



Real Estate Notebook: Google's 300,000 sf expansion, Carlyle Group to the Beltline, BOBO's new concept

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SELIG ENTERPRISES INC.

Rendering of an outdoor amenity at 1105 West Peachtree.

Google appears to have quietly leased over 300,000 additional square feet at a new Midtown office tower, one of the largest office leasing transactions in Atlanta over the past year, according to market sources.

The Google deal was likely alluded to by Colin Connolly, CEO of Atlanta-based real estate company Cousins Properties Inc. (NYSE: CUZ), during a July 31 call with analysts. Connolly was pointing to the recent expansions in Midtown of both Microsoft and “a very large technology company” that signed a more than 300,000-square-foot-lease.

Atlanta Business Chronicle reported May 4 that Google was expected to lease most of 1105 West Peachtree, a new 31-story office tower under construction in a deal with the tower’s owner, Atlanta real estate company Selig Enterprises, may have been signed earlier this spring, giving Google a much larger presence at the project.

Google (Nasdaq: GOOG) was already committed to leasing just over 160,000 square feet at 1105 West Peachtree, according to market research compiled by Transwestern Real Estate Services. The expansion would mean the company will lease almost the entire building.

In May, Microsoft Corp. confirmed it will also open a new office in Midtown, a \$75 million investment that will create 1,500 jobs. Microsoft (NASDAQ: MSFT) is leasing 523,000 square feet at Atlantic Yards, two office towers under development within Midtown's Atlantic Station.

Atlanta continues to emerge as a more influential technology market, adding 31,960 tech jobs over the past five years, according to a report last month from commercial real estate services giant CBRE Group Inc. (NYSE: CBRE). The report ranked Atlanta No. 9 out of 50 North American markets on its Tech Talent Scorecard. It looked at the most recently completed five year period from 2015 through the end of 2019 to measure a city's ability to attract and grow tech talent.

In the recent call with analysts, Connolly said the technology expansions validate Midtown as a destination for companies in the knowledge economy that remain focused on highly amenitized markets" that can garner the talent they need to grow. "We think that will continue post pandemic," Connolly said.

Keith Pierce, vice president of research for Transwestern, said it's noteworthy that even during the Covid-19 outbreak companies such as Microsoft and Google, both with strong credit and growing workforces, continue making big investments in Midtown, showing confidence in the area's long-term fundamentals.

Beltline project lands Carlyle Group

A \$58 million apartment project on the Beltline Southside Trail has landed a major capital partner and a construction loan.

Global investment giant The Carlyle Group is working with TPA Residential on the 263-unit development at 680 Hamilton Ave., a blighted site within an industrial area along the Beltline. The partnership bought the nearly 6-acre site, which has vast lime deposits, for about \$5.5 million.

The Development Authority of Fulton County last month gave the project \$2.3 million in tax reductions over the next 10 years as financial incentive to revitalize the property. Pinnacle Bank is providing a \$34.3 million construction loan, according to Fulton County property deeds.

TPA Residential has started hauling off the lime deposits, a process that will continue for the next few months and could start vertical construction toward the end of this year or in early 2021.

TPA and Carlyle join several other development partnerships trying to start new projects on the Southside Trail, a planned 4-mile link between established intown neighborhoods on the Eastside, such as Old Fourth Ward, and rapidly changing areas in southwest Atlanta, including Historic West End.

Construction financing for new apartments has tightened but remains available for well-located intown and suburban projects. This summer Streetlights Residential secured \$72 million in construction financing to develop a 26-story apartment tower next to Midtown's more than century old St. Mark United Methodist Church. PNC Bank National Association based in Dallas provided the construction debt. Mill Creek Residential Trust also obtained a \$93.8 million loan from a syndicate of lenders led by Truist Financial Corp. for a new 21-story Buckhead apartment tower.

Multifamily hasn't been immune to the historic economic downturn amid the Covid-19 pandemic, but some core properties in Sun Belt markets such as Atlanta are still seeing investment and development activity. In an Aug. 4 conference call with analysts, Louis Haddad, CEO of Armada Hoffer Properties, Inc., said all of its development projects were suspended, if they had not yet broken ground, but added about future acquisitions and potential construction: "The opportunities that we're seeing coming our way are largely those in the multifamily sector, in really strong markets in the Southeast.... We are deciding which ones that we want to execute on."

BOBO to The Works

Mark Sage, whose BOBO Intriguing Objects features antiques popular among local buyers and home furnishing retailers such as Restoration Hardware, is putting a new showroom at an 80-acre adaptive reuse project on Atlanta's Upper West Side.

Sage is opening his first direct-to-consumer retail furnishings shop at The Works, a project along Chattahoochee Avenue where 20th Century industrial buildings are being turned into trendy restaurants, new housing and loft offices. BOBO Intriguing Objects is already well known on Atlanta's Upper Westside furniture scene, where Sage originally established his warehouse in 2005.

BOBO Intriguing Objects will lease 6,965 square feet in The Makers Building, the first of several adapted warehouses in The Works. The retail showroom is slated to open in late 2020. BOBO specializes in rare antiques transformed into home furnishings. Its new location at The Works will feature antiques, Sage's own line of furniture, international gifts and a bespoke candle bar.

Atlanta-based nail salon Les Mains Nail Bar will also open a flagship salon at The Works. Les Mains Nail Bar is the newest offering from owner Linda Vo, who has three other salons in metro Atlanta, including a popular Buckhead location.

Both BOBO and Les Mains bring The Makers Building at The Works to 77% leased. Longtime Atlanta real estate company Selig Enterprises Inc. is developing the massive mixed-use project along Chattahoochee Avenue. It will represent a \$1 billion investment over the next decade and could mark the largest development of its kind for the area since Atlantic Station.

The emerging Upper Westside, an area known for low-rise brick warehouses where West Midtown and south Buckhead begin to merge, benefits from its proximity to Georgia Tech and planned future connections along the 22-mile Atlanta Beltline.

The area has also attracted well capitalized private investment firms such as Jamestown.

