

Drexel starts \$97M project

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Drexel University will break ground this month on a \$97.6 million mixed-use development that will establish a new gateway to the school on Chestnut Street and be among the first projects that begin to transform its urban campus.

In what is a first for Drexel, the school entered into a private partnership with American Campus Communities of Austin, Texas, to construct three buildings totaling 361,200 square feet on land it owns on Chestnut between 32nd and 33rd streets. Under the



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Project will have retail and student housing.

agreement, American Campus has a 70-year ground lease with Drexel and will also manage the property.

"If this is successful, this will be the first of several," said John A. Fry, president of Drexel, in a December interview about the development

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plans.

Such arrangements with private developers have become more common for universities. The University of Pennsylvania, where Fry spent part of his career as executive vice president and helped oversee a series of construction projects that reinvigorated the Penn campus and



Fry

its surrounding neighborhood, was an early convert to the practice and completed several developments under such arrangements.

Drexel anticipates striking at least a couple more of these agreements in the near future, said Jim Tucker, senior vice president of student and administrative services. It was decided the school would engage third-party developers on all non-academic buildings and use debt service and capi-

tal funds on academic facilities. This spring it will seek to do an even larger but similar mixed-use complex at 34th Street and Lancaster Avenue that will cost between \$125 million and \$150 million and will use an outside developer to complete the work.

Ten regional and national developers vied for the Chestnut Street project, Tucker said. American Campus was selected after a thorough vetting, he said. The company is a real estate investment trust that focuses on the construction, ownership and management of student housing properties across the country. It owns University Crossings, a development off Drexel's campus, and constructed University Village, an off-campus student housing project for Temple University.

American Campus was eager to get another project in Philadelphia and with Drexel.

"We believe Drexel is one of the top private universities in the United States and we became even more enthused when Fry announced his growth vision for the institution," said William C. Bayless Jr., chief executive officer and president of American in an email. "Additionally, the incredible site that Drexel brought to the table with the vision of it being the gateway to University City is a strong feature of this project. This project is expected to be one of our flagship communities and will be similar to our other urban high-density projects in Portland, Honolulu and Newark."

Combined with the retail space, the Chestnut Street project will create 869 new beds for Drexel students and create a vibrant anchor for the campus. One of Fry's goals is to revitalize Drexel's campus, make it more pedestrian friendly and breath new life into the surrounding community.

The development will stand on an L-shaped site that's about an acre in size. The parcel is a combination of a setback and a sunken garden that was "kind of pretty but never used," said Bob Francis, who heads up the facilities department



at Drexel. “We’re talking about strips of land that were not put in any productive use especially in an urban setting.”

The project will consist of two, eight-story buildings on Chestnut Street. The structures were designed with an open corridor to the school’s Creese Student Center. They will have retail space on the first two floors and townhouse-style student housing on the remaining six stories. In addition, a 19-story residential hall will be constructed behind the two structures.

In all, 30,000 square feet of retail will be created and already there is interest

in the space, Francis said.

“There’s tremendous depth of market for every category who wants to open up and sign leases,” he said. “We expect to be fully leased very soon and before construction is done.”

Robert A.M. Stern Architects designed the project.

Drexel is scheduled to break ground Feb. 21 on the yet unnamed development. It is expected to be completed by September 2013.

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