

Leasing heats up in Philly's Creative District



The City's Northern Edge office submarket is building recognition as the go to for creative office space in Philadelphia offering unique space at half the price of Center City.

The Northern Edge office submarket of Center City is the new epicenter for creative companies in Philadelphia. In 2018, JLL released a report detailing the locations and characteristics of creative office space in the city and identified over 1.1 M SF of existing inventory. Just 1 year after publishing those statistics, upwards of 700,000 SF of space has been leased in the area to nonprofit organizations, breweries and art galleries. See what makes the Northern Edge a CRE hotspot:

Northern Edge Key Leases and Tenants			
Company Name	Space SF	Company Type	Previous
Beyond Hello	N/A	Dispensary	New Location
Azavea	21,000 SF	Tech + B Corp	Absorption
GoPuff	30,000 SF	Tech + Logistics	Absorption
1 Trick Pony	7,000 SF	Creative Agency	NoLibs + NJ
Fishtown Analytics	5,000 SF	Tech Start Up	Fishtown
Beautylish	11,000 SF	Tech + Logistics	Center City
United by Blue	13,000 SF	Fashion + B Corp	Old City
City Archives	70,000 SF	Institutional	Center City

Significant Transactions

36% of leases signed in the last 3 years have been tech companies

15% of new leases are with Women owned businesses

20% of organizations moving into the neighborhood are nonprofits and B Corporations

Biggest Availabilities

444 N 3rd

Rental Rate: \$22 SF
Total Space Available: 112,467 SF
Max. Contiguous: 47,749 SF

915 Spring Garden

Rental Rate: \$23 SF
Total Space Available: 25,000 SF
Max. Contiguous: 21,000 SF

421 N 7th

Rental Rate: \$25 SF
Total Space Available: 52,000 SF
Max. Contiguous: 40,000 SF

PHILADELPHIA (#29)

QUICK STATS

OFFICE MARKET STATS, Q2 2019

Average Asking Rent Direct F5/YE	\$29.46
Vacancy Rate	13.9%
Supply Under Construction	0.8 MSF
Sublease Available	1.7 MSF
Top Tech Submarket Rent/Vacancy	University City \$39.02/10.6%

HIGH-TECH INDUSTRY STATS, 2018

Employment High-Tech Software/Services	44,572
Employment Clustering % of Office-Using Jobs	9.4%
Educational Attainment Residents w/ BA or higher (Metro Area)	37.7%
Labor Cost (MSA) Software Engineer	\$100,367

SIGNIFICANT OFFICE LEASE DEALS, 2019

Comcast	400 Commerce Dr	148,100 SF
Sungard Availability Services	1500 Spring Garden St	135,100 SF
Bracket	785 Arbut Way	105,600 SF

Source: CBRE Research, Q2 2019.

HOT TOPICS

- Consumer technology is transcending industries with significant demand for tech talent growing among telecom companies. In particular, telecom is expected to add more than 4,000 jobs in the near term in Philadelphia.
- Benjamin Franklin Technology Partners created a \$50 million fund to invest in Philadelphia tech startups.
- The Spring Arts submarket, which offers creative office loft spaces, is a cost-effective alternative for growing tech companies compared to the more expensive product along Market Street.

CBRE



Location

This pocket is thriving because the City is thriving overall. 14,000 jobs were added in the last 12 months alone. posted Richard Florida states in his most recent report about the revitalization Philly is experiencing that the growth is threefold:

1. *Businesses opening + relocating here*
2. *The bump in millennial population*
3. *Influx of new folks moving to Philly*

In Center City, Class B + C office space has been rapidly redeveloped into multifamily rental properties to meet the need for additional housing units in order to accommodate the population increase. This development trend has pushed smaller businesses and nonprofits traditionally averse to trophy office space into fringe neighborhoods and office submarkets.

Uniquely situated between subway and el stops, I-95 and 676, the Northern Edge is easy to get to by mass transit and main thoroughfares. Tech and logistics companies have sought out this advantageous placement to meet expedited app and consumer deliveries.



GoPuff ribbon cutting with Mayor Kenny at new 30,000 SF Office 3rd and Spring Garden

Amazon shortlisting Philly for their HQ2 project has validated the what we have known for years, this city can provide the advanced workforce and logistic infrastructure needed to support the tech giant's needs or in other words, "Philly Delivers". Our homegrown tech and logistics startup GoPuff is a juvenile juggernaut adding 125 senior level corporate positions at their new headquarters totalling 30,000 SF located at 3rd and Spring Garden Street.

Additionally, the City has made substantial upgrades to bicycle infrastructure including protected bike lanes making the district a haven for cyclists. The walk score ranges from 90-97 and boasts a 15 minute walk to City Hall.

Preceding the increase of 21st century economy workers, Northern Edge has been home to eclectic nightlife including Union Transfer, Silk City, Underground Arts and the famed Electric Factory now rebranded as Franklin Music Hall.

Comparing Submarkets

University City

Rental Rate: \$35 - \$45 SF
Total Space Available: 496,247 SF
Max. Contiguous: 163,928 SF
Institutions act as anchor for Eds + Meds, KIZ

Navy Yard

Rental Rate: \$22.50 - \$23.50 USD/SF/Yr
Total Space Available: 50,450 SF
Max. Contiguous: 36,323 SF
Campus like atmosphere and autocentric, KIZ

Northern Edge

Rental Rate: \$22 - \$28 USD/SF/Yr
Total Space Available: XXX SF
Max. Contiguous: 21,000 SF
Close to everything and half the price!

*Avison Young reports there is approx. 8MMSF of rentable space in the City's submarkets

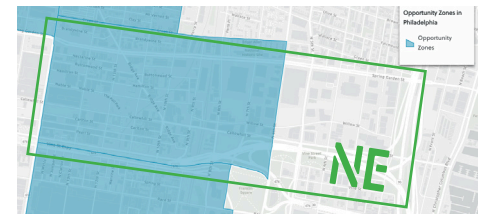
Coworking to Anchor

The recession created an opportunity in the marketplace for a revamp of traditional office leases in the form of coworking spaces. Often misunderstood, these well designed and programmed communities offer touch down space for freelancers and amenities for growing companies too nimble to settle down. Two local groups are in Northern Edge offering both desk space and private offices. Thrive has been operating for years as a tech focused co-working space and Kismet Cowork opened in 2018 in tandem with the Rail Park.

NE

Policy

Significant economic development policies such as the Federal Opportunity Zones designated more than 50% of this area as eligible for the immediate shovel ready projects. This new incentive makes the area competitive with University City and the Navy Yard which has Keystone Innovation Zone (KIZ) and Keystone Opportunity Zone (KOZ) incentives from the Commonwealth of Pennsylvania.



Additionally, the City's new zoning code reclassifies this area as CMX-3 allowing for mixed use commercial and residential highrises where low density/light industrial warehouses and retail outlets have existed for decades. Upwards of 500,000 SF of low rise industrial building stock on Callowhill is currently being marketed by Colliers as redevelopment opportunities under these guidelines. These transformative tenets make the Northern Edge an attractive opportunity for new development serving the existing commercial building stock as well as surrounding neighborhoods experiencing renaissance like Northern Liberties, Fishtown and the steady development from Temple's campus and North Broad pushing South.

Want to know more about Northern Edge?

We have the inside scoop on commercial and residential properties throughout Northern Edge. If you want to share information about your business and happenings here in the community email: info@creativeofficephilly.work