

# Time for tenants to make deals

It is rumored that more big deals are floating around. ACS is said to be looking for the ability to consolidate three metro Atlanta offices into a facility with the capability to expand to 500,000 square feet over a seven year period of time.

It is also rumored that Microsoft and SITA are in the market for larger blocks of space. It seems that deals are still being done, but not enough to directly heal the ailing market. All North Fulton commercial real estate market experts with whom we spoke all talked about making progress, then losing ground.

If you are a tenant now is the time to make your best deal. The North Fulton market is more than 30 percent vacant with more than 3.5 million square feet of available office space, including available sublease space.

It wasn't that long ago that there wasn't 3.5 million square feet in the North Fulton area. While there still seems to be new big projects moving to North Atlanta, there just is not enough of them nor are they coming fast enough.

Gregg Metcalf of the Alter Group, Developers of Brookside summed it up well when he said "there is a lot of activity in the market, but the larger deals look like they are going to be build-to-suits, which really doesn't help overall vacancy in the market."

Ridr Konowilton, Senior Vice President of Jones Lang LaSalle

which leases Sanctuary Park, said, "Until corporate layoffs subside, we are not going to see positive gains. It seems like one step forward then two steps back. You hear that someone did a 20,000-square-foot lease and then you hear a major employer is laying people off and putting 30,000 square feet back on the market. Interestingly how-

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Richard Lackey  
President, Hometown  
Commercial Real Estate, Inc.

ever, the fundamentals are still creating attractive opportunities in North Fulton." Pennny Waguespack of Cousins Properties who leases North Point Center and Concourse said, "It's a tough market. Sure there is activity. It is a great time to be a tenant. Tenants looking at space are taking all day tours in the North Fulton market. There is good and bad. There are those 7,000- to 8,000-square-foot deals for new space, then a big existing tenant closes an office or gives back a couple of floors."

The condition of the commercial real estate market is a lagging indicator of the economy. What is happening in the market is part of the economic cycle. What goes up, must come down and vice versa.

The good news is there are deals being done. A few months ago nothing was happening at all. If you are a tenant

it is really good news. The bad news is the continued layoffs by companies in the area are keeping pace with the new space deals.

If you're a landlord or company trying to sublease excess space, while there is progress, it is not enough to make you feel much better. It is simply supply and demand.

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*Ridr Konowilton  
Jones Lang LaSalle*