

# Horizon: More than ever, downtown poised for resurgence

by MARIA SAPORTA

It really may be happening.

Downtown Atlanta appears to be on the verge of a new golden age.

Virtually all the signs are good. Downtown is attracting new upper-income residents. More tourists are visiting new attractions such as the Georgia Aquarium and new World of Coke. Several new office towers are planned. Georgia State University anticipates thousands of additional students. Destination restaurants are choosing



*courtesy of google images*

downtown for their new locations. There are even rumblings that major retailers are eyeing downtown again.

That kind of optimism filled the AmericasMart last

week for the fifth annual Downtown Development Day. About 500 people attended, compared with 70 the first year.

Not so long ago, it seemed downtown's obituary was being written. The downtown Macy's closed. A host of major businesses moved away, including Wachovia, Powell Goldstein and King & Spalding.

But several leaders refused to let downtown die. A.J. Robinson, president of Central Atlanta Progress, launched an effort to target specific sections of downtown - such as the area northeast of Centennial Olympic Park.

Today, developer Hal Barry controls nine blocks in the area and has built prominent towers for Southern Co. and Ernst & Young. The development is called Allen Plaza in honor of the late Mayor Ivan Allen Jr.

"We want to use Allen Plaza to help create a major, major resurgence," Barry said in a recent interview. "With the move to urban living that's happening today, all of a sudden, we've got a chance to create a real city."

Barry said downtown land was "dirt cheap" when he started buying it, but now values reflect growing interest in the central city.

Developers began converting buildings to residences in time for the 1996 Summer Olympic Games. But downtown living didn't really start taking off until 2000.

That year, there were 9,101 households in the area roughly bordered by 1-20 on the south, Boulevard on the east, North Avenue on the north and Northside Drive on the west. The number of downtown households has grown to 15,790 in 2007 and is expected to be as high as 20,525 by 2012, according to a yet-to-be-released report by the Robert Charles Lesser & Co. (RCLCO) for CAP on real estate trends.

Georgia State officials estimate that there's a need for 7,000 beds in downtown student housing, about 5,000 more than it has.

Average annual household income also is climbing — \$25,364 in 2000; \$43,944 in 2007; and \$55,983 in 2012. In other words, people moving downtown are more affluent than longtime downtown dwellers.

Whitney Rusert, president of the Atlanta Downtown Neighborhood Association, moved from Dunwoody to the Healey Building with her husband in 2003. Since she works two blocks away at Theatrical Outfit, she would prefer to do all her shopping downtown. But retailers have been slow to establish downtown venues, so Rusert said she shops at area malls.

The RCLCO study says people who make up the various downtown markets (office workers, conventioners, students, tourists and residents) spend \$1.82 billion a year, but less than one-quarter of those expenditures are at downtown stores and restaurants. Currently, annual spending downtown is \$429 million. RCLCO estimates the potential by 2012 is nearly double that at \$818 million.

There are 270,000 square feet of retail, but demand will justify 1.3 million square feet in the next five years, the report says. Chief needs include grocery and apparel stores.

Publix spokeswoman Brenda Reid confirmed that her company is looking at the area.

"I think the timing is very good," Reid said. "Downtown Atlanta has changed a lot, and I think it is ready. We are working with a developer right now on a downtown site. Hopefully we'll be downtown before anyone else."

Todd Noel, RCLCO's managing partner in Atlanta, said retail faces challenges downtown. Few buildings offer the kind of space modern retailers want. New construction requires creativity because land is often too expensive for stand-alone retail. "You have to do something about those parking lots," Noel said. "They are just huge dead zones."

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The old Macy's three retail levels, which total 200,000 square feet, are still vacant. Ruth Coan, partner of the Shopping Center Group, said the space is proving hard to reconfigure to modern retail standards.

And then there's the downtown office market. RCLCO estimates that there will be a potential demand for 1.25 million square feet of additional office space between 2008 and 2011.

Of course, downtown has weak spots. The area around the Five Points MARTA station continues to be a blemish. The site for the proposed multimodal station is still a huge gulch. Tighter housing credit and an oversupply of condos in Midtown could slow residential development.



*proposed streetcars*

But CAP plans to target what it calls the "East-West Corridor," the area between Philips Arena and the state Capitol, which includes the gulch, Five Points and Underground Atlanta.

And city leaders are determined to revamp the Peachtree Corridor with a streetcar and other improvements, including better sidewalks and pedestrian crossings.

In all, trends are looking up for downtown. And it's been a long time since we've been able to feel good about the future of our central city.