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TWO LIBERTY PLACE

Renovating the tower is a tall order

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Coretrust Capital Partners, which recently bought the office portion of Two Liberty Place for an estimated \$218 million, is looking to plow another \$20 million into the skyscraper on a series of renovations.

Though sleek and stately, it's a complex property and the challenges Two Liberty faces are not lost on Randy Scott, a principal at Coretrust Capital. The 1.2 million-square-foot, 58-story skyscraper at 1601 Chestnut St. in Philadelphia has multiple ownership structures that control various aspects of it and that can make it tricky to execute some of the work Coretrust wants to do.

Here's how it's complicated. Coretrust bought two different commercial condominiums – one encompassing office space leased by Cigna Corp. and another leased by multiple tenants – and that totals nearly 1 million square feet. Then there's the Residences at Two Liberty, which covers 20 floors, or roughly 400,000 square feet of office space that has been converted into condos. The Shops at Liberty Place, the attached Westin hotel and a parking garage are all controlled by three separate ownership entities.

All of this has created a structure that lacks some consistency and that situation is most pronounced on the Chestnut Street side of the building where there are three doors and lobbies serving three separate segments of the building. One belongs to Cigna, the second to the Residences at Two Liberty and the third to the multitenanted office portion of the structure.

"Our challenge is to make it better," Scott said. "We want to make it feel like one space."

Two of the main issues that Coretrust plans to address with its work is the point of arrival and the experience a visitor gets at an entry. That may be a tall order considering Coretrust controls lobby Nos. 1 and 3 and leap frogs over No. 2, which belongs to the Residences at Two Liberty. Gensler was retained to design the renovations.

Another aspect of the work will involve updating the lobbies, elevators, corridors and other spaces that look dated. Designed by Helmut Jahn of Murphy/Jahn Architects and opened in 1999 as Cigna's headquarters, not much has been done by way of a full-scale upgrade since then. For example, dark wood paneling in the lobby looks drab at this point.



From left: Joe McManus, Morgan Murray and Randy Scott at Two Liberty Place.

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Another focus will be the third and fourth floors. The third floor totals 40,000 square feet and has conference rooms and a café. There are some inviting seating areas that are roped off with "No Trespassing" signs. That's not what Scott envisions. He views the space to be more like a nice, welcoming hotel lobby where people can congregate, hold meetings, hang out and dine. In other words, a communal area that brings the building and its tenants together. A 12,000-square-foot exercise facility on the fourth floor will be updated as well.

The office portion of Two Liberty is about 15 percent vacant, that's about 140,000 square feet. Scott has enlisted Joe McManus and Morgan Murray, brokers at CBRE Inc., to lease the space. "We're getting the band back together," Scott said.

Scott, McManus and Murray worked for years together at Thomas Properties Inc., which owned Commerce Square and other buildings, before the company was sold. Scott formed Coretrust in 2014 with three former Thomas Properties' executives.

There is some worry more vacant space could hit the building if Cigna's merger with Anthem Inc. goes through though the deal appears to be tenuous. Philadelphia has a history of losing from such mergers as tenants typically leave town once deals are finalized. Cigna is in the first year of a 12-year lease on 325,000 square feet at Two Liberty.

Coretrust has a \$250 million fund that it is



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In the beginning, the 58-story Two Liberty Place was entirely office space.

spending to buy properties it believes it can reposition through improvements or by leasing empty space. It is eyeing other Philadelphia investments.

"We think Philadelphia has room to run," Scott said. "It continues to get better, the quality of life and desirability. You now have economic drivers in University City and Center City that we didn't have for years and years."