



BOURSE

# PHILADELPHIA BOURSE BUILDING

UNIVERSITY OF MARYLAND  
COLVIN INSTITUTE OF  
REAL ESTATE DEVELOPMENT 2018  
CASE STUDY CHALLENGE



## TABLE OF CONTENTS

Building overview	1
City overview	2
Site overview	3
Development team overview	4
Market analysis	5
Future Tenants	7
Development vision	8
Timeline	9
Planning entitlements	10
Building impacts	11
Historic Preservation	12
Larger Context	13
References	14

# BUILDING OVERVIEW

The Bourse building in Center City Philadelphia, built in 1895 as the first commodities exchange building of its scale in the Americas, is a prime example of a historic reuse construction. Located in the fifth largest and one of the oldest cities in the United States, the newly reconstructed public food court and office building is sure to please in the high pedestrian traffic area on its location on 5th street while keeping to its Old City charm.

MPR Realty took ownership of the Bourse Building in 2016 and began its \$40 million dollar renovation project along with other two other building in the Philadelphia area including a parking lot next door to the bourse building called the Bourse parking lot . While the building was previously a food court and office building serving the public, the renovations by architecture firm BLT in Philadelphia and Groundswell Design Group in Philadelphia brought back many of the covered up features such as original ceiling and floors to restore the building back to its heydays in

the development team stocked the new food hall with 24 local vendors from the Philadelphia area to show off their culinary bites.

With the project recently completed in August of 2018, the Bourse food court will serve many of the more than 5 million people that come and visit Philadelphia's Liberty Bell situated across the street from the front door is Independence park.

1895

The Philadelphia Bourse Building, the first commodities exchange in the United States, was completed in 1895. The building was one of the first steel-framed buildings to ever be constructed.



1979

Kaiserman Company, Inc. purchased The Philadelphia Bourse Building in 1979, renaming it "The Bourse" and adapting it as a retail and office complex.

2016

MPR Realty took ownership of the Philadelphia Bourse in 2016 and beginning its 40 million dollar renovation to restore it to its original prowess.



# CITY OVERVIEW

---



Philadelphia, commonly referred to as the city of brotherly love, is the largest city in the U.S. state of Pennsylvania and the 6th most populous city in the United States with over 1.5 million people. Since its founding in 1682, to be the capital of Pennsylvania, the city has been through many different eras of its life. Those including being the meeting point of the founding fathers who signed the Declaration of Independence in Philadelphia in 1776 and the constitution in 1787. During the industrial revolution Philadelphia was the most industrialized city in the United States making it not as desirable to live in due to the high concentration of factories and plants within the city center.

Since then, Philadelphia has been reinventing itself as a destination as a green city with a highlight on the arts, the community, and education, often

being seen as a large city with small town vibes. Today, you can enjoy activities in the city from one of the largest parks within city limits, rivaling New York's Central park, to shopping at local farmers markets scattered around the city, or being educated at any one of the large institutions within the city that are invested in the outcome and development of a better Philadelphia such as the University of Pennsylvania. Over the past decade, the areas within and around the center of the city have seen a rise in population and residency of younger generations creating a new community style leading to the development of many vastly different neighborhoods to form such as Brewerytown and Northern Liberties. The Bourse Building in Center City will fit into the new lifestyle that has come with the newer generation.

# SITE OVERVIEW

---

The former commodities exchange building, now home to the Bourse food court, is in the heart of Philadelphia's historic district. Specifically located on North 5th street, more commonly known as Independence Mall, the building sits facing the Independence National Park and adjacent to the newly constructed National Museum of Jewish History.

The large food court and office building sits happily on one of the most pedestrian trafficked streets in Philadelphia as well as within walking distance to many different forms transportation to the other parts of the city and its attractions such as bus, subway, and train.

The historic district and neighborhood, Old City, spans an area of roughly 75 acres(square blocks) located on the eastern side of Philadelphia along the Delaware River. While the direct area to the west of the Bourse is a highly trafficked

tourist area, the eastern portion of Old City is a vibrant residential and small business neighborhood. Proud of its heritage as the oldest neighborhood in Philadelphia, Old City is filled with many shops, restaurants, cafes, and art galleries along with many historic and monumental(ist) homes and buildings that makes it a desirable area to live, work, and enjoy activities.

It was an important decision to continue the vibrant heritage of the area when redesigning the Bourse building by restoring the building to what it used to be and to keep it in line with the character and attitude of the surrounding neighborhood.

**“The Bourse is a modern food hall that’s breathing new life into a beacon of Philadelphia history and culture”**

**- Bourse**



# DEVELOPMENT TEAM

---

## **MPR Realty** (developer)

---

MPR Realty is a real estate development firm based in Washington DC and focuses their work in the Mid-Atlantic region. Since their founding in 2005 they have put close to \$4.1 billion dollars in total capitalization and \$2 billion in active residential, office, mixed-use, and industrial projects currently in development. In total, their assets total over 28 million square feet.

## **Cana Developer** (developer)

---

Cana Development is a real estate development firm based in Baltimore and focuses their work in the Mid-Atlantic region. Together, they have developed over 35 million square feet of commercial real estate including hotels, corporate headquarters, live music and sports arenas and focus on guest experience. They also have a strong food and retail assets management as well as a reputation for planning, development, and placemaking for many food halls and markets throughout the United States.

## **BLT Architects** (architect)

---

BLT Architects is an architecture, design, and planning firm based in Philadelphia and does work throughout the Mid-Atlantic region. Since their founding they have created a large, award winning, portfolio of institutional and educational projects. In recent years they have expanded to adaptive reuse and projects such as the Bourse Building in Philadelphia.

## **Groundswell Design Group** (design consultant)

---

Groundswell Design Group is a full service design firm based in Philadelphia with a talent in placemaking, public spaces and hospitality. Their projects range from large parks, art installations, and restaurants, to cafes and pop-up activations. They specialize in placemaking and individuality through each of their projects from the interior to the exterior and take strong cues from the landscape, neighborhood or community.

# MARKET ANALYSIS

## Philadelphia and Center City East Statistics

Philadelphia Avg Price Per SqFt:  
**\$171/sf**

Center City east Median Listing Price:  
**\$381,746**

Annual Increase in Price Per SqFt  
**4%**



**Housing Market Trends**  
 Market trends help you understand the movement of key price indicators. Trends in Philadelphia show a 3% year-over-year rise in median sales price and a -4% drop in median rent per month. [View More](#)



## Demographic Information



## Crime

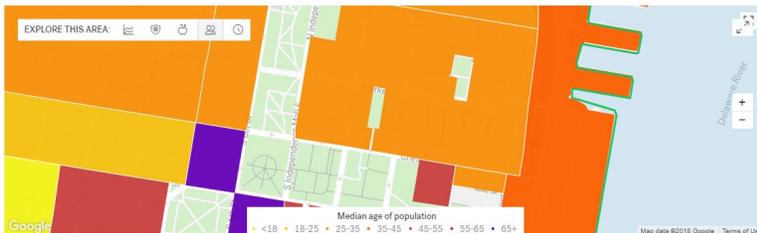
Determines risk level evaluation

Most frequent crimes in the past year

**61,296**  
 COUNTS OF THEFT

**41,340**  
 COUNTS OF ASSAULT

**15,653**  
 COUNTS OF ARREST



## Median Age

Market focus towards a younger/middle aged group



**43%**

SINGLE RESIDENTS



**57%**

HOME OWNERS



**34**

MEDIAN AGE



**\$34,643**

MEDIAN HOUSEHOLD INCOME



**20%**

COLLEGE EDUCATED

The Philadelphia Market has two area codes that are within the top 10 in the country for fastest growing markets. With a growing market, younger demographic, low crime rate as well as an area that is increasing its property value, this makes the Bourse Building appear to be a great buy. It is centered around growing market and is immediately off of the Independence Mall.

# MARKET ANALYSIS

## Bourse Building Property Assessment

Initial Purchase Price: **\$110 million** acquisition for the Bourse building, 325 Chestnut St. and 400 Market St as well as the Bourse parking structure and movie theater.

## Bourse Tax Assessment

Market value (retail)	Taxable Land
2018 - \$26,117,900	\$5,223,580
2017 - \$14,000,000	\$5,970,500
2015 - \$14,000,000	\$5,970,500
2013 - \$10,000,000	\$765,000

## Costs to Date

The initial purchase for this property was \$100 million dollars which acquired 4 buildings around the perimeter properties of the Bourse Building. The initial renovations for the Bourse Building alone was a \$40 million renovation. Bringing the total cost of the project to a \$150 million dollar investment.

## Rental Strategy

Tenants: 29 first floor retail tenants  
 Retail space: 38,290 square feet  
 Office space: 229,307 square feet of office

Avg rent in Philadelphia 20 Dollars/sf

## Program Breakdown

Total Rental Space: 267,597 sf  
 - Retail: 38,920 sf  
 - Office: 229,907 sf  
 Tenants: 29 tenants on first floor alone  
 Vacancy: 5%

the leasing partner, Cana Development has the building 95% rented.



## Neighboring Property Value - 2018

1) \$26,117,900	MPR Owned
2) \$26,118,200	
3) \$37,996,800	MPR Owned
4) \$47,319,500	
5) \$17,590,300	
6) \$26,811,600	

# FUTURE TENANTS

The Site is going to have 29 vendors total on the first floor. of Those 29 Vendors, 4 are anchor tenants which occupy the 4 corners of the building. of the 29, 24 are mentioned as currently leased. These are:



**3rd and Ferry**  
Raw Bar and Seafood

**Abunai Poke**  
Hawaiian



**Barry's Buns**  
Sweet Treats

**Break Juicery**  
Juice and Bowls



**Bluebird Distilling**  
Cocktails

**Bonatsos Flowers**  
Floral Gifts



**Vera Pasta**  
Fresh Italian

**Chaat and Chai**  
Indian Street Food



**Chocodiem**  
Chocolate and Treats

**Freebyrd Chicken**  
Fried Chicken



**Grubhouse**  
Breakfast Comfort Food

**Ka'moon**  
Egyptian Cuisine



**kari's tea bar**  
Tea and More

**Lalo**  
Filipino Comfort Food



**Mighty Melt**  
Artisan Sandwiches

**Pinch Dumplings**  
Chinese Dumplings



# DEVELOPMENT VISION



Philadelphia, commonly referred to as the city of brotherly love, is the largest city in the U.S. state of Pennsylvania and the 6th most populous city in the United States with over 1.5 million people. Since its founding in 1682, to be the capital of Pennsylvania, the city has been through many different eras of life. That including being the meeting point of the founding fathers who signed the Declaration of Independence in Philadelphia in 1776 and the constitution in

1787. (Some tie) During the industrial revolution Philadelphia was the most industrialized city in the United States making it not as desirable to live in due to the high concentration of factories and plants within the city center.

Since then, Philadelphia has been reinventing itself as a destination as a green city with a highlight on the arts, the community, and education, often being seen as a large city with small town vibes. Today, you can enjoy activities in the city from one of the largest parks within c

ity limits, rivaling New York's Central park, to shopping at local farmers markets scattered around the city, or being educated at any one of the large institutions within the city that are invested in the outcome and development of a better Philadelphia s

# TIMELINE

## Bourse Building Under New Ownership

MPR realty partnered with Cana development and purchased a series of properties around the Independence Mall in Philadelphia for 110 million dollars.

## First Alteration Permit Filed

MPR files alteration permits to begin to renovations on the Bourse Building

## Lobby Renovations Begin

Permit filed to begin renovations onto the Bourse Building's lobbies on 4th and 5th street.

## Asbestos Abatement Begin

After discover asbestos in some of the Bourse Building's materials, abatement begins.

## Stair Cases Removed

At the same time of asbestos abatements, the staircases at the front of the Bourse are removed to be replaced with automatic escalators.

## Violation Files

The last violation to be filed was for "failure to provide facade rept" which is in response to the facade of the building not being repaired.

## Food Establishment License

The last vendor received their food establishment license on August 30 2018 prior to opening. This was the Menagerie Coffee vendor.

## Bourse Building is open for business

The Bourse celebrates it's grand opening and is now serving the public Monday through Sunday. With 29 vendors they are bringing unique and food choices to all visitors who pass through.

2016

Nov, 2016

Mar, 2017

Sep, 2017

Sep, 2017

Apr, 2018

Aug 30,

Sep, 2018

# PLANNING and ENTITLEMENTS

## 2016

MPR purchased the site and began renovating the building's office space and began the conversion on the first floor.

The actual conversion of the project was not difficult considering the use of the project essentially remained the same. The project went from a food court to a food hall.

In 2016 MPR filed its first alteration permit for the project and began removing interior walls of the project. This The interior partitions and the flooring were removed and once the flooring was removed, the copper numbers illustrating the areas for the commodity exchange. This was later restored and left to pay tribute to the buildings original purpose.

## 2017

The lobby renovations began that opened onto 4th and 5th street. 2017 was the bulk of the renovations where all previous interior wall, ceiling and floors were either removed or renovated to fit the new plan. The stairs similar to those seen on page 11, were removed towards the entrance and replaced with escalators for easier lateral travel.

2017 is also there year that asbestos was abated from the building to meet

## Current Deeds

OPA Address: 111 S INDEPENDENCE MALL E # A

Owners: BOURSE MALL ASSOC L P

Mortgage: TD BANK NA

Grantee: BOURSE TOWER ASSOCIATES LP

modern day code. Asbestos is a toxin and must be abated if disturbed in the construction process.

## 2018

2018 was scheduled to be the completion of the project. The project was only delayed for about a month. During this year the final violation was filed for failure to provide facaded repairs which was necessary because the building is historic.

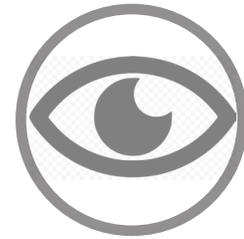
The last vendor to receive their food establishment license was Menagerie Coffee vendor on August 30, 2018. The building is now open to the public and is currently 95% occupied only weeks after opening. Visitors to the Independence Mall can now stop by for a bite.

# BUILDING IMPACTS

---

## **Building Mission:**

We are a culinary incubator for local concepts as well as emerging and established chefs - creating a community that's united by food and inspired by the neighborhood.



## **Job Creation:**

The Bourse building is set to employ over 600 jobs, 250 of which are construction jobs. An additional 250 employees will be hired for the food vendors and nearly 100 more for property management and other service requirements according to the Philadelphia Business Journal by Punch Media, the firm representing the Bourse Marketplace.



## **Local Community Impacts:**

Of course, to many residents in the neighborhood as well as any tenants and workers from the office space on the upper floors of the building, the new development will be a local asset for the community. The food hall seeks to connect people with unique, local craft and cuisine concepts. This offers the opportunity for the Bourse building to provide a venue for business takeoffs, launching local small business' into the Philadelphia Restaurant scene.



# HISTORIC PRESERVATION

---

## **The Goal of Historical Preservation:**

One of the main development parameters for the project from the start was the preservation of the building shell and Beaux-Arts Victorian architectural style to ultimately flaunt the rich history of the building as a commodity exchange, then a food court and now as a modern food hall / multi-purpose space. The Bourse building was the first in the world to house a stock exchange, maritime exchange and grain-trading center simultaneously. The historical building will join the ranks with similar historic sites that have been converted into a food artisan marketplace such as the Ferry Building in San Francisco, New York's Chelsea Market or DC's Union market. Other historic preservation techniques employed by the development team include the preservation of the structure's overhead beams, neoclassical columns being restored and its 1980's brown and orange tiles removed and replaced. The building will feature the similar large atrium in the main floor as well as renovated office space on the upper floors tying back history with a similar use of office space. The development director overseeing the project spoke about the historic parameters of the project as such, "The thing that really gets me excited is that we're going to return it to exactly what it was, it's just at another chapter in Philadelphia's story," McGrath said. The Bourse Building will serve the locals, office workers and tourists alike in a space illustrating its architectural history of the past while also allowing creative culinary concepts thrive in the future.

## **Sustainability:**

The Bourse Building features a roof construction of Solar Panels made of Photovoltaic cells which work to convert sunlight into energy or electricity. PV cells are connected within packaged, weather tight modules called panels. They can vary in size and in the amount of electricity they can produce due to the fact that the generating capacity rises the higher the number of cells within the surface area of the module or panel. The panels have been placed and installed so they capture as much sunlight as possible a top the historic building. O'Donnel & Naccarato Consulting Structural Engineers for Solar are in charge for working through structural engineering support services for the photovoltaic array panels installed on the roof. The product included a structural analysis of the existing roof structure to determine its capacity of supporting the loads required for the pv cell system to be successful.

# LARGER CONTEXT

---

## **The Larger Context:**

Philadelphia has finally begun to embrace the food hall movement with two large openings previously mentioned, leading the way for many more opportunities in the future. “Food halls are a growing part of the retail scene in Philadelphia, which is dominated by the food and beverage industry in every part of the city and suburbs” (Rothstein 2018). Reading Terminal’s popularity illustrates the power and success of the food hall concept as well. “I think the resurgence of food and restaurants in general has a lot to do with [the food hall movement], and the talent out there right now is remarkable,” CBRE’s Jaffe said. “In major cities where there is a challenge for space, people are trying to get a bit more creative. (Rothstein 2018)”

Other location in the city may explore the opportunity of a food hall with successful implementation of The Bourse Building it can impact other areas of Philadelphia as well. Fishtown and Northern Liberties offer draw and customer quantities favorable to potentially develop in the area. It is also a fascinating concept to use the development of a food hall to kickstart and build a struggling community. The Bourse has attracted tenants on a grander scale as well places like DC’s Korean based restaurant chain TaKorean. Various business types are becoming interested in Philadelphia and local business alike are continually very interested in contributing to Philadelphia’s redevelopment process and the Bourse Building has shown these successes. “Our location at Union Market has really defined our brand and allowed us to expand in D.C.,” Mike Lenard said, CEO and founder of the DC Korean Chain. “The opportunity to be a part of The Bourse with excellent co-tenants is an ideal opportunity to become a part of the Philly community” (Rothstein 2018).

## **A New Legacy - A Modern Food Hall:**

The Bourse Building joins Franklin’s Table as food halls filling their spaces with local craft cuisines and creating upscale scenery where visitors receive a unique taste at each booth. Reading Terminal market, a similar concept, differs in the fact that fresh produce is offered where the Bourse will focus on mainly prepared foods, however illustrates the desire for such amenities. The TAPS Fill Station serves up local cider, beer and wine as well as Bluebird Distilling offering cocktail bars and retail spirits within the food hall, all serving the workers and residents of the area. 29 unique vendors including 3rd and Ferry (Raw Bar & Seafood), Abunai Poke (Hawaiian), Bronze Table (Italian), Freebyrd Chicken (Fried Chicken), Grubhouse (Breakfast), Lalo (Filipino Comfort Food), Rebel Taco (Mexican), Scoop Deville (Ice Cream) and many more will be brought to the center city district.

# REFERENCES

---

## ONLINE RESOURCES

“After Trade, Bourse Business Model To Tempt Techies.” Hidden City Philadelphia RSS, [hiddencityphila.org/2016/02/after-trade-bourse-business-model-to-tempt-techies/](http://hiddencityphila.org/2016/02/after-trade-bourse-business-model-to-tempt-techies/).

Bisnow.com, [www.bisnow.com/philadelphia/news/retail/philadelphia-new-food-hall-movement-franklins-table-bourse-90238](http://www.bisnow.com/philadelphia/news/retail/philadelphia-new-food-hall-movement-franklins-table-bourse-90238).

“The Bourse.” Visit Philadelphia, [www.visitphilly.com/things-to-do/attractions/the-bourse/](http://www.visitphilly.com/things-to-do/attractions/the-bourse/).

“Exclusive: New Bourse Owners Preview \$50 Million Renovation.” CBS Philly, CBS Philly, 3 Mar. 2017, [philadelphia.cbslocal.com/2017/03/03/exclusive-new-bourse-owners-preview-50-million-renovation/](http://philadelphia.cbslocal.com/2017/03/03/exclusive-new-bourse-owners-preview-50-million-renovation/).

jhatmaker@pennlive.com, Julia Hatmaker | “The Bourse, Philadelphia’s Newest Food Hall Expected to Open by End of Summer.” PennLive.com, PennLive.com, 3 July 2018, [www.pennlive.com/entertainment/index.ssf/2018/07/the\\_bourse\\_philadelphias\\_newes.html](http://www.pennlive.com/entertainment/index.ssf/2018/07/the_bourse_philadelphias_newes.html).

“News Articles.” KYW, 1 Jan. 1970, [kywnewsradio.radio.com/articles/news/historic-bourse-building-will-reopen-world-class-food-hall-called-bourse-marketplace](http://kywnewsradio.radio.com/articles/news/historic-bourse-building-will-reopen-world-class-food-hall-called-bourse-marketplace) <https://www.uwishunu.com/2018/06/philadelphia-bourse-building-new-food-hall-summer/>.

“Phila.gov.” Property, [property.phila.gov/?p=883101010](http://property.phila.gov/?p=883101010).

“Philadelphia Bourse, Philadelphia, 1904. The Philadelphia Bourse Was a Commodities Exchange Founded in 1891 by George E. Bartol, a Grain and Commodities Exporter, Who Modeled It after the Bourse in Hamburg, Germany. • r/Philadelphia.” Reddit, [www.reddit.com/r/philadelphia/comments/3fulc8/philadelphia\\_bourse\\_philadelphia\\_1904\\_the/](http://www.reddit.com/r/philadelphia/comments/3fulc8/philadelphia_bourse_philadelphia_1904_the/).

“Photovoltaics and Electricity.” Chinese Coal-Fired Electricity Generation Expected to Flatten as Mix Shifts to Renewables - Today in Energy - U.S. Energy Information Administration (EIA), [www.eia.gov/energyexplained/index.php?page=solar\\_photovoltaics](http://www.eia.gov/energyexplained/index.php?page=solar_photovoltaics).

Reyes, Juliana. “The Bourse Is Getting a Startupy Makeover - Technical.ly Philly.” Technical.ly Baltimore, 4 Feb. 2016, [technical.ly/philly/2016/02/03/the-bourse-tech-renovation/](http://technical.ly/philly/2016/02/03/the-bourse-tech-renovation/).

Teel, Emily. “The Bourse’s Food Court Gets a Major Upgrade With 27 New Eateries.” Eater Philly, Eater Philly, 2 Oct. 2017, [philly.eater.com/2017/10/2/16404014/bourse-marketplace-food-hall-historic-district-philadelphia](http://philly.eater.com/2017/10/2/16404014/bourse-marketplace-food-hall-historic-district-philadelphia).

“Vendors - The Bourse Philly.” Motive, 5 Sept. 2018, [theboursephilly.com/vendors/](http://theboursephilly.com/vendors/).

Welcome | Philadelphia Magazine, Philadelphia Magazine, [www.phillymag.com/business/2017/10/04/the-bourse-enters-its-fourth-phase/](http://www.phillymag.com/business/2017/10/04/the-bourse-enters-its-fourth-phase/).