

Philadelphia's Market Street & Chicago's State Street

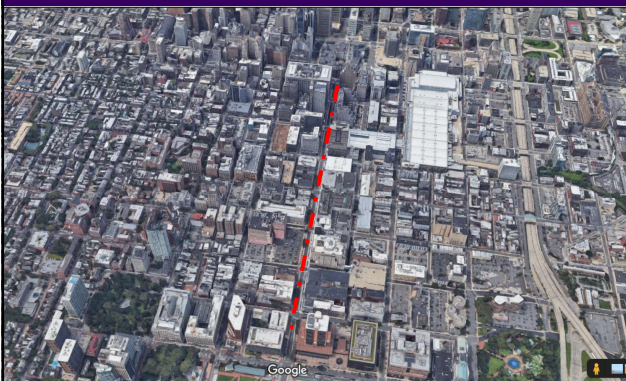
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Releasing of traditional, in tact retail street
Incremental in approach



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Challenge of thinking & redeveloping a mixed use street



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Five phases of Market East

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In the late 19th century, trolleys.....



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And trains



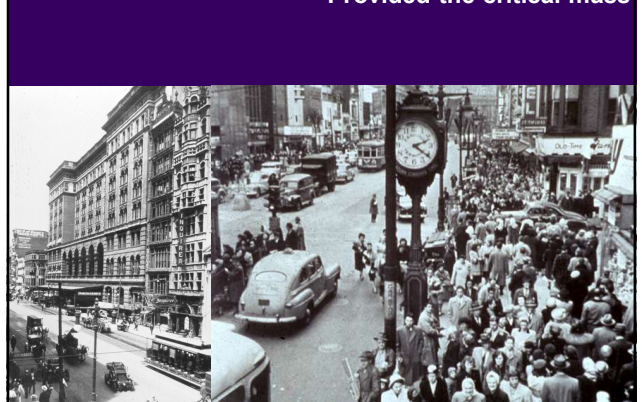
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Brought volumes of workers & shoppers downtown



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Provided the critical mass



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For the era of great department stores



John Wanamaker (opened 1876)



Strawbridge & Clothier



Lit Brothers Department Store



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Gimbel Brothers Department Store



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Snellenburg



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Market Street: prime shopping street in region



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In the era when people dressed up to go downtown



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Phase 2: the automobile becomes king



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Post WW 2: mass production of housing: Levittown



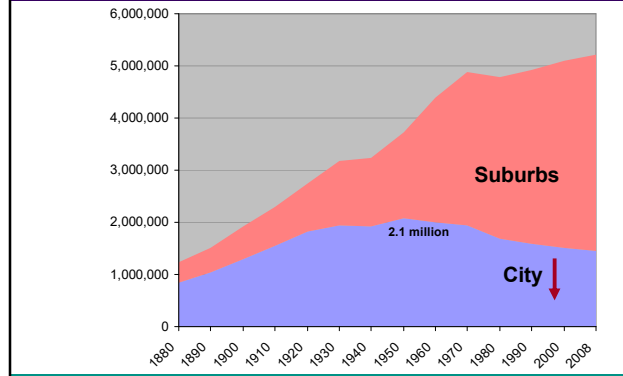
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Middle class moves to the suburbs



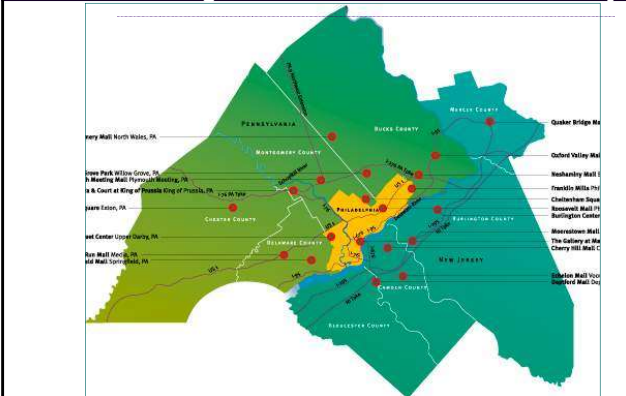
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Suburban population explosion Retail follows population



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17 regional centers surround Center City



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1960 Market Street goes into decline



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Losing market share to suburban malls



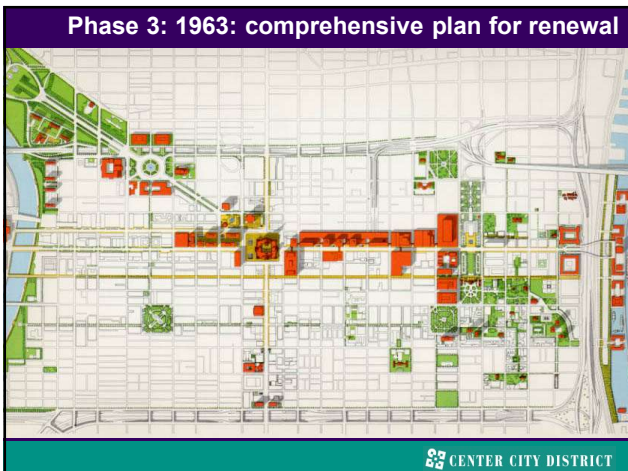
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Deteriorated storefronts & facades; stores close



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Phase 3: 1963: comprehensive plan for renewal



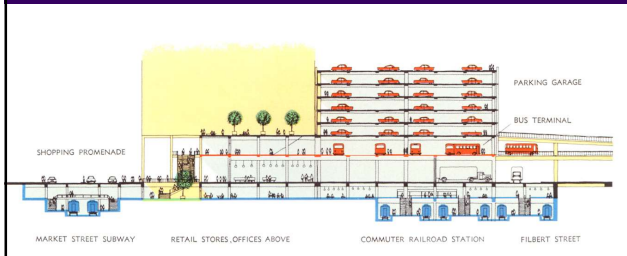
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Multi-block shopping mall with interconnecting skywalks



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Linked to transit & parking garages Bus terminal



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Public tools: condemnation & federal redevelopment subsidies



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Redevelopment Authority "compulsory purchase"



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Demolition & clearance began in early 1970s



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1977: The Gallery was a national first



1955-1977:
15,000 regional shopping centers built in suburbs
First downtown shopping center in post-war years
Anchored by Gimbels & Strawbridges



1977: A focus for a major celebration



Same celebration, same location: 42 years later



Directly connected to Market East Station



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But while well-linked to transit;
Urban design values: disconnected from the street



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Compared to street-level articulation in 1920s



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Largely inward facing orientation
with a lot of blank walls



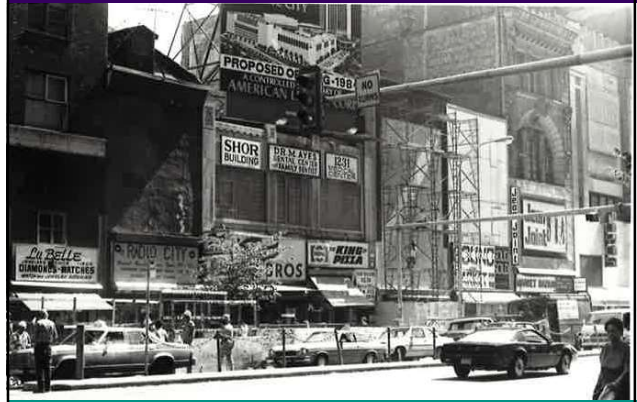
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No focus on preservation



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Partially because it looked like this



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Model was the suburban shopping center:
that's what was succeeding



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It didn't generate large foot-traffic on the street,
despite impressive sales volumes inside



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Phase 4: 1993 Hospitality era: Convention Center



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Converted the Reading train shed



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Gateway to Pennsylvania Convention Center



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**Prompted investment in old & vacant buildings
Transforming them into hotels**



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New 1,200 room Marriott Hotel



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Renovation of Lits



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Remaking of Independence Mall



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2001: New Independence Visitors Center



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New home for Liberty Bell



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New Constitution Center
Diversifying the hospitality industry



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National Museum of American Jewish History

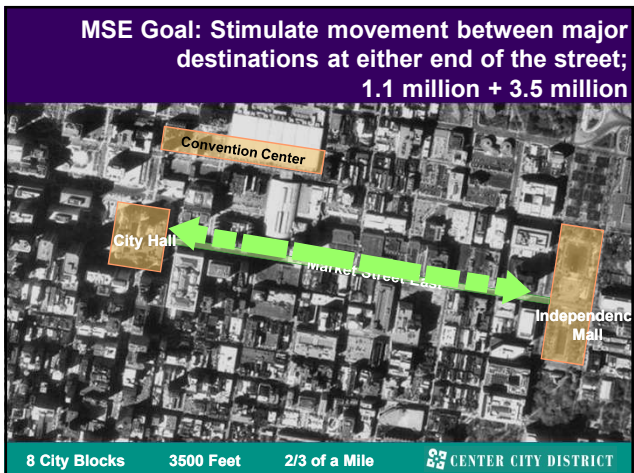
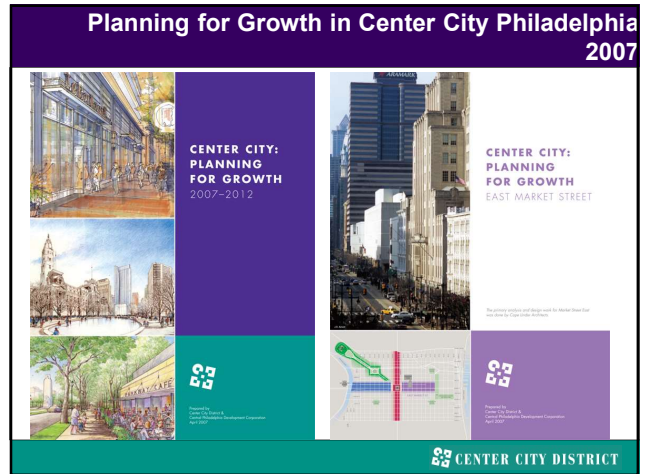


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President's House



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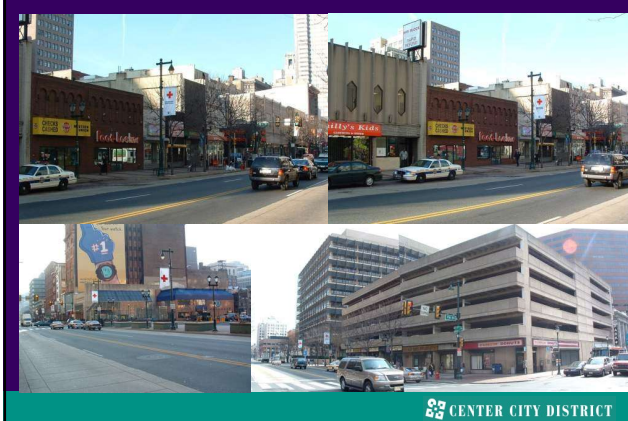
1999 Rendell seeks to attract Disney Quest



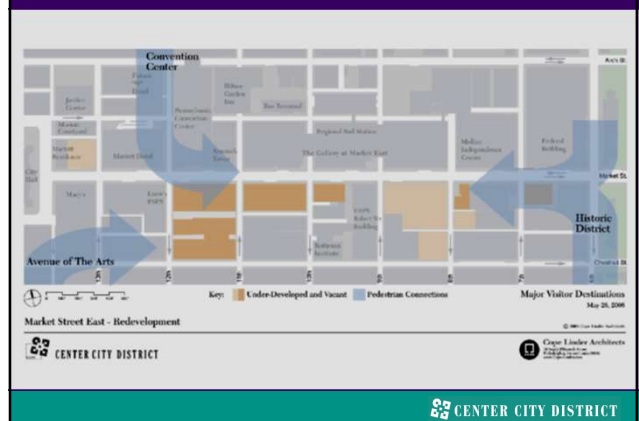
Obsolete low-rise structures



Gaps in quality retail & pedestrian experience



Goal: fill in the gaps & link Convention district to historic area



Redevelop 800 block



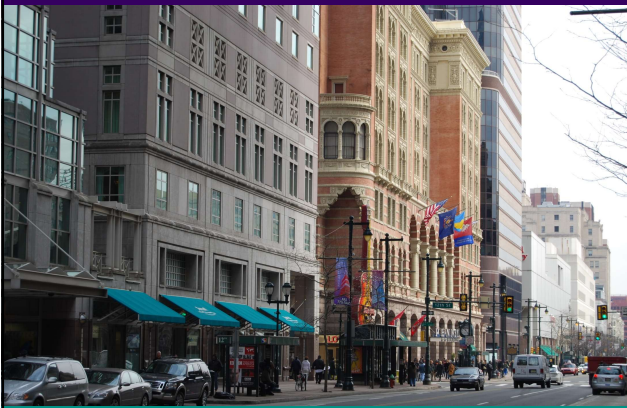
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Cope Linder Architects

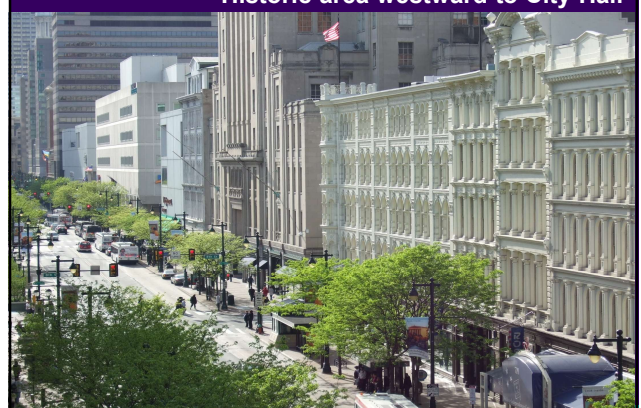
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Extend convention district eastward



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Historic area westward to City Hall



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2005: Activate corner of Rohm & Haas



Cope Linder Architects
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Take down wall; convert to retail use



Cope Linder Architects

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Add an outdoor café
But nothing happened



Cope Linder Architects

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Stairs get built & La Colombe opens



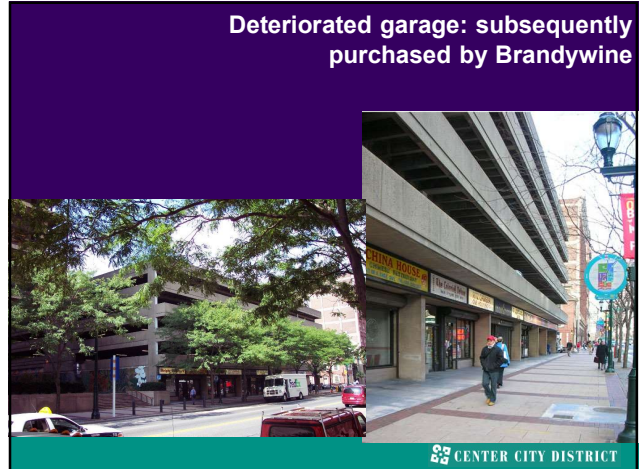
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Independence Beer Garden



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Deteriorated garage: subsequently purchased by Brandywine



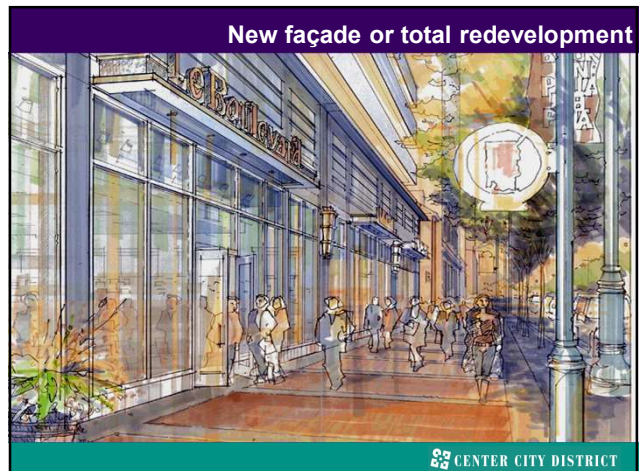
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Recommended a façade renewal



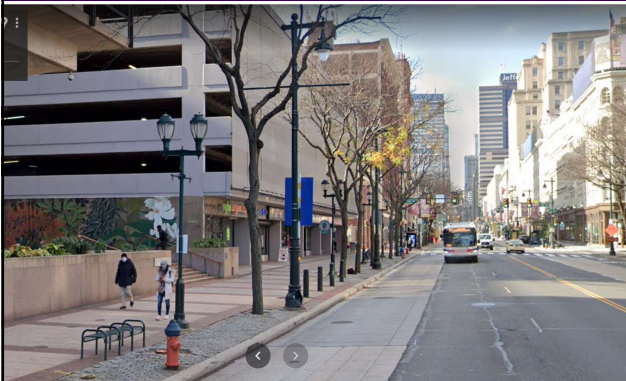
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New façade or total redevelopment



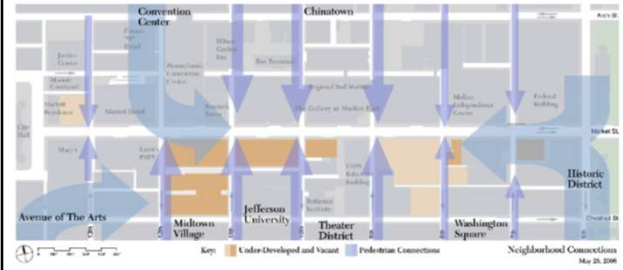
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Brandywine bought as investment



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Combine with connections to north & south



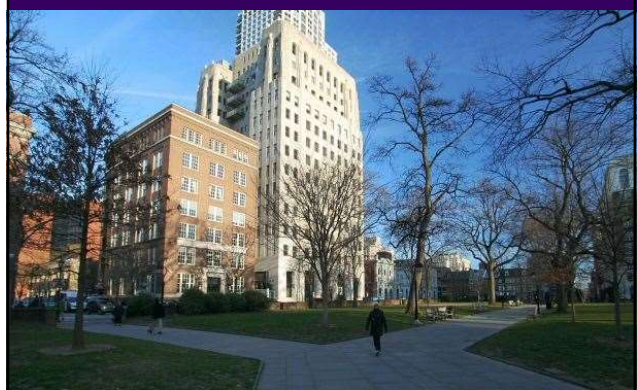
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Significant population: Society Hill & Wash West



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Substantial new development around Washington Square



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New condo development along Arch Street



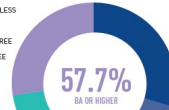
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Very high concentration of educated workers

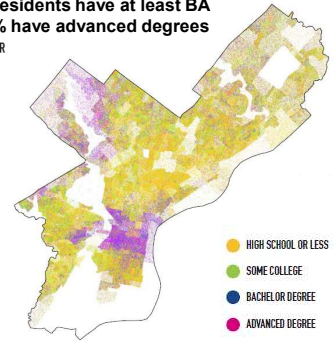
57.7% of all downtown residents have at least BA
30% have advanced degrees

EDUCATIONAL ATTAINMENT, POPULATION 25 AND OLDER

GREATER CENTER CITY
27.5% HIGH SCHOOL OR LESS
14.8% SOME COLLEGE
28.2% BACHELOR'S DEGREE
29.5% ADVANCED DEGREE



Source: U.S. Census Bureau, American Community Survey 2010-2014

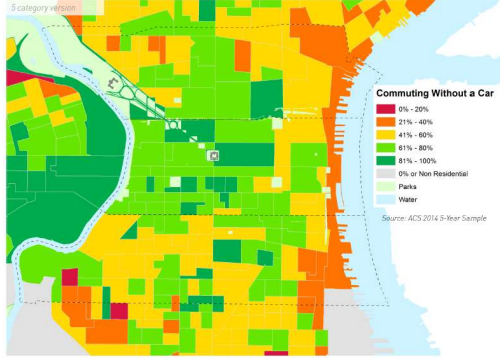


Source: U.S. Census Bureau, American Community Survey 2010-2014

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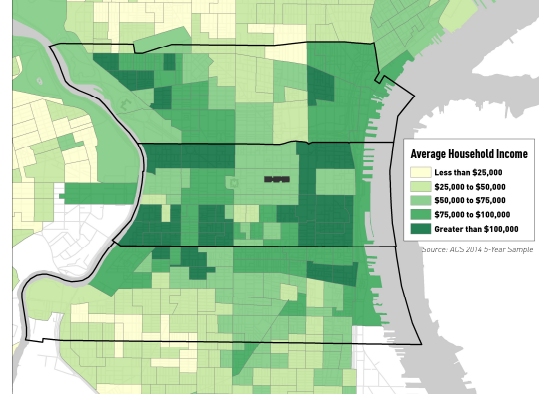
Very high percent who walk & take transit to work

Mode Choice: Non Car Commuting in Greater Center City



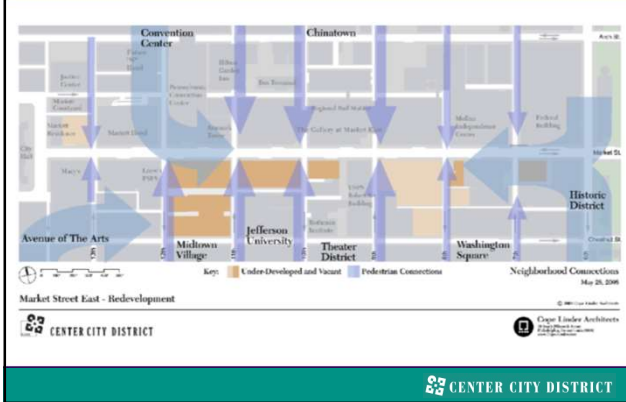
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Market East surrounded by strong purchasing power



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Making these connections largest challenge
"I don't see my customer on the street"



Transformation of Market East started on 1100 block

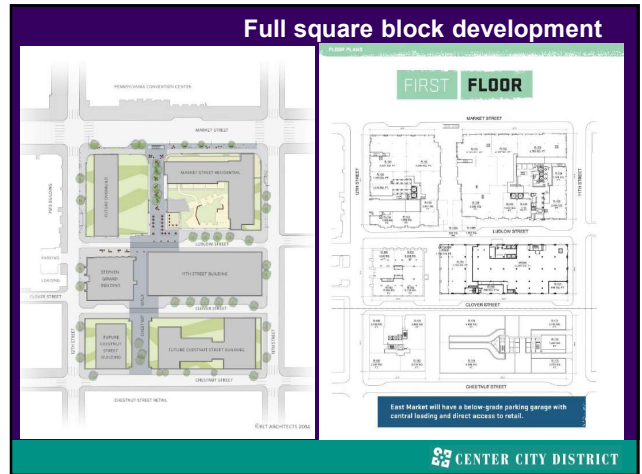


Former Snellenburg's department store

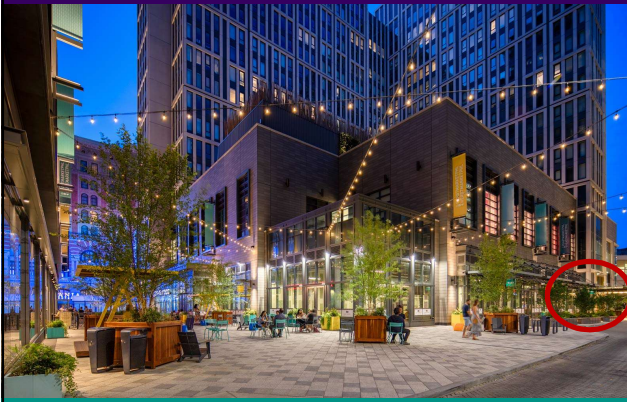


Decapitated in the 1960s





Main entrance



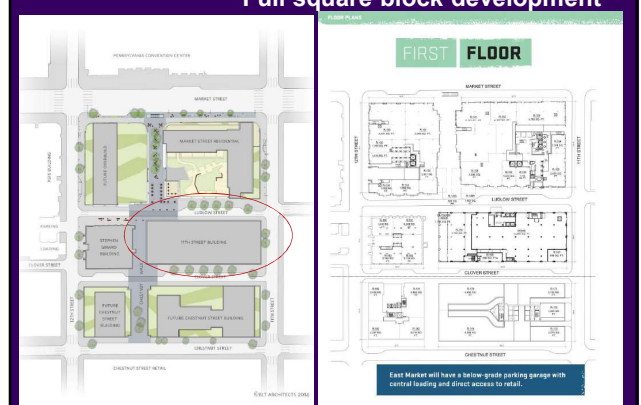
Significant success & quickly started west tower



Both towers & retail completed



Full square block development



175,000 sf of office space



Marketplace design center tenants



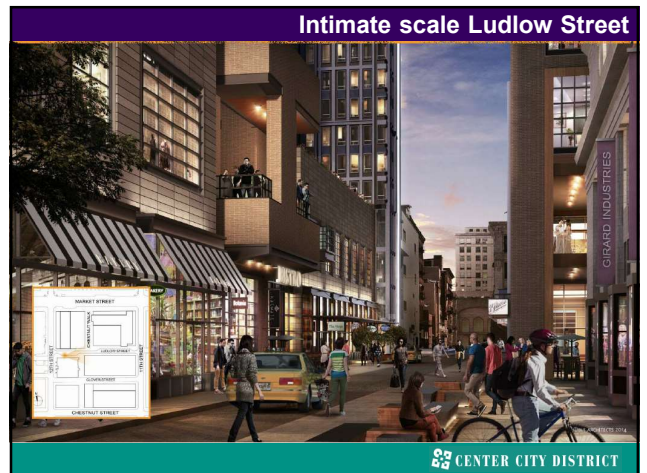
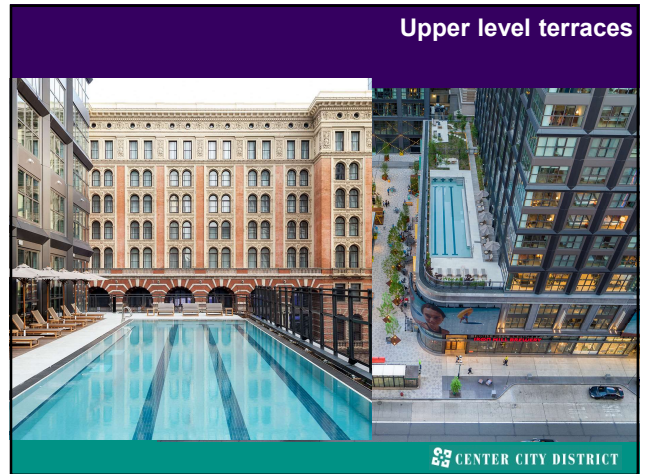
Mom's Organic Market
Marketplace Design Center
Bohlin Cywinski Jackson
WeWorks Coworking

Open plan office



Retail walkway through to Chestnut Street

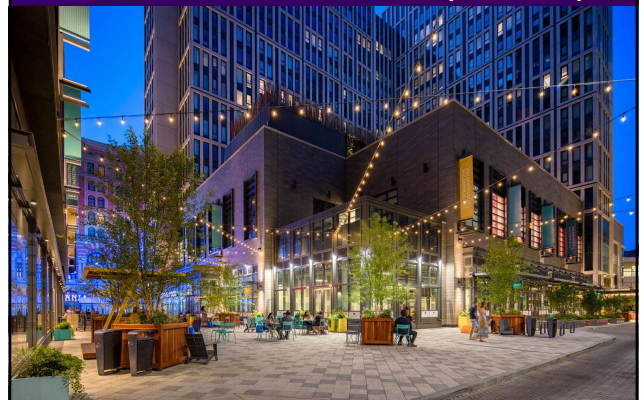




Smaller scale, non-chain retailers



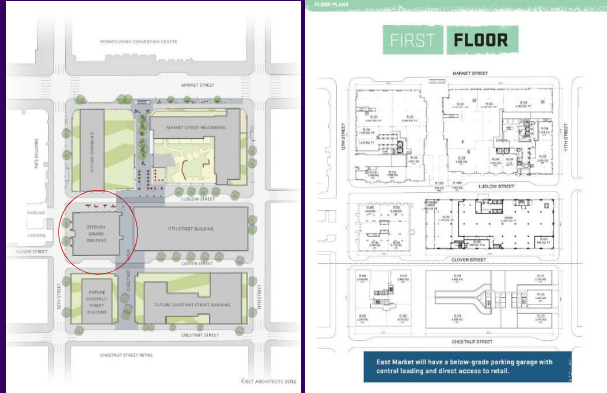
First phase complete



And connecting to 13th Street/ Midtown Village



Renovation of historic Stephen Girard building



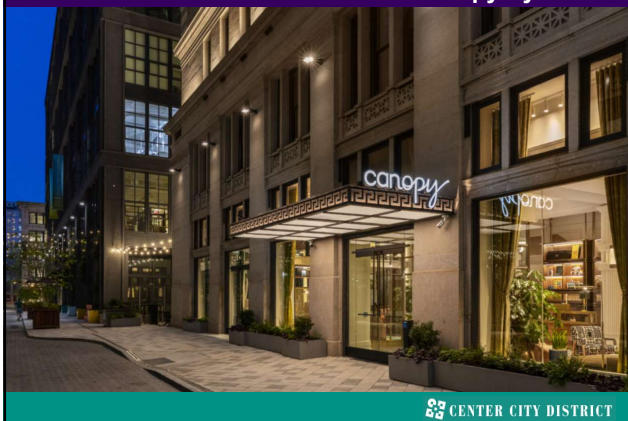
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2nd: Renovation of historic Stephen Girard building



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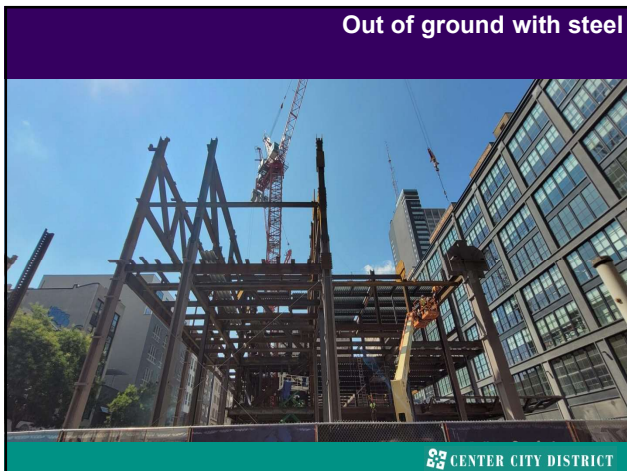
Canopy by Hilton



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City incentives: 10 year tax abatement
Large format signs
State grants



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East Market: Mixed use



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Transformation of the Gallery



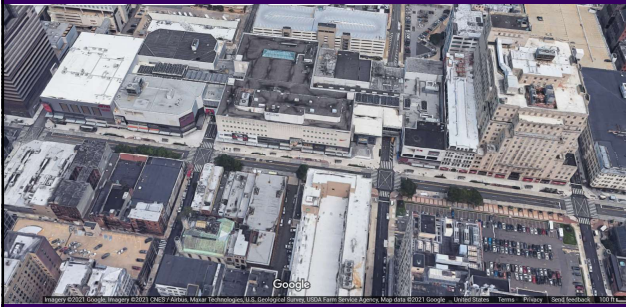
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PREIT assembled 3 city blocks:
Gallery + Strawbridges



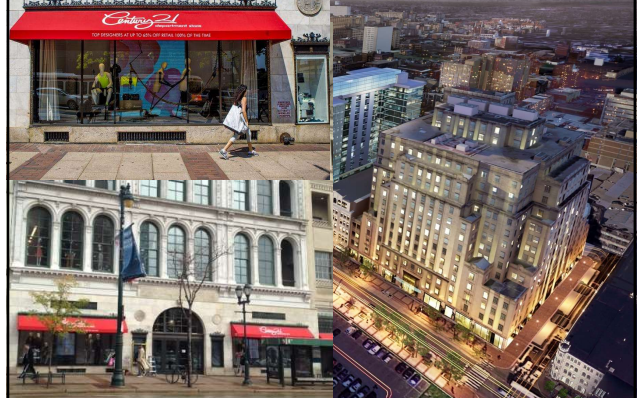
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Complete transformation of exterior



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First step: Century 21 in Strawbridge Building



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2nd step: "Fashion District"

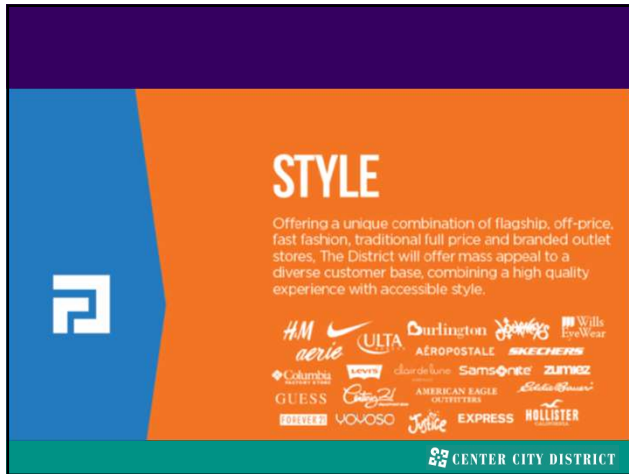


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Original goal: moderate price to upper end
























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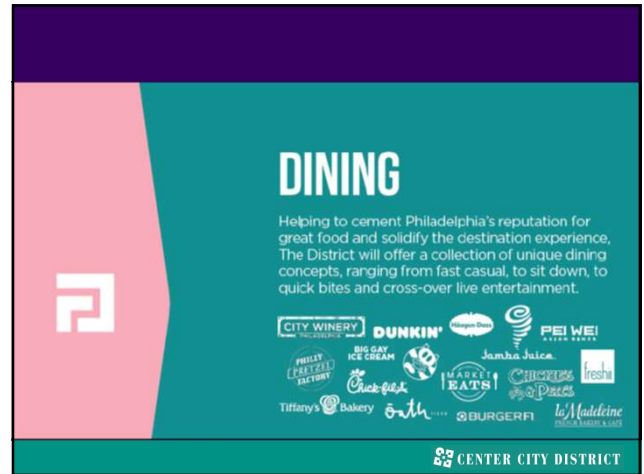
STYLE

Offering a unique combination of flagship, off-price, fast fashion, traditional full price and branded outlet stores. The District will offer mass appeal to a diverse customer base, combining a high quality experience with accessible style.


























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DINING

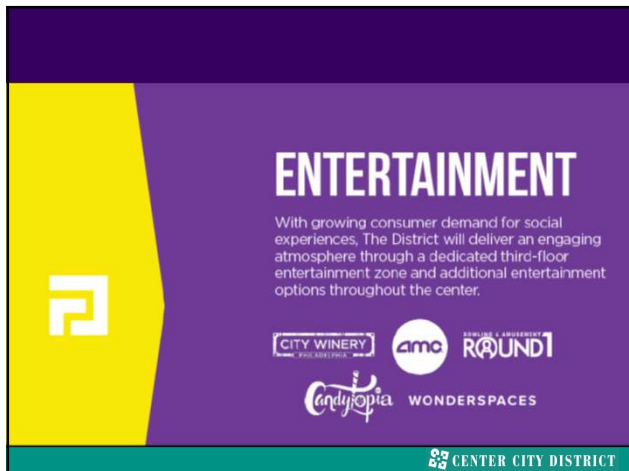
Helping to cement Philadelphia's reputation for great food and solidify the destination experience, The District will offer a collection of unique dining concepts, ranging from fast casual, to sit down, to quick bites and cross-over live entertainment.








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ENTERTAINMENT

With growing consumer demand for social experiences, The District will deliver an engaging atmosphere through a dedicated third-floor entertainment zone and additional entertainment options throughout the center.

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ARTS & CULTURE

As part of Fashion District's commitment to fostering positive change and civic engagement, Fashion District has undertaken a series of steps highlighting its commitment to the Philadelphia community.

- \$1 million in commissioned Permanent Art
- Uniquely Philly
- REC Philly
- Corporate Philanthropy program
- Philadelphia Works Job Fair

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Business Incubation




A curated collection of local small businesses with authentic Philadelphia offerings. The local businesses will have an opportunity to establish and grow their brands in a highly trafficked shopping destination.

1000 Locust Street, Philadelphia, PA 19106






A 10,000 square foot, first of its kind facility — co-working space for creatives based on 3 principles: Direct-to-Consumer sales/retail, Resource Sharing, Safe Space for Creatives. Locally founded and supporting Philly's creative community, the new facility will house recording studios, visual arts, a podcast studio, rehearsal space, production rooms, meditation rooms, private conference rooms, and a creative co-working and 200 person event space.





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CURATED ART

Art in the District is a multifaceted art collection providing visitors with a unique opportunity to access and enjoy public art by distinguished artists with works featured in renowned local, national and international museums.

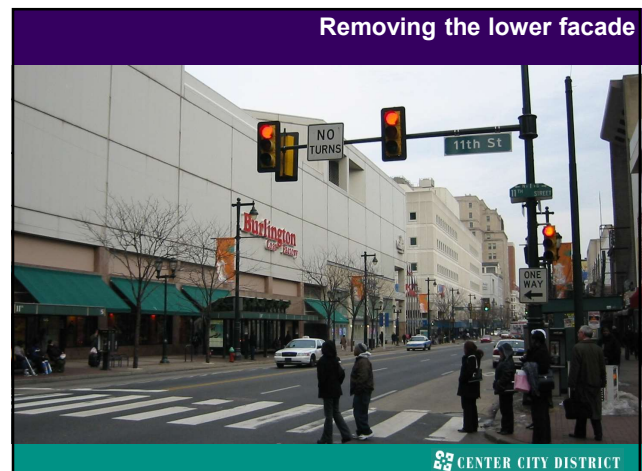
The program focuses on bringing the community together and igniting conversation — it features over \$1 Million in commissioned installations showcasing contemporary murals, pop art, 3D designs & sculpture, digital photography, and more.

Throughout the District, find pieces by:

| | |
|-------------------------------------|--|
| SOFTLab "Gnolihome" | Amber Art "Winter" & "Fall" |
| Eileen Hoff "The Greeting" | Kip Collective "End of the Line" |
| Michael Murphy "Liberty & Freedom" | Jason Woodside "Dimensions" |
| Ryan McInness "Details" | Anthony Burdell "Life Liberty Happiness" |
| Charles Burwell "Spring" & "Summer" | |

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Open up for outward facing retail



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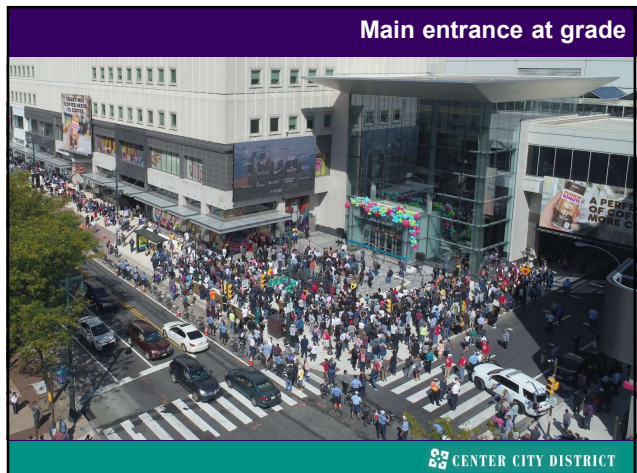
Depressed entrance eliminated



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Main entrance at grade



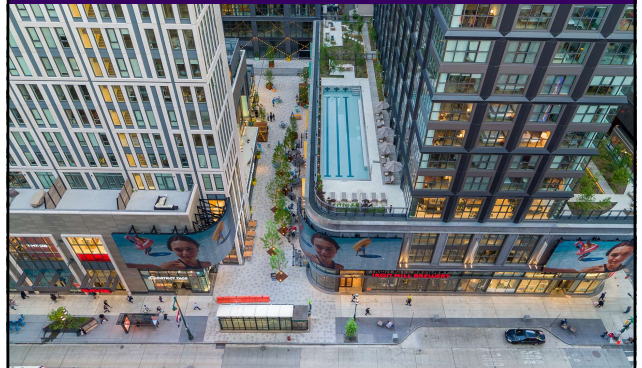
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Finished product: somewhat chaotic in appearance



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Digital screens integrated into design



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Outward facing: animated sidewalks on Filbert
But only control south side of street



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Changing Filbert from service alley into urban street



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Phased opening: September 2019: 5 months before pandemic



Step 3: New upper floor uses: housing & office



Limited demand for upper floor office use



Success at 1100 Ludlow helpful



Lits has secured 5 below's corporate headquarters



But major gaps remain that diminish retail vitality



Obsolete low-rise structures



Asking prices beyond market realities
Little willingness or legal ability to use condemnation



Proposed Sixers arena



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Proposed Sixers arena



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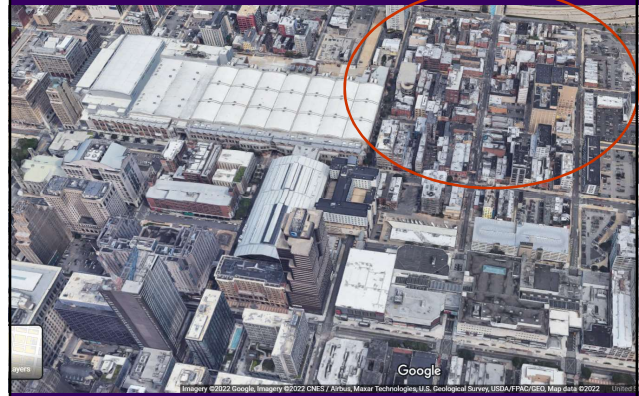
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Adjacency to convention center



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Impact on Chinatown



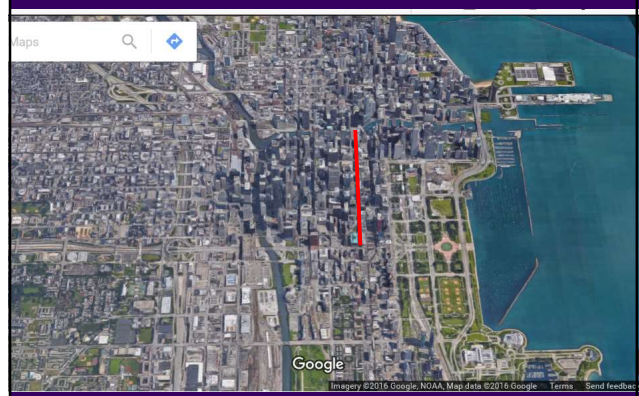
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Lessons from Chicago's State Street
Strong public sector role

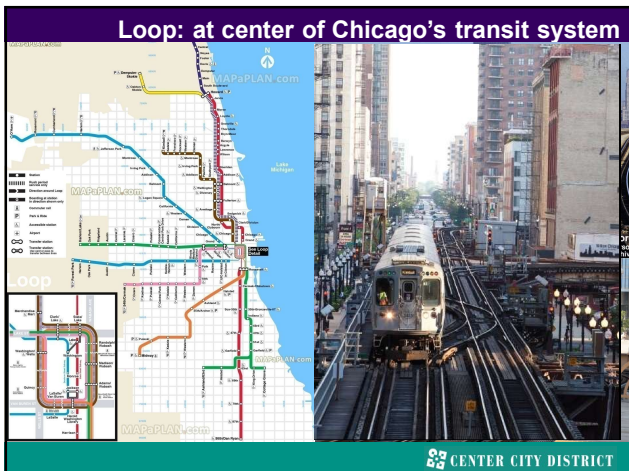
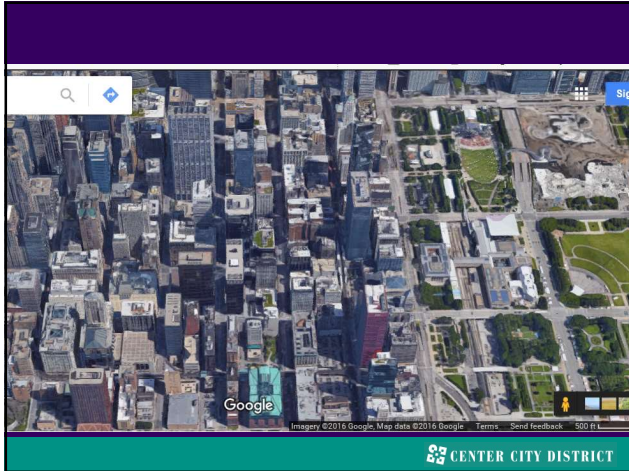


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Two blocks west of Millennium Park



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Louis Sullivan's Carson Pirie Scott



Daniel Burnham's Marshall Fields



Now Macy's



1960s Street goes into decline



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Lower end retail



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Converted to transit mall in 1970s



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All cars are eliminated



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Traditional 1920s downtown & Michigan Avenue



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North Michigan Avenue becomes the high end street



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Generous commitment to landscaping



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Funded by merchants



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Public amenities that animate all seasons



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1997: State Street Redevelopment



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Comprehensive redevelopment plan

Theater district at
northern end



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Retail in the center



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Price conscious shopping



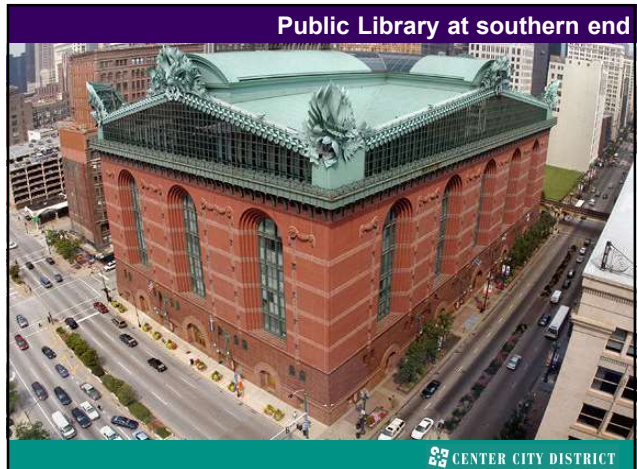
Macy's & Target
Michelle Tan, Anthropologie
PUMA ,Sephora
Disney Store.
Magnolia Bakery
Akira, American Apparel,
Forever 21
Urban Outfitters. Old Navy
H&M, DSW,
Nordstrom Rack,
Burlington Coat Factory
T.J. Maxx.

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Public Library at southern end



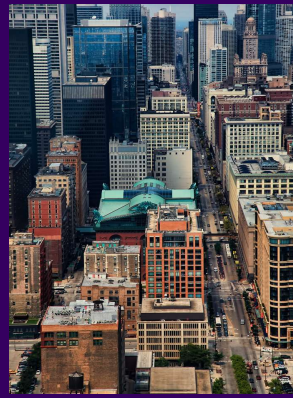
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DePaul University; School of Art Institute of Chicago



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State Street TIF: Multiple developers; City guarantee

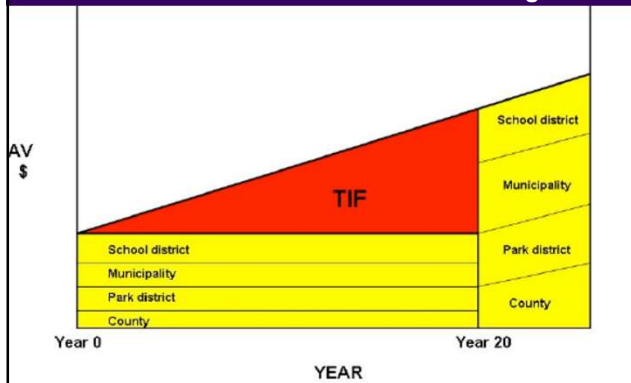


80% resources devoted to individual project financing

20% to comprehensive streetscape enhancements & maintenance

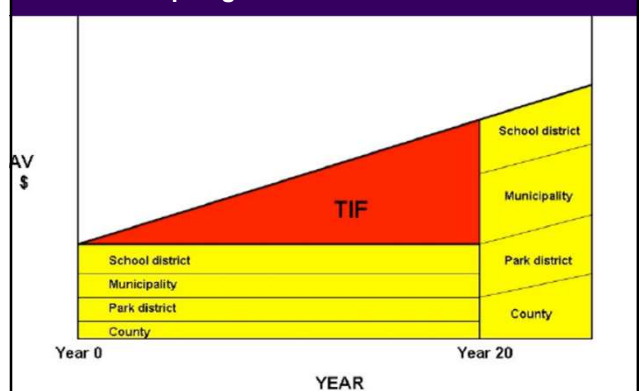
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State Street Tax Increment Financing District



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Increment pledged to debt service & maintenance



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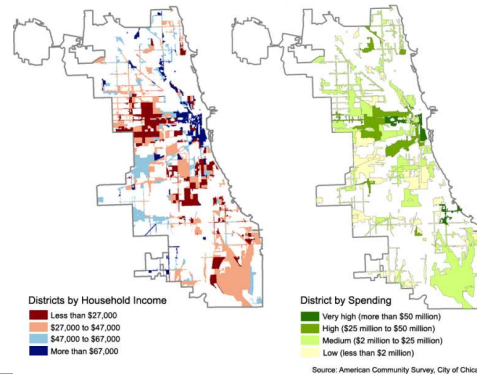
Key tool: tax increment financing districts

- First TIF established in 1984
- 1989: Mayor Daley took office – 12 TIFs
- 2011: Mayor Daley left office – 160 TIFs
- 40% (64) of all TIFs established between 1998-2002
- 30% of total Chicago area covered by TIFs
- Annual Collections: \$500 million
- Most TIFs are area-wide, not project specific - funded both development & surrounding public area improvements & long-term maintenance

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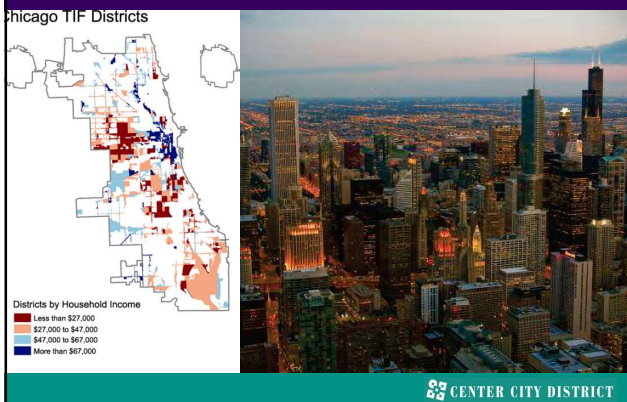
30% of total Chicago area covered by TIFs

Chicago TIF Districts



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Not just downtown; neighborhoods at all income levels



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Reopening the street to all modes of traffic



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Coordinated streetscape improvements



Burnham Hotel outdoor dining



Use of condemnation to facilitate new development





Central Loop office supply:

Central Loop

The second largest submarket in the Chicago CBD, the Central Loop is best known for its LaSalle Street corridor and its historic distinction as Chicago's core financial district. Although this distinction has dissipated some during the last decade, the submarket still remains home to several of the city's largest financial institutions, banks and professional services firms.

As measured by its name, the Central Loop resides in the heart of the CBD Loop. The submarket is bordered by the Chicago River on the north, Van Buren Street on the south and Wells Street and Erie Street on the west and east, respectively.

| Submarket | Office Space (sq. ft.) | Population | Median Income |
|--------------------|------------------------|------------|---------------|
| Central Loop | 44,000,000 | 1,000,000 | \$50,000 |
| Loop | 100,000,000 | 2,000,000 | \$60,000 |
| Financial District | 15,000,000 | 500,000 | \$70,000 |
| West Loop | 10,000,000 | 300,000 | \$40,000 |
| South Loop | 5,000,000 | 150,000 | \$30,000 |

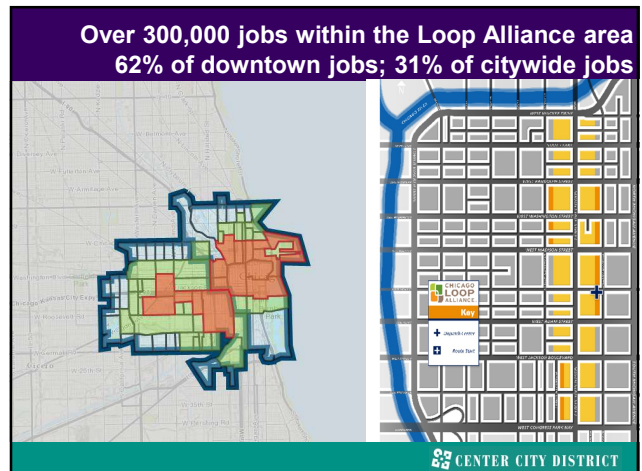
Submarket Highlights & Forecast

The Central Loop continued to steady recovery from several years of post-recession stagnation during the first quarter as it experienced a significant increase in office space absorption, leading to a 10% increase in office space absorption.

In new space is added to the West Loop in 2016, the Central Loop's office space will continue to grow. The Central Loop's office space will continue to grow, leading to a 10% increase in office space absorption.

Occupancy & rental rates rising

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58,000 students in the Loop 22 colleges & universities

LEARN IN THE LOOP

EDUCATIONAL INSTITUTIONS

SERVICES

RESOURCES

Loop U

Approximately 58,000 college students attend 22 colleges and universities throughout the Loop.

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Thriving mixed use street



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High volumes of pedestrians



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But river north is drawing tech firms & millennials

River North

River North continues to be one of the fastest growing submarkets in the CBD. The result of new office development, a booming residential community and most recently, an infusion of the city's technology companies, River North has transformed from a once fairly undeveloped area consisting of warehouses and soft properties into a lively and dynamic office environment.

River North also continues to see a mix of office space coming on-line. New Class B and Class C office space is being developed. A healthy office market. This mix of office space options against the backdrop of high residential and commercial office vacancy rates is a boon for the area. The submarket's proximity to the Loop and the city's downtown core, the Chicago River and the city's skyline are all River North's assets.

| MARKET INDICATORS | Q1 2014 | Q1 2013 | CHANGE |
|-------------------|---------|---------|--------|
| OFFICE VACANCY | 8.1% | 7.8% | 0.3% |
| OFFICE ADJUSTED | 10.1% | 10.2% | -0.1% |
| OFFICE ADJUSTED | 10.1% | 10.2% | -0.1% |
| RENTAL RATE | \$24.00 | \$23.00 | \$1.00 |

Submarket Highlights & Forecast

For the second consecutive quarter vacancy slightly decreased in River North, falling from 10.2 percent to 10.1 percent. The submarket posted the lowest vacancy rate in the CBD, and continues to be one of Chicago's most vibrant submarkets.

During the third quarter, it was apparent that River North is the preferred submarket for Chicago's technology companies, with 10 new tech firms moving into the submarket, adding 100,000 square feet of space. River North is also the preferred submarket for the city's financial services firms, with 10 new firms moving into the submarket, adding 100,000 square feet of space.

CENTER CITY DISTRICT

West loop is larger & enjoys better suburban & regional connectivity: exploring BID



West Loop

The West Loop's reputation as the CBD's leading submarket is the result of it possessing the largest office inventory of any submarket. Its proximity to public transit and transit drive for the image associated with being located on or near Western Drive, an address that has a long-standing positive reputation for office tenants.

Further evidence is the submarket's growth over the last several years. Development has been concentrated over the past decade within what is called "high office" area. Office use is concentrated on the north by Western Drive, on the south by the Western Drive, by Western Drive on the west and by the Western Drive on the east.



West Loop Submarket

| Submarket | Office Inventory (sq ft) | Office Inventory (sq ft) | Office Inventory (sq ft) |
|-----------|--------------------------|--------------------------|--------------------------|
| West Loop | 1,100,000 | 1,100,000 | 1,100,000 |
| West Loop | 1,100,000 | 1,100,000 | 1,100,000 |
| West Loop | 1,100,000 | 1,100,000 | 1,100,000 |
| West Loop | 1,100,000 | 1,100,000 | 1,100,000 |

Submarket Highlights & Forecast

The West Loop submarket is one of Chicago's most successful submarkets as measured by density, vacancy and increasing rental rates. The West Loop submarket is one of Chicago's most successful submarkets as measured by density, vacancy and increasing rental rates. The West Loop submarket is one of Chicago's most successful submarkets as measured by density, vacancy and increasing rental rates.

