



University of Pennsylvania

Graduate School of Planning and Design:

Downtown Development & Recovery

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Alterra Property Group

MARCH 2025

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About Alterra Property Group

Alterra Property Group, LLC (“Alterra”) is an established real estate investment, development, and management company based in Philadelphia, PA. The company is comprised of a highly qualified team of professionals that handle all aspects acquisition, entitlement, project/construction management, asset management, leasing, property management, accounting, and investor reporting. Alterra’s real estate platform is strategically focused on our two core competencies of residential/mixed-use development, and industrial outdoor storage (“IOS”). Alterra currently manages over 3,000 upscale residential apartments under our residential management division named APG Living.

FOUNDED:	<ul style="list-style-type: none"> • 2012 (Successor company to 806 Capital, founded in 2004)
TEAM:	<ul style="list-style-type: none"> • Three (3) Partners and 90+ FTEs comprise a seasoned team of professionals with in-house capabilities including: acquisitions, legal, property management, construction oversight, leasing, asset management, finance, accounting, and investor reporting
INVESTMENTS:	<ul style="list-style-type: none"> • \$3.0 billion invested on behalf of institutional capital in multi-family, mixed-use and industrial outdoor storage assets.
SELECT INSTITUTIONAL PARTNERS:	<div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;">  </div> <div style="text-align: center;">  </div> <div style="text-align: center;">  </div> </div> <div style="display: flex; justify-content: space-around; align-items: center; margin-top: 20px;"> <div style="text-align: center;">  </div> <div style="text-align: center;">  </div> <div style="text-align: center;">  </div> </div>

Alterra's Core Competencies

ADAPTIVE RE-USE



GROUND UP DEVELOPMENT



INDUSTRIAL OUTDOOR STORAGE



Alterra Property Group Overview

VERTICAL INTEGRATION

Alterra is vertically integrated and controls the entire value creation process from acquisition to disposition, with expertise of in-house project design, construction oversight, leasing and management. Alterra currently manages 3,000+ units across Philadelphia.

EXECUTION

Alterra has effectuated its business plans by successfully navigating complex transactions and sophisticated structures with creativity, speed, and diligence while partnering with some of the largest institutional investors in the country.

ADAPTIVE RE-USE

Alterra has proven expertise navigating the complex development process of adaptive re-use projects. Alterra has successfully completed the adaptive re-use / office-to residential conversion of over 1,500 units over nearly twenty projects, not including projects under control and in the design phase.



Urban Core Adaptive-Reuse Case Studies

The Icon One City 17 Market West

Alterra's 16 adaptive-reuse projects have yielded 1,400 units.

Considerations for an Office Conversion / Adaptive Re-Use



LOCATION

Will people live here?



GEOMETRY

Do the dimensions work?



ZONING

Can apartments be built by-right?



BASIS

What is the cost to purchase the building



TENANCY

What is the current occupancy of the building, and when will it be vacant?

Case Study - Urban Core Adaptive Re-Use

Transaction Summary: The Icon



Address

1616 Walnut Street, Philadelphia, PA



Program Summary

206 units / 23,00 SF retail

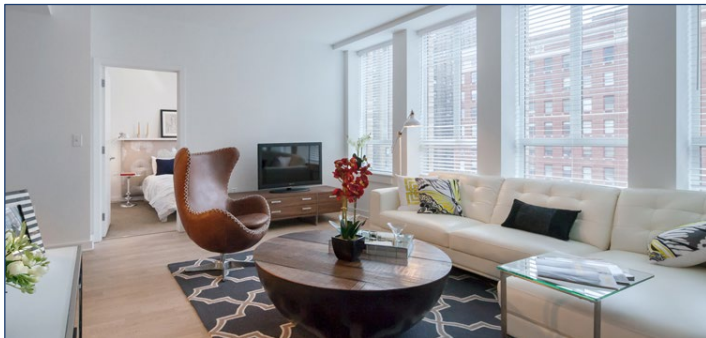
- Alterra acquired this 275,000 square foot Class B office building in 2012 in partnership with Federal Capital Partners and Cross Properties.
- After a full year of meticulous planning and de-leasing, the building was vacated and redeveloped into 206 apartments, 23,000 square feet of retail space and 110 spot structured valet garage parking spaces.

Business Plan Execution

- The project was completed in Q2 2014, renamed "Icon" and established as Philadelphia's premiere rental apartment building.
- Alterra utilized Historic Tax Credit Equity for a portion of the project's capitalization.
- In June 2015, after completing the lease up to 98%, the building was sold to a private investor for one of the highest "price per door" sales in Philadelphia.

Challenges

- Wider floor plates on floors 2-6, resulting in deeper units.
- Unexpected stairwell re-design / construction post-demolition.
- Maintaining historic millwork / general compliance for Historic Tax Credits (impacting unit layouts and efficiencies).
- Challenges retaining existing egress / stairwells with new amenity areas.



The Icon (1616 Walnut) - Office to Multifamily Conversion

1616 Walnut - The Icon

As Featured in New York Times
([ARTICLE LINK](#))

The New York Times

So You Want to Turn an Office Building Into a Home?

Cities are eager to do this amid rising remote work. But it's harder than you might think.

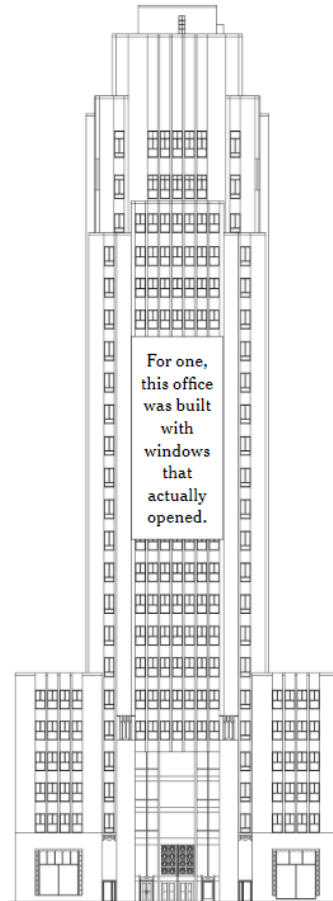
TheUpshot

Here's How to Solve a 25-Story Rubik's Cube

By Emily Badger and Larry Buchanan
March 11, 2023

In their reporting, Emily Badger and Larry Buchanan went to Philadelphia and New York, interviewed architects and developers, and rode a rickety construction elevator to the top of a skyscraper in mid-conversion.

It's easier with older buildings, like this historic one in Center City Philadelphia.



1616 Walnut Street, Philadelphia
1929

For one, this office was built with windows that actually opened.

The 1929 Art Deco office building in Center City Philadelphia, our prewar subject, is a prime illustration:



Athenaeum of Philadelphia

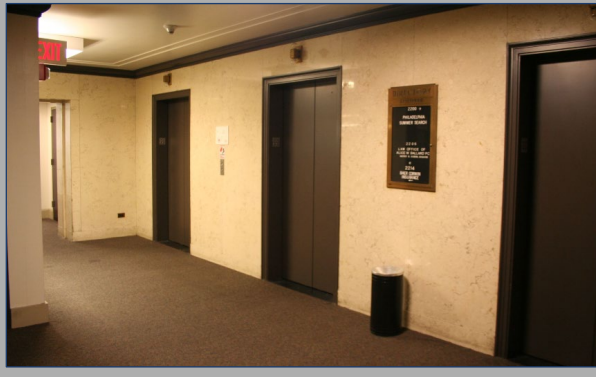
“Geometry is where I always start,” said Leo Addimando, the developer with Alterra Property Group, which converted the 275,000-square-foot building into 206 apartments in 2014. Here, that geometry starts with the building’s long, narrow shape, with operable windows on all four sides of the primary office floors.

The Icon (1616 Walnut) - Office to Multifamily Conversion

After acquiring the approximately 80% occupied office building at 1616 Walnut Street, Alterra negotiated lease terminations with all remaining office tenants to fully de-lease the project ahead of construction. The development employed the use of historic tax credits.

The project scope included but was not limited to replacing windows, upgrading utilities, full demolition of office floors and ceilings, replacement of elevator mechanicals and removal of two elevator banks, replacing roof, metal refinish, and restoration of historic marble and elevator lobbies.

BEFORE



AFTER



The Icon (1616 Walnut) - De-Leasing Process

Nearly 100 tenants with leases expiring over a 5-year+ period resulted in a complicated de-leasing process.

Floor

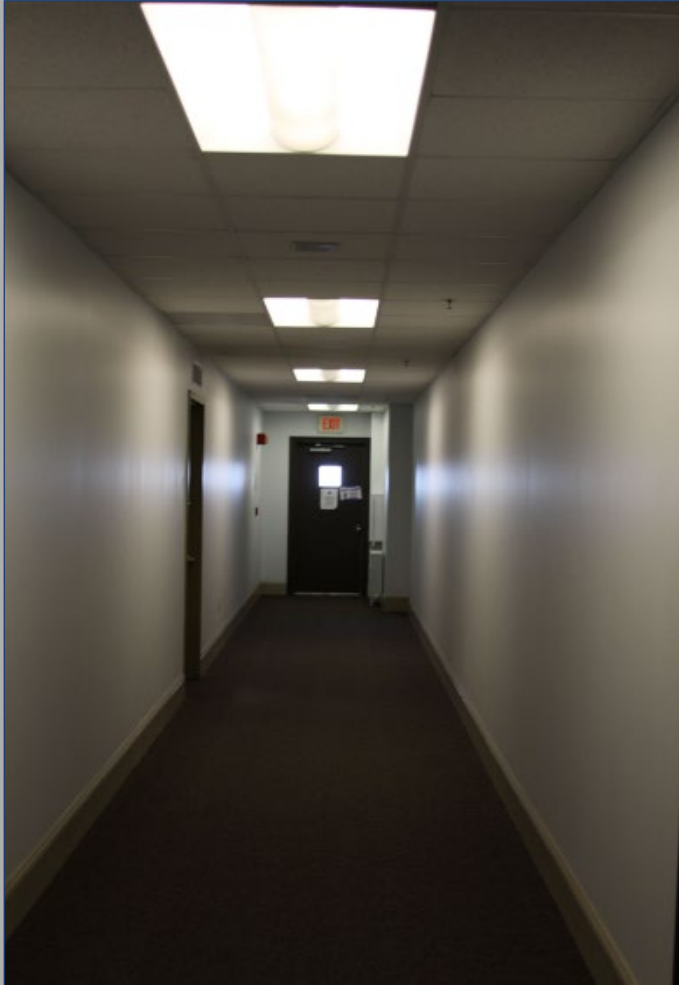
24	Icard Greenberg Company 5212 12/31/2012				Voith & Mctavish 2532 12/31/2013											
23	Law Offices of Thomas J. Petrelli, JR 2376 4/30/2016				Voith & Mctavish 3425 12/31/2013											
22	Baer Conwin Insurance Agency 2405 12/31/2011			Law Office of Alice W. Ballard 1604 4/30/2015		Summer Search 2760 9/30/2012										
21	Dr Edward Hicks 540 7/31/2013	Patricia Nabors 409 8/31/2013	Dr. Linda Altman 409 8/31/2014	Catherine Bullock 1082 12/31/2012	Joel Kofsky 1668 7/31/2014	Vacant 438		Peter Marino + Assoc Architects 3192 12/31/2013	Rosalie Minder 310 Mo.to Mo.							
20	Vacant 831		Terpoulli Sawyer 2405 10/31/2012		Kolber, Frieman and Randazzo 8/31/2013			Fairmount Park Art Association 2200 4/30/2016								
19	Vacant 1628		JS Held, Inc. 2595 7/31/2016		Awi Industries 2931 5/31/2016		Art Spokol, Inc. 372 Mo.to Mo.		Antonia Supper 452 9/30/2011							
18	Nochumson P.C. 876 12/31/2011	The Broudy Group 689 7/31/2012	Elaine R. Axelrod 696 5/31/2013	Opus Search Partners 1503 8/31/2014	Vacant 784		The Theatre Alliance of Greater Philadelphia 3276 3/31/2015									
17	Langsam Stevens & Silver 7920 2/28/2013															
16	Preservation Alliance for Greater Philadelphia 2903 1/31/2016			Five Below, Inc. 900 2/28/2012		Helen Huffington & Phyllis Goltra 907 5/31/2012		Abe Zubarev 454 7/31/2013		Marlboro School of Music 2533 5/31/2016						
15	Breast Health Institute 1504 1/31/2013	Eugene Feiner 407 1/31/2013	Geoffrey M. Margo 385 5/31/2014	Pycare Solutions, Inc. 575 6/30/2013		Ted Vigilante 818 7/31/2013		William G. Bradley, P.C. 950 1/31/2014		Children's Scholarship Fund of Phila 1711 9/30/2014	Pinnacle Consulting 950 8/31/2014					
14	Transcare MI 991 8/31/2014		Ovid LLC 1268 10/31/2011		Transcare MI 2515 8/31/2014		Architecture/Design Alliance 2926 6/30/2012									
11	Law Offices of Ronald Blumfeld 751 4/30/2015		Kevin T. Kuehwehn, Psy.D. 425 1/31/2012		Robert Toborowsky 375 4/30/2013		Vacant 995		James Gross, Esq. 760 3/31/2014		Julie Nemeth, Ph.D. 752 8/31/2015	Franklin & Associates 727 8/31/2015	Goldberger, Paul, Raskin & Liss 3111 2/28/2015			
10	C. Masur & F. Martin 1200 6/30/2015		Alphonse Pignataro 360 7/31/2015		The Marketing Audit, Inc. 1644 8/31/2015		Bodenheimer, Borish & Zatz 850 2/28/2014		Eileen Rosenau 345 2/28/2013		Facility Specialists 719 1/31/2012		Jean Henry 581 2/28/2014		Dr. Henry Hurwitz 2160 6/30/2013	
9	Philagrafika 1375 6/30/2013		Five Below, Inc. 1630 2/28/2012		Sydney E. Pulver, Md 501 8/31/2015		Shore Productions 377 9/30/2011		Callaway / Nisenbaum 816 4/30/2014		Ilene Dyller 392 4/30/2014		Marlboro School of Music 431 5/31/2016		Craigier Drake Designs 2562 10/31/2017	
8	Dolly Kritzner 393 Mo.to Mo.		Barbara Coleman 408 4/30/2012		Milton Savage 375 10/31/2011		Tanya Slattery 466 5/31/2012		Dr. Elliott Rotman 845 4/30/2013		Paul Dry Books 1325 11/30/2013		Fels Fund 1825 8/31/2014		Merchants Fund, Inc 992 7/31/2012	Rachel Ginzberg 683 3/31/2012
7	Grayson / Kirby 1535 6/30/2012		Senzo Research Corp 899 2/28/2012		Mensing 655 2/28/2012		The Performance Psychologist 389 8/31/2011		Cynthia Lombardi 415 3/31/2013		Center City Residents Association 415 11/30/2012		Cleansers Storage 333		Move Forward Fitness 1379 7/31/2014	Vacant 1560
6	Bridge Club of Center City 2141 4/30/2013				Greater Philadelphia Cultural Alliance 5500 5/31/2012											
5	Levy Angstreich Finney Baldante Rubenstein & Coren, PC 15274 3/31/2012															
4	Five Below, Inc. 15274 2/28/2012															
3	David Cersits, M.D. 1000 8/31/2012			Rittenhouse Custom Clothier's, LLC 715 11/30/2011				Julie Zanaras 1753 7/31/2011								
2	Excel Physical Therapy 4168 10/31/2012															
1	Fleisher Oltman Gallery 4168 11/30/2013															
SL	Leon Max, Inc. 3500 12/31/2011				DMB Home, Inc. 241 9/30/2012		Shepp, Inc. 3550 9/30/2013			Ae Hyun Lim 200 9/30/2014						
LL	Facilities Mgt Services of PA 11500 1/31/2016															

Tenant
Square Footage
Date of Lease Expiration

Expires in 2011, 2012 or MTM
Expires in 2013 or 2014
Expires in 2014, 2015, 2016
Terminated

The Icon (1616 Walnut) - Office to Multifamily Conversion

BEFORE



AFTER



The Icon (1616 Walnut) - Office to Multifamily Conversion

BEFORE



AFTER



The Icon (1616 Walnut) - Office to Multifamily Conversion

PROGRESS PHOTOS



The Icon (1616 Walnut) - Office to Multifamily Conversion

The geometry of the floorplans at 1616 Walnut Street is ideal for an office to residential conversion. The 1929 office building was comprised of smaller, private office suites with narrow widths to the common corridor. At widths of approximately 26 feet, the office floorplan allowed for the ideal amounts of natural light into the residential units post-conversion.



Graphics Source: [NYTimes](#)

Case Study - Urban Core Adaptive Re-Use

Property: One City



Address 1401 Arch Street, Philadelphia, PA



Program Summary 323 units / 12,000 SF retail

- Alterra acquired this 220,000 square foot Class B office building in September 2017.
- The building is ideally situated at the corner of Broad and Arch Streets with views of City Hall and just steps away from iconic Philadelphia attractions such as the Pennsylvania Convention Center, Reading Terminal Market, and Love Park.

Business Plan Execution

- Following acquisition, the Alterra team culminated the de-leasing process, and the conversion of this late 19th Century building commenced in April 2019.
- Despite the onset of COVID-19, construction continued through the pandemic, with the building's repositioning consummating in September 2020.

Challenges

- Working with hazardous materials.
- Combining different structures/construction types, including unlevel floors.
- Executing deferred maintenance throughout building.
- Complying with historic building preservation requirements.
- Updating building's mechanical, electrical, plumbing, fire protection, and load-bearing capacities.
- Ensuring ADA accessibility.



One City (1401 Arch) - Office to Multifamily Conversion

BEFORE



AFTER



One City (1401 Arch) - Office to Multifamily Conversion

BEFORE



AFTER



One City (1401 Arch) - Office to Multifamily Conversion

BEFORE



AFTER



One City (1401 Arch) - Office to Multifamily Conversion

BEFORE



AFTER

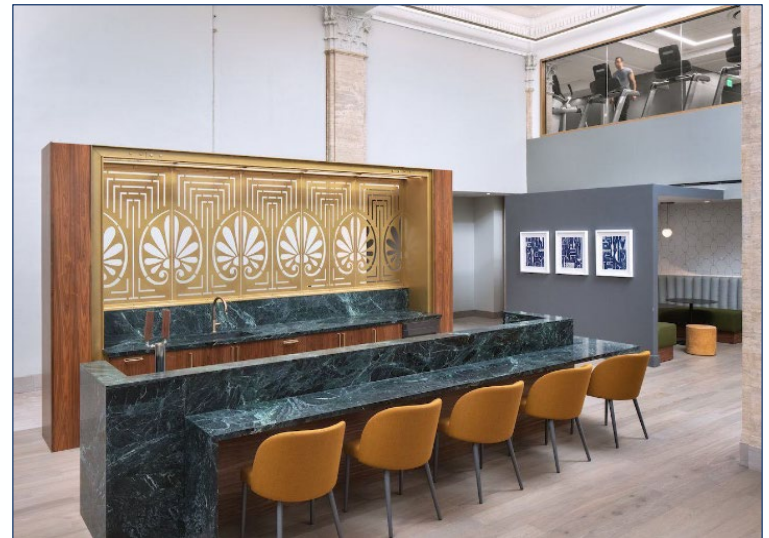


One City (1401 Arch) - Office to Multifamily Conversion

BEFORE



AFTER



Case Study - Urban Core Adaptive Re-Use

Transaction Summary: 17 Market West



Address

1701 Market Street, Philadelphia, PA



Program Summary

299 units / 14,000 SF retail / 189-space garage

- Alterra acquired this 305,000 square foot office building in September 2023, following more than a year of negotiations in an increasingly-challenging capital markets environment.
- Upon completion, Alterra will deliver 299 Class A residential units consisting of top-of-market amenities including a rooftop pool and panoramic terrace, as well as 14,000 square feet retail space.

Business Plan Execution

- Following the termination of the existing whole-building tenant's lease in December 2023, Alterra commenced construction in January 2024.
- Construction remains on time and on budget, with the first residential units anticipated to come online in Q1 2025.

Challenges

- Updating fire protection equipment/materials.
- Reinforcing rooftop load capacity to support swimming pool.
- "Surprise" vault on 13th floor leading to reworking of unit types.



17 Market West - Exterior Rendering (View from 17th St)

BEFORE

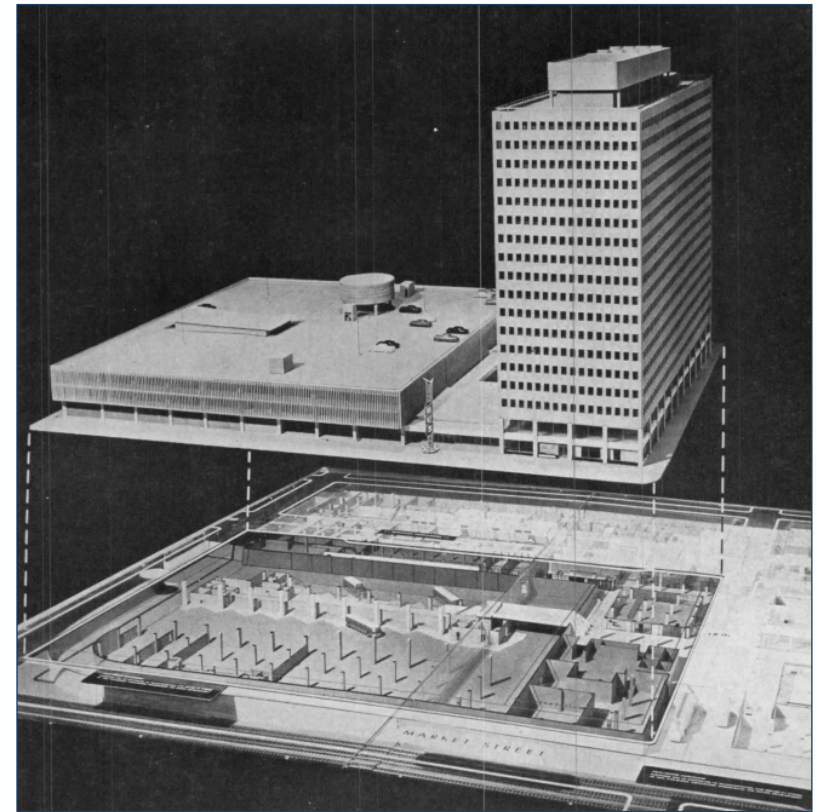
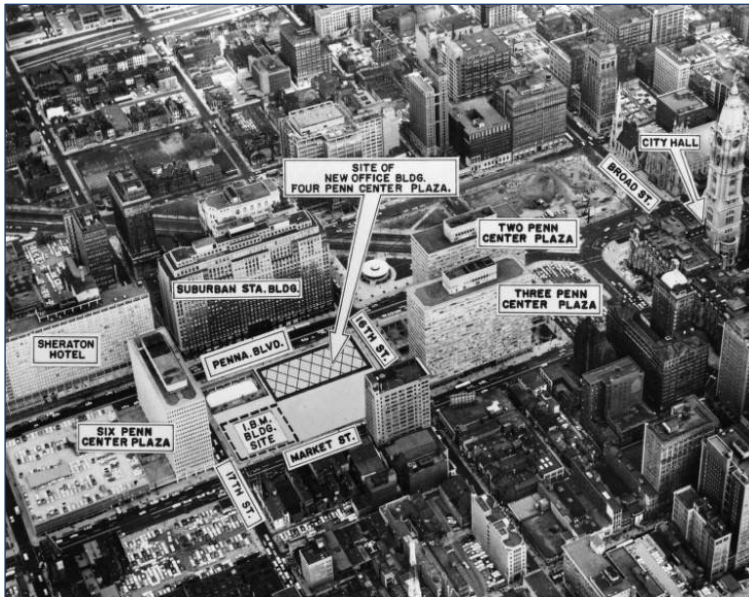


AFTER



17 Market West - History

Designed by Vincent G. Kling and built in 1957 as the headquarters of the Pennsylvania Rail Road. The eighteen-story building was originally fully utilized as office and known as “The Transportation Building” or “Six Penn Center” within the master planned Penn Center Complex. The building was renovated several times in the 20th century, including the conversion of several office floors to parking.

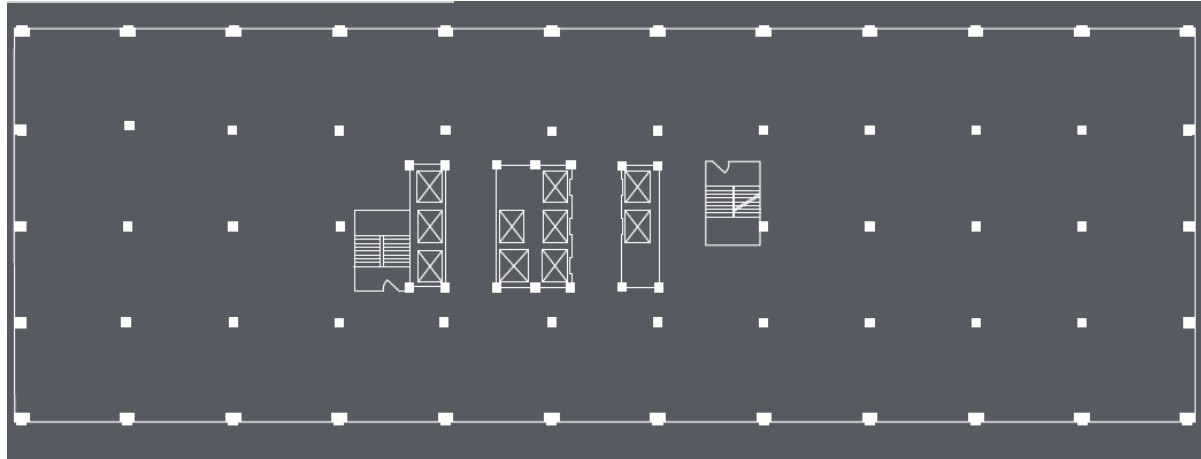


Following PRR, Penn Central, and Conrail's tenancy of the building into the 1990s, the building was completely renovated in 1997 ahead of Morgan Lewis & Bockius' tenancy which lasted until 2023.

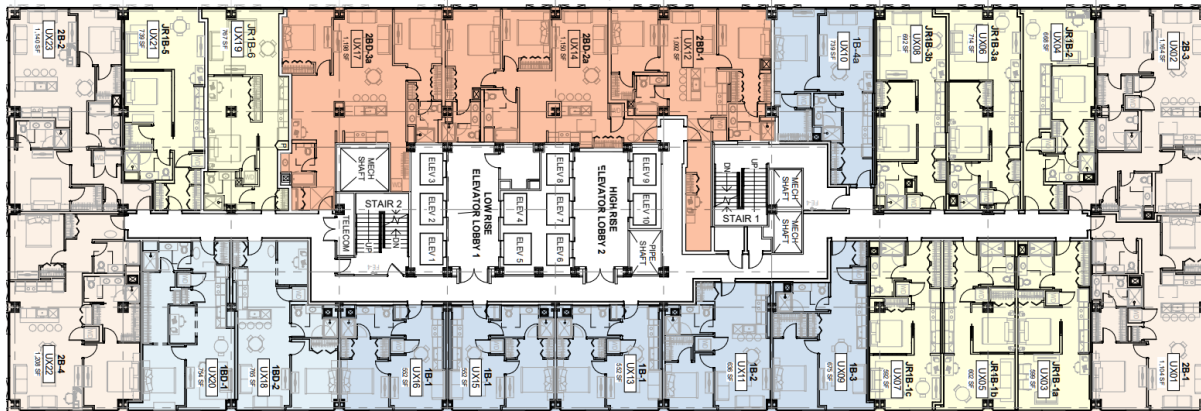
17 Market West - Proposed Residential Floor Plans (6th to 18th Floor)

Typical floor plans will have 23 units per floor, comprised of eight (8) Junior 1 Bedrooms Units, eight (8) 1 Bedroom Units, and seven (7) 2 Bedroom Units per floor.

OFFICE FLOORPLAN

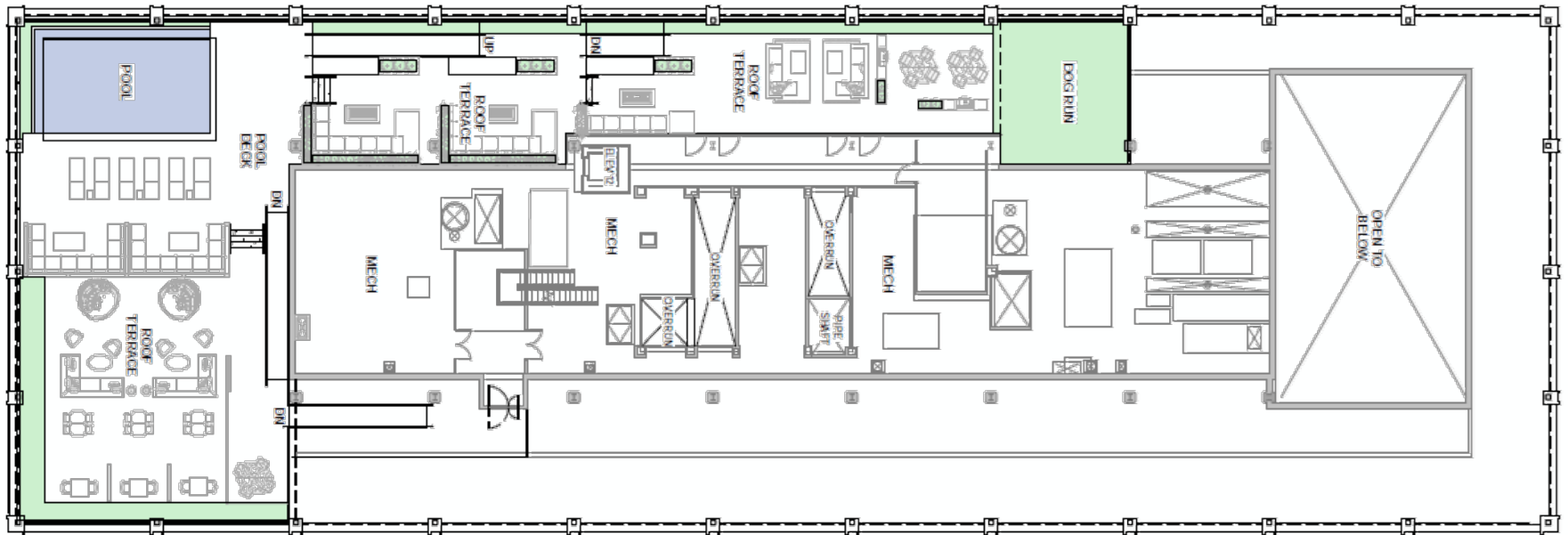


RESIDENTIAL FLOORPLAN



17 Market West - Proposed Rooftop Terrace

The rooftop terrace will have a pool, a dog run, resident gathering spaces, grills, and other Class A amenities that will complement the unparalleled views of Philadelphia's skyline.

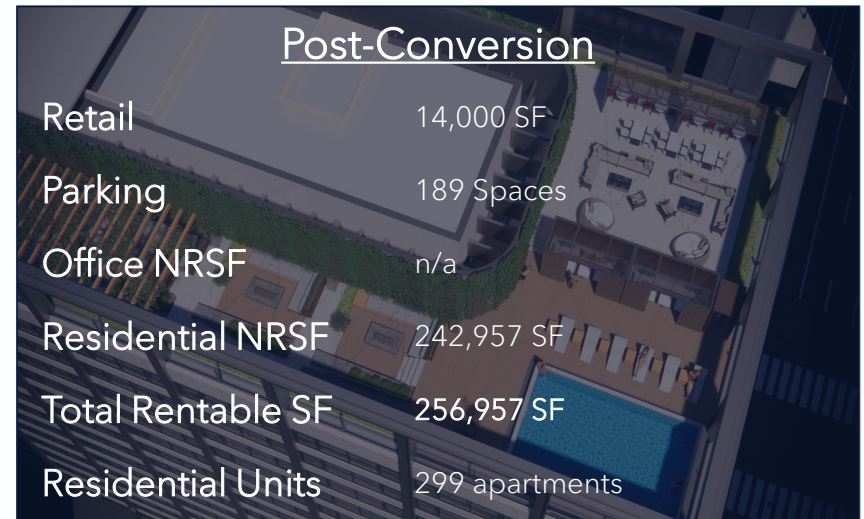


17 Market West - Program Summary: Pre and Post Conversion



Pre-Conversion

Retail	14,000 SF
Parking	189 Spaces
Office NRSF	289,432 SF
Residential NRSF	0 SF
Total Rentable SF	303,432 SF
Residential Units	n/a

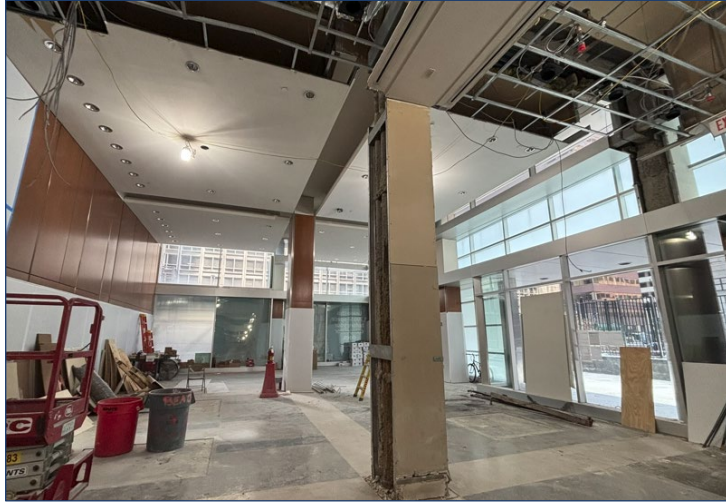


Post-Conversion

Retail	14,000 SF
Parking	189 Spaces
Office NRSF	n/a
Residential NRSF	242,957 SF
Total Rentable SF	256,957 SF
Residential Units	299 apartments

17 Market West - Office to Multifamily Conversion

PROGRESS PHOTOS (JANUARY 2025)



17 Market West - Model Units

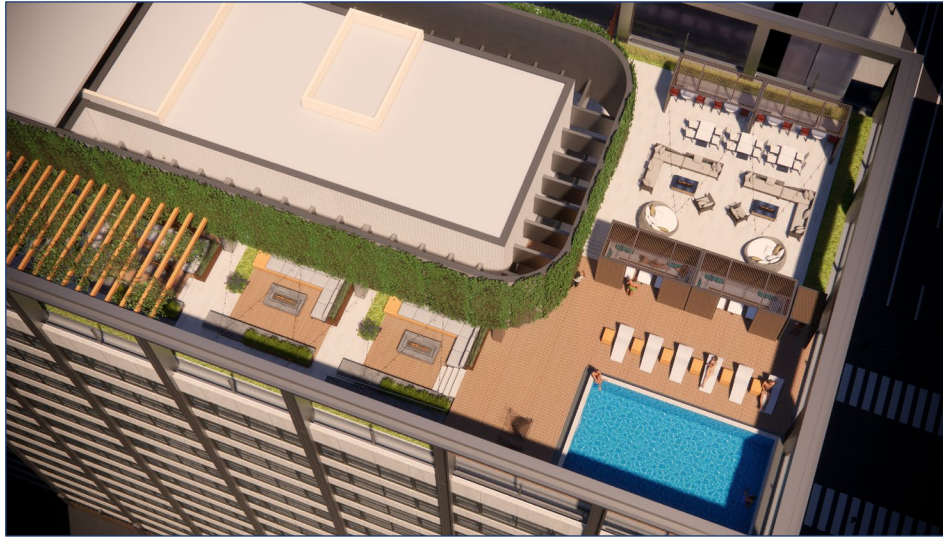
1 Bedroom+



2 Bedroom



17 Market West - Proposed Rooftop Amenity Space



17 Market West - Proposed Rooftop Amenity Space



17 Market West - Proposed Additional Amenities



Underwriting Exercise: *Affordability Requirements*

Hypothetical Affordability Requirements in Philadelphia

PER UNIT	BASELINE	5% Affordable			10% Affordable			25% Affordable		
AMI Level		50% AMI	60% AMI	80% AMI	50% AMI	60% AMI	80% AMI	50% AMI	60% AMI	80% AMI
Market Rent	\$3,267	\$3,267	\$3,267	\$3,267	\$3,267	\$3,267	\$3,267	\$3,267	\$3,267	\$3,267
# of Market Rate Units	299	284	284	284	269	269	269	224	224	224
Affordable Rent	\$0	\$1,123	\$1,347	\$1,797	\$1,123	\$1,347	\$1,797	\$1,123	\$1,347	\$1,797
# of Affordable Units	0	15	15	15	30	30	30	75	75	75
Average Unit Rent	\$3,267	\$3,159	\$3,170	\$3,193	\$3,052	\$3,074	\$3,119	\$2,729	\$2,785	\$2,898
# of Total Units	299	299	299	299	299	299	299	299	299	299
Rental Revenue	\$39,201	\$37,910	\$38,045	\$38,316	\$36,619	\$36,890	\$37,431	\$32,747	\$33,423	\$34,777
Vacancy + Bad Debt	-\$1,997	-\$1,932	-\$1,938	-\$1,952	-\$1,866	-\$1,880	-\$1,907	-\$1,668	-\$1,703	-\$1,772
Other Revenue ¹	\$6,575	\$6,575	\$6,575	\$6,575	\$6,575	\$6,575	\$6,575	\$6,575	\$6,575	\$6,575
Operating Expenses	-\$11,100	-\$11,064	-\$11,067	-\$11,075	-\$11,027	-\$11,034	-\$11,050	-\$10,917	-\$10,936	-\$10,974
NOI	\$32,678	\$31,490	\$31,615	\$31,864	\$30,302	\$30,551	\$31,049	\$26,737	\$27,360	\$28,606
Project Cost	\$461,068	\$461,068	\$461,068	\$461,068	\$461,068	\$461,068	\$461,068	\$461,068	\$461,068	\$461,068
Yield On Cost	7.09%	6.83%	6.86%	6.91%	6.57%	6.63%	6.73%	5.80%	5.93%	6.20%

¹ Other Revenue includes: other multifamily revenue (ie. utilities, amenity fees), net parking income, and commercial NOI.

Why might affordable units be included?:

- Zoning requirements
- Economic incentives (bonus density, tax abatements, etc.)
- Government subsidies

Key Considerations:

- How many affordable units are included?
- At what Average Median Income (AMI) level will the affordable units be rented?
- What are the construction requirements for the affordable units? (E.g. Pennsylvania v.s. New Jersey)



Alterra
PROPERTY GROUP

Thank You

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