



BIG MIDTOWN PROJECT GETS EVEN BIGGER

Blocking off More Space

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By Jill Lerner

Developers of 12th & Midtown are adding part of another city block to the massive mixed-use project.

With the addition of the site fronting Crescent Avenue and bounded by 11th and 12th streets, the formerly \$1.1 billion, three-phase development now includes four phases -- featuring retail, office, residential and hotel spaces -- with a total value of about \$2 billion.

Phase 4, which is in the design stage but likely will include "significant" retail -- upward of 80,000 square feet -- and residential offerings, is directly west from Phase 1 across Crescent Avenue, and across 11th Street from the Federal Reserve Bank of Atlanta.

At three city blocks, the venture already was the single largest contributor to the Midtown Mile, an initiative of the Midtown Alliance and the city of Atlanta to create an outdoor shopping destination.

The addition of the fourth site was spurred by momentum around the Midtown Mile and, in particular, interest from retailers in the project.

"The reception to this project has been overwhelming," said Steve Baile, senior vice president of Daniel Corp., which is developing 12th & Midtown along with Selig Enterprises Inc., MetLife Inc. and Earvin "Magic" Johnson's Canyon-Johnson Urban Fund L.P. "It's exciting to see how many retailers outside of Atlanta recognize Peachtree Street as the next great retail street."

Baile said officials will announce retail, office and hotel tenants in the next few months. In November, Daniel Corp. and Selig Enterprises revealed plans for 12th & Midtown, then a three-block development featuring more than 1.2 million square feet of class A office space, more than 500 hotel rooms, more than 600 residences and notably, what is being billed as Atlanta's first flagship shopping destination: featuring up to 150,000 square feet of multilevel retail space, complete with 35-foot-high storefronts and graphic displays such as those found in Chicago, Miami and New York.

The addition of Phase 4 means retail will grow to several hundred thousand square feet and Baile said developers continue to "look for opportunities," although he said "right now we've got a pretty full slate."



Baile said Selig Enterprises already owned most of the site comprising Phase 4, and the developers closed on the portions that Selig did not already own at the same time they closed on the land for Phase 1, in July 2006.

Because of demand for retail, office residential and hotel on Peachtree Street at the time, developers chose to pursue the first three phases first, all of which front Peachtree. Since Phase 4 was to include residential as well as retail, developers planned to wait until condo tower 1010 Midtown -- part of Phase 1 -- was further along and gauge residential interest before beginning to design Phase 4, said Baile.

However, demand from retailers and the enthusiasm of new equity partner MetLife -- which joined the project in April -- prompted officials to begin planning and marketing Phase 4. Baile said several fashion and restaurant tenants are looking along Crescent Avenue and preliminary plans call for retail on 11th street and possibly 12th street as well.

He noted that interest in condo tower 1010 Midtown has been brisk, adding it has exceeded interest for Plaza Midtown, which Daniel, Selig and Canyon-Johnson also developed and which sold all of its 418 units in 14 months.

The 1010 sales office opens in September and the building will be ready in fall 2008. Baile said retailers are drawn to 12th & Midtown and the Midtown Mile in general, because of the area's regional appeal.

In addition to Daniel, Selig and MetLife, several prominent developers are planning projects along the Midtown Mile including Jamestown, Tishman Speyer, Novare Group Inc. and Dewberry Capital Corp.

All told, developers are planning more than 1 million square feet of existing and proposed retail along 14 contiguous blocks of Peachtree from North Avenue to 15th Street. Retail real estate expert Matthew Winn agreed the critical mass of top developers is a draw for prospective tenants.

"The appeal of Midtown is because you have so many large-scale developments with retail," said Winn, director of retail services in the Atlanta office of Cushman & Wakefield Inc. "You're really starting to see traffic walking up and down the street, and because of the cultural offerings and the restaurant clusters it's a draw both throughout the week and on weekends." Winn added that Midtown is "under-retailed" and has a very affluent and diverse customer base to tap.



DANIEL

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That base includes both families in Morningside and Ansley Park as well as the single professionals and affluent empty nesters expected to fill the condos rising along the Midtown Mile.

Both Winn and fellow retail expert Mike Neal credited the Midtown Alliance and Midtown Mile developers with mounting a phenomenally successful marketing campaign that has convinced the public and prospective tenants that the initiative is real.

"The sheer magnitude of their effort is making a tremendous difference," said Neal, senior vice president for Atlanta retail services for CB Richard Ellis Inc.

"Now it's an accepted given that the Midtown Mile is real and now it's down to the economics of working with retailers and showing them they can achieve the sales volume and support," he said.