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## Local real estate vets Schoen, Little launch new partnership

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Former Barry Real Estate Cos. Inc. CEO Chris Schoen and real estate veteran De Little have formed a new version of Greenstone Properties.

The company brings together two familiar names in Atlanta commercial real estate. Schoen spent more than a decade with Hal Barry at Barry Real Estate Cos. Little was an executive with Pope & Land Enterprises Inc. before leaving to create Greenstone.

Schoen and Little will serve as co-principals. Harvey Rudy, senior vice president of Barry Real Estate, will also join Greenstone.

Greenstone faces the same obstacles any current developer faces — an uncertainty in Corporate America that is delaying major expansions and relocations, and slow job growth that is undermining greater leasing activity. Both trends continue to hinder momentum for commercial real estate. Still, most real estate observers would say a real estate recovery, however slow, is under way.

Schoen and Little say they want to get a jump on development, leasing and investment activity as the next cycle continues to unfold. They'll try to align themselves with institutional investors, such as pension funds, life insurance companies and hedge funds. Greenstone is already in discussions to acquire several sites across metro Atlanta. The company is also targeting building acquisitions.

A challenge will be accessing capital.

While plenty of funds have raised money, much of it resides among institutional players focused on value-add acquisitions or investment in core real estate.

It is more difficult to find capital for new development.

Some, such as Boston's The Baupost Group LLC, have used capital to help restart distressed projects including the former Streets of Buckhead, now Buckhead Atlanta.

Others, such as Jamestown, will deploy at least \$180 million to redevelop City Hall East, now Ponce City Market.



BYRON E. SMALL

Game on: De Little, left, and Chris Schoen want to get a jump on development, leasing and investment activity as the next cycle unfolds.

Greenstone may not have one of the giant funds behind it, yet, but it has the advantage of deep local connections in Atlanta and other markets, real estate observers said. It's going to position itself as a full-service local real estate company.

"Commercial real estate, in general, is going to be different, and financing is going to be different in this cycle," Schoen said. "We've got to offer all the services that can cater to the institutional players," he said.

Both Schoen and Little suffered setbacks in the past few years, including Little at Greenstone's Lakeside project in Sandy Springs and Schoen at downtown's Ivan Allen Plaza. But both managed to survive the downturn, while other developers have pulled out of Atlanta or left the development business.

If they can assemble prime sites and find buildings in core markets, they believe they could get the jump on a smaller pool of competitors this time around.

"The bulk of what we are looking at is mixed-use environments," Schoen said. "We're focused on high-quality locations — no marginal sites."

Greenstone is unlikely to develop mixed-use towers that blend several concepts, including hotels and condos, into the same building. Such projects, more common during the past real estate cycle, have fallen out of favor. Stacking those uses together in one tower raises development costs, something that a developer can live with when rents are climbing. But effective rents, or those that take concessions into account, have fallen sharply, and their recovery is expected to be slow.

"We'll still look at multiple real estate uses, but these elements will stand alone," Schoen said.

Schoen and Little have talked about working together for years.

"Chris has solid relationships, he's a heck of a salesman, and he's got one of the best analytical minds in real estate," Little said.

Little left Pope & Land in 2005 to start Greenstone. One year later, he helped the company land Newell Rubbermaid Inc. at Two GlenLake, a 14-story office building Greenstone developed in partnership with Pope & Land and Granite Properties. Schoen has been involved in major projects, including Allen Plaza and SunTrust Plaza.