

## Off-Peachtree towers seek to boost allure

*By Martin Sinderman, Contributing Writer*

A wave of makeovers in buildings located off Peachtree Road is opening Atlanta's most glamorous office submarket up to a wider variety of space users, with owners hoping that a good refurbishing and rebranding will bring new life — and new tenants — into their older class A towers.

The story is playing out in Buckhead. Once a prime example of overbuilding, this market has been on the path to recovery, with direct vacancy in the class A portion of the submarket dropping to 13.1 percent, according to a first-quarter 2013 report from [Jones Lang LaSalle Inc.](#)

“Of the six new towers that delivered mostly vacant during the housing bubble and ensuing collapse, just 11.9 percent of the total inventory is now available for lease,” according to the report. “All signs point to an increase in pricing for Buckhead coming down the pipe.”

As the market improves, “Rents are going to spike — and we see that happening within the next 12 months,” said [Dean Giordano](#), senior vice president of leasing for PM Realty Group.

Giordano leads leasing efforts at Resurgens Plaza on behalf of owner CWCapital Investments LLC, which has begun a \$3.5 million renovation, repositioning and rebranding of the ornate, 393,000-square-foot office tower that opened in 1989. Plans call for the tower, now around 70 percent leased, to be renamed “The Plaza” upon completion of the project, which Giordano said includes a refurbishment of the entire interior, a new lobby, and expansions or upgrades of existing amenities including the fitness center, café and conference center.

The Plaza will seek to attract space users from the realm of “professional services,” such as law and financial services firms — but not to the exclusion of other types of tenants.

“One of the main things we are trying to achieve with the repositioning of The Plaza is opening up our doors to a wider audience, such as the technology firms we see now actively looking for space in Buckhead,” Giordano said.

The Plaza is one of several projects PM Realty has done with CWCapital in Buckhead.

Others include the 260,000-square-foot Tower Place 200 and 14 Piedmont Center, a 303,000-square-foot component of the multi-building Piedmont Center on Piedmont Road.

While these refurbished buildings don't compete head-to-head with the brand-new towers, they are important to the health of the Buckhead office market as a whole, according to [Jeff Bellamy](#),

managing director for Jones Lang LaSalle, which recently picked up the leasing assignment for One Alliance Center.

“Space in these buildings can provide great value for companies,” Bellamy said. “They are beautiful buildings, very well-located, and they need to remain attractive to tenants, and competitive with each other, by keeping their lobbies and amenities up to date.”

Potential tenants attracted to these refurbished buildings tend to fall into one of two categories, said [Tom Tindall](#), managing partner of Cresa Atlanta, a commercial real estate services provider specializing in tenant representation and corporate services.

“These include tenants that are looking for a ‘value play’ in a good building, recently refurbished, in a good location with strong amenities, but without the class A-plus rates of the new buildings,” Tindall said.

They also include tenants that might have initially considered space in one of the new class A towers but did not want to commit to the long-term lease obligations that typically accompany free rent incentives, he said.

Major corporations that place an emphasis on their unique culture tend to be drawn to the brand-new towers in Buckhead, Tindall said, “especially when they use their space as part of differentiating themselves from the competition when they are recruiting new talent.”

According to some observers, Buckhead office buildings that are located along Peachtree Road in Buckhead have an advantage in the competition for tenants over their off-Peachtree neighbors, refurbished or not. Others differ.

There are some companies that do insist on having their offices front on Peachtree Road, according to Bellamy.

“Larger financial services companies, such as banks and wealth management firms, typically like having a Peachtree address for branding purposes,” Bellamy said.

“People like to have a Peachtree address because it is so prominent,” Giordano said. “But at the end of the day, what’s really important is the building, its space, the amenities, and the ease of access and egress to the surrounding area.”

“We’ve been involved in a number of fine projects that are off-Peachtree,” said [Cousins Properties Inc.](#) Senior Vice President [Thad Ellis](#), who heads the Atlanta-based REIT’s office leasing efforts, including those at Terminus.

But at the same time, “There is a very real cachet about Peachtree, and a real premium attached to a Peachtree address,” Ellis said.

However, “we don’t see [a Peachtree address] as that important,” Tindall said.

Larger national and international firms may see some value in this, he said, “But we don’t see that driving as much of our clients’ decisions as much as their desire to be in Buckhead.”