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Real Estate Notes

Southern Co. expansion fills 30 Allen Plaza

Atlanta Business Chronicle - August 11, 2006 by [Jill Lerner](#)

With another lease expansion by Southern Co. (NYSE: SO) and the addition of a bakery café, 30 Allen Plaza is now fully leased.

The 260,000-square-foot class A building is the first to be completed at Allen Plaza, a \$500 million mixed-use development under construction at the confluence of the Downtown Connector, Ivan Allen Boulevard and Spring Street.

It is being developed by Barry Real Estate Companies Inc.

Southern Co., the building's primary tenant, recently added an additional 13,486 square feet, bringing its corporate headquarters to 223,685 square feet.

Bakery café chain Au Bon Pain will occupy the remainder of 30 Allen Plaza's retail space.

Other tenants include Barry Real Estate, Troutman Sanders LLP and French-American Brasserie, also known as "FAB."

Accounting firm Ernst & Young LLP will anchor the other Allen Plaza office tower, 55 Allen Plaza.

Ernst & Young has leased 146,000 square feet in the 14-story, 346,000-square-foot building and plans to occupy the space in May.

Brokering merger. Maverick broker Rick Lackey and land acquisition ace Robert Armstrong are hoping to take advantage of economies of scale by merging their companies.

And the brokers are looking to add other independent firms to their Real Professionals First Coalition, not only to create efficiencies, but also to create an exit strategy for all involved.

The new company essentially is a holding company for Lackey's City Commercial Real Estate and Armstrong's Atlanta Land Group.

The merging entities will keep their names, and brokers can join either company. City Commercial charges brokers \$25,000 a year (while allowing them to keep 100 percent of their commissions) and Atlanta Land Group takes 15 percent of commissions. As new companies join, they can keep their names and platforms as well, but Real Professionals will handle back-office functions and offer health care, access to its database services and access to its networks, said Lackey.

By adding companies and brokers, Real Professionals will be able to spread its costs over more people.

Lackey, who, prior to forming City Commercial Real Estate, ran the local office of Grubb & Ellis Co. from 1999 to 2002, said Real Professionals will be more attractive to a potential buyer than would any of the smaller brokerages by themselves -- thus creating an exit strategy for the firms.

"Small individual companies are almost impossible to sell by themselves," he said.

Some of City Commercial's recent projects have included the 25 lease terminations and subsequent relocations of the tenants from the Prado on Roswell Road in Sandy Springs.

Among its recent assignments, Armstrong's Atlanta Land Group represented The Sembler Co. in

its \$66 million acquisition of the 44-acre Peachtree Garden Apartments in Brookhaven.

Peachtree Center progress

The leasing team at Peachtree Center has landed six new tenants and expanded or renewed four others since May.

The latest transactions bring Peachtree Center's leasing volume to 26 transactions totaling approximately 215,371 square feet at mid-year.

Vance James, Kari Downing and Mike Werner lease the building on behalf of its owner, Colonnade Properties LLC.

Among the larger deals: architecture and engineering company Robert and Co. has taken 20,166 square feet in Peachtree Center's International Tower. John Ferguson and Kevin Carroll of CB Richard Ellis Inc. represented Robert and Co. in the transaction.

Also, entertainment and promotions company Ace Media LLC leased a 14,121-square-foot space in the North Tower. Herb Rudd and Neil Forest of RF Realty Group LLC represented Ace Media in the transaction.

And law firm Kutak Rock LLP has renewed its 29,124-square-foot office in the South Tower. Duncan Gibbs, Keene Reese and Frank Lyles of The Staubach Co. represented Kutak Rock.

Tuxedo turning hands

Tuxedo Festival at Roswell and Piedmont roads has been sold to a New York company.

Executive Enterprises sold the 60,000-square-foot retail center, anchored by Party City and Blockbuster Video, Aug. 3 for just under \$16 million, said Paul D'Agnese, CEO of Executive Enterprises.

GDC Properties Inc. of New York bought the property, which sits on 4.3 acres.

"This property was not for sale," D'Agnese said. "But I've never seen retail as strong out there right now. There is a lot of REIT (real estate investment trust) money out there and the cap rates are as strong as I've ever seen."

Tuxedo Festival will be a great redevelopment opportunity, D'Agnese said. "I think the plan in the future is to go vertical. I think it will be mixed-use high-rise."

Bruce Davis of Bryant & Associates was a consultant on the deal. Teresa Wasson, who managed the property for 14 years, also played an instrumental role in the deal, D'Agnese said.

California cash

Hager Pacific Properties, one of the largest privately owned real estate investment firms in California, has acquired Tree Crest apartments in Decatur for \$39 million.

Hager Pacific bought the 734-unit property at 4946 Snapfinger Road from Atlanta-based Wilwat Properties Inc. in a joint venture with New York-based Collins Group LLC Aug. 1.

Tree Crest is Hager Pacific's second major acquisition in Atlanta. The firm bought the Garden Ridge home decor stores in Kennesaw and Norcross in May for \$18.5 million, marking its entrance into the metro Atlanta real estate market.

"The Decatur suburb of Atlanta has grown by almost 90 percent in the last 10 years, making the Tree Crest Apartments an appealing investment," said Adam Milstein, managing partner of Hager Pacific Properties. "We believe that this market will continue to demonstrate long-term growth."

Built in 1990, the apartment complex underwent extensive renovations in 2004, which included complete roof replacement, as well as new exteriors. The complex sits on 65 acres.

David Gutting and the Apartment Group of Cushman & Wakefield Inc. represented both the buyer and the seller in the deal.

Welcoming Walgreens

A corner of a prominent Buckhead intersection is being redeveloped.

FOG Capital Inc., The Gunthert Co. and Franco DeFoor Properties LLC have begun construction of a freestanding Walgreens store at Roswell, Blackland/Piedmont and Powers Ferry roads in Buckhead.

A 15,000-square-foot Walgreens will be built on the triangular-shaped, 1.53-acre property. The project cost is about \$8 million and the store is expected to open in February.

The Buckhead store will be the 110th Walgreens store undertaken by Mark Hackner of FOG and Gerard Gunthert, who concentrate on development for national retailers, including Publix.

'Pill Hill' project to add office, retail

Ackerman & Co. plans to develop two medical office buildings at its Corporate Campus office park in Dunwoody -- the flagship projects of its growing medical office division.

And the developer is talking to several well-known restaurant groups to fill the ground-level retail that is planned for the buildings.

The park's 293,000 square feet of office space is 97 percent occupied, according to Ackerman.

One building will be 44,000 square feet of medical office with 22,000 square feet of ground-floor retail and the second building will include 48,000 square feet of office with 10,000 square feet of restaurant and retail space.

Construction at the Corporate Campus, at the corner of Peachtree-Dunwoody Road and Hammond Drive -- near Northside Hospital, Saint Joseph's Hospital and Children's Hospital of Atlanta -- is scheduled to begin this fall and last 12 months.

The Atlanta developer is focused on growing its medical office division, and plans to develop more than 700,000 square feet of medical office projects in metro Atlanta over the next two years.

-- Staff writer Lisa R. Schoolcraft contributed to this column. If you have news for Real Estate Notes, contact Jill Lerner at (404) 249-1073; fax, (404) 249-1058; or at jlerner@bizjournals.com.

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