

# The Philadelphia Inquirer

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## Victory Building revival is planned

The long-vacant structure built in 1873 would be used to house Thomas Jefferson University students.

By Henry J. Holcomb  
INQUIRER STAFF WRITER

A complex deal crafted by a real estate firm apparently will save the Victory Building, a beloved Center City landmark. At the same time, Thomas Jefferson University will get 425 of its dormitory rooms renovated without having to go into debt.

It is not yet clear what will be included in the next life of the long-vacant Victory Building, which was constructed beginning in 1873 in the ornate Second Empire style, as was City Hall.

But the west portion of the structure, at 10th and Chestnut Streets, will house 45 to 50 new apartments for Jefferson students. The university has 90 days to consider whether to lease space in the east side for a bookstore, offices, laboratories or classrooms.

The deal designed to save the building illustrates the growing role of real estate firms in helping universities and other institutions handle planning, financing and property issues.



PETER TOBIA / Inquirer Staff Photographer

The Victory Building's exterior was designed in the ornate Second Empire style. The deal to save the building illustrates the growing role of real estate firms in helping universities handle planning, financing and property issues.

In this case, Jefferson has put together a plan that shifts the cost of renovating dorms it owns to a private developer and preserves its borrowing power for what it calls "mission critical" facilities to be built later.

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Half of the Victory Building, at 10th and Chestnut Streets, will be for student apartments under the real estate deal. Thomas Jefferson University may lease the other half for a bookstore, classrooms or other uses.

This strategy was crafted in part by Hether Smith, senior vice president and Philadelphia manager of Julien J. Studley Inc., a national real estate firm, and David Wilk of Graystone Realty in Wilmington. Both are consultants to the university.

The Binswanger Companies' work for the Community College of Philadelphia and Trammell Crow Co.'s role at the University of Pennsylvania are other local examples of the growing and varied involvement of real estate firms with educational institutions.

"This is a very specialized field. You have to understand the nonprofit world and bond-rating agencies," Smith said.

The arrangement involves the university; Lubert Adler Partners, owner of the Victory Building; and Philadelphia Management Co., Center City's largest apartment landlord. Lubert Adler is a partnership of Ira Lubert, Dean Adler and Ron Caplan. Lubert and Adler are major investors in real estate. Caplan is chief executive of Philadelphia Management.

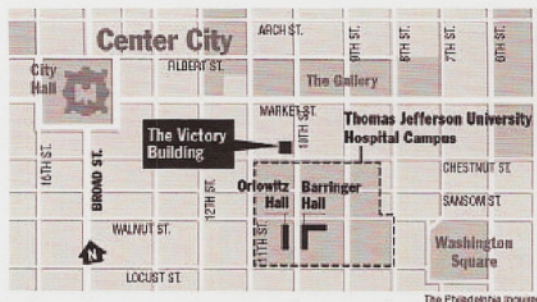
There has been no announcement from Lubert Adler, and executives there have been out of town and unavailable for comment. But the university and its real estate firm confirmed that a deal has been signed.

Alfred P. Savato, the university's treasurer, provided an outline of the deal.

The university will lease two dormitories it now owns, Barringer and Orlovitz Halls, to Lubert Adler for at least 50 years.

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Lubert Adler will then renovate the dorms, at no cost to the university. Philadelphia Management will lease apartments to students.

"It will feel like we still own the buildings," Savato said.

The deal allows the medical school to preserve its borrowing power for "mission critical needs . . . there is a lot of demand on our resources," Savato said.

If it had to pay for the dorm renovations - and build the new classrooms and laboratories it expects to need - it might exceed its debt limits. That, in turn, could have lowered its credit rating and increased the cost of future borrowing, Smith said.

"The deal involved a lot of conversations with the bond-rating agencies," Savato said.

Reviving the Victory Building by packaging it with the dorms is the showpiece of the deal.

Some politicians - former Mayor Edward G. Rendell and former U.S. Rep. Tom Foglietta, for example - and preservationists worked for years without success to revive the classic building.

"The fact that we could package it with two other larger buildings and spread the cost is what made it work this time," Smith, the Studley executive, said. "The cost of cleaning it up and bringing it

out of retirement as a stand-alone building would have been prohibitive."

The building was the first Philadelphia commercial structure in the Second Empire style, which became popular here. With its marble floors, wrought-iron door, and window treatments and semicircular stairway, it was a symbol of the city's commercial might in the decade after the Civil War. When it opened, the building housed a branch of New York Life Insurance Co.

Samuel A Rappaport, a real estate speculator who died in 1994, bought the 106,000-square-foot building in 1974.

As was the case with many Rappaport holdings, the building fell into decay as he held out for a high price from any prospective buyers. Homeless camped inside and greenery sprouted from its cornices.

Hope that the building would be saved from the wrecking ball gradually subsided until the Lubert Adler Partnership bought it in 1998.

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