Hilco™
Redevelopment Partners

The Potential Economic Impact of the Redevelopment of the PES Refinery



Prepared by
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economics | strategy | insight

The Potential Economic Impacts of the Refinery Redevelopment in Philadelphia

Hilco Redevelopment Partners (HRP) has proposed a comprehensive redevelopment of the former Philadelphia Energy Solutions (PES) refinery site into a state-of-the-art multimodal logistics park, which is expected to generate long-term economic opportunity for the South Philadelphia area and the region. At the same time, this project will have a significant positive effect on adjacent neighborhoods surrounding the site and along the stretch of I-76 that brings residents and visitors into Center City Philadelphia. Through its investment, HRP will produce positive economic impacts from its upfront decommissioning, demolition, remediation, and construction efforts as well as the long term operations, which create economic opportunities, support local jobs, and generate tax revenues in Philadelphia and Pennsylvania.

Potential Economic Impacts in Philadelphia

One-Time from Construction				Annual On-Going from Operations			
Economic Impact	Jobs Supported	Employee Compensation	Total Tax Revenues	Economic Impact	Jobs Supported	Employee Compensation	Total Tax Revenues
$2.3 Billion	13,330 FTE	$876 Million	$29 Million	$3.0 Billion	19,370 FTE	$960 Million	$41 Million



About
Hilco Redevelopment Partners

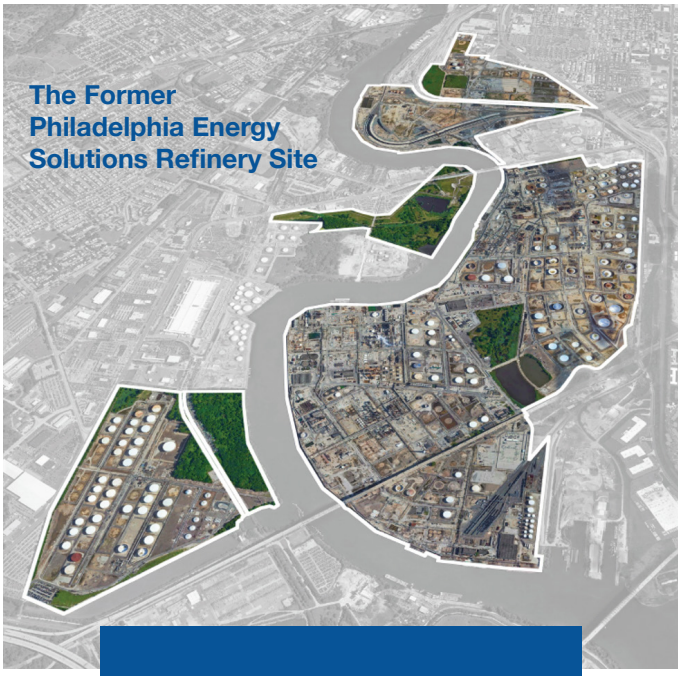
Hilco Global is a leading international financial services company based in Chicago. Hilco Redevelopment Partners, a subsidiary, focuses on reinvestment in obsolete industrial sites, leveraging the firm's expertise in remediation, recycling, and redevelopment. HRP is a leader in the successful completion of large heavy industrial redevelopment sites, having acquired, demolished, and developed over 40 million square feet, totaling $2.5 billion in assets.

About the Redevelopment Site

The 1,300-acre complex is the City of Philadelphia's largest industrial property and represents a significant opportunity for reinvestment in a swath of the land in need of environmental clean-up.

Until the refinery's shutdown, the site contained the Philadelphia Energy Solutions Refining Complex, which, when operating at full capacity, was a major player in the local economy and in the regional fuel market. The complex operated as two refineries that together accounted for about 28% of the gasoline supply for the Northeast, producing about 335,000 barrels of gasoline a day and other product. The land was ultimately acquired by HRP in June 2020.

The site's location just south of Center City and directly connected or adjacent to several major modes of transportation makes it the ideal candidate for logistics and distribution and adds to the City's limited industrial inventory at a time of rapidly increasing demand. The transformation from a heavy industrial refining complex into an environmentally conscious multimodal logistics park will create accessible jobs for nearby residents that support a diversity of educational and skill levels and will produce opportunities for local Minority, Women and Disadvantaged Business Enterprise (MWDBE) businesses. Further, the redevelopment plans to remediate environmental impacts created by the historical operation of heavy industrial refining onsite and introduce sustainability and resiliency design practices into the site.



The Former Philadelphia Energy Solutions Refinery Site

The proposed redevelopment at a glance

- 1,300 acres of land
- $1.8 billion anticipated investment in former refinery site
- 9,580 direct union construction and project-related jobs during redevelopment
- Approximately 13 million SF of logistics-focused inventory upon completion
- 13,770 direct on-site jobs upon completion of the logistics park



Methodology and Scope

For this analysis, ESI employed industry-standard modeling techniques to estimate the direct economic activity generated by HRP's redevelopment within Philadelphia and Pennsylvania. Those direct impacts are then translated into total economic output, employment, associated earnings, and tax revenue impact. Data inputs on operating activity and capital investments were provided by HRP. ESI verified and supplemented these data with other public data sources and assumptions as needed. Economic impact results were calculated using IMPLAN input-output modeling techniques. Geographies evaluated were the city of Philadelphia and the state of Pennsylvania. Key outputs for each geography include total economic output, employment supported, and earnings supported.

One-Time Potential Economic Impact from Capital Investments

The redevelopment of the former refinery site will represent a significant boost to the local and state economies. Direct construction activity will employ union construction workers and professional service providers for the 10 years of development; those workers in turn will spend a portion of their salaries and wages within the local and state economies. This construction activity also will catalyze the procurement of a wide range of goods and services—with particular purchasing goals to support MWDBE firms—translating into new economic opportunities for local and state vendors.

The upfront decommissioning, demolition, remediation, and construction of the redevelopment will generate a significant one-time cumulative impact on the city and state economies. In Philadelphia, this construction phase will produce a total of $2.3 billion in one-time economic output, supporting 13,330 FTE jobs and $876 million in employee compensation.

The project's direct construction expenditures will produce significant wage and income tax revenues. In addition, the activity will generate substantial tax revenues because of the indirect and induced economic output associated with construction: $29 million in tax revenues to the City of Philadelphia and $25 million in tax revenues to the Commonwealth of Pennsylvania during the 10-year construction period.

Over the 10-year period, construction would support approximately 1,300+ jobs annually.

During redevelopment, the project will generate $2.3 billion in economic output.







Economic Output and Employment Supported

	Philadelphia	Pennsylvania incl'd Philadelphia
Direct Output ($M)	$1,546	$1,546
Indirect and Induced Output ($M)	$744	$1,027
Total Output ($M)	**$2,290**	**$2,573**
Direct Construction Jobs (FTE)	9,580	9,580
Indirect and Induced Jobs (FTE)	3,750	5,030
Total Employment (FTE)	**13,330**	**14,610**
Employee Compensation ($M)	**$876**	**$952**

City and State Tax Revenues

	Philadelphia	Pennsylvania excl'd Philadelphia
Wages/Income ($M)	$25	$16
Sales ($M)	$2	$7
Business ($M)	$2	$2
Total Tax Revenues ($M)	**$29**	**$25**

Source: IMPLAN, Econsult Solutions, Inc.

Potential Annual Economic Impact from Ongoing Operations

After construction is completed and the logistics park is at full operation, the site will be a significant center of employment and economic activity in the City of Philadelphia and state economies. The site will include approximately 13 million square feet of logistics- focused inventory and commercial uses to serve employees.

Once operating at full capacity, the potential direct expenditures (uses like distribution and logistics) would generate a total economic impact of $3 billion in Philadelphia, supporting 19,370 FTE jobs and $960 million in employee compensation.

Once construction is complete and the project is fully operational, significant city and state tax revenues will be generated. These estimates are based on full occupancy and stabilization of the site. The site's annual operational footprint could potentially generate $41 million in annual tax revenues to the City of Philadelphia (only includes wage, business, sales taxes), and $45 million in tax revenues to the Commonwealth of Pennsylvania.

$9.2 million in payroll to workers in the region each week

At full operation, 13,000+ jobs supported at the logistics park







Renderings of other Hilco projects of similar scale and use.

Annual Economic Output and Employment Supported

	Philadelphia	Pennsylvania incl'd Philadelphia
Direct Output ($M)	$1,833	$1,833
Indirect and Induced Output ($M)	$1,167	$1,454
Total Output ($M)	**$3,000**	**$3,286**
Direct Jobs (FTE)	13,770	13,770
Indirect and Induced Jobs (FTE)	5,600	6,980
Total Employment (FTE)	**19,370**	**20,750**
Employee Compensation ($M)	**$960**	**$1,039**

Annual City and State Tax Revenues

	Philadelphia	Pennsylvania excl'd Philadelphia
Wages/Income ($M)	$27	$17
Sales ($M)	$5	$21
Business ($M)	$9	$7
Operating Tax Revenues ($M)	**$41**	**$45**

Source: IMPLAN, Econsult Solutions, Inc.

Local Benefits and Engagement

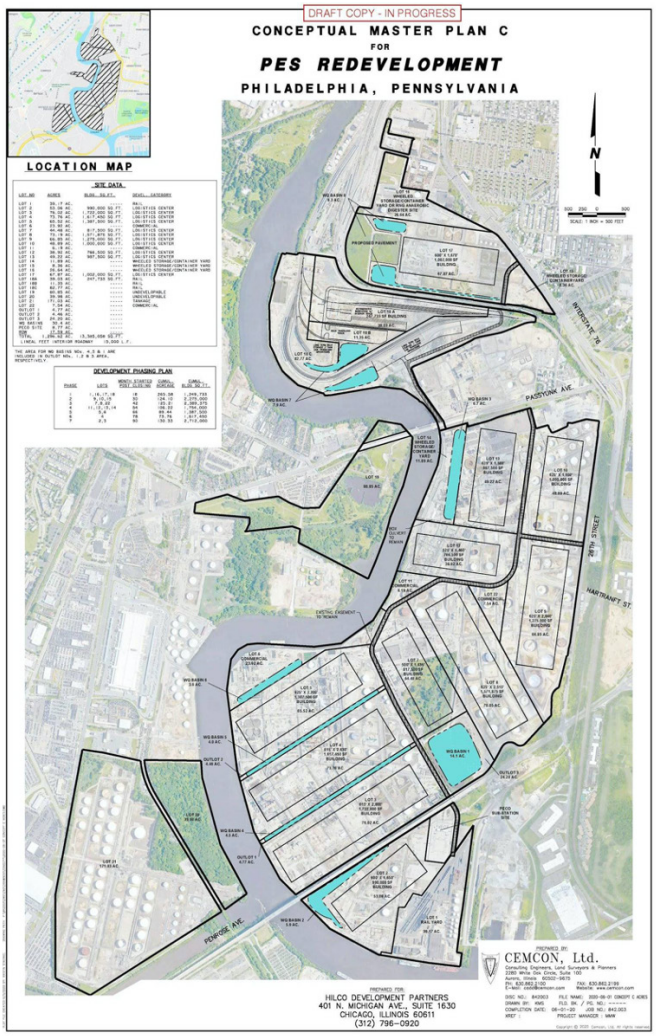
This redevelopment project will benefit its surrounding community in a multitude of ways, including creating accessible jobs for local residents, improving environmental conditions for the surrounding areas, and supporting further investment in the surrounding community.

Diversity and Inclusion

For the initial development phase of the project, HRP will engage with local workforce development organizations to identify and communicate job opportunities for Philadelphia's diverse residential population as well as to work with its contractors to meet MWDBE hiring goals. They have also made a commitment to The School District of Philadelphia related to internship and apprenticeship opportunities. Upon completion and stabilization of the logistics park, the redevelopment is expected to create 13,770 direct permanent jobs. The diversity of job types means greater accessibility and opportunity for members of the immediate and nearby communities.

Environmental Benefits and Resiliency

Beyond the extensive remediation of the site, HRP also anticipates developing its new facilities with substantial sustainable initiatives, including a building design that could support solar panels, energy efficient building envelopes, LED lighting, water efficient plumbing fixtures, infrastructure for electric vehicles and an extensive landscape plan that will include thousands of trees. The demolition phase will allow for the majority of the existing facility to be recycled or reused, diverting thousands of tons of materials from landfills and eliminating the need for trucks to haul certain demolished materials. The parcel will be mass graded to raise the ground surface elevations east of the Schuylkill River above base flood elevations, above and beyond what is required, in order to ensure long-term resiliency. The site will also facilitate accessibility via public transportation, which will provide opportunity to more local residents and decrease reliance on automobiles for daily commuters to the site.



Inclusive Growth

PES Site Redevelopment Economic Opportunity Plan Goals

50% Local Hiring Goals

50% Minority Owned Construction and Professional Service Firm Hiring Goals

"Minority inclusion is one of the capstones and cornerstones of Hilco"

Jasmine Sessoms
Hilco Senior Vice President of Corporate Affairs

Regional Vitality and Competitiveness

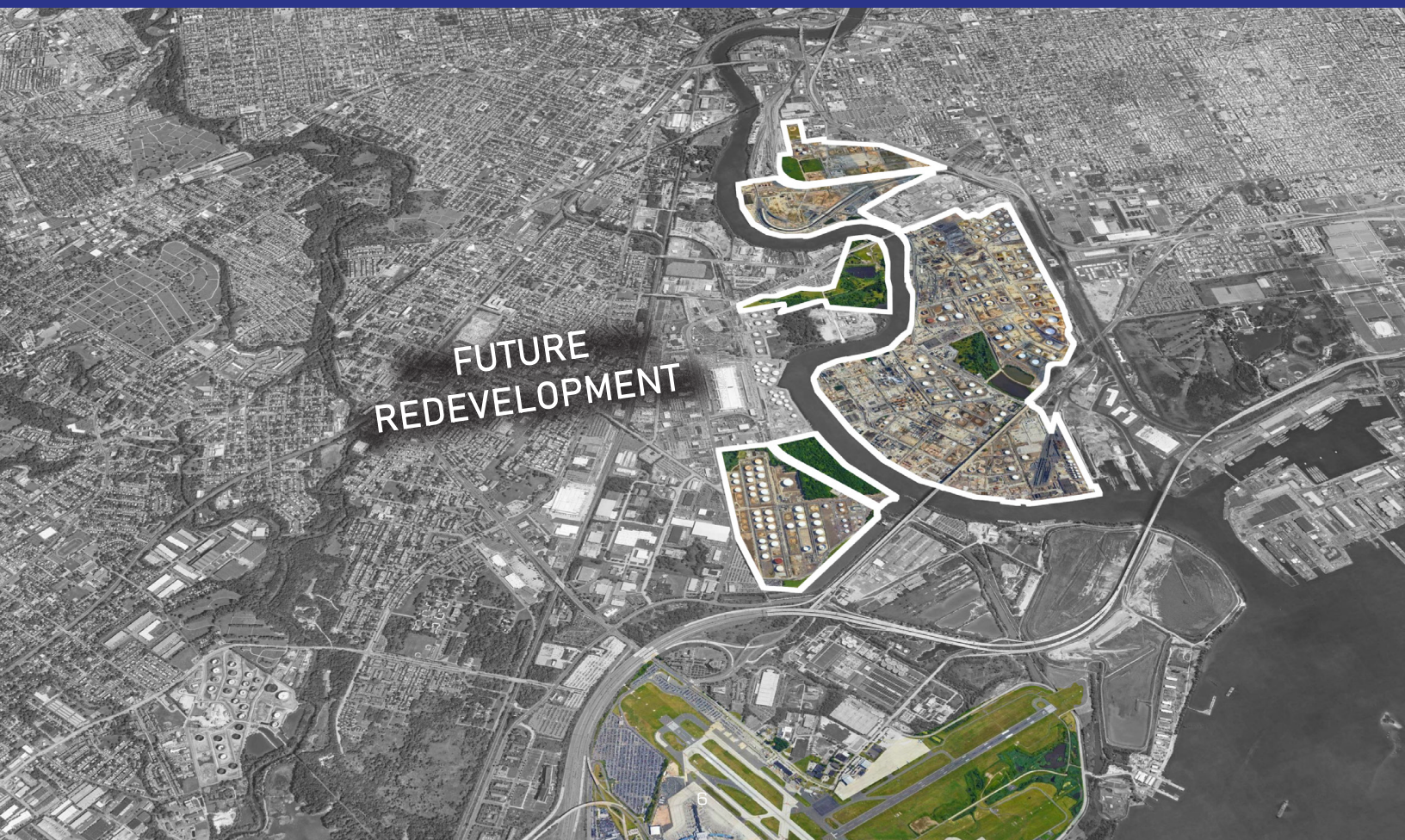
By transforming the site from a use that is part of a rapidly evolving industry into one that is flexible to accommodate the new economy and that continues to grow year-over-year around the world, HRP's redevelopment of the former PES refinery will add to Philadelphia's ability to stand out as a competitive region.

The redevelopment will transform the site from its previous use as an oil refinery into a state-of-the-art multimodal logistics park. Beyond the substantial initial investment in decommissioning, demolition, and remediating the site, the project will contribute to a larger transformative effect along the waterfront, enabling future development of post-heavy industrial land that has long been overlooked.

An increased demand for logistics and distribution centers near urban cores has provided an opportunity for cities to return to their industrial roots. While Philadelphia has shared in the benefits of the rapidly increasing demand for industrial real estate and development in urban centers, it has faced the challenge of lacking sufficient industrial inventory to meet that demand. **Projects such as HRP's redevelopment provide solutions to this challenge by increasing the amount of inventory available for industrial use and providing such inventory in a location that provides strategic proximity to major highways, ports, marine docks, utility infrastructure, railways, and an international airport.**

"I want to thank Hilco Redevelopment Partners for their commitment to Philadelphia by assuming ownership of one of the most important commercial sites in the city. The action creates jobs, ensures the future commercial viability of the site, and decreases the former refinery's environmental impact."

Jim Kenney, Mayor
City of Philadelphia



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"From a supply chain perspective, there isn't a better piece of property on the East Coast. We see this as a once-in-a generation opportunity and one of the most strategic pieces of property east of the Mississippi. It's one that can be redeveloped to meet the new economy. This is going to be its own ecosystem. A much healthier ecosystem."

Roberto Perez, CEO
Hilco Redevelopment Partners