

Philly suburbs poised for big job growth

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Key Philadelphia suburbs are poised this year to have their best job growth in many years, after lagging since the 2008-09 recession.

Gains in construction, health care, and professional services are expected to push Montgomery, Bucks, and Chester Counties to 2 percent job growth this year - a level not seen since 2000, Moody's Analytics said.

"Anecdotally, you can look around and see more activity in pharmaceutical investment and more health-related, pharmaceutical-related start-up activity," said Adam Ozimek, an economist with Moody's Analytics in West Chester.

Ozimek expects those investments to help the Bucks, Chester, and Montgomery County region to surpass their jobs peak of 1.034 million in 2008, when the recession hit and wiped out nearly 50,000 jobs in two years. Last year's total was just slightly lower, at 1.033 million, Moody's said.

Philadelphia and Delaware Counties, by contrast, surpassed their 2008 jobs peak in 2013.

Among the positive signs for Montgomery County - long the economic engine of Philadelphia's western suburbs - is a report by the King of Prussia District that the first-quarter vacancy rate for Class A commercial office space in that area fell below 10 percent for the first time since 2007.

DrugDev Inc. and Trevena Inc., two fast-growing firms in the King of Prussia area, are helping the pharmaceutical industry revive, after years of disintegration in Big Pharma.

Broadly, the health-care sector has boasted the fastest-growing industries since 2008. That includes occupations such as personal care and health-care support jobs that are expected to be in great demand through 2018.

For example, jobs have boomed in social assistance. That includes services for the elderly and the disabled, as well as ambulatory health-care services, such as home care.

An aging population and pressures on hospitals to cut costs are spurring growth in home health, which includes not just low-paid home-health aides, but higher-skilled and better-paid nurses, therapists, and others.

"It's growing at a faster rate than the economy, the need for home health," said J. Mark Baiada, president of Bayada Home Health Care, of Moorestown, which employs 519 in Bucks, Chester, and Montgomery Counties.

"Compared to health care in general, it should grow a little faster, I think, because we can take care of people at home less expensively and they want to be there," Baiada said.

Another sector where Ozimek expects jobs to start recovering this year is residential construction.

"The housing market has lagged the rest of the economy, and it's just starting to come to life," Ozimek said. "In Montgomery-Bucks, we're still below the prerecession construction employment."

At the end of last year, mining, logging, and construction jobs in Montgomery, Bucks, and Chester Counties, at 49,700, were still 15 percent below their peak of 58,200 in 2006, BLS data showed. But the number of jobs in construction has climbed for two consecutive years.

Quita Syhpanya, regional director for the housing-data firm Metro Study, said noneconomic factors were also affecting the market. Even when builders have a project they want to do, municipalities are keeping the brakes on.

"It takes three to four years for it to go live and actually to move some dirt," Syhpanya said.

An area where weakness is expected to continue is manufacturing, said Ken Krauss, president and chief operating officer of U.S. Axle, a Pottstown manufacturer of axles, shafts, cylinders, and tubes for equipment in agriculture, construction, and other sectors.

"We typically see downturns that might be a year, maybe two years in length," he said. "This one has been extended. As a matter of fact, this downturn we're projecting to be another two years."

U.S. Axle's employment has fallen to 55 from 70 in 2012, when industry was geared up to support China's economic growth.

Krauss, whose involvement in the 100-member Manufacturing Alliance of Bucks & Montgomery Counties gives him a broad perspective, said most manufacturing was off.

Jobs in chemical manufacturing, which includes pharmaceuticals, have been falling steadily since the early 2000s, from 31,100 in 2002 to 19,000 in 2014, before ticking up slightly to 19,100 last year.

It is not possible to discern from government statistics precisely how many people work in the pharmaceutical industry, because many jobs are categorized by functions that could be shared by multiple sectors.

But in this region it is safe to consider research and development in biotechnology to be in the pharmaceutical sector, experts said, and it is emblematic of the industry decline.

Before the recession, in 2007, Montgomery County's 11,578 biotech research and development jobs ranked second in the nation, behind only the Boston suburb of Middlesex, Mass., home to Cambridge and 14,889 biotech R&D jobs at the time, according to Bureau of Labor Statistics data.

Since then, as Merck, Pfizer, and others have trimmed operations, Montgomery County has fallen 56 percent to fourth at the end of 2014, with 5,053 high-paid biotech R&D positions, while the number in Middlesex County has climbed more than 40 percent, to 21,338.

When told of those numbers, Trevena chief executive Maxine Gowen winced ever so slightly but said the area remained an industry force.

"There's still a very strong culture of drug discovery and drug development in this region, and there is still an enormous population of highly experienced and capable employees," she said.

One plus is that it is much easier to hire in the Philadelphia region than in Cambridge because there is less competition for talent, said Gowen, who is on the boards of two pharmaceutical firms in that research hotbed.

Trevena, which is working on pain medications and other drugs, has added 24 jobs in the last year, taking its total to 62.

At DrugDev, a provider of technology services to the clinical-trial industry, employment has climbed from fewer than 100 in 2013 to nearly 300 this year.

"We expect significant growth to continue with a focus on individuals most adept at introducing new technologies to the pharmaceutical market," said Brett Kleger, DrugDev's chief commercial officer.

While Trevena, DrugDev, and many other firms, such as VenatoRx Pharmaceuticals Inc., are hiring, it might not be enough to take the industry here back to its former heights.

"When a pharma company cuts a thousand people, there's just not enough entrepreneurs and funding to absorb that," said Chris Burns, president and chief scientific officer of VenatoRx, which is researching treatments for antibiotic-resistant bacteria.

There's no question that industry capacity "has been lost and perhaps for good," Burns said. "Is there growth? Yes. The growth is happening in the smaller sector."