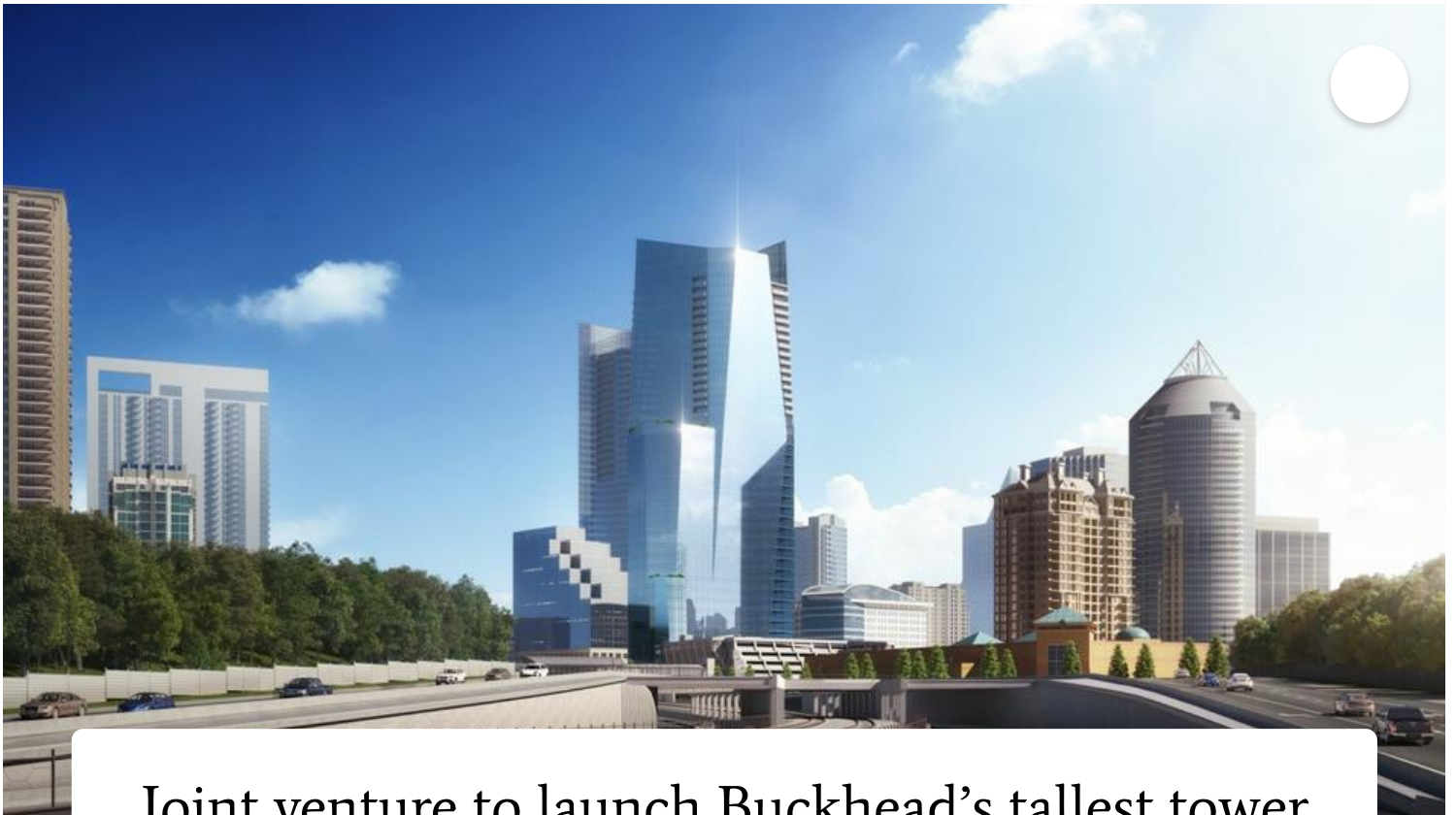


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Joint venture to launch Buckhead's tallest tower since recession

By J. Scott Trubey, The Atlanta Journal-Constitution

A pair of Atlanta-based development firms are joining forces with a Dallas company to build the tallest tower in Buckhead since the Great Recession.

On Monday, Regent Partners and Batson-Cook Development said they have formed a partnership with TIER REIT to develop 3354 Peachtree Road, a planned 44-story speculative office and condo tower overlooking Ga. 400 and the Buckhead financial district. The project has been in the planning stages for several years, and the partners say they intend to start construction before the end of this year and complete the tower in 2022.

The Atlanta area has enjoyed several years of corporate job growth following the aftermath of a painful recession. Vacancy rates remain near historic lows for the metro area, pushing office rents higher.

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Development of new speculative offices, meanwhile, has been relatively restrained as lenders enacted tougher standards and developers have been forced to overcome rising construction and land costs.

Some economists fear the nation's economic expansion, which dates to mid-2009, is getting old and the U.S. could see slowing growth or a recession in the years ahead.

David Allman, founder and chairman of Regent, expressed confidence in the Buckhead submarket. Only one other top-end office tower has opened in Buckhead in this building cycle, and that skyscraper, known as Three Alliance Center, quickly filled.

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“We think the market is strong,” he said. “It’s limited supply and there are limited good development sites in the financial district, the core commercial district of Buckhead.”

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The vacancy rate in Buckhead stood at 14.4 percent at the end of 2018, according to data from real estate services firm Cushman & Wakefield.

In the mid-2000s, during the go-go days of the pre-recession boom, several developers launched towers on a speculative or built-it-and-they-will-come basis without pre-leased tenants. The financial collapse left Buckhead with several empty new towers as the recession hit and corporations slashed jobs, and it took several years for the office market to recover.

Those towers eventually filled amid intense competition from landlords. The lull in spec development has since pushed rents to new highs.

Roger Tutterow, a Kennesaw State University economist, said Atlanta’s office development wave started in 2014 with “build-to-suit” projects for specific tenants,

such as NCR's corporate headquarters.

"We haven't been as aggressive building spec office as we have been in the past," he said. "There's always risk any time you build in a maturing expansion."

Last week, Rajeev Dhawan, director of the Georgia State Economic Forecasting Center, predicted slowing job growth for metro Atlanta in 2019, exacerbated by international trade battles. His forecast projected three more years of economic expansion.

Tutterow said there isn't much clarity for the economic picture in 2022.

"If this comes to market in a period of softness, they would expect it to come to market during a rebound of the economy," he said.



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The future tower will contain about 25 floors, or about 560,000 square feet, of top-end office space and more than 60 luxury condos. The tower will be a sister to 3344 Peachtree, Buckhead's tallest building and one developed by Regent in the run-up to the recession.

Allman said the site is the last undeveloped parcel in Buckhead's financial district. The 3-acre spot is currently a parking lot north of Capital City Plaza.

It has access via a pedestrian bridge to the Buckhead MARTA station and is accessible via Peachtree and Lenox roads. Allman said some intersection improvements are planned as part of the venture.

The project, designed by noted architectural firm Smallwood, Reynolds, Stewart, Stewart, will be crafted to connect to a future 9-acre park over Ga. 400 planned by the Buckhead Community Improvement District.

Separately, Regent and Batson-Cook plan a 30-story luxury apartment tower on the northern portion of the site.

“Our goal is to develop that building concurrently with the office building,” Allman said.

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