



The Inquirer | SUNDAY, MAY 14, 2017 | PHILLY.COM | A

REAL ESTATE

A Market East Makeover

Developers pin their hopes on new luxury digs and a lot more.

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By sheer location and design alone, Philadelphia's Market East neighborhood should have been destined for continuing greatness.

At 100 feet wide, East Market Street is perfect for transportation; it's positioned in the center of the city, ideal for highway access. The blocks between Independence Mall and City Hall form an ideal corridor for food and entertainment and shopping. Yet for decades, Market East has fallen flat.

That baffled city planners and developers, who over the years witnessed a resurgence in some of Philadelphia's unlikely places, but never along the stretch from Sixth Street to City Hall and the nearby streets between Vine and Chestnut. The phenomenon was so confounding that, a decade ago, planners hired a New York firm to draft a plan to revive this long-languishing part of town.

When it was finally released in 2009, the report by Ehrenkrantz Eckstut & Kuhn Architects pulled few punches: The district "is one of the most vital and important areas in Center City Philadelphia... [but] it has yet to perform up to its potential."

Now, eight years later, Market East is finally working toward that goal. In place of the pawn shops and cheap eateries that once dominated the 1100 block of East Market Street, construction crews and cranes have been raising skyscrapers as part of a nearly \$1 billion private investment in the area.

Two distinct projects are active today: the \$325 million move by Pennsylvania Real Estate Investment Trust (PREIT) to remake the Gallery at Market East into Fashion Outlets of Philadelphia, and a separate \$600 million effort by Washington-based National Real Estate Development to revitalize the four-acre swath between Market, Chestnut, 11th and 12th Streets. Both are expected to yield a multitude of shops, offices, restaurants, and entertainment.

Most surprising, perhaps: National Real Estate Development's new project also is bringing

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The Ludlow building, which is near the new mall, will feature lower-level retail space and residential use in the tower above it. **ED HILLE / Staff Photographer**



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A second residential tower seen from the corner of 12th and Market Streets. **BLT Architects**

East Market is getting a makeover

EAST MARKET from J1

something that Market East has never seen: luxury apartment units. To be exact, 562 of them.

It's an incredible change for Philadelphians who, for decades, have known this part of Center City as an exclusively commercial corridor, one that more recently has offered lower-priced opportunities to shop and relax. Even more, it underscores just how the city's apartment market has ballooned in recent years.

Since 2012, according to the Center City District, nearly 6,000 rental units have been added in Greater Center City — an area it defines as extending from Girard Avenue to Tasker Street, from the Delaware River to the Schuylkill. And in the next two years, that area is expected to see 4,100 more apartments.

Yet most of the new units completed or under construction up until 2016 were concentrated south of Market Street and west of Broad Street, city maps show. What that means: The two residential towers currently rising are among an exclusive few reshaping Center City's eastern core.

As planners and some residents see it, that development is overdue. When Ehrenkrantz Eckstut & Kuhn Architects devised its plan in 2009, it envisioned Market Street as something akin to Chicago's Michigan Avenue — an all-encompassing experience that connects nearby neighborhoods. (In Philadelphia's case, Chinatown and Washington Square West.)

To achieve that, the firm said, Market Street would need more density, more mixed use, and an expanded intermodal transit center to reshape the area. So far, many say, the two mammoth projects are helping.

Before them, "you essentially had a street that was fairly vibrant by day, but largely died at night," said Paul Levy, CEO of the Center City District. "The hotel managers would tell people to take a cab to West Walnut Street, because there was nowhere around to go."

Diverse mixed use is a key factor

Now, Levy said, "there is a really great environment." Beyond just shops, offices and residential spaces, National Real Estate Development and PREIT have taken a multi-pronged approach.

"If this was a single residential tower on Market Street, it would be a little island," Levy said. "But they are doing a comprehensive redevelopment... The key to success these days is diverse mixed use."

The dearth of activity along East Market Street was exactly what prompted National Real Estate Development to get involved, said Dan Killinger, managing director of development. Market East, he said, exhibited not only a lack of supply, but also an opportunity for population and job growth, and a high barrier of entry for others.

After making plans for its first residential tower, Killinger's group was so bullish that it made plans for a second. The first, called the Ludlow (at the corner of 11th and Ludlow Streets), is expected to begin pre-leasing this summer and continue with move-ins through fall. The second tower, at 1199 Ludlow St., is expected to be completed in summer 2018. Details, except that those units will be larger, were not shared.

For the Ludlow, prices will range from \$1,600 for studios to \$3,500 for the largest two bedrooms, and amenities will include a coffee bar, a yoga studio, and a rooftop deck. Both towers are expected to attract professionals, couples and families "who want a dynamic city living experience," Killinger said.

For longtime residents who know the area, that's quite the sudden change.

A place for cheap dining and shopping

Decades before developers and strategic plans were focused on this stretch, Market East existed as a unique meeting place. Even as storefronts became a repetitive mix of jewelry and electronics stores and as sales at the Gallery — Philadelphia's downtown mall — fell flat, residents from across the city would venture here, lured by easy transit and cheap dining and shopping.

"I'd hop on the Route 33 bus and go to the food court, check out sneakers and the new games," Omar Woodward, executive director of Philadelphia's branch of the GreenLight Fund, a nonprofit investment organization, said of his high school years. "... I was struck by how democratic the space was. There were elderly folks and young kids who had just gotten out of school."

"That's not coming back," Woodward continued. "It's taking it from a democratic space to something that's a bit more elite."

That's not necessarily a bad thing, he said. But it raises a question: Where will longstanding residents who traversed this area go?

Levy is optimistic that they will stay right here. "I would not assume that just because it's new that it's economically exclusive in its format," Levy said. PREIT will bring outlets, he said, "at a moderate price." Plus, Chinatown, Reading Terminal Market and Century 21 — all of which cater to mixed-income clientele — are nearby, too.

As for more residential spaces along the Market East corridor?

"We're in a cycle where there's a significant amount of supply coming online," Levy said. "I don't think you will see major announcements about major towers in residential areas in the next two to three years."

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Market East had been known for pawn shops and cheap eateries, but new construction should change that.



The Ludlow is bringing luxury apartments never seen at Market East. It is equipped with high-end amenities. **BLT Architects**

Workers at 10th and Market Streets at what will be the Fashion Outlets of Philadelphia. **ED HILLE / Staff Photographer**

