Employer Opportunities & Challenges in Southeastern Pennsylvania

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

PA Engage!

Pennsylvania
Department of Community
& Economic Development

PA Engage!

Engage! is a statewide, industry-driven initiative of the Commonwealth of Pennsylvania's Department of Community & Economic Development. Engage! 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 438 interviews completed over a 12-month period from 2024 to 2025 with business leaders in the southeastern Pennsylvania counties of Berks, Bucks, Chester, Delaware, Montgomery, and Philadelphia. Companies ranged in employee size from 1–5,500 employees, with the average being 116 employees and the median being four. It was created in collaboration with representatives from each of the six counties. This report is the 7th year of this analysis with it beginning in fiscal year 2018–2019. 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 PA?

Staying consistent with all prior survey years, nearly 60% of all companies engaged included **Historic Reasons** as the primary reason they are located in PA, meaning their business owners are, or were, native to the region. 41% cited **Proximity to Markets/ Customers**—this option has been ranked #2 for six of the seven years this analysis has been conducted, and it's supported by the region's strategic location on the East Coast, its international airport, the dense network of interstate highways, a robust rail system, and access to several key ports. **Community Support** and **Quality of Life** are tied for third at 30%, both slightly lower than their previous years' percentages of 33% and 32%, respectively, but remaining among the top reasons why companies are located in PA. 16% of surveyed companies mentioned **Availability of a Skilled Workforce** as a top reason they are located in PA—a 5-percentage point increase from the prior year but still short of the recorded high of 20% in 2018/2019. 11% of companies included **Access to Capital** as a reason they are located in PA. This represents a 9-percentage point decrease from last year's record high of 20%. 10% noted **Cost of Living**, which is up from four percentage points from last year, but historically remains lower among the top reasons companies are located in PA. **Proximity to Good Infrastructure** remained roughly unchanged from the prior year at 10%. This choice has historically been range bound between 6%–25%. Similar to last year's results, **Proximity to Materials** was mentioned by 7% of surveyed companies and continues to historically appear in the bottom five. Finally, **Labor Cost** and **Cost of Land** were each highlighted by 6% of companies, slightly higher than the previous year, but both historically remain as less-frequently listed reasons that companies are located in PA.

Historic Reasons

63%

Proximity to Markets/ Customers

41%

Community Support

30%

Quality of Life

30%

Availability of a Skilled Workforce

16%

Access to Capital

11%

Cost of Living

10%

Proximity to Good Infrastructure

10%

Proximity to Materials

7%

Labor Costs

6%

Cost of Land

6%

Other

2%

What are the top issues impacting growth for your company?

42% of companies surveyed noted that **Access to Capital** is impacting business growth. **Access to Capital** has been the #1 or #2 issue impacting company growth every year since we began this analysis in 2018/2019, with companies commenting that difficulty accessing capital is limiting their business growth. The percentage of companies citing lack of **Community Support** as an issue impacting their growth saw a 1-percentage point increase from last year's record high of 31%. **Availability of a Skilled Workforce** has been a top-three issue impacting growth every year, and recurs this year with 30% of companies noting it in the responses. 26% of companies listed **Current Market Conditions** as a factor impacting their growth in the region, in-line with last year, but down from prior years when COVID-19 was still impacting markets, showing that market favorability has improved in business owners' eyes. 16% mentioned that their **Proximity to Markets/Customers** was an issue for their company's growth. This is a 10-percentage point decrease from last year, and it's worth noting this metric varies widely each year we survey companies. 13% of businesses in this survey mentioned that **Workforce Issues** (excluding the ability to find a skilled workforce) were a top issue for them, a 4-percentage point decrease from last year, falling further from the highs seen over the 2018–2021 time period. 13% of businesses said that **Quality of Life** represented a top issue impacting growth for the company, however this represents an improvement in the perception of quality of life among companies surveyed, with a 7-percentage point decrease from last year's historically high mentions of quality of life concerns. Finally, both **Cost of Land** and issues related to the **Supply Chain** were identified by 9% of surveyed businesses as impacting their growth in the region. While **Cost of Land** is consistently toward the bottom of the list of top issues impacting companies, **Supply Chain** has varied over time and spiked when markets were dealing with supply shocks caused by COVID-19. 7% noted **Proximity to Materials** and **Permitting**, while 6% noted **Transportation**, which are all similar to prior years.

Access to Capital
42%

Community Support
32%

Availability of a Skilled Workforce
30%

Current Market Conditions
26%

Proximity to Markets/ Customers
16%

Workforce Issues (Unrelated to the Availability of Skilled Talent)
13%

Quality of Life
13%

Cost of Land
9%

Supply Chain
9%

Proximity to Materials
7%

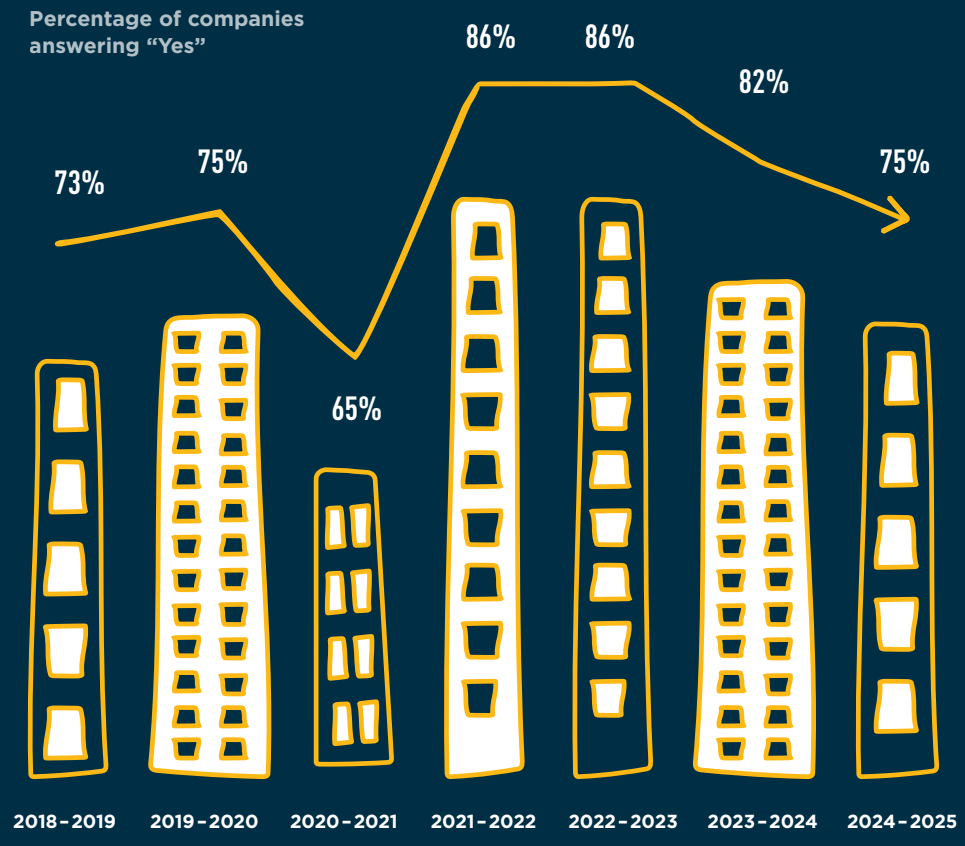
Permitting
7%

Transportation
6%

Do you expect expansion in the next three years?

75% of companies surveyed noted they expect expansion in the next three years, which is the lowest since 2020–2021.

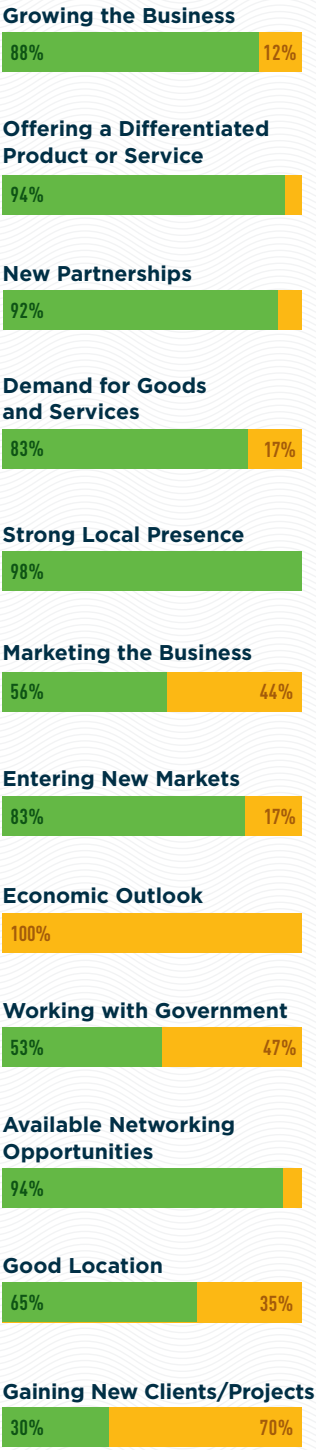
Prior to 2020–2021, our nation was in the midst of the longest economic expansion on record with unemployment levels in southeastern Pennsylvania near historic lows and three-out-of-four companies reporting they anticipated expansion in the next three years. As a result of the pandemic, there was a sharp decline in the percentage of companies expecting near-term growth, down to 65%. During the three subsequent years with the regional economy largely over the economic turmoil of the global pandemic and unemployment returning to low levels, more than 80% of companies in southeastern Pennsylvania said they were still anticipating expansion. Now at 75%, the slight decrease in sentiment is consistent with the slightly weaker jobs and unemployment data for the 2024–2025 fiscal year.



What are the market opportunities and challenges?

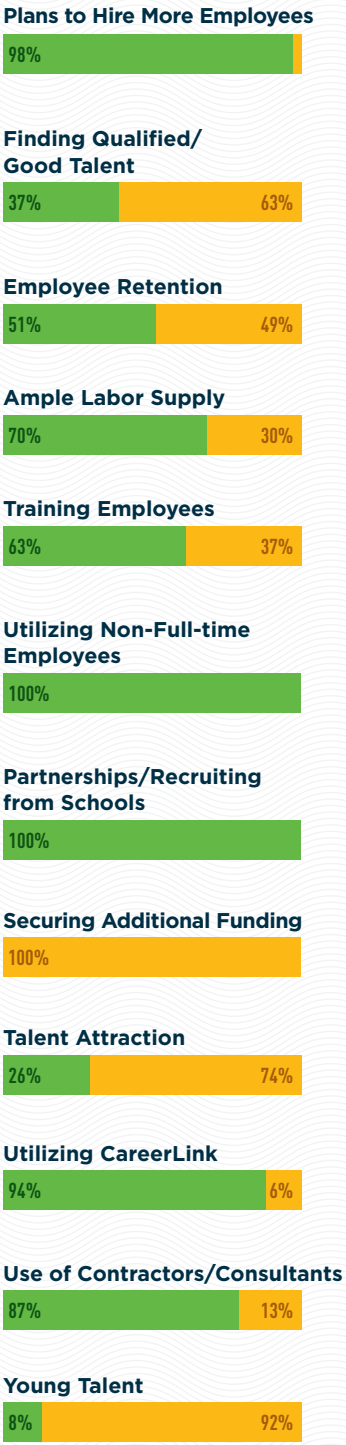
This year, the topic that surveyed companies mentioned the most was **Growing the Business**, with 88% of those 65 companies seeing growing the business as an opportunity, while 12% said they were experiencing difficulties in this area. 66 respondents talked about having a **Differentiated Product or Service**, with 94% of them saying this brought opportunities for their business. 60 companies talked about how forming or seeking **New Partnerships** impacted their business—92% of them said that partnerships were a source of new opportunities for their business. Last year, only 12 companies talked about forming or seeking new partnerships. 58 out of 59 companies noted a **Strong Local Presence** was a source of market opportunities in the region. Of the 43 companies that brought up **Marketing the Business** this year, 56% said this was an opportunity for them. Last year, this was the #1 most common topic for market opportunities and challenges identified by companies in the survey. Of the 42 companies that talked about **Entering New Markets** this year, 83% said they were seeing opportunities for their business. All 39 companies that talked about the **Economic Outlook** noted they saw a challenge in that area. 30 companies talked about how **Working with Government** impacted their market, and 53% of them said it represented an opportunity for their business. 22 out of the 26 companies that mentioned **Networking** said it was a significant opportunity for their business in the region. 22 companies said that having a **Good Location** brought market opportunities for them. 82% of the 22 companies that mentioned **Finding New Clients/Projects** said it was a regional market opportunity for their business.

KEY — Opportunities / Challenges



What are the workforce opportunities and challenges?

The number of companies **Planning to Hire More Employees** continued to remain the #1 most discussed workforce topic for the third year in a row. Currently, 115 of our respondents say that they plan to bring on more staff and almost all of them saw this as an opportunity for their business. That said, 87 companies mentioned **Finding Qualified/ Good Talent** in their responses, with almost two-thirds of them categorizing it as a challenge for the company. Finding Qualified/Good Talent has been the #1 or #2 response every year on record. 47 businesses talked about **Employee Retention** in their answers with sentiments divided, with half seeing it as an opportunity and half viewing it as a challenge. 44 companies talked about the **Ample Labor Supply** in the region, with 70% of them agreeing it is an opportunity in Southeastern Pennsylvania. Of the 43 companies that discussed **Training Employees** and training resources, 63% said it was an opportunity. 31 companies noted **Utilizing Non-Full-time-Employees** this year and all considered it an opportunity. 22 companies said they have found opportunities in establishing **Partnerships/Recruiting from Schools**. 22 companies said that **Securing Additional Funding** represents a challenge for achieving their workforce objectives. Although companies had mixed thoughts on talent retention, almost three-quarters of them agree that **Talent Attraction** represents a significant challenge for their business in the region, citing difficulties around a rising cost of living, and lack of interest from younger workers in certain industries. 16 out of the 17 companies who mentioned using **CareerLink**, the state's free job-matching system, said it was a helpful resource. Almost all the companies that mentioned the **Use of Contractors/Consultants** said they saw a workforce opportunity in relying on them to fulfill their workforce needs. Finally, 12 out of the 13 companies that talked about the region's **Young Talent** said they were experiencing challenges with the new generation of employees in the region.



Southeastern PA Engage! Partners

Bucks County

THE CHAMBER of Commerce for Greater Philadelphia

SELECT GREATER PHILADELPHIA

Chester County Economic Development Council

get the edge | delaware county pennsylvania
Delaware County Commerce Center
delcoedge.com

GRCA
GREATER READING
Chamber Alliance

Montgomery County
MontcoWorks
Workforce Development Board

Montgomery County, Pennsylvania
COMMERCE DEPARTMENT
#MontcoForward

PENNSYLVANIA
SBDC
Small Business Development Center
Kutztown University of Pennsylvania
Helping businesses start, grow, and prosper.

PENNSYLVANIA
SBDC
Small Business Development Center
Temple University
Helping businesses start, grow, and prosper.

PENNSYLVANIA
SBDC
Small Business Development Center
Widener University
Helping businesses start, grow, and prosper.

To learn more about the Engage! Program, please visit [dced.pa.gov/engage.](dced.pa.gov/engage)