



Industry experts discuss Atlanta's commercial real estate market

1. Is your company planning to expand in 2011? Why or why not?
2. What opportunities do you see for commercial real estate companies in 2011?
3. In your opinion, what will be the biggest hurdle to the continued growth of Atlanta's commercial real estate industry in the coming decade?

Michael Alterman

Chief operating officer, HT Group LLC

Expand: We are actively seeking new investment opportunities. In fact, we hope to be under contract this week on our sixth acquisition in the past 18 months. We have also created a brokerage services and consulting division focused on providing experienced third-party asset management services, CAM/Budget Audit Services, accounting/collec-tions, etc.



Opportunities: Now that financing has slowly started to make its way back in the major markets like Atlanta, I see more opportunity for the smaller, growing commercial real estate firms that do not have the "institutional money" for the 50 percent to 60 percent down that has been common the past year or two.

Growth: Well, other than financing, I think one of the biggest hurdles for continued growth is the ability to learn from past mistakes. I hope that we, as an industry, are much more informed on the fundamentals of real estate and the days of the crooked developers "buying tenants" and inflating rent rolls are over.

Andy Lechter

Executive vice president, branch manager, Studley Inc.

Expand: The market includes a number of opportunities for creative and talented people to address the needs of businesses. Studley is always interested in having those types of individuals join our organization.

Opportunities: As a firm that solely represents tenants, we believe the market will remain favorable as the supply of space is likely to exceed demand for quite some time. Many businesses will continue to focus on reducing costs and improving the productivity of their office space.



Growth: The level of space demand will determine whether occupancy levels and property values increase and whether a new wave of development begins. If the economy returns to pre-recession levels, we will likely see more new development than the market demands, as is the history in Atlanta. But if unemployment remains high and companies' revenue growth is not material, then we will continue to see a game of musical chairs in which some tenants relocate but do not lease any additional space.

John Reyhan

Executive vice president and Georgia general manager, Skanska USA Building Inc.

Expand: Like a lot of companies, we are being cautious. We remain aware of the headwinds the industry will continue to face in 2011 and continue to focus on providing our clients innovative solutions for their construction needs. We will continue to leverage our strengths, including sustainable project development.



Opportunities: I expect we will see opportunity in the logistics industry, and Atlanta and Georgia will remain a hotbed for medical and higher education institutions. The area will also likely continue to attract corporate relocations. We're also seeing opportunity in repositioning existing or under-utilized properties and expect to see a lot more renovation projects in the next 24 months than we've seen in a long time.

Growth: One hurdle we will face is the continued difficulty to secure financing for new projects. Additionally, unemployment will continue to challenge our region into 2011.

Bob Voyles

CEO, Seven Oaks Co. LLC

Expand: Our company has remained "lean and mean" over the last several years, and, while not letting anyone go, we have kept our numbers static. We will add an experienced financial analyst and development management person beginning Jan. 1, in anticipation of new business on the acquisition and build-to-suit fronts.



Opportunities: While employment growth remains flat, most tenant opportunities will continue to be shuffling between existing buildings and markets or early renewals of leases expiring two to four years out. Nimble and responsive real estate companies without significant legacy issues should be able to align themselves with capital sources.

Growth: Until we see job growth similar to what we experienced in the early 1990s, chronic office vacancies will continue, and we will not see significant net absorption in our markets. I remain very bullish on Atlanta and believe its tremendous natural characteristics, a new generation of regional leaders and other advantages will put us back on the map.