

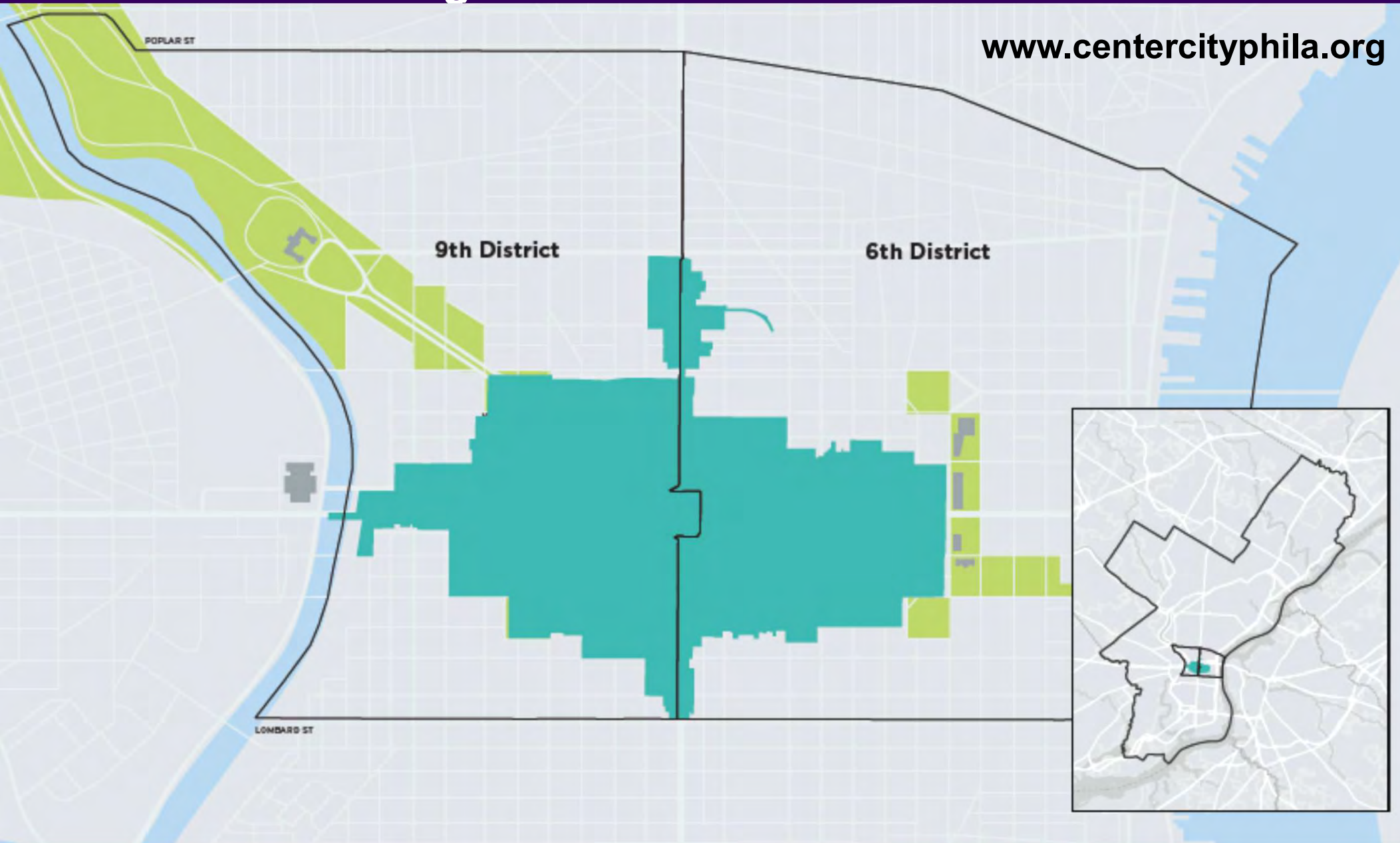
The Dynamics of Resilience: Reshaping downtowns: What are the components of success?



Paul R Levy, Board Chair
Center City District
100 S. Broad St
Philadelphia, PA 19110
plevy@centercityphila.org

CCD is \$33 million Business Improvement District Providing services to commercial core since 1991

www.centercityphila.org



Deploy 105 manual & mechanical, highly visible cleaning staff
Pressure washing & graffiti removal; 7 days/week:



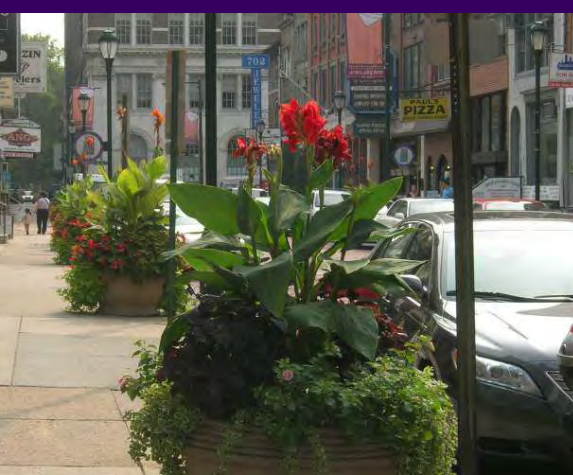
50 uniformed, unarmed, safety ambassadors



In a unique partnership with police Combined roll call & coordinated deployment strategy



Since 1996 financed & implemented \$162 million streetscape & public area improvements



Building façade lighting



Built & manage four parks



Including a park for young children



2010: took a derelict park on westside of City Hall



Completed \$60 million renovation in 2014



Invest significantly in research On marketplace & employment trends www.centercityphila.org



Focus on *Downtowns Rebound*: Report released by CCD in October 2023

Analysis of 26 of
nation's largest downtowns
Placer.ai anonymized cell phone data
Track workers, visitors & residents

DOWNTOWNS REBOUND

THE DATA DRIVEN
PATH TO RECOVERY

 CENTER CITY
DISTRICT

Updated to December 31, 2024



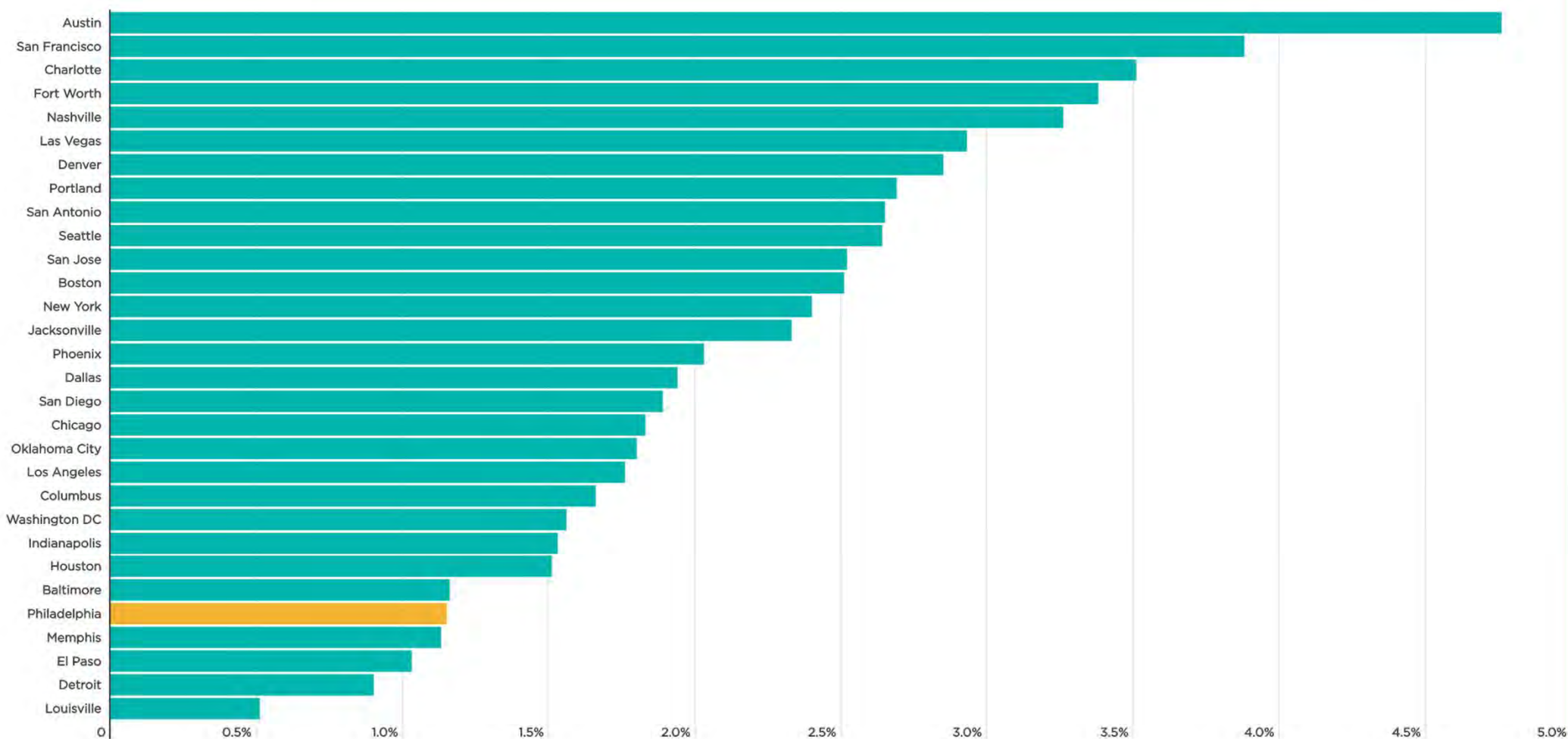
 CENTER CITY DISTRICT

Following 2008-2010 financial meltdown & recession

Decade 2011-2019: robust, private sector, urban job growth

In all 30 of the largest cities

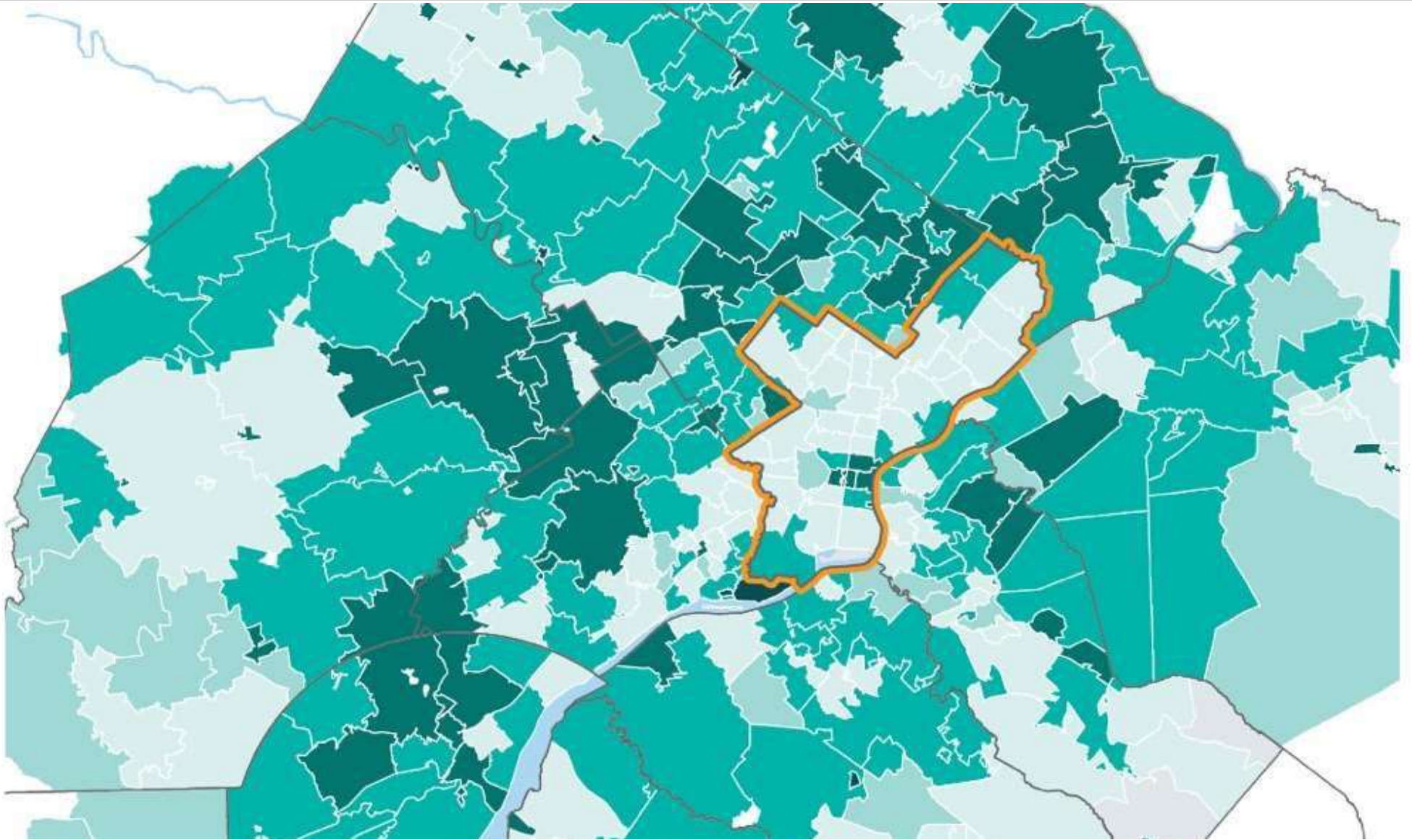
Average Annual Change in Private Employment, 2011-2019



The traditional post World War 2 American CBD Had been defined by high density office buildings

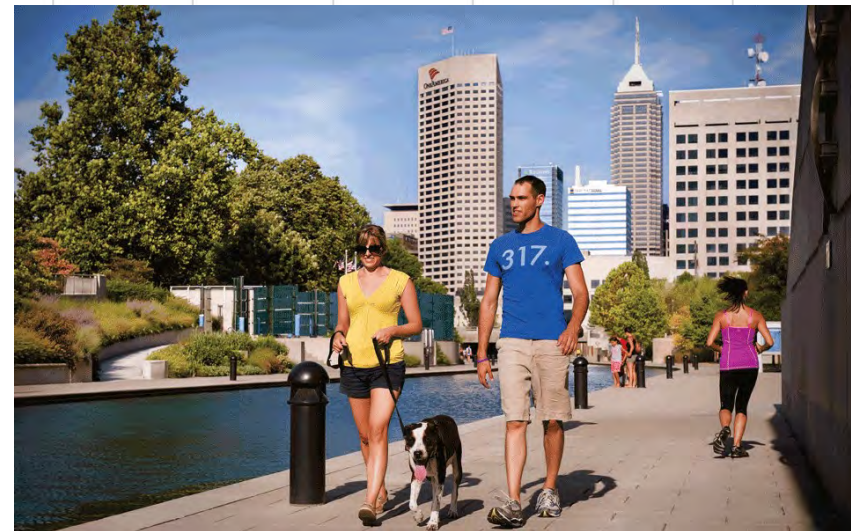
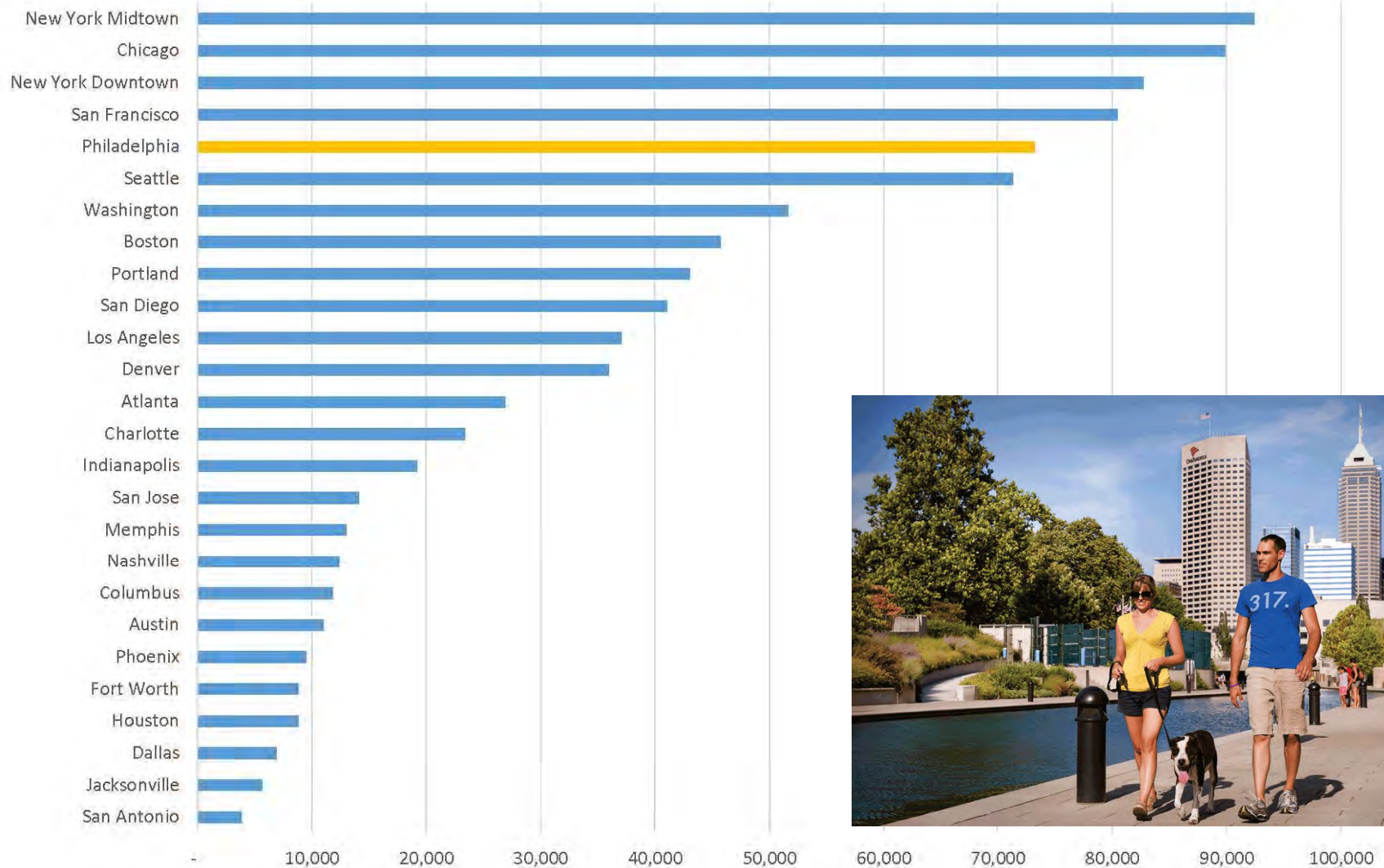


**But we also invested heavily in highways & cars
Decentralizing jobs, shopping & housing**



**But since 2000, downtown residential growth occurred everywhere,
Both within areas once dominated by office buildings...**

Downtown Population in 2020



In adjacent & surrounding neighborhoods



Arts, entertainment & sports grew robustly



Conventions



Tourism



Prompted private investment in hotels: Both in repurposed buildings & new construction



Downtowns across the country diversified & became great places to live, work & play



Then came the pandemic: 2020



All but essential businesses directed to close



Downtowns across the country & world emptied out

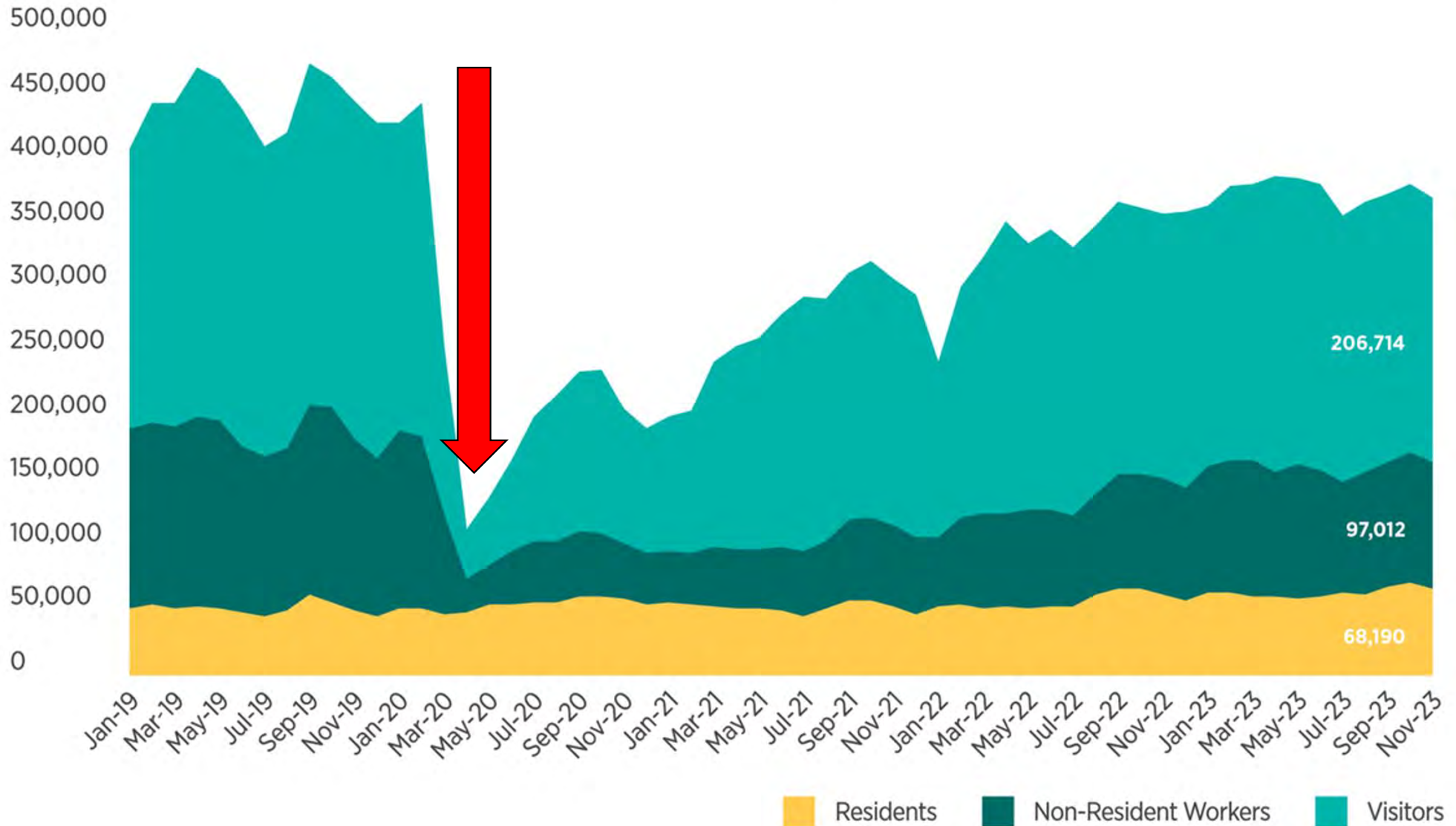


Once dense places became ghost towns



Downtown pedestrian volumes plummeted 70%-80%

Figure 8: Average Daily Visits to Core Center City: Residents, Workers, and Visitors



Source: Placer.ai

A significant spike in retail vacancy



The horror & emptiness after 9/11; Time limited & site specific: NYC & Washington DC



2020 shut-down lasted for months everywhere

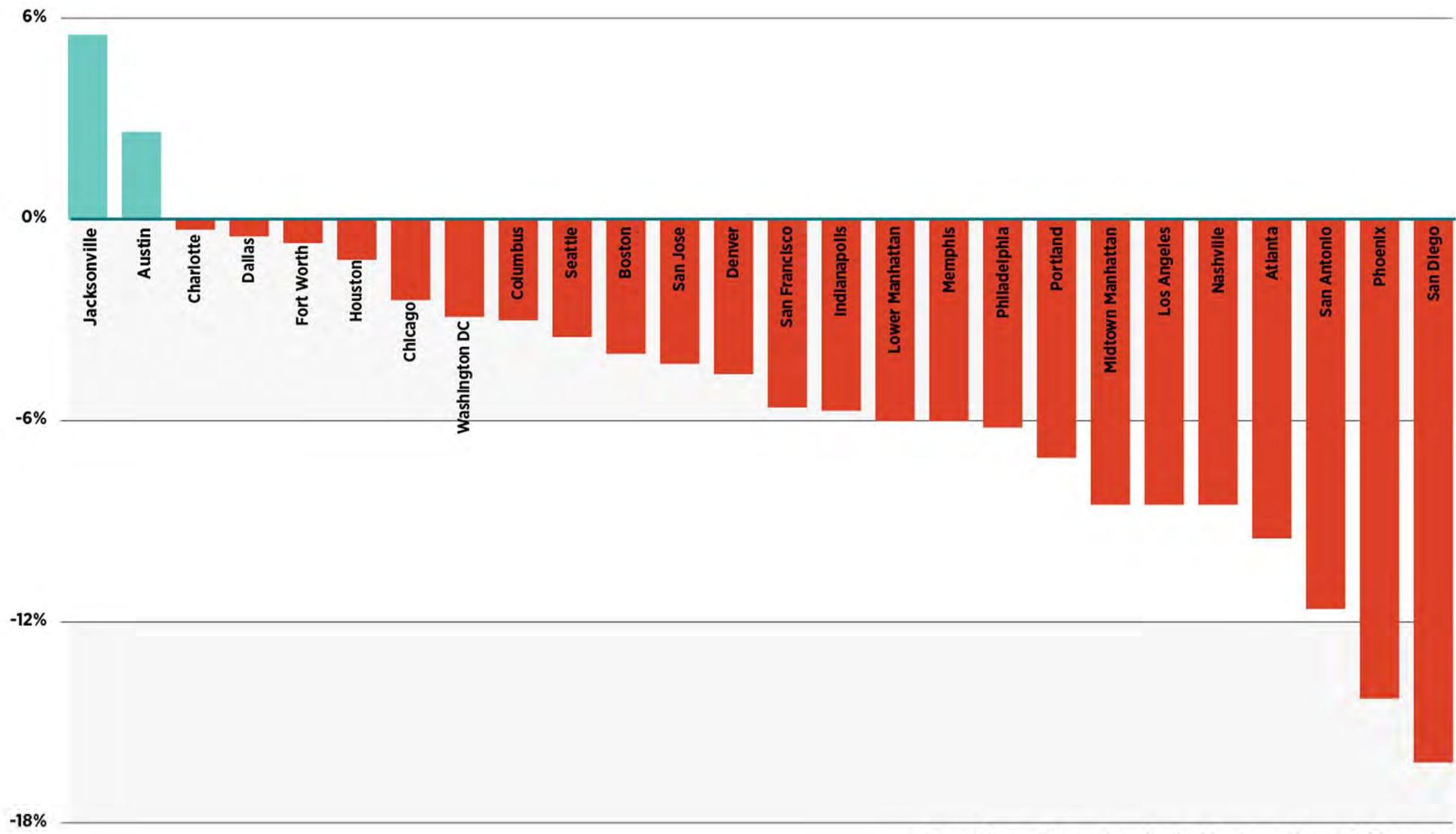
Covid prompted the fear of being with other people

Median Recovery Rate in Core Downtowns for Residents, Workers and Visitors, 2020-2023



Nearly all downtowns lost private sector jobs between 2019 and 2020

FIGURE 10 CORE DOWNTOWN PRIVATE EMPLOYMENT, PERCENTAGE CHANGE, 2019-2020



Source: Census Bureau, Longitudinal Employer-Household Dynamics

New technology was ready to deploy: alternative to the office

Pandemic was an accelerator of pre-existing trends



Working from home came with both benefits & challenges



Many quickly claimed the office is dead & we can rely on a virtual water cooler



How To Encourage
Virtual Water Cooler
Conversation



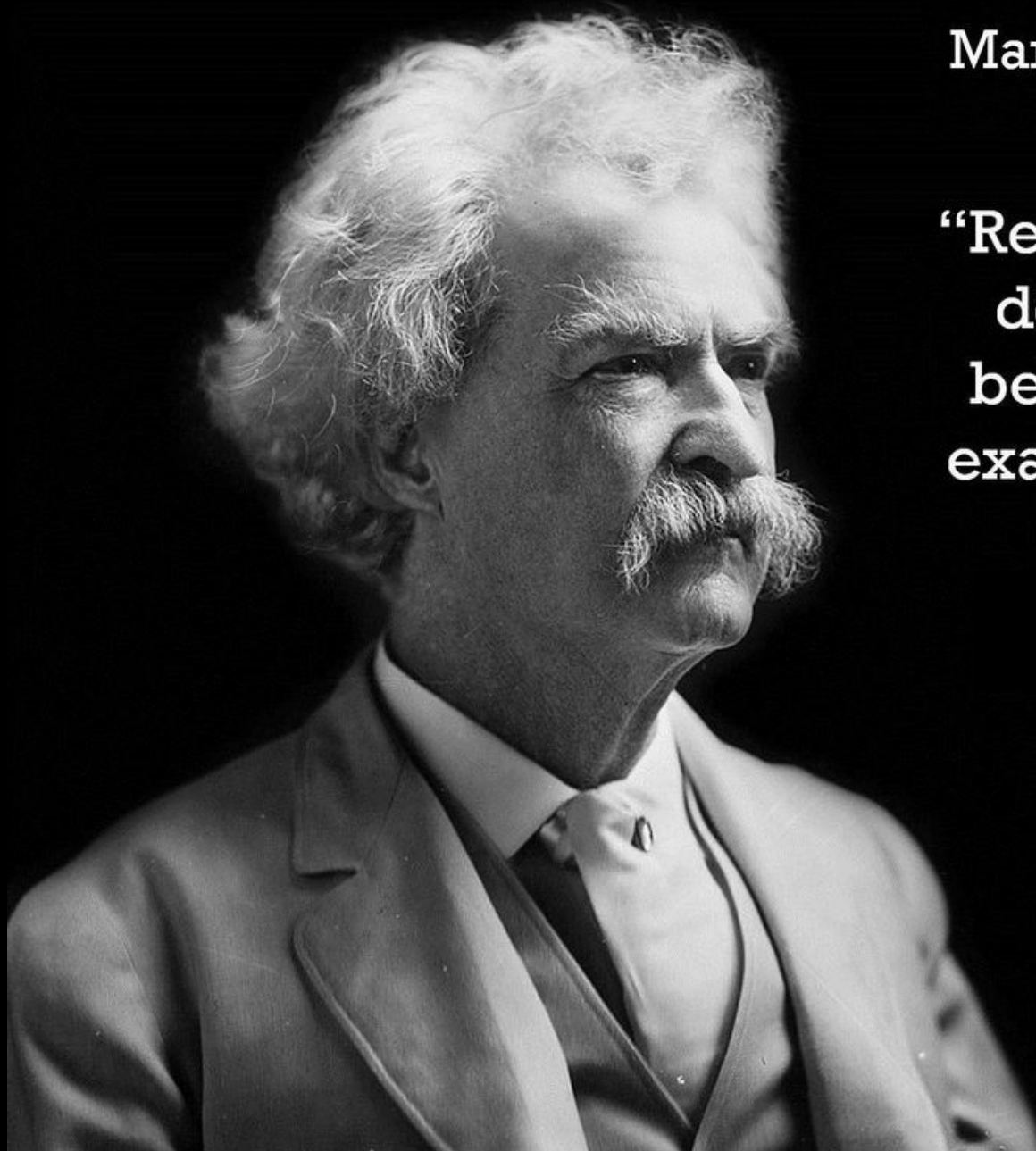
**Academics declared downtown & offices dead
e all trapped in an inexorable downward spiral:
The Urban Doom Loop
ry newspaper wrote this story; at least 3 times**

Chicago and the urban doom loop

their residence near the city center, and the fact that they're a "creative" couple. The couple's first child, a 10-year-old son, is a member of the city's Little League baseball team. The couple's second child, a 6-year-old daughter, is a member of the city's Little League softball team. The couple's third child, a 4-year-old son, is a member of the city's Little League football team. The couple's fourth child, a 2-year-old daughter, is a member of the city's Little League basketball team. The couple's fifth child, a 1-year-old son, is a member of the city's Little League soccer team. The couple's sixth child, a 9-month-old daughter, is a member of the city's Little League tennis team. The couple's seventh child, a 7-month-old son, is a member of the city's Little League golf team. The couple's eighth child, a 5-month-old daughter, is a member of the city's Little League chess team. The couple's ninth child, a 3-month-old son, is a member of the city's Little League swimming team. The couple's tenth child, a 1-month-old daughter, is a member of the city's Little League dance team.

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THE URBAN "DOOM LOOP"



Mark Twain

“Reports of my
death have
been greatly
exaggerated.”

Recovery is happening everywhere but at different rates

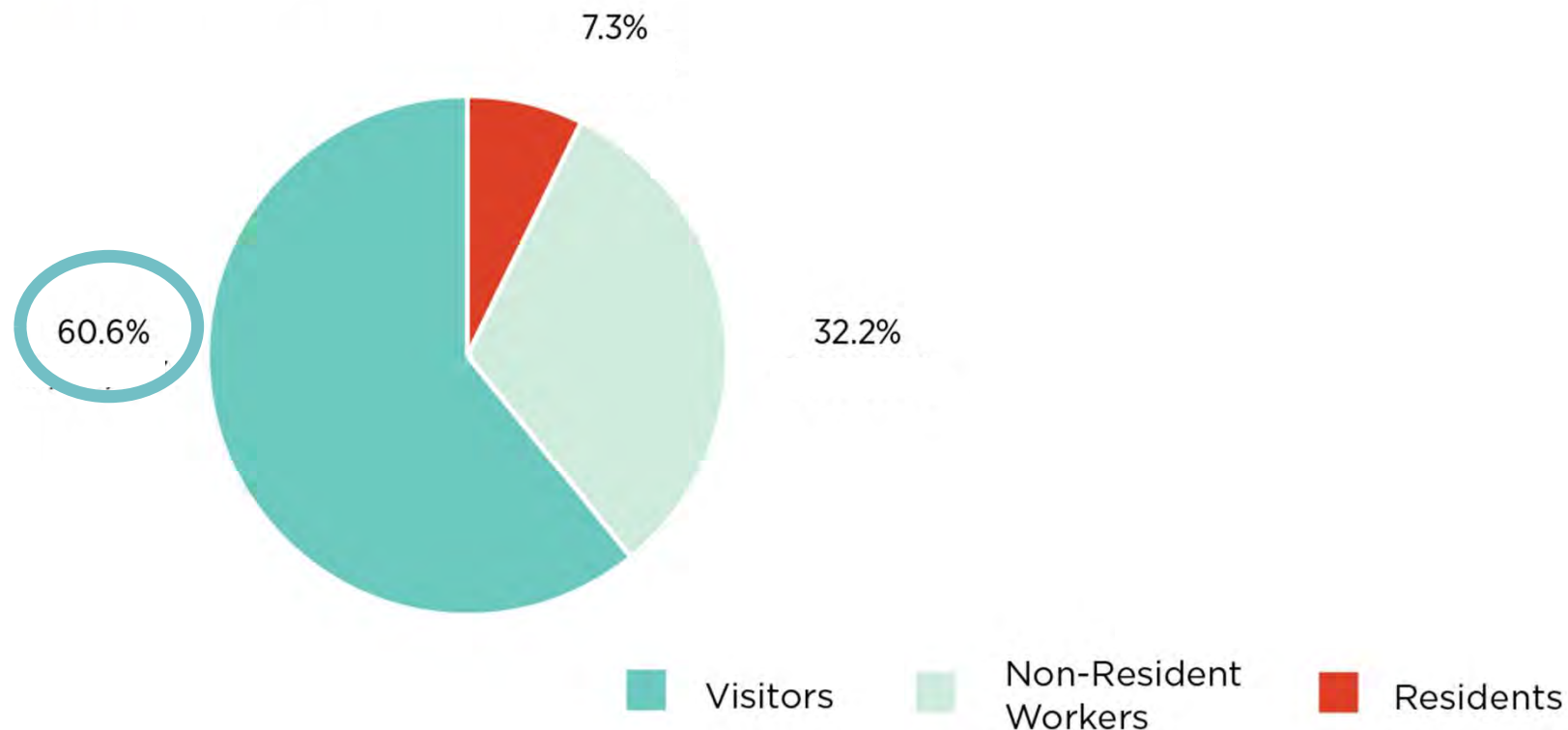
Comparing Q4 2024 to Q4 2019: Placer.ai cell phone data
Residents + workers + visitors back @ 105% San Antonio; 68% in San Francisco
But before cheering for San Antonio & weeping San Francisco,
the story is far more nuanced



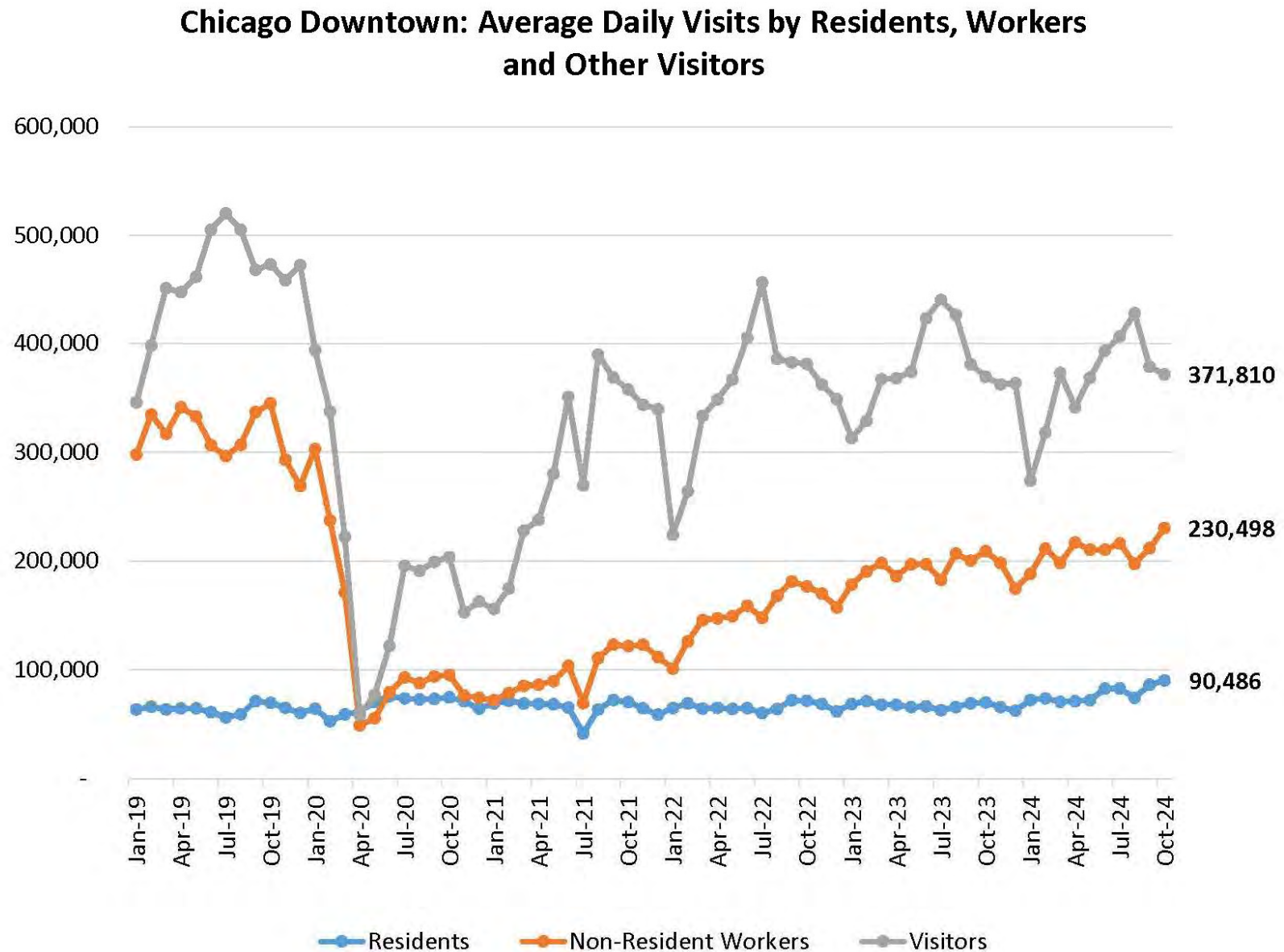
Basic methodology: relied on Placer's 3 categories: Non-resident workers; residents; visitors (shoppers, tourists, those coming for services = 60%)

COMPOSITION OF POPULATION OF ALL 26 CORE DOWNTOWNS COMBINED

FIGURE 5 2019 Q2, DAILY AVERAGE

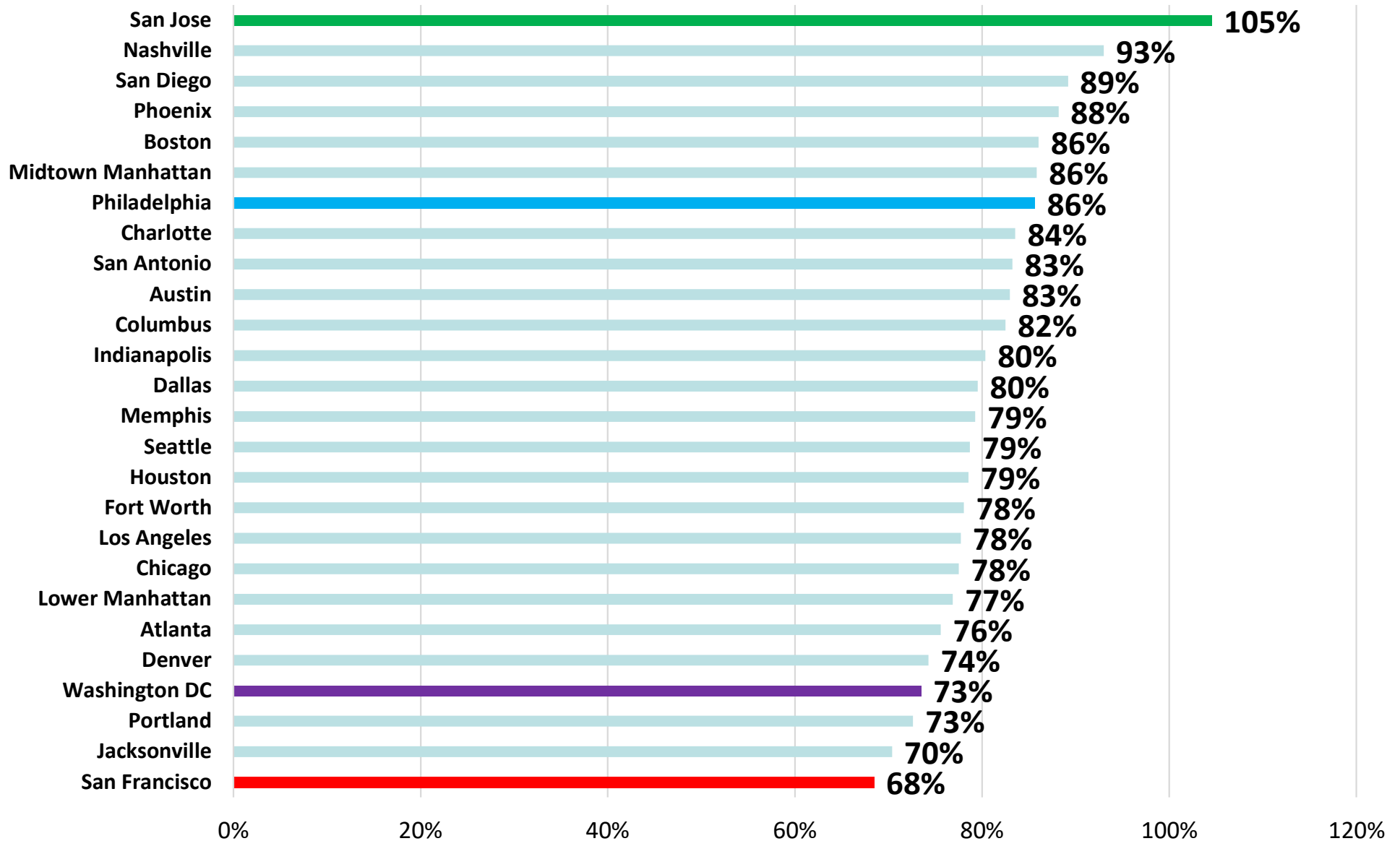


Example of Downtown Chicago: 3 categories

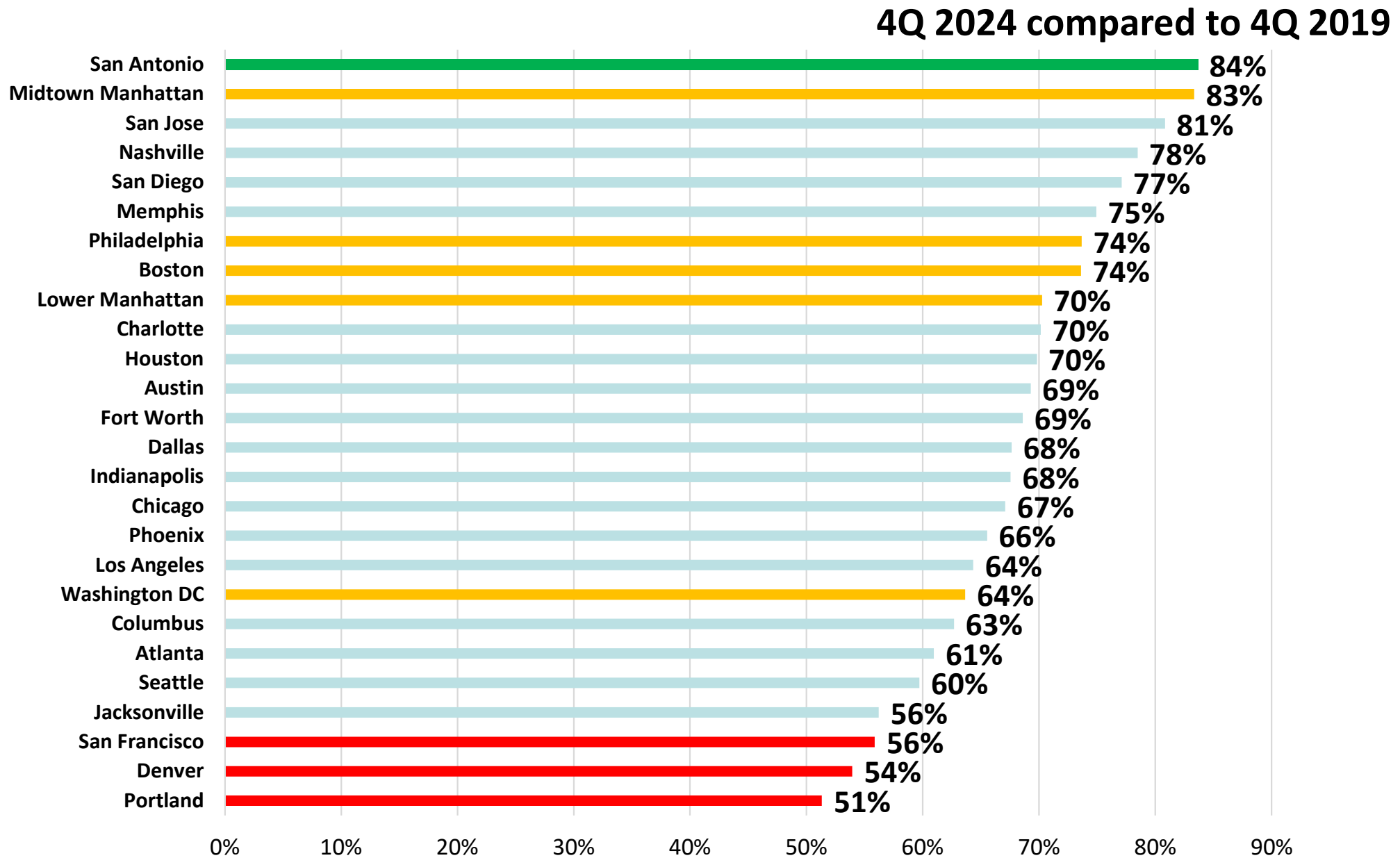


Comparative look at 26 downtowns from San Jose (105%) to San Francisco (68%)

Workers + Visitors + Residents: 4Q 2024 compared to 4Q 2019



Focus on just the return of just non-resident workers:





SWAA March 2025 Updates

Jose Maria Barrero, Nicholas Bloom, Shelby Buckman, and Steven J. Davis

6 March 2025



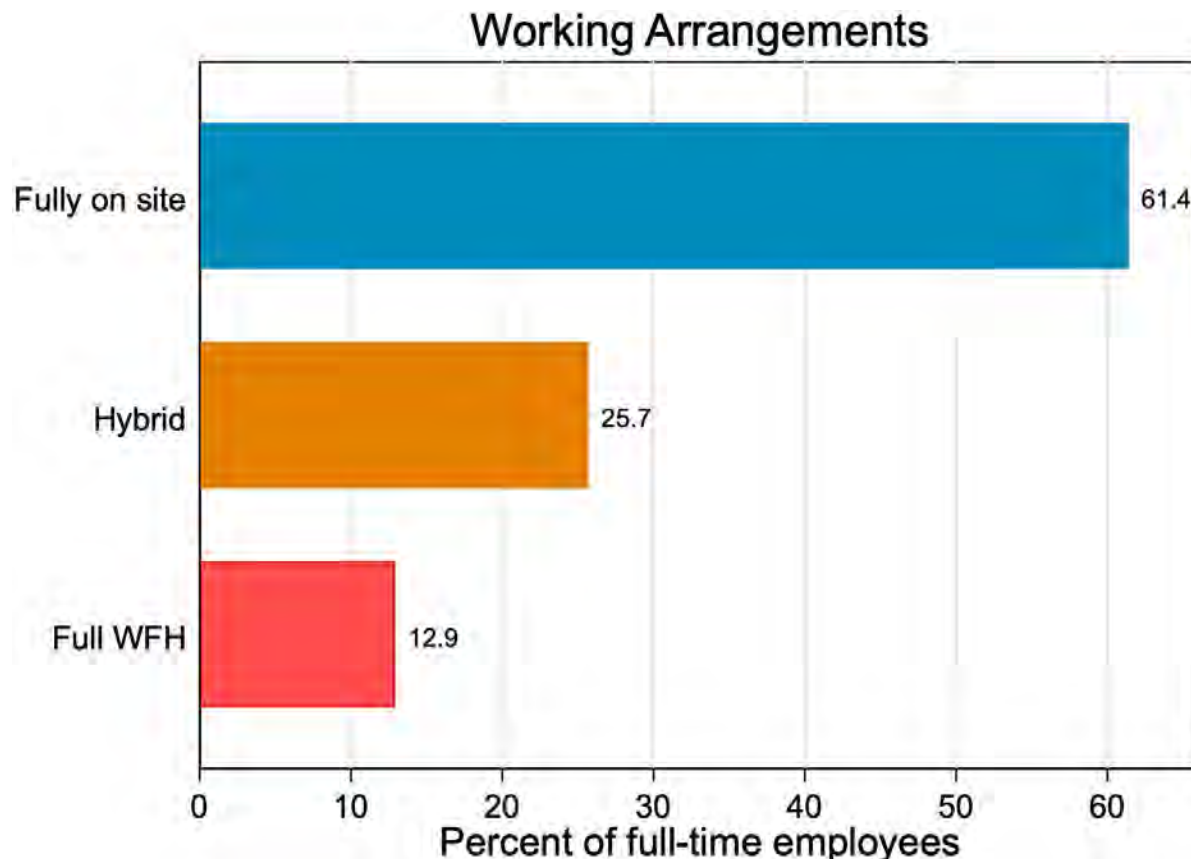
Latest survey wave included: February 2025

To sign up for regular results updates, please sign up [here](#).

* Many thanks to Mert Akan and Diego Álvarez for excellent research assistance.

Surveys find: 61.4% full time return; 12.9% fully remote

By Early-2025: 13% of Full-Time Employees Were Fully Remote, 61% Were Full-Time on Site, and 26% Were in a Hybrid Arrangement



Source: Responses to the questions:

- For each day last week, did you work a full day (6 or more hours), and if so where?

Notes: We compute the percent of full-time (i.e. work 5+ days/week) wage and salary employees who either i) worked all their days on business premises; ii) worked some days on business premises and some days at home; or iii) worked all all days at home during the survey's reference week. Then we show the percentage for each group. The sample covers the November 2024 to February 2025 waves of the SWAA. We re-weight the sample of US residents aged 20 to 64 earning \$10,000 or more in a prior year to match CPS shares by age-sex-education-earnings cells.

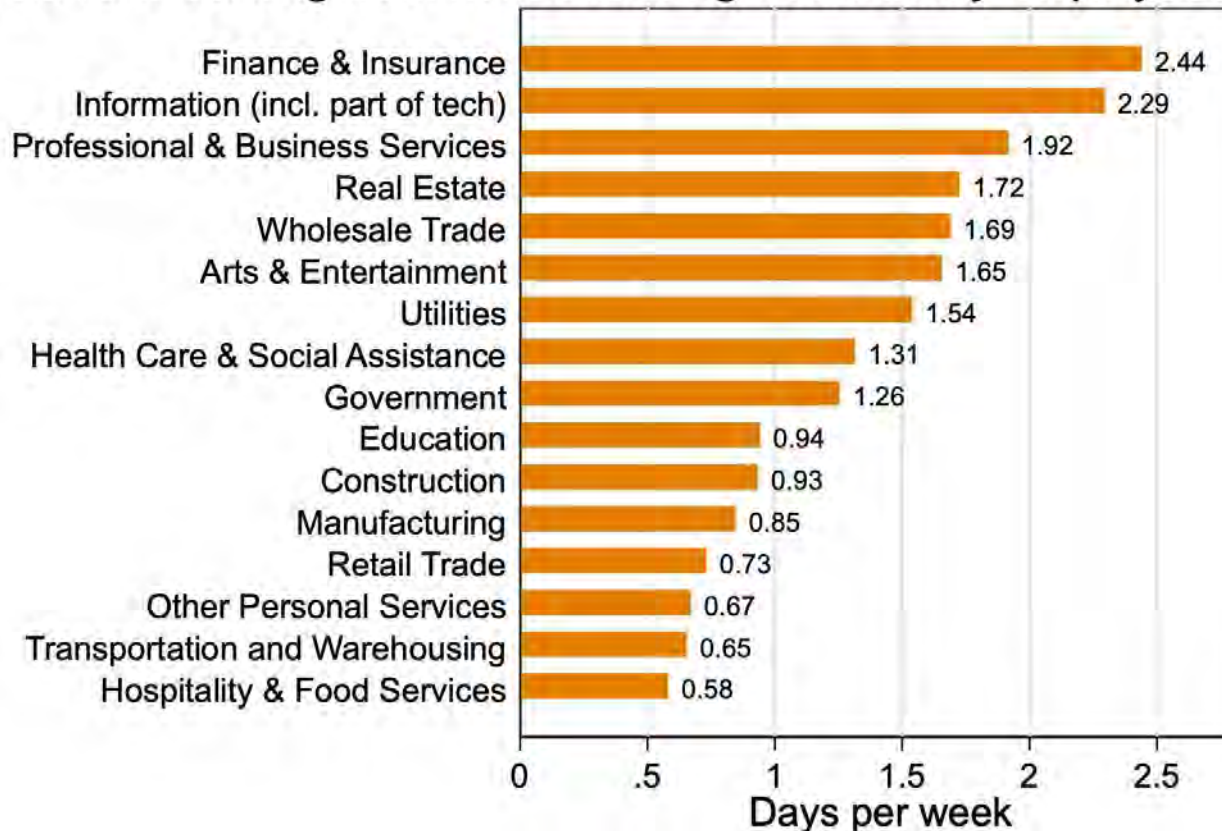
N = 13,498

Working from home varies significantly by industry

Working from Home is Most Prevalent in Finance, Tech, and Professional and Business Services Sectors



Current working from home: All wage and salary employees



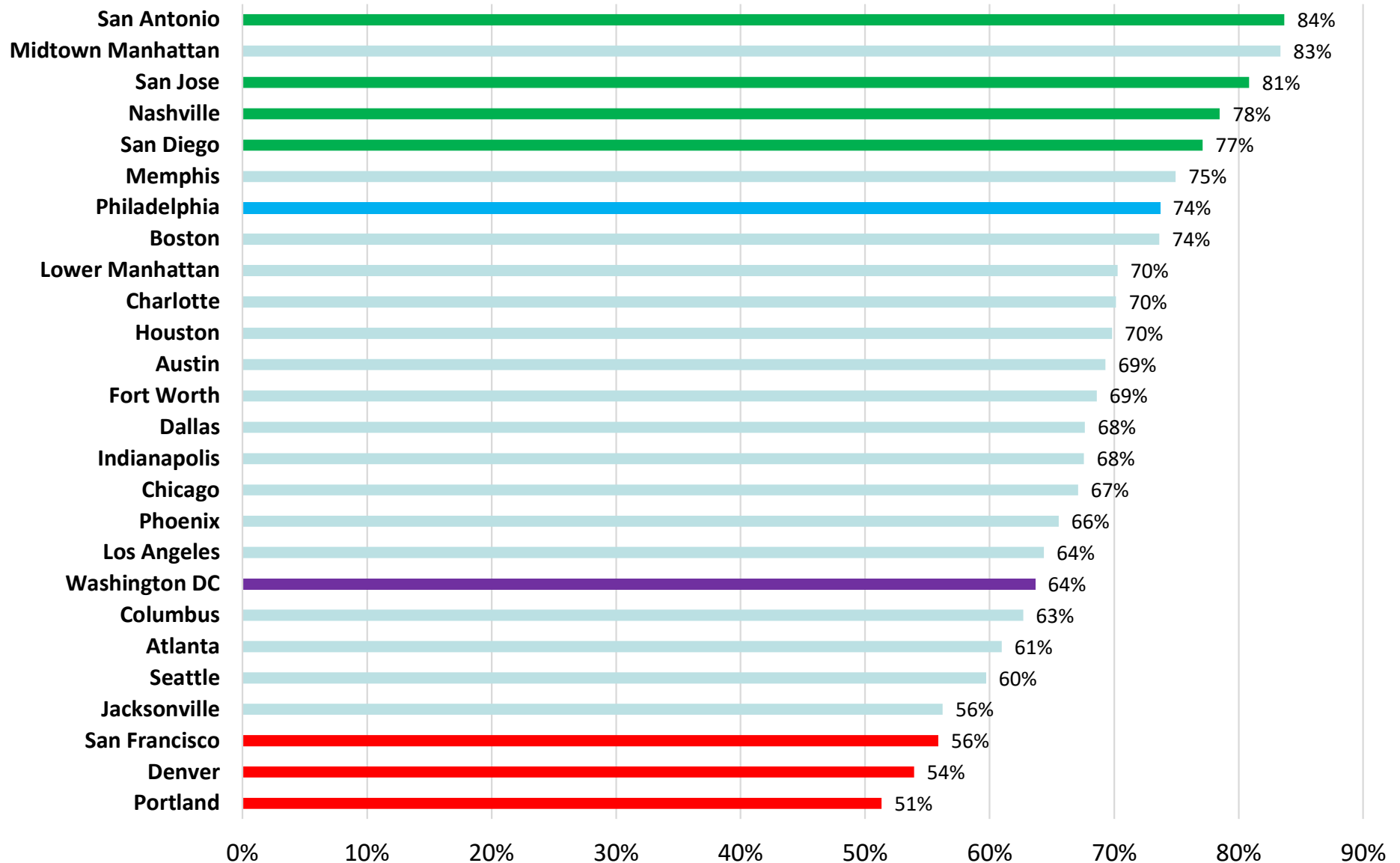
Different downtowns specialize & excel in different industries

Significant variations in the return rate of different types of workers

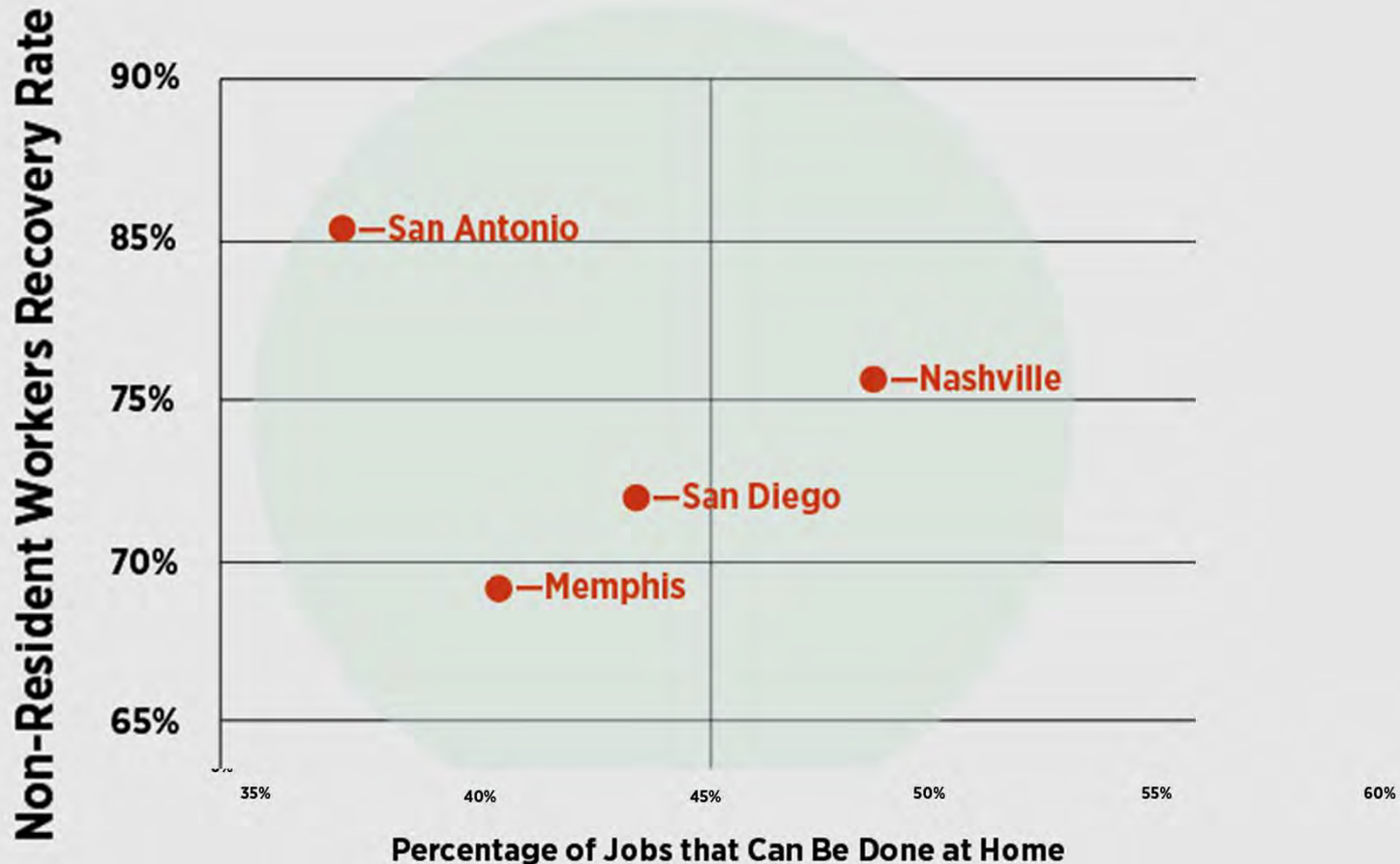


San Antonio, San Jose, Nashville & San Diego

Highest rates of worker recovery



Have largest share of their downtown employment in hospitality & entertainment Jobs which can not easily be performed remotely

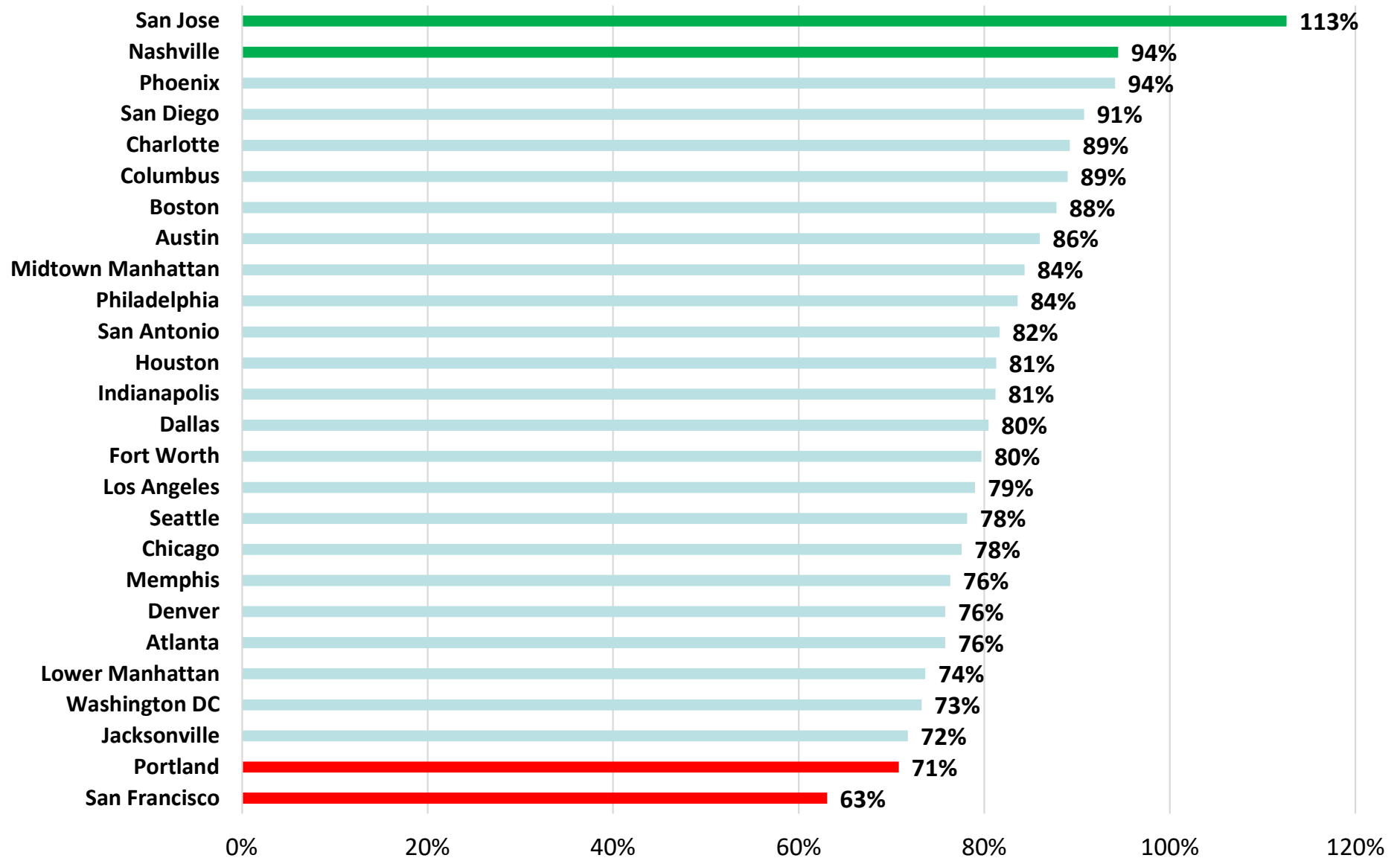


**Visitors were the first to disappear; easier than workers to bring back
The decision to shop, dine or be a tourist requires far less commitment
Than signing a lease or commuting 4-5 days per week**

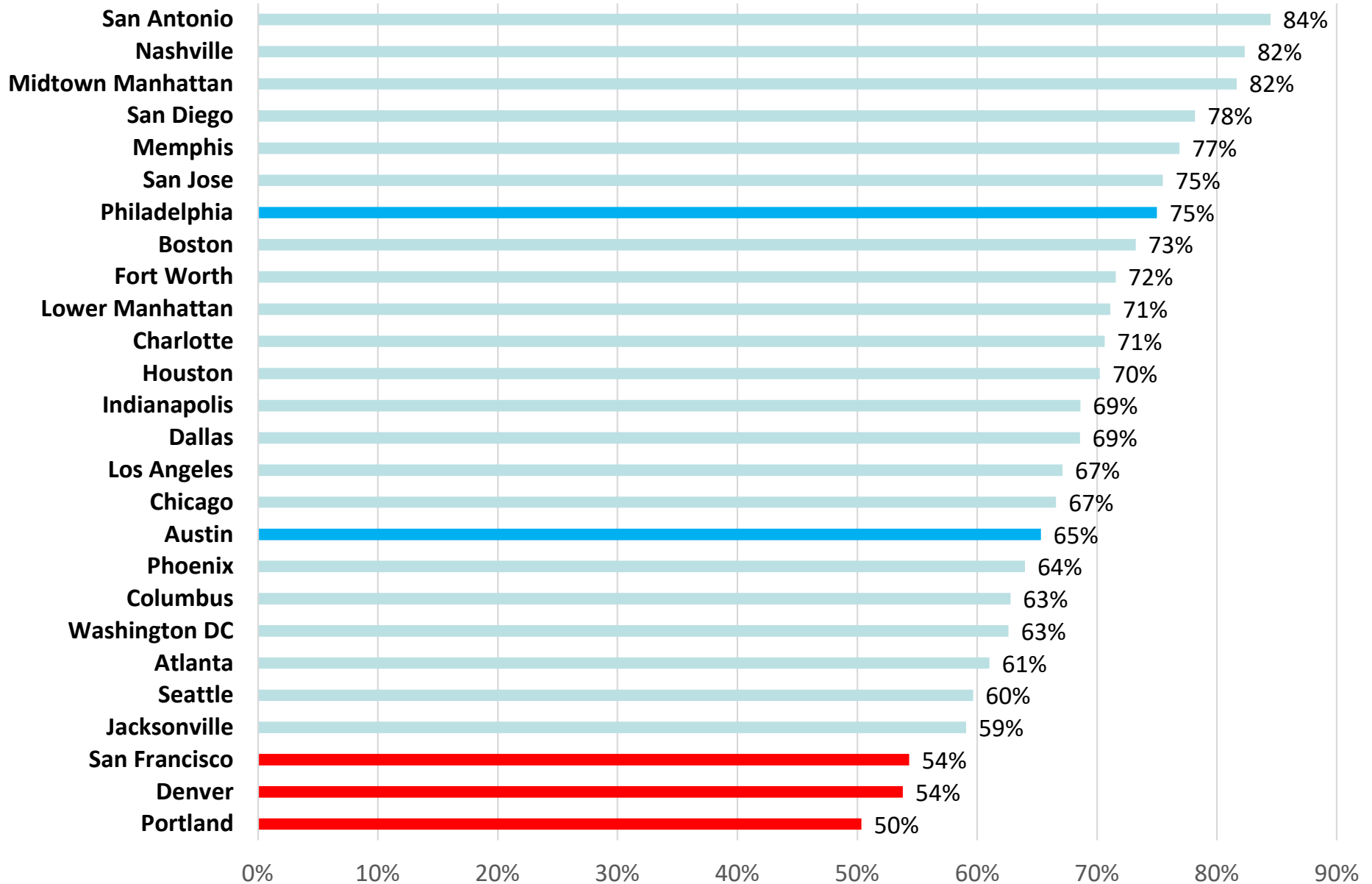


Return of visitors: 4Q 2024 compared to 4Q 2019

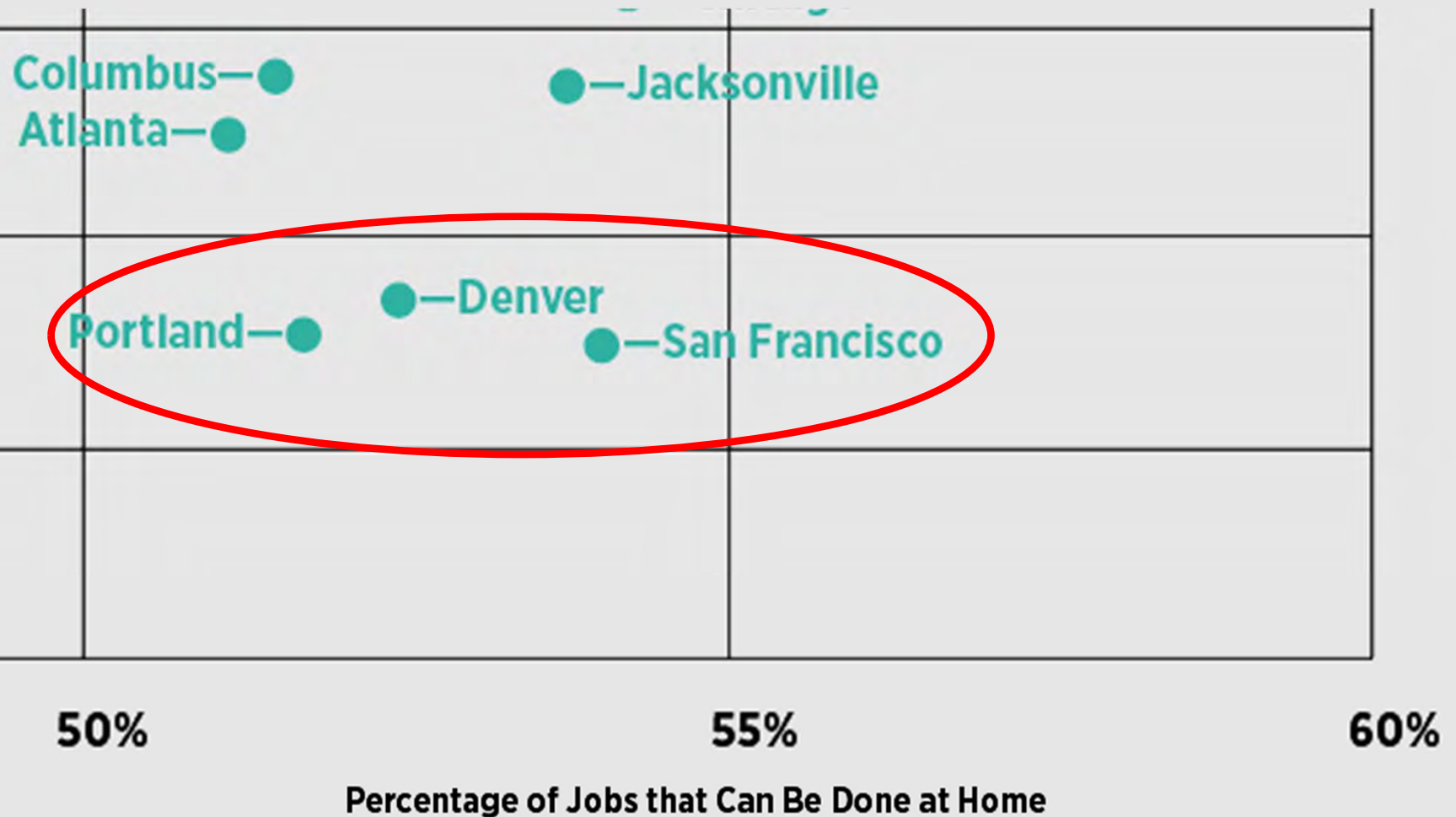
Much higher percentages than return of workers



When we look at cities with lowest recovery rate of Non-resident workers



Excel in information technology, a sector long comfortable with remote work



Tech dominance in San Francisco: 38% of office space



Tech firms leased 27% of office space in Downtown Portland



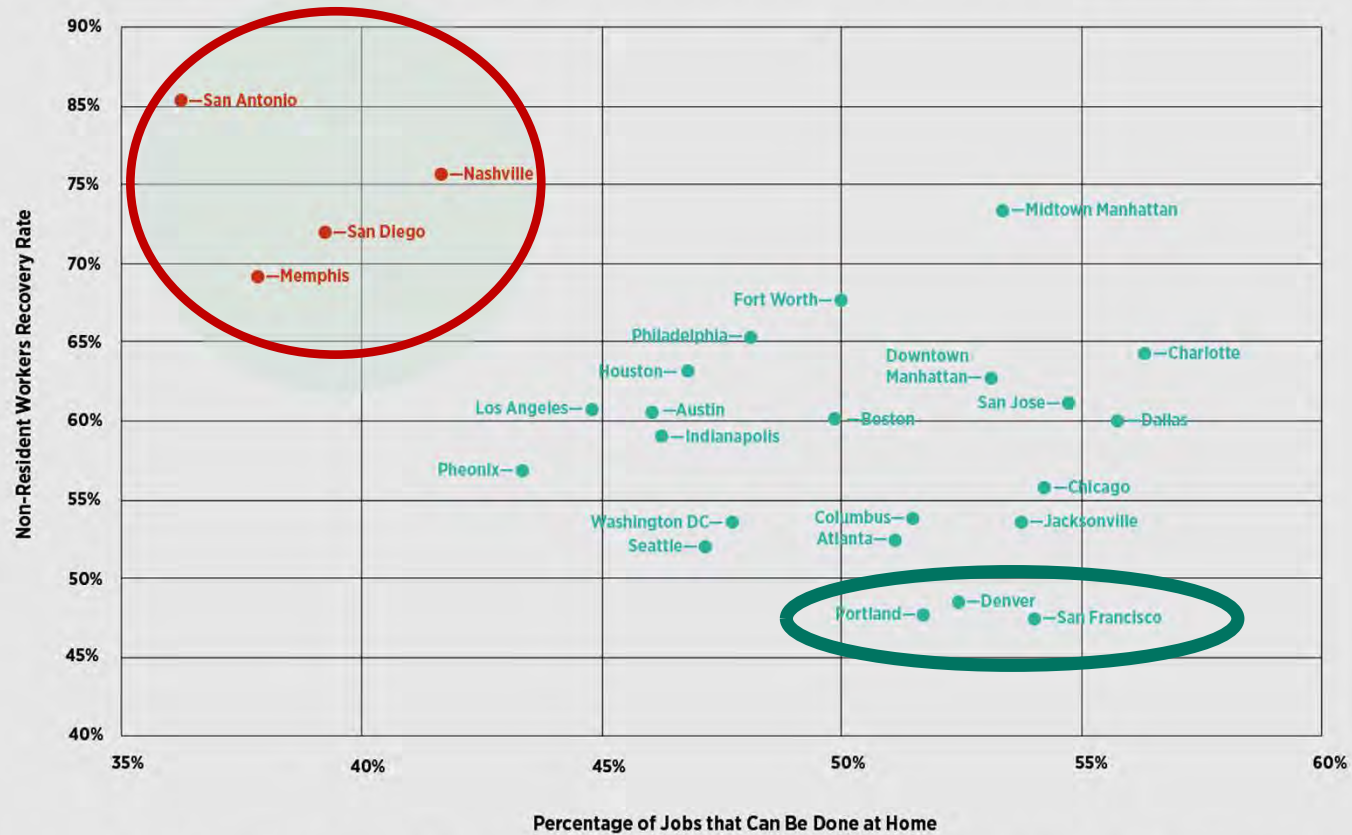
Tech companies leased 21.4% of office space in downtown Denver



So industry mix matters in the rate of RTO

FIGURE 17 CORE DOWNTOWN RECOVERY RATE VS PERCENTAGE OF JOBS THAT CAN BE DONE REMOTELY

Three of the four cities that rank near the top in job recovery have the highest share of jobs that can not be performed well remotely.



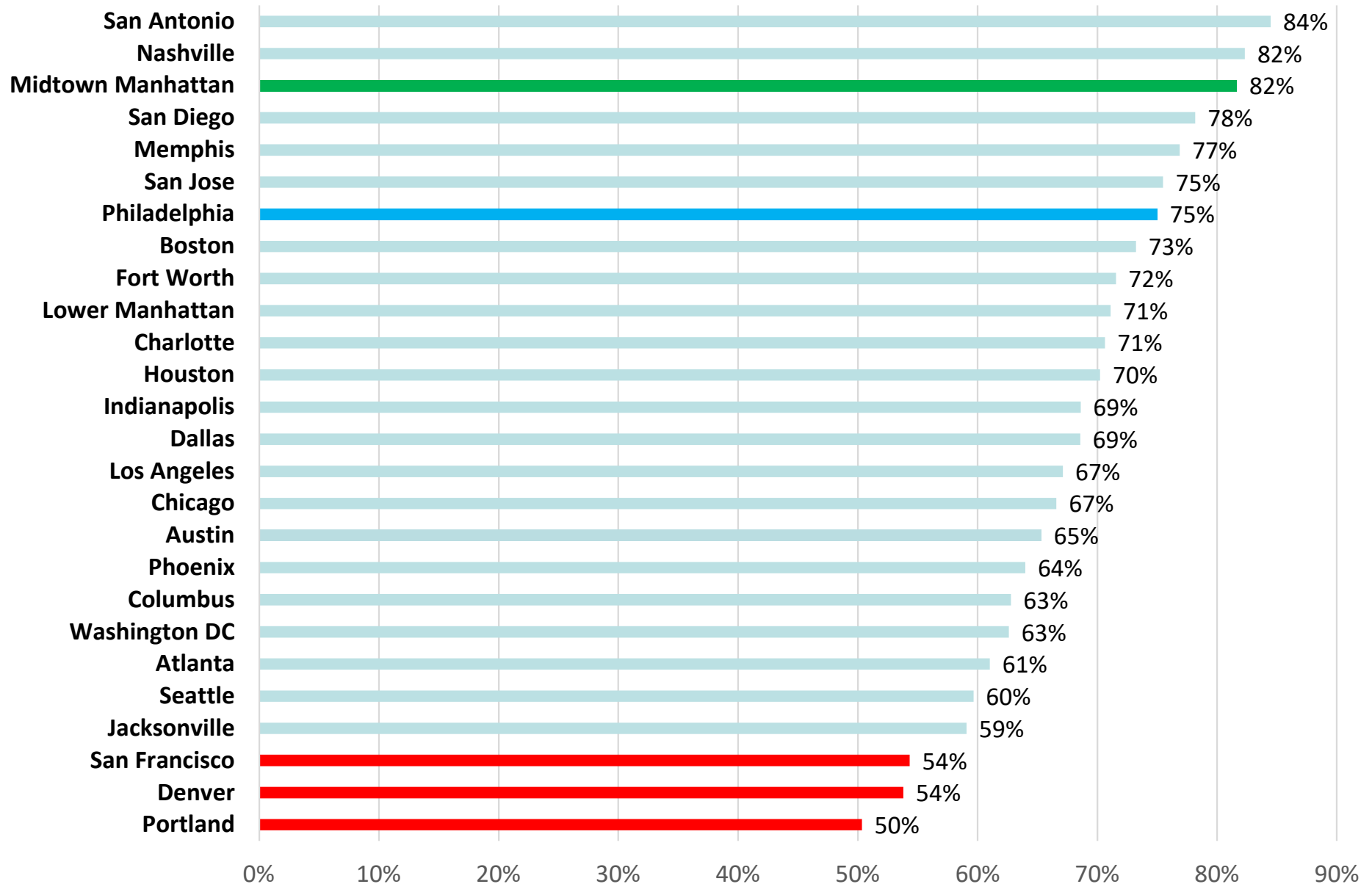
Source: Non-resident worker recovery rate from Placer.ai, and Center City District estimate of percentage of downtown jobs that can be performed from home, based on Census Bureau Longitudinal Employer-Household Dynamics downtown employment by industry and industry level estimates of the share of jobs that can be performed at home from Jonathan I. Dingel and Brent Neiman, "How many jobs can be done at home?", Journal of Public Economics 189 (2020): 104235.

(2) Significant differences in the rate return of workers based on their distance & mode of commuting



Why was Midtown Manhattan (Financial Services) so close to top?

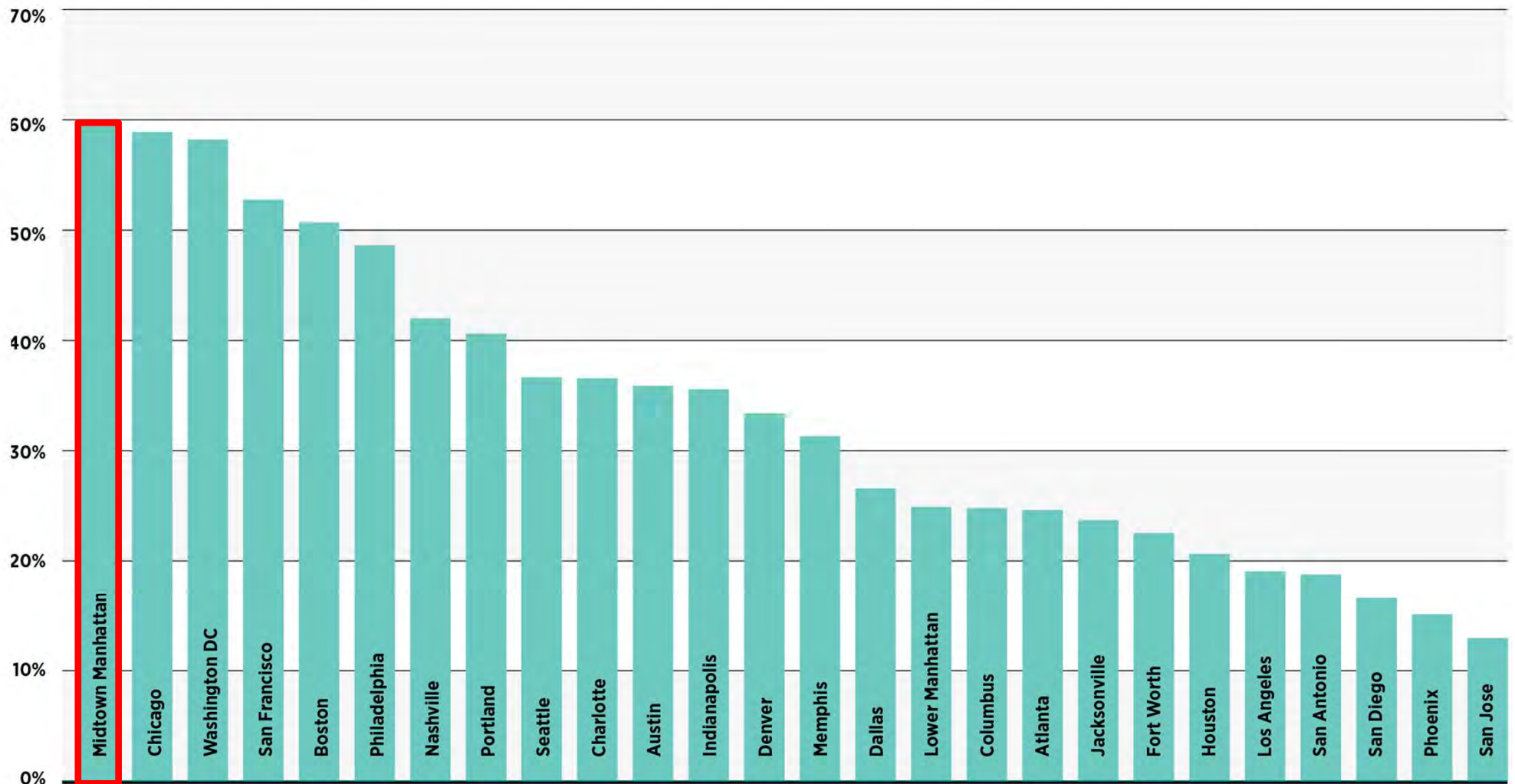
Return of workers: 4Q 2024 compared to 4Q 2019



Midtown Manhattan has the highest number of workers who live close by 60% of working residents in Midtown, work in Midtown, So their “commute” is very short

FIGURE 4 PERCENTAGE OF GREATER DOWNTOWN EMPLOYED RESIDENTS WHO WORK IN GREATER DOWNTOWN, 2020

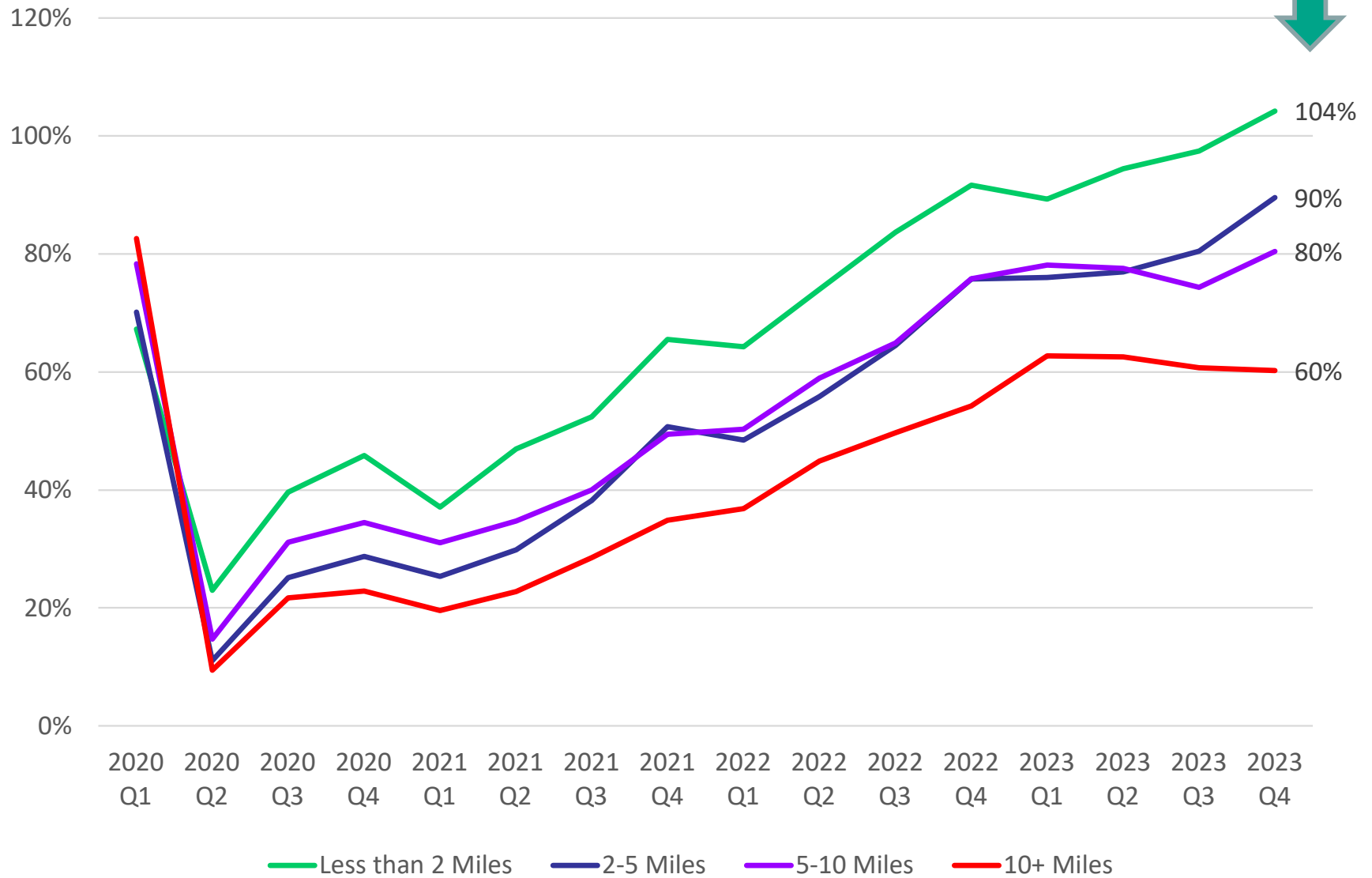
There is a significant variation across cities in how many people who work downtown live in adjacent neighborhoods.



Source: Census Bureau, Longitudinal Employer-Household Dynamics

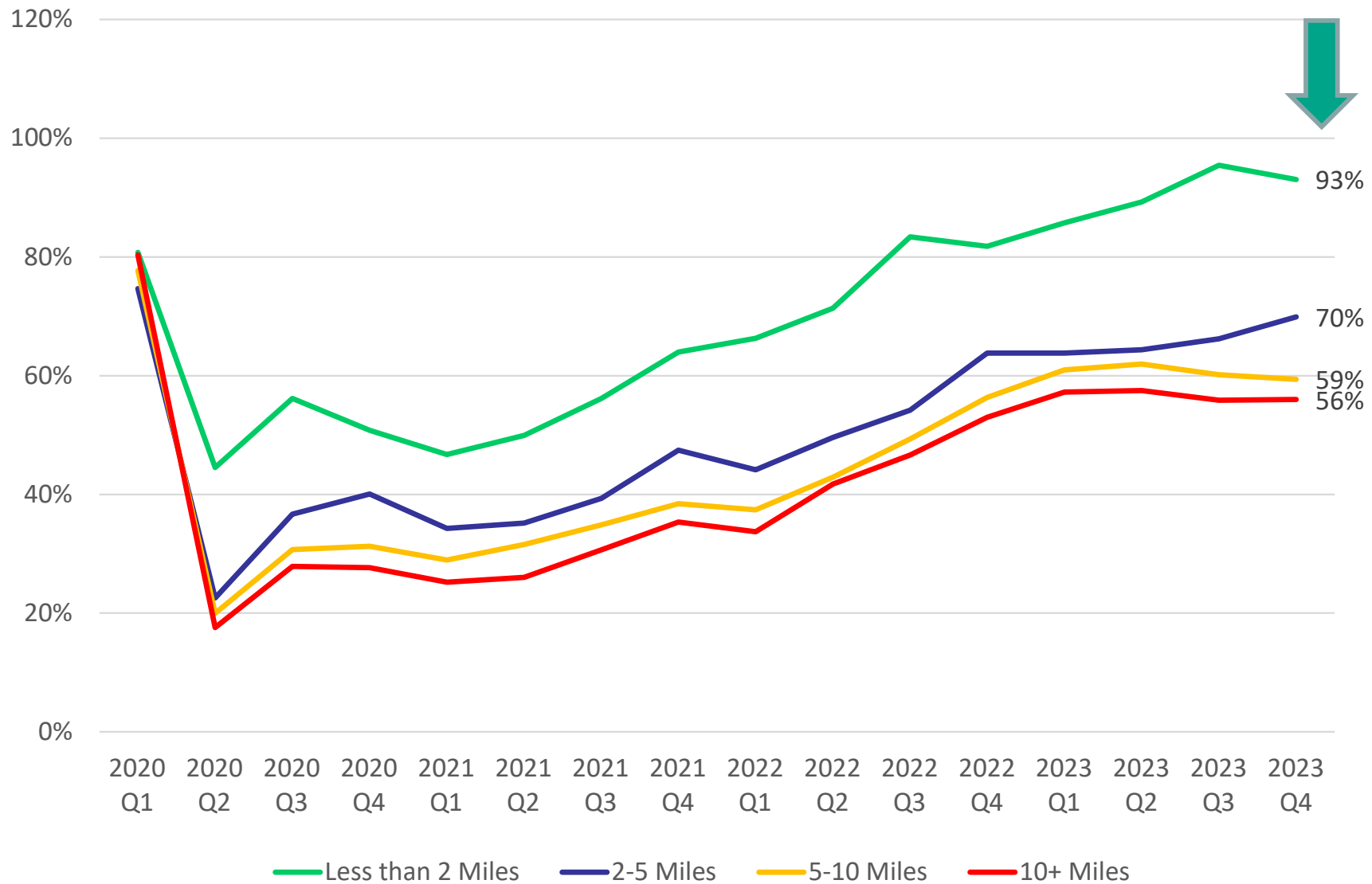
**In Midtown Manhattan the return rate of those
who live within 2 miles (104%+);
compared to those who live 10+ miles away(60%)**

Midtown Manhattan Employee Recovery Rate by Commuting Distance

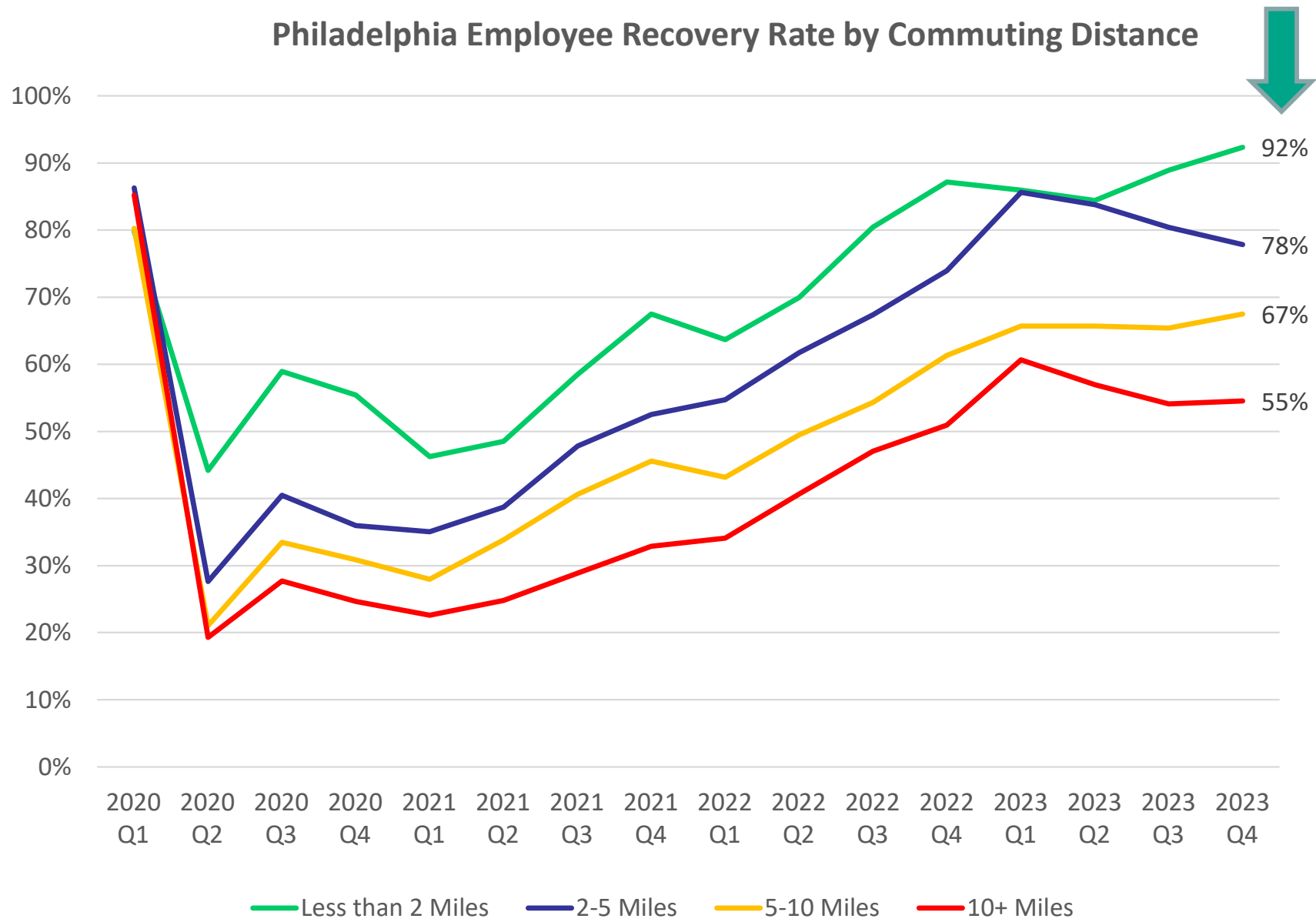


Boston, return rate of those living within **2 miles (93%)** compared to those living **10+ miles away (56%)**

Boston Employee Recovery Rate by Commuting Distance

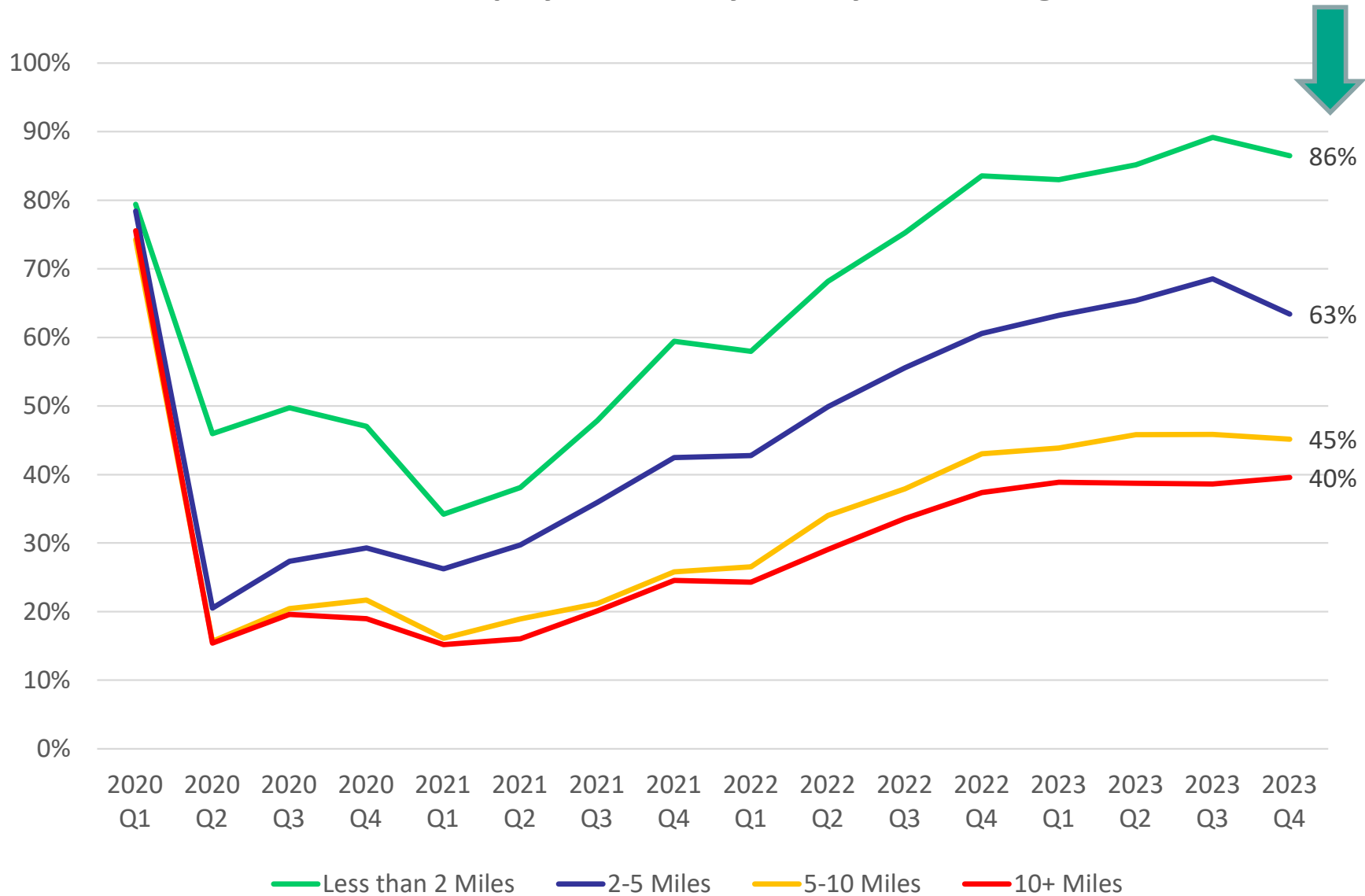


Philadelphia: those **within 2 miles 92%** return to work; **over 10 miles = 55%**



San Francisco, return rate of those living within **2 miles (86%+)** compared to those living **10+ miles away (40%)**

San Francisco Employee Recovery Rate by Commuting Distance



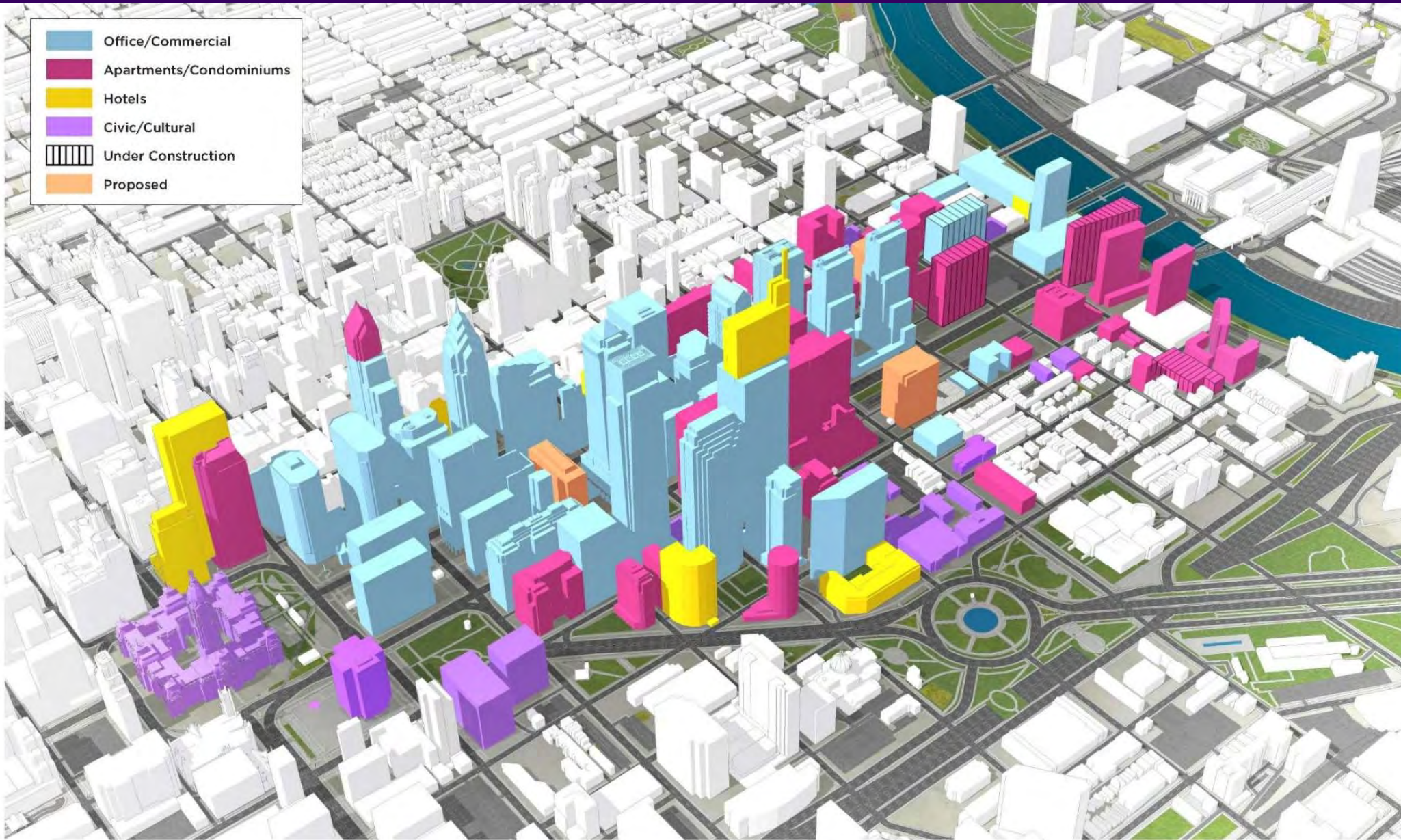
Live-work downtowns that emerged last 20 years Are yielding recovery dividends



Converting vacant office buildings to residential is an important & necessary step to remove surplus

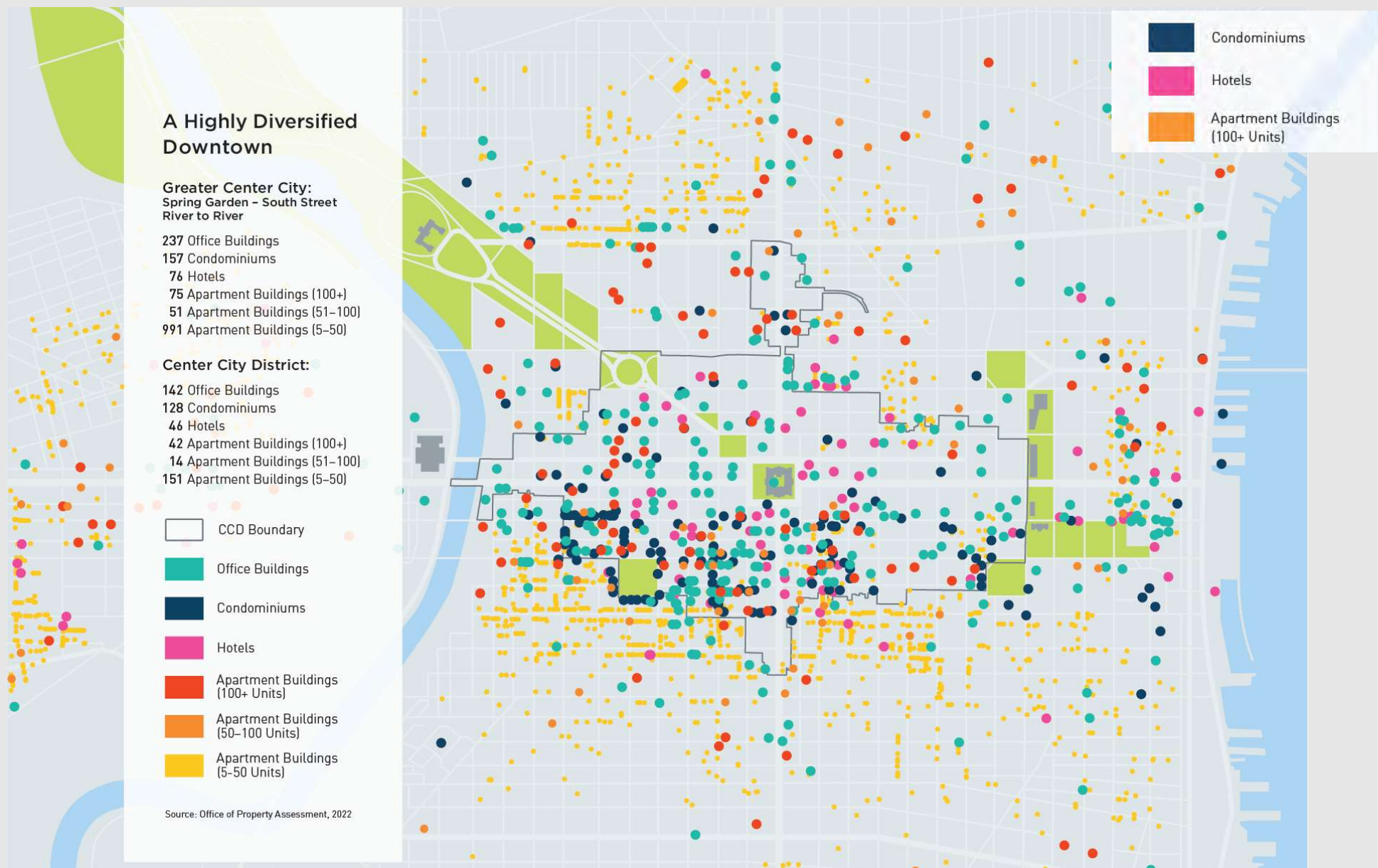


But also to diversify downtown land-use



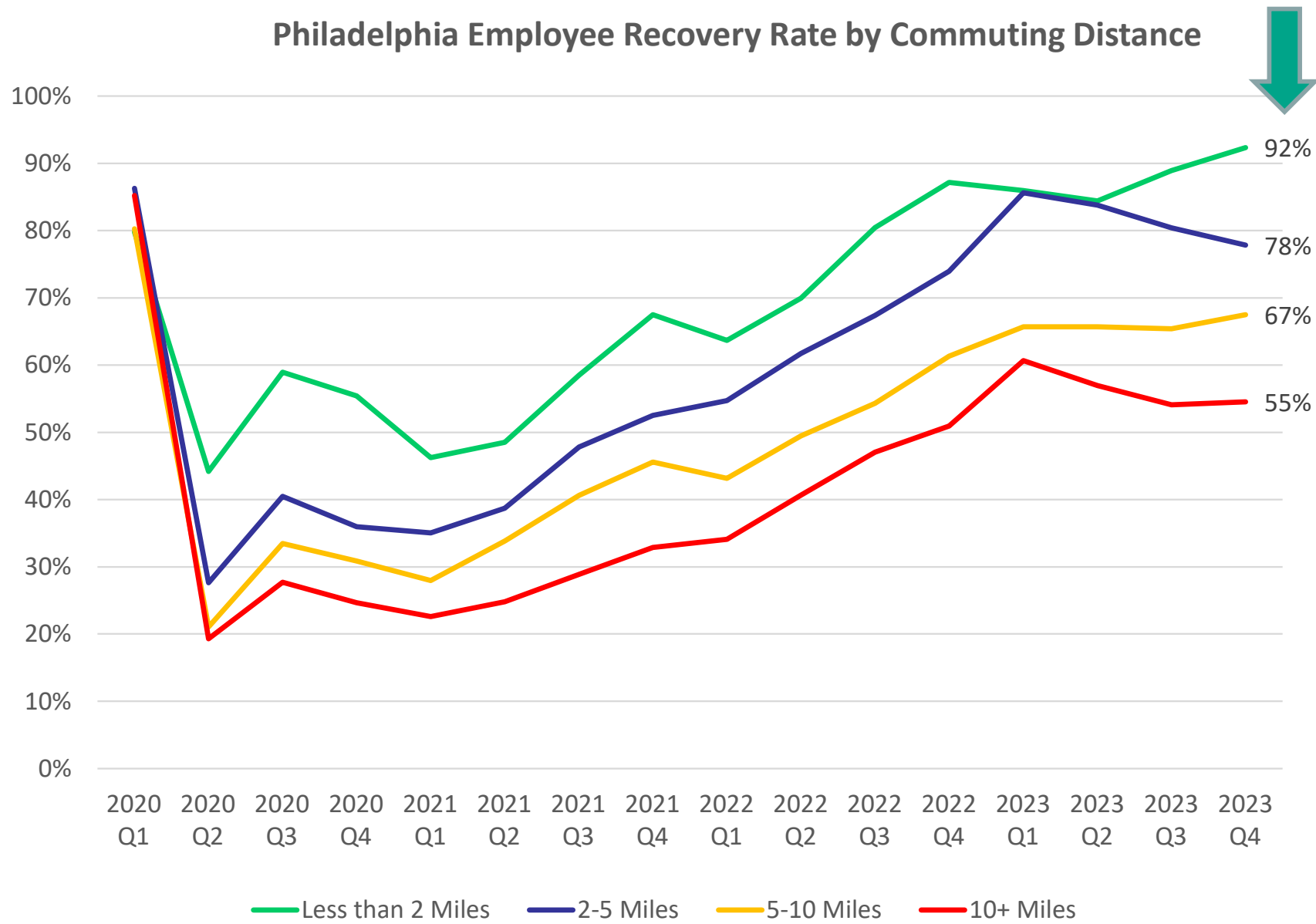
Long-term success: create a mixed-use city center

Single use blocks are a formula for failure



The more downtown residents, the higher your RTO

The higher your office occupancy rate

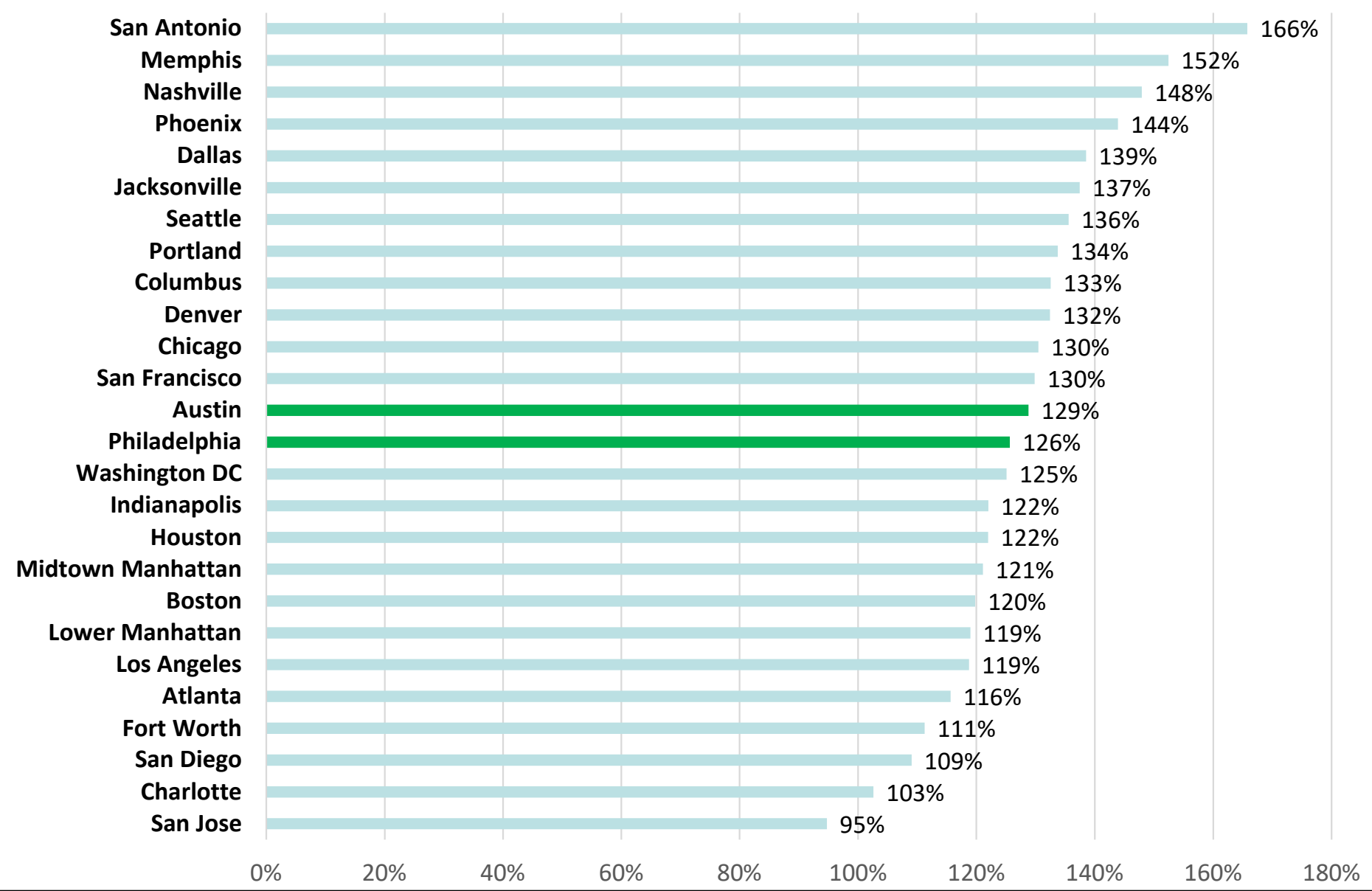


**But it also means we need to pay far more attention
To the quality & frequency of our transit systems
Draw from greater distances**



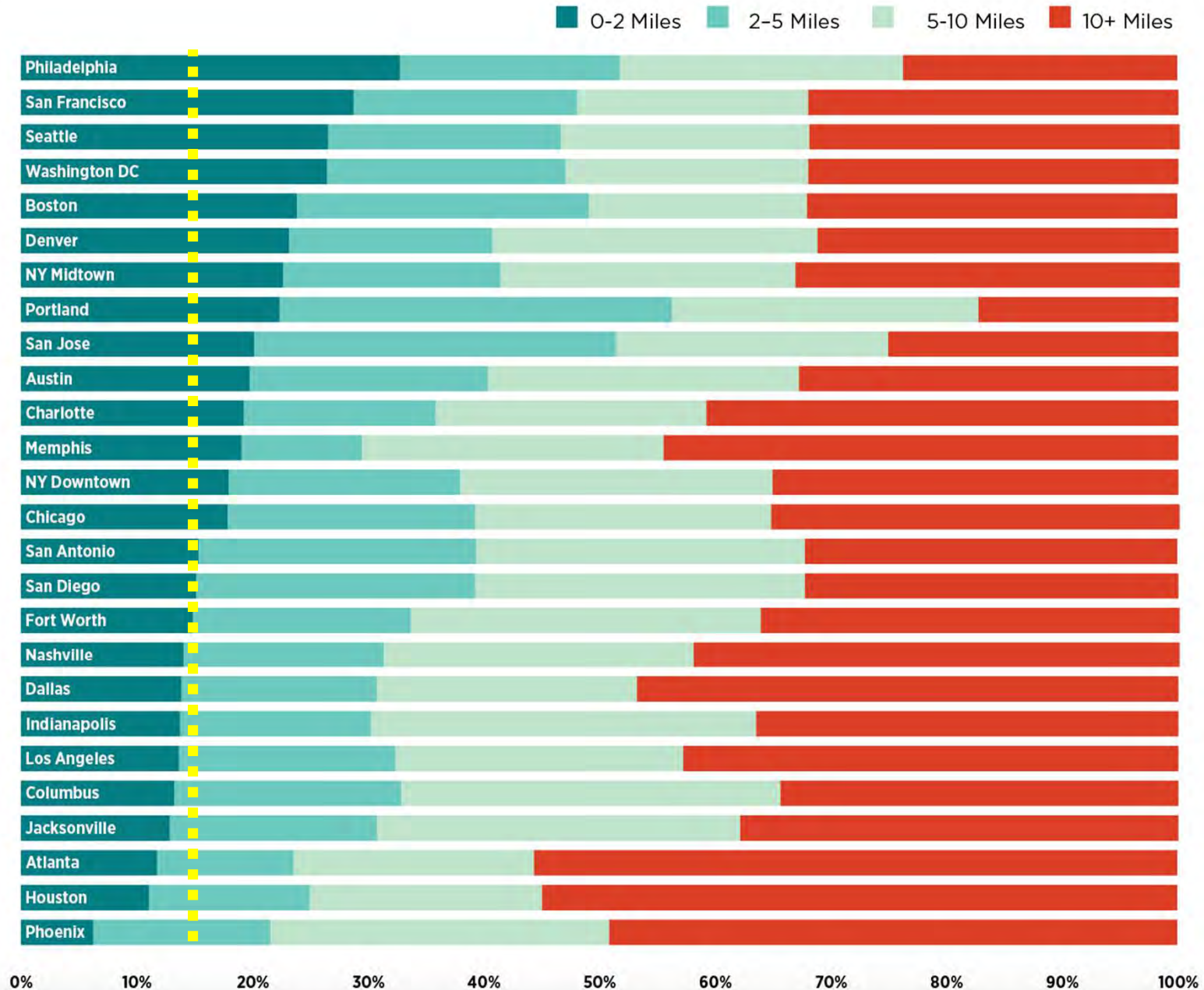
Nearly all downtowns have more residents than 2019

Very helpful trend for RTO



Don't want to exaggerate the residential factor

On average only 15% of downtown workforce lives within 2 miles



Rebecca Rockey & Chris Leinberger *Reimagining Cities*

Applied portfolio investment theory to real estate in 15 urban places



REIMAGINING CITIES

DISRUPTING THE
URBAN DOOM LOOP

&

15 U.S. CITIES USED IN THIS REPORT

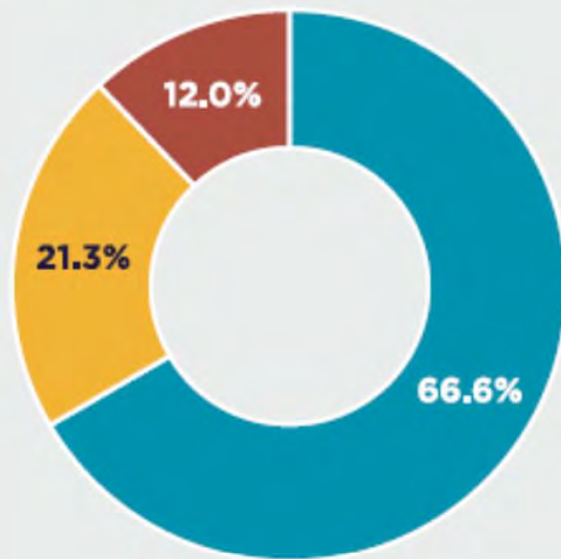


Percent of land devoted to different uses

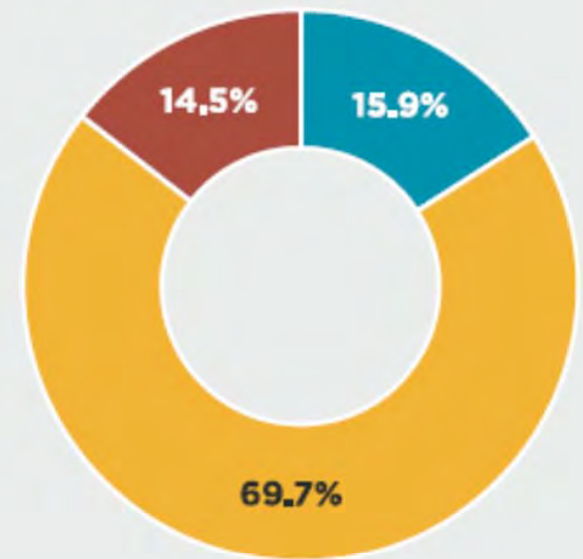
Downtowns have over-invested in work-related uses

LIVE/WORK/PLAY CONCENTRATION BY GEOGRAPHY

ALL CITY



DOWNTOWNS



■ Live ■ Work ■ Play

Source: Places Platform, LLC and Cushman & Wakefield Research estimates based on data from CoStar, CoreLogic, Cushman & Wakefield, U.S. Government Services Administration, U.S. Department of Education IPEDS, U.S. Census Bureau, Property Shark

**The Urban Doom Loop is not a doom loop
product of over-investment in office property
as a downtown land-use**

Chicago and the urban doom loop

their residence near the city center, and the fact that they have a "significant investment" in the city. The two men are also active in the community, with one serving on the city's board of directors and the other on the city's board of education. The two men are also active in the city's business community, with one serving on the city's board of directors and the other on the city's board of education. The two men are also active in the city's business community, with one serving on the city's board of directors and the other on the city's board of education.

[illegible][illegible]

THE
"DO"

THE UP ROOM

URBAN LOOP



THE URBAN "DOOM LOOP"

Recommended shift in Land-use allocation

KEY FINDINGS FROM OUR STUDY:

Downtown WalkUPs are extremely Work-centric. Downtown WalkUPs contain 32% of real estate value in WalkUPs. They are much more oriented toward Work than other WalkUPs or the rest of the city and metro area.

Other WalkUPs are more balanced. The three non-Downtown WalkUPs (Downtown Adjacent, Urban Commercial and Urban University) are much more balanced and in line with our estimates of an optimal product program (as shown on the right).

The key finding of this research is that an optimal real estate product portfolio mix exists, and cities, particularly Downtowns, must rebalance their portfolios accordingly. This optimization would generate the highest real estate valuation price per square foot (PPSF) and GDP for WalkUPs.

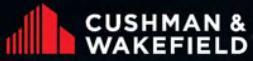
DOWNTOWN



OPTIMAL PRODUCT PORTFOLIO¹



So the job is about more than recovery
Its about reimagination, diversification & rebalancing



REIMAGINING CITIES

DISRUPTING THE
URBAN DOOM LOOP



**But we should not overplay this
Downtown office jobs: a major driver of regional economy**



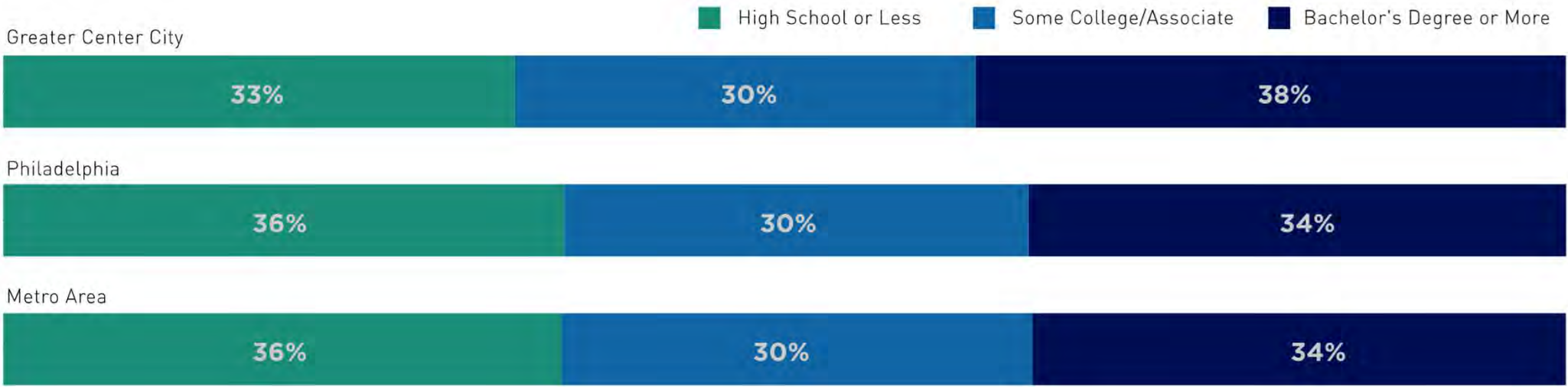
Densest containers of the most diverse jobs: Hold high-wage, mid-level & entry-level jobs



63% downtown jobs require less than college degree

33% require only a high school diploma

PERCENT OF JOBS BY LEVEL OF EDUCATION, WORKERS 29 AND OLDER

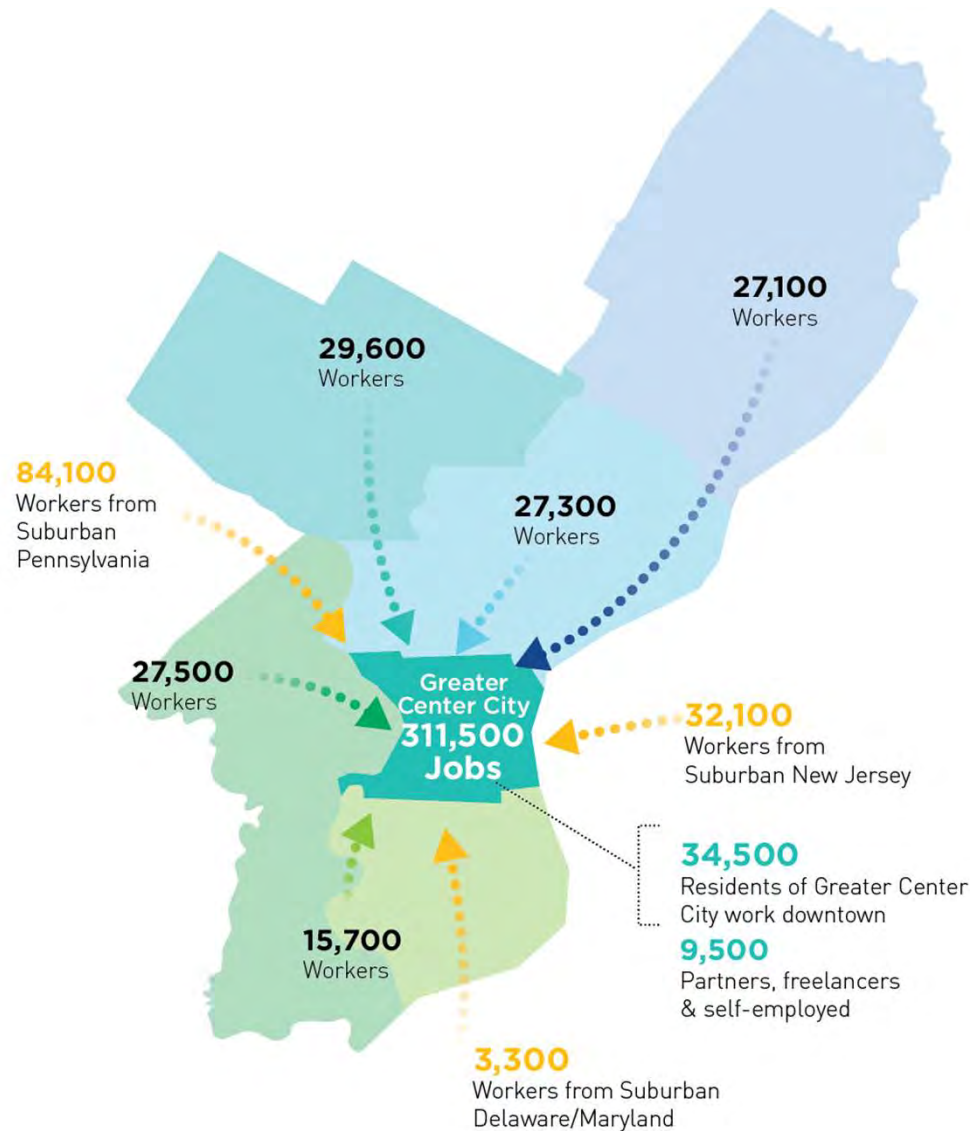


Source: U.S. Census Bureau, Longitudinal Employer-Household Dynamics, 2017

25% of working residents in each neighborhood work downtown

There is a broader economic impact of not coming back

On the economic ecosystem & vitality of neighborhoods



Each 1 million sf office space supports (BOMA calculations)

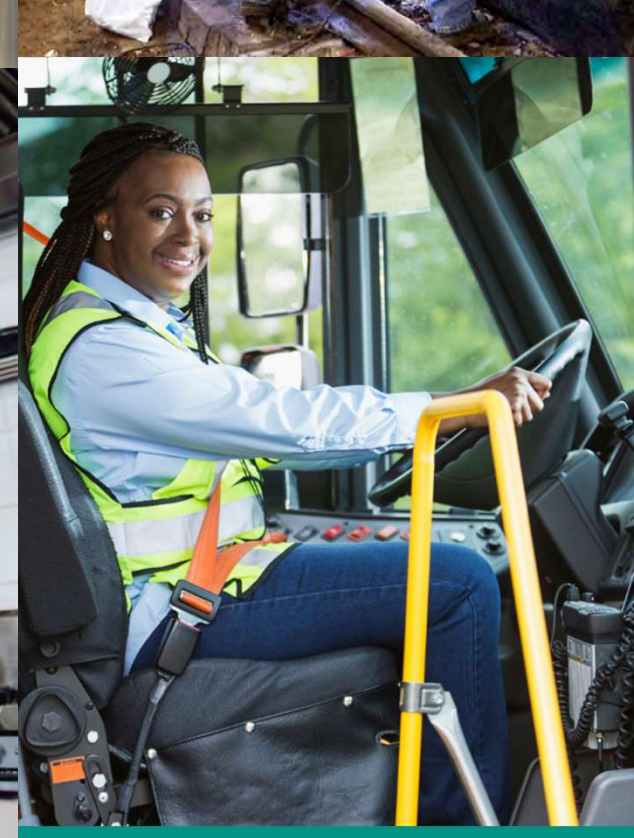


6,700 office jobs at all skill levels
+
**36 janitors, 24 security guards
& 10 building engineers.**

Employees within buildings
**generated \$3.6 million in annual
retail sales** in surrounding shops
& restaurants; drove demand for
transit, taxi & ridesharing jobs.

Business travelers to firms
occupying each million sf of office
space created annual **demand for
22,000 hotel rooms**

Many blue-collar urban jobs depend on the presence of office workers
Put simply: *remote work* may not be consistent with *inclusive growth*



Biggest challenge has been getting office workers back



(3) This is where local business leadership matters If the choice is between this.....



WHAT TO WEAR WHEN YOU WORK FROM HOME



MONDAY

TUESDAY

WEDNESDAY

THURSDAY



FRIDAY



SATURDAY

SUNDAY



shirtoid.com

... and this, the office probably loses



But since working from home comes with challenges



Employers need to focus more on quality space

Gensler: “Office as destination, not obligation”



A place for interaction; enriched with amenities

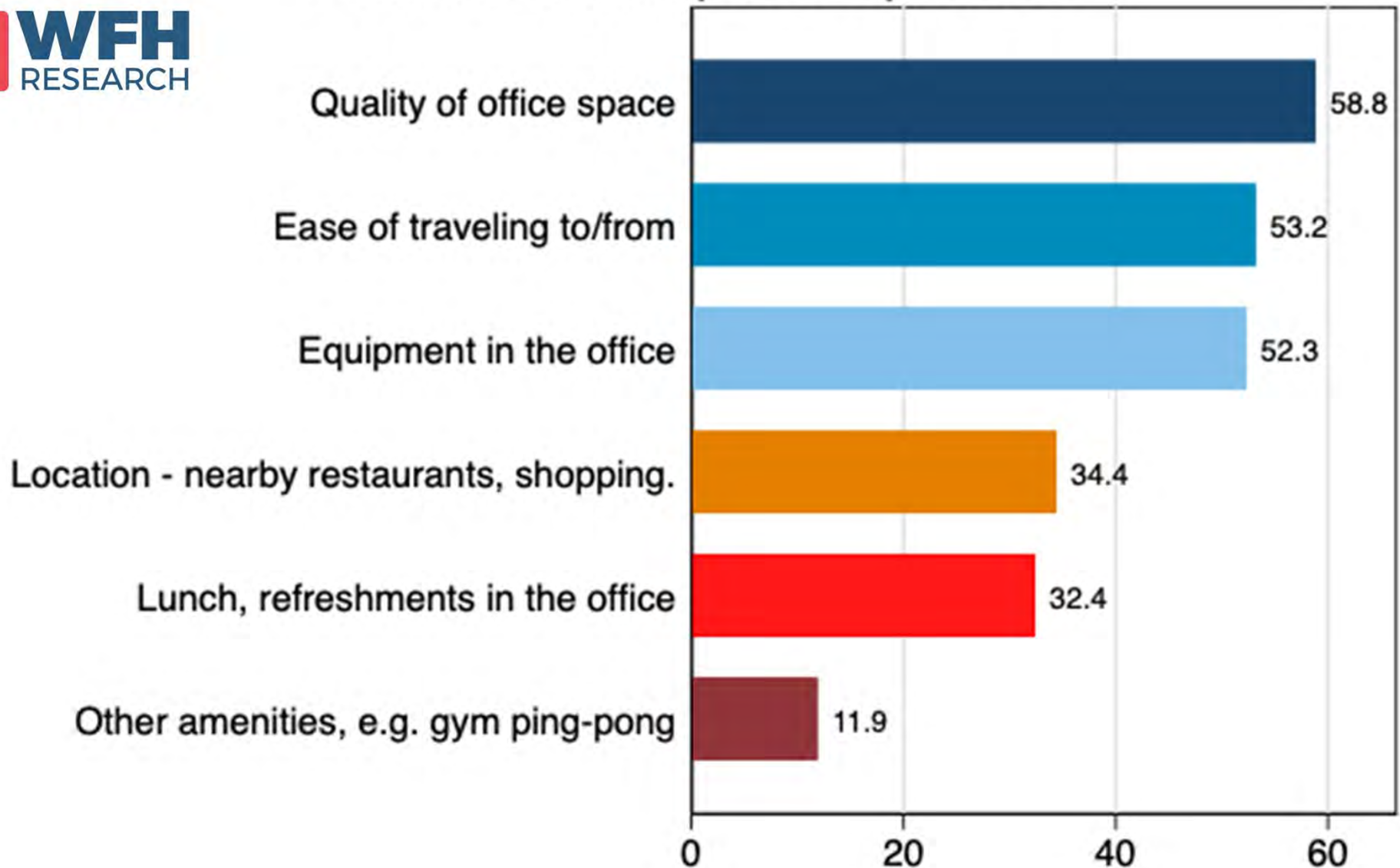


"We kept adding amenities to lure people back to the office until it was easier if we just became a bar."



Also need high quality office equipment & technology

When you work in an office, how important are the following?
Please choose up to 3 top factors



Let's be clear that the duration of working from home....

Median Recovery Rate in Core Downtowns for Residents, Workers and Visitors, 2020-2023



Strengthened the hand of labor in workplace negotiations



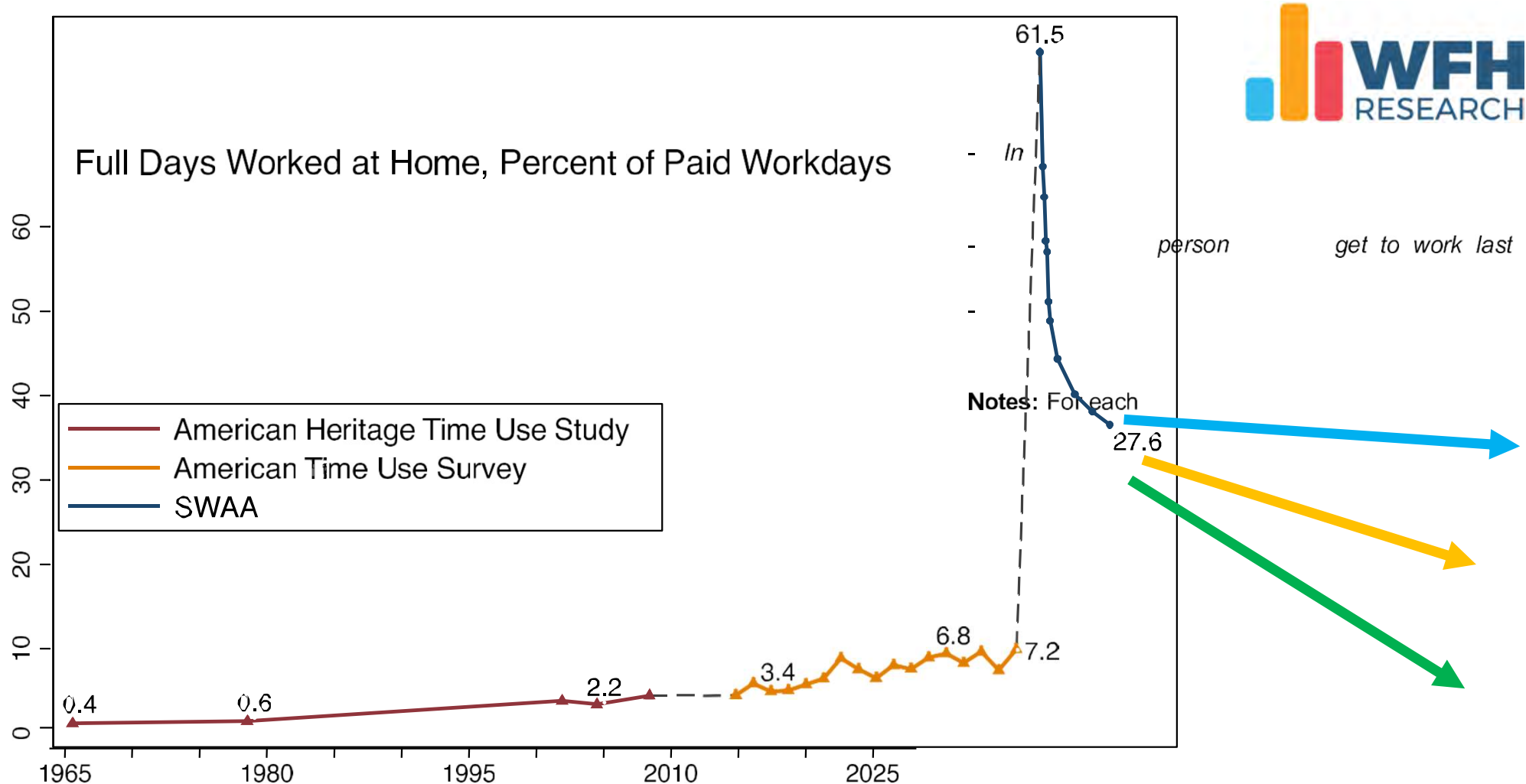
“Office as destination, not obligation”



Irreversible disruption?

Can we steadily decrease the numbers working from home?

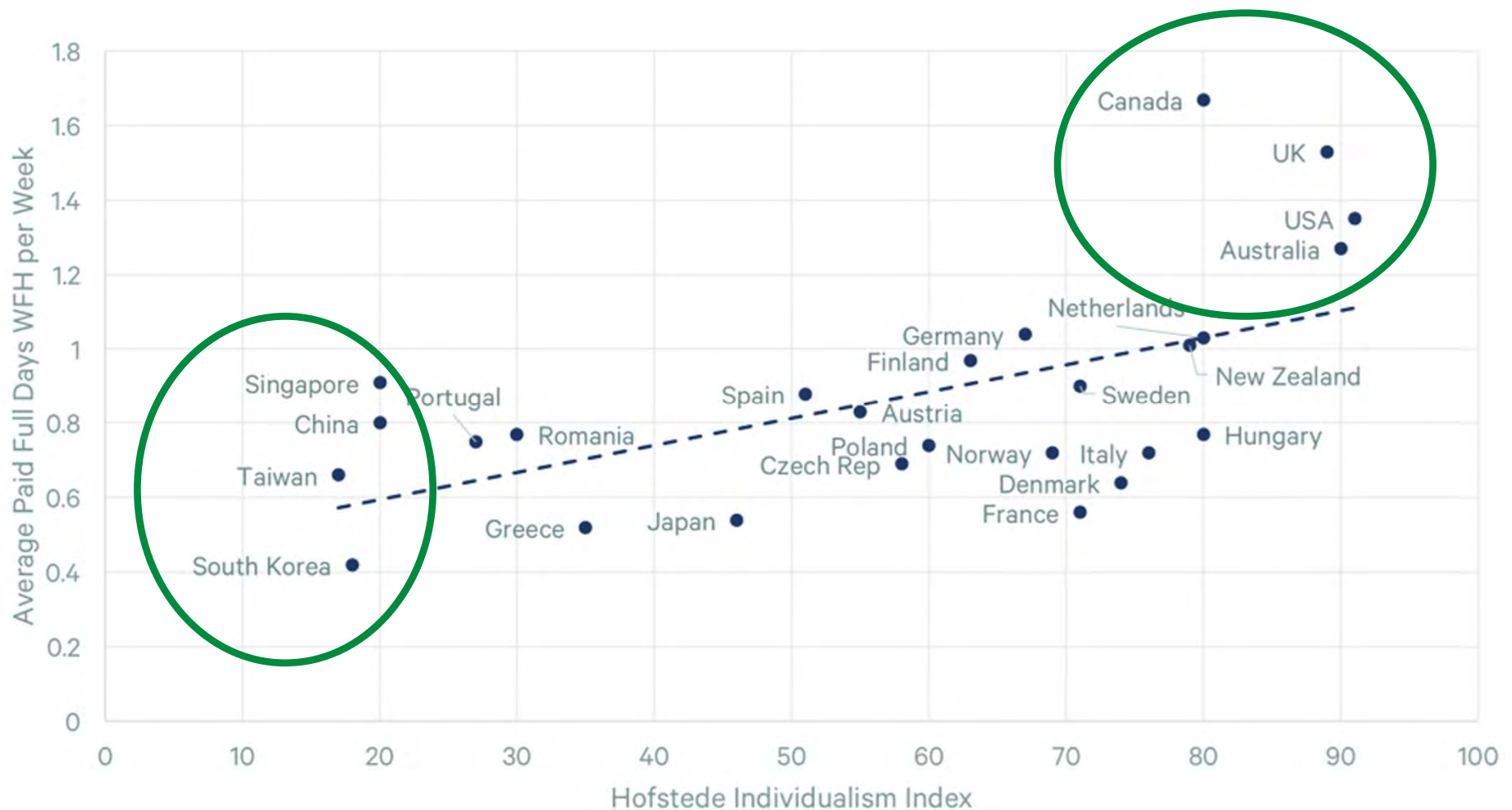
American individualism; RTO is much higher in Asian cities



Asian cities: much lower work from home

Average Full Paid Days WFH and an Individualism Index

Culture Drives WFH



Source: Why Does Working from Home Vary Across Countries and People? Zarate et al, April 2024

Absent higher rates of RTO

Missed opportunities for mentoring younger staff



Missed opportunities for innovation that comes from collaborative work & random, accidental conversations in the hallway & on the street



To support return to work, BIDs can help with office plaza activations



Working in cooperation with building managers To help change perception



After work happy hours



Nov. 2021: added public safety bike patrol with corporate contributions
25 person 7 days/week; (11am-7 pm) ; 10 night (3-11pm)



**To support recovery, we installed office district planters
Funded in partnership with property owners**



Complemented by in-street bike lane planers



Color changing Illumination of City Hall



Green for the Eagles win at the Super Bowl Continuing to focus on image & reality of downtown



Recovery won't happen on its own
We need to be strategic; to rethink, redesign & reinvest
In these major centers of work, residence & civic life
Pay more attention to the transit systems that make density possible



Paul R Levy, Board Chair
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Philadelphia, PA 19110
plevy@centercityphila.org