

HVS Market Intelligence Report: Atlanta, Georgia

December 26, 2007 / By Heidi S. Nielsen



The Atlanta Metropolitan Statistical Area (hereafter “Metro Atlanta”) is home to nearly 138,000 businesses and more than a dozen headquarter offices of Fortune 500 companies, including the United Parcel Service, the Coca-Cola Company, Delta Air Lines, and the General Electric Company. These corporate keystones secure the various arms of Metro Atlanta’s economy, which, in 2006, added more than 60,000 new jobs, approximately 150,000 people, and almost 70,000 new housing starts.^[1] Over the past ten years, Metro Atlanta added nearly 460,000 new jobs and has ranked among the top five markets in the nation in net new job growth. Metro Atlanta ranked as the second least-expensive city in which to operate a corporate headquarters according to a 2007 study,^[2] and the area is forecast to be the third-largest job generator over the next decade.^[3]

Road, rail, and air infrastructure drive the Metro Atlanta economy, and the logistics industry, which encompasses the trade, transportation, and utilities sectors, accounts for the majority of the area’s jobs. In 2007, *Expansion Management* magazine named Metro Atlanta as the third-most logistics-friendly metro area in the United States, and the international expansion of Atlanta’s logistics industry should solidify this reputation for the future. Asian markets, and especially that of China, have become increasingly important to economies in the U.S., with manufacturing, exports, and travel being key sectors. The University of Georgia’s Selig Center for Economic Growth reported that, despite the looming threat of recession in 2008, “...Atlanta’s low cost of doing business would continue to make it attractive for corporate relocations, and the state’s growing ties to China could be a boon.”^[4] In September of 2007, the U.S. Department of Transportation awarded Delta Air Lines the exclusive right to provide direct air service to and from Shanghai. This development is expected to create tendrils between the Metro Atlanta and Chinese markets upon which a host of new commerce can climb.

According to figures reported by the Federal Aviation Administration, Hartsfield-Jackson Atlanta International Airport is the busiest airport in the world, with nearly one million flights departing or arriving in 2006. Close to 85 million passengers utilized the airport that year, and officials predict an increase to 121 million passengers by 2015.^[5] In 2000, the City of Atlanta initiated the ten-year, \$5.4-billion Hartsfield Development Program (HDP), which will expand current facilities to accommodate this inrush of traffic. Projects already completed under the HDP include a fifth runway and a new air traffic control tower (which bears the distinction of being the tallest in the U.S.). A Consolidated Rental Agency Complex will help absorb the increased demand on the airport’s car rental facilities, and an expansion of the Automated People Mover will connect the airport with the Georgia International Convention Center; these developments are on schedule for completion in 2009. Designed with the aim of being Atlanta’s “front door,”^[6] the Maynard Holbrook Jackson, Jr. International Terminal, named in honor of the late Atlanta mayor, will facilitate the passage of the millions who come knocking. When it opens in late 2010, the terminal will alleviate the need for international passengers to claim and recheck baggage as part of their passage through U.S. Customs. This improvement alone should prove enormously attractive to airport clientele and grease the gears of the airport’s expanding engine.

We can illustrate the rebirth of Atlanta’s hotel industry with various figures and a singular story. Downtown Atlanta’s Winecoff Hotel caught fire the night of December 7th, 1946, claiming 119 lives and the ominous distinction as the deadliest hotel fire in U.S. history. New, stricter fire safety standards were proposed in the aftermath, and guests of hotels nationwide have slept more soundly ever since. This year, the Ellis Hotel stands proudly in its place on the corner of Peachtree and Ellis streets. The boutique hotel caters to both leisure and

Summary

Metro Atlanta continues to be the vibrant business capital of the Southeast.

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business travelers and features tokens of the classic (such as an offering of Georgia peaches at check-in) and the cutting-edge (e.g., in-room high-definition televisions). The hotel also reserves an entire floor exclusive to the use of its female guests.

The rise of the Ellis gives color to an overall resurgence for Metro Atlanta’s hotels. The market-wide occupancy increase in 2005 and 2006 is in large part due to convention business relocating to the Atlanta area from regions struck by Hurricane Katrina. The Georgia World Congress Center’s adoption of major conventions included the meeting of the American Society of Anesthesiologists, which brought in 11,500 visitors and had an estimated economic impact of \$57 million.^[7] Over the past few years, downtown hotels such as the Ritz-Carlton and the Marriott Marquis have undergone major renovations in order to remain in sync with the new supply entering the market. The expansion of the Omni Hotel at CNN Center came online in 2004, helping to attract and absorb a wider range of convention business. The following table lists some of the area’s major projects:

Proposed Property	Number of Rooms	Estimated Opening Date	Development Stage
W	237	August 1, 2008	Under Construction
Indigo	155	July 1, 2009	Under Construction
Courtyard by Marriott (Converting from Days Inn)	263	July 1, 2008	Approved
Hilton Garden Inn	242	March 25, 2008	Under Construction
Hard Rock Hotel	270	4 th Quarter 2010	Approved
Twelve	200	September 2007	Recently Opened
Ellis Hotel	127	October 2007	Recently Opened
Totals/Averages	1,494		

Growth in the downtown market is being fueled by ongoing revitalization and new construction. The Lindbergh area, located between Buckhead and Midtown, has been rife with development since the expansion of the BellSouth complex and the refurbishment of the MARTA rail station. **MCL Cos.** plans to build two new condo towers and 70,000 square feet of retail space at Lindbergh in addition to its 220-unit, 21-story Skyline property, on which construction is underway.^[8] Other major projects include the expansion of the Furniture Mart in 2006 and the three-tower Allen Plaza office complex that is being built in phases over the next several years.

The Georgia Aquarium completed a 7,000-square-foot expansion of its Ocean Ballroom, allowing the facility to accommodate multiple and larger events. The Aquarium, which opened in November of 2005 and hosted 3.6 million visitors in its first year of operation, is already a landmark tourist attraction; the enhanced meeting facilities should help broker the site to group demand. The new World of Coca-Cola venue, which opened in May of 2007, sits on adjacent acreage and is another million-tourist draw.

On November 11th, 1864, Union General William Sherman gave his infamous order to have the city of Atlanta set aflame. The city’s subsequent rise from this annihilation is immortalized by its symbol, the phoenix, and its Latin motto: *Resurgens*. Atlanta’s reception of business and people displaced by national tragedies such as Hurricane Katrina—including over 100,000 evacuees and a sharp increase in shipments diverted to Atlanta’s ports—demonstrates the extent of the city’s principal of resurgence. Revitalization, new infrastructure, and new attractions make Metro Atlanta an increasingly popular destination for corporations, conventions, and tourists, and the area’s drive to achieve record economic growth has fuel for years to come.

^[1] Metro Atlanta Chamber of Commerce

^[2] The Boyd Company, Inc.

^[3] Metro Atlanta Chamber of Commerce

^[4] Atlanta Business Journal, December 4, 2007

^[5] Airport-Technology.com

^[6] www.atlanta-airport.com

^[7] http://www.hotel-online.com/News/PR2005_4th/Dec05_AtlantaOccupancys.html

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