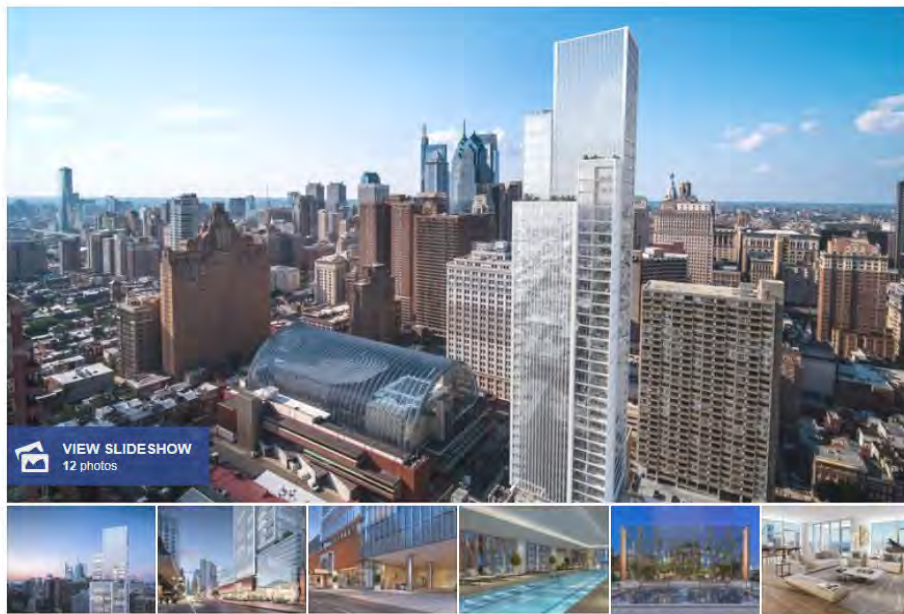


Commercial Real Estate

Dranoff Properties unveils \$253 million South Broad condo project



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By Natalie Kostelni - Reporter, Philadelphia Business Journal
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Dranoff Properties is testing Philadelphia's high-end condominium market – again.

This time the developer is constructing a \$253 million, 47-story tower at Broad and Spruce streets directly across from the Kimmel Center for Performing Arts. The project will have 108 condos ranging from \$2 million up to \$10 million for the penthouse. The development will be called Arthaus, borrowing from its location along the Avenue of the Arts and the Bauhaus Movement style of architecture in which function and form reigned over gratuitous excess. Kohn Pedersen Fox Associates, which designed the Mellon Bank Tower, is the architect.

“This is the culmination of seven years of thinking, planning and reaching for the sky,” said [Carl Dranoff](#) as he unveiled the project at an event at the Kimmel Center. The development will be an “icon commiserate with the greatest location in our region.”

Dranoff's last condo project in Philadelphia was One Riverside at 225 S. 25th St. It had 68 units that saw sale prices at more than \$1,050 a square foot. At the high end, there were sales around \$4 million and \$3 million. Others sold for a tad above or below \$2.5 million and many just below \$2 million.

Philadelphia's condo market has started to show some signs of cooling, according to one recent report. The average sale price of Philadelphia's condos

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fell by 1% in the first quarter, which was a continuation of what was seen during four of the last five quarters, according to a recent report by [Kevin Gillen](#) of the Lindy Institute for Urban Innovation at Drexel University. “The last time there were so many consecutive quarters of price declines was in 2011, when the market was still in decline during the last recession,” the report said. “However, these recent declines have all generally been quite modest in magnitude.”

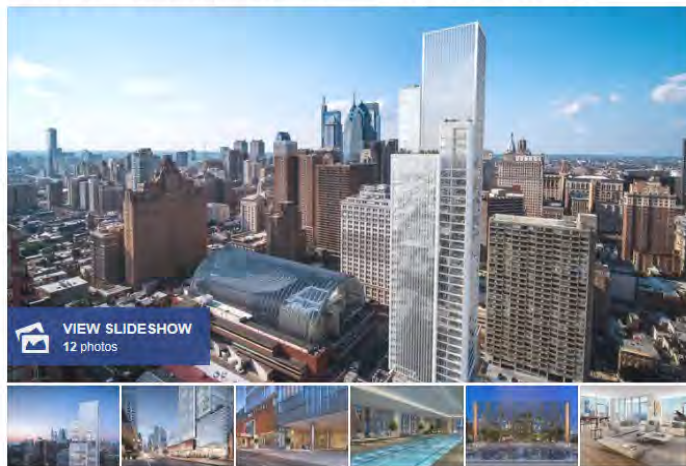
Condos priced at \$1 million or more are also on the decline. Sales at that price point peaked in early 2017 at 51, according to the report. In the most recent first quarter, there were 26 sales of \$1 million-plus condos. “Historically, sales of [\$1 million-plus] units have tended to be very strong leading indicators of the overall direction of both the housing and condo markets,” it said.

This project would directly compete with the Laurel, which is under development on Rittenhouse Square. It has 60 condos starting at \$2.5 million. It will also compete with the 2100 Hamilton, a 10-story project along the Benjamin Franklin Parkway that will have 29 high-end condos.

Dranoff has a successful track record selling high-end condos in Philadelphia beyond One Riverside. The first of such projects was Symphony House, which had 163 units. Though it wasn’t his development, IStar Financial enlisted Dranoff to sell unsold condos at 10 Rittenhouse Square when it was put into receivership. The real estate company was also hired to sell the remaining unsold condos at Two Liberty Place.

Arthaus

Renderings of Arthaus, a condo project on South Broad Street that Dranoff Properties is developing.



Dranoff Properties has been trying to develop this site on South Broad for years, having come up with different concepts. The most recent plan involved a 47-story SLS Hotel and Residences. When that went by the wayside, Arthaus emerged as the final contender. “It will be the culmination of everything I’ve worked on,” Dranoff said.

Arthaus will have 36,000 square feet of amenity space including a 75-foot indoor lap pool, library, kids playroom, as well as a rooftop greenhouse and personal gardening beds “where you can grow your tomatoes, tulips and other things,” Dranoff said.

There will also be a 4,300-square-foot restaurant space at the corner of Broad and Spruce streets. The target is a full-service establishment that serves three meals a day, said [Jacob Cooper](#) of MSC Retail. Cooper along with colleague Brittany Goldberg are marketing the space. “It’s tough to find the right three-meal-a-day restaurant,” Cooper said, citing Parc as one that thrives throughout the day.

Arthaus also continues Dranoff’s march along South Broad Street. Symphony House was pioneering but laid the foundation for his other multifamily projects, such as 777 S. Broad and South Star Lofts as well as others to follow in his wake. “I know we have had a lot of discussion about the 10-year tax abatement,” said Mayor Jim Kenney at the event. “It works.”

The project also underscores the progress that has been made along the Avenue of the Arts, a concept that was introduced in 1992 by then Mayor Ed Rendell, who was convinced South Broad could be a key element in the revitalization of Philadelphia and the center of its arts and culture scene.