



FOR IMMEDIATE RELEASE

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**DESPITE ECONOMIC UNCERTAINTY, REAL ESTATE REMAINS STRONG; ULI
AND PWC RELEASE *EMERGING TRENDS IN REAL ESTATE*® 2020**

Over 600 leaders convene to explore local trends at 20th Anniversary Real Estate Forecast; Philadelphia market demonstrates growth and local leaders highlight the life sciences sector.

On November 19th, real estate experts, ULI members and industry professionals met to share perspectives on why life science companies are choosing to locate and grow in the Philadelphia region, how various asset classes are responding to that growth, and discuss the national trends detailed in the *Emerging Trends in Real Estate*® 2020 report released by ULI and PwC on September 19th. Over 600 ULI members and public and private industry leaders joined ULI Philadelphia for its 20th Annual Real Estate Forecast. This year's national report positioned Philadelphia among the "Markets to Watch" and as a "Stalwart, Surprise, and Determined Competitor" characterized by a track record of capital inflows and recent evidence of solid transaction volume. Local speakers expanded on trends identified nationally.

The remarkable life sciences momentum that is building in our City and region was evident from today's speakers and market leaders. Jeff Marrazzo, Co-Founder & CEO of Spark Therapeutics, interviewed by John Grady, President & CEO of the Philadelphia Industrial Development Corporation (PIDC), shared the story of the company's creation and their commitment to growing in Philadelphia. Today, 30 cell and gene therapy companies with \$30 billion of capital and more than 60 research labs call Philadelphia home. Ability to attract global talent, relative affordability, and a desirable built environment were all noted as competitive advantages in the region. Later in the afternoon, Brandywine Realty Trust gave a small group a tour of the Schuylkill Yards project plans, including a building that will be occupied by Spark. Marrazzo is now focused on how to recommit growing our competitive advantage and to engaging the unique talent within these companies to invest in their communities.

The "Philadelphia Rising: Elements of Success" panel of development and planning professionals amplified these themes, by taking a deeper look at some of the City's key projects (East Market, the Navy Yard and UCity Square) that connect the urban fabric with life science investments. PIDC's Senior Vice President Prema Gupta described both the historic and future activity at the Navy Yard, a unique place that has a larger scale for big footprint uses close to a talent pool and airport. Recent exciting activity includes the decision of Iovance Biotherapeutics to select the Navy Yard after a national search for a new location and the recent approval of residential development at the site. On the other side of the City, Joe Regan, Northeast Region Executive, SVP of Wexford Sciences & Technology shared that their University City portfolio has



grown through the adjacency to the universities and dense development. Joe also noted that there is out of market attention to Philadelphia and specifically the neighborhood.

On the residential side, National Real Estate Development's Daniel Killinger located its only mixed-use development among its major urban projects throughout Washington, DC, Los Angeles and San Francisco at East Market because of overall market strength. Capital Markets expert Alexandra Johns, VP/Market Leader with Grosvener Americas described, that the industry has been through a major value shift that is apparent in the built environment. Philadelphia has the ingredients of authenticity, optionality and mobility. Moderator Matt Cabrey, Executive Director of Select Greater Philadelphia, challenged the panelists and audience to think about what is missing and what the real estate industry can focus on as ways to support this ecosystem. Gattuso Development Partners also gave participants a tour of the 1800 Arch Street/ the Comcast Technology Center later in the afternoon.

Lauren Gilchrist, Senior Vice President and Senior Director of Research for JLL Philadelphia shared extensive data behind some of these themes. She identified a labor shortage as the possible biggest issue in our economy. Wages continue to grow, especially at the high end of the market, and make it more expensive for companies to do business. Philadelphia's millennial narrative remains strong, with the growth outpacing all other cities in the country. On the multifamily side absorption is high, though construction costs and new types of rental housing based on the shared economy are emerging and shifting the landscape. Lauren also provided data behind the cell and gene therapy growth story. Deal sizes are getting bigger and there are more of them; the sector is attracting a record level of venture capital and raising NIH funding at a rate third only to New York City and Boston. There is low vacancy at the emerging hubs of the Navy Yard and University City and the tremendous amount of real estate built for cell and gene companies online or in the pipeline through 2021 will continue to change the City, economy and market. The continued outlook is uncertain: it's chaotic and there is more opportunity than ever, but it's a cautionary tale.

Finally, these themes were reiterated by Mitch Roschelle, Partner and Business Development Leader for PricewaterhouseCoopers. This year, willingness to embrace change and rethink growth strategies is key to successful cities, as identified in the *Emerging Trends in Real Estate® Report*. Overall, this year's survey respondents felt almost exactly the same about the outlook of the real estate industry as found in last year's survey. The economic expansion is at a record length and counting. This year's report indicates that during volatile times, real estate remains an asset class of great interest. Consumers continue to carry the economy, businesses are not investing in capital expenses, and the tight labor market looms large.

Additional top trends from this year's report include:

- **The Siren Call of TINA (There Is No Alternative)** – The urge to deploy capital just because it is available is more a tendency than a trend, and one that is best avoided.
- **A New Menu for Markets** – Specialization has become the hallmark of real estate, drawing investors to different types of markets for different reasons.
- **Housing: The Great Unraveling** – Affordability has reached the breaking point even in markets that previously boasted of low-cost housing. Increasing numbers of municipalities



are implementing policies such as inclusionary zoning and offering incentives such as density bonuses to address the problem.

- **A Community State of Mind** – Demand is rising for communities in which a sense of place is created organically through sharing common interests and values, rather than concocted through prescribed programming and business goals.
- **Hipsturbia** – The live-work-play districts that spurred 24-hour downtowns in the 1990s has spread to many suburban communities. The key to success: transit access, walkability, and abundant retail, restaurant and recreation options.
- **Boomers and Beyond** – Boomers can expect to stay active while living longer, which has positive implications for housing demand in downtowns and hipsturbs, as well as workplaces, as many may choose to keep working or pursue second careers.
- **ESG: A Sustainable Trend** – There is a growing commitment to the tenets of ESG (environmental, social and governance) principles among corporations in general and real estate in particular. Strong interest by millennials in environmentally and socially conscious business practices is a major factor driving this trend.
- **March of Technology: The What and When of Disruption** – Technology is affecting all property types, most obviously retail and industrial.
- **Infrastructure: Washington Fumbles; States and Cities Pick Up the Ball** – Real estate professionals unwilling to wait for a federal solution to America’s urgent infrastructure needs can look to states and localities that are committed to improved infrastructure as a foundation for economic growth.

“This year’s Real Estate Forecast shows what ULI Philadelphia is all about: a venue for research and thoughtful discussion of important issues in real estate. Focused on the life sciences industry, our high-caliber group of experts showed how the real estate industry can support the ecosystem of capital, talent, research, housing and infrastructure fueling Philadelphia’s growth” said Alan Razak, Chair of ULI Philadelphia and Principal at AthenianRazak LLC. “Celebrating our 20th annual Real Estate Forecast, we are excited about the growth of both our region and our organization. Today’s record-breaking attendance underscores ULI Philadelphia’s critical role in this industry sector. Our member-driven programs help create thriving and sustainable communities throughout our region.”

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20th Anniversary ULI Philadelphia Real Estate Forecast Speakers:

Philadelphia’s Life Sciences Story

- John Grady, President, PIDC (moderator)
- Jeffrey D. Marrazzo, Co-founder and CEO, Spark Therapeutics

Philadelphia Rising: Elements of Success

- Matt Cabrey, Executive Director, Select Greater Philadelphia (moderator)
- Prema Katari Gupta, Senior Vice President, Navy Yard, PIDC
- Alexandra Johns, VP/Market Leader – Con-Investment, Mid-Atlantic Region, Grosvenor Americas



- Daniel Killinger, Managing Director, National Real Estate Development
- Joseph Regan, Northeast Region Executive, SVP, Wexford Science & Technology

Emerging Trends

- Lauren Gilchrist, Sr. Vice President, Sr. Director of Research – Philadelphia, JLL
- Mitch Roschelle, Partner and Regional Business Development Leader, PwC

About ULI

The Urban Land Institute is a nonprofit education and research institute whose mission is to provide responsible leadership in the use of land and in creating and sustaining thriving communities worldwide. Established in 1936, ULI today has more than 40,000 members around the globe representing the entire spectrum of land use and development disciplines. The Philadelphia District Council encompasses more than 1,000 members throughout Eastern and Central Pennsylvania, the southern half of New Jersey and the State of Delaware. It is one of the most robust district councils in the country, experiencing strong growth and introducing new initiatives. For more information, please visit www.philadelphia.uli.org.

About Emerging Trends in Real Estate®

Emerging Trends in Real Estate® is a trends and forecast publication now in its 40th edition and is one of the most highly regarded and widely read forecast reports in the real estate industry. Emerging Trends in Real Estate® 2019, undertaken jointly by PwC and the Urban Land Institute, provides an outlook on real estate investment and development trends, real estate finance and capital markets, property sectors, metropolitan areas, and other real estate issues throughout the United States and Canada.