

# RESIDENTIAL MARKET

Center City's housing market in 2008 best exemplifies the importance of differentiating local trends from national headlines. In early 2009, *The New York Times* portrayed an exurb of Fort Myers, Florida as a "crossroads of foreclosure and despair" with houses selling at 80% below their peak prices. But, home prices in Philadelphia declined just 10.1% from the market peak in 2006, compared to drops of 11.9% in New York, 12.8% in Boston, 13.7% in Chicago, 32.2% in Los Angeles, 38.3% in Miami, 39.3% in Las Vegas and 40.6% in Phoenix. In Center City, where 44% of residents walk to work, average home prices declined by only 1.0% between 2006 and 2008 and are still 34% higher than 2003 averages. Condo prices were 66% higher than in 2006. Houses in Philadelphia are also selling faster today than in all surrounding suburbs. Downtown houses sold by brokers in 2008 were on the market on average only 9 days longer than in 2006. So too, foreclosure rates in the city in 2008 were well under 1%, far below struggling areas like Miami, Phoenix and Las Vegas. Within the boundaries of the CCD, where over 22,000 people now live, there were only eight foreclosures in 2008.

There is no doubt that the volume of houses on the market slowed significantly with 24% fewer new units sold by brokers in Center City in 2008 than in 2006. The only significant new starts by year end were apartment projects, though some infill new construction still continues at the edge of downtown. Existing owners also postponed putting properties on the market, concerned that prices might be falling and aware that buyers were having difficulty getting financing or selling their homes in the suburbs. Declines in existing units on the market were greatest west of Broad Street where the volume of houses and condos for sale dropped by 45% between the third and fourth quarters of the year, while Northern Liberties experienced a decline of only 3%.

Center City's resiliency is due to the absence of much speculative development and to healthy local demand from all market segments, ranging from students and young professionals to families with children and empty nesters. A 2006, CCD survey of 3,000 downtown residents found that 41% had moved in from outside Philadelphia. As a result, Center City house prices have appreciated 194% over the past decade, more than almost every other neighborhood in Philadelphia, with the exception of South Philadelphia where a 236% increase in sale prices over

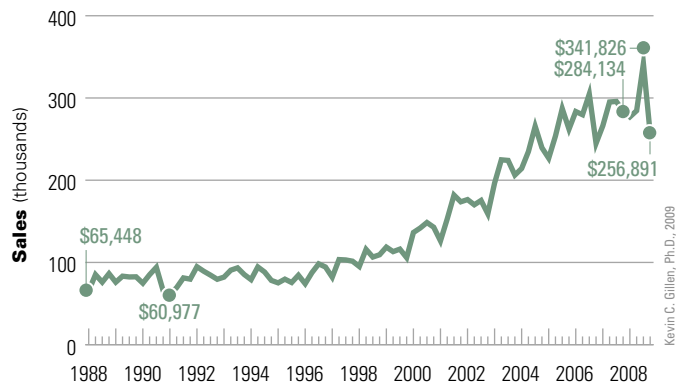
the same period has been driven in part by spillover demand from younger households unable to afford downtown prices. Overall, Philadelphia home prices appreciated by 125% during this period, compared with 105% regionally, and 75% across the United States.

Center City's rental market remained strong with apartment vacancy rates at year end at 4.8%, down from 5.0% in 2007. Rents dropped slightly from 2007 to 2008 with the average rent for a one-bedroom apartment at \$1,312 and \$1,920 for a two-bedroom. The highest apartment rents were in the core of downtown, along the Avenue of the Arts, while Southwest Center City had the most affordable units. With 28,000 students attending colleges, medical schools and universities downtown and 70,000 in adjacent West and North Philadelphia, the Center City rental market is expected to remain strong in 2009.

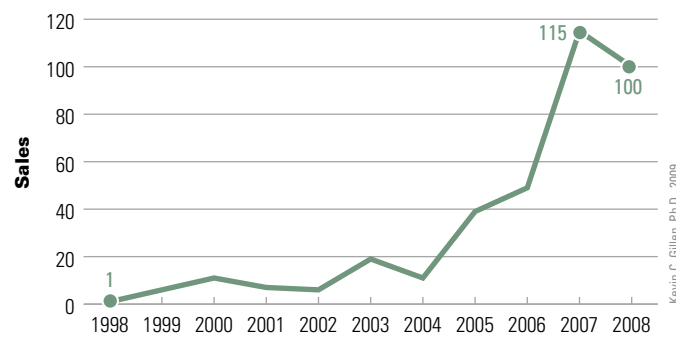


The Ayer Condominium

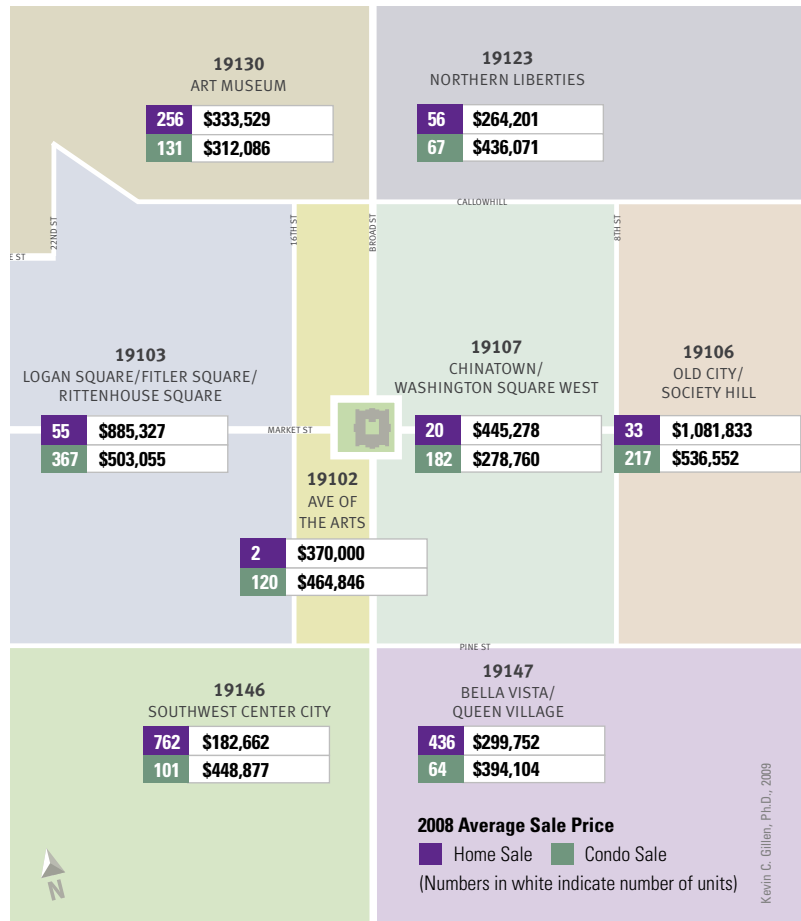
**Average Quarterly Expanded Center City Single-Family Home Sales Prices**



**Expanded Center City Condominium Units Sold at Prices Over \$1 Million**

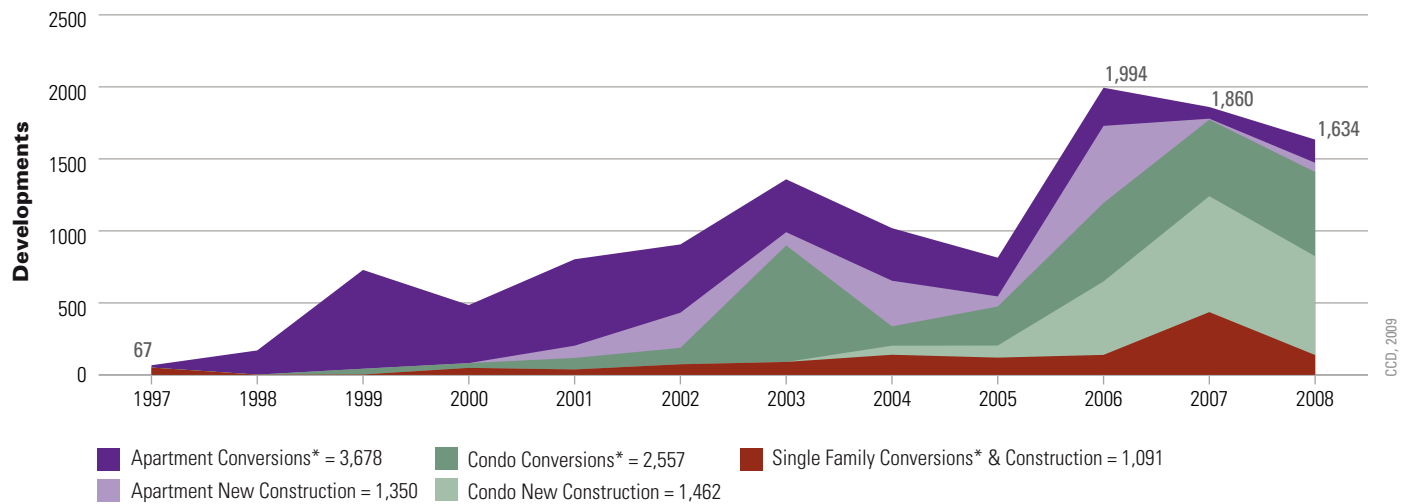


**Average Residential Sale Price and Volume by ZIP Code\*, 2008**



\* The data represent only arms-length transactions by private individuals. Condominium price averages vary widely from year to year, as projects target different market segments and sales volumes are relatively low.

**Changing Pattern of Center City Residential Production, 1997–2008, Total = 11,772 Units**

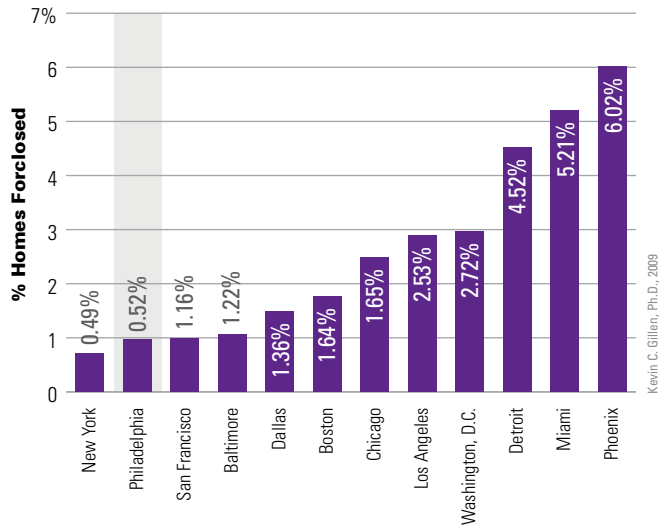


\* Conversions include only the transformation of formerly non-residential or vacant space to residential use and do not include existing apartments converted to condominiums.

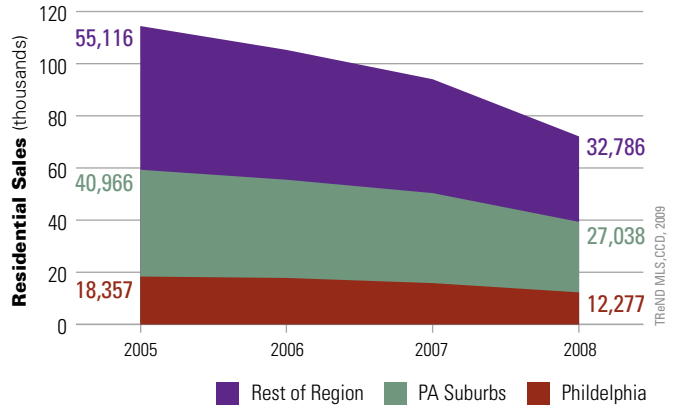
# RESIDENTIAL MARKET

## RESIDENTIAL SALES

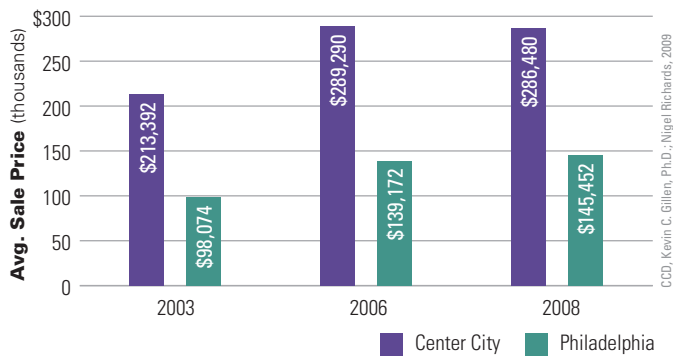
### Foreclosure Rate In Key Metropolitan Areas, 2008



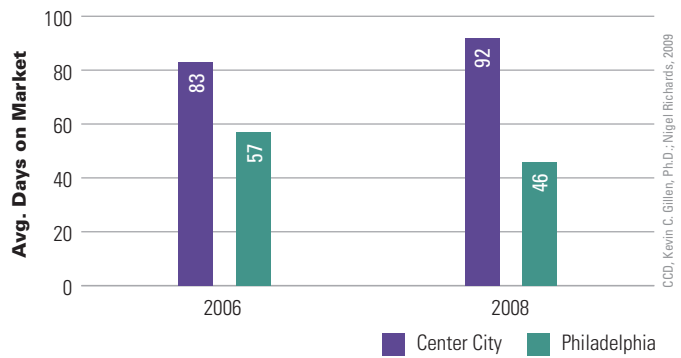
### Philadelphia Residential Sales as Portion of Region, 2005–2008



### Average House Sale Prices, 2003–2008



### House Sales, Average Days on Market, 2006–2008



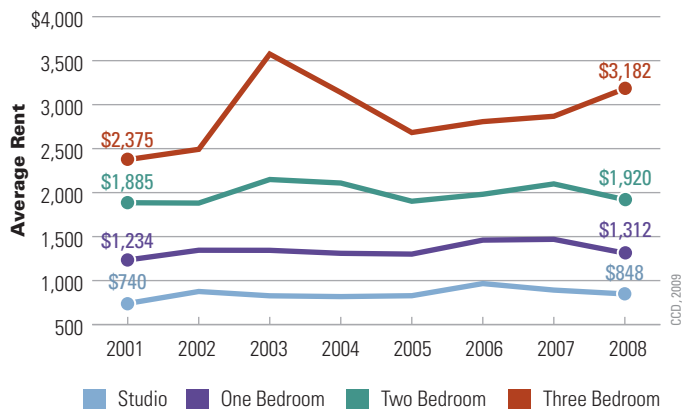
### House Sales, 2003–2008

	Average Sale Price				Units Sold		Average Days on Market*			
	2003	2006	2008	% Change 2006–2008	% Change 2003–2008	2006	2008	2006	2008	% Change
19102	\$548,531	\$1,017,300	\$370,000	-63.6%	-32.5%	6	2	112	130	16.1%
19103	\$577,623	\$816,563	\$885,327	8.4%	53.3%	79	55	83	106	27.7%
19106	\$684,220	\$921,465	\$1,081,833	17.4%	58.1%	39	33	88	99	12.5%
19107	\$360,463	\$406,625	\$445,278	9.5%	23.5%	31	20	97	96	-1.0%
19123	\$168,732	\$268,171	\$264,201	-1.5%	56.6%	90	56	116	99	-14.7%
19130	\$231,594	\$333,711	\$333,529	-0.1%	44.0%	334	256	83	78	-6.0%
19146	\$130,676	\$180,003	\$182,662	1.5%	39.8%	939	762	63	81	0.3%
19147	\$211,356	\$314,000	\$299,752	-4.5%	41.8%	622	436	74	97	31.1%
<b>Center City (8 Zip Code)**</b>	<b>\$213,392</b>	<b>\$289,290</b>	<b>\$286,480</b>	<b>-1.0%</b>	<b>34.3%</b>	<b>2,140</b>	<b>1,620</b>	<b>83</b>	<b>92</b>	<b>10.8%</b>
<b>Philadelphia</b>	<b>\$98,074</b>	<b>\$139,172</b>	<b>\$145,452</b>	<b>4.5%</b>	<b>48.3%</b>	<b>27,517</b>	<b>18,501</b>	<b>57</b>	<b>46</b>	<b>-19.3%</b>

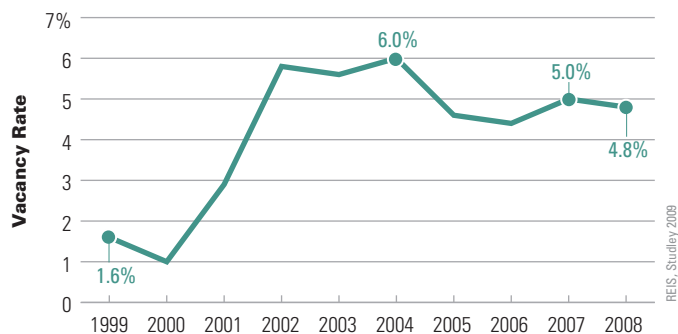
\* Days on market data is only for units sold by a broker, and does not include other transactions.

\*\* In zip codes 19102, 19103, 10106, 10107, and 19123, most sales are of condos, and the low number of houses sold reflects this aspect.

Average Center City Apartment Rent, 2001–2008



Center City Apartment Vacancy Rates, 1999–2008

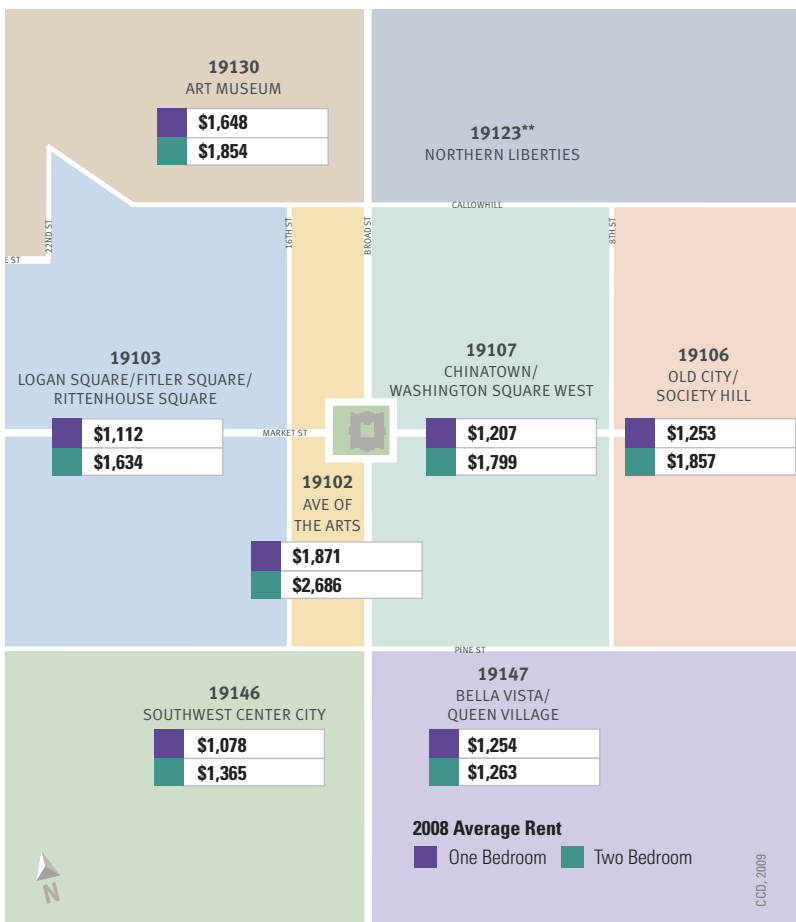


Percent 18 and Older with a BA or More

Region	1980	1990	2000
Haddonfield	38%	53%	62%
Center City*	41%	52%	59%
Swarthmore	43%	49%	54%
Paoli	25%	38%	44%
Doylestown	22%	30%	40%
Media	26%	30%	39%
Marlton	17%	25%	30%
Collingswood	17%	25%	29%
West Chester	17%	23%	27%
Conshohocken	8%	11%	23%
National Average	14%	19%	22%
Philadelphia	11%	15%	17%

\* Center City here includes Census tracts 1–12, 14–18, 125, 128–129, 134, 136, 366.

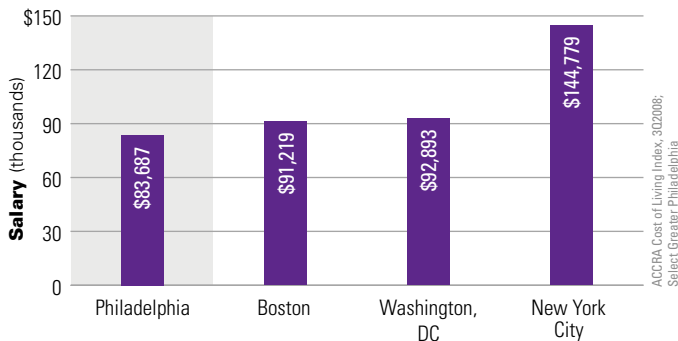
Apartment Rent by ZIP Code, 2008\*



\* Responses represent 2,133 units in 99 buildings.

\*\* Data collected in 19123 had an insufficient number of buildings or units to report an average.

Cost of Living, 2007



A Center City resident earning \$83,687 per year (the average wage of professional services employees in Philadelphia) would have to earn 9% more in Boston, 11% more in Washington D.C., or 73% more in New York City to enjoy the same standard of living.