



**RIGHT POSITION**

Stephen Moon with The Beck Group says architecture firms can find opportunities to thrive in this market.

14B

February 5-February 11, 2010

Section B



PHOTOS: JUDAN WITTELI



**Working together:** Joe Allen, left, executive director of the Gwinnett Place CID, and Chuck Warbington, executive director of the Gwinnett Village CID, at NCR's new headquarters.

# Economic engine

NCR Corp.'s move to Duluth could spark new growth in Gwinnett's office, housing and retail sectors

By Douglas Sams

STAFF WRITER

For years, the aging Gwinnett Place mall district has needed a spark. **NCR Corp.**, the \$1.9 billion information technology giant, may provide it — and fuel even bigger changes to the entire county.

The company, which announced last year that it was relocating to Duluth, has already grown its real estate footprint around the mall to more than 400,000 square feet of offices, including new leases at Satellite Place 700 and Satellite Place 800.

At nearly 700,000 square feet, Satellite Place is the largest class A office park in Gwinnett County.

It was one of several office projects launched in the late '90s in Duluth, as developers expected the Gwinnett class A office market — fueled by job and population growth — to explode.

That market, from Duluth to Norcross, never got as deep or as stable as developers expected.

The class A vacancy rate now stands at almost 24 percent, well above the 19 percent national average, according to Colliers International.

But, NCR Corp., along with the 2009 announcement that **Asbury Automotive Group Inc.** (NYSE: ABG) was moving its headquarters from New York to Gwinnett, is giving the county's office market national exposure that could lead to even more relocations.

The announcements also coincide with a more recent proposal to privatize the Gwinnett County Airport-Briscoe Field, which could lead to its first commercial flights and further raise the county's national profile.

NCR now leases almost 166,000 square feet within Satellite Place and plans to bring at least 1,250 corpo-

rate jobs to Gwinnett. It also expanded by about 57,000 square feet at 2651 Satellite Place, an existing office where it has been for years.

That kind of growth means a lot for the 26-year-old Gwinnett Place mall and its shopping district, an area that has struggled during the past decade to compete in the battle for retail sales against newer and larger centers, such as Mall of Georgia in Buford.



**Allen**  
Gwinnett Place  
Community  
Improvement District

NCR's expansion (a mix of new hires and relocations from Dayton, Ohio) gives renewed hope to the Gwinnett Place district, whose retailers will benefit from all those new employees dining and shopping at

► See **ECONOMIC ENGINE, 15B**



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## Economic engine

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the mall, said Joe Allen, executive director of the **Gwinnett Place Community**



**Benning**  
Benning  
Construction Co.

jobs, and its people will want to come and be a part of that community," said Ted



**Brown**  
Duke Realty Corp.

Warbington, who leads the **Gwinnett Village Community Improvement District**.

NCR employees have already started meeting with Realtors and school officials, he said.

NCR could also create the need for support business to lease additional office space in existing and proposed office parks, such as **Duke Realty Corp.**'s 110-acre Legacy project at Georgia 120 and Meadowchurch Road, which like Satellite Place, is within the Interstate 85

tion improvements, too, Allen said. That would force Gwinnett to consider the expansion of MARTA northward into Norcross.

MARTA is an aspect of urban life that, so far, county voters have rejected. But, the I-85 corridor is one of the most traffic-congested stretches of highway in metro Atlanta.

The Gwinnett Place mall district is often right in the middle of the gridlock.

"If NCR keeps expanding, there will be a need for more than just the automobile to serve this area," Allen said.

One option is the expansion of MARTA. The Gwinnett Place and Gwinnett Village community improvement districts are also considering light rail to serve the I-85 corridor.

When Gwinnett County — through its Partnership Gwinnett program — plucked NCR from Ohio, it represented a concentrated effort to lure companies from the Rust Belt to the Sun Belt.

"Many of these [NCR employees] will be coming in from up north, where they are used to a very strong transit presence, which is somewhat alien to us here in the South, especially in the Atlanta area," Allen said.

He added, "You have other cities, including Charlotte, making huge investments and putting in miles of light rail. We are going to have to react and look at those options."

NCR will likely play a role in those options.

State economic development officials worked to land NCR for up to two years.

The state gave NCR at least \$60 million to relocate its headquarters to Duluth and to build a manufacturing plant in Columbus.

Because of the connections it made and the state money it received, the company

## Gwinnett submarket by the numbers

### VACANCY RATES

- ▶ For class A office space in the Duluth/Suwanee/Buford/Peachtree Corners area the vacancy rate hit 23.5 percent in 2009, compared with 21.3 percent in 2008.
- ▶ The national average is 19 percent.

### THE AREA'S LARGEST VACANCIES INCLUDE:

- ▶ Suwanee Gateway One — 142,427 square feet available
- ▶ 2055 Sugarloaf Circle, SAFECO Building — 112,805 square feet available
- ▶ 6575 The Corners Pkwy. — 97,767 square

feet available (will be vacant in September)

### LARGEST BUILDINGS/PARKS (CLASS A ONLY):

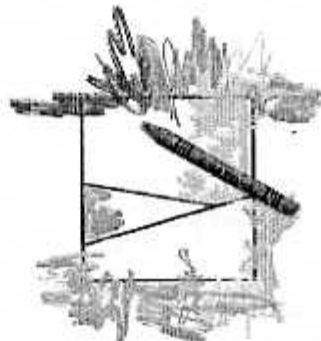
- ▶ Satellite Place: 683,074 square feet
- ▶ Technology Park/Atlanta: 669,757 square feet
- ▶ The Corners Office Park: 435,239 square feet
- ▶ Sugarloaf Corporate Center: 414,428 square feet
- ▶ Hillside at Huntcrest: 343,189 square feet

Source: Colliers International

## Commercial Real Estate

UNCONVENTIONAL  
WISDOM:

Always Color  
Outside The Lines



RETAIL SPACE  
AVAILABLE

RETAIL SPACE  
AVAILABLE

RETAIL SPACE  
AVAILABLE



# Special districts spur Gwinnett redevelopment

By Jason Massad  
CONTRIBUTING WRITER

Community leaders in Gwinnett County are ramping up their efforts to redevelop aging areas of this traditionally suburban county by targeting areas for infill development and creating an instrument for financing improvements.

The county is in the process of forming its fourth community improvement district (CID) and, last fall, the Gwinnett County Commission approved five special taxing districts that could spur redevelopment in those districts.

The aim of the latest improvement district, the Lilburn Community Partnership, is to generate income from commercial property owners to redevelop the Highway 29 corridor from Jimmy Carter Boulevard to Ronald Reagan Parkway.

The corridor, home to shopping centers that are up to 30 years old, needs an anchor development to bring cohesiveness and an identity for shoppers and businesses in Lilburn, said Gerald McDowell, executive director of the partnership.

The group plans to have a fully functioning improvement district by spring of this year with at least \$150 million in commercial property paying into the district.

That kind of buy-in for the Lilburn group would generate hundreds of thousands of dollars to improve signage, repair old infrastructure, create new access roads off the highway and beautify streetscapes.

CIDs leverage funds from commercial property owners to attract federal and state dollars for transportation, infrastructure and public safety needs.

The Lilburn Community Partnership is following the path of three other CIDs in the county: Gwinnett Place, Gwinnett Village and Highway 78.

Last fall, the Gwinnett County Commission also approved forming five special taxing districts, called tax allocation districts (TADs), to help bolster redevelopment efforts, bringing the total number of TADs to six.

The special taxing districts allow local governments to pay for projects with bonds that are then repaid from the

higher property tax revenues those improvements generate.

Chuck Warbington, executive director of the Gwinnett Village CID, said the TADs make redevelopment areas more attractive to developers who have traditionally been able to build shopping centers, office space and midrise development more cheaply on undisturbed property. A bank is 25 percent more expensive to construct in a redevelopment area than it would be on a new parcel, Warbington said.

"It's huge," he said of the incentives provided by TADs. "The first things that are going to come out of the ground when this economy turns around are going to be out of tax allocation districts."

But as the economy continues to slump, development of any kind has been hard to come by. To date, no developers have



JUDITH VITELLI

**Revitalizing a region:** Gerald McDowell, executive director of the Lilburn Community Partnership, is working to redevelop the Highway 29 corridor in Gwinnett County.

stepped up to the plate to build the mixed-use of retail, office and residential space that Gwinnett County leaders envision.

However, the TADs are powerful tools to attract builders to aging areas that may require demolition work, environmental cleanup or infrastructure repair for new development, Warbington said.

TADs use bonds to finance projects based on the increased property value that a redevelopment could generate. That financing is then paid to developers.

The TADs could also be the key to success for improvement districts in the area — creating an urban environment for its 800,000 residents. County leaders see office space, mid- to high-rise residential space and retail stores clustered in its redevelopment areas. "The vision long term is that this is going to be the next Buckhead up and down the I-85 corridor," said Demming Bass, a spokesman for the

**Gwinnett Chamber of Commerce.**

But the long-term vision and the current reality are quite a bit different.

The Gwinnett Place CID is anchored by a regional mall that was built in the 1980s. Bass Pro Shop, for instance, left the area for Discovery Mills. Gwinnett Place still has a core of office complexes but wants to re-establish itself as the place to do business, as it used to be, said Joe Allen, executive director for Gwinnett Place CID.

High-density residential proposals have already come forward, he said. Then the economy tanked and those developers backed off building in Gwinnett Place.

However, a changing demographic that includes seniors, young professionals and an influx from the Asian community will turn the area into a more urban environment, he said. "You've got a lot of people who grew up here, and they may not want that home on the cul-de-sac."

**Fortune 500 NCR Relocates 1,500 jobs to Duluth** • Fortune 500 Asbury Automotive Moves HQ to Gwinnett • Gwinnett Chamber Lobbies for Transportation Solutions • Chamber Partners with County on Engage Gwinnett Citizen's Group • **Gwinnett Chamber Opens China Office** • Principal for a Day Connects Business and School Leaders • Gwinnett Leads State in Job Creation Since 2000 • **6,000+ High Wage Jobs Created Through Partnership Gwinnett Strategy**

# 2010 outlook good for Gwinnett hospitality biz

By Randy Southerland  
CONTRIBUTING WRITER

Following an economic battering that has left hotel rooms empty and restaurant tables unoccupied, Gwinnett County's hospitality industry is starting to see a brighter new year.

"We are projecting that 2010 is going to see a very cautious increase over last year," said Lisa Anders, marketing communications director for the **Gwinnett Convention and Visitors Bureau**. "It is not going to be back to 2003 levels, but we expect a slow and steady climb."

Occupancy rates increased 2 percent during the fourth quarter of 2009, compared with a 12 percent drop the previous year, she said.

"It was the first quarter of the year where we actually saw increases or steady occupancy over the previous year," Anders said. "We are hoping that pace will maintain itself."

Hotel occupancy in the county during 2009 fell by 12.6 percent to 48.4 percent and is expected to increase to 50.2 percent in 2010, according to data released by **PKF Hospitality Research**.

Results for hotel occupancy are also likely to be mixed depending on what kind of travelers you're looking at, according to figures supplied by **The Rubicon Group Inc.**, which provides comprehensive market intelligence to the global travel industry.

Gwinnett will see a 4.7 percent increase over last year by individual business or

convention business will fall by 5.9 percent, said Christine DeZarn, Rubicon's enterprise services manager. "The convention business has a long lead time," she said. "Sometimes conferences and meetings are booked two to three years in advance and, because of that, events that took place over the last year or so were primarily business that was driven before the recession hit."

Now, that business is dropping off as bookings move into the recession time period.

"Meanwhile transient (individual) business is actually starting to pick up a little bit," DeZarn said.

The increase in business can be attributed in part to dropping rates. Average daily revenue is expected to fall by 9.5 percent in 2010 for the transient market and 8.9

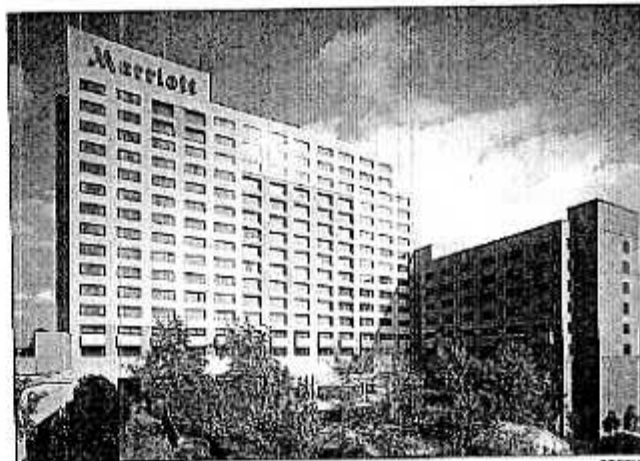
percent for groups, according to Rubicon.

Gwinnett County's success in winning new company relocations has also helped hotels avoid an even greater decline.

Companies such as **NCR Corp.**, **Asbury Automotive Group Inc.** and others are bringing more jobs to the county, which has translated into more business meetings by out-of-town staff and executives.

While fewer leisure travelers have been staying at the **Atlanta Marriott Gwinnett Place** — the county's biggest full-service hotel — corporate and association travelers have held steady, said General Manager Marcy Adams.

"We do quite a bit of state associations, corporate business in our back pool, and a



SPECIAL

**Staying steady:** Staff at the Atlanta Marriott Gwinnett Place have seen fewer leisure visitors, while the number of corporate and association travelers have remained level.

good bit of faith-based groups with the Gwinnett Center," she said.

When NCR began its move to the county, transfers and meetings generated almost 1,500 room nights, Anders said.

Gwinnett's hotel market differs from the larger and more upscale Atlanta market, which tends to cater to larger corporate conventions looking for hotels with extensive and specialized services. With more than 100 hotels in the county only about 10 percent are full service.

While announcements of new company relocations and expansions are exciting, the effect of all that economic activity has yet to be completely felt.

"When a company announces 1,500 jobs, you don't get them the next day, but they're moving them down here," said Alfie Meeks, Gwinnett County's economist. "The relocating companies are hiring local people, but they're still running up."

Local hotels have also benefited from increasing diversification. Instead of just focusing on business travelers, many are tapping into other lucrative markets.

"Five or six years ago you would not get a sports group or a religious group here," Anders said. "You probably would not be able to get it into a hotel in the middle of the week. Now you probably can."

Last October's Catalyst Conference attracted nearly 15,000 people to the annual religious event.

Held in the Gwinnett Center, the conference was reflective of the importance of faith-based groups that prefer to stage meetings in the suburbs rather than downtown. It accounted for more than 6,000 room nights, Anders said.

"[Gwinnett Center] is the ideal size for a group [like Catalyst] because it is not a 20,000-seat arena where you have to be able to fill all those seats," she said.

