THE MISSING STRATEGY



Philadelphia's Case for Attracting Diverse, Middle-Income Residents

LIVE WORK PHILADELPHIA

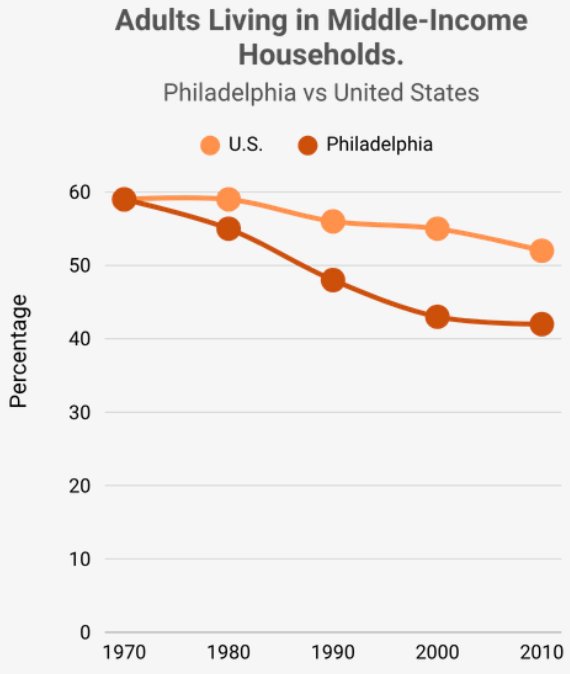
Executive Summary

Philadelphia's civic and philanthropic sectors are not short on urgency or effort. Across the city, organizations are working to strengthen public safety, improve educational outcomes, expand workforce opportunity, revitalize neighborhoods, attract and retain young professionals, and widen pathways to economic mobility. This work is essential, and it is largely a response to difficult social and economic conditions already shaping people's lives.

Philadelphia's new nonprofit, Live Work Philadelphia, is focused upstream on a root cause behind many of those conditions: the fifty-year hollowing of the city's middle-income households. The challenge is structural, and it has two dimensions.

First, Philadelphia's middle-income population has eroded for decades. It was the demographic backbone that once stabilized neighborhoods, sustained the tax base, and anchored civic institutions. Second, Philadelphia has not kept pace with the population diversification that has fueled economic and demographic growth in many of the nation's largest cities. While those cities have attracted and retained a broader mix of communities for decades, Philadelphia's narrower demographic makeup has made it harder to draw and keep residents.

The result is a cycle of limited diversification, weak population growth, and a persistent middle-income deficit. Poverty concentrates, schools struggle, and public safety weakens. These problems are not isolated. They grow out of the city's long struggle to attract and keep a strong middle class.



Pew Charitable Trusts, Philadelphia's Changing Middle Class: After Decades of Decline, Prospects for Growth, 2014

The data is stark.

Philadelphia's middle-income share fell from 59% of adults in 1970 to 42% by 2010, and it has not recovered since.

And despite its reputation as a diverse city, Philadelphia's diversity is narrower in ethnic and demographic range than that of the nation's other largest cities and more geographically siloed.

About this paper. This is not a formal proposal. It is an invitation to a conversation about Philadelphia's demographic makeup, a subject too often missing from public civic discussion. It shares how Live Work Philadelphia sees the challenge, why we believe it matters, and the approach we intend to test.

Why the ten largest cities. Throughout this paper, we compare Philadelphia with the nation's ten largest cities, the group to which it belongs. Our argument is not that Philadelphia has fared worse than every other city; many older cities have lost far more. It is that a city of Philadelphia's size and stature does not yet have the population composition of America's other largest cities.

In the second half of the 20th century, Philadelphia lost residents on a massive scale while attracting fewer newcomers and immigrants than most of the nation's largest cities. The city has since stabilized its population and welcomed more immigrants and residents from diverse backgrounds. Yet many diverse, middle-income professionals and families still don't see Philadelphia as a place to live, largely because they know little about it.

Meanwhile, family, colleagues, community networks, and social media have already made other cities familiar and appealing to them, often without any firsthand experience. To thrive over the long term, Philadelphia needs more middle-income residents from every background, but it has yet to engage them or develop a strategy specifically focused on attracting and retaining them.

Live Work Philadelphia (LWP) is designed to fill that gap. As a new tool in the city's economic-development toolbox, it focuses on the makeup of Philadelphia's population and the conditions that shape it. LWP will pilot and sustain a lean, strategic, and targeted domestic marketing and attraction program intended to gradually rebuild Philadelphia's middle class by drawing in diverse, middle-income individuals and families, many of whom are priced out of other markets.

In this paper, "middle income" means households earning 80% to 200% of Philadelphia's median household income of roughly $61,000, or about $50,000 to $124,000 a year. This group includes teachers, nurses, tradespeople, government workers, small business owners, and early- to mid-career professionals.

No Story, No Pipeline: The Cost of an Undefined Brand

Philadelphia has yet to establish what many growing and large American cities possess more organically: a steady, self-reinforcing inflow of people, young professionals, and families attracted by a clear and compelling urban narrative.

Such a narrative speaks not only to careers and amenities but also to the broader experience of life: seeing people like themselves all around them, the chance to find a partner, and a tribe to belong to, all of which help create emotional bonds between people and their community.

A steady inflow of people can help create a virtuous cycle, one that strengthens the city's economy, culture, and quality of life, makes the city more attractive to the next generation of incoming residents, and encourages more residents to remain. Without it, the consequences are measurable:

A shrinking middle, not just a shrinking city. According to the U.S. Census, Philadelphia had 1,948,609 residents in 1970 and lost more than 400,000 by 2010. The city has since stabilized at roughly 1.57 million. But total population is not the measure that matters most. In 1970, roughly 6 in 10 Philadelphians were middle-income; by 2010, about 4 in 10 were, and that share has not recovered.

The erosion is not only historical. According to the Pew Charitable Trusts, Census data through 2024 shows that Philadelphia gains young residents in their 20s, with 1.6 arrivals for every departure among 18- to 29-year-olds, driven largely by the city's colleges and universities. But that inflow reverses once residents reach their 30s, when an average of 1.3 people leave the city for every one who arrives, precisely the years when people enter peak earning potential and begin forming families.

Compounding the problem, this inflow has not reflected the full diversity of the nation's rising middle class. In particular, it has not drawn middle-income Latino, Asian, and African American professionals at the scale that has helped fuel growth in other large cities. The result is a revolving door that erodes the middle class twice over: once through outright departure and again by failing to build the diverse population base needed to retain the residents it does attract.

A structurally weak economy. Philadelphia's economy is anchored by "eds and meds," universities and health systems, which generate a bimodal wage structure: high-wage professional roles at the top and large numbers of lower-wage service roles at the base. The middle tier was manufacturing, skilled trades, and stable private-sector employment. These careers once offered pathways into the middle class, but that tier has contracted, and Philadelphia has never fully recovered from the loss.

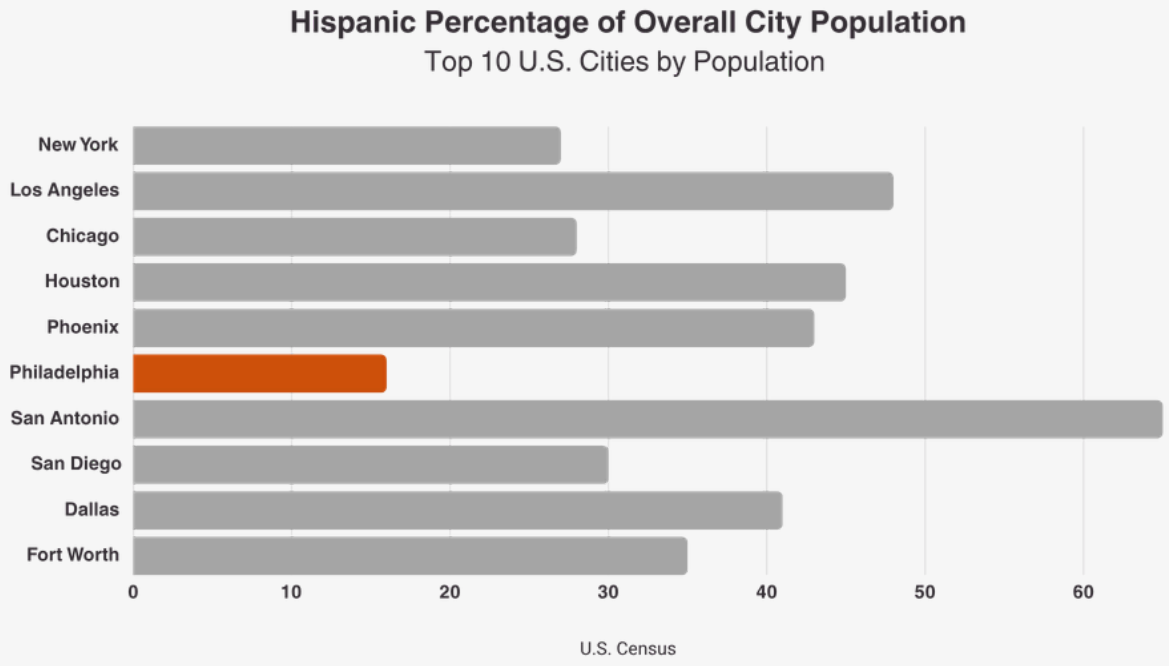
Limited presence, weak brand. Brands are built online now, and Philadelphia has not yet shown up. Search "Philadelphia" today, and government and tourism content dominates. Interested people can struggle to find credible information on the cost of living, neighborhood character, career opportunities, population mix, lifestyle, ethnic and cultural "fit," and relocation pathways to the City of Brotherly Love.

These circumstances leave Philadelphia exposed to a negative image that already makes it harder to attract businesses and the talent employers need. And Philadelphia isn't competing in isolation: other cities continue to enjoy a steady inflow of people because of their stronger brands, and that advantage continues to pay off.

Diverse on Paper, Shallow Beneath the Surface

Philadelphia's civic self-image as "The City of Neighborhoods" is often mistaken for evidence of diversity. Yes, there are distinct communities like the Italian Market, Chinatown, the Gayborhood, the Far Northeast's Russian community, and others. But a patchwork of small enclaves is not the same as a deeply diverse and integrated city. Diversity that stays within separate neighborhoods does less to help newcomers find community or to draw others like them.

Consider this telling example. Hispanics are America's largest minority group, and one would expect a major American city like Philadelphia to have strong representation of the country's 68 million Latinos. According to U.S. Census Bureau estimates (Vintage 2025), about 16% of Philadelphia's residents are Hispanic or Latino, the lowest share among the ten largest U.S. cities. In every other city on that list, the share ranges from roughly 30% to 65%, and Philadelphia also has the smallest Latino population of the ten in absolute numbers.



Geography explains part of this gap. Many of the ten largest cities are in Texas, California, and Arizona, where Latino communities have deep roots and proximity to Mexico. But geography does not explain all of it: New York and Chicago, older Northern cities like Philadelphia, each have Latino shares near 30%.

Philadelphia's Latino community has long been anchored by Puerto Ricans, who have made significant contributions to the city's social, cultural, and economic life and today make up roughly 55% of its Hispanic population. In many of the nation's largest cities, by contrast, Latino growth has been driven by continuing waves of first- and second-generation immigrants from a wide range of countries.

The difference is not one of contribution but of dynamics. As U.S. citizens by birth, Puerto Ricans have followed a different path to Philadelphia than immigrants arriving from other countries, and new immigrant communities have historically played a leading role in urban revitalization, opening businesses, reviving commercial corridors, and repopulating neighborhoods. What Philadelphia has lacked is not a strong Latino community but the steady arrival of newcomers from many places that other large cities have experienced. It is a wave Philadelphia has caught only in part.

Philadelphia's Asian population tells a similar story. Asian residents make up roughly 8% of the city, and while Philadelphia is home to a long-established Chinese community, its Indian, Vietnamese, Korean, and Filipino communities each remain a small fraction of the city's population. None has reached the scale seen in other large cities, where large, diverse Asian communities have become magnets for new arrivals. Philadelphia has Asian communities; it does not yet have the critical mass that draws others like them.

These are not recent gaps. Immigration to Greater Philadelphia stalled in the mid-20th century, and for decades the region's residents were overwhelmingly native-born. Researchers at the Brookings Institution have described Philadelphia as a "re-emerging" immigrant gateway: a region that drew large numbers of immigrants in the early 1900s, saw that flow slow dramatically for much of the century, and has only recently begun to attract them again.

In 1910, nearly 25% of the city's population was foreign-born. By 2000, that share had fallen to just 9%, last among the ten largest U.S. cities. While New York, Los Angeles, and Chicago became multiethnic hubs between 1965 and 2000, Philadelphia remained demographically polarized largely along Black-and-white lines.

Today, the foreign-born share is roughly 16%, the highest in eight decades, but the legacy gap persists. Immigration's role in fueling social and economic vitality and in strengthening a city's brand and appeal has not yet become a central part of Philadelphia's civic narrative.

Philadelphia is also deeply segregated. A 2015 FiveThirtyEight analysis of Census data found that while Philadelphia's citywide diversity index was 65.6%, the diversity of the average resident's own neighborhood was only 38.6%, placing it among the most segregated large cities in the country. More recent reporting found that Philadelphia remains one of the most racially segregated cities in America.

Neighborhood-level integration is critical to economic mobility and quality of life. Daily integration helps determine whether someone can find a life partner, a professional network, or a supportive social group within their community.

People overwhelmingly build families with partners of similar background, income, and education. Finding those partners, along with the friendships and professional networks that come with them, depends on whether a city has enough people from each community and enough connections between them to make meeting possible. When those communities are too small or too separated, the math doesn't work, and people consider other cities where the math works better.

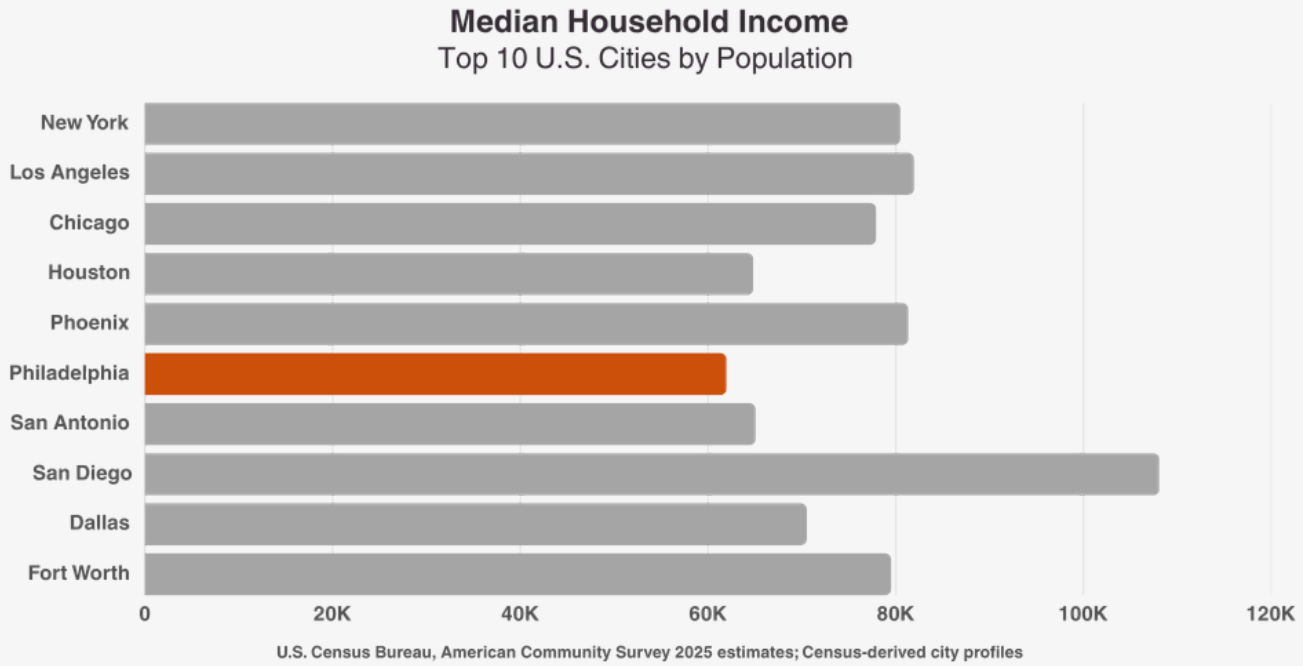
It is not surprising, then, that Philadelphia's African American population fell by roughly 30,500 residents between 2010 and 2023. Research by the Pew Charitable Trusts shows the pattern is concentrated exactly where it hurts most: only 46% of African American Philadelphians with a bachelor's degree or higher expect to stay in the city, compared with 78% of those with a high school diploma or less. Notably, even white college-educated residents show only 60% intent to stay.

The Economic Cost of a Missing Middle

The demographic imbalance is closely tied to the city's economic underperformance.

Among the ten largest U.S. cities, Philadelphia has the lowest median household income, about $61,000, and the highest poverty rate.

In 2024, the city's poverty rate fell to 19.7%, its first year below 20% since at least 1979, but it has since risen to 20.4%.



The economic gap is most stark when the data is broken out by race and ethnicity. Median household income is $84,528 for white residents and $45,099 for African American residents, nearly a two-to-one gap within the same city. Hispanic poverty, while declining from a 2017 high of roughly 38%, still sits at roughly 28%, the highest of any racial or ethnic group in the city.

Philadelphia's prosperity has never been broadly shared. The city's economic vitality still rests disproportionately on its white, college-educated residents, while Black, Latino, and Asian households remain underrepresented in its middle and upper income brackets. Redistribution alone cannot solve this. As research on scarcity has shown, constrained resources do not just create hardship; they impair the very capacity to escape poverty.

The same dynamic plays out at the city level. A city that loses a large share of its middle-income population faces its own structural scarcity: less tax revenue, weaker public institutions, and less capacity to invest in underserved residents.

Philadelphia's low-income residents face fewer options in part because middle-income residents have left, taking their tax dollars with them. Growing the middle is not about choosing some residents over others. It means rebuilding the resource base for everyone.

The business community sees the problem too. In 2022, Philadelphia's five chambers of commerce joined in an unprecedented push to cut the city's wage tax, and roughly 30% of employers in the Federal Reserve Bank of Philadelphia's most recent survey cite difficulty finding qualified candidates as a challenge.

Philadelphia's wage tax, among the highest of any major U.S. city, alongside its Business Income and Receipts Tax, compounds the problem. But tax reform alone will not solve the population problem. Community and urban lifestyle, not tax rates alone, continue to keep people in high-cost cities like Boston, New York, and Washington, D.C.

Renowned urbanist Jane Jacobs offers a useful lens. In The Economy of Cities, she argued that cities grow by adding new work to old: new products, services, and enterprises emerge when a diverse mix of people and skills combine in unexpected ways. The same logic applies to population. Every newcomer brings skills, ideas, networks, and connections to other places that can build and strengthen communities and draw in others.

A city that draws from a narrow base has fewer combinations to work with. By attracting middle-income residents from a broader range of backgrounds, Philadelphia expands the raw material for greater stability and vibrancy across its communities and economy.

An Approach Worth Building On

The attention 2026 brought to Philadelphia creates an opening to speak directly to potential newcomers. The city's own history offers an illustration of how that might be done.

In the early 2000s, the Greater Philadelphia Tourism Marketing Corporation, now Visit Philadelphia, launched "Get Your History Straight and Your Nightlife Gay," a bold campaign that positioned Philadelphia in new and more culturally relevant ways for an audience many destinations had overlooked. According to a case study by Marketing the Rainbow, the campaign returned $153 for every $1 spent, a measure of its tourism impact rather than of relocation.

We cite the campaign as an illustration of our approach, not as proof that marketing alone moves residents. In the years that followed, Philadelphia saw its largest gains among young adults in decades: the Pew Charitable Trusts found that the city added roughly 100,000 residents ages 20 to 34 between 2006 and 2012. Many factors drove that growth, including affordability relative to New York and Washington, D.C. We believe a stronger, more visible, and more culturally relevant brand was one of them, helping some newcomers see Philadelphia not only as a place to visit but as a place to live.

What we take from the campaign is how it was built. In our view, its strength came from a deep understanding of the people it sought to reach, shaped by leaders who shared the experiences, aspirations, and cultural nuances of its audience. Rather than promoting Philadelphia generally, it spoke to a specific community in that community's own terms. LWP proposes to apply the same principle to the communities Philadelphia most needs to attract and keep.

In the post-pandemic landscape, young, diverse professionals respond to fundamentally human motivations that go beyond job listings. Cost of living, schools, and safety matter, but people routinely tolerate a city's imperfections when they are confident they will find their community there. New York City is the clearest example: its high cost of living, crowding, and uneven schools do not deter people from moving there and staying. It remains the country's most powerful magnet not because of opportunity alone, but because it offers scale, enough of every community that virtually anyone can find their tribe there, whatever that tribe looks like.

Philadelphia cannot match New York's scale, but it can be intentional about the same dynamic, building enough density and diversity of community that Philadelphia stops being a place people pass through in their 20s and becomes a place they put down roots.

Our Approach

Live Work Philadelphia's approach is still taking shape, and we expect it to evolve through conversation and testing. It rests on four principles.

Lead with Philadelphia's authentic identity. Philadelphia has a strong underdog identity, shaped by generations of feeling overlooked and underestimated. The chant "No One Likes Us, We Don't Care," adapted from England's Millwall F.C. by the Philadelphia Union's Sons of Ben, was made famous nationally when Jason Kelce led it at the Eagles' 2018 Super Bowl parade. It endures because it names something true: Philadelphia has spent decades being overlooked, underestimated, or mocked relative to New York, Washington, D.C., and Boston.

Philadelphia responded with pride in its underdog status. This is not a liability to overcome; it is precisely the honest, unpretentious identity LWP believes should replace more generic messaging. A relocation campaign portraying Philadelphia as glossy or universally beloved would ring false to seasoned urbanites from elsewhere.

Grow in ways that strengthen existing communities. Not everyone automatically sees population growth as a benefit. Some may reasonably worry about displacement, rising costs, or the loss of community identity. A successful resident-attraction strategy must therefore show how attracting new residents gradually, especially from underrepresented communities, can strengthen neighborhoods, expand opportunity, and improve quality of life for the people who already call the city home. LWP supports continued budget allocations for anti-displacement tools that protect existing residents.

Speak to people on their own terms. The intervention must be precise. Current messaging fails to reach key groups and fails to guide them to a logical next step as they explore the city. LWP brings a new generation of leadership, fluent in the aspirations, pain points, lifestyles, and cultural nuances of the underrepresented populations Philadelphia most needs to attract and keep.

Complement, don't compete. LWP's work is explicitly complementary to existing civic efforts and to the business-led regional efforts focused on jobs and employer competitiveness. Its focus is a lane no other Philadelphia organization has made its central mission: targeted communication to attract and retain diverse, middle-income residents as a deliberate civic strategy.



"Cities have the capability of providing something for everybody, only because, and only when, they are created by everybody."
Jane Jacobs, The Death and Life of Great American Cities (1961)

What our pilot will test

LWP has already identified the audiences it will reach first, drawing on research and on our team's own experience within these communities. The pilot is designed not to discover who they are, but to sharpen how we reach them and to measure what works:

- Which messages resonate most with each audience, and which channels and messengers carry them most effectively.
- What moves people from interest to action, from a first impression to a visit, an inquiry, and ultimately a move.
- What keeps newcomers here, especially in their 30s, when Philadelphia now loses more residents than it gains.
- How we measure progress, with clear indicators ranging from reach and engagement to relocations and long-term retention.

We will share what we learn, so the broader civic community can build on it.

Why Live Work Philadelphia

Live Work Philadelphia was founded by Executive Director Javier Suarez and is governed by a 15-member board and an advisory network drawn from Philadelphia's civic, business, and academic institutions. LWP occupies a lane no existing organization in Philadelphia fills: the targeted communication for the attraction of domestic and diverse, middle-income residents as a deliberate civic strategy.

Lean by Design: Capacity and Transparency

Live Work Philadelphia is designed to begin with a lean operating model, directing resources toward developing and testing its initial resident-attraction pilot rather than building significant administrative infrastructure before the approach has been proven.

This paper intentionally does not include detailed operating budgets, campaign expenditures, or other financial information, as it is intended to advance the thesis and invite discussion. LWP believes in transparency and is prepared to share organizational, budgetary, and financial details with interested stakeholders upon request.

Conclusion: An Invitation to Build the "What's Next" for Philadelphia

Philadelphia has built substantial capacity to improve outcomes for its existing residents. Live Work Philadelphia approaches the challenge from a complementary direction: strengthening the population base itself.

Key takeaways

- Philadelphia's diversity is narrower than it appears. Its demographic depth and breadth do not carry through to its middle-income population, and recent newcomers have not yet been broad enough to close that gap.
- A broader middle class lasts. It is more likely to settle down, build the networks that keep residents here past their twenties, and open pathways for lower-income residents to join it.
- Diversity is what makes growth sustainable. Diversifying who comes is not a side goal of middle-income growth; it is what makes that growth last.
- The city's greatest asset is largely unknown. For many underrepresented groups, Philadelphia offers big-city amenities on the Northeast Corridor at a fraction of the cost of New York, Boston, and Washington, D.C.

Middle-income residents are not more important than other Philadelphians. Their absence is a gap in the city's demographic and economic makeup, and restoring it will bring greater stability, mobility, and connection across communities.

Since the early 2000s, Philadelphia has welcomed more immigrants and diverse domestic newcomers, and that progress is encouraging. But it is not enough on its own to overcome decades of limited immigration and weak population growth.

Philadelphia needs the courage to test new approaches. A deliberate strategy to attract and keep diverse, middle-income residents offers a cost-effective way to create a self-reinforcing cycle of growth that benefits new and existing residents alike.

How you can help. Start the conversation: introduce us to two or three business, civic, philanthropic, community, or institutional leaders who should be part of it. We will take it from there.

You do not need to agree with every premise in this paper to engage with us. If you believe Philadelphia's future depends on who we invite to be part of it, we welcome you as an early partner. Visit our website and connect with us.

Javier Suarez, Executive Director, Live Work Philadelphia
www.liveworkphilly.com/positionpaper

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