

The New York Times
May 31, 2006
SQUARE FEET

Recycling a Big Urban Navy Yard

By LISA CHAMBERLAIN

Correction Appended



Photographs by Ryan Donnell for The New York Times

Richard A. Hayne, president of Urban Outfitters, left, said that employees would have room to walk their dogs at the Navy Yard site.

PHILADELPHIA — The Navy Yard, a huge commercial redevelopment area here along the waterfront where two rivers — the Delaware and the Schuylkill — converge, fits somewhere between the paradigms of a dense downtown and a sterile suburban office park.

Owned and operated by the Navy for more than 200 years, the 1,000 acres of underused space were taken over by the city in 2000 after the Navy consolidated its uses to the western edge of what used to be called League Island.

But redeveloping this area — about the same size as Center City, Philadelphia's entire downtown — for commercial use will be a long-term challenge.

"The site required about \$5 million in infrastructure improvements, which will create about \$2 billion in private investment," said John Grady, senior vice president of the Philadelphia Industrial Development Corporation, a nonprofit corporation founded in 1958. "Twenty thousand to 30,000 jobs will be created on the site."

The distinctiveness of the area, with an atmosphere like a college campus on 2.5 miles of southern-facing waterfront, has proved attractive to 70 businesses, with nearly 7,000 employees, that have already moved in.

But the Navy Yard had not attracted a high-profile tenant until Urban Outfitters, a clothing and accessories company that began in Philadelphia in 1970 with a single store, announced it would move all 650 of its employees there.

Spending upward of \$50 million to renovate four historic buildings, which are to be completed this summer, Urban Outfitters chose the Navy Yard because it passed the dog test, the company president, Richard A. Hayne, said.

"We have a number of people who wanted to bring their dogs to work," Mr. Hayne said. "So when we first started looking at high-rise buildings downtown, even if dogs were allowed, which they weren't, I thought, 'Where would they walk them?'"

The Navy Yard's green space, waterfront and historic buildings passed Mr. Hayne's test.

"On one side, you have these gigantic warships," Mr. Hayne said, referring to the Navy's mothballed cruisers and destroyers on the Delaware, just outside what will become his office windows. "And on the other side, you have these bucolic green fields and historic red brick buildings, and I thought it was an extraordinary juxtaposition."

One of the company's brands, the Anthropologie store chain, has already moved into a building that the development corporation had renovated on speculation. The 50,000-square-foot space has plenty of light and air, with 28-foot windows, no obstructing columns and expansive sightlines from the second floor. In other words, it looks like an exaggerated version of a loft condo where an Anthropologie shopper would want to live.

That is precisely the idea behind all of the building renovations. The Urban Outfitters' space will have a more urban feel. Another building will reflect the style of Free People, which is the company's wholesale brand for department stores.

Yet another building will be dedicated to common uses, like a cafe, a fitness room with Pilates equipment, a bookstore and other amenities. Once those are complete, a much smaller building will eventually house a full-service restaurant open to the public. The company will also lease a stately old officer's quarters that sits along the waterfront, which will become a bed and breakfast for company guests.

The Urban Outfitters complex is in an area known as the historic core, just one small part of the site.

In addition to an area where the Navy and a commercial ship-building company still operate, there are five other sections identified in a master plan released in 2004, including a commercial center, a research park, a marina district and finally the eastern end, which is abutted by railroad tracks and Philadelphia's active port.

Conceived by Robert A. M. Stern Architects, the master plan gives shape to this otherwise unwieldy and remote commercial park. Even though only three and a half miles south of downtown, it is separated from the Center City by a large sports stadium complex — home to the Phillies, the Eagles, the 76ers and the Flyers — and it had been operated as a gated facility by the Navy.

The master plan identified ways of opening up the site to the rest of the city through transportation improvements, as well as designing a 70-acre commercial center at the entrance.

Liberty Property Trust, an international commercial and industrial real estate company, has formed a partnership with the development corporation to develop the commercial center, which so far includes One Crescent Center, a four-story, 76,000-square-foot Stern-designed office building that opened in November and is 43 percent leased. Using environmentally sensitive technology, the building has a four-story atrium with views of the ships and the Philadelphia skyline.

"One of the assets of the Navy Yard is the environment, so there's a certain responsibility that goes along with the design in that type of setting," said Brian R. Cohen, director of Navy Yard development and marketing for Liberty Property Trust. "We didn't want to replicate anything, but to complement the existing buildings."

Liberty Property Trust is developing a second building that is under construction, which will be sold to the incoming tenant, Unique Industries, a manufacturer of party supplies. Plans are under way for two more buildings: a built-on-speculation laboratory for life sciences companies and a hotel. Eventually, Liberty hopes to develop 1.4 million square feet of space using the "green" building technology.

While the development corporation and Liberty Property Trust position the Navy Yard as the right blending of an urban and suburban commercial office park, not everyone is convinced there is a huge demand for the space, even though the commercial center was designated a Keystone Opportunity Zone, a state category that provides tax abatements, low-interest loans and other benefits for job creation and development.

With a glut of commercial space in Center City, the Navy Yard is still a tough sell, according to Jeffrey Seligsohn, principal of Seligsohn Soens Hess, a commercial real estate services firm in Philadelphia. Currently, there is a 12 percent vacancy rate downtown, and the rate is even higher for Class A space as a result of a few corporate moves out of town and one new office tower and another on the way.

As for the Navy Yard, "I took a couple architecture firms down there, and they didn't like it," Mr. Seligsohn said. "I've been unsuccessful getting anyone to move down there, even with the tax breaks. It's enclosed, and there's nothing around it. If you want to go to lunch, you have to get in your car and drive."

But those obstacles might prove to be the Navy Yard's best assets for another possible development: a village for the 2016 Olympics. The city is bidding to be host to the Games then.

With so much available space under one ownership in a historic waterfront setting that is easily secured and near all of Philadelphia's sports stadiums, the Navy Yard is being hailed by the city as its best asset for securing the Olympics.

"We've made no secret that it's an obvious possibility for an Olympic Village," said Joseph M. Toresella, chairman of Philadelphia 2016, who took the United States Olympic Committee on a tour of the area in May. The Olympic committee will select an American city by the end of this year, and the host city will be selected by the [International Olympic Committee](#) in 2009.

Meanwhile, the development corporation is moving forward with plans to turn the Navy Yard into more of a functional community, with a marina and other recreational activities on the waterfront, as well as residential development and retail to complement the commercial development that is already taking shape.

"The scale of the area is its best asset, but also the greatest difficulty," Mr. Grady said. "It's almost as if the city annexed a suburb."

Correction: June 7, 2006

A map with an article in the Square Feet pages of Business Day last Wednesday about the commercial redevelopment of the Navy Yard in Philadelphia included outdated references to three stadiums in the area. Veterans Stadium was demolished in 2004; it has been replaced by Citizens Bank Park, used by the Philadelphia Phillies. Two indoor arenas have been renamed; the First Union Center and First Union Spectrum are now known as the Wachovia Center and Wachovia Spectrum.