

URBAN OFFICE LEASE WINNER

1500 Spring Garden

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SPECIAL TO THE BUSINESS JOURNAL

How does one convince large Philadelphia firms to pack up and leave their traditional homes in Center City for gritty Spring Garden Street?

Answer: Give them just about everything they want.

That's been the strategy employed by CB Richard Ellis brokers George Cauffman and Joe Wolff, who, in association

with developer Amerimar Enterprises and building owner 1500 Net-Works Associates, have over the past two years signed up one top-level tenant after another at an office building located far outside the traditional white-collar business district. To do it, the team behind 1500 Spring Garden has simply bent over backwards to make every potential tenant comfortable.

It's worked out pretty well.

"I think [Amerimar vice president] Andrew Bleznak has really exhibited a

can-do attitude with this building," Cauffman said. "Every time a tenant came up to the building and said, 'We think it's a little too far from Center City,' he was able to tell them, 'If you see something wrong with this building that is keeping you from making the right decision, the decision to locate here, then tell us — we'll fix it.'"

Over the past couple years, 1500 Spring Garden's landlords have built new building entrances. Changed parking arrangements. Added a shuttle service. Then added bigger shuttles. Then extended the hours of the shuttle service. In other words, whatever tenants have asked for, they've gotten.

The result is a building that, just a couple years after being renovated, is on the verge of being leased up. One year after signing two local television stations to a 20-year deal at 1500 Spring Garden, Cauffman and Wolff — with a hefty assist from Amerimar — this year brought in Philadelphia business services business Day & Zimmermann Group, who leased 122,571 square feet.

More deals, the brokers say, are likely to be inked soon.

'We have over a million square feet of prospects, and they are all well-known, high-quality Center City tenants.'

George Cauffman
CB Richard Ellis



"What's made these deals so incredible is that you have a bunch of people from various organizations, and they really wanted it to work," Wolff said. "That started with [developer] Amerimar, who spent the money in the first place, and that's Jerry Marshall and Andrew Bleznak. Bleznak, especially, has not gotten the credit for doing what he does. We were literally meeting one or two days a week, and he was always thinking, 'What else can we do? Who else is out there? We've got to get more deals in the building.' He's been unbelievable."

Early on at 1500 Spring Garden, hard work and creative thinking were a must.

Because the building was located so far from the Center City comfort zone, the brokers and Amerimar knew they had a tough sell on their hands. At least at first.

"When we first started leasing the building, it was a vacant building — over 1 million square feet, completely va-

cant," Wolff said. "We had our work cut out for us. We worked very hard against several other [competitors]. The landlord stepped up. We did our first couple of deals, got the building up to speed. At the same time, the market changed, and a lot of pockets of things started happening all around us."

Then, in early 2006, Cauffman and Wolff finally got the deal they knew would put 1500 Spring Garden on the map for good: Philadelphia television stations CBS 3 and UPN 57 signed a 20-year lease to occupy 120,000 square feet at the building, bringing 350 employees with them.

Though CBS was attracted to the building probably more for its technical advantages than its location — 1500 Spring Garden, outfitted with advanced mechanical and electrical redundancies, was purposely designed by Amerimar to attract high-tech tenants — the CBS deal nonetheless validated 1500 Spring Garden as a legitimate option outside

UP CLOSE

PROJECT: 1500 Spring Garden

ADDRESS: 1500 Spring Garden St., Philadelphia

DESCRIPTION: Lease up of unique office building outside the bounds of Center City

SIZE OF DEAL: 122,571 square feet

VALUE OF DEAL: Not disclosed

OWNER: 1500 Net-Works Associates LP, Philadelphia

LANDLORD BROKER: George Cauffman and Joe Wolff, CB Richard Ellis, Philadelphia

TENANT: Day & Zimmermann Group Inc., Philadelphia

TENANT BROKER: Sal Ambrosio and Derek Wook, Tactix Real Estate Advisors, Radnor

DEVELOPER: Amerimar Enterprises, Philadelphia

Center City.

"CBS was really the cornerstone deal," Cauffman said. "They really did validate the location. For them, there were good technical reasons. The building has really superior technology advantages, and that is what brought CBS into the building. By the time we got to Day & Zimmermann, we were able to compete with Market Street and the rest of downtown. Day & Zimmermann was the crowning achievement of us proving the building really was great."

Not that the deal was a slam dunk, of course.

First, Cauffman and Wolff had to convince the company to leave its longtime Market Street home. Once that hurdle was cleared, they had to appease the firm's other concerns — notably, parking. To meet Day & Zimmermann's specific needs, the landlord carved out 72 on-site parking spaces specifically for it while still keeping enough parking available for the building's other tenants.

Then, a new entrance — also built specifically for Day & Zimmermann — was added as well. "This building has a very accommodating landlord," Cauffman said. "They understand what it takes to get a deal done."

Word about that seems to be getting out, Wolff said.

Though the building has 350,000 square feet of space available, the brokers say they have 1 million in potential deals lined up.

"What has been incredible is that the kind of tenants we've signed up have been second to none — Blue Cross, CBS, Day & Zimmermann, Temple Health," he said. "We have over a million square feet of prospects, and they are all well-known, high-quality Center City tenants."

Added Cauffman: "The building has really turned around the entire strip. The school district moved here, then the residential development, it seems like we've really turned the corner for Spring Garden." ■