

Analysis of the 1996 Summer Olympic Games on Real Estate Markets in Atlanta

by

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Submitted to the Department of Urban Studies and Planning in Partial Fulfillment of the
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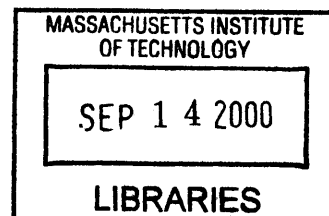
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ABSTRACT

Among all sporting events, the Summer Olympic Games are the most watched event around the globe. Global participation, diversity of events and sheer athletic skill attract billions of viewers to the seventeen-day summer event. The increasing interest in the Games has only served to promote greater commercialism for the event; and for the host city, greater opportunities to showcase itself to future business and leisure travelers. The recent bribery scandal involving the Salt Lake City, Utah bid committee demonstrates the lengths at which some cities have gone to win an Olympic host bid. In contrast with the situation over twenty years ago where the City of Los Angeles was the only bidder for the 1984 Games, sixty-six cities expressed their interest in hosting the 2008 Summer Games.

Why is there such intense interest in winning a bid to host the Olympic Games? What are the real payoffs from hosting this event? Do the benefits outweigh the tremendous costs for the host city? Does the significant one-time investment produce long-term economic gains? This study does not attempt to answer all of these questions at this time. Instead, the focus of this study is to understand how these questions apply to one particular host city, the City of Atlanta, Georgia, host of the 1996 Summer Olympic Games. In particular, this study measures the long-term impacts on real estate markets in Atlanta through both quantitative analysis of economic variables and qualitative analysis of the physical, organizational and psychological impacts.

In contrast with the two previous host cities, Barcelona and Seoul, that spent many billions of public and private (but mostly public) dollars transforming their city in preparation for the Games, Atlanta relied upon primarily private funds to prepare for the 1996 Games. Public funds were spent for some important infrastructure improvements, but these investments would have likely taken place at some future point without the Games. Even so, within a five year period, more than \$2 to 3 billion was spent to prepare Atlanta for the Games. This study determines that this Olympic investment had minimal impact on the fast-growing regional market. In most cases, the Olympics were no more significant than other factors, such as corporate expansion and relocation, in contributing to long-term economic growth. In the local in-town markets, the Olympics did meaningfully contribute to growth in the multi-family sector.

In addition to new and renovated sports facilities, the Olympics left downtown Atlanta with many notable legacies that are fueling urban growth and revitalization: a new 21 acre park, renovated parks and public plazas, new street lighting, tree plantings, and other streetscape improvements, 9000 units of student housing, and thousands of new residents living in converted buildings downtown. The Olympics may not have transformed Atlanta to the extent they did in Barcelona and areas of Seoul; however, it certainly proved to be a catalyst for many important changes in the city today.

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Introduction

Few events draw as much international attention as the Games of the Olympiad, commonly referred to as the Summer Olympic Games. Held every four years since their resumption in 1896 by Baron Pierre de Coubertin, the Summer Olympics are the ultimate dream of most world-class athletes, the culmination of years of training and dedication. Along with thousands of athletes, coaches, and sponsors, millions of spectators attend the Olympic Games. Billions more throughout the world view the athletic contests by television, satellite or internet broadcasts during the two-plus week Olympic period.

Second in importance to participating in the Olympic Games is hosting the Olympic Games. In a rigorous selection process beginning years before the said Games are actually held, the International Olympic Committee (IOC) votes for the best candidate city to host the future Games. Hosting the Olympics provides a unique and valuable opportunity to showcase the host city (and, in certain cases, the country) to visitors and worldwide television viewers. The presumed economic and marketing benefits from hosting the Olympic Games have resulted in an exponential increase in interest in hosting the Games during the last two decades. After the tremendous debts from Montreal's 1976 Games, the City of Los Angeles was the only finalist in the IOC's selection process for the host of the 1984 Summer Olympic Games. In contrast, for the 2008 Summer Games, no less than 60 cities expressed their interest and studied their potential to host this event¹. As a result, winning a bid to host the games requires incredible dedication and cost.

In late 1998, information surfaced that certain IOC members and the Salt Lake City, Utah, U.S.A. bid committee may have engaged in inappropriate behavior in connection with Salt Lake City's winning bid to host the 2002 Winter Games. Within a few months, various stories regarding cash bribes, free travel, and other large gifts provided to IOC members by Salt Lake City bid officials and individuals related to the Salt Lake City committee surfaced. During this time the IOC undertook a swift internal investigation of the matter, which led to numerous resignations, and reprimands of IOC members. As part of its investigation into the Salt Lake

¹ As reported in the Olympic Almanac web site, <http://www98.pair.com/msmonaco/Almanac/>.

City scandal, in 1999, the IOC established an Ethics Commission and instituted a series of reforms in the rules governing Olympic bids and the host city selection process. Now, current rule restrict the travel of IOC members to candidate host cities.

The recent scandal involving the Salt Lake City, Utah Bid Committee suggests the bribery practices may extend well beyond the Salt Lake Games. While the investigation focused solely on Salt Lake City, many believe that the actions in Salt Lake City were not an isolated incident. Past Olympic bidding processes may have been less than fair, involving cash bribes, large gifts and preferential treatment to members of the International Olympic Committee responsible for selecting the host sites.

Why are cities so intent on hosting the games that they are willing to resort to illegal activities in order to win this fiercely competitive and political bidding process? Beyond international recognition, what are benefits of hosting the Olympic Games? Do the benefits outweigh the tremendous costs associated with hosting this event? Tourism and leisure academics refer to events such as the Olympics as “hallmark events”. Hallmark events are characterized as

“Major one-time or recurring events of limited duration, developed primarily to enhance the awareness, appeal, and profitability of a tourism destination in the short and or long-term. Such events rely for their success on uniqueness, status, or timely significance to create interest and attract attention.”²

Such events produce lasting impacts on the host city, including economic, tourism/commercial, physical, socio-cultural, psychological, and political impacts. The significance of these impacts depends on the nature of the event and the organizational approach of event organizers.

At a minimum, the Olympic Games generate a one-time economic shock to the host area (city and state or country depending on size) from new capital investment and tourist revenues. The benefits of this shock depend on the distribution of investment and tourist revenues within a region and whether revenues exceed the costs of hosting this event. After the 1976 Summer

² Ritchie, J.R.B., “Assessing the impact of hallmark events: conceptual and research issues”, *Journal of Travel Research*, 23, 1, 1984, as cited in Geoffrey Syme et.al. eds. *The Planning and Evaluation of Hallmark Events*, Avebury, 1989.

Games, Montreal carried approximately \$1 billion (U.S.) in debt³. More recently, the Spanish State and the City of Barcelona invested more than \$8 billion (U.S) to prepare for 1992 Barcelona Summer Games⁴. Consequently, the city and state will be paying off these investments for many years. In spite of this debt, the Barcelona Games are viewed as successful in terms of raising the international status of the city and making significant long-term capital investments for the citizens of this coastal Mediterranean city.

In the last 20 years, similar to the trend throughout professional sports, the Olympic Games have evolved from a pure athletic contest to commercially sponsored athletic event. The value of broadcast rights and commercial sponsorship in the Olympic Games has changed the cost-benefit equation for host cities. In 1984, for the first time ever, the Olympics were organized and run as a private venture. Although contrary to IOC rules which require the Olympics to be managed by the host city, the lack of host city competition gave the IOC no other choice but to accept the LA plan. By limiting new construction, utilizing the facilities of academic institutions, and selling corporate sponsorships, the organizers of the LA Games demonstrated that the Olympics could be a profitable venture. The LA Olympic experience forever changed the perceptions on the commercial benefits of hosting the Games.

When the City of Atlanta was announced as the host city for the 1996 Olympic Games in 1990, politicians agreed that Atlanta residents would not pay for the games through new taxes. In other words, Atlanta decided to follow a model more similar to L.A. than Seoul or Barcelona. This no-Olympic taxes pledge was viewed favorably by Atlanta; however, in retrospect this approach would limit the potential long-term benefits to Atlantans. Since the post World War II era, the Olympics have provided opportunities for significant investment and development by host cities. Cities such as Tokyo, Mexico City, Munich, Montreal, Moscow, Seoul and Barcelona invested significant capital for the construction of athletic facilities, lodging, and housing in order to host the game. Consequently, the Games left lasting legacy of physical change in these cities in both infrastructure improvements and new residential neighborhoods. Although the Olympics were

³ Chalkley, Brian and Essex, Stephen, "Urban development through hosting international events: a history of the Olympic Games," *Planning Perspectives*, 14 (1999), p. 384.

⁴ Brunet, Ferran, "An Economic Analysis of the Barcelona 92 Olympic Games: Resources, Financings, Impacts" , Morganas, Miquel de, and Botella, Miquel, eds., *The Keys to Success. The Social, Sporting, Economic and Communications Impacts of Barcelona'92*, Barcelona: Universitat Autònoma de Barcelona, 1996.

estimated to have a \$5.1 billion impact on Georgia residents, primarily within the Atlanta area, it is questionable who actually benefited from the games.

Primary criticisms of the Atlanta Games are that the one-time economic impacts were overstated, few Atlanta residents actually benefited from the games, and that low-income residents were more significantly burdened. In a *New Statesman* article, C. Rutheiser argued that “. . . unlike Barcelona, the American city has failed to use the games to regenerate its poverty stricken heart. It is an object lesson in how not to run a partnership between the public and private sector”⁵ Similarly, in a 1997 article, another critic wrote: “Low income predominately African American areas of Atlanta were affected most by the preparations for the games. Residents were relocated from at least six public housing projects and many other households in the path of Olympic construction were also moved. For these individuals, preparations for the Olympics cost them the use value of their homes and neighborhoods.”⁶ While some question the lasting image and the lost opportunities, four years later, the City of Atlanta still praises and markets its Olympic past.

While the actual economic impact may have been less than the initial \$5 billion estimate, the Games may have had a more significant impact than initially suggested. Given the investment in facilities and infrastructure in preparation for the games, the marketing exposure from the games, and the private investment in lodging and housing, hosting the games should have some impact, either positive or negative, on real estate markets host cities. The purpose of this study is to examine the long-term economic impact of the 1996 Olympic Games on metropolitan and local Atlanta real estate markets. The metropolitan Atlanta region has undergone tremendous growth in the last two decades. Some of the key questions that will be addressed in this study are:

- How did the Olympics affect Atlanta’s regional real estate markets, in particular, the housing and hospitality markets? Did the Olympics contribute to the growth of this already hot market?
- How did the Olympics affect local, in-town housing and hospitality markets? Was the impact simply a one-time economic shock or did it have lasting effects on growth patterns?

⁵ Rutheiser, Charles, “How Atlanta lost the Olympics,” *New Statesman*, July 19, 1996, p. 28.

⁶ Newman, Harvey K., “Neighborhood impacts of Atlanta’s Olympic Games,” *Community Development Journal*, vol. 34, no. 2, April 1999, p. 157.

- Are these Olympic impacts quantifiable and measurable on either a macro-economic or micro-economic basis?
- What are the legacies of the Olympics and how are they affecting current property markets?

In order to answer these questions, this study analyzes Atlanta's real estate markets on both a qualitative and quantitative basis. This study reviews the preparation, organization, and administration of the 1996 Olympic Games in order to understand how the Olympics affected Atlanta. In the first chapter of this study, a review of the Olympic movement and recent trends is presented to illustrate the changing nature of the Olympic Games and the drivers facing host cities. Second, in order to understand the context in which the 1996 Summer Games were held, Atlanta's recent economic performance and demographic trends are presented. The third chapter reviews the preparations and investments made in anticipation of the 1996 Summer Games by Olympic organizers, as well as public and private organizations. The fourth chapter presents the theory and methodology for the quantitative analysis of Olympic impacts. The fifth chapter presents the results of the quantitative analysis on regional employment and construction. In this section, these results are compared against estimated impacts prepared by Jeffrey Humphrey's and Michael Plummer in a series of studies on the economic impact of the 1996 Olympics presented in *Georgia Business and Economic Conditions*. The next two chapters present the results of the quantitative analysis of regional and local hotel and housing markets. The quantitative results are explained along with an analysis of recent development activity and trends. Chapter eight discusses the role of specific Olympic legacy programs and Atlanta organizations in on-going redevelopment of the City of Atlanta. Chapter nine summarizes the conclusions from this study.

This study will demonstrate that contrary to the arguments of critics in the years subsequent to the Games, the Olympics left more than a legacy of sporting facilities for the residents of the City of Atlanta. However, these long-term economic impacts are concentrated primarily within the central business district (CBD) in the City of Atlanta and in the neighborhoods surrounding this area. The Olympics left no measurable impact on regional real estate markets in spite of the substantial one-time economic shock from hosting the Summer Games.

In the four years since the Games, the Atlanta's center-city area has experienced the beginnings of a renaissance. Although the Olympics are not the sole reason for this revitalization, they played an important role that is only realized and understood today in looking back at the efforts involved with hosting the 1996 Olympic Games. This study will demonstrate that the Olympics were an important psychological and economic catalyst to the City of Atlanta's current revitalization. First, the Olympics re-introduced many Atlantans to their downtown. Second, the Olympics provided opportunities for one-time high-rent corporate apartment rentals for speculative residential projects. The post-Olympic lease up of these projects demonstrated the demand for downtown housing leading to further projects and a more than doubling the residential multi-family stock from 1995 – 2000. Third, the AHA efforts to improve, redevelop, and privatize its projects through the Olympic Legacy Program has improved the overall environment for in-city housing. Fourth, infrastructure and streetscape improvements made for the Olympics have improved the desirability of in-town real estate markets. Recent initiatives around Centennial Olympic Park should encourage continuing redevelopment of the downtown and inner city neighborhoods.

Chapter 1. Olympic Background

History of the Olympic Movement

The modern Olympic movement began more than one hundred years ago with the resumption of the ancient Olympic Games by the Baron Pierre de Coubertin, a French educator. De Coubertin established the International Olympic Committee and, among other things, set forth the tradition of holding the games in a different city every four years as a means to extend and expand the Olympic spirit throughout the world⁷. In 1896, not a single real athletic stadium existed in the world⁸. Thus, one of Coubertin's objectives would be to create the proper physical environment for the participation, viewing and celebration of sports and the arts. In fact, Coubertin envisioned an Olympic City whose function did not end with the beginning and end of the Games. While Coubertin never lived to see his city, due to the size and scale of modern Olympic Games, hosting this event requires the physical and organizational infrastructure of a city.

A network of organizations, centrally managed by the IOC, controls the modern Olympic Movement. According to the Olympic Charter, the primary role of the IOC is the promotion of the principles of modern Olympism⁹. The IOC establishes the regulations and policies of the Olympic Games and coordinates the selection process for the site of the Summer and Winter. The IOC owns the rights to the Olympic symbols, flag, motto, anthem and the Olympic Games. IOC Members are delegates that represent the IOC in member countries. The IOC includes among its members active athletes and presidents or senior leaders of the international sports federations (IFs), National Olympic Committees (NOCs). Members serve a seven year term which may be renewed until age 70, if nominated prior to December 1999, or until age 80, if nominated after December 1999.¹⁰

⁷ Chalkley, Brian and Essex, Stephen, *op. cit.*, p. 372.

⁸ Gordon, Barclay, *Olympic Architecture Building for the Summer Games* (New York: John Wiley & Sons, 1983), p. 2.

⁹ According to the Principles preceding the Olympic Charter, Olympism is defined as "a philosophy of life, exalting and combining in a balanced whole the qualities of body, will and mind. Blending sport with culture and education, Olympism seeks to create a way of life based on the joy found in effort, the educational value of good example and respect for universal fundamental ethical principles."

¹⁰ Per the *Olympic Charter*, December 1999, www.olympics.org/ioc/.

In addition to the IFs and NOCs, the Olympic network also includes the site specific Organizing Committees of the Olympic Games (OCOG). Each organization has a defined role in the Olympic Movement. The IFs establish the rules for participation and competition in each sport, including the design and specifications of sports facilities. In addition to providing training centers for athletes, the NOCs organize their country's teams that will participate in the Olympic Games. The NOCs are also responsible for designating a city to be a bid applicant to the IOC as part of the host city selection process. Once a city has been selected to host the Games in the IOC process, it forms an OCOG responsible for the organization and management of the Olympic Games, including the construction of required sport arenas, stadiums, etc. all in accordance with the policies of the IOC, IFs, and the Olympic Charter.

The IOC selection process was revised in December 1999 to implement a two-stage process for candidates: a bid acceptance phase and final bid phase. This change was designed to limit final bidding process only to cities that are adequately prepared and in compliance with IOC. Thus, helping unprepared or unlikely-to-win cities avoid the unnecessary expense of completing a final bid package.

Chronology of the Modern Games

In 1896, the first modern Olympics were held in Athens, Greece. Approximately 311 athletes from 13 countries participated in these Games. With the exception of the Panathenean Stadium, few facilities were constructed in order to stage this event. Various sources document the history of the modern games from its initiation in Athens through the present. Table 1-1 provides a chronological listing of the host cities for the past and future Summer Olympic Games.¹¹

Table 1-1

Year	Games of the Olympiad	
	<i>Number</i>	<i>Site</i>
1896	I	Athens, GRE
1900	II	Paris, FRA
1904	III	St. Louis, USA

¹¹ Given the focus of this study on the City of Atlanta, host of the 1996 Summer Games, data is reported for Summer Olympic Games. In contrast with the Summer Olympic Games which are held primarily in urban locations, Winter Olympic Games which began in 1924, are held in less populated, mountainous regions. Thus, in comparing Atlanta to other Olympic sites, only sites of Summer Olympic Games are referenced.

Year	Games of the Olympiad	
	<i>Number</i>	<i>Site</i>
1906	Intercalated	Athens, GRE
1908	IV	London, GBR
1912	V	Stockholm, SWE
1916	VI	<i>Cancelled</i>
1920	VII	Antwerp, BEL
1924	VIII	Paris, FRA
1928	IX	Amsterdam, HOL
1932	X	Los Angeles, USA
1936	XI	Berlin, GER
1940	XII	Cancelled
1944	XIII	Cancelled
1948	XIV	London, GBR
1952	XV	Helsinki, FIN
1956	XVI	Melbourne, AUS
1960	XVII	Roma, ITA
1964	XVIII	Tokyo, JPN
1968	XIX	Mexico City, MEX
1972	XX	Munich, FRG
1976	XXI	Montreal, CAN
1980	XXII	Moscow, URS
1984	XXIII	Los Angeles, USA
1988	XXIV	Seoul, KOR
1992	XXV	Barcelona, ESP
1996	XXVI	Atlanta, USA
2000	XXVII	Sydney, AUS
2004	XXVIII	Athens, GRE
2008	XXIX	TBA, 2001

Source: Olympic Almanac web site,
<http://www98.pair.com/msmonaco/Almanac/>

Although the focus of this study is the 1996 Olympic Games, a review of the modern Olympic Movement is useful in understanding the trends that led up to the 1996 Atlanta Games and the resulting criticisms of the Atlanta experience. While recent host cities such as Montreal, Barcelona and Seoul did spend significant amounts in preparing to host the Olympic Games in contrast with Los Angeles and Atlanta, these cities, like Rome in 1960 and Tokyo in 1964, each required different amounts of infrastructure investment as part of the City's own long-term development plans. Thus, in many cases, the Olympics prompted or accelerated public infrastructure investments by host cities. As will be presented below, for various circumstances including lack of funds and availability of existing facilities, some host cities have spent billions to host the games, while others played host with limited new investments. Atlanta and L.A. were

by no means the first to avoid excess expense with hosting the Games. There have been few, if any, comprehensive studies that analyzed or quantified the long-term economic benefits from substantial Olympic investment. This study makes no attempt to evaluate the merits of these past Olympic investments but presents these prior host cities as a comparison to the Atlanta Games.

Chalkley and Essex's Four Phase Characterization

A recent study by Chalkley and Essex on the history of urban development related to the Olympics categorizes the modern Olympic Movement into four phases, each having progressively more significant impacts on the Olympic host city¹². Chalkley and Essex' four phase categorization is a useful structure to present a brief review of Olympic development trends leading up to the Atlanta Olympic Games. However, in recognizing the significance of increased commercialization in the hosting of the Olympic Games, the discussion below separates Phase Four into a two distinct sub-phases: the period before the 1984 Los Angeles Games and the period after, and including, the 1984 Games.

Phase One, including the 1896 to 1908 Games, represents the early Olympic period when the games were relatively small in scale and still evolving into a formal, regular, international event. During this evolutionary time, Olympic organizers were preoccupied with such basic issues such as amateur participation, number and type of Olympic events, and regulation of the Games. Thus, the Games had virtually no impact on the urban fabric of the host cities¹³.

Phase Two, including the 1908 to 1932 Games, is characterized by increasing size of the Games and the construction of facilities specifically for the purpose of hosting the Olympic Events. Concerns such as lodging for athletes and visitors and financial costs of hosting the Games were becoming increasingly significant. Technological breakthroughs led to increased media coverage and subsequent interest in the Games. Although the 1924 Paris Games provided barracks for athletes near the Colombes stadium, the 1932 Los Angeles Games proposed the first Olympic Village providing lodging, board and local transport for all participating athletes on a substantial scale.

¹² Chalkley, *op. cit.* p. 374.

¹³ *Ibid*, p. 374.

Phase Three, including the 1936 to 1956 Games, signifies a trend towards increasing scale and significance of the Games following the 1932 Los Angeles Olympic Games. For example, the 1936 Berlin Games were notable not only for the substantial Olympic-related development but also for their showcasing the wealth and organization of the Nazi regime. In addition to the more than 20 new sporting facilities constructed for the Games, a separate Olympic Village was erected beyond the western suburbs of Berlin. A ceremonial boulevard, the Via Triumphalis, was routed from the center of the Old City through Brandenburg Gate to the redeveloped Olympic Sports Complex in Grunewald. World War II led to the cancellation of the 1940 and 1944 Games and a short reversal of the Berlin trend. In the first post-war Games in London in 1948, no new facilities were constructed for these Games. For the 1952 Helsinki Games, the city built new a stadium, Olympic Park, as well as other sport venues; however, many had been constructed more than 12 years before the Games when Helsinki had been asked to host the 1940 Games. The Olympic Village had already been converted for residential use and the new village as well as a separate village for Soviet athletes had to be constructed again for the Games. The 1956 Melbourne Games resulted in limited construction. The most significant facility constructed, the aquatic center, was dismantled after the Games due to the high cost of maintenance.

Chalkley and Essex define Phase Four in the Olympic Movement as the period from the 1960 to 1996 Summer Games. This phase, they argue was characterized by both an increasing investment in sporting facilities and substantial improvements in urban infrastructure. However, there are various reasons for the degree of investment undertaken in preparation for the Games. For example, for the 1960 Games in Rome, the city invested in a new municipal water system, new airport facilities, improved public transport, street lighting, and other streetscape improvements in addition to sporting venues. Many of public infrastructure investments were made to raise the living standards for residents after the Games. Similarly, for the 1964 Tokyo Games, the city accelerated its planned investments in recreation and sports venues, road improvements, harbor developments, housing and tourist accommodations. Other upgrades to the water supply and sewage treatment system were also prompted by the 1964 Games.

Mexico's staging of the 1968 Games reversed the trend established by Rome and Tokyo in terms of substantial Olympic-related public infrastructure investment. Mexico undertook some new construction but renovated a number of existing facilities including University City Stadium for the Games¹⁴. Mexico's decentralized plan for the Games maximized the use of existing facilities. The primary legacy of the 1968 Games was the two Olympic Villages (*i.e.*, one for athletes and journalists, another for judges and entertainment teams) which became residential communities following the Games. In all subsequent Games with the exception of the 1984 Los Angeles Games and the 1996 Atlanta Games, host cities not only made substantial investments in new sports facilities and Olympic Villages but also in related public infrastructure projects (*i.e.*, roads, transit systems, highways, airports, etc.) in preparation for hosting the Summer Olympic Games. In some cases, investments were made at substantial costs requiring long term public financing from state and national governments.

Increased Commercialism and The Los Angeles Experience

After the substantial investment and indebtedness following the 1976 Montreal Games, interest in hosting the Olympics waned. Few cities and countries saw themselves able to take on the development programs initiated by host cities in the post-World War II era. Consequently, the City of Los Angeles was the only finalist for the 1984 Summer Olympic Games. For the first time, the Olympics were managed by a private, for-profit entity, an exception by the IOC given the lack of competition to host the 1984 Games. Few facilities were constructed for the Los Angeles Games. The 1932 Olympic Stadium along with various University facilities was used to stage the Games. Events were scattered widely throughout the metropolitan area. Student residences were used to house athletes. Renovations to existing facilities and temporary seating were used to stage certain events. In spite of the lack of construction, the LA Games marked a turning point in the Olympic movement. The LA Games demonstrated that the Olympics can have a substantial economic impact for organizers. Due to increased value for television broadcast rights and the introduction of large scale corporate sponsorship programs, the Games produced a \$215 million surplus for organizers¹⁵. LA's commercial success prompted new interest in hosting the games.

¹⁴ Gordon, *op. cit.*, p. 106.

¹⁵ Chalkley, *op. cit.*, p.384.

Criticism of Atlanta Games primarily stems from a comparison of the two previous Olympic hosts, the cities of Seoul and Barcelona. In both cases, these cities incorporated major urban investment and renovation into their Olympic development program, including the significant redevelopment of blighted areas. In Seoul, the Chamsil area to the southeast of the city, a polluted, frequently flooded, residential area underwent substantial transformation in preparation for the 1988 Games. In Barcelona, Olympic development, including the construction of the Olympic Village in the Parc de Mar area rejoined 5.2 km of coastline to the residents of Barcelona. Both Seoul and Barcelona made substantial investment in public infrastructure, including transport management, streetscape beautification, and cultural promotion. New parks, arts centers, and shrine and museum renovations accompanied the preparation for the Games. Atlanta did not attempt a Barcelona or Seoul-scale of urban transformation as part of its preparation for the 1996 Games. However, as will be presented later, Olympic investments have contributed to a post-Olympic urban renaissance in downtown Atlanta. A review of the organization, preparations and investments for 1996 Atlanta Games is provided in Chapter 3 of this report.

As illustrated in the Table 1B below, there has been an exponential increase in interest following the 1984 Los Angeles Games. For the 1988 Games, 9 cities expressed early interest in hosting the Games. Two decades later, sixty-six cities were interested in hosting the 2008 Games.

Table 1-2 – Olympic Interest, 1984 - 2008

Olympic Year	1984	1988	1992	1996	2000	2004	2008
Host City	Los Angeles, USA	Seoul, KOR	Barcelona, ESP	Atlanta, USA	Sydney, AUS	Athens, GRE	TBD
Interested Cities	9	9	22	28	35	48	66
Finalists	1	2	6	6	5	5	TBD
Runner-Ups*	0	0	0	0	0	6	TBD
Total Final Candidates	1	2	6	6	5	11	10
Former Bidders	8	7	16	22	30	37	56

Source: Olympic Almanac web site, <http://www98.pair.com/msmonaco/Almanac/>

As shown in Table 1-3 below, since the 1984 Games, television broadcast rights and corporate sponsorships provide approximately 50 to 75% of the revenue source used to fund the hosting of the Games.

Table 1-3 – Revenue Share from Broadcast and Sponsorship Rights, 1984 - 2000¹⁶

Year	1984	1988	1992	1996	2000
Host City	Los Angeles, USA	Seoul, KOR	Barcelona, ESP	Atlanta, USA	Sydney, AUS
TV Broadcast Rights	34%	44%	28%	33%	40%
Sponsorship/Licensing	18%	15%	30%	30%	36%
Tickets	20%	2%	5%	25%	21%
Other	28%	39%	37%	13%	3%
Total TV & Sponsor.	52%	59%	58%	66%	76%

¹⁶ Compiled from multiple sources: 1984 – 1992 data as reported in *Boston Organizing Committee Report, Steps Toward a Boston Olympics: A Study on the Feasibility of Hosting the 2008 Games*, March 1994, 1996 data as reported in Atlanta Committee for the Olympic Games, *Official Report of the Games of the XXVI Olympiad*, 2000 data per 1997 Sydney Olympic Budget posted on www.olympics.com.

Chapter 2. Overview of the Atlanta Metropolitan Market

Population

The Atlanta metropolitan area has been one of the fastest growing areas in the United States over the last decade. The Atlanta metropolitan area commonly refers to the region comprising the following ten counties: Cherokee, Clayton, Cobb, DeKalb, Douglass, Fulton, Fayette, Gwinnett, Henry, and Rockdale. However, in certain cases (i.e., for federal and census data reporting purposes), the Atlanta metropolitan statistical area (Atlanta MSA) refers to a larger 20 county region including the additional ten counties of: Barrow County, Bartow County, Carroll County, Coweta County, Forsyth County, Newton County, Paulding County, Pickens County, Spalding County, Walton County. In this study, data from the Atlanta MSA refers to the 20 county region unless otherwise noted.

Reflecting the national trend of sunbelt areas, the population of the Atlanta MSA has been steadily climbing over the last two decade. With cheaper land, better climate and a healthy job market, the Atlanta region continues to draw an influx of residents from the northeast and Midwest regions as well as smaller cities in the Southeast. For southerners, Atlanta offers the largest job market in the region. In the last decade, Holiday Inn, United Parcel Service, Home Depot and Hitachi Electronic relocated their headquarters to the Atlanta Metropolitan Area due to the favorable economic climate and high quality of life.¹⁷ Within the 10 county area, total population has increased more than 26% (in 20 county area, the increase is almost 30%)¹⁸. The annual compound growth rate for the Atlanta MSA (10 county) has been 2.4% from 1990 to 1999.

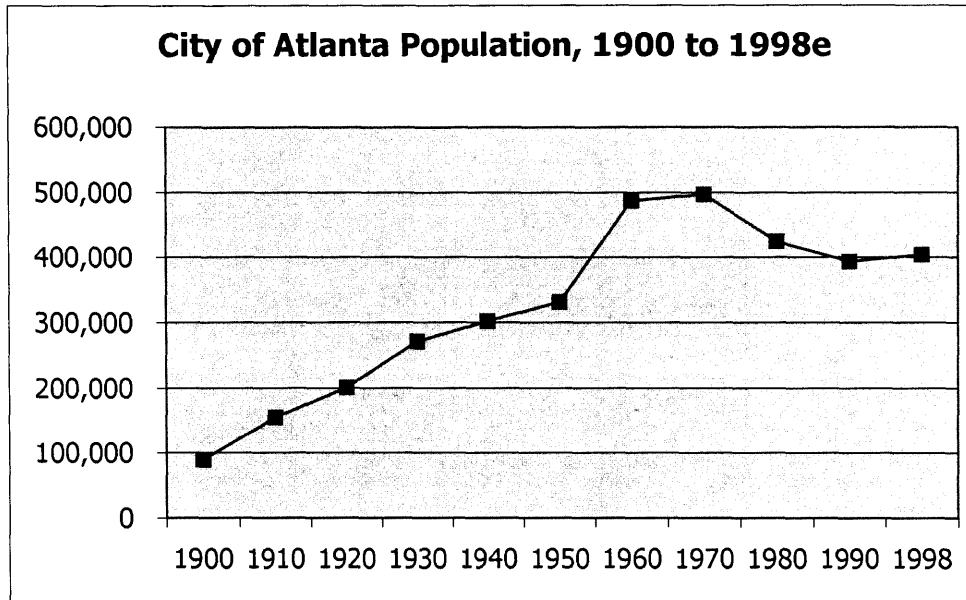
The city of Atlanta exists primarily within the county of Fulton; however, a small portion lies within the county of DeKalb. In contrast with the larger metropolitan area, the city of Atlanta has been undergoing much slower growth in the last decade, a trend which dates prior to 1990. In fact after steady increases throughout much of the 20th century, Atlanta's population experienced dramatic decline beginning around 1970. In the last decade, the population appears to be

¹⁷ CB Richard Ellis 1st Quarter 2000 Office Report.

¹⁸ All population calculations based on data from the U.S. Census Bureau, Population Estimates for Metropolitan Areas and Components, Annual Time Series, July 1990 to July 1998.

leveling off around 400,000 residents. Chart 2-1 below shows the U.S. Census Bureau population statistics for the city of Atlanta from 1900 to 1998 (estimated).

Chart 2-1



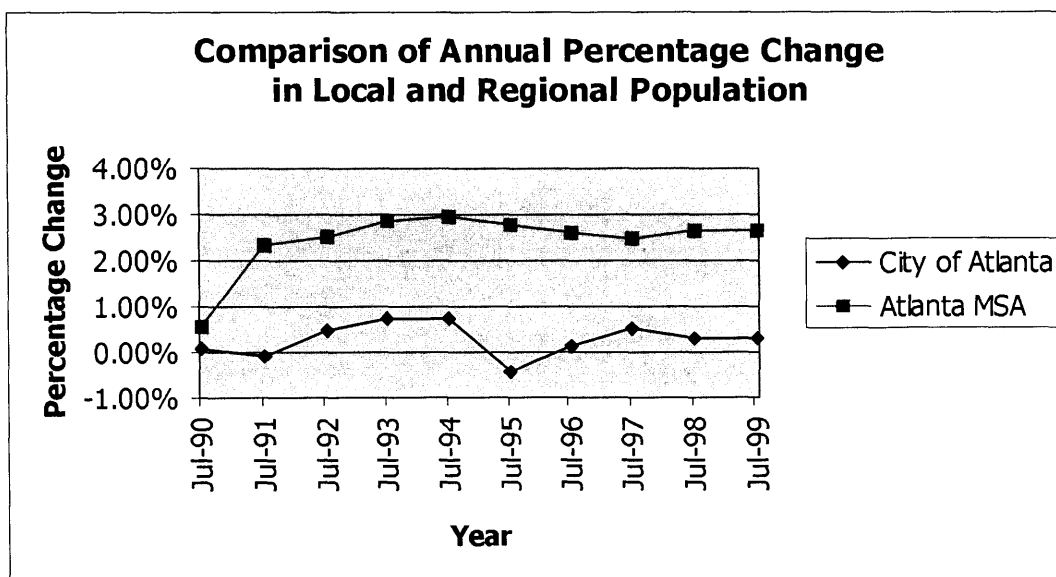
As shown in the chart, the population of the City of Atlanta declined by 20 percent from 1970 to 1990 even as the region's population more than doubled. According to a recent study by Research Atlanta, this loss has been heavily concentrated among the white residents, which fell by nearly half during the period. The greatest loss occurred among white school age children, although non-white school age population declined substantially (about 20 percent) during the 1980s. The number of black female-headed households nearly doubled in the 1980s and 58 percent of all households in the City now consisting of only one adult¹⁹.

Over the last decade, Fulton and DeKalb counties were two of the slowest growing areas within the Atlanta MSA. However, the City did show positive growth, reversing the decline that began in the 1970's. In contrast with the regional trend, since the 1990 census, total municipal population has only increased 2.7%; during this period, the compound annual growth rate for the city of Atlanta has only been 0.27%²⁰. The Chart 2-2 on the next page compares the annual percentage change in population for the city of Atlanta and the ten-county Atlanta MSA.

¹⁹ Research Atlanta, *A Population Profile of the City of Atlanta: Trends, Causes and Options*, 1996.

²⁰ Source: U.S. Census Bureau, *Population Estimates for States, Cities and Places, Annual Time Series, July 1990 to July 1999*.

Chart 2-2



Source: US Census Bureau, Population Division

Employment Trends

Employment trends mirror population trends in the Atlanta regional and local markets. Consistent with the population trend, there has been much more substantial growth in commercial activity outside the municipal border than within. Regional employment growth over the last decade has been significantly higher than employment growth within the city of Atlanta. During the 1990 to 1998 period, regional employment growth totaled 29% while cumulative employment growth in the city was only 7%²¹.

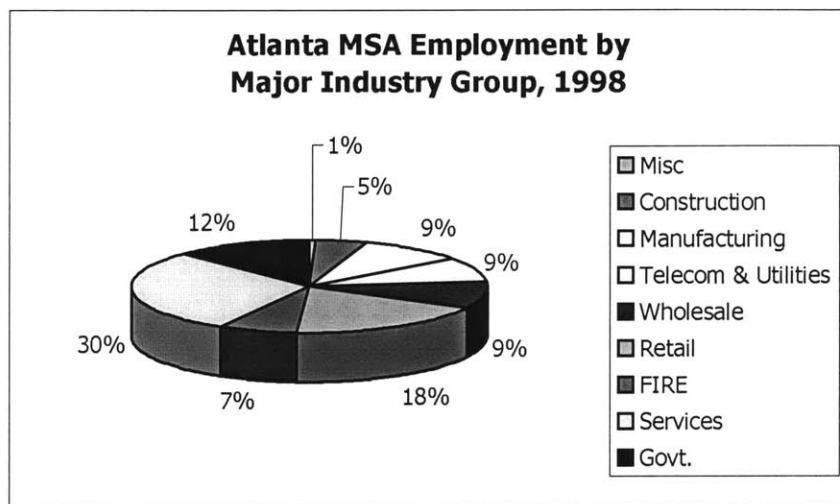
Atlanta Region	4.05%
Miscellaneous	8.09%
Construction	3.19%
Manufacturing	1.31%
TCU	3.92%
Wholesale Trade	3.99%
Retail Trade	4.80%
FIRE	3.42%
Services	6.23%
Government	2.40%

Source: Atlanta Regional Commission

²¹ Employment calculations from data reported by the Atlanta Regional Commission at <http://www.atlantaregional.com/index.html>.

The Atlanta metropolitan region is home to some of the largest companies in the world, including Coca-Cola, CNN, The Southern Co., Delta Airlines, and Georgia Pacific. In fact, Atlanta ranks 4th among U.S. cities as the home to the most Fortune 500 companies. Consequently, Metropolitan employment by industry is not relatively concentrated in one area. The largest concentration is in the Services area which, as the Table 2-1 shows, has been growing at the highest rates over the last two decades. Charts 2-3 and 2-4 compare the employment share by major industry in the Atlanta MSA and the City of Atlanta.

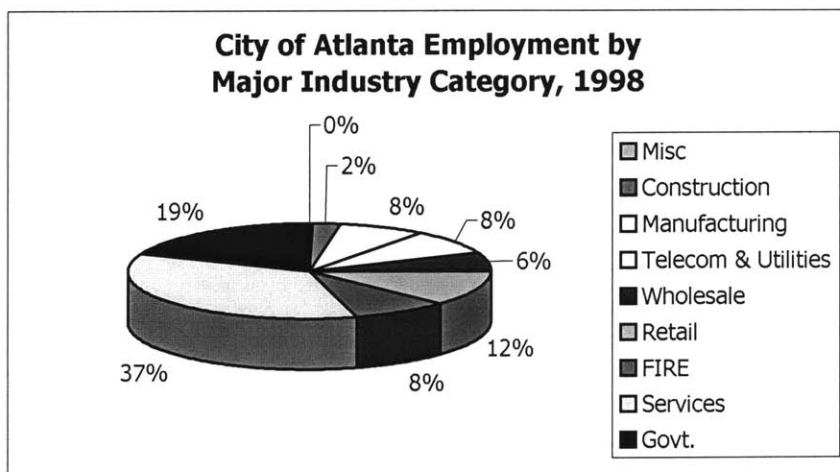
Chart 2-3



Source: Atlanta Regional Commission

In the city of Atlanta, approximately 65% of employment is concentrated in the Services, FIRE and Government while these industries account for only 50% of regional employment.

Chart 2-4



Source: Atlanta Regional Commission

Atlanta Real Estate Markets

Given this growth in regional population and employment, the regional real estate markets in Atlanta have been relatively strong since the 1980's. The downtown markets have recently begun to heat up. Since the mid 1980's Atlanta's stock of office space has just about doubled. Current office inventory in the Atlanta MSA is at 111 million square feet with approximately 25 million square feet concentrated in the downtown/midtown areas. Vacancy rates in both markets average about 10%.²² Downtown rents which were previously below rents in some suburban sub-markets are now competitive and often exceed the rents in these markets. Demand for space by high technology users and increased awareness of the accessibility of downtown is fueling this demand.

One example of downtown's resurgence is the new Centennial Tower at 101 Marietta. After the opening of the 1.5 million sq. feet, Atlanta Federal Center in 1997, Insignia Commercial Group renovated 101 Marietta, a 638,000 s.f. tower downtown previously 100% leased to government users. Steve Rothschild of Insignia reported that the planned 36-month lease up was completed in less than 18 months at rents exceeding the pro-forma estimates by 20 to 50%.

Economic growth has also spurred significant regional retail development during the last decade. More than 30 million square feet of new retail space has been added to the regional market since 1993²³. The majority of this space is in the form of grocery-anchored strip centers and big-box anchored power centers. In addition a number of department store anchored regional malls have opened as well, including the 1.7 million s.f. Mall of Georgia, 1.2 million s.f. Arbor Place, and the Perimeter Mall. Although suburban development has been exceptionally strong, in-town development has lagged. The most significant developments have been the opening of two grocery stores, Publix and Kroger serving in-town residents.

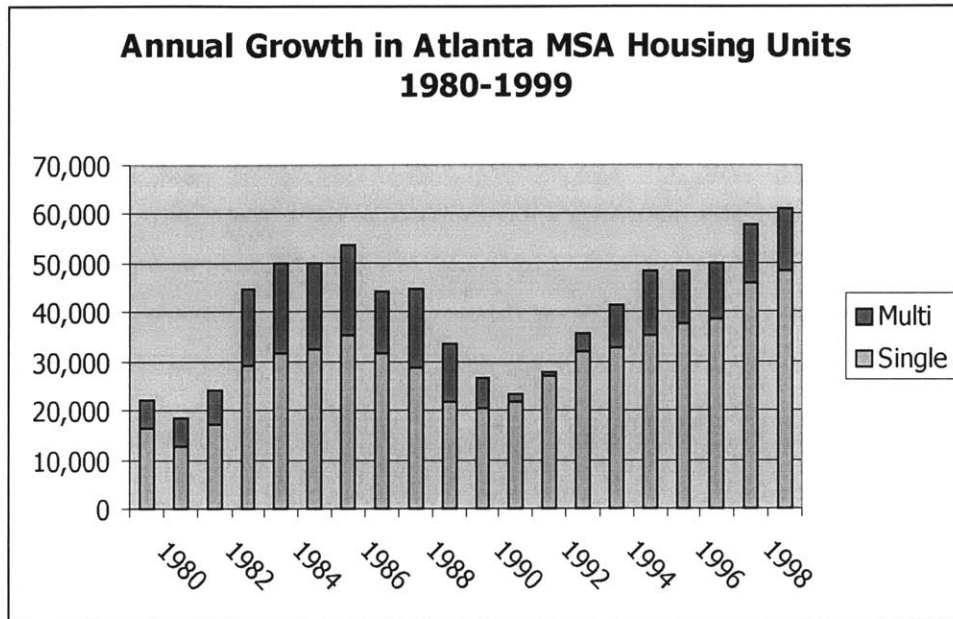
Atlanta's housing markets have tracked the overall regional economic growth. Approximately 600,000 new single family units and 200,000 multi-family units have been added to the regional

²² Colliers International Research Publication, Office 2000.

²³ ULI Market Profiles: 1999 Atlanta and National Real Estate Investor, Atlanta Review, March 1996.

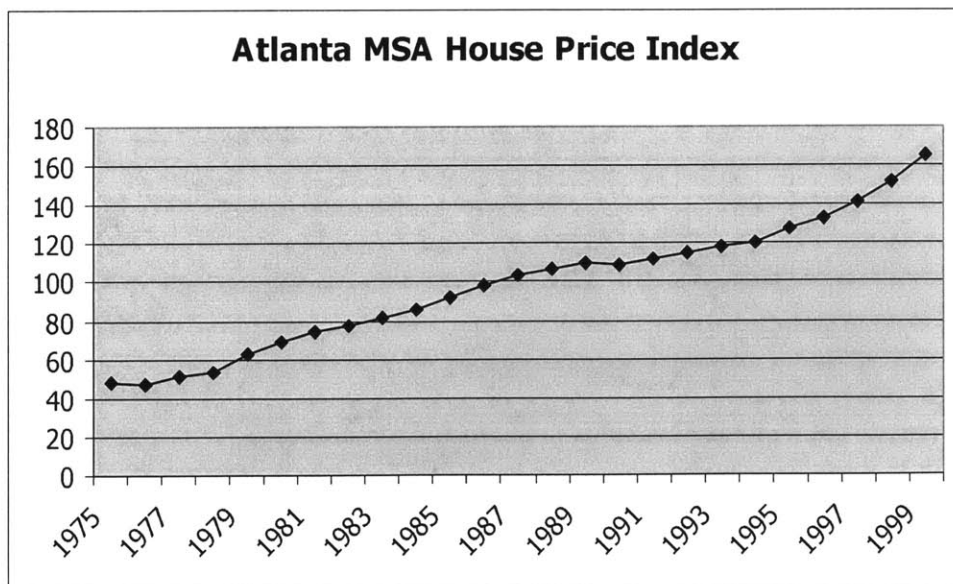
stock since 1980. Chart 2-5 below illustrates the annual growth in new single and multi-units during this period as reported by the *U.S. Census Department of Residential Construction*.

Chart 2-5



During this same period, both single family housing prices and monthly rents have more than doubled. Chart 2-6 below illustrates the trend in Atlanta MSA nominal single family home prices as reflected in the Home Price Index calculated by the Office of Federal Housing Enterprise Oversight (OFHEO) from 1975 to 1999.

Chart 2-6



Chapter 3. Atlanta's Planning and Hosting of the 1996 Summer Games

Prior to the Olympics, Atlanta has had a history of public private partnerships through such organizations as Central Atlanta Progress and its predecessors. However, the Olympics required partnership and cooperation on a scale never before experienced in the Atlanta region. The six-year planning effort involved more than 53,000 volunteers and hundreds of full-time staff to prepare for the 197 Olympic delegations and 5 million spectators. Although a significant number of sports facilities already existed in Atlanta, a number of new facilities and other improvements were required to host the 1996 Olympic Games. This section discusses the planning, organization and administration of the Olympic Games by the Atlanta Committee for the Olympic Games (ACOG) and the numerous related organizations that contributed to the preparation and success of the 1996 Atlanta Summer Games. Through the work of these groups and the various preparations made for the Games, the Olympic legacy continues to be an important force for change in the City of Atlanta.

The decision to pursue an Atlanta Olympic bid is primarily due to the efforts of one man, William Porter "Billy" Payne, a former college athlete and Atlanta attorney²⁴. Through Payne's perseverance, Atlanta was selected as the host for the Centennial Olympic Games on September 18, 1990 at an IOC meeting in Tokyo, Japan. Other Atlanta business and political leaders viewed the Olympics as most host city's do, as a means to achieve national and international recognition. While Payne built business support for the Games touting the marketing and economic benefits, to gain public support, organizers assured the public that no new taxes would be instituted to fund the Games. This no-new taxes pledge, more than any other factor, assured the immediate impact of the Games as a stimulus for urban change would not be as far reaching as some would hope.

After winning the bid, a number of new organizations were established to manage the financial, administrative, and operational aspects of hosting the Games. A tri-party agreement between the

²⁴ Information on the planning and hosting in this section was reported in the Atlanta Committee for the Olympic Games, *Official Report of the Games of the XXVI Olympiad*, 1997.

City of Atlanta, the Metro Atlanta Olympic Games Authority (MAOGA), and ACOG set forth the responsibilities of each entity in the preparation and hosting of the Games. ACOG, a private, non-profit organization, consisting of a coalition of business leaders and elected officials led by Billy Payne, was responsible for the management and day-to-day operations of the Games. ACOG was the central organization responsible for planning all aspects of the Games including facilities construction, marketing, ticket sales, accreditation, medical services, security, negotiation of media contracts, participant lodging and transportation, vendor certification, etc. Since the State of Georgia prohibited the City of Atlanta from assuming the IOC obligation of host cities to fund all necessary expenses in hosting the Games, the tri-party agreement established that ACOG would indemnify the city and state of financial obligations for the 1996 Games. MAOGA, a temporary state agency, was created specifically to oversee ACOG's finances to ensure the long-term financial viability of the Games. MAOGA operated in some respects as the Board of Directors of ACOG. MAOGA met quarterly with ACOG, performed an annual audit of ACOG's finances, and was required to approve all contracts in excess of \$250,000.

The Table 3-1 on the following page presents the cumulative revenues and spending (both capital and expense spending) of the ACOG for the planning, management, operation, and closedown of the 1996 Olympic Games. As shown in this table, the largest budget items were for construction and technology.

Venue Construction and Facility Improvements

In order to host the games, ACOG invested a significant sum for the construction and improvement of sporting venues. While the IOC and the IFs established the criteria for venue dimensions, equipment, and accessibility. ACOG's goal was to ensure that the facilities met IOC and IF requirements as well as their own goals for each sporting venue²⁵:

- to achieved symmetry with surroundings,
- to provide post-Game use,
- to produce no long-term negative environmental impact
- to meet accessibility standards for persons with disabilities, and
- to be cost-effective

²⁵ ACOG, Official Report, p. 110.

**Table 3-1- ACOG Cumulative
Financial Statement, April 1997**

Revenues		TOTAL	Share
	Broadcast Rights	\$568,290	33.02%
	Joint Venture	\$426,448	24.78%
	TOP III (corporate sponsorship)	\$81,180	4.72%
	Ticket Sales	\$425,140	24.70%
	Merchandising	\$31,910	1.85%
	Other Revenues	\$188,050	10.93%
	Total Revenues	\$1,721,018	
Expenses			
	Executive Management	\$24,898	1.45%
	Associated Organizations	\$7,655	0.44%
	Corporate Services	\$65,879	3.83%
	Olympic Programs & Physical Legacy	\$67,471	3.92%
	Communications & Government Relations	\$25,553	1.48%
	Olympic Ceremonies	\$26,647	1.55%
	Senior Policy Advisor	\$9,487	0.55%
	Operations Management	\$2,942	0.17%
	Logistics	\$41,104	2.39%
	Transportation	\$91,545	5.32%
	Medical Services	\$3,365	0.20%
	Accreditation	\$2,438	0.14%
	Security	\$32,743	1.90%
	Technology	\$218,983	12.72%
	Venue Management	\$37,396	2.17%
	Games Services Management	\$2,053	0.12%
	Games Services Marketing	\$14,662	0.85%
	Accommodations	\$22,136	1.29%
	Ticket Sales	\$35,309	2.05%
	Spectator Services	\$921	0.05%
	Food & Beverage Services	\$21,686	1.26%
	Merchandising	\$17,933	1.04%
	Host Broadcast	\$141,343	8.21%
	International Relations	\$3,355	0.19%
	Olympic Village	\$109,784	6.38%
	Olympic Family Relations	\$9,112	0.53%
	Sports	\$48,460	2.82%
	Administration & Human Resources	\$39,835	2.31%
	Construction	\$494,239	28.72%
	Financial & Management Services	\$69,958	4.06%
	Non Departmental Reserves	(\$6,543)	-0.38%
	Reserves for Contingencies	\$19,476	1.13%
	Reserves for Operations & Construction	\$19,193	1.12%
	Total Expenses	\$1,721,018	

The majority of Olympic events were centered in an concentrated area within 2 miles of downtown referred to as the Olympic Ring. A handful of events, including rowing, equestrian and sailing were located outside the Olympic Ring. In total, ACOG spent approximately \$500 million for the construction and renovation of facilities used in Olympic events. The largest single investment was the construction of the \$200 million Olympic Stadium used for the Opening and Closing Ceremonies as well as the track events.

While a number of new facilities were constructed and these exist as part of Atlanta's Olympic legacy, one of the attractiveness of Atlanta's bid to host the 1996 Games was its existing set of facilities, including the Georgia Dome, the Georgia World Congress Center, Atlanta Fulton County Stadium, Omni Coliseum and various sporting facilities at nearby academic institutions. Where necessary, temporary equipment, flooring, and seating were installed to accommodate Olympic events at these existing facilities. The Georgia Dome, a new facility which opened in 1991, hosted basketball, handball and the gymnastic events. Both the Georgia Dome and the Georgian World Congress Center were large enough to hold multiple events at the same time.

Where it was determined that future use beyond the Games would not be substantial, temporary facilities were constructed or leased. Examples of these facilities include the cycling velodrome, archery range, yachting marinas, and electrical systems at each venue. While organizers were criticized for the use of these temporary structures, ACOG argued that the use of temporary facilities was often more economical on both a short and long term basis.

Given the prevalence of academic institutions in the Atlanta area, a number of events were hosted in facilities at these institutions. These institutions also leased facilities to ACOG for practice by Olympic athletes. In many cases, ACOG invested in the renovation of these facilities for the Olympic Games either in lieu of rental lease payment or as required to comply with IF, IOC and ACOG's standards for Olympic venues. ACOG also renovated track, stadium and gym facilities at five Atlanta Public Schools²⁶. The table on the following page highlights the major construction projects managed by ACOG in preparation for the 1996 Summer Games venues.

²⁶ Hill, Anita, "5 Schools to get Olympic boost", *Atlanta Journal Atlanta Constitution*, March 28, 1995, p.B1.

Table 3-2 - Summary of Olympic Venue Construction Projects

Project	Description of Construction or Renovation	Events Hosted	ACOG Investment	Total Cost	Legacy
<i>Olympic Stadium</i>	construction of 85,000 seat multi-purpose stadium in Summerhill neighborhood, adjacent to Fulton County Stadium	opening, closing ceremonies, track and field events	\$189	\$209	<ul style="list-style-type: none"> reconfiguration into 45,000 seat baseball stadium, Turner Field, home for the Atlanta Braves track given to Atlanta University Center removed seating/sections given to Collins Hill high school for the construction of a new football stadium
<i>Georgian International Horse Park, Coyners, GA</i>	32,000 seat arena, 5 barns (360 stalls), groom housing, steeplechase course, cross county course	dressage, jumping, 3 day event	\$28	\$90	<ul style="list-style-type: none"> returned to City of Coyners which maintains the facility as the Georgia International Equestrian Center future site plans include addition of golf course and hotel
<i>Wolf Creek Shooting Complex</i>	outdoor trap and skeet ranges with bunkers and indoor ranges	shooting	\$17	\$17	<ul style="list-style-type: none"> transferred to Fulton County, owner of the existing range on the site
<i>Stone Mountain Tennis Center</i>	center (hard) court stadium seating 12,000	tennis	\$18	\$18	<ul style="list-style-type: none"> 4,000 seats removed, given to Stone Mountain Park, a state managed park largest tennis facility in southeast U.S. used by amateur league, Atlanta Lawn Tennis Association and others
<i>Stone Mountain Archery Center</i>	archery ranges and temporary seating at center of park	archery			<ul style="list-style-type: none"> temporary venues set up for use during the Games only equipment was leased and park returned to use after the games
<i>Stone Mountain Cycling Velodrome</i>	steel supported structure	cycling			
<i>Lake Lanier Rowing Center</i>	17,3000 temporary seating, permanent judge tower, boat houses and docks	rowing, canoe/kayak	\$10	\$10	<ul style="list-style-type: none"> transferred to City of Gainesville and Hall County

Table 3-2 - Summary of Olympic Venue Construction Projects

Project	Description of Construction or Renovation	Events Hosted	ACOG Investment	Total Cost	Legacy
<i>Waasaw Sound</i>	temporary docks, marina, day marina, satellite Village, lightning protection	yachting	NR	NR	<ul style="list-style-type: none"> • due to environmental concerns facilities were temporary and removed after the games
<i>Georgia Tech Natatorium</i>	new open air aquatic complex with 2 pools, diving well	competitive swimming, diving, water polo, synchronized swimming	\$21	\$25	<ul style="list-style-type: none"> • transferred to Georgia Tech, a state university • enabled the initiation of swimming and diving teams at Georgia Tech
<i>Georgian Tech Alexander Memorial Coliseum</i>	renovations to existing facility	boxing	\$1.5	\$1.5	<ul style="list-style-type: none"> • used by Georgia Tech
<i>Atlanta University Center Clark Atlanta University Stadiums</i>	new 5,000 seat stadium (and track) replacement of 100 year old sewer by City of Atlanta base for future track	field hockey	\$37	\$37	<ul style="list-style-type: none"> • transferred to Clark Atlanta University • after Games, Olympic Stadium track installed at this site
<i>Morehouse College Stadium</i>	new 15,000 seat stadium and entrance plaza	field hockey	included above	included above	<ul style="list-style-type: none"> • replaced 50 year old Herdon stadium • used for football by Morehouse College
<i>Morehouse College Basketball Arena</i>	new basketball arena	basketball (preliminaries)	\$11	\$11	<ul style="list-style-type: none"> • used by Morehouse College
<i>Morehouse School of Medicine, Drug Testing Center</i>	renovations to existing facilities	drug testing	\$1	\$1	<ul style="list-style-type: none"> • used by Morehouse College
<i>Spellman College</i>	renovations to tennis facilities	practice area	\$1	\$1	<ul style="list-style-type: none"> • used by Spellman College
<i>Georgia State University Gymnasium</i>	renovations	badminton			<ul style="list-style-type: none"> • used by Georgia State

Olympic Village

The housing of athletes in a concentrated area referred to as the Olympic Village dates to the 1932 Los Angeles Summer Games. For the 1996 Games, the Atlanta Olympic Village, housing 16,500 athletes and officials, was located on the campus of the Georgia Institute of Technology (Georgia Tech). The Atlanta Olympic Village was constructed as new student dormitories on the campus of Georgia Tech. Eight additional villages were constructed/organized for events located outside the Olympic Ring.

To create the Olympic Village, the Board of Regents, the state authority responsible for university funding, renovated existing dormitories, constructed new dormitories as well as a new campus plaza which served as a central gathering place in the Village. The new dormitories provided housing for 9,384 athletes and officials in apartment style accommodating with four single or double-occupancy bedrooms, 2 bathrooms, a kitchen and living room. The new plaza included a permanent central fountain a bell tower gathering area, and an amphitheater used for National Olympic Committee welcome ceremonies. In addition to the new and renovated dorms, other temporary structures were added to create the Olympic Village including security fences, furniture and equipment. During the 1996 Games, the Olympic Village was separated into two distinct areas: the residential zone, which provided lodging and resident food service, and an international zone, which offered recreation, entertainment, guest dining service, and other amenities for residents of the Village.

Prior to the Games, Georgia Tech provided housing for less than 7,000 of its almost 13,000 students. Thus, the Olympic Village enabled Georgia Tech to expand its dormitory capacity for another 2,700 students, a 38% increase. More significantly, a portion of the Olympic Village dormitories was transferred to Georgia State to provide housing for 2,000 students. Prior to the Olympics, Georgia State University offered no campus university housing.

Although criticized for being absorbed within the university community and closer to midtown than downtown, the Olympic Village was significant in that it increased the population of young adults in the center city. Moreover, as key economic forces in the center city, improving and sustaining the attractiveness of these institutions is significant to the health and revitalization of

the city itself. From a financial standpoint, the availability of land and the joint funding provided by the State of Georgia enabled the Village to be constructed at lower costs for ACOG than if a new neighborhood were to have been built as done in Barcelona and as planned for Sydney. The Board of Regents funded 75% of the \$200 million in construction for the Olympic Village.

Another significant legacy of the Village was the creation of university housing for Georgia State University (Georgia State) which previously offered no university-owned housing. The establishment of university housing marked a turning point for Georgia State, located in the heart of downtown. While traditionally a commuter school for part-time students, Georgia State is beginning the transition to educating an increasing percentage of full-time students. Georgia State recognizes its opportunity to increase the resident population in the heart of downtown through the construction of student housing, benefiting its institution and the downtown area. In Georgia State's recently approved 10-year Master Plan, the university plans to construct additional housing for more than 2,000 students by year 2007. In many respects, the Olympic Village helped to accelerate Georgia State's transition and expansion in the center city.

Infrastructure Improvements

In preparation for the Games, the City of Atlanta and the State of Georgia invested in significant infrastructure improvements in new roads, bridges, telecommunications, and sewer systems. While some of these investments were in the long-term plans, the hosting of the Games accelerated the phase-in of these projects and has certainly contributed to the continuing economic growth in the Atlanta region.

The Atlanta Business Chronicle reported that the Games spurred \$2 billion in transportation projects by city, county and regional governments.²⁷ Hartsfield Atlanta International Airport gained a \$300 million international air terminal, a \$24 million atrium and overall improvements exceeding \$250 million. All were part of the airport's master plan, but the Olympics created the catalyst to move these projects forward on a faster track.²⁸

²⁷ Anason, Dean and Womack, Ken , "The road to July 19 Atlanta's Olympic transformation," *Atlanta Business Chronicle*, July, 22, 1996.

²⁸ Vaeth, Elizabeth, "1996 Olympics: A defining moment in Atlanta's history Was it worth it?," *Atlanta Business Chronicle*, June 15, 1998.

Other transportation legacies of the games included high occupancy vehicle lanes, reconstruction of two downtown bridges, and the installation of a \$125 million Advanced Traffic Management System, both funded with state and federal monies. The ATMS includes an \$11 million command center which collects, analyzes and distributes information on roadway congestion in the Atlanta region. MARTA expanded its system adding three new stations and miles of rapid rail service.

As part of the spectator transportation plan which promoted the use of MARTA and buses to the Olympic venues, more than a dozen street corridors and public spaces were redesigned to accommodate foot traffic from bus and MARTA drop offs to the venue sites. Through sidewalk expansion, tree planting, the erection of pay toilets, historical-style streetlights, and information boards, these corridors were designed to enhance the street environment long after the games. Eighty percent of the costs were funded through federal ISTEA monies with the remaining matched by the City.

According to a number of Atlanta business leaders interviewed for this study, one key investment that is attracting more businesses downtown was the installation of fiber optic cable laid in preparation for the Olympic Games. High tech firms are attracted to the city not only for its urban amenities and building stock, but the existing fiber-optic infrastructure facilitates the growth of their enterprises.

To fund bridge repair and sewer system enhancements, Atlanta voters approved a \$150 million bond issue in July 1994. Concerns regarding the safety of the bridges and the adequacy of the city's sewer system to handle the additional visitors facilitated voter approval. Although many projects were not completed in time for the games, the Olympics forced the city to begin these important repair projects.

CODA and Urban Redevelopment

Mayor Maynard Jackson, successor to Mayor Andrew Young who supported Payne's bid, viewed the Olympics as an opportunity to revitalize Atlanta's poorer neighborhoods. Given

ACOG's focus on venue construction and event management, the City of Atlanta created another non-profit group to focus on redevelopment of the city in preparation for the 1996 Games. The Corporation for Olympic Development in Atlanta, CODA, had the responsibility of spearheading neighborhood redevelopment and urban design around the Olympic Ring. CODA was co-chaired by Mayor Jackson and a business leader selected by the Mayor. In late October 1993, CODA released its Master Olympic Development Program for the City of Atlanta. The plan proposed redevelopment projects in fifteen neighborhoods within the Olympic Ring. These neighborhoods would be host to venue sites or adjacent to the downtown where a majority of the Olympic activity would be focused. CODA's second focus area was urban design improvements. CODA proposed a number of projects to create a more pedestrian-friendly environment for visitors to the Games.

Unfortunately, both public and private forces prevented CODA from realizing its almost \$400 million Master Olympic Plan, more than half of which relied upon private funding. The Atlanta City Council never approved the majority of redevelopment plans due to neighborhood protests.²⁹ Many communities were unprepared and unwilling to work with this central organization. Moreover, lack of funding meant more piecemeal, rather than comprehensive redevelopment.

In the end, of the thousands of planned homes in the 15 Olympic Ring neighborhoods, 290 homes in five neighborhoods were constructed, and 139 multi-family units were renovated.³⁰ The five communities realizing the most benefit included Summerhill, Peoplestown, Vine City/Asby, Mechanicsville, and MLK Jr Historic District and Old Fourth Ward. As shown in the table on the following page, some homes were part of CODA initiated projects while others were initiated by other public-private partnerships. Notably, in the Martin Luther King Historic District, Historic District Development Corp. and NationsBank Community Development teamed up to build 30 homes and to renovate 10 others. Habitat for Humanity built around 100 saltbox style houses in Peoplestown and Mechanicsville.

²⁹ Newman, K, op. cit., p. 154.

³⁰ Hill, Alma E, "Olympic Legacy: Big Dreams that Fizzled," *The Atlanta Journal/The Atlanta Constitution*, June 9, 1996, pp G8-9.

Table 3-3 Pre-Olympic Community Redevelopment

Neighborhood	Summerhill	Peoplestown	Vine City/Ashby St.	Mechanicsville	Old Fourth Ward/ Sweet Auburn
Population	2109	2527	4641	3899	3745
Poverty Rate	63%	50%	47%	68%	44%
Total Area		300 acres	335 acres	450 acres	487 acres
Vacant		286	376	590	375
Severely Det.		78	68	98	82
Deteriorated		173	356	178	237
Substandard		297	416	138	249
CODA Plan	NA	\$5.5 million	\$8.3 million	\$8.1 million	\$7.2 million
Actual Pre-Olympic Investments	New housing developments at Greenlea Commons new homes on Summerhill South Georgia Av. Storefront improvements	Received commitments or loans totaling \$5 million to build 25 new homes, finance redevelopment costs, and to implement beautification projects, 20 new Habitat homes	Secured \$7 million to build 54 apt. units, police precinct, 22 single family homes, senior citizen housing complex \$4.3 million for pedestrian improvements	Nine new homes on Pryor St.	\$2 million for 30 new single family homes and 10 renovations,
Community Development Corp	Summerhill Neighborhood Development Corp., 1998	Peoplestown Revitalization Corp., 1993	Vine City Housing Ministry, 1986	SUMMECH Community Development Corporation	Historic District Development Corp, 1980
Olympic Partners	Nationsbank Comm. Development, John Weiland Fleet Finance First Union Atlanta Resource Foundation AMOCO Home Depot metro area Churches	City of Atlanta Habitat for Humanity Fleet Financial ANDP AMOCO Enterprise Foundation	Urban Residential Finance Authority, Resolution Trust Corp. City of Atlanta Georgia Power Georgia Pacific HUD ANDP Atlanta Economic Development Corp.	Habitat for Humanity Fleet Neighborhood ANDP MAOGA Nationsbank	Nationsbank Community Development

Source: CODA Master Plan, Atlanta Journal/Atlanta Constitution

CODA was more successful in the implementation of its urban design projects. This success was attributed to their role in the Olympic transportation plan as well as their more direct impact on visitors to the Games. Approximately \$78 million raised by CODA's was directed towards streetscape improvements, including new sidewalks, benches, plantings, new and repaired street lighting, information boards and the placement of public art in parks and plazas. In particular, 1,200 newly designed streetlights, the Atlanta light, were installed in and around the downtown area. Trees Atlanta underwrote the purchase and planting of more than 10,000 trees. The PATH Foundation funded more than 40 miles of new pedestrian and bicycle trails³¹. The table below summarizes the key areas benefiting from CODA's urban design plan.

Table 3-4 - CODA Urban Design Projects³²

Project Name/Area	Project Cost (\$000)
Peachtree Corridor	\$13,675
Auburn Avenue Corridor	\$5,869
Auburn Market/Dobbs Plaza	\$3,222
Atlanta University Center/Westside/MLK Corridor	\$11,626
Capital Avenue Corridor	\$6,110
International Blvd. Corridor	\$8,362
Ralph David Abernathy Corridor	\$4,208
Georgia Avenue Corridor	\$1,363
Tenth Street Corridor	\$992
Woodruff Park	\$5,935
Marietta Corridor and Parks	\$152
GA Tech - Freedom Park Bikeway	\$355
Freedom Park	\$780
Founders Park/Summerhill St. Extensions	\$864
Local Neighborhood Streets	\$7,167
Design, Development, Other Projects	\$4,278
Total CODA Urban Design Investments	\$74,958

The investment in green space and public parks is particularly notable. Prior to the Games, in 1992, an anonymous \$10 million donation was made for the renovation of Piedmont Park, an 186-acre park in Midtown³³. Piedmont Park improvements included restored walkways,

³¹ Knack, Ruth, "What the Olympics leave Atlanta," *Planning* vol. 62(11), November 1996, pp 18-19.

³² French, Steven P. and Disher, Mike E, "Atlanta and the Olympics: A one-year retrospective," *Journal of the American Planning Association* vol. 63(3), Summer 1997, pp. 379-392.

³³ Hill, Alma E, "Secret donor gives \$10 million for Piedmont Park renovation." *The Atlanta Journal/The Atlanta Constitution*, November 6, 1992.

guardrails, lighting and landscaping. Woodruff Park, at the foot of Peachtree hotel and retail district was completely redeveloped with new plantings, benches, and sidewalks. Also, in anticipation of the Olympics, the City created Freedom Park, a 210-acre area along either side of Freedom Parkway which contains both bike trails and green space.

To improve the appearance of the City in anticipation of the Games, the City removed 1,400 blighted structures in 1995 and 1,000 in 1996. At the time of the Games, plans were in-place to raze another 2000 structures in 1997. The City of Atlanta also organized beautification projects such as Operation Clean Brush, a joint project with the International Brotherhood of Painters and Sherwin Williams to repaint more than 250 homes near Olympic venues. While only providing a facelift, these projects offered some improvement to the urban blight of poorer neighborhoods.

Other notable Olympic-accelerated private projects included the U.S. Postal Service's \$15 million investment in improvements to 39 Atlanta area postal facilities. While part of the organization's Master Plan, investment in the Atlanta region was fast-tracked in anticipation of increased tourism from the Games.³⁴

Centennial Olympic Park

The construction of Centennial Olympic Park in the heart of downtown is considered by many to be the one of the most important legacies of the Games. The Park contributed to the success of the games and has transformed a formerly blighted area of the city.

While not originally included in Atlanta's Olympic bid, ACOG realized the importance of a central gathering place after visiting other past Olympic sites, particularly Plaza de España in Barcelona. In late 1993, ACOG announced its intention to create a central gathering space connecting the Olympic Village to the main venues at the Georgia Dome, Georgia World Congress Center, and the Omni Coliseum. Initially planned to be more than 50 acres, the final

³⁴ Saunders, Tinah, "Post offices to be stamped with new look by 96 Games," *The Atlanta Journal/The Atlanta Constitution*, September 7, 1995.

plan produced a 21-acre park in the heart of the city. One of the reasons cited for the reduced size was the high land acquisition costs.³⁵

On behalf of the State, the Georgia World Congress Center Authority was responsible for the design and development of the park. One major landowner donated land for the park, other land was acquired as part of the development budget. Development funds were raised through the Atlanta Chamber of Commerce efforts. The Woodruff Foundation funded approximately half the cost of Phase I park development. Other funds were raised through commemorative brick program which allowed patrons to inscribe up to two lines of text for names, dates, etc on the brick to be used for paving in the park. Home Depot, headquartered in Atlanta, assisted the program by selling the bricks nationwide in its stores. During the Games more than 100,000 bricks were sold for \$35/piece. In total, approximately 500,000 bricks were sold.

The design of the park, by EDAW, an international landscape design firm, is an urban quilt. The brick pathways separating different sections of the park reinforce a patchwork effect. The centerpiece of the park is Centennial Plaza, serving as the main gateway to the park. Twenty-three flags for each of the host countries of the modern games surround the Fountain of Rings. Four significant works of art were donated and placed in Centennial Olympic Park: Tribute to Olympia, Androgyne Planet, Gateway of Dreams, and the Allen Family Tribute.

During the Games, the Park served as a gathering space and entertainment venue and sponsor village. AT&T, Anheuser Bush, General Motors, Swatch and Coca-Cola had large pavilions at the Park. In addition, a sponsor village housing all TOP and COP sponsors of the games occupied a portion of the park. Within this sponsor village, each individual corporation had its own entertainment venue. Adjacent to the Park was 14-acre Coca-Cola Olympic City. While contributing to the attraction of the park for Olympic visitors, these corporate exhibits led some to criticize Atlanta for the commercialization of the Olympics.

³⁵ Ken Bleakley, COPA, Interview by phone June 16, 2000.

After the Olympics, the development of Centennial Olympic Park was completed with the addition of grass, trees, new engraved brick walkways, additional fountains, memorial plazas, a concert pavilion, and fence to enclose the park at night.

Chapter 4. Hallmark Event Theory and Study Methodology

Hallmark events generally refer to one time or recurring large-scale events requiring substantial planning, organization, and investment, drawing significant regional, national, and/or international attention to the host city. Such hallmark events include the world fairs, major expositions, sporting events, and of course, the Summer and Winter Olympic Games. Due to their duration and scale, these events often leave a lasting legacy on their host city. Hallmark events are notable not simply for their legacy of architecture and ideas, but for the prominence they provide to the host city before, during and after the event. This showcasing presumably leads to increased tourism and commercial investment for the host city; thus, creating a significant incentive for cities to pursue opportunities to host these grand events.

As a result of the event's magnitude and scale, Hallmark events generate a variety short-term and long-term impacts on the host city, including economic, tourism/commercial, physical, socio-cultural, psychological, and political impacts.³⁶ Such impacts can be both positive and negative for residents. For example, while the event brings increased spending from event spectators and tourists, cities often must construct new facilities in order to host the event which may be expensive to maintain or simply un-needed or underutilized after the event. In other cases, successfully hosting a large-scale event often creates new partnerships and alliances between the public and private sectors which continue after the games. Given these potential impacts, there is a need to understand, analyze and measure how hallmark events affect their host cities.

Most studies of the economic impacts of Hallmark events focus on quantifying the direct incremental dollars injected the regional economy in the years prior to and the time during the event. The studies then apply multipliers to these direct impacts to calculate the induced effects on the regional economy. Other adjustments may be made for displacement of normal economic activity from hosting the event. The sum of direct and induced effects less displaced activity equals the total economic impact on the region expressed in dollars. In quantifying these impacts, models will identify the incremental labor by standard industrial category. While

³⁶ Hall, Colin Michael, "Chapter 2. Hallmark events and the planning process," Geoffrey Syme, et.al. eds. *The Planning and Evaluation of Hallmark Events*, Avebury, 1989.

valuable to planners and organizers, these studies fail to identify long-term impacts from hosting the events on the economy or specific segments of the economy. These studies provide little indication of the microeconomic impacts on particular industries, such as pricing, labor costs, and aggregate supply and demand. Furthermore, the only long-term impacts from the event are those captured as part of the induced (or multiplier) effects from direct and indirect during the preparation and hosting of the event. Thus, these studies presume events are simply an single economic shock having no long-term structural effects on either the aggregate market or specific industries.

In a series of *Georgia Business and Economic Conditions* articles during the pre-Olympic period, Jeffrey Humphreys and Michael Plummer quantified the projected economic impact of Atlanta’s hosting the 1996 Summer Olympics. This study which was updated in each article calculated total impacts the sum of short-term direct and indirect impacts plus the induced (or multiplier effects) from the direct and indirect impacts being respect within the state. Multiplier values were obtained from the U.S. Department of Commerce’s Regional Input-Output Modeling System (RIMS II). The results of Humphrey’s and Plummer’s analysis produced a total economic impact of \$5.1 billion (1994 dollars), consisting of \$2.3 billion in direct and indirect impacts and \$2.8 billion in induced impacts. The study details the impacts by source and industry. In addition, the study identifies the portion of the impact that is attributable to personal earnings both by source and by industry. The table below categorizes the economic impact by industry for all industries with total estimated impacts exceeding \$100,000.

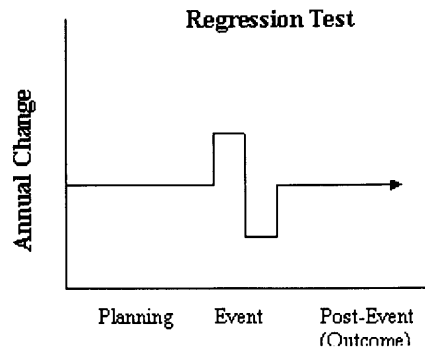
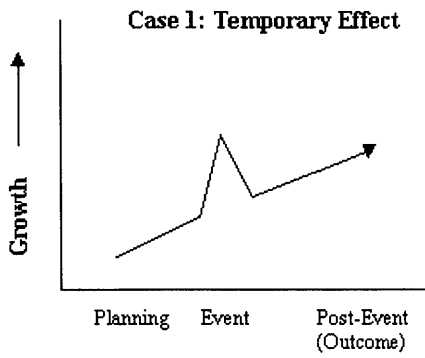
Table 4-1 Summary of Estimated Economic Impacts from 1996 Olympic Games

Industry Name	Direct and Indirect Expenditures	Induced Impacts	Total Economic	Share of Total
Lodging & Amusements	621,562,459	56,159,095	677,721,554	13.18%
Business Services	368,222,035	241,991,228	610,213,263	11.87%
Eating & Drinking	290,434,134	122,278,452	412,712,586	8.03%
Real Estate	1,846,610	381,635,736	383,482,346	7.46%
Households	328,247,631	0	328,247,631	6.38%
Retail Trade	113,507,662	207,987,725	321,495,387	6.25%
Transportation	98,093,055	136,436,289	234,529,344	4.56%
Food Products	598,653	214,495,951	215,094,604	4.18%
New Construction	212,615,000	0	212,615,000	4.14%

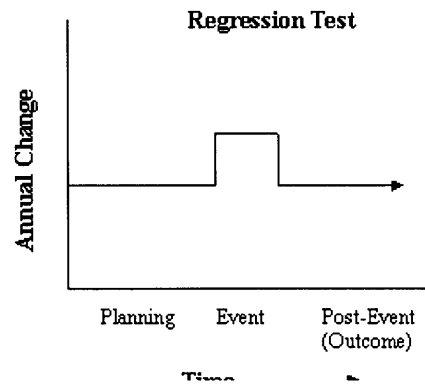
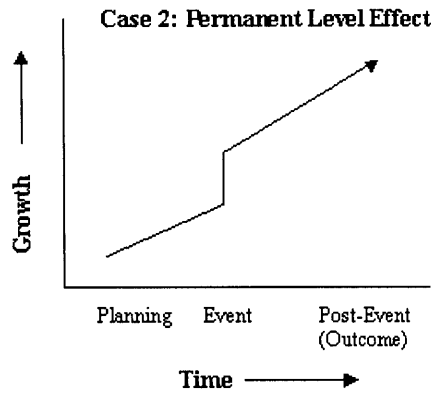
Industry Name	Direct and Indirect Expenditures	Induced Impacts	Total Economic	Share of Total
Other Services	106,908,577	96,444,126	203,352,703	3.96%
Wholesale Trade	17,624,101	165,402,888	183,026,989	3.56%
Utilities	6,778,283	142,738,968	149,517,251	2.91%
Health Services	59,867	146,817,526	146,877,393	2.86%
Communication	36,085,541	103,566,045	139,651,586	2.72%
Finance	9,763,735	99,556,547	109,320,282	2.13%
Insurance	25,964,872	80,203,290	106,168,162	2.06%
All Others	69,585,553	637,917,326	707,502,879	13.76%
Total	2,307,897,768	2,833,631,192	5,141,528,960	

The study also quantifies the new jobs created as a result of the Olympics during the 1991 to 1997 period. In total, the study estimates that the Olympics would create 77,000 full and part time jobs, consisting of 36,000 direct positions and 41,000 positions as a result of induced economic impacts. To provide a sense of magnitude, total non-farm employment in the Atlanta MSA measured 1.9 billion in 1995. At that time, the Atlanta MSA was growing on a compound basis approximately 4-5% annually. Thus, the total impact was equivalent to 1 year of employment growth in the Atlanta MSA. While the study notes a number of long-term impacts in terms of new sports facilities and other development, it did not attempt to quantify them beyond total investments. However, given the magnitude of these impacts, it may be reasonable to assume that the Olympics asserted some measurable effects on the long-term growth, pricing and investment trends in particular industries.

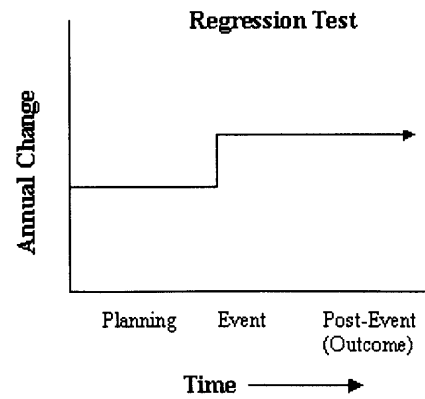
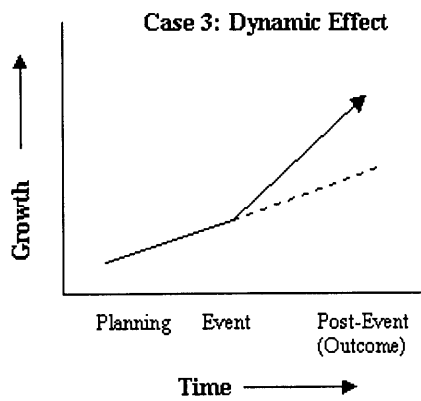
In establishing an analytical framework to understand the long impacts of these hallmark events on particular industries or economic indicators for the host city, three alternative scenarios must be considered: a temporary effect, a permanent effect, and a dynamic effect. Each framework may be measured by performing regression analysis on the annual change in the levels of a particular variable or on the annual flows of economic activity. In the first case, the hallmark event simply produces a short-term upward shock over the normal growth trend. The event impact is temporary. After the event, there is a relatively quick return to the pre-event growth trend. Chart 4-1 on the next page illustrates this scenario on the level of a particular variable and on the annual growth or activity flows for that variable.



In the second case shown in Chart 4-2, the event produces one-time increase in the trend, in effect, shifting the trend curve upward.



In the third case, the event has a more dynamic effect on long-term trends. The event changes the slope of the trend curve suggesting the event created a new plateau for growth.



This simple framework presents three different ways in which economic variables, such as employment, housing prices, construction activity, may be affected in the long-term by the hosting of a Hallmark event. Of course, the event may have no impact and in this case, there would be no significant shift in the level of the variable or in the annual change in that variable.

Having established a general analytical framework, a set of regression equations can be constructed to measure the effect of the Hallmark event on economic trends, such as the 1996 Atlanta Summer Olympic Games. While the primary focus of this study is the Atlanta real estate markets, general and industry-specific employment markets in Atlanta were also analyzed as a means to test the long-term effect of Humphrey's calculated employment impact. In all cases, annual economic variables, such as change in employment or housing permits, are used to avoid the seasonality associated with monthly economic data in evaluating the impact of the 1996 Olympic Games.

Each particular economic variable, or market indicator, will be regressed against the value of the variable in the immediate period prior to the current and a dummy variables for the pre and post Olympic period. Two equations are run for each variable. In the first, the dummy is set to one only in the Olympic year, representing Cases I & II above. In the second, the dummy variable is set to 1 in the Olympic year and each year after, representing Case III. Thus, the resulting equations should identify if and to what extent the Olympics affected the long-term economic trends. If the dummy is statistically significant in both cases, the regression with the highest R2 would be used to determine the best fit. If the regression does not yield a statistically significant variable in either case, the results suggest the event had no impact. Where both regional and local data is available, a second analysis is performed to test the sensitivity of local trends to the regional market as well as the Olympics. This analysis is also run two times using for each of the two different Olympic dummy variables.

The basic time series equation for both regional and local analysis of real estate indicators in the Atlanta market is:

$$A_t = b_0 + b_1A_{t-1} + b_2OLM1 + e$$

where, A_t = a regional or local flow variable or first difference at time t, such as the annual construction starts, annual change in housing prices, annual change in average daily hotel revenues, etc.

b = constant

A_{t-1} = the value of the flow variable or first difference in the previous period.

OLM1 = a dummy variable which assumes a value of 0 for all periods except 1996

e = error term

In the second regression, the dummy variable is changed to OLM2.

$$A_t = b_0 + b_1A_{t-1} + b_2OLM2 + e$$

where,

OLM2 = a dummy variable which assumes a value of 0 if the period falls 1996 value of 1 for all periods equal to or greater than 1996.

In the cases where both local and regional data is available for a particular indicator, a second analysis will be performed:

$$L_t = b_0 + b_1R_t + b_2OLM1 + e$$

where, L_t = a flow variable or first difference at time t representing a subset of the Atlanta region either the Atlanta CBD, the City of Atlanta, or Fulton county, such as the annual construction activity, annual change in housing prices, annual change in average daily hotel revenues, etc.

R_t = the value of the same flow variable for either the 10 county or 20 county Atlanta MSA region in the same period.

OLM1 = a dummy variable which assumes a value of 0 for all periods except 1996

e = error term

As in the first case, two equations will be tested. The second will use a different dummy variable.

$$L_t = b_0 + b_1R_t + b_2OLM2 + e$$

where,

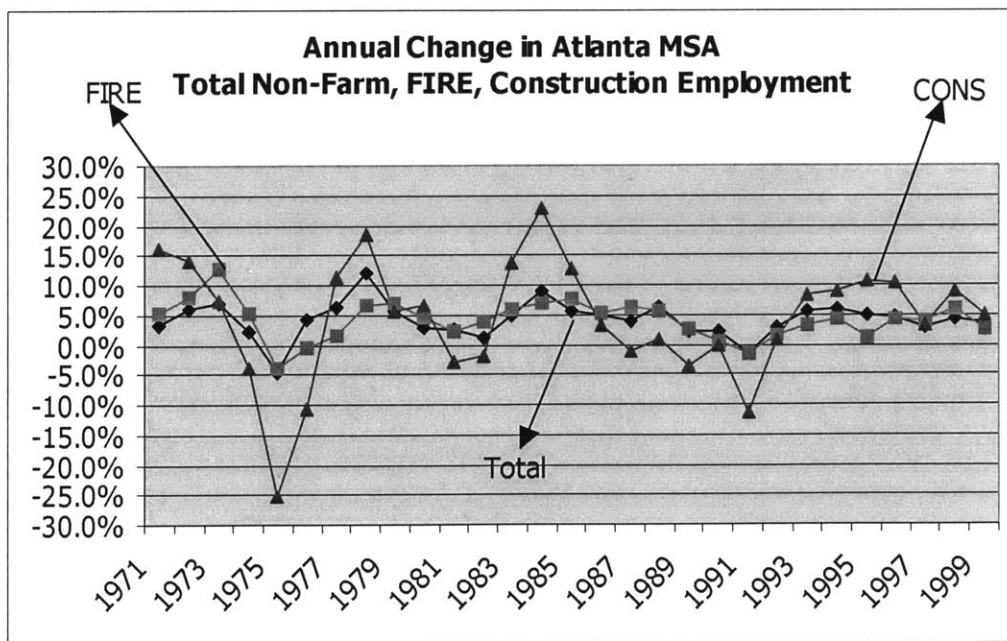
OLM2 = a dummy variable which assumes a value of 0 if the period falls 1996 value of 1 for all periods equal to or greater than 1996.

Chapter 5. Olympic Impact on Regional Employment and Construction

Regional Employment Growth

Following the methodology presented in the previous section, regional employment variables were tested to determine whether or not the Olympics affected total and industry-specific employment growth in the Atlanta MSA. Humphrey's estimate of incremental employment associated with the Olympics for the 1991 to 1997 period was equivalent to approximately one-year of employment growth in the Atlanta MSA during the early 1990's. Thus, it is reasonable to assume that the Olympic impact may be measurable. The Chart 5-1 below shows the annual percentage change in employment for total non-farm (non-agricultural) employment, FIRE employment, and construction employment for the 1971 to 1999 period. As shown in this chart, total employment and FIRE employment have followed a relatively similar trend although FIRE accounts for less than 8% of total employment. Construction employment generally follows the trend but appears to increase and decrease much quicker in response to economic cycles. There does not appear to be unusual activity in either trend during the pre and post Olympic period.

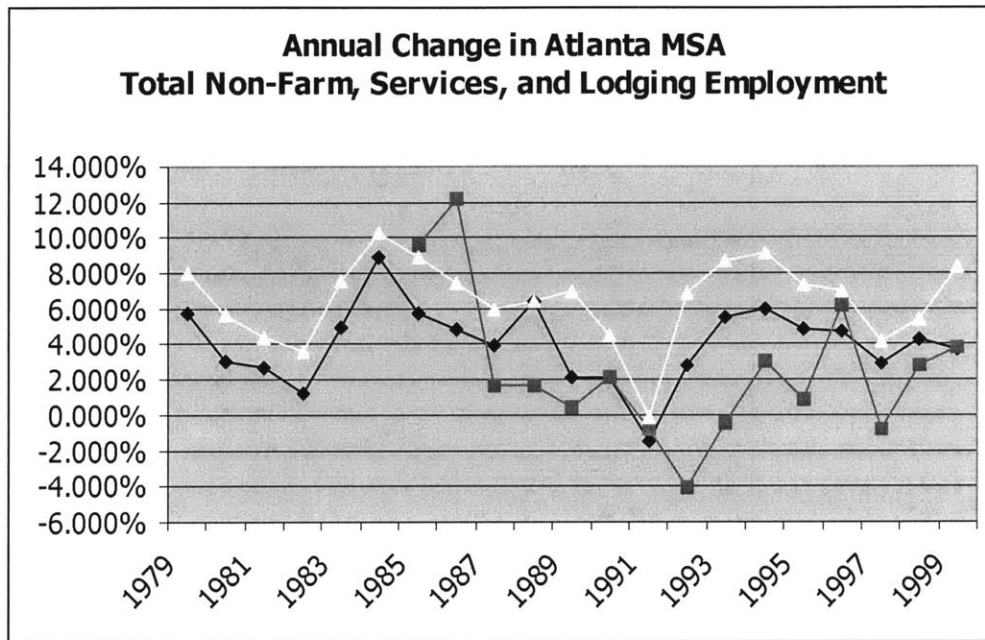
Chart 5-1



Source: BLS Atlanta MSA Employment

On the next page, Chart 5-2 shows the annual change in services employment for the 1979-1999 period and lodging employment for the 1985 to 1999 period along with total non-farm employment from 1979 to 1999. Like FIRE, Services employment tracks total non-farm employment but appears to be growing at a higher rate. However, annual change in lodging employment follows a more random trend.

Chart 5-2



Source: BLS Atlanta MSA Employment

Using Bureau of Labor Statistics employment figures, a series of regressions were run to test the impact of the Olympics on the year to year trend in employment growth in the Atlanta MSA for total non-farm (non-agricultural) employment for the Atlanta MSA as industry specific figures for FIRE, Construction, Services, and Lodging. In each case, the series was run for all periods during which data was available. As shown in the summary table on the next page, in all cases except lodging, employment growth follows a trend from the prior period. In other words, the change in employment in a given period is a good indicator of the change in employment in the next period. The t-statistics for the prior period variable were significant for all employment variables except lodging employment. However, in no case was the change in annual employment related to the hosting of the Olympics on either an aggregate or industry specific basis. All t-statistics for both Olympic dummy variables were insignificant. Thus, the Olympics failed to either cause a one-time boost or affected the long-term trend in any sector nor in total.

Table 5-1

Summary of Olympic Impact on Atlanta MSA Employment

Variable	d variable				d variable			
	constant	t-1	OLM1	R ²	constant	t-1	OLM2	R ²
Change in Total Employment								
coefficient	28.8648	0.4676	17.8106	0.2310	29.2209	0.4099	22.0165	0.2658
<i>t statistic</i>	<i>2.6514</i>	<i>2.5311</i>	<i>0.5314</i>		<i>2.7476</i>	<i>2.1811</i>	<i>1.2176</i>	
Change in FIRE Employment								
coefficient	1.4662	0.5205	2.7052	0.2847	1.6274	0.4411	1.3323	0.2771
<i>t statistic</i>	<i>2.1192</i>	<i>3.0505</i>	<i>1.2440</i>		<i>2.4012</i>	<i>2.5223</i>	<i>1.1269</i>	
Change in Services Employment								
coefficient	8.0247	0.7075	3.0995	0.3950	9.2789	0.5849	7.7606	0.4436
<i>t statistic</i>	<i>1.5026</i>	<i>3.0779</i>	<i>0.2835</i>		<i>1.7903</i>	<i>2.4496</i>	<i>1.2544</i>	
Change in Construction Employment								
coefficient	1.1593	0.5697	2.6829	0.3216	0.9040	0.5052	3.5352	0.3584
<i>t statistic</i>	<i>1.1646</i>	<i>3.2133</i>	<i>0.5405</i>		<i>0.9120</i>	<i>2.8006</i>	<i>1.3200</i>	
Change in Lodging Employment								
coefficient	0.2002	0.3376	1.2323	0.2566	0.1990	0.2962	0.3882	0.1514
<i>t statistic</i>	<i>0.7837</i>	<i>1.3904</i>	<i>1.5003</i>		<i>0.6703</i>	<i>1.1473</i>	<i>0.7798</i>	

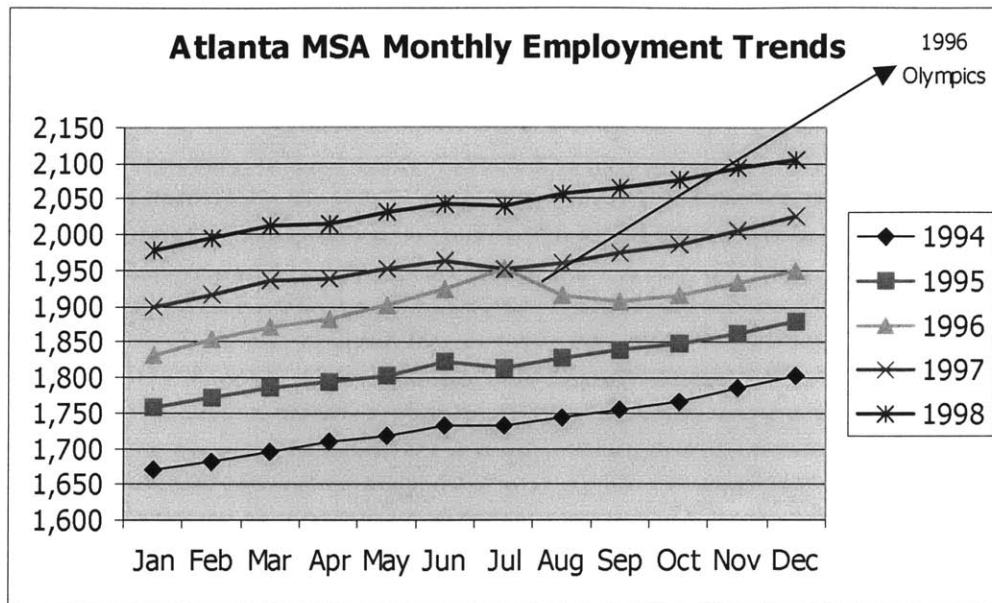
To test whether or not the effect began prior to the Olympics, a third equation was run for total non-farm employment and construction employment using an Olympic dummy which assumed a value of 1 beginning in 1991, the year following the announcement of the selection of Atlanta to host the games. Since Humphrey's study did not specify the employment impact by year, running this third case with the dummy variable applicable during the pre-and-post Olympic period, it may capture an Olympic impact that may be spread out more evenly in the 1991 to 1997 period. As shown in the table below, the results of this third were also not significant for either total employment nor construction employment.

Table 5-2 Analysis of Pre-and-Post Olympic Employment Impact				
	Total Non-Farm		Construction	
	<i>coefficient</i>	<i>t state</i>	<i>coefficient</i>	<i>t stat</i>
constant	25.75281	2.383432	0.517489	0.464598
d employment t-1	0.434336	2.398783	0.55841	3.264326
OLM3	16.8004	1.287087	2.378725	1.250043
R²	0.270625238		0.35406939	

The results of all of these equations suggest the employment impact was overshadowed by general economic trends. Growth from the Olympics was no more significant than growth from any other factor such as corporate expansion and corporate relocation to Atlanta that has been occurring during this period. These equations may also suggest the magnitude of employment growth may have been overstated in Humphrey's study. Alternatively it may suggest that the employment was more heavily concentrated in part-time, temporary staff.

In reviewing the monthly employment data in Chart 5-3 on the following page, there does appear to be a slightly higher than normal increase in total non-farm employment in the three to five month period around the Olympic Games in contrast with the typical monthly employment patterns during these summer months.

Chart 5-3



Source: BLS Atlanta MSA Employment

Impact of the 1996 Olympics on monthly employment is even more pronounced in lodging and in food services³⁷ shown in Chart 5-4 and Chart 5-5 respectively. In both sectors where summer employment is flat or slightly decreasing, during the Olympic year, it spiked to record levels compared with the typical trend. In spite of these pronounced monthly spikes, the overall impact of the Olympics was not significant on an annual basis.

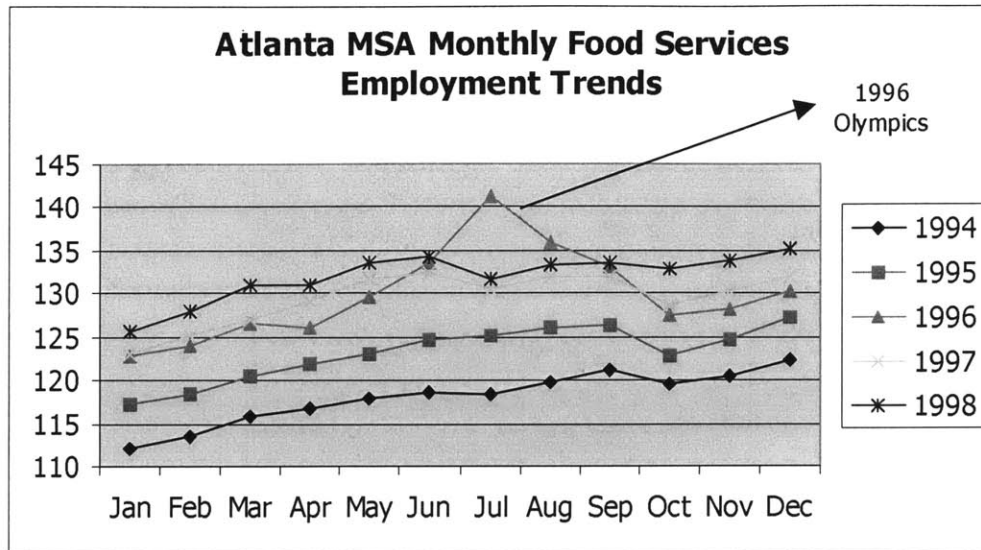
Chart 5-4



Source: BLS Atlanta MSA Employment

³⁷ Food services employment was not tested in the regression due to lack of sufficient annual periods.

Chart 5-5



Source: BLS Atlanta MSA Employment

Regional Construction Starts

Given the activity associated with preparing for the Olympics Games and the anticipation of higher economic growth from hosting the Olympics, regional construction starts (*i.e.*, s.f. of construction initiated in a given period) for the period from 1980 to 1999 were analyzed to test whether the Olympics resulted in higher than normal growth during 1996 and subsequent years. The sectors selected for testing, multi-family housing, retail and hotel starts, were based on assumptions regarding Olympic-related investments. Hotel starts are an obvious sector to study since it is reasonable to assume that hotels may be constructed in anticipation of the visitors to the Games as well as increased tourism following the Games. For these same reasons, retail may also show higher than normal growth in anticipation of the increased traffic from visitors and tourists and therefore should be tested. Multi-family housing may benefit from the increased attractiveness resulting from infrastructure and streetscape improvements; thus, it is a reasonable area to study. Construction activity in the office sector generally follows FIRE (and services) employment. Thus, since the Olympics did not impact employment, there is no other reason to believe the office sector was impacted. Furthermore, as discussed previously, Atlanta's regional office markets have been growing significantly for more than a decade for reasons other than the Olympics. Much of the new stock has been outside the Central Business District which was the area primarily impacted by Olympic activity.

Following the methodology set forth previously, for each sector construction starts in given year were regressed against the level in the prior year and the Olympic dummy variable. In the case of retail and hotel, construction activity is segmented in to new construction and expansion/addition of existing space.

As shown in the summary table on the next page, the Olympics did not positively impact regional construction activity in the hotel, retail, and housing sectors. In fact, only in the case of new retail construction and multi-family construction, was activity in a given period even related to activity in the prior period. Other areas of construction activity, retail additions, new hotel and hotel additions do not follow a discernable year to year growth trend and, more importantly, were not noticeably affected by the 1996 Olympic Games.

Table 5-3

Summary of Olympic Impact on Atlanta MSA Construction

Variable	constant	d variable t-1	OLM1	R²	constant	d variable t-1	OLM2	R²
New Retail Construction (s.f.)								
coefficient	1,305	0.8578	(3,183)	0.5750	2,285	0.5656	1,371	0.5340
<i>t statistic</i>	<i>1.3577</i>	<i>4.6226</i>	<i>(1.5599)</i>		<i>2.0422</i>	<i>2.2382</i>	<i>0.9005</i>	
Retail Expansion/Addition Construction (s.f.)								
coefficient	559	0.0622	(333)	0.0385	706	(0.0679)	(431)	0.1501
<i>t statistic</i>	<i>3.0954</i>	<i>0.2525</i>	<i>(0.6934)</i>		<i>3.5695</i>	<i>(0.2735)</i>	<i>(1.6264)</i>	
New Hotel Construction (s.f.)								
coefficient	1,032	0.3013	860	0.1675	1,075	0.2426	418	0.1499
<i>t statistic</i>	<i>2.8188</i>	<i>1.3993</i>	<i>1.0161</i>		<i>2.9036</i>	<i>1.0309</i>	<i>0.8245</i>	
Hotel Expansion/Addition Construction (s.f.)								
coefficient	15.7451	(0.0220)	(8)	0.0183	16	(0.0216)	(3)	0.0114
<i>t statistic</i>	<i>3.4009</i>	<i>(0.3796)</i>	<i>(0.4284)</i>		<i>3.1182</i>	<i>(0.3704)</i>	<i>(0.2648)</i>	
Multi-family Construction (s.f.)								
coefficient	2,870	0.7883	(4,422)	0.6288	2,397	0.7901	1,051	0.6077
<i>t statistic</i>	<i>1.5417</i>	<i>5.1033</i>	<i>(1.0583)</i>		<i>1.2097</i>	<i>4.9717</i>	<i>0.4464</i>	

Atlanta Office Markets

Although this study did not directly examine office markets, in conversations with many real estate professionals, there is a consensus that the infrastructure improvements, in particular the installation of fiber optic cable throughout the CBD for the Olympics have increased attractiveness of downtown market. In addition to the streetscape and urban design improvements, these investments are attracting high-technology users who want fiber-optic capacity and flexible office space. Tom Watson of the *Atlanta Business Chronicle* explains this non-quantifiable indirect impact in a 1996 article³⁸:

“If the economic basis and/or functionality of location that supports the existence of an office market no longer makes sense, then it is unlikely that hosting the Olympics can make a significant long-term difference. However, given a firm grounding in terms of its local economy and immediate location, further infrastructure investment in an established, urban core can provide substantial benefits whether the investment is Olympic-related or not. If an area does have strong real estate fundamentals, and is lucky enough to host an Olympic Games, the greatest benefit likely comes as much from the global marketing potential as it does from capital improvements. . . The cosmetic improvements to Atlanta's CBD that were initiated for the Olympics only serve to enhance and support what was already a viable office market. New streetscapes and pedestrian corridors, and new and improved public spaces will contribute to an aesthetically improved downtown. Coupled with the entrepreneurially inspired growth of market-rate housing that has started to attract a more permanent residential population in the area, along with increased security measures and enforced public behavior ordinances, the Olympic-related capital investment is helping to create a more attractive urban environment, reinvigorating downtown as a core activity center and stabilizing demand from users that thrive in such activity centers.”

³⁸ Watson, Tom, “What effect did Olympics have on CBD market?,” *Atlanta Business Chronicle*, December 9, 1996.

Chapter 6. Olympic Impacts on Atlanta's Hotel Markets

The primary economic benefit from Hallmark events, like the Olympics, results from visitor spending during the event. Moreover, sponsors hope that hosting these events will generate long term sustaining increases in area tourism. Consequently, the hotel/lodging industry is a logical area to test whether or not a Hallmark event created such impacts. While the previous section discussed the absence of an impact in hotel construction, the Olympics may arguably have impacted annual hotel occupancy, average room rates, supply and demand. This section examines the long-term impacts of the Atlanta Olympics on the regional and in-town lodging markets.

Atlanta Tourism Industry Background

With the construction of the Georgia World Congress Center (GWCC) in 1976, Atlanta positioned itself to be one of the key player in large-scale national and international trade shows and conventions. The subsequent expansions of the GWCC and the development of downtown luxury hotels in the 1980s contributed to the continued prominence of Atlanta as one of the premiere convention locales. Currently, the GWCC consists of 950,000 s.f. of exhibit space, 76 meeting rooms, a 33,000 s.f. ballroom, and a 1740 seat auditorium. In addition to the GWCC, Atlanta is home to AmericasMart, a merchandise center with 375,000 s.f. of exhibit space and host to a number of important trade shows.

Also important, but secondary in significance to GWCC expansion, the continued growth in capacity of Hartsfield International Airport, the growth in the overall Atlanta economy, and the increasing presence of Fortune 1000 companies in Atlanta, are factors which have enhanced the desirability of Atlanta as location for industry and trade shows. The prominence of Atlanta makes the hospitality industry a key employer in the City of Atlanta and an important force in considering (growth and) development.

While Atlanta has been able to maintain a position of prominence as a host to trade shows and large conventions, the attractions for non-business travelers are less notable. Aside from the many sports stadiums, other tourist attractions include the Martin Luther King National Historic

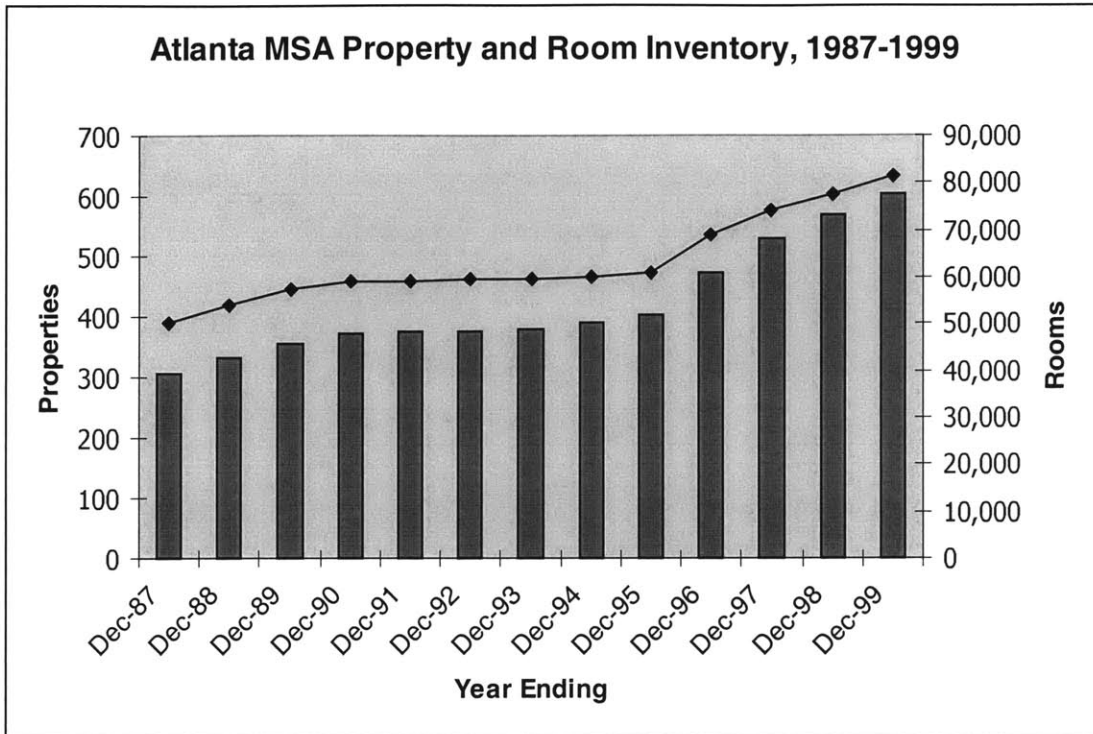
District, CNN Studio Tour, World of Coca Cola, SciTrek, Zoo Atlanta, Centennial Olympic Park, Underground Atlanta, and Oakland Cemetery. Also within the center city area, Atlanta is home to the Woodruff Arts Center, including the High Museum of Art, the Tabernacle, the Fox and Rialto theatres. Outside the city, the Atlanta metro region offers attractions at Stone Mountain Park, Six Flags Atlanta, and a White Water Theme Park. While they attract substantial visitors from metropolitan Atlanta region and the Southern region, there is not much unique to these attractions to draw a substantial number of national and international visitors on their own or encourage convention visitors to extend their stays.

Lodging Industry Background

Prior to the announcement of Atlanta's selection as host of the 1996 Olympic Games, Atlanta hotels were experiencing falling occupancy as a result of a slowing economy and substantial new supply brought on during the middle to late 1980s. In 1985, occupancy levels in the Atlanta MSA were at 66.4%. By 1989, they had fallen to 61.1%³⁹. Thus, when the Olympics were announced, there was only moderate growth in Atlanta room capacity rather than a frenzy of new activity. Although the Olympics were centered in the downtown area, virtually all of this pre-Olympic growth in hotel capacity occurred outside of the downtown area. Such growth was likely driven more by commercial growth in these areas as much as anticipation of the 1996 Olympics. In 1996 alone, approximately 7,000 new rooms were added to the regional supply in anticipation of the Olympic Games. In the period following the Olympic Games, the regional Atlanta hotel market has continued to growth at historically high rates. More than 14,000 rooms were added during the January 1997 to April 2000 period, a 20% increase in inventory. The Chart 6-1 below shows the growth in properties and rooms within the Atlanta MSA market during the 1987 to 1996 period.

³⁹ PKF Consulting, *1999 Atlanta General Manager's Survey*, ACVB, March 1999.

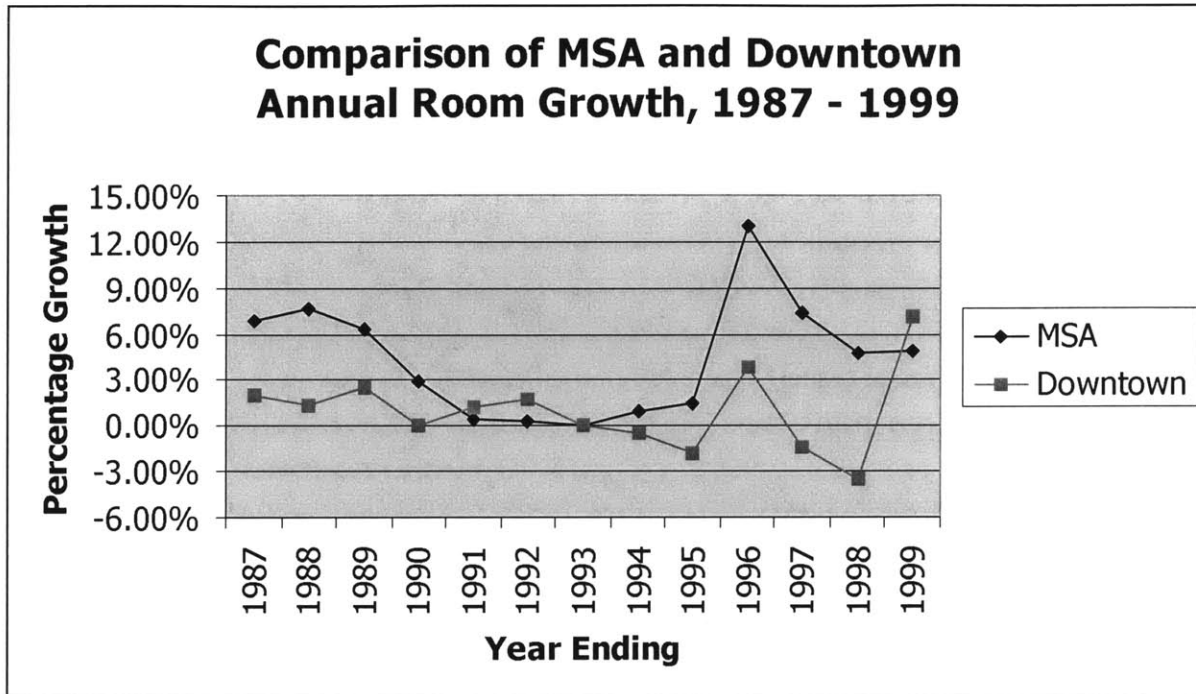
Chart 6-1



Source: Smith Travel Research

In contrast, hotel room growth in the downtown region has been less dramatic with new supply moderately offsetting hotel closings during the pre and post Olympic period. Within the last 12 years, seven downtown properties have closed while only eight new properties were added. During the pre-Olympic period, only three new downtown hotels, the Suite Hotel Underground, the Four Seasons Atlanta, and the Courtyard Atlanta Midtown were added to the downtown stock. Another two hotels, the Fairfield Inn Atlanta Downtown and the Residence Inn Atlanta Downtown, opened just in time for the Olympics in May and June 1996 respectively. Downtown hotel development lagged after the Olympics as lenders were reluctant to invest in downtown properties. However, in 1999, two new hotels and one redeveloped hotel opened their doors, potentially signaling a change in trend. The Chart 6-2 below compares the annual growth in properties and rooms of the Atlanta downtown area to the total Atlanta MSA market.

Chart 6-2



Source: Smith Travel Research

Quantitative/Time Series Analysis

The question of whether and how the Olympics affected long-term trends in hotel supply, occupancy, and revenues requires more sophisticated/rigorous analysis. Using annual data provided by Smith Travel Research and the methodology set forth in Chapter 4, a series of regression equations were run to determine the extent to which the Olympics may have affected long-term growth trends in annual occupancy, average room rates, revenue per available room, rooms available (hotel supply), rooms sold (hotel demand), and total revenues for the Atlanta metropolitan market as well as the “in-town” sub market consisting of downtown and mid-town hotels. The regional market encompasses the 20 county MSA and consists of 8 sub-markets in addition to the in-town area. These sub markets include Atlanta Northeast, Atlanta Northwest, Atlanta North, Atlanta North Central, Atlanta East, Atlanta Airport, Atlanta South, Atlanta Galleria. Given the availability of both local and regional data, a second set of regressions were run to test the relationship between local and regional trends as well as the Olympics. The results of these regressions on the Atlanta regional market are shown on the next page.

Table 6-1

Summary of Olympic Impact on Atlanta MSA Hotel Market

Variable	d variable				d variable			
	constant	t-1	OLM1	R ²	constant	t-1	OLM2	R ²
Change in Occupancy								
coefficient	0.0091	0.4260	(0.0526)	0.5173	0.0144	0.1831	(0.0262)	0.3614
<i>t statistic</i>	<i>1.3477</i>	<i>1.8203</i>	<i>(2.3643)</i>		<i>1.4479</i>	<i>0.5986</i>	<i>(1.5076)</i>	
Change in Avg. Room Rate								
coefficient	(0.5509)	(0.2795)	10.8630	0.5959	0.1346	(0.0910)	0.7253	0.0120
<i>t statistic</i>	<i>(0.5975)</i>	<i>(1.2169)</i>	<i>3.4215</i>		<i>0.0775</i>	<i>(0.2531)</i>	<i>0.2446</i>	
Change in RevPar								
coefficient	0.3987	0.0203	2.6998	0.0605	1.3652	0.0565	(2.0156)	0.0959
<i>t statistic</i>	<i>0.3428</i>	<i>0.0606</i>	<i>0.6782</i>		<i>0.9943</i>	<i>0.1773</i>	<i>(0.8892)</i>	
Change in Rooms Available								
coefficient	4,713	0.8574	1,512,866	0.7719	224,137	0.3443	1,065,574	0.7838
<i>t statistic</i>	<i>0.0211</i>	<i>4.8401</i>	<i>3.1476</i>		<i>1.1187</i>	<i>1.7294</i>	<i>3.3006</i>	
Change in Rooms Sold								
coefficient	623,841	0.1883	(405,511)	0.1467	449,447	0.2704	234,110	0.1476
<i>t statistic</i>	<i>2.2583</i>	<i>0.5266</i>	<i>(0.8613)</i>		<i>1.6499</i>	<i>0.7871</i>	<i>0.8663</i>	
Change in Annual Revenues								
coefficient	65,244,497	(0.3063)	128,740,235	0.3990	62,585,471	(0.3200)	41,506,089	0.1490
<i>t statistic</i>	<i>2.8805</i>	<i>(1.1269)</i>	<i>2.1383</i>		<i>2.1716</i>	<i>(0.9572)</i>	<i>0.9376</i>	

Analysis of Regional Hotel Trends

On a regional basis, the Olympics resulted in a few notable impacts: falling and certainly lower-than-expected occupancy levels and higher room rates in 1996 only; however, the Olympics did not significantly affect long-term growth trends. Based on this analysis, the Olympics seemed to increase long-term growth in room supply, but had no significant short-term or long-term effect on room demand. As a result of the high-Olympic room-rates, total revenues also experienced a one-time boost, but this effect was not sustaining.

These regional occupancy results are somewhat surprising and somewhat counter-intuitive to what one would expect given the significant number of visitors to the Olympics. As shown in Table 6- below, the decrease in regional occupancy is partially explained by the almost 8% increase in supply in that year, however, one would have expected this to have been partially absorbed by Olympic visitors and organizers, some of whom were temporarily relocated for months in Atlanta. The effort to complete these new hotels in time for the July games meant that there may have been some uncertainty as to the actual completion dates. Furthermore, in the case of newly constructed hotels, there is often short period before normal operating levels are achieved.

Table 6-2 Regional Atlanta Hotel Supply and Demand

Year	Occupancy	Change	Annual Room Supply	% Change	Annual Room Demand	% Change
1987	61.90%		17,672,944		10,931,579	
1988	59.50%	-2.40%	19,057,595	7.835%	11,339,061	3.728%
1989	59.90%	0.40%	20,421,048	7.154%	12,242,378	7.966%
1990	60.90%	1.00%	21,225,982	3.942%	12,929,053	5.609%
1991	59.80%	-1.10%	21,743,464	2.438%	13,012,403	0.645%
1992	62.70%	2.90%	21,598,900	-0.665%	13,533,247	4.003%
1993	67.80%	5.10%	21,700,030	0.468%	14,718,979	8.762%
1994	70.60%	2.80%	21,798,671	0.455%	15,380,625	4.495%
1995	71.20%	0.60%	22,047,208	1.140%	15,687,997	1.998%
1996	67.10%	-4.10%	23,777,893	7.850%	15,964,208	1.761%
1997	63.40%	-3.70%	26,129,756	9.891%	16,553,666	3.692%
1998	64.70%	1.30%	27,735,412	6.145%	17,956,831	8.476%
1999	65.40%	0.70%	29,250,309	5.462%	19,118,707	6.470%

Source: Smith Travel Research

In addition to increased supply, there are likely other factors that contributed to this lower than normal occupancy. As discussed previously, Atlanta is one of the top markets for conventions and large trade shows, in preparation for the Olympics, the Georgia World Congress Center was required to shut down in April. It did not reopen until mid-late August. Thus, part of this reduction in 1996 occupancy levels may be explained by the fact that two plus weeks of Olympic Games could not offset the more than four months of lost convention activity.

Second, it is likely that the Olympics were a deterrent to other regional business activity during the Games as well as throughout 1996. It is rationale to assume that business in an around the Olympic Ring slowed down during the 1996 Olympic Games. The concentration of the Olympics in the heart of the city certainly made it difficult for downtown workers to function normally. To reduce downtown traffic and parking demand, authorities recommended employers promote shorter work hours, telecommuting, and employee vacations. The Atlanta Business Chronicle reported that the Cobb Galleria Center, just north of Atlanta, had a tradeshow cancelled and was unable to re-book the facility during the Games⁴⁰. The article quoted the center's executive director on the slow down resulting from corporate concerns regarding the expected crowds in Atlanta as a result of the Games and the problems they would cause Center visitors. A number of other articles reported on the general business slow down, citing “. . . between the lost business in neighborhoods around Atlanta and the lost productivity for Atlanta's downtown offices, large chunks of the Atlanta economy are feeling the hurt of the Olympic period.”⁴¹ In addition, it was noted that “. . . facing a severe Olympic slowdown, some restaurants and bars outside the downtown epicenter are cutting back hours and staff.”⁴²

While these quotes support a slowdown during the period of the Games, the regression results suggest that the Olympics discouraged regular business activity for an extended period both before and after the 17-day event. This may be partly due to exaggerated fears about room availability, pricing, and crowds throughout the city as Atlanta prepared for the Games.

⁴⁰ Murray, Brendan, “Galleria Centre will be almost empty during Games,” *Atlanta Business Chronicle*, July 15, 1996.

⁴¹ Rubinger, Dave, “Why the Olympic hurt business,” *Atlanta Business Chronicle*, July, 29, 1996,

⁴² Crabb, Cheryl, “Opportunities seen in growth, closings after Games,” *Atlanta Business Chronicle*, August, 5, 1996.

Third, reduced occupancy is partly due to mismanagement by the Olympic Organizers, ACOG. In an effort to ensure sufficient lodging for the Olympic family and visitors, ACOG entered into arrangements with hotel management for blocks of rooms during the Olympics. [INSERT From Ch 2] The Atlanta Business Chronicle reported in early July 1996 that hotel room availability was partly due to late release of previously held blocks of rooms for ACOG⁴³. ACOG apparently released blocks of rooms as late as May 1, 1996, leaving some hotels with substantial availability.

The other notable fact about hotel activity during 1996 was the record high average room rates. At less than full occupancy, these results clearly demonstrate price gouging that took place with the Olympics. Even with lower than expected occupancy, higher average room rates during the Olympics raised revenue per available room to record levels in July 1996 which have yet to be exceeded since that time.

Table 6-3 Regional Atlanta Hotel Rates and Revenues

	Room Rate	% Change	Rev Par	% Change	Room Revenue	% Change
1987	53.33		33.05		583,506,338	
1988	54.16	1.552%	32.22	-2.510%	614,115,720	5.246%
1989	55.40	2.294%	33.21	3.069%	678,248,127	10.443%
1990	56.62	2.199%	34.49	3.839%	732,045,630	7.932%
1991	57.77	2.031%	34.57	0.245%	751,732,262	2.689%
1992	58.04	0.460%	36.36	5.181%	785,420,417	4.481%
1993	61.37	5.750%	41.63	14.479%	903,352,098	15.015%
1994	65.27	6.343%	46.05	10.620%	1,003,831,365	11.123%
1995	70.22	7.587%	49.96	8.500%	1,101,574,585	9.737%
1996	81.33	15.832%	54.61	9.292%	1,298,439,156	17.871%
1997	76.22	-6.293%	48.28	-11.579%	1,261,651,375	-2.833%
1998	77.93	2.249%	50.45	4.495%	1,399,378,505	10.916%
1999	79.69	2.253%	52.08	3.231%	1,523,492,206	8.869%

Source: Smith Travel Research

The magnitude of the increase suggests the pricing gouging went beyond the 18-day Olympic period and included most of the months preceding the July Games. Table 6-4 below shows key monthly statistics and the growth in rates relative to the same period in the preceding year.

⁴³ Crabb, Cheryl, "Suburbs have bounty of rooms for Olympics Some hotel companies say Games officials released bookings too late," *Atlanta Business Chronicle*, July 8, 1996.

Table 6-4 Atlanta MSA Occupancy and Room Rate Trends

Year	Occupancy	Change from Prior Year	Room Rate	Change from Prior Year
Jan-96	65.60%	-0.80%	\$74.00	8.06%
Feb-96	79.50%	6.80%	\$81.52	15.39%
Mar-96	75.40%	0.20%	\$77.12	9.23%
Apr-96	71.70%	-0.90%	\$75.00	6.06%
May-96	70.40%	1.40%	\$75.25	9.12%
Jun-96	67.10%	-8.90%	\$72.91	6.06%
Jul-96	74.10%	-0.90%	\$118.02	75.98%
Aug-96	67.20%	-6.10%	\$93.64	39.93%
Sep-96	63.40%	-9.10%	\$77.91	7.45%
Oct-96	65.80%	-13.70%	\$78.21	1.37%
Nov-96	62.20%	-6.50%	\$75.78	3.10%
Dec-96	46.90%	-6.70%	\$66.37	0.88%

Source: Smith Travel Research

The only other regional variable that was statistically significant was the increase in room supply during the post-Olympic period. While, one could argue this increase in supply was due to the expected higher tourism levels following the Olympics, the sustained growth increase may simply coincide with the economic growth in Atlanta. If the Olympics had a meaningful impact on room supply, it should have also had an impact on new hotel construction. The previous analysis did not indicate the Olympics were significant on new hotel construction. The analysis of hotel supply only looks at the last 12 years. As such the impact of the last four is more heavily weighted in this analysis. The analysis of new hotel construction covers a 20-year period a couple of economic cycles. Thus, over the longer term, the increased growth in the post-Olympic period is not statistically significant. Rather, the sustained increase in supply likely coincides with the current economic cycle.

Analysis of In-Town Hotel Trends

Given the concentration of Olympic events in the center of Atlanta, one would have expected the Olympics to have been significant at least during the Olympic year in the in-town hotel markets. However, as shown in the tables on the following pages, the Olympics did not prove to be significant in any area other than average room rates.

Table 6-5

Summary of Olympic Impact on Atlanta Downtown/Midtown Hotel Market

Variable	d variable				d variable			
	constant	t-1	OLM1	R ²	constant	t-1	OLM2	R ²
Change in Occupancy								
coefficient	0.0116	0.1020	(0.0272)	0.1177	0.0146	(0.0155)	(0.0137)	0.0750
<i>t statistic</i>	<i>1.3876</i>	<i>0.2978</i>	<i>(0.9962)</i>		<i>1.3419</i>	<i>(0.0409)</i>	<i>(0.7594)</i>	
Change in Avg. Room Rate								
coefficient	103.5589	0.5002	11.0078	0.2876	99.0438	(0.0712)	16.8068	0.8718
<i>t statistic</i>	<i>38.7180</i>	<i>1.0952</i>	<i>1.2363</i>		<i>72.9185</i>	<i>(0.3308)</i>	<i>6.7039</i>	
Change in RevPar								
coefficient	1.3842	(0.2623)	7.6315	0.2860	1.2005	(0.2245)	2.3010	0.0914
<i>t statistic</i>	<i>1.0179</i>	<i>(0.8066)</i>	<i>1.7076</i>		<i>0.6658</i>	<i>(0.6093)</i>	<i>0.7604</i>	
Change in Rooms Available								
coefficient	39,658	(0.3617)	16,761	0.1429	51,558	(0.4532)	(21,507)	0.1544
<i>t statistic</i>	<i>1.3121</i>	<i>(0.9429)</i>	<i>0.1710</i>		<i>1.3905</i>	<i>(1.1962)</i>	<i>(0.3719)</i>	
Change in Rooms Sold								
coefficient	79,394	(0.0859)	(104,150)	0.0469	107,092	(0.2245)	(87,869)	0.0697
<i>t statistic</i>	<i>1.4863</i>	<i>(0.2186)</i>	<i>(0.6136)</i>		<i>1.5101</i>	<i>(0.5030)</i>	<i>(0.7626)</i>	
Change in Annual Revenues								
coefficient	9,510,024	(0.3010)	41,170,642	0.3267	8,784,449	(0.2924)	12,120,373	0.1208
<i>t statistic</i>	<i>1.3110</i>	<i>(0.9107)</i>	<i>1.7961</i>		<i>0.9076</i>	<i>(0.7726)</i>	<i>0.7726</i>	

Table 6-6

Analysis of Olympics on Local and Regional Hotel Market Trends

Variable	constant	regional variable	OLM1	R ²	constant	regional variable	OLM2	R ²
Change in Local Hotel Occupancy								
coefficient	0.0037	0.7965	0.0140	0.6433	0.0006	0.8263	0.0123	0.6699
<i>t statistic</i>	<i>0.7088</i>	<i>3.7772</i>	<i>0.6991</i>		<i>0.1060</i>	<i>4.1663</i>	<i>1.1190</i>	
Change in Local Room Rate								
coefficient	0.6128	0.9164	6.0450	0.7964	(0.1892)	1.1871	3.7788	0.8581
<i>t statistic</i>	<i>0.6997</i>	<i>2.9547</i>	<i>1.4150</i>		<i>(0.2270)</i>	<i>6.6060</i>	<i>2.6040</i>	
Change in Local RevPar								
coefficient	0.9132	0.8368	4.6436	0.6453	(0.0190)	1.0530	3.7432	0.7298
<i>t statistic</i>	<i>1.0670</i>	<i>3.2297</i>	<i>1.5125</i>		<i>(0.0212)</i>	<i>4.7132</i>	<i>2.4119</i>	
% Change in Rooms Available								
coefficient	0.0027	0.0988	0.0063	0.0798	0.0021	0.1902	(0.0086)	0.1121
<i>t statistic</i>	<i>0.3441</i>	<i>0.6628</i>	<i>0.3470</i>		<i>0.2749</i>	<i>1.0661</i>	<i>(0.6728)</i>	
% Change in Rooms Sold								
coefficient	(0.0372)	1.1784	0.0094	0.4155	(0.0293)	1.1737	(0.0207)	0.4575
<i>t statistic</i>	<i>(1.3522)</i>	<i>2.4306</i>	<i>0.2077</i>		<i>(1.1879)</i>	<i>2.6785</i>	<i>(0.8623)</i>	
% Change in Local Revenues								
coefficient	(0.0211)	1.0261	0.0185	0.6935	(0.0257)	1.0589	0.0132	0.6977
<i>t statistic</i>	<i>(1.1921)</i>	<i>3.6567</i>	<i>0.3514</i>		<i>(1.3754)</i>	<i>4.3989</i>	<i>0.4988</i>	

As shown in Table 6-5, the Olympics resulted in a sustained increase in average room rates in the in-town markets. In fact, consistent with regressions of regional hotel data, operating statistics do not follow a consistent year-to-year growth trend.

The results of the second analysis in Table 6-6 suggest that for all areas except room supply, in-town hotel markets follow the regional trend. In the case of average room rates and revenue per available room, the in-town markets follow the regional trend and a post-Olympic trend. The table below shows the annual change in supply and demand in the in-town market. The in-town markets have not experienced the significant growth of the overall regional hotel market. Furthermore, in all years except 1999, regional occupancy has exceeded local occupancy.

Table 6-7 In-town Atlanta Hotel Supply and Demand

Year	Occupancy	Change	Annual Room Supply	% Change	Annual Room Demand	% Change
1987	57.60%		4,728,584		2,723,481	
1988	55.70%	-1.90%	4,823,603	2.009%	2,687,024	-1.339%
1989	58.10%	2.40%	4,889,880	1.374%	2,838,631	5.642%
1990	59.40%	1.30%	4,954,510	1.322%	2,943,765	3.704%
1991	57.30%	-2.10%	4,967,445	0.261%	2,845,388	-3.342%
1992	57.80%	0.50%	5,028,524	1.230%	2,905,099	2.099%
1993	63.70%	5.90%	5,102,700	1.475%	3,251,627	11.928%
1994	65.20%	1.50%	5,095,014	-0.151%	3,321,332	2.144%
1995	65.80%	0.60%	5,018,455	-1.503%	3,302,445	-0.569%
1996	64.30%	-1.50%	5,102,568	1.676%	3,279,311	-0.701%
1997	62.20%	-2.10%	5,182,709	1.571%	3,226,151	-1.621%
1998	62.30%	0.10%	5,036,059	-2.830%	3,137,220	-2.757%
1999	66.20%	3.90%	5,165,375	2.568%	3,420,674	9.035%

Source: Smith Travel Research

Similar to the regional market, the downtown market suffered from lower than expected occupancy during 1996. While the fall in occupancy in 1996 was not as severe locally as it was regionally, there was substantially less supply added. In addition, the supply that was added in 1996 followed two years of declining supply. Thus, the decline is likely attributable to same factors that led to the regional decrease, the GWCC closing, diverted and discouraged business travel, etc.

Table 6-7 indicates in-town demand has declined during the 1995 to 1998 period, suggesting the Olympics were unable to increase visitor stays in downtown, in spite of the area improvements. In spite of this decline in demand, as shown in Table 6-8 below, total revenues and revenue per available room experienced unusually high growth due to high average daily room rates. In fact, these increases exceeded regional levels.

Table 6-8 In-Town Atlanta Hotel Rates and Revenues

	Room Rate	% Change	Rev Par	% Change	Room Revenue	% Change
1987	71.26		41.14		194,385,697	
1988	76.06	6.734%	42.37	2.984%	204,367,064	5.135%
1989	78.03	2.595%	45.30	6.915%	221,501,466	8.384%
1990	80.11	2.662%	47.60	5.076%	235,820,994	6.465%
1991	82.61	3.119%	47.32	-0.587%	235,048,793	-0.327%
1992	79.30	-4.001%	45.81	-3.177%	230,379,145	-1.987%
1993	83.24	4.968%	53.04	15.781%	270,670,667	17.489%
1994	86.86	4.349%	56.62	6.746%	288,495,658	6.585%
1995	92.54	6.543%	60.90	7.553%	305,623,491	5.937%
1996	109.95	18.812%	70.67	16.035%	360,573,555	17.980%
1997	107.01	-2.681%	66.61	-5.739%	345,219,397	-4.258%
1998	112.40	5.036%	70.02	5.115%	352,610,600	2.141%
1999	119.01	5.885%	78.81	12.562%	407,096,776	15.452%

Source: Smith Travel Research

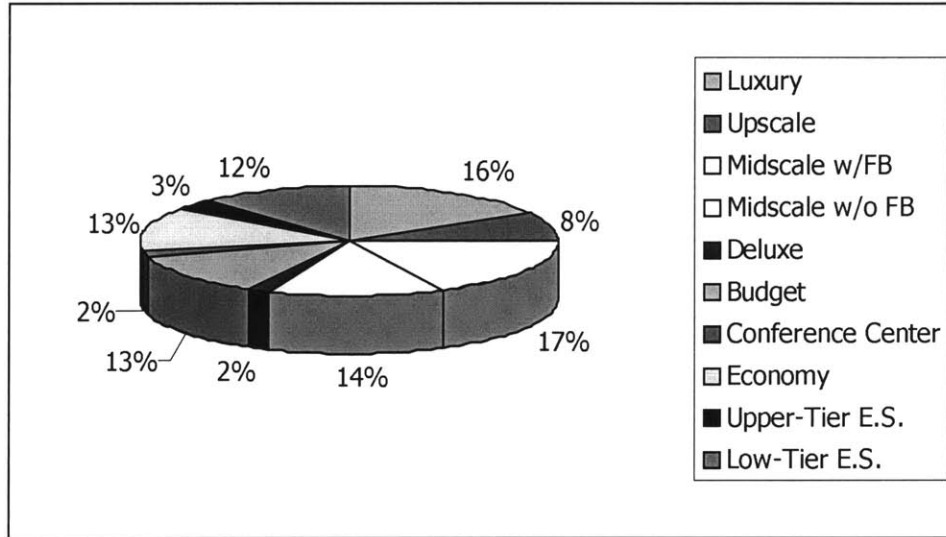
Comparing Tables 6-8 and 6-4 above, in-town hotels achieve higher average room rates and revenue per available room relative to the Atlanta MSA. In comparison with the regional market, the downtown market consists of a higher proportion of luxury and upscale hotels. In addition, in-town properties rely association, convention activity, and special event stays for a substantial share of their business⁴⁴. Thus, given these differences in type and demand drivers, it is reasonable to expect different overall growth trends. The two charts on the next page illustrate the mix of hotel types in the downtown and regional markets.

The question remaining therefore, is how has the Olympics lead to higher than expected growth in room rates and revenue per available room. The answer lies in the urban revitalization that has occurred in conjunction with the Olympics that has increases the attractiveness of the in-town areas. The infrastructure improvements, the creation of Centennial Olympic Park, the

⁴⁴ PKF Consulting, 1999 Atlanta General Manager's Survey, ACVB, , March 1999

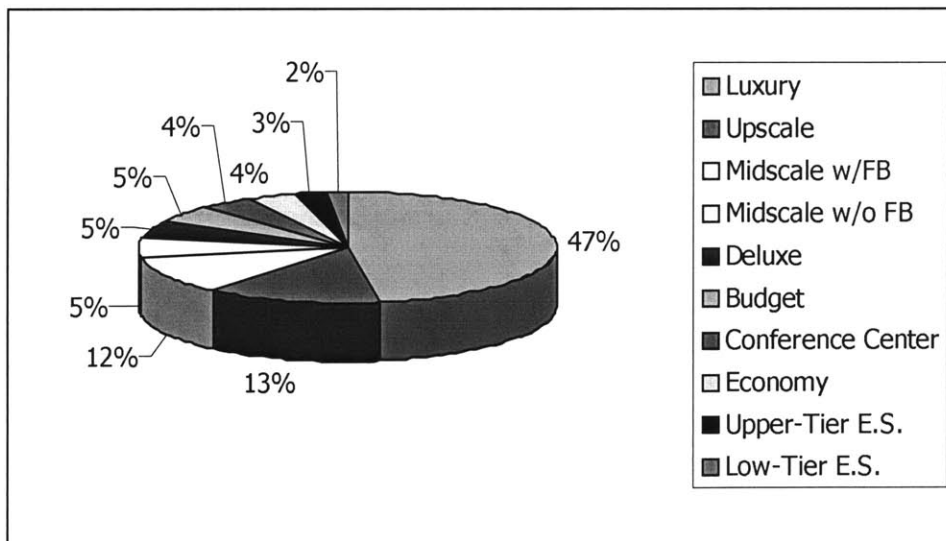
increased activity from new housing which will be discussed in the next section, has all contributed to the higher room rates. Prior to the Olympics, it was not usual for convention and trade show attendees to stay at hotels in the Buckhead area and more suburban locations.⁴⁵ While these areas still draw good business from convention visitors, the improvements downtown are adding to the attractiveness of in-town properties.

Chart 6-1 Atlanta MSA Regional Hotel Composition, December 1998



Source: PKF Consulting, 1999 Atlanta General Managers Survey

Chart 6-2 Atlanta In-Town Hotel Composition, December 1998



Source: PKF Consulting, 1999 Atlanta General Managers Survey

⁴⁵ Graveline, Dan, Director, GWCC, Interview by phone, July 10, 2000.

The level of renovation activity occurring at these downtown hotels may also be contributing to this increase in in-town room rates. Table 6-9 on the preceding pages highlights some of the major renovation and development projects undertaken by in-town hotels during the last few years.⁴⁶

As noted in the table below, there has been just a few new hotels in the in-town market. One of the primary problems has been high land cost and a dearth of capital for in-town hotel projects. According to David Marvin, President of Legacy Properties and developer of one of the newest hotels downtown, the Embassy Suites at Centennial Olympic Park, prior to and even after the Olympics, the capital markets were not receptive to either hotel development or any downtown development. Higher land costs in the downtown area make new development more expensive relative to outer-lying areas. With the assistance of COPA and the City of Atlanta, Legacy Properties obtained empowerment zone status for the site of the proposed hotel. Empowerment zone status provides for ten-year abatement of real estate taxes, 100% for the first five years and then a gradual burn-off the remaining five.

⁴⁶ Compiled from articles in the *Atlanta Business Chronicle*.

Table 6-9 Post-Olympic Downtown Hotel Development/Renovation

Hotel Name	Year	Location/ Neighborhood	Renovation Focus	Approximate Cost
Rhodes Haverty Office Building/Residence Inn Downtown	1995/96	Downtown	Conversion of the former Rhodes Haverty Office Building to the Residence Inn Downtown	NR
Sheraton Colony Square Hotel	1995/96	Midtown	renovations of lobby and public space	NR
Sheraton Colony Square Hotel	1997	Midtown	standard guest room renovations	NR
Best Western Atlanta American/Wyndham Atlanta	June 1999 ABC article- 10/99	Downtown, 160 Spring St.	Transformation of BW into Wyndham Atlanta; complete rebuild of the inside and out including the public areas, restaurant and bar, the meeting rooms and even the grand staircase.	\$40 million
Radisson Hotel/ Sheraton Atlanta Hotel	September 1999 ABC article- 10/99	Downtown, Courtland Street and International Boulevard	Transformation of the Radisson Hotel into The Sheraton Atlanta Hotel; renovation included redoing the entrance, adding 25,000 square feet of meeting space, refinishing rooms with new furnishings and new carpeting, improving mechanical systems, and gutting and redesigning the restaurant and bar.	\$30 million renovation
Ritz Carlton Atlanta	1999	Downtown, Peachtree	New restaurant, new balconies overlooking Peachtree and interior room renovations	\$12 million,
Omni International Hotel	1999	Downtown, near CNN Center	full lobby renovation: features 15 foot blue-glass exterior walls overlooking Centennial Olympic Park and lobby-to-street escalators; 24-foot compass inlaid into the floor; new 14-foot crystal chandelier ; two new restaurants: Prime Meridian, a 250-seat restaurant overlooking Centennial Olympic Park, and Latitudes Bistro and Lounge	\$9 million (part of \$27 million CNN Center renovation)
Sheraton Colony Square Hotel	1999/2000	Midtown	Meeting space renovations 44 club/concierge room renovation	\$6 million

Hotel Name	Year	Location/ Neighborhood	Renovation Focus	Approximate Cost
Hyatt Regency Atlanta's	1996	Downtown	expansion and renovation added a 30,000-square-foot ballroom, a 40,000-square-foot exhibit hall, and a 19,757-square-foot conference center that has 19 meeting rooms of various sizes	\$35 million
The Westin Peachtree Plaza	1999/2000 ABC article 11-99	Downtown	Overhaul of its 1,068 rooms and upgrades to its 22 elevators; upgrades include speakerphones and dual telephone lines in 200 guest rooms	\$31 million
Quality Inn/Cabana Hotel	1999	Midtown, Peachtree and 7th streets	Transformation of Quality Inn into an upscale boutique hotel called The Cabana Hotel.	\$15 million
Embassy Suites/Doubletree	1999	Downtown at Centennial Olympic Park	New 321 room upscale hotel by Legacy Property Group	\$47 million
Hampton Inn Suites Atlanta	1999	161 Spring St.	New 119 room mid-scale hotel	NR

As mentioned previously, downtown has been considered less desirable relative to newer area such as Buckhead, which offers a thriving retail and restaurant environment. Consequently, the renovations and upgrades at in-town properties in Table 6-9 were undertaken not only to stay competitive but also to address downtown's declining share of the regional market. In fact, as shown in Table 6-7 on p. 65, not only was occupancy lower during the Olympic years, but annual rooms sold in the in-town market decreased throughout the 1995 to 1998 period suggesting there has been a sustained decline in hotel stays in this sub market. Table 6-10 below illustrates the share of in-town rooms sold relative to the regional rooms sold.

Table 6-10 In-town Hotel's Share of Annual Regional Rooms Sold

Year	Percentage
1987	24.91%
1988	23.70%
1989	23.19%
1990	22.77%
1991	21.87%
1992	21.47%
1993	22.09%
1994	21.59%
1995	21.05%
1996	20.54%
1997	19.49%
1998	17.47%
1999	17.89%

Source: Smith Travel Research

In spite of this decline, visitors to the City of Atlanta (Fulton County) have continued to increase throughout the 1990's. Table 6-11 below illustrates the growth in tourism during the pre-and-post Olympic period based on annual reports by David-Peterson Associates for the Atlanta Convention and Visitor's Bureau. While the number of visitors has grown steadily, the tourism related full-time equivalent employment increased substantially in the post-Olympic period, likely due to the significant growth in room supply during 1996 and 1997.

**Table 6-11 Trends in Tourism in the City of Atlanta (Fulton County)
Pre and Post Olympics**

	1994	1995		1997	1998
Overnight Visitors (millions)	7.1	7.3		7.6	7.869
Hotel Stays	71%	73%		75%	75%
FTE	81,000	88,552		119,000	128,000
Visitor Spending (billions)	\$3.6	\$3.9		\$4.7	\$5.142

Source: ACVB press releases, David-Peterson Associates survey

While Table 6-11 demonstrates that tourism and visitor growth has risen in the post-Olympic period, in the past year, there have been reports that a number of large conventions (referred to as super shows) hosted by Atlanta has decreased. Since these types of events are booked years in advance, the current slow down is attributed partly to the diversion of marketing attention by the ACVB/GWCC during the Olympic period. However, the reduction is also attributable to other factors such as increased competition from Orlando and Las Vegas which offer year round tourism attractions and somewhat newer facilities. Furthermore, one of the major shows, Comdex East, which left Atlanta, has since been cancelled. Some of this slowdown has been made up with other trade shows (large, but not “super” shows) and events. In 2000, Atlanta has been or will be host to SuperBowl XXXV, the PGA Championships, and Major League Baseball’s All-Star Game. According to Dan Graveline, the Georgia World Congress Center is currently operating at its practical maximum occupancy levels of 79%. Consequently, this demand has led to the fourth phase of expansion at the Center. The latest renovation will increase exhibit space from 950,000 to 1.5 million. According to the GWCC Authority, the new space is already 40% sold for the next eight years⁴⁷. Thus, while some reports suggest Atlanta’s attractiveness may be falling relative to Las Vegas and Orlando, the effect, if any, is only temporary. In reality, strong convention demand should continue to drive local and regional hotel markets. This expected increase in demand is one reason why Turner Broadcasting recently announced the expansion of its corporate offices and the Omni hotel adjacent to the GWCC. This expansion should add another 600 hotel rooms to the Omni, making it the most substantial hotel development project in the downtown area in recent years, and the first upscale or luxury hotel development.

⁴⁷ Graveline, Dan, Director, GWCC, Interview by phone, July 10, 2000.

Chapter 7. Olympic Impact on Atlanta's Housing Markets

In spite of the significant growth in the metropolitan Atlanta area, the city of Atlanta share of the total metropolitan population has noticeably declined from 15.6% in 1990 to less than 12% in 1998. The city's share of regional employment has also declined during this period. As discussed in Ch 2, this trend is not a recent one. Atlanta experienced a steady loss of population beginning in the 1970s and continuing into the 1990's as wealthier, white professionals moved away from the urban center. In anticipation of the Olympic Games, various improvements in infrastructure, streetscape and public safety were made in the City of Atlanta, centered around the location of Olympic events, referred to as the Olympic Ring. In addition, during the pre-Olympic period, Atlanta's public housing authority initiated a program to redevelop and reposition its public housing projects into mixed-income quasi-public facilities in a program known as the Olympic legacy program. Given the large investments associated with the Olympics and the improvements in public housing, in-city private housing markets should have benefited from these changes. This section discusses the impact of the Olympics on the housing markets in the downtown, midtown and adjacent in-city neighborhoods of Atlanta.

Pre-Olympic Atlanta Urban Housing Markets

In 1995, Central Atlanta Progress, a non-profit business group focused on improving the downtown district, commissioned a study on the interest and impediments to downtown housing (in this study, the area known as midtown was not included). This 1995 study prepared by Arthur Anderson had two primary goals: 1) to determine if there was demand for downtown housing, and 2) to identify the impediments to the development of downtown housing. The study catalogued the existing inventory of downtown housing units at approximately 3000 units. Of these units, approximately 50% were ownership units and 50% were rentals. At that time, about 50 percent of this housing was concentrated in Bedford-Pine. The remaining units were either lofts (in Castleberry Hill and the Marietta Street and Mitchell Street corridors) or a few older high-rises. In addition to the 3000 units of private housing, another 3000 units of public housing were located downtown. These public projects included the Clark Howell Homes, Techwood Homes, Capitol Homes and Grady Homes developments, as well as 1,770 units of public elderly housing in the Palmer House, Roosevelt House and Juniper-Tenth projects.

Approximately 1 mile north of the what is considered “downtown” is the area known as Midtown. Midtown is home to quality educational facilities, religious and cultural institutions, visual and performing arts venues, historic residential areas, and a mix of small and large businesses. Midtown Alliance, a non-profit organization similar in charter to CAP directs the physical and economic (re) development of the Midtown area. To the south and east of Downtown and Midtown are a number of interesting primarily residential neighborhoods that have become increasingly popular in the 1990s. Many of these neighborhoods feature racially and economically diverse residents, older homes, attractive public parks, MARTA bus or transit access, and an eclectic urban atmosphere. Many have strong neighborhood organizations which sponsor home tours, block watches, and even a pool association to support the maintenance and operations of a city pool. These neighborhoods include Virginia Highlands, Grant Park (on the National Register of Historic Places), Inman Park, Candler Park, Cabbagetown and Old Fourth Ward.

Quantitative Analysis

The question of how the Olympics affected these in-town areas and the regional market can be analyzed following the methodology laid out in Chapter 4. While the analysis of multi-family construction starts did not prove to show Olympic significance, annual starts were shown to have increased during the post-Olympic period. Using housing permit data tracked by the *U.S. Census Department of Residential Construction* for the period from 1980 to 1999, a second housing indicator was used to test the impact of the Olympics on the growth of new single and multi-family homes in Atlanta markets.

In addition to potentially spurring new construction, the Olympic-related investments may have increased the attractiveness of the Atlanta housing market, thus leading to higher than normal increases in house prices and/or rents during the post-Olympic period. Using an Atlanta MSA same-sales house price index prepared by the Office of Federal Housing Enterprise Oversight (OFHEO) and Atlanta MSA rent data from the Department of Commerce, changes in the real prices and rents⁴⁸ from 1975 to 1999 were regressed against prior period changes and the

⁴⁸ The nominal data was deflated using a CPI price deflator.

Olympic dummy. Where both local and regional permit and pricing data were available, a second set of regressions was prepared similar to the hotel analysis to test the sensitivity of local markets to regional trends. The results of these regressions on the Atlanta housing market are shown on the following page.

Table 7-1

Summary of Olympic Impact on Atlanta Housing Market

Variable	constant	d variable t-1	OLM1	R ²	constant	d variable t-1	OLM2	R ²
Change in MSA House Price Index								
coefficient	1.1559	0.2685	(0.7884)	0.0745	0.1253	0.0367	6.1811	0.2832
<i>t statistic</i>	<i>1.1521</i>	<i>1.2686</i>	<i>(0.1616)</i>		<i>0.1307</i>	<i>0.1779</i>	<i>2.4196</i>	
Change in MSA Rents								
coefficient	1.4279	0.7767	(1.1948)	0.6268	1.2805	0.7703	0.6533	0.6268
<i>t statistic</i>	<i>0.5246</i>	<i>5.6721</i>	<i>(0.0900)</i>		<i>0.4432</i>	<i>5.4497</i>	<i>0.0786</i>	
MSA Single-Family Permits								
coefficient	3,554.5645	0.9331	1,162.5466	0.7834	6,879.0700	0.7842	4,866.8218	0.8118
<i>t statistic</i>	<i>0.9547</i>	<i>7.4332</i>	<i>0.2485</i>		<i>1.6879</i>	<i>5.1898</i>	<i>1.5780</i>	
MSA Multi-Family Permits								
coefficient	2,933.1956	0.7635	(2,211.3643)	0.5928	2,944.4206	0.7538	(127.5434)	0.5843
<i>t statistic</i>	<i>1.5981</i>	<i>4.8266</i>	<i>(0.5805)</i>		<i>1.5768</i>	<i>4.7067</i>	<i>(0.0604)</i>	
City of Atlanta Single Permits								
coefficient	518.0223	(0.1991)	(69.1320)	0.0368	492.4862	(0.1684)	43.9629	0.0401
<i>t statistic</i>	<i>4.1749</i>	<i>(0.6994)</i>	<i>(0.4111)</i>		<i>3.8538</i>	<i>(0.5885)</i>	<i>0.4749</i>	
City of Atlanta Multi-Family Permits								
coefficient	811.1782	0.4018	1,966.0944	0.2700	1,028.9417	0.0343	1,669.9275	0.4213
<i>t statistic</i>	<i>2.0272</i>	<i>1.5857</i>	<i>1.9156</i>		<i>2.9216</i>	<i>0.1354</i>	<i>2.9682</i>	

Table 7-2

Analysis of Olympics on Local and Regional Housing Trends

Variable	constant	regional variable	OLM1	R ²	constant	regional variable	OLM2	R ²
City of Atlanta Single Permits								
coefficient	388.3600	0.0015	(66.7979)	0.0143	444.9153	(0.0010)	71.8317	0.0242
<i>t statistic</i>	<i>3.1523</i>	<i>0.3690</i>	<i>(0.3973)</i>		<i>2.9637</i>	<i>(0.1869)</i>	<i>0.5767</i>	
City of Atlanta Multi-Family Permits								
coefficient	614.9843	0.0657	1,896.2586	0.2659	523.6109	0.0522	1,635.0537	0.4937
<i>t statistic</i>	<i>1.2581</i>	<i>1.5841</i>	<i>1.8934</i>		<i>1.2856</i>	<i>1.5076</i>	<i>3.5845</i>	

The results indicate that the Olympics did not have a significant affect on the growth in regional housing markets. While regional single family and multi-family permits have been increasing steadily for the last twenty years, the Olympics did not affect the growth in either the short or long-term. This result seems rationale given the concentrated nature of the Olympics, downtown-focused improvements, and the significance of other growth factors such as corporate relocation and expansion which are more likely determinants of regional construction. However, while the Olympics may not have affected growth in regional inventory, the results do show that real prices for single-family homes were positively affected by the Games. In contrast, the Olympics did not affect the trend in real Atlanta MSA rents. There are two explanations for the apparent impact on single-family house prices. First, the Olympic related improvements such in transportation and infrastructure have increased the attractiveness of living in the Atlanta metropolitan market. Second, these results are simply illustrating the impact of the latest economic cycle which has been substantial over the last few years.

While less data was available to analyze local markets, based on the analysis of permit data, there are few important conclusions. Based on the permit analysis, single-family homes in the city of Atlanta do not appear to follow a consistent year-to-year trend nor did the Olympics affect them. On the other hand, although they do not follow a year-to-year trend, the Olympics positively impacted multi-family permits in the City of Atlanta. Thus, these results suggest the Olympics boosted the attractiveness of multi-family urban living in the City of Atlanta which led to new construction in the years following the Games.

Analysis of Olympic Impact on Multi-Family Market

Although the 1995 study indicated there was sufficient demand for housing, for various reasons, not until the after the Olympics did the downtown residential population begin its current growth. In analyzing the factors responsible for this growth, the Olympics had four important effects on the downtown housing market:

- 1) created demand for temporary housing whose stock could serve existing demand after the Games
- 2) provided equity infusion through Olympic corporate rentals which enable development in the first place
- 3) prompted investment in downtown which improved the appearance and safety of this area
- 4) reversed the thinking about downtown – psychological benefits

One of the problems with downtown residential development prior to the games was the undesirability of the downtown area and well as perceived lack of housing demand by lenders. In anticipation of the Olympic Games, a number of residential projects (e.g., loft conversions) were developed for the Olympic-related corporate lease market, a sixty to ninety day period prior to, during and after the July Games. Approximately 1500 to 2000 units were leased to corporate clients. These Olympic-inspired projects were spread throughout the downtown area. Some were centered around the Five Points Area near Woodruff Park including the Muses Loft, Metropolitan Lofts, and William Oliver Building. The Freeman Ford Lofts are just a few blocks east.⁴⁹ The lease that housed the security forces during the Games underwrote one project adjacent to City Hall, City Hall Plaza.⁵⁰

The majority of Olympic-related projects had less than 100 units, only two had more than 200 units. Typical Olympic rents were \$800 per week for a 1-bedroom unit. This one-time cash infusion from corporate rentals changed the pro-formas on these projects and enabled these units to be developed. Following the games, the units were quickly re-rented to full time residents. Occupancy has never dropped below 95%. The successful lease up of these units proved the demand for downtown housing which enabled additional projects to move forward.

In addition to the privately financed deals underwritten by Olympic leases, there were various projects begun as part of the neighborhood revitalization efforts. In Summerhill, near the site of the Olympic Stadium, the Greenlea Commons project which opened in 1996 added 117 one and two bedroom units. In Castleberry Hill, a number of loft conversions took place prior to the Olympics.

In addition to providing equity infusion enabling conversions, as discussed in Chapter 4, the Olympics resulted in other downtown investment which improved the safety and appearance of the downtown area, thus, increasing the demand for housing in this area. New sidewalks, old-style street lighting, information booths, benches, tree plantings and public plazas have improved

⁴⁹ Central Atlanta Progress, Downtown Summit Paper: Revitalization, January 1999.

⁵⁰ Newman, op. cit., p. 156.

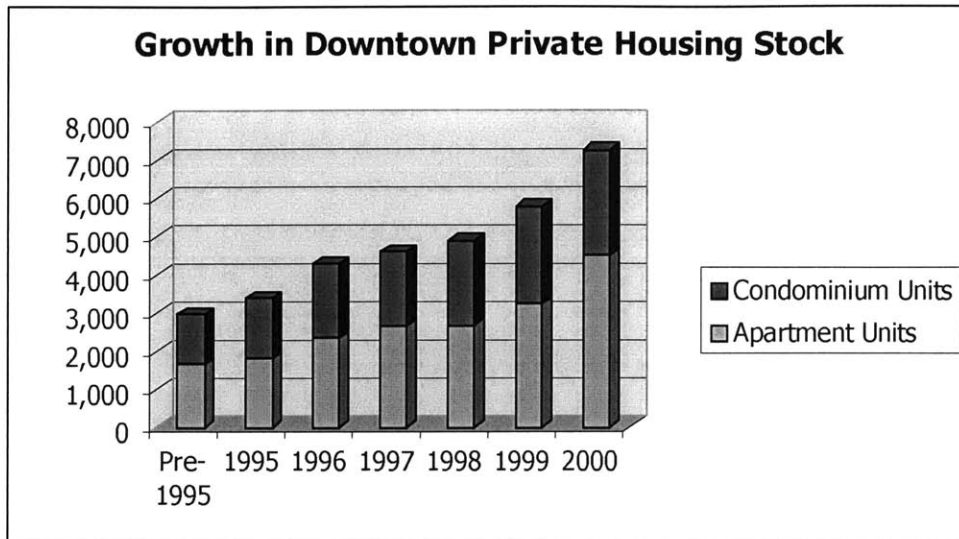
the character of downtown. Centennial Olympic Park is probably the most significant lasting infrastructure of the Games. The Park which served as the central gathering space during the Olympics has transformed a once blighted area into the hottest development area in the City. In simple terms, the Olympics gave Atlanta a face-lift, and these physical improvements have enhanced the desirability of downtown life.

A final Olympic related factor responsible for the trend in downtown Atlanta housing is the psychological impact of the Olympics. Prior to the Olympics many Atlantans rarely ventured downtown. Those who lived and worked in the suburbs had little reason to come downtown. The success of the Olympics (notwithstanding the bombing at Centennial Olympic Park) changed the perception of the downtown area for many Atlantans. Prior to the Olympics many metro area residents had forgotten the experience of downtown life. The creation of Centennial Olympic Park as a center for downtown activity provides another venue for bringing people back into to the City. This psychological effect opened the eyes of many to the benefits of downtown. Living downtown is more than just acceptable; its desirable.

Post-Olympic Downtown Housing

Since the 1996 Olympic Games, the stock of downtown housing has more than doubled, a factor which many attribute to Atlanta's hosting of the 1996 Olympic Games. This unprecedented growth in the downtown residential market does not appear to be a temporary phenomenon. Downtown residential demand identified in the 1995 study still exists and continues to grow as high tech employees working downtown choose to live in downtown or in-city neighborhoods. Atlanta, like other American cities, appears to be a beneficiary of the trend among young professionals and empty nesters to move back to more urban environments. The dissatisfaction with long commutes and the desire to be closer to urban amenities such as diversity, culture, the arts, and sporting venues contribute to increased demand for in-city housing. Chart 7-1 below illustrates the growth in downtown units from pre-1995 to present.

Chart 7-1



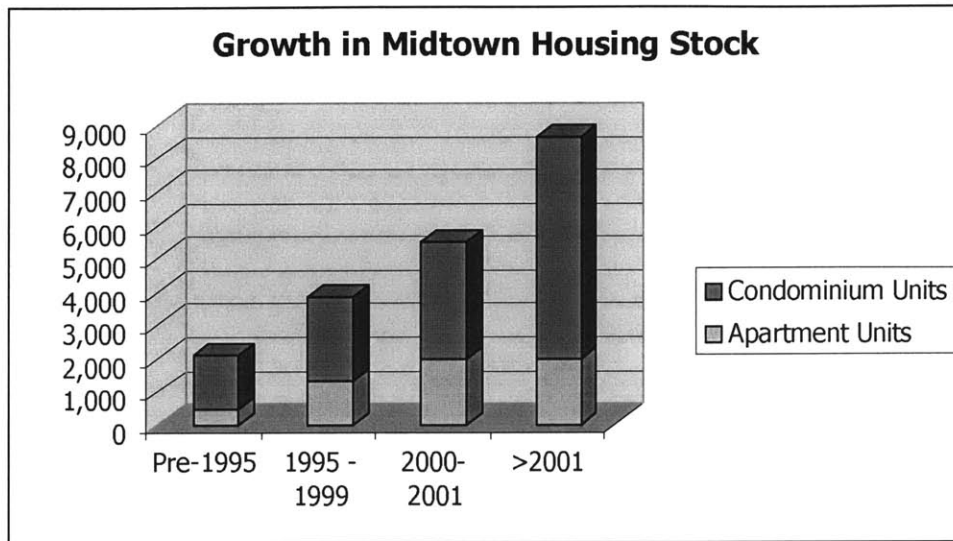
As shown above, the downtown stock has increased 150% since the beginning of 1995. Another 600 apartments and 776 condominiums are planned to open in the next two years, including at least two adjacent to Centennial Olympic Park.

Post-Olympic Midtown Housing

The Midtown neighborhood, like the downtown area, has experienced relatively rapid growth in its real estate markets 1996 Olympic Games. Midtown's proximity to the redeveloped Techwood/Clark Howell project, now known as Centennial Place, has certainly improved the climate for growth in both housing, office and retail markets. Midtown is experiencing growth in all sectors: office, retail and residential. Three large office towers are under construction, two for single clients, the new Federal Reserve, Bell South building and one, the Proscenium, a speculative office development. In response to recent development, the Midtown Alliance, a non-profit business group similar in function to CAP, set forth its goals in an effort known as Blueprint Midtown, a comprehensive plan that will direct Midtown's physical and economic development. This initiative includes land use, streetscapes and open space, transportation, economic market studies, funding strategies, and marketing programs designed to ensure Midtown's continued revitalization and growth. The Midtown market which has always has a stable residential base is now one of the hottest markets in the Atlanta region. More than 12 projects are under construction at this time. Chart 7-2 on the following page illustrates the

significant increase in housing stock in the post-Olympic period as well as the projected stock increases over the next few years.

Chart 7-2



While historical pricing information is more difficult to obtain, especially where the stock was so limited, it appears that rents have slowly but steadily increased in the “downtown” market. In an article in 1996 just prior to the Olympics⁵¹, the developer of the *Enclave at Renaissance* quoted current in-town monthly rents for one and two-bedroom units between \$0.97/s.f. and \$1.15/s.f. In a recent survey of internet listings⁵², the rents appear to be increasing slightly above the 1996 levels for the in-town market (i.e., including both the downtown and midtown areas). As shown in Table 7-3 below, rents in these areas exceed rents in Buckhead, long considered to be the most-exclusive city neighborhood.

Table 7-3 July 2000 Survey of Apartment Rents in City of Atlanta

Unit Type	In-Town Markets		Buckhead Market	
	Avg. Monthly Rent	Avg. Price/S.F.	Avg. Monthly Rent	Avg. Price/S.F.
1 bed	\$829	\$1.15	\$785	\$1.12
2 bed	\$1,203	\$1.01	\$1,045	\$0.98
3 +	\$1,448	\$0.98	\$1,550	\$1.03
All	\$1,025	\$1.08	\$1,015	\$1.05

⁵¹ Julie B. Hairston, “With tax break, Russell puts units intown 125 new apartments near Rio expected to get housing enterprise zone designation,” *Atlanta Business Chronicle*, July, 15, 1996.

⁵² Listed July 2000 at www.apartmentsatlanta.com.

One of the factors limiting additional growth is the high cost of land in the downtown area. In contrast with Midtown, the number of landowners per block is much higher, making land acquisition and aggregation costs high. The Olympics has only served to fuel the desire of some landowners to continue to hold on to their properties. Much of this space consists of under-utilized parcels, parking lots and parking structures. As conversion space becomes less available, the current rate of growth in downtown housing markets may begin to decline.

Of the new stock of in-town housing, a significant number of projects have been conversions of existing real estate, in particular, warehouse, industrial and office space into loft-style apartments and condominiums. These loft projects provide open, contemporary living space in an urban setting. As these projects compete with apartment complexes in more suburban areas, they often include such amenities as pools, fitness facilities and on-site parking. In spite of the significant growth in downtown housing, to date there has not been much development of high-rise apartment or condominium projects, but a number of projects are currently in the works.

Neighborhood Renaissance and Revitalization

In addition to downtown and Midtown, other in-city neighborhoods such as Virginia Highlands, Grant Park, Inman Park, Little Five Points, and Cabbagetown have also been undergoing a renaissance during the last decade. Probably less attributable to the Olympics and more attributable to the problems associated with outward suburban expansion in the Atlanta Metropolitan market, families have slowly but consistently been returning to the city. Different sources report increased prices in these neighborhoods. Websites for the Candler Park, note that prices have increased in the last few years.

The trickle which began in the pre-Olympic period, has accelerated in the post-Olympic period. While the desire to eliminate long commuting times, and growing interest in urban living may be the primary factor in these moves, the 1996 Olympics has played a role in changing the perceptions about Atlanta. While these areas were further away from the Olympic Ring area, the changes in the downtown area, including streetscape improvements, park refurbishments and the Ambassador task force, have contributed to the growing acceptance and desirability of living in these central city neighborhoods.

Revitalization also continues in poorer neighborhoods such as Mechanicsville, Summerhill, and Adair Park and Old Fourth Ward targeted for pre-Olympic improvements by CODA. In-fill development continues in downtown neighborhoods such as Summerhill and Old Fourth Ward/Sweet Auburn. In Summerhill, new houses near the Greenlea Commons across from Turner Stadium continue to be constructed⁵³. The Sweet Auburn neighborhood also continues to experience redevelopment in the refurbishment of existing homes and the construction of small-scale condominium/housing projects. In Mechanicsville, in the past year, SUMMECH, a local CDC, completed the first phase of Ware Estates, 16 new townhouses on Ralph David Abernathy Boulevard. SUMMECH also renovated 54 units at Rosa Burney Manor 54 apartments. Future SUMMECH projects in Mechanisville include⁵⁴:

- Ware Estates II consisting of 32 townhouses on Glenn Street for July 2000,
- Fill in the GAPS, a program to construct 100 single-family houses over the next five years on vacant lots on the southern part of the Mechanicsville neighborhood beginning in early 2000.
- RDA Square will be a 10,000 to 20,000 square foot retail strip on Ralph David Abernathy Boulevard

Public Housing Olympic Legacy Program

In 1994, just two years prior to the Olympic Games, the Atlanta Housing Authority, the largest landlord in the city of Atlanta, was rated one of the worst housing authorities in the nation by the U.S. Department of Housing and Urban Development (HUD) in its annual management assessment of public housing agencies. More than 5000 out of more than 14,000 units were vacant, average wait time for a routine work order was 60 days, and approximately 10% of the units were un-inspected. Since the appointment of Rene Glover and a new management in late 1994, the Atlanta Housing Authority has become a model agency, becoming one of the first in the nation to forge partnerships with the private sector for the management and redevelopment of public housing projects.

In 1996, approximately ½ of the AHA's units were placed under private management. Today, more than 75% of the units are under private management. Three primary companies serve the

⁵³ Author's observation, July 13, 2000.

⁵⁴ As reported on SUMMECH's web site at <http://www.accessatlanta.com/community/groups/Summech/index.html>

AHA: The Lane Company, Pinnacle Realty Management Company, and H.J. Russell & Company. By next year, 100% of the AHA units will be under third party, private sector property management. AHA phased the transition to private management in order to test the market's willingness to assume these properties, and to give the authority time to develop its in-house asset management function. However, since the transfer of property management to private companies, AHA's in-house property management area has been operating under a new decentralized management policy. Previously, all decisions had to be approved through the central office. Now, decisions at both publicly managed and privately managed projects happen on-site. Consequently, it only takes three days to get a routine work order completed. In addition, as a result of these changes, 500 formerly vacant units were restored to occupancy conditions.

While private management has certainly improved operations, the AHA has begun a comprehensive program of project re-development. Much of the AHA's stock was more than 30 years old and in serious need of repair. Rather than invest in repair that might only extend the life another five to ten years, the AHA decided to pursue a dramatic overhaul of its housing projects. Beginning with some of the oldest and most derelict facilities, the AHA has begun to demolish and rebuild its public housing stock in what has been termed the Olympic Legacy Program. The AHA has five primary goals for this program:

1. To ensure that all revitalization is an asset to the families and communities in the city of Atlanta
2. To end the economic and social, and physical isolation of public housing residents
3. To create resident programs and services focused on job placement and training as well as educational and recreational youth activities
4. To leverage shrinking Federal subsidies
5. To create an income stream for AHA

Although named the Olympic Legacy Program, this redevelopment plan has little if anything to do with the Olympics. The name was coined in an effort to encourage HUD into making decisions on a faster track. In practice, the program is part of the legacy of change in the city of Atlanta which has followed the Olympics.

Through partnerships with private, market-rate developers in this Olympic Legacy Program, AHA has pursued mixed income, mixed finance and sometimes mixed-use developments.

Mixed finance includes public housing funds (either federal grants or AHA funds), federal and state low income housing tax credits (although the state program was only recently approved and has not been a part of the Olympic Legacy Program), and standard multi-family financing using private equity and private debt supported by market-rate rents.

With federal grants comprising the AHA's contribution and private funds providing the remaining required financing, these projects provide dramatically improved living conditions for AHA residents. In these new projects the public units are indistinguishable from the market rate units or tax credit units. In all cases, public housing residents pay 30% of the families adjusted monthly income towards rent and utilities. The table below lists the Olympic Legacy Program developments and their private market partners.

Table 7-4 Summary of Olympic Legacy Program Redevelopment Projects

Project Name	Year Redeveloped	AHA Funds/Total Cost	New Units	Split	Private Developer
Centennial Place , formerly Techwood and Clark-Howell Homes	Five Phases: 1995, 97, 98, 99, 2000	\$42 million of Hope VI funds, \$165 million total	900 mixed income units replaced 1081 units (500 vacant) of public housing; development includes a new public elementary school and YMCA, a community center, a branch bank, a corporate suites facility and specialty shop.	40% market rate, 20% low and moderate income, 40% public housing	The Integral Partnership of Atlanta
The Villages of East Lake , formerly East Lake Meadows	1996 Phase I 1999 Phase II	\$33 million of AHA funds, \$80 million total	542 mixed income apartment homes replaced 650 Public Housing units; development includes a new 18-hole public golf course and junior golf academy, a new charter elementary school, a new YMCA and day care center	50% allocated to public housing	The East Lake Housing Corporation
The Villages of Castleberry Hill , formerly John Hope Homes	1998	\$12.6 million of AHA funds , \$35.5 million total	450 mixed-income apartments replaced 581 Public Housing units ; project includes other neighborhood redevelopment initiatives for surrounding neighborhood (Atlanta University Center Campus of Learning); in Empowerment Zone	?? not on website	H.J. Russell & Company
Magnolia Park , formerly John Egan Homes	Phase I, 1998 Phase II, 1999	\$10.4 million of AHA funds, \$30 million total	548 Public Housing units replaced with 400 mixed-income/mixed-finance apartment homes; located in the Empowerment Zone	40% market rate, 20% low and moderate income, 40% public housing	Creative Choice Homes
Carver Homes	1 st round of tax credit financing closes July 2000	\$44.7 million in HOPE VI, \$100 million	718 mixed income apartments, including 32 homeownership units will replace 990 Public Housing units; 5 year project includes both commercial and residential components; in Empowerment Zone	TBD	Carver Redevelopment LLC

Table 7-4 Summary of Olympic Legacy Program Redevelopment Projects

Project Name	Year Redeveloped	AHA Funds/Total Cost	New Units	Split	Private Developer
Harris Homes	Not yet begun	\$35 million in HOPE VI funds	510 Public Housing apartments will be revitalized and new services offered; collaboration formed to provide housing, support services, medical services, homeownership and a positive neighborhood.	100%	TBD
Perry Homes	Perry Homes – RFP for development partner, demolition complete	\$40 million of Hope IV plus other AHA funds, total unknown	750 mixed income, including 100-150 ownership units will replace 944 units of public housing	TBD	TBD
Kimberly-Court Homes	Kimberly Court - phase 1 under construction, close phase 2 in December	NR	300 units will be demolished	NR	NR
Capital Homes	application pending	application pending	TBD	TBD	TBD
Summerdale Commons, replacement for Techwood/Clark Howell	1997 Phase I & II	\$4 million, \$16 million	244 mixed income apartments	40% market rate, 20% low and moderate income, 40% public housing	Multi-family Housing Developers
Columbia Village, off-site replacement for East Lake Meadows	1998	NR	100 mixed income apartments	70% low-moderate 30% public	The Affordable Housing Partnership

As a result of the new projects being smaller in size than the previous projects, there has been a decrease in the number of hard units available for traditional public housing residents. However, the AHA has worked to increase its allocations of Section 8 Certificates and Voucher by 60% over the last five years, adding 4,000 more vouchers for low-income families. The AHA expects the total incremental vouchers to reach 10,000 within the next five years.

The Techwood/Clark Howell redevelopment into Centennial Place was the first Olympic Legacy project. Techwood was the oldest public housing facility in Atlanta and in the United States. In the process of planning for the Olympic Games, a portion of the Techwood project was included in the optimal site location for the Olympic Village, the residential area for athletes and Olympic participants. The AHA agreed to sell a portion of the project to the State of Georgia Dormitory Authority to facilitate the Olympic Village Plan. While some families were relocated as a result of this sale, it coincided with the overall plan to redevelop this Techwood and Clark Howell projects. Although families were relocated for the Olympics and the Olympic Legacy Program. In contrast with Newman's position that relocation was opposed by residents and contributed to the loss in use value for these residents, relocation actually was a blessing to many. According to Carol Naughton of the AHA, the relocation process was the first time that residents were asked what they wanted to do about their housing situation. More than 600 residents were given the following three options for temporary relocation:

- 1) accept Section 8 voucher and move into the private market,
- 2) move to other public housing, or
- 3) move in with friends or family,

Of these three options, approximately 65% chose to use Section 8 vouchers to select their own housing. Approximately 30% chose to move into other public housing projects, and 5% moved in with friends or family. Although the AHA provided former residents a priority on the 360 units available for public housing in Centennial Place, only 85 former families chose to reside in these newer, superior units. Various factors contributed to this low return rate. First, prior to the relocations, few AHA families would ever sign up for section 8 vouchers. The AHA projects tended to institutionalize families. AHA neighborhoods were isolated from larger surrounding

communities and families become content. Thus, when AHA household were given a temporary opportunity to choose their housing, they realized they liked the freedom of choice and chose not to return to public housing. Second, regardless of the improvement, some families felt a there was a stigma associated with that site and did not want to return. Third, Centennial Place residents are required to participate in the workforce enterprise program. Some of the former Techwood/Clark Howell residents did not want to face the reality of entering the work force and therefore, chose not to return to the new Centennial Place.

In addition to the Olympic Legacy program, the AHA recently redeveloped the Martin St. Plaza project. Given the relatively small size of the project, Martin St. Plaza, is one of the few projects for which AHA did not seek a private partners. AHA development funds were used to renovate these units using the principles of New Urbanism and Traditional Neighborhood Development (site). The Martin St. Plaza project is privately managed but is 100% public housing.

Although only modestly related to the Olympic Games, the Olympic Legacy Program and the general operational improvements by the AHA have been an important part of the revitalization movement in the City of Atlanta. Centennial Place, adjacent to Georgia Tech and its new dorms, has dramatically improved the neighborhood by changing a 50% vacant, old public housing project into a modern, mixed-use residential community. Like the various sidewalk, lighting and infrastructure improvements, the new AHA projects improve the look and feel of Atlanta, making it a more desirable place to live and work.

Chapter 8: Olympic Legacy and other Urban Revitalization Programs

Another significant legacy of the Olympics is the legacy of organizational cooperation focused on revitalization of the City of Atlanta. The planning and hosting of the Olympic Games required tremendous support from city, county, regional and state governments as well as a host of private and quasi-private organizations. Although ACOG was a private entity, the tripartite management structure meant that oversight came from government interests, and as such, the entire staging of the Olympics was indirectly a joint public-private venture. ACOG was dissolved in the year following the 1996 Games. However, the public-private participation continues on in efforts such as the Centennial Olympic Park Area, Inc (COPA), the Atlanta Development Authority, the Atlanta Chamber of Commerce, CAP, the Midtown Alliance and through the efforts of neighborhood committees, Community Development Corps and alliances. In certain case such as COPA, the Olympics initiated the organization's formation. In others, the Olympics have served as a rallying force, bringing people together in an effort to maintain the spirit of the Olympics. The Olympics demonstrated to Atlantans that they could work together to produce something meaningful. This section discusses the role and focus of these organizations in the revitalization of Atlanta in the post-Olympic era.

One of the first efforts to maintain the momentum of the Olympic Games was the Mayor's Atlanta Renaissance Program announced in January 1996. This vision of this program was to foster public-private partnership to coordinate post-Olympics economic development in Atlanta. Led by a policy board composed of business, civic and academic leaders, the Renaissance Program began with four task groups responsible for developing a strategic and operational plan for urban development: 1) job creation through attracting and retaining businesses in Atlanta; 2) neighborhood preservation and revitalization; 3) improving public education and public safety; and 4) developing the financing options and legislative initiatives necessary to carry out the strategies and recommendations of the other task groups. As part of the group's efforts, a report by McKinsey and Co. identified one of the most important ways to "better" Atlanta was to attract more middle-class residents. The policy board completed its work in 1997 and left the implementation of its ideas to other groups.

While the Renaissance Program may have failed to initiate meaningful implementation strategies, the long-established downtown business coalition, Central Atlanta Progress, has been one of the active groups leading Atlanta's revitalization efforts. CAP and its affiliate organizations have been involved in promoting and directing downtown development and public policy since 1941. CAP's focus area includes the area bounded by North Ave. on the north, Turner Field. on the South, Boulevard on the east and Northside to the west, an area enclosed within the ring of railroads that encircle Atlanta. CAP includes a number of affiliate organizations which are designed to manage specific geographical or functional areas. These include the Fairlie-Poplar Implementation Task Force, COPA, Inc, and the Atlanta Downtown Partnership.

Among its recent achievements, in 1996, CAP established the Atlanta Downtown Improvement District which assesses a levy on commercial property owners in the central downtown area in order to fund two initiatives: the *Ambassador Force*, a 54 person unit that walks the beat in the ADID providing directions, information and assistance to residents, workers, and visitors in this area; and, the *Clean Team*, an eight-person cleaning crew that sweeps the sidewalks in the ADID. Although the ADID had been in the works for a number of years, the impending 1996 Olympics helped to accelerate its acceptance by the downtown property owners. As a result of its success, a number of adjacent property owners to the current DID agreed to join the District, expanding the DID by 40%. The expansion would add 15 more Ambassadors and would receive the services of the Clean Team. According to current CAP vice-president, Paul B. Kelman, CAP hopes to expand the level of funding for the ADID in the next few years to support further investments in sidewalk and streetscape improvements.

CAP initiated its third comprehensive planning effort in January 1999⁵⁵ in partnership with the City of Atlanta. The stated focus of this effort was to "build upon the legacy of past central area studies and the 1996 Centennial Olympic Games to create a vision of a more livable, secure, diverse and prosperous Downtown Atlanta and a lasting partnership of those committed to

⁵⁵ Previous Central Atlanta Progress plans were completed in December 1971 and February 1988.

making the vision come to fruition in the 21st century.”⁵⁶ An important component of this plan was the inclusion and recognition of other group’s (both public and private) efforts in identifying key issues, goals, and strategies. Through the work of volunteers from the business community, neighborhoods, and government, the yearlong effort produced a detailed ten-year strategic plan for the continued revitalization of downtown known as CA²P, the Central Atlanta Action Plan. CA²P established ten key goals or challenges for the City:

1. Improve street life
2. Preserve and enhance historic structures and neighborhoods
3. Heighten the visibility of Downtown’s heritage
4. Improve the transportation and parking systems
5. Improve Downtown marketing and hospitality
6. Improve coordination of citywide economic development initiatives
7. Improve the quality of Atlanta Public Schools
8. Address high land costs and rents that inhibit balanced, mixed-income investment and development
9. Improve public safety
10. Improve supply of social services to meet demand

From these ten challenges, the group identified 32 action steps and more than 80 individual implementation strategies to improve the physical, social and economic fabric of the city. More importantly, for each individual action step or strategy, CA²P identifies the groups responsible for implementation, specific recommendations for implementation, time frames, estimated costs, and benchmarks to assess progress. With the degree of specificity set forth in CA²P and with continued guidance by Central Atlanta Progress, revitalization should become a certainty rather than a goal and public-private partnerships will become standard practice for bringing about change in the City of Atlanta.

While CAP has certainly worked to capitalize the Olympic inspired revitalization into a long-term downtown strategic plan, it has also directed more focused efforts to capitalize on the creation of Centennial Olympic Park. Through the creation of the COPA in 1996, CAP has created an organization focused solely on development around Centennial Olympic Park, an 80-acre area. In addition to this 80 acre area, COPA has estimated there approximately 150 acres of underutilized property to the north and west of the park which presents an opportunity for

⁵⁶ CAP web site: <http://www.centralatlantaprogress.org/ca2p/index.html>

redevelopment⁵⁷. Much of this consists of parking lots, low-rise light-industrial structures, warehouses, and small garages. High land costs, partly attributable to flexible zoning and high floor-to-area ratios (FAR), account for the difficulty in implementing redevelopment. The average FAR downtown is 25 in many areas. In contrast the FAR in Midtown is 15, and in Buckhead, is 9 to 10. However, the most recent office building constructed in the downtown/Midtown area has an FAR of 8. There is an incentive for landowners to hold out in the hopes of selling out to the next 1 million s.f. office developer. COPA is working to address these challenges in the redevelopment around the Park. In certain cases, COPA is undertaking land acquisition, often in conjunction with the City of Atlanta, in an effort to jump-start this redevelopment.

According to COPA, more than \$480 million has been spent in public and private dollars in the revitalization of the area, the development of Centennial Olympic Park alone accounts for \$75 million of this figure. COPA's goals are to create a 40-acre in-town business park, Northyards Business Park, to promote at least 1500 units of housing around the park, and to bring cultural, entertainment and retail uses into the areas around the Park enhancing the attractiveness and livability of this area. In the four years since its creation COPA has made significant progress in bringing about change through policy promotion, land acquisition, and redevelopment support. Among the many achievements of COPA, some of the most significant work in transforming this area has included:

- assistance to Legacy Properties in obtaining Enterprise zone designation for its development of a 323 room Embassy Suites Hotel on the Park, opened in June 1999;
- sponsorship of a comprehensive housing study by Haddow & Company in May 1998;
- support for modifications to Atlanta's enterprise zone legislation to make it more flexible for housing and other development;
- support for other legislative bills to foster urban revitalization through tax allocation district (i.e., tax increment financing) and enterprise zones;
- promotion for the designation of the Westside Tax Allocation District for the area around Centennial Olympic Park and adjacent neighborhoods;
- initiation of an annual Fourth of July Celebration hosted at Centennial Olympic Park with a fireworks display and performances by the Atlanta Symphony Orchestra; and
- initiation of the development of Northyards Business Park through land acquisition and the receipt of \$5 million in Enterprise zone funding.

⁵⁷ Ken Bleakley, President of COPA, interview by phone, June 16, 2000.

COPA's goals for housing around the park are beginning to take shape as two projects, Legacy's Centennial Park West and the Museum Towers at Centennial Hill begin their pre-sale process. Centennial Park West is a 95 unit luxury condominium project adjacent to Legacy's Embassy Suites hotel. Museum Towers at Centennial Hill is part of a much larger 2-block parcel targeted for mixed-use development. The first block being developed by Selig Enterprises, Harold A. Dawson and Company, and Southeast Capital Partners proposes a 360 unit condominium and apartment project, 1300 parking spaces in the middle of the development, a new Children's Museum, 15,000 to 20,000 s.f. of street level retail, and 280,000 s.f. of office space. The second parcel, being developed by the Novare Group includes a \$15 million 100-unit condominium project with underground parking and street level retail. Both projects on Centennial Hill are expected to break ground in the second half of 2000.

Regulatory change has been a key focus of COPA in the creation of incentives that will stimulate development around the Park. In order to attract quality development and promote a special identify for this area, COPA established development policies to guide the physical transformation of this area. These policies define four distinct sub areas and address such issues as the streetscapes, lighting and landscaping, parking and transportation, site planning, building design, signage and identity. Although these guidelines are not strict requirements, the City's Bureau of Planning will seek input from COPA's design review committee before approving any plans for this area. Thus, COPA encourages developers to meet with its committee before submitting plans to the City for review.

In addition to setting forth its COPA's own development policies for this area, COPA was instrumental in the establishment of the Westside Tax Allocation District (TAD) to facilitate the redevelopment around the Park. The Westside TAD covering a 1,400 acre area extending west from the Park, is similar to tax increment financing programs in other cities. These programs are designed to leverage future property tax increases to provide funds to support current redevelopment efforts (which lead to real property value increases in the surrounding areas). As structured by the City of Atlanta, Westside TAD funds may be used for public improvements, school construction, streetscapes, transportation, selective land and property acquisition, parking

construction, private building rehabilitation, renovations, professional services, and overall redevelopment work. The Atlanta Development Authority (ADA) will administer the TAD. The ADA is an independent public agency created by the City of Atlanta for the purpose of promoting the revitalization and growth of the city.

In addition to TAD, COPA has identified other federal and state incentives for its Northyards Business Park, including, federal tax incentive from Empowerment Zone designation, state tax incentives for job creation, state investment tax credits, state job training tax credits, state child care tax credits, state research and development tax credits, state manufacturing sales tax exemption, material handling sales tax exemption, and electricity sales tax exemption. The COPA's area also lies within the City's retail incentive tax-exempt zone. These zones are designed to promote more retail in underutilized areas by providing business tax exemption for five to ten years.

Serving the needs of the regional business community, the Atlanta Chamber of Commerce is also working to carry the Olympic momentum into the new century. The Chamber has a number of initiatives coordinated by its Community Development Division in the area of arts and culture, environment and water, transportation and education. Committees are headed by members of the Chamber and include prominent business leaders in the Atlanta community. These initiatives include the funding of studies, policy promotion, volunteer programs, and private partnerships. At the most recent Quarterly Briefing on Community Development more than 120 members and friends attended the luncheon to hear about current activities of these committees. The tremendous attendance demonstrates the continuing commitment by the business community to sustaining growth and improving the quality of life.

In addition to CAP and its affiliate groups, a number of other organizations have been working for change on a smaller, more direct scale and in areas beyond the scope of CAP. These include non-profit groups such as Atlanta Neighborhood Development Partnership (ANDP), the Midtown Alliance, Habitat for Humanity, Historic District Development Commission, SUMMECH, Summerhill Neighborhood Development Corp. and other CDCs. The Atlanta Neighborhood Development Partnership, Inc. (ANDP) was founded in 1991 to revitalize

neighborhoods through the development and rehabilitation of very low and low-to-moderate income housing, the development other neighborhood services, and through support provided to other community development corporations (CDCs). ANDP began its work in anticipation of the momentum for revitalization associated with the 1996 Olympics. In total, ANDP has directly and indirectly been involved in the construction and rehabilitation of more than 6,000 units throughout the city. ANDP current efforts focus on promoting balanced development through low and moderate income housing and the creation of mixed income communities. ANDP recently developed Studio Plex, a mixed-income artist's community in the Sweet Auburn neighborhood jointly with the Historic District Development Commission. StudioPlex consists of 112 residential lofts, 17 live/work spaces and 24 retail gallery spaces. ADNP both finances and develops projects ranging in size from the rehabilitation of a single home and to the development of a single family subdivision.

A relative of CAP, the group spearheading Midtown's development plan is the Midtown Alliance. Similar to CAP, Midtown Alliance's mission is sustain and promote of a quality of life for residents, visitors and workers in Midtown. Although Midtown was not host to any Olympic venues, its proximity to downtown made it host to many visitors in hotels and homes during the Olympics. Midtown's proximity to Georgia Tech makes it a beneficiary of the improvements which have taken place as a result of the Olympics. Midtown is a thriving and growing community today although this growth appears to be less attributable to the Olympics than may be the case for the downtown or central Atlanta area. However, the momentum of cooperation and planning around the time of the Olympics may have helped to spur the creation of Midtown's comprehensive development plan, Blueprint Midtown. The planning process for Blueprint Midtown began in 1995, as development activity in this area was heating up. The goals of Blueprint Midtown are to stimulate new development, provide direction for public improvements, and enhance the pedestrian environment. Blueprint Midtown categories its objectives in four areas: Open Space and Pedestrian Environment, Street Design and Network, Transit Options, and Land Use. Implementation of the plan is underway. Some of the key strategies include changes in zoning to accommodate more flexible, mixed-use development, the establishment of a community improvement district analogous to ADID, the creation of a

transportation management association, as well as the initiation of public safety and community clean-up programs.

Although all of these groups existed before the Olympics, all of these groups have benefited from the positive energy and momentum created from the excitement and preparation for Atlanta's hosting of the 1996 Olympic Games. Through the efforts of these groups, revitalization of the center city continues on long after the visitors left and the memory begins to fade.

Chapter 9 Summary and Conclusions

Although Atlanta hosted the 1996 Summer Olympic Games more than four years ago, it may still be too early to assess the impact of the Games on Atlanta's real estate markets or to discern whether it was the Olympics or other factors that produced the changes in Atlanta's city center. This study is not the first attempt to define the legacies of the Olympics and it will not likely be the last. The importance of the Olympics as both a sporting and commercial event means that the social, political, cultural and economic impacts will continue to be analyzed by academics, planners, and business and government leaders.

This study attempted to analyze the impacts of the Olympics on real estate markets in Atlanta. Through the use of both quantitative and qualitative analysis, the following conclusions result:

1) The Olympics did produce measurable impacts on the regional economy.

Regionally, the Olympics had no measurable impact on employment, construction⁵⁸, hotel supply, demand, or pricing, or housing supply. First, the Olympics produced neither a short or long-term impact on regional employment. Trends in regional employment are influenced by Atlanta's general economic growth. The Olympics did not change this. Although previous studies estimated more than 75,000 jobs would result from the games. These estimates are based on a five year period leading up to an including the game. Thus, if the figures are correct, they suggest Olympic related employment was concentrated in short-term temporary staff.

Second, in the real estate industry, the Olympics produced no measurable effect on construction starts (new and additions) in the retail, hotel and housing sectors. Although a number of hotels were developed prior to the and after the Olympics, suggesting an Olympic boost to supply, it is more likely that the post-Olympic upward shift in supply is due to regional economic growth more than the Olympics. This is supported by the fact that the analysis of construction starts which covered a longer period than the hotel supply analysis showed no significance with respect to the 1996 Summer Olympics. The analysis of hotel rates shows clear price gouging that took

⁵⁸ Excluding construction related to stadiums, sports facilities and infrastructure improvements.

place in conjunction with the 1996 Olympics. Annual occupancy levels in 1996 actually fell relative to the 1995 levels, while annual average room rates increased to record levels.

Similarly, while regionally housing price increases have been notably higher since 1996, this impact may be attributable to regional and national economic growth than from increased attractiveness resulting from Olympic investments. Growth in regional rents were shown not to be significant with the 1996 Games. If the Olympics increased the attractiveness of the region through infrastructure and beautification improvements, the effect should have been measurable in both house prices and rents.

2) The Olympic Games have measurably contributed to the growth of in-town real estate markets.

The quantitative analysis shows two important positive impacts resulting from the 1996 Olympics in both in-town hotel rates and multi-family housing growth. In the hotel market, there while growth has been slow, there has been a noticeable trend toward investment in renovation and redevelopment. Room upgrades, restaurant and common space renovation and meeting space additions for in-town properties have lead to faster growth in average room rates. This hotel spruce up corresponds with the Olympic related “face-lift” to the downtown area.

The investment in housing as alternative lodging for corporate visitors affiliated with Olympics sparked the movement to develop in-town housing in Atlanta. Based on the analysis of permit data, the Olympics has contributed to more than 1650 additional multi-family units in each year since the Olympics. Since 1995, the stock of both downtown and midtown multi-family housing has more than doubled; current plans should produce another 20% increase downtown and more than 40% increase Midtown by the end of 2001. A number of post-2001 projects have already been announced. While many of the early projects were conversions of building or office space into housing, most current projects propose mid-rise luxury development.

3) The Olympics were a catalyst for physical changes in downtown Atlanta.

When first speaking of the Atlanta Olympics, most people not the legacy of sport facilities resulting from the Games. However, the sports stadiums have probably been less important than

Olympic-related investments in infrastructure, housing, streetscape improvements, and, Centennial Olympic Park. Although some of the larger investments such as expansion at Hartsfield and HOV lanes were in the works, the Olympics both assured and accelerated the implementation of these projects.

From urban legacy viewpoint, Centennial Olympic Park stands as the most notable improvement downtown and one which will likely yield the most significant long-term benefits to Atlanta if it sparks additional development on adjacent properties. Without the Park, there would still be a fifty acre sea of vacant lots, parking lots, and low-rise industrial development adjacent to the Georgia World Congress Center, CNN, Phillips Arena, and the Georgia Dome. These properties are main attractions for resident and visitors to the City, and prior to the Olympics, suffered from lack of connectivity to the rest of downtown. Prior to the Park, visitors generally would not walk from their Peachtree hotels to the GWCC. The area was both dangerous and unattractive. Now, the Park provides important connectivity and beautification to what was a tough urban environment. More importantly, the Park has spurred hotel, housing and mixed-use development around its edges which should continue to inspire revitalization and redevelopment in this area.

The streetscape improvements including new sidewalks, street paving, lighting, signage, information booths and public art provided an important face lift for the city. These physical improvements create an attractive setting for workers, visitors and residents. They have helped to create a sense of place that defines the center city as a unique, urban environment. These improvements in addition to the fiber optic investments made for the Olympics are now attracting the highly desirable high-tech office tenant.

4) The Olympics were a catalyst for organizational progress.

Hosting the Olympics required more than five years of direct planning and the support of thousands of volunteers and organizational staff. Local, regional and state support was necessary to prepare Atlanta for the thousands of athletes and more than 5 million spectators who attended the Games. In spite of a few problems, notably transportation and security, the Games are on record as being the largest to date. The Olympics proved to Atlantans that the City is more than the “capital of the South”, it is an international city. This achievement has created new hope to

address the problems in the City of Atlanta and the Atlanta metropolitan region. The legacy of cooperation and partnership can be seen in the participation of government and business leaders in such organizations as Central Atlanta Progress, the Midtown Alliance, and the Atlanta Chamber of Commerce and their efforts to sustain the momentum of change brought by the Olympics. Two of these groups collaborated with residents, businesses and government to produce their own Master Plans in an effort to direct development in ways to promote revitalization and growth, yet to ensure a high quality of life for residents.

4) The Olympics were a catalyst for psychological changes.

The Olympics created an opportunity for many residents who live and work in the suburbs to not only visit the downtown area, but to walk around and see its amenities. Many Olympic spectators had not been downtown in years before they attended the Games. The dominance of the car in Atlanta and the prevalence of highways means that suburban residents can attend events at the Georgia Dome, Turner Field, or the Phillips Arena with walking too far from their car and without traveling far in the City. The Olympics showed the best of Atlanta to visitors and residents; it also changed the perceptions of some suburban residents of the City. These same people are more open to attend an concert or show downtown than they were prior to the Olympics. Regular events at Centennial Olympic Park and the Annual Fourth of July Concert and Fireworks bring suburbanites back to the City. Although there has been a gradual trend towards in-town living in years prior to the Olympics, Olympic-related downtown improvements and a changing perspectives about the City have fueled the movement back to in-town neighborhoods such as Virginia Highlands, Grant Park, Inman Park, Candler Park, etc.

5) Olympic improvements have fueled the cycle of urban revitalization and renewal.

Hosting the Olympics providing capital and momentum for change in the City. Although CODA was unable to implement many of its proposed neighborhood redevelopments in its Olympic Development Plans, the \$78 million dollars of investments in sidewalks, streets and Parks were significant. While improvements were targeted towards Olympic visitors, they left an important legacy for the City of Atlanta which should not be minimized. These improvements have increased the attractiveness of downtown and are an example to other areas of what can be done to improve the look of the city.

New programs including Federal Empowerment Zone designation, Westside Tax Allocation District, and other tax credit programs have the potential to bring what the Olympics couldn't, capital, for the redevelopment of these areas. Although the Olympics did not spark substantial neighborhood improvements prior to the Games, the Olympic improvements have been a challenge and catalyst for others to continue their progress in the post-Olympic era. Just as in-town market rate developers used the lease up of their projects to support additional housing, success from the limited number of Olympic redevelopment projects in blighted neighborhoods helps to support future redevelopment projects.

While many used the Olympics as their rallying call, none were as successful as the Atlanta Housing Authority. Naming their comprehensive redevelopment program the Olympic Legacy Program gave it clout and urgency at HUD when funding was sought to initiate the first projects. The redevelopment of AHA properties is one of the greatest revitalization stories in the past four to six years. AHA has redeveloped four public housing projects, constructed two replacement communities, and is at various stages in the initiation of four more projects. There is no question that improvements in these AHA communities feeds the cycle of revitalization in the City. As opposed to bringing down the value and attractiveness of neighboring properties, these new public housing projects increase the attractiveness and value of adjacent properties.

In spite of the physical, organizational and psychological changes resulting from the Olympics, these impacts are still insignificant relative to the growth and development occurring in the greater Atlanta region. In 1998, the City of Atlanta accounted for just over 10% of the regional population, and approximately 23% of the regional employment; these shares have been falling since the 1980s. Although it has only been four years since the 1996 Games, the Olympics does not appear to have changed this trend. The physical, organizational and psychological changes from the Olympics have helped to fuel piecemeal revitalization of downtown and in-city areas; however the results are in-conclusive as to whether this revitalization can reverse flat population growth, increase the number of middle class residents in the City, and create a 24 hour urban environment desired by many business and political leaders.

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