

Greater Philadelphia Tech

Changing employment patterns in Philly's tech industry



Ian Anderson

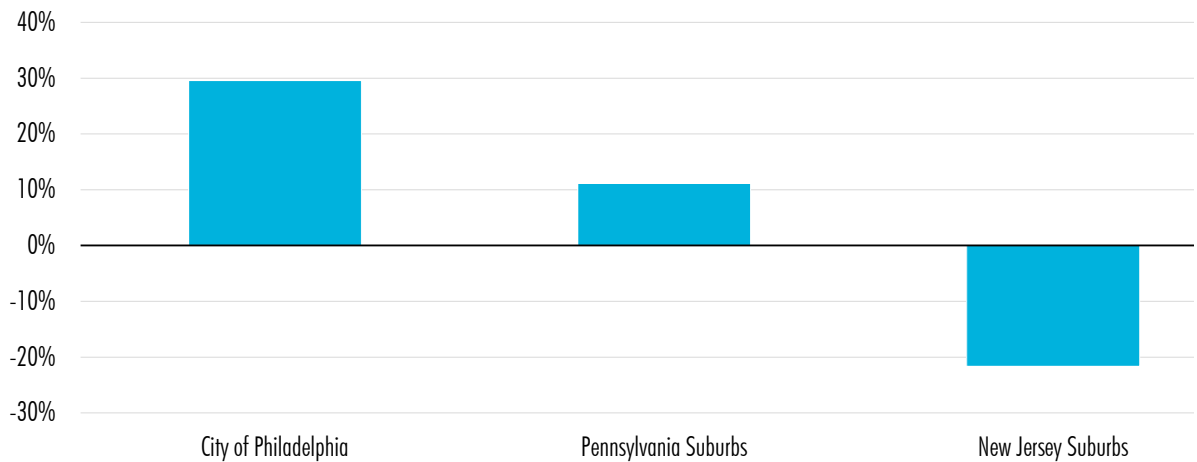
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- Tech employment in the City of Philadelphia has surged since the end of the recession in 2009, outpacing growth in the Pennsylvania and New Jersey suburbs.
 - The bulk of the region's tech employment (57%) remains situated in Montgomery and Chester counties.
 - A disproportionate number of tech workers appear to live in the city (1.7 workers for every job). The opposite exists in Montgomery County, PA, which has the region's largest tech presence: 0.7 tech workers live there for every job, according to our definitions.
 - We expect the City of Philadelphia to grow as a presence for the tech industry as demographic and re-urbanization trends unfold in the years to come.

Figure 1: Tech Employment Change, Q3 2009 – Q1 2014



Sources: U.S. Census Bureau, CBRE Research, Q4 2014.

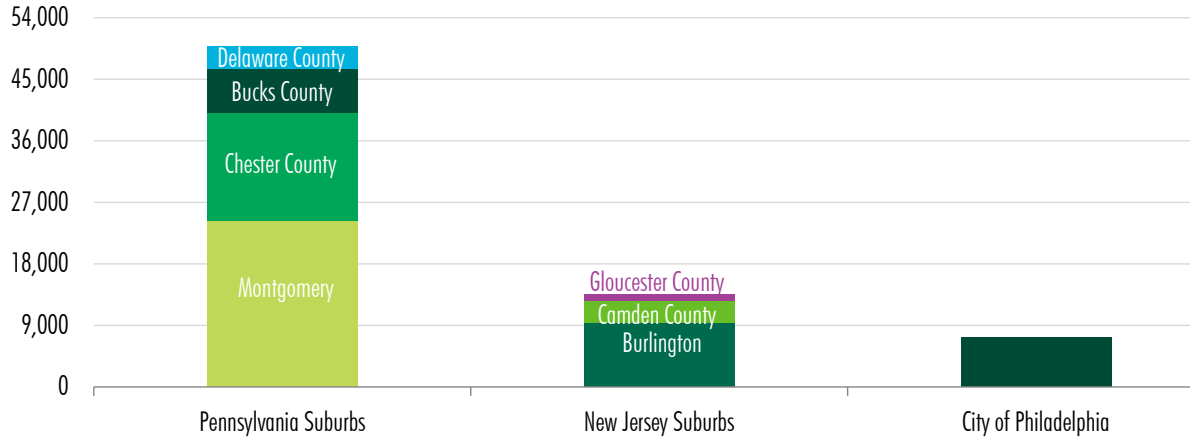
Tech employment¹ in the City of Philadelphia increased 30% between Q3 2009 and Q1 2014, exceeding all metro counties in Pennsylvania and New Jersey, data from the U.S. Census Bureau indicates. The suburban Pennsylvania counties (Bucks, Montgomery, Chester, Delaware) lagged behind in growth at 11%, while tech employment in the New Jersey suburbs (Camden, Burlington, and Gloucester) actually declined by 11% over the same time period. Recent technology firm moves to the Philadelphia office submarkets of Center City and University City include Fiberlink, Bentley Systems, First Round Capital, Net Plus, Sevone, and CID Entertainment.

The decline in tech employment in the New Jersey suburbs was surprising in that each suburban county (Camden, Burlington, and Gloucester) recorded a strong drop. On the other hand, each suburban county in Pennsylvania (Bucks, Montgomery, Chester, Delaware) experienced growth in tech employment.

The region’s largest source of tech jobs, Montgomery County, impressively grew its tech labor pool 20% between Q3 2009 and Q1 2014. Montgomery County had over 24,000 jobs in Q1 2014, meaning one in three tech jobs in the Philadelphia region is located there. Coupled with Chester County, the majority of the tech workforce (57%) remains settled in the Philadelphia suburbs.

¹ Our definition for tech employment includes the industry classifications: “Computer Systems Design and Related Services,” “Software Publishers,” “Computer and Electronic Product Manufacturing,” “Data Processing, Hosting, and Related Services,” and “Other Information Services.”

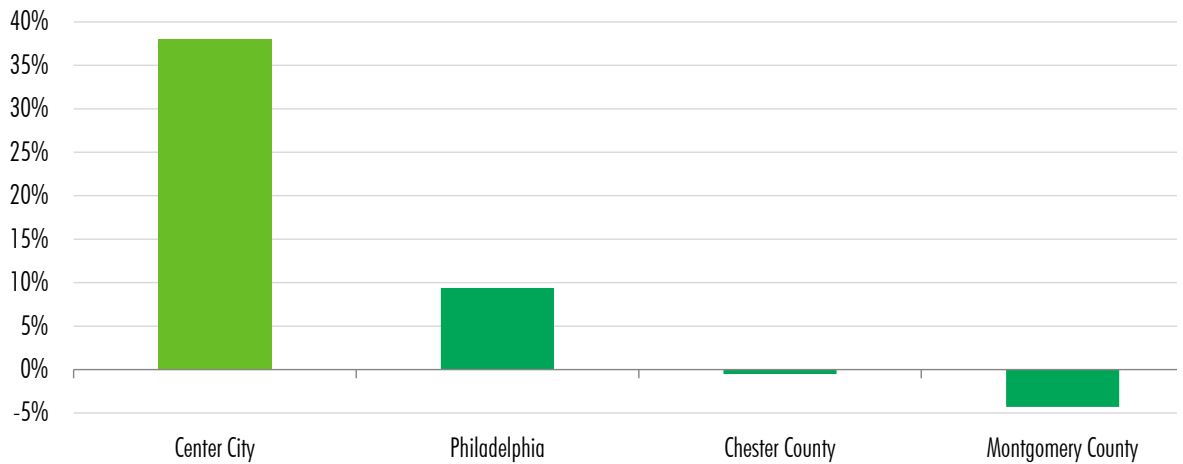
Figure 2: Tech Employment Location by County, Q1 2014



Sources: U.S. Census Bureau, CBRE Research, Q4 2014.

While the existing Tech presence in the region is entrenched in the suburbs, the momentum appears to favor the city. It’s not only a matter of the growth in jobs since the recession, it’s also demographics and larger re-urbanizations trends we’re witnessing nationwide. The tech-savvy 25-34 age cohort has exploded in Center City Philadelphia. The City of Philadelphia as a whole has also grown faster in this age cohort than the tech-heavy suburbs of Montgomery and Chester counties.

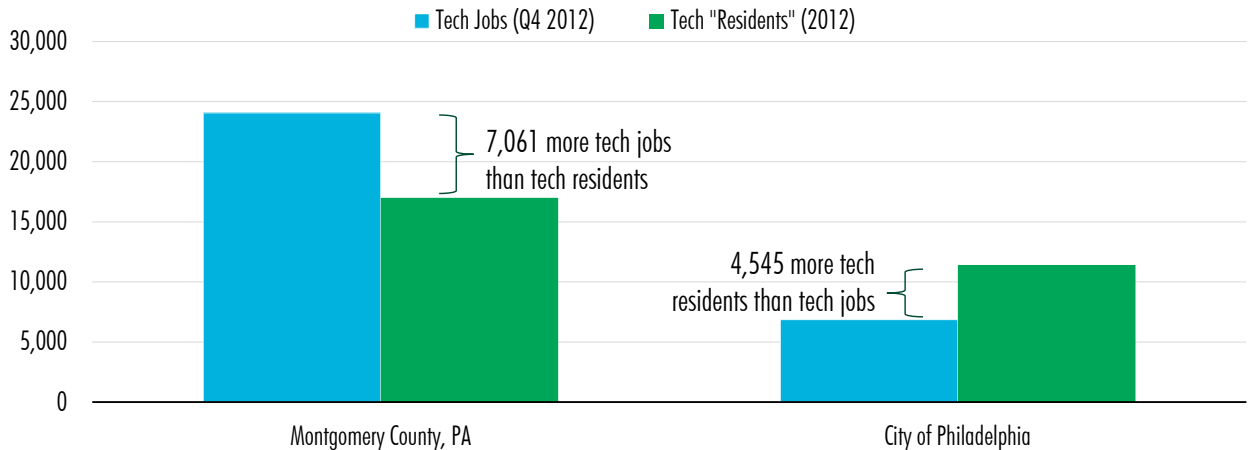
Figure 3: Percentage Change in Population Aged 25-34 (2000-2010)



Sources: U.S. Census Bureau, Center City District, CBRE Research, Q4 2014.

Moreover, there appears to be a significant geographic mismatch between where the tech employees live and where the tech jobs exist. With a small leap of faith, we compared two different statistical sets to determine where the tech jobs are and where the tech employees live. Though there is certainly a large margin of error to be considered, the results are intriguing nonetheless. In short, for every tech job in the City of Philadelphia, there are 1.7 tech workers available. In contrast, in Montgomery County, for example, there are only 0.7 tech jobs for every tech worker living there. In other words, a disproportionate number of tech workers live in the city for the number of jobs. We would expect this to pull more employers into the city seeking talent.

Figure 4: Where the Tech Jobs Are and Where the Tech Workers Live²



Sources: U.S. Census Bureau, CBRE Research, Q4 2014.

² The definition of “Tech Jobs” are listed in footnote 1. Definition of “Tech Residents” are sourced from the Census Bureau’s 2012 American Community Survey (1-year estimates) and include residents with occupations classified as “Computer and mathematical science occupations.”

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