

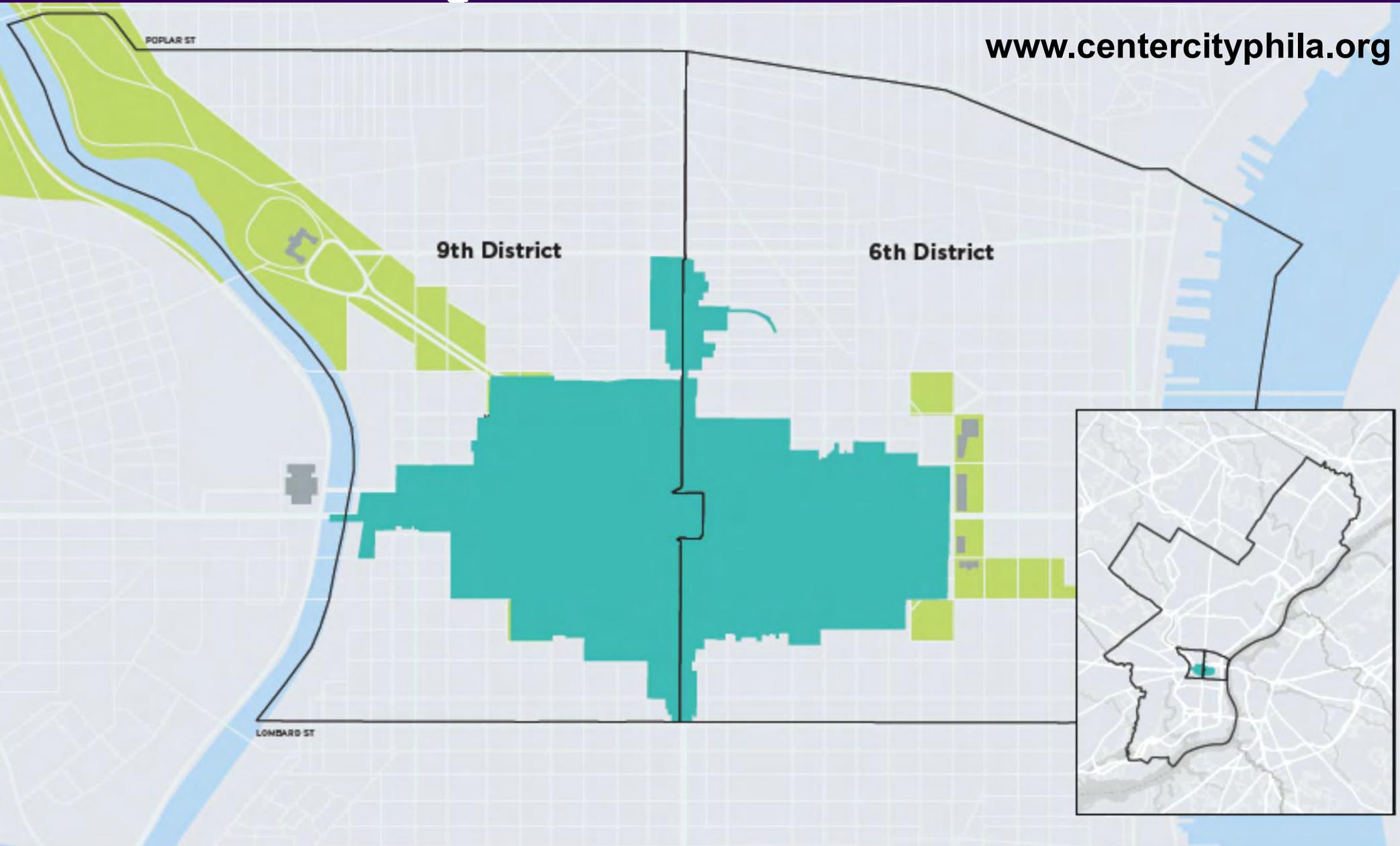
The Dynamics of Resilience: Reshaping downtowns: What are the components of success?



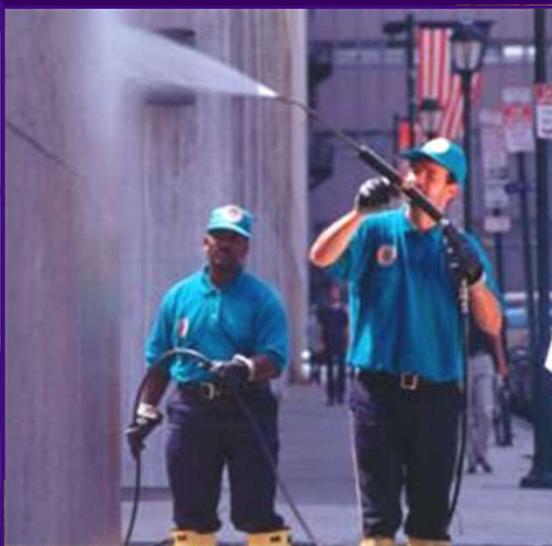
Paul R Levy, Board Chair
Center City District
100 S. Broad St
Philadelphia, PA 19110
plevy@centercityphila.org

CCD is \$33 million Business Improvement District Providing services to commercial core since 1991

www.centercityphila.org



**Deploy 105 manual & mechanical, highly visible cleaning staff
Pressure washing & graffiti removal; 7 days/week:**



50 uniformed, unarmed, safety ambassadors



In a unique partnership with police Combined roll call & coordinated deployment strategy



Since 1996 financed & implemented \$162 million streetscape & public area improvements



Building façade lighting



Built & manage four parks



Including a park for young children



2010: took a derelict park on westside of City Hall



Completed \$60 million renovation in 2014



Invest significantly in research On marketplace & employment trends

www.centercityphila.org

Center City Housing Report

Center City District & Central Philadelphia Development Corporation
March 2025

Center City District

Center City Retail Report

Center City District & Central Philadelphia Development Corporation
November 2024

centercityphila.org

CENTER CITY DISTRICT

Center City District Reports

Building Back A More Diverse Downtown

CENTER CITY DISTRICT

Pedestrian Vitality: July 2023

Center City continued its steady process of recovery in June and during the first three weeks of July with pedestrian volumes reaching 82% of 2019 levels. The robust recovery of residents and visitors has led the way, while the number of workers in June approached 100,000, attaining 78% of June 2019 levels. Within the West Market Street office district, workers reached 87% of the 2019 level, a post-pandemic high.

The average daily population in the core of Center City, the area from Vine Street to South Street, river to river, increased to 384,500 in June, up 2% from 377,000 in the previous month, according to cellphone location data provided by Placer.ai. The June population included a daily average of 64,300 residents, 97,900 non-resident workers of all kinds, and 222,000 other visitors, which includes shoppers, tourists, convention attendees, health care patients, or anyone who visits Center City for business or leisure (Figure D). The non-resident worker component of the downtown population has increased continually over the past three years and reached 78% of the 2019 level in June. Visitors have recovered to 84%, reflecting the rebound in conventions, tourism, shopping and arts and culture. The number of residents present in Center City has increased to 64,500, substantially higher than in June 2019 (Figure 2).

June population included a daily average of 64,300 residents, 97,900 non-resident workers of all kinds, and 222,000 other visitors.

During the first three weeks of July, in what is the beginning of the traditional summer vacation season, the combined number of residents, workers and visitors averaged 353,400 per day, 82% of the same period in 2019 and 8% higher than last year.

CENTERCITYPHILA.ORG

Center City District & Central Philadelphia Development Corporation

Focus on *Downtowns Rebound*: Report released by CCD in October 2023

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

Updated to December 31, 2024

DOWNTOWNS REBOUND

THE DATA DRIVEN
PATH TO RECOVERY

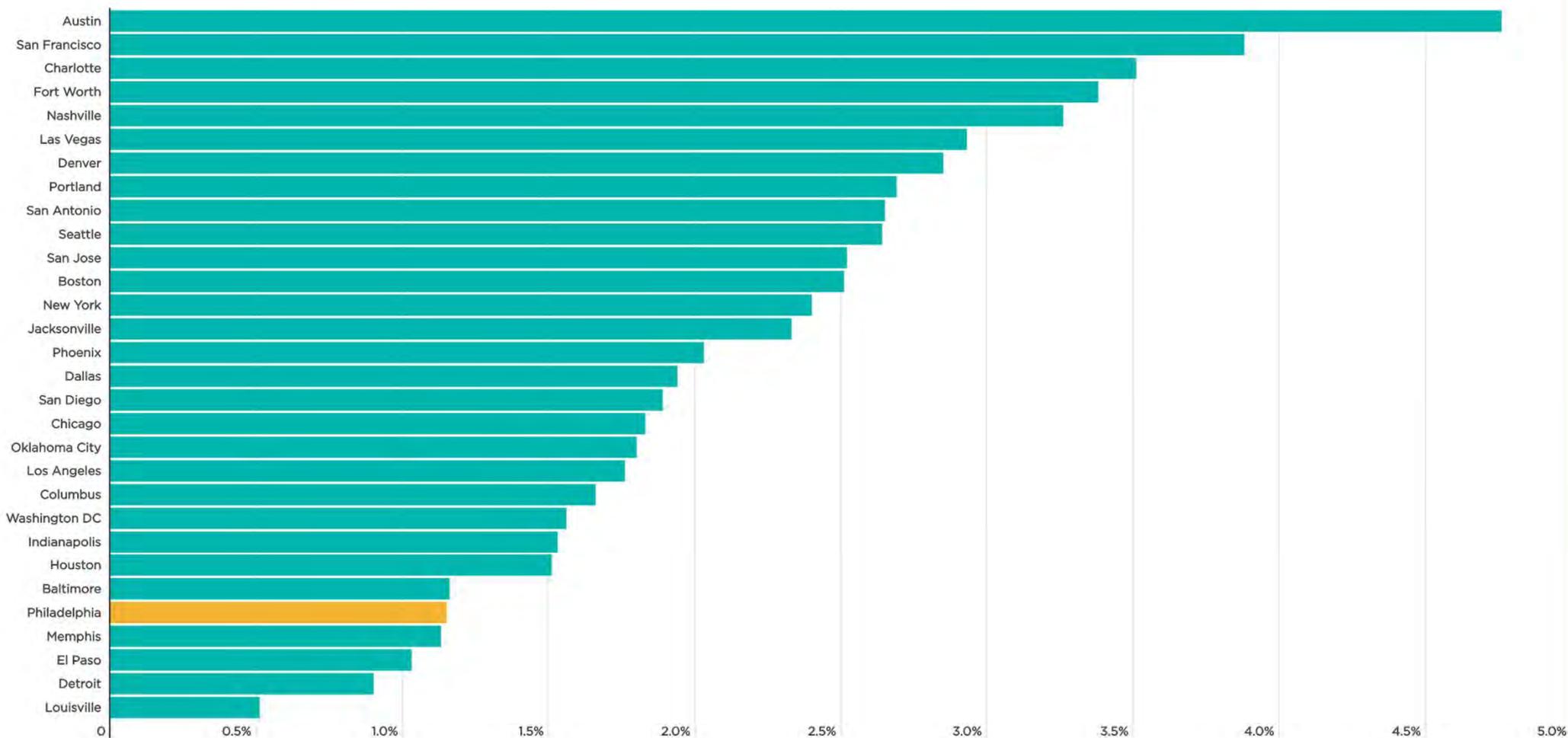


 CENTER CITY
DISTRICT

 CENTER CITY DISTRICT

Following 2008-2010 financial meltdown & recession Decade 2011-2019: robust, private sector, urban job growth In all 30 of the largest cities

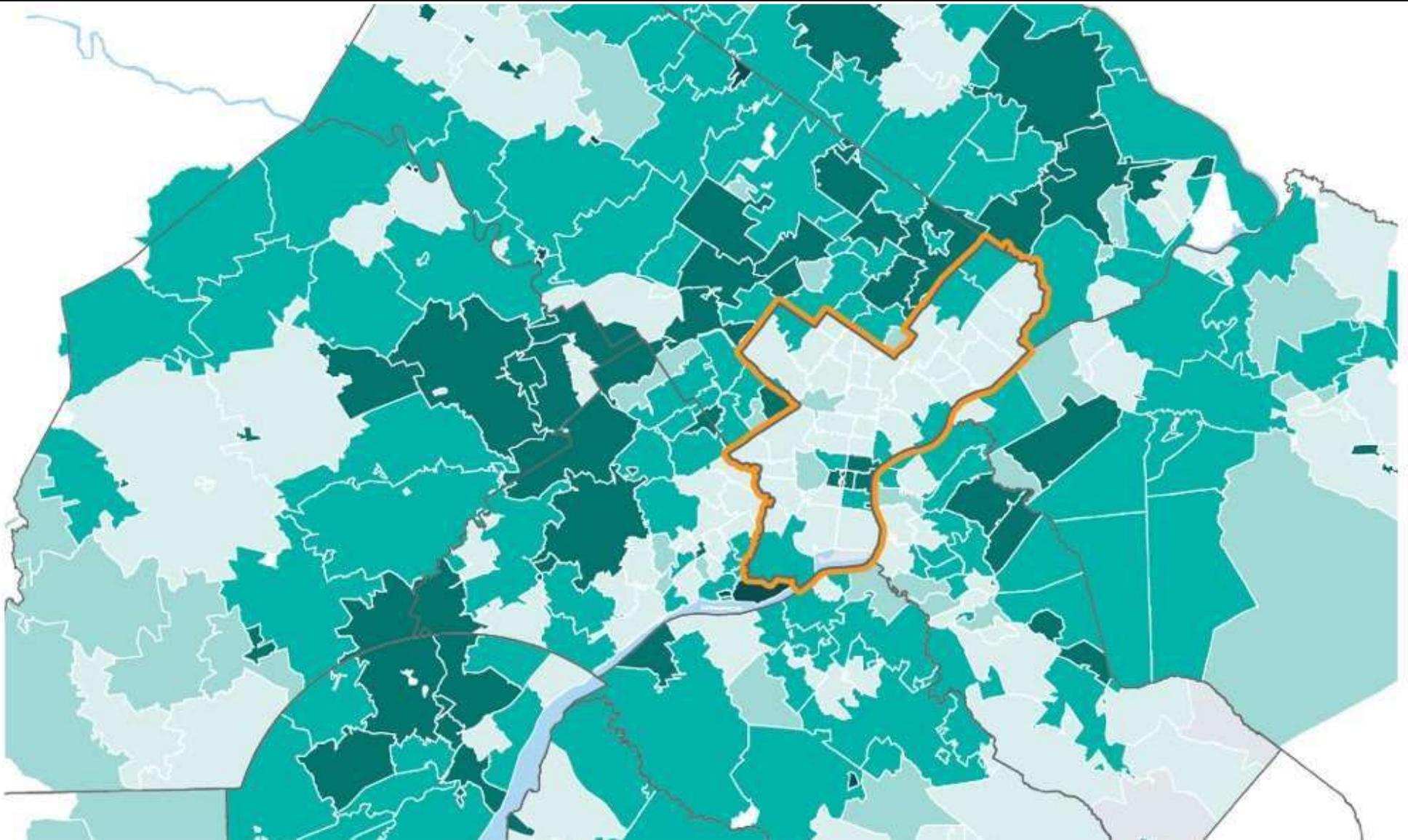
Average Annual Change in Private Employment, 2011-2019



The traditional post World War 2 American CBD Had been defined by high density office buildings

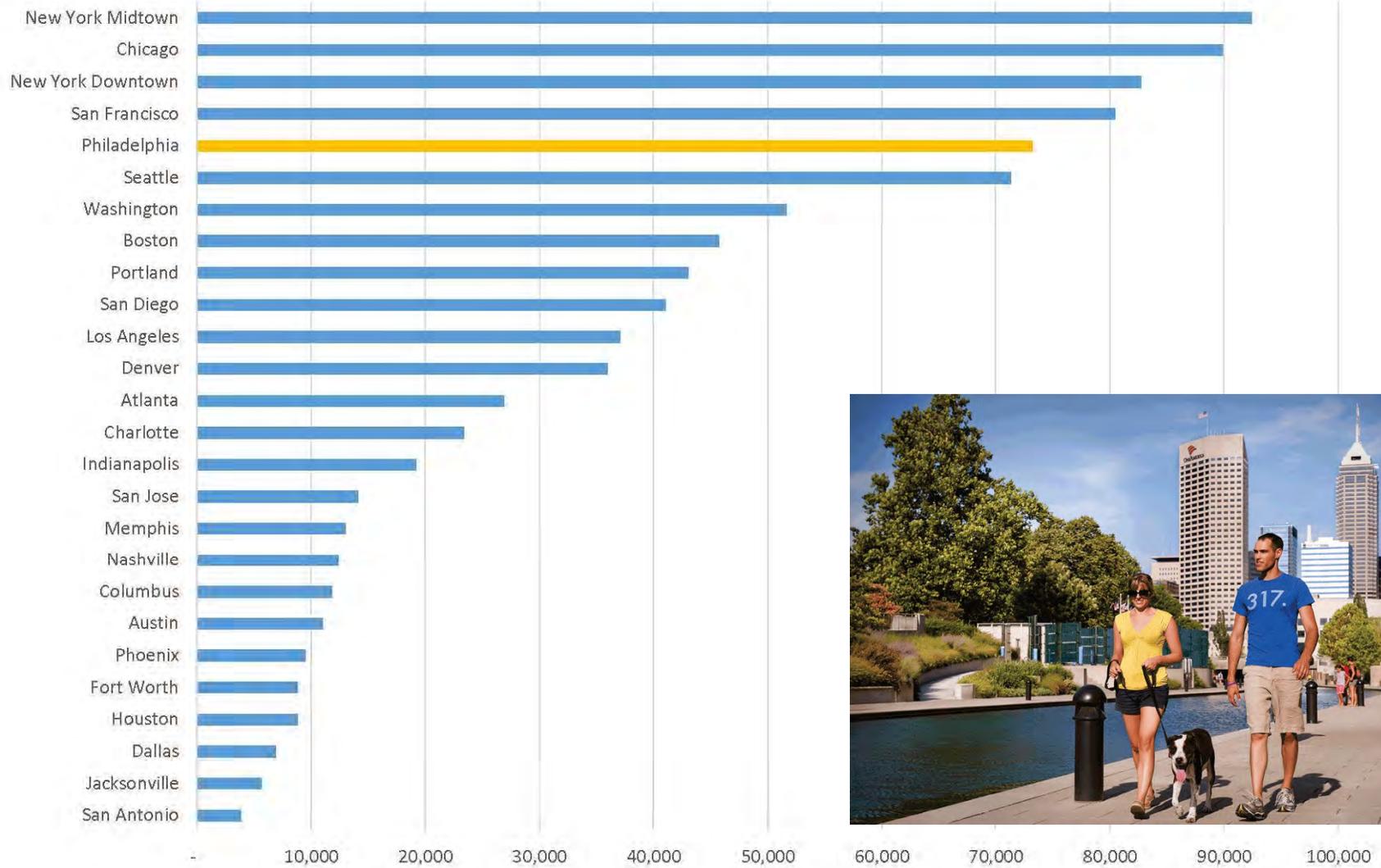


**But we also invested heavily in highways & cars
Decentralizing jobs, shopping & housing**



But since 2000, downtown residential growth occurred everywhere, Both within areas once dominated by office buildings...

Downtown Population in 2020



In adjacent & surrounding neighborhoods



Arts, entertainment & sports grew robustly



Conventions



Tourism



Prompted private investment in hotels: Both in repurposed buildings & new construction



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



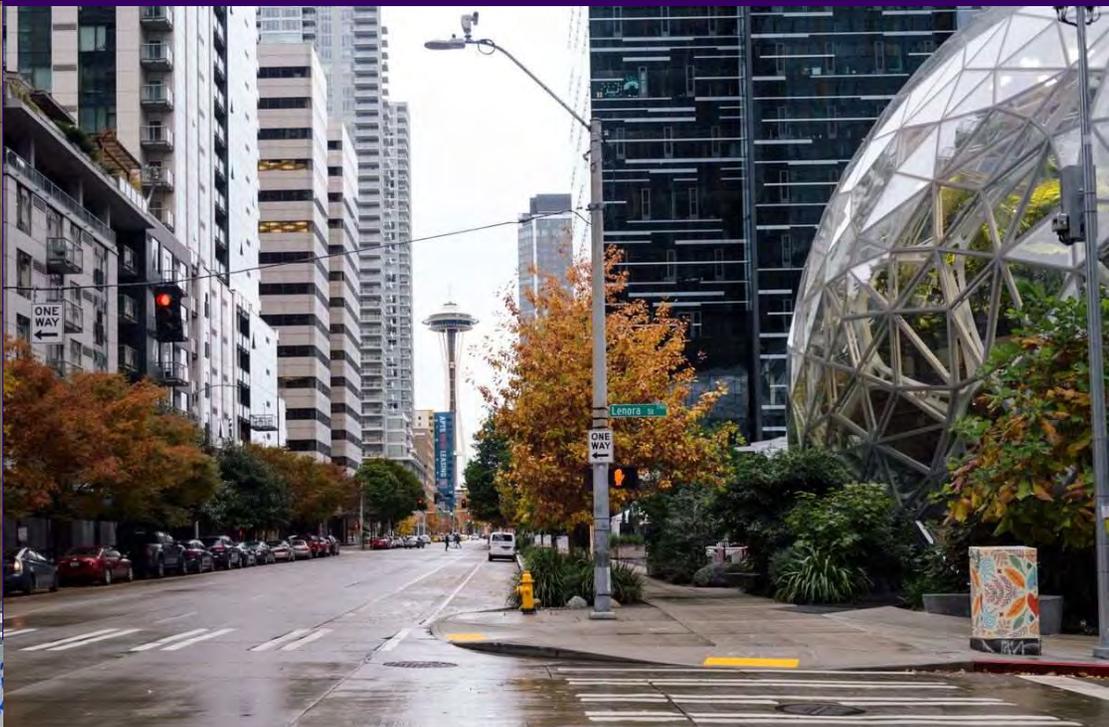
Then came the pandemic: 2020



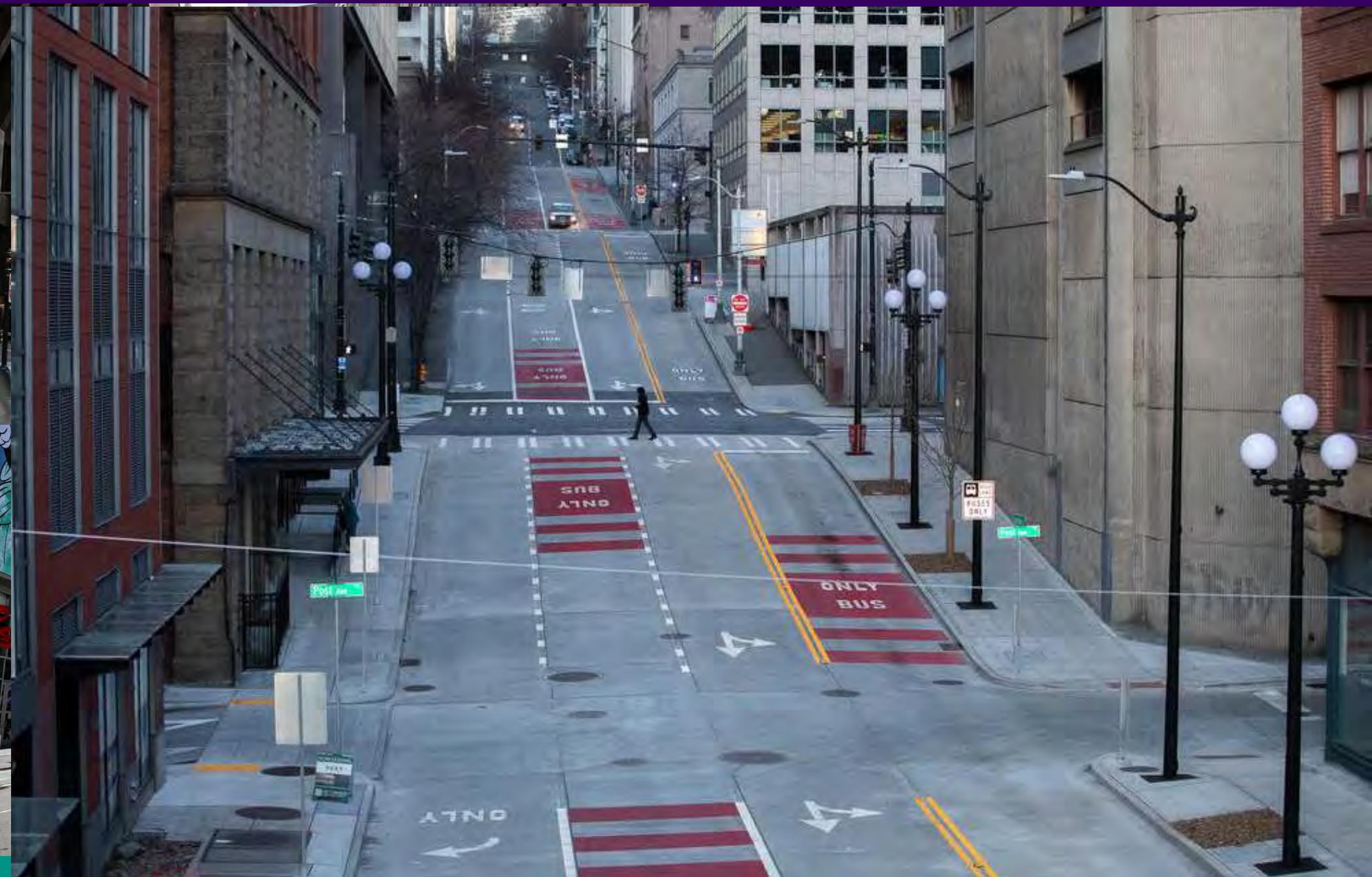
All but essential businesses directed to close



Downtowns across the country & world emptied out

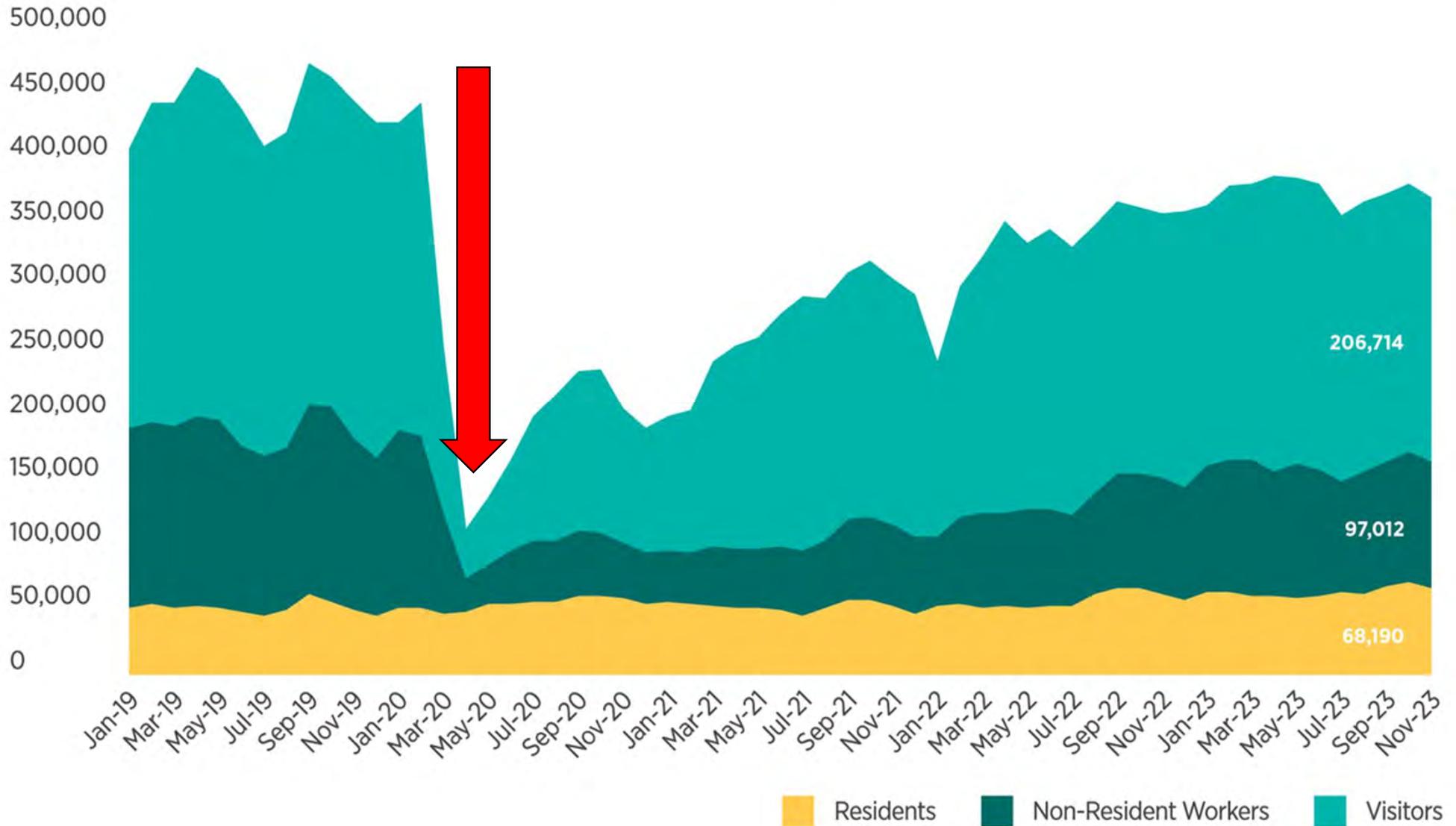


Once dense places became ghost towns



Downtown pedestrian volumes plummeted 70%-80%

Figure 8: Average Daily Visits to Core Center City: Residents, Workers, and Visitors



Source: Placer.ai

A significant spike in retail vacancy



The horror & emptiness after 9/11; Time limited & site specific: NYC & Washington DC



2020 shut-down lasted for months everywhere

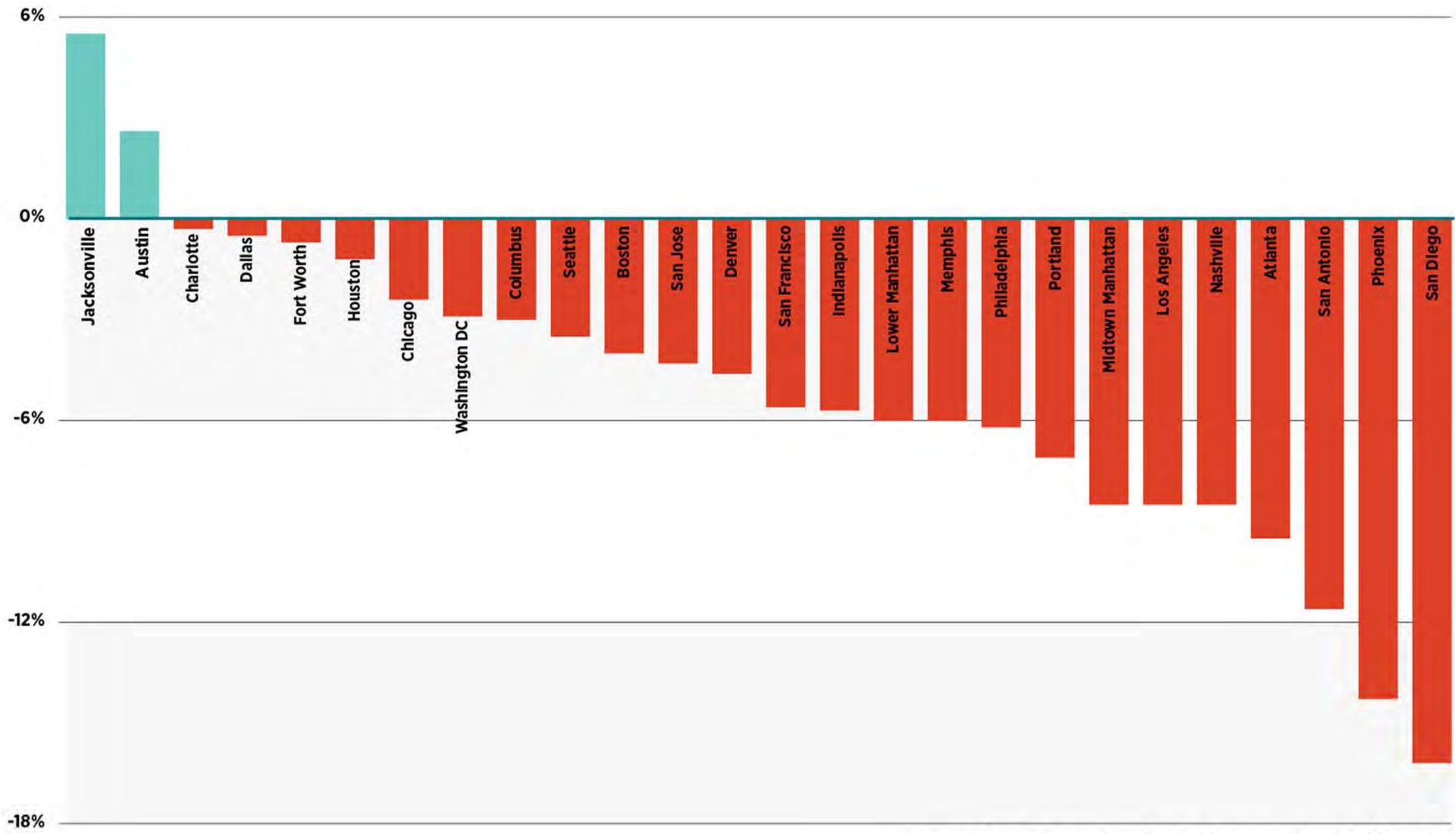
Covid prompted the fear of being with other people

Median Recovery Rate in Core Downtowns for Residents, Workers and Visitors, 2020-2023



Nearly all downtowns lost private sector jobs between 2019 and 2020

FIGURE 10 CORE DOWNTOWN PRIVATE EMPLOYMENT, PERCENTAGE CHANGE, 2019-2020



Source: Census Bureau, Longitudinal Employer-Household Dynamics

New technology was ready to deploy: alternative to the office

Pandemic was an accelerator of pre-existing trends



Working from home came with both benefits & challenges



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



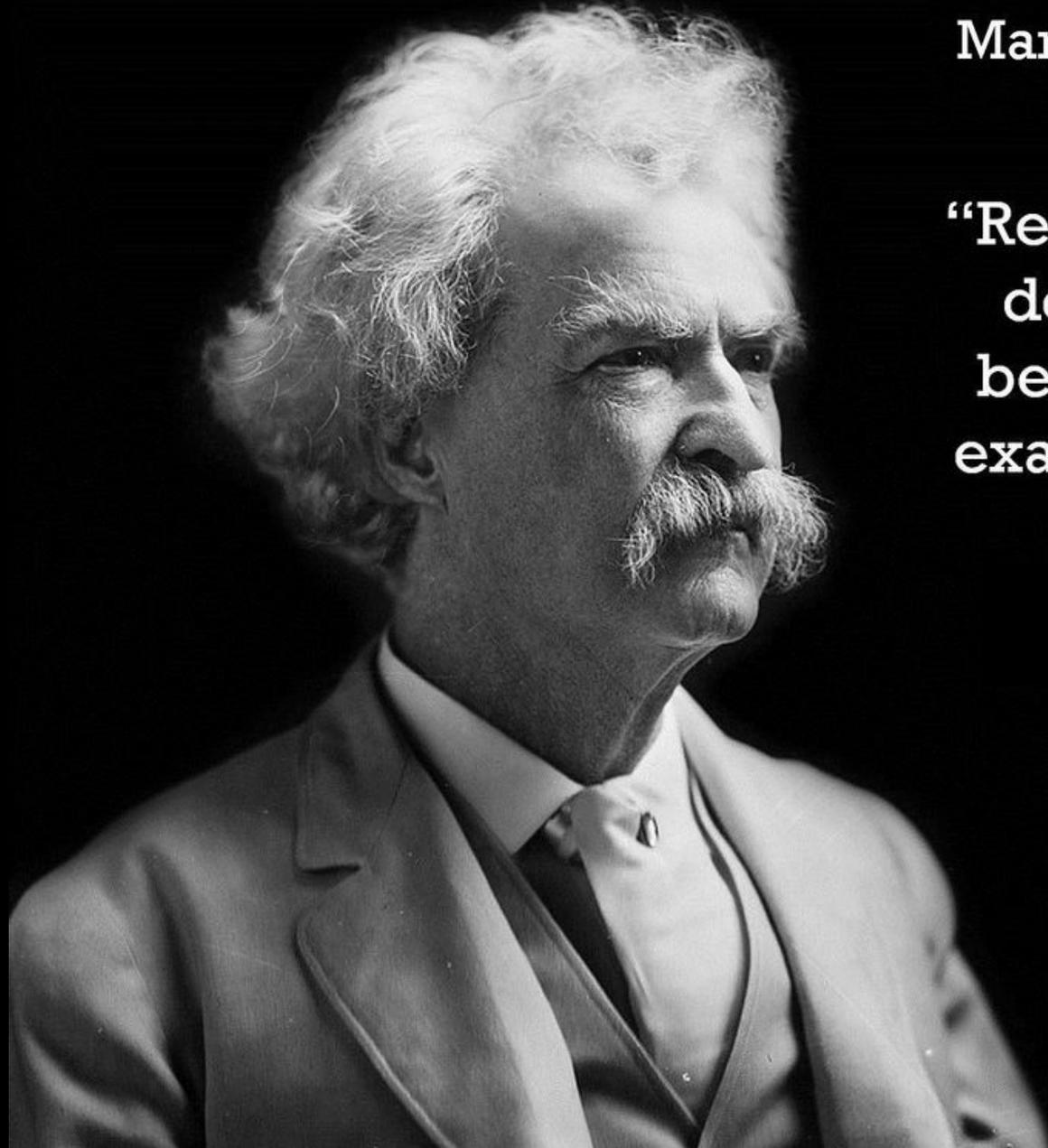
VIRTUAL WATER COOLER

UNIQUE POTENTIAL OF INFORMAL COMMUNICATION



How To Encourage
Virtual Water Cooler
Conversation





Mark Twain

“Reports of my
death have
been greatly
exaggerated.”

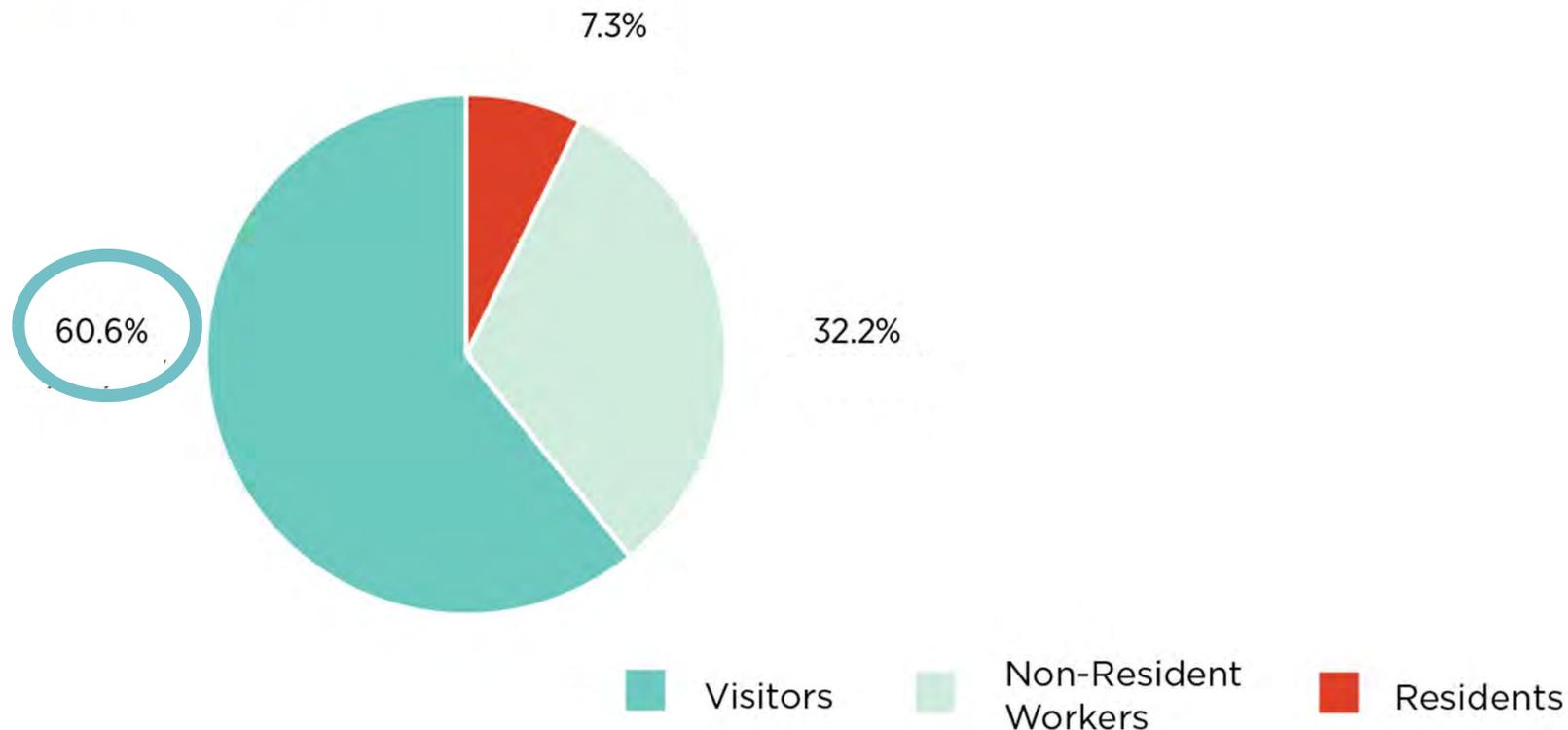
Recovery is happening everywhere but at different rates
Comparing Q4 2024 to Q4 2019: Placer.ai cell phone data
Residents + workers + visitors back @ 105% San Antonio; 68% in San Francisco
But before cheering for San Antonio & weeping San Francisco,
the story is far more nuanced



Basic methodology: relied on Placer's 3 categories: Non-resident workers; residents; visitors (shoppers, tourists, those coming for services = 60%)

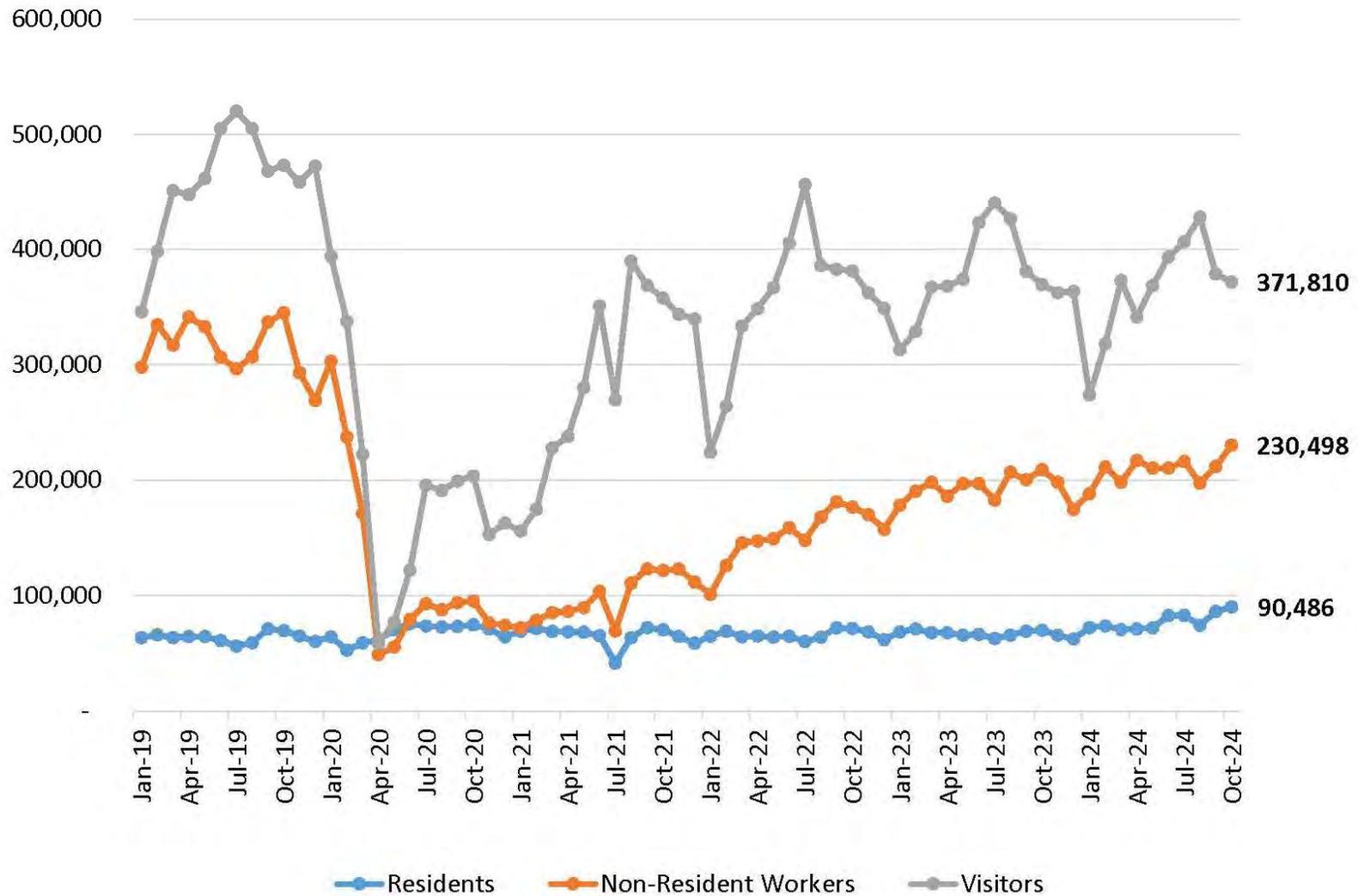
COMPOSITION OF POPULATION OF ALL 26 CORE DOWNTOWNS COMBINED

FIGURE 5 2019 Q2, DAILY AVERAGE



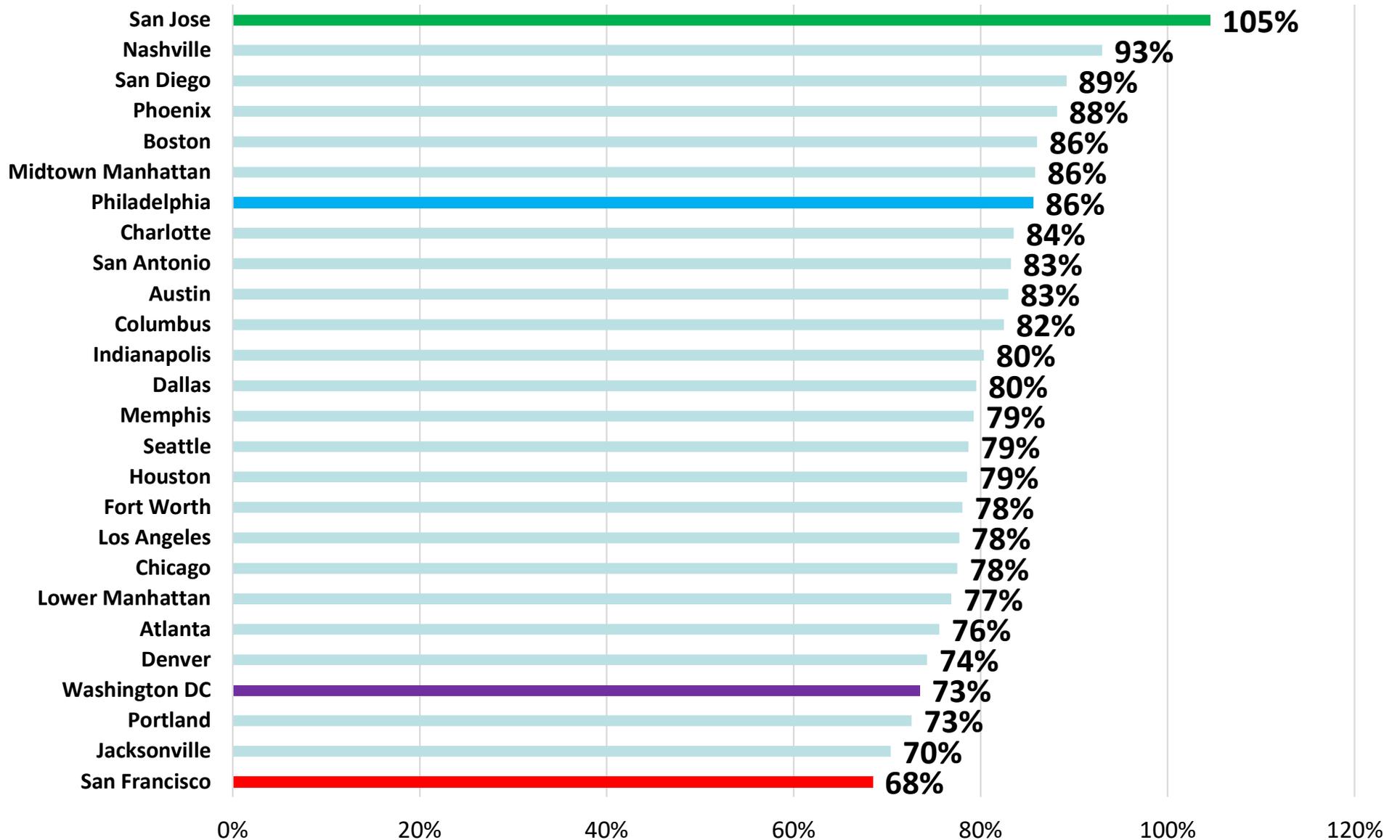
Example of Downtown Chicago: 3 categories

Chicago Downtown: Average Daily Visits by Residents, Workers and Other Visitors



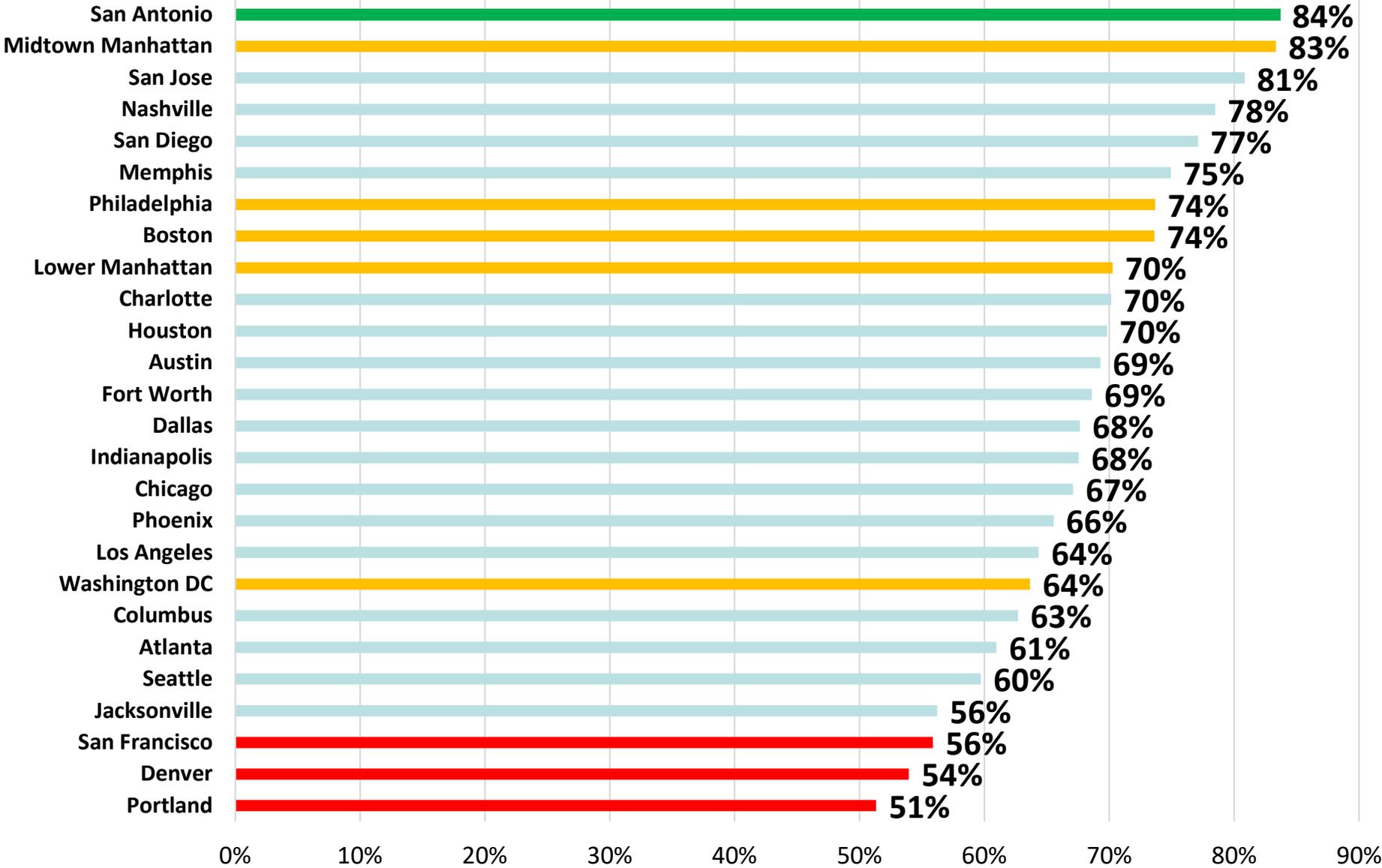
Comparative look at 26 downtowns from San Jose (105%) to San Francisco (68%)

Workers + Visitors + Residents: 4Q 2024 compared to 4Q 2019



Focus on just the return of just non-resident workers:

4Q 2024 compared to 4Q 2019



What is going on with return to work?



SWAA March 2025 Updates

Jose Maria Barrero, Nicholas Bloom, Shelby Buckman, and Steven J. Davis

6 March 2025



Latest survey wave included: February 2025

To sign up for regular results updates, please sign up [here](#).

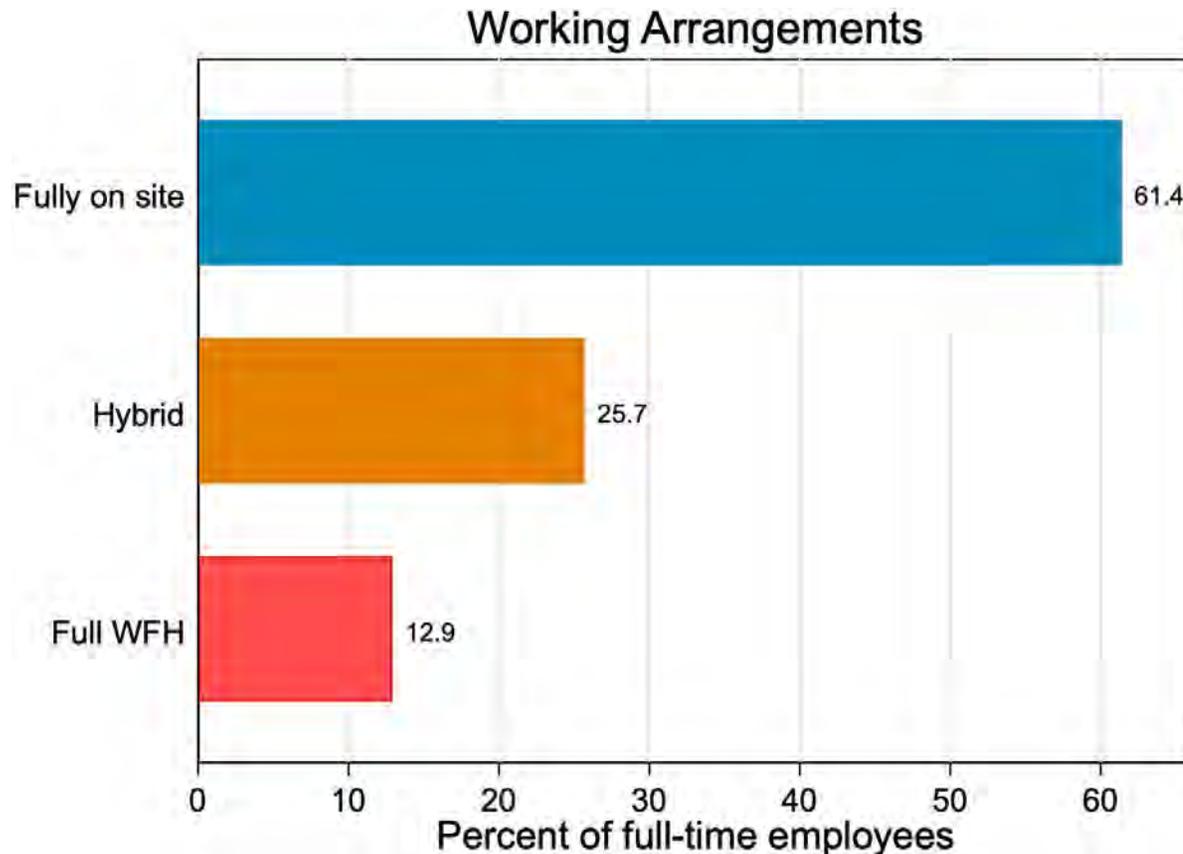
* Many thanks to Mert Akan and Diego Álvarez for excellent research assistance.

1

Surveys find: 61.4% full time return; 12.9% fully remote



By Early-2025: 13% of Full-Time Employees Were Fully Remote, 61% Were Full-Time on Site, and 26% Were in a Hybrid Arrangement



Source: Responses to the questions:

- For each day last week, did you work a full day (6 or more hours), and if so where?

Notes: We compute the percent of full-time (i.e. work 5+ days/week) wage and salary employees who either i) worked all their days on business premises; ii) worked some days on business premises and some days at home; or iii) worked all all days at home during the survey's reference week. Then we show the percentage for each group. The sample covers the November 2024 to February 2025 waves of the SWAA. We re-weight the sample of US residents aged 20 to 64 earning \$10,000 or more in a prior year to match CPS shares by age-sex-education-earnings cells.

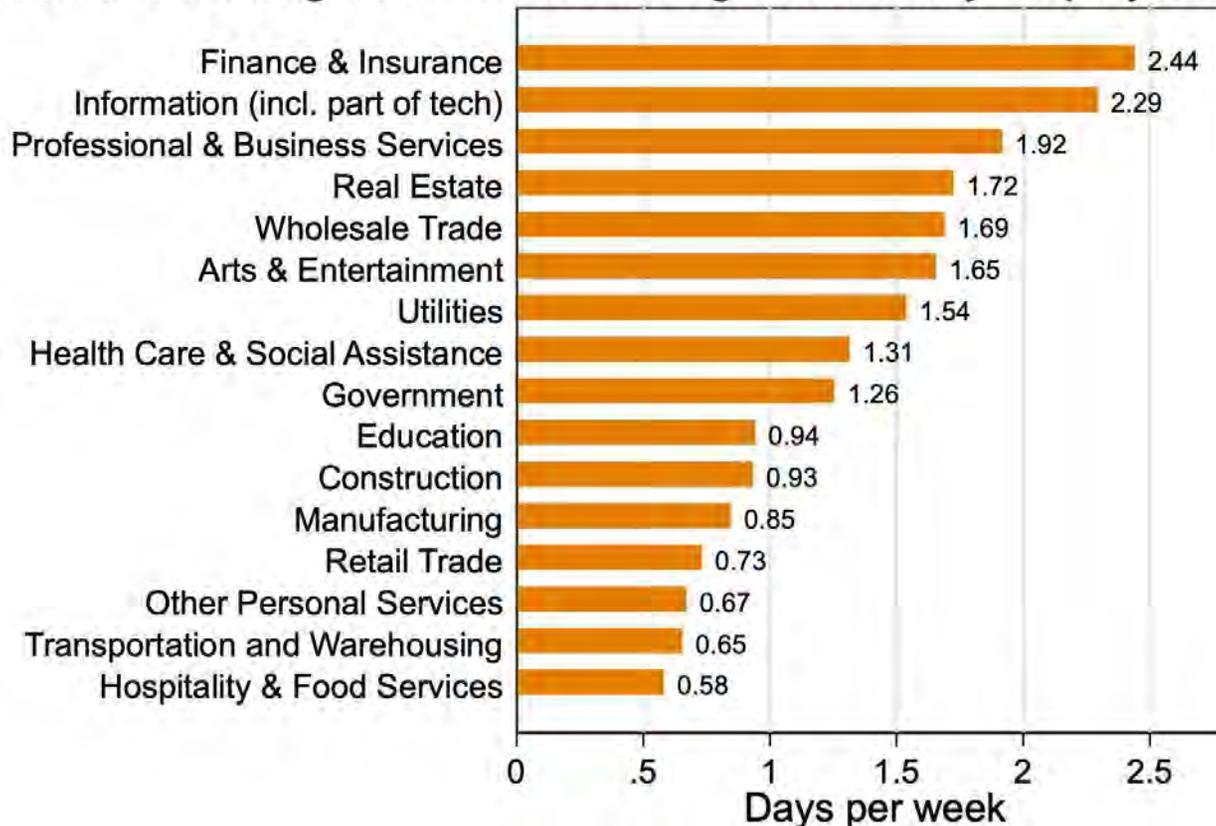
N = 13,498

Working from home varies significantly by industry

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



Current working from home: All wage and salary employees

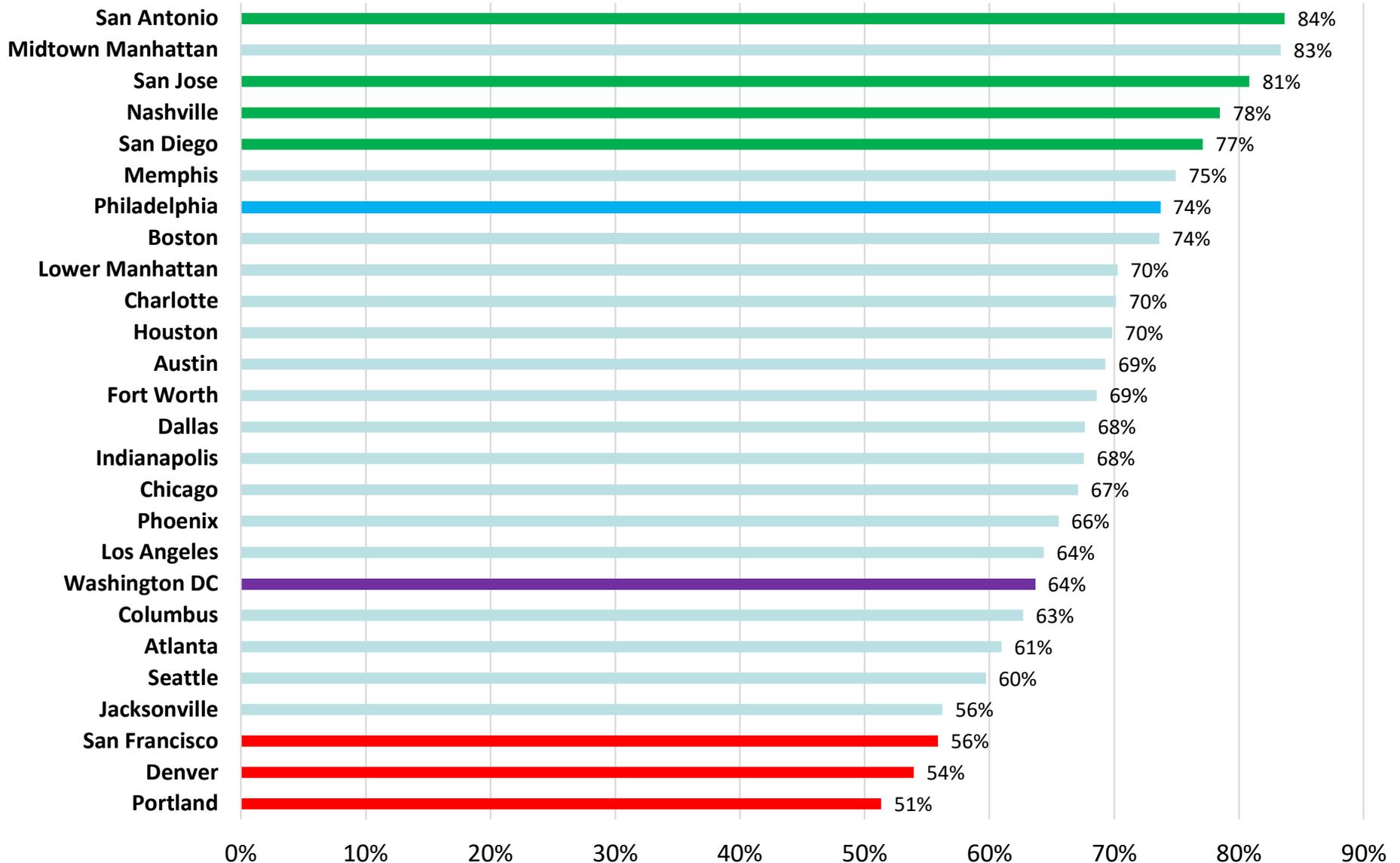


Different downtowns specialize & excel in different industries

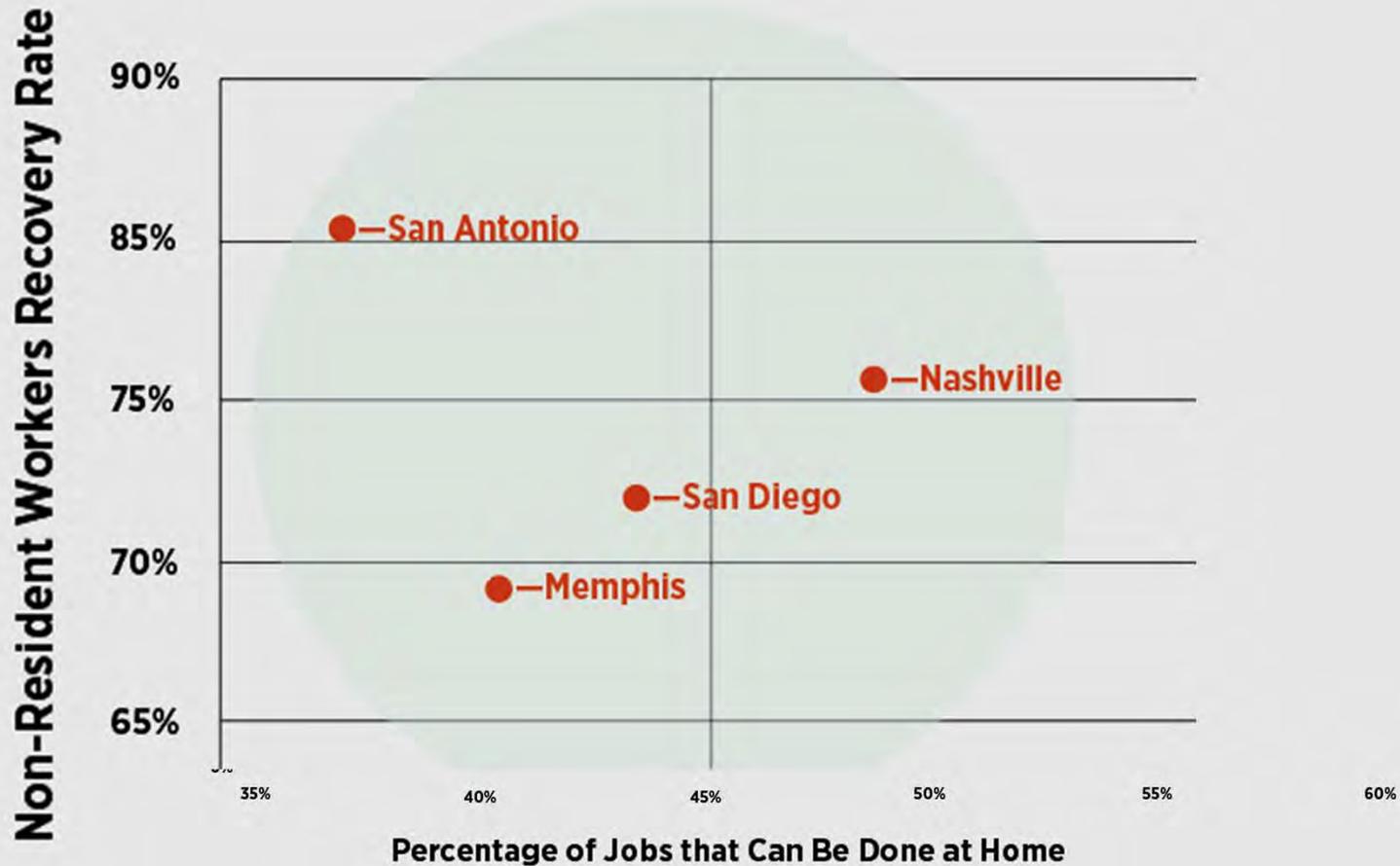
Significant variations in the return rate of different types of workers



San Antonio, San Jose, Nashville & San Diego Highest rates of worker recovery



Have largest share of their downtown employment in hospitality & entertainment Jobs which can not easily be performed remotely

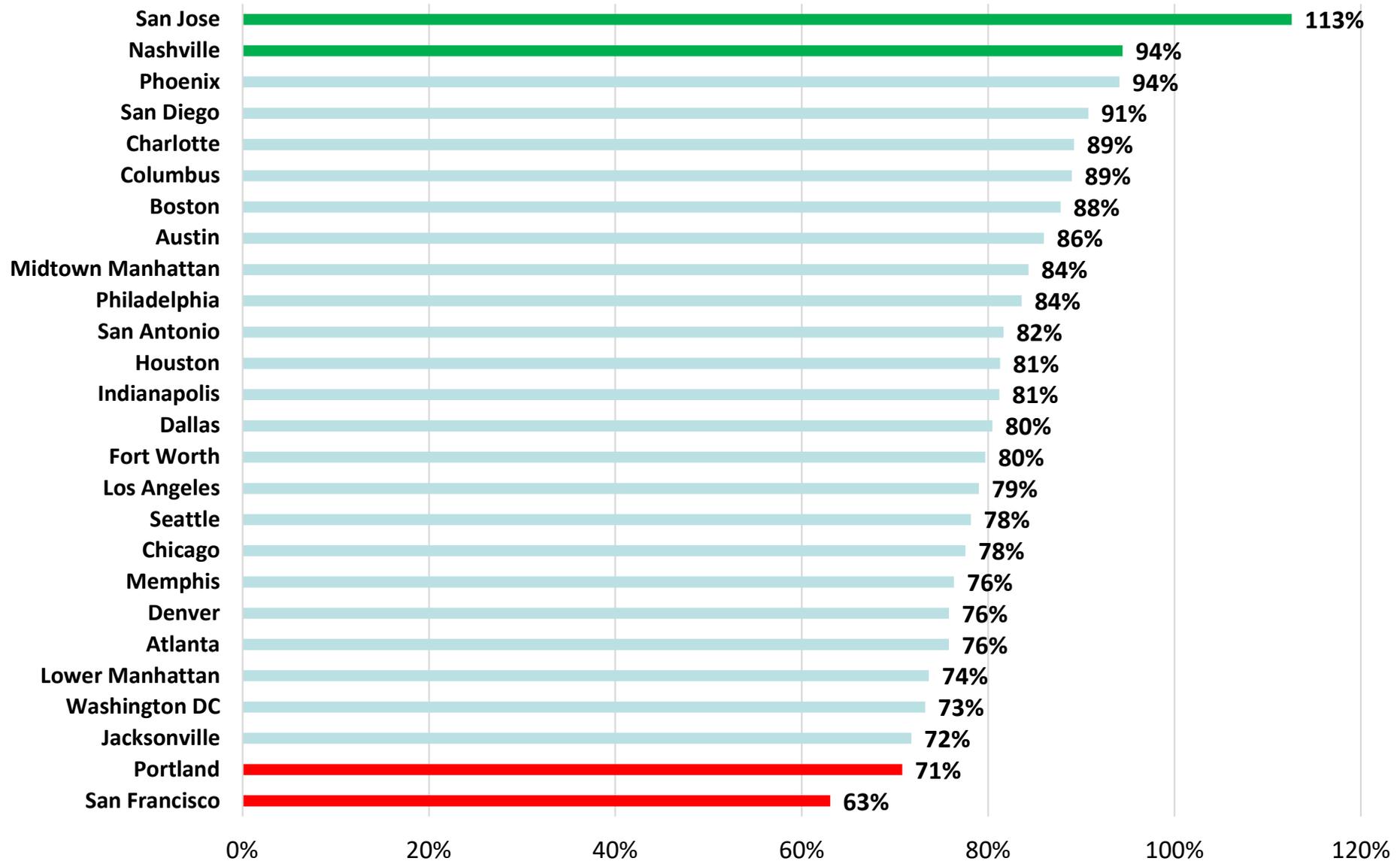


**Visitors were the first to disappear; easier than workers to bring back
The decision to shop, dine or be a tourist requires far less commitment
Than signing a lease or commuting 4-5 days per week**

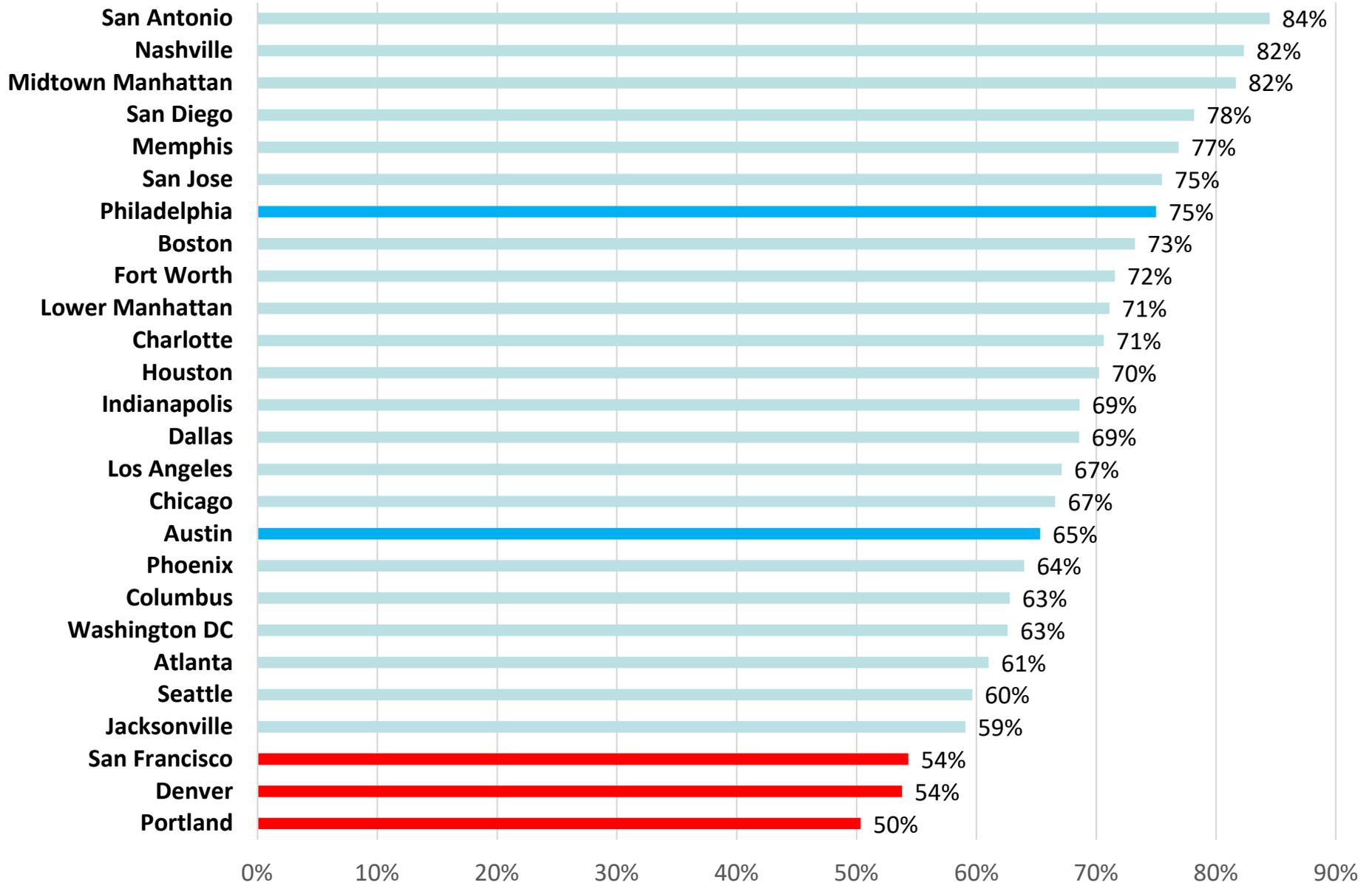


Return of visitors: 4Q 2024 compared to 4Q 2019

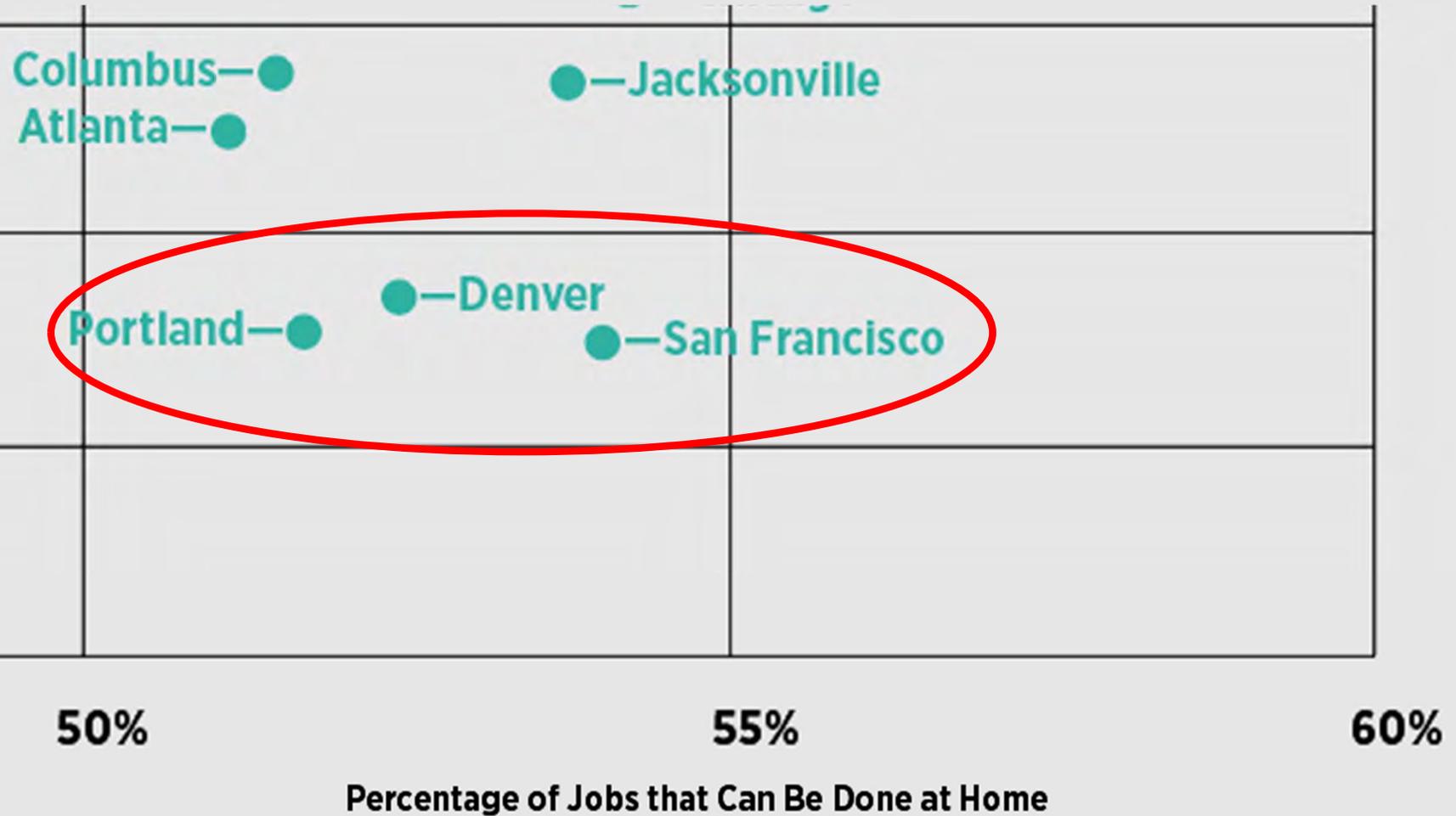
Much higher percentages than return of workers



When we look at cities with lowest recovery rate of Non-resident workers



Excel in information technology, a sector long comfortable with remote work



Tech dominance in San Francisco: 38% of office space



Tech firms leased 27% of office space in Downtown Portland



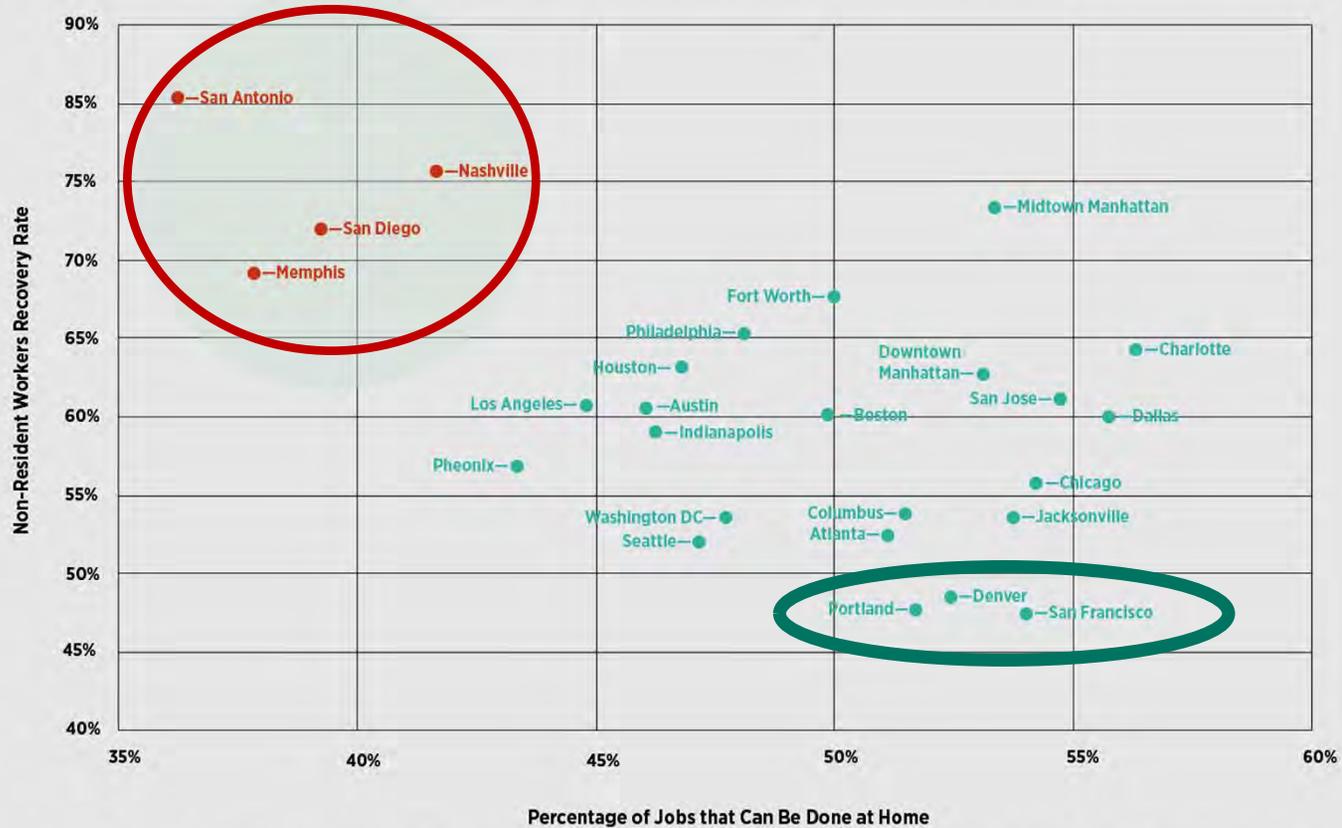
Tech companies leased 21.4% of office space in downtown Denver



So industry mix matters in the rate of RTO

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

Three of the four cities that rank near the top in job recovery have the highest share of jobs that can not be performed well remotely.



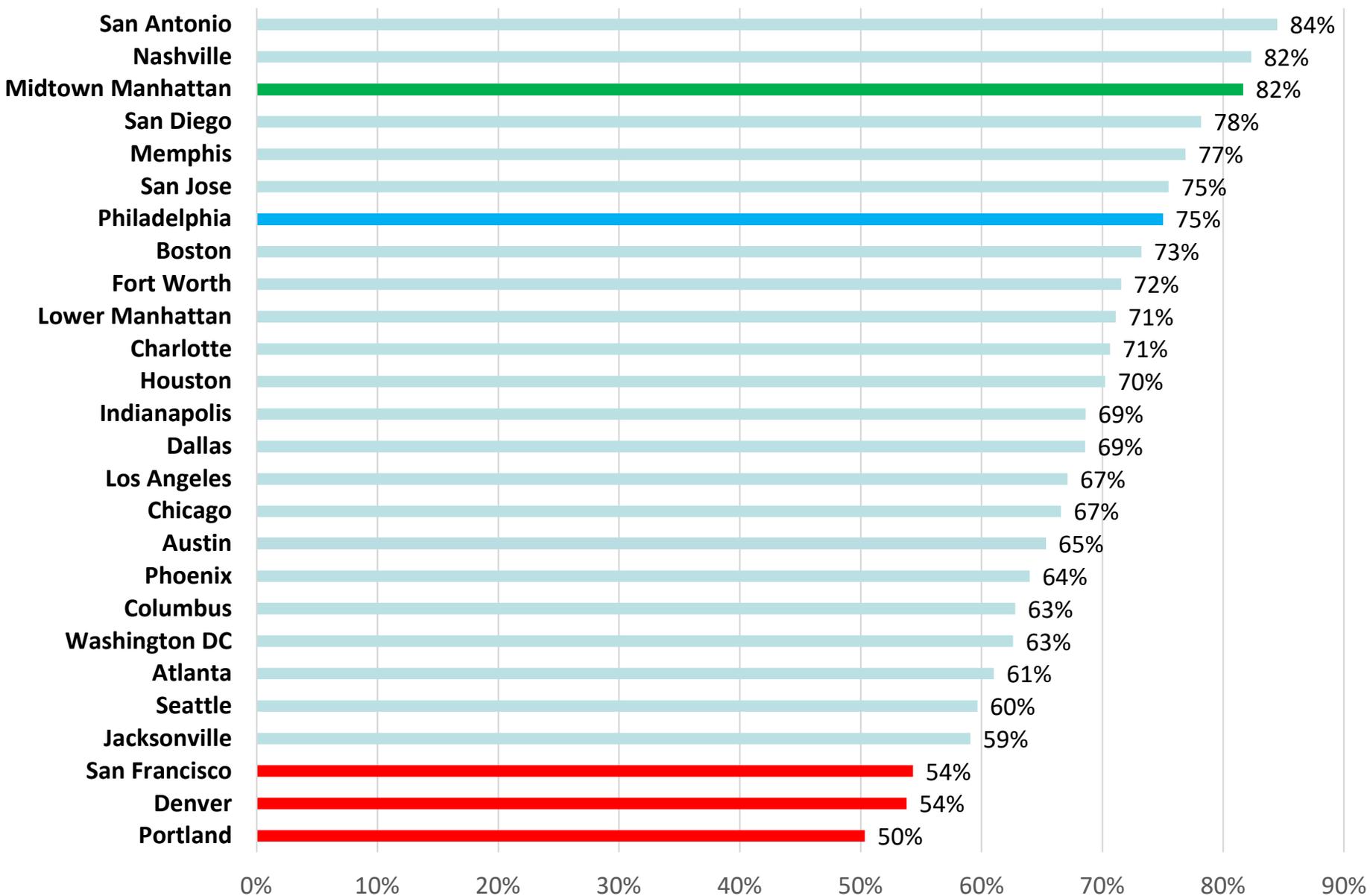
Source: Non-resident worker recovery rate from Placer.ai, and Center City District estimate of percentage of downtown jobs that can be performed from home, based on Census Bureau Longitudinal Employer-Household Dynamics downtown employment by industry and industry level estimates of the share of jobs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

(2) Significant differences in the rate return of workers based on their distance & mode of commuting



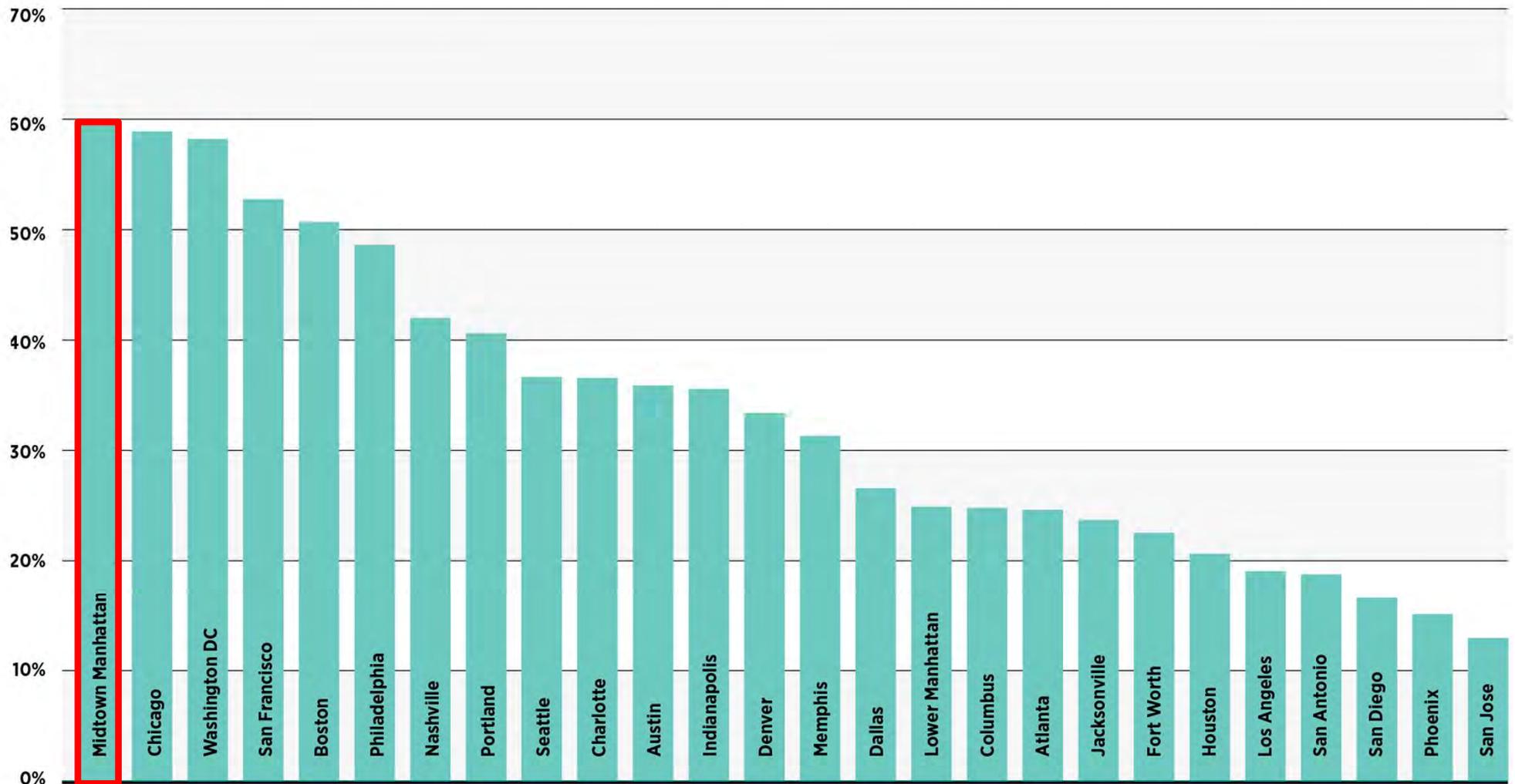
Why was Midtown Manhattan (Financial Services) so close to top?

Return of workers: 4Q 2024 compared to 4Q 2019



Midtown Manhattan has the highest number of workers who live close by 60% of working residents in Midtown, work in Midtown, So their “commute” is very short

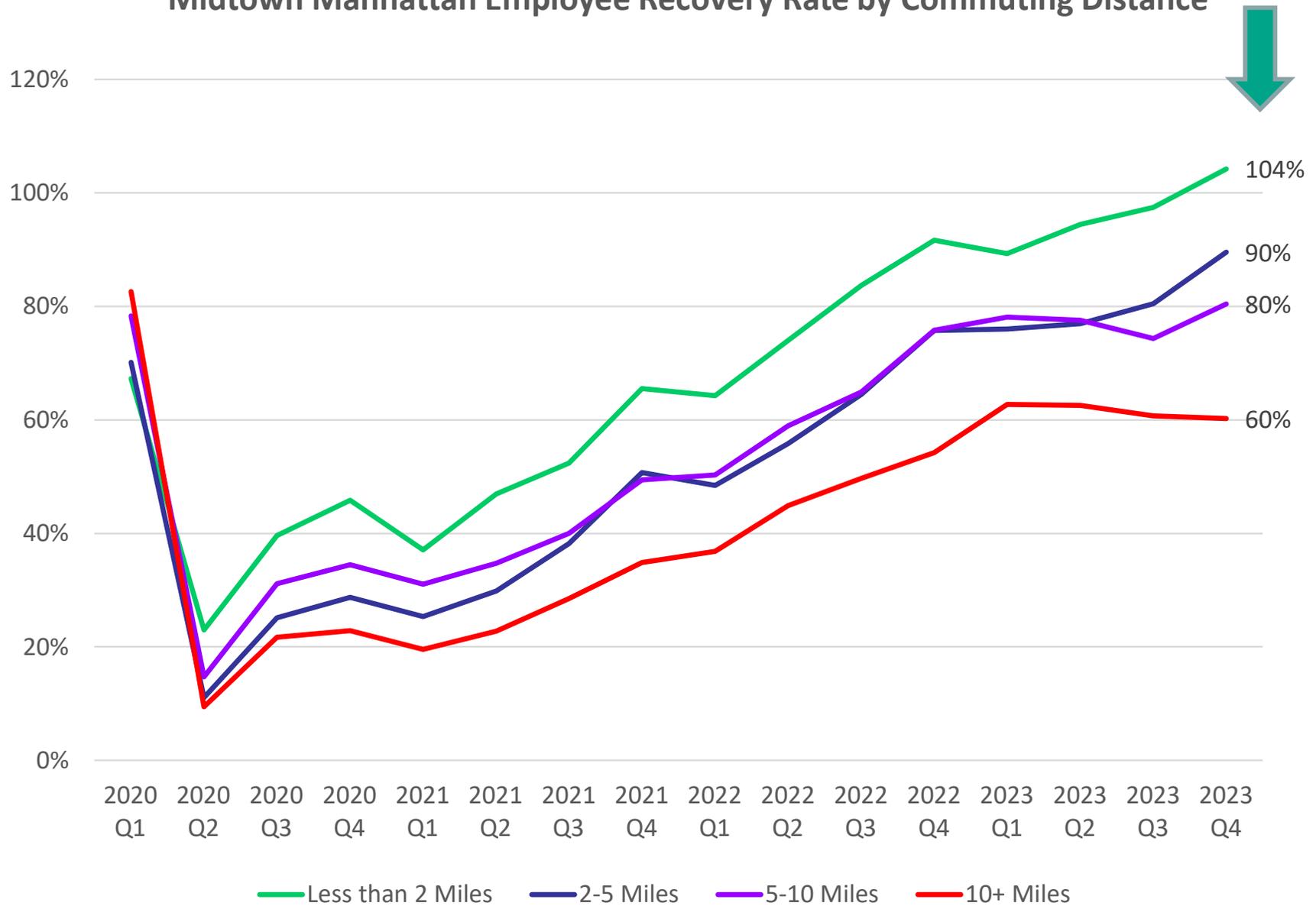
FIGURE 4 PERCENTAGE OF GREATER DOWNTOWN EMPLOYED RESIDENTS WHO WORK IN GREATER DOWNTOWN, 2020
There is a significant variation across cities in how many people who work downtown live in adjacent neighborhoods.



Source: Census Bureau, Longitudinal Employer-Household Dynamics

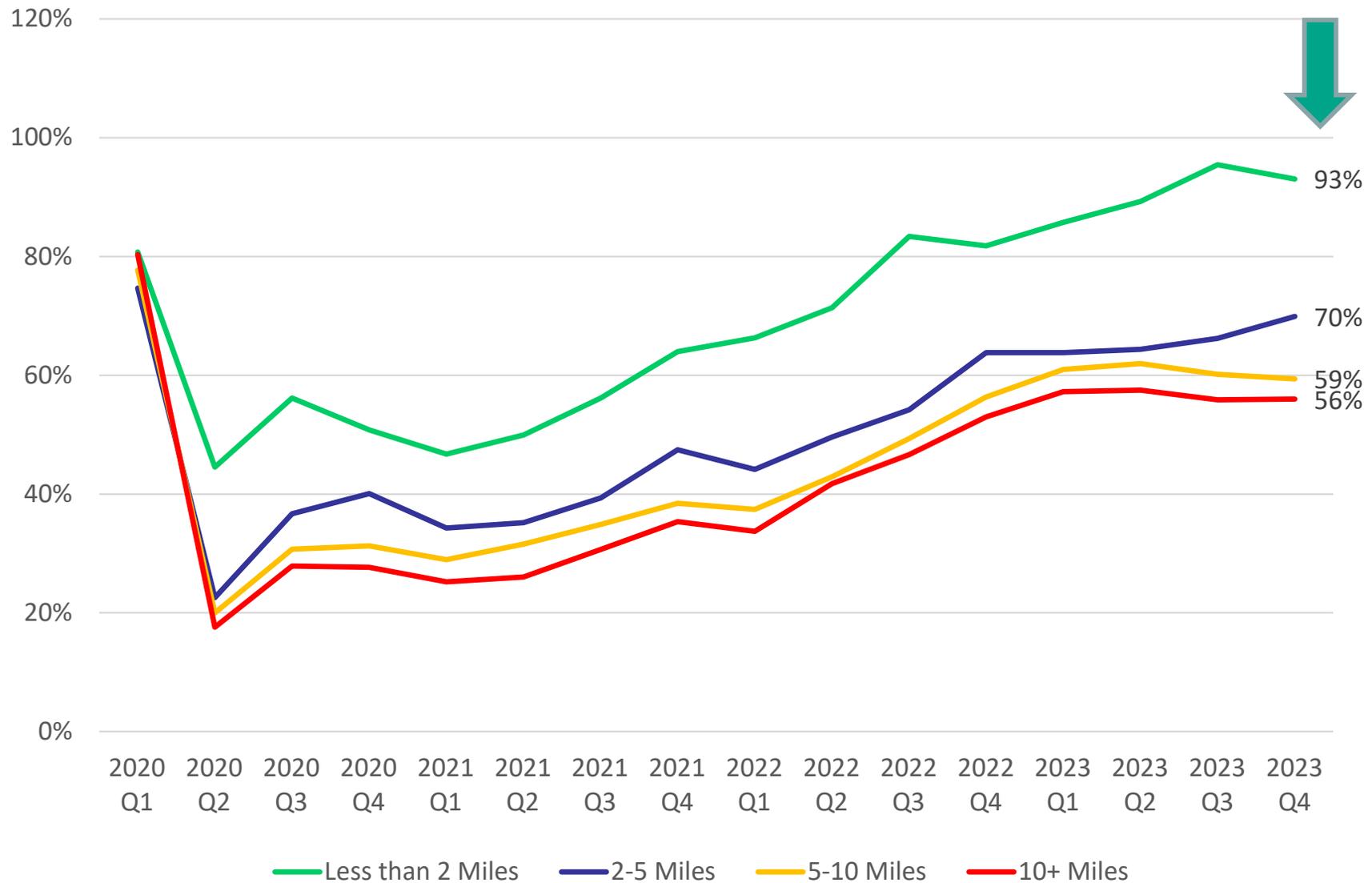
In Midtown Manhattan the return rate of those who live within 2 miles (104%+); compared to those who live 10+ miles away(60%)

Midtown Manhattan Employee Recovery Rate by Commuting Distance



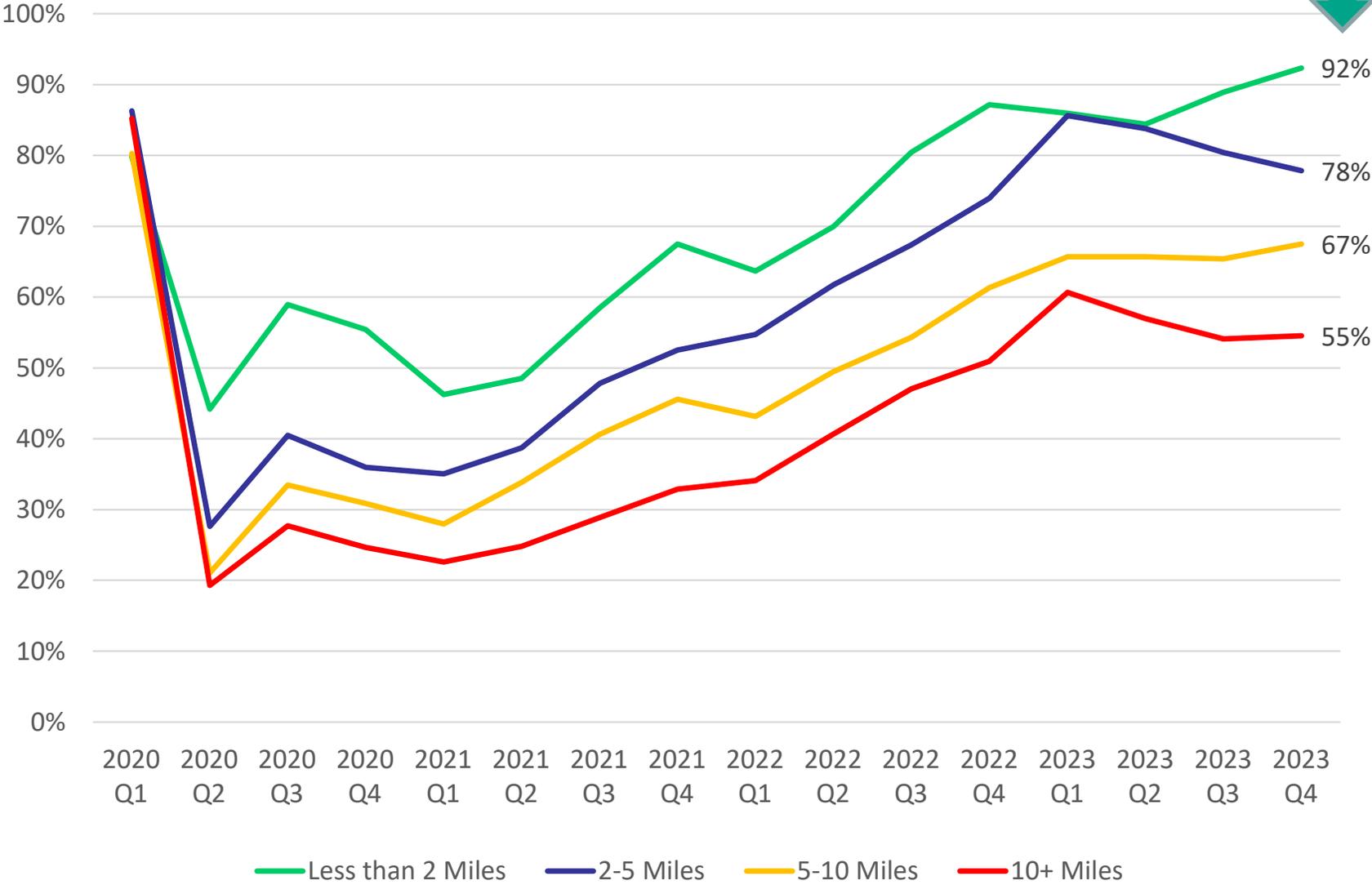
Boston, return rate of those living within 2 miles (93%) compared to those living 10+ miles away (56%)

Boston Employee Recovery Rate by Commuting Distance



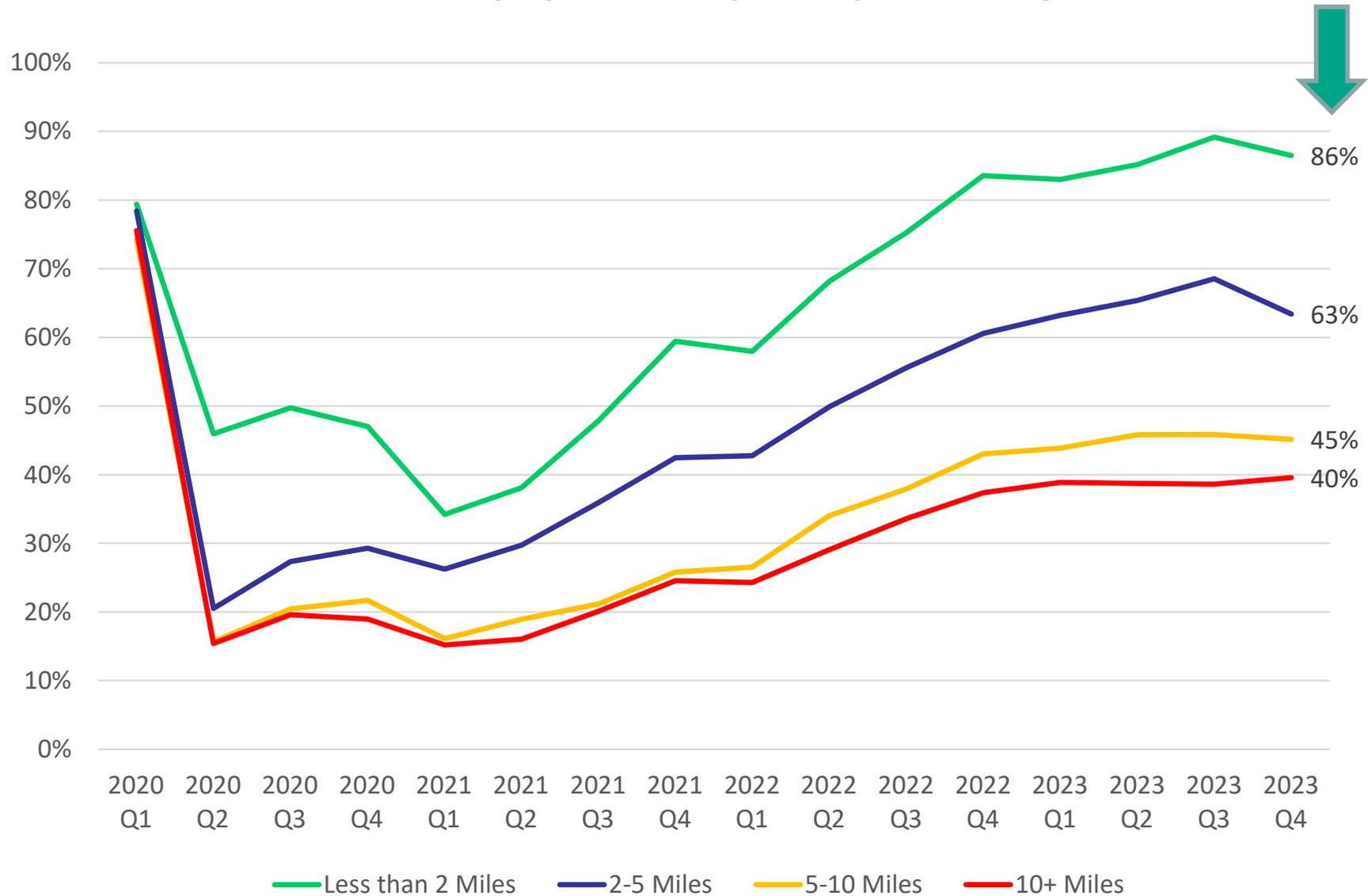
Philadelphia: those **within 2 miles 92%** return to work; **over 10 miles = 55%**

Philadelphia Employee Recovery Rate by Commuting Distance



San Francisco, return rate of those living within **2 miles (86%+)** compared to those living **10+ miles away (40%)**

San Francisco Employee Recovery Rate by Commuting Distance



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

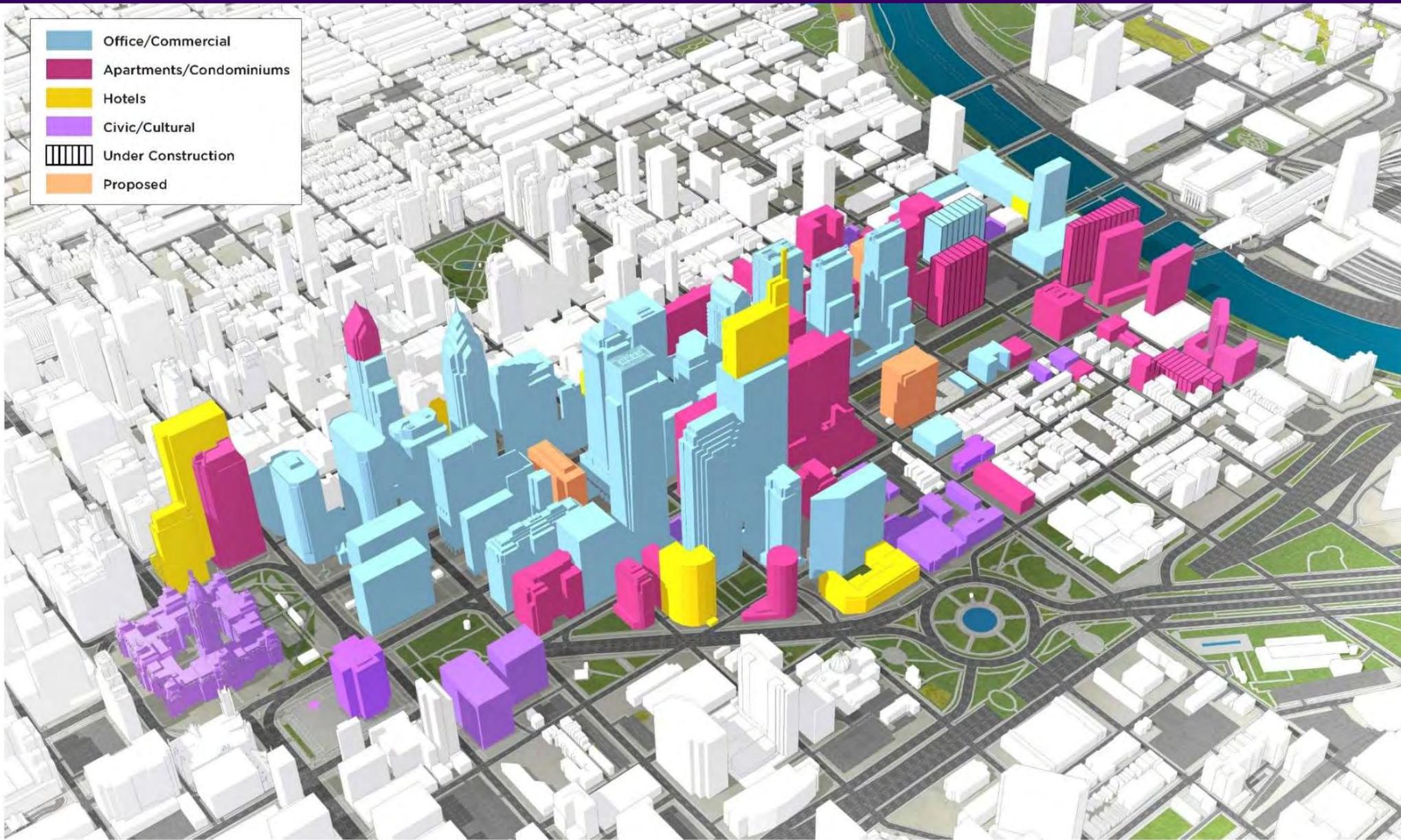


Image: Center City District

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

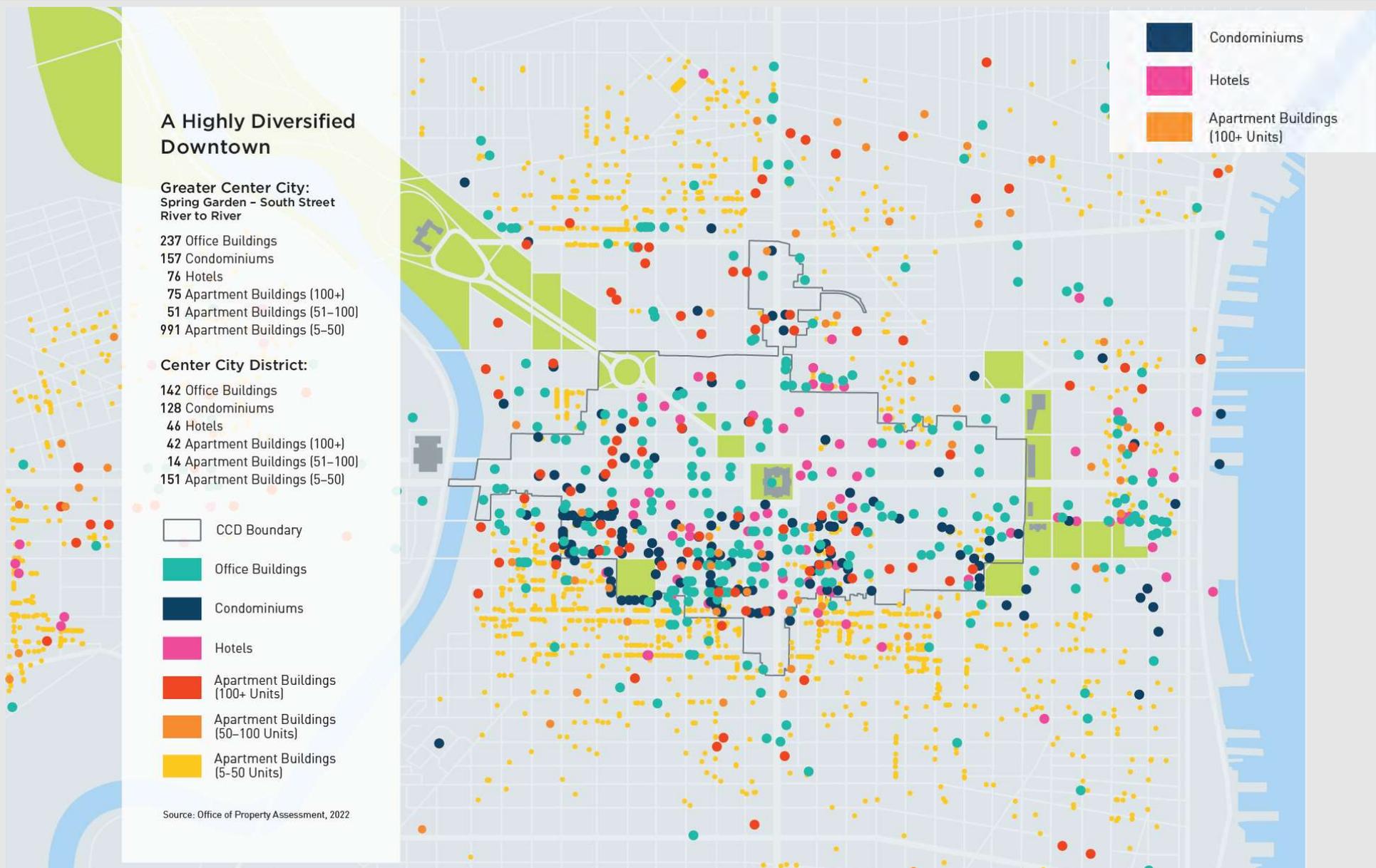


But also to diversify downtown land-use



Long-term success: create a mixed-use city center

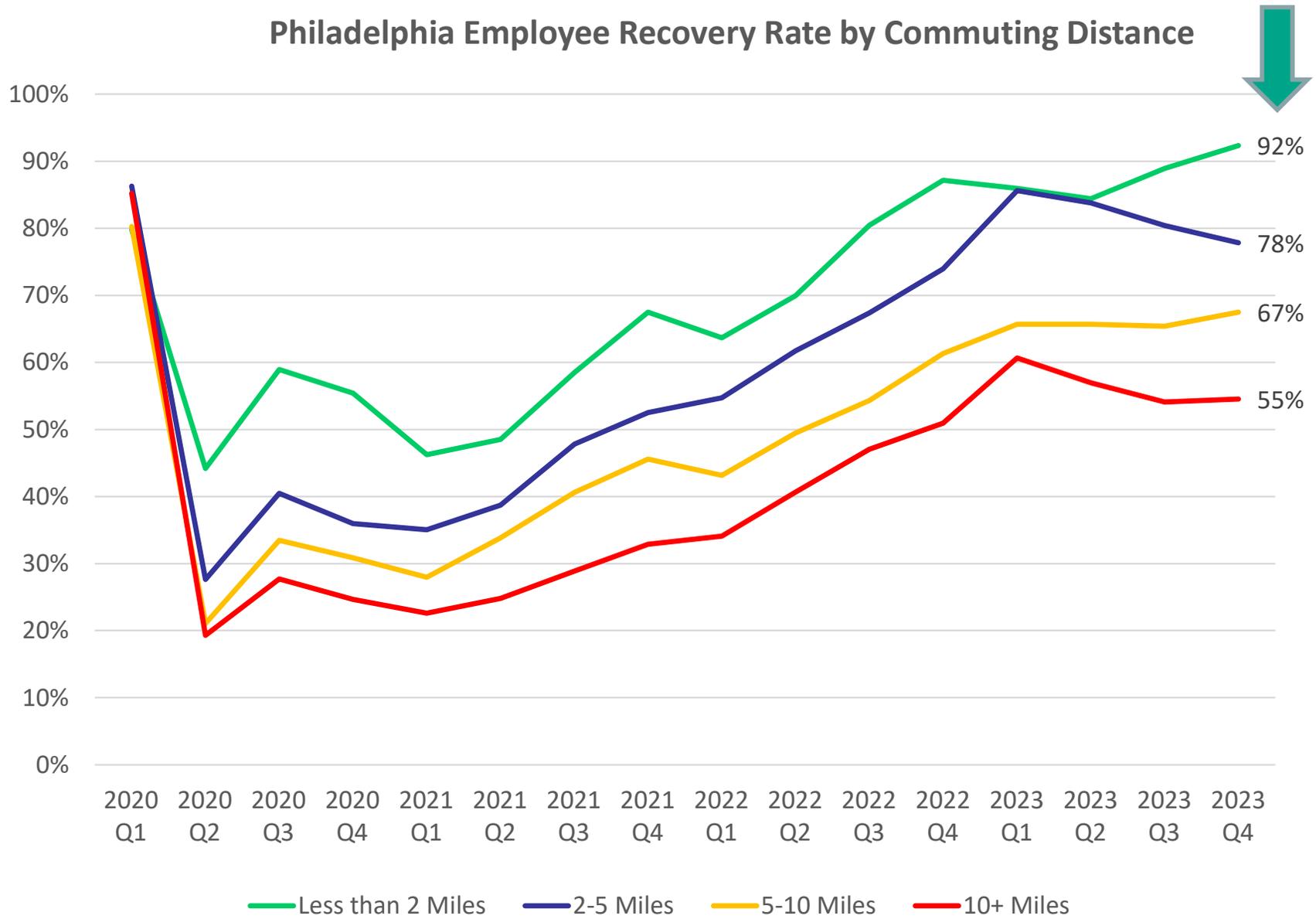
Single use blocks are a formula for failure



The more downtown residents, the higher your RTO

The higher your office occupancy rate

Philadelphia Employee Recovery Rate by Commuting Distance

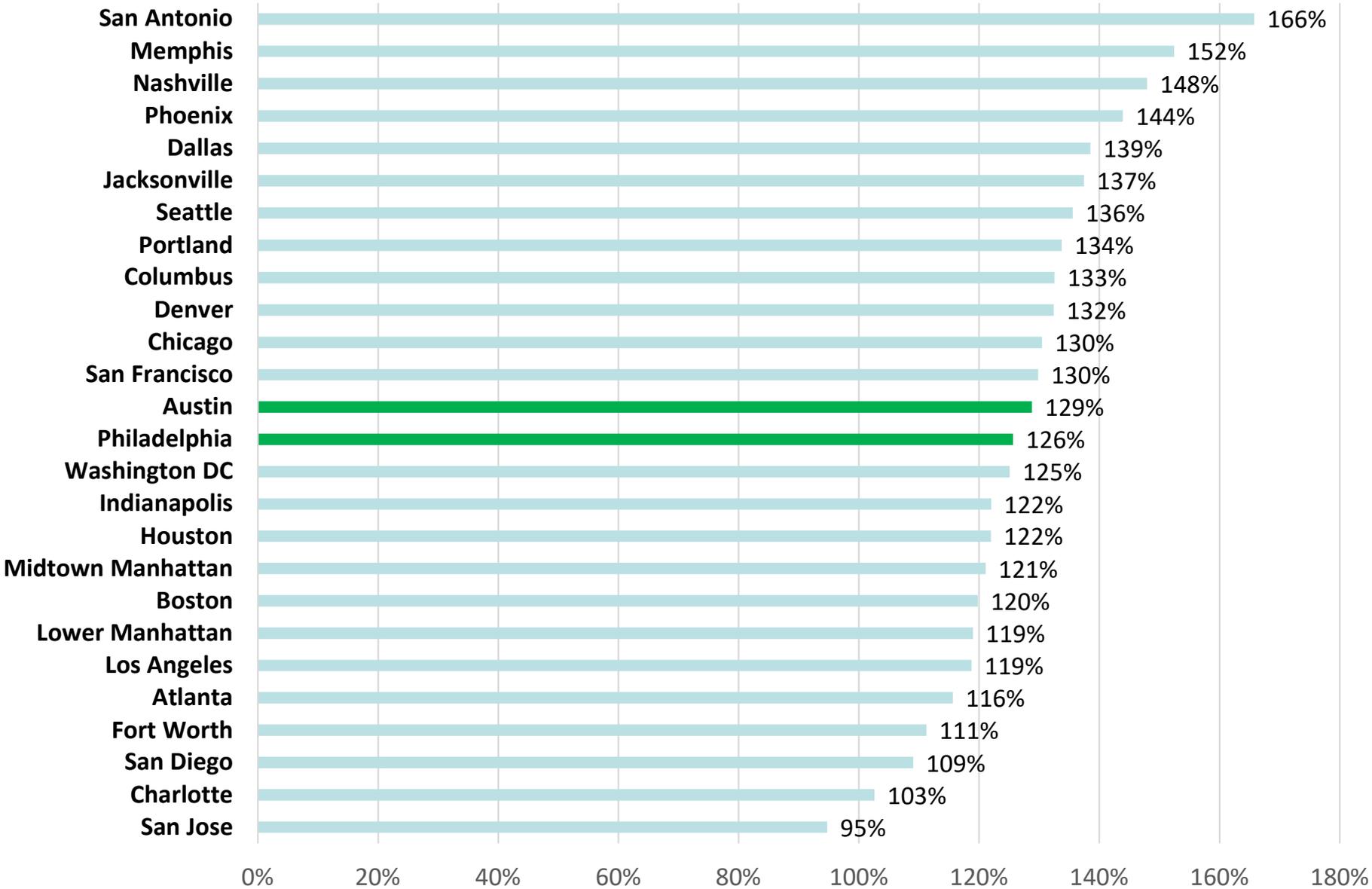


**But it also means we need to pay far more attention
To the quality & frequency of our transit systems
Draw from greater distances**



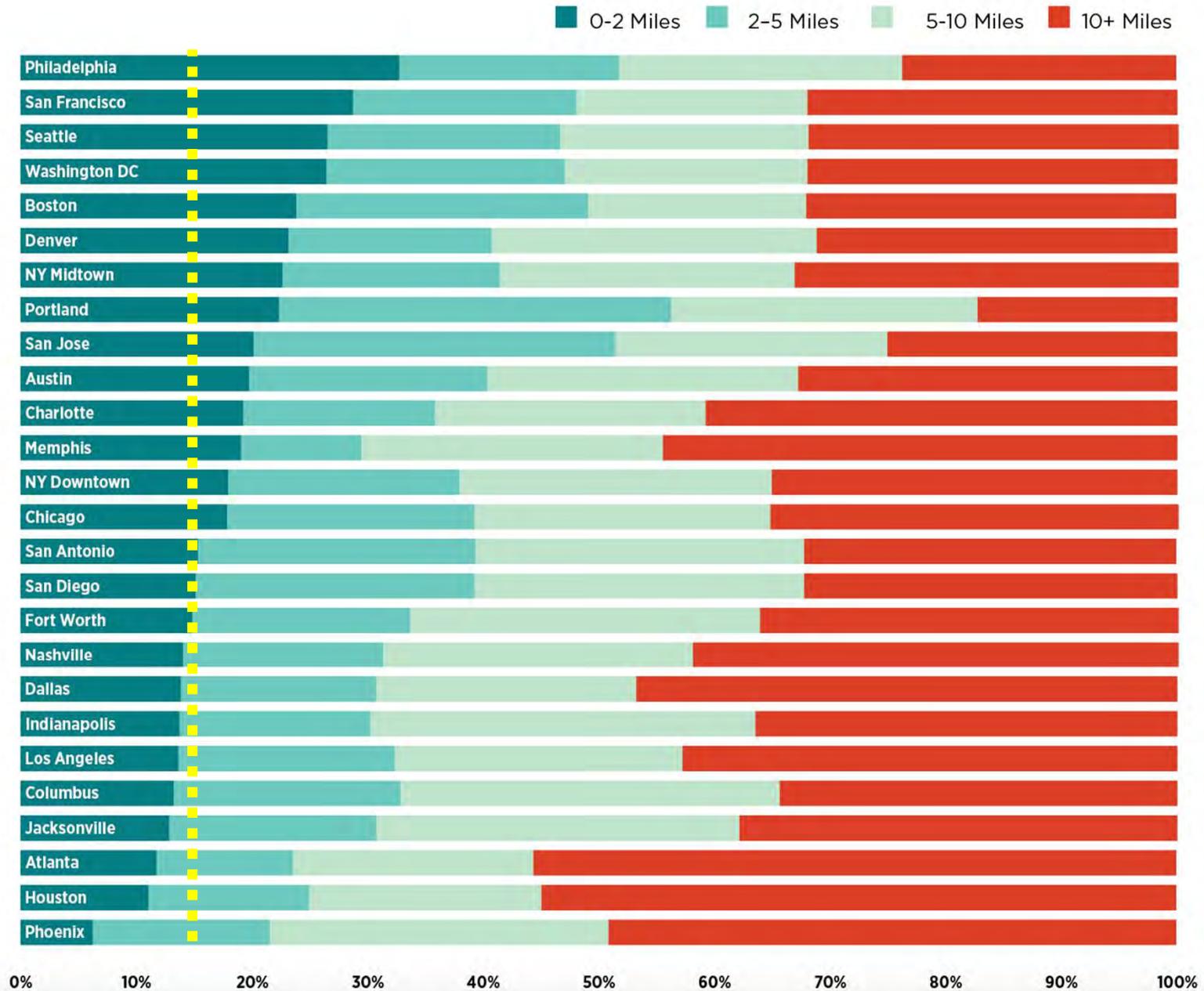
Nearly all downtowns have more residents than 2019

Very helpful trend for RTO



Don't want to exaggerate the residential factor

On average only 15% of downtown workforce lives within 2 miles



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



REIMAGINING CITIES

DISRUPTING THE
URBAN DOOM LOOP

&

15 U.S. CITIES USED IN THIS REPORT

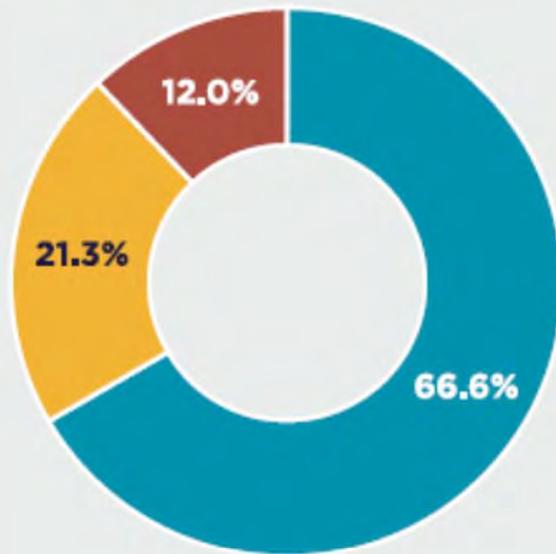


Percent of land devoted to different uses

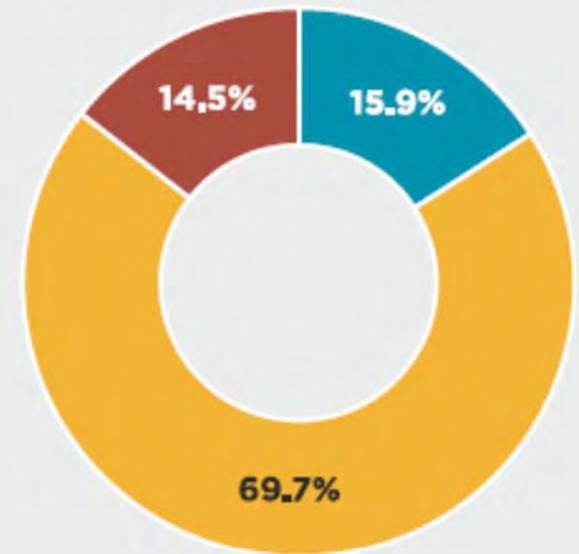
Downtowns have over-invested in work-related uses

LIVE/WORK/PLAY CONCENTRATION BY GEOGRAPHY

ALL CITY



DOWNTOWNS



■ Live ■ Work ■ Play

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 IPEDS, U.S. Census Bureau, Property Shark

The Urban Doom Loop is not a doom loop It's bi-product of over-investment in office property as a downtown land-use

Chicago and the urban doom loop

In their midsize market reports, commercial real estate firms put a spotlight on concerns about "urban doom loops" in downtown areas across the country. The big worry goes like this: COVID-19 leads to remote work, which leads to less demand for office space, which pushes office vacancy rates to double-digit levels, which leads to more distressed property and further price declines, which in turn can create distressed financing, foreclosures and other ills. People like and report "urban doom loops" because they sound so ominous.

But if you're in the property department, it's hard to see the doom loop as a scary prospect. It's a cycle of over-investment in office space that has been building for a long time, and it's not going to end any time soon. The big real estate firms estimate that the value of office property could fall by as much as 40% from their pre-pandemic peak.

Among other market ills, the pandemic has led to a massive loss of office space. That means more people are working from home, which has led to a massive loss of office space. The Chicago-based real estate firm JLL, based on the data in the downtown office market, estimates that the loss of office space is equivalent to the loss of 1.5 million square feet of office space. That's a lot of space, and it's not going to be replaced any time soon.

As this page has shown, the loss of office space is not a doom loop. It's a bi-product of over-investment in office property as a downtown land-use. The money would simply find its way to other parts of the city.



Courtesy of the author. Photo by the author. Photo by the author.



THE URBAN "DOOM LOOP"

Recommended shift in 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.

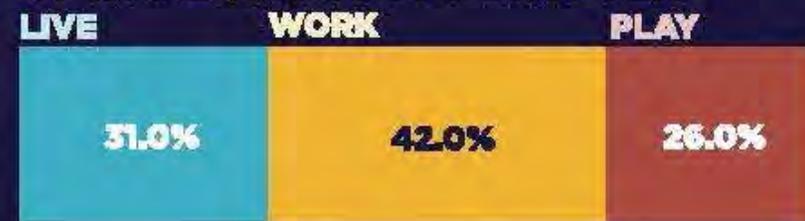
Other WalkUPs are more balanced. The three non-Downtown WalkUPs (Downtown Adjacent, Urban Commercial and Urban University) are much more balanced and in line with our estimates of an optimal product program (as shown on the right).

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.

DOWNTOWN



OPTIMAL PRODUCT PORTFOLIO³



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



REIMAGINING CITIES

DISRUPTING THE
URBAN DOOM LOOP



**But we should not overplay this
Downtown office jobs: a major driver of regional economy**



Densest containers of the most diverse jobs: Hold high-wage, mid-level & entry-level jobs



63% downtown jobs require less than college degree 33% require only a high school diploma

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

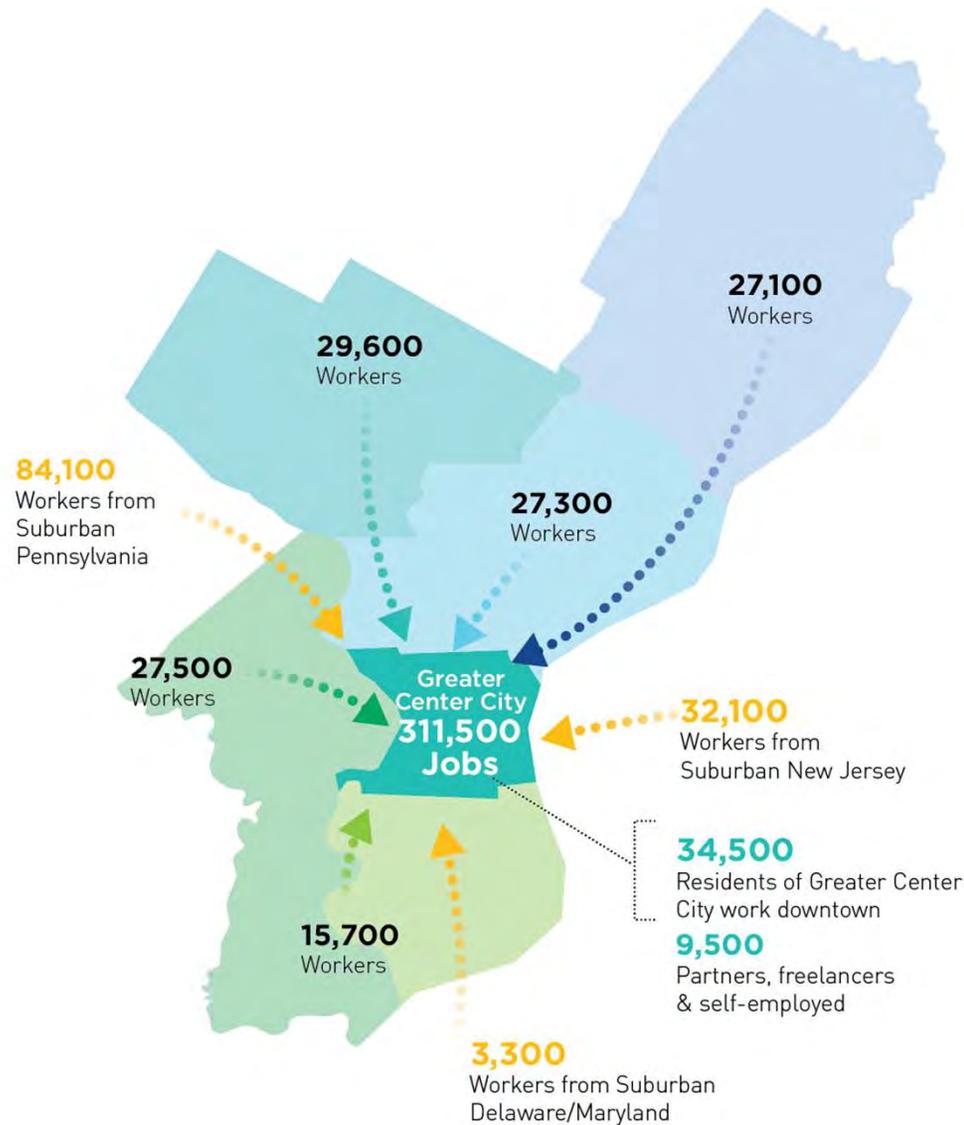


Source: U.S. Census Bureau, Longitudinal Employer-Household Dynamics, 2017

25% of working residents in each neighborhood work downtown

There is a broader economic impact of not coming back

On the economic ecosystem & vitality of neighborhoods



Each 1 million sf office space supports (BOMA calculations)



500,000 sf + 500,000 sf
= 1,000,000 sf of office

6,700 office jobs at all skill levels
+
**36 janitors, 24 security guards
& 10 building engineers.**

Employees within buildings
**generated \$3.6 million in annual
retail sales** in surrounding shops
& restaurants; drove demand for
transit, taxi & ridesharing jobs.

Business travelers to firms
occupying each million sf of office
space created annual **demand for
22,000 hotel rooms**

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



Biggest challenge has been getting office workers back



(3) 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



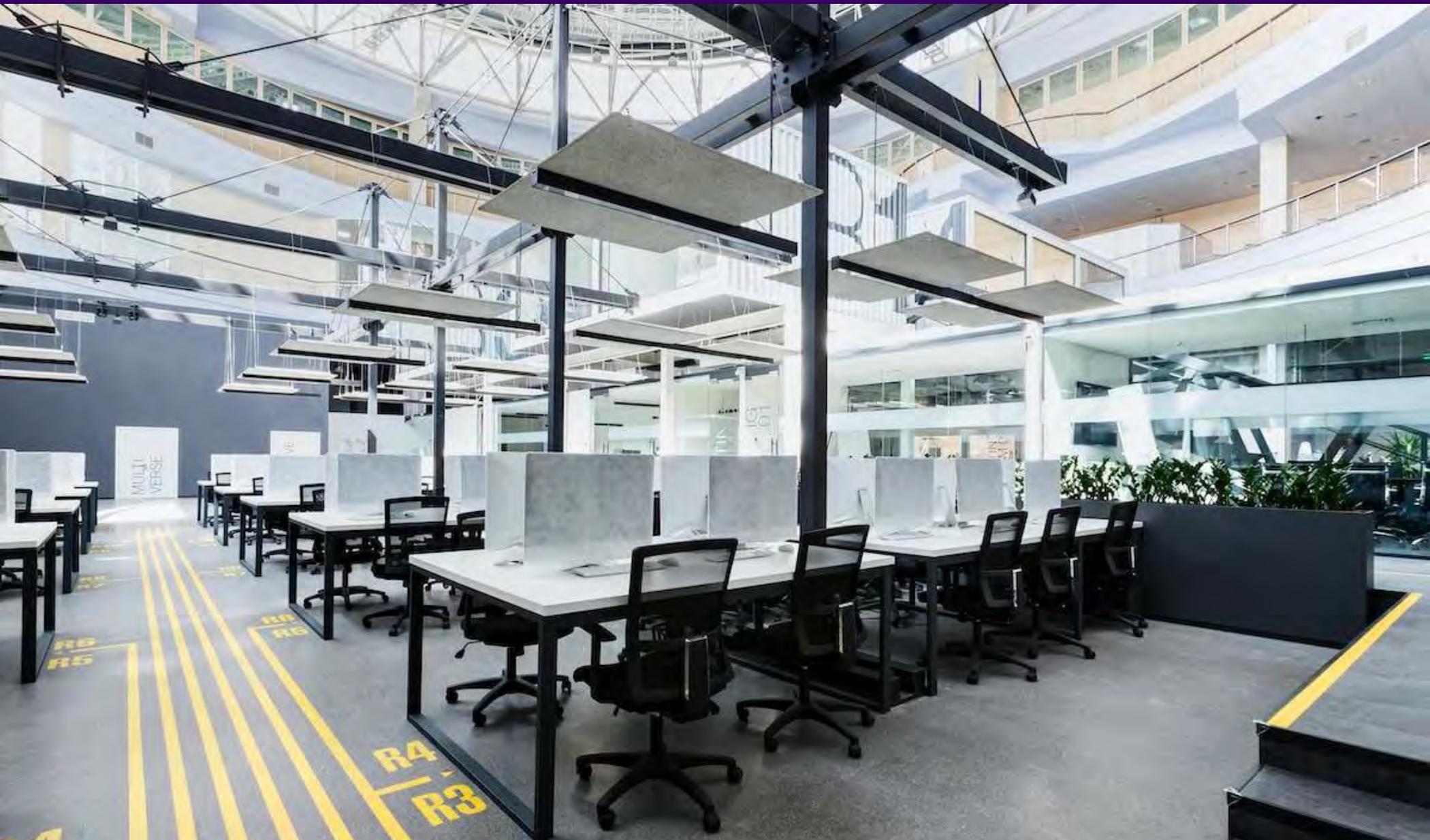
SATURDAY

SUNDAY



shirtoid.com

... and this, the office probably loses



But since working from home comes with challenges



Employers need to focus more on quality space Gensler: “Office as destination, not obligation”



A place for interaction; enriched with amenities

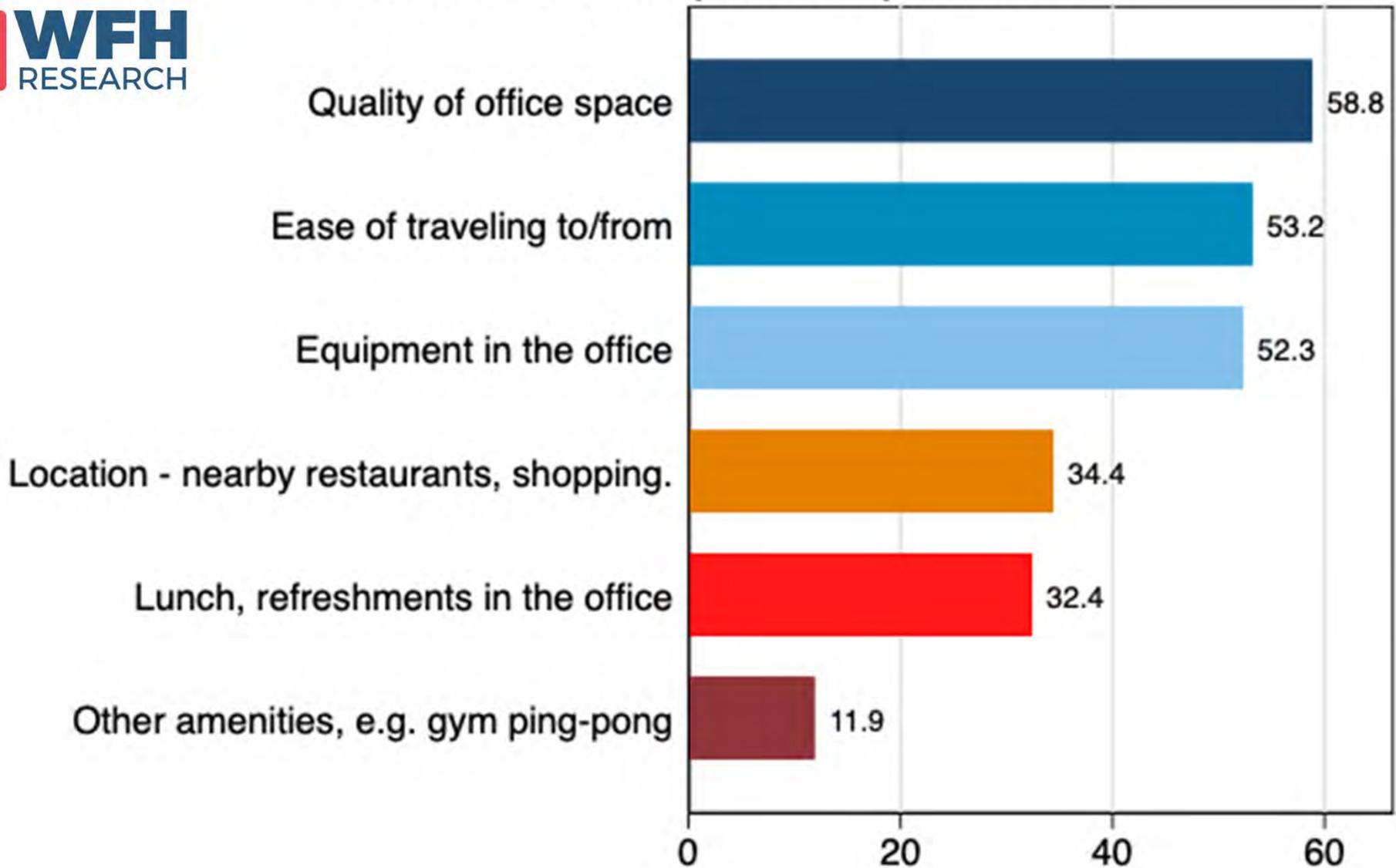


“We kept adding amenities to lure people back to the office until it was easier if we just became a bar.”



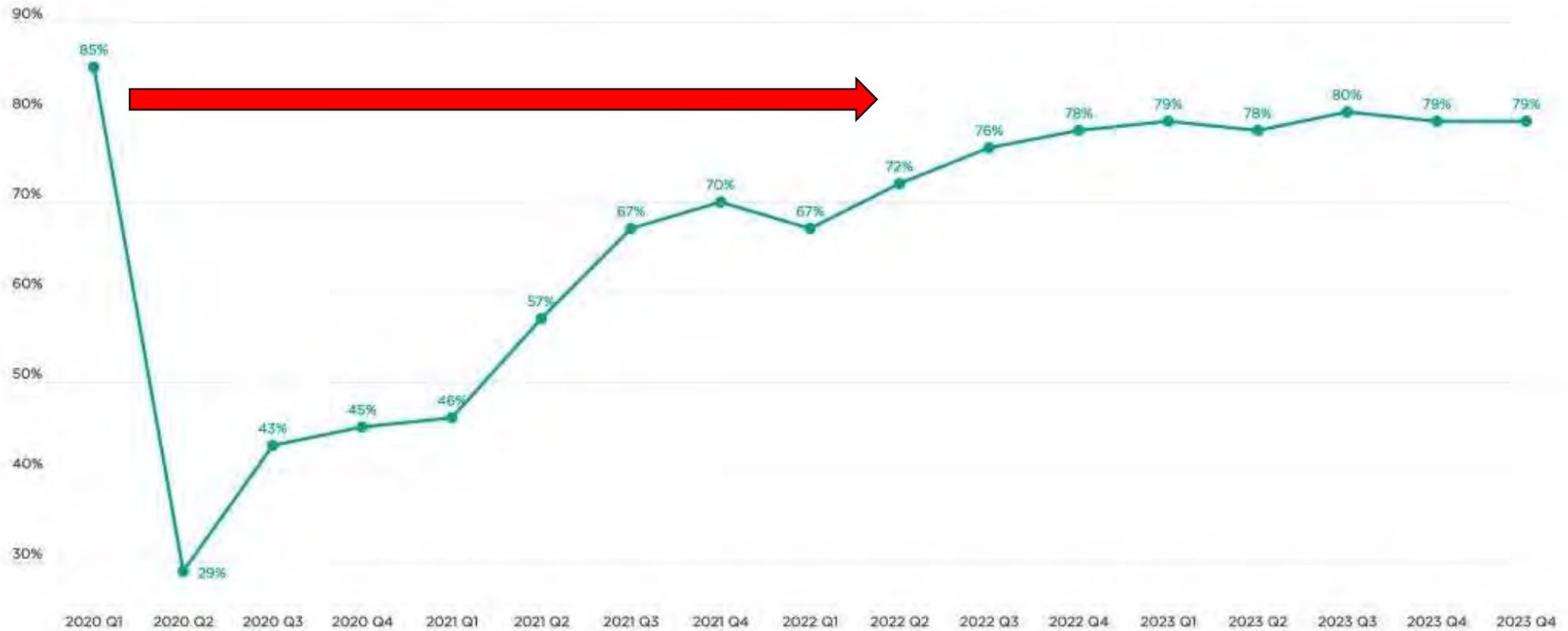
Also need high quality office equipment & technology

When you work in an office, how important are the following?
Please choose up to 3 top factors



Let's be clear that the duration of working from home....

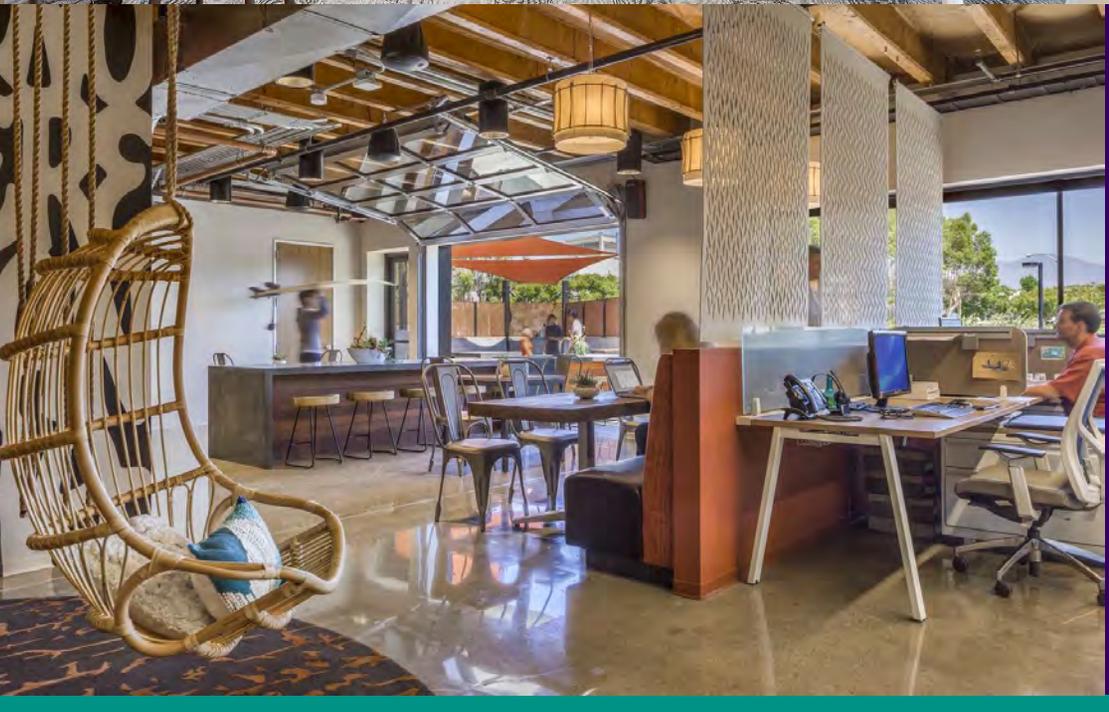
Median Recovery Rate in Core Downtowns for Residents, Workers and Visitors, 2020-2023



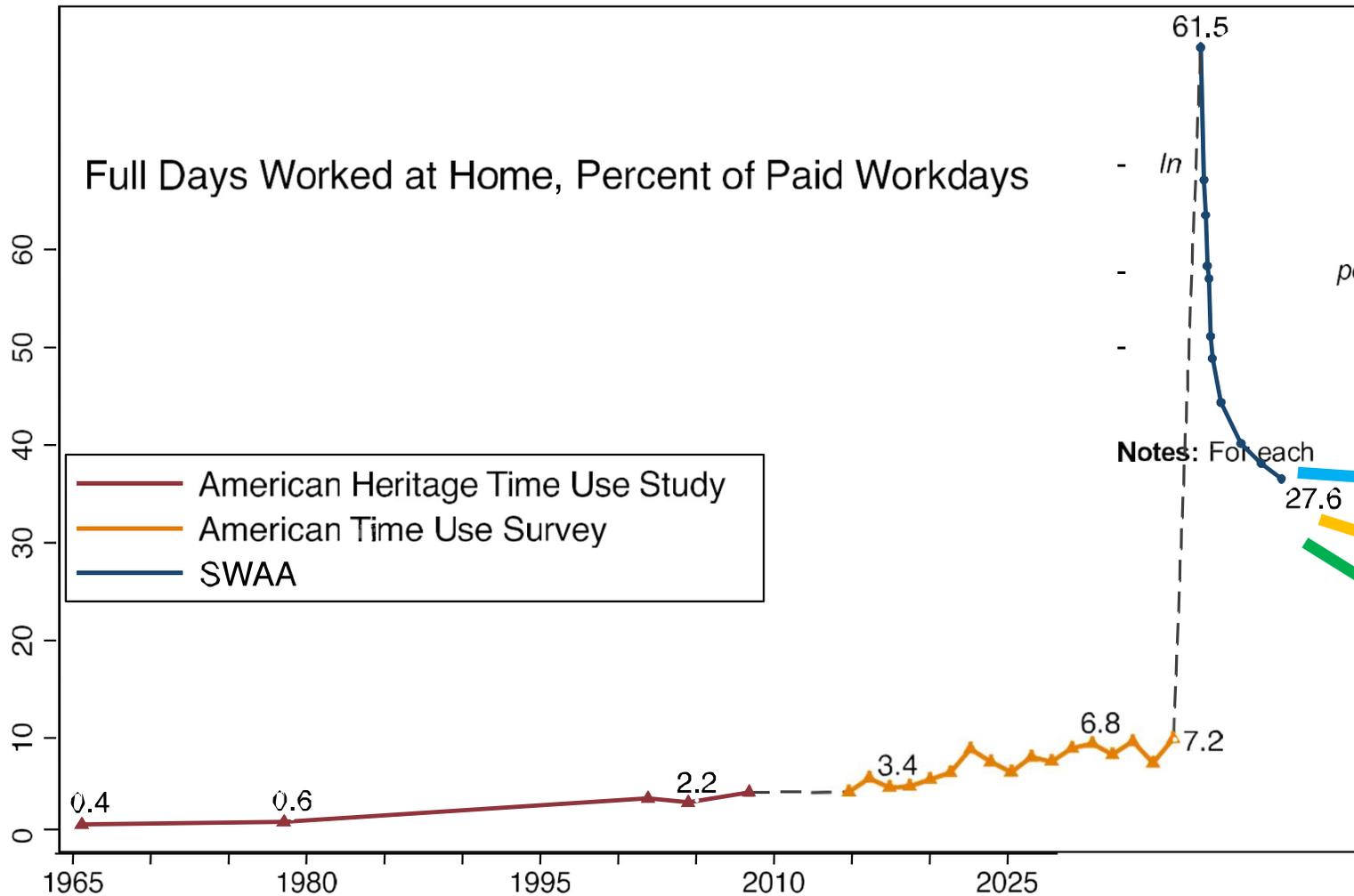
Strengthened the hand of labor in workplace negotiations



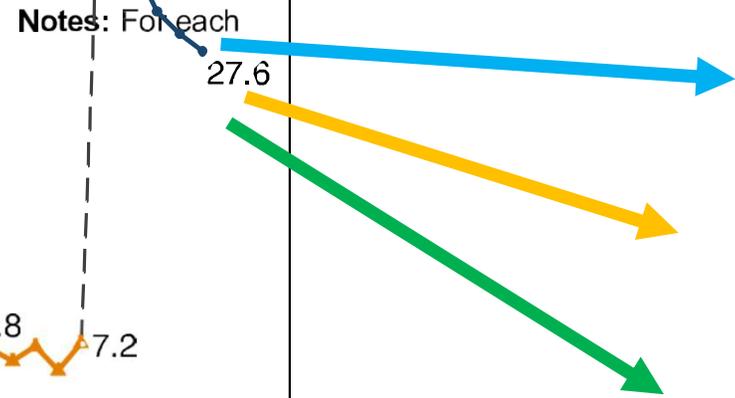
“Office as destination, not obligation”



Irreversible disruption? Can we steadily decrease the numbers working from home? American individualism; RTO is much higher in Asian cities



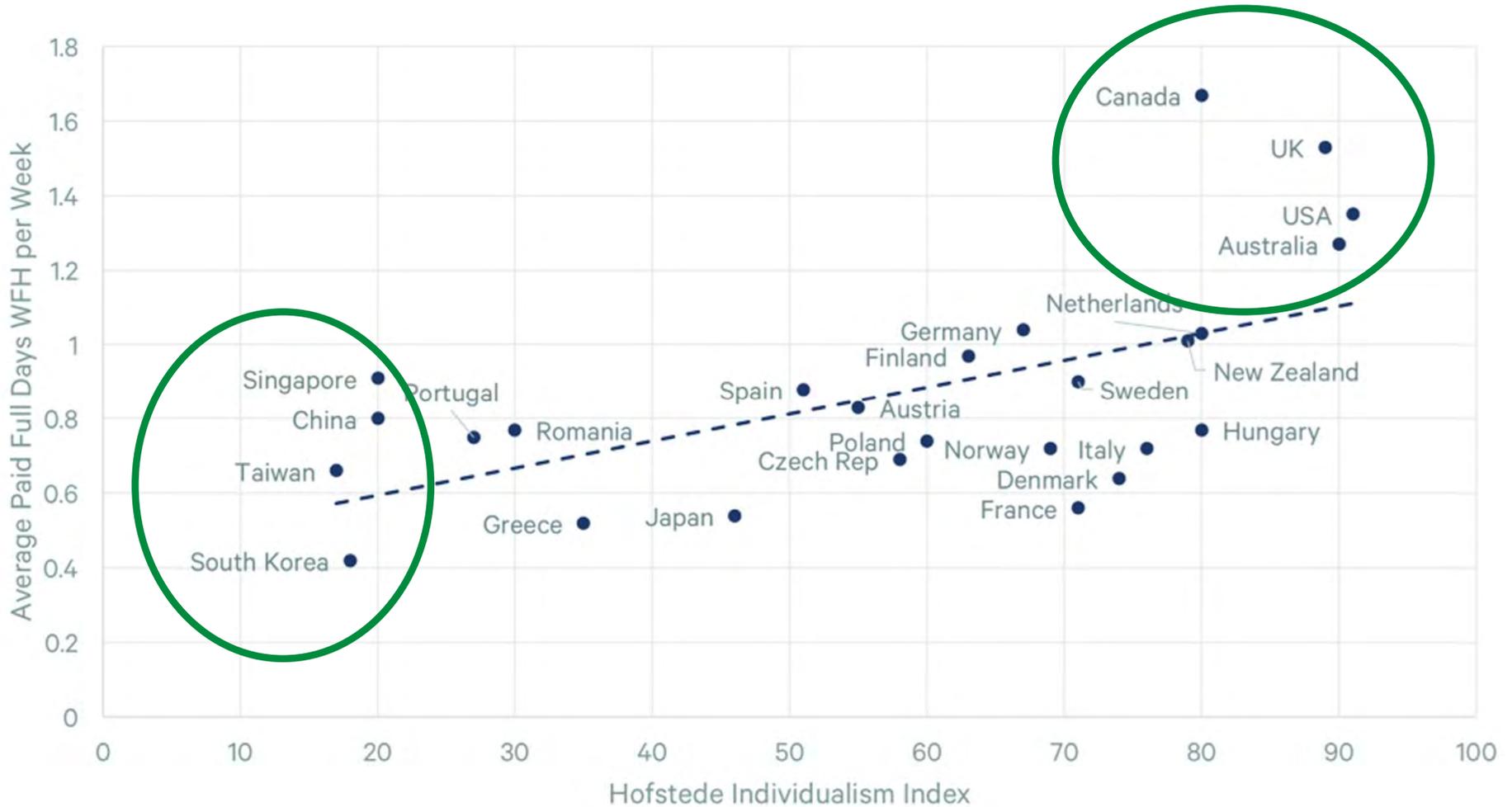
Notes: For each person get to work last



Asian cities: much lower work from home

Average Full Paid Days WFH and an Individualism Index

Culture Drives WFH



Source: Why Does Working from Home Vary Across Countries and People? Zarate et al, April 2024

Absent higher rates of RTO Missed opportunities for mentoring younger staff



Missed opportunities for innovation that comes from collaborative work & random, accidental conversations in the hallway & on the street



To support return to work, BIDs can help with office plaza activations



Working in cooperation with building managers To help change perception



After work happy hours



**Nov. 2021: added public safety bike patrol with corporate contributions
25 person 7 days/week; (11am-7 pm) ; 10 night (3-11pm)**



To support recovery, we installed office district planters Funded in partnership with property owners



Complemented by in-street bike lane planers



Color changing Illumination of City Hall



Green for the Eagles win at the Super Bowl Continuing to focus on image & reality of downtown



Recovery won't happen on its own
We need to be strategic; to rethink, redesign & reinvest
In these major centers of work, residence & civic life
Pay more attention to the transit systems that make density possible



Paul R Levy, Board Chair
Center City District
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