EMPLOYMENT

Matt Stanley

Philadelphia is enjoying the longest period of expansion since the Federal Bureau of Labor Statistics started keeping track in 1969, adding 40,000 jobs in the last 11 years with positive growth in all but one year since 2005. In 2016, Philadelphia's employment grew by 2.4%, adding 16,000 jobs and outpacing the region and the nation as a whole. Growth has been driven entirely by private-sector gains, with public-sector employment continuing a 25-year trend of contraction. However, this follows a long period where Philadelphia steadily lost jobs and recently has seen a comparatively modest recovery.

As the Great Recession came to an end, large cities outperformed the overall economy between 2010 and 2015. Nationally, while private-sector jobs grew annually at 2.1%, the 25 most populous cities grew at 2.8% per year. Philadelphia lagged at 1.1% per year. To be sure, the national urban average is pulled up by Sun Belt cities like Austin, San Francisco, and San Jose. But Detroit and Memphis have outperformed Philadelphia recently, as did major Northeast corridor cities — Boston, New York, Washington, D.C. and Baltimore. Recent local news is very positive, but limited to a few areas within the city.

Center City accounts for 42% of all Philadelphia jobs; another 11% are concentrated in University City. Center City holds 292,746 wage and salaried positions and approximately 8,500 more individuals compensated as partners, self-employed, or working freelance. Located at the center of the region's transit and highway network, 49% of downtown jobs are held by commuters from outside the city; 51% are held by Philadelphia residents. Transit makes possible a level of density and accessibility unmatched in the region. Jobs are concentrated at 59 per acre in Center City and at 38 per acre in University City, compared to just 4 per acre in the rest of Philadelphia and less than 1 per acre in the suburbs.

Density and transit accessibility enable 25% of the workers from city neighborhoods outside of Greater Center City to commute to jobs downtown, while another 6% work in University City. In all of these neighborhoods, more people work downtown than in the area in which they live. This is made possible by the broad range of opportunities downtown. While 38% of Center City jobs require at least a bachelor's degree, 30% are accessible to those with an associate degree, while another 32% require no more than a high school diploma.

Diversification is a defining strength of the downtown economy. Professional, business and financial services, real estate and information — the prime office-using industries — comprise 40% of downtown jobs. Education and health services, the largest sector citywide, is second largest downtown, with 20% of all jobs. Entertainment, leisure, hospitality and retail hold a 16% share, while federal, state and local government employment provides 13% of all Center City jobs.

But job growth in Philadelphia has been uneven. Leisure and hospitality employment is up 56% since 1990; education and health services have grown by 55%; professional and business services are now 11% above 1990 job levels. Manufacturing, however, has continued its historic contraction, shedding 70% of its remaining jobs since 1990. More troubling, jobs in finance and information services — prime growth sectors for most 21st century cities and the city's highest paying jobs — are down 40% citywide since 1990. Overall, between 1990 and 2016, the percent of regional jobs located in Philadelphia contracted from 30% to 24%.

Between 2010 and 2015, professional and business services employment was up 1.8% per annum in Philadelphia, surpassing the regional figure of 1.5%, but well below both the national rate of 3.2% and the 3.8% per year growth rate in the 25 largest cities. In Philadelphia's largest employment sector — Education and Health services — the annual growth rate of 0.9% lags the region (1.6%), the nation (2.5%) and the 25 largest cities (3.7%). Our fastest growing sector has been Entertainment, Leisure, and Hospitality, expanding by 3.3% per year, but lower than the trends in other large cities. This sector provides valuable entry-level jobs for residents. But they are the by-product of a growing downtown population and increased visitation, not prime drivers of other jobs.

A comparison of Philadelphia with East Coast peers tells the broader story of incomplete revival. Other northeast cities that hemorrhaged manufacturing employment rebounded more strongly with post-industrial growth. Using 1970 as the baseline, New York's total employment is up 12%, Boston's is up 21% and Washington, D.C.'s is up 24%. By contrast, Philadelphia has 25% fewer jobs than it did in 1970 and is still 6% below 1990 levels.

This is a prime reason why 39% of working residents from each Council District are reverse commuting to the suburbs. Education levels required for jobs in the suburbs are not significantly different than those in the city. The suburbs simply have more jobs and have continued to add them faster. Philadelphia still has 6% fewer jobs than in 1990, while the suburbs are up 24%. Without more dynamic growth of transit-accessible jobs in the city, we stand little chance of achieving major reductions in unemployment and poverty and older neighborhoods will continue to see residents moving out to be closer to their jobs.

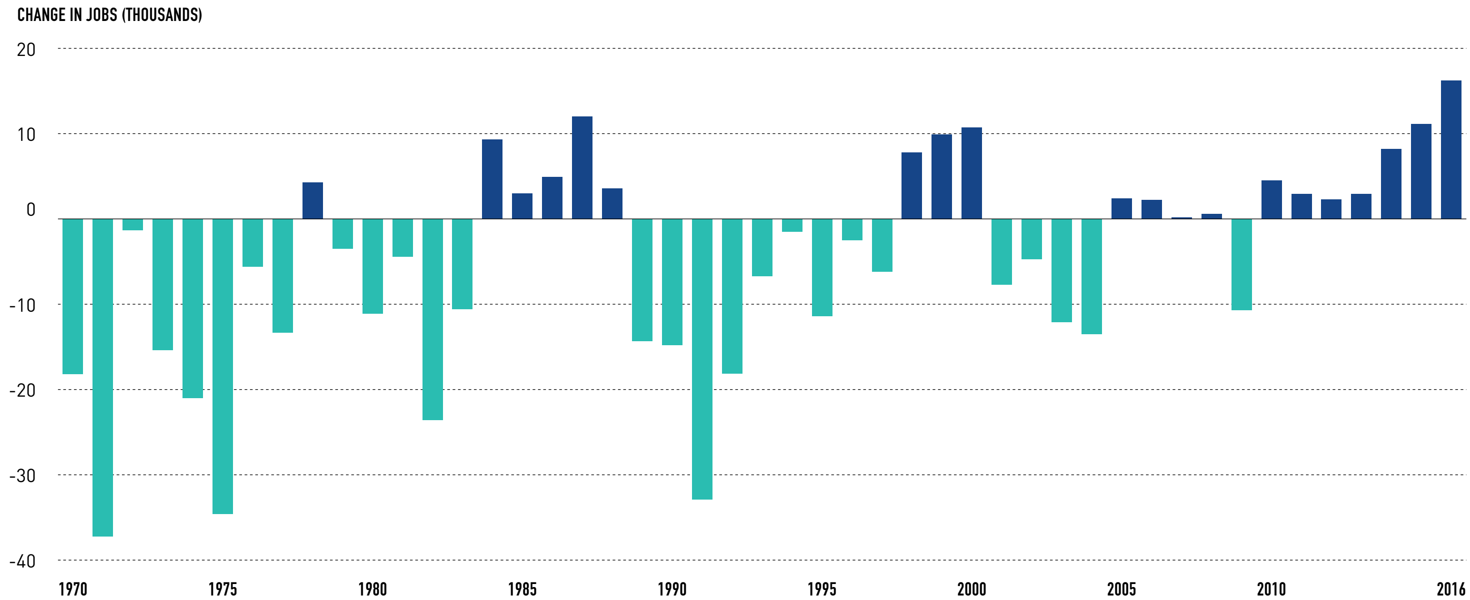
Philadelphia's growth has been constrained by a tax structure that hasn't kept pace with the changing economy. Reliance on wage and business taxes may have made sense in the industrial age, built on fixed assets like factories and railroads. But in today's highly mobile, digital economy, our tax structure depresses job growth at the very moment the city's inherent advantages have come to the fore.

Mayor Jim Kenney has supported modest reductions to wage and business taxes. But state legislation endorsed by the Mayor and sponsored by bi-partisan leadership in Harrisburg and a broad cross-section of business, labor and civic leaders in Philadelphia will enable the City to reduce more significantly its dependency on highly mobile wages and business revenues and rely more on the property tax — also the foundation for funding schools. With this plan in place, Philadelphia could grow many more transit-accessible jobs, helping to achieve major reductions in unemployment and poverty, while retaining a far larger number of existing residents and recent college graduates.

RECENT JOB GROWTH IN PHILADELPHIA HAS BEEN QUITE POSITIVE.

BUT OUR RATE OF REBOUND FROM MANUFACTURING DECLINE LAGS BEHIND EAST COAST PEERS. THE MORE TRANSIT-ACCESSIBLE JOBS THE CITY CREATES, THE MORE OPPORTUNITIES ARE PROVIDED FOR EXISTING RESIDENTS AND FOR LOCAL COLLEGE GRADUATES FROM OTHER REGIONS.

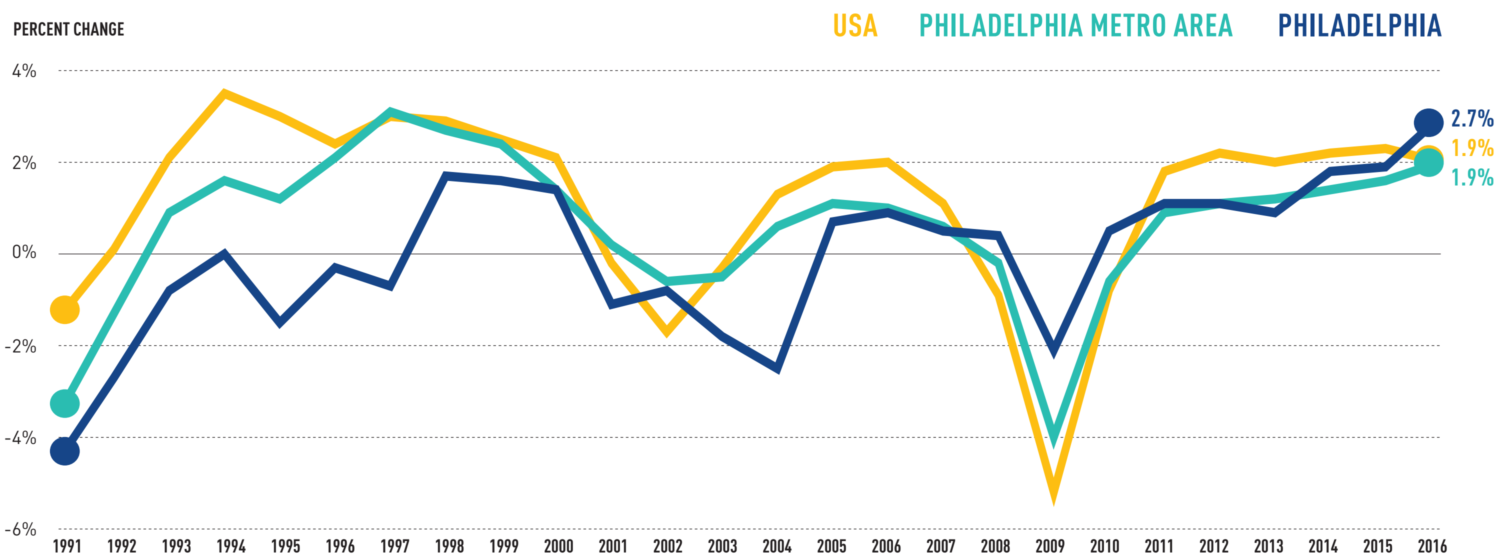
PHILADELPHIA ANNUAL CHANGE IN JOBS, 1970–2016



Source: Bureau of Labor Statistics, Current Employment Statistics

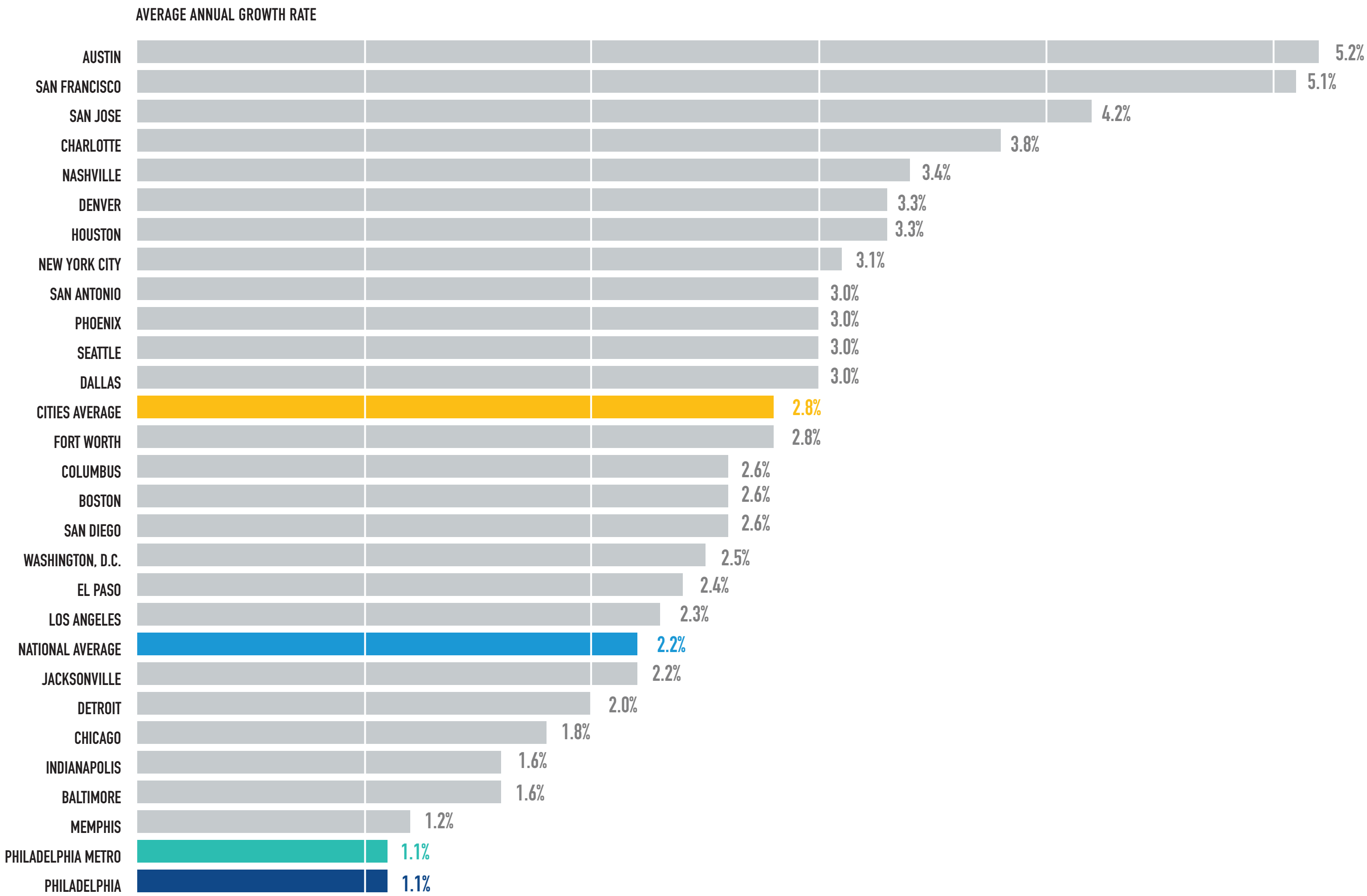
COMPARED TO PAST PERFORMANCE, PHILADELPHIA IS DOING VERY WELL.

PRIVATE WAGE & SALARY PERCENT CHANGE, 1991–2016



Source: Bureau of Labor Statistics, Current Employment Statistics

MAJOR CITIES: AVERAGE ANNUAL GROWTH IN PRIVATE WAGE & SALARY JOBS, 2010–2015

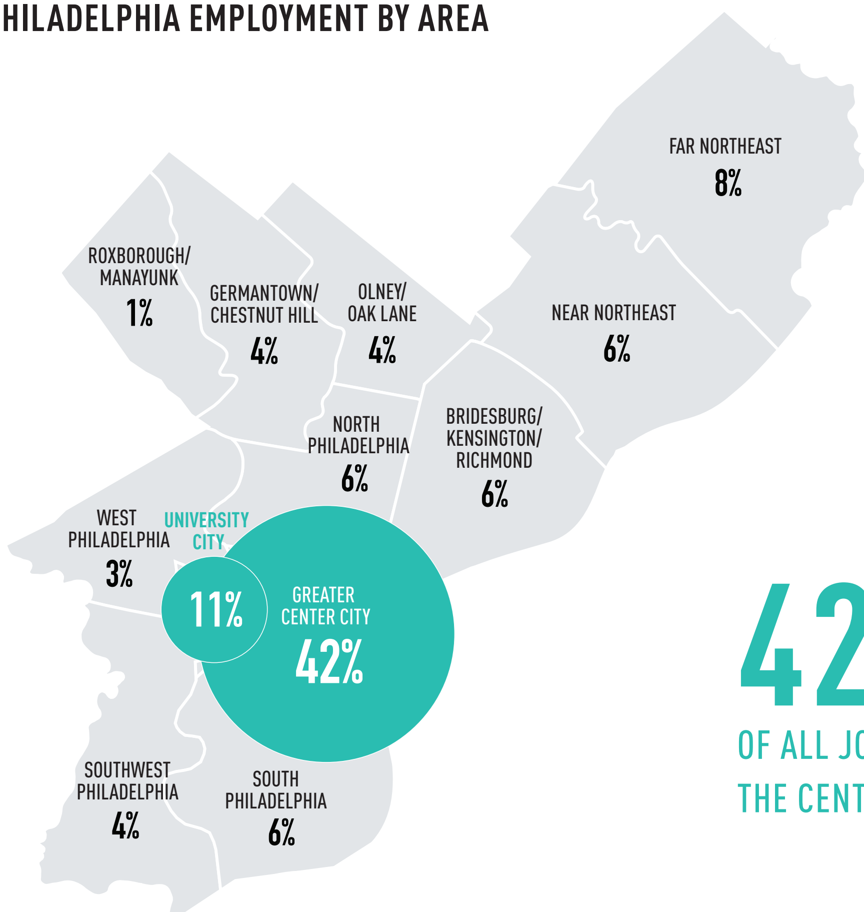


Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages

THE NATIONAL ECONOMIC REVIVAL HAS BEEN LED BY CITIES,

BUT PHILADELPHIA IS GROWING SLOWEST AMONG THE 26 LARGEST CITIES.

PHILADELPHIA EMPLOYMENT BY AREA



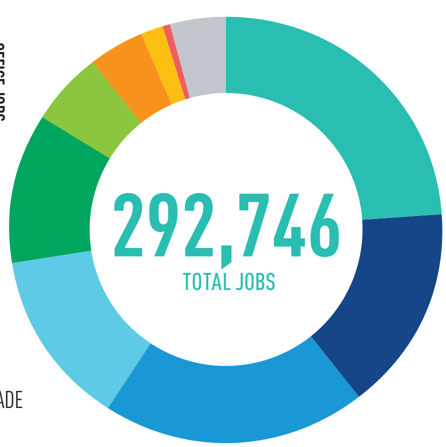
Source: U.S. Census Bureau, Local Employment-Household Dynamics, 2014

42%

OF ALL JOBS IN PHILADELPHIA ARE LOCATED AT THE CENTER OF THE REGION'S TRANSIT SYSTEM.

GREATER CENTER CITY WAGE & SALARY EMPLOYMENT

24.0%	PROFESSIONAL/ BUSINESS SERVICES	OFFICE JOBS
15.6%	FINANCIAL ACTIVITIES/ REAL ESTATE/ INFORMATION	OFFICE JOBS
19.8%	EDUCATION AND HEALTH SERVICES	
13.2%	PUBLIC ADMINISTRATION	
11.5%	ENTERTAINMENT/ LEISURE/HOSPITALITY	
5.6%	TRANSPORTATION/ UTILITIES/WHOLESALE TRADE	
4.1%	RETAIL	
1.6%	CONSTRUCTION	
0.5%	MANUFACTURING	
4.1%	OTHER SERVICES	

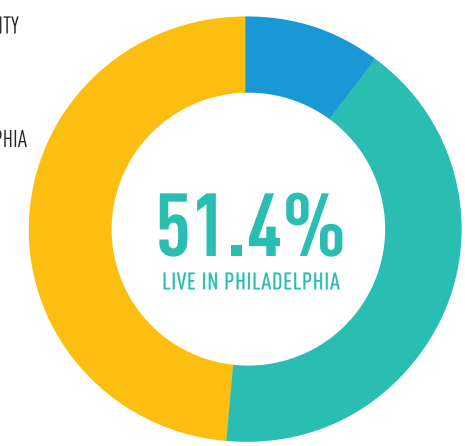


+8,500
PARTNERS, FREELANCERS & SELF-EMPLOYED

Source: U.S. Census Bureau, Local Employment-Household Dynamics, 2014; Bureau of Labor Statistics, Current Employment Statistics; CCD Estimates

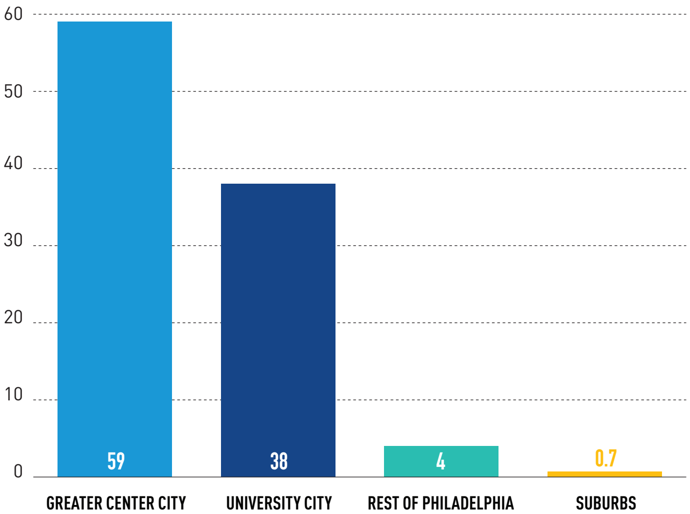
WHERE DOWNTOWN WORKERS LIVE

10.3%	GREATER CENTER CITY
41.1%	ELSEWHERE IN PHILADELPHIA
48.6%	OUTSIDE PHILADELPHIA



Source: U.S. Census Bureau, Local Employment-Household Dynamics, 2014

EMPLOYMENT DENSITY



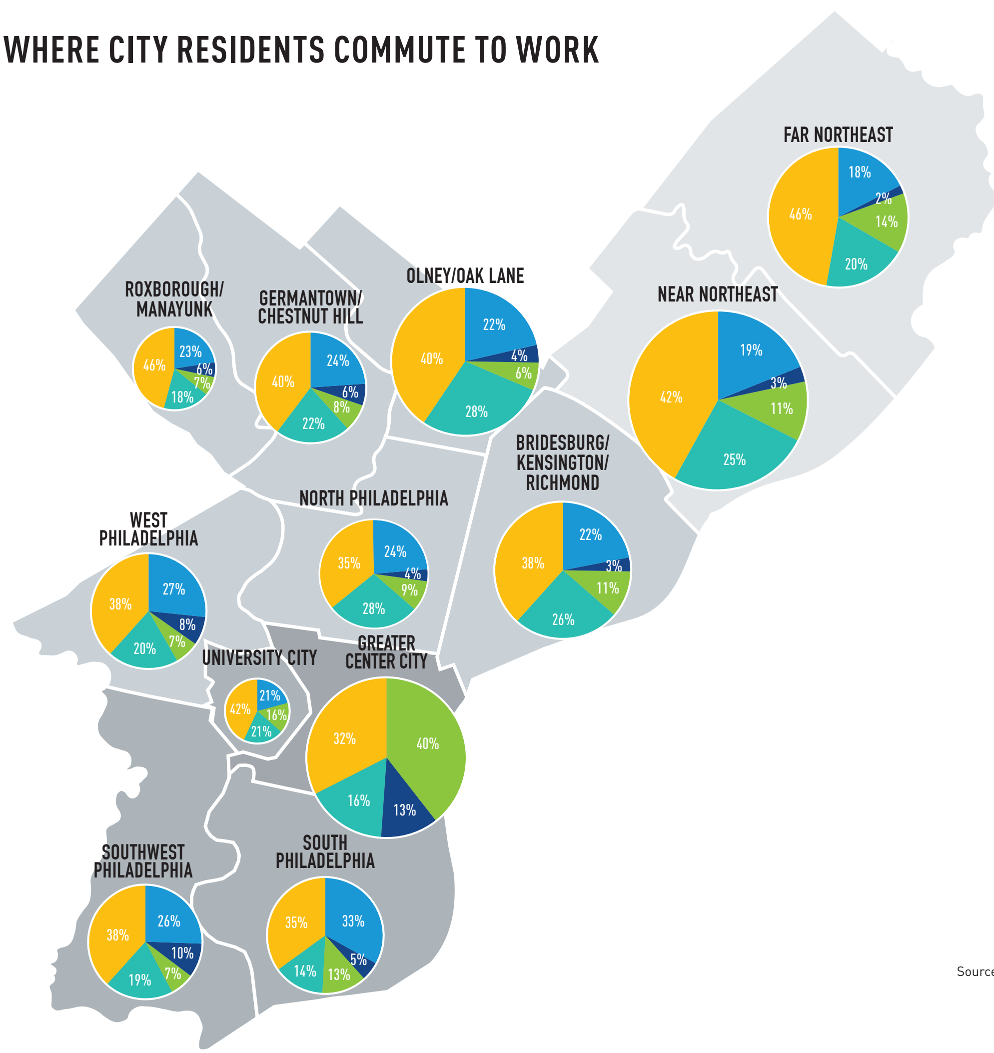
Source: Bureau of Labor Statistics, Current Employment Statistics; U.S. Census Bureau, Local Employment-Household Dynamics

WHILE 25% OF RESIDENTS OUTSIDE GREATER CENTER CITY COMMUTE DOWNTOWN TO WORK,

39%

REVERSE COMMUTE TO THE SUBURBS.

WHERE CITY RESIDENTS COMMUTE TO WORK



VOLUME OF WORKERS LIVING IN AREA

CIRCLE SIZE ON THE MAP IS RELATIVE TO THE NUMBER OF WORKERS LIVING IN THE AREA

PERCENT OF WORKERS EMPLOYED IN

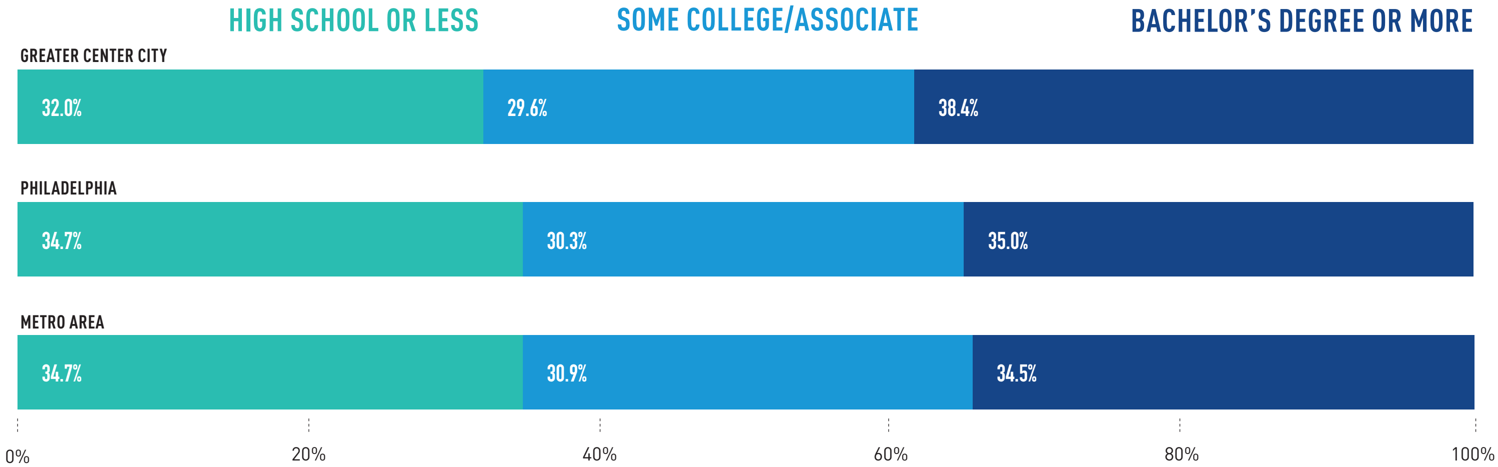
- Greater Center City
- University City
- Same Area
- Rest of Philadelphia
- Outside Philadelphia

PERCENT WORKING IN GREATER CENTER CITY AND UNIVERSITY CITY

- 25% or Less
- 25.1% to 35%
- 35.1% to 45%
- More than 45%

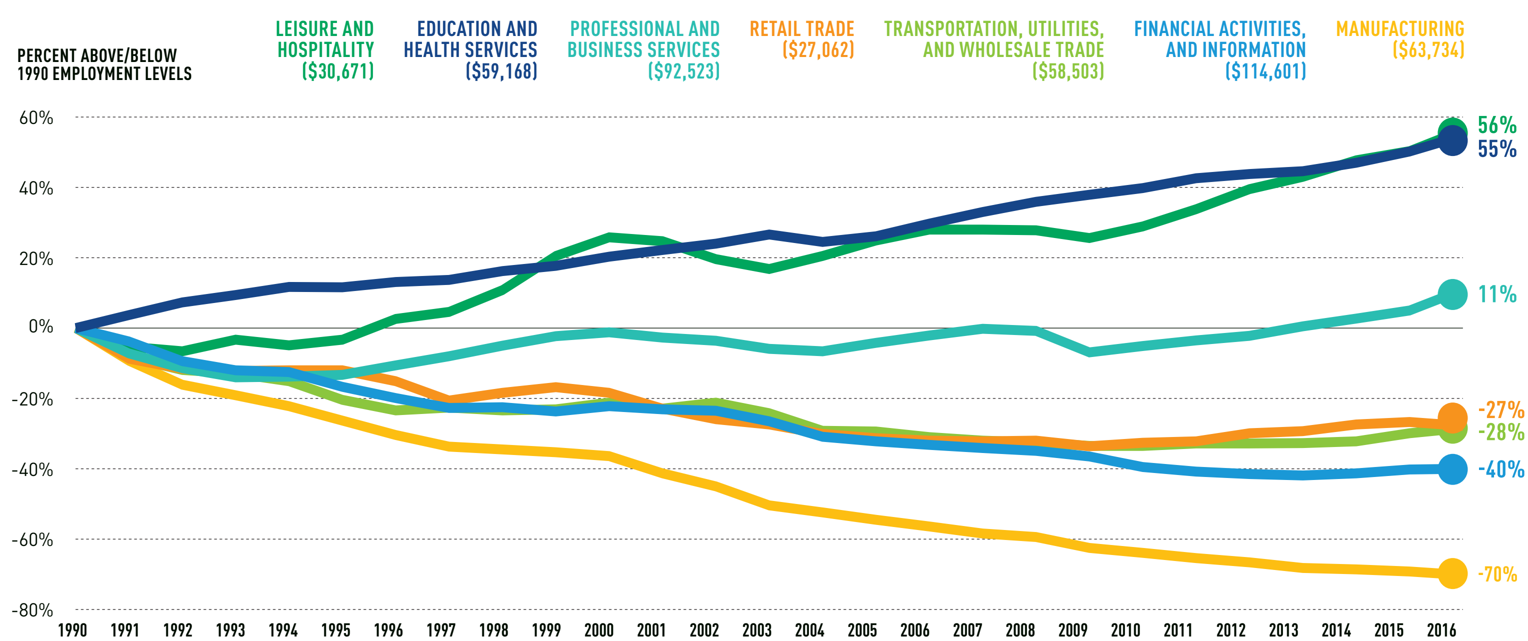
Source: U.S. Census Bureau, Local Employment-Household Dynamics, 2014

PERCENT OF JOBS BY LEVEL OF EDUCATION, WORKERS 30 AND OLDER



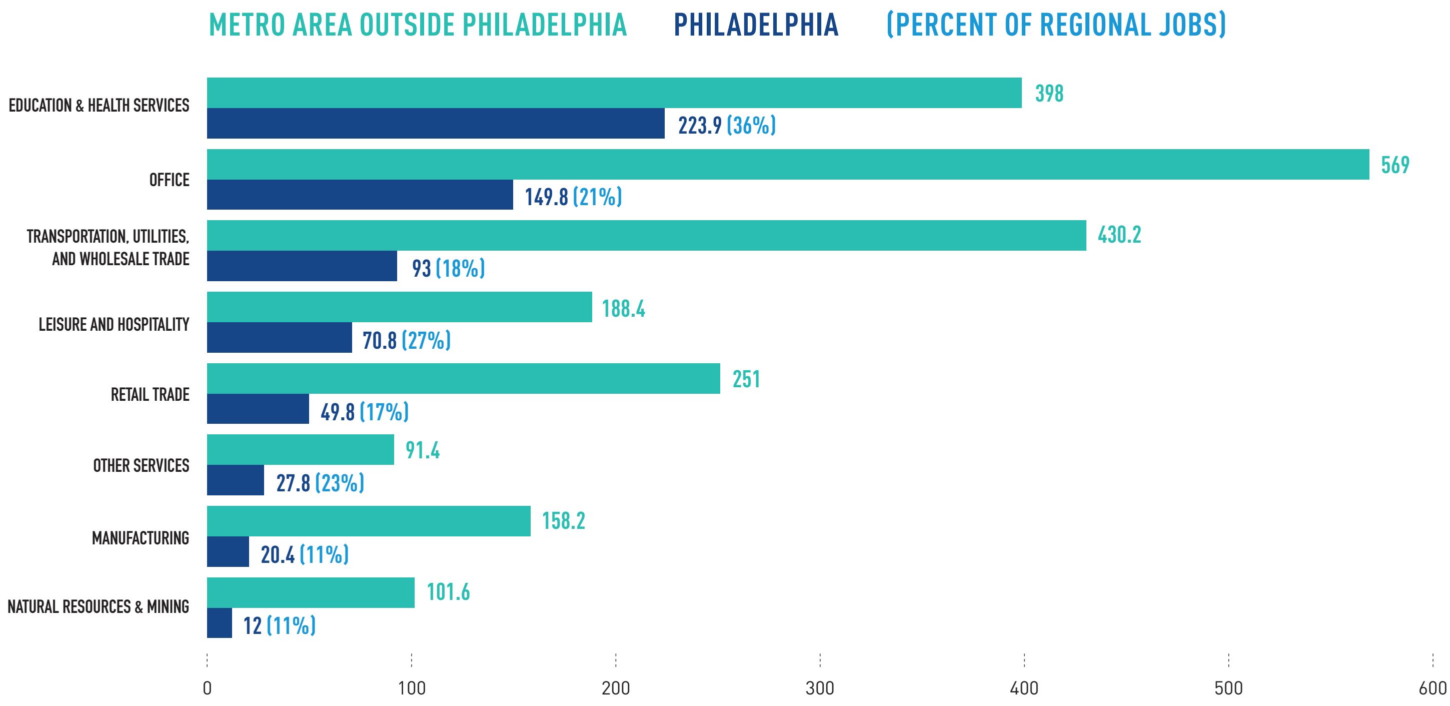
GREATER CENTER CITY PROVIDES A BROAD RANGE OF JOBS **ACCESSIBLE TO WORKERS AT ALL SKILL AND EDUCATIONAL LEVELS.**

PHILADELPHIA PRIVATE WAGE & SALARY JOBS BY SECTOR, 1990–2016 (AVERAGE EARNINGS)



Source: Bureau of Labor Statistics, Current Employment Statistics, 2016; Average Earnings from Quarterly Census of Employment and Wages, 2015

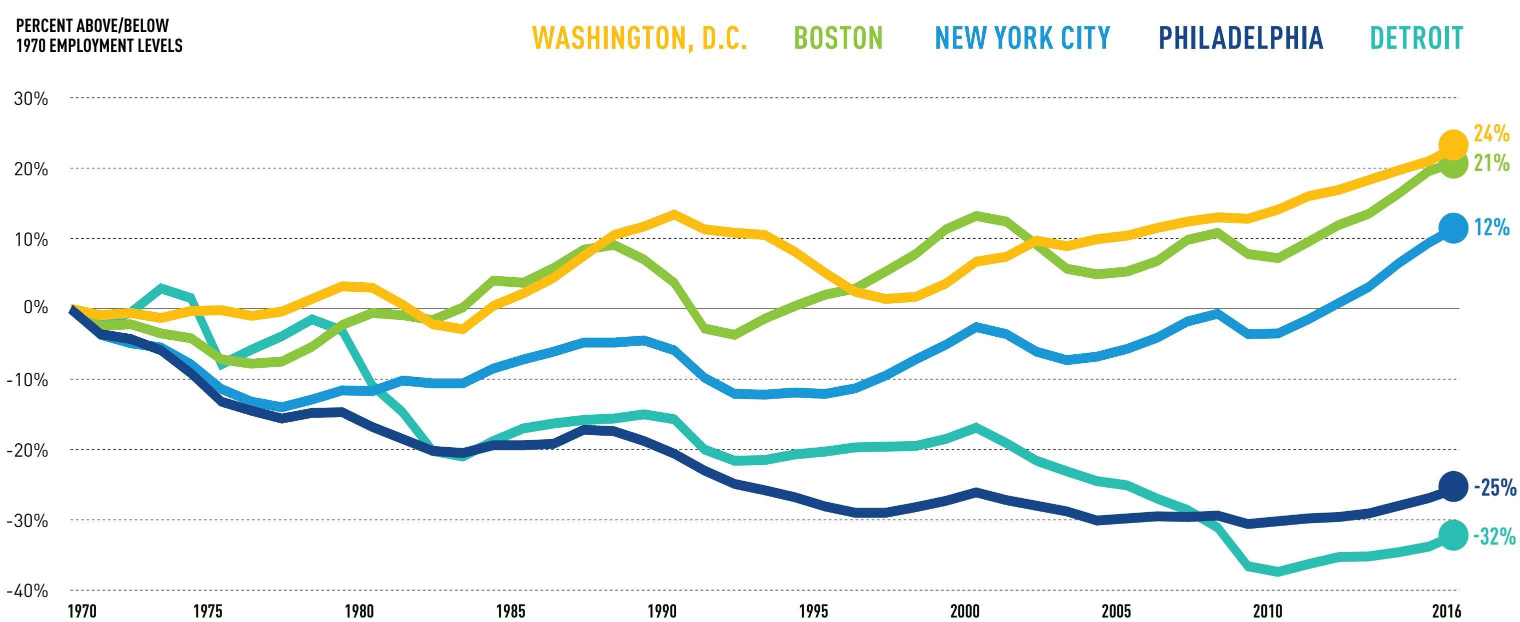
PHILADELPHIA AND METRO AREA JOB COUNTS BY SECTOR, 2016



Source: Bureau of Labor Statistics, Current Employment Statistics

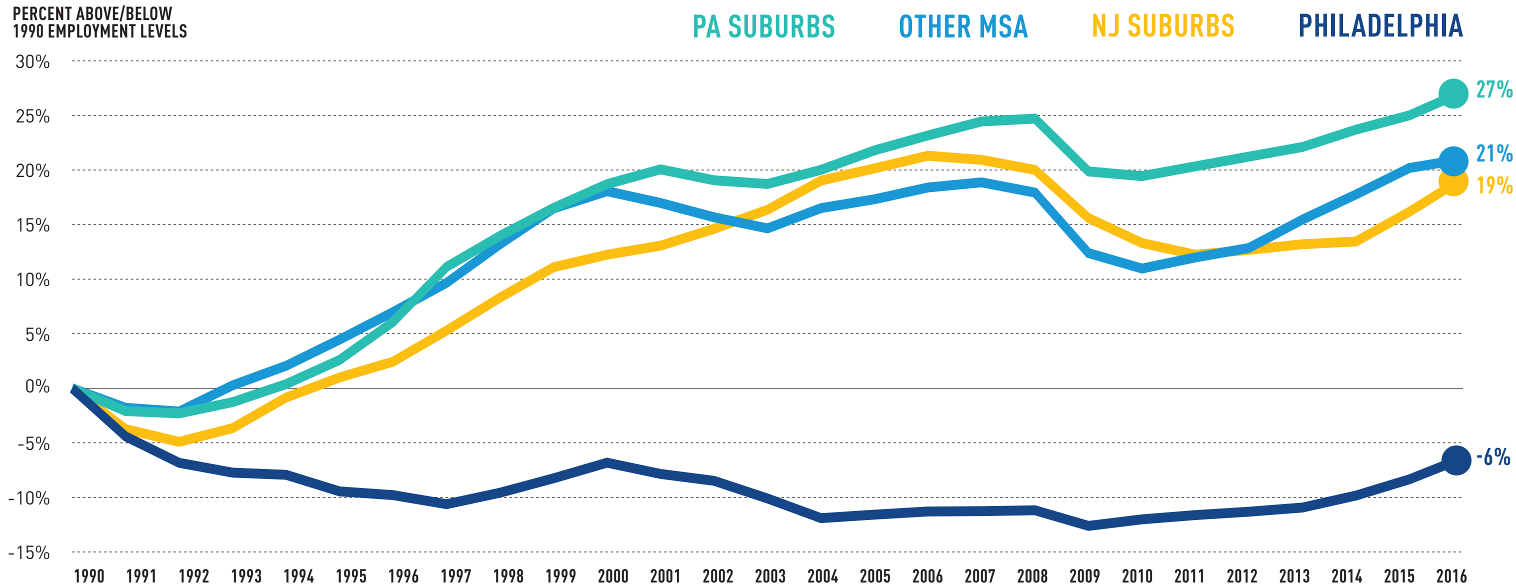
PHILADELPHIA'S LARGEST MARKET SHARE OF REGIONAL JOBS: **EDUCATION AND HEALTH SERVICES, LEISURE AND HOSPITALITY.**

MAJOR CITIES TOTAL WAGE & SALARY EMPLOYMENT, 1970–2016



Source: Bureau of Economic Analysis, Total Full & Part-Time Employment by Industry

REGIONAL TOTAL WAGE & SALARY EMPLOYMENT, 1990–2016



Source: Bureau of Labor Statistics, Current Employment Statistics

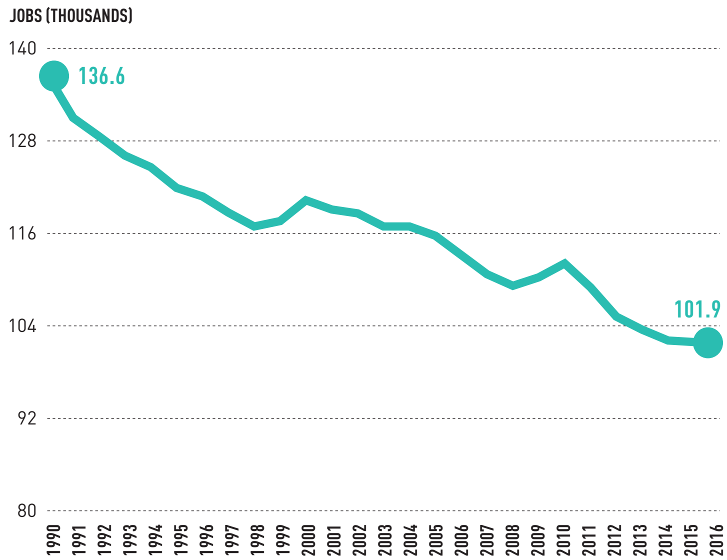
AVERAGE ANNUAL GROWTH IN PRIVATE WAGE & SALARY JOBS BY SECTOR, 2010–2015

SECTOR	PHILADELPHIA	PHILADELPHIA METRO AREA	MAJOR CITIES*	USA
Education and Health Services	+0.9	+1.6	+3.7	+2.5
Professional and Business Services	+1.8	+1.5	+3.8	+3.2
Entertainment, Leisure and Hospitality	+3.3	+2.5	+4.1	+3.0
Financial Activities, Real Estate, and Information	-0.9	-0.2	+1.7	+0.9
Retail	+1.5	+0.7	+2.2	+1.6
Transportation, Utilities, and Wholesale Trade	+1.5	+0.7	+2.2	+2.1
Other Services	+1.6	+0.9	-1.2	-0.2
Manufacturing	-3.2	-0.9	+0.6	+1.4
Construction	+2.8	+1.9	+4.0	+3.2
TOTAL	**+1.1**	**+1.1**	**+2.8**	**+2.2**

Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages

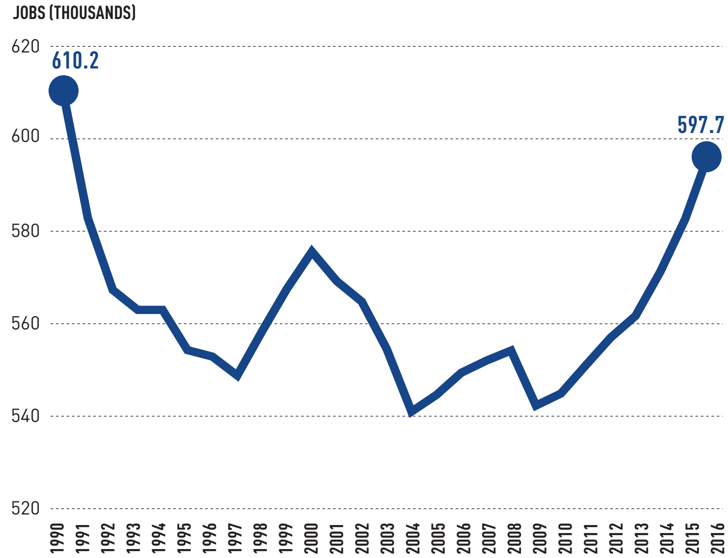
** See Page 39 for List of Major Cities.*

PHILADELPHIA PUBLIC-SECTOR JOBS, 1990–2016



Source: Bureau of Labor Statistics, Current Employment Statistics

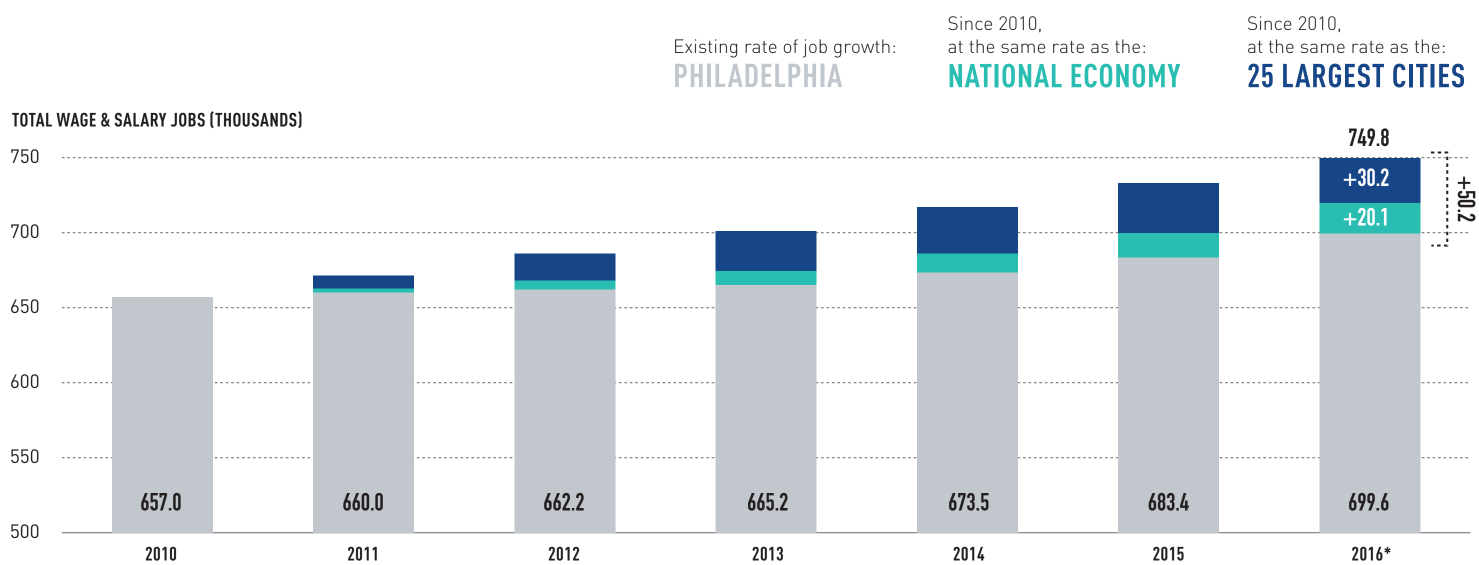
PHILADELPHIA PRIVATE-SECTOR JOBS, 1990–2016



Source: Bureau of Labor Statistics, Current Employment Statistics

HAD PHILADELPHIA ADDED JOBS SINCE 2010 AT THE SAME RATE AS THE NATIONAL ECONOMY OR AT THE SAME RATE AS THE 25 LARGEST CITIES, **PHILADELPHIA WOULD HAVE 32,000 TO 50,000 MORE JOBS THAN IT CURRENTLY HAS.**

GROWING AT A FASTER RATE



Source: Bureau of Labor Statistics, Current Employment Statistics;
2016 Growth Rate from Quarterly Census of Employment and Wages

* Preliminary value