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Regent, Pope & Land team up on new Buckhead project

Premium content from Atlanta Business Chronicle by Douglas Sams, Staff writer

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Regent Partners LLC and **Pope & Land Enterprises Inc.** are launching a new project on Peachtree, hoping to get an early jump on the next commercial real estate development cycle.

The Atlanta developers — in their first partnership — have acquired the 60,000-square-foot 3330 Peachtree building, former home to **American InterContinental University**. They also purchased the land surrounding the building. The partnership paid about \$5.7 million. The seller was RREEF America III Fund.

The deal is Regent Partners' latest investment in Tower Place, the mixed-use project at the convergence of Peachtree Road, Georgia 400 and MARTA, where the developer has been a major player dating back to the development booms of the 1990s.

Its most recent win there was 3344 Peachtree, the 50-story office and condo tower it finished in 2008, in the midst of the Great Recession.

Despite the timing, the building was almost fully leased by this past January, when **Parkway Properties Inc.** (NYSE: PKY) bought the 484,000-square-foot office and retail component for \$346 per square foot.

The transaction was a huge lift for Buckhead, which had been pummeled by everyone from local and national media to academics for a poorly timed development cycle.

Regent Partners and Pope & Land think the head start that 3344 had on other buildings was a key to its performance. They also think that formula can work again.

They hope to start development next spring.

The project could take two approaches.

First, they could gut the building and renovate the interior and exterior. More likely, they will demolish the structure and redevelop 100,000 to 200,000 square feet for office, hospitality, retail or some combination of each. "We expect this is going to be mixed-use," said [David Allman](#), chairman of Regent Partners. "It's going to have a lot going for it — Peachtree frontage, walkable amenities, signage."

For Pope & Land, already a development partner with **Duke Realty** Corp. on Buckhead's 34-story 3630 Peachtree, the new venture underscores its belief in the urban market.

Pope & Land also knows firsthand what an early start means in Buckhead, the city's center for financial and real estate firms and upscale homes and shopping.

Regent Partners got 3344 Peachtree finished months before other developers wrapped up their new towers.

That left Duke Realty. and Pope & Land to compete for tenants against **Cousins Properties Inc.**, **Tishman Speyer**, and Manulife Financial Corp. After demand fell and effective rents declined, some Buckhead towers, including 3630 Peachtree, suffered write-downs.

Pope & Land has made headway on 3630 Peachtree, but the building is still less than 50 percent leased.

"We've been concentrated in the suburbs and the northwest Atlanta area and we don't intend to shift that focus, but we also see the positives [in the urban markets]," said [Larry Kelly](#), president of Pope & Land. "We see positives across the board."

The new project will probably be anchored by office tenants. [David Tenny](#), principal of office properties for Regent Partners, said he is already fielding inquiries about the building.

The building is also likely to include space for a restaurant on Peachtree. Regent Partners already hit a home run with Buckhead Life Restaurant Group Inc.'s Bistro Niko at the base of 3344 Peachtree.

The new project underscores a belief that urban redevelopment will be a significant trend in the next commercial real estate cycle.

It would also complement the work Buckhead and Midtown planners have done to remake Peachtree into a walkable boulevard lined with shops and restaurants.

Regent and Pope & Land join a list of urban infill projects that includes Buckhead Atlanta at Peachtree and Pharr roads; City Hall East on Ponce de Leon Avenue; and **Selig Enterprises Inc.** and **Daniel Corp.**'s 12th & Midtown, also on Peachtree.

Another project, though probably farther on the horizon, is the redevelopment of "The Gulch," a collection of downtown parking lots and rail lines that could become a hub for bus and rail service radiating from the city.

"In the 15 years I've been doing urban infill projects across the Southeast, I've never been busier," said [Dan Sherman](#), who maintains a real estate development practice at **DLA Piper** LLC.

"You've got changing attitudes about public transit, a shift in attitudes about high density, an interest in living close to work and reducing travel time."

Developers are also lured by credits the government is dangling to help finance the projects.

"There's a social benefit many think in maintaining population and property values within a city's urban core," Sherman said. "And, developers that are savvy and sophisticated will use these incentives to create more ambitious projects."

Another feature of the next development cycle: Many office projects might be smaller.