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3.0 University Place to move forward, partners with 1776

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In the early 2000s, Scott Mazo started to assemble properties around 40th and Market streets with a plan to eventually develop a cluster of green office buildings in that part of West Philadelphia.

Mazo's vision still hasn't come to full fruition but inroads have been made. Mazo's University Place Associates anticipates breaking ground in December on 3.0 University Place, a roughly \$80 million, 180,000-square-foot office building at 41st and Market streets where a Pep Boys use to be. The design is still being tweaked but the building will have 25,000 to 30,000 square feet of ground-floor retail space.

The building is precertified LEED platinum and will be a companion to 2.0 University Place, a LEED platinum building Mazo completed at 30 N. 40th St. in 2013 and sold three years later for \$41.25 million, or \$438 a square foot. With his plans nearly two decades in the making, 3.0 University Place will do much to move Mazo's vision forward. "It has taken some patience," he said. "One can never truly know."

Mazo is encouraged by what he has seen happen in the area surrounding 2.0. West Philadelphia isn't the same as it was 20 years ago let alone 10 years ago. Investment from institutions and private developers has been robust and not just adjacent to the universities but in the neighborhoods. Areas that were once considered no man's land are now mainstream. "The energy here is different from Center City," he said.

While the area has changed, Mazo believes the way people work has also changed and he's trying to address that with 3.0 University Place. Mazo enlisted 1776, a Philadelphia-based coworking operator, to take a floor, about 35,000 square feet, in the new building as coworking and amenity space that can be accessed by tenants of the building.

This is a new area for 1776, which continues to evolve and seek ways to differentiate itself from other coworking operators and to provide value to landlords. Under a management agreement with University Place Associates, a tenant who signs a lease to occupy space in the building would be also joining 1776 and have access to the coworking space in the building as well as 1776's other locations and its programming. For 1776 and University Place Associates, the arrangement is meeting a new need that has emerged in the office market.

"The way people work is just changing and we want to be ahead of where the trends are," said Jennifer Maher, co-CEO of 1776. Maher believes that in the future, landlords need a separate entity to help foster a



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University Place Associates plans to develop 3.0 University Place at 41st and Market streets in Philadelphia.

sense of community within a building for tenants as a way to attract and retain tenants and for tenants to do the same with employees.

Maher also sees it as a value-add proposition for tenants. They have the ability to provide a mix of work spaces — and at different locations — to their employees and this in turn can help attract and retain talent. In addition, the entrepreneurs, freelancers and others toiling away in the coworking space are a potential employee pipeline for other companies in the building.

“We foster talent retention, provide more innovative space to work out of, and an opportunity to work out of other spaces all along the Northeast corridor in other 1776 locations,” Maher said.

Mazo has other projects in the pipeline. He controls a site where a Rite-Aid now stands at 41st and Market Street where 4.0 University Place would go. He continues to look for properties between 39th and 42nd streets for future office, retail space and possibly residential development.

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