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IN THE COURT OF COMMON PLEAS OF PHILADELPHIA COUNTY
FIRST JUDICIAL DISTRICT OF PENNSYLVANIA
TRIAL DIVISION – CIVIL

BRYCE WANAMAKER LLC,

Plaintiff,

v.

PHILADELPHIA CENTER REALTY
ASSOCIATES, L.P., TIC 1301 CHESTNUT
PROPERTY OWNER, LLC, and WANAMAKER
OFFICE LEASE, LP,

Defendants.

August Term 2023

No. 1646

Commerce Program

Control Number 26023345

DOCKETED

AUG 5 2026

RECORDED
COMMERCE PROGRAM

ORDER

AND NOW, this 25th day of August 2026, upon consideration of Plaintiff Petitioner

Bryce Wanamker LLC's Motion to Fix the Fair Market Value of the Property and for Deficiency Judgment pursuant to 42 Pa. C. S. § 8103 (a), Defendants and Respondent's Response in Opposition, Reply, after a Hearing, and in accord with the attached Opinion, it is hereby **ORDERED and DECREED** that

1. Plaintiff Petitioner's Motion is **GRANTED**.
2. The Fair Market Value of the premises known as 1300 Market Street – Units A, B, and C (Office) and 50 S. 13th Street (Garage), Philadelphia, PA 19107 is **FIXED** at \$30,300,000.
3. The deficiency judgment shall and is hereby **FIXED** at \$95,467, 543.38.
4. The Judgment Index shall be revised in accordance with this Order.

BY THE COURT:


PAULA A. PATRICK, S.J.

ORDOP-Wilmington Trust, National Association, As Trustee [RCP]



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**IN THE COURT OF COMMON PLEAS OF PHILADELPHIA COUNTY
FIRST JUDICIAL DISTRICT OF PENNSYLVANIA
TRIAL DIVISION – CIVIL**

BRYCE WANAMAKER LLC,	:	August Term 2023
	:	
Plaintiff,	:	No. 1646
	:	
v.	:	Commerce Program
	:	
PHILADELPHIA CENTER REALTY	:	Control Number 26023345
ASSOCIATES, L.P., TIC 1301 CHESTNUT	:	
PROPERTY OWNER, LLC, and WANAMAKER	:	
OFFICE LEASE, LP,	:	
	:	
Defendants.	:	

OPINION

In this Mortgage Foreclosure Action, Plaintiff Petitioner Bryce Wanamaker LLC (“Petitioner”) files a Motion to Fix the Fair Market Value of the Property and to determine the Deficiency Judgment pursuant to 42 Pa. C. S. § 8103 (a). The properties at issue in this Motion consist of four vertically stacked fee interest parcels. They are (1) Premises A located at 1300 Market Street, Philadelphia PA, OPA No. 88-3-1300-40; (2) Premises C located at 1300 Market Street, Philadelphia PA OPA No. 88-3-1320-00; (3) Premises D located at 1300 Market Street, Philadelphia, PA OPA No. 88-3-1330-00 and (4) Premises E located at 50 S. 13th Street, Philadelphia PA. OPA No. 88-3-1330-00. (Docket (Dkt) 7-30-26, Stipulated Facts, 1). The property consists of approximately 954,363 rentable square feet and 660 underground parking spaces. (Id. 2).

Defendant Respondents Philadelphia Center Realty Associates, L.P., TIC 1301 Chestnut Property Owner LLC and Wanamaker Office Lease, LP and Respondent Rubenstein Properties Fund II, L.P. (“Respondent Guarantor”) (collectively referred to as “Respondents”) oppose the

Petition and propose a different value.¹ After considering the testimony and reports of the competing expert appraisals and for the reasons discussed below, Petitioner's Motion is granted, the fair market value is fixed at \$30,3000,000 and the deficiency judgment is fixed at \$95,467,543.38.

BACKGROUND

1. The Loan

On May 11, 2018, Defendant Wanamaker Office Lease, LP and the Original Lender Natixis, New York Branch ("Original Lender"), entered into a Loan Agreement in the amount of \$124,000,000. (Dkt. 2-11-26, Motion ¶ 7). Defendant Wanamaker Office Lease, LP granted to Original Lender a security interest in certain assets of Borrower as defined by the security agreements. The Loan was guaranteed by Guarantor in favor of the Original Lender pursuant to a Guaranty of Recourse Obligations dated May 1, 2018. (Id. ¶ 8). Additionally, Defendant TIC Owner and Philadelphia Center Realty Associates, LP agreed to mortgage their respective interests in the real property, 1300 Market Street – Units A, B, and C (Office) and 50 S. 13th Street (Garage), Philadelphia, PA 19107 ("Property"), to ensure the payment and performance of the obligations owing under the Loan Agreement, Note and other Loan Documents. (Id. ¶ 9).

2. The Mortgage Foreclosure Action and Sheriff Sale

On August 15, 2023, the Original Lender, commenced this commercial foreclosure action. (Id. ¶ 11). On July 18, 2024, Bryce Wanamaker, LLC filed a Praecipe for Voluntary Substitution of Plaintiff under Pa. R. Civ. P. 2352 and Statement of Material Facts in Support, pursuant to which Bryce Wanamaker LLC was substituted as the Plaintiff in this action based on the assignment of

¹ The Guarantor is a Respondent in this supplementary proceeding pursuant to § 8103 (b) and (g) of the Pennsylvania Deficiency Judgment Act, 42 Pa. C. S. § 8103 *et seq.*

the underlying Notes, Mortgage, and the other Loan Documents by the Original Plaintiff. (Dkt. 2-11-26, Motion ¶ 12).

On February 26, 2025, Petitioner obtained an *in-rem* judgment in the Property against Respondents Wanamaker Office Lease, L.P., Philadelphia Center Realty Associates, L. P., and TIC 1301 Chestnut Property Owner, LLC in the amount of \$120,000,000. (Dkt. 7-30-26, Stipulated Facts, 3). On June 3, 2025, the Sheriff of Philadelphia held a unified foreclosure sale of the Property, including real and personal property². (Id. 4). The sole bidder for the property at the foreclosure sale was 1300 Market Owner LLC (“Purchaser”) with a winning bid of \$30,000,000. (Id. 5, 6-7). The costs incurred in connection with the foreclosure sale total \$5,767,543.38. (Dkt. 8-12-25, Schedule of Distribution).

Purchaser and the Petitioner are affiliates. Purchaser and Petitioner are also the control affiliates of TF Cornerstone, Inc., the owner of the retail parcel of the Wanamaker Building, commonly referred to as Floors 1 through 3 of the Property as of June 3, 2025, which was not sold at Sheriff Sale. (Id. 9,12). As of June 3, 2025, Petitioner, the Purchaser and TF Cornerstone Inc. intended to and sought to convert Premises A of the Property (Floors 6 through 12) to residential apartment units. (Id. 13).

On August 12, 2025, the Sheriff of the City of Philadelphia filed its Proposed Schedule of Distribution detailing the costs and expenses relating to the conveyance of title to, among other things, the Real Property to the Purchaser following the Foreclosure Sale. Pursuant to Pa. R. Civ.

² Under Pennsylvania law, only the value of the real property obtained through the foreclosure sale is considered in determining the deficiency judgment. *See, e.g. Citizens Nat. Bank of Evans City v. Gold*, 653 A.2d 1245, 1249 (Pa. Super. 1995)(“42 Pa.C. S. § 8103 does not require a judgment creditor to take into consideration the value of the debtor’s personal property remaining on the property. Rather, it requires only that the Court determine the fair market value of the ‘real property sold.’”).

P. 3136 (d), the parties had ten days from the filing of the schedule of distribution to lodge exceptions. No exceptions were filed. A Sheriff's deed for the Real Property was executed and acknowledged by the Sheriff and was recorded in the Real Property Records of Philadelphia County, PA, on August 13, 2025. (Dkt. 7-30-26, Stipulated Facts 17).

3. Appraisals

At the request of Petitioner, Emily J. Risser, MAI, a Senior Vice President from Newmark Valuation & Advisory performed a Retrospective Market Value Appraisal for the Property as of June 3, 2025.³ Ms. Risser opined that the Retrospective Market Value for the Property as of June 3, 2025 was \$30,300,000. (Petitioner's Hearing Exhibit P-1, the Report of Emily Risser). Based on Ms. Risser's appraisal, Petitioner argues that it is entitled to a determination of the fair market value of the Property as \$30,300,000 and the amount of deficiency judgment to be \$95,467,543.38 (\$120,000,000 + \$5,767,543.38 - \$30,300,000.00).

At the request of Respondents, Michael J. Samuels, MAI, CRE, FRICS, AI-GRS from Colliers International Valuation & Advisory Services also performed a Retrospective Market Value Appraisal as of June 3, 2025 for the same Property. (Defendant Respondents' Hearing Exhibit D-1, the Report of Michael J. Samuels.). Mr. Samuels appraised the real property as \$71,600,000 and was critical of Ms. Risser's report including her ultimate market value for the Property. (Id.).⁴ Mr.

³ Ms. Risser, on March 20, 2025, issued a Retrospective Market Value Appraisal as of January 1, 2024 related to a tax assessment appeal for the Property at issue here. At the time, the Retrospective Market Value was \$44,900,000. Ms. Risser used sales of stabilized properties at the time of the 2025 appraisal as more stabilized sales occurred.

⁴ While Mr. Samuels was critical of Ms. Risser's appraisal, he adopted her general parking income projections, (N.T. 8-5-26, 208:21-25) and accepted her market leasing assumptions, her real estate calculations, her operating expenses, her base rent calculation for office space, her vacancy assumptions, her projections for the income and expenses for the parking garage and her projections for income and expenses for the parking garage. (Id. 191:2-25, 192:1-25).

Samuels opined that Ms. Risser's report provided insufficient market analysis leading to an incorrect highest and best use conclusion, relied on data that denies the reasonable probable use for the Property as a residential conversion and failed to value the parking garage as an independent stabilized parcel. (Id.) As will be discussed below, the Court finds that Ms. Risser's valuation opinion to be credible, competent and reasonable.

4. Zoning Permits

The City of Philadelphia Department of Licenses and Inspection issued permits to the Purchaser for the Property. On July 1, 2025, the Philadelphia Department of Licenses and Inspections issued Purchaser a zoning permit for 622 dwelling units all in the same building including an event assembly facility and an existing non-accessory underground parking garage (587 parking spaces). (Dkt. 7-30-26, Stipulated Facts 15).

On September 14, 2025, the Philadelphia Department of Licenses and Inspection issued the Purchaser Commercial Building Permit for interior demolition of non-loading partition walls at the 6th through 12th floors as per approved plans and in accordance with 2018 IEBC and PHC approval. (Id. 16). On February 26, 2026, the Philadelphia Department of Licenses and Inspections issued Purchaser a Commercial Building Permit. (Id. 17).

5. The Motion to Fix Fair Market Value and Determine Deficiency Judgment.

On February 11, 2026, Petitioner filed this Motion to Fix the Fair Market Value of the Property and to determine the Deficiency Judgment in accordance with 42 Pa. C. S. § 8103 (a). (Dkt. 2-11-26, Motion). On March 6, 2026, Defendant Respondents and Respondents filed a response in opposition. (Dkt. 3-6-26, Response). A Reply was filed by Plaintiff on March 25, 2026. (Dkt. 3-25-26, Reply). On April 23, 2026, the Court granted the parties leave to conduct discovery on the fair market value of the real property at issue and scheduled a hearing for June 9,

2026. (Dkt. 4-23-26, Order). The hearing was rescheduled to August 5, 2026. (Dkt. 4-27-26, Order). On August 5, 2026, a hearing was held on the Motion and testimony from the competing appraisers was received. The Motion is now ripe for decision.

DISCUSSION

A. Legal Principles

Whenever any real property is sold, directly or indirectly, to the judgment creditor in execution proceedings and the price for which such property has been sold is not sufficient to satisfy the amount of the judgment, interest and costs and the judgment creditor seeks to collect the balance due on said judgment, interest and costs, the judgment creditor shall petition the court to fix the fair market value of the real property sold pursuant to the Deficiency Judgment Act. See, *42 Pa.C.S.A. § 8103(a)*.

Under the Deficiency Judgment Act, the creditor's judgment against the debtor is reduced by the fair market value of the property purchased by the creditor rather than by the actual sale price of the property. The objective of the Deficiency Judgment Act is to relieve a debtor from further personal liability to the judgment creditor when the real property taken by the judgment creditor on an execution has a fair market value on the date of sale sufficient so that the judgment creditor can dispose of the property to others without a further loss. *Horbal v. Moxham Nat. Bank*, 697 A.2d 577, 581–82 (Pa. 1997).

The Deficiency Judgment Act does not define the term “fair market value”, but the appellate courts of this Commonwealth, have defined the term as the price a purchaser, willing but not obligated to buy, would pay an owner, willing but not obligated to sell. *First Pennsylvania Bank, N.A. v. Peace Valley Lakeside Community and Agr. Trust, Inc.*, 478 A.2d 42, 43–44 (Pa. Super.1984)(citations omitted).

The formula to determine the fair market value must be tempered by recognition that, in instances arising under the Deficiency Judgment Act, “the actual situation is that of a ‘purchaser’ obliged to buy in, in order to protect the loan it made, and an ‘owner’ obliged to sell his property at Sheriff’s sale, because he is unable to pay his debt” and, therefore, the hearing court must consider “what reasonably the judgment creditor can get out of the property in partial or complete recapture of the loan and interest on loan” *Id. quoting Cheltenham Federal Savings and Loan Assoc. v. Pocono Sky*, 451 A.2d 744, 746 (Pa. Super. 1982).

The decision of the Pennsylvania Supreme Court in *Union Nat. Bank of Pittsburgh v. Crump*, 37 A.2d 733 (Pa. 1944), remains the landmark authority in deficiency judgment proceedings and, makes clear that:

Many elements properly enter into the determination of “fair market value”. Among these are recent sales of real estate of comparable location and description Other factors of value include (1) the uses to which the property is adapted and might reasonably be applied (2) the demand for the property and similar properties, taking into consideration economic conditions which depress market value in its true sense and detrimentally influence such demand (3) the income produced by the property, including rents, and (4) generally, all elements which affect the actual value of the property and therefore influence its fair market value *First Pennsylvania Bank, N.A. v. Peace Valley Lakeside Community and Agr. Trust, Inc.*, 478 A.2d 42, 45 (Pa. Super.1984) *quoting Union Nat. Bank of Pittsburgh v. Crump*, 37 A.2d at 735 (citations omitted).

“Highest and best use”, an element for consideration in judicial determinations of fair market value in condemnation cases, has become one of several factors considered in a deficiency judgment determination. *Id.*

It is well settled that the weight to be given to expert testimony on valuation of land is for the trier of fact. *Mellon Bank (East) Nat. Ass’n v. Pennsylvania Restaurant of A.B. E., Inc.* 528 A.2d 654, 655 (Pa. Super. 1987). (citations omitted). It is within the province of the trier of fact to weigh the credibility of valuation witnesses’ testimony and to determine the fair value of the

land. *Id.* Further, the Superior Court must accept findings of the trial court with respect to credibility of witnesses. *Id.* The trial court is free “to accept or reject the credibility of both expert and lay witnesses, and to believe all, part, or none of the evidence.” *Gaydos v. Gaydos*, 693 A.2d 1368, 1377 (Pa. Super. Ct. 1997). (citations omitted).

In this case, the Court finds that Ms. Risser’s report, opinion and testimony to be more credible than that offered by Mr. Samuels and consequently finds that the fair market value of the real property to be \$30,300,000. Ms. Risser’s report takes into consideration the recent sales of similarly situated properties (unstabilized), uses to be adopted (hold for mixed use development and creation of positive cash flow for financial feasibility with potential for future partial conversion), the demand for real property, income to be produced by the real property, the condition and characteristics of the property, and neighborhood characteristics as of June 3, 2025. (Petitioner’s Hearing Exhibit P-1, Report of Emily Risser). Ms. Risser considered the Property’s “highest and best use” and all the factors identified in *Union Nat. Bank of Pittsburgh v. Crump* to determine the Retrospective Market Value. Additionally, the Court finds her methodology in completing the sales comparison analysis and the income capitalization analysis credible and accepts her findings.

B. “Highest and Best Use”.

Ms. Risser opined that the “highest and best use” of the Property as of June 3, 2025 to be as follows: vacant - mixed use and as improved - continued office with potential to convert to residential as demand warrants. (N.T. 8-5-26, 29:14-22). In arriving at this opinion, Ms. Risser, unlike Mr. Samuels, considered the facts as they existed as of June 3, 2025, including but not limited to the absence of finalized plans for a residential conversion of the Property, the absence of zoning approvals issued by the City of Philadelphia (the permits were issued July 1, 2025,

September 14, 2025 and February 26, 2026), the absence of estimates for construction costs⁵, and the absence of secured historic tax credits. (N.T. 8-5-26, 30:3-23-31:1-18). Ms. Risser also took into consideration the existing leases in place at the Property as of June 3, 2025, which had contractual lease terms to 2034 with several office tenants located on the upper floors planned for conversion. (Id. 30:3-23). The Court finds Ms. Risser’s analysis credible and agrees with her conclusion that residential conversion of the Property as of June 3, 2025, was speculative.

Mr. Samuels’ criticism of Ms. Risser’s “highest and best use” analysis is misplaced. Ms. Risser credibly testified that the Purchaser’s hiring of architects, discussing conversion plans, and purchase of debt, activities relied upon by Mr. Samuels in his “highest and best use” analysis⁶, did not constitute concrete activities that could be tested. On June 5, 2025, as Ms. Risser opined, residential conversion was speculative which is supported by an absence of a feasibility analysis for the conversion which is necessary to show that the conversion would be maximally productive. (Id. 32:1-22; 8-5-26, 33:1-10).

The Court finds credible Ms. Risser’s conclusion that the “highest and best use” of the Property on June 3, 2025 was vacant with mixed use and continued office with potential to convert to residential as demand warrants and the Property and the market conditions stabilize.

C. Sales Comparison Approach

The Court similarly finds that Ms. Risser’s sales approach analysis to be reasonable, reliable and competent. Ms. Risser’s performed her comparable sales analysis using an as is base with un-stabilized properties as there were more comparable sales of un-stabilized properties than

⁵ The building was originally designed and constructed for downtown retail department store; the 100,000 square foot floor plates create challenges in terms of light wells and lighting residential units. (N.T. 8-5-26, 30:10-18).

⁶ (N.T. 8-6-26, 184:4-16).

stabilized properties at the time. Ms. Risser used six comparable sales in the Center City District, some were continued office use, and others were planned for partial conversion and some full conversion. (N.T. 8-5-26, 35:16-25, 34:10-19). The sales comparison analysis produced a value of \$32.4 million with an indicated value of \$34 per square foot.

Ms. Risser made adjustments in her sales approach analysis based on the Property's composition as a condominium and for its size, age, quality, functional characteristics and economic characteristics. (N.T. 8-5-26, 36:7-18). The Court accepts Ms. Risser's explanation regarding Mr. Samuels contention that "adjustments were duplicative" driving the value downward. The adjustments were not duplicative. As Ms. Risser explained she made two separate adjustments, one for property size relating to the scale of the building and one for the functional characteristic referring to the Property's 100,000 square feet floor plates, which according to Ms. Risser makes conversion more challenging. (N.T. 8-5-26, 37:1-6). A review of Ms. Risser's testimony as well as the report supports this explanation.

Ms. Risser did consider the parking garage in her analysis. However, unlike Mr. Samuels, Ms. Risser did not appraise the parking garage separately because the parking garage was part of the gross area of the building, the Property was sold as a single unit at Sheriff Sale and has been historically used as a single fully integrated unit. (N.T. 8-5-25, 37:17-25, 38:1-4). The Court accepts this explanation as credible. Mr. Samuels valuation primarily derives from valuing the parking garage independently from the other three parcels. While this does increase the value of the Property, bifurcation of the parcels is not historically accurate as the Property did not operate as such and therefore created an inflated value. The parking garage on June 3, 2025, was a stabilized unit in an un-stabilized Property.

Ms. Risser's sales comparison analysis included the 954,363 rentable square feet with 660 spaces in the underground garage. Ms. Risser took into consideration the year the property was built, 1904, as well as the 1989 renovations. As of the retrospective appraisal date, only 20.9 % of the real property was leased and the operating expenses exceeded the income, resulting in negative net operating income in 2024. The 2025 budget reflects minimal leasing activity over the years with an additional decline due to large leases coming due in March 2025 and August 2025. Ms. Risser's sales comparison analysis is credible.⁷

D. Income Capitalization Approach

Similarly, the income capitalization approach analysis by Ms. Risser is also credible and consistent with the "highest and best use" and sales comparison approach. Ms. Risser utilized a discounted cash flow method as the comparison was made to un-stabilized properties. (N.T. 8-5-26, 39:2-7). As of June 3, 2025, the net cash flow of the Property was negative because the operating expenses exceeded the revenues. (Id. 1-3; 40:9-11). The Property's lease percentage was under 21%, the number of tenants at the Property was 11 with contract rents of \$26 to just under \$39 per square foot and the occupancy was declining. (Id. 12-25). Ms. Risser expected the Property to become positive after several years of pursuing more leases. (Id. 40:24-25, 41:1-2; 42:1-10).

Ms. Risser concluded that the market rent for the office space was \$30 per square foot which was derived from seven rent comparables in the Center City District with adjustments based on expense structures, physical characteristics, including location size, age, condition, quality, available parking and economic characteristics of the comps. (N.t. 8-5-26, 41:8-23). Ms. Risser's

⁷ Ms. Risser considered the sales comparison analysis to the income capitalization analysis. (N.T. 8-5-26, 37:14-16).

did include the income from the parking garage in her income comparative analysis. (N.T. 44:13-15).

Additionally, Ms. Risser employment of a 12-year discounted cash flow analysis with a 12% discount rate with a 9.5% exit rate is credible and supported by the evidence. (Id. 44:20-25-45:1-4). The Court accepts Ms. Risser's conclusion that an investor would hold the property for 12 years. As explained by Ms. Risser, a five-year hold, as proposed by Mr. Samuels, was not market appropriate and was not standard for a property that was 79 % vacant as of June 3, 2025; additional time was required to absorb vacant space. (Id. 46:8-21). Ms. Risser's explanation is reasonable given the absence of any comparable Philadelphia office property showing an investor selling at five years. (Id. 8-5-26, 215:11-24).

Consistent with the sales comparison approach, Ms. Risser did include the parking garage income in her analysis, but she did not value the parking garage independently from the other three parcels. The Court again accepts Ms. Risser's explanation that separating the parking garage income and applying a different capitalization rate was not appropriate because the Property historically operated as one integrated asset and it would be purchased as one unit. (Id. 46:22-25-47:1-18). Mr. Samuels' separate valuation of the parking garage at \$28 million, according to Ms. Risser is aggressive and based on a cap rate that is too low and does not fit with the income profile of the Property. (Id. 48:1-8). Moreover, accepting Mr. Samuels's opinion of valuing the parking garage independently conflicts with his opinion that the most probable purchaser would acquire the property as a single asset. (Exhibit D-1 p. 68).

Ms. Risser's value after her income comparative value analysis is \$30.3 million, with a value of \$32 per square foot. (Id. 45:18-23). The Court finds Ms. Risser's value conclusion using the income capitalization approach to be credible, competent and reliable.

CONCLUSION

For the foregoing reasons, Plaintiff Petitioner's Motion is **GRANTED**. The Fair Market Value of the premises known as 1300 Market Street – Units A, B, and C (Office) and 50 S. 13th Street (Garage), Philadelphia, PA 19107 is **FIXED** at \$30,300,000 and the deficiency judgment is **FIXED** at \$95,467, 543.38.

BY THE COURT:



PAULA A. PATRICK, S.J.