



Orinda, Octagon Eye Strong Area Fundamentals for Atlanta Conversion Project

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The nationwide downturn in employment is chipping away at demand in the apartment market, but there are still those communities here and there where the call for more rental accommodations remains relatively strong. To that end, Orinda Corp. and Octagon Capital Partners, having found just such a community, have acquired a 350,000-square-foot office building in a college-laden district of Atlanta for a \$35 million apartment conversion project.

Occupying 2.1 acres downtown at 222 Mitchell St., the property, for which Atlanta-headquartered Orinda and Charlottesville, Va.-based Octagon shelled out all cash, was previously home to the NationsBank/Bank of America Operations Center. At the hands of the new owners, the building, developed in phases over a 50-year period beginning in 1929, will become home to 205 residential lofts and 70,000 square feet of commercial space. The project will boast a location within close proximity of two rail stations, and will also offer parking to accommodate over 300 vehicles.

Atlanta's apartment market vacancy rate climbed to 10.2 percent in the first quarter, and it's on target to reach 11.2 percent this year, according to a report by Marcus & Millichap Real Estate Investment Services. And it's not just job loss that is toppling occupancy levels; construction activity is expected to yield 3,300 new units in 2009.

In the environs surrounding 222 Mitchell, however, the situation is not quite so dire. "We see a strong demand because this is an underserved residential district of Downtown Atlanta," Nick Gold, spokesperson for the redevelopment project, told *CPN*. "The property is within walking distance of several schools, so it will appeal to a lot of undergraduate and graduate students." Clark Atlanta University, Georgia State University, Georgia Tech, Morehouse and Spelman are all nearby. "A product of this caliber, with its amenities and services, doesn't exist in this area. It's also within walking distance of CNN Center, which is a major employer."

Existing demand for accommodations may very well be even stronger not long after the scheduled 2011 rebirth of 222 Mitchell. As per the Marcus & Millichap report, the State of Georgia is projected to rank ninth in the country for job growth spurred by the federal stimulus package.