



## **WHY PHILADELPHIA MUST GROW AND DIVERSIFY ITS MIDDLE-INCOME POPULATION**

At the start of the 1970s, middle-income residents comprised 59 percent of Philadelphia's population of almost two million people. By 2010, with around 400,000 fewer residents, only 42 percent of the city's people qualified as middle-income. This seismic shift left in its wake a demographic imbalance that continues to impact the city and its level of socioeconomic diversity. Today, among key socioeconomic indicators, Philadelphia has the highest poverty rate among major U.S. cities and is ranked 27th for annual household income among the top 30 U.S. populated cities.

Over the last several decades, as many mid-to-large size American cities experienced resident expansion, their citizens also became significantly more diverse in large part to the arrival of immigrants or because of immigrants, who later migrated away along with their U.S. born children to new American cities, from traditional U.S. points of entry.

Philly's story, however, has been quite different. According to a 2016 Pew Report focused on immigration, from 1970 to 1990, scholars tagged Philadelphia a "low immigration" city. After 1990, immigration became a greater source of resident growth, but it did not keep pace with peer cities, and the city failed to attract any considerable influx of second-generation US residents nor diverse middle-income groups in general.

For example, Hispanics now number over 62 million people (19% of the US population), yet Philadelphia's Latino population is small in comparison to America's largest cities, and unlike every other top 10 city in America where its largest Latino subgroups are fueled by immigrants from a combination of various Latin American countries, Philadelphia's largest Latino subgroup is that of Puerto Ricans who are natural-born

American citizens. The chart below provides a snapshot for the Latino population across America's top 10 most populated cities.

<b>U.S. CITIES</b> by Population Rank	<b>OVERALL</b> Population	<b>HISPANIC</b> Population	<b>HISPANIC PCT.</b> Overall Population
1 - New York	8,804,190	2,417,676	27%
2 - Los Angeles	3,898,747	1,910,196	48%
3 - Chicago	2,746,388	776,290	28%
4 - Houston	2,316,120	1,044,120	45%
5 - Phoenix	1,680,992	725,394	43%
<b>6 - Philadelphia</b>	<b>1,584,064</b>	<b>241,425</b>	<b>16%</b>
7 - San Antonio	1,547,253	998,698	65%
8 - San Diego	1,423,851	431,477	30%
9 - Dallas	1,343,266	553,420	41%
10 - Austin	974,447	311,823	31%

Philadelphia is the sixth largest city in the United States, yet its importance as a large American urban city is being overlooked by young diverse middle-income professionals and families. This is not because the city is undesirable or has a negative brand, but because it has a brand that has yet to be better understood and connected to America's expanding diverse populations.

Historically, when the city's brand was not well understood or lacked connection to certain domestic populations, strategic attraction initiatives have served the city well such as Visit Philadelphia and Campus Philly. The latter not only attracts and connects the bright minds educated at area colleges and universities to the city's amenities and assets, it also serves to fuel local employer candidate pipelines. Visit Philadelphia's efforts not only welcome new visitors to Philly, but it has also elevated the hospitality industry as a major economic driver for the city resulting in greater investment and jobs expansion.

No longer simply an instrument for population growth alone, cities and states now use resident attraction strategies to supplement and reinforce all of the initiatives that are designed to improve the lives of residents and their city's evolving demographics.

According to the Pew Charitable Trusts, "A vibrant and substantial middle class is widely considered essential for economic health and social stability in any community". A bigger middle-income population can help restore crucial rungs on the social and economic ladder that have eroded over time in the City of Brotherly Love.

Strategic attraction strategies can also support workforce initiatives and respond to labor shortages. According to the 2022 Economic Outlook Survey Report issued by the Chamber of Commerce of Greater Philadelphia, over 50% of member employer respondents answered they had difficulty hiring workers, primarily because of a lack of qualified applicants, and 34% of members responded that labor availability was their biggest problem.

Furthermore, expansion of the city's middle-income population can also help to spur small business growth. According to a Kauffman Foundation poll of company founders, less than 1% of entrepreneurs originate from a wealthy or impoverished background. In fact, 72% of surveyed entrepreneurs are from middle-class families, with the other 22% coming from "upper-lower-class" or households headed by blue-collar employees.

Finally, "Urban neighborhoods function best when they contain families with a broad mix of incomes. Economic integration sets in motion a virtuous cycle of functioning markets, attractive amenities, quality schools, and other essentials of community life", according to Bruce Katz at the Lindy Institute.

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