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Deal doesn't inspire towering confidence

What will it take to get big private construction projects started again around Philadelphia?

Last week's sale of the 53-story former **Bell Atlantic** headquarters tower at 1717 Arch St., to **Brandywine Realty Trust**, for just \$129 million, or \$125 per square foot, could prove a good deal for Brandywine when the office market revives years from now.



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But it wasn't priced to inspire confidence for anyone hoping to build soon.

The last high steel hung in that neighborhood, **Liberty Property Trust's Comcast Center**, cost \$500 million, or \$400 a square foot, in the mid-2000s. The tower was assessed this year by the city at just \$181.5 million.

"Why build for \$1 what you can only sell for 50 cents?" asks **Jason Friedland**, a director at real estate investor **Iron Stone Strategic Capital Partners** in



The former **Medical College of Pennsylvania** is being renovated. "Why build for \$1 what you can only sell for 50 cents?" one investor said.

Philadelphia. "That's why we buy old buildings" like the former **Medical College of Pennsylvania** in East Falls, which **Friedland's** firm is renovating and leasing to tenants as it finds them.

In the suburbs, it's a little different, maybe.

Drug-data manager **IMS Health Inc.** is consolidating 1,000 workers, from aging buildings it owns at 660 Germantown Pike, Plymouth Meeting, to the 150,000-square-foot **Highview** complex at **Providence Corporate Center**, Collegeville, abandoned by **Wyeth Pharmaceutical Co.** when it was bought by **Pfizer Inc.** last year. IMS is paying modest initial rents in the mid-\$20s per-square-foot per-year.

"The market has been thin," said **Stephen Spaeder**, senior vice president at landlord and builder **BPC Properties Ltd.**, which built and owns **Highview**. Yet the IMS deal "came together quickly, because there's so few large blocks" of empty suburban office space.

Spaeder said a few other suburban tenants — the federal **Nuclear Regulatory Commission**, **Broadview Networks**, **Quest Diagnostics**, and drugmaker **GlaxoSmithKline** — are also negotiating new leases of 100,000 square feet or more in the King of Prussia area in the mid-\$20s to low-\$30s.

That's approaching where rents will have to go for builders to make a profit from new offices out there. If tenants that size keep signing, Spaeder concluded, "in early 2011 a couple of us are going to be able to start new buildings."

Back to normal?

SumCard "is back to peak employment, around 21,000 (worldwide)," after being "down to 19,000" earlier in the recession, **chief executive Cristobal Conde** said.

The Wayne-based business and backup software maker posted a modest 4 percent sales growth for last quarter. Conde says that



The sale of the former **Bell Atlantic** headquarters tower for \$125 per foot doesn't inspire confidence in Phila.'s commercial real estate

masks conflicting trends: downward price pressure (in the face of weak sales to cash-strapped governments and other clients), and rising orders from private colleges and recovering banks, for example.

Five years after taking the company private, are **SunGard's** private-equity owners ready to sell? "It comes up at every board meeting and we are constantly huddling and brainstorming," said **Conde**. "[But] as we continue to grow, it puts us more out of reach of everyone but the biggest" potential buyers.

Third time

E-Mon L.L.C., the Langhorne-based maker of electrical submeters, has been bought by **Honeywell Inc.**, the Morris Township, N.J.-based industrial giant that has been expanding its "smart grid"

electrical-products line.

It's the third time **E-Mon** has been sold in a decade. **chief executive Donald Millstein** sold **E-Mon** to **Hunt Power LJ Dallas**. In 2007, Millstein it back with backing from private-equity firm **Bra Castle**, of New York.

Neither side will say **Honeywell** paid, but "it more than last time," Millstein told me. "We've had decent growth [each of] these years." Millstein will step down as **chief executive**, **Honeywell** spokesman **Mark Hamel** said.

Honeywell will also buy **E-Mon's** 50 employees, headquarters staff and workers in Langhorne. As usual, **Hamel** said, plans are to grow.

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Law Review

Continued from C1
employment lawyer at **Buchanan Ingersoll & Rooney P.C.** and based in Philadelphia.

He also suggests taking such action at the end of the workday, when most employees have left for home. **Sara Beggs**, a labor and employment

There was plenty of research to draw on, including a landmark study by University of Wisconsin psychology professor **Leonard Berkowitz**

This is no time to hide.