

INTRODUCTION

Throughout the 1990s Philadelphia paid a great deal of attention to the restoration and development of its downtown, one of America's most livable and exciting urban communities. The Center City renaissance was an important part of the city's comeback story.

With the inception of his Neighborhood Transformation Initiative (NTI) in 2001, Mayor John F. Street made the City's residents an important promise – to turn attention to the neighborhoods without turning away from the downtown. Today we are fulfilling that promise. Since the inception of NTI, Philadelphia's residential real-estate market has been very strong. Center City's hot real-estate market has been rivaled by other strong neighborhoods.

In 2001, Mayor Street commissioned The Reinvestment Fund (TRF) to create a housing market analysis for use by NTI for strategic planning and allocation of resources. The housing market types were created using a statistical cluster analysis that included nine variables:

- sales price;
- demolition activity;
- vacancy rates;
- dangerous properties;
- owner occupancy rates;
- age of housing;
- presence of non-market rate rental housing;
- mix of commercial and residential uses; and
- consumer credit profiles.

By updating only the residential sale prices three years later, we get a glimpse of where market changes are occurring. Especially positive changes are notable in areas adjacent to markets that were recognized for their strength in 2001. The neighborhoods of East Falls, Powelton Village, Fairmount, Northern Liberties, Grays Ferry, Pennsport, Queen Village, Mount Airy and large sections of the Northeast made significant improvements.

As market values change, as new developments are introduced and new uses for old buildings are discovered, whole sections of the city reappear as valuable and fresh. This document focuses on a few of the areas that present opportunities for growth and investment. South Philadelphia West of Broad, the North Delaware Riverfront, North Central Philadelphia, Allegheny West/East Falls, the Far Northeast and West Philadelphia North of Market are all places of great potential value for residential and commercial developers. They have inherent strengths, are proximate to areas of strong investment and have undeveloped parcels of land zoned for effective reuse.

On the following pages, maps for each area show a market analysis comparison between 2001 and 2003. The delineating characteristics are:

REGIONAL CHOICE MARKET

- Highest property values in City
- Eclectic mix of residential, commercial/institutional uses
- Older housing typically in excellent condition

HIGH VALUE MARKET

- High value housing
- Strong price appreciation
- Population stability and in some instances growth

STEADY MARKET

- Predominantly owner-occupied
- Housing prices relatively high and stable
- Homes in good physical condition

TRANSITIONAL MARKET

- Population shifts
- Home to a disproportionate share of the City's aged
- Dangerous properties are apparent

STRESSED MARKET

- Elevated vacancies – approximately 7% of all housing stock
- Above-average level of publicly assisted housing
- Some of the most substantial population losses in the City

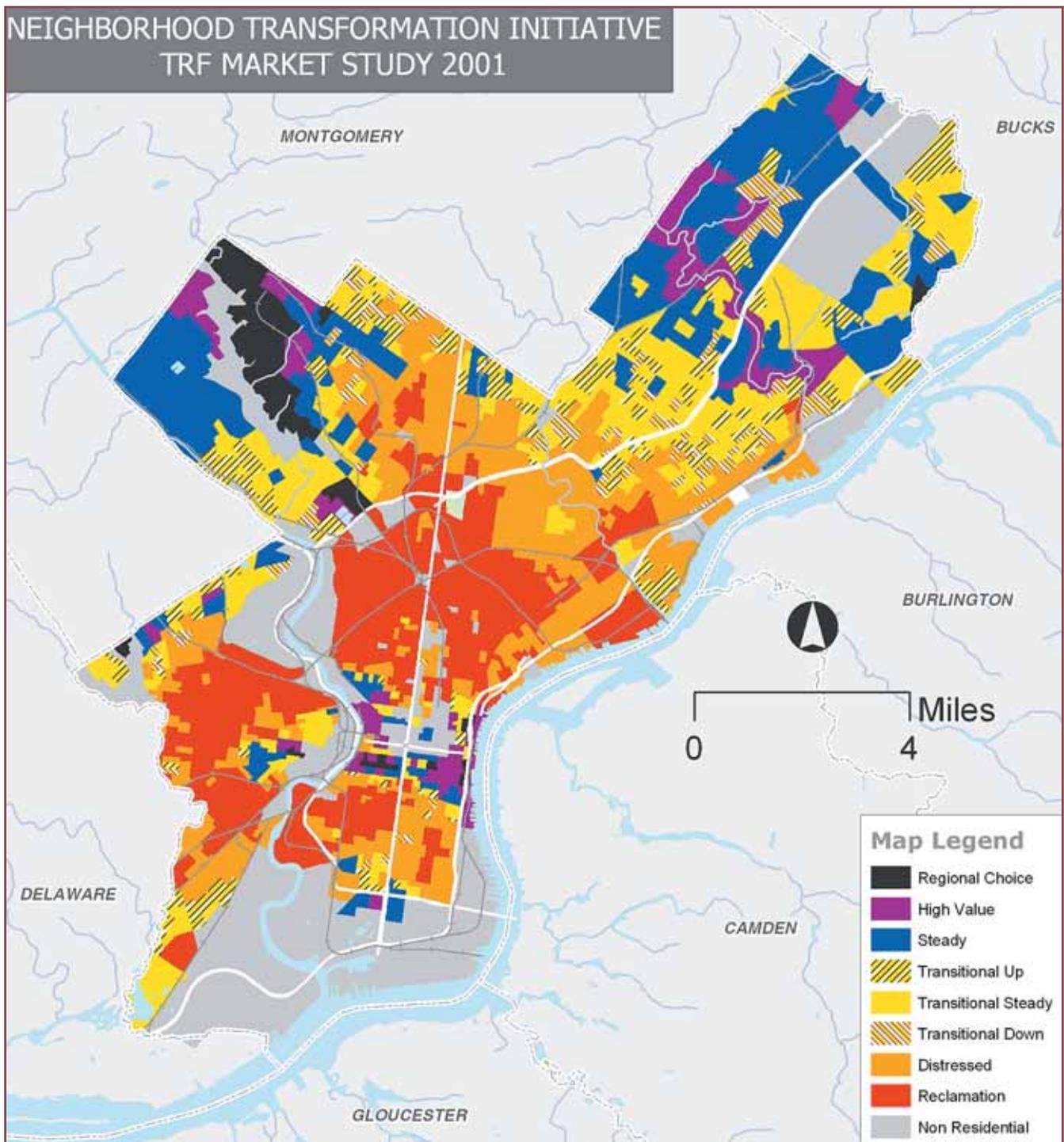
RECLAMATION MARKET

- Substantial population loss - some as high as 30% during the 1990s
- Low property values
- Elevated vacancy rates - 22%

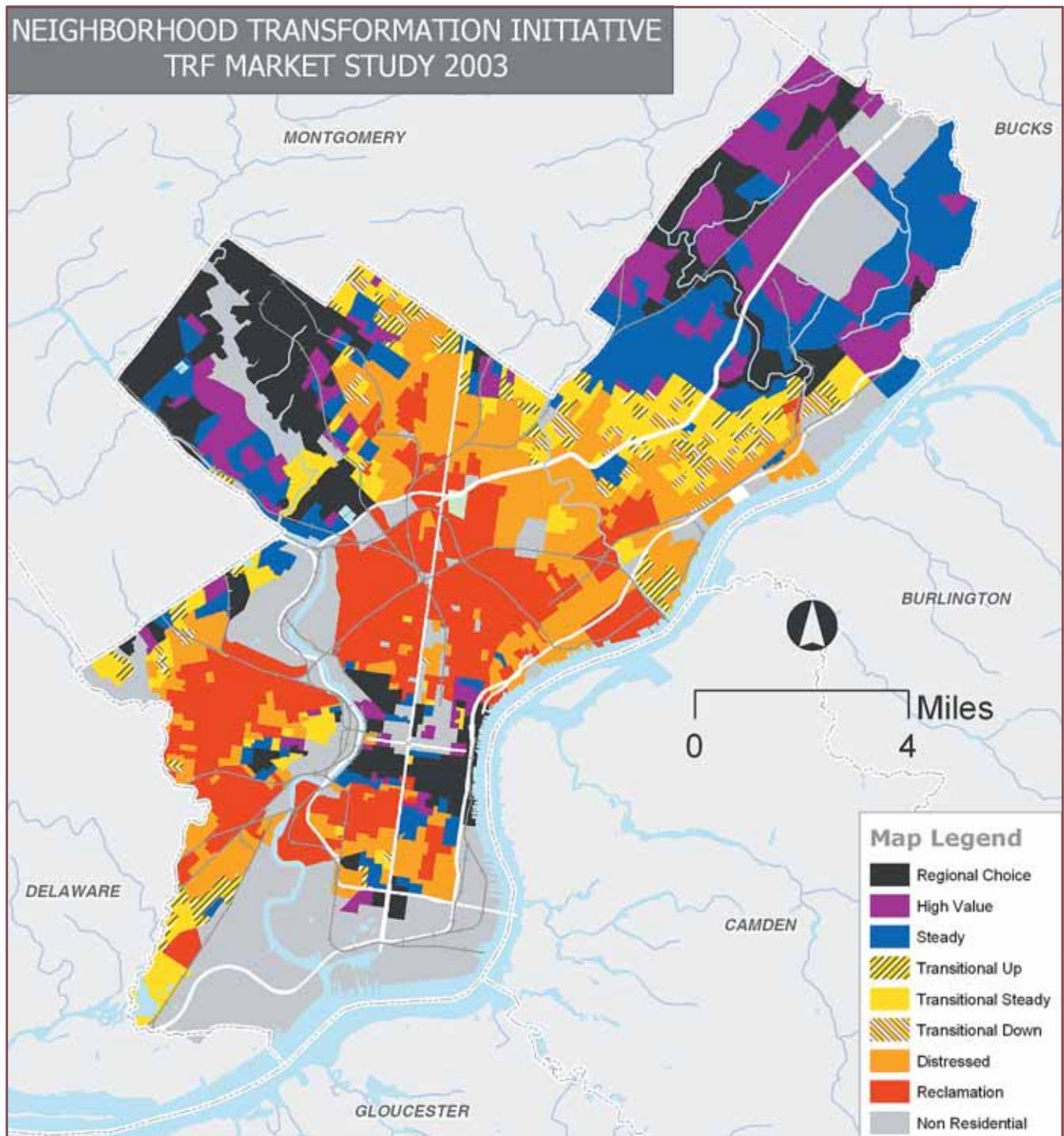
The development analysis gives some idea of the strengths and assets of each area and information on housing activities. In all cases there are both funding and tax-incentive programs that support housing development in Philadelphia. For more information contact:

Secretary of Housing
Office of Housing and Neighborhood Preservation
1234 Market St., 17th Floor
Philadelphia, PA 19107
215-686-9764

HOUSING MARKET ANALYSIS 2001



HOUSING MARKET ANALYSIS 2003

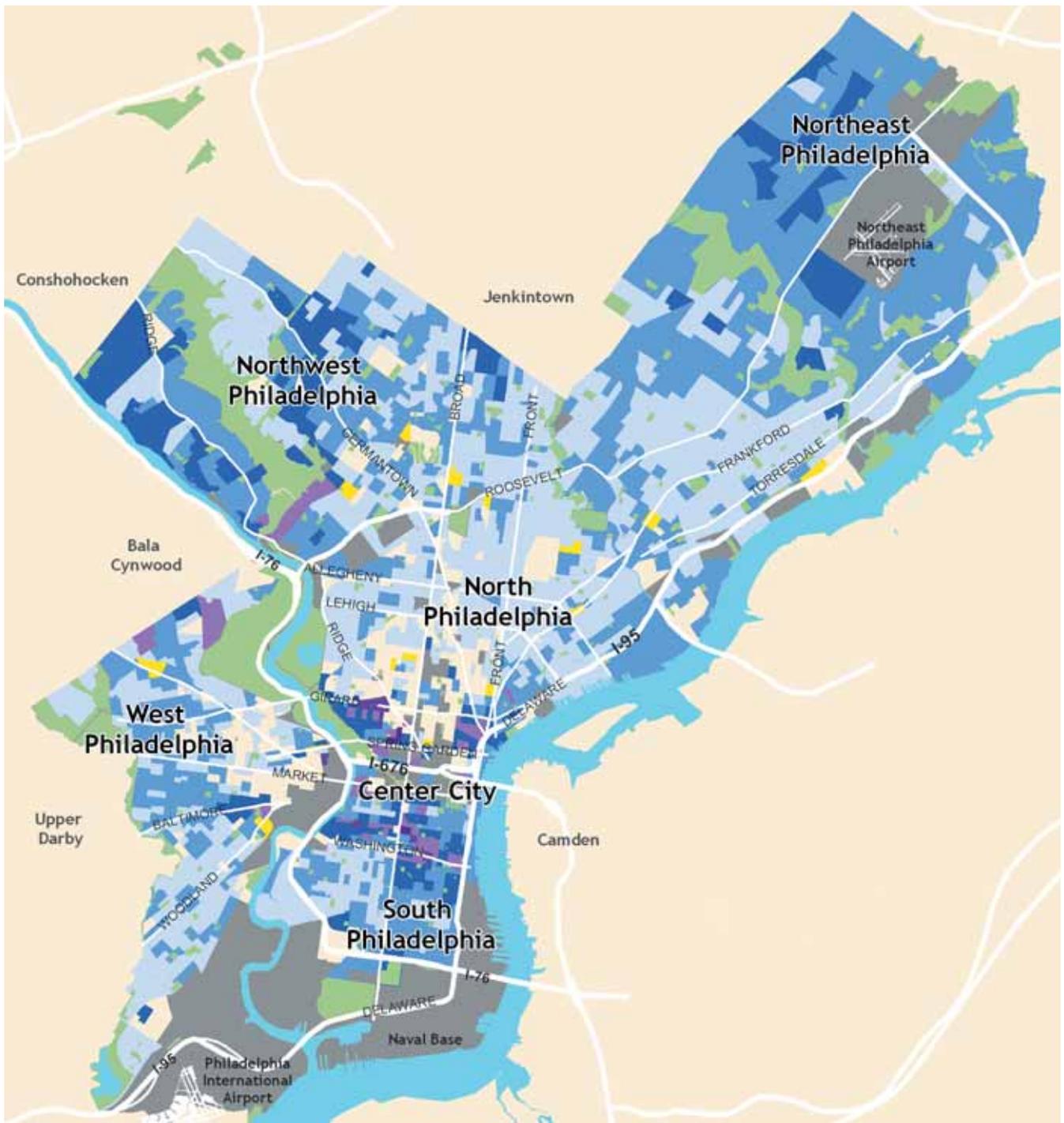


MARKET TRANSFORMATION

Philadelphia's residential property market has been strong showing average sales prices gaining up to 50 percent, adjusted for inflation, over the last five years. The updated market analysis uses residential sale prices and estimates how markets have changed for areas across the City of Philadelphia. Many market areas, regardless of their

original categorization of market strength, improved in TRF's estimation. Especially positive change was identified in the neighborhoods of East Falls, Powelton, Fairmount, Northern Liberties, Grays Ferry, Pennsport, Queen Village and Mount Airy as well as in large portions of the Northeast.

RECENT MARKET CHANGE

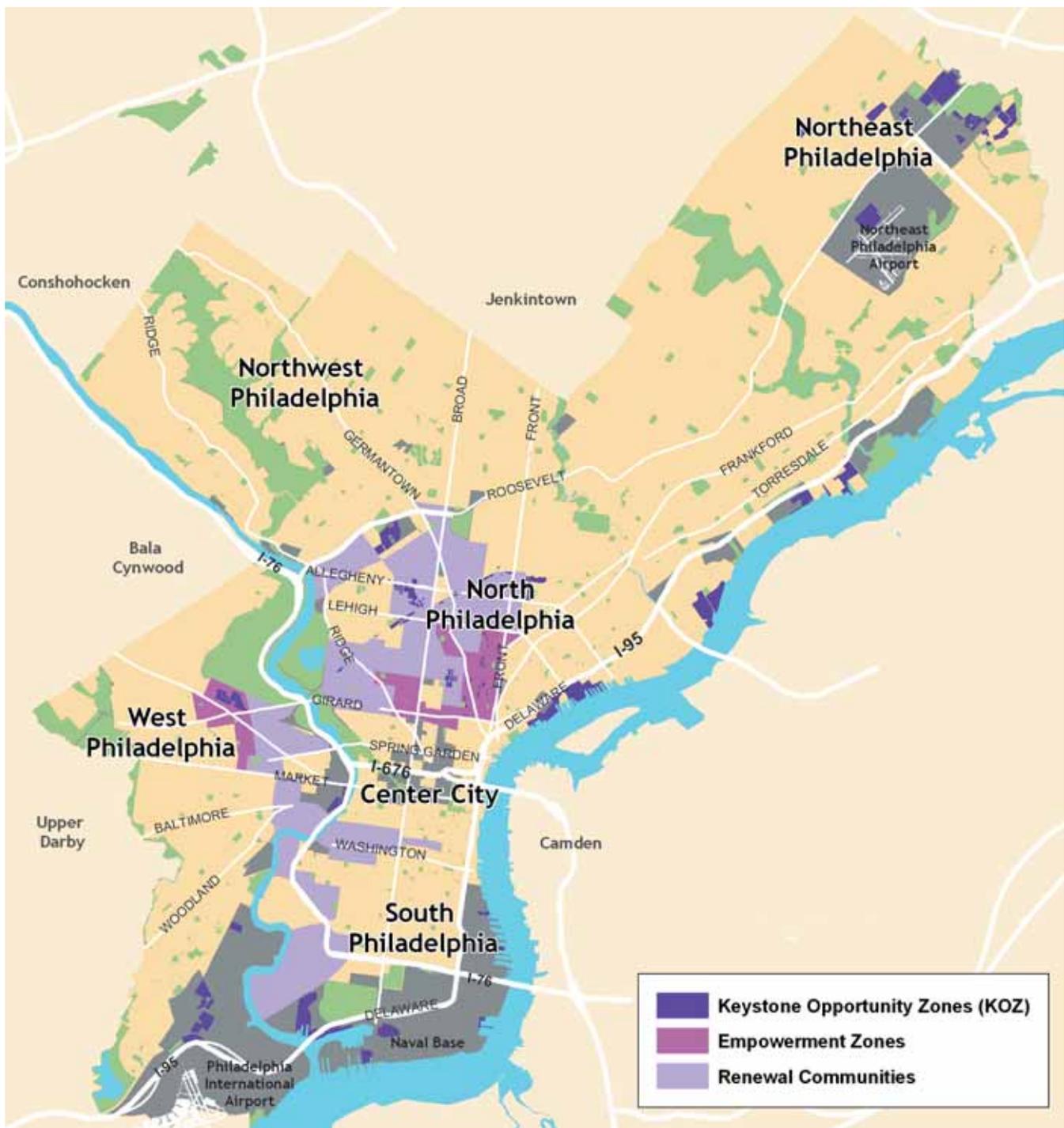


Legend - Housing Market Change:

- | | |
|--|--|
|  5 Market Types Improvement |  No Market Change |
|  4 Market Types Improvement |  1 Market Type Loss |
|  3 Market Types Improvement |  Little Sales Activity* |
|  2 Market Types Improvement |  Non-Residential |
|  1 Market Type Improvement | |

* Fewer than 5 sales within block group 1/02-7/03

TAX INCENTIVE ZONES



Philadelphia enjoys the benefit of significant federal, state and local tax incentives. Philadelphia's Keystone Opportunity Zones represent 1,500 designated acres throughout the city to which certified companies may move and expect to pay virtually no city or state business taxes until the year 2011. The Empowerment Zone, through lending institutions, offers place-based resources such as a housing predevelopment fund to support developers in the creation of affordable housing. The Renewal Community area offers businesses federal tax incentives to expand or improve their buildings. Many of these are

strategically located near new housing development, transportation hubs and other existing infrastructure.

The City's Board of Revision of Taxes offers:

- 10-year real estate tax abatement for new construction of residential properties;
- 10-year real estate tax abatement for improvements to existing residential properties; and
- short-term abatement to developers of residential properties.

SOUTH PHILADELPHIA - WEST OF BROAD

MARKET ANALYSIS 2001



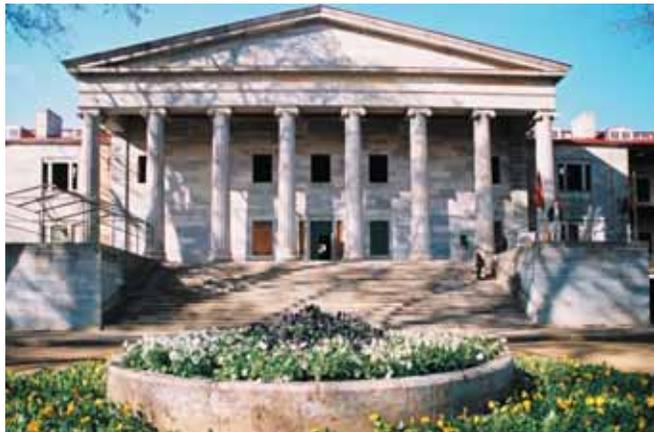
MARKET ANALYSIS 2003



Legend - Housing Markets:

Regional Choice
 High Value
 Steady
 Transitional
 Stressed
 Reclamation
 Little Sales Activity*
 Non-Residential

* Fewer than 5 sales within block group 1/02-7/03



Biddle Hall, in the center of the Naval Square development, is undergoing restoration and conversion to apartments.



Townhouses on 20th Street completed for The Reserve at Packer Park. All units are sold. Two new phases are planned.



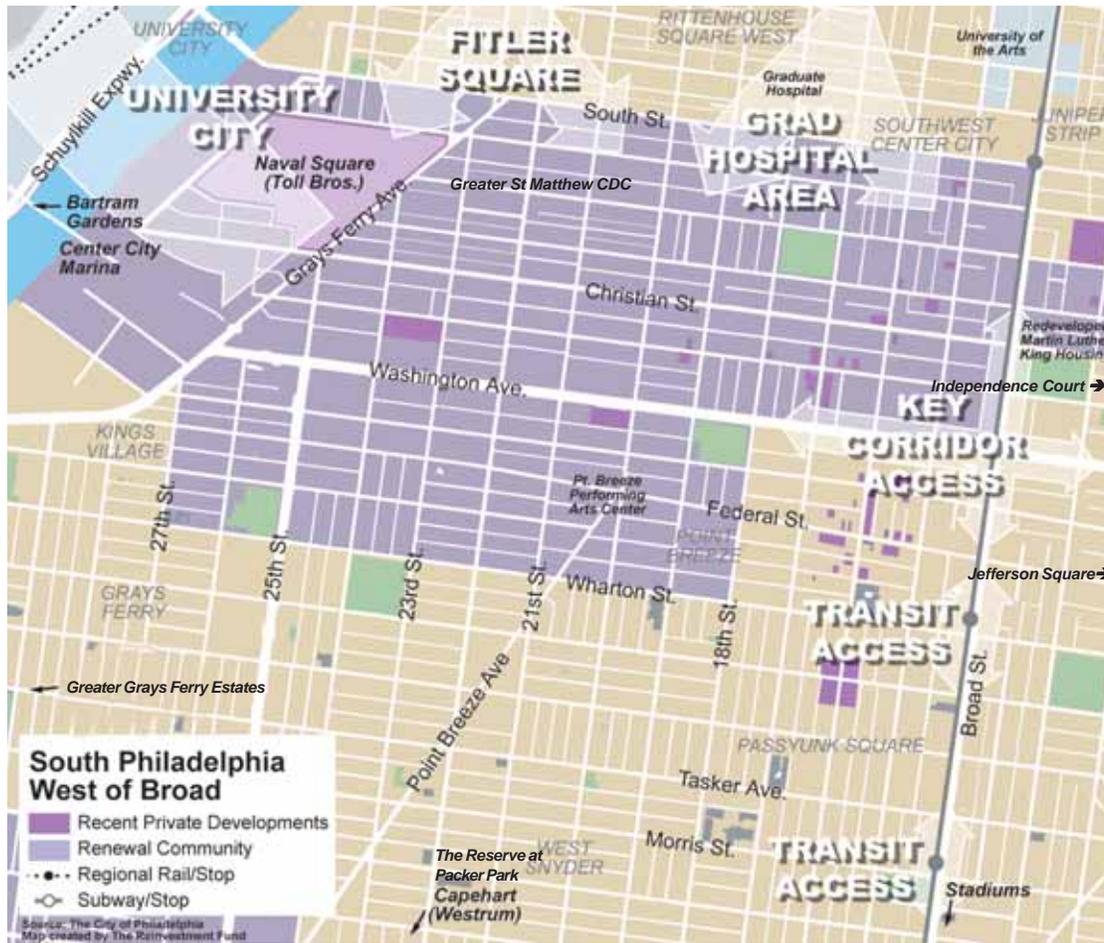
The new face of public housing — townhouses at Martin Luther King Plaza — links the development to the neighborhood.



Jefferson Square townhouses between 4th and 5th Streets. All units were sold before completion.

SOUTH PHILADELPHIA RENAISSANCE

DEVELOPMENT ANALYSIS



In recent years, the extension of Center City's strong real estate market into South Philadelphia has made new market-rate and rental housing a focus of both private developers and community development corporations. The Port of Philadelphia is the newest Enterprise Zone. Growth in the market has led to significant private investment and rehabilitation on residential blocks.

MAJOR PROJECTS:

THE RESERVE AT PACKER PARK

The 24-acre site was purchased by the Westrum Development Company in 2002 and will produce 230 market-rate new construction homeownership units. Additional phases adjacent to the site are The Villas and The Regency.

NAVAL SQUARE

This 20-acre site in Grays Ferry was purchased by Toll Brothers in 1987 and will produce 800 market-rate homeownership units. The restoration of Biddle Hall is part of the agreement with the City.

SOUTH PHILADELPHIA PLAN

The City, working with Universal Community Homes, Fannie Mae and others, will develop 400 units of affordable and market-rate housing. NTI will provide \$3 million as

bridge financing for the acquisition of properties between South Street and Washington Avenue. This area includes the ongoing \$74-million Martin Luther King Plaza with 247 new townhouse-style units of public housing.

INDEPENDENCE COURT

Ruggerio Development Group is building 50 luxury townhomes in Queen Village at Christian and Swanson Streets.

GREATER ST. MATTHEW CDC

Plans to revitalize the neighborhood near 23rd and Fitzwater Streets through the acquisition and rehabilitation or new construction of affordable and market-rate homeownership units. NTI bond funds support acquisition. Funding support is expected from the M. Night Shyamalan Foundation.

GREATER GRAYS FERRY ESTATES

Formerly Tasker Homes, this \$165-million investment in new townhouse-style public housing will have more than 400 units of rental housing, 125 homeownership units and a residential center for senior citizens.

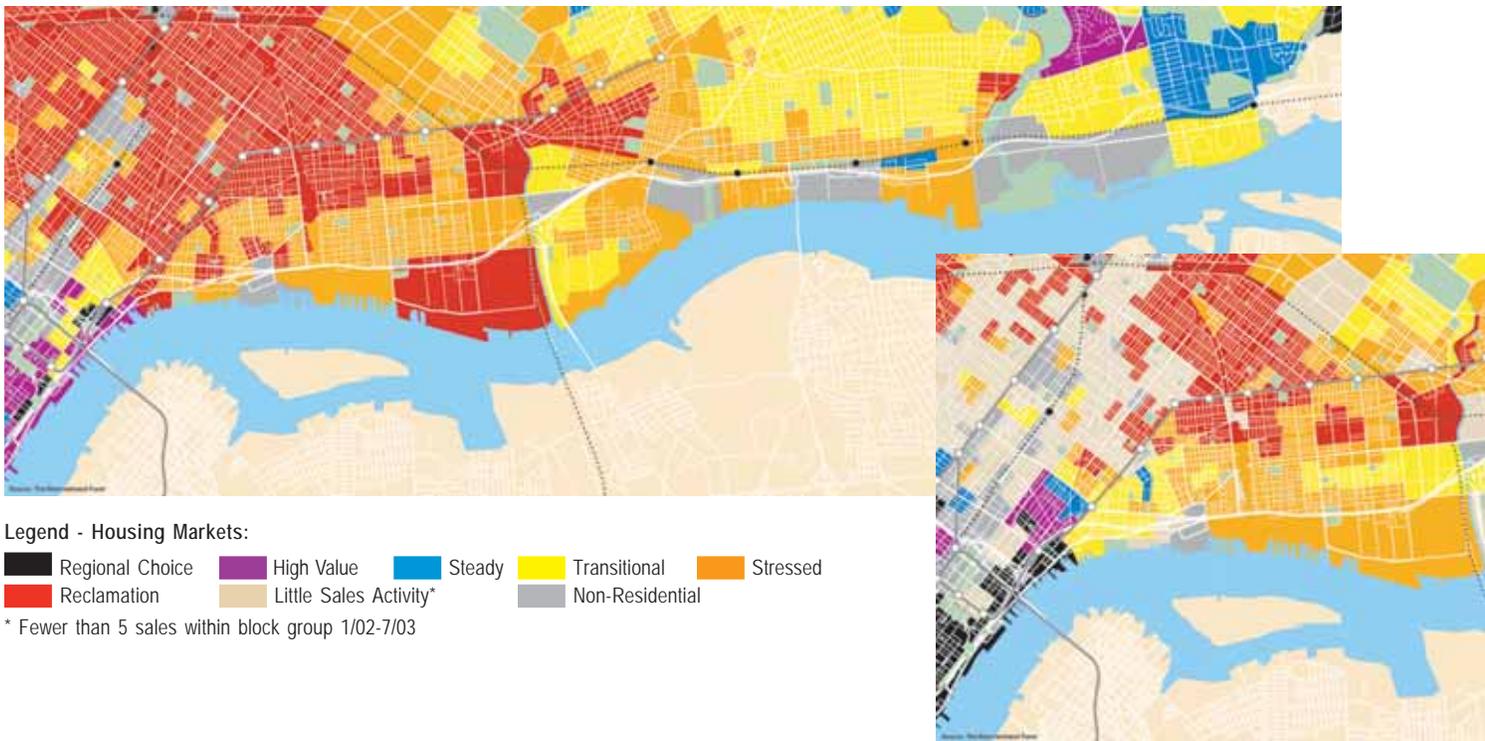
JEFFERSON SQUARE

The City committed \$3 million to support acquisition and development of 94 homeownership units, affordable and market-rate, in the Jefferson Square area.

NORTH DELAWARE RIVERFRONT

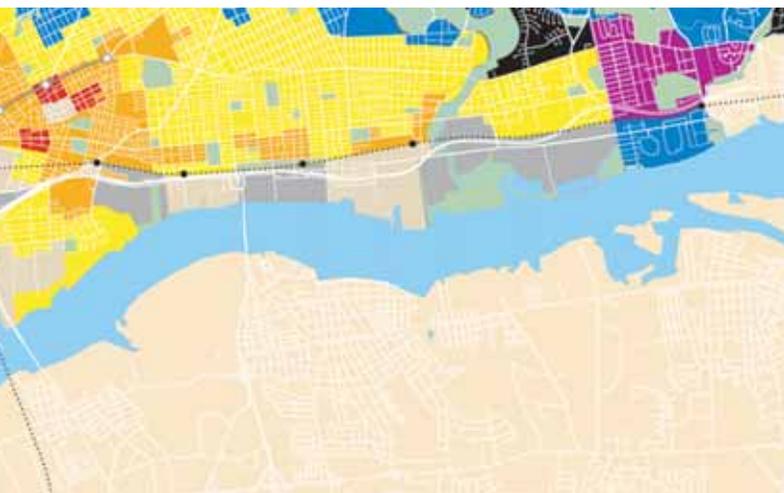


MARKET ANALYSIS 2001





MARKET ANALYSIS 2003



In 2004 Mayor Street announced a “New River City Initiative,” his administration’s public investment in planning, rezoning, site assemblage and infrastructure on the City’s riverfronts. This initiative has helped to stimulate widespread private investment along the waterfront. Several private developers have purchased large sites with plans to develop residential communities. The appeal of the waterfront with its spectacular views, recreational opportunities, excellent access to I-95 and mass transit has taken hold. Proposed infrastructure improvements include:

- I-95 reconstruction
- North Delaware River Road
- North Delaware greenway
- Trail and bike paths
- Lardnor Point greenway node at Tacony-Palmyra Bridge
- Water delivery and removal
- Boat launches and parks

MAJOR PROJECTS:

BENJAMIN FRANKLIN TO BETSY ROSS BRIDGES:

Waterfront Square Condominiums and Spa

The first two of five condominium towers are under construction for this 10-acre gated community. Occupancy is scheduled for January 2006. All of the 305 units in the first phase have been sold. The owner is Isle of Capri Associates and developer is Gelfand/B.S.R. Group.

BRIDESBURG SECTION:

Philly Coke Site

A partnership of Westrum Development Company and K. Hovnanian Homes purchased this 55-acre site from Keyspan Energy. It plans to construct 720 new homes at this former industrial site, connecting the existing residential neighborhood and the waterfront. Community planning with Bridesburg residents is underway.

TACONY SECTION:

Dodge Steel Site

Developers have proposed new housing construction at this 18-acre site by the Tacony-Palmyra Bridge

Tacony Army Warehouse

Transactionable Property Solutions/Kaplan Companies purchased this 13-acre site from the federal government in 2004 and is planning new housing units at the former Army facility.

Disston Saw Works Complex

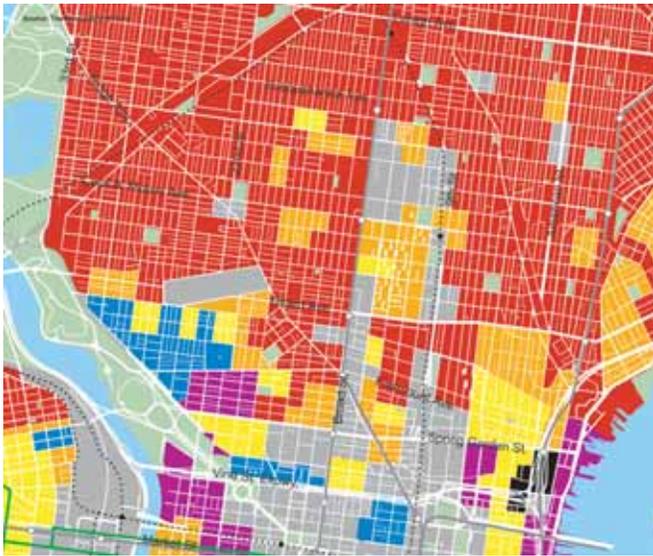
The City envisages a new development with loft apartments, commercial and office space.

Northern Shipping Site

Transactionable Property Solutions/Kaplan Companies, specializing in brownfields redevelopment, have proposed a major residential construction on this 70-acre site adjacent to Pennypack Park. A residential development is proposed, with potential for commercial and retail space. There will be frontage on the Delaware River.

NORTH CENTRAL PHILADELPHIA

MARKET ANALYSIS 2001



MARKET ANALYSIS 2003



Legend - Housing Markets:

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* Fewer than 5 sales within block group 1/02-7/03



Aerial of the extensive Brewerytown site. On the left, the Pyramid and the Red Bell Buildings will be converted to loft condominiums: 206 are proposed. The Acme Warehouse and its vacant lots in the center will contain 144 townhomes, and proposed 200 loft condominiums and retail stores. For the vacant lots at right, 132 townhomes are proposed.



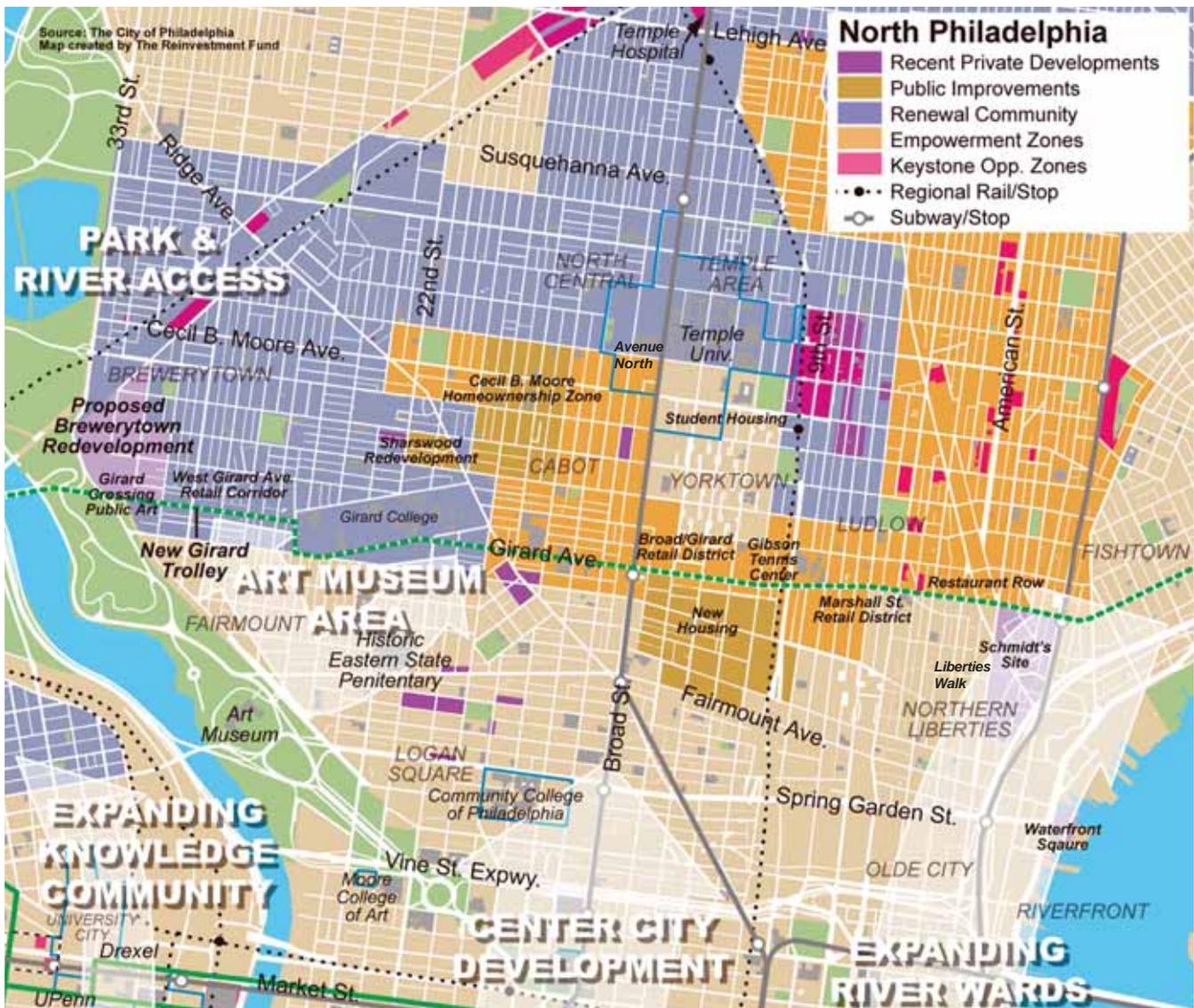
Liberties Walk on North American Street and North 2nd Street. Part of a major reclamation in the Northern Liberties area.



New construction and rehabilitation in the Cecil B. Moore Homeownership Zone. View across Bouvier to Gratz Street.

NORTH CENTRAL PHILADELPHIA RENAISSANCE

DEVELOPMENT ANALYSIS



North Central Philadelphia's housing market has benefited from the expansion of the Center City real estate market and Temple University's evolution from a commuter school to a residential campus.

MAJOR PROJECTS:

BREWERYTOWN

This 12-acre site of vacant industrial property is being reclaimed for a proposed 600-700 housing units including townhomes, apartments and condominiums. The development team includes the Westrum Development Company, Pennrose/Mellon Realty and Genesis. Construction of the first 144 townhouses on the Acme parking lot are underway.

AVENUE NORTH

A new mixed residential and commercial development at Broad Street and Cecil B. Moore Avenue is underway. It will have housing for 1,200 students, 60,000 square feet of retail space and a seven-theater cinema.

CECIL B. MOORE HOMEOWNERSHIP ZONE

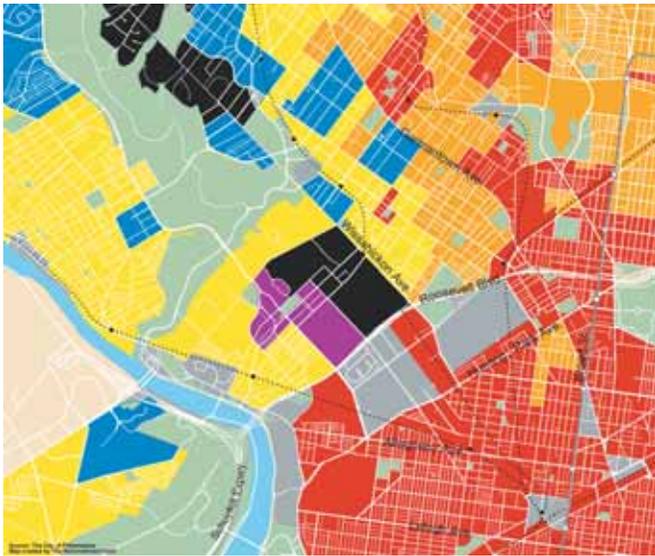
The designation of the Cecil B. Moore Homeownership Zone, which will provide 296 units (214 new construction, 82 rehabilitated) of homeownership housing, has had a major impact on both residential and commercial development in this area north of Girard Avenue and adjacent to Temple University. The final phase of 151 units is underway. The developer is Housing Enrichment Renaissance Board (known as HERB CDC) and a joint venture between Michaels Development and OKKS.

LIBERTIES WALK AND FORMER SCHMIDT'S SITE

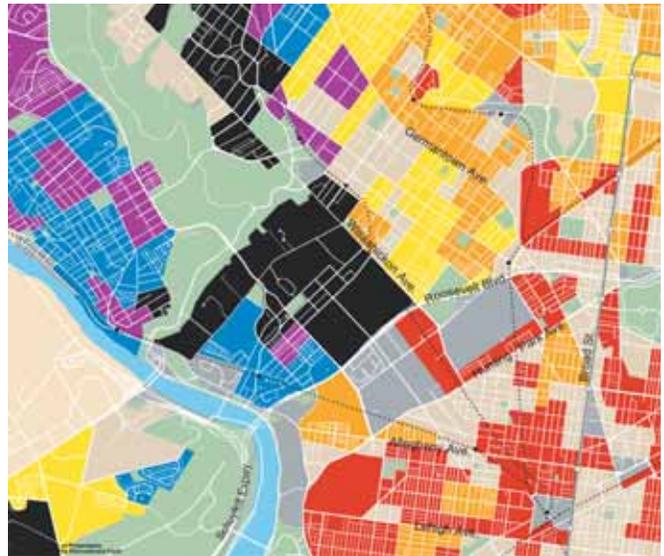
New construction of 28 apartments, 14 retail shops and restaurants on North American Street: 42 additional units under construction. Contiguous to the proposed Piazza on North 2nd Street, a development of 414 apartments and Schmidt's 1101-47 N. 2nd St., with 124 apartments and 124 townhouses. Extensive commercial space.

ALLEGHENY WEST/EAST FALLS

MARKET ANALYSIS 2001



MARKET ANALYSIS 2003



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Schuylkill Falls site with senior residential building and commercial space in the foreground, new townhouses at rear.



The interior courtyard of The Mills at East Falls, showing office space at right and apartments at back.



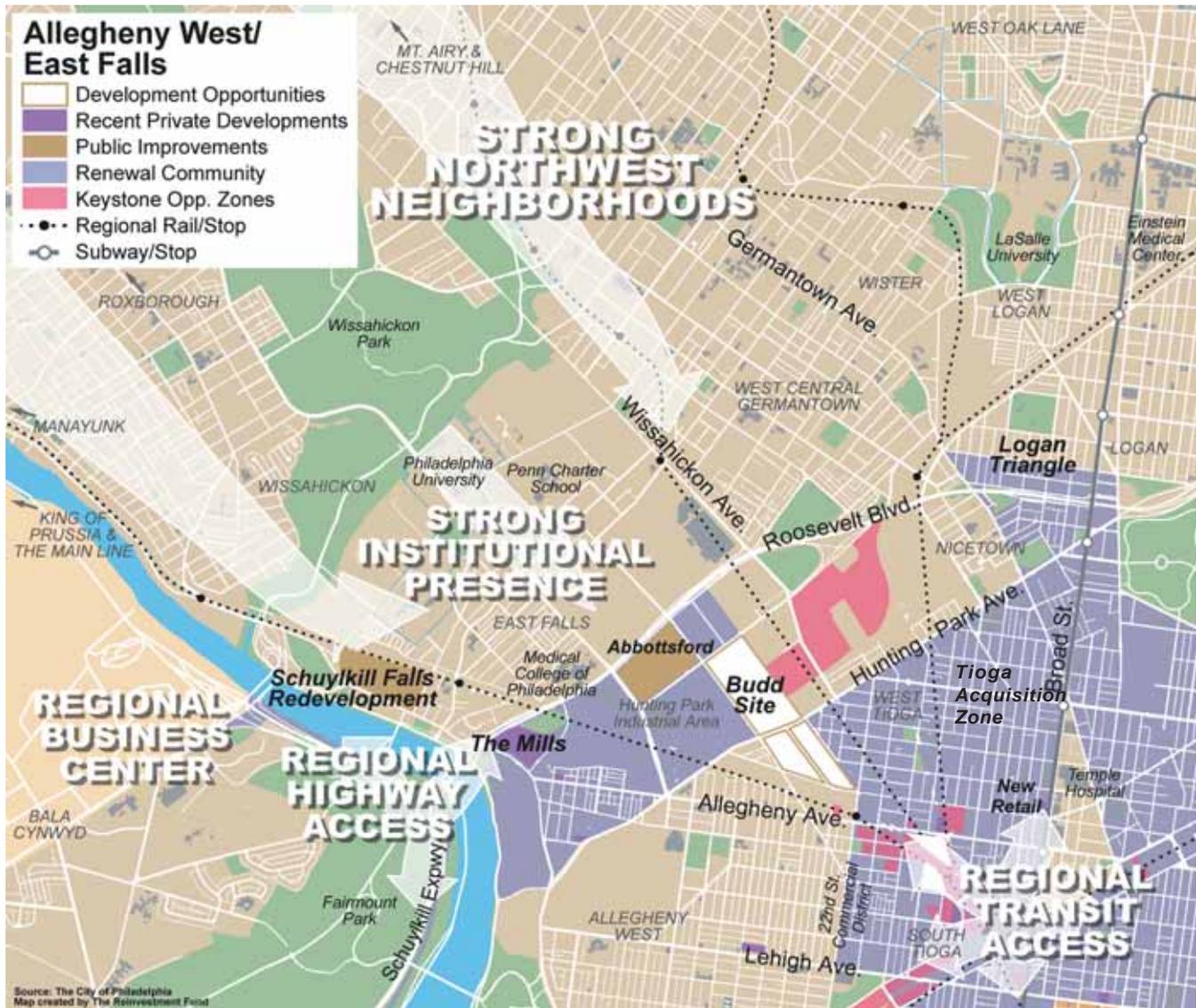
The Budd site from Hunting Park Avenue.



Aerial of the Logan Triangle.

21ST CENTURY OPPORTUNITIES

DEVELOPMENT ANALYSIS



This area has outstanding access to the region and major development opportunities. East Falls is one of the most sought-after residential neighborhoods, while experiencing very positive retail and commercial trends. Allegheny West, a mostly industrial area, has opportunities for redevelopment supported with federal, state and local tax incentives, a strong business association and community support.

MAJOR PROJECTS:

EAST FALLS/SCHUYLKILL FALLS

The revitalization of the Schuylkill Falls site will create a mixed-income community with 150 homeownership and 150 rental units. An adjacent site will be developed by the Westrum Development Company as market-rate housing. There are also senior apartments and a commercial center.

THE MILLS AT EAST FALLS

The new Mills of East Falls sits on the border of these two neighborhoods. Located at 3510-30 Scotts Lane and

developed by Sherman Properties/Mills II, LLC, this development is a rehab of the former Dobson Mills, a historically industrial space, into 250,000-square foot, mixed-use residential/artist studio development.

TIOGA/ALLEGHENY WEST PLANNING AREA

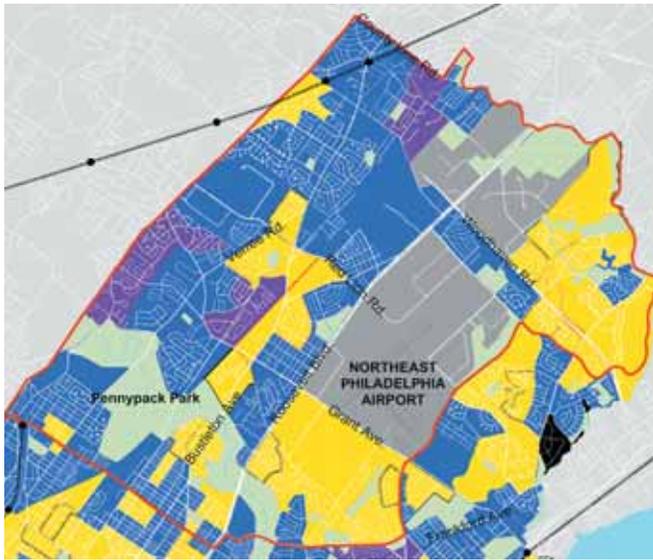
New Courtland Elder Services, a subsidiary of the Presbyterian Foundation, is completing its planning efforts for the Allegheny West and Tioga neighborhoods in conjunction with the City and OHNP. This work is to guide comprehensive revitalization efforts that will encourage redevelopment, economic development, improvement in educational opportunities and job training.

LOGAN TRIANGLE

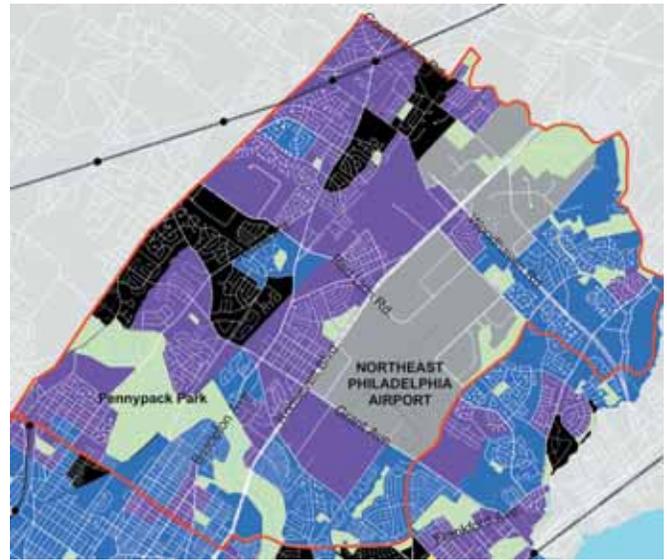
The City is working with residents to review alternatives for the re-use of the Logan Triangle land, including commercial development. The Redevelopment Authority will issue a Request For Proposals for re-use of the site.

NORTHEAST PHILADELPHIA

MARKET ANALYSIS 2001



MARKET ANALYSIS 2003



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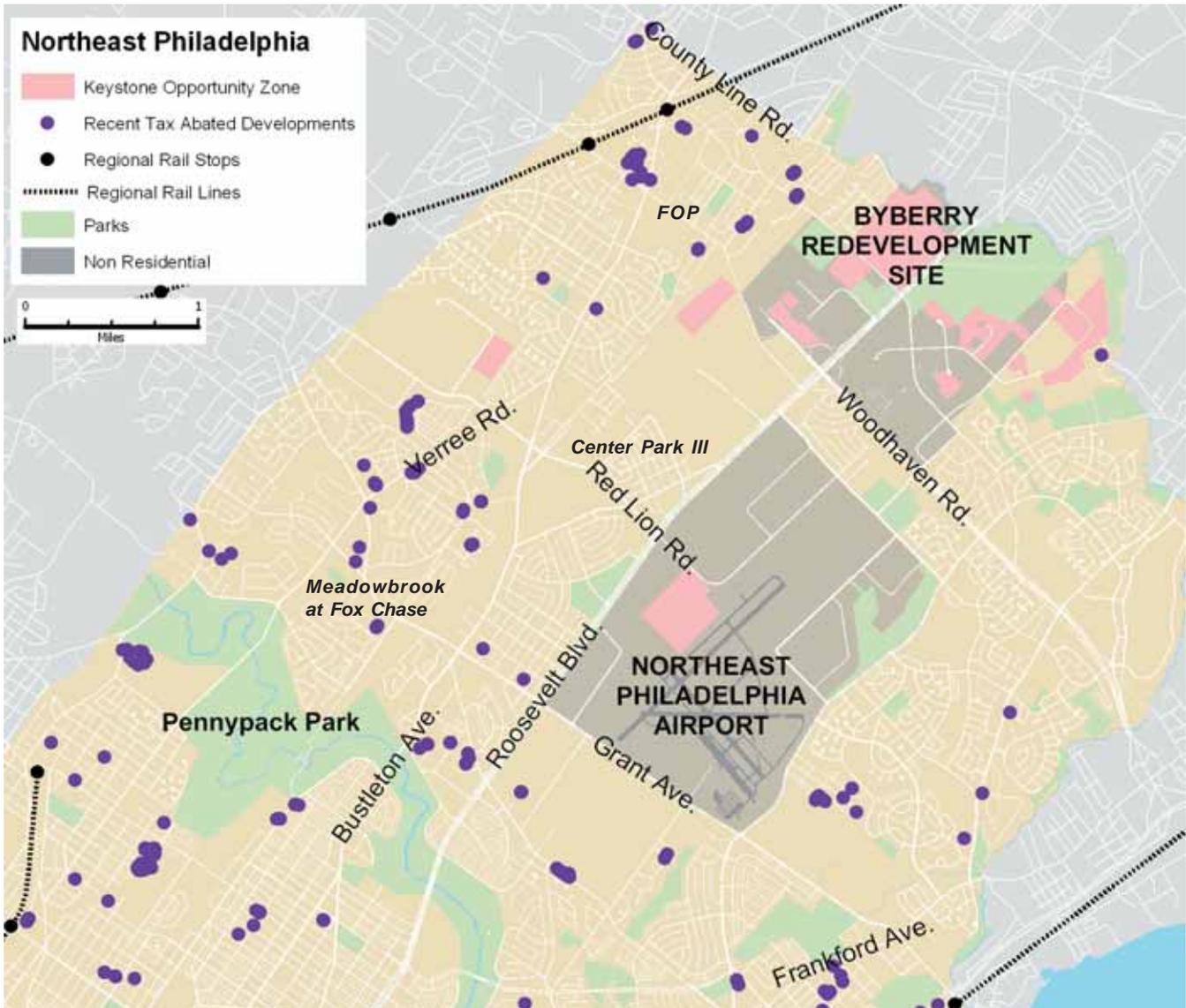
* Fewer than 5 sales within block group 1/02-7/03



Aerial of the extensive Byberry State Hospital site from Roosevelt Boulevard. Southampton Road is at left and Poquessing Creek on the right. All buildings are slated for demolition.

SUBURBS IN THE CITY

DEVELOPMENT ANALYSIS



The combination of stable rowhouse neighborhoods, opportunities for new housing construction and easy access to shopping malls have made the Far Northeast a very desirable residential location. Recently the area has seen extensive private residential investment using tax-abatement incentives.

MAJOR PROJECTS:

BYBERRY STATE HOSPITAL SITE

This 130-acre site is in a high-value residential area of the Northeast. It is currently under planning for a mixed-use residential and commercial development. Proposals call for half of the site to be homeownership with up to 400 units of market-rate housing and the other half to contain office space and commercial areas. The site is currently under development by a partnership of the Brandywine Realty Trust and Westrum Development Company.

MEADOWBROOK AT FOX CHASE

A substantial development of market-rate housing on Rhawn Street, priced in the \$300,000 range. The developer is Ryan Homes. This development takes advantage of the 10-year tax abatement.

FOP

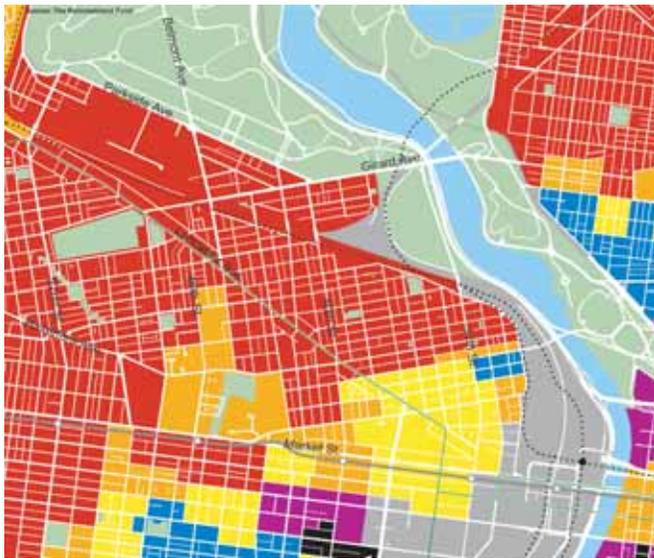
The City is completing \$1.5 million in improvements to the FOP Senior Apartments, a 106-unit building located at 730 Byberry Rd.

CENTER PARK III

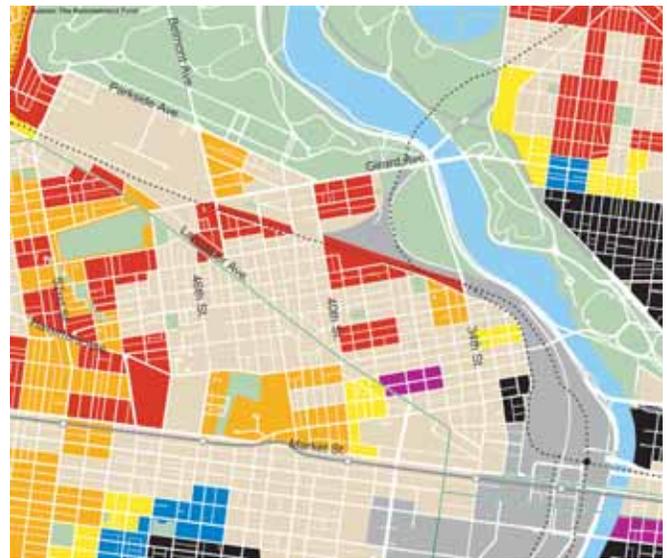
Center Park III is the third building to be constructed at this site. A 39-unit senior project, located at 1901 Red Lion Rd., this \$3-million development is sponsored by the Jewish Federation, which provides homes for 1,400 residents in the Northeast. There is a three- to five-year waiting list for this development.

WEST PHILADELPHIA

MARKET ANALYSIS 2001



MARKET ANALYSIS 2003



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Future site of the Union Hill Homes development of 52 new townhomes.



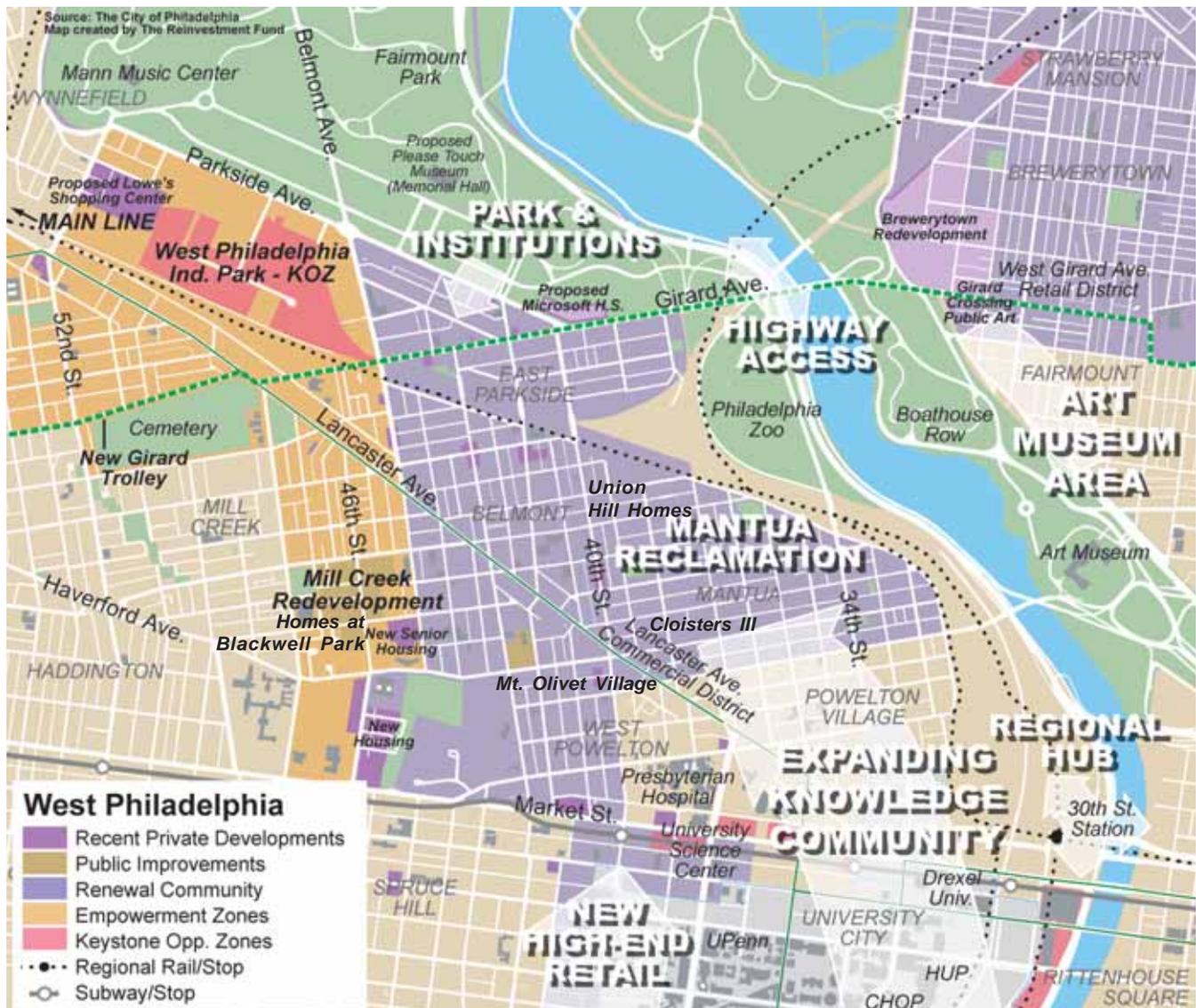
The new Homes at Blackwell Park on the former Mill Creek public housing site.



Future site of the mixed-use facility, part of the Cloisters III development of 50 rental-housing units.

AREA OF MAJOR ACQUISITION OPPORTUNITY

DEVELOPMENT ANALYSIS



This area of West Philadelphia greatly benefits from its location, accessibility, regional attractions and proximity to major institutions. It is experiencing strong development trends, including the West Philadelphia Industrial Park, a Keystone Opportunity Zone and the sparkling new Cira Centre adjacent to the 30th Street Station. This portion of Fairmount Park is part of the Renewal Community. The planned relocation of the Please Touch Museum to Memorial Hall, the proposed MicroSoft High School, the proposed Lowe's shopping center and the development of the Homes at Blackwell Park, part of the Mill Creek revitalization, all illustrate the range of public and private investments here.

MAJOR PROJECTS:

MANTUA RECLAMATION

Mantua is an NTI Acquisition Zone with almost \$9 million slated to acquire vacant properties and parcels for future redevelopment.

MILL CREEK REDEVELOPMENT

This is an extensive on-site (The Homes at Blackwell Park) and off-site revitalization effort. Planned are 247 homes for sale, 200 rental units, 180 assisted-living units and 161 renovated apartments known as Mt. Olivet Village.

UNION HILL HOMES

In fiscal year 2005, the City is supporting the application for Homeownership Choice funding from the Pennsylvania Housing Finance Agency (PHFA) for Union Hill Homes, 52 new construction for-sale units located in Mantua in the vicinity of Union and Aspen Streets.

CLOISTERS III

In 2005 this project successfully competed for PHFA Low-Income Housing Tax Credits. The People's Emergency Center will build 50 new-construction rental units and a mixed-use residential/community building with a computer learning center at 39th Street and Haverford Avenue.