

ECONOMIC IMPACT OF THE PHILADELPHIA STOCK EXCHANGE FINANCIAL SERVICES CLUSTER



CLIENT

Philadelphia Stock Exchange
1900 Market Street
Philadelphia, PA 19103



The Philadelphia Stock Exchange (PHLX) plays a central role in the Philadelphia financial services sector creating a commercial magnet that attracts customers, investment, skilled workers and a specialized infrastructure. The PHLX also contributes significantly to the wider financial services cluster through the provision of jobs, training, infrastructure, technology and innovation. It is one of the nations leading marketplaces for the trading of stocks, as well as equity, index and currency options.

Econsult Corporation (Econsult) was asked to assess the economic and fiscal impact the PHLX has on the Greater Philadelphia Region. Econsult's analysis also included the impacts attributable to the wider finance cluster as well. Working closely with PHLX staff, Econsult assessed the magnitude of the entire cluster, finding the non-PHLX component to be twice as large as the PHLX itself.

Using its economic and fiscal models, Econsult estimated that the entire cluster generates \$585 million in expenditures throughout various regional industries annually. These total impacts include a significant amount of earnings for regional workers equal to \$130 million. The total employment generated by the cluster's activities across industries in the Region is estimated to equal over 2,600 person-years of employment. In terms of fiscal impacts, Econsult calculated that the direct, indirect and induced economic activity attributable to the wider financial services cluster generates nearly \$38 million in taxes annually for the five Pennsylvania counties in the region and the state of Pennsylvania.

Whether as a generator of expenditure impacts or as a center of gravity of a larger finance cluster, the PHLX clearly plays an important role in the Philadelphia economy. As Econsult's work clearly showed, this contribution is far greater than the direct operation of the exchange itself.