



12TH & MIDTOWN RISES

Major component of Midtown Mile underway in Atlanta

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Atlanta's Midtown Mile is a step closer to capturing the atmosphere and momentum of an urban retail district with the development 12th & Midtown, a 2.5 million-square-foot mixed-use development. The project is a major component in the movement to convert Peachtree Street, from North Avenue to the Arts District, into the Midtown Mile, a premiere corridor to live, work and play in the Southeast. Birmingham, Alabama-based Daniel Corporation and Atlanta-based Selig Enterprises are developing the project across three blocks along Peachtree Street.

Phase I is located on the west side of Peachtree between 11th and 12th streets. Phases II and III are located on the east side of Peachtree between 11th and 13th streets. This congruent configuration is primed to take advantage of the active pedestrian environment.

"You don't create a walking atmosphere. It has to exist and your project blends into it," says Steve Baile, senior vice president of Atlanta operations with Daniel Corporation. "People already enjoy walking in Midtown. Now we're giving them somewhere to walk to."

The current foot traffic, combined with the anticipated number of 50,000 people living within walking distance of the Midtown Mile by 2010, have given the developers a reason to think grand thoughts about the future of this area and to build their project with this scale in mind.

The first phase of the project, which broke ground in September of last year, is the 35-story 1010 Midtown. The building, located at 1080 Peachtree Street, will have 443 condominium residences and 50,000 square feet of retail at the base. The residences are aimed at various buyers, such as empty nesters and young professionals. The initial residential units will be ready in fall 2008. Also, Canyon-Johnson Urban Fund is the financial partner, as part of a joint venture, for this phase.

The retail space in the first phase is integral in shaping the tenant direction for 12th & Midtown and also an example for the future retail developments along the corridor.

"We are the first one off the blocks," says Shirley Gouffon, senior vice president with Selig Enterprises. "And we're the developer that controls the largest chunk of retail on the Midtown Mile. What we do will set the tone."



The merchandising plan is based on attracting retailers unique to the market and interested in operating on a street front instead of in a mall. When designing an ideal tenant mix, the developers identified approximately 150 fashion retailers absent from the Atlanta market when examining other high-end retail districts across the country.

“We’re so used to seeing the same tenants repeatedly in Atlanta,” Gouffon says. “We’re being very selective and making genuine efforts to attract new retailers.”

One major attraction to the project is the immediate trade area demographics, which Gouffon says match up well with the customer base of the targeted tenants.

“The retailers love the Midtown demographics, but they don’t want to be the only one down there,” she says. “The critical mass issue continues to be key for tenants.”

But the developers are creating space previously unavailable in Atlanta to retailers with an urban mindset by building with scale.

“These tenants want a flagship presence,” Baile says. “So when people walk down the street, they see the super graphics that make it more of a presence than a store on the street.” To accommodate these retailers, the developers are raising some of the clear ceiling heights to around 40 feet. Stores will be capable of operating on multi-levels to maximize space and deliver that urban shopping atmosphere.

“This type of tenant likes doing two level stores,” Gouffon says. “They’re comfortable with it.” With such unique and marquee space in the market, Gouffon expects a prominent tenant line-up when the first phase of retail opens in spring 2009.

For Phase II, the developers will continue with the same retail plan but they are adding office and hospitality space to the project. Construction will start this summer on a 725,000-square-foot office building with 60,000 square feet of retail on the bottom.

The developers are moving quickly on Phase II because of the intricacies of phasing a mixed-use development, and they identified that the timing is right to bring a new office product to market. Near the end of the phase’s approximately 24-month construction window, a massive rollover of 1.6 million square feet of office space will begin in Midtown and continue for another year or so. The developers conducted a survey of current tenants in surrounding buildings to gauge companies with growth potential or in danger of being squeezed out by neighboring companies with growth potential.



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“With our location on Peachtree Street and the amenities of the site,” Baile says, “We have a competitive advantage to capture a lot of tenants.”

The other component of Phase II also is considered a major attraction for both office and retail tenants. The developers are adding a 452,000-square-foot hotel and condominium building to provide services for visiting business travelers and weekend shoppers.

“There is a shortage of hotels in Midtown,” Baile says. “We need a good business-class hotel. This is a necessary component.”

The 366,000-square-foot, 415-room hotel is targeted to be an upscale facility with a 50,000-square-foot conference center. Sitting atop the hotel floors will be 40 to 50 luxury condominiums spread out over 88,000 square feet of space.

Phase II is expected to open to office tenants in August 2009 and to open to retail tenants the following spring. MetLife has recently joined the joint venture as a financial partner for this phase.

As the second phase progresses, the developers will decide when to break ground on Phase III, which will include approximately 500,000 square feet of office space, 40,000 square feet of retail space and an ultra luxury boutique hotel. The hospitality portion is designed to complement the business hotel in the second phase by offering guests a pampered experience. It will be capped off with 25 to 30 residences on the upper floors.

“The timing will be a formula of when we feel comfortable on the second phase and the needs of our prominent hotel,” Baile says. He currently projects a goal for starting that phase in July 2008.

When the final phase is finished, 12th & Midtown will be a bustling nexus of activity on an already busy corridor. To accommodate its anticipated users, including business, residential and shopping, the project will offer plenty of parking. Residential parking will be gated off with a space planned for each bedroom. Shoppers will use a validated system and be provided easy access to the retailers or the street from the parking decks via interior storefronts and signage or well-lit vertical transportation.

“It is absolutely important for office and retail to have enough parking to attract tenants,” Baile says. “You have to make it easy.”

Other participants in the project include Rule, Joy, Trammell + Rubio as the architecture firm and Brasfield & Gorrie as the general contractor.



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“The timing is good for this to happen,” Baile says. “There is momentum. The space along Peachtree in Midtown used to be owned by individuals, but now all the land is owned by either developers or development entities. There is significant capital looking to invest in the Midtown Mile vision.”

“This is the opportunity of a lifetime on the retail side,” Gouffon echoes. “We are creating something very special. We are poised to change Atlanta dramatically.”