

CENTER CITY DIGEST

THE NEWSLETTER OF THE CENTER CITY DISTRICT AND CENTRAL PHILADELPHIA DEVELOPMENT CORPORATION

FALL 2005

Center City Retail: Steady Improvement with Potential for Growth



New and exciting retailers are discovering the value of a Center City location.

With a dense concentration of jobs, an expanding convention and tourism trade and a large and growing residential base, Center City Philadelphia offers a robust retail environment with great potential for growth.

In our latest, annual retail survey¹, conducted in June, the Center City District counted 2,146 retail establishments, occupying 3.56 million square feet. Sixty-seven premises were under construction and 255 were vacant, for a total of 2,468 retail spaces occupying 4.1 million square feet. That number was up marginally from 2004, when CCD counted 2,433 retail premises.

By comparison, the King of Prussia Mall is home to 375 stores, occupying 2.62 million square feet. Moreover, Center City has a rich variety of retail businesses, offering everything from fine dining to hoagies, furs to vintage clothing, antiques to discount houses. Where King of Prussia currently has the edge is with eight major department stores.

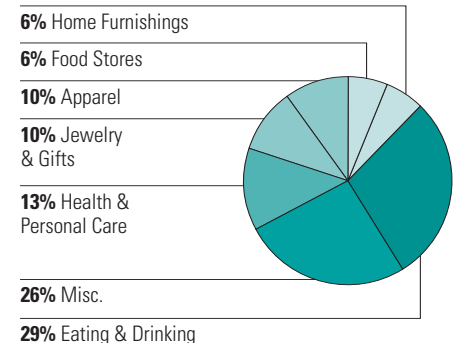
The 2005 survey found that the retail occupancy rate had climbed to 90%, a three percent increase over 2004. While this percentage has fluctuated over the years, the overall trend has been a steadily improving retail environment.

CCD counted 212 new retail businesses

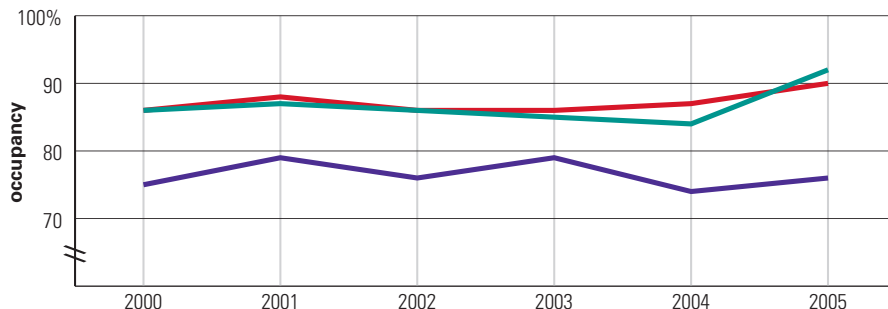
this year, occupying 200,000 square feet and representing a wide range of merchandise and services. Center City continued to add sit-down dinner restaurants, growing from 201 in 2004 to 206 this year. Jewelry and gift stores added another 11 establishments for a total of 188, and bank/financial services locations grew seven percent from 87 in 2004 to 93 in 2005. There were minimal changes in other retail categories.

Center City's 623 eating and drinking establishments continue to account for a large share of the marketplace, representing 29% of downtown retailers. In addition to 206 sit-down dinner restaurants, there were 64 bars/nightclubs, 167 outdoor cafes (see article page 4) as well as bakeries, coffee shops, fast-food, take-out and health-food establishments, sandwich and snack shops and delicatessens.

COMPOSITION OF RETAIL MARKET BY SECTOR



RETAIL OCCUPANCY RATES



■ East Chestnut ■ West Chestnut ■ Center City

This month's *Center City Digest* is a special issue focused largely on the retail environment in Center City.

One clear trend has been the growth in popular national coffee shops now interested in previously untapped urban markets. In 2000, CCD counted three Starbucks coffee shops, in 2005, there were 11.

Another notable development has been the growth in home furnishings and décor stores which, along with well-established art galleries, frame shops and antique dealers, serve the burgeoning downtown residential market. (See article page 4.)

The retail revival along West Chestnut Street continued to accelerate in 2005, with a significant number of new retailers. The vacancy rate on Chestnut from Broad Street to the Schuylkill River dropped to eight percent, equal to West Walnut and nearly half of last year's 15.6% vacancy rate. (See article page 5.)

The CCD also conducts an annual survey of pedestrian traffic at key locations throughout Center City.² This year's survey, conducted in June, found that downtown volumes have been sustained. The busiest pedestrian areas remain West of Broad, Market West and the Avenue of the Arts. Old City, East of Broad and the Convention Center saw an increase.

Read more about Center City retail in a special report, starting on page 3. More information on retail, including survey results and pedestrian counts, is available at www.centercityphila.org.



The number of restaurants in Center City continues to grow, both in number and variety.

- 1 The Center City District conducts the annual Center City retail census each year in June, surveying the area from Pine Street to Vine Street between 6th Street and 21st Street, and from 21st Street to the Schuylkill River between Market Street and Walnut Street, and North Broad Street from Vine Street to Spring Garden Street. Every block within these boundaries is walked and every retail business is recorded or updated, based on the results of the previous year's survey. Information collected includes street address, business name, square footage, type of retail, and for dinner restaurants, type of cuisine. Survey results are used to monitor changes and trends in the Center City retail environment.
- 2 Center City District personnel use hand-held counters to record the number of people passing by each location in 15-minute intervals between 11:30 and 2:30 p.m. Counts recorded from both sides of the street are averaged to determine an hourly pedestrian count for each location.

Center City Elementary School Fair

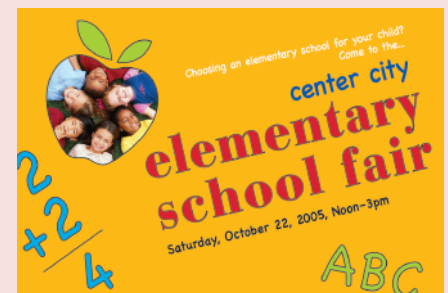
Parents can now make an informed decision about which Center City school best suits their child's needs at the first Center City Elementary School Fair.

Principals, staff, teachers and involved parents from over 30 public, parochial, independent and charter elementary schools in Center City will be on hand to answer questions about what their school can offer children. There will also be family entertainment and a festive atmosphere to keep the kids entertained while parents learn about each school, and about the innovative and exciting changes happening at downtown schools.

The fair will be held from noon to 3 p.m. **Saturday, October 22** in Hall D of the Pennsylvania Convention Center, 12th and Arch streets. Admission is free and there will be snacks and drinks available for purchase.

The schools fair is funded by the William Penn Foundation and the Commonwealth of Pennsylvania as part of a broader project that the Center City District is undertaking to enhance educational opportunities in Center City.

For more information, call 215-440-5500 or visit www.CenterCitySchools.com.



www.CenterCitySchools.com

CENTER CITY RETAIL: The Experts Speak

Downtown streets are active day and night with new residents, increasing numbers of visitors and the largest concentration of office workers in the region. Yet there is a persistent view that retail development in Center City has lagged.

Findings from the Center City District's latest survey and interviews with key retail experts tell a different story: while there are clearly challenges in growing the retail sector, overall retail vacancy is down and there is strong growth both in certain key types of retail and at some locations, notably Chestnut Street. (See articles pages 4&5.)

Experts attribute much of the slow but steady improvement in Center City's retail environment to a change in the national perception of the city. "I think we are starting to chip away at the old theory that this is a dowdy city," says **Peter Iacovoni**, manager of Special Projects, Office of the City Representative/Commerce Department.

The arrival of an increasing number of national chains — and their national advertising campaigns — has started to brand Philadelphia as a viable retail location, says **John Connors**, president of Brickstone Realty, owner of the Market Place East shopping center. And nationals are a boon, not an obstacle, to Center City's unique, small, owner-run shops, the experts stress. "We need to understand that a West Elm [a new national furnishings store coming to East Chestnut Street] will bring foot traffic and will help, not hurt, the smaller retailers nearby," says Iacovoni.

Particularly for tourists and visitors, national names lend credibility and cachet to local shops, says **Meryl Levitz**, president of the Greater Philadelphia Tourism Marketing Corp. (GPTMC). "We need both," she says. "There are a lot of people who want the one-of-a-kind shopping we offer, but there are also a lot of people who want the familiarity and comfort of national stores."

The replacement of Strawbridge's at 8th and Market with Macy's — well known in retail circles as an aggressive advertiser, smart merchandiser and progressive retailer — is welcomed. "Macy's is an ideal fit for Center City," says **Joseph Coradino**, president of PREIT, which owns the adjacent Gallery at Market East. "It will serve as impetus to reinventing



Building a wide range of quality retailers is a key economic development goal for Center City.

the rest of Market East with small shops, dining and entertainment."

For the Gallery, he adds, Macy's arrival bolsters plans to attract more traditional shopping for a more eclectic tenant mix. "You can lease a broader range of stores adjacent to a Macy's," he notes. Iacovoni expects Macy's to exceed Strawbridge's sales at that location.

PREIT also plans physical changes at the "fortress-like" Gallery that are bound to enhance Market East, including introducing more glass to the façade and more entrances from Market Street. "Our vision for the Gallery is to make it more a part of the streetscape," says Coradino.

Market East, along with South Broad, is also widely viewed as the ideal location for big-box retailers such as Target, Best Buy, Costco and Sears who are experimenting with multi-level stores in urban settings. "It's very difficult to get these types of retailers into old buildings," says Coradino. "They want to build their prototypes and so it's much easier to sell them from the ground up." But Connors notes that barriers that have kept key parcels on Market East tied up for years must be removed to expedite their development.

There is consensus that Center City is still underserved by and presents opportunities for retail types including movie theaters, sporting goods, electronics, appliances and furniture. Opinion varies

about whether Center City is likely to see the arrival of a high-end department store, like Neiman-Marcus or Nordstrom, any time soon.

To coordinate efforts to build Center City's retail environment, the Commerce Department, Center City District, Philadelphia Convention & Visitors Bureau, GPTMC, key retail developers and others established an advisory panel that has met regularly over the past year.

But there is a clear sense that the corner has been turned. Says **Jack Fazio**, general manager of the Shops at Liberty Place: "The demand for a Center City location is growing. And from the national viewpoint, Philadelphia is finally on the map."

Outdoor Dining Boom is a Boon to Center City

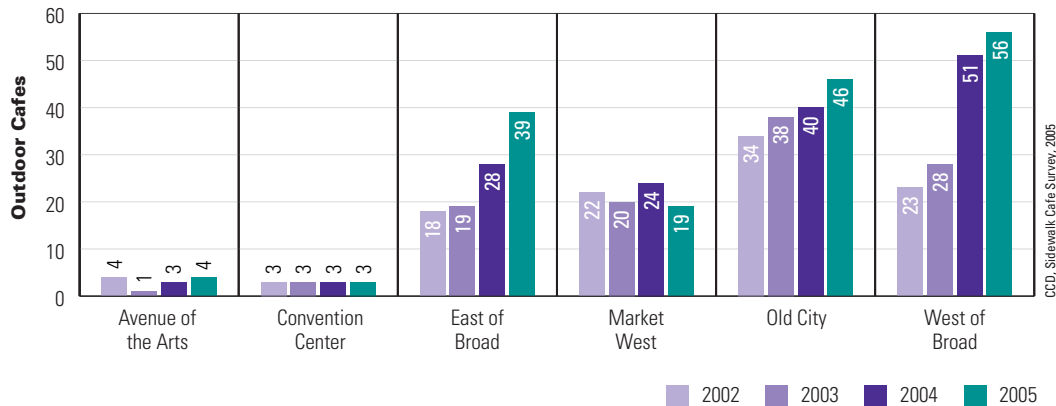
One of Center City's strongest retail growth areas, and a sure indicator of a lively urban scene, is the continued expansion of outdoor cafes throughout the downtown. In its fifth annual outdoor seating survey, conducted in June, the Center City District counted 167 establishments with sidewalk seating, up 12% from 149 in July 2004 and more

than 140% since the CCD first counted 69 cafes in 2001.

This year the area west of Broad Street remained the location of the highest share of Center City's outdoor cafes (34%), although east of Broad grew by almost 40% since last year and now accounts for 23% of the total number of establishments.

The CCD's full 2005 Sidewalk Cafe report is available online at www.centercityphila.org.

OUTDOOR CAFES IN CENTER CITY



Soaring Center City Population Brings Growth in Home Furnishings Shops

As Center City's population swells with sophisticated young professionals and a growing market of affluent empty nesters, a new generation of stylish home furnishings and décor stores is springing up amid long-time favorites.

National retailers and local entrepreneurs alike have taken note of the fact that since 1998, almost 7,500 new housing units were added in Center City, with another 3,460 in the pipeline through 2008, adding thousands of new residents.

Town Home is one of the new Center City-based shops catering to urban dwellers' taste for good design. "The chic, sophisticated urban customer is already here in Center City. Now with more upscale residences than ever before, it will no doubt increase my housewares business and it's already been very lucrative," says owner Dana Bank.

Owner Igor Rivlin of Usona saw an opportunity to bring high-end, modern furniture with an urban sensibility to

Center City 11 years ago when he found he had to go to New York repeatedly to get the kind of furnishings he wanted for his own apartment. "It's a much more sophisticated city than it used to be," he now says. "It's alive."

Other small, local shops that have opened to serve the burgeoning home-furnishings market in Center City include Matthew Izzo Shop, Open House, Kellijane and Metro Living, among others.

National home-furnishings retailers are also discovering the value of a Center City location. Design Within Reach specializes in the iconic designs of the 20th century at its 3,700-square-foot Philadelphia showroom. Just down Walnut Street is Waterworks, another national retailer that offers upscale bath fittings and products.

New this fall are Mitchell Gold + Bob Williams and West Elm, both high-end furniture retailers opening on Chestnut East.



High-style furnishings shops are filling a growing market niche in Center City.

For more information on these and other great places to shop for furnishings and décor in Center City, including a searchable database, visit www.centercityphila.org.

Retail Resurgence on West Chestnut Street

One of the most dramatic turnarounds in Center City's retail scene is taking place on West Chestnut Street where significant new investment in only the past year has injected extraordinary new life into once-quiet blocks.

The Center City District's annual retail survey in June 2004 found that 15.6% of the storefronts on Chestnut between Broad Street and the Schuylkill River were vacant. This June, the vacancy rate was nearly halved, to eight percent.

One of the lynchpins of change is Stephen Starr's successful Continental Midtown, bringing with it a lively evening scene of bar-goers and diners. A new entertainment district is shaping up here, too, with both the House of Blues and the renovated Boyd Theater in the works.

Across the street is the new DiBruno Brothers gourmet food emporium. The venerable Italian Market-based purveyor invested more than \$4 million to outfit its 12,000-square-foot store, which opened in May. Besides bringing rare cheeses, homemade chocolates and pastries,

prepared and specialty foods to Chestnut, the store has done much to enliven the street with its ground-floor coffee and espresso bar, brisk lunch business and outdoor seating. On the second-floor, DiBruno's recently opened a 50-seat BYOB cafe with wireless Internet access.

One block west, Boyds is also spending millions to renovate its store and expand its women's department with collections from ultra-high-fashion designers, many of whom were not previously available in Center City. The new store also features an in-house Brasserie Perrier cafe and Govberg jewelry boutique.

Other new retailers on West Chestnut include Breakaway Bikes, Chic Bella, Perry Milou Gallery and Smith Brothers.

The blocks immediately east of Broad Street are also beginning to experience resurgence. The success of Borders has been a major catalyst, and now two new furniture stores, West Elm, a division of Williams-Sonoma, and Mitchell Gold + Bob Williams, are opening on East Chestnut. West Elm will share the former

Woolworth's Building with Lucky Strike bowling alley, a new and popular entertainment concept.

Peter Iacovoni, manager of Special Projects, Office of the City Representative/Commerce Department, attributes the new energy on Chestnut Street to several factors – reopening Chestnut Street to vehicular traffic in the late 1990s, the Center City residential boom, high rents on Walnut Street and, finally, achievement of the critical mass essential to producing foot traffic sufficient to support a whole new generation of Chestnut Street retail and restaurants.



Among the factors in the dramatic resurgence of West Chestnut Street are, from left, the new DiBruno Brothers, the renovated and expanded Boyds and Stephen Starr's highly successful Continental Midtown.

Dress (Your Center City Building) For Retail Success

Retail success depends on a complex array of factors, not the least of which is storefront design. Yet on only a small budget, property owners and retail tenants can optimize their buildings for retail success and, in turn, enhance the image of Center City as a vital shopping district.

Architect Robert F. Keppel of Cope Linder Architects offers some simple guidelines:

- Maximize the use of clear glass. Avoid paper signs and opaque or tinted windows. “Passers-by should see that the store is open for business with interior activity in the sales area clearly visible from the street,” he says.
- Keep your storefront and display window illuminated. If the windows above your store are dark at night, light them up from the interior. Providing after-hours lighting within the store will also create an attractive glow along the sidewalk, enhancing security and encouraging evening window shopping.
- Use the full height of your storefront glass to give your shop a greater presence on the street. If the interior ceiling needs to be a bit lower for ductwork, hold those ducts back from the store window by about ten feet to allow a ceiling transition. If the higher transom glass has been painted or covered over, consider restoring the clear glass.
- Preserve any historic building features and use them to give your store a distinctive quality. These interesting details are part of the experience that makes Center City shopping unique.
- Conceal security grilles above the interior ceiling, behind awnings or within an architectural cornice. An open grille style is required for after-hours visibility.
- Your store sign should be simple and distinctive and can incorporate logo artwork. It should be placed appropriately on the storefront above the window — without covering any part of the window area or other important architectural elements. Well-crafted individual dimensional letters are recommended — avoid box signs. Keep the sign text short and simple. Lettering on storefront glass should be sized and positioned for pedestrian legibility and can include more specific messages such as store hours.
- Keep your storefront clean and uncluttered.

“Sparkling clean glass, illumination, attractive window displays and signs — these are the visual elements that help draw shoppers,” says Keppel. “People are attracted to districts where merchants collectively create a sense of quality and a memorable shopping experience.

“At the bare minimum,” he adds, “maintain it and light it up. It requires only a minimum investment, with a great return.”



Charles E. Broudy and Associates

These renderings illustrate some basic elements for good storefront design: lots of clear glass, attractive signs and incorporation of distinctive or historic architectural features.

Center City Retail Location Kit

Attracting retail is one aspect of the Center City District’s mission to reinforce Center City as a thriving 24-hour downtown, and a premier place to live, work or play. The CCD’s retail location kit is an invaluable tool to tell prospective retailers the benefits of locating in Center City.

This year, the CCD has redesigned, reformatted and rewritten the kit, to give it an updated look and make it easier to use. But it still contains all of the data necessary to make retail location deci-

sions: up-to-date facts about downtown demographics, transportation and spending; the CCD’s latest retail survey findings; market trends; detailed looks at each of five downtown retail zones; pedestrian counts and maps and listings of all major downtown developments since 1992.

The kit is free upon request by contacting the CCD at 215-440-5500 or by email at ksims@centercityphila.org. Or download sections of the kit at www.centercityphila.org.

The CCD also offers a complete listing of all Center City retailers based on its June 2005 survey, sorted alphabetically, by retail type or by address for \$60 each. To order, contact the CCD at 215-440-5500 or by email at ksims@centercityphila.org.

CCD Lights More Center City Sidewalks

The next phase of the Center City District's ongoing work to illuminate downtown sidewalks is underway, with installation of \$1.6 million in new, ornamental sidewalk lighting at several locations in and around Center City. The project areas are Washington Square, Pine Street, Market Street Bridge and 22nd and Arch streets.

Altogether, 157 new, 15-foot-high, pedestrian-scale lights will be in place by the end of the year. The project is managed by the CCD and funded jointly by the CCD with the generous support of different partners in each of the work areas.

Since 1996, CCD has completed over \$40 million in streetscape improvements and has installed 1,696 ornamental, pedestrian-scale lights throughout Center City, doubling or tripling the level of illumination of many downtown sidewalks.

The Washington Square project includes new lighting around the perimeter of the Square and along two adjacent blocks of Locust Street. The CCD worked closely with an array of public-sector agencies, including the National Park Service, the Fairmount Park Commission and the Philadelphia Streets Department, to insure that the lighting plan is sensitive to and appropriate for the historic neighborhood. Neighboring private property owners have made generous contributions to make the work possible.

New pedestrian light fixtures will also be installed nearby on four blocks of Pine Street between 9th and 13th streets. Funding for this portion of the project is from the City of Philadelphia, Councilman Frank DiCicco and the Washington Square West Civic Association.

A new system of pedestrian lighting on the Market Street Bridge over the Schuylkill River is the first phase of a broad range of pedestrian amenities planned by CCD and the Schuylkill River Development Corporation.

CCD is also working with a local developer and the Logan Square Civic Association to add pedestrian lights near a new residential project at 22nd and Arch streets.

The project team consists of Urban Engineers, Pennoni Associates, Inc., Cope Linder Architects, Seravalli, Inc. and Nucero Electric.



Bicyclists: Park It, Don't Plant It!



In the "what-not-to-do" category comes this example from Broad Street. Planting a bicycle amid downtown greenery damages the plants and trees, presents a tripping hazard and looks unsightly. The Center City District, with many staff who bike to work, reminds other bike riders to park their bicycles appropriately.

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Sample the Arts During Center City Arts & Culture Week

Fifty of the city's top arts organizations are offering half-price tickets to some of fall's most exciting cultural happenings, in addition to hosting free events, during the second **Center City Arts & Culture Week, October 20–30**.

Half-price tickets to an amazing variety of jazz and classical music performances, theater, dance and museum admissions are available now at www.PhillyFunGuide.com — the region's leading online events calendar.

This year's Arts & Culture Week gets underway Thursday, October 20 with Philadelphia's participation in a National Free Night of Theater, sponsored locally by the Theatre Alliance of Greater Philadelphia. Details on how to get free tickets at over two dozen

participating theaters are available at www.PhillyFunGuide.com.

Arts & Culture Week Gallery Night is Friday, October 28. Twenty-one Center City galleries will open their doors for special talks, complimentary food and drinks and a wide selection of exhibitions.

Special happy hour celebrations are also planned throughout Center City on October 21 and October 24–27. Look for locations and other information at www.PhillyFunGuide.com.

Center City Arts & Culture Week is produced by Center City District, the Greater Philadelphia Cultural Alliance and Rittenhouse Row, and sponsored by *Metro* and WJJZ.



50% OFF TICKETS, 11 DAYS, 50 EVENTS
OCT 20–30, 2005

ARTS & CULTURE WEEK

The *Center City Digest* is a publication of the Center City District (CCD), a private-sector sponsored municipal authority committed to providing supplemental services that make Philadelphia's downtown clean, safe and attractive; and of Central Philadelphia Development Corporation (CPDC) with 50 years of private-sector commitment to the revitalization of downtown Philadelphia. **Editor:** Elise Vider **Designer:** Amy Newnom

CENTER CITY DISTRICT

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