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Atlanta Mixes and Matches Hospitality

To counterbalance land and construction costs, developers in Atlanta are increasingly building hotels within mixed-used developments rather than as single structures. "Hotels can't stand alone,"

said Alan Joel, principal of Alan Joel Partners/CORFAC International. "(Developers) have to offset (these prices) with condos and retail."

PKF Consulting Inc. executive vice

president Mark Woodworth added, "In the near future, it's unlikely that you will see four-star-and-above assets on a standalone basis."

Much of the condominium product attached to these hotels is geared toward the upscale client, noted Caldwell Zimmerman, executive vice presi-

dent & principal for Colliers Spectrum Cauble. "(The condos) sell out at high prices," he said, and then the developers use profits from the condo portion to pay down the cost of the hotel, thereby reducing the hotel investment. "It lowers the cost basis of the hotels to make them profitable."

Atlanta-based developer Novare Group is building with mixed-use product in mind. Following its first TWELVE-brand hotel-and-residential building in Midtown's Atlantic Station, it is developing TWELVE Centennial Park Downtown at 400 W. Peachtree. The 39-

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The W Atlanta Downtown Hotels & Residences will be Atlanta's first heliport-topped hotel.

story project will include 1,034 condos and a 102-room all-suite boutique hotel, as well as retail and office components. The project's first phase, which will include the hotel and 517 condos, is slated for fall 2007 occupancy.

Downtown's Allen Plaza is also getting a hotel-and-condo project, in the form of the W Atlanta Downtown Hotels & Residences, being built by Barry Real Estate Cos. and Starwood Hotels & Resorts Worldwide Inc. The 28-story tower, scheduled for completion in 2008, will feature 237 hotel rooms, 76 luxury condos, 10,000 square feet of meeting space and Atlanta's first hotel topped with a heliport.

In Buckhead, another Starwood hotel, The St. Regis Hotel, is under construction. Scheduled for a 2008 completion, the 26-story, 150-room hotel will also include 50 residential (continued on page 51)

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units. The submarket will also be home to Rosewood Hotels & Resorts' The Mansion on Peachtree, a 42-story building that will hold 127 hotel rooms and 45 residential units. Completion is slated for January 2008.

In fact, one of the largest mixed-use developments in Atlanta will include a hotel component. Daniel Corp., Selig Enterprises Inc. and Canyon-Johnson Urban Funds L.L.C. are developing the \$1.1 billion, 2.5 million-square-foot 12th and Midtown. The project—which will include approximately 500 hotel rooms, 500 residences, 1.2 million square feet of office space and as much as 150,000 square feet of retail—will be built in three phases, with the first expected to deliver next year.

Even with all the construction, demand is expected to continue, Woodworth noted. Tourism and demand for leisure activity are increasing. Burges Johki, owner of the Wingate Inn Atlanta Buckhead, said the city has also benefited from the fallout from Hurricane Katrina, appropriating some tourists and conventions from New Orleans. He also noted increased tourism from South America and from expanding Delta Air Lines flight options to the city.

—Amanda Marsh