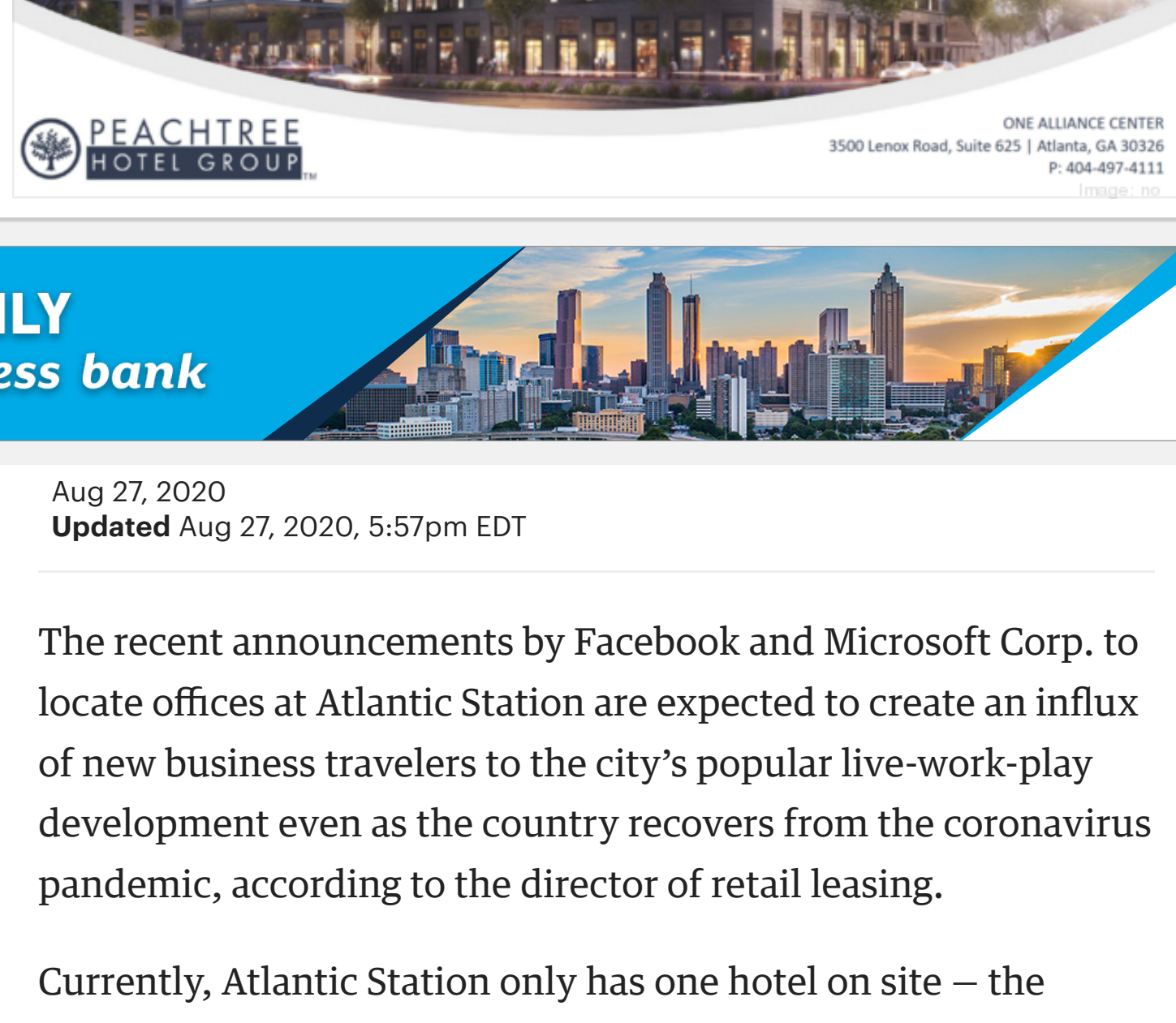


COMMERCIAL REAL ESTATE

Atlantic Station adds hotels to meet expected increase in business travel



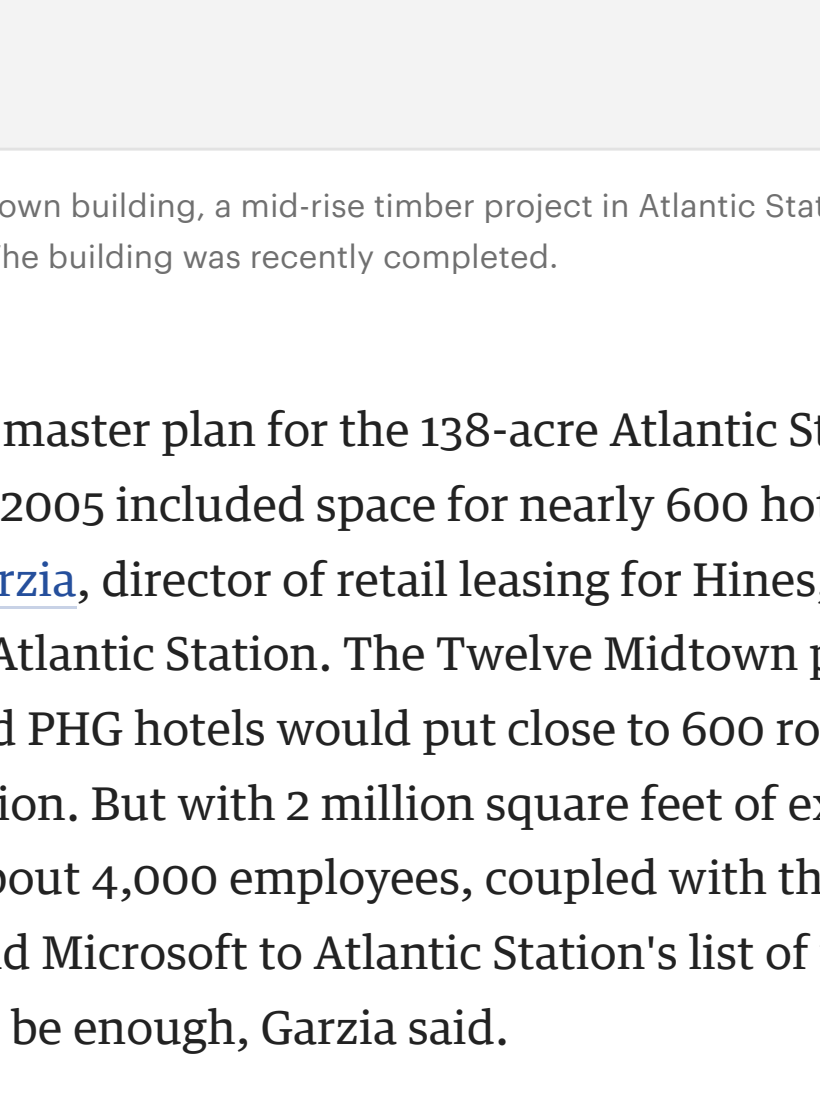
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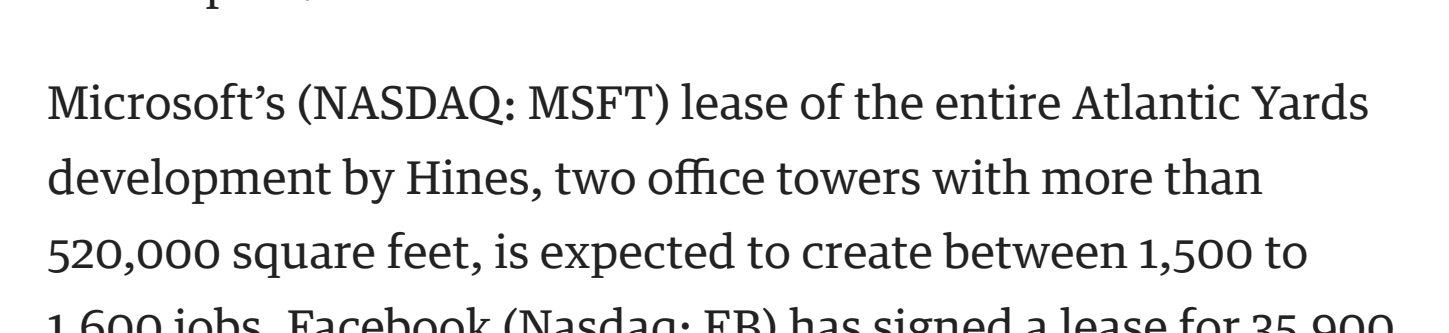
Aug 27, 2020 | Updated Aug 27, 2020, 5:57pm EDT

The recent announcements by Facebook and Microsoft Corp. to locate offices at Atlantic Station are expected to create an influx of new business travelers to the city's popular live-work-play development even as the country recovers from the coronavirus pandemic, according to the director of retail leasing.

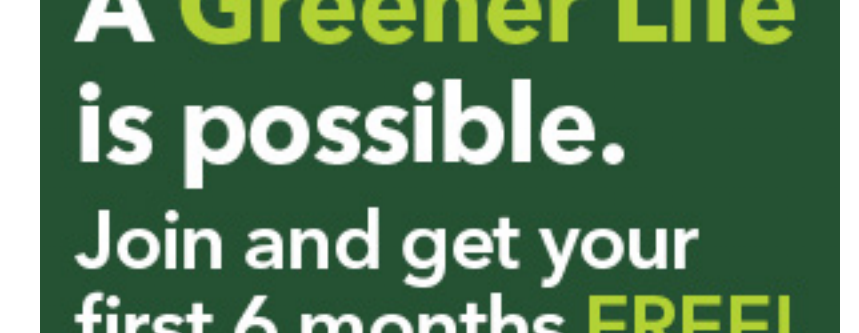
Currently, Atlantic Station only has one hotel on site – the Twelve Midtown on 17th Street with 120 rooms. Embassy Suites Atlantic Station, a 186-room hotel, is now under construction and expected to open in early 2021. And now Peachtree Hotel Group plans to build an \$85.5 million dual-branded hotel on less than 1 acre between 17th and 17 1/2 Streets at Atlantic Drive.



The hotels, a 130-room SpringHill Suites and 144-room Tapestry by Hilton, will add another 274 rooms. The development by Authority of Fulton County approved Aug. 25 a \$3.8 million property tax abatement over 10 years for the PHG project.



The original master plan for the 138-acre Atlantic Station when it opened in 2005 included space for nearly 600 hotel rooms, said Nick Garzia, director of retail leasing for Hines, the property manager of Atlantic Station. The Twelve Midtown plus the Embassy and PHG hotels would put close to 600 rooms within Atlantic Station. But with 2 million square feet of existing office space and about 4,000 employees, coupled with the addition of Facebook and Microsoft to Atlantic Station's list of tenants, that still may not be enough, Garzia said.



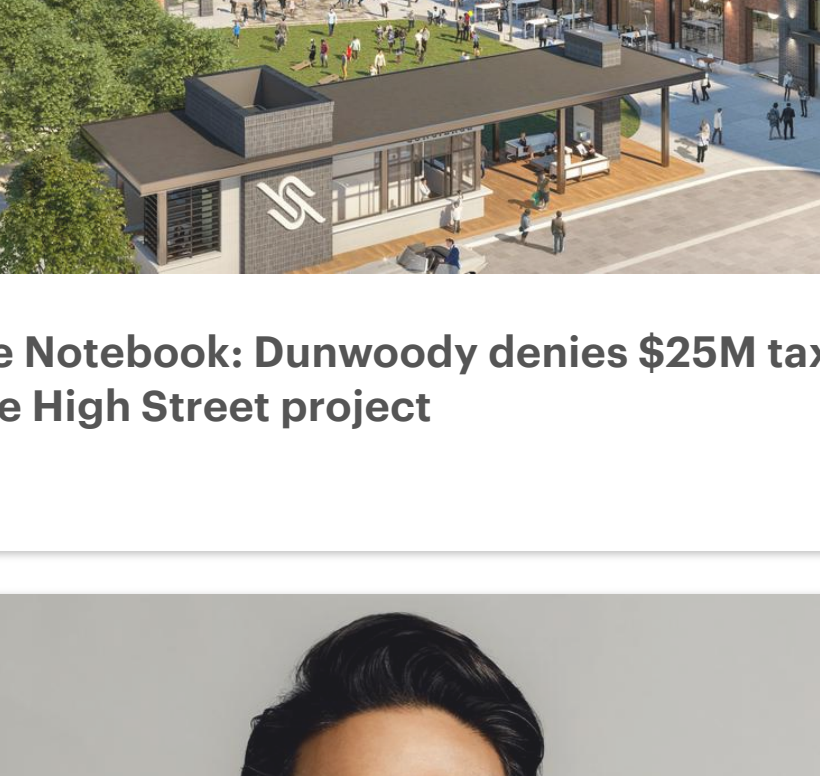
"If you look at the amount of office space that we have and the amount of office space that we're getting, that we have under development, we clearly don't have enough hotel rooms," he said. "If you just measure the success of the Twelve Hotel, it's always very well occupied, and it drives some of the best room rates anywhere in the Midtown market so I think the demand was certainly there to add more and it was always part of the master plan."

Microsoft's (NASDAQ: MSFT) lease of the entire Atlantic Yards development by Hines, two office towers with more than 520,000 square feet, is expected to create between 1,500 to 1,600 jobs. Facebook (Nasdaq: FB) has signed a lease for 35,900 square feet at T3 West Midtown, a mid-rise also developed by Hines.

"Each of those being as prominent, big companies as they are, they are going to generate a lot of visits to their offices and a lot of the need for [hotel] room nights," Garzia said.

"I think in the short term, this [number of rooms] will satisfy what we need, but Atlanta is a dynamic and growing market, I still think it's going to be as we all kind of recover from the Covid-19 hangover, so it is hard to say if we're done or not," Garzia said. "I think we're going to really let the market guide us on that."

There are still about 9.5 acres to develop at Atlantic Station, Garzia said – about six acres known as The Pinnacle, where the popular Cirque de Soleil is located each year, and another approximate 3.5 acres known as "Block B" that sits between Atlantic Yards and The Atlantic tower.



The story has been updated to clarify that the planned opening date for the new PHG hotel is not in 2021.

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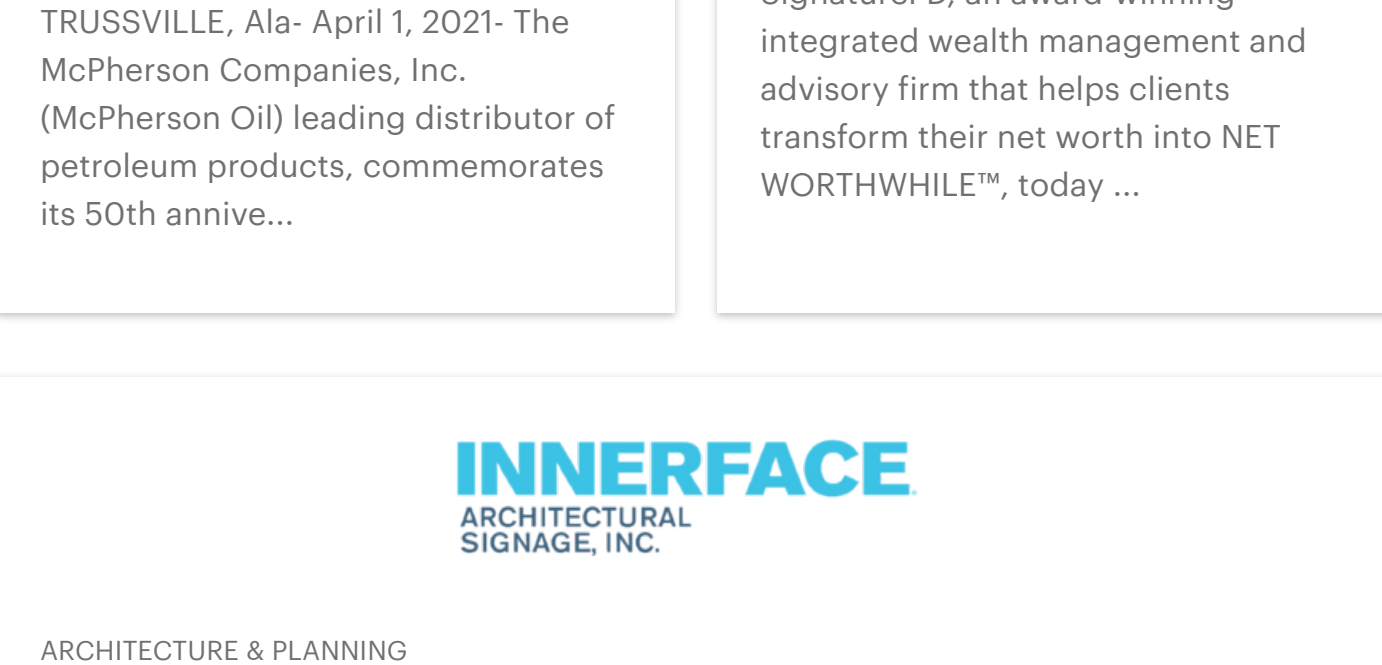
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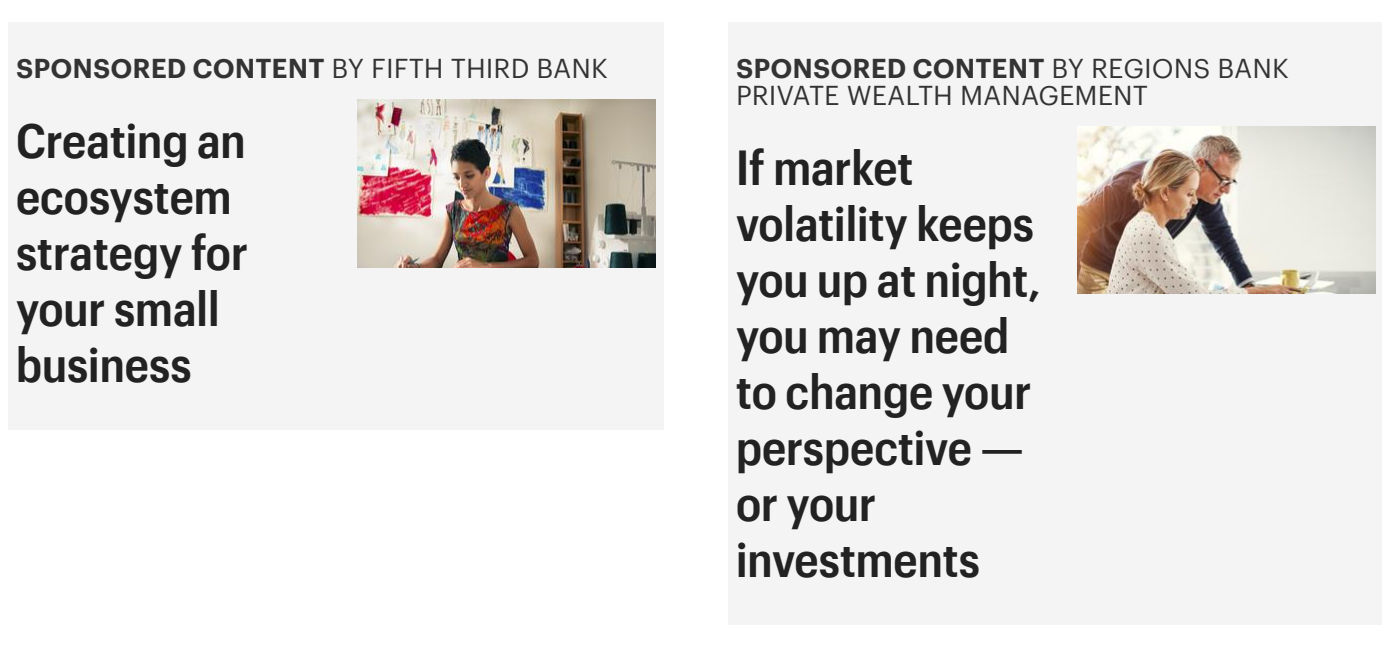
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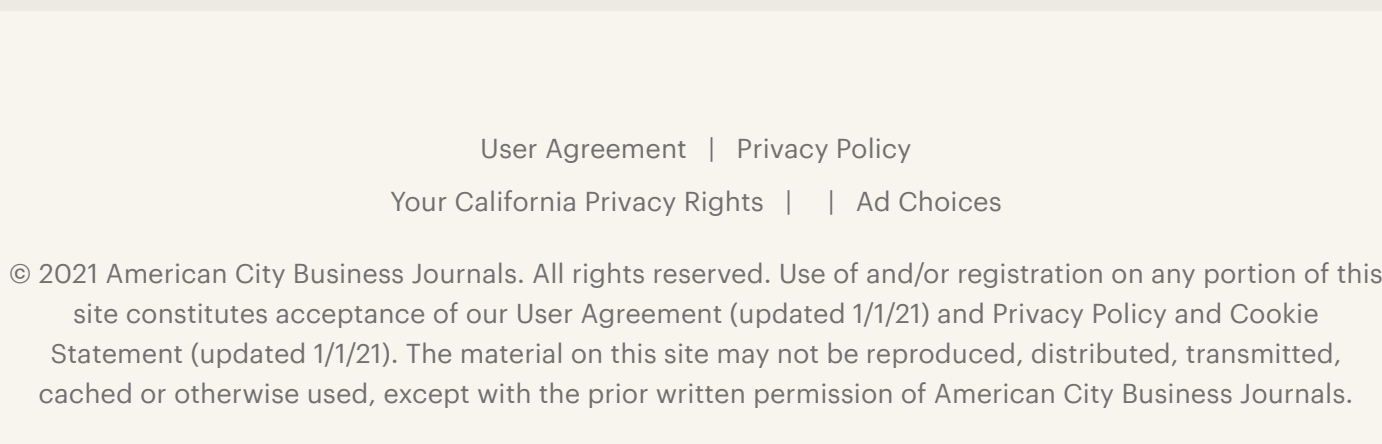
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