



## CENTER CITY REPORTS

# 2017 HOUSING REPORT: BUILDING ON OPTIMISM

FEBRUARY 2017

CENTER CITY DISTRICT &  
CENTRAL PHILADELPHIA DEVELOPMENT CORPORATION

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Jim Abbott

A record 2,506 new residential units were completed in Greater Center City in 2016, eclipsing the previous high of 2,168 units delivered to market in 2013 (Figures 1 & 2). As in each of the last three years, large, new apartment projects and mixed-use developments were concentrated in the core of downtown, while single-family homes and smaller multi-family developments spread across the neighborhoods that extend beyond the downtown core, north to Girard Avenue and south to Tasker Street. Since 2000, a total of 20,705 units of housing have been added to Greater Center City, the fastest growing residential area in Philadelphia, and the population has increased by 19% to almost 190,000.

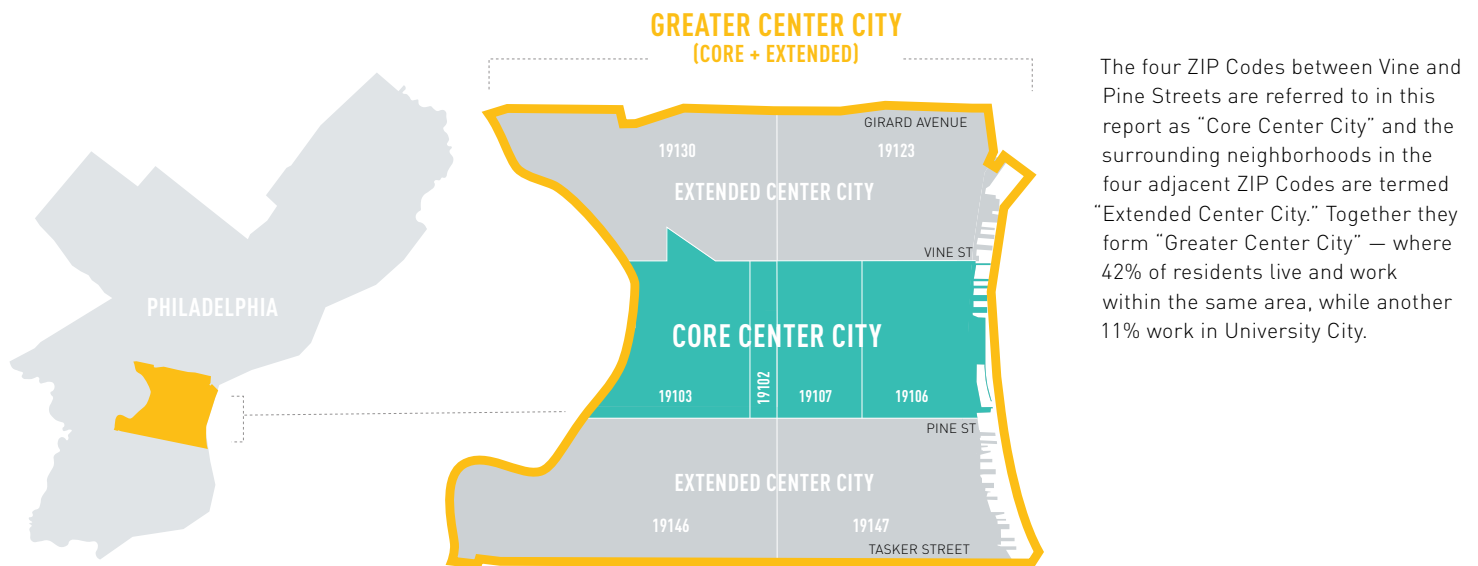
Unlike the years prior to the Great Recession when condominiums dominated, production since 2013 has been heavily skewed towards apartments, with 73% (1,833 units) of new supply delivered in 2016 as rental, the most recorded since CCD started tracking in 2000.<sup>1</sup> Six large projects of 100 units or more account for 73% of all new apartments (1,331 out of 1,833 units) completed in 2016. Five of these major developments are located in Core Center City, activating the sidewalks by adding more residents and retail customers to an area that was primarily a daytime business district two decades ago (Figures 3 & 4).

At the same time, there was a 49% increase over 2015 in the construction of single-family dwellings, with 528 new homes completed in 2016 in Greater Center City; 92% are located in the extended neighborhoods north of Vine Street and south of Pine Street. Adding new condominiums, for-sale development accounted for 27% of completed units in 2016.

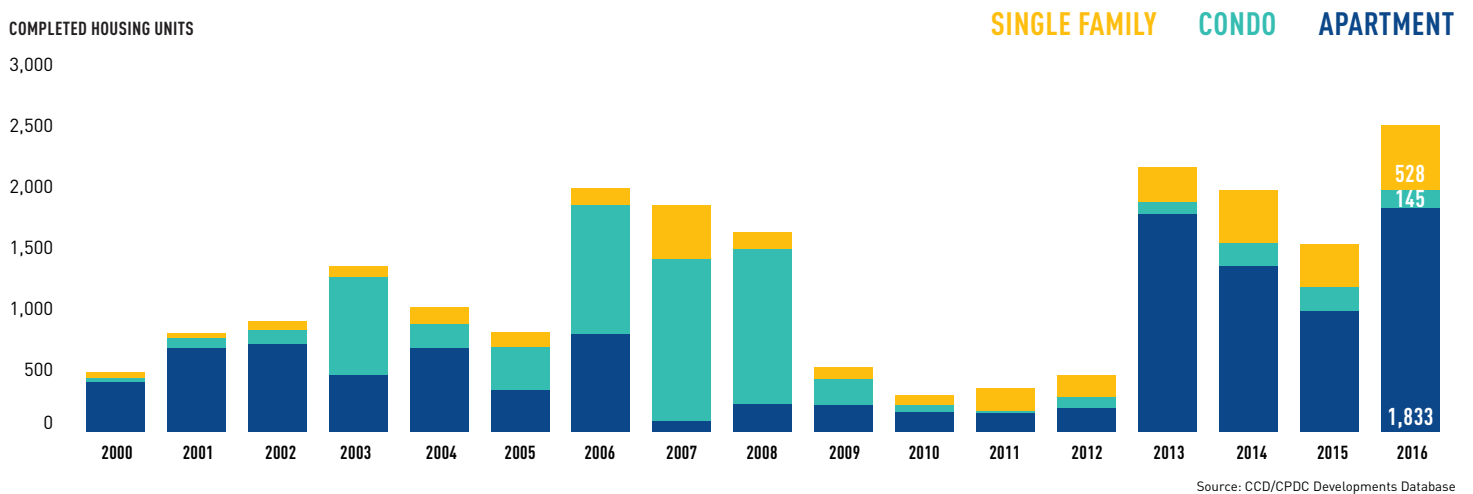
**A RECORD 2,506 NEW RESIDENTIAL  
UNITS WERE COMPLETED IN  
GREATER CENTER CITY IN 2016;  
73% ARE APARTMENTS, 27%  
ARE FOR-SALE TOWNHOUSES OR  
CONDOMINIUM UNITS.**

<sup>1</sup> Since 2000, the Center City District has tracked residential development in Greater Center City, monitoring print, online, and publicly available permit data. Each year a field survey is also conducted to verify and track the progress of each development. Since 2000, 11,082 apartments, 6,245 condominiums and 3,378 single-family homes have been completed for a total of 20,705 new units.

**FIGURE 1: DEFINING DOWNTOWN**



**FIGURE 2: GREATER CENTER CITY HOUSING COMPLETIONS, 2000–2016**

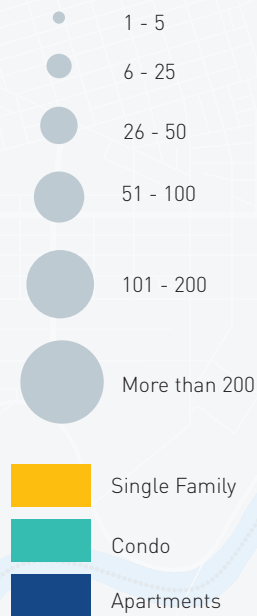


**FIGURE 3: COMPLETED UNITS BY AREA, 2016**

AREA	APARTMENT	CONDO	SINGLE FAMILY	TOTAL
Core	1,139	76	40	1,255
West of Broad	477	73	9	559
East of Broad	662	3	31	696
Extended Center City	694	69	488	1,251
Extended North	525	59	179	763
West of Broad	393	52	46	491
East of Broad	132	7	133	272
Extended South	169	10	309	488
West of Broad	48	8	184	240
East of Broad	121	2	125	248
Greater Center City	1,833	145	528	2,506

**FIGURE 4:  
COMPLETED  
RESIDENTIAL  
DEVELOPMENTS, 2016**

**UNIT COUNT:**



**FIGURE 5: COMPLETED RESIDENTIAL DEVELOPMENTS, 2016; 50 OR MORE UNITS**

NAME	AREA	ADDRESS	TYPE	UNITS
1919 Market	Core West	1919 Market St	Apartment	321
Rodin Square	Extended North West	501 N 22nd St	Apartment	293
One Water Street	Core East	250 N Christopher Columbus Blvd	Apartment	247
The Griffin	Core East	1346 Chestnut St	Apartment	217
The Latham	Core West	135 S 17th St	Apartment	141
The Collins	Core East	1112-28 Chestnut St	Apartment	112
Bridgeview	Extended South East	787 S Swanson St	Single Family	75
The Residences at Two Liberty Place	Core West	1601 Chestnut St	Condo	73
Waverly Court	Extended South East	412 S 13th St	Apartment	61
Transatlantic*	Extended North East	420-42 Fairmount Ave	Apartment / Single Family	51
Total units in larger projects (50 or more units)				1,591
Total units in smaller projects (less than 50 units)				915
<b>TOTAL UNITS</b>				<b>2,506</b>

\*There were 41 apartment units and 10 single-family units completed in 2016; five in 2015; and 10 remain under construction. The chart above reflects only units completed in 2016.



# WHAT'S IN THE PIPELINE?

Apartment development is accelerating. There are 4,167 rental units under construction in Greater Center City, with several clusters in the Core of large-scale developments: a ring around City Hall, in Old City and north and east of Logan Square. But there are also notable nodes of new development occurring along Broad Street, north and south, in Spring Garden and Franciscville neighborhoods and in Northern Liberties. There are 1,212 for-sale units under construction, 64% of which are single-family houses predominantly spread across the extended neighborhoods, with the largest cluster in Point Breeze. Condominiums, which account for the other 36% of new for-sale supply, are under construction both in the Core and in the extended neighborhoods, with a notable cluster in Northern Liberties (Figure 7).



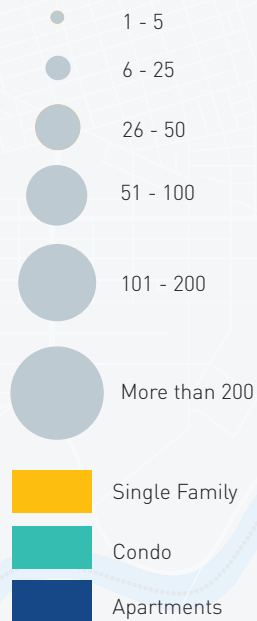
Peter Tobia

**FIGURE 6: IN-PROGRESS PROJECTS, 50 OR MORE UNITS**

NAME	AREA	ADDRESS	TYPE	TARGET COMPLETION DATE	UNITS
One Franklin Tower	Core West	200 N 16th St	Apartment	2017	360
Hanover North Broad	Extended North East	322 and 339 North Broad St	Apartment	2017	339
Lincoln Square	Extended South West	1000 S Broad St	Apartment	2018	322
East Market (Phase 1)	Core East	1101 Market St	Apartment	2017	322
1213 Walnut	Core East	1213 Walnut St	Apartment	2017	322
NorthxNorthwest	Extended North West	1801 Buttonwood St	Apartment / Single Family	2017	286
1601 Vine Street	Extended North West	1601 Vine St	Apartment / Single Family	2017	277
1401 Spruce Street	Core West	1401 Spruce St	Apartment / Condo	2018	200
Bridge	Core East	205 Race St	Apartment	2017	146
218 Arch St	Core East	218 Arch St	Apartment	2018	116
The Beacon	Core West	1527-1533 Walnut St	Apartment	2017	98
Southwark on Reed	Extended South East	400 Reed St	Single Family	2017	91
The Fountain	Extended North East	1136 N American Street	Apartment	2017	80
Divine Lorraine	Extended North East	699 N Broad St	Apartment	2017	77
One Riverside	Core West	210-20 S 25th St	Condo	2017	68
The Curtis	Core East	699 Walnut St	Apartment	2017	57
1002 N 2nd Street	Extended North East	1002 N 2nd St	Apartment	2017	53
313 Race St	Core East	313 Race St	Condo	2018	50
The Armory Lofts	Extended South East	1221 S Broad St	Apartment	2017	50
Total In-Progress Units in Large Projects (50 or More)					3,314
Total In-Progress Units in Smaller Projects (Less than 50)					2,065
<b>TOTAL IN-PROGRESS UNITS</b>					<b>5,379</b>

**FIGURE 7:  
IN-PROGRESS  
RESIDENTIAL  
DEVELOPMENTS, 2016**

UNIT COUNT:



**FIGURE 8: IN-PROGRESS DEVELOPMENTS BY AREA, 2016**

AREA	APARTMENT	CONDO	SINGLE FAMILY	TOTAL
Core	1,725	205	82	2,012
West of Broad	631	117	46	794
East of Broad	1,094	88	36	1,218
Extended Center City	2,442	230	695	3,367
Extended North	1,745	88	254	2,087
West of Broad	858	34	63	955
East of Broad	887	54	191	1,132
Extended South	697	142	441	1,280
West of Broad	418	62	245	725
East of Broad	279	80	196	555
Greater Center City	4,167	435	777	5,379



THE BEACON

Peter Tobia

# CAN THE SUPPLY BE ABSORBED?

## RENTAL MARKET: 4,167 NEW UNITS

Rent and occupancy levels are the prime indicators of how the market is responding to new supply. But given the diversity of apartment offerings, (large new, professionally managed buildings, older managed inventory, smaller buildings and townhouses that may be rented by small businesses or individual owners), it is nearly impossible to obtain a 100% sample of the market. Delta Associates completes a quarterly survey of “Class A” rental buildings by focusing on larger, newer and professionally managed apartments. Their survey is citywide, but with a strong focus on Center City. They describe a market that is healthy, but showing signs of cooling, with rents in Philadelphia effectively flat between 2015 and 2016 (+0.1%), and vacancy rising 0.8% to a still very low 3.6%. But due to the nature of their sample, they do not capture the impact of new supply on older and smaller inventory.

By contrast, RentHub scans all on-line listings of new and existing rental units and focuses in detail on Greater Center City.<sup>2</sup> Their data show 2016 median rent across Greater Center City up 3% over 2015, and up 7% over 2014. RentHub calculates a small rent decline

from 2015 to 2016 of -1% in Core West Center City, while Core East showed the biggest gain, up 13% from \$2.15 per square foot to \$2.43 per square foot in asking rent (Figure 9). All four quadrants of Extended Center City experienced rent increases, varying from 3% to 7%. This corresponds to data assembled in the Zillow Rental Index for the multifamily rental market citywide showing rent rising by 3.4% between 2015 and 2016.

RentHub finds rents in the Core neighborhoods uniformly higher than those in the extended neighborhoods, led by the three “square” neighborhoods — Washington, Logan, and Rittenhouse — all of which saw the addition of new high-end rental product in 2016. Outside of the Core, rents were highest in the neighborhoods immediately adjacent to the core downtown, generally tapering off with distance (Figure 10).

**But all three surveys track asking rent and may not capture the rent concessions, such as one or more months of free rent, which are now being offered in several new buildings.**

In effect, Delta Associates, RentHub and Zillow provide market measures of the impact of new units on other new units and on existing *supply*. An estimate of *demand* can be derived from American Community Survey (ACS) household data, so long as it is recognized that these are estimates, based on a five-year, averaged sample of a much smaller group than those captured in the decennial census.

2: RentHub scans, cleans, and de-duplicates online rental listings to aggregate a database of advertised asking rents.



ACS suggests that Center City added households at the rate of 1,214 per year between 2010 and 2015 with the number increasing each year (Figure 11). CCD surveys record the addition of 1,502 new housing units per year from 2010 to 2016 for a potential of 288 surplus units per year. But CCD's counts are gross tabulations of new inventory added to the market without netting out units that may have been demolished to build new buildings or units that may have been converted to other uses. For example, if an older, 30-unit apartment building was demolished to make room for 10 new townhomes, that would result in a net decrease of 20 units. A row home with three-apartments that gets converted to a single-family dwelling results in a net decrease of two housing units. It is also helpful to put this potential "surplus" in perspective: Greater Center City's housing market consists of approximately 100,000 housing units; 288 more units represents an annual increase of less than half a percent.

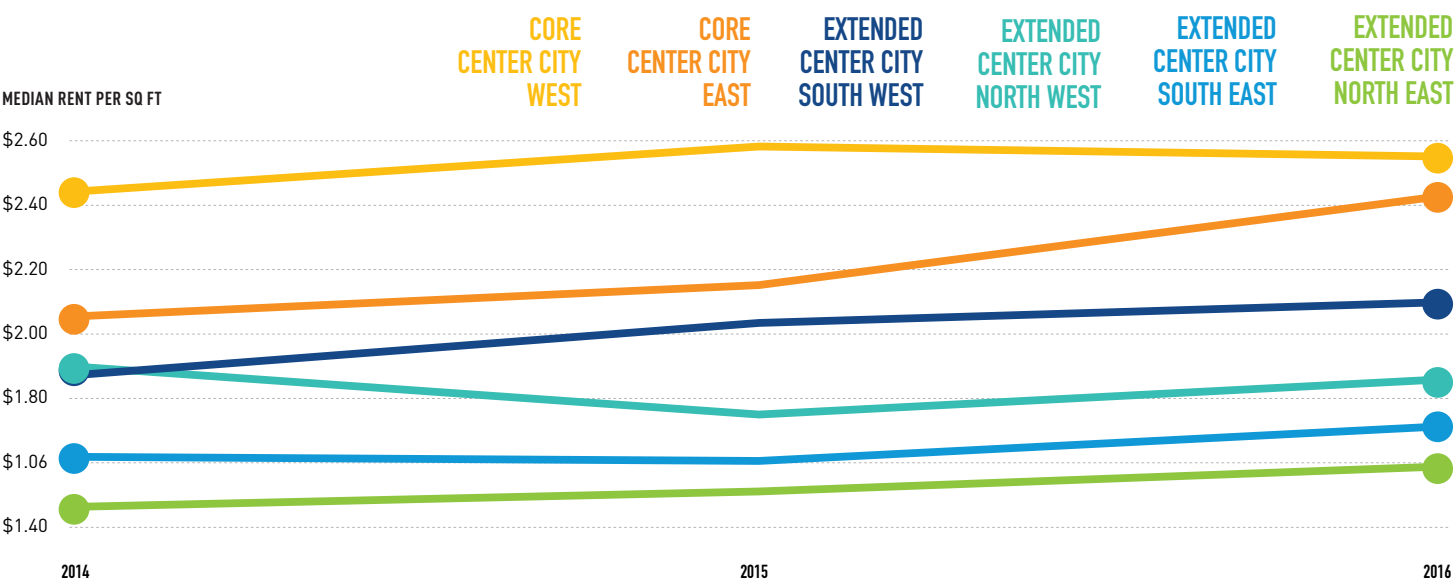
But the effect of the additional 4,167 rental units now under construction clearly will be more significant. If one assumes that 50% of the new supply will be delivered in 2017 and 50% in 2018, that will represent a 14% increase in new supply over 2016 levels, coming on-line in each of the next two years. But, based on announced completion dates, 3,127, or 75%, of these apartments are scheduled for delivery in 2017, representing a 71% increase in new supply over 2016 levels and nearly three times as many apartments to fill than the annual average since 2010.



Peter Tobia

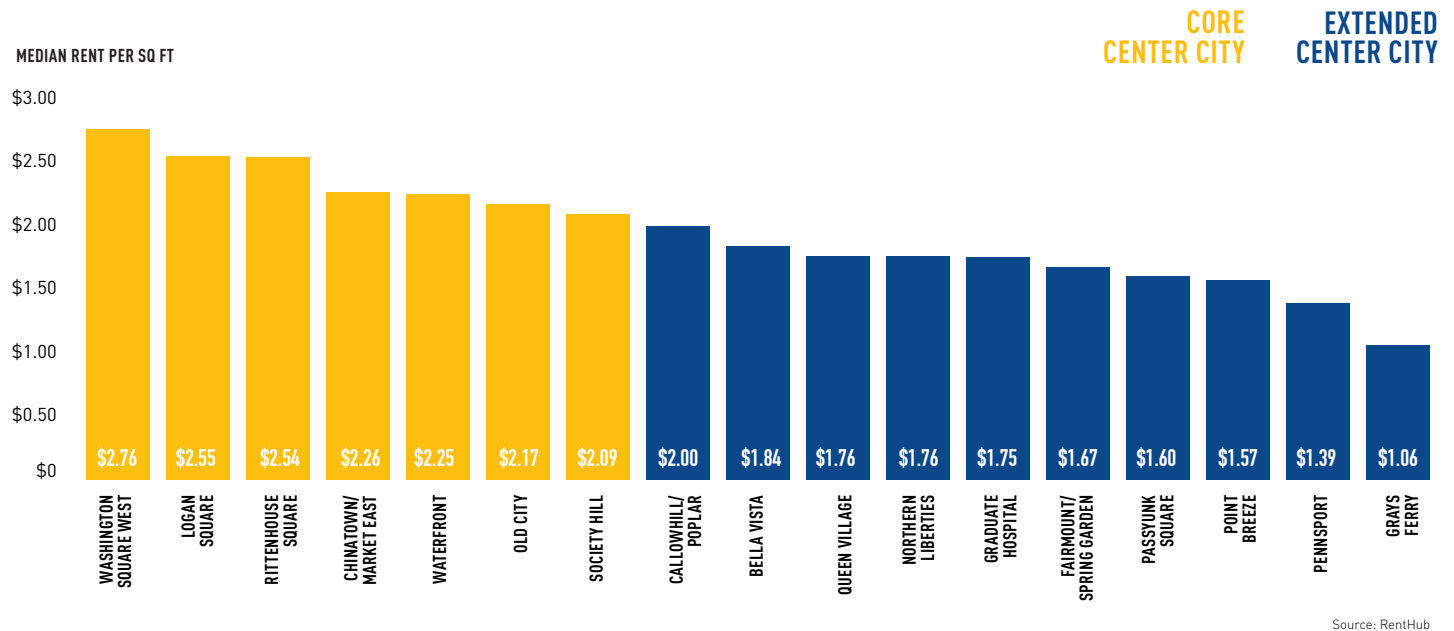
# THE 3,127 APARTMENT UNITS SCHEDULED FOR COMPLETION IN 2017 REPRESENT A 71% INCREASE OVER THE NUMBER OF UNITS COMPLETED IN 2016.

FIGURE 9: MEDIAN ASKING RENT PER SQUARE FOOT, 2014-2016



Source: RentHub

**FIGURE 10: MEDIAN ASKING RENT PER SQUARE FOOT BY GREATER CENTER CITY NEIGHBORHOOD**

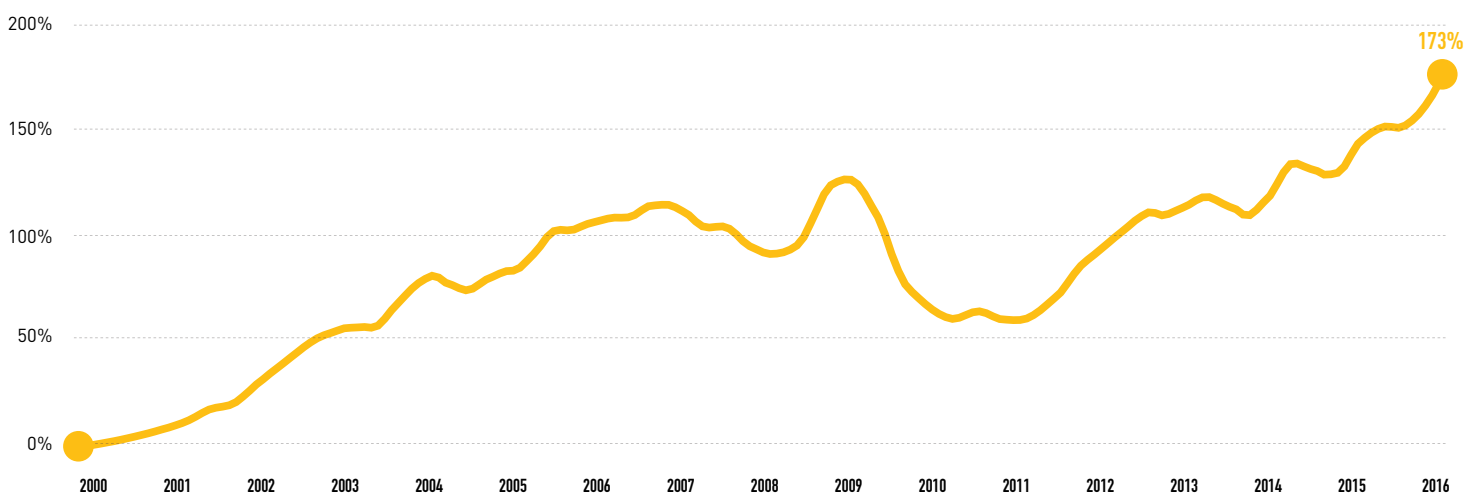


**FIGURE 11: HOUSEHOLD GROWTH, 2010–2016**

	2010 BASE	2011	2012	2013	2014	2015	2016
Households	88,618	89,793	90,983	92,189	93,411	94,649	95,904
Change		1,175	1,190	1,206	1,222	1,238	1,255

Source: 2010 Census and CCD estimates based on ACS 5-Year samples

**FIGURE 12: GREATER CENTER CITY PERCENT CHANGE IN HOUSE PRICES, 2000–2016**



Source: Econsult Solutions, Philadelphia Housing Index



# CAN THE SUPPLY BE ABSORBED?

## HOMEOWNERSHIP: 1,212 NEW UNITS

Because the overwhelming share of housing sales are handled by professional brokers and the industry tracks those transactions through a Multiple Listing Service, data on home sales are far more comprehensive.<sup>3</sup> Even with the addition of substantial new supply in each of the last four years, the volume of sales of all ownership units — new and existing — was up 7% in 2016; average prices rose 6%; and the length of time properties took to sell (days on market) was down by 8%. The most important indicator of sustained demand is that, even as supply and prices have been rising, the number of days that houses have stayed on the market has steadily dropped over the past five years, from 108 days to 73 days (-32%) in the Core and from 87 days to 57 days (-35%) in the extended neighborhoods (Figure 13). This means that houses in 2016 sold four or five weeks faster than they did just five years ago.

Three-quarters of the homes sold in 2016 were in the Extended Center City neighborhoods, particularly those to the south between Pine and Tasker — which accounted for half of all home sales. That geographic distribution of sales has been consistent over the past five years.

The Philadelphia Housing Index compiled by Econsult Solutions shows a Greater Center City market that has fully rebounded and substantially surpassed levels prior to the Great Recession, with long-term value appreciation since 2000 averaging 6% per year (Figure 12).

FIGURE 13: PACE AND VOLUME OF SALES, 2012–2016

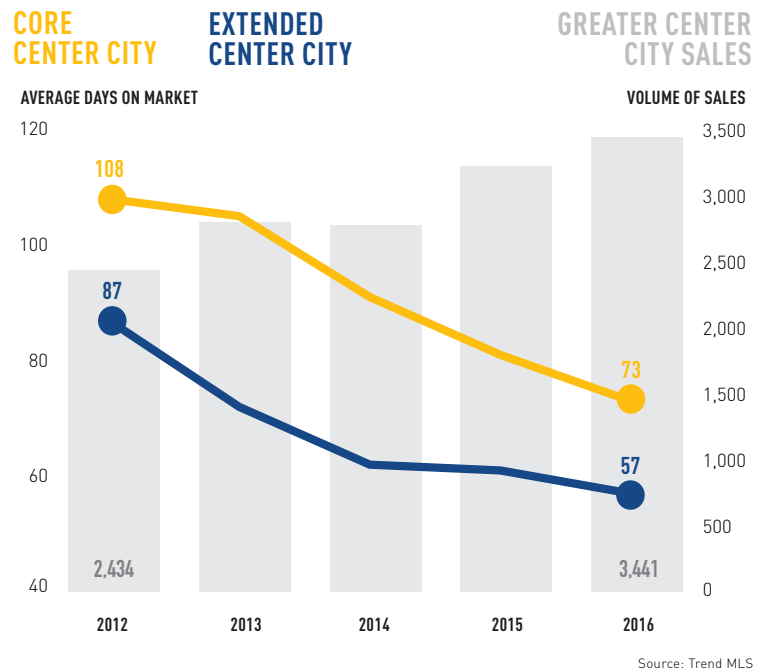


FIGURE 14: BROKERED RESIDENTIAL SALES, 2016

AREA	SALES 15	SALES 16	CHANGE	AVG PRICE 15	AVG PRICE 16	CHANGE	DAYS ON MARKET 15	DAYS ON MARKET 16	CHANGE
Core	785	891	+14%	\$602,970	\$632,848	+5%	81	73	-10%
West of Broad	415	470	+13%	\$515,893	\$494,185	-4%	76	76	-1%
East of Broad	370	421	+14%	\$700,637	\$787,649	+12%	87	71	-18%
Extended Center City	2,435	2,550	+5%	\$374,328	\$395,189	+6%	61	57	-7%
Extended North	756	810	+7%	\$375,825	\$421,106	+12%	67	56	-16%
West of Broad	490	501	+2%	\$345,516	\$378,932	+10%	63	51	-19%
East of Broad	266	309	+16%	\$431,658	\$489,484	+13%	73	63	-14%
Extended South	1,679	1,740	+4%	\$373,654	\$383,125	+3%	59	57	-3%
West of Broad	968	1,015	+5%	\$336,389	\$355,008	+6%	54	53	-2%
East of Broad	711	725	+2%	\$424,389	\$422,489	-0.4%	65	63	-3%
Greater Center City	3,220	3,441	+7%	\$430,068	\$456,728	+6%	66	61	-8%

Source: TrendMLS

3: MLS data provided courtesy of Nigel Richards, Coldwell Banker Preferred



2ND AND VINE

Peter Tobia



ONE RIVERSIDE

Peter Tobia



# THE APPEAL OF GREATER CENTER CITY LIVING

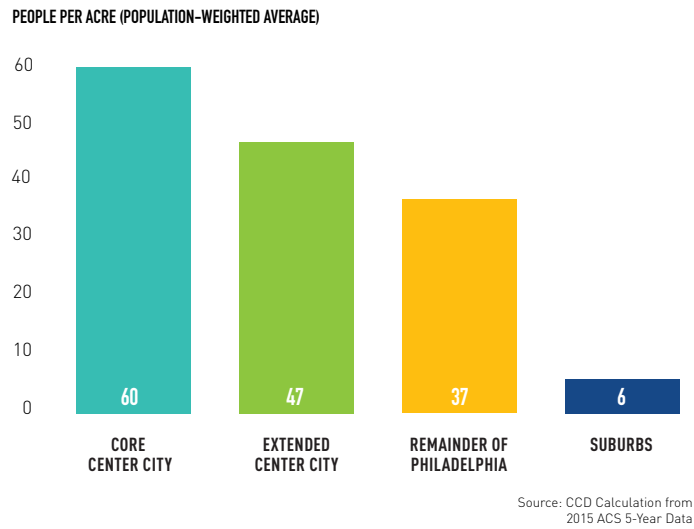
To answer questions about long-term sustainability, one needs to look beyond quantitative measures of rent, vacancy, price and the velocity of the market, to broader changes in workplace, neighborhood and housing preferences as well as at underlying demographic trends.

Like nearly all North American downtowns, Greater Center City has capitalized on the growing preference for diverse and walkable, live-work settings. While 79% of suburban residents in this region commute by car from residential neighborhoods to commercial workplaces, 42% of Greater Center City residents work near where they live downtown and 11% work in University City. This enables more than 60% to commute without a car and 40% to forgo the costs of car-ownership entirely. Unlike most single-use, suburban residential neighborhoods separated by zoning from commercial districts, the diversity of downtown land-use provides extensive retail, dining, cultural and educational offerings within walking distance. Residents of Center City also have easy access to five hospitals providing world-renowned medical care in their own backyards.

The compact and intimate-scale street-grid that Philadelphia inherits from the 17th century not only facilitates walkability, it reinforces density, concentrating 60 residents per acre in the Core and 47 per acre in the extended neighborhoods – compared with 37 per acre in the rest of Philadelphia and just six people per acre in the suburbs (Figure 15). Density makes possible frequent public transit, cab, ride- and bike-sharing services. More than 60% of Greater Center City residents have a transit-commute time to City Hall (the geographic center of the downtown) of 15 minutes or less; 25% walk to work.

On a scale of 0-100, WalkScore.com ranks every neighborhood in Greater Center City 90 or above in Walkability (a “Walker’s Paradise”). Core Center City is scored as a “paradise” for transit and

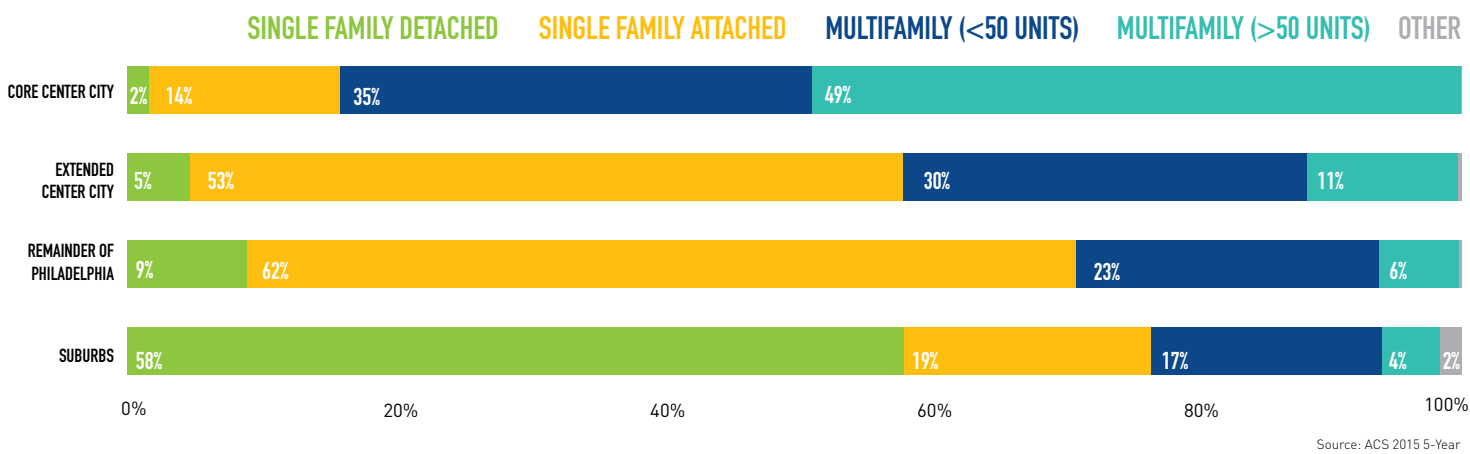
FIGURE 15: COMPARATIVE POPULATION DENSITY



bicycling, with scores in the high 90s. The Greater Center City neighborhoods outside the Core also ranked “Excellent” for transit and “Very Bikeable.”

Downtown also provides a broad range of housing types that appeal to people at all stages of their lives, strengthening Center City’s ability to retain residents long-term as their needs change (Figure 16). While 77% of suburban housing units are single-family, free-standing or attached units, downtown offers (often in the same neighborhood) historic or new high-rise apartments and condos, colonial, federal and late 19th century rowhouses, brownstones and trinities, newly constructed townhouses, converted lofts and repurposed office buildings. Some provide their own gyms, swimming pools, meeting rooms, bike-share programs, garages or valet parking. A design and real estate community experienced with repurposing has also given Center City the flexibility to respond to changing market preferences: offices and factories have been converted to housing; banks have become restaurants and hotels; office space has reclaimed the upper floors of old department stores.

FIGURE 16: HOUSING UNITS BY TYPE







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## SHIFTING MARKET PREFERENCES

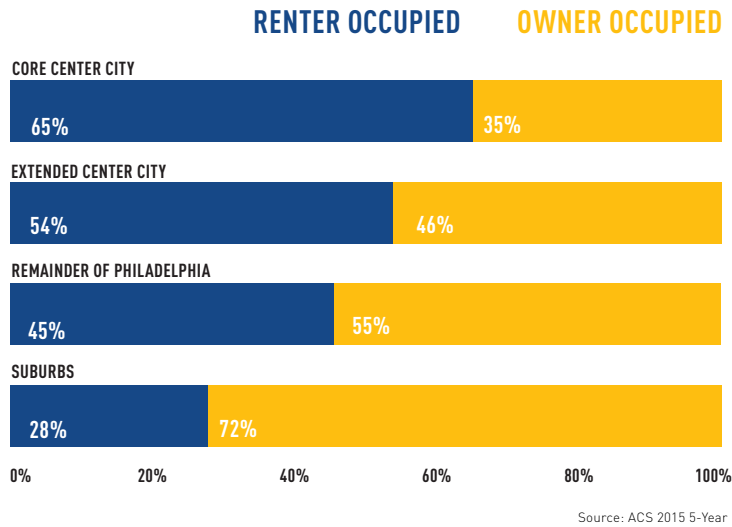
Center City is also benefitting from shifting national consumer housing preferences from ownership towards rental.<sup>4</sup> Following the Second World War, there was an explosive growth of suburban, single-family housing supported by FHA-insured lending practices that for 20 years favored the suburbs, while initially redlining cities. Even as recently as the period 1990 to 2010, 82% of building permits in Philadelphia and adjacent counties were issued for single-family units. But the number of single-family permits contracted significantly following the Great Recession and has remained lower, with multifamily now accounting for 44% of permits issued in the region since 2010. That shift significantly favored Philadelphia. In the 1990s, the city accounted for only 24% of the region's multifamily permits and just 18% of overall housing permits. In 2015, Philadelphia accounted for 52% of the region's new multifamily units and 38% of all types of units — a percentage larger than our current share of the region's population (Figure 18).

Household data from the American Community Survey reveal a similar trend. In the Philadelphia suburbs between 2005 and 2015, there was a 1% decrease in the number of owner-occupied households and a 14% increase in the number of renter-occupied households. Within Philadelphia there was a 5% decrease in households who owned their home and a 13% increase in those renting. Overall across the region from 2005 to 2015, there has been a drop from 70% of households owning their own home to 66%. When combined with a 3% total growth in households across the region in the last decade, that adds up to 85,000 more renter-occupied households. More than a third of that increase can be found in Philadelphia — much of it in Greater Center City.

Shrinking household size is also fueling the demand for apartments. In 1967, only 8% of Americans lived alone — a figure that has risen to 15% in 2016. In Philadelphia, the average household size has contracted from 3.0 persons in 1970 to 2.6 in 2015, meaning that for every 100 people, five additional housing units are required today compared to 1970. Across the city, 55% of those living alone are renters. In most neighborhoods of Core Center City, household size averages just 1.6 persons per unit.

<sup>4</sup>: After peaking at a high of 69% in 2004, the national homeownership rate was down to 63% at the end of 2016. In Philadelphia, the rate peaked at 70% in 2005 and has since declined to 67% as of 2015. The trend pre-dated the recession-induced foreclosure crisis and the resulting tightened lending criteria and has continued well after the economy went into expansion and interest rates remained low, though flat or falling household incomes are also a factor.

**FIGURE 17: HOUSEHOLD TENURE, 2015**

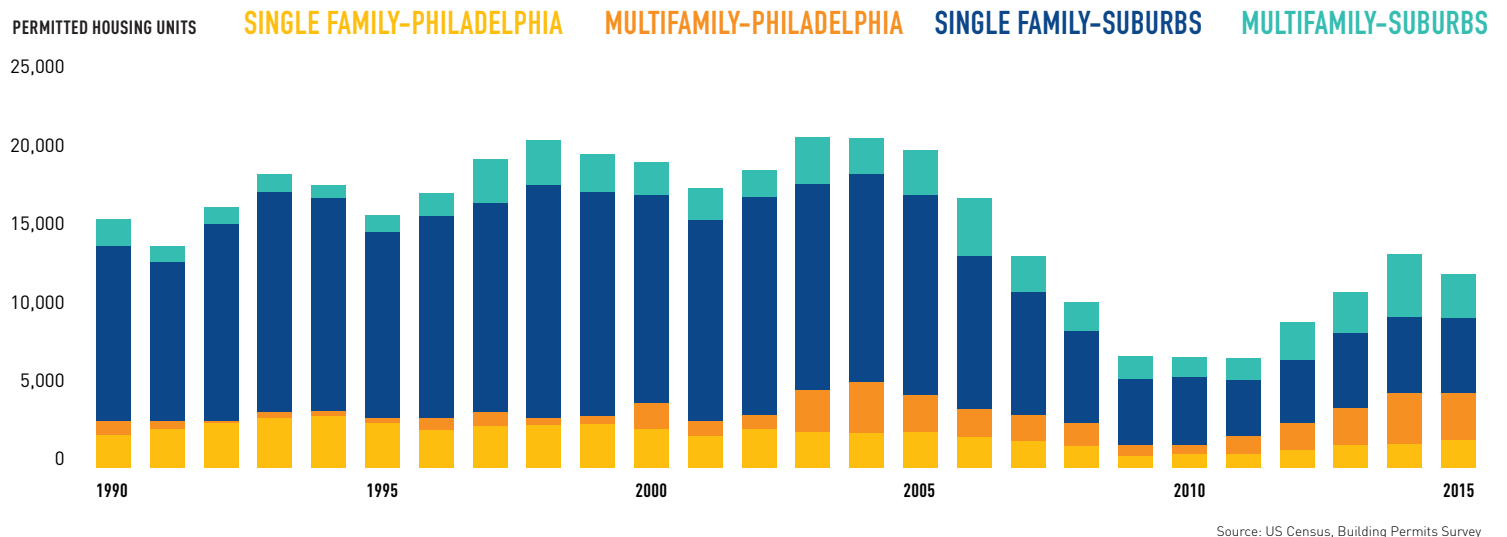


**IN 1990, PHILADELPHIA ACCOUNTED FOR ONLY 18% OF THE REGION'S HOUSING PERMITS; IN 2015, THE CITY'S SHARE HAD GROWN TO 38% OF ALL UNITS AND 52% OF THE REGION'S NEW MULTI-FAMILY UNITS.**



Peter Tobia

**FIGURE 18: BUILDING PERMITS BY TYPE, 1990–2015**







Matt Stanley



Edward Savania Jr



# WHO LIVES IN GREATER CENTER CITY?

A current snapshot of Greater Center City provides a portrait of economically diverse neighborhoods with well-educated households significantly smaller than the city-wide norm. All neighborhoods have larger cohorts of millennials than the citywide average, with eight downtown neighborhoods having at least double the region's share of 20 to 34 year olds. At the same time, many Center City neighborhoods equal or exceed the region's average of those 60 years and older. Virtually all the neighborhoods have extraordinarily high percentages of residents who do not rely on a car to get to work (Figure 19).

**WHILE MILLENNIALS MAKE UP 20% OF THE REGION'S POPULATION, THEY CONSTITUTE 40% OF THE POPULATION OF GREATER CENTER CITY.**

**FIGURE 19: GREATER CENTER CITY NEIGHBORHOOD PROFILES**

	NEIGHBORHOOD	AVERAGE HOUSEHOLD SIZE	PERCENT OF HOUSEHOLDS WITH CHILDREN	PERCENT AGES 20-34	PERCENT 60 AND OLDER	PERCENT BACHELOR'S OR MORE	AVERAGE HOUSEHOLD INCOME	NON-AUTO COMMUTING MODE SHARE	PERCENT NO-VEHICLE HOUSEHOLDS
CORE CENTER CITY	Chinatown/Market East	1.9	8%	56%	9%	47%	\$78,600	73%	56%
	Logan Square	1.6	5%	44%	28%	74%	\$98,800	68%	42%
	Old City	1.6	5%	56%	9%	81%	\$125,000	62%	39%
	Rittenhouse Square	1.6	7%	48%	20%	86%	\$125,500	76%	51%
	Society Hill	1.9	14%	27%	31%	82%	\$159,000	56%	26%
	Washington Square	1.6	6%	54%	16%	77%	\$85,100	72%	60%
	Waterfront	1.8	8%	31%	31%	70%	\$136,100	44%	4%
	Bella Vista	2.1	17%	34%	16%	69%	\$100,000	65%	32%
EXTENDED CENTER CITY	Callowhill/ Poplar	2.3	23%	32%	21%	27%	\$46,500	63%	52%
	Fairmount/ Spring Garden	2.2	17%	37%	15%	58%	\$87,100	53%	27%
	Graduate Hospital	2.2	15%	43%	12%	68%	\$101,200	63%	34%
	Grays Ferry	2.7	25%	28%	15%	9%	\$35,800	55%	50%
	Northern Liberties	1.9	9%	48%	8%	71%	\$116,700	43%	13%
	Passyunk Square	2.5	17%	32%	17%	42%	\$67,400	64%	37%
	Pennsport	2.7	23%	35%	13%	36%	\$73,100	41%	26%
	Point Breeze	2.4	21%	34%	17%	27%	\$50,700	64%	49%
	Queen Village	2.0	17%	40%	14%	78%	\$123,700	58%	23%
	PHILADELPHIA AVERAGE	2.6	27%	26%	18%	25%	\$56,418	41%	32%
	METRO AREA AVERAGE	2.6	31%	20%	20%	35%	\$86,681	19%	14%

Source: ACS 2015 5-Year



Matt Stanley

## MILLENNIAL BULGE

Greater Center City's rental market, along with downtown markets across the country, are being driven in part by a national, demographic bulge of millennials, defined approximately as those born from 1981 to 1996, which in 2016 corresponded with those between ages 20 and 34. While the millennial generation makes up 20% of the region's population and 26% of the city's, they comprise 46% of the Core Center City population and 40% of the population of Greater Center City overall. This age cohort nationally is currently tending to live alone, marry later, have smaller families and delay homeownership. They constitute a major source of demand for Center City's surging rental supply.

But in order to sustain growth, Philadelphia needs first to retain millennials as they age and form families and, second, attract a steady stream of replacements to fill the apartments of those who choose to become homeowners. A 2014 Pew Philadelphia Poll found that half of millennials did not expect to be living in Philadelphia in five or 10 years. The top two reasons cited for expecting to leave were

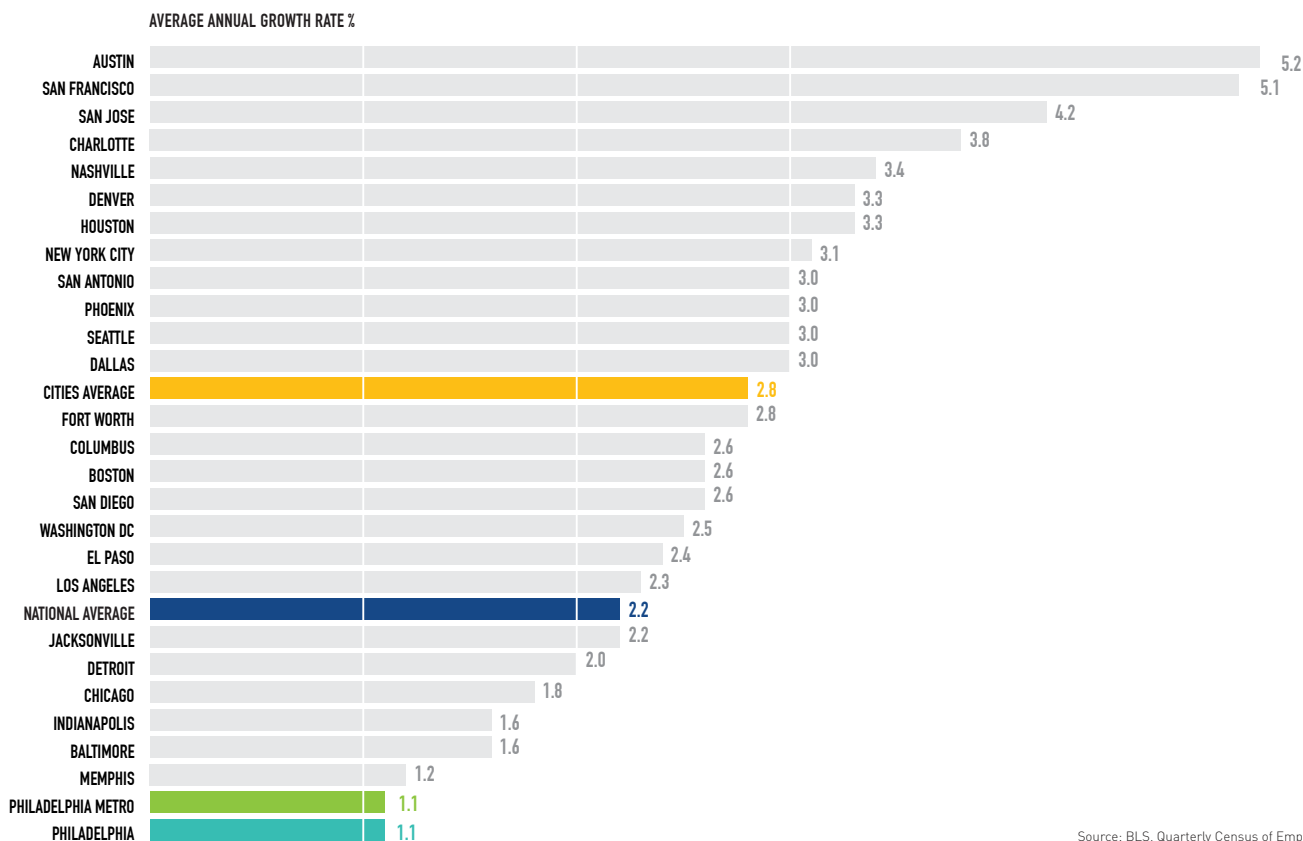
"job/career" (38%) and "schools/child upbringing" (29%). Only 10% said they thought they would leave because they "prefer a suburban lifestyle."<sup>5</sup> Whether millennials stay or go as they enter the next phase of their lives will depend in part on Philadelphia's ability to grow more jobs and improve public schools.

## JOB GROWTH

Since 2010, Philadelphia has added 45,000 jobs, growing at a rate of 1.1% per year. Compared to the image in our rearview mirrors, this is a very positive trend. But the nation as a whole has grown jobs at the rate of 2.2% per year during the same period and the 25 largest American cities have outperformed the national economy, growing at 2.8% per year (Figure 20). If the city's economy had grown at the same rate as the nation's as a whole, we would have added 94,500 jobs since 2010. Had we grown at the rate of the 25 largest cities, we would have added 122,000 more jobs (rather than 45,000 more) since 2010, helping substantially to reduce the unemployment rate and retain new imports to the city, especially those carrying the burden of significant college debt.

5: *Millennials in Philadelphia*, The Pew Charitable Trusts, 2014

**FIGURE 20: AVERAGE ANNUAL GROWTH IN WAGE AND SALARY JOBS, 2010–2015**



Source: BLS, Quarterly Census of Employment and Wages

## CHILDREN AND SCHOOLS

Currently only 7% of households in the Core and 18% of households in the extended neighborhoods have children under 18 years old. This is substantially lower than the 31% of households in the region and the 27% in the city that have children. Over the next several years, Philadelphia will face the challenge of retaining its large cohort of millennials as they begin to form their own families. While this stage may come later for this generation than in the past, eventually many of these residents will face the question of whether to stay in the city or decamp to the suburbs.

Greater Center City benefits enormously from the presence of 19 public elementary schools, with a combined 2016 enrollment of 7,899 students, up 5% since 2010. Seventy-six percent of Greater Center City's school-age children are attending public school and their parents are actively engaged in improvement efforts to help make these quality, neighborhood schools. School district data show a high level of success: 81% of students filling public class-

rooms in Greater Center City come from the neighborhoods of Greater Center City, a significant increase from a decade ago.<sup>6</sup>

But the chronic funding crisis has made retention a major challenge. Births to Center City parents, as a percentage of citywide births, have been growing since at least 2000 and accounted for 11% of all citywide births in 2015. In most areas of the city, the number of school-age children (5 to 18) closely tracks the number of births in the prior 17 years. But the most recent American Community Survey (ACS) data for Greater Center City for 2011-2015 show that while there were 11,039 births to Center City parents in that five-year period, only 8,386 children under age 6 remain, suggesting a 24% departure rate from Greater Center City by the time young children reach school age. Elsewhere in the city, the difference between births and school-age children is less than 3%.<sup>7</sup>

6: CCD analysis of Philadelphia School District data

7: For an analysis of the relationship between job trends and the available funding for schools, see *Philadelphia: An Incomplete Revival*, available at [Bit.ly/2IPa27k](http://bit.ly/2IPa27k).





THE COLLINS

Peter Tobia

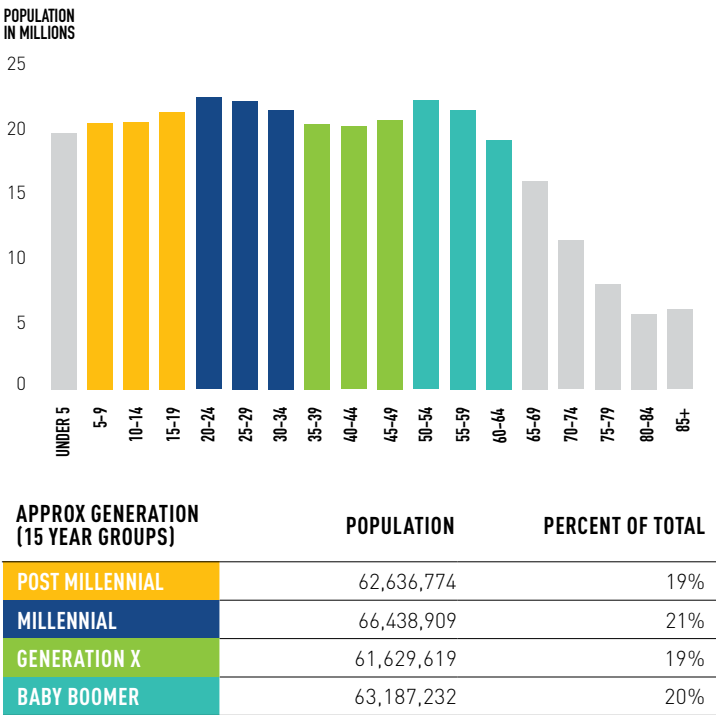


500 WALNUT

Peter Tobia



FIGURE 21: USA AGE DISTRIBUTION



# MILLENNIAL PEAK?

Millennials provide a time-limited opportunity for Philadelphia, based on the size of the age cohort behind them who will soon enter the job and rental markets. Nationally and regionally (Figures 21 and 22), the millennial generation is both larger than the boomer generation and the as-yet unnamed, post-millennial generation born after 1996, currently ages 4 to 19.

But the millennial peak is particularly pronounced in Philadelphia and the drop-off behind them is more dramatic than in the nation and or surrounding region (Figure 23). Part of this may be explained by the presence of so many colleges and universities in the city that draw a new class of 18 year olds each year into Philadelphia. Figure 24, drawn from ACS data of recent in-movers to the city, shows how pronounced is the spike of 18 year olds. Philadelphia has a much higher rate of retention of college graduates who come from this region than those who come from other regions and from abroad. So as Philadelphia colleges and universities continue to compensate for declining national and regional demographics by increasing their enrollment from outside the region and from abroad, the challenge of retention becomes greater.

FIGURE 22: PHILADELPHIA METRO AREA AGE DISTRIBUTION

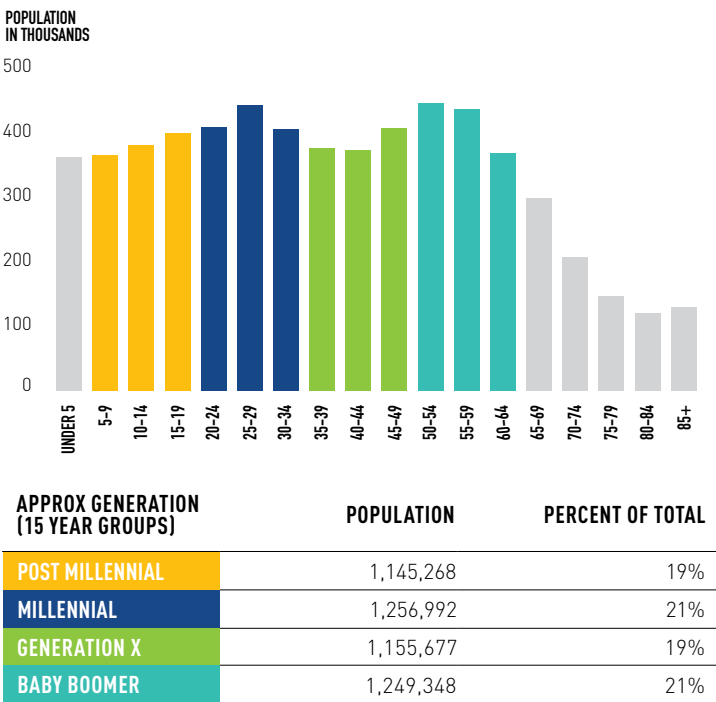
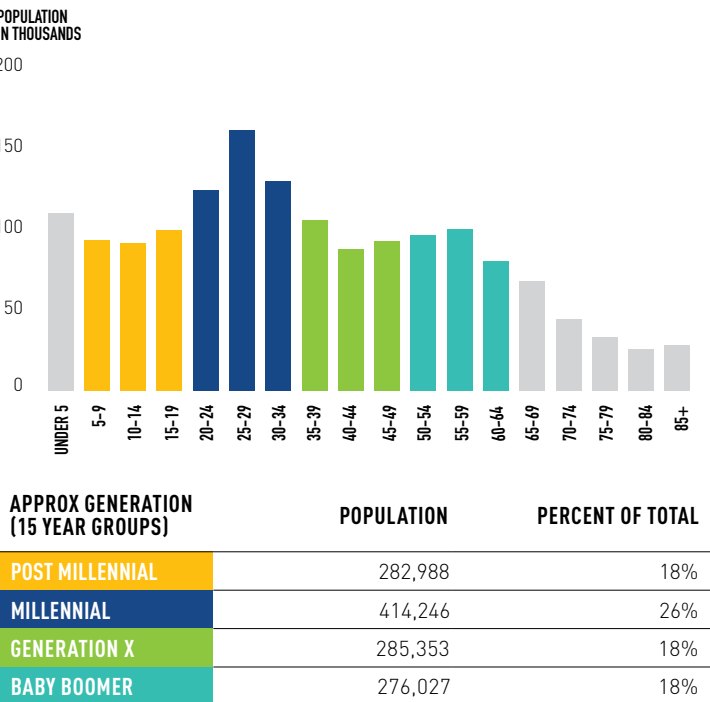
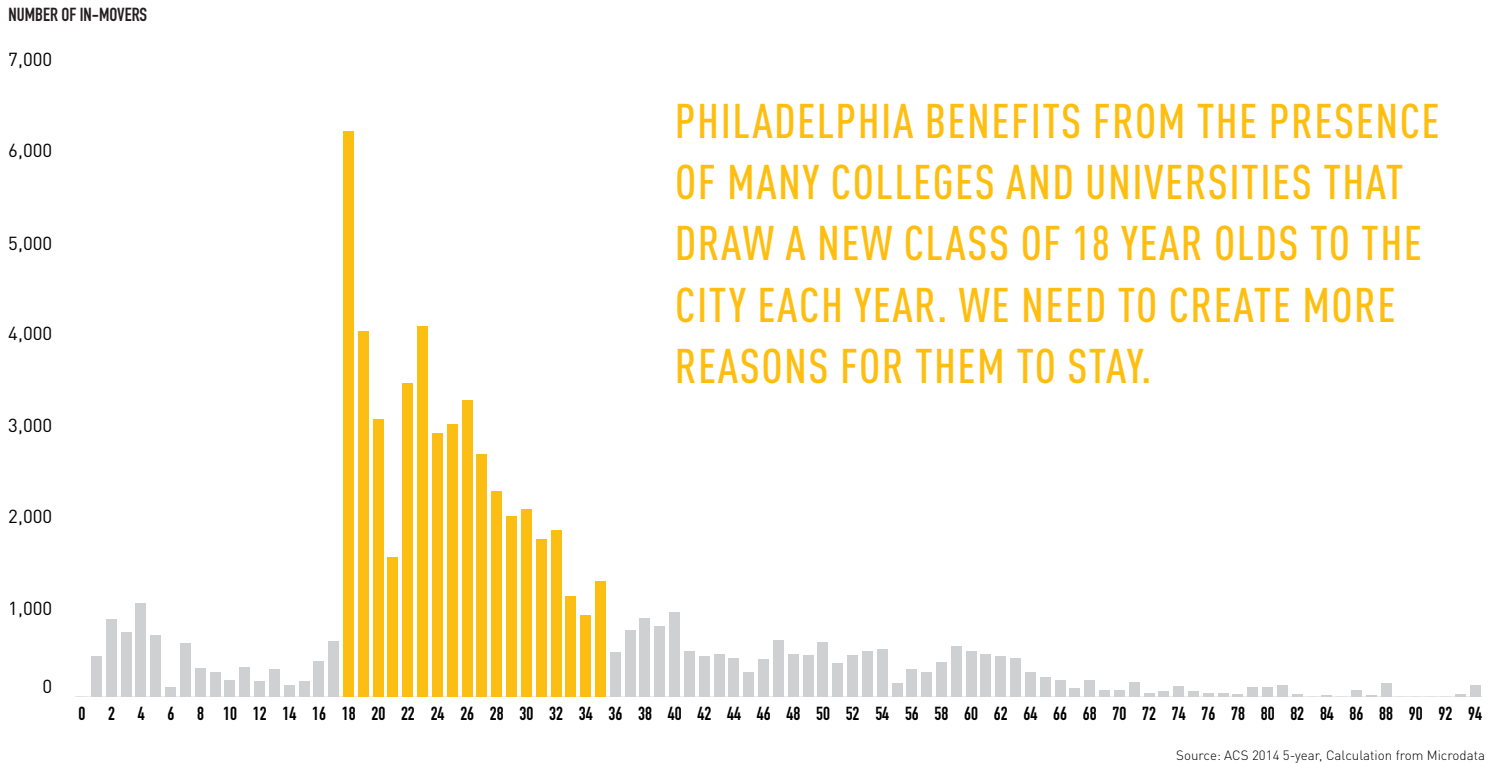


FIGURE 23: PHILADELPHIA AGE DISTRIBUTION





**FIGURE 24: AGE DISTRIBUTION OF IN-MOVERS TO PHILADELPHIA**



## CONCLUSION

Center City enjoys significant competitive advantages that align well with changing national lifestyle and employment preferences. Density, walkability and convenient access to restaurants, retail, culture, and medical care are appealing to all ages and, particularly, to young adults and empty nesters. Put simply, Greater Center City has more of what more people want. But Philadelphia’s slow job growth and the uncertainties surrounding public school funding tend to limit our ability to maximize these competitive strengths. While the fundamentals of the homeownership market and the appeal of downtown living remain very strong, in the immediate near term, there will likely be some excess supply of rental units that will cause rents to moderate, leasing to take a little longer and vacancy rates to rise in some existing apartment buildings. But if Philadelphia’s business, civic and political leaders can coalesce around an agenda of competitiveness and inclusive growth, not only can we retain those who have recently chosen to be here, all neighborhoods across the city can benefit from expanding employment opportunities and the rising demand for urban living.



Jim Abbott