

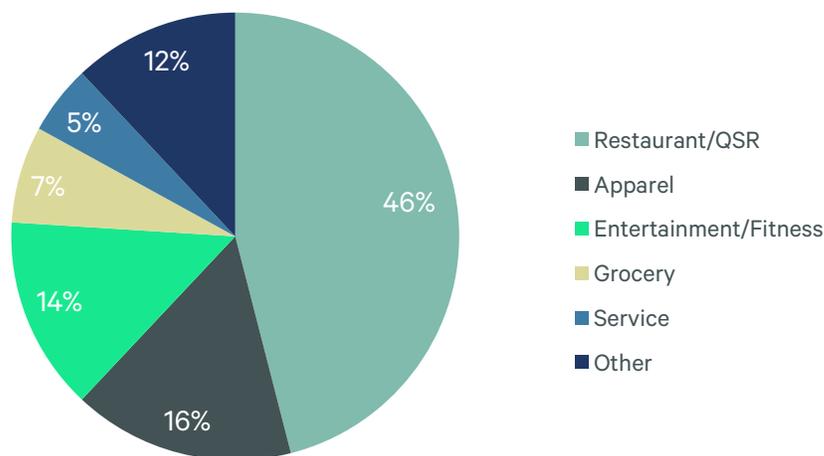
BRIEF | Creating Resilience

New retailers capitalize on attractive trends in Philadelphia

By Aliza Kahn, Joseph Gibson

One of the most visible outcomes of the pandemic are the large number of vacant storefronts in cities and towns across the U.S. However, as the economy has improved and lockdowns have lifted, these vacancies are creating new opportunities for retailers and restaurants. This trend is evident in Center City and adjacent neighborhoods, where strong demographic trends and housing development attracted a notable number of new concepts and new-to-market retailers to the Philadelphia market. Previously-occupied stores vacated during the pandemic created opportunities for new businesses to draw on the disposable income of residents in Center City and popular neighborhoods like Fishtown/Northern Liberties. Over 35 new concepts have opened or announced their entry into the market since 2020, with over 40% coming from the food and beverage sector with most of the concentration within these urban locations.

FIGURE 1: New Retailers by Industry Type*



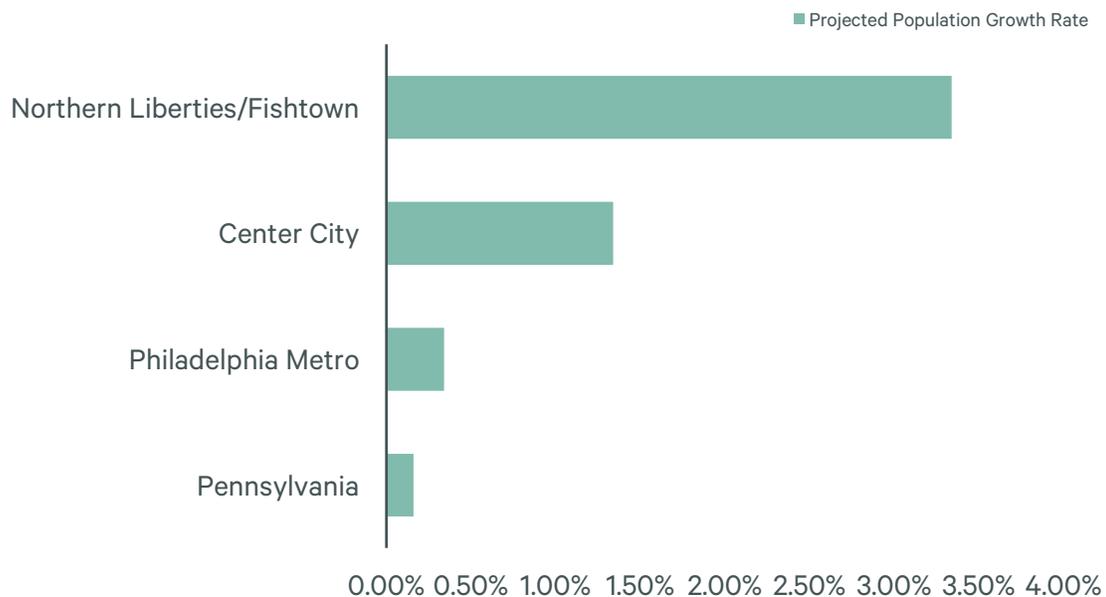
Source: CBRE Research, 2022

*Percentage based on number of new retailers.

Center City and Fishtown/Northern Liberties are attractive to retailers looking to make Philadelphia their new home for two reasons. First, these areas are dense with a mix of residential and mixed-use development that provides robust foot traffic. Secondly, they boast favorable demographics and income profiles with strong population growth.

A hot housing market in Center City and the flourishing neighborhoods of Fishtown/Northern Liberties is fueling a post-pandemic retail resurgence. According to the Center City District, at the close of 2021, the number of housing units under construction or permitted in Center City and Fishtown/Northern Liberties was nearly 15,000, which accounts for over 40% of all new residential development in Philadelphia. In conjunction with this development is steady population growth. Five-year growth rates in Center City and Fishtown/Northern Liberties are forecasted to be 1.34% and a whopping 3.34%, respectively. In comparison, the Philadelphia Metro as a whole has a projected growth rate of just 0.34%. These residents are largely well-educated and relatively high-income consumers. In Center City and Fishtown/Northern Liberties those with bachelor’s degrees or higher make up 80.4% and 51.8% of the population, respectively, while the Philadelphia Metro as a whole sits at 39.7%. Median household incomes are also strong at just above \$83,000 in Center City and nearly \$74,000 in Fishtown/Northern Liberties, levels near or above the Metro area.

FIGURE 2: 2021-2026 Annual Population Growth Rate



Source: Fast Reports, 2022

While most activity centered within the urban core, the suburbs also welcomed new retailers to their midst. Not unexpectedly, most new retail activity targeted shopping hubs such as Montgomery County's King of Prussia and Ardmore, and Camden County's Cherry Hill. Specifically, several high-end retailers even chose to enter the market with multiple locations, such as Aritzia, Spenga and Madison Reed, all of which chose to open at least one location in Montgomery County. The affluent suburban population of Montgomery County offers retailers many of the appealing qualities that are seen in popular urban neighborhoods. Over 50% of Montgomery County residents have a bachelor's degree or higher. Additionally, the area boasts a median household income over \$93,000. With Philadelphia's favorable urban and suburban conditions, CBRE expects new retailers to continue to open in the market.

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