

Plans for a 40-story 'Cira South' building are in the wind (Philadelphia Business Journal – May 25, 2007)

Brandywine Realty Trust is working on a concept called "Cira South," which would stand as a 40-story companion tower to Cira Centre in University City.

Though plans are still evolving, Cira South would be a mixed-used project totaling an estimated 1.7 million square feet, according to people familiar with the project. It is proposed that the building would be constructed on what is referred to as the old post office annex, a building that would be torn down to make way for the new structure. The annex is on Market Street between Walnut and Chestnut streets.

The plan being bandied about has the building designed with a mix of uses such as retail, a hotel, some office space and possibly even a residential component, according to sources. The hotel would ease the demand already placed on University City's two other main hotels, the Inn at Penn and the Sheraton, during graduations, special weekends and even for the executive programs run by the University of Pennsylvania. Whether Penn would occupy a portion of the office space has yet to be worked out, but it remains a possibility, according to people familiar with the project.

Brandywine would not comment on the project. However, people familiar with it say the plans remain in the early concept phase but are making progress.

Penn is still working on closing on the purchase of the post office property, which would include the annex site, said Tony Sorrentino, Penn spokesman. Once the closing is finalized, Penn will be able to offer more details on plans for that area. "We want to convert industrial land into vibrant spaces and attract private development," Sorrentino said.

The annex was constructed in 1962 for the post office and consists of a 172,000-square-foot processing and distribution facility on 2.58 acres.

Brandywine is reportedly in talks with Penn to enter into a long-term lease agreement with the university to develop the annex property, which would be razed. The school typically prefers to strike long-term lease arrangements with developers on properties it owns to keep control of them for an extended period.

For example, Dranoff Properties entered into a 50-year ground lease with Penn for the redevelopment of a hulking 700,000-square-foot building at 32nd and Walnut streets that is now the Left Bank, which has 282 apartments, 100,000 square feet of office space, 22,000 square feet of retail space and parking.

Brandywine has been reticent to discuss its plans for University City. In a recent conference call with financial analysts, Brandywine CEO Jerry Sweeney said the company hasn't disclosed anything it's working on in the West Philadelphia neighborhood. Sweeney did say the area is "ripe for continued gentrification" and Brandywine continues to work on a number of different scenarios that could lead to future development opportunities.

"The economic climate is correct, the numbers make sense and there are opportunities we can harvest," Sweeney said during that conference call.

The company constructed Cira Centre, a 28-story, 728,000-square-foot office building adjacent to 30th Street Station, and has maintained options to build on other Amtrak-controlled sites in the vicinity of Cira Centre. That building was designated by the state as a Keystone Opportunity Improvement Zone, which meant that businesses that moved there were exempt from most state and city taxes. It is not clear whether the new building would have that designation.