 CENTER CITY REPORTS:

 PHILADELPHIA RETAIL

 DECEMBER 2017

 CENTER CITY DISTRICT & CENTRAL PHILADELPHIA DEVELOPMENT CORPORATION

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SINCE 2013, 60 NATIONAL RETAILERS HAVE ADDED CENTER CITY LOCATIONS, AUGMENTING A STRONG BASE OF LOCAL BOUTIQUES.
Center City’s flourishing retail scene builds on more than two decades of mixed-use development. Major office and institutional expansion has gone hand-in-hand with convention, tourism, entertainment and residential growth, dramatically broadening the base of retail customers. Today, 300,000 workers, 188,000 residents, 3.2 million occupied hotel room nights and 108,000 college students combine to create more than $1 billion in retail demand annually.

A dramatic increase in affluent and highly educated Center City residents since 2000 has attracted 60 national retailers in the last four years. These stores supplement a strong base of local boutiques and independents, enhancing Philadelphia as a national retail destination.

Forty percent of residents living in the neighborhoods between Tasker Street and Girard Avenue work within these same boundaries; another 13% work in adjacent University City; 62% get to work without a car; 40% of those in close-in neighborhoods walk to work each day, passing hundreds of retail and restaurant establishments. As a result, more than 2 million square feet of new retail space is currently being developed, expanding Philadelphia’s prime retail district and reactivating long-dormant downtown shopping streets. Both local and national developers are choosing Center City, and more than $9 billion is being invested or is planned for major developments within the downtown.¹

¹ According to Center City District’s report, “Center City Philadelphia Developments 2017,” as of the end of Q4 2016, there were 81 projects between Spring Garden Street and Washington Avenue that were either completed in 2016 or in the pipeline for completion. Of those, 59 projects were completed or under construction, representing $6.3 billion, and another 22 were under development, representing an additional $3.3 billion investment in Center City.
RETAIL DEMAND IS DRIVING THE EXPANSION OF PHILADELPHIA’S PRIME RETAIL DISTRICT AND MORE THAN 2 MILLION SF OF RETAIL UNDER DEVELOPMENT.
RETAIL MARKET SNAPSHOT

While Center City is feeling the pressures that impact all retailers globally, occupancy on prime retail corridors in Center City remains a healthy 95.5%, sustained by downtown’s desirable demographic, rich in highly-educated millennials and affluent empty nesters.² By comparison, in Q2 2017 retail vacancies hit 10% nationally³ and 8.2% regionally.⁴

Globally, retailers are challenged by the need to find the right mix of online and brick-and-mortar locations, while creating unique environments that bring shoppers into stores. But those who find the right balance and create unique and memorable in-store experiences are thriving. Center City’s density, diversity and walkability create opportunities for retailers seeking to capitalize on demographic patterns favoring urban cores in America.

While nationally, in-store retail sales are down in certain market segments, Center City is capitalizing on all the categories and retail concepts that are expanding nationally. These include grocery, home and garden, wellness and beauty, food and beverage, value/outlet and retailers who have found a way to integrate their online and in-store operations.⁵ Successful retailers are luring customers to brick-and-mortar locations by adding in-store technology, customization of merchandise, local and sustainable, and food and beverage to their in-store experience.

Over the past few years, as rents on West Walnut increased, both local and national retailers began migrating to adjacent streets, transforming West Chestnut Street and connecting numbered streets along Philadelphia’s prime retail district. The latest retailers to announce a Rittenhouse Row address include CB2 and Red Wing Heritage, who will be joining M.A.C., UNTUCKit, Warby Parker, Aesop, SLT NYC, and SPiN, all of which have opened within the last year.

Limited space and strong demand from brands seeking to enter the Center City market have led to retailors locating beyond Rittenhouse Square, driven by increasing residential density and new construction (see map on page 6). Retailors requiring larger floor plates are signing leases in developments coming online in the burgeoning Center City East neighborhood, reviving Philadelphia’s historic department store corridor. Tenants include PetSmart, MOM’s Organic Market, T.J. Maxx, Five Below, H&M, AMC Theatres, Iron Hill Brewery, P.J. Clarke’s, and outlet concepts for Levi’s, Francesca’s, Sketchers and Columbia Sportswear. There has also been an uptick in big box retailers signing

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2: This refers to vacancy rates for Walnut and Chestnut streets from Broad to 20th Street and was calculated using the CCD’s annual retail survey which was conducted in the summer of 2017.
3: Reis Inc.
4: Colliers International
5: US Census Bureau’s Retail Trade Report
SELECTED NEW CENTER CITY RETAILERS IN 2017

Source: Center City District

CENTER CITY FOOD ESTABLISHMENTS, 2017

- FULL-SERVICE RESTAURANTS: 453
- TAKEOUT/SANDWICH/QUICKSERVICE RESTAURANTS: 319
- COFFEE SHOPS: 95
- BARS/NIGHTLIFE ESTABLISHMENTS: 45
- BAKERIES: 33
- ICE CREAM/WATER ICE/FROZEN YOGURT: 29
- ALL OTHERS: 14

FOOD ESTABLISHMENTS: 988

CENTER CITY SERVICE PROVIDERS, 2017

- BEAUTY: 250
- HEALTH: 177
- REAL ESTATE: 132
- BANK/FINANCIAL: 102
- LEGAL: 102
- LAUNDRY: 73
- FITNESS: 66
- INSURANCE: 25
- CHILDCARE: 20
- ACCOUNTING: 18
- SOCIAL SERVICES: 16
- ART/COLLECTIBLE/HOBBIES: 13
- PET: 15
- OTHER: 198

SERVICE PROVIDERS: 1,207

Source: Retail Survey, Center City District
leases in neighborhoods surrounding the core of the downtown in larger retail developments currently under construction including, PetSmart, Sprouts Farmer’s Market, Yards Brewery and multiple Targets.

Additionally, grocers and grocer alternatives testing new urban concepts and online retailers opening brick-and-mortar locations are aggressively entering the Center City market in response to growing residential demand and a robust customer base.

While national retailers have grown significantly over the past few years, Center City is differentiated from other retail districts by the diverse array of local proprietors that make up 76% of the downtown tenant mix. Center City’s 992 retailers include 216 apparel stores, 160 jewelry stores, 138 food and drink retailers, and 118 home and garden establishments. One of the top dining destinations in the country, Center City’s 988 food establishments include 453 full-service restaurants and 319 takeout establishments. With 433 outdoor seating locations animating sidewalks, Center City continues to enjoy an increase in street vibrancy and activity. Center City’s large daily workforce and increasing residential population have also attracted a variety of service providers catering to their needs.

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**RESIDENTS**

<table>
<thead>
<tr>
<th></th>
<th>CORE CENTER CITY</th>
<th>GREATER CENTER CITY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population (2016)</td>
<td>64,838</td>
<td>187,874</td>
</tr>
<tr>
<td>Households (2016)</td>
<td>37,061</td>
<td>89,593</td>
</tr>
<tr>
<td>Aggregate Income*</td>
<td>$3,923,625,124</td>
<td>$8,225,822,092</td>
</tr>
<tr>
<td>Average Household Income*</td>
<td>$116,060</td>
<td>$95,963</td>
</tr>
<tr>
<td>Children born in 2016</td>
<td>425</td>
<td>2,145</td>
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<tr>
<td>Average Home Sale Price</td>
<td>$632,848</td>
<td>$456,728</td>
</tr>
<tr>
<td>Housing Units Completed in 2016</td>
<td>1,255</td>
<td>2,506</td>
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**EMPLOYMENT**

<p>| | |</p>
<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>Total Wage &amp; Salary Jobs</td>
<td>248,807</td>
</tr>
<tr>
<td>Payroll (2015)</td>
<td>$13,519,750,000</td>
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</table>

**VISITORS**

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Hotel Rooms</td>
<td>10,862</td>
</tr>
<tr>
<td>Hotels</td>
<td>43</td>
</tr>
<tr>
<td>Occupied Hotel Room Nights (2016)</td>
<td>3,181,000</td>
</tr>
<tr>
<td>Hotel Occupancy (2016)</td>
<td>78%</td>
</tr>
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</table>

**EDUCATION**

<p>| | |</p>
<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>Institutions of Higher Learning</td>
<td>14</td>
</tr>
<tr>
<td>Total Enrollment (2015)</td>
<td>13,584</td>
</tr>
</tbody>
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**DOLLARS OF DEMAND OF SHOPPERS’ GOODS**

<p>| | |</p>
<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>Office Workers</td>
<td>$180,487,384</td>
</tr>
<tr>
<td>Other Workers</td>
<td>$41,884,104</td>
</tr>
<tr>
<td>Residents</td>
<td>$124,488,960</td>
</tr>
<tr>
<td>Overnight Visitors</td>
<td>$414,383,128</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>$761,243,576</td>
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**TRANSPORTATION**

<p>| | |</p>
<table>
<thead>
<tr>
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<tbody>
<tr>
<td>Annual Philadelphia Airport Passengers (2016)</td>
<td>30.2 Million</td>
</tr>
<tr>
<td>Annual Amtrak 30th Street Station Passengers (2016)</td>
<td>4.3 Million</td>
</tr>
<tr>
<td>Average Weekday Ridership at Center City Stations (2016)</td>
<td>310,000</td>
</tr>
</tbody>
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GREATER CENTER CITY WORKERS, RESIDENTS AND OVERNIGHT VISITORS CREATE MORE THAN $1 BILLION IN RETAIL DEMAND.

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**NOTES:**

- A Center City District Report, “Outdoor Seating 2017”, documented 358 food establishments with café seating and 75 other outdoor seating locations, including plazas, in the core of the downtown.
WITH A GROWING NUMBER OF YOUNG FAMILIES CHOOSING TO LIVE DOWNTOWN THERE IS A DISTINCT OPPORTUNITY FOR CHILDREN’S RETAILERS, GIVEN THE SCARCITY OF CHILDREN’S MERCHANDISE IN CENTER CITY.
DEMAND DRIVERS: RESIDENTS

Demand for retail is driven by steady residential growth in Center City. Since 2000, the population between Tasker Street and Girard Avenue, river to river, has increased 19%, to 188,000, as well-educated workers choose to live close to office, university and health-service employers and take advantage of the broad array of cultural, entertainment and dining options. Residents within this area generate more than $360 million in retail demand. With household incomes averaging more than $116,000 and 78% of residents in the core holding at least a bachelor’s degree, Center City’s purchasing power continues to increase.

Millennials, entering their peak consumer-spending years, represent 40% of the downtown’s population, rising to 46% in the core. Center City has seen an influx of food and beverage, wellness, value, fast fashion, and experiential retail concepts, reflecting where millennials are choosing to spend their money.

Residential growth and purchasing power has also been driven by an increase in the number of young families choosing to live downtown. Since 2000, 33,470 children were born to Center City parents and the 2010 Census documented a 42% increase in the number of children under the age of five. This trend is expected to continue as millennials age, settle down and choose to raise children in the city. Through this process many families are choosing to move to the more affordable residential neighborhoods surrounding the core, extending the boundaries of the downtown. There is a distinct opportunity for children’s retailers and child-oriented service providers to meet growing demand for children’s merchandise, given the scarcity of this type of retail in Center City.

Affluent empty-nesters are also moving back into the city at a growing rate. No longer needing the large suburban house and tiring of auto-commuting, they are drawn to high-end, full-service condominium or rental units and the convenience of being close to Center City’s cultural institutions, entertainment and dining options.

EDUCATIONAL ATTAINMENT, POPULATION 25 AND OLDER

**HIGH SCHOOL OR LESS** | **SOME COLLEGE** | **BACHELOR’S DEGREE** | **ADVANCED DEGREE**
--- | --- | --- | ---
**CORE CENTER CITY** | 13% | 9% | 35% | 43%
**GREATER CENTER CITY** | 27% | 14% | 30% | 30%
**PHILADELPHIA** | 52% | 14% | 26% | 15%
**METRO AREA** | 41% | 24% | 21% | 14%

**OF CORE CENTER CITY’S POPULATION ARE MILLENNIALS ENTERING THEIR PEAK CONSUMER SPENDING YEARS.**

**POPULATION BY AGE**

| CHILDREN & TEENAGERS (0–19) | MILLENNIALS (20–34) | MID-CAREER ADULTS (35–54) | EMPTY NESTERS (55+) |
--- | --- | --- | ---
**CORE CENTER CITY** | 8% | 45% | 20% | 25%
**GREATER CENTER CITY** | 14% | 40% | 24% | 23%
**PHILADELPHIA** | 25% | 26% | 25% | 24%
**METRO AREA** | 25% | 21% | 27% | 27%

*Source: U.S. Census Bureau, American Community Survey 2011 - 2015*

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In its report, “Millennials: Coming of Age in Retail,” Goldman Sachs estimates millennial spending in apparel will increase by 20%-25% in the next five years.
WORKERS

Downtown Philadelphia is a dense and diverse employment center, where 42% of all Philadelphia jobs and 10% of those in the 11-county region are concentrated. Center City houses more than 292,700 wage and salaried workers, 8,500 freelancers and those compensated as partners, and 41 million square feet of commercial office space, making it the largest central business district in the region, and the ninth largest in the country. Downtown workers generate $258 million in retail demand and $15.2 billion in payroll annually.

Philadelphia’s central business district has a diverse employment base, with 40% in office sector jobs, 20% in education and healthcare, 13% in public administration and 11% in entertainment, leisure and hospitality. Thirty-eight percent of Center City workers have a bachelor’s degree or higher, comprising a highly educated workforce. Employers from around the region are opening offices in Center City, or renting co-working space, to recruit from the downtown’s young, educated workforce who are reluctant to commute to the suburbs for a job.

Center City’s dense concentration of employment is made possible by a multi-modal transit system that brings more than 310,000 passengers downtown each day and enables 113,000 residents from the surrounding counties in Pennsylvania, South Jersey and Delaware to work in Center City. Downtown Philadelphia’s draw as the largest employment center in the region significantly increases the reach of Center City’s trade area by including residents from the entire region who work in the CBD, making it a desirable location for retailers seeking to tap both downtown and suburban residents.

Downtown Philadelphia’s density enables the number of workers within a walkable one-mile radius of City Hall to be 15 times greater than the number of workers within a one-mile radius of Cherry Hill Mall and eight times greater than the number of workers surrounding King of Prussia Mall. Sixty percent of the workers within a mile of City Hall earn more than $3,333 in monthly wages, compared to 58% surrounding King of Prussia Mall and 34% around the Cherry Hill Mall.
2016 TRANSIT RIDERSHIP AND ACCESSIBILITY IN GREATER CENTER CITY

Source: SEPTA, NJ Transit, PATCO

Note: Size of rail stations are shown proportional to the average weekday ridership; weight of bus lines shown according to weekday frequency.

NUMBER OF NEIGHBORHOOD AND REGIONAL RESIDENTS WHO WORK DOWNTOWN


GREATER CENTER CITY WAGE & SALARY EMPLOYMENT

VISITORS

With more than 1 million convention and trade show attendees, 5 million visitors to the historic area and a record 3.2 million occupied hotel room nights in 2016, Center City overnight visitors augment residential and employee retail demand in the downtown. Strong attendance numbers at Philadelphia’s historic sites and the Pennsylvania Convention Center are helping lure more retailers and retail development to Independence Mall and the connective fabric of the Market East retail corridor.

A record 42 million domestic visitors came to the region in 2016, with a majority of leisure tourists coming from Pennsylvania (33%), New Jersey (19%), and New York (15%). Domestic visitors to the region are well-educated (67% having an associate’s or higher) and affluent (23% have household incomes over $100,000). Total visitor spending in the region totaled $6.8 billion, with 43% spent on food and beverage and retail consumption. In terms of international visitation, 638,300 visitors came from outside the United States to the Philadelphia region in 2015, with the highest proportions coming from the United Kingdom (17%), Germany (10%) and China (9%).

Since 2007, Center City has seen a 53% increase in overnight leisure tourism, which together with continued convention and tradeshow visitation, helped increase downtown hotel occupancy rates to 78.0% in 2016. Indicative of the strength of the leisure tourism industry in Philadelphia is the 87.9% Saturday occupancy rate, as well as the more than 5 million visitors who came to Independence National Historical Park in 2016. Overnight leisure tourists are likely to spend more at restaurants and retailers and help account for the strong retail demand created by tourists in Center City – overnight visitors create $414 million in retail demand within the core of the downtown, 54% of all retail demand within this area.

Growing visitation and occupancy numbers are increasing demand for hotel rooms. Developers are responding with 10 hospitality projects underway downtown that will increase room supply to more than 13,000. These include the W Hotel, Element...
by Westin, Four Seasons, Cambria Hotel & Suites, Hyatt Centric, and Fairfield Inn and Suites – all currently under construction – as well as the recently opened Aloft Hotel and planned Kimpton Hotel, SLS LUX, and Marriott AC.

Other hotels are responding with rebranding and renovations. The Hyatt at the Bellevue completed an $8 million renovation in 2016, while the Hilton Philadelphia at Penn’s Landing is undergoing a two-year, $15 million, property-wide redesign. The Independence Visitor Center is investing $15 million in a renovation that will enlarge its footprint and enhance the visitor experience. In the historic district, the Museum of the American Revolution opened in early April 2017.

With tourists increasingly viewing Philadelphia as a travel destination of choice, we expect that retail demand generated by visitors will continue to grow in the years to come.

### OVERNIGHT LEISURE VISITORS TO THE REGION: TOP 10 VISITOR ACTIVITIES (2016)

- **29%** Shopping
- **29%** Museum/Gallery
- **23%** Fine Dining
- **19%** Historic Site
- **12%** Performing Art
- **12%** Festival/Concert
- **9%** National Monument
- **9%** Brewery/Winery
- **8%** Sporting Event
- **7%** Spectator

### ALL REGIONAL VISITOR SPENDING (2016)

- **$1.82 B** Food/ Beverage
- **$1.06 B** Shopping/ Retail
- **$1.73 B** Lodging
- **$1.38 B** Transportation
- **$768 M** Recreation

Source: Longwoods International 2016 Travel USA Survey; Tourism Economics - Provided by Visit Philadelphia

### OCCUPIED CENTER CITY HOTEL ROOMS BY PURPOSE OF TRIP, 2016

**3.18 MILLION** TOTAL OCCUPIED ROOM NIGHTS

- **GOVERNMENT**
  - 2007: 455,378
  - 2008: 465,508
  - 2009: 693,884
  - 2010: 941,306
  - 2011: 1,053,684
  - 2012: 1,105,684
  - 2013: 1,104,684
  - 2014: 1,062,000
  - 2015: 969,000
  - 2016: 79,000

- **AIRCINE**
  - 2007: 60,754
  - 2008: 73,484
  - 2009: 89,658
  - 2010: 1,053,684
  - 2011: 1,053,684
  - 2012: 1,062,000
  - 2013: 1,062,000
  - 2014: 1,062,000
  - 2015: 1,062,000
  - 2016: 65,000

- **GROUP AND CONVENTION**
  - 2007: 125,000
  - 2008: 125,000
  - 2009: 125,000
  - 2010: 125,000
  - 2011: 125,000
  - 2012: 125,000
  - 2013: 125,000
  - 2014: 125,000
  - 2015: 125,000
  - 2016: 125,000

- **COMMERCIAL**
  - 2007: 125,000
  - 2008: 125,000
  - 2009: 125,000
  - 2010: 125,000
  - 2011: 125,000
  - 2012: 125,000
  - 2013: 125,000
  - 2014: 125,000
  - 2015: 125,000
  - 2016: 125,000

- **INDIVIDUAL LEISURE**
  - 2007: 125,000
  - 2008: 125,000
  - 2009: 125,000
  - 2010: 125,000
  - 2011: 125,000
  - 2012: 125,000
  - 2013: 125,000
  - 2014: 125,000
  - 2015: 125,000
  - 2016: 125,000

Source: CBRE Hotels - Provided by Philadelphia Convention & Visitors Bureau

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CENTER CITY DISTRICT & CENTRAL PHILADELPHIA DEVELOPMENT CORPORATION WWW.CENTERCITYPHILA.ORG

13
COLLEGE STUDENTS

Center City’s 15 institutions of higher education welcomed 32,550 students in 2015. University City’s Drexel University, University of Pennsylvania (Penn), and University of the Sciences, along with Temple University’s campuses drew 75,430 additional students to areas immediately adjacent to downtown. This large student population seeks out apartments downtown to rent and stores for shopping. They patronize bars, cafes and restaurants and visit museums, movie theaters and cultural institutions. College and graduate students, along with medical school interns, represent an important demand driver for retail, restaurants and entertainment offerings in Center City.

The 91,000 degrees conferred annually at regional institutions of higher learning also represent a strong potential pipeline of highly educated workers for Philadelphia – and Center City in particular – if they choose to stay. According to Campus Philly a total of 67% of students will likely choose to stay in Philadelphia after they graduate, up from 58% in 2010, and 63% see themselves in a big city 10 years after graduating.12 All these students provide a steady supply of well-educated workers for city employers, become occupants for Center City’s expanding housing options, and help drive downtown’s consumer economy.

HIGHER EDUCATION ENROLLMENT, FALL 2015

<table>
<thead>
<tr>
<th>Institution</th>
<th>Attendance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Temple University, Main Campus</td>
<td>31,826</td>
</tr>
<tr>
<td>University of Pennsylvania</td>
<td>24,876</td>
</tr>
<tr>
<td>Community College of Philadelphia</td>
<td>18,966</td>
</tr>
<tr>
<td>Drexel University, Main Campus</td>
<td>16,065</td>
</tr>
<tr>
<td>Thomas Jefferson University</td>
<td>3,692</td>
</tr>
<tr>
<td>University of the Sciences</td>
<td>2,664</td>
</tr>
<tr>
<td>Drexel University, Center City Campus</td>
<td>2,324</td>
</tr>
<tr>
<td>University of the Arts</td>
<td>1,876</td>
</tr>
<tr>
<td>Peirce College</td>
<td>1,708</td>
</tr>
<tr>
<td>Art Institute of Philadelphia</td>
<td>1,536</td>
</tr>
<tr>
<td>Temple University, Center City Campus</td>
<td>760</td>
</tr>
<tr>
<td>University of Phoenix</td>
<td>441</td>
</tr>
<tr>
<td>Moore College of Art &amp; Design</td>
<td>439</td>
</tr>
<tr>
<td>Temple University, School of Podiatric Medicine</td>
<td>366</td>
</tr>
<tr>
<td>Curtis Institute of Music</td>
<td>174</td>
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<tr>
<td>Pennsylvania Academy of the Fine Arts</td>
<td>124</td>
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<tr>
<td>Hussian College</td>
<td>73</td>
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<tr>
<td>JNA Institute of Culinary Arts</td>
<td>43</td>
</tr>
<tr>
<td>Academy of Vocal Arts</td>
<td>28</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>107,981</strong></td>
</tr>
</tbody>
</table>

Source: National Center for Education Statistics, Integrated Postsecondary Education Data System; Temple University Fact Book 2015-2016; Drexel University, Office of Institutional Research, Assessment & Effectiveness; Pennsylvania Academy of the Fine Arts Annual Report; Thomas Jefferson University; University of Pennsylvania; University of the Sciences

12: Campus Philly
108,000 students attend college in or immediately surrounding Center City. They live, shop & dine downtown.
RETAIL DRIVES STREET VIBRANCY

Philadelphia’s 24-hour downtown has the second largest residential population in the country and generates significant foot traffic on Center City retail streets. While most of Center City’s pedestrian traffic peaks during the week around lunchtime and late afternoon, when residents, workers and visitors congregate downtown, the area between Rittenhouse Square and Broad Street remains animated through the weekend and during evening hours, underscoring its status as a destination for retail and entertainment.

West Chestnut Street has typically had strong pedestrian traffic on weekdays, because of its proximity to workers in the West Market Street office district. However, with the expansion of the Rittenhouse Row retail district and the critical mass of retailers that have opened stores on West Chestnut, pedestrian counts have soared. Foot traffic on West Chestnut Street now equals or surpasses that of West Walnut Street. This clearly signals that destination retailers can locate almost anywhere in Center City’s walkable downtown and shoppers will follow. Once new retailers open spaces in the large-scale, mixed-use developments under construction along Market East, we expect to see an increase in pedestrian activity in this area of Center City, as shoppers begin to migrate east following new stores that are opening.

41,350 PEDESTRIANS WALKED THE INTERSECTION OF 16TH AND CHESTNUT ON FRIDAYS IN THE FALL.

THE CENTER CITY DISTRICT HAS INSTALLED 14 SENSORS THROUGHOUT CENTER CITY THAT PROVIDE 24-HOUR PEDESTRIAN COUNTS, 365 DAYS EACH YEAR.
AVERAGE DAILY PEDESTRIAN ACTIVITY BY SEASON, DECEMBER 2016 – OCTOBER 2017

*Winter includes December 2016, January 2017 and February 2017

AVERAGE DAILY PEDESTRIAN ACTIVITY BY WEEKDAY/WEEKEND, DECEMBER 2016 – OCTOBER 2017

AVERAGE HOURLY PEDESTRIAN ACTIVITY BY TIME OF DAY, DECEMBER 2016 – OCTOBER 2017

Source: Eco-Counter Pedestrian Counts, Motionloft Pedestrian Counts, Center City District
Six major developments will add 1.1 million SF of retail representing an investment of $815 million east of Broad Street.
Strong retail demand is driving development east of Broad Street, where there is space for large-scale projects. While Center City’s prime retail district is on the west side, adjacent to Rittenhouse Square, both local boutiques seeking lower rents and national tenants desiring larger floor plates are looking to locate along the burgeoning Center City East retail district. With one major retail-driven development completed in 2016, four more currently under construction and another one in the pipeline, Center City East will add 1.1 million square feet of retail in the next few years, representing an $815 million investment in this section of the downtown.

This critical mass of large-scale, mixed-use development along Market East will create a continuous shopping and dining experience from Independence Mall to the major convention center hotels adjacent to City Hall. With retail rents averaging $50/sf, Market East topped JLL’s list of the 10 most affordable and desirable prime urban retail corridors in the United States, besting other locations in Chicago, Seattle, San Francisco, Miami and Washington, D.C. Retailers like AMC Theatres, MOM’s Organic Market, Iron Hill Brewery, and H&M are locking in lower rents in this up-and-coming neighborhood and capitalizing on the future transformation of Market East into Center City’s next retail district.
1) FASHION DISTRICT PHILADELPHIA

**Location:** Northern blocks of Market Street between 8th and 11th streets  
**Developer:** PREIT & Macerich  
**Size:** 730,000 sf of retail  
**Investment:** $325 million  
**Completion:** Q4 2018

In July 2014, California-based retail developer Macerich acquired a 50% interest in The Gallery. PREIT and Macerich are now repositioning the urban mall into Fashion District Philadelphia. The plan will create an open, well-lit, and easily accessible three-block corridor of approximately 125 new stores, including dining and entertainment options. The new retail development will include a mix of full-priced and outlet tenants, in response to how customers are choosing to shop. Tenants include Century 21, AMC Theatres, and H&M, as well as outlet concepts for Levi’s, Sketchers, Francesca’s and Columbia Sportswear.

Through the $325 million redevelopment plan, the shopping center is undergoing a top-to-bottom redesign that is reconfiguring the 1.4 million square foot, mixed-use facility as a bright, new contemporary space that welcomes shoppers and reconnects to Market and Filbert streets with accessible storefronts, sidewalk cafés, a new streetscape, digital signage and graphics. The highlight of the newly reimagined space will be a stunning glass-walled Center Court at Ninth and Market that will welcome tourists, office workers, conventioneers, and residents.

Once opened, Fashion District Philadelphia will offer people from all walks of life the opportunity to share in the rich character and culture of true Philadelphia, in a single, centralized place – just steps away from the heart of Philadelphia’s historic district. For locals and tourists alike, extensive amenities, onsite parking and access to Philadelphia’s three major public transit systems provide unrivaled convenience and accessibility. The repositioned urban marketplace will become a pillar of the new, vibrant Center City East retail district and leverage other private and public investments in this section of downtown Philadelphia.
2) EAST MARKET

Location: City block between 11th and 12th streets, Market and Chestnut streets

Developer: National Real Estate Development

Owner: National Real Estate Advisors, JOSS Realty Partners, Young Capital, SSH Real Estate

Size: 135,000 sf of retail

Investment: $350 million (Phase I and Phase II)

Completion: 2018 (Phase I and Phase II)

East Market, a more than $600 million mixed-use project, is located two blocks east of City Hall and immediately across the street from the landmark Reading Terminal Market and Pennsylvania Convention Center. The project is completely revamping the entire block between 11th and 12th, Market and Chestnut streets, by creating and enhancing pedestrian-oriented retail both along Market Street and former service alleys on Ludlow and Clover streets. The project is also adding 562 new residential rental apartments, parking, signage, office, and hospitality uses.

Phase I of the project has added 322 new rental apartments and 135,000 sf of retail that includes large-format digital signage along Market Street. Retailers opening in the development include MOM’s Organic Market, T.J. Maxx, Iron Hill Brewery, City Fitness, and Wawa. Also included in Phase I is the redevelopment of 34 South 11th St. into a 175,000 sf modern Class A warehouse office space that includes the relocated Marketplace Design Center and Bohlin Cywinski Jackson among its tenants. Phase II will add an additional 240 residential units on the corner of 12th and Market streets. The entire site will feature below-grade parking spaces and a central loading facility.

Plans for subsequent phases include demolishing and replacing an existing mixed-use building located on the 1100 block of Chestnut Street with retail, residential, office, and parking uses, as well as redeveloping the historic Stephen Girard office building on 12th Street into a 185-room hotel. Once complete, the project will reopen Ludlow and Clover streets, now closed to pedestrian and vehicular traffic, and create a pedestrian walkway from Market Street to Chestnut Street, revitalizing and expanding the Center City East retail district, as well as connecting it to the vibrant Midtown Village retail district just south of the project.
3) THE COLLINS

Location: 1112-1128 Chestnut Street
Developer: Brickstone Realty
Size: 95,000 sf of retail
Investment: $75 million
Completion: Summer 2016

Brickstone Realty’s development on the 1100 block of Chestnut Street spans five parcels and includes 112 high-end rental units and 95,000 sf of commercial space, with dedicated parking for retail. Target opened a 19,000 square foot store in the summer of 2016, the brand’s first in Center City, along with a 14,000 sf Fine Wine & Good Spirits Premium Collection store and a 20,500 sf PetSmart. This project is extending the vibrancy of the Midtown Village retail district east along Chestnut Street and will connect foot traffic to Market Street, as National Real Estate Development’s project comes to completion.

The developer also has acquired other key properties in the vicinity, including: 1021 Chestnut, a 9,500 sf building it plans to convert into co-working space; The Steele Building, which was recently redeveloped into co-working space for The Yard and retail spaces for Honeygrow and Luke’s Lobster; 106-114 South 11th St., a 16,000 sf mixed-use building with residential units and retail tenants Devon Blakely and Wrap Shack; 1108-1110 Chestnut, a 16,800 sf building that will include 7,200 sf of retail and office space on floors two through five; the historic Hale Building at 1326 Chestnut, which is currently under construction and will add a Spaces co-working location and a multi-story food and beverage tenant; and a parking garage at 12th and Sansom streets, proposed to be converted into a large mixed-use project in the future.

Once complete, this critical mass of redevelopment will create a new vibrant, mixed-use district east of Broad with a built-in office and residential customer base.

4) THE CURTIS

Location: 601 Walnut Street
Developer: Keystone Property Group, Mack-Cali Realty Corp. & Roseland, a Mack-Cali Company
Size: 50,000 sf of retail
Investment: $25 million
Completion: Q4 2017

The 885,000 square foot Curtis Center is undergoing a $25 million renovation that is transforming the quiet stretch along Washington Square Park into a vibrant urban corridor and adding luxury residential units as well as retail. Mack-Cali Realty Corporation and the Keystone Property Group acquired the building for $125 million in the summer of 2014. Plans include the conversion of vacant office space into 57 luxury apartments and outdoor streetscape improvements. Retail is being added on the ground floor and includes an 11,000 square foot P.J. Clarke’s, the first Philadelphia location for the New York-based restaurant. The building will include a total of 50,000 sf of retail, 700,000 sf of office space and 100,000 sf of residential space.
5) THE WASHINGTON

**Location:** 510-530 Walnut Street  
**Developer:** Keystone Property Group  
**Size:** 20,000–40,000 sf of retail  
**Status:** Announced

Keystone Property Group acquired One Washington Square, an 880,000 square foot commercial property fronting both Washington Square and Independence National Historical parks, for $114 million in June 2016. This represents Keystone’s latest investment in the historic Independence Mall submarket. The property is located adjacent to The Curtis, Keystone’s newly repositioned mixed-use property, and is two blocks from 100 Independence, which was redeveloped to include a dynamic indoor-outdoor experience for pedestrians with the popular Independence Beer Garden and a La Colombe coffee shop on the ground floor.

Keystone is seeking to convert the building’s ground-floor and mezzanine office space at 530 Walnut St. into retail, reflecting the area’s growing workforce and pedestrian traffic. Building on the success of adding retail to other buildings Keystone owns in the vicinity, they are currently marketing 20,000 to 40,000 sf of retail at The Washington.

6) INDEPENDENCE COLLECTION

**Location:** 400 Market Street, 325 Chestnut Street, 111 South Independence Mall East and 400 Ranstead Street  
**Developer:** MRP Realty  
**Size:** 45,000 sf of retail  
**Investment:** $40 million  
**Completion:** Summer 2018

Washington, D.C.-based MRP Realty purchased an Old City portfolio comprising three office buildings, including the Bourse, and a garage with a movie theater, for $110 million in December 2015. Preliminary plans include upgrades to the Class B office space, including façade renovations, new common areas and amenity spaces, as well as repositioning of the ground floor retail at the Bourse and garage where the movie theater is located.

For the Bourse, MRP plans to create an upscale food hall, similar to NYC’s Chelsea Market, called The Bourse Marketplace. Food and beverage operators in the space will include local and Pennsylvania chef-driven concepts like Baby Buns, Grubhouse, Chaat and Chai, Bluebird Distilling, Olive With a Twist, Chocodiem, and Ka’moon, as well as D.C. and Baltimore transplants like Prescription Chicken and Pinch Dumplings. This will create an amenity for MRP Realty’s office tenants located upstairs and in surrounding buildings, as well as become a destination for Center City residents and the tourists that come to Independence Mall.