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Lisa Prasad, Penn's associate VP of business development, at the intersection of 40th and Walnut.

## Penn extends retail push

'Focus investments' aimed at luring smaller shops

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The University of Pennsylvania has spent the past few years doing what it could to encourage retail and residential development in its footprint, within the University City district. Now it's hoping to fill the gaps and go a little further.

With retailers thriving around the intersection of 36th and Wal-

nut streets, the 3400 block of Sansom and other pockets, Penn is looking west and north of the campus for new opportunities.

Lisa Prasad, the associate vice president of business development in Penn's Office of Business Development, says the aim is to attract businesses to open shops around the university's "focus investments."

One of those focus investments is the Bridge Cinema DeLux, the six-screen theater that will finally open, after a prolonged delay, in November on the southwest corner of 40th and Walnut.

The cinema, which was developed and is owned by Penn, was

to be the home of Robert Redford's Sundance Cinema. Nearly two years after the Sundance deal fell through, Penn eventually landed Massachusetts-based National Amusements, which was developing a niche division to capture the art-house crowd (much the way the local Ritz Theaters do). The Bridge will feature two restaurants, some kind of retail, additional entertainment and a liquor license. It is only the second such Bridge Cinema in the country, after Los Angeles.

"The Penn community was at the top of our list," said Paul B. Heth, president of Cinebridge, a

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division of National Amusements.

The theater is expected to bring in an estimated 500,000 customers a year, most of whom will be there at night, said Prasad, adding that in itself should bump up rental rates at surrounding commercial real estate.

"You figure with about 10 movie (theater) companies going bankrupt, it was good news that Penn was able to land National Amusements," said one of University City's largest private landowners, David Adelman, owner of Campus Apartments.

Across the street from the cinema, on the northwest corner, a FreshGrocer has created a gathering place for students, many of whom hang out in the glassed-in, second-floor dining area. The supermarket, owned by Drexel Hill grocer Pat Burns, grossed \$26 million in sales in its first year of operation. The market, which is a sort of a hybrid between FreshFields and a more traditional supermarket, serves 30,000 customers a week.

"(Now) they need more Main Street-type retailers, the independents — card shops, candy stores, clothing stores and boutiques, hair and nail places," Adelman said.

That would be in keeping with the feel of 40th Street, which is "more entrepreneurial, more eclectic, with more service retail. We're interested in preserving the character," said Prasad.

Much of that activity could be anchored by an older theater, the Cinemagic, in the 3900 block of Walnut.

The Cinemagic itself has become a bit of white elephant in the neighborhood. Penn owns the building and leases the theater to an operator. But the theater has gotten shabbier over the years, with

the sticky floors, broken seats and graffiti on the bathroom walls. Prasad would not say what the university's plans are for the site, only that the Cinemagic will be there for the duration of its lease. But it is widely believed that, with the new Bridge Cinema, the Cinemagic's days are numbered.

Long term, Penn plans to continue to acquire property on the 3900 block of Walnut. Eventually, Penn will likely build mid-rise student housing with retail on the street level, Prasad said.

On the marketing side in University City, Penn has decided to forego individually named areas like Hamilton Square and Sansom Common in favor of more generic titles it hopes will draw more city residents across the Schuylkill.

Penn has dubbed the retail area from 34th Street to 38th Street "University Square," while 40th Street will simply be known as "40th Street."

The concept of developing retail around universities is not new. College students spent more than \$100 billion on retail buys nationwide in 1998, according to Student Monitor LLC.

Penn's efforts have revolved around how to make the campus more attractive to both the neighborhood and city as a whole, as well as current and prospective students.

That thinking led, in recent years, to the Inn at Penn (which Penn owns and Hilton runs), the food court at 34th and Walnut and Sansom Common, with its Barnes & Noble-run Penn Bookstore, Pod, Urban Outfitters, EMS, and Smith Bros., among other retailers.

More recently, Penn worried that the retail mix was too haphazard. This summer, it hired a retail consultant, Minneapolis-based Madison Marquette, to help it draw up a retail masterplan.

"(Penn officials) are constantly reevaluating their position," said developer Adelman, who is also on the board of the University City District. "They were smart enough to say, 'We're not sure here.' I give them credit for that."

Penn's own focus groups showed that students spend \$50 to \$60 on a night out, on dinner, cabs, movies and nightlife. But additional research, done by Madison Marquette, showed that students were spending only about 30 percent of that money in University City.

"A lot of buying power was leaking out of the community," to Center City and other neighborhoods, said Prasad.

Madison Marquette also suggested changes in how stores are grouped together — what Prasad calls "co-tenancies." For example, Madison Marquette suggested the creation of clusters of service businesses, restaurants and boutiques.

Along those lines, Penn moved a Starbucks from the middle of the block on 34th Street, between Walnut and Sansom, to the corner of Walnut. The new location gave it greater visibility and replaced a little-used academic office.

Still, the university is careful to make the distinction that, while it wants to keep student money in University City, it doesn't want students to bust their budgets.

"We're very conscious of the fact that, while some students have money, we also have a lot of international graduate students who don't have money to spend. We needed varied price points," said Prasad.

That's the kind of message smaller retailers want to hear. •

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