Avenue of the Arts Economic Impact Study

Impacts of Major Investments Made Along the Avenue 2016–2024

Date: September 9, 2024
Submitted to Avenue of the Arts, Inc.



ESI ECONSULT SOLUTIONS INC.
economics | strategy | insight

1435 WALNUT STREET, 4TH FLOOR | PHILADELPHIA, PA 19102
215-717-2777 | ECONSULTSOLUTIONS.COM

Executive Summary

Avenue of the Arts is the beating heart of arts and culture in Philadelphia and the backbone of Center City. Centered around the South Broad Street corridor, the Avenue features the city's most prominent theaters and performance spaces, as well as art, dining, hospitality, and more. For many years, the story of the Avenue of the Arts has been one of investment and development, as major new residential, hotel, and retail developments have been completed over the past decade, with others proposed or underway. The impact of the arts and cultural programming on the Avenue is significant and well documented, but its capital investments are critical to examine given their substantial economic impact on the region and ability to ensure the Avenue of the Arts continues to deliver for Philadelphia well into the future.

AAI's recent Vision Plan, "Avenue of the Arts 2.0," embraces the catalytic potential of development on the Avenue, with Philadelphia's leaders and developers recognizing the impact of recent development and seeking to capitalize on opportunities to refresh and reinvest in the space. The re-positioning of Avenue of the Arts as the "Center Stage" of Philadelphia's cultural and performing arts scene promises to ensure that Philadelphia impresses during its global events in 2026, inspire further investment and development, and generate further economic impact in the City and region.

The impacts generated by capital investments on the Avenue are demonstrated by the developments that have been completed, are in progress, and are in the proposal stage. The economic impact of these new construction and renovation projects, including that of AAI's new Vision Plan and their annual infrastructure investments, demonstrates the potency of capital investment on the Avenue.

The Avenue of the Arts 2.0 Vision Plan projects $100 million of direct investment over the next ten years, which is estimated to generate over $152 million in total economic output in Philadelphia, supporting 60 direct, indirect, and induced jobs each year of construction, and contributing nearly $2 million in tax revenues to the City and $3 million to the Commonwealth (see Table ES.1).

ES.1: Economic Impact of the AAI Avenue of the Arts 2.0 Vision Plan

Impact Type	Philadelphia	Pennsylvania
Direct Output ($M)	$100	$100
Indirect and Induced Output ($M)	$53	$85
Total Economic Output ($M) [1]	**$153**	**$185**
Total Employment Supported	600	800
Employee Compensation ($M)	$46	$54
Tax Revenues Generated ($M)	$1.7	$2.8

Source: Econsult Solutions, Inc. (2024), IMPLAN (2022), City of Philadelphia CAFR (2022), PA CAFR (FY 2022)

[1] Discrepancy in the sum of table values occurs due to rounding.

An estimated $902 million in direct construction investment has occurred over the past eight years along South Broad Street.[2] Given the economic multiplier effects, this direct investment generated approximately $1.4 billion in economic impact within Philadelphia. This includes supporting roughly 940 direct, indirect, and induced jobs in Philadelphia each year of construction. Additionally, the projects generated an estimated $20 million in tax revenues to the City and $31 million in tax revenues to the Commonwealth (see Table ES.2).

ES.2: Economic Impact of Capital Investments, 2016–2023

Impact Type	Philadelphia	Pennsylvania
Direct Output ($M)	$902	$902
Indirect and Induced Output ($M)	$477	$722
Total Economic Output ($M)	**$1,379**	**$1,624**
Total Employment Supported	7,500	8,600
Employee Compensation ($M)	$551	$619
Tax Revenues Generated ($M)	$19.7	$31.1

Source: Econsult Solutions, Inc. (2024), IMPLAN (2022), City of Philadelphia CAFR (2022), PA CAFR (FY 2022)

Looking forward, about $774 million in direct construction investment has either occurred recently or is soon to occur.[3] The direct investment is estimated to generate approximately $1.2 billion in economic impacts within Philadelphia, supporting roughly 650 direct, indirect, and induced jobs in Philadelphia each year of construction.[4] $21 million in tax revenues to the City, and $27 million in tax revenues to the Commonwealth (see Table ES.3).

ES.3: Economic Impact of Capital Investments, 2024 Onward

Impact Type	Philadelphia	Pennsylvania
Direct Output ($M)	$774	$774
Indirect and Induced Output ($M)	$408	$617
Total Economic Output ($M) [5]	**$1,182**	**$1,390**
Total Employment Supported	6,500	7,400
Employee Compensation ($M)	$482	$540
Tax Revenues Generated ($M)	$17.2	$27.1

Source: Econsult Solutions, Inc. (2024), IMPLAN (2022), City of Philadelphia CAFR (2022), PA CAFR (FY 2022)

[2] Estimated and actual development costs are used to assess the overall economic impact of the capital investments being made on the corridor.
[3] This includes construction that is currently underway but anticipated to be completed in 2025 or beyond. Additionally, this also encapsulates any construction projects that are planned or proposed along the Avenue.
[4] Estimated based on a 10-year period of construction activity
[5] Discrepancy in the sum of table values occurs due to rounding.

For maintenance, beautification, and improvement of the Avenue's streetscape, AAI spends approximately $463,000 annually. In simple Return on Investment terms based on the development of the past eight years, for every dollar of AAI expenditures on ensuring a safer and more inviting environment, the annualized direct impact from the adjacent capital investments is about $226 within Philadelphia.

Table of Contents

1. Introduction 7
Purpose of the Report 7
About the Avenue of the Arts 7
Impact of the Arts in Greater Philadelphia 8
Study Scope and Methodology 10
Overview of the Report 11
2. The State of Avenue of the Arts 12
Economic and Demographic Trends 13
Historical Trajectory of Development Along the Avenue 18
Characteristics and Assets of the Avenue 20
Stewardship of Public Spaces by Avenue of the Arts, Inc. 22
3. Economic Impacts of Capital Investments Along the Avenue: 2016 – 2023 24
Capital Investments Completed Along the Avenue: 2016 – 2023 24
Economic and Fiscal Impacts of Completed Capital Investments 28
The ROI of AAI's Investments 30
4. Economic Impacts of Capital Investments Along the Avenue: Active Projects 32
Current and Proposed Capital Investments Along the Avenue 32
Economic and Fiscal Impacts of Current and Proposed Private Capital Investments 36
5. The Catalytic Potential of the 2.0 Vision Plan 37
Avenue of the Arts 2.0 Vision Plan and its Potential Impacts 38
Avenue of the Arts' Continued Role Supporting Economic Growth 40
6. Appendix 42
Economic Impact Analysis 42
About Econsult Solutions, Inc. 44

1. Introduction

Purpose of the Report

Avenue of the Arts, Inc. (AAI) commissioned this report to articulate and quantify the economic and fiscal impacts produced by capital investments and development on the Avenue, evaluating both recently completed and upcoming developments. Avenue of the Arts is the centerpiece of Center City Philadelphia, having fostered significant activity in the residential, commercial, and cultural sphere; further investment along the Avenue makes Center City even more attractive, catalyzing greater engagement and development in the central business district and beyond. The associated direct investments have ripple effects throughout the broader Philadelphia economy, leading to jobs and wages for Philadelphians. This report focuses on the impacts from new construction and building renovations, though there are significant, long-lasting economic contributions that arise from the operations of facilities completed along the Avenue as well.

About the Avenue of the Arts

The Avenue of the Arts is the central cultural and arts district of Philadelphia and is home to many of the city's most renowned theatres, performance venues, restaurants, and hotels. The district, which is anchored by Broad Street from City Hall to Washington Avenue, has evolved dramatically since 1978 when early development began on what was then a quiet corridor. With the help of Mayor Ed Rendell in 1993, who supported the founding of AAI, the area has transformed due to both public and privately funded revitalization projects.



Philadelphia's City Hall and the Avenue

South Broad Street is notably the location of Philadelphia's premier performing arts venues, including the Kimmel Center for the Performing Arts, the Wilma Theater, the Academy of Music, the Miller Theater, and the Suzanne Roberts Theatre. In addition, commercial, office, retail, educational and residential developments now fill the vibrant strip along South Broad Street, welcoming more than two million visitors annually.[6] With Mayor Cherelle Parker's emphasis on revitalizing Center City and investments in cultural facilities through the budget approved in June 2024, Avenue of the Arts has the potential to make significant contributions to the current administration's priorities and support the economic and cultural revitalization of Philadelphia.[7]

[6] Avenue of the Arts Inc. (2024)
[7] Mayor Parker's $6.37 Billion One Philly Budget Receives Preliminary Approval in City Council | Office of the Director of Finance | City of Philadelphia



Rendering from Avenue of the Arts 2.0 Vision Plan

In July 2024, AAI released its new Avenue of the Arts 2.0 Vision Plan, seeking to advance a reimagined corridor. The new vision aims to modernize the area into a vibrant arts destination, fostering community spaces for residents and visitors, supporting local businesses, and spur further investment and development. This Vision Plan seeks to position the Avenue as Philadelphia's cultural epicenter, with plans to develop high-quality, public green spaces to pair with its existing cultural, residential, and commercial offerings. This initiative aligns with Philadelphia's upcoming role as a global focal point in 2026, when it will host significant celebrations related to United States' Semiquincentennial, the FIFA World Cup, and the MLB All-Star Game.

Impact of the Arts in Greater Philadelphia

Investments along the Avenue of the Arts are part of a larger narrative about the significant impact of the arts and culture sector in the Greater Philadelphia region, which ranks among the top U.S. regions for arts and culture sector direct expenditures on a per capita basis.[8] Arts groups serve as powerful economic forces and magnets for tourism, helping to educate and inspire citizens and stimulate creativity in various sectors, including the workplace and schools. Arts and cultural activities also significantly enhance the quality of life in cities, which is a crucial factor for industries considering relocation or expansion. For instance, the Bureau of Economic Analysis (BEA) found that arts and culture

[8] Greater Philadelphia Cultural Alliance, "Arts, Culture & Economic Prosperity: Greater Philadelphia," April 30, 2024, https://www.philaculture.org/prosperity.

sector jobs accounted for approximately 2.8 percent of all employment in Pennsylvania in 2022.[9] Research has also identified that the availability of cultural activities as an important for companies when choosing new locations.[10]

Within Greater Philadelphia, the Greater Philadelphia Cultural Alliance's 2023 report found that the non-profit arts and culture sector in contributes a total economic impact of $3.3 billion annually.[11,12] This includes $1.9 billion in direct expenditures by organizations and audiences and $1.4 billion in indirect and induced economic impacts. Additionally, the report found that the sector generates $429 million in tax revenue at local, state, and federal levels, employs approximately 33,000 individuals, and returns $1.4 billion in household income to residents, supporting local communities through various expenditures.

Despite these significant economic contributions, attendance levels have not yet returned to pre-pandemic rates. In the Greater Philadelphia Cultural Alliance and PA Humanities most recent PA CultureCheck survey conducted in 2023, only 32 percent of the surveyed arts organizations reported having attendance levels at or above 2019 levels.[13] Greater Philadelphia saw a total attendance of 13.5 million people at in-person events, with approximately 70 percent of attendees being residents of Southeastern Pennsylvania. Notably, 59 percent of non-local attendees traveled specifically for an arts and culture event, with almost 53 percent stating they would have visited another community if the event had not been available in Philadelphia.[14]

Socially, the arts foster community pride and cohesion, with nearly 90 percent of Greater Philadelphia surveyed attendees expressing that arts activities inspire a sense of pride in their neighborhoods.[15] This sense of pride is essential for community identity, as cultural events and artistic expressions often highlight and celebrate the unique heritage and characteristics of different neighborhoods within a city.[16] The Avenue of the Arts' continued growth and development will be an important component to maintaining Philadelphia's cultural vibrancy and economic prosperity.

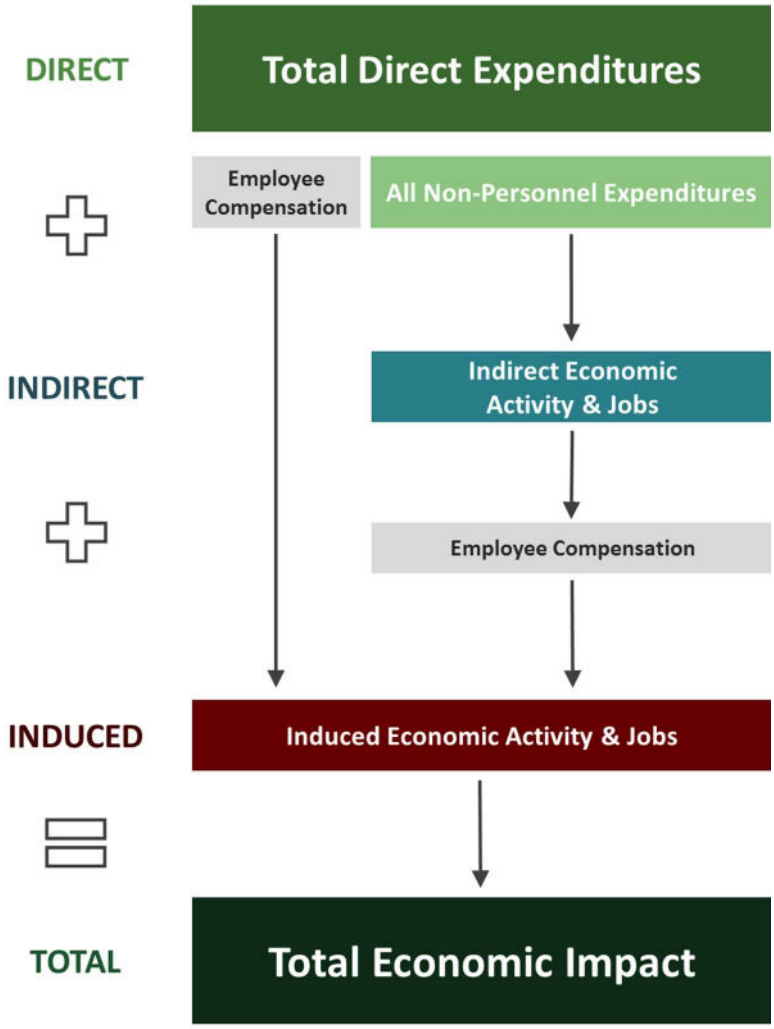
[9] Bureau of Economic Analysis, "Arts and Culture Production in Pennsylvania," 2022, https://apps.bea.gov/data/special-topics/arts-and-culture/summary-sheets/Arts%20-%20Pennsylvania.pdf.
[10] "How Art Economically Benefits Cities," Project for Public Spaces, December 31, 2008, https://www.pps.org/article/how-art-economically-benefits-cities.
[11] The "Arts, Culture & Economic Prosperity: Greater Philadelphia" report, conducted by the Greater Philadelphia Cultural Alliance and PA Humanities, measured the economic and social impact of the nonprofit arts sector in the region. Using data from over 500 organizations and 1,072 audience surveys (May 2022 - June 2023) and the IMPLAN economic modeling platform, the report estimated the direct, indirect, and induced economic effects, job creation, household income, and tax revenue.
[12] In this content, the Greater Philadelphia region refers to the Philadelphia Metropolitan Statistical Area (MSA).
[13] Greater Philadelphia Cultural Alliance and PA Humanities, "PA CultureCheck," February 2024, https://pahumanities.org/culturechecksepa/https://pahumanities.org/culturechecksepa/.
[14] "Arts, Culture & Economic Prosperity: Greater Philadelphia," 5.
[15] Ibid, 7.
[16] "How Art Economically Benefits Cities," Project for Public Spaces.

Study Scope and Methodology

Within this report, ESI employs industry-standard modeling techniques to estimate the direct economic activity generated by the development along the Avenue of the Arts. Those direct impacts are then translated into total economic output, employment, associated earnings, and tax revenue impact using industry-standard input-output modeling. The appendix to this report describes the approach and methodology in detail.

Data inputs on the capital investments made on the Avenue were identified through research into various sources, including public construction documents and press coverage. Inputs pertaining to AAI's annual maintenance investments and Vision Plan were provided by AAI. For each input, the most recent and appropriate dataset is used to show the economic impact from the corresponding construction or upkeep activities.

Figure 1.1: Economic Impact Methodology



Source: Econsult Solutions, Inc. (2024)

Economic impact results are calculated for Philadelphia and the Commonwealth of Pennsylvania. Key outputs for each geography include total economic output, employment supported, and earnings supported.

Tax revenue impacts are expressed for the City of Philadelphia and the Commonwealth of Pennsylvania. Fiscal modeling accounts for which types of economic activity are and are not subject to taxation specific to the taxing jurisdiction. Economic activity associated with the capital investments in this report also generate taxable activity (for example, jobs and retail development) for the Commonwealth of Pennsylvania, as well as county governments and other nearby state governments. These amounts are smaller and more diffuse than those calculated for the City of Philadelphia and the Commonwealth of Pennsylvania and are excluded from this analysis to be conservative.

Additional analyses in this report seek to provide pertinent background on the Avenue of the Arts by presenting population, housing, and employment metrics, property assessment trends, and descriptions of key assets. This background research is presented with a mix of methods relevant to the data, sourcing public datasets and field research.

Overview of the Report

This report discusses the economic impact of recent and planned capital investment in the Avenue of the Arts immediately on and near South Broad Street. The report is organized as follows:

- **Section 2** reviews the current state of the Avenue of Arts, examining its demographic and socioeconomic makeup, as well as its core cultural and economic assets.
- **Section 3** reviews the recent capital investments made within the bounds of the Avenue, including infrastructure investments made by the AAI, and analyzes the economic and fiscal impact that occurs as a result.
- **Section 4** examines developments to the avenue that are either planned or underway and similarly analyzes their economic and fiscal impacts.
- **Section 5** concludes the report by considering the potential impacts of the Avenue of the Arts 2.0 Vision Plan and continued development on the Avenue.

2. The State of Avenue of the Arts

This section presents an examination of the current state of the Avenue of the Arts through demographic and socioeconomic analyses, as well as a review of the Avenue's existing cultural assets and characteristics. The Avenue of the Arts encompasses the South Broad Street corridor from City Hall to the north to Washington Avenue to the south. For the purposes of this report, the study area includes the neighboring blocks along this corridor from 13th Street to the east and 15th Street to the west, as presented in Figure 2.1.

Figure 2.1. Map of Avenue of the Arts Corridor and Study Area



Source: Esri (2024), Econsult Solutions, Inc. (2024)

Economic and Demographic Trends

Population Trends

From 2010 to 2020, the City of Philadelphia experienced steady population growth, averaging an annual growth rate of 0.51 percent and on net adding around 78,000 residents over ten years, outpacing the Philadelphia Metropolitan Statistical Area's annual growth rate of 0.47 percent.[17] This population growth is attributable to a citywide revitalization in the last decade, though the COVID-19 pandemic has since slowed down the growth trajectory in recent years.

With its vibrant cultural offerings, proximity to the city center, and substantial development of new residential options, the population of the Avenue of the Arts grew at a relatively fast annual rate of 3.45 percent. As of 2023, population projections for the Avenue of the Arts are at approximately 8,500 people and anticipated to grow at a greater rate than the city in the next five years.

Figure 2.2: Population Trends in the City of Philadelphia, Philadelphia MSA, and Avenue of the Arts, 2010-2020[18]

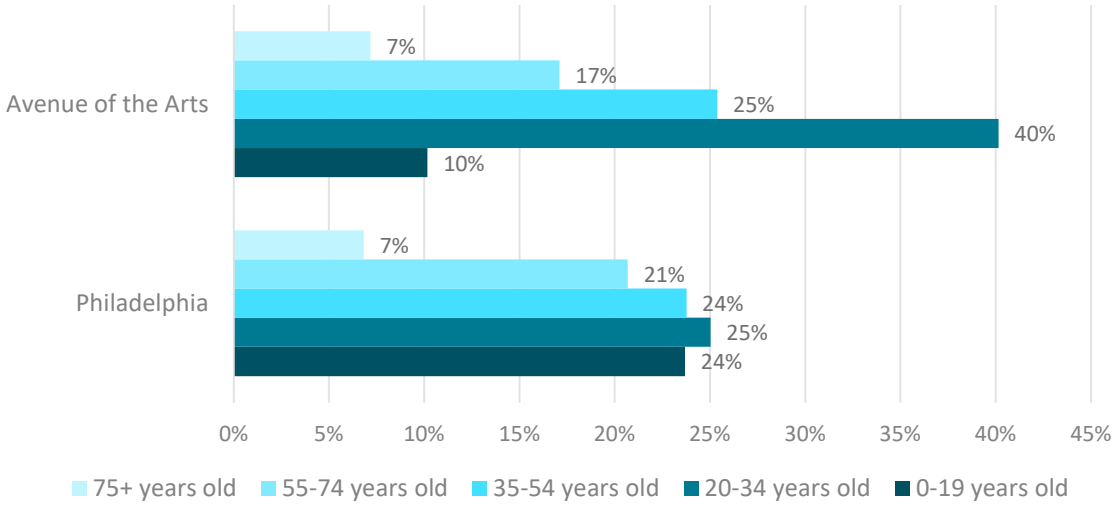
	2010	2020	Average Annual Growth (2010 – 2020)
City of Philadelphia	1,526,000	1,604,000	0.51%
Philadelphia MSA	5,965,000	6,245,000	0.47%
Avenue of the Arts	6,240	8,390	3.45%

Source: Esri (2024)

Residents on the Avenue trend fairly young, with a median age of 35 years old, close to the citywide median of 36 years. The distribution of the population is significantly different, however, with 40 percent of all Avenue of the Arts residents between the ages of 20 and 34 and only 10 percent are 19 or younger, compared to citywide shares of 25 and 24 percent respectively.

[17] The Philadelphia MSA consists of a 11-county region, including counties in Pennsylvania, New Jersey, Delaware and Maryland. For the purposes of this region, the "Philadelphia region" is synonymous with the MSA.
[18] Population data and projections are as of June 2024 and include students living on- and off-campus.

Figure 2.3: Age Distribution of Avenue of the Arts and Philadelphia, 2023



Source: Esri (2024)

Projections for the Avenue of the Arts anticipate the population to continue aging, along with national and citywide trends, specifically around increases in the 30 – 54 and the 75 and older ranges.

Housing Trends

Both the Avenue and the city are projected to experience increases in both housing demand and supply over the next five years, with significant residential development on South Broad Street expected to outpace citywide rates. As of 2023, the average household size along the Avenue is 1.5, which is notably smaller than the citywide average of 2.3. This difference can be attributed to the high-density housing stock and smaller unit sizes that are prevalent in the study area. Considering the age distribution of residents, this household size likely corresponds with fewer households with children living on the Avenue.

It is important to note that these estimates for the number of housing units and households do not account for all the future development anticipated in the study area. The estimates provided are based on data available up to 2023 and projected trends and may not fully reflect the impact of new housing developments in the area. As a result, the number of future households and housing units is likely to be higher than the current five-year projections illustrated in Figure 2.4.

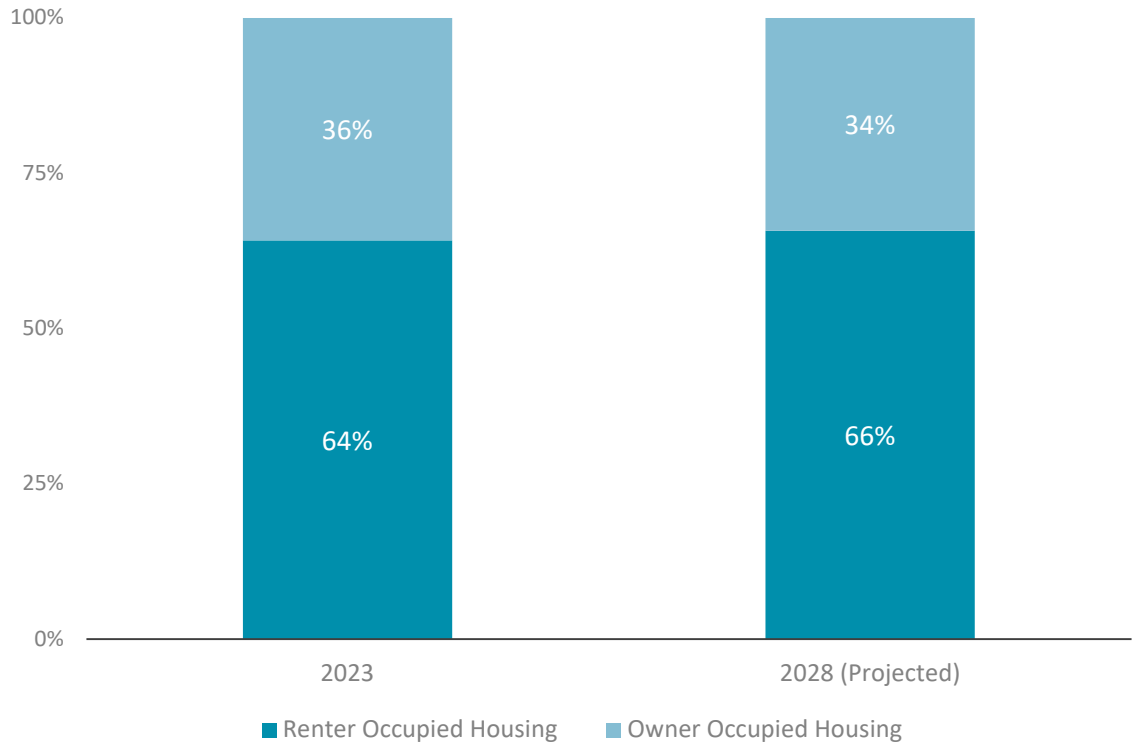
Figure 2.4: Housing Trends, 2023 – 2028

	Avenue of the Arts Study Area			Philadelphia		
	2023	2028	% Change	2023	2028	% Change
Households	5,200	5,400	4.7%	664,500	679,900	2.3%
Average Household Size	1.52	1.51	(0.7%)	2.34	2.31	(1.3%)
Median Household Income	$103,000	$123,000	19.3%	$55,000	$65,000	18.1%
Median Home Value	$469,000	$490,000	4.5%	$252,000	$298,000	17.9%
Housing Units	5,800	6,100	4.0%	738,900	757,100	2.5%
Owner Occupied Housing Units	32%	31%	0.1%	47%	47%	1.6%
Renter Occupied Housing Units	57%	59%	7.3%	43%	43%	3.1%
Vacant Housing Units	11%	10%	-1.7%	10%	10%	3.6%

Source: Esri (2024)

As illustrated in Figure 2.5, 64 percent of occupied homes on the Avenue are renter occupied, while 36 percent are owner occupied. In contrast, citywide rates show 48 percent renter occupancy and 52 percent owner occupancy. Despite the lower prevalence of owner-occupied units within the study area compared to the broader Philadelphia context, the relatively high level of owner occupancy in this downtown area suggests a stable and somewhat permanent residential community. This stability is likely bolstered by the area's central location and its cultural significance as the city's arts corridor.

Figure 2.5: Housing Units by Ownership Status on the Avenue, 2023 – 2028

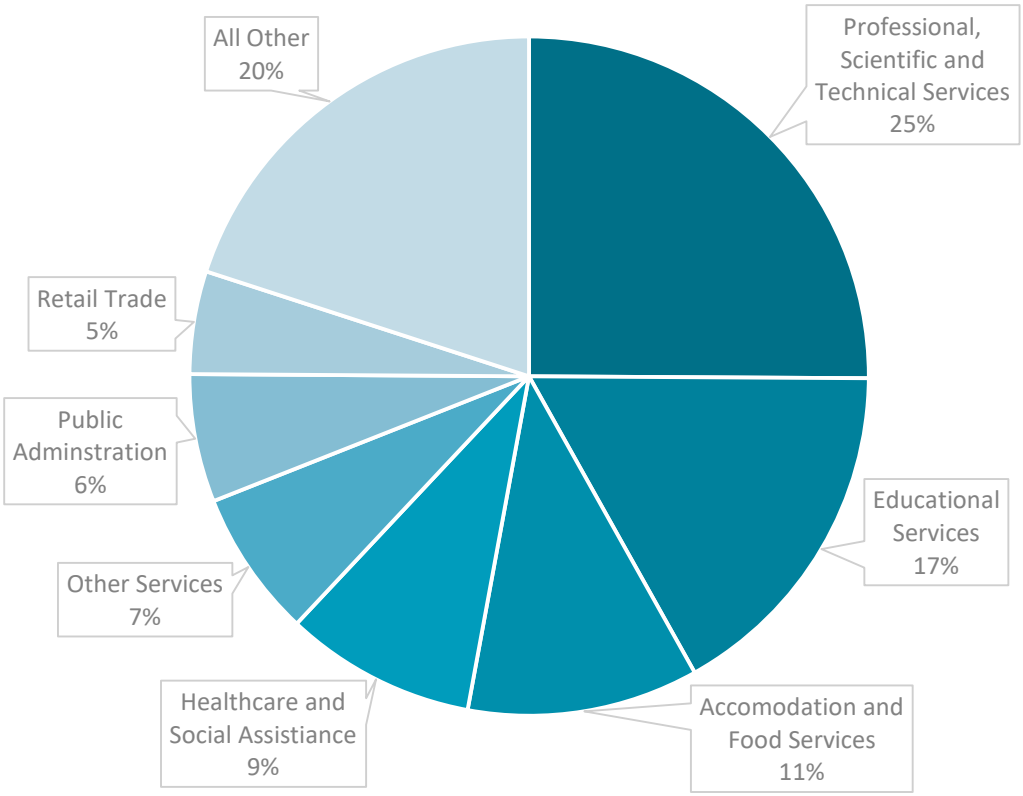


Source: Esri (2024)

Employment Trends

Based on data pulled from the U.S. Census Longitudinal Employer-Household Dynamics (LEHD) survey, there are currently 16,000 jobs along the Avenue of the Arts, offering employment opportunities across a wide array of industries. The largest share of jobs, at 25 percent, is in professional services. This category includes occupations that provide specialized services requiring advanced expertise or training, such as legal, accounting, engineering, or architectural services. Educational services positions account for 17 percent representing the second-largest share. However, the recent closure of the University of the Arts is expected to lead to a decrease in these positions moving forward. At 11 percent, the third-largest share of positions is within accommodation and food services, driven by the hotel and dining options along the corridor. Together, these three categories make up over half of the jobs of the avenue.

Figure 2.6: Job Distribution Statistics on the Avenue of the Arts, 2024



Source: U.S. Census Bureau, LEHD Origin-Destination Employment Statistics (2002-2021)

Notably, 99 percent of the jobs on the Avenue are filled by employees living outside its boundaries. Philadelphians residing beyond the borders of the Avenue constitute the largest share of these commuters, as shown in Figure 2.7 below, accounting for 49 percent. A significant number of workers commute from other parts of Pennsylvania and New Jersey. This influx of workers from across the region highlights the Avenue's role as a central employment hub, attracting a diverse workforce from both within and outside Philadelphia.

Figure 2.7: Commuting patterns of workers into the Avenue of the Arts, 2021

Location	Proportion[19]
Other Parts of Philadelphia	49%
New Jersey	11%
Outside of Philadelphia, within PA	5%
Delaware	1%
New York	1%
Maryland	<1%
All Other	33%

Source: U.S. Census Bureau, LEHD Origin-Destination Employment Statistics (2002-2021)

Historical Trajectory of Development Along the Avenue

Total Study Area Market Value

Data from the Philadelphia Office of Property Assessment (OPA) indicates there are 3,213 parcels within the Avenue of the Arts study area, with a total market value of $4.4 billion.[20] Residential properties represent more than 90 percent of the parcels, capturing over half of the aggregate market value and nearly 60 percent of the taxable value.[21]

Figure 2.8: Property Value of Parcels by Property Type, Study Area, 2024

Property Type	Total Parcels	Total Market Value ($M)	Distribution of Market Value by Type
Apartments (Multi-Family)	237	$784.5	18%
Commercial (Office/Mixed-Use/Cultural)	222	$1,580.5	36%
Single-Family Housing	2,680	$1,503.7	34%
Hotel	16	$443.0	10%
Commercial Garage	8	$86.6	2%
Industrial	4	$2.6	<1%
Vacant	46	$25.4	1%
Total	**3,213**	**$4,426.4**	

Source: Philadelphia Office of Property Assessment (2024)

[19] Discrepancy in the sum of table values occurs due to rounding.
[20] Note that OPA classifies individual condominium units as individual parcels. For example, according to OPA, Arthaus at 301 South Broad Street consists of 107 unique parcels.
[21] The significantly higher number of residential parcels can be attributed to the concentration of condominium units, but also single-family rowhomes in the areas south of Pine Street.

Since 2016, the total market value within the study area has increased by $1.38 billion, representing a 45 percent increase. While this growth rate is slightly lower than the citywide increase of 54 percent it reflects some of the substantial revitalization and redevelopment that has occurred within the area (see Figure 2.9).

Figure 2.9: Property Value of Parcels by Property Type, Philadelphia, 2024

Geography	2016	2024	Net Change (2016-2024)	Percent Change (2016-2024)
Avenue of the Arts Study Area ($B)	$3.1	$4.4	$1.4	45%
Philadelphia ($B)	$134.8	$208.0	$73.2	54%

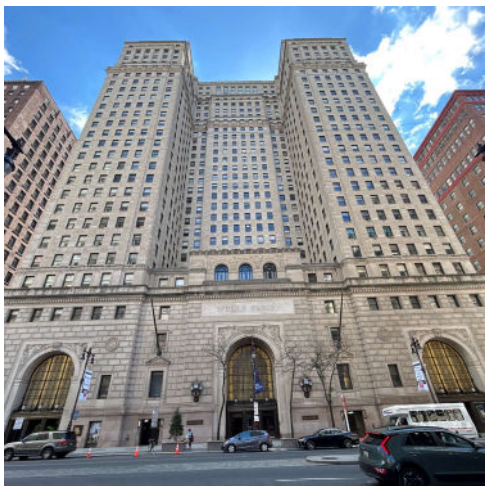
Source: Philadelphia Office of Property Assessment (2024)

Characteristics and Assets of the Avenue

South Broad Street is characterized by its historic building stock, anchored by multiple properties listed on the National Historic Register. These include notable landmarks such as City Hall, the Land Title Building, the Union League Building, the Presbyterian Church, and the Ridgeway Library. Newer buildings complement these historic landmarks, such as the recent residential Symphony House and Arthaus developments, as well as the Kimmel Center for the Performing Arts. This blend of historic and contemporary architectural styles creates an around-the-clock vibrancy in the residential and commercial neighborhood. The blocks just east and west of the South Broad Street corridor primarily consist of historic mid-rise apartment buildings, mixed-use buildings, and rowhomes, further enhancing the area's appeal as a convenient, central hub for arts, culture, entertainment, and community.



The Wilma Theater



The Beaux-Arts style Wells Fargo Building

The Avenue, rich in arts and culture, hosts a high density of arts and cultural organizations and venues, including the Philadelphia Orchestra, Ensemble Arts Philly, Opera Philadelphia, the Philadelphia Ballet, and the Philadelphia Theater Company. The city's resident performing arts companies enhance the city's cultural profile, for instance, the Philadelphia Orchestra's receipt of a Grammy award in 2023. Worth noting, Center City contains the second-highest concentration of arts and cultural institutions in the country – only New York City surpasses – the most of which are located along the Avenue of the Arts.[22]

Performing arts organizations such as the Philadelphia Orchestra and Ensemble Arts significantly contribute to the economy, as well as to the city's cultural assets. According to a study conducted earlier this year by ESI, the organization has an associated annual economic impact of over $400 million on the Philadelphia economy when considering direct customer spending and its associated indirect and induced output.[23]

[22] Center City District, "State of Center City 2024: Shaping the Future We Want," May 1, 2024, https://www.centercityphila.org/research-reports/state-of-center-city-2024.
[23] The estimated indirect economic impact is represented by business-to-business spending as well as employee spending. Econsult Solutions, Inc., "Economic and Social Impact Study of The Philadelphia Orchestra and Ensemble Arts," 2024.

Figure 2.10: Assets on the Avenue of the Arts



Source: Avenue of the Arts, Inc. (2024)



A mural on the corner of Broad and Lombard

The residential sector of the avenue has seen significant development in recent years. Notable projects include the $235 million Arthaus (2022), the $100 million Atlantic Building conversion (2019), and the $100 million Lincoln Square (2018). These investments have driven growth both in population and residential property values. Upcoming developments are primarily residential, with the luxury apartment complex at 1001 S Broad Street projected to cost over $300 million in construction costs.

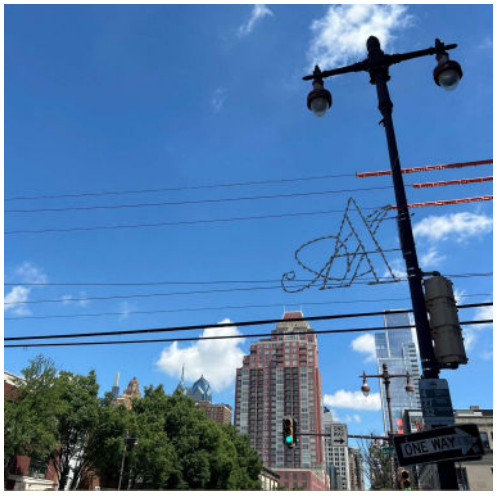
Serving residents and visitors alike, the Avenue is home to many social and dining options. Founded during the Civil War, the Union League is one example, a prestigious social club known for its exclusive membership process and a recent $25 million rooftop restaurant expansion. The Avenue's features elegant restaurants like Loch Bar, Steak 48, Capital Grille, and Del Frisco's, as well as casual options like Insomnia Cookies and HipCityVeg.

The Avenue is also notable for its strong humanitarian presence, with several nonprofits actively serving the community. Broad Street Love provides daily meals and services, Women's Way focuses on gender equality, William Way supports the LGBTQIA+ community, and Heights Philadelphia offers scholarships to low-income, first-generation college students. These organizations play a vital role in fostering a supportive and inclusive environment along the Avenue.

A major change to the ecosystem of the Avenue of the Arts is the recent closure of the University of the Arts in June 2024, which has historically occupied multiple buildings on South Broad. The absence of the university's students will have a near-term impact on the population occupying the corridor on a day-to-day basis, though long-term projections are difficult to make. As these buildings are put on the market, news businesses, developers, and institutions will have the opportunity to consider the value of acquisition, expansion, and redevelopment. New owners and tenants will bring their own offerings and economic opportunity to the corridor, helping to shape the future character of the Avenue.

Stewardship of Public Spaces by Avenue of the Arts, Inc.

Beyond its coordination and advancement of development on the corridor, AAI plays a pivotal role in maintaining the streetscape of the Avenue. AAI actively fundraises for maintenance and improvement projects that benefit the public, taking responsibility for a wide range of assets and amenities that enhance the experience of visitors, residents, and investors alike. These projects include maintaining lampposts, upgrading crosswalks, upkeep for planters, and other crucial place making elements. Through these efforts, AAI significantly contributes to the upkeep and development of the area's local amenities, which ensures a safer and more attractive public realm for residents and visitors alike. AAI does not receive any municipal funding from the City of Philadelphia for these expenses, rather it solely relies on fundraising and grants to fund maintenance of the area, as well as the organization's own overhead expenses.



Lighting on The Avenue of the Arts

Research has shown that pedestrian, transit, and bicycle centered development, as AAI supports, can be essential to revitalizing local economies. For example, the New York City Department of Transportation found that the commercial space vacancy rate declined 47 percent after the installation of bike lanes and a dedicated bus lane.[24] Such improvements not only boost local business activity but also have the potential to enhance the health and well-being of residents.

Additionally, investing in improvement of the public realm along the Avenue has the potential to minimize car congestion in the area. Enhancements such as better walkability and accessibility can make walking or use of public transit, such as the Broad Street Line (BSL) or the numerous bus routes along or adjacent to the corridor, more desirable. This can lead to decreased reliance on automobiles, resulting in lower traffic volumes, which in turn has numerous positive social, safety, and health benefits.

Given its central location, visitors to Philadelphia often encounter the Avenue of the Arts, either intentionally or unintentionally. Picturesque South Broad Street, with City Hall centered in its northern view, has become a popular icon and is a symbol of Philadelphia's vibrant cultural scene. The ongoing maintenance and renovation of the Avenue of the Arts corridor is essential for Philadelphia, particularly with several high-profile national and global events on the horizon. Upcoming events in 2026 such as NCAA's March Madness, the PGA Championship, the FIFA World Cup, Philadelphia 250, and the MLB All-Star Game will focus significant attention on the city. Ensuring the Avenue remains well-maintained, safe, and attractive is imperative for creating a positive impression on visitors and supporting the city's economic vitality.

[24] Volker, Jamey M. B., and Susan Handy, "Economic Impacts on Local Businesses of Investments in Bicycle and Pedestrian Infrastructure: A Review of the Evidence," *Transport Reviews* 41, no. 4 (2021): 401-431, https://doi.org/10.1080/01441647.2021.1912849.

3. Economic Impacts of Capital Investments Along the Avenue: 2016 – 2023

Since 2016, significant investments have been made along the Avenue, totaling over $902 million in real estate investments across ten properties. This investment has produced the addition of 1,055 new and/or renovated apartment units as well as 980 hotel units. The aggregate market value of all properties within the study has increased by 45 percent, closely mirroring the citywide growth rate of 54 percent. Private investments have been complimented by the Avenue of the Arts, Inc.'s public streetscape investments, which are made annually and in 2023 totaled nearly $500,000. Capital investments have a significant economic impact on the city and region, with the construction expenditures alone contributing to employment opportunities and tax revenues, even before considering the ongoing impact of new businesses and residences operating in the area. Moreover, these investments are catalyzing the ongoing economic growth along the Avenue, supporting a growing residential base, new and flourishing arts organizations, and diversity of small and local businesses that are drawn to the Avenue's diverse community.

Capital Investments Completed Along the Avenue: 2016 – 2023

Philadelphia's Center City has undergone significant changes since ESI first evaluated the impact of capital investments along the Avenue of the Arts.[25] The Avenue specifically, with the completion of nearly a billion dollars of capital investment in new residential and multi-use buildings, has outpaced Philadelphia as a whole in attracting new residents and is anticipating further population growth through 2028. The diverse blend of uses in new development has not only increased the residential capacity of the Avenue, but also enhanced the vibrancy and appeal of the community. Residents benefit from the convenience of shops, restaurants, and offices within walking distance, fostering a more dynamic and interconnected community. The ongoing investment in infrastructure and public amenities further supports the area's growth, making it an attractive destination for visitors and new residents.

As illustrated in Figure 3.1, the developments completed over the past eight years are spread along the corridor, though generally concentrated toward the north, with six of the ten developments occurring north of Spruce Street.

[25] The April 2016 study estimated that recent developments totaling $810 million in total construction costs generated over $1.3 billion in economic impacts, support for 1,420 full time equivalent jobs, $680 million in employee compensation, $21 million in tax revenues for the City of Philadelphia, and $33 million in fiscal revenues for the Commonwealth of Pennsylvania.

Figure 3.1: Completed Capital Projects Along Avenue of the Arts, 2016 – 2023

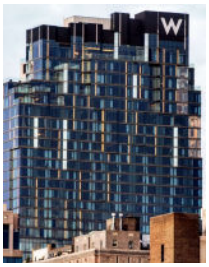


Source: ESRI (2024), Econsult Solutions, Inc. (2024)

1) W / Element Hotels

1439-1441 Chestnut Street

Hotel
Year Built/Renov.: 2021
Rooms: 755
Cap. Ex.: $240M



The 51-story W/Element Hotel at 1441 Chestnut St. features a 295-room W Hotel and a 460-room Element by Westin. It includes three levels of underground parking and is a collaboration between co-developer MSW, operator Marriott, and owner Chestlen Development.

2) The Griffin Center City

1338 Chestnut Street

Multi-Family
Year Built/Renov.: 2016
Units: 217
Cap. Ex.: Unknown

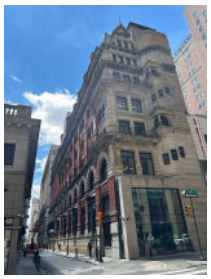


The Griffin at Broad and Chestnut is a luxury apartment conversion of the historic Avenue of the Arts Building, featuring 217 high-end units. The building includes a renovated lobby, 24-hour doorman, and a rooftop deck with an indoor/outdoor clubroom. The project was developed by MRP Realty and Principal Real Estate Investors.

3) The Hale Building

1326 Chestnut Street

Commercial / Office
Year Built/Renov.: 2018
SF: 72,000
Cap. Ex.: $5M

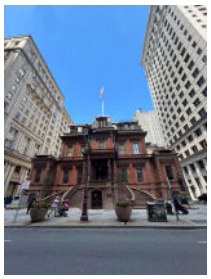


The Hale Building is an 8-story historic structure that was restored by Brickstone Realty and JKRP Architects. Originally built in 1887, it offers six floors of creative office spaces and two bi-level restaurant and retail spaces. The renovation preserves its Victorian architecture, including limestone facades, porticos, and turrets.

4) The Union League

140 S Broad Street

Institutional
Year Built/Renov.: 2023
SF: 8,000
Cap. Ex.: $25M



The Union League Building, originally built in 1865, wears a unique Second-Empire style. This most recent renovation places a restaurant and terrace on the rooftop, which members believe will help attract and retain younger members.

5) The Cambria Hotel

219 S Broad Street

Hotel
Year Built/Renov.: 2018
Rooms: 223
Cap. Ex.: $52M



The Cambria Hotel is a 15-story, 223-room development located at 219-225 South Broad Street. Developed by Pearl Properties, it includes a rooftop bar and lounge, ground-floor restaurant, fitness center, and modern guest amenities.

6) The Atlantic

1401 Spruce Street

Multi-Family
Year Built/Renov.: 2019
Units: 258
Cap. Ex.: $100M

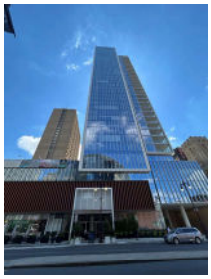


The Atlantic is a historic Beaux-Arts building renovated by Post Brothers in 2019. This 22-story structure now offers luxury apartments with amenities such as a fitness center, rooftop terrace, and private parking. Originally built in the 1920s, the renovation preserved its architectural grandeur while incorporating contemporary features.

7) Arthaus

301-311 S Broad Street

Multi-Family
Year Built/Renov.: 2022
Units: 108
Cap. Ex.: $253M

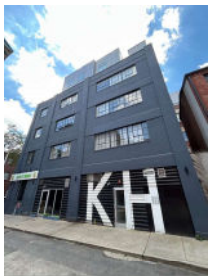


Arthaus is one of the city's most luxurious residential buildings. Developed by Carl Dranoff, this 47-story building offers residents stunning views of the city from the rooftop pool and gardens, a fitness center, library, and a chauffeur driven town car.

8) Keppoch House

412-426 S 13th Street

Multi-Family
Year Built/Renov.: 2019
Units: 62
Cap. Ex.: $1M



Keppoch House is a renovation project by Counter Capital Management. The boutique multi-family development offers tenants a strong sense of connection to the community, blending in with other red-brick townhomes in the neighborhood. This renovation improved the exterior, but previous renovations in 2015 and 2017 outfitted each unit with modern appliances.

9) Sonder Ovation

701 S Broad Street

Multi-Family
Year Built/Renov.: 2023
Units: 54
Cap. Ex.: $8M



The Ovation building managed by Sonder was developed by the Ferraro Construction Group. The 7-story serviced apartment building offers long-term stays, with leases typically ranging between 3 months and a year. Guests can enjoy a rooftop social space along with in-unit laundry and a stocked kitchen.

10) Lincoln Square

1000 S Broad Street

Mixed-Use
Year Built/Renov.: 2018
Units: 356
Cap. Ex.: $100M



This apartment complex with over 300 units was developed by Alterra Property Group and MIS Capital LLC. Complete with 75,000 SF of ground floor retail anchored by a Target, this community offers private balconies, covered parking, and a rooftop walking path.

For these investments, just under $722 million was allocated to hard costs and over $180 million to soft costs. Hard costs include expenses such as construction materials, labor, and equipment, while soft costs cover expenses such as architectural, engineering, and legal fees.

Figure 3.2: Costs for Completed Capital Projects Along the Avenue of the Arts, 2016 – 2023

	Costs
Hard Costs ($M)	$722
Soft Costs ($M)	$180
Total ($M)	**$902**

Source: Econsult Solutions, Inc. (2024)

Economic and Fiscal Impacts of Completed Capital Investments

Capital expenditures along the Avenue have generated significant economic spending and employment within the city and state economies. Over the past eight years, capital investments are estimated to have generated over $1.38 billion in total economic impact within Philadelphia. This has supported approximately 940 direct, indirect, and induced jobs each year of construction and $551 million in labor income total. Across the commonwealth, the capital investments have resulted in an estimated total economic impact of $1.62 billion supporting 1,100 jobs annually and $619 million in employee compensation total (see Figure 3.3).[26]

940

jobs supported each year of construction activity within the city

Figure 3.3: Economic Impact of Completed Capital Projects, 2016 – 2023

Impact Type	Philadelphia	Pennsylvania
Direct Output ($M)	$902	$902
Indirect and Induced Output ($M)	$477	$722
Total Economic Output ($M)	**$1,379**	**$1,624**
Total Employment Supported	7,500	8,600
Employee Compensation ($M)	$551	$619

Source: Econsult Solutions, Inc (2024), IMPLAN (2022)

The projected economic impacts are large, reflecting both direct expenditures and the broader ripple effects throughout the economy. Direct output encompasses the immediate spending associated with the capital projects, while indirect and induced outputs capture the extended economic activities stimulated by these investments. These include increased business for suppliers and service providers and higher consumer spending from the incomes generated by these projects. Employment figures underscore the importance of these investments in job creation, both within Philadelphia and across Pennsylvania. The significant labor income highlights the direct benefits to workers, further supporting

[26] See Appendix for description of economic impact methodology.

local economies through increased household spending. For more information on economic impacts and associated methodologies, please see the

Appendix.

Given the amount of spending and worker compensation that these capital investments generate, significant tax revenues are created for both the city and commonwealth. ESI estimates that the fiscal impact derived from the public and private construction projects alone conducted from 2016 – 2023 was approximately $20 million in City of Philadelphia tax revenues and $31 million in Commonwealth of Pennsylvania tax revenues.

Figure 3.4: Fiscal Impact of Completed Projects, 2016 – 2023

Impact Type	City of Philadelphia	Commonwealth of Pennsylvania
Income ($M)	$11.5	$11.8
Sales ($M)	$2.3	$14.2
Business ($M)	$5.9	$5.2
Total	**$19.7**	**$31.1**

Source: Econsult Solutions, Inc (2024), City of Philadelphia CAFR (2022), PA CAFR (FY 2022)

On an individual development level, the economic and fiscal impacts are generated across the lifetime of the multi-year project. As such, the total impacts estimated above represent an aggregate of the impacts spread across individual project timelines.

The ROI of AAI's Investments

As a part of its stewardship of the streetscape of the Avenue of the Arts, AAI takes responsibility for funding and overseeing annual maintenance and enhancement projects, such as maintaining lampposts, upgrading crosswalks, decorating for the holidays, and more. These capital investments AAI significantly ensure that the Avenue remains safer and attractive for residents and visitors alike.

AAI invests nearly $500,000 in infrastructure maintenance and improvements annually, as demonstrated by the 2023 expenditures captured in Figure 3.5 below. In addition to keeping the area vibrant and attractive, these investments have an economic impact on Philadelphia's economy. AAI does not receive any municipal funding from the City for these expenses and solely relies on fundraising and grants to maintain the area, as well as the organization's own overhead expenses.

Figure 3.5: Avenue of the Arts, Inc. Major Investments, 2023

Type	Cost
Repair more than 150 decorative lamppost shells along S. Broad	$150,000
Planting and Maintenance of 160 planters	$125,000
Tree Remediation	$12,000
Replaced lights in the Beacons at Broad and Washington	$12,500
Replace all electrical sockets and lights on the logos on the Avenue	$8,000
Holiday decorations from City Hall South	$75,000
Avenue of the Arts live - buskers on Avenue at select times	$35,000
Street and sidewalk cleaning from Lombard to Washington	$45,000
Total	**$462,500**

Source: Avenue of the Arts, Inc. (2024)

While AAI's direct capital expenditures may operate on a smaller scale than the new construction and renovations detailed in this study, the investments produce a meaningful economic impact considering economic multiplier effects and the annual nature of the efforts. In 2023, AAI's expenditures for maintenance, upkeep, and beautification of the Avenue are estimated to have generated over $700,000 in total economic impact within Philadelphia. This has supported approximately three jobs and about $220,000 in labor income. Across Pennsylvania, the estimated economic impact comes to nearly $850,000 supporting the same number of jobs and over $252,000 in employee compensation.

Figure 3.6: Economic Impact of AAI Expenditures, 2023

Impact Type	Philadelphia	Pennsylvania
Direct Output	$462,500	$462,500
Indirect and Induced Output	$252,600	$378,900
Total Economic Output	**$715,100**	**$841,400**
Total Employment Supported	3	3
Employee Compensation	$220,000	$252,000

Source: Econsult Solutions, Inc. (2024), IMPLAN (2022)

These annual investments in placemaking are one component of what has drawn reinvestment and growth to the Avenue. And while the organization cannot attribute all capital investment and growth along the corridor to its activity, it has certainly played a part in establishing South Broad Street as a vibrant and welcoming place for arts and entertainment as well as new residents to call home. In simple Return on Investment terms, for every dollar AAI spends in a given year on these initiatives, the annualized impact from the adjacent capital investments alone is about $226 within Philadelphia.

4. Economic Impacts of Capital Investments Along the Avenue: Active Projects

With capital investments of the past eight years complete, significant active developments along the Avenue are in progress or forthcoming, totaling over $774 million in real estate investments across eight properties. These investments are projected to add over 2,000 new and/or renovated apartment units as well as over 150 hotel units. In addition to these private investments, the AAI Avenue of the Arts Vision Plan announced in July 2024 projects $100 million in investments along South Broad, which seeks to reenergize the corridor and catalyze further investment.

As has been the case with the development of the past eight years, these upcoming capital investments are expected to boost employment and tax revenue both through construction and eventually ongoing operation of businesses and residences that are new to the area. These initiatives also support the Avenue's economic growth, aiming to attract a diverse mix of residents, cultural organizations, and small businesses.

Current and Proposed Capital Investments Along the Avenue

Proposed and in-process development projects demonstrate continued investment confidence in the Avenue of the Arts. Unlike earlier developments, these current projects have launched in the unprecedented post-pandemic construction cycle, which includes relatively high materials costs. In any event, the projects have moved forward and capital investment in the corridor remains strong. In addition to the 2,000 new/renovated living units on the Avenue, the development pipeline includes 70,000 square feet of retail space, providing even more amenities for residents and attracting more visitors, therefore the resulting foot traffic in the corridor is expected to increase.

As demonstrated in Figure 4.1, current and planned developments are located across the bounds of the Avenue, with the northernmost development occurring off Walnut Street and the southernmost reaching all the way down to Washington Avenue.

Figure 4.1: Current and Proposed Capital Projects Along the Avenue of the Arts, 2024 - Onward



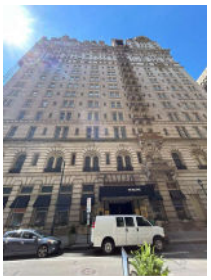
Sources: Esri, Airbus DS, USGS, NGA, NASA, CGIAR, N Robinson, NCEAS, NLS, OS, NMA, Geodatastyrelsen, Rijkswaterstaat, GSA, Geoland, FEMA, Intermap and the GIS user community, Esri Community Maps Contributors, City of Philadelphia, data.pa.gov, New Jersey Office of GIS, © OpenStreetMap, Microsoft, Esri, TomTom, Garmin, SafeGraph, GeoTechnologies, Inc, METI/NASA, USGS, EPA, NPS, US Census Bureau, USDA, USFWS

Source: ESRI (2024), Econsult Solutions, Inc. (2024)

11) The Bellevue Apartments

200 S Broad Street

Multi-Family
Year Built/Renov.: 2024
Units: 155
Cap. Ex.: $100M

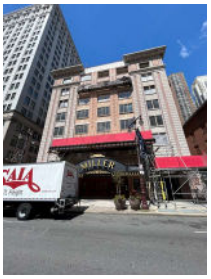


This French Renaissance building has served Center City as a hotel for over a century. Now, Lubert Adler will convert the current office space into 155 residential units and update the hotel rooms. The 19-story structure is also undergoing some exterior maintenance during this renovation.

12) Miller Theater

250 S Broad Street

Institutional
Year Built/Renov.: 2025
Cap. Ex.: $30M

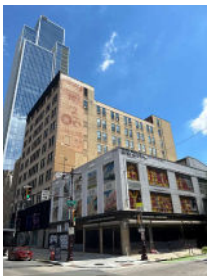


The Miller Theater, previously the Merriam Theater, has seen over 100 years of Broadway talent on its stage. This renovation will remove any office space in the building, build upper-level lobbies, and restore historic artwork.

13) Broad and Pine

337 S Broad Street

Multi-Family
Year Built/Renov.: TBD
Units: 91
Cap. Ex.: $100M



The new development from Dranoff Properties will put a 14-story boutique apartment building in the heart of the Avenue of the Arts. The structure is expected to blend in with the neighborhood, using brick and masonry. Residents can expect a rooftop lounge, ground floor restaurant, and a fitness center.

14) Peirce College

1420-1434 Pine Street

Multi-Family
Year Built/Renov.: 2027
Units: 109
Cap. Ex.: $50M

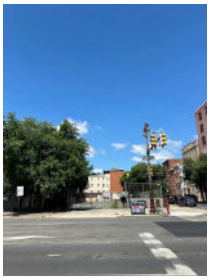


The former college building will be converted into a 7-story apartment complex by MM Partners. Construction is expected to begin in early 2025, so developers have not announced any amenities.

15) Broad and Lombard

500 S Broad Street

Multi-Family
Year Built/Renov.: TBD
Units: 468
Cap. Ex.: $142.5M

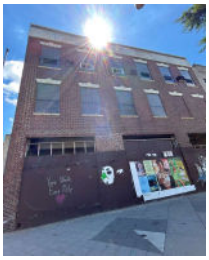


The Goldenberg Group plans to build a 43-story structure with over 450 units. Residents will have access to an underground parking garage, while other amenities are yet to be announced. The development also features ground floor retail, although no anchor has been announced.

16) Broad and Watts

725-729 S Broad Street

Multi-Family
Year Built/Renov.: TBD
Units: TBD
Cap. Ex.: $4M

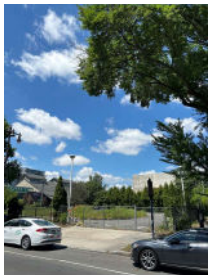


Santech Construction Corp. is planning a vertical expansion on this prewar building for a total of 5 stories. The building is expected to offer a rooftop lounge for residents and ground floor retail.

17) Broad and Carpenter

914-924 S Broad Street

Multi-Family
Year Built/Renov.: TBD
Units: 85
Cap. Ex.: $41M

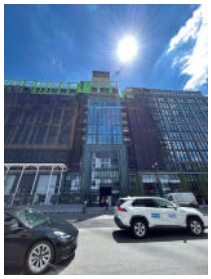


Expected to break ground this year, Carl Dranoff is developing an 85 unit building directly next to the Lincoln Square and One Thousand and One developments. Proposed ground floor retail will compete against a Sprout's market and Lincoln Square shopping center.

18) One Thousand One

1001 S Broad Street

Multi-Family
Year Built/Renov.: 2025
Units: 1,100
Cap. Ex.: $306M



Post Brothers and Tower Investments are bringing a 1.5 million SF development to the corner of Broad and Washington. The complex will include ground floor retail anchored by a Giant, rooftop lounge and pool area, as well as a private driveway and parking garage for residents. The building has begun housing initial tenants while additional phases of construction continue.

The anticipated projects along the Avenue of the Arts represent a substantial total investment of $774 million, with $619 million allocated to hard costs and $155 million allocated to soft costs.

Figure 4.2: Estimated Costs for Current and Proposed Capital Projects Along the Avenue of the Arts, 2024 - Onward

	Amount
Hard Costs ($M)	$619
Soft Costs ($M)	$155
Total ($M)	**$774**

Source: Econsult Solutions Inc (2024)

Economic and Fiscal Impacts of Current and Proposed Private Capital Investments

650

jobs supported each year of construction activity within the city

The full buildout of current and proposed private development along the Avenue is estimated to generate a sizable economic impact within the City of Philadelphia and the Commonwealth of Pennsylvania. The economic impact within Philadelphia is projected to be approximately $1.18 billion, supporting around 650 direct, indirect, and induced jobs each year of construction and generating $482 million in labor income in total.[27] Statewide, the economic impact is estimated to be about $1.39 billion, supporting approximately 740 jobs annually and generating $540 million in labor income total (see Figure 4.3).

Figure 4.3: Economic Impact of Current and Proposed Capital Projects, 2024 – Onward

Impact Type	Philadelphia	Pennsylvania
Direct Output ($M)	$774	$774
Indirect and Induced Output ($M)	$408	$617
Total Economic Output ($M) [28]	**$1,182**	**$1,390**
Total Employment Supported	6,500	7,400
Employee Compensation ($M)	$482	$540

Source: Econsult Solutions, Inc. (2024), IMPLAN (2022)

These anticipated developments along the Avenue of the Arts are expected to generate considerable fiscal benefits through employment, goods purchasing, and ongoing operations. The full buildout of these projects is estimated to produce $17 million in tax revenues for the City of Philadelphia and $27 million in income, sales, and business tax revenues for the Commonwealth of Pennsylvania (see Figure 4.4).

Figure 4.4: Potential Fiscal Impact of Current and Proposed Projects

Impact Type	City of Philadelphia	Commonwealth of Pennsylvania
Wage/Income ($M)	$10.1	$10.3
Sales ($M)	$2.0	$12.3
Business ($M)	$5.2	$4.5
Total	**$17.2**	**$27.1**

Source: Econsult Solutions, Inc. (2024), City of Philadelphia CAFR (2022), PA CAFR (FY 2022)

[27] Annualized jobs estimated based on a 10-year period of construction activity
[28] Discrepancy in the sum of table values occurs due to rounding.

5. The Catalytic Potential of the 2.0 Vision Plan

The Avenue of the Arts 2.0 Vision Plan seeks to further capitalize on the catalytic potential of investing in the corridor, ensuring that this prominent section of Center City continues to be the premier location for arts and Culture in the City, a hub of economic activity, and an attractive place in Philadelphia for visitors and residents alike. Through this 10-year commitment to development, infrastructure, and experience, the Avenue of the Arts will remain a cornerstone of Philadelphia's cultural and economic landscape, contributing significantly to the region's vibrancy and prosperity. The initial two-year phase will mostly include improvements to lighting, greenery and art displays in select areas of the Avenue.



Rendering from Avenue of the Arts 2.0 Vision Plan

Avenue of the Arts 2.0 Vision Plan and its Potential Impacts

AAI's annual maintenance and beautification of the Avenue of the Arts streetscape is only one component of its mission. With its July 2024, release of the Avenue of the Arts 2.0 Vision Plan, it reimagines the corridor to ensure that the corridor is known as the city's "center stage." In seeking to modernize the area, further elevating it as a vibrant arts destination with premiere community spaces for residents and visitors, it also strives to support businesses and catalyze further investment through the 10-year project. Notably, the timing of the initial phase of development aligns with upcoming major events in Philadelphia that will draw a global audience, including the United States' Semiquincentennial celebration, the FIFA World Cup, the MLB All-Star Game, and more in 2026.



Rendering from Avenue of the Arts 2.0 Vision Plan

AAI estimates the effort will cost $100 million, bringing new landscaping, wayfinding systems, café seating, and green medians to 10-blocks of South Broad Street over a 10-year period. Visual and performing arts are central to the plan, and aerial sculptures, dramatic lighting, and outdoor performance spaces will create a colorful, vibrant streetscape that is inviting day and night. Equally important are the environmental benefits, including rainwater absorption and reduction of subway tunnel leakage. Groundbreaking is set for early 2025, with completion of the initial phase anticipated by spring 2026, including upgraded lighting, planters with greenery along the sidewalk and median, and initial art installations for the pilot block. The City of Philadelphia has kickstarted the $100 million fundraising campaign with a $1 million contribution.

Like the private capital investments on the Avenue, the Vision Plan's redevelopment efforts are estimated to generate significant economic impact within the City of Philadelphia and the Commonwealth of Pennsylvania. The economic impact within Philadelphia is projected to be approximately $153 million, supporting around 60 direct, indirect, and induced jobs each year of construction and generating $46 million in labor income total. The economic impact statewide is estimated to be about $185 million, supporting approximately 80 jobs annually and generating $54 million in labor income total (see Figure 5.1).



60

jobs supported each year of construction activity within the city

Figure 5.1: Potential Economic Impacts of the AAI Vision Plan

Impact Type	Philadelphia	Pennsylvania
Direct Output ($M)	$100	$100
Indirect and Induced Output ($M)	$53	$85
Total Economic Output ($M)	**$153**	**$185**
Total Employment Supported	600	800
Employee Compensation ($M)	$46	$54

Source: Econsult Solutions, Inc. (2024), IMPLAN (2022)

The anticipated developments associated with Avenue of the Arts 2.0 are expected to generate significant tax revenues at both the city and state level. The full buildout of this Vision Plan is estimated to produce nearly $2 million in tax revenues for the City of Philadelphia and $3 million in income, sales, and business tax revenues for the Commonwealth of Pennsylvania (see Figure 5.2). Annually, the revenues will be approximately $170,000 to the City and $280,000 to the Commonwealth.

Figure 5.2. Potential Fiscal Impacts of the AAI Vision Plan

Impact Type	City of Philadelphia	Commonwealth of Pennsylvania
Income ($M)	$1.0	$1.0
Sales ($M)	$0.2	$1.3
Business ($M)	$0.5	$0.5
Total ($M)	**$1.7**	**$2.8**

Source: Econsult Solutions, Inc (2024), City of Philadelphia CAFR (2022), PA CAFR (FY 2022)

Avenue of the Arts' Continued Role Supporting Economic Growth

The Avenue of the Arts is a testament to Philadelphia's creativity and achievement, playing a pivotal role in Center City's cultural and economic landscape. Attracting residents, business travelers, and tourists with its array of theaters, performance spaces, art, dining, and hospitality offerings, the Avenue continues to underscore a broader narrative of growth and renewal in Center City following the COVID-19 pandemic. Capital investments and development projects along South Broad Street significantly contribute to the city's community and economic vitality. With eight significant projects in the pipeline, in conjunction with the ten completed over the past eight years, the Avenue continues to expand its residential, retail, dining, and hospitality options. This expansion is essential to meeting the evolving needs of all who engage with the corridor and contribute to the vibrancy of Philadelphia as a whole.

Integral to this transformation is the investment in infrastructure overseen by Avenue of the Arts, Inc., including streetlights, planters, murals, and stewardship of future development. These improvements create a safer and more inviting environment, contributing to the overall aesthetic and vibrancy of the Avenue. That these activities attract and retain residents, visitors, and businesses, means that the corresponding investments have a significant catalytic effect. As more people patronize the theaters, stores, and restaurants, and make their homes along the Avenue, more private investment is attracted to the corridor, as demonstrated by the substantial volume of development that has been completed, started, or proposed over the past eight years. In simple Return on Investment terms based on the development of the past eight years, for every dollar of AAI expenditures on this maintenance and beautification, the annualized direct impact from the adjacent capital investments is about $226 within Philadelphia. AAI's stewardship of the streetscape and neighborhood underpins this cycle, ensuring the Avenue continues to thrive and grow.

The recently completed, ongoing, and forthcoming developments, as well as the streetscape investments of AAI, all have significant economic impacts on the Avenue, city, and region.

- The completed capital projects of the past eight years totaled about $902 million in direct construction investment, and generated about $1.4 billion in total economic output, supporting 940 jobs annually during construction, and contributing $20 million in tax revenues to the City of Philadelphia and $31 million to the Commonwealth of Pennsylvania.

- Current and proposed developments are projected to result in about $774 million in direct investment, ultimately generating nearly $1.2 billion in economic impact within Philadelphia, supporting about 800 jobs annually during construction, and contributing $17 million in tax revenues to the City and $27 million to the Commonwealth. [29]

- AAI's direct capital expenditures are approximately $500,000 annually, generating about $700,000 in total economic output, supporting about three jobs and $220,000 in labor income within Philadelphia.

[29] Annual jobs estimated based on a 10-year period of construction activity.

- The Avenue of the Arts 2.0 Vision plan projects $100 million of direct investment over ten years, which is estimated to generated over $152 million in total economic output in Philadelphia, supporting 60 jobs each year of construction period and contributing nearly $2 million in tax revenues to the City and $3 million to the Commonwealth.

The Avenue of the Arts continues to thrive and grow, and the economic impacts of its development over the past eight years have been significant. As capital investments continue to flow into the Avenue and add to its vibrance, the benefits will be felt in and beyond Philadelphia.

6. Appendix

Economic Impact Analysis

Overview

Economic impact estimates are generated by utilizing input-output models to translate an initial amount of direct economic activity into the total amount of economic activity that it supports, which includes multiple waves of spillover impacts generated by spending on goods and services and by spending of labor income by employees. This section summarizes the methodologies and tools used to construct, use, and interpret the input-output models needed to estimate the economic impacts outlined in this report.

Input-Output Model Theory

In an inter-connected economy, every dollar spent generates two spillover impacts:

- First, some amount of the proportion of that expenditure that goes to the purchase of goods and services gets circulated back into an economy when those goods and services are purchased from local vendors. This represents what is called the "indirect effect," and reflects the fact that local purchases of goods and services support local vendors, who in turn require additional purchasing with their own set of vendors.
- Second, some amount of the proportion of that expenditure that goes to labor income gets circulated back into an economy when those employees spend some of their earnings on various goods and services. This represents what is called the "induced effect," and reflects the fact that some of those goods and services will be purchased from local vendors, further stimulating a local economy.

The role of input-output models is to determine the linkages across industries in order to model out the magnitude and composition of spillover impact to all industries of a dollar spent in any one industry. Thus, the total economic impact is the sum of its own direct economic footprint plus the indirect and induced effects generated by that direct footprint.

Input-Output Model Mechanics

To model the impacts resulting from the direct expenditures, ESI developed a customized economic impact model using the IMPLAN input/output modeling system. IMPLAN represents an industry standard approach to assess the economic and job creation impacts of economic development projects, the creation of new businesses, and public policy changes within a county and its surrounding area.

IMPLAN has developed a social accounting matrix (SAM) that accounts for the flow of commodities through economics. From this matrix, IMPLAN also determines the regional purchase coefficient (RPC), the proportion of local supply that satisfies local demand. These values not only establish the types of goods and services supported by an industry or institution, but also the level at which they are acquired locally. This assessment determines the multiplier basis for the local and regional models created in the

IMPLAN modeling system. IMPLAN takes the multipliers and divides them into 542 industry categories in accordance with the North American Industrial Classification System (NAICS) codes.

The IMPLAN modeling system also allows for customization of its inputs which alters multiplier outputs. Where necessary, certain institutions may have different levels of demand for commodities. When this occurs, an "analysis-by-parts" (ABP) approach is taken. This allows the user to model the impacts of direct economic activity related to an institution or industry with greater accuracy. Where inputs are unknown, IMPLAN is able to estimate other inputs based on the level of employment, earnings, or output by an industry or institution.

Employment and Wages Supported

IMPLAN generates job estimates based on the term "job-years," or how many jobs will be supported each year. For instance, if a construction project takes two years, and IMPLAN estimates there are 100 employees, or more correctly "job-years" supported, over two years, that represents 50 annual jobs. Additionally, these can be a mix of full and part-time employment. Consequently, job creation could feature more part-time jobs than full-time jobs. To account for this, IMPLAN has a multiplier to convert annual jobs to full-time equivalent jobs.

Income to direct, indirect, and induced jobs is calculated as employee compensation. This includes wage and salary, all benefits (e.g., health, retirement) and payroll taxes (both sides of social security, unemployment taxes, etc.). Therefore, IMPLAN's measure of income estimates gross pay opposed to strictly wages.

Tax Revenue Impact

The economic impacts in turn produce one-time or ongoing increases in various tax bases, which yield temporary or permanent increases in various tax revenues. To estimate these increases, Econsult Solutions, Inc used an economic impact modelling software, IMPLAN. IMPLAN is an input-output modeling system that uses annual, regional data to map these buy-sell relationships so users can predict how specific economic changes will impact a given regional economy or estimate the effect of past or existing economic activity. Taxes on Production & Imports, includes sales and excise taxes, customs duties, property taxes, motor vehicle licenses, severance taxes, other taxes, and special assessments. The tax revenues were produced at a sub county and state level.

About Econsult Solutions, Inc.

This report was produced by Econsult Solutions, Inc. (ESI). provides businesses and public policy makers with consulting and thought leadership services in urban economics, real estate, transportation, public infrastructure, economic development, public policy and finance, strategic planning, as well as expert witness services for litigation support.

ESI combines robust quantitative analysis with trusted expert insights to create sustainable solutions. The firm works collaboratively with its clients, and draws in expertise, when necessary, from our network of experts and partners across industries, regions, and management practices. Based in Philadelphia, the firm supports clients nationwide.



1435 WALNUT STREET, 4TH FLOOR, PHILADELPHIA, PA 19102
ECONSULTSOLUTIONS.COM | 215-717-2777