



# 17<sup>TH</sup> STREET CROSSING

MIAMI HERBERT CRE CASE COMPETITION

April 16th, 2021





# MEET THE TEAM

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Wharton MBA 2022

*Passionate about public private partnerships, economic development, and the healthy buildings movement*

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*Passionate about the intersection of real estate and economic, workforce, and community development*



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*Passionate about sustainable urban development, smart cities, and innovative construction solutions*





# AGENDA

INTRODUCTION

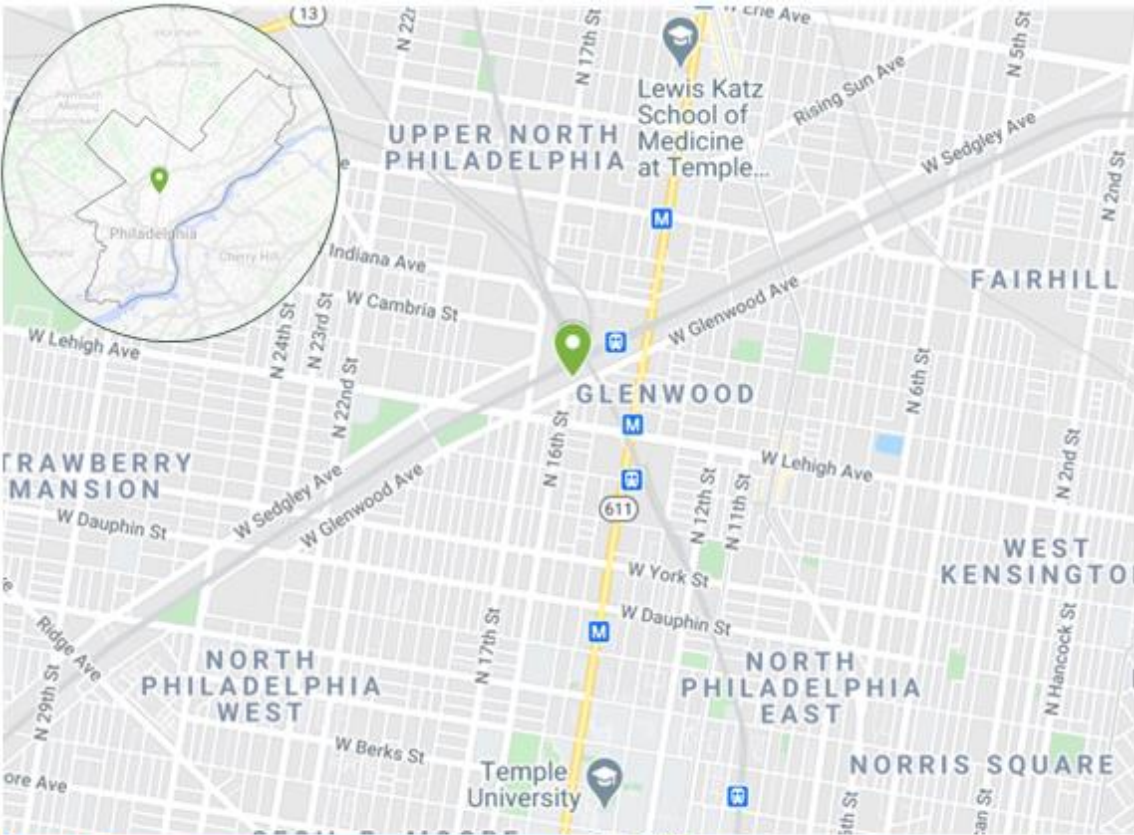
CONCEPT

APPENDIX A: EXECUTION

APPENDIX B: COMPARABLES

CLOSING





# 17<sup>TH</sup> STREET CROSSING

## AN EMPLOYMENT ANCHOR IN NORTH PHILADELPHIA

- **What:** 215k sf mixed-used office, flex office, retail, and community assembly space
- **Where:** 2719 N 17th Street, anchored around transit and Temple University & Temple Hospital
- **Why:** Inclusive economic development in a district navigating a history of deindustrialization and the immediate employment impacts of COVID-19

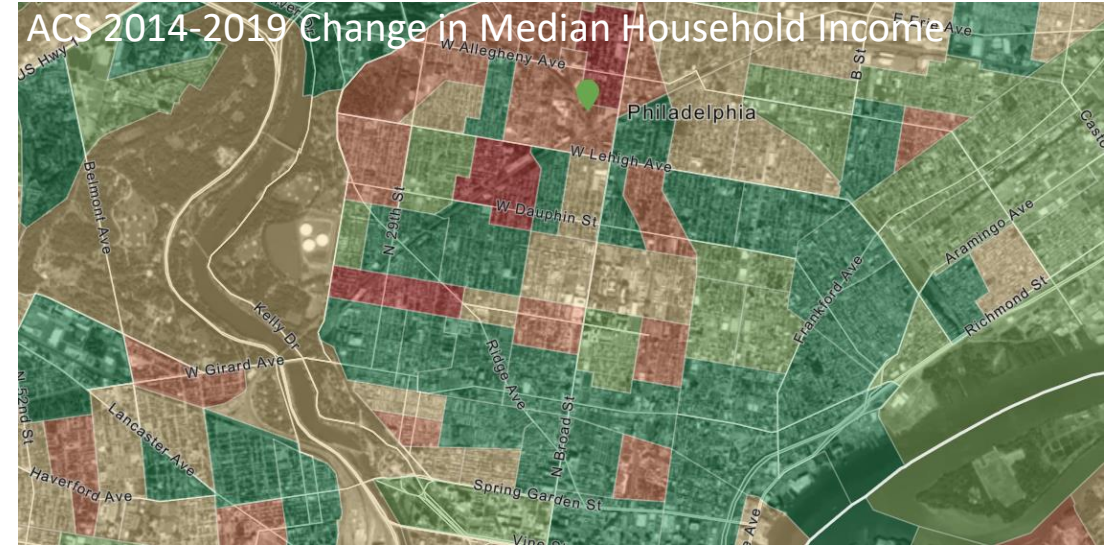
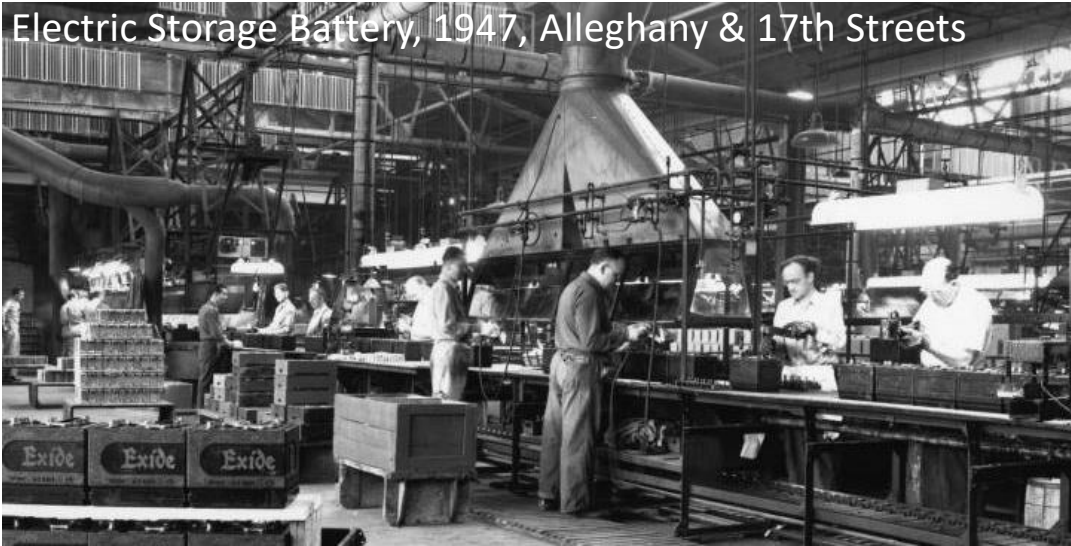


|                |                                      |                  |
|----------------|--------------------------------------|------------------|
| Unlevered      | 9.26% IRR, 1.67x multiple            |                  |
| Levered        | 17.10% IRR, 2.51x multiple           |                  |
| Yield on Cost  | 9.29%, 100bps above market cap rates |                  |
| Stabilized NOI | \$4.37M                              | \$20.05 per gsf  |
| Purchase Price | \$1.5M                               | \$6.88 per gsf   |
| Dev't Costs    | \$47M                                | \$215.85 per gsf |

# North Philadelphia in Context

North Philadelphia is in the late stages of economic transition, at an important inflection point

Electric Storage Battery, 1947, Allegheny & 17th Streets



## Decades of de-industrialization

- High-barrier education and healthcare jobs and low-wage service jobs have replaced what was once an industrial center
- Employment lags 10% compared to the city writ large, and the poverty rate is over 45% – exacerbated through COVID-19

## A new ring of growth

- Tracts bordering the Center City CBD experienced 50%-80% income growth over the past 10 years
- L&I relocated to North Central Philly to accommodate the boom in residential and commercial development



# Our Vision/Impact Assessment

17th Street Crossing will be a model for inclusive economic development



## BUSINESS DEVELOPMENT

- Flexible and dedicated office space to support local business
- Collaboration and partnership with Temple University, Lenfest, and Murrell Dobbins High School



## WORKFORCE DEVELOPMENT

- Local workforce support through Lenfest North Philadelphia Workforce Initiative
- Incubator space for university startups



## COMMUNITY DEVELOPMENT

- Large community spaces available for local programming and gatherings
- Rooftop urban farming
- Free Wifi to close digital divide in the community

# Partners

Joining forces with local experts and community leaders



## REAL ESTATE DEVELOPMENT

- Recognized leaders in the impact investing space locally (focus on affordable housing, internet access, jobs creation, and professional training)
- Track record of development in the area (\$75.2M invested in real estate, 1.75M SF of real estate acquired)



## BUSINESS DEVELOPMENT

- Partner with Temple's Office of Technology Commercialization and Temple Ventures – Powered by Ben Franklin to connect Temple startups and entrepreneurs with 32k SF flex office space

## Lenfest North Philadelphia Workforce Initiative

## WORKFORCE DEVELOPMENT

- Partner with Temple University's Lenfest North Philadelphia Workforce Initiative on job training and professional development
- Lease ~95k SF of office to Temple University's Alpha Center for community engagement

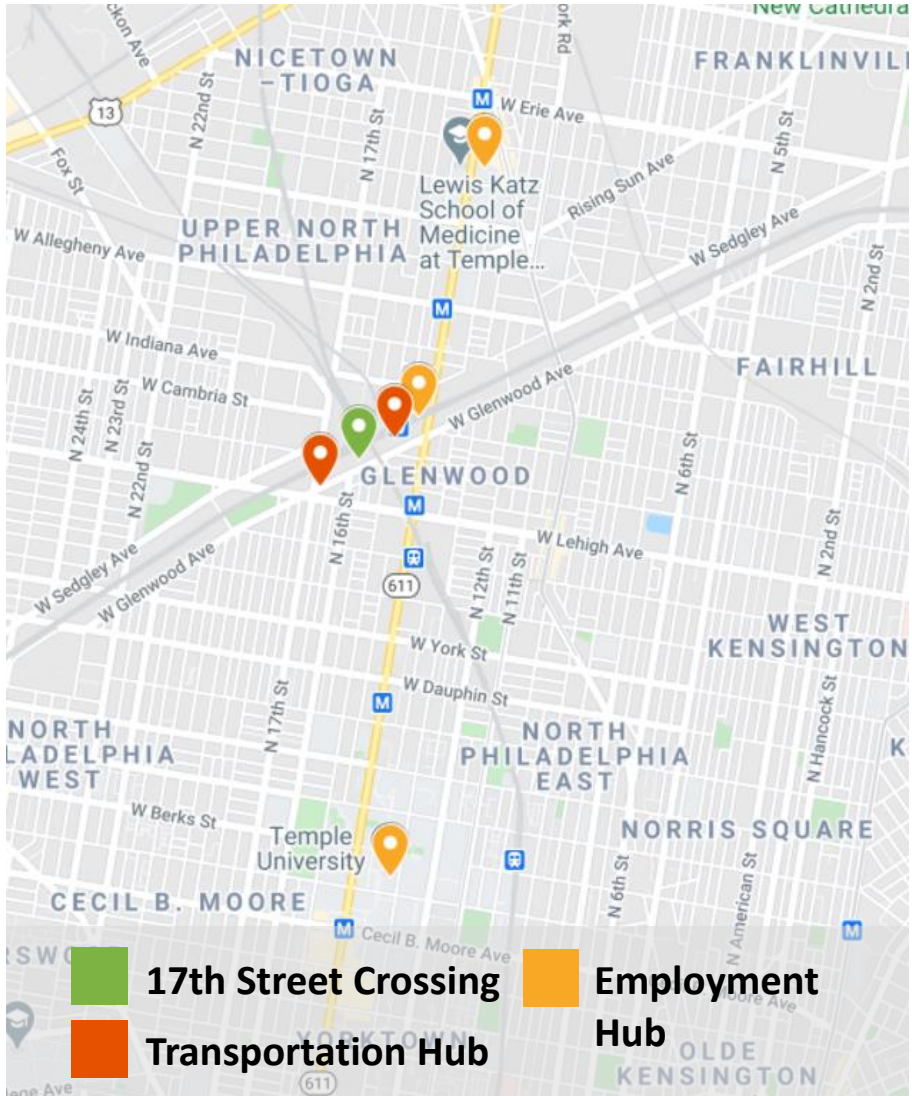


## COMMUNITY DEVELOPMENT

- Team up with Registered Community Organizations and Murrel Dobbins HS on local activities
- Align with the North District Plan and Get Healthy Philly by bringing in rooftop garden operator Cloud 9

# Strategic Location

17<sup>th</sup> Street Crossing is strategically located at the intersection of transit, education, and healthcare hubs



**North District Plan:** revitalization of the area through public-private partnerships

- Adjacent to HFZ & Amtrak 4M SF mixed-use development
- Recent development activity to the north in Tioga and to the east in Kensington

**Transit oriented project** in the area with high percentage of commuters

- Adjacent to the North Philadelphia Train Station and Lehigh Ave bus stop

Proximity to **Temple University** and **Temple Hospital**

- Potential for collaboration and creation of jobs
- Allowing the residents to partake in the wealth creation

Location within an **Opportunity Zone**

- National designation as a lower income area providing tax advantages to the investors



# The Market: Office

111,000 sf of leasable office space

## North Philadelphia Office Submarket Averages

**Rent:** \$22 psf NNN

**Occupancy:** 85%

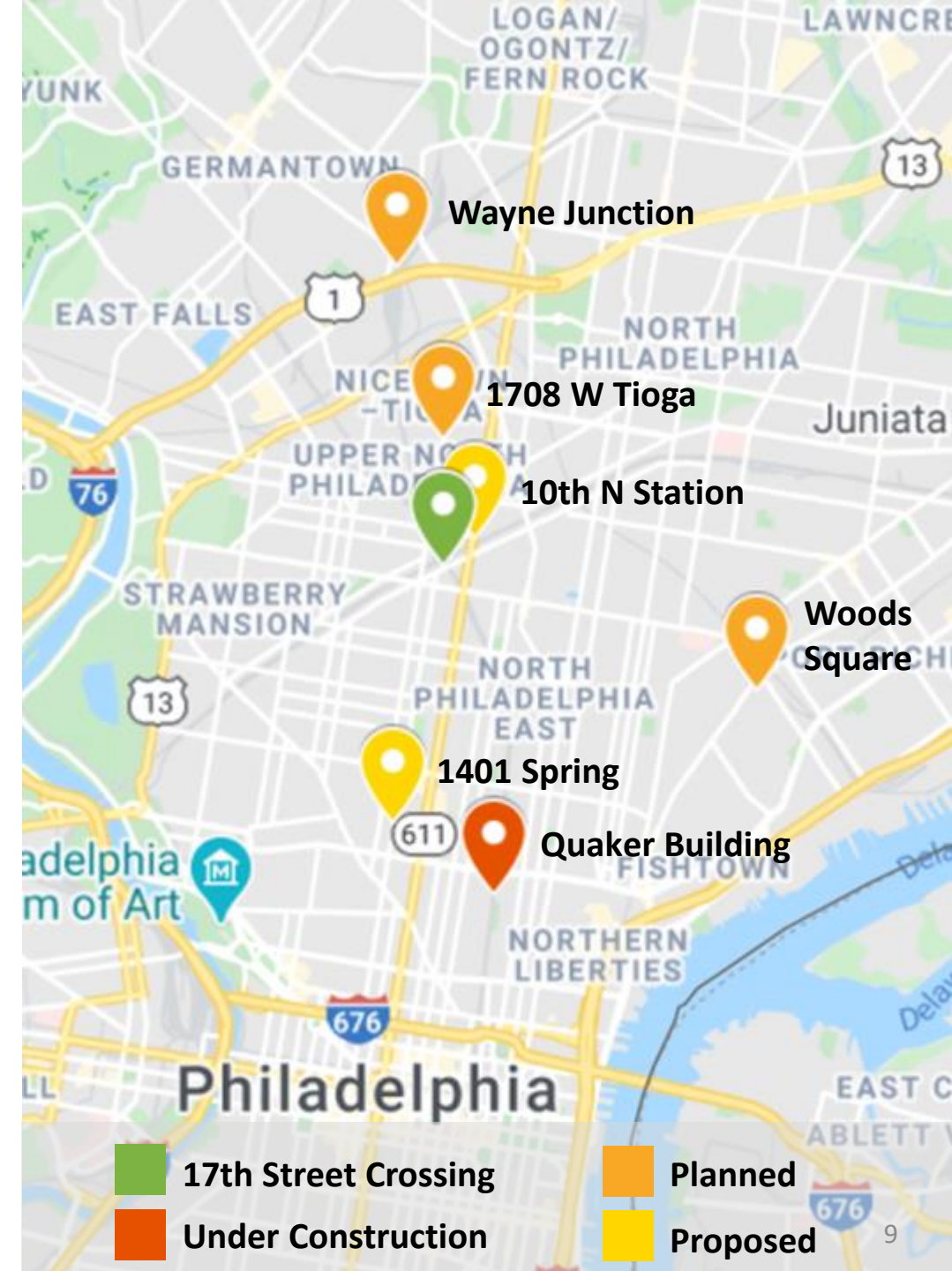
**OpEx:** \$6.80 psf

### Demand

- Temple will be the demand anchor to realize this project:
  1. 95k sf – Temple community engagement center
  2. 5k sf – Lenfest Workforce Initiative central office
- Remaining 11k sf target tenants: creative, nonprofits, medical
- North Philadelphia is averaging 30k sf office absorption per year

### Supply

- Under Construction: Quaker Building (60,000 sf) – 2021
- Planned:
  - Woods Square (14,500 sf) – mixed use
  - 1708 W Tioga (45,700 sf) – medical office
  - Wayne Junction (66,000 sf) – light industrial
- Proposed:
  - 10 N Station Building (394,000 sf) – mixed use
  - 1401 Spring Garden (586,000 sf) – mixed use



# The Market: Flex Office

32,000 sf of flex office space (85 private offices + 400 open seating)

## Philadelphia Coworking Comps

**Office:** \$1000-2000 mo.

**Desk:** \$199-399 mo.

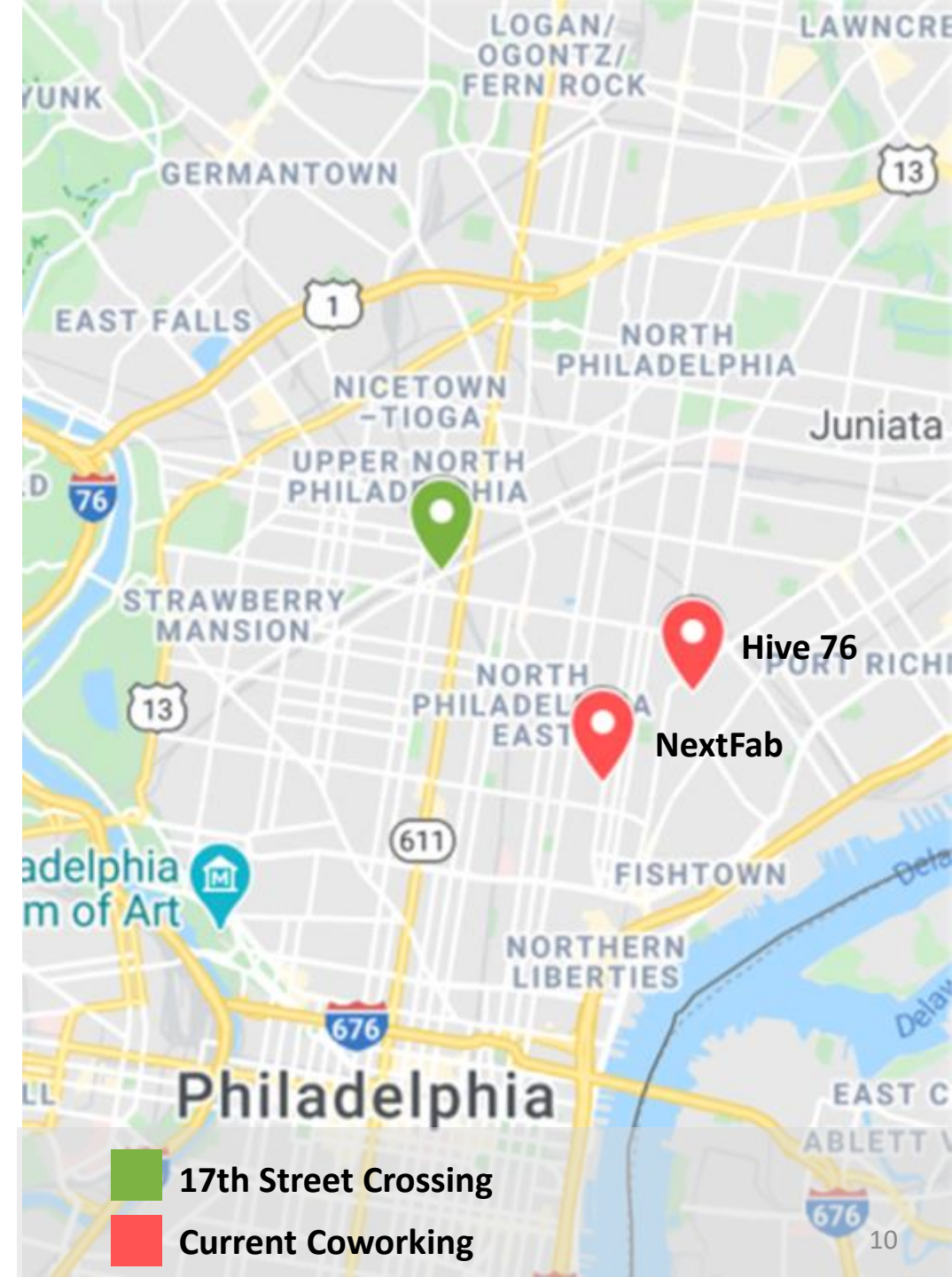
**Events:** \$500/hr.

### Demand

- There have been 515 active startups run by Temple students, faculty, and alumni since 2015 – 50-100+ new startups per year
- Temple Ventures – Powered by Ben Franklin (\$2M startup accelerator) can serve as a demand funnel
  - Proven models with Penn (Pennovation), Drexel (ic@3401)
  - 39 active tech commercialization startups (up to 7 per year) driven by a significant increase in the rate of discovery in medical devices, therapeutics, and technology/materials
  - 30 student startups graduated per year through Temple's Fox School of Business 1810 Accelerator

### Supply

- Hive 75 – Makerspace for artists, engineers, makers, inventors
- NextFab – Makerspace for creatives



17th Street Crossing

Current Coworking



# Project Financials/Summary

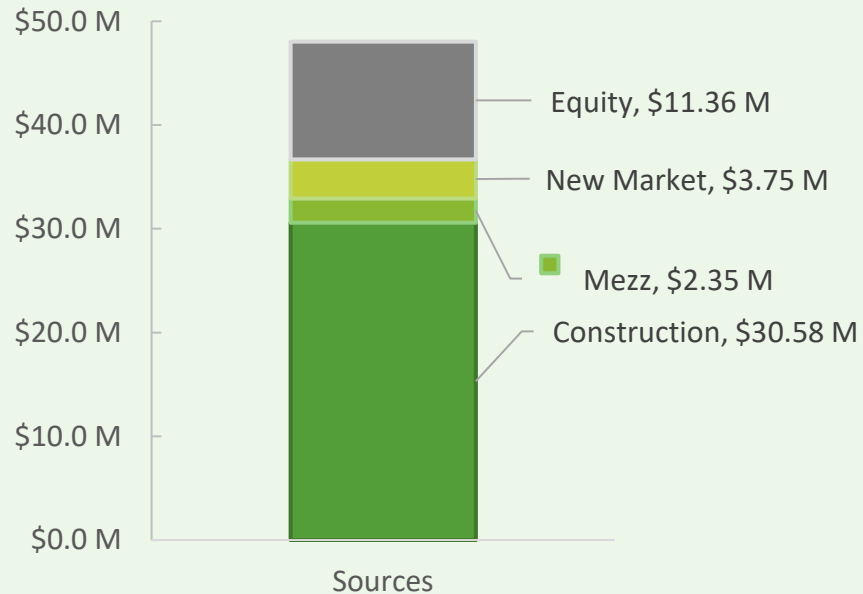
Core assumptions

|                         | Office                   | Flex Office                        | Assembly                 | Retail Café    | Rooftop Garden   |
|-------------------------|--------------------------|------------------------------------|--------------------------|----------------|------------------|
| Square Feet             | 111,000                  | 32,000                             | 24,000                   | 2,000          | 28,000           |
| Starting Rent           | \$22 PSF NNN             | \$1,250/ mth                       | \$400/ hr                | \$22 PSF NNN   | \$75 / yr / plot |
| Annual Escalations      | 2.5%                     | 2.5%                               | 2.5%                     | 2.5%           | N/A              |
| Occupancy / Utilization | 80% Y1<br>85% Stabilized | 40% Y1<br>52% Y2<br>78% Stabilized | 25% Y1<br>50% Stabilized | 93% Stabilized | 100% Stabilized  |

# Project Financials/Summary

Investment context

## Sources of Funding



- Uses of funding are land acquisition (\$1.5M) and development costs (\$44.6M) and financing fees (\$1.0M)
- Construction loan (7% I/O) is replaced with permanent financing (5.5% I/O) upon stabilization
- Mezzanine loan provided at 7.5% (I/O), new markets tax credit loan provided at 1% (I/O, sourced via tax credit investors)
- Equity is 90/10 LP-GP with 10% hurdle for promote

## Key Project Metrics

|                        |             |
|------------------------|-------------|
| Construction Loan      | 65% LTC     |
| Total Development Cost | \$47.1M     |
| DSCR* (Y1   Y2)        | 1.2x   1.5x |
| Build to Cap Rate      | 9.3%        |
| Levered IRR            | 17.1%       |
| LP                     | 16.1%       |
| GP                     | 23.4%       |
| Equity Multiple        | 2.51x       |
| LP                     | 2.37x       |
| GP                     | 3.63x       |

\*Year 1 represents first year after project completion, Year 2 is first year of stabilization



# Project Timeline

We expect that the property will go-live in two years from initiation and stabilize in the third year

| Land Acquisition   | Permitting  | Construction  | Stabilization  |
|--|---|---|--|
| ~1-2 Months  | ~7 Months   | ~1.25 Years   | ~6 Months  |
| <ul style="list-style-type: none"><li>• Property marketed on and off for the past few years (high willingness to sell)</li><li>• Tenant has back taxes and will likely want quick close</li><li>• All cash acquisition</li><li>• Blank template with no concerns with walk-through</li></ul> | <ul style="list-style-type: none"><li>• 99% of gross square footage conforms to existing zoning requirements</li><li>• Processing time for most required permits anywhere from same day to max of 20 days</li><li>• Zoning approvals expected to take 30-120 days depending on if civic review required</li></ul> | <ul style="list-style-type: none"><li>• Property has already been cleared of all debris and is fenced off</li><li>• Simple structure, 5-story mid-rise building</li><li>• Union labor</li></ul> | <ul style="list-style-type: none"><li>• Pre-leasing will occur in advance of product completion</li><li>• Anchor tenant such as Temple may take significant space and reduce burden for lease up</li></ul> |

# Risks/Mitigation

We believe that risks to the project can be successfully mitigated with proper planning

| Land Acquisition   | Permitting   | Construction  | Stabilization  |
|--|--|---|--|
| Risks  |  |   |  |
| <ul style="list-style-type: none"><li>• Seller does not want to close deal</li><li>• Deal takes a long time to close</li></ul>   | <ul style="list-style-type: none"><li>• Challenges with variance for retail space on the ground floor</li><li>• Delays in approvals due to issues with plans</li></ul>   | <ul style="list-style-type: none"><li>• Delays in construction</li><li>• Cost overruns</li></ul>  | <ul style="list-style-type: none"><li>• Absorption takes longer than expected</li><li>• Flexible space is under-utilized</li></ul>   |
| Mitigation   |  |   |  |
| <ul style="list-style-type: none"><li>• Flexibility in budget to pay full asking price</li><li>• Use of cash from equity to have a quick close</li><li>• Alternative sites available in the surrounding area</li></ul> | <ul style="list-style-type: none"><li>• Proactive engagement from community leadership</li><li>• Ability to repurpose retail space to open area and have food trucks supply café amenities (creating right-of-use application)</li></ul> | <ul style="list-style-type: none"><li>• Active project management</li><li>• Innovative contract structuring to ensure "on-time" delivery via penalties for delays</li><li>• GMP contract for pricing security</li></ul> | <ul style="list-style-type: none"><li>• Pre-leasing to occur once project is green-lit</li><li>• Focused sales and marketing efforts in advance</li><li>• Partnerships with Temple to serve as a feeder into space</li></ul> |





# APPENDIX A

## EXECUTION PLAN

# Phase 1: Land Acquisition

2719 N 17<sup>th</sup> is strategically located and priced

## BACKGROUND ON SITE

- Land acquired in 2011 for \$1 via an intra-family sale
- Property has remained vacant and is currently fenced off (last demolition permit in 2011)
- Seller initiated marketing of property for sale ~5 years ago for \$1.5 million. Property has been on and off the market for the past few years with no sale recorded
- Property tax is in arrears (current balance of \$34k accumulated over past 4 years of non-payment)

## WHY 2719 N 17TH STREET

- Location adjacent to North Philadelphia Transit Development Site and close to Temple
- Priority location for Philadelphia district plans and currently a qualified opportunity zone
- Motivated seller as evidence by previous listing history and tax delinquency
- Long time holder of the land with no basis in the property (any sale is a win)

### Risks

- Owner does not want to sell for a reasonable price
- Property takes too long to close
- Issues with closing or property condition

### Mitigation

- Ability to make a full cash offer
- Alternative properties in the area can be acquired
  - 1844 Sedgley for \$1.8M
  - Breakup of Broad Street portfolio on market

# Phase 2: Permitting/Zoning

Plans are largely conforming to existing right of use, mitigation available if challenges occur

## AREA OVERVIEW

### Property Zoning:

- I-1 (Light Industrial), which allows for:
  - Business and Professional Office
  - Community Garden
  - Market/Community Supported Farm
  - Passive Recreation
- Variances required for retail space and (possibly) communal space depending on assessment

### Adjacent Lot Zoning:

- CMX2/3, RSA5, and I-2 zones

### I-1 Zoning Requirements

|                   |      |               |               |
|-------------------|------|---------------|---------------|
| Max Occupied Area | 100% | Min Rear Yard | 8ft           |
| Min Front Yard    | 0ft  | Max Height*   | 60ft/no-limit |
| Min Side Yard     | 8ft  | Max FAR       | 500%          |

## PERMITTING/ZONING APPROACH

### Zoning Timelines

- Document Prep: ~1 month
- Initial Zoning: ~4 months, including RCO review
- Additional Permits: ~1 month
  - Fire Suppression, Mechanical, Plumbing, Electrical, etc. (typically take 20 days)
- Contingency: ~1 month (for re-review)

### Risk Mitigation

- Alternative plans that are “as of right,” such as:
  - Food-truck parking instead of retail space
  - Open court-yard vs. enclosed community space
- Proactive development of materials to distribute to community and to support RCO discussions



# Phase 3: Construction

Experienced development partner with extensive network of local contractors

- Expected construction timeline ~1.25 years
- Model Assumptions:
  - \$173 PSF Hard Costs
  - Soft Costs 15% of Total Development Costs
  - ~\$47M Total Development Costs
  - 9.3% Build-to Cap Rate
  - 5% Contingency of the Development Budget
- Shift Capital has experience with both the local contractors and similar type of projects
- LEED Certification
- Impose local employment requirement for contractors



*Shift Capital's The Collaboratory – left  
Shift Capital's Residences at the Beury – right*

# Phase 4: Stabilization

We will partner with academic and community institutions to manage risk through property stabilization

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## LEASING STRATEGY

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### Traditional Office

- De-risk demand uncertainty using an anchor tenant strategy: sign LOIs with Temple University to define leasing commitments before construction start
- Develop a backlog of target employers pursuing new office space, targeting health care and nonprofit services: Tower Health (38k sf), Elwyn (53k sf), Aramark

### Flex Office

- Assume <50% initial occupancy for flex space
- Partner with Temple's Office of Tech Commercialization and Business Development to establish a startup pipeline and potential University workspace subsidies tied to the Benjamin Franklin Accelerator program
- Secure an experienced operator: 1776 (currently managing UPenn's Pennovation coworking space)

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## COMMUNITY ENGAGEMENT STRATEGY

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### Pre-Development

- Engage Tioga United RCO and the Broad, Germantown & Erie Task Force in building design and programming
- Partner with Jumpstart Tioga so that aspiring local developers can shadow development/construction

### Post-Development

- Connect Lenfest's workforce development NPOs with building tenants to source job opportunities and rqts., including student interns from Murrell Dobbins High School's Career and Technical Education programs
- Develop a 50/50 revenue sharing agreement with Cloud 9 to manage the rooftop garden and implement community programming (e.g., with Murrell Dobbins)
- Host Lenfest-affiliated NPOs to tour the building and assembly spaces open to their use

# Project Financials/Summary

## Sourcing & Uses

### Project Uses

|                          | \$ Amount           | \$ Per GSF   | %           |
|--------------------------|---------------------|--------------|-------------|
| Total Development Costs: | \$47,050,477        | \$214        | 98%         |
| Financing Fees:          | \$995,000           | \$5          | 2%          |
| <b>Total Uses:</b>       | <b>\$48,045,477</b> | <b>\$220</b> | <b>100%</b> |

### Project Sources

|                       | \$ Amount           | \$ PSF       | %           |
|-----------------------|---------------------|--------------|-------------|
| Debt:                 | \$36,685,334        | \$168        | 76%         |
| Equity:               | \$11,360,143        | \$52         | 24%         |
| <b>Total Sources:</b> | <b>\$48,045,477</b> | <b>\$220</b> | <b>100%</b> |

### Soft Costs

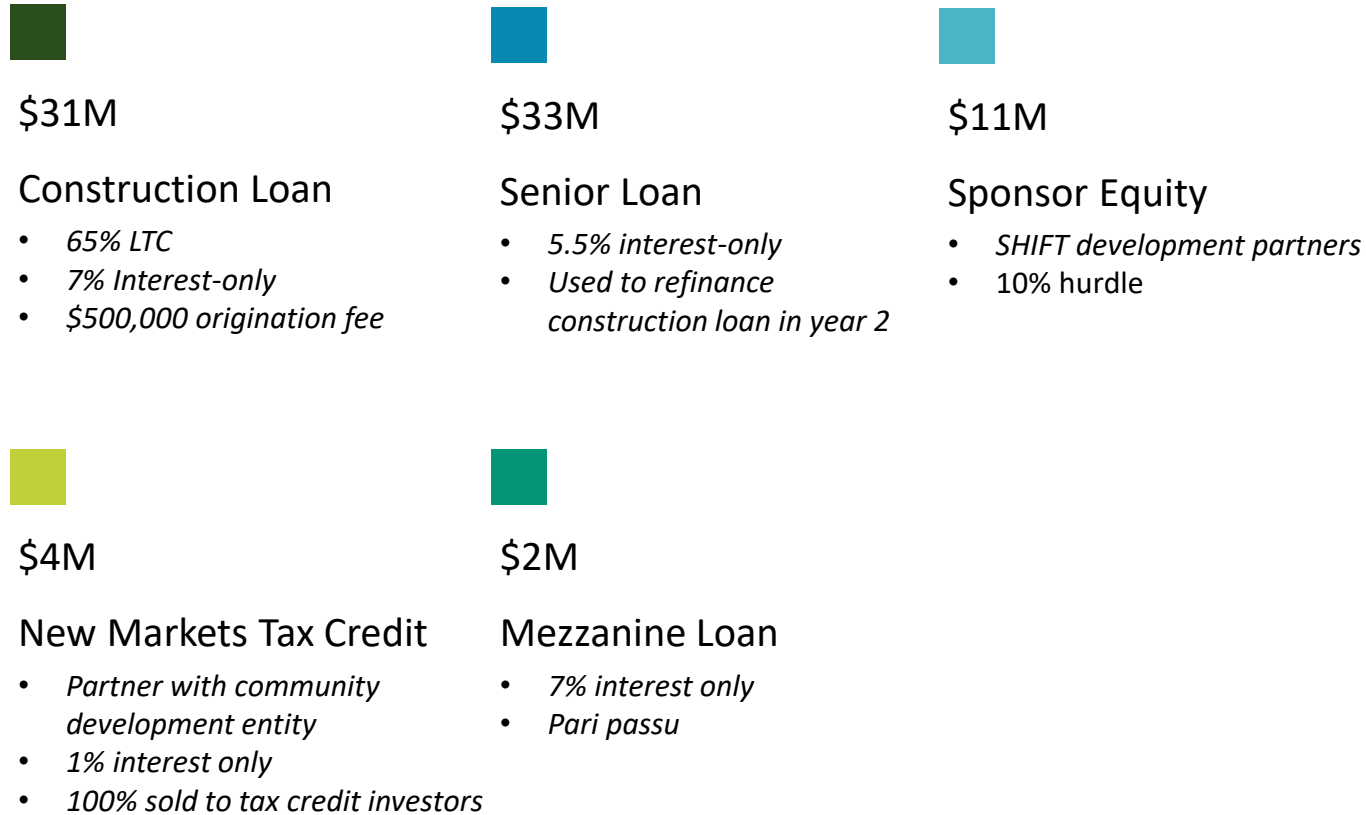
|  |                    |
|--|--------------------|
| Accounting and Legal                             | \$286,309          |
| Third Party Reports                              | \$295,398          |
| Architecture and Engineering                     | \$2,597,323        |
| Insurance  | \$1,532,890        |
| Permits and Fees                                 | \$113,706          |
| Taxes and related                                | \$24,686           |
| Site Costs                                       | \$163,605          |
| Marketing  | \$446,600          |
| Utilities  | \$136,338          |
| Title  | \$763,968          |
| LEED Certification                               | \$215,106          |
| Other Soft Costs                                 | \$143,404          |
| Soft Costs Contingency                           | \$338,239          |
| <b>Total Soft Costs (Included in Dev Costs):</b> | <b>\$5,460,516</b> |

|  |                    |
|--|--------------------|
| <b>Total Land Acquisition Costs (Included in Dev Costs):</b> | <b>\$1,500,000</b> |
|--|--------------------|



# Capital Stack

17<sup>th</sup> Street Crossing will utilize three main sources of capital



# Levered and Unlevered Cashflow/Returns

Base case underwriting implies a 17% levered IRR and 2.5x EQM

## Levered Cash Flows

| Equity Returns (Levered)          | Development<br>Year 0 | Development<br>Year 1 | Lease-up<br>Year 2 | Stabilized<br>Year 3 | Stabilized<br>Year 4 | Stabilized<br>Year 5 | Stabilized<br>Year 6 | Stabilized<br>Year 7 |
|-----------------------------------|-----------------------|-----------------------|--------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
|                                   | 2021                  | 2022                  | 2023               | 2024                 | 2025                 | 2026                 | 2027                 | 2028                 |
| Acquisition Costs                 | (\$1,515,000)         |                       |                    |                      |                      |                      |                      |                      |
| Development Costs                 | (\$22,767,739)        | (\$22,767,739)        | -                  | -                    | -                    | -                    | -                    | -                    |
| Recurring Cash Flow Before Debt S | -                     | -                     | \$2,700,449        | \$3,449,747          | \$4,025,672          | \$4,126,386          | \$4,229,617          | \$4,335,429          |
| Disposition Proceeds              | -                     | -                     | -                  | -                    | -                    | -                    | -                    | \$56,746,087         |
| Sale Costs                        | -                     | -                     | -                  | -                    | -                    | -                    | -                    | (\$1,134,922)        |
| Total Debt Cash Flow              | \$13,370,540          | \$24,684,414          | (\$2,464,646)      | (\$2,464,646)        | (\$2,464,646)        | (\$2,464,646)        | (\$2,464,646)        | (\$38,201,029)       |
| Financing Fees                    | (\$995,000)           | -                     | -                  | -                    | -                    | -                    | -                    | -                    |
| <b>Levered Equity Cash Flow</b>   | <b>(\$11,907,198)</b> | <b>\$1,916,675</b>    | <b>\$235,803</b>   | <b>\$985,101</b>     | <b>\$1,561,026</b>   | <b>\$1,661,740</b>   | <b>\$1,764,971</b>   | <b>\$21,745,564</b>  |
| <b>Levered IRR</b>                | <b>17.1%</b>          |                       |                    |                      |                      |                      |                      |                      |
| <b>Equity Multiple</b>            | <b>2.51x</b>          |                       |                    |                      |                      |                      |                      |                      |
| <i>DSCR</i>                       |                       | <i>0.00x</i>          | <i>1.19x</i>       | <i>1.52x</i>         | <i>1.77x</i>         | <i>1.82x</i>         | <i>1.86x</i>         | <i>1.91x</i>         |

|              |    |              |    |           |    |         |    |         |    |           |    |           |    |           |    |            |
|--------------|----|--------------|----|-----------|----|---------|----|---------|----|-----------|----|-----------|----|-----------|----|------------|
| LP Cash Flow | \$ | (10,634,420) | \$ | 1,725,008 | \$ | 212,223 | \$ | 886,591 | \$ | 1,404,924 | \$ | 1,495,566 | \$ | 1,588,474 | \$ | 17,942,711 |
| GP Cash Flow | \$ | (1,272,778)  | \$ | 191,668   | \$ | 23,580  | \$ | 98,510  | \$ | 156,103   | \$ | 166,174   | \$ | 176,497   | \$ | 3,802,854  |

**LP IRR**            **16.1%**  
**GP IRR**            **23.4%**

**LP Equity Multiple**    **2.37x**  
**GP Equity Multiple**    **3.63x**

### Hurdle #1

LP Equity %            90%  
GP Equity %            10%

Hurdle                    10%  
Promote                   0%

### Hurdle #2

LP Equity %            75%  
GP Equity %            25%

# Sensitivities

| Interest Rate | LTC            |                |                |                |                |  |
|---------------|----------------|----------------|----------------|----------------|----------------|--|
|               | 55%            | 60%            | 65%            | 70%            | 75%            |  |
|               |                |                |                |                |                |  |
| 4.5%          | 15.76% / 2.36x | 17.20% / 2.51x | 19.14% / 2.7x  | 21.88% / 2.99x | 26.11% / 3.44x |  |
| 5.0%          | 15.12% / 2.3x  | 16.40% / 2.43x | 18.12% / 2.61x | 20.55% / 2.86x | 24.30% / 3.26x |  |
| 5.5%          | 14.47% / 2.24x | 15.58% / 2.36x | 17.08% / 2.51x | 19.20% / 2.73x | 22.46% / 3.05x |  |
| 6.0%          | 13.80% / 2.18x | 14.75% / 2.28x | 16.02% / 2.41x | 17.82% / 2.59x | 20.58% / 2.84x |  |
| 6.5%          | 13.13% / 2.12x | 13.91% / 2.2x  | 14.95% / 2.31x | 16.42% / 2.44x | 18.68% / 2.63x |  |

| Hard Costs | Land Price     |                |                |                |                |  |
|------------|----------------|----------------|----------------|----------------|----------------|--|
|            | \$1,300,000    | \$1,400,000    | \$1,500,000    | \$1,600,000    | \$1,700,000    |  |
|            |                |                |                |                |                |  |
| \$156      | 22.88% / 3.31x | 22.74% / 3.28x | 22.60% / 3.26x | 22.47% / 3.24x | 22.33% / 3.22x |  |
| \$164      | 20.07% / 2.90x | 19.94% / 2.88x | 19.80% / 2.86x | 19.67% / 2.84x | 19.54% / 2.83x |  |
| \$173      | 17.33% / 2.54x | 17.21% / 2.52x | 17.08% / 2.51x | 16.95% / 2.49x | 16.82% / 2.48x |  |
| \$182      | 14.65% / 2.22x | 14.52% / 2.21x | 14.39% / 2.19x | 14.27% / 2.18x | 14.14% / 2.17x |  |
| \$190      | 11.98% / 1.94x | 11.86% / 1.93x | 11.73% / 1.91x | 11.60% / 1.90x | 11.47% / 1.89x |  |

| Cap Rate | Land Price     |                |                |                |                |  |
|----------|----------------|----------------|----------------|----------------|----------------|--|
|          | \$1,300,000    | \$1,400,000    | \$1,500,000    | \$1,600,000    | \$1,700,000    |  |
|          |                |                |                |                |                |  |
| 7.5%     | 21.24% / 3.17x | 21.13% / 3.15x | 21.01% / 3.13x | 20.89% / 3.11x | 20.77% / 3.10x |  |
| 8.0%     | 19.27% / 2.83x | 19.15% / 2.82x | 19.03% / 2.80x | 18.90% / 2.78x | 18.78% / 2.77x |  |
| 8.5%     | 17.33% / 2.54x | 17.21% / 2.52x | 17.08% / 2.51x | 16.95% / 2.49x | 16.82% / 2.48x |  |
| 9.0%     | 15.41% / 2.28x | 15.28% / 2.26x | 15.14% / 2.25x | 15.01% / 2.23x | 14.87% / 2.22x |  |
| 9.5%     | 13.49% / 2.05x | 13.35% / 2.03x | 13.21% / 2.02x | 13.06% / 2.0x  | 12.92% / 1.99x |  |

| Cap Rate | LTC            |                |                |                |                |  |
|----------|----------------|----------------|----------------|----------------|----------------|--|
|          | 55%            | 60%            | 65%            | 70%            | 75%            |  |
|          |                |                |                |                |                |  |
| 7.5%     | 17.68% / 2.7x  | 19.12% / 2.88x | 21.01% / 3.13x | 23.62% / 3.49x | 27.52% / 4.02x |  |
| 8.0%     | 16.05% / 2.46x | 17.33% / 2.6x  | 19.03% / 2.8x  | 21.40% / 3.09x | 25.0% / 3.5x   |  |
| 8.5%     | 14.47% / 2.24x | 15.58% / 2.36x | 17.08% / 2.51x | 19.20% / 2.73x | 22.46% / 3.05x |  |
| 9.0%     | 12.93% / 2.05x | 13.87% / 2.14x | 15.14% / 2.25x | 16.98% / 2.41x | 19.85% / 2.65x |  |
| 9.5%     | 11.43% / 1.88x | 12.18% / 1.94x | 13.21% / 2.02x | 14.72% / 2.13x | 17.14% / 2.28x |  |





# APPENDIX B

COMPARABLES

# Rent Comps: Office

Office comps in North Philadelphia are in line with submarket averages (\$22.00 psf NNN) - though new developments in neighboring areas (Kensington, Brewerytown, Fishtown) show North Philadelphia's growth potential.

| Office                    | Location           | Type                  | Asking Rent     | Vacancy       | Year Built  |
|---------------------------|--------------------|-----------------------|-----------------|---------------|-------------|
| Three Falls Center        | North Philadelphia | Medical/NPO, Class B  | \$21.00 psf NNN | 6.58%         | 1929 / 2008 |
| The Shops at Avenue North | North Philadelphia | Mixed-Use, Class B    | \$22.00 psf NNN | 21.30% (est.) | 2006        |
| Pyramid Lofts             | Brewerytown        | Mixed-Use, Class B    | \$25.00 psf NNN | Unknown       | 2017        |
| American Studios          | Fishtown           | Professional, Class B | \$24.00 psf NNN | Unknown       | 2016        |
| 1100 N Front              | Fishtown           | Professional, Class B | \$26.00 psf *   | 24.50% (est.) | 1920 / 2016 |
| 1601 N Front              | Fishtown           | Creative, Class B     | \$35.00 psf NNN | Unknown       | 1920 / 2020 |

\* Unknown if NNN or gross

# Rent Comps: Coworking

Though membership structures vary, a dedicated desk ranges consistently between \$200-400 monthly, while private offices span \$600+ depending on sf and amenities.

| Coworking        | Location           | Type                  | Hot Desk              | Personal Desk         | Private Office        |
|------------------|--------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Hive 76          | North Philadelphia | Makerspace            | \$60 per mo.          | \$120 per mo.         | N/A                   |
| NextFab          | North Philadelphia | Makerspace            | N/A                   | \$199 - \$299 per mo. | \$1000-\$2000 per mo. |
| Pennovation      | Grays Ferry        | University Affiliated | \$99 - \$299 per mo.  | \$399 per mo.         | \$1499-\$1999 per mo. |
| IC@3401          | University City    | University Affiliated | N/A                   | \$200+ per mo.        | N/A                   |
| CIC Philadelphia | University City    | Life Sciences         | N/A                   | \$300 per mo.         | \$600+ per mo.        |
| 1776             | Brewerytown        | Coworking             | \$199 - \$299 per mo. | \$399 per mo.         | \$699+ per mo.        |

**Sample Amenities and Membership Features:** 24/7 access, conference room access (with defined hours per mo.), mail and package delivery, lockable storage, classes and programming, event space, office supplies, food and beverage



# Rent Comps: Retail

Groundfloor retail trends between \$20-23 psf NNN, in line with submarket averages (\$22.00 psf NNN), though established retail near demand anchors such as Temple Hospital command rents \$25+ psf.

| Retail               | Location           | Type                        | Asking Rent         | Vacancy | Year Built |
|----------------------|--------------------|-----------------------------|---------------------|---------|------------|
| 1536 N Carlisle      | North Philadelphia | Retail/Residential, Class B | \$20.00 psf NNN     | Unknown | 2014       |
| 1620 Cecil B Moore   | North Philadelphia | Retail/Residential, Class B | \$21.00 psf NNN     | Unknown | 2019       |
| 2025 N 17th          | North Philadelphia | Retail/Residential, Class B | \$29.50 psf gross * | Unknown | 2014       |
| Plaza Allegheny      | North Philadelphia | Shopping Center, Class B    | \$25.00 psf NNN     | 0.66%   | 2015       |
| Progress Plaza       | North Philadelphia | Shopping Center, Class B    | \$28.22 psf NNN     | 4.48%   | 2007       |
| Temple Health Campus | North Philadelphia | Nbhd. Retail, Class B       | \$40.00 psf NNN     | Unknown | 2001       |

*\* Retail opex averages around \$6.50 psf in the North Philadelphia submarket*

# Rooftop Garden

The community garden will support community building efforts while providing modest revenue to the project

## Why Rooftop Garden/Farming?

- Gardens can support farming activities – **food insecurity is a major issue in Philadelphia**
  - 16.3% of the population struggles to keep food on the table (more during COVID)
- Gardens serve as sites for youth development, skills/workforce training, and education
- Studies have shown that the presence of urban farms are associated with:
  - Improved community cohesion
  - Reduced crime rates
  - Improved community aesthetics
  - Increased property values

## Business Model

- Membership of \$50 to enjoy the rooftop space
  - Access includes ability to request plot
  - 600 members total
- Additional fee of \$25 if selected to use plot
  - 300 (50 sq.ft. plots) = 15K sq.ft. garden
- Sponsorships used to subsidize cost for neighborhood participants (\$10,000)

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### ***The Spring Gardens (North Philly)***

- 3-5 year waiting list
- \$40-\$75/yr cost for membership

### ***Schuylkill River Park Community Garden (Center City)***

- 100% occupancy, 60 person waiting list (70 plots total)
- Must be a member of the CCRA to access plots – membership cost is \$45-55/yr (but members can donate more); 2020 revenue of ~\$50k

THANK YOU

