



INTRODUCTION & OVERVIEW

ACCELERATING GROWTH DOWNTOWN: Philadelphia is enjoying the longest period of economic expansion in the last 50 years, adding 55,100 jobs since 2010 and showing positive growth in all but one year since 2005. In 2016, Philadelphia added a record 13,600 jobs; in 2017, the city added another 10,700 jobs. Growth has been driven entirely by private-sector gains, with public-sector employment continuing a 25-year trend of contraction. By local standards, this is very good news. By national, urban standards, things should be significantly better.

Center City is the largest place of employment in the city and region, holding 42% of Philadelphia's jobs with 298,612 wage and salaried positions and another 9,000 self-employed individuals, freelancers and those compensated as partners. Other growth areas include University City, with 11% of city jobs, and the fast growing Navy Yard, with 1% of the city's jobs. Since 2005, the balance of Philadelphia has continued to lose jobs at the rate of 0.4% per year.

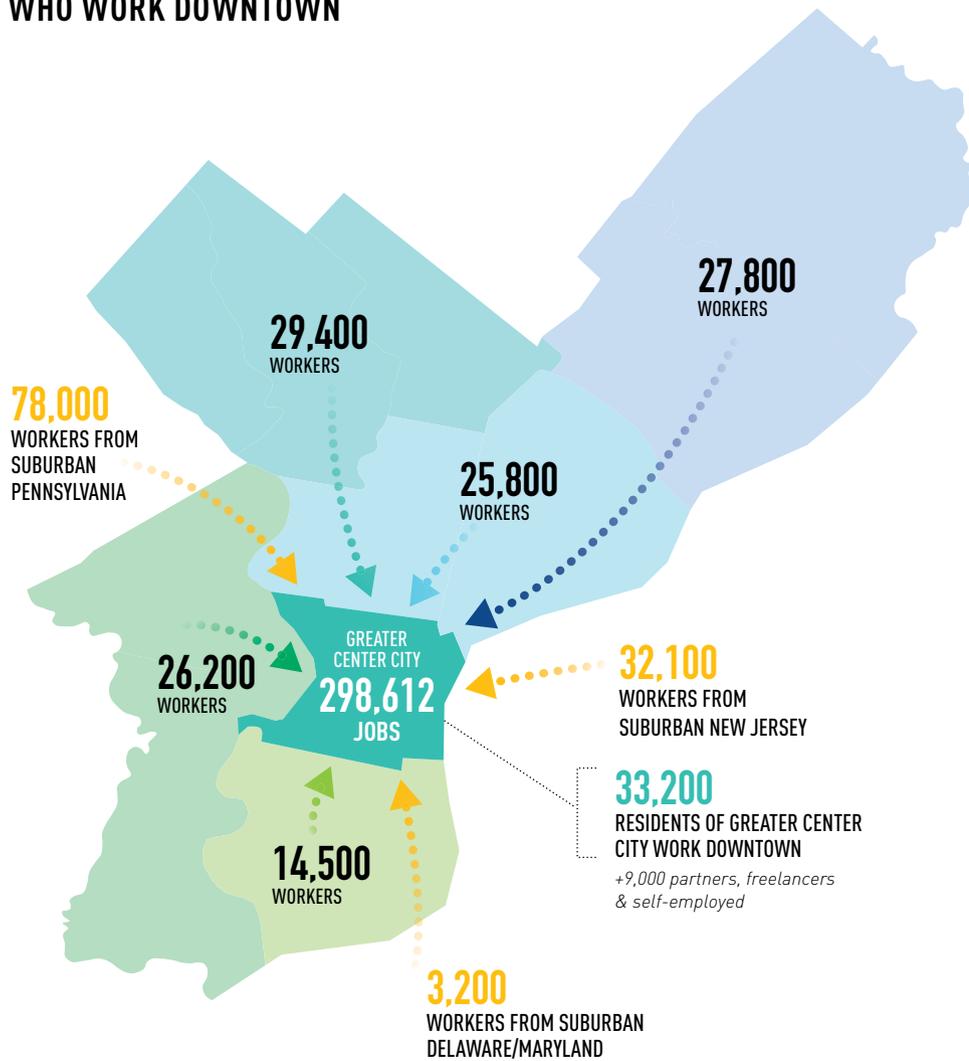
Diversification is the defining strength of the downtown economy. Professional, business and financial services, real estate and information — prime office-using industries — account for 40% of downtown jobs, occupying 41.2 million

square feet of space. Education and health services, the largest sector citywide, is the second largest downtown with jobs provided by 15 colleges and universities and five hospitals, accounting for 20% of Center City employment. Entertainment, leisure, hospitality and retail provide 16% of downtown jobs in 243 arts and cultural institutions, 11,675 hotel rooms, 992 retail premises and 453 full-service restaurants. Federal, state and local government employment provides 12% of Center City jobs.

Located at the center of the region's transit and highway network, 48% of downtown jobs are held by commuters from outside the city who pay the city wage tax and also patronize downtown restaurants, retailers and cultural institutions; 53% of jobs are held by Philadelphia residents, with the city's share of jobs steadily increasing as the downtown population has grown. This vibrant live-work core is just 6% of the city's land area, but generates 32% of all property tax revenue for the city and the Philadelphia School District, and accounts for close to 50% of the wage tax generated by jobs in Philadelphia.

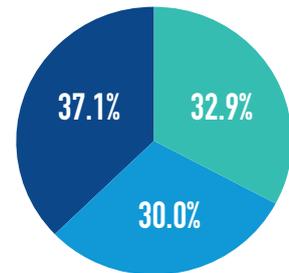
Public transportation makes possible a level of density and accessibility unmatched in the region, concentrating jobs at 59 per acre in Center City and at 38 per acre in University City,

NUMBER OF NEIGHBORHOOD AND REGIONAL RESIDENTS WHO WORK DOWNTOWN



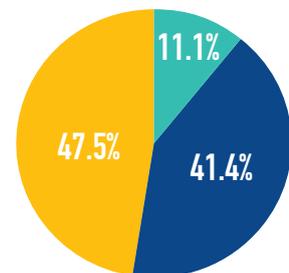
Source: U.S. Census Bureau, Local Employment-Household Dynamics, 2015, Bureau of Labor Statistics, Current Employment Statistics 2017, CCD Estimates

DOWNTOWN JOBS BY EDUCATION LEVEL



32.9% HIGH SCHOOL OR LESS
30.0% SOME COLLEGE/ASSOCIATE
37.1% BACHELOR'S DEGREE OR MORE

WHERE DOWNTOWN WORKERS LIVE



11.1% GREATER CENTER CITY
41.4% ELSEWHERE IN PHILADELPHIA
47.5% OUTSIDE PHILADELPHIA

Source: U.S. Census Bureau, Local Employment-Household Dynamics, 2015

compared to 4 per acre in the rest of Philadelphia and less than 1 per acre in the suburbs. Transit accessibility also enables 25% of the workers living in city neighborhoods outside Greater Center City to commute to jobs downtown; another 6% work in University City. In all of these neighborhoods, more people work downtown than in the area where they live. While 37% of Center City jobs require at least a bachelor's degree, 30% are accessible to those with an associate's degree, and another 33% require no more than a high school diploma.

But job growth in Philadelphia is uneven. Education and health services, largely exempt from real estate and business taxes, accounted for 56% of the jobs added since the recession; lower wage, leisure, hospitality and retail employment — important entry level positions — accounted for 37% of the growth; professional and business services accounted for 20% of

the new jobs, while Philadelphia shed 4,400 jobs in financial activities and information services, the city's highest wage jobs.

While private sector growth was particularly strong in 2016 and 2017, with the city's rate surpassing that of the region and nearly catching up with the nation as a whole, Philadelphia has not kept pace with the rate of employment growth in America's 26 largest cities, with size determined by the number of jobs. Since 2009, the largest cities have been outperforming the national economy and adding private sector jobs at an average of 2.3% per year, compared to only 1.4% in Philadelphia. The recent positive trends were sufficient to lift Philadelphia above Baltimore's and Memphis's rates of growth, but still behind 23 other cities, including Boston, Detroit, New York City, Washington D.C., as well as the national rate of growth of 1.7% per year. As a result, in nearly every category of employment,

AVERAGE ANNUAL GROWTH BY INDUSTRY, 2009–2017

	PHILADELPHIA	PHILADELPHIA MSA	LARGE US CITIES AVERAGE*	US NATIONAL AVERAGE
Total Private	1.4%	1.1%	2.3%	1.7%
Mining, Logging, and Construction	2.2%	1.5%	2.5%	1.6%
Manufacturing	-3.0%	-1.0%	0.5%	0.6%
Transportation, Utilities, and Wholesale Trade	1.0%	0.6%	2.0%	1.4%
Retail Trade	0.9%	0.4%	1.7%	1.1%
Financial Activities and Information	-1.0%	0.0%	1.5%	0.7%
Professional and Business Services	2.3%	1.7%	3.2%	2.7%
Education and Health Services	1.8%	2.1%	2.7%	2.1%
Leisure and Hospitality	3.2%	2.4%	3.4%	2.6%
Other Services	0.6%	0.2%	1.3%	0.9%

This includes the 26 largest cities, with size determined by the number of jobs.

Source: Bureau of Labor Statistics, Current Employment Statistics

except construction and hospitality, the nation’s top cities outperformed rates of growth in Philadelphia. Looking in the rear-view mirror, we have come very far. Glancing out of the side windows, we see peers passing us by.

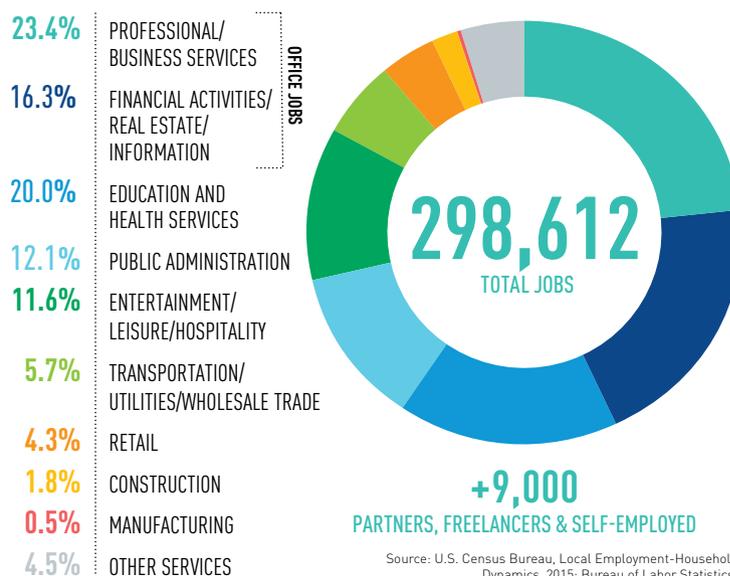
Our past dependency on industrial jobs can no longer suffice to explain slow growth. Other Northeast cities that hemorrhaged manufacturing rebounded through more robust, post-industrial growth. Using 1970 as the baseline, New York’s total employment is up 11% and Boston and Washington, D.C. are both up 23%. By contrast, Philadelphia has 26% fewer jobs than it did in 1970. Philadelphia’s tax structure, with its unique dependency of taxing what easily moves — employee wages and business revenues — is out of sync with hyper-mobile, 21st century, post-industrial realities.

This is a prime reason for Philadelphia’s high poverty and unemployment rates and why 40% of working residents from each City Council District outside of the downtown (211,000 workers) are reverse commuting to the suburbs each day. Educational levels required for jobs in the suburbs are not significantly different than those in the city. The suburbs simply have more jobs and, until recently, continued to add them faster. Despite recent growth, we are digging out of a deep hole: Philadelphia still has 5% fewer jobs than in 1990, while our suburbs are up 26%.

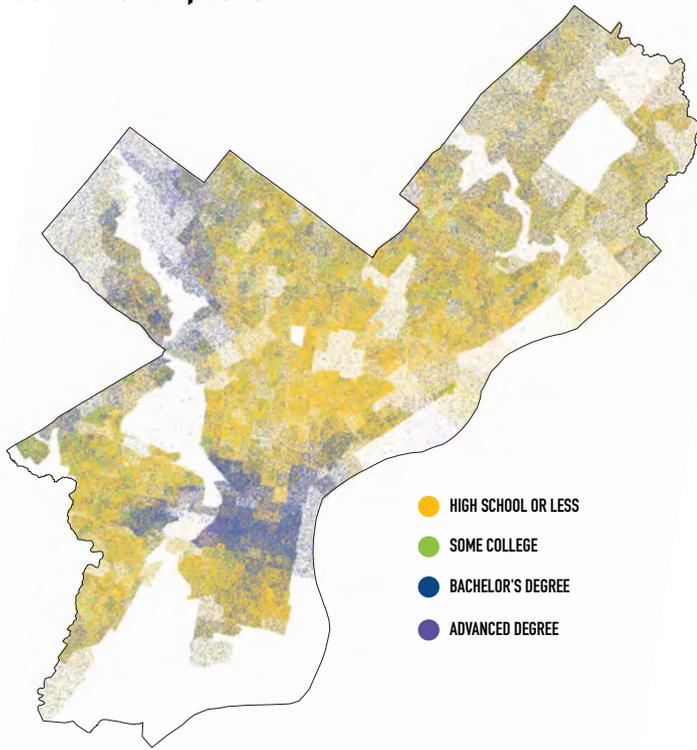
If local growth since 2009 had been robust enough just to make us average, attaining the 2.3% per year rate of growth of America’s largest cities, Philadelphia would have added an extra 45,400 jobs on top of existing growth of 55,100 for a total of 100,500 new job opportunities. The city’s unemployment rate, which dropped from above 10% in the depths of the Great Recession to 6.2% in 2017 — still two percentage points higher than regional and national averages — could have dropped

further. This would have expanded the tax base, increased demand for neighborhood housing and generated additional tax revenue for the city and schools without raising rates. But not counting people who have ceased looking for work, an average of 43,600 Philadelphians remained on the unemployment rolls throughout 2017 and population continued to decline in many older neighborhoods. Those with jobs often follow them to the suburbs. Despite success downtown, 62,000 more residents of city neighborhoods since 2010 decamped for homes in the suburbs than moved in and Philadelphia’s 25.7% poverty rate is the highest of the 10 largest U.S. cities.

GREATER CENTER CITY WAGE & SALARY EMPLOYMENT



EDUCATIONAL ATTAINMENT, POPULATION 25 AND OVER, 2016



Source: U.S. Census Bureau, American Community Survey 2012–2016

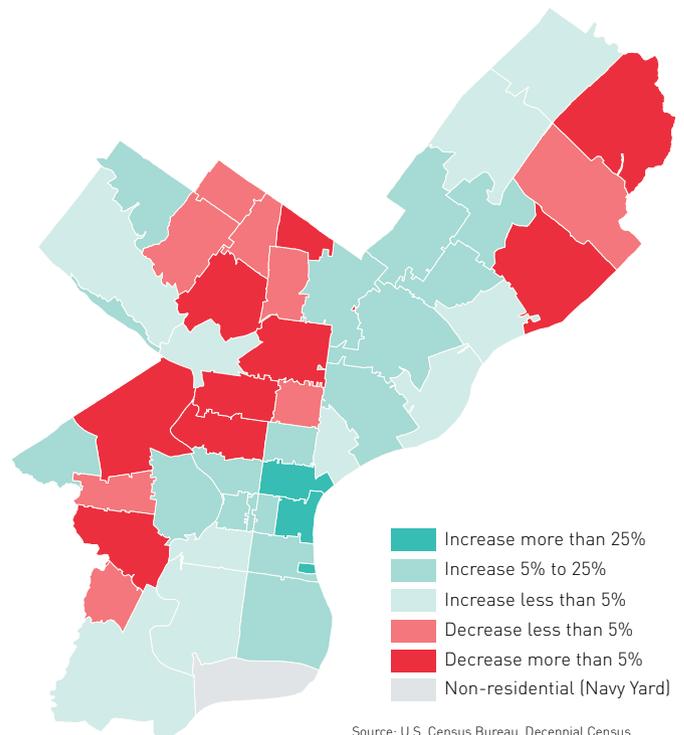
61% 

OF GREATER CENTER CITY RESIDENTS HAVE A BACHELOR'S DEGREE OR HIGHER, A POWERFUL ATTRACTOR FOR BUSINESSES SEEKING TALENT, BUT A MARKED CONTRAST WITH SURROUNDING NEIGHBORHOODS

ENHANCING POSITIVE TRENDS, LOCALLY: The opening of the new Comcast Technology Center, the retention of Aramark's corporate headquarters, the rapid growth of startups, investments in innovation made by major employers and local institutions and the eagerness of suburban firms to connect with Center City's educated, skilled workforce are all positive trends upon which to capitalize. So too is the dynamic growth in University City and the collaborative work and positive messaging that emerged from the pursuit of Amazon. Philadelphia's decline in the early- to mid-20th century resulted from overreliance on contracting manufacturing employers, complacency and failure to capture the growth of post-industrial and emerging innovation industries. Our success in the 21st century must be built upon a relentless impatience with the status quo.

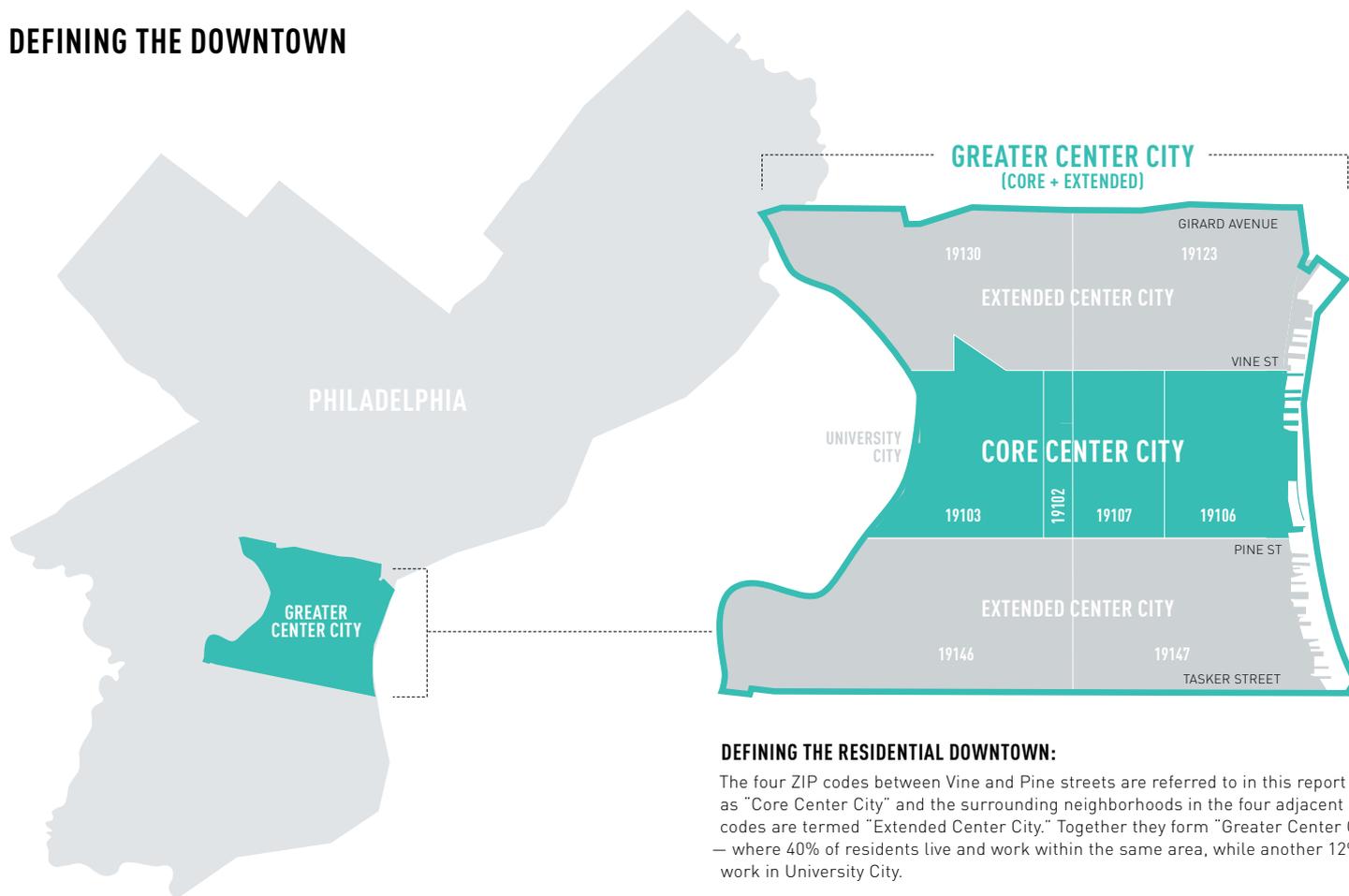
The success in Center City, University City and at the Navy Yard is substantial — but simply not large enough to offset declines elsewhere in the city. The disparities between the thriving and declining sections of the city are enormous and the temptation is strong to fall into a politics of resentment with anti-growth rhetoric. Our national politics are already consumed by extremes — a tendency to pit one group against

PHILADELPHIA POPULATION CHANGE, 2000–2016



Source: U.S. Census Bureau, Decennial Census 2000, American Community Survey 2012–2016

DEFINING THE DOWNTOWN



DEFINING THE RESIDENTIAL DOWNTOWN:

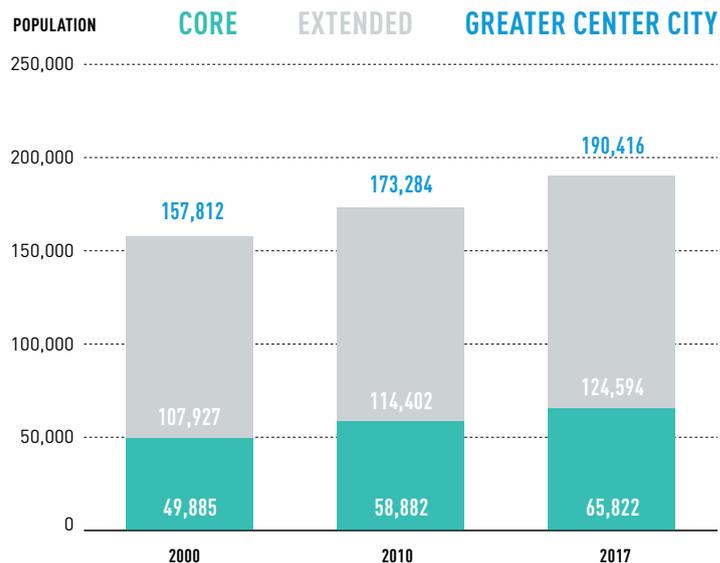
The four ZIP codes between Vine and Pine streets are referred to in this report as “Core Center City” and the surrounding neighborhoods in the four adjacent ZIP codes are termed “Extended Center City.” Together they form “Greater Center City” — where 40% of residents live and work within the same area, while another 12% work in University City.

another. Philadelphia needs to avoid that trap and to seek far more pragmatic solutions that work locally. Instead of pitting the interests of market rate development against the needs of lower income residents, elected officials should focus on aligning both around a strategy of job growth for all.

The federal government is steadily reducing the social safety net. State resources are constrained as well. If Philadelphia is going to make any impact on its 25.7% poverty rate, the highest of America’s 10 largest cities, it simply has to create the type of competitive environment that grows private-sector jobs at a faster rate, as other cities have done.

Philadelphia needs to commit not only to its public schools, but also to comprehensive tax reform. We can grow jobs citywide if we *reduce* local government’s dependency on highly mobile wages and business revenues and rely more on an expanding base of the local property tax to fund municipal services and improve public schools. Otherwise, educated residents of many neighborhoods will continue to leave for greater opportunities in the suburbs.

GREATER CENTER CITY POPULATION



Source: U.S. Census Bureau, 2000 and 2010 Decennial Census; CCD Estimates

FASTEST GROWING PLACE TO LIVE: Greater Center City — defined as Girard Avenue to Tasker Street, river to river — has capitalized on growing national preferences for diverse, walkable, live-work places. It is the fastest growing residential area of Philadelphia, with an estimated 190,000 residents in 2017, 40% of whom work downtown; another 11% work in University City. In the last five years, 26% of all in-movers to Philadelphia have moved into downtown, including a sizable share of the largest demographic group nationally, 20- to 34-year olds. Millennials now constitute 40% of the downtown population, followed closely by empty nesters and growing numbers of families with children.

Greater Center City experienced another record-setting year in 2017 with the construction of 2,680 new apartments, single-family homes and condominiums. Seventy-one percent of the units were rentals, single-family housing constituted 18%, and condominiums jumped to 10% of new units from just 5% one year before. Major developments were widely dispersed in 2017, across both the core and extended neighborhoods of Center City. Philadelphia has expanded from a 3% share of regional housing permits in the early 1990s to a 25% share from 2010 to 2017 with Greater Center City counting for more than half of all new units in the city. Since 2000, 23,385 new residential units have been added in Greater Center City. The extraordinary diversity of housing types available downtown allows households to stay in Center City as their needs change over time, with housing values appreciating at 11% per year since 2000.

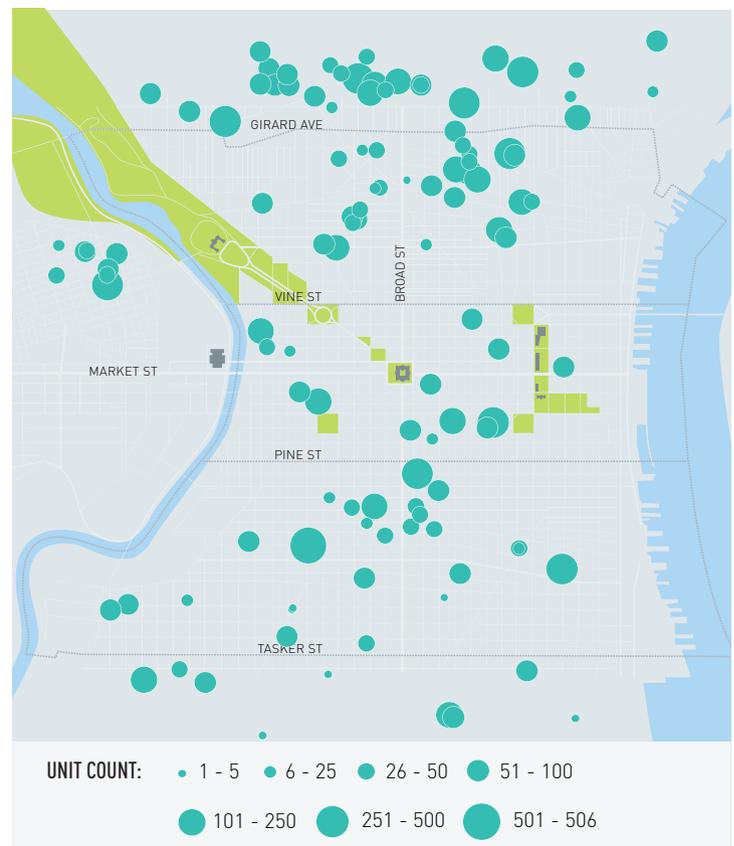
At the same time, Greater Center City has 5,938 units of subsidized housing intermixed with market-rate apartments, row homes and condominium buildings. Within a half-mile of the outer edges of the expanding downtown are another 4,766 subsidized units, providing a total of 10,704 units and an opportunity for local government to stabilize lower-income residents near Philadelphia’s prime employment center as market conditions continue to improve.

While 81% of suburban residents travel by car from home to work, 70% of core Center City residents commute without a car. The compact, intimately-scaled street grid that Philadelphia inherits from the 17th century promotes walkability and reinforces density, concentrating 60 residents per acre in the core downtown area and 47 per acre in the extended neighborhoods — compared with 37 per acre in the rest of Philadelphia and just 15 people per acre in the suburbs. Single-use, suburban zoning separates residents from commercial districts. Downtown land-use diversity combines living, working, retail, dining, cultural, entertainment and educational offerings, and density allows for ease of travel by public transit, cab and ride- and bike-sharing services. For success to be ensured, the growing challenge of congestion must be managed and rules of the road enforced for all.

Sixty-one percent of Greater Center City residents have a bachelor’s degree or higher; in the downtown core the percentage rises to 79%. This critical mass of talent, combined with the steady stream of graduates from 15 colleges and universities in and around Greater Center City, is exercising a powerful draw on employers. Suburban firms are announcing new downtown locations or putting employees into co-working space to test the waters.

Greater Center City currently has a lower percentage of households with children (14%) than the rest of Philadelphia (27%), although 35,738 children have been born to downtown parents since 2000. Parents can enjoy the convenience of walking their children to one of the 19 Greater Center City elementary schools, where 8,253 students were enrolled in 2017. School district data show that 81% of students in public classrooms in Greater Center City come from the downtown, a significant increase from a decade ago; 67% of children attend

AFFORDABLE HOUSING IN AND AROUND GREATER CENTER CITY



	GCC BOUNDARY	1/4 MILE BUFFER	1/2 MILE BUFFER
Properties	70	88	118
TOTAL UNITS	5,938	7,694	10,704

Source: National Housing Preservation Database

school in the catchment area in which they live. An equally important metric: while Center City has three high quality, independent schools, 75% of children in Greater Center City attend public school, comparable to the citywide average of 80%.

More robust job growth will not only provide expanded opportunities for Philadelphia residents, it will ensure that developers can fill new apartments now under construction. More certainty about long-term school funding will also help retain millennials as they form families. A greater attention to quality of life issues downtown will encourage both workers and residents to stay, while supporting the burgeoning hospitality industry.

A MANAGED PLACE, PLANNING FOR THE FUTURE: For 27 years, Center City District (CCD) has enhanced public spaces, reinforcing private-sector investment and supplementing city services. In partnership with Central Philadelphia Development Corporation (CPDC), research, planning and advocacy have guided investments and shaped policies that enhance downtown competitiveness. Today, sidewalks, filled with pedestrians and outdoor cafés, are cleaned seven days a week and graffiti is removed from the ground floor of building façades and from street furniture. CCD's uniformed Community Service Representatives work in partnership with the Philadelphia Police Department, providing a welcoming presence for pedestrians and helping to reduce the number of serious crimes by 44% since 1993, while retail theft has been cut by 42% and thefts from autos by 86%.

CCD maintains nearly all of the \$146 million streetscape and public space improvements it has made in the last 20 years, routinely cleaning, updating and refurbishing pedestrian, transit and vehicular directional signs, disk and bus shelter maps and interpretive panels along the Benjamin Franklin Parkway. CCD has installed 2,189 pedestrian-scale light fixtures since 1996, doubling or tripling nighttime illumination, while supporting the evening economy. CCD programs color-changing lights on building façades along the Avenue of the Arts and maintains the illumination on public sculptures on the Benjamin Franklin Parkway. CCD manages and programs four parks it has renovated and is transforming part of the defunct Reading Railroad viaduct into the first phase of the new Rail Park that opens in 2018.

CPDC was formed 62 years ago as the private-sector leadership group that partnered with local government at the inception of the downtown revival. CCD was formed 27 years ago, after a decade of federal disengagement and a major recession rendered Center City's public domain a dirty and dangerous place to be avoided.

CENTER CITY KEY FACTS

CENTER CITY KEY FACTS	
Total Wage & Salary Jobs	298,612
Partners & Self-Employed Workers	9,000
Office Square Feet	41.2 million
Office Occupancy	86.6%
Co-working Square Feet	502,000
Hotel Rooms	11,675
Hotel Room Occupancy	78.2%
Average Daily Room Rate	\$185
Retailers	992
Full-Service Restaurants	453
Cafes/Bakeries/Quick-Service Restaurants	447
Hospitals	5
Arts & Cultural Institutions	243
Colleges & Universities	15
Total Enrollment in Higher Education	34,812
Annual Philadelphia International Airport Passengers	29,585,754
Annual Amtrak 30th Street Station Passengers	4,391,966
Average Weekday Center City Transit Ridership [All Modes]	308,527
Housing Units Completed in 2017	2,680
Average Home Sale Price	\$369,234
Apartment Median Asking Rent	\$1,930
Greater Center City Population	190,416
Percent of Residents with Bachelor's or More	61%

Today, Center City is more vibrant than at any time since the late 1940s, before suburbanization and de-industrialization started draining life and jobs out of the city. But changes at the national and state levels are challenging Philadelphia more than at any time in recent memory. We must be far more self-reliant and inventive, making better use of the assets we have. It's time to manage more effectively our narrow streets and intimate-scaled sidewalks and create a competitive platform for broader, more inclusive growth.