



# The Resiliency of Real Estate in UCity

By Pete Cramer, Wexford Science & Technology

Over the past decade, University City (UCity), located in West Philadelphia, has matured as one of the country's leading innovation districts; having grown through both the 2008 recession as well as showing signs of strength even in this uncertain time of COVID-19.



But this strength is no surprise to locals familiar with this submarket. Paul Garvey, Senior Director with Cushman & Wakefield had this to say, "UCity has grown through periods when other submarkets have suffered setbacks. When the tech implosion happened in the early 2000's the submarket pivoted towards healthcare. As our neighboring research institutions and their scientists looked at fostering commercialization, the "lab ready" buildings and innovation community were fertile grounds for their growth and success. We continue to be at the crossroads of discovery, commercialization and talent."

Boasting some of the lowest vacancy rates and highest rental rates in the region, UCity has become one of the epicenters for commercial, institutional, residential and healthcare construction on the east coast. In fact, the submarket offers over 5.0M square feet of office and lab space; an increase of 37% from 2014. This year alone the market has seen nearly 1.0M square feet of new construction starts including the [Drexel Academic Tower](#) and 3700 Lancaster projects.

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## Member Spotlight

**Kelly Funk**

Managing Director,  
Principal,  
IA Interior Architects



### I chose to join CoreNet because...

I decided to join CoreNet years ago because of the networking opportunities and the platform it provides to give young professionals a voice. The relationships I have made and the speaking engagements I have participated in locally, nationally, and internationally have truly propelled my career.

### The CoreNet event I am most looking forward to is...

The 2021 CoreNet event I am most looking forward to is the Eastern Regional Symposium – hoping it is in Philly!

### When I'm not at work or at CoreNet events, you'll find me...

At the beach.

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## Welcome New Members

Regina Daskus • TE Connectivity

James Gartshore • GSK

Jennifer Resch • Vanguard Group, Inc

Adam Simmons • GSK (GlaxoSmithKline)  
Pte Ltd

Tan Tang • CBRE

Julian Phillips • AVI-SPL



## Membership Renewal Incentive

The chapter's membership renewal campaign is now underway, and we want you to be aware of an incentive available to those who renew early. All members who renew by September 30th will receive a 10% discount! [Click here](#) to renew and use the following code: EBRE21.\*

*\*Offer not valid for [corporate partners](#).*

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Philadelphia  
Chapter

## Executive Committee

Greater Philadelphia Chapter

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**Ken Zirk** • CBRE

CoreNet Global

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Atlanta, GA 30303

## Letter from the President

Dear Fellow Chapter Members,

I hope everyone is doing well and has been able to enjoy the summer months despite the challenges our community and nation still face daily. The meaning of workplace continues to be a hot topic of discussion as government, organizations, and individuals grapple with how best to approach work and doing so in a difficult economic climate. Despite the headwinds, I am optimistic about the future of our industry and looking forward to the ongoing discussion about the transformation of corporate real estate.

Due to the contributions of many people across the Philadelphia Chapter, the way we connect to our membership has greatly evolved in 2020. We have restructured our program offerings and developed a virtual platform to overcome work-from-home and social distancing restrictions. We've been able to host webinars covering relevant topics such as a data driven approach to workplace agility, multi-sensory experiences in the workplace, and the role of co-working solutions in the workplace ecosystem. We launched a new learning program entitled, "*Power Networking with LinkedIn*" that was so well received we plan on expanding the series to benefit our members. We also collaborated with our fellow chapters within the Eastern Regional Symposium (ERS) universe to hold a program focusing on the operational issues with COVID-19 and the debate whether to work from home or the office. Over 400 individuals participated in the program and we expect similar numbers for the follow-up session in October.

The Philadelphia Chapter is in excellent shape as we enter the fall of 2020. We have a dedicated group of volunteers who serve on the Board and across committees and continue to provide time to the chapter while juggling so many other responsibilities. We're planning additional events for the fall, including some unique networking opportunities, so look for more information in your inbox or across our social media landscape. Our goal is to be creative in our programming throughout the rest of the year and begin to plan for a more hybrid model in 2021. I hold out hope there will be more clarity around the safety and demand in holding in-person events.

I cannot thank our Sponsors enough for the commitment to and support of our chapter. While 2020 has not unfolded as planned, the support from our Sponsors has been tremendous and a true testament of the partnership we try to develop within the Philadelphia Chapter. I encourage our Sponsors to [reach out](#) to the Executive Committee or myself if you have a suggestion or we can address any concerns.



And I can't close without plugging our presence on social media. If you're on [LinkedIn](#), [Twitter](#), or [Instagram](#) please give us a follow to stay connected with the chapter!

Sincerely,

David Kontra, GE  
President, CoreNet Global Philadelphia Chapter

## Find Us on Social Media







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CORENET GLOBAL  
VIRTUAL SUMMIT  
NORTH AMERICA  
OCTOBER 26-27**

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## Join CoreNet Virtually to Connect, Collaborate & Learn

The CoreNet Global Virtual Summit is an interactive environment where you can maneuver between rooms featuring learning experiences, discussion forums, demos, exhibits, and even lifestyle activities including a yoga class and happy hours. [Click here for more information.](#)

### The Resiliency of Real Estate in UCity *continued from page 1*

Although much of this growth is directly driven by Philadelphia's Eds and Meds anchor institutions – University of Pennsylvania, Penn Medicine, Children's Hospital of Philadelphia, Drexel University and University of the Sciences – commercial life sciences related real estate is emerging as an equally important sector. According to JLL, Philadelphia ranks higher than New York, Los Angeles, Seattle and New Jersey in terms of top life science clusters around the country; with UCity playing a major role in its rise. And despite COVID-19, the submarket continues to expand with a pipeline of over 500,000 square feet of new life science and biotech leasing demand.

Why is UCity so resilient to macroeconomic forces which have slowed other markets? Several reasons come to mind...

#### 1. Proximity to Institutions and Star Faculty

UCity is surrounded by top tier research institutions in the Penn, Penn Medicine, CHOP and Drexel and a primary reason why companies choose to locate their business here. In 2018, these institutions collectively accounted for nearly \$2B in annual government R&D funding and a record breaking 225 patents.

Much of this research is concentrated in the life sciences, in particular gene and cell therapy research. From 2014 – 2018, Philadelphia's institutions accounted for more NIH funding in cell and gene therapy than any other market in the country. Because some of the nation's most prolific researchers call UCity their home - Dr. Jim Wilson (Penn), Dr. Carl June

(Penn) and Dr. Kathy High (Penn/CHOP) – it is no wonder that proximity to their labs to collaborate and draw upon their expertise is a major driver in corporate real estate decision making.

#### 2. Access to High Performing and Flexible Research Facilities

What makes a commercial research building different from an office building –

more of everything! Lab buildings typically offer a higher floor-to-floor height so bulky duct work can fit above the finished ceiling; greater air and power capacity to service fume hoods and freezer rooms; and increased floor loading capacity to manage vibration criteria and heavy research equipment.

Although office and administration space is a component of these facilities, demand for lab space is the primary driver of growth as evidenced by recently completed fit-outs for



# CoreNet Global Diversity and Inclusion Resources

CoreNet Global values diversity, equity, and inclusion in its membership, programs, and all endeavors. Visit the new resource page for a compendium of resources and articles to access information for your organization. The resources included here, drawn from a variety of external sources as well as member submissions, provide tools and information for corporate real estate professionals who would like to elevate diversity and inclusion as a priority for their organizations.

- ANTI-RACISM RESOURCES
- DIVERSITY IN THE WORKPLACE
- MANAGING WORKPLACE DIVERSITY:  
A toolkit for organizations |  
Ministry of Manpower Singapore
- DIVERSITY AND COVID-19
- GENDER PARITY
- LGBTQ IN THE WORKPLACE



[ACCESS RESOURCES](#)

## CORENET GLOBAL | HACKATHON

### A COVID-19 Virtual Ideation Experience

More than 1,000 corporate real estate professionals from 35 countries have created a vision of return-to-work through the CoreNet Global COVID-19 Hackathon, a Virtual Ideation Experience. Teams addressed the following areas:

- Space Utilization and Metrics
- Workplace Wellbeing
- Environment and Climate Change
- Distributed Work
- The Autonomous Workplace
- Manufacturing and Industrial



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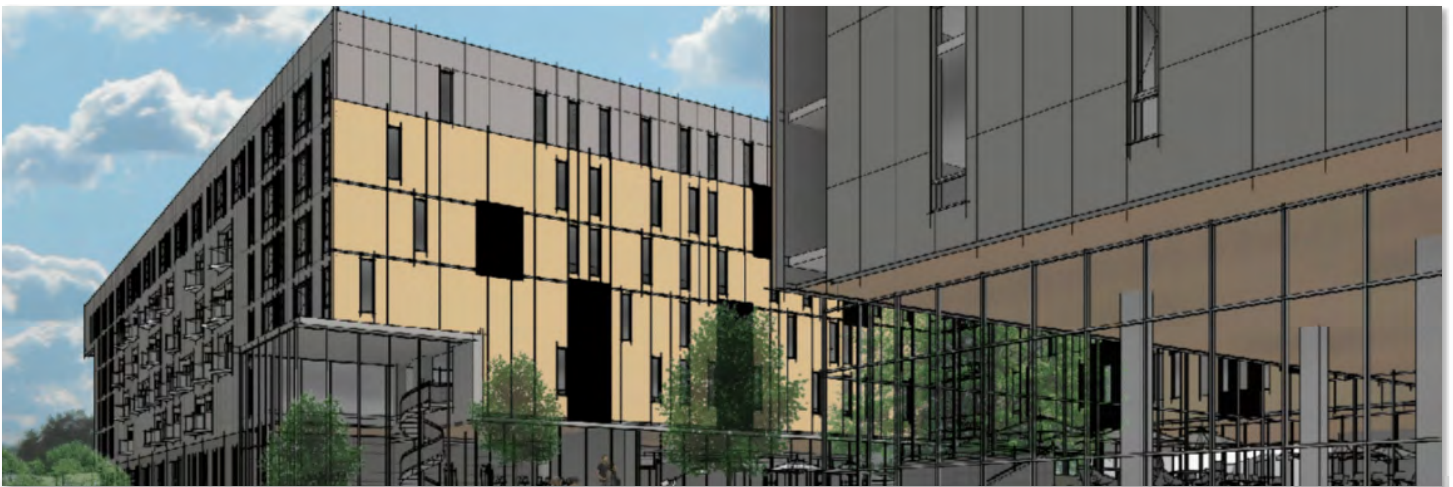
companies like Amicus Therapeutics (3675 Market) and Spark Therapeutics (Bulletin Building). Both spaces have been designed and customized to the specific processes and needs of those organizations requiring a more significant upfront investment (a minimum of \$250 - \$300 per square foot) and translating into longer lease terms than a typical office deal. Although some landlords have been successful at retro-fitting office buildings into lab spaces, it can be a challenging and expensive proposition; often making purpose-built new construction a more appealing option. Wexford's One UCity Square project (400,000 square feet of lab/office), UPA's University Place 3.0 (250,000 square feet of lab/office) and the next phases at Penn's Pennovation and Brandywine's Schuylkill Yards projects are all adding more new product to the UCity market.

### 3. Clustering of Companies and Talent

Finally, and potentially most important, the high concentration of companies and intellectual capital - people who are highly skilled, like-minded, and entrepreneurial - builds upon itself and creates a self-sustaining ecosystem.

The UCity submarket accounts for over 85,000 jobs, many of which are focused in health sciences, which is similarly sized to the likes of Cambridge/Kendall Square. Commercially, there are over 25 different industry organizations in the life sciences that are located in the district ranging from start-ups to big name companies like Roche and Eli Lilly. This clustering effect is gaining momentum and attracts additional attention from outside the market. For instance, 60% of the record level \$1 billion VC investment in Philadelphia in 2019, came from UCity-based companies; many of which were formed in the last five years. As this dynamic continues to grow, it creates a sense of "stickiness" in the submarket not unlike the effect tech companies have had in places like Silicon Valley, Austin, and Seattle.

The combination of these factors makes UCity an appealing choice for many organizations to start, expand or relocate their research operations. And as the country emerges from a post-COVID environment, these trends are expected to accelerate even further.



#### **I am originally from...**

Blue Bell, PA.

#### **The best piece of advice I ever received is...**

Go with your gut.

#### **My favorite thing about Philly is...**

The city's personality – brutally honest, closely connected, and passionate about everything. Everything.

#### **If I had to take a tourist to one Philly area destination, it would be...**

Reading Terminal.

#### **Growing up I wanted to be...**

An architect (since the age of 8).

#### **My favorite vacation destination is...**

Italy, without a doubt!

#### **The best book I've read is...**

All of Malcolm Gladwell's books.





## Chapter Message: COVID-19

As the concerns associated with COVID-19 continue, so does unease in our community. If you are in need of support - you have it. Now is a great time to leverage relationships as we work to determine the best possible solutions for the challenges. Our CoreNet Chapter is a community, and we continue to encourage connecting with each other on our growing social media pages, [LinkedIn](#) and [Twitter](#). We look forward to bringing you an array of in person programs as soon as it is safe to do so. In the meantime, we will continue to bring our community together online via virtual meet ups and education sessions. For additional information, visit the CoreNet Global [COVID-19 Resources Page](#).

## Call for Volunteers!

CoreNet Philadelphia is looking for eager volunteers! There are many ways to get involved such as helping a [committee](#), presenting or organizing a webinar, writing an article for the newsletter, and more. Please [let us know](#) if you are interested!

**NOTE:** You must be a CoreNet member to volunteer for a committee.



## Don't Miss These Events!

October 8:

**The Great Debate of 2020 Part II:  
Work From Home or In the Office Webinar**

October 26-27:

**CoreNet Global Summit | Virtual**

Visit the [events section](#) of the chapter website for more information and to register.

## Thanks to Our Sponsors

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