

# NATIONAL MARKET REVIEW

## ATLANTA

The Atlanta Regional Commission and the Georgia Regional Transportation Authority are reviewing plans filed by the city for the 41-story Symphony Center, Atlanta's newest high-rise office and cultural venture. The 650-foot tall tower would be the largest office structure built in Atlanta since 1992.

The estimated \$425 million, unprecedented joint venture between the city, the Atlanta Symphony Orchestra and Houston developer **Gerald D. Hines** would comprise the \$125 million, 836,000-sf office tower and the Atlanta Symphony Orchestra's 2,350-seat, estimated \$300 million concert hall.

**Arthur M. Blank**, the retired co-founder of **Home Depot** Inc. and president of the Atlanta Falcons, has donated \$15 million from his family's philanthropic foundation. Atlanta Symphony Orchestra directors have aggregately contributed \$12 million. ■

## BOSTON

This city has jumped five spots in the rankings of apartment markets, according to **Marcus & Millichap** Real Estate Investment Brokerage Co.'s recently released National Apartment Index. Boston went from number 9 in the rankings last year to number four this year. The index is a snapshot analysis that ranks 40 apartment markets nationwide based on a series of 12-month, forward-looking supply-and-demand indicators.

The report issued by **Marcus & Millichap** attributes Boston's improved ranking to a combination of expectations for solid job growth, limited new construction and one of the lowest vacancy rates in the country. The report also indicates that asking rents increased slightly in 2002—although concessions made by property owners to lure tenants put a dent in effective rents. Average asking rents climbed .7% last year to \$1,542 per month. But tenant demand, fueled by potential job growth in 2003, should push rents up by approximately 2%, to an average of \$1,573, the report predicts. In Cambridge and Back Bay, two of Boston's high-profile submarkets, the report notes that vacancies barely moved when the rest of the area softened, and average rents

remain above \$2,000 a month.

The redevelopment of Pier One in East Boston received its state environmental approval, bringing the \$100 million project one huge step closer to reality. The 881,000-sf project, which was proposed by the team of **Roseland Property Company** and **Sea Chain Marine LLC**, was approved under the Massachusetts Environmental Policy Act. The project is part of an effort by the city to revitalize this gritty industrial area. Executives involved in the project, expect an approval within this month.

## CHICAGO

Recent lease deals are examples of the relative health of Downtown submarkets. North Michigan Avenue has emerged as one of the strongest submarkets, while the West Loop continues to see its vacancy rate rise.

While vacancy in North Michigan Avenue is 11.86% when sublease space is included, it is 15.61% in the West Loop, according to **Jones Lang LaSalle's** first-quarter market report.

The city is hoping to sell a 12,470-sf building at the northeast corner of 79th Street and Champlain Avenue for \$225,000; it wants to see the long-vacant former bakery redeveloped for retail use. The department of planning and development is putting out a request for proposals for creative reuse of the building at 634-40 E. 79th St. or new construction. The city acquired the property and 10,000-sf site through a tax sale in 2001. While setting a \$225,000 target price, the department of planning and development notes tax increment financing may be available to a developer willing to bring more retail to the Chatham and Greater Grand Crossing communities. ■

## DETROIT

Nominations are being accepted for a development award sponsored by a commercial real estate group for women: **CREW**. The deadline for applications for the **CREW-Detroit 2003 Real Estate Excellence Award** is May 30. The award, given by the Detroit chapter of **Commercial Real Estate Women**, is presented to a multidisciplinary real estate development project in Southeast Michigan that demonstrates a significant impact on the community in which it is built.

Project completion date must be between January 2002 and June 2003 and must have a **CREW** member as part of the team. Projects will be judged in two categories: New construction or redevelopment.

Judges for the award are local developers, including **Peter D. Cummings** of **Peter D. Cummings and Associates** and **Larry Marantette**, president and CEO of **Taktix Solutions**. ■

The **Bernard Financial Group** has arranged four loans to keep commercial real estate operations humming in Southeast Michigan. The company created a \$1.1 million loan for two office/warehouse buildings, totaling 32,520-sf, for **Plymouth Industrial** in Plymouth, Mich.

**Bernard** also arranged a \$4.5 million loan for the 45,000-sf Michigan Manufacturing Technology Center in Plymouth. The borrower is **Rigney Properties** and the lender was **Fifth Third Bank**.

Another loan was made for \$1.6 million for a 29,760-sf building in the Centerpoint Parkway complex in Pontiac. The borrower is **Etkin Equities**, and the lender was **American United Life Insurance Co.**

Finally, **Bernard** arranged a \$2.1 million loan for a 110-unit apartment complex called **Rising Estates** in Davison. The borrower is **John Andler**, and the lender was **Comerica Bank**. ■

## HONOLULU

A Downtown Honolulu office building that was developed for \$77 million in the early 1990s has just been sold for about \$20 million.

The Japan-based seller that developed the property paid \$33 million for the dirt alone, according to the Honolulu assessor's office. The all-cash buyer. Known for its exterior glass elevator, the office tower has 5,500-sf floor plates and is 32% occupied. The new buyer plans to "condoize" the building, portions of which have never been occupied.

The building is located two blocks from the state capitol. National tenants include **AOL-Time Warner**, **Prudential Insurance** and **T-Mobile**. ■

## HOUSTON

A joint venture of **Weingarten Realty Investors** and

**American National Insurance Co.** is ramping up to break ground on a 300,000-sf, state-of-the-art distribution warehouse for **Shell Oil Products**. The project will rise on 12.3 acres in the 322-acre **Railwood Industrial Park**.

Shell's site is situated within a 131-acre tract owned by a joint venture of **American National Insurance**, and the Houston-based REIT, which holds co-development rights. The joint venture was formed in December 1999, with an 80-20 split, that cost **American National** \$59 million. ■

## LOS ANGELES

**Volkswagen of America Inc.** has signed a 53,471-sf lease to relocate the **Volkswagen/Audi North American Design Center** to the former **Museum of Flying** at the **Santa Monica Airport**, according to **Insignia/ESG**.

**Chris Hogue** of **Insignia's Century City office** said that **Volkswagen** expects to move into the facility in the fall, following the completion of tenant improvements. **Hogue** represented **Volkswagen** in the 13-year, \$17.7-million lease with building owner **Supermarine of Santa Monica**, which was represented internally by **Kris Thabit**.

The new space will be ideal for **Volkswagen of America** not only because it is larger than the company's current 30,000-sf facility in **Simi Valley**, but also because the **Museum of Flying** is a unique building suited for a design studio. ■

## LAS VEGAS

**Westgate Resorts** has scaled back its plans for a hotel and time-share tower on the Strip, a **Clark County Planning Department** official confirmed.

The company first received preliminary approval last year for a 54-story tower in front of the **Showcase Mall parking garage**. But the 750-room tower was opposed by **MGM Mirage** and its CEO **Steve Wynn** (Wynn is considered as one of the most powerful people in Las Vegas, and owns 5 casinos on the strip) which argued the project, as designed, was too big for its less-than-an-acre footprint. Revised plans, submitted for approval last month, call for a 43-story tower with 688 rooms. Although 11 stories shorter, it will still become the city's tallest occupied structure. The **Palms casino resort** is currently the tallest, with 42 stories.

## Miami

**Brookwood Financial Partners LP's** affiliate **Brookwood Brickell Bayview Investors LLC** has acquired **Brickell Bayview Centre**, a 33-story office tower in the heart of Miami's hot **Brickell submarket**, for \$38.4 million. The seller was **The Arden Group**.

The 284,599-sf building sold for approximately \$134.93 per sf. It is more than 86% leased.

That mixed-use project, called **Mary Brickell Village**, entails a **Publix-anchored shopping center** with tenants such as **P.F. Changs** and **Starbucks**. The newly acquired building also includes 15 parking garage levels. ■

## SAN FRANCISCO

Bay Area apartment vacancy edged up and rental rates fell slightly in the first quarter as no signs of a near-term economic recovery showed up on the horizon, according to the latest report from the brokerage firm **Marcus & Millichap**.

**Marcus & Millichap Regional Director Jeff Mishkin** said that the biggest story of the past 18 months in the Bay Area apartment market has been the resilience of transaction demand and the strength of sales prices in the face of a softening market.

Bay Area markets are primed to bounce back strong except for the **Silicon Valley**, whose recovery will be extended due to the fallout in high-tech.

Hoping to take advantage of the distressed properties in the Bay Area, **The Broe Companies of Denver** has hired local industry veteran **Tom Bracken** and charged him with acquiring \$250 million worth of investment opportunities in **San Francisco** and the **Bay Area** within the next 18 to 24 months. ■

## Washington, DC

The expansion and revitalization of the **H. Carl Moultrie Courthouse** has taken a big leap forward with the recent selection of **Gensler design firm** from among six other applicants to serve as the project architect and engineer. The **US General Services Administration** put out a call for proposals last year, with a deadline for early 2003. **Gensler** joins a team led by **Gruzen Samton LLP**, which is on board as master planner for the project; There will be an addition of nearly 93,000 sf of space to the existing 654,000-sf facility. Construction is estimated at \$50 million. ■