


City Planning 642-001
Spring 2026, University of Pennsylvania
Paul R. Levy

Class Introduction & overview
<https://centercityphila.org/bidclass>



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Downtowns Rebound: released in October 2023



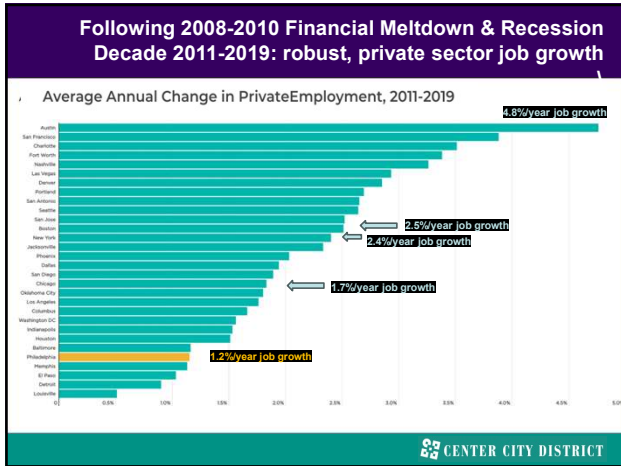
**Analysis of 26 of
 nation's largest downtowns**
 Placer.ai anonymized cell phone data
 Track workers, visitors & residents

Updated to December 31, 2024





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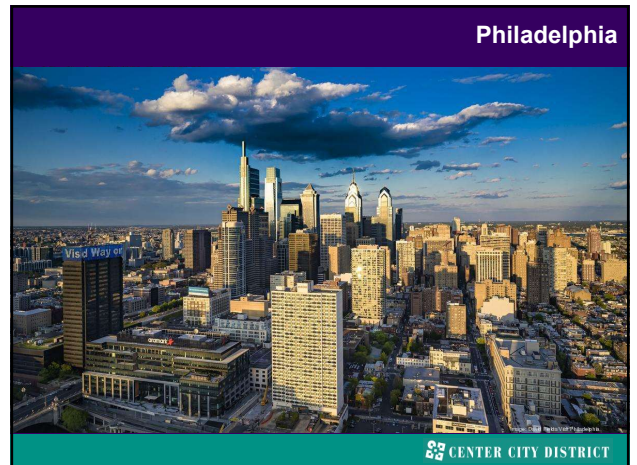
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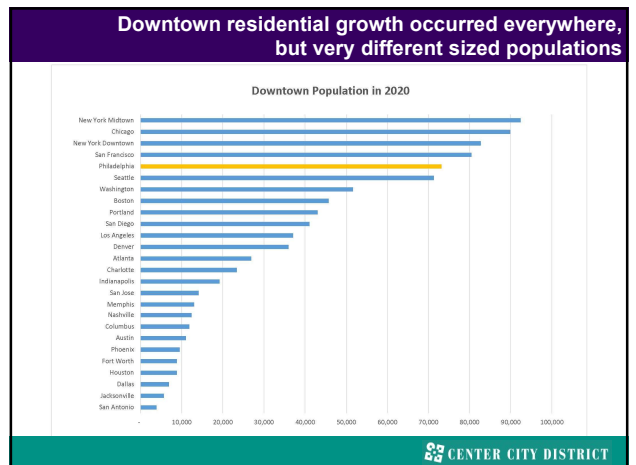
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Both within & surrounding



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Then came the pandemic: 2020



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All but essential businesses directed to close



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Downtowns across the country & world emptied out



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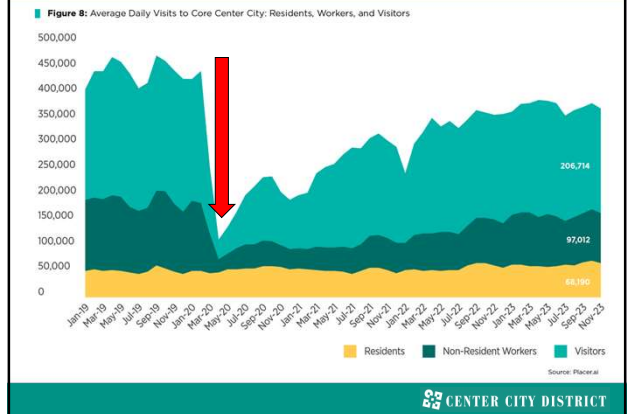
Once dense places became ghost towns



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Downtown pedestrian volumes plummeted 70%-80%

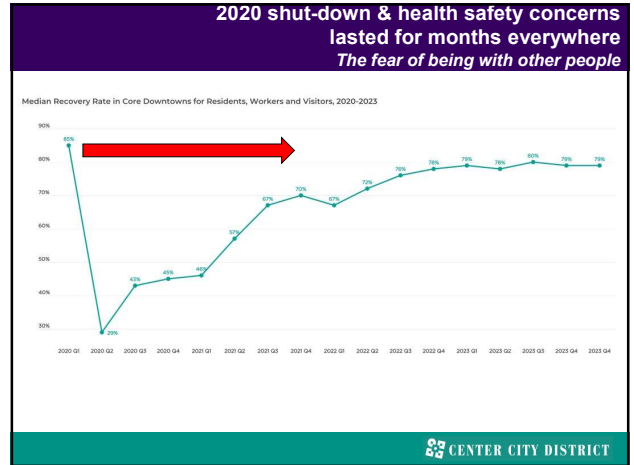


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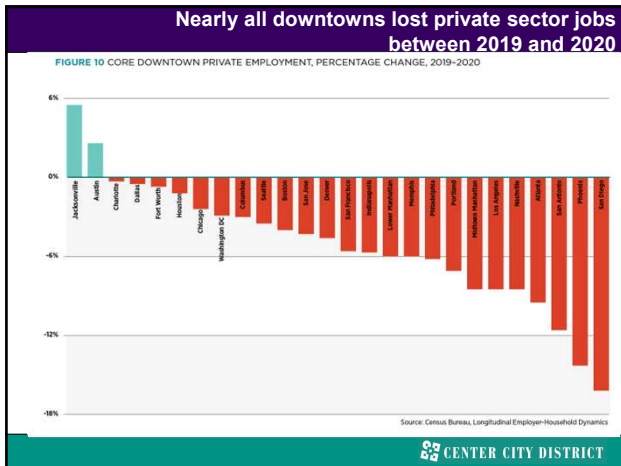
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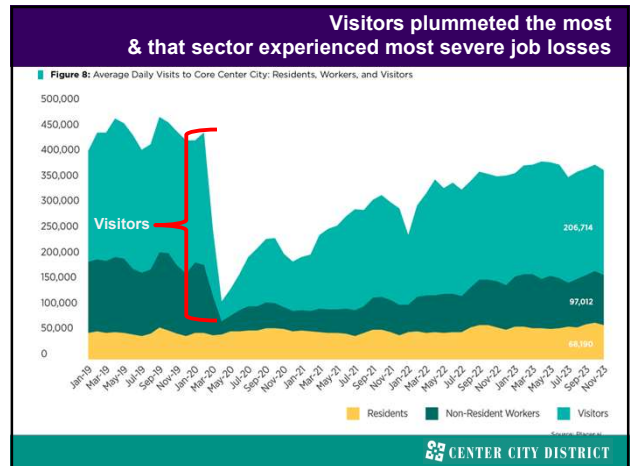
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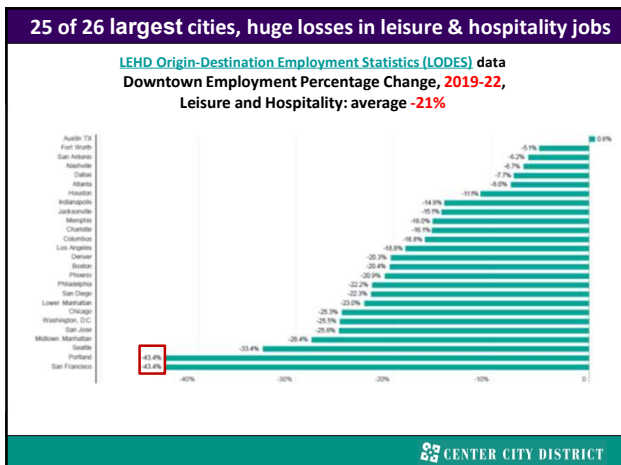
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New technology was ready to deploy; alternative to the office
Pandemic was an accelerator of pre-existing trends



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Many quickly claimed the office is dead
& we can rely on a virtual water cooler

VIRTUAL WATER COOLER
UNIQUE POTENTIAL OF INFORMAL COMMUNICATION

How To Encourage Virtual Water Cooler Conversation

MESH3.0

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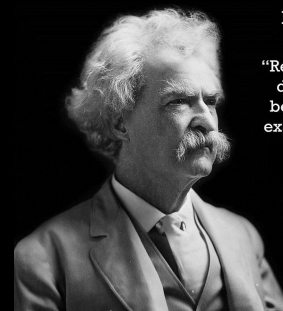
Many declared downtown & offices dead
We're all trapped in an inexorable downward spiral:
The Urban Doom Loop
Every newspaper wrote this story; at least 3 times

Chicago and the urban doom loop

THE URBAN DOOM LOOP

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Mark Twain

"Reports of my death have been greatly exaggerated."

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Recovery is happening everywhere but at different rates
Comparing Q4 2024 to Q4 2019: Placer.ai cell phone data
Residents + workers + visitors back at 105% in San Jose & 68% in San Francisco
But before cheering for San Jose & weeping San Francisco, the story is far more nuanced



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Basic methodology

Analysis of 26 of nation's largest downtowns
Placer.ai
anonymized cell phone data

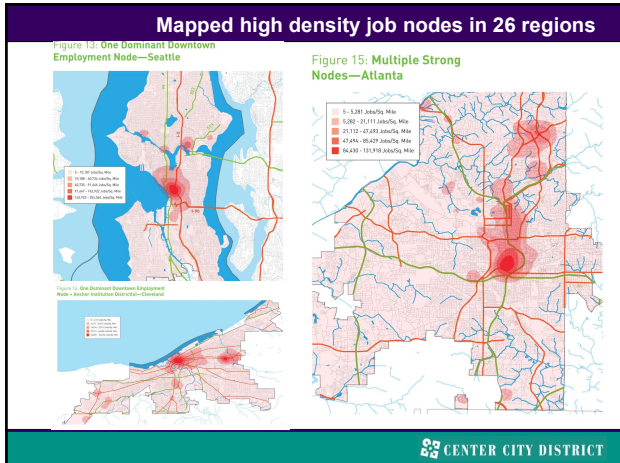
DOWNTOWNS REBOUND

THE DATA DRIVEN PATH TO RECOVERY

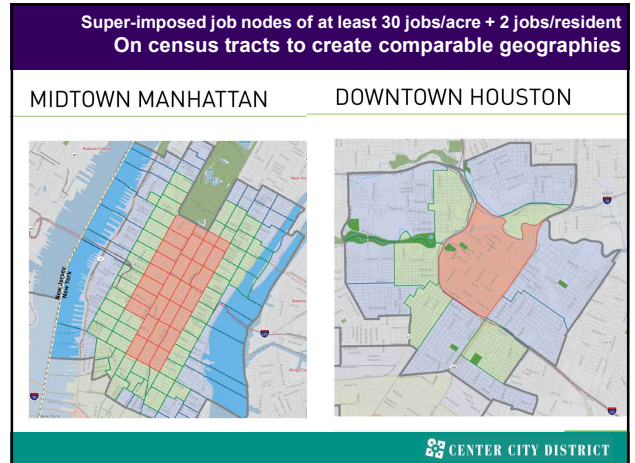


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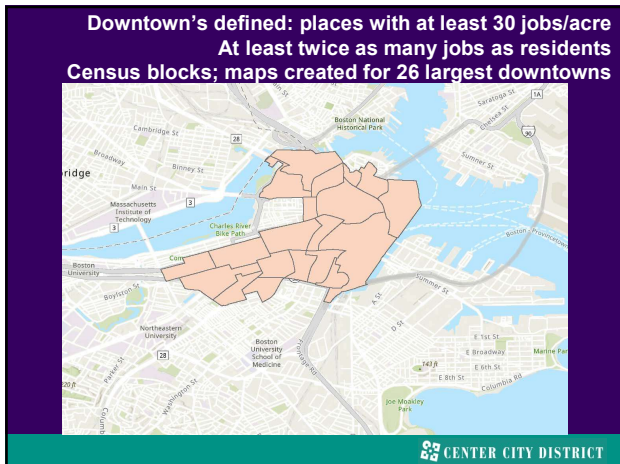
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Origin of the term: "Downtown"

DOWNTOWN
Its Rise and Fall, 1880-1950
ROBERT M. FOGELSON

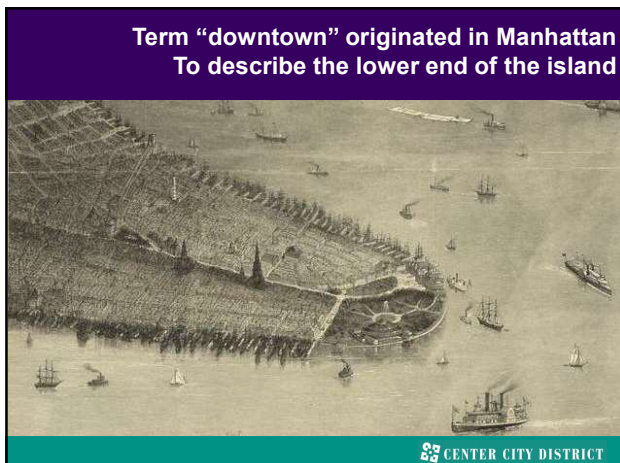
Downtown: American term invented after Civil War 1870s

"City Center" European term also applied to pre-civil war U.S. cities:

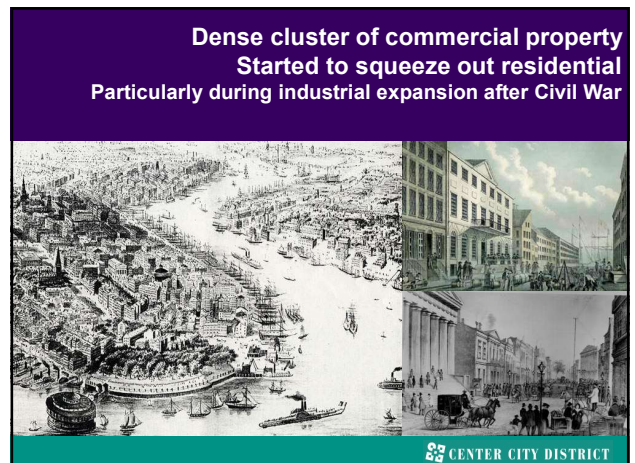
A mixed-use place, combining business & residential, culture & government usually adjacent to the port

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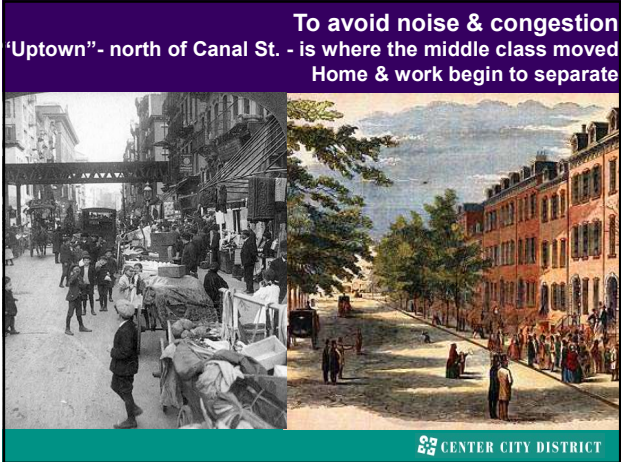
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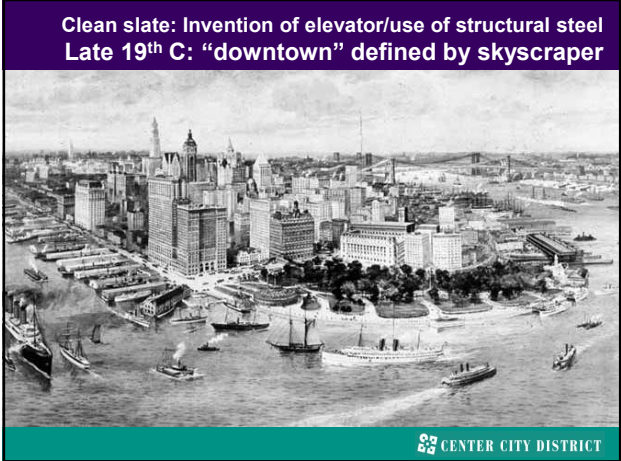
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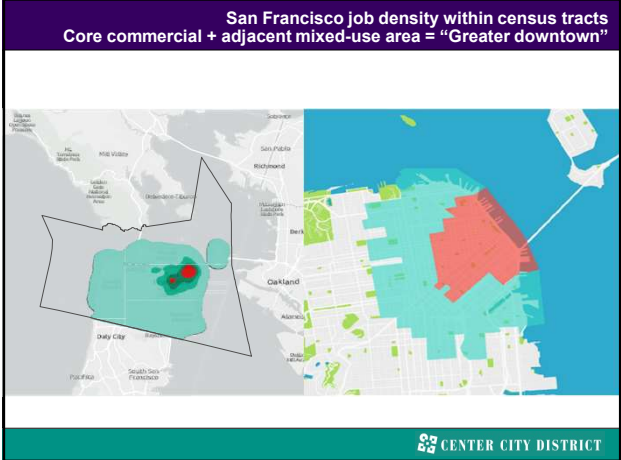
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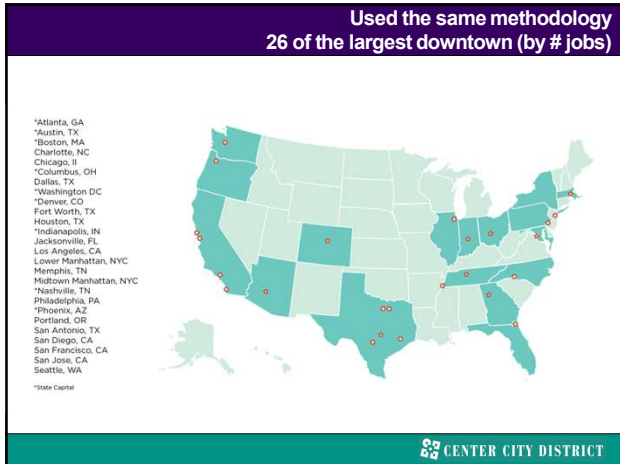
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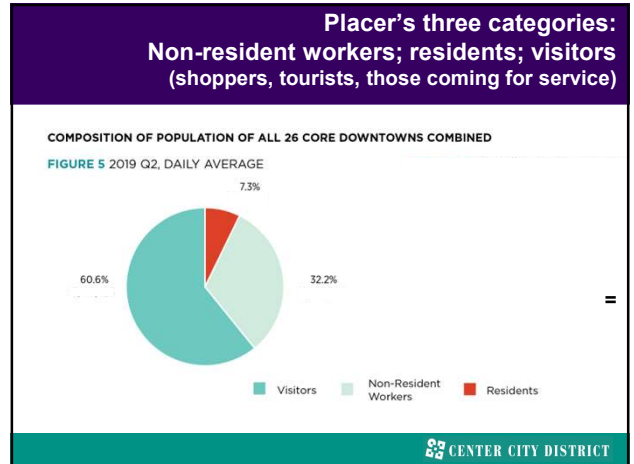
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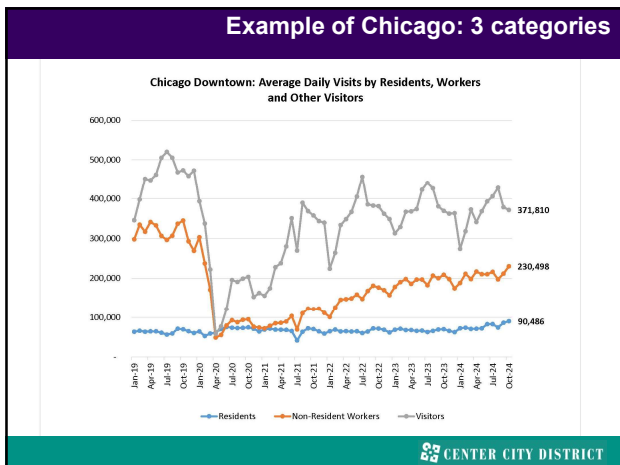
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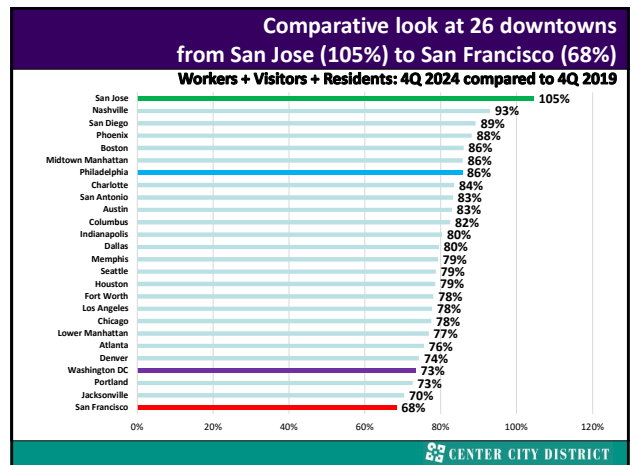
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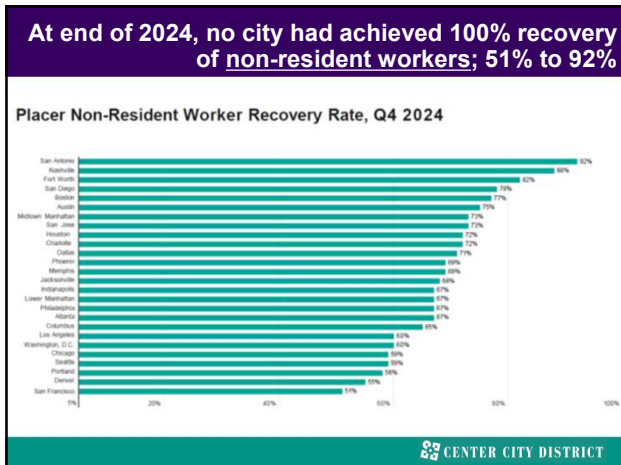
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CCD found 4 key variables that impact recovery

- (1) the composition of downtown economy/employment
- (2) the length of commute for workers
- (3) leadership exercised by business, civic & political actors
- (4) perceptions of safety

While safety dominates headlines, not the most important variable. Like any complex issue, this is multi-determined & variables interact with each other

**Are cities rethinking & restructuring land-use?
The central-- city planning and development issue**

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Stanford's Work from Home (WFH) Surveys

Provide insight: response in different employment sectors

SWAA May 2025 Updates*

Jose Maria Barrero, Nicholas Bloom, Shelby Buckman, and Steven J. Davis

7 May 2025

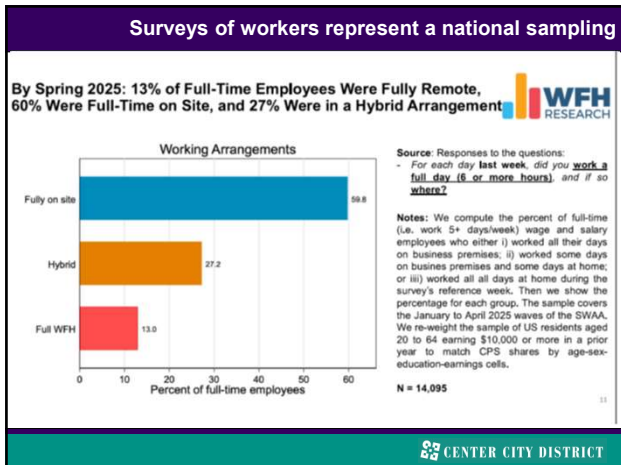
ITAM | Stanford University | Hoover Institution

Latest survey wave included: April 2025

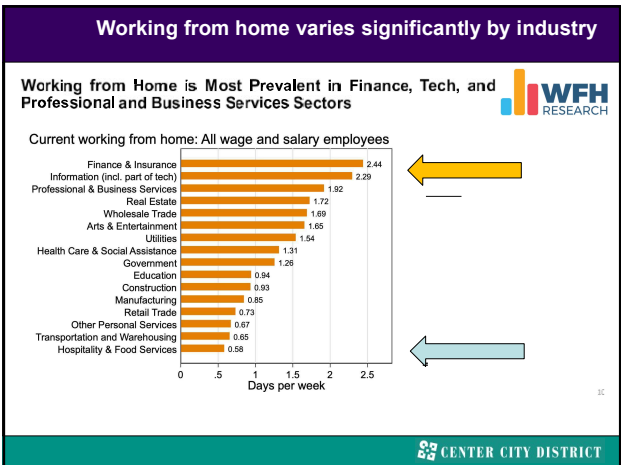
To sign up for regular results updates, please sign up [here](#).

* Many thanks to Mert Akan and Diego Alvarez for excellent research assistance.

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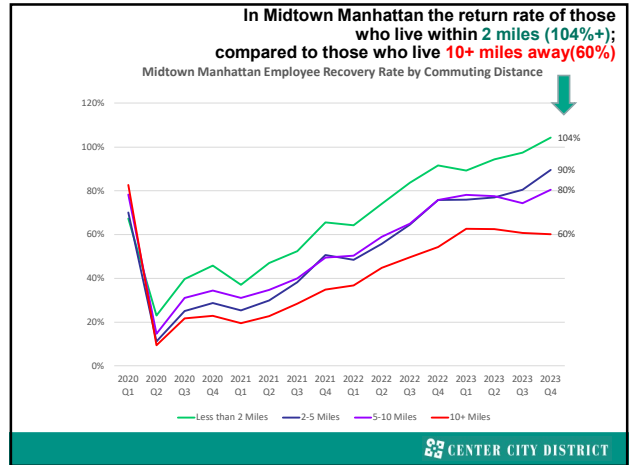
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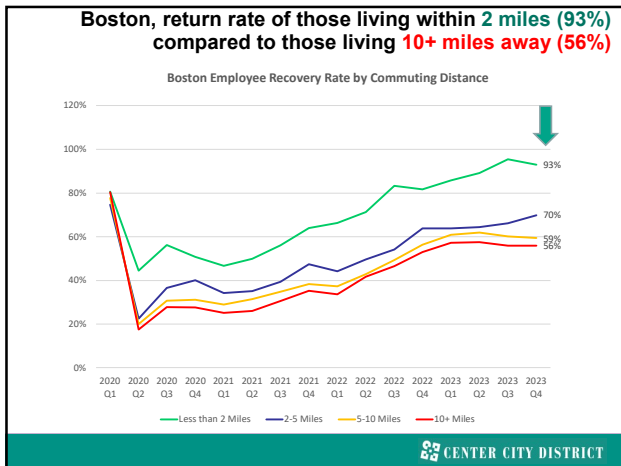
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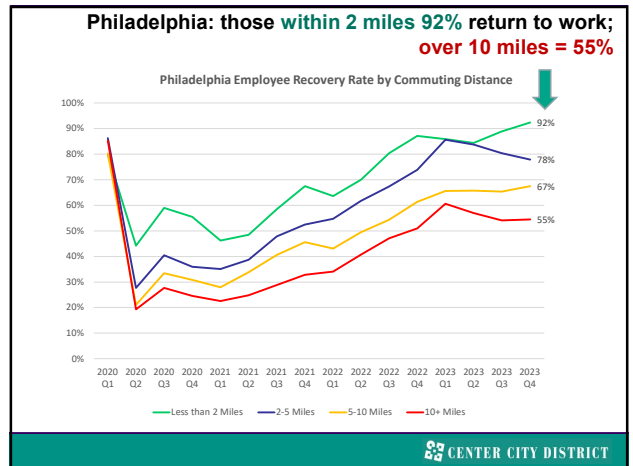
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But U.S. cities need to pay far more attention To the quality & frequency of our transit systems Draw from greater distances

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At end of 2024, no city had achieved 100% recovery of non-resident workers; 51% to 92%

Placer Non-Resident Worker Recovery Rate, Q4 2024

City	Recovery Rate (%)
San Antonio	92%
Nashville	88%
Fort Smith	82%
San Diego	77%
Boston	77%
Austin	77%
Midtown Manhattan	77%
San Jose	77%
Houston	72%
Charlotte	72%
Dallas	71%
Phoenix	68%
Memphis	68%
Jacksonville	68%
Indianapolis	67%
Lower Manhattan	67%
Philadelphia	67%
Atlanta	67%
Columbus	67%
Los Angeles	67%
Washington, D.C.	67%
Chicago	67%
Seattle	67%
Portland	67%
Denver	67%
San Francisco	51%

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To be clear, office sector jobs rebounded strongly by 2022, but remote & hybrid work created a new wild card. In federal data, job is attributed to office location, even if performed at home

Downtown Employment Percent Change, Office Sector, 2019–22

City	Percent Change (%)
Austin	31.7%
Nashville	28.5%
Jacksonville	23.3%
Denver	17.0%
Chicago	17.0%
Seattle	16.3%
Dallas	15.3%
Houston	11.0%
Fort Worth	8.3%
Columbus	7.3%
San Francisco	7.0%
Cleveland	6.9%
Philadelphia	6.8%
San Antonio	5.5%
San Jose	5.5%
Los Angeles	3.3%
Albany	3.3%
Boston	2.9%
Indianapolis	2.9%
Phoenix	2.7%
Lower Manhattan	2.2%
Washington, D.C.	2.2%
Portland	1.6%
San Diego	-1.6%
Midtown Manhattan	-14.3%
Memphis	-16.8%

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Impact of remote work visible in office vacancy rates

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Nationally = vacancy @22.5% at end of June 2025 Double 2019; huge impact on assessed value of real estate

CBD Office Vacancy Rate, 2025 Q2

City	Vacancy Rate (%)
Denver	36.1%
San Francisco	35.7%
Austin	33.3%
Portland	31.9%
Los Angeles	31.9%
San Antonio	31.3%
Dallas	30.3%
Atlanta	30.1%
Seattle	29.8%
Houston	26.5%
Phoenix	26.5%
San Diego	25.4%
Chicago	24.6%
Nashville	24.3%
Indianapolis	23.7%
Charlotte	21.4%
Jacksonville	21.3%
Boston	21.2%
Philadelphia	20.4%
Washington DC	20.2%
Columbus	20.2%
New York	15.6%
Fort Worth	13.0%

Only NYC & Charlotte significant positive absorption in first half of 2025

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Implications: Loss of office jobs, vacant ground floor retail lack of sidewalk vibrancy

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**Many cities are dealing with substantial inventory
Of vacating buildings & falling real estate values**



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**Converting vacant office buildings to residential
has become a full-time industry to remove surplus**



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**Residential proximity to work increases the return to office
Symbiotic relationship**



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**Because Philadelphia has been a slow growth city
We passed a 10-tax abatement for conversions in 1997
Between 1998-2024, 40 major buildings converted downtown
to residential or hotel use: 10 million sf of office space**



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Everything below the red line is back on tax rolls

Buildings Converted to Residential Use, 1997-2024

Year	Building Name	Address	Size (square feet)	Status	Conversion Type
2024	Nelson Building	222 Walnut St.	100,000	Proposed	Apartments
2024	1718 Market	1700 Market St.	304,037	Proposed	Apartments
2024	The Beacon	200 S. Broad St.	885,365	In Progress	Apartments & hotel
2020	Public Ledger Building	350 S. 1st Mill West	479,770	Converted	Apartments
2020	One City Place	1420 Arch St.	220,300	Converted	Apartments
2020	Head Building	325 N. 13th St.	66,000	Converted	Apartments
2019	Franklin Tower	3601 Race St.	607,674	Converted	Apartments
2019	The Beacon Building	1600 18th Walnut St.	20,378	Converted	Apartments
2018	1600 Calowhill	1600 Calowhill St.	123,753	Converted	Apartments
2017	The Beacon	1827 Walnut St.	175,000	Converted	Apartments
2016	Farmers & Merchants	1820 N. 2nd St.	275,000	Converted	Apartments
2016	The Curtis Center (Phase II)	928 S. 6th St.	260,000	Converted	Apartments
2012	The Atlantic Building	260 S. Broad St.	320,706	Converted	Apartments
2012	Former State of Pennsylvania Building	1420 Calowhill St.	242,000	Converted	Apartments
2011	1018 Walnut St.	1018 Walnut St.	168,000	Converted	Apartments
2011	2040 Market St.	2040 Market St.	128,000	Converted	Apartments
2011	1201 Chestnut St.	1201 Chestnut St.	100,000	Converted	Apartment
2008	Rubert Morris Building	300 N. 17th St.	100,000	Converted	Apartments
2007	The Residence at Two Liberty Place	1650 Chestnut St.	263,000	Converted	Condominiums
2007	Five	1418 Locust St.	165,000	Converted	Condominiums
2007	Western Union Building	191 Locust St.	162,893	Converted	Condominiums
2007	Ayer	210 W. Washington St.	161,435	Converted	Condominiums
2007	1418 Walnut St.	1418 Walnut St.	125,450	Converted	Apartments
2003	Grande	111 S. 15th St.	241,291	Converted	Condominiums
2003	Nixon Building	610 N. Broad St.	225,000	Converted	Apartments
2003	1920 Chestnut St.	1920 Chestnut St.	110,000	Converted	Apartments
2002	Society Hill Building	116 S. 7th St.	160,000	Converted	Apartments
2001	1825 Arch St.	1825 Arch St.	176,000	Converted	Apartments
2000	Phelan	1600 Arch St.	450,000	Converted	Condominiums
1999	Pennsylvania House (Now the Elmgrove)	900 Chestnut St.	241,000	Converted	Condominiums
1998	Exchange Building	1411 Walnut St.	118,879	Converted	Apartments
1997	220 S. 10th St.	220 S. 10th St.	86,000	Converted	Apartments

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We call it the office district

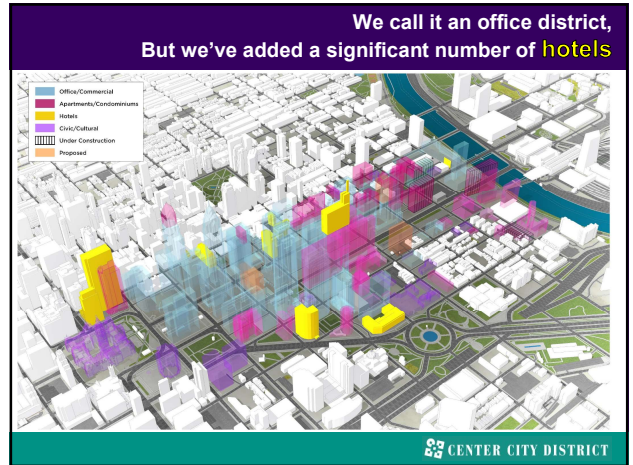


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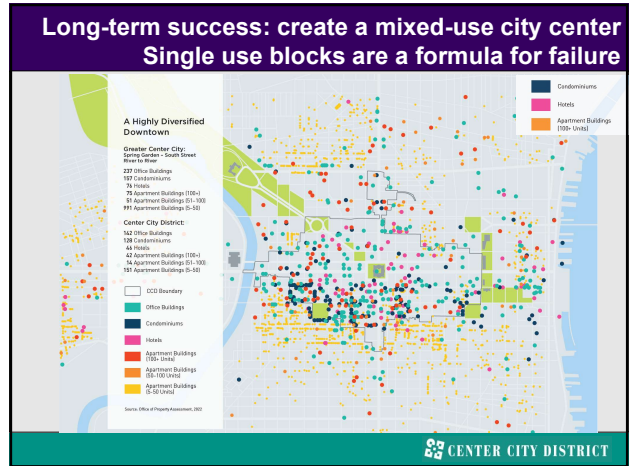
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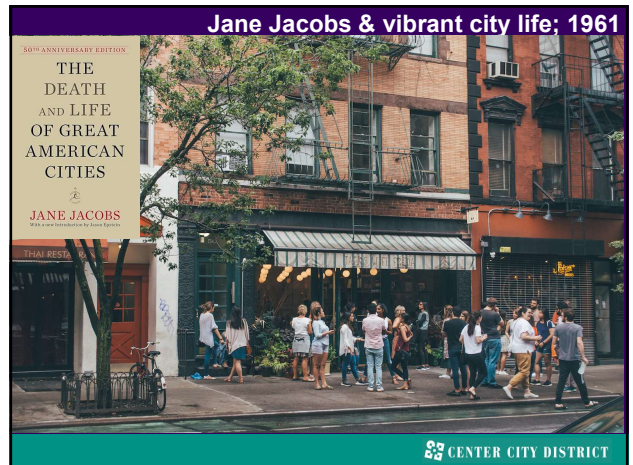
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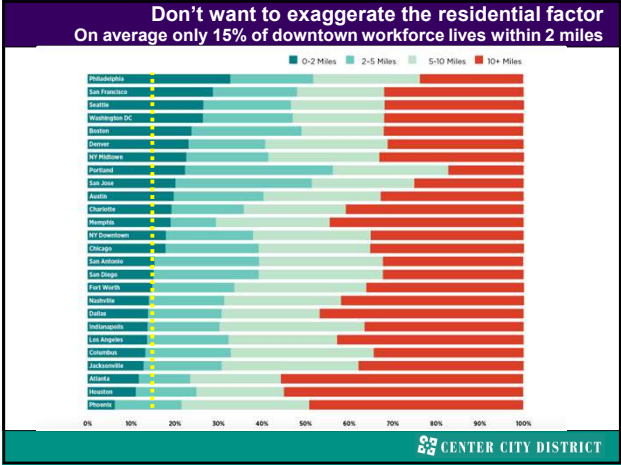
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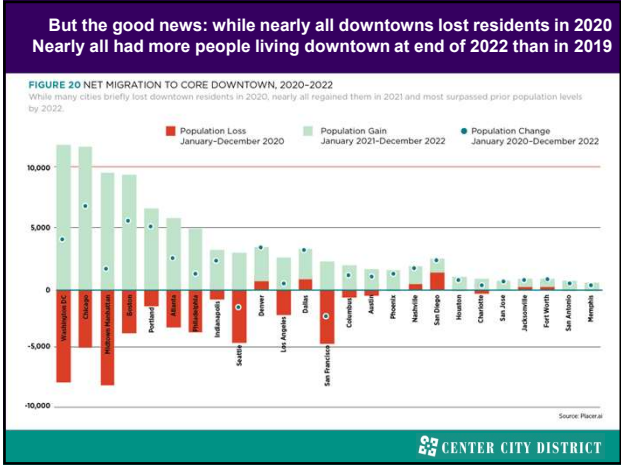
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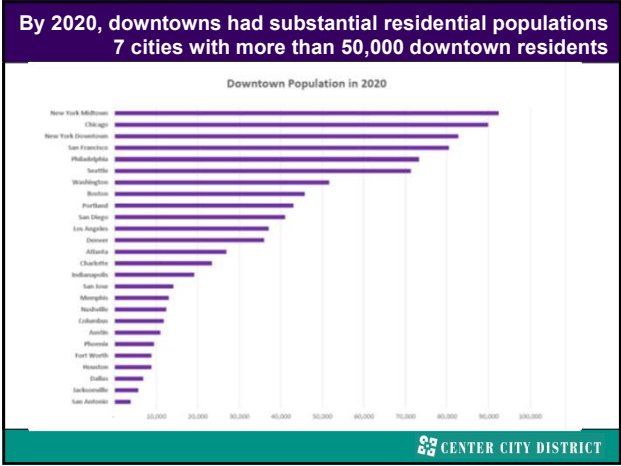
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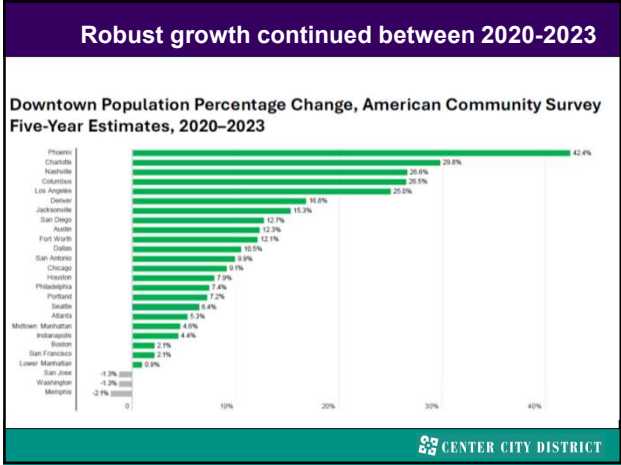
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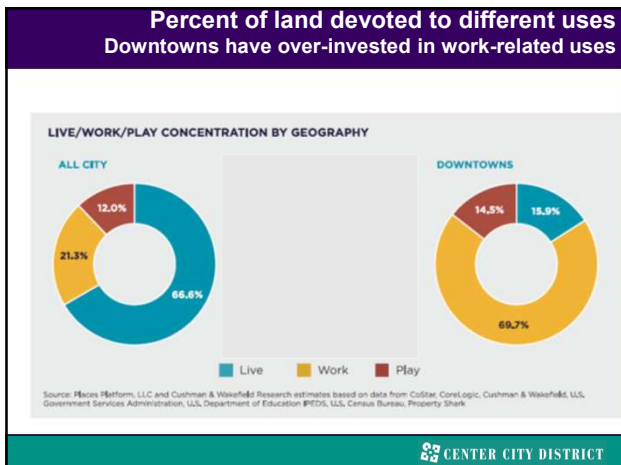
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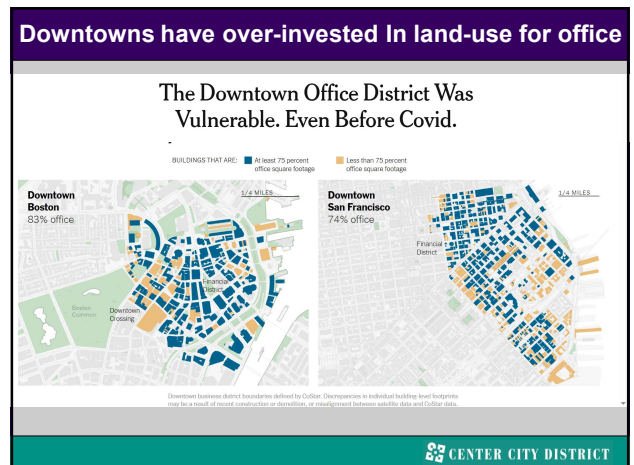
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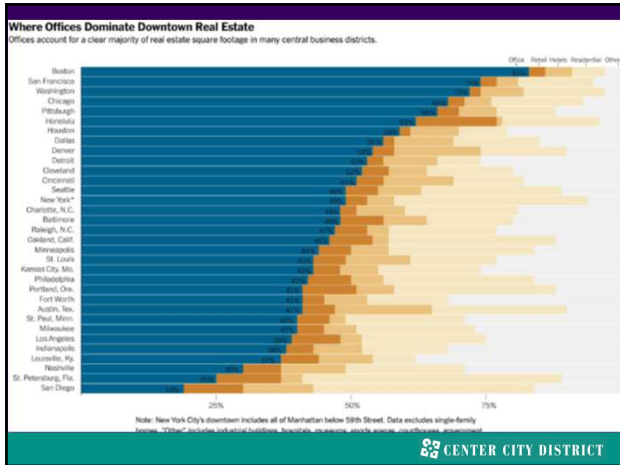
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The Urban Doom Loop is not a doom loop It's bi-product of over-investment in office property as a downtown land-use

Chicago and the urban doom loop

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Recommended shift in Land-use allocation

KEY FINDINGS FROM OUR STUDY:

Downtown WalkUPs are extremely Work-centric. Downtown WalkUPs contain 32% of real estate value in WalkUPs. They are much more oriented toward Work than other WalkUPs or the rest of the city and metro area.

Other WalkUPs are more balanced. The three non-Downtown WalkUPs (Downtown Adjacent, Urban Commercial and Urban University) are much more balanced and in line with our estimates of an optimal product program (as shown on the right).

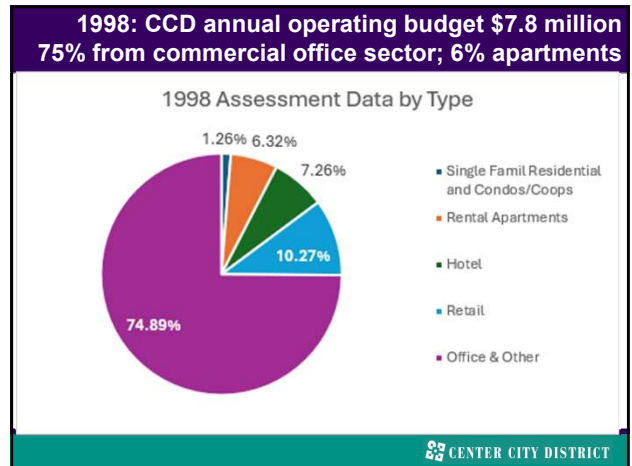
The key finding of this research is that an optimal real estate product portfolio mix exists, and cities, particularly Downtowns, must rebalance their portfolios accordingly. This optimization would generate the highest real estate valuation price per square foot (PPSF) and GDP for WalkUPs.

DOWNTOWN		
LIVE	WORK	PLAY
18.9%	69.7%	14.5%

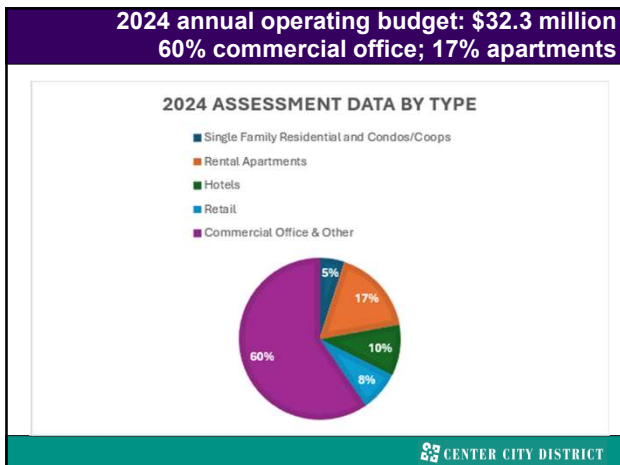
OPTIMAL PRODUCT PORTFOLIO*		
LIVE	WORK	PLAY
31.0%	42.0%	26.0%

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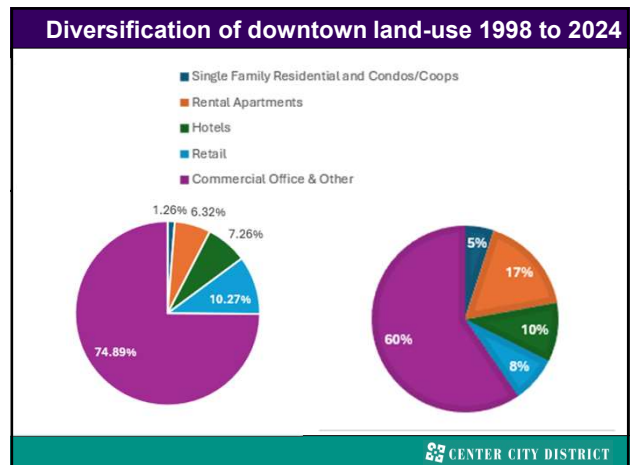
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Part of larger success story
 Since 2000 added 38,000 housing units in Greater Center City
 Population grew to 207,000 up 38%

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Renovation & new construction radiating outward
 around prime job nodes

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Downtown surrounded
 by dense residential neighborhoods

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Center City (42.2%) & University City (10.5%) prime job nodes
 8% of land-area holds 53% of all jobs in Philadelphia

PHILADELPHIA EMPLOYMENT BY AREA

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Greater Center City (1.5 mile ring): 300,000 jobs
 206,676 residents;)

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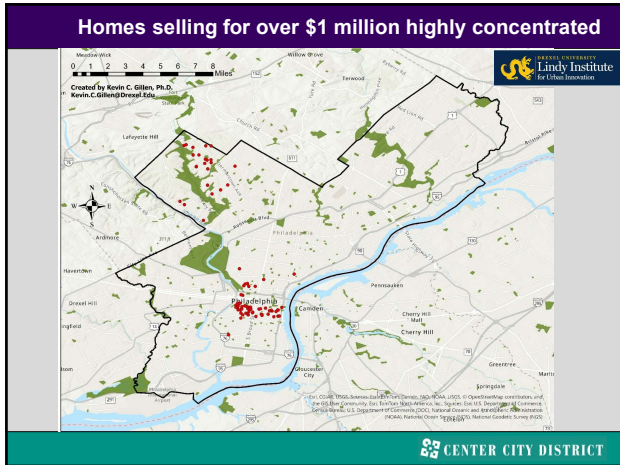
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Philadelphia remains very affordable to those with jobs
 56% of housing units sell between \$100,000 - \$300,000
 Only 1% over \$1 million

Distribution of Value of Owner-Occupied Housing Units

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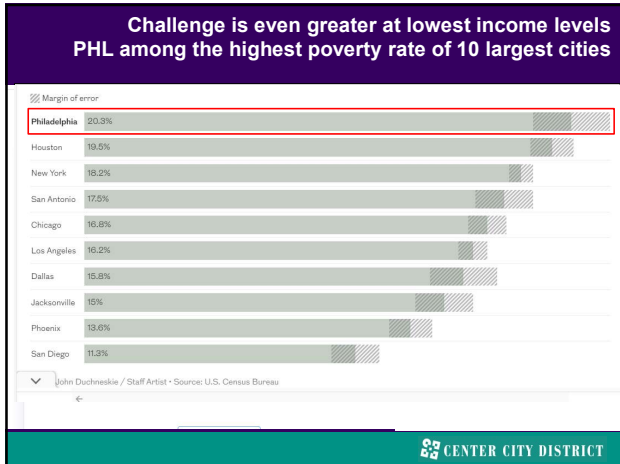
Challenge concentrated among households <\$35,000 36.4% of all city households;

TOTAL HOUSEHOLDS	TOTAL HOUSEHOLDS	COST BURDENED	PERCENT COST BURDENED
Total Households with Income	601,337	228,227	38%
Less than \$20,000	127,325	108,493	85%
\$20,000 to \$34,999	91,972	61,001	66%
\$35,000 to \$49,999	75,180	32,638	43%
\$50,000 to \$74,999	93,805	18,782	20%
\$75,000 or more	184,240	7,313	4%
Zero or Negative Income	17,913	17,913	100%
No Cash Rent	10,902	0	0%

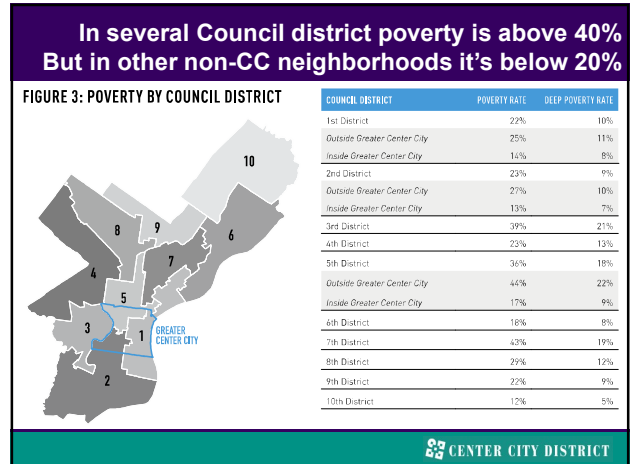
Source: US Census Bureau, American Community Survey, 2019 five-year estimate

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Biggest challenge has been getting office workers back
Mandates get mixed results

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Salesforce announced they are coming back

The **San Francisco Standard**

Business

SF's biggest employer brings workers back downtown, and the neighbors are loving it

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Amazon: 9.15.2024

The New York Times

Amazon Tells Corporate Workers to Be Back in the Office 5 Days a Week

The internet giant told employees on Monday that it expected them to return to the office full-time in January.

Listen to this article - 4:40 min [Learn more](#)

By Karen Weise and Emma Goldberg
 Karen Weise reported from Seattle and Emma Goldberg from New York.
 Sept. 16, 2024

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Yet Amazon workers protested partial return mandate

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Employers need to focus more on the culture & quality space
Gensler: "Office as destination, not obligation"

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This is where local business leadership matters
If the choice is between this.....

WHAT TO WEAR WHEN YOU WORK FROM HOME

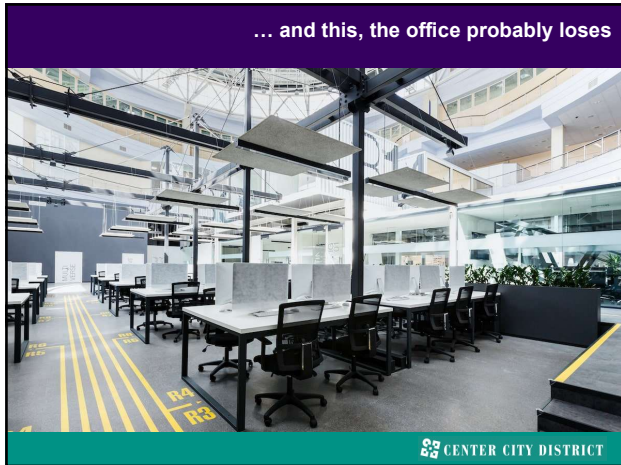
MONDAY TUESDAY WEDNESDAY THURSDAY

FRIDAY SATURDAY SUNDAY

shirtoid.com

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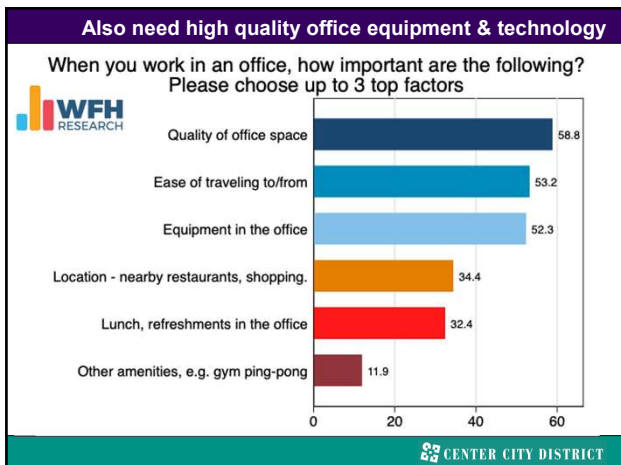
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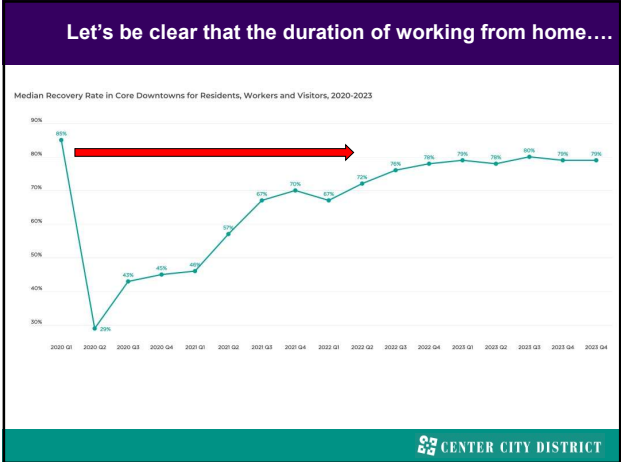
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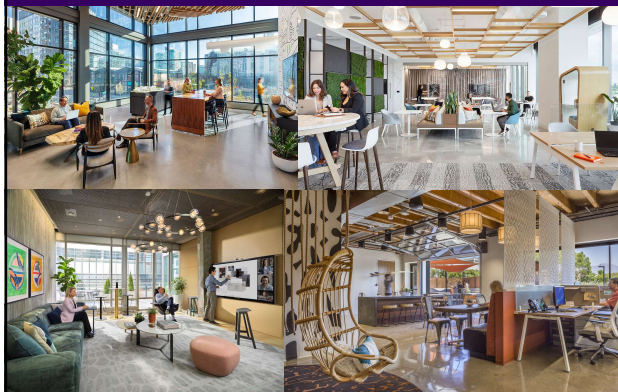
Strengthened the hand of labor in workplace negotiations



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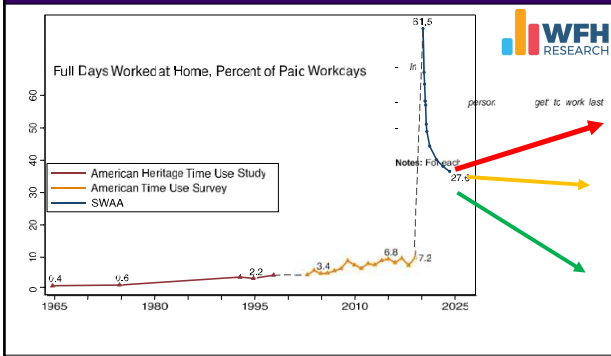
Requires culture change: "Office as destination, not obligation"



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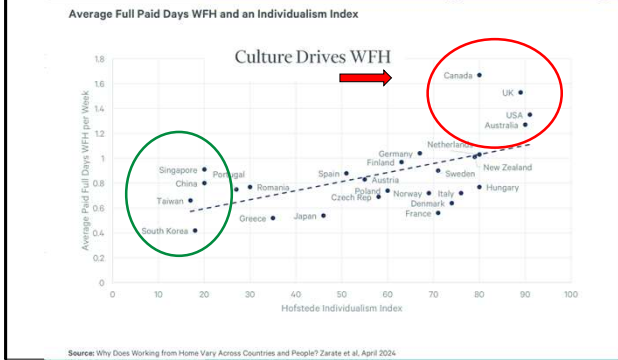
Irreversible disruption?
Or can employers decrease numbers working from home?



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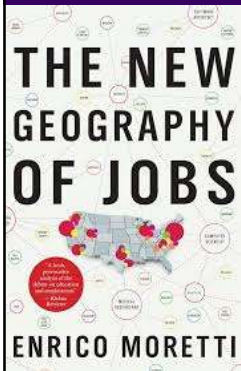
Reinforced by Anglo-American culture of individualism?
Asian cities: much lower rate of work from home
Housing size? Commuting



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A deeper question
The New Geography of Jobs



Knowledge-intensive jobs form the driving edge of innovation in post-industrial cities. They are not necessarily tied to place. But they draw toward them a solid base of knowledge-workers who are attractive to other firms. This triggers a process of mutual reinforcement & attraction as knowledge-intensive industries cluster in "geographic agglomerations."

A small number of innovation jobs within start-up, medium & large firms draw at least 6-7 other jobs into their orbit – from other high skilled to moderate skilled to building maintenance and transit jobs.

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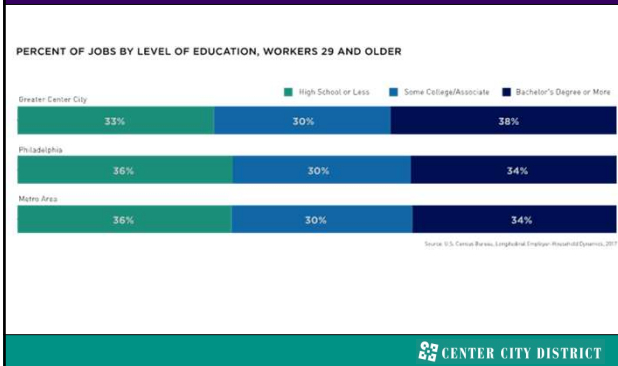
Offices: Densest containers of the most diverse jobs:
Hold high-wage, mid-level & entry-level jobs



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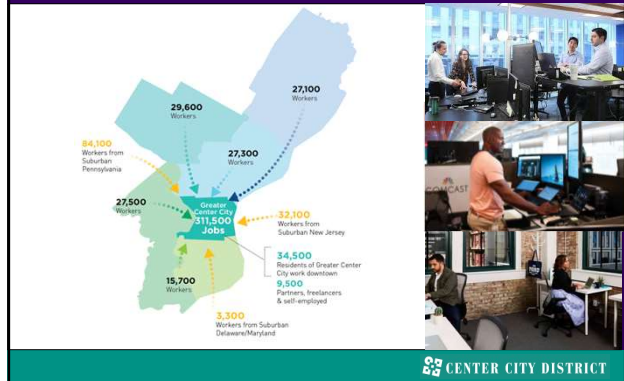
153

63% downtown jobs require less than college degree
33% require only a high school diploma
Inclusive growth is about job opportunities, not just housing



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25% of working residents in each neighborhood work downtown
There is a broader economic impact of not coming back
On the economic ecosystem & vitality of neighborhoods



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What other jobs are lost if office workers don't return?
Those who don't have the option to work remotely
Each 1 million sf office space supports



36 janitors, 24 security guards & 10 building engineers.

Employees within buildings generated **\$3.6 million in annual retail sales** in surrounding shops & restaurants; drove demand for transit, taxi & ridesharing jobs.

Business travelers to firms occupying each million sf of office space created annual demand for **22,000 hotel rooms**

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Many blue-collar urban jobs depend on the presence of office workers
Put simply: remote work may not be consistent with inclusive growth



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(4) Perceptions of safety

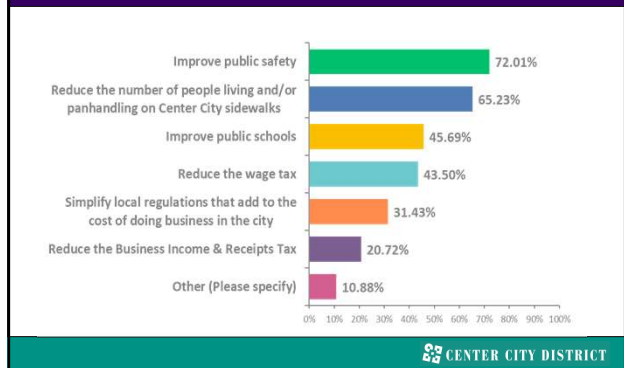
Westfield's San Francisco Centre mall became the latest major business to leave amid rampant crime problems.

MOST DANGEROUS PORTLAND STREETS

PUSH TO CURB DOWNTOWN CRIME

159

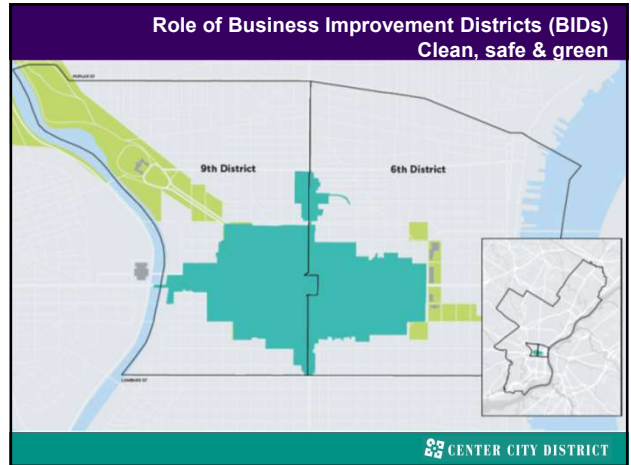
Fall 2023 Customer Satisfaction Survey: 5,000 + responses
Which 3 improvements would most enhance the competitiveness of Center City as a place to work or start/expand a business?



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Four key variables that impact recovery

- (1) the composition of downtown economy/employment
- (2) the length of commute for workers
- (3) leadership exercised by business, civic & political actors
- (4) perceptions of safety & quality of public environment

Goal:
Not simple "restoration" but rather land-use transformation

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City Planning 642-001
Spring 2026, University of Pennsylvania
Paul R. Levy

Class Introduction & overview

<https://centercityphila.org/bidclass>

