

Invest:

Philadelphia 2019

An in-depth review of the key issues facing the Bucks, Chester, Delaware, Montgomery and Philadelphia counties' economies featuring the exclusive insights of prominent industry leaders



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An aerial photograph of the Philadelphia skyline at sunset. The sky is a mix of orange, yellow, and purple. Several skyscrapers are visible, including the Comcast Center and the Comcast Tower. The city lights are beginning to glow, and the overall scene is a vibrant representation of the city.

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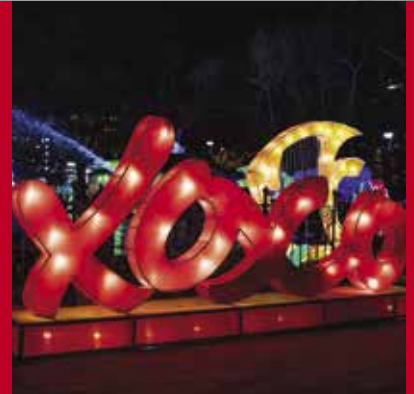
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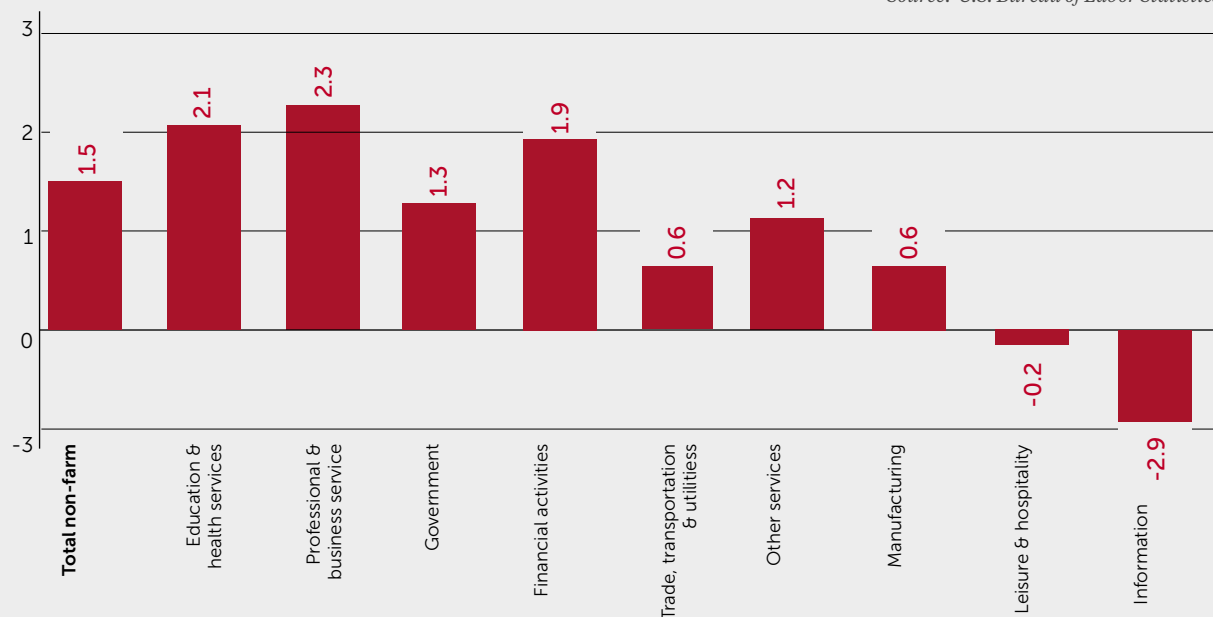
As the largest city in the commonwealth, Philadelphia is the center of economic activity for Pennsylvania. It was also ranked the eighth-largest metropolitan economy in the United States by the Bureau of Economic Analysis. Once a hotbed for manufacturing, Philadelphia has transitioned to an information and technology-based economy with pillars in healthcare and education. Home to major corporations like Comcast, Aramark, URBN and more, Philadelphia is a global powerhouse that will continue to see growth in 2019.



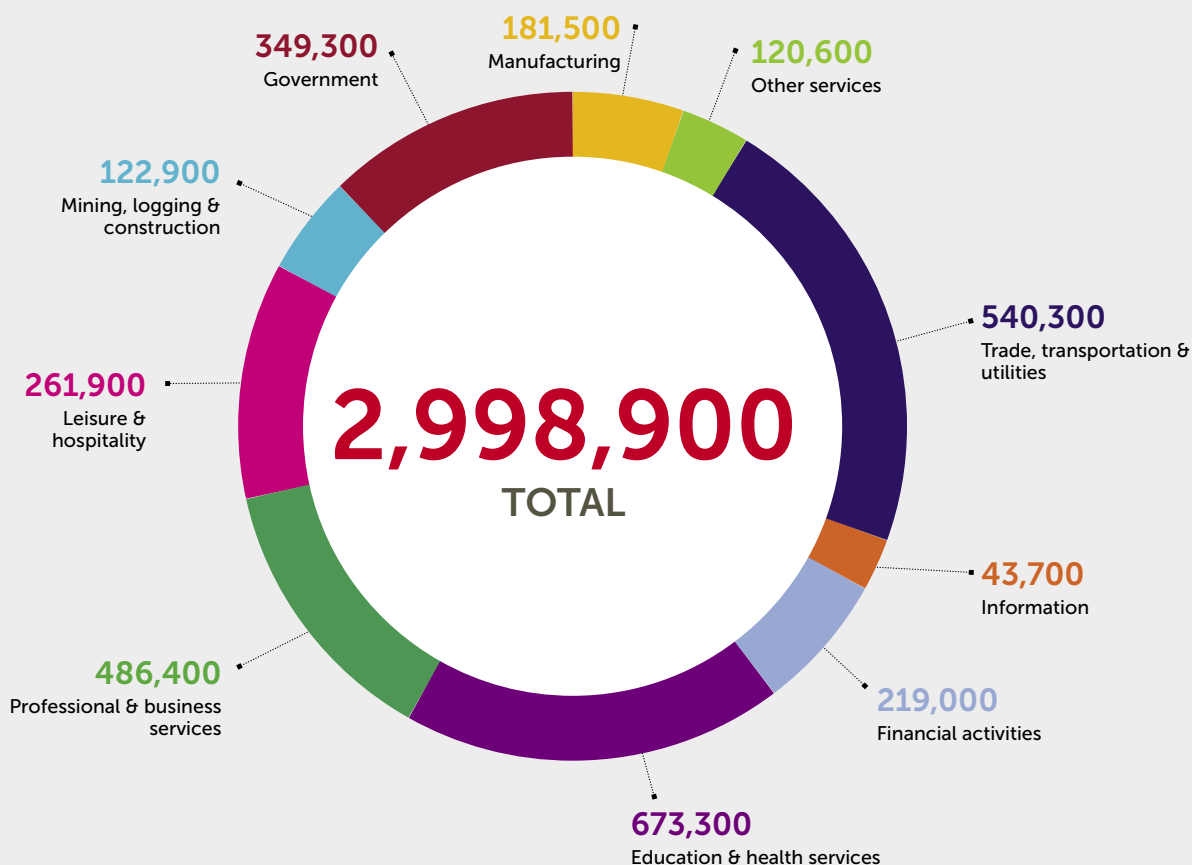
Economy in numbers

Greater Philadelphia (including Camden/Delaware) employment change by sector, November 2018 (year-on-year percent change):

Source: U.S. Bureau of Labor Statistics



Greater Philadelphia (including Camden/Delaware) employment by sector, November 2018:



Shared vision

How Philadelphia continues to be a major driver of Pennsylvania's economy as the commonwealth works to attract investment and transform its communities

Tom Wolf

Governor – Commonwealth of Pennsylvania

How does Philadelphia act as an economic driver for the Commonwealth of Pennsylvania?

Pennsylvania's ports are vital to the economic success of Pennsylvania. My administration is working hard to invest critical dollars in improvements at PhilaPort so we can create thousands of jobs and grow the economy of this region and the entire commonwealth. This critical infrastructure allows Pennsylvania businesses to reliably and quickly move goods and products to market and compete globally via Philadelphia. In November 2016, I announced a \$300 million investment into PhilaPort's infrastructure, warehousing and equipment to expand its container-handling capacity. Since implementing the infrastructure improvement plan, the port realized record-breaking cargo volumes and nearly 20 percent container growth in 2017 and recently welcomed the arrival of the largest container vessel to ever call at the port. In 2018, we also celebrated a significant milestone with the arrival of new large-capacity cranes.

What strategies are being put in place to attract more foreign investment to Pennsylvania?

We actively market the commonwealth through a variety of tools, including relationship-building efforts through programs that serve as "boots on the ground," including the Governor's Action Team and the Office of International Business Development. We regularly engage with site selectors and business leaders across the county and world for in-depth conversations on why Pennsylvania is the best place to do business. Similarly, we hold site selector familiarization tours that bring site consultants from across the nation to Pennsylvania to learn more about the opportunities and the business climate in various regions of the state. These types of tours typically focus on company growth, new technology



and innovation, workforce development and business expansions or job announcements.

How do the public and private sectors work together to advance growth in Pennsylvania?

A shared voice and vision on the local level is what truly encourages real economic opportunity. Positive changes happen when the public and private sectors partner in a strategic way with a shared goal of building vibrant, dynamic, livable communities. Economic and community development is done best through active public-private partnerships. Since I became governor, I have worked hard to ensure that when state government is investing in our local communities, we are directing our resources towards projects that transform our cities, municipalities and counties into more livable places to work and live. ■



History of firsts:

Greater Philadelphia has made major contributions to human civilization throughout history and continues to drive innovation

Philadelphia is the economic and cultural heart of the Delaware Valley, situated along the lower Delaware and Schuylkill Rivers. With a population of 7.2 million, the Delaware Valley ranks as the eighth-largest combined statistical area in the United States. The area's GDP is close to \$388 billion, making it ninth in the world and fourth in the nation. With major contributions to human civilization in the realm of higher education and medical institutions, as well as unparalleled influence on American history and industry, today the region is a hub for higher education, biotechnology, medicine, tourism and much, much more.

The five-county Greater Philadelphia region (including Bucks, Chester, Delaware, Montgomery and Philadelphia counties) is home to more than 4 million people. With a booming local economy bolstered by strong job growth, solid population gains and a formidable housing market, Greater Philadelphia is poised to enjoy continued economic prosperity in 2019.

■ Rapid growth

Philadelphia is located in the southeastern part of the commonwealth of Pennsylvania. According to a

2017 U.S. Census report, the city has a population of 1,580,863, making it the largest city in Pennsylvania and the sixth largest in the country. With its lowest elevation at sea level and its highest elevation on Chestnut Hill (446 feet), Philadelphia sits on the Fall Line that separates the Atlantic coastal plain from the Piedmont. Of the city's 142.71 square miles, 8.53 — or 6 percent — are water.

Philadelphia takes its name from the Greek terms *philos* (beloved, dear) and *adelphos* (brother, brotherly). William Penn, who as a Quaker was no stranger to religious persecution, chose the name to promote tolerance, or “brotherly love.” This sentiment helped to foster the city's rapid growth into America's most important urban center.

From its inception, Philadelphia was ripe for development, and despite Penn's efforts to keep it rural, it quickly blossomed into an important trading center. By the 1750s, it had surpassed Boston to become the largest and busiest port in the colonies. Serving alternately as a center for revolutionaries, as the temporary capital of the newly created United States of America and as the young country's first (■■■)

Quality of life

How Philadelphia stands out among east coast cities for its talent, diversity, connectivity and high quality of life, all offered at an affordable cost

Jim Kenney

Mayor – City of Philadelphia

What is helping to drive Philadelphia's economy?

Philadelphia is in the midst of a unique moment. After decades of decline, we are seeing people and businesses flocking to our city. The driving force behind our economy right now is our talent. We have a highly educated and diverse regional workforce. The region's 100-plus colleges and universities graduate an estimated 90,000 students a year, and more of them are staying in and around the city. This abundant talent pool is highly attractive to businesses of all sizes and types. Whether entrepreneurs are looking to open a new restaurant or expand a global life science company, we have the people who are ready, willing and able to fill those jobs.

We are seeing more and more people coming to or staying in Philadelphia thanks to our superior quality of life and low cost of living. There aren't many cities — especially on the east coast — where you find that. Our location offers easy access to other urban centers like New York and Washington, D.C., while also bringing extensive regional connectivity to the Pennsylvania suburbs and even the Jersey shore. SEPTA, our regional transit system, averages a weekday ridership of approximately 1.1 million, and Philadelphia is ranked among the top five cities in the country for walkability and bikeability. As a diverse city that prides itself on inclusion, Philadelphia draws immigrants from around the world and continues to be a leader on issues of LGBTQ equality. The city provides unmatched recreation, culture and dining experiences. And the best part of all of this is that it comes at a much lower cost than our peer cities.

How are Philadelphia's unemployment levels improving?

Like many cities and towns across the country, Philadelphia saw its unemployment numbers spike during the Great Recession, but our 2017 unemployment rate (6.2 percent) was the lowest it's



been in a decade. The numbers in 2018 were promising, and we are on track to keep these improvements going as more companies move to Philadelphia or expand their current employee base here.

How can the city foster and support its urban core innovation boom?

Unlike our brick and mortar businesses, it can often be challenging for government to make direct investments in companies that are focused on innovation — especially those that operate online. What we can do is invest further in our workforce so there is a pipeline of local talent for these companies to pull from. We can also continue to support programs like the state's Keystone Innovation Zones, which provide tax credits to tech and life science companies in distinct areas of the city. ■

(■■■) major industrial city, Philadelphia morphed with the changing times. Throughout the 19th century it hosted a diverse array of businesses and industries, culminating in the country's first official World's Fair — the Centennial Exposition held in Philadelphia in 1876 — to celebrate the region's industrial strength.

Following the 1854 Act of Consolidation, the city has shared its name with Philadelphia County, the most populous in the state and the urban core of the country's eighth-largest metropolitan statistical area. Today's Center City comprises the neighborhoods that made up the city prior to 1854, including the historic Old City and Society Hill. It is the second most populous downtown area in the country, after Midtown Manhattan.

■ Foreign strength

Immigrants have been an important contributor to the region's growth, beginning with the Dutch, Swedish and English in the 1600s and continuing into modern times. From 1990 to 2016, Philadelphia's immigrant population nearly doubled, reaching 232,000. Today, nearly 15 percent of Philadelphians were born outside of the U.S. The fastest-growing group of immigrants from 2000 to 2016 came from Africa, while the largest groups were from Asia and the Americas (primarily from Latin America and the Caribbean). European immigration is currently at its lowest level in Philadelphia's recorded history.

The economic impact of the area's immigrant population cannot be understated. From 2000 to 2013, immigrants were responsible for 96 percent of neighborhood small business enterprise (SBE) growth

and 75 percent of the region's workforce growth. Of the nearly \$1 billion SBEs generate for the local economy every year, immigrant business owners contribute \$295 million to these earnings.

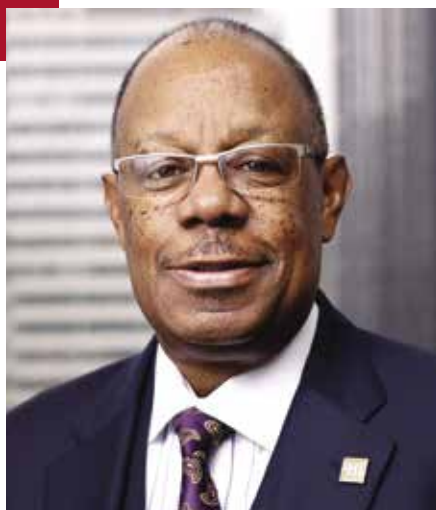
"Latinos are about two to three times more likely to start a business," Jennifer Rodriguez, president and CEO of the Greater Philadelphia Hispanic Chamber of Commerce, told Invest:.. "We are very entrepreneurial. These businesses, however, tend to be smaller than their non-Latino counterparts, and we think we have a significant role to play in helping these businesses grow."

In addition to increasing revenue and creating jobs, Philadelphia's immigrant population has helped to reverse 50 years of population loss following the exodus of many manufacturing companies in the 20th century. In some parts of the city, immigrants have helped mitigate blight, improve public schools and spark growth along commercial corridors.

“Today, nearly 15 percent of Philadelphians were born outside of the U.S.”

Dreamers

According to the Pew Research Center, an estimated 50,000 undocumented immigrants live in Philadelphia today, equivalent to about one in four foreign-born residents. This number is higher than any other large city in the Northeast, except New York. Across the 11-county metropolitan region (including Philadelphia), undocumented immigrants number about 160,000, an estimated 4,700 of whom are between the ages of 15 and 34 and were brought to the U.S. as children. They were granted temporary legal status under the Obama-era's Deferred Action for Childhood Arrivals (DACA) program.



Harold Epps

Director of Commerce – City of Philadelphia

“ ‘Meds and eds’ is a primary employment driver for the city. Tech is as well. In the last 10 years we have seen more collaboration across sectors than we did in the past. Healthcare and education are a great example of that. One of the most important things that the Amazon shortlist has given us is raised visibility of the consciousness and confidence that Philadelphia has as a city. The Super Bowl win helped, too. Not only did it show the world that we have so much to offer, but it showed Philadelphians that as well. Philadelphia is becoming competitive on all fronts.”

DACA was set to expire in March 2018, but a Supreme Court ruling deferred that date by possibly as much as a year. At the time of print, there was still no plan for granting DACA recipients — or Dreamers — permanent protection. With the nation's focus on the Trump administration's "zero tolerance" policy, which led to thousands of families being separated along the southern border with Mexico in the summer of 2018, DACA seemed to be relegated to the backburner. However, in July the Center for Immigration Studies filed a lawsuit that would require the government to turn over data — much of it focused on criminal history — on those enrolled in DACA. With such a large number of Dreamers living in Greater Philadelphia, an end to DACA could mean a substantial economic hit to the region.

Foreign investment

From 2015 to 2016, the commonwealth of Pennsylvania saw an 18 percent increase in foreign direct investment (FDI). The state ranked 13th in the United States for FDI projects between 2003 and 2017, 16th for FDI job creation (generating 35,468 jobs during that time period) and 11th for attracting FDI company headquarters.

Europe remained the top investor in Pennsylvania in 2018 — led by the U.K., Germany and France — accounting for more than 50 percent of the individual FDI projects statewide. Asia was the number two source region, led by Japan. Interestingly, Philadelphia experienced a 516 percent increase in FDI investment in commercial real estate from Germany and China in the first three quarters of 2018, indicating a strong interest from those countries in U.S. secondary markets.

The majority of FDI capital coming into Pennsylvania today is going to business services, industrial manufacturing, information technology, plastics/chemicals and pharmaceuticals. The majority — about 67 percent — of the FDI projects statewide are new investments.

■ **Trade tensions**

Though the U.S. economy is strong right now, businesses and investors are growing increasingly concerned about the Trump administration's trade crackdown. The first round of tariffs levied on China — 25 percent on \$34 billion in goods (mostly industrial goods and intermediate parts) — took effect in July 2018, and a second round took effect on another \$16 billion in late August. These followed tariffs imposed on U.S. allies Canada, Mexico and the European Union



John Grady

President

PIDC

PIDC is an organization that is focused on the idea of driving growth to all sectors and neighborhoods of the city. Philadelphia is continuing to see an increase in population after decades of decline. Since 2017 we have seen our highest job numbers in the last 30 years, meaning there are more people working in the city than there have been since the 1980s. We are seeing the continued revitalization at both the commercial and neighborhood corridor levels. We're seeing great activity in many neighborhoods around the city with small businesses and commercial districts, and we're seeing lots of activity on the big scale. We're seeing Comcast opening its new building, we're seeing expansion at the airport and we're seeing investment, particularly in retail in our downtown where they're redoing the gallery in the Market East project. Our anchor institutions in education and medicine continue to drive activity. Philadelphia continues to hit on all cylinders.

Education and healthcare are the the biggest drivers of job growth in terms of volume, but we are also seeing a lot of activity in our startup sector, particularly with regards to technology. This is an exciting time to be in Philadelphia. We're continuing to see the mix of downtown businesses, financial services, real estate and banking grow as well. So the story in Philadelphia is that we're not a one-trick pony. We have a diverse economy here. Over the last 50 years we have transitioned from a city that was heavily dependent on manufacturing to a city that has a great diversity of activity and balance in the city's economy.

PIDC as an organization has quite a few attributes that distinguish it. We have been in business for over 60 years, so that has allowed us to take on both short-term and long-term initiatives to make sure that that diversification in the economy continues to move forward and, more recently, to make sure that that growth that we're seeing extends into as many parts of the city as possible. Neighborhood-level growth, community development and making sure that the growth of our downtown and our jobs sector produces benefits in the city is our ultimate focus. ■

— to which the allies swiftly responded in kind. In September, a third round of tariffs on \$200 billion worth of Chinese goods went into effect, and for the first time consumer goods (items like fruit juice, furniture, air conditioners and more) were directly hit by the new 10 percent tax, increasing prices for U.S. shoppers. These duties are set to rise to 25 percent in January 2019.

U.S.-based retail container ports — including PhilaPort — have been seeing a marked uptick in activity in anticipation of these rising prices. According to a 2018 Port Tracker report by the National Retail Federation, in September U.S. ports handled 1.87 million 20-foot equivalent units (TEU), down 1.3 percent from August but up 4.6 percent year-over-year. With Trump’s “phase 3” of tariffs expected in 2019 and a full-blown global trade war looming, some fear an economic slowdown could be just over the horizon.

■ Positive indicators

Despite escalating global trade tensions and rising interest rates portending a potential slowdown on the horizon, Philadelphia’s economic indicators are positive moving into 2019. By the end of 2018, job gains in the region had reached a rate of 1.4 percent year-over-year, largely bolstered by healthcare, information technology and distribution, as well as December 2017’s major tax overhaul.

“Philadelphia has seen population growth over the last decade or so, and over the last few years we have been seeing job growth,” Anne Fadullon, director of the Department of Planning and Development,



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told Invest: “For the last two years, Philadelphia has outpaced the national economy. It is an amazing time to be in Philadelphia, as we are seeing ourselves in a pattern of sustained growth.”

At the time of print, Penn Medicine was finishing its 540,000-square-foot Center for Healthcare Technology and continuing work on its largest capital project ever: the 1.5-million-square-foot Pavilion Hospital, with targeted completion in 2021. Along with powerhouse companies like AmeriHealth Caritas, AmerisourceBergen and Spark Therapeutics recently announcing major Philadelphia-area expansion plans, these projects will bring thousands of direct and indirect healthcare industry jobs to the region.

In the world of information technology, Comcast is in the process of hiring about 1,500 new employees to staff its recently completed, \$1.5 billion, 60-story (■■■)

Q&A: ■



Patty Elkins
Director of Planning
Delaware Valley
Regional Planning
Committee

What improvement plans are in place currently for Philadelphia?

In October 2017, we adopted our long-range plan: Connections 2045 – Plan for Greater Philadelphia. This is a big deal for the region because it shows a unified vision for the growth and development of the metro area, and it’s a blueprint for prioritizing over \$65 billion in expected transportation funding over the next 25 years. We are federally mandated to update this plan every four years because things on the ground are changing constantly. While \$65 billion over 25 years may sound like a lot, it’s actually only half the \$130 billion that we’ve identified as needed to keep our transportation infrastructure in a state of good repair and to enhance how the network functions and accommodates our growing population and economy, while also contributing to a high quality of life in the region.

How does expanding the Delaware Valley’s trail systems improve the region?

Building the infrastructure of trails, sidewalks, paths and bike lanes gives people safe places to walk, bike, run and be social, setting the stage for residents and employees to be more active and mentally and physically healthier. Getting people out of their cars reduces congestion and improves air quality, too. With that in mind, DVRPC inspired and shaped a vision for a network of trails to form the backbone of a regional active transportation system. We facilitate this by steering certain pots of transportation funding to support these projects, as well as managing over \$23 million from the William Penn Foundation to re-grant to sponsors to close gaps in the regional trail network. The Circuit is an interconnected network of over 800 miles of trails throughout the region, with nearly 350 miles built and an additional 80 miles in progress. By investing in closing the gaps in this amazing network, the Delaware Valley can boast of an impressive trail system that people love, and it’s a tremendous selling point for our region. ■

Market voices: Startups



Rafael Ilishayev
Co-founder & Co-CEO
goPuff

“Philadelphia does a good job of encouraging people to start companies. goPuff was started while we were students at Drexel University. Because of the affordability of Philadelphia, the rent prices and the potential for working with vendors, it really fostered us and encouraged us to grow. The challenges here are predominantly political, and the tax structure is a huge challenge. The way businesses are taxed can be daunting for a new company. However the city has nurtured us and allowed us to expand across the country, and I will always be grateful to the city of Philadelphia. I could not have started this company in a place like New York.”

“Shortly after we raised our first round of capital, some investors asked us to relocate to Silicon Valley. We declined. As a startup, it is advantageous to be closer to your customers than to your investors. Many more companies, especially brands and retailers, have ties to New York. With our proximity to New York, we are able to maintain and grow those connections without having to relocate. We, along with many other startups, would not have that same proximity to the numbers of clients that we do if we were located in California. At the end of the day, it is so important to be able to meet someone and shake his or her hand. Philadelphia allows us to do that with so many more people.”



Apu Gupta
Co-founder & CEO
Curalate



Bill Marvin
President & CEO
InstaMed

“Philadelphia has always had a strong history in healthcare, which made it the most logical place for us to start this business. There isn't just one big client to sell to. People in this part of the country understand the language and the economy of healthcare, which is incredibly beneficial to us, especially when hiring a workforce. Our business involves a lot of travel, which is something we can do easily from Philadelphia both by train and by air. While Philadelphia was our home when we started InstaMed, it really had everything we needed to be successful.”

“Philadelphia is a great place to start a business. There is an amazing amount of talent in this city, and that is something that isn't going to go away. Boston is praised for having Harvard and MIT, but we have the University of Pennsylvania, Drexel, Villanova and so many other top-tier universities. We are also attracting young talent that has already graduated. People want to be in Philadelphia, and people want to start businesses where the talent is. The city is affordable, it is walkable and we have an international airport. All of these things make for a good place for entrepreneurs. It is a great incubator.”



Brian Powell
CEO
Junto Bicycle Works Ltd.



Nicole Tranchitella

Managing Director – Philadelphia Office Lead – Accenture

“ I view our industry as having a lot of opportunity in Philadelphia, whether it is because of the diversity of the industries or the fact that there’s such a strong desire to bring Philadelphia into the larger innovation economy and truly reinvent itself and maximize our potential. It does not matter what sector of the market you are looking at; any leader in Philadelphia wants this to be a place where people come and where business thrives and for Philadelphia to be seen as a place of innovation. From a business perspective, Philadelphia has a very healthy market. People and businesses are coming in, so that really presents incredible opportunity for consulting. ”

(■ ■ ■) Comcast Technology Center. Similarly, in distribution news, retailers and e-commerce companies are rapidly building new facilities in the region in order to better serve their East Coast customers. In June 2018, Amazon announced that it would be opening a 1-million-square-foot distribution center in Philadelphia suburb Burlington, New Jersey, creating about 600 new jobs for local residents. When completed in 2019, it will be the fifth massive distribution center to open in the Philadelphia metro area since 2013.

The 2017 Tax Cuts and Jobs Act, which cut corporate tax rates nearly in half, has left many of Philadelphia’s largest publicly traded companies flush with cash. Top regional employers like AmerisourceBergen, Aramark, Comcast and FMC all reported all-time highs in net operating incomes in the last four quarters. In fact, they more than doubled their net incomes from the previous four quarters. While according to the Congressional Budget Office the tax overhaul will add \$1.9 trillion to federal debt by 2028, there is no denying that it has inspired Philadelphia’s major corporations to expand their payrolls.

■ Job gains

As of August 2018, the Greater Philadelphia metropolitan area had added 47,800 non-farm jobs year-over-year, a 1.7 percent increase from August 2017. During that same period, the national job count also increased 1.7 percent. Philadelphia County had the highest unemployment

rate in the region, at 5.2 percent, while Chester County had the lowest rate, at 3 percent.

The region’s largest job gains by August 2018 came in education and health services, which added 20,200 jobs year-over-year, for 3.2 percent growth. This outpaced the nationwide increase of 2.1 percent in those sectors. Professional and business services also experienced significant growth at 3 percent (gaining 14,000 jobs), compared to 2.6 percent nationwide. Leisure and hospitality added 6,900 jobs for 2.5 percent growth,

while both trade, transportation and utilities and mining, logging and construction gained 3,000 jobs each. The information sector was the only industry that saw job losses over 1,000, declining by 1,800 jobs year-over-year.

The arts and culture industry continues to be a huge economic driver for the Philadelphia region. According to a 2017 report

by the Greater Philadelphia Cultural Alliance, the arts and culture sector is a \$4.1 billion industry that creates the equivalent of 55,225 full-time jobs every year. This figure is up from \$3.3 billion in the alliance’s 2012 economic impact study. A number of organizations have invested millions of dollars to support local arts groups. These include the Philadelphia Cultural Fund, which distributed more than \$3 million to 302 arts organizations and programs in the city in 2017, and the Knight Foundation, which announced in March 2018 that it would invest nearly \$1 million into nine local arts organizations.

“ The arts and culture sector in Philadelphia is a \$4.1 billion industry. ”



Ajay Raju
Chairman & CEO
Dilworth Paxson

Dilworth Paxson is more than just a storied white-shoe Philadelphia law firm (though it is that); it is also an organization of counsel, committed to sharing a stake in its clients' challenges, ambitions and visions of the future. In Dilworth's early days, this meant looking beyond the immediate business landscape to play an active and affirmative role in advancing the societal transformation that was reshaping this country at the middle of the last century. Among the hallmarks of that commitment was the pivotal work the firm contributed to the briefing in *Brown v. Board of Education*.

The spirit that motivated Dilworth's participation in a landmark civil rights case is the same that today underpins the firm's mission to leverage the intersection of relationships, value and judgment for the benefit of its clients and the industries and regions in which they operate; catalyze and promote entrepreneurship; and foster innovation and the ideas its clients hope to bring to market, whatever and wherever that market may be. Philadelphia in the early 21st century is a city with a singular history now looking to reestablish itself on the global stage. With ample stores of talent, an insatiable appetite for innovation and the energy to do big things — from medical breakthroughs to eco-technology — there is so much happening in Philadelphia with so much potential to change the world. The challenge is that the world doesn't know it yet.

Dilworth Paxson seeks to remedy that problem with an arsenal of its own innovations, providing its established and disruptor clients alike with a bespoke suite of consulting, management and strategic planning services that go far beyond the traditional law firm offering. In Dilworth Ventures and the Exchange, captive teams of lawyers and financiers find creative ways to improve capital accessibility in Philadelphia. Prioritizing minority- and woman-owned businesses, 215 Capital strives to create an environment in the city for underserved communities to make an impact of their own, honoring the firm's legacy as a civil rights pioneer and all those who have made it more than just a law firm but an organization of counsel. ■

■ Business of attraction

Philadelphia entered 2018 excited to be one of the 20 finalists for Amazon's HQ2 and the expected 50,000 jobs and \$5 billion economic impact that would come with it. While the city ultimately lost out to northern Virginia and New York City for the coveted second headquarters, it did put forth a valiant effort that cost about \$500,000. As part of its proposal, the City of Philadelphia offered up to \$1.1 billion in tax incentives over 20 years to entice the e-commerce giant to its bounds. It also offered a full-time team, headed by Director of Commerce Harold Epps, to help the company navigate the complicated landscape of local government, regulatory agencies and labor organizations. The bid wasn't a total loss, however, as it provided local and regional leaders an opportunity to develop new tools and reusable assets to promote Philadelphia on both a national and global stage.

Establishing a global identity has been an important focus for Philadelphia since its announcement in January 2018 that it was selected as one of four U.S. cities to test ways to define and communicate a global brand by increasing the international visibility of its economic assets. These efforts will build on the city's participation in the Global Cities Initiative (GCI), a joint project by Brookings and JPMorgan Chase, through which Philadelphia created a three-year plan to target markets and adapt models for establishing economic partnerships with international counterparts. In the spring of 2018, the city launched efforts to put together a plan for more effective and cohesive marketing to increase business and talent attraction. Promotional materials created during the bidding process for Amazon's HQ2 will be incorporated into this initiative.

Marketing Philadelphia with a strong global identity will not only benefit the city but the entire region. "Philadelphia's increasing visibility is incredibly important to Upper Merion Township," Greg Waks, chair of the Board of Supervisors of Upper Merion Township/King of Prussia, told Invest: "Our economy would not be what it is without Philadelphia. With the accessibility of the airport, many people who come visit the city come visit us as well. We also see incredible reverse traffic during rush hour. A lot of younger workers are living in Philadelphia, but they are working here."

Another incentive to economic investment and business attraction in the region comes in the form of Low Tax Opportunity Zones (LTOZs). In March 2018 Governor Tom Wolf announced the recommended designation of 300 census tracts in Pennsylvania as LTOZs. These zones were established under the 2017

federal Tax Cuts and Jobs Act in order to encourage long-term investment and job creation in targeted communities by lowering taxes for job creators. 82 tracts throughout Philadelphia are now designated as LTOZs.

Counties in the region are also stepping up their incentive game to attract new business to the area. “We are one of the first counties in the country to have our own venture capital fund,” Robert Loughery, commissioner of Bucks County, told Invest: “It is called VC for BC and is overseen by the Ben Franklin Technology partners. We have allocated \$2 million from our pension fund to be allocated by Ben Franklin to invest in new companies in Bucks County. The county also work closely with our Business Industrial Authority to build incentives, which culminate under the moniker ‘Bucks to Invest.’ Through that program we offer funding for redevelopment projects, machinery loans and infield development. We put a lot of emphasis on making sure we are helping businesses in Bucks County grow and thrive because when they thrive, we do too.”

■ Battling poverty

While overall Philadelphia’s economy is thriving — fueled by a growing population, a steady stream of new investment and rising household incomes — more than a quarter of the city’s residents (about 400,000 people) live below the poverty line. According to U.S. Census data, 30 percent of poor Philadelphians ages 16 and older worked in 2016, but only one in five had year-round, full-time jobs. 61 percent of the city’s working-age poor were unemployed and were not seeking employment in 2016. This marked the highest rate among the country’s 10



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Matt Cabrey

Executive Director – Select Greater Philadelphia

“Select Greater Philadelphia is focused on attracting new businesses and new jobs to our community by marketing the dynamic assets of northern Delaware, southern New Jersey and southeastern Pennsylvania to national and global audiences. Our 11-county neighborhood has a compelling story – from access and proximity, to an exceptional transportation and utility infrastructure, to a talent pool of highly skilled workers across industry sectors.”

most populous and poorest large cities.

Compounding the poverty issue, a recent study by the Pew Charitable Trusts found that poor Philadelphians were twice as likely to categorize their general health as poor and had higher levels of chronic illness than other residents. Unsurprisingly, life expectancy was lower in poor zip codes than in wealthier ones. Additionally, twice as many poor children reported experiencing neglect or abuse compared to children living in better financial conditions, and only 2 percent of all poor students in public schools attended elementary or middle schools with high achievement ratings. In 2016, 76 percent of violent crimes reported in Philadelphia occurred in neighborhoods where at least 20 percent of the population was poor. When the percentage of residents living in poverty rose to 40 percent and above, violent crimes were nearly three times more prevalent.

Breaking the cycle of poverty requires institutional, systemic and innovative change. “There is a lot of energy around the discussion of problems and challenges but not the same amount of energy being put into discussions around solutions and opportunity,” Michael Banks, president and CEO of the African American Chamber of Commerce PA/NJ/DE, told Invest:.. “People know the data, and they understand the problems, but the energy put into solving them isn’t equal. We know the poverty rate is 26 percent, but what are we doing differently? Innovation needs to be looked at as a verb not a noun. By fostering small businesses and

encouraging discourse with minority-owned businesses and bringing these people into the conversation, we can help achieve the goals we have both socially and economically as a city.”

■ **Bright future**

Things in Philadelphia are looking good moving into 2019. Philadelphia’s housing market is one of the hottest in the country, its population and job growth are soaring,

investment is strong and local and regional leaders are committed to moving the city onto the global stage, facing challenges head-on with modern, innovative solutions.

“Confidence in the economy has really grown, and that has been huge for us and our clients,” Patrick Riley, vice president for Property and Casualty at USI, told Invest:, echoing the sentiment of many local business leaders. “We have seen a lot of our clients and prospective clients starting to invest more, whether that be in people, new construction or new acquisitions — investments that, until recently, they might have

“In 2016, 76 percent of the city’s violent crimes occurred in neighborhoods where at least 20 percent of the population was poor.”

held back on.”

The city of Philadelphia was a vision before it became a city, and that legacy of innovation and inclusion is built into its bones. From revolutionary ideas like religious freedom and political democracy to modern innovations like biotech patents, cancer research and delivery apps, Philadelphia promises to continue to be a city of firsts. ■