

From the Philadelphia Business Journal:

<http://www.bizjournals.com/philadelphia/news/2017/01/18/wanamaker-building-sale-closes-rubenstein-amerimar.html>

## \$200M sale of Wanamaker building finally closes

### 🔑 SUBSCRIBER CONTENT:

Jan 18, 2017, 3:40pm EST

It took nearly two years to wind through what one person called a “very complicated” transaction, but the Wanamaker building, one of Center City’s largest and most well-known office buildings, has a new ownership partner.

Rubenstein Partners of Philadelphia has paid an estimated \$200 million to acquire a majority ownership stake in the landmark building at 100 Penn Square East. The deal brings Rubenstein back into the Philadelphia office market after selling One Washington Square in the city's historic district last year.

The sale was finalized on Tuesday and the process to reach closing was lengthy – mainly because it concerned a lot of different parties, according to people familiar with the deal. There were four different entities involved in the building’s air rights; two loans with at least one that CMBS needed to assume; the office and garage components were collateralized separately; and three existing parties were involved in the sale.

It was, as one person said, "one of those deals."

Jim Galbally, [Chad Orcutt](#) and John Plower of JLL marketed the building beginning in early 2015 and JLL was also involved in financing this transaction.

The 12-story structure totals 1.4 million square feet, making it the second-largest building in the city's Central Business District. Of that space, 450,000 square feet is occupied by Macy’s across three floors and the remainder is office space. Between the office portion and the retail space, the building is 97 percent occupied. The property also has a 660-space parking garage.

Amerimar Enterprises, which was involved in the transaction, will retain its place as operating partner and Rubenstein will serve as capital partner. Tier REIT (NYSE: TIER), which had put its ownership stake up for sale, will remain in the deal with a small percentage of the partnership that owns the property.

The building has had a variety of partners over the last 20 years but with one constant – Amerimar Enterprises has had an ownership interest in the historic building since 1997 when it formed a partnership with Angelo Gordon & Co. and Cargill Financial Services to buy a majority stake in it. Since then, Amerimar



AMERIMAR ENTERPRISES

The Wanamaker building had served as the city's first department store.

has retained its ownership stake while other real estate entities have come and gone, acquiring the interest not owned by them. In 2007, Tier REIT's predecessor took over that portion.

### ***Can virtual realty boost Philadelphia's tourism?***

Wanamaker was expected to garner a lot of attention from investors and it indeed saw "tons of interest" from both national and international real estate players, according to a person aware of the process. Part of the reason is where it is located. While Philadelphia's Central Business District has gained traction in recent years, the East Market Street areas and Mid-Town Village neighborhood has been on fire in terms of investment activity and tenants shifting their attention to the area and leasing space there. An expectation that part of the Philadelphia market will continue to see "significant growth" going forward are among the attributes that attracted Rubenstein Partners to the property, according to a person familiar with their thinking.

The property is also viewed as a hidden jewel with some value-add opportunities that aren't so readily apparent. Rubenstein Partners focuses on properties that have some downside that would allow them to exploit by investing in upgrades or by filling vacancies. In the case of Wanamaker, that would mean eventually renovating portions of the building, such as the lobby and common areas with an eye toward raising office rents, which are in the high \$20s a square foot to more than \$30s a square foot.

When Wanamaker was constructed in 1911, it was considered an architectural and engineering achievement, and was city's first department store. Nine of its 12 floors were originally dedicated to retail space and the lower three floors had other uses, such as galleries. That's from a bygone era.

As the retail scene changed over the decades, so did the Wanamaker. Now floors four through 12 have been converted into office space. Among its largest office tenants are Digitas, which occupies roughly 125,000 square feet, and Children's Hospital of Philadelphia, which is in 252,631 square feet. The Crystal Tearoom, where events are regularly held, is on the top floor.

Tier REIT has been divesting its Philadelphia office properties. It sold 1650 Arch St. and United Plaza, and put Three Parkway up for sale last fall.

**Natalie Kostelni**

Reporter

*Philadelphia Business Journal*

