

2621 – 67 FRANKFORD AVENUE PHILADELPHIA



2621 Frankford Ave
Fishtown
Philadelphia, PA

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J.P. HOMES

EXECUTIVE SUMMARY

Summary:

The property has received unanimous approval and support from the Registered Community Organization (RCO), Fishtown Business Improvement District (FBID) and Civic Design Review (CDR). The proposed plans have **completed the Zoning Approval process** and we have begun process of obtaining a new building permit which will take approximately four to five months from January 2021. Now would be considered an ideal time in the process for a new developer to take over in order to keep the momentum going while still being able to put their own input into the development plans.

We have created a market unique amenity package including a pool/ice rink, roof decks, business center, zoom rooms, all-seasons rooms, dog park, private and common outdoor spaces in addition to a fitness room, package room, storage cages, bike and car parking etc...

The property is a short walk to the Huntingdon “EL” subway train (12 minutes to Center City) as well as easy access to Route 95 (1 mile).

It is worth noting that Philadelphia multifamily has performed exceptionally very well during the pandemic giving confidence to further improvement in the post-pandemic environment.

Project Highlights:

- **Opportunity Zone**
- **As-of-Right 10-year Tax Abatement (taxed only on land)**
- Potential to be built in two phases

Project Summary:

- 459 apartments
- 36,242 SF of “light industrial” commercial space
- 120 parking spaces including electric chargers and shared car spaces

Property Information:

- Address: 2621-27 Frankford Avenue, Philadelphia
- Lot Size: 90,334 SF, 395’ x 125’
- Zoned: IRMX (Project is an as-of-right use)



“How Fishtown, Philadelphia Became America's Hottest New Neighborhood”

Forbes

“This place used to feel like the edge of the world. It used to be under the radar. Now it feels like the center of Philadelphia.”
[click here for full article](#)



NEIGHBORHOOD HIGHLIGHTS // FISHTOWN



“In case you haven’t heard, **Fishtown** has quickly become one of the coolest sections of Philadelphia thanks to an influx of quality restaurants, inventive bars, impressive music venues and forward-thinking art galleries. Philadelphians have found new and innovative uses for the Fishtown section of the city ever since William Penn made peace with the Lenape Indians there in what’s now Penn Treaty Park.”

UWISHUNU
PHILADELPHIA



“Located outside but within reach of Philadelphia’s downtown, the neighborhood of **Fishtown** has been labeled ‘up and coming’ for some time. Thanks to the increasing density of neighboring Northern Liberties, however, **it stands on the precipice of unprecedented growth.**”

BISNOW
(ALMOST) NEVER BORING



“A longtime working-class, European immigrant area, **Fishtown** and Port Richmond are brimming with neighborhood bars and pride. This area has recently received a shot in the arm from downtown refugees seeking affordable first buys. Even though housing prices are shooting up in response, it **remains a relatively affordable area.**”

NFT
Not For Tourists™

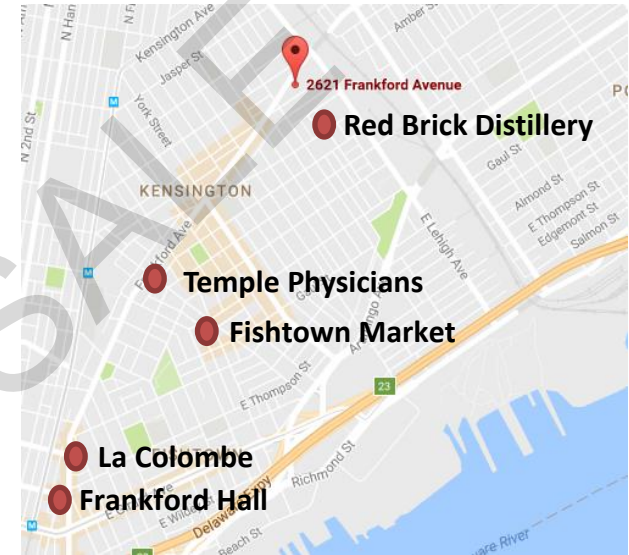
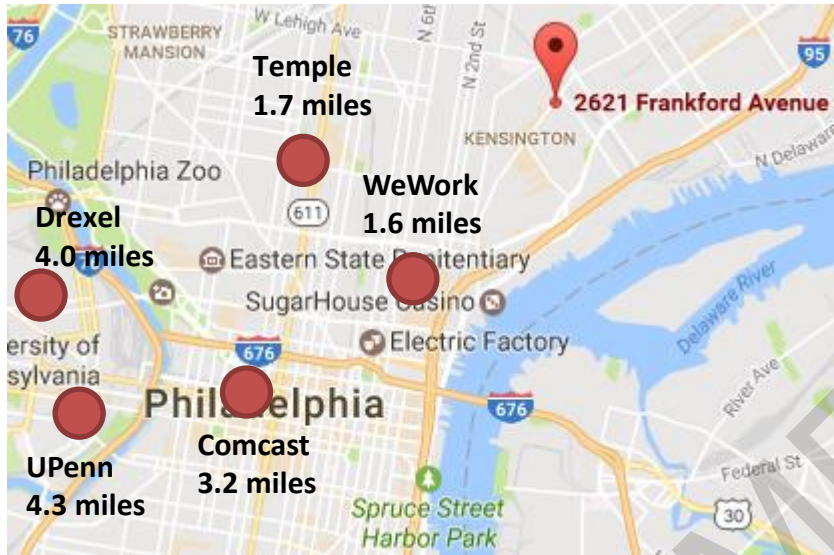


“A massive café, bakery, distillery, and office complex in a refurbished warehouse in 2014, have **transformed the hood’s main strip, Frankford Avenue, into a walkable bar-and-boutique boulevard** that’s not quite Abbot Kinney (but maybe that’s a good thing).”

CONDÉ NAST
Traveler



LOCATION



AREA GROWTH



PROJECT SUMMARY

Opportunity

- Opportunity to execute a multi-phase, mixed use development in Fishtown
- Project would be delivered with a zoning approval and with the option for a new building permit as well
- Philadelphia tax incentive allows for 10-year abatement of property tax (taxed only on land basis)

Project Description

- IRMX residential mixed-use zoning allows for over 450,000 buildable square feet as-of-right
- Project designed with the flexibility of either developing the project in two phases or as one single project

Project Phasing Strategy

- Entire building 362,592 square feet above grade
- North building approximately 228,895 square feet
- South building approximately 133,697 square feet

Proposed unit mix

- Studio 148 apartments (420 sf avg.)
- Jr. one bedroom 69 apartments (635 sf avg.)
- One bedroom 200 apartments (683 sf avg.)
- Two bedroom 42 apartments (950 sf avg.)

ZONING REFERENCE: CURRENTLY IN PHASE THREE



There is a three-part process to obtain building permits for the plans proposed at the subject property. The plans are “as-of-right” or conforming under the IRMX zoning designation, therefore, no variance is required.

Zoning Permit

Basic architectural plans including stormwater management and parking are prepared. Plans are reviewed by The Department of Licenses and Inspections (L&I). In the event that the plans are compliant with all applicable requirements, a Zoning Permit is issued, typically this part of the process takes approximately 3 to 4 months after the initial submission. Philadelphia allows for an expedited process for a modest fee. However, in certain cases, even “as-of-right” projects will not be issued a Zoning Permit but will receive a referral to the Civic Design Review process.



Civic Design Review

Certain “as-of-right” projects are still required to complete a review process known as Civic Design Review (“CDR”). The CDR process is implicated in two cases: (1) the creation of 100,000 sq. ft. of new gross floor area or more than 100 additional dwelling units; or (2) the creation of more than 50,000 sq. ft. of new gross floor area or 50 additional dwelling units *and* affects property in a Residential district. When CDR is triggered, the proposed plans are presented to the relevant neighborhood association (Registered Community Organization or “RCO”) who offer comments and suggestions. The RCO may ask that revisions be made and then reviewed at a second meeting. These comments and suggestions are not legally binding, and any conforming plan may proceed as they were approved under the Zoning Permit. This process is typically 1 to 2 months. Following the public meeting with the RCO, the project is then scheduled for a hearing before the Civic Design Review Committee. The CDR Committee is made up of architects, engineers, planners and other design professionals charged with reviewing “high impact” projects in the City. The Committee meets once per month. The deliverables for the CDR presentation are much more detailed and include landscaping, material selections and a Complete Streets review. The project architect typically presents the project to the CDR Committee. The CDR Committee also makes comments and suggestions for the project. It’s important to understand that the developer is under no legal obligation to abide by any suggestions made during CDR. However, it should be noted that the CDR Committee can require an additional CDR hearing for a project, which would delay the process an additional month.

Building Permit

After the Civic Design Review hearings and the receipt of a Zoning Permit, the approved plans may then move forward for the issuance of a building permit. The Department of Licenses and Inspections (L&I) will issue permits for full plans which adhere to building codes and to the zoning requirements met under the Zoning Plan. Once a building permit is obtained construction may commence. This process typically takes 3 to 4 months and once again the developer can pay a modest fee to expedite this process.

ZONING REFERENCE – IRMX CODE

ZONING DISTRICT	TYPICAL PLAN/BUILDING FORM	TYPICAL BUILDING	DIMENSIONAL STANDARDS	
IRMX			Max. Occupied Area	100%
<p>Description: Industrial Residential Mixed-Use</p> <p>Uses permitted as of right: Multi-Family; Caretaker Quarters; Group Living; Passive Recreation; Active Recreation; Day Care; Educational Facilities; Fraternal Organization; Libraries and Cultural Exhibits; Religious Assembly; Safety Services; Transit Station; Utilities and Services, Basic; Wireless Service Facility; Office; Building Supplies and Equipment; Consumer Goods (except Drug Paraphernalia and Guns); Food, Beverages, and Groceries; Sundries, Pharmaceuticals, and Convenience Sales; Wearing Apparel and Accessories; Animal Services; Building Services; Business Support; Eating and Drinking Establishments; Financial Services (except Personal Credit Establishments); Funeral and Mortuary Services; Maintenance and Repair of Consumer Goods; Personal Services (except Body Art Services); Radio, Television, and Recording Services; Visitor Accommodations; Commissaries and Catering Services; Commercial Vehicle Sales and Rental; Warehouse; Distributor of Malt or Brewed Beverages; Artists Studios and Artisan Industrial; Research and Development; Community Garden; Market or Community-Supported Farm; Horticulture Nurseries and Greenhouses</p> <p>Uses requiring special exception approval: Assembly and Entertainment (except Amusement Arcade, Casino, and Pool or Billiards Room); Limited Industrial</p>	<p>*Where the lot abuts a residential district, front yards, side yards, and rear yards shall be provided on the lot on the sides abutting the residential district</p> 		Min. Front Yard Depth	0*
			Min. Side Yard Width	8 ft. if used*
			Min. Rear Yard Depth	8 ft. if used*
			Max. Height	60 ft.
			Max. FAR	500%

DESIGN



DESIGN

The Fishtown Grand apartments will embrace the architecture and history of “The Brooklyn of Philadelphia” aka Fishtown. The goal is to provide an “Old Philly/Vintage Modern” feel to the property without sacrificing the luxuries of a modern home.



All apartments will come equipped with hardwood floors, high ceilings, large windows, condo-style bathrooms, stainless steel appliances, and a video intercom system. Many apartments will have built in desk spaces to support working from home in addition to private outdoor spaces.

The roof deck will be a significant amenity and serve to differentiate the Fishtown Grand from the competition. Features under consideration include a vegetable garden, farmhouse tables, an outdoor movie theater, and outdoor shower.

PRELIMINARY DESIGN



Additional amenities will focus on achieving an artful balance of living and playing; a beach-like area with a pool, common area Wi-Fi, on site parking with electric car charging stations, bicycle parking, storage units, a lounge with entertainment facilities, library and co-working stations, a state of the art gym with yoga and spin studios are all being considered as part of the overall design in addition to:

- Pool
- Ice Rink
- Lawn Games: Foosball, Ping Pong, Bocce, etc...
- Grilling stations
- Dog Park
- Branded bike share
- Garden-like courtyard with outdoor movie theater



SITE PLAN

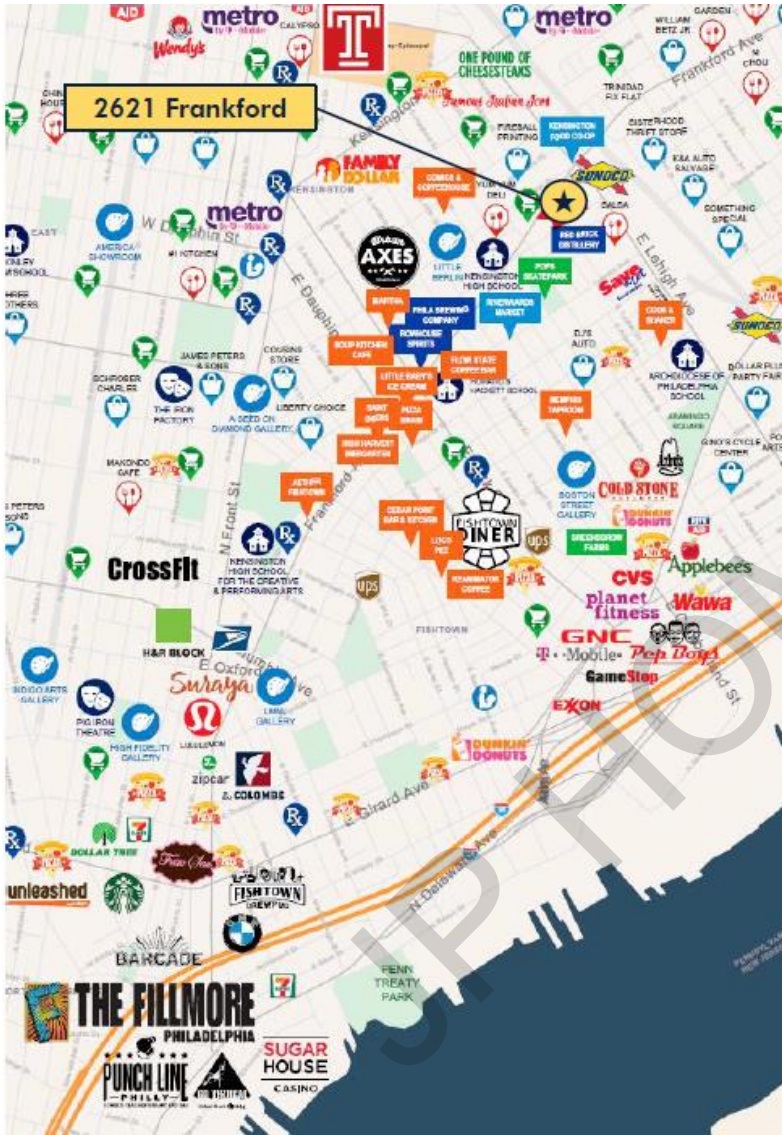
GROUND FLOOR

- ARTIST STUDIOS
- RESIDENTIAL SPACE
- COMMON AMENITY SPACE
- CIRCULATION

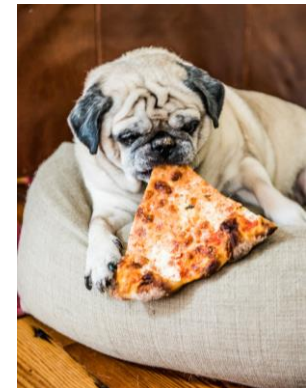
- KEYED NOTES:**
- 1 CONCRETE SIDEWALK
 - 2 CONCRETE PAVERS
 - 3 PROPOSED CURB CUT
 - 4 PROPOSED BICYCLE RACK
 - 5 PROPOSED STREET TREE (3x6 PIT)
 - 6 PROPOSED TRAFFIC SIGNAL
 - 7 PROPOSED CURB EXTENSION
 - 8 PROPOSED CROSSWALK
 - 9 PROPOSED ADA CORNER RAMP
 - 10 PROPOSED 4' HIGH ESTATE FENCE & GATE
 - 11 PROPOSED 8' HIGH WOOD FENCE
 - 12 PROPOSED 8' HIGH BRICK WALL
 - 13 PROPOSED EGRESS WELL
 - 14 TRASH / RECYCLING STORAGE AREA
 - 15 LOADING AREA
 - 16 LINE OF BUILDING ABOVE
 - 17 RESIDENTIAL ELEVATOR
 - 18 FREIGHT ELEVATOR
 - 19 EGRESS STAIR TOWERS
 - 20 MAIL & PACKAGE ROOM
 - 21 24' WIDE TWO-WAY DRIVE AISLE / RAMP
 - 22 EXISTING STREET LIGHT



COMMERCIAL SPACE USE IDEAS



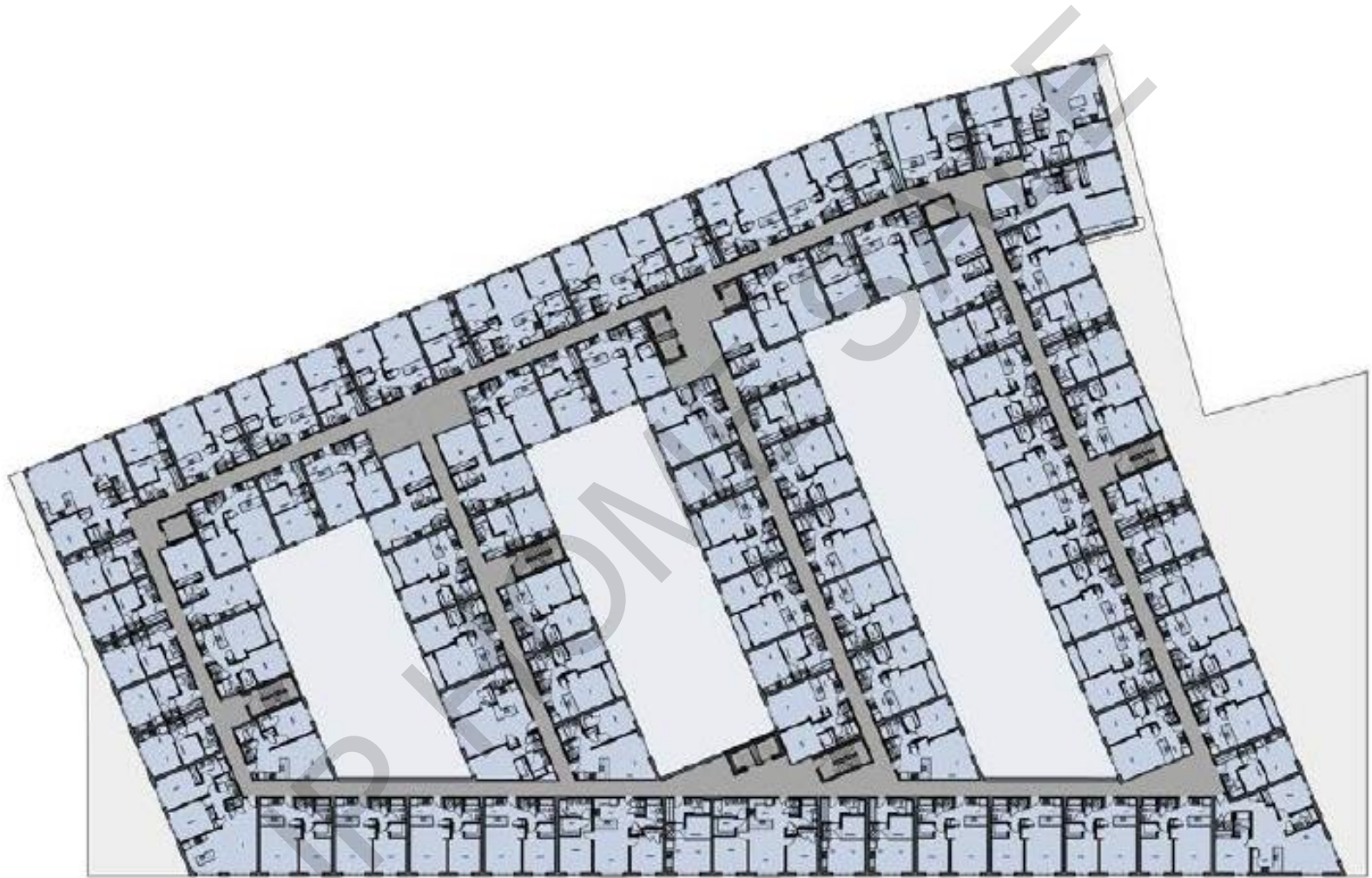
verizon



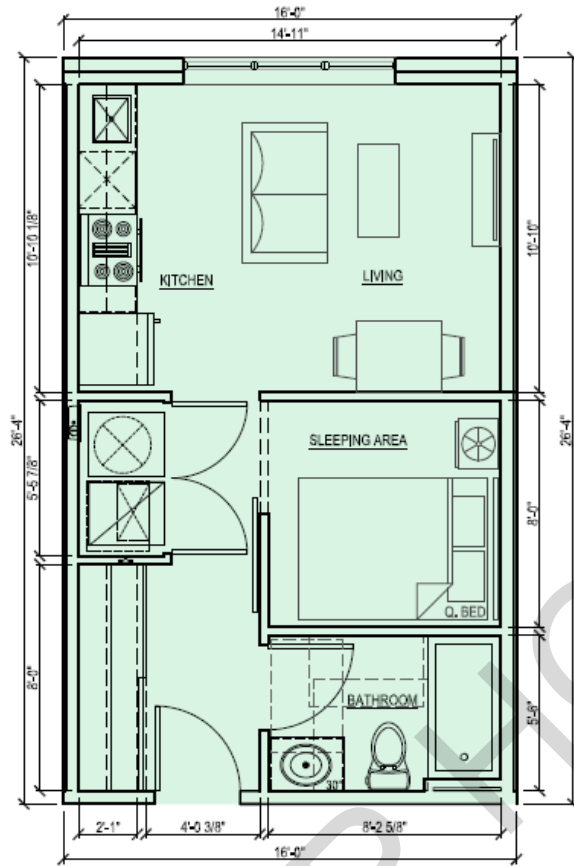
DESIGN



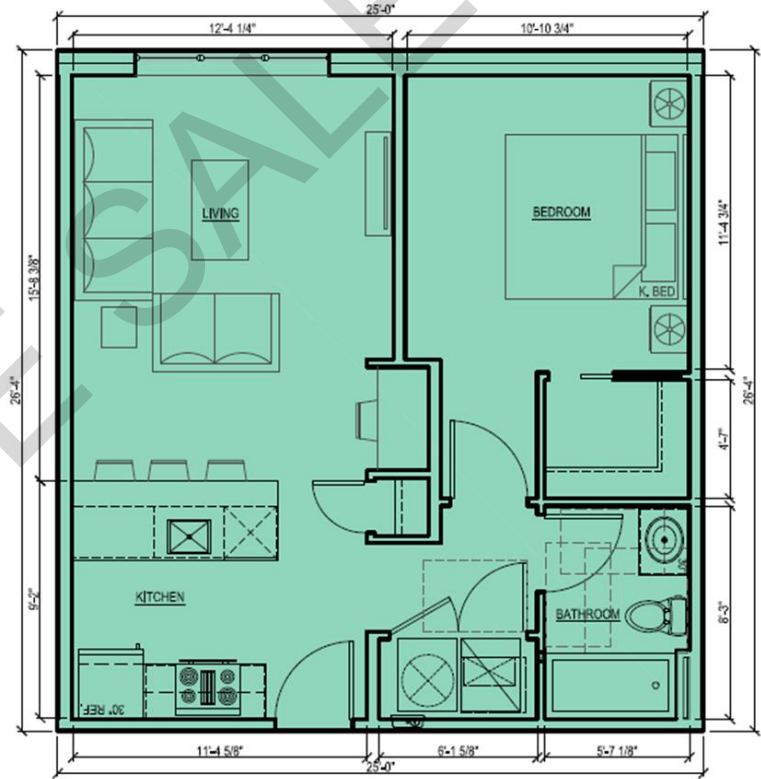
DESIGN – TYPICAL FLOOR



DESIGN – UNIT LAYOUTS

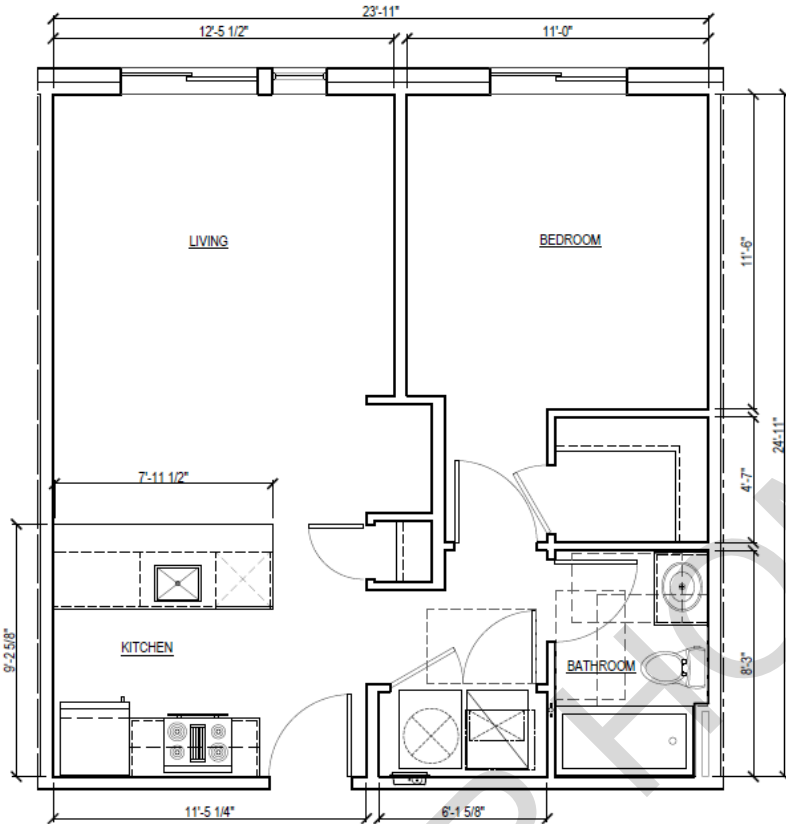


STUDIO- A

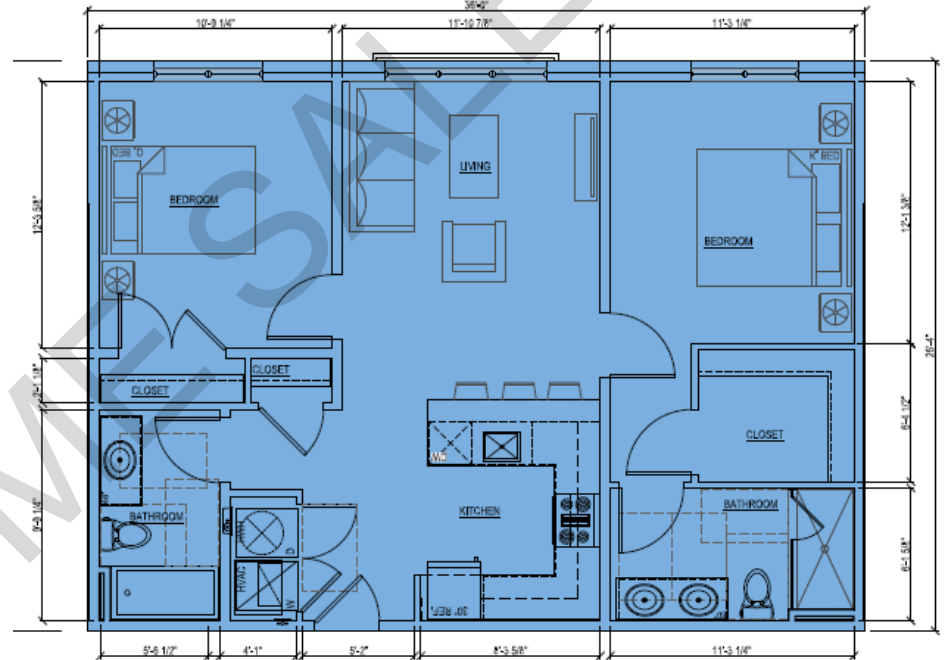


JR 1 BEDROOM -A

DESIGN – UNIT LAYOUTS



1 BEDROOM



2 BEDROOM-A

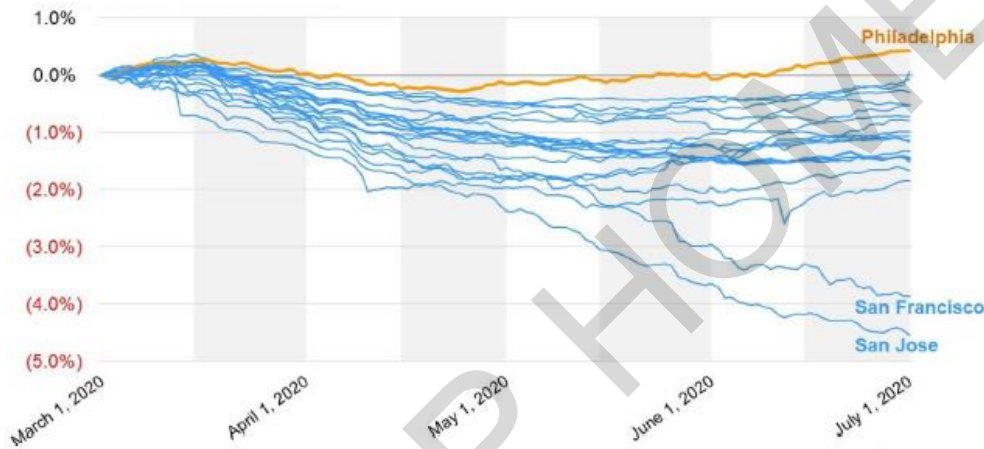
RENT RESILIENCE

Philadelphia commercial real estate pros are always quick to tout the stability of their region’s healthcare-driven economy, and its vastly more affordable cost of living compared to other large U.S. cities. The coronavirus and its economic shock are proving that for Philadelphia’s apartment market, these benefits are far more than talking points.

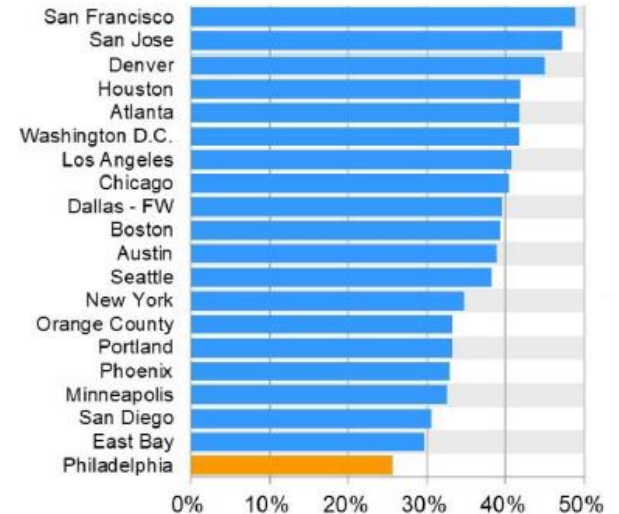
Through its range of apartment search platforms, CoStar’s data shows that among the nation’s largest 20 markets, Philadelphia’s apartment rents have held up best since the coronavirus began to grip the U.S. in March. Philadelphia’s outperformance is particularly notable given that Pennsylvania was the second state in the U.S. to order nonessential businesses closed. Affordability appears to be key in determining rent resiliency in the face of the coronavirus. The markets that have endured the steepest drops in rents since the crisis took hold are those known for a high cost of living, including the San Francisco Bay Area and Orange County in California. Not only has Philadelphia maintained the most resilient asking rents in the face of the coronavirus, its landlords have also been doling out concessions at the lowest rates of any top 20 market in the U.S.

The coronavirus’ real-time stress test on markets across the country is clearly demonstrating just how compelling Philadelphia’s apartment sector is as a destination for investors looking for stable properties that can avoid sharp downsides in net operating income.

Asking Rent Growth since March 1st (20 Largest U.S. Markets)



% of Properties Offering Concessions in June



Source: CoStar, July 6th, 2020

RENT COMPS

The rent competitive set for 2621 Frankford includes projects nearby the subject that represent the target renter profile. Dwell 2nd Street, is a Class A option in Northern Liberties completing lease-up that represents the attractive monthly asking rent at the Subject. The Piazza, the landmark project of Northern Liberties that was recently acquired by Post Brothers, is undergoing renovation to achieve the highest rents in the submarket while already posting 90% occupancy asking a higher monthly rent than the Subject. 2621 Frankford will offer a comparable, if not superior, amenity package to the Piazza. The Bridge on Race, an institutional quality project slightly south in the Old City submarket, illustrates the deep discount tenants pay for Class A product in Northern Liberties / Fishtown.

The size of the remaining projects, the Umbrella Building and Penn Treaty Village, depict the demand for a more affordable monthly rent, although these projects lack the superior amenity package the Subject will feature. Notably, there are virtually no large development sites remaining in Fishtown, where future competition will have a high barrier to entry to deliver the same development scale with affordable rents and superior product/amenities.

Property	2621 Frankford	Dwell 2nd Street	Umbrella Building	Penn Treaty Village	Navona at the Piazza	Bridge on Race
Address	2621 N. Frankford Ave.	1300 N. 2nd Street	1401 N. 5th Street	1 Brown Street	1030 N. Hancock St.	205 Race Street
City	Philadelphia, PA	Philadelphia, PA	Philadelphia, PA	Philadelphia, PA	Philadelphia, PA	Philadelphia, PA
Year Built	-	2020	2018	2014	2008	2017
Units	459	198	181	256	156	176
Occupancy	-	Lease-up	97%	97%	90%	94%
STUDIO						
Rent	\$1,375	\$1,393	\$1,341	\$1,422	-	\$1,738
SF	420	471	549	442	-	523
Rent PSF	\$3.27	\$2.96	\$2.44	\$3.22	-	\$3.32
1 BEDROOM						
Rent	\$1,755	\$1,928	\$1,658	\$1,969	\$1,995	\$2,181
SF	683	772	701	864	717	637
Rent PSF	\$2.57	\$2.50	\$2.37	\$2.28	\$2.78	\$3.42
2 BEDROOM						
Rent	\$2,550	\$2,474	\$2,074	\$2,512	\$2,676	\$2,997
SF	950	1144	1032	1343	1104	948
Rent PSF	\$2.68	\$2.16	\$2.01	\$1.87	\$2.42	\$3.16

PROFORMA

			Yr.1 Stabilized
REVENUES			
	Residential (trended)		9,850,138
	Commercial		906,050
	Storage		25,200
	Other Income		50,000
	Bike Parking		28,080
	Car Parking		288,000
Potential Gross Revenue			11,147,468
	Less: Vacancy & Collection Loss	5%	557,373
Net Revenue			10,590,095
EXPENSES			
	Residential Expenses	Per Apartment	
	Payroll	1450	667,000
	Utilities	350	161,000
	Repairs & Maintenance	925	425,500
	Administration	125	57,500
	Marketing	250	115,000
	Reserves	150	69,000
	Insurance	500	230,000
	Management Fee (4%)	921	423,604
	Real Estate Taxes	250	114,938
Total Expenses		4,921	2,263,542
Net Operating Income		(4,921)	8,326,553

PROFORMA

Unit Mix	Unit Count	Monthly Rent	
Studio	148	1,375	203,500
Jr. One Bedroom	69	1,625	112,125
One Bedroom	200	1,755	351,000
Two Bedroom	42	2,550	107,100
Total Annual Rent			9,284,700
Other Income			
Commercial (36,242 sf)	\$25 per SF		906,050
Car Parking	\$200 per month per space		288,000
Bike Parking	\$10 per month per space		28,080
Storage	\$25 per month per cage		25,200
Misc Income	Application fees, late fees, Pet fees, etc...		50,000
			1,297,330
Stabilized Value	Cap Rate		
	4.75%		175,295,853
	5.00%		166,531,061
	5.25%		158,601,010

DISCLAIMER



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