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Developer plans more luxury apartment communities in downtown Winston-Salem

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A residential developer who has built and opened two luxury downtown apartment communities in the Triad in the past five years has three more downtown projects in different stages of development in the same city.

Construction on DPJ Residential's 242-unit The Artreaux apartments with a two-level, 350-space parking lot is underway on property bordered by Trade, 10th and Oak streets, across Trade from Winston Junction in the "Industry Hill" section on the north end of downtown Winston-Salem.

Porter Jones, the principal of Charlotte-based DPJ, said general contractor Harold K Jordan and Co. of Apex is expected to have Artreaux ready to open early in 2023. Built near several bars, restaurants, artisan shops and entertainment venues, Artreaux will have murals and other touches meant to fit in with the nearby Arts



DPJ RESIDENTIAL

The developer expects The Artreaux to open in early 2023.

District. Seven of the units will be built townhome style due to the configuration of the land.

DPJ is also planning a 337-unit, luxury community with a six-story, 525-space deck, at 920 Brookstown Ave. (a name has yet to be selected), near the city's Truist Ballpark. The 4-acre property was recently purchased for \$4.5 million by an LLC controlled by DPJ partner Chaucer Creek Capital of Raleigh.

The fifth project is at 923 N. Liberty St., a site now occupied by Carpet Warehouse. Also yet to be name, the community will have 275 units with a five-story parking deck. Construction is expected to begin in the second half of 2023 and take about two years.

Jones said general contractors have not been selected for the Brookstown or Liberty projects.

DPJ opened its first downtown Winston-Salem community, West End Station, at 206 S. Greene St., in 2019. West End Station was 90% occupied only a few months after opening when DPJ and Chaucer Creek sold it for \$52.5 million to EBSCO Income Properties of Birmingham, Alabama.

In May, DPJ opened The Easley, a 300-unit project at 994 Second St., near the ballpark. Jones said The Easley is currently 30% occupied. According to apartments.com, the lowest-priced one-bedroom unit available rents for \$1,525, with two-bedroom units starting at more than \$2,200.

At West End Station, apartments.com lists available one-bedroom units starting at \$1,405, with two-bedroom units starting at \$2,081.

Jones said construction on the community at 920 Brookstown, to be built where Second Street joins Peters Creek Parkway, is expected to begin in the first half of 2023 and last for about two years.

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Chaucer Creek is a partner in each of the five downtown projects, which include high-end amenities such as saltwater pools, fitness areas, EV charging stations, pet spas and private parking decks.

Jones said Winston-Salem's population growth trends and expected job growth indicate that despite the addition of several downtown communities in the past decade, the inventory of apartments in downtown Winston-Salem will not meet demand in four years, the length of time it takes for his projects to progress from planning to expected occupancy.

Jones said he typically expects about 30% — likely more if interest rates continue to escalate — of the new jobs to be filled by renters.

Jones said many of the tenants at West End Station and The Easley work at Atrium Health Wake Forest Baptist and the Innovation Quarter. He said the expected job creation in the next few years at those areas should have a significant impact on the success of Artreaux and 920 Brookstown.

In comparison to Charlotte, a fast-growing market, where he also has developed apartment communities, Jones said Winston-Salem has a greater apartment shortage.

Jones points to the recession that began in the late 2000s, which stalled the development of new housing, for the shortage, as population increased.

"I think we're still catching up from the Great Recession," Jones said. "All we're doing is filling up the void that was created. For 10 years, there was no building, and the hole in supply kept getting deeper each day."

DPJ is not alone in developing downtown Winston-Salem apartments.

Grubb Properties is scheduled to open 240 units at Link Apartments 4th Street later this summer. Grubb has opened other downtown apartments at Link Brookstown and Link Innovation Quarter. Mayfair Street Partners is developing 134 apartments at 4th and Liberty streets.

Jones said DPJ spaces its projects to avoid having new communities compete with each other for tenants.

"We never have multiple projects on the same timeline," he said.

Jones said the prices for materials and labor are projected to be 40% higher for Artreaux than the approximately \$50 million spent on The Easley. West End Station, which has 229 units on 4.3 acres, was an approximately \$35 million project.

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