



A Newcomer's Guide to Luxury Real Estate in Durham

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I really have very little interest in antiques and can't ever recall going into an antique shop when I wasn't following the coattails of one of the women that have been in my life. Why then do I and millions of others with little interest in antiques find PBS's **Antiques Roadshow** so fascinating?

The answer, of course, is the fantasy of finding unexpected treasures right under our noses. There's that interesting ceramic jar that you plucked from your eccentric old great-aunt's estate. Doesn't every family have a relative like that aunt who was just kind of scary until you were old enough to hear her story? Something like how she ran away at 16, was kidnapped by pirates and then sold to an Arab sheik who fell in love with her, showed her the world and lavished her with wondrous treasures. When he died she returned home broken hearted and filled her spooky old house with strange artifacts from her travels. Nobody else wanted the colorful vessel but it was too nice to throw away. Since then, it has collected loose change and dust on your bureau for years. Maybe...just maybe, some expert on TV can explain by looking at a squiggle on the bottom why it's worth more than your car.

Durham is like the house of that eccentric old aunt. It turns out it's not so scary after all. It reflects many passions, some exquisite tastes and holds many unexpected treasures. Of course, the metaphor fails here because Durham is very much alive and adding new charm and treasures every day.

For the purpose of gathering statistics on the Durham luxury market for the real estate blog DurhamLuxRE.com a luxury home is arbitrarily defined as one that lists or sells for \$700,000 or more. Everyone knows someone who sold a 1200 square foot bungalow in Los Angeles for almost that much. Those fortunate enough to get out with that kind of haul laugh at that threshold, but \$700K buys a lot in Durham or almost anywhere in the Triangle because home prices here have never ridden up on a bubble and are not as likely to lose value quickly in difficult times.

For this report a little different definition will be used. Since it discusses communities and neighborhoods more than homes, lifestyle will be emphasized instead of costs and prices. Buyers in the luxury real estate market are not usually stretching or spending their last dollar on their home. In fact, multiple homes are not uncommon among this group. Buyers in this market are looking for more in a home than simple shelter or a comfortable place to raise a family. In the psychologist Maslow's terms, the home may be part of "self-actualizing," that is, activity giving meaning to life.

Beauty is a central theme and may manifest itself in great architecture, lovely furnishings, fine art, lavish gardens, hunting trophies, historic collections, etc. The proximity to recreational and other amenities such as country clubs and golf courses is often important. An otherwise modest cabin may be considered luxury (and therefore expensive) if it's on the ocean or near a ski slope. Shopping, entertainment, and top medical care can be a consideration. Fine dining and a rich cultural scene may take priority. Sometimes privacy trumps all other motives.

Of course, self-actualization can take place in any home. But the further away the purpose is from simple utility the more a home fits the definition of luxury. It is for this reason that you find so much variety in the luxury market in spite of the relatively small percentage of homes it represents. It also means the search can be arduous and frustrating. Pricing is not necessarily a defining issue in the search for a luxury home. Sometimes even unlimited resources can't produce the ideal home without patience. With that rather loose definition of luxury let's explore a little bit the relative merits of Durham and the other communities in the Triangle.

The Research Triangle Region

The "triangle" in Research Triangle originally referred to the three primary cities and their three major research universities; NC State in Raleigh, Duke in Durham and the University of North Carolina's flagship campus in Chapel Hill. Duke and UNC both have prominent medical centers and teaching hospitals. NC State is a land grant school that has always had a focus on agriculture and industry. It also has an important Veterinary school that is proud of the contribution its research makes to human medicine. Research Triangle Park grew out of undeveloped farmland between Durham and Raleigh. Physically most of it is in Durham County. It was created as a bold economic development gamble to draw companies to the area with the talent and other resources of the universities as the primary draw. It took several decades to mature but it is unquestionably a roaring success and now one of the primary economic engines and employment centers of the state and the Southeast. The RTP region can include more than a dozen counties depending on who's counting but the three major ones are Wake, Durham and Orange.

Wake County

Wake County is the largest of the three primary counties both in terms of area and population. Raleigh is the largest city in Wake and the region but Wake has a number of smaller cities including Cary. 35 years ago Cary was a tiny city with a quaint downtown that still exists, but with its proximity to RTP grew one suburban development and office park at a time into a city much larger than Chapel Hill. In fact, except for the signage, it's hard to tell these days where Raleigh stops and Cary, Apex, Morrisville, Wake Forest, Zebulon, Youngsville, Rolesville, Clayton, Knightdale or Garner begin.



In spite of all these towns, Wake still has rural areas tied more closely to the agricultural counties to its east than to the high tech atmosphere of RTP. Raleigh, as the state capital, is dominated downtown by state office buildings, museums and of course the lobbyists and lawyers that thrive in that atmosphere. Memorial Auditorium downtown is an excellent performance venue that is the best in the region but may have to share that distinction shortly with the Performing Arts Center now under construction in Durham. In spite of its agricultural/land grant origins, NC State is more urban in character than the other two major Triangle universities and sits on the western edge of Raleigh separated from Cary by the State Fairgrounds, Carter-Finley Stadium for Wolfpack football and the RBC Center, home to Wolfpack basketball and the Carolina Hurricanes hockey team, the only major league professional sports franchise in the region. The excellent North Carolina Museum of Art is also in the neighborhood.

Raleigh is circled by I-440, otherwise known as the Beltway. Real estate "inside the Beltway" usually sells at a premium and is where the older more historic neighborhoods are. When this was written on April Fools Day in 2008, there were 738 homes in the Triangle Multiple Listing Service (TMLS) in Wake County listed at \$700,000 or more. 345 of these are new homes built in 2007 or 2008.

Wake's school system is generally considered good although rapid growth is forcing them to adopt a year round school calendar to stretch its capital resources. Unlike most public school systems in the country, North Carolina public school districts do not have the taxing authority to raise revenues themselves and are therefore fiscally dependent on another government entity for funding. About 70% is provided by the state, the rest from Federal sources and local governments. NCRReportCards.org is a state sponsored website with information on all the public schools in North Carolina. RTPlinks.com provides links to private schools in the RTP area as well.

In the 80's and 90's sections of I-40 were built from Raleigh east to Wilmington on the coast and west linking to southern Durham, Chapel Hill and I-85 heading south and west to Charlotte, Greensboro and Winston-Salem. I-540 is still being built but currently connects with I-40 near RDU International Airport and funnels commuter traffic from Research Triangle Park to Raleigh's northern suburbs. Just west of where 540 ties into I-40, another major artery, the Durham Freeway funnels traffic to Downtown Durham and Duke. I mention this only to point out that, although Raleigh, Durham and Chapel Hill are very different communities, these arteries make access to each other, the three universities, RTP, and the airport relatively easy. If you avoid rush hour, the Forest Hills neighborhood near Durham's downtown is an easy twenty minute commute via 147 and I-40 to the area around the RBC Center, the Fairgrounds and the Museum of Art.

An often noted benefit of the area is that it is an easy drive on good roads to a number of places in less than three hours. This includes the beaches to the east, the mountains to the west, Charlotte to the south and Richmond to the north.

Orange County

Orange County has two main towns, Chapel Hill and Hillsborough. Of the three primary cities in the Triangle, Chapel Hill is the most thoroughly a college town with a lovely campus just off Franklin Street, the main drag that runs through town. By limiting development and maintaining a public school system separate from the rest of the more rural parts of the county, Chapel Hill has built and maintains an aura of exclusivity that most cities would envy. While less than three percent of the homes sold in Wake in 2007 were priced over \$700,000 and less than 1% in Durham, almost 10% of the homes in Orange sold in this price range and represented almost 30% of the housing dollars spent. On average, that also buys you about 500 fewer square feet than you would get in either Durham or Raleigh. In other words, the average cost per square foot for a home priced over \$700K in Wake and Durham was about \$200 while it was \$220 per square foot in Orange.

Carrboro, which blends right into Chapel Hill, used to be affordable and funky and home for many artists and working people but escalating prices have driven the artists to Durham and the working people out into the country. Chapel Hill is probably the epicenter of "progressive" politics in the Triangle and earned from former Senator Jesse Helms the designation "People's Republic of Chapel Hill." Social activism is very social as you might expect in an academic community.

Chapel Hill has several marvelous old in town neighborhoods with great homes in various states of preservation and modernization. There is also an ample supply of very nice homes that might merit the "McMansion" designation. It's a cool place to live and a spring walk down Franklin Street in the evening offers many treats for the palate and the eye. Tailgate parties before UNC football games are said to be wine and cheese events as opposed to beer and brauts but that may be an exaggeration...at least there seems to be plenty of beer and enthusiasm.



Durham and Her Neighborhoods

Today Durham may have a hard time living up to its reputation. The wild and crazy aunt has mellowed but not lost her charm. The first post on the blog DurhamLuxRE.com is titled "The Fox" and recounts one of my first impressions of Downtown Durham. This was in 1985 when I moved here from Richmond to become the Marketing Director of Central Carolina Bank. CCB was then the hometown bank and was headquartered in the tallest building in downtown. As I was walking back to my office from one of the few sandwich shops still open, a red fox scooted down Chapel Hill Street near the post office. The fox came to be a symbol for me of nature reclaiming the run down area. In contrast, my office in a new skyscraper in Richmond had had a commanding view of the beautiful Virginia State Capital designed by Thomas Jefferson. Durham's downtown was a letdown. But this wasn't the low point. In 1988 the American Tobacco plant shut its doors in downtown closing up a million square feet of factory and office space. Several years later, Liggett Tobacco moved most of its operations out of town too. But the tide was starting to turn. Part of the Liggett operation was renovated and became Brightleaf Square which, then as now, housed a number of successful restaurants, boutiques and galleries on it's main level and office space on the upper levels. A few blocks away, another Liggett warehouse was converted into condo living spaces. These are still highly coveted and sell well.

Downtown Revitalization

The development downtown did not take a smooth path. In fact Durham's transformation from just an interesting place to live to a terrific and interesting place to live could often be characterized as taking one step backwards for each two steps forward. Even many residents who lived through it have a hard time shaking Durham's inferiority complex. Until you tick off the development that has actually taken place in the last 20 years it's hard to forget how difficult it was to get it started or the setbacks along the way.

One of the best decisions made when Durham's downtown redevelopment got serious with the formation of Downtown Durham, Inc. was to go with one of the few strengths that it had as an emphasis, that is, arts and entertainment. There was some skepticism about this from the city fathers at first who wanted office, retail and residential development too. But because the beautiful Arts Council facility had been dedicated and the Carolina Theater was being restored, this was a niche that could be built on. In addition Brightleaf Square, which was separated from the center of downtown by the Liggett Tobacco facilities, had already become a thriving restaurant district. The Durham Bulls were downtown too and the movie *Bull Durham*, filmed in and around the historic old ballpark added some romance to the idea. It was argued that developing and promoting downtown as an arts and entertainment district would attract the other development too. This has proved to be a successful strategy.

One of the best sources for insightful information on the current development in Downtown Durham is a blog written by Kevin Davis at www.BullCityRising.com. Commenting at length about downtown development would be beyond the scope of this report, however, when considering Durham as a place to live, it's important to know something about it. Rather than cover the history of how we got to this point, I will just list some of the attractions

- The DAP. The Durham Athletic Park is the *old* baseball park. Twenty years ago, the Bulls were the Class A farm club of the Atlanta Braves. The facility was run down and funky but, boy, was it fun. One of the all-time great baseball movies, *Bull Durham* was filmed there and released in 1988. Great plans are now in the works for the old facility that might include it becoming part of the headquarters of Minor League Baseball and a museum.
- DBAP. The Durham Bulls Athletic Park is the new facility for the Bulls who have moved up to the Triple A International League as a farm club of the Tampa Bay Devil Rays. This is widely regarded as one of the best minor league facilities in the country. The Bulls regularly draw up to 10,000 fans from all over the region and is always one of the leaders in minor league attendance. Great tradition and great entertainment.
- The American Tobacco Campus. Right across the street from the DPAP are the totally renovated American Tobacco factory buildings with high end offices, restaurants, entertainment venues and a man-made river running through the campus. New office space was also developed behind the right field wall of the DBAP and more is coming behind the left field wall.
- The Performing Arts Center. Also visible from the DBAP is the new Performing Arts Center that will rival Raleigh's Memorial Auditorium when it is completed. The Performing Arts Center will also become the new home of the annual American Dance Festival which for over 30 years has been hosted by Duke.
- Durham Central Park. Just east of the old DAP a new central park has been created.
- The Durham Farmers Market. For years held in the parking lot adjoining the old DAP, it now has its own shelter in Central Park and during most of the year operates Saturday and Sunday offering local produce and arts and crafts.



The Arts Council. In 1988 the Arts Council building, originally built in 1906, was renovated to support several arts organizations with 3 galleries, 2 Theaters and numerous work and meeting rooms. The Arts Council also sponsors the annual Centerfest celebration now being held in Central Park.

The Carolina Theater. This historic space was renovated for live performances and connected to the Civic Center by additional cinemas that feature foreign and art films that multi-plexes won't carry. The Arts Council building and the Carolina Theater are also the primary venues for the nationally recognized annual early spring Full Frame Documentary Film Festival.

Downtown Streetscape. Just finished in 2007 this major project re-routed traffic and beautified the street scene in the part of downtown known as City Center. A life sized bronze bull in the main plaza leaves no doubt where you are.

The story today is much different than it was when real wild animals roamed the street. Developers both local and national compete for the remaining available renovation opportunities downtown. New construction projects are coming out of the ground on a regular basis including a lot of residential space. In the meantime good things in other parts of Durham were happening too. Probably the most dramatic was the development of a major regional mall on the south end of the county near I-40.

Shopping

Many people reacted to the announcement of the mall with skepticism as in "the last thing the world needs is another mall." We had two, one north and one south of the city's core. As malls go, Southpoint has certainly exceeded the expectations of many. In fact, it quickly became a regional attraction. For the upscale customer it included, among other things, the first Nordstrom's in North Carolina. Someone who probably knows better than I told me that our Nordstrom's only carries their "B" lines here in North Carolina but, as a big man, I sure like the idea of being able to buy a 18 1/2 - 38 dress shirt without having to special order or sacrifice quality. And then there are the shoes...

As Southpoint became a shopping destination for the whole region it attracted other retail developments and residential neighborhoods. This included "firsts" in terms of national chain restaurants such as PF Changs, the Cheesecake Factory and Ted's Montana Grill. But it also had the impact of drawing the better tenants and customers of South Square, one of the original malls. Eventually, SouthSquare closed and citizens watched in fascination, if not despair, as huge machines tore the mall down and hauled it away.

At first the demise of South Square seemed like one of those steps backward in the march of economic development. Before Downtown development took off, South Square was often referred to as the "new downtown." In 1986 a Dallas developer with a son at Duke tried to bring a little bit of Texas to Durham and built a 17 story skyscraper across Chapel Hill Blvd from South Square. Incongruous as it was towering over everything in the area, it quickly picked up all sorts of nicknames including the Green Pickle. Still, it is actually quite a lovely building especially at dawn or dusk when the sunlight is at the right angle. As the tallest building in the city it is the primary landmark for the area. From the University Club on its top floor, where once you could see the roof of the mall now you can see the roofs of a Sam's Club and a Super Target. You also see several new office buildings and there will soon be a mixed use development that will include luxury apartments and boutique retail.

The other regional mall in Durham is called Northgate. Northgate is locally owned and even though it is older it has been upgraded several times over the years. Northgate serves the north side of town, as well as Trinity Park and other neighborhoods around Duke's East Campus. Since it is right on I-85 it is also the most convenient mall to areas just west of Durham including Hillsborough, Mebane, and Efland. Northgate has over 160 stores and is anchored by Macy's and Sears.

Shopping in Durham may never be the same experience it is in New York or other metropolitan areas, but, hey, half the pleasure of shopping in New York is making the trip.

Cross the floor to the other side of the University Club and the view to the northeast consists of a green canopy of trees and the spire of Duke Chapel at the heart of the Duke University campus. Part of that canopy is literally a forest known as Duke Forest that is owned by the University. The neighborhood named Duke Forest is also under that canopy, but before we describe that let's talk a little bit about the roles of Duke and NCCU in the community.

Duke, NCCU and Durham

One of the unfortunate side effects of the lacrosse nightmare that landed on the community and drew worldwide attention was the widely conveyed impression that Duke and Durham shared an uneasy co-existence. This is hardly the case. The University and the Medical Center combined employ almost 30,000 people, most of whom live, work and vote in Durham or nearby. This is a much greater number than the students who are here at any one time and who come here for four years or so and then leave. Actually, a lot of them *don't* leave when they're done and adopt Durham as their own. The impact of Duke goes way beyond all those salaries. Besides the two campuses Duke leases over 2 million square feet of office space in the community. Through



early commitments to lease space, Duke insured the feasibility of a number of the major projects that have been part of the city's revival including the American Tobacco Campus, Brightleaf Square and Erwin Plaza. Duke has worked closely with others in the community to provide affordable housing and annually contributes millions to indigent health care through the medical center. Faculty and staff are active in civic clubs and one of our current city councilmen is an executive at Duke.

Early during the lacrosse troubles, many outside the community jumped to the conclusion that all Duke students and especially the athletes were binge drinkers with no respect for property or the rights of others. Of course, boorish behavior is not limited to Duke athletes or even students in general but some does surface around every college campus I've ever been near. Often unheralded are the students that volunteer in the community in many ways including tutoring disadvantaged kids. I recently participated in an event where hundreds of students from both Duke and North Carolina Central University joined with Rotary and a local organization called Stop Hunger Now to prepare and package thousands of emergency meals for shipment to underdeveloped countries like Haiti. These were all great kids of many ethnicities, mature, aware and comfortable in their own skins.

Duke's contribution to the cultural life of the community is also remarkable. One of the catalysts for the new Performing Arts Center in Downtown Durham has been the desire to have a permanent home for the annual American Dance Festival sponsored by Duke. The brand new Nasher Art Museum on the southern edge of the campus is deeply involved in the community. The Duke Gardens are also highly used by the community. The Duke Chapel not only serves the Divinity School and the campus but has a congregation that attracts members from all over the region.

Duke sports are followed as closely by the community as they are by the students. Basketball tickets are very difficult to get hold of but most games are televised. The women's basketball team is also competitive nationally and also getting to be a tough ticket. I graduated from Notre Dame, a football mecca, but I'd rather attend a Duke football game in person. You seldom need a coat, never have snow in the stands, can easily get to the concession areas or a restroom and sometimes you see some good football teams. Lately that hasn't been Duke but that is about to change. The rivalries among the three ACC universities in the Triangle are very entertaining to follow.

North Carolina Central University is our historically black university. It is part of the University of North Carolina system and also a vibrant part of the community. It provides good undergraduate programs to students of all races and a number of excellent graduate programs. It has one of the best law schools in the state and includes among its graduates our governor, Mike Easley. It has strong leadership, is growing rapidly and is carving an academic niche out for itself in biotechnology.

Schools

Twenty years ago Durham had two public school systems. After many attempts to start a merger process, one finally got traction. The total history is not worth repeating here but Durham has operated one public school system for over ten years, and it is one the entire community can be proud of. There are still challenges but strong leadership from the County Commission and several top notch Superintendents have brought it to the point that Forbes Magazine could rank it as the 20th best system in the country. The system has an excellent website. That and ncreportcard.com, the state site that reports test scores by school are good sources of additional information. Durham also has several private schools with excellent programs including Durham Academy. Durham is also the home of the North Carolina School of Math and Science, a two year residential high school for exceptional math and science students from around the state.

Durham also has a fine community college in Durham Technical Community College. Durham Tech has grown in both stature and service to the community by working closely with employers, especially in RTP, to provide the kind of career education so necessary for continued economic development.

Restaurants

Restaurants in Durham have always attracted patrons from all over the Triangle and several have received national recognition. Among the most enduring is The Magnolia Grill which is on 9th Street just north of the funky shopping area between Duke's East Campus and a handsome office Tower at Erwin Plaza. Also in the area are Vin Rouge, Blu, George's Garage and several small ethnic eateries heavily patronized by students. Parizade, one of my personal favorites, operates on the ground floor of Erwin Plaza. My favorite breakfast place, Elmo's Diner, is also on 9th St. Don't worry about dressing up at Elmo's but get there before 8:00 on Sunday morning if you don't want to wait.

The Brightleaf Square area continues to have an interesting collection of about a dozen good eateries, most casual. They include Anotherthyme, Pop's Trattoria, Chamas (a Brazilian steakhouse where it is possible to eat way too much), and Taverna Nikos. A casually elegant Italian restaurant, Tosca, is a relatively recent addition to the fine dining options in the area. The conversion of all the Liggett tobacco buildings into residential apartments between Brightleaf and City Center Downtown has sparked more restaurant activity in the city center. The most highly regarded are Rue Clair and the Piedmont. My all time favorite local spot is Nana's which is west of the Forest Hills neighborhood on University Drive. Great service,



great food, great atmosphere and great wine but one of the reasons I like it is that even on a Saturday night you can usually walk in and be seated immediately in the bar area with no reservations and enjoy dinner there. Like a lot of other great restaurants it has attracted others. Right across the street is a new Thai restaurant and one of the two best barbeque places in town... The Q-Shack (no napkins... just paper towels.) Around the corner is another very good Asian bistro incongruously housed in a failed McDonalds which was undoubtedly the worst McDonalds on the planet. A few blocks down Chapel Hill Blvd is Foster's Market, a popular quick stop for great sandwiches, carry out entrees and salads, coffee and espresso. In the warmer months (most of the time) a lot of the food and drink is carried out to the porches, patios and lawn. Only true natives remember that the building used to house a lawn mower repair shop. Sara Foster the owner is a protégé of Martha Stewart.

A few doors down is Guglhupf Bakery and Patisserie for wonderful baked goods and lunches. Amu list of great places to eat is difficult to keep up with but a good place to try is www.durhamfoodie.blogspot.com. Gone are the days when there were only two or three places that were special enough for birthday and anniversary celebrations. The problem now is making a choice but it's a nice problem for a community to have. I love good food but I confess a few of these places I know only by reputation... and I'm sure I've missed some...but I'm trying to catch up.

The City of Medicine

Durham has a mixed history of calling itself this or that including The Bull City. This is the one that has stuck but it has not always been appreciated by boosters who wanted something, maybe...well, a little more dignified. For a good while the Chamber of Commerce promoted the moniker The City of Medicine, and it worked pretty well in spite of itself. Isn't medicine what you take when you are sick? Of course, those *in medicine* look at it as a profession. The primary basis for the claim came from the stature of the Duke Medical Center which by all accounts is richly deserved. The City of Medicine moniker was pretty good branding for the city for a while but eventually it lost steam. Paradoxically, the influence of the Duke Medical Center in the community and around the world has continued to grow while biotech also continued to become a bigger part of what was happening in RTP. A closely related moniker of Durham's was "The Diet Capital of the World." Many people afflicted with extreme obesity came...and still come...for the programs offered here and many have stayed in the community. Among the spinoffs from the obesity programs at Duke are the Rice Diet and Structure House. Like "City of Medicine" you don't hear "Diet Capital" much anymore but the reasons for those names still remain. Although I like to refer to Durham as feminine, I predict The Bull City will continue to endure as a moniker.

The Neighborhoods

This is by no means meant to be an exhaustive list of Durham's neighborhoods. My focus here is on the neighborhoods where someone might find the kind of home that appeals to luxury buyers. By this I don't just mean the quality of the "hard" elements of the property either. Each is somewhat different in what it offers in terms of amenities and atmosphere. There are many fine neighborhoods in Durham, especially newer ones, that almost fit my description of luxury because the homes are spacious, well designed, comfortable, and safe but don't come with history or a country club or the extravagance that are usually associated with the luxury market. In fact, a serious buyer should not limit themselves to looking in the neighborhoods, I describe. What I'm trying to do is give a flavor of what is available.

Duke Forest

The Duke Forest neighborhood was originally developed just south of the Duke campus by the University for faculty and staff. It is heavily treed and is surrounded by the forest known as Duke Forest The forest itself has over 7000 acres stretching primarily west and north of the campus. There are several interesting aspects of the neighborhood. Many of the homes are still owned by their original occupants who were primarily faculty and staff at Duke. It is still a popular neighborhood for more affluent faculty and staff. There is an eclectic mix of styles and there are more mid-century modern homes here than anywhere else in Durham. Some are modest but others are quite spectacular. Many of these homes were built to be interesting and comfortable rather than grand which should be no surprise in an academic community. There are few really high end homes and fewer hit the market every year. Many of the homes that do come on the market have had little done in the way of upgrades for decades and may require substantial additional investments for modern kitchens and baths. It is always a treat to show homes in Duke Forest because they are so unpredictable. Because there is very little new building going on in Duke Forest, homes with no serious flaws and realistic pricing sell readily.

Trinity Park and Watts/Hillendale

These two older in town neighborhoods sit north of Brightleaf Square.

Trinity Park is west of Duke's east campus while Watts/Hillendale is north and west of 9th St. Very few homes in these neighborhoods actually are big enough to qualify as true luxury homes. Much to the chagrin of Realtors like me, many of the homes that come on the market are never listed on MLS. An unintentional exclusivity has sort of been created through neighborhood listservs where an owner can mention the possible sale of their property and immediately get several inquiries. The close sense of community that has developed with active neighborhood associations more than offsets any concern about safety. Even the fast flowing Duke and Gregson Streets and Club Blvd. don't take way from the attractiveness of these



neighborhoods. Many of the homes are in easy walking distance to the restaurants and shopping at Brightleaf Square and 9th Street. Because of the high demand homes in these neighborhoods sell quickly and usually at a premium.

Forest Hills

The Forest Hills neighborhood is one of the oldest in Durham and one of my favorites, in fact, I've owned two homes there. In 2005, Forest Hills was added to the National Register of Historic Places. The neighborhood was laid out in the 1920s by architect George Watts Carr, Sr. around a nine hole golf course that is now Forest Hills Park. Colonial, Tudor, and English Cottage homes, soon filled the forested hills only a few blocks south of downtown. Development continued after World War II, with newer homes following the tradition of quality design of the original Forest Hills development in more modern styles.

Forest Hills has a much more urban feel than Hope Valley, another historically important neighborhood. A busy thoroughfare, University Drive, splits the neighborhood north and south. At one time the widening of University Drive was widely anticipated as evidenced by a second row of oaks set back from the street on the south side of the park. However, the extension of I-40 to Chapel Hill and the Durham Freeway to I-85 has taken the pressure off and left the street more to local traffic. Still, it's enough to let you know that you are in the city. Other pleasant sounds contribute to that ambiance. The park is the site of frequent pick-up soccer games and an ultimate Frisbee league that is organized enough to have its own website. The thock thock of tennis balls on the public courts can often be heard late into the night. The park clubhouse and shelter host numerous events. A train whistle is often heard on quiet evenings. On early mornings in the fall the drumbeats of the NCCU Marching Bank float over the neighborhood from the campus that is just south and east. On summer evenings you can often also hear the sounds of fireworks coming from the DBAP after Bulls games. The banks of the creek running through the park where purposely let to go "natural" a few years back to provide a stream buffer and encourage wildlife. During one of the few heavy snowstorms several years ago a beautiful crane punctuated the snow field in perfect elegance. An access point to the American Tobacco Trail was built by the city where it passes through the neighborhood. The Trail is an abandoned railroad right-of-way that was developed for hikers and bikers that runs from the American Tobacco Campus to Research Triangle Park. Homes in the neighborhood range from the very grand to quite modest with an interesting mix of styles. Turnover is slow and people desiring this neighborhood often have to move quickly to acquire the home that they want.

Hope Valley

Of the three primary country club neighborhoods in Durham, Hope Valley is the oldest and most established. One of my earliest memories of Durham was a lunch in the club dining room with my two new bosses-to-be. The window I was facing had a view of one of the greens on the Donald Ross designed golf course. I lost all track of what they were telling me as a tee shot landed on the green and rolled to within a few feet of the hole. It seemed a little magical and a good omen and the quiet elegance of the room more than offset the not so great impression the run down downtown had left me with. Hope Valley was initially laid out over 80 years ago purposely beyond the trolley line to discourage those without automobiles from settling there. There are about 930 households in the community and besides the club it has an active neighborhood association. There has been some concern among homeowners that the character of the neighborhood could become compromised, so an appearance committee has undertaken such tasks as restoring the antique street signs. The association is also well on the way to having the neighborhood included on the National Register of Historic Places. Homes have been built in many styles but mostly traditional. A few rather ordinary ranches found their way into the community but the scarcity and value of the lots has resulted in a few extravagant renovations with additions and even a few tear-downs. During the late 80's some additional land opened up and New Hope Valley was created on the northern edge of the community. As the landscaping has matured in this section it has blended in quite nicely with Old Hope Valley.

Croasdaile

Durham's second major country club community is Croasdaile Farms. The club and the development were established on a dairy farm once owned by John Sprunt Hill who was a community leader and founder of Central Carolina Bank. The land was inherited by John Sprunt Hill's daughter, Frances Hill Fox. Dr. Fox was notable in her own right as one of only a few women medical school graduates of the time. In 1935 she graduated from the University of Pennsylvania Medical and later taught at the UNC medical school. She also inherited her father's business sense and developed the country club, the upscale luxury neighborhood around it and a shopping center and office space. Vestiges of the old dairy farm have been preserved as part of the development and are part of its ambiance. There are many styles of homes here although it is dominated by more traditional designs. Also included in recent years has been a very nice retirement community. The club has all the amenities you would expect in a fine club. The golf course was re-designed in 2002 by award winning golf course architect, John LaFoy who was also a protégé of the original architect, the renowned George W. Cobb. Cobb created the original design in 1966. The name Croasdaile was derived from the name of the dairy farm, which in turn was the name of a family John Sprunt Hill met on one of his trips to Ireland.

Of the three major country club communities in Durham, Croasdaile is closest to the Duke campus and medical center and has been popular with both faculty and staff. The main entrance to the club is just north of I-85, the Durham 15-501 Bypass



and the Durham Freeway which means that it is also very convenient to southern Durham, Chapel Hill, Downtown Durham, RTP and shopping at both the major malls.

Treyburn

Unlike Virginia, in North Carolina farms were typically smaller in pre-Civil War days but a few plantations did exist. The parcel for Treyburn, which means Three Rivers, was assembled from three of these plantations by a development group that included Terry Sanford, Jr. the son of Governor Terry Sanford, who also was President of Duke and a Democratic candidate for United States President. The initial vision for Treyburn in the late 80's was very ambitious. Besides world class luxury residences and a Tom Fazio designed championship golf course, part of the large parcel was intended to become an industrial development that would complement RTP with "clean" manufacturing in the high tech and biotech industries. The club and the residential were immediate successes. The industrial development has come more slowly but has steadily grown.

Treyburn is gorgeous. The topography in the north end of the county becomes a little more rolling. Treyburn also borders Little River Lake for some stunning views. There is a price for all this beauty in terms of convenience, however. A commute into Duke could take 30 minutes or more, stop and go, depending on the time of day. Although it is worth noting that many moving here from more congested metropolises laugh at the suggestion that this defines inconvenient. There is definitely more of a feel that this beautiful community is away from all the hustle and bustle of the city but with a lively social scene centered on the club. Traditional styling dominates in Treyburn with a few contemporaries.

Maida Vale

Maida Vale is one of three primarily upscale neighborhoods that are at least partially in Durham but in zip code 27517 which gives them a Chapel Hill address. Maida Vale really is unique for this area in that it is a planned and gated community of 60 home sites all to be built in a Mediterranean style. They are quite distinctive and beautiful and all brand new as I write this.

The Oaks

The Oaks straddles the Durham-Orange county lines. All homes here have Chapel Hill addresses and the many are situated on the golf course of the Chapel Hill Country Club. Some of the homes in the Oaks were built in the 70's but many others were built in the 80's and 90's. Traditional homes dominate but there are also very nice transitionals. The difference between the homes in Durham and those in Orange are in who taxes are paid to and what school children would go to.

Meadowmont

If you wander through the Oaks you will eventually reach Meadowmont which also straddles the county line. There are several things that are very unique about Meadowmont. The theme is that it is a "village" and the home sites surround a shopping area with several casual eating places, shops and business offices. The "walkability" also extends to the streets that include sidewalks. Many of the homes are on relatively small lots, reinforcing the village feel. There are also a number of townhouse communities off the village circle that are among the very few really luxurious townhouses in the area. The Meadowmont Club is not a golf club but a swim club.

When Meadowmont was first proposed several years ago there was some very vocal opposition from the Chapel Hill community because of its size and scale. The Oaks, Meadowmont and The Chapel Hill Country Club were all carved from a 1200 + acre farm that was called Meadowmont. Both the neighborhoods are more oriented towards Chapel Hill than Durham although many of the homes are in Durham County. I include the neighborhoods in this list to be complete. But it also illustrates the proximity of the two communities and how they are tied together in many ways on Durham's western edge. The distance between Duke's Cameron Indoor Stadium and the Dean Smith Center on the UNC campus is only 8 miles. This closeness has been part of making this one of the legendary college basketball rivalries. There is also some rivalry between the communities as well.

Finding a luxury property in Durham

Research conducted by the National Association of Realtors indicates that the vast majority of home searches today are begun on the internet. There is no reason to think that the buyers of luxury homes would be any less likely to do that than others. On the contrary, high income and high net worth individuals are more likely to be tech savvy and drawn to online tools. There are several websites that are devoted to luxury properties, however, none of these are comprehensive since they are driven by subscription. In other words, they only display the properties of those REALTORS who choose to pay to be on the sites. To be perfectly candid about it, the greatest utility they provide is to the agents as an advertisement for their services and not necessarily as a way to market their listings.

On the other hand, virtually every agent and company that has a web site...and most do...include a search tool that searches the local MLS. In the Triangle this is the Triangle Multiple Listing Service or TMLS. There are a few national franchise companies that consolidate the hundreds of local MLSs so that a potential buyer can search anywhere from one website. The National Association of REALTORS also does this consolidation at the national level through REALTOR.com. All MLS systems are



designed for the lowest common denominator and therefore don't usually provide enough information about luxury properties to really reveal what makes them special. Realtor.com does offer its members an additional service for a fee that allows for additional pictures and descriptive copy beyond what is passed to it from the local MLS.

When searching in Durham, please feel free to use the search tool on my luxury real estate blog, www.DurhamLuxRE.com. This tool was developed by a Durham entrepreneur to improve searches by allowing the searcher to create a "profile" through a series of questions that help prioritize a number of factors. This is a particularly interesting exercise for couples that may have slightly different ideas of their ideal home. It also allows its users to establish different "weights" for different criteria. For, example, if price received a relatively low weight, the search might return results outside the range of prices specified if the properties met other criteria that had been given higher weight. Not everybody wants to go through this exercise and the tool can be used like much simpler tools by just limiting the number of criteria that are actually used. The tool also lets a user create multiple profiles and searches, save them and isolate favorites. It does require registration with the use of a valid email address to maintain security and notify searchers when new homes come on the market that meet the search criteria or when others are withdrawn or sold. Please feel free to use the tool at no obligation.

At some point serious buyers are going to want to engage the services of a buyer agent to assist in the search, show them their top choices, help negotiate a purchase and manage the transaction. Of course, I'd like to be that agent but even if I'm not, I would strongly advise using an agent familiar with the neighborhoods that you are interested in.

Some Technical Stuff

All real estate transactions in the U.S. are governed by local and state laws and are strongly influenced by local custom so it is important to learn about these things especially if you are contemplating a purchase in a market new to you. In North Carolina the North Carolina Real Estate Commission supplements the existing real estate law with regulations governing the practices of real estate agents. Its mission is primarily consumer protection and it licenses all real estate agents and dictates pre-licensing training and required continuing education.

Until a few years ago, all real estate agents technically represented the seller in a transaction, even when that agent was engaged by the buyer. The real estate commission decided that buyers deserved equal representation and formally established "buyer agency" with its own set of practices and requirements. All licensed agents are licensed to represent either buyers or sellers and under certain circumstances they can represent both in the same transaction. When an agent or broker (all licensed agents in North Carolina are now brokers) signs a listing agreement with a seller, or a buyer agent agreement with a buyer, they assume some important obligations to protect their clients' interests. When interviewing buyer agents it is important to be careful about what information you share with them about your motivations or financial situation until you actually sign an agreement. An agent may show you homes without a buyer agent agreement in place, however, at that point the agent is technically representing the sellers and should use any information they have learned from you to get the best deal for the seller, not you. This troubles some buyers who do not want to commit to a buyers agent that they may have just met. However, most buyer agents will work with a client with a short term agreement or readily release a buyer from an agreement if some conflict develops. Per the Commission regulations, one of the first things any agent you talk to in a "meaningful" way should do is explain these agency rules.

Unless you have purchased property locally recently you should also ask that any prospective buyer agent review with you the process. In most cases a home purchase will involve other professionals including an inspector, an appraiser and an attorney. In North Carolina, most residential real estate transactions are handled by attorneys who specialize in these transactions. This is a little different than some other states where this is traditionally handled by a title company. In North Carolina these attorneys maintain Trust Accounts and are strictly regulated with regard to how money is handled. "Earnest money" is traditional but not required. The amount is usually part of the contract negotiations and is traditionally kept in Trust accounts maintained by the listing agent's firm once a contract is in place. A buyer agent in most cases will be willing to recommend professionals for these roles as well as other specialized personnel such as well inspectors and even contractors for estimates and repairs. In addition they will often be in a position to recommend lenders or mortgage brokers but the choice is always the buyer's choice. The exception is that the lending institution will choose the appraiser when financing is required.

Like most areas of the country, it is traditional that potential buyers be "qualified" before entering into a purchase contract. In the luxury segment, many sellers also want assurances that potential buyers are qualified before a house is even shown for the first time. It is a good idea to have a commitment from a lender or the certification from a banker or investment professional that the funds will be available to make the purchase before actually starting to visit potential homes. This saves a lot of time and potential embarrassment. It is not as critical for unoccupied new homes.



North Carolina also uses standard contracts that were developed by the NC Association of Realtors and the State Bar. The most frequent exception to this rule involves national home builders that may have their own standard contracts. In the last few years some major changes have been made to the standard contract. The most significant change is the addition of what is known as "Alternative B" which essentially creates an option agreement prior to the purchase of a home. Alternative A specifies an inspection at the buyer's expense and usually involves a subsequent negotiation of repairs or financial concessions based on the operating condition of the key systems of the house. Because Alternative B eliminates a lot of post inspection repair negotiations it is expected to become the preferred alternative for most transactions. But because it involves a different approach to making offers and negotiating a final deal it is only being adopted slowly. It is important to have these alternatives thoroughly explained by your buyer agent.

Agent commissions or compensation generally are *not* governed by law or regulation. When multiple listing services were first established, the first intention was not to share data but to create a basis for sharing compensation. Tradition has long determined the commission amount, who it was paid by (the seller in most cases) and how it was split with the agent who brought the buyer. More correctly all compensation is required to pass through the agents' firms, which follow strict requirements for accounting. Listing agreements now require that the listing agent disclose in the agreement what compensation will be offered to the buyer's agent. HUD regulations also require that this compensation be included on closing statements to make sure everything is as transparent as possible.

This is not the fun part of purchasing a home. However, the savvy buyer is wise to try to understand the motivations of all parties including both agents. To reiterate, *compensation practices are driven by tradition and company policy, not law or regulation*. This means that it is totally negotiable. In fact, the compensation doesn't even have to be a commission or be paid by the seller. This is often disconcerting to many agents who operated for many years governed by tradition. However, pressure from so called "discount brokers" and the "trust busters" at the U.S. Department of Justice has made the whole industry take a hard look at some of these traditions.

Wrap Up

This report is meant to be a primer for those interested in the Durham luxury real estate market but it is far from comprehensive. Please feel free to use the MLS search tool on DurhamLuxRE.com and follow the market reports and other community information as it is posted there. An easy way to do that is to subscribe to the RSS feeds. This can be done easily and anonymously. Whenever a new article is posted to the blog a summary is sent to a reader on your computer. The one I use is free from Google. But please, if you have a question, don't wait for it to be covered in a blog post. In fact, any suggestions for improving this report or for topics you would like to see addressed in the blog would be more than welcome. I can be contacted anytime at my email address, jay@jayzenner.com or by phone at 919.819.6666. I hope this will prove helpful.

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