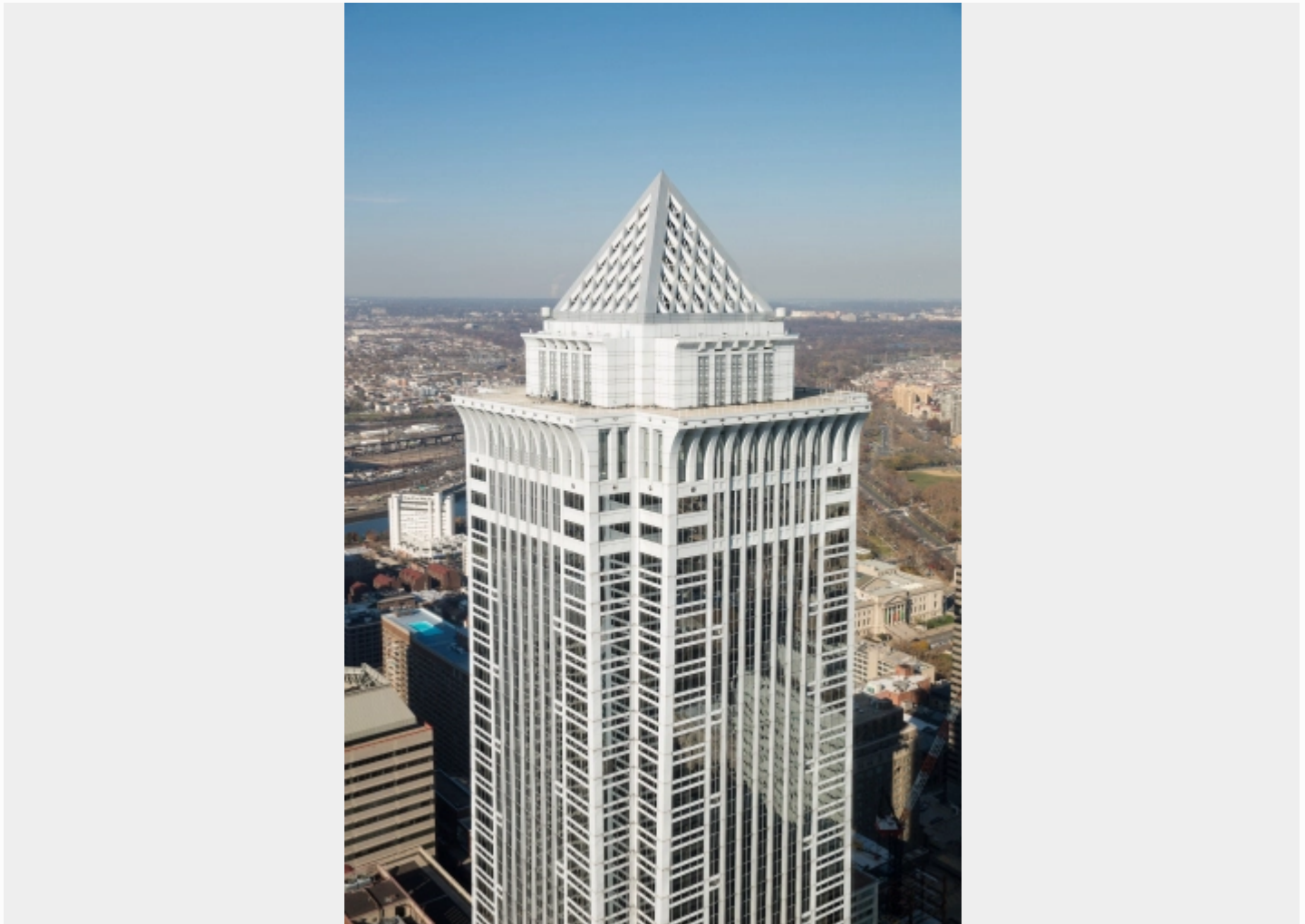




Goldman, Deutsche Bank Lend \$312M in Silverstein's Philly Office Acquisition

BY CATHY CUNNINGHAM MARCH 28, 2019 9:30 AM



1735 MARKET STREET. CREDIT: GREG BENSON/ FOR SILVERSTEIN PROPERTIES

Silverstein Properties, **Arden Group** and **Migdal Insurance** sealed their \$452 million purchase of 1735 Market Street in Philadelphia with a \$312 million loan from **Goldman Sachs** and **Deutsche Bank**, sources told Commercial Observer.

The joint venture formally announced that it had entered into a partnership to purchase and manage the 1.3-million-square-foot Class-A office property—recognized for its trademark pyramid-shaped crowned top and located on 18th Street between Market Street and JFK Boulevard—yesterday. **HFF** marketed the property on behalf of the seller, **Equity Commonwealth**.

“I am thrilled to begin the year with the addition of this great building in one of my favorite cities,” **Larry Silverstein**, the chairman of Silverstein Properties, said in prepared remarks. “I hope that through our investment in the building, we can continue to attract top-tier companies to Philadelphia and drive Center City forward as a major business hub in the United States.”

JLL's Keith Kurland, Aaron Appel, Jackson Sastri and Chad Orcutt

negotiated the debt. Officials at the brokerage declined to confirm the lenders' identity.

“Arden and Silverstein are best-in-class operators acquiring an iconic asset, which made this an outstanding credit opportunity and drove a strong execution,” Kurland said in an emailed statement to CO.

Built in 1990 and designed by **Kohn Pedersen Fox Associates**, the property is Philadelphia's fifth-tallest building and currently 92 percent leased to tenants including **BNY Mellon, Goldman Sachs, Boston Consulting Group** and **J.P. Morgan Chase**.

“The building's impressive roster of tenants and prime location in the heart of Philadelphia attracted us to this opportunity,” **Marty Burger**, CEO of Silverstein Properties, said. “The city is a global destination that continues to attract



destination and transit-oriented market outside of New York City.

“Philadelphia’s dynamic job growth, millennial population growth and residential migration into Center City has created an exciting investment environment,” **Craig Spencer**, the CEO of Arden Group, added. “Having developed the Ritz Carlton Hotel and the Residences at the Ritz Carlton, the acquisition of 1735 Market Street marks another trophy investment in our hometown of Philadelphia.”

Building amenities include a renovated fitness center and Lounge @ 1735 Market— a 19,000-square-foot, tenant-only amenity floor that includes shared work space, conference rooms, lounge space, entertainment areas and outdoor space. On the 52nd floor is private business club **The Pyramid Club**, and at the base of the building are two parks and a winter garden.

The transaction marks Silverstein’s third transaction with Migdal, Israel’s leading insurance company.

“1735 Market is another foundation stone in Migdal’s portfolio of long term holdings, and in line with our strategy to acquire best-in-class properties together with best-in-class partners,” **Jonathan Ross**, Migdal’s head of international real estate, said. “1735 Market is the best multi-let building in Philadelphia’s CBD. It is centrally located, has a very high quality tenant roster, and features direct underground access to mass transit.”

Officials at Deutsche Bank could not immediately be reached for comment. Representatives for Goldman Sachs did not immediately return a request for comment.

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Organizations in this story



Owner

Arden Group



Lender

Deutsche Bank



Diversified

JLL



Investor

Goldman Sachs



Investor, Developer, Owner

Silverstein Properties

People in this story



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Vice Chairman, JLL



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