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THE WEEKLY UPDATE ON THE
INSTITUTIONAL MARKETPLACE

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In Atlanta, Office Spotlight Shifts to Midtown

Atlanta's Midtown district, overshadowed for years by the prestigious Buckhead neighborhood, is emerging as the city's hottest office submarket.

Historically a bastion for staid law firms and financial companies, Midtown is transforming into a hip technology hub, anchored by **Georgia Institute of Technology**, while robust residential development is attracting millennials seeking a "live-work-play" environment.

The resulting surge in occupancy rates and rents is spurring investor interest and driving up valuations to rival those in Buckhead, long the city's gold standard.

Similar urban revitalization has breathed new life into downtown districts around the nation — but the changes in Atlanta have been particularly striking. The city has long had a suburban, car-centric culture, with streets that clear out when the workday is done.

Excerpt:

Jonathan Kalikow, president of New York-based **Gamma Real Estate**, said Atlanta's growth will allow both Midtown and Buckhead to thrive in the investment-sales arena.

"Buckhead is a very stable market with high-quality tenants," he said. "You know what you are getting. You are paying for rents and prices to increase over time. Even if you are paying a tight cap rate, you are in Buckhead." He added: "In Midtown, you are paying for this growth and excitement that has never been there before."

Gamma made an early bet on Midtown's transformation. In 2015, it paid \$10 million for a row of buildings with 100,000 sf of office space and 15 apartments, across from Emory University Hospital Midtown. The office space was 22% leased at the time. Gamma is conducting a \$5 million renovation and has already lifted occupancy to 70%.