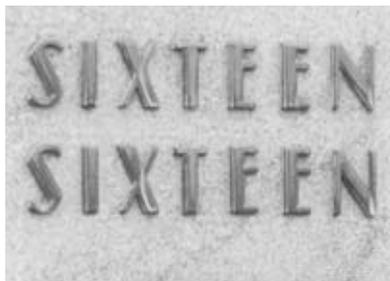


The 25-story building will have 207 apartments after its conversion.

NATALIE KOSTELNI | BUSINESS JOURNAL

Smooth move



1616 Walnut's switch from offices to apartments had tenants on edge, but so far so good

NATALIE KOSTELNI | STAFF WRITER

Nearly a year after a partnership bought 1616 Walnut St. with plans to convert the office building into apartments, all but one of its more than 100 tenants has been relocated and construction is set to begin.

When a partnership consisting of Fed-

eral Capital Partners of Chevy Chase, Md., as well as Cross Properties and 806 Capital, both of Philadelphia, bought the 25-story, 279,770-square-foot building, many of its tenants were nervous about being forced to move out and find new offices, but to the surprise of many involved, the process went smoothly and fairly.

"People were really, really unhappy when this all happened," said Cathy Coate, an office broker with Colliers International who represented many of the tenants in finding new space. "They liked 1616 and didn't want to move out. The building had a real community element to it."

The Samuel S. Fels Fund had leased space in 1616 Walnut for 21 years and loved the building, said Helen Cunningham, executive director. The landlord had offices on the top floor and was easily accessible and familiar with the tenants.

"They were just very glad to have us and treated us accordingly," Cunningham said. "We would have stayed there indefinitely if we didn't have to go. After 20 years in one space you build your life around that location. The dentist, hair dresser, watch repair. Everything was in a couple of blocks radius."

The idea of moving seemed like such a headache, Cunningham said, but in the end, it all worked out. After looking at about seven buildings, the fund ended up leasing a full floor at 1528 Walnut St. Coate assisted the organization in its search.

"We were super lucky," she said.

Same goes for the Cultural Alliance, which ended up moving to 1315 Walnut, which it likes a lot, said Stuart Adair, vice president of finance and administration at the organization. It's near public transportation and it's bike- and pet-friendly.

"We weren't sure how it was going to work out, but it has all worked out smoothly," Adair said.

Like the Fels Fund and the Cultural Alliance, many tenants were able to stay in and around 1616 Walnut but others found space a little farther away. For example, Fleisher/Ollman Gallery, an internationally known art gallery, ended up taking space at 1216 Arch St.

"That's a real pioneering location for them," Coate said. "They needed to be near Rittenhouse Square but took a real leap. By moving them there, it gives a real critical mass of important arts organiza-

tions north of Market Street."

The Pennsylvania Academy of the Fine Arts, the Fabric Workshop and Museum and the American Institute of Architects are all in that general area.

Other tenants went further afield. Voith & Mactavish Architects took about 13,500 square feet at 2401 Walnut St. The architectural firm with the help of PernaFrederick Commercial Real Estate looked at 30 different buildings and narrowed it down to 1650 Arch St. and 2401 Walnut.

"In the end, it was quality of the space, the light, the windows, the connective view of the river...it just won us over," said Cameron Mactavish. "I'm sorry we're moving, but I'm happy to be going onto one level and that will allow us to grow."

This was the third Center City building from which Leo Addimando, a partner at 806 Capital, had to relocate tenants. The other two were the Robert Morris building at 1701 Arch and 1201 Chestnut St.

"We applied what we learned from the other two to make it less painful," he said. "It's a complicated process to relocate 100 tenants who have been in a building in excess of a decade. All things considered, the process was pretty efficient, but we spent [millions of dollars] to make it worth their while to leave amicably."

Except for one ground floor retail tenant, the building will be completely empty at the end of March. Work on converting it into 207 apartments is scheduled to begin in the next few weeks. Rents will start at about \$1,500 month. The first units will be available by the first quarter of 2014 and the project finished in the second quarter. The building will have at least 10,000 square feet of retail space and as much as 20,000 square feet.

Even though 1616 Walnut is one of many apartment projects now under way in Center City, Addimando believes there's still room for more.

"There's a lot being built, but we think the market can absorb everything that has been announced," he said. ■