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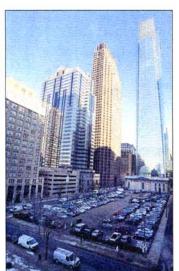
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Section

American Commerce Center Philly skyscraper project battles cloudy economy



The Comcast Center, right, is seen near the lot where developers would like to build the proposed American al tenants are gun-shy. Commerce Center, a 1.510-foot skyscraper in Philadelphia.

By Patrick Walters

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Associated Press Writer

PHILADELPHIA - At City Hall. leaders of the nation's sixth-largest city are warning about painful cuts as the recession slices deeper and deeper into the budget: library cuts, pool closures, less snow removal and layoffs.

But on an empty lot six blocks away, private developers are pushing ahead with plans to build a 1,510-foot skyscraper that would be one of the tallest buildings in the world.

In the midst of the worldwide financial crisis, the developers of the American Commerce Center envision a massive construction project that would employ hundreds of idled construction workers - and, by 2012, an iconic structure that would funnel many more jobs into the

But like a slew of sky-high building projects in the works from Chicago to Dubai, the building faces huge challenges: Credit is hard to find and potenti-

"There is more risk than there was a year ago or two years ago," said Peter who are fine-tuning plans for final design

Philadelphia City Council has already approved zoning changes to clear the way for the \$1.1 billion project, which includes plans for a 63-floor office tower, along with a hotel, retail, parking and other amenities downtown.

But getting tenants, Kelsen said, reproject.

He would not identify any potential tenants, but he said they aren't involved directly in the financial industry. The development group had talked previously with potential tenants who were in financial services, but they backed out amid the economic crisis.

Kelsen said it is a tough market and companies are hesitant thanks to the re-

Just last year, the 975-foot Comcast expected to top out at more than 2,600 bourne Development Group.

Kelsen, an attorney for the developers, feet - is expected to open later this year Hill International Real Estate Partner, and take over the mantle of "world's tallest building." Last year, the 1,600-foot review and hope to begin construction Shanghai World Financial Center opened in China.

> The Philadelphia developers don't have to look hard to find evidence that it's easier to plan a project in tough economic times than to build it.

In Dubai, work has been halted on the proposed 200-story Nakheel Tower. In Moscow, construction on the 1,968-foot mains the "big gorilla" for the monstrous Russia Tower began in 2007 but work was suspended late last year due to the and its opening will be delayed several global financial crisis.

> Back in the U.S., the Chicago Spire, a planned 2,013-foot residential tower, has been stopped amid the economic downturn. The architect also says the developer owes him more than \$11 million. But officials say they're confident the project will move forward, in part because a financier behind the project has already invested \$170 million of his own money.

The foundation has already been built Center opened a few blocks from the site and more than 30 percent of the units of the proposed new skyscraper. In have been sold, said Kim Metcalfe, a Dubai, a tower called the Burj Dubai - spokeswoman for the developer, Shel-

"There's a lot of skepticism now because of the market," said Metcalfe, who said the developers are still talking to potential investors. "The financing economics situation is clearly the biggest mitigating factor right now."

The estimated cost of the project has not been released.

And at the World Trade Center site in New York, the proposed 1,700-foot Freedom Tower is under construction but has been plagued by cost overruns. Officials say it's about \$200 million over budget. months to 2013.

Philadelphia officials, meanwhile, are trying to remain optimistic about the American Commerce Center moving forward - even with plans still in the fetal stages. If the project was built today, only Taipei 101 in Taipei (1,670 feet) and the Shanghai World Financial Center (1,614 feet) would be taller.

Since the Philadelphia building would go in what is now an empty lot, Councilman Darrell Clarke sees it as a no-lose proposition.

(See SKYSCRAPER on B3)

Philly skyscraper project battles cloudy economy

(SKYSCRAPER from B1)

The developers have told him the funding for the project — which would create about 1,000 jobs — is secure and that much of it is coming from union pension funds.

"This whole slowdown in the economic building has dramatically decreased the work available for their workers," he said. "This is their own stimulus package."

Other than the city's 10-year tax abatement program, the city is not currently offering any financial assistance to the project, Clarke said, and has not been asked to do so.

"The possibilities associated with the upside of this puts us in a position where we have to be supportive of this," he said, adding that he thinks the project has a 50-50 chance of happening. "If they don't build it, then we're where we are currently with a vacant lot."

Despite warning signs all around, superstructure developers say they won't be scared off. The economy will have to turn around sometime, they say.

Even with many projects running in to economic roadblocks, experts say there is an argument for starting skyscraper projects during an economic downturn.

"The height of a recession is actually one of the best times to build a tall building," said Antony Wood, executive director of the Chicago-based Council on Tall Buildings and Urban Habitat. "To build a tall building at the height of a boom is perhaps folly."

Optimists say people need to look no further than New York to find that iconic projects can be built during hard economic times — and eventually thrive.

The Empire State Building was built at the beginning of the Great Depression, opening in 1931, and it took years to become the bustling structure that it is. In the early years, critics called it the "Empty State Building" due to its lack of tenants.

"The Empire State Building, ar-

guably, for the first decade or two was a complete disaster," Wood said.