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NMTCs Bring Glamour Back to Former Atlanta Macy's

By Jennifer Hill, Staff Writer, Novogradac & Company LLP

Thirty-two streets named Peachtree run through the Atlanta, Ga. metro area. The oldest of these streets, downtown Atlanta's main North-South artery, is home to the Westin Peachtree Plaza Hotel, the Woodruff Arts Center, Georgia-Pacific Tower and designer shops ranging from Armani to Versace. Now, with a \$12 million funding boost from new markets tax credits (NMTCs), one of their oldest neighbors, the former Macy's building at 200 Peachtree, is a third of the way through a nearly \$35 million makeover to become the area's most sought-after mixed-use events, retail and entertainment destination.

The first redevelopment phase of 200 Peachtree yielded a 29,000-square-foot atrium with Greek columns, Corinthian capitals and marble floors for special events, the addition of a mezzanine level, and street-level retail and restaurant space. Developer Davisons Downtown LLC opened the Grand Atrium at 200 Peachtree in June, and by mid-July the space had already been booked for more than 20 weddings, a Microsoft corporate event and the National Black Arts Festival. The venue also hosted the July premiere party for "Say Yes to the Dress: Atlanta," a TLC reality show that follows local brides on their quest to find the perfect wedding gown.

More events space, including a gallery and a nearly 14,000-square-foot conference center connecting 200 Peachtree to the Westin Peachtree Plaza, the second tallest hotel in the Western Hemisphere, according to the building database Emporis, is expected to open this month.



Photo Courtesy: Ben Vigil Photographers

The new mezzanine level's balcony overlooks the atrium's canopy of crystal chandeliers inherited from Macy's.

"We'll have two special events spaces with two completely different personalities," said Robert Patterson, Davisons Downtown LLC's president, who contrasted the atrium's classical, elegant atmosphere with the gallery's open, urban loft-type feel. The company is still deciding whether to develop or sell the basement level "Macy's cellar." Patterson said the company may convert it into a space for traveling exhibitions because of 200 Peachtree's close proximity to other tourist attractions such as the World of Coca-Cola and the Georgia Aquarium.

Davisons Downtown LLC will be able to complete the second redevelopment phase thanks to a below-market rate NMTC mezzanine loan provided by community develop-

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ment entity (CDE) Imagine Downtown Inc. (IDI), an Atlanta Development Authority (ADA) subsidiary. Fifth Third Bank served as the NMTC investor. "This is truly a catalytic investment for our major arterial spine in downtown Atlanta," said IDI president Tyrone Rachal, noting that the redevelopment of the Peachtree corridor is one of the city's major priorities. "When Macy's closed, it left a hole in a major downtown asset."

After Macy's flagship department store at 200 Peachtree went dark in 2003, the building and its five 14-foot teardrop crystal chandeliers endured years' worth of dust and disuse. A tattered "for lease" sign hung in one of its windows. More than one passerby recognized the 1927 building's worth as a prime piece of real estate, but the amount of work needed to reopen it kept most would-be developers away. The owner tried in vain for several years to attract a big-box retailer to the space and eventually secured an office tenant for the eight-story building's upper five floors. Save for a year-long stint as a Delta flight attendant training area, the building's bottom three floors – including Macy's main shopping floor that is now the atrium – remained empty.

"People from all over used to come just to ride the escalator," Patterson said of Macy's heyday, noting that the Atlanta Macy's, originally called Davison's, was the South's first major department store. Davisons Downtown LLC, a partnership among 26 individual investors, acquired the building in 2008, planning to use it primarily for retail space with a possible conference center. Shortly after the company purchased the building's lower floors, catering companies that Delta had hired for occasional employee parties at 200 Peachtree approached the developer about converting it into special events space instead. "They said it had a lot of the ingredients to be a top-notch events space. That was around the time the economy crashed, and we realized that retailers weren't going to show up in droves," Patterson said.

Luckily, the building's interior was still in the demolition phase in 2009, so it wasn't too late for a redesign. Davisons Downtown LLC and CNNA Architects Inc. tailored each planned use to the most suitable section of the building, with ground-level retail space facing Peachtree Street and events spaces deeper in the building. Instead of leasing out most of the space, the developer now owns and operates the special events spaces and the conference center. Allison Schultz, 200 Peachtree's social sales manager, said groups have been thrilled with the atrium's "old Hollywood glamour" and have considered 1920s themes for their weddings or other events.

Atlanta has no shortage of large convention centers, including the Georgia World Congress Center's 3.9 million square feet of space. But that space works only for groups of thousands or tens of thousands. And despite Peachtree Street's dozens of hotels, it lacked

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suitable conference spaces for smaller groups or conventions. For example, the Westin Peachtree Plaza has 1,068 rooms but only 95,000 square feet of conference space. 200 Peachtree's conference center and two events spaces will bring its available connected events space to 145,000 square feet. The nearby Ritz-Carlton has also expressed interest in using the conference center.

ADA expects the redevelopment to create 500 jobs in the construction, retail, restaurant and hospitality industries in a distressed area of Atlanta. "Projects like this would not occur without the NMTC program," Rachal said. "It's been a great tool in ADA's toolbox." ❖

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