

Raleigh 2022

RFI FOR CONVENTION HOTEL AND DOWNTOWN DEVELOPMENT PROJECT



Welcome Back! Raleigh is once again fully open for business and is eager to re-start the Convention Hotel Request For Interest (RFI) process. Much of the project remains the same: two irreplaceable sites in the downtown core; a thriving and diverse economy; a nationally-ranked destination with vibrant entertainment venues, night-life, and restaurants; and a great place to live. Moreover, the focus of the RFI remains on the hotel component. It is the City's desire that this process will ultimately culminate in the development of a high-quality, upper-upscale convention hotel of 500 rooms or more. The second and adjacent development site remains optional for a mixed-use project. However, if pursued by prospective development teams, it is the City's preference that this mixed-use tower consist primarily of residential spaces. Therefore, the City of Raleigh issues this RFI to solicit creative responses from capable and experienced developers and/or development teams interested in developing (a) the hotel and residential/mixed-use towers, or (b) the hotel project only.

Project website: raleighnc.gov/hotelcc



Raleigh



RFI Release Date: June 2, 2022

1 The Opportunity

This project remains a unique and a once-in-a-lifetime opportunity to develop a convention center hotel and separate residential/mixed-use tower on two prime vacant lots in downtown Raleigh. The City of Raleigh owns the property and seeks proposals of interest to develop (a) the hotel and residential/mixed-use tower projects, or (b) the hotel project only. Innovation, quality design and construction, and sustainability are important values to the City for this transformational project.

- The available 2.5-acre site includes two parcels flanking Fayetteville Street, the most prominent street in downtown Raleigh. Right-of-way is mapped to extend Fayetteville Street through the property creating two sites, each about one acre.
- The 500,000 square foot Raleigh Convention Center (RCC) and connected 401-room Marriott opened in 2008, and the market has since outgrown the available hotel room block within walking distance.
- The original 2018 JLL Destination Strategic Plan as well as the 2022 Refresh Study supports the pursuit of a 500-room convention hotel.
- Raleigh's downtown pipeline for commercial real estate development investment is over \$5 billion.
- Raleigh's projected population growth is nearly 70% over the next 25 years. According to the 2019 State of Downtown Raleigh report, downtown Raleigh's population grew 57% in the past decade. Since 2015, new units total 3,451 and are 95.8% occupied.
- Downtown Raleigh attractions drew 3.5 million visitors to its Top 12 attractions in 2019.
- The RCC hosted about 260 events and conferences with nearly 460,000 attendees in 2019.
- The residential market in Raleigh remains strong, with CoStar reporting an overall residential occupancy of 95.8% in Q1 of 2022.

2 City Goals

Hotel

- 500+ rooms with comparable meeting space
- National brand
- Upper upscale
- Full service

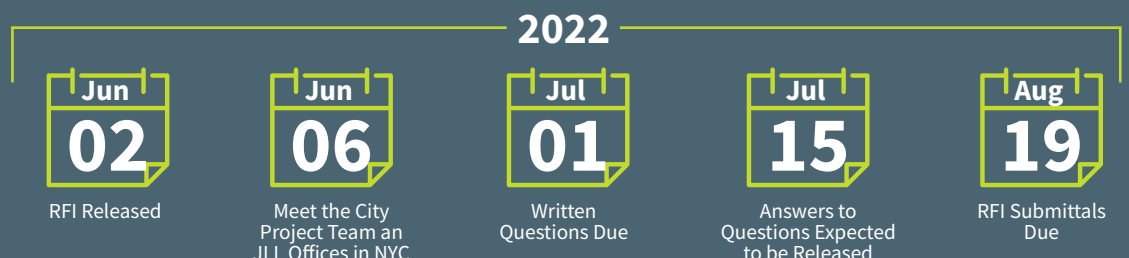
Residential/ mixed-use

- For-sale and/or For-rent residential
- Ground level retail, office, and other creative ideas

Site & Parking

- Below-grade parking spanning both sites, including underneath Fayetteville Street, is expected with project development
- 2 one-acre blocks plus one-half acre in between the two pads for the plaza area
- Both sites zoned by-right for 40 stories
- Utilities adjacent

3 Important Dates



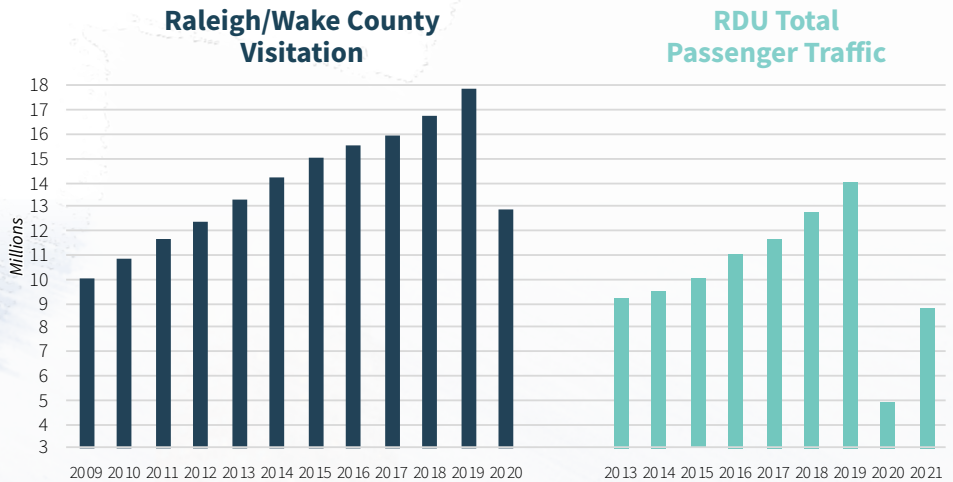
For more information, visit: www.raleighnc.gov/hotelcc

- Downtown Raleigh continues to be one of the most attractive markets for new commercial real estate development. Eight new projects have announced plans to break ground in 2022; and 12 projects are already under construction.

- RDU Airport services over 300 daily flights to 51 non-stop destinations and will service 6 international destinations by August 2022. RDU is 13 miles to the Convention Center and roughly \$25 via Uber.

- Dorothea Dix Park, a 308-acre City-owned park, is located approximately 0.5 miles from the project sites. In 2019, the Raleigh City Council approved Phase I of the long-term park Master Plan and the park hosted its Second Dreamville Festival April 2-3, 2022 with 80,000 attendees. Dreamville will return in 2023.

- To grow tourism and promote economic development, the City of Raleigh and Wake County approved \$14 million in 2019 from Hospitality Tax revenue to buy needed land near the convention center for future center use, funding to help optimize the existing convention center, and planned \$230 million for a future convention center expansion in approximately 2030 or sooner.



Source: rdu.com, DKS, Tourism Economics

4

How are Raleigh's downtown hotels

Recovering?

OCCUPANCY
55.3%

Up 95.1% YOY through April 2021

ADR

\$ **167.63**

Up 50.9% YOY through April 2021

Source: STR, VisitRaleigh

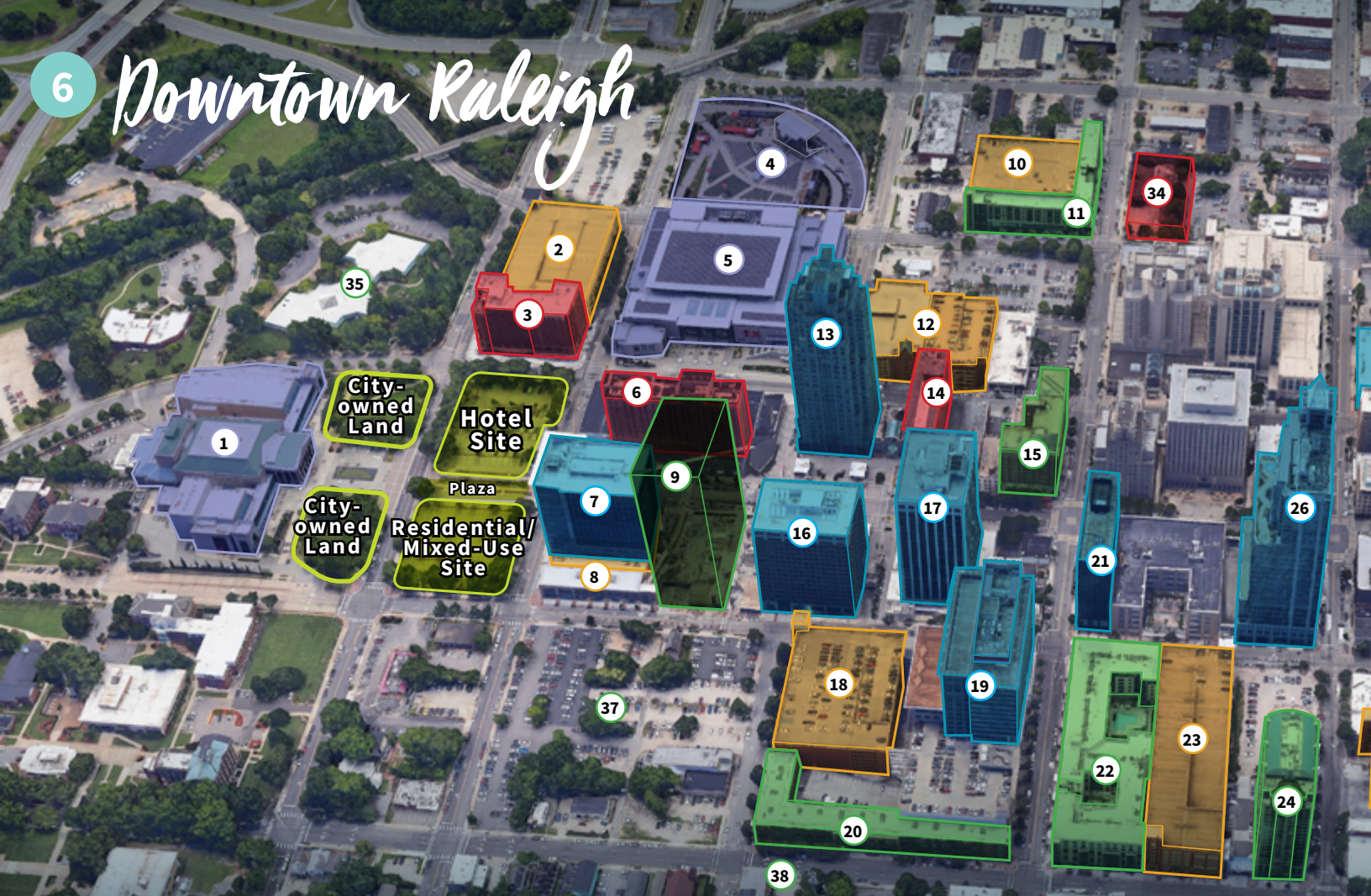
5

Incentives

Available Incentives

- Flexible Land Terms
- \$30 million of public funding for the right project to assist with infrastructure, parking, etc.
- Opportunity Zone
- Other incentives are negotiable as allowed by North Carolina law

6 Downtown Raleigh



7 The Site





OFFICE MULTIFAMILY HOTEL PUBLIC PARKING

*Note: pertains to hotel, office, multifamily, properties over 100k sq. ft. Also shown are select publicly-owned buildings.
Source: JLL, CoStar, Google Maps*

1. Duke Energy Center For the Performing Arts
2. 1,030-space parking deck
3. 175-room Residence Inn
4. 6,000-seat Red Hat Amphitheater
5. Raleigh Convention Center
6. 401-room Marriott
7. Charter Square | 243k sq. ft. Class A office
8. 622-space below-grade parking deck
9. FNB Tower | new multifamily/closest office tower
10. 992-space parking deck
11. The L Apartments | 83-unit multifamily
12. 500-space parking deck
13. Two Hannover Square/Truist | 437k sq. ft. Class A office
14. 353-room Sheraton
15. The Sir Walter | 140-unit multifamily
16. One City Plaza | 373k sq. ft. Class A office
17. One Progress Plaza | 455k sq. ft. Class B office
18. 1,000-space parking deck
19. Red Hat Tower | 366k sq. ft. Class A office
20. Palladium Plaza | 65-unit multifamily
21. Capital Bank Plaza | 168k sq. ft. Class A office
22. The Edison Lofts | 223-unit multifamily
23. 715-space parking deck
24. SkyHouse Raleigh | 320-unit multifamily
25. 706-space parking deck
26. PNC Plaza | 292k sq. ft. Class A office/condos
27. 215 S McDowell | 4 tower mixed-use | Planned
28. 227 Fayetteville | 111k sq. ft. Class A office
29. 1 Exchange Plaza | 104k sq. ft. City-owned
30. 726-space parking deck
31. Wells Fargo Capitol Center | 560k sq. ft. Class A office
32. Raleigh Civic Campus | New City Hall Tower Planned for 2025+
33. NC State Capitol
34. 239-room Hilton Garden Inn/Homewood Suites dual-branded property expected Q3 2023
35. Salisbury Square Redevelopment | 587 residential units and 175K SF office | Expected to break ground in 2022
36. Raleigh Crossing | a 19-Story Class A office tower opened in 2022
37. A project in planning that has submitted for re-zoning for a 20-story tower
38. The Acorn offering 106 residential units | Planned

8 Raleigh Accolades

- #1** Best City for Working Women (ApartmentList 2022)
- #1** Top Place to Start a Small Business (Lending Tree 2021)
- #2** Best Places to Invest in Private Equity Real Estate (CrowdStreet 2022)
- #2** Top US Growth Cities (U-Haul 2021)
- #2** Top Places to Live in the US (US News & World Report 2021)
- #3** Top Hottest Job Markets in America (WSJ 2022)
- #3** Hottest Housing Real Estate Market in US (Zillow 2022)
- #4** Top City Tech Hub (Business Facilities 2021)

9 *Submittal* Requirements

COVER LETTER—Include an executive summary that clearly outlines the overall capability of the development team, any developer partnerships for the project and briefly summarizes its ability to design, construct and operate (a) the hotel and residential/mixed-use tower projects, or (b) the hotel project only. Indicate whether the team is interested in pursuing (a) the hotel and residential/mixed-use tower projects, or (b) the hotel project only. The Cover Letter, no more than two pages long, should be signed by the principal of the lead development team for the project indicating his or her authority to submit the response on behalf of the development team(s).

TEAM BACKGROUND—Provide background on development team(s) regarding organization structure (e.g., corporation, partnership, joint venture, etc.), year organized and year of incorporation, and information relating to corporate officers, partners, headquarters location, etc.

EXPERIENCE—Provide evidence of experience with projects of similar size and scope. Also discuss experience working with local governments on similar projects that include public/private partnerships. If two or more development teams will work together on this project, describe previous collaborations on other projects (roles and responsibilities of each team, leadership, dispute resolution, etc.) . Describe your management of and philosophy toward quality control to ensure the completion of successful projects on schedule. Additionally, describe the strategy/plan you expect to follow to illustrate how you will accomplish the work and meet the City project goals in a timely manner. Pictures and locations of similar hotel, residential, office and/or mixed-use projects should be included along with descriptions of projects completed in Raleigh and North Carolina. Also include in descriptions project development cost, services provided, size of developments, developer's and/or Financial Partner's ownership stake at the time of development, summary of project capital funding and the developer's role in raising the capital, as well as reference contact information for each project.

PROJECT UNDERSTANDING AND VISION—Include narrative that illustrates your team's understanding of the project, unique opportunities and potential challenges. Discuss your approach to the coordination of design and construction of the projects and how the buildings will function together and with the RCC Complex. Describe your vision for the project that adds value from quality design, creativity, innovation and sustainability. In doing so, describe high-level programmatic details such as hotel room count, meeting space square feet, brand, parking plan, residential/mixed-use plan (if any), and preliminary development budget.

SELECTION PROCESS – Based on RFI submittals alone, the City of Raleigh may elect to negotiate with one development team on (a) the hotel and residential/mixed-use tower projects, or (b) the hotel project only. However, it is expected that the City will select a short-list of project development teams from the RFI responses to be invited to participate in a more detailed Request for Proposal (RFP) and interview process. **Note that only those development teams that submit an RFI response would be eligible for consideration by the City for a subsequent RFP process, should the City opt to pursue such a process.** The City of Raleigh reserves the right to select and negotiate with any development team or teams for the hotel project and/or the hotel and residential/mixed-use tower projects.

The City of Raleigh reserves the right to modify and/or terminate this process at any point in time. The preparation of a response shall be at the expense of the proposer. The City will not reimburse proposers for any costs associated with the preparation or submittal of a response.

One electronic copy sent to:

tony.peterman@am.jll.com

by 5PM ET on August 19, 2022

with subject line marked:

Raleigh Convention Hotel RFI Response

Any materials submitted in response to this RFI may be subject to inspection under the public records laws of the State of North Carolina. (See Chapter 132 of the North Carolina General Statutes for additional information on these requirements.)

Additional materials, studies, reports and other project-related information can be found at:

raleighnc.gov/hotelcc



Outdoor Dining in Raleigh



Red Hat Amphitheater
Photo credit: RCC



View from Fayetteville Street (looking north)



Raleigh Union Station



Red Hat Amphitheater
Photo credit: RCC



Photo credit: RCC

Raleigh 2022

RFI FOR CONVENTION HOTEL AND DOWNTOWN DEVELOPMENT PROJECT

*Open
House*

**Meet the City
Project Team**

Monday June 6, 2022
9AM to 4 PM
330 Madison Ave
New York, NY

Contact JLL for more info

*Duke Energy Center For the Performing Arts
Photo credit: Flyboy Photo & Media*

FOR MORE INFORMATION PLEASE CONTACT



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Respondents should contact the individual listed above and are encouraged not to communicate directly or indirectly with City of Raleigh Council Members or other City employees regarding the RFI or submittals from the time the RFI is released until the City Council approves next steps in the process. Violation of this provision by the respondent or respondent's agent may lead to disqualification from consideration.