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Atlanta Real Estate Notebook: Old Buckhead condos make way for new 400-unit tower



A Chicago company just paid an average of \$400,000 per unit to acquire a 65- year-old condominium that it will now turn into the latest luxury high-rise overlooking Buckhead Village.

CA Ventures paid about \$16 million for the 40-unit condo Paces Green. It also closed on the adjacent property, a low-rise commercial building and parking lot, for a little more than \$12 million. In return, the company gets a prime 1.5-acre site at East Paces Ferry Road and Grandview Avenue. The deal clears the way for a new 225-foot tall apartment tower with over 400 units.

It was a sign of the times for intown Atlanta, where land prices are climbing in rapidly densifying neighborhoods along the Peachtree corridor. For years, the Paces Green condos offered well-located and relatively affordable housing in ritzy Buckhead. The project was built in the 1950s and renovated years later during another upswing.

Paces Green includes two narrow blocks of low-rise brick buildings separated by a courtyard. But, the project stands in the path of growth along East Paces. CA Ventures paid a hefty price for some units — \$500,000 to just over \$700,000, which was well over market value, according to property deeds filed with Fulton County. It's unclear when CA Ventures' project will join the development wave. In an email seeking details about the new apartment tower, the company declined comment to Atlanta Business Chronicle.

Since the recession ended, investment has poured into the Buckhead Village, an area just south of some of Buckhead's tallest office and residential towers. Initially, the main catalyst was the posh six-block development Streets of Buckhead, which later became Buckhead Atlanta, which then became The Shops Buckhead Atlanta.

Atlanta-based private equity firm and developer Jamestown recently bought the project for about \$205 million.

In the past few years, an array of Buckhead Village apartment towers were started by developers such as Mill Creek Residential, Preserve Properties, Hanover, Alliance Residential, Gables Residential and Lennar Corp.

Most of those projects have opened, or will soon finish construction. The new towers reflect long-term goals of Buckhead planners, who created a special zoning district along East Paces Ferry designed to encourage more density and walkability.

"All of the high-density development was centered on Peachtree, so seeing it now more spread out across the neighborhood is part of the goal," said Denise Starling, executive director of the nonprofit Livable Buckhead.

Even so, the wave of new construction is eroding some of the relatively few affordable housing units remaining in Buckhead. Next door to the new CA Ventures tower, Sobu Flats, another former condo building developed in the 1950s, featured dozens of relatively affordable units in Buckhead. The building sold for \$28 million. Atlanta-based Portman Holdings will redevelop the property into a boutique hotel.

Throughout Buckhead, only about 1,500 affordable units remain to serve a large retail and hospitality workforce. "Of course we will need high-end and market rate housing, but we also need workforce units," Starling said.

CA Ventures submitted initial plans for the Paces Green redevelopment last fall. The project could include more than 400 units renting from \$2 per foot to almost \$3 per foot. Put another way, units could average about \$1,950 to \$2,950 based on the original plans, though the future market will determine those prices.

Michael Cheney, with Richard Bowers & Co., assembled the units for the CA Ventures project.

CA Ventures is expanding quickly in Atlanta. It has plans for more projects in Midtown, including a 27-story student housing tower in Tech Square next to the new headquarters for Norfolk Southern Corp. It paid almost \$17 million for that 1-acre site.

