Employer Opportunities & Challenges in Philadelphia

A Summary of Results from the 2024–25 Engage! Interview Initiative

PA Engage!

Pennsylvania Department of Community & Economic Development

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Engage! is a statewide, industry-driven initiative of the Commonwealth of Pennsylvania's Department of Community & Economic Development that features a team of experienced professionals who proactively listen to businesses of all sizes and industries across the state to identify their opportunities and challenges and offer targeted technical assistance and sound business solutions.

This report is a summary of 100 interviews completed over a 12-month period from July 2024 to June 2025 with business leaders in Philadelphia County. The report discusses Philadelphia data compared to regional data that was collected for the following counties in southeastern Pennsylvania: Berks, Bucks, Chester, Delaware, Montgomery, and Philadelphia.

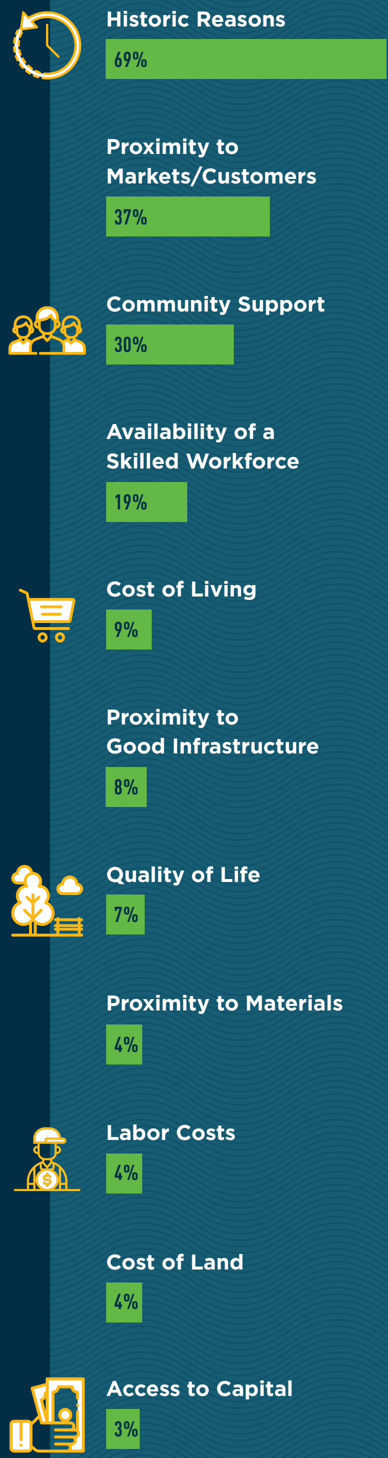
Companies engaged in Philadelphia ranged in employee size from 1 to 3,100 employees, with the average being 107. 68% of companies engaged in Philadelphia have 1 to 10 employees, 15% have 10 to 30 employees, and 17% have 30 or more employees.

Questions #1 and #2 are multiple-choice in which all answers that apply could be selected. Results for questions #4 and #5 are a sentiment analysis of open-ended feedback. Some companies did not respond, and some included multiple responses.

To learn more about the Engage! Program, please visit dced.pa.gov/engage or call 1 (866) 466-3972.

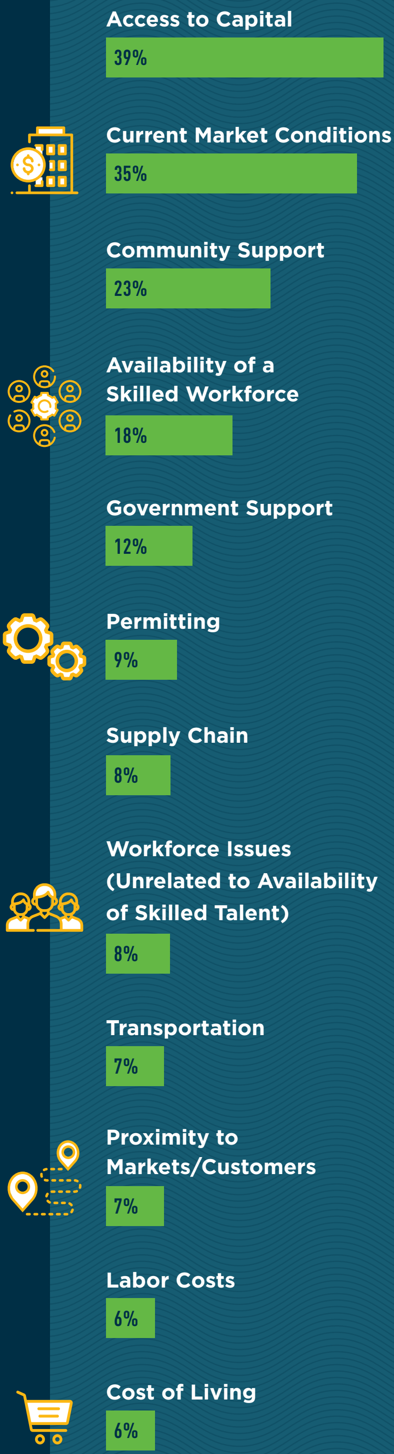
What are the primary reasons you are located in Philadelphia?

69% of all companies engaged included **Historic Reasons**, meaning their business owners are, or were, native to the area. This is the most common response in the city and region every year. 37% of Philadelphia companies cited **Proximity to Markets/ Customers**. This option is ranked high every survey year in both Philadelphia and its neighboring counties, supported by the region's strategic location on the East Coast, its international airport, robust rail system, and port. 30% cited **Community Support** as a reason they are in Philadelphia. 19% of businesses listed **Availability of a Skilled Workforce** as a reason they're located in Philadelphia. 9% of companies mentioned Philadelphia's **Cost of Living**, an increase from last year's survey, when no company listed it as a reason. 8% of the companies mentioned **Proximity to Good Infrastructure** as a reason to be located in Philadelphia. Similar to last year's analysis, the largest discrepancy between regional and Philadelphia County data is the response to **Quality of Life**; 7% of Philadelphia companies cited **Quality of Life** as a reason they located their business in Philadelphia, compared to 30% for the region. 4% of companies noted **Proximity to Materials**, **Labor Costs**, and **Cost of Land**. Finally, **Access to Capital** saw a 10-percentage point decrease from last year's results, with 3% of companies listing it as a reason they are in Philadelphia. Besides the exceptions mentioned, all Philadelphia response data were similar to data collected from companies in the region.



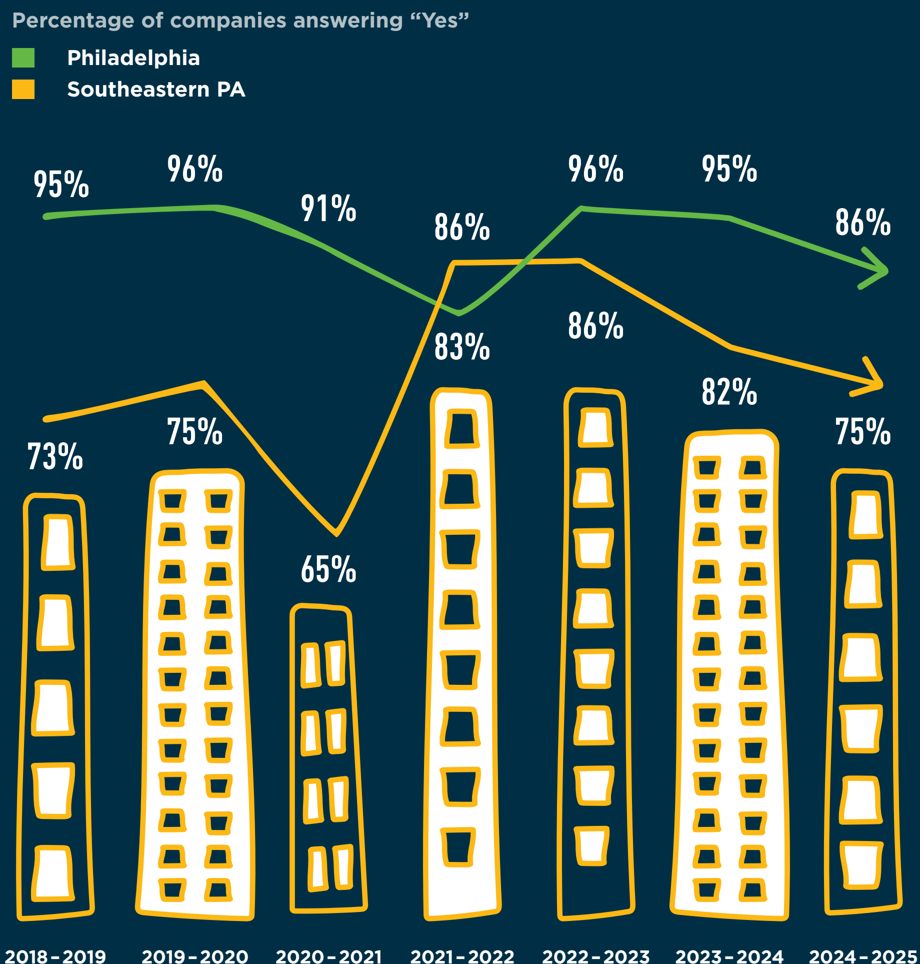
What are the top issues impacting growth for your company?

Staying consistent with regional company responses, **Access to Capital** was the top issue impacting business growth in Philadelphia, with 39% of companies listing it in this question. 35% of companies in Philadelphia said that **Current Market Conditions** are impacting growth, compared to 26% for the region. 23% of surveyed Philadelphia businesses said that **Community Support** is a top issue, which is lower than the 32% recorded for the broader region. 18% of companies surveyed in Philadelphia said **Workforce Issues (Unrelated to Availability of Skilled Talent)** were impacting their growth, which is lower than the region's 30% and last year's data for Philadelphia (27%). **Government Support**, brought up by 12% of companies surveyed in Philadelphia, was an issue not mentioned in last year's county report or by regional companies this fiscal year. **Permitting** was mentioned by 9% of companies, and 8% noted **Workforce** and **Supply Chain** — all roughly the same as last year. **Transportation**, which did not chart in last year's results, was mentioned by 7% of companies as an issue impacting their growth. **Permitting**, **Workforce**, **Supply Chain**, and **Transportation** were similar to regional data. 7% of companies mentioned **Proximity to Markets/Customers** as an issue impacting their growth, which is roughly 10 percentage points lower than the region. Both **Labor Costs** and **Cost of Living** were listed by 6% of companies, similar to regional data.



Do you expect expansion in the next three years?

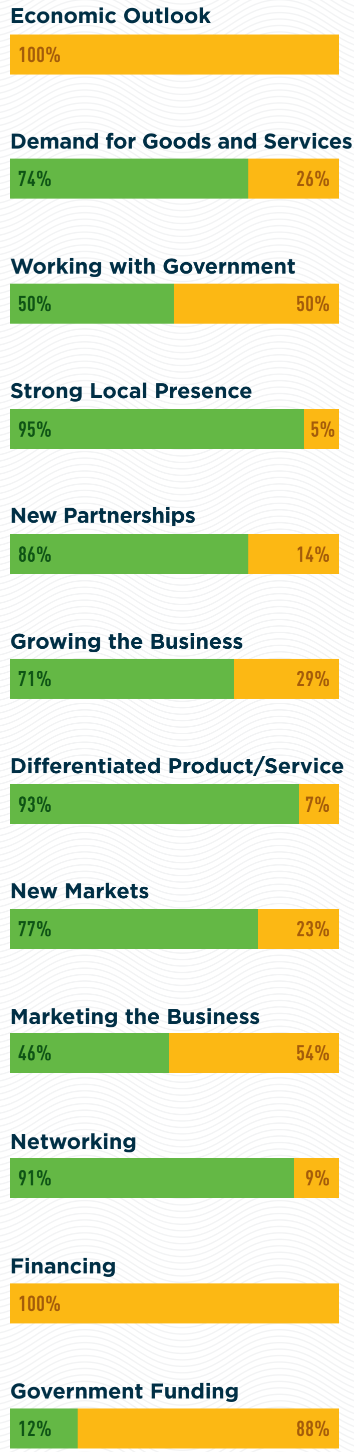
86% of companies surveyed in Philadelphia noted they expect to expand in the next three years, which is the lowest in three years. Prior to 2020 – 2021, our nation was in the midst of the longest economic expansion on record, with unemployment levels in southeastern Pennsylvania near historic lows and over 90% of companies surveyed in Philadelphia reported that they anticipated expansion in the next three years. As a result of the pandemic, the percentage of companies expecting near-term growth sharply declined to 83% in Philadelphia. During the following two fiscal years, with unemployment returning to low levels, more than 90% of Philadelphia companies expected expansion. Now at 86%, the decrease in sentiment is consistent with slightly weaker jobs and unemployment data for the 2024 – 2025 period.



What are the market opportunities and challenges?

During open-ended conversations with Philadelphia businesses about current market opportunities and challenges, 27 Philadelphia businesses said the **Economic Outlook** represented a significant challenge for their business. Of the 23 companies that discussed current **Demand for Goods and Services**, 74% noted healthy demand. 22 businesses discussed their experiences **Working with Government**; half said this was a market opportunity for their business, while the other half said it represented a challenge. 19 out of 20 companies found opportunities in having a **Strong Local Presence**. 14 businesses mentioned seeking or forming **New Partnerships**, with a majority noting this has brought opportunities for their business. A majority of the 14 businesses that talked about **Growing the Business** saw opportunities there. Likewise, 13 of the 14 businesses that mentioned having a **Differentiated Product/ Service** reported associated opportunities. A majority of the 13 businesses that mentioned entering **New Markets** said they identified opportunities there. Seven of the 13 businesses that discussed **Marketing the Business** reported challenges. Almost all 11 businesses that referenced **Networking** said it brought market opportunities. All nine businesses that mentioned access to **Financing** said it was a challenge. Similarly, seven of eight businesses said they experienced challenges in **Government Funding**. Data for Philadelphia and the Southeastern PA region were similar, except for two Philadelphia-specific themes: **Financing** and **Government Funding**.

KEY
Opportunities
Challenges



What are the workforce opportunities and challenges?

55% of 38 businesses described **Finding Qualified/Good Talent** as a challenge, with a slightly lower proportion of Philadelphia companies than regional ones describing it as such. A majority of the 35 respondents who mentioned Philadelphia's **Labor Supply** called it an opportunity, with some highlighting it as a major regional advantage. Most businesses that discussed **Talent Attraction** said it represented a workforce challenge for their company. Similarly, a majority of the 13 businesses that mentioned **Employee Retention** said they faced challenges in that area. 11 companies said that establishing **Partnerships/Recruiting from Schools** was a significant workforce opportunity. Eight of 11 companies said **Training Employees** represented a challenge for their business; as reasons, some mentioned the lack of adequate training programs and the high cost to implement their own initiatives. All eight businesses that talked about **Young Talent** said it was a challenge. Seven companies said that **Securing Additional Funding** represented a significant challenge for their workforce objectives. Seven companies said that relying on the **Use of Contractors/Consultants** was an opportunity, and six businesses referred to **Utilizing Non-Full-Time Employees** as providing workforce opportunities. Three of the five businesses that brought up the **Cost of Living** in the city said it was beneficial for their workforce goals. Finally, four businesses said they saw opportunities in their **Plans to Hire More Employees**. Philadelphia company data was generally similar to regional data, though **Plans to Hire More Employees** was the most commonly discussed topic regionally.

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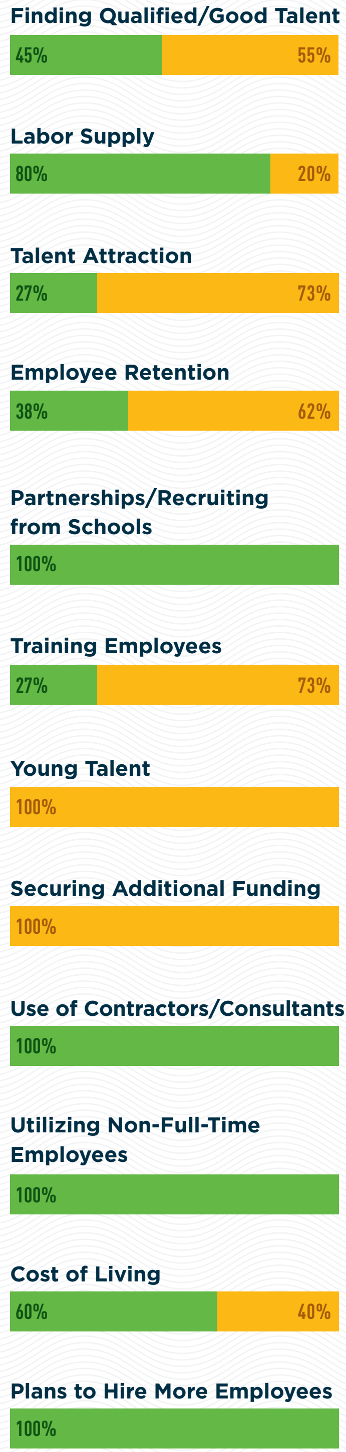

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