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Developer of the Year ⁵⁶

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NAIOP

COMMERCIAL REAL ESTATE
DEVELOPMENT ASSOCIATION

Brandywine Realty Trust



By 2016, four trophy Brandywine Realty Trust properties will sit on the western bank of the Schuylkill River in Philadelphia. From left to right: the 49-story, 730-foot tall, 870,000-square-foot FMC Tower at Cira Centre South (a 2.7 million-square-foot mixed-use development); the 34-story, 850-bed Evo at Cira Centre South student housing tower; the GSA Philadelphia Campus (renovated in 2010); and Cira Centre (completed in 2006).



“Make No Little Plans”

■ By Ron Derven

Brandywine Realty Trust closed 2013 with the best results in its 20-year history. Using a multiyear portfolio repositioning strategy, it pivoted almost seamlessly from its suburban office roots of the 1990s to focus on urban centers. Today, its urban and town center properties (those located in mixed-use areas and/or with access to transit) represent 48 percent of its portfolio and over 67 percent of its net operating income.



Brandywine developed the 29-story, 730,187-square-foot Cira Centre office tower in a pioneering West Philadelphia location adjacent to Amtrak's 1930s-era 30th Street Station.

Brandywine owns 284 properties and 33.7 million square feet of office space. Operating as a REIT headquartered in Radnor, Pennsylvania, it is a market-focused company with a core focus in the Philadelphia, Washington, D.C., and Austin, Texas, markets as well as operations in New Jersey, Delaware, California and Richmond, Virginia. Within the past year, the company acquired \$441 million worth of new buildings, completed over \$100 million in restorations to its existing buildings, reached new leasing highs within its portfolio and achieved \$5 billion in capitalization. It has been recognized for five years in a row by the Philadelphia Business Journal as one of the city's "best places to work." In addition,

two world records set at one of its buildings have been chronicled in the Guinness World Records book.

Because of the firm's adaptable development strategy, its outstanding quality of products and services, its commitment to NAIOP and to the general business community, its financial consistency and stability, its ongoing community-building and sustainability efforts and its social consciousness, NAIOP has named Brandywine Realty Trust the 2014 Developer of the Year.

"I thank NAIOP for honoring us as Developer of the Year," said **Gerard H. Sweeney**, founder, president and CEO of Brandywine. "Our commitment to the industry and to NAIOP has been steadfast and we

are both humbled and honored to be selected. It has been a century since Daniel Burnham, that great city planner and architect, encouraged us to 'make no little plans ... aim high in hope and work ... think big.' These are simple words, but at Brandywine Realty Trust, they inspire us. They force us to contemplate the power of community and the legacy of design."

Sweeney was trained as a CPA, but was always interested in real estate. Early in his career, he started working at Linpro Co., a Berwyn, Pennsylvania-based real estate developer. Employed at the firm for 13 years, he helped form a number of companies, including a small public firm, which he spun off in 1994 with four properties and two employees, himself and his assistant. That was the beginning of Brandywine Realty Trust, which is celebrating its 20th anniversary this summer.

Focus on Product Quality

In realigning its portfolio in recent years, Brandywine has continued to prosper by never losing sight of its core value: It is in the personal services business and does everything possible to deliver top service to its customers.

The quality of its products is reflected in the many sustainability awards that the firm has won — including the U.S. Environmental Protection Agency's Energy Star Partner of the Year Award for both 2013 and 2014, Virginia Commonwealth University's Outstanding Energy and Sustainability Award for 2013 (in the owner/REIT category) and the PENJERDEL Council's Green Vision Award for 2013 — as

well as in the company's philosophy about the projects it builds and restores.

"If we cannot do ground-up development or renovation in a first-class way," explained Sweeney, "we won't do the project. We do quality work that gets us the best results. We find that our capacity to attract and retain tenants is a function of the quality of the product we present to them. We aim to be the best service provider, not the least expensive option."

A prime example of this philosophy is the fact that Brandywine now owns more than half of the trophy properties in Philadelphia, including Cira Centre; The Lift Parking; One, Two and Three Logan Square; 1900, 1919 and 3020 Market Street; One and Two Commerce Square; and the GSA Philadelphia Campus. A look at one of these projects, Cira Centre, illustrates the Brandywine approach.

Cira Centre

Completed in January 2006, Cira Centre is a 29-story, 730,187-square-foot office tower. Although the project was a brilliant play in retrospect, it was not without risk. Brandywine chose to build the tower in a pioneering location in the West Philadelphia market, adjacent to Amtrak's 1930s-era 30th Street Station, that few envisioned as a prime commercial market, according to Sweeney.

Rather than mitigating some of its potential risk by taking a least-cost approach, Brandywine "did exactly the opposite at Cira Centre," said Sweeney. "We said, 'if we are in a pioneering location, let's pioneer it from an architectural and design standpoint.'" Brandywine



The eight-story, 179,176-square-foot, Energy Star-certified 2355 Dulles Corner Boulevard office building in Herndon, Virginia, near Dulles International Airport, is part of the award-winning Dulles Corner office park.

held an architectural competition, bringing in well-known designers from around the country to offer their best visions for the site. The company selected the renowned architectural firm of Pelli Clarke Pelli to design Cira Centre.

Today, the tower connects Philadelphia's central business district to the thriving University City area. More than 1,500 programmable decorative LED fixtures on its exterior help the city's citizens celebrate major holidays — and made it possible for Drexel University's Entrepreneurial Game Studio to develop giant versions of Pong and Tetris that were played on the building's sides in 2013 and 2014. Those events set records for the "world's largest architectural video game displays" that have been chronicled in the Guinness World Records book.

Sweeney said that Cira Centre has become an icon on the Philadelphia skyline and helps to define the city as "a bold, thriving destination along the Northeast corridor." That icon will soon have company when Brandywine completes its 2.7 million-square-foot Cira Centre South development with the 49-story FMC Tower in 2016, on land owned by the University of Pennsylvania.

Brandywine is continuing to partner with other key stakeholders to transform the University City neighborhood. It recently entered into a joint venture with Amtrak and Drexel University to develop a comprehensive joint master plan for the 30th Street Station Precinct that could add more than 7 million square feet of office, retail and educational buildings to the area.



The fully leased, five-story, Energy Star-certified Park on Barton Creek Two is part of Brandywine's 20-building, 2.7 million-square-foot portfolio in the southwest quadrant of Austin, Texas.

An Evolving Mix of Projects

As Brandywine has continued to evolve and realign its portfolio toward urban centers, it has sought out new partners with which to work. For the first time in its 20-year history, it recently moved ahead with two residential projects. Evo at Cira Centre South, a 34-story, 850-bed student housing tower that is expected to be the tallest student housing apartment building in the U.S. when it is completed this fall, is being developed by a joint venture among Brandywine, Campus Crest Communities Inc. and Harrison Street Real Estate Capital. Parc, a 398-unit luxury apartment complex being developed in Plymouth Meeting, Pennsylvania, is a joint venture with Toll Brothers.

Brandywine also is responding to changes it is seeing in its core office market. Many tenants that downsized or moved into less expensive space during the Great Recession now want to move up the quality ladder to better space. Brandywine is accommodating them by undertaking a massive upgrading of its office properties. Tenants are responding; in 2013, Brandywine reported that it hit a leasing record of nearly 4.6 million square feet.

While Brandywine has demonstrated its ability to adapt to market conditions by staying ahead of the curve, in at least one case the developer is creating the curve. It recently completed The Lift, one of just 11 fully automated parking garages in the U.S. and the only one in Philadelphia.

Brandywine's Sustainability Practices

Brandywine CEO Gerard H. Sweeney said that a company cannot be in the real estate business today without focusing on how to contribute to improving the environment and being a good corporate citizen. Brandywine has instituted companywide sustainability and green practices that include the following:

- Educating all employees on sustainability and green practices;
- Appointing a sustainability coordinator;
- Creating a sustainability team;
- Purchasing sustainable and green products;
- Reducing waste and recycling;
- Employing energy conservation efforts;
- Reducing business travel;
- Supporting sustainable commuter initiatives; and
- Purchasing carbon credits and using green power ■

Financial Consistency and Stability

With nearly \$5 billion in capitalization, Brandywine continues to display financial consistency and a strong balance sheet. In 2013, Forbes magazine named Brandywine one of America's 100 Most Trustworthy Companies.

Supporting NAIOP

Brandywine is a longtime supporter of NAIOP, and many of its senior executives hold leadership positions in their respective chapters. Sweeney said that NAIOP is a key organization in the industry from the perspective of education, thought leadership and networking.

"NAIOP touches so many markets that we're in," Sweeney added. "We

Notable Brandywine Transactions, 2013-2014

During the past 18 months, Brandywine Realty Trust made news with the following sales transactions, leasing activity, joint ventures and new development starts.

Purchases

Koontz McCombs' Encino Trace Office Park in southwest Austin, Texas. The 54-acre suburban office campus is being developed with 320,000 square feet of Class A office space and a parking garage.

One and Two Commerce Square in Philadelphia, acquired for \$331.8 million.

Four Points Centre in Austin, acquired for \$47.3 million.

Sales

Princeton Pike Corporate Center in Princeton, New Jersey, sold for \$121 million.

Groundbreakings

The 49-story, 870,000-square-foot **FMC Tower at Cira Centre South** in Philadelphia.

Encino Trace, two four-story office buildings containing 320,000 square feet in Austin, Texas.

Joint Ventures

Brandywine and The Shooshan Company announced a joint venture to build **4040 Wilson**

Boulevard, a 426,900-square-foot office building in Arlington, Virginia's Ballston submarket.

Brandywine and DRA Advisors LLC created a 50-50 joint venture to acquire Brandywine's wholly owned office portfolio in Austin, Texas. Brandywine will continue to provide property management, leasing and construction management services.

Brandywine and AKA by Korman Communities will partner on a new residential component at **FMC Tower** at Cira Centre South.

Brandywine also is partnering with Campus Crest Communities Inc. and Harrison Street Real Estate Capital to build **Evo at Cira Centre South**, a student housing tower delivering in fall 2014.

Leasing Activity

Brandywine executed a 268,000-square-foot lease renewal with Pepper Hamilton LLP at **Two Logan Square** in Philadelphia.

Brandywine executed a 280,000-square-foot, 16-year lease with FMC for the specialty chemical company's global headquarters at **FMC Tower** at Cira Centre South. Brandywine also executed a 20-year lease with the University of Pennsylvania for four floors of the tower, consisting of approximately 100,000 square feet. ■



The Lift, a fully automated parking garage in the heart of Philadelphia, is one of only 11 in the country.

George D. Sowa, executive vice president and senior managing director in New Jersey and Delaware, was president of NAIOP New Jersey from 2011 to 2012. During his tenure, the chapter grew by more than 14 percent, to over 600 members.

Janet S. Davis, senior vice president of leasing in the Metro DC region, has served as chairman of NAIOP Northern Virginia.

Michael J. Cooper, senior vice president and senior managing director in Metro DC, serves on the board of directors of NAIOP Northern Virginia and works on a number of its key programs.

Brad A. Molotsky, executive vice president and general counsel, has served on the board of NAIOP Greater Philadelphia and as co-chairman of NAIOP New Jersey's energy committee.

love the organization. It has provided a great training ground for some of our younger employees to get exposed to the top thinkers in our industry. From the events NAIOP hosts to the reports it publishes and connection points it creates, it is really unsurpassed."

Today, 26 of the firm's employees are NAIOP members. They belong

to chapters in New Jersey, Northern Virginia, Maryland/D.C. and Greater Philadelphia; two of them hold dual memberships in two different chapters. Sweeney is a NAIOP Foundation Governor and Brandywine is a benefactor of NAIOP Northern Virginia.

Some of Brandywine's other NAIOP leaders include the following:



Brandywine transformed the 154,392-square-foot, five-story 660 West Germantown Pike building in Plymouth Meeting, Pennsylvania, from a single-user facility to a multitenant building with a conference facility, fitness center, cafe and entertainment center.

Sweeney said that Brandywine also has sponsored and/or participated in a number of chapter events, including NAIOP New Jersey's Developers' Political Action Committee, Annual Gala and President's Award Dinner. The company's Metro DC office was named Firm of the Year by NAIOP Northern Virginia in 2006. Brandywine also won NAIOP New Jersey's Impact Award (as Developer of the Year) in 2003.

Serving the Local Community

Brandywine's 420 employees, from the top echelons of the company on down, demonstrate a deep concern for the communities in which they work. Leading by example, CEO Sweeney exhibits extraordinary civic commitment. His civic activities include serving as co-chairman of the World Class Greater Philadelphia Initiative, an effort that brings together business, nonprofit,

government and community leaders to develop and ensure a prosperous future in the region; a member of Select Greater Philadelphia's CEO Council for Growth; chairman of the Schuylkill River Development Corporation; and a board member for WHYY, Philadelphia's public television station, and for Thomas Jefferson University Hospital. Philadelphia's Fairmont Park Conservancy honored him this year for his corporate leadership, as did the Saint Martin de Porres School, a Catholic school serving underprivileged youth in North Philadelphia.

In 2013, Brandywine's corporate giving program donated almost \$800,000 to community organizations. The company also matches 50 percent of personal charitable contributions made by employees, up to \$1,000. It participates in a "Day of Caring" program that enables its employees to regularly donate time and effort to repair

facilities, stock food pantries, tutor children and adults, clean up public spaces and participate in runs and walks to benefit many organizations. Brandywine also allows one of its buildings to be used in an "Over the Edge" competition in which participants rappel down the 17-story structure. The program has raised \$500,000 for the Special Olympics in four years.

For the past 20 years, Brandywine also has been a leader in the general business community within its core markets of Pennsylvania, Delaware and New Jersey. In recent years, its efforts have expanded to include Virginia, Maryland, Texas and California.

Looking to the Future

Looking ahead, Brandywine plans to continue to increase its investment in central business districts and other urban centers, and to focus on high-quality, large-scale, mixed-used communities. Its major geographic goal is to expand in Washington, D.C., and Austin, Texas, as well as to continue its penetration of the mid-Atlantic marketplace.

"Today is a new beginning," concluded Sweeney. "As we move forward with fresh ideas, powerful new partnerships and hope for the communities in which and for which we work, we are on a determined quest to remain consistently exceptional. We embrace the challenge. Thanks again to NAIOP for naming us 2014 Developer of the Year." ■

Ron Derven is contributing editor to Development magazine.