



Matt Stanley

CENTER CITY Digest

An Agenda for Inclusive Recovery

Shaping the Future We Want

Jobs are back and worker earnings are rising much faster than historic averages. Greater Center City has become the fastest growing residential area in Philadelphia. Conventions, tourism and retail are all rebounding, while pedestrian vitality is almost fully restored on many blocks downtown. Office vacancy, however, is increasing, challenged by a partial return to office, by lingering concerns about safety and reinforced by a wage tax that encourages suburban residents to remain remote.



Download this report at centercityphila.org/research-reports/shaping-the-future-we-want-06-2023

Our recent report, *Shaping the Future We Want*, highlights Center City’s resiliency and strengths, though it challenges leaders not to remain passive, but rather to fashion a more robust and inclusive recovery strategy for Philadelphia’s future.¹ Essential actions include:

- A coordinated return to work initiative led by the next mayor in partnership with those major employers who have already achieved substantial in-office presence, urging both City and private sector employees to be at their desks more frequently because it is good for productivity, sustains other jobs and is the basis for responsive public services.
- Enhanced public safety citywide on sidewalks and transit, including bus shelters and train stations.
- Sustaining full SEPTA service levels, essential for connecting low and moderate wage earners with 53% of the city’s jobs, concentrated in Center City and University City.
- Rethinking and continuing to diversify and activate the downtown office district.
- Accelerating progress towards more competitive wage and business taxes so Philadelphia grows regional market share, drawing more jobs to the city. If existing firms have fewer people in the office for the immediate future, having more firms choose

to locate downtown can fill the gap.

- Fashioning incentives for affordable housing that actually work with current interest rates, land and construction costs.

The implications of uneven recovery

Philadelphia restored all citywide jobs lost in early 2020 and has now surpassed employment levels from February of that year. By April 2023, Philadelphia held 765,200 seasonally-adjusted jobs, 1.6% more than in February 2020 and above the previous employment high in 1990. Key office industries—information, financial, professional and business services—have matched or exceeded April 2019 job levels, as have non-government educational services, health care and social assistance, federal employment and construction. Philadelphia worker earnings have accelerated from an average increase of 2.4% per year between 2009 and 2019 to 4.2% per year between 2019 and 2022. But lower-wage jobs in retail, restaurants, leisure and hospitality are still lagging, because downtown is an ecosystem. Having fewer office workers at their desks means fewer opportunities for janitors, mechanical engineers, transit and retail workers.

¹ Shaping the Future We Want, CCD June 2023, centercityphila.org/research-reports/shaping-the-future-we-want-06-2023
² Firing on All Cylinders, CCD July 2022, centercityphila.org/research-reports/firing-on-all-cylinders



After a brief drop in downtown residents in early 2020, Greater Center City’s population is now 2.2% larger than in 2019 and 27% higher than in 2010 – making this the fastest growing residential area of the city. Retail occupancy plummeted from 89% at the start of 2020 to 54% in June 2020, but rebounded to 82% in June 2023 with at least 48 more retailers planning openings this year.

With a new mayor taking office in just six months, it’s time to take stock of our strengths, challenges and opportunities and to develop a plan for coordinated action. Put simply, if certain challenges on the horizon are not confronted, Philadelphia’s fiscal stability, transit accessibility and job opportunities will be at risk. A city that derives huge benefits from a transit-accessible, dense and diverse downtown, can also pay a high price if the engines of growth fail to fire on all cylinders.

Based on data derived from Placer.ai, on a typical day in June 2023, there were 384,408 people downtown, 87% of the volume present in June 2019. There were more people living here than three years ago, while visitors were at 80% of June 2019 level weekdays, rising to 97% on weekends. Non-resident workers of all kinds were at 75% with employees in the West Market/JFK office district trailing at just 57% of June 2019 levels. Another way to frame this differential is to compare weekdays to weekends and day to evening: average pedestrian volumes on Monday through Friday, 8 a.m. to 6 p.m. were at 79.4% of June 2019 levels, while weekday evening and weekend pedestrian volumes were at 92.1% and 103.4%, respectively.

The implications of remote work

This differential reflects the greater ability of office workers to function remotely, unlike those in health care, education, building

maintenance, retail or food services. As one consequence, 448,000 square feet of Center City office space was vacated in the first quarter of 2023, pushing overall vacancy up to 19.6% from 12% in 2019.

Center City office buildings constitute 57% of the assessed value of offices citywide. All real estate in core Center City, from Vine to Pine Streets, river to river, just 1.7% of the city’s total geography, accounts for 20% of the city’s assessed value. Reduced occupancy translates into reduced assessments, leaving less real estate and use and occupancy tax revenues for both School District and City. Core Center City also generates 40% of the City’s wage tax revenue. Wage tax refunds paid to suburban residents who were working from home totaled \$94 million in 2021 and \$85 million in 2022.⁴ A more immediate consequence: employment among office building janitorial staff is down by a third, while retail sales in the core are still 6% below 2019 levels and citywide retail jobs are down 3%.

With ridership on SEPTA in April at only 55% of pre-pandemic levels and PATCO at 47%, cuts to transit service when federal recovery resources run out next year could further undermine access to jobs for those who may not be able to afford a car nor the price to park downtown. San Francisco’s BART system for example is considering reducing trains to hourly service. We don’t have the luxury of asking our next mayor to choose between being a “downtown mayor” or a “neighborhoods mayor.” Philadelphia’s major employment centers, which hold 53% of all jobs in the city, are inextricably linked to our diverse neighborhoods as one interconnected whole. We need an action plan for full recovery that enhances every part of the city

Is remote work all it’s cracked up to be?

In *America’s Urban Future: Post Pandemic*, Bruce Schaller has provided a sweeping overview of the last 60 years of urban development, starting with decades of deindustrialization and suburbanization that drained life out of American cities and left them partial wastelands and centers of poverty. But the urban revival that began nationally in the 1980s was built around post-industrial jobs, knowledge economy and creative industries, education and health care, all of which drive dense labor markets and are drawn to diverse downtowns, creating all the serendipity and random interactions that can only happen in offices, cafes and restaurants, or in public plazas and parks.⁵

³ Shaping the Future We Want, CCD June 2022
⁴ City Revenue Department analysis, March 9, 2022

He reaches back to Jane Jacobs' less well-known, *Economy of Cities*, to suggest that *remote* may be adequate for old work, "doing more of the stuff that's already being done, creating jobs and wealth through replication, as in doubling the size of a factory or adding software engineers to do the same thing as existing staff but at larger scale. ... It depends on copying what the same company or another company is already doing. By contrast new work is ... making stuff and doing stuff that has not been done before."⁶

Today, we call this *innovation*, which happens best through face-to-face interaction, through trial and error, through debate and disagreement. This is how new patents, new industries and new jobs are created, how cities grow market share, create more opportunities for workers at all skill levels and buffer themselves from the obsolescence of outdated industries.

Schaller also demonstrates with job and income data that the most successful cities are those with dense and diverse downtowns, surrounded by neighborhoods, just a short walk, bus or bike-ride away, with renovated and new housing filling back in the partially abandoned shell of the older industrial city. Shorter commutes to work translate nationally into higher rates of return.

But to be fully successful, these downtowns must also be well-connected to nearby low and moderate income neighborhoods and more distant, affluent suburbs. High-frequency public transit that keeps commutes

within a 30- to 45-minute range is essential to deliver the diverse workforce required for vibrant, competitive downtowns. "These cities pack more jobs and people into a few square miles because they do not have to set aside the space that would be required for roads and parking were everyone to get around by automobile."⁷

Speaking more like the economists they are, a London group called The Centre for Cities has published an equally insightful analysis of same phenomenon they term *agglomeration*, the benefits in productivity that firms and workers derive from being close to one another. The debate around the future of work, they suggest, has focused almost entirely on the perspective of the employee, rather than the employer. "There are very clear upsides to greater flexibility for the employee, not least a large reduction in commuting costs. But this has to be balanced against the benefits to innovation and creativity of workers interacting with each other face-to-face and of the on-the-job learning that happens when colleagues are in the same room. The latter, especially for younger workers, effectively amounts to an unofficial apprenticeship."⁸

Those employers and building owners in Philadelphia who have listened closely to concerns of their workers, improved the collaborative, socializing and mentoring activities that can only occur in person, have achieved greater levels of employee engagement, return and higher rates of productivity. They also restore jobs and

opportunities for workers in other industries, at all skill levels, who depend on their presence downtown.⁹

Overcoming the barriers to return Public safety

Following the events of 2020, perceived public safety challenges became the most-stated obstacle to return. In 2021 and 2022, support from property owners and businesses enabled CCD significantly to enhance uniformed, unarmed public safety deployment: supplementing our long-term Community Service Representative foot patrol with a high-visibility bicycle unit, operating seven days a week. Customer oriented and committed to problem solving, 100 CCD public safety personnel provide reassurance to the public, as they work alongside 100 sidewalk cleaners and landscape staff. Crime downtown in 2022 declined 10% below 2019 levels, even if perceptions lagged.

Co-location with a Philadelphia police station, interconnected communication and the use of real-time, crime mapping enables rapid resolution of emerging challenges. CCD also expanded to three teams the *Ambassadors of Hope* homeless outreach partnership with Project Home and crisis invention trained police officers, resulting in a 29% reduction in unhoused individuals on sidewalks in Center City since 2018 without a single arrest or citation. It is often the behavior of these individuals that creates the most anxiety about public safety.



⁶ schallerconsult.com/urbanfuture.pdf

⁴ Schaller, page 21⁷ Schaller, page 27

⁸ Paul Swinney, Daniel J Graham, Olivia Vera, Anupriya, Daniel Hörcher, Surabhi Ojha, Office Politics: London and the Rise of Home Working, Centre for Cities, May 2023

⁹ While Center City's population continues to rise, many working class and middle income neighborhoods beyond downtown are once again losing population for the first time in more than a decade. Part of this is due to forces beyond our control, like the reduction of international immigration. But the loss of accessible, family-sustaining jobs downtown may also be a factor. More than 160,000 neighborhood residents worked downtown at the start of 2020.

A citywide return to community policing principles, with an emphasis on police as guardians not warriors and a focus on restorative justice, supervised alternative sentencing rather than jail time for many lower level crimes, is an essential component of a recovery strategy for the next mayor.

**Overcoming the barriers to return
A more animated office district**

Just as firms are accentuating social aspects of the workplace, CCD has fielded a set of initiatives in partnership with building owners and managers to encourage returning workers by providing information and activation events in lobbies and plazas, lunch time concerts and end of day socials, highlighted on page 11. After two years wearing masks and avoiding others, it takes a special effort to remind people of the pleasures and benefits of socialization.

District-wide promotions like Center City District Sips and Restaurant Week are also part of a coordinated strategy to animate public places, left emptier and less welcoming than in 2019. But this should evolve into a real estate strategy as more, older office buildings convert to residential and ground floor retail spaces in remaining office buildings are repositioned and re-released to achieve a greater geographic draw. If the workweek does not exceed four days, we will need both more firms choosing to be here and ground floor retail premises on West Market Street and JFK Boulevard that attract more than office workers.

**Overcoming the barriers to return
More competitive tax policies**

For decades, successive commissions and reports have underscored that when both workers and firms are mobile, no longer

tied to the rivers and factories that made Philadelphia an industrial powerhouse, erecting tax barriers far higher than adjacent counties is bad public policy that depresses job growth and contributes significantly to Philadelphia's high poverty rate. The pandemic and aftermath should encourage City Council and the next mayor to accelerate tax reductions implemented in both 2022 and 2023. How many units of affordable housing or social programs or more aggressive cuts to wage and business taxes for all could have been supported by the \$179 million in wage tax refunds issued to suburban residents in 2021 and 2022?

Affordable housing

The industrial city was built around broadly dispersed factories and port facilities with scores of adjacent working class, rowhouse neighborhoods that provided naturally occurring affordable housing. The post-industrial city is built around just a few densely concentrated, transit-oriented employment nodes. Even in a world with partial remote work there are huge advantages to living nearby and benefitting from the broad array of cultural and retail amenities that also anchor the hospitality industry.

This is why, after the brief disruptions of 2020, housing construction fully rebounded and the downtown population, as well as rents and purchase prices, continue to rise. This is an inevitable effect of agglomeration; it is a sign of economic success. To the extent that reasonable incentives can make the numbers work, it is good public policy to enable a share of affordable units to be provided in market rate developments close to downtown. But it is far easier to achieve affordability in neighborhoods beyond the ring

of reinvestment pressures, so long as these locations have good transit access to major employment nodes and they benefit from public services that deliver clean and safe communities. The next mayor should consider reinstating the full, 10-year tax abatement for new construction, with any mandated shares of affordable housing indexed to neighborhood land prices and local rents. This could result in a greater supply of affordable housing being built in neighborhoods beyond the rising ring of rents and housing prices and serve as a forward looking, neighborhood stabilization strategy.

Looking ahead

New administrations create the opportunity to reset the agenda, to break free from pessimism and diminished expectations, lingering from the global challenges of the last three years, and to restore the momentum and civic self-confidence that is essential for this city and all its residents to prosper. This is a time for all those with a vision for inclusive resurgence to step forward and begin to lead.



Paul R. Levy
President
plevy@centercityphila.org



CCD People in the Spotlight



In June, Center City District cleaner Ron Wallace retired after 29 years on the job! We're grateful for all of his years of service and wish him the best in his retirement.

Congratulations to Martina Cherry, who joined CCD's Safety Patrol bike team in August 2022 and was recently promoted to supervisor. Safety Patrol Operation Manager John Crichton noted that since joining CCD, Martina "has excelled and I am thrilled to watch her continued growth."

Welcome to our new class of Community Service Representatives (CSRs). This is CCD's 69th class of CSRs since our founding, and they're as important as ever in Center City. Here, CSR Devoun Wilburn demonstrates to the group the correct procedures for communicating via two-way radio.



Join the CCD team!
 Visit centercityphila.org/jobs
 for details



CCD Restaurant Week Turns 20

This September marks the 20th anniversary of Center City District Restaurant Week. The event takes place September 10-23, but the milestone will be recognized in the months ahead with a variety of special events and promotions.

The first of these to be rolled out include a series of recipe cards and a digital cookbook featuring signature recipes from Center City's premier chefs, as well as the "Twenty Weeks, Twenty Stories" blog series, highlighting stories from a restaurateur each week.

To learn more about CCD Restaurant Week's 20th anniversary and check out the digital cookbook, visit ccdrestaurantweek.com.

Quotes from Center City chefs

"The city is now filled with a multitude of chefs highlighting different cooking, and nationwide Philadelphia's dining scene receives accolade after accolade. We are grateful for guests coming out to taste."

—Alex Dorczuk, Harp & Crown

"Since we opened Veda, we have seen the popularity of different cuisines from different cultures become more prevalent and popular with the people. We have felt the warmth and acceptance."

—Vipul Bhasin, Veda

"What's cool is there's always new restaurants opening, and Philadelphia has such a strong sense of community and city pride. Locals are so welcoming and supportive ... everyone has one another's back and rooting for you to succeed."

—Ron Tadeo, Monster Vegan

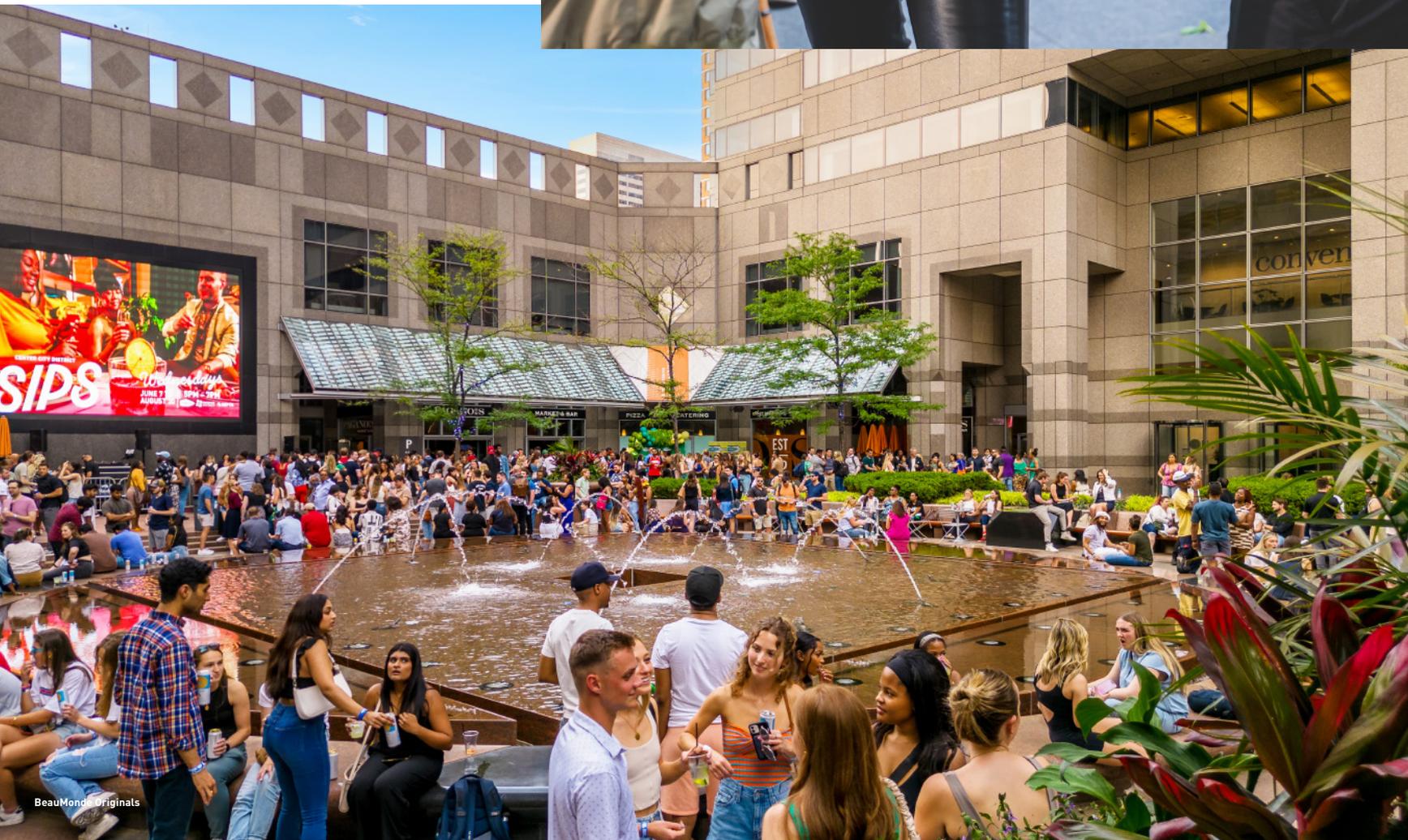


CCD Sips Continues

Philadelphia's favorite happy hour tradition, Center City District Sips, continues 5-7pm every Wednesday through August 30, with specials on drinks and appetizers at more than 70 participating venues as well as Dilworth Park and Cret Park. Some locations also offer 15% off dinner, and more than 15 retailers are offering up to 20% discounts on merchandise and services, from apparel to fitness classes to spa experiences, as part of Sips Style.

CCD Sips is produced with support from Hornitos® Tequila, SEPTA and Kona Big Wave.

For more info,
visit ccdsips.com





What's the Buzz at Sister Cities Park

A buzzworthy transformation at Sister Cities Park is turning a garden adjacent to the Earth Fountain into a haven for birds, butterflies, bees and other insects, thanks to several thousand native plants, flowers and grasses. This spring, Center City District landscape team members, horticulture partners and contractors planned and planted a native pollinator garden at the southeastern end of the park where North 18th Street and the Benjamin Franklin Parkway meet.

Among the 3,000 pollinator-friendly flowering plants and grasses are black-eyed susan, bluestem, prairie dropseed, coneflower, joe-pye weed, goldenrod, iris and grasses. All were chosen for their hardiness and ability to support migratory and native birds and insects as a source of food and shelter.

The garden was designed based on results of a small test plot established in 2021 at Sister Cities, in partnership with the Land

Health Institute and Philadelphia-based Moonflower Garden Design, to determine the kinds of plants that would best succeed in this location. Sister Cities also is an ideal location for a pollinator garden because of its Children's Discovery Garden, which includes a naturalized setting inspired by the Wissahickon Valley and features nature-themed seasonal programming for youngsters in partnership with the Academy of Natural Sciences of Drexel University.

The U.S. Department of Agriculture notes that native bees, beetles, moths and butterflies, birds and other animals are critical to our ecosystem. However, habitat loss and environmental contaminants are contributing to declining numbers of beneficial animals including honeybees, bats and monarch butterflies. Experts encourage everyone to plant more native flowering species, no matter how small the available space.



Thank You For Your Support

Contributions to the Center City District Foundation (CCDF) help us animate streetscapes and parks, creating world-class public spaces with high-quality experiences for all.

CCDF donations allow us to provide educational activities in our parks for young learners, including the Parkway Pals series of programs at Sister Cities Park with partners including the Free Library of Philadelphia and the Academy of Natural Sciences of Drexel University. Contributions to CCDF also help us to provide homeless outreach services, maintain street trees and planters throughout our District and underwrite arts and cultural performances in Dilworth Park that bring art to everyone, free-of-charge, and support institutions that are the fabric of Philadelphia's rich cultural community.

A gift to the Center City District Foundation is a gift to all Philadelphians. Please make an impact today.

A gift to the Center City District Foundation is a gift to all Philadelphians. Please use the enclosed envelope to make an impact today or give online at supportccdf.org

Summer Fun in CCD Parks

DILWORTH PARK

Center City Fit

Presented by Rothman Orthopaedics

Mondays & Tuesdays

Through October 3

6 pm – 7 pm

Sips at Dilworth Park

Presented by Hornitos® Tequila

Wednesdays

Through August 30

5 pm – 7 pm

Arts on Center Stage

Thursdays

Through August 31

6 pm – 7 pm

SISTER CITIES PARK

Parkway Pals: Story Art with The Free Library

Presented by Independence Blue Cross

Tuesdays

Through August 15

10:30 am

Parkway Pals: Investigation Station with The Academy of Natural Sciences of Drexel U.

Presented by Independence Blue Cross

Wednesdays

Through August 16

10:30 am

Parkway Pals: What We Have in Who We Are with The Fabric Workshop & Museum

Presented by Independence Blue Cross

Wednesdays

Through August 16

11:30 am

Parkway Pals: Creative Movement with The Philadelphia Ballet

Presented by Independence Blue Cross

Thursdays

Through July 27

10:30 am



Host your next event at a CCD park!

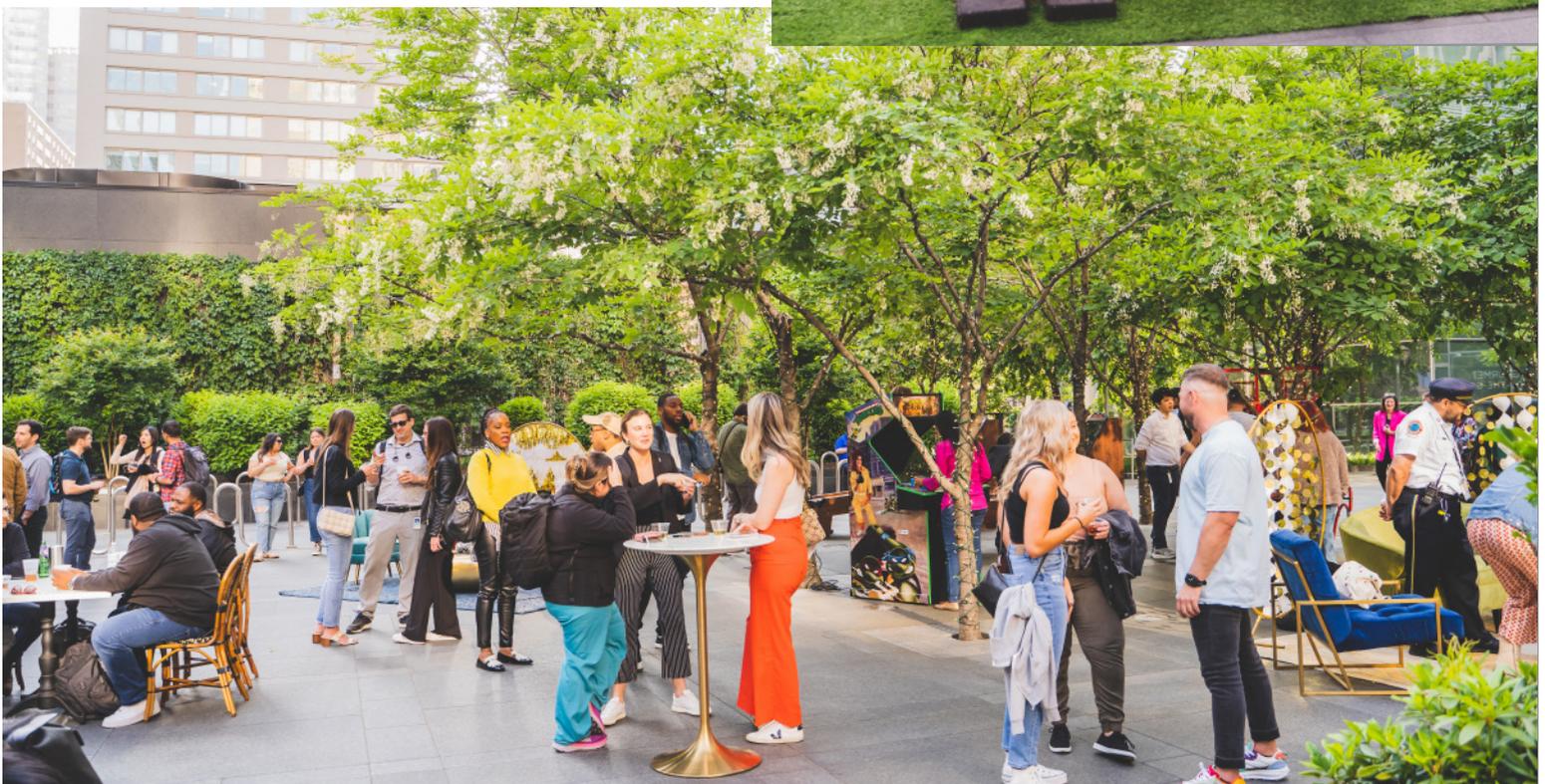
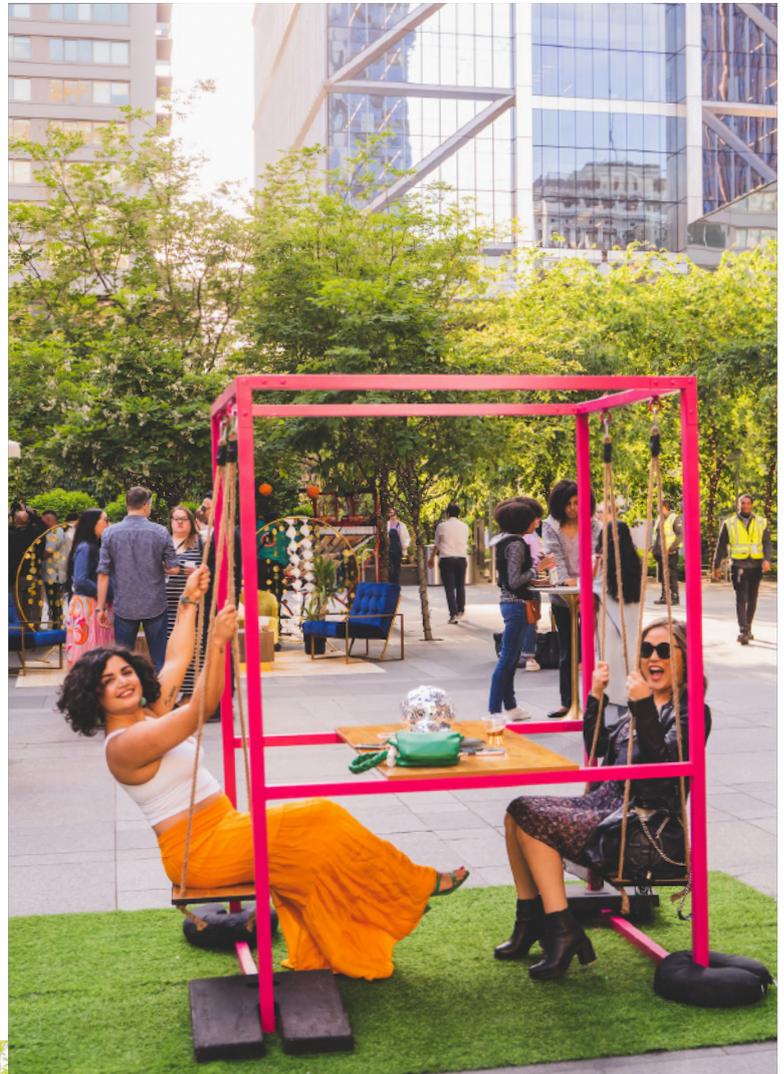
For info about CCD park rentals, email rentals@centercityphila.org

Center City Social

To continue our multi-pronged strategy to support the return of office workers to Center City, CCD is planning a series of office plaza events this fall, modeled after our successful Center City Social spring and summer happy hours and live music at office plazas and at Dilworth Park. Just as employers and building owners are focusing on more amenities within the office, the goal of Center City Social is to foster a sense of welcoming for everyone and create lively destinations to mingle after work on the plazas that surround office buildings. Additionally, many of the events will provide a source of income and visibility for a number of Philadelphia musicians and performing artists.

Stay connected to CCD on social media

-  @centercitydistrict
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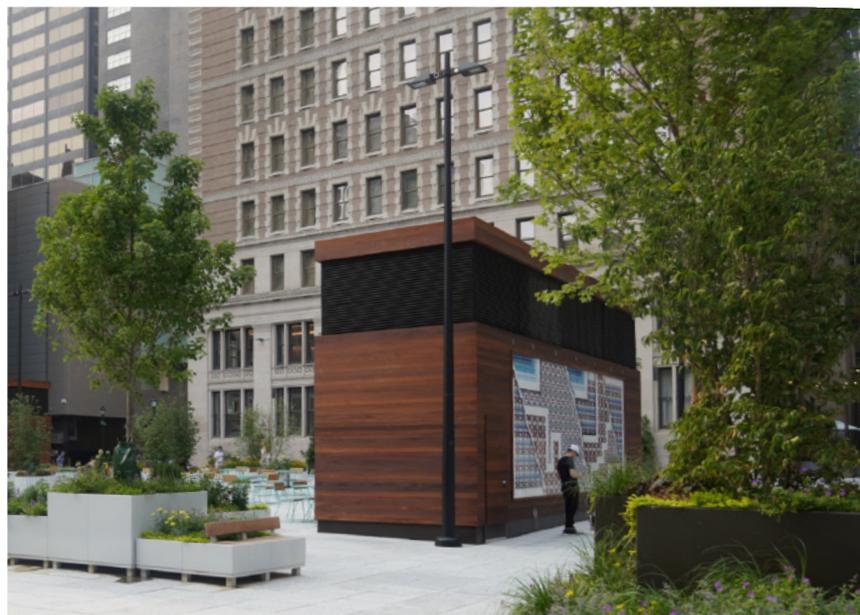


Center City's Newest Outdoor Space

Jefferson Plaza

Construction has been completed at Jefferson Plaza, a new space adjacent to the Jefferson Specialty Care Pavilion located at 1101 Chestnut Street. The 23-story building comprises the bulk of East Market Phase 3, the final component of the mixed-use, multi-block East Market development.

The \$762 million medical facility, the single largest real estate investment in the nearly 200-year history of Jefferson Health, features a distinctive undulating façade on its upper floors and a large plaza on Chestnut Street.



Activating Office Plazas



A partnership with New York's CityPickle will bring pickleball courts to Dilworth Park.

CCD will continue to explore partnerships with artists and arts organizations for projects that can animate office plazas and other public spaces.



CCD has launched a series of activations at partnering office plazas and Dilworth Park. These include Center City Social happy hours, Live @ Lunch musical performances and Arts on Center Stage performing arts programs.

New bike lane planters have been installed on West Market Street and JFK Boulevard, and a newly received grant from the Commonwealth of Pennsylvania will enable the installation of even more in the office district.

Working for Philadelphia's Future

Central Philadelphia Development Corporation (CPDC) members come from architecture, banking, communications, construction, engineering, law and real estate development companies. All are leaders committed to making Center City Philadelphia a competitive location for established businesses and emerging entrepreneurs.

CPDC's June 21 event welcomed panelists Ray Evers (Philadelphia Police Department), James Pearlstein (Pearl Properties), Peter Soens (SSH Real Estate) and Angela Val (Visit Philadelphia). CCD President Paul R. Levy presented an overview of recovery trends in key sectors; CPDC Executive Director Prema Katari Gupta served as moderator of the wide-ranging panel discussion.



The Latest Reports from CCD/CPDC

Downtown Vitality:

A Deeper Look Into Office Trends, May 2023

This report analyzes current pedestrian levels based on the latest Placer.ai anonymized cellphone data and CCD's on-street sensors, and it provides added context on the office sector from a CCD survey conducted last month of Center City and University City companies and organizations.



Shaping the Future We Want:

Economic Recovery, June 2023

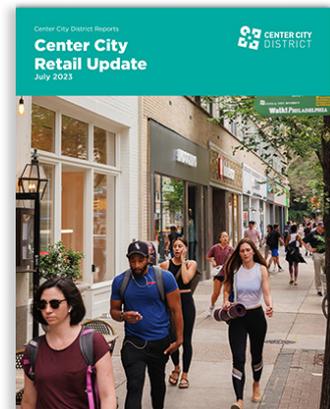
Jobs are back, salaries are rising, Center City's population continues growing, conventions, tourism and retail are all rebounding, and pedestrian vitality is almost fully restored in many portions of the downtown. Office vacancy, however, is rising, challenged by a partial return to office and reinforced by a wage tax that encourages suburban residents to remain remote.



Center City Retail Update:

July 2023

The momentum continues in Center City's retail sector, as occupancy rates, pedestrian volumes, retail sales and jobs are rising and approaching levels last seen in 2019.



Read and download CCD reports at centercityphila.org/research-reports

Become a CPDC Member Today

Business leaders who are members of the Central Philadelphia Development Corporation (CPDC) have access to year-round programs and events from panel discussions to behind-the-scenes hard hat tours of some of Center City's most exciting projects.

CPDC membership pays for research and member engagement, and enables CPDC to continue to provide reliable marketplace information and enhance the competitiveness of Center City.

To learn more about CPDC and how to join, visit joincpdc.org or contact CPDC Executive Director Prema Gupta at pgupta@centercityphila.org

CENTER CITY Digest

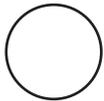


SUMMER 2023

Center City Digest is a publication of the Center City District (CCD), a private-sector-sponsored municipal authority committed to providing supplemental services that make Philadelphia's downtown clean, safe and attractive; and of Central Philadelphia Development Corporation (CPDC), with more than 60 years of private-sector commitment to the revitalization of downtown Philadelphia.

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RESTAURANT WEEK

20TH ANNIVERSARY

SEPTEMBER 10 - 23

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