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EXCLUSIVE REPORTS

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Yaron puts stamp on Old City

Developer debuts plans for Front and Market restaurant – and more

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Yaron Properties, already a major property owner in Old City, has plans for three projects that could further change the face of one of Philadelphia's trendiest neighborhoods.

The developer has permits to renovate a long-abandoned, five-story building on the southwest corner of Front and Market. In addition to housing Yaron's Philadelphia offices, it would have a restaurant run by Stephen Starr, whose holdings include Morimoto, Buddakan and the new El Vez.

"We think Old City has the greatest potential [in Philadelphia]," said Michael Yaron, the company's principal. "It's walking distance from the waterfront, it has the historic district, nightlife, lounges, galleries."

Yaron Property's plan to rehab the abandoned building at Front and Market reverses a decades-long vacancy, said Richard Thom, chairman of the Old City Civic Association's developments committee.

"The community would like to see something there," Thom said. "For at least 25 years, it's been a derelict corner."

The Yarons themselves scuttled a plan to convert the building to a boutique hotel two years ago, though they say they'd still like to open a small hotel in the neighborhood.

Elsewhere in Old City, Michael Yaron, 58, and son Jarred, 25, may be making their biggest mark on the corner of Third and Arch streets, near the Betsy Ross House. This fall, on the southeast corner of 3rd and Arch, they finished the conversion of a long-abandoned building, Merchants Row, into luxury apartments, with Starbucks and the Papery on the ground floor.

Next door to Merchants Row, facing Arch Street, the Yarons plan to build a six-story condominium building with a branch of Bala Cynwyd-based Allegiance Bank on the ground floor.

On the northeast corner of the intersection, at 249 Arch, the Yarons are considering two very different plans for the former Seamen's Church Institute, a 22,000-square-foot, marble-fronted building built as a bank.

Yaron Properties paid \$2.2 million for the former Seamen's Church Institute site, according to broker Insignia/ESG. The institute, an advocate for the world's seafarers, moved to larger quarters, at 475 N. 5th St.

Under one scenario, the site would house a major national bookstore chain. (With negotiations pending, Yaron did not want to say publicly which one.)

The second scenario seems to do more to stoke their passion for the project: In this scenario, they would convert the building into a luxury spa. It would offer yoga, treatments, meditation and Eastern spiritual and healing techniques.

"Of course, it has to be 5-star quality," said Michael Yaron.

"The concepts are totally different," he said. "But the contribution to the neighborhood is similar. You stay here, you live, you learn. The concepts are 180 degrees. ... We're leaning toward a worldwide spa. That way, we control our destiny. We have no partners, no investors. We prefer to do things our way."

"We will find qualified people to run it. We think people will adopt it," Michael Yaron said. "It will give people reason to come to Philadelphia beyond the Liberty Bell."

Out-of-town spa-goers could stay at the Rittenhouse Bed & Breakfast, off Rittenhouse Square. The Yarons, who bought the Rittenhouse B&B in 2000, are expanding it from 10 rooms to 18. Guests could be shuttled, by limo, between the B&B and the spa, they say.

Whatever the outcome of the former Seamen's Church Institute building, it will be a business and run as such, Michael Yaron said.

"We are business people. We're not just going to make it look nice," said Yaron. Whatever it is, "it will be an extremely profitable proposition."

Like any developer in Old City, Yaron must answer to a bevy of watchdogs, including Thom's group, the Preservation Alliance, the Old City District, Old City Arts Organization and the city's own zoning board.

For instance, before he successfully opened a Starbucks, he faced opposition over the introduction of a chain store – viewed by many as a step toward the homogenization of the eclectic neighborhood – but he also had to convince critics that the chain would not contribute trash and nuisances associated with take-out food.

But Yaron, Thom said, has won allies in Old City by converting unused buildings to high-end housing and retail and by being meticulous about historic preservation.

"He saved a historic facade at Market and Strawbridge streets, fighting a court order to tear down the building," Thom said. "He held his ground. He had to convince a judge. [Licenses and Inspection] sided with him. To his credit, it cost him a lot of money."

It wasn't his first challenge.

Michael Yaron, who immigrated from Israel in 1968 with \$5 in his pocket, started out bagging groceries. He earned a Ph.D. in plasma physics and briefly taught at the college level before veering into construction, environmental remediation and, eventually, real estate development, mostly in New York.

In addition to Philadelphia, Yaron Properties has development plans for Atlanta; Orlando, Fla.; and Toronto. For each city, the plan is to build luxury apartments and/or condos with accompanying retail.

Michael Yaron said the company is looking at another 200,000 square feet worth of property in Philadelphia. But he also sees a top end of about 60 housing units, and the company is nearing that.

The Yarons have some 30 properties in Old City, in some cases taking advantage of tax credits for renovating historic properties. Michael Yaron won't pinpoint how much he has invested in the city, saying only it's been "tens of millions of dollars."

"I don't sit at home and figure out how much to invest," he said. "If the quality is good, it will usually be profitable."

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