

Greenstone/Parkside 'Tactical Strike' Of Central Perimeter Spec Office

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Another development partnership is **fronting plans** for a new office building in Central Perimeter. But unlike many of the other hopefuls, this one **could actually go spec** later this year, despite some absorption and rent concerns.



Greenstone Properties is JV-ing with Parkside Partners on **North Station**, a five-story, **120k SF office project** on land previously owned by **Charlie Roberts'** REIT, ACRE Realty. The project is within **walking distance** to MARTA's North Springs station and will also include a **234-unit apartment project** by Trammell Crow

Residential. Greenstone's **Chris Scott** says Trammell Crow's project is a go. The office is slated to **break ground this fall**—likely on spec.



Chris (here) says **proximity to a MARTA station** is a huge lure for companies today, and a reason the partnership could **forge ahead** with development without any pre-leasing. “Companies today are focused more than ever on the **recruitment, retention** and **productivity** of their employees,” he says.



Here's an image of North Station's **terraced roof** hangout. While they have no construction financing, Chris says they're **already in discussions** to secure it. And for a solid reason: Despite Central Perimeter's ongoing **strong office fundamentals**, only one other developer has actually broken ground—Seven Oaks Co's **360k SF 4004**

Perimeter Summit. The vast majority of office development in the area has been build-to-suit.



Still, Greenstone and Parkside are **not without competition**. There are a number of developers in Central Perimeter poised to move forward with new office projects, including Ackerman & Co/Cousins Properties at Abernathy 400, Hines Interests' 100 and 700 Northpark (here) and the **potential redevelopment** of the former

GoldKist HQ site.

And fundamentals, while strong, are still **filled with uncertainties**. The submarket saw **788k SF of Class-A space absorbed** during 2015, with a **vacancy rate that dipped below 10%**, according to Colliers International. By any historical Atlanta standard, that's huge. But 2016 has started out **sluggish**, with **just 77k SF of absorption** in all of Metro Atlanta's Class-A stock, Colliers reports. And take into account what propelled CP to the top of the submarket heap has in large part been **State Farm**, which is now **starting to offer** many of its locations for sublease as it begins to merge into its new campus.



The other **big question mark**—not only for Greenstone's project, but Seven Oaks' project (here) as well—is **rents**. With land prices and construction costs pushed to elevated levels, the rents needed by developers to pencil a project are **reaching per-SF prices not seen ever in Atlanta**. By Chris' own admission, North Station will be asking for rents in the **mid- to high \$30/SF range**. The current Class-A asking average? **\$27/SF**. Yes, that number is going up, especially with a **dearth of big blocks** of office space, but the rent goal has been the **largest factor in keeping spec office development in Atlanta at bay**.

But as Cushman & Wakefield's **Ken Ashley** puts it, Greenstone/Parkside is making a **“tactical strike”** in the office market, attempting to get ahead of a possible **development spree** as rents go higher. After all, Ken notes, the partnership doesn't have to lease all that much to be considered **stabilized** given the project's size. **“You don't have to be the 500-pound gorilla to succeed.”** Ken says. **“It's a safer bet** than it would have been the last two cycles to start such a project now.”

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