Philadelphia’s gradual economic recovery continued through the summer, with total employment increasing 1,700 jobs in August on a seasonally adjusted basis. The city has now recovered 43% of the jobs lost in the initial months of the pandemic. SEPTA ridership increased in July and pedestrian volumes in the Market Street office district increased in August, suggesting a gradual return to downtown work, while hotel tax revenue increased and the number of passengers going through Philadelphia International Airport continued to climb.

Philadelphia’s job recovery remains much slower than in the 11 county region and the nation as a whole, although similar in pace to New York City. In part this is a reflection of slower recovery in leisure and hospitality, which accounts for nearly one-third of the city’s job loss since the start of the pandemic. Still, the return of tourists, the reopening of performing arts venues and the gradual return of office workers bodes well for Center City’s retailers, restaurants, and hotels.

Nonetheless, as of August, there were 70,900 fewer jobs in the city than in February 2020 and with many workers remaining in remote-mode and conventions only gradually returning, both downtown service jobs and City finances will remain challenged. On a brighter note, the release of the 2020 Census revealed that Philadelphia’s population had increased by 78,000 over the past decade driven by immigration and the steady growth of Greater Center City and adjacent neighborhoods.
EMPLOYMENT

While 76% of all nonfarm payroll jobs lost nationally between February and April 2020 were recovered by August 2021, cities in the Northeast are lagging. On a seasonally adjusted basis, Philadelphia gained 1,700 jobs in August, and has restored 52,500 (43%) of the 123,400 jobs lost in the first two months of the pandemic, compared to 48% in New York and 35% in Washington.

Job gains in August in Philadelphia were led by government (3,300) and professional and business services (500). These gains were offset by losses in health care and social assistance (1,500) and retail trade (400). On a percentage basis, the employment sectors with the largest declines since the onset of the pandemic include leisure and hospitality (31%), transportation, warehousing and utilities (17%), educational services (16%), and other services (14%). Three sectors – health care and social assistance, government, and financial activities – have seen relatively small declines of 5% or less since February 2020. As of August, the information sector and construction were the only industries that were at or above their pre-pandemic employment level.

The restoration of jobs in the suburbs far exceeds recovery in the city. In the first two months of the pandemic, the city and the nine-county metropolitan area lost virtually the same percentage of jobs (16.4% in the city versus 17.3% in the region), but the region has since recovered 68% of its lost jobs and the city has recovered just 43%.

The slow pace of the city job recovery is mirrored by the employment levels of residents. As of July, the number of Philadelphia residents who are employed is back to 91% of the pre-pandemic (February 2020) level compared to 95% of regional residents. Even so, 41% of employed Philadelphians in every neighborhood reverse commute to adjacent suburbs, which allows them to participate in the suburban job recovery. This is good for resident incomes and City wage tax collections but is helpful neither to urban commercial vitality nor the other employment sectors that depend on the return of workers to city-based jobs.

PHILADELPHIA CITY PAYROLL EMPLOYMENT BY MONTH (IN THOUSANDS)


Philadelphia’s recovery has been slow, steady and uneven. Jobs that can be performed remotely declined less and have mostly rebounded faster. Those jobs that require face-to-face interaction with customers were affected most and, so long as other workers remain remote, will remain challenged.
UNEMPLOYMENT RATE

The unemployment rate in the city in July was 9.4%, unchanged from the prior month. Philadelphia’s unemployment rate continues to be below that of New York City, but higher than Boston and Washington, DC.

UNEMPLOYMENT CLAIMS

The number of ongoing unemployment claims for Philadelphia-based workers continued to decline in August, reaching an average weekly level of 16,100. The number of initial claims has also declined gradually in recent months.

UNEMPLOYMENT RATE, NORTHEAST CITIES

Source: Bureau of Labor Statistics, Local Area Unemployment Statistics, not seasonally adjusted

PHILADELPHIA PAYROLL EMPLOYMENT BY INDUSTRY, NOT SEASONALLY ADJUSTED, PERCENT CHANGE, FEBRUARY 2020 - AUGUST 2021

AVERAGE WEEKLY CONTINUING UNEMPLOYMENT CLAIMS, PHILADELPHIA (THOUSANDS)

In August, CoStar reported 10 new leases and one renewal in Center City, representing approximately 47,600 square feet of office space. However, Newmark’s statistics for the downtown show that overall vacancy in Center City increased from 16.2% in Q1 2021 to 17.7% during Q2 2021 with 595,000 square feet being vacated during Q2. Average asking rent decreased slightly from $34.44 per square foot in Q1 to $34.39 per square foot in Q2.²

BOMA’s July survey of the managers of 33 major Center City office buildings found that 30% of buildings had 10-20% of their tenants back in the office, while another 30% had 20-30% of tenants back, 18% had between 30% and 40% and 12% had more than 40% back. However, for those buildings with smaller tenants, 25 employees or less, the return rates were much higher with almost a quarter of small tenants having re-occupancy rates over 50%. Moderate sized firms [26-100 employees] were also back at higher levels than firms with more than 100 employees. Among all tenants who had returned, 60% were in their offices three days per week and 24% were working four days per week.

Based on their conversations with tenants, building managers were asked, “what would you say are the top two concerns/impediments to the return to office?” Responding before the current spike in cases among the unvaccinated, fear of contracting Covid from fellow workers was cited by 6%, concerns about public safety on sidewalks was named by 9%, worries about their building’s HVAC systems was named by 15%, 24% had children care concerns, 42% had concerns about taking public transit, while 79% noted a general reluctance to return to the office.

Reluctance to come back to work, especially in the summer, should not be surprising given the traumatic nature of the last 18 months. But it is also true that those businesses who have brought employees back have found that once workers get over their initial concerns, most were glad to reconnect with colleagues and the workplace setting.

CCD pedestrian sensors on the 1600 and 1800 blocks of Market Street and the 1700 block of John F. Kennedy Boulevard show evidence of this return to office trend with the number of pedestrians increasing by 72%, from 10,300 in January to 17,700 in August.

Placer.ai, which tracks pedestrian traffic using anonymized cell phone location data, also points to this return with the average daily population of non-resident workers in all of Center City in August up 8% from the prior month to 51,201. This is substantially above April 2020’s low of 26,338, but well below the pre-pandemic level of 146,407 in January 2020.

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Center City Office Market Trends, 2021

<table>
<thead>
<tr>
<th>Submarket</th>
<th>Total Inventory (SF)</th>
<th>Q1 Total Asking Rent (Price/SF)</th>
<th>Q2 Total Asking Rent (Price/SF)</th>
<th>Q1 Total Vacancy Rate</th>
<th>Q2 Total Vacancy Rate</th>
<th>Q2 Net Absorption (SF)</th>
<th>Year-to-Date Net Absorption (SF)</th>
</tr>
</thead>
<tbody>
<tr>
<td>East Market</td>
<td>6,331,084</td>
<td>$32.89</td>
<td>$32.66</td>
<td>15.7%</td>
<td>15.7%</td>
<td>-1,225</td>
<td>-4,012</td>
</tr>
<tr>
<td>Independence Square</td>
<td>5,380,384</td>
<td>$31.96</td>
<td>$31.72</td>
<td>16.8%</td>
<td>18.8%</td>
<td>-108,287</td>
<td>-93,567</td>
</tr>
<tr>
<td>Walnut/South Broad</td>
<td>3,977,064</td>
<td>$30.99</td>
<td>$30.49</td>
<td>21.6%</td>
<td>22.1%</td>
<td>-20,447</td>
<td>-75,531</td>
</tr>
<tr>
<td>West Market</td>
<td>24,796,953</td>
<td>$35.93</td>
<td>$36.03</td>
<td>15.3%</td>
<td>17.3%</td>
<td>-465,433</td>
<td>-651,850</td>
</tr>
<tr>
<td>Center City</td>
<td>40,485,485</td>
<td>$34.44</td>
<td>$34.39</td>
<td>16.2%</td>
<td>17.7%</td>
<td>-595,392</td>
<td>-824,960</td>
</tr>
</tbody>
</table>

Source: Newmark Q2 2021 Philadelphia Office Market Report

RETAIL AND RESTAURANTS

CCD’s most recent retail survey, conducted in August, found there were 1,912 storefronts within the District, an increase of eight from June. Of these, 500 restaurants, 499 retailers, and 444 service providers were fully or partially open, representing 75.5% of total storefronts. Another 122 storefronts were temporarily closed and 83 were permanently closed. The remaining 264 locations were vacant (13.8% of the total). Of the vacant storefronts, 21 had obtained tenants, 11 were under renovation, 3 were under construction, 173 were available, and 56 were off-market.

Among retailers, 467 (84.1%) were fully open, 32 (5.8%) provided curbside pickup or services by appointment, and 56 (10.1%) were temporarily or permanently closed. Within the service category, 350 (72.5%) were fully open, 94 (19.5%) offered services by appointment or online, and 39 (8%) were temporarily or permanently closed. Among restaurants, 342 (56.1%) were fully open for indoor and/or outdoor dining, 158 (25.9%) were open for takeout or delivery only, and 110 (18%) were temporarily or permanently closed. A separate CCD survey found that there were 6,551 outdoor seats in July, located on the sidewalk or in the street, an increase from 6,262 in May, and nearly 80% higher than in February.

Businesses that had been closed in the early stages of the pandemic have been steadily reopening in all three categories. In June 2020, 646 businesses were temporarily closed; that number fell to 238 in January 2021 and 122 in August. Temporary closures now account for only 6.4% of total businesses within the District. Another sign of recovery is the decline in boarded storefronts from 233 in June 2020 to 78 in January 2021 and 35 in August. Fewer than 2% of all street-level business locations within the CCD were boarded up as of the August survey.

The total vacancy rate, which includes vacant and permanently closed businesses, increased from 11.3% in June 2020 to 14.75% in October 2020 and 18.1% in January 2021. In August, the overall vacancy rate remained at 18.1%.

Forty new storefront businesses opened in Center City in 2020, and 40 more opened during the first eight months of 2021. At least 21 additional retailers or restaurants have plans to open by the end of the year into 2022, including Primark, Equinox, Jeni’s Splendid Ice Cream, Cyclebar, and Victory Brewing Company.

### OUTDOOR SEATING AT CENTER CITY DISTRICT RESTAURANTS

<table>
<thead>
<tr>
<th>Outdoor Seating Type</th>
<th>JUN 20*</th>
<th>SEP-20</th>
<th>DEC-20</th>
<th>JAN-21</th>
<th>FEB-21</th>
<th>MAR-21</th>
<th>APR-21</th>
<th>MAY-21</th>
<th>JUL-21</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sidewalk Cafe</td>
<td>N/A</td>
<td>2,628</td>
<td>2,355</td>
<td>1,549</td>
<td>1,541</td>
<td>1,876</td>
<td>2,284</td>
<td>2,823</td>
<td>3,370</td>
</tr>
<tr>
<td>Sidewalk Cafe and Streetery</td>
<td>N/A</td>
<td>2,414</td>
<td>2,148</td>
<td>1,961</td>
<td>1,938</td>
<td>2,191</td>
<td>2,531</td>
<td>2,869</td>
<td>2,547</td>
</tr>
<tr>
<td>Streetery Only</td>
<td>N/A</td>
<td>110</td>
<td>196</td>
<td>206</td>
<td>174</td>
<td>339</td>
<td>498</td>
<td>570</td>
<td>634</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>2,997</strong></td>
<td><strong>5,152</strong></td>
<td><strong>4,699</strong></td>
<td><strong>3,716</strong></td>
<td><strong>3,653</strong></td>
<td><strong>4,406</strong></td>
<td><strong>5,313</strong></td>
<td><strong>6,262</strong></td>
<td><strong>6,551</strong></td>
</tr>
</tbody>
</table>

*CCD did not record seating type during first survey.
** CCD did not count seats in June 2021.
**HOSPITALITY**

The city levies a tax of 8.5% on hotel room charges. Revenue from this tax declined to a low point of $400,000 in June 2020, but has increased gradually since that time. July revenue totaled $3.9 million, a 17% increase from the prior month, and the sixth consecutive monthly increase.

**HOTEL TAX REVENUE ($ IN MILLIONS)**

![Graph showing hotel tax revenue from 2019 to 2021 by month.](Source: Philadelphia Department of Revenue)

**HOUSING**

The Philadelphia housing market continues to show remarkable strength, with consistent sales volumes and increasing prices. According to MLS, there were 1,586 citywide residential sales in August, a slight 4% year-over-year decline. The median sale price across Philadelphia was $271,000 in August, up 13% year-over-year. Citywide median sale prices by month throughout 2021 have consistently been higher than last year.

For information on the Greater Center City housing market, see CCD’s 2021 housing report: [https://www.centercityphila.org/uploads/attachments/ckmusxz420hyf0q0qdvxp2dotp-2021-housing-report-web.pdf](https://www.centercityphila.org/uploads/attachments/ckmusxz420hyf0q0qdvxp2dotp-2021-housing-report-web.pdf)

**PHILADELPHIA MEDIAN RESIDENTIAL SALE PRICE, 2020–2021**

![Graph showing median residential sale prices from 2020 to 2021.](Source: MLS)

**PHILADELPHIA RESIDENTIAL SALES**

![Graph showing residential sales from 2020 to 2021.](Source: MLS)
PUBLIC TRANSIT

Average weekly SEPTA ridership across all modes totaled 2.38 million in July, a 5.4% increase from June. Weekly ridership has increased 33% since February. Broken down by mode, the largest increase from February through July was for regional rail (82%), followed by City Transit Division buses (33%), Market Frankford line and Broad Street line (32%), and trolley (21%).

Overall SEPTA weekly ridership in July was at 41% of the February 2020 pre-pandemic level. Individual components of the system have recovered at varying rates. Ridership on City Transit Division buses was at 49% of the pre-pandemic level in July, compared to 37% for the Market-Frankford line, 36% for the Broad Street Line and trolleys, and 25% for regional rail.

PATCO ridership has shown similar trends with total monthly ridership at 348,300 in August, an increase of 3.8% from July and 93% from February 2021. August ridership was at 39% of the February 2020 pre-pandemic level.

AIR TRAVEL

Passengers at the Philadelphia International Airport increased for the fifth consecutive month in July, reaching 2.33 million, a 12% increase from the prior month. Domestic passengers increased 12% and international passengers, 28% during the month. Total passenger activity at the airport in July exceeded the January 2020 pre-pandemic level.

SEPTA AVERAGE WEEKLY RIDERSHIP, 2020–2021

MONTHLY PATCO RIDERSHIP

PASSENGER TRAFFIC, PHILADELPHIA INTERNATIONAL AIRPORT (IN THOUSANDS)
OFF-STREET PARKING
Parkway Corporation reports that across their multiple off-street garages, parking volumes have increased gradually throughout 2021. August volume reached 89% of the August 2019 pre-pandemic level.

CENTER CITY PEDESTRIANS
CCD monitors pedestrian volumes at 20 locations throughout the dense core of Center City, an area that represents just 12.4% of the geography from Vine Street to Lombard Street, river to river, but which accounts for about 40% of all pedestrian traffic. In August, average daily pedestrians at these locations rose to 135,700 on weekdays (an increase of 0.6% from July) and 130,800 on weekends (a decline of 6.8% from the prior month). Weekday pedestrian volume has now increased for each of the past eight months. Both weekday and weekend volumes in August 2021 were more than three times the level of August of last year, an indication of the gradual return of workers, shoppers, and visitors to downtown.

From anonymized cellphone data, Placer.ai sorts the daily population of core Center City (the area from Vine to Lombard streets, river to river) into three categories: residents, non-resident workers, and visitors (a category that includes tourists, convention attendees and regional shoppers and visitors). Since the low point last spring, the daily downtown population reported by Placer has increased steadily, largely driven by growth in the visitors category. The average daily population of Center City in August was 285,200, a slight (0.2%) decline from July. However, there was substantial difference in th components: the non-resident worker category increased 8.1% to 51,201, while residents increased 7.4%, and visitors declined 3.9%. The increase in non-resident workers likely reflects a combination of more employees returning to the downtown office, and also greater frequency of downtown work. (Placer only classifies as cell phone user as a “worker” if they are present in the work location for a minimum amount of time over the course of several weeks.)
DILWORTH PARK

The CCD has continued to program Dilworth Park with performing arts groups, exercise classes, craft markets, and events for families with children. In August, the average daily number of pedestrians in the park was 19,609, a 61% increase from August of last year.

AVERAGE DAILY PEDESTRIANS IN DILWORTH PARK

Source: Center City District