

---

## Atlanta HUD office building sold at foreclosure auction

### Five points Plaza Tower went into foreclosure.

---

#### Experts say struggles only beginning in commercial real estate.

---

In another troubling sign for commercial real estate, a downtown office tower housing the Atlanta HUD office was sold at a foreclosure auction this week for \$7 million.

The building, located in Five Points Plaza at 40 Marietta St. N.W., was controlled by Atlanta commercial real estate firm Richard Bowers & Co.

"I couldn't get it refinanced by the lender," Richard Bowers, the company's president, said Thursday. "Lenders aren't doing what they should be doing."

The securitized lender, a publicly-traded REMIC trust, was the winning bidder at the foreclosure auction. A \$13.4 million loan made in 1999 came due in July, said John Benson, an attorney for the lender.

Commercial real estate lags the economy, say experts, who predict more defaults. Between now and the end of 2012 will be a challenging time, said Bob Mathews, president and CEO of commercial real estate firm Colliers Spectrum Cauble in Atlanta.

"There is going to be continuing pressure on commercial properties near term because there will be a lack of debt capital for refinancings," said Mathews. "Any properties in a market like this have suffered both rent reductions and vacancies" and lost value, he said.

"Those things all combined are putting owners in a difficult position if they have to refinance in the next three to five years. They are all classic measures in what will lead to properties having problems and lenders reluctant to finance. I think it's only the beginning."

The Atlanta regional office of the U.S. Department of Housing and Urban Development is the sole occupant of the 17-story Marietta Street building. HUD's mission includes overseeing programs to help homeowners avoid foreclosure.

A HUD Atlanta spokesman said more than 400 people work in the building. "There has been no interruption to the operation," said Joseph Phillips. "We are continuing to operate as usual."

In June, the Equitable Building in downtown Atlanta became the first notable office tower in metro Atlanta to go into foreclosure.

"There will be more in the pipeline, I'm sure," said attorney Benson, whose firm, Sutherland Asbill & Brennan, also handled the Equitable sale.