



CENTER CITY REPORTS | FEBRUARY 2022

# The Center Holds

## Residential Resiliency 2022

For the last two decades, Greater Center City has been the fastest growing residential section of both Philadelphia and the entire region. The population from Girard Avenue to Tasker Street, river to river, increased from 2000 to 2020 by 38% to more than 202,000 residents.<sup>1</sup>

Prior to 2000, core Center City's population had primarily been concentrated in row houses and a few clusters of apartment buildings from Vine to Pine streets, notably around Washington Square and Rittenhouse Square. As apartments and condominiums significantly diversified land-use within the central business district after 2000, the population grew by 55% to almost 70,000 residents. The extended neighborhoods with a far greater share of row houses grew by 31% to more than 132,000 residents, bringing the total for Greater Center City to 202,100 (Figures 1, 2).

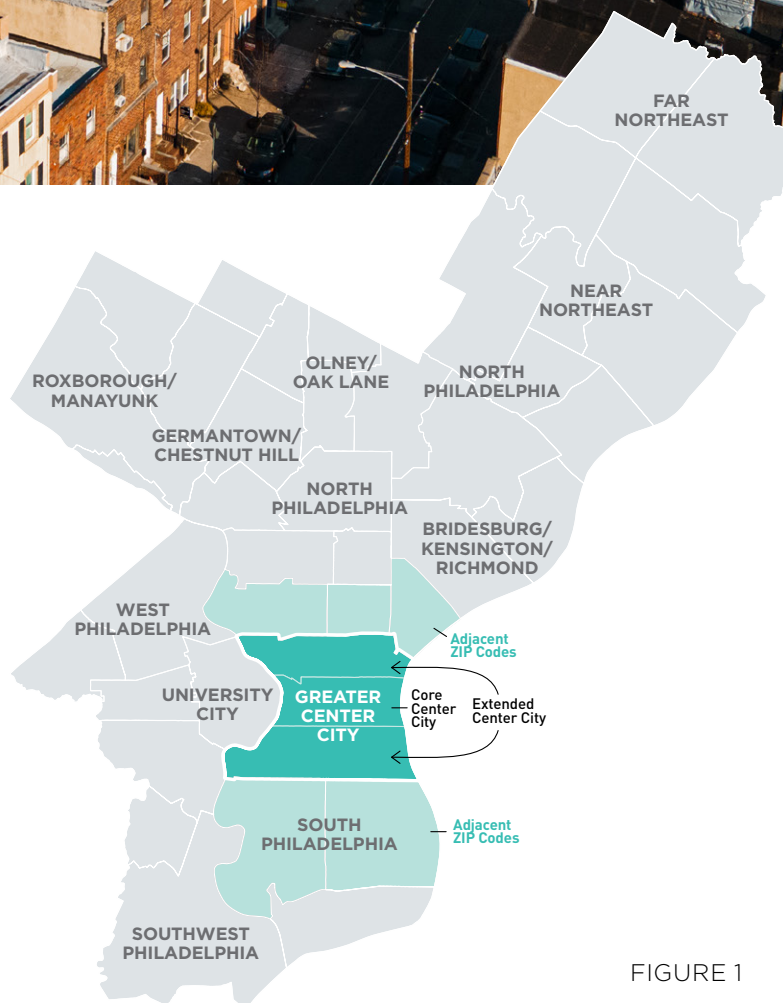


FIGURE 1

<sup>1</sup>: CCD analysis of Decennial Census and Delaware Valley Regional Planning Commission, *Data Bulletin 2020 Decennial Census Highlights*, October 2021.

But the events of 2020 seemed to challenge this momentum. In the early fog of the pandemic, some speculated that Center City’s defining competitive asset—the density and diversity of people and jobs—made it especially vulnerable to COVID-19. Immediately afterward, stay-at-home directives removed office workers, tourists, convention attendees, regional shoppers and visitors to cultural institutions from downtown sidewalks. Pedestrian volumes plummeted by 74% from January to April 2020. This was compounded by city wide civil unrest in June 2020 that, in Center City, primarily impacted West Walnut and West Chestnut streets. There was speculation that residents in all large cities might abandon downtowns.

Yet, the center held. After a temporary dip in population, as many college students returned home and some owners of second homes relocated, the number of downtown residents on sidewalks in Center City had rebounded to 2019 levels by the end of 2021. Rents and home sale prices held up, except at the upper end of the market, and the number of newly-permitted residential units in both Center City and citywide reached the highest point in decades at the end of 2021.<sup>2</sup>

FIGURE 2 POPULATION TRENDS, CENTER CITY AND PHILADELPHIA, 2000-2020

	2000	2010	2020	GROWTH 2000-2010	GROWTH 2010-2020	GROWTH 2000-2020
Core Center City	44,809	53,228	69,433	19%	30%	55%
Extended Center City	101,155	109,627	132,667	8%	21%	31%
Greater Center City	145,964	162,855	202,100	12%	24%	38%
All Other Neighborhoods	1,371,586	1,363,151	1,401,697	-1%	3%	2%
Philadelphia	1,517,550	1,526,006	1,603,797	1%	5%	6%

Note: 2020 Census figures for Center City are CCD estimates.  
Source: US Census Bureau, Decennial Census.

# Greater Center City's population has grown by 38% in the last two decades, making it the fastest growing section in Philadelphia and in the region.

The 2020 Census documented that Greater Center City’s population not only was growing but had become more diverse and better educated, a trend highly prized by employers seeking talent. However, the attractiveness of downtown living is built around walkability, proximity to work, arts, entertainment, restaurants and leisure activities. How will Center City adjust if the new normal is characterized by less in-office work, less foot traffic for the restaurants and retailers that enrich downtown living and provide jobs at all skill levels, accessible to Philadelphia’s neighborhoods through our hub-and-spoke transit system? These questions will be partially answered by how quickly Philadelphia can rebound from the job losses of 2020, how effectively city leaders can respond

to concerns about public safety and tax competitiveness and how many business leaders understand the long-term implications of remote work, not only for their own firms, but for the thousands of service and face-to-face jobs that rely on the presence of those who have the option to remain remote. But if recent trends are any guide, the downtown housing market, with significantly expanded boundaries, may have attained a built-in momentum all its own, supported by improved amenities: 23 full-service and 16 small-format grocers, big box retailers, outdoor food markets and an eclectic mix of restaurants and cafes that provide a broad array of choices for residents in neighborhoods across Greater Center City and adjacent areas.

2: Early in the pandemic there was considerable discussion of change of address filings with the U.S. Postal Service. For Philadelphia and Greater Center City, there was an increase in both permanent and temporary change of address forms. The net outmigration of households (outgoing minus incoming, including both permanent and temporary relocations) from Philadelphia increased by roughly 11,400 from 2019 to 2020. Within Greater Center City the increase was 6,100. However, this trend reversed in 2021, with the net outmigration nearly returning to pre-pandemic levels. This data should be interpreted with caution, since it may not be representative of total moves, but it does suggest that the impact of the pandemic on migration patterns, particularly within Greater Center City, was modest and temporary.



# Residential Development in Greater Center City

## HOUSING COMPLETIONS 2021

In 2021, Philadelphia's housing construction continued to radiate outward from the city's two major, transit-oriented employment nodes: Center City with 42% of the city's jobs and University City with 11%. There were 267 housing units completed in core Center City, 1,513 in extended Center City and 2,183 in the adjacent neighborhoods. Greater Center City thus accounted for 28% of the units completed citywide in 2021, while Greater Center City *plus* the fast-growing, more affordable, adjacent areas, which together comprise just 16% of Philadelphia's land area, accounted for 62% of the 6,421 units completed citywide last year **(Figures 3–5)**. Another 1,129 units were completed in University City.

The mandated construction halt in the spring 2020 constrained the units completed that year to 1,126 in Greater Center City and to 1,498 in the adjacent neighborhoods. However, activity rebounded in 2021: completions were only 362 short of the 2,142 units completed in 2019 in Greater Center City and just 57 short of 2019 volume of 2,240 units in the adjacent neighborhoods.

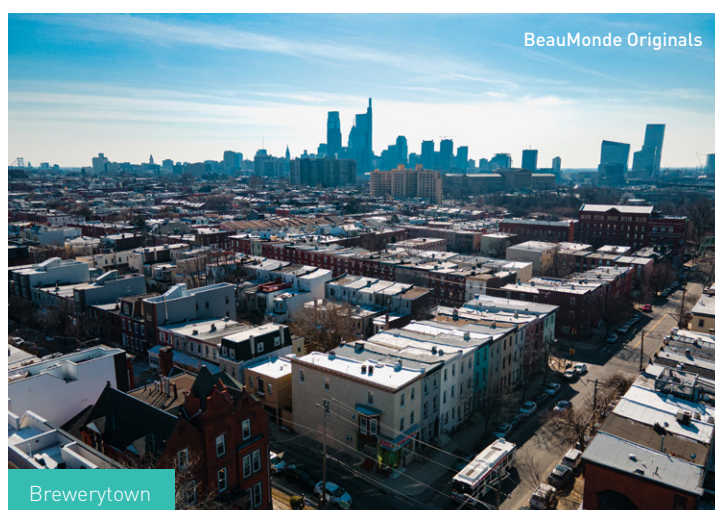
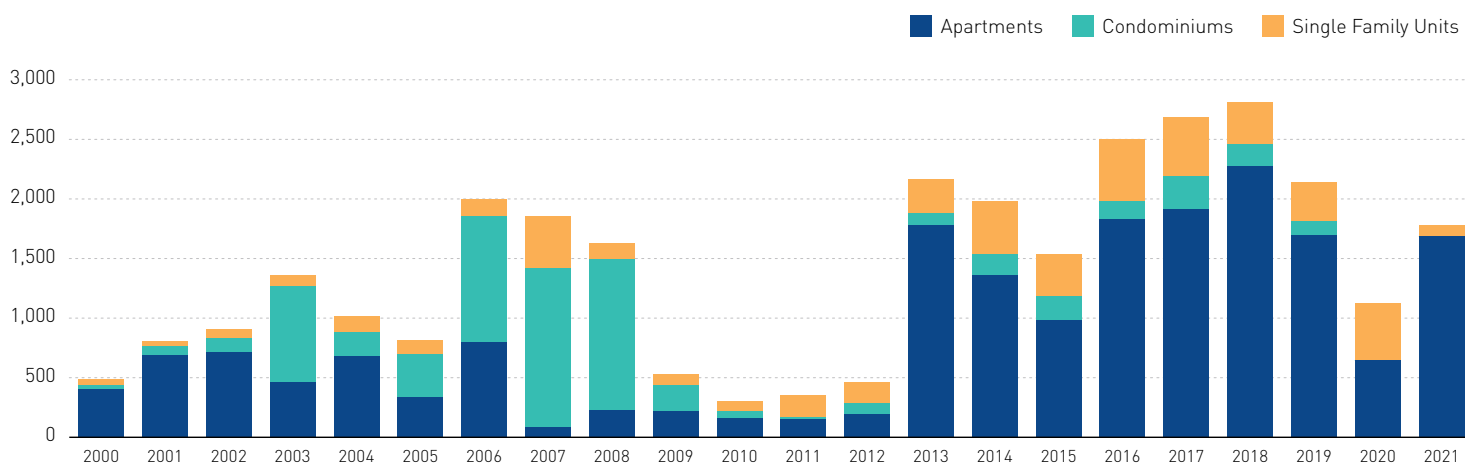


FIGURE 3 GREATER CENTER CITY HOUSING UNITS COMPLETED BY TYPE, 2000–2021



Source: City of Philadelphia, Department of Licenses and Inspections

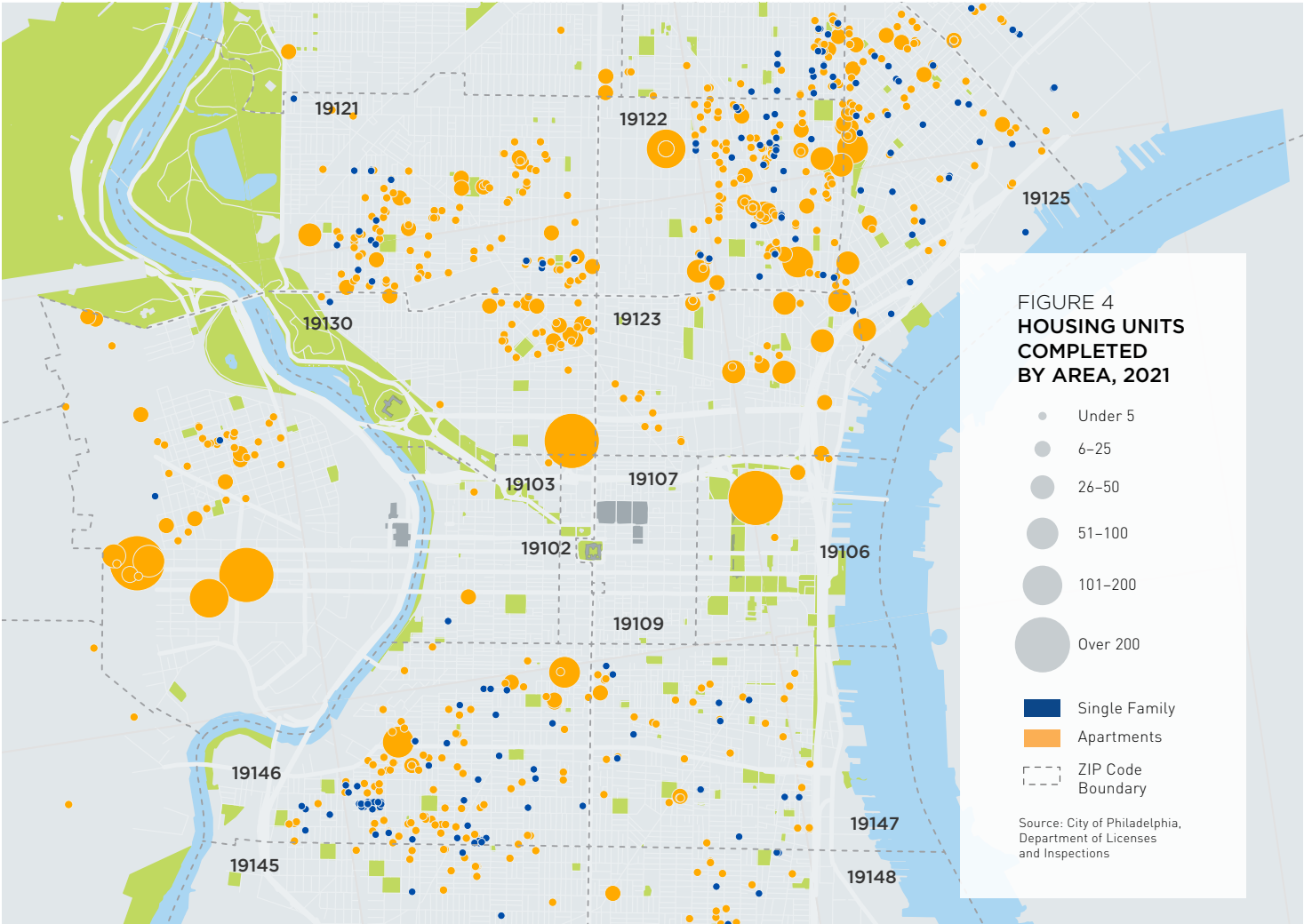


FIGURE 5 PHILADELPHIA HOUSING UNITS COMPLETED IN 2021

AREA	UNITS	PERCENTAGE OF CITYWIDE TOTAL
<b>Core Center City</b>		
West (19102, 19103)	23	0%
East (19106, 19107)	244	4%
<b>Total</b>	<b>267</b>	<b>4%</b>
<b>Extended Center City</b>		
Northwest (19130)	551	9%
Northeast (19123)	338	5%
Southwest (19146)	499	8%
Southeast (19147)	125	2%
<b>Total</b>	<b>1,513</b>	<b>24%</b>
<b>Greater Center City</b>		
<b>Total</b>	<b>1,780</b>	<b>28%</b>
<b>Adjacent ZIP codes</b>		
Northwest (19121)	494	8%
North (19122)	962	15%
Northeast (19125)	583	9%
Southwest (19145)	56	1%
Southeast (19148)	88	1%
<b>Total</b>	<b>2,183</b>	<b>34%</b>
<b>Greater CC + Adjacent ZIP Codes Total</b>	<b>3,963</b>	<b>62%</b>
<b>Philadelphia Total</b>	<b>6,421</b>	<b>100%</b>

Greater Center City

1,780 units

Adjacent ZIP Codes Added

2,183 units

62% of Citywide Total

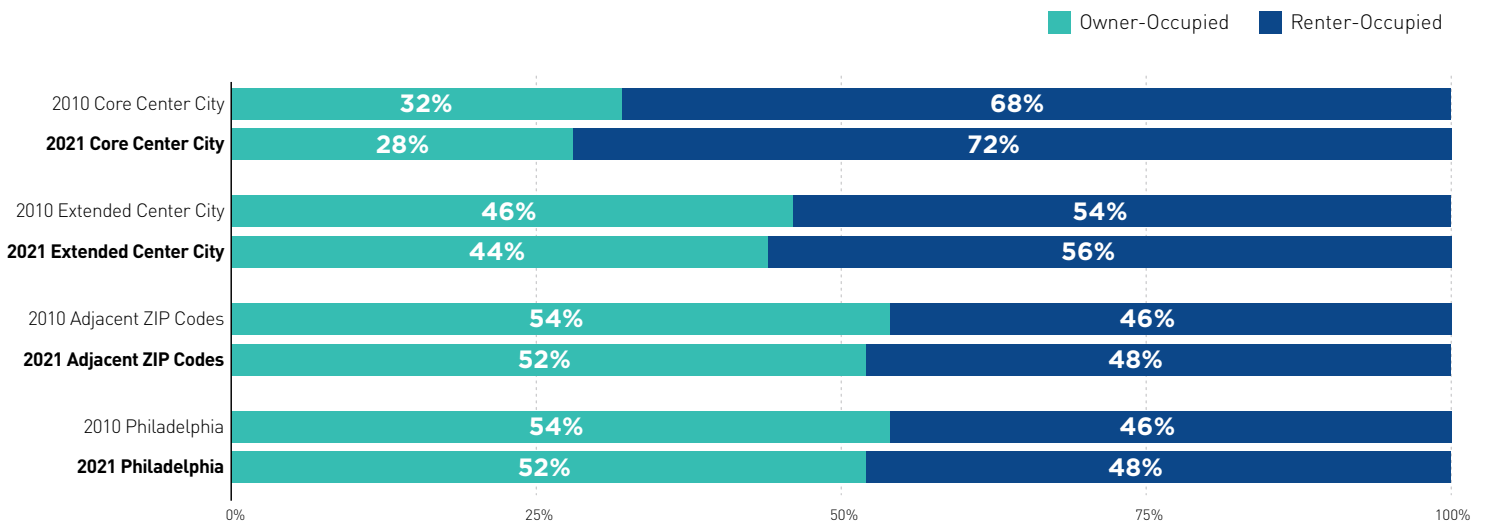
6,421 units



Apartments dominated new supply, continuing the trend of the last nine years. By 2021, nearly three-quarters of all core Center City households were apartment dwellers, while the balance of Greater City was more evenly split between homeowner and renters. The fast-growing ZIP codes in the adjacent neighborhoods are quite similar in housing tenure to the balance of the city, but here too, apartments are dominating the new supply (**Figure 4**).

In 2021, only 5% of the new units [91] built in Greater Center City were single-family homes, while 95% (1,689) were apartments in buildings located mostly in the extended neighborhoods. Of the 267 units completed in core Center City, 216 were in one location: the View at Old City at 401 Race Street. No condominiums were added in either 2020 or 2021, though both The Laurel and Arthaus are scheduled for completion in 2022, along with apartments in the Riverwalk and Cathedral Square developments. In the adjacent neighborhoods, new supply was comprised of 91% (1,986 units) apartments and 9% (197) single family properties. This is a citywide trend as housing tenure has steadily shifted toward a greater share of households living in apartments (**Figure 6**).

FIGURE 6 DISTRIBUTION OF HOUSEHOLDS BY TENURE, CENTER CITY AND PHILADELPHIA



Source: US Census Bureau, 2010 Decennial Census, 2021 Esri estimates.





## PROPOSED DEVELOPMENT

If the pandemic constrained production in 2020, the quantity of planned units in 2021 was accelerated both by favorable interest rates and by the pending termination on December 31, 2021 of the full 10-year tax abatement for new construction.<sup>3</sup> Based on Department of Licenses and Inspections permit data, as of December 31, 2021, 17,279 housing units were either proposed or under construction in Greater Center City, 50% of the citywide total. This was triple the number of units pending (5,352) at the end of 2020 and quadruple the number (3,982) at the end of 2019. In the adjacent neighborhoods, there were another 7,191 units either proposed or under construction, for a grand total of 24,470 units in Greater Center City and the five adjacent ZIP codes. These neighborhoods, which represent 16% of the land area of the city, collectively accounted for 71% of all new units under construction or

proposed citywide as of the end of last year.<sup>4</sup> In University City, there were an additional 2,705 units permitted.

As in recent years, the lion's share of proposed units in Greater Center City were in the extended neighborhoods, particularly to the north, with the largest concentration in ZIP code 19123, Northern Liberties and Fishtown. However, proposed units in core Center City jumped substantially over the previous year, with 4,365 pending at the end of 2021, compared to 1,386 at the end of 2020. These are primarily concentrated in 13 large projects not yet under construction that cumulatively contain 2,674 units. Five projects already under construction in core Center City – The Laurel, Arthaus, Riverwalk, Cathedral Square and 12 + Sansom – will deliver an additional 1,409 units (**Figure 7**).

<sup>3</sup>: For new residential construction, the 100% abatement of the improved value for 10 years was reduced so that the abatement shrinks by 10% annually, starting after the first year, until it's completely phased out.

<sup>4</sup>: As of December 31, 2020, there were 14,415 units under construction or proposed citywide; at the end of 2021 this number had increased to 34,612 housing units.

Among those projects newly-permitted in 2021, 55% were approved in November or December, suggesting the looming change in the tax abatement for new construction was a significant factor (Figure 8).<sup>5</sup> This is not to suggest these projects will never materialize, but only that many may have been pulled into 2021 to beat the deadline. Since permits are valid for one year after

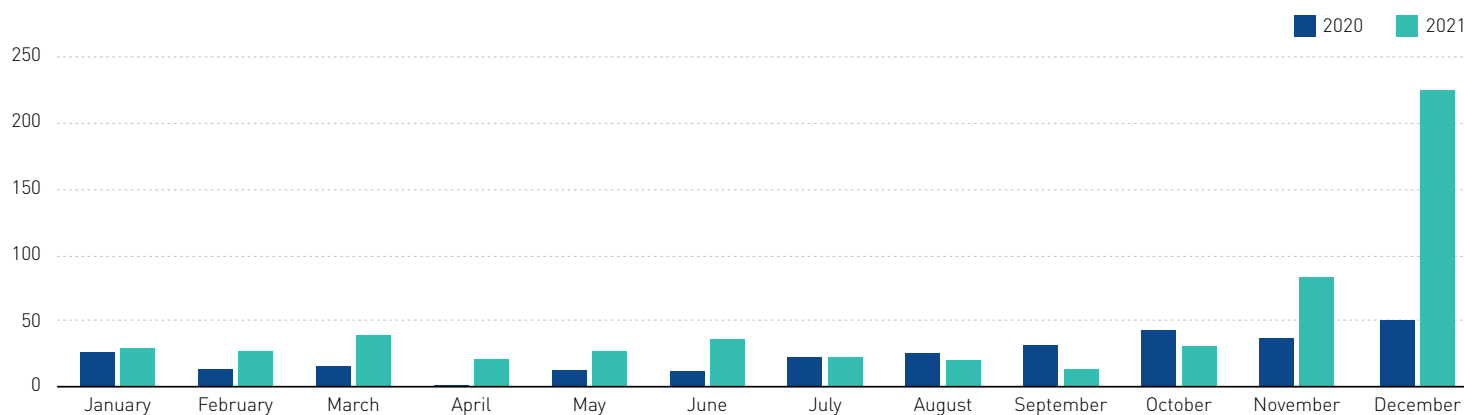
being issued, it remains to be seen how many will file subsequent, required permits for actual construction activity or seek allowable extensions. Interest rates, construction costs, the level of economic recovery in the city, decisions around remote or in-office work, and concerns about public safety and quality of life, are all factors to watch in 2022 and 2023.

FIGURE 7 MAJOR PENDING RESIDENTIAL PROJECTS IN CORE CENTER CITY

NAME	ADDRESS	UNITS	PERMIT ISSUE DATE
<b>Projects Not Yet Under Construction</b>			
Edgewater Apartments	230 North 23rd Street	180	December 2020
Harper Square	113-21 South 19th Street	215	April 2021
1620 Sansom Street	1608-34 Sansom Street	306	June 2021
Vine Street Apartments	1209-15 Vine Street	120	July 2021
139 North 23rd Street	139 North 23rd Street	115	August 2021
2301 JFK	2301 John F Kennedy Boulevard	287	November 2021
204 South 12th Street	204 South 12th Street	378	November 2021
33 North 22nd Street	33 North 22nd Street	341	November 2021
36-38 South 2nd Street	36-38 South 2nd Street	61	November 2021
300 North Columbus Boulevard	300 N Christopher Columbus Boulevard	360	December 2021
1101 Walnut Street	1101 Walnut Street	198	December 2021
708 Sansom Street	708 Sansom Street	63	December 2021
502 Wood Street	502 Wood Street	50	December 2021
<b>Total</b>		<b>2,674</b>	
<b>Projects Under Construction</b>			
Arthaus	301 South Broad Street	108	February 2019
The Laurel	1911 Walnut Street	249	May 2019
Riverwalk	60 North 23rd Street	380	June 2019
Cathedral Square	222 North 17th Street	273	November 2020
12 + Sansom	123 South 12th Street	399	October 2021
<b>Total</b>		<b>1,409</b>	
<b>Total Pending Units</b>		<b>4,083</b>	

Source: City of Philadelphia Department of Licenses and Inspections

FIGURE 8 PERMITS FOR NEW RESIDENTIAL CONSTRUCTION IN GREATER CENTER CITY



Source: City of Philadelphia Department of Licenses and Inspections

5: CCD analysis of City of Philadelphia, Department of Licenses and Inspections data.

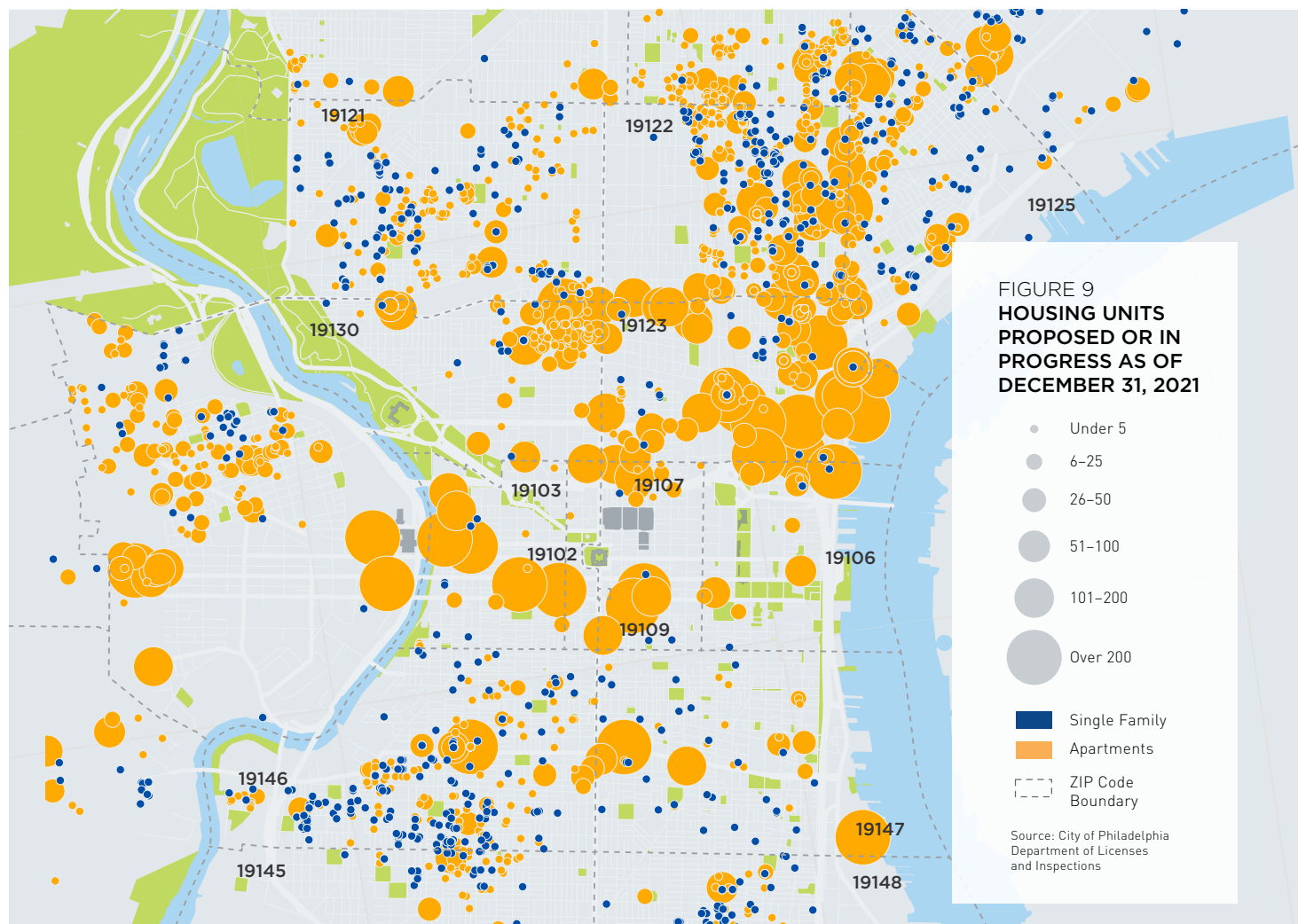


FIGURE 10 PHILADELPHIA HOUSING UNITS PROPOSED OR UNDER CONSTRUCTION AS OF DECEMBER 31, 2021

AREA	UNITS	PERCENT OF CITYWIDE TOTAL
<b>Core Center City</b>		
West (19102, 19103)	2,393	7%
East (19106, 19107)	1,972	6%
<b>Total</b>	<b>4,365</b>	<b>13%</b>
<b>Extended Center City</b>		
Northwest (19130)	2,085	6%
Northeast (19123)	8,064	23%
Southwest (19146)	1,322	4%
Southeast (19147)	1,443	4%
<b>Total</b>	<b>12,914</b>	<b>37%</b>
<b>Greater Center City</b>		
<b>Total</b>	<b>17,279</b>	<b>50%</b>
<b>Adjacent ZIP codes</b>		
Northwest (19121)	979	3%
North (19122)	3,194	9%
Northeast (19125)	2,422	7%
Southwest (19145)	365	1%
Southeast (19148)	231	1%
<b>Total</b>	<b>7,191</b>	<b>21%</b>
<b>Greater CC + Adjacent ZIP Codes Total</b>	<b>24,470</b>	<b>71%</b>
<b>Philadelphia Total</b>	<b>34,612</b>	<b>100%</b>

Greater Center City

**17,279 units**

Adjacent ZIP Codes Total

**7,191 units**Greater Center City and  
Adjacent ZIP Codes**24,470 units**

71% of Citywide Total

**34,612 units**



**Figure 9** maps the location for those 24,470 housing units in Greater Center City and the adjacent ZIP codes. **Figure 10** enumerates the major residential projects for which permits have been filed or construction has started as of December 31, 2021.

Census Bureau data, which counts a slightly different inventory, indicates that the number of new residential units permitted citywide increased to 26,116 in 2021, following two decades when the number of newly permitted units did not exceed 6,000 in any

single year. The number of units in single-family homes citywide for which permits were filed in 2021 increased by 58% from 2020; units proposed in duplexes rose 87% and those in three to four unit buildings increased by 64%. However, the quantity in buildings of five or more units soared by 524% (**Figure 11**). While Philadelphia's growing population and aging housing stock may partially explain the increase in proposed supply, the December 31, 2021 deadline appears to have had a disproportionately large effect.

FIGURE 11 PHILADELPHIA RESIDENTIAL BUILDING PERMITS: BUILDINGS, UNITS, AND VALUE

	2019	2020	2021
<b>Projects with 1 Unit</b>			
Buildings	894	983	1,553
Units	894	983	1,553
Value (\$ in Millions)	\$236	\$260	\$408
<b>Projects with 2 Units</b>			
Buildings	152	216	404
Units	304	432	808
Value (\$ in Millions)	\$44	\$65	\$126
<b>Projects with 3-4 Units</b>			
Buildings	167	173	295
Units	561	598	979
Value (\$ in Millions)	\$69	\$76	\$129
<b>Projects with 5 or More Units</b>			
Buildings	107	110	420
Units	2,807	3,652	22,776
Average Units per Building	26	33	54
Value (\$ in Millions)	\$399	\$422	\$3,481
<b>All Projects</b>			
Buildings	1,320	1,482	2,672
Units	4,566	5,665	26,116
Value (\$ in Millions)	\$748	\$824	\$4,145

Source: US Census Bureau, Building Permits Survey

One way to put this in perspective is to look at the regional context. Following the 2009-2011 recession, the city's share of regional housing permits began to grow. This resulted both from new demand and supply within the city and a dramatic decline in the volume of permits issued in the suburban areas of the 11-county metro from 18,100 in 2004 to a low point of 5,400 in 2011, before rebounding to 12,400 in 2021 (**Figure 12**). This enabled

Philadelphia's share of regional permits to increase steadily from 14% in 2004 to 35% in 2020.<sup>6</sup> It is a positive sign that so many developers now seek opportunities in the city. But a jump in regional share to 68% seems a stretch beyond available demand. Construction costs, available financing and attainable rents will likely serve as market correctives, limiting the volume of units delivered in 2022 and 2023.

6: US Census Bureau, Building Permit Survey

FIGURE 12 RESIDENTIAL UNITS PERMITTED IN THE PHILADELPHIA REGION, 2004-2021

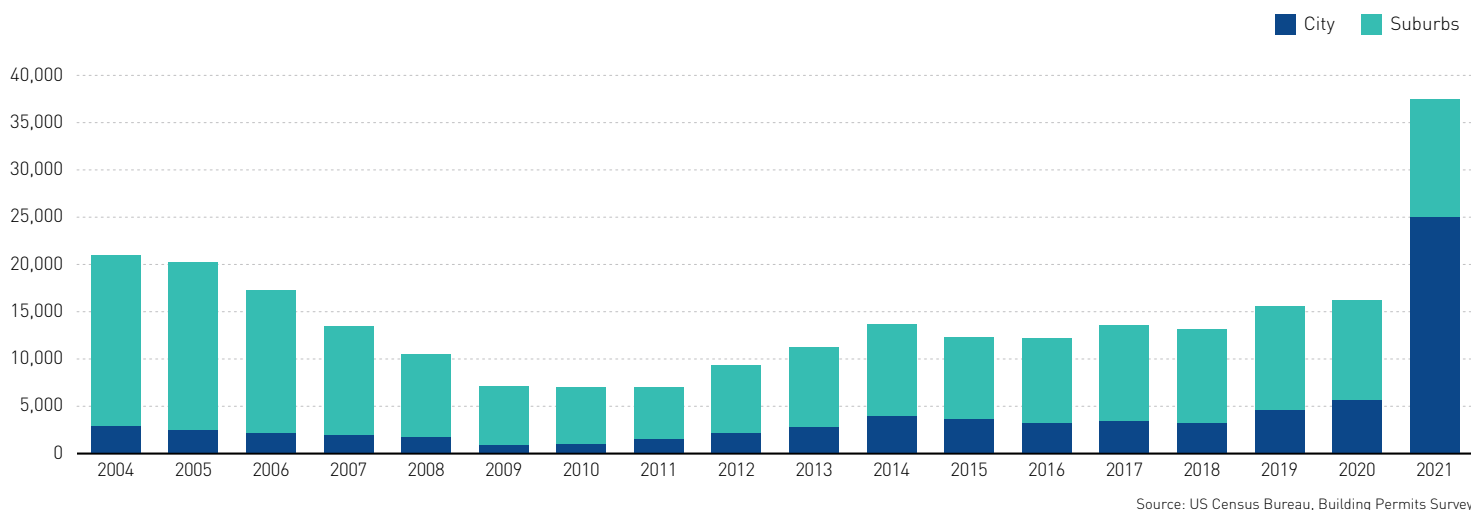


FIGURE 13 RESIDENTIAL SALES, MEDIAN SALE PRICE, AND DAYS ON MARKET, IN CENTER CITY AND PHILADELPHIA

AREA	2019	2020	2021	% CHANGE 2019-2020	% CHANGE 2020-2021	% CHANGE 2019-2021
<b>Sales</b>						
Core Center City	803	732	1,110	-9%	52%	38%
Extended Center City	2,221	2,485	3,234	12%	30%	46%
Greater Center City	3,024	3,217	4,344	6%	35%	44%
Adjacent ZIP Codes	2,566	2,861	3,338	11%	17%	30%
Philadelphia	16,924	16,341	19,285	-3%	18%	14%
<b>Median Sale Price</b>						
Core Center City	\$405,000	\$432,000	\$425,000	7%	-2%	5%
Extended Center City	\$405,000	\$427,000	\$451,250	5%	6%	11%
Greater Center City	\$405,000	\$429,900	\$449,950	6%	5%	11%
Adjacent ZIP Codes	\$280,000	\$300,000	\$310,000	7%	3%	11%
Philadelphia	\$214,500	\$240,000	\$263,000	12%	10%	23%
<b>Average Days on Market</b>						
Core Center City	115	89	108	-23%	21%	-6%
Extended Center City	75	53	54	-30%	2%	-28%
Greater Center City	85	61	69	-28%	13%	-19%
Adjacent ZIP Codes	70	58	56	-17%	-3%	-20%
Philadelphia	45	44	37	-3%	-16%	-19%

Source: MLS

# Market Trends

## HOUSING FOR SALE

Due to disruptions downtown, residential sales in the core in 2020 declined by 9%, primarily during the second quarter, but they rebounded by 52% in 2021. In extended Center City, where so many residents were now working remotely and local retail and restaurants were benefiting from demand seven days a week, sales increased by 12% in 2020 and by 30% in 2021. During the two-year period, 2019 to 2021, Greater Center City transactions increased 44%, compared to 14% citywide (Figures 13, 14).

Similar trends are apparent in pricing: median prices in the core declined 2% from 2020 to 2021, with greater contraction at the upper end of the market, while they increased by 6% in the extended neighborhoods, and by 3% in adjacent areas. From 2019 to 2021, fueled in part by low-interest rates, prices for both Greater Center City and adjacent neighborhoods rose by 11%, while Philadelphia as a whole, starting from a lower base, experienced appreciation of 23% (Figure 15).

Because the size and amenities of homes that sell in any particular year many vary significantly, CCD asked Kevin Gillen of Drexel University to construct a housing price index that incorporated these variables. That index shows that quality-adjusted home prices in Greater Center City closely tracked those in Philadelphia as a whole from 1980 to 2000. But they quickly began to outpace the city as amenity-rich new developments built after 2000 and the substantial improvements in the downtown environment enhanced the value of a Center City location. Prices declined citywide during the recession from 2008 to 2011 but recovered rapidly beginning in 2012. Quality-adjusted housing prices in Greater Center City increased at an average annual rate of 4.8% from 2011 to 2021, but were slightly outpaced by a 5.0% growth rate citywide (Figure 16).

FIGURE 14 HOMES SOLD IN GREATER CENTER CITY

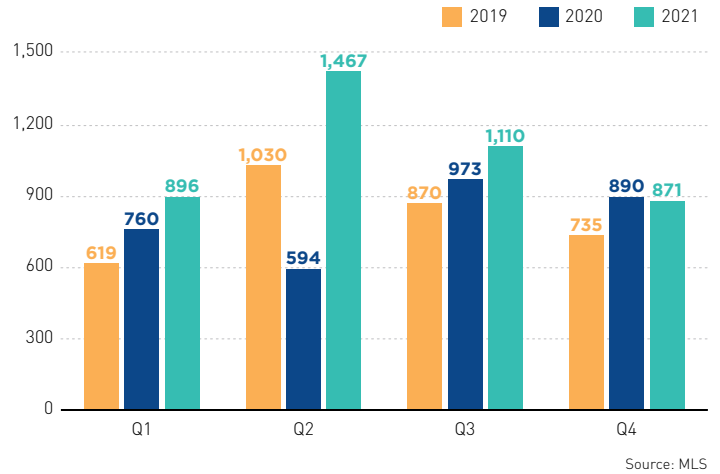


FIGURE 15 MEDIAN HOME SALE PRICE

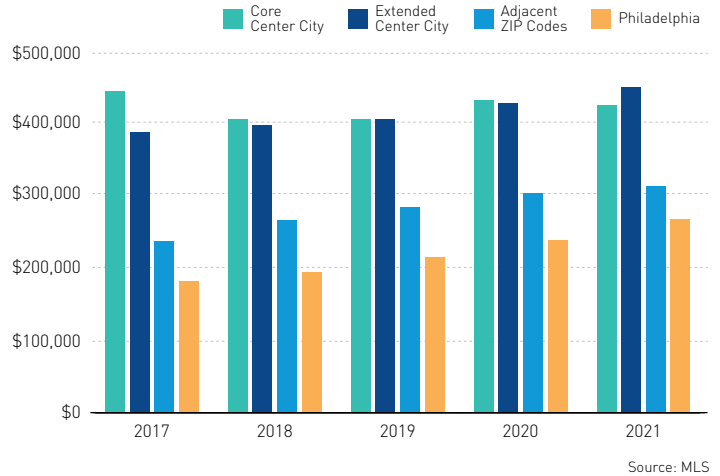
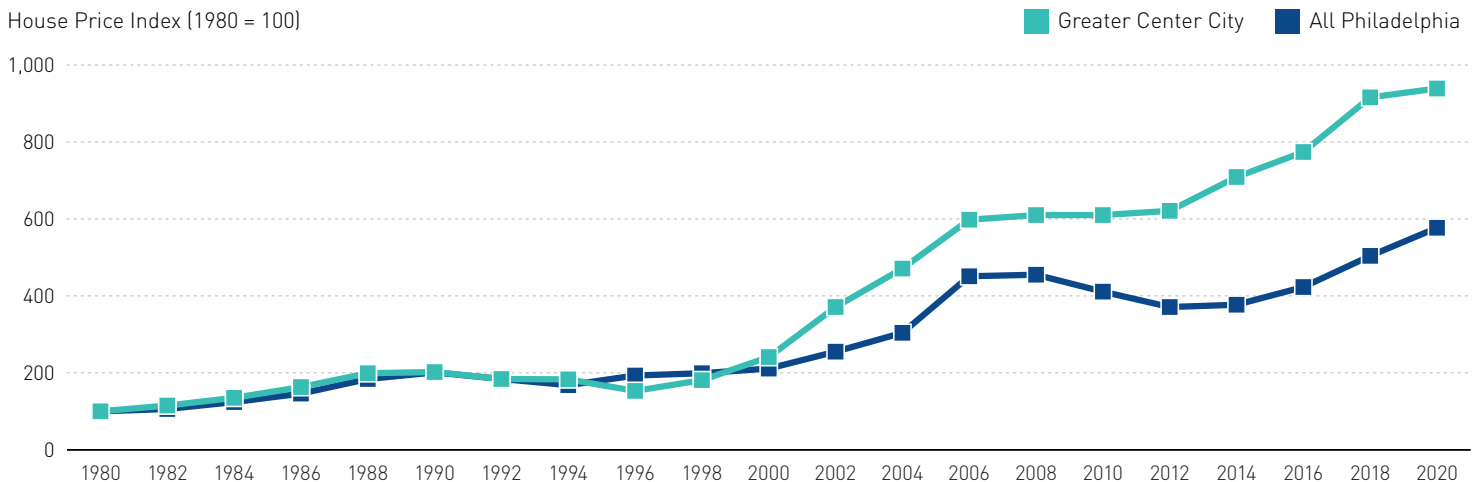


FIGURE 16 HOUSE PRICE INDICES: GREATER CENTER CITY AND PHILADELPHIA, 1980-2020

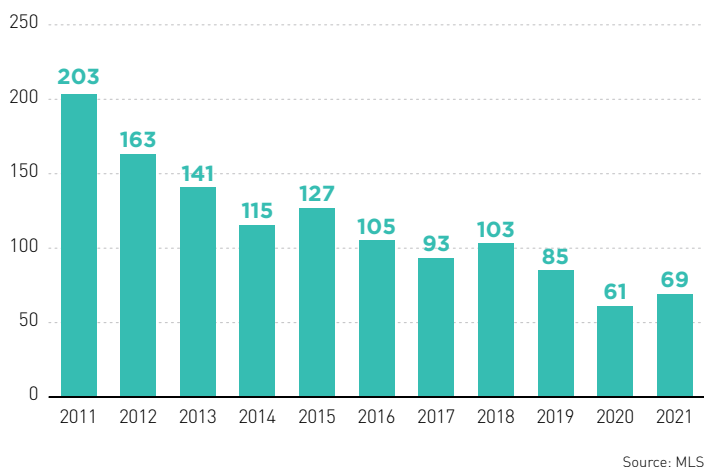
House Price Index (1980 = 100)



Source: Kevin Gillen, Lindy Institute, Drexel University  
Note: The index reflects the average value of a Center City or Philadelphia housing unit relative to its 1980 value. The index is not adjusted for inflation.



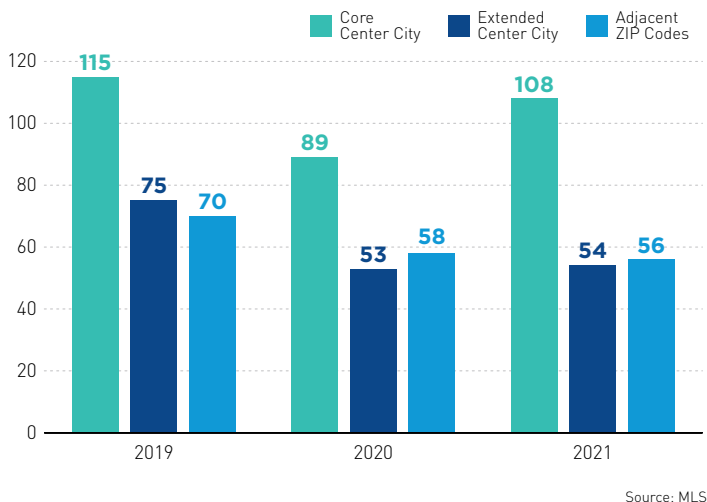
FIGURE 17 AVERAGE DAYS ON MARKET, GREATER CENTER CITY, 2011-2021



Velocity is another measure of the market: the duration between listing and sales. The disruptions of 2020 are apparent here, too. After a steady decline in days on market from 2011 to 2020, the duration rose by 21% from 2020 to 2021 in core Center City and by 2% in extended Center City, while declining by 3% in the adjacent ZIP codes.

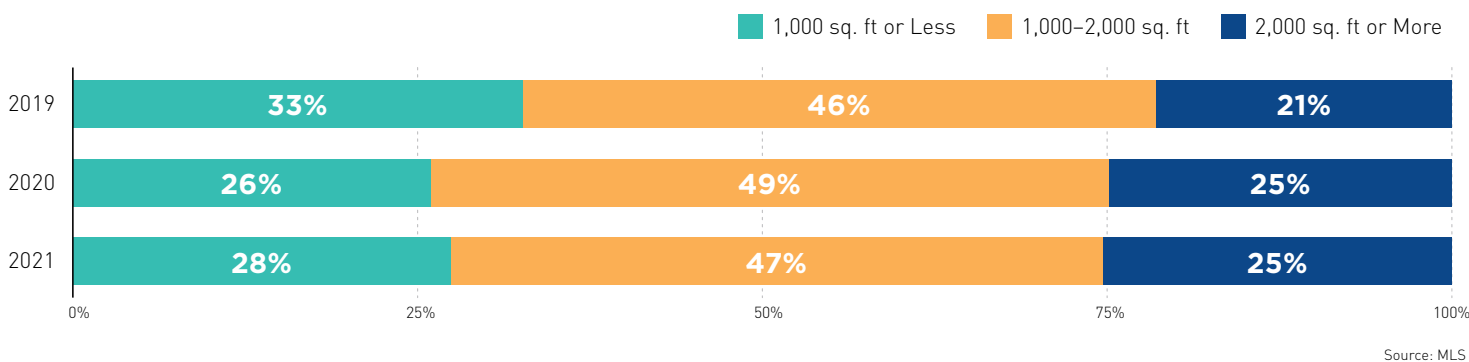
However, by the end of 2021, with both the volume of sales and price appreciation outperforming 2019, houses in Greater Center City were selling in one-third of the time it took in 2011 (Figures 17, 18).

FIGURE 18 AVERAGE DAYS ON MARKET, GREATER CENTER CITY, 2019-2021



If there is an enduring reliance on remote work, one lasting impact may be consumer interest in larger homes that allow for more work space, even if it is only for one or two days at home each week. While this trend began before the pandemic, the sale of homes in Greater Center City with 1,000 square feet of interior floor space or less declined 21% in 2020, while sales of larger units increased. In 2019, smaller units of 1,000 square feet or less made up 33% of the units sold; by 2021, their share declined to 28%. A similar pattern appears in the rental market. After a decade in which studios were a primary product, the demand for two bedroom units has increased (Figure 19).

FIGURE 19 DISTRIBUTION OF GREATER CENTER CITY RESIDENTIAL SALES BY FLOOR AREA, 2019-2021



## RENTAL MARKET

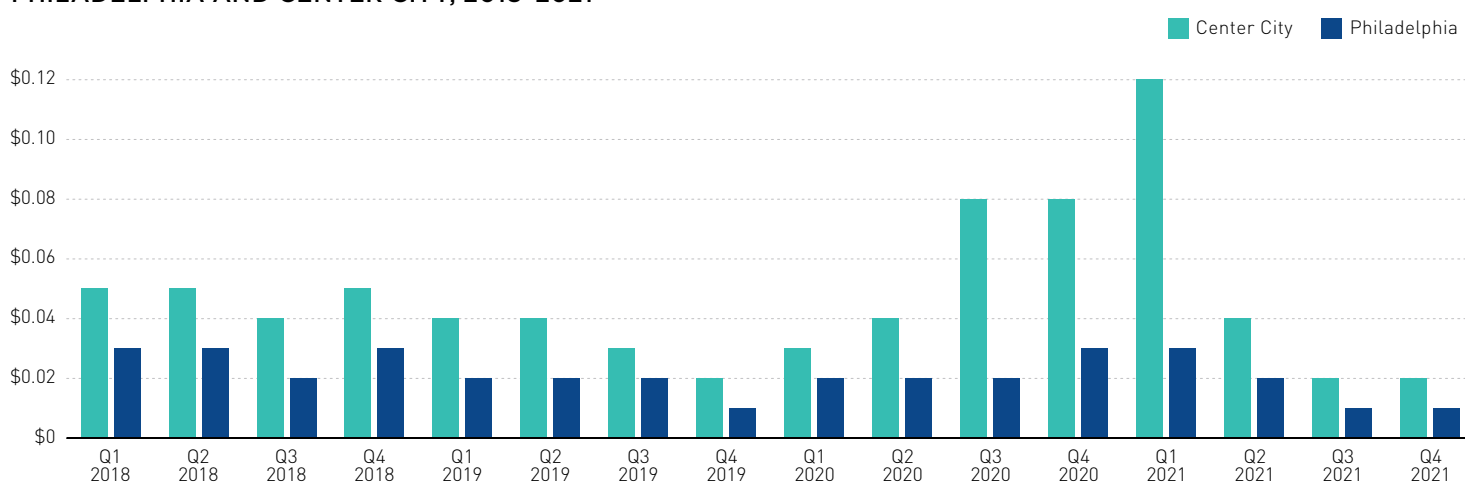
The disruptions of 2020 were more visible in the rental sector, given both the shorter tenure of apartment leases and the greater volume of new supply. Conditions, however, rebounded quickly in 2021.

When a significant new volume of apartments comes online, there is often a gap between advertised asking rent and what is termed “effective rent,” taking into account concessions such as one or more free months of rent that landlords may offer as an inducement to renew or sign a lease. CoStar tracks the difference between asking and effective rents on a square-footage basis. While inducements

grew moderately citywide from the first quarter of 2020 through the first quarter of 2021, they spiked significantly in Greater Center City, but then quickly reverted to pre-pandemic levels (**Figure 20**).

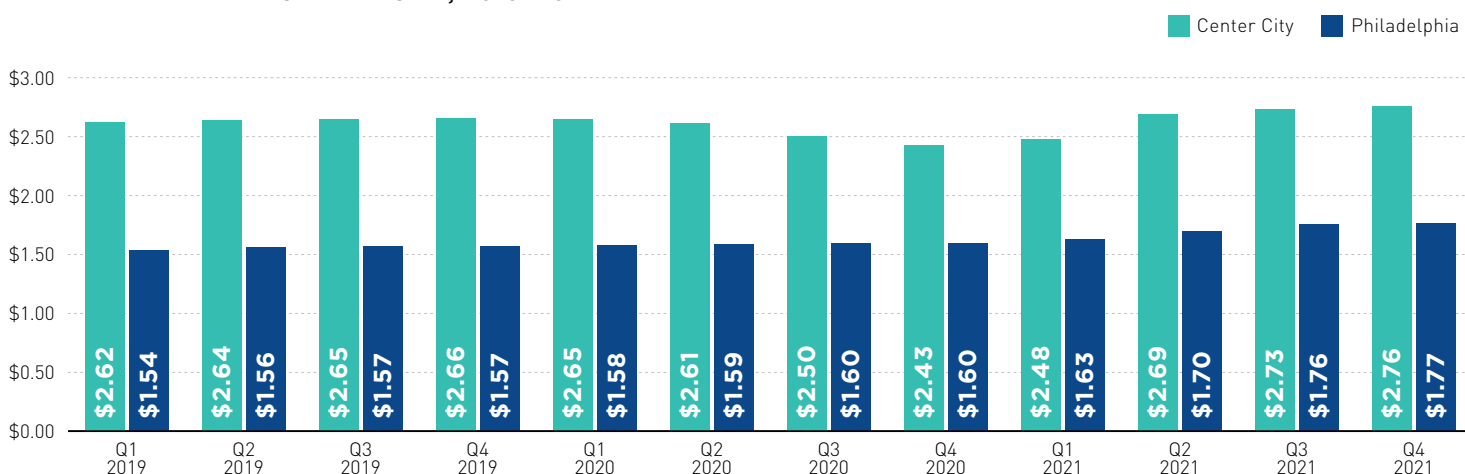
On a square-footage basis, the effective rent declined 8.6% from Q4 2019 to Q4 2020 in Greater Center City, while increasing 1.9% during the same period citywide. However, Center City regained lost ground in 2021, as effective rent per square foot increased 13.6% from Q4 2020 to Q4 2021, compared to 10.6% in Philadelphia as a whole (**Figure 21**).

**FIGURE 20 DIFFERENCE BETWEEN ASKING AND EFFECTIVE RENT PER SQUARE FOOT, MULTIFAMILY MARKET, PHILADELPHIA AND CENTER CITY, 2018-2021**



Source: CoStar

**FIGURE 21 EFFECTIVE RENT PER SQUARE FOOT, MULTIFAMILY MARKET, PHILADELPHIA AND CENTER CITY, 2019-2021**



Source: CoStar

The premium of Center City rent over citywide rent also declined from \$1.09 per square foot in Q4 2019 to \$0.83 in Q4 2020, before partially rebounding to \$0.99 in Q4 2021. However, this differential could also result from newer, higher-amenity apartments coming online in areas outside of Center City.

CoStar data on multifamily vacancy within Center City shows the same pattern: vacancy increased in 2020 to 12.4% but then fell to 7.3% in 2021. This reflects both restored confidence in the market and the return of college, medical and university students to in-person classes in the fall of 2021. Occupancy rates within major downtown apartment buildings are currently at 95% or higher.

Zillow also calculated for 2020 a drop in rents in the core with a quick rebound in 2021, while rates of increase in the extended and adjacent neighborhoods accelerated through 2021 to a point where rents in the extended neighborhoods are now approaching those in the core (Figure 22).

But whatever challenges Philadelphia faced, it compares very well with other Northeastern U.S. cities and San Francisco. Rents declined more moderately in Philadelphia and rebounded faster and by November 2021, they exceeded January 2020 levels by 7% (Figure 23).

FIGURE 22 AVERAGE MONTHLY RENT IN GREATER CENTER CITY AND ADJACENT ZIP CODES, 2014-2021

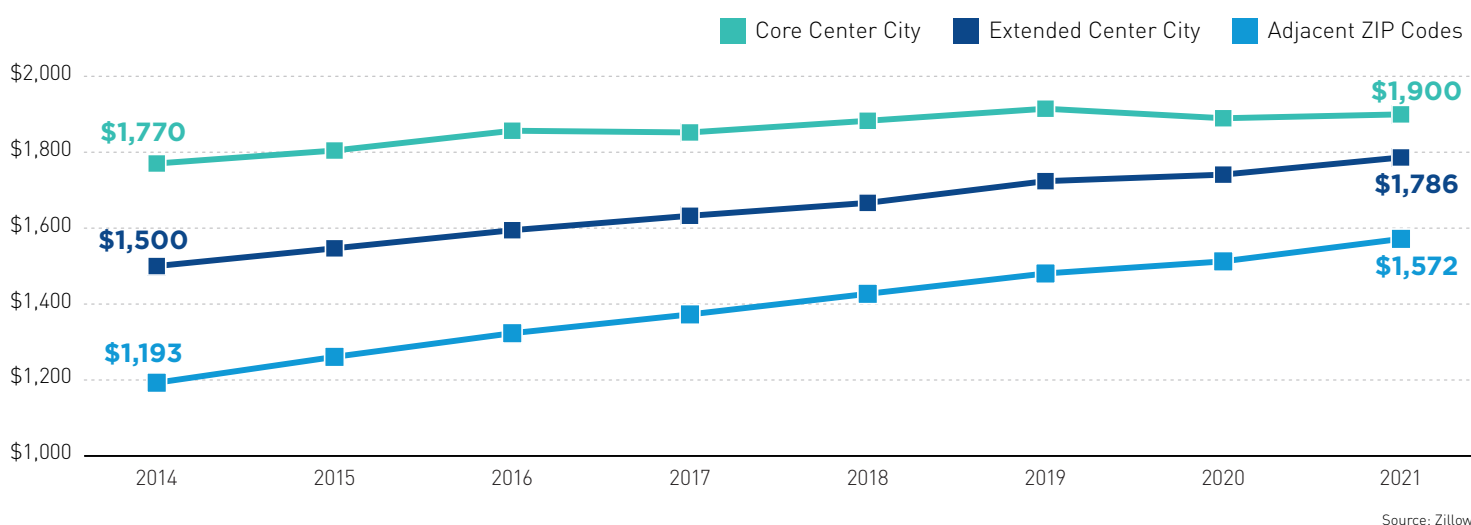
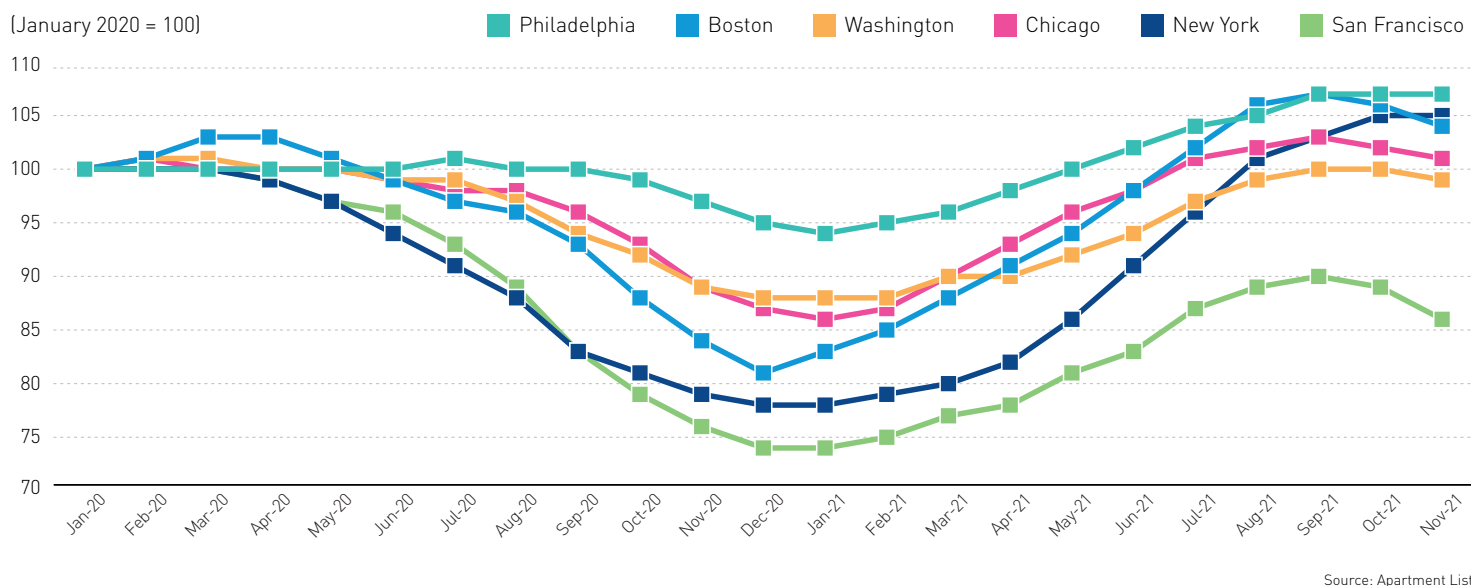


FIGURE 23 MONTHLY APARTMENT RENT INDEX, MAJOR CITIES, 2020-2021





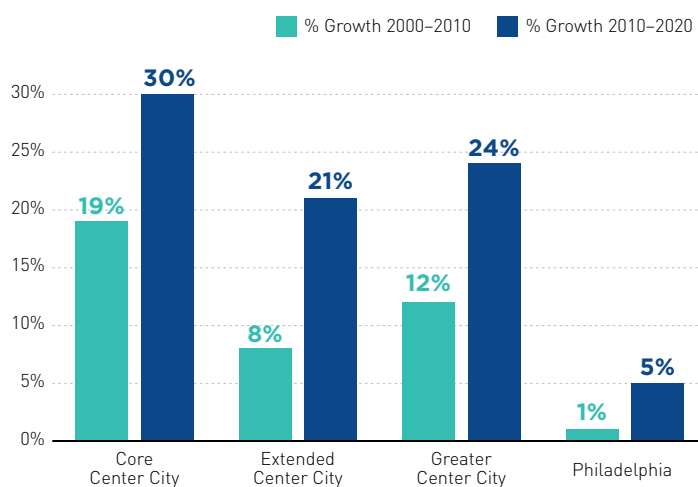


## Who Lives Downtown

The surge in housing production during the last two decades reflects greater interest in downtown living from an increasingly diverse and educated population. Demand has come from job growth, from students and recent graduates of the city's colleges and universities and from national demographic factors such as the large cohorts of millennials, empty nesters and retirees. It was facilitated by a steadily improving quality of life and the diversification of amenities from cultural institutions to supermarkets.

The increase in population across all of Greater Center City outpaced the citywide increase from 2000 to 2010 and again from 2010 to 2020. The rate of increase from 2010 to 2020 was nearly triple that of the prior decade in extended Center City and double in Greater Center City as a whole. **(Figure 24).**

**FIGURE 24 PERCENTAGE CHANGE IN POPULATION, CENTER CITY AND PHILADELPHIA**



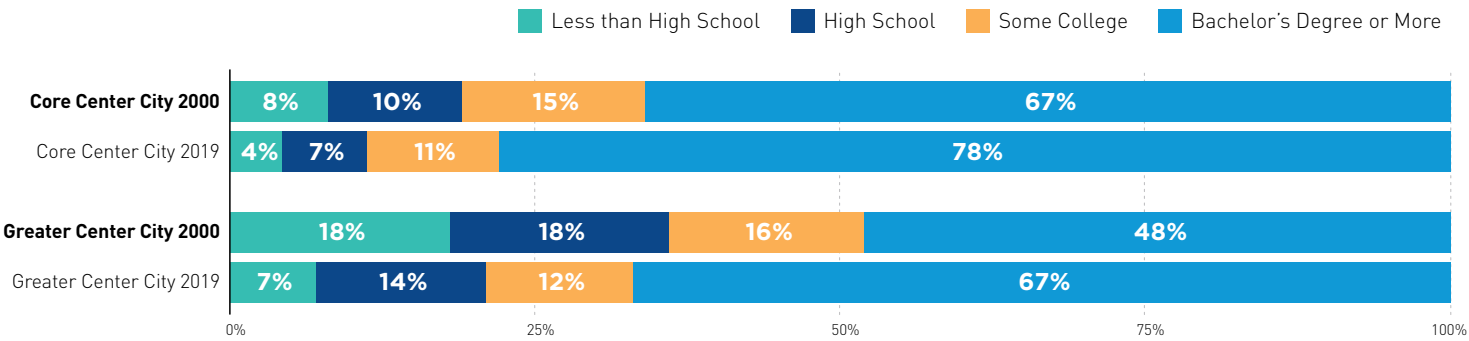
Source: CCD estimates based on US Census Bureau decennial census.

**Age:** Young adults, ages 20 to 34 make up 44% of the core Center City population, compared to 38% in extended Center City and 26% citywide. For many, the city and its amenities is their living room.

Those 35 to 54 constitute 21% of the core, 26% of the extended neighborhoods and 24% of the citywide population. As more families with school-age children have remained or moved downtown during the past decade, children under 15 in Greater Center City rose to 10.3% in 2019, compared to 18.6% citywide.

Residents ages 55 to 64 make up 9% of the population and those 65 and over constitute 18% of the population in the core. These two age cohorts – many of whom moved to Center City for arts, entertainment, restaurants and proximity to workplaces, all of which closed for much of 2020 – were probably most unsettled by the events of that year.

FIGURE 25 EDUCATIONAL ATTAINMENT OF CENTER CITY POPULATION



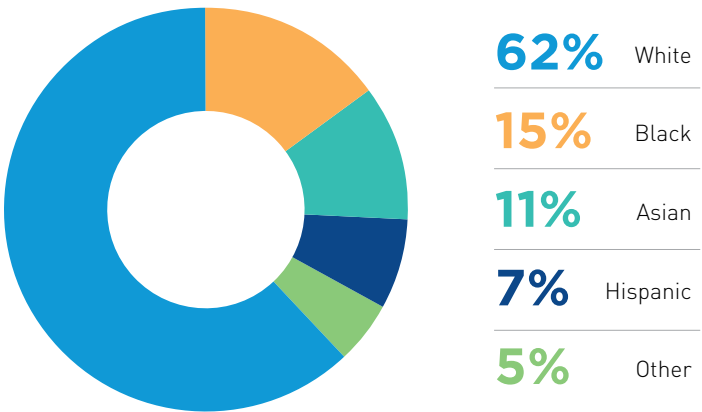
Source: US Census Bureau, 2000 Decennial Census, 2019 American Community Survey, five-year estimates.

**Household Size:** In core Center City, where apartments are dominant, household size is the smallest at 1.62 persons per household. Outside the core, the percentage of homeowners and the presence of children rises, as does household size: 2.13 in the extended neighborhoods and 2.57 in the adjacent ZIP codes, nearly identical to the citywide average of 2.55 and slightly exceeding the city's rate of homeownership at 54.9% (Figure 27).

**Education:** As of 2019, 67% of Greater Center City's residents held a college degree, up from 48% in 2000. Within the core, those with bachelor's degrees rose from 67% in 2000 to 78% in 2019 (Figure 25). Household income tracks educational levels: highest in the core and stepping down in the adjacent neighborhoods where housing is more affordable.

**Race and Ethnicity:** The racial and ethnic composition of Greater Center City differs from the city as a whole, which is 38% Black, 34% white, 15% Hispanic and 8% Asian. Since 2000, Greater Center City's Hispanic and Asian populations have increased their share of downtown residents, while the Black population has contracted at a faster rate than it has citywide, except among the demographic of 20 to 34 year olds. In the core of Center City, the Black population ages 20 to 34, while numerically small, grew by an estimated 80% between 2000 and 2019 while the Asian population in this cohort grew by 46%.<sup>7</sup>

FIGURE 26 GREATER CENTER CITY POPULATION BY RACE AND ETHNICITY, 2020



Source: CCD analysis of US Census Bureau 2020 decennial census.

7: Total population for 2000 and 2020 from CCD analysis of decennial Census. Estimates of 20-34 age cohort based on 2000 decennial census, and 2019 American Community survey, five-year estimates.

# Affordability

In comparison to other Northeastern cities, Philadelphia remains very affordable for both owners and renters. The Census Bureau's American Community Survey shows pre-pandemic, both the median gross rent and the median value of owner-occupied housing in Philadelphia ranked 21st out of the 30 largest cities, far below the most expensive locations. The expansion of development into adjacent neighborhoods has continued to provide more moderately priced options that are well-connected by transit to downtown

amenities and jobs, while creating economic challenges for some lower income residents in these neighborhoods.

Philadelphia's affordability challenge is a problem not of expensive housing but of low incomes, highly concentrated among households with annual incomes under \$50,000. Pre-pandemic, 54% of the city's renter households and 28% of owners were "cost burdened," devoting more than 30% of their income for housing (**Figure 28**).

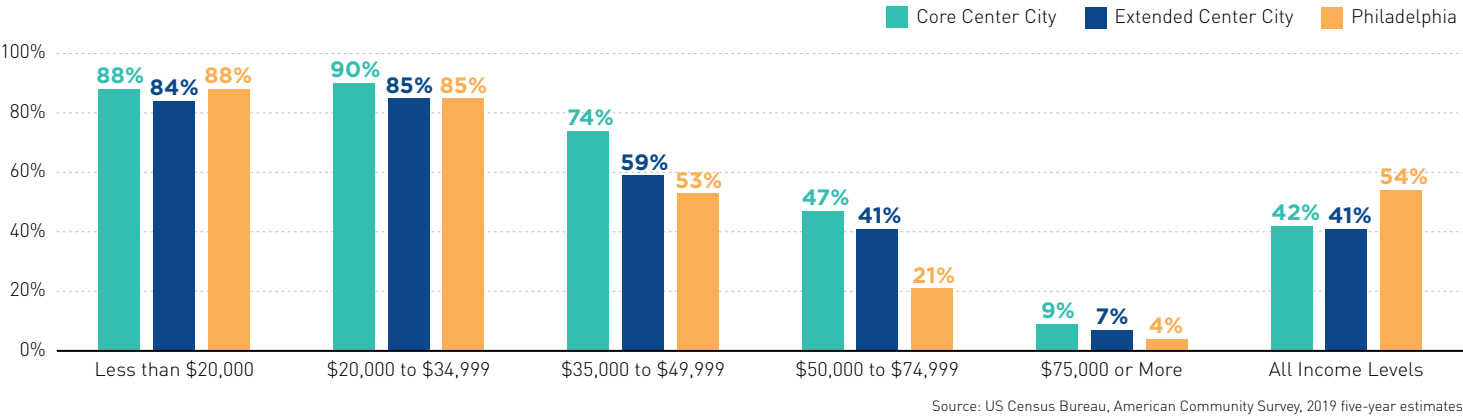
FIGURE 27 POPULATION AND HOUSING CHARACTERISTICS OF CENTER CITY AND PHILADELPHIA

	CORE CENTER CITY	EXTENDED CENTER CITY	GREATER CENTER CITY	ADJACENT ZIP CODES	CITY OF PHILADELPHIA
<b>TOTAL POPULATION (2020)</b>	<b>69,433</b>	<b>132,667</b>	<b>202,100</b>	<b>195,134</b>	<b>1,603,797</b>
Area (Square Miles)	2.16	5.53	7.69	14.14	134.53
Population Density (per Square Mile)	32,151	23,993	26,284	13,803	11,922
Percentage of Population Age 25 and Older with Bachelor's Degree (2019)	78%	61%	67%	28%	30%
Average Household Income (2019)	\$126,509	\$113,576	\$118,323	\$64,774	\$68,379
<b>HOUSING UNITS (2019)</b>					
Owner-Occupied	10,757	27,135	37,892	36,950	318,872
Renter Occupied	21,886	29,152	51,038	30,317	282,465
Vacant	5,101	7,965	13,066	10,557	84,619
<b>Total</b>	<b>37,744</b>	<b>64,252</b>	<b>101,996</b>	<b>77,824</b>	<b>685,956</b>
Percentage of Housing Units Occupied	86.5%	87.6%	87.2%	86.4%	87.7%
Percentage of Occupied Housing Units Owner-Occupied	33.0%	48.2%	42.6%	54.9%	53.0%
<b>AVERAGE HOUSEHOLD SIZE (2019)</b>					
Owner-Occupied Units	1.79	2.25	2.12	2.56	2.67
Renter-Occupied Units	1.53	2.03	1.82	2.58	2.40
<b>All Occupied Units</b>	<b>1.62</b>	<b>2.13</b>	<b>1.94</b>	<b>2.57</b>	<b>2.55</b>

Source: Population: 2020 Decennial Census; Education, income, housing units and average household size: US Census Bureau, American Community Survey, 2019 five-year estimate.



FIGURE 28 PERCENTAGE OF RENTER HOUSEHOLDS THAT ARE COST-BURDENED BY INCOME LEVEL

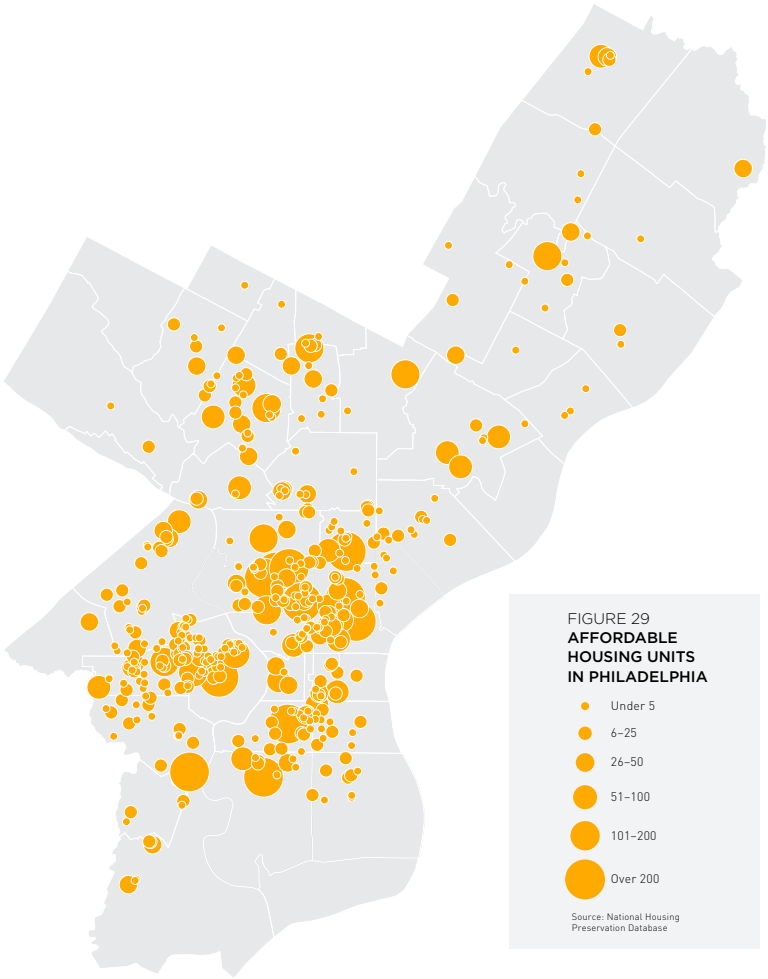


As Philadelphia lost jobs beginning in April 2020, the cost-burden challenge was exacerbated, particularly outside Greater Center City, where home prices have increased the most on a percentage basis.<sup>8</sup>

The best public policy tools to address these challenges remain housing vouchers and project-based subsidies, funded from federal and state sources. There are slightly more than 33,000 housing units with active public subsidies, insufficient to meet the demand (Figure 29).

The City of Philadelphia can supplement these with local resources and play an important role by regulating housing quality and incentivizing the inclusion of affordable units within market rate developments. Mandating inclusionary units may have emotional and political resonance, but the numbers still need to work to make them a reality. Efforts to assist working, low-income residents with access to financing and down payments for homes are essential, as are efforts to resolve tangled titles for owners who inherited property from relatives. Both will enable Black and brown residents to grow equity as their communities improve.

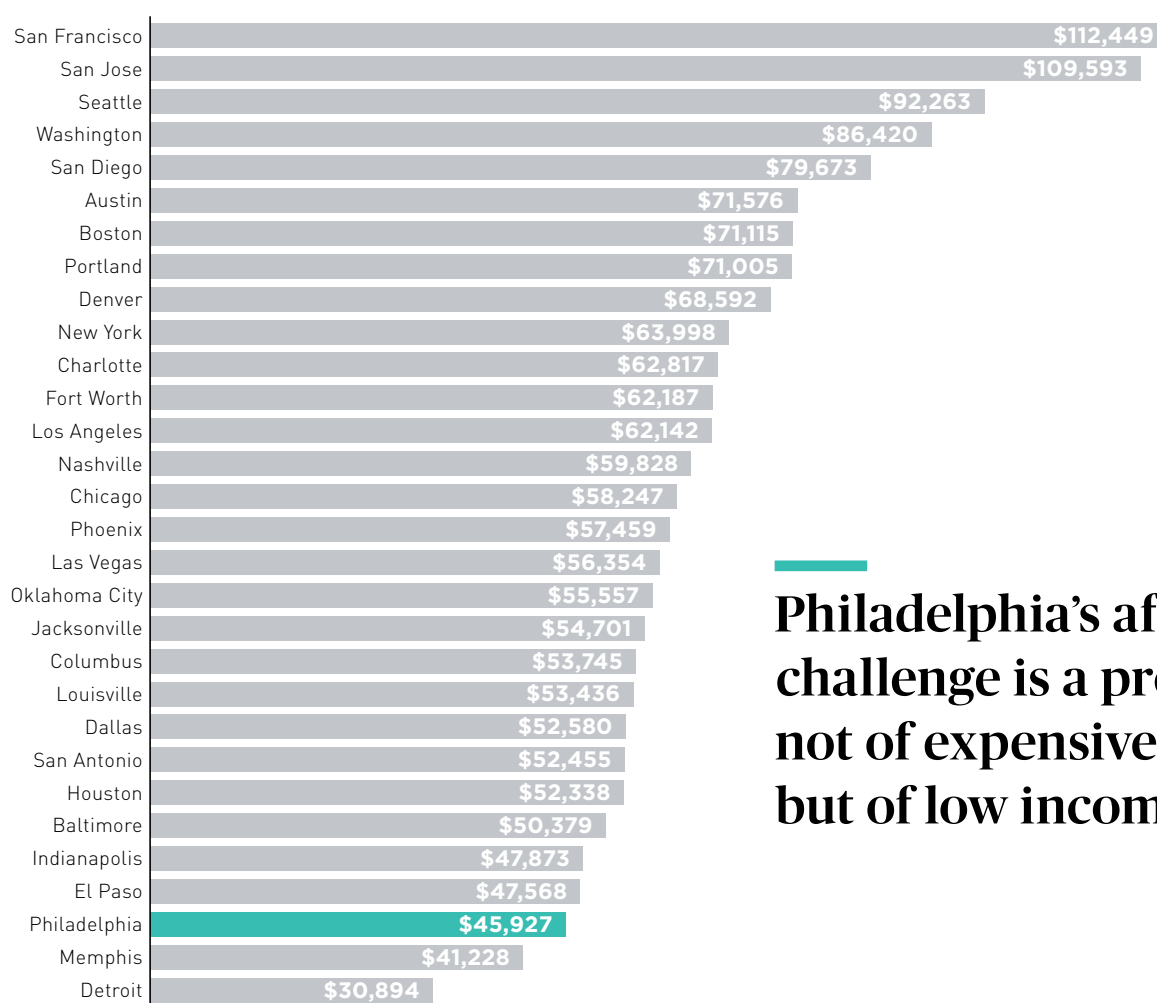
Fundamentally, the greatest impact on affordability will come from rising incomes and good-paying jobs. Among the 30 largest cities, Philadelphia’s median household income ranked 28th, ahead of only Memphis and Detroit (Figure 30). Prior to the pandemic, city job growth was slow and deficient in family-sustaining jobs, a direct result of low business density in relationship to both our suburbs and peer cities.<sup>9</sup>



8: Before the pandemic, 57% of renters in neighborhoods outside Greater Center City were cost burdened, compared to 41% in Greater Center City.  
9: See CCD’s 2021 report, *A Small Down Payment on Growth*, <https://www.centercityphila.org/uploads/attachments/ckpe495xl25pcvqdoheuw0fh0-downpayment-on-growth-draft-r6.pdf>

Philadelphia's rebound also remains slow compared to the region, other large urban counties, and the nation as whole. Through December 2021, the city had recovered 53% of jobs lost from February to April 2020. The 11-county region has recovered 78% of its jobs, while the nation has restored 84%.<sup>10</sup> Municipal tax policy is a significant lever within local control to create a more robust climate for inclusive growth, rising incomes and affordable housing. Without rising educational levels and a more favorable climate for the growth of Black and brown businesses and firms of all kinds, Philadelphia's housing markets will continue to reflect the bifurcation of our employment patterns and our racial disparities.

FIGURE 30 **MEDIAN HOUSEHOLD INCOME IN 30 LARGEST CITIES, 2019**



**Philadelphia's affordability challenge is a problem not of expensive housing but of low incomes.**

Source: US Census Bureau, American Community Survey, 2019 five-year estimate

10: *Monitoring Philadelphia's Economic Recovery*, January 2022 <https://www.centricityphila.org/uploads/attachments/ckyx51kss6p92srqdrimz7fio-philly-recovery-january-2022.pdf>

## Looking Ahead

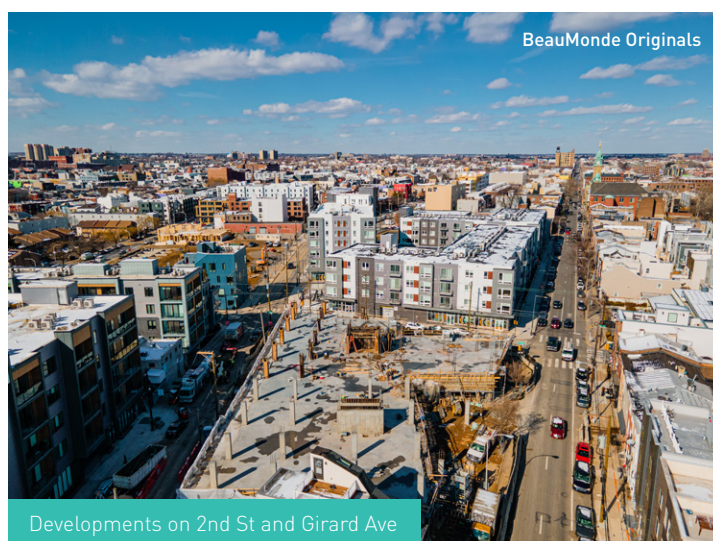
In the last two decades, land-use downtown diversified, the geography of residential Center City expanded, housing unit size increased, new apartment and condo buildings featured enhanced amenities, while retail and restaurant offerings in extended and adjacent neighborhoods began to approach those available downtown. The pandemic appears to have accelerated these trends.

At the same time, the absence of office workers and hotel guests temporarily reduced vitality and job opportunities in the Center City core, impacting both those who live there and residents throughout the city who rely on service jobs downtown. The economy of the city and the well-being of its residents are closely intertwined and, while the rebound in 2021 was substantial, there still is work to do to achieve full recovery.

Successful cities attract those with education, talent and skills who can live anywhere, while providing opportunities for those whose choices historically have been limited. Businesses form, grow and are drawn to places where they find talent; talent is attracted to cities that offer a great quality of life and career prospects. This virtuous circle has driven population and job growth downtown in the last two decades, while creating a widening ring of opportunity. Forty percent of the residents of greater Center City and 44% of those in the downtown core are ages 20 to 34; 67% of residents of Greater City and 78% in the core have a least a bachelor's degree.

At the same time, 29% of downtown jobs require only an associate degree, another 24% require no more than a high-school degree. One of the significant challenges posed by sustained remote work is how it undermines the economic ecosystem that has been built downtown, a job engine that generates opportunity and income for Philadelphia residents from all races and backgrounds.

Philadelphia's job growth, even in the decade prior to the pandemic, was slower than in most major cities. As a consequence, our circle of inclusion has been smaller, our affordability challenge greater, our poverty rate higher. Nationally, the millennial boom is tapering down. Philadelphia thus must focus more on retaining those we have attracted, as they build families and advance careers, while ensuring that the development and construction industry and the beneficiaries of reinvestment reflect the demography of the city. That means faster job growth, a more competitive business



environment and tax structure for firms large and small, facilitating the growth of Black and brown businesses and continued investment in public schools.<sup>11</sup> It means overcoming the false choices that divide so much contemporary discourse: at the local level, greater prosperity that broadens the tax base is the fastest path to progressive goals; without growth and rising incomes, there can be no equity nor upward mobility. The housing success story of Center City – growth driven by improving quality of life and economic opportunity – needs to be adapted and replicated citywide.

11: Business Density and the Role of Black and Minority Owned Businesses, August 2020

<https://centercityphila.org/research-reports/getting-more-philadelphians-back-to-work-business-density-and-the-role-of-black-and-minority-owned-businesses>