

## AS SEEN IN

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### Real Estate

# Mallin niche features underused properties

ATHENA D. MERRITT  
STAFF WRITER



Left to right: Joshua Nadel, Russel V. Panchelli & Kenneth W. Mallin

Flashback a dozen years to when real estate broker Ken Mallin was a man hanging onto hope and a lot of debt as he waited for his business, Mallin & Panchelli Inc., to take off.

***"I just borrowed and borrowed and borrowed, believing in the fact that I was able to make it work and I went pretty heavily into debt," he said.***

What brought him out of debt was finding a niche brokering what became known as "mothballed" properties – those whose second floor or entire structure had lost its usefulness. He got the idea, he says, from then-Philadelphia City Council member, now mayor, John F. Street.

"He spearheaded this idea of developing the upstairs of properties that were no longer viable for whatever their uses were at the time, and he identified a bunch of buildings he thought would

the newfound popularity of lofts and the ushering in of the city's 10-year tax abatement offered to developers who rehabilitated buildings, Mallin and Nadel said.

***"There was the convergence of all of these elements moving in the same direction," Nadel said. "There became a natural fit for people to sell these apartment conversion buildings."***

Between 1998 and 2003, the number of apartments and condominiums in Center City grew by 4,235, bringing about 6,000 new residents, according to the State of Center City 2004 report released by the Center City District and the Central Philadelphia Development Corp.

Additionally, five condominium projects slated for completion this year will add 225 units, while 10 other

work and he called the program "Turn on the Lights," Mallin said.

One of the buildings identified – at 7th and Sansom streets – would be the first of many Mallin's firm would broker.

***"I did more of these type of buildings than anyone," said Mallin, who brought on Josh Nadel as a partner in 1994 and renamed the firm Mallin Panchelli Nadel Realty Inc.***

Mallin estimates that, in the past eight years, his firm brokered 25 to 30 large, vacant properties. The demand was driven early on by the need for apartments by University of Pennsylvania students,

condo projects have been proposed, which would add 1,700 units, according to the study. Last year, four newly constructed buildings brought nearly 300 apartments, with 1,200 more expected over the next three years.

Loft-style residences, defined by their high ceilings, wide open space, large front windows and exposed utilities, continue to drive the market today, said John Orens of Orens Brothers Real Estate – just as they did in 2001 when Mallin's firm arrived with a big book of property listings to show to his real estate development firm, he said.

"We're taking buildings that were not intended to be used as residences. Originally, they were built for industrial reasons or commercial reasons," Orens said.

The appeal, he said, is that the buildings are empty and no longer being used.

"As a developer, if you want to develop and convert (a property), you want to do it as quickly as possible. If you have an operating building filled with tenants with office space, you have to honor their leases until they're done. Now, suddenly, you're a landlord, when you wanted to be a developer," Orens said.

Just as Orens Brothers landed on the radar of the firm, which had added a partner, becoming Mallin Panchelli Wentworth LLC, the latter was landing on the radar of area developers for the brokering of noteworthy mothballed buildings.

***"I think it helped propel the business because a lot of the buildings we sold were notable and they were also buildings that helped the market understand the type of transactions that we did," Mallin said.***

Those include the Packard Building at 15th and Chestnut streets, the Western

Union building at 11th and Locust streets, the old Daily News building at 2200 Arch St. and the Lithographic Building at 144 N. 13th St.; the latter two were bought by Oren Brothers after a lengthy courtship.

"We met in 2001 and we kept in touch and they showed us around and, finally, in 2004, we bought over \$20 million worth of real estate," Orens said.

Compared to residential sales, large vacant buildings are offered through just a few players, Orens said.

And when you weed out those who have had success, the number gets even smaller, Mallin said.

***"Are there competitors? Sure, there are a lot of people trying to do these deals, just not anyone who has done as many," Mallin said of his firm.***

But it takes more than a portfolio of noteworthy buildings to continue to succeed, Nadel said.

"It's kind of like you're only as good as your last deal. We have a great résumé of properties we sold, but people want to know what we have for them today," he said. "So, our ability to get product I think is what is driving our success."

In the future, the firm, which has been active in the renaissance of both Chestnut Street and Old City, would like to expand into retail leasing. Greater penetration into the counties, especially with apartment buildings, is also being planned.

***"Some of the larger apartment complexes are very competitive and owners hold onto their properties. They hug them and don't want to sell them," Nadel said. "We have a very large buyer base – a huge audience of very good buyers that are aggressive and want to buy these properties."***

## AS SEEN IN

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### Real Estate

# 11th and Locust to get more residences

**NATALIE KOSTELNI**  
STAFF WRITER

The Western Union Building, a 70,000-square-foot structure at 11th and Locust streets in Philadelphia, was bought by a partnership that intends to transform the property into a residential complex with some retail.

A partnership involving local developers Eric Seidman and Josh Peterson, along with Moreland Development of Bryn Mawr, Campanella Construction of Philadelphia and Thylan & Associates of New York bought the building for roughly \$5 million from Thomas Jefferson University. The partnership is working on finalizing its plans for the site and expects to unveil them in the next 60 days, Seidman said.

"I'm really looking forward to creating the vibrancy and energy that 11th and Locust has been lacking over the years," he said. "We're excited about the opportunity to create that vibrancy and energy."

The building garnered a lot of interest from local residential developers. Constructed in 1920 for the money transfer company, the property is one of three other parcels along 11th Street that the medical school put on the market last spring. The property included an empty lot that was once a courtyard, the old Savoy restaurant as well as what is

referred to as an annex building to the Western Union building.

The school owned the Western Union building for about 10 years and had plans to construct a nine-story parking deck on it and the other parcels. However, the Washington Square West Civic Association, a powerful group of residents and businesses that monitors development in that neighborhood, was vehemently against a parking lot. The hospital acquiesced.

The civic association had hoped that a developer would buy the property for a residential use.

**Julien J. Studley represented Jefferson in the transaction while Mallin Panchelli Nadel represented the buyer.**



**Natalie Kostelni**

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### Real Estate

# Local apartment sales

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STAFF WRITER

Copley Place, a 158-unit apartment complex in the Overbrook section of Philadelphia, has sold for \$8.5 million, or \$53,800 a unit.

Apartment properties in that part of the city seldom come on the market, making the sale a bit unique.

The complex at 7400 Haverford Ave. was bought by West Chester Associates, a private outfit that invests in multifamily properties. The company unloaded two of its

assets last year for a total of about \$5 million, prompting the investors to unload the money on another acquisition before year-end. It sold a two-building, 50-unit apartment complex called College Arms that sits across from West Chester University as well as another set of apartments in West Chester.

Copley Place was constructed in the 1960s and is nearly fully occupied. It was sold by a local private partnership.

In a separate transaction, two large turn-of-the-century Victorians in Elkins Park,

Montgomery County, that were turned into apartment buildings were sold for \$1.65 million to private South Jersey investors. The seller was a private partnership.

Elkins Park Apartments at 415 Church Road has 19 units. Tower Court Apartments at 7901 High School Road, which is across from the Elkins Park train station, has 11 units. Both properties will undergo renovations by the new owners.

**Mallin Panchelli Nadel arranged the transactions.**

### Real Estate

*Philadelphia Business Journal, February 2004*

# One building's long, strange trip Vacant 2200 Arch will become loft condos

**NATALIE KOSTELNI**  
STAFF WRITER

For more than two decades, the old Daily News building on Arch Street has been one of the worst real estate investments that Paul Profeta made.

A hulking structure that was home to the Belber Trunk & Bag Co. beginning in 1920, the building has been a major headache for Profeta, who bought it in the early 1980s, and an eyesore for the Logan Square neighborhood of Philadelphia.

Of the hundred or so properties that Profeta has bought across the country, the property at 2200 Arch St. stands out

as the most difficult. He has come close to selling it more times over the last two decades than he cares to remember.

Profeta finally sealed a deal earlier this month on the 12-story, 350,000-square-foot building at 22nd and Arch streets.

Profeta's relief spilled out in vivid images.

"I know what a woman feels like after she's given birth," he said of finally selling the property. "It was flypaper for bizarre occurrences."

Earlier this month, Orens Brothers Inc., a Philadelphia apartment and condominium

developer, closed on the Daily News building, buying it for \$12 million.

**Mallin Panchelli Nadel arranged the transaction.**

Orens plans to convert the building into 176 loft condos. The units will range between 1,000 square feet and 1,450 square feet. Pricing on the condos is still being worked out, but Scott Orens figures that it will run about \$300 a square foot. The building's name will be its address.

Orens is banking on the building's desirable location to attract buyers in a market that has, and continues to have, an abundance of stock.

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**Commercial Real Estate Brokers**  
RANKED BY NUMBER OF LOCAL LICENSED BROKERS

'04 Rank '03 Rank	Name	Licensed commercial sales brokers local/ total	Year Founded	Office organization	Offices local/ total	Additional services	Local executive/ Title
1. [2]	<b>CB Richard Ellis Inc.</b>	67 5,300	1876	Company-owned	5 250	Leasing, asset services, property management, LJ Melody Mortgage banking, research, marketing and public relations, consulting, corporate services	Robert Walters senior managing director
2. [6]	<b>The Flynn Co.</b>	38 38	1980	Independent	2 2	Property management, development, construction, tenant services	Kevin Flynn president
3. [New]	<b>Legend Properties Inc.</b>	36 36	1991	Independent	6 6	Commercial sales, property management, commercial consulting, shopping center leasing, tenant representation	James DePetris CEO
Tie [5]	<b>Trammell Crow Co.</b>	36 600	1948	Branch	2 170	Project leasing, tenant representation, investment sales, development, project management, property management, facility management, transaction management	Jeff Goggins area director
5. [4]	<b>Cushman &amp; Wakefield</b>	35 2,040	1917	Regional offices	3 163	Full-service real estate firm	John Derham senior managing director
Tie [3]	<b>Grubb &amp; Ellis Co.</b>	35 3,235	1981	Company-owned	3 200	Global business advisory firm, delivering strategic planning, property and asset management services and transaction expertise	J. Robert Clements EVP, managing director
7. [8]	<b>Colliers L&amp;A</b>	33 33	1920	Independent	4 4	Property management, investment, corporate services, appraisals	Douglas Sayer CEO/president
8. [9]	<b>Metro Commercial Real Estate Inc.</b>	26 31	1987	Privately-owned	3 4	Property management, tenant representation, investment sales, construction management	Thomas Londres SVP
9. [11]	<b>Binswanger/CBB</b>	25 2,500	1931	Independent	2 160	Advisory consulting, location consulting, property management, acquisition and disposition, project construction, management, financial services	David Binswanger president/CEO
Tie [7]	<b>GVA Smith Mack</b>	25 25	1984	Independent	4 4	WND	H. Reid Blynn CEO
11. [13]	<b>Fameco Real Estate</b>	22 22	1992	Partnership	2 2	Tenant representation, landlord representation, management services, investment sales, capital advisory, property management	Brandon Famous president
Tie [10]	<b>NAI Mertz Corp.</b>	22 22	1980	Independent	3 3	Property management, corporate services, investment analysis, land acquisition	Barry Mertz president
13. [12]	<b>Equity Properties</b>	17 17	1994	Independent	1 1	Leasing, tenant representation, sales, property management	Edward Ginn president
Tie [New]	<b>Preferred Real Estate Investments Inc.</b>	17 20	NA	Corporation	2 3	Development, construction management, landlord and tenant representation, asset management, acquisitions, property management, financing	Michael O'Neill chairman
Tie [18]	<b>Seligsohn Soens Hess</b>	17 17	1952	Independent	1 1	Landlord representation, tenant representation, consulting services	Jeffrey Seligsohn principal
Tie [NR]	<b>Tornetta Realty Corp.</b>	17 17	1952	Independent	1 1	Commercial, industrial, office, retail, business and investment service, property management, development and build-to-suit consultants	Charles Tornetta president
17. [New]	<b>RE/MAX 440 Realty – Commercial Services Group</b>	15 15	1973	Franchise	7 7	Advisory services, asset management, auctions, brokerage services, build-to-suit, business brokerage, buyer brokerage, corporate relocation	Blair Gilbert vice president
Tie [14]	<b>Studley</b>	15 420	1954	Corporation	1 18	Tenant representation, location analysis, incentive negotiations, and real estate advisory strategic planning	H. Hetherington Smith SVP, branch manager
19. [21]	<b>Michael Salove Co.</b>	14 14	1989	Independent	2 3	Retail tenant representation, shopping center leasing, urban retail leasing, investment sales, restaurant site selection, lifestyle retail consulting	Michael Salove CEO
20. [16]	<b>Beacon Commercial Real Estate</b>	12 12	1996	Independent	1 1	Office and industrial brokerage, tenant and owner representation, financial services, asset services and development	J. Anthony Hayden managing principal
Tie [NR]	<b>GMH Capital Partners</b>	12 16	1984	Independent	1 5	Valuations, property management, construction, development and asset management	Gary Holloway president/CEO
Tie [17]	<b>Mallin Panchelli Nadel Realty Inc.</b>	12 12	1993	Independent	1 1	Investment and commercial sales, leasing, property management	Kenneth Mallin president/CEO
23. [15]	<b>Fox Realty Co.</b>	10 10	1953	Independent	1 1	Property management, leasing, development, construction management, consulting	Robert Lee president
Tie [19]	<b>Herbert Yentis &amp; Co. Realtors</b>	10 10	1926	Independent	1 1	Property management, leasing, brokerage, development, consulting	Jeffrey Goldstone president
Tie [New]	<b>The Rubenstein Brokerage Group Inc.</b>	10 12	1997	Independent	2 4	Advisory services, tenant representation, construction management, leasing and sales	James Paterno president