

# CENTER CITY DIGEST

## Signs of Momentum

Think about it. A suburban university wins the national basketball championship and selects Center City as the place to celebrate. Villanova is offered the option of a parade ending inside the Pennsylvania Convention Center or outdoors at Dilworth Park.

An estimated 60,000 — many still reveling in the three-point buzzer shot, others just starved for *any* national sports championship — packed the park, overflowed onto 15th Street and stretched back along the parade route on Market Street. As Laurie Olin, lead landscape designer for Dilworth Park, emailed after joining the crowd, “*I remember saying at the beginning of the design process that one of the reasons to redo the space was to have a place in Philadelphia where everyone could come together if one of our teams ever won something again.*”

Add to Dilworth Park’s event list of art exhibits, demonstrations, fundraisers, ice-skating parties, receptions, weddings and an impromptu Stevie Wonder concert — one national championship. May there be many more.

- A recent calculation by the Research Department of the Federal Reserve Bank of Philadelphia finds that Philadelphia’s share of regional housing unit permits rose from just 3.4% in 1989 to 34.2% in 2015, with the city significantly outpacing each adjacent county every year since 2010. Regional dynamics have changed.
- CCD’s analysis of American Community Survey data shows that Greater Center City, just 6% of the city’s land area, attracted 25% of all in-movers to Philadelphia between 2010 and 2014. Walkable streets, easy access to 42% of the city’s jobs, 1,017 retailers, 426 arts and cultural organizations, 440



restaurants and 412 outdoor cafés. It starts to add up.

- More than half the office leasing activity downtown in 2015 followed Philadelphia’s historical pattern of renewals and movement within market, reports JLL research. Rent appreciation, however, was driven not just by expansion of existing firms, but also because suburban and out-of-market tenants took 23% of newly space leased.
- During the last decade, Philadelphia also benefitted from the shift from suburb to city by REITs like Liberty Property Trust and Brandywine Realty Trust, now building more than 2 million square feet of office space. A recent calculation by *The Philadelphia Inquirer* also suggests that 74% of the 4.6 million square feet of *existing*, downtown office inventory that changed hands in 2015 went to out-of-town investors. It’s good to be rediscovered.
- Since the opening of the Pennsylvania Convention Center, the resolution of labor issues and sustained investment in destination marketing, the inventory of downtown hotel rooms has doubled. Hospitality, leisure and entertainment employment gains also outpaced both the region and nation since 2010.

Many such encouraging signs of momentum are documented in CCD/CPDC’s *State of Center City, 2016* report. With construction cranes everywhere and pedestrian volumes surging, there are ample reasons to celebrate. Still, the *State of Center City* too often finds reason to append the word “*but*” after many positive trends.

Take the remarkable growth in market share of regional housing starts. No doubt, we’ve climbed out of deep deficit. But 34% of new units closely mirrors Philadelphia’s share of the region’s population. We’re really just holding our own. There’s also been a sharp decline in suburban housing permits.

Job growth remains uneven. Education and health services, our largest employment sectors, are up by 50.5% citywide since 1990; leisure and hospitality is up 51.2%. But office-using industries like professional and business services are down 1.2%, with finance, real estate and communications plummeting 43.3% in the last 25 years. A simple measure of success is the premium businesses will pay in office rent to be in the employee- and amenity-rich CBD, as opposed to the suburbs. Sampling major markets nationwide, Newmark Grubb Knight Frank found an average CBD premium of 25% in



To download the report or individual chapters, please go to [www.centercityphila.org/socc](http://www.centercityphila.org/socc).

2015 – rising to 112% in Boston and 75% in Washington, D.C. In Philadelphia, the premium was just 4%.

We're in the midst of an *urban-led* recovery. Since 2010, large cities outpaced the broader economy. While private-sector jobs expanded nationally at 2.1% per year, the 25 most populous cities grew 2.7% annually. Philadelphia has grown, but by just 0.9% per year. No doubt, the national urban average is elevated by Sun Belt growth hubs like Austin, San Francisco, and San Jose. But Columbus, Detroit, Indianapolis and Memphis have outperformed Philadelphia since 2010, as did Boston, New York, Baltimore and Washington, D.C. High unemployment and poverty result from our lagging job growth. Center City and University City may be prospering, but it will take a higher tide to lift all boats.

Boston, New York and Washington, D.C. have more than replaced jobs lost since 1970. Their unemployment and poverty rates are lower. Philadelphia still has 28% fewer jobs than in 1970.

Dozens of tech startups, hundreds of neighborhood-based personal and professional services firms and the expansion of Comcast all demonstrate that Philadelphia has no shortage of entrepreneurial talent. Universities are investing in innovation to spur new growth. But Philadelphia is constrained

by a tax structure that hasn't kept pace with the changing economy. Small and minority businesses struggle to add employees in a slow growth setting. We're limited in export industries that generate wealth for the region. Reliance on wage and business taxes may have made sense in the industrial age, built on fixed assets like factories and railroads. But in today's highly-mobile, digital economy, our tax structure depresses growth at the very moment the city's intrinsic advantages have come to the fore.

State legislation endorsed by Mayor Jim Kenney and a broad cross-section of business, labor and civic leaders enables the city to reduce dependency on highly mobile wages and business revenues and rely more on the property tax – also the foundation for funding schools.

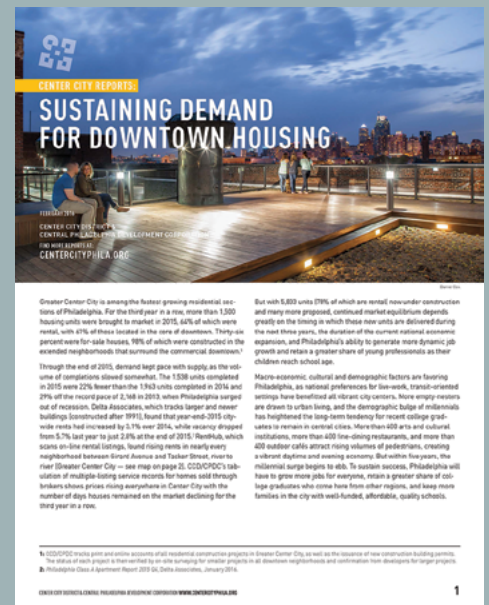
Philadelphia stands at a crossroads. This is a moment to capitalize on our extraordinary strengths, our concentration of talent and geographic position. It's time to stop settling for second-rate growth and create many more opportunities for all city residents, new immigrants and for graduates of our colleges and universities. No *ifs*, *ands* or *buts*.

**Paul R. Levy**  
President  
[plevy@centercityphila.org](mailto:plevy@centercityphila.org)

# Report Tracks Housing Production and Population Trends in Center City

In 2015, for the third year in a row, more than 1,500 housing units were brought to market downtown, while rents and housing prices continued to rise and more people continued to move into Greater Center City, where the population has increased by 17% since 2000, according to the CCD/CPDC report, *Sustaining Demand for Downtown Housing*, released in mid-February.

To download the report, please go to [www.centercityphila.org/docs/CCR16\\_housing.pdf](http://www.centercityphila.org/docs/CCR16_housing.pdf).



# Downtown Office Buildings Attracting Out-of-Town Investors

Center City has benefitted from a recent increase in out-of-town investors acquiring local office buildings. National firms are drawn by the rising demand for downtown office space and Philadelphia's favorable prices compared with other large markets. A recent calculation suggests that 74% of the 4.6 million square feet of office space that exchanged hands in 2015 went to out-of-town investors, more than any time since 2007.

Among the more notable transactions in 2015: 1818 Beneficial Bank Place, acquired by San Francisco-based Shorenstein Properties in April; United Plaza and 1650 Arch Street, both acquired by Los Angeles-based CBRE Global Investors in May; and the Public



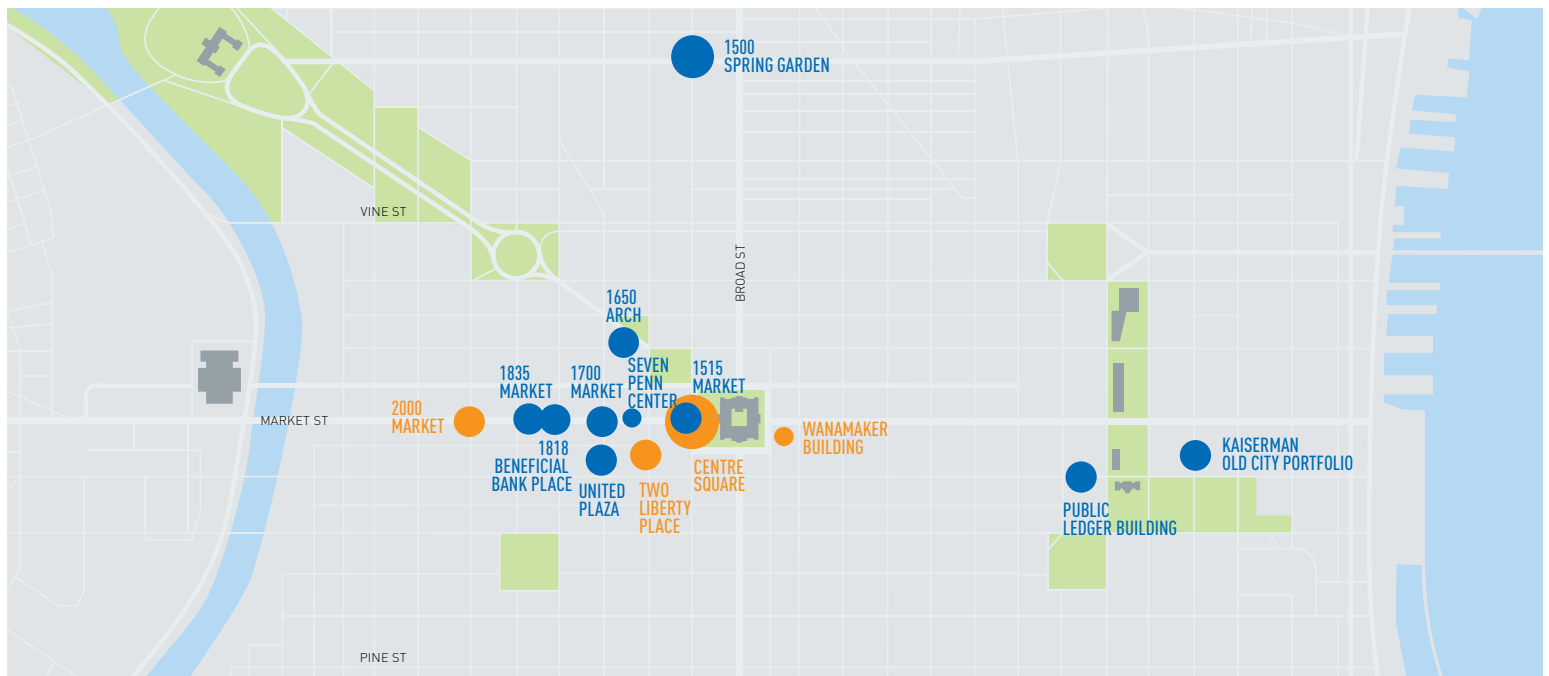
Ledger Building, acquired by New York-based Carlyle Development Group in July.

Momentum continued into 2016 with Shorenstein's acquisition of 1700 Market in January and Washington, D.C.-based MRP Realty's purchase of Kaiserman's 700,000-sf-Old-City portfolio in February.

Brooklyn-based Nightingale Properties sold 1700 Market to Shorenstein, after having bought the property in 2011 and investing in new technology, landscaping and lighting, among other improvements. Nightingale subsequently purchased

1500 Spring Garden, 1835 Market Street and 1635 Market Street.

As demand for office buildings continues to rise, additional properties have come onto the market in the last six months, including 2000 Market Street, the Wanamaker Building, Two Liberty Place, and most recently, Centre Square. With Class A occupancy in the CBD now exceeding 92% and Center City attracting young workers and their employers, demand for office buildings is expected to rise.



## CENTER CITY OFFICE BUILDINGS FOR SALE OR RECENTLY ACQUIRED BY NATIONAL INVESTORS

SQUARE FEET:

- 100,000–500,000
- 500,001 - 1,000,000
- 1,000,001 - 1,500,000
- 1,500,001 - 2,500,000

ACQUIRED BY A NATIONAL INVESTOR

FOR SALE

# Bacon Brothers Concert Benefits Viaduct Rail Park

Hundreds of people turned out when the Bacon Brothers, Philadelphia natives Michael and Kevin Bacon, staged a special benefit concert to support Phase I of the Viaduct Rail Park on February 4 at Union Transfer. Proceeds from the first concert the Bacon Brothers have played here in recent years will support the construction of Phase I of the Viaduct Rail Park, a CCD-managed project, carried out in partnership with the City of Philadelphia and the Friends of the Rail Park.

Phase 1 of the Viaduct Rail Park will turn a dilapidated quarter-mile portion of the former Reading Viaduct that runs from Broad Street southeast across 13th and 12th Streets to Callowhill Street into a vibrant green park with walking paths, landscaping, lighting, seating and gathering spaces. SEPTA has leased the viaduct to CCD for renovation purposes.

Bid documents are completed and the CCD is working on securing remaining pieces of project funding.

Upon completion of construction, ownership will transfer to the City of Philadelphia, and the park will be maintained through a partnership between the Department of Parks & Recreation and the Friends of the Rail Park. The new 25,000-square-foot linear park will provide a much-needed green amenity to the Callowhill neighborhood and support the expansion of both Chinatown and the thriving, mixed-use neighborhoods on the expanding edge of Center City.

Many thanks to the Bacon Brothers for their generosity and a great concert!

For more information about the project, please go to [centercityphila.org/about/viaduct.php](http://centercityphila.org/about/viaduct.php).



Kevin (right) and Michael Bacon deliver some rousing music at Union Transfer on February 4, all for the benefit of the Viaduct Rail Park, Phase 1.

# CCD's 25th Anniversary Employee Awards Luncheon



On March 22, the Center City District (CCD) marked the 25th anniversary of the start of its services, with a thank you luncheon for all its employees and special tributes from Mayor Jim Kenney and Police Commissioner Richard Ross to 11 individuals — Community Service Representatives (CSRs), sidewalk cleaners, Philadelphia police and management staff — who have worked with the CCD since 1991. A total of 42 other CSRs, cleaners, Philadelphia Police and administrative staff were recognized for 5, 10, 15 and 20 years of service.

This year is also the 60th anniversary of the Central Philadelphia Development Corporation (CPDC), which helped launch the CCD. The awards luncheon was the first of a series of events to observe the anniversaries.

In offering his congratulations, Mayor Jim Kenney told the assembled group of 160 people, "The CCD has consistently maintained its mission for 25 years and today, downtown Philadelphia is a very different place, more attractive, more welcoming, with busy sidewalks, thriving

retail, cranes dotting the skyline, and a growing population," he said.

Police Commissioner Richard Ross commended the innovative and successful partnership between the Philadelphia Police Department and the Center City District's Community Service Representatives. "By working, communicating and standing roll call together, we have been able to dramatically reduce crime in Center City, with serious crime down almost by half," Ross said.

In his remarks, Paul R. Levy, President and CEO of CCD, thanked the thousands of property owners, businesses and partners whose steadfast support enabled the CCD to deploy a dedicated group of workers in Center City every day for the last 25 years. He noted that since 35% of Philadelphia's population is now 25 years of age or younger, more than a third of city residents have no experience of Center City without the benefit of CCD's on-street crews.



CENTER CITY DISTRICT  
FOUNDATION

# The New Center City District Foundation: the 'Charity of Choice' for Center City Philadelphia

The 25th anniversary of the CCD is a moment to reflect on how much has been accomplished and an opportunity to build upon success with a new generation of transformative projects. The Center City District Foundation (CCDF) was first established in 1992 as a 501(c)(3) charitable organization to work in tandem with the CCD as a conduit for contributions to support and test new initiatives.

Now it is being expanded with a new Board of Directors, led by Gerard H. Sweeney, President, Chief Executive Officer and Trustee of Brandywine Realty Trust; and including Autumn Bayles, ARAMARK Corporation; Emily Bittenbender, Bittenbender Construction, LP; Mariska Bogle, Philadelphia Hospitality; Julie Coker Graham, Philadelphia Convention & Visitors Bureau; John J. Connors, Brickstone Realty; Michael C. Forman, Franklin Square Capital Partners; Linda A.

Galante, Stradley Ronon Stevens & Young, LLP; Christophe P. Tertizzi, First Niagara Bank; Richard Vague, Gabriel Investments; and Paul R. Levy, Ex Officio, Center City District, Central Philadelphia Development Corporation.

Led by Executive Director Nancy Goldenberg, the CCDF aims to be the "charity of choice" for everyone who cares deeply about expanding the ongoing transformation, prosperity and quality of life in Philadelphia. In the past, the Foundation served as a conduit for contributions that helped build Dilworth Park, expand Center City's canopy of healthy street trees through Plant!Philadelphia and support constructive alternatives to giving to panhandlers through the Campaign for Real Change. The CCDF was the vehicle the William Penn Foundation chose when it transferred ownership of John F. Collins Park on the 1700 block of Chestnut Street.

Now the CCDF will broaden its focus to include fundraising for:

- Installing the innovative Pulse interactive art experience at Dilworth Park;
- Completing the first phase of the Viaduct Rail Park;
- Enhancing Sister Cities Park to make it the country's most celebrated park for families and children; and
- Expanding employment opportunities for disadvantaged workers.

LEARN MORE ABOUT THESE AND OTHER PROJECTS BY VISITING OUR WEBSITE, [WWW.SUPPORTCCDF.ORG](http://WWW.SUPPORTCCDF.ORG), AND MAKE A TAX-DEDUCTIBLE CONTRIBUTION TODAY. HELP MAKE PHILADELPHIA ONE OF THE FINEST PLACES IN THE WORLD TO WORK, LIVE AND VISIT.

BECOME A PART OF PHILADELPHIA'S SUCCESS.

# Accolades on Facebook for Two Community Service Representatives

CCD Community Service Representatives (CSRs) interact with pedestrians every day offering a friendly greeting, directions and they often assist with minor problems or emergency situations. Most days, they receive a simple “thanks” and continue on patrol. But, occasionally, special acknowledgments show up on CCD’s Facebook page [www.facebook.com/centercitydistrict/](http://www.facebook.com/centercitydistrict/). Digest staff followed up on two posts to round out the stories below:

## ON FEBRUARY 17, KELLI MCCANN POSTED THIS TRIBUTE TO CSR TERRANCE KEENE:

“I want to send a big shout out to one of your workers named T. Keene! This past Monday he was unknowingly involved in the greatest day of my life. My boyfriend and I were outside of city hall when he asked Keene to take a photo of us. As he took a photo of us my boyfriend proposed to me and he got some amazing photos!!! Thank you Keene!!!! The photos mean a lot to us!!!”

The rest of the story (from Kelli McCann): The couple came to Center City for the Presidents’ Day weekend and on Sunday joined in the CCD-programmed Sweetheart Skate at the Rothman Institute Ice Rink at Dilworth Park. The next day after lunch at the Reading

Terminal, Marty Blithe, Jr., suggested they visit City Hall, which happened to be closed for the holiday. By then it had begun to snow and the couple decided to head back home. As they walked through Dilworth Park, they ran into CSR Terrance Keene, and Marty asked him to take a photo of them with City Hall in the background.

“Keene had no idea what was going on but he said as soon as he saw the box come out of [Marty’s] pocket, he knew not to stop taking pictures,” McCann wrote to us via email. “I was completely surprised and beyond excited. We can’t wait for our wedding next year!”



Marty Blithe, Jr. proposes marriage to Kelli McCann on Monday, February 15, 2016, in Dilworth Park. (Photo by Terrance Keene)

## ON MARCH 1, TRUETT REED, A RELATIVE NEWCOMER TO PHILADELPHIA, POSTED THIS ON FACEBOOK:

“Hi Center City District, I wanted to give a quick mention to an amazing employee at Sister Cities Park. After our daughter lost a toy in the snow at the park several weeks ago, we went back to look for it and ended up connecting with Jackie who helped us look. We’ve gone back a few times to play and see if we could find the toy, and yesterday Jackie gave my daughter a brand new (and way nicer) version of the toy we’d described to her. My daughter is still over the moon,

and we can’t thank her enough for this amazing experience at your park. Jackie is such a positive presence at the park without even counting this outpouring of generosity, but I wanted to let you know directly that she made my daughter’s whole month and solidified herself as a friend for life. Good on you for finding such an amazing person, and thank you again, Jackie!”



Charlotte Reed with her new toy and CSR Jackie Ashburn, who provided a replacement after it was lost in the snow at Sister Cities Park. Ashburn has been with the CCD since 2000. (Photo by Truett Reed)

# CCD Plan and Budget

## PROPERTY STATISTICS FOR 2016

The top 15 properties pay 23% of total program cost, with an average charge of **\$277,187**.

The top 200 properties pay 80% of total program cost, with an average charge of **\$72,767**.

The lowest charge is **\$0.16**.

The highest charge is **\$432,927**.

The typical Market Street West office building pays **\$173,413**.

The average hotel pays **\$75,884**.

The average Chestnut Street property pays **\$3,906**.

The average Walnut Street property pays **\$4,834**.

The average commercial property pays **\$28,231**.

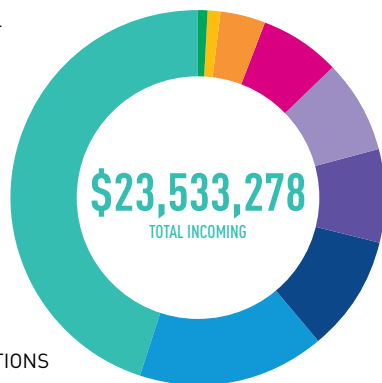
The average retail property pays **\$2,308**.

The average residential property charge is **\$227**.

The average for all property types is **\$3,233**.

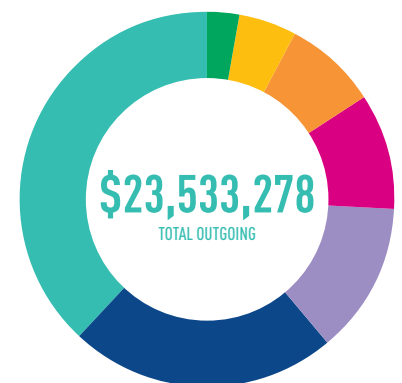
## WHERE THE MONEY COMES FROM

- 45% OFFICE & OTHER COMMERCIAL
- 16% EARNED INCOME
- 10% APARTMENTS
- 8% HOTELS
- 8% RETAIL
- 7% PARKS & PUBLIC SPACES
- 4% RESIDENTIAL
- 1% EXEMPT PROPERTY CONTRIBUTIONS
- 1% RESERVES & REIMB. FR. AFFILIATES



## WHERE THE MONEY GOES

- 38% CLEANING & MAINTENANCE
- 23% PARKS & STREETSCAPES ENHANCEMENTS
- 13% PUBLIC SAFETY
- 10% MARKETING & COMMUNICATIONS
- 8% ADMINISTRATION
- 5% DEBT SERVICE
- 3% DEVELOPMENT, PLANNING & RESEARCH



## TOP 10 PROPERTIES BY BILLING AMOUNT IN 2016

RANK	PROPERTY NAME	2016 BILLING AMOUNT
1	Centre Square	\$432,927
2	1735 Market Street	\$378,927
3	Comcast Center	\$346,219
4	One Liberty Place	\$338,420
5	Philadelphia Marriott Hotel	\$331,929
6	Two Commerce Square	\$290,386
7	One Commerce Square	\$277,141
8	1818 Market Street	\$276,975
9	1717 Arch Street	\$255,323
10	1700 Market Street	\$231,989
TOTAL		\$3,106,236

# CENTER CITY DIGEST

Center City District and  
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**CENTER CITY DISTRICT SIPS**

# SAVOR EVERY SIP

**WEDNESDAYS 5 - 7 P M**

**JUNE 1 - SEPTEMBER 28**

**\$5 COCKTAILS • \$4 WINE • \$3 BEER  
HALF-PRICED APPETIZERS\***



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**CENTERCITYPHILA.ORG | #CCDSIPS**

\*At participating venues. All attendees must be 21 years of age or older.

The 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 60 years of private-sector commitment to the revitalization of downtown Philadelphia.