

Investors paying top dollar to get Peachtree

AmREIT Inc. recently bought Buckhead's Brookwood Village shopping center for \$10.6 million.

The Houston-based REIT announced the purchase in May, but did not disclose the sales price.

The CVS-anchored shopping center on Peachtree Road last sold in October 2007, near the beginning of the real estate crash, for \$8.3 million, according to the **Fulton County Board of Assessors**.



REAL ESTATE NOTES
Douglas Sams

It previously sold in 2004 for \$9 million.

The latest purchase shows investors are willing to pay top prices for intown's core real estate, which, in Atlanta, means well-leased properties along or near Peachtree.

The same thing happened earlier this year when **Parkway Properties Inc.** bought Buckhead's 50-story 3344 Peachtree (93 percent leased) for \$167.3 million, or just under \$346 per square foot. That topped the then-Atlanta-record office sale price of \$343 paid for the 22-story, 423,000-square-foot The Pinnacle (another Buckhead office development) in 2004.

Brookwood Village is a 28,777-square-foot retail complex that is 96 percent occupied. It is anchored by the top-performing CVS in Georgia and includes as tenants FedEx/Kinko's, Subway and Sprint PCS.



FILE/BYRON E. SMALL

3344 set the bar: The office tower fetched \$167.3 million, showing what investors would pay to be on Peachtree.

It's also across from Piedmont Hospital. AmREIT CEO Kerr Taylor has said his company's focus is real estate on "irreplaceable corners" — affluent, densely populated areas within major cities.

AmREIT owns 26 properties that are 93 percent leased and another 20 properties through partnerships with a combined value approaching \$1 billion.

CB Richard Ellis Inc.'s Chris Decoufle helped broker the Brookwood Village deal.

FLYING HIGHER. Atlantic Southeast Airlines is gearing up to add jobs to its Atlanta office, following its parent company's acquisition last year of ExpressJet Holdings Inc.

Atlantic Southeast Airlines (ASA) is headquartered at A-Tech Center near Hartsfield-Jackson Atlanta International Airport. ASA plans to expand to new offices on the seventh floor of Hartsfield Centre.

The company will need an additional 18,122 square feet, according to a permit filed with the city of Atlanta. Typically, that would be enough room to house about 70 to 100 employees.

The expansion will accommodate growth associated with the acquisition of ExpressJet Airlines, ASA spokeswoman Courtney Garmhaus said. She could not say how many jobs would be moved to Atlanta, but she suggested that would become clearer during the next year.

SkyWest is ASA's parent company. SkyWest completed the acquisition of ExpressJet last November, making ExpressJet a subsidiary of Atlantic Southeast.

HD SUPPLY DC KEEPS GROWING.

HD Supply is expanding in Norcross.

It's taking an additional 120,000 square feet at 1950 North Norcross Tucker Road. HD Supply already had about 380,000 square feet. The company is expanding and locking into a long-term lease of almost 500,000 square feet.

HD Supply used to operate under **The Home Depot Inc.**

Three years ago Home Depot sold HD

Supply for \$8.5 billion. The Atlanta-based home improvement retailer (NYSE: HD) sold the unit to **Bain Capital Partners, The Carlyle Group and Clayton, Dubilier & Rice LLC.**

HD Supply uses the location to ship parts and maintenance equipment to hotel and apartment operators across the region.

The facility is a major distribution center for the company. It continues to grow, with a significant amount of its products coming from imports through the Port of Savannah, said Russell Perry with **RE Perry Co.** out of St. Louis.

Perry represented HD Supply in the transaction. Carr Carothers, director of development for **Majestic Realty Co.**, handled the transaction for building owner Majestic.

The transaction also involved the relocation of an existing tenant to make room for HD Supply's expansion.

The building was 100 percent occupied, between HD Supply's existing operation and **Hilldrup Moving & Storage.** Hilldrup agreed to relocate to another location.

"The fact that we had to relocate an existing tenant in order to accommodate an expansion requirement by HD Supply proves that the market is strengthening for functional product in core submarkets," Carothers said.



Carothers
Majestic Realty

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CAPITAL MARKETS SHOWING MORE

LIFE. AREA Property Partners and DW Management have bought a 4.5 million-square-foot portfolio of industrial warehouses for \$170 million, including properties in Georgia, South Carolina, Florida and Texas, among others.

Cushman & Wakefield Sonnenblick Goldman's Atlanta office arranged \$100 million in financing for the purchase of the 12 class A industrial buildings.

Pattillo Investment Partners LLC sold the buildings.

The Cushman & Wakefield Sonnenblick Goldman team includes Michael Ryan, Brian Linnihan and Jeff Walker.

The loan is secured by 10 buildings within the portfolio that make up 3.5 million square feet. The portfolio is 87 percent occupied, with average remaining lease terms of about five years.

AREA purchased the buildings with its \$759 million AREA Value Enhancement Fund 7. The fund has already invested \$510 million.

The deal underscores how the market is improving.

For example, a year ago debt spreads on the deal would have been priced 200 basis points higher, with only a few lenders interested in a \$100 million loan, said Ryan, managing director of Cushman & Wakefield Sonnenblick Goldman's Atlanta office.

But, the financial markets are recovering and numerous capital providers are coming to the market. Buyers are also aggressively pursuing core buildings.

NEW NAME, NEW OFFICE.

Employment services company **Experis** has relocated to a new 14,000-square-foot office at 7000 Central Parkway.

Experis is the new **ManpowerGroup** professional staffing company created through the combination of Manpower Professional, COMSYS and Jefferson Wells.

In Atlanta, the company has combined the ManPower Professional office formerly housed at Ashford Perimeter and in the Cobb Galleria area into 7000 Central Parkway.

Experis is the result of taking several brands and combining them into one, a move that makes the brand clearer to clients, CEO Jeff Joerres told Reuters earlier this year.

The new name, coupled with the relocation to a new Atlanta office, will help the company better serve employers that are challenged to find the right professional talent for their businesses, said Rob Persiano, Experis regional vice president.

Experis operates in more than 50 countries, works with more than 80 percent of the Fortune Global 500 and places 38,000 skilled professionals every day.

SIEMENS FOLLOW UP. Siemens Corp.

has consolidated two of its groups into a new 48,000-square-foot lease at 4800 Northpoint Parkway in Alpharetta.

Siemens Corp., a division of the global engineering and energy conglomerate **Siemens USA**, is consolidating Siemens Industry IT and a local Siemens Healthcare office.

The brokers involved in the deal were Glenn Aspinwall of **Jones Lang LaSalle Inc.**, who represented building owner **Capital Commercial Investments**, and Travis Jackson of **Cushman & Wakefield Inc.**, who represented Siemens.

NW GEORGIA MANUFACTURER

EXPANDS. Countertop-maker **LG Hausys America Inc.** is expanding again in Gordon County, as overseas demand for its products remains strong.

LG Hausys will lease 150,000 square feet in a former carpet distribution center at 1405 U.S. 41 South. That expansion coincides with the near completion of its second \$50 million plant in Calhoun's King Industrial Park. It finished its first plant there in 2005.

Together, the plants have created nearly 150 jobs.

LG Hausys needs more distribution space because of increased output at its plants spurred by steady demand for its countertops in overseas markets, especially Eastern Europe, said **Gordon County Chamber** President Jimmy Phillips.

"When the housing market went soft, they were shipping to Eastern Europe, and that has remained a pretty big market for them," Phillips said. "I think this is a sign

they needed the distribution space faster than they could buy a new building."

The LG Hausys lease for its new distribution center was brokered by Sean Coughlin, a principal with commercial real estate firm **C2 Partners** (representing LG) and Jimmy Henderson of **Atlanta Commercial Real Estate** (representing the building owner).

LG Hausys put its U.S. headquarters at northwest Atlanta's Circle 75 Office Park in 2009.

Gordon County helps form the heart of Georgia's floor-covering industry, which was decimated by the Great Recession and the collapse in home construction. The U.S. housing market continues to sputter; the S&P Case-Shiller home price index showed a 4.2 percent drop in the first quarter.

Home values have hit their lowest mark since 2002, according to the index.

Even so, the U.S. manufacturing sector has been a strength in recent months, primarily because of exports.

Georgia's manufacturing industry continues to be a bright spot in the state's economy, though it did show a slight dip in April.

There are also concerns of a broader U.S. manufacturing slowdown because of rising energy prices.

LG Hausys makes acrylic solid surface countertop product and natural quartz countertops.

A large percentage of its products are sold overseas. Its domestic sales come largely through **Lowe's Cos. Inc.** stores.

LG Hausys has helped sustain Gordon's economy during the recovery. But, it isn't alone. **Engineered Floors LLC**, a yarn and carpet maker, has also expanded, adding 500 jobs.

"Anytime you've got new jobs and new investment that's a major statement for your economy," Phillips said.

If you have news for Real Estate Notes, contact Douglas Sams at (404) 249-1055 or at dsams@bizjournals.com.



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