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BentleyForbes targets 1180 Peachtree in Midtown

New building would add to BentleyForbes' Atlanta portfolio

By Aisha I. Jefferson, Staff Reporter

AS SOON AS Bank of America Plaza went on the market in early May, BentleyForbes jumped on it, eventually making a record \$436 million offer on the class A tower.

With the Bank of America deal expected to close in late August or early September, the Los Angeles-based real estate firm has its eyes set on adding another trophy tower—1180 Peachtree—to its growing portfolio, said David W. Cobb, president and chief executive officer at BentleyForbes.

BentleyForbes, along with other potential buyers, has made an initial offer on 1180 Peachtree. The building's owner, Hines Interests, is looking at the offer from BentleyForbes, along with other undisclosed offers. BentleyForbes hasn't disclosed the amount of its offer.

Hines Vice President Kurt Hartman said there are a lot of bids coming in for the 41-story glass tower and the company plans to select a buyer within 30 days.

Open just six months, the tower's class A status, Midtown location and strong tenant base make the 670,000-square-foot building a good purchase in BentleyForbes' eyes, Cobb said.

Tenants at 1180 Peachtree include anchor lessee King & Spalding, Fish & Richardson, EARNEST Partners, the Netherlands-based Rabobank, Roark Capital Group and One Georgia Bank. John Robbins, project manager with Hines, previously said annual rent ranges from \$29 to \$32 per square foot, including operating expenses. King & Spalding signed a 15-year lease and occupies 62 percent of the building.

Cobb said his company has looked at every major Atlanta property sold over the last couple of years, but only Bank of America Plaza and 1180 Peachtree made its heart flutter.

Bank of America Plaza more attractive

BentleyForbes also considered class A tower One Atlantic Center, which Hines purchased from Sumitomo Life Realty Inc. for \$305 million on July 14, but decided not to make an offer.

"One Atlantic Center had a more uncertain revenue stream in our opinion than Bank of America Plaza," Cobb said. "The seller expectation price was beyond what we thought we could pay for it and make money on it."

Upon its completion in 1987, the 50-story One Atlantic Center at 1201 West Peachtree St. held the title of the tallest building in the Southeast, a distinction that now is held by Bank of America Plaza. One Atlantic Center, still called the IBM Tower by many who recall its first name and lead tenant, is 80 percent leased.

Several law firms call One Atlantic Center home, including Powell Goldstein, Carlton Fields, Alston & Bird, Bondurant Mixson & Elmore, DLA

Piper Rudnick Gray Cary, Smith Moore, Womble & Carlyle, Schiff Hardin, Thompson Hine and Holland & Knight.

The lower occupancy of One Atlantic Center made Bank of America Plaza, which is 99.9 percent leased, an easy choice for BentleyForbes, Cobb said. The company mission is to acquire highly leased, class A trophy towers in major metro areas, he explained.

Cousins Properties Inc.'s Bank of America, a 55-story, 1.25 million-square-foot tower built opened in 1992, is home to Troutman Sanders; Boston Consulting; Ernst & Young; Hunton & Williams; Paul, Hastings, Janofsky & Walker; and Bank of America Corp. The rent is \$28 to \$32 per square foot, Matt Gove, a Cousins spokesman, previously said.

Cousins is selling the tower through CSC Associates, a partnership it formed with Bank of America Corp. The bank shares a 50-50 ownership interest with Cousins.

Troutman Sanders partner John W. Griffin advised Cousins on this transaction, while Richard C. Mendelson of DLA Piper Rudnick in Los Angeles advised BentleyForbes. Bank of America's in-house attorney, Claire Carraway in Tampa, Fla., advised the corporation on its interest in the building. William C. Yowell, an executive vice president with CB Richard Ellis in Atlanta, and his team brokered the Bank of America Plaza deal. Cousins is expected to be retained to provide leasing and property management services.

Cobb said the Bank of America Plaza price, \$348 per square foot, is the highest ever paid in this market.

The Pinnacle building in Buckhead has held the price record in Atlanta for office buildings since 2004 when Cousins sold it to TIAA-CREF for \$343 per square foot, or \$145 million.

Where BentleyForbes prefers to take fewer risks when purchasing trophy towers, Hines' Hartman said his company purchased One Atlantic Center because it is a great building in a great location, and with an 80 percent occupancy rate, it has "room for increasing value by adding more tenants."

As far as how much Hines hopes to net for the 1180 Peachtree sale, Hartman laughed, saying, "I hope it's more than Bank of America Plaza."

Phil Davis, a senior vice president with Colliers Spectrum Cauble in Atlanta, said 1180 likely will sell for more per square foot than Bank of America Plaza.

Randy Evans, a broker with Eastdil Secured, is handling the marketing of 1180 Peachtree. Hines' Hartman said he doesn't know who is bidding on the building.

Outside of the recent announcement made about BentleyForbes' proposed purchase of Bank of America Plaza, Hartman said he was not too familiar with the real estate firm. And most of Atlanta may not be, either.

Recent Atlanta arrival

BentleyForbes broke into the metro Atlanta market in 2004, when it paid \$14.1 million for a warehouse in Forest Park as part of a five-building, \$67 million industrial portfolio it purchased from New York-based Loeb Partners Corp. The warehouse, 4575 Lake Mirror Place in Forest Park, is a 423,000-square-foot building used by logistics firm Kuehne & Nagel.

BentleyForbes was formed in 1993 by father and son team C. Frederick Wehba and C. Frederick Wehba II. The Wehba family has been involved in the acquisition, development, ownership and management of commercial real estate for more than 20 years. Cobb has been with the company for two years.

BentleyForbes has 36 properties in its portfolio, which is valued at \$2 billion and includes trophy office buildings, shopping centers and industrial properties.

Bank of America Plaza would be the second-largest property in BentleyForbes' portfolio. The company's largest office property is the 2.2 million-square-foot Prudential Plaza in downtown Chicago, which BentleyForbes purchased two months ago from San Francisco-based Shorenstein Properties.

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