

# ATLANTA BUSINESS CHRONICLE

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## \$270M project at Ga. 400

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STAFF WRITER

Three prominent local developers are teaming up for a \$270 million mixed-use project in the Central Perimeter submarket.

"Abernathy 400," overlooking Georgia 400 on the southwest corner of Abernathy Road, will feature 550,000 square feet of office and more than 20,000 square feet of ground retail and restaurant space over two buildings, a 400-

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SPECIAL

**Abernathy 400:** The project will include 550,000 square feet of office, more than 20,000 square feet of retail and restaurant space, a 400-room, four-star hotel and a 150-unit condo community.

**Serrano:** Lane Co. will develop the residential portion of Abernathy 400, a 150-unit Mediterranean-themed condominium community with prices starting in the low \$300,000s. It will include 6,500 square feet of retail.



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room, four-star hotel and a 150-unit condo community, which also will have retail.

The Central Perimeter area extends along Interstate 285 adjacent to Ga. 400 and is generally bordered by Ashford-Dunwoody Road, I-285, Roswell Road and Abernathy Road.

Atlanta real estate firm **Ackerman & Co.**, in conjunction with **Russell New Urban Development**, will develop the office buildings and hotel and could begin as early as the third quarter.

**Cooper Carry** is the architect.

Atlanta-based multifamily company **Lane Co.** will develop **Serrano**, a 150-unit Mediterranean-themed condominium community with prices starting in the low \$300,000s. The condo portion will include 6,500 square feet of retail.

Lane, which cites a 5-to-1 ratio of workers to housing in Dunwoody and Sandy Springs, hopes to break ground on **Serrano** in May.

**The Preston Partnership LLC** is the designer, and real estate firm **Evolv** will handle **Serrano**'s marketing and sales.

**Ackerman** and **Russell New Urban Development**, a subsidiary of **H.J. Russell & Co.**, are considering going spec on the office portion — which means starting construction without any signed leases — and could do so as early as the third quarter, said **Kris Miller**, president of **Ackerman**.

The larger of the two office buildings, with 350,000 square feet of office space, would go first.

Several other developers are hoping to build soon in the submarket, including **Hines** and **GE**, which are considering going spec on the planned 4004 Perimeter Summit building, expected to be 400,000 square feet.

In other parts of Atlanta, **Cousins Properties Inc.** (NYSE: CUZ), **Tishman Speyer Properties**, **MetLife** and a partnership of **Daniel Corp.** and **Selig Enterprises Inc.** also are planning to go spec on office projects.

"We have not yet pulled the trigger but yes, we're thinking about it," said **Ackerman**'s **Miller**, who added his company already has spent several million dollars on site work and designs for the buildings.

The tightening submarket has few large blocks of contiguous office space left.

The class A vacancy rate in Central Perimeter is 17 percent, down from 20.1 percent a year ago.

Just three and a half years ago, that vacancy figure was more than 26 percent.

At the same time, thanks to several large deals in the past year — including **CompuCredit Corp.**'s (Nasdaq: CCRT) more than 400,000-square-foot deal at **Concourse Corporate Center** — big blocks are hard to come by.

Only two buildings, 1001 Perimeter Summit and **Northpark Town Center Building 400** have more than 100,000 square feet of contiguous space, according to **Dorey Market Analysis Group**, a real estate information company.

At the same time, the only office building under construction, a 350,000-square-foot build-to-suit for **Newell Rubbermaid Inc.** (NYSE: NWL) — coincidentally at Ga. 400 and **Abernathy Road** — is completely committed.

Class A rents in Central Perimeter, per square foot, averaged \$22.34 in the first quarter compared with \$21.62 for downtown, \$26.42 for Midtown and \$26.68 for Buckhead, according to **Dorey**.

Along with the big office lease deals have come big investments in the Central Perimeter, including by Boston-based **General Investment and Development Cos.** (GID) which paid about \$83 million for the roughly 40-acre **Convergence** at Perimeter Town Center site; and a partnership of Atlanta-based **Barry Real Estate Companies Inc.** and Philadelphia-based **Rubenstein Partners**, which paid about \$550 million for **Equity Office Properties'** Central Perimeter portfolio.

As the submarket heats up, hotel performance has also improved, according to **Mark Woodworth**, president of Atlanta-based **PKF Hospitality Research Inc.**

**Ackerman**'s **Pat Chesser**, vice president of development, said developers hope to sign a premium four-star hotel, such as a **Hilton** or **Hyatt**, for **Abernathy 400**.

"Certainly the trend lines are moving in the right direction," said **Woodworth**, whose firm predicts hotel occupancy in the market will grow moderately in 2007.

The Central Perimeter "is one of the largest office markets of all the submarkets in metro Atlanta and ... tenants of that office space can be very important generators for hotel rooms," he said.

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