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Regent talks about its \$300M Concourse acquisition

Atlanta Business Chronicle by Douglas Sams, Commercial Real Estate Editor

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Concourse Corporate Center is the [highest-profile real estate acquisition](#) in Atlanta this year.

That might change if someone steps up to buy Midtown's beleaguered Bank of America Plaza, or a team led by developer [Egbert Perry](#) completes the purchase of the former General Motors plant in Doraville. But, for now, Concourse is in the spotlight.

Its [King](#) and Queen towers are among the handful of buildings Atlanta can truly call iconic. They have been a part of the skyline over the Perimeter for more than 20 years.

In an interview with Atlanta Business Chronicle, the new owners of Concourse Corporate Center talked about the logic behind their more than \$300 million bet on the project.

The new ownership group includes Atlanta-based Regent Partners; Gem Realty Capital and Equity Group Investments; and Farallon Capital Management.

The acquisition of one of Atlanta's best-known real estate projects will eventually bring changes to Concourse Corporate Center. That includes the continued urbanizing of the area with more residential units, retail and perhaps a new plaza that features pedestrian-oriented development close to Hammond Drive, the major east-west corridor through the central Perimeter business district.

How quickly those plans take shape obviously depends on the speed of the economic recovery.

But, the group is optimistic the recovery is under way.

"Atlanta has started to create jobs, so we have hit the trough and we are heading back up," said Regent Partners founder and Chairman [David Allman](#).

The group believes in the long-term growth of Central Perimeter, the name real estate developers and economic boosters gave the job centers in and around the emerging cities of Sandy Springs and Dunwoody. More than 115,000 people commute to Central Perimeter every day. Another 30,000 are expected by 2013.

"Anyone who makes the southbound 400 morning commute over a 10-year window has continued to talk about how northbound traffic on 400," said [David Tenny](#), a principal in charge of office properties for Regent Partners. "They will tell you the so-called reverse commute has come to rival the southbound commute."

The Perimeter cities are pushing for further transportation improvements.

The Sandy Springs City Council voted unanimously this past week to support a resolution calling for reconstruction of the I-285 and Georgia 400 Interchange as the top priority transportation project for north metro Atlanta.

Last year, the new Hammond Half-Diamond Interchange at Georgia 400 helped speed up the commute for Central Perimeter workers. It has become one of the most cited reasons more companies are looking at relocations to the area.

"You've had some of the recent improvements including the Hammond interchange that have changed the market dynamic," said [Adam Allman](#), a Regent Partners director.

"The widening of Hammond and the ramp system have had a significant impact," Tenny said. He was part of the original Concourse development team led by [Blaine Kelley](#) Jr. in 1987.

"The evolution of this market in the past 20 or more years has really created the east-west main corridor of Hammond Drive," Tenny said.

Concourse is home to more than 2 million square feet of mixed-use development, and about 17 percent of its office space is vacant. But, Regent believes that vacancy rate is poised to improve.

Central Perimeter is positioned to become an even greater magnet for corporations in the outer suburbs that want to move their offices closer to urban centers.

"North Fulton, particularly its younger workers, want to work and live in urban environments, and we think there will be increased interest in moving in closer to the city," [David Allman](#) said. "Some of that occupancy in North Fulton (Alpharetta) will migrate to this submarket."

Among suburban office markets, Central Perimeter has absorbed the most vacant space this year. The market has posted 723,288 square feet in direct net absorption year-to-date, according to Jones Lang LaSalle. No other suburban market was close to that level.

Earlier this year, State Farm Insurance said it will open a roughly 400,000-square-foot customer service center near Perimeter Mall, where it will employ 500. It's moving into the formerly vacant 64 Perimeter Center East and 66 Perimeter Center East buildings.

"Once State Farm moves in, when you look at the occupancy in Central Perimeter and that gets rolled into the net absorption numbers, we ought to be seeing it stand at or slightly above 1 million square feet," Tennery said.

In recent years, Central Perimeter and north Fulton lost corporate offices that relocated to Buckhead, where building owners were offering huge concessions, including free parking and free rent. That was the result of a building boom at the depths of the downturn that added several new towers to the Buckhead skyline.

Those concessions, though, have generally burned off.

"You won't see folks from [north Fulton] or Central Perimeter move into Buckhead as often in the next couple of years," [David Allman](#) said. "That's only going to further reinforce and solidify this submarket."

Douglas Sams covers Commercial Real Estate