THE MORNING CALL

Will Philadelphia land Amazon HQ2?
Moody's likes city's chances

In this photo taken Sept. 27, giant spheres are seen under construction just outside Amazon's Day One building in downtown Seattle. A Moody's Analytics report ranks Philadelphia No. 3 in most ideal locations for the e-commerce giant's second headquarter. (Elaine Thompson/AP)

Andrew Wagaman – October 16, 2017

Philadelphia boasts many of the qualities tech giant Amazon desires in the site of its second North American headquarters, according to a Moody's Analytics report.

The competition among metropolitan areas for the approximately $5 billion project is fierce, but in its report released last week, Moody's ranked the City of Brotherly Love as the third-most ideal location of 65 it assessed, behind only the Austin, Texas, and Atlanta metropolitan areas.

The Lehigh Valley wasn't considered among the metro areas assessed because it has fewer than 1 million people, one of the site preferences Amazon identified last month. Don Cunningham, president and CEO of the Lehigh Valley Economic Development Corporation, said regional leaders will still submit what he considers a very compelling proposal for what's being called "Amazon HQ2."

An Amazon Prime Air Boeing 767 is unloaded at Lehigh Valley International Airport. The Lehigh Valley plans to make a pitch to Amazon for the company's second headquarters. (THE MORNING CALL FILE PHOTO

The Lehigh Valley offers many of the same positives as Philadelphia at a more affordable cost of living and with shorter commute times for workers, Cunningham said. He expressed skepticism about the predictive power of the report from the research arm of financial services and ratings agency Moody's Corp.

After months of looking forward to beach weekends, you're dreading trying to figure out what to do.

But Philadelphia would be the next-best result because the project's benefits would reverberate north to this region, he said.

In a statement, Philadelphia Mayor Jim Kenney said he was "gratified" that Moody's recognized Philadelphia's ability to support Amazon's long-term growth.

"We're really at a sweet spot," Kenney said. "The location is central on the Northeast corridor, the talent pool is vast, and Philadelphia has all of the amenities Amazon's employees want, at a lower cost than other big cities."

Amazon has opened the search for a second headquarters, promising to spend more than $5 billion on the site. (September 7, 2017) The Seattle-based e-commerce and cloud computing company announced in early September its intention to select a site in 2018. Other than population, Amazon said it would favor locations with the ability to attract and retain technical talent, especially in software development and related fields, and communities that "think big and creatively" when it comes to real estate options.

Since then, city and economic development officials in most cities have scrambled to refine their pickup lines.

HQ2 could create 50,000 jobs paying on average more than $100,000 annually. Amazon is accepting proposals through Thursday.

The Moody's report looked at a metro area's tax environment; growth in tech jobs over the past five and 10 years; the number of people who recently earned engineering, computer and math degrees; transportation, cost of living and quality of life, among other things.

Pittsburgh ranked fifth overall, and a metropolitan area consisting of Bucks, Montgomery and Chester counties came in at No. 59.

Philadelphia earned high marks for the number of people who earned degrees last year in computer, engineering and math subjects, especially relative to the entire workforce with those skills.

It also got among the highest scores for the percentage of adults who walk, bike or use public transportation to get to work.

Moody's dinged Philly for its business tax climate and its anemic overall job growth in recent years.

Moody's also assessed geographical factors such as the number of statewide fulfillment centers and the proximity to the closest home of Amazon founder and CEO Jeff Bezos, though those factors did not count toward the ranking.

Pennsylvania has 12 fulfillment centers, including three in the Lehigh Valley, and Bezos has a home in New Jersey. Philadelphia earned the highest score based on geography.

Amazon is one of the Lehigh Valley's largest employers, with more than 2,000 full-time workers across two warehouses in Breinigsville and 1,500 full-time workers in Palmer Township.

John Boyd Jr., a site selection expert in Princeton, N.J., said Philadelphia offers a strong case because of its central location in the Northeast and the number of nearby research institutions from which Amazon can tap skilled workers.

The city also offers numerous industrial properties ripe for repurposing as well as the Navy Yard, a decommissioned military base in South Philly.

Boyd noted that a "common denominator" in other economic development sweepstakes has been a vocal university president; Drexel University's John Fry (also chairman of the Greater Philadelphia Chamber of Commerce) has been touting Philadelphia's merits.

The Moody's analysis only looked at U.S. cities. Amazon is considering cities anywhere in North America, and some experts consider Toronto a front-runner.

Don't count out the Lehigh Valley, Cunningham said Monday — regional leaders think they're offering a few undisclosed "blockbuster propositions" that could woo the largest online retailer.

"Philadelphia would be great, but if Amazon wants to focus on the quality of life for employees, you can get that here while still accessing everything you need as a company," he said.

Ten highest-ranked metropolitan areas

1. Austin-Round Rock, Texas

2. Atlanta-Sandy Springs-Roswell, Ga.

3. Philadelphia

4. Rochester, N.Y.

5. Pittsburgh

6. New York-Jersey City-White Plains, N.Y. - N.J.

7. Miami-Miami Beach-Kendall, Fla.

8. Seattle-Bellevue-Everett, Wash.

9. Portland-Vancouver-Hillsboro, Ore.- Wash.

10. Boston

Score breakdown

Philadelphia

Rank: 3

Business environment: 3.1 out of 5

Human capital: 4.1

Cost: 3.1

Quality of life: 2.2

Transportation: 2.9

Geography: 4.3

Montgomery/Bucks/Chester counties

Rank: 59

Business environment: 2.6 out of 5

Human capital: 1.9

Cost: 1.5

Quality of life: 2.3

Transportation: 1.9

Geography: 4.3

Source: Moody's Analytics