Real Estate Market Analysis:

Reimagining the Atlanta City Detention Center

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Executive Summary

In 2019, the City of Atlanta passed legislation to conduct research and present findings on the potential to transform the Atlanta City Detention Center (ACDC) into a "Center for Equiity." The ACDC, located in the heart of Atlanta at Peachtree Street NW and Memorial Drive SW, is a 14-story (inclusive of a basement), 471,000 square foot active detention and arrest-processing center. The City’s goal is to completely cease operations as a detention center and redevelop the underutilized structure into a mixed-use facility that focuses on restoration, wellness and opportunity. The redeveloped Center for Equiety would primarily house a diverse set of social service, not-for-profit, for-profit, and recreational and cultural activities. The ability to successfully offer the social programming envisioned will require a large and sustainable revenue stream from other uses.

The Emory Impact Team (“Emory” or “Emory Team”) was tasked with evaluating a list of possible commercial uses that would complement the proposed Center for Equiety. In examining each use, Emory aimed to determine the demand and suitability for each use while also identifying each use’s revenue generating potential. In doing so, the Emory Team assessed both qualitative factors and quantitative metrics like rents, square footage estimates and absorption rates (in some cases) that will inform three design scenarios that are being considered for the transformation of the ACDC. The building was evaluated as it currently exists and does not take into account the proposed improvements that will be included in the three design scenarios. The scenarios include:

1. **Minimal Construction:** The target would be to repurpose as many of the existing lower floors within the spirit of the Center for Equiety as financially possible, with the upper floors to house programmatic uses.

2. **New Construction:** Assumes that the building is demolished and the site is transferred to a private developer in exchange for some amount of mission-aligned space for the Center of Equiety.

3. **Full Repurposing:** Assumes that all programmatic uses are incorporated and a full redevelopment of the existing structure is completed.

Ultimately this analysis will help to support the proposal that will be recommended to the Mayor of Atlanta in April of 2020. The scope of this project is confined to financial viability and relates to the potential for revenue generating uses beyond the potential programming of the Center for Equiety. This could include uses deemed inappropriate for commercial inclusion as well as uses not studied or recommended as part of this report.

In addition to the factors mentioned above, it should be noted that parking is an extremely important element in the consideration of each of the uses. While a detailed analysis of parking and related zoning requirements was outside the scope of this report, it should be noted that all of the uses investigated require parking - either a small number of well-managed spaces (for things like fitness, daycare, or arts) or a significant number of dedicated spaces (office and affordable housing). Despite proximity to MARTA and nearby surface lots, a lack of onsite parking could make the building less competitive. Overcoming this will require heavy emphasis on the use of public transit and management solutions that reduce the inconvenience of the non-adjacent lot. An ability to create onsite parking necessitates further study but would indeed enhance marketability.

The results of this analysis have been laid out in an opportunity matrix on the following page. Each use is evaluated based on the market demand, site suitability and revenue-generating potential. Also included are square footage recommendations and estimates of maximum monthly or rental income. A
determination on whether each use is recommended for the ACDC is based on an evaluation of each of the above factors.

The recommended uses include:

- Office Space
- Affordable Housing
- Arts and Cultural Spaces
- Commercial/Shared-Use Kitchens
- Daycare Centers
- Recreation and Fitness Uses

The matrix and the recommend uses are meant to provide a menu from which the City can select based on its goals and overall vision for the Center for Equity. Please refer to each use’s section for a detailed breakdown of each recommendation. Emory estimates a total allocation of between 200,000 and 290,000 square feet of mixed uses as detailed in the opportunity matrix.
Opportunity Matrix

<table>
<thead>
<tr>
<th>Use</th>
<th>Market Demand&lt;sup&gt;1&lt;/sup&gt;</th>
<th>Site Suitability for use&lt;sup&gt;2&lt;/sup&gt;</th>
<th>Total square footage recommended&lt;sup&gt;3&lt;/sup&gt;</th>
<th>Min Rent&lt;sup&gt;4&lt;/sup&gt;</th>
<th>Max Rent</th>
<th>Recommendation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Affordable Housing</td>
<td>5</td>
<td>2</td>
<td>100,000-150,000</td>
<td>$1,000 per unit</td>
<td>$1,300 per unit</td>
<td>Yes</td>
</tr>
<tr>
<td>Office Space</td>
<td>3</td>
<td>3</td>
<td>33,000-60,000</td>
<td>$12 psf&lt;sup&gt;5&lt;/sup&gt;</td>
<td>$18 psf</td>
<td>Yes</td>
</tr>
<tr>
<td>Arts &amp; Cultural</td>
<td>4</td>
<td>3</td>
<td>25,000</td>
<td>$2 psf</td>
<td>$9 psf</td>
<td>Yes</td>
</tr>
<tr>
<td>Daycare</td>
<td>4</td>
<td>3</td>
<td>21,000-29,000&lt;sup&gt;6&lt;/sup&gt;</td>
<td>$17 psf</td>
<td>$23 psf</td>
<td>Yes</td>
</tr>
<tr>
<td>Higher Education</td>
<td>1</td>
<td>2</td>
<td>0</td>
<td>N/A or same as office</td>
<td>N/A or same as office</td>
<td>No</td>
</tr>
<tr>
<td>Indoor Agriculture</td>
<td>3</td>
<td>3</td>
<td>0</td>
<td>$0 psf</td>
<td>$5 psf</td>
<td>No</td>
</tr>
<tr>
<td>Recreation and Fitness</td>
<td>4</td>
<td>4</td>
<td>5,000</td>
<td>$15 psf</td>
<td>$24 psf</td>
<td>Yes</td>
</tr>
<tr>
<td>Commercial Kitchens</td>
<td>3</td>
<td>5</td>
<td>15,000</td>
<td>$7.50 psf</td>
<td>$9 psf</td>
<td>Yes</td>
</tr>
</tbody>
</table>

<sup>1</sup> Market demand defined as a firm’s willingness to operate a use at the ACDC facility within the short term (approximately three years), 1- Minimal, 2-Below average, 3-Moderate, 4-Above average, 5-High

<sup>2</sup> Based on following ratings: 1-Not Suitable, 2-Below Average, 3-Moderate, 4-Above Average, 5-High

<sup>3</sup> Based on a combination of the building constraints, the total demand in the market, and the requirements of the typical tenant. Please refer to individual sections for in-depth justifications.

<sup>4</sup> Rental minimums and maximums are not meant to provide a floor or ceiling, but should serve as an estimated range of current achievable rents

<sup>5</sup> PSF refers to “per square foot”

<sup>6</sup> Both the low and high end of the range includes 7,000 square feet of outdoor space required by the state of Georgia
Background and Methodology

The Emory Impact Team approached this project in two phases. During the first phase, Emory evaluated the viability of each of the potential uses from a more qualitative lens. The goal of the first phase was to eliminate uses that did not provide sufficient evidence to support further investigation from a qualitative standpoint. This was done in order to ensure Emory could spend adequate time on the uses that passed the qualitative test. After completion of Phase 1, Emory presented its findings to the ACDC Project Team and it was agreed that all uses would continue to Phase 2 with the exception of Market-Rate Residential and K-12 education. The reasons for the elimination of these uses are described below.

**Market-Rate Residential**

Emory eliminated market-rate residential from the list of potential uses. There was not sufficient evidence to suggest that the critical success factors necessary for incorporating market-rate residential effectively would be met. The ACDC’s current location and surrounding economics did not provide enough support to warrant further research. These factors include perceived safety, pedestrian friendly dining, retail access, green space, upgraded amenities, and parking.

While access to transit is a strength, the remaining critical success factors are unlikely to be met to attract full-time residents paying financially attractive market rate prices to support the associated costs. Downtown Atlanta has lagged in Central Business District (Downtown, Midtown and Buckhead) new construction for the past four years representing less than 10% of share\(^7\). Furthermore, South Downtown has lower rents than the Downtown benchmark, which further challenges the achievable rent ranges.

Market-rate residential may be a potential use in the mid-term; however, too many market factors like competition among neighboring developments are outside the control of the ACDC.

**K-12 Education**

Emory eliminated K-12 education from the list of potential uses due to the following reasons:

- Multiple interviewees commented that the surrounding area does not have enough families with school age children to warrant a K-12 school.
- The area could become more residential in the long-term, but this will be highly dependent on if and when Newport, WRS and CIM move forward with their planned redevelopments in the area.
- There is a lack of greenspace at and near the ACDC which would be a challenge for recess, sports and other after-school outdoor activities.
- The ACDC is bound by busy roads on each side which would make it a challenge for buses to pick up and drop off students or to allow students from nearby neighborhoods to walk safely to school.

**Methodology**

During the Phase 2 process, Emory focused on identifying the quantitative metrics that could make each use a potential revenue generator. These quantitative metrics included identifying possible rental rates,

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\(^7\) Costar Atlanta Quarterly Multi-family Reports from Q1 2015 to Q3 2019
square footage ranges and potential vacancy and absorption for relative uses. Throughout the project Emory has focused on understanding the viability of each use by conducting the following research:

- Visited the site and walked the surrounding areas on January 7, 2020
- Toured the interior of the building on January 14, 2020
- Analyzed market research reports including:
  - Bleakly Downtown Atlanta – Market Analysis
  - Haddow and Company - Sweet Auburn Real Estate Market Analysis
  - CBRE Atlanta Office Market Reports
  - JLL Atlanta Office Market Reports
  - Cushman and Wakefield Atlanta Office Market Reports
  - CoStar Downtown Submarket Office Reports and Listings
  - Moody’s REIS Affordable Housing Report
- Read news articles, studies, and applicable websites including, but not limited to:
  - 2017 Downtown Atlanta Master Plan
  - The 2019 Annual Report for the Mayor’s Office of Cultural Affairs
  - www.loopnet.com
  - www.atlaccessmap.org
  - www.southdwntn.com
  - www.google.com/earth
  - www.decal.ga.gov
  - www.ajc.com
- Conducted interviews in-person, over the phone, or by email:
  - Alex Brounstein – Grindhouse Killer Burgers – Owner
  - Amon Martin — Pennrose Properties – Senior Developer
  - Anthony Zivalich – Georgia Tech – Executive Director of Real Estate Development
  - April Stammel – Newport Real Estate – Marketing and Community Development
  - Cara Cown – Fox Bros BBQ – Director of Operations
  - Chris Hall – Haddow and Company – Managing Partner
  - Cory Mosser – Natural Born Tillers – Founder
  - Craig Waters – WRS Realty – General Manager
  - Debbie Frank – MARTA - Director of Transit Oriented Development
  - Delilah Wynn-Brown – H.J. Russell – Director of Real Estate Development
  - Doug Shipman – Woodruff Arts Center – President and CEO
  - Gene Kansas – Central Atlanta Progress - Owner
  - Geoff Koski – Bleakly Advisory Group – President
  - Jeffrey Landau – Agritecture Consulting – Director of Business Development
  - Jennifer Ball – Central Atlanta Progress – Vice President
  - Jerome Russell – H.J. Russell - President
  - Jessyca Holland – C4 Atlanta – Executive Director
  - Jonathan Tescher – Clark Atlanta University – Program Manager CREATE

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9 www.fliphtml5.com/bxtna/ahqc/basic
Site and Surroundings

This section of the analysis offers an overview of site and its surroundings in order to provide context about the location of the Atlanta City Detention Center. We start more broadly with the entire City of Atlanta, zoom into South Downtown, and end with the actual site and its immediate surroundings.

**The City of Atlanta**

Atlanta as a whole is well positioned for continued growth, showing a strong and growing economy with multiple positive economic indicators. This includes a year over year job growth rate of 1.5% which is larger than the national job growth rate. Additionally, Atlanta had the nation’s fourth highest population growth rate in 2017-2018 for any major metropolitan area. In 2018, Atlanta had a total population of 5.9 million and a 6.8% 5-year projected growth.\(^{10}\)

Atlanta’s primary airport, Hartsfield Jackson International Airport, is the world’s largest passenger airport and is in the middle of a $6 billion renovation and expansion. Additionally, the state of Georgia’s main port, the Port of Savannah, has plans for a $1 billion expansion that will make it the largest sea terminal ever built in the United States.

Atlanta has recently benefited from an influx of TAMI (Technology, Advertising, Media and Information) sector tenants that have in turn driven demand throughout the market. Of the top 20 leases signed in 3Q, 2019, 30% were technology tenants. Many technology tenants such as VMware, Samsara and Prime Revenue have signed leases in the Atlanta MSA and many startups and tech firms are drawn closely to Georgia Institute of Technology and Tech Square. Georgia Institute of Technology has recently anchored the CODA building and is planning on beginning Phase III of Tech Square, which includes 400,000 square feet of development anchored by the university.

Additionally, the two major hospital systems located in close proximity to ACDC, Grady and Emory, are reinvesting in their facilities. Emory plans on developing a new cancer treatment tower in Midtown costing over $475 million. Grady plans on expanding services with a $180 million planned expansion.

The central business district of Atlanta is split into three main neighborhoods: Buckhead lies several miles to the north, Downtown to the west of I-85, and Midtown to the east of I-85. In the last several decades Buckhead has been the primary place for office development. However, with the creation

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\(^{10}\) CBRE: 2019 Southeast U.S. Real Estate Market Outlook for Atlanta
of the Atlanta Beltline and the creation of Tech Square, there is renewed interest in developing office throughout those surrounding areas to feed off that growth.

The strong economic factors within Atlanta flow from the creation of opportunities within submarkets, like the Downtown, and South Downtown areas. While the location of Atlanta City Detention Center has a large impact on the success of its redevelopment, the ACDC also has the power to catalyze investment around it. As potential uses are considered for the ACDC, strategic planning will require looking at the market for each use and the potential opportunity that exists when incorporating them into the space.

**THE FABRIC OF SOUTH DOWNTOWN**

The Atlanta City Detention Center sits within historic South Downtown. South Downtown is the area that sits south of Five Points, with boundaries that include I-20 to the south, I-75/85 to the east, and Castleberry Hill to the west.

South Downtown is dominated by city, county, state, and federal governmental offices, and has been characterized by limited retail, very few residential uses, and a community of people that are underserved. There is a need to improve the vibrancy and walkability of the community as it currently has a perceived reputation for being unsafe\(^\text{11}\). Whether real or perceived, safety is a concern that discourages pedestrians from engaging in the area. Historically the community has not

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\(^{11}\) Based on a common theme that came up in discussions with multiple interviewees
seen a wave of development and investment, which in some ways may have been deterred by the government focus and the major highway barriers that disconnect it from the other parts of the city.

The future for South Downtown looks promising as private companies have begun to invest and develop in the area. Newport US RE has acquired over 45 buildings south of Five Points MARTA station, WRS Realty has committed to a $250 million multi-use development surrounding the Atlanta Underground, CIM Group is redeveloping the 30+ acre “Atlanta Gulch” into Centennial Yards, and several other companies have planned projects in the area as well.

The growth and revitalization of South Downtown is heavily dependent upon the ability of both public and private owners to actively transform the area into a community that is tailored to meet the needs of its residents. Reimagining the Atlanta City Detention Center as a Center for Equity has the power to be a catalyst for growth, development, and revitalization in an area that has largely been neglected for some time.

The project is a highly specialized pursuit which will pose some challenges. If successful, reimagining the ACDC will push the needle forward on the master plan for a more vibrant South Downtown.

**The ACDC Site**

![Image from the www.thealtantavoice.com](image)

The ACDC is one of the most prominent buildings in the surrounding area, with unobstructed views in multiple directions for several miles. Internally, the building is in generally good repair and benefits from an extensive, 15,000 square foot kitchen suite which is capable of feeding over 8,000 people a day.
The building is located at 254 Peachtree Street SW and sits on the corner of Peachtree Street SW and Memorial Drive SW. These are major roadways that connect Downtown to surrounding neighborhoods. The area surrounding the building is confined by the MARTA rail / rail yard to the west and by I-20 to the south. It is conveniently located across the street from the Garnett Marta Station and is a quarter mile from the intersection of the Downtown connector (I-75/85) and I-20.

The community surrounding the facility has not had the economic boon as many other parts of Atlanta has had in recent years, as such key economic indicators are well below medians of the rest of the Atlanta economy.

**Key Demographics**

<table>
<thead>
<tr>
<th></th>
<th>1 mile from ACDC</th>
<th>City of Atlanta</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population</td>
<td>19,418</td>
<td>478,038</td>
</tr>
<tr>
<td>Daytime Employment Pop.</td>
<td>85,037</td>
<td>NA</td>
</tr>
<tr>
<td>Median HHI Income</td>
<td>$24,434</td>
<td>$64,760</td>
</tr>
<tr>
<td>Population %</td>
<td>80.9%</td>
<td>54.9%</td>
</tr>
<tr>
<td>Black Population % White</td>
<td>14.5%</td>
<td>36.7%</td>
</tr>
<tr>
<td>Population Growth ('10-'19)</td>
<td>36.1%</td>
<td>13.82%</td>
</tr>
<tr>
<td>Population Growth ('19-'24)</td>
<td>8.6%</td>
<td>4.51%</td>
</tr>
<tr>
<td>Median Age</td>
<td>31</td>
<td>34.1</td>
</tr>
<tr>
<td>Unemployment</td>
<td>8.5%</td>
<td>4.9%</td>
</tr>
<tr>
<td>% Pop. In Poverty</td>
<td>32%</td>
<td>24.4%</td>
</tr>
</tbody>
</table>

Data from SimplyAnalytics and Census Bureau 2019

Several key indicators demonstrate the disconnect between Atlanta’s economy and the area surrounding ACDC: unemployment is almost double the rest of Atlanta, the household median income is less than half in comparison to the rest of Atlanta, and the percentage of people in poverty is significantly greater than the rest of Atlanta.
**STRENGTHS, WEAKNESSES, OPPORTUNITIES AND THREATS (“SWOT”)**

Below is a SWOT analysis that provides a framework to evaluate the location of the ACDC and its competitive position. This analysis provides insight that will help inform a strategic plan moving forward.

<table>
<thead>
<tr>
<th>Strengths</th>
<th>Weaknesses</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Convenient access to the Garnett MARTA station which is directly across the street</td>
<td>• Minimal commercial retail activity in the surrounding area (e.g. lack of restaurants)</td>
</tr>
<tr>
<td>• Various surface parking lots by ACDC</td>
<td>• A high density of government offices minimizes vibrant activity and deters investment</td>
</tr>
<tr>
<td>• 0.7 mile walk to Mercedes-Benz stadium/State Farm Arena</td>
<td>• Vacant storefronts/buildings and gaps in the streetscape detract from pedestrian experience</td>
</tr>
<tr>
<td>• The area is compact and has potential to turn into a walkable area, especially with MARTA within close proximity</td>
<td>• Perceived crime and safety issues are a deterrent to new investment¹²</td>
</tr>
<tr>
<td>• The building can provide several great views from the upper floors, including views of Mercedes-Benz stadium</td>
<td>• Homelessness in the area contributes to perceived safety issues¹³</td>
</tr>
<tr>
<td>• Proximity to I-20 and I-75/85 offer easy access by car and the potential to become a destination for residents</td>
<td>• Southern-most portion of Newport redevelopment is ~2 blocks from the ACDC, leaving a troublesome gap where limited redevelopment currently exists. This gap does not fall into a designated opportunity zone.</td>
</tr>
<tr>
<td></td>
<td>• Blocked off on Southern edge by I-20</td>
</tr>
<tr>
<td></td>
<td>• Closest green space/park is Rosa Burney Park which is ~0.5 miles away and on the other side of I-20</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Opportunities</th>
<th>Threats</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Newport’s planned redevelopment could spur further investment in the 2-3 block gap</td>
<td>• Newport has yet to begin its redevelopment – threat of significant delays</td>
</tr>
<tr>
<td>• A pending master plan for neighboring Castleberry Hill could bring additional residents, investment and commercial activity</td>
<td>• The Underground, set to reemerge as a Downtown staple remains vacant with an unknown timeline</td>
</tr>
<tr>
<td>• The area south of ACDC is a designated Opportunity Zone which could spur investment south of the site</td>
<td>• Potential economic downturn could bring redevelopment efforts in the area to a halt</td>
</tr>
</tbody>
</table>

¹² Based on a common theme that came up in discussions with multiple interviewees
¹³ Based on a common theme that came up in discussions with multiple interviewees
Analysis of Potential Uses

This section of the market analysis examines each potential use for the space within ACDC in more detail. Each in-depth look provides a definition of the use, an overview of its relevance in the real estate market, some of the benefits and challenges that come with implementation, and an overall recommendation. The recommendation is qualitative and quantitative in nature and seeks to provide enough evidence to inform the next phase of the Reimaging the Atlanta City Detention Center project. The content within each section may vary slightly depending on the nature of the use, but all information provided is the result of the research carried out in the methodology described above.

ARTS AND CULTURAL USES

Definition
For the purpose of this analysis, we define art and cultural uses as spaces and amenities for artists and arts organizations that are integrated within a community to promote cultural expression, creative entrepreneurship, and the arts. These would include spaces such as artist studios, recording and dance studios, museums, theaters, etc.

Overview
Spaces for artists and arts organizations help to ensure a vibrant Downtown and have the power to lure visitors from local neighborhoods and the surrounding region. In many cities and towns, the art, cultural, and entertainment scene has served as a catalyst for revitalization, attracting retail, restaurant, and other uses that benefit from arts, culture, and entertainment patrons.

According to the Annual Report released by the Mayor’s Office of Cultural Affairs (OCA) for the 2019 fiscal year, existing demand in the market is strong as evidenced by the City’s increasing investment in the arts community is growing. For example, the OCA awarded more than $1.5 million in project-based funding to the arts through its Contracts for Arts Services Program, a 36% increase from the previous year. As the city continues to grow and Downtown realizes increasing dominance as the premier tourism district, there will be a need to provide more activities and events as city becomes more diverse.

Conversations with leaders in the Atlanta arts community revealed that although there is existing demand, challenges stem from affordability. Artists and organizations struggle to find office space, rehearsal space (for performing artists—e.g. dance studios, music rooms, etc.), studio space (for visual artists—e.g., working studio, pottery studio, sculpture area, etc.), and live/workspaces which are the key to collaboration. Live/workspaces together across disciplines can spur all kinds of innovation and collaboration between artists and arts organizations. With that, artists also like to be near other artists, so the ability to create a hub or some sort of larger art center to promote proximity is important. At various points in Atlanta’s history, the Westside and the Castleberry Hill neighborhoods have promised an epicenter of art activity. But no one neighborhood has successfully managed be a thriving creative locus.

There is an existing narrative among artists, studio owners, and experts in the field about organizations that once called South Downtown their home being pushed out due to issues with affordability and overall building quality. Spaces dedicated to art and cultural uses are more often spaces that are leased by organizations rather than owned, with business models that are typically non-profit versus for-profit. As a result, as real estate improves, tenants like Eyedrum, Mammal Gallery, two galleries that were once
a part of an artistic community in South Downtown are pushed out. Organizations have been forced to move to the city’s south and west sides, or outside of the city limits altogether.

In many ways, spaces for the arts are not unlike other pieces of real estate. Actual classification of the spaces themselves can vary between retail, office, and industrial or warehouse space. The buildings must conform to neighborhood standards and be built in ways that maintain safety, health, and quality. They must also meet the needs of the intended occupants. There can be differences in layouts due different user profiles, but specific needs can include high ceilings, proximity to water, freight elevators, wider door openings, and a proper loading dock.

It should be noted that studio and rehearsal projects tend to be in industrial areas that have the least restrictive zoning and most liberally applied building standards. Overall, to ensure long-term affordability is assured when artists are renters in properties owned by nonprofits or the artists are the owners. To ensure long-term occupancy, artists should ideally be occupants of cooperatives or of rental projects owned by nonprofits dedicated to artist support. For either goal, rental rates in the area can serve artists well with some support or form of security to ensure their longevity.

Pros/Cons of Use in the ACDC

<table>
<thead>
<tr>
<th>Pros</th>
<th>Cons</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Could improve flow and connectivity to Castleberry Hill to the west and the upcoming arts and entertainment district to the northeast</td>
<td>• Long term hard economic impact is difficult to measure</td>
</tr>
<tr>
<td>• The size of the ACDC allows for flexibility in the type of space and allows potential for the creation of a new hub or artist destination</td>
<td>• Potential uses offer low revenue generating potential unless converted into larger, for-profit spaces</td>
</tr>
<tr>
<td>• Art and cultural spaces are an ideal tool for high activity and placemaking</td>
<td>• Sustainability of art and cultural uses may require additional incentives from the city</td>
</tr>
<tr>
<td>• Artists typically don’t need a lot of surrounding amenities</td>
<td></td>
</tr>
</tbody>
</table>

Sample of Existing Inventory

We researched existing arts spaces or districts within one mile of the site to remain within the South Downtown neighborhood. A number of helpful examples have been included below. However, because much of this space trades off market, a full inventory is difficult to establish.

**Atlanta Arts and Entertainment District:** Just northeast of the site, Arts & Entertainment Atlanta is a neighborhood activation and economic development project for Downtown. It fuses new outdoor media, local art, and advertising and funds cultural and public space programming in the city’s core.

**Creative Loafing:** Headquartered approximately 0.4 miles from the site, Creative Loafing is a U.S. city monthly paper serving the Atlanta metropolitan area covering local news, politics, arts, film, entertainment, food, music and events.
Murmur: Located approximately 0.4 miles from the site, Murmur is a cultural center that provides spaces, tools, and educational resources with the specific intention of facilitating individual involvement in DIY media.

C4 Atlanta: Located approximately 0.3 miles from the site, C4 Atlanta Inc. is a non-profit arts service organization whose mission is to connect arts entrepreneurs to the people, skills, and tools they need to build a successful artistic career in metro Atlanta. C4 operates the Fuse Arts Center, home to visual artists, creative entrepreneurs, designers, architects, and more.

M. Rich Center for Creative Arts: Located approximately 0.7 miles from the site, the M. Rich Center for Arts, Media and Technology which is an institute for information sharing, and collaborative discussion with industry leaders. The building spans 110,000 square ft. with a conference room, event space, rehearsal stage and collaboration spaces.

Rental Range
Per the chart of comparable properties below, rental ranges for existing spaces vary based on the classification of the space, e.g. retail, industrial, etc. Data was extracted from CoStar as of Jan. 2020. Overall, art and cultural spaces tend to bring in less revenue due their non-profit business models and the nature of the space itself. Often subsidies are or zoning incentives are required to improve affordability. We estimate rents for art and cultural spaces to fall somewhere between

<table>
<thead>
<tr>
<th>Name</th>
<th>Address</th>
<th>Type</th>
<th>Tenant Size</th>
<th>Asking Rent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Murmur</td>
<td>100 Broad St., SW</td>
<td>Retail</td>
<td>2,000 SF</td>
<td>$6.00/SF MG</td>
</tr>
<tr>
<td>Color Wheel</td>
<td>508 E Howard Ave (Decatur)</td>
<td>Industrial/Flex</td>
<td>2,380 SF</td>
<td>$6-$8/SF</td>
</tr>
<tr>
<td>The MET Atlanta</td>
<td>675 Metropolitan Pkwy</td>
<td>Industrial/Flex</td>
<td>5,000-7,000 SF</td>
<td>$2-$9/SF</td>
</tr>
<tr>
<td>C4 Atlanta</td>
<td>132 Mitchell St., SW</td>
<td>Office</td>
<td>6,200 SF</td>
<td>$15/SF FSG</td>
</tr>
</tbody>
</table>

Square Footage
Spaces dedicated to art and cultural spaces will generally vary depending on what types of spaces are targeted, and the desired tenants. However, if the goal is to provide live/workspaces, a higher square footage will be necessary than if the space was more focused on smaller studio or office spaces. Individual gallery spaces tend to require less square footage, or around 2,00 to 5,000 square feet, but we suggest creating an artist hub that will allow for multiple types of spaces and tenants. At a minimum, 25,000 spare feet should allow for a mix of smaller uses, with potential to increase the square footage allocation if desired, given strong demand in the market.

Recommendation
Art and cultural spaces currently align with both the location and physical attributes of the ACDC, along with existing demand and then needs of the surrounding community. The biggest challenge to incorporating tenants into the building would be affordability. However, if that hurdle can be overcome, we recommend apportioning enough square footage, potentially around 25,000 SF or more to accommodate a multi-tenant artist hub or center within the building. This new hub will have the potential to revitalize the “starving artist” community in South Downtown and help make the ACDC a destination for tourists and lovers of the arts.
AFFORDABLE HOUSING

Definition
For the purpose of this analysis, affordable housing is defined as rental housing that is accessible to residents that fall along the full spectrum of income levels. Affordability falls along a wide scale that ranges from naturally occurring affordable units that are unencumbered but fall below market rents, to units that are fully rent or income-restricted by local or federal programs and incentives. The targeted level of affordability for units within the ACDC will impact the other uses within the building and the nature of the community outside of the building.

Overview
The existing supply of affordable housing in the Downtown submarket is lacking. High occupancy among comparable properties coupled with a lack of planned development of affordable housing in the submarket signal strong demand in the market. Taking a look at the current inventory of LIHTC and mixed-income properties in the market, many properties are currently maintaining waitlists that range from months to years long.

The need for affordable housing will only continue to rise as Atlanta continues to be a destination for businesses and development, and housing affordability is essential to the revitalization of any Downtown community. In June of 2019, Mayor Bottoms, with the help of supporting agencies and community partners, released the One Atlanta: Housing Affordability Action Plan. The plan acknowledges the increasing gap between wages and rental rates and outlines 13 initiatives and 45 actions meant to serve as a roadmap to preserve and increase the supply of housing in the city. Included in the action plan is the goal to provide 20,000 affordable units by 2026. Successful redevelopment of the Atlanta City Detention Center can help the city achieve this goal by leveraging an existing, underutilized space to increase the supply of affordable housing.

Although demand in the market is strong, there are several critical factors that will need to be considered in order to achieve success. Given the size of the parcel, one of the biggest challenges when incorporating residential units will be parking. Although proximity to MARTA is a benefit of the location, a creative solution to ensure proper parking ratios will imperative. One benefit to creating affordable versus market-rate units, is that parking ratio requirements tend to be smaller. Additionally, improving access and attractiveness of the Garnett Station may also prove to be worthwhile to increase the overall attractiveness of the area. According to experts in the field, the second biggest challenge will be financing. The costs to build or renovate affordable units are the same as the costs to build market rate units, however the income will not be the same. Incentives and creative sources of financing will be necessary to fill that gap.
Pros/Cons of Use in the ACDC

Pros

- Housing affordability is a national issue and issue for the city of Atlanta, thus there is a strong pipeline of demand
- Proximity to MARTA and existing government jobs and city services
- Affordable housing units require a lower parking ratio than market rate residential
- There is little to no competition in the area
- More opportunity for partnerships exists with MARTA Transit-oriented development to improve access and attraction of the Garnett Station across the street

Cons

- High construction costs require creative financing solutions and likely public-private partnerships
- Limited parking options to accommodate future residents
- There is an existing lack of retail and surrounding amenities
- Homelessness in the surrounding area is a deterrent¹⁴
- The size of the existing floor plates and the need to create natural light will pose challenges for the creation of the proposed units

Sample of Existing Inventory

The low-income housing tax credit is the most widely used vehicle for the creation of affordable housing. In and around South Downtown is no exception to this rule. Most of the available affordable housing within a mile or so of the Atlanta City Detention Center are older properties that are were created or made affordable with the low-income housing tax credit. Today, as new residential developments surface, market-rate developers are required to set aside a portion of their units as affordable to be in-line with city requirements and to benefit from different tax incentives. As financing affordable properties becomes more and more difficult as construction costs continue to rise, the prevalence of mixed-income properties will also continue to grow.

Rental Range

The summary of existing rental comparable properties features buildings are a compilation of existing buildings that are a mix of affordable and market rate units. Data was extracted from CoStar as of Jan. 2020. A more detailed breakdown of the unit mix and amenities has been provided in the appendix. From the data below, monthly rents range from $1.07-$2.20, with an average of $1.38 per square foot. If the ACDC is redeveloped to include affordable rental units, the rental income will generally be aligned with market rents for new units in South Downtown. We estimate rents will fall between $1,000 and $1,300 per unit.

<table>
<thead>
<tr>
<th>Property Name</th>
<th>Yr. Built</th>
<th>Mkt. Units</th>
<th>Afford. Units</th>
<th>Avg. SF</th>
<th>Avg Rent</th>
<th>Rent/SF</th>
<th>Vac.</th>
</tr>
</thead>
<tbody>
<tr>
<td>City Plaza</td>
<td>1996</td>
<td>130</td>
<td>34</td>
<td>878</td>
<td>$1,261</td>
<td>$1.44</td>
<td>0.0%</td>
</tr>
<tr>
<td>The Villages at Castleberry Hill</td>
<td>2000</td>
<td>135</td>
<td>315</td>
<td>937</td>
<td>$998</td>
<td>$1.07</td>
<td>7.6%</td>
</tr>
<tr>
<td>Mechanicsville</td>
<td>2009</td>
<td>180</td>
<td>728</td>
<td>1,041</td>
<td>$1,261</td>
<td>$1.21</td>
<td>10%</td>
</tr>
<tr>
<td>Freight House Lofts (Under Const.)</td>
<td>-</td>
<td>183</td>
<td>61</td>
<td>665</td>
<td>-</td>
<td>$2.20</td>
<td>-</td>
</tr>
</tbody>
</table>

¹⁴ Based on a common theme that came up in discussions with multiple affordable developer interviewees
Square Footage
Square footage for the units will vary based on the targeted unit mix. The comparable properties above provide an average unit size of 880 square feet. Freight House Lofts, the former Norfolk Southern headquarters is currently being readapted into a mixed-use development. The goal is to provide units that are generally smaller than the competition. The future of the ACDC includes a mix of uses, but we recommend keeping the size of the units on par with market, or closer to an average of about 1,000 square feet.

Recommendation

Research throughout this study period provided evidence to suggest that implementation should focus on a mixed-income solution in order to complement additional uses in the building. There is insufficient demand for market-rate rental housing to justify its inclusion as a primary use, however there may be an opportunity to include a small number of market rate units in the context of a mixed income development. Given the nuance and complexity of affordable housing funding sources and models, prescribing the specific mix of incomes is outside the scope of this study. The rental comparable properties included in this report are examples of mixed-income properties that are in close proximity to the ACDC.

Downtown is an ideal location to promote a mix of incomes due to the availability of transit and wrap-around services that are necessary to address the needs of low-income families and residents. Mixed-income units are also easier to execute from a financing perspective and provide a higher revenue potential for the building.

Successful execution of allocating a portion of the building to affordable units will pose some challenges, however the ACDC is a suitable space for this use with a high potential for success. Demand is strong enough to warrant filling as much of the available square footage within the ACDC as possible. However, given the related critical success factors, a smaller portion of the building is more supportable. Assuming an average unit size of about 1,000 SF, we recommend allocating approximately 100,000-150,000 SF of space to affordable housing, or around 100-150 units.

OFFICE SPACE

Definition
Office space is a room or rooms in a building that provide a suitable environment for office operations. It can be described by Class A through Class C\(^\text{15}\), which vary based on quality of the building itself and the potential rent that the building will be able to command.

Overview
Employment growth in the Atlanta metro area has contributed to growing demand of office space. Speculative, turn-key office has been minimal during this cycle, but major HQ buildings have been developed at MARTA stations in Midtown and Sandy Springs.

\(^{15}\) Commercial Real Estate; https://www.investopedia.com/terms/c/commercialrealestate.asp
Pros/Cons of Use in the ACDC

<table>
<thead>
<tr>
<th>Pros</th>
<th>Cons</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Access to public transportation</td>
<td>• Lack of parking</td>
</tr>
<tr>
<td>• Conveniently located within the Atlanta Central Business District and 4 interstates</td>
<td>• Not a speculative development</td>
</tr>
<tr>
<td>• Affordable rents</td>
<td>• Not a turnkey office space with technology amenities</td>
</tr>
</tbody>
</table>

Sample of Existing Inventory
Downtown Atlanta inventory has been flat over the past four years. This is attributed to low market rents which makes new development financially infeasible\(^{16}\). Approximately 90% of total square footage is considered Class A\(^{17}\). The ACDC would be considered Class B or C\(^{18}\). South Downtown stock includes historic buildings from the early 1900s, corporate buildings from the 1960s, and a few new corporate/government developments near the 5 Points MARTA which is north of the ACDC. Typical firms in the South Downtown Atlanta area include law firms and non-profits\(^{19}\).

Subject Property #1: Data Center
55 Marietta St., Atlanta, GA
Distance to Subject: 0.6 miles

<table>
<thead>
<tr>
<th>Property</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Typical Size</td>
<td>14,000</td>
</tr>
<tr>
<td>Stories</td>
<td>21</td>
</tr>
<tr>
<td>Year Built</td>
<td>1953, Ren. 1980</td>
</tr>
<tr>
<td>Parking</td>
<td>.5/1000 sq. ft</td>
</tr>
<tr>
<td>Owner</td>
<td>Westplan</td>
</tr>
</tbody>
</table>

\(^{16}\) Costar Q32019 Downtown Sub-market office report
\(^{17}\) JLL Q32019 Atlanta office report
\(^{18}\) Based on interviews with local underwriter and lender
\(^{19}\) AtoZDatabases, Analyzing SIC codes of firms 1 mile from ACDC location
**Subject Property #2: The Hurt Building**

50 Hurt Plaza, Atlanta, GA  
Distance to Subject: 0.8 miles

### Similarities
- Practical floor plate and use
- Location near MARTA STATION
- Class C designation
- Half-vacant, showing slow lease-up
- Limited parking

### Differences
- Retail and dining options
- Proximity to Fairlie-Poplar district
- Proximity to greenspace
- Use-specific dedicated to data center
- Near 5 points

<table>
<thead>
<tr>
<th>Property</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Typical Size</td>
<td>24,244</td>
</tr>
<tr>
<td>Stories</td>
<td>18</td>
</tr>
<tr>
<td>Year Built</td>
<td>1913, Ren. 2018</td>
</tr>
<tr>
<td>Parking</td>
<td>2/1000 sq. ft</td>
</tr>
<tr>
<td>Owner</td>
<td>Gamma RE</td>
</tr>
</tbody>
</table>

### Similarities
- Recently renovated as of 2018 for updated office space
- Angled interior floor plans
- Location near MARTA

### Differences
- Ample covered parking
- Retail and dining options
- Proximity to Georgia State University
- Proximity to greenspace
- Class A designation
- Near Five Points Marta
- Ornamentation in the Beaux Art tradition
**Subject Property #3: IBEW Building**

501 Pulliam St. SW, Atlanta, GA

Distance to Subject: 0.7 miles

<table>
<thead>
<tr>
<th>Property</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Typical Size</td>
<td>15,000</td>
</tr>
<tr>
<td>Stories</td>
<td>5</td>
</tr>
<tr>
<td>Year Built</td>
<td>1969</td>
</tr>
<tr>
<td>Parking</td>
<td>110 Surface</td>
</tr>
<tr>
<td>Owner</td>
<td>IBEW</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Similarities</th>
<th>Differences</th>
</tr>
</thead>
<tbody>
<tr>
<td>Class B designation</td>
<td>Ample surface parking</td>
</tr>
<tr>
<td>South of Downtown</td>
<td>Further from MARTA station</td>
</tr>
<tr>
<td>Social mission of tenants (unions)</td>
<td>Main tenant also owner, so not subject to same market conditions</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Property Name</th>
<th>Yr. Built</th>
<th>Rentable Area</th>
<th>Asking Rent/SF</th>
<th>Low SF</th>
<th>High SF</th>
<th>Occu.</th>
<th>Low Rent/SF</th>
<th>High Rent/SF</th>
</tr>
</thead>
<tbody>
<tr>
<td>55 Marietta Street</td>
<td>1953</td>
<td>390,000</td>
<td>$21.50</td>
<td>1100</td>
<td>20,647</td>
<td>52%</td>
<td>$12 NNN</td>
<td>$17</td>
</tr>
<tr>
<td>50 Hurt Plaza</td>
<td>1913</td>
<td>436,000</td>
<td>$22.50</td>
<td>408</td>
<td>10,892</td>
<td>81.3%</td>
<td>$19</td>
<td>$25</td>
</tr>
<tr>
<td>501 Pulliam Street</td>
<td>1969</td>
<td>75,000</td>
<td>$21</td>
<td>1,500</td>
<td>15,000</td>
<td>97.6%</td>
<td>$21</td>
<td>$21</td>
</tr>
</tbody>
</table>

**Rental Range**

Rental ranges of office spaces are derived from historical market reports from Q1 2015 to get an idea of trends and current prices. Details around vacancy and absorption\(^2\) can be found in the appendix. Based on historical, aggregate reports, South Downtown Class B or C office spaces command rents from $17 to $21 per square foot.

Evaluating rents based on specific comparable properties further refined the rental range. A discount for South Downtown office space rent compared to Downtown historical benchmarks were utilized by evaluating comparable properties, walking the site and conducting expert interviews to derive the final range of $12 to $18 per square foot.

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\(^2\) Net absorption defined as the difference between tenants in and tenants out. Positive absorption represents more vacancies being filled and fewer tenants churning out of Downtown. Negative absorption represents net loss of tenants, which is a negative leading indicator of market demand if sustained.
Square Footage
Using historical data of Downtown absorption and noting the lack of new office construction, Emory estimated an optimal range of square footage for the ACDC to service the Downtown market. Based on a 3-year lease up schedule and 5% capture rate (1 out of every 20 firms locating to Downtown chooses the ACDC), the Emory Team recommends between 33,000 and 60,000 square feet. Please see appendix Exhibit II, which explains the calculations.

Square footage may vary widely depending on the type of services offered. Private firms within one-half mile of the ACDC tend to be smaller operations with under 15 employees, which may require partitioning of the floor plate. A deep dive into tenant profile would be required, which is beyond the scope of Phase 2.

Recommendation
Although Downtown office has seen little new construction while the rest of the Central Business District (“CBD”), consisting of Downtown, Midtown, and Buckhead, has regular quarterly 100,000+ square foot deliveries, the Emory team foresees the ACDC as a practical source of office space which aligns with Downtown’s image as a practical office location. Downtown is a cost-effective alternative to the $35 or higher CBD rental rates. As businesses that support high rent-paying firms of the CBD grow, Downtown may strengthen as an office destination. Furthermore, South Downtown is a terrific location for public and private transportation at the corner of I-85 connector and I-20. As commute times escalate and residential development along MARTA stations increase, South Downtown will be a practical market alternative.

Neighboring developments like the Gulch may further catalyze the South Downtown area. The Emory Team’s office quantitative recommendations do not consider development, but any completed developments would push actual rates toward the high end of the range.

- Rent range of $12-$17.50 per square foot
- Quarterly net absorption averages of 55,000 square feet with a range between -26,000 to 137,000 square feet. However, Downtown absorption is trending positively to almost 100,000 square feet a quarter.
- Commercial/Shared-use kitchen development would be a complementary use
- Compatibility between the Center for Equity’s social uses and office uses is limited according to local experts as office workers may prefer a compartmentalized work environment. This would put downward pressure on achievable office use rents (e.g. firmly under $20 per square foot). However, further studies and design factors can play a role to address these professional inputs.

21 AtoZDatabases, Analyzing SIC codes of firms 1 mile from ACDC location
22 Defined as completed new construction
23 Discussion with local broker and lender of mixed use developments
DAYCARE CENTERS

Definition
Daycare is defined as paid, private or community-based organized care and supervision of multiple children whose ages are under six years old. These services operate less than 24 hours a day, Monday through Friday.\(^{24}\) This study excludes after-school daycare specific services as it is a minor segment of the childcare market. Overview

High-quality early care and learning supports positive development and helps prepare children for success in school and beyond. Quality childcare is also critical for families as it allows parents to maintain employment. Almost one-third of Metro Atlanta’s demand for daycare is unmet\(^ {25}\). Daycares are located in proximity to employment or homes to maintain an efficient commute. 70% of daycare centers provide before or after school services to accommodate guardians’ work, commute or personal schedules\(^ {26}\). The resulting hours of operation are typically 7:00 AM – 6:00 PM\(^ {27}\).

Demand studies of families whose schedules include night or third shifts (e.g. nursing, service industry, hospitality, etc.), determination of child care supply outside traditional hours, and operations in comparable cities was outside Phase II scope and would require further analysis to determine ACDC’s favorability as a 24-hour child care use. Currently, supply is limited. According to Quality Care for Children, 24-hour childcare (i.e. outside traditional hours) is typically served by Family Child Care Learning Homes, defined as a private residence operated by paid supervisors of 3-6 unrelated children under 13 years.

Critical success factors for a property's success as a daycare use include safety, proximity to work or home, accessibility, pick up/drop off infrastructure, school-related amenities, and outdoor space.

Pros/Cons of Use in the ACDC

<table>
<thead>
<tr>
<th>Pros</th>
<th>Cons</th>
</tr>
</thead>
</table>
| • Proximity to 156,000 Downtown workers with over 15,000 public administration workers in South Downtown  
• Proximity to public transit and MARTA  
• Definite gap in supply for daycare  
• Affordability and location opens market for night and third shift workers to access 24-hour child care | • Lack of outdoor spaces - Regulations regarding mandatory outdoor spaces  
• Existing facilities do not support drop-off/pick-up flow  
• Lack of on-site parking for caregivers |

\(^{26}\) See above
\(^{27}\) Google search of the 1 mile radius
Sample of Existing Inventory
Despite a concentration of over 15,000 government employees within South Downtown, there are only three daycare centers (daycares represented by green dots in the following map) within the government sub-sector, which is enclosed by the physical barriers (blue lines on map) of I-20 to the south, railroad to the west, the Downtown Connector to the east, and the corporate/university sub-sector surrounding 5 Points MARTA station to the north. Access is a key component of day care choice.

This South Downtown government sub-sector (blue box) currently serves 302 children\(^{28}\). Atlanta School for Excellence is located across the street from ACDC and leases 9,184 indoor square feet\(^{29}\) to serve 82 students\(^{30}\). This comes out to over 110 square feet per child. A minimum of 70 indoor square feet and 34 outdoor square feet per child are derived from Georgia state daycare regulations. Please see appendix Exhibit III for details.

There are nine daycares within one mile of the ACDC (represented by star). However, these are outside the South Downtown government sub-sector (blue box). This outer ring serves a total of 870 children (over two-thirds are served in the northern 5 Points neighborhood).

Rental Range
Daycare services are typically operated out of leased or owned retail spaces. Therefore, retail rates are analyzed to determine feasible rental ranges. The average Downtown retail asking rates rose from $17 per square foot in Q2 2018 to $23 per square foot in Q3 2019.\(^{31}\) Atlanta’s CBD asking retail rates also rose from $24.50 to $32 per square foot in the same period.

The Emory team recommends using a range of $17 - $23 per square foot to reflect the variation in Downtown over one year. These rates align with comparable retail spaces\(^{32}\) within one-half mile of the ACDC.

\(^{28}\) [https://www.atlaccessmap.org/](https://www.atlaccessmap.org/)
\(^{29}\) Fulton County Tax Assessor website [https://www.atlaccessmap.org/](https://www.atlaccessmap.org/)
\(^{30}\) [https://www.atlaccessmap.org/](https://www.atlaccessmap.org/)
\(^{31}\) Avison and Young, Q2 2018 and Q3 2019 Atlanta retail report
\(^{32}\) Loopnet.com 2/9/2020 retail for lease; [https://www.loopnet.com/search/commercial-real-estate/atlanta-ga/for-lease/?sk=1dbc680bea98b328fa147c1d8facad57&bb=v_o81-ng_Hlg6ixB](https://www.loopnet.com/search/commercial-real-estate/atlanta-ga/for-lease/?sk=1dbc680bea98b328fa147c1d8facad57&bb=v_o81-ng_Hlg6ixB)
Square Footage
Square footage varies based on the number of children served by the daycare and the mission of the daycare such as early childhood education, tutoring, etc. Licensed, private daycare centers usually have capacity of 12-30 children on the low end or 100 children on the high end. Schools, hospitals, national chains or churches serve around 200 children.

From a pure demand perspective, which includes commuters and residents, demand for daycare exceeds supply by 2,005 children in the Downtown area. This area is represented by all adjacent block groups in the map below. The light blue represents areas where demand is far greater than supply while darkest blue represents over-supply of day care. Assuming a 10% capture rate (1 out of every 10 children who are candidates for Downtown daycare are absorbed by the day care operators at ACDC), the ACDC can target 200 children for daycare services.

From a pure supply and regulatory perspective, a total of 216 children could be served by the ACDC if the state of Georgia qualifies the semi-outdoor recreation areas as outdoor areas.

Utilizing regulations, comparable student-square footage ratios and the demand-based 200 child target, the ACDC would require an indoor square footage of 14,000-22,000 square feet and minimum outdoor space of 7,000 square feet. Please see appendix’s Exhibit III for more details.

Recommendation
The ACDC would be a strong candidate for daycare uses due to the gap in supply posed by the large number of commuting government workers. As of 2016, over 156,000 employees work in Downtown, with around 20% in public administration. There are an estimated 15,000 public administration jobs located in South Downtown alone.

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33 Block groups are census designated geographical sections. https://www.atlaccessmap.org/
34 Details in Daycare appendix, https://www.daycare.com/georgia/state12.html
The convenient location by MARTA and interstates also raises commuter-adjusted demand as residential and office development along MARTA grows. 14,000 to 22,000 indoor square feet should be allocated to conservatively capture the residential and public administration workforce demand for daycare in the short-term. After school programs or drop-in programs are also lacking in this area and could be very important to workers conducting business with the city or at the courthouses.

However, since outdoor space requirements per child are mandatory, Georgia regulators assessing Section 290 of the Licensing Standards for Daycare Centers would be required to appraise and determine whether the existing recreation areas or roof would qualify as outdoor space. A negative judgment on ACDC’s suitability of outdoor recreation for children could jeopardize daycare centers as a use. Converting abundant, adjacent surface parking to greenspace may resolve this requirement.

Perception of safety may be dampened by adjacency to the Gateway Center, which serves the homeless. The in-and-out entrance (the loading dock) and shared parking with the Gateway Center are physical attributes that modestly support pick-up/drop-off flow. Fortunately, high-volume traffic is limited by the southern physical barrier of I-20 making adjacent Memorial and Peachtree Streets conducive to daycare uses for off-street pick-up/drop-off and street crossings. Furthermore, access to the Garnett MARTA station alleviates the need for pick-up/drop-off related land improvements.

Further research on larger scale (200+ children) daycare centers including hospital, church, or school-based services would help guide future analysis.

**Fitness and Recreation**

**Definition**
Any public or privately funded facility that’s primary purpose is to offer services in athletics, exercise, or recreation.

**Overview**
This category may have both for-profit and non-profit places for recreation and fitness. A for-profit facility would be categorized as a for profit business that provides a physical space for fitness or recreation. This could be a place that specializes in a certain type of activity such as yoga or kick boxing, or a general-purpose fitness club such as a Planet Fitness or Gold’s Gym. A non-profit facility would be a facility whose may be owned by a non-profit or government office, the purpose of the facility would be to provide fitness or recreation to the general community but at a more affordable price. Non-profit facilities could be a YMCA or a community recreation area.

Many of these fitness facilities in the area, especially those for profit, lease normal retail spaces. Fitness facilities in the area that have been built to purpose are non-profit facilities such as the MLK Jr. Recreation Area and Aquatic Center (1 mi to the East) or the Dunbar Recreation Center (0.5 mi to the South). As such, it is difficult to predict when or if a new fitness facility will lease a retail space.

With the development of the Center for Equity and surrounding area it is likely that there would be demand for some sort of fitness facility; either from the tenants of the Center for Equity or from the surrounding area.
Pros/Cons of Use in the ACDC

<table>
<thead>
<tr>
<th>Pros</th>
<th>Cons</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Fitness oriented services, though present near the facility are still somewhat inconvenient for residents and workers of South Downtown</td>
<td>• For-profit fitness facilities are a premium good that residents of the area may not be able to afford</td>
</tr>
<tr>
<td>• A fitness center could well serve residents including those who use the nearby Marta Station for their daily commute or tenants of the reimagined ACDC</td>
<td>• A lack of free parking at the facility may hinder interest in using the facility</td>
</tr>
<tr>
<td>• With additional office and daytime workers as a result of new developments, there will likely be an increased demand for a fitness facility</td>
<td>• Rents may need to be discounted</td>
</tr>
<tr>
<td></td>
<td>• If located in the building’s interior, it is likely the only customers will be from the tenants of the reimagined ACDC</td>
</tr>
</tbody>
</table>

Sample of Existing Inventory

**Dunbar Recreation Center:** A public recreation facility 0.5 miles to the South of ACDC that services the Summerhill and Adair Park neighborhoods. This area could be categorized as lower income and is well served by having an affordable non-profit recreation center.

**Georgia State University Student Recreation Center:** Georgia State University is a public university that has buildings spread throughout Midtown and Downtown. The school has a sizeable on campus population but is much more prodigious with commuter students. The recreation center is primarily a recreation facility for on campus students and is located 0.7 miles to the west of the ACDC.

**The MLK Jr. Recreation Area and Aquatic Center:** This center is located 1 mile to the East of ACDC this facility and serves the residents of Old Fourth Ward. Old Fourth Ward is experiencing redevelopment and has a mix of historical lower income residents and more affluent young people moving to the area. The development of the Beltline has driven both home and rental prices up in Old Fourth Ward. The development of this area has led to many fitness and recreation options for residents in this neighborhood.

**Planet Fitness:** This national fitness chain sits 1.32 miles to the West of ACDC and is highly accessible due to its location just off the interstate. It is located in a strip mall with ample parking.

**Sam Nunn Federal Fitness Center:** A facility 0.5 miles to the north of the ACDC that serves as a low-cost fitness option for federal employees. There are numerous other fitness options interspersed throughout Downtown to the north; however, no others are within 1 mile of the ACDC to the north aside from this facility.

Rental Range

Rental rates for recreation and fitness centers will likely be similar to other retail tenants in the South Downtown. A general-purpose commercial facility (i.e. Planet Fitness) or fitness studio (i.e. yoga studio)
would be able to occupy a portion of the building and, with some reasonable tenant improvements, be able to adapt the space to their use. Large multipurpose facilities (i.e. YMCA or community rec. center) would build their entire building to suit their specific needs which includes pools or basketball courts. As such we have focused on general-purpose commercial facilities and fitness studios as likely tenants. Rental rates below are derived from comparable retail spaces in South Downtown.

<table>
<thead>
<tr>
<th>Address</th>
<th>Square Footage</th>
<th>Monthly Rent/ SQFT</th>
<th>Annual Rent / SQFT</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Purpose Commercial</td>
<td>20,000</td>
<td>$1.25-2</td>
<td>$15-24</td>
</tr>
<tr>
<td>Fitness Studio</td>
<td>2,970-4,599</td>
<td>$1.25-2</td>
<td>$15-24</td>
</tr>
<tr>
<td>Large Multipurpose</td>
<td>70,368-42,402</td>
<td>NA</td>
<td>NA</td>
</tr>
</tbody>
</table>

Square Footage
Square footage could vary wildly depending on the type of services offered. The average size for fitness studios is between 2,900-4,500 square feet\(^{36}\). The smaller end of the range includes more personalized fitness and the larger end of the range includes activities like group fitness (yoga, pilates, zoomba, etc.).

General-purpose commercial facilities with extensive locker rooms and a more generic fitness offering (Planet Fitness, Gold’s Gym) require larger square footages. As described in Planet Fitness franchise and marketing materials, has an average size of around 20,000 square feet.

Large fitness or multipurpose facilities could be up to 70,000 square feet\(^{37}\). This would be a facility that may include basketball courts, swimming pools or other large spaces similar to a college or community recreation center.

Recommendation
Near the site there are many options for fitness and recreation; however, not many are within walking distance. Some of the larger non-profit facilities offer significant amenities that the reimagined ACDC would not be able to offer, such as swimming pools and multiple large sports courts. A smaller facility that serves the residents and daytime workers would be more feasible, though it would not occupy a large portion of the space.

A fitness facility would potentially help attract other high-quality office tenants, even if it is necessary to discount the rent of a fitness facility. There would be potential upside in being able to increase the rent throughout the rest of the building.

We recommend dedicating between 3,000-16,000 square feet of the building to recreation and fitness. It is likely that the primary customers will be those who are working in the building. However, it could attract customers from the community and those commuting to offices near the ACDC. It should be noted that in order to attract customers not working in the building, the availability of street or lobby

\(^{36}\) Based on reports from The Association of Fitness Studios

\(^{37}\) Based on the “American College and Sports Medicine Standards and Guidelines” manual.
access would be better than locating the facility deep within the building. Additionally, there may be more than one recreation and fitness facilities within the building. A street level fitness and recreation space may attract customers from within the community; whereas as the same time a space located elsewhere in the building may be geared towards serving the tenants of building.

**Higher Education**

**Definition**

Tenants that are universities/colleges or programs affiliated with a university or college.

**Overview**

Atlanta Downtown is home to several major universities. Georgia Tech (North of ACDC) and Georgia State University (East of ACDC) are the two largest universities in Downtown Atlanta. Additionally, Emory University’s medical school has a significant presence in Downtown and Midtown. Finally, the Savannah College of Arts and Design has buildings throughout Midtown Atlanta. Additionally, the Atlanta University Center (Spelman, Clark, and Morehouse) is within several miles of ACDC. Because of the short duration of the project, the Emory team was only able to connect with officials from Georgia State and Georgia Tech. Because this report is not exhaustive, we prioritized communication with the two largest university systems in the vicinity of ACDC.

During the course of our research, we were able to correspond or interview representatives from Georgia State University (Russel Seagren – Director of Facilities Planning) and Georgia Tech (Anthony Zivalich – Executive Director of Real Estate Development).

**Pros/Cons of Use in the ACDC**

<table>
<thead>
<tr>
<th>Pros</th>
<th>Cons</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Demand could shift as areas surrounding South Downtown begin to redevelop</td>
<td>• Lack of demand from neighboring universities</td>
</tr>
<tr>
<td>• Higher-education programs pertaining to social impact may have an interest</td>
<td>• Existing infrastructure and ecosystem near GT captures demand for this type of use</td>
</tr>
<tr>
<td>• Strategies regarding South Downtown may shift as the neighborhood redevelops</td>
<td>• GSU strategic boundaries are not in line with expansion into the reimagined ACDC</td>
</tr>
</tbody>
</table>

**Sample of Existing Inventory**

*Georgia State University (“GSU”)*: In the 2012 and 2017 University Master Plan, GSU identified growth opportunities to the north of their Downtown campus and have indicated their southern border of expansion to be MLK Jr. Drive. As discovered during interviews with GSU, it is unlikely they will divert from their current master plan.
**Georgia Tech ("GT"):** Currently all of GT’s immediate office needs are being met by existing buildings on campus and adjacent to campus\(^{38}\). GT is a research university and has a significant influence in the startup and corporate innovation ecosystem of Atlanta. As such, many of these institutions and businesses have a strong desire to be collocated in order to take full advantage of that system. Professors want to be within walking distance to their facilities and laboratories. Incubating startups are likewise being housed on or near campus to take advantage of the ecosystem. It was expressed that when GT startups reach a point where they no longer choose to or are not allowed to use space at GT, they then seek out co-working offices. Young companies who need more substantial facilities (i.e. light industrial) often look for very specific types of facilities or have very specific types of needs that may be difficult to forecast.

**Rental Range**
We were unable to determine a rental range because of lack of demand; however, rental ranges would likely be similar to class-B office or light industrial prices depending on the specific type of use.

**Square Footage Range**
It is difficult to determine the amount of space needed because we were unable to ascertain a specific use case.

**Recommendation**
Based on our research, Georgia Tech and Georgia State do not appear to be prime candidates for space at ACDC. However, general purpose office that is flexibly designed could appeal to other tenants in this space, such as for-profit universities, community colleges or satellite locations for specific programs that may benefit from transit access or proximity to the city center. A purpose-built space for GT and GSU within the Center for Equity would not be ideal. There may be demand from community colleges or smaller institutions not interviewed in the course of our research. Even so, it is our recommendation to not create space specifically built or geared to attract higher education, rather produce generic office spaces and possibly in the future higher education clients may look to occupy and the space.

Because of the huge draw of the university ecosystems’ it is unlikely that an entity that is heavily tied to or dependent to that ecosystem would elect to segregate itself from the all the benefits that come with being collocated. It is possible that as startups that were incubated within the GT ecosystem grow to a point in which they need new space, there could be a desire to find space; however, there would not be enough demand to warrant making purpose built facilities to house these potential startups.

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**COMMERCIAL/SHARED-USE KITCHENS**

**Definition**
Commercial kitchens, also called shared-use kitchens, commissaries, or incubator kitchens, are commercial-grade facilities that are inspected and licensed for food service providers to prepare and store food.

\(^{38}\) As discussed with Georgia Tech planners
Overview

A commercial kitchen could be an ideal use for the ACDC given the existing commercial kitchen in the building and the location of the ACDC.

Commercial kitchens have grown in popularity over the last five years as food entrepreneurs work to identify ways to provide more flexibility as they navigate the early stages of their business. These kitchens attract chefs, caterers, bakers, food trucks, and other culinary professionals. Food entrepreneurs who operate out of a commercial kitchen tend to look for a space that is centrally located, freeway accessible, and has parking availability. The ability to get food out of the commercial kitchen and delivered to the final destination as fast as possible is a primary characteristic that food entrepreneurs seek.

Within Atlanta there are various commercial kitchens that offer different packages to its users. While some offer various membership packages, others offer the ability to rent kitchen space by the hour. Food entrepreneurs who use these kitchens usually have their own (or a portion of their own) refrigerator, freezer, and dry storage space.39

Pros/Cons of Use in the ACDC

<table>
<thead>
<tr>
<th>Pros</th>
<th>Cons</th>
</tr>
</thead>
<tbody>
<tr>
<td>Location of the ACDC in the middle of the city</td>
<td>Need lots of industrial strength equipment (high start-up costs)</td>
</tr>
<tr>
<td>ACDC already has some of the industrial strength equipment required</td>
<td>Restaurant profitability is linked to strength in the economy</td>
</tr>
<tr>
<td>Could help create food education programs for the community</td>
<td></td>
</tr>
<tr>
<td>Could create jobs through on the job training for individuals seeking employment</td>
<td></td>
</tr>
<tr>
<td>Commercial kitchens strongly prefer having phase three electrical service which is currently available in the ACDC</td>
<td></td>
</tr>
</tbody>
</table>

Sample of Existing Inventory

*Atlanta Food Innovation Center:* AFIC is a membership kitchen for budding food entrepreneurs who also have a passion to help those in underserved communities with training and connections to employment in the food industry. AFIC works with industry experts to help companies and startups create shelf stable, nutritious food products, reduce food waste, reduce hunger, and provide vocational skills and employ under employed or previously homeless individuals.

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**Irwin Street Community Kitchen:** Irwin Street Community Kitchens is a specialty foods small business incubator located within Irwin Street Market. They offer short term rental agreements and a la carte consulting from concept to market launch. Irwin Street Community Kitchen does not offer memberships.

**Shared Kitchens, LLC:** Shared Kitchens is a membership kitchen that allows users to choose from various membership levels. The kitchen is 11,000 square feet.

**Prep Cook/Create/Connect:** Located in Embry Hills, Prep opened in 2014 with the goal of helping to build and support small and growing food businesses in Atlanta. Prep recently opened Phase 3 of its multi-faceted culinary campus which now spans 83,500 square feet. A planned Phase 4 is scheduled to open in 2020 which would add 63,000 additional square feet which would include space for offices.

**J’s Kitchen Culinary Incubator:** J’s Kitchen Culinary Incubator is a 2,100 square foot kitchen facility that was created to furnish early-stage business support to culinary entrepreneurs. They also offer a business development program customized to fit each entrepreneur’s situation providing a specific brand and business entrepreneur’s situation.

**Rental Range**
The Emory Team spoke with Rashan Toodle, the Member Services Manager at Shared Kitchens, who explained that caterers who operate out of their own space would be a good comparable. Mr. Because of this, the Emory Team reached out to different caterers and ended up conducting an interview with Cara Cown, the Director of Operations at Fox Brothers BBQ. Ms. Cown agreed that caterers and commercial kitchens shared many similarities. She also explained that they currently pay $8.25 annually per square foot. It should be noted that Ms. Cown said that the location of the Fox Brothers catering and the ACDC share two important characteristics which made her think that the $8.25 per square foot rent would be a good comparable. Both the ACDC and Fox Brothers are centrally located (Fox Brothers is in Armour Yards) and they both have quick access to the highway. Note that in the Opportunity Matrix an approximate 10% increase and 10% decrease to this rent was applied to give a rental range of $7.50 to $9.00 per square foot.

**Square Footage Range**
Commercial Kitchens can range in size with the largest in Atlanta being Prep, which when Phase 4 is completed will span almost 150,000 square feet. It should be noted that the ACDC has an existing commercial kitchen that is 15,000 square feet with much of the industrial strength equipment needed. Because of this, 15,000 square feet is an appropriate square footage to be used as a commercial kitchen at the reimagined ACDC.

**Recommendation**
Including a commercial kitchen within the reimagined ACDC makes sense both from a physical suitability and financial standpoint. Physically, the location of the ACDC meshes well with the fact that commercial kitchens tend to want to be centrally located with quick access to the freeway in order to quickly get to various locations around the city. Additionally, the ACDC has enough parking and loading areas to satisfy the needs of food entrepreneurs looking to load cars and trucks at various points throughout the day. Finally, commercial kitchens require efficient and stable power. The ACDC already has phase three electrical service which is what is preferred by commercial kitchens and the food industry in general.

Because commercial kitchens tend to value location above all else, the city could likely charge a similar rent that Fox Brothers pays as outlined above. This will not be a significant revenue generator, but it
does provide the city the opportunity to make minor changes to an existing space within the ACDC that could then generate revenue.

Therefore, Emory’s recommendation is to use the existing 15,000 square foot commercial kitchen for the same purpose after redevelopment.

**INDOOR AGRICULTURE**

**Definition**

Indoor Agriculture is defined as the process of growing crops in a controlled, indoor environment. Oftentimes this is done hydroponically, which involves using a nutrient-rich, water-based medium as opposed to a traditional soil-based system. Crops can also be grown without the need for sunlight by using high-powered, artificial lights.

**Overview**

Indoor agriculture is a relatively new, niche industry that has grown in recent years. As populations continue to grow, the need to grow crops in a more efficient way has become increasingly important. Indoor agriculture has created opportunities to grow crops in soil-less conditions, using minimal water. Indoor agriculture could be a viable use for the ACDC but from a financial standpoint, it is not expected to be a significant revenue generator. Nevertheless, a possible rooftop garden could provide a strong complement to the Center for Equity, despite also not generating significant revenue.

The indoor agriculture industry in Atlanta is minimal. While there are some small operations in the 500-1,000 square foot range, the larger scale commercial operations have failed to penetrate the Atlanta market. Larger scale operations are present in other cities with more of a dense, urban population. Below are three examples of large scale, indoor agriculture companies across the country:

**Plenty**: a San Francisco based company that as of 2017 had raised $226 million in funding. The company has more than a dozen former Tesla employees which shows the deeply analytical and research-based focus of the company. In 2018, the company added a Seattle location and is looking to spread across the United States and internationally. Plenty’s indoor farms range between 100,000 and 250,000 square feet and they grow crops sideways on vertical columns up to 20 feet high. The company’s current focus is to sell higher end products like lettuces and herbs. However, the company is focused on one day building farms to feed people in parts of the world that have to import produce due to climate change or suboptimal growing conditions.40

**Bowery**: a New York City based company that has raised $170 million in funding. The company prides itself on being a data driven indoor agriculture company where data collection and utilization is used to grow plants faster and with less water while ensuring plants are receiving exactly the right amount of

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nutrients, water and light. The company’s product offering includes a variety of leafy greens and herbs including butterhead lettuce, spring mix, kale, basil, and cilantro.\(^{41}\)

**Gotham Greens:** Gotham Greens has urban greenhouses in Brooklyn, Queens, Chicago, Providence, Baltimore, and Denver. The company prides itself on its sustainability focus that uses hydroponic greenhouse technology which uses less land, water, and energy while producing less pollution and less waste. The company’s facilities are a combination of rooftop and standalone greenhouses. The company’s greenhouses tend to be large. As an example, in 2015 the company built 75,000 and 60,000 square foot rooftop greenhouses in Chicago and Queens, respectively. The company’s product offering includes a variety of salad greens including arugula, butterhead lettuce, and romaine, while also growing various herbs.\(^{42}\)

**Pros/Cons of Use in the ACDC**

<table>
<thead>
<tr>
<th>Pros</th>
<th>Cons</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Could mesh well with the social services side of the Center for Equity</td>
<td>- Some job creation, although jobs require highly skilled/educated workers</td>
</tr>
<tr>
<td>- High-growth industry</td>
<td>- High start-up costs (ranging from $250-400 per square foot(^{43}))</td>
</tr>
<tr>
<td>- Would proactively help solve the question of how to feed Atlanta’s growing population</td>
<td>- Currently, large-scale, commercial indoor agriculture operations tend to be focused in highly dense, urban environments like New York City and San Francisco</td>
</tr>
<tr>
<td></td>
<td>- Unlikely to generate significant revenue due to the need for cheap rents in order to offset the high capital costs</td>
</tr>
<tr>
<td></td>
<td>- Rollback of energy efficiency regulations is expected to slow investment in trying to make LED bulbs better and more efficient.(^{44})</td>
</tr>
<tr>
<td></td>
<td>- Minimal track record of success in Atlanta</td>
</tr>
</tbody>
</table>

**Sample of Existing Inventory**

Currently, there are no commercial, indoor agriculture facilities in Atlanta.

**Rental Range**

Per conversations with Mario Cambardella and Jonathan Tescher, a company looking to gain an Atlanta presence would be looking for cheap warehouse space to house an indoor agriculture operation. Both suggested looking at cheap warehouse space near the airport as a good comparable. Mr. Tescher

\(^{41}\) [https://boweryfarming.com/](https://boweryfarming.com/)

\(^{42}\) [https://www.gothamgreens.com/](https://www.gothamgreens.com/)

\(^{43}\) Per conversation with various industry experts

suggested that the location of the ACDC in the heart of the city would not be enough of a value-add for an indoor agriculture company to justify paying a more expensive rent. The reasoning is that the company would likely send trucks out once a day to drop food off at various locations, so the difference in mileage between a centrally located facility versus one by the airport would be negligible.

<table>
<thead>
<tr>
<th>Address</th>
<th>Square Footage</th>
<th>Rents/square foot (Monthly)</th>
<th>Rents/square foot (Annually)</th>
</tr>
</thead>
<tbody>
<tr>
<td>103 Forest Pkwy.</td>
<td>25,033</td>
<td>$0.48</td>
<td>$5.76</td>
</tr>
<tr>
<td>1130 Oakleigh Dr</td>
<td>39,000</td>
<td>$0.42</td>
<td>$5.04</td>
</tr>
<tr>
<td>105 Southfield Pkwy.</td>
<td>48,053</td>
<td>$0.44</td>
<td>$5.28</td>
</tr>
<tr>
<td>4630 Lake Mirror Pl.</td>
<td>11,683</td>
<td>$0.55</td>
<td>$6.60</td>
</tr>
<tr>
<td>2000 Sullivan Rd.</td>
<td>4,000</td>
<td>$0.45</td>
<td>$5.40</td>
</tr>
</tbody>
</table>

Based on the above comparable rents, the cheapest rent is approximately $5 per square foot which is used as the maximum rent in the Opportunity Matrix. Because an Indoor Agriculture company would look for the cheapest available warehouse-type space, the minimum rent as shown in the Opportunity Matrix was put at $0. This is largely due to a lack of specific Indoor Agriculture comparable rents.

Square Footage Range
As discussed previously, there are some large, commercial indoor farming operations across the country. However, per a conversation with Mario Cambardella, a viable commercial operation should be in the 300,000 to 500,000 cubic feet range; not that cubic feet are used to factor in the height of the facility.

Recommendation
As Atlanta’s population continues to grow, there will undoubtedly be a growing need of figuring out how to feed that population. However, any company that wants to build an indoor agriculture presence will be searching for the following characteristics:

- Location close to the city, although it does not have to be centrally located
- An appropriate combination of square footage and height to meet an appropriate cubic foot range
- Cheap rent to help mitigate the high start-up costs

Based on the above factors, Atlanta has plenty of cheap warehouses around the city that could satisfy a company’s needs. Because of this, using a portion of the ACDC for indoor agriculture would likely generate minimal revenue and thus is not recommended for the reimagined ACDC.

However, if the city decided to pursue indoor agriculture as a use in the ACDC, it should consider the possibility of creating an incubator space for indoor agriculture entrepreneurs to experiment and grow together. Per Mr. Cambardella, the agriculture community is very tight-knit and enjoys operating in a space where they can collaborate with one another. A space between 300,000-500,000 cubic feet would be enough to provide multiple entrepreneurs the space necessary to create an indoor agriculture community within the ACDC. It should also be noted that people within the indoor agriculture

45 All information from this table comes from Loopnet.com
community would prefer to be on a lower floor of the building in order to more efficiently load produce onto trucks.

While indoor agriculture is not likely to be a significant revenue generator, the city could explore the possibility of putting a rooftop garden on the ACDC. This would also not be a significant revenue generator, but it could complement the Center for Equity as a way to partner with non-profit and community service organizations in the city. A notable example of a successful rooftop garden is Brooklyn Grange which is in Brooklyn, New York. If the city decides to go down this path, Brooklyn Grange would be a good company to speak with.⁴⁶  

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⁴⁶ [https://www.brooklyngrangefarm.com/](https://www.brooklyngrangefarm.com/)
Appendix

Exhibit I: Affordable Rental Comparable Detail

Subject Property #1: City Plaza
133 Trinity Ave, SW
Distance to Subject: .3 mi.

<table>
<thead>
<tr>
<th>Property</th>
<th>Units</th>
<th>Avg. Size</th>
<th>Avg. Rent</th>
<th>Stories</th>
<th>Year Built</th>
<th>Parking</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>$1,261</td>
<td>5</td>
<td>1996</td>
<td>100 Spaces</td>
</tr>
</tbody>
</table>

Unit Breakdown

<table>
<thead>
<tr>
<th>Bed</th>
<th>Bath</th>
<th>Avg SF</th>
<th>Units</th>
<th>Mix</th>
<th>Availability</th>
<th>Avg. Asking Rent</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>1</td>
<td>698</td>
<td>6</td>
<td>3.7%</td>
<td>1 16.7%</td>
<td>$1,095 $1.57 0.0%</td>
</tr>
<tr>
<td>1</td>
<td>1</td>
<td>707</td>
<td>55</td>
<td>33.5%</td>
<td>1 1.8%</td>
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</tr>
<tr>
<td>1</td>
<td>1</td>
<td>715</td>
<td>7</td>
<td>4.3%</td>
<td>1 14.3%</td>
<td>$1,095 $1.53 0.0%</td>
</tr>
<tr>
<td>1</td>
<td>1</td>
<td>777</td>
<td>1</td>
<td>0.6%</td>
<td>1 100%</td>
<td>$1,145 $1.47 0.0%</td>
</tr>
<tr>
<td>2</td>
<td>2</td>
<td>967</td>
<td>79</td>
<td>48.2%</td>
<td>1 1.3%</td>
<td>$1,365 $1.41 0.0%</td>
</tr>
<tr>
<td>2</td>
<td>2</td>
<td>1,167</td>
<td>14</td>
<td>8.5%</td>
<td>2 14.3%</td>
<td>$1,420 $1.22 0.0%</td>
</tr>
<tr>
<td>2</td>
<td>2</td>
<td>1,200</td>
<td>2</td>
<td>1.2%</td>
<td>1 50%</td>
<td>$1,730 $1.44 0.0%</td>
</tr>
<tr>
<td>Totals</td>
<td>881</td>
<td>164</td>
<td>100%</td>
<td>8</td>
<td>4.9%</td>
<td>$938 $1.44 0.0%</td>
</tr>
</tbody>
</table>

Building Amenities
- Clubhouse
- Controlled Access
- Courtyard
- Fitness Center
- Gated

Apartment Amenities
- Air Conditioning
- Microwave
- High Speed Internet Access
- Wheelchair Accessible
- Air Conditioning
- Washer/Dryer
**Subject Property #2: The Villages of Castleberry Hills I & II**

600 Greensferry Ave, SW
Distance to Subject: 1 mi.

**Property**

<table>
<thead>
<tr>
<th>Units</th>
<th>450</th>
</tr>
</thead>
<tbody>
<tr>
<td>Avg. Size</td>
<td>937</td>
</tr>
<tr>
<td>Avg. Rent</td>
<td>$998</td>
</tr>
<tr>
<td>Stories</td>
<td>2</td>
</tr>
<tr>
<td>Year Built</td>
<td>2000</td>
</tr>
<tr>
<td>Parking</td>
<td>400 Spaces</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Bed</th>
<th>Bath</th>
<th>Avg SF</th>
<th>Units</th>
<th>Mix</th>
<th>Units</th>
<th>%</th>
<th>Per Unit</th>
<th>Per SF</th>
<th>Concessions</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>-</td>
<td>799</td>
<td>134</td>
<td>19.9%</td>
<td>-</td>
<td>-</td>
<td>$750</td>
<td>$0.94</td>
<td>0.0%</td>
</tr>
<tr>
<td>2</td>
<td>-</td>
<td>959</td>
<td>252</td>
<td>41.8%</td>
<td>-</td>
<td>-</td>
<td>$1,079</td>
<td>$1.12</td>
<td>0.0%</td>
</tr>
<tr>
<td>3</td>
<td>-</td>
<td>1,138</td>
<td>64</td>
<td>4.0%</td>
<td>-</td>
<td>-</td>
<td>$1,200</td>
<td>$1.05</td>
<td>0.0%</td>
</tr>
<tr>
<td>Totals</td>
<td>937</td>
<td>450</td>
<td>100%</td>
<td></td>
<td></td>
<td></td>
<td>$998</td>
<td>$1.07</td>
<td>0.0%</td>
</tr>
</tbody>
</table>

**Building Amenities**

- Basketball Court
- Fitness Center

**Apartment Amenities**

- Air Conditioning
- Security System
- Washer/Dryer
- Wheelchair Accessible
Subject Property #3: Mechanicsville Station
525 Fulton St. SW, Atlanta, GA
Distance to Subject: 0.8 mi.

**Property**
- Units: 164
- Avg. Size: 1,041 SF
- Avg. Rent: $1,262
- Stories: 3
- Year Built: 2009
- Parking: 300 Spaces

**Unit Breakdown**

<table>
<thead>
<tr>
<th>Bed</th>
<th>Bath</th>
<th>Avg SF</th>
<th>Units</th>
<th>Mix</th>
<th>Units</th>
<th>%</th>
<th>Per Unit</th>
<th>Per SF</th>
<th>Concessions</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>1</td>
<td>750</td>
<td>23</td>
<td>14.0%</td>
<td>2</td>
<td>8.7%</td>
<td>$703</td>
<td>$0.96</td>
<td>0.9%</td>
</tr>
<tr>
<td>2</td>
<td>2</td>
<td>1,009</td>
<td>70</td>
<td>42.7%</td>
<td>7</td>
<td>10.0%</td>
<td>$810</td>
<td>$0.85</td>
<td>0.6%</td>
</tr>
<tr>
<td>2</td>
<td>2</td>
<td>1,024</td>
<td>13</td>
<td>7.9%</td>
<td>1</td>
<td>7.7%</td>
<td>$810</td>
<td>$0.76</td>
<td>0.6%</td>
</tr>
<tr>
<td>3</td>
<td>2</td>
<td>1,204</td>
<td>58</td>
<td>35.4%</td>
<td>6</td>
<td>10.3%</td>
<td>$915</td>
<td>$0.72</td>
<td>0.3%</td>
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<tr>
<td></td>
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<td></td>
<td></td>
<td>16</td>
<td>9.8%</td>
<td>$793</td>
<td>$0.82</td>
<td>0.6%</td>
</tr>
</tbody>
</table>

**Building Amenities**
- Breakfast/Coffee Concierge
- Business Center
- Clubhouse
- Fitness Center
- Laundry Facilities
- Picnic and Grill Area
- Playground
- Security System

**Apartment Amenities**
- Air Conditioning
- Ceiling Fans
- Dishwasher
- Fireplace
- Heating
- High Speed Internet Access
- Range
- Washer/Dryer Hookup
- Wheelchair Accessible
- Window Coverings
Exhibit II: Additional Office Space Analysis

Vacancy

Vacancy in South Downtown has out-performed city of Atlanta. These dynamics bode well for ACDC as an office space use.

![Direct Vacancy Chart](chart-image)

Demand for Downtown office space is rising as indicated by decreasing vacancies, which have declined from 22% to 15.6% over 4 years.
Class B office space has outperformed Class A by ~5% in the past year. Class B office had a 2.2% range in vacancy, while Class A is more stable at 1.8%.

Absorption
Downtown absorption fundamentals are positive, attributable to a lack of new development and strong employment in the CBD.

Downtown net absorption % will most likely be bound at -.2% and 1% of total inventory.
Downtown has absorbed an average of 61k square feet per quarter since Q3 2015. Although positive for 12 out of the 16 quarters, there has been significant variation. The ACDC may expect negative absorption in Downtown once a year based on historical data.

With an industry standard 3-year lease up (12 quarters) of office and an average absorption of ~55,000 square feet a quarter, Downtown can expect ~665,000 square feet absorption over 3 years. Assuming ACDC captures 5% of that absorption, ACDC should expect 33,232 total square ft. of absorption.

Based on the trendline, Downtown can expect ~100,000 square ft. per quarter which would be 1.2M square ft over 3 years. Assuming 5% capture, ACDC should expect 60,000 square ft. of absorption.
Sample of Existing Inventory

Downtown Atlanta inventory has been flat over the past 4 years. This is attributed to low market rents which makes new development financially infeasible\textsuperscript{47}.

\textsuperscript{47} Costar Q32019 Downtown Sub-market office report
Almost one-quarter (23.4 percent) of children under the age of five are in some form of organized childcare arrangement, which includes day care centers, nurseries, and preschools.

Square Footage Regulations

According to Georgia daycare licensing standards, the indoor area, i.e., the rooms used for the play, rest and eating activities, shall provide thirty-five square feet of usable space per child. The center shall also provide or have ready access to an outdoor play area with the minimum size of the outdoor area equal to one hundred square feet times one-third (1/3) of the center's licensed capacity for children. ACDC does not have outdoor space, which would be a regulatory critical success factor; however, the semi-outdoor rec area may be considered outdoors.

If the semi-outdoor rec areas are considered outdoors by regulators, then the total outdoor area would be 6 floors * 2 sets of outdoor rec areas * (15 ft wide * 40 ft long) = 7,200 square ft total outdoor area, dividing by 100 square feet nets 72 100 square ft. zones. 72 * 3 children per 100 square ft. zone nets 216 children max.

216 children * 35 square ft. per child yields 7,560 square ft of usable space. However, tables, staff rooms, and cabinets are excluded from usable space. Assuming a day care is half usable and half non-usable, the total square ft of space = 7,560 square ft * 2 = ~16,000 square ft.

Combining indoor space and outdoor space yields 16,000 square ft + 7,200 square ft. = ~24,000 square ft.

If the children are split evenly amongst 4 floors, then there are 54 children per floor at max capacity. However, this configuration is outside of Phase II and would require architect input.

Amenities (e.g., toilets for potty-trained children) are regulated by Department of Early Care and Learning and would require analysis in relation to the current physical attributes of the ACDC.

We were unable to verify with state of Georgia regulators to confirm the viability of the semi-outdoor rec area as outdoor space. Other opportunities for outdoor space may be a secured roof and surface parking across Memorial Drive, which would exceed 7,200 square ft. total outdoor area; thereby increasing potential max capacity.

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