



## CENTER CITY REPORTS

# Restaurant and Retail Recovery: Slow, Steady, but Fragile

OCTOBER 2020

CENTER CITY DISTRICT,  
CENTRAL PHILADELPHIA DEVELOPMENT CORPORATION

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Retailers, restaurants and service businesses in Center City, largely dependent on face-to-face interaction with customers, are steadily rebounding from significant challenges from the pandemic that confront firms globally. **In mid-June, only 54% of ground and second floor retail, restaurant and service businesses within the Center City District were open. By late-September, the number had increased to 79%. Most notably, the number of premises that boarded up in the spring steadily declined from 276 in June to just 56 at the end of September.**

Pedestrian volumes on Center City sidewalks have steadily risen from just 33% of prior year counts throughout the summer to 42% by the end of September. The gradual return of sidewalk vitality is helping to restore thousands of jobs in the retail and restaurant sectors.

### LONG-TERM REVIVAL INTERRUPTED:

At the beginning of 2020, Philadelphia's downtown retail, restaurant and service establishments were thriving, benefiting from almost 30 years of expanding consumer demand from office workers, residents, students, tourists and convention attendees. More than 90 national brands had opened in Center City in the prior five years, but local retail still made up more than 75% of the total tenant mix. More than 1.6 million square feet of new retail space opened

in 2018 and 2019, largely concentrated in the historic department store corridor on Market Street east. At the end of 2019, 11% of the retail premises within the District were vacant.<sup>1</sup>

The cumulative impact of the mandatory, COVID-19 shutdown of workplaces in mid-March, the curtailment of public transit service, the suspension of conventions and tourism and days of civil unrest and property damage — all had taken a severe toll by mid-June. Many businesses boarded up damaged facades, awaiting evaluation by insurance adjusters. A huge backlog from heightened demand across the city caused reinstallation of display windows to take weeks. Other businesses that had experienced no damage boarded up their facades as a defensive measure. The number of plywood covered storefronts in the District increased from 61 in April, prior to the civil unrest, to 276 in mid-June, reinforcing an image of abandonment and distress.

In July and August, the Commonwealth of Pennsylvania and the City of Philadelphia incrementally relaxed restrictions, allowing for the gradual reopening of retailers and restaurants. Recovery accelerated, following City approvals for socially distanced dining in curbside lanes ("streeteries") and for expanded sidewalk seating. By early September, the City had approved street closures on weekends at 12 locations throughout Philadelphia.<sup>2</sup> Within the boundaries of the CCD, weekend street closures substantially expanded seating

<sup>1</sup> For a complete overview of the state of the retail market at the end of 2019. [www.centercityphila.org/uploads/attachments/ck3qpzh4j0lh33j3qd3r7imvg9-ccd-2019-retail-web.pdf](http://www.centercityphila.org/uploads/attachments/ck3qpzh4j0lh33j3qd3r7imvg9-ccd-2019-retail-web.pdf)  
Maps on pages 3 and 5 show the District's boundaries.

<sup>2</sup> The City's list of current street closures is available at [www.phila.gov/2020-09-18-outdoor-dining-approved-weekend-street-closures/](http://www.phila.gov/2020-09-18-outdoor-dining-approved-weekend-street-closures/)

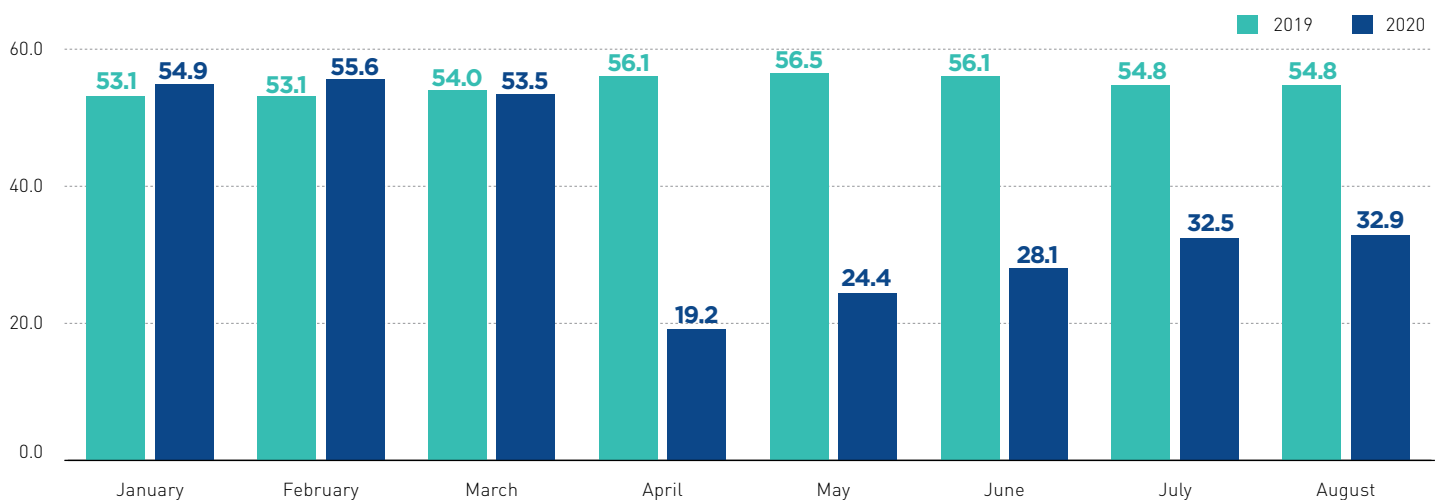
capacity on 13th and 18th streets, Juniper Street, Drury Lane, the 1500 block of Sansom Street and on the 1100 block of Filbert Street adjacent to the Reading Terminal Market. Elsewhere in Center City, street closures occurred in Old City and in the South Street Headhouse District area. By mid-September, restaurants were allowed to serve customers indoors at 25% of licensed capacity. By October, the City raised the indoor limit to 50% of full capacity.

In January, prior to the pandemic, Philadelphia had 54,900 jobs citywide in the food services sector and 49,300 jobs in the retail industry. These jobs were highly concentrated in Greater Center City, which provided 46% of citywide accommodation and food service jobs and 22% of all Philadelphia retail employment.<sup>3</sup> Between February and April, food services shed 36,400 jobs citywide (a decline of 65.5%), while retail jobs declined by just 2,500 (5.1%). However, this modest decline is somewhat misleading because it is a net number. Many stores selling clothing and sporting goods, home furnishings and consumer electronics closed and laid off employees. Others like grocery and drug stores, building supplies and big box retailers like Home Depot, Walmart and Target, actually increased employment from February to August.<sup>4</sup> As the restrictions on business

relaxed, employment levels gradually rose through the summer, with an increase of 800 jobs in the retail industry and 13,700 jobs in food services between April and August.

To track the recovery of Center City's retail, restaurant and service economy, CCD conducted two surveys of the 1,884 premises within the boundaries of the District: the first in mid-June, the second from mid- to late September. Surveyors noted the type of business, whether it was open or closed, if operating hours were posted, if windows were boarded and if there was outdoor seating.

## TOTAL JOBS PHILADELPHIA — FOOD AND DRINKING PLACES (IN THOUSANDS)



Note: August numbers are preliminary and subject to change

Source: Bureau of Labor Statistics, Current Employment Statistics (not seasonally adjusted).

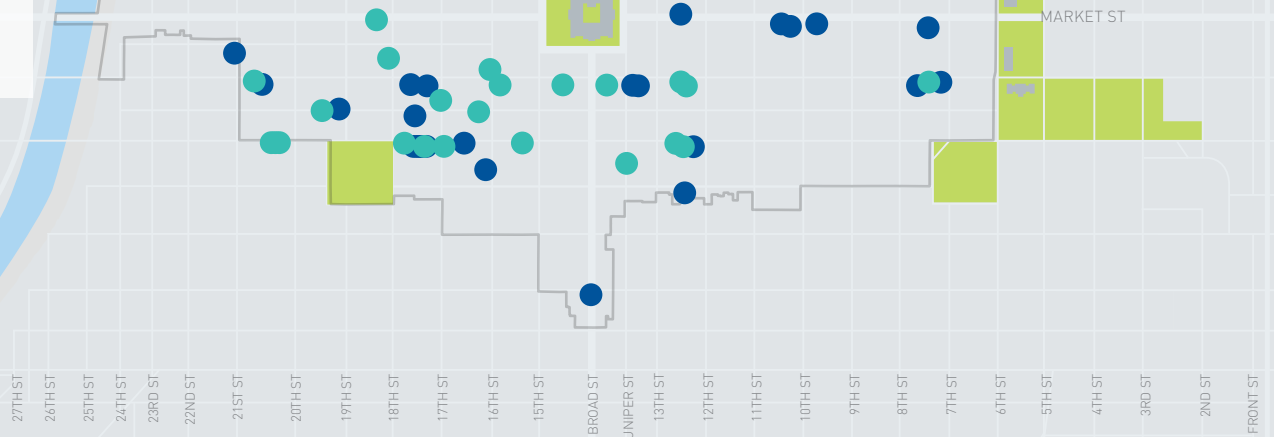
3: US Census Bureau, Longitudinal Employer Household Dynamics, 2017.

4: Nationally, total retail employment declined by only 3%. Source: Bureau of Labor Statistics, Current Employment Statistics.

## BOARDED UP PROPERTIES IN CENTER CITY DISTRICT, SEPTEMBER 2020

- Storefront
- Vacancy
- CCD Boundary

Source: Center City District



## SURVEY FINDINGS:

Surveyors distinguished between businesses that were closed, fully open to customers, or partially open - defined as restaurants providing only takeout or outdoor seating; retailers offering curbside pickup or open only by appointment; service establishments open only by appointment or providing online services. In June, 646 (34%) of 1,884 premises were closed; 569 (30%) were fully open; 452 (24%) were partially open; and 212 (11.2%) were vacant. By September, the number of closed businesses declined to 350 (19%), fully open businesses increased to 781 (41%), and partially open businesses increased to 538 (29%). The number of vacant locations increased slightly, from 212 to 216 (11.5%).

Positive trends are evident in each major business type. Between June and September, the number of fully or partially open restaurants increased from 352 to 460; among retailers, the number jumped from 340 to 440; and among service businesses, from 329 to 419.<sup>5</sup> In September, 93 (20%) of open restaurants were fully open, as were 394 (90%) of open retailers, and 294 (70%) of open service businesses.<sup>6</sup>

Of the 350 businesses that were closed in September, 62 (18%) appeared permanently closed, while surveyors noted within many temporarily closed businesses construction activity in preparation for reopening.

Another sign of progress was the decline in the number of boarded-up storefronts, which dropped from 276 in June to 56 at the end of September. Adding 33 more premises that were vacant and boarded before the pandemic brings the total count of boarded properties to 88 in the District.



Where store windows are still boarded up, CCD has installed original graphic artwork as a temporary measure.

<sup>5</sup>: Service businesses include banks, gyms, salons and laundry services, as well as some first and second floor offices for lawyers and doctors.

<sup>6</sup>: Restaurants were counted as fully open if they offered some volume of indoor seating. At the time of the survey, restaurants were required to limit indoor seating to 25% of capacity.



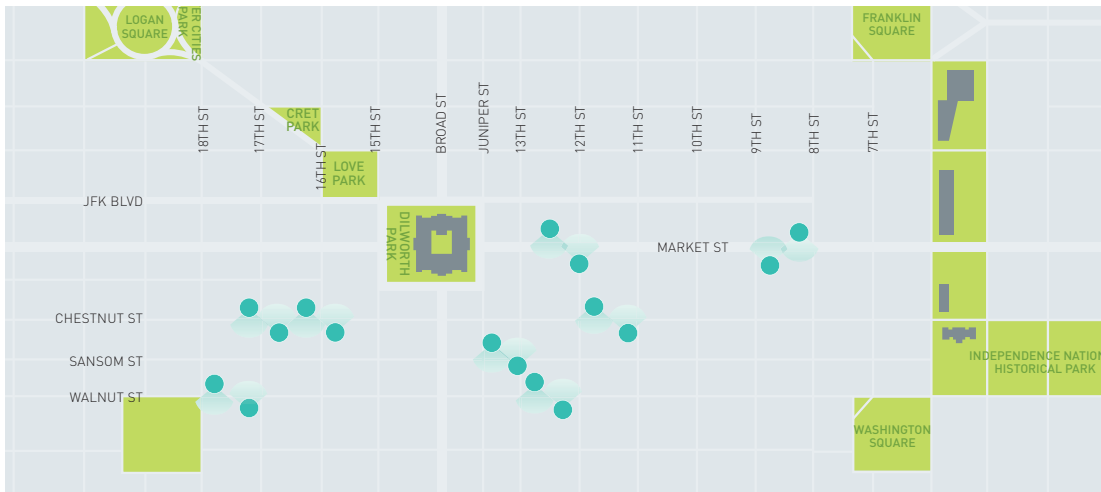
## PEDESTRIAN VOLUMES:

For almost a decade, CCD has managed 20 digital pedestrian counters installed at strategic locations within retail areas, as well as along two blocks in the office district.<sup>7</sup> Since the week following the shutdown, pedestrian volumes have more than doubled, and rose by 40% since June, from an average of 54,855 in June to 90,813 per 24-hour day at the end of September. Nonetheless, counts are still only at 42.4% of the volumes during the same week in 2019. Most tellingly, in the office district they are only at 22% of 2019 levels. Until a larger portion of the 127,000 office workers (40.6% of downtown employees) return to their desks, until a greater share of administrative and professional staff at hospitals, colleges and

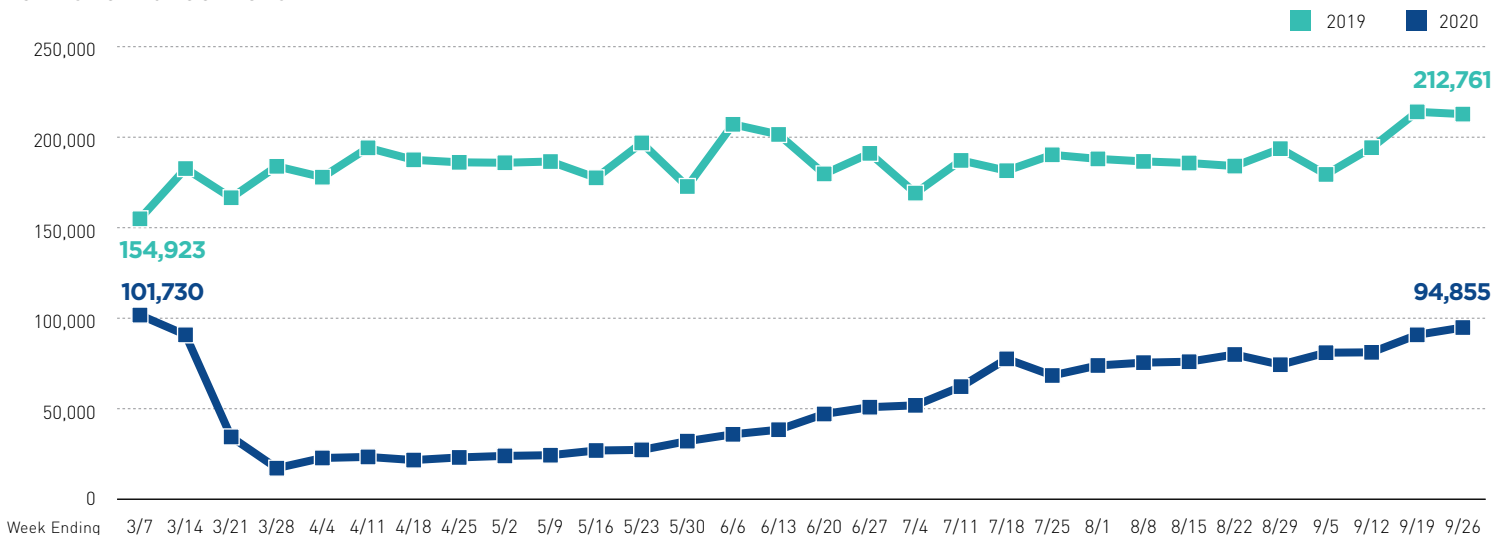
universities (60,400 jobs) return downtown, until performing arts institutions reopen and our 13,000 hotel rooms begin to refill, Center City retail, restaurant and service establishments are going to be challenged.

Greater Center City has 193,000 residents, 67,000 of whom live in the core between Vine and Pine streets.<sup>8</sup> If one adds to these residents in the core an estimated 10% of workers who have been at their desks downtown through the summer, plus that portion of the college students who returned in September to take classes remotely, plus a diminished share of city and regional residents who come into downtown to shop and dine, collectively these groups constitute no more than 20% to 30% of the volume of pre-pandemic, downtown consumer demand.

## OUTDOOR LOCATIONS FOR 24 HOUR PEDESTRIAN COUNTERS



## CENTER CITY AVERAGE DAILY PEDESTRIANS BY WEEK TOTALS FOR 20 LOCATIONS



<sup>7</sup> The digital cameras record pedestrian movements on both sides of the block but for privacy reasons no visual images are recorded or preserved.

<sup>8</sup> Residents of the extended neighborhoods of Greater Center City, between Vine Street and Girard Avenue and between Pine Street and Tasker Street now benefit from a series of thriving retail corridors and new grocery stores that enable them to be less dependent on the downtown than residents of these areas would have been 15–20 years ago.

## OUTDOOR RESTAURANT DINING IN CENTER CITY DISTRICT



Source: Center City District

OUTDOOR SEATING TYPE	JUNE SEATS	SEPTEMBER SEATS	CHANGE
Sidewalk Café	N/A	2,628	
Sidewalk Café and Streetery	N/A	2,414	
Streetery Only	N/A	110	
<b>GRAND TOTAL</b>	<b>2,997</b>	<b>5,152</b>	<b>+2,155</b>

**Outdoor seating within the District increased from 2,997 seats in June to 5,152 seats in September**

### RESTAURANT RECOVERY:

Restaurants have experienced the most rapid and visible recovery. Fully open restaurants (those with at least some indoor seating) increased from zero in June to 93 in September. The number of partially open restaurants increased from 352 to 367 and closed restaurants decreased from 262 to 173. Of the 173 restaurants that were still closed in September, 144 were making improvements, planning to reopen in the near future.

Among the 367 partially open restaurants, 262 are providing takeout or delivery only, while 105 are open for outdoor dining. Of the 105 restaurants that offer outdoor dining, 96 also provide takeout. Many restaurants that are open for outdoor dining have significantly increased their outdoor capacity, securing permission from the City to place seats in front of adjacent closed businesses and/or in the curb lane. **Overall, outdoor seating within the District increased**

**from 2,997 in June to 5,152 seats in September**, as 118 restaurants within CCD that provided outdoor seating prior to the shutdown and have redeployed chairs and tables, while many additional establishments have added an outdoor option for the first time.

The recovery, however, is fragile—dependent on good weather, the ability to deploy outdoor heaters this winter and permission from the the State and City to expand beyond 50% of indoor capacity. If outdoor seating permits can be extended through the end of 2021, that will provide more certainty for restaurants looking ahead to next year.<sup>9</sup>

<sup>9</sup>: Councilmember Allan Domb has introduced amendments to Council bills 200351 and 200352 to extend the COVID-related outdoor seating options until the end of 2021.



Many stores have limited the number of customers who can be inside at one time. Others are open only for takeout or pickup.

## RETAIL RECOVERY:

Despite some high-profile closures, often of national chains going through consolidation, retail has rebounded too, with 113 stores fully reopening within the District between June and September. With new entry and social distancing procedures, limits to the number of customers at any one time, the percent that are fully opened has climbed from 54% in June to 75% (from 281 to 394) in September. Combining fully and partially open, the numbers increased from 340 to 400, while the number of closed premises dropped from 185 in June to 85 in September with 63 indicating their closed status was temporary. Among the partially open retailers in September, 29 were open for appointments only, 14 were open for curbside pickup, while three were only processing online sales.

## SERVICE BUSINESS RECOVERY:

Service businesses, including banks, gyms, salons and laundry services, as well as some first and second floor offices for lawyers and doctors, have steadily reopened. Those fully or partially open increased from 329 in June (62%) to 419 in September (82%). Partially open establishments, accounting for 30% of all open service business, include 105 open by appointment and 20 providing services online. Of the 92 service enterprises that remained closed in September, 81 were considered temporary closures.

## CONCLUSION:

Through social media, traditional advertising, email newsletters and a Restaurant Week promotion at the end of September, the Center City District has been working to attract customers to downtown shops and restaurants. All of these communications have underscored the importance of observing health safety guidelines. CCD has partnered with Center City retail associations, merchants and the City of Philadelphia to secure approvals for weekend street closures that have expanded outdoor seating capacity. At the same time, a least six new businesses and one hotel have opened in the District since the rebound began. But until the pandemic abates, most probably when a vaccine is widely available, until office workers, education and administrative health-care workers, hotel guests and college students return in large numbers, Center City's steady recovery remains fragile.

## APPENDIX - SURVEY RESULTS

OPERATING STATUS	JUNE	SEPTEMBER	CHANGE
<b>RESTAURANT</b>			
Open for Takeout, Pickup or Delivery Only	254	262	+8
Temporarily Closed	262	144	-118
Open for Outdoor Seating and Takeout	90	96	+6
Open for Indoor Seating, Outdoor Seating, and Takeout	0	45	+45
Open for Indoor Seating and Takeout	0	42	+42
Permanently Closed	N/A	29	+29
Open for Outdoor Seating Only	8	9	+1
Open for Indoor and Outdoor Seating	0	4	+4
Open for Indoor Seating Only	0	2	+2
<b>RESTAURANT TOTAL</b>	<b>614</b>	<b>633</b>	<b>+19</b>
<b>RETAIL</b>			
Fully Open	281	394	+113
Temporarily Closed	185	63	-122
Appointment Only	22	29	+7
Permanently Closed	N/A	22	+22
Online Sales & Curbside Pickup Only - Store Closed	3	14	+11
Online Sales Only - Store Closed	34	3	-31
<b>RETAIL TOTAL</b>	<b>525</b>	<b>525</b>	<b>+0</b>
<b>SERVICE</b>			
Fully Open	288	294	+6
Customer Request and Appointment Only	25	82	+57
Temporarily Closed	199	81	-118
By Appointment and Teleservice	N/A	23	+23
Teleservice or Online Only	16	20	+4
Permanently Closed	N/A	11	+11
Unsure	5	0	-5
<b>SERVICE TOTAL</b>	<b>533</b>	<b>511</b>	<b>-22</b>
<b>VACANT - CLOSED</b>	<b>212</b>	<b>216</b>	<b>+4</b>
<b>GRAND TOTAL</b>	<b>1,884</b>	<b>1,885</b>	<b>+1</b>

\* N/A reflects categories that were added in September's survey.

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