

REAL ESTATE NEWS

Designs released for 2 towers in life sciences campus planned near downtown Durham

BY MARY HELEN MOORE

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The first phase of Heritage Square, located along Highway 147 and Fayetteville Street in Durham, will include a 13-story residential building and an 11-story office building. *Sterling Bay*

DURHAM

Designs for the start of an ambitious redevelopment featuring apartments, restaurants and offices along the Durham Freeway will be submitted for approval this month.

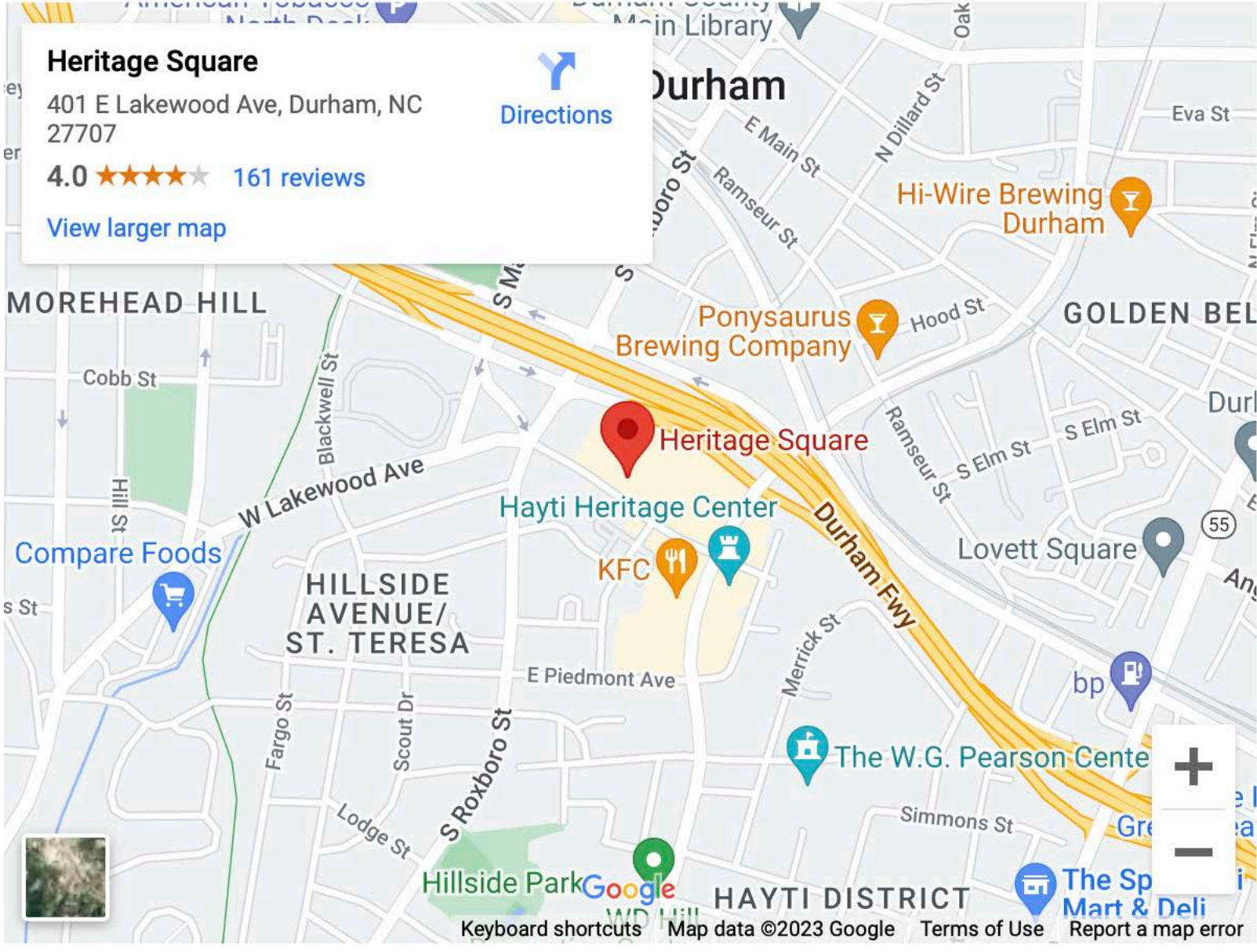
Developers paid \$62.5 million last year for the [aging Heritage Square shopping center](#) in the Hayti community near downtown and expect to spend \$500 million on the project over the next decade.

They plan to start construction on the site's northeast corner, just south of N.C. 147, in 2024 and finish the first phase in 2026.

Plans presented Wednesday show:

- A 13-story residential tower next to an 11-story office building.
- The buildings joined at the base by a three-floor slab containing parking, restaurants and retail.

None of the apartments are planned to be set aside as affordable to people earning certain percentages of the area median income.



Chicago-based development firm Sterling Bay is at the center of the project, partnering with investors Harrison Street and Acram Group. The team presented its proposal at a meeting at St. Mark AME Zion, a church across the street from the 10-acre site.

DEVELOPMENT SPREAD OUT OVER 10 YEARS

The developers expect to build the project in three phases over 10 years. Here is what's in the first phase:

- 328 apartments, averaging 750 square feet
- 790 parking spaces
- 300,000 square feet of offices
- At least 15,000 square feet of retail

The buildings will be about the same height, but the office building will have fewer stories because of higher ceilings to accommodate labs.



Developers paid over \$62 million for 10 acres in Durham along Highway 147, where they are planning a life sciences campus with labs, residential units and retail space. Today, the land is pavement and aging shops. Food World and Family Dollar are the last remaining tenants of Heritage Square. *Mary Helen Moore*

Only Food World and Pelican's SnoBalls remain open on the property, and both will close before construction begins.

A grocery store is not expected to be included in the redesign, the development team told residents.

"We don't think that's the highest and best use for our site," said Aaron Lazovik, managing director of Acram Group.

EMPHASIS ON LIFE SCIENCES

Suzet McKinney, who directs the life sciences wing of Sterling Bay, said they intend to find local businesses for retail and restaurant spaces.

"You can look at any of our developments anywhere in the country, and you will not find large national brands in the retail in those spaces," McKinney said.



The office building in Heritage Square is expected to house labs and attract tenants in the life sciences. It will face the Durham Freeway. *Sterling Bay*

They won't build out the labs themselves, but expect to attract tenants who specialize in the biological sciences, said Michael Cannon, who is also with Sterling Bay.

They have no tenants secured for the labs and offices, but McKinney said they're confident the site will be in demand, despite a [flagging office market](#) in much of the Triangle.

"Historically, you've seen life sciences ecosystems clustered in a park, but what we're beginning to see now is a move toward more urban areas," McKinney said.



In the 1960s and early 70s, the Hayti neighborhood was upended for the construction of the Durham Freeway, pictured here on November 16, 2020 leading into downtown. *Julia Wall jwall@newsobserver.com*

They aim to submit the site plans to the Durham planning department in August. The City Council does not have to approve the project.

A traffic impact analysis now underway requires approval by the state Department of Transportation.

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