

Philadelphia's Market Street &
Chicago's State Street

CENTER CITY DISTRICT

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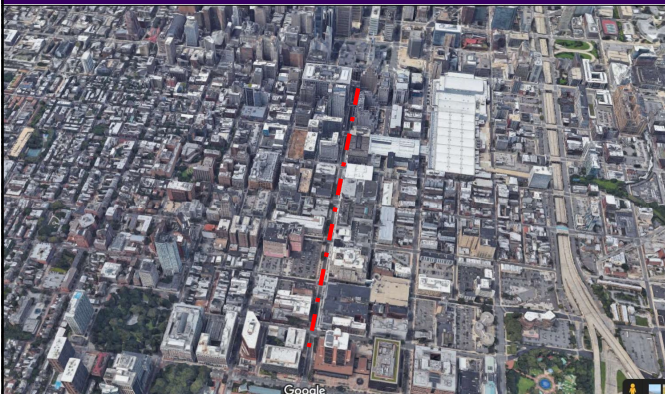
Re-leasing of traditional, in fact retail street
Incremental in approach



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Challenge of thinking & redeveloping a mixed use street
Without supportive context



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Five phases of Market East

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4

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



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5

And trains



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6

Brought volumes of workers & shoppers downtown



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7

Provided the critical mass



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For the era of great department stores



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John Wanamaker (opened 1876)



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Strawbridge & Clothier



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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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Significant new supply: Levittown



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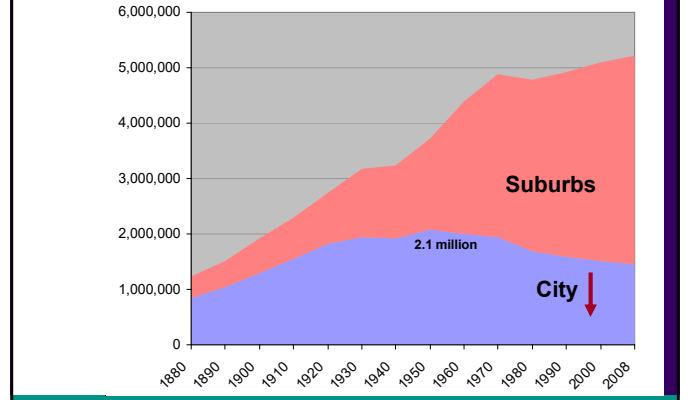
Residential abandonment in the city



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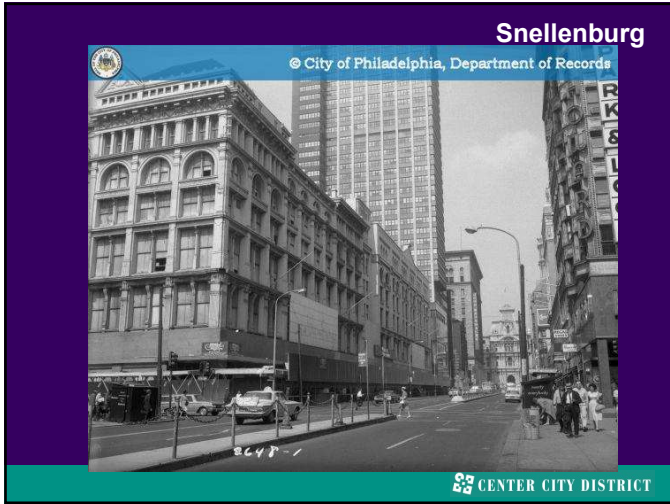
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**Suburban population explosion
Retail follows population**



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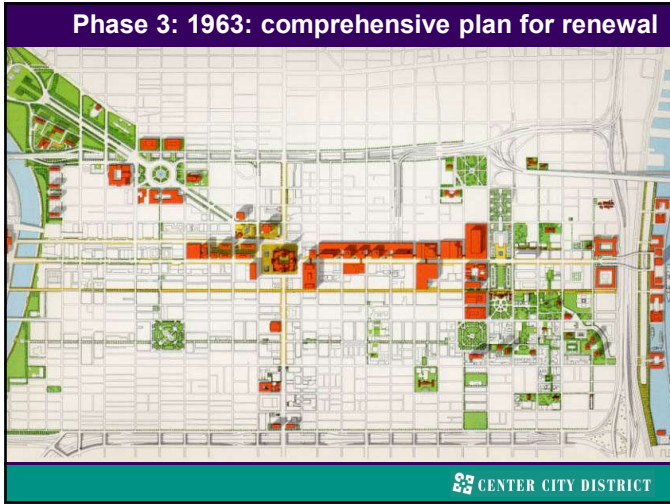
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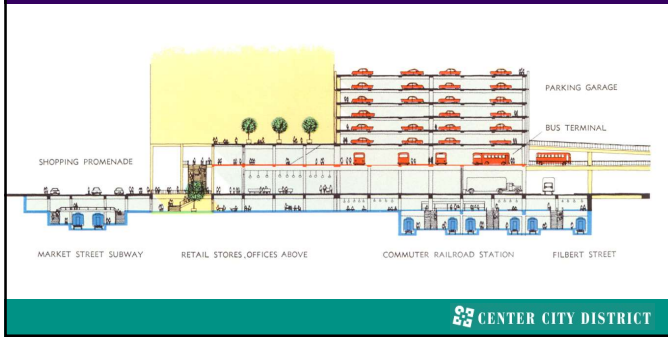


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**Linked to transit & parking garages
Bus terminal**



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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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900 Market Street: 1974



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1977: The Gallery was a national first



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



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1977: Gimbel's moved from 8th & Market to become anchor tenant



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Strawbridge & Clothier anchored the east end



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Highly successful interior mall



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Compared to street-level articulation in 1920s



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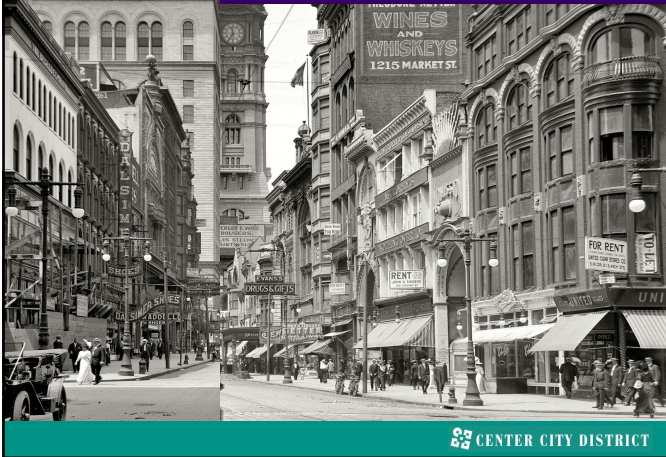
Largely inward facing orientation with a lot of blank walls



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No focus on preservation



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Partially because it looked like this



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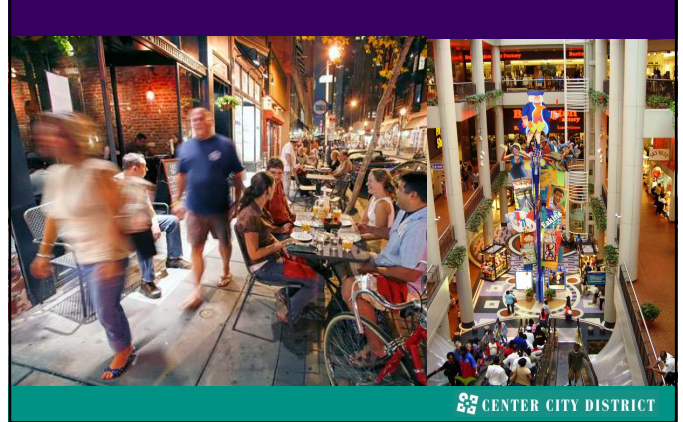
Model was the suburban shopping center:
that's what was succeeding



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



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**1984: Linked Pennsylvania & Reading Railroad into integrated regional rail system
Center City commuter tunnel**



51

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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1980s: Historic preservation -Brickstone renovated Lits



54

Brickstone: historic renovation of Wanamaker's

National historic rehab tax credits



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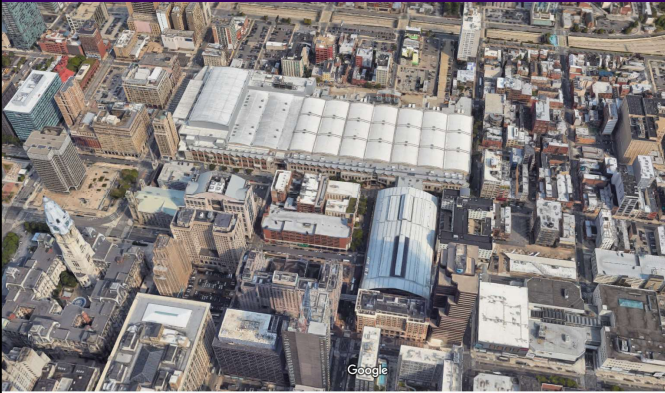
Phase 4: 1993 Hospitality era: Convention Center



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**1994 Pennsylvania Convention Center opened
Major investment in the hospitality industry**



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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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1994: 1200 room new Marriott



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Replaces 1200 Market Street



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New Convention Center hotel



63

Remaking of Independence Mall



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2001: New Independence Visitors Center



66

2003: New home for Liberty Bell



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2003: Constitution Center



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National Museum of American Jewish History



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President's House Memorial: 2010



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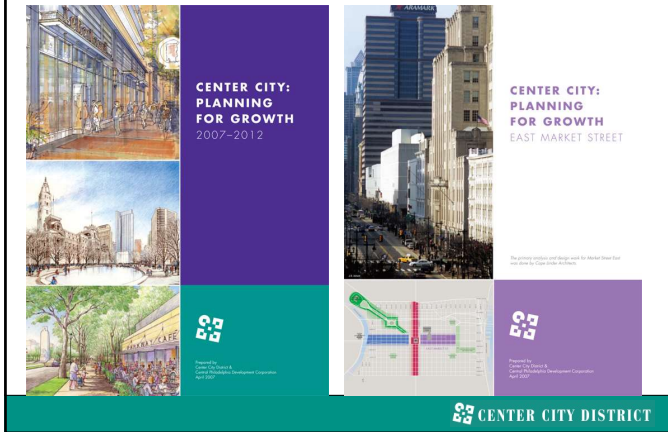
2017: Museum of the American Revolution



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Planning for Growth in Center City Philadelphia 2007



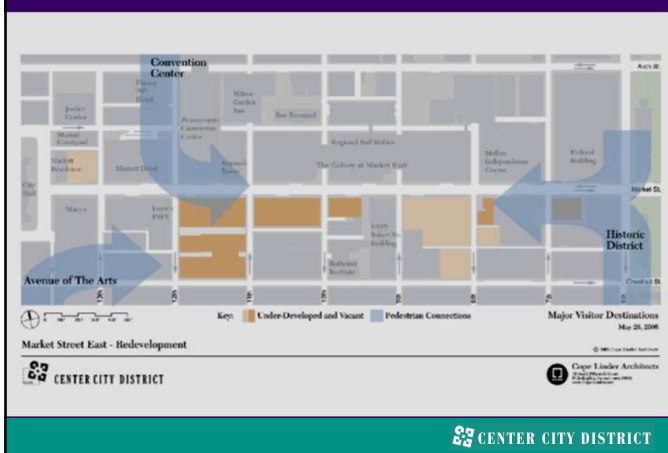
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MSE Goal: Stimulate movement between major destinations at either end of the street; 1.1 million + 3.5 million



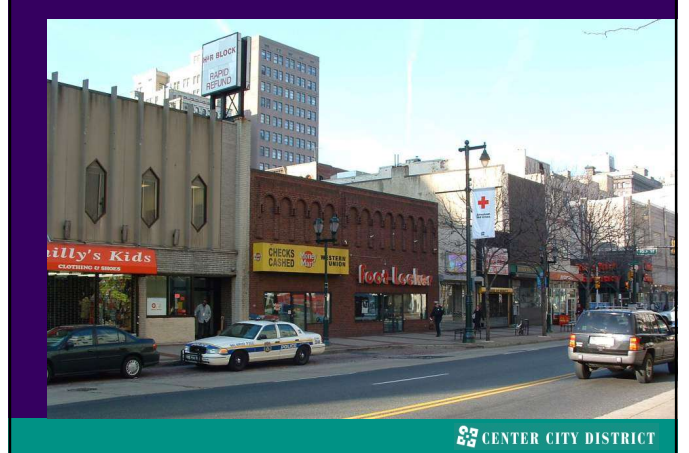
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Goal: fill in the gaps & link Convention district to historic area



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Obsolete low-rise structures



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Gaps in quality retail & pedestrian experience



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Former Gimbel's site



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1999 Rendell seeks to attract Disney Quest



Disney

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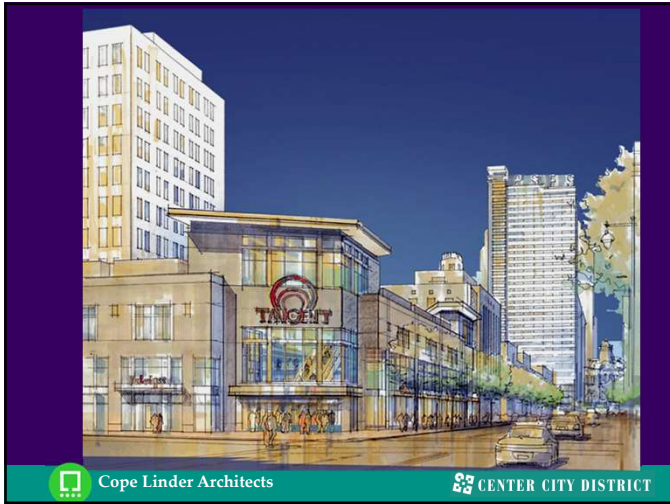
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Redevelop 800 block

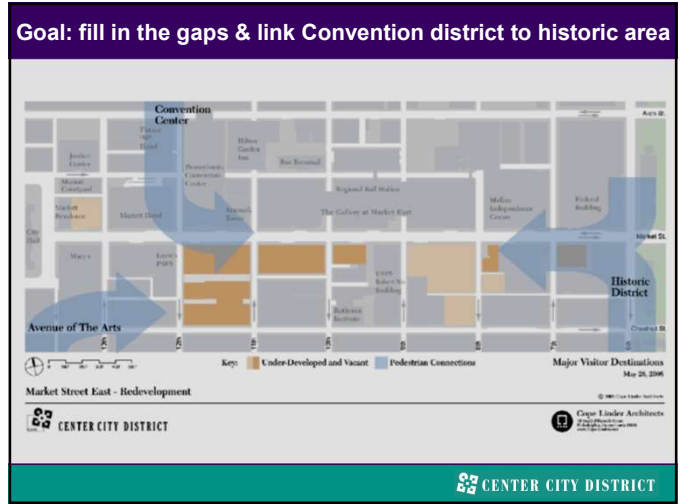


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2005: Activate corner of Rohm & Haas



Cope Linder Architects CENTER CITY DISTRICT

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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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Keystone bought Dow building 2013



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Ownership changes; Dow downsizes
Keystone Property needs to reposition & release



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Eager to draw tourists across the street



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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



92

Recommended a façade renewal



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New façade or total redevelopment



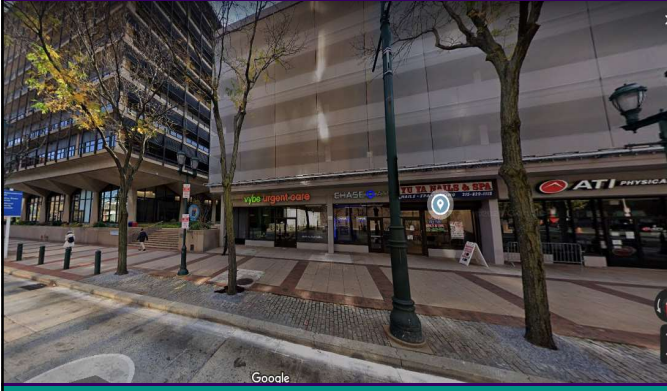
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Brandywine bought as investment



95

Brandywine Garage: redevelopment opportunity



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Current chaos of an outdoor bus station



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1100 block redevelopment



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Former Snellenburg's department store



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Decapitated in the 1960s



TRANSFORMING

SNELLENBURG & CO.
DEPARTMENT STORE

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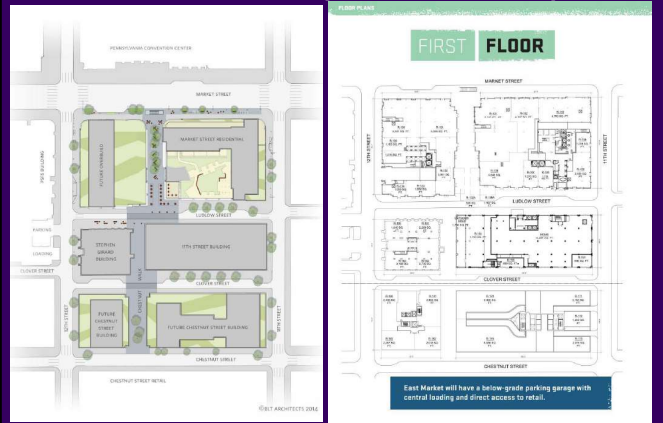
One developer purchased entire block



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Full square block development



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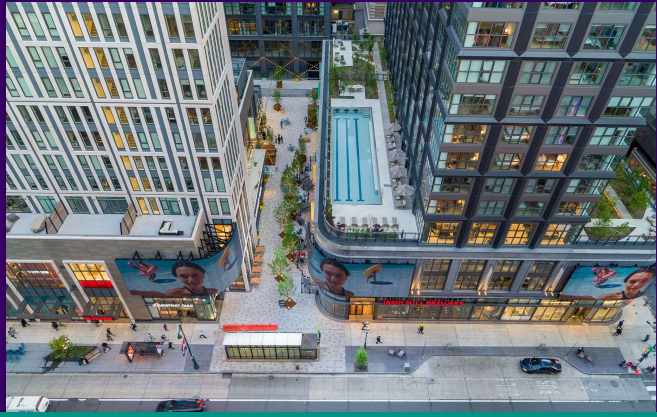
National's full block re-development is one successful model



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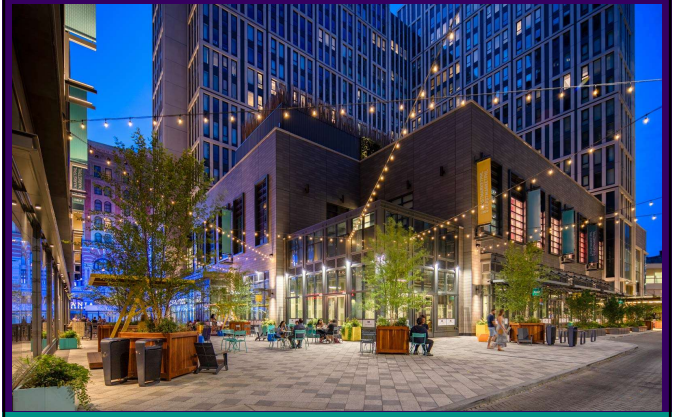
Breaking up the superblock



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With mid block walkways



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Pedestrian amenities



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175,000 sf of office space



An old commercial building at 11th and Ludlow has been refreshed with a throwback facade.

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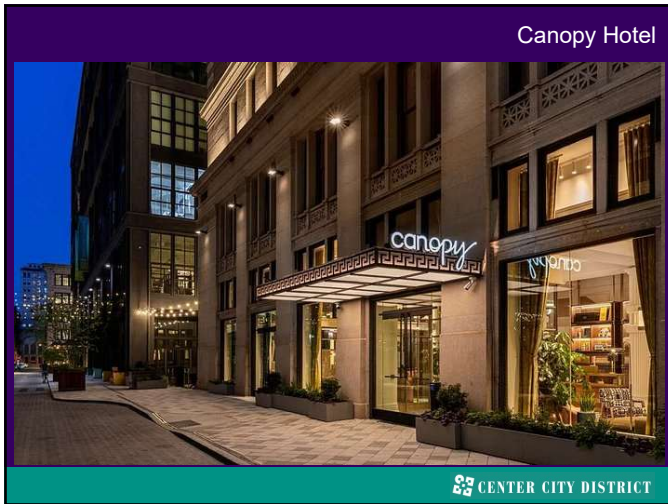
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And connecting to 13th Street/ Midtown Village



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Transformation of the Gallery



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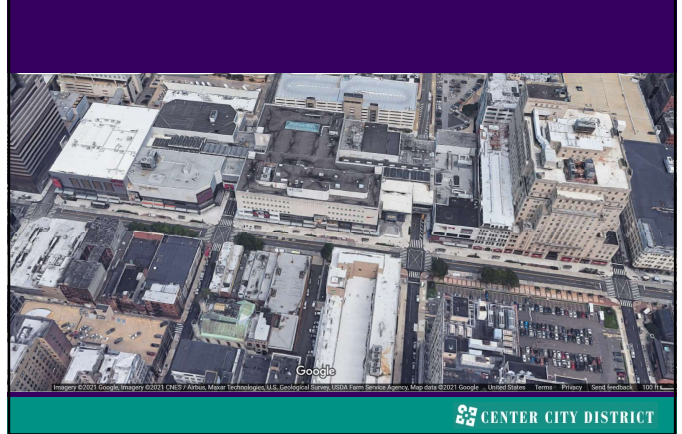
PREIT assembled 3 city blocks:
Gallery + Strawbridges



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Complete transformation of exterior



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Promise of PREIT's Fashion District: Sept 2019
1.2 million sf new retail, \$910 million new investment



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Promise of overbuild residences or hotels
Restoring density to the street



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Removing the lower facade



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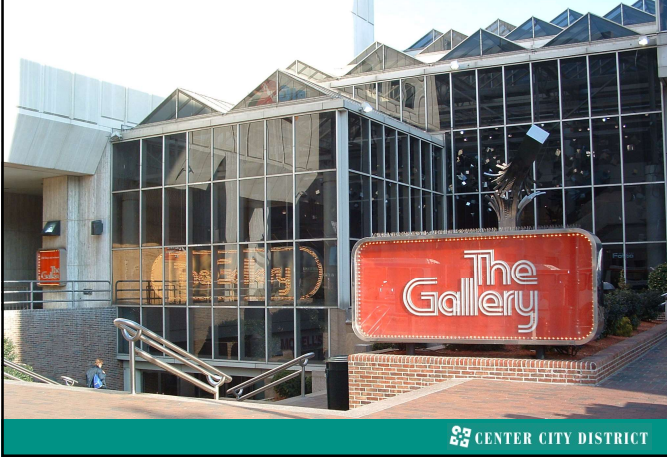
Open up for outward facing retail



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Depressed entrance eliminated



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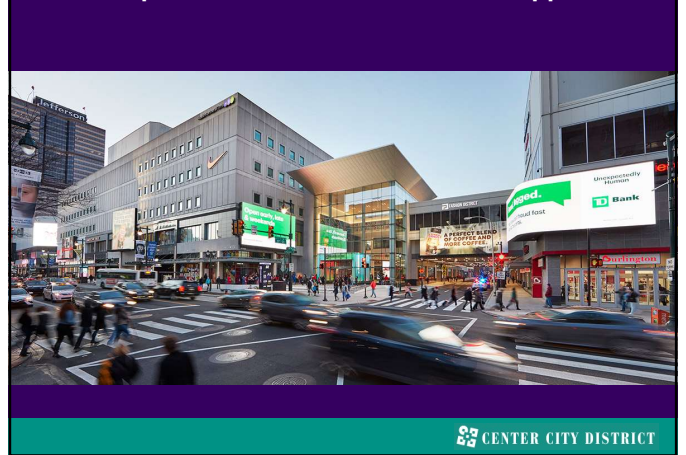
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Main entrance at grade



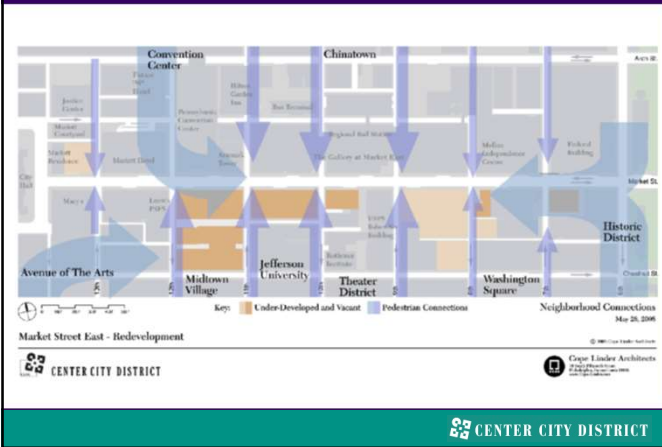
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Finished product: somewhat chaotic in appearance



124

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

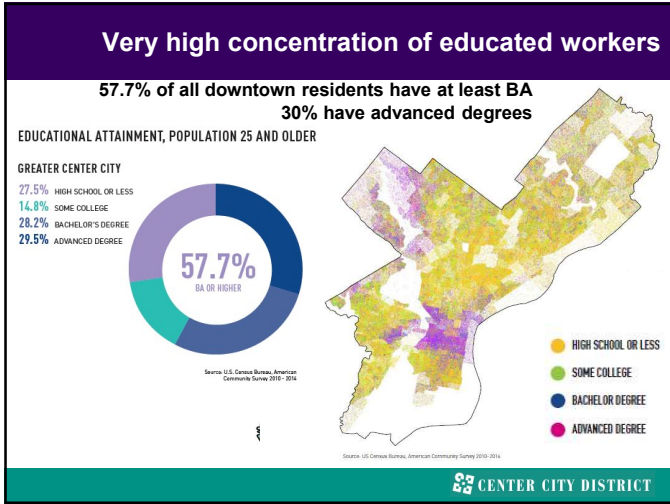


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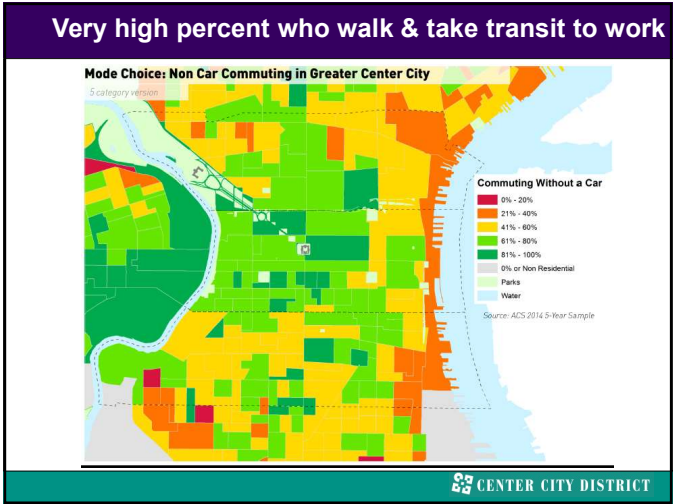
New condo development along Arch Street



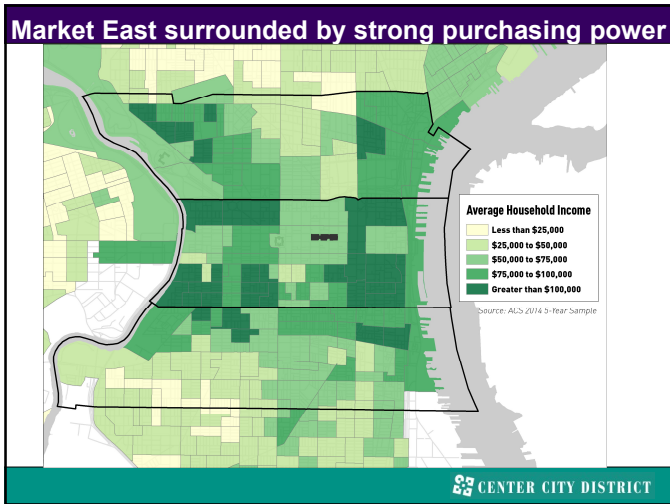
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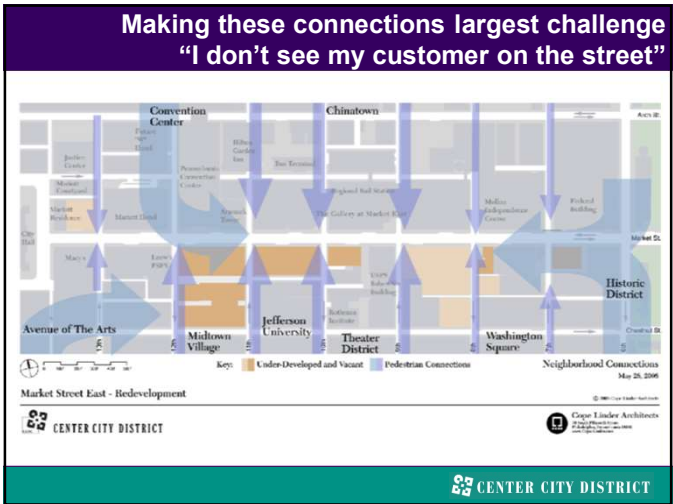
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Opened 60% occupied and collided with COVID shutdown



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Unfinished leasing: legacy of 2020



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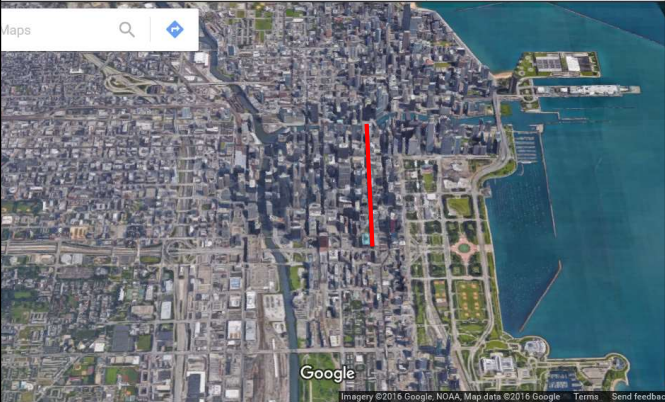
Lessons from Chicago's State Street
Strong public sector role



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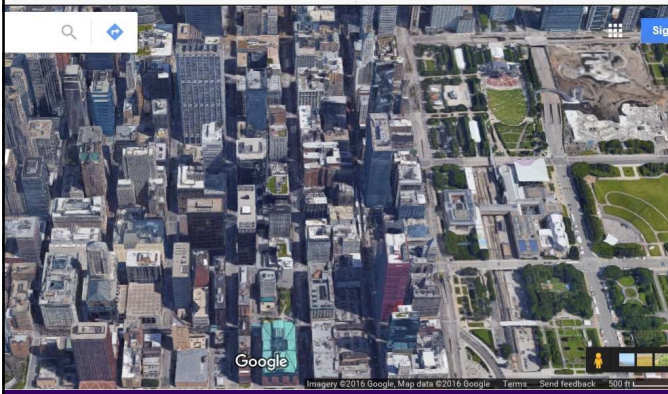
Two blocks west of Millennium Park



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High density office, hotel, residential



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Historic downtown shopping street



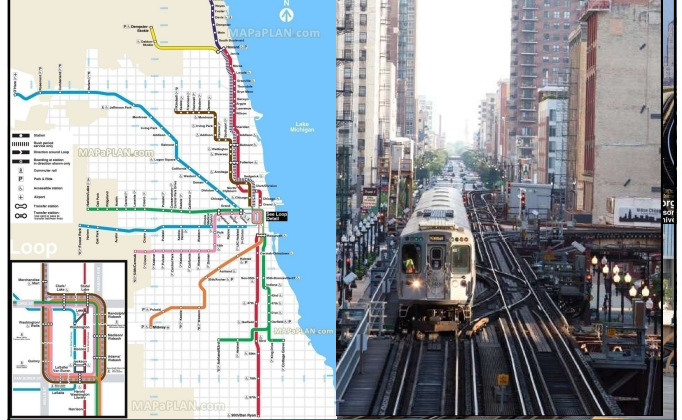
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Home of very first office skyscrapers



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Loop: at center of Chicago's transit system



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Philadelphia's Market east
In the late 19th century, trolleys.....



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150

And trains



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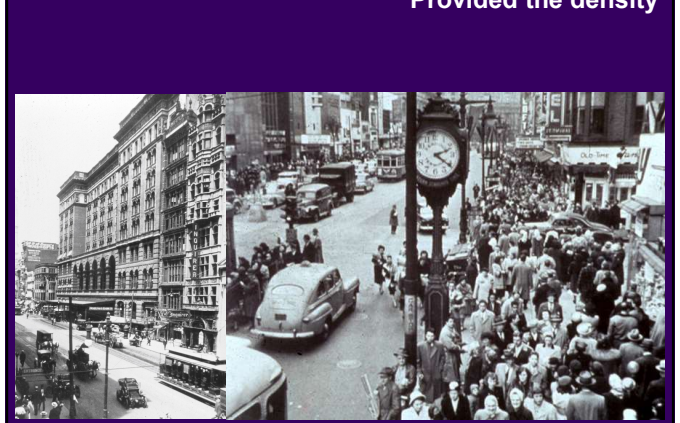
Brought volumes of workers & shoppers downtown



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Provided the density



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For the era of 5 great department stores
Strawbridge's, Wanamaker's, Snellenberg's
Lits & Gimbels



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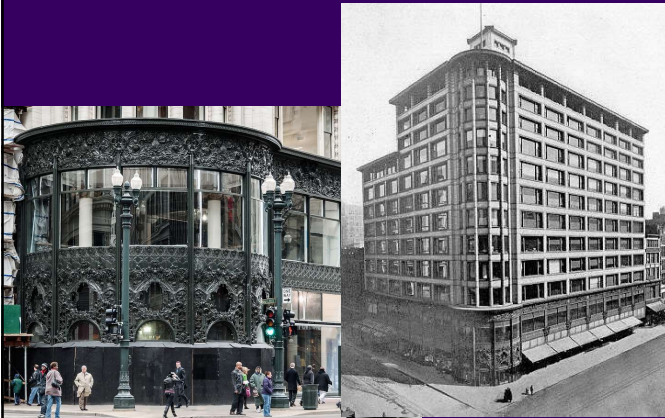
State street: a transit driven shopping street



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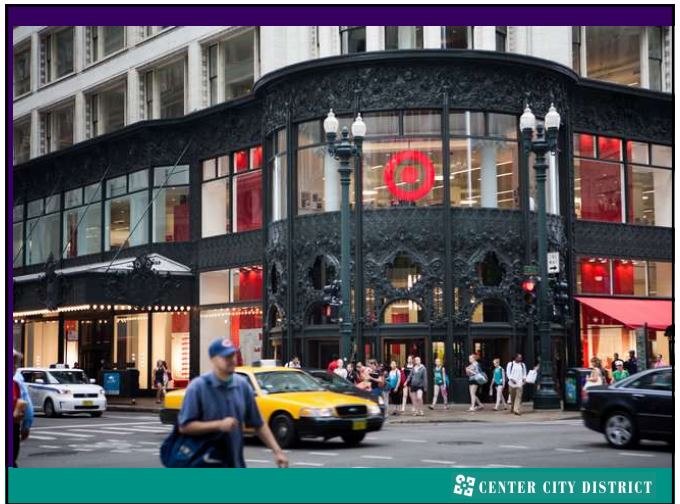
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Louis Sullivan's Carson Pirie Scott



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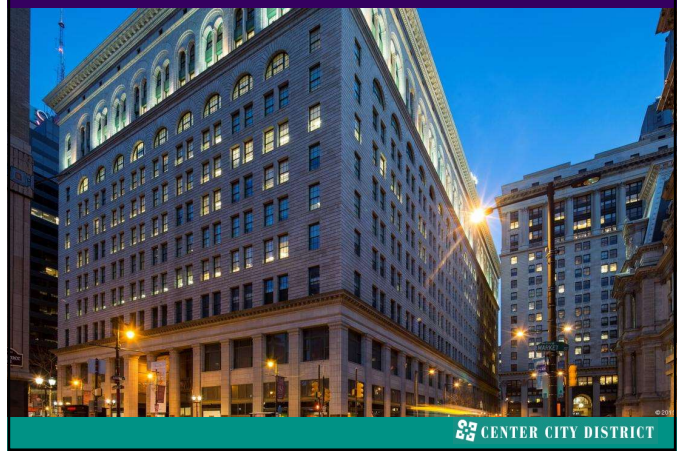
Daniel Burnham's Marshall Fields



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Burnham also designed Wanamaker's



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Both are now Macy's



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1960s street declines: suburban competition



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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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Re-use of office buildings DePaul University



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School of Art Institute of Chicago



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**58,000 students in the Loop
22 colleges & universities**

LEARN IN THE LOOP | EDUCATIONAL INSTITUTIONS | SERVICES | RESOUR

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

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State Street TIF: Multiple developers; City guarantee



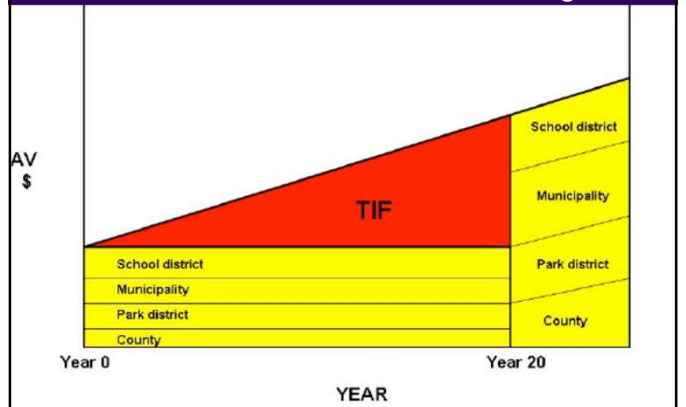
80% resources devoted to individual project financing

20% to comprehensive streetscape enhancements & maintenance

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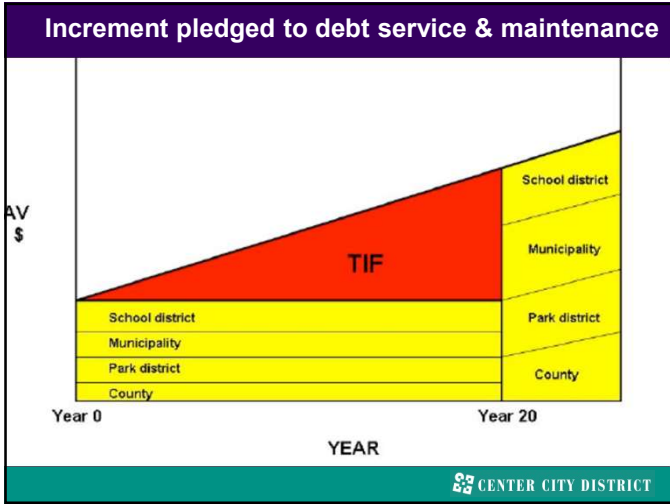
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State Street Tax Increment Financing District



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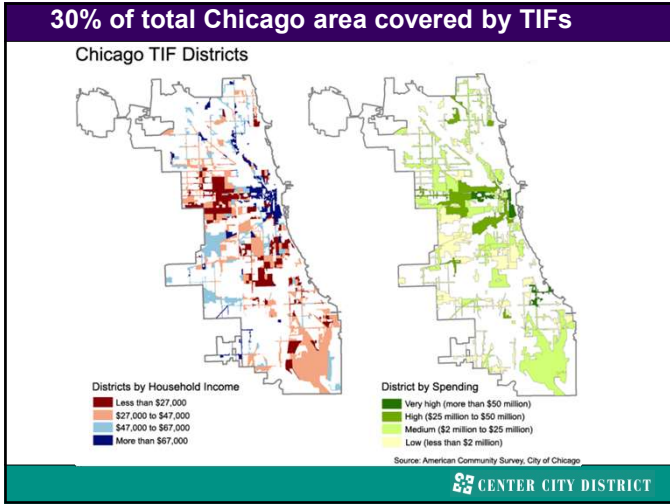
Key tool: tax increment financing districts

- 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

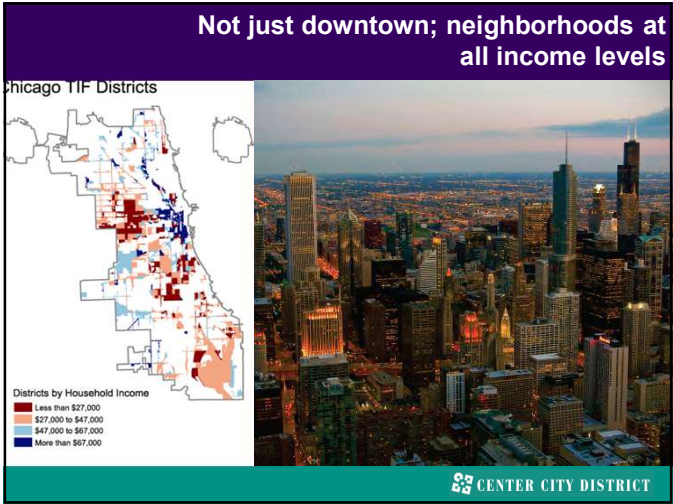
- Most TIFs are area-wide, not project specific - funded both development & surrounding public area improvements & long-term maintenance

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Reopening the street to all modes of traffic



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Coordinated streetscape improvements



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New entrances to underground transit



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Burnham Hotel outdoor dining



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Use of condemnation to facilitate new development



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Mixed-use new development
Joffrey Ballet & Walgreens



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Between Millennium Park & Financial District



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Central Loop office supply:



44 million square feet
2nd largest submarket
28% of downtown supply
Occupancy & rental rates rising

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 diminished 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 suggested by its name, the Central Loop resides in the heart of the CBD Loop. This submarket is bounded by the Chicago River on the north, Van Buren Street on the south and Block 37 and State Street on the west and east, respectively.

| MARKET SEGMENT | 2012 (sq. ft.) | 2013 (sq. ft.) |
|----------------|----------------|----------------|
| OFFICE | 42,500,000 | 42,500,000 |
| RESIDENTIAL | 1,500,000 | 1,500,000 |
| RETAIL | 500,000 | 500,000 |
| TOTAL | 44,500,000 | 44,500,000 |

Submarket Highlights & Forecast

The Central Loop continued its steady recovery from several years of poor performance, despite the fact that space and market conditions remain challenging. Demand for office space is strong, and the market is expected to continue to grow through 2014.

As new space is delivered to the West Loop in 2014, the Central Loop is expected to remain a strong performer in the downtown market and will be the submarket that will continue to see the highest growth in office space demand.

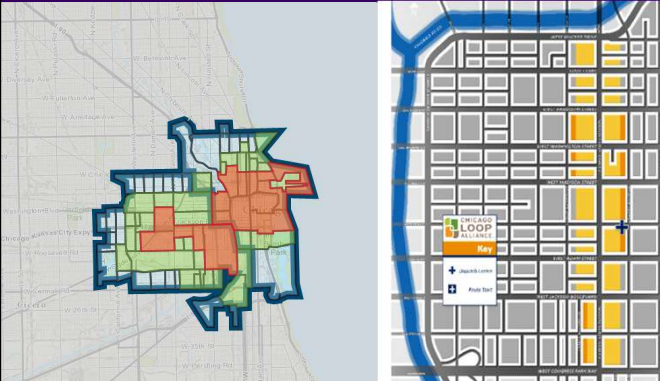


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Over 300,000 jobs within the Loop Alliance area

62% of downtown jobs; 31% of citywide jobs



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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 infiltration of the city's technology companies, River North has transformed from a once fairly undeveloped area consisting of warehouses and loft properties into a lively and dynamic, office environment.

River North now contains a mix of office spaces ranging from Class B and C to Class A properties. Its diverse office space offers a variety of options to accommodate the diverse needs of both traditional and more modern office users leading to the low vacancy rate. The submarket's demographics include high earners in the city, the Chicago River on the north and west and close access to the lake.

| Market Indicators | Q3 2014 | Q2 2014 | Q3 2013 |
|-------------------|------------|------------|------------|
| AVG OFFICE RENT | \$45.00 | \$45.00 | \$45.00 |
| OFFICE VACANCY | 10.0% | 10.0% | 10.0% |
| OFFICE ABSORPTION | 1,000,000 | 1,000,000 | 1,000,000 |
| OFFICE INVENTORY | 10,000,000 | 10,000,000 | 10,000,000 |

Submarket Highlights & Forecast

The third quarter demonstrated the River North office market's continued strength as evidenced by the low vacancy rate in the CBD, and continues to be one of Chicago's best performing submarkets.

During the third quarter, local appreciation that River North is the preferred location for Chicago's top technology companies as both Google and Microsoft to expand their operations in River North by 450,000 square feet and 500,000 square feet respectively.



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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 tenant desire for the image associated with being located on or near Wacker Drive, an address that has a long-standing positive reputation for office tenants.

Further contributing to the submarket's growth was the development of new apartment and town home projects which added several square feet of the city's housing inventory to the West Loop. The West Loop is bordered on the north by State Street, on the south by Van Buren Street, by Federal Street on the west and by Madison on the east.

| Market Indicators | Q3 2014 | Q2 2014 | Q3 2013 |
|-------------------|------------|------------|------------|
| AVG OFFICE RENT | \$35.00 | \$35.00 | \$35.00 |
| OFFICE VACANCY | 15.0% | 15.0% | 15.0% |
| OFFICE ABSORPTION | 1,500,000 | 1,500,000 | 1,500,000 |
| OFFICE INVENTORY | 15,000,000 | 15,000,000 | 15,000,000 |

Submarket Highlights & Forecast

The third quarter strengthened the West Loop's status as one of Chicago's most successful submarkets as evidenced by the low vacancy and increasing rental rates for the third consecutive quarter. Continued expansion in the West Loop remained strong during the third quarter as has been evidenced by 500,000 square feet of new construction and 1,000,000 square feet of new office space.

During the third quarter, the West Loop led a significant new development in the area with the construction of a new 1,000,000 square foot office building. The new development will be located on the west side of the West Loop, with both on-site and off-site parking among other amenities. The new development will be the city's largest.



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