



## **Carolinas among top five states with best business climate N.C. is tops, S.C. is fifth**

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By Ronnie Bryant, Special to The Post

For the ninth time in 10 years – and the sixth consecutive year - North Carolina ranked first among states with the “Top Business Climate,” with South Carolina holding the fifth spot in Site Selection magazine’s annual ranking that just came out. That’s quite a contrast to the way the Carolinas are ranked in the Tax Foundation’s 2011 State Business Tax Climate Index which puts North Carolina near the bottom and South Carolina in the middle of the pack. Site Selection’s readers aren’t alone in thinking highly of the Carolinas. The April 2009 issue of CEO Magazine slotted North Carolina at No. 2 and South Carolina at No. 9 among states that are the best in which to do business.

So why the discrepancy? The corporate real estate executives that Site Selection surveyed agree with the Tax Foundation that taxes are indeed important, yet their conclusions couldn’t be more different. They placed state and local tax schemes as the second most important consideration when they make a site location decision – and positioned North Carolina No. 1 and South Carolina No. 5 for their business climates. And that’s just part of the story. Site Selection ranked North Carolina as the sixth most competitive and South Carolinas as the 11th most competitive state in the country.

According to Site Selection, the Carolinas are high in site location decision-makers estimation for a reason. The 10 most important factors in making a location or expansion decision are:

1. work force skills
2. state and local tax schemes
3. transportation infrastructure
4. flexibility of incentive programs
5. availability of incentives and utility infrastructure (tied)
6. land/building costs and supply
7. state economic development strategy
8. permitting and regulatory structure, and
9. higher education resources.

We have it nailed.

And we have the investments and job numbers to back up our top rankings. Site Selection ranked North Carolina second and South Carolina fourth among all 50 states in the number of new plants. That’s up from seventh and 16th, respectively, in 2009 – still an excellent showing. The Carolinas don’t just attract companies; they keep them because they are successful here. Site Selection specifically noted Siemens’ recent expansion at its Power Generation unit in March that will add more than 820 jobs. Since then, Siemens announced it would bring its nuclear instrumentation and control group to Charlotte from the Atlanta area. Each week in the 16-county Charlotte region, there’s an announcement of at least one more location or expansion. As you can see in the “Locations, expansions” sections below, the German company Hof Textiles is expanding in Lincoln County and Colfax is growing in Union County. These two companies alone will be committing \$6.2 million to the Charlotte USA operations – a strong vote of confidence in our business climate.

To read Site Selection’s criteria and see all 50 states’ rankings, visit Site Selection online at <http://www.siteselection.com/portal/>.

## **Charlotte USA needs to get aggressive about defense**

There's another reason that the 16-county Charlotte region has an outstanding business climate. There's a lot of intellectual capital in Charlotte USA. We can use that brain power to shape defense procurement, but we need to be aggressive. With all the talent in the region and the concentration of top brass at Army and Marine bases in North Carolina, there is no reason why the state should rank 26th in Department of Defense spending. That was the message that the three panelists delivered during the Charlotte Regional Partnership's Investors Forum that focused on defense last week.

Chris William, managing director of Wells Fargo Advisors' Investment/Private Banking and moderator of the PBS television program "Carolina Business Review," facilitated a lively discussion with U.S. Army major general (retired) Julian "JB" Burns, vice president of BAE Systems' Defense Affairs, Land & Armaments; Lance DeSpain, executive director of the North Carolina Military Foundation; and Mike Mulligan, president of General Dynamics' Armament and Technical Products.

They agreed that the key to successful defense contracting is to anticipate military requirements. They urged businesses to show the military decision-makers the innovative products we can deliver. Let military leaders see what is possible, so they can dream with us. Or as Lance put it, we need to be an "innovation factory," forming clusters that act at military shopping centers.

Maj. Gen. Burns pointed to the motorsports companies that he recently toured. Making vehicles lighter, stronger, cheaper and better is in motorsports engineers' DNA, and the qualities that make racecars competitive are the same qualities that the military needs. Motorsports is a good example of where our regional strengths meet military needs.

Cyber security is another area in which Charlotte USA has real "horsepower," as Mike noted. For example, there's an outstanding, government-certified program at UNC Charlotte in its College of Computing and Informatics that has and can continue to contract with the Defense Department. The panelists energized the audience by showing the group that companies of all sizes have the potential to become defense contractors – it they can imagine the future. I'd like to thank Chris and our three panelists, as well as Johnson & Wales University for hosting the forum and wonderful reception.

## **Unemployment continues downward trend**

Unemployment has continued to fall steadily since June, as every one of our 16 counties experienced a drop in its unemployment rate from August to September. The Charlotte Regional Partnership's October By the Numbers reports that as a region, the rate fell to 10.9 percent from 11.6 percent with initial unemployment claims across Charlotte USA decreasing a whopping 27 percent from September 2009. However, the labor force continued to shrink slightly, dipping .7 percent, which may indicate residents are still experiencing frustration with job searches, and no longer are categorized as actively looking for work. The U.S. Consumer Confidence Index, which had declined in September, increased slightly in October. While slightly improved from September levels, the index is still hovering at historically low levels.

The Federal Reserve's Fifth District Survey of Manufacturing Activity in the central Atlantic region, which includes the Charlotte region, advanced modestly in October, following a slight pullback in September. Shipments and employment edged back into positive territory while the volume of new orders posted solid gains. The Federal Reserve's Carolinas Survey of business activity index increased in October although it remained in negative territory. Interestingly, respondents continue to perceive their own fortunes more positively than those of the region and nation.

The Charlotte Regional Partnership's monthly By the Numbers is the only report of its kind. Easy-to-read charts not only compare employment numbers in the current and prior years for each of our 16 counties, the report breaks down employment changes by industry. It compares the Charlotte region with the other six partnership areas in North Carolina and other major Southeast regions. Charts show at a glance year-to-year comparisons of the national unemployment rate, consumer confidence and home sales indices. The report also summarizes Charlotte USA locations, expansions, closings and layoffs for each month fiscal year-to-date. And there are extras, such as taxable sales within the region.

### **Teams bring excitement – and cash – to region**

They're back! The Central Intercollegiate Athletic Association has signed up for another three-year engagement in Charlotte, bringing tournament basketball back to the Queen City February 28-March 5, 2011. As much fun as it is to watch college basketball, what's even more exciting for the Charlotte region is the economic impact that the approximately 180,000 visitors have. According to the Charlotte Regional Visitors Authority, this year's games (and pre-tournament events) had more than a \$37 million economic impact. CIAA officials said that the conference usually changes venues every six years or so, but so many people want to return to Charlotte that they plan on staying at least eight years, through 2014, to enjoy the restaurants, museums and other uptown amenities.

The CIAA won't be the only games in town this spring. On March 18 and 19, Charlotte also will host the second and third rounds of the NCAA tournament. Hopefully, some of our Carolina teams (and I don't mean just UNC-Chapel Hill) will be playing in town. Both the CIAA and NCAA tournaments will be at Time Warner Cable Arena.

But before basketball heats up, soccer will be in the spotlight at Lake Norman. More than 190 teams from seven southeastern states will be in the area November 20-21 for the Lake Norman Fall Classic soccer tournament. Visit Lake Norman anticipates at least \$650,000 in direct visitor spending, which when couple with indirect spending will have a total economic impact of about \$1.8 million.

### **Transportation update**

Traffic at Charlotte Douglas International Airport continues to increase with almost 1.62 million passengers boarding planes in September, up 9 percent over September 2009. Of course, there now are 684 daily flights, 64 more than a year ago. The tons of cargo loaded also increased, up 17 percent.

### **Locations, expansions, contractions**

Hof Textiles is planning a \$2.3 million equipment expansion in Lincoln County. This is the fourth major investment in the last five years that the German company has made in the facility to increase production capacity and capability. The subsidiary of Textilgruppe, which makes nonwovens for the automotive industry in North America, expects to start installing the manufacturing equipment by the first of the year and start production on it by June.

Colfax Corp. has completed a \$3.1 million, 17,000-square-foot expansion in Monroe, its second within a year. Last year, the pump-system manufacturer added \$3.9 million in new equipment to the facility and added 20 jobs to bring its total work force to 268 employees.

Although this isn't exactly a location or expansion, I think it's worth noting that Riverwalk officially opened in Rock Hill last week. The recreational facility includes the 2.5-mile Riverwalk Trail, part of the Carolina Thread Trail. This is just the first part of the planned community that will include 1,000 acres of residential, commercial, retail, and recreational development on the old Celanese industrial site.

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