2018

STATE OF CENTER CITY

PHILADELPHIA

CENTER CITY DISTRICT | CENTRAL PHILADELPHIA DEVELOPMENT CORPORATION

2018

STATE OF CENTER CITY

PHILADELPHIA

CENTER CITY DISTRICT | CENTRAL PHILADELPHIA DEVELOPMENT CORPORATION

660 CHESTNUT STREET PHILADELPHIA, PA 19106 | 215.440.5500 | **CENTERCITYPHILA.ORG**

CONTENTS

Philadelphia Skyline | We Film Philly

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.

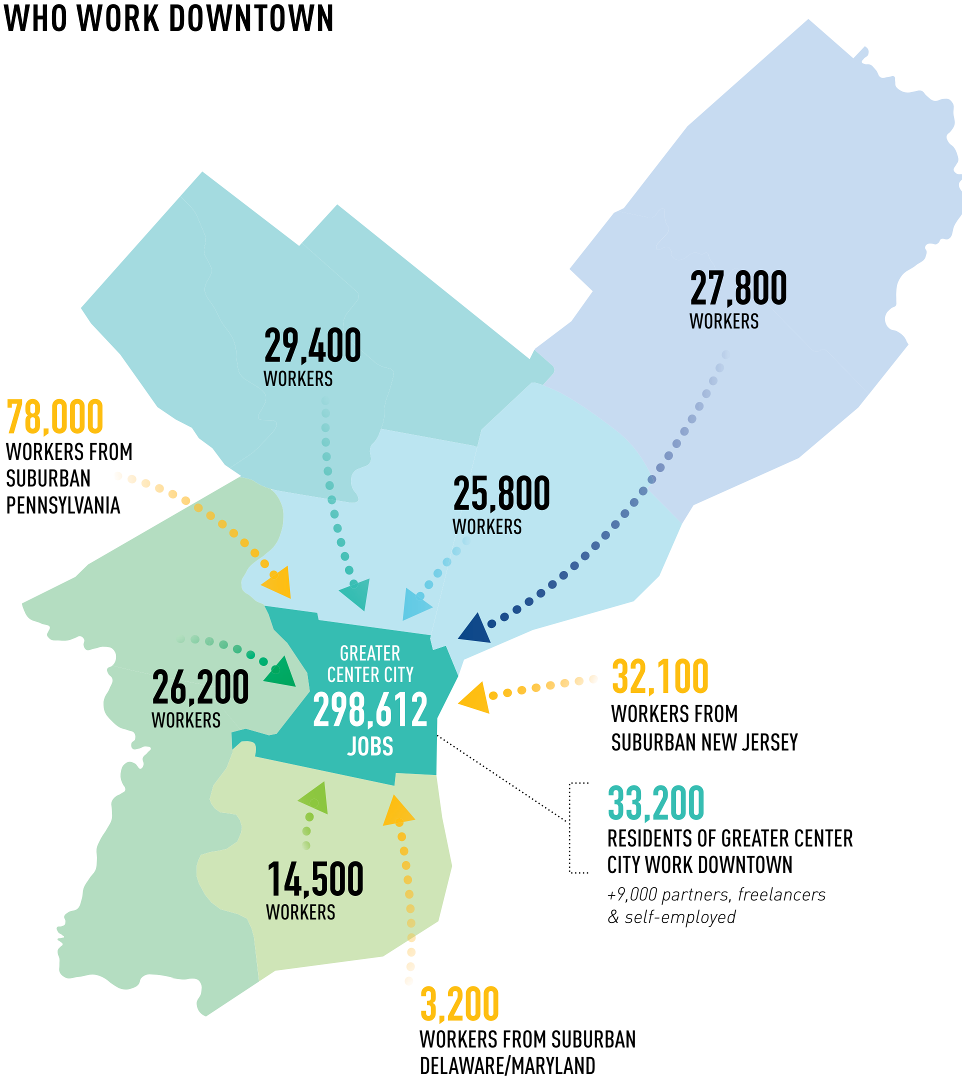
Center City is the largest place of employment in the city and region, holding 42% of Philadelphia's jobs with 298,612 wage and salaried positions and another 9,000 self-employed individuals, freelancers and those compensated as partners. Other growth areas include University City, with 11% of city jobs, 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.

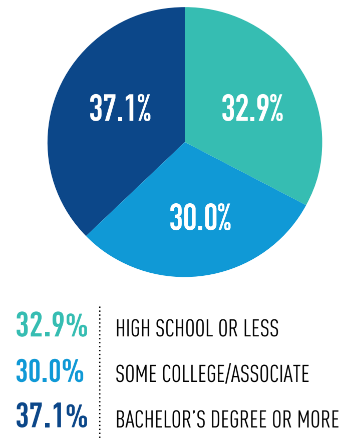
Public transportation makes possible a level of density and accessibility unmatched in the region, concentrating jobs at 59 per acre in Center City and at 38 per acre in University City,

NUMBER OF NEIGHBORHOOD AND REGIONAL RESIDENTS WHO WORK DOWNTOWN

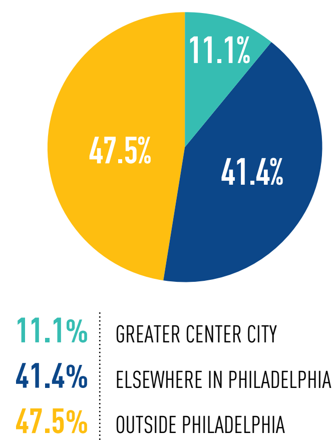


Source: U.S. Census Bureau, Local Employment-Household Dynamics, 2015, Bureau of Labor Statistics, Current Employment Statistics 2017, CCD Estimates

DOWNTOWN JOBS BY EDUCATION LEVEL



WHERE DOWNTOWN WORKERS LIVE



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.

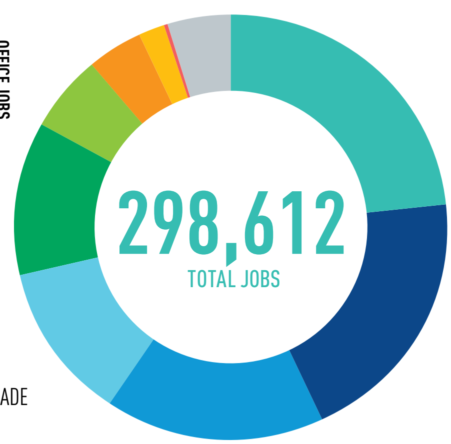
Our past dependency on industrial jobs can no longer suffice to explain slow growth. Other Northeast cities that hemorrhaged manufacturing rebounded through more robust, post-industrial growth. Using 1970 as the baseline, New York's total employment is up 11% and Boston and Washington, D.C. are both 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

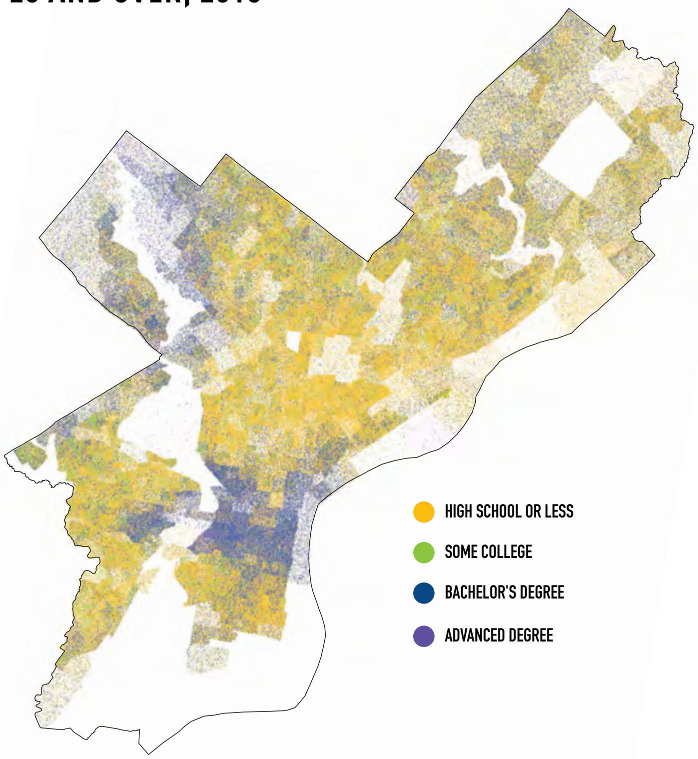
23.4%	PROFESSIONAL/ BUSINESS SERVICES	OFFICE JOBS
16.3%	FINANCIAL ACTIVITIES/ REAL ESTATE/ INFORMATION	OFFICE JOBS
20.0%	EDUCATION AND HEALTH SERVICES	
12.1%	PUBLIC ADMINISTRATION	
11.6%	ENTERTAINMENT/ LEISURE/HOSPITALITY	
5.7%	TRANSPORTATION/ UTILITIES/WHOLESALE TRADE	
4.3%	RETAIL	
1.8%	CONSTRUCTION	
0.5%	MANUFACTURING	
4.5%	OTHER SERVICES	



+9,000
PARTNERS, FREELANCERS & SELF-EMPLOYED

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

EDUCATIONAL ATTAINMENT, POPULATION 25 AND OVER, 2016



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

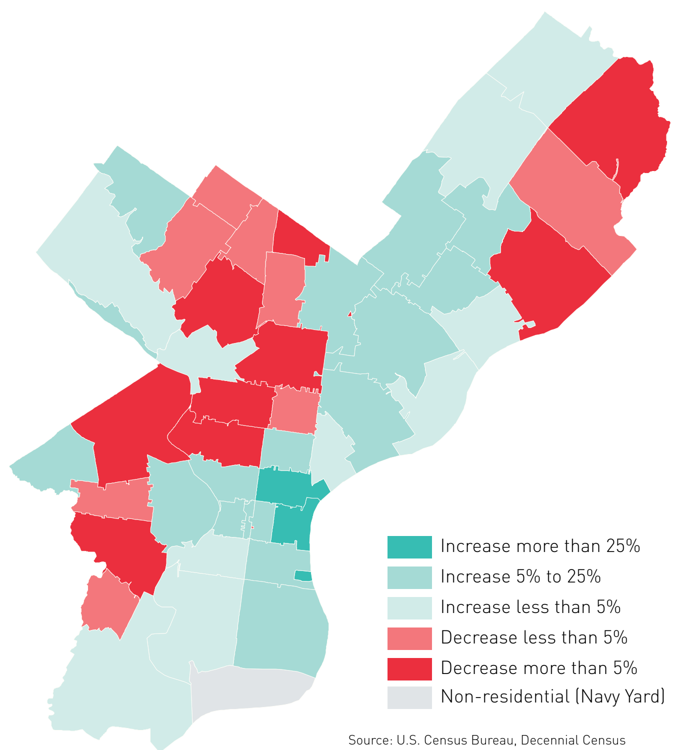
61%

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.

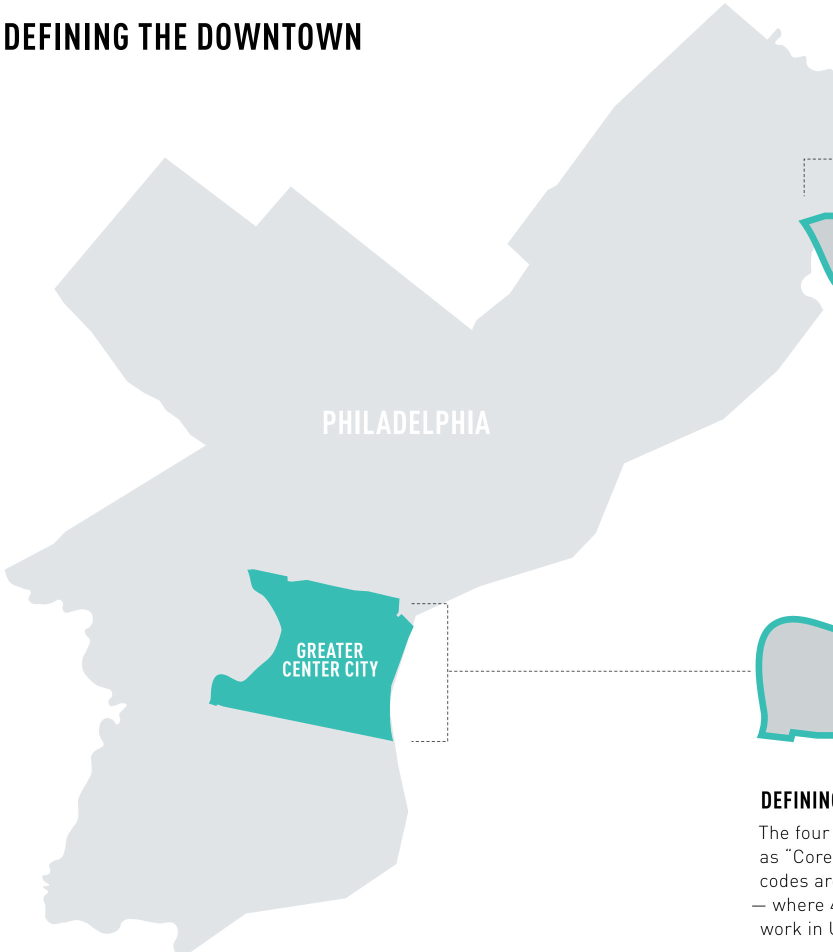
The success in Center City, University City and at the Navy Yard is substantial — but simply not large enough to offset declines elsewhere in the city. The disparities between the thriving and declining sections of the city are enormous and the temptation is strong to fall into a politics of resentment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

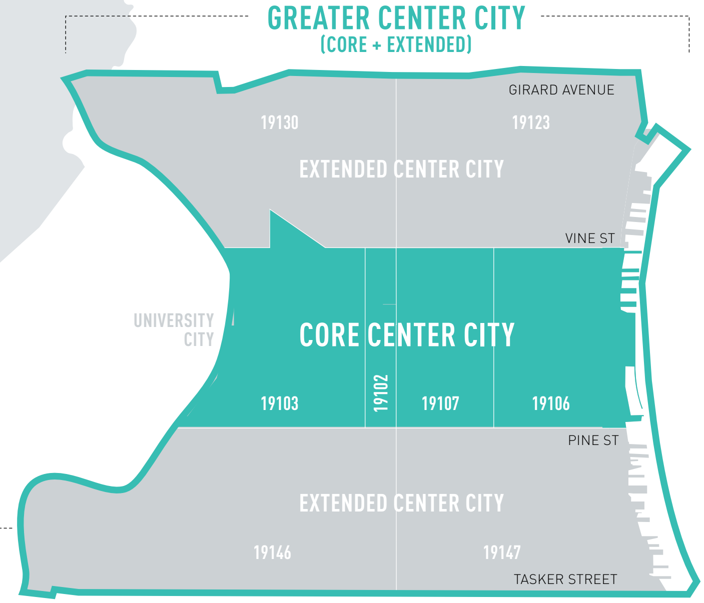
PHILADELPHIA POPULATION CHANGE, 2000–2016



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

DEFINING THE DOWNTOWN





DEFINING THE RESIDENTIAL DOWNTOWN:

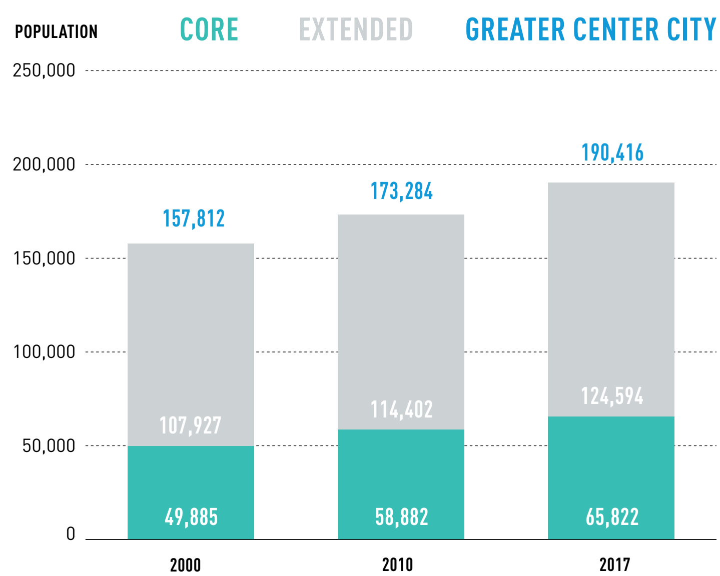
The four ZIP codes between Vine and Pine streets are referred to in this report as "Core Center City" and the surrounding neighborhoods in the four adjacent ZIP codes are termed "Extended Center City." Together they form "Greater Center City" — where 40% of residents live and work within the same area,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

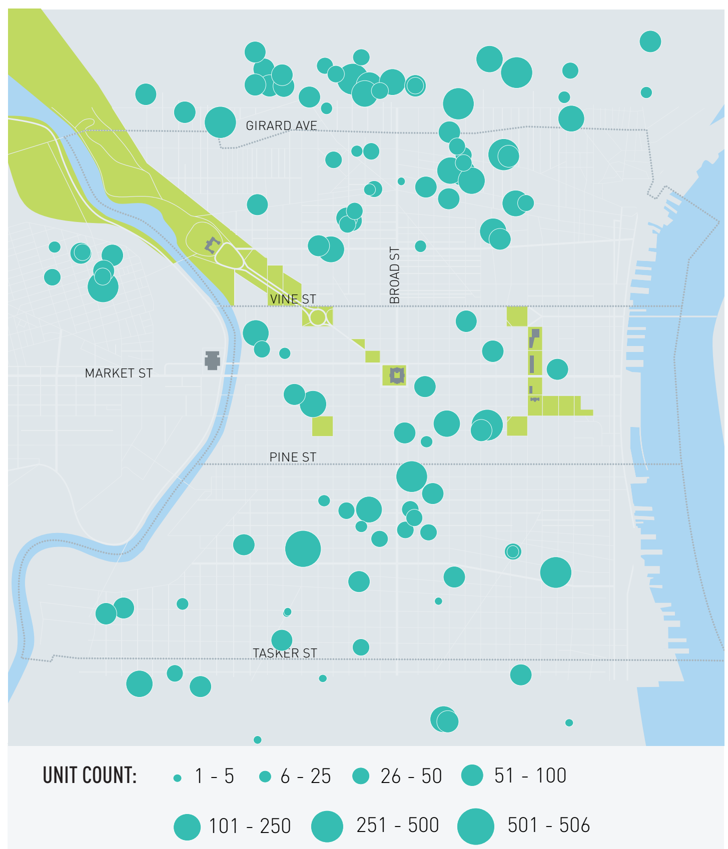
At the same time, Greater Center City has 5,938 units of subsidized housing intermixed with market-rate apartments, row homes and condominium buildings. Within a half-mile of the outer edges of the expanding downtown are another another 4,766 subsidized units, providing a total of 10,704 units and an 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 comingles 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.

Cozen O'Connor | Matt Stanley

OFFICE

Center City's 41.2 million square feet (sf) of commercial office space is the backbone of the downtown economy. Well-served by transit, office buildings hold the densest concentration of employment opportunities in the region, providing 40% of downtown jobs and the most diverse opportunities: high-skilled positions requiring at least a college degree, technical, support and clerical jobs, as well as building engineers and managers, security personnel and custodians. Every time tenants turn over, construction trades are called on to renovate space. Office workers spend time and money in downtown shops, restaurants, and entertainment venues, creating $230 million in annual retail demand. Business travelers accounted for almost one-third of all hotel room nights in 2017.

Center City's office occupancy rate slightly decreased from 87.8% in 2016 to 86.6% in 2017, though still surpassing suburban occupancy levels of 85.3%. Trophy occupancy was highest at 95%, followed by Class A and B at 89% and 88%, respectively. Though average asking rents rose to $30.59/sf from $29.60/sf, this is still far lower than the leading markets nationally — almost a third less of asking rents in Midtown Manhattan ($80.15), and nearly half of asking rates in Boston ($56.64) and Washington, D.C. ($54.83). In Center City, the West Market Street submarket commands the highest rents at an average of $31.78/sf, with Independence Square following closely behind at $31.27/sf. The submarkets east of Broad saw the highest rate appreciations in 2017, as older office buildings have been repositioned and the historic westward migration of tenants has been counter-balanced by a broader resurgence of the east side of downtown.

Co-working spaces are continuing to grow in Center City, but at a slower rate than previous years, accounting for 2.8% of all leasing activity in 2017. A total of 24 co-working locations occupy 502,000 sf of space with an additional 209,000 sf under construction. Despite the perception that co-working spaces are filled with young entrepreneurs and startups, many large companies are using co-working spaces downtown to test the market.

But most leasing activity in 2017 followed Center City's historic pattern of renewals and in-market movement. The largest leasing transaction came from Thomas Jefferson University. Capitalizing on the large block of space being vacated by Aramark's impending move to 2400 Market, the medical institution signed a 230,000 sf lease on East Market Street. Their move reinforces the redevelopment of The Gallery into Fashion District Philadelphia and the development of the former Girard Estate parcel across the street into a mixed-use residential, office and retail center. The First Judicial District of Pennsylvania, Philadelphia's local court system, also secured 120,000 sf of space in the Sovereign Building at 714 Market St., placing its offices adjacent to the federal courthouse complex on Market Street.

Inbound office tenants accounted for 16% of all leasing activity between 2015 and 2017, as 1.2 million sf of space was taken by tenants migrating downtown from outside the city limits, according to JLL. While some relocations have been large, most newcomers into the Philadelphia market leased small or gateway spaces to attract young, educated workers who live in Greater Center City and who may be reluctant to commute to the suburbs for a job. A prime example was the announcement in 2017 that Malvern-based Vanguard Group is opening a 16,000-sf innovation center at 2300 Chestnut St.

Investor demand for office buildings continues to grow in Philadelphia's relatively affordable market, especially from national and global firms. A total of 4.7 million sf of office space, representing $830 million in transactions, exchanged hands in 2017. Notable sales included: Oaktree Capital Management's purchase of United Plaza from CBRE Global Investors; Rubenstein's partial acquisition of the Wanamaker Building from TIER REIT; Washington, D.C.-based MRP Realty's purchase of Three Parkway also from TIER REIT; New York-based Nightingale Properties' acquisition of Centre Square from Equity Commonwealth; and Alterra Property Group's purchase of One City Plaza, with the likely conversion to residential.

With the repositioning of recently acquired buildings, developers are looking to differentiate their product within the marketplace by investing heavily in amenities, including state-of-the-art meeting space, as well as new ground floor retail tenants that younger office workers like to patronize.

Center City's largest development, Liberty Property Trust's Comcast Technology Center, will add 1.3 million sf of trophy space to Center City upon completion in 2018. PMC Property Group's 2400 Market will house Aramark's relocated headquarters and several other tenants, adding 485,000 sf of office space and narrowing the gap between Center City and University City. Still on the drawing boards is Oliver Tyrone Pulver Corp.'s proposed 1301 Market that will add 840,000 sf of office along East Market, if constructed.

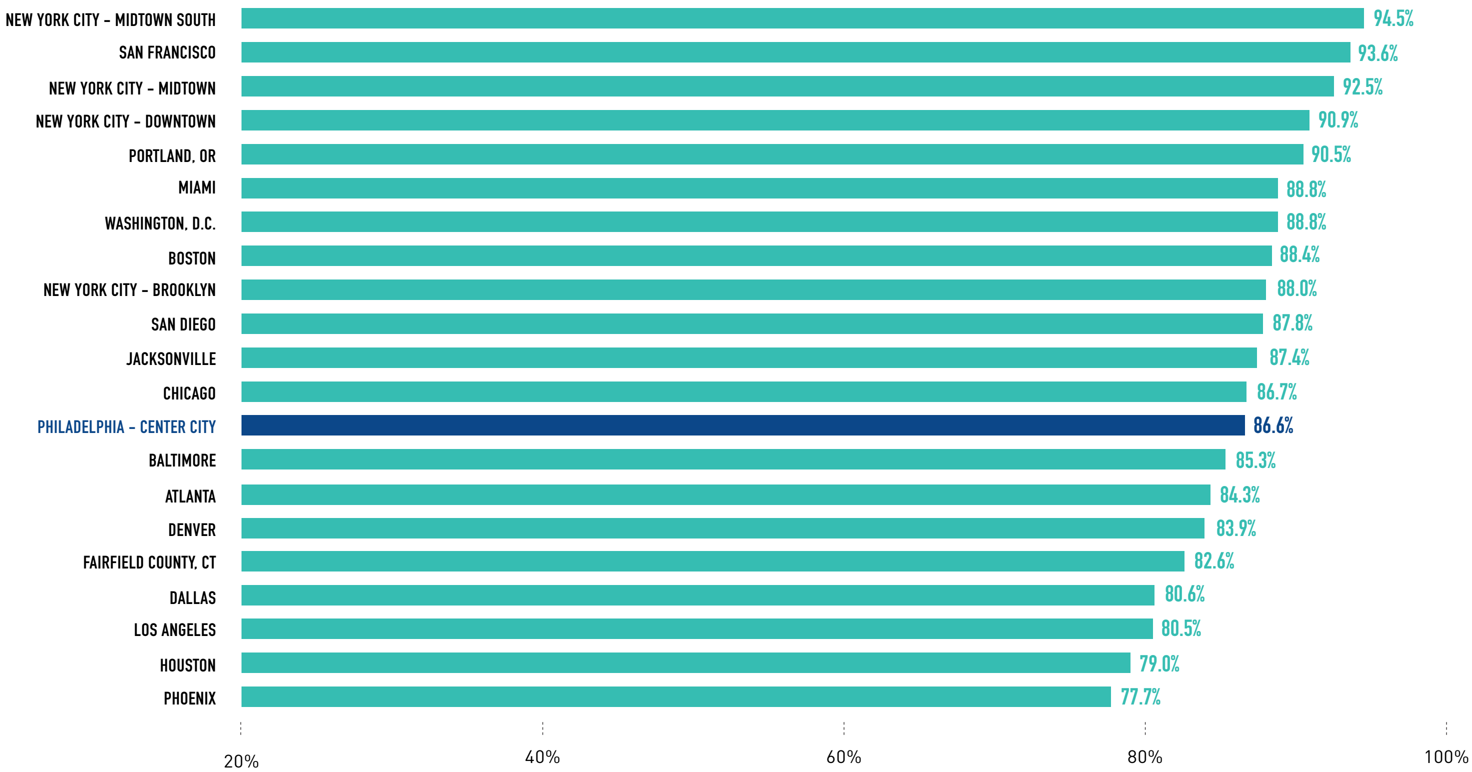
Despite these positive trends, Center City's office sector continues to lag compared to other peer markets. A simple measure of success is the premium that businesses are willing to pay to be in the employee- and amenity-rich CBD, as opposed to the suburbs. A sampling of major CBD markets nationwide by Newmark Grubb Knight Frank showed an average CBD premium of 25% in 2017 — rising to 112% in Boston and 74% in Washington, D.C. In Philadelphia, the premium on downtown space was just 10%, comparable to many sprawling Sun Belt metros. These lower rent premiums are a result of the impact on occupancy costs of Philadelphia's wage, business and use and occupancy taxes, which can easily add a 20% to 30% premium on downtown costs. More robust growth will occur only when Philadelphia updates its tax structure to 21st century realities.

MAJOR CENTER CITY OFFICE SUBMARKETS

	TOTAL INVENTORY (SF)	VACANT (SF)	OCCUPANCY RATE	2017 ABSORPTION (SF)	AVERAGE ASKING RENT (PSF)
West Market	25,782,472	3,300,156	87.2%	-287,400	$31.78
East Market	6,502,780	559,239	91.4%	196,022	$27.51
Independence Square	4,852,963	1,014,269	79.1%	-211,086	$31.27
Walnut/South Broad	4,065,524	662,680	83.7%	10,316	$26.98
TOTAL	**41,203,739**	**5,536,344**	**86.6%**	**-292,148**	**$30.59**

Source: Newmark Grubb Knight Frank

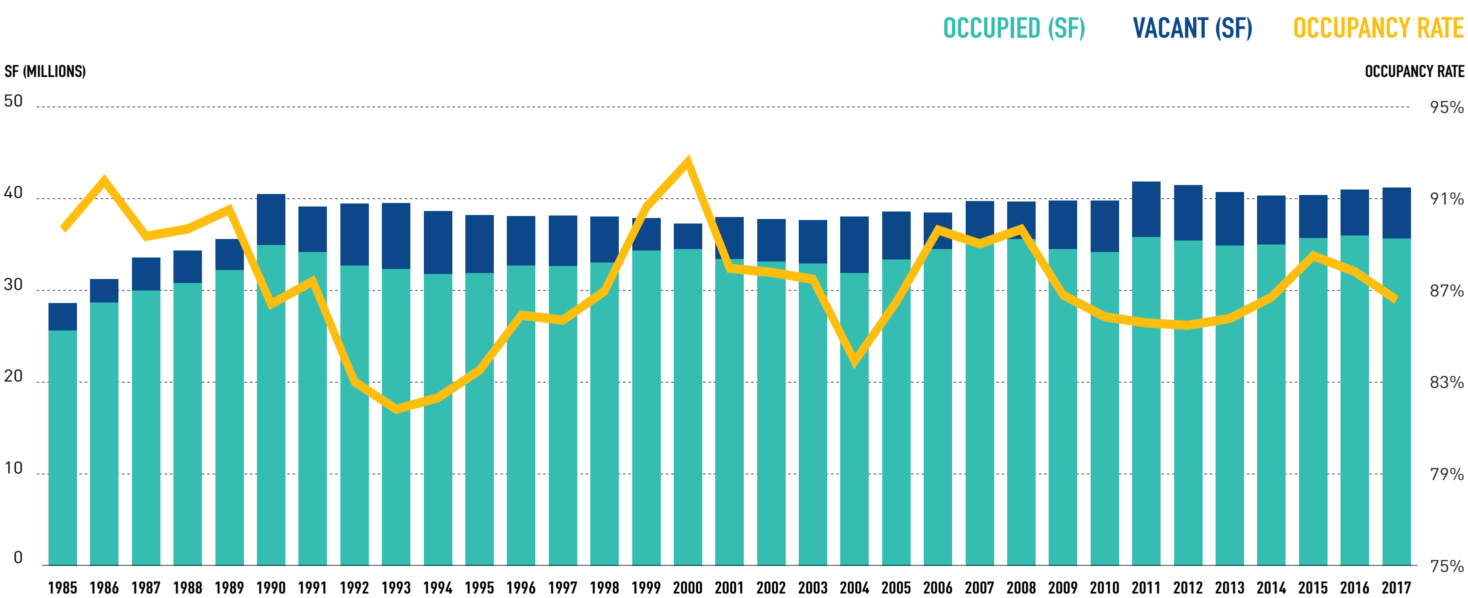
CENTRAL BUSINESS DISTRICT OCCUPANCY, 2017



Source: Newmark Grubb Knight Frank

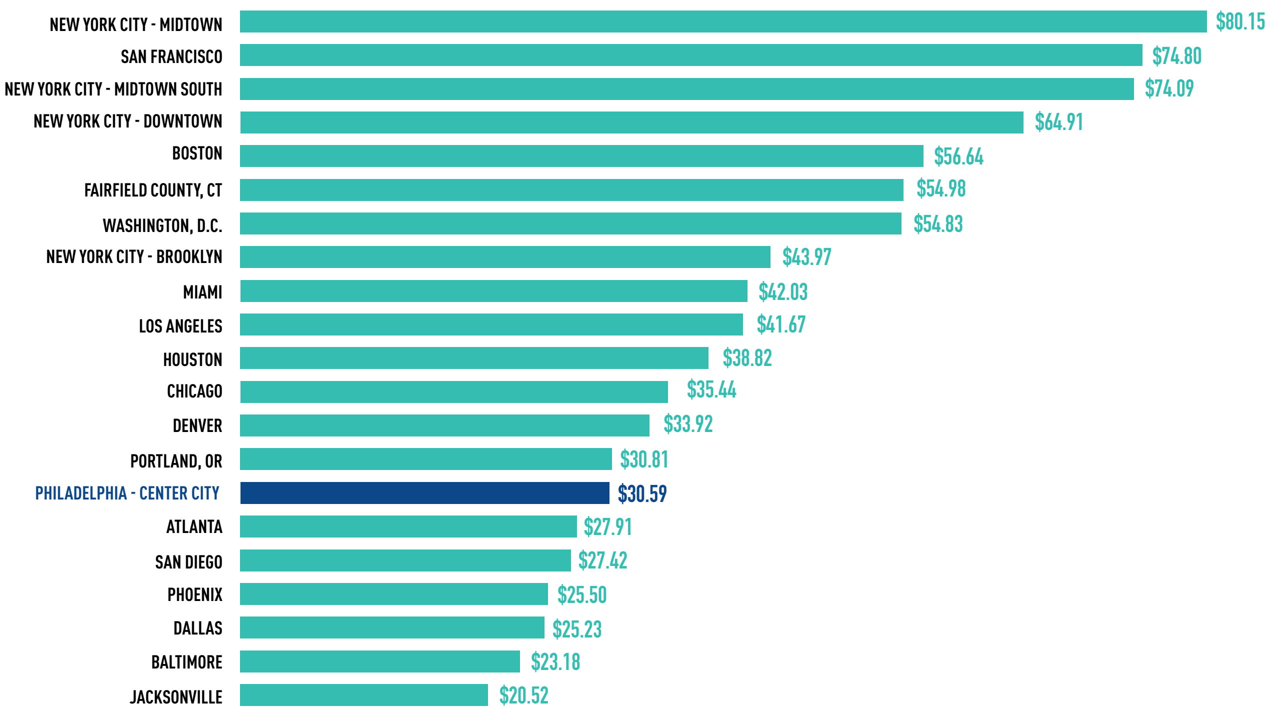
CENTER CITY HAS THE SAME AMOUNT OF OCCUPIED OFFICE SPACE IN 2017 AS IT DID IN 1990

CENTER CITY PHILADELPHIA OFFICE MARKET, 1985–2017



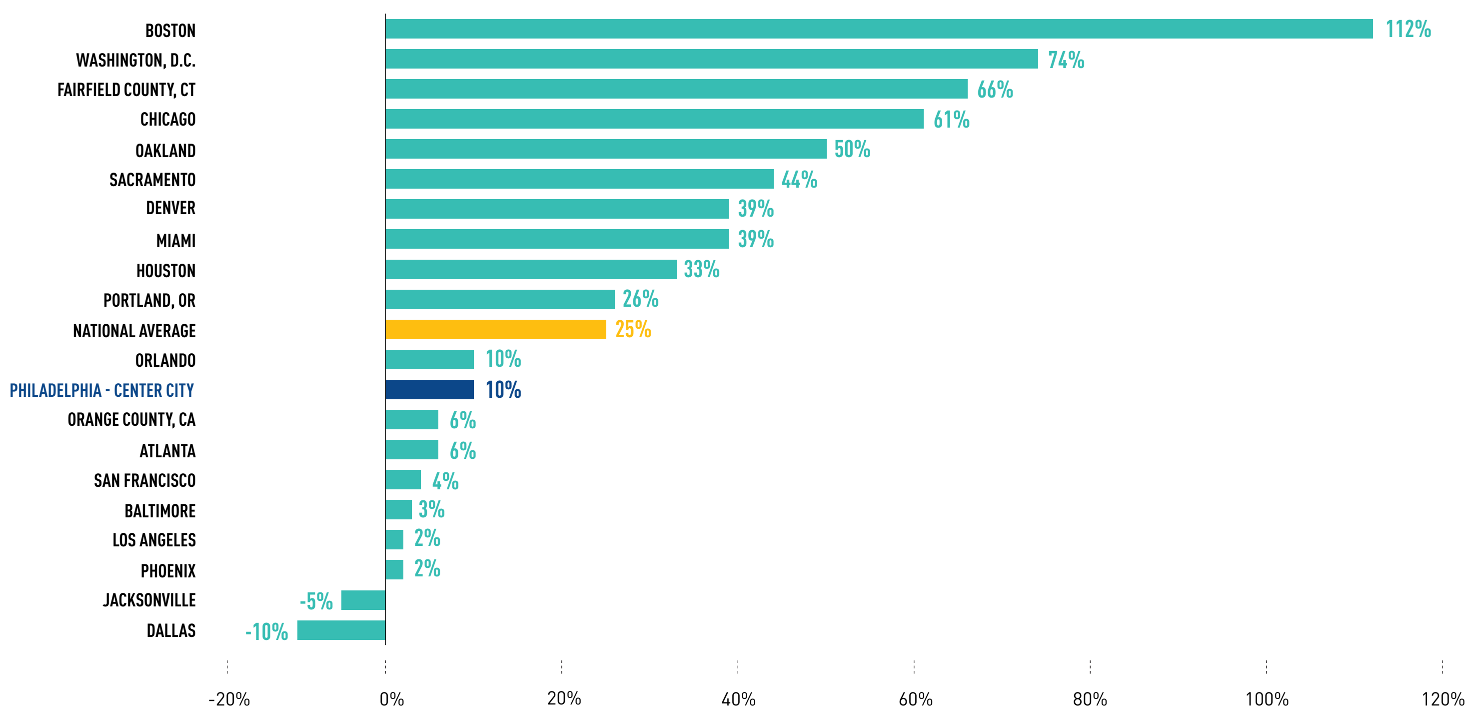
Source: Newmark Grubb Knight Frank

COMPARATIVE CENTRAL BUSINESS DISTRICT ASKING RENTS, 2017



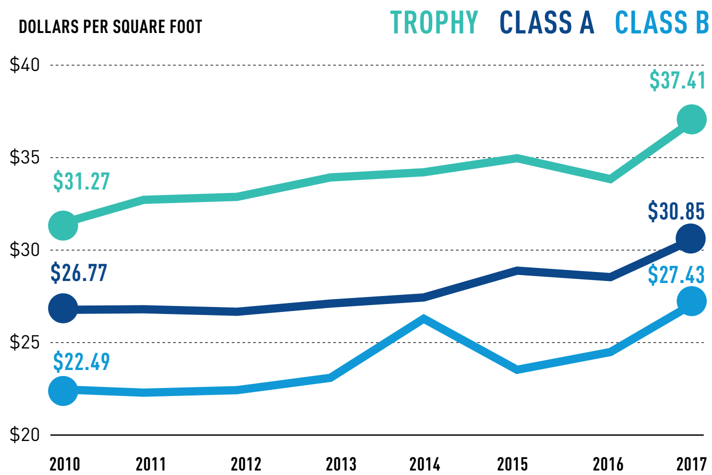
Source: Newmark Grubb Knight Frank

DOWNTOWN PREMIUM: CENTRAL BUSINESS DISTRICT CLASS A RENTS COMPARED TO REGIONAL RENTS, 2017



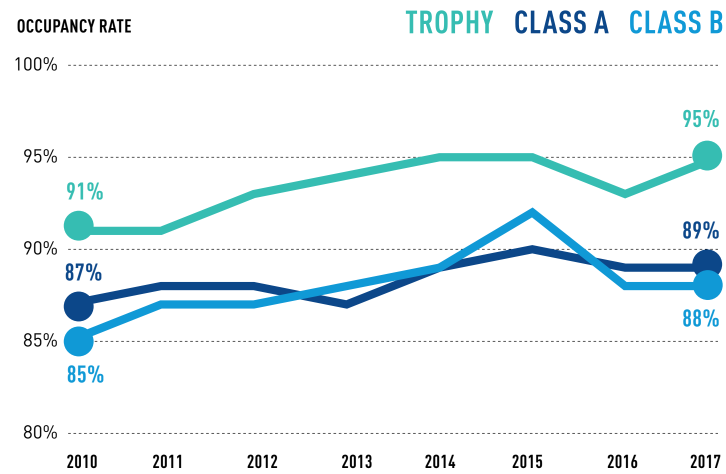
Source: Newmark Grubb Knight Frank

CENTER CITY AVERAGE ASKING RENT



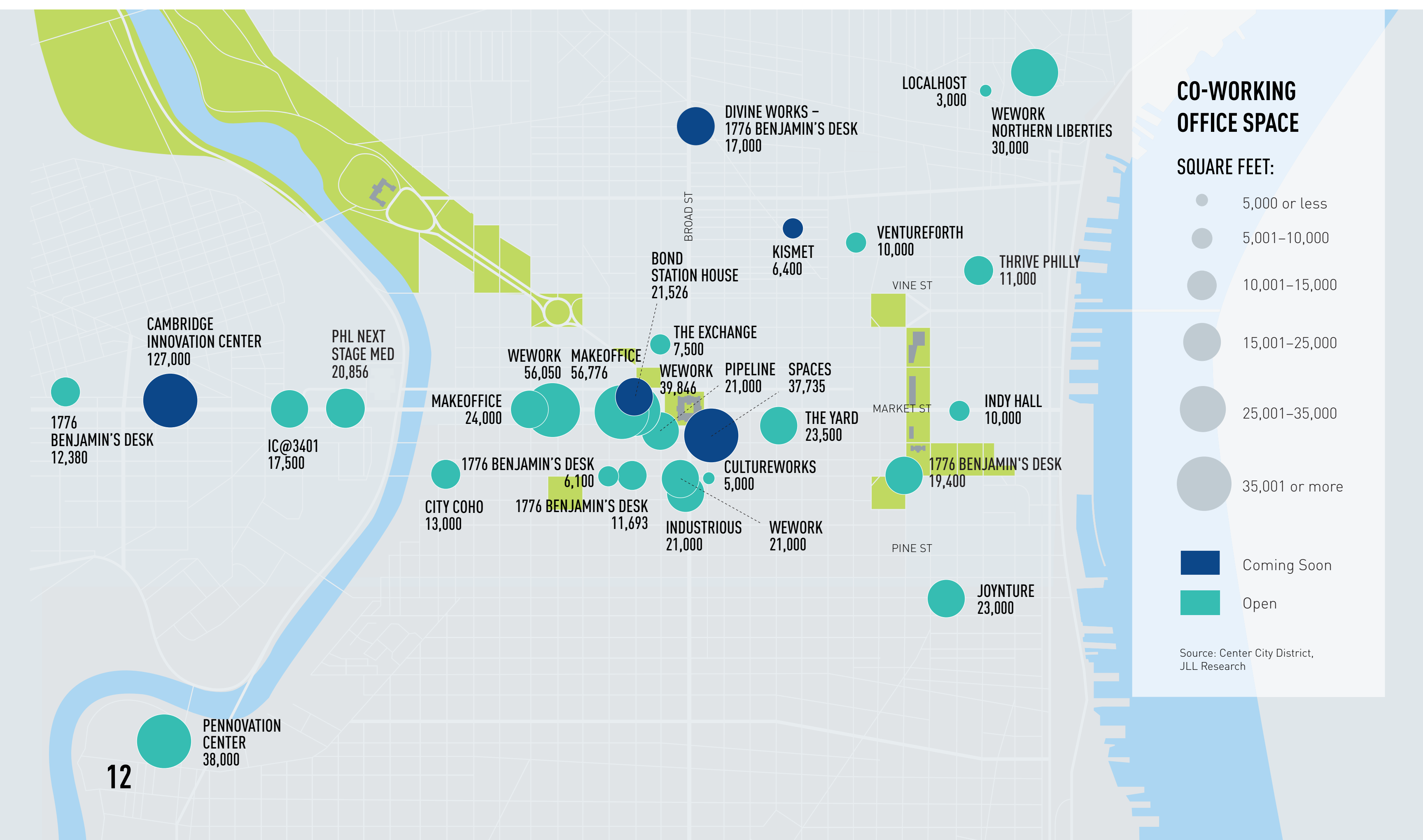
Source: JLL Research

CENTER CITY OCCUPANCY RATE BY CLASS



Source: JLL Research

502,000 SF OF CO-WORKING SPACE IS PROVIDING NATIONAL AND REGIONAL FIRMS AN OPPORTUNITY TO TEST THE CENTER CITY MARKET



Source: Center City District, JLL Research

SIGNIFICANT OFFICE LEASING TRANSACTIONS IN CENTER CITY, 2017

MARKET WEST			
Tenant	Building	Class	Size (SF)
Morgan Lewis & Bockius	Ten Penn Center	A	97,198
Reed Elsevier	Four Penn Center	A	75,000
Comcast	Three Logan Square	A	70,000
Post & Schell	Four Penn Center	A	60,000
Pennoni	1900 Market Street	A	55,000
McCormick Taylor	Beneficial Bank Building	A	50,000
Braskem	BNY Mellon Center	Trophy	44,000
Pennsylvania Office of Attorney General	The Phoenix	B	33,000
Tierney	1700 Market Street	A	31,214
Jenkins Law Library	Ten Penn Center	A	30,000
LEAF Financial	One Commerce Square	A	30,000
Coalition of Cancer Cooperative Groups	Beneficial Bank Building	A	30,000
Simon & Simon	Beneficial Bank Building	A	25,000
JPMorgan Chase	One Liberty Place	Trophy	25,000
Market Resource Partners	Beneficial Bank Building	A	23,500
Bond Station House	One Penn Center at Suburban Station	B	21,526
Cozen O'Connor	One Liberty Place	A	20,000
Kleinbard	One Liberty Place	A	20,000
Brandywine Global	BNY Mellon Center	A	88,713
Hussian College	1500 Spring Garden Street	A	32,771
Pennsylvania Office of Attorney General	Centre Square	A	23,453
Magee Rehabilitation	1617 John F Kennedy Blvd	B	21,883
MARKET EAST			
Tenant	Building	Class	Size (SF)
Thomas Jefferson University	Aramark Building	A	230,000
First Judicial District of Pennsylvania (GSA)	Sovereign Building	B	120,000
Philadelphia Water Department	Aramark Building	A	22,000
EEOC	801 Market Street	B	20,588

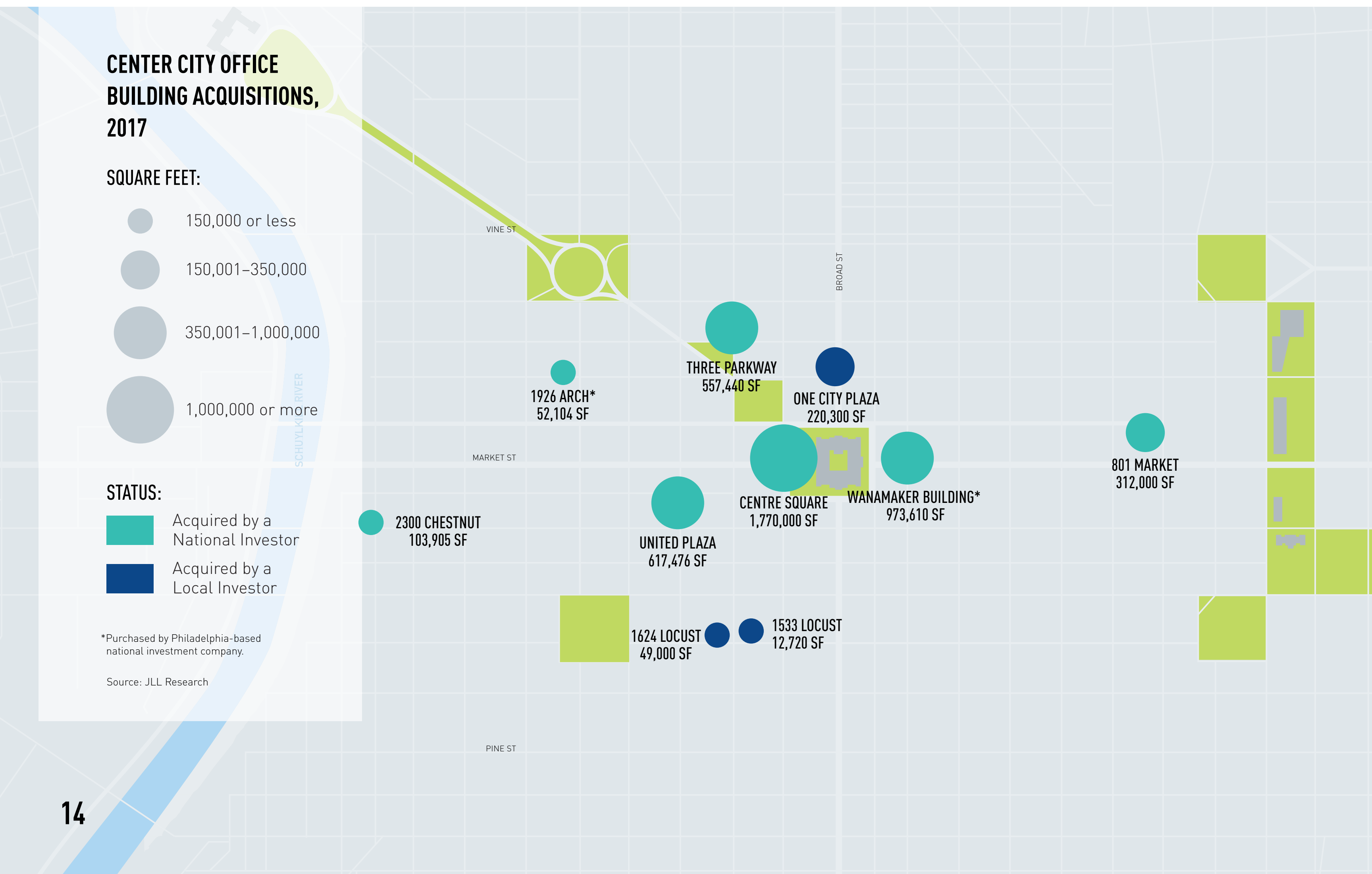
Source: JLL Research

16% OF ALL LEASING ACTIVITY FROM 2015 TO 2017 (1.2 MILLION SQUARE FEET) WAS BY FIRMS MOVING IN FROM OUTSIDE THE CITY

CENTRAL BUSINESS DISTRICT COMPLETIONS, 2017

CBD	COMPLETIONS	COMPLETIONS AS PERCENT OF EXISTING CBD	COMPLETIONS AS PERCENT OF NATIONAL COMPLETIONS
Seattle-Downtown	3,557,841	6.4%	20.4%
Chicago	3,473,854	2.4%	19.9%
Washington DC	1,979,552	1.6%	11.4%
Nashville	1,387,000	10.9%	8.0%
Dallas	292,237	0.8%	1.7%
Cincinnati	290,000	1.7%	1.7%
Portland-Central City	265,551	1.0%	1.5%
New York-Midtown South	178,504	0.3%	1.0%
Boston	0	0.0%	0.0%
New York-Midtown	0	0.0%	0.0%
Philadelphia - Center City	0	0.0%	0.0%
All Other Cities	5,990,646	0.8%	34.4%
UNITED STATES CBD TOTALS	**17,415,185**	**1.1%**	**100.0%**

Source: JLL Research



University of Pennsylvania | Matt Stanley

HEALTHCARE & HIGHER EDUCATION

Higher education and healthcare institutions are the prime engines of Philadelphia's economy, accounting for 32% of all jobs in the city and 20% of all jobs downtown. Since 2009, "eds and meds" jobs account for 30,800 of the 55,100 jobs added in the city since the recession.

Thomas Jefferson University accounts for more than half of Center City's educational, medical and health services employment and has steadily been increasing both its regional reach and downtown impact. In July 2017, Jefferson completed a merger with Philadelphia University, putting one of Philadelphia's largest medical institutions and one of its major design institutions under the same leadership, facilitating further cross-disciplinary study. The merger has resulted in programs such as JeffDESIGN, which teaches students to apply design thinking to solve healthcare challenges. At the end of 2017, Jefferson also announced plans to expand its Center City campus by leasing space being vacated by Aramark on East Market.

Penn Medicine, Drexel University and Children's Hospital of Philadelphia (CHOP) increased their combined number of jobs in Center City to 9,357, leasing both office and medical space, while eight smaller institutions employed more than 3,090 people. In addition to placing office and administrative jobs in Center City office buildings, CHOP and the University of Pennsylvania have been migrating east into new glass towers lining the Schuylkill River, further narrowing the gap between Center City and University City.

In fall 2016, Center City's 15 colleges and universities reported a total enrollment of 34,812 students. Adjacent to Center City, Drexel, Penn, Temple, and the University of the Sciences enrolled an additional 76,980 students. Well-connected to the downtown by public transit, thousands of these students live, shop and socialize in Center City. Of students who graduated in 2016, 60% of the degrees were in health, business or STEM (science, technology, engineering, and math). As graduates transition to employees, 67% of students reported to *Campus Philly* that they are likely to stay in Philadelphia.

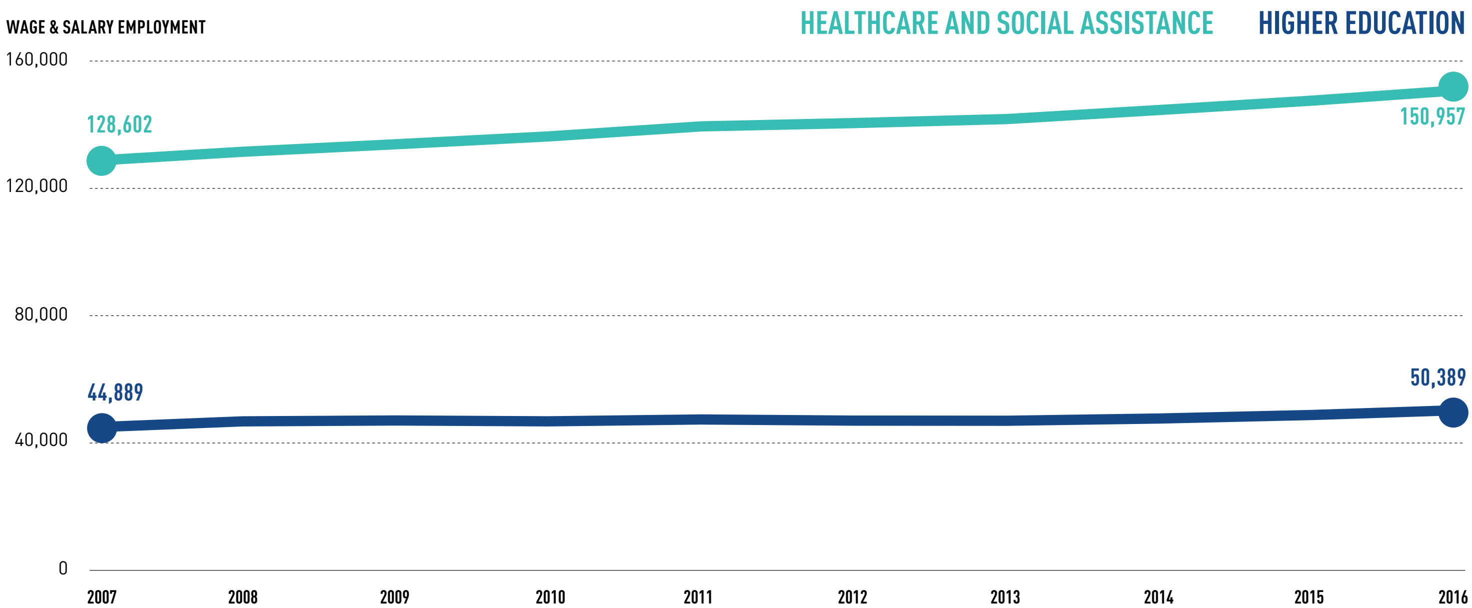
Philadelphia's research institutions are driving innovation in the healthcare sector as well as other areas. According to the National Science Foundation's Higher Education Research and Development Survey, combined research spending at Drexel, Temple, Jefferson, and Penn totaled $1.79 billion in 2016, up from $1.34 billion in 2015. Those four institutions launched a total of 29 startups in 2016, applied for 316 patents, and generated income from active licenses totaling $51.8 million. Penn's research and development expenditures ranked third in the nation in 2016, after increasing by 50% since 2015. Overall, Philadelphia's $924 million in National Institutes of Health grants in 2017 puts the city in fourth place nationally behind Boston, New York, and Seattle.

While the University City Science Center, Pennovation Center and the Drexel Innovation District are all part of strategic initiatives to foster Philadelphia's ability to transfer academic research into economic development, Philadelphia has a lot of catching up to do. In the Boston area, for example, the Massachusetts Institute of Technology alone launched 25 startups, applied for 470 patents and generated $49.4 million in active licenses. Nine of the top 30 pharmaceutical companies nationally are physically clustered around MIT's Cambridge campus. By contrast, the Greater Philadelphia area ranks sixth among the nation's biopharma clusters, behind Boston, San Francisco, New York, San Diego and Washington, D.C.

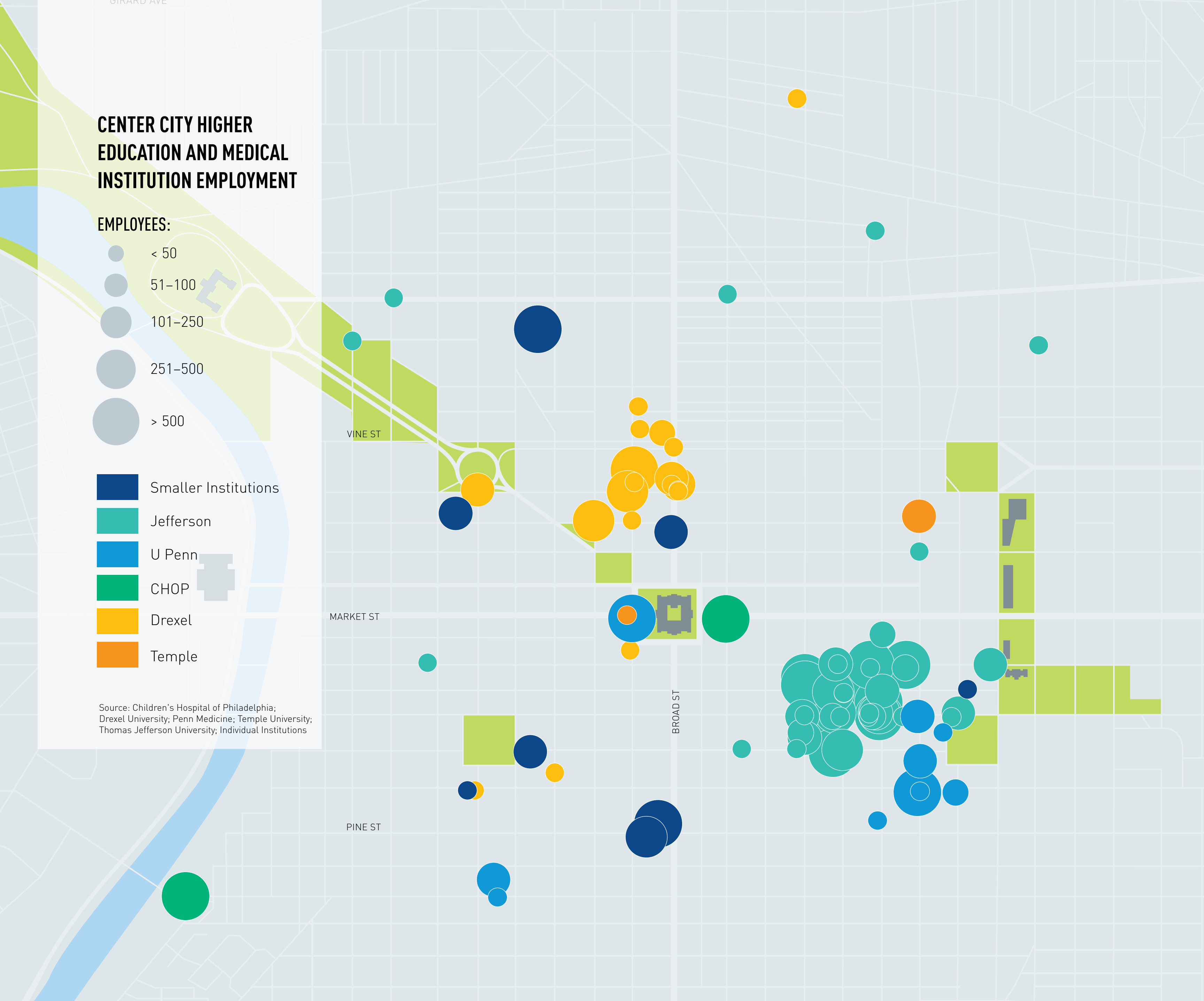
In 2018, the Cambridge Innovation Center, which has played a significant role in turning ideas into successful entrepreneurial ventures in the Boston area, will open in the new University City Science Center space at 3675 Market St. Establishing stronger connections between Philadelphia's research institutions and industry, capital, and local suppliers has the potential to significantly boost job growth.

THE HEALTHCARE AND EDUCATION SECTOR PROVIDES 33% OF ALL JOBS IN THE CITY AND 20% OF ALL DOWNTOWN JOBS

PHILADELPHIA EDUCATION AND HEALTH SERVICES EMPLOYMENT

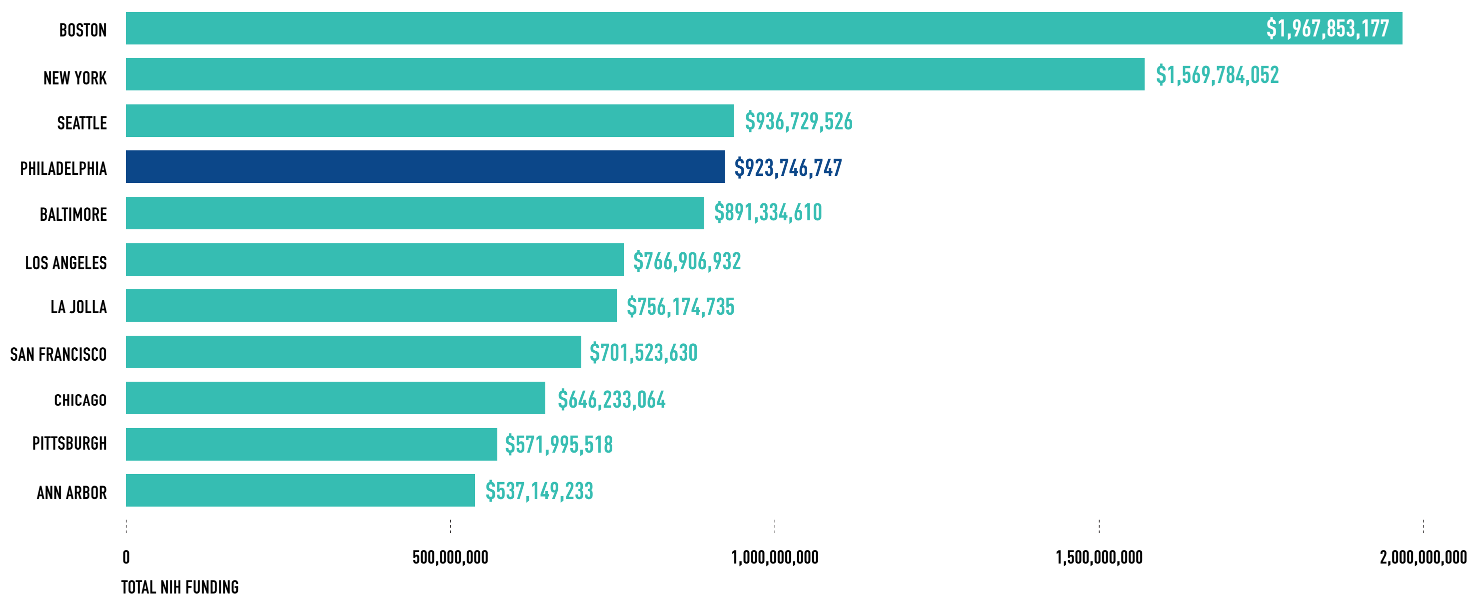


Source: U.S. Bureau of Labor Statistics, Quarterly Census of Employment & Wages



THOMAS JEFFERSON UNIVERSITY IS THE LARGEST PRIVATE EMPLOYER IN CENTER CITY WITH MOST OF ITS EMPLOYMENT CONCENTRATED EAST OF BROAD STREET. DREXEL UNIVERSITY IS EXPANDING ITS DOWNTOWN PRESENCE JUST NORTHWEST OF CITY HALL, WHILE TEMPLE, PENN AND CHILDREN'S HOSPITAL ARE EXPANDING THEIR DOWNTOWN FOOTPRINTS

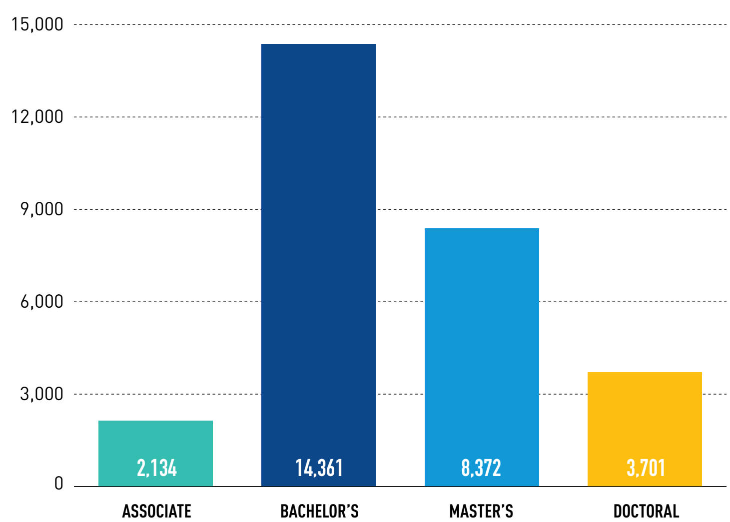
NATIONAL INSTITUTES OF HEALTH FUNDING, 2017



Source: U.S. Department of Health & Human Services, National Institutes of Health

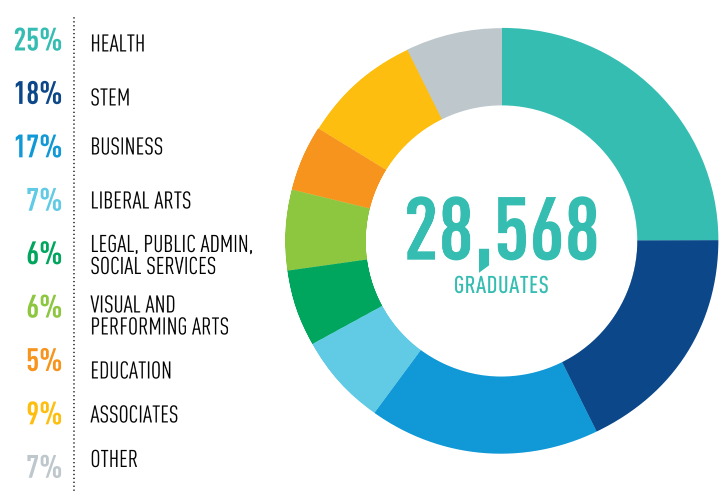
PHILADELPHIA RANKS 4TH NATIONALLY, SECURING $924 MILLION IN NIH GRANTS IN 2017

DEGREES CONFERRED BY PHILADELPHIA COLLEGES AND UNIVERSITIES, 2016

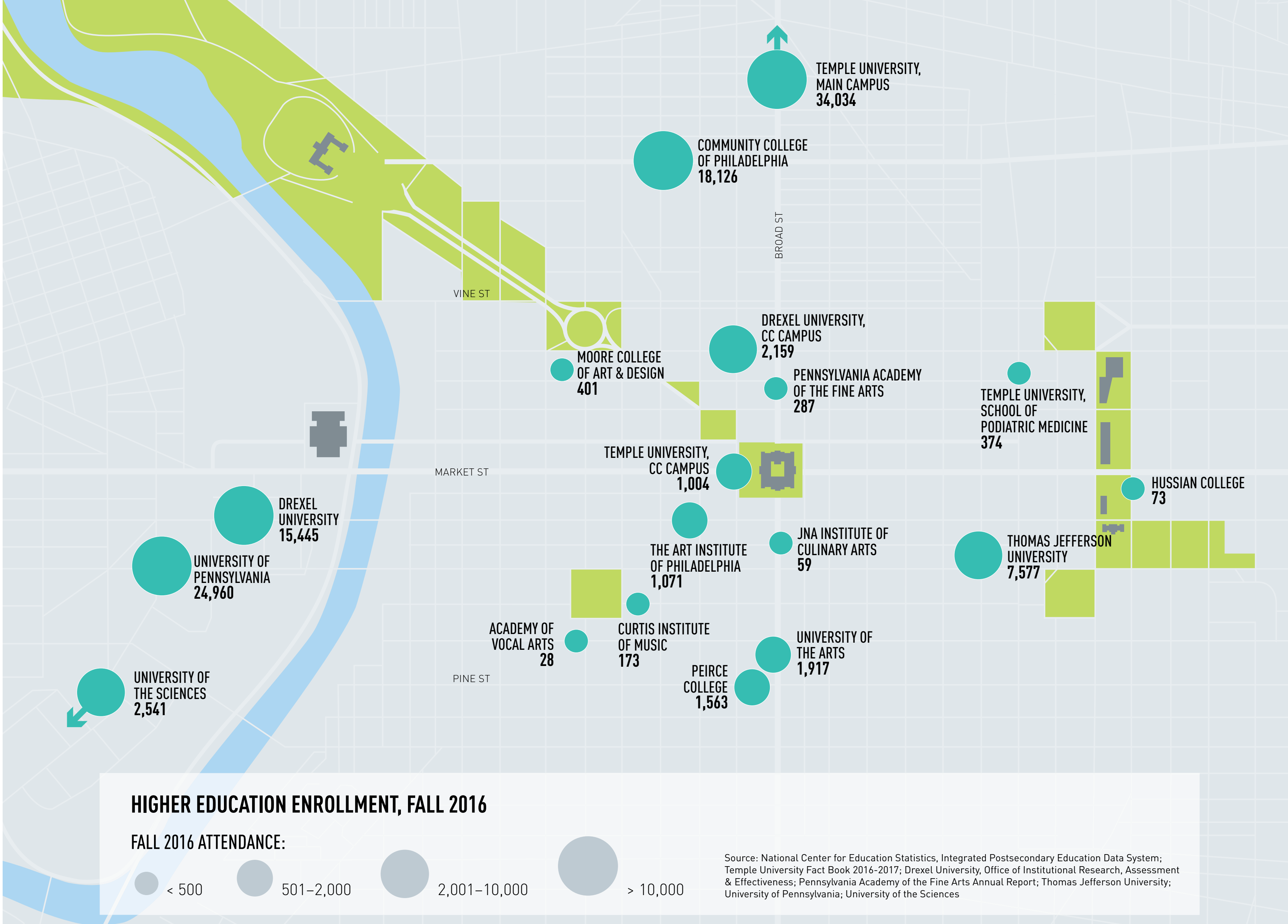


Source: U.S. Department of Education, National Center for Education Statistics

DEGREES CONFERRED BY TYPE



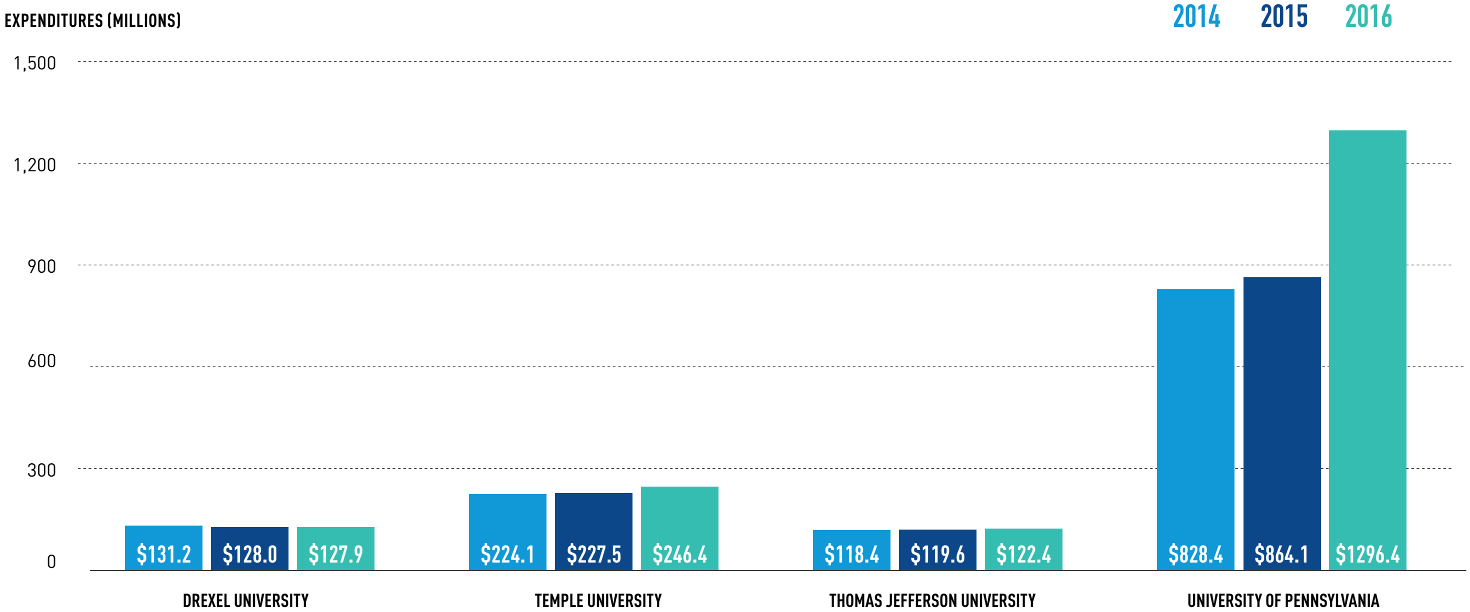
Source: U.S. Department of Education, National Center for Education Statistics



112,000 STUDENTS

ARE ENROLLED IN COLLEGES AND UNIVERSITIES IN AND ADJACENT TO CENTER CITY

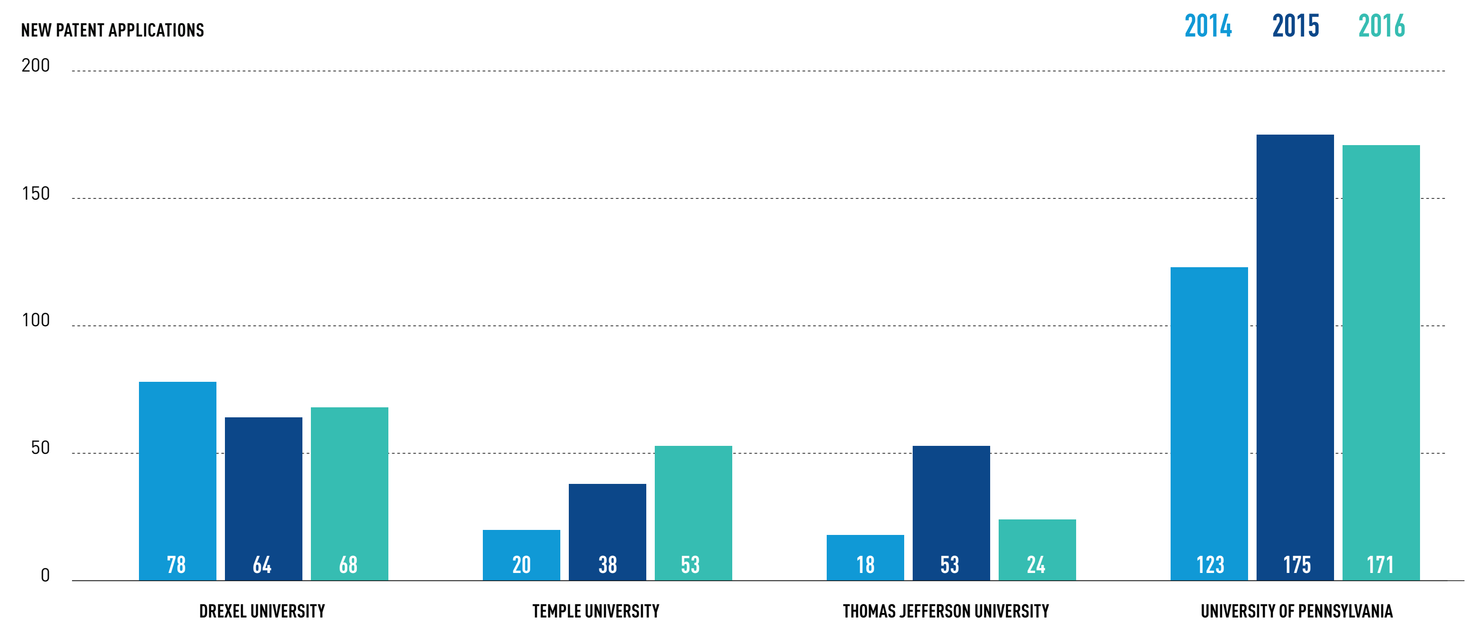
RESEARCH EXPENDITURES AT CENTER CITY AND ADJACENT UNIVERSITIES



Source: National Science Foundation, National Center for Science & Engineering Statistics, Higher Education R&D Survey

TOTAL SPENDING ON RESEARCH INCREASED FROM $1.34 BILLION IN 2015 TO $1.79 BILLION IN 2016

NEW PATENT APPLICATIONS AT CENTER CITY AND ADJACENT UNIVERSITIES



Source: Association of Technology Managers, Licensing Activity Survey 2016

Aloft Hotel Lobby | Matt Stanley

CONVENTIONS, TOURISM & HOTELS

Major public and private investments in the hospitality sector, including the Pennsylvania Convention Center, the Museum of the American Revolution, hotels and cultural institutions, as well as advertising and marketing efforts, have repositioned Philadelphia as a national meeting and tourist destination. This in turn has paid dividends with record-breaking visitation numbers and expanded employment opportunities for city residents with the addition of more than 16,400 jobs in the leisure and hospitality sector since 2009.

In 2017, the Pennsylvania Convention Center hosted 21 conventions and trade shows and three gate shows of 1,500 attendees or more, pushing attendance to 1,055,464. Of note was the NFL Draft, which brought 250,000 people and generated an overall economic impact of $94.9 million. Twenty-one conventions and trade shows of 4,000 or more are slated for 2018 with anticipated attendance of 1,155,000.

Leisure room nights, driven by Visit Philadelphia's domestic marketing and the Philadelphia Convention and Visitors Bureau's focus on international travel, totaled 1,092,000 in 2017, an increase of 61% from 2008 levels. Leisure travel now accounts for 33% of the downtown's occupied hotel room nights, surpassing commercial (31%) and group and convention business (32%). In 2018, Visit Philadelphia is planning on highlighting Philadelphia's best-in-class food scene, as data from *Bon Appétit* shows 81% of leisure travelers now travel for food.

Combined, leisure and group travel demand pushed Center City's 2017 hotel occupancy rate to a modern-day record of 78.2%, with a total of 3.3 million occupied hotel room nights. The average daily room rate (ADR) for Center City was $185, slightly below levels in 2016, when the city hosted the DNC. While Center City's ADR has surpassed pre-recession highs, when adjusting for inflation, rates actually declined. This was largely due to limited demand from business travelers, the highest rate payers, reflecting the limited number of major corporate headquarters in the city and only modest office sector job growth.

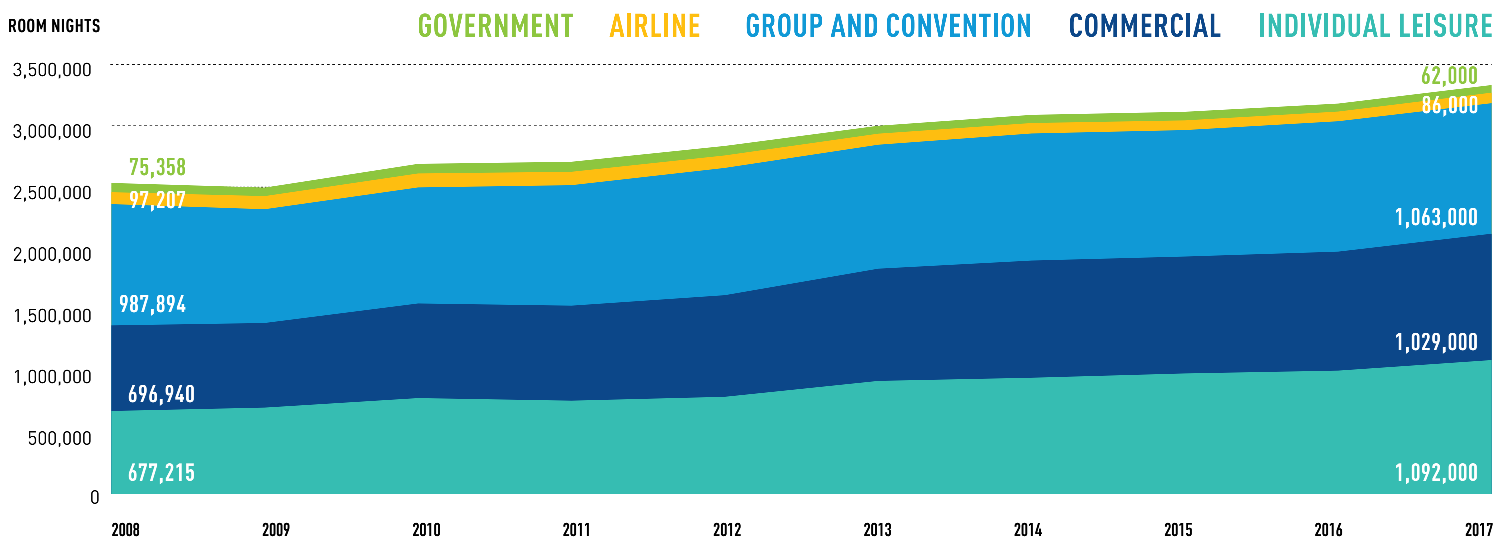
In 2016, 644,200 overseas visitors came to the Philadelphia region, generating an economic impact of $979 million. While the U.K. remained the No. 1 feeder market to the region, visitation from China increased 12.4% over 2015 levels, making it the second largest market for overseas travelers and the fastest growing overseas market for the region. While overseas visitation declined by nearly 2% nationally, it grew by almost 1% in Philadelphia and is projected to grow 9.4% over the next five years. These growth projections are helped by the recent addition of new nonstop international flights from Reykjavik, Dublin, Zurich, Budapest, Prague and Mexico City to Philadelphia International Airport.

Increasing demand in Center City is driving 11 hotel projects that will increase downtown supply to more than 13,000 rooms by 2021. As of December 2017, the W Hotel, Element by Westin, Cambria Hotel & Suites (completed in early 2018), Four Seasons, Hyatt Centric, and Fairfield Inn and Suites were all under construction, with the Kimpton, SLS LUX, Marriott AC and Comfort Inn still in the planning phases. These will join the recently opened Aloft Hotel, located on North Broad Street next to the Convention Center.

Older hotels are responding with rebranding and renovations. After the completion of an $8 million renovation, Hyatt will be repositioning The Bellevue as part of their newly launched Unbound Collection, while the Hilton Philadelphia at Penn's Landing is undergoing a two-year, $15 million, property-wide redesign, and Le Meridien is investing $1 million in upgrades that better position the hotel to a millennial audience. Additionally, the former Omni Hotel, now known as The Franklin by Marriott, is undergoing a multimillion-dollar renovation after its acquisition by Buccini/Pollin. The Independence Visitor Center is also investing $15 million to enlarge its gift shop and terrace overlooking Independence Mall, to be completed by 2019.

THE NUMBER OF HOTEL ROOMS OCCUPIED BY LEISURE TOURISTS HAS INCREASED 61% SINCE 2008 AND NOW MAKES UP 33% OF HOTEL ROOM DEMAND IN CENTER CITY

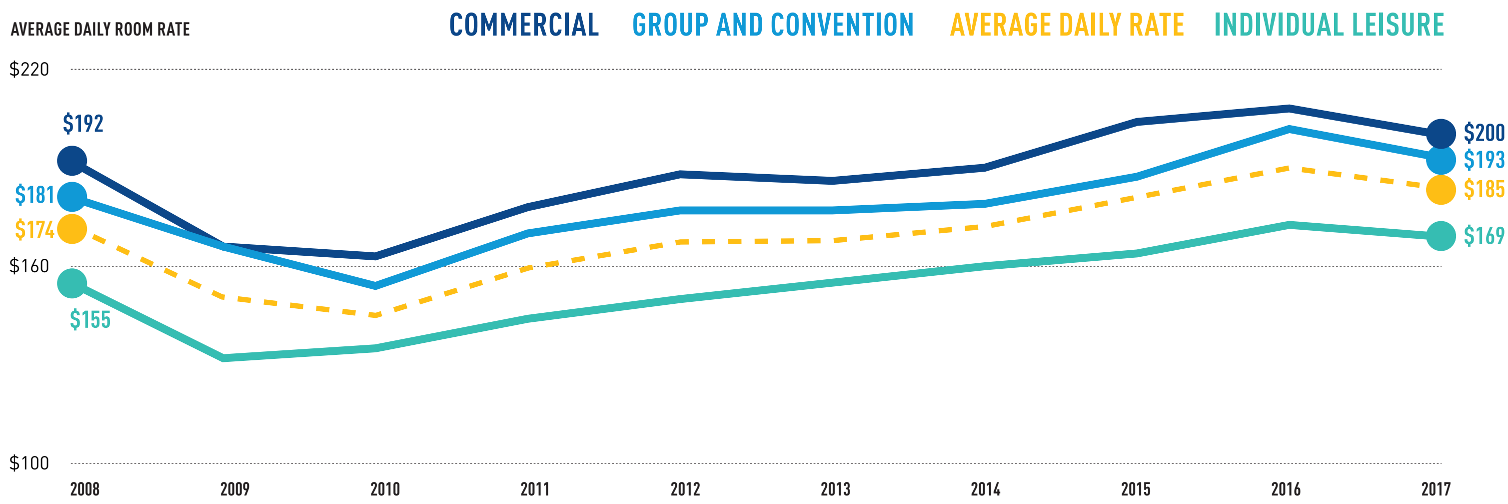
OCCUPIED CENTER CITY HOTEL ROOMS BY PURPOSE OF TRIP



Source: CBRE Hotels - Provided by Philadelphia Convention & Visitors Bureau

3.33 MILLION TOTAL OCCUPIED ROOM NIGHTS IN 2017

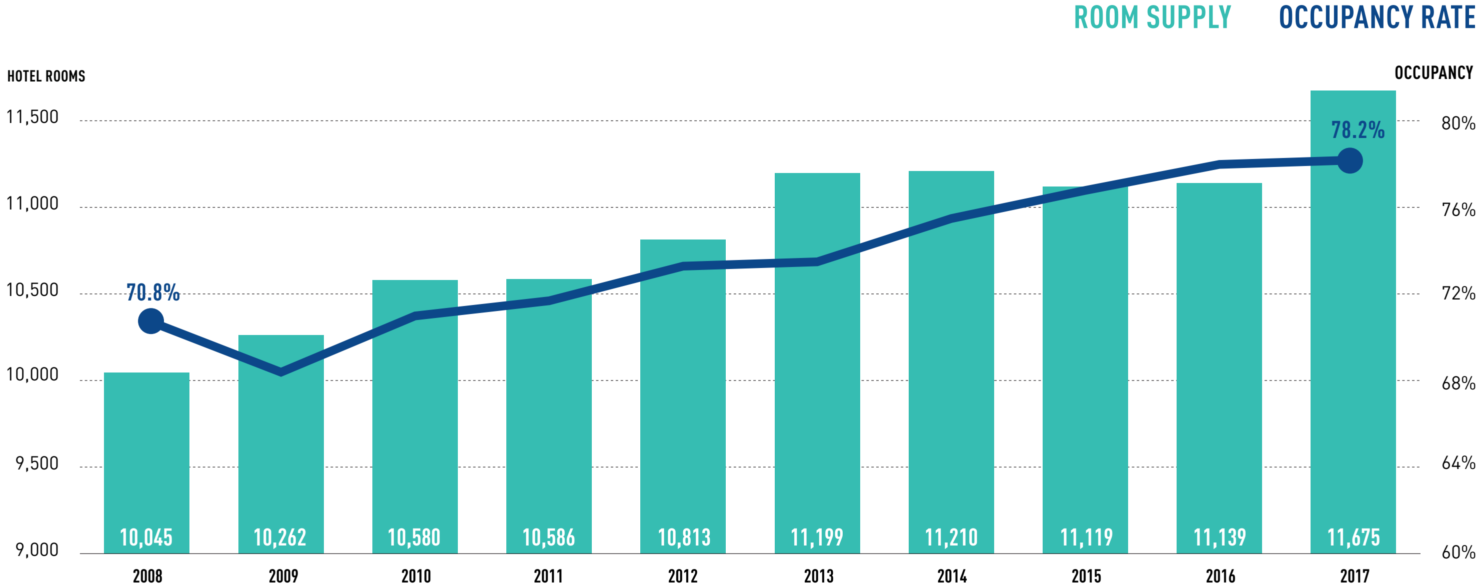
AVERAGE DAILY ROOM RATE FOR CENTER CITY HOTELS



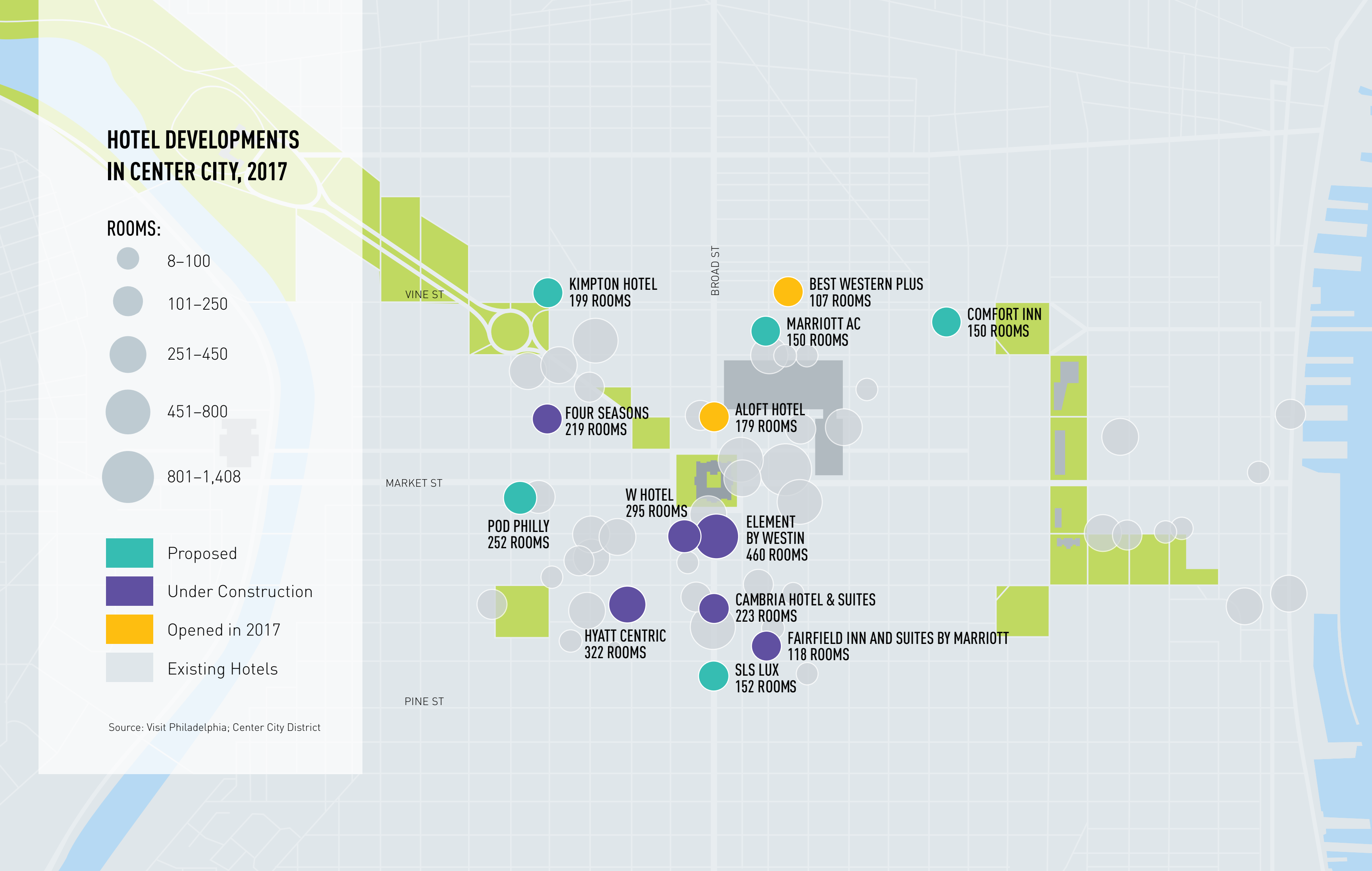
Source: CBRE Hotels - Provided by Philadelphia Convention & Visitors Bureau

OCCUPANCY AT CENTER CITY HOTELS HIT **78.2%** IN 2017, A MODERN-DAY RECORD

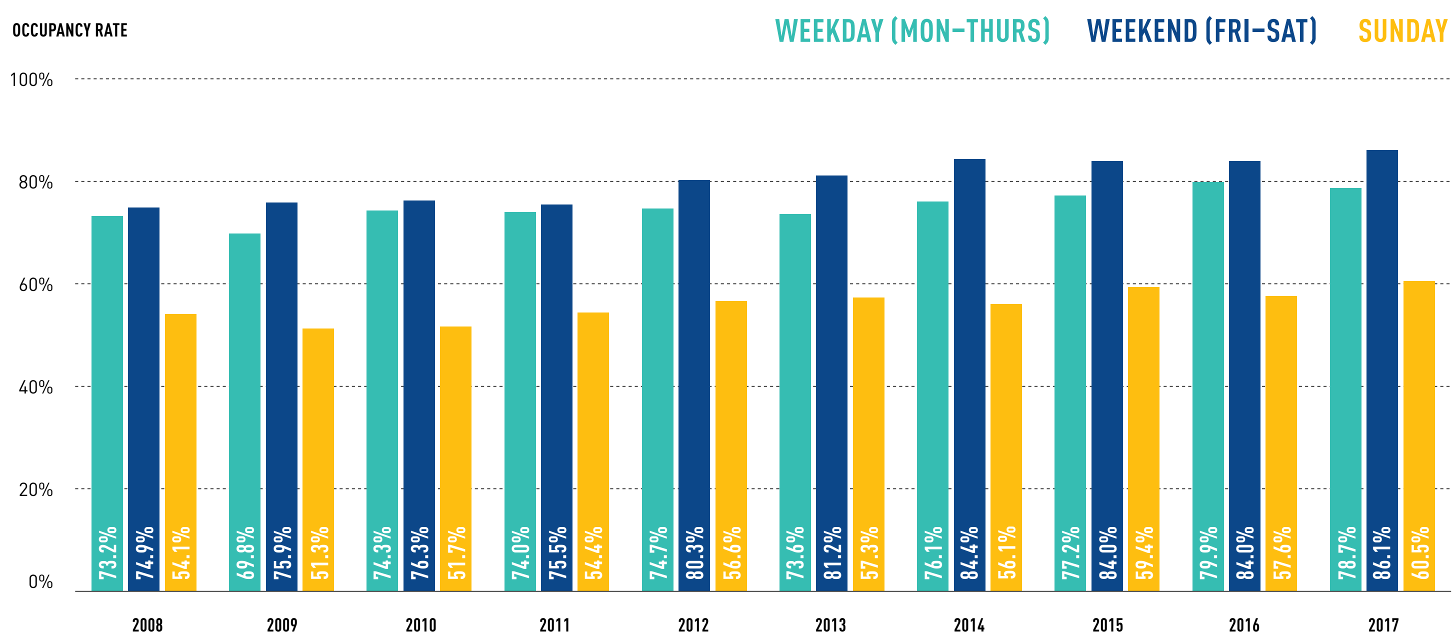
AVAILABILITY AND OCCUPANCY OF CENTER CITY HOTEL ROOMS



Source: STR, Inc. - Provided by Philadelphia Convention & Visitors Bureau

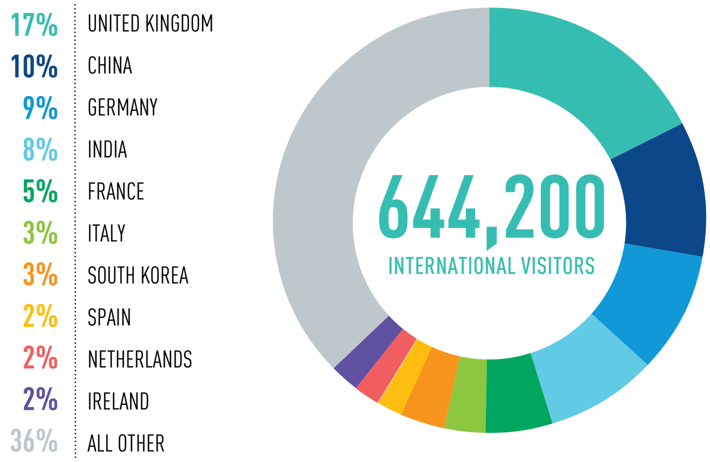


CENTER CITY HOTEL OCCUPANCY WEEKDAY VS. WEEKEND



Source: STR, Inc. - Provided by Philadelphia Convention & Visitors Bureau

INTERNATIONAL VISITORS TO THE PHILADELPHIA FIVE-COUNTY REGION BY COUNTRY, 2016

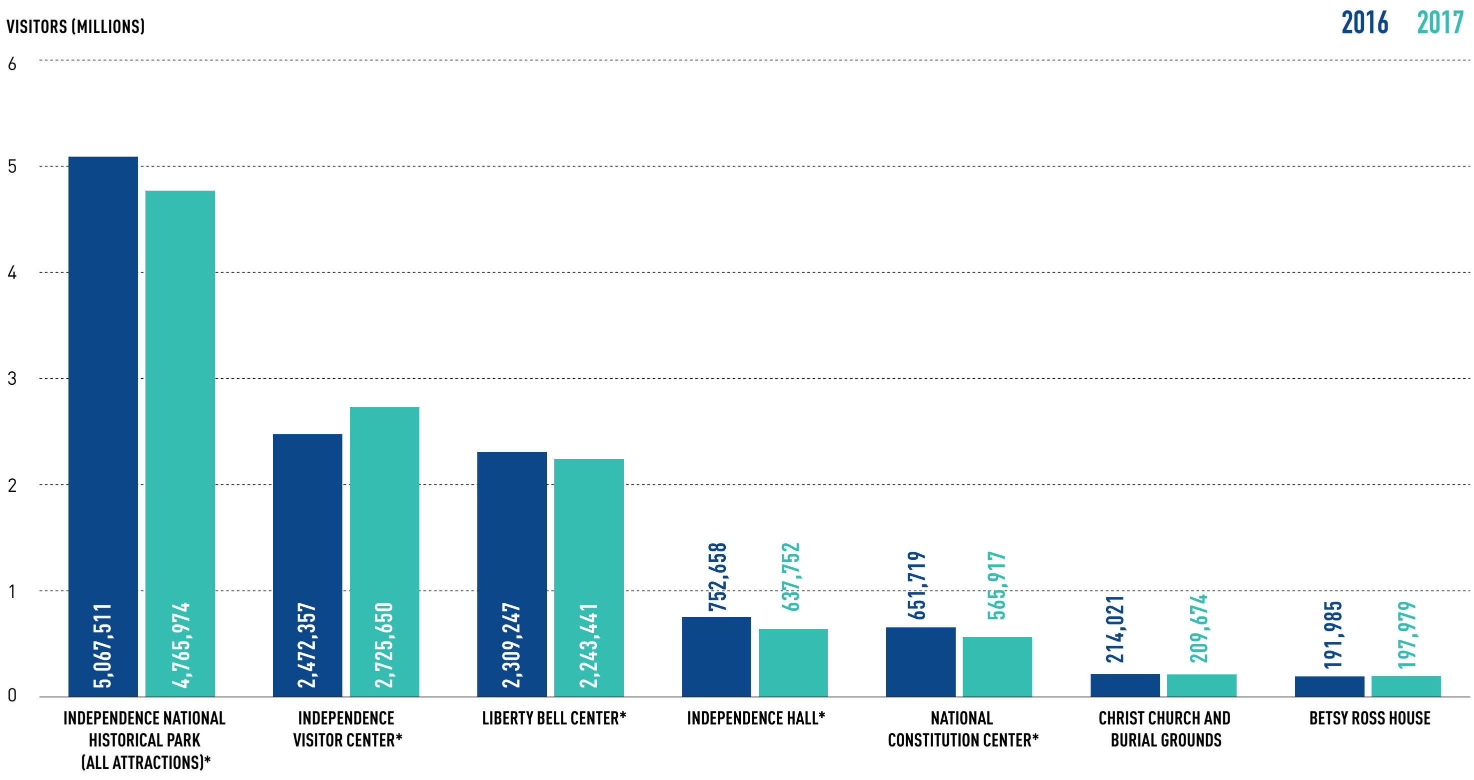


Source: Tourism Economics Global Cities Travel - Provided by the Philadelphia Convention & Visitors Bureau

INTERNATIONAL TRAVELERS TO THE PHILADELPHIA REGION ACCOUNTED FOR $594 MILLION IN TOTAL DIRECT SPENDING, GENERATING AN ECONOMIC IMPACT OF

$979 MILLION IN 2016

ATTENDANCE AT ATTRACTIONS ON INDEPENDENCE MALL, 2016-2017



*Note: Attendance for Independence National Historical Park is an estimate of the number of unique visitors to the Park and does not represent the sum of all visits to individual Park attractions.

Source: CBRE Hotels - Provided by Independence Visitor Center Corporation

LARGEST CONVENTIONS, TRADE AND GATE SHOWS; OTHER MAJOR PUBLIC EVENTS, 2017

CONVENTION & TRADE SHOWS	ATTENDANCE
National Football League	250,000
Army-Navy Game	69,600
Philadelphia Marathon	30,000
LIGHTFAIR International	23,000
American Association for Cancer Research Rock & Roll Half Marathon	23,000
Under Armour Northeast Qualifier	17,000
International Association of Chiefs of Police	14,000
The Risk Management Society	12,000
American Water Works Association, Inc.	12,000
American Occupational Therapy Association	10,000
National Black MBA Association, Inc.	9,000
The American Society for Cell Biology	9,000
EDUCAUSE	8,000
American Association of Nurse Practitioners	7,250
Modern Language Association	7,200
American Osteopathic Association	6,000
PMMI - The Association for Packaging and Processing Technologies	5,000
National Association of Elementary School Principals	3,000
Out and Equal	3,000
Bayada Home Health Care	2,130
NeighborWorks America	1,800
LARGE GATE SHOW ATTENDANCE (20,000+)	**603,000**

Source: Philadelphia Convention & Visitors Bureau, Pennsylvania Convention Center

LARGEST CONVENTIONS AND TRADE SHOWS; OTHER MAJOR PUBLIC EVENTS, ANTICIPATED, 2018

CONVENTION & TRADE SHOWS	ATTENDANCE
Army-Navy Game	69,600
Philadelphia Marathon	30,000
American Association for Cancer Research Rock & Roll Half Marathon	21,000
IEEE	15,000
American Economic Association	14,000
United Soccer Coaches	11,000
Under Armour Northeast Qualifier	10,100
Leading Age	10,000
Rockwell Automation	10,000
NAFSA Association of International Educators	9,500
Public Library Association	8,000
National Electrical Contractors Association	7,000
National Association of Student Personnel Administrators	6,000
American Industrial Hygiene Association	6,000
American Sociological Association	6,000
Association for Iron & Steel Technology	6,000
Society of Nuclear Medicine and Molecular Imaging	5,500
UBM, LLC	5,000
American Society of Landscape Architects	5,000
American College of Gastroenterology	4,000
National Title I Association	4,000

Source: Philadelphia Convention & Visitors Bureau

2017 TOTAL CONVENTION CENTER ATTENDANCE:
1,055,464

2018 ANTICIPATED CONVENTION CENTER ATTENDANCE:
1,155,000

Source: Pennsylvania Convention Center

Barnes Foundation on the Benjamin Franklin Parkway | J. Fusco for VISIT PHILADELPHIA®

ARTS, CULTURE & ENTERTAINMENT

In 2017, Center City's vibrant arts and culture scene attracted more than 10 million visitors from the region and around the world — not only to the venues on the Avenue of the Arts, in Old City, and around Independence National Historical Park, but smaller locations distributed throughout the downtown.

The 243 museums, art galleries, theater and dance companies, and music venues in Center City, place Philadelphia third behind only New York City and Washington, D.C. in the number of arts and cultural institutions downtown and ahead of Boston, Chicago, San Francisco and Seattle.

The Kimmel Center for the Performing Arts saw a healthy 34% jump in the number of patrons attending the wide array of performances in Verizon Hall and the venue's other more intimate spaces. The Franklin Institute, the Philadelphia Chamber Music Society, the Arden Theatre Company and the Mutter Museum all also saw increases in their attendance numbers. The Museum of the American Revolution saw 264,759 visitors come through its doors in the first seven months after it opened in April 2017.

Many of Philadelphia's museums and cultural institutions have steadily expanded their after-hours events, successfully attracting millennials and other visitors. The Philadelphia Museum of Art transforms its space every week for Final Fridays, promoted as "louder, livelier, and looser," with live music, performances, cocktails and snacks. The Franklin Institute sponsors monthly Science After Dark events with rotating themes, demonstrations and drinks. The Barnes Foundation features thematic Young Professionals Nights, which often draw nearly 1,000 young art enthusiasts to each event.

Center City is also home to 20 live music venues, both indoor and outdoor; some are solely devoted to musical performances, while others allow concert-goers to enjoy dinner (or lunch) and a show. A cross-generational appreciation for the arts is vital for the strength of Center City's cultural institutions and the nearly 13,000 people employed in the city's arts, entertainment, and recreation sectors.

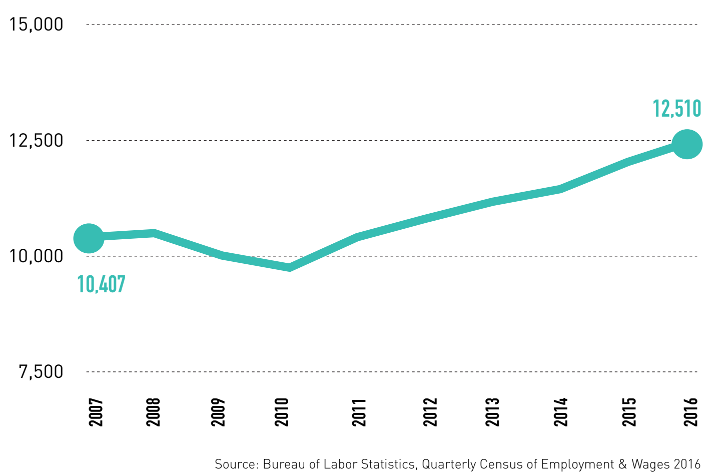
Center City remains a hub for public art as well. Mural Arts Philadelphia, the nation's largest public art program, estimates that 12,000 residents and tourists visit the approximately 100 murals within Greater Center City annually, animating intimate neighborhood blocks and major thoroughfares alike.

Civic spaces are continuing to be transformed in Center City. The Center City District has steadily increased its programming in Dilworth Park. Philadelphia saw the installation of a new, 12-foot bronze statue honoring 19th century Philadelphia civil rights activist Octavius Catto in 2017, on the southwest apron of City Hall. Robert Indiana's *LOVE* sculpture has returned to JFK Plaza at 16th Street and JFK Boulevard as part of the city's renovation of that civic space. Across the street, the triangular plaza at the intersection of 17th and Arch streets and the Benjamin Franklin Parkway, home to the Holocaust Memorial and its sculptural *Monument to Six Million Jewish Martyrs*, is undergoing a $7 million transformation, managed by the CCD, to become the Holocaust Memorial Plaza. Additions to the memorial will include a Remembrance Wall and Eternal Flame, along with a landscape redesign to activate the space and better highlight its history. Another civic space, the elevated Rail Park in the burgeoning Callowhill neighborhood, is also being renovated by the CCD in preparation for an opening in 2018.

The 125-year-old Reading Terminal Market welcomed 7.2 million visitors in 2017, offering tastes of Philadelphia and the world inside its doors. Parks on Tap, the joint effort between the Department of Parks and Recreation and the Fairmount Park Conservancy, experienced tremendous success with a 400% increase in attendees. A companion event, Barks on Tap, brought together residents and their four-legged friends by installing the successful pop-up beer gardens at dog parks throughout the city.

PHILADELPHIA'S MUSEUMS AND CULTURAL INSTITUTIONS ARE STEADILY EXPANDING THEIR AUDIENCES WITH AFTER-HOURS EVENTS THAT ATTRACT MILLENNIALS AND OTHER VISITORS

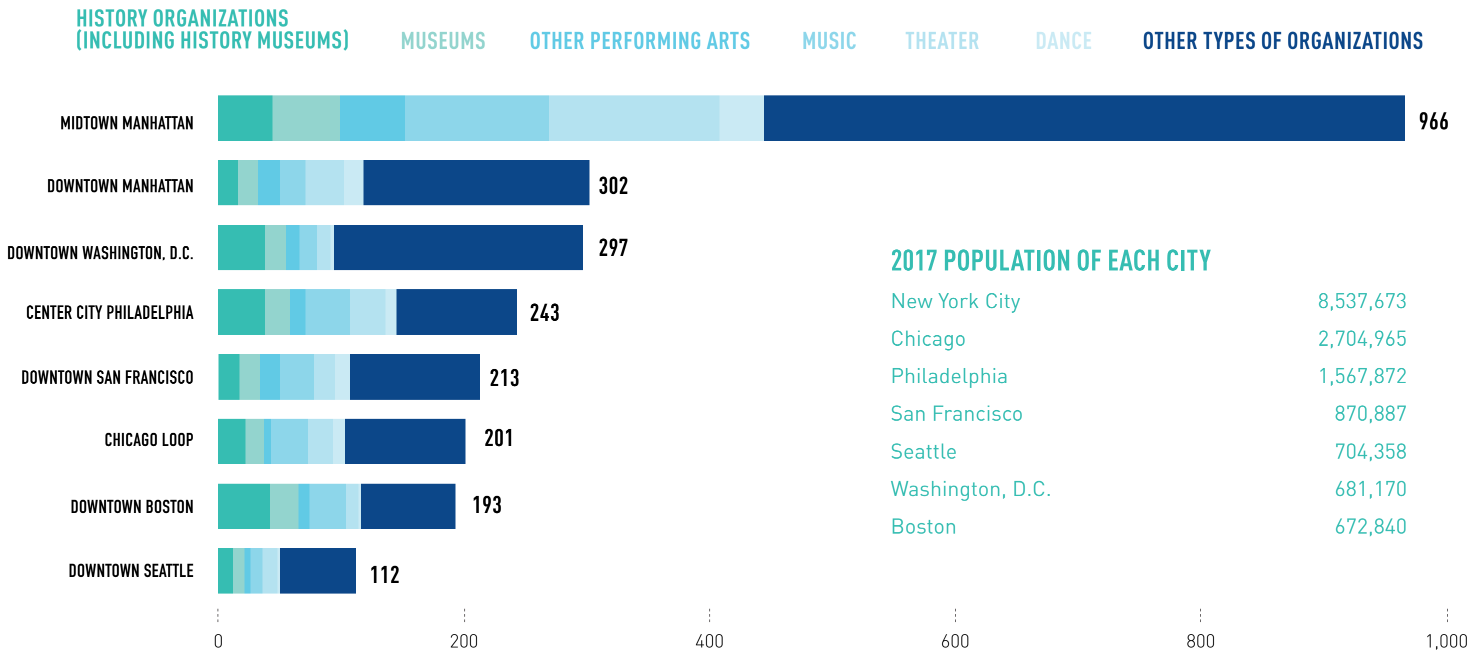
PHILADELPHIA ARTS, ENTERTAINMENT, AND RECREATION WAGE & SALARY EMPLOYMENT



Source: Bureau of Labor Statistics, Quarterly Census of Employment & Wages 2016

CENTER CITY IS HOME TO OVER 20 LIVE MUSIC VENUES

DOWNTOWN ARTS AND CULTURAL ORGANIZATIONS, 2017

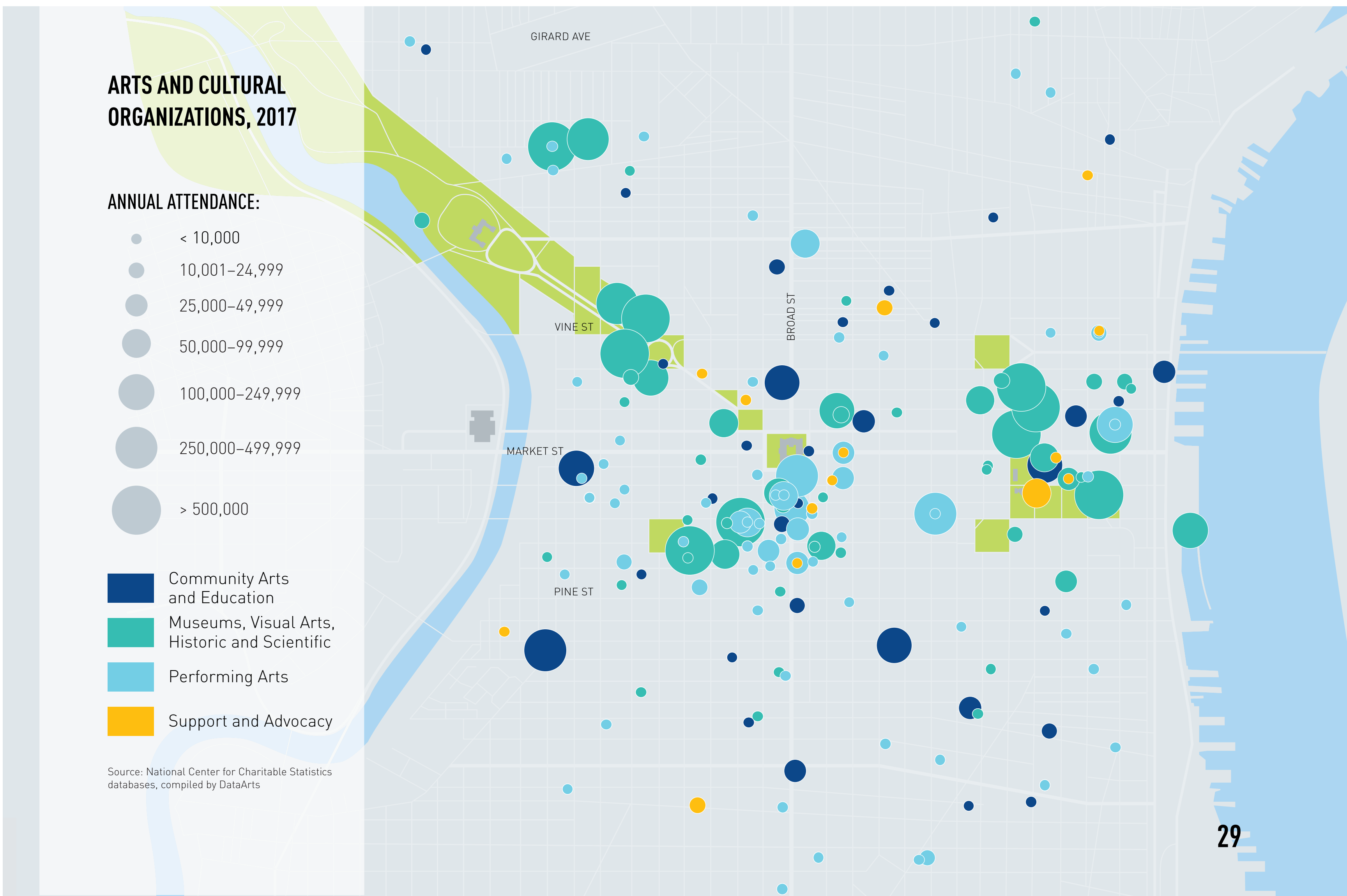


2017 POPULATION OF EACH CITY

New York City	8,537,673
Chicago	2,704,965
Philadelphia	1,567,872
San Francisco	870,887
Seattle	704,358
Washington, D.C.	681,170
Boston	672,840

Source: National February 2018 IRS Business Master File, compiled by DataArts

ARTS AND CULTURAL ORGANIZATIONS, 2017



Source: National Center for Charitable Statistics databases, compiled by DataArts

PERFORMING ARTS ORGANIZATION ATTENDANCE

ORGANIZATION	2016	2017
Kimmel Center	850,000	1,137,000
Walnut Street Theatre	365,000	351,886
Arden Theatre Company	94,163	106,471
Pennsylvania Ballet	93,546	75,025
Opera Philadelphia	70,941	72,103
FringeArts	40,000	22,670
The Wilma Theater	29,506	27,263
Philadelphia Chamber Music Society	28,549	29,436
InterAct Theatre Company	7,822	8,359

Source: Individual Institutions

MUSEUM AND ATTRACTION ATTENDANCE

ORGANIZATION	2016	2017
Reading Terminal Market	6,734,806	7,236,205
Liberty Bell Center	2,309,247	2,243,441
Schuylkill Banks	1,716,882	1,747,890
Franklin Square	1,114,950	1,113,264
The Franklin Institute	1,034,744	1,050,846
Philadelphia Museum of Art	775,024	768,045
Independence Hall	752,658	637,752
National Constitution Center*	248,788	286,330
Eastern State Penitentiary	388,995	413,207
The Barnes Foundation	256,382	224,467
Academy of Natural Sciences of Drexel University	246,780	208,301
Pennsylvania Academy of the Fine Arts	238,000	250,708
University of Penn Museum of Archaeology and Anthropology	183,921	180,513
Mütter Museum	150,140	158,247
National Museum of American Jewish History	108,849	108,579
Philadelphia History Museum	25,000	20,000
Museum of the American Revolution**	N/A	264,759
Parks on Tap	11,098	55,349

Source: Individual Institutions and PKF Consulting

**NCC altered the way it measured its visitor counts in 2017, relying on more conservative estimates*
***Year counts only measure attendance from April to December*

SELECT MUSIC VENUES IN GREATER CENTER CITY

VENUE	ADDRESS	TYPE
Electric Factory	421 North 7th St.	Concert Venue
Underground Arts	1200 Callowhill St.	Concert Venue
Union Transfer	1026 Spring Garden St.	Concert Venue
Theatre of Living Arts	334 South St.	Concert Venue
The Fillmore Philadelphia	29 East Allen St.	Concert Venue
Trocadero Theatre	1003 Arch St.	Concert Venue
Coda	1712 Walnut St.	Concert Venue
Academy of Music	240 South Broad St.	Concert Venue
Festival Pier at Penn's Landing	601 N Christopher Columbus Blvd.	Concert Venue
Verizon Hall	300 South Broad St.	Concert Venue
World Café Live	3025 Walnut St.	Restaurant/Bar
MilkBoy	1100 Chestnut St.	Restaurant/Bar
MilkBoy South Street	401 South St.	Restaurant/Bar
Time	1315 Sansom St.	Restaurant/Bar
Ortlieb's Lounge	847 North 3rd St.	Restaurant/Bar
Voltage Lounge	421 North 7th St.	Restaurant/Bar
Chris' Jazz Café	1421 Sansom St.	Restaurant/Bar
Boot & Saddle	1131 South Broad St.	Restaurant/Bar
Connie's Ric Rac	1132 South 9th St.	Restaurant/Bar
South Jazz Kitchen	600 North Broad St.	Restaurant/Bar

Source: Individual Institutions

Open House | Michael Spain Smith

RETAIL

Center City's flourishing retail scene builds on more than two decades of diversified development, as convention, tourism, entertainment and residential growth have dramatically expanded upon the base of retail customers provided by major office and institutional employment. Today, more than 300,000 workers, 190,000 residents and 3.3 million occupied hotel room nights generate more than $1 billion in retail demand annually in the downtown and surrounding neighborhoods.

Downtown Philadelphia's growing purchasing power has attracted more than 63 national retailers since 2013. These stores add to the existing mix of local boutiques and independents, while creating both entry-level and higher-skilled jobs. They also signal Center City's growing stature as a regional shopping destination.

While Center City is feeling the pressures that impact all retailers globally, occupancy on the prime retail corridors of Walnut and Chestnut streets from Broad to 20th streets remain a healthy 95.5%, sustained by downtown's desirable demographic, highly educated millennials and affluent empty nesters. By comparison, according to Reis Inc., retail vacancies hit 10% nationally in 2017.

Globally, retailers are challenged by the need to find the right mix of online and brick-and-mortar locations, while creating unique environments that bring shoppers into stores. But those who find the right balance and create memorable in-store experiences are thriving. Center City is capitalizing on all the categories and retail concepts that are expanding nationally, including grocery, home and garden, wellness and beauty, value/outlet, online and food and beverage concepts.

The latest retailers to announce a Rittenhouse Row address include Rumble Boxing, The Tie Bar and Red Wing Heritage, who will be joining M.A.C., UNTUCKit, Warby Parker, Aesop, SLT NYC, CB2, and SPiN, all of which have opened within the last year. Retailers seeking lower rents and larger floor plates are signing leases in developments in the burgeoning Center City East neighborhood, reviving Philadelphia's historic department store corridor. Tenants include PetSmart, MOM's Organic Market, T.J. Maxx, Five Below, H&M, AMC Theatres, Iron Hill Brewery, P.J. Clarke's, and outlet concepts for Levi's, Francesca's, Sketchers and Columbia Sportswear. There has also been an uptick in big box retailers signing leases in neighborhoods surrounding the core of the downtown in larger retail developments currently under construction, including PetSmart, Sprouts Farmer's Market, Yards Brewery and multiple Targets.

Demand is driving more than 2 million sf of retail currently under development, as older shopping streets are transformed and Philadelphia's prime shopping district continues to expand. The biggest investment is happening east of Broad Street, where full-block sites can accommodate large-scale projects. Center City East will add more than 1 million sf of retail over the next few years, representing an $815 million investment in an area that had lagged for decades. This critical mass of large-scale, mixed-use development will create a continuous shopping and dining experience from Independence Mall to the major convention center hotels adjacent to City Hall.

Change is readily apparent in surging pedestrian volumes. While most of Center City's pedestrian traffic peaks during the week around lunchtime and late afternoon, the area between Rittenhouse Square and Broad Street peaks on weekends, pointing to its status as a regional destination for retail and entertainment. Recently opened retailers have transformed West Chestnut Street from a less desirable retail location into one where pedestrian counts have increased by almost 60% over 2013 volumes. With foot traffic that now surpasses that of West Walnut Street, West Chestnut Street's transformation is a powerful indication that destination retailers can locate almost anywhere in Center City's walkable downtown and shoppers will follow.

While new restaurant districts continue to emerge in neighborhoods that surround the downtown, Center City has been recognized as one of the top restaurant and dining destinations in the country, with 453 full-service restaurants between Vine and South streets, river to river. CBRE found that restaurants comprised 40% of all Center City leases in 2016, mirroring national trends — food and beverage concepts have become a major driver for retail growth across markets. Restaurants are also becoming an important component of the merchandising mix of large-scale retail developments coming online in Center City, reflecting how customers want to spend their time and money.

Center City retail growth has been strongly supported by the Philadelphia Retail Marketing Alliance, a collaboration of the CCD, City of Philadelphia, PIDC, the Philadelphia Convention & Visitors Bureau, Visit Philadelphia, and major downtown retail brokers. This business attraction initiative includes direct outreach to brokers and store representatives, detailed data and research on market trends, advertising, story placements in trade publications to elevate Philadelphia's retail profile and a highly promoted, online presence (www.philadelphiaretail.com) that positions Center City as an attractive retail location.

RETAIL DEMAND FOR SHOPPERS' GOODS, 2017

JOB MARKET	CORE CENTER CITY	GREATER CENTER CITY
Office Workers	188,134	214,105
Other Workers	66,445	84,507
Total Workers	254,579	298,612
RESIDENTIAL MARKET		
Owner Occupied	22,379	79,975
Renter Occupied	43,443	110,441
Population	65,822	190,416
VISITOR MARKET		
Hotel Rooms	11,042	11,042
Overnight Visitors	3,117,703	3,117,703
DOLLARS OF DEMAND FOR SHOPPERS' GOODS		
Office Workers	$200,174,449	$227,807,511
Other Workers	$35,149,468	$44,704,307
Residents	$126,378,240	$365,598,720
Overnight Visitors	$417,772,256	$417,772,256
TOTAL	**$779,474,414**	**$1,055,882,795**

** Dollars of demand for each market segment are CCD calculations based on retail industry standards.*

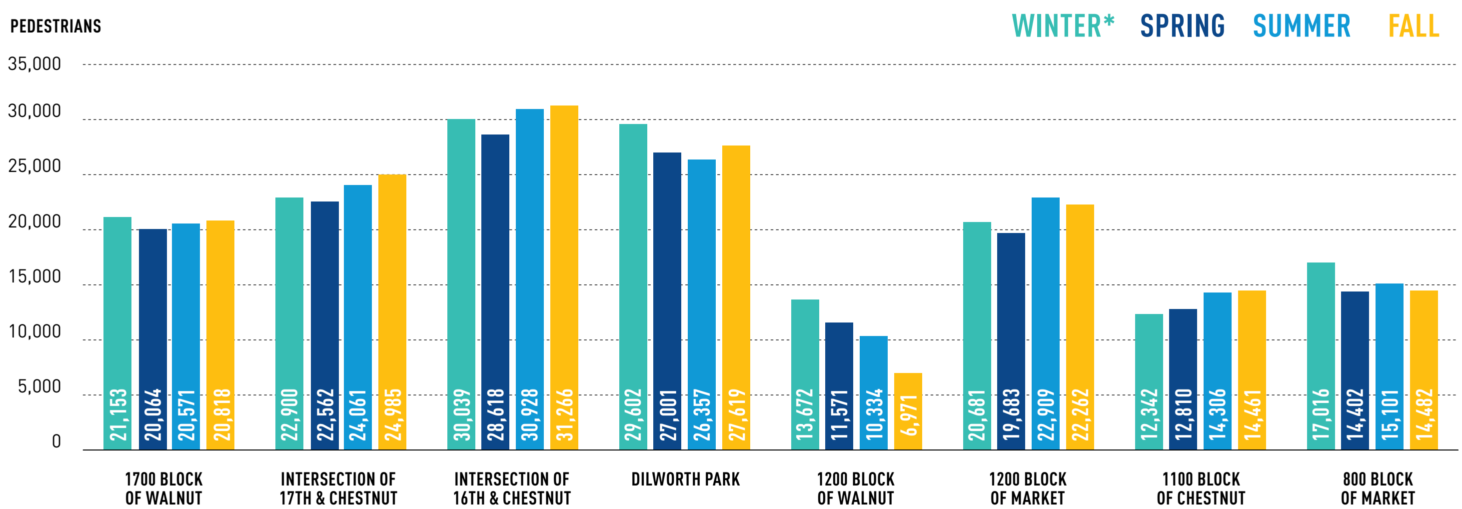
Job Market Source: OnTheMap, Local Employment Dynamics Partnership, U.S. Census Bureau; U.S. Census Bureau, American Community Survey 2012—2016; Visitor Market Source: Visit Philadelphia and Philadelphia Convention & Visitors Bureau

CENTER CITY RETAILER TYPE, 2017

Source: Retail Survey 2017, Center City District

CENTER CITY IS DIFFERENTIATED FROM OTHER RETAIL DISTRICTS BY THE DIVERSE ARRAY OF LOCAL PROPRIETORS THAT MAKE UP 76% OF THE DOWNTOWN'S TENANT MIX

AVERAGE DAILY PEDESTRIAN ACTIVITY BY SEASON, DECEMBER 2016 – NOVEMBER 2017

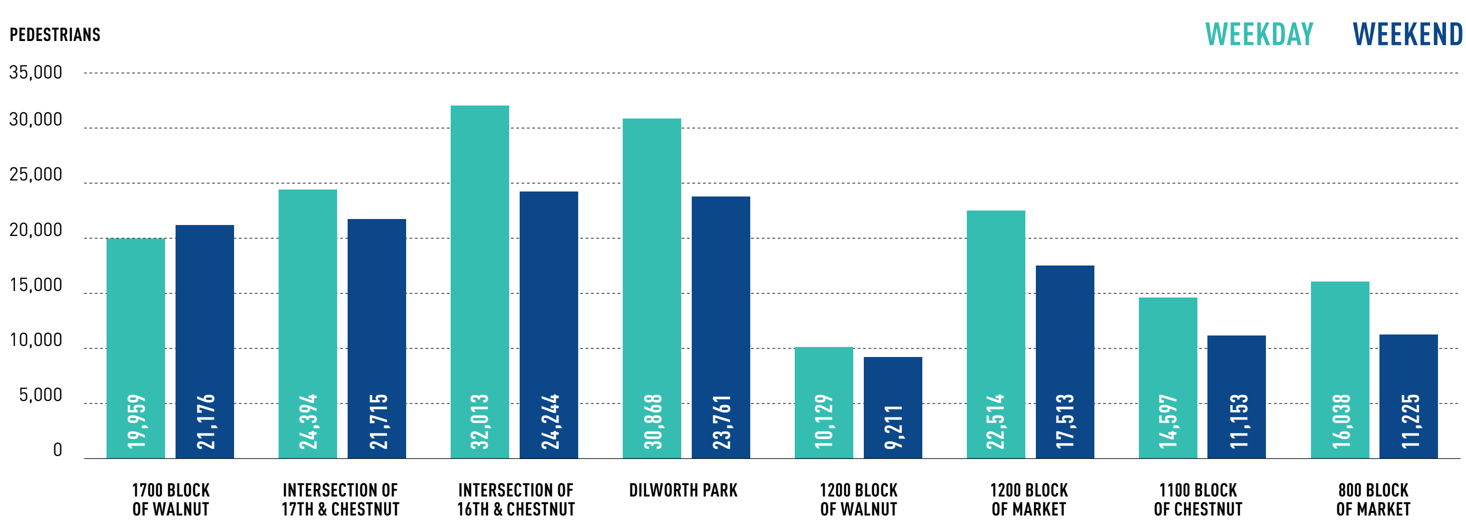


Source: Eco-Counter, Placemeter and Motionloft Pedestrian Counts; Center City District

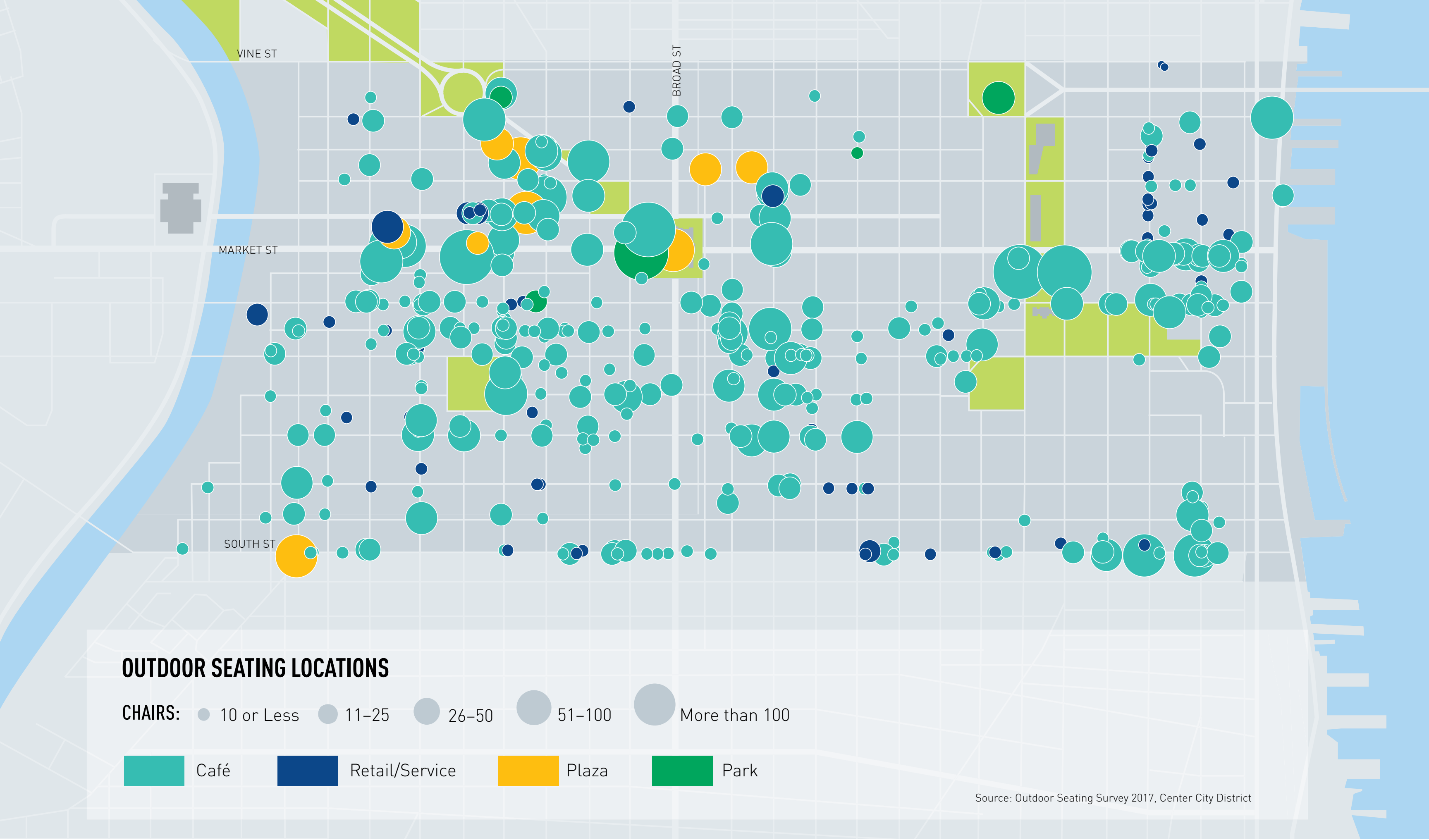
*Note: Winter includes December 2016, January 2017 and February 2017

RECENTLY OPENED RETAILERS HAVE TRANSFORMED WEST CHESTNUT STREET INTO A THRIVING DESTINATION AS PEDESTRIAN COUNTS HAVE **INCREASED BY ALMOST 60% SINCE 2013**

AVERAGE DAILY PEDESTRIAN ACTIVITY BY WEEKDAY/WEEKEND, 2017

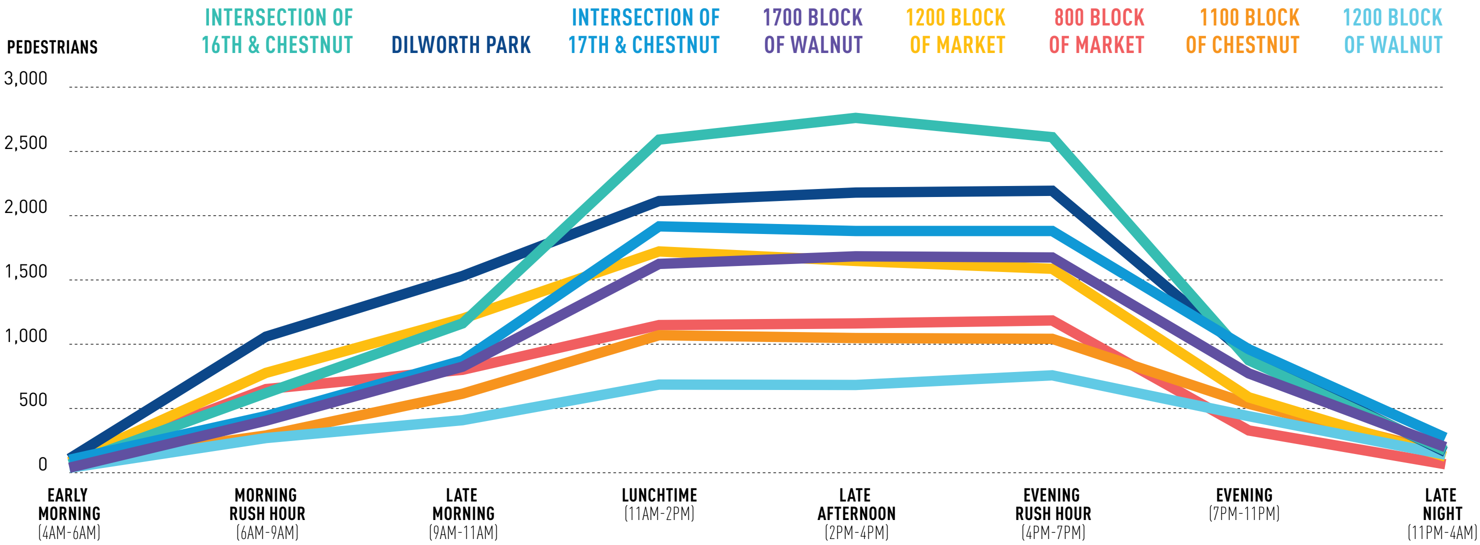


Source: Eco-Counter, Placemeter and Motionloft Pedestrian Counts; Center City District



433 OUTDOOR SEATING LOCATIONS

AVERAGE HOURLY PEDESTRIAN ACTIVITY BY TIME OF DAY, 2017



Source: Eco-Counter, Placemeter and Motionloft Pedestrian Counts; Center City District

CENTER CITY STOREFRONTS, 2017

992	RETAILERS
988	FOOD ESTABLISHMENTS
1,207	SERVICE PROVIDERS

CENTER CITY RETAILERS, 2017

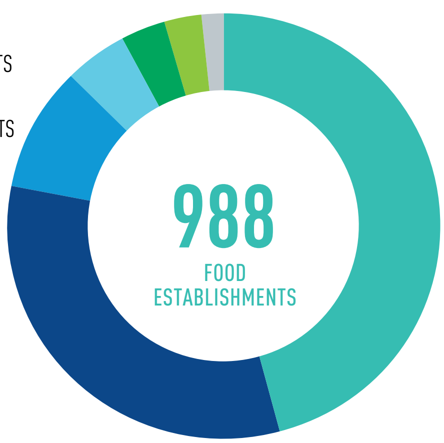
216	APPAREL
160	JEWELRY/WATCHES
138	FOOD OR DRINK
118	HOME/GARDEN
103	ART/COLLECTIBLES/ HOBBIES
39	ELECTRONICS
38	BEAUTY/HEALTH/FITNESS
36	PHARMACY
25	OPTICAL
18	BOOK/MAPS
17	MUSIC/VIDEO/VIDEO GAMES
84	OTHER

MILLENNIALS, ENTERING THEIR PEAK CONSUMER SPENDING YEARS, REPRESENT 40% OF THE DOWNTOWN'S POPULATION

AND ARE ATTRACTING MORE FOOD AND BEVERAGE, WELLNESS, VALUE AND EXPERIENTIAL RETAILERS TO CENTER CITY

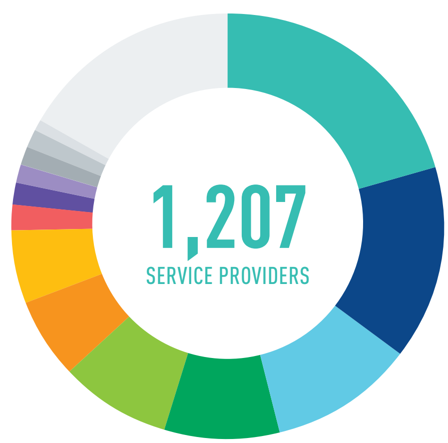
CENTER CITY FOOD ESTABLISHMENTS, 2017

453	FULL-SERVICE RESTAURANTS
319	TAKEOUT/SANDWICH/ QUICKSERVICE RESTAURANTS
95	COFFEE SHOPS
45	BARS/NIGHTLIFE ESTABLISHMENTS
33	BAKERIES
29	ICE CREAM/WATER ICE/ FROZEN YOGURT
14	ALL OTHERS

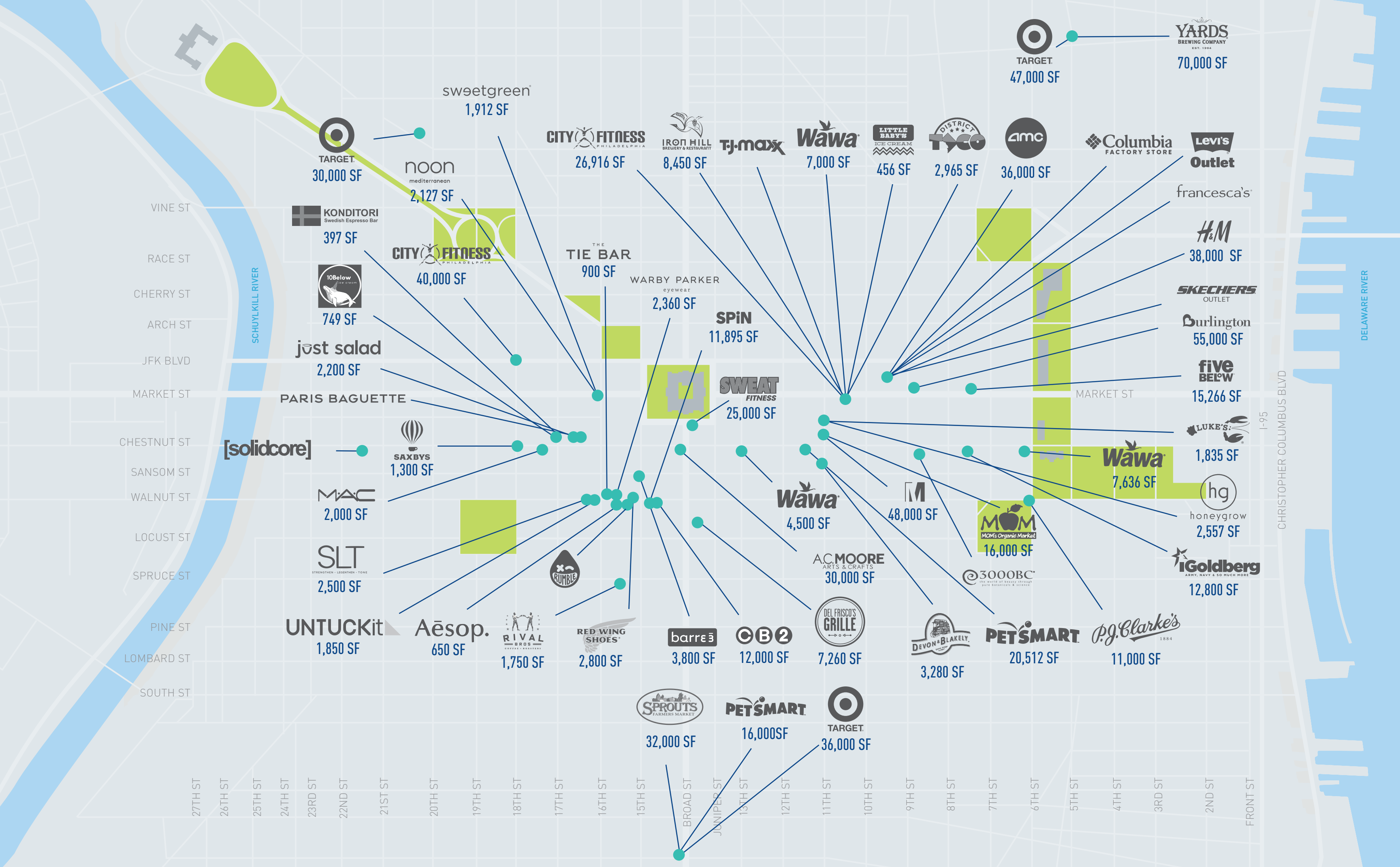


CENTER CITY SERVICE PROVIDERS, 2017

250	BEAUTY
177	HEALTH
132	REAL ESTATE
102	BANK/FINANCIAL
102	LEGAL
73	LAUNDRY
66	FITNESS
25	INSURANCE
20	CHILDCARE
18	ACCOUNTING
16	SOCIAL SERVICES
15	PET
13	ART/COLLECTIBLE/HOBBIES
198	OTHER



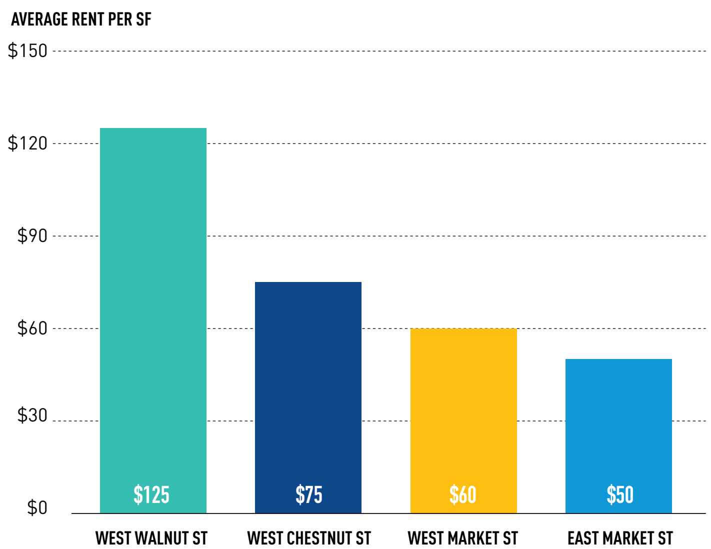
Source: Retail Survey 2017, Center City District



SELECT NEW CENTER CITY RETAILERS IN 2017

Source: Center City District

PRIME RETAIL RENTS, 2017



Source: Cushman & Wakefield, JLL Research

WITH RETAIL RENTS AVERAGING $50/SF, MARKET EAST TOPPED JLL'S LIST OF

THE 10 MOST AFFORDABLE AND DESIRABLE PRIME URBAN RETAIL CORRIDORS IN THE UNITED STATES

The Philadelphia Offices of Bohlin Cywinski Jackson | ©Jeffrey Totaro

EMPLOYMENT

Since the beginning of the recovery in 2010, Philadelphia has added 55,100 jobs, 44% of them in just the last two years. Philadelphia added jobs in 12 of the last 13 years, the longest period of expansion in more than 50 years. Growth peaked in the city in 2016, when 13,600 jobs were added, tapering down with the addition of 10,700 jobs in 2017. The recovery has been led by education and health services, which account for 56% of the jobs added in industries largely exempt from real estate and business taxes. But growth occurred across all private sector categories, except manufacturing and financial and information services. The largest losses occurred in the public sector — federal, state and municipal government employment — which collectively shed 9,300 jobs since 2009.

At the center of Philadelphia's economy is Center City, where 42% of the city's jobs are located, fully accessible by transit. Diversification is a defining strength of the downtown economy. Professional, business and financial services, real estate and information — the prime office-using industries — comprise 40% of downtown jobs. Education and health services, the largest sector citywide, is second largest downtown, with 20% of all jobs. Entertainment, leisure, hospitality and retail hold a 16% share, while federal, state and local government employment provides 12% of all Center City jobs. Center City holds 298,612 wage and salaried positions with approximately 9,000 more individuals compensated as partners, self-employed, or working freelance. Located at the center of the region's transit and highway network, 47.5% of downtown's 306,000 jobs are held by commuters from outside the city; 52.5% are held by Philadelphians with the city residents' share of jobs growing as the downtown's population has grown.

Just to the west of Center City, accounting for another 11% of jobs, is the transit-accessible University City, where 80% of jobs are in education and health services. Consistent with citywide trends, job growth in University City has averaged more than 2% per year, compared to a rate of less than 1% in Center City.

In Greater Center City, 40% of residents work downtown and another 11% work in University City with 61% of all residents getting to work without a car and 39% in the core able to walk to work.

In neighborhoods outside Center City, 25% of the workers commute to jobs downtown, while another 5% work in University City. In every neighborhood outside Center City, more people work downtown than in the area in which they live. This is made possible by the broad range of opportunities provided by downtown employers and by strong transit connections. While 37% of Center City jobs require at least a bachelor's degree, 30% are accessible to those with an associate degree, while another 33% require no more than a high school diploma.

At the same time, sustained job loss outside Center City, University City and the Navy Yard means that every day, another 40% of working residents of neighborhoods outside the downtown (211,000 Philadelphians) reverse commute to jobs located in the suburbs. Philadelphia's wage tax is structured so that regardless of where a city resident works, their employer is obligated to withhold the full city wage tax. Thus, the commute to the suburbs carries with it an incentive to move to the suburbs and population has continued to decline north of Girard Avenue and west of Broad Street, as well as in West Philadelphia and portions of the Northeast.

This is occurring because the job growth in Philadelphia's three, post-industrial nodes is still not strong enough to offset decline elsewhere in the city, nor to lift private sector job numbers in 2017 above 1990 levels. Private sector employment is still 1% below 1990 levels, while public sector employment has declined by 25% in the last 18 years, leaving the city still 5% below total 1990 job levels and 25% below 1970 levels.

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 job growth in America's largest cities. Since 2009 large cities have been out-performing 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 behind 23 other cities, including Boston, Detroit, New York City, Washington D.C. and the national rate of growth. As a result, in nearly every category of employment, except construction and hospitality, the nation's top cities outperformed rates of growth in Philadelphia.

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 impact of that additional growth on Philadelphia's persistently high unemployment and poverty could be significant, expanding Philadelphia's tax base and generating additional tax revenue for the city and schools without raising rates.

The federal government is steadily reducing the social safety net. State resources are constrained as well. So if Philadelphia is going to make any impact on its 26% poverty rate, the highest of America's 10 largest cities, it simply has to grow jobs at a faster rate. The city's unemployment rate 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. Not counting people who have left the workforce, an average of 43,600 Philadelphians were on the employment rolls throughout 2017. Philadelphia needs to commit not only to its public schools, but to comprehensive tax reform to grow jobs citywide. Otherwise, despite growth downtown, educated residents of many neighborhoods will continue to leave for opportunities in the suburbs.

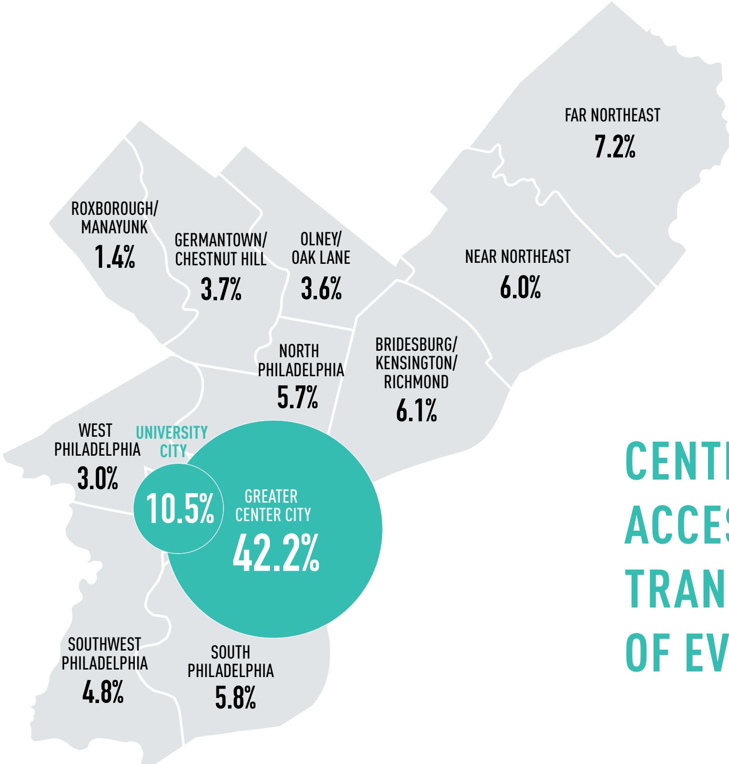
AVERAGE ANNUAL GROWTH BY INDUSTRY, 2009–2017

	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

PHILADELPHIA EMPLOYMENT BY AREA

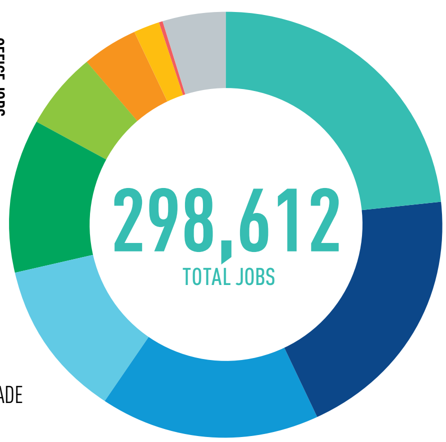


Source: U.S. Census Bureau, Local Employment-Household Dynamics, 2015

CENTER CITY'S JOBS ARE ACCESSIBLE BY PUBLIC TRANSIT TO RESIDENTS OF EVERY NEIGHBORHOOD

GREATER CENTER CITY WAGE & SALARY EMPLOYMENT

23.4%	PROFESSIONAL/ BUSINESS SERVICES	OFFICE JOBS
16.3%	FINANCIAL ACTIVITIES/ REAL ESTATE/ INFORMATION	OFFICE JOBS
20.0%	EDUCATION AND HEALTH SERVICES	
12.1%	PUBLIC ADMINISTRATION	
11.6%	ENTERTAINMENT/ LEISURE/HOSPITALITY	
5.7%	TRANSPORTATION/ UTILITIES/WHOLESALE TRADE	
4.3%	RETAIL	
1.8%	CONSTRUCTION	
0.5%	MANUFACTURING	
4.5%	OTHER SERVICES	

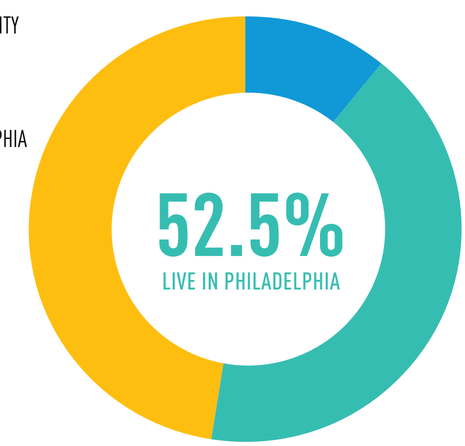


+9,000
PARTNERS, FREELANCERS & SELF-EMPLOYED

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

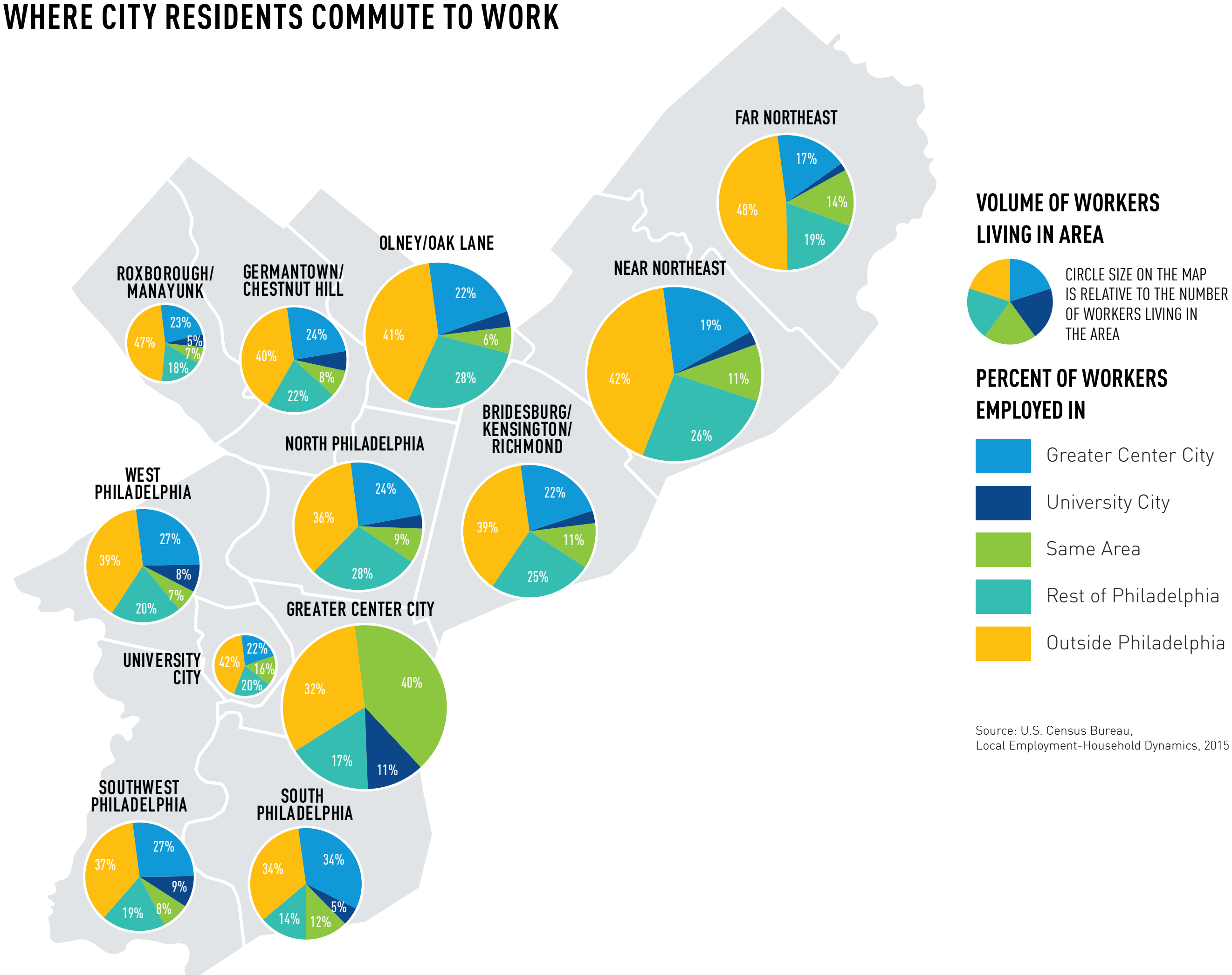
WHERE DOWNTOWN WORKERS LIVE

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



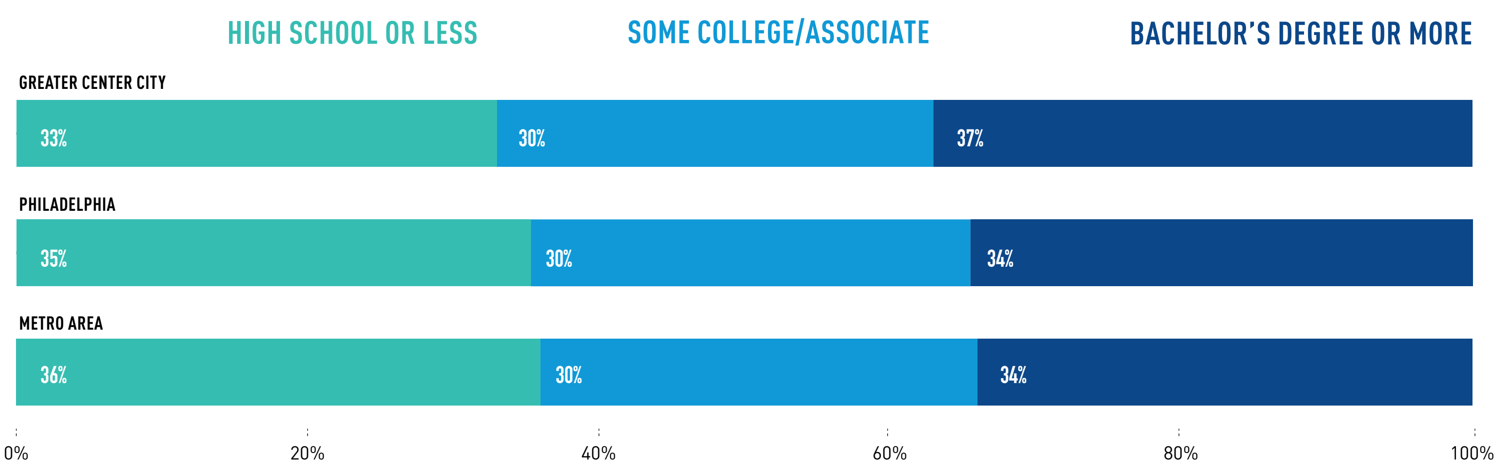
Source: U.S. Census Bureau, Local Employment-Household Dynamics, 2015

WHERE CITY RESIDENTS COMMUTE TO WORK



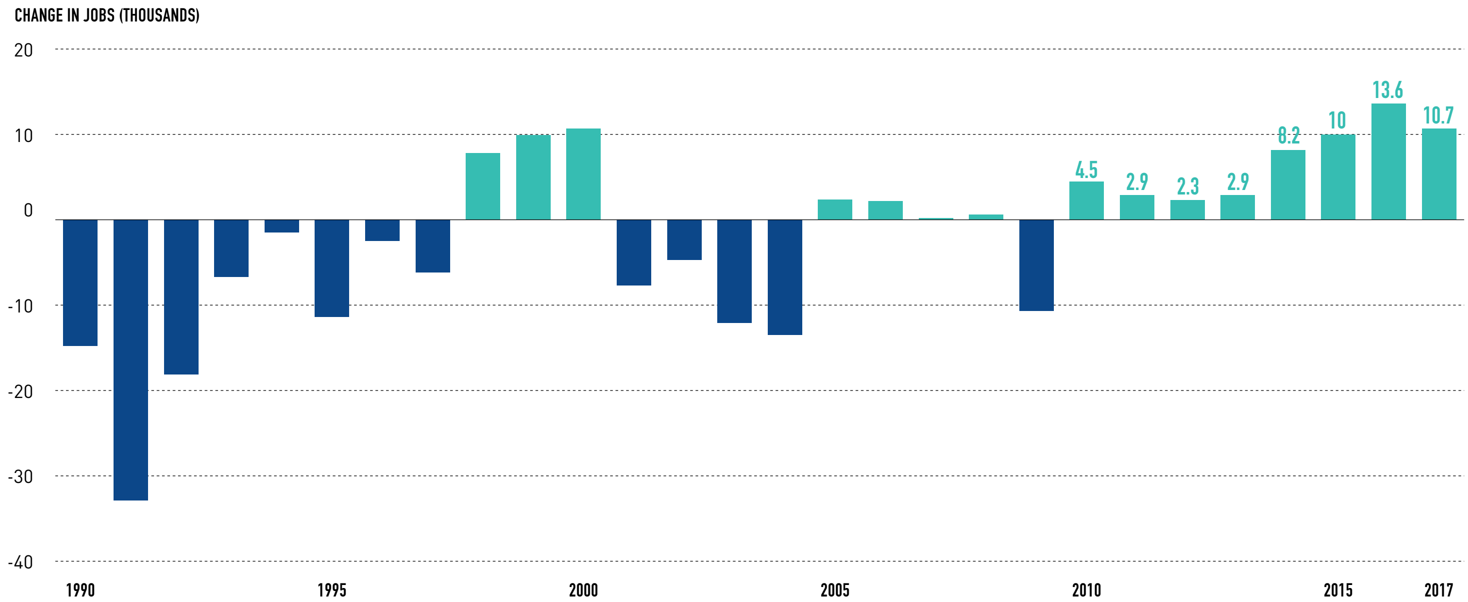
Source: U.S. Census Bureau, Local Employment-Household Dynamics, 2015

PERCENT OF JOBS BY LEVEL OF EDUCATION, WORKERS 30 AND OLDER



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

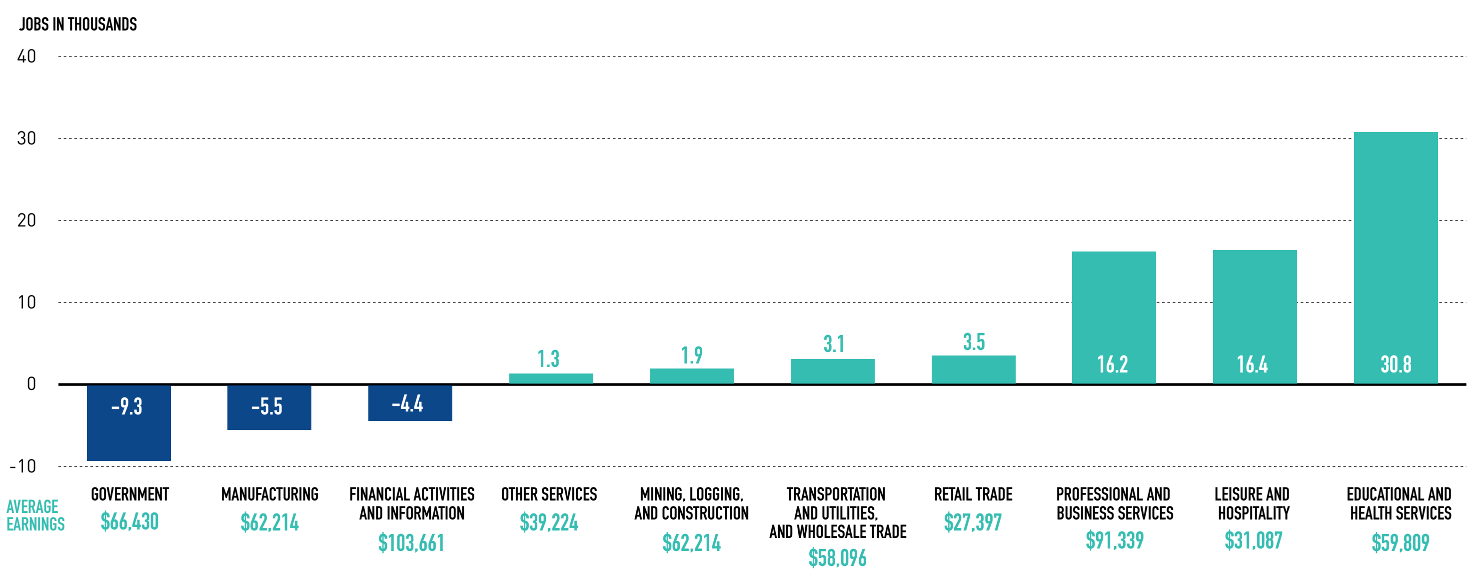
PHILADELPHIA ANNUAL CHANGE IN JOBS, 1990–2017



Source: Bureau of Labor Statistics, Current Employment Statistics

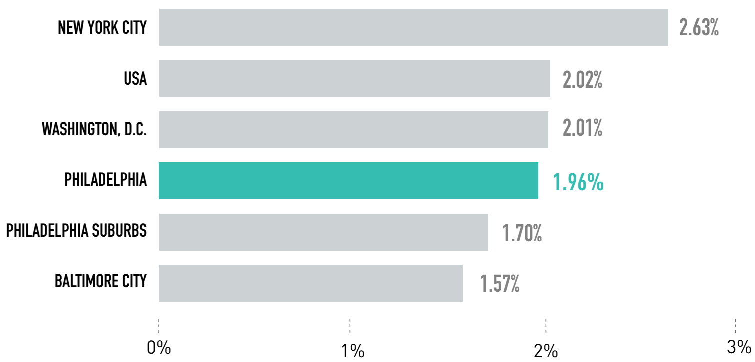
PHILADELPHIA HAS ADDED JOBS FOR 12 OF THE LAST 13 YEARS WITH THE STRONGEST GROWTH IN EDUCATION AND HEALTH SERVICES

TOTAL JOB CHANGE BY SECTOR, 2009–2017 (AVERAGE EARNINGS)



Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages; Bureau of Labor Statistics, Current Employment Statistics

PRIVATE SECTOR AVERAGE ANNUAL EMPLOYMENT GROWTH, 2014–2017

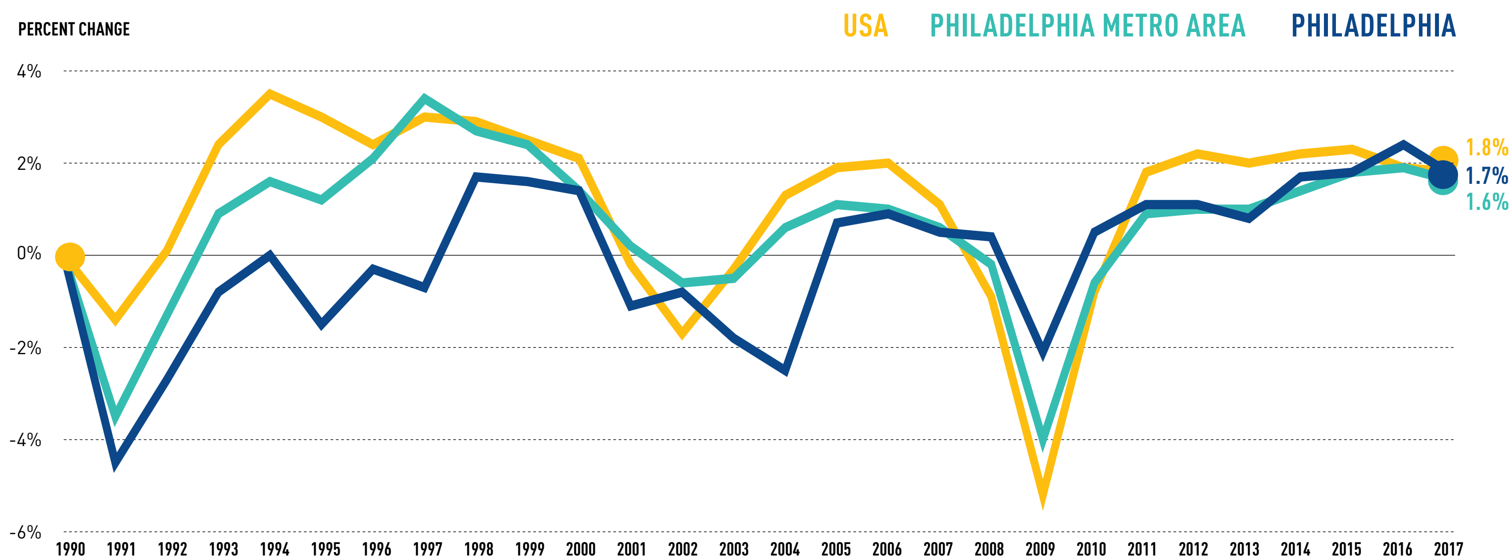


PHILADELPHIA'S RATE OF GROWTH HAS SURPASSED THE SURROUNDING SUBURBS IN THE LAST THREE YEARS

RANKED BY COMPOUND ANNUAL GROWTH RATE	2014	2017	CHANGE	PCT CHANGE	AVG ANNUAL GROWTH
New York City	3,585	3,875	290	8.09%	2.63%
USA	117,076	124,303	7,227	6.17%	2.02%
Washington, D.C.	518.1	549.9	31.8	6.14%	2.01%
Philadelphia	571.3	605.6	34.3	6.00%	1.96%
Philadelphia Metro Area	2,443	2,575	1,316	5.39%	1.76%
Philadelphia Suburbs	1,872	1,969	97.3	5.20%	1.70%
Baltimore City	286.2	299.9	13.7	4.79%	1.57%

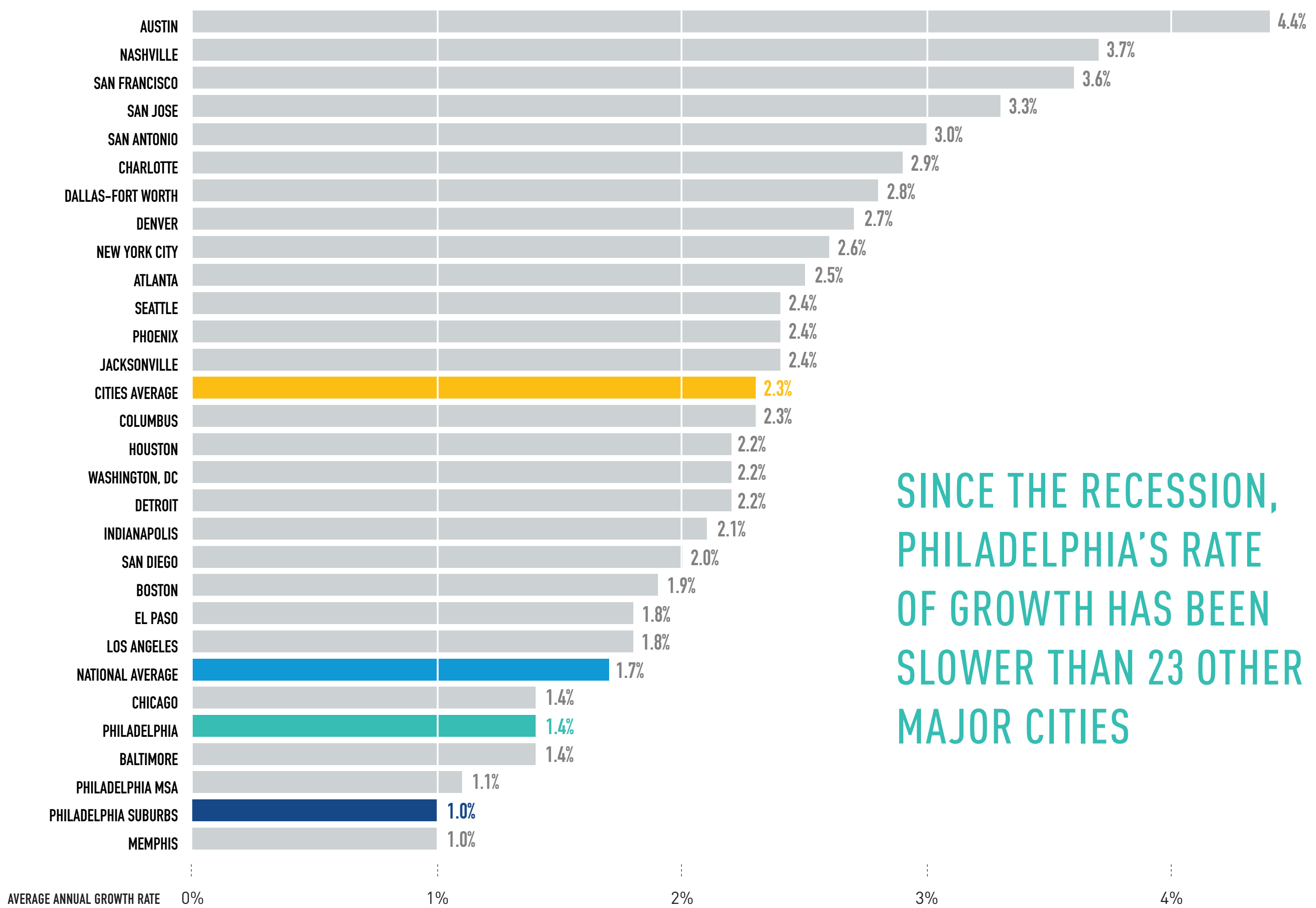
Source: Bureau of Labor Statistics, Current Employment Statistics

PRIVATE WAGE & SALARY PERCENT CHANGE, 1990–2017



Source: Bureau of Labor Statistics, Current Employment Statistics

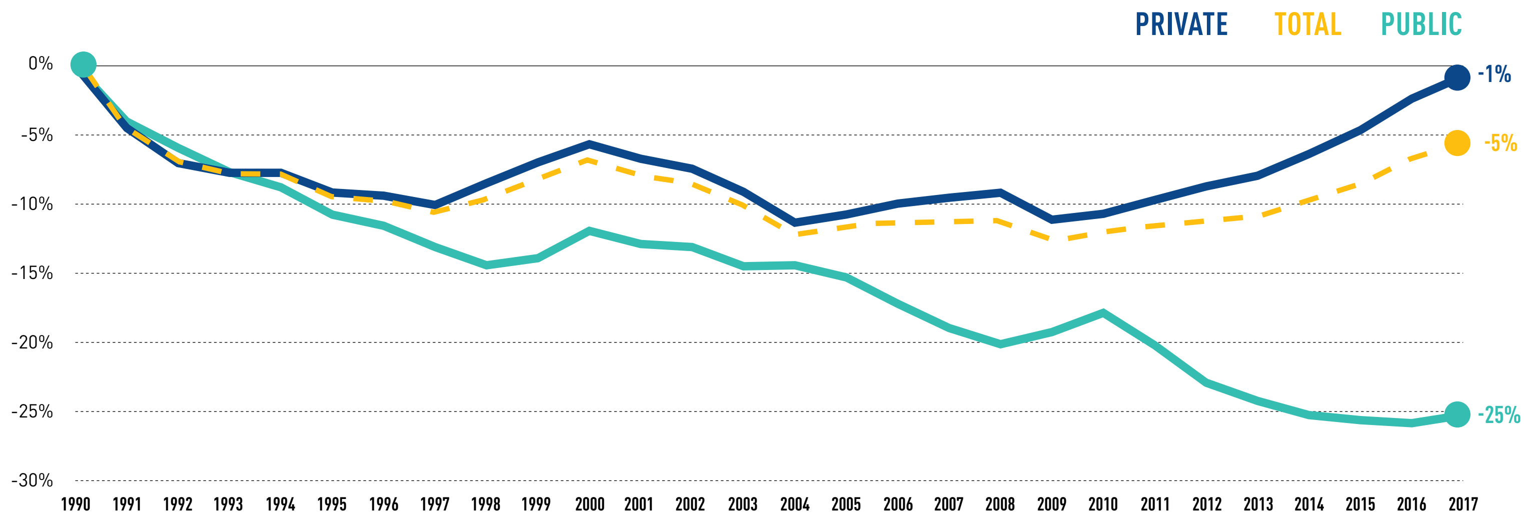
PRIVATE WAGE & SALARY JOBS AVERAGE ANNUAL CHANGE, 2009–2017



SINCE THE RECESSION, PHILADELPHIA'S RATE OF GROWTH HAS BEEN SLOWER THAN 23 OTHER MAJOR CITIES

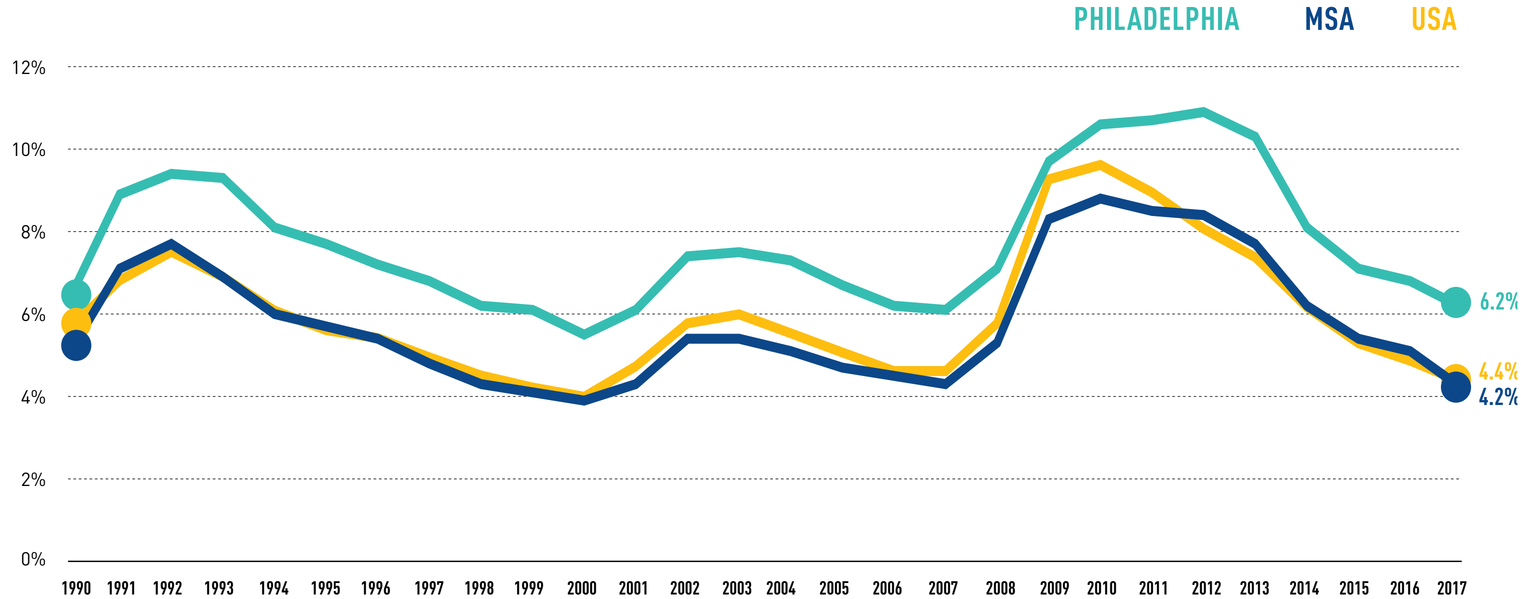
Source: Bureau of Labor Statistics, Current Employment Statistics

PERCENT CHANGE OF PUBLIC & PRIVATE SECTOR JOBS, 1990–2017



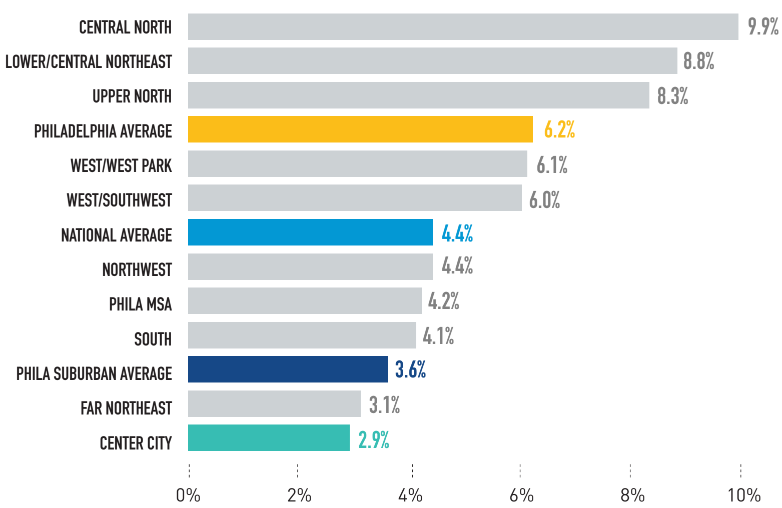
Source: Bureau of Labor Statistics, Current Employment Statistics

UNEMPLOYMENT RATE, 1990–2017



Source: Bureau of Labor Statistics, Local Area Unemployment Statistics

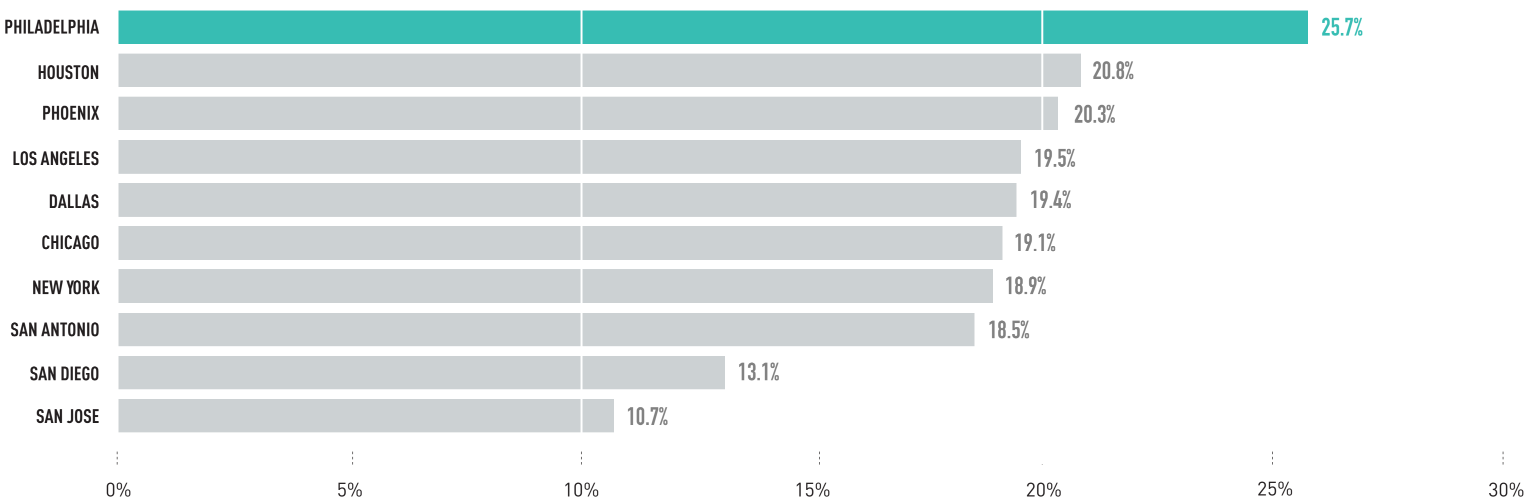
PHILADELPHIA NEIGHBORHOOD UNEMPLOYMENT RATES, 2017



Source: Bureau of Labor Statistics, Local Area Unemployment Statistics, ACS 2016, CCD Estimates

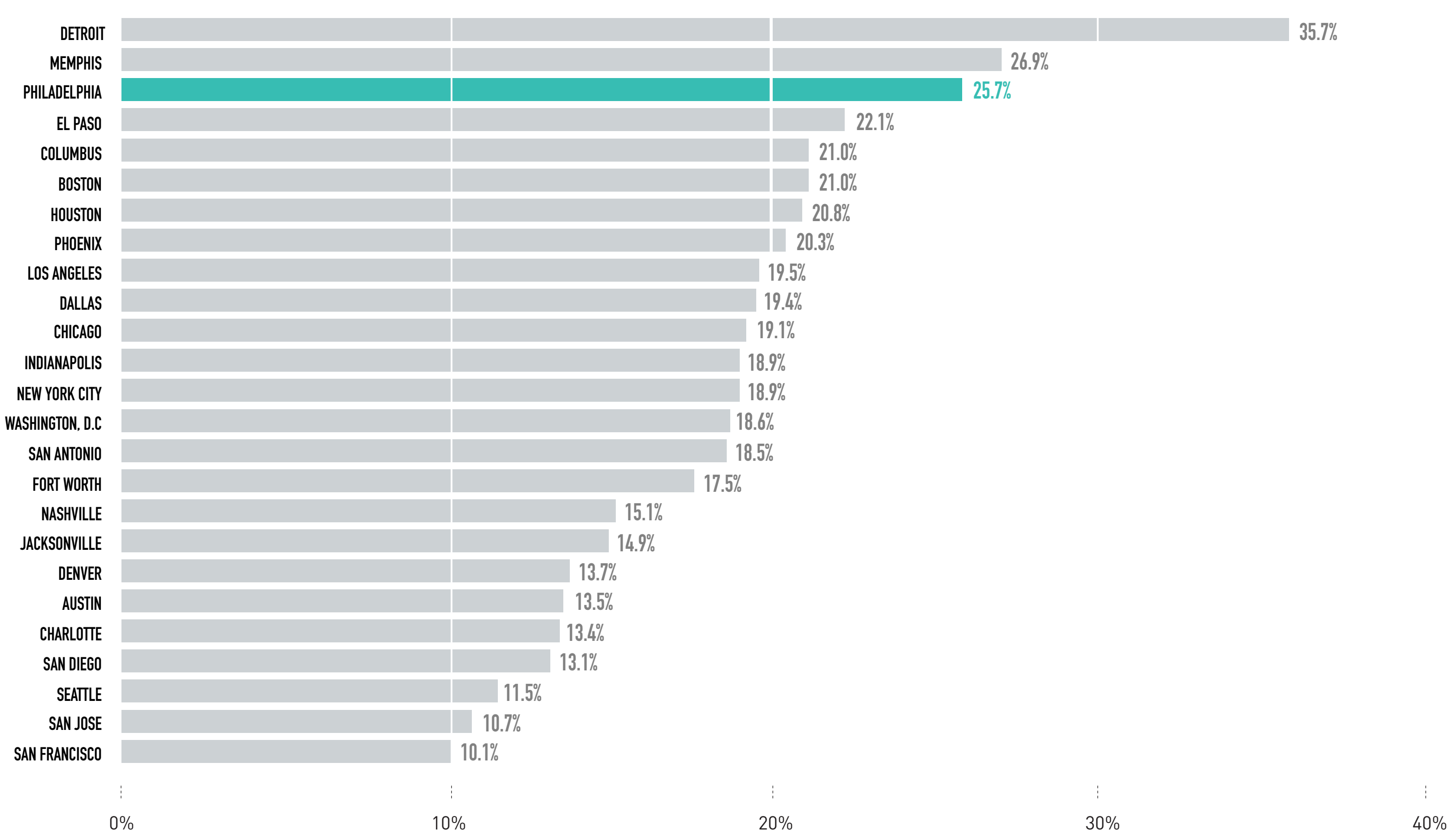
JOB GROWTH HAS BEEN SUFFICIENT TO LOWER THE FORMAL RATE OF UNEMPLOYMENT, BUT NOT ENOUGH TO GET PHILADELPHIA BACK TO 1990 JOB LEVELS, NOR TO REDUCE A VERY HIGH POVERTY RATE

POVERTY RATES AMONG THE TOP 10 LARGEST US CITIES



Source: US Census Bureau, 2016 American Community Survey

POVERTY RATES AMONG THE TOP 25 LARGEST US CITIES



Source: US Census Bureau, 2016 American Community Survey

TRANSPORTATION & ACCESS

Dilworth Park Concourse | James B. Abbott

Greater Center City is positioned at the confluence of a multimodal regional transit system consisting of 13 rail lines, three rapid transit lines, five trolley lines and 29 bus routes that carry nearly 309,000 riders every weekday into Greater Center City. Public transit enables more than 1 million residents of suburban Philadelphia counties to live within one mile of a rail station, connecting them to Center City's employers, restaurants, retailers, healthcare services, and arts and cultural institutions.

Half of city residents can commute by transit to Center City in 30 minutes or less; 61% of those who live in Greater Center City can get to City Hall—the geographic center of downtown—in 15 minutes or less.

SEPTA's Market-Frankford and Broad Street lines carry 45% of all inbound Center City transit commuters each day. Both lines' respective stations under Dilworth Park remain the busiest of all Center City stations, serving a combined 60,000 passengers each weekday. SEPTA's bus network serves another 28% of inbound transit users each day. Regional Rail lines originating from suburban Pennsylvania, New Jersey, and Delaware carry an additional 36,000 (12%) downtown commuters. Trolley lines serving Delaware County and West and Southwest Philadelphia bring another 8% of commuters each weekday. New Jersey residents who utilize the PATCO Speedline or NJ Transit buses stopping along Market Street constitute 6% of Center City's weekday commuters.

As Center City's economy and population have grown, so has the number of people riding SEPTA in Philadelphia. Between 2001 and 2016, the number of passengers on the Market-Frankford Line, Broad Street Line, Regional Rail, and bus and trolley routes has increased by 14%. The increases have been most significant on the Regional Rail lines (28%) and Market-Frankford Line (23%), approaching levels that are beginning to strain the capacity of existing infrastructure, particularly as new residents of emerging neighborhoods choose public transit for their primary commutes.

Greater Center City now has an estimated population of 190,000, equating to 51 people per acre in the 7.7 square miles between Girard Avenue and Tasker Street. Center City has the highest concentration of residents who commute to work without a car, especially in neighborhoods closest to the West Market office district, which have non-auto commuting shares as high as 75%. Nearly one-quarter of Greater Center City residents walk to work; 6% bike to work, triple the citywide average. Another 6% are working from home.

As the number of people who work, live, visit, shop and dine downtown has increased, so have curbside deliveries and the frequency of stops by expanding ride-hailing services, like Uber and Lyft. Combined with increased construction activity, and minimal commitment of public resources to traffic enforcement, these trends have combined to increase congestion on Center City's historic narrow streets. Philadelphia has affirmed its commitment to multimodal transportation and safety with the introduction of Vision Zero in late 2017, with the goal of eliminating all traffic-related fatalities and severe injuries. However, more efforts will be required in the coming years to better plan for and manage traffic congestion downtown.

At the same time, however, Philadelphia has made significant progress in providing alternative modes for mobility throughout Greater Center City. From the time of its launch in April 2015, Indego bike share reached 1.8 million total rides by the end of 2017 and added 11 new stations in Greater Center City last year. Today more than 100 docking stations around the city are outfitted with more than 1,000 bikes. With average daily Indego rides spiking during the morning and evening rush hours, 3,000 daily are now using the bike share program during warm weather months, while the number of average daily trips is still above 1,000 during the winter months. Installing and maintaining cycling infrastructure, as well as enforcing the rules of the road, is becoming ever more important.

Immediately adjacent to downtown, Amtrak's 30th Street Station connects Philadelphia to the Northeast Corridor and serves as one of the busiest stations in the country, with 4.4 million riders in 2017 and an average of 13,329 passengers each weekday.

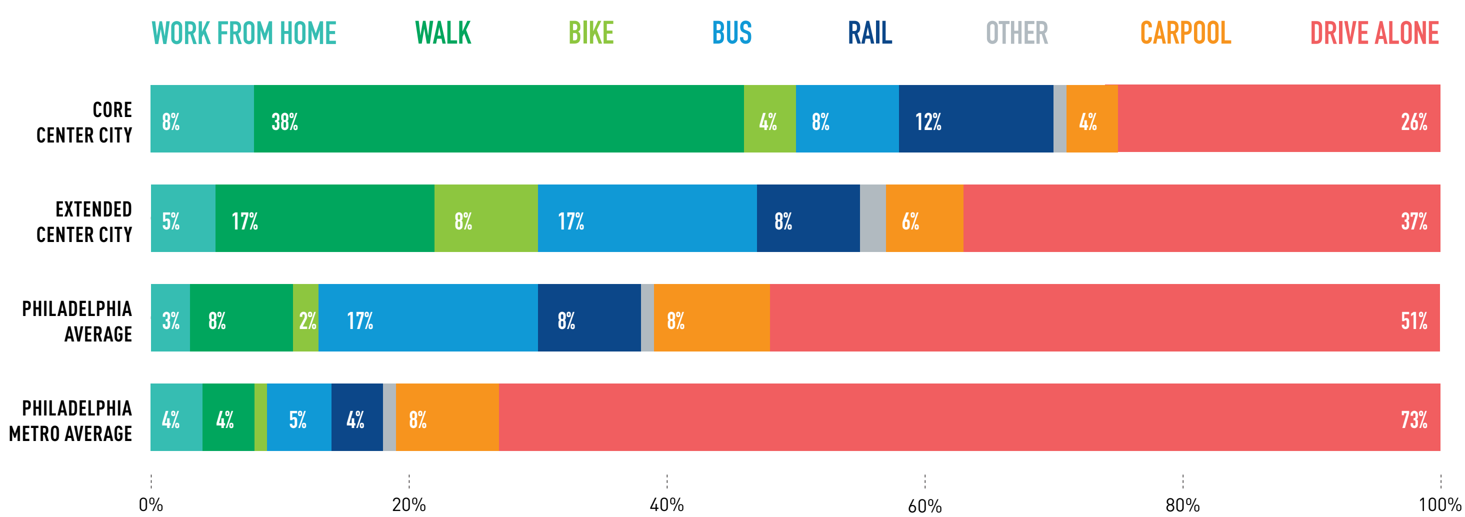
Philadelphia International Airport (PHL), easily accessible by both rail and car via I-95, puts half of the country's population within two hours flying time, supporting businesses, conventions, and leisure travel. Philadelphia's extensive air accessibility was a key element of the city's pitch to Amazon and is central to the competitiveness of the region. Nearly 30 million passengers landed at PHL in 2017 from 90 domestic and 33 international destinations.

SEPTA ANNUAL RIDERSHIP BY MODE, 2001–2016

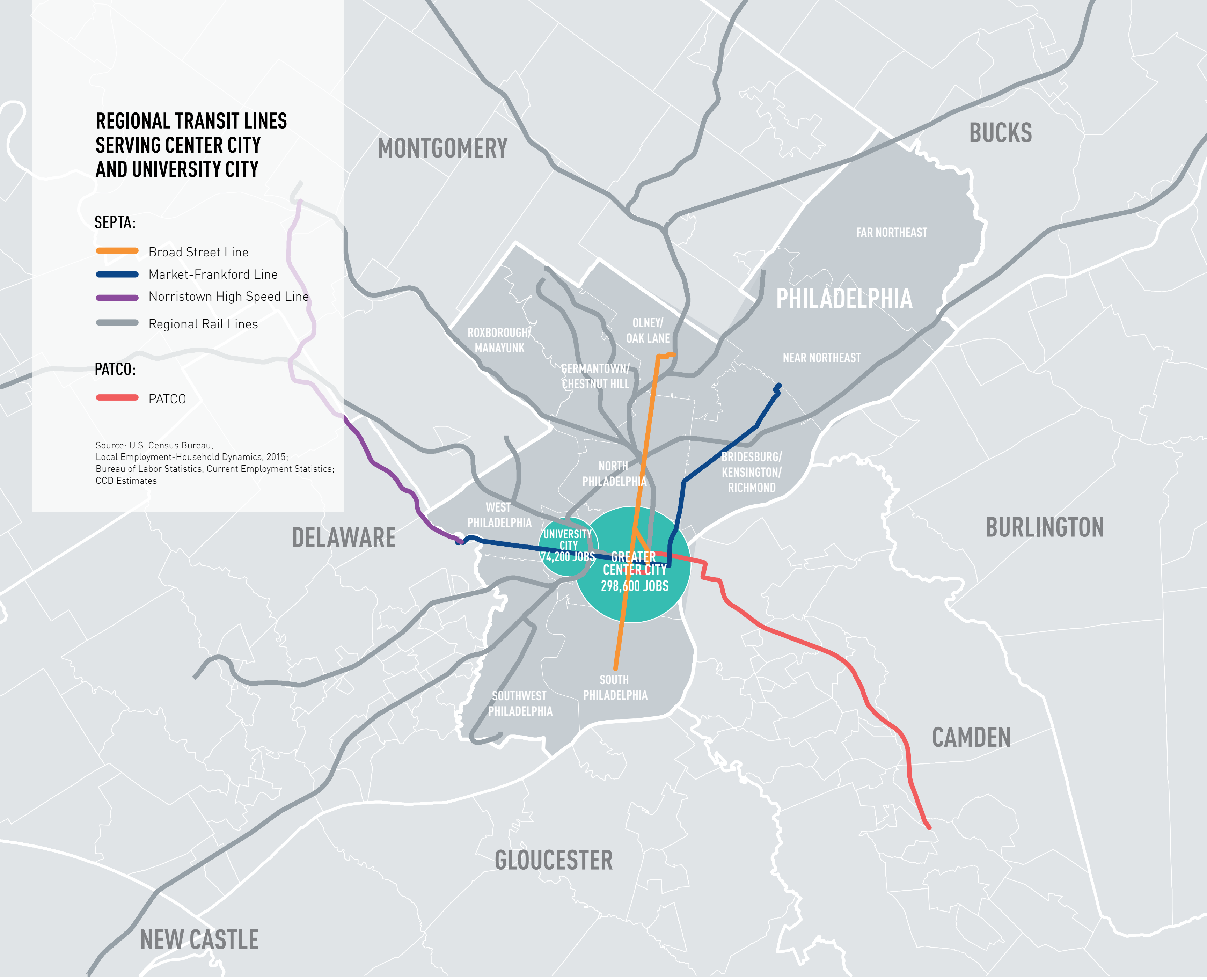
MODE	2001	2016	CHANGE (ANNUAL TOTAL)	CHANGE (DAILY TOTAL)	% CHANGE
Market-Frankford Line	42,874,624	52,522,933	9,648,309	26,434	23%
Broad Street Line	27,310,322	31,566,370	4,256,048	11,660	16%
Regional Rail	29,440,000	37,701,000	8,261,000	22,633	28%
Bus	164,391,729	182,484,615	18,092,886	49,570	11%
Trolley	24,837,903	25,766,746	928,843	2,545	4%
TOTAL	**288,854,578**	**330,041,664**	**41,187,086**	**112,842**	**14%**

Source: SEPTA

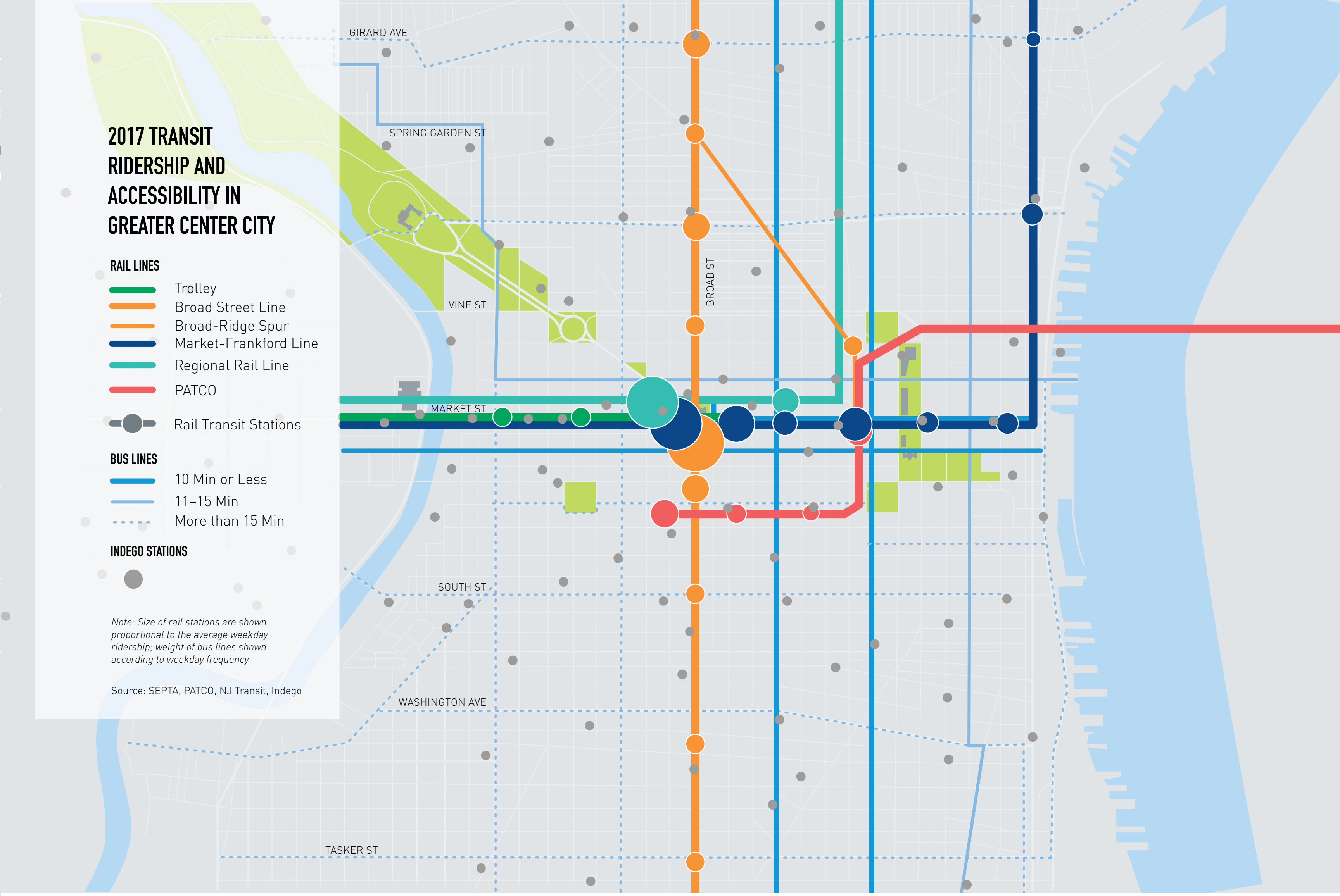
MEANS OF TRANSPORTATION TO WORK BY NEIGHBORHOOD



Source: US Census Bureau, American Community Survey 2012–2016



MORE THAN HALF OF PHILADELPHIA JOBS ARE POSITIONED AT THE CENTER OF THE REGION'S MULTIMODAL TRANSIT SYSTEM



AVERAGE WEEKDAY RIDERSHIP, 2017

MARKET-FRANKFORD LINE, 23%

STATION	RIDERSHIP
15th Street	30,017
8th Street	11,019
11th Street	8,629
13th Street	6,231
Girard	5,154
5th Street	3,986
2nd Street	3,928
Spring Garden	3,275

BROAD ST LINE, 22%

STATION	RIDERSHIP
City Hall	29,811
Walnut - Locust	7,864
Spring Garden	6,350
Tasker - Morris	5,009
Girard	4,150
Ellsworth - Federal	3,470
Lombard - South	2,985
8th Street	2,945
Race - Vine	2,974
Fairmount	2,050
Chinatown	240

BUS LINES, 28%

BUS LINE	RIDERSHIP
SEPTA Bus	86,748

NJ TRANSIT, 1%

BUS LINE	RIDERSHIP
NJ Transit Bus	3,253

REGIONAL RAIL, 12%

STATION	RIDERSHIP
Suburban Station	24,515
Jefferson Station	12,122

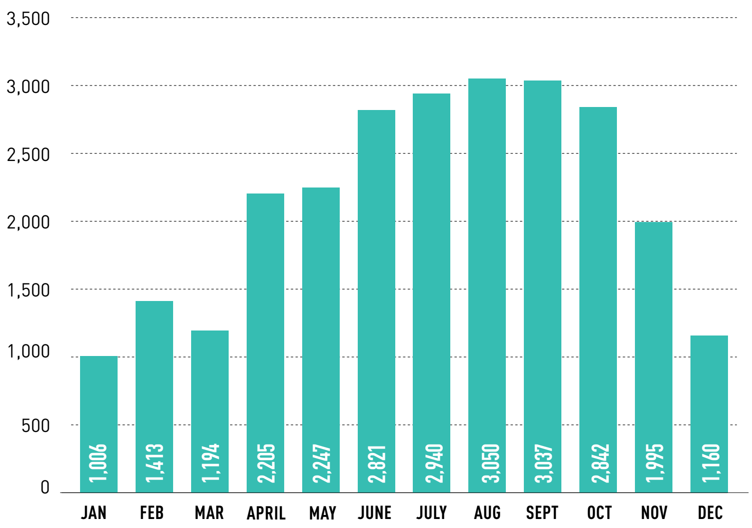
TROLLEY LINES, 8%

STATION	RIDERSHIP
15th Street	10,877
Juniper Street	7,776
19th Street	3,552
22nd Street	2,893

PATCO, 5%

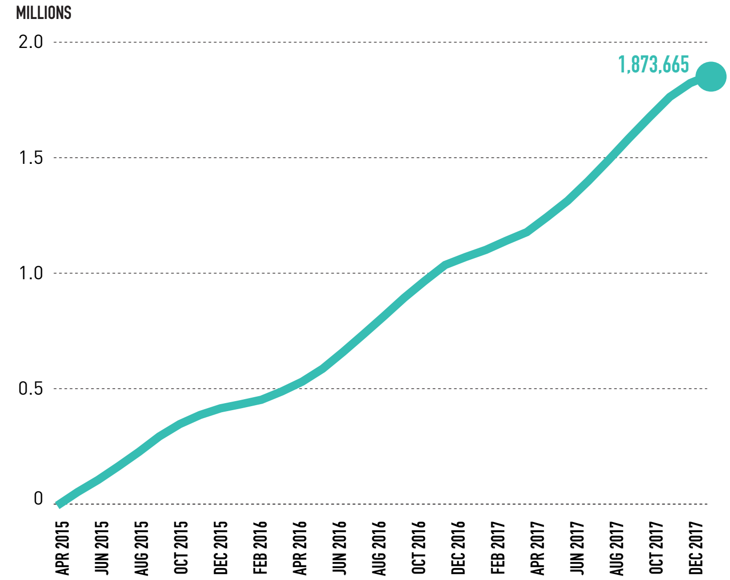
STATION	RIDERSHIP
16th & Locust	7,384
8th & Market	5,615
13th & Locust	1,858
10th & Locust	1,848

INDEGO: AVERAGE DAILY RIDES BY MONTH, 2017



Source: Indego

INDEGO: CUMULATIVE RIDES, 2015–2017

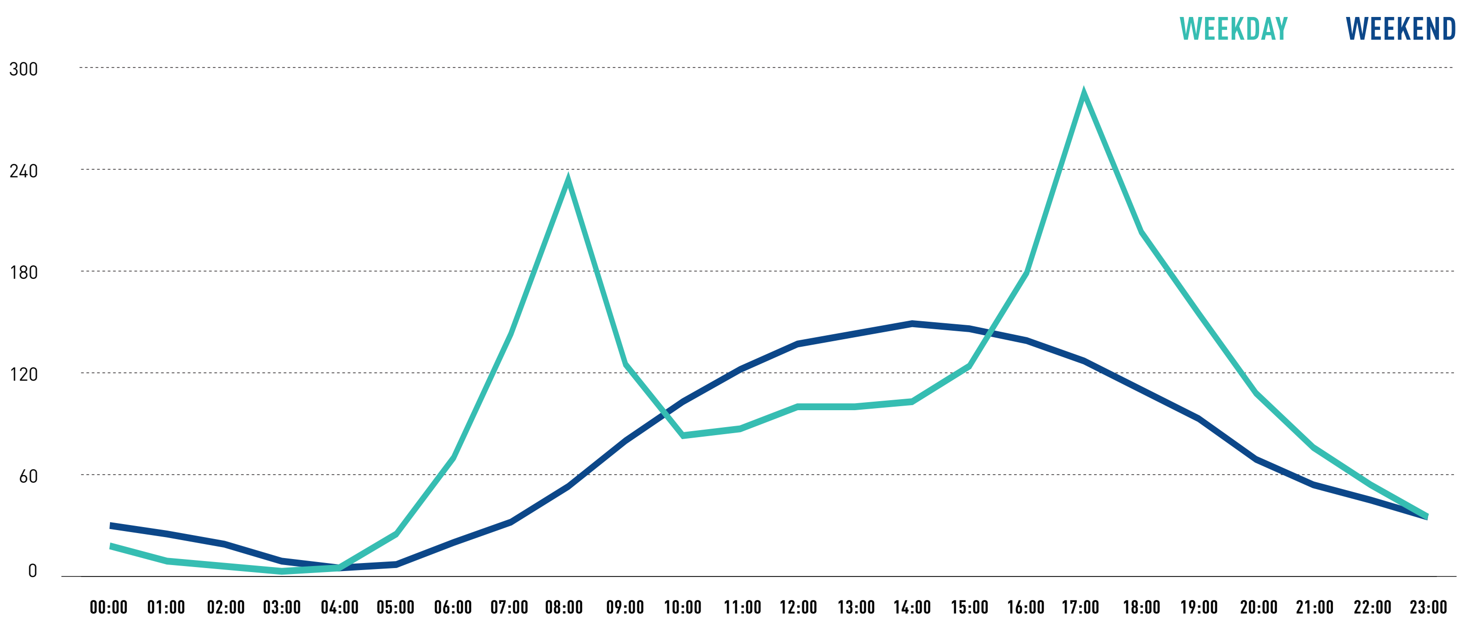


Source: Indego

INDEGO'S 1.9 MILLION TRIPS

ARE DRIVEN BY HIGH RIDERSHIP DURING MORNING AND EVENING WEEKDAY COMMUTES

INDEGO: AVERAGE DAILY RIDES BY HOUR, 2017



Source: Indego

Whole Foods Market | Matt Stanley

DOWNTOWN LIVING

Greater Center City has capitalized on the growing national preference for diverse, walkable, live-work-play neighborhoods and has become the fastest growing residential section of Philadelphia with an estimated 190,000 residents in 2017. In the last five years, 26% of all transplants to Philadelphia have moved to the downtown, including a sizable portion of the largest demographic group in the country, 20- to 34-year-olds. These millennials now constitute 40% of the population in the downtown.

The high concentration of young professionals in Center City makes it an attractive location for businesses. In Greater Center City, 61% of residents have a bachelor's degree or higher. Combined with the 15 colleges and universities in and around Greater Center City, this critical mass of talent is exercising a powerful draw on employers and retailers.

An expanding cohort of empty nesters is also driving downtown growth. Residents over 60 years old now make up 21% of the core Center City population and are driving demand for the high-end of the housing market. Living downtown offers older Philadelphians easy access to work, health care, arts and cultural institutions and hundreds of restaurants. For those who are retired, the downtown also offers a broad range of nonprofit organizations at which to volunteer and to support.

Greater Center City is also becoming the location of choice for growing numbers of families with children. In 2017, there were 41% more newborn Philadelphians in Greater Center City than there were in 2000. While home to fewer households with children than the rest of Philadelphia, 14% of Greater Center City households now include children. 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.

Data from the School District of Philadelphia show that 81% of students in public classrooms in Greater Center City come from the downtown, a significant increase from a decade ago. An equally important metric: while many Center City parents rely on the three independent schools in Center City and those elsewhere in the city and region, 75% of children in Greater Center City attend public school, comparable to the citywide average of 80%. Bolstered by active "friends" groups who are supplementing School District resources, enrollment in Greater Center City's public elementary schools continues to rise, up 9% since 2010 with overcrowding now becoming a challenge in some locations.

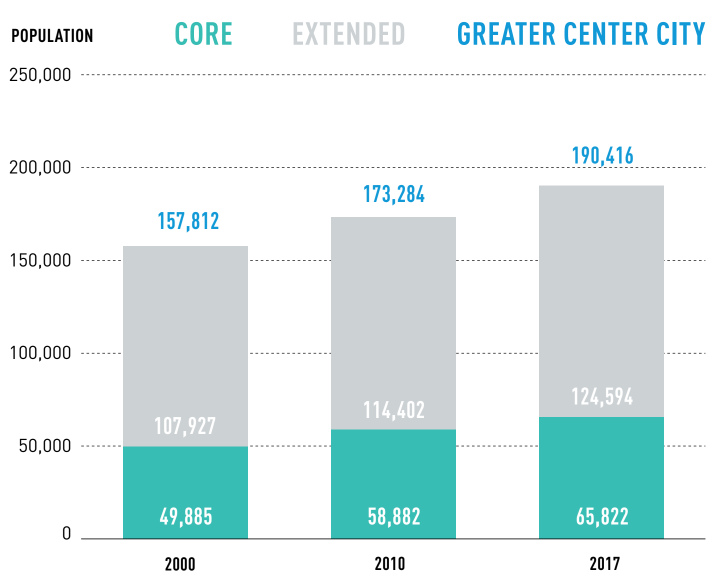
While 81% of suburban residents commute to work by car, 61% of residents in Greater Center City commute to work without a vehicle. Forty percent of Greater Center City residents work in Center City and 11% work in University City, which is easily accessible by public transit. Less reliance on vehicles significantly reduces the carbon footprint of downtown residents. The household carbon footprint for Greater Center City is 31 tCO2e/yr (metric tons of carbon dioxide equivalent per year) compared to 53 tCO2e/yr for suburban households, with transportation accounting for most of the difference.

With an expanding public and private investment in parks, recreational facilities and waterfront trails, all residents in Greater Center City live within a 10-minute walk of public green space — an amenity that most suburbanites can reach only by car. Greater Center City residents have access to 407 acres of urban parks and 4 miles of riverfront pedestrian and bike trails. The opening of the Rail Park in 2018 will bring a much needed and unique amenity to a reviving post-industrial neighborhood that previously lacked any recreational green space. Bartram's Mile and the South Street to Christian Street extensions opened along the Schuylkill River Trail in 2017. The Department of Transportation recently allocated a $12 million TIGER grant to connect Christian Street to the Schuylkill Crossing, which will complete the connection between Bartram's Mile and the Schuylkill Banks. This section, known as the Grays Ferry Crescent, is set to begin construction in 2018.

Residential demand in Greater Center City remains strong. In 2017, Greater Center City saw the completion of a record-high 1,916 apartment units. Apartment construction is expanding into the extended neighborhoods surrounding Center City, generally in areas near transit lines where higher density construction is allowed. In addition to apartments, 276 condominium units and 488 single-family homes were added to Greater Center City in 2017. Much of this for-sale construction is also occurring in the extended Center City neighborhoods as people who first moved to Philadelphia as students or young professionals look to buy homes and start families. The diversity of housing types and tenures allows residents to stay within the 8.5 square miles of Greater Center City as their needs change over time.

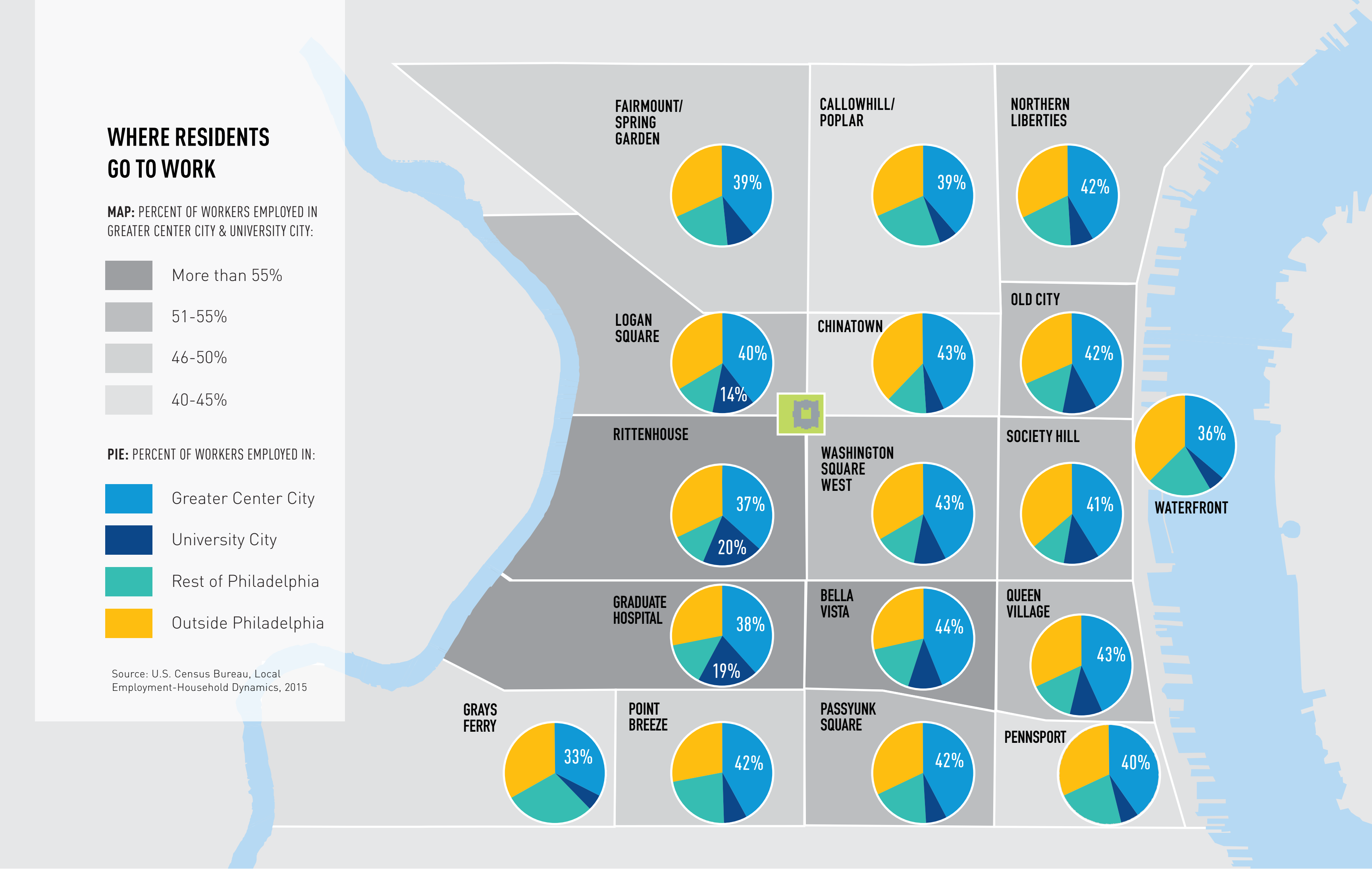
To sustain recent population growth, Center City needs to retain millennials and young families. Philadelphia will need more dynamic job growth and more certainty about long-term school funding to maximize the extraordinary competitive advantages that exist in Center City.

GREATER CENTER CITY POPULATION



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

GREATER CENTER CITY HAS BECOME THE FASTEST GROWING RESIDENTIAL SECTION OF PHILADELPHIA WITH AN **ESTIMATED 190,000 RESIDENTS IN 2017**

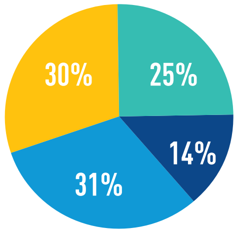


CENTER CITY IS BENEFITTING FROM A PRONOUNCED CONCENTRATION OF MILLENNIALS. RETAINING THEM AS THEIR CAREERS ADVANCE AND THEY FORM FAMILIES WILL YIELD LONG-TERM DIVIDENDS TO THE CITY

EDUCATIONAL ATTAINMENT, 25 AND OLDER

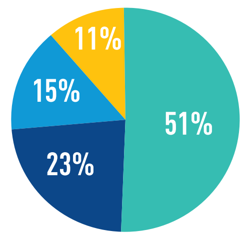
GREATER CENTER CITY

25%	HIGH SCHOOL OR LESS
14%	SOME COLLEGE
31%	BACHELOR'S
30%	ADVANCED



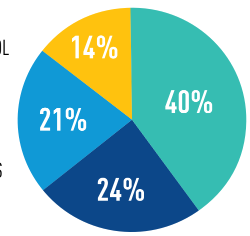
PHILADELPHIA

51%	HIGH SCHOOL OR LESS
23%	SOME COLLEGE
15%	BACHELOR'S
11%	ADVANCED



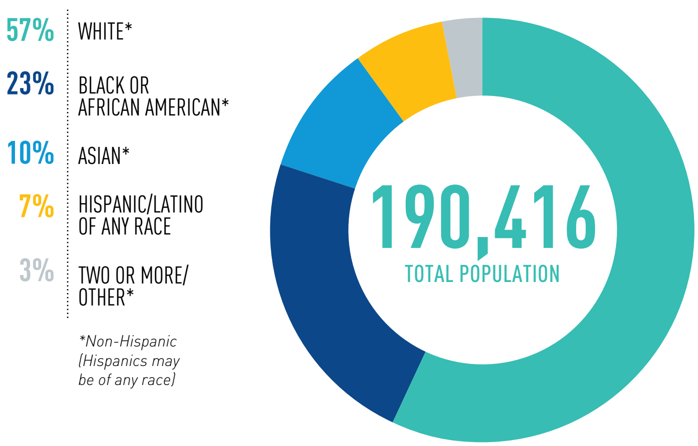
PHILADELPHIA METRO AREA

40%	HIGH SCHOOL OR LESS
24%	SOME COLLEGE
21%	BACHELOR'S
14%	ADVANCED



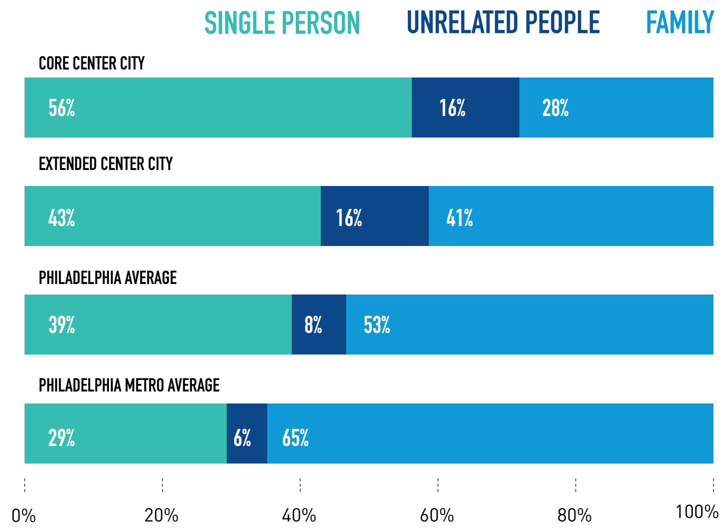
Source: US Census Bureau, American Community Survey 2012 - 2016

GREATER CENTER CITY RACIAL DIVERSITY



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

HOUSEHOLD TYPE



Source: US Census Bureau, American Community Survey 2012 - 2016

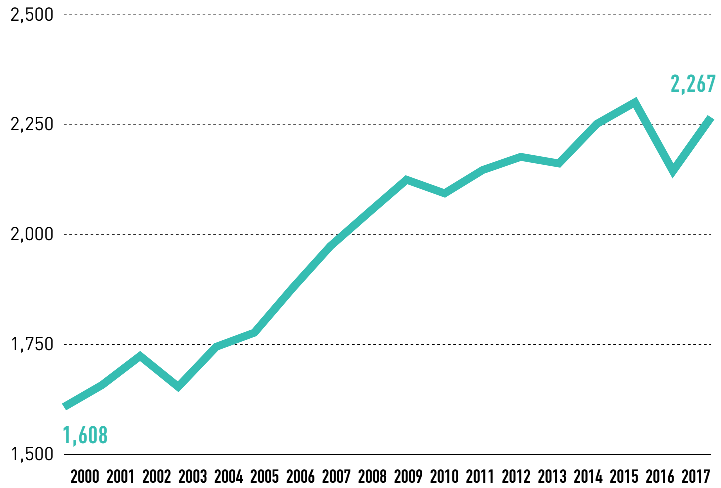
THE AVERAGE HOUSEHOLD INCOME IN THE CORE OF CENTER CITY IS 32% HIGHER THAN THE METRO AVERAGE WITH MORE THAN TWICE AS MANY COLLEGE GRADUATES

DEMOGRAPHIC COMPARISION CHART

	CORE CENTER CITY	EXTENDED CENTER CITY	PHILADELPHIA	PHILADELPHIA METRO
Average Household Size	1.6	2.3	2.6	2.6
Percent of Households with Children	7%	18%	27%	31%
Percent Ages 20-34	46%	37%	26%	21%
Percent 60 and Older	21%	15%	18%	20%
Percent Bachelor's or More	79%	51%	26%	36%
Average Household Income	$117,607	$85,163	$58,372	$88,881
Percent Commuting without a Car	70%	57%	41%	19%
Percent No Vehicle Households	45%	33%	31%	13%

Source: US Census Bureau, American Community Survey 2012 - 2016

BIRTHS TO GREATER CENTER CITY PARENTS, 2000–2017



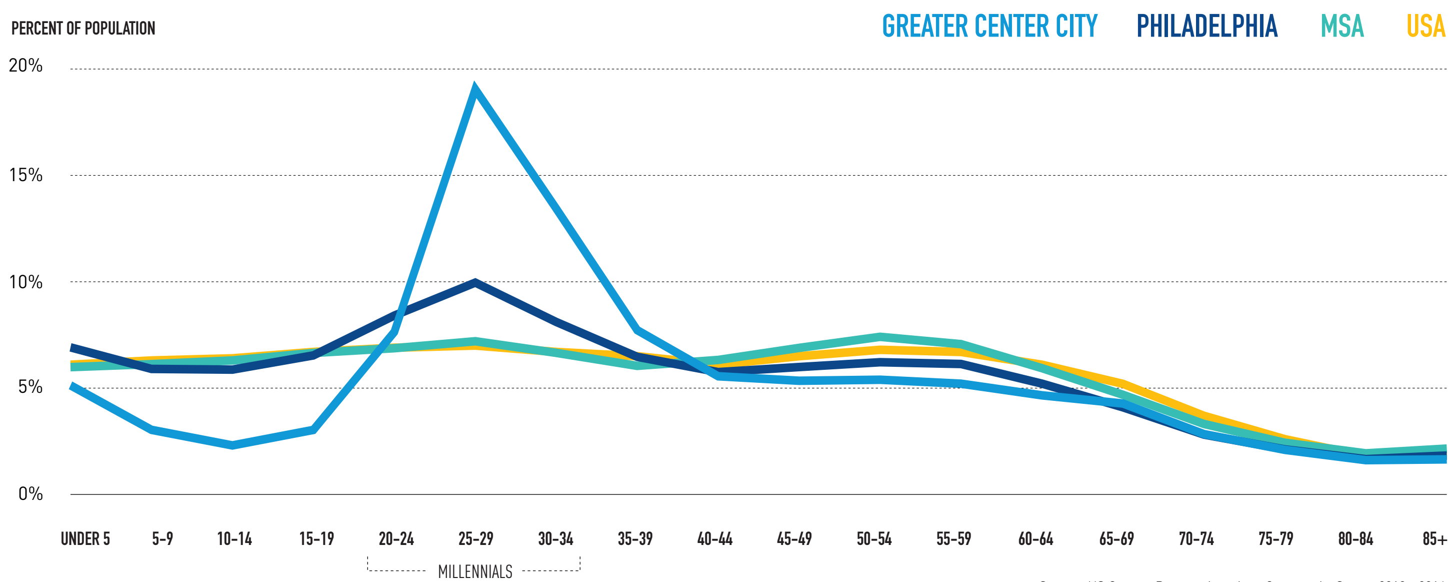
Source: Bureau of Health Statistics and Research, PA Department of Health; analysis by Philadelphia Department of Public Health

35,738

BABIES HAVE BEEN BORN TO GREATER CENTER CITY PARENTS SINCE 2000

POPULATION GROWTH DOWNTOWN IS DRIVEN BY A TIME-LIMITED MILLENNIAL PEAK THAT CAN ONLY BE SUSTAINED BY THE ATTRACTION AND RETENTION OF COLLEGE STUDENTS FROM OUTSIDE THE REGION AND THE RETENTION OF EXISTING RESIDENTS

COMPARATIVE AGE DISTRIBUTION

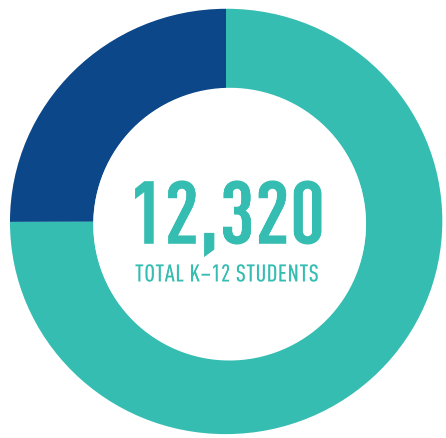


Source: US Census Bureau, American Community Survey 2012 - 2016

PHILADELPHIA K-12 EDUCATION ENROLLMENT

GREATER CENTER CITY

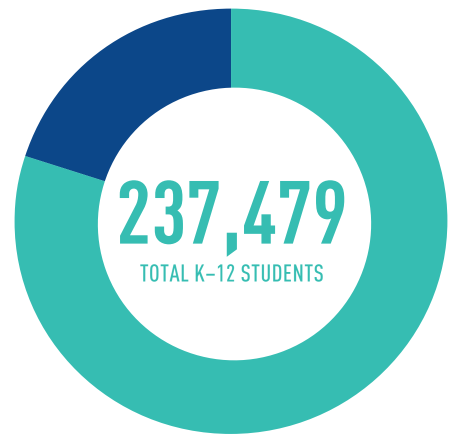
75% PUBLIC
25% PRIVATE



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

PHILADELPHIA

80% PUBLIC
20% PRIVATE



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

18% OF HOUSEHOLDS IN EXTENDED CENTER CITY NOW INCLUDE SCHOOL-AGE CHILDREN WHOSE PARENTS HAVE FORMED "FRIENDS" GROUPS THAT ARE ACTIVELY SUPPLEMENTING SCHOOL DISTRICT RESOURCES

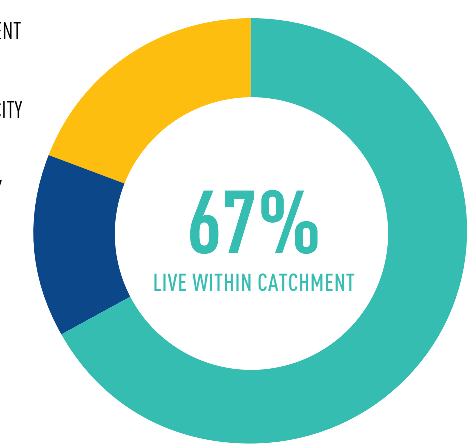
K-8 PUBLIC SCHOOL ENROLLMENT

SUMMARY OF ELEMENTARY SCHOOL ENROLLMENT	2010	2017	% CHANGE 2010 - 2017
Greater Center City Schools	7,555	8,210	9%
Schools Outside GCC	93,951	85,294	-9%
PHILADELPHIA	**101,506**	**93,504**	**-8%**

Source: Philadelphia School District

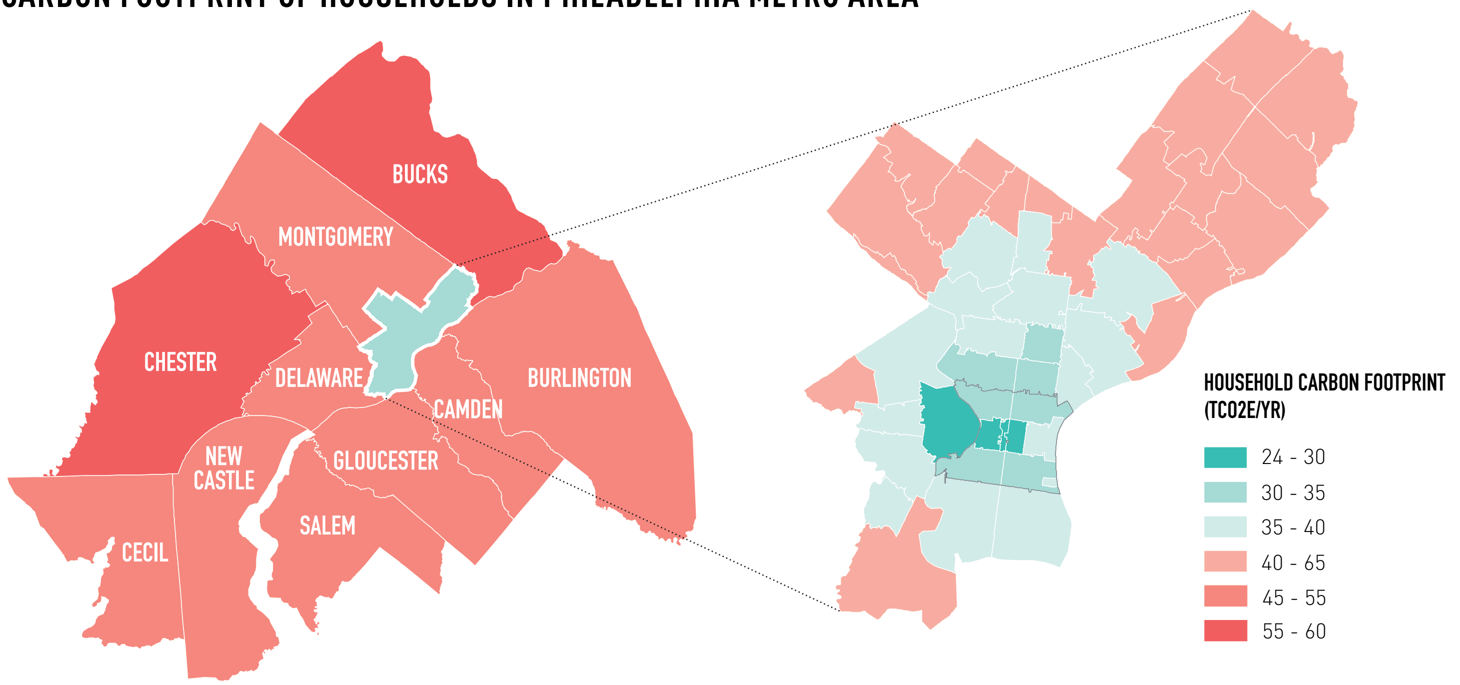
GREATER CENTER CITY K-8 PUBLIC SCHOOL ENROLLMENT BY STUDENT HOME

67% LIVE WITHIN CATCHMENT
14% LIVE ELSEWHERE IN GREATER CENTER CITY
19% LIVE OUTSIDE OF GREATER CENTER CITY



Source: 2017 Philadelphia School District

CARBON FOOTPRINT OF HOUSEHOLDS IN PHILADELPHIA METRO AREA

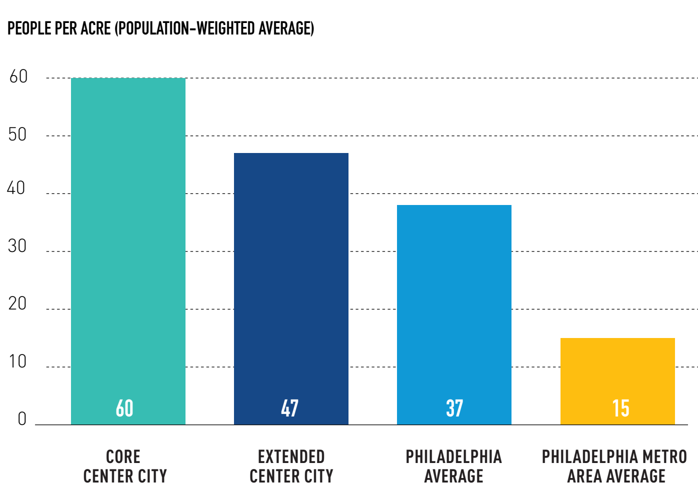


CARBON FOOTPRINT (TCO2E/YR)	TRANSPORTATION	HOUSING	FOOD	GOODS	SERVICES	TOTAL HOUSEHOLD CARBON FOOTPRINT
Core Center City	7	8	4	5	6	29
Greater Center City	7	10	5	4	5	31
Philadelphia	8	13	8	4	5	38
Surrounding Counties	17	15	8	6	7	53

Source: CoolClimate Maps, U.C. Berkeley Cool Climate Network

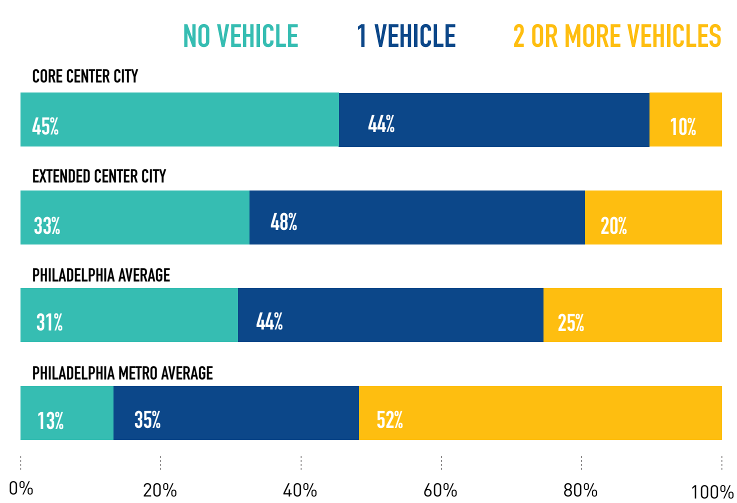
WITHIN GREATER CENTER CITY THERE ARE 407 ACRES OF URBAN PARKS AND 4 MILES OF RIVERFRONT WALKING AND CYCLING TRAILS

COMPARATIVE POPULATION DENSITY



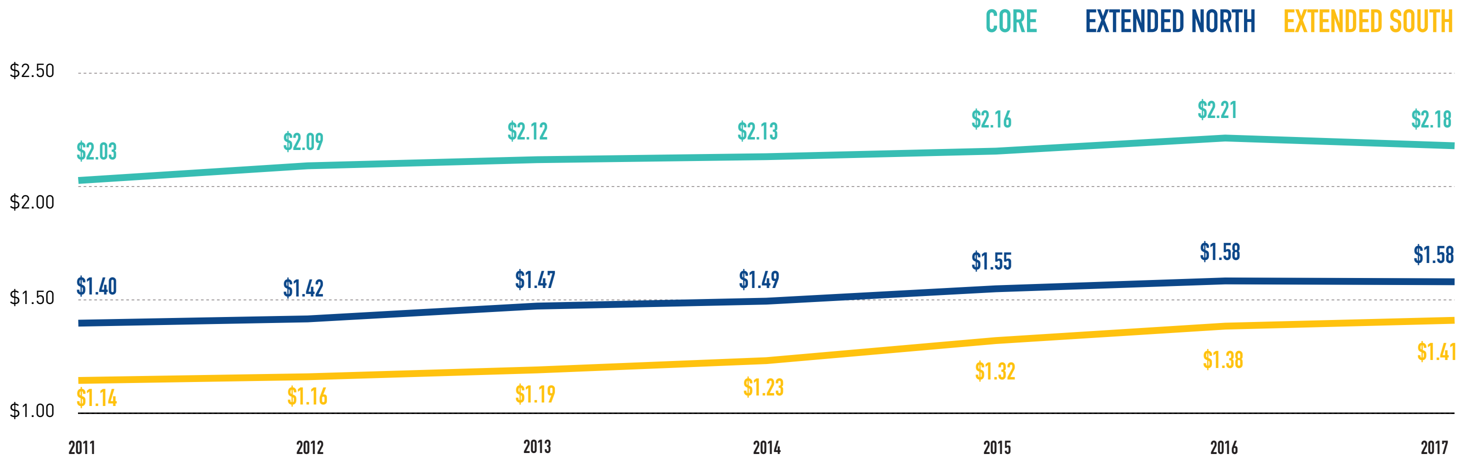
Source: US Census Bureau, American Community Survey 2012 - 2016

NUMBER OF VEHICLES PER HOUSEHOLD



Source: US Census Bureau, American Community Survey 2012 - 2016

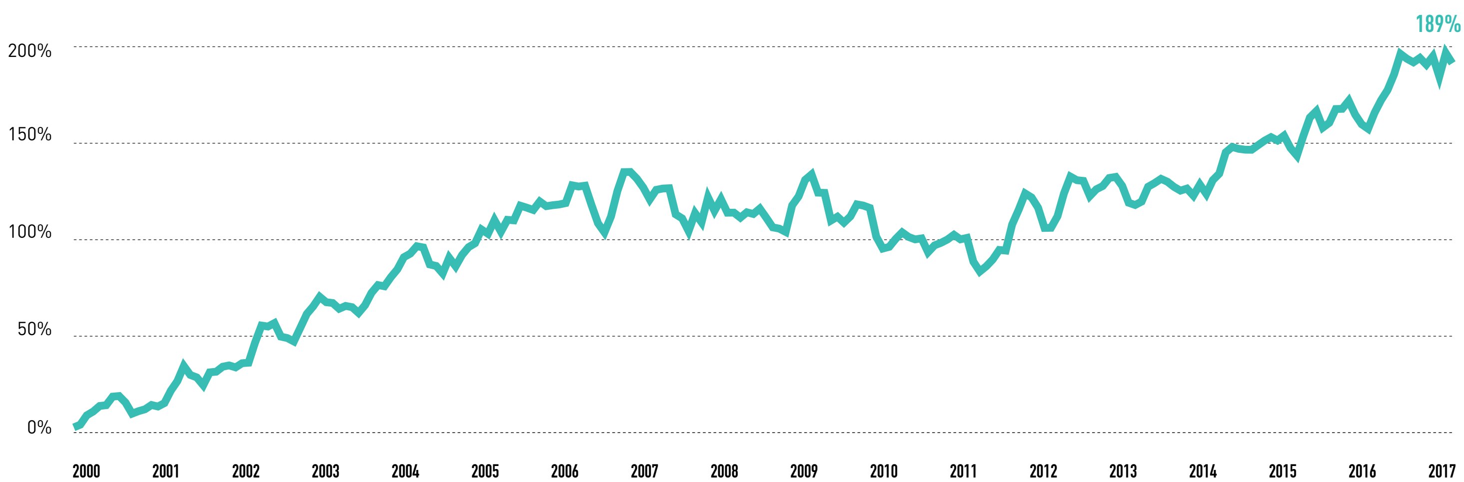
RENTS PER SQUARE FOOT, 2011–2017



Source: Zillow, Zillow Rent Index (ZRI)

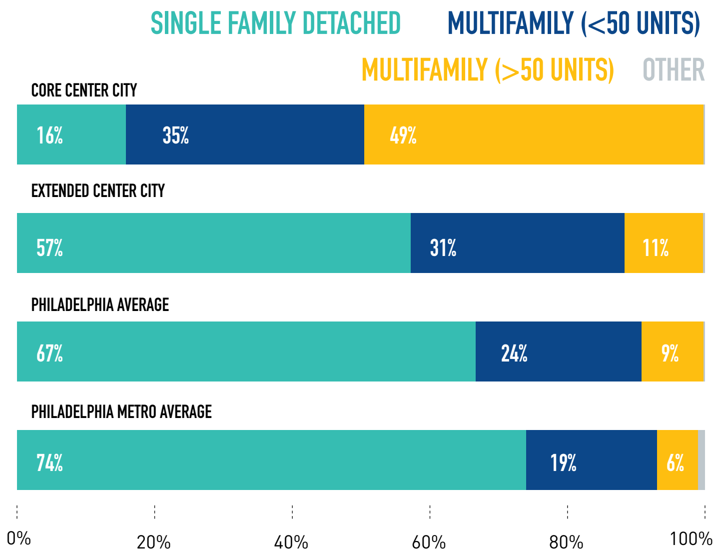
WHILE RENTAL RATES HAVE MODERATED, HOUSING VALUES HAVE STEADILY APPRECIATED BY **11% ANNUALLY SINCE 2000**

GREATER CENTER CITY PERCENT CHANGE IN HOUSE PRICES, 2000–2017



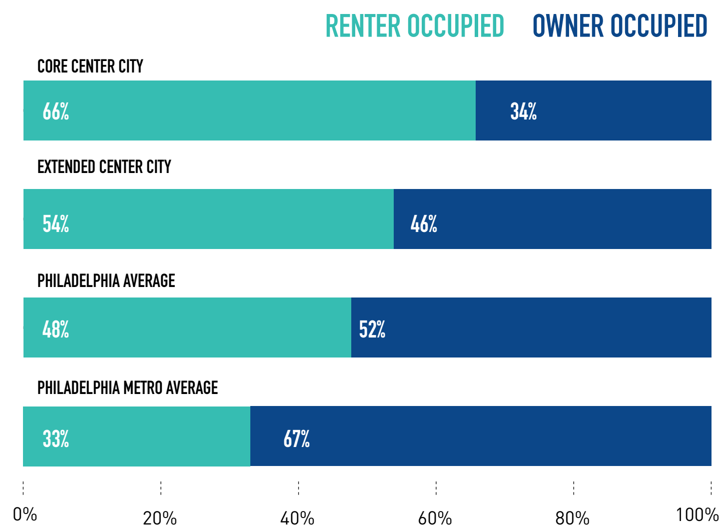
Source: Econsult Solutions, Philadelphia Housing Index

HOUSING UNIT TYPE



Source: US Census Bureau, American Community Survey 2012 - 2016

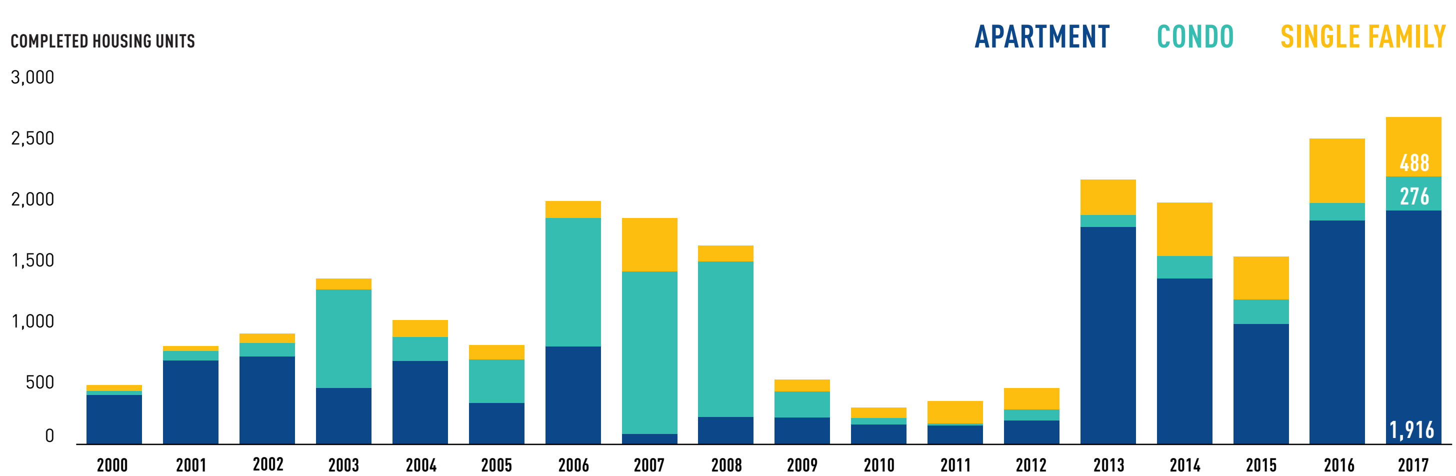
HOUSEHOLD TENURE



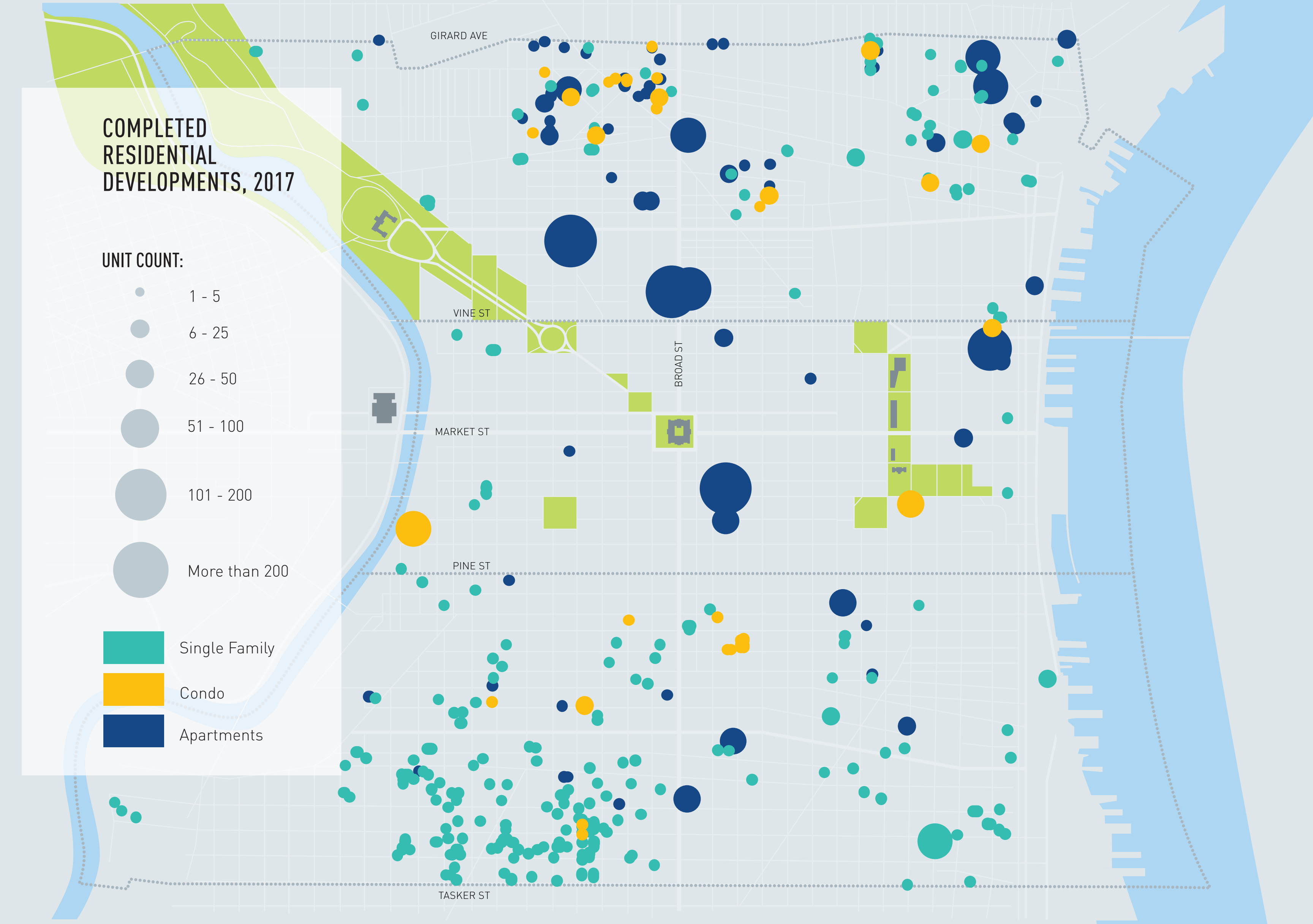
Source: US Census Bureau, American Community Survey 2012 - 2016

SINCE 2000, A TOTAL OF **23,385** NEW RESIDENTIAL UNITS HAVE BEEN ADDED IN GREATER CENTER CITY

GREATER CENTER CITY HOUSING COMPLETIONS, 2000–2017



Source: CCD/CPDC Developments Database



2,680 NEW UNITS OF HOUSING WERE COMPLETED IN GREATER CENTER CITY IN 2017 WITH 71% OF NEW SUPPLY CONSISTING OF RENTAL UNITS

Comcast Technology Center | We Film Philly

DEVELOPMENTS

Thirteen major development projects, totaling $1.2 billion, were completed in 2017 between Fairmount and Washington avenues, river to river. Another 35 projects of all types, totaling $4.8 billion in new investment, were under construction at the end of December 2017, while 21 more, totaling $2.9 billion, have been proposed and are still in the planning phases.

Of the 48 projects that were completed or under construction in 2017, more than half involve residential components: four are exclusively residential and 22 are mixed-use projects with a substantial residential component. Remaining projects include seven hospitality developments, six commercial/mixed-use projects, four public space improvements, as well as retail, healthcare, education, and cultural developments. All are categorized by type and are mapped on page 64.

Since 2000, Center City's population has increased 21%, as millennials, empty nesters, and families with children have chosen to live close to work as well as a broad range of dining, cultural and entertainment offerings. Developers are responding to the growing demand with mixed-use projects that include a wide variety of amenities. As of the end of 2017, 1,405 units were completed, with another 3,817 under construction. Of the latter, 66% are scheduled for completion in 2018, 18% in 2019 and the remainder in 2020.

A majority of the commercial development taking place is for the expansion or relocation of Fortune 500 companies with corporate headquarters in Center City. The largest development in the city's history is Liberty Property Trust's $1.5 billion Comcast Technology Center. The new tower, rising at 18th and Arch streets, adds 1.3 million square feet of trophy office space downtown, all of which is leased by Comcast. Aramark is relocating its headquarters from Market Street East to PMC Property Group's redevelopment of the former Marketplace Design Center, where the food services giant will occupy half of that 608,000-square-foot office building. Thomas Jefferson University will take possession of the space that Aramark is vacating. A smaller cluster of creative office and nontraditional workspaces are opening east of Broad Street, signaling a new interest in that rapidly improving side of Center City.

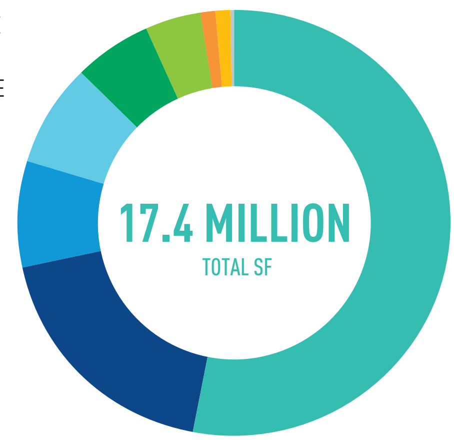
The continued growth of overnight visitation numbers is creating more demand for downtown hotel rooms. As of December 2017, six hotel projects were under construction, including a new Four Seasons, Cambria Hotel & Suites (completed in early 2018), Fairfield Inn and Suites, Hyatt Centric, W Hotel and Element by Westin. These projects will add more than 1,600 new hotel rooms, pushing the downtown supply close to 12,700 rooms by 2019.

The combined effect of sustained job growth, a growing residential population and increased overnight visitation has spurred several large-scale retail projects, such as Phase 1 of NRED's East Market project and Macerich and PREIT's redevelopment of The Gallery, both scheduled for completion in 2018. This brings total retail space that was completed or under construction in 2017 to 1.6 million square feet, with a majority located east of Broad Street, where there is room to accommodate the larger floor plates that big-box retailers prefer.

In addition to the developments map on page 64, a full-color PDF with renderings and descriptions of all 69 major developments is available at www.centercityphila.org/developments.

MAJOR DEVELOPMENTS COMPLETED AND UNDER CONSTRUCTION IN 2017 IN CENTER CITY BY TYPE AND SQUARE FOOTAGE

53%	RESIDENTIAL/MIXED-USE	9,231,915 SF
19%	COMMERCIAL/MIXED-USE	3,245,975 SF
8%	RETAIL	1,400,000 SF
8%	HOSPITALITY	1,381,246 SF
6%	RESIDENTIAL	973,199 SF
4%	HEALTHCARE & EDUCATION	759,656 SF
1%	PUBLIC SPACE	186,927 SF
1%	CULTURAL	169,000 SF
0.2%	GOVERNMENT & NON-PROFIT INSTITUTIONS	40,000 SF



Source: Developments Database 2017, Center City District

MAJOR PROJECTS COMPLETED AND UNDER CONSTRUCTION IN 2017 IN CENTER CITY

$6.1 BILLION
IN MAJOR DEVELOPMENTS

3,245,975 SF
OF COMMERCIAL/MIXED-USE

5,222
RESIDENTIAL UNITS

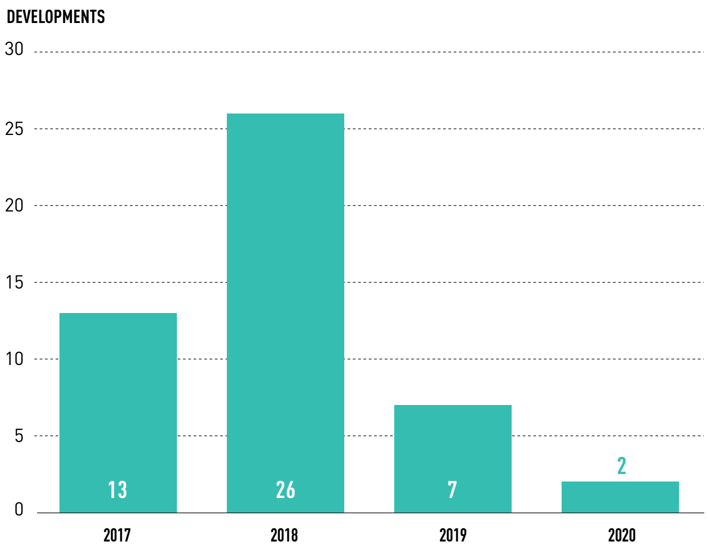
1,655,662 SF
OF NEW RETAIL

1,923
HOTEL ROOMS

Source: Developments Database 2017, Center City District

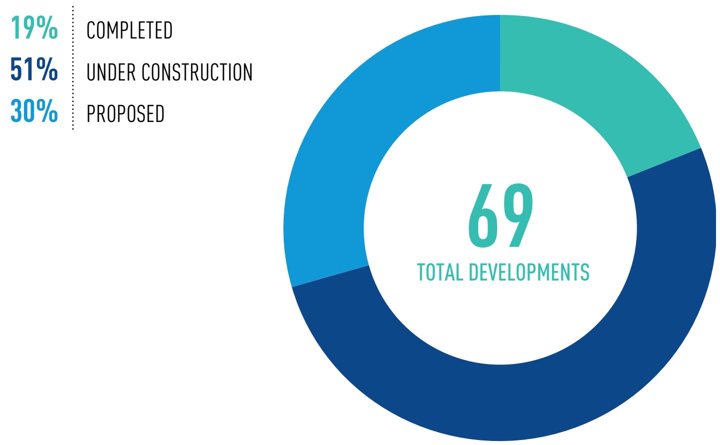
Note: Several of the projects included on the map had not yet announced completion dates, development costs, or square footage as of the end of Q4 2017. As a result, these figures are not included in the respective totals.

MAJOR DEVELOPMENTS COMPLETED AND UNDER CONSTRUCTION IN 2017



Source: Developments Database 2017, Center City District

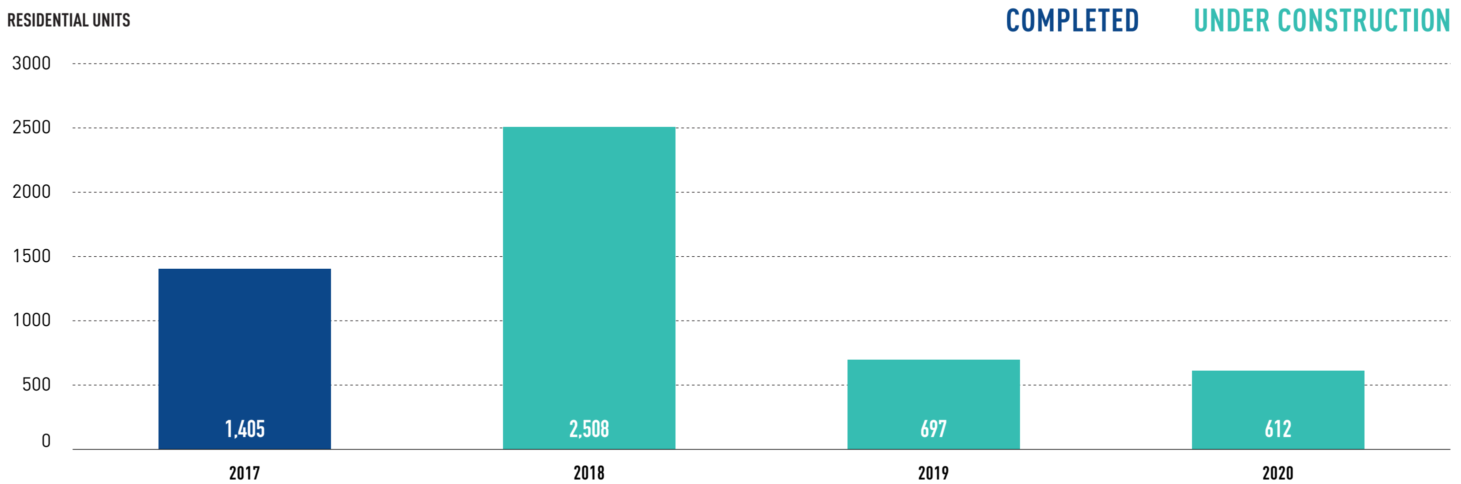
MAJOR DEVELOPMENTS IN CENTER CITY BY STATUS



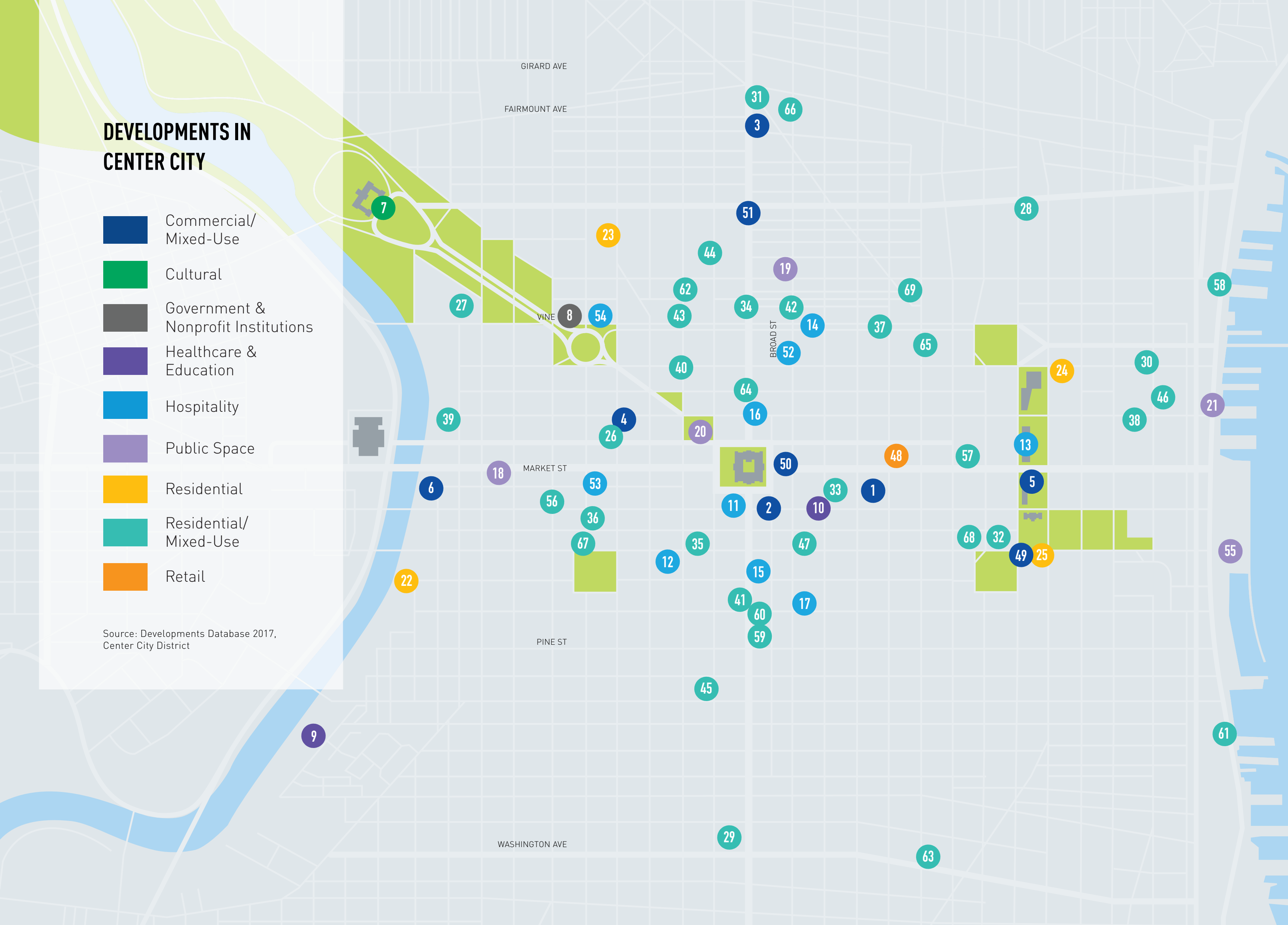
Source: Developments Database 2017, Center City District

A MAJORITY OF THE OFFICE DEVELOPMENT TAKING PLACE IS FOR THE EXPANSION OR RELOCATION OF FORTUNE 500 COMPANIES WITH CORPORATE HEADQUARTERS DOWNTOWN

DELIVERY OF RESIDENTIAL UNITS IN MAJOR DEVELOPMENTS COMPLETED OR UNDER CONSTRUCTION IN 2017 IN CENTER CITY



Source: Developments Database 2017, Center City District



PROPOSED MAJOR PROJECTS IN CENTER CITY

$2.8 BILLION
IN MAJOR DEVELOPMENTS

2,520,000 SF
OF COMMERCIAL/MIXED-USE

4,299
RESIDENTIAL UNITS

406,856 SF
OF NEW RETAIL

903
HOTEL ROOMS

PROJECTS COMPLETED OR UNDER CONSTRUCTION IN 2017

COMMERCIAL/MIXED-USE

1. The Steele Building
2. The Hale Building
3. Studebaker Building
4. Comcast Technology Center
5. Independence Collection
6. 2400 Market Street

CULTURAL

7. Philadelphia Museum of Art Expansion

GOVERNMENT & NONPROFIT INSTITUTIONS

8. The Free Library of Philadelphia Parkway Central Renovation

HEALTHCARE & EDUCATION

9. Children's Hospital of Philadelphia - Schuylkill Avenue Phase I
10. Thomas R. Kline Institute of Trial Advocacy

HOSPITALITY

11. W Hotel and Element by Westin
12. Hyatt Centric
13. Independence Visitor Center
14. Best Western Hotel Plus Philadelphia Convention Center
15. Cambria Hotel & Suites
16. Aloft Hotel
17. Fairfield Inn and Suites by Marriott

PUBLIC SPACE

18. 22nd and Market Memorial
19. Rail Park, Phase 1
20. John F. Kennedy Plaza/LOVE Park
21. Cherry Street Pier

RESIDENTIAL

22. One Riverside
23. NorthxNorthwest
24. 401 Race Street
25. 500 Walnut

RESIDENTIAL/MIXED-USE

26. The Sterling
27. Park Towne Place
28. SoNo
29. Lincoln Square
30. Bridge
31. Divine Lorraine
32. The Curtis
33. East Market
34. Hanover North Broad
35. The Beacon
36. The Harper
37. Eastern Tower Community Center
38. 218 Arch Street
39. River Walk
40. One Franklin Tower
41. 1401 Spruce Street
42. Heid Building
43. The Alexander
44. The Hamilton
45. Royal Theater
46. The National
47. 1213 Walnut

RETAIL

48. Fashion District Philadelphia

PROPOSED PROJECTS

COMMERCIAL/MIXED-USE

49. The Washington
50. 1301 Market Street
51. 510 North Broad

HOSPITALITY

52. Marriott AC
53. Pod Philly
54. Kimpton Hotel

PUBLIC SPACE

55. Penn's Landing

RESIDENTIAL/MIXED-USE

56. 2012 Chestnut
57. Lits Tower
58. Renaissance Plaza
59. Broad + Pine
60. SLS LUX Philadelphia Hotel & Residences
61. Pier 34/35 South
62. 1600 Callowhill
63. 9th and Washington
64. 142 North Broad
65. 800-830 Vine Street Master Development
66. 1300 Fairmount
67. The Laurel
68. 702 Sansom
69. 900-934 Callowhill

Center City District Street Cleaning | Matt Stanley

CENTER CITY DISTRICT

For 27 years, the Center City District has worked in tandem with Central Philadelphia Development Corporation to ensure that Center City is clean, safe, and attractive and to serve as a vehicle for private sector research, advocacy and leadership in guiding development and public-private investment in the downtown.

Within the district, there are 138 uniformed sidewalk cleaners and supervisors working seven days a week, cleaning sidewalks and removing graffiti and thousands of stickers and posters from ground floor façades, light poles, buildings and street furniture. Additionally, they are responsible for the cleanliness of all CCD parks and, through contracts with SEPTA, they clean and maintain the Suburban and Jefferson rail stations. Through contracts with civic associations, they also clean four surrounding residential neighborhoods. As a result of their work, two-thirds of respondents to the CCD's 2017 customer satisfaction survey rated Center City as 'much cleaner' than other Philadelphia neighborhoods.

The CCD deploys 42 uniformed Community Service Representatives (CSRs) who work in partnership with the Philadelphia Police Department to serve as eyes on the street, to provide hospitality services to visitors, workers, and residents, and to offer outreach services to the homeless. Since 1993, the combined deployment of more than 110 public and private uniformed security has contributed to a 44% reduction in the number of serious crimes in the district, including an 86% drop in thefts from autos. CSRs also engaged in 159,342 sustained conversations with individuals within the district in 2017. Overwhelmingly, these conversations provided information and directions, but a full 15% were related to public safety and security issues.

Eighty percent of respondents to the customer satisfaction survey noted they feel safe while in Center City. Among the top priorities for improving safety downtown are a reduction in the number of panhandlers and individuals sleeping on the street.

Through consumer marketing, the CCD works year-round to position Center City as the region's premier retail destination. During typically slow weeks in midwinter and at the end of summer, Center City District's *Restaurant Week*, with its specially-priced offerings, draws huge volumes of city and suburban residents as well as students. Diners spent more than $22 million at participating restaurants in 2017, reflecting the popularity of the program and its impact on the local economy. In 2017, the CCD also launched *Shop Center City*, a campaign that promotes Center City's unique retail offerings to local shoppers in order to increase market share and sales at downtown stores (www.shopcentercityphilly.com).

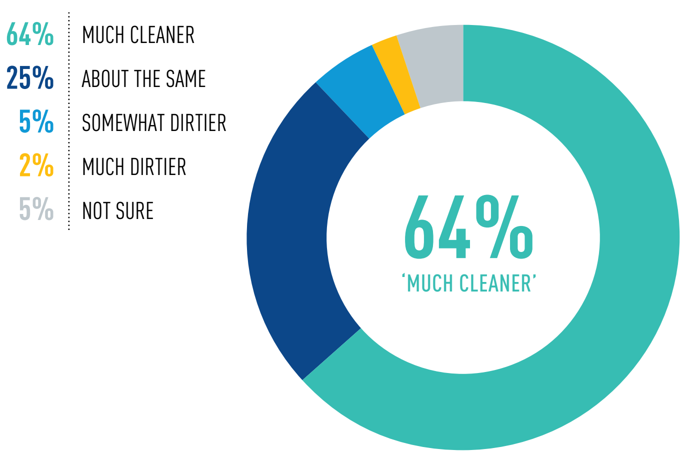
The CCD continues to maintain and update $146 million in capital improvements it has made to the District in the last two decades. This includes the cleaning and updating of 646 pedestrian and vehicular directional signs, 240 transit portal signs, 85 bus shelter maps, and 55 interpretive signs along the Benjamin Franklin Parkway. The CCD also ensures Center City is well-lit, maintaining 237 of the 2,189 pedestrian light poles installed in the district (the Philadelphia Streets Department services the remainder). Twenty-three sculptures, 12 Parkway building façades, and 12 Avenue of the Arts color-changing building façades are all illuminated and maintained through CCD investments.

The CCD also maintains 750 trees, including 154 in CCD's four parks, and maintains 323 planters on-street and within CCD parks. In 2017 CCD also planted 260 vines, shrubs and perennials and 4,600 bulbs in its parks.

Center City District's four parks all experienced growth in the number of events held in their spaces during 2017. John F. Collins Park saw the largest jump in events attendance with the addition of the Chaddsford Wine Garden on Fridays throughout the summer. Dilworth Park hosted over 200 events in 2017, ranging from brand activations, awareness programming for nonprofit organizations, gardening workshops for adults and children, and free group fitness sessions. Dilworth Park was visited by more than 10 million people in 2017, including a record-breaking 1,272,590 visitors in the month of December alone. During the winter season, 58,000 skaters enjoyed the Rothman Institute Ice Rink, and another 210,000 visitors explored the America's Garden Capital Maze. New in 2017 at Dilworth Park was the Deck the Hall Light Show presented by Independence Blue Cross and co-produced by 6abc. Designed by Klip Collective, the West Market Street portal of City Hall was illuminated and with a choreographed light show to welcome the holiday season. The new attraction helped Dilworth Park, which was a barren plaza devoid of visitors prior to its renovation in 2012, experience its highest-ever average weekend pedestrian counts to date.

In 2018, the CCD Foundation (CCDF) is fundraising for the completion of Phase I of the Rail Park opening and the public art installation, *Pulse* at Dilworth Park. The CCDF is the fundraising affiliate of the CCD that further enables the CCD's commitment to Center City's public spaces. For more information on CCDF's initiatives, visit www.supportccdf.org.

CLEANLINESS OF CENTER CITY SIDEWALKS VS. OTHER PARTS OF PHILADELPHIA



Source: 2017 Customer Satisfaction Survey, Center City District

138

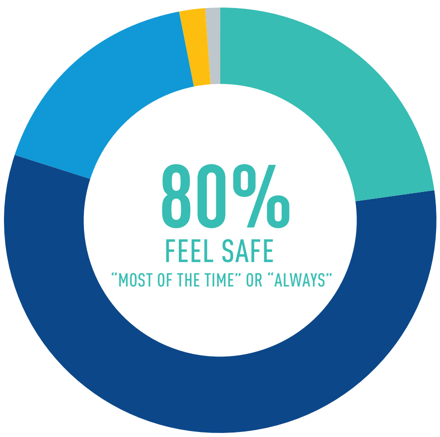
UNIFORMED CLEANING PERSONNEL AND SUPERVISORS

394

GRAFFITI TAGS REMOVED FROM BUILDING FAÇADES

PERCEPTIONS OF SAFETY IN CCD

23% I ALWAYS FEEL SAFE
57% I FEEL SAFE MOST OF THE TIME
17% I OCCASSIONALY FEEL UNSAFE
2% I OFTEN FEEL UNSAFE
1% NOT SURE



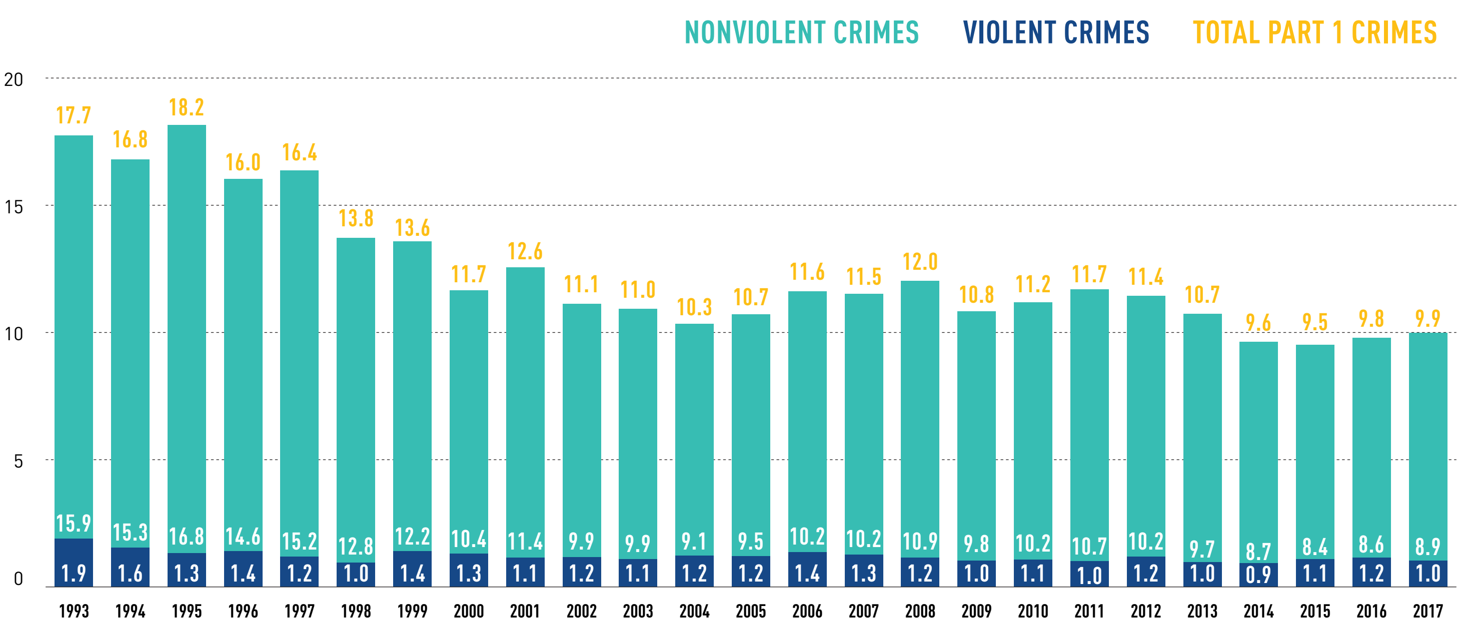
Source: 2017 Customer Satisfaction Survey, Center City District

CENTER CITY HAS EXPERIENCED A SIGNIFICANT REDUCTION IN CRIME IN THE LAST 23 YEARS

(23-YEAR CHANGE, 1993-2017)

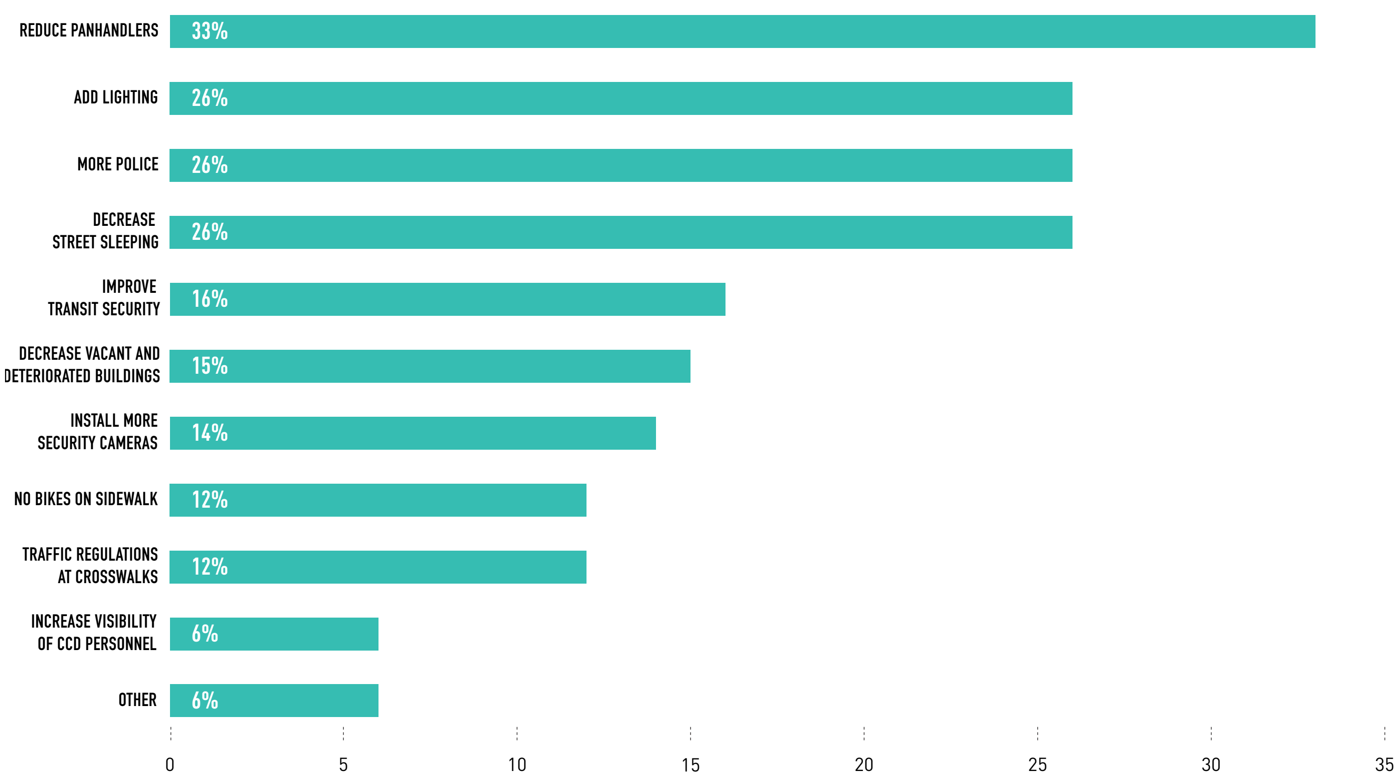
-86% THEFT FROM AUTO
-42% RETAIL THEFT
-44% SERIOUS CRIMES

PART 1 CRIMES PER DAY IN THE CENTER CITY DISTRICT, 1993–2017



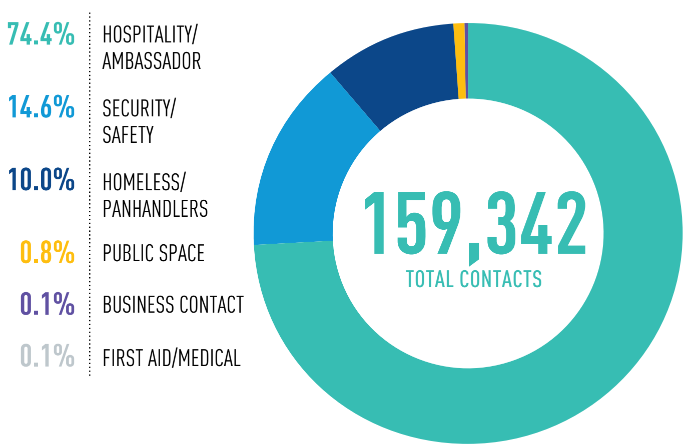
Source: Philadelphia Police Department

SUGGESTED CHANGES TO IMPROVE SAFETY IN CENTER CITY

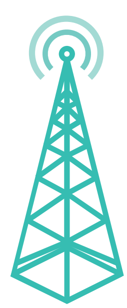


Source: 2017 Customer Satisfaction Survey, Center City District

COMMUNITY SERVICE REPRESENTATIVE CONTACTS



Source: 2017 Daily Activity Logs, Center City District



225

ALERTS SENT

3,765

INDIVIDUALS, BUSINESSES OR ORGANIZATIONS RECEIVING ALERTS

110+

POLICE OFFICERS AND COMMUNITY SERVICE REPRESENTATIVES STAND JOINT ROLL CALL AND COORDINATE DEPLOYMENT

CENTER CITY DISTRICT STREETSCAPE ASSETS, 2017

1,313 LANDSCAPING

750	STREET TREES
323	PLANTERS
86	HANGING BASKETS
154	TREES IN 4 PARKS

1,283 SIGNS

430	PEDESTRIAN DIRECTIONAL SIGNS
257	DISKMAP SIGNS
240	TRANSIT PORTAL SIGNS AT 84 PORTAL ENTRANCES
216	VEHICULAR DIRECTIONAL SIGNS
85	BUS SHELTER MAP SIGNS
55	PARKWAY INTERPRETIVE SIGNS

3,482 ART IN TRANSIT ADS

3,164	BANNERS
168	POSTERS
150	DIGITAL PROMOTIONS INSTALLED

1,090 STREET FURNITURE

45	ADJUSTABLE HONOR BOX CORRALS
27	FIXED (IN-GROUND) HONOR BOX CORRALS
17	ON-STREET BIKE RACKS
32	PARK BIKE RACKS
31	PARK BENCHES
766	ON-STREET BOLLARDS
18	STREETSCAPE BENCHES
154	BANNER POLES

2,900 LIGHT FIXTURES

2,189	PEDESTRIAN LIGHT POLES*
75	CITY HALL LIGHTING - 10 LOCATIONS
64	LIGHT FIXTURES ILLUMINATING 23 SCULPTURES
12	LIGHTED PARKWAY BUILDING FAÇADES
446	LIGHT FIXTURES ON 12 AVENUE OF ARTS BUILDING FAÇADES
114	LIGHT FIXTURES ILLUMINATING 3 UNDERPASSES

*Reflects total number of pedestrian light poles installed since 1996. Of these, CCD maintains 237 light poles. The remainder are maintained by the Philadelphia Streets Department.

CENTER CITY DISTRICT STREETSCAPE MAINTENANCE, 2017

STREET LANDSCAPING	
Trees Pruned	185
Trees Replaced	57
Shrubs, Perennials, & Vines Planted	260
Bulbs Planted	4,600
LIGHTING	
Pedestrian Light Poles Repaired	5
Pedestrian Poles Relamped	45
Parkway Sculpture Lights Relamped	16
Parkway Façade Lights Replaced	5
Avenue of the Arts Façade Light Fixtures Replaced	12
SIGNS	
Wayfinding Signs Cleaned	241
Wayfinding Signs Replaced	2
Wayfinding Signs Updated	21
Transit Portal Signs Cleaned	57
Parkway Signs Cleaned	26
Bus Shelter Signs Cleaned	26
CCD PARKS	
Shrubs, Perennials, & Grasses Planted	2,730
Trees Planted	18
Trees Pruned	70
Bulbs Planted	19,200
Benches Refurbished	31
OTHER	
Newspaper Corrals Serviced	116
Pedestrian Poles Cleaned	48
Bike Racks Cleaned	12
Bus Shelter Signs Installed	26
Streetscape Benches Cleaned	6
Planter Pots Cleaned (Graffiti)	6
Bollards Cleaned	14
Banner Poles Reinstalled/Replaced	3
Banner Poles Cleaned	57
Big Belly Trash Cans Cleaned	3,094

Source: Center City District

EVENTS HOSTED IN CENTER CITY DISTRICT PARKS IN 2017

DILWORTH PARK	**72**
Social (Tented)	12
Brand Activation	28
Community Access Program	15
Other	17
SISTER CITIES PARK	**12**
Athletic	6
Picnic Permit	3
Social	3
JOHN F. COLLINS PARK	**33**
Wine Garden	16
Wedding/Engagement	13
Social	3
Brand Activation	1

Source: Center City District

IN 2017, DILWORTH PARK HOSTED 59 PUBLIC EVENTS AND 13 PRIVATE EVENTS THAT CLOSED A PORTION OF THE PARK FOR ONLY 3.5% OF THE PRIME, OPEN HOURS OF THE PARK BETWEEN 9 A.M. AND 7 P.M.

Dilworth Park, Rothman Institute Ice Rink, 2017 | Matt Stanley

58,000 ICE SKATERS

AT DILWORTH PARK IN 2017

210,000 VISITORS

TO AMERICA'S GARDEN CAPITAL MAZE AT DILWORTH PARK IN 2017

41,647 PEDESTRIANS

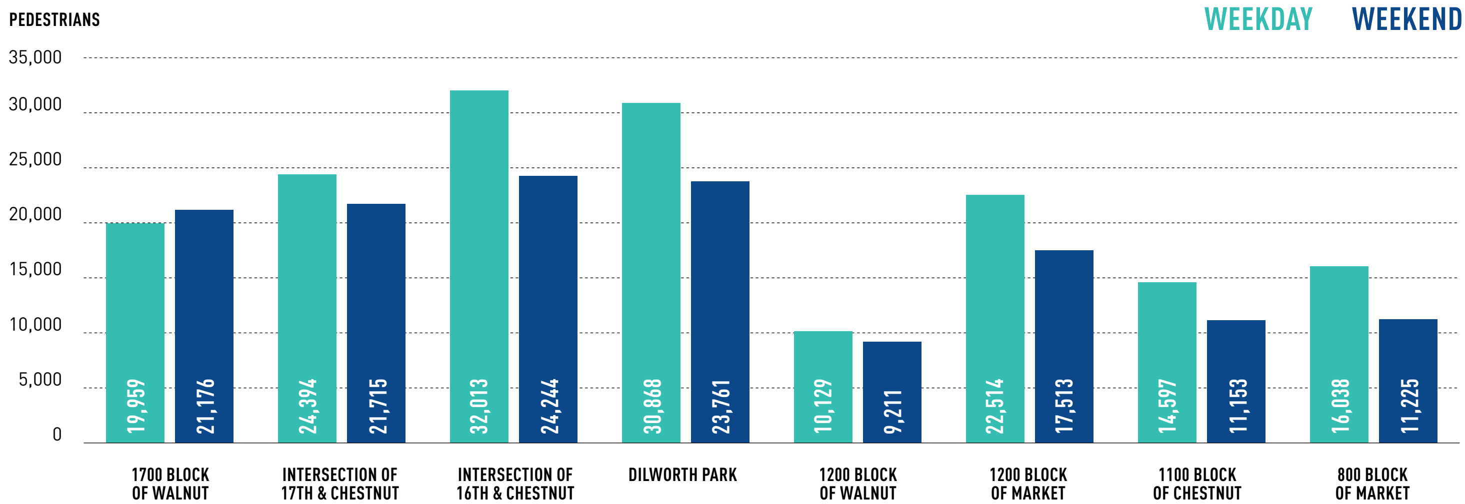
PER WEEKEND DAY ENTERED DILWORTH PARK IN DECEMBER 2017

ANNUAL VISITORS TO DILWORTH PARK

2015: 8,698,000
2016: 9,621,200
2017: 10,036,200

Dilworth Park, Winter 2017 | Peter Tobia

AVERAGE DAILY PEDESTRIAN ACTIVITY BY WEEKDAY/WEEKEND, 2017



Source: Eco-Counter, Placemeter and Motionloft Pedestrian Counts; Center City District

70% OF SURVEY RESPONDENTS

COME TO CENTER CITY TO DINE; 57% COME TO SHOP; AND MORE THAN HALF COME TO VISIT CULTURAL INSTITUTIONS AND EVENTS

CENTER CITY DISTRICT'S RESTAURANT WEEK GENERATED

$22M IN ECONOMIC IMPACT FOR CENTER CITY

CENTER CITY DISTRICT CAPITAL INVESTMENTS, 1997–2017

PROJECT	YEAR	CCD FUNDS	FEDERAL	CITY	STATE	FOUNDATIONS	OTHER DONORS	TOTAL
Center City Streetscape	1997-98	$21,000,000		$5,000,000				$26,000,000
Market East Streetscape	2000			$7,500,000				$7,500,000
Office District Lighting	2002	$2,300,000		$400,000			$300,000	$3,000,000
City Hall Façade Lighting	2004	$135,000		$140,000			$525,000	$800,000
Logan Circle Pedestrian Access	2004					$1,500,000		$1,500,000
Parkway Lighting	2004-05				$2,220,000	$3,000,000	$30,000	$5,250,000
3 Parkway Plaza, Phase I	2005						$450,000	$450,000
City Hall Holiday Lighting	2005	$400,000						$400,000
Pedestrian Lighting	2005	$1,250,000		$400,000		$35,000	$215,000	$1,900,000
Bus Shelter Signs	2006-07				$109,200			$109,200
Aviator Park	2006-07		$1,750,000					$1,750,000
Dilworth Plaza, Design	2006-10	$1,555,900				$1,701,900	$151,500	$3,409,300
City Hall Portal Lighting	2007			$125,000				$125,000
Honor Box Corrals	2007	$14,000					$86,000	$100,000
Parkway Signs	2007			$2,600		$450,000	$70,000	$522,600
Pedestrian Lighting	2007	$347,000		$390,000			$365,000	$1,102,000
Sculpture Lighting	2007					$10,000		$10,000
South Broad Lighting, Phase I-IV	2007-12				$350,000	$1,219,000	$1,015,900	$2,584,900
3 Parkway Plaza, Phase II	2008	$516,000			$1,320,000		$42,000	$1,878,000
Transit Portal Signs, Phase I-IV	2008-13	$146,200			$433,300	$587,000	$514,100	$1,680,600
2nd Street Civic Improvements	2009			$955,000				$955,000
Chestnut Park, Phase I	2009					$91,900		$91,900
Delaware River Trail	2009			$250,000		$323,000		$573,000
TreeVitalize	2009				$100,000			$100,000
Chestnut Park, Phase II	2010					$210,500		$210,500
Sister Cities, Phase I	2010	$66,100					$186,500	$252,600
LED Lighting 21st, 22nd, 23rd Street Underpasses	2010-11	$94,000					$40,000	$134,000
Chestnut/John F. Collins Park	2011	$14,700				$190,000	$1,400	$206,100
Sister Cities, Phase II	2011	$53,700	$388,700		$1,985,900	$393,700		$2,822,000
Pedestrian Lighting	2011-12	$196,400		$1,788,700			$405,900	$2,391,000
Dilworth Park, Design & Construction	2011-14	$15,764,230	$15,000,000	$5,750,000	$16,350,000	$1,826,285	$6,066,226	$60,756,741
Reading Viaduct, Phase 1	2011-14	$75,631		$750,000		$32,649		$858,280
John F. Collins Park	2012	$8,733						$8,733
Sister Cities, Phase III Completion	2012-13	$153,600	$1,117,100		$503,900	$551,900	$10,000	$2,336,500
City Hall Lighting Improvement	2012-14			$142,332				$142,332
Bus Shelter Signs	2013				$46,238			$46,238
Pedestrian Lighting	2014			$30,820				$30,820
Dilworth Park Construction	2015	$2,088,811			$23,801	$28,055		$2,140,667
City Hall Gates	2015	$2,393		$1,425,435		$50,000		$1,477,828
City Hall Gates Lighting	2016			$228,500			$414,717	$643,217
Rail Park Phase 1	2015-17			$2,800,000	$4,125,300	$2,447,500	$723,173	$10,095,973
City Hall Gates Lighting	2017			$286,777				$286,777
Dilworth Park - Pulse	2017						$10,000	$10,000
TOTAL		**$46,182,398**	**$18,255,800**	**$28,365,164**	**$27,567,639**	**$14,648,389**	**$11,622,416**	**$146,641,806**

Source: Center City District

This annual report is produced by a dedicated team of Center City District staff working consistently over the course of many months. The *State of Center City 2018* team includes Casandra Dominguez, Director of Business Attraction and Retention; Garrett Hincken, Director of Research and Transportation Policy; Joanna Joye, Research Assistant; JoAnn Loviglio, Director of Communications and Publications; Emily Seeburger, Research Analyst; Bonnie Thompson, Director of Web Development and Interactive Marketing; and R.J. White, Manager of Interactive Marketing, and was designed by team members Amy Yenchik, CCD's Creative Director, and by Graphic Designers Michael Choi and Tran La.

THE ENTIRE DOCUMENT, INDIVIDUAL SECTIONS AND MANY ADDITIONAL REPORTS PRODUCED BY THE CCD THROUGHOUT THE YEAR CAN BE DOWNLOADED FROM WWW.CENTERCITYPHILA.ORG. BULK COPIES OF THIS REPORT ARE ALSO AVAILABLE FOR SALE.

INFORMATION SOURCES

Aimco
Alliance Partners HSP
Alterra Property Group
Amtrak
Barnes Foundation
Brickstone Realty Corporation
Brown Hill Development
Carl Marks & Co.
Chestlen Development
Children's Hospital of Philadelphia
City of Philadelphia
Comcast Corporation
Curtis Institute of Music
Cushman & Wakefield
DataArts
Delaware River Waterfront Corporation
DIGSAU
Dranoff Properties
Drexel University
Eastern State Penitentiary
EB Realty Management Corporation
Eco-Counter
Econsult Solutions
EZ Park
Forest City Residential Group
FringeArts
Hines
Independence Visitor Center Corporation
Interact Theater
Jeffrey M. Brown Associates
JKRP Architects
JLL
JNA Capital, Inc.
Keystone Property Group
KIMCO
Kimmel Center for the Performing Arts
Lubert-Adler
Midwood Investment & Development
MIS Capital
Moore College of Art
MotionLoft
MRP Realty
Mural Arts
National Constitution Center
National Housing Preservation Database
National Real Estate Development
Newmark Knight Frank (National)
Newmark Knight Frank (Philadelphia)
Nightingale Group
NJ Transit
Opera Philadelphia
Parkway Corporation
PATCO
Pearl Properties
Peirce College
Penn State Center (Philadelphia)
Pennrose Properties
Pennsylvania Academy of the Fine Arts
Pennsylvania Ballet
Pennsylvania Convention Center
Philadelphia Chamber Music Society
Philadelphia Chinatown Development Corporation
Philadelphia Convention & Visitors Bureau
Philadelphia Department of Public Health
Philadelphia History Museum
Philadelphia International Airport
Philadelphia Museum of Art
Philadelphia Parks & Recreation
PKF Consulting
Placemeter
PMC Property Group
Post Brothers
PREIT
Priderock Capital Partners, LLC
Property Reserve, Inc
Radnor Property Group
Realen
Robert Roskamp
School District of Philadelphia
SEPTA
Southern Land Company
Temple University
The Buccini/Pollin Group
The Free Library of Philadelphia
The Goldenberg Group
The Wankawala Organization
The Workforce Institute
Thomas Jefferson University
Toll Brothers
University of Pennsylvania
US Bureau of Economic Analysis
US Bureau of Labor Statistics
US Census Bureau
Visit Philadelphia
Wilma Theater
Zillow

CCD/CPDC PUBLICATIONS

Outdoor Seating (2017)
Philadelphia Retail (2017)
Housing Development in Perspective: 2018 (2018)
Keep Philadelphia Moving (2018)

A complete list of CCD and CPDC publications is available at www.centercityphila.org. For more information, call 215.440.5500 or email info@centercityphila.org

Ernest E. Jones, Esquire
Ejones Consulting, LLC

Richard H. Kenwood ✦
BOMA

Robert D. Lane, Jr., Esquire
Stevens & Lee P.C.

Drew Murray
Logan Square Neighborhood Association

Randall L. Scott
Coretrust Capital Partners, LLC

Peter C. Soens
SSH Real Estate

Christophe P. Terlizzi
KeyBank Real Estate Capital

Tina Byles Williams
FIS Group

Joseph S. Zuritsky
Parkway Corporation

**Nominee*

✦*Ex Officio*

CPDC BOARD

Edward M. D'Alba, P.E.
Urban Engineers, Inc. - Chairman

James R. Pearlstein
Pearl Properties, LLC - President

Tracy Maeter
JPMorgan Chase - Vice President

H. Hetherington Smith
Savills Studley - Vice President

John P. Derham
Secretary

Christophe P. Terlizzi
KeyBank Real Estate Capital - Treasurer

Marc D. Brookman
Duane Morris LLP - Emeritus

Julian P. Rackow
Blank Rome LLP - Emeritus

David G. Marshall
Amerimar Realty Company -
Immediate Past Chairman

Robert D. Lane, Jr., Esquire
Stevens & Lee, P.C. - Emeritus

Ira A. Brown
M&T Bank

Mark T. Celoni, P.E.
Pennoni

Heather Crowell
Pennsylvania Real Estate Investment Trust

Romulo L. Diaz, Jr.
PECO Energy Company

Harold Dichter
ARAMARK Corporation

Daniel M. DiLella
Equus Capital Partners, Ltd.

John J. Donnelly
L.F. Driscoll Co., LLC

Mark A. Duffy
Firstrust Bank

Antonio Fiol-Silva, FAIA, AICP, LEED AP BD+C
SITIO architecture + urbanism

John S. Gattuso
Liberty Property Trust

Joseph W. Healy, AIA, LEED AP BD+C
WRT, LLC

Branton Henderson
Bank of America, North America

Peter Kelsen
Blank Rome LLP

Alan C. Kessler, Esquire
Duane Morris LLP

Bradley A. Krouse, Esquire
Klehr, Harrison, Harvey, Branzburg LLP

Shawn McCaney
William Penn Foundation

Matthew N. McClure, Esquire
Ballard Spahr LLP

Mark P. Merlini
Brickstone Realty

Anne Papageorge, RLA
University of Pennsylvania

Shari L. Reams-Henofer, JD, CFA
PNC Bank

Mark L. Silow, Esquire
Fox Rothschild LLP

Eric L. Stern, Esquire
Morgan Lewis & Bockius LLP

Frederick D. Strober, Esquire
Saul Ewing Arnstein & Lehr LLP

Robert W. Walters
CBRE, Inc.

Joseph S. Zuritsky
Parkway Corporation

CCDF BOARD

Gerard H. Sweeney
Brandywine Realty Trust - Chairman

Christophe P. Terlizzi
KeyBank Real Estate Capital - Treasurer

Richard Vague
Gabriel Investments - Secretary

Mariska K. Bogle
Philadelphia Hospitality

John J. Connors
Brickstone Realty Corporation

Michael C. Foreman
Franklin Square Capital Partners

Julie Coker Graham
Philadelphia Convention & Visitors Bureau

James L. Paterno
Stockton Real Estate Advisors

Jane Scaccetti
Drucker & Scaccetti

ERRATA

www.centercityphila.org/socc

660 CHESTNUT STREET PHILADELPHIA, PA 19106 | 215.440.5500 | **CENTERCITYPHILA.ORG**

The Center City District (CCD), Central Philadelphia Development Corporation (CPDC) and Center City District Foundation (CCDF) work together to enhance the vitality and competitiveness of Philadelphia's downtown. In 1991 the business leadership organization CPDC created the CCD business improvement district to deliver daily services with the goal of making Center City clean and safe. This helped transform Center City into a vibrant 24-hour downtown, attractive to businesses, residents, students, shoppers and tourists.