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Renovated SmithKline building announces its first major tenant

Independence Blue Cross is leasing part of the former headquarters, marketed as less costly than Center City.

By Henry J. Holcomb
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The former headquarters of what is now GlaxoSmithKline P.L.C. — vacant since the dot-com bubble burst — has landed its first tenant.

The building's owner, Amerimar Enterprises Inc., said the 50,000-square-foot lease by Independence Blue Cross is a small but important step toward reviving the former pharmaceutical office, laboratory and manufacturing building as an alternative to higher-priced space in Center City.

George Cauffman, a CB Richard Ellis senior vice president hired to fill the space, is pushing the million-square-foot, 12-story building as a way for Center City companies to cut costs by moving functions to the nearby lower-cost space.

With an asking price of \$17.50 per square foot annually, plus electricity and janitorial service, and large efficient floors, an office at 1500 Spring Garden, Cauffman said, is about half the cost of prime Center City buildings.

Beginning in November, Independence Blue Cross, the region's biggest health insurer, will move 200 employees, including 40 from Valley Forge, into the first-floor space. They will scan 750,000 paper enrollment applications and



MICHAEL S. WIRTZ / Inquirer Staff Photographer

At 1500 Spring Garden, executives of Amerimar Enterprises, which renovated the building, talk in the southwest corner of the 12th floor. Its first tenant is Independence Blue Cross.

claims per month, as well as prepare identification cards and information kits.

The insurer is not closing the offices where these people now work. But moving these functions to lower-cost space will help Independence Blue Cross control administrative costs, said G. Fred DiBona Jr., the insurer's chief executive.

The insurer, which provides health insurance to about three

million members, employs 5,000 in Center City, most of them at its headquarters at 1901 Market St.

The Independence Blue Cross announcement comes three weeks after Amerimar lost out to the neighboring 440 N. Broad Building in competition for a new headquarters for the Philadelphia School District.

"The second-best thing that could have happened to us, if we couldn't get the school headquarters



MICHAEL S. WIRTZ / Inquirer Staff Photographer

The back side of the former SmithKline headquarters, which faces Center City (viewed from 15th Street), was given a new facade. On Spring Garden Street, it resides in an area with rising property values.

ourselves, is for it to go across the street to 440 N. Broad. We are so happy they are coming to neighborhood. They will bring 1,500 people . . . more vibrancy, attract retailers and other amenities,” said Gerald Marshall, chief executive of Amerimar.

When Amerimar bought 1500 Spring Garden, in partnership with Angelo Gordon & Co. of New York in 2000, it had dreams of cashing in

on what was then a booming telecom industry, with companies that were willing to pay rents much higher than market rate.

“The building would have been perfect as a telecom center if the demand had continued to grow,” Marshall said. “But the bubble burst.”

Now, office tenants will have the robust backup electrical and air-conditioning systems that high-tech

users once demanded, plus the amenities of a modern office.

To make the building more attractive to office tenants, Marshall has spent a bundle — he declined to disclose the specific amount — to add a new facade to the back side of the building, which faces Center City.

This includes replacing narrow chin-high windows with large expanses of glass. The upper floors have panoramic views of the skyline and the Delaware River.

It is next to a neighborhood with rising property values. Several large buildings nearby on North Broad Street have been converted to apartments, and more conversions are in the works.

The first five floors, where SmithKline once manufactured pharmaceutical products, have large floorplates, ranging from 103,000 to 124,500 square feet each, that are strong enough to support two to five times more weight than a typical office floor. Each of the upper seven floors is 43,500 square feet.



Touring the first floor of 1500 Spring Garden are (from left) Amerimar chief Gerald Marshall, CB Richard Ellis, officer George Cauffman, and Amerimar executives John Smyth and Andrew L. Bieznak.

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