

# HVS Market Pulse: Atlanta, Georgia

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While several high-profile projects have been completed in Atlanta over the past several years, including the completion of Mercedes-Benz Stadium and SunTrust Park, the conversion of Turner Field into the new Georgia State football Stadium, and the opening of NCR's new global headquarters in Midtown, the construction boom in Atlanta is showing no signs of slowing down. Several high-profile projects are currently underway in Atlanta, with some of the biggest projects in the city's history expected to break ground in the coming months.



## Aerotropolis Development

Hartsfield-Jackson Atlanta International Airport has once again retained the title of the world's busiest airport in terms of annual passenger traffic, a designation held since 2000. A 20-year, \$6-billion expansion and improvement master-plan project began at the airport in 2016. Porsche Cars North American headquarters and Experience Center was the first development in the 122-acre Aerotropolis Atlanta business district. Gateway Center is planning for new office buildings, a 5,000-seat multipurpose arena, and a BMW Technical Training Center. Gateway Center is expected to offer nearly 1,000 hotel guestrooms by late 2019, allowing the Georgia International Convention Center to support larger groups than it has previously been able to accommodate. Furthermore, the City of College Park is moving forward on a 320-acre, mixed-use development to include Class-A office space and several hotels, restaurants, retail stores, and residences. As part of the greater Aerotropolis development surrounding the airport, the city of Hapeville is anticipated to receive infrastructure and beautification, while Downtown Hapeville is expected to be an anchor of the Aerotropolis master plan.

## Downtown Atlanta's Transformation

Downtown Atlanta welcomed a world-class, \$1.6 billion stadium in 2017, but some of the biggest changes to Atlanta's CBD are yet to come. On the site of Atlanta's former stadium, the Georgia Dome, and adjacent to the Georgia World Congress Center (GWCC), a new convention center hotel will rise. Branded as a Signia Hilton, a new brand from the hospitality giant, the 30-story hotel will reportedly feature 1,001 rooms and ample meeting space. Coupled with the new, onsite hotel, an ongoing \$55-million expansion at the GWCC will connect Building B with Building C, attracting new and larger events, conventions, and conferences that Atlanta was previously unable to be accommodate.

Directly east of the GWCC, The Gulch, a long-vacant, 40-acre site (mostly comprising rail yards and parking lots that sit below street level) is planned for redevelopment. The massive, \$5-billion, mixed-use project will be one of the nation's largest mixed-use projects, taking over a decade to complete. A \$500-million platform will raise the development to street level, creating roughly 15 new city blocks in Downtown Atlanta, which will then be

### Summary

While several high-profile projects have been completed in Atlanta over the past several years, the construction boom in Atlanta is showing no signs of slowing down.

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developed with 9,000,000 square feet of office space, 1,000 residences, 1,500 hotel rooms, and 1,000,000 square feet of retail space. German development company Newport plans to invest roughly \$500 million to redevelop and revitalize 47 buildings in south Downtown Atlanta adjacent The Gulch; new restaurants, coffee shops, breweries, distilleries, food markets, fitness centers, and entertainment venues will also be included, making for a more walkable Downtown. Also nearby, the long-blighted Underground Atlanta will be redeveloped, with new shops, office space, restaurants, markets, student housing, and apartments, as well as communal spaces. The development will open in phases, with the first phase of 150,000 square feet of office, retail, and communal areas expected to open mid-year 2019.

The cumulative impact of these developments, along with the ongoing redevelopment of Underground Atlanta, will change the hotel landscape of the Downtown Atlanta from a primarily convention-oriented submarket to a thriving, walkable city-center with a variety of new demand generators, entertainment venues, and tourist destinations.

## Atlanta's Wave of Boutique Hotels

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Historically, Atlanta has not been the hot bed for unique hotels that other southern cities, such as Nashville, Charleston, and New Orleans, have been; however, on the heels of the reopening of the Clairmont Hotel, an influx of boutique properties will open in the coming years. In Buckhead, four high-profile hotels are expected to open by 2021: Nobu adjacent to Phipps Plaza, Thompson Hotel in Buckhead village, the converted Sobu Flats condominium building, and the Dream Hotel, which will replace the North Buckhead Plaza Shopping Center. Meanwhile, a \$100-million, 150-room hotel is planned for West Midtown, adjacent to the \$350 million in new developments that Allen Morris Co. currently has underway along Howell Mill Road. On the other side of Midtown, a 145- to 170-room boutique hotel is planned for development along the Beltline, while a boutique hotel is planned as part of the second phase of Ponce City Market. The myriad of developments across Metro Atlanta, the strong rate growth that many upper-upscale hotels have realized in recent years, and the relatively limited flags that are available in Atlanta have contributed to the viability of these boutique projects.

## The Near Future for Atlanta Hotels

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The boom in development, redevelopment, and expansion across Atlanta promises to bolster demand for the city's hotels. Atlanta's market-wide RevPAR levels stood at historical highs in 2018. With so many major projects underway throughout Metro Atlanta having the potential to generate demand, occupancy levels should maintain this elevated position in the near term, with only a minor dip in overall occupancy anticipated as new hotels come online over the next few years. Meanwhile, average rates are expected to continue to realize healthy gains, due in part to the high-end orientations of most of the new supply coming to the city, resulting in a forecast for positive RevPAR growth for Atlanta hotels over the next several years.

### About **Benjamin A. Levin**



Ben Levin is a Director at HVS, overseeing the Southeast region for the HVS Brokerage & Advisory Division. At HVS, Ben has performed hundreds of hotel valuations and studies, ranging from convention center hotels to beachside boutiques. He has extensive relationships with owners, developers, and lenders in the region and brings keen insights into the hotel markets across the Southeast. Prior to joining HVS, Ben held operational roles at the St. Regis Atlanta and the Microtel Inn & Suites in Tuscaloosa, Alabama. This hands-on experience at both mid-market and ultra-luxury hotels, combined with his in-depth consulting experience, enables him to offer clients knowledge on multiple aspects of the hotel business and transaction process, including valuations and analyzing property improvement plans and renovations. Ben graduated summa cum laude from the University of Alabama with a B.S. in Restaurant and Hospitality Management. Please contact Ben at [\[email protected\]](#) or +1 404-276-5862.

### About **Janet L. Snyder**



Janet Snyder, MAI is Managing Director of the firm's Atlanta office. She is an expert on lodging markets throughout Georgia, the Carolinas, and the surrounding region, and has been consulting for HVS for over 10 years. She holds her certified general state appraisal license and is a Designated Member (MAI) of the Appraisal Institute. Her hospitality industry experience prior to joining HVS included work for Hilton and two Dallas-area meeting and event planning firms. Please contact Janet at +1 (972) 978-4714 or [\[email protected\]](#).