Gateway Center a plus for south side market

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South side hospitality: Kevin Kern, left, president of Grove Street Partners, and Chip Groome and Jim Stormont Jr., both partners in the firm, expect to see a renewed market for hotel space near the airport when the economy picks back up.

A year after securing $134 million in financing, **Grove Street Partners LLC** and the city of College Park have opened one hotel, with another on the way, which will anchor the 1 million-square-foot Gateway Center at the **Georgia International Convention Center**.

And despite the dismal economy, developers and city officials expect the burgeoning project near **Hartsfield-Jackson Atlanta International Airport** to attract business travelers and conventioneers, as well as spur further activity on the south side of Atlanta.

"The Atlanta airport hotel market is very strong thanks to the world's busiest airport, which lies partly in College Park," said Jamilah Stephens, the city's interim director of economic development. "College Park is ripe for hospitality because of the ease for business travelers and access to the airport, major interstates, MARTA, and our short distance from downtown Atlanta."

Featuring a 130,000-square-foot, class A office building and two hotels — a 147-unit SpringHill Suites by Marriott and 403-room full-service Marriott hotel — Phase I of the 28-acre development is nearing completion.

The SpringHill Suites opened last month, and the four-story office building is ready for occupancy. And the Marriott is slated to open in August. Both hotels and the office building will be connected to the GICC and the airport's new rental car facility via the ATL SkyTrain, a rail shuttle service for commuters that opened in December.

"Since September of 2009 the SpringHill Suites hotel has been booked through the beginning of 2010," Stephens said. "Early bookings and the new connection to the airport through the SkyTrain will increase bookings overall."

While the entire project is slated to have four office buildings total, as well as 75,000 square feet of retail and restaurant space, Jim Stormont Jr., a partner with Grove Street Partners, said plans for developing the remainder of the parcels on the site are on hold until the market improves.

"Future office buildings will only proceed when the market demand will support it," Stormont said. "The retail timing is also dependent on the market."

The hotels, however, will be opening despite economic conditions — facing one of the toughest environments the hospitality industry has seen in recent years.

"The challenges are clearly that this recession has severely impacted the hotel industry average rates," Stormont said. "The opportunity for us, I think, is that this is a long-term institutional grade investment. We are opening into a growing economy ... and as groups and customers and travelers look to options to start meeting again and traveling, we think they'll find our project to be certainly an attractive destination."

Despite the recession, Stormont expects the hotels' proximity to the airport to make Gateway Center a popular destination. He adds that the hotels' updated designs and amenities will help them compete with older hotel properties in the airport market.

"When you've got less than a five-minute transportation from the airport for free in the ATL SkyTrain to get to a destination and you have two hotels and a convention center, it is going to be extremely convenient for groups and conventions as well as travelers," Stormont said. "Both hotels will be LEED-certified Silver, which is a significant designation that is appealing to a number of users, and we'll have the largest ballroom in the market — a 12,000-square-foot ballroom — outside of GICC itself, which has the largest in the state of Georgia."

The executive director of the GICC, Hugh Austin, said he expects Gateway Center to have a positive effect on the convention center's business, as well as on the south side market as a whole.

"Because of the ATL SkyTrain, the free light rail from the airport, it is going to open up more international markets and national markets that will take advantage of the world's busiest airport and want to have their convention here. It is a great location in that regard," Austin said.

In this economy, Austin said he foresees Gateway Center providing an affordable destination for companies looking to keep meeting and convention costs down.

"Being able to fly in, do your business, have your meeting and fly out will certainly help us and that is what we are banking on here at The Gateway Center and the GICC," Austin said. "We've got a pretty good list of new clients and we'll pick up our booking midyear [in 2010] as soon as the Marriott opens."

Gateway Center isn't the only development taking advantage of the airport's growing market. Other major projects slated for the south side include **Jacoby Development Inc.**'s

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$1 billion redevelopment of the old Ford plant in Hapeville and developer **CRB Realty Associates Inc.**'s 2,500-acre project along South Fulton Parkway.

"It's hard to be excited about anything in 2009 that has to do with real estate, but if you look at what is going on the south side around the airport it really is exciting," said Scott Brown, president of CRB Realty Associates. "We are really starting to take advantage of the No. 1 asset in the southeastern United States."

Brown said the existing infrastructure and availability of land on the south side, as well as the development in downtown Atlanta, are all playing a role in the activity taking place near the airport. The environmental importance associated with shortening the daily commute is also having an impact.

"It is a combination of timing, availability and infrastructure," Brown said. "It is going to be much more difficult for the suburbs, so to speak, to compete with what is going on around the airport."

Grove Street's Stormont welcomes the company down south. He said all the projects slated for the south side should only work to help one another and the community.

"If you look at what has been the driver of Atlanta for 40 years, it is Hartsfield-Jackson International Airport. ... We believe that that has been under-appreciated a little bit down in the airport market and has created an opportunity for some quality development and we aren't the only ones, obviously," he said. "We are all creating awareness and demand for business activities in the airport community so I think it will be supportive of each other."