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Details emerge on Midtown Mandarin Hotel

Atlanta Business Chronicle

Mandarin Oriental Hotel Group made it official Thursday, detailing its plans for a \$285 million mixed-use luxury hotel and condo tower in Midtown Atlanta.

As **first reported by Atlanta Business Chronicle on Tuesday**, Atlanta-based **Tivoli Properties Inc.** plans to build the ultra-luxury high-rise hotel and residences under the Mandarin Oriental flag. Thursday, at a press conference at the **Metro Atlanta Chamber of Commerce**, Tivoli said the hotel will have 198 rooms and 71 condominiums priced between \$1.8 million and \$15 million.

The shimmering silver glass tower will be built on a narrow lot at 1138 Peachtree Street near **Selig Enterprises Inc.** and **Daniel Corp.**'s \$2 billion 12th & Midtown mixed-use project.

Tivoli President and CEO Scott Leventhal said the company has 19 condo reservation/pre-sales. Construction will not start until pre-sales of condos reach an undisclosed number.

Given the current lending environment, it is likely a significant number of the condos will need to be sold before construction can begin. Leventhal declined to say how many condos would need to be sold before construction could start.

Through spring 2009, the developers will hold a founder's program to entice original homebuyers with discounts of \$200,000 on select homes. Leventhal said buyers already committed to the project are locals and from overseas.

Leventhal said once started, it will take about 30 months to complete the 53-story glass skyscraper -- putting the opening of the hotel at no earlier than the first half of 2011.

Landing Mandarin Oriental, world-renowned for its luxury reputation, would mark a major milestone for Atlanta's hospitality community at a time when it is suffering through low occupancy rates and likely project delays due to the credit crunch, sources said.

The company has 22 hotels worldwide in most major business and financial centers, but none closer to Atlanta than Washington, D.C. or Miami, according to its Web site. The company also has about 20 projects in the development pipeline, including hotels in Macau, Taipei, Beijing, Chicago, Las Vegas, St. Kitts, Paris and Barcelona.

Sam Williams, the president and CEO of Metro Atlanta Chamber of Commerce, said the hotel "represents the maturation of the hospitality industry in Atlanta."

Atlanta Business Chronicle **first reported in March 2007** that Tivoli Properties planned to build a Mandarin Oriental hotel in Midtown. About the same time, Mandarin Oriental moved its development offices to Midtown.

In August 2007, Tivoli **filed a Development of Regional Impact study** for a mixed-use hotel tower to be built at 1138 Peachtree Street near the Atlanta Woman's Club. At the time, Tivoli said it wanted to build a 200-key luxury hotel with 70 high-rise condos and 11,500 square feet of retail.

As detailed in Thursday's press conference, the development also will have four restaurants and bars. Its lobby will be on the 30th floor with sweeping views of Piedmont Park.

The design and construction team is a who's who of Atlanta firms.

Leventhal confirmed Tuesday's Chronicle report that **Smallwood, Reynolds, Stewart, Stewart & Associates Inc.** is designing the project and **Hardin Construction Co. LLC** is the builder. **Hirsch Bedner & Associates** is the interior design contractor.

"This building is completely home grown," Leventhal said.

Mandarin Oriental enters the picture when several established hotels, such as the Four Seasons Atlanta, and new luxury players will already be in the Midtown marketplace.

Noble Investment Group LLC recently rebooted the old Midtown Sheraton as the rocker-glam W Atlanta-Midtown. **Kimpton Hotels and Resorts Inc.**'s Hotel Palomar and the Loews Atlanta Hotel in 12th & Midtown are set to come on line in 2009 and 2010, respectively. **Shailendra Group LLC** is **slated to build Atlanta's second InterContinental** at 17th and Peachtree streets at the northern gateway of Midtown.



Ultra-luxury hotel and condo tower will be built on a narrow lot at 1138 Peachtree Street in Midtown.

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On the southern end, Los Angeles-based **BentleyForbes**, the owner of the Bank of America Plaza, announced recently it is considering converting 15 floors of Atlanta's tallest building into a five-star quality hotel.

Mandarin Oriental resides at the top of the luxury market, said Paul Breslin, the managing partner of **Panther Hospitality LLC**, a hotel consulting firm.

Along with two Ritz-Carltons, the Four Seasons Atlanta, the soon-to-open St. Regis Atlanta Hotel, The Mansion on Peachtree, an InterContinental in Buckhead and a second in store for Midtown, landing Mandarin Oriental would give Atlanta another ace in its hand of ultra-chic accommodations.

According to **PKF Consulting**, a hospitality research firm, the latest economic data indicates that Atlanta will face five straight quarters of job losses, which will peak in the second quarter of 2009. This coupled with shrinking personal incomes and tightening corporate travel budgets will be a severe blow for Atlanta's hotels.

Though some hotel projects are likely to stall with the unfavorable lending environment, Atlanta still faces a glut of hotel supply in times of weakening demand.

PKF has said the Atlanta market forecasts a drop in occupancy in 2009, with the potential for a rebound in 2010.

Williams said the developers are taking the long-term view.

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