Amazon + Philly: It's just good business for both

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Amazon, one of the world’s biggest and most successful companies, is looking to build a second headquarters somewhere in the U.S. or Canada. Philadelphia should be that place.

The company born selling books over the internet now sells just about everything. I love a very specific kind of rice that grocery stores don’t carry. Amazon delivers it to my home. And it is quickly evolving: With its purchase of Whole Foods this summer, Amazon entered the bricks-and-mortar grocery business.

Investors have bid up Amazon’s stock-market capitalization – what they think it is worth – to more than that of Walmart, Costco, Target, Macy’s, and Kohl’s combined. Philadelphia should tie its economic future to this rocket ship.

Amazon is giving Philadelphia a chance with its request for proposals from the nation’s largest cities to make a case for locating the company’s second North American headquarters there. It could ultimately mean up to 50,000 jobs for the winner. For context, Comcast, headquartered in Philadelphia, employs closer to 10,000 here.

Amazon laid out a number of criteria for its decision. After considering these, I think Philadelphia has a fighting chance at winning.

Philadelphia’s location in the middle of the economically ginormous Northeast Corridor is important. Seattle is home to Amazon’s current headquarters, and the company would gain little by locating its second headquarters too close to its first.

That our city is nearly equidistant between New York, the world’s financial center, and Washington, the world’s political center, is a huge asset. Particularly since it is so much cheaper to live and work here than in those cities.

The typical home in the broad Philadelphia area sells for $230,000. The price for a typical home in New York or D.C. is nearly double that.
It is also much cheaper to operate a business in Philadelphia. Considering the costs of labor, office rents, electricity, and taxes, Philadelphia costs are not much higher than in the typical American city. D.C.’s cost structure is about 20 percent higher. New York’s? A whopping more than 60 percent higher.

For Amazon, costs matter, but it is also looking for a place with lots of highly educated and tech-savvy workers. Few places in the world have as many top-notch institutions of higher-education as does Philadelphia. The best and the brightest from all over the world come here to get degrees.

The problem has long been that they get degrees and leave — for New York, London, or Singapore. Philadelphia didn’t have jobs for them. Amazon would present a compelling reason to stay.

Indeed, Amazon could tap into the vein of educated and globally diverse young people by locating in Schuylkill Yards, next to fast-expanding Drexel University and the University of Pennsylvania. This site is big enough for Amazon’s needs, and it would address an eyesore within our cityscape.

The site meets another of Amazon’s location criteria – access to good public transportation. Thirtieth Street Station is among the most trafficked rail stations in the country and would allow Amazon workers to take quick trips to Washington or New York, a ride down to Philadelphia International Airport for a flight to Europe, or an easy commute to the suburbs.

Amazon is also looking for a good fit with its company culture. That means the place must have a diverse population with a range of amenities. That’s Philadelphia.

We are a melting pot of immigrants whom we cherish, as is evidenced by our decision to be a sanctuary city. We have franchises in all the major sports, world-class museums, a deep tradition in the performing arts, and our history as the nation’s political birthplace.

Of course, Philadelphia has blemishes that will be tough to address quickly. Most notable is the broken public school system. There is also the city wage tax, which has historically been a deal-killer for attracting new businesses. Notoriously poor public services are also a turn-off.

However, these issues can be overcome if Philadelphia’s political and business leaders come together and agree on a package of financial incentives for Amazon to locate here. I’m generally not a fan of such incentives, but getting Amazon HQ2 would be a game-changer for our economy. With all the high-paying jobs, the resulting tax revenue would quickly pay for the incentives.

Philadelphia has long seemed ambivalent about growth. NIMBY (Not-in-my-backyard) sentiment has been a pall on our success. We have to shake off this attitude. We will never find a better neighbor than Amazon. Let’s win this bid.

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