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CENTER CITY REPORTS: Retaining College Graduates

Survey of Graduates in Center City

Center City has succeeded in retaining recent college graduates.

In a city eager to retain college graduates, Center City is a model of success. In the 1990s the population of Center City, between Vine and South streets, river to river, grew by 9%, even as the city as a whole was losing 4% of its residents. The number of households in a broader area of the downtown, including Bella Vista, Queen Village, South of South, Northern Liberties and the Art Museum, expanded by 14%.[1]

While a substantial number of those moving downtown are "empty nesters," 30% of Center City residents are between the ages 25 to 34, as compared to 14.8% in the city as a whole, and 13.6% in the region. A remarkable 79% of downtown residents between the ages of 25 and 34 are college graduates, compared to just 27% of this age group citywide. (Figure 1) Overall, 62% of Center City's adult population has a college degree, compared to 18% in the city as a whole.

Center City is also unique in the region in other important ways. Because 60% of downtown households consist of single persons, Center City has an average household size of 1.6, as compared to 2.5 citywide and between 2.5 and 2.8 persons per household in the surrounding suburbs. (Figure 2) This combination of young, single households and a very high percent of college graduates sets downtown apart in a dramatic way. (Figure 3)

Third, Center City is attracting people from outside of the area at a much greater rate than the rest of the Philadelphia region. The 2000 Census revealed that while only 10% of the city and suburban population moved here from outside the region, three times as many Center City residents (31%) moved in from outside the metropolitan area.

Figure 1:
Residents with BA or Higher Degree

	Center City	Philadelphia
Residents Aged 18 to 24	**11,453**	**168,484**
w/ BA or higher degree	4,618	18,977
% w/ BA or higher degree	40%	11%
Residents Aged 25 to 34	**23,349**	**22,700**
w/ BA or higher degree	18,513	59,687
% w/ BA or higher degree	79%	27%
Residents Aged 18 to 34	**34,802**	**390,184**
w/ BA or higher degree	23,131	78,664
% w/ BA or higher degree	66%	20%

2000 Census

Figure 2:
Average Household Size by County, 2000

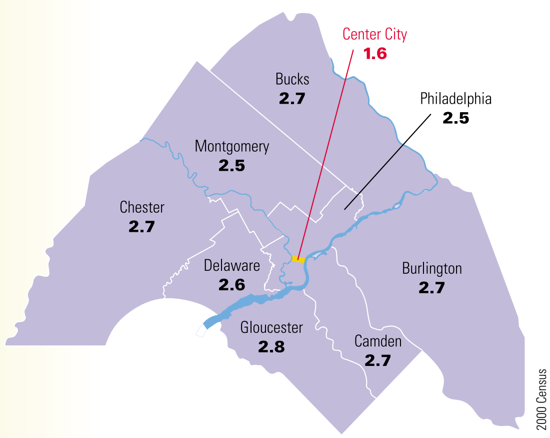


Figure 3:
Age and Educational Attainment in Region

Region	% Population 25 –34 years	% Population 25+ yrs. W/ BA or higher degree
Center City	30.0	62.4
Manayunk (19127)	27.9	36.4
King of Prussia	20.2	49.4
Conshohocken	19.6	22.7
Media	18.7	40.0
Ardmore	17.1	54.1
University City	16.7	38.3
Marlton	16.5	31.3
Collingswood	16.1	30.3
Westchester	16.0	39.0
Chestnut Hill (19118)	15.0	62.6
Paoli	14.9	46.4
Philadelphia City	14.8	17.9
Doylestown	14.4	41.9
Philadelphia Region	13.6	27.7
Bryn Mawr	12.4	50.8
Haddonfield	8.9	64.8
Swarthmore	6.3	77.1

2000 Census

1 For a detailed analysis of the 2000 U.S. Census see *Expanding the Boundaries of Center City*, available on the Center City District's website at www.centercityphila.org.

Center City has the highest concentration of young, well-educated professionals in the region.

New residents have been drawn to and continue to drive a downtown market that has added over 4,000 apartments since 1997 through the conversion of vacant office and industrial buildings. They have prompted the opening of new food markets and numerous high-end home-furnishing boutiques. More than a thousand additional units, both conversions and newly constructed, are in the pipeline.

At the same time, serious crime dropped by 49% between 1994 and 2002. The number of downtown restaurants serving dinner jumped from 65 to 192; sidewalk cafes have gone from zero to 104; and over 4,000 seats have been added in theaters along the Avenue of the Arts, an increase of 82%. Together these trends have created an animated, 24-hour downtown with a distinct appeal to those seeking a cosmopolitan lifestyle.

To learn more about what is on the mind of this younger, mobile and college-educated group that is attracted to Center City, the Center City District retained the market research firm of Eshelman & Townsend to conduct intercept surveys at nine locations in May 2003. The intercept surveys sought to identify the factors most important to this group in selecting their place of residence and to identify their priorities for improving Center City. (A copy of the survey and complete survey results can be downloaded from the Center City District website at www.centercityphila.org)

THE SURVEY PROCESS

Surveys were conducted at nine locations, both indoors and outside, selected because they were likely venues at which to encounter this demographic group. (Figure 4)

Three hundred forty interviews were completed by a six-person interviewing team from Eshelman & Townsend. Respondents were pre-screened by interviewers who asked five to six preliminary questions. Those who met all of the following criteria were asked to complete the rest of the survey:

- Age 22 to 34 years old;
- College graduate (bachelor's degree or higher);
- Living in Center City, or;
- Living in Bucks, Chester, Delaware, Montgomery or Philadelphia Counties, PA, or Burlington, Camden, or Gloucester Counties, NJ, and;
- Visiting Center City more than one day per week.

PROFILE OF RESPONDENTS

The median age of the respondents was 28; 74% were Caucasian, 14% were African-American, 7% were Asian and 4% were Latino. There was almost an equal number of men and women in the survey sample. Fifty-seven percent were single, 23% were married, 20% were living with a partner and 86% had no children. Fifty percent of respondents live within Center City, 31% live elsewhere in the city. Sixty-three percent rent

Figure 4:
Survey Locations

Location	Date & Time	Site	# Surveys	% Total
Borders (Broad St.)	May 12, 12–2PM	Outdoor	48	14%
Rittenhouse Square	May 13, 11:30–1:30PM	Outdoor	39	11%
Super Fresh (South St.)	May 15, 4:30–6:30PM	Outdoor	37	11%
Liberty Place	May 16, 11:03AM–1:30PM	Indoor	35	10%
Boat House Row (Lloyd Hall)	May 20, 4:30–6:30PM	Outdoor	36	11%
Philadelphia Sports Club	May 20, 6:30–8:30PM	Indoor	40	12%
12th St. Gym	May 21, 5–7PM	Indoor	36	11%
Ritz 5	May 30, 5–7PM	Outdoor	38	11%
Old City (2nd & Market)	May 30, 7–9PM	Outdoor	31	9%
Base			**340**	

"Philly is great because it's a major city without the high prices of New York or Los Angeles but also has that small town feel. There are also great schools and doctors. That is why I am going to stay."

– Survey respondent

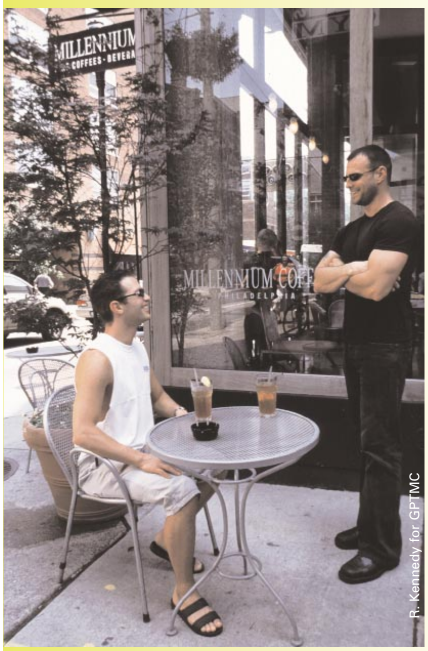
an apartment, 28% own their home, and 6% were living with their parents. By survey design, all were college graduates and the university attended by most respondents was Temple University (20%); 8% were graduates of the University of Pennsylvania; 6% were Drexel University graduates. Thirty-three percent held a master's, Ph.D., or professional degree.

Eighty-one percent were employed full-time; 7% were employed part-time; 56% worked in Center City; 49% take public transit to work; 39% walk to work; 29% drive alone and 6% bike to work. Forty-four percent of respondents were employed in professional services (finance, insurance, real estate, law, architecture and engineering); 33% in health care and education; 8% in arts, entertainment and hospitality; only 4% were employed in technology. Over a third (35%) were making between $40,000 and $60,000 per year; 21% were making between $20,000 and $40,000; another 21% were making between $60,000 and $100,000; and 13% reported annual incomes above $100,000.

This is a group that enjoys the amenities of Center City. Fifty-four percent dine at a Center City restaurant at least four to five times a month and among the primary reasons these individuals come to Center City, *dining, going to nightclubs, bars, theaters, movies, museums and cultural institutions* ranked close behind the responses *working or living downtown*.

Most important, respondents were a mobile group and have had the opportunity to compare Philadelphia to other locations. Thirty-two percent of respondents have lived in the region all their lives, but 68% have lived elsewhere: 12% lived in New York City since receiving their college degree, 12% had lived abroad and 12% had lived in Boston or Cambridge. On average, respondents who live in Center City have lived there for five years.

There has been a great deal of speculation about what it takes to attract and retain young "knowledge workers," as if they were some separate species with special diet and climate requirements. Suggestions for making Philadelphia attractive to this group have ranged from expanding the club and music scene, creating wired outdoor plazas where laptops can be used, to building skateboard parks. While these may be amenities that young "knowledge workers" enjoy, the survey respondents revealed that their primary motivations are strikingly similar to professional workers of all ages.



Center City has succeeded in attracting young people who grew up outside the city.

SURVEY HIGHLIGHTS

Respondents were generally a satisfied group. Forty-six percent indicated that they were *very happy* with their current residence; 49% said they were *satisfied*; only 5% said they were *very unhappy* with their current residence. Respondents who have lived elsewhere described Philadelphia's comparative strengths as its *unique, historic architecture*, its *arts and cultural events*, its *population diversity* and *quality of nightlife*. (Figure 5)

Figure 5:
Philadelphia's Comparative Strengths

	Better	Same	Worse	Mean
Unique/historic architecture	63%	33%	4%	2.6
Arts and cultural events	57%	30%	13%	2.4
Population diversity	55%	29%	16%	2.4
Quality of nightlife	49%	30%	20%	2.3
Employment opportunities	46%	35%	19%	2.3
Concentration of young professionals	46%	31%	23%	2.2
Recreational opportunities	39%	42%	18%	2.2
Attractiveness of parks/green spaces	35%	36%	28%	2.1
Cost of living	38%	21%	41%	2.0
Climate	24%	54%	22%	2.0
Base				**232**

> ***Philadelphia is a wonderful city that offers a wide range of cultural and other opportunities while at the same time maintaining an affordable cost of living. It's a great place. I love it here.***
>
> – Survey respondent

> ***Philadelphia has a lot of potential. Boston had many young professionals in the city despite a higher cost of living because people were taxed the same in and out of the city.***
>
> – Survey respondent

When we isolate the responses for those who have lived in two nearby competitor cities, New York and Boston, Philadelphia does not rank quite so well. In particular, ex-New Yorkers consider New York better in terms of *arts and culture*, *recreation*, *nightlife*, *employment opportunities* and *concentration of other young professionals*, although Philadelphia is rated higher in terms of its parks. Ex-Boston area residents see Philadelphia as falling short on *nightlife*, *recreation* and the *attractiveness of its parks and green spaces*. Both ex-New Yorkers and Bostonians rate Philadelphia as having a better *cost of living*. Since the cost of living in Philadelphia is significantly lower than that in Boston/Cambridge, New York and Washington DC, this is a fertile area for any communications and marketing efforts aimed at all professionals in these marketplaces.

The factors that were very important to all survey respondents in choosing their current residential location were in descending order: *housing costs* (65%), *walkability* (62%), *security and safety* (61%) and *proximity to employment* (58%). And when it came to their list of priorities to improve Philadelphia, they responded as follows:

Reduce taxes	44%
Reduce the cost of car insurance	29%
Lower cost of parking	27%
Increase cleanliness	24%
Expand employment opportunities	23%

By contrast, *later hours for clubs* was ranked as a top priority by only 13% of respondents and *more nightclub variety* was ranked on top by only 7%. This is by no means to suggest that Philadelphia can yawn, roll over and return to a stodgy slumber. It is simply to note that factors that attract and retain young graduates are quite similar to those that draw any educated professional whose skills give them the freedom to choose where to live and work.[2]

It is important to underscore too that while young knowledge workers were drawn to the amenities of downtown, only 8% held jobs in arts, entertainment or hospitality firms. Forty-four percent were employed in professional services; 33% were employed in health care and education; 10% in non-profit and social services firms; and 3% in the public sector. **Those who seek to retain a greater percent of college graduates should thus be concerned about the structure of opportunity Philadelphia currently offers. While employment in arts, entertainment and hospitality was up 17% from 1990-2003, even after netting out the jobs lost in the recession since 2000, there was no growth in professional services during those years. By comparison, even netting out losses from 2000-2003, professional-services jobs grew by 30% in Boston and by 12% in New York City between 1990 and 2003.**[3] It is thus not surprising that the 2000 census showed that while only 18% of Philadelphians over the age of 25 had a college degree, the statistics for New York were 27%, for Boston, 36% and for Washington DC, 39%.

Figure 6:
Population 25 and Over With College Degree

	Washington	Boston	New York City	Philadelphia	Center City
Total	384,535	377,574	5,276,946	966,197	61,822
W/ BA or higher degree	150,237	134,252	1,446,833	172,641	38,598
% w/ BA or higher degree	39%	36%	27%	18%	62%

2000 Census

2 In 1997, CPDC surveyed 3,300 office workers in 33 downtown professional-services firms and asked them what were the factors that would attract them to live in Center City. Their top responses were *security, proximity to work* and *access to arts, entertainment and restaurants.*

3 Citywide, health care and education account for 26% of all private-sector jobs, professional and business services account for 25%, and hospitality, arts and entertainment account for 10%. In Center City, 43% of all private-sector jobs are in professional and business services. Comparative employment data for 1990 to 2003 comes from North American Industry Classification System (NAICS), Bureau of Labor Statistics, Current Employment Statistics Survey Data.

Expanding jobs and improving schools will keep more graduates within the city.

One recent promotional effort, the Knowledge Industry Partnership, aims to reach out to college students, engage them in the life of the city through special events, and connect them with internships so they remain after graduation. Efforts like this are essential to communicate the advantages and the amenities of Philadelphia and to link graduates to jobs.

But ultimately for student retention efforts to succeed, they must be tied to a strategy to grow the "bread and butter" knowledge industry jobs already in the city: professional- and business-services, health care and education that together account for 51% of all private-sector jobs in Philadelphia. This becomes clear through an analysis of survey results. Philadelphia appears to be retaining a high percentage of graduates who grew up in the region. But we do not seem to be retaining any significant percentage of those who have been drawn from other regions to Philadelphia area colleges and universities. To invert an advertising slogan that Temple University used for years, we can declare success only when we can say of alumni from schools such as the University of Pennsylvania, Swarthmore and Haverford: *these graduates could have gone anywhere, but they chose Philadelphia*. And the primary way to achieve this objective is to create jobs that are attractive to college graduates.

CONCLUSIONS

The dense cluster of offices, hotels and apartment buildings downtown has created a critical mass of people who are in Center City 24 hours a day. A compact, walkable environment supports a wide variety of shopping, dining and leisure activities. As more pedestrians ventured out on sidewalks that were clean, safe and illuminated during the 1990s, retailers and restaurants expanded evening hours. A virtuous cycle has ensued as ever more people have chosen to live downtown near work and the thriving arts and entertainment scene.

According to the U.S. Census, 37% of all Center City residents walk to work. Among survey respondents who live in Center City, 57% walk to work and two-thirds of all respondents commute in under 25 minutes. **In a metropolitan area frustrated by traffic congestion and sprawling development, Center City thus offers a regional model for the retention of college graduates and for smart growth.** The ability to live and work in a diverse environment in close proximity to arts, culture, nightlife and cafes, with easy access to parks and recreation, is a powerful lure for recent graduates. It is equally attractive to empty nesters and a growing niche of families with children. The same can hold true for other older town centers in the region that are well served by transit, such as West Chester, Doylestown, Haddonfield and a host of other locations that offer a unique blend of historic architecture and a walkable environment.

Center City's constraints are; (1) a tax structure that has limited job growth and business formation and (2) a public school system that requires too many families to rely on private schools or leave the city altogether. But these challenges should not obscure the remarkable success in Center City: a population of young professionals nearly double the citywide average, with three times as many college graduates.

It could be suggested that Center City's experience is of limited relevance to the region, since the lifestyle is of primary appeal to young, childless households or for those whose children have grown. To be sure, only 7% of Center City's population is 17 or under, as compared to 25% of the city and 26% of the region. But the more "twenty-something" graduates Center City can attract and retain now, the more young families with children there will be in the next decade. And those young families will drive demand for housing in Center City and in other city and suburban communities, as they "graduate" from the downtown lifestyle. In this important way too, Center City – the setting for 43% of all private-sector jobs in the city – can be the engine of Philadelphia's economy.

Philadelphia should place a special emphasis on graduates from colleges like the University of Pennsylvania, Swarthmore and Haverford that draw from outside the region.

> ***"Philadelphia has much potential, but taxes drive young people and businesses into the suburbs."***
> – Survey respondent

RECOMMENDATIONS

Two recommendations emerge from the survey that benefit all segments of our population: (1) reduce taxes and the cost of car insurance; and (2) increase professional-services jobs and those emerging in the medical, health care and higher-education sectors.[4]

In addition, the data suggests two other strategies specific to college graduates:

• Continue to focus through the Knowledge Industry Partnership's "One Big Campus" initiative on retaining graduates of schools like Temple, Villanova, Saint Joseph's and Drexel that draw many of their students from the Philadelphia region. But place a special emphasis on graduates from colleges like the University of Pennsylvania, Swarthmore and Haverford that draw from outside the region. The most vibrant cities historically have been those that enrich the local culture and economy by attracting people from elsewhere, who bring with them new ideas and a healthy impatience with the status quo.

• Develop a strategy to reach recent graduates of Philadelphia area colleges who have initially been attracted to New York City by opportunities in finance, entertainment, media and fashion or to Washington DC by opportunities in politics, public service and international relations. **After young professionals have spent a few years in these cities and are considering graduate school, or are newly married or partnered and want more urban housing for their money, Philadelphia can provide a far more affordable, walkable, human-scale and cosmopolitan experience.** The average reported salary among our survey respondents was $58,250. To enjoy the same standard of living that $58,250 buys in Philadelphia, an individual would need to earn $66,039 in Boston, $68,006 in Washington and $80,066 in NYC.[5]

As one professional who recently returned from New York City to live in Center City notes, "Our lovely Brooklyn neighborhood had seen real estate values literally double in the past five years. The price of our one-bedroom walk-up with a panoramic view of lower Manhattan and the Statue of Liberty could fetch a large house in Mount Airy or West Philly, or at least a cozy one in Center City. But a family-size space in the nicer parts of Brooklyn had become largely unaffordable to us ... But we, and others we know, did not just come here for more or nicer space. We desired a more human-scale connection to our neighbors and communities ... Philadelphia offers a more human work-life balance than the daily contest that makes New York both so exhilarating and exhausting."[6]

Similarly, a food critic who recently relocated from New York City to Center City writes in the September 2003 issue of *Travel + Leisure* magazine in glowing terms about the history, architecture and extraordinary restaurants in Center City. She adds, "I was able to achieve what often escapes people: balance, that fine line between work and rest, between busy and bored." It didn't hurt that she could invite jealous friends from New York to "do a couple of cartwheels in my thousand-square foot loft."[7]

• Recent research suggests that having a large number of college graduates is critical to job growth, since it provides employers with a pool of skilled and educated workers. In this regard, Center City has succeeded dramatically with the highest concentration of young, well-educated professionals in the region. With improving schools and tax policies that foster a dynamic and expanding economy, Philadelphia can retain, or recapture, a far larger number of knowledge workers as they enter their peak earning and spending years from age 35 to 44, rather than lose them to surrounding counties or to other cities with more opportunities.

4 Downtown office jobs are also a primary source of income for residents of all Philadelphia's neighborhoods. See *A Strategy for the Office Sector* available at www.centercityphila.org.
5 These figures are based on a one-person household, renting a 1,000-square foot apartment, with one car worth $27,000 and driven 20,000 miles per year. For such a household, Boston is 13.4% more expensive, Washington 16.7% more and NYC 37.5% more. As people get older and their families larger, the cost of living advantages of Philadelphia grow greater. For example, to maintain the same standard of living, a four-person household renting a 2,200-square foot apartment, owning two cars worth $27,000, driving 30,000 miles/year and earning $58,250 in Philadelphia would need to earn $74,560 in Boston, $75,376 in Washington and $95,355 in NYC. For a family of this type, Boston is 28% more expensive, Washington 29.4% more and NYC 63.7% more.
6 David M. Stone, *Philadelphia Inquirer*, August 25, 2003.
7 Francine Maroukian, "The Philadelphia Experiment" *Travel + Leisure*, September 2003.