

# News & Views

Vol. I, 2009

## PARTNER'S CORNER

Sidney V. Smith, Jr.  
Partner



As one of the founding partners of GVA Smith Mack, I'm very pleased to announce that 2009 marks our 25th anniversary of providing service excellence to the Greater Philadelphia commercial real estate community. We are very proud of our history, growth and success and attribute it to the hard work and dedication of the entire organization. Established in Philadelphia in 1984, GVA Smith Mack has since grown into a much respected leader within the commercial real estate community.

It's amazing to think that a dream formed twenty-five years ago has grown into the reality of such a successful, thriving firm with over 63 employees, including 35 real estate professionals with the knowledge and expertise that spans several disciplines of the industry.

In the beginning, we provided a single line of service, Office Leasing, and have since expanded into five service lines... Corporate Real Estate Services, Tenant Representation, Real Estate Capital Markets, Property Management and Landlord Representation.

We've represented many of the best known corporations, including some of the largest landmark deals that have helped to shape the Philadelphia skyline

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## ICG Commerce Finds a New Home in Philadelphia Suburbs

211 South Gulph Road



TENANT REPRESENTATION

GVA Smith Mack has been providing commercial real estate services to ICG Commerce since their initial move from Jenkintown into the King of Prussia area in 2004. As ICG Commerce's business prospered and expanded, and their need for a larger facility became apparent, ICG Commerce retained the services of GVA Smith Mack, once again, to assist in finding a location where they could create a flexible work environment reflective of their corporate culture, allowing them continued productivity under one roof, while maintaining a cost effective occupancy.

GVA Smith Mack secured a lease for ICG Commerce at a new location at 211 South Gulph Road in King of Prussia, Pennsylvania for 55,000 SF, fulfilling all of the current requirements of ICG Commerce, as well as an expansion option for future growth.

"GVA Smith Mack's long standing relationship and understanding of ICG Commerce's business needs allowed us to find a location that best fit their requirements," says Reid Blynn, Managing Partner of GVA Smith Mack, who represented ICG Commerce. "We were able to add value to the ICG Commerce project by "Value Engineering" the construction budget, which originally came in significantly over budget. We closed the gap through a combination of shifting costs to the landlord, finding over budget errors in

contractor's bids, and substituting materials and quantities, where necessary." The process involved diligence and attention to detail, and the result was a beneficial economic transaction for the client. The location secured also had building signage that would accommodate further marketing exposure for ICG Commerce. One caveat unique to the new location was the fact that there is a necessity for a traffic light at the entrance, which is not due to be installed until the Fall, thus making entering and exiting the campus a challenge. To rectify this issue GVA Smith Mack negotiated having an individual direct the traffic in the interim, assuring steady traffic flow, to and from the building, until the light is installed.

ICG Commerce is the leading procurement outsourcing specialist delivering comprehensive source-to-pay services. Results-driven leaders access ICG Commerce's experienced resources and market intelligence to better manage procurement and logistics spend, gaining significant savings and enhanced visibility and control.



Justin Bell, Neil Shupak, Shelly Harris and Tyler Vandergrift represented **Biopure Corporation** and **Spear Realty, LLC** in the sale of 132,124 SF at 674 Souder Road in Souderton, PA

Jim Mullarkey and Bill Finnegan represented **NNN 1818 Market Street LLC** in the renewal of 45,927 total SF to various tenants at 1818 Market Street in Philadelphia, PA

Jeff Mack represented **BPG Properties, Ltd.** in the leasing of 29,615 SF to **Nationwide Life Insurance Company of America** at 1000 Continental Drive in King of Prussia, PA

Sid Smith, Wills Elliman, Neal Dangelo and Bud Hirsch represented **Amtrak** in the leasing of 23,716 SF at 405 N. King Street in Wilmington, DE

Reid Blynn and Bert Root represented **Graebel/Eastern Movers, Inc.**, in the leasing of 22,847 SF at 100 Lake Drive in Newark, DE

Taylor King and Adam Shute represented **220 West Germantown Pike Owner, LP** in the leasing of 22,270 SF to **CRB Consulting Engineers, Inc.**, at 220 W. Germantown Pike in Plymouth Meeting, PA

Sid Smith and Brian Sherlock represented **Belmont Center for Comprehensive Treatment** in the leasing of 16,600 SF at 10360 Drummond Road in Philadelphia, PA

Sid Smith and Bill Finnegan represented **Wanamaker Office Lease, LP** in the leasing of 14,918 SF to **Children's Hospital of Philadelphia** at 110 E. Penn Square in Philadelphia, PA

### Renewals on the Rise in Philadelphia CBD

In a stabilized economy, a 10% vacancy rate is generally considered to be the tipping point between a favorable and unfavorable landlord's market. Due to the continued bleak economic climate and with vacancies nearing 14%, landlords are paying very close attention to their existing tenants to assure sustainability. They are more willing to offer better deals and lower rates to encourage renewals.

Since landlords are willing to offer significant deals, when possible, tenants are taking advantage of this opportunity to move into upgraded space without paying the historic spread between asset classes. For instance, Fox Rothschild LLC has occupied the same office space at 2000 Market Street for nearly 30 years and saw this market as an opportunity to upgrade, expand and move to a newer, more efficient workspace. They were pleased with their current location, and the fact that they were able to move within the same building, upgrading to a totally new built-out space, and to the more prestigious upper floors of 2000 Market Street. Fox Rothschild LLP has renewed a long term lease for 104,461 SF of office space within 2000 Market Street. Moving to the 19th – 21st floors and continuing to occupy the 12th floor as well.

"Fox was one of the original tenants at 2000 Market Street. As a firm, we have enjoyed 30 years of growth and prosperity at this location and we look forward to continuing our growth and prosperity at 2000 Market Street," said Mark Silow, Administrative Partner of Fox Rothschild LLC.

Jim Mullarkey, Partner of GVA Smith Mack's Philadelphia office states, "2000 Market Street is pleased that a firm of Fox Rothschild's caliber made a commitment to a 15-year lease term, at 2000 Market Street."

Fox Rothschild LLP is a Philadelphia based law firm built to serve business leaders. With over 100 years of service, Fox combines business perspective, legal experience, and local know-how to help clients make better business decisions and achieve their goals.

2000 Market Street is located in the southwest quadrant of 20th and Market Streets, offering excellent access to the business district and public transportation. 2000 Market Street is a Class 'A' commercial office building consisting of 29 floors and 665,585 RSF in the heart of Philadelphia's business district. Market Street is recognized as the premier business address in the City of Philadelphia.

Jim Mullarkey represented RREEF, owner of 2000 Market Street, as the exclusive leasing agent of 2000 Market Street. Doug Simon and Jud Wambold of Tactix Real Estate Advisors, LLC represented Fox Rothschild LLC.

LANDLORD REPRESENTATION



A huge rebound has been experienced after the 4th quarter 2008 slide in net absorption, from a negative 764,600 SF at the close of 2008 to a negative 21,600 SF at the end of Q1 2009. When you compare this year's first quarter to last year's positive net absorption of 1,100,000 SF, it is a completely different story. The challenges that were experienced through the latter part of 2008 are clearly evident...the lack of confidence in the state of the country and our economy, the uncertainty of a new Administration coming into office, the fall of the financial district, and how all of that trickled down into the commercial real estate industry.

Direct vacancy barely changed from 13.6% in Q4 2008 to 13.4% in Q1 2009, and is 1% above Q1 2008's direct vacancy rate of 12.4%. Overall rental rates dropped slightly in Q1 2009 (\$22.73 vs. \$22.76 at Q4 2008). When compared to Q1 2008's asking rental rate of \$22.09, even though the rates are declining, they are still higher than they were a year ago. The total vacancy rate, including sublease space for Q1 2009, remains unchanged from last quarter's 15.3% and when compared to Q1 2008's 14.1%, the total vacancy still only shows a slight incline.

## Philadelphia

Very slight changes have been experienced since Q4 2008, with rental rates decreasing by a mere \$0.05 across all CBD submarkets and classes. Direct vacancy remains in the single digits at 8.9%, compared to 8.7% in Q4 2008, with a slight increase from 7.1% when compared to Q1 2008. Total vacancy, including sublease space, has remained equally unchanged between quarters at 10.3% for Q1 2009 versus 10.4% for Q4 2008, with more than a 2% increase since this time last year. Class AA space still holds the lowest vacancy rate of 5.7% which has decreased from 6.4% in Q4 2008, which is attributed to over 90,000 SF of positive absorption at One Commerce Square, Two Logan Square and the Mellon Bank Center. The

overall CBD reported a positive net absorption of 28,100 SF versus a negative 172,000 SF last quarter, with a significant decrease year-on-year when compared to Q1 2008's positive net absorption of 471,600 SF. Market Street West was the most significant contributor to the first quarter net absorption rebound due to Thomson Reuters Scientific occupying a large block of office space at 1500 Spring Garden Street.

Regardless of what the numbers are saying, it is proving to be an extremely stressful market with many more causes for concern than optimism. With the dissolution of WolfBlock, and the uncertainty of what could happen with Rohm and Haas since its acquisition by DOW, there is tension in the Philadelphia CBD office market.

## Philadelphia Suburbs

A minor decrease between quarters is recorded in average asking rental rates (\$22.19 from \$22.27), with total vacancy increasing a bit to 18.3% versus 17.8% posted at the close of Q4 2008. When compared to Q1 2008's 16.8%, a 1.5% difference is not that significant compared to other regions in the country. Net absorption is still in the negative for Q1 2009; however it has improved from a negative 476,400 SF at the close of Q4 2008 to a negative 306,900 SF for Q1 2009. Similar to the Philadelphia CBD, this is stark contrast to last year's Q1 2008 that reported a positive net absorption of 672,800 SF.

Horsham reported the highest Q1 2009 positive absorption with 223,000 SF. This is attributed to UnitedHealth Group leasing 120,000 SF and the Hartford Financial Services Group taking up 100,000 SF of office space. Strong positive activity also occurred in the Plymouth Meeting/Blue Bell submarket, going from a negative 294,400 SF in Q4 2008 to a positive 50,000 SF for Q1 2009. Much of this is related to Unysis' decision to remain in their Jolly Road location rather than relocating to Philadelphia.

Total vacancy for King of Prussia/Wayne increased to 20.4% in the Q1 2009, up

*(continued on back cover)*



## Partner's Corner

*(continued from front cover)*

into what you see today. Our business culture has always been to treat our clients as we would like to be treated, and because of this we have been very successful in continuing mutually rewarding relationships with several of our clients since the beginning of Smith Mack & Co.

We have maintained our competitive advantage by the unparalleled work ethic, endless commitment to leadership, entrepreneurial spirit and real estate expertise of the individuals within GVA Smith Mack.

GVA Smith Mack offers its employees and brokers many advantages including a partnership program which rewards top producing brokers and key senior management, with an opportunity to become a partner of the firm. This program has already produced several new partners within the past few years. Each of these partners has been instrumental in getting GVA Smith Mack to where it is today, and will be equally as important in catapulting it into where we want to be tomorrow.



Neal Dangelo, Keri Lorenson, Wills Elliman, Jim Mullarkey  
Sid Smith, Reid Blynn, Jeff Mack

## In Other News...

**GVA Smith Mack Expands Regional Sales Force with a new addition to our team...** Nate Pennington joined our real estate brokerage practice in our Wayne office. His role as Director is to build upon his current relationships, while working to expand the company presence in the Philadelphia Suburbs. **GVA Smith Mack's Jeff Mack** has been selected as one of **Real Estate Forum's Top Brokers**. A write up will appear in the May/June issue of the magazine. Jeff completed 55 transactions totaling 831,158 square feet, over the course of one year. **Jeff Mack** has also ranked in the top three of MidAtlantic Real Estate Journal's **Largest Office Lease of 2008**. Jeff represented SunGard Systems International, Inc., in a 120,930 square foot lease in New York, NY. The complete article may be found in the May 8th edition of the publication.



Bill Finnegan

## Congratulations To Our Top Producers of 2008

### Bill Finnegan – 2008 Broker of the Year

Jeff Mack	Sid Smith	Reid Blynn
Jim Mullarkey	Wills Elliman	Neal Dangelo
Taylor King	Todd Westby	Neil Shupak

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Wayne, PA 19087  
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1105 North Market Street  
Suite 1610  
Wilmington, DE 19801  
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F: 302.655.0603

One Greentree Center  
Suite 201  
Marlton, NJ 08053  
T: 856.702.6600  
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## Best Place to Work



*GVA Smith Mack has been named one of the Best Places to Work by MidAtlantic Real Estate Journal.*

For 25 years, GVA Smith Mack has experienced continued success and we attribute this success to the hard work and dedication of our partners, executive team, and support staff. We enjoy a pleasant work environment; where we join together to share our market knowledge, real estate expertise, entrepreneurial spirit and unparalleled work ethic which truly makes GVA Smith Mack one of the best places to work.

A complete write-up may be found in the May 8th edition of the MidAtlantic Real Estate Journal.

## Market Report (continued from page 3)

from 19.2% at Q4 2008 and 17.3% at the same time last year. It also reported negative absorption of 199,000 SF, which is the second consecutive quarter with negative absorption in excess of 100,000 SF. Good news in King of Prussia comes from 1000 Continental which leased approximately 91,500 SF, leaving 111,000 SF available in the newest LEED® certified building in the King of Prussia submarket.

North Penn continues to show the highest total vacancy rate for the Philadelphia Suburbs at 32.2% for Q1 2009, which is down 2.3% from Q4 2008, and was relatively stable for the current quarter with less than 10,000 SF of negative absorption reported. Fort Washington recognized another 150,200 SF of negative absorption with a total vacancy rate of 22.2%. Much of Q1 2009's activity was related to the departure of UHG.

### Northern Delaware

The Northern Delaware office market showed a slight increase in rental rates in Q1 2009, \$22.60 compared to \$22.58 from year-end 2008. When compared to Q1 2008's \$22.76 there was still no considerable variance. Overall net absorption is positive at 209,300 SF, a significant turn around from the negative net absorption of 92,800 SF reported at the close of 2008, and much stronger than the positive absorption of 39,300 SF in

Q1 2008. A large part of the change is attributed to the 89,000 SF in New Castle County South absorbed by Barclays Bank, with additional square footage absorbed by Amtrak and a few other tenants. The total vacancy rate decreased by a little more than 1% in Q1 2009...16.5% versus 17.6% at the close of 2008. Year-on-year, Q1 2008's 17.6% total vacancy is proof that Delaware is certainly holding its own in these turbulent economic times.

### Southern New Jersey

The beginning of 2009 was relatively quiet. Both direct and total vacancy rates were down a tad from Q4 2008 at 14.1% compared to 14.5%, and 16.1% compared to 16.5%, respectively. There is, however a more significant shift when compared to Q1 2008 when direct and total vacancy rates were 11% and 13.7%. Rental rates remained basically unchanged between Q1 2009 and Q4 2008 at \$20.86, while in Q1 2008 the asking rental rate was at \$19.73. Net absorption climbed from 10,800 SF in Q4 2008 to 47,900 SF at the close of Q1 2009, of which the 3M submarket reported virtually all of the positive activity. Contrary to the Philadelphia CBD and Suburban submarket comparisons to the Q1 2008, Southern New Jersey's net absorption was a negative 120,200 SF, indicating this market's current quarter activity year-on-year has improved.

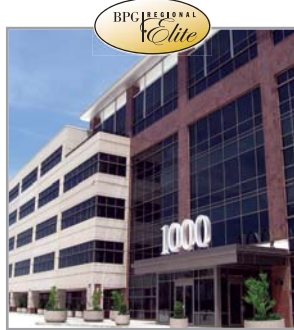
## 1000 Continental – LEED Silver Certification King of Prussia, PA

### Finished & Ready for Occupancy

- Six stories of elite office space totaling 200,000 SF
- 9' Finished ceiling heights with extensive floor-to-ceiling glass
- Only Silver LEED Certified multi-tenant building in this market featuring proprietary "Intelligent Building Design"
- On-site, full-service fitness center, wireless Internet cafe and complimentary concierge services
- Immediate access to PA Turnpike, US 202 & I-76
- Spec suites available now

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## 2000 Market Street Philadelphia, PA

- Over 96,000 SF contiguous space available 1/01/2010
- Within walking distance to regional rail and subway lines
- Quick access I-76 and I-676
- Class 'A' office space with superior building management
- Two-story atrium with high-end interior finishes
- Lobby with seating, plasma televisions, custom water feature, and glass wall panels
- Restaurant and bank on-site
- Conference room with seating for up to 14 people

**For more information please contact:**

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## The Wanamaker Building 100 Penn Square East Philadelphia, PA

### New Spaces Available at the Wanamaker Building

- 10th floor: 25,414 RSF
- 11th floor: 12,233 RSF
- High ceilings, dramatic finishes
- Historic, unique & beautiful environment coupled with modern class AA technology
- 660 car parking garage
- On-site building management
- Tenant-only fitness center
- Coffee shop, restaurant, ATM, Macy's department store

**For more information please contact:**

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 William G. Finnegan . . . . . bfinnegan@gvasmithmack.com

Only Philadelphia office building to make the American Institute of Architect's Top 150 places in America



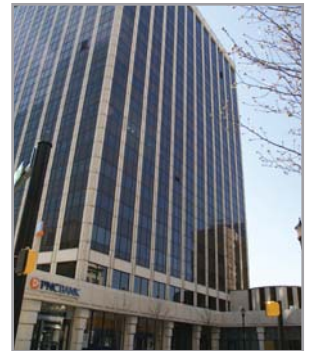
THE WANAMAKER BUILDING

## 300 Delaware Avenue Wilmington, DE

- 34,458 SF contiguous space with great views (14th & 15th floors)
- Variety of suite sizes: 1,499 SF to 34,548 SF
- Retail opportunities
- Storage space available on-site
- On-site property management
- Featuring e-Tenants, an exclusive, one-of-a-kind amenity for Brandywine tenants
- Both PNC Bank and TD Commerce Bank on-site

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 Bert Root . . . . . broot@gvasmithmack.com  
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## Northbrook Corporate Center 1150 Northbrook Drive, Trevose, PA

- Up to 56,984 SF of brand new Class 'A' office space
- Free conference facility to all Northbrook Corporate Center tenants, accommodates up to 50 people
- 27,000 SF floor plates
- 4-story building
- Adjacent to the PA Turnpike/Route 1 Interchange
- Easy access to hotels, daycare facilities, banks, fitness centers, restaurants and public transportation

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 Adam Shute . . . . . ashute@gvasmithmack.com



## 1919 Market Street Philadelphia, PA

- Property offered for sale for \$14,000,000
- 33,746 SF development site
- Located on West Market Street, in the heart of Philadelphia's Central Business District (CBD)
- Zoned C-5: highest density zoning designation
- Best available development site in CBD
- Close proximity to regional transportation hubs and within walking distance to Center City's best restaurants, shopping and tourist attractions

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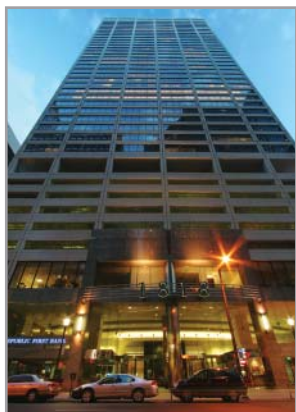


SUBJECT PROPERTY

20TH STREET

### 1818 Market Street Philadelphia, PA

- Unsurpassed blend of Main & Main location, accessibility to major arteries and public transportation, and taxi service at the front door
- 60,000 RSF contiguous on the 19th and 20th floors
- 59,965 RSF contiguous on 8th, 9th and 10th floors
- 30,000 RSF on the 12th and 22nd floors
- Excellent location, on-site structured parking, world class on-site property management, and efficient 30,000 SF floor plates



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### 400 Commerce Drive Newark, DE

- 154,086 SF available
- 3-story Class 'A' building
- Finished ceiling height of 9'
- Steel I-beam frame and floors comprised of a metal decking with poured concrete
- Pre-cast exterior panels with dual-pane tinted windows
- Minutes from I-95
- 2 miles south from Route 273 exit
- Cafeteria in the building
- Serviced by DART Bus Route 23



**For more information please contact:**

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### Towamencin Corporate Center III & IV 1690 & 1670 Sumneytown Pike, Lansdale, PA

- Suites from 1,500 – 14,078 RSF available now
- 88,000 SF Class 'A' approved office building, pad ready
- Strategic location at Lansdale Interchange of PA Turnpike
- Easy access to King of Prussia, Philadelphia, Philadelphia International Airport and the Lehigh Valley
- 30 acres, natural setting with trails, seating areas, and pond
- Access to shops, services, dining and planned Town Center



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### Safeguard Corporate Campus 435 Devon Park Drive, Wayne, PA

- Class 'A' corporate campus (8 buildings)
- On-site owner & property management
- Suites from 983 SF available immediately
- Private kitchenettes/bathrooms/entrances
- Upgraded finishes and operable windows
- Access to PA Turnpike, I-76, I-476, & Routes 23, 30, 202, 252, & 422
- Close to all amenities
- Walking distance to public transportation
- Generator available for building 600
- Located in Tredyffrin Township: lowest business taxes in the area



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### 1111 Adams Avenue Valley Forge, PA

- For sale or lease – available immediately
- 58,000 SF (±) divisible
- Single-story allows for various users (lab, data center, office, etc.)
- Cafeteria and multiple conference areas
- Training rooms, large raised-floor data center, high ceilings
- Fully customizable per tenant specifications
- Access to PA Turnpike, I-76, I-476, Routes 23, 76, 202, 363, 422
- SEPTA bus service: Routes 99 & 131
- Loading area with dock



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### 1023 East Baltimore Pike Media, PA

- 26,000 SF, 3-story building
- Contemporary building design
- Scenic views of Middletown Township
- Overhead parking available
- Competitive build-out allowance
- 4/1,000 parking ratio
- Conveniently located on Baltimore Pike (Route 1) just east of Route 352
- 3½ miles west of I-476 (Blue Route)
- Easy access to Routes 252 and 452



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