

## 2015 NAIOP SCHOOL CHALLENGE

### CASE STATEMENT

Dave Magursky is an Atlanta office developer who has been inactive for years due to unfavorable market conditions. He participated in the office development boom of the mid-1980s and the late 1990s but saw diminished opportunities during the last decade. In fact, Magursky had begun to think of shifting his focus to intown residential development due to prevailing trends.

A few recent events have turned his head. Magursky has closely followed Ponce City Market's great success, leasing more than 400,000 square feet of office space prior to opening in late 2014. He has also watched the evolution of Atlanta Tech Village, and had an opportunity to tour this traditional office building that was radically altered to attract fledgling businesses in the TAMI sectors (technology, advertising, media, and information). He also just learned that even the venerable Coca-Cola Company has launched an extensive program to totally revamp its corporate headquarters to promote employee interaction and collaboration.

Magursky realizes office demand is changing and that millennials will have a growing influence on location and product preferences. He suspects the Atlanta BeltLine could be a key variable and wonders about emerging "cool areas" like West Midtown. He also ponders whether it makes more sense to find an old building to retrofit or to embark on new office development. Either way, Magursky is increasingly enthralled with how best to serve this evolving market.

Realizing his own limitations, Magursky decides to engage a consulting team comprised of young people to help evaluate office alternatives in intown Atlanta. At the kickoff meeting, he poses several questions: What locations are most preferable? How large a building makes sense? How deep is the demand pool in targeted industries? What type of interior buildout is best? How do you compensate for the lack of credit of these young businesses? What are the development economics? New construction or adaptive reuse?

The goal is to identify an opportunity and formulate a detailed development plan that is supported by the market. Magursky asks the consulting team to submit a written report in advance of a verbal presentation. He expects a clearly articulated vision of Why, What, and Where. Most importantly, he wants to know he can finance it and achieve an acceptable profit.