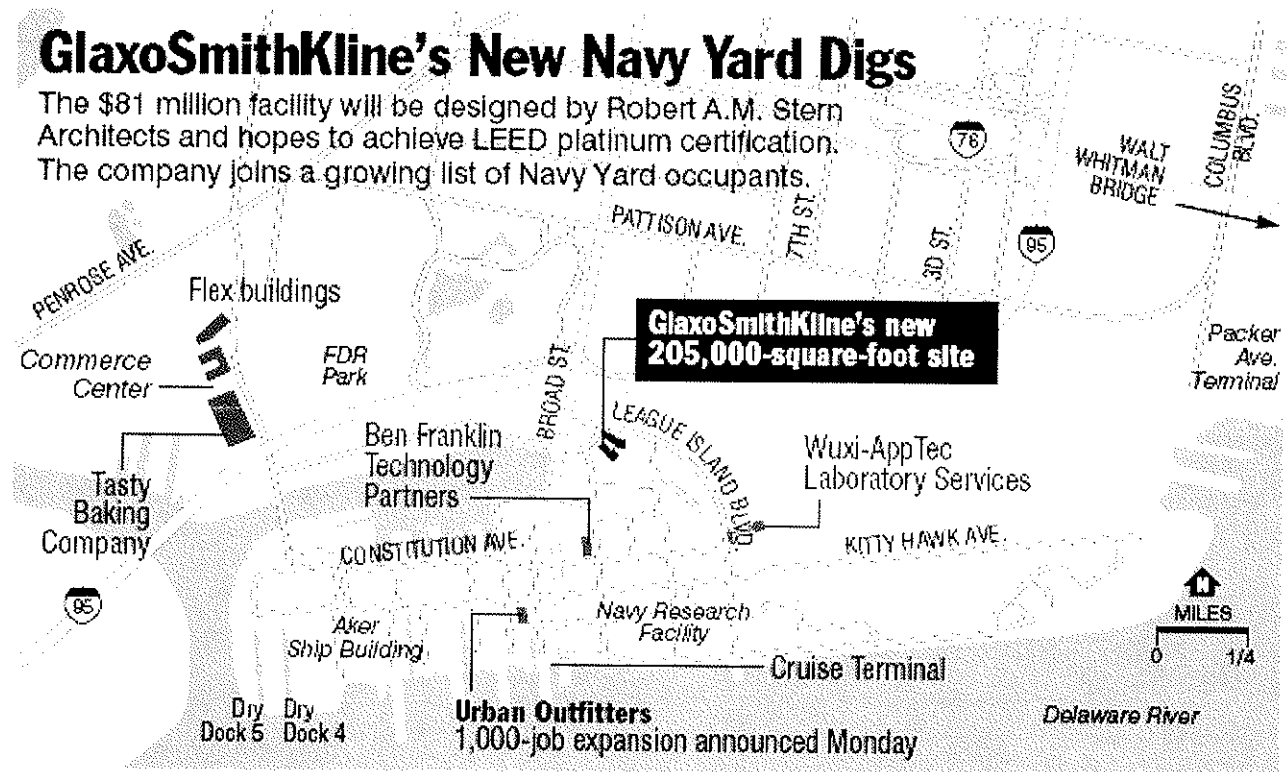


Article rank 9 Feb 2011 The Philadelphia Inquirer By Miriam Hill INQUIRER STAFF WRITER

Glaxo moving to Navy Yard 2

The firm, after signing a 151/ 2-year lease, will move 1,300 jobs from Center City to a new building.

Pharmaceutical giant GlaxoSmithKline P.L.C. will move 1,300 jobs from the company's Center City location to a new airy, glass-walled building at the Navy Yard designed by architect Robert A.M. Stern, the company and the city announced Tuesday. The news seems to put to rest rumors that have swirled for years that Glaxo would leave the city altogether. The company signed a 151/ 2-year lease at the Navy Yard and said the move would save it \$26 million yearly in real estate costs.



Employees will begin moving to the Navy Yard at the end of next year, and Glaxo officials said the company would retain all 1,300 jobs.

The company has more space than it needs at its Franklin Plaza location in Center City. Company executives Deirdre Connelly and Dan Phelan said a desire for affordable workspace with a creative feel drove the decision.

"We were really looking for two things, one was to create a tremendous new work environment for our employees, and we thought the best place to do that was at the Navy Yard and the second thing was to be able to create an open, collaborative working environment," said Phelan, senior adviser to Glaxo chief executive officer Andrew Witty.

Liberty Property Trust is developing the \$81 million building.

Glaxo will lease 205,000 square feet at the Navy Yard, compared with 800,000 square feet at its current location.

The company did not receive any financial incentives to move to the Navy Yard, other than the 10-year tax abatement granted to all new construction. The new four-story building will be in a Keystone Opportunity Improvement Zone, but Glaxo does not qualify for the tax credits those zones offer because it is not adding jobs there.

Mayor Nutter seemed at times amused and exasperated by persistent questions from reporters about whether the city, state, or federal government had granted tax breaks or other incentives.

"We need to get over ourselves and accept that people want to be in Philadelphia," he said. "We're back. We're resurging. We're a resilient city. Philadelphia is rising."

He portrayed the announcement as the latest in a string of job wins for the Navy Yard that have transformed it from an industrial relic to an alluring modern office park. Almost 100 companies are located there, employing 8,000 people. On Monday, Urban Outfitters Inc., which has its headquarters in the Navy Yard, announced that it would add 1,000 workers there during the next three years.

The Philadelphia Industrial Development Corp., a quasi-city agency, has led efforts to remake the Navy Yard, bringing in new businesses and buildings.

In January 2011, Liberty Property Trust broke ground on two "flex buildings," which are typically one-story structures with interiors designed as flexible space — easily adaptable to suit tenant requirements. Together with the new Tasty Baking Co. facility, the buildings will create a "mini-campus" to be known as the Navy Yard Commerce Center.

Tasty Baking, maker of TastyKakes, completed its move there in spring 2010. The move, however, did not solve the company's problems. It recently received \$3 million in public money to help it cope with its debt.

In August 2010, a research consortium led by Pennsylvania State University won up to \$129 million in federal funding to develop an "energy innovation hub" at the Navy Yard — a project expected to create and retain 1,200 jobs in the area immediately and as many as 100,000 over the next five to 10 years, officials said Tuesday.

For Glaxo, the move will not affect its research and development operations in Upper Merion and Upper Providence. The company employs 6,000 people in Pennsylvania, and executives said they expected that number to remain stable.

Stern, who designed the Comcast Tower, described his plans for the new Glaxo building as a "sculptural, crystalline illumination." It will be at the Navy Yard entrance and easily visible from I-95. An atrium will split the interior, creating a space in the middle of the building that feels like a city street, he said.

As an amenity, shuttles will be available at Suburban Station and at Eighth and Market Streets for employees who need transportation to the Navy Yard in South Philadelphia. The yard also is served by public transportation.

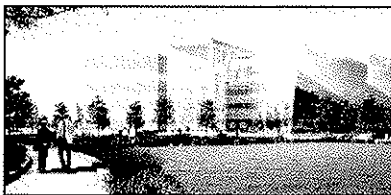
Glaxo is based in London and makes such products as asthma drug Advair. The company traces its Philadelphia roots to 1830, when John K. Smith opened a drugstore here that grew and merged to become GlaxoSmithKline.

For many years, GlaxoSmithKline maintained two U.S. headquarters, one here and one in Research Triangle Park, N.C. In 2008, the company announced that it would no longer designate Philadelphia as a U.S. headquarters city. The company said the change was symbolic and intended to reduce confusion, but it fed fears that Glaxo might pull out of town for good.

The company had considered other locations in the city and the suburbs but decided that the Navy Yard was the best fit.

"We are delighted to continue our proud Philadelphia history, which dates back to 1830, and to offer our employees an exciting and collaborative new work space," said Connelly, president of Glaxo's North America pharmaceuticals.

It is not clear what will happen to Glaxo's current Center City offices at One and Three Franklin Plaza, near the Vine Street Expressway. Liberty Property Trust, which owns Three Franklin Plaza and is developing Glaxo's new Navy Yard building, said it would seek new tenants. Commonwealth REIT, which owns One Franklin Plaza, did not return a call seeking comment.



Renting the space will be challenging because vacancy rates for commercial space in Center City are nearing 15 percent.

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