

AS SEEN IN

Philadelphia Business Journal, September 2003

Real Estate

Jacob Reed building bought for \$5.8M

NATALIE KOSTELNI
STAFF WRITER

The famed Jacob Reed building, one of Center City's most notable buildings, has been sold for \$5.8 million to a local partnership.

Sunny Spring LLC, the buying partnership, acquired the five-story, 50,000-square-foot property at 1424 Chestnut St. from Chicago-based Transwestern Investment Co.

It was constructed in 1903 for Jacob Reed's Sons, a well-known men's clothing store.

The facade of the structure has a loggia on the top floor, a high arched entranceway and it is constructed with a red tile roof

Mercer tiles were created for the building by Henry Mercer, who ran the Moravian Pottery and Tile Works in Doylestown. His handcrafted decorative tiles were laid in different interlocking designs to complement individual buildings. In the Jacob Reed building, the tiles depicted crafts associated with the garment industry.

In 1983, Jacob Reed's closed its doors after nearly 160 years in business and the building stood vacant. In October of that year, Willard Rouse III bought the building for \$2.3 million with plans to put Boyd's Mens Store in the street

level retail space. Rouse sold the property in 1986 to Pima Savings & Loan Association of Arizona for \$7.85 million.

The property went through a series of owners and it was sold again in 1998 to City Center Realty Trust of Chicago for \$4.75 million. When City Center Realty decided to cease operations, it sold Jacob Reed as part of a portfolio to Transwestern. Because it was in a larger portfolio, the sale price couldn't be determined.

The building is now fully occupied and the new owners plan to hold it as a long-term investment, said Ken Mallin of Mallin Panchelli Nadel who, along with colleague Steve Clofine, arranged the latest transaction.



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Philadelphia Business Journal, September 2003

Real Estate

Mack-Cali Realty buys Blue Bell site

NATALIE KOSTELNI
STAFF WRITER

Mack-Cali Realty Corp., a Cranford, N.J., office real estate investment trust, continues to bolster its Philadelphia suburban portfolio, buying another Blue Bell office building.

The North Jersey office real estate investment trust bought 4 Sentry Parkway, a 63,930 square-foot office building in the Sentry Park office campus in Blue Bell, for \$10.2 million.

The property is 94 percent leased. It was sold by PH Sentry Associates, an affiliate of Progress Financial Corp.

With the acquisition of 4 Sentry Parkway, Mack-Cali owns five buildings totaling nearly 382,000 square feet in the Sentry Park office campus and 17 buildings totaling 1.9 million square feet in the suburbs.

The company worked in earnest to boost its Philadelphia presence last year. Acquiring the Triad Building, a 174,124-square-foot property in the Renaissance Corporate Center in Gulph Mills, for \$26.3 million. It went on to buy 16 and 18 Sentry Park West in Blue Bell for \$34 million.

Mack-Cali first entered the local market in the mid-1970s, buying One Plymouth Meeting, a nine-story, 168,000-square-foot building at 1150 Plymouth Meeting Mall.

Smith Mack & Co. represented the seller in the recent transaction.

WEST CHESTER SALE

A two-building, 50-unit apartment complex called College Arms that sits across from

West Chester University has sold for \$3.9 million.

Located at 721-31 S. High St. and 231-33 S. Walnut St., College Arms was bought by an affiliate of Pearl Properties, a private Philadelphia real estate company that has the bulk of its holdings in Center City and a spattering of properties in the suburbs, including West Chester and Ardmore.

Typically a long-term holder, earlier this year Pearl Properties sold the Coronado, a well-known 33-unit apartment building at 22nd and Chestnut streets in Philadelphia, for \$5.7 million.

The West Chester property was sold by West Chester Associates.

Mallin Panchelli Nadel arranged the transaction.

Real Estate

Philadelphia Business Journal, September 2003

Portfolio of apartment buildings acquired

NATALIE KOSTELNI
STAFF WRITER

A portfolio of eight Center City apartment buildings totaling a whopping 65 units in the distinctive Rittenhouse Square neighborhood has sold for \$4.3 million.

The portfolio included a set of four contiguous apartment buildings called Victoria House Apartments. The buildings, which are at 237, 239 and 241 S. 21st St. and 2049 Locust St., contain 36 apartment units. The other part of the portfolio consisted of four separate buildings at 250 S. 21st St., 260 S. 21st St., 133 S. 22nd St. and 2041 Spruce St.; it has 29 apartments. Rents on

each unit range from \$500 to \$900 depending on the size. The buildings are fully occupied.

The seller, Philadelphia Victoria Associates of Connecticut, bought the properties in 1998. Locust Commons, a local private partnership, made the recent purchase.

"The timing of the acquisition was good, said Josh Nadel of Mallin Panchelli Nadel, who arranged the transaction with colleague Steve Clofine."

SHOPPING CENTER SOLD

A 33,000-square-foot retail center at 48th and Spruce streets in

West Philadelphia sold for \$2.65 million. The strip is fully leased with Blockbuster as an anchor tenant.

"People loved it, but they were afraid of the neighborhood," said Ruth Lief Miller, a broker with Mallin Panchelli Nadel who arranged the transaction. "But as the University of Pennsylvania kept moving west, it made it more viable."

The building at 309 S. 48th St. had once been an Acme supermarket. The seller, who is local, bought it in the 1990s and subdivided the structure and built on additions. The buyers, Main Street Investors, are also local.

AS SEEN IN

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Real Estate

Chestnut Hill attracts investors and homeowners

BRIAN WHITE
SPECIAL TO THE BUSINESS JOURNAL

A renaissance in Chestnut Hill is changing the face of the Philadelphia neighborhood – with the area attracting attention from families, local businesspeople and even national investors.

Known citywide for its independent retailers along Germantown Avenue, Chestnut Hill has seen an influx of young families in the past few years, according to Suzanne Biemiller, executive director of the Chestnut Hill Business Association. She said families are attracted to the closeness of services and shops as well as the community itself.

"Chestnut Hill represents a lot of what families are looking for. It's a very livable community; you're not car-bound," said Biemiller, who lives in the neighborhood. "I hear all the time people saying 'I don't want to move to the suburbs. I want a community where I can walk to things [and] still have the amenities of a small village.'"

People are drawn to the variety of retailers on Germantown Avenue.

That attraction, coupled with low interest rates, has translated into a boom in the Chestnut Hill housing market.

Many of the new residents are married couples in their 30s or 40s buying their second or third homes and the owners are renovating and restoring the houses.

The low interest rates have turned a lot of renters into buyers, said Virginia McCuen, the Chestnut Hill office manager for Prudential Fox & Roach Realtors.

"If you are paying \$1,500 to \$2,000 a month in rent, why not buy a house?" said Morse.

The neighborhood is changing demographically, becoming more racially diverse, Biemiller said, and more women are working outside of the home.

Retailers have been quick to adapt to these changes, she said. Many stores are now open on Sundays.

Stores offering products suited to the newer residents have opened along Germantown Avenue in the past year, including several high-end furniture and home decor shops. New restaurants offering a change of scenery, such as Japanese restaurant Osaka, also have opened.

Sal Mengine, a former Pittsburgh and Carlisle resident, chose Chestnut Hill as the place to start Pianta, a grilled pizza restaurant.

Mengine hopes to fill a niche with his quick-service restaurant, which will not have waiters, only an order counter and "runners" bringing food to tables. He considered locating in Center City and other neighborhoods, but decided Chestnut Hill was where he could stand out.

National investors have been noticing Chestnut Hill, said Ken Mallin, owner of Mallin

Panchelli Nadel Realty. Mallin brokered a deal in June in which New York-based Thor Equities bought the several properties at the center of Chestnut Hill's Germantown Avenue shopping district.

Thor bought the properties, which include a Borders Books and clothing stores Talbots, Jos. A. Banks, Express and Express Men's, from the Chicago real estate company Transwestern Investment for \$13.5 million.

"There haven't been a lot of transactions in Chestnut Hill to national investors," Mallin said. "[Thor] was very impressed by the look and feel of Chestnut Hill."

Mallin said a large deal can sometimes spark an increase in property values that will attract other national investors. However, he said such investors are often not interested in smaller properties like many of the retailers along Germantown Avenue.

"There's hardly any sales on those blocks," he said. "Those are considered the prime retail. It is very difficult to get a decent amount of space. Chestnut Hill is unique in that it is ... an eclectic mix of shops and stores that kind of feed off each other. It's the closest thing outside of Center City to Walnut Street."

Philadelphia Business Journal, August 2003

Real Estate

Old City Sale

NATALIE KOSTELNI
STAFF WRITER

Lippencott Court, a 22-unit apartment building at 17-23 S. Bank St., was sold for \$2.2 million to local private investors going under the name of Lippencott Court Associates.

The property includes two parking areas, one across the street and one behind the complex, that have 17 spaces. The seller, Explo Associates, was a private partnership that included local and West Coast investors.

"One of the interesting aspects of the transaction was that a deal was struck within just an hour of an initial phone call to potential buyers" said Ken Mallin, who, with Josh Nadel of Mallin Panchelli Nadel, handled the sale.

"We called three people," Mallin said about the first round of calls he made to seek out possible buyers. "We had a written proposal within a half-hour of the phone call and a signed agreement within an hour by both the buyer and seller. I hardly ever remember a deal going that fast."

It closed within 45 days.

Mallin attributed the speed of the transaction on a combination of factors that came together, including happening to know who might be interested in the property and low interest rates.

MAKING A HIRE

The Rubenstein Co., a private Philadelphia real estate investment trust, has decided to hire a chief investment officer and is seeking to hire a chief financial officer, two new positions at the firm.

Hugh Ward joined Rubenstein after spending the last five years with Vornado Realty Trust in New York where he was senior vice president of acquisitions. There he oversaw the company's M&A activity and other investments.

THE FINE PRINT

Kalidave LP bought 707 E. Market St., an 11,000-square-foot building in West Chester, for \$1.1 million. The seller is a local family that had owned it for 20 years. Prestige Group Inc. arranged the transaction ... Philadelphia-based Burns Engineering Inc. acquired some assets of Lean Engineering Ltd., giving the company a greater presence in the Washington, D.C. area. Terms of the deal weren't disclosed ... Shared Technologies leased 11,893 square feet at 2550 Eisenhower Ave., Valley Forge. Beacon Commercial Real Estate arranged the lease ... Chemlogix leased 7,333 square feet of space at Abington Hall in Sentry Park West, Blue Bell. Smith Mack handled the lease.

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Real Estate

Di Bruno Bros. will open Chestnut store

NATALIE KOSTELNI
STAFF WRITER

Di Bruno Brothers, a South Philadelphia culinary institution, plans to open a new store at 1730-32 Chestnut St., a building it recently bought in partnership with a local real estate investor.

The 23,000-square-foot building was sold for just over \$3 million by a New York partnership to Di Bruno Brothers and Philadelphia-based Pearl Properties. The first floor has 6,000 square feet of space—a lot by local standards—and houses an Express clothing store, which is leaving the property.

Mallin Panchelli Nadel arranged the transaction.

Di Bruno Brothers has outgrown its two other locations at 103 S. 18th St. and 109 18th St., said Bill Mignucci, whose grandfather started the business in 1939 in what remains the company's flagship store in South Philadelphia's Italian Market. That store, which will remain open, is at 920 S. 9th St.

Mignucci and his two cousins took over the family business in 1990 and ventured beyond the Italian Market onto 18th Street on Rittenhouse Square.

The 18th Street stores are 600 square feet each and haven't allowed the purveyor to branch out into different areas despite becoming quick successes. One was opened in 1997, the other in 2001.

"We brought Di Bruno's to a higher level and Rittenhouse

Square really embraced us," said Mignucci's cousin, William Mignucci.

The new store will range from 6,000 to 8,000 square feet and more than \$3 million will be spent transforming it. There the Mignuccis envision creating a one-stop shopping destination for those wanting to buy Di Bruno's Italian specialty foods such as cheeses and olive oil, as well as other gourmet food such as caviar, cold cuts, rotisserie chicken, ribs, pork and duck, antipasto and prepared Italian dishes, salads, sandwiches and pizza. A coffee bar will be on the street level supplied with daily newspapers from around the world. It also will be wireless.

"We feel that Philadelphia is now at the point where it will support a store of the size we are building," Bill Mignucci said.

The owners are tossing around "a lot of creative ideas" for the new store. Some of the other details the Mignuccis could reveal about the new site include having a 29-foot cheese cave in the rear of the store and aging rooms for cheese to propel the proprietors into being known as one of the largest purveyors of cheese along the East Coast.

In addition, plans call for a seating area on the second floor for casual, light fare dining and "basically what we do now but on a larger scale," Bill Mignucci said.

The new store is expected to open next spring.

Philadelphia Business Journal, August 2003

Real Estate

Driving force behind Chestnut rebirth

NATALIE KOSTELNI
STAFF WRITER

Once a dingy walkway where few people actually wanted to walk—or live and spend their money—Center City's Chestnut Street has evolved into one of the most attractive real estate strips in town, bringing profits to sellers and giving new buyers the potential for even bigger future gains.

Take 1519–1521 Chestnut St., a shuttered former United Artists movie theater called Eric's Place.

The 10,000-square-foot building has sold three times since 1999, when it was bought for \$725,000. About a year later, it sold for a little over \$1 million. Just a couple of weeks ago, a local private investor bought it for \$1.54 million.

"You have to understand Chestnut Street over the last few years to appreciate that," said Ken Mallin of Mallin Panchelli Nadel Realty Inc. Mallin and his colleague, Josh Nadel, have been involved in the majority of sales that have occurred on Chestnut from Broad Street through its 2000 block during the last five years.

They have watched the street go from a desolate pedestrian-only walkway dotted with vacant stores to a vibrant street where vacancies are filling up and real estate is trading at a steady clip. It comes after real estate transactions were idle along the street for years.

Rents are another factor underscoring the turnaround on Chestnut.

"What leased for \$15 a square foot now leases for \$30 a square foot," Mallin said. "Chestnut Street has improved that much."

Key to Chestnut's transformation was a movement that began in 1999. That's when the street finally went from a failed pedestrian mall to its current vehicle-friendly thoroughfare. The street was widened from 6th to 18th after the city closed the street in 1975 to all vehicles, except SEPTA buses. It was an attempt to create a walkable stretch in which restaurants and shops would flourish.

Though well intentioned, the bustle never bustled and "pedestrian-only" became a footprint for retail disaster. In 2000, construction to reopen Chestnut to vehicles was completed.

Real estate investors Mallin encounters believe "the time is now" for Chestnut, he said.

Philadelphia-based Pearl Properties has started to accumulate sites along Chestnut, buying up two properties in the last month. It purchased 1730-1732 Chestnut for \$3.055 million and will house a new Di Bruno Brothers store in it. Pearl also bought 1907 Chestnut, a former house of worship, for \$750,000. Sam's Grill will move into the space.

Other buildings along Chestnut have added to its progress.

The Land Title Building at 100 S. Broad at the corner of Chestnut helped lead Chestnut's revival and is also indicative of how values have risen.

When Alex Schwartz bought the 375,000-square-foot building in late 1997 for \$7 million, it was 85 percent vacant. Since then, Tower Records moved into the street-level space. Today the building is nearly fully occupied with mostly city agencies.

Mallin, who helped Schwartz buy the building, believes it could now sell for between \$30 million and \$35 million.

The transactions, conversions and other activity on Chestnut Street lead Mallin to speculate about the other end of Chestnut.

"I think the same thing is going to happen east of Broad on Chestnut," he said. "As Chestnut west of Broad fills up, there's going to be more demand for retail. The retail is already creeping down Chestnut. The only stretch that has a lot of opportunity is between 10th and 13th and that area is finally going to hit because the timing is right."

Activity has already started to pick up there.



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Real Estate

Staubach says it will stay in the local game

NATALIE KOSTELNI
STAFF WRITER

The Staubach Co.'s Philadelphia office is undergoing a major reorganization after five of its brokers recently left the firm to either join competing brokerages or go out on their own.

The firm, which opened its local offices in Bala Cynwyd in 1997, currently maintains four brokers covering Philadelphia, the western suburbs and South Jersey.

Joe Fetterman, senior vice president and principal who is running the firm's Bala office, said that Staubach plans to keep, and grow, its presence here despite the handful of employees leaving.

Fetterman said that the firm, which represents tenants in real estate transactions, can now concentrate on establishing an office "focused on teamwork and high production."

Some of the recent transactions in which the firm was involved include the 75,000-square-foot lease that AppTech Laboratory Services signed for space at the Philadelphia Naval Business Center. It also oversaw the construction of the recently completed 36,000 square-foot Hillel house (a Jewish gathering place) at the University of Pennsylvania at 39th and Walnut streets. Fetterman's office is handling the renovation of the new

Russell Byers Charter School, which is in 40,000 square feet at 1911 Arch St., as well as a 15,000 square-foot lease for Lincoln Financial Advisors at Commerce Center at 1800 Chapel Ave. in Cherry Hill.

Staubach plans to add two to four people this year to its local ranks. The new employees will be added to the brokerage side of the firm as well as its design and construction segment. It has also entered into an alliance with Johnson Controls nationally that will be parlayed locally.

"To be market leader is not going to happen over night, but I do think the seeds have been sown," Fetterman said.

STORAGE IN SPRINGFIELD

Six acres adjacent to the Springfield Mall off Baltimore Pike in Delaware County sold for \$3.15 million.

Storage USA, a unit of General Electric, acquired the site from a family in California. The company plans to construct a three-story, 102,000-square-foot storage facility on the property. The average size of one storage unit will run about 90 square feet and the largest about 300 square feet. Rents haven't been determined.

When construction will commence is unknown at this point, said Jeff Supnik, who

oversees Storage USA's real estate in the region. The company just began lining up the necessary building permits for the project.

The facility will serve as a local flagship operation for Storage USA, which already operates a dozen storage sites through the area.

The storage space is targeted at not only the individual who has run out of room at home but professionals, such as pharmaceutical sales representatives who need a place to store samples in a secure, climate controlled room.

Mallin Panchelli Nadel represented the buyer while Legend Properties represented the seller in the transaction.



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Real Estate

Coronado sale sets record for apartment price

NATALIE KOSTELNI
STAFF WRITER

An apartment building sale in Center City has established a new threshold for the highest per-unit sale price for the region.

The Coronado, a 33-unit building at 22nd and Chestnut streets, was sold for \$5.7 million, or \$175,000 a unit.

The most recent high-water price-per-unit was the recent sale of Summit Stonefield in Yardley, Bucks County. That 216-unit complex sold for \$32.27 million, or \$150,000 a unit.

Most notable about the Coronado is that it's in Center City and that a multifamily property in Philadelphia garnered such a steep, record-setting price. In the last two years or so, sales records of apartment buildings have been concentrated in Philadelphia's western suburbs.

The Coronado was sold by Pearl Properties, a private Center City-based real estate investment firm, to an affiliate of Iron Stone Management, also of Philadelphia. The property is set up as a condominium with Iron Stone buying 33 of the building's 37 units. Pearl operated the property as an apartment complex, renting out the condos.

"It's the first thing we ever sold," said Reed J. Slogoff, principal at Pearl. "We're long-term owners and it wasn't an easy decision."

Slogoff, who wouldn't confirm the sale price, said that an offer was made that couldn't be refused. He did say that it was a "superior return on our initial investment."

Pearl bought the 10-story building four years ago and spent several hundred thousand dollars upgrading it. Iron Stone plans to make additional renovations, particularly to the common areas. It also envisions having a doorman at the property.

The firm then intends to sell the units as condominiums, said Joel Wachs, a partner in Iron Stone.

The building was originally constructed in 1910 and designed by Milligan and Webber. The location and demand for condos drove the high sale price for The Coronado, said Ann Bailey of CB Richard Ellis, which represented the seller.

The transaction was arranged by Mallin Panchelli Nadel and CB Richard Ellis.