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Midtown

'Midtown Mile' project sets stage for commercial growth

Atlanta Business Chronicle - by [Martin Sinderman](#) Contributing Writer

A diversification of development is on tap for Midtown, with efforts well under way to add flagship retail to a fast-growing mix of office and residential projects in Atlanta's arts district.

Like its downtown counterpart, Midtown's office market has seen a number of major buildings change hands during the past three years. Deals done include the 2005 sale of the 509,237-square-foot 171 17th Street building at Atlantic Station for \$170.5 million, or \$335 per square foot; the 2006 sales of the 1.1 million-square-foot One Atlantic Center (\$305 million/\$277 per square foot) and the 670,000-square-foot 1180 Peachtree (\$254 million/\$370 per square foot); and the 2007 deals for the 582,000-square-foot 1100 Peachtree (\$154 million/\$265 per square foot), the 621,000-square-foot 999 Peachtree (\$127 million/\$204 per square foot) and the 439,388-square-foot Campanile (\$98 million/\$223 per square foot).

And there are more major buildings on the way here. A late 2009/early 2010 opening is planned for the 725,000-square-foot office component of **Daniel Corp./Selig Enterprises Inc./Canyon-Johnson Urban Funds'** \$2 billion mixed-use 12th & Midtown project; meanwhile, 271 17th Street, a 530,000-square-foot addition by AIG Global Real Estate to the office array at Atlantic Station, is slated to open in 2009.

The pace of leasing this year at 12th & Midtown will determine if more new office buildings get under way here any time soon, according to **Colliers Spectrum Cauble Inc.** Vice President Pete Shelton.

"There's a score of other developers lined up to kick off buildings if leasing at 12th & Midtown starts to gain momentum -- but if it doesn't, you'll see a lot of projects put on hold," said Shelton.

Office projects are just a part of the bigger picture in Midtown, though.

Since the announcement of the Midtown Mile retail development initiative in late 2005, more than \$5 billion of mixed-use development deals either began construction or were announced to deliver by 2012, according to Susan Mendheim, president and CEO of **Midtown Alliance**.

"Most of these projects are located within two blocks of Peachtree Street, Midtown's main corridor, and will add more than 5 million square feet of office, 600,000 square feet of retail, 8,000 residential units and 1,700 hotel rooms to our burgeoning neighborhood," Mendheim said. "This concentration of development on or near the Midtown Mile further validates the market's ability to support an upscale, street-level retail destination."

5 Questions

Matt Bronfman

Managing director, Jamestown Properties

1) What have been the major drivers of/reasons behind the surge in commercial real estate development in Midtown over the past several years?

Midtown has great fundamentals in terms of the student population (Georgia Tech and SCAD) contributing young creative folks, Piedmont Park, the arts presence (High Museum and Woodruff) and good traffic flow (access from the Downtown Connector as well as a street grid making it easy to navigate). These factors combined make Midtown unique in Atlanta.

2) Your company acquired 999 Peachtree last year. What aspects of the Midtown market contributed to making the building an attractive asset?

10th and Peachtree [999 Peachtree's location] is a "main and main" corner in Midtown. You've got the Federal Reserve Bank of Atlanta, Georgia Tech and MARTA in the immediate area, as well as excellent access to the I-75/85 Downtown Connector.

3) What are the major factors that seem to be making Midtown increasingly attractive to (especially financial and professional services) office space users?

The factors noted above, such as young people, the arts, the park and good access. Those unique advantages speak to younger workers as well as more seasoned professionals who, for example, want to be able to walk to work, the theater after work or go for a walk in the park.

4) What impact does activity in Midtown West in general/Atlantic Station in particular have on Midtown proper? Are these two competing markets or are they part of a larger whole?

I prefer the Midtown side of the Connector because it has better highway access, the arts and the park. But they complement one another. With time, I believe 17th Street becomes a very pedestrian-friendly street from Atlantic Station right to Peachtree.

5) One of the things lacking in Midtown's commercial real estate mix in the past has been a solid retail component. How is that changing, and if so -- what are the benefits?

Midtown obviously already has a strong office market and good residential base (especially when you factor in the neighborhoods within a couple of miles, such as Virginia-Highland and Ansley Park). What this part of the world needs is more retail, which is something I believe we will see as elements of the Midtown Mile fall into place over the next couple of years.

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