

# Center City Reports: Retail

A publication of the  
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Despite continuing national and regional economic challenges, the Center City retail market has remained strong, retaining a diverse retail mix and a very healthy occupancy rate. At the heart of the fifth-largest metropolitan area in the United States, with nearly 6 million people, Center City is at the crossroads of a multi-modal transit network that carries more than 320,000 riders downtown daily. Office occupancy rates and downtown housing values have significantly outperformed the region. With 40 million square feet of office space, 179,000 residents, and more than 10,000 hotel rooms, Center City's dense and walkable grid concentrates large volumes of retail demand in a very compact space.

The growth of the Center City retail market is also the result of a strong local public-private partnership, The Philadelphia Retail Marketing Alliance, which has coordinated information-sharing about available spaces and financing options while highlighting changing downtown demographics. Center City's population has grown by 10% in the last decade, average income has increased by 53%, and more than two-thirds of residents now hold at least a bachelor's degree. These strong, growing trends are helping to reinvigorate the market and increase retailers' interest in Center City.

Both local entrepreneurs and national chains have been key to Center City's retail success. In areas formerly devoid of retail, like Midtown Village, throngs of young and affluent pedestrians now pack the district's



Within one mile of City Hall, the total demand for shoppers' goods is  
**\$710.9 million.**

## Residents and Workers Within One-Mile Radius

	Center City	King of Prussia Mall	Cherry Hill Mall
Residents	82,970	4,115	13,801
Workers	247,924	29,458	16,052

Source: CCD, PolicyMap, and LED, 2011

## Demographics at a Glance:

Center City Population	<b>179,903</b>
Center City Households	<b>91,055</b>
Center City Average Age	<b>33.9</b>
CC Residents Employed in CC	<b>41%</b>
Center City Share of 25-34yos	<b>28%</b>
CBD Residents with at Least a BA	<b>73.1%</b>
CBD Residents Who Walk to Work	<b>38%</b>
CBD Avg Household Income	<b>\$59,345</b>
Center City Aggregate Income	<b>\$5.4B*</b>

\* 2014 Projection

Source: US Census Bureau, Neilson

sidewalks nearly every night of the week. Walnut and Chestnut Streets continue to thrive with major brands and hundreds of fine-dining options.

### The Retail Impact of a Walkable Downtown

In Center City 38% of residents walk to work, one of the highest rates of any American city. More than 100,000 students attend colleges and universities in or adjacent to downtown. The Pennsylvania Convention Center hosted more than 600,000 visitors in 2010, while more than two million annual visitors were attracted to the historic district, and three million visitors were drawn to the cultural institutions along the Benjamin Franklin Parkway.

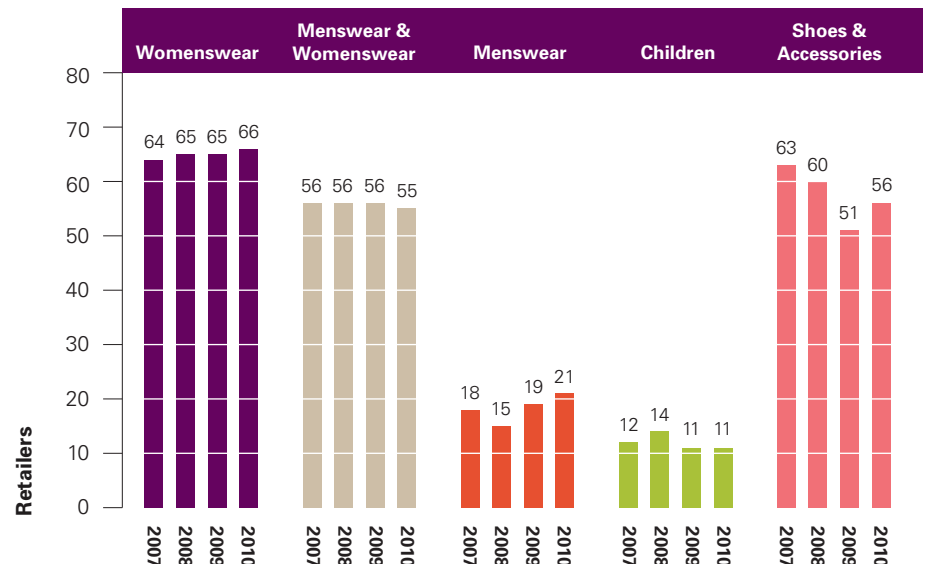
Recognizing the importance of measuring the cumulative impact of these multiple sources for retail demand, the CCD recently expanded its capability for measuring pedestrian

## Retail Demand for Shoppers' Goods 2011

	Radius from City Hall		
	5-Minute Walk (1/4 Mile)	15-Minute Walk (1/2 Mile)	30-Minute Walk (1 Mile)
<b>Job Market</b>			
Office, Education, and Healthcare Workers	106,829	145,933	187,524
Other Workers	29,555	46,282	60,400
Total Workers	136,384	192,215	247,924
<b>Residential Market</b>			
Owners	1,571	12,002	34,284
Renters	7,503	26,225	54,686
Population	9,074	38,227	88,970
<b>Visitor Market</b>			
Hotel Rooms	3,223	7,316	9,450
Visitors	667,943	1,797,275	2,303,250
<b>Dollars of Demand for Shoppers' Goods</b>			
Office Workers	\$113,666,056	\$155,272,712	\$199,525,536
Other Workers	\$15,634,595	\$24,483,178	\$31,951,600
Residents	\$17,422,080	\$73,395,840	\$170,822,400
Overnight Visitors	\$89,504,362	\$240,834,850	\$308,635,500
<b>Total</b>	<b>\$236,227,093</b>	<b>\$493,986,580</b>	<b>\$710,935,036</b>

Job Market Source: OnTheMap, 2011; Residential Market Source: US Census Bureau 2011; Visitor Market Source: PKF Consulting, GPTMC, 2011; Dollars of demand for each market segment are CCD calculations based on retail industry standards.

## Select Apparel Categories



Source: Center City District, 2010

## Center City Restaurants and Food-Related Businesses by Category, Vine Street to Pine Street



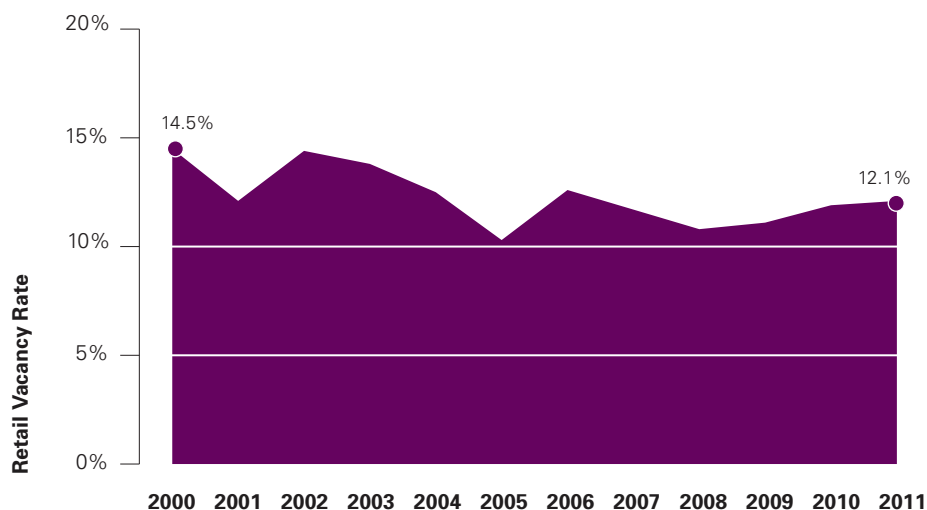
Source: Center City District, 2011

The number of Center City fine-dining restaurants has increased **322% since 1992.**

activity. Since 1997 the CCD has conducted annual pedestrian counts at select locations throughout the downtown. In addition, this year the CCD installed 14 cameras throughout Center City that measure pedestrian activity 24 hours a day, seven days a week.

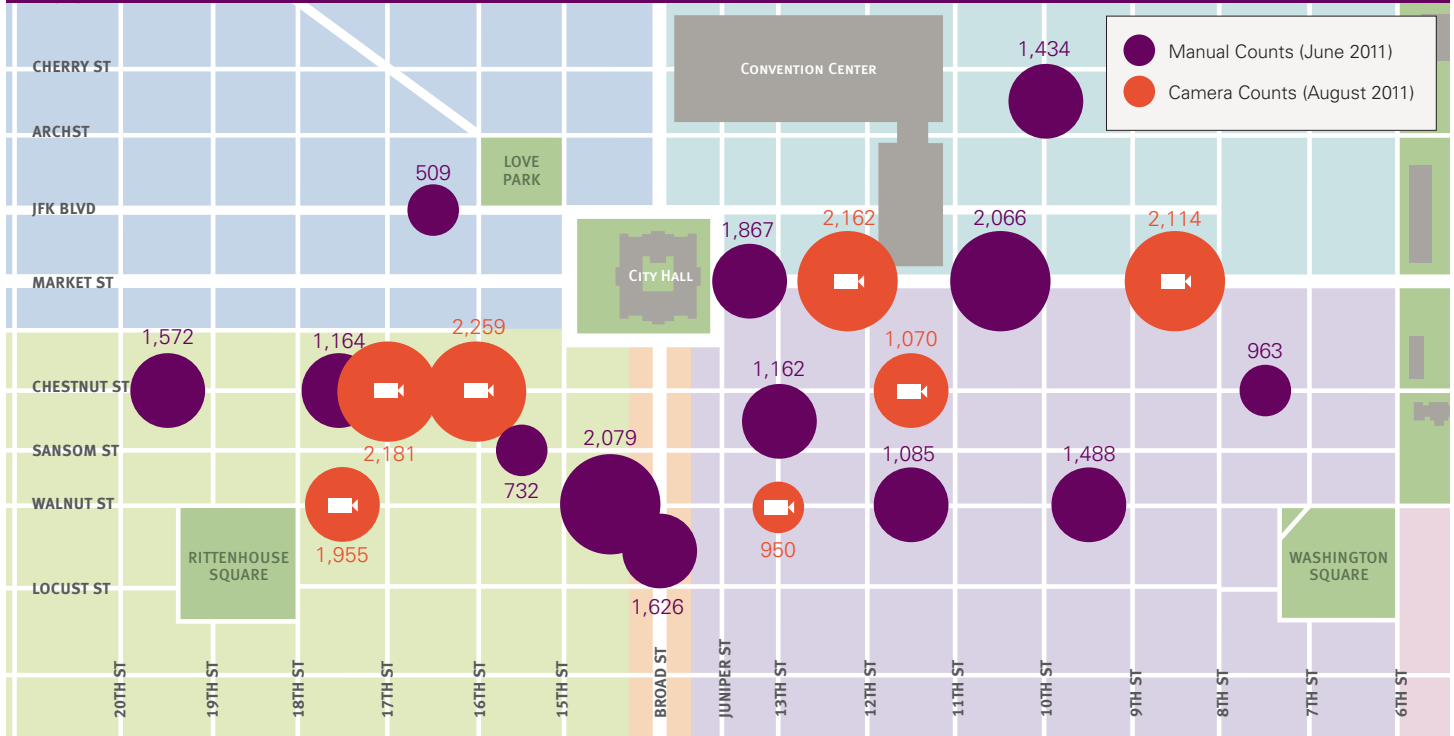
The information collected by these new cameras allows the CCD to better inform brokers and potential retailers of trends and patterns in pedestrian activity at all times of the day, as well as communicate with Center City's existing retailers so they are able to make informed, data-driven decisions on the direction of their businesses. For example, the pedestrian data for the month of August shows four locations where the average activity at lunchtime — defined as

### Center City Retail Vacancy Rate\*



\* Based on number of premises.  
Source: Center City District

## Center City Average Hourly Lunchtime Activity: 11am–2pm



Manual counts were conducted at each mid-block location in 15-minute intervals for three consecutive hours and represent a five weekday average. Camera counts represent average weekday activity for the month of August 2011.

A business located on the 1400 block of Walnut Street can expect to see an average of more than

**2,000 people per hour.**

11a.m. – 2 p.m. — exceeds 2,000 pedestrians per hour: the 800 and 1200 blocks of Market, the 1600 and 1700 blocks of Chestnut. Coupled with the data from the manual pedestrian counts, which show similar activity on the 1400 block of Walnut and 1000 block of Market, this new technology provides a richer, more in-depth view of pedestrian activity across Center City.

### Trends in Specific Retail Sectors

As of August 2011, Center City between Vine and Pine Streets had 681 food-related businesses, such as fine dining, casual restaurants, take-out establishments, and bakeries and cafés, a 31% increase over 2005. Forty-eight new businesses of this type opened in the 12-month period ending August 2011 in Center City between Vine and Pine Streets.

Among the new restaurants and food-related businesses that opened over this time period were a.kitchen, Farmer's Cabinet, Le Pain Quotidien, Milkboy, Opa, Stephen Starr's Talula's Garden and Dandelion, and Serafina. The basic indicator of downtown's market strength in this challenging economy is that Center City's retail vacancy rate rose by only 0.2%, from 11.9% in August 2010 to 12.1% in August 2011, and was still well below a recent high of 14.5% in 2000. All of this points to the fact that Philadelphia's retail market continues to present all shoppers — residents, workers and tourists — with a vibrant mix of options to fulfill almost every need.