

CENTER CITY REPORTS:

# PHILADELPHIA RETAIL



DECEMBER 2018

CENTER CITY DISTRICT &  
CENTRAL PHILADELPHIA DEVELOPMENT CORPORATION

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THE DRAMATIC INCREASE IN WELL-EDUCATED  
CENTER CITY RESIDENTS HAS ATTRACTED 77 NATIONAL  
RETAILERS IN JUST THE LAST FIVE YEARS.

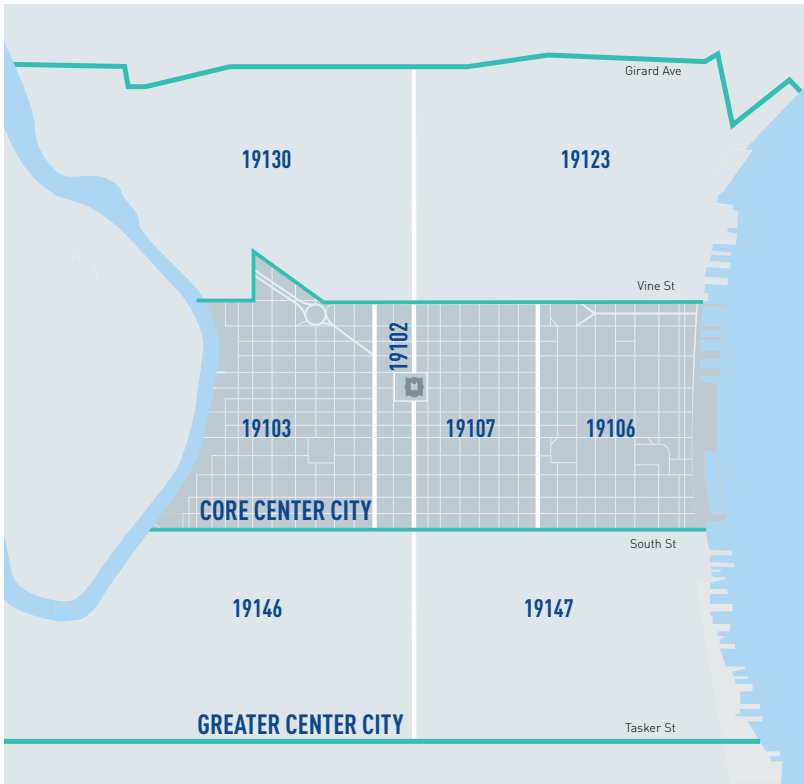




Center City's flourishing retail scene builds on more than two decades of mixed-use development, with residential, convention and tourism growth broadening the historic base of retail customers provided by office tenants and educational and health care institutions in the CBD. Today, 307,000 workers, 190,000 residents, 3.3 million occupied hotel room nights and 112,000 college students combine to create more than \$1 billion in retail demand annually.

A dramatic increase in affluent and well-educated Center City residents since 2000 has attracted more than 77 national retailers in the last five years. These stores supplement a strong base of local boutiques, independents and long-term nationals, broadening Center City's role as the city's major shopping area and making Philadelphia a national retail destination that attracts customers from across the region and visitors from around the world.

Greater Center City has become the fastest growing residential section of Philadelphia, attracting 26% of all in-movers into the city over the last five years. Forty percent of residents living downtown also work downtown; another 11% work in adjacent University City; 61% get to work without a car; and 39% of those in the core walk to work each day, passing hundreds of retail and restaurant establishments. As a result, more than 2 million square feet of new retail space is currently being developed, expanding Philadelphia's prime retail district and reactivating long-dormant downtown shopping streets. Both local and national developers are choosing Center City, and more than \$9 billion is being invested or is planned for major developments within the downtown.<sup>1</sup>



**CENTER CITY IS THE ONLY PLACE IN THE REGION WHERE RETAILERS CAN ACCESS A HIGH DENSITY OF OFFICE WORKERS, RESIDENTS, TOURISTS, AND COLLEGE STUDENTS ALL IN ONE LOCATION.**

<sup>1</sup> As of the end of Q4 2017, there were 69 projects between Fairmount and Washington avenues that were either completed in 2017 or in the pipeline for completion. Of those, 48 projects were completed or under construction, representing \$6.1 billion, and another 21 were under development, representing an additional \$2.8 billion investment in Center City.





MATT STANLEY

# RETAIL MARKET SNAPSHOT

While Center City is feeling the pressures that affect all retailers globally, vacancy on prime retail corridors in Center City is just 5.4%, sustained by downtown's mix of well-educated millennials and affluent empty nesters.<sup>2</sup> By comparison, in Q2 2018 retail vacancies hit 10.2% nationally<sup>3</sup> and 8.4% regionally.<sup>4</sup>

Globally, retailers are challenged by the need to find the right mix of online and brick-and-mortar locations, while creating unique environments that bring shoppers into stores. But those who find the right balance and create unique and memorable

in-store experiences are thriving. Center City's density, diversity and walkability create opportunities for retailers seeking to capitalize on demographic patterns favoring urban cores in the U.S.

Although in-store retail sales are down in certain market segments nationally, Center City is benefiting from all the categories and retail concepts that are expanding nationally. These include grocery, home and garden, wellness and beauty, food and beverage, value/outlet and online retailers opening brick and mortar locations.<sup>5</sup> In particular, Center City has experienced strong growth in boutique fitness (+22), quick service restaurants (+22), and click-to-brick (+10) tenants over the past five years. Successful retailers are luring customers to brick-and-mortar locations by adding in-store technology, customization of merchandise, local and sustainable, and food and beverage to their in-store experience.

<sup>2</sup>: This refers to vacancy rates for Walnut and Chestnut streets from Broad to 20th Street and was calculated using the CCD's annual retail survey, which was conducted in the summer of 2018.

<sup>3</sup>: Reis Inc.

<sup>4</sup>: Colliers International

<sup>5</sup>: US Census Bureau's Retail Trade Report

As rents on West Walnut Street have increased, both local and national retailers began migrating to adjacent streets, transforming West Chestnut Street and connecting numbered streets along Philadelphia's prime retail district. The latest retailers to announce a Rittenhouse Row address include Rumble Boxing, Red Wing, The Tie Bar, Brandy Melville, Marine Layer, Shakespeare & Co., Scotch & Soda, and MM.LaFleur.

Limited space and strong demand from brands seeking to enter the Center City market have led retailers to locate beyond Rittenhouse Square, driven by increasing residential density and new construction (see map on page 6). Retailers requiring larger floor plates are signing leases in developments coming online in the burgeoning Center City East neighborhood, reviving Philadelphia's historic department store corridor. Tenants include Polo Ralph Lauren, Forever 21, Levi's, Guess, Asics, Ulta, T.J. Maxx, H&M, City Fitness, AMC Theatres, City Winery, Iron Hill Brewery, P.J. Clarke's, Shake Shack, Federal Donuts, and Little Baby's Ice Cream. There has also been an uptick in big box retailers signing leases in neighborhoods surrounding the core of the downtown in larger retail developments currently under construction including, PetSmart, Sprouts Farmer's Market, Aldi, Giant Heirloom, and multiple Targets.

While national retailers have grown significantly over the past few years, Center City is differentiated from other retail districts by the diverse array of local proprietors that make up 75% of the downtown tenant mix. Center City's 986 retailers include 209 apparel stores, 167 jewelry stores, 146 food and drink retailers, and 111 home and garden establishments. One of the top dining destinations in the country, Center City's 1,005 food establishments include 468 full-service restaurants and 332 quick-service establishments. With 428 outdoor seating locations animating sidewalks, Center City continues to enjoy an increase in street vibrancy and activity.<sup>6</sup> Center City's large daily workforce and increasing residential population have also attracted a variety of service providers catering to their needs.

## CENTER CITY HAS EXPERIENCED STRONG GROWTH IN FITNESS AND WELLNESS BOUTIQUES, QUICK SERVICE RESTAURANTS AND ONLINE RETAILERS WHO ARE OPENING BRICK AND MORTAR STORES.

<sup>6</sup>: A Center City District Report, "Outdoor Seating 2018," documented 361 food establishments with café seating and 67 other outdoor seating locations, including plazas, in the core of the downtown.

### CENTER CITY RETAILER TYPE, 2018

- 743 BOUTIQUE/INDEPENDENT/LOCAL RETAILERS
- 243 NATIONAL RETAILERS



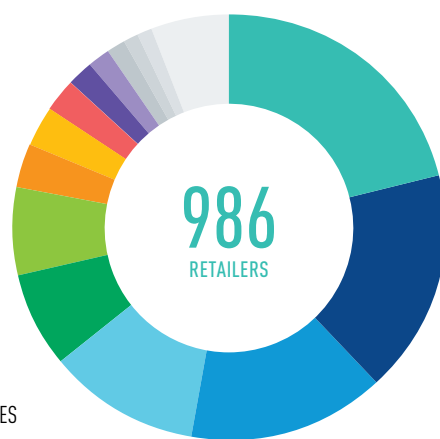
### CENTER CITY STOREFRONTS, 2018

- 986 RETAILERS
- 1,005 FOOD ESTABLISHMENTS
- 1,204 SERVICE PROVIDERS



### CENTER CITY RETAILERS, 2018

- 209 APPAREL
- 167 JEWELRY/WATCHES
- 146 FOOD OR DRINK
- 111 HOME/GARDEN
- 72 BEAUTY/HEALTH/FITNESS
- 65 ART/COLLECTIBLES/HOBBIES
- 35 ELECTRONICS
- 29 AUTOMOTIVE
- 26 OPTICAL
- 18 MUSIC/VIDEO/VIDEO GAMES
- 17 BOOK STORE
- 13 GENERAL MERCHANDISE STORE
- 12 OFFICE SUPPLIES & STATIONERY
- 11 PET
- 55 OTHER



Source: Retail Survey, Center City District



## TRADE AREA KEY FACTS

| RESIDENTS   | CORE CENTER CITY     | GREATER CENTER CITY    |
|---|----------------------|------------------------|
| Population (2017)                                 | 65,822               | 190,416                |
| Households (2017)                                 | 36,997               | 90,713                 |
| Aggregate Income*                                 | \$4,118,964,483      | \$8,735,922,701        |
| Average Household Income*                         | \$121,089            | \$100,795              |
| % of Population Millennial (age 20–34)            | 46%                  | 40%                    |
| Children Born in 2017                             | 469                  | 2,267                  |
| % Population with a Bachelor's Degree or Higher   | 79%                  | 61%                    |
| Average Home Sale Price                           | \$714,584            | \$512,691              |
| Housing Units Completed in 2017                   | 717                  | 2,680                  |
| EMPLOYMENT  |                      |                        |
| Total Wage & Salary Jobs (2017)                   | 254,579              | 298,612                |
| Payroll (2016)                                    | \$14,281,559,000     | \$15,883,432,000       |
| Square Feet of Office                             | 41,203,739           |                        |
| Office Occupancy                                  | 87%                  |                        |
| VISITORS  |                      |                        |
| Hotel Rooms                                       | 11,042               |                        |
| Hotels  | 44                   |                        |
| Occupied Hotel Room Nights (2017)                 | 3,332,000            |                        |
| Hotel Occupancy (2017)                            | 78%                  |                        |
| EDUCATION   |                      |                        |
| Institutions of Higher Learning                   | 13                   | 14                     |
| Total Enrollment                                  | 16,686               | 34,812                 |
| DOLLARS OF DEMAND OF SHOPPERS' GOODS              |                      |                        |
| Office Workers                                    | \$152,230,473        | \$164,620,935          |
| Other Workers                                     | \$58,986,276         | \$76,119,437           |
| Residents   | \$126,378,240        | \$365,598,720          |
| Overnight Visitors                                | \$417,772,256        | \$417,772,256          |
| <b>TOTAL</b>                                      | <b>\$755,367,245</b> | <b>\$1,024,111,349</b> |
| CENTER CITY ATTRACTIONS & LESURE                  |                      |                        |
| Arts & Culture Organizations                      |                      | 243                    |
| Retailers   |                      | 986                    |
| Food Establishments                               |                      | 1,005                  |
| TRANSPORTATION                                    |                      |                        |
| Annual Philadelphia Airport                       |                      | 29.6 Million           |
| Annual Amtrak 30th Street Station                 |                      | 4.4 Million            |
| Average weekday ridership at Center City Stations |                      | 309,000                |

\*CPI Adjusted  
 Job Market Source: OnTheMap, Local Employment Dynamics Partnership, U.S. Census Bureau; Residential Market Source: U.S. Census Bureau, American Community Survey 2012-2016 Visitor Market Source: PHLCVB and Visit Philadelphia  
 Dollars of demand for each market segment are CCD calculations based on retail industry standards.  
 Office Market Data: Newmark Grubb Knight Frank  
 National Center for Charitable Statistics DataWeb, provided by Greater Philadelphia Cultural Alliance  
 CCD Retail Survey



# DEMAND DRIVERS:

## 1) RESIDENTS

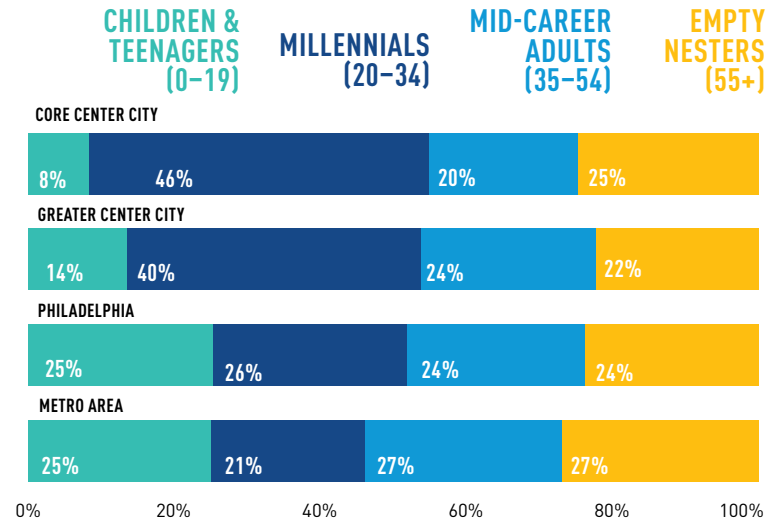
Demand for retail is driven by steady residential growth in Center City. Since 2000, the population between Tasker Street and Girard Avenue, river to river, has increased 21%, to 190,000, as well-educated workers choose to live close to office, university and health-service employers and take advantage of the broad array of cultural, entertainment and dining options. Residents within this area generate more than \$365 million in retail demand. With household incomes averaging more than \$100,000 and 61% of residents holding at least a bachelor's degree, Center City's purchasing power continues to increase.

Millennials, entering their peak consumer-spending years,<sup>7</sup> represent 40% of the downtown's population, rising to 46% in the core. Center City has seen an influx of food and beverage, wellness, value, fast fashion, click-to-brick and experiential retail concepts, reflecting where millennials are choosing to spend their money.

Residential growth and purchasing power has also been driven by an increase in the number of young families choosing to live downtown. Since 2000, more than 35,700 children were born to Center City parents and 18% of households in the extended downtown neighborhoods now include school-age children. This trend is expected to continue as millennials age, settle down and choose to raise children in the city. Through this process many families are choosing to move to the more affordable residential neighborhoods surrounding the core, extending the boundaries of the downtown and driving large-scale development and retail leases in these areas. There is a distinct opportunity for children's retailers and child-oriented service providers to meet growing demand for children's merchandise, given the scarcity of this type of retail in Center City.

Affluent empty-nesters are also moving back into the city at a growing rate, now representing the second largest generational cohort enjoying downtown living. No longer needing a large suburban house and tired of their daily commute, they are drawn to high-end, full-service condominium or rental units and the convenience of being close to Center City's cultural institutions, entertainment and dining options.

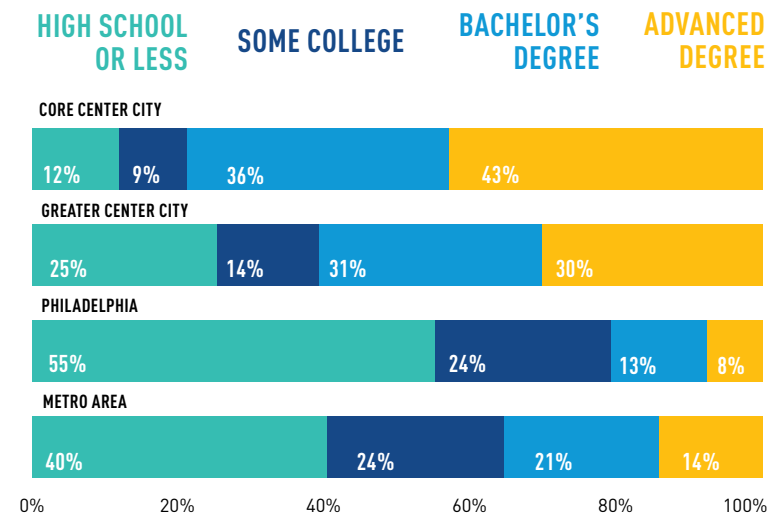
## POPULATION BY AGE



# 46%

OF CORE CENTER CITY'S POPULATION ARE MILLENNIALS ENTERING THEIR PEAK CONSUMER SPENDING YEARS.

## EDUCATIONAL ATTAINMENT, POPULATION 25 AND OLDER



Source: U.S. Census Bureau, American Community Survey 2012 - 2016

<sup>7</sup> In its report, "Millennials: Coming of Age in Retail," Goldman Sachs estimates millennial spending in apparel will increase by 20%-25% in the next five years.



A photograph of a CB2 retail store storefront. The store has a dark, modern facade with large glass windows and double doors. Above the entrance, the address "1422" is displayed in gold. The CB2 logo, consisting of the letters "CB2" in white with a thick orange border, is mounted on the wall above the address. Inside the store, various home decor items like wreaths and candles are visible. In the foreground, two people are walking past the store, their figures blurred to indicate motion. The overall scene is set in an urban environment.

CB2

1422

**RESIDENTS IN GREATER CENTER CITY GENERATE  
MORE THAN \$365 MILLION IN RETAIL DEMAND.**





MATT STANLEY

## 2) WORKERS

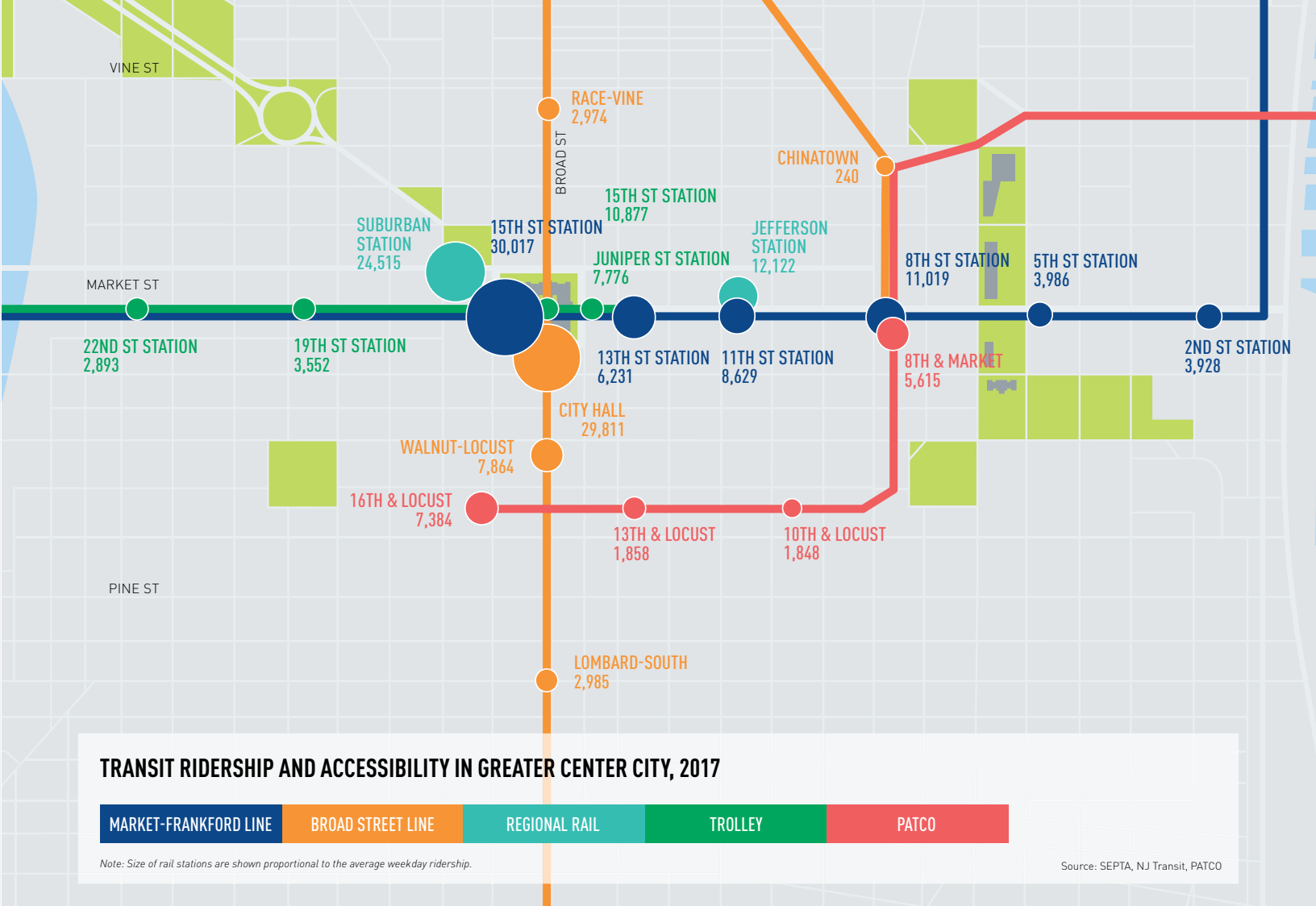
Downtown Philadelphia is a dense and diverse employment center, where 42% of all Philadelphia jobs and 11% of those in the 11-county region are concentrated. Center City houses more than 298,000 wage and salaried workers, 9,000 freelancers and those compensated as partners, and 41 million square feet of commercial office space, making it the largest business district in the region, and the ninth largest CBD in the country. Downtown workers generate more than \$240 million in retail demand and \$15.9 billion in payroll annually.

Philadelphia's central business district has a diverse employment base, with 40% in office sector jobs, 20% in education and healthcare, 12% in public administration and 12% in entertainment, leisure and hospitality. Employers from around the region are opening offices in Center City, or renting co-working space, to recruit from the downtown's young, educated workforce who are reluctant to commute to the suburbs for a job.

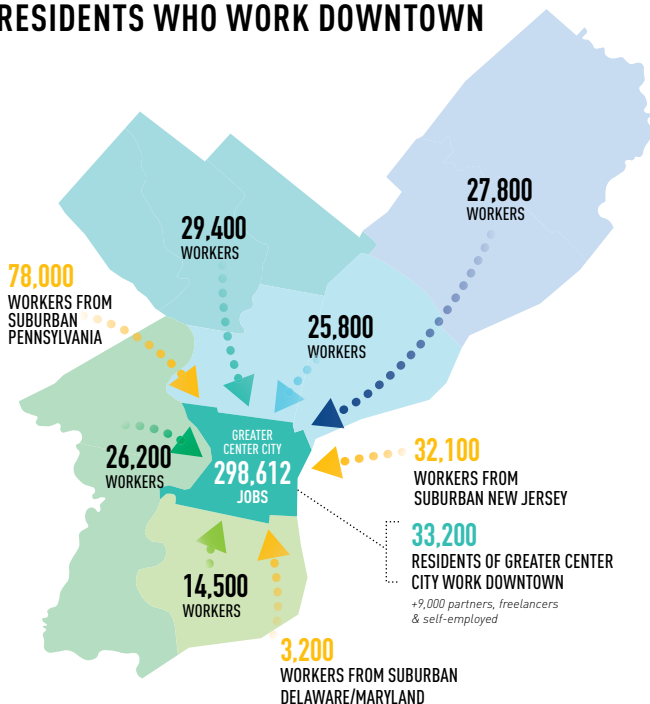
Center City's dense concentration of employment is made possible by a multimodal transit system that brings more than 309,000 passengers downtown each day and enables 113,000 residents from the surrounding counties in Pennsylvania, South Jersey and Delaware to work in Center City. Downtown Philadelphia's draw as the largest employment center in the region significantly increases the reach of Center City's trade area by including residents from the entire region who work in the CBD, making it a desirable location for retailers seeking to tap both downtown and suburban residents.

**DOWNTOWN EMPLOYERS CUMULATIVELY  
CREATE ALMOST \$16 BILLION IN ANNUAL  
PAYROLLS, GENERATING MORE THAN  
\$240 MILLION IN RETAIL DEMAND FROM  
CENTER CITY WORKERS.**



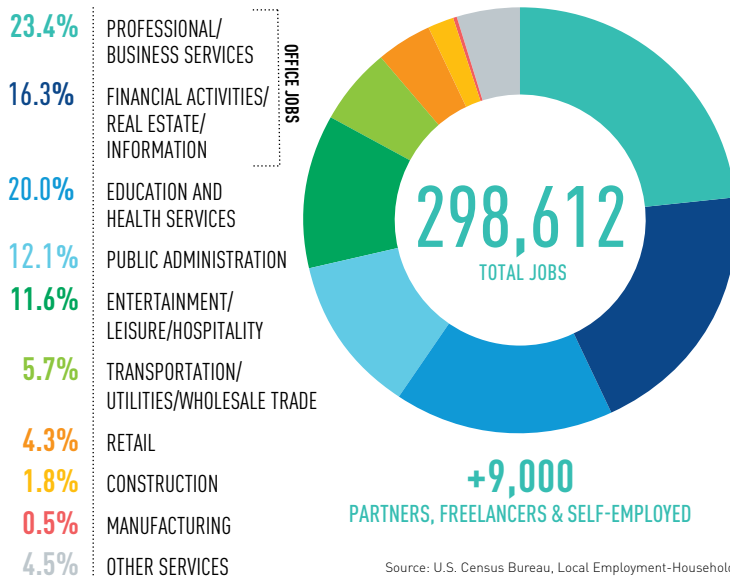


## NUMBER OF NEIGHBORHOOD AND REGIONAL RESIDENTS WHO WORK DOWNTOWN



Source: U.S. Census Bureau, Local Employment-Household Dynamics, 2015, Bureau of Labor Statistics, Current Employment Statistics 2017, CCD Estimates

## GREATER CENTER CITY WAGE & SALARY EMPLOYMENT



Source: U.S. Census Bureau, Local Employment-Household Dynamics, 2015; Bureau of Labor Statistics.



MATT STANLEY

### 3) VISITORS

With more than 1 million convention and trade show attendees, 4.7 million visitors to the historic area and a record 3.3 million occupied hotel room nights in 2017, Center City overnight visitors augment residential and employee retail demand in the downtown. Strong attendance numbers at Philadelphia's historic sites and the Pennsylvania Convention Center are helping lure more retailers and retail development to Independence Mall and the connective fabric of the Market East retail corridor.

A record 43 million domestic visitors came to the region in 2017, with a majority coming from the New York DMA, Philadelphia DMA and Washington, D.C. DMA.<sup>8</sup> Domestic visitors to the region are well-educated (68% having some college or higher) and affluent (23% of leisure visitors have household incomes over \$100,000).<sup>9</sup> Total visitor spending in the region totaled \$7.1 billion, with 43% spent on food and beverage and retail consumption.<sup>10</sup> In terms of international visitation, 644,200 visitors came from overseas to the Philadelphia region in 2016,

with the highest proportions coming from the United Kingdom (17%), China (10%) and Germany (9%).<sup>11</sup>

Since 2008, Center City has seen a 61% increase in overnight leisure tourism, which together with continued convention and tradeshow visitation, helped increase downtown hotel occupancy rates to 78.2% in 2017. Overnight tourists are likely to spend more at restaurants and retailers and help account for the strong retail demand created by tourists in Center City – overnight visitors create more than \$417 million in retail demand within the core of the downtown, 55% of all retail demand within this area.

Increasing demand in Center City is driving 10 hotel projects that will increase downtown supply to more than 13,000 rooms by 2021. The W Hotel, Element by Westin, Four Seasons, Pod Philly, Hyatt Centric, and Fairfield Inn and Suites are all under construction, with the SLS LUX, Marriott AC and Comfort Inn still in the planning phases. These will join the recently opened Aloft Hotel and Cambria Hotel & Suites.

<sup>8</sup>: Longwoods International/Tourism Economics for Visit Philadelphia  
<sup>9</sup>: Longwoods International/Tourism Economics for Visit Philadelphia

<sup>10</sup>: Longwoods International/Tourism Economics for Visit Philadelphia  
<sup>11</sup>: Tourism Economics Global Cities Travel – Provided by the Philadelphia Convention & Visitors Bureau

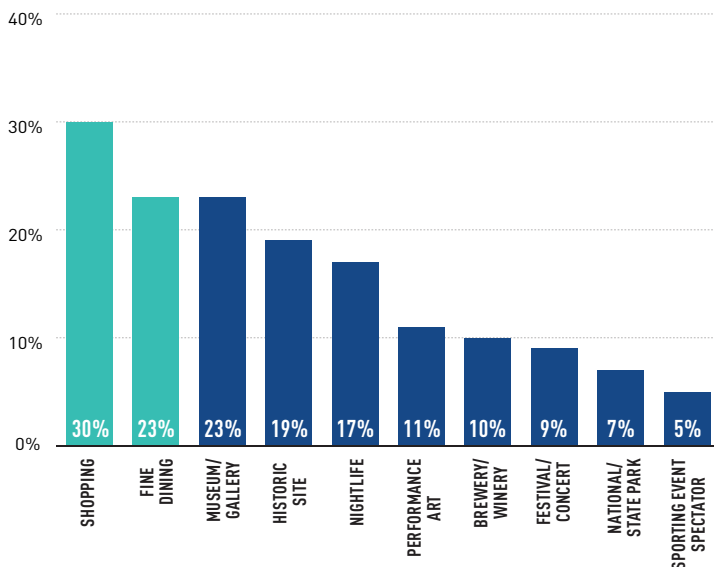


Older hotels are responding with rebranding and renovations. After the completion of an \$8 million renovation, Hyatt will be repositioning The Bellevue as part of their newly launched Unbound Collection, while the Hilton Philadelphia at Penn's Landing is undergoing a two-year, \$15 million, property-wide redesign, and Le Meridien is investing \$1 million in upgrades that better position the hotel to a millennial audience. Additionally, the former Omni Hotel, now known as The Franklin by Marriott, underwent a multimillion-dollar renovation after its

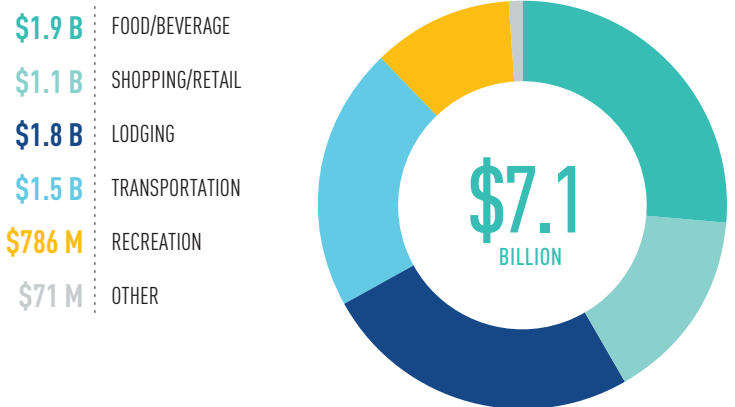
acquisition by Buccini/Pollin. The Independence Visitor Center is also investing \$15 million to enlarge its gift shop and terrace overlooking Independence Mall, to be completed by 2019.

With tourists increasingly viewing Philadelphia as a travel destination of choice, we expect that retail demand generated by visitors will continue to grow in the years to come.

## OVERNIGHT LEISURE VISITORS TO THE REGION: TOP 10 VISITOR ACTIVITIES, 2017



## ALL REGIONAL VISITOR SPENDING, 2017

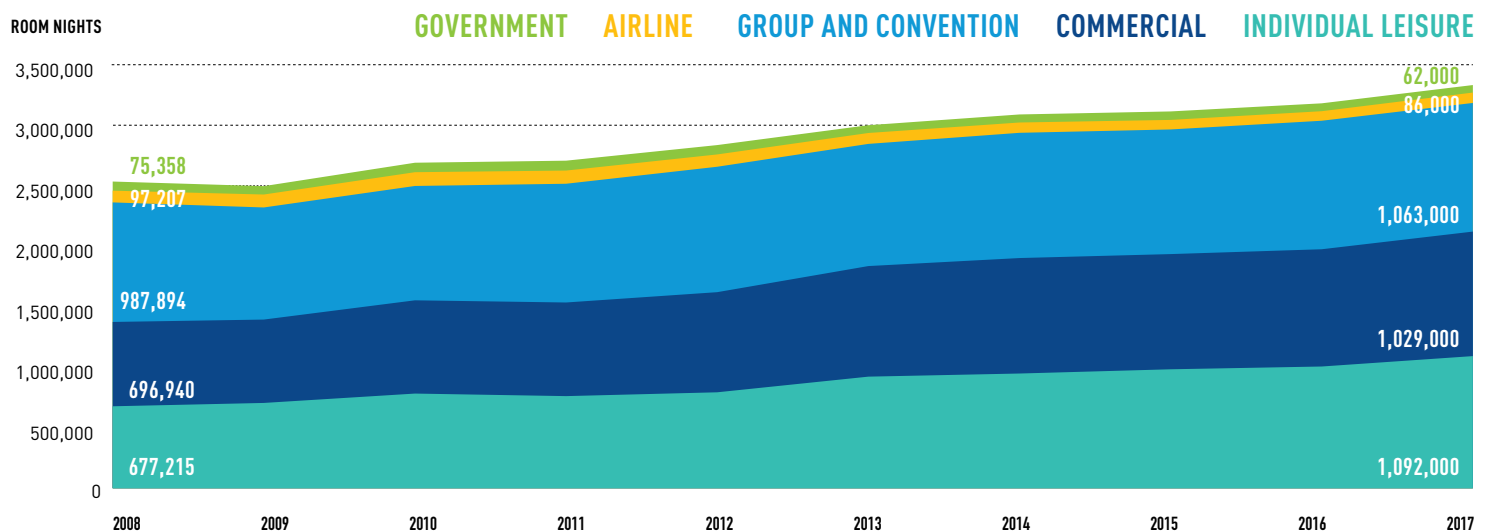


Source: Longwoods International 2017 Travel USA Survey - Provided by Visit Philadelphia

## OCCUPIED CENTER CITY HOTEL ROOMS BY PURPOSE OF TRIP, 2017

# 3.3 MILLION

TOTAL OCCUPIED ROOM NIGHTS



Source: CBRE Hotels - Provided by Philadelphia Convention & Visitors Bureau

## 4) COLLEGE STUDENTS

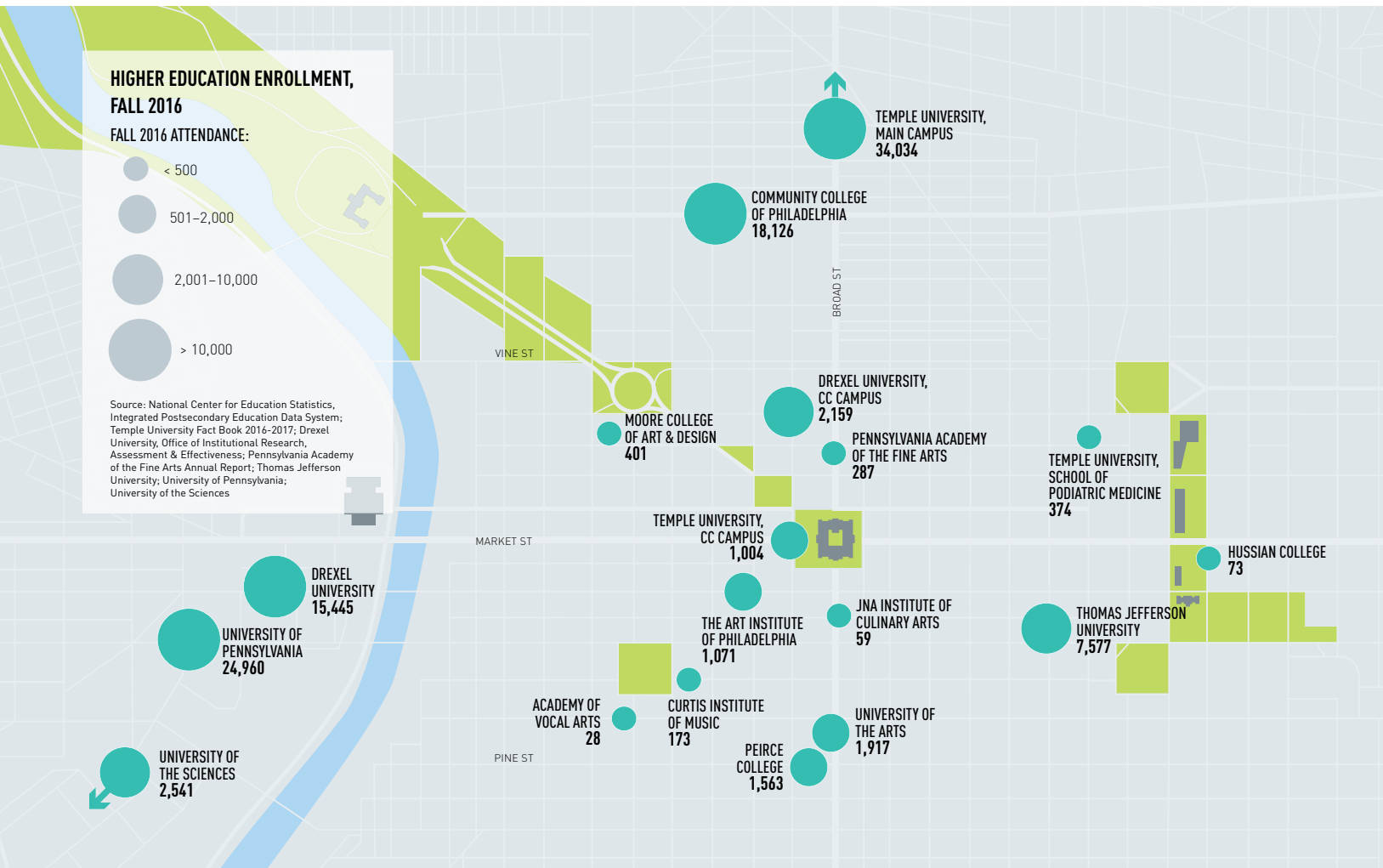
Center City's 14 institutions of higher education welcomed more than 34,800 students in 2016. University City's Drexel University, University of Pennsylvania (Penn), and University of the Sciences, along with Temple University's campuses drew 77,000 additional students to areas immediately adjacent to downtown. This large student population seeks out apartments downtown to rent and stores for shopping. They patronize bars, cafés and restaurants and visit museums, movie theaters and cultural institutions. College and graduate students, along with medical school interns, represent an important demand driver for retail, restaurants and entertainment offerings in Center City.

The 93,000 degrees conferred annually at regional institutions of higher learning also represent a strong potential pipeline of highly educated workers for Philadelphia – and Center City in particular – if they choose to stay. According to Campus Philly, 67% of students surveyed said they likely will choose to stay in Philadelphia after they graduate, up from 58% in 2010, and 63% see themselves in a big city 10 years after graduating.<sup>12</sup> All these students provide a steady supply of well-educated workers for city employers, become occupants for Center City's expanding housing options, and help drive downtown's consumer economy.

### HIGHER EDUCATION ENROLLMENT, FALL 2016

|   |                |
|---|----------------|
| Temple University, Main Campus                  | 34,034         |
| University of Pennsylvania                      | 24,960         |
| Community College of Philadelphia               | 18,126         |
| Drexel University, Main Campus                  | 15,445         |
| Thomas Jefferson University                     | 7,577          |
| University of the Sciences                      | 2,541          |
| Drexel University, Center City Campus           | 2,159          |
| University of the Arts                          | 1,917          |
| Peirce College                                  | 1,563          |
| Art Institute of Philadelphia                   | 1,071          |
| Temple University, Center City Campus           | 1,004          |
| Moore College of Art & Design                   | 401            |
| Temple University, School of Podiatric Medicine | 374            |
| Pennsylvania Academy of the Fine Arts           | 287            |
| Curtis Institute of Music                       | 173            |
| Hussian College                                 | 73             |
| JNA Institute of Culinary Arts                  | 59             |
| Academy of Vocal Arts                           | 28             |
| <b>TOTAL</b>                                    | <b>111,792</b> |

12: Campus Philly







**WITH 92,840 ASSOCIATE LEVEL TO PH.D. HIGHER  
EDUCATION DEGREES GRANTED IN THE 2015-16  
ACADEMIC YEAR, GREATER PHILADELPHIA RANKS  
FOURTH IN THE NATION**





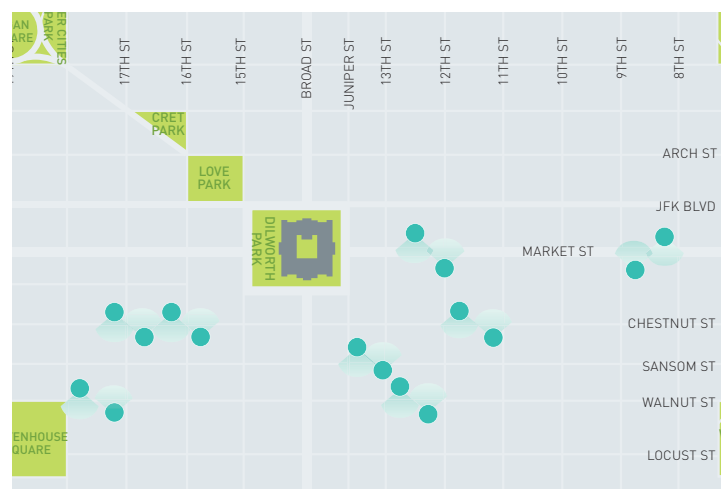
MARISA FISCHETTI

# SURGING PEDESTRIAN VOLUMES

Philadelphia's 24-hour downtown has the second largest residential population in the country and generates significant foot traffic on Center City retail streets. While most of Center City's pedestrian traffic peaks during the week around lunchtime and late afternoon, when residents, workers and visitors congregate downtown, the area between Rittenhouse Square and Broad Street remains animated through the weekend and during evening hours, underscoring its status as a destination for retail and entertainment.

Pedestrian traffic on West Chestnut Street and West Walnut Street remains strong, supported by workers from the nearby West Market Street office district and the expansion of the Rittenhouse Row retail district. Foot traffic on West Chestnut Street now equals or surpasses that of West Walnut Street, signaling to destination retailers that they can locate almost anywhere in Center City's walkable downtown and shoppers will follow. Pedestrian counts along East Market Street and East Chestnut Street have seen a surge in pedestrian traffic as retailers have begun to open in new mixed-use projects on the 1100 block of both streets. With Fashion District scheduled deliver in the fall of 2019, we expect to see this increase in pedestrian traffic move further east along Market Street.

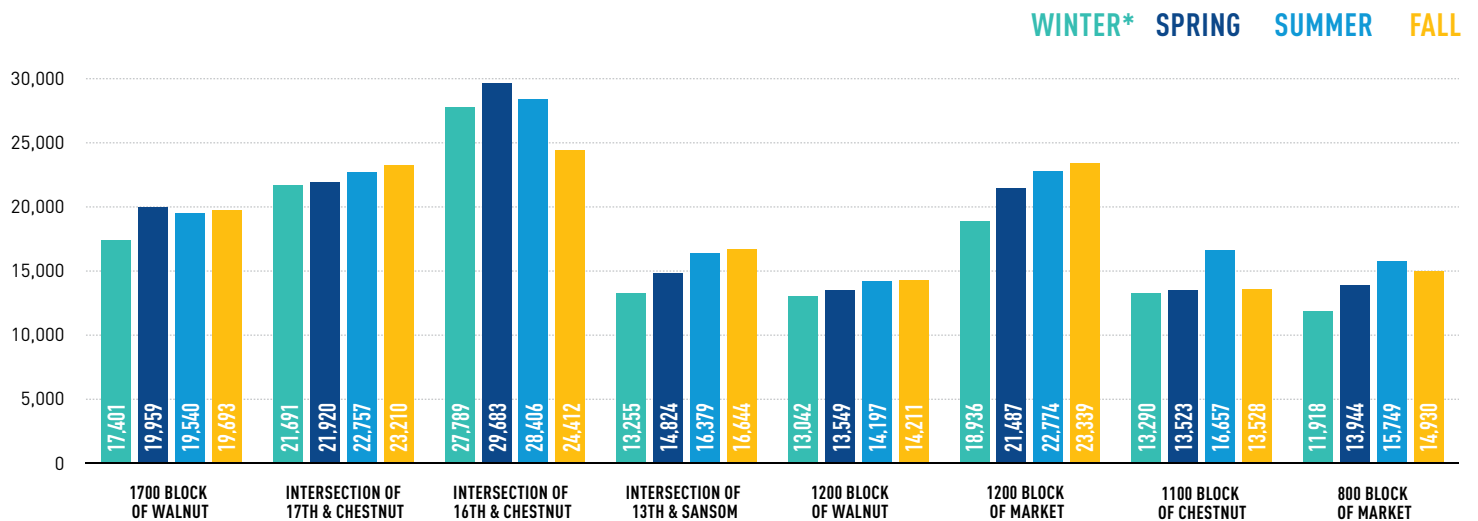
## SENSOR LOCATIONS FOR 24-HOUR PEDESTRIAN COUNTS



**THE CENTER CITY DISTRICT HAS INSTALLED 16 SENSORS THROUGHOUT CENTER CITY THAT PROVIDE 24-HOUR PEDESTRIAN COUNTS, 365 DAYS A YEAR.**

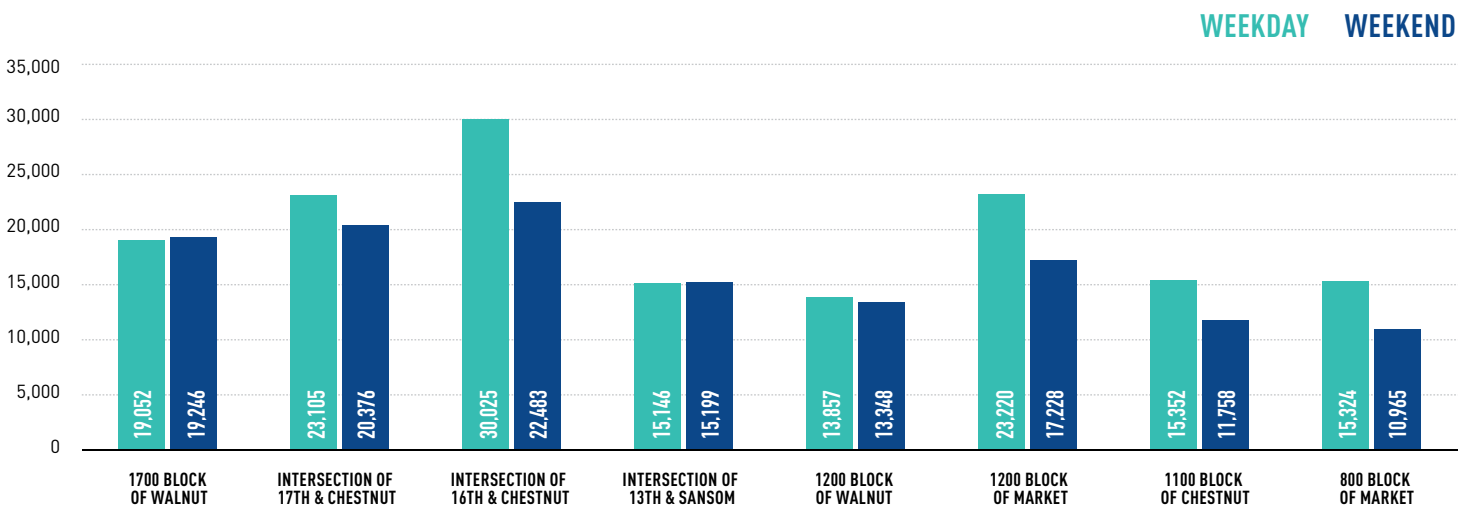


## AVERAGE DAILY PEDESTRIAN ACTIVITY BY SEASON, DECEMBER 2017 – OCTOBER 2018

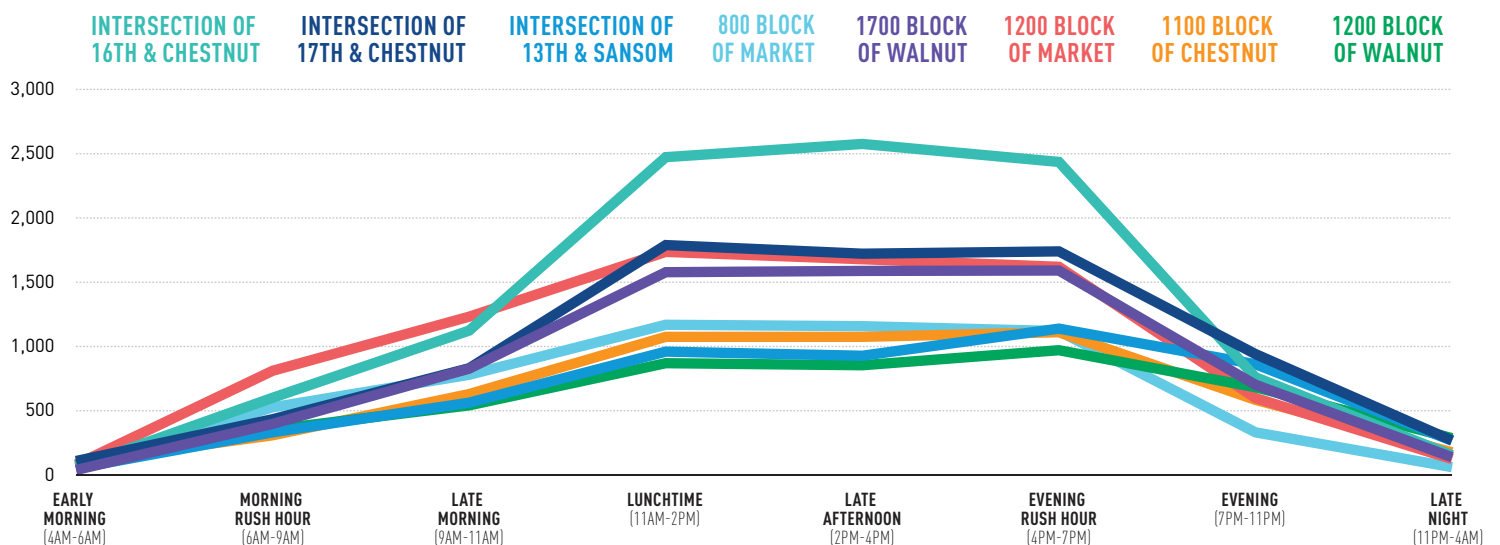


\*Winter includes December 2017, January 2018 and February 2018

## AVERAGE DAILY PEDESTRIAN ACTIVITY BY WEEKDAY/WEEKEND, DECEMBER 2017 – OCTOBER 2018

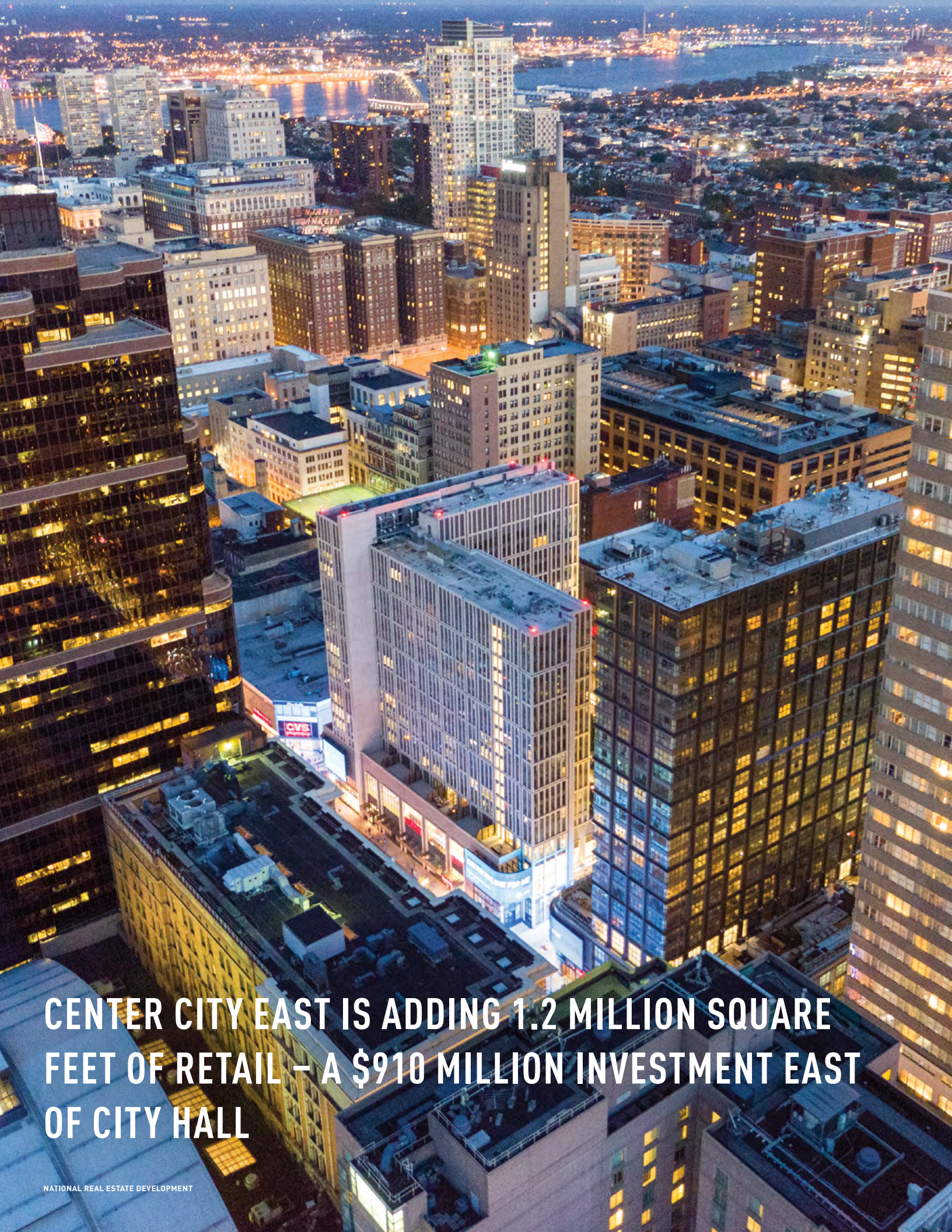


## AVERAGE HOURLY PEDESTRIAN ACTIVITY BY TIME OF DAY, DECEMBER 2017 – OCTOBER 2018



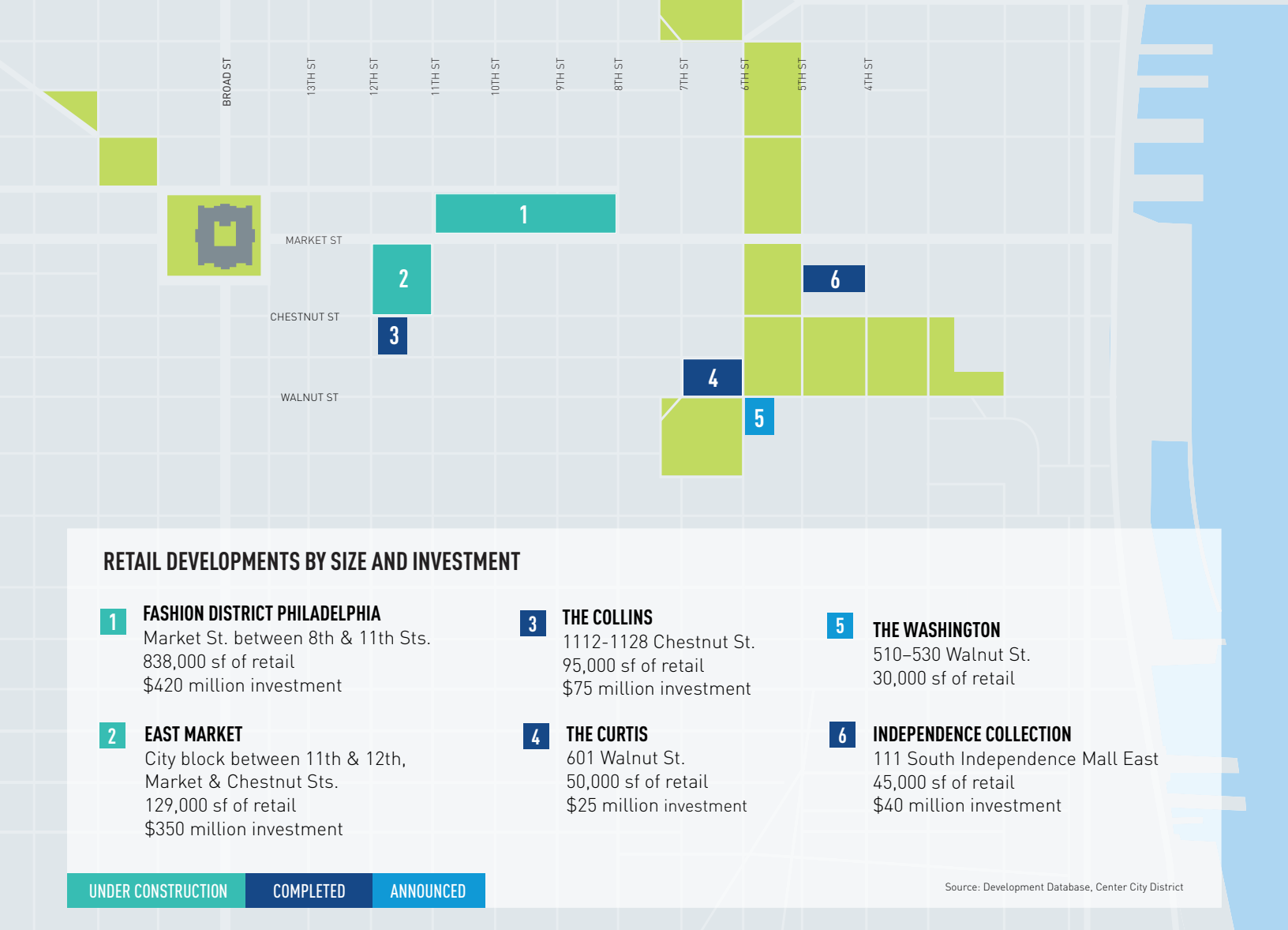
Source: Motionloft Pedestrian Counts, Center City District





**CENTER CITY EAST IS ADDING 1.2 MILLION SQUARE  
FEET OF RETAIL – A \$910 MILLION INVESTMENT EAST  
OF CITY HALL**





# RETAIL DEVELOPMENT: CREATING CENTER CITY'S NEXT RETAIL DISTRICT

Strong retail demand is driving development east of Broad Street, where there is space for large-scale projects. While Center City's prime retail district is on the west side, adjacent to Rittenhouse Square, both local boutiques seeking lower rents and national tenants desiring larger floor plates are looking to locate along the burgeoning Center City East retail district. With three major retail-driven developments completed since 2016, two more currently under construction and another one in the pipeline, Center City East will add 1.2 million square feet of retail in the next few years, representing an \$910 million investment in this section of the downtown.

This critical mass of large-scale, mixed-use development along Market East will create a continuous shopping and dining experience from Independence Mall to the major convention center hotels adjacent to City Hall. With retail rents averaging \$50/sf, Market East topped JLL's list of the 10 most affordable and desirable prime urban retail corridors in the United States in 2017, besting other locations in Chicago, Seattle, San Francisco, Miami and Washington, D.C.<sup>13</sup> Retailers like AMC Theatres, City Winery, MOM's Organic Market, T.J. Maxx, Iron Hill Brewery, Polo Ralph Lauren, Levi's and H&M are locking in lower rents in this up-and-coming neighborhood and capitalizing on the transformation of Market East into Center City's next retail district.

13: "City Retail: Understanding North America's Prime Urban Corridors." JLL, 2017



## 1) FASHION DISTRICT PHILADELPHIA

**Location:** Northern blocks of Market Street  
between 8th and 11th streets

**Developer:** PREIT & Macerich

**Size:** 838,000 sf of retail

**Investment:** \$420 million

**Status:** In Progress

**Completion Date:** September 2019

In July 2014, California-based retail developer Macerich acquired a 50% interest in The Gallery. PREIT and Macerich are now repositioning the urban mall into Fashion District Philadelphia. The plan will create an open, well-lit, and easily accessible three-block corridor of approximately 125 new stores, including dining and entertainment options. The new retail development will offer a mix of style, dining, entertainment and arts & culture, in response to how customers are choosing to shop. Tenants include Century 21, AMC Theatres, City Winery, Ulta, Forever 21, Asics, Guess, and H&M, as well as outlet concepts for Polo Ralph Lauren, Levi's, Sketchers, Francesca's and Columbia Sportswear. The project will also include \$1 million in commissioned art installations, a three-year collaboration with Philadelphia-based nonprofit programs, and Uniquely Philly,

a curated collection of Philadelphia offerings creating opportunity for local businesses to establish a presence and capitalize on the foot traffic of Fashion District.

The \$420 million redevelopment plan is reconfiguring the 1.4 million square foot, mixed-use facility into a bright, new contemporary space that welcomes shoppers and reconnects to Market and Filbert streets with accessible storefronts, sidewalk cafés, a new streetscape, digital signage and graphics. The highlight of the newly reimagined space will be a glass-walled Center Court at Ninth and Market that will welcome tourists, office workers, conventioners, and residents.

Once opened, Fashion District Philadelphia will offer people the opportunity to share in the rich character and culture of the city, in a single, centralized place – just steps away from the heart of Philadelphia's historic district. For locals and tourists alike, extensive amenities, onsite parking and access to Philadelphia's three major public transit systems provide convenience and accessibility. The repositioned urban marketplace will become a pillar of the new, vibrant retail district and leverage other private and public investments in this section of Center City.





## 2) EAST MARKET

**Location:** City block between 11th and 12th streets, Market and Chestnut streets

**Developer:** National Real Estate Development

**Owner:** National Real Estate Advisors, JOSS Realty Partners, Young Capital, SSH Real Estate

**Size:** 128,604 sf of retail

**Investment:** \$350 million (Phase I and Phase II)

**Status:** In Progress

**Completion Date:** Q4 2018 (Phase I and Phase II)

East Market, a \$600-million-plus mixed-use project, has kicked off the transformation of Philadelphia's downtown retail district east of Broad Street. The project has revamped the entire block bounded by 11th, 12th, Market and Chestnut streets by enhancing pedestrian-oriented retail both along Market Street and former alleys on Ludlow and Clover streets.

Phase I of the project has added 322 new rental apartments and 128,604 sf of retail that includes large-format digital signage along Market Street. Also included in Phase I is the

redevelopment of 34 S. 11th Street into a 175,106-sf modern Class A warehouse office space that includes the relocated Marketplace Design Center and Bohlin Cywinski Jackson among its tenants.

Retailers in the development include MOM's Organic Market, Design Within Reach, T.J.Maxx, Iron Hill Brewery, AT&T, District Taco, Federal Donuts, Little Baby's Ice Cream and Wawa. Phase II includes an additional 240 residential units on the corner of 12th and Market streets, of which 60 units will be occupied by an extended-stay Roost Hotel. The entire site features below-grade parking spaces and a central loading facility.

Plans for subsequent phases include demolishing the existing mixed-use building on the 1100 block of Chestnut Street and replacing it with retail, residential, office, and parking uses, as well as redeveloping the historic Stephen Girard office building on 12th Street into a hotel. The project includes new interior pedestrian walkways from 11th to 12th and from Market Street ultimately reaching to Chestnut Street, connecting Market East with the vibrant Midtown Village retail district just south of the project.



### 3) THE COLLINS

**Location:** 1112-1128 Chestnut Street

**Developer:** Brickstone Realty

**Size:** 95,000 sf of retail

**Investment:** \$75 million

**Status:** Completed

**Completion Date:** Summer 2016

Brickstone Realty's development on the 1100 block of Chestnut Street spans five parcels and includes 112 high-end rental units and 95,000 sf of commercial space, with dedicated parking for retail. Target opened a 19,000 square foot store in the summer of 2016, the brand's first in Center City, along with a 14,000 sf Fine Wine & Good Spirits Premium Collection store and a 20,000 sf PetSmart. This project is extending the vibrancy of the Midtown Village retail district east along Chestnut Street and is connecting foot traffic to Market Street, as National Real Estate Development's project comes to completion.

The developer also has acquired other key properties in the vicinity, including: 1021 Chestnut, a 9,500 sf building it plans to convert into co-working space; The Steele Building, which was recently redeveloped into co-working space for The Yard and retail spaces for Honeygrow and Luke's Lobster; 106-114 South 11th St., a 16,000 sf mixed-use building with residential units and retail tenants Devon Blakely and Wrap Shack; 1108-1110 Chestnut, a 16,800 sf building that will include 7,200 sf of retail and office space on floors two through five; the historic Hale



Building at 1326 Chestnut, which will add a Spaces co-working location and a multi-story food and beverage tenant; and a parking garage at 12th and Sansom streets, proposed to be converted into a large mixed-use project in the future.

This critical mass of redevelopment will create a new vibrant, mixed-use district east of Broad with a built-in office and residential customer base.

### 4) THE CURTIS

**Location:** 601 Walnut Street

**Developer:** Keystone Property Group

**Size:** 50,000 sf of retail

**Investment:** \$25 million

**Status:** Completed

**Completion Date:** June 2018

The 912,000-sf Curtis Center has undergone a \$25 million renovation that is transforming the quiet stretch along Washington Square Park into a vibrant urban corridor by adding luxury residential units as well as retail. Keystone Property Group acquired the building for \$125 million in summer 2014 and converted 90,000 sf of vacant office space into 63 luxury apartments and outdoor streetscape improvements. Retail was added on the ground floor and includes famous New York restaurant P.J. Clarke's on the corner of 6th and Walnut streets, overlooking both Washington Square and Independence National Historical Park. The building includes a total of 50,000 sf of retail, 700,000 sf of office space and 100,000 sf of residential space.





## 5) THE WASHINGTON

**Location:** 510-530 Walnut Street

**Developer:** Keystone Property Group

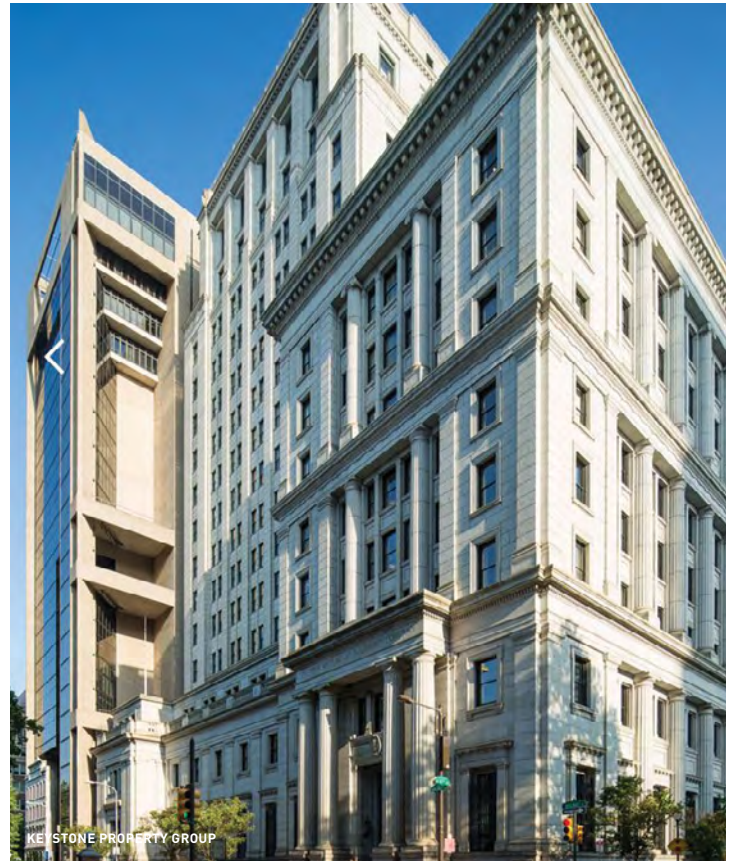
**Size:** 20,000–40,000 sf of retail

**Status:** Announced

**Completion Date:** TBD

Keystone Property Group acquired One Washington Square, an 880,000 square foot commercial property fronting both Washington Square and Independence National Historical Park, for \$114 million in June 2016. This represents Keystone's latest investment in the historic Independence Mall submarket. The property is located adjacent to The Curtis, Keystone's newly repositioned mixed-use property, and is two blocks from 100 Independence Mall West, which was redeveloped to include a dynamic indoor-outdoor experience for pedestrians with the popular Independence Beer Garden and a La Colombe coffee shop on the ground floor.

Keystone is seeking to convert the building's ground-floor and mezzanine office space at 530 Walnut St. into retail, reflecting the area's growing workforce and pedestrian traffic. Building on the success of adding retail to other buildings Keystone owns in the vicinity, they are currently marketing 20,000 to 40,000 sf of retail at The Washington.



## 6) INDEPENDENCE COLLECTION

**Location:** 400 Market Street, 325 Chestnut Street, 111 South Independence Mall East and 400 Ranstead Street

**Developer:** MRP Realty

**Size:** 45,000 sf of retail

**Investment:** \$40 million

**Status:** Completed

**Completion Date:** November 2018

Washington, D.C.-based MRP Realty purchased an Old City portfolio comprising three office buildings, including the Bourse, and a garage with a movie theater, for \$110 million in December 2015. The developer upgraded the Class B office space, including façade renovations, new common areas and amenity spaces, as well as repositioned of the ground-floor retail at the Bourse by creating an upscale food hall, similar to NYC's Chelsea Market, called The Bourse Marketplace. Food and beverage operators in the space include local and Pennsylvania chef-driven concepts like Baby Buns, Grubhouse, Chaat and Chai, Bluebird Distilling, Olive With a Twist, Chocodiem, and Ka'moon, as well as D.C. and Baltimore transplants like Prescription Chicken and Pinch Dumplings. This creates an amenity for MRP Realty's office tenants located upstairs and in surrounding buildings, as well as becomes a destination for Center City residents and the tourists visiting Independence Mall.





DECEMBER 2018

CENTER CITY DISTRICT &  
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