

# MARKET ANALYSIS

## Key Data About Old City

### 1. Old City Residents

This section is meant to answer the not-quite-so metaphysical question: who are we? Who are the people who call Old City home?

This is a critical point to understand before thinking about how best to position, message and market the neighborhood since—above all else—all our communications efforts must be grounded in authenticity.

(Note: While neighborhood designations—and even their boundaries—vary depending on which report you're looking at, or who you're talking to, the data presented here from the Census uses the zip code 19106 as a proxy for Old City.)

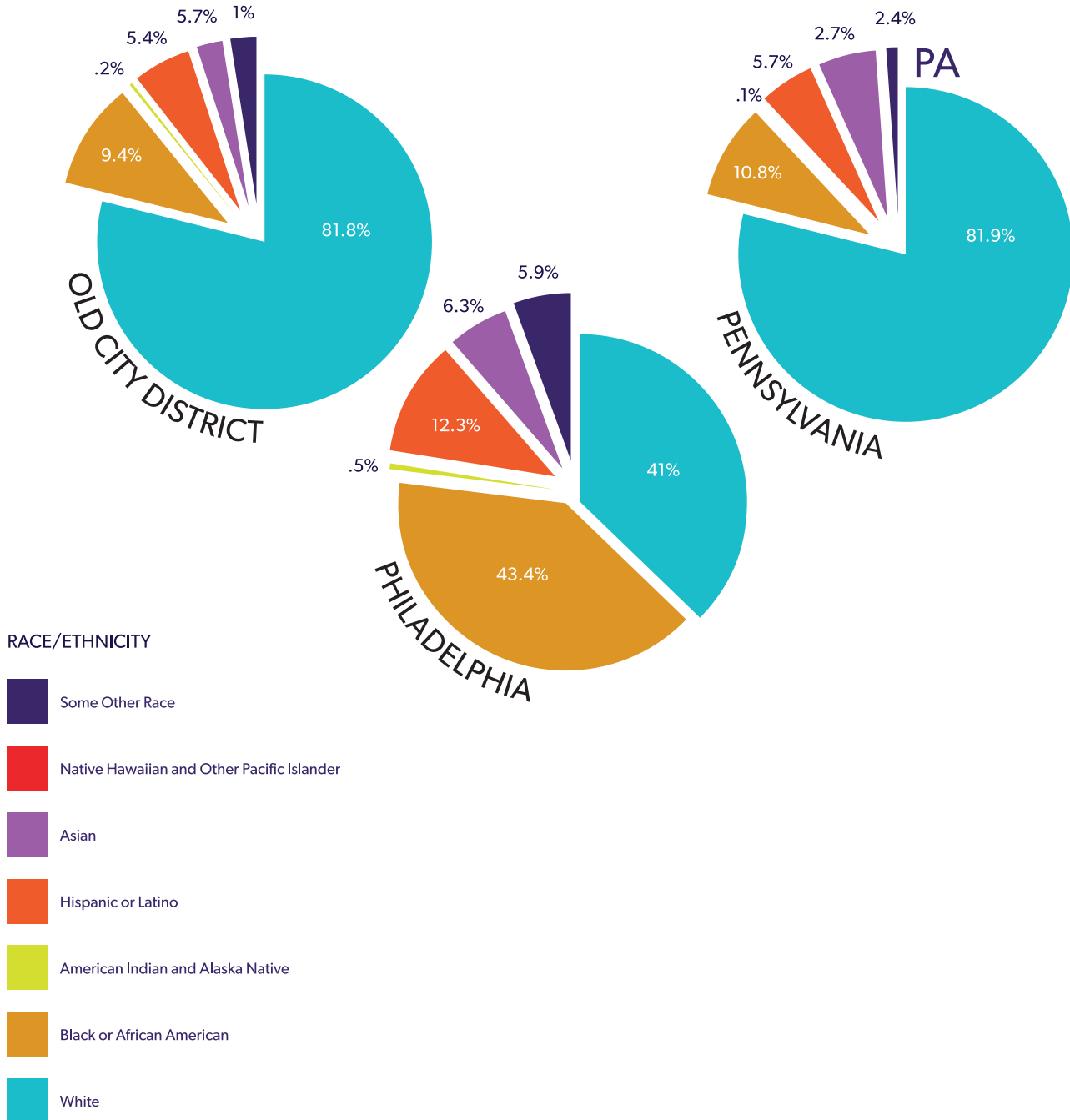
### Basic Demographics | Population

According to census data, Old City experienced an estimated **44.21% growth** between 2000 and the 2009-2013—the highest growth among Center City neighborhoods. As of the 2010 Census there are **11,740 residents** in Old City. Nationally, there is an average of 8,800 residents per supermarket. Old City has finally reached critical mass to warrant a local grocery store.

AREA (ZIP CODE)	2000	2010	2009-2013	% CHANGE 2000 TO 2009-2013
PHILADELPHIA (ALL)	1,517,550	1,526,006	1,536,704	1.26
<b>OLD CITY (19106)</b>	<b>7,639</b>	<b>11,336</b>	<b>11,016</b>	<b>44.21</b>
CENTER CITY WEST (19103)	19,395	21,387	21,554	11.08
CENTER CITY EAST (19107)	13,268	16,354	14,287	7.68
CHESTNUT HILL (19118)	9,442	10,218	10,146	7.46
MANAYUNK (19127)	7,446	7,737	7,237	-2.81

## Basic Demographics | Race/Ethnicity

Old City is 81.8% white. This is noteworthy given the city as a whole is roughly 40% white. While the percentage of white residents living in Old City is more than twice that of the city as a whole, it's nearly identical to that of the Commonwealth. Yet, this demographic speaks to a relative lack of racial/ethnic diversity in our resident base compared to that of other Philadelphia neighborhoods.



Race (2010 Census)

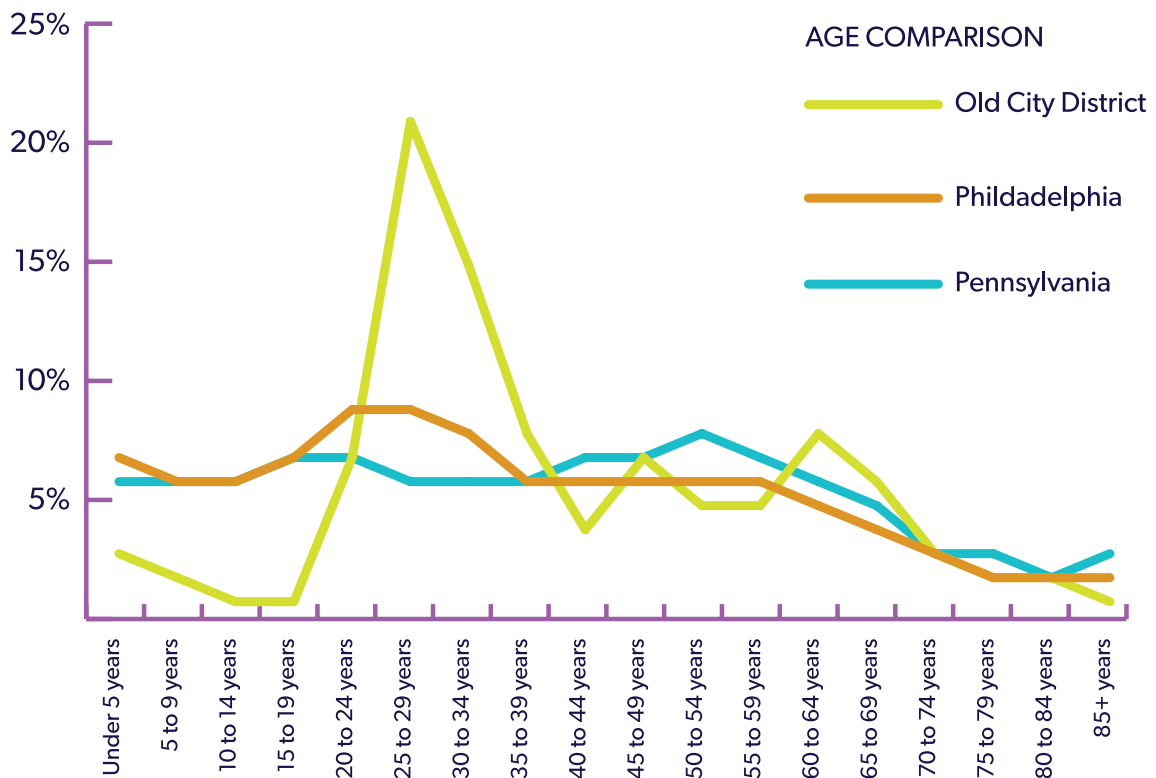
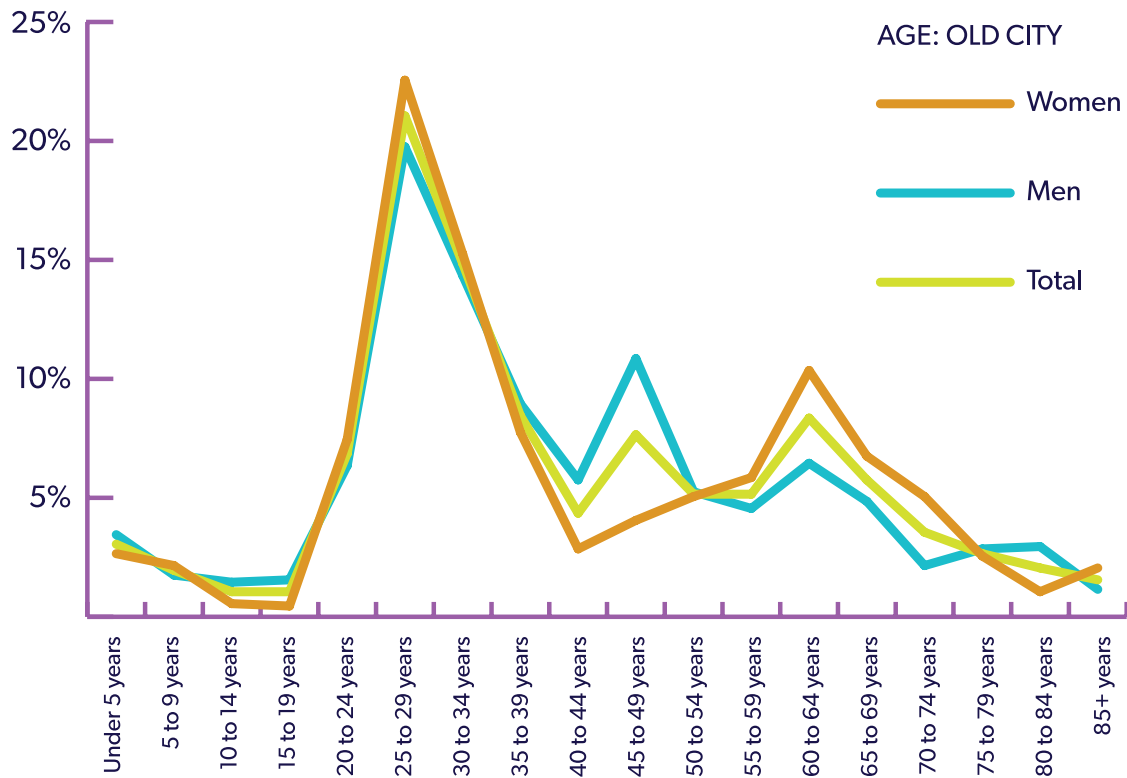
## Basic Demographics | Age Cohorts

Over a few short decades, the image of American cities has gone from one of blight and crime to trendy, walkable neighborhoods. And leading this charge are young adults who are packing up and flocking to cities after receiving their diplomas. While millennials might be taking the lead, the narrative of urban renewal and reinvestment is misleading without the inclusion of another urban newcomer, the Active Boomer (aka Empty Nester). Opting for trendy condos instead of the white picket fences and traditional comforts of their longtime suburban homes, adults in their 50s and 60s are millennials' newest Center City neighbors. Often delaying retirement, these older buyers, according to the Urban Land Institute, are often willing to give up square footage to move closer to work.

- **Young Adults.** In Philadelphia, the population of 20- to 34-year-olds increased by about 100,000 (6.1%) from 2006 through 2012—the largest such change among the nation's 30 largest cities (*Millennials in Philadelphia*, Pew 2014). Old City is in sync with this explosion in millennial population growth as adults between the ages of 25 and 34 now represent more than a third of all our residents.
- **Empty Nesters.** Those large numbers of residents over the age of 50 offset the dominance of 25-29 year olds and brings the neighborhood's median age to 36.1 (more than two years older than the city's median age). This growth of Empty Nesters represents the gradual reintroduction of well-to-do families living in Philadelphia described in the 2013 *Philadelphia Magazine* article, *The Prodigal Parents: Empty Nesters are Rejoining their Adult Children in the City*.

While it may be hard to understand at first, Young Adults and Empty Nesters actually have similar needs and interests. Despite the difference in age, both cohorts in fact buy into the same idea of urban living. Both are looking for cultural offerings that city living provides, such as cafés, museums, and boutique shops. And as neither group requires a child-centered environment, they are an unlikely but well-matched fit. Not surprisingly then, Old City only reports that 6.1% of its residents are 19 or younger, a stat that is significantly lower than 25.8% for all of Philadelphia.

*Graphs on following page.*

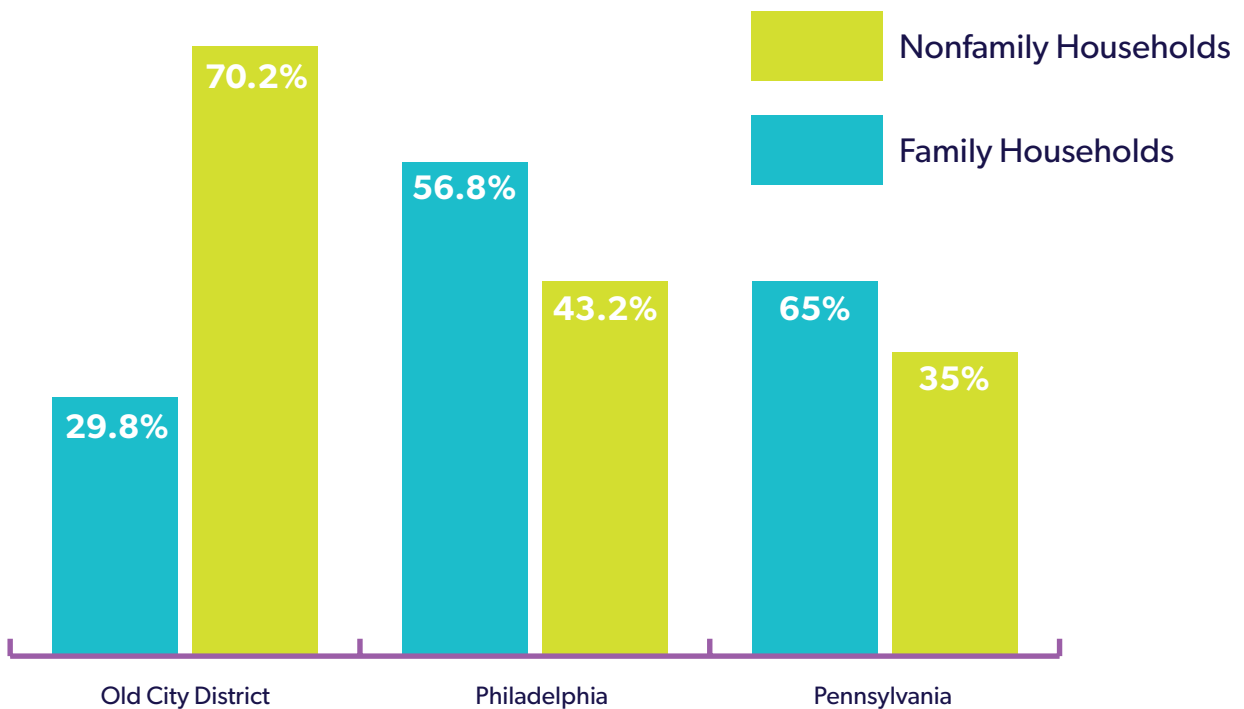


Age (2011-2013 American Community Survey)

## Basic Demographics | Household Structure

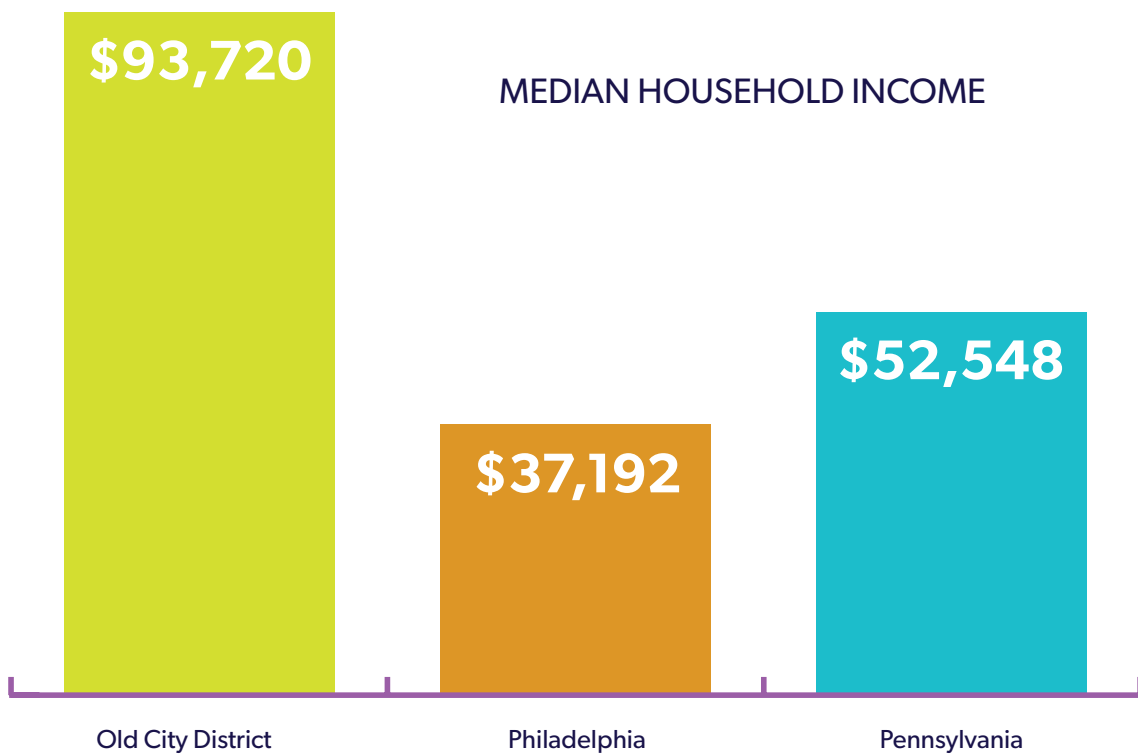
The prevalence of nonfamily households in Old City, which make up 70.2% of its population, reflects widespread cultural shifts and changing lifestyle patterns. Nationally, there has been a surge in nonfamily households.

Possible causes of this change include the more common acceptance of couples living together before marriage, millennials delaying marriage, and economic factors that drive young adults to move in together for longer periods of time than previous generations.



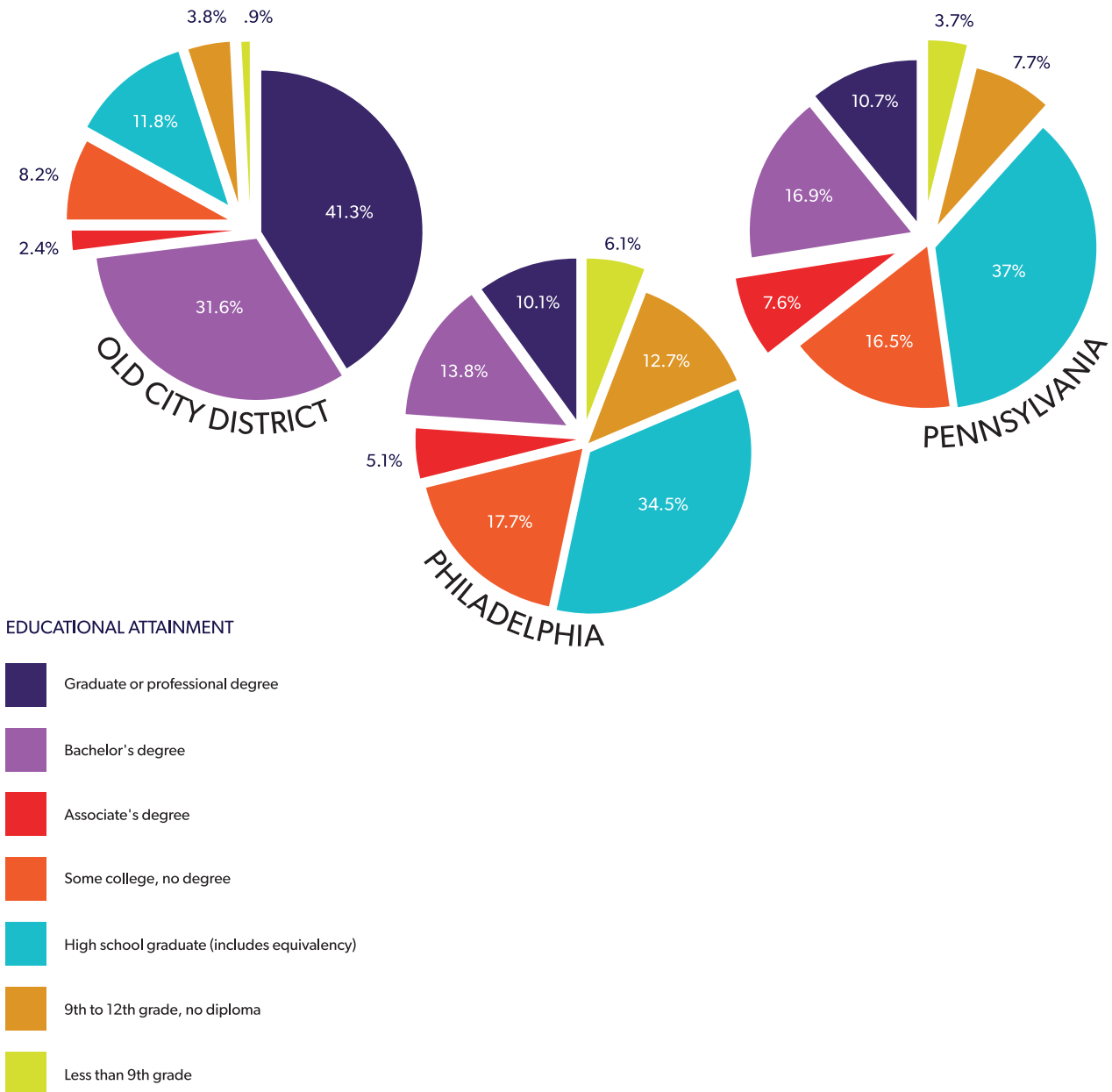
**Basic Demographics | Income Household**

Old City's population is considerably wealthier than the rest of the city. Old City residents—with a median household income of \$93,720—bring home well over double the household income of most Philadelphians.



**Basic Demographics | Educational Attainment and Occupation**

Old City’s population is highly educated and skilled. Nearly a third (31.60%) of neighborhood residents over the age of 25 hold a bachelor’s degree, while even more (41.30%) have attained a graduate or professional degree. These stats are all the more impressive compared to the city’s averages, which are 13.8% and 10.1%, respectively.



Educational Attainment, Population 25 and Over Comparison (2011-2013 American Community Survey)



## Basic Demographics | Educational Attainment and Occupation (continued)

Richard Florida's Creative Class defines a new class of professionals whose contributions are a product of their mind and individual creativity, rather than a learned skill or manual labor. Florida's 2013 study of Philadelphia showed 69% of Old City's residents work within the Creative Class sector, more than twice the city's average.

More specifically, we know that more than a third of all Old City residents (35.2%) work within the meds/eds industries while few work within the arts, retail and food industries—a surprising finding given these industries' strong presence on Old City's commercial corridors. One possible explanation is that the majority of Old City residents may work outside of neighborhood or from inside the home.

INDUSTRY	OLD CITY	PHILADELPHIA	PENNSYLVANIA
AGRICULTURE, FORESTRY, FISHING AND HUNTING, AND MINING	0%	.2%	1.4%
CONSTRUCTION	1.4%	4%	5.7%
MANUFACTURING	4.7%	6.9%	12.4%
WHOLESALE TRADE	3.5%	2.1%	2.8%
RETAIL TRADE	4.6%	10.4%	11.8%
TRANSPORTATION, WAREHOUSING, AND UTILITIES	1.7%	5.3%	5.1%
INFORMATION	4.2%	2%	1.8%
FINANCE, INSURANCE, REAL ESTATE	11.4%	6.3%	6.5%
PROFESSIONAL, SCIENTIFIC, MANAGEMENT AND ADMINISTRATIVE	21.8%	11.4%	9.7%
EDUCATIONAL SERVICES, HEALTH CARE AND SOCIAL ASSISTANCE	35.2%	30.5%	25.9%
ARTS, ENTERTAINMENT, RECREATION, FOOD AND ACCOMMODATION	6.9%	9.7%	8.2%
OTHER SERVICES, EXCEPT PUBLIC ADMINISTRATION	1%	4.8%	4.7%
PUBLIC ADMINISTRATION	3.7%	6.4%	4.2%

## Psychographic Profiles and Lifestyle Segmentations

Thanks to big data and the propensity for people to cluster in areas with people similar to them, psychographic or geodemographic segmentation allows for researchers to get a more detailed glimpse at a population's identity. Based on an analysis of consumer behavioral data, these tools assign lifestyle profiles that can zero in on personal traits like preferences and values, and quantify the qualitative.

Below are two evaluations of Old City residents as represented by zip code 19106: one from Esri's Tapestry Segmentation and the other by Nielsen's Claritas Segmentation.

**Esri Tapestry Segmentation of 19106.** Esri Tapestry Segmentation divides U.S. residential areas into 65 segments based on demographic and socioeconomic characteristics.

- **44% are Metro Renters.** Residents in this highly mobile and educated market live alone or with a roommate in older apartment buildings and condos located in the urban core of the city. This is one of the fastest growing segments; the popularity of urban life continues to increase for consumers in their late 20s and 30s.

Metro Renters residents' income is close to the U.S. average, but they spend a large portion of their wages on rent, clothes, and the latest technology. Computers and cell phones are an integral part of everyday life and are used interchangeably for news, entertainment, shopping, and social media. Metro Renters residents live close to their jobs and usually walk or take a taxi to get around the city.

- **32% are Laptops and Lattes Residents.** Laptops and Lattes residents are predominantly single, well-educated professionals in business, finance, legal, computer, and entertainment occupations. They are affluent and partial to city living—and its amenities.

Neighborhoods are densely populated, primarily located in the cities of large metropolitan areas. Many residents walk, bike, or use public transportation to get to work. A number work from home. Although single householders technically outnumber couples, this market includes a higher proportion of partner households, including the highest proportion of same-sex couples.

Residents are more interested in the stock market than the housing market. Laptops and Lattes residents are cosmopolitan and connected—technologically-savvy consumers. They are active and health conscious, and care about the environment.

- **16% are Urban Chic.** Urban Chic residents are professionals that live a sophisticated, exclusive lifestyle. Half of all households are occupied by married-couple families and about a third are singles. These are busy, well-connected, and well-educated consumers—avid readers and moviegoers, environmentally active, and financially stable. This market is a bit older, with a median age of almost 43 years, and growing slowly, but steadily.

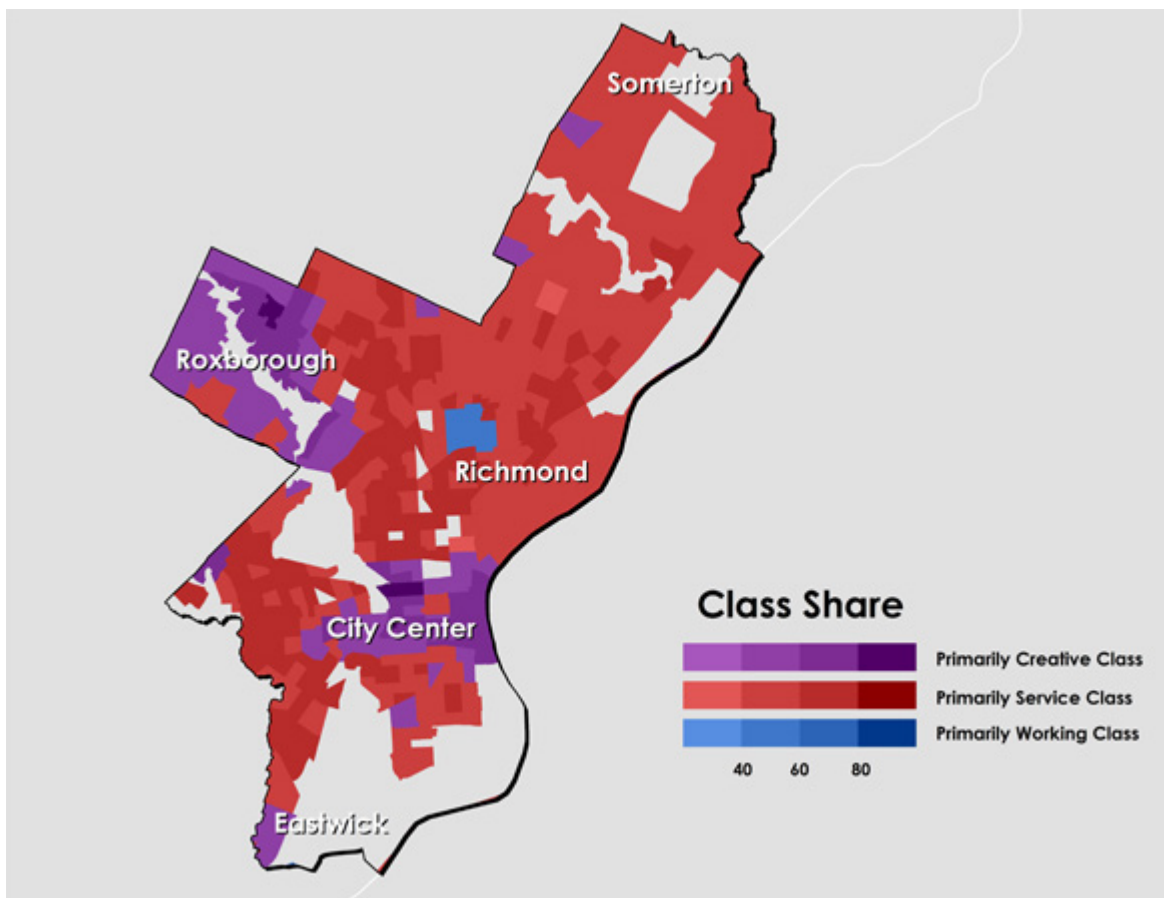
**Nielsen Claritas Segmentation of 19106.** Nielsen's consumer lifestyle segmentation identifies demographic trends, consumer spending patterns and lifestyle behaviors. Although these segments suggest more racial/ethnic diversity than what is present in Old City, these descriptors speak to our residents' lifestyle preferences. Since percentage breakdowns were not provided in this report, we have arranged segments in terms of what most closely aligns with neighborhood demographic findings.

- **Bohemian Mix.** A collection of mobile urbanites, the Bohemian Mix represents the nation's most liberal lifestyles. Its residents are an ethnically diverse, progressive mix of young singles, couples, and families [in Old City, most without young children] ranging from students to professionals. In their funky row houses and apartments, Bohemian Mixers are the early adopters who are quick to check out the latest movie, nightclub, laptop, and microbrew.

- **Young Digerati.** Young Digerati are tech-savvy and live in fashionable neighborhoods on the urban fringe. Affluent, highly educated, and ethnically mixed [though not in Old City], Young Digerati communities are typically filled with trendy apartments and condos, fitness clubs and clothing boutiques, casual restaurants and all types of bars—from juice to coffee to microbrew.
- **The Cosmopolitans.** Educated, upper-midscale, and ethnically diverse [though not in Old City], The Cosmopolitans are urbane couples in America's fast-growing cities. These households feature older, empty-nesting homeowners. A vibrant social scene surrounds their older homes and apartments, and residents love the nightlife and enjoy leisure-intensive lifestyles.
- **Money & Brains.** The residents of Money & Brains seem to have it all: high incomes, advanced degrees, and sophisticated tastes to match their credentials. Many of these city dwellers are married couples with few children [if any, in Old City] who live in fashionable homes.

**Creative Class Psychographic Profile of Old City.** While its validity as an economic development formula is highly debated, Richard Florida's *The Rise of the Creative Class* successfully captures the character of a population that has and continues to transform America's urban fabric.

*In Class-Divided Cities: Philadelphia Edition* (2013), Florida defines the Creative Class as professionals whose economic contributions are a product of their mind and individual creativity, rather than a learned skill or manual labor. He claims that their cultural preferences, values, lifestyles, and consumption habits all flow from their membership to this class.



### Old City

Creative Class Share\* - 69%

Service Class Share - 27%

Working Class Share - 4%

\*Philadelphia, Overall - 35%

Florida's sociocultural analysis aligns with demographic and psychographic findings already presented. With Old City's Creative Class population 34.4% greater than that of Philadelphia as a whole, there are three noteworthy characteristics of this Class:

- **Individuality.** Those who represent the Creative Class have a very strong preference for individuality and self-statement. For them, individuality and unconventionality trump conformity and societal norms.
- **Meritocracy.** The Creative Class believes in hard work, goal-setting and achievement. But it's important to note that, for this class, success isn't defined by money. Instead, the Creative Class is motivated by respect from peers and the pursuit of purposeful and meaningful projects/goals.
- **Diversity and Openness.** Florida argues that diversity is a fundamental marker of Creative Class values. They strongly favor an environment or organization that is open to differences and allows anyone to fit in and get ahead in without superficial barriers.

### Old City Residents, Key Takeaways

1. **Homogeneity but diversity values.** As eight out of ten residents are white, Old City is racially/ethnically homogeneous; however, according to the psychographic profiles and lifestyle segmentations particularly of the new wave of urban settlers, we also know that many, if not most, residents may welcome and seek more diversity.

This current lack of diversity may speak to a persistent segregation in Philadelphia noted by a 2011 study finding by John Paul DeWitt (CensusScope.org) and the University of Michigan's Social Science Data Analysis Network that showed Philadelphia as the 9th most segregated metro in the U.S.

2. **Two age groups, one lifestyle.** Affluent millennials and active boomers, including those comprising nonfamily households without young children, are choosing city life over suburban living. Despite their age difference, both millennials and boomers are chasing the same version of urban living, defined by walkable streets, and accessible culture and entertainment.
3. **Time, money, and leisure.** With notable wealth, and without the expense or responsibilities of raising children, Old City residents have the time and money to spend on the many cultural experiences and specialty goods the neighborhood has to offer.
4. **Authenticity is everything.** For millennials in particular, authenticity is a driving force behind their lifestyle choices and consumer habits. Millennial residents crave the distinctive character, craftsmanship, and quality of handmade goods and hyper-local experiences.

## 2. Old City Housing Market

As Old City District prepares to embark on the Vision 2026 neighborhood planning effort, it is becoming clear that the physical area of Old City is undergoing a rapid change. The Vision 2026 plan will serve as a tool for developers to invest strategically in the decade leading up to the 250th anniversary of the founding of our country, which is sure to bring renewed interest and visitorship to our community.

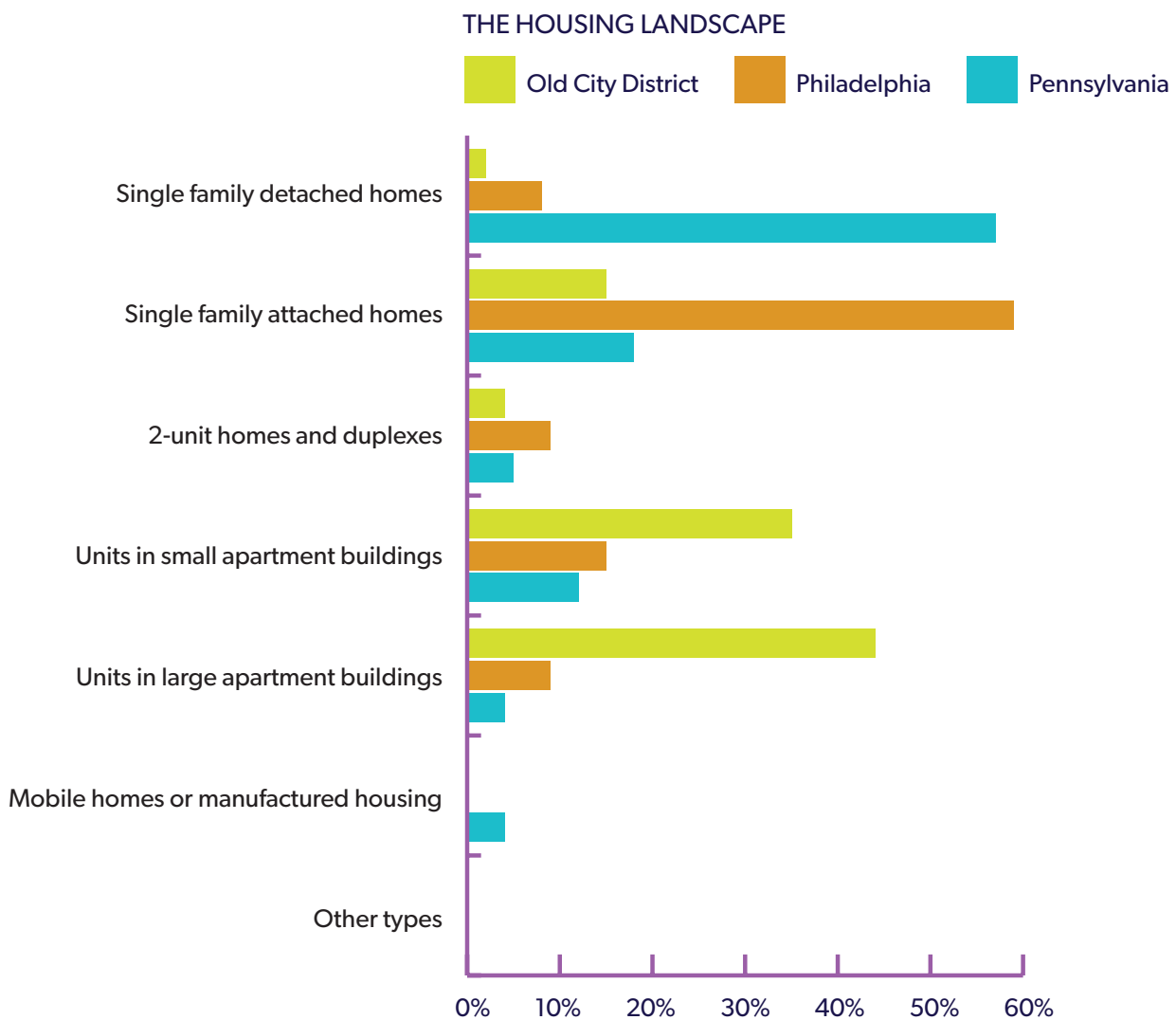
In advance of these planning efforts, we focus here on one particular aspect of our environment: the local housing market. This is the most important real estate market to consider within the context of a marketing and communications plan, since it speaks so directly to the kinds of potential residents we should be seeking to target.

### The Housing Landscape

We present here a current assessment of the neighborhood's existing housing stock and the trends that are helping to reshape it.

***A neighborhood of apartments, flats and condos.***

Philadelphia, typified by brick rowhouses that run through most of its neighborhoods, earned the city the 19th century moniker “City of Homes.” In contrast, Old City has relatively few attached or detached single family homes. With the exception of Elfreth’s Alley, the area is dominated by apartment buildings, large and small, which constitute 78.89% of its built landscape according to the 2011-2013 American Community Survey.



**And a neighborhood of (mostly) renters.** According to the 2011-2013 American Community Survey, 54.90% of Old City's housing is rented, 8.2% more than the rest of Philadelphia.

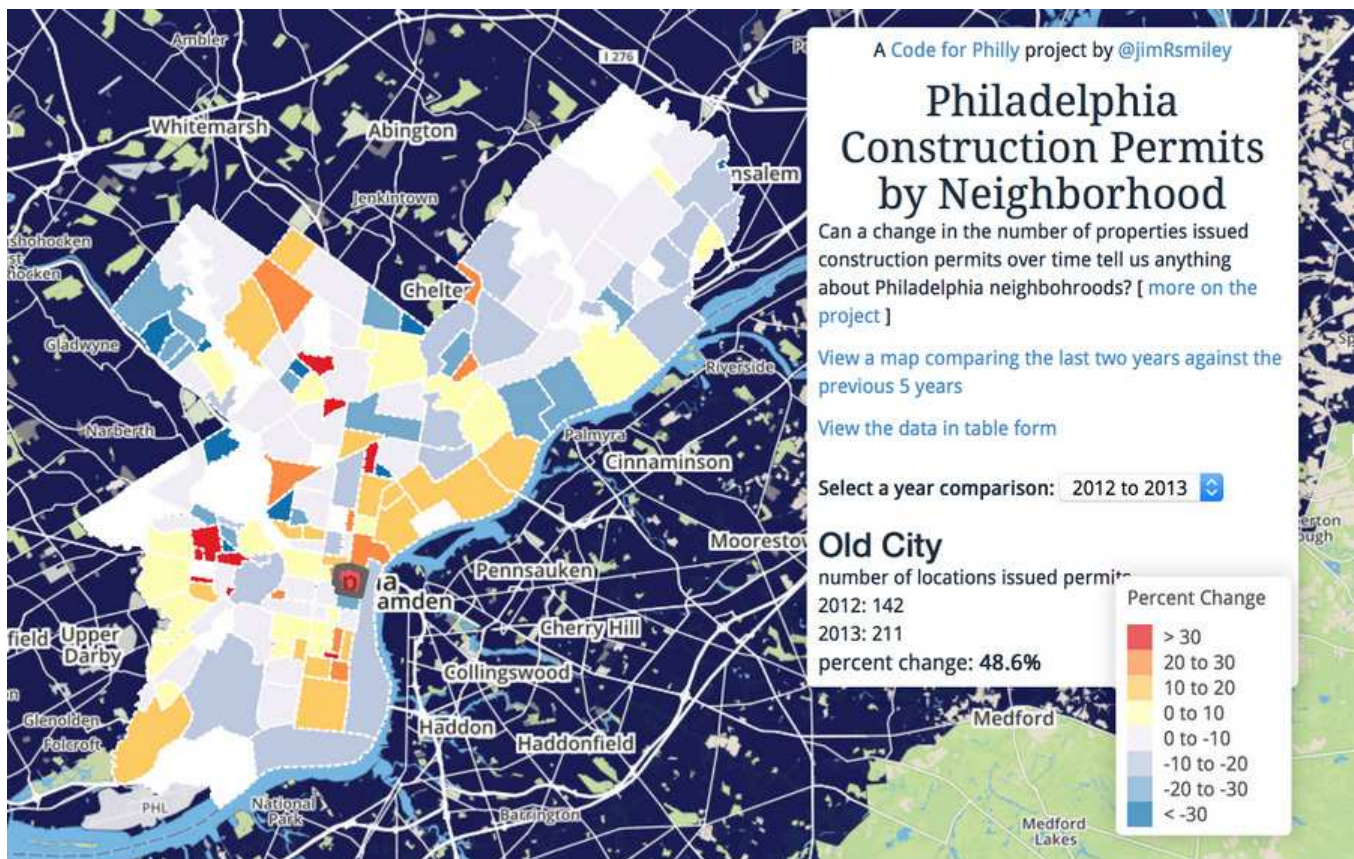
**The built environment responds to changing family structures, and vice-versa.** Both millennials and boomers' childfree lifestyles favor apartment and condo living to single family homes. Of the listed real estate development on Old City District's website, nearly all sites include apartment or condo units.

**A building boom.** The steep rise in Old City's population is both being driven by and driving a feverish wave of residential development. Old City experienced a 48.6% increase in construction permits issued from 2012-2013—one of the largest percentages of growth in the city.

**Growth of luxury housing done well.** While mixed-use buildings featuring apartments make up most of the new construction in Old City, there has also been a rise in luxury townhomes. Offering more space and amenities than typical city dwellings, these homes target a higher-end consumer.

This new wave was noted in the popular real estate blog, Naked Philly, in a post from October 2014: "New mansions haven't been part of the equation in Old City for hundreds of years. But all of a sudden, it's been raining big and expensive homes in this neighborhood. We've seen construction get moving on four mega-homes on Walnut Street, seven mansions on Church Street, and three biggies near 3rd & Arch. All of these projects have large homes, high price tags, and designs that make them distinct from the historic fabric of the neighborhood. This seems wise, because fake historic generally looks like crap."

**Bottom line: we're on the high end of affordability, but the low end of exclusivity.** The median rent price in Old City in 2015 is \$1,795 according to Zillow.com, which is higher than the Philadelphia median of \$1,450. Zillow also estimates the median home value in Old City is \$377,400. (Center City West average value is \$434,600 and Fishtown is \$226,800.) Old City home values have declined -1.2% over the past year and Zillow predicts they will fall -1.0% within the next year.



Philadelphia Construction Permits by Neighborhood