

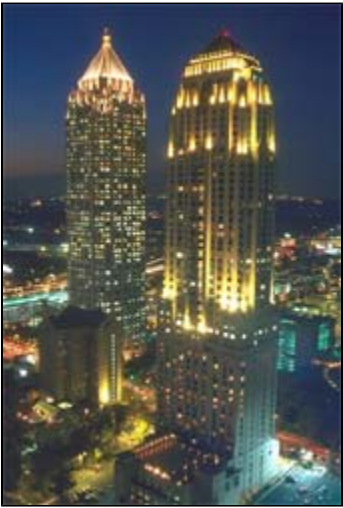


The Pulse of Progress

Atlanta's Economic Monitor

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Atlanta's Intellectual Infrastructure Attracts Real Estate Investment	
	<p>When the nation's largest real estate investment trust, Equity Office, commits to Atlanta, that decision says a lot about the city. Over the past two years, Equity Office has accelerated its investment activity, divesting and reinvesting capital into office buildings throughout major markets nationwide. Equity Office is on pace to complete approximately \$3 billion of investment transactions by the end of 2005. While the company continues to redeploy capital from non-core markets such as Dallas and Houston, Equity Office remains committed to a long-term presence in Metro Atlanta.</p> <p>"We recently took a long, hard look at our company and where we wanted to be in the next five years," said Don Huffner, senior vice president-Atlanta Region for Equity Office. "As part of that process, we reviewed more than 50 market drivers to determine which markets made sense for Equity Office over the long term. In the end, we selected Atlanta as one of our core growth markets." "Atlanta is the capital of the Southeast, and the city is well-positioned to compete with major markets across the nation," said Huffner. "Atlanta's short- and long-term market fundamentals make it investment-worthy." Huffner cited several significant characteristics that make Atlanta an attractive investment market including:</p> <p>Strong intellectual infrastructure. Throughout its history, Atlanta's innovative leaders have infused the city with a strong entrepreneurial spirit and laid the foundation for a robust economy. "With 44 leading colleges and universities in the metro area, Atlanta attracts many of the</p>

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ADA's Mission

ADA is the catalyst for residential and commercial economic vitality in Atlanta. To accomplish this, we will:

Coordinate efforts with the City, County, State and other key stakeholders;

nation's brightest students," Huffner said. "After graduation, students tend to stay in the Atlanta area to live and work."

Educated, diverse workforce. From a strong intellectual infrastructure springs a highly educated workforce that provides Atlanta a competitive edge over other cities. In the past two years, four major U.S. companies have relocated to Atlanta, including Arby's, Newell Rubbermaid, Spectrum Brands (formerly Rayovac) and Novelis, Inc.. "When corporations consider where to locate their headquarters, the ability to attract knowledge workers is a key concern," Huffner added. "Because Atlanta has a vast pool of qualified candidates, the city competes for corporate relocations at a higher level. Atlanta also has a diverse mix of proficient workers of all ages and backgrounds. This high-quality labor market assures companies they can hire the full spectrum of workers they need to remain competitive."

Diversified economy. The city's strong labor force contributes to its diverse economy. While its largest industries are business services and transportation, the city is the preferred location for a host of top corporations that round out the office market. Among the major space users are a dozen Atlanta-based Fortune 500 firms, including Coca-Cola, Georgia-Pacific, Georgia Power, Home Depot, Southern Co. and UPS.

Job growth. Coming full circle, Atlanta's economic diversity spurs further **job growth**, a crucial driver for a healthy office market. Atlanta projects 70,000 new jobs in 2005, according to Georgia State University's Economic Forecasting Center. As one of the nation's leading high-growth markets, Atlanta should be among the first to see job expansion spur increased office demand in the near future.

Balanced growth. New office product competes with existing properties and can dramatically influence the health of an office market. Establishing reasonable barriers to entry promotes the long-term health of the market. "We're looking for a balanced and thoughtful approach to development, with zoning and planning controls in place to allow for balanced growth," Huffner noted. "Most developers in Atlanta have a reasonable approach to new development. The fact that few speculative office buildings are coming on line limits concerns about oversupply."

Growth potential. "Our growth markets are cities where Equity Office is, or can become, a market leader. To achieve that goal, we need room to grow," said Huffner. "When we examined our markets nationwide, we were looking for areas with critical mass in existing core concentrations throughout the market. With 164 million square feet of Class A space, Metro Atlanta easily met our investment criterion."

Equity Office already is Atlanta's largest office property owner with 39 buildings comprising 7.5 million square feet of Class A office space throughout the Buckhead, Downtown, Central Perimeter, Midtown, and Northwest Atlanta submarkets. The space houses approximately 400 companies in the Atlanta area.

"We have built a large portfolio concentration in Atlanta, allowing us to leverage our operating platform to serve customers efficiently," Huffner added. "Atlanta's office market offers broad opportunities to develop

Jumpstart redevelopment activity within the City's tax allocation districts;

Provide small business loans for expansion and start-up;

Supply mortgage down-payment assistance to low and moderate income families;

Issue bonds to spur residential and commercial development;

Acquire land for green space, residential and commercial development;

Implement quality of life projects in underserved communities;

Retain and expand existing business, recruit new business, promote the City and available business development incentives.

core concentrations of office space such as the 3 million-square-foot concentration we operate in Central Perimeter."

Future Forecast

With strong market fundamentals in place, Atlanta is well positioned as an investment worthy city. While real estate companies across the nation are consistently entering and exiting markets across the country, Equity Office has its eyes on Atlanta - and the future looks bright.

Retail Opportunity Abounds in Atlanta's Inner City

Although residents have been flocking to in-town neighborhoods for the past several years, the selection of retail establishments has lagged behind. According to an analysis performed by the Initiative for a Competitive Inner City (ICIC), several factors make this an ideal time for developers and entrepreneurs looking to enter Atlanta's retail market.

ICIC cites a concentrated consumer base as the primary competitive advantage for retail in the inner city. Atlanta's inner city comprises 58% of the City's total population and has 3 times the income density of the surrounding metro area. Twice the demand for retail per square mile exists in the inner city as compared to metro Atlanta. According to the State of the Inner City Economies research, in fact, in 2002, Atlanta ranked #2 in the nation for inner city start-ups, following Detroit.

Atlanta's business climate is also bursting with opportunities, as Inc. magazine ranked Atlanta # 1 in its "Top 25 Cities for Doing Business in America" survey in 2004. Big retailers looking to grow in large underserved markets, instead of saturated suburban markets, are increasingly beginning to recognize the benefits of opening locations in the inner city. On a smaller scale, entrepreneurs can also profit by catering to the neighborhood market and offering lower prices than the local high price stores that thrive without competition. From the new Edgewood Marketplace on Moreland Avenue to the Poly-Plex Pharmacy on Hollowell Parkway, retail is finally making a return to Atlanta's inner city, but significant opportunities for growth remain.

In an effort to spotlight companies in the inner city, ICIC is currently accepting applications for its Inner City 100, a listing of the 100 fastest growing companies in America's inner cities. Last year, only one Atlanta company made the list. This year, all businesses that meet the criteria are strongly urged to apply so that the rest of the nation will see the strides that Atlanta's inner city is making. Applications for the Inner City 100 are due on October 31st.

In order to qualify for the Inner City 100, applicants must:

- Be an independent for-profit corporation, partnership, or proprietorship
- Be headquartered in or have 51% or more of its physical operations in an economically distressed inner city area
- Have at least 10 employees
- Have a five-year operating sales history that includes at least six months of sales in the first year of consideration, and increase in year five sales over year four sales, and fifth-year sales of at

least \$1 million

The application form is available at <http://www.icic.org>

Atlanta Welcomes Pirelli

Atlanta is proud to welcome Pirelli to the neighborhood. The Milan-based company, best known for its high quality tires in the U.S., has chosen Atlanta for its new North American headquarters. "The key driver in making this decision was our partnership with Georgia Tech. The work they do is closely aligned with the work we already do in our R&D facility in Italy. It's a great opportunity to combine resources and exchange ideas," say Peter Tyson, Vice President of Communications, Pirelli Tire North America. This partnership will work to develop new optical components and systems and broadband access technologies for future high-speed telecommunications networks.

Pirelli's presence in the City does not stop there, however. Atlanta will also serve as home to the North American operational branch of Pirelli Labs and as the headquarters for Pirelli Broadband Solutions, a new company that engineers and markets the innovations created in Pirelli Labs. The company will occupy 54,000 square feet of laboratory space at the Georgia Electronic Design Center in the Technology Square Research Building at Georgia Tech. The headquarters office space will be located next door in the Centergy One building.

The consolidation of Pirelli's North American activities in Atlanta will bring a team of executive, engineering, scientific, marketing and sales professionals to Midtown.

Neighborhood of the Month: Princeton Lakes

Just outside the Perimeter in Southwest Atlanta, Princeton Lakes is helping to spur the renaissance occurring along Camp Creek Parkway. New retail, restaurants and homes are bringing new life to this long underserved area. Over the next few years, ventures in the Princeton Lakes tax allocation district (TAD), which is administered by the Atlanta Development Authority, will bring a \$270 million investment and over 5,000 new residents to the neighborhood. According to Atlanta Council Member James Maddox, "This development will create a tremendous boom and economic explosion for Southwest Atlanta and will spur even more positive and upscale development for the area."

Developers are currently constructing over 1,500 housing units, ranging in price from the low \$140,000s for townhouses in the Regency at Princeton Lakes to over \$300,000 for an elegant single family home in the Estates at Princeton Lakes.

Princeton Lakes also promises to bring much needed retail space and job opportunities to the area. The Princeton Lakes TAD will create almost 1,100 new permanent jobs and an additional 450 construction jobs. The planned properties in Princeton Lakes will add 460,000 new square feet of retail space. Residents will have easy access to national retailers, such as Publix, DSW, Circuit City and Walgreen's. The new residents and business owners in the Princeton Lakes TAD are sure to add to the momentum of change in this burgeoning corner of the City of Atlanta.

Upcoming Economic Development Events

November 3rd at 7:15am - 1:00pm, Downtown Works. 2005 Development Day. Advance tickets are \$25 at www.atlantadowntown.com. Breakfast, lunch, panel discussion, breakout sessions and tours are included.

November 4th at 7:30am, The City of the Future. Focusing on Infrastructure presented by Business to Business Magazine. Panelist include ADA's president, Greg Giornelli, Sam Olens, Sam Williams and others. It will be held in the Georgia-Pacific's Auditorium. Tickets are available for \$30 online or \$35 at the door.

November 10th at 5pm, Atlanta's Open House Celebration - Atlanta will unveil its new regional advertising campaign at Centennial Olympic Park. A free concert with local artists will perform the new Atlanta anthem. Visit www.ATLopen.com.



November 11th at 7:30am, CAP's Town Hall Meeting at the downtown Hilton; Please RSVP to Richard Orr, richorr@centralatlantaprogress.org no later than Monday, November 7th.



November 18th - 20th, pARTicipate with over 150 local arts organizations, it's being touted as the nation's largest cultural event ever. Visit www.atlantaplanit.com for more information.

November 18th at 7:00am, ARC's State of the Region Breakfast, Hyatt Regency Hotel at 265 Peachtree St. Purchase tickets at www.atlantaregional.com.

December 1st from 7:00am, - 9:30am, Meet Me in Midtown: 2005 Midtown Alliance Annual Meeting at the Fox Theater. Purchase tickets at www.midtownalliance.org.

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