

GWINNETT

Economic development push paying dividends

By Doug DeLoach
CONTRIBUTING WRITER

As the water tower looming over Interstate 85 at Jimmy Carter Boulevard never ceases to remind us: "Gwinnett is Great."

For the most part, that was the case in 2007 for all sides in the commercial and industrial real estate business in the Gwinnett submarket.

"From an industrial leasing perspective, 2007 was the best year I have ever seen," said Chet Koenig, vice president of leasing at M.D. Hodges, an ING Clarion Partners company. "In all areas — small, midsize and larger facilities — we saw an unprecedented number of occupancies in the 80 to 90 percent range."

Tom Flanigan, senior vice president at M.D. Hodges, said the Gwinnett submarket's successful performance can be attributed to the same factors that benefited the metro area in general.

"The main drivers have been population growth and the job market," he said.

Flanigan also attributed the recent positive numbers to the Gwinnett County government, in conjunction with the Department of Transportation and other officials.

"They have done a great job with the road infrastructure and trying to stay ahead of the growth curve," he said.



"[The school system] not only accommodates the population growth, but ...

it allows people to feel good about living near where they work."

Tom Flanigan
M.D. Hodges

Flanigan said the county's school system provides another economic booster shot.

"It not only accommodates the population growth, but, as far as the job market is concerned, it allows people to feel good about living near where they work."

The Sugarloaf corridor is an area in the Gwinnett submarket that saw a lot of activity in 2007. Sugarloaf and Huntcrest office parks, both managed by Duke Realty Corp., posted 200,000 square feet of net absorption through the third quarter of 2007.

	Total existing space (in square feet)	Rental rate per square foot (average quoted)	Total vacant space (% of square feet)	Space delivered (in square feet)	Absorption of space (in square feet)	Sublease space (in square feet)
Class A						
2005	2,766,392	\$18.67	20.5%	130,000	230,470	27,047
2006	2,324,956	\$19.55	25.3%	0	-42,811	47,573
2007	2,864,968	\$21.20	23.4%	150,000	174,200	36,868
Class B						
2005	3,455,512	\$14.21	28.4%	50,000	9,498	216,106
2006	3,649,095	\$15.23	23.9%	80,053	257,102	204,844
2007	3,645,812	\$14.07	22%	0	118,237	237,955
Class C						
2005	134,226	\$16.81	15.9%	0	21,952	0
2006	134,226	\$15.15	7.4%	0	11,340	0
2007	127,574	\$15.53	7%	0	20,735	0

	Total existing space (in square feet)	Rental rate per square foot (average quoted)
Submarket totals		
2005	6,356,130	\$15.84
2006	6,108,277	\$16.64
2007	6,638,446	\$17.51

Source: The Dorey Cos.

GWINNETT
SUBMARKET



"Sugarloaf is the biggest area of development in this market," said Craig Flanigan, Duke's vice president of leasing, whose company owns about 1.2 million square feet of commercial property in the Gwinnett submarket.

"Primarily, it's been driven by a diversity of housing in all price categories," he said. "The proximity to I-85 has also been a great asset."

In 2008, Duke will begin development of Legacy, a 110-acre office park at Georgia 120 (Duluth Highway) and Meadowchurch Road. According to Flanigan, the development encompasses a 110-acre site zoned for seven office buildings at 172,000 square feet apiece, with about 13 acres totaling about 90,000 square feet designated for retail space.

GWINNETT

PROJECT SPOTLIGHT

Project: Quat South Corp. is developing the 148-acre Terraces at Suwanee Gateway as a mixed-use community, to be phased in over three to five years, for an total estimated cost of \$250 million.

Description: When completed, the project will include 1 million square feet of commercial and office space, apartments, townhomes, senior housing and a hotel.

Significance: It is the single largest commercial real estate deal in Suwanee history and the largest of its kind in the Gwinnett submarket in 2007.



Other areas of activity during 2007 include Hamcrest, where Koll Development Co. recently announced a deal

with the University of Georgia Real Estate Foundation to secure 60,000 square feet of space at Koll's 150,000-square-foot, LEED-certified IntelCenter.

"The single most significant community development in this submarket is our Partnership Gwinnett initiative," said Jim Maran, president and CEO of the Gwinnett Chamber of Commerce. "We are totally focused on encouraging and attracting economic development."

Maran said the chamber's large staff (up to a dozen full-time employees)

works closely with county officials and other government entities to offer incentives aimed at attracting commercial investment.

"When Hewlett Packard was considering where to move their data center, we used tax abatements to help accommodate them," he said. Those abatements, part of a county economic development ordinance, were reportedly worth up to \$800,000 over the next decade.

"We have three Community Improvement Districts (Gwinnett Place, Gwinnett Village and Evermore), and we all work together," Maran said. "I think it's the most unified system in the entire United States."



Maran
Gwinnett Chamber of Commerce

5 QUESTIONS

Memory Morsberger

President, The Morsberger Group

1) What attributes make the Gwinnett area an ideal CRE growth market?

Gwinnett has excellent infrastructure and more available development land than any other metro county. In the past few years three CIDs have been created and the county is beginning to embrace the growth opportunities offered by redevelopment. Gwinnett also has a top-notch school system that continues to draw educated families with high household incomes. Our close-in location provides convenient access to downtown and all of Atlanta's major submarkets.



2) What characteristics distinguish the Gwinnett CRE market from other markets in the metro area?

Gwinnett has an educated population and the ability to add another 30 percent to 50 percent to its population. The communities within Gwinnett, particularly Lawrenceville, provide a strong focal point for nodal development.

3) What has been the defining commercial real estate deal in the submarket during the last three years?

Rather than one particular transaction, I believe the evolution of the community improvement districts within the county and the movement toward a more community-focused mentality have been the most significant defining developments within Gwinnett. Note that Gwinnett has more incorporated cities (13) than any other county in the state.

4) How has the Gwinnett CRE market changed during the past three years?

The Gwinnett CRE growth continued at a fast clip until last August. As the housing market slowed, so did everything else. Currently, the Gwinnett CRE is still more dynamic than the rest of the metro area except downtown Atlanta.

5) What is the No. 1 obstacle slowing down or preventing the continuing success of the Gwinnett market?

The No. 1 obstacle to continued strong growth in Gwinnett is transportation. Our roads are nearing capacity and there is not enough funding to complete even the transportation capacity expansions planned to accommodate our internal population growth. Additional state road funding sources and public transportation, including commuter rail and MARTA, will solve this problem.

BrickWorks

AT MIDTOWN WEST

www.midtownwest.com

Midtown West is Proud to Welcome The Following Tenants To BrickWorks:

Green Olive Media
Presence From Innovation
Toscana & Sons
Lola Ricci Salon
Luxe Atlanta
1STFIVETHO
David C. Fowler Architecture
5 Seasons Westside

Waldenour An Ecodesign Source
Matter
Flex City Films
Bobbe Gillis Gallery
& Fine Framing
Time Saver Products
Willis & Walker
Verde Home



left office | showroom | retail

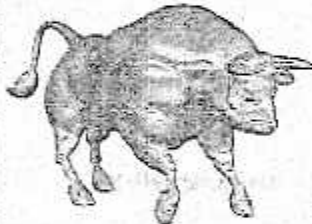
For leasing information contact:

Matthew Levin
levinm@svn.com

770-209-1700

Sperry Van Ness
Commercial Real Estate Advisors

Need A Business Loan?



We're
Still
Bullish!

UP TO 90% FINANCING

For hotels, convenience stores, medical office buildings & more

- Government-backed SBA & USDA Loans
- Construction & Permanent Loans
- Flexible, Innovative Financing
- Fixed & Floating Rates

And we act fast ... with loan approval as quick as 24 hours and closing usually within three weeks.

Your search for a great loan ends here!



HAVENTRUST BANK

Serving Entrepreneurs Nationwide From Atlanta

Four Convenient Locations
Decatur • Sugarloaf • Johns Creek • Snellville

888.424.2265

www.haventrustbank.com

A Preferred
SBA Lender



Contact: Susan Battle, sbattle@haventrustbank.com