

THE WEEKLY A.C.R.E. REPORT

KEEPING THE INFORMED INFORMED



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TOP ARTICLES

FROM THIS PAST WEEK

EMORY TO PAY \$34 MILLION, RE-OPEN SMYRNA HOSPITAL

Emory Healthcare is reasserting its presence in Cobb County by reopening the former Emory-Adventist Hospital, which will now be called Emory University Hospital Smyrna. After shuttering the community hospital nearly two years ago because of financial struggles, the health system on Aug. 4 received approval from the Georgia Department of Community Health to make \$33.8 million in renovations and reopen the hospital. WellStar is not happy about Emory re-opening a community hospital on its turf. Its Marietta, Ga.-based WellStar Kennestone Hospital and Austell, Ga.-based WellStar Cobb Hospital both filed letters of opposition to Emory's plans.

The renovations will include \$13.9 million in construction costs and \$17.8 million in equipment costs, which will be funded from Emory University's unrestricted reserves. It will also build two new operating rooms.



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DALLAS SEVEN BORING

ACKERMAN'S BRASELTON GAMBLE PAYS OFF

Six months after filling its warehouse with Petco, Ackerman & Co has sold Braselton 85 Distribution Center for \$52.70/SF. Cabot Partners picked up the 440k SF warehouse off Georgia Highway 211 in Braselton for \$23.2M. The firm purchased it in a JV with Artemis Real Estate Partners for \$14M in 2013.

CANADIAN REIT EXPANDING IN ATLANTA WITH \$15.8M DEAL

Agellan Commercial Real Estate Investment Trust said it's agreed to buy two multi-tenanted light industrial properties in Atlanta for \$15.8 million. Called Norcross Springs, it consists of four buildings containing approximately 322,000 square feet and is currently 90 percent occupied by 21 tenants. Agellan's current portfolio totals about 4.7 million square feet in 31 properties. The properties are primarily located in major urban markets in the United States and Canada. The company's other Atlanta properties include 1256 Oakbrook Drive, 1265 Oakbrook Drive, 1280 Oakbrook Drive, 1325 Oakbrook Drive, 1346 Oakbrook Drive, 1351 Oakbrook Drive and 1800 Sandy Plains Industrial Parkway.



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NORCROSS SEEKS DEVELOPER FOR NEW URBAN CENTER

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Norcross is seeking a developer for a proposed seven-acre mixed-use project around Lillian Webb Park- a potential spark for the city's growth along Buford Highway. The recently issued RFP to find a developer of retail, office and residential space. The RFP focuses the next opportunity for mixed-use development on city-owned land along Mitchell Road, Bostic Street, Holcomb Bridge Road and Buford Highway, a corridor stretching from the suburbs to intown Atlanta that has been trying to lure new investment for decades. Developers are expected to submit bids by September 2. Norcross is like several other suburban Atlanta cities, which are trying to bring new life to areas of their downtowns that lost vitality during the 80s and 90s when malls dominated the retail landscape. Real estate companies and their equity partners are investing in historic intown neighborhoods and suburban downtowns, launching adaptive reuse projects in areas that have been under-served with retail and apartments for more than a generation.



\$110 MILLION-PLUS DATA CENTER PLANNED FOR MIDTOWN'S CODA OFFICE TOWER

A 90,000-square-foot data center will account for about a third of the cost of a proposed \$350 million office development in Midtown's Technology Square. The data center, the heart of the 25-story Coda mixed-use tower, will cost more than \$110 million and deliver about 9,000 kilowatts of critical power and cooling. The city's economic development arm will vote Thursday on nearly \$14 million in economic incentives for the overall project. The server farm will be managed and operated by Next Tier.

Georgia Tech will serve as the anchor tenant for the 750,000 SF Coda (formerly referred to as the High Performance Computing Center), occupying about half of the office and data-center footprint. The remaining space will be available for corporations and Georgia Tech research partners. Expected to open in late 2018, Coda will target companies who work on "big data" technologies and would require use of the in-house data center. Big data refers to the crunching of massive and complex data sets that can't be processed by database management tools.

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ATLANTA FED ESTIMATES ECONOMY GROWING AT 3.5 PERCENT IN THIRD QUARTER

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On Aug. 12, the Atlanta Fed's GDPNow model forecast for real GDP growth in the third quarter dropped its estimate to 3.5 percent from its Aug. 9 projection of 3.7 percent due to some poorer than expected consumer spending. On July 28, the Atlanta Fed's GDPNow model forecast for real GDP growth in the second quarter was 1.8 percent. After a slow start to the first half of the year, an increase in the second quarter should deliver the average growth of 2% that has been typical of the recovery.

ATLANTA'S POST PROPERTIES BEING BOUGHT BY MID-AMERICA APARTMENT COMMUNITIES



Post Properties will be purchased by Mid-America Apartment Communities for about 4.38 billion. The combined company's 10 largest markets by unit count will be Atlanta, Dallas, Austin, Charlotte, Raleigh, Orlando, Tampa, Fort Worth, Houston and Washington, D.C. MAA's Bolton will serve as CEO and chairman of the combined company. The company will retain the MAA name and will trade under the ticker symbol MAA. The combined company's corporate headquarters will be located in Memphis. MAA is a real estate investment trust that focuses on the acquisition, selective development, redevelopment and management of multifamily homes throughout the Southeastern and Southwestern regions of the United States. As of the end of 2015, MAA owned or had ownership interest in 79,496 operating apartment homes in 254 communities in 15 states.



Post Properties was founded in 1971 by Atlanta apartment king John Williams. At the end of 2015, Post had interests in 24,162 apartment units in 61 communities, including 1,471 apartment units in four communities held in unconsolidated entities and 2,630 apartment units in seven communities currently under development or in lease-up.



IS ATLANTA A GOOD PLACE FOR A BAD DADDY?

The CEO for Good Times Restaurants—which runs Good Times Burgers & Frozen Custards as well as Bad Daddy's Burgers—told investment analysts this week that Atlanta was one of the new markets the burger chain was looking to enter. "So as we look into [entering] Nashville and Phoenix and Atlanta...we are really focused on the trade area and the dynamics of the individual sites," says CEO Boyd Hoback. He did not mention any specific sites or markets within Atlanta. Last year, Good Times purchased the remaining outstanding interest in NC-based Bad Daddy's Burger Bars for \$21M.

MARTA WANTS TO SWAP ENTIRE TRAIN FLEET FOR STREET-READY CARS BY 2026

MARTA's next progressive move could be to begin the process of swapping out its entire fleet of train cars for more versatile vehicles that can traverse city streets and other nontraditional routes. The transit agency wants to retire all of its aging train cars by 2026 and incorporate a new fleet that can double as streetcars and travel freight rails, which could be key for branching the system into Clayton County, according to a Saporta Report article that cites bid solicitations due by the end of this month. It's not the first out-of-the-box news to come from the MARTA front this summer. MARTA rolled out a double-decker, 14-foot-tall bus as part of a six-week trial program last month that could help ease congestion on some of the system's busiest routes. Earlier this summer, MARTA deployed double-long, articulated buses on busy routes that officials hope will be another high-capacity solution and ridership booster.



GOOGLE-BACKED ATLANTA STARTUP FULL STORY TO TRIPLE WORKFORCE IN \$5 MILLION EXPANSION



FullStory, which has raised \$10 million from Kleiner Perkins Caufield & Byers, Google Ventures and Tom Noonan, develops software that records user interactions on a website or app, providing product and support teams insight into the interactions of visitors and customers. In November, FullStory will relocate to a more than 13,000 square foot office at Armour Yards, a 300,000 square foot loft-office project under development in West Midtown. FullStory is building-out an additional 2,000 square foot mezzanine level.



BUCKHEAD DOUBLE LOT SELLS FOR NEARLY \$1 MILLION AN ACRE

A rare 4.8-acre double lot in Buckhead that hit the market in April for \$4.75 million just sold for \$4.39 million. According to property records, the lot was sold in 2008 for \$3.8 million by Nader and Soheila Rastegar to Jelco Alpha Investment Corp. The lot at 336 Valley Road sits between Tuxedo Drive and Northside Drive. The property combines a 2.7-acre lot with a 2.1-acre lot.

SERENBE'S \$250M MIXED-USE HAMLET, MADO

Serenbe officials announced this week they've broken ground on the first phase of a \$250-million, mixed-use venture that should add a new walkable dimension to the southwest-OTP agrarian utopia. The development, dubbed "Mado", will eventually include almost every function under the mixed-use umbrella: commercial office space, multiple restaurants, apartments, homes, townhouses, and a "destination" spa and hotel.



GSU SIGNS DEAL TO BUY TURNER FIELD

Atlanta and Fulton County have signed an agreement to sell Turner Field to Georgia State University for \$30 million, Atlanta Mayor Kasim Reed announced Thursday. The Georgia State component of the plan includes student housing, a baseball park on the site of the old Atlanta-Fulton County Stadium and a stadium for the football Panthers at a renovated Turner Field. A master plan for the 1,700 acres and five neighborhoods surrounding Turner Field calls for parks, a walkable street grid, retail, restaurants and a transit connection linking the area to downtown Atlanta. The plan redevelopment is expected to cost \$300 million in total.

GE SAID TO BE EYEING BUCKHEAD FOR 250-JOB IT HEADQUARTERS

General Electric Co. said it would consolidate the division in Midtown, a project that will, over time, bring more than 400 jobs to Atlanta. GE will shutter the Fairfield, Conn.-based IT HQ and consolidate work from around the country. GE considered several sites around Georgia Tech for the IT hub, including the city's tallest office building, the Bank of America tower. GE has said it would immediately start building the IT team in Alpharetta, where it has an office. The company also said it would likely take temporary space in the city, while it looks for a permanent site. It is not clear if the interest in Buckhead is for the interim space, or the final location. In Buckhead, GE is said to be looking for about 50,000 square feet, or two floors, according to a source. The company is not considering "trophy office towers," which rules out Three Alliance Center and 3344 Peachtree. Buildings under consideration could include the 34-story Atlanta Plaza, which hosts Salesforce and Rubicon Global: the Buckhead Plaza buildings; and the Piedmont Center office complex.



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WEATHER'S WARM FRONT HEADED TO CROWN PROJECT?

Crown Holdings Corp—owner of the former Gold Kist HQ site in Central Perimeter—is in talks with IBM to house its recently acquired Weather.com operations there. The deal comes on the heels of Crown removing redevelopment plans for the entire property from the City of Dunwoody rezoning consideration. Weather.com could take up to 140k SF there. Crown Holdings now plans to invest "tens of millions" of dollars into the 262k SF former Gold Kist HQ to turn the tired building into a Class-A office. Crown could also build some 2.5M SF of office on the property under current zoning.

BISNOW
(ALMOST) NEVER BORING



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WOOD PARTNERS MOVING ON PARK AVE PROJECT

Wood Partners is finally looking to climb 27 stories in Buckhead. The firm has filed permits with the City of Atlanta to begin construction of 1000 Park, the 267-unit apartment tower across from Phipps Plaza. The project will include a five-level parking deck below and an "amenity deck level," according to permits. This is Wood's latest iteration of the project that was greatly reduced in size from an original plan of some 40 stories.

BROOKHAVEN EYES LAND FOR PEACHTREE CREEK GREENWAY, AN EVENTUAL BELTLINE CONNECTION

The northern ITP city is moving toward the purchase of green-space parcels that could be used in the creation of a 2.7-mile trail along Peachtree Creek's north fork. As part of a 12-mile total effort called Peachtree Creek Greenway that would link with the Beltline, Brookhaven's portion would provide residents with close-to-home and close-to-work trail access as well as bicycle and pedestrian trails. The article states Brookhaven has begun identifying possible greenspace properties for an overarching comprehensive park and recreation master plan, as well as tracts specifically for the city's portion of the Peachtree Creek Greenway. The overall 12-mile stretch is a multi-municipality effort that includes Chamblee, Dekalb County, and Doraville. A grassroots group is helping support the effort. The trail would begin just outside I-285, roughly following I-85 until it joins the South Fork of Peachtree Creek near the Lindbergh MARTA station.



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METZLER LOOKS AT BUYING MIDTOWN'S 10 TENTH STREET FOR CLOSE TO \$150 MILLION

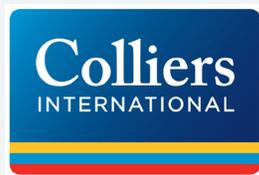
Metzler Real Estate is emerging as the front-runner to buy Midtown's 10 Tenth Street, as bids for the 14-story building where Google maintains its Atlanta sales and engineering office recently surpassed \$350 a foot. Banyan Street Capital and Oaktree Capital Management are selling the 421,746 SF office building, also known as Millennium in Midtown. The sale could approach \$150 million.

CAP LAUNCHES STUDY OF CAPPING DOWNTOWN CONNECTOR WITH URBAN GREENSPACE

The downtown booster organization is raising money to study a concept plan it calls "The Stitch," which envisions capping the Downtown Connector by constructing a 3/4-mile platform over the highway, extending from the Civic Center MARTA station at West Peachtree Street to Piedmont Avenue. An initial estimate of the cost of the project is \$300 million. CAP says nearby land owners have also been a part of the process by providing input. CAP's study comes as the Buckhead Community Improvement District is studying the feasibility of an up to 9-acre park over Georgia 400 where it goes under Peachtree Road. A master planner for that study was selected in April. That project likely would cost at least \$200 million.



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