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Swiss insurer pays a premium price for 2.0 University Place

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The exterior of the 2.0 University Place office building at 30 N. 41st St. in Philadelphia.

by **Jacob Adelman**, Staff Writer [@jacobadelman](http://twitter.com/@jacobadelman) (<http://twitter.com/@jacobadelman>) |

Swiss insurer Zurich Insurance Group has acquired the 2.0 University Place office building near 41st and Market Streets for \$420 a square foot - among the city's highest purchase prices ever for a commercial property.

Zurich paid \$41.3 million Tuesday for the five-story building in a deal that also commits the company to completing up to \$1.8 million in interior construction work, developer Scott Mazo said.

Mazo invested \$31 million in the 98,000-square-foot eco-friendly office project at the largely untested western edge of Philadelphia's University City neighborhood. It remains one of just a few office buildings in the city with a Platinum rating by the U.S. Green Building Council's Leadership in Energy and Environmental Design (LEED) program, its highest ranking.

"We take sustainability very seriously, both in our acquisitions and asset management," Sean Bannon, a Zurich managing director and its head of U.S. real estate, said in an email. University City also is a strong real estate submarket, he said.

The building is Zurich's first Philadelphia real estate acquisition.

Mazo finished 2.0 University Place in 2013, after signing U.S. Citizenship and Immigration Services as its anchor tenant. USCIS's rent is \$34.55 a square foot on a 15-year lease through September 2028, according to the U.S. General Services Administration, which handles federal leases.

Tenants acquired since then include Dillsburg, Pa.-based NTM Engineering and infrastructure-support company U.S. Facilities.

Mazo also leases a 3,000-square-foot section of the building. The developer's offices will be used by staffers working on the proposed 3.0 University Place on an adjacent parcel to the south and an anticipated 4.0 University Place across 41st Street, where a Rite Aid stands.

Mazo said he is aiming to achieve Platinum v4 status - the newest LEED ranking - with 3.0 University Place. Its plans call for a skin of photoreactive glass to optimize interior sunlight, as well as other high-tech eco-friendly features.

Zurich's acquisition of 2.0 University Place follows Brandywine Realty Trust's sale earlier this year of the former 30th Street Station postal building it had renovated into LEED Gold-certified offices for the Internal Revenue Service. Seoul-based Korea Investment Management Co. paid about \$410 a square foot for that building.

The prices reflect the value that big institutional investors place on assets that promise steady, long-term returns from dependable tenants. But they also show growing investor interest in properties with sustainable designs.

Such buildings have been found to earn a 3 percent premium on rents and to post occupancy rates at least 2 percent higher than comparable properties without eco-friendly features, according data cited in a March report by Morgan Stanley's Institute for Sustainable Investing.

"These are meaningful additions to the bottom line," said Josh Myerberg, managing director of Morgan Stanley's real estate investing group. "Tenants seem to have a preference to be in well-run buildings that have the LEED stamp of approval."

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