



Walnut Street Retail | BeauMonde Originals

Retail

Demand for Center City retail has been built upon a diversified base of office, education and health care workers, a large and growing downtown population and an expanding number of tourists and convention attendees. At the center of the region's highway and transit system, Center City is the most concentrated employment node in the region, hosting 42% of Philadelphia's jobs, creating opportunity for residents of all city neighborhoods and surrounding counties. In 2019, Greater Center City's 309,000 workers, 98,000 households and 3.5 million overnight visitors concentrated between 400,000 and 500,000 people downtown each day, generating \$2.9 billion in retail, food and beverage demand.

In 2020, the pandemic and stay-at-home directives from the City and State significantly reduced the numbers of people who came into Center City each day for work, school, medical appointments, leisure and entertainment. Most downtown residents remained. The absence of others eroded the customer base for the 1,900 retail, restaurant and service businesses that occupy the ground floor of commercial and residential buildings and the indoor shopping centers within the Center City District.

Retailers and restaurants in central business districts across the country have been challenged by the combined impact of global ecommerce trends, local civil unrest and the mandated withdrawal of a large portion of their daily customer base. Nationally, several major retailers declared bankruptcy and shuttered their stores. National closures in 2020 that affected Philadelphia include Gap, Aldo, Loft, Century21 and Lucky Brand.

The pandemic accelerated the long-term trend toward ecommerce. Between 2000 and 2019, ecommerce steadily expanded market share. Just prior to the pandemic, 11.2% of national retail sales took place online. With mandated closings in 2020, ecommerce rose to 16.1% of all sales during the second quarter of 2020 before dipping to 14.3% in the third. Retail giants such as Amazon, Walmart, and Instacart continue to attract buyers with low prices and convenient home delivery, creating challenges for local retailers.

Nevertheless, brick and mortar retailers both large and small stayed relevant to their customers by integrating ecommerce into consumer options. With more than 85% of sales nationally still taking place in physical stores, Center City offers the experience of walking on vibrant streets, offering customers the

ability to discover a unique mix of local and regional owner-proprietors. Local and regional shops make up 70% of downtown tenants and they can capitalize on proximity to both well-known national chains and an unparalleled array of restaurants, arts, and cultural institutions. Quality merchandising and customer service, and the ability to offer an unmatched experience, all remain hallmarks of successful urban retail.

Center City District manages 20 digital counters on key retail corridors and in the primary office district. Volumes initially dropped 88% from 2019 levels after the stay-at-home order in March 2020. Average daily pedestrian counts at these sample locations then rose from a low of 23,233 in April to 91,574 in October with the expansion of outdoor dining. Volumes tapered off at year-end following a second spike in COVID-19 cases. Data from Placer.ai, which samples anonymized cellphone data, suggests that the volume of downtown pedestrians increased slightly during the summer and fall of 2020, although overall counts remained below 2019 due to the absence of workers, tourists and non-resident shoppers.

For restaurants, outdoor dining, takeout and delivery were the survival strategy to adapt to indoor dining restrictions. While Center City restaurants were able to deploy sidewalk seating since the late 1990s, the Department of Commerce and the Office of Transportation, Infrastructure and Sustainability permitted sidewalk seating to expand citywide and expedited the approval of temporary street closures to enable the placement of socially distanced chairs and tables in roadways. Within the

District, road closures have continued since summer 2020 on South 13th Street, South 18th Street and on the 1500 block of Sansom Street. CCD conducted four surveys of outdoor seating, showing an overall increased outdoor capacity in the fall followed by a small decline in the winter and rebound in early 2021. To sustain restaurants, especially those unable to invest in heated outdoor seating, CCD launched a “Takeout Philly” marketing campaign during the first quarter of 2021 to encourage residents to order directly from restaurants and tip generously. Despite a challenging year, Center City saw several notable openings including The Wayward, Huda, Steak 48, Cockatoo, and Federal Donuts.

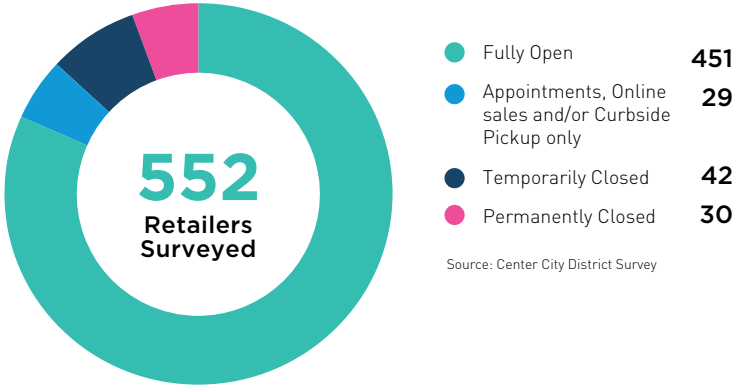
Center City merchants have shown extraordinary creativity and resilience, adapting to one of the greatest challenges most have experienced in a lifetime, during a time of unprecedented national political uncertainty. In early 2021, restaurateur Jose Garces repurposed his full-service restaurant, Tinto, as a wine shop focused on takeout and delivery orders. Vesper and Oloroso also temporarily switched to “ghost kitchens” — Hunnie’s Crispy Chicken and Remi Ricotta, respectively — focusing only on delivery orders. Local proprietors that sell food, like Metropolitan Bakery, DiBruno Brothers and Reading Terminal Market, successfully integrated ecommerce into their business model.

Center City Retail Mix, January 2021



- 229** Apparel
- 117** Jewelry & Watches
- 75** Food or Drink Retailers
- 51** Beauty, Health, or Fitness
- 34** Home & Garden
- 27** Electronics
- 24** Entertainment
- 22** Art, Collectibles, or Hobbies
- 19** Optical
- 14** General Merchandise
- 8** Bookstore
- 32** Other

Center City District Retailer Status, January 2021

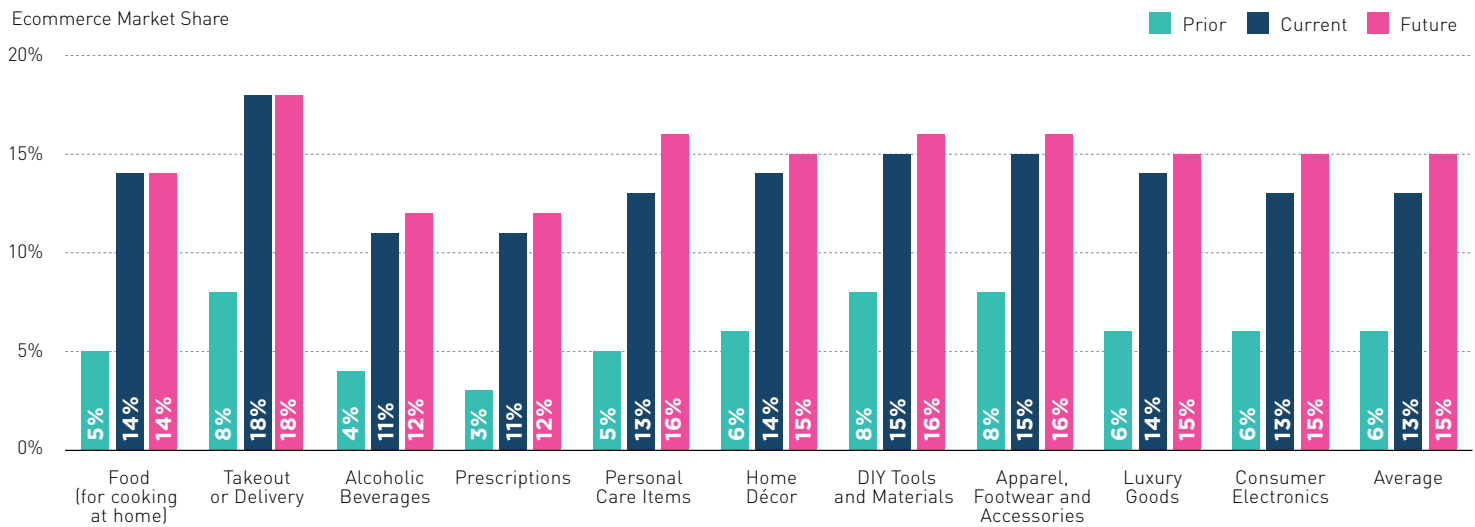


Source: Center City District Survey

Openings on the horizon for 2021 include Victory Brewing, Brooklyn's Van Leeuwen Ice Cream and Chicago's Sunnyside. Existing high street retailers, such as Tiffany & Co., Govberg Jewelers, Dr. Martens, and Wells Fargo, have moved to new locations on West Walnut. Overall, brokers report many new prospects actively seeking locations in Center City in the first quarter of 2021.

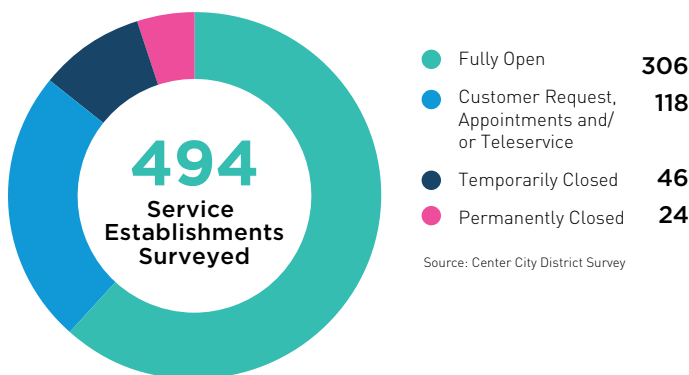
Center City possesses all the diverse components required for revival, the restoration of jobs, the reopening of restaurants and shops and the creation of new businesses. CCD is actively supporting Center City's retail recovery and growth through direct outreach to brokers and store representatives, detailed data and market research, advertising campaigns and story placements in trade publications to elevate Philadelphia's retail profile, as well as an online presence (www.philadelphiaretail.com) that positions Center City as an attractive place to open for business. However, getting office workers and hotel guests back in Center City is essential for retail and restaurant revival and restored prosperity.

Shifts to Ecommerce Trends, 2020



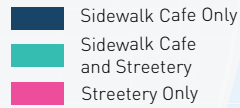
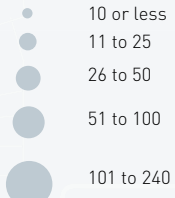
Source: Accenture COVID-19 Consumer Research, conducted April 17-27, 2020

Center City District Service Establishment Status, January 2021

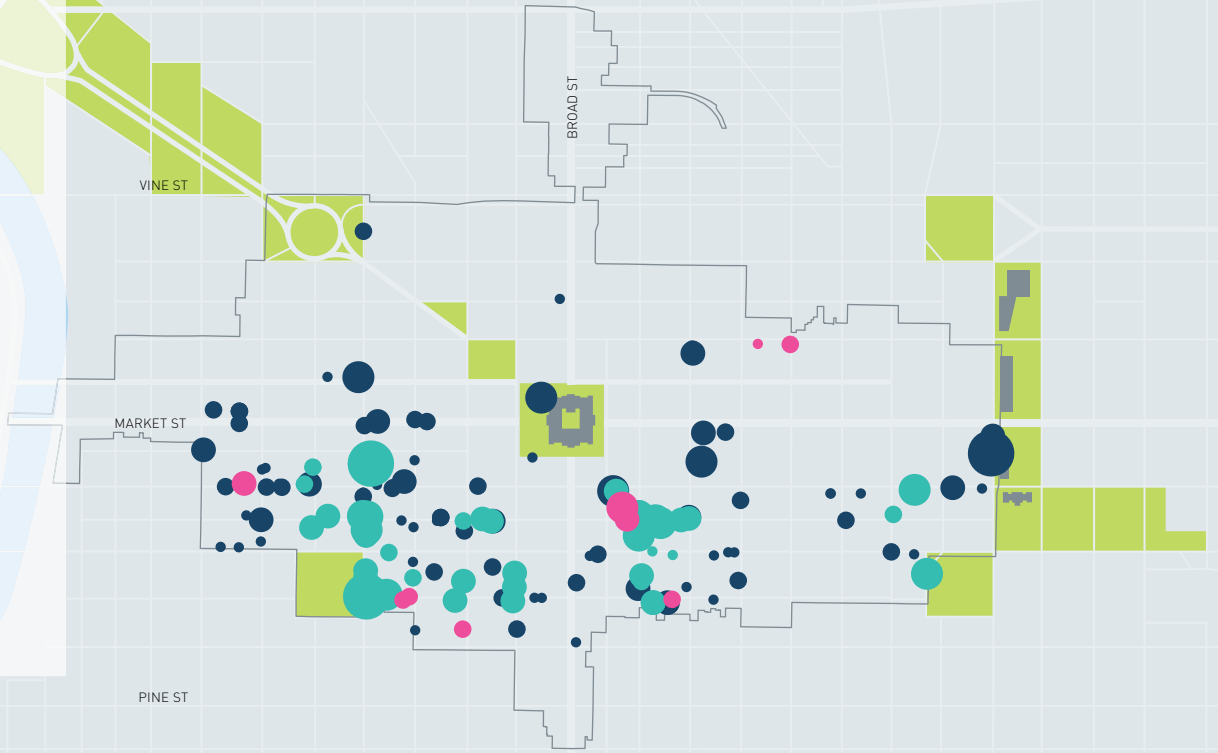


Many traditional retailers added ecommerce options to stay connected to their customers.

Outdoor Seating in Center City, January 2021



Source: Center City District Survey

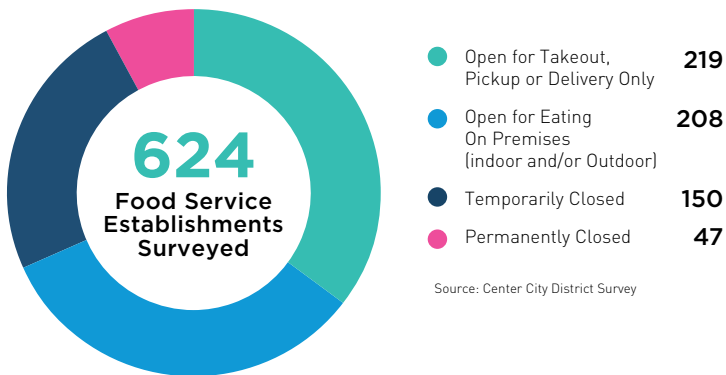


Outdoor Seating at Center City District Restaurants

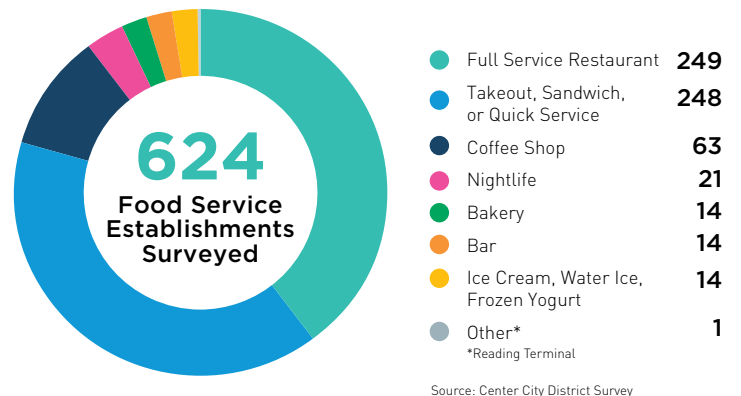
OUTDOOR SEATING TYPE	JUNE 2020	SEPT 2020	DEC 2020	JAN 2021	FEB 2021	MAR 2021
Sidewalk Cafe	N/A	2,628	2,355	1,549	1,541	1,876
Sidewalk Cafe and Streetery	N/A	2,414	2,148	1,961	1,938	2,191
Streetery Only	N/A	110	196	206	174	339
TOTAL	2,997	5,152	4,699	3,716	3,653	4,406

Source: Center City District Survey

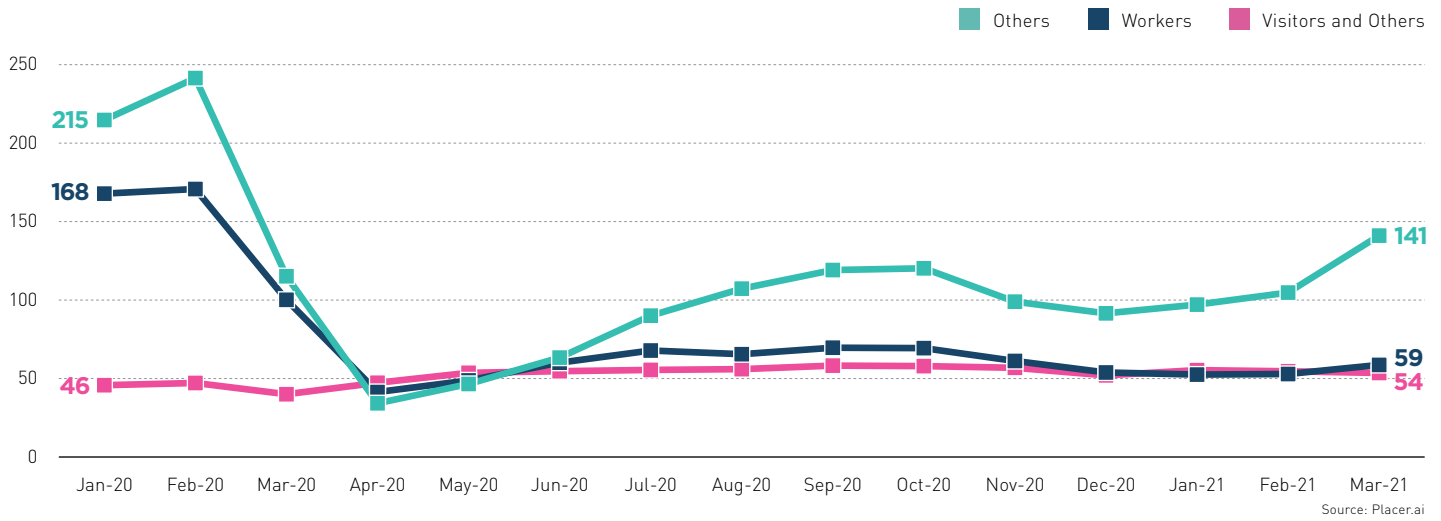
Center City District Food Service Establishment Status, January 2021



Center City District Food Establishments, January 2021

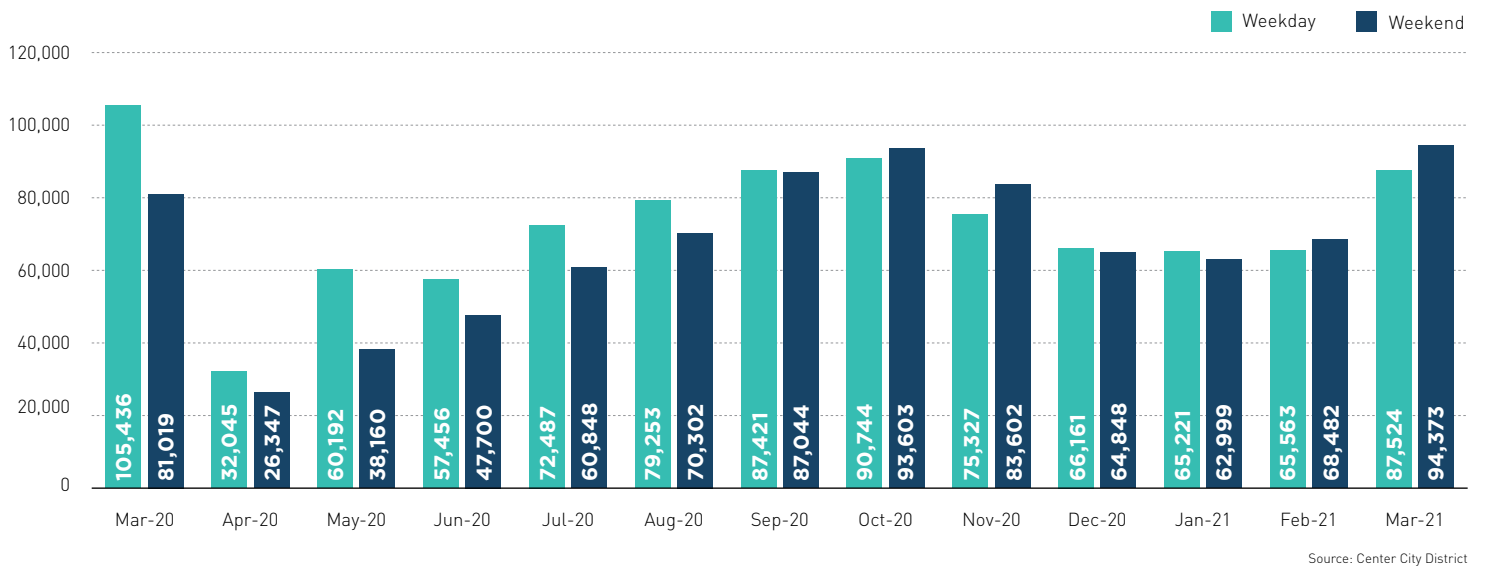


Average Daily Center City Pedestrians: Residents, Workers, and Other Visitors (in Thousands)

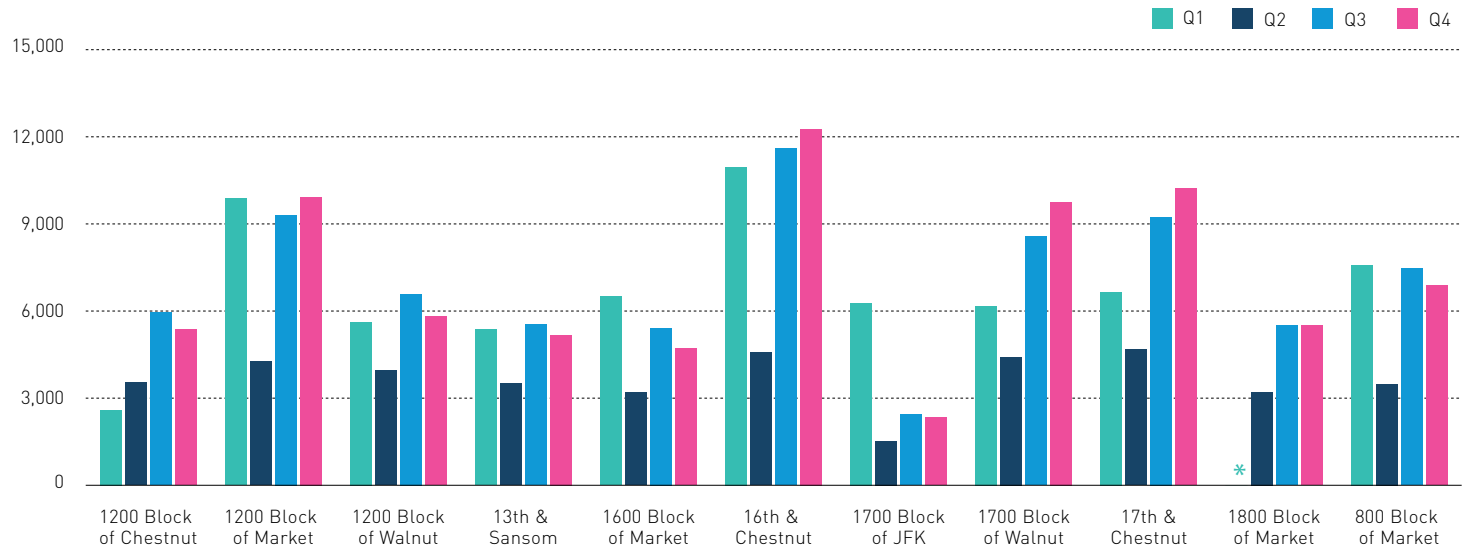


The full return of office workers, regional visitors and shoppers is essential to retail and restaurant recovery.

Average Daily Pedestrians, Weekday Weekend



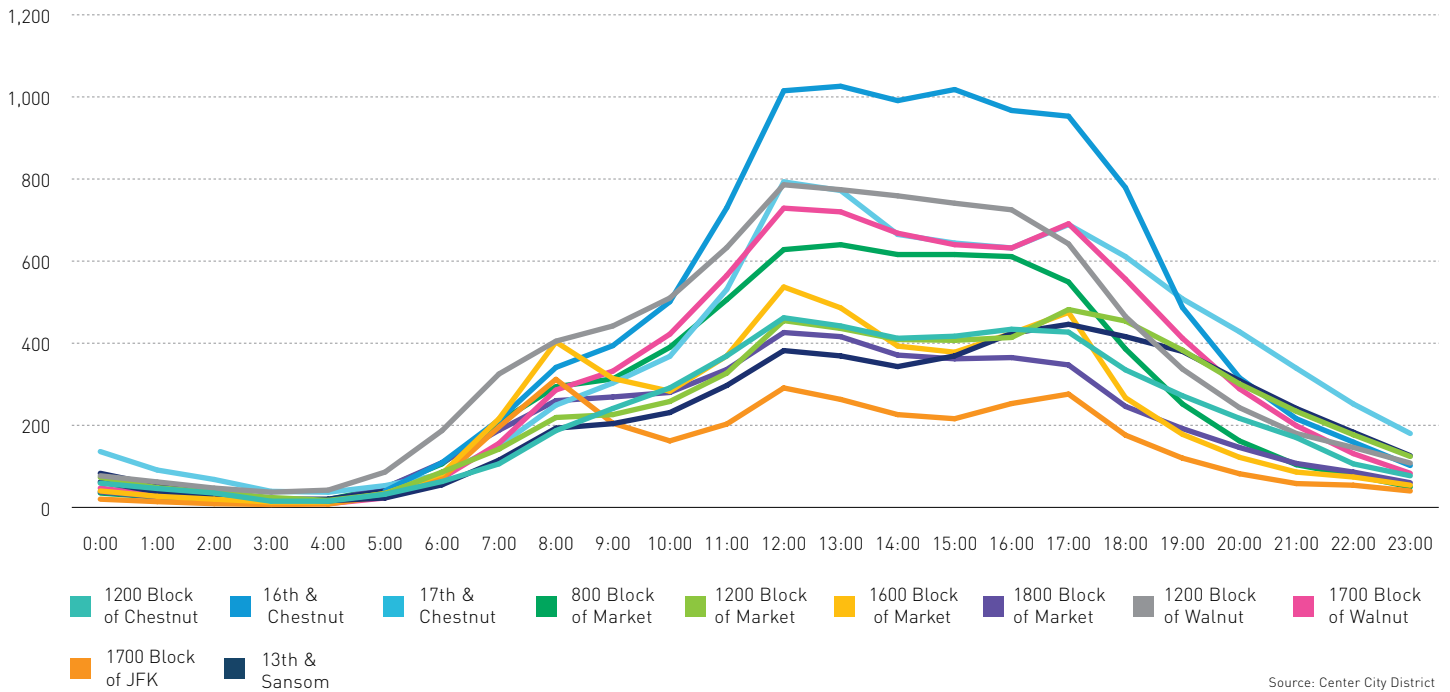
Average Daily Pedestrians by Location and Quarter, 2020



* 1800 Market Block is a new camera and was not in service during Q1

Source: Center City District

Average Hourly Pedestrian Volume

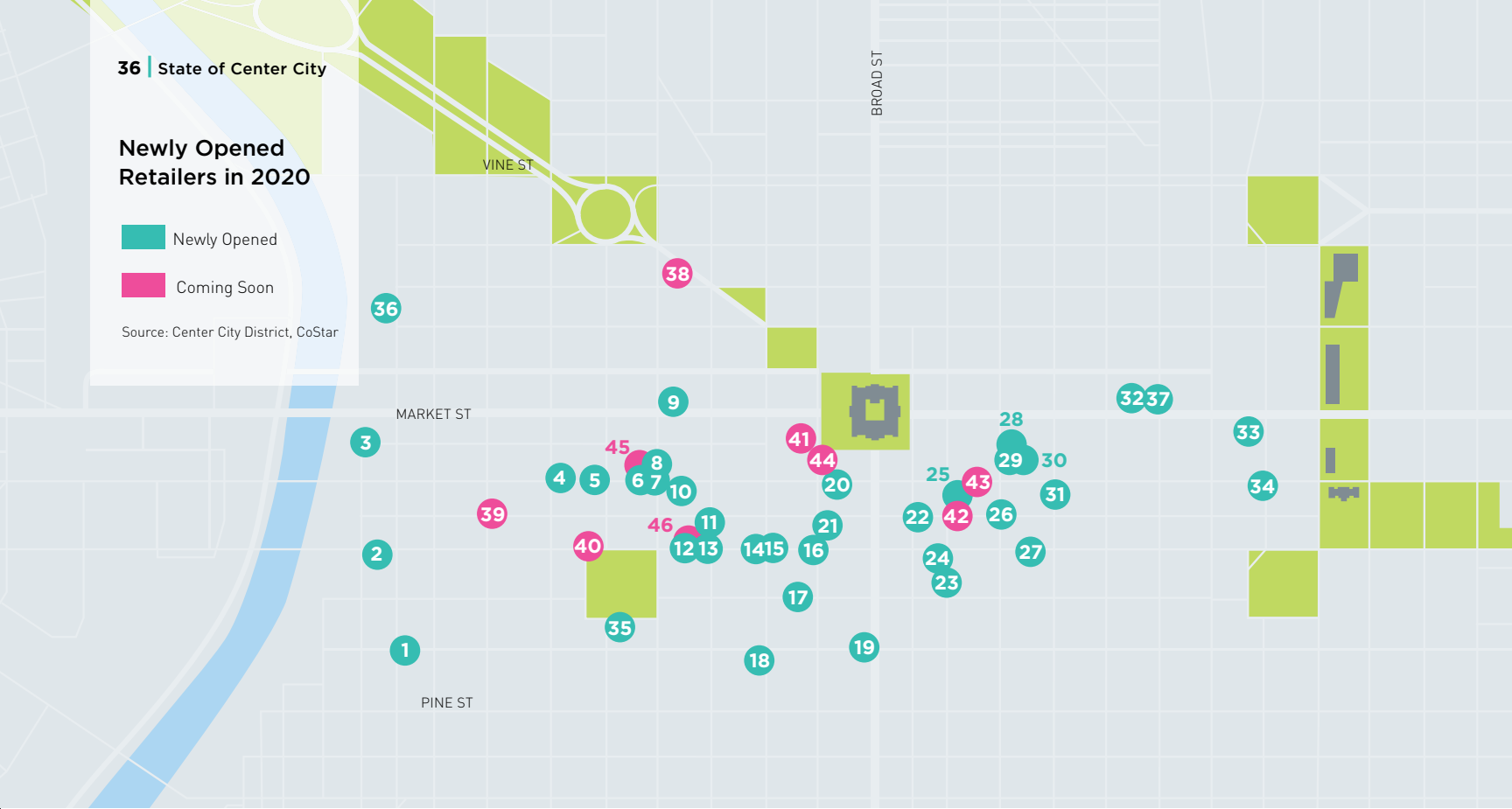


Source: Center City District

Newly Opened Retailers in 2020

- Newly Opened
- Coming Soon

Source: Center City District, CoStar



Newly Opened In 2020

- | | | | |
|--|--|--|--|
| <ul style="list-style-type: none"> 1. Sally, 2220 Spruce St 2. Lost Bread Co., 2218 Walnut St 3. The Garden, 24 S 24th St 4. Anchor Light, 1935 Chestnut St 5. The Goat, 1907 Chestnut St 6. Kevin O'Brien Studio, 1811 Chestnut St 7. Playa Bowls, 1804 Chestnut St 8. Huda, 32 S 18th St 9. Pizza in Style, 1735 Market St 10. Ancient Spirits & Grille, 1726 Chestnut St 11. Greens and Grains, 1700 Sansom St 12. Tiffany & Co, 1715 Walnut St | <ul style="list-style-type: none"> 13. Allbirds, 1709 Walnut St 14. Interior Define, 1605 Walnut St 15. Govberg Jewelers, 1529 Walnut St 16. Sola Salon Studios, 1503 Walnut St 17. Hunnie's Crispy Chicken, 233 S Sydenham St 18. Evil Genius Brewing, 1602 Spruce St 19. Steak 48, 260 S Broad St 20. Dolce, 1439 Chestnut St 21. The Original Hotdog Factory, 125 S 15th St 22. Blind Barber, 1325 Sansom St 23. Cockatoo, 208 S 13th St | <ul style="list-style-type: none"> 24. Dim Sum Factory, 1304 Walnut St 25. Super Spartan, 105 S 13th St 26. Sueno, 114 S 12th St 27. Remi Ricotta, 1121 Walnut St 28. Schmear It, 19 S 12th St 29. Federal Donuts, 21 S 12th St 30. The Wayward, 1170 Ludlow St 31. Morea, 110 S 11th St 32. Kate Spade New York Outlet, 901 Market 33. American Heritage Federal Credit Union, 714 Market St 34. Pizza Fresca, 707 Chestnut St | <ul style="list-style-type: none"> 35. Flowers & Co, 267 S 19th St 36. Giant, 60 N 23rd St 37. The Fashion District, 901 Market St
Starbucks
Lids
Naturally Us
Primark
African Shades
O' Dat's Cute |
|--|--|--|--|

Coming Soon

- | | | | |
|--|---|--|---|
| <ul style="list-style-type: none"> 38. Alchemy Coffee, 119 S 21st St 39. Equinox, 1911 Walnut St 40. Victory Brewing Co., 1776 Benjamin Franklin Pkwy | <ul style="list-style-type: none"> 41. OceanFirst Bank, 1500 Market St 42. Van Leeuwen Ice Cream, 119 S 13th St | <ul style="list-style-type: none"> 43. Sunnyside, 1221 Chestnut St 44. Dolce, 1439 Chestnut St | <ul style="list-style-type: none"> 45. Removery, 1800 Chestnut St, 2nd FL 46. Dr. Martens, 1704 Walnut St |
|--|---|--|---|