

Buckhead Village Lofts

Atlanta, Georgia

Project Type:
Residential

Case No:
C030016

Year:
2000



SUMMARY

Buckhead Village Lofts is a 104-unit, newly constructed, loft-style multifamily residential project located in northern Atlanta in the Buckhead neighborhood. The infill project is the first new loft-style project in Atlanta built from the ground up. The footprint contains three levels of partially below-grade parking, and seven levels of residential units of one- and two-bedroom units. Targeting high-income singles and couples, Buckhead Village Lofts offers a creative solution to meet demand for a product with limited supply.

FEATURES

- Project capitalized on market trends and inspired similar developments throughout Atlanta
 - Preserved urban green space
 - New design concept in high-rise, multifamily for-sale development
 - Located in one of Atlanta's premier neighborhoods
 - Secured off-street parking
 - Amenity package
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SPECIAL FEATURES

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- Preserved urban green space
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DEVELOPER

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CONTRACTOR

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GENERAL DESCRIPTION

A 104-unit, newly constructed, loft-style multifamily residential project located in the Buckhead section of northern Atlanta. The infill redevelopment project is the first new loft-style project built from the ground up in the style of a reused factory structure. Targeting high-income residents, Buckhead Village Lofts is an innovative product in the Atlanta market, offering a creative solution to meet the city's demand for this type of product, which is in limited supply.

Buckhead is a third-generation metropolitan core some ten miles north of downtown. The area was developed in the 1930s as a suburban residential enclave for Coca-Cola executives and other members of the city's business elite. Since its explosion in the 1970s as a location for real estate investment, Buckhead today boasts multiple high-end super regional malls, an enormous share of new office construction and absorption, and high levels of new attached luxury residential construction. Buckhead also is home to the region's entertainment district. Sitting on the northern edge of Atlanta but still within the city limits, Buckhead is uptown as well as intown.

Because Buckhead developed rapidly during the 1970s, it was never an industrial core and therefore lacks the older commercial and industrial structures found downtown that can be retrofitted for loft living. In Buckhead as well as other submarkets like downtown and midtown, Atlanta's loft and condominium markets have been booming since the 1990s, and demand for units in adapted structures is beginning to exceed the supply, which is nearing exhaustion. Neo-industrialism, however, is one creative design strategy to accommodate the tastes of the young, hip, upscale urban market.

Sales began in spring of 1998, and within the first nine months, almost all (i.e., 99%) of the 104 units sold. Partially because of pent-up demand for a loft product not available in the upscale Buckhead market, sales were so strong in the first three weeks that the development immediately authorized a second phase of construction.

THE SITE

Originally, the site had been partially cleared for a proposed extension of Georgia Highway 400 but was not used when the new road project was completed in the early 1990s. A restaurant also stood on the site, which backs up to a well-established, high-end, low-density neighborhood. Boutiques, upscale restaurants, and personal and professional services surround the site. Retail and commercial uses that residents can walk to are rare amenities in Atlanta, which has had relatively little mixed-use or high-density development in comparison with other large cities.

The site comprises five adjacent parcels totaling 2.9 acres, with four different zoning classifications. After land use restrictions were addressed, the building was shaped to maximize buildable and sellable area while providing desirable views and amenities such as terraces and balconies. Sensitivity to the natural environment resulted in the preservation of the creek and 1.5 acres of heavily wooded forest in the heart of what is a dense urban area, producing a wooded buffer on one side of the project and an urban street scene on the other.

DEVELOPMENT PROCESS

After searching for more than a year to find a property suitable for conversion, Michael A. Loia and Roddy White, the developers, concluded that no such structure existed. Their decision to construct a new, loft-style condominium building from the ground up established a new concept in the Atlanta high-rise multifamily residential market. The site, within easy walking distance of Buckhead village and all its cultural amenities, was exactly what Loia and White were looking for.

Sharing a gut feeling that there was substantial demand in the Atlanta market, and particularly in Buckhead, for a high-end loft project, the developers began the project without undertaking a formal market study or consumer research. Loia had noticed that much of Americans' move back into the cities from the suburbs has been accompanied by popular television shows set in brick-walled lofts and upscale attached housing. Loia and White believed that Buckhead was ready for the urban lifestyle that became popular in the 1990s in midtown.

The project, developed at a density of about 34 units per acre, has 182 parking spaces in the three-level gated access deck that is constructed partially above ground on the downhill side, and fully within the building's footprint. There are 30 one-bedroom loft units, 60 one/two-bedroom units, and 14 two-bedroom units. Initial sales prices ranged from \$200,000 to \$400,000, and units range in size from 1,000 to 1,720 square feet. The pro forma was designed to achieve sales exceeding \$200 per square foot and construction costs came to \$175 per square foot. The site was purchased in November 1997 and construction began in November 1998. The rate at which the market absorbed the project was quite rapid, with the first closing in March 1999, and sales reaching 99% completion by January 2000.

APPROVALS/FINANCING

Before Buckhead Village Lofts, much of Loia's architectural work had been in hotel, office, and some residential condominium design, but nothing as risky as introducing a new product into an untested market. To obtain financing, the developers educated lenders about the loft product, citing examples of lofts in New York and Chicago, and numerous books. Lenders unfamiliar with the concept ultimately agreed to assess the project on a

dollars-per-square-foot basis comparable to luxury condominium projects, which at the time were on the top of the market.

DESIGN AND CONSTRUCTION

The development team deconstructed what a loft building retrofit is all about—determining what the important elements were and what attracts people to loft living—and then recreated it from scratch. The developers and architects researched what they believed consumers wanted and liked about loft living. Ultimately, it was determined that high ceilings, exposed utilities, an open floor plan, numerous windows, and lots of light were the defining characteristics of loft living. Ceiling heights increase from 12 to 14 feet with each floor level.

The project, Atlanta's first new-construction loft, is also the city's first luxury loft project. Other developers already have caught on to the trend, and similar new-construction loft projects, as well as luxury loft projects, are increasing in the intown housing market. The trend is expected to last for some time, and most likely will reshape the residential landscape of the historically low-density city by adding new options to a housing market that has lacked attached for-sale residences.

With a large influx of new residents into Atlanta from northern cities in the 1990s, attached housing and lofts in particular have become more widely accepted. Much of the demand for these products has come from high-end home buyers. During the mid- and late 1990s, condominiums, mostly in the form of luxury mid- and high-rise condominium complexes, became increasingly acceptable luxury living options. As condominium projects have increased in popularity, average sales dollars per square foot have increased from \$70 in the early 1990s to \$180 per square foot when Buckhead Village Lofts began presales in 1999. By the end of the project, the figure had increased to more than \$275 per square foot.

Originally, the concept for the interior finishes at Buckhead Village Lofts was below what the Buckhead market desired. In response, the quality of windows was upgraded, more hardwood floors were added, and fixtures and countertops were upgraded. These features are not traditionally associated with lofts, but the high-end market desired them, effectively creating a hybrid product resulting from the fusion of luxury condominium living and lofts. Constructing a loft to appear retrofitted is more expensive on a dollar-per-square-foot basis than constructing a traditional luxury condominium unit. Additional costs associated with the loft included spiral ventilation ducts, larger HVAC units to service more space (traditionally, loft ceilings have been 10 to 14 feet, while those in luxury units are closer to 9 feet), aesthetically pleasing electrical conduits, brick interior walls (as opposed to plasterboard), and precast concrete windowsills.

A large degree of creative control was retained by Loia, the project architect and codeveloper, through an integrated development process in which his architectural firm and general construction firm handled the design and construction.

Loia's and White's experience with speculative office space helped inform the design process of Buckhead Village Lofts. Beginning with a floor plate and a corridor, Loia custom-designed each unit as sales went forward to meet buyers' needs and specifications. Buyers customized unit sizes, the placement of plumbing, window styles, and balcony sizes; some units even have multiple balconies. As a result, no two units are the same size, and the final architecture—interior and exterior—bears the creative input of its residents.

MARKETING AND SALES

The developers' feeling that there was pent-up demand for a luxury loft project in Buckhead from the young, hip, and upscale market was ultimately confirmed. Buyers primarily were between the ages of 30 and 45 with no children, and more singles than couples have purchased in the project. During presales, the developers set up an interior virtual tour of units, incorporating computer-generated "walk- and fly-through" animations, that was integral to early sales presentations. Sales were executed in-house by a team assembled by White. The team's familiarity and knowledge of the project's design process allowed it to convey the details of an unknown product to the marketplace.

EXPERIENCE GAINED

- The project helped to lessen the severity of a grim situation faced by Atlanta developers: the growing shortage of old buildings in the city. Once it was demonstrated that new loft construction was acceptable—even preferable—to the market, the Buckhead Village Lofts project ensured the future development of lofts in Atlanta.
- The successful sales and marketing of luxury lofts to the high end of the residential market established a new option in Atlanta for luxury living. The practice of allowing buyers not only to upgrade and customize finishes, but to determine structural layout, such as balcony and utility placement, proved to be popular among buyers.

PROJECT DATA				
LAND USE INFORMATION				
Site area (acres/hectares): 2.92/1.18 Total dwelling units planned/completed: 104/104 Gross density (per acre/per hectare): 36/88 units Off-street parking spaces: 34				
LAND USE PLAN				
Use	Acres (hectares)		Percent of site	
Building	0.5 (0.19)		16	
Roads/paved area	0.3(0.09)		8	
Common and open spaces	2.12 (0.90)		76	
Total	2.92 (1.18)		100	
RESIDENTIAL UNIT INFORMATION				
Unit type	Unit size (square feet)	Unit size (square meters)	Number of units	Range of initial sales prices
One-bedroom loft	1,000	93	30	\$200,000-275,000
One/two-bedroom loft	1,200	112	60	\$250,000-350,000
Two-bedroom loft	1,720	160	14	\$300,000-400,000
DEVELOPMENT COST INFORMATION				
Site acquisition cost: \$2,400,000 Site improvement costs: \$1,600,000 Construction costs: \$19,800,000 Soft costs: \$5,550,000 Total development cost: \$29,300,000 Development cost per unit: \$281,000 Construction cost per square foot: \$152				
DEVELOPMENT SCHEDULE				
Planning started: May 1997 Site purchased: November 1997 Construction started: February 1998 Sales started: March 1998 First closing: March 1999 Sales completed: January 2000				

DIRECTIONS

From Atlanta-Hartsfield International Airport: Take I-75/85 north to Georgia Hwy. 400, then go north on Buckhead Loop. Turn right (west) on Peachtree to Roswell Road. Turn right (north) on Roswell Road and go one-quarter mile. Buckhead Village Lofts, at 3235 Roswell Road, is on the right.

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This Development Case Study is intended as a resource for subscribers in improving the quality of future projects. Data contained herein were made available by the project's development team and constitute a report on, not an endorsement of, the project by ULI-the Urban Land Institute.

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Atlanta's first new construction loft project, Buckhead Village Lofts features 104 luxury units, a swimming pool, a fitness center, and covered patio.



Industrial-style windows, many with arches, allow large amounts of light into units.



Don Rank Photography, Inc.

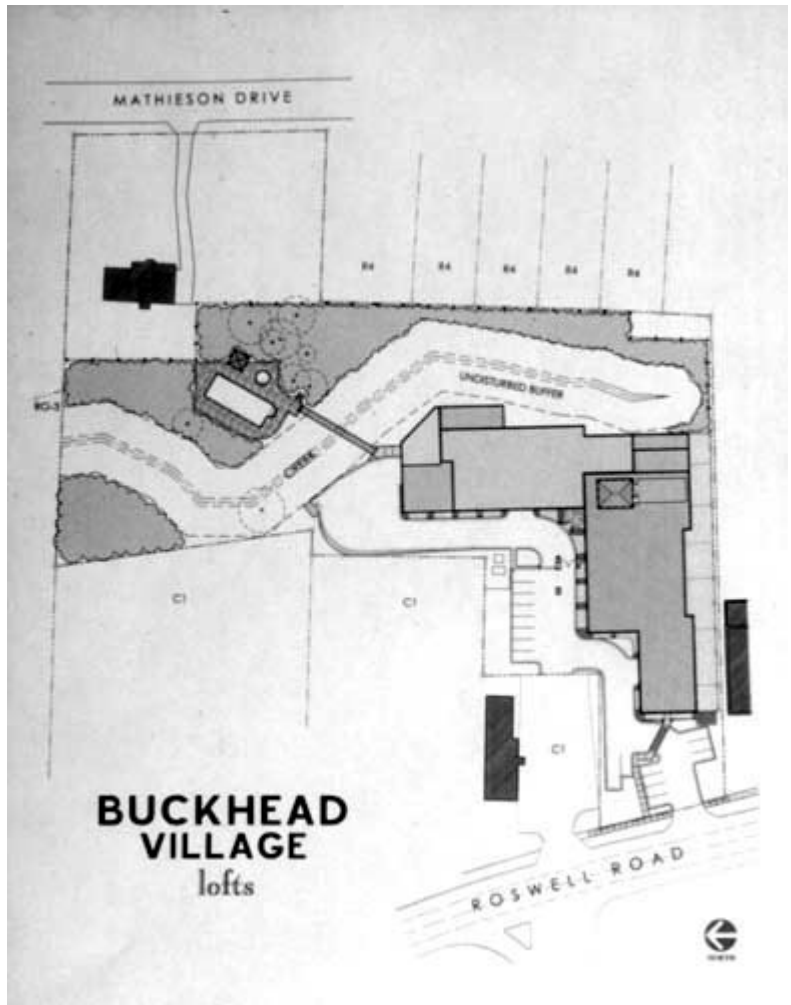
Residents customized unit features, including size and placement of optional balconies



Units feature hardwood floors, brick interior walls, spiral metal air ducts, and high ceilings.



The kitchen area sports a postindustrial finish of brick, polished granite, and stainless steel.



Site plan.