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From the Atlanta Business Chronicle:

<https://www.bizjournals.com/atlanta/news/2017/05/31/what-will-hines-and-invesco-do-next-at-atlantic.html>

What will Hines and Invesco do next at Atlantic Station?

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After spending the past two years tying up two key office sites along the Downtown Connector at Atlantic Station, Hines has a capital partner to fund the projects.

Now, the question becomes when might construction on the Atlantic Station office buildings get started.

Hines announced May 30 it formed a joint venture to develop the projects with Invesco Real Estate, which is representing an unidentified fund.

The partnership now owns several acres along Fowler and 17th streets, where it would build the 500,000-square foot Atlantic Yards. Wakefield Beasley & Associates is the architect.

The joint venture also has another 1-acre site at 18th and State streets. Known as T3 West Midtown, the project will be a 200,000-square-foot heavy timber office development designed by Hartshorne Plunkard Architecture.

Hines executive John Heagy said it's possible construction on Atlantic Yards could begin sometime in early 2018, possibly right after the new year. But just how likely is that timetable, given metro Atlanta's office market just saw negative absorption for the first time since 2011? It will be interesting to see if Atlanta employment growth — it's up more than 80,000 jobs year over year — fuels enough demand for more office space.

"Midtown is at historic levels in terms of interest and activity," said Lawrence Gellerstedt, a leader in the Tech Practice Group with Cushman & Wakefield. "Atlantic Station has benefited greatly from this demand."

Steve Baile, chief operating officer with Selig Development, said up to 2.5 million square feet of tenants continue to scout Midtown for office buildings and sites.



JAMES AIELLO

Atlantic Yards, a project proposed at Atlantic Station. Hines and Invesco formed a joint venture on the project.

Baile, who is helping lead pre-development of the \$400 million mixed-use project 1105 West Peachtree Street, said his firm has applied to more than 1.7 million square feet of requests for proposals. Those RFPs were issued by tenants in the market that could lease some of 1105 West Peachtree's 645,000 square feet of office space.

Hines' partnership with Invesco is similar to a joint venture between Hines and Cousins Properties Inc. (NYSE: CUZ) on the second phase of Avalon, the big mixed-use project in Alpharetta that already landed Microsoft Corp. (NASDAQ: MSFT)

Thad Ellis, who leads Cousins' office portfolios in several Sunbelt cities including Atlanta, said Hines and Invesco have a good site along the Connector, and leasing demand across Atlanta remains steady.

Even so, it will be closely watched if job growth and tenant demand remain strong enough for Hines and Invesco to go spec with one of the office projects, or start construction without a significant amount of pre-leasing.

Midtown did see negative absorption to start this year for the first time in 15 quarters, but tenant demand remained strong during that period, with more than 475,000 square feet of deals this year, according to Jones Lang LaSalle Inc.

It's also worth pointing out Midtown has been the center of several new office projects over the past two years, though most are clustering around Tech Square, where NCR Corp. will put its new headquarters. In the past few years, companies such as Worldpay and Sage have also relocated to Atlantic Station.

"I think Hines has a great site and project," said Addison Meriwether, an executive director with Cushman & Wakefield. "If you are going break ground, it probably should be Midtown."

Douglas Sams
Commercial Real Estate Editor
Atlanta Business Chronicle

