

2019 NAIOP Georgia School Challenge – Case Study

George Bucknell has a good problem. His college roommate started and still runs a highly successful firm in the burgeoning fintech industry. The company currently leases space in the Central Perimeter submarket of Atlanta, but management wants to move intown. The specific target areas are Midtown and Downtown.

George is an office developer who is experienced in both new construction and adaptive reuse. He has been asked by his former roomie to provide a home for this firm, which plans to rebrand itself with a new name upon moving. The company needs 150,000 square feet in the next two to three years, with expectations of continued strong growth. Proximity to a MARTA mass transit station is deemed vital. Parking considerations are important because many of the company's employees use alternative forms of transportation, and there has been much internal discussion about the coming of autonomous vehicles.

Long in the economic cycle, and facing a recent uptick in speculative office development, George is cautious yet excited about this opportunity. Several questions exist: 1) what are the relative merits of locating Downtown vs. Midtown; 2) does new construction or adaptive reuse make the most sense economically and in terms of product; 3) should he build/renovate exactly 150,000 square feet for the tenant or target a larger building to accommodate tenant growth and/or multi-tenant leasing; 4) do lease rollovers in the next three years suggest a deep demand pool; 5) should he consider operating his own co-work space, lease to an independent operator, or do neither; 6) how much parking is needed and how can the structure be designed for adaptive reuse in the future; 7) what do the development economics and capital stack look like; 8) are any financial incentives potentially available; 9) should he consider a joint venture with the lead tenant; and 10) how does he achieve a marketing advantage over his competitors.

George is a bit overwhelmed by the many unanswered questions, so he turns to your group for help. The goal is to locate the ideal property, formulate a development program, analyze the economics and funding, assess competitive market conditions, and outline a plan of attack. You have only a few weeks to tackle this difficult task, so get started.