

ATLANTA BUSINESS CHRONICLE

Securities Centre

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Atlanta Property Group has purchased Securities Centre in Buckhead, where some investors are seeking relative bargains in the upscale district's class B office market.



Atlanta Property Group did not disclose the purchase price, but it's expected the investor paid \$170 a foot, or a little more than \$90 million, for the 531,000-square-foot office development.

Replacement costs in Buckhead are pushing \$400 a foot.

Earlier this year, mortgage servicer LNR Partners pulled the trigger on a decision to put its Securities Centre back on the market, a little more than three years after its previous ownership couldn't reach an agreement to restructure the mortgage. Jones Lang LaSalle Inc. (JLL) represented LNR in the property's sale to Atlanta Property Group.

Securities Centre, like other class B office properties, is poised for some of the rent and occupancy gains the newer trophy towers have enjoyed, analysts say. Rental rates are on the upswing in Buckhead, though they have been strongest for the class A properties.

Even so, landlords of older office properties expect to see more rent growth this year as hiring picks up, demand for office space stays strong, and the district keeps new supply in check. Only one class A tower, Three Alliance Center, is under way as a spec development in Buckhead. Other projects could be at least two years from completion.

Securities Centre gives Atlanta Property Group its first office property in the heart of Buckhead. The entire development is about 85 percent leased.

Securities Centre is one of the few older office projects dating back to when Buckhead was far more suburban. It stands on the western end of Piedmont Road, a heavily used corridor connecting Buckhead to Lenox Road, Georgia 400, and the intown neighborhoods such as Morningside.

Atlanta Property Group expects to complete a multi-million dollar renovation during its first year of ownership. The acquisition of Securities Centre brings Atlanta Property Group's total portfolio to 16 properties and more than 3 million square feet.