

# Philadelphia: **The State of the City**

A 2014 Update

## Overview

Of all the numbers that tell the story of Philadelphia today, one stands out as an unambiguous expression of confidence in the city's future.

Last year, developers received building permits for 2,815 units of new residential housing, the most approved in a decade. Those units are worth an estimated \$465 million, the highest annual amount on record.

Investors appear to be betting that Philadelphia's population, which rose for the seventh straight year in 2013 to 1,553,165, will keep growing and that many of the new residents, young and old, will be looking for new homes and apartments.

There is some demographic evidence to support this expectation. In recent years, the city has experienced rapid growth in its population of young adults, many of them well-educated and upwardly mobile. In addition, an increasing number of aging baby boomers are leaving the suburbs and moving into the city. And the middle-class population appears to have stabilized after decades of decline.

Even with the new construction and the rising population, though, there are plenty of reasons to question whether good times are in store for Philadelphia. The city's chronic problems have not gone away, and progress on those fronts, when it happens, has proved difficult to sustain.

Consider the homicide numbers. They were one of last year's bright spots: In 2013, Philadelphia recorded 247 killings, down 25 percent from the year before and the lowest total since 1968; major crime as a whole continued what has been a gradual and relatively steady decline. In the early months of 2014, however, homicides in Philadelphia were up again, generating renewed concern about public safety in a number of neighborhoods.

Poverty is marginally less prevalent than it has been in recent years, down to 27 percent of the city's population in the most recent estimate from the Census Bureau. But that remains the highest rate among the nation's 10 most populous cities, which means it is still a major concern for local policymakers and a drag on the city's economic prospects.

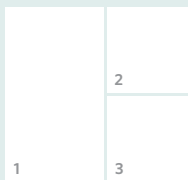
The job market in Philadelphia is sluggish, although it has shown some signs of life. Last year, there were an estimated 3,800 more jobs in the city than the year before; and for the first time, the total was higher than in 2008, the last year before the Great Recession hit with full force. Many other cities had moved beyond their pre-recession job totals in previous years.

The city's annual average unemployment rate dropped slightly in 2013 but stayed in double digits at 10.3 percent, far above the national figure of 7.4 percent. The city's rate fell markedly in the final months of the year. But because the number of jobs rose only slightly during that period, the decline in unemployment could have two other explanations: that an increasing number of city residents found work in the suburbs or that they stopped looking for employment.

The condition of the schools remains a serious issue as the district's financial struggles continue. In the 2013-14 school year, enrollment in district-run schools fell by nearly 6 percent, the largest drop in terms of percentage since at least 2000. At the same time, the number of students in publicly funded charter schools continued to rise, and the number of students attending schools run by the Archdiocese of Philadelphia stabilized after a prolonged period of decline.

And although building permits increased a lot, annual home sales rose only a little, keeping them at less than half the pre-recession peak. So the indicators on the residential housing front did not all point in the same direction.

Put it all together and the state of the city once again is decidedly mixed, with some of the positives and negatives perhaps a bit more pronounced than in years past. There are ample reasons for optimism, but the underlying challenges are as daunting as ever.



**Cover photos:**

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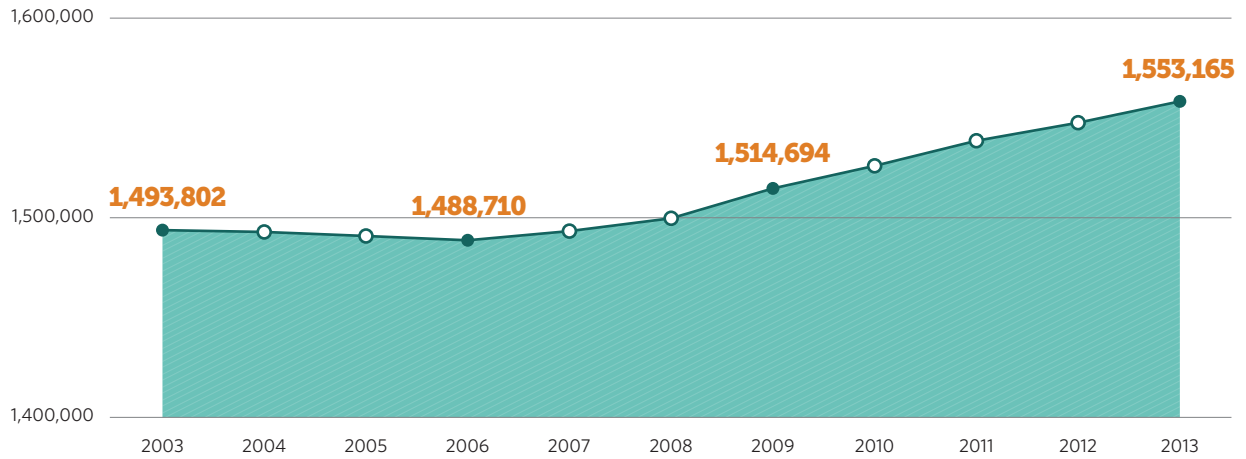
Figure 1  
Portrait of the City

<b>Population</b>	<b>1,553,165</b>	<b>Percent of adult residents who</b>		<b>Percent of workers employed by</b>	
<b>Percent of residents who are</b>		Graduated from college	<b>24%</b>	The private sector	<b>84%</b>
Under the age of 20	<b>26%</b>	Never graduated from high school	<b>19%</b>	Government agencies	<b>13%</b>
Age 20-34	<b>26%</b>	<b>Percent of adults who are</b>		Their own businesses	<b>3%</b>
Age 35-54	<b>25%</b>	Married	<b>29%</b>	<b>Total housing units</b>	<b>668,247</b>
Age 55 or older	<b>23%</b>	Never married	<b>52%</b>	<b>Percent of units listed as</b>	
Black or African American	<b>42%</b>	Divorced or separated	<b>13%</b>	Vacant	<b>13%</b>
Non-Hispanic White	<b>36%</b>	Widowed	<b>6%</b>	Occupied	<b>87%</b>
Hispanic or Latino	<b>13%</b>	<b>Percent of women who gave birth in previous 12 months who were unmarried</b>	<b>63%</b>	<b>Percent of units built before 1939</b>	<b>40%</b>
Asian	<b>6%</b>	<b>Median household income</b>	<b>\$35,386</b>	<b>Median monthly rent</b>	<b>\$876</b>
Other	<b>3%</b>	<b>Percent of households with annual income of</b>		<b>Percent of units</b>	
<b>Percent of residents who were</b>		Less than \$35,000	<b>50%</b>	Owned by occupants	<b>52%</b>
Born in Pennsylvania	<b>67%</b>	\$35,000 to \$74,999	<b>29%</b>	Rented	<b>48%</b>
Born in other states	<b>17%</b>	\$75,000 to \$99,999	<b>9%</b>	<b>Where people lived the previous year</b>	
Born in Puerto Rico or a U.S. territory	<b>4%</b>	\$100,000 or more	<b>12%</b>	Same house	<b>85%</b>
Foreign born	<b>12%</b>	<b>Percent below poverty level</b>	<b>27%</b>	Different house in Philadelphia	<b>10%</b>
<b>School-age children</b>	<b>241,145</b>	<b>Households with</b>		Somewhere in the U.S.	<b>4%</b>
<b>Students enrolled in college or graduate school</b>	<b>145,326</b>	No vehicles available	<b>33%</b>	Abroad	<b>1%</b>
		Two or more vehicles available	<b>24%</b>	<b>Percent without health insurance</b>	<b>14%</b>

Source: U.S. Census Bureau

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Figure 2  
Philadelphia Population

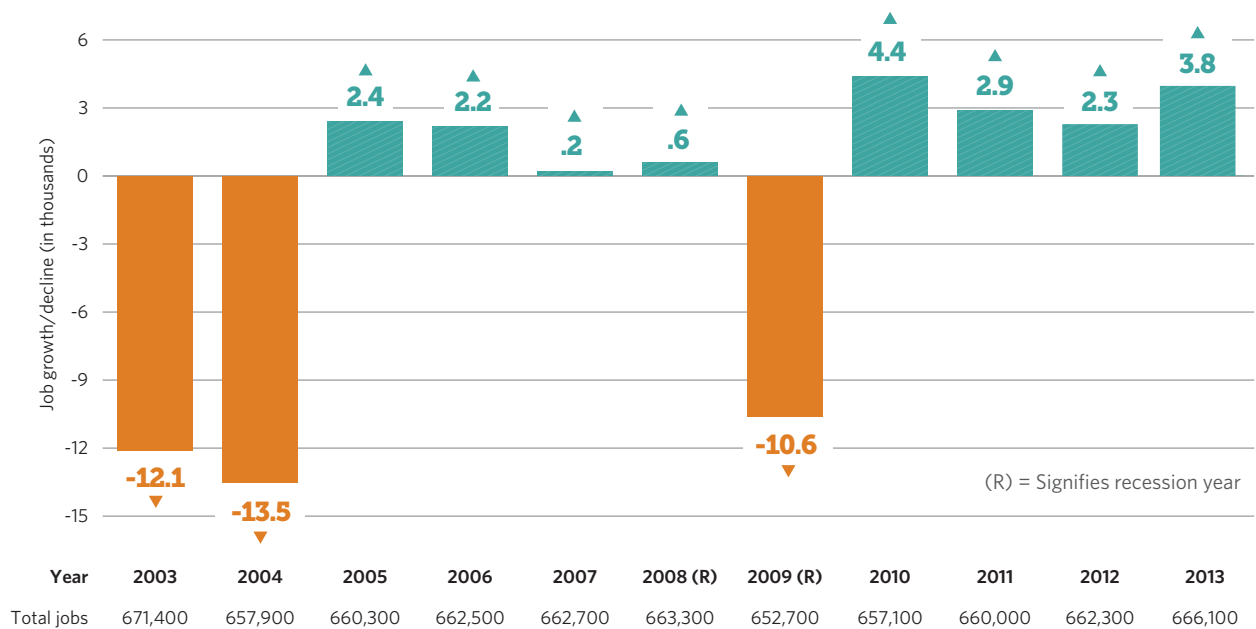


In 2013, Philadelphia's population grew for the seventh consecutive year. But the size of the increase was smaller than in recent years, due primarily to higher domestic out-migration.

Source: U.S. Census Bureau

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Figure 3  
Job Growth and Decline

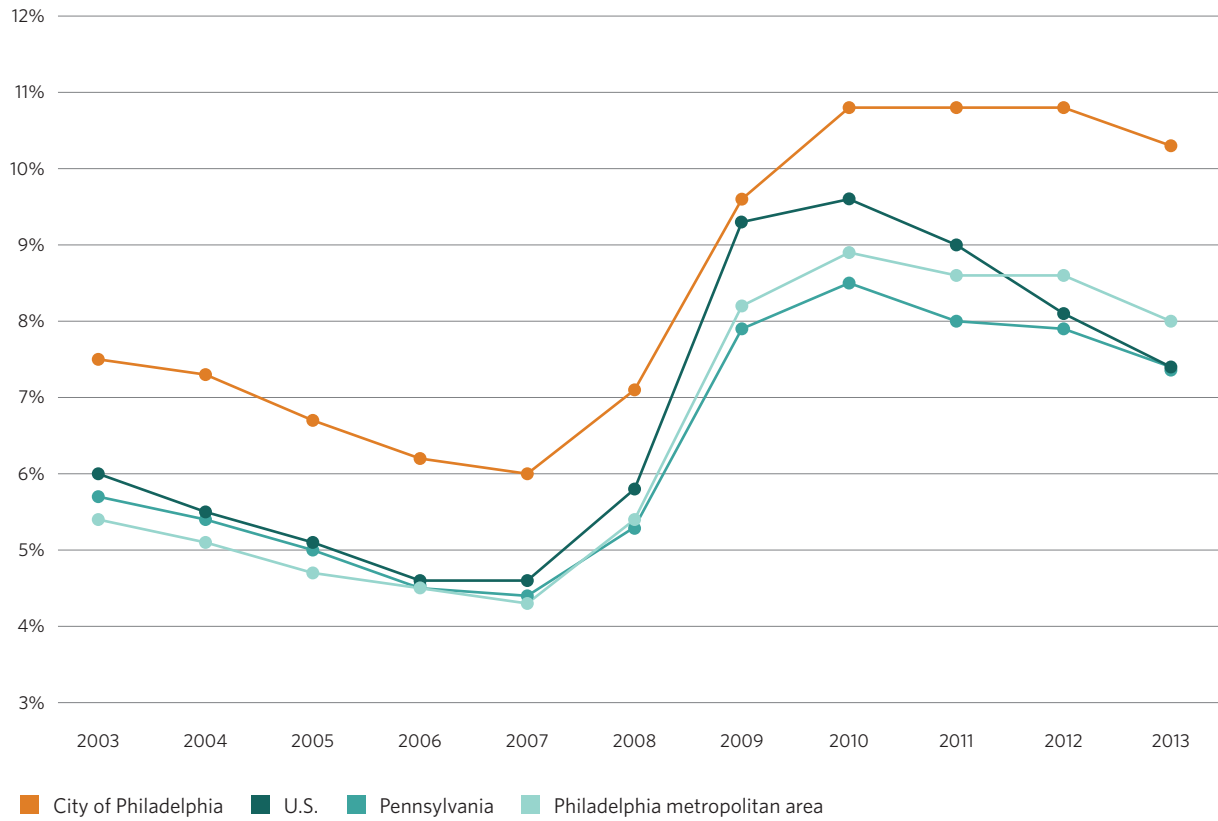


In 2013, total employment in Philadelphia surpassed the pre-recession level. Many other cities had moved beyond their pre-recession job totals in previous years.

Source: U.S. Bureau of Labor Statistics

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Figure 4  
Unemployment Rate



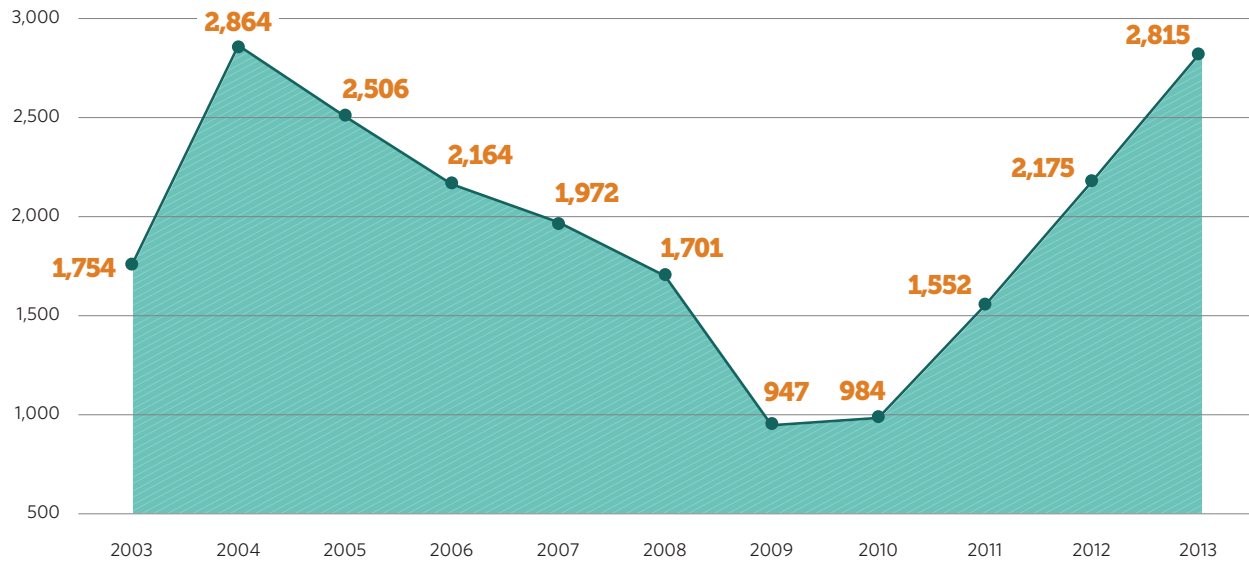
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>City of Philadelphia</b>	7.5%	7.3%	6.7%	6.2%	6.0%	7.1%	9.6%	10.8%	10.8%	10.8%	10.3%
<b>Philadelphia metropolitan area</b>	5.4%	5.1%	4.7%	4.5%	4.3%	5.4%	8.2%	8.9%	8.6%	8.6%	8.0%
<b>Pennsylvania</b>	5.7%	5.4%	5.0%	4.5%	4.4%	5.3%	7.9%	8.5%	8.0%	7.9%	7.4%
<b>U.S.</b>	6.0%	5.5%	5.1%	4.6%	4.6%	5.8%	9.3%	9.6%	9.0%	8.1%	7.4%

Since 2003, the average annual unemployment rates for the Philadelphia metropolitan area and the state of Pennsylvania have been close to the national number, while the city rate has always been higher. In 2013, the gap between the national and city figure was the largest in a decade, though in November and December, Philadelphia's rate dropped below 10 percent.

Source: U.S. Bureau of Labor Statistics

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Figure 5  
Residential Building Permits Issued in Philadelphia  
Number of units

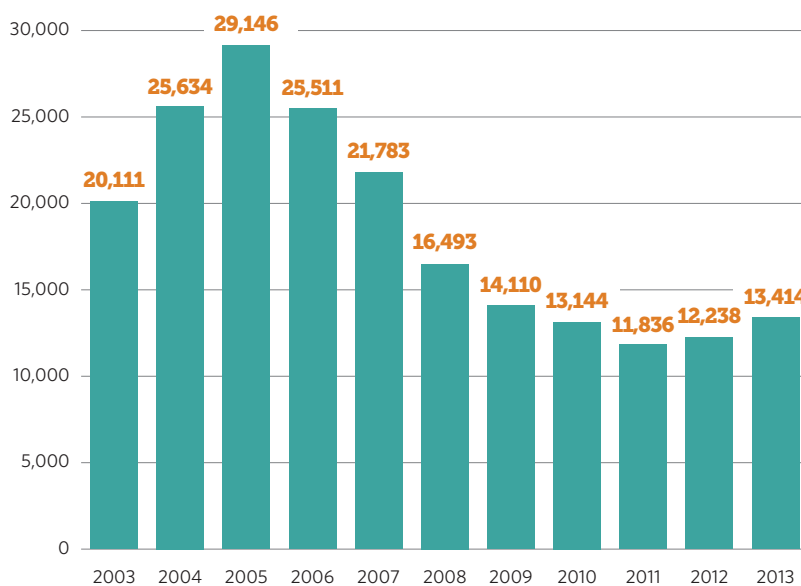


After slumping during the recession, the number of building permits issued for new residential construction in 2013 reached the highest level since 2004. The estimated value of the construction represented by the permits was nearly \$465 million, the largest amount on record.

Source: U.S. Census Bureau

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Figure 6  
Sales of Residential Units in Philadelphia

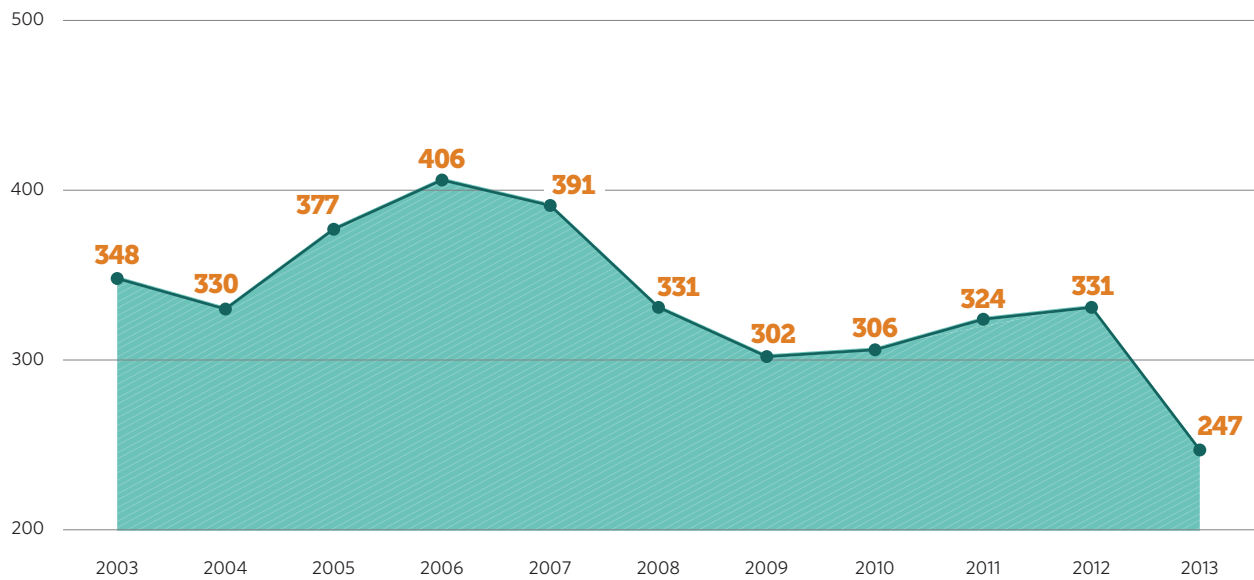


For the second consecutive year, sales of private residential units increased slightly in 2013. Even so, the numbers remained far below the annual totals recorded in the housing boom years of 2004-2006.

Source: Kevin Gillen, senior research consultant, Fels Institute of Government, University of Pennsylvania

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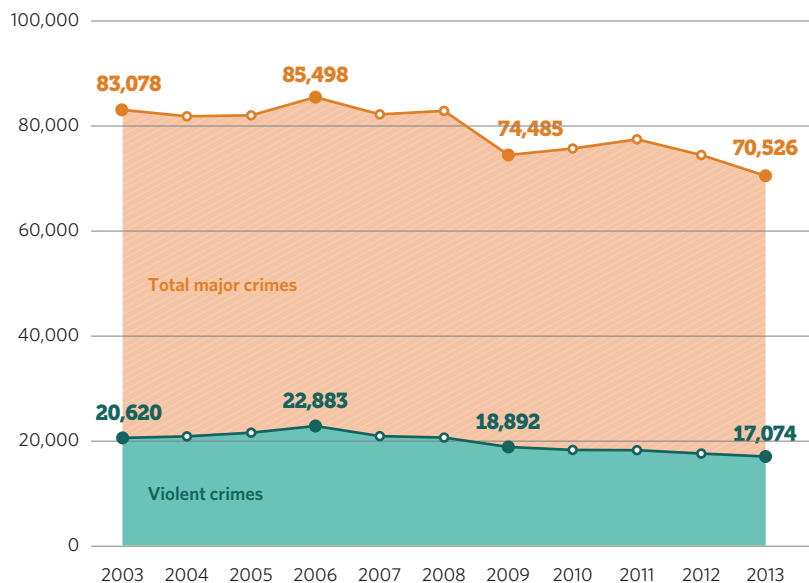
Figure 7  
Homicides in Philadelphia



After three years of increases, Philadelphia in 2013 recorded the lowest number of homicides since 1968, a result that Police Commissioner Charles Ramsey attributed in part to police focusing their efforts on the most dangerous city blocks during the most violent times of the week.

Source: Philadelphia Police Department  
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Figure 8  
Major Crimes in Philadelphia

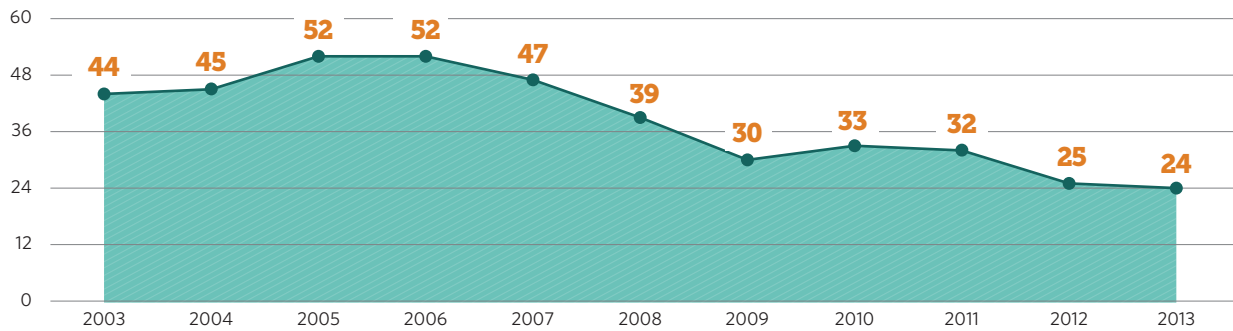


In 2013, the number of major crimes reported by the Philadelphia police continued its long-term decline, dropping 5 percent from the prior year, and the number of violent crimes fell by 3 percent. Compared with other large cities, Philadelphia's major crime rate is about average on a per capita basis, and its violent crime rate is above average. "Violent crimes" are defined as homicide, rape, aggravated assault, and robbery. "Major crimes" also include burglary, theft, and motor vehicle theft.

Source: Philadelphia Police Department  
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Figure 9  
Fire Deaths in Philadelphia

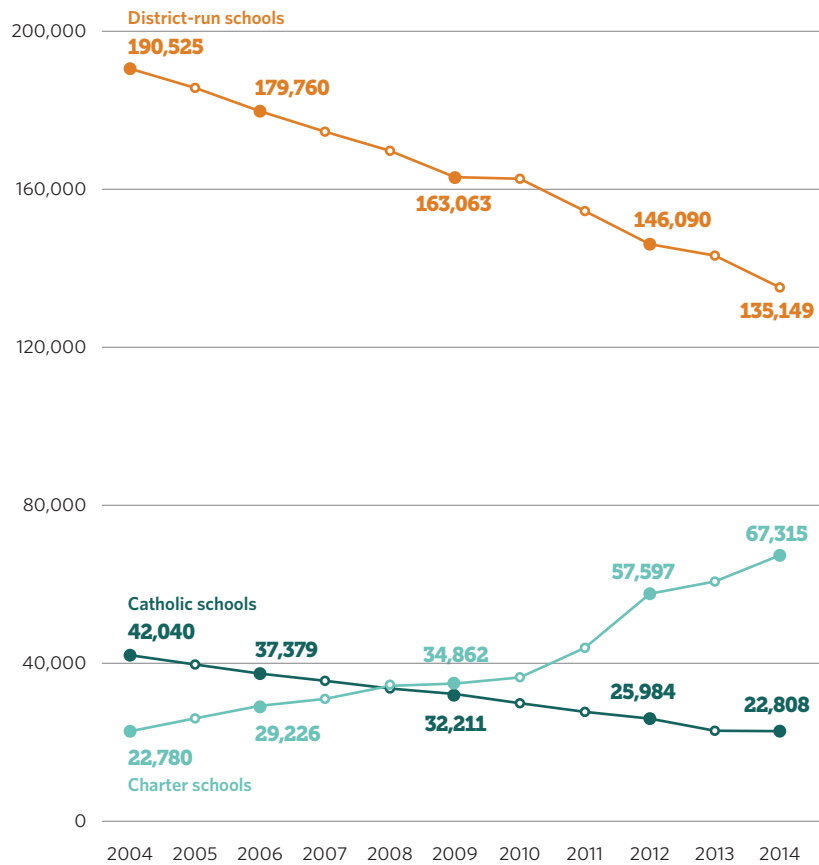


Philadelphia has experienced a relatively low number of civilian fire deaths during the past several years; the 2013 total was the smallest in decades.

Source: Philadelphia Fire Department

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Figure 10  
K-12 Enrollment Trends



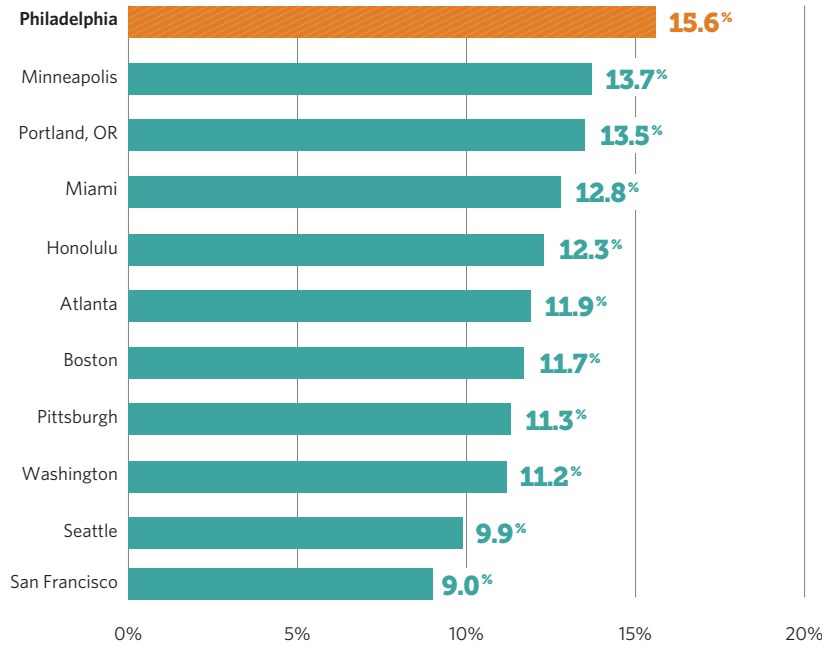
In the 2013-2014 academic year, the schools run by the School District of Philadelphia saw an enrollment drop of nearly 6 percent, the largest in many years. At the same time, the number of students in charter schools continued to rise, and enrollment in Catholic schools run by the Archdiocese of Philadelphia was little changed after years of steady, gradual decline. In the past decade, the combined enrollment in the three types of educational institutions has fallen by nearly 12 percent, reflecting a decline in the number of school-age children.

Sources: School District of Philadelphia, Archdiocese of Philadelphia

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Figure 11

## Percent of School-Age Children in Cities With at Least 300,000 Residents



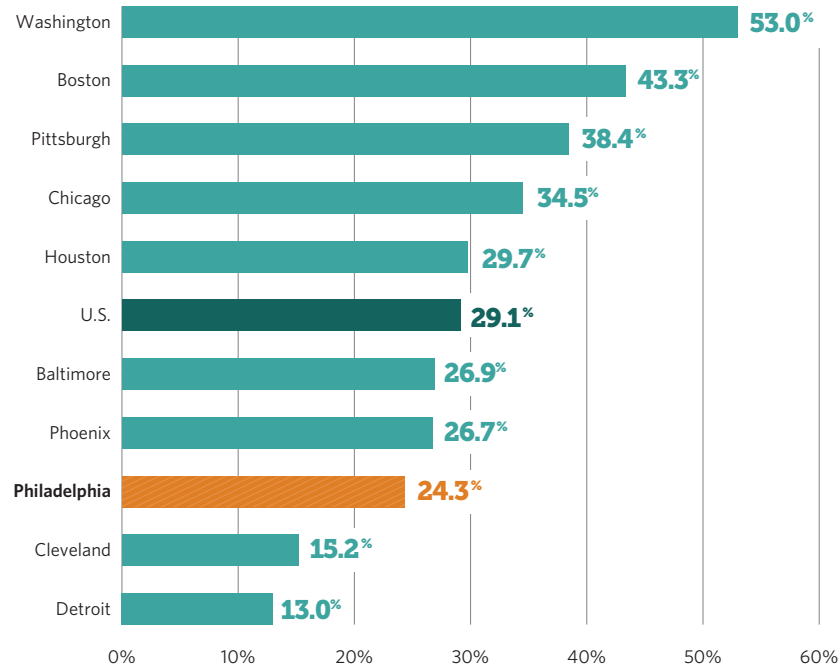
As several urban analysts have pointed out, the cities with the lowest percentages of children, 10 of which are listed here (along with Philadelphia), tend to be the most successful economically. Whether this is a cause or effect of economic success is not clear, but the correlation is strong. Philadelphia's percentage of school-age children, those ages 5 to 17, is slightly lower than the median for the 62 cities with populations of 300,000 or more.

Sources: U.S. Census Bureau, American Community Survey, 2012, One-Year Estimate

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Figure 12

## Percent of College Graduates Among Adults Over Age 25

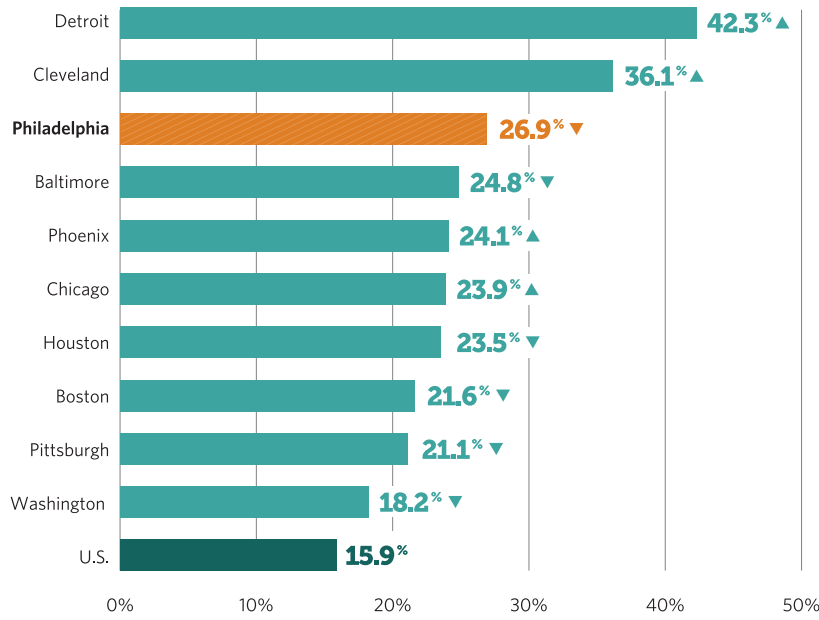


The educational attainment level in Philadelphia has been rising slowly in recent years. But Philadelphia still lags behind many other large cities, where levels have been rising as well. In the Philadelphia region as a whole, 34.1 percent of adults have a bachelor's degree or higher, which places the region in the top third of the nation's 100 largest metropolitan areas.

Sources: U.S. Census Bureau, American Community Survey 2012, One-Year Estimates

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Figure 13  
Poverty Rate 2012

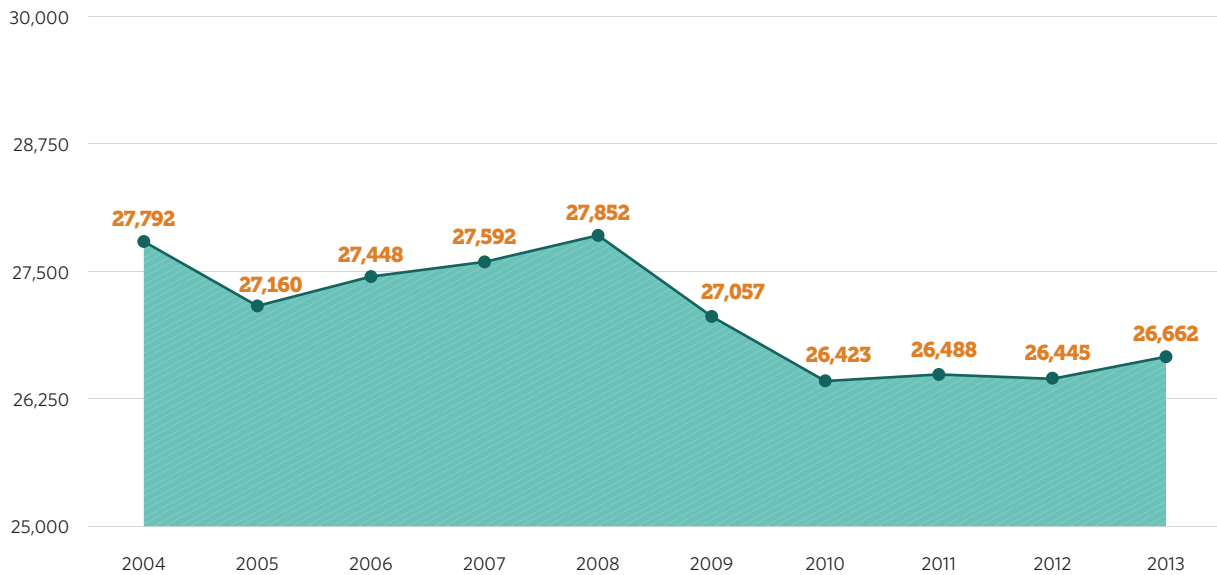


The percentage of people living in poverty in Philadelphia fell from 28.4 percent in 2011 to 26.9 percent in 2012 but remains one of the highest among major U.S. cities. Thirty-two percent of families with children under 18, and 45 percent of families with children headed by women, live in poverty in Philadelphia. So, too, do 32 percent of African Americans and 41 percent of Latinos. The 2013 poverty line was set by the U.S. Department of Health and Human Services at \$23,550 for a family of four.

Source: U.S. Census Bureau, American Community Survey, 2012, One-Year Estimates

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Figure 14  
Philadelphia City Employees

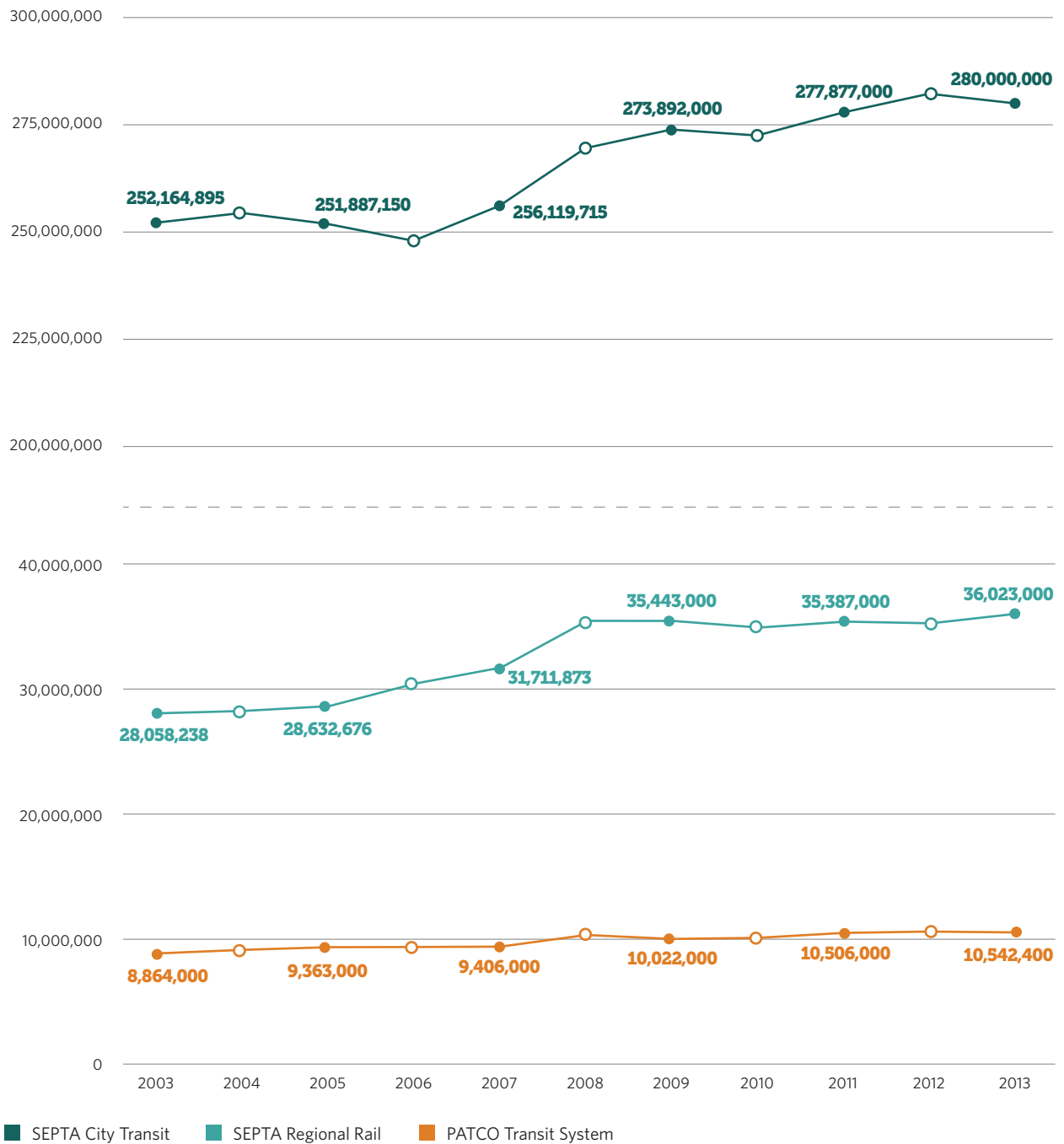


The number of people employed by the City of Philadelphia grew slightly in 2013, although the total remains well below pre-recession levels. Figures are for the end of each calendar year.

Sources: City of Philadelphia, Quarterly City Manager's Reports

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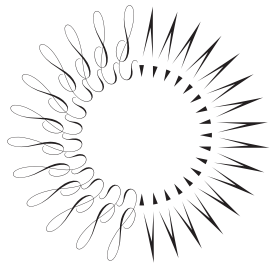
Figure 15  
Local Mass Transit One-Way Rides Per Year



SEPTA Regional Rail travel was at an all-time high last year, while ridership on other elements of the area's mass transit network declined slightly.

Sources: Southeastern Pennsylvania Transportation Authority (SEPTA), Delaware River Port Authority

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