

Northcreek Office Park hits market (SLIDESHOW)

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A 41-acre Buckhead office park near the Governor's Mansion is being pitched as both a potential bargain for investors and rare redevelopment opportunity — amid one of Atlanta's most affluent corridors.

Northcreek Office Park, a 536,000-square-foot intown office campus on Northside Parkway, recently hit the market. Its owner Atlanta Property Group may pick a lead buyer in a few weeks, according to people familiar with the process.

Cushman & Wakefield is marketing the property on behalf of ownership.

Northcreek is part of the West Paces Ferry area known for \$10 million homes, private schools such as The Lovett School, Pace Academy and The Westminster Schools. Arthur M. Blank Family Foundation also has its headquarters in the West Paces corridor.

Investors could pursue Northcreek as a value-add play, which sounds strange to say in Buckhead where rents are soaring past \$40 a foot and some towers have traded for well over \$350 a foot. Yet, Northcreek is a relative bargain, at least for now, with rents \$5-to-\$13 per foot less than other nearby office properties.

How long it stays a bargain is uncertain, given much of Atlanta's office market is experiencing an unprecedented period of rent growth.

Another option for Northcreek is a conversion into a mixed-use redevelopment with new multifamily and restaurants. It's described as "a rare infill development opportunity" and "one-of-a-kind office or mixed-use environment in Atlanta's most affluent area." That strategy may also appeal to buyers because the office park can be acquired well below replacement costs of \$400-plus a foot.

Atlanta Property Group has owned Northcreek since 2013, when it bought the property for about \$72 million. The seller was Los Angeles-based CBRE Global Investors, which had purchased Northcreek in 2008 on behalf of its Strategic Partners U.S. Value V fund for about \$60 million.

Northcreek has been a stable property for years, escaping the worst of the downturn, and it remains 87 percent leased to tenants such as Sprint, Wood Partners and Ironwood. Northcreek benefits from its location next to residential neighborhoods that local executives and decision-makers call home.



Douglas Sams

Commercial Real Estate Editor
Atlanta Business Chronicle

