


City Planning 642-001
Spring 2025, University of Pennsylvania
Paul R. Levy

Class Introduction

<https://centercityphila.org/bidclass>



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Downtowns Rebound: released in October 2023



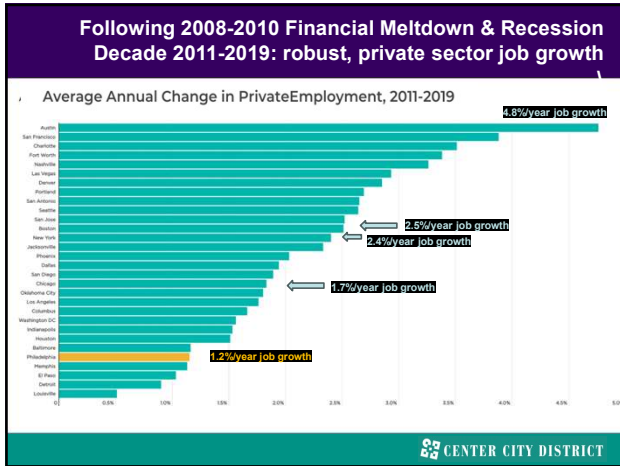
**Analysis of 26 of
 nation's largest downtowns**
 Placer.ai anonymized cell phone data
 Track workers, visitors & residents

Updated to September 30, 2024





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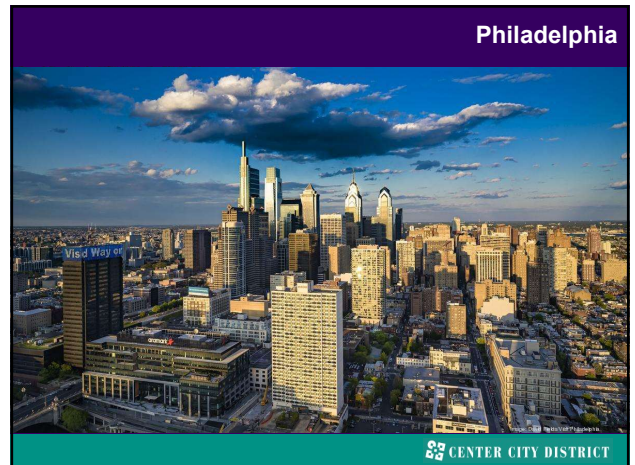
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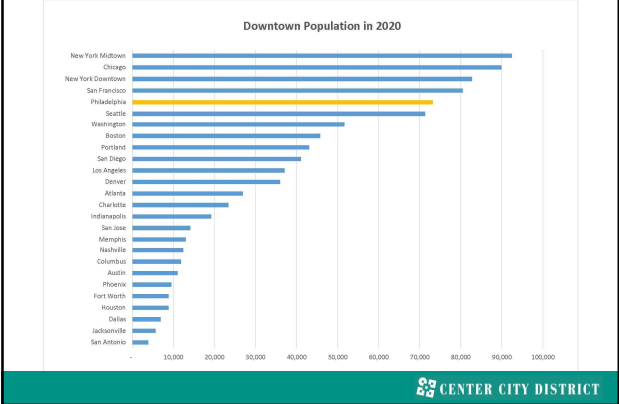


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Downtown residential growth occurred everywhere, but very different sized populations



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Both within & surrounding



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Arts, entertainment, sports also grew robustly



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Downtowns across the country diversified & became great places to live, work & play



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Then came the pandemic: 2020



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All but essential businesses directed to close



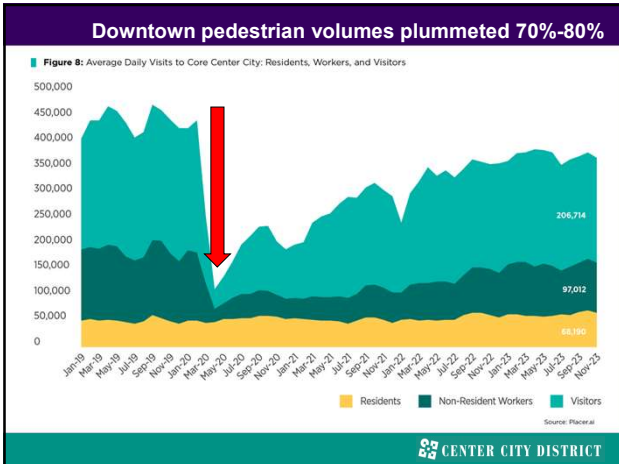
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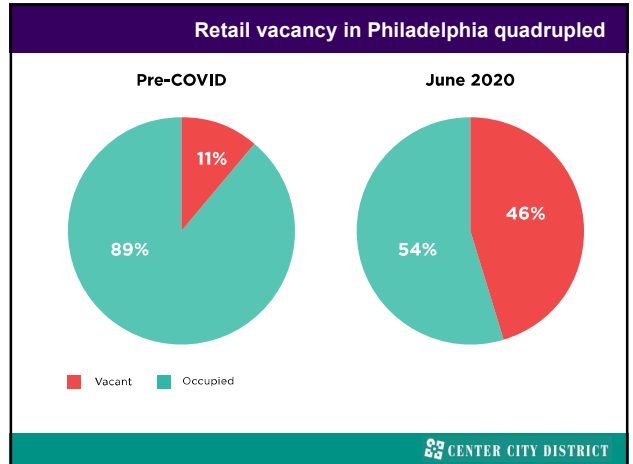
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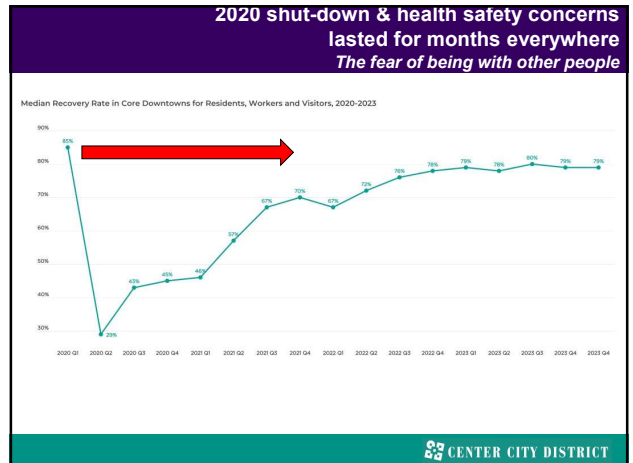
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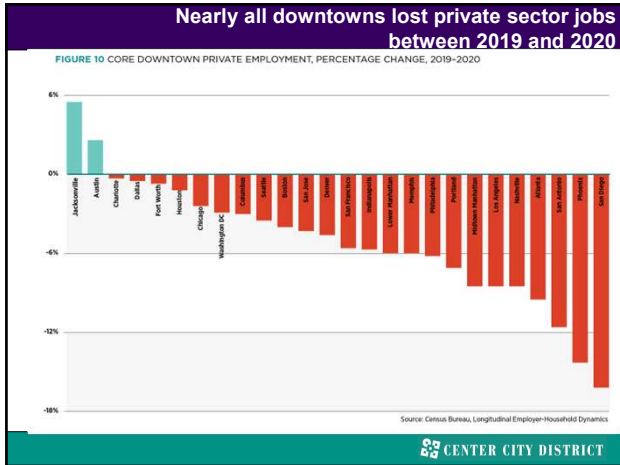
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Many quickly claimed the office is dead & we can rely on a virtual water cooler

VIRTUAL WATER COOLER

UNIQUE POTENTIAL OF INFORMAL COMMUNICATION

Mesh3.0

How To Encourage Virtual Water Cooler Conversation

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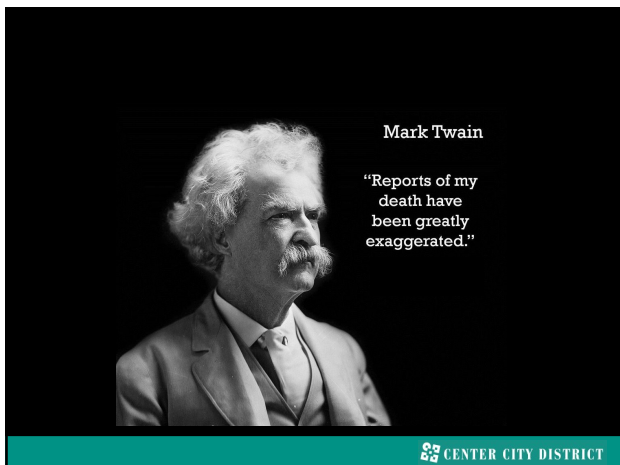
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Academics declared downtown & offices dead We're all trapped in an inexorable downward spiral: The Urban Doom Loop Every newspaper wrote this story; at least 3 times

THE URBAN "DOOM LOOP"

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Recovery is happening everywhere but at different rates

Comparing Q3 2024 to Q3 2019: Placer.ai cell phone data
Residents + workers + visitors back at 97% in Nashville & 71% in San Francisco
But before cheering for Nashville & weeping San Francisco, the story is far more nuanced



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Basic methodology

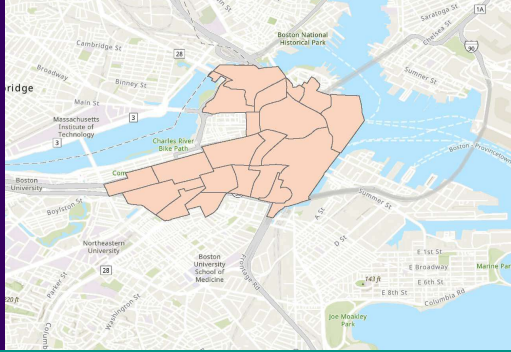

Analysis of 26 of nation's largest downtowns
Placer.ai
anonymized cell phone data

DOWNTOWNS REBOUND
THE DATA DRIVEN PATH TO RECOVERY

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**Downtown's defined: places with at least 30 jobs/acre
At least twice as many jobs as residents
Census blocks; maps created for 26 largest downtowns**



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**We defined commercial downtowns by job density
& defined surrounding downtown adjacent neighborhoods**




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**San Francisco job density within census tracts
Core commercial + adjacent mixed-use area = "Greater downtown"**

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Dense red: "business downtown"

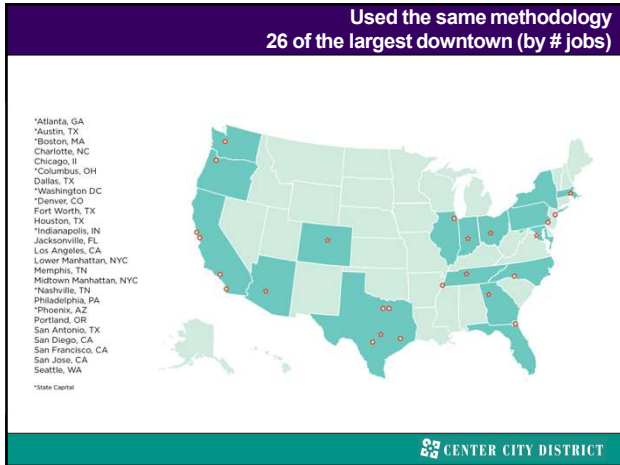



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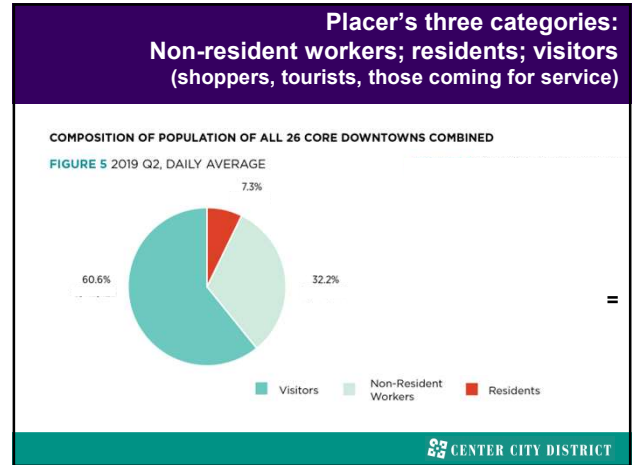
Residential adjacent to downtown



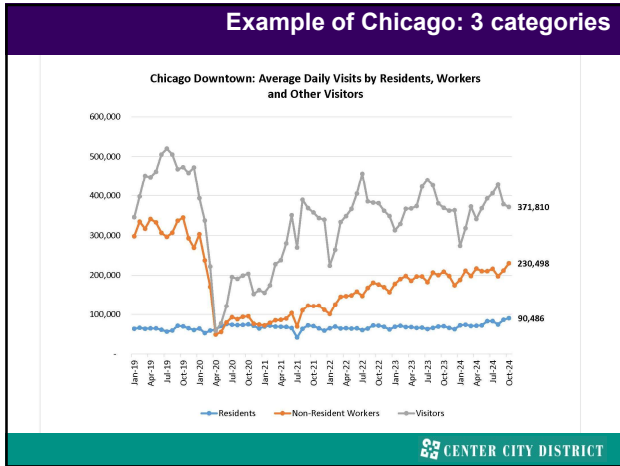

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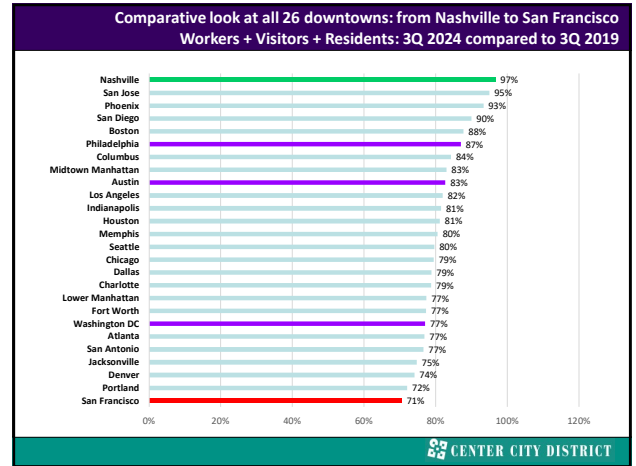
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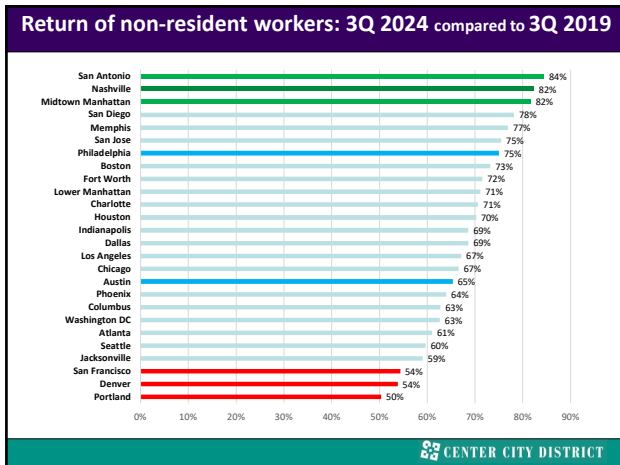
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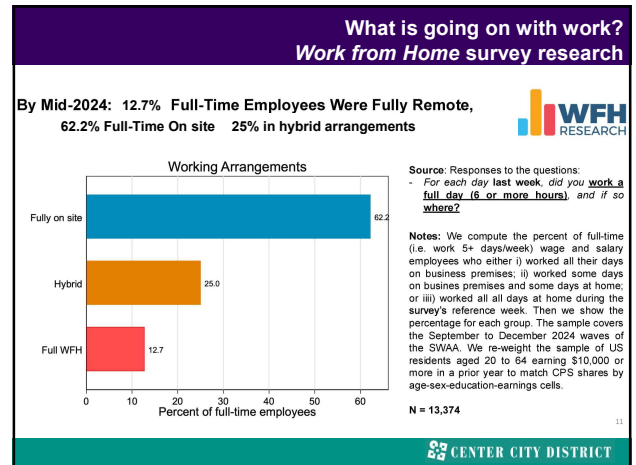
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CCD found 5 key variables that impact recovery

- (1) the composition of downtown economy/employment
- (2) the length of commute for workers
- (3) leadership exercised by business, civic & political actors
- (4) perceptions of safety
While safety dominates headlines, not the most important variable. Like any complex issue, this is multi-determined & variables interact with each other
- (5) Rethinking land-use

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(1) Composition of downtown economy/employment

Working from Home is Most Prevalent in the Tech, Finance, and Professional and Business Services Sectors

Current working from home: All wage and salary employees

Industry	Days per week
Information (incl. part of tech)	2.28
Finance & Insurance	2.28
Professional & Business Services	1.96
Arts & Entertainment	1.90
Real Estate	1.86
Wholesale Trade	1.81
Utilities	1.56
Government	1.41
Health Care & Social Assistance	1.31
Construction	1.08
Education	1.02
Manufacturing	0.90
Transportation and Warehousing	0.70
Retail Trade	0.68
Other Personal Services	0.66
Hospitality & Food Services	0.52

Responses to the question: For each day last week, did you work a full day (6 or more hours), and if so where?
N = 22 034

Least prevalent in hospitality & food services

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Different downtowns specialize & excel in different industries

Significant variations in the return rate of different types of workers

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Return of non-resident workers: 3Q 2024 compared to 3Q 2019

City	Return Rate (%)
San Antonio	84%
Nashville	82%
Midtown Manhattan	82%
San Diego	78%
Memphis	77%
San Jose	75%
Philadelphia	75%
Boston	73%
Fort Worth	72%
Lower Manhattan	71%
Charlotte	71%
Houston	70%
Indianapolis	69%
Dallas	69%
Los Angeles	67%
Chicago	67%
Austin	65%
Phoenix	64%
Columbus	63%
Washington DC	63%
Atlanta	61%
Seattle	60%
Jacksonville	60%
San Francisco	54%
Denver	54%
Portland	50%

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San Antonio, Nashville & San Diego

Very low percentage of jobs that can be done at home

FIGURE 17 CORE DOWNTOWN RECOVERY RATE VS PERCENTAGE OF JOBS THAT CAN BE DONE REMOTELY

Source: Non-resident worker recovery rate from Piacera and Lerner City District estimate of percentage of downtown jobs that can be performed from home, based on Census Bureau Longitudinal Employer Household Dynamics downtown employment by industry and industry level estimates of the share of jobs that can be performed at home from Jacobson, Singer and Brent Hansen, "How many jobs can be done at home?", Journal of Public Economics 189 (2020): 104235.

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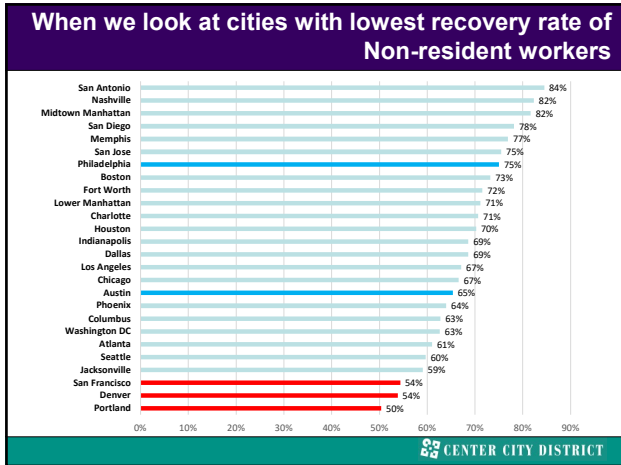
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Have largest share of their downtown employment in hospitality & entertainment

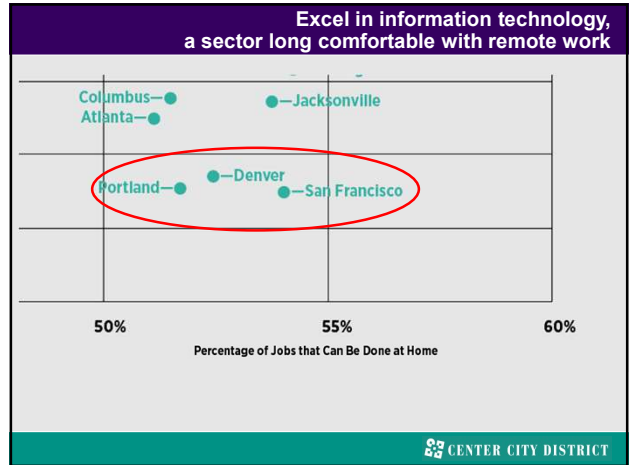
Jobs which can not easily be performed remotely

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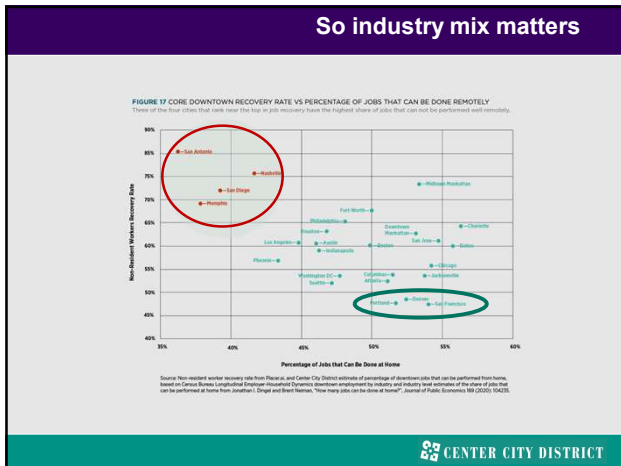
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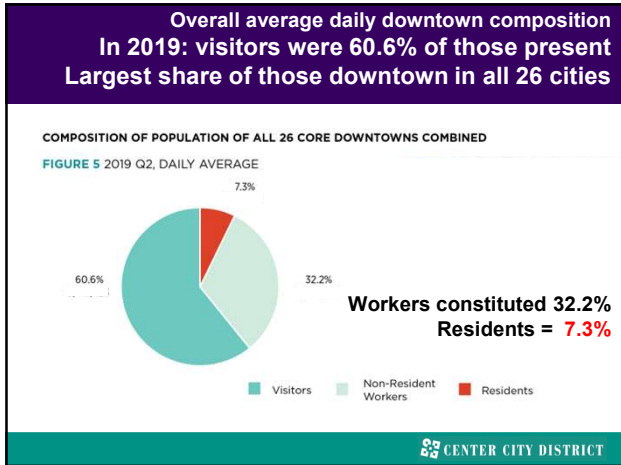
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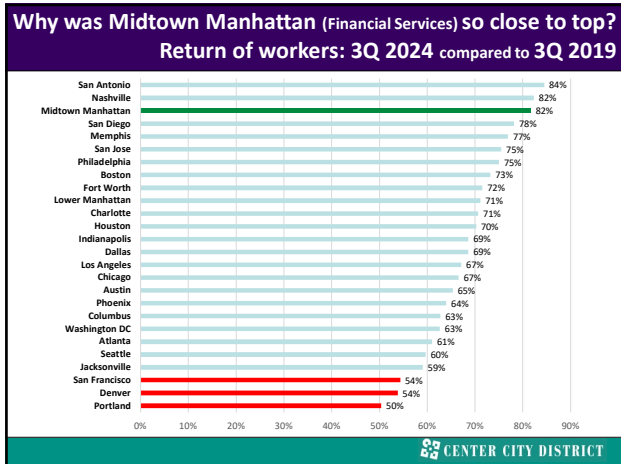
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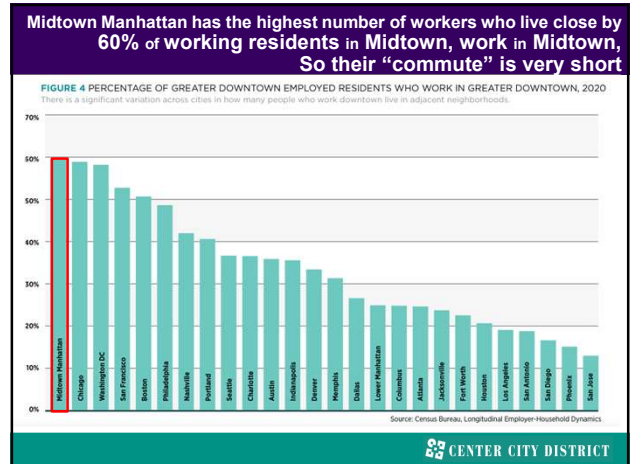
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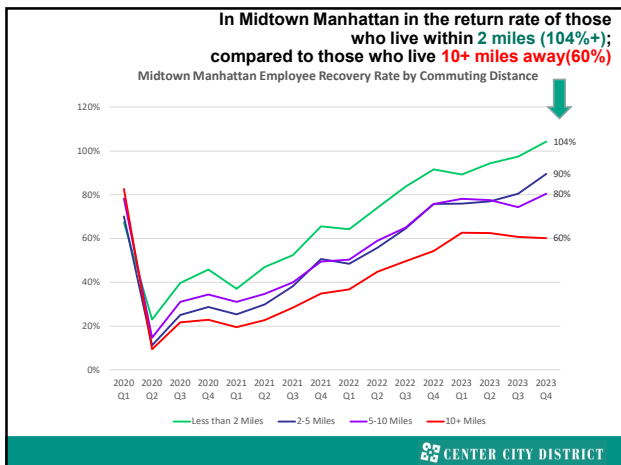
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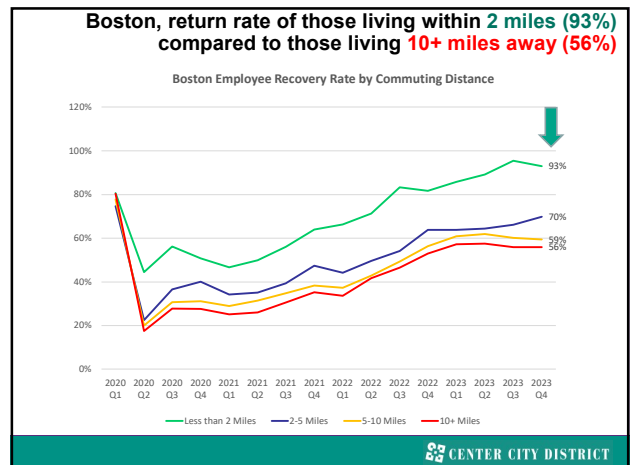
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CBRE report from Downunder: Return to office in Australia

Across all of Australia RTO increased from 70% of 2019 levels in Q4 of 2023 to 76% in first half of 2024

But the midweek peak in Largest cities Sydney & Melbourne was only 71%

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Smaller cities: Perth & Adelaide with shorter commutes

Mid-week peak RTO

96% of 2019 in Perth
94% of 2019 in Adelaide

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Live-work downtowns that emerged last 20 years Are yielding recovery dividends

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Converting vacant office buildings to residential is an important & necessary step to remove surplus

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Because Philadelphia has been a slow growth city
 We passed a 10-tax abatement for conversions in 1997
 Between 1998-2023, 40 major buildings converted downtown
 to residential or hotel use: 10 million sf of office space



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Everything below the red line is back on tax rolls

Buildings Converted to Residential Use, 1997-2024

Year	Building Name	Address	Size (Square Feet)	Status	Conversion Type
2024	Nelson Building	222 Walnut St.	100,000	Proposed	Apartments
2024	1701 Market	1701 Market St.	304,037	Proposed	Apartments
2024	The Beacon	200 S. Broad St.	186,346	In Progress	Apartments & Hotel
2020	Public Ledger Building	900 S. 1st Mid West	479,770	Converted	Apartments
2020	One City Plaza	1420 Arch St.	220,300	Converted	Apartments
2020	Neal Building	225 N. 10th St.	160,000	Converted	Apartments
2019	Franklin Tower	1601 Race St.	607,674	Converted	Apartments
2019	The Alston Building	1600-1620 Walnut St.	20,376	Converted	Apartments
2018	9500 Cultural	9500 Cultural St.	121,763	Converted	Apartments
2017	The Beacon	1627 Walnut St.	175,000	Converted	Apartments
2016	Fairmount at Brewerytown	1543 N. 3rd St.	275,000	Converted	Apartments
2018	The Curtis Center (Phase 1)	124 S. 6th St.	160,000	Converted	Apartments
2012	The Atlantic Building	200 S. Broad St.	320,706	Converted	Apartments
2012	Former State of Pennsylvania Building	1400 Callowhill St.	243,000	Converted	Apartments
2011	18th Walnut St.	18th Walnut St.	160,000	Converted	Apartments
2011	2040 Market St.	2040 Market St.	128,000	Converted	Apartments
2011	1501 Chestnut St.	1501 Chestnut St.	191,000	Converted	Apartment
2008	Robert Morris Building	1004 S. 17th St.	100,000	Converted	Apartments
2007	The Residences at Ten Liberty Place	1600 Chestnut St.	261,000	Converted	Condominiums
2007	Arts	1419 Locust St.	185,000	Converted	Condominiums
2007	Western Union Building	160 Locust St.	162,893	Converted	Condominiums
2007	Arts	230 W. Washington St.	91,430	Converted	Condominiums
2007	1401 Walnut St.	1401 Walnut St.	128,450	Converted	Apartments
2003	Granite	115 S. 6th St.	242,291	Converted	Condominiums
2003	Nelson Building	610 N. Broad St.	320,000	Converted	Apartments
2003	1900 Chestnut St.	1900 Chestnut St.	150,000	Converted	Apartments
2002	Security Hill Building	185 S. 7th St.	160,000	Converted	Apartments
2001	1830 Arch St.	1830 Arch St.	176,000	Converted	Apartments
2000	Phenix	1600 Arch St.	450,000	Converted	Condominiums
1999	Pennsylvania House (Now The Ellington)	1600 Chestnut St.	240,000	Converted	Condominiums
1998	Exchange Building	1411 Walnut St.	118,979	Converted	Apartments
1997	220 S. 16th St.	220 S. 16th St.	165,000	Converted	Apartments

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We call it the office district



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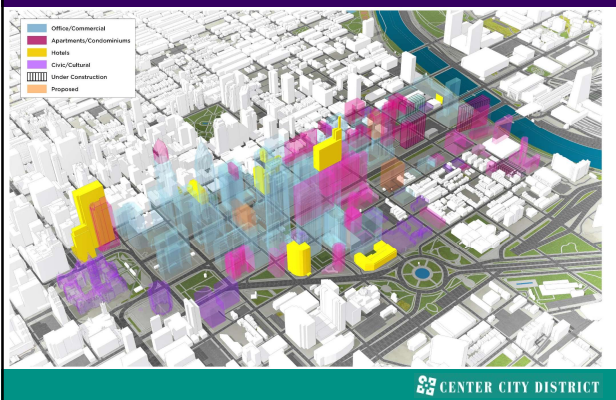
But we've added a significant inventory of residential



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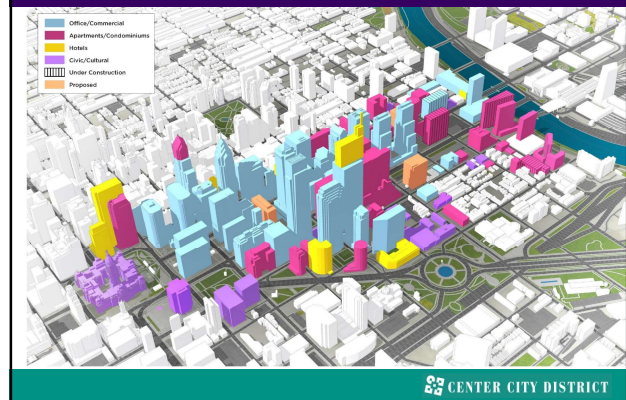
We call it an office district,
 But we've added a significant number of hotels



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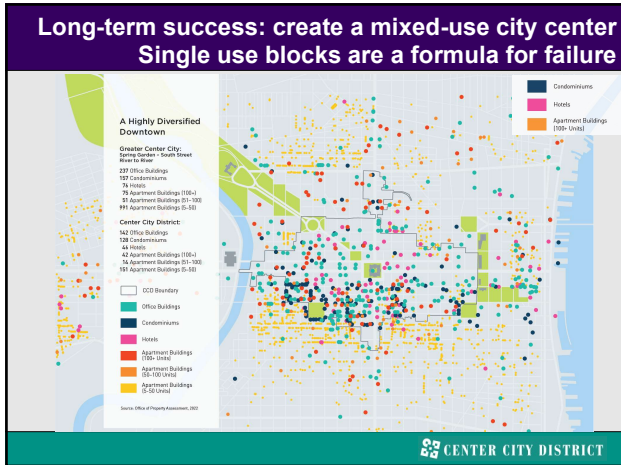
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Dramatically diversified land-use downtown

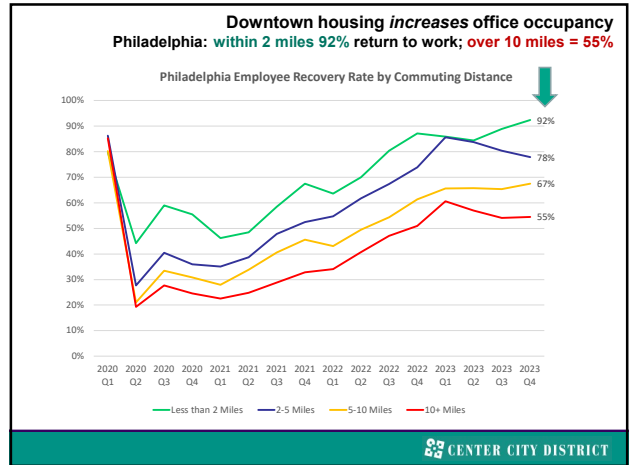


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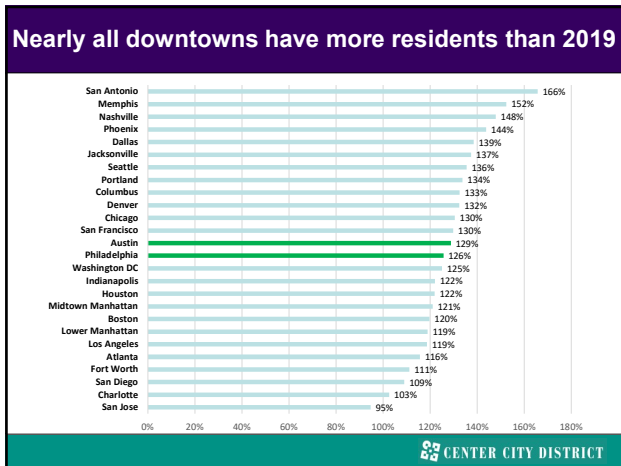
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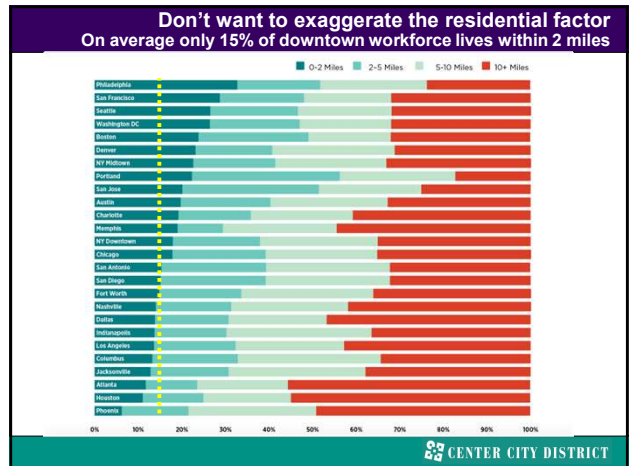
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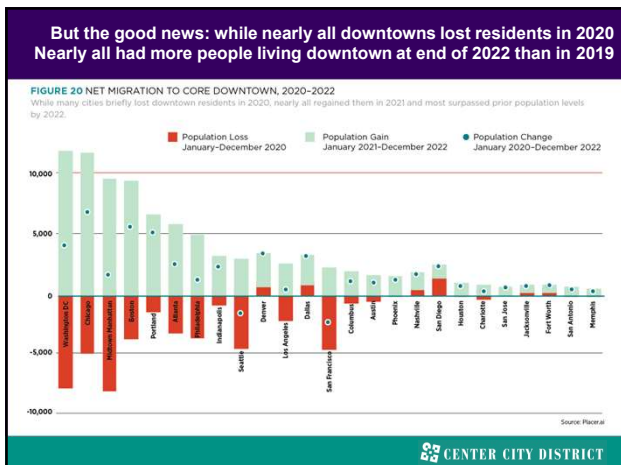
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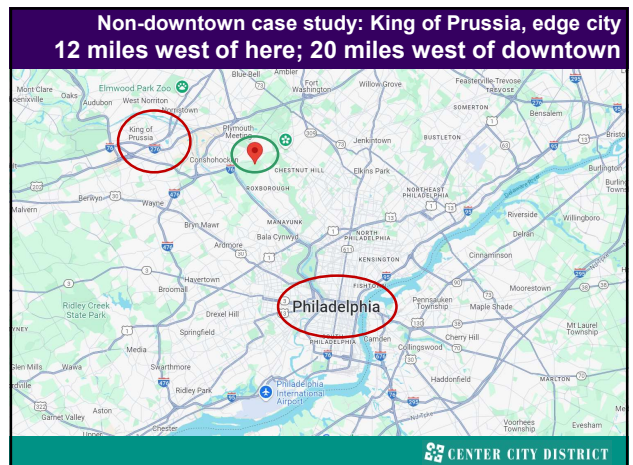
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**Traditionally zoned office & retail areas, no housing
3rd largest retail mall in the U.S.**

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**2 office parks (Moore & Renaissance) 60% of pre-pandemic RTO
But workers of all types across all of King of Prussia, back @86%**

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**Their place management organization is seeking to diversify land-use in this traditional edge city
Mixed-use residential, walkable**

KING OF PRUSSIA DISTRICT

Building a More Vibrant, Attractive KOP

King of Prussia District works to collaboratively improve the economic environment in KOP.

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**Rebecca Rockey & Chris Leinberger Reimagining Cities
Applied portfolio investment theory to real estate in 15 urban places**

CUSHMAN & WAKEFIELD | Places Platform

REIMAGINING CITIES

DISRUPTING THE URBAN DOOM LOOP

15 U.S. CITIES USED IN THIS REPORT

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**Percent of land devoted to different uses
Downtowns have over-invested in work-related uses**

LIVE/WORK/PLAY CONCENTRATION BY GEOGRAPHY

Geography	Live (%)	Work (%)	Play (%)
ALL CITY	66.6%	21.3%	12.0%
Just commercial areas	33.5%	52.2%	14.3%
DOWNTOWNS	15.9%	69.7%	14.5%

Source: Places Platform, LLC and Cushman & Wakefield Research estimates based on data from CoStar, CoreLogic, Cushman & Wakefield, U.S. Government Services Administration, U.S. Department of Education, PEDS, U.S. Census Bureau, Property Shark.

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Recommended shift in Walkable Urban Spaces (WalkUps) Land-use allocation

KEY FINDINGS FROM OUR STUDY:

Downtown WalkUps are extremely Work-centric. Downtown WalkUps contain 32% of real estate value in WalkUps. They are much more oriented toward Work than other WalkUps or the rest of the city and metro area.

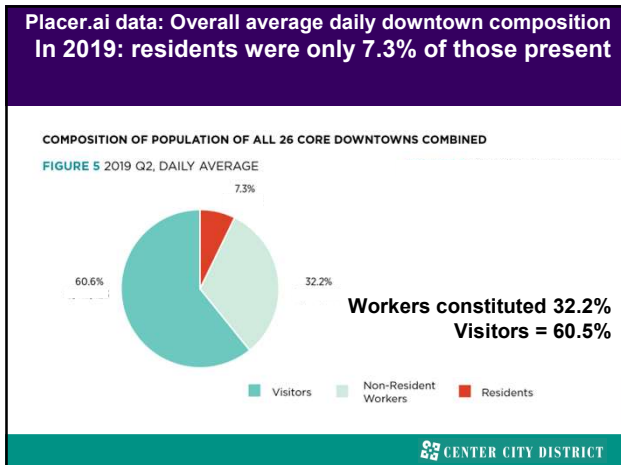
Other WalkUps are more balanced. The three non-Downtown WalkUps (Downtown Adjacent, Urban Commercial and Urban University) are much more balanced and in line with our estimates of an optimal product program (as shown on the right).

The key finding of this research is that an optimal real estate product portfolio mix exists, and cities, particularly Downtowns, must rebalance their portfolios accordingly. This optimization would generate the highest real estate valuation price per square foot (PPSF) and GDP for WalkUps.

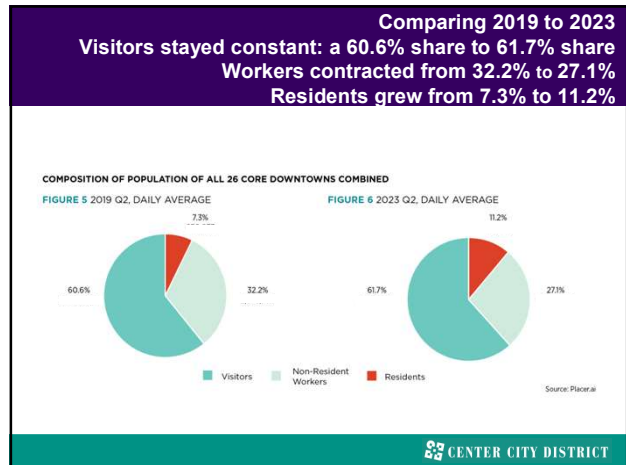
Category	Live (%)	Work (%)	Play (%)
DOWNTOWN WALKUPS	15.9%	69.7%	14.5%
OTHER WALKUPS	41.8%	44.0%	14.3%
OPTIMAL PRODUCT PORTFOLIO*	31.0%	42.0%	26.0%

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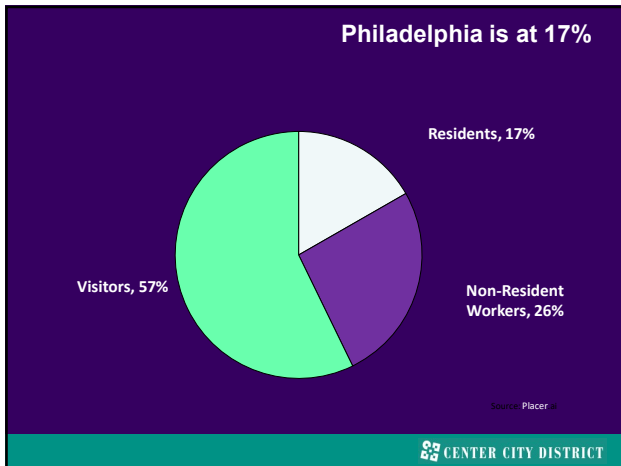
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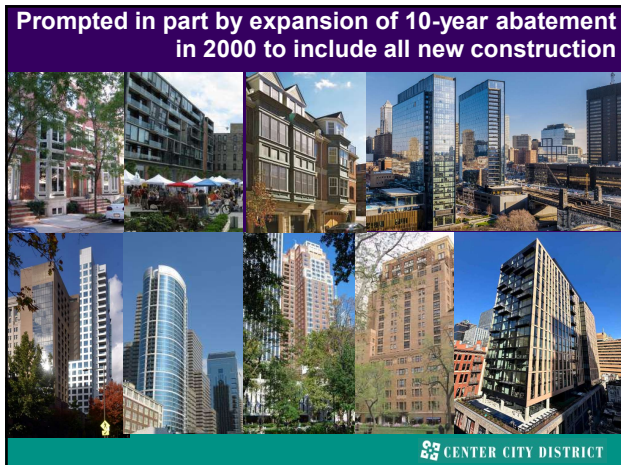
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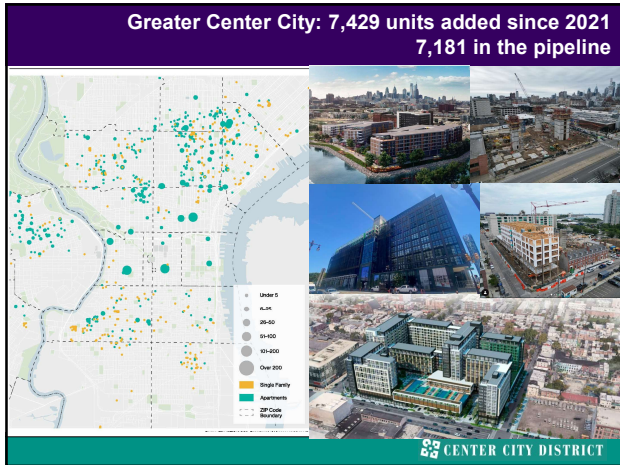
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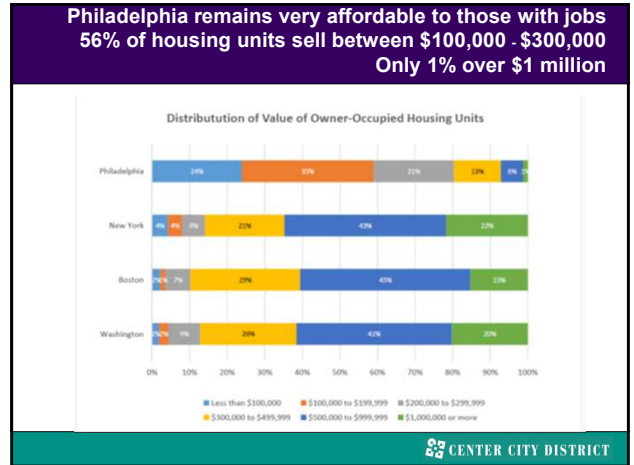
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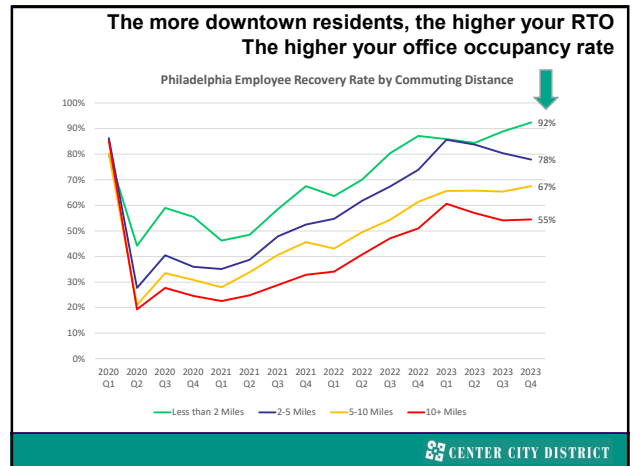
Challenge concentrated among households <\$35,000 36.4% of all city households;

TOTAL HOUSEHOLDS	TOTAL HOUSEHOLDS	COST BURDENED	PERCENT COST BURDENED
Total Households with Income	401,337	228,227	38%
Less than \$20,000	127,325	108,493	85%
\$20,000 to \$34,999	91,972	61,001	64%
\$35,000 to \$49,999	75,160	32,638	43%
\$50,000 to \$74,999	93,805	18,782	20%
\$75,000 or more	184,240	7,313	4%
Zero or Negative Income	17,913	17,913	100%
No Cash Rent	10,902	0	0%

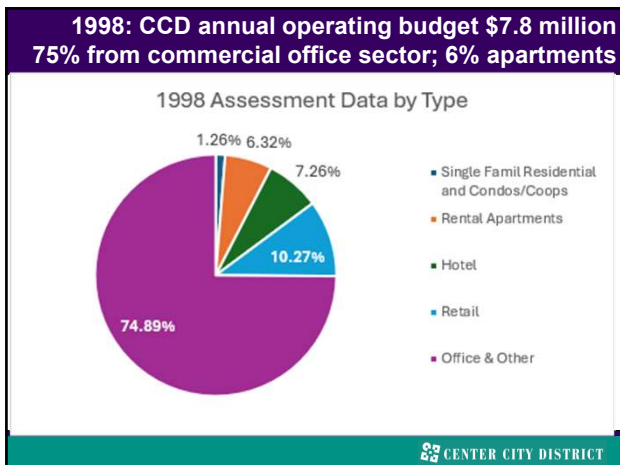
Source: US Census Bureau, American Community Survey, 2019 five year estimates

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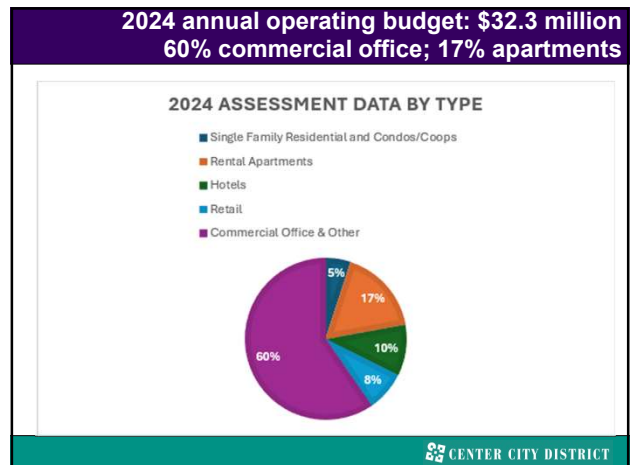
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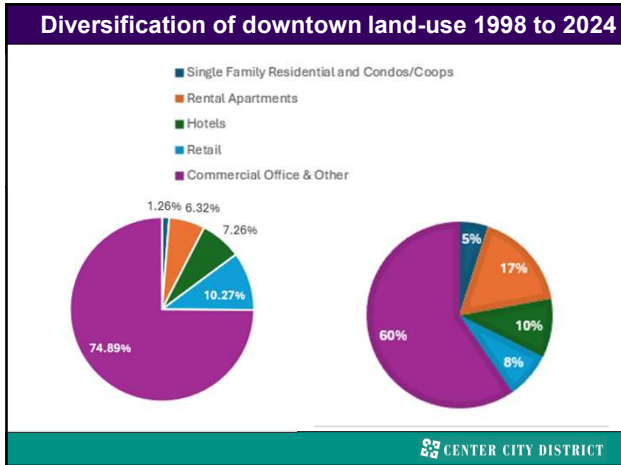
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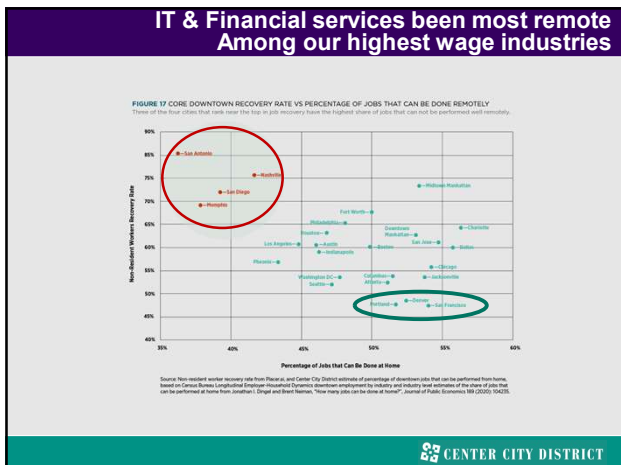
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Amazon: 9.15.2024

The New York Times

Amazon Tells Corporate Workers to Be Back in the Office 5 Days a Week

The internet giant told employees on Monday that it expected them to return to the office full-time in January.

Listen to this article - 4:40 min [Learn more](#)

By Karen Weise and Emma Goldberg
Karen Weise reported from Seattle and Emma Goldberg from New York.
Sept. 16, 2024



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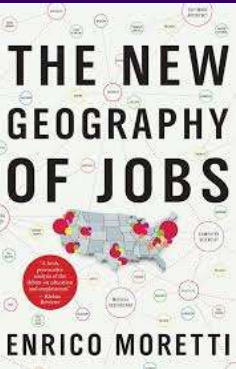
Yet Amazon workers protested in 2023 partial return mandate



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A deeper question The New Geography of Jobs




Knowledge-intensive jobs form the driving edge of innovation in post-industrial cities. They are not necessarily tied to place. But they draw toward them a solid base of knowledge-workers who are attractive to other firms. This triggers a process of mutual reinforcement & attraction as knowledge-intensive industries cluster in “geographic agglomerations.”

A small number of innovation jobs within start-up, medium & large firms draw at least 6-7 other jobs into their orbit – from other high skilled to moderate skilled to building maintenance and transit jobs.

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What other jobs are lost if office workers don't return? Those who don't have the option to work remotely



Every 500,000 square feet of occupied office space:

- Provides 3,333 office jobs, 5 building engineering, 18 cleaning and 12 security positions.
- Supports 11,000 hotel rooms filled with business travelers
- Generates \$2.8 million in retail demand
- Hair & nail salons, shoemakers dry-cleaners, delis & restaurants

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Many blue-collar urban jobs depend on the presence of office workers Put simply: remote work may not be consistent with inclusive growth



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63% downtown jobs require less than college degree 33% require only a high school diploma Inclusive growth is about job opportunities, not just housing

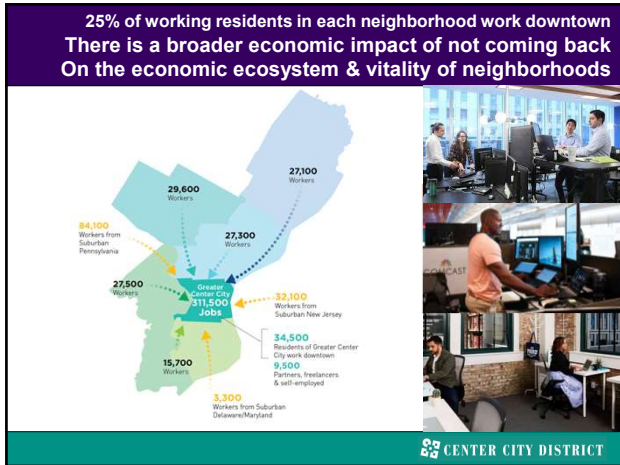
PERCENT OF JOBS BY LEVEL OF EDUCATION, WORKERS 29 AND OLDER

Area	High School or Less	Some College/Associate	Bachelor's Degree or More
Greater Center City	33%	30%	38%
Philadelphia	36%	30%	34%
Metro Area	36%	30%	34%

Source: U.S. Census Bureau, Longitudinal Employer-Household Dynamics, 2017

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This is where local business leadership matters
If the choice is between this.....

WHAT TO WEAR WHEN YOU WORK FROM HOME

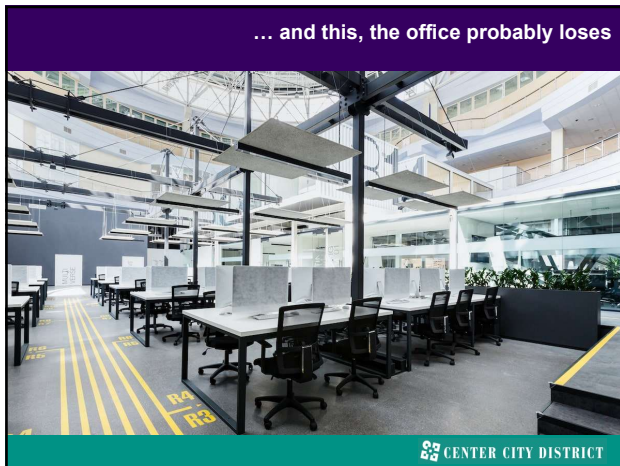
MONDAY TUESDAY WEDNESDAY THURSDAY

FRIDAY SATURDAY SUNDAY

shirtoid.com

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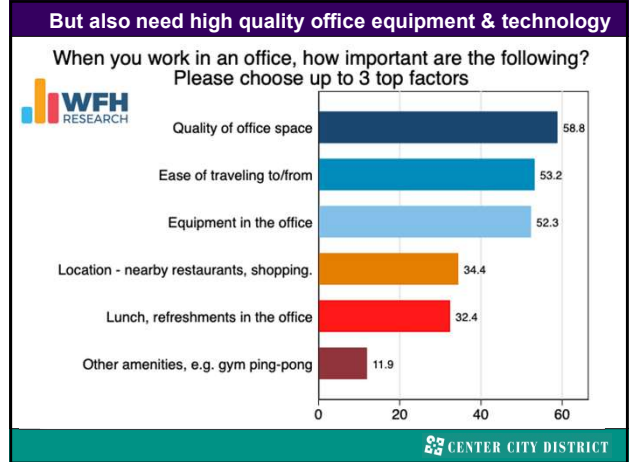
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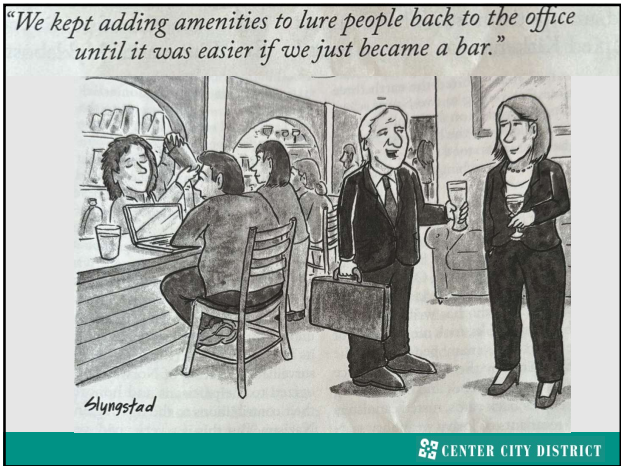
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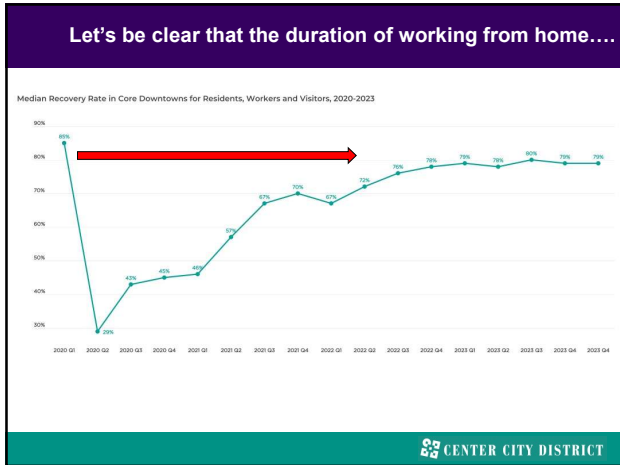
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What do we learn from previous pandemics?

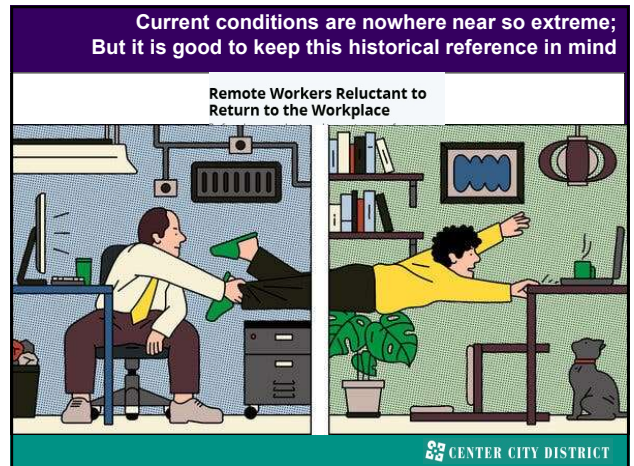
Chapter 11: The Rich in Times of Crisis from the Black Death to COVID-19

"There is little doubt that the Black Death (1347-1352) was the rare catastrophe in Western history which tended to be relatively advantageous for those among the survivors who had relatively humble origins... (about half of total workforce of Europe died)

Being forced to offer better economic conditions to laborers obligated the economic elite to share more of 'bounty of the post-pandemic years.'

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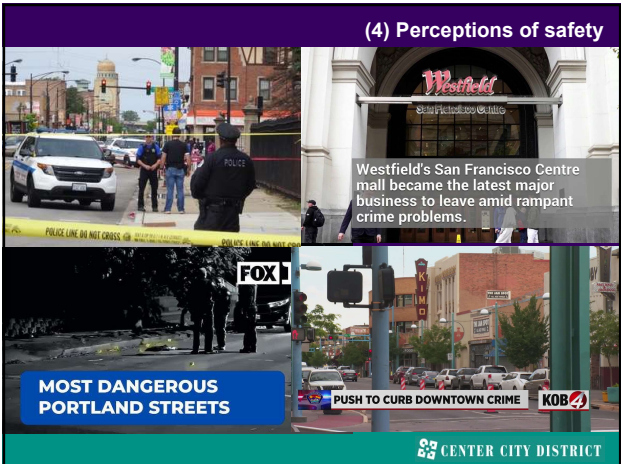
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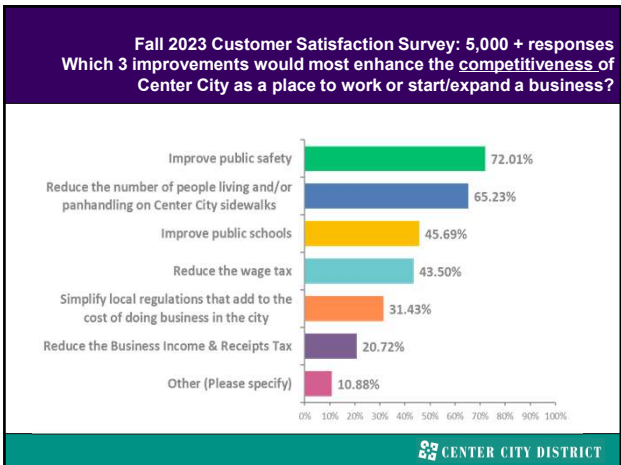
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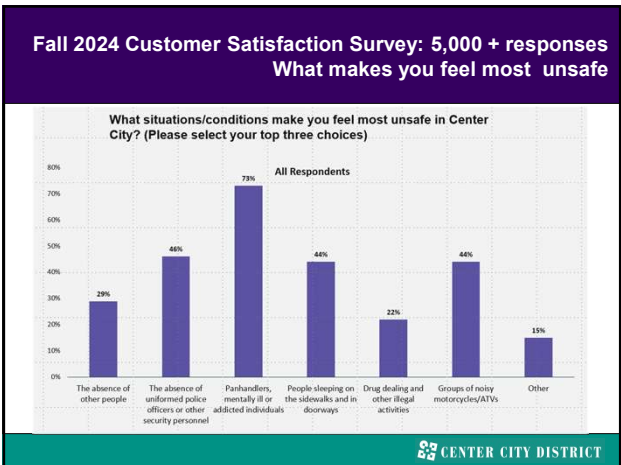
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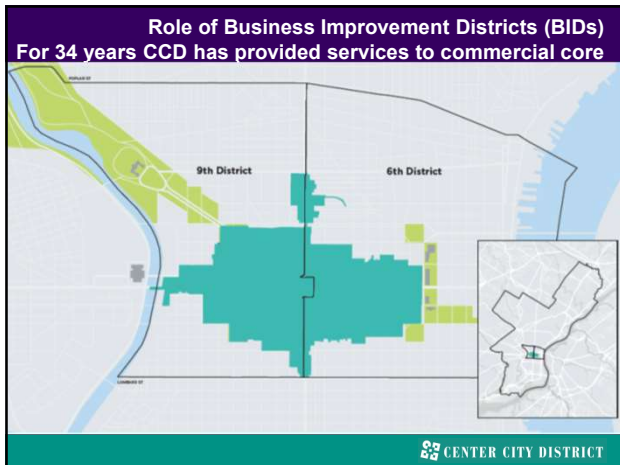
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Since 2018 deployed Ambassadors of Hope
 CCD funds: CSRs, Project Home & CIT trained police
 CCD provides dedicated van to transport to shelter

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Co-service delivery model
 In 2023 170 individuals connected with shelter, services & housing
 no arrests or citations

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Added third homeless outreach team in 2023
 Monday-Saturday: Cost per team = \$328,000

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But public sector policing also needs to change
 Patrick Sharkey: police as warriors

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Or police as guardians of community defined standards of public safety
 Partnerships between police & social services
 Restore community policing with a focus on quality of life

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\$150 million public area improvements: 379 planters
 throughout Center City

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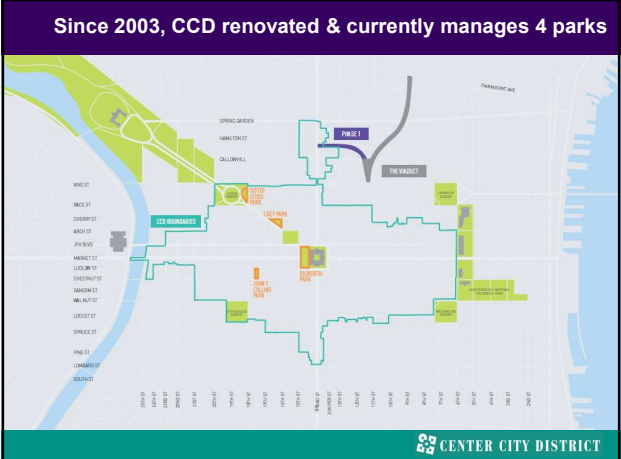
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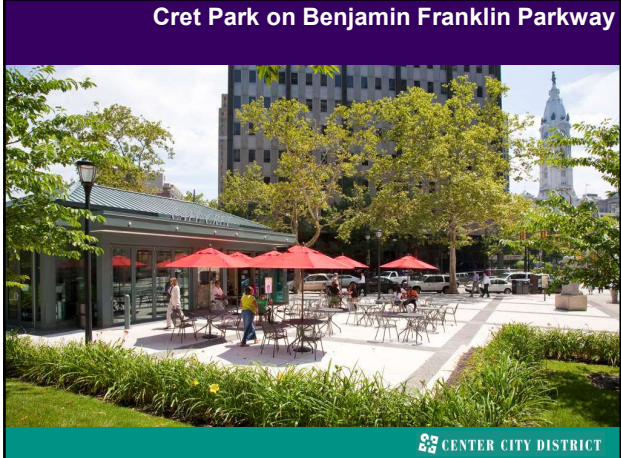
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After: amenity for residents & workers



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Story telling & music for families with children



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2010: Dilworth Park



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Dilworth Park in our center square
Completed \$60 million renovation in 2014



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2024 Dilworth Park



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Winter ice-skating



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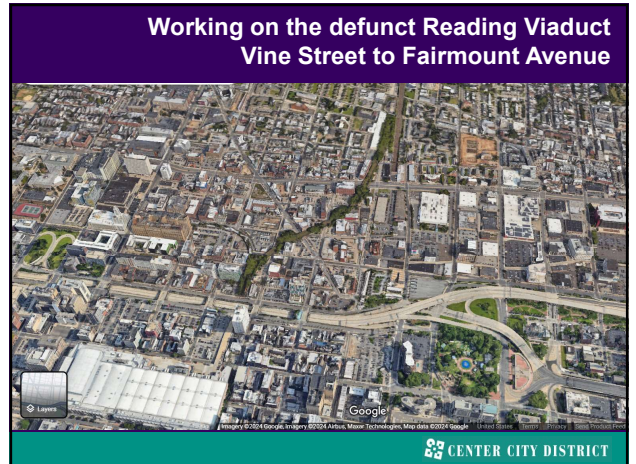
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Four key variables that impact recovery

- (1) the composition of downtown economy/employment
- (2) the length of commute for workers
- (3) leadership exercised by business, civic & political actors
- (4) perceptions of safety & quality of public environment

Goal:
Not simple "restoration" but rather land-use transformation

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So the job is about more than recovery
Its about reimagination, diversification & rebalancing

REIMAGINING CITIES

DISRUPTING THE URBAN DOOM LOOP

CUSHMAN & WAKEFIELD

Places

CENTER CITY DISTRICT

This complex block features a collage of images. On the left, a graphic shows a city skyline with a glowing blue and red wave. On the right, there are photos of people in a meeting, a person on a phone, and a busy restaurant scene.

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