

The Times Herald

King of Prussia makes list of top 50 suburban office locations



John Boyd Jr. of The Boyd Co. Inc. goes over a report detailing some of the cost-effective reasons that King of Prussia is one of the most attractive suburban office markets in the Northeast.

By Gary Puleo, The Times Herald

Posted: 09/01/15

UPPER MERION Fortune 500 companies like PepsiCo, Verizon Wireless and Chevron have been relying on the independent findings of The Boyd Co. Inc. for 40 years when looking to pinpoint top-notch site locations for their operations.

Now the Boyd experts are advising their clients in the Northeast that King of Prussia should be foremost on their minds.

Based on an exhaustively analytical \$100,000 study on the operating costs of a typical administrative corporate office that was recently conducted by the Princeton-based Boyd Co., King of Prussia came in at 50th place on the list of top suburban office markets in the U.S. and Canada.

Although the Northeast itself was not among the top three regions — which are Estero, Fla., home of Hertz Car Rental corporation; Blue Ash, Ohio, home of Proctor and Gamble; and Minden, Nev., location of a GE facility near Lake Tahoe and its many corporate travel amenities — King of Prussia shines as a Northeastern star attraction for employers, noted Boyd principal John Boyd Jr.

“King of Prussia has historically been a top option for our site searches in the greater Philly area, but now we identified it as the most prized market in the region,” Boyd explained on a recent afternoon at Panera Bread in — where else? — King of Prussia.

“It has a national brand associated with it. Executives know about the King of Prussia brand because of the high-end retail that plays into the lifestyle amenities that executives crave today. And there’s a number of repurposed and redeveloped parks in King of Prussia,” added Boyd, whose dad, John Boyd Sr., founded the company in 1975.

At the top of Boyd’s list is Quarry Park in the Calgary Metro Area, and nudging out King of Prussia for 49th place is Canonsburg, Pa.

“How did it come down to these 50 cities? The glib answer is that these are cities that our clients are asking us to look at and that we know companies are interested in having this data for,” Boyd said.

The rising appeal of the suburbs as a place to do business flies in the face of the rather aggressive trend toward urban commercial space.

“The rumors of the death of the suburban office market have been greatly exaggerated,” Boyd noted. “Any company engaged in the site selection process, out of due diligence, will look at our study very closely, and King of Prussia fits very nicely into that context. It’s more cost-effective than downtown Philadelphia, with less crime and congestion, which is a critical site-selection variable for any company.”

The Boyd study reinforces what King of Prussia’s most prominent business advocacy group, KOP-BID (King of Prussia District), touted in the spring of 2014.

Despite being home to a world-famous mall, a sparkling new casino and tons of renowned restaurants and hotels, the town had lost its luster as a magnet for companies in need of office space, but it was on the verge of rebounding dramatically, as evidenced by MIM-Hayden’s \$2 million upgrade to its 150 S. Warner Road property, which reached full occupancy in a little more than a year.

“It seems like we are seeing a very positive trend in the commercial office sector now after the last few challenging years in King of Prussia, which we are very happy to see,” said KOP-BID Executive Director Eric Goldstein.

Although Boyd acknowledges that economic development groups like KOP-BID do a good job of marketing their towns, he pointed out that his company's role as an independent data gatherer is to safeguard site-seeking companies from any potential hype coming at them from all directions.

"Our job is to shield our clients from external sales pressure groups like economic development organizations," he said. "Fortune 500 companies hire us to give them a national, independent perspective on site selections. We break down every critical operating cost variable ... that's our *raison d'être*. We're providing the real-time cost of doing business information and the comparative business climate. We're looking at all this from 30,000 feet above, and just being in the top 50 is obviously great news for King of Prussia as a very cost-effective market within the Northeast."

A possible crack in the cheesecake for business owners in King of Prussia — to borrow an image from one of the town's most popular restaurants — is Gov. Tom Wolf's proposed unitary tax, which Boyd called "a huge mistake."

Individual states enforce the complex unitary business income tax in a number of ways, but generally with a common goal: increasing taxable income.

Boyd pointed to a messy situation in Connecticut resulting from the unitary tax imposed by Gov. Dannel Malloy, and General Electric CEO Jeff Immelt's subsequent reaction, which was to initiate relocation of GE operations to a tax-friendlier state.

"I could not think of a better way for Pennsylvania to shoot itself in the foot if it truly wants to attract new corporate investment and jobs," Boyd said. "The situation in Connecticut, and the backlash led by GE's Jeff Immelt, has put the issue front and center. Our clients in Pennsylvania are strongly opposed to Gov. Wolf's unitary tax agenda. So much of the talk about Gov. Wolf is about the severance tax on natural gas, which will hurt the natural gas industry here in Pennsylvania, but what's not being talked about is the unitary tax — and that's probably the most dangerous tax from the perspective of lost corporations that sell their products and goods to a global audience. If Tom Wolf gets his unitary tax, Pennsylvania will be following Connecticut off of the fiscal cliff."

While the Boyd report gives high marks to King of Prussia as one of the most compelling, low-cost markets in the Northeast, a state's positive tax climate can also be a huge drawing card for companies, Boyd said.

A prime example of a favorable tax environment, he allowed, is the aforementioned top-three region Minden, Nev., often referred to as the "best in the West" in the Boyd report, a designation largely fueled by the state's lack of personal, corporate and unitary taxes.

Boyd, who likened the national site-selection battle between regions to a "second war between the states," suggested that the tax-cutting Gov. Brian Sandoval of Nevada could well be

knocking on the doors of many Pennsylvania companies like Pfizer with invitations to come join the unitary tax-free state.

“He could be saying, ‘Your governor just imposed a unitary tax ... there isn’t a unitary tax in Nevada.’ I mention him the way we view other pro-business, tax-cutting governors like Rick Scott in Florida, Nathan Deal in Georgia and Nikki Haley in South Carolina that are surely keeping an eye on what’s going on in Harrisburg.

“Remember a few weeks ago Rick Scott paid a visit to prospects in Pennsylvania, citing Gov. Wolf’s tax agenda?” he added. “No doubt Gov. Wolf’s proposed unitary tax would be a job killer. It’s a matter of due diligence for companies to look into all this.”

For more information about The Boyd Company, Inc. visit www.theboydcompany.com.