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How Hines Landed Microsoft in the Middle of the Pandemic

COVID's shutdowns helped the Hines team focus on closing the deal.

By **Les Shaver** | August 26, 2020 at 05:55 AM

f Last summer, the Hines team received word that an unidentified customer was undertaking a multi-city search to find at least 200,000 square feet of office space. One of the places that attracted the prospective tenant was the West Midtown submarket in Atlanta, where the Hines Atlantic Yards project sits.

in "Our focus in our response was on Atlantic Yards [in West Midtown] because, by the summer of last year, it was getting cranked up," says Hines' Senior Managing Director John Heagy.

t The process played out through the second half of 2019, and the Hines' team played the parlor game of guessing who the bidder was.

Print "That kind of made it fun trying to figure out who it was," Heagy says. "If you're tracking the Midtown submarket, this has been a market that has been highly sought after by the financial technology industry."

Email Already, Hines has successfully attracted a couple of technology firms to the market. "There was a big Google deal that had long since been announced, and we had concluded a deal, although we couldn't announce it at the time, with Facebook at T3 West Midtown," Heagy says. "And Pandora and so many others had gotten deals done in the market. We suspected it was probably another technology firm of some sort."

Share By the latter part of the year, the Hines team learned that Microsoft was interested in its space. "With a name like Microsoft, you absolutely sit up and get on the edge of your chair," Heagy says.

The negotiations took a turn at the beginning of the year. "It pivoted in a big way based upon how much square footage they [Microsoft] wanted to take in the building," he says. "So we started the year with a square footage that was unique and new to us. It required some adjustments to the economics of our deal, and then COVID hit."

If anything, COVID provided Heagy and his partner, Tori Kerr, who is a managing director responsible for the development, asset management, leasing and acquisition activities in Hines' Southeast Region, with the opportunity to tune out outside distractions and focus on closing the deal. Instead of traveling to work on other deals, they were at home and focused on Microsoft.

"We worked nonstop from our homes for 60 days, responding to questions and documenting the things that were important, knowing that this was Microsoft," Heagy says. "There was no impact from COVID on this transaction."

In May, after almost a year of work, Hines and Invesco Real Estate announced that Microsoft would occupy 523,000 square feet, which was the entirety of the two-building Atlantic Yards office development. The deal provides space for Microsoft to create 1,500 new high-tech jobs in West Midtown, with occupancy targeted for summer 2021.

"They [Microsoft] really saw a powerful community [in Atlanta] for them to nurture their business, which is of course artificial intelligence and then also their cloud computing business," Heagy says.

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