

## Building a City Within the City of Atlanta



Tami Chappell for The New York Times

The site of Atlantic Station was once home to a steel mill.

May 24, 2006

Square Feet

## Building a City Within the City of Atlanta

By LISA CHAMBERLAIN

ATLANTA — "Make no little plans" was the sentiment espoused by the celebrated architect and city planner Daniel H. Burnham at the turn of the last century, and it seems to be making a comeback at the turn of this one. From Denver to Dallas to downtown Los Angeles, multibillion-dollar large-scale mixed-used developments are taking shape. But Atlantic Station here is Exhibit A.

Atlantic Station is not only extraordinarily large, but it is also being built on a formerly contaminated site that was home to a hundred-year-old steel mill, which ceased operation in 1998. Now, the location has become a city within a city on 138 acres with retail, residential, commercial and public space in Midtown Atlanta, the commercial district. And the development seems to be exceeding the expectations of some people.

It will be several more years before the project, which is about half finished, is completed. If it all happens as planned, the \$2 billion investment will create a total of 13 million new square feet — about 50 percent larger than the huge Atlantic Yards project proposed in [Brooklyn](#).

The Atlanta development will ultimately include 6 million square feet of ultramodern Class A office space; 5,000 residential units (from luxury condo lofts to more affordable town houses and apartments); 2 million square feet of retail and entertainment space, including restaurants and movie theaters; 1,000 hotel rooms; and 11 acres of public parks.

"There are other projects like this around the country, but not on this scale with as many complicating factors," said James F. Jacoby, president of Jacoby Development Inc., an Atlanta-based development firm.

In 1996, he had the idea of redeveloping the steel mill property, despite the environmental concerns that had scared off many others. "To have this much property in the hands of one owner in a location like this, it's very rare," he said.

Atlantic Station has three areas: the District is the town center of sorts with commercial, retail and urban-style lofts; the Commons is predominantly a high-rise residential area; and the Village is low-rise housing as well as an Ikea store.

Much of the commercial property within the District — where the second Class A office building is coming out of the ground — is built atop a parking structure that will eventually have 15,000 spaces. (The structure was part of the environmental remediation to cap the area where the steel mill operated and it is built on top of the contained area.)

Since Mr. Jacoby first disclosed his plans for the project 10 years ago, it has been a target of critics and skeptics. Many doubted that the project would ever happen, only to wonder later if it could possibly live up to the hype.

But even Kyle Jenks, principal at Parkside Partners, a rival commercial development company that is not affiliated with Atlantic Station, said the project had been a boon to commercial real estate in Midtown Atlanta.

"Over all, the project has far exceeded expectations," Mr. Jenks said. "The residential component has been very successful, and equally impressive is the amount of Class A office they've been able to do in a tough speculative market.

"Three years ago, people would have said it was a Class B location, and yet they've gotten some very high-profile clients. That has only helped Midtown."

The main problem with the site was that in addition to being associated in people's minds with a polluted steel mill, it was separated from downtown by two merging Interstate highways. When the steel mill was built, this was the outskirts of town. But the city grew

up around it, creating an enticing redevelopment spot. It has now been connected to the rest of downtown by a highway overpass and pedestrian bridge.

So far, all of the residences at Atlantic Station have been built by third-party developers. Mr. Jacoby says they have doubled their expected return on investment, and Jacoby Development will take over all future residential development. It intends to create upscale high-rises.

One current criticism of the project involves the retail segment, which opened last October and which has been faulted for relying heavily on national chains that are already in suburban shopping malls.

Yet, being able to walk from shops and restaurants to public parks and movie theaters — a rare experience in Atlanta — has attracted visitors from throughout the metropolitan area who drive in, park and spend the day.

"We're actively recruiting local retailers," said Derrick McSwain, chief financial officer for Atlantic Station. "But we had to have a critical mass first before local retailers could be persuaded to take a risk."

To avoid monotonous design, the developers also insisted that the third-party residential developers hire different architects and builders. Even so, everything is still so new that there is a somewhat sterile feeling, although that is expected to disappear over time as people continue to move in and occupy the space.

"There's a serious attempt to create some form of urbanity out of a relic of another world," said Douglas C. Allen, professor and associate dean of architecture at Georgia Institute of Technology. "But the site in its entirety appears to be overprogrammed. You have apartmentville, retail town and office town. I don't know if that's because of planning, or in order to accommodate all the different investors who were taking out pieces of it, but it falls short in some measure, particularly the architecture. But it will get better over time, especially as it's fully built out."

Susan S. Fainstein, director of the urban planning program at [Columbia University](#), is chairwoman of a panel, "The New Mega Projects and Their Impact on Urban Life," that will be held in July at the World Congress of Sociology in Durban, [South Africa](#). "It's hard to create texture when everything is brand new," Professor Fainstein said. "But given these kinds of sites, like old steel mills, you can't develop them incrementally. You need a whole new address. It isn't just a matter of momentum; you have to create a change in perception. And that requires a lot of capital and patient investors."

Indeed, the site could easily have become a failed large-scale urban redevelopment dream without a big investor — in this case, the American International Group. Mr. Jacoby said that once he was able to show that a cleanup was possible and that he had a master plan in place as well as support from the city in the form of tax increment financing, he wooed A.I.G. as a partner in the project in 1999.

"Many developers passed it up until Jim got it to the point where we could see some economic value," said Kevin P. Fitzpatrick, president of the AIG Global Real Estate Corporation.

The [Environmental Protection Agency](#) certified the property as safe for construction on Dec. 11, 2001, after years of environmental cleanup. It is said to be the nation's largest remediation of a brownfield, defined by the E.P.A. as contaminated property, usually where heavy industry once operated. It took another \$250 million of infrastructure investment in roads, sewers and utility lines before construction of buildings could begin in 2002.

Brian Leary, vice president for design and development at Atlantic Station, said his company was working with A.I.G. on similar developments, including a large-scale waterfront project in Cincinnati.

"Unless it was hovering above water, Atlantic Station couldn't be more complicated," he said. "But there are other opportunities to export what we've learned to places with the same characteristics that Atlanta has: a growing economy, a high percentage of educated population, opportunity for public-private partnerships.

"It's not about replicating one building; it's about building a whole community."