

From the Atlanta Business Chronicle

:<http://www.bizjournals.com/atlanta/print-edition/2013/03/01/concourse-acquisition-speaks-well-of.html>

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Best in Atlanta Real Estate Awards

Concourse acquisition speaks well of market

OFFICE

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WINNER - Concourse Corporate Center acquisition, Regent Partners LLC

A group led by a local developer with a long history of recapitalizing and restoring class A assets to their original stature or better purchased Atlanta's highest-profile suburban mixed-use project in 2012.

The acquisition of Concourse Corporate Center is the winner of the Office Deal of the Year in Atlanta Business Chronicle's 2012 Best in Atlanta Real Estate Awards.

In a deal that closed in October, Atlanta-based Regent Partners LLC, in partnership with GEM Realty Capital Inc. and Equity Group Investments (both based in Chicago), and San Francisco-based Farallon Capital Management LLC paid more than \$300 million for Concourse Corporate Center.

Developed over the late 1980s/early 1990s by The Landmarks Group, Concourse Corporate Center is composed of 2.16 million square feet of office space in five buildings. These include Corporate Center V and VI, two 687,000-square-foot/32-story towers, known respectively as the "King" and "Queen," due to their chess piece-like crowns. Not only are the "King" and "Queen" the tallest suburban buildings in the Southeast, but their distinctive appearance defines the skyline of the bustling Central Perimeter submarket.

Located on a 63-acre campus at the northeast quadrant of the Interstate 285/Georgia 400 interchange, Concourse Corporate Center's office buildings are accompanied by an 11-acre site with mixed-use zoning that allows for development of 650 for-sale condominium units and 70,000 square feet of retail space.

The deal's seller was financial services giant TIAA-CREF. The transaction was brokered by a CBRE Inc. team made up of Will Yowell, Justin Parsonnet and Jay O'Meara.

Concourse Corporate Center went to market during a time when the Atlanta office investment market had slowed dramatically following the 2008 real estate crash and the onset of the Great Recession. In addition to being one of the largest office sale transactions in the metro area over the past decade, the deal is seen as signifying a return of out-of-state investors to Atlanta.

"This deal talks, and what it has to say is good news for our market," said Steven D. Martin, managing partner of SDM Partners, an Atlanta-based private commercial real estate investment firm.

"You've got GEM, EGI and Farallon making a very bold statement, basically saying 'We believe in Atlanta,' " Martin said. "And that's a big chunk of money being paid for an iconic project in Atlanta's most active submarket, Central Perimeter."

Yowell noted the prospective buyer pool as another positive sign.

"The fact that numerous capital sources expressed interest in the offering demonstrated a confidence in the recovering Atlanta office market and in the Central Perimeter submarket in particular," said Yowell.

"[The transaction] also showed a confidence on the seller's part that there would be capital readily available to acquire such a large asset at pricing that would be attractive and meet the seller's objectives," he said.

Since closing on Concourse, Regent has completed in excess of 100,000 square feet of leases, moving occupancy from 83 percent to just over 86 percent, according to Regent Partners principal David Tennery.

"Year-over-year numbers for Central Perimeter have been even more impressive," he said, "with the overall submarket occupancy gaining more than 5 percent, and the class A sector gaining approximately 7 percent in occupancy growth."

Given the market dynamics, there are a number of directions the new owners could take with the project, including adding residential and/or retail uses.

FINALIST - Carter's Inc.

Carter's moves to Buckhead

Carter's Inc. needed to relocate its Atlanta headquarters and consolidate out-of-state operations, representing approximately 200 new jobs in Atlanta.

Having negotiated an early termination of its lease at The Proscenium building in Midtown, the children's apparel retailer took 222,730 square feet in Phipps Tower in Buckhead in a transaction valued at \$115 million. The sizable deal is a finalist in the Office category for Atlanta Business Chronicle's 2012 Best in Atlanta Real Estate Awards.

Carter's (NYSE: CRI) move to the 20-story tower next to Phipps Plaza was the second-largest new office lease signed in Atlanta in 2012, and the largest in the urban core of downtown, Midtown and Buckhead, according to the nomination form. The company, which employs 1,200 workers in the Atlanta area, planned to occupy part of the space in early 2013, with full occupancy before the end of the year.

A Cushman & Wakefield of Georgia Inc. team represented Carter's, including Senior Managing Director and Atlanta Market Leader John F. O'Neill, Senior Director W. Travis Jackson, Director Addison Meriwether, Associate Director Allison Bittel, Senior Managing Director Ben Pugh and Executive Director Larry Wilks.

The ownership of Phipps Tower and the Proscenium, Manulife Financial, was represented by Crescent Resources LLC's Regional Vice President John S. Bell and Vice President Sara Terry. The developer was Crescent Resources; Perkins+Will Inc. was the architect; Little Diversified Architectural Consulting was the base building architect; and Carter USA handled interiors/project management for Carter's. A team with the law firm **Arnall Golden Gregory LLP**, including partner Abe Schear, also participated in the office lease transaction.

Carter's plans to terminate its 154,000- square-foot lease at the Proscenium, 1170 Peachtree St., on Dec. 31.

Because Manulife owned both the Proscenium in Midtown and Phipps Tower in Buckhead, ownership was able to terminate Carter's lease in one building and relocate them to the other, the nomination form said.

FINALIST - Airwatch LLC

Growing AirWatch expanded to Perimeter

Growing mobile software firm AirWatch LLC has been grabbing up metro office space in a headline-making way, and it may not be done yet.

The company announced plans in March 2012 to occupy more than 100,000 square feet at the 1155 Perimeter Center West building in Sandy Springs. That deal earned a finalist nod in the Office category for Atlanta Business Chronicle's Best in Atlanta Real Estate Awards. Then in late January the company announced it would invest \$60 million in an expansion that will create hundreds of jobs this year, including in Atlanta.

That may overshadow what happened in 2012, which was a relocation of its corporate headquarters to the first two floors of a 12-story tower and the 66,500-square-foot trading floor at 1155 Perimeter Center West.

Atlanta Business Chronicle reported Feb. 3, 2012, that AirWatch's move represented a \$20 million expansion that could create up to 400 jobs and allow it to take at least 100,000 square feet in Central Perimeter. Upon the relocation in April 2012, the mobile software firm tripled the amount of space it had occupied at 1425 Ellsworth Industrial Blvd. in west Midtown near Georgia Tech. The deal was valued at \$28 million. AirWatch took over space

once occupied by GenOn Energy Inc. (NYSE: GEN), formed by the 2010 merger of **Mirant Corp.** and Houston-based RRI Energy Inc.

The company chose Sandy Springs to help draw skilled labor from intown and the northern suburbs. AirWatch also saw an advantage in the existing power and data infrastructure at 1155 Perimeter Center West.

In December, AirWatch expanded into the third floor of 1155 Perimeter Center West for a total of 73,141 square feet (not counting the trading floor.)

In the 2012 expansion, CBRE Inc. Vice Chairman Sam Holmes represented AirWatch, CBRE's Ellen Stern represented GenOn and Bryan Heller at TPA Realty Services LLC represented 1155 Perimeter Center West's ownership. The building is managed by Hart Realty Advisors LLC. The lender was Northwestern Mutual; the attorney was David Lester of Dow Lohnes PLLC; the architects were Catter Enterprises and Hendrix Enterprises; and the general contractors were Richard's Construction and Hannan Construction.

FINALIST - General Motors Co.

GM bases tech center in Roswell

General Motors Co. will employ at least 1,000 workers at its new software development center in Roswell, a deal that has been named a finalist in the Office category of Atlanta Business Chronicle's 2012 Best in Atlanta Real Estate Awards.

GM paid \$18.5 million for a nearly 230,000-square-foot building at Mansell and Warsaw roads in Roswell, according to Fulton County records. The building, which was used by United Parcel Service Inc., was once the centerpiece of a 25-acre campus designed for information technology, marketing and communications workers.

UPS, which maintains its world headquarters at 55 Glenlake Parkway in Sandy Springs, had aimed to sell the 2010 Warsaw Road building for about \$21 million, according to people familiar with the process. Now the building will become a technology center for GM, which plans several such centers in the U.S.

Atlanta Business Chronicle first reported in October 2012 that GM had zeroed in on Atlanta. It had also looked at the Cobalt Center in Alpharetta, formerly used by AT&T Inc., for the technology center.

Rob Metcalf, managing director, Atlanta, for **Jones Lang LaSalle Inc.**, represented GM in the deal. Leigh Martin, senior vice president, brokerage, for CBRE Inc.'s Atlanta office, represented UPS.

The UPS building was located in an opportunity zone, or an area a local government has designated for economic redevelopment incentives because it has a poverty rate of 15 percent or higher.

By putting the software development center inside an opportunity zone, GM is eligible for an annual income tax credit of \$3,500 for each job it creates. GM also liked the Roswell building's campus setting.

In 2012, GM said it planned to hire 10,000 computer workers at four new technology innovation centers across the United States. Austin, Texas, already landed one of the centers in a former Dell Inc. building.