



CENTER CITY REPORTS | SEPTEMBER 2022

Monitoring Philadelphia's Economic Recovery

Employment

During the summer, Philadelphia continued its slow and steady recovery as seasonally adjusted employment rose in July by 3,300 to 730,000 jobs. Philadelphia has thus recovered 82% of the 126,500 jobs lost in the first two months of the pandemic and the city's total employment is now at 97% of where it stood in February 2020, while the 11-county Philadelphia metropolitan area is at 99% of pre-pandemic levels and the nation as a whole has regained all lost jobs.

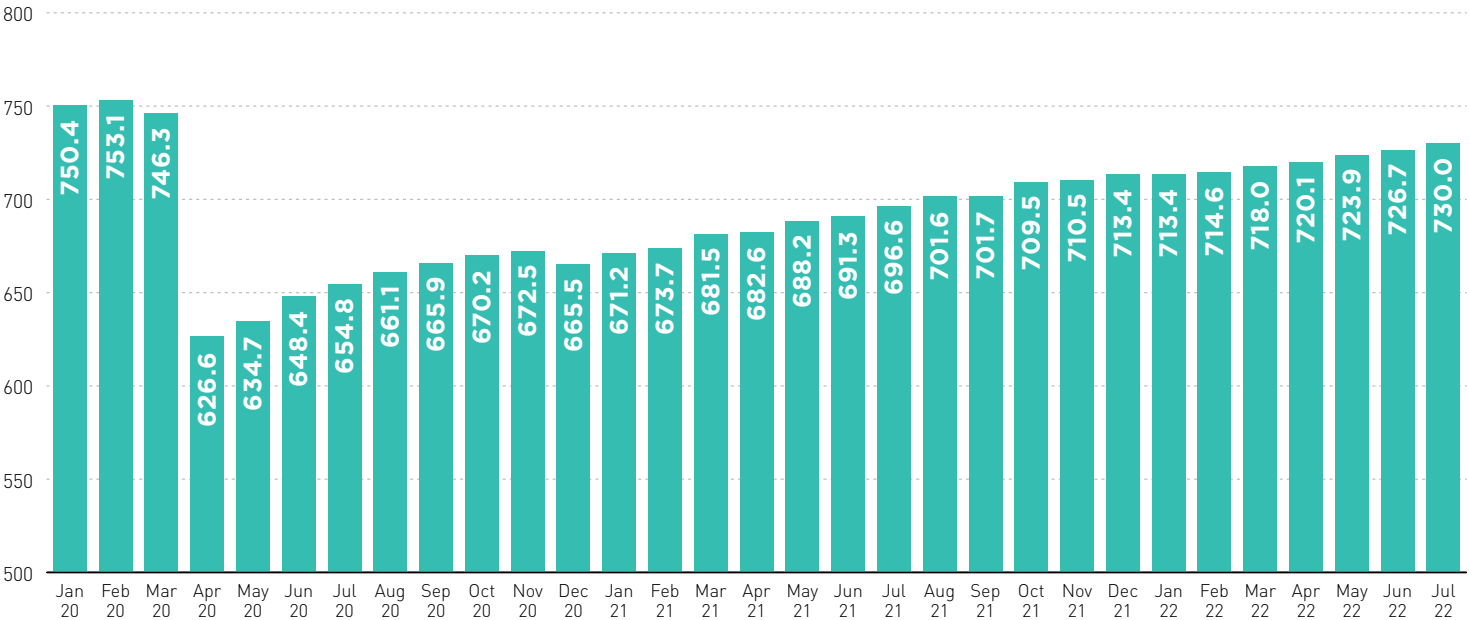
The city's shortfall of 23,100 jobs, however, is not evenly distributed across industries. Employment in professional and business services, financial activities, health care and social assistance, wholesale trade and construction in the city exceeded February 2020 levels on a non-adjusted basis. By contrast, employment is still below pre-pandemic levels in manufacturing, retail trade, transportation, warehousing and utilities, information, educational services, leisure and hospitality

and government.¹ The largest declines on a percentage basis are in educational services (18%), accommodation and food services (16%) and information jobs (15%).

While the drop in educational employment is likely due to seasonal trends and the contraction in information services, which includes newspapers and publishing, is part of a long-term decline that pre-dates the pandemic, leisure and hospitality has been one of Philadelphia's strong growth industries. Regionally and nationally, leisure and hospitality employment was at 102% of pre-pandemic levels in July, while in the city it reached only 91% on a non-adjusted basis. While tourism and conventions in Philadelphia have rebounded, a significant number of this sector's jobs are in restaurants and food services, which have been impacted by the slow return of office workers and challenges for workers in this industry.

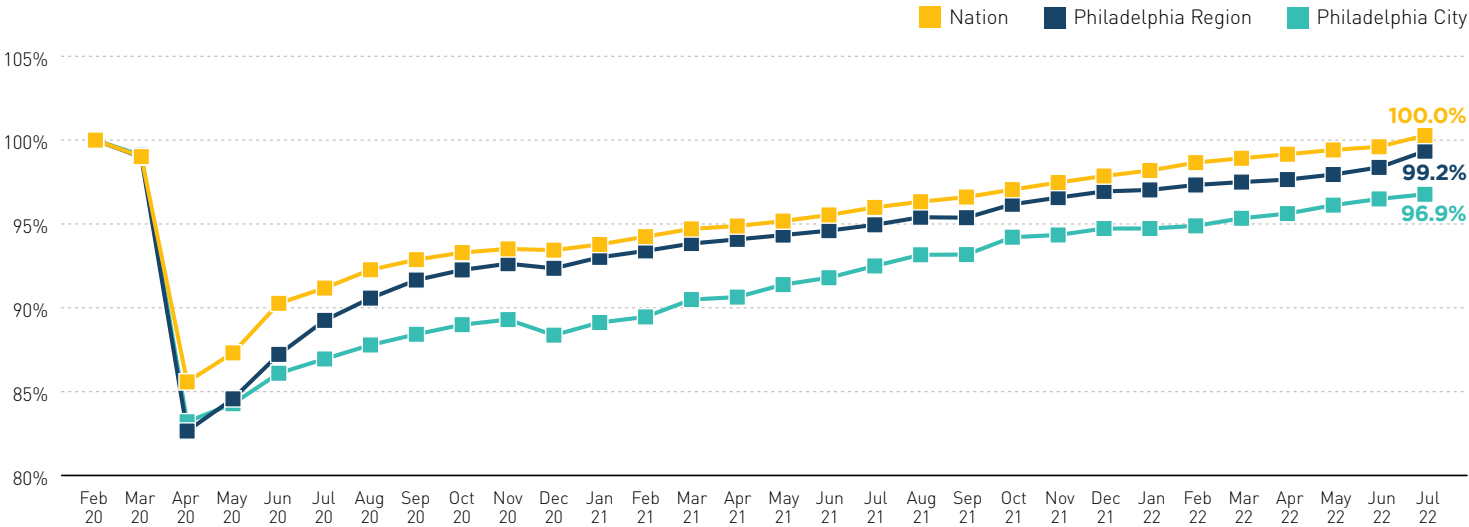
¹: The most recent federal data for Philadelphia at an industry specific level are not yet seasonally adjusted, so some increases and declines may be influenced by seasonal factors, like schools on summer vacation.

PHILADELPHIA NONFARM PAYROLL EMPLOYMENT, 2020-2022 (SEASONALLY ADJUSTED)



Source: Bureau of Labor Statistics, Current Employment Statistics

PHILADELPHIA NONFARM PAYROLL EMPLOYMENT AS A PERCENTAGE OF FEBRUARY 2020 (SEASONALLY ADJUSTED)



Source: Bureau of Labor Statistics, Current Employment Statistics

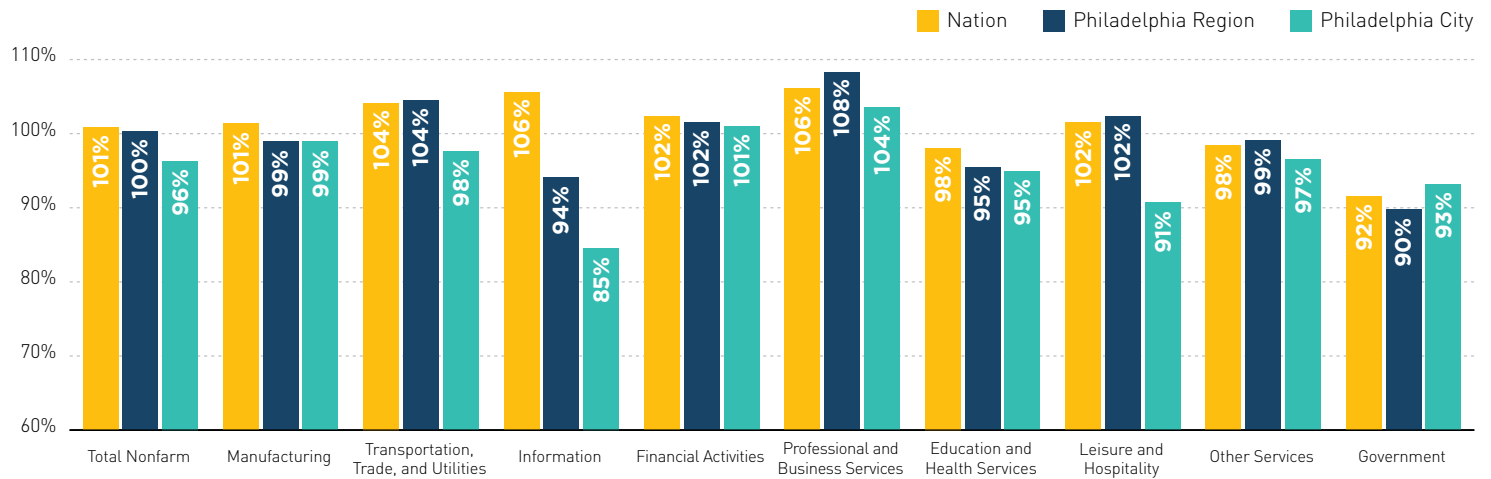
CITY OF PHILADELPHIA EMPLOYMENT BY INDUSTRY (IN THOUSANDS)

	FEB. 2020	APR. 2020	% CHANGE FEB. 2020- APR. 2020	JUN. 2022	JUL. 2022 (PRELIMINARY)	% CHANGE JUN. 2022- JUL. 2022	% CHANGE FEB. 2020- JUL. 2022	JUL. 2022 AS A % OF FEB. 2020
All Industries	753.1	626.6	-17%	726.7	730.0	0.5%	-3%	97%
Mining, Logging and Construction	11.4	6.9	-39%	12.5	12.4	-0.8%	9%	109%
Manufacturing	18.9	14.5	-23%	18.7	18.7	0.0%	-1%	99%
Wholesale Trade	14.5	12.4	-14%	15.4	15.5	0.6%	7%	107%
Retail Trade	48.4	36.3	-25%	46.9	47.3	0.9%	-2%	98%
Transportation, Warehousing and Utilities	30.4	25.4	-16%	28.5	28.3	-0.7%	-7%	93%
Information	16.2	15.0	-7%	13.7	13.7	0.0%	-15%	85%
Financial Activities	43.0	41.3	-4%	42.9	43.4	1.2%	1%	101%
Professional and Business Services	106.4	94.3	-11%	109.0	110.2	1.1%	4%	104%
Professional, Scientific and Technical Services	61.7	58.7	-5%	66.5	67.7	1.8%	10%	110%
Educational Services	78.1	72.4	-7%	63.6	64.1	0.8%	-18%	82%
Health Care and Social Assistance	172.5	158.8	-8%	173.2	173.8	0.3%	1%	101%
Hospitals	58.7	57.4	-2%	58.2	58.4	0.3%	-1%	99%
Leisure and Hospitality	74.5	29.1	-61%	68.1	67.6	-0.7%	-9%	91%
Accommodation and Food Services	61.9	21.0	-66%	53.6	51.8	-3.4%	-16%	84%
Other Services	29.0	19.1	-34%	27.8	28.0	0.7%	-3%	97%
Government	107.1	105.6	-1%	101.6	99.8	-1.8%	-7%	93%
Federal Government	31.0	31.1	0%	31.1	31.2	0.3%	1%	101%
State Government	10.9	10.6	-3%	10.2	10.1	-1.0%	-7%	93%
Local Government	65.2	63.9	-2%	60.3	58.5	-3.0%	-10%	90%

Source: Bureau of Labor Statistics, Current Employment Statistics
 Note: Total employment is seasonally adjusted, and industry employment is not seasonally adjusted.

While some sectors have fully recovered lost jobs, employment in accommodation and food services has not fully rebounded.

JULY 2022 EMPLOYMENT AS A PERCENTAGE OF FEBRUARY 2020 BY INDUSTRY, NOT SEASONALLY ADJUSTED



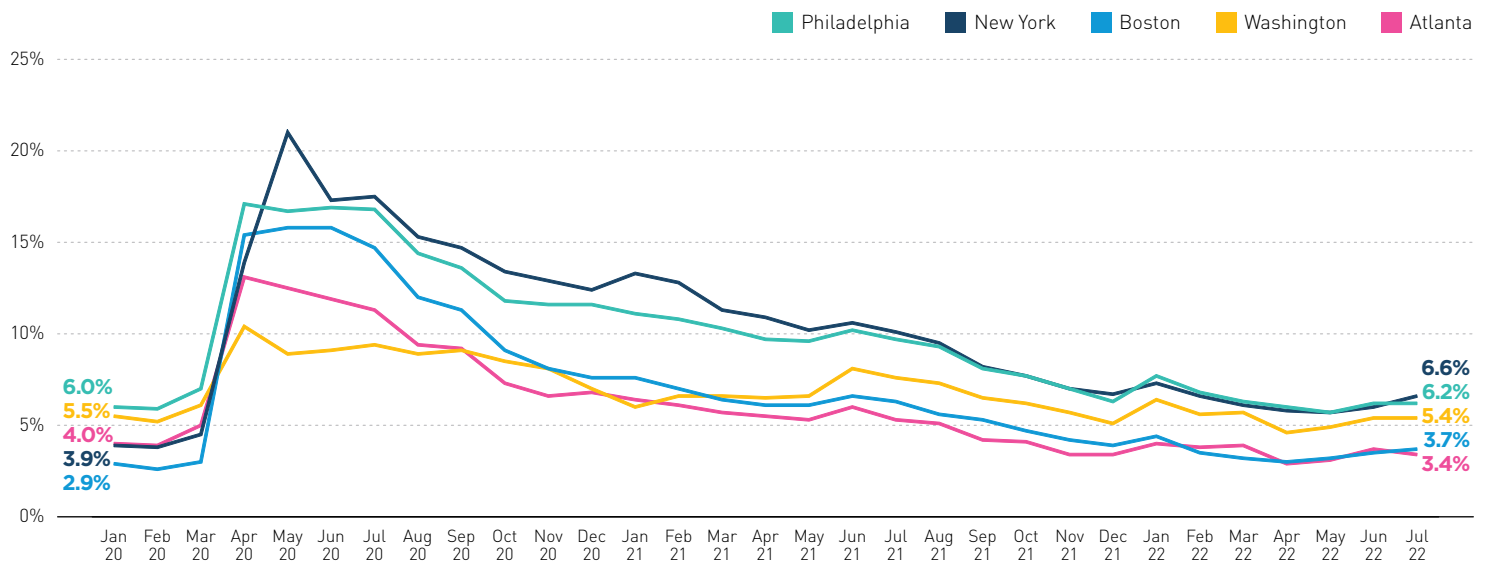
Source: US Bureau of Labor Statistics, Current Employment Statistics

As jobs have rebounded, the city's unemployment rate has dropped from **17.1%** to **6.2%**.

Unemployment Rate

The growth in jobs has brought the city's unemployment rate down substantially from the pandemic peak of 17.1% in April 2020 to 6.2% in July 2022. This is a slight increase from 5.7% in May 2022, but as with national figures and other Northeast cities, it is also a sign of more residents being drawn back to the labor force. The unemployment rate in Philadelphia is now lower than in New York but higher than in Atlanta, Boston, and Washington.

MONTHLY UNEMPLOYMENT RATE, MAJOR CITIES



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

Office Sector

The uncertainty lingering since the pandemic has had a significant impact on the Center City office sector, where vacancy rates have exceeded 18% since the third quarter of 2021, up from 13% at the end of 2019. After two quarters of modest positive net absorption in 2021 Q4 and 2022 Q1, vacancy rates rose slightly in the second quarter of 2022, while asking rents remain stable. As many tenants are still determining how much work they plan to carry out within their offices and how much may be performed remotely, some have chosen to delay leasing renewal decisions, others have decided to take about 20% less space, while a handful in the life sciences and other industries have signed new leases downtown. Most are waiting to see how return to work efforts unfold this fall for a number of major employers.

CCD relies on data from Placer.ai to track the return to work. Placer estimates the daily population in core Center City based on mobile phone location data, with separate estimates for the number of residents, workers, shoppers and tourists who are physically present each day. Their data shows a steady increase in downtown workers throughout 2022: August numbers indicated that non-resident workers in core Center City had increased to 56% of the 2019 level, up from 53% in July. The highest numbers occur on Tuesday, Wednesday and Thursday.²

CCD also uses on-street sensors to measure pedestrian traffic throughout the downtown, including the Market-JFK downtown office corridor. These counters show a doubling in the number of pedestrians on West Market and JFK Boulevard from January to August 2022.

CENTER CITY OFFICE MARKET TRENDS, 2021-2022

SUBMARKET	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022
Asking Rent per Square Foot						
East Market	\$32.89	\$32.66	\$32.20	\$32.15	\$32.21	\$32.14
Independence Square	\$31.96	\$31.72	\$31.59	\$31.30	\$31.30	\$31.13
Walnut/South Broad	\$30.99	\$30.49	\$30.53	\$30.70	\$30.96	\$30.45
West Market	\$35.93	\$36.03	\$35.97	\$35.83	\$35.62	\$35.66
Center City	\$34.44	\$34.39	\$34.26	\$34.15	\$34.05	\$33.47
Vacancy Rate						
East Market	15.7%	15.7%	18.9%	18.9%	19.5%	19.4%
Independence Square	16.8%	18.8%	20.1%	17.9%	17.8%	17.1%
Walnut/South Broad	21.6%	22.1%	21.1%	20.8%	20.0%	20.4%
West Market	15.3%	17.3%	17.7%	17.8%	17.7%	17.9%
Center City	16.2%	17.7%	18.5%	18.3%	18.2%	18.3%
Absorption (Square Feet)						
East Market	(2,787)	(1,225)	(203,006)	(22,773)	262	5,901
Independence Square	14,720	(108,287)	(71,097)	117,992	5,417	38,524
Walnut/South Broad	(55,084)	(20,447)	39,683	13,145	31,813	(16,651)
West Market	(168,815)	(465,433)	(116,155)	(15,648)	16,349	(45,794)
Center City	(211,966)	(595,392)	(350,575)	92,716	53,841	(18,020)

Source: Newmark Philadelphia Office Market reports

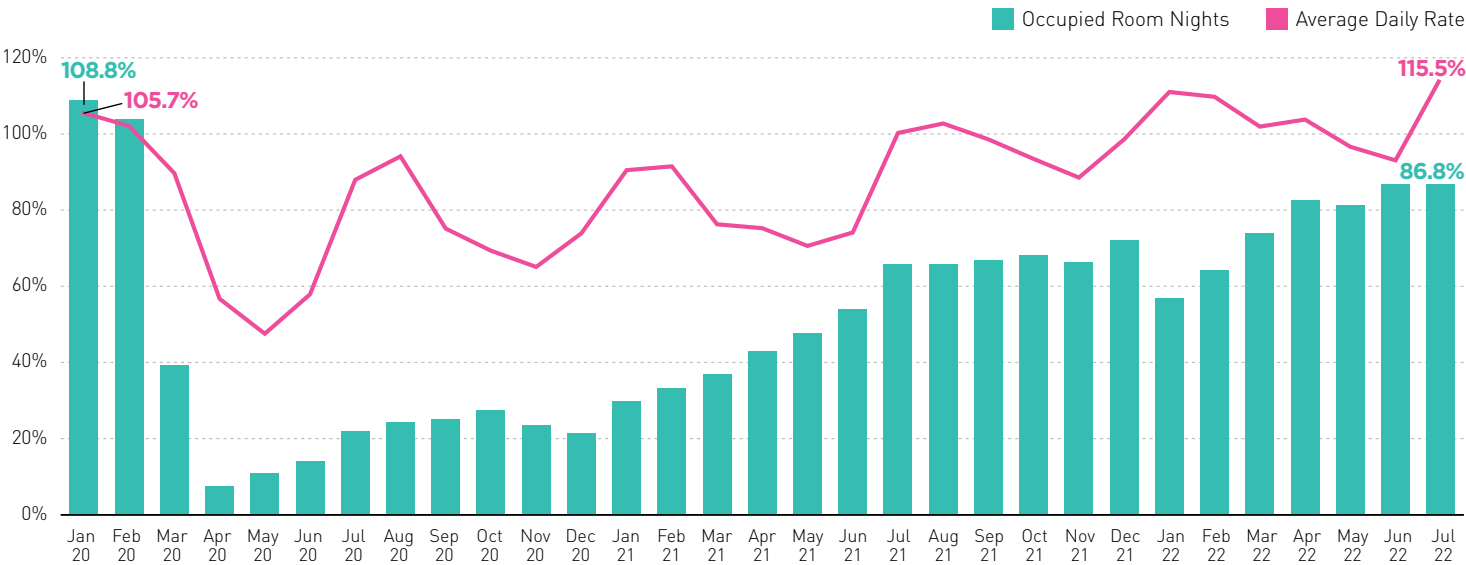
2: Placer counts as an employee an individual who is regularly present in core Center City for at least four hours, one day per week.

Hospitality

As conventions and trade shows have returned to Center City and leisure tourism has rebounded, the number of occupied hotel room-nights in Center City has continued to increase, reaching in July 2022

86.8% of 2019 levels. Average daily room rates have fully rebounded and, as of July 2022, were at 115.5% of 2019 levels.

CENTER CITY HOTEL ROOM-NIGHTS AND AVERAGE DAILY RATE AS A PERCENTAGE OF 2019



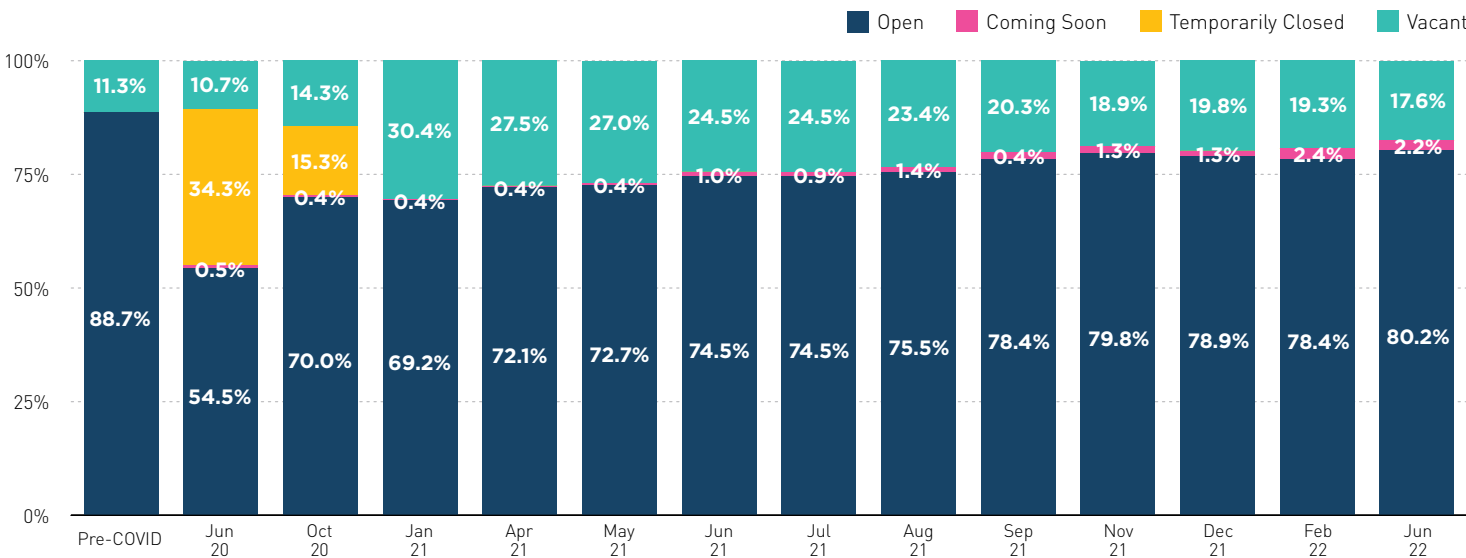
Source: Visit Philadelphia

Retail and Restaurants

Based on CCD surveys of street-level premises within the District, the percent of open businesses dropped from 88% at the end of 2019 to a low of 54.5% in June 2020, but rebounded to 80% by June 2022 as 175 new retailers opened since spring of 2020, including 43 opening throughout this year.

Outdoor seating at Center City restaurants increased dramatically in the early months of the pandemic, with the creation of streeteries throughout the downtown. Even with the full reopening of indoor seating, the number of outdoor seats in June 2022 was 5,053, 44% higher than fall 2019.

CENTER CITY STOREFRONT BUSINESS OPERATIONAL STATUS



Source: Center City District survey

OUTDOOR SEATING AT CENTER CITY DISTRICT RESTAURANTS

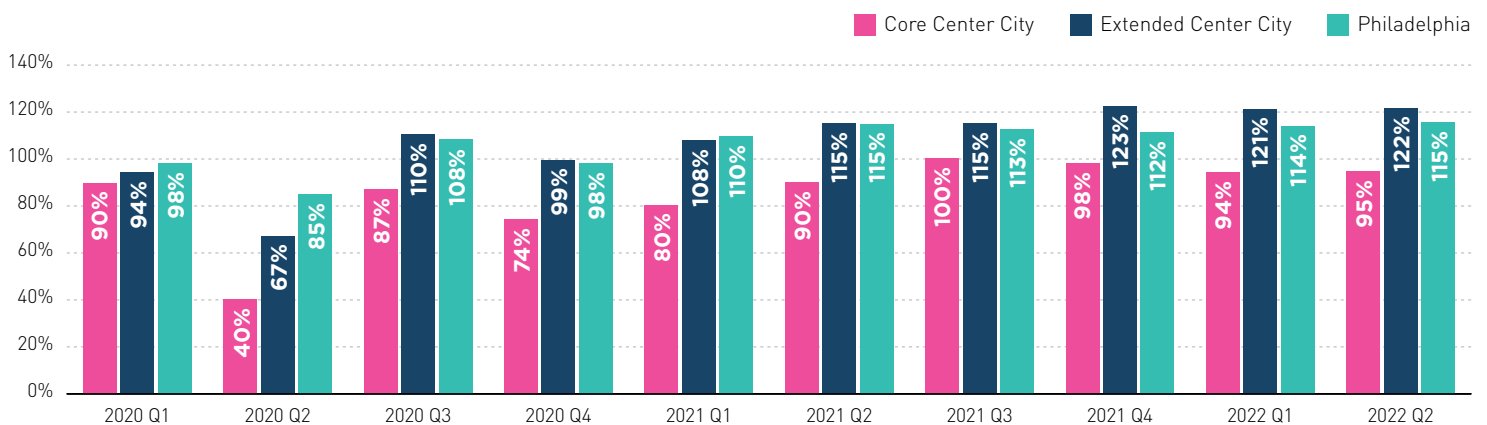
OUTDOOR SEATING TYPE	SEP 19*	JUN 20*	SEP 20	DEC 20	JAN 21	FEB 21	MAR 21	APR 21	MAY 21	JUL 21	SEP 21	DEC 21	FEB 22	JUN 22
Sidewalk Cafe	N/A	N/A	2,628	2,355	1,549	1,541	1,876	2,284	2,823	3,370	3,566	2,017	1,269	3,092
Sidewalk Cafe & Streetery	N/A	N/A	2,414	2,148	1,961	1,938	2,191	2,531	2,869	2,547	2,499	1,974	1,646	1,574
Streetery Only	N/A	N/A	110	196	206	174	339	498	570	634	632	573	353	387
Total	3,501	2,997	5,152	4,699	3,716	3,653	4,406	5,313	6,262	6,551	6,697	4,564	3,268	5,053

*CCD did not record seating type during 2019 and June 2020 surveys
Source: Center City District survey

Sales tax collections measure the pace of recovery in the restaurant and retail sectors. Collections from restaurants in Center City and citywide increased significantly in the second quarter of 2022, reaching 90% of the 2019 level within core Center City, 94% in the extended neighborhoods, and 89% citywide. In the initial months of the pandemic, restaurants in extended Center City recovered more rapidly in sales volume than core Center City establishments as remote work reduced demand at downtown restaurants and likely

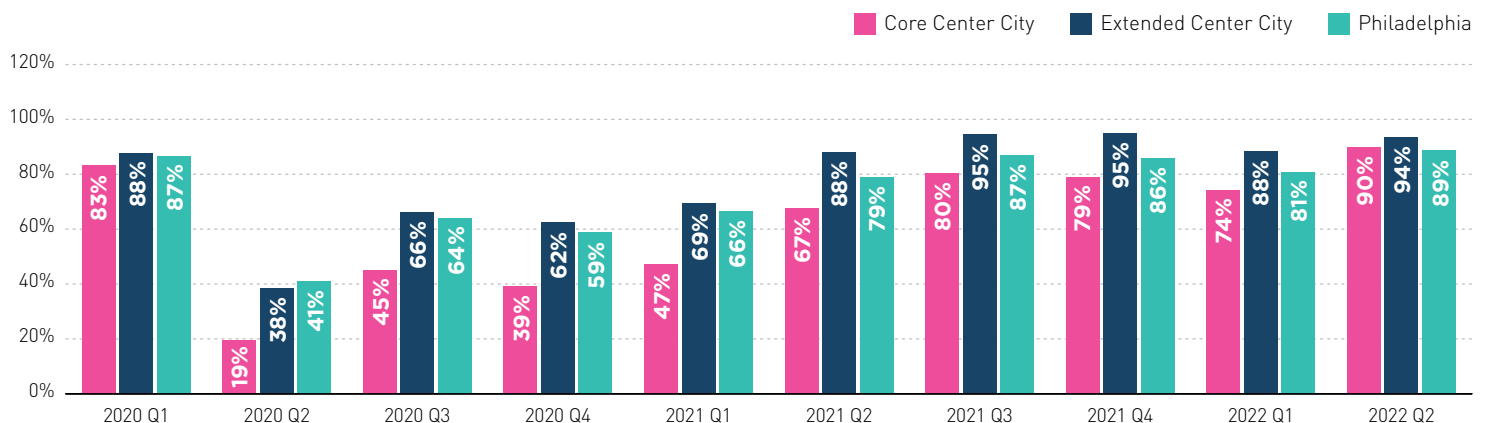
increased demand from extended Center City residents in places closer to home. However, the gap between core and extended Center City restaurant recovery narrowed in the second quarter of 2022 as rebounding tourism and returning office workers increased sales within the core. In Q2 2022, retail sales tax collections reached 95% of the pre-pandemic level in core Center City, 122% in extended Center City, and 115% citywide.

LOCAL SALES TAX COLLECTIONS FROM RETAILERS AS A PERCENTAGE OF 2019



Source: CCD analysis of Pennsylvania Department of Revenue data

LOCAL SALES TAX COLLECTIONS FROM RESTAURANTS AS A PERCENTAGE OF 2019

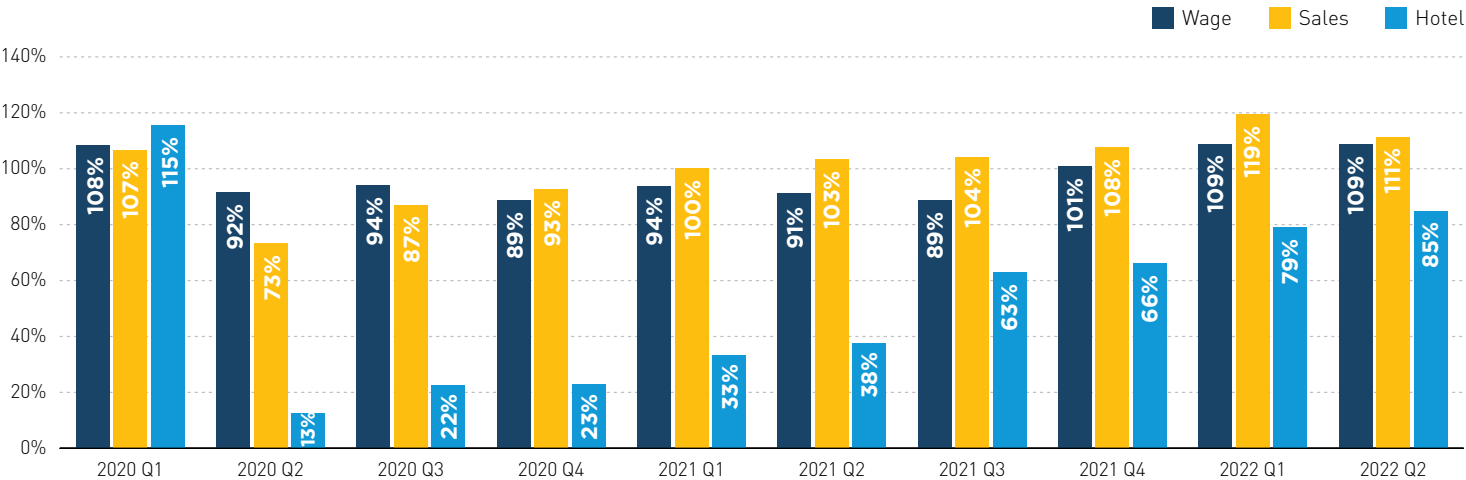


Source: CCD analysis of Pennsylvania Department of Revenue data

Local Tax Collections

Citywide wage and earnings tax collections, reported by the City of Philadelphia, were 109% of 2019 levels in the second quarter of 2022, equal to the level of the prior quarter. Sales tax collections stood at 111% of pre-pandemic level, down from 119% in Q1 2022. Hotel tax collections, although they have been the slowest to recover, continue to show a positive upward trend, reaching 85% of 2019 levels as of Q2 2022 and correspond closely to occupancy rates.

LOCAL TAX COLLECTIONS AS A PERCENTAGE OF 2019



Source: Wage and Hotel Tax, City of Philadelphia Department of Revenue; Sales Tax, Pennsylvania Department of Revenue

Sales tax collections from restaurants in Center City in the second quarter of 2022 reached **90%** of the 2019 level within core Center City and **94%** in the extended neighborhoods, adjacent to downtown.

Public Transportation

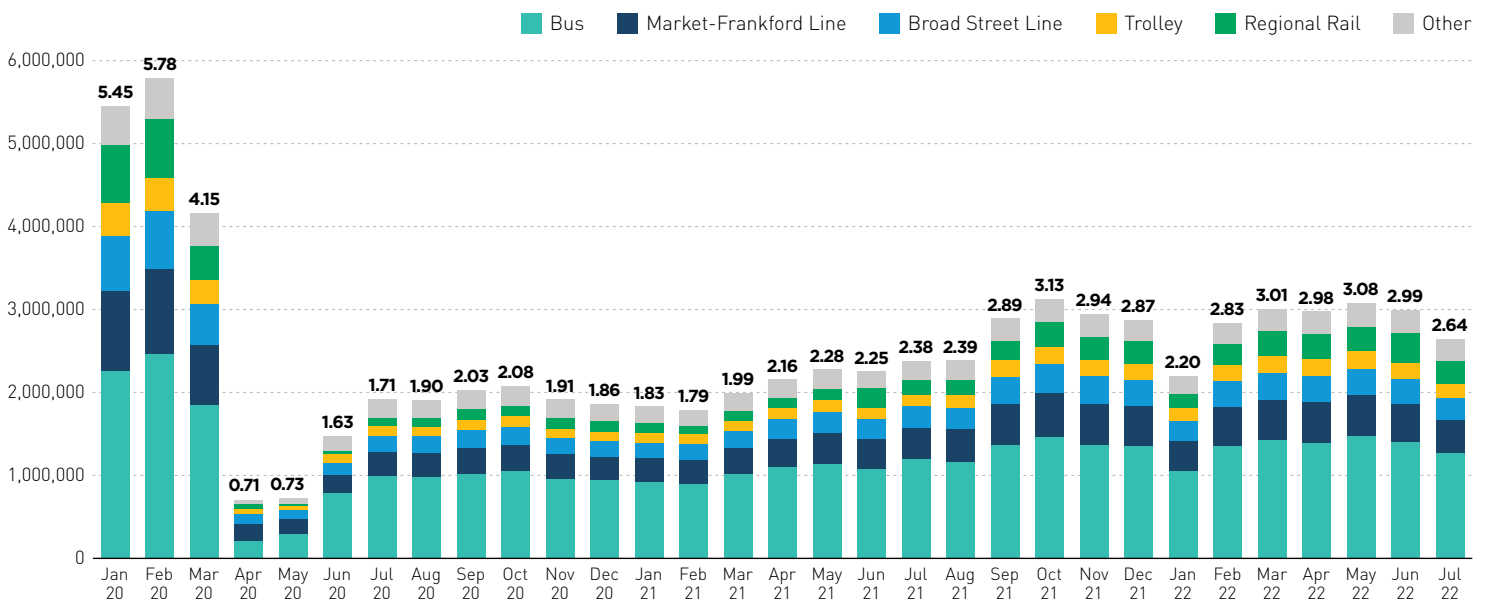
SEPTA's average weekly ridership in July totaled 2.64 million, a 12% decline from the prior month, a typical seasonal decline that reflects the end of the school year and summer vacation season. Compared to July 2021, overall ridership was up 11%, with increases on every mode: City Transit Division buses (7%), the Market-Frankford Line (4%), the Broad Street Line (4%), trolleys (18%), Regional Rail (58%), and other modes (17%).

Total ridership as of July reached 46% percent of February 2020, levels, with City Transit Division buses at 52%, trolleys (42%), Regional Rail (39%), and subway lines 38%. In recent months, the Regional Rail

system has shown the most significant increases. Average weekly Regional Rail ridership in April 2022 surpassed 300,000 for the first time since the start of the pandemic, and reached 354,281 in June, before declining to 278,653 during the summer holidays. As more employees in Center City return to in-person work, Regional Rail ridership is likely to continue trending upward.

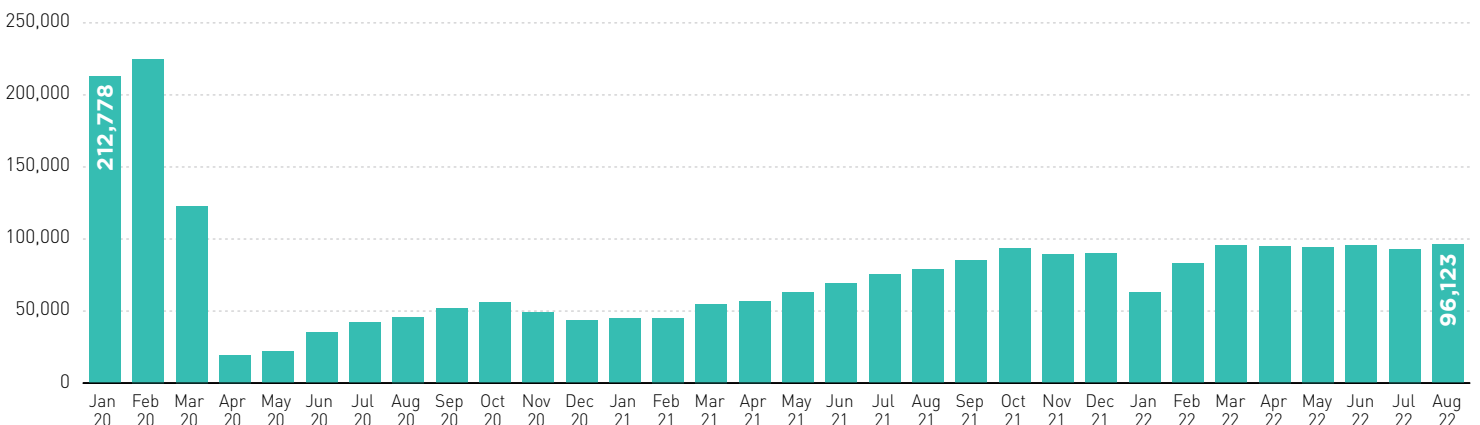
Average weekly PATCO ridership in July was 93,020, down somewhat during the summer from the post-pandemic peak of 95,378 in March 2022.

SEPTA AVERAGE WEEKLY RIDERSHIP



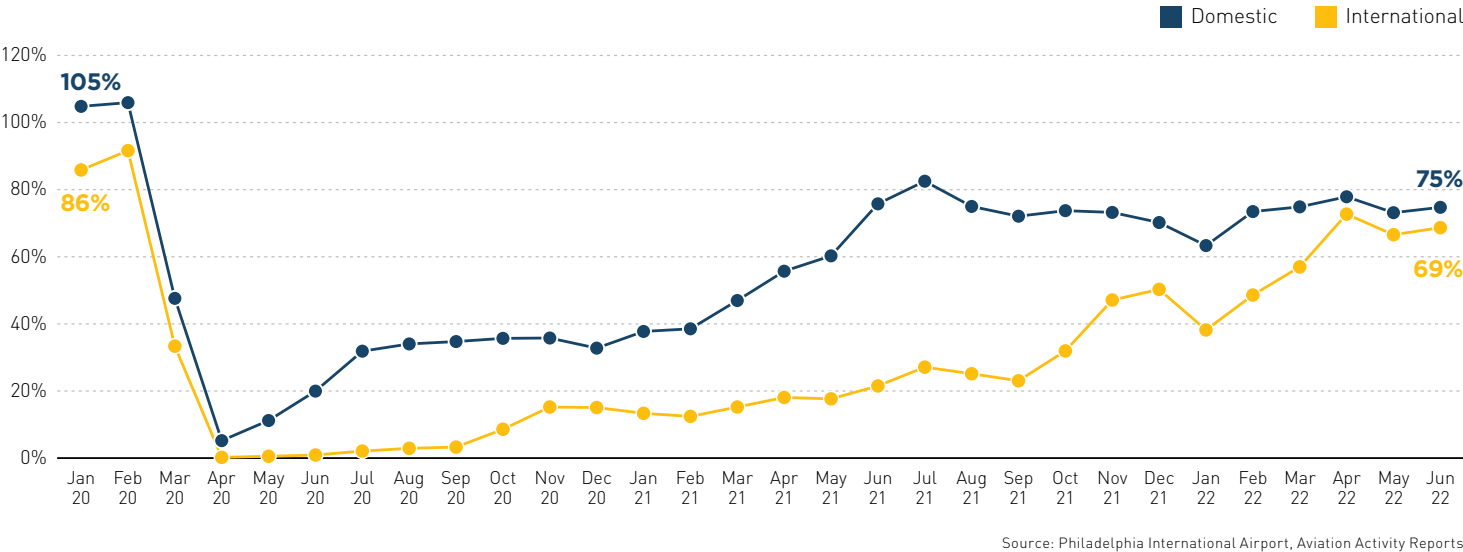
Source: SEPTA

PATCO AVERAGE WEEKLY RIDERSHIP



Source: PATCO

PHILADELPHIA AIRPORT PASSENGERS AS A PERCENTAGE OF 2019



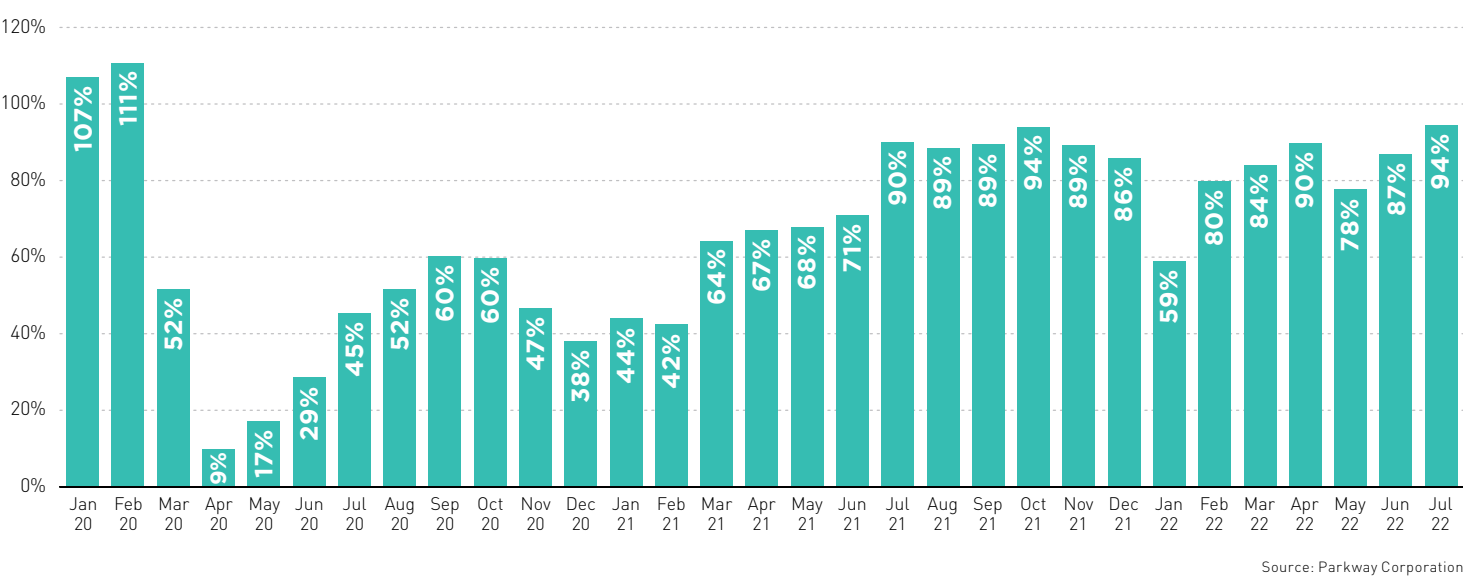
Air Travel

June passenger volume at Philadelphia International Airport was at 75% of 2019 levels for domestic travelers, and 69% for those traveling internationally. International passenger volume has increased significantly in 2022, while domestic activity has remained between 70% and 80%.

Off-Street Parking

Parkway Corporation provides data on monthly parking volumes for daily (transient) parking customers at its Center City off-street garages. Total volume as a percentage of the 2019 level has generally remained between 80% and 95% since summer of 2021. In July 2022, parking volume was 94% of the pre-pandemic level.

DAILY PARKING CUSTOMERS AS PERCENTAGE OF 2019

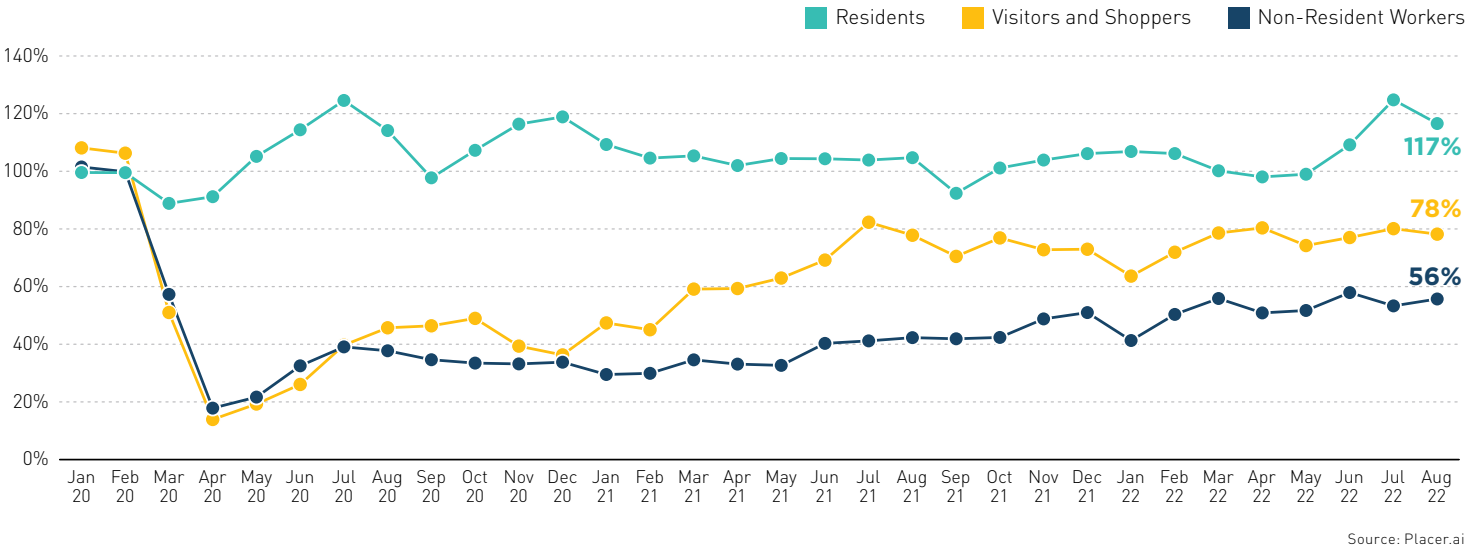


Center City Pedestrians

Placer.ai provides daily estimates of Center City’s population of residents, workers, shoppers and visitors based on anonymized mobile phone data. According to Placer, the average daily population of Center City in August was 320,690, which included 59,239 Center City residents, 70,827 non-resident workers, and 190,625 visitors (including tourists, convention attendees and shoppers). Overall, downtown foot

traffic in August was up 8% compared to August 2021, with the average non-resident worker population up 32% and residents up 11%. The number of non-resident workers in August rebounded to 56% of the August 2019, pre-pandemic level, while visitors were at 78%, and the average number of Center City residents present downtown was 17% higher compared to the same month in 2019³

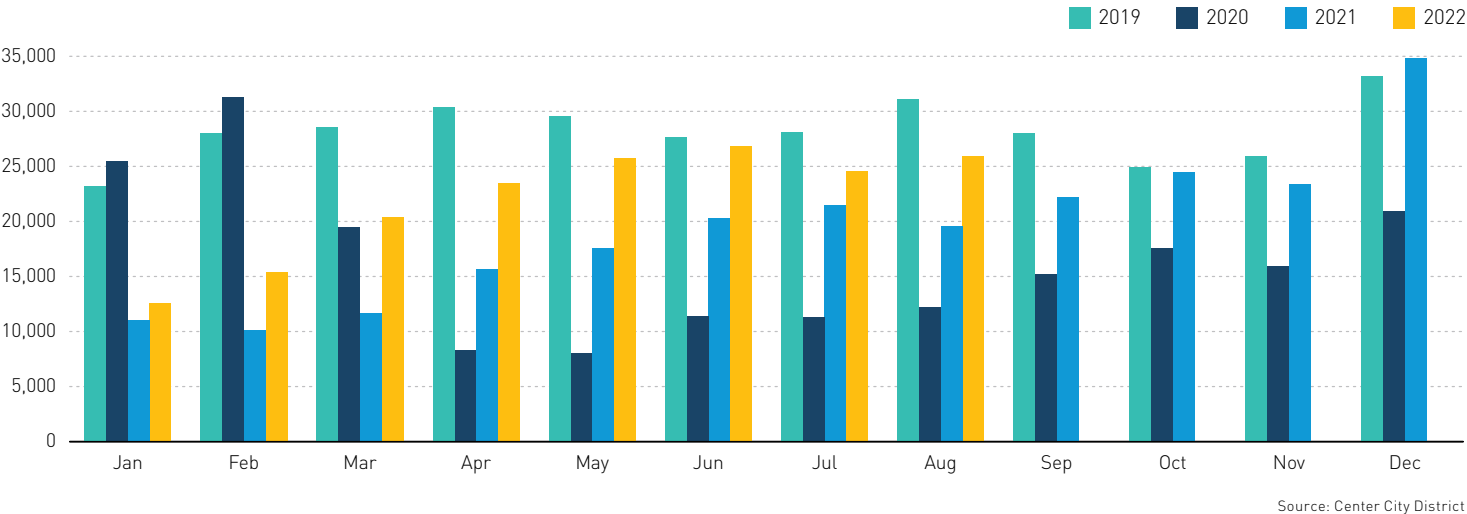
CENTER CITY AVERAGE DAILY POPULATION: RESIDENTS, WORKERS, AND OTHER VISITORS AS A PERCENTAGE OF 2019



Dilworth Park

By the end of August 2022, Dilworth Park welcomed **5,211,335 visitors**—33% more than 3,921,067 who visited in the first eight months of 2021, but still 17% lower than visitation levels in 2019.

AVERAGE DAILY PEDESTRIANS IN DILWORTH PARK



3: In prior reports, CCD used February 2020 as the baseline for comparing foot traffic pre- and post-pandemic. In this report, August 2022 volumes are compared to August 2019 volumes. This protocol will be used in future reports.