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## North Highland seeks out higher profile

Atlanta Business Chronicle - by [Douglas Sams](#)

Atlanta based consulting firm **The North Highland Co.**, headquartered at the 550 Pharr Road office building, is exploring the Buckhead market for a new lease.

The firm recently met with the owners of the new Buckhead office towers, sources familiar with the process said. North Highland needs at least 50,000 square feet.

Any of the new class A towers on Peachtree or the Buckhead Loop would be a big step up from its current home at 550 Pharr Road, a 36-year-old, nine-story building.

Besides the new towers, including Phipps Tower, 3630 Peachtree, Terminus 200 and Two Alliance Center, North Highland may also look at Atlanta Financial Center and Prominence, according to sources.

Brad Armstrong and Chris Wagner of **Jones Lang LaSalle Inc.** are representing North Highland.

### Astoria faces foreclosure

The Astoria at the Aramore, a 70-unit condominium on Peachtree Street, is likely headed back to the lender, possibly as early as September.

**Flagstar Bank** has started the foreclosure process on the condo project that **Kairos Development Corp.** launched in 2007, just before the intown condo market turned south.

The units were originally listed from the low \$400,000s to \$1.8 million, but the developers cut prices by up to 20 percent since 2007. Only 14 Astoria units closed.

"The reductions helped a little bit, but not enough," said Kairos Business Director Jack Williams. "I think the hurdles we have faced are the same for everyone. We've done everything we know to do. We've been as smart as we know how to be."

Intown condo towers are among the biggest casualties of the Atlanta real estate slump, which resulted from a disastrous mixture of easy credit and expectations of soaring residential values in the boom, and the later collapse of the lending and job markets.

Seven intown condominium developments were foreclosed upon during the first half of 2010, according to Haddow & Co.

"Oversupply is most acute in the luxury sector," according to Haddow & Co.'s latest report.

Many of those projects were concentrated along Peachtree Street. One of the few bright spots is the St. Regis Atlanta at Peachtree and Pharr roads. The project recently obtained new financing from blue chip investment bank **Morgan Stanley**, a rare sign of confidence in Atlanta's commercial real estate market.

For Kairos, the Astoria was the third phase of its mixed-use project along Peachtree.

The first two phases went well, selling out the residential units, landing Restaurant Eugene and the sushi restaurant Starfish, and locating **BB&T** and other tenants.

Flagstar originated a \$40 million loan in 2007 to finance the construction of the Astoria. As sales failed to materialize, Kairos tried to restructure the financing.

The loan matured earlier this year.

The struggles of the condo tower have taken their toll on the firm, Williams said. "We're grieving a little bit," he said. "We wish we had another rabbit to pull out of the hat. Things are starting to show some signs of improvement overall. We just might be one of the last groups to drown in this mess before it's over."

Kairos has sold out all of its prior Atlanta developments.

Only the Astoria and the Avignon in Vinings remain.

"Everything in residential is having a difficult time in this market," Williams said.

### In good health

Rapidly growing Immediate MedCare LLC wants to expand into intown Atlanta.

The company plans to identify four intown sites, where it would build its new physician care centers. Several trends are fueling its first-ever expansion into the city, including an abundance of vacant office buildings and cheaper rent, both effects of overbuilding and the real estate downturn, said Immediate MedCare founder and CEO Jordan Rice.

The expansion is also driven by the ongoing overcrowding in the city's hospital emergency rooms, the result of the ever-growing need for health-care services.

The push into the city coincides with larger ambitions for Immediate MedCare, which plans to open 100 centers in the Southeast during the next three years. It just launched a new center in Ellijay. It's aiming for 24 new centers throughout the metro Atlanta and North Georgia, 10 in Huntsville, 10 in Birmingham, Ala., and more in Tennessee and the Carolinas.

**The company recently entered into a contract with Bull Realty to identify new sites.**

Immediate MedCare's model involves paperless record systems, prepaid monthly health-care plans and on-site physicians.

### Sold for \$4 million

Northlight Investment Partners LLC recently purchased Ellard Mercantile Exchange center in Alpharetta for \$4 million, or \$93 a square foot.

Flagstar Bank had foreclosed on the mostly vacant 43,000-square-foot center. While a small asset compared to some of the giants that Atlanta banks hold in their portfolio, the sale reflects an increase in foreclosed properties becoming available, a trend that is expected to continue through 2011.

That's because banks have raised capital and have begun to report positive earnings, finally allowing them to write-down some of their assets and move them off the books, said Bull Realty's Kyle Stonis.

**Flagstar hired Bull Realty to sell Ellard Mercantile Exchange. The center, at 8450 Holcomb Bridge Road, was built in 2007 and delivered just as the retail market began to decline.**

**Bull Realty's Darrell Chapmen was retained to lease and manage the center.**

**Bull Realty has been secured by several lenders to sell foreclosed properties including the newly built, foreclosed Shops of Breckenridge Center in Duluth for Ameris Bank.**

### JWT signs

New York based global advertising and marketing firm JWT has inked a deal to move and consolidate its Atlanta operations into the new 3630 Peachtree tower in Buckhead.

The firm will relocate from offices near Sandy Springs and Georgia 400 into the 34-story mixed-use tower. It will lease about 48,000 square feet.

The deal brings the office component of the tower, developed by **Duke Realty Corp.** and Pope & **Land Enterprises Inc.**, to almost 30 percent leased.

The 3630 Peachtree project also houses **The Ritz-Carlton Residences**, Atlanta, Buckhead, developed by **Post Properties Inc.** and **Novare Group Holdings Inc.**

JWT, one of the world's best-known marketing companies, is a high-profile tenant for 3630 Peachtree and represents the largest deal thus far in the 425,000 square-foot office tower.

John Shlesinger and Ryan Irvine of CB **Richard Ellis Inc.** represented JWT in the transaction.

JWT joins **Mansell Group**, Lesesne Capital Management, VRA Partners and TO-GO Bistro, who have already signed leases in the building. Another new tenant, Teavana, announced its deal Aug. 9. The firm was represented by Cresa Partners' Bubba Chrismer, Andrew Waguespack and John Flack.

Kerry Armstrong, senior vice president of Duke Realty's office group, heads the office leasing team at 3630 Peachtree, including Pope & Land's Jackie Gauthreaux, Larry Kelly and Jennifer Koontz, and Greenstone Properties' Chris Scott.

### Thomas lawsuit

An engineering firm has filed a lawsuit against Thomas Enterprises Inc. — the latest in a string of legal and financial challenges for Newnan developer Stan Thomas.

DSA Engineering LTD is seeking about \$76,000 from Thomas Enterprises, accusing the developer of a breach of contract stemming from a failure to pay the consulting firm for work it provided, according to the Aug. 6 lawsuit filed in the U.S. District Court, Northern District of Georgia.

DSA and Thomas Enterprises entered into a \$675,000 agreement in October 2006. Nearly \$76,331 in invoices remain outstanding, according to the suit.

Thomas is trying to reorganize his real estate holdings amid a recession and real estate crash that have undermined his projects across the country.

Earlier this month, one of his business entities, Fourth Quarter Properties 166 LLC, filed for Chapter 11 bankruptcy, listing \$50 million to \$100 million in liabilities.

In June, Thomas Enterprises defaulted on a \$187 million loan balance for The Railyards development in Sacramento, Calif. Last November, Thomas sought bankruptcy protection for two of his major retail projects — Alpharetta, Ga.'s Prospect Park and a large San Antonio shopping center called The Rim.

Thomas also has five bankruptcy cases filed in 2009 pending in Georgia for entities Fourth Quarter Properties 118 LLC, Fourth Quarter Properties 140 LLC, Fourth Quarter Properties 161 L.P., Fourth Quarter Properties 162 L.P. and Fourth Quarter Properties XLVII LLC.

#### **Deal at Northmont**

**The Myers Group** has completed a 33,000-square-foot, 10-year lease at Northmont Business Center in Duluth.

Northmont is located at 1965 Evergreen Blvd. The Myers Group, housed in Snellville, plans to move on Dec. 1. The Myers Group will occupy 14 percent of the total project, bringing Northmont Business Center to 87 percent leased.

Hudson Smythe and Jill Bomar of Stream Realty Partners L.P. represented the landlord, Thompson National Properties. Bryant Cornett and Josh Gregory of Ackerman & Co. represented the tenant.

#### **McDonald's in Austell**

The Shopping Center Group LLC recently brokered the sale of a 0.95-acre parcel under a ground lease with McDonald's USA. The sales price was \$1.15 million. The property is in the Marathon Park development at East-West Connector and Marathon Circle near Powder Springs Road in Austell.

Daniel Earles and Mark Cooley of The Shopping Center Group's Investment Sales Team in the Atlanta office represented the seller. "We had interest from buyers on a national level, from California to Florida, but ultimately the property sold to a local investor that paid all cash," Earles said.

The new McDonald's could open by year's end.

#### **4100 sells**

**Sterling Ledet & Associates Inc.** recently bought 4100 Perimeter Park Drive, a 10,500-square-foot building in Atlanta, where it will hold graphics training classes.

NAI Brannen/Goddard LLC's Bryan Craig represented Sterling Ledet & Associates. Ryan Cone, of **Ryan Cone & Associates LLC**, represented the seller.

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