

# ATLANTA BUSINESS CHRONICLE



## BEST IN ATLANTA REAL ESTATE AWARDS

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SPECIAL SECTION • SECTION B



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**4A**

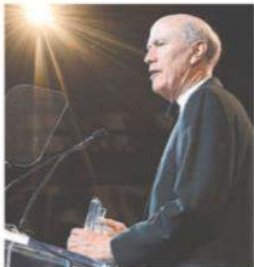
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Edible Arrangements is scouting Buckhead, shown here, and the central Perimeter for nearly 200,000 square feet of office space.

## Edible Arrangements picks Atlanta for second HQ

BY URVAKSH KARKARIA  
 ukarkaria@bizjournals.com

**E**dible Arrangements is sweet on Atlanta – a burgeoning franchise industry hub. Wallingford, Conn.-based Edible Arrangements, which specializes in fresh fruit baskets designed to look like floral arrangements, has picked Atlanta for its “second headquarters.”

The franchisor is scouting Atlanta for nearly 200,000 square feet, sources said. An office of that size could accommodate

about 1,000 people, based on real estate industry estimates.

Edible Arrangements is considering four sites in the central Perimeter and Buckhead submarkets, and has not decided if it will lease office space, buy a building, or build.

The second headquarters will position the company for “growth in the future,” Edible Brands President **Christian Nahas** said.

Atlanta is an attractive market from which to recruit millennial employees and

HQ CONTINUED ON PAGE 23A

## Underground ‘right about on schedule,’ developer WRS says



WRS has been busy nailing down construction and development loans as it is completing architectural and engineering plans for the project.

BY MARIA SAPORTA  
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**R**eal estate developer **WRS Inc.**, which bought Underground Atlanta nearly a year ago, has shifted some of its plans as it works to move the complex project closer to construction.

The changes include finding a new student housing developer to take the place of **Peak Campus**, which was not able to meet the timeline to start its development; empowering a new project manager to lead the project after the previous one was fired earlier this year; securing the leases that will best complement the different aspects of the project; and working with community leaders who have strong feelings on how the four blocks of Underground should be developed.

At the same time, WRS has been busy nailing down construction and development loans as it is completing architectural and engineering plans for the project.

**T. Scott Smith**, CEO of South Carolina-based WRS, said all is progressing according to plan.

“We are well capitalized on this project, and on every project we have ever done,” Smith said. “There’s absolutely no financial issue with Underground whatsoever. We are right about on schedule of where we thought we would be coming into the project.”

UNDER CONTINUED ON PAGE 22A

### COVER STORY



JOANN VITELLI

## Making itself heard

How Atlanta Speech School is making a big impact far beyond classroom walls

STORY BY **Ellie Hensley, 16A**

NEWS

UNDER CONTINUED FROM PAGE 1A

The reason WRS needed to replace Peak Campus, which would have built a 700-bed student housing facility, was to keep the project moving forward. The student housing piece has to be put in place before **Prestwick Companies**, an affordable housing developer, can build "The Avery" – which will have at least 180 multifamily units with between 40,000 and 70,000 square feet of retail facing Upper Alabama Street.

"Peak Campus asked us if we could delay when they started construction. We can't do it and deliver the Prestwick piece," Smith explained. "We are talking to two other companies right now about stepping in for Peak."

And Smith said WRS' relationship with Prestwick is strong.

"Prestwick is still in the deal to build the workforce housing," Smith said. "Our relationship with Peak is also good. But we wanted to go forward, and we couldn't delay it."

Smith said they are moving forward with building the construction pad for student housing – ranging from 600 to 800 beds and it will partner with a company that can work within the project's timetable.

Earlier this year, WRS parted ways with **Tim Norton**, who had been serving as the project manager for Underground. He has been replaced by **Craig Waters**, who has been involved with Underground for years.

When contacted by phone Feb. 28, Norton was asked if he had any concerns about the project's viability.

"Not at all," Norton said. "I think it will succeed. It is legacy dirt."

Norton did acknowledge that there has been a disconnect between WRS, its consultants and community residents over how the project should evolve.

Norton said that he believes the Underground development is really two different pieces: the blocks that contain the historic buildings, and the new construction on the north side of Alabama. Norton said the historic portion should include local, independent retailers that cater to existing residents.

Smith agreed. "On the south side of Alabama – on the street level and Underground – we want to go with mom and pops as well as start-ups," Smith said. "On the north side at street level, we would want regional and national tenants. The biggest tenant we will have would be about 25,000 and smaller."

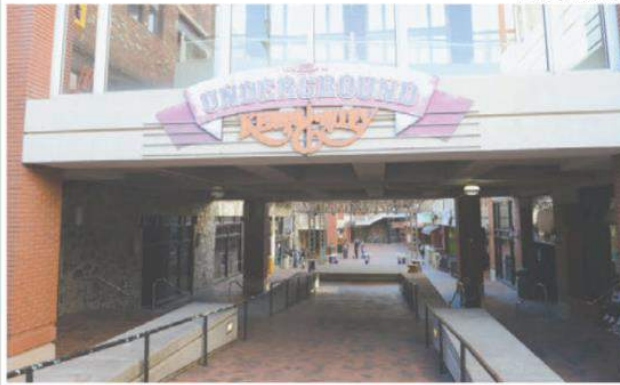
Smith said that is a big switch from the initial concept of having a 95,000-square-foot Kroger. Now the plan is to go with a bodega-style food market and have complementary retail – to fill out the daily needs of residents and visitors to the project. It is negotiating with several tenants who fit that profile.

**Kyle Kessler**, a downtown resident who has kept a close eye on the project since the beginning, applauded the new renderings that show a "much different project" with smaller retail spaces rather than big box retailers. The newer concepts for Kenny's Alley, with Masquerade as a key tenant, also is a welcome change.

"There are still plenty of questions that need to be answered and plenty of work that needs to be done," Kessler said. "WRS really needs to be more engaged with



RENDERING/SPEIAL



BYRON E. SMALL

"We are sure that the value of the real estate that we purchased in Underground far exceeds the loans that we have on it," T. Scott Smith, CEO of South Carolina-based WRS.

the community. Positive things are happening. We want to do what we can to invigorate the project and make it real and genuine."

At a recent community meeting, **Kristi Rooks of Revel**, which is leasing out the project, said it currently has eight letters of interest with prospective tenants on the site – ranging from food and beverage to retail. She said interest in Underground continues to grow as more people are gravitating to downtown.

Asked about the financial foundation of the deal, Smith said its \$13 million loan from **Gamma Real Estate** matures on March 30, but Smith said it will be renewed. It also has a \$9 million loan from **Ladder Capital**, which will mature on April 6, 2019.

The project is financially sound, Smith said. "We are sure that the value of the real estate that we purchased in Underground far exceeds the loans that we have on it."

Smith also said WRS is working with construction and architecture firm **The Beck Group** on a design-build contract to clean up the spaces in the historic parts of Underground.

It also is ironing out some loose ends regarding its transaction with the city regarding the fact that Johnny Rockets was built over the property line, and that was not spelled out in the sale with the city.

"Not all the platting was done correctly,"

Smith said. "We have to go back and get that worked out." But Smith said he already has met with Mayor **Keisha Lance Bottoms**, and she expressed great support for the project, he said.

WRS also will need approval from MARTA and CSX for its construction plans to build over their tracks, but Smith said they are following all the requirements stipulated by both entities.

**A.J. Robinson**, president of **Central Atlanta Progress**, said WRS is continuing to execute its plans.

"It's early in the future of Underground," Robinson said. "They have had some early progress and interest in the retail portion and some of the vertical development."

And Robinson said having stops and starts on a development this complex is to be expected.

"If Underground were an easy project, it would have been done a long time ago," Robinson said. "It's not an easy project, but I think it's on the right track."

Smith said he is as optimistic about Underground as he's ever been.

"When we first got into this project, nobody wanted to come downtown," Smith said. "Now things have gotten so much better. Actually the perception of downtown has become so much better. We didn't expect it to happen overnight."



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