

- **\$300K:** Clean and Green Program
 - **\$270K:** Alley renovations
 - **\$74K:** Downtown wayfinding plan
 - **\$50K:** Planning for Peace and Justice Plaza
 - **\$50K:** Planning for Old Town Hall
 - **\$50K:** Alley gateways
 - **\$30K:** Downtown planters
-

Grubb Properties has proposed more office and wet lab space on 150 E. Rosemary St., which would replace the brick Wallace Parking Deck just behind the Post Office. This 7-story building would host 238,000 square feet of life sciences and office space, with additional ground floor retail, restaurants and a public plaza.

If completed, this building will reshape the Chapel Hill skyline. The building is currently in the zoning compliance, permitting and construction phase, according to the Town of Chapel Hill.

Grubb Properties also has plans to erect a 7-story apartment complex with about 150 units right next to the Rosemary Parking Deck. Previously, the company developed the Link Apartments at its Glen Lennox project. The complex features a pool, gym and patio space, which appeal to an older and more affluent population.

The downtown apartment complex is still in the zoning compliance, permitting and construction phase, like the other projects proposed by Grubb Properties.

The developer did not return calls seeking comment.

UNC has yet to reveal exact plans for the Porthole Alley Redevelopment Project – a pre-pandemic proposal to create an attractive entrance to the university through Franklin Street. This project proposes a new home for the schools visitor’s center and admissions office. No timeline has been announced, but UNC says the project is in the design phase.

The university also renovating 120 E. Franklin St. – the former home of a popular bar called The Library – but that space is not a part of the Porthole project, according to UNC.

On the west end of Franklin Street, changes are happening quickly. Longfellow Real Estate owns 306 W. Franklin St. – home of acai shop Purple Bowl – and plans to tear down the space to [construct a 9-story building with wet labs](#), administrative space and a parking deck with 320 spaces.

More than half of the building will house wet labs and research space, with the remaining square feet dedicated to offices and administration for these life sciences tenants, according to Director of Corporate Communications Casey Angel.

Angel said he expects Longfellow to break ground in the later half of 2025, with the 320,000-square-foot project completed in 2026.

In addition, a source said Wyndham Element will add a hotel on 108 W. Rosemary St. This project would include 132 new extended-stay hotel rooms. Town officials decline to confirm the existence of the Wyndham project.

Economic impact of Franklin Street transformation

The total economic impact of these changes is estimated at \$379 million, according to the Chapel Hill Downtown Partnership. And the public investment has been substantial, from major projects such as the \$51 million parking lot to \$30,000 for new planters.

Town officials expect that all the new office and retail space will lead to 3,135 jobs being created, with the Longfellow Project on West Franklin contributing around 1,700 of those jobs. And housing this new wave of workers would be an additional 394 residential units planned near downtown.

But so much of this is not out of the ground yet.



Sutton's Drug Store, with its photos of Tar Heels posted on the walls and its welcoming vibe, is a longtime favorite of UNC students and alumni.

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Still, Chapel Hill is seeing some positives after the pandemic left the town's main thoroughfares shockingly empty. Anderson said foot traffic to downtown Chapel Hill has surpassed pre-pandemic records by 100,000, with 7.6 million individual visitors last year.

Hosting more large-scale events in the summer has also helped. This summer, Kenan Stadium hosted the Manchester City vs. Celtic FC soccer match, the second year in a row it has welcomed European teams.

The campus even had the filming of the [Amazon](#) series "The Summer I Turned Pretty" for a few days, with a couple hundred people crowding around to gawk at the celebrities.

But concerns clearly remain. Sutton's Pinney, for example, said the homeless population can deter traffic from his business.

"At least twice a week I have to clean up human waste outside Sutton's windows," he said.

Pinney said that while the town is spending time and money on the Rosemary parking deck and the other issues, it is not addressing the homelessness issue with enough vigor. And feeling safe in the Franklin Street corridor is a major concern, especially in a college town packed with thousands of young women.

Other concerns include removing some of the parking on Franklin Street. And some businesses have even been harmed by the changes coming to Franklin Street. The family-run Purple Bowl was forced to move when its building was sold. Some business owners are concerned that future changes could mean reduced parking along Franklin Street.

But the fact is as fall nears and thousands of students return to Chapel Hill, they'll see Franklin Street with fresh vitality – and as an area that could be on the brink of significant change.

Maitland can see all this unfolding from his perch at Top of the Hill, which opened in 1996 and is at the heart of what is happening in Chapel Hill. A large photo of Michael Jordan in his UNC jersey is one of the first things you see when you enter the establishment. But the clientele that comes into the bar and orders a Kenan Lager or an Old Well White is changing.

“We’ve embraced the fact that downtown is more of a visitor economy,” Maitland said. “When I started Top of the Hill, students were encouraged to come downtown to eat lunch.

“That just doesn’t happen as much.”