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The Herald-Sun

Here's how the next high-rise in downtown Raleigh could change the city's skyline

By Zachery Eanes | Feb. 20, 2019



A rendering of the 20-story tower planned for 301 Hillsborough St.

RALEIGH – When Boston-based real estate firm The Fallon Co. bought the majority of a two-acre block on Hillsborough Street in downtown Raleigh in 2018, the price raised a lot of eyebrows.

The \$17 million sale of the 301 Hillsborough St. property came out to around \$9 million per acre.

As the company reveals its plans for the property this week, Michael J. Fallon, the chief investment officer for the firm, admits the price tag did sound steep then.

“At the time you know, it was a very high price,” Fallon said in an interview. “But we think it’s well worth it.”



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Earlier this month, the company submitted plans to the city for a 20-story tower that would have 300,000 square feet of office in its first phase. The group shared renderings of the building on Tuesday — designed by the Durham-based architects Duda|Paine, a firm that also designed The Dillon tower in Raleigh — and said it hopes to begin construction later this year.

The firm also wants to build apartments and a hotel on the site, though those projects would come at a later time, Fallon said.

The land, which The Fallon Co. bought from the Lundy Group and Hyde Street Holdings, has long been targeted for dense development. In 2017, Lundy and Hyde planned to use the land to create City Centre, which also would have been 20 stories, before they scrapped those plans and decided to sell.

The city block bordered by Hillsborough, Harrington, Dawson and Morgan streets is nearly all owned by The Fallon Co. The only parcel it doesn't own is home to the pub The Flying Saucer. Fallon said that while he would have liked to buy the Flying Saucer's property, the owners of the pub haven't wanted to sell.

The office portion of 301 Hillsborough is being built on speculation, meaning the company doesn't currently have any tenants signed. Fallon said that waiting to sign a tenant before construction would slow them down in a market that has become increasingly competitive.

“Going spec is purely a function of the fact that we want to get this project going,” Fallon said. “We need the momentum and we want the momentum and we think that the risk-adjusted returns are worth it.”

The Fallon Co. is one of several out-of-town developers who have bought or built in Raleigh in recent years — and all of that interest from national developers is driving up prices.

“Everything is expensive now,” Fallon said of his search for more properties in the area. “There's no shortage of developers looking at Raleigh, nationally, and I think that's a great thing for the city. And for the most part, it's a good thing for us, as long as we have a good pipeline (of projects).”

Fallon came to downtown Raleigh via Charlotte. The firm, which has a long history of building in the downtown core of Boston, began searching for other markets to invest in several years ago, once its home market became saturated by big-money developers.



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At first, the company began looking for opportunities in towns that had “NFL teams,” which is why the company now has several projects going in the Queen City. “If you have an NFL team you’re probably a pretty solid (market) for the most part,” Fallon said.

After spending time in Charlotte, the company began to look for more opportunities in the state, and Raleigh’s growth made it an obvious choice to explore.

Fallon said he thinks people will like the design of the new building, which he called “progressive.” The directive he gave Duda|Paine, he said, was “to make it something that hadn’t been done here before.”

“With its sleek curved façade, 301 Hillsborough Street provides a fresh perspective on design in downtown Raleigh,” Turan Duda, founding principal of Duda|Paine, said in a statement. “Highly visible as you approach the city from multiple directions, the commercial tower adds a memorable new profile to the Raleigh skyline, while thoughtfully integrating characteristics of the four surrounding districts, creating an architectural richness and diversity.”

Those four surrounding districts — the Warehouse, Glenwood South, Capital and Fayetteville Street — have all really impressed Fallon, and he hopes the tower might be able to provide a transition between the four.

Having good bottom-floor retail will be important for that, Fallon said, noting that John Kane has done a really good job activating the area around The Dillon with retail and restaurants. Fallon added he hopes to bring some local retail and restaurant owners to the project as a way to bring people into the building.

The project currently fits under the city’s zoning for the property, which only allows 20 stories. Fallon said his company ultimately decided to not ask for more height because it didn’t want to start a conflict with the city.

“We recognize that not being from Raleigh, we didn’t want to come in and ruffle feathers — we’re not about conflict,” he said. “It’s great if everyone loves your project — but that almost never happens — but if these people kind of respect the way you went about doing it, then that helps. ... We don’t want to be the firm from the northeast that’s coming to try to bully people.”



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There will be several high-profile rezoning requests coming before the city council in the coming months, however, pushing for more height than the city currently allows in parts of downtown.

Earlier this year, Kane Realty and Williams Realty submitted a rezoning request to ask for up to 40 stories to be built on the northern edge of downtown. That came after Kane had already asked to build another 20-story tower in the Warehouse District.

And last year, Five Horizons Development submitted a request to build up to 20 stories on South Saunders Street, in a move that would seriously expand the southern edge of downtown.