

Prime Space On The Main Line

O'Neill Properties is developing Worthington, a mixed-use town center at the end of Philadelphia's Main Line in Malvern, Pennsylvania.

— Randall Shearin



A model showing Worthington. Built on the site of a former steel mill, the center will serve an affluent population with an average household income of \$150,000.

Every city has its area of wealth and prestige. In Philadelphia, that area extends along a corridor known as the Main Line. The “line” extends from downtown Philadelphia all the way to Malvern. Malvern is one of the wealthiest suburbs in the country. The area is dotted with country clubs, private schools and large homes; however, there is little retail.

For years, a steel mill sat at the corner of Routes 29 and 202 in Malvern. Today, the area near that intersection is home to the corporate headquarters of Vanguard, as well as large offices for companies such as Wyeth Pharmaceuticals, Shared Medical Systems and HBO. Philadelphia-based O’Neill Properties had its eye on the steel mill for more than 20 years, in hopes the owners would sell. About 2 years ago, Columbus, Ohio-based Worthington Steel finally agreed to sell the plant and its 44 acres to O’Neill. After gaining the site, O’Neill then went to the township and sold them on the location for a retail project.

With projects like The Market Common Clarendon and CityPlace in mind, O’Neill brought architect Joseph Antunovich, of Chicago-based Antunovich Associates to the township to paint the picture for O’Neill. After 48 meetings with

the township and its residents, O’Neill was able to negotiate zoning for Worthington, a mixed-use town center project to be developed at the site.

Original plans called for Worthington to have 500,000 square feet of retail, 700,000 square feet of office space and 600 residential units. Subsequently, O’Neill acquired additional adjacent sites, bringing the entire campus to 100 acres. In addition, Route 202 underwent a \$1 billion reconstruction. Because of the site improvements, O’Neill has gone back to the township to rezone the project for additional space. Now, when Worthington opens in 2008, it will have 600,000 square feet of retail, 800,000 square feet of office space and 700 residential units.

“The interest in the site has been overwhelming,” says Brian O’Neill, president of O’Neill Properties. “We are negotiating with five large tenants, when we can only fit two. We have most every national retailer committing from major books to high street fashion. We are in a market that is completely underserved. The Main Line shopper wants an urban experience. Over 100,000 people commute to this area every day, and there are few restaurants.”

Coronado, California-based The McGarey Group is leasing Worthington for

O’Neill Properties. BMAC Real Estate, headed by Bruce MacLeod, is also engaged as a development consultant.

The retail will be a mix of fashion, home furnishings, books, restaurants and entertainment. O’Neill is negotiating with a major movie theater for the project. Home elements will be a big part of the retail mix. Because of the high percentage of dual homeownership among the area’s residents, as well as the general trend of nesting, these retailers will play a big role in Worthington’s success.

There will be eight restaurants as part of the project. The McGarey Group is the exclusive retail leasing and planning consultant, and they are actively negotiating with best of class national and regional restaurants. O’Neill foresees high-end, celebrity chef restaurants, as well as a balance between artistic and Americana food.

“Food starts with quality. We are going to break the offerings down between price point and category so that we end up with an unmatched mix,” says Denver McGarey, president of The McGarey Group.

The McGarey Group expects to make its first tenant announcements just before the ICSC Spring Convention this month.

Homes along the Main Line have an average household income of \$150,000.



A rendering of the Worthington project in Malvern, Pennsylvania.
The center is built in a town square environment.

The residential market is highly educated and very wealthy. The marketplace has some unique attributes. They take several trips out of the country each year. A lot of the market is the aging, affluent baby boomer segment who value time more than money, even though they have plenty of money. A lot of the market owns more than one home. They are looking for a place to belong, and call their own, that reinforces their lifestyle.

"This is a very sophisticated marketplace," says McGarey. "You can't just drop a lifestyle center into this area and think it is going to work. This market is more educated, more affluent, and more vocal than any ZIP code we have had the pleasure of working in. The bar is set high. We feel a tremendous amount of pressure to deliver an environment that is up to the standards of the intelligence, quality and taste levels of this market."

McGarey is seeking a balance between the retail, entertainment and dining venues, where no one area will overwhelm the other. O'Neill Properties is being extremely selective with regard to tenants. After all, Brian O'Neill lives in the neighborhood, so it will literally be his center. He has given clear direction that the project be the best that the community will see in our lifetime. O'Neill has created a

select committee that considers each prospective tenant.

"Brian O'Neill is into this project at a level that is beyond any client I've ever had," says McGarey. "He is going to sweat every detail, and, working together on anything less than a grand success will be considered a failure."

With more than 100,000 people commuting to the area every day, Worthington will provide a great refuge for workers, and a great amenity to residents and workers locating in the area. Most of the jobs in the target market are high-paying white collar jobs in the nearby office parks. Also, the 700,000 square feet of office space at Worthington is expected to be a premium location, and will be built to a standard beyond Class A.

"Corporate America today is looking for more than just an office building in a corn field," says O'Neill. "They no longer want the corporate campus. There has been a transitional shift from the employer to the employee. Now that people are spending more time at work, it has become their social scene as well. Employees want to be able to walk to get a cup of coffee, or walk to a restaurant to eat lunch or dinner."

Combining the area's workforce population with its affluent residential popula-

tion could be the recipe for success at Worthington.

"If we do this right, we'll have striving young executives having dinner in the same restaurants as their 55- and 60-year-old parents," says McGarey.

Designed by Antunovich Associates (who planned the award winning town center, The Market Common Clarendon, in Arlington, Virginia), Worthington is designed to look classic and permanent. The finishes will be extremely high-end and durable. O'Neill is insistent that nothing be flimsy or theatrical. He has taken a personal interest in the finishes, selecting them himself.

"It is going to look like it has been here for 40 or 50 years," says McGarey. "It will be a 'great place' and a true landmark for the area. Joseph Antunovich is brilliant."

O'Neill has done some environmental remediation on the site. The company was able to scrap the steel from the mill and sell it. The sale of the steel paid for the cost of the environmental remediation and the demolition of the mill. O'Neill is working in partnership with the Pennsylvania department of environmental protection, and will restore the mill area to a project certain to become the centerpiece of main line living and entertainment. **SCB**