

## Developers willing to take chance on condos

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Heading east on Pleasant Hill Boulevard in Duluth, a view from the top of the Gwinnett Place Marriott.

DULUTH - Stone Mountain's imposing granite mass looms to the southeast, while the faint outlines of high-rises in Atlanta can be seen to the southwest through the mid-afternoon haze.

Looking down, cars and trucks stream by on Interstate 85, and stop-and-go traffic navigates surface streets lined with shopping centers and office buildings in the Gwinnett Place business district.

Scattered about, but far outnumbered by the buildings, are small tracts of land bristling with pine trees.

One such tract easily visible from atop Gwinnett County's tallest building - the 17-story Marriott at Gwinnett Place on Pleasant Hill Road - could become the site of Gwinnett's first high-rise condo development.

At 300 feet tall, the two structures planned for Steve Reynolds Boulevard near I-85 would also supplant the 187-foot Marriott as Gwinnett's tallest building.

If county officials started a new chapter in Gwinnett's growth by adopting rules for high-rise condos in December, the two towers would be the first page.

Others could follow, but when and where will hinge on the same factors that guide the loftiest high-rise to the lowliest subdivision - namely, supply and demand.

Some question how much demand exists in Gwinnett County for high-rise living, but developers and real estate investors are willing to seek the answer through market research and number crunching.

Actually lining up financing and building a high-rise is another matter, but there has been no lack of interest from developers, according to county officials and members of the local development community.

"There are a lot of folks who are putting their toes in the water and testing the temperature," said Lee Tucker, a Duluth attorney who is often hired by developers to guide their rezonings through the county review process.

Tucker, who is representing the developers wanting to build condo towers on Steve Reynolds Boulevard, said he has other clients who are reviewing

Gwinnett's high-rise regulations and whether they can make a profit by building vertically.

Some flirting with the idea of building in Gwinnett have local ties, while others have a national and international presence, Tucker said.

That's the case with Yamasaki Associates of Troy, Mich. The architectural firm that wants to build the Steve Reynolds Boulevard condo and shopping complex has designed high-rises in Dubai and South Korea.

The company founded by the now-deceased designer of the World Trade Center declined to comment for this story.

If county commissioners approve the project this summer, it would have a head-start on other condo towers that could follow, giving it first shot at tapping into whatever demand is out there for high-rise condos.

It won't get by without close scrutiny, though. The county commissioner whose district holds the 4.7 acres between Shackelford Road and Club Drive says she has many questions that must be answered before she signs off on the necessary rezoning.

#### First up

County Commissioner Lorraine Green, whose district includes Duluth and parts of Suwanee and Lawrenceville, said she met and reviewed the project plans with the developers and their attorney last week.

"I had a number of questions about the density, the height and the economic feasibility of such a project in Gwinnett," Green said.

What impact the development with 263 condos and about 112,000 square feet of retail space would have on traffic flow also was brought up, Green said. The only entrance would be on Steve Reynolds Boulevard, but there is no median break immediately in front of the site.

"I think this is something we need to take very slowly and make sure absolutely no mistakes are made," Green said of the condo project. "The last thing I want to see happen is for two 25-story buildings to be erected and it be done

improperly.

"That's why we are going to take our time with it and make sure all our i's are dotted and our t's are crossed."

#### Wait and see

High-rises filled with condos certainly won't sprout beside I-85 overnight. An oversupply of condos nationwide could scare away some developers, said Michael Carliner, an economist for the National Home Builders Association.

"I think we're about to face a glut," Carliner said. "There's been a tremendous surge of condo construction and also condo conversions over the past couple of years."

The number of condos being built nationwide doubled between 2003 and 2005, and the number of apartments being turned into condos exploded

from 20,000 to about 200,000, Carliner said.

The situation is not as bad in metro Atlanta as in, say, Florida, Las Vegas or Chicago, Carliner said, but the region still faces some challenges.

Besides having numerous condo projects in the pipeline, rental vacancy rates, which rose at the end of 2005 in metro Atlanta, also could dampen prospects for high-rise condos in Gwinnett.

That's because many condo buyers turn the dwellings into rental properties, Carliner said, and trouble renting them out could translate into less being bought.

"I think you will probably see them in Gwinnett County in the next decade, but whether this is an ideal time to (build one) is more questionable."

Closer to home, an official at the Metro Atlanta Home Builders Association was more positive about the region's condo market.

"The condo market is doing fantastic," said Mark Anderson, governmental affairs representative for the Metro Atlanta Home Builders Association.

How much bearing that will have on Gwinnett is unknown since it is farther away from Atlanta than other places where condo towers and office high-rises have gone, Anderson said.

That's one reason real estate and developer types across metro Atlanta are watching to see if the first few high-rise projects in Gwinnett County fly or flop, Anderson said.

At the same time, a company would not undertake one in Gwinnett unless it had researched the market and was comfortable there would be enough condo buyers to make it profitable, Anderson said, citing Yamasaki's Steve Reynolds Boulevard project as an example.

"It seemed like they jumped on it fairly quickly, so they have obviously done their market research. I don't know what their numbers are on the project, but it is a huge investment," he said.

"If they get this approved and they build it, I imagine a lot of people will take a step back and see how they do with their sales and then go forward with their own project."

Local developer Emory Morsberger said the potential for condos in Gwinnett County is great if they are built in the right spot.

The Lilburn resident said he is aware of several developments slated for Gwinnett that would take advantage of the new high-rise rules, as well as new regulations that allow mixed-use development with high-rises.

Morsberger said he is not participating in any of the projects, but he knows the parties that are. He said he has been "sworn to secrecy" about their identity and the particulars of their plans.

However, he said he would not be surprised if more than 2,000 condos are proposed in the next 12 months.

"The interest is high. The cost of land is going through the roof," Morsberger said.

Not automatic

Before developers can begin building a high-rise residential condo tower anywhere in unincorporated Gwinnett, they must get the land rezoned by county commissioners.

For the rezoning to be considered, it must meet certain guidelines. For instance, the land must be located in what county planners call a "major activity center."

Major activity centers are located along Interstate 85 and Peachtree Industrial Boulevard near the DeKalb County line, and they are where businesses, restaurants, offices and even entertainment venues cluster together.

One major activity center is centered on Sugarloaf Parkway near Interstate 85. Several mid-rise office buildings and hotels have popped up there in recent years, and Discover Mills mall and the Gwinnett Center draw shoppers, sports fans and conventiongoers.

Other business and job centers where high-rises may go straddle I-85, starting at Jimmy Carter Boulevard in the Norcross area and ending at the Mall of Georgia near Buford. In between, high-rises could go around Beaver Run Road, Indian Trail-Lilburn Road, Steve Reynolds Boulevard, Pleasant Hill Road and Sugarloaf Parkway.

County commissioners considered allowing high-rise condos beside I-85 in the Hamilton Mill area and beside Ga. Highway 316 next to the Lawrenceville city limits, but ultimately dropped those spots.

Because of concerns expressed by residents, high-rise areas at the Mall of Georgia and Sugarloaf Parkway were scaled back, moving any tall structures built there farther away from subdivisions.

Besides being in a major activity center, land eyed for high-rise condos must also be near a major road and in close proximity to public transit, which by default means Gwinnett County Transit and its crimson buses that circulate through the county and plug into MARTA's rail and bus lines.

When the high-rise rules were adopted by the commission in December, two commissioners dissented. They felt higher standards should have been placed in the regulations.

Green said she thought the rules should require traffic impact studies and that high-rise developers set aside land for use as public space, possibly where benches and a fountain or a similar amenity could go.

Other commissioners, though, said they would rather handle each high-rise project on a case-by-case basis and place such requirements on each one when it goes through the rezoning process.

Like any other rezoning, high-rise requests must go through the county Planning Commission, where citizens can give their thoughts and opinions about a proposal before planning commissioners forward a recommendation to the county commission.

County commissioners, who have the final say on rezonings, also hold a

public hearing before voting on them.

When they do so, commissioners can place additional requirements on a building project.

That means in addition to complying with the county's development and building regulations, a developer may have to set aside money for a traffic signal, install a turn lane or use higher-end building materials.

Commissioners often place such conditions on new shopping centers, subdivisions and office buildings that require rezonings.

County Commissioner Bert Nasuti, whose district includes Norcross, said any high-rise proposed for his area will have conditions put on it.

"All I can say is that it would have a number of conditions to make sure the project is a positive for our community rather than something we will regret years down the road," Nasuti said.

### Revitalization meets smart growth

One particular place where people have high hopes for high-rises is the Gwinnett Place area near Duluth.

Commercial property owners there are taking steps to rejuvenate the commercial center that sprung up around Gwinnett Place Mall after it opened in 1984 but then struggled when larger, newer malls - Discover Mills and the Mall of Georgia - opened a few miles up the interstate.

An influx of Asian residents and business owners to the Duluth area has spurred new retail and office development and filled some empty storefronts, while a self-taxing district started by commercial property owners is using its revenue to keep streets litter-free and roadsides mowed and landscaped.

The Gwinnett Place Community Improvement District is also working with the county and state on sidewalk and road projects intended to improve mobility for pedestrians and motorists.

One big-picture goal for Gwinnett Place boosters is to add residents to the business district so they can help support shops and restaurants there and live near their job. The desired end product would be a pedestrian-friendly, vibrant community, and high-rises could help do that.

"We see it as an excellent opportunity to remake the area and create something different from what we have here today," said Joe Allen, executive director of the Gwinnett Place CID.

"Our focus is protecting the retail and commercial heart of the district, but we also are interested in doing things different so that this area is attractive to a new generation of consumers."

Likewise, a community improvement district in the Norcross area embraces the possibility of high-rises, which they think could bring residents with higher incomes to a part of the county that struggles with crime, a negative public perception and a higher poverty rate than the rest of Gwinnett.

The pending sale of land at the corner of Jimmy Carter Boulevard and I-85 has heartened people involved in the revitalization effort.

OFS BrightWave, whose massive plant stretches beside I-85, is in the process of selling one-third of the 170-acre tract to a Pennsylvania real estate firm that specializes in turning aging industrial sites into shiny new development that generally mixes shops, offices and residences. OFS, which makes fiber-optic cable, would continue operating on the rest of the land. A Norcross-area community improvement district said concept plans it was shown had mid-rise buildings with commercial uses on the lower floors and residences above. A hotel with convention space was also shown. The buyer, Preferred Real Estate Investments, stressed that it has made no decision on how to develop the land and will not do so until meeting with the community.