

# STATE OF THE REGION



PIEDMONT TRIAD  
PARTNERSHIP

2017



# Complexity Paralysis



Trends That Seem  
Certain to Impact  
the Triad's Future  
Reality

Competitive  
Comparisons to Better  
Understand Strengths  
and Weaknesses

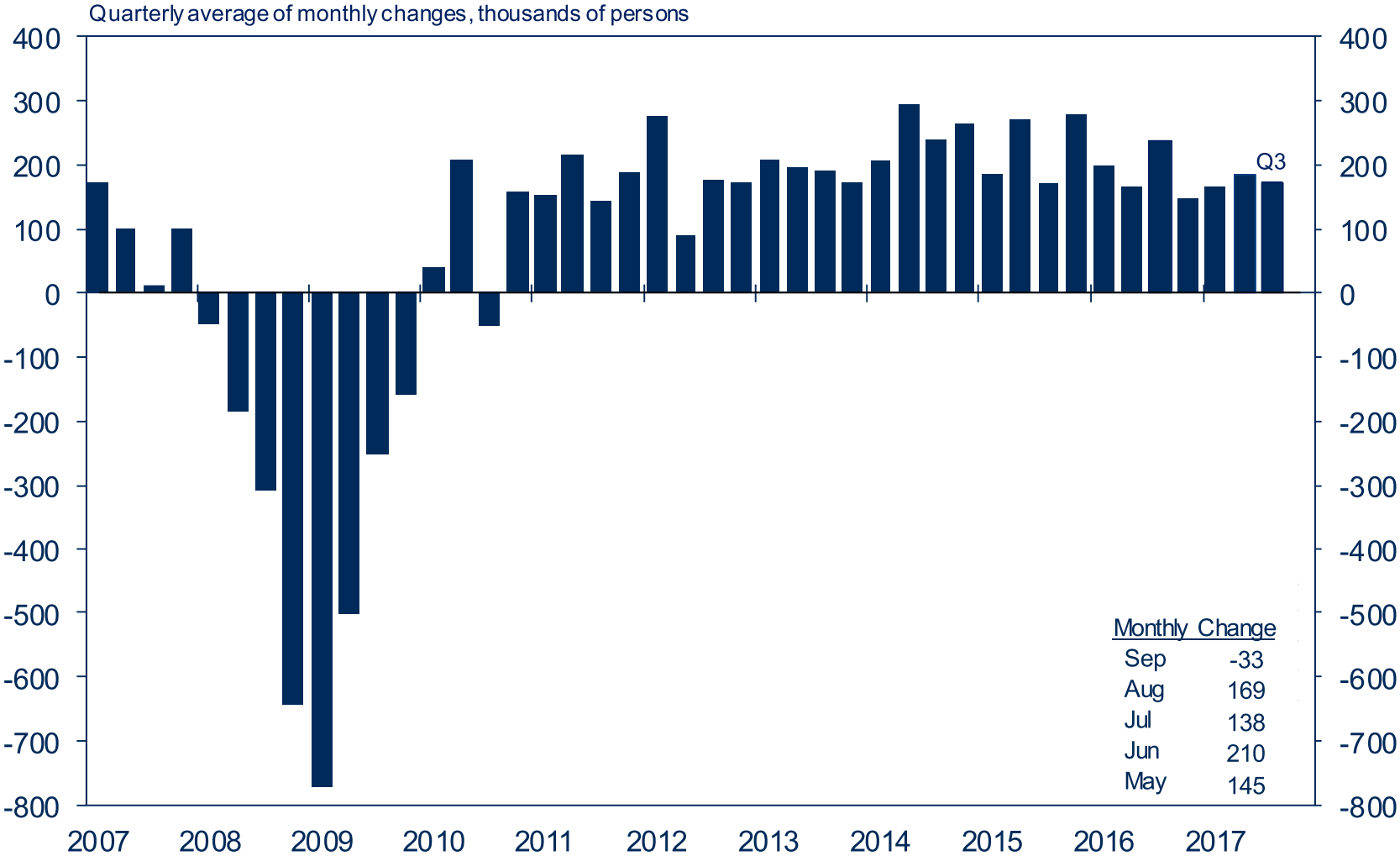




# ECONOMY

# GRADES

# USA Nonfarm Payroll Employment

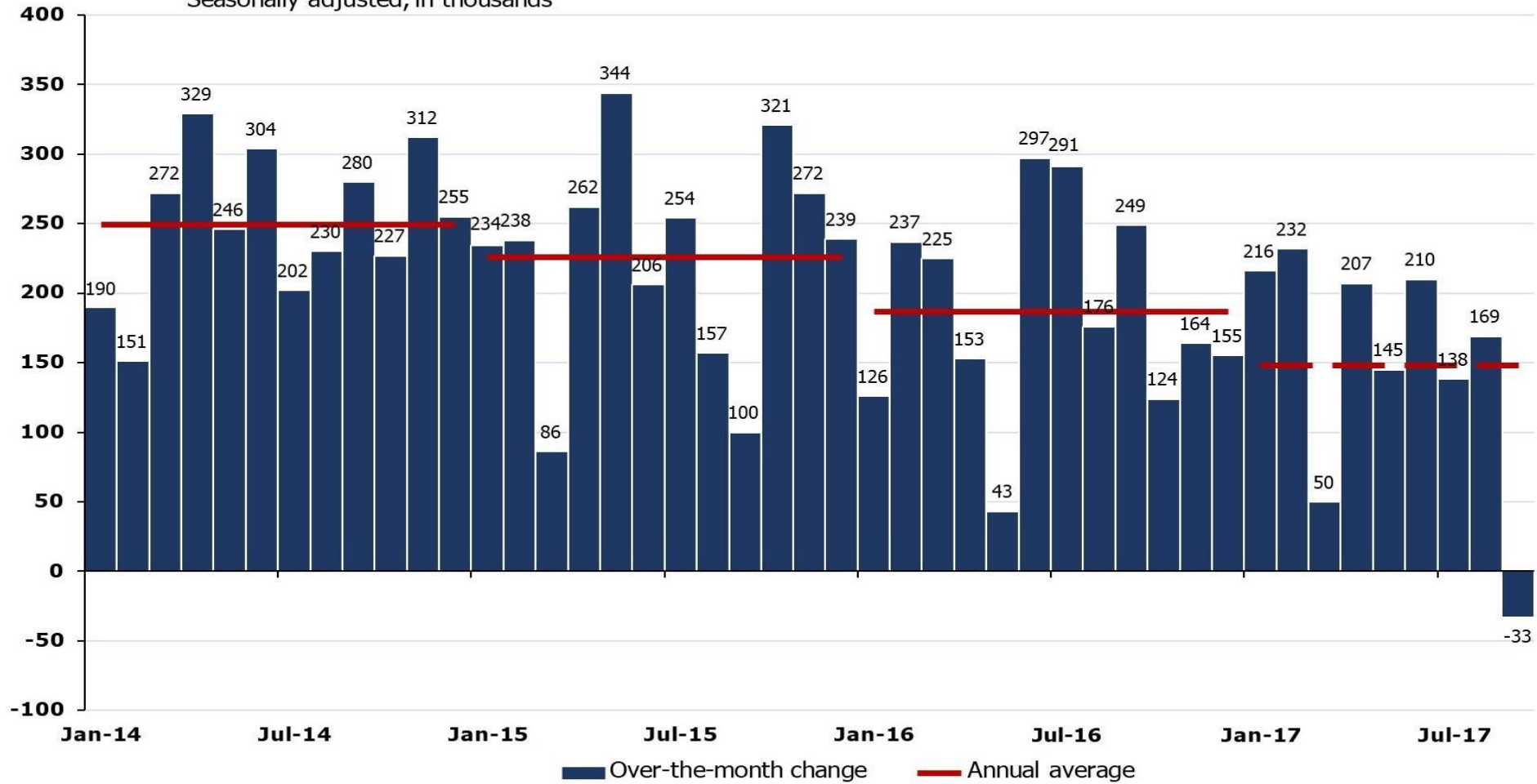


# USA Nonfarm Payroll Employment

## Employment in total nonfarm

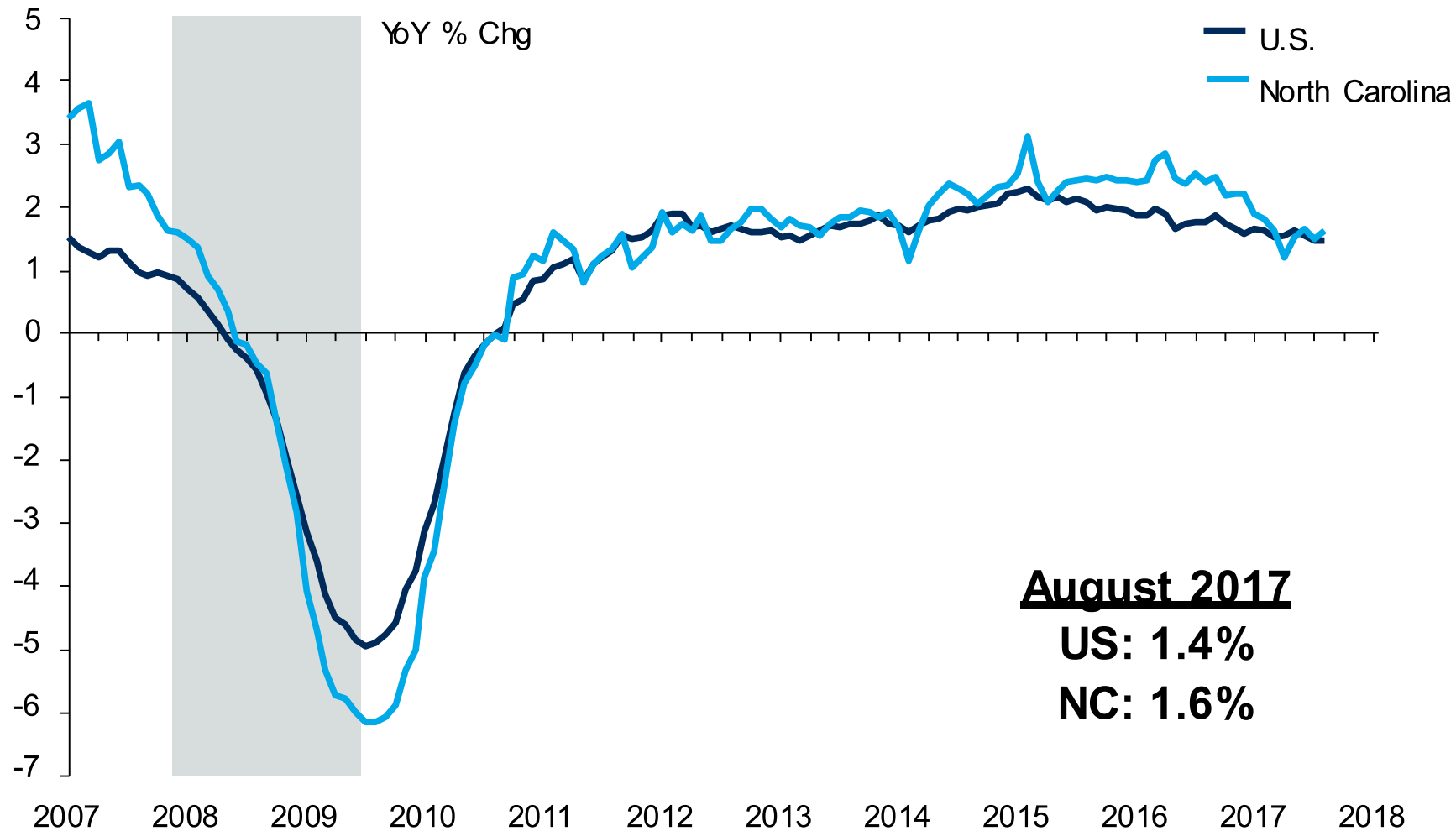
Over-the-month change, January 2014 - September 2017

Seasonally adjusted, in thousands

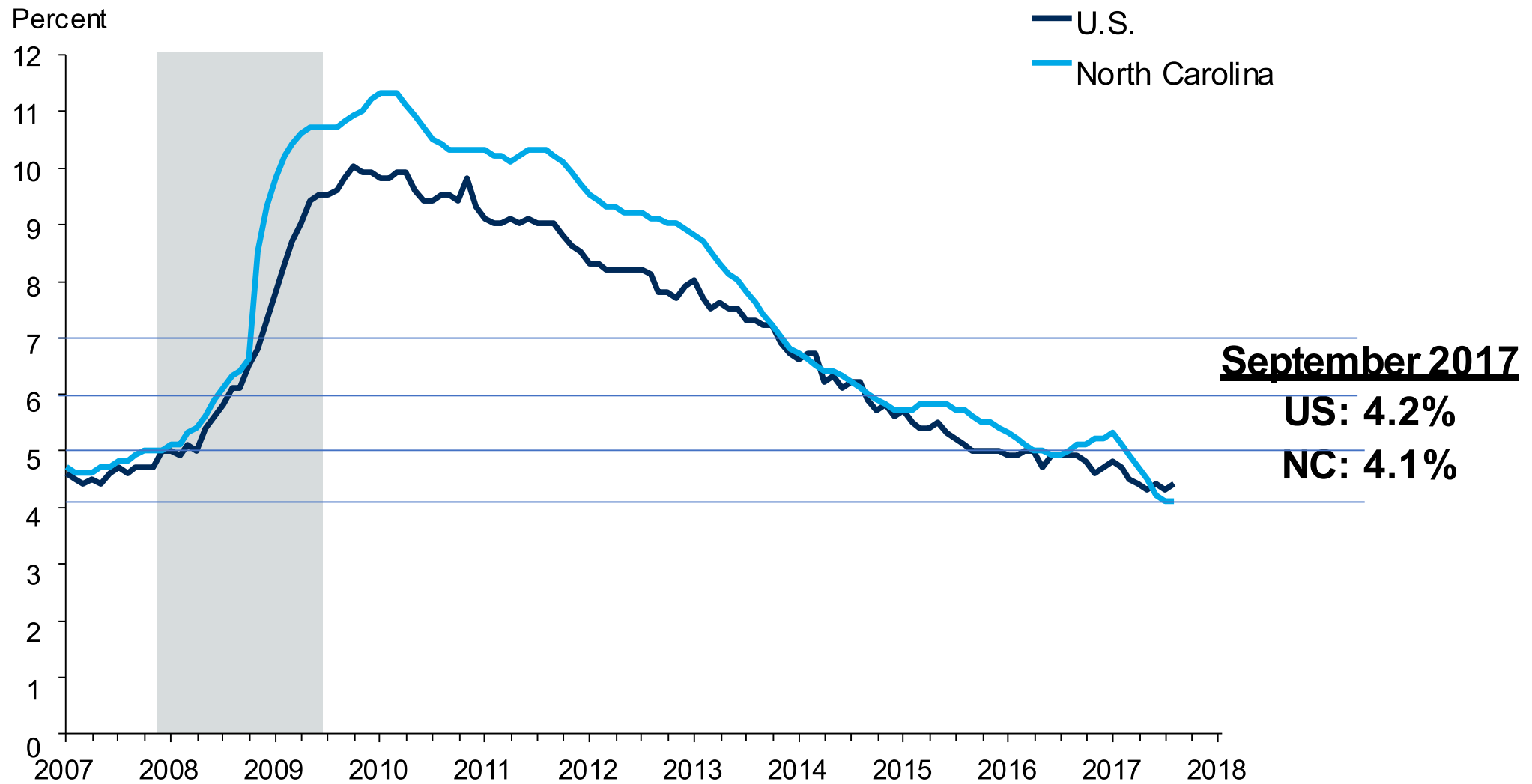


Bureau of Labor Statistics, Current Employment Statistics, October 06, 2017.  
Most recent 2 months of data are preliminary.

# North Carolina Payroll Employment Year over Year Percentage Change

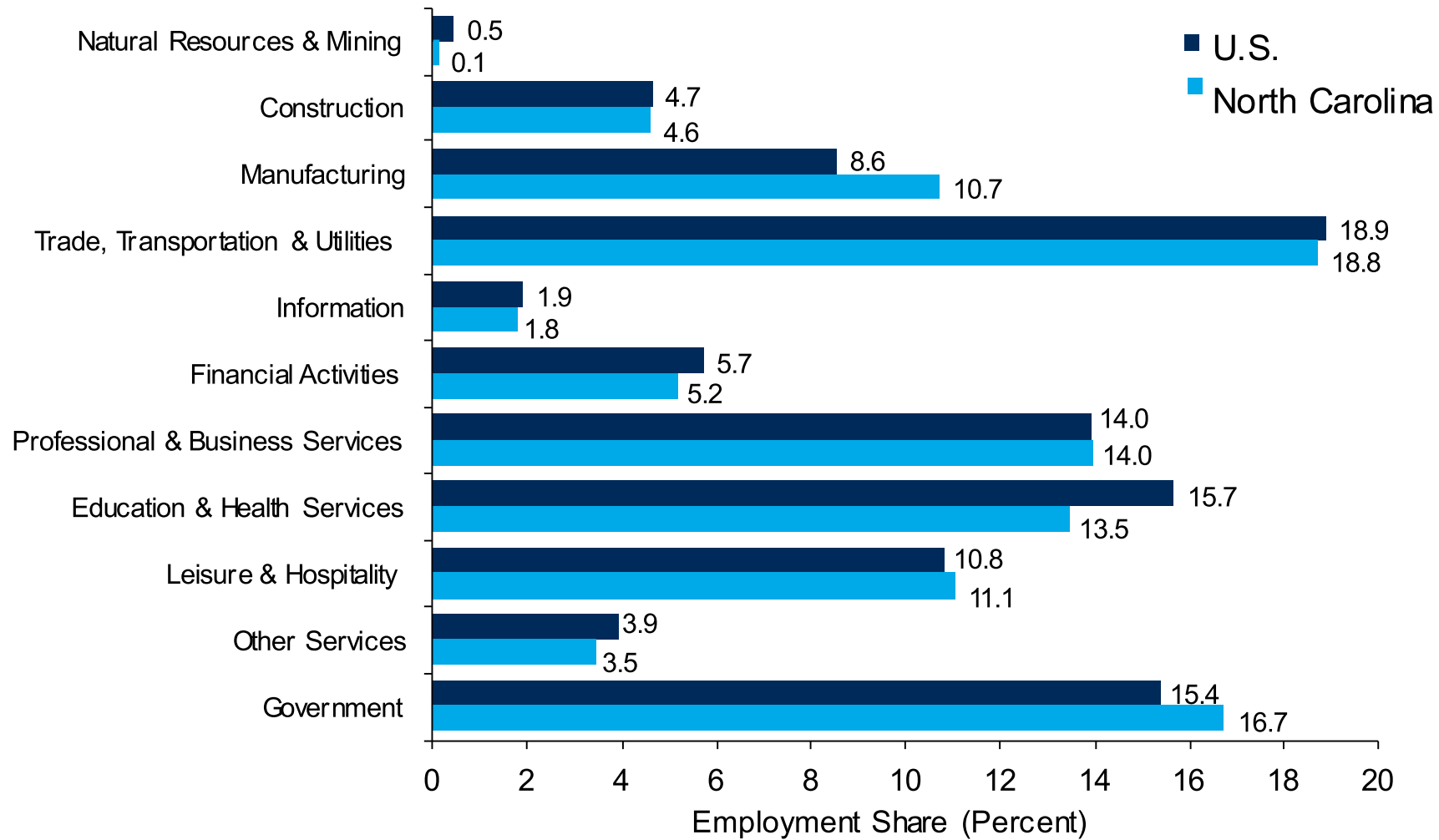


# USA & North Carolina Unemployment Rate



# North Carolina Industry Structure

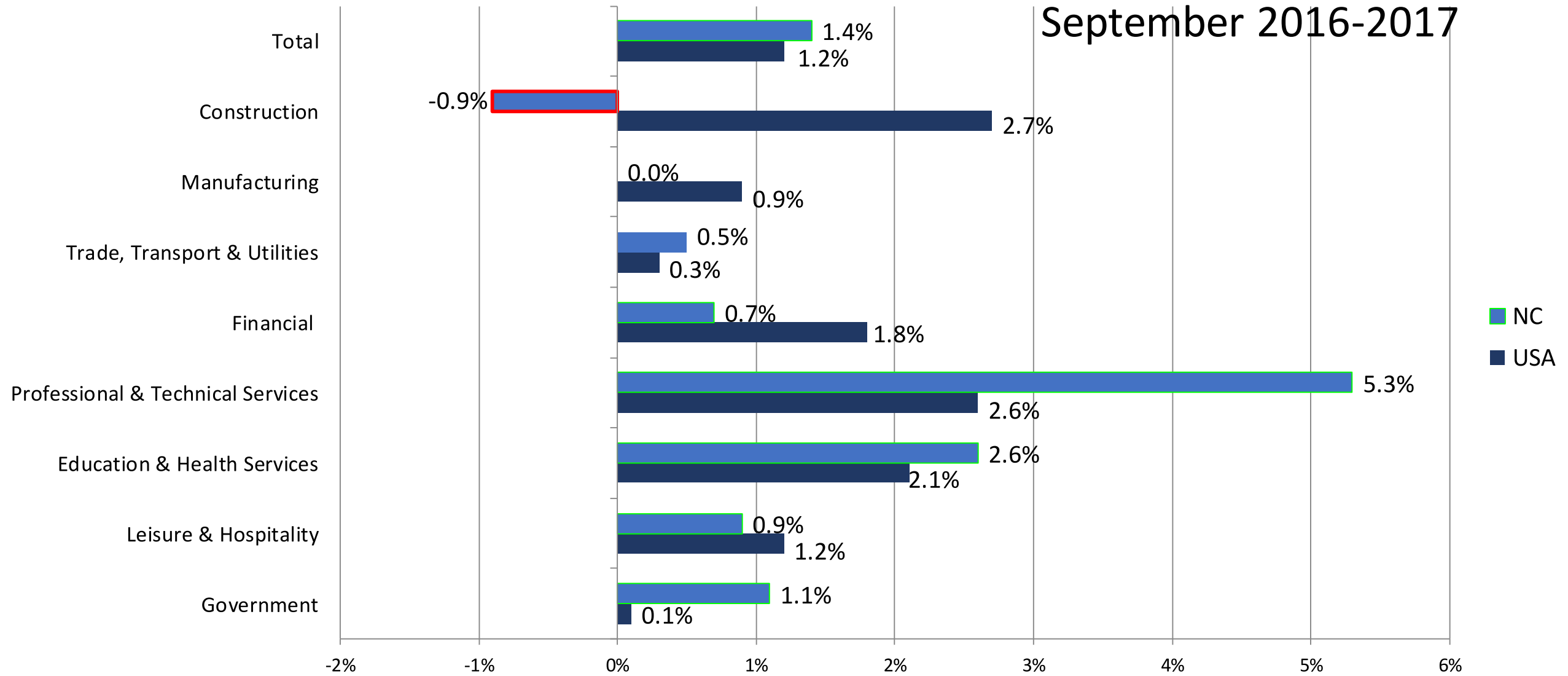
2016





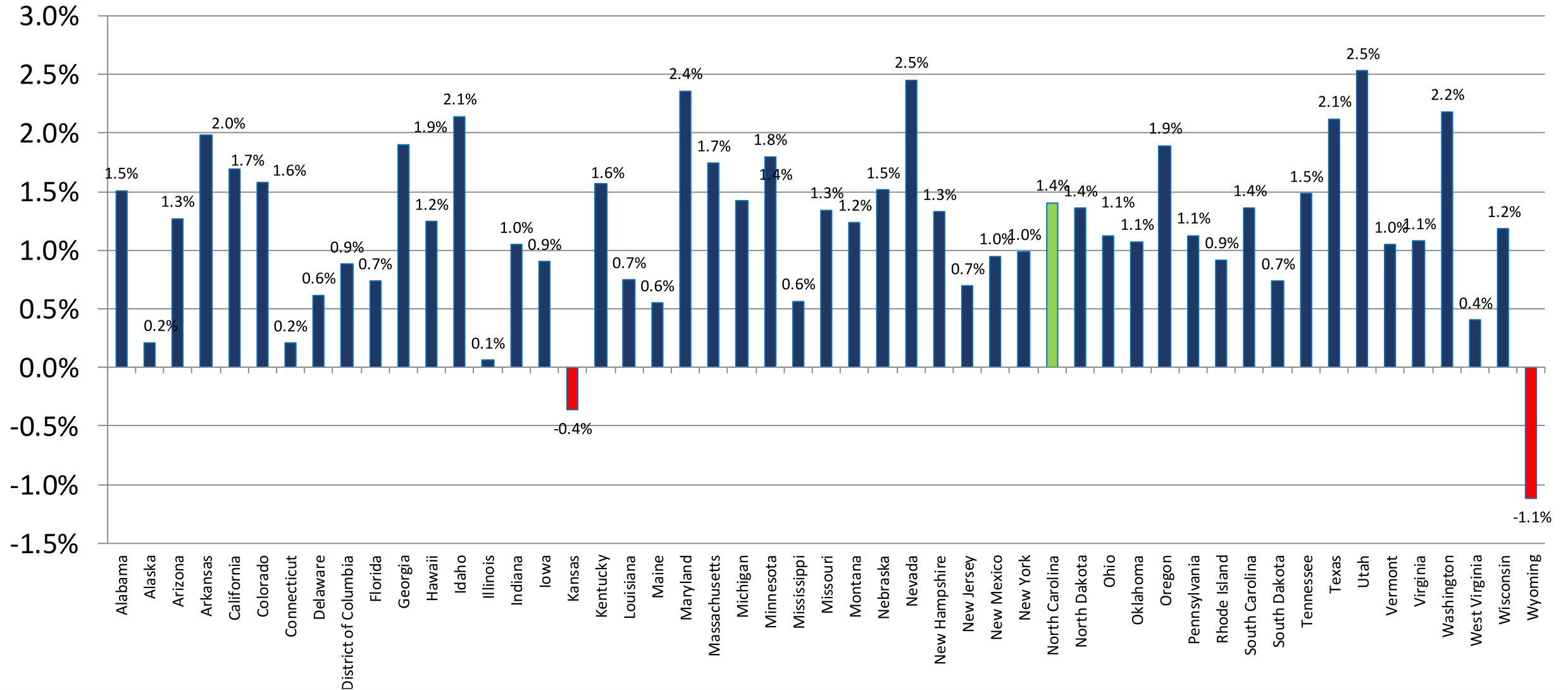
# Employment Gains By Sector for the United States and NC

September 2016-2017



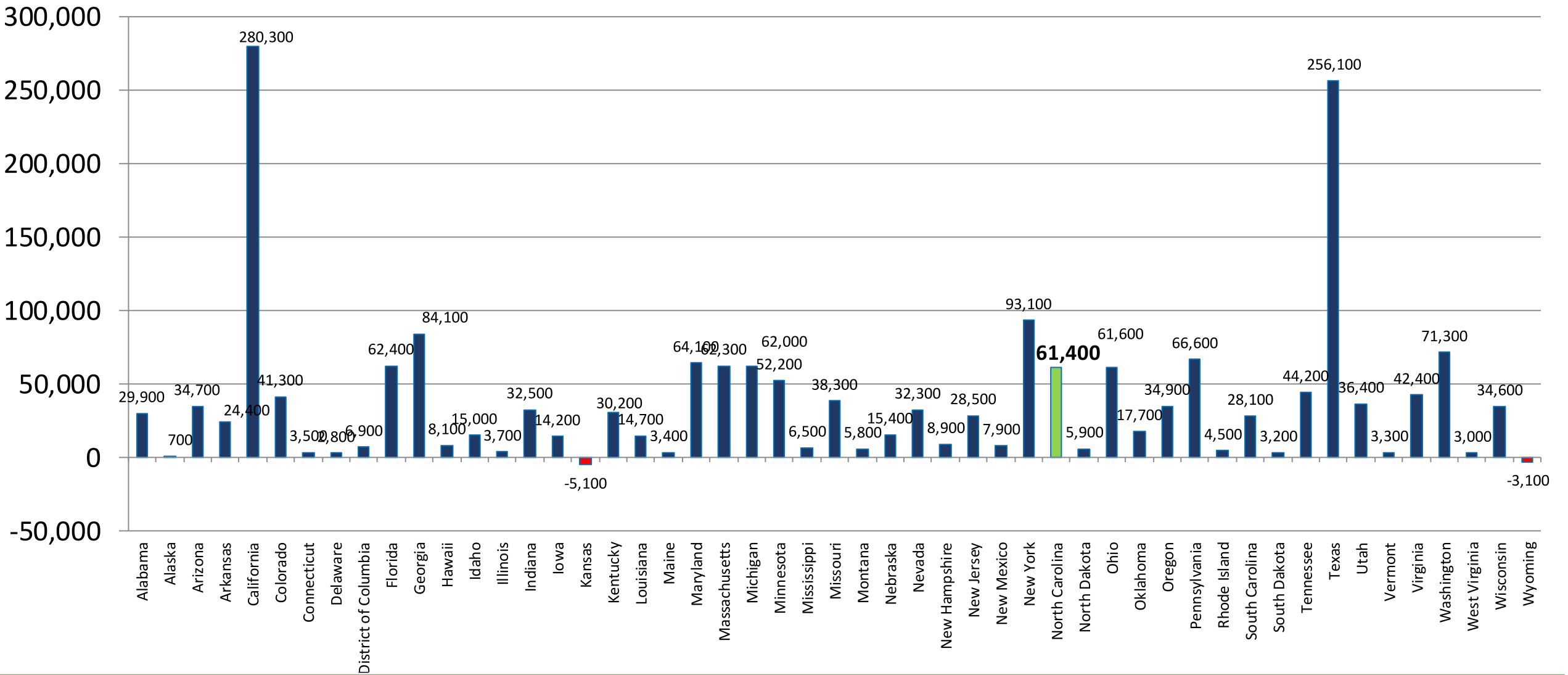
# All States 1-Year

Total Employment Percentage Change Sept 2016 to Sept 2017



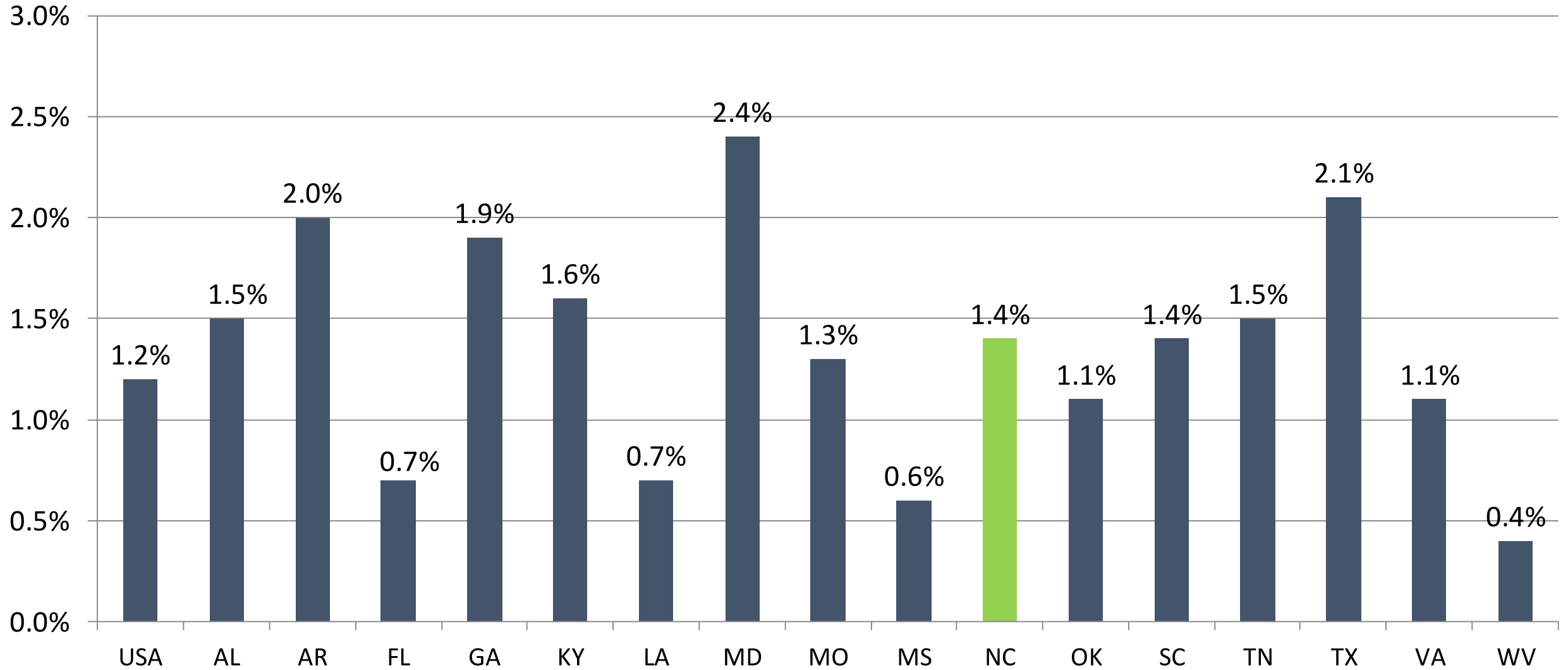
# All States 1-Year

Total Employment Changes Sept 2016 to Sept 2017

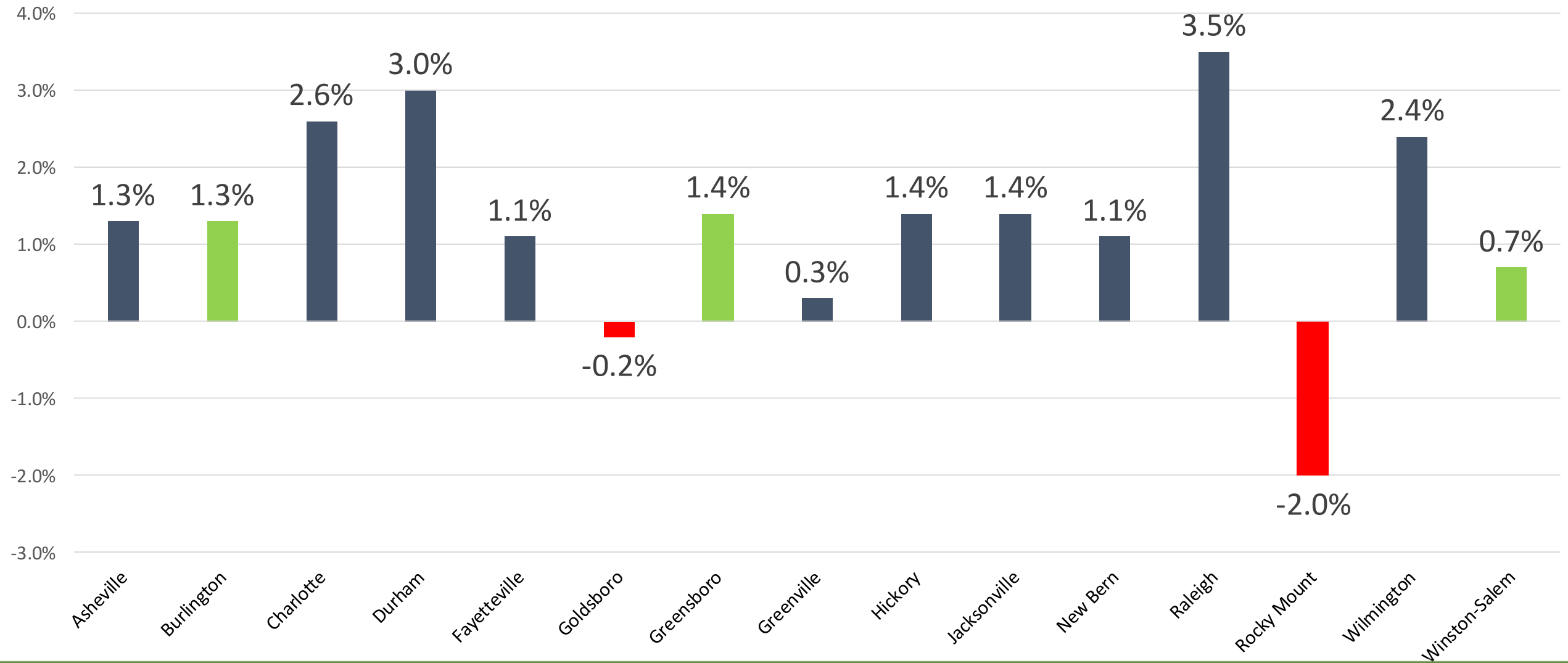


# Southern States 1-Year

Non-Farm Employment September 2016 to September 2017

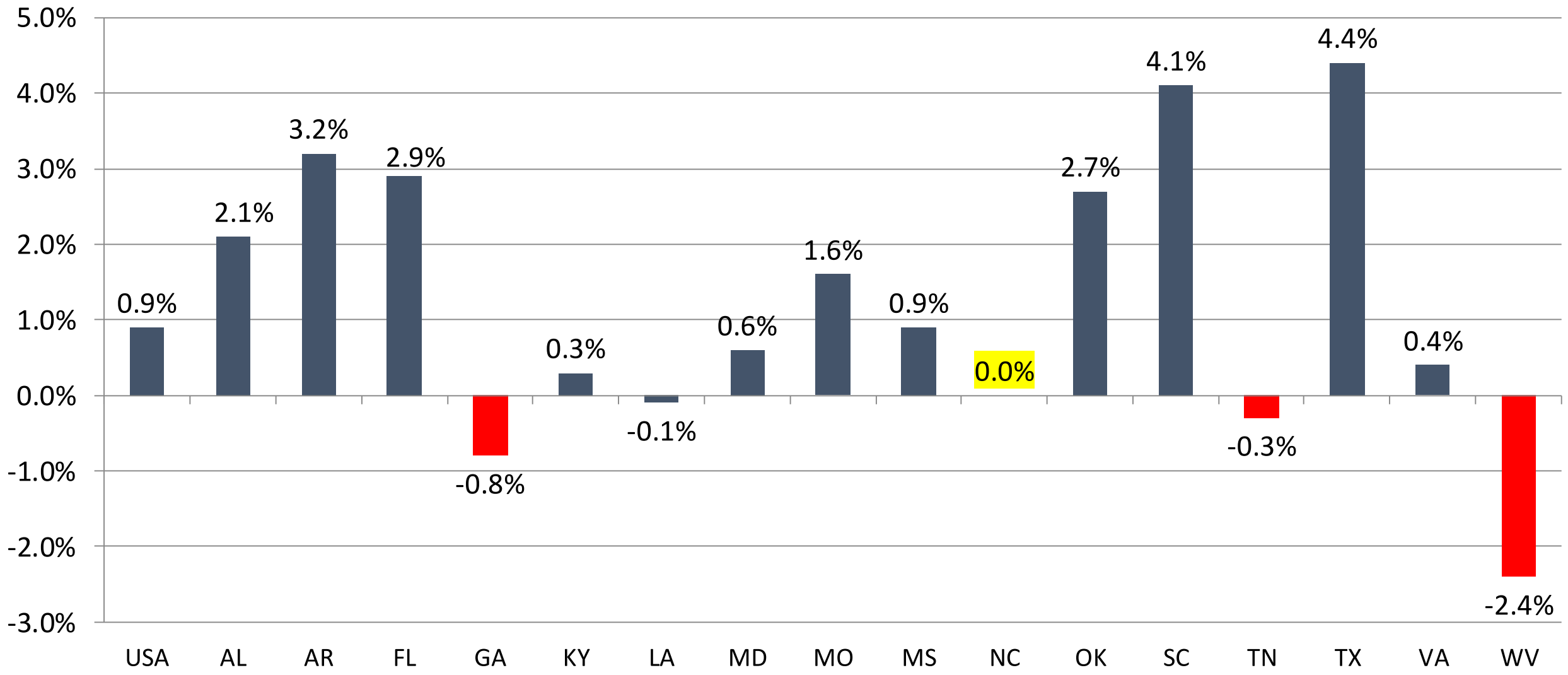


# NC Metro % Non-Farm Employment Growth Aug 2016- Aug 2017

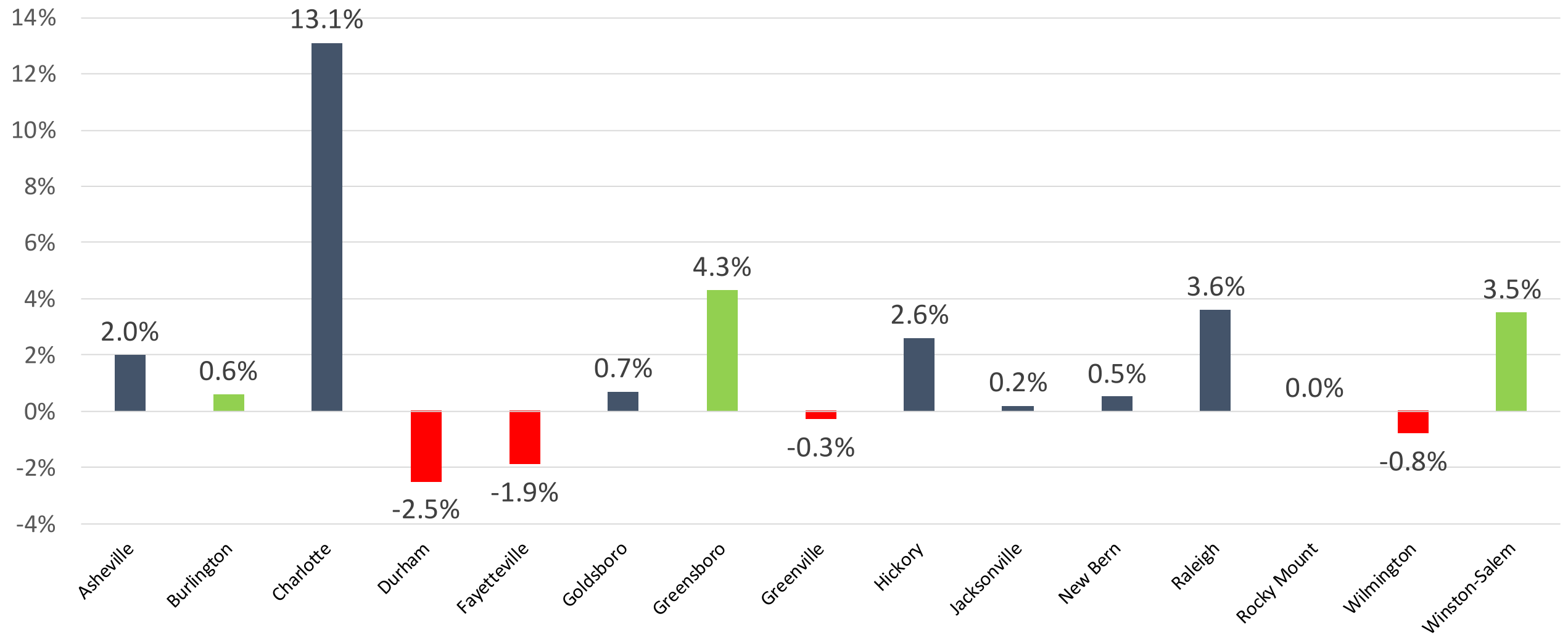


# Southern States 1-Year

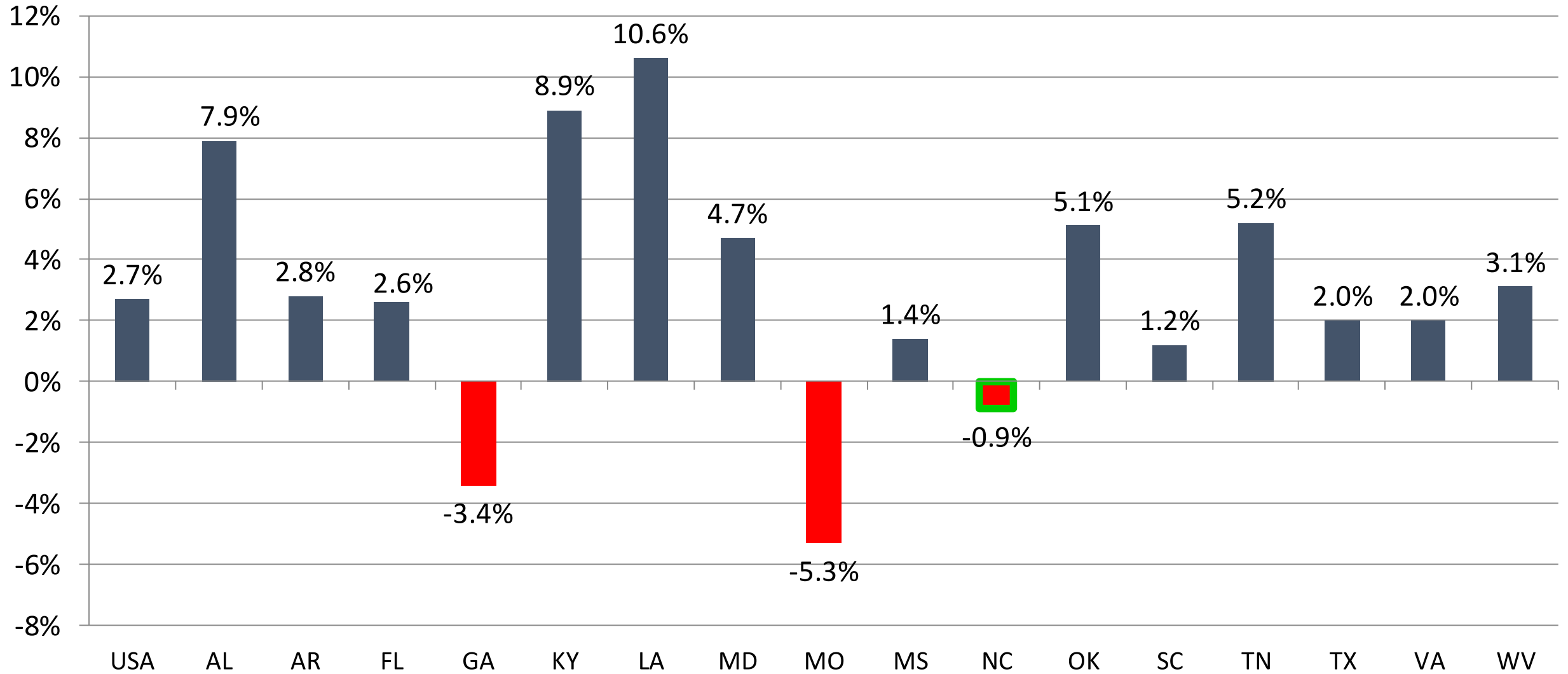
## Manufacturing Employment Sept 2016 to Sept 2017



# NC Metro Manufacturing % Growth 2010-2016



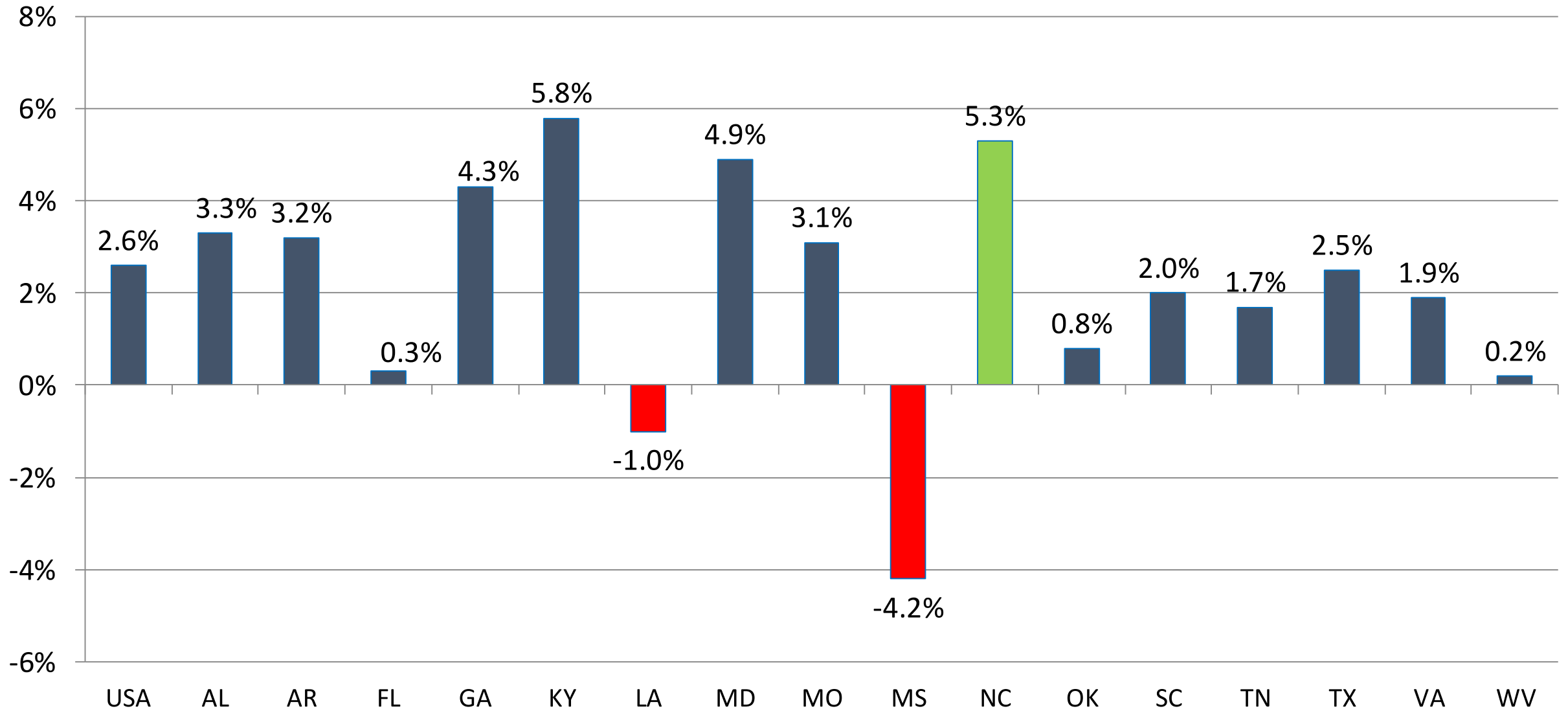
# Southern States 1-Year Construction Employment Sept 2016 to Sept 2017



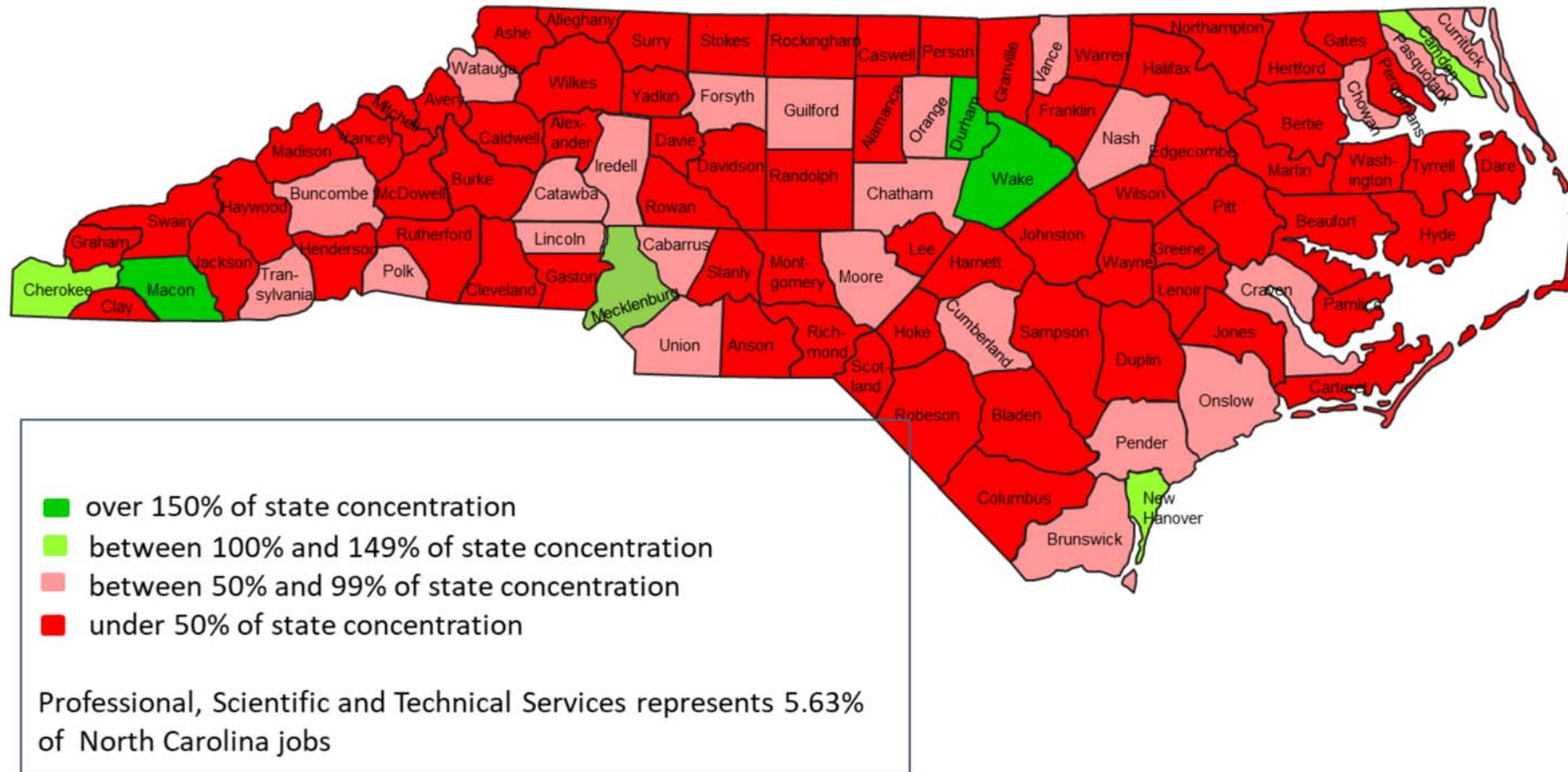


# Southern States 1-Year

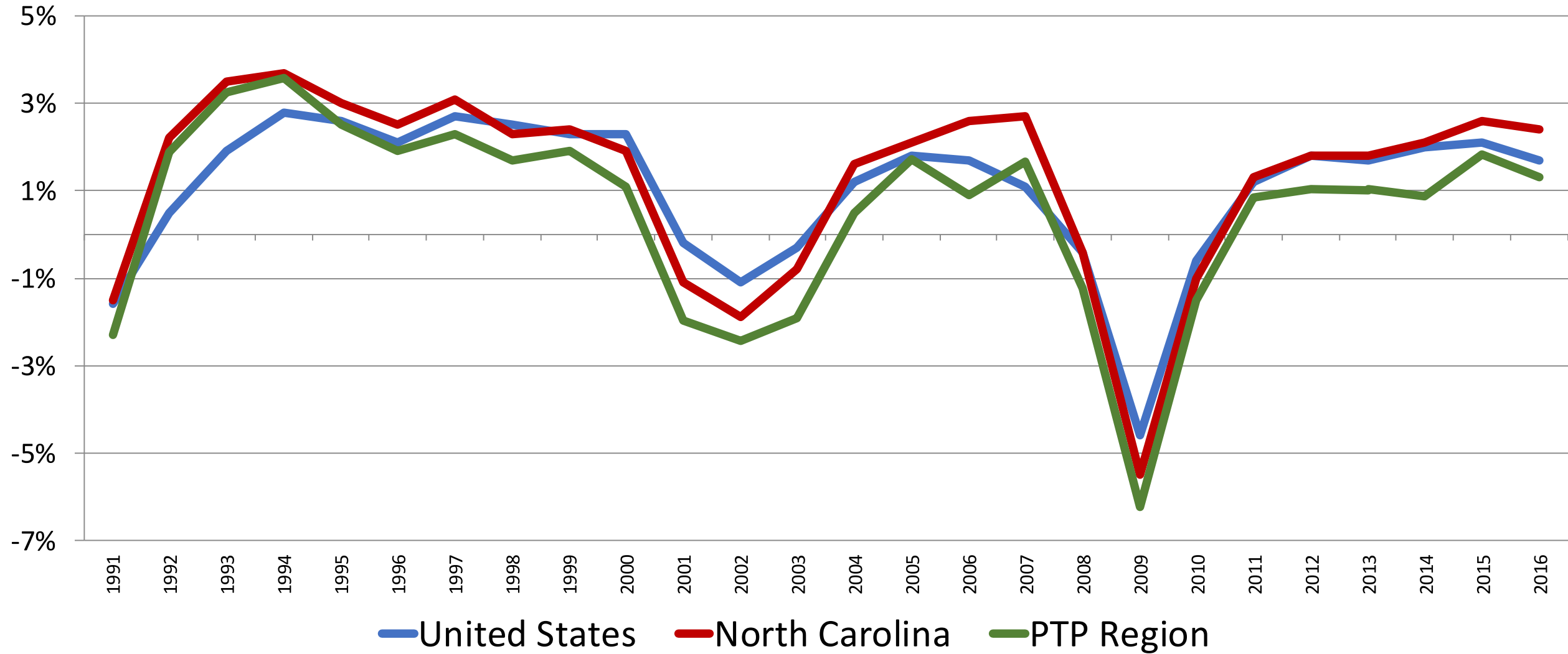
Professional & Business Services Employment Changes Sept 2016 to Sept 2017



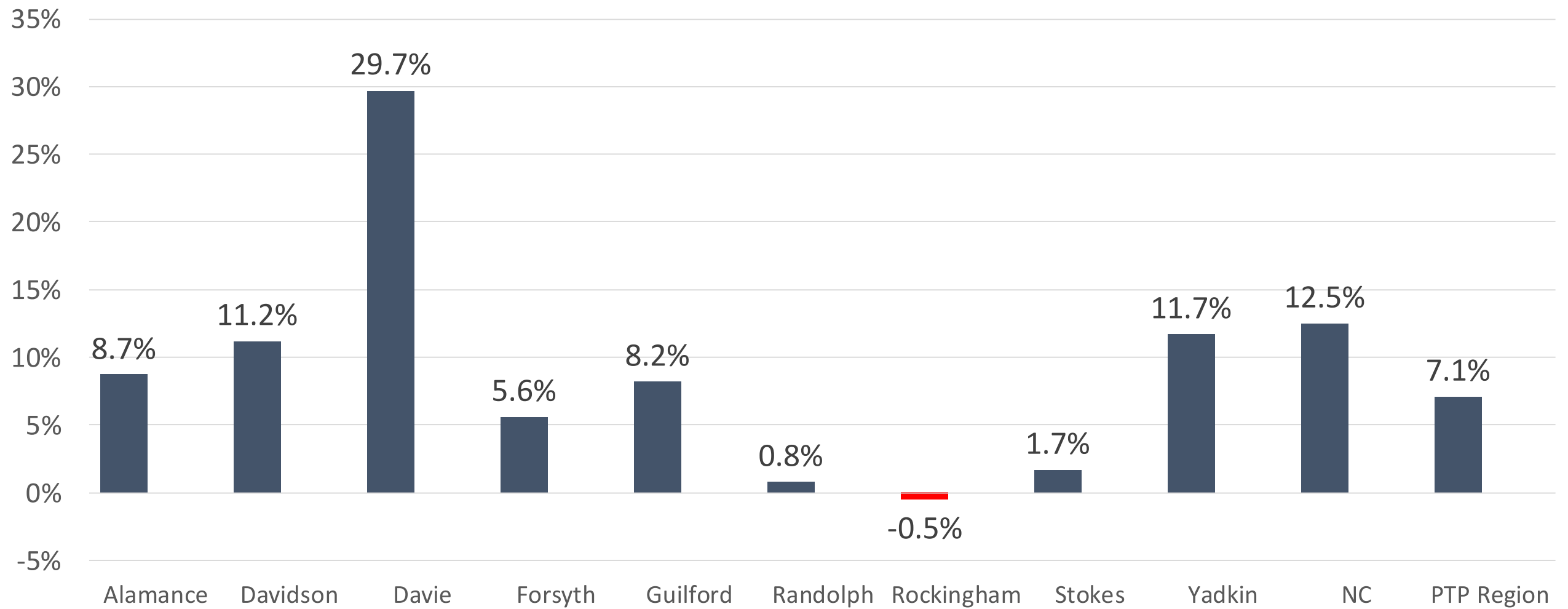
# Concentration of County Jobs in Professional, Scientific and Technical Services



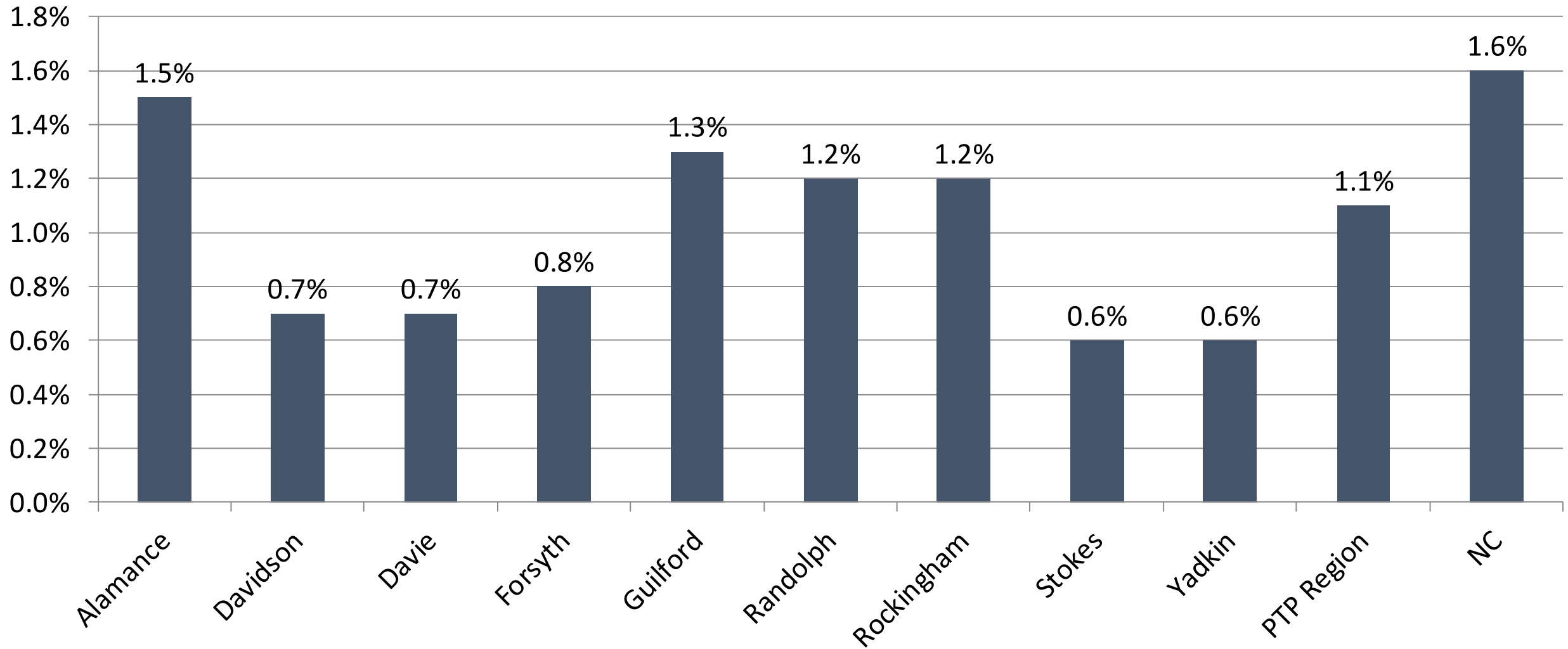
# Percentage Annual Job Change 1990-2016



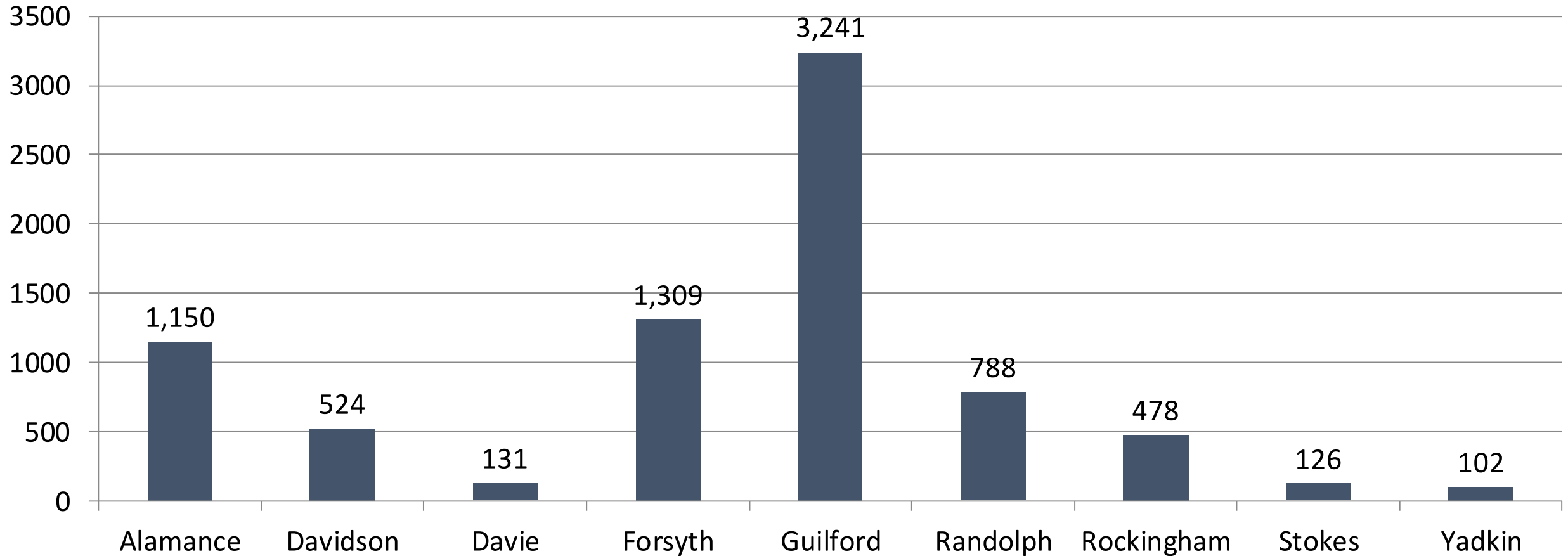
# Percentage Job Growth By County 2010-2016



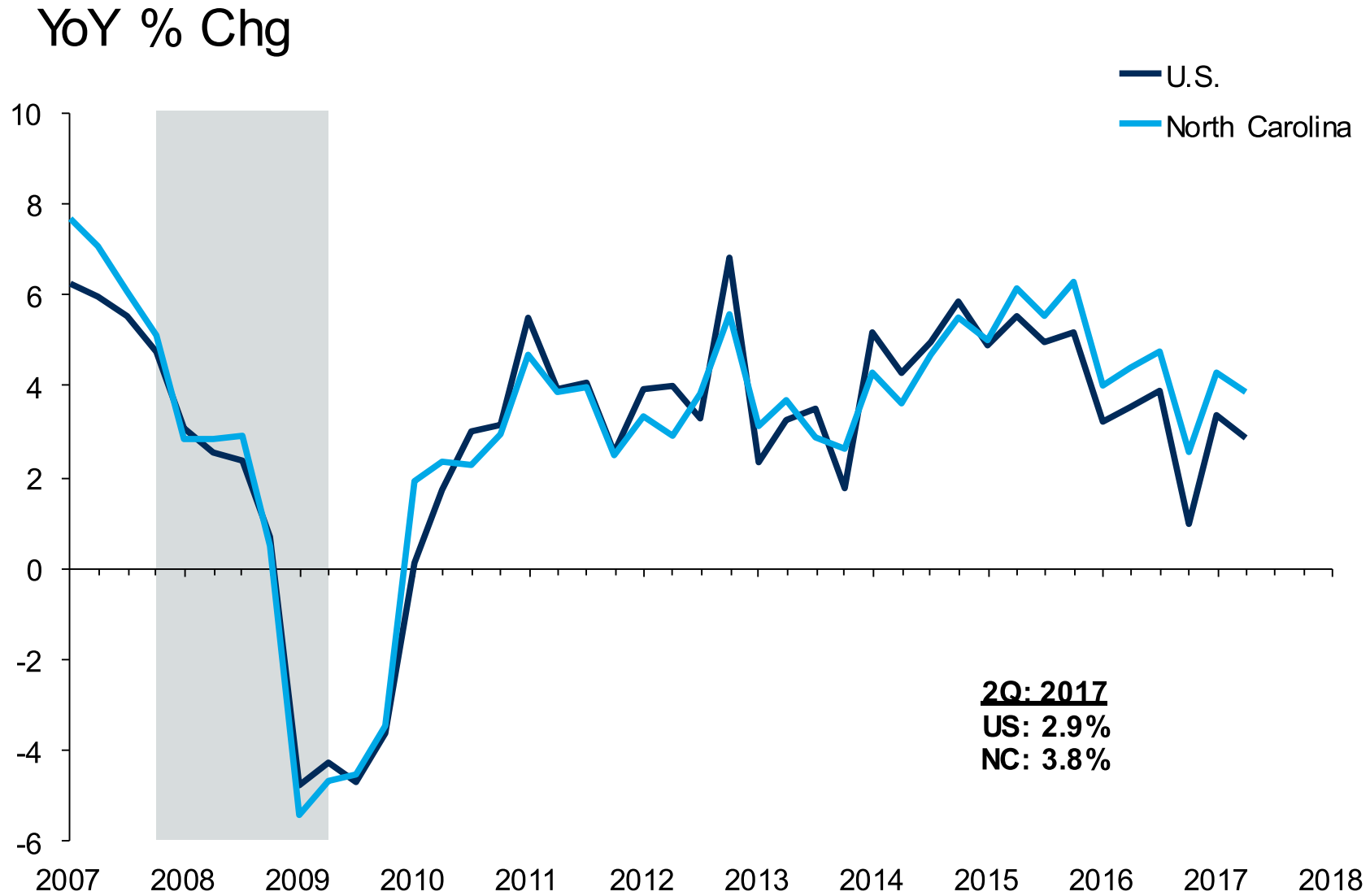
# PTP County Employment Growth August 2016 – August 2017



# PTP County Employment Growth August 2016– August 2017

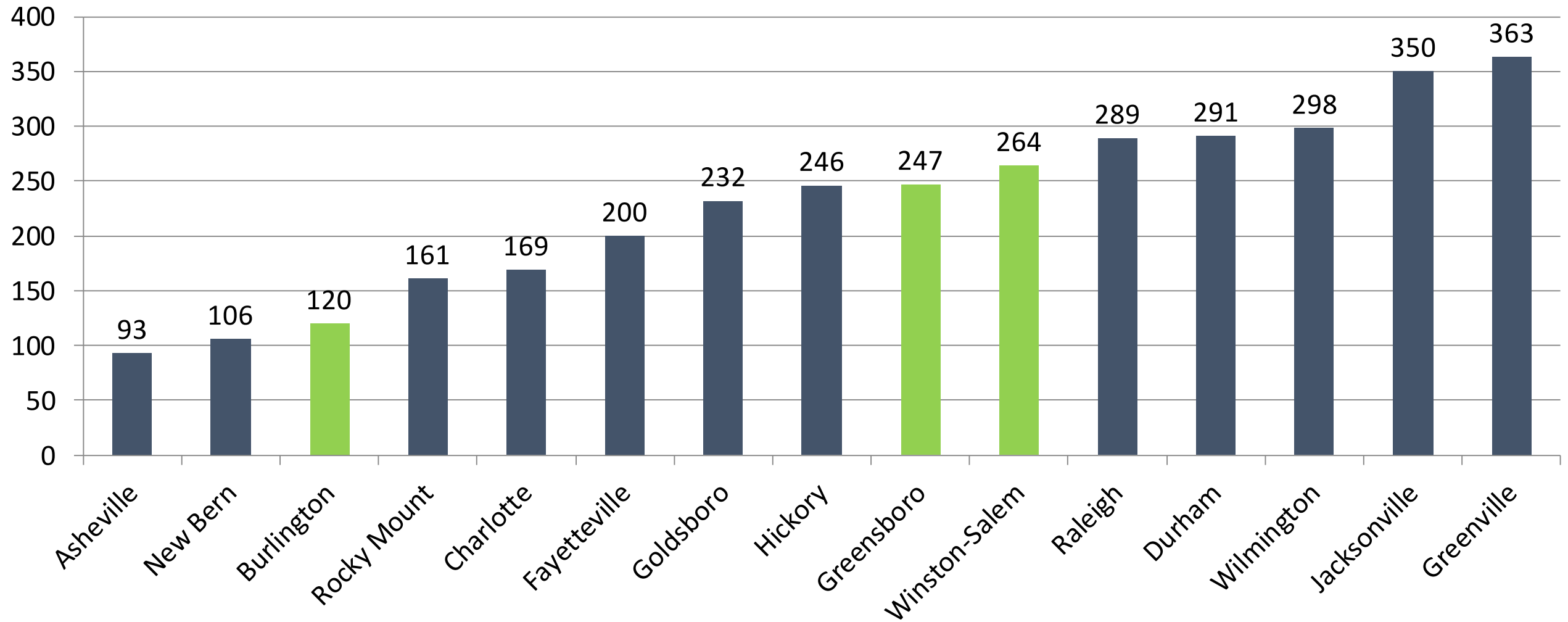


# North Carolina Wages and Salaries



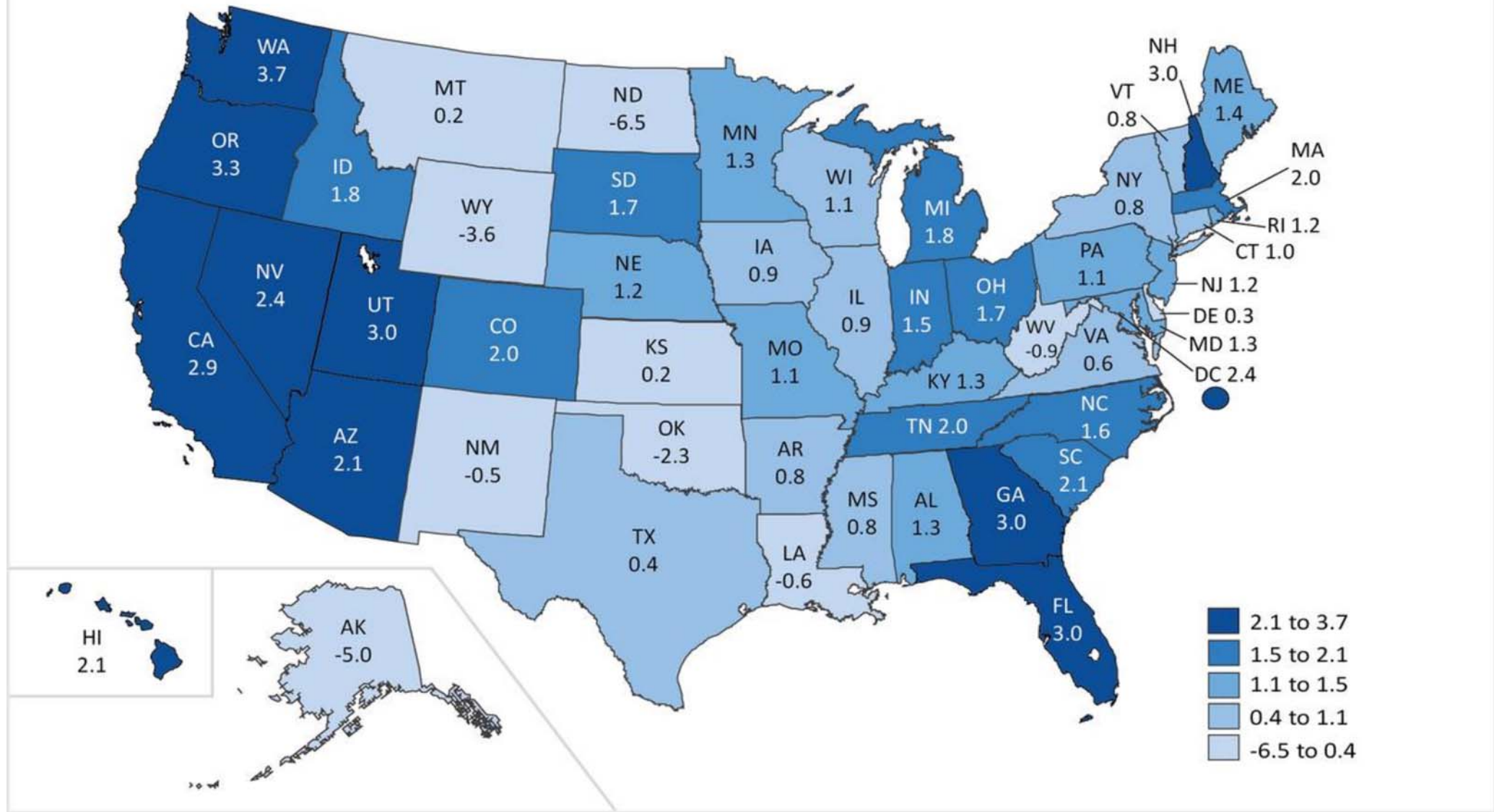
# Leading Locations for Earnings Growth 2011-2016 Change

## Overall Rank



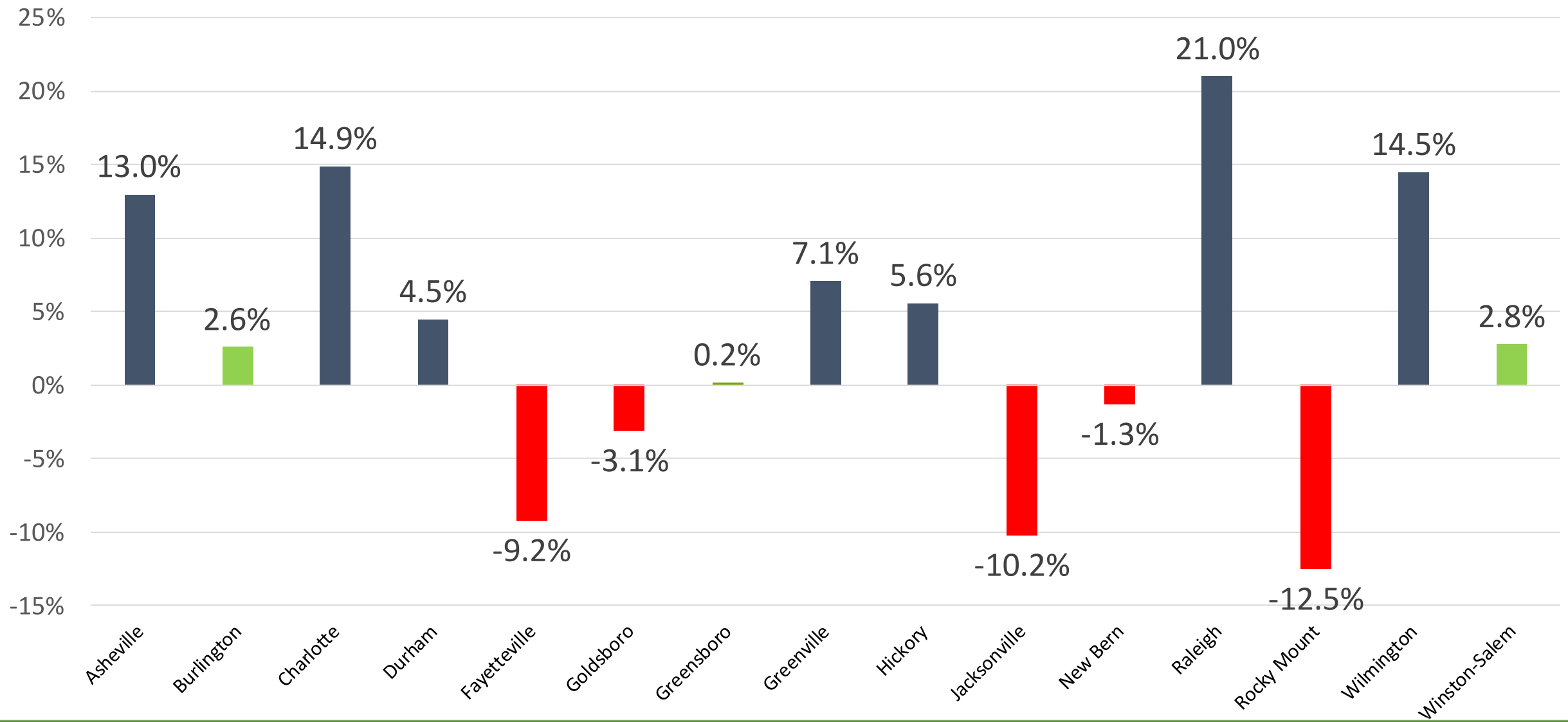


# Chart 2. Percent Change in Real GDP by State, 2015–2016

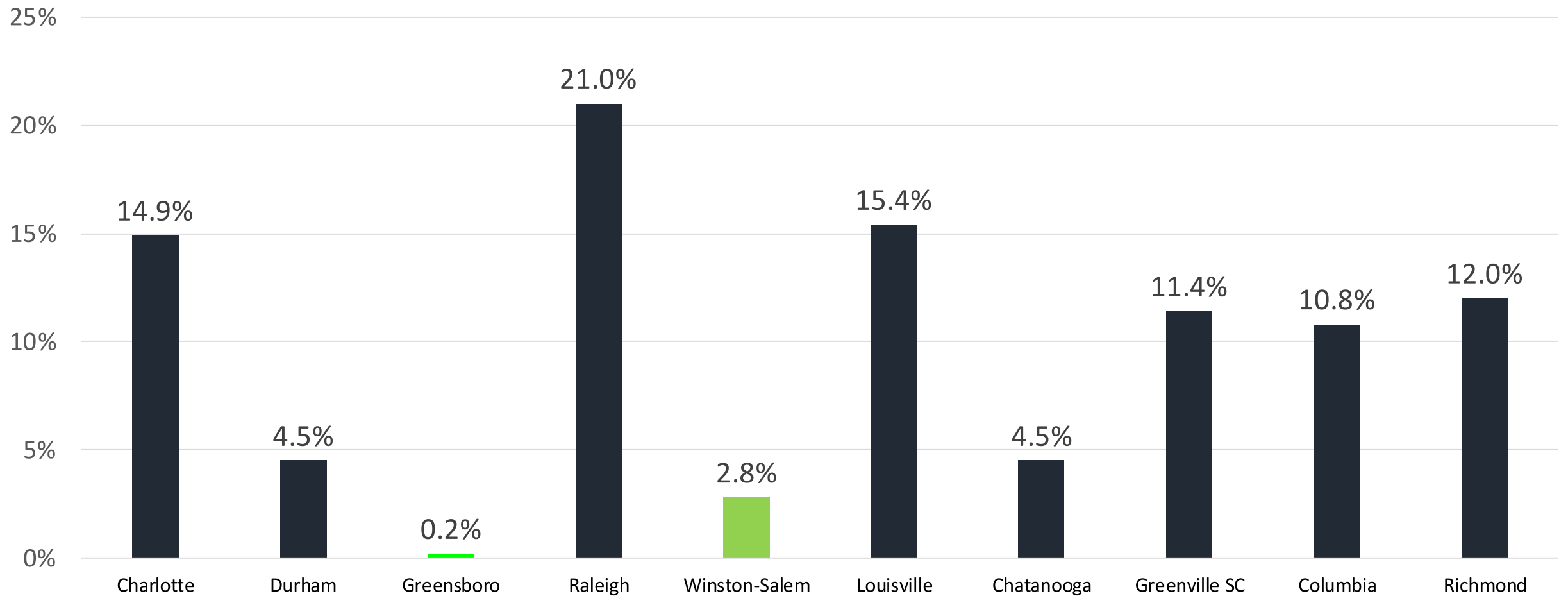


U.S. Bureau of Economic Analysis

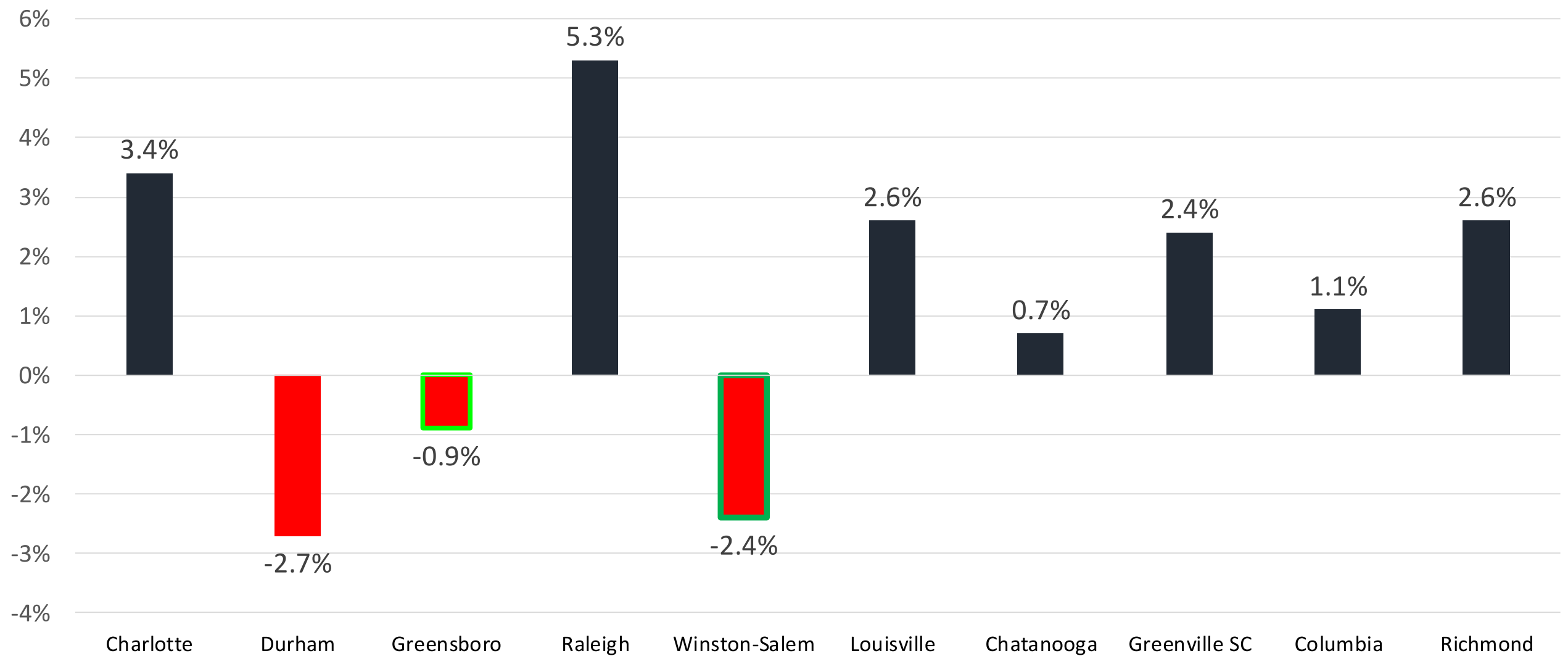
# NC Metro % GDP Growth 2011-2016



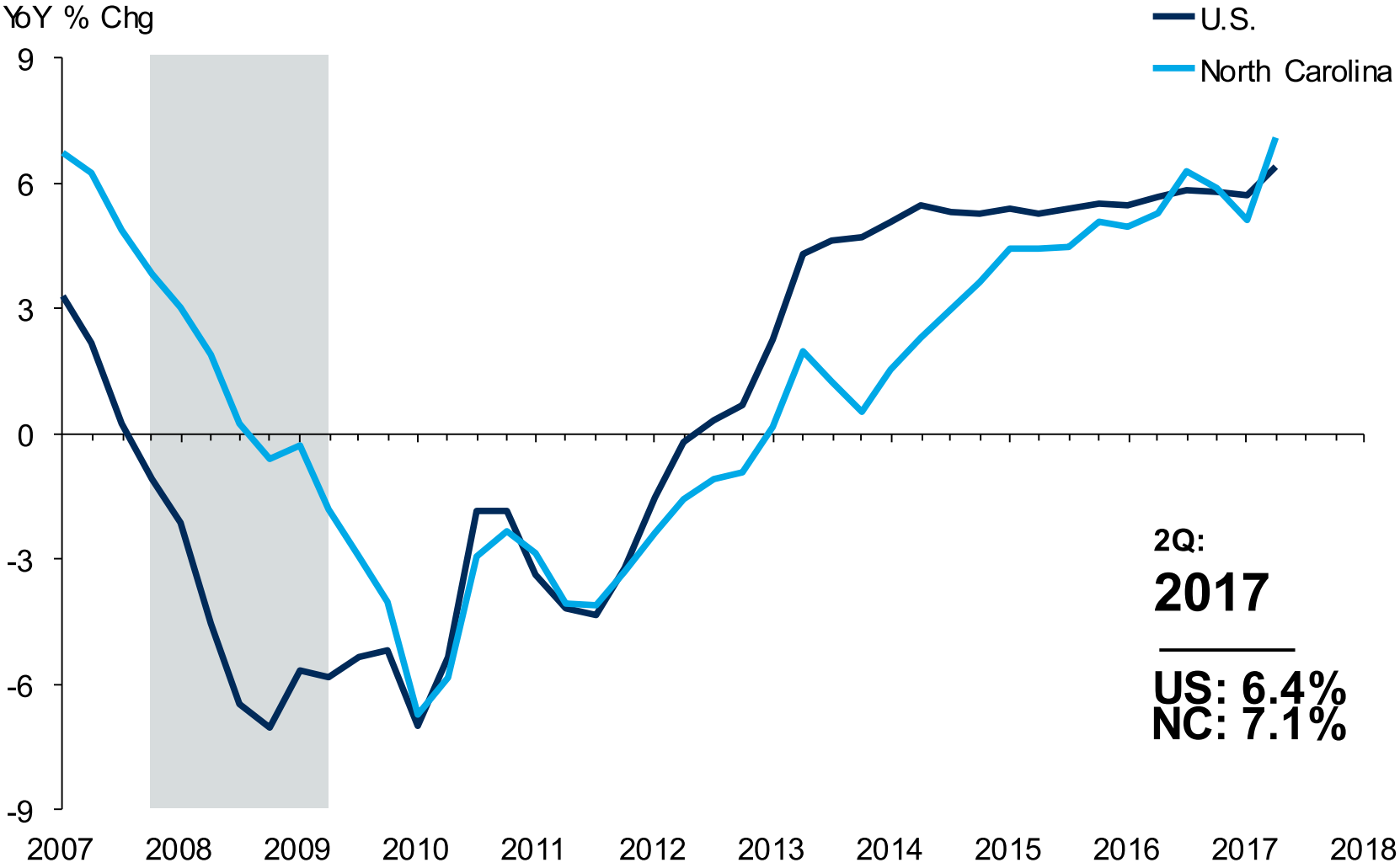
# Peer Metro % GDP Growth 2011-2016



# Peer Metro % GDP Growth 2015-2016

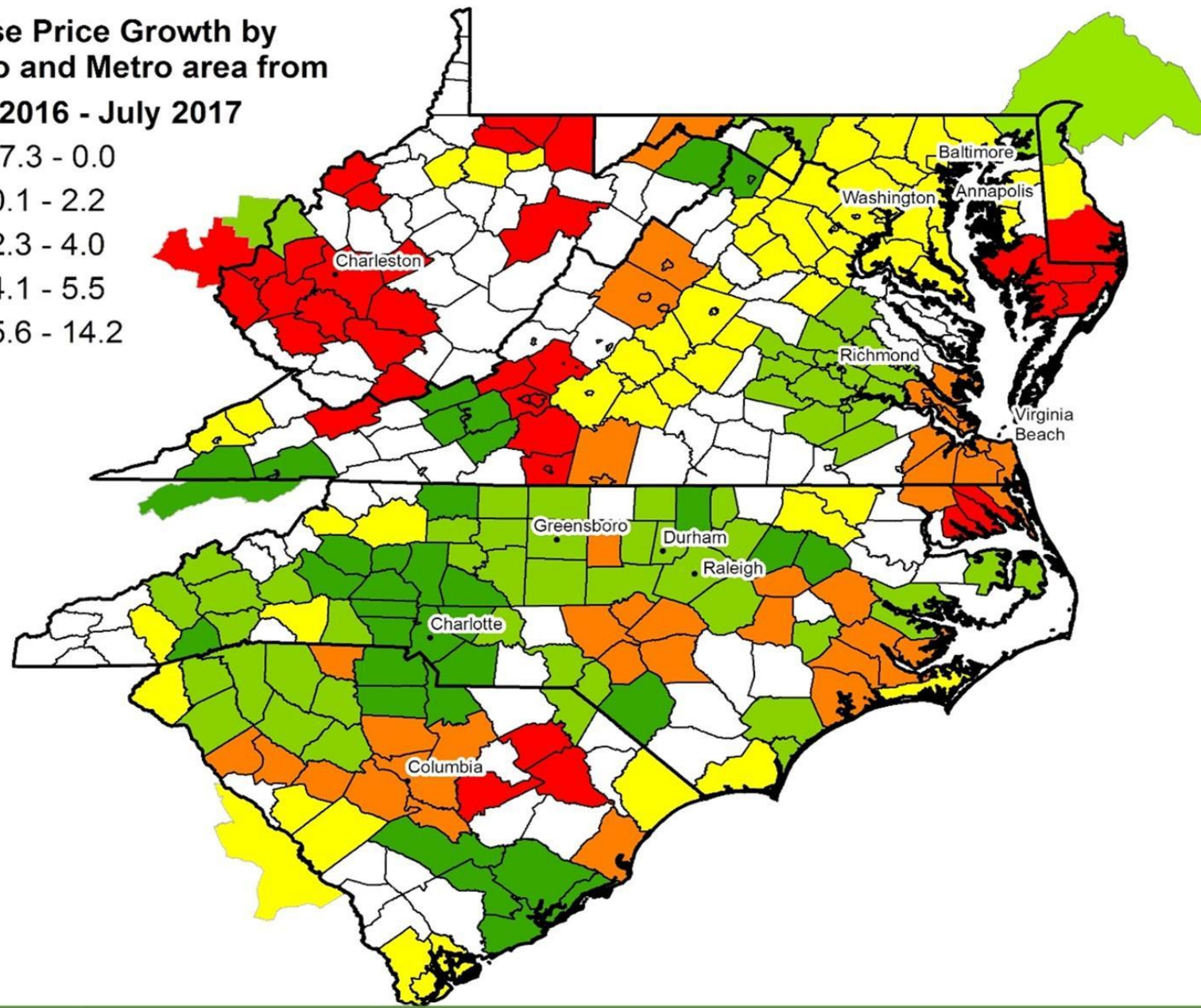


# North Carolina House Price Index—FHFA



**House Price Growth by  
Micro and Metro area from  
July 2016 - July 2017**

- -7.3 - 0.0
- 0.1 - 2.2
- 2.3 - 4.0
- 4.1 - 5.5
- 5.6 - 14.2

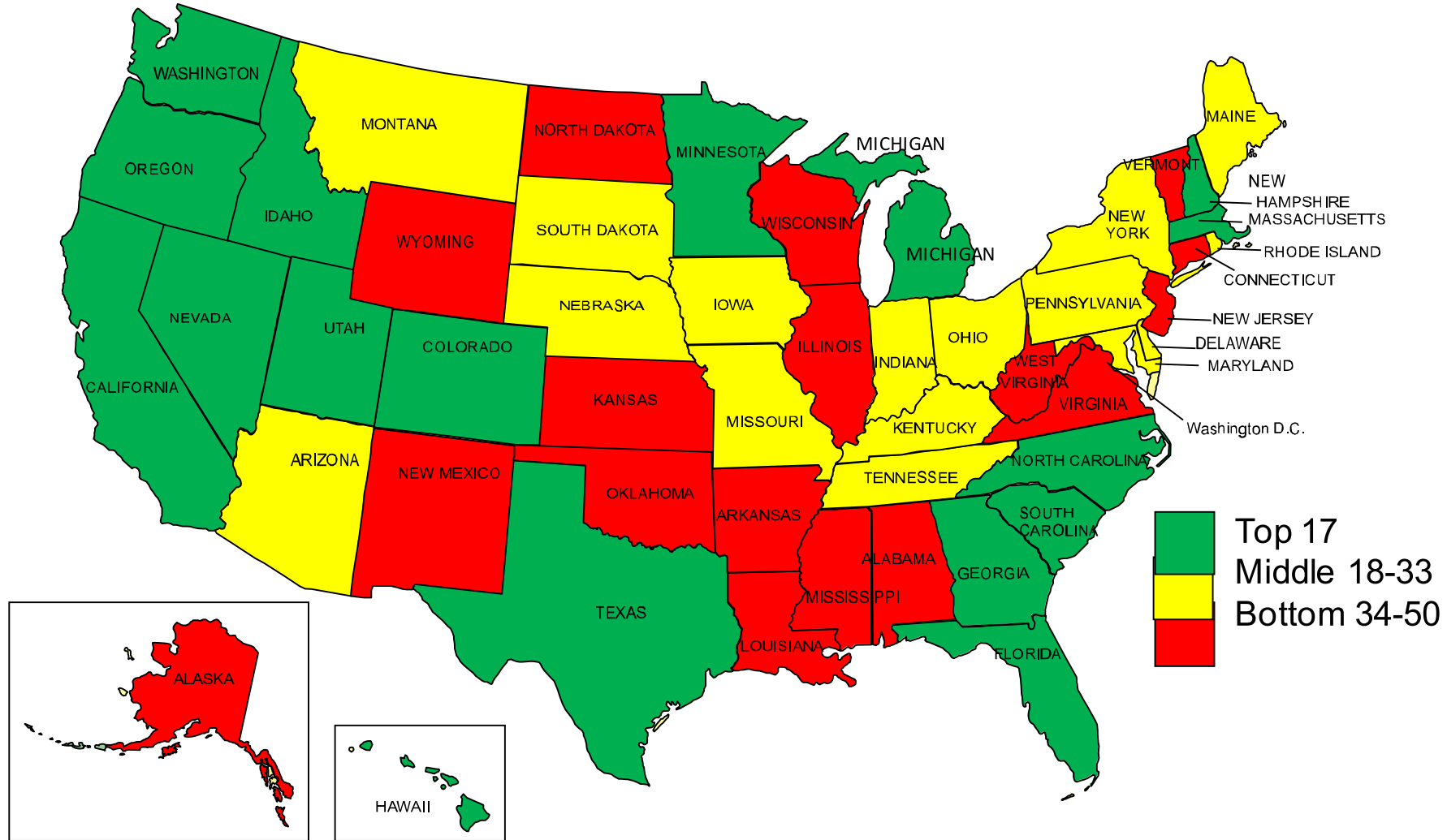


# The Competition for Jobs, Investment, Standard of Living and Quality of Life



# Economic Performance 2013 – 2016

## Growth in Jobs - Wages - GDP





# Rankings and Performance



## States By Average Ranks by Forbes, CNBC, and Chief Executive

Forbes released 11/16/16; CNBC released 7/11/17; Chief Executive released 5/5/17

Plotted Against

## Actual Performance for Job Growth, Wage Growth and Growth in GDP

3 years 2013-2016 Jobs & Wages: BLS QCEW annual; GDP: BEA Real GDP 2009 chained dollars

# 2018 State Business Tax Climate Index – State Ranking

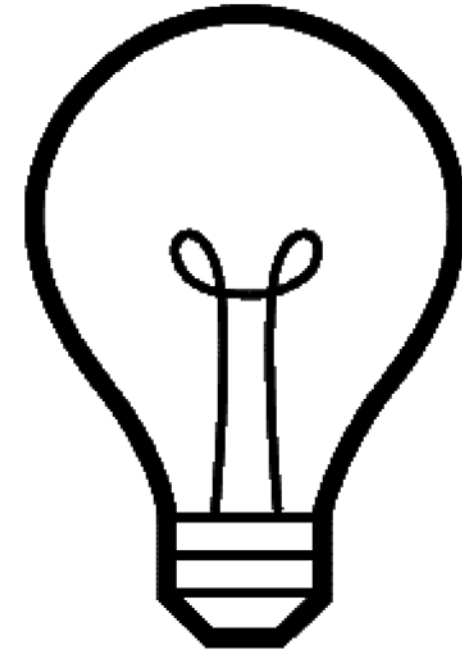
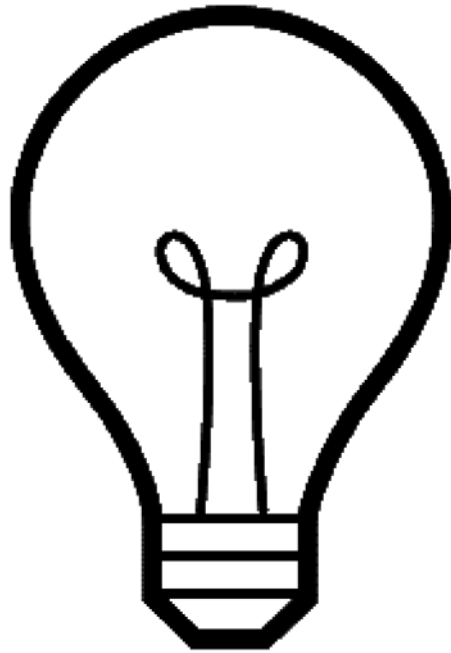
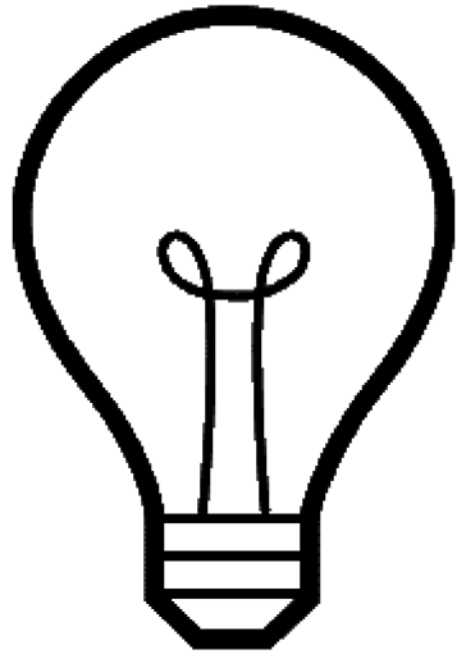
(1 is Best, 50 is Worst) Overall		Corporate Tax <small>Source: 2018 State Tax Climate Index</small>	Individual Income	Sales Tax	Property Tax
Alabama	35 <sup>th</sup>	22	22	49	12
Arkansas	39 <sup>th</sup>	39	30	44	22
Florida	4 <sup>th</sup>	19	1	29	10
Georgia	36 <sup>th</sup>	10	42	28	23
Kentucky	33 <sup>rd</sup>	27	29	14	36
Louisiana	42 <sup>nd</sup>	40	27	50	30
Maryland	43 <sup>rd</sup>	20	46	18	42
Mississippi	24 <sup>th</sup>	11	20	38	35
Missouri	16 <sup>th</sup>	5	28	24	7
North Carolina	11 <sup>th</sup>	3	13	20	32
Oklahoma	32 <sup>nd</sup>	9	38	36	15
South Carolina	37 <sup>th</sup>	15	41	32	24
Tennessee	14 <sup>th</sup>	21	8	45	29
Texas	13 <sup>th</sup>	49	6	37	37
Virginia	31 <sup>st</sup>	6	40	10	31
West Virginia	19 <sup>th</sup>	17	25	15	17

# Think 10-Year Transformations



What is your Transformation Strategy?

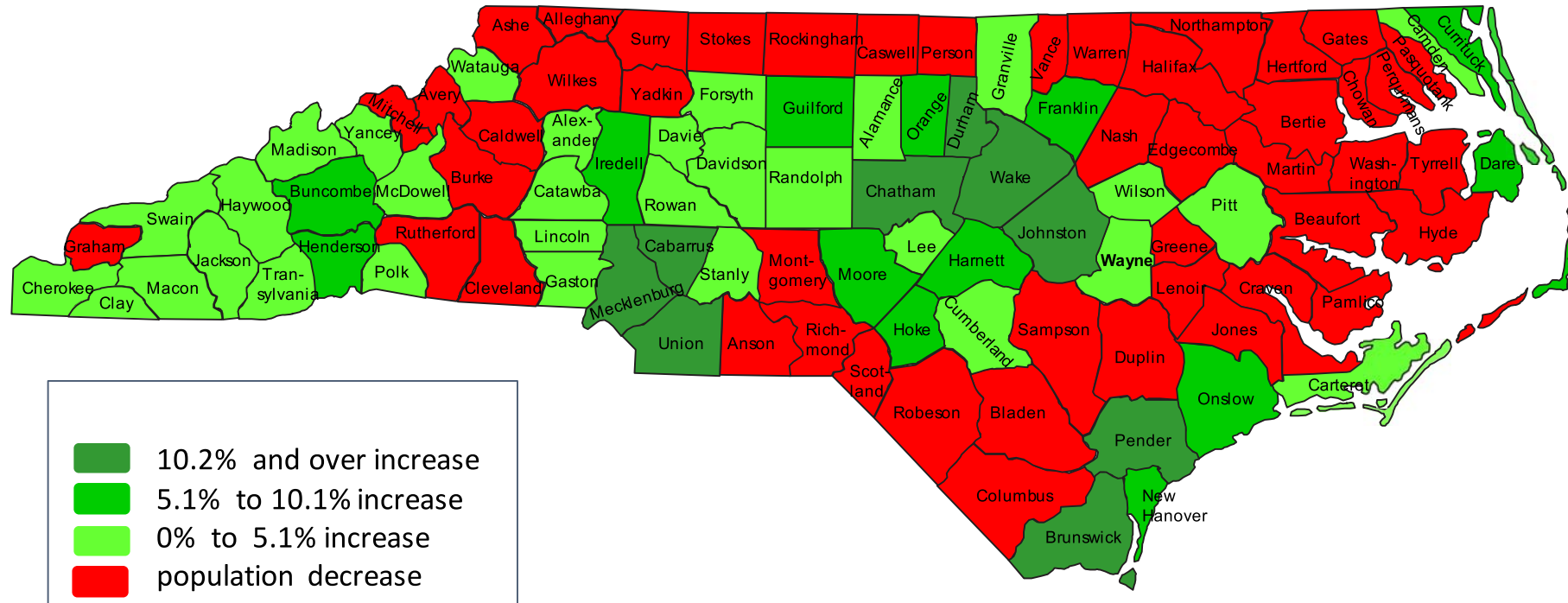
# What Happens To Places, People & Businesses?



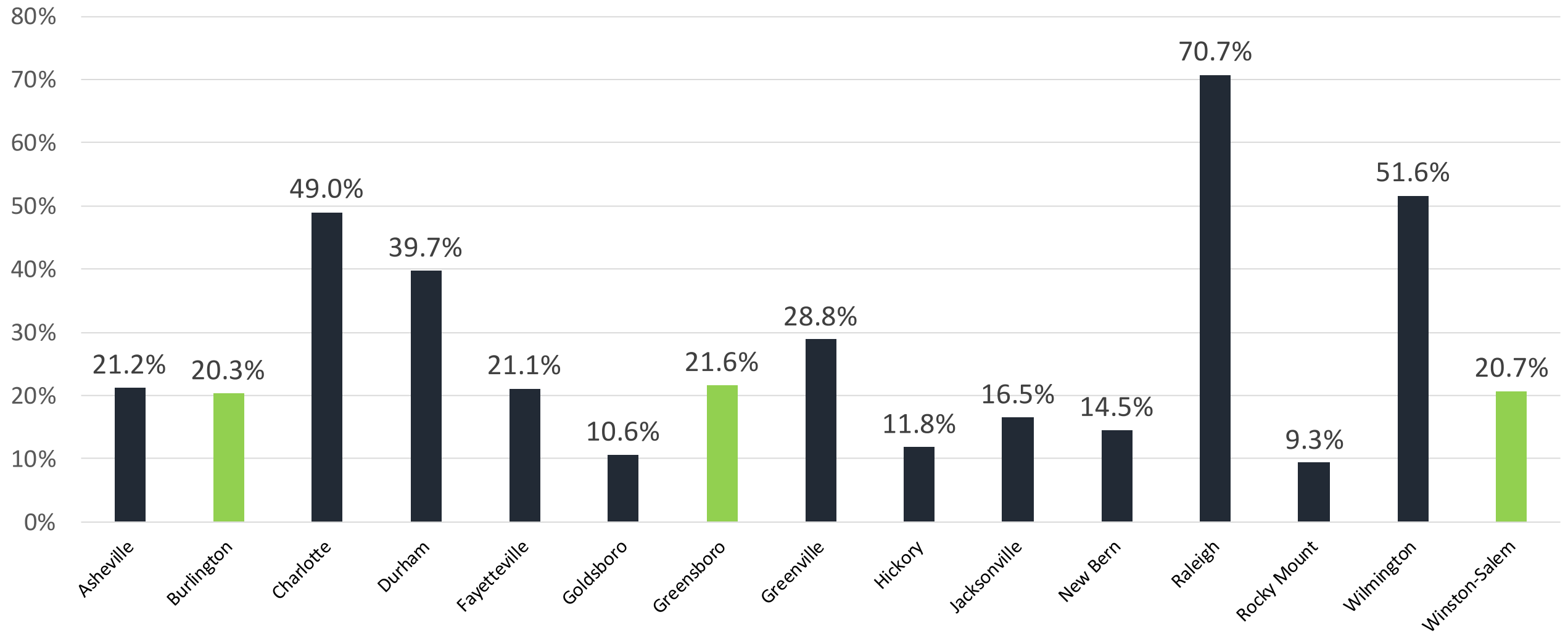
# Population Growth More Concentrated

NC Change in Population 2011 - 2016

North Carolina Average 5.1%



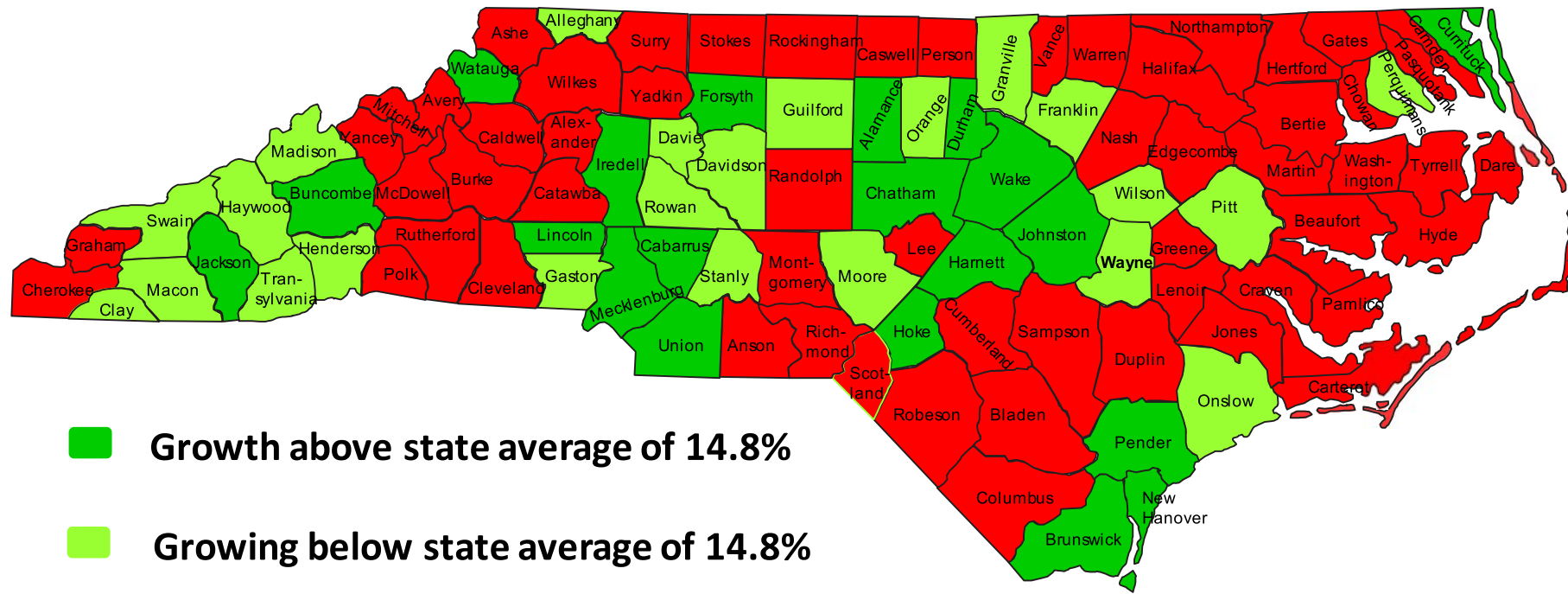
# NC Metro Projected Population Growth 2016-2046






# PROJECTED CHANGE IN LABOR FORCE AGE POPULATION

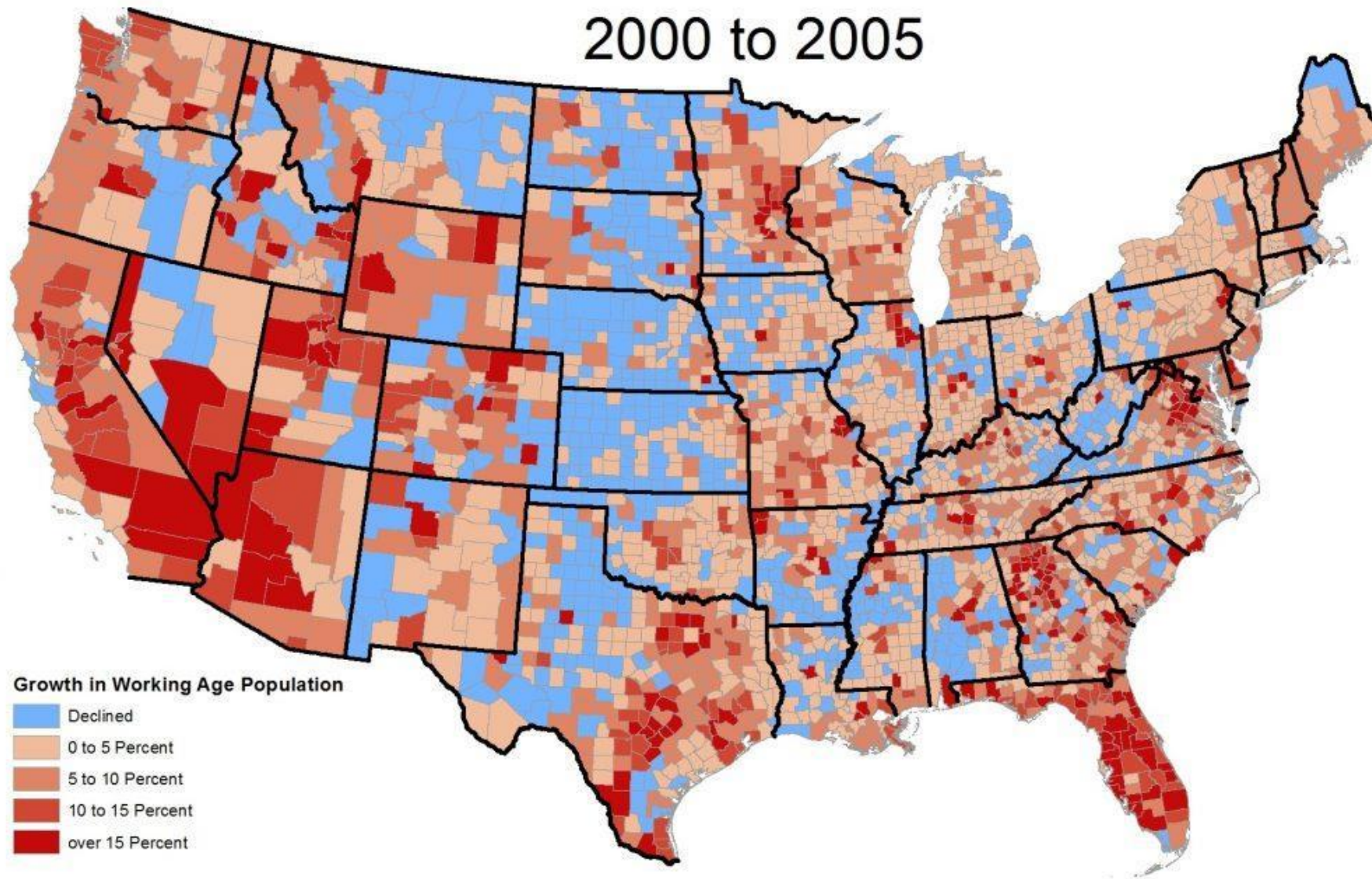
Ages 25 – 64      2016 - 2036

North Carolina state average 14.8%



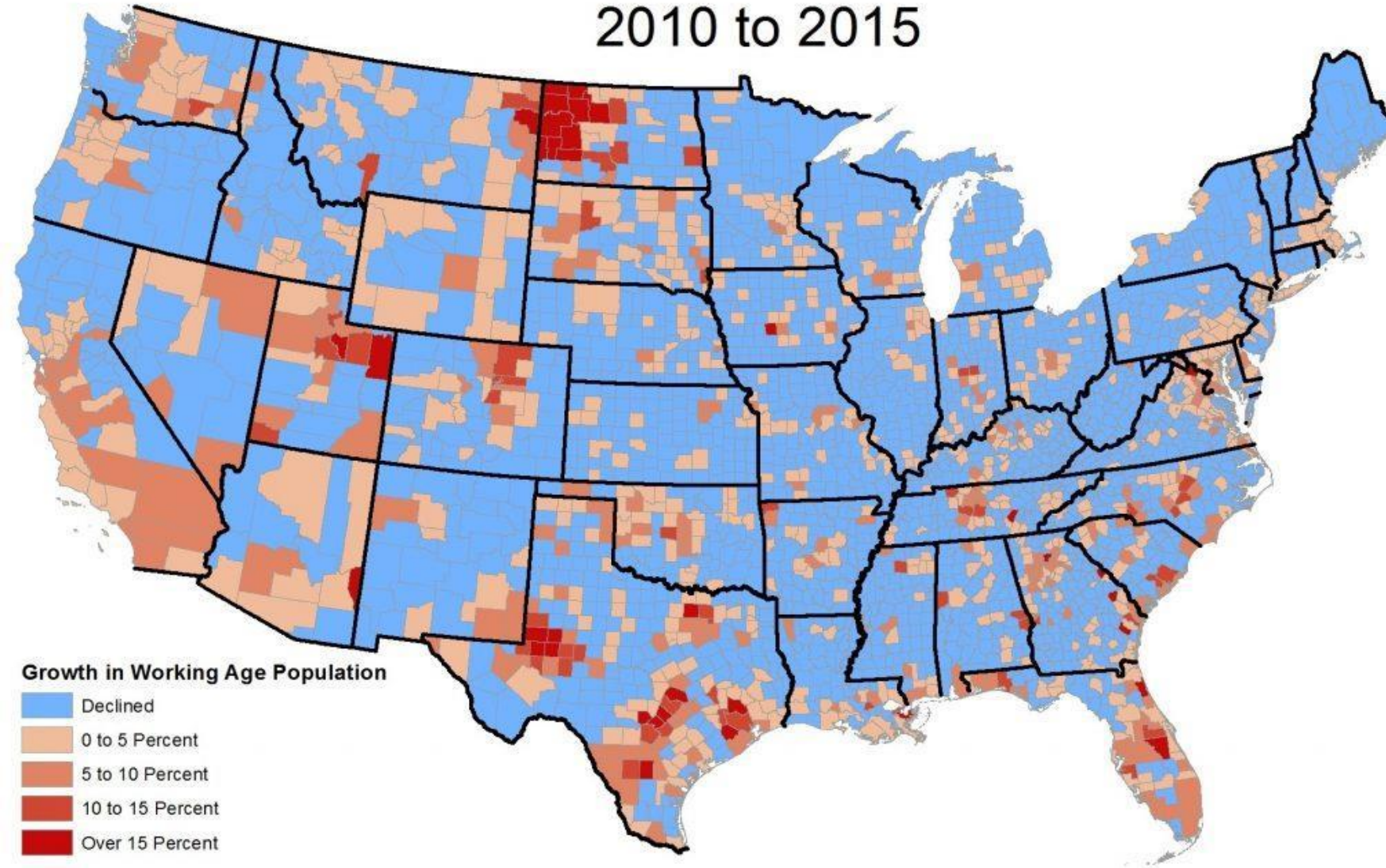
-  Growth above state average of 14.8%
-  Growing below state average of 14.8%
-  Losing Labor Force

# Strong Workforce Growth Across the Country

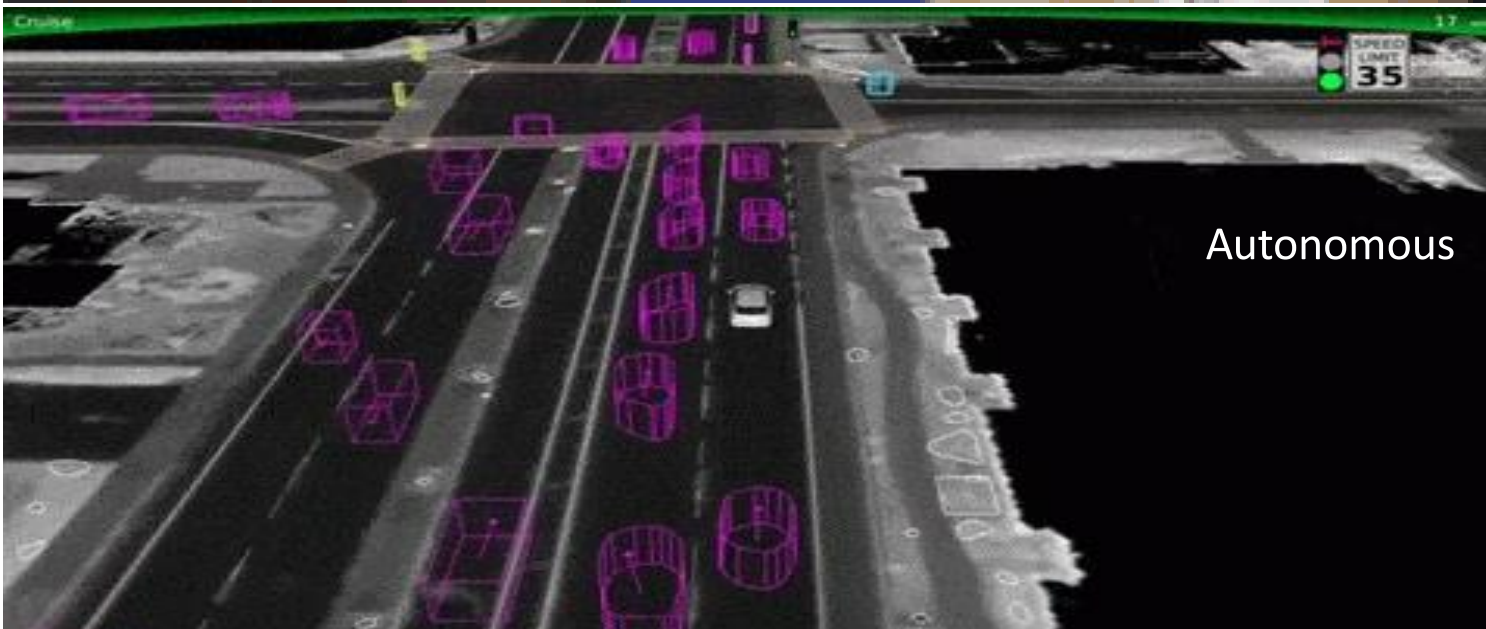
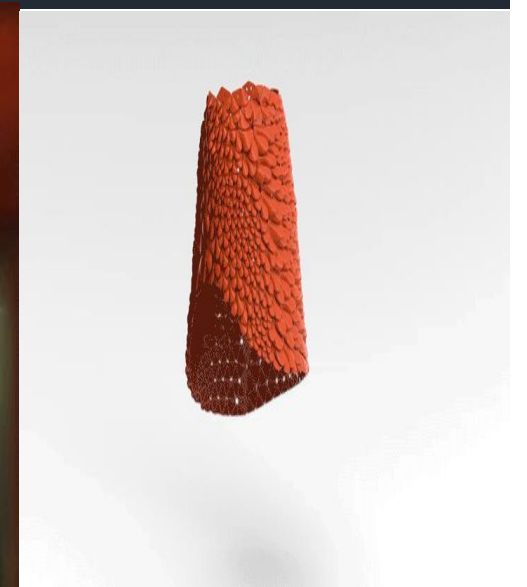
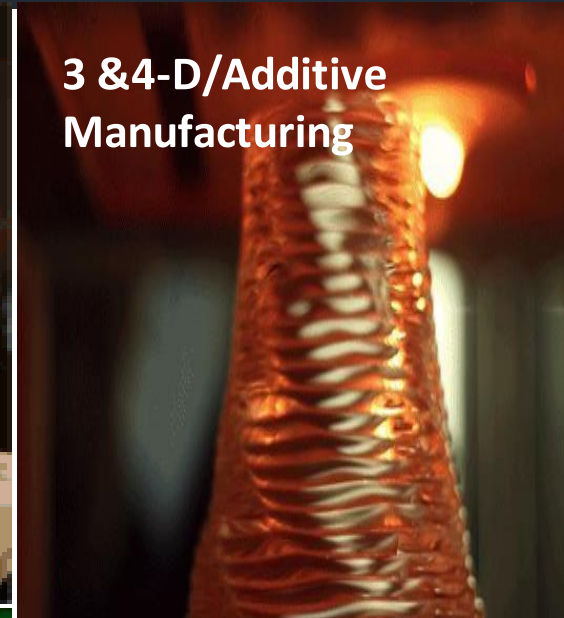




# Workforce Growth Concentrates



# The Next Big Things-Technological



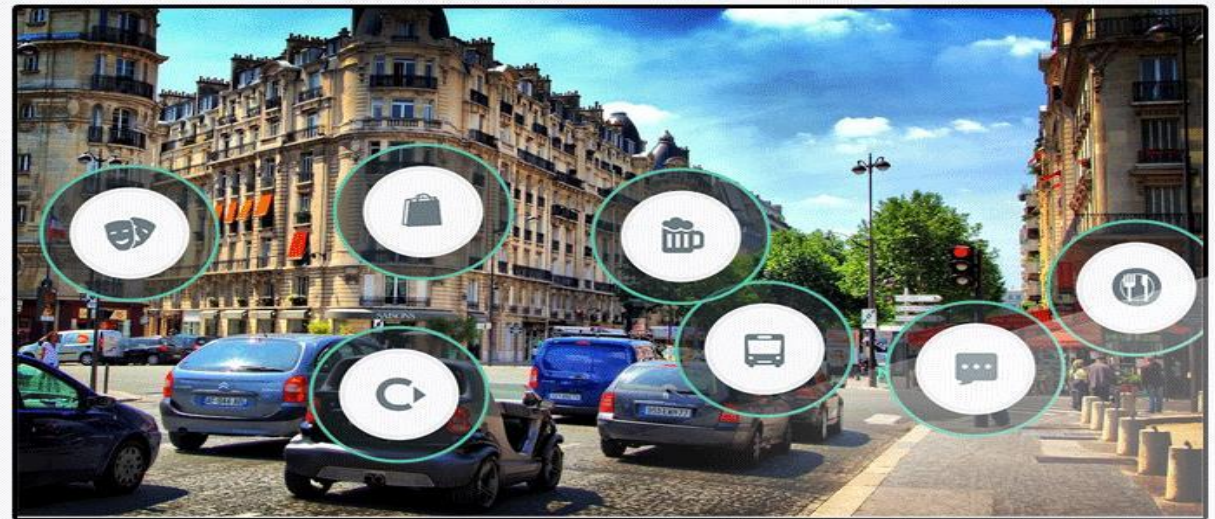
Robotics



Advanced Fabrics



## Augmented Reality



Embedded  
Technology





*Global*

**COMPETITIVENESS**



## Top Factors for Companies Considering New Investment

- (1) Availability of skilled labor
- (2) Highway accessibility
- (3) Labor costs
- (3) Proximity to major markets
- (3) State & local incentives
- (3) Available land
- (3) Tax exemptions
- (8) Energy availability and costs
- (9) Proximity to suppliers
- (10) Training programs/Technical schools
- (11) Availability buildings
- (12) Accessibility to a major airport

**WHAT IS  
GOOD  
BUSINESS?**



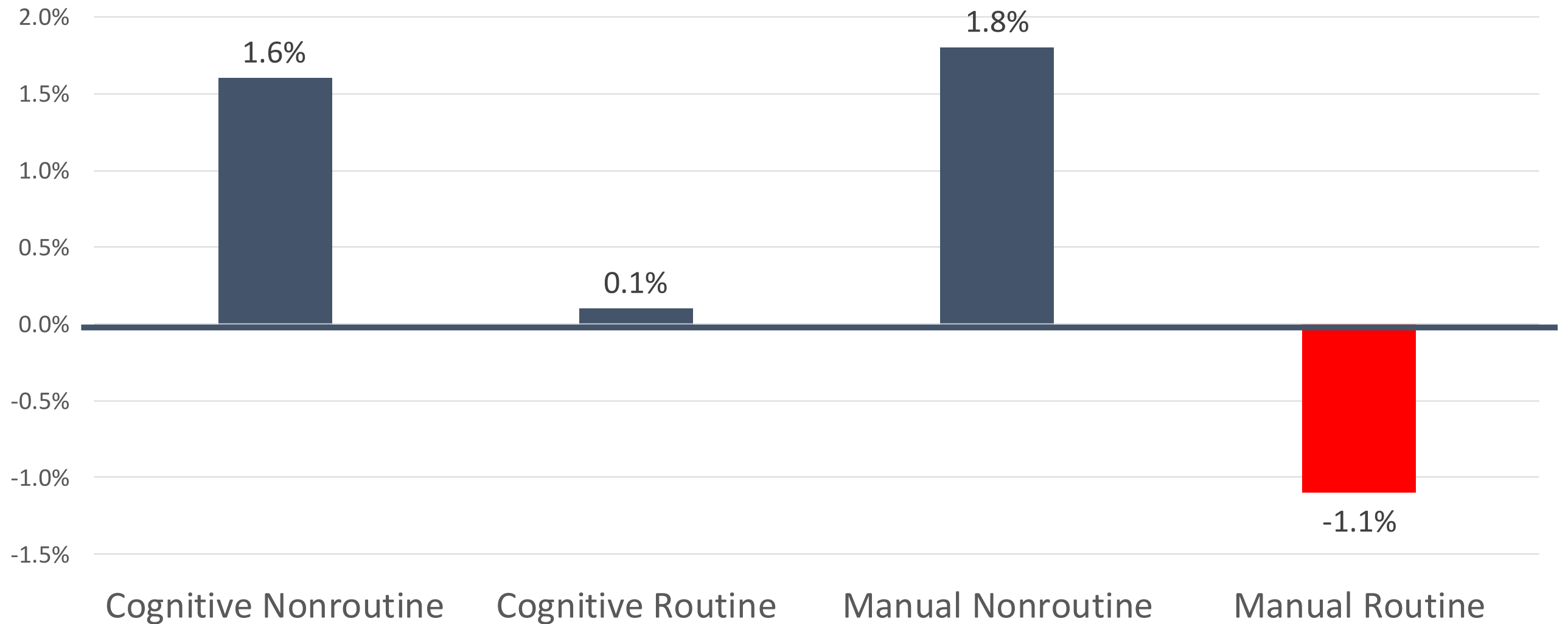
**Great Business Climate**

**Infrastructure for Now &  
the Future**

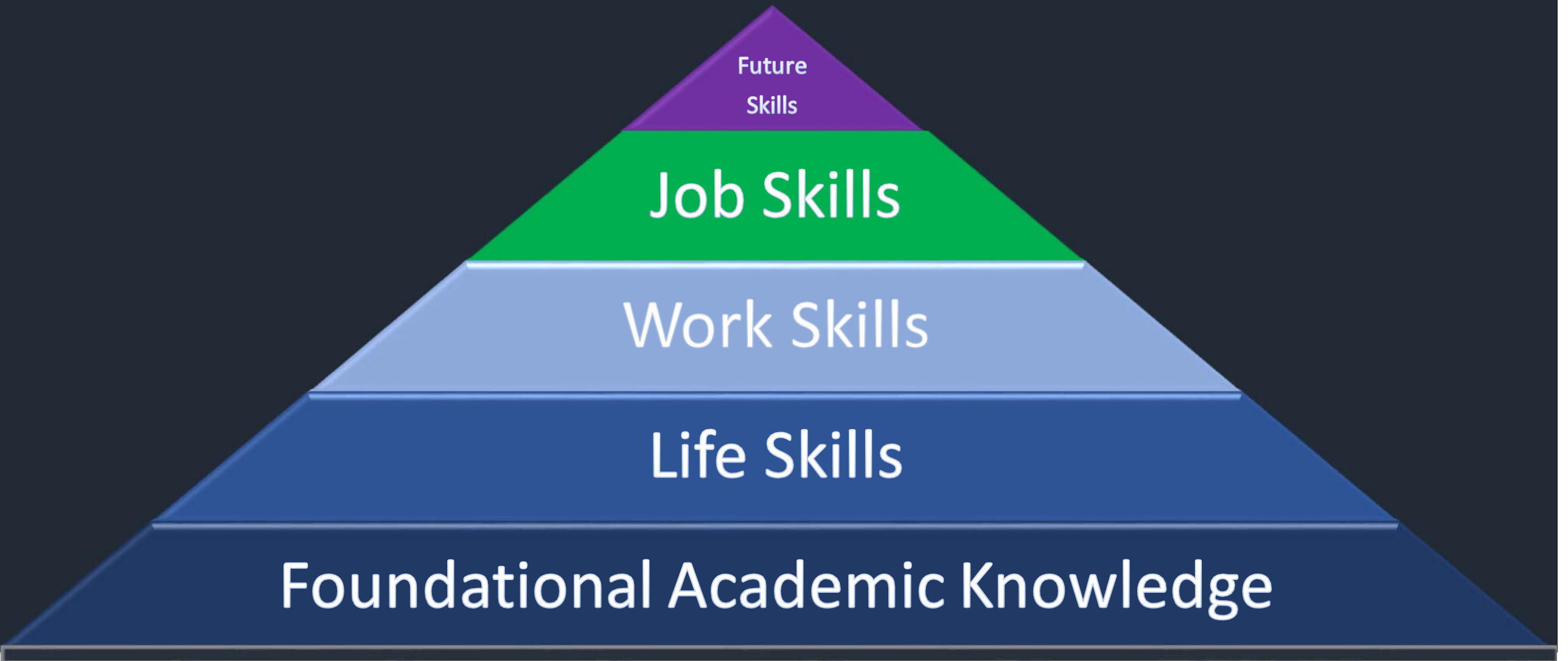
**Work-Ready Labor Pool**



# Employment Growth 2004-2014 By Type of Job



# What Skills Do You Need To Be Successful in a Rapidly Changing World?

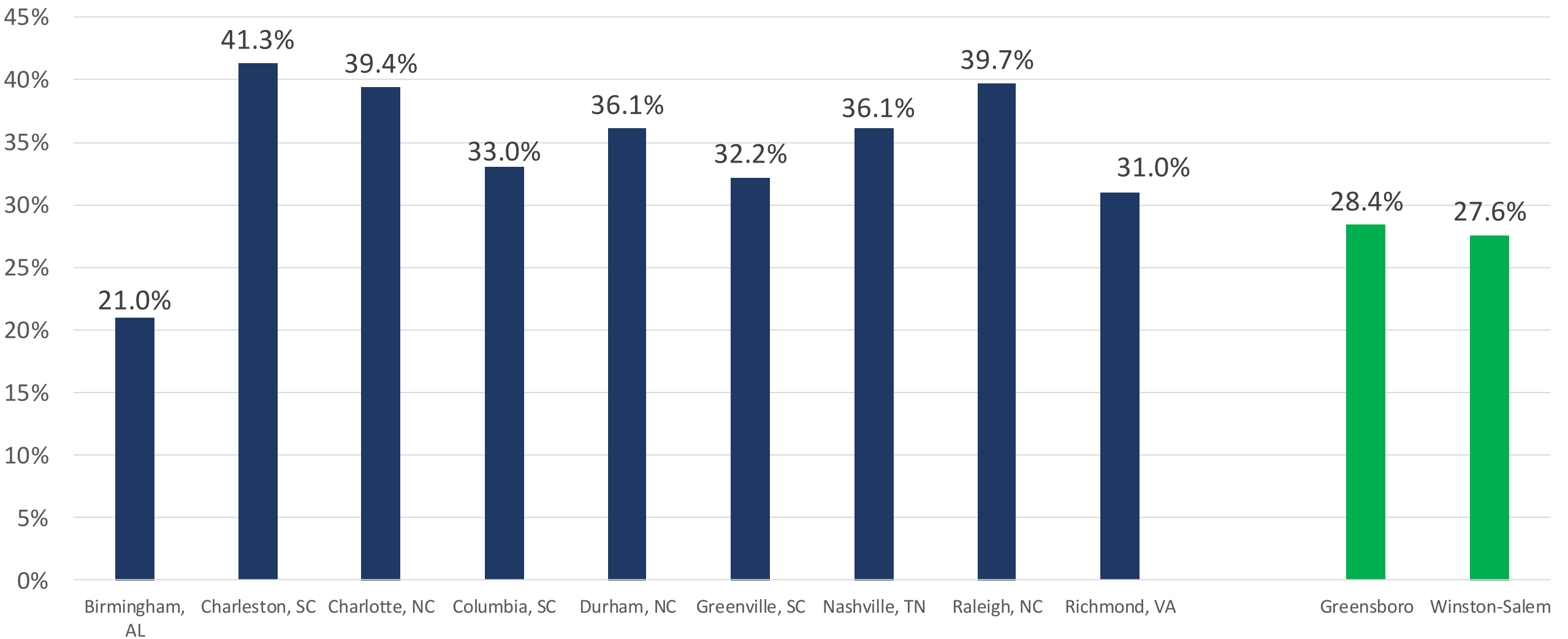


# Is Virtual Reality the New Learning Model?

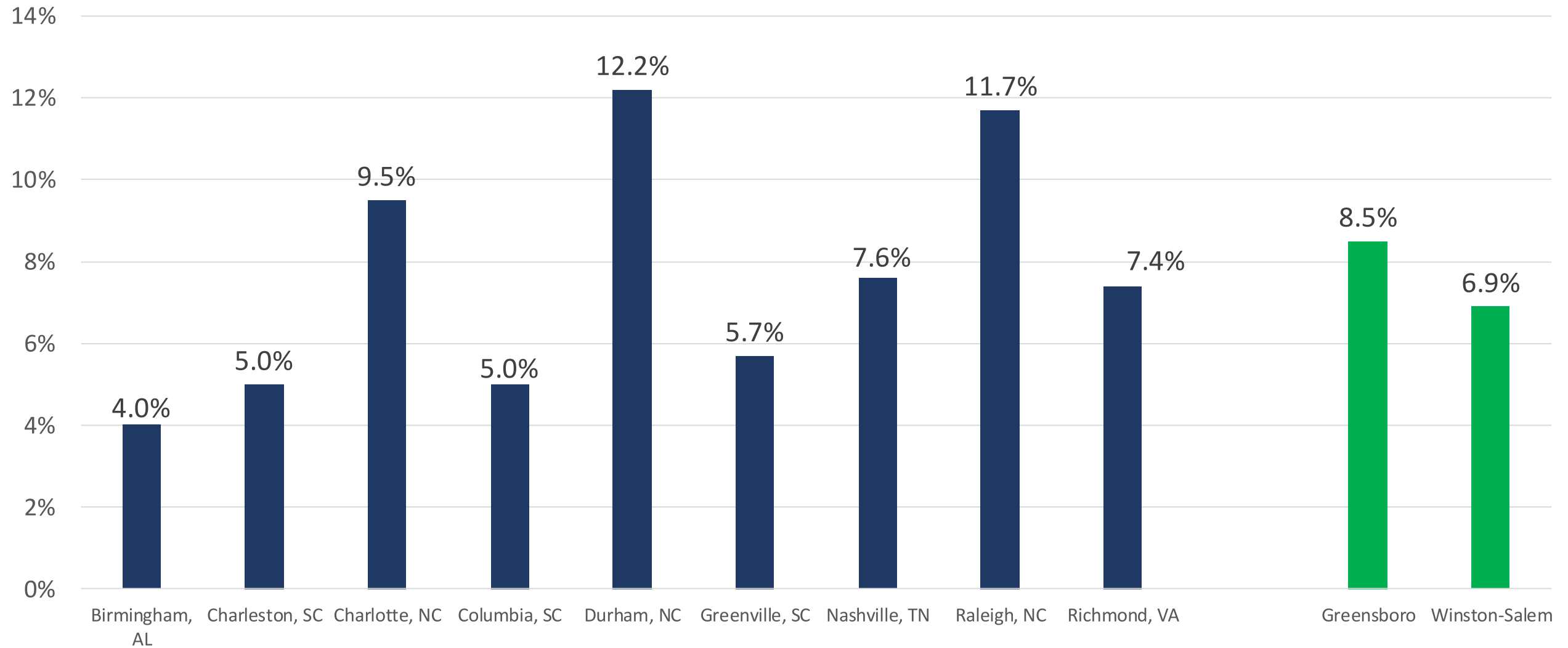




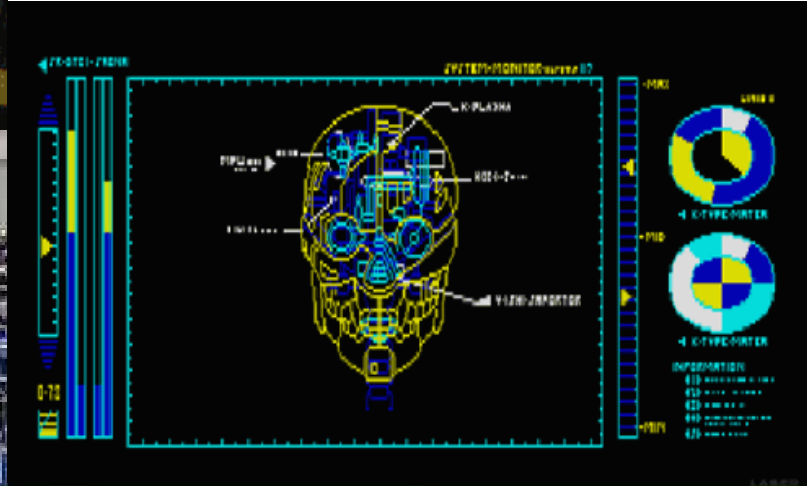
# Metro Comparisons-% of Population Born in a Different State



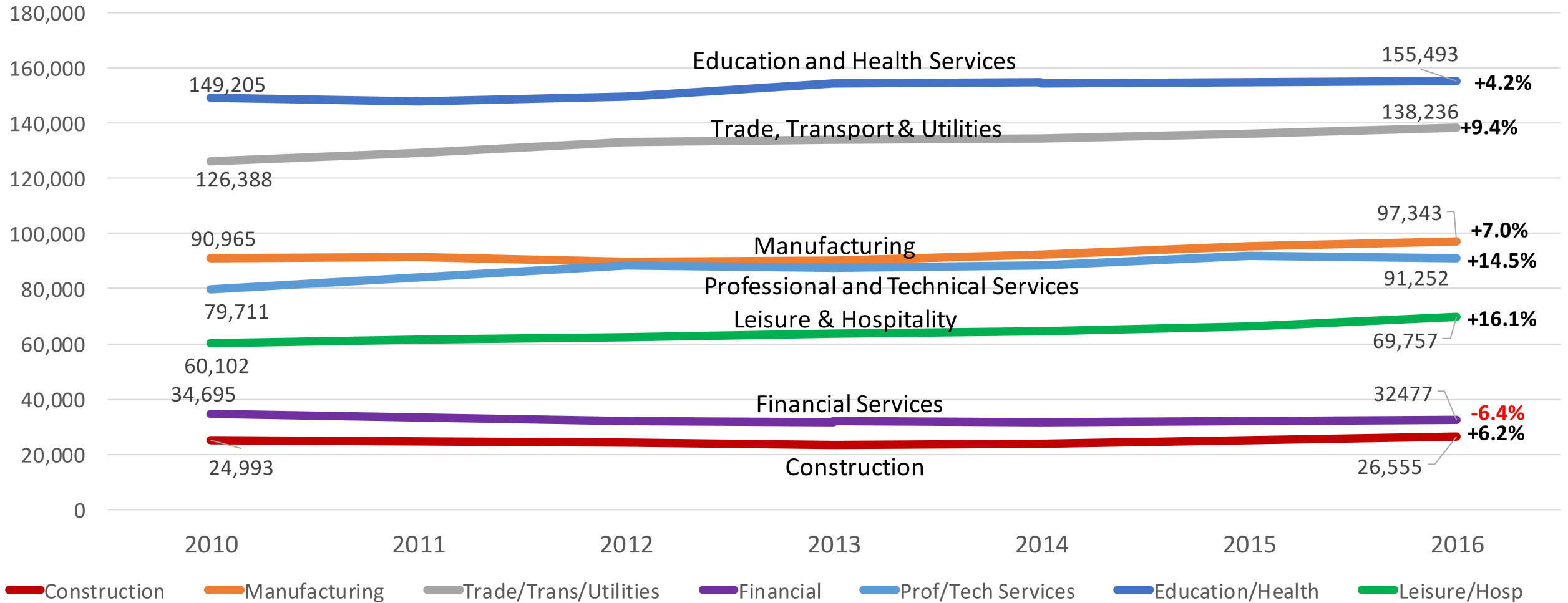
# Metro Comparisons-% of Population Born in a Different Country



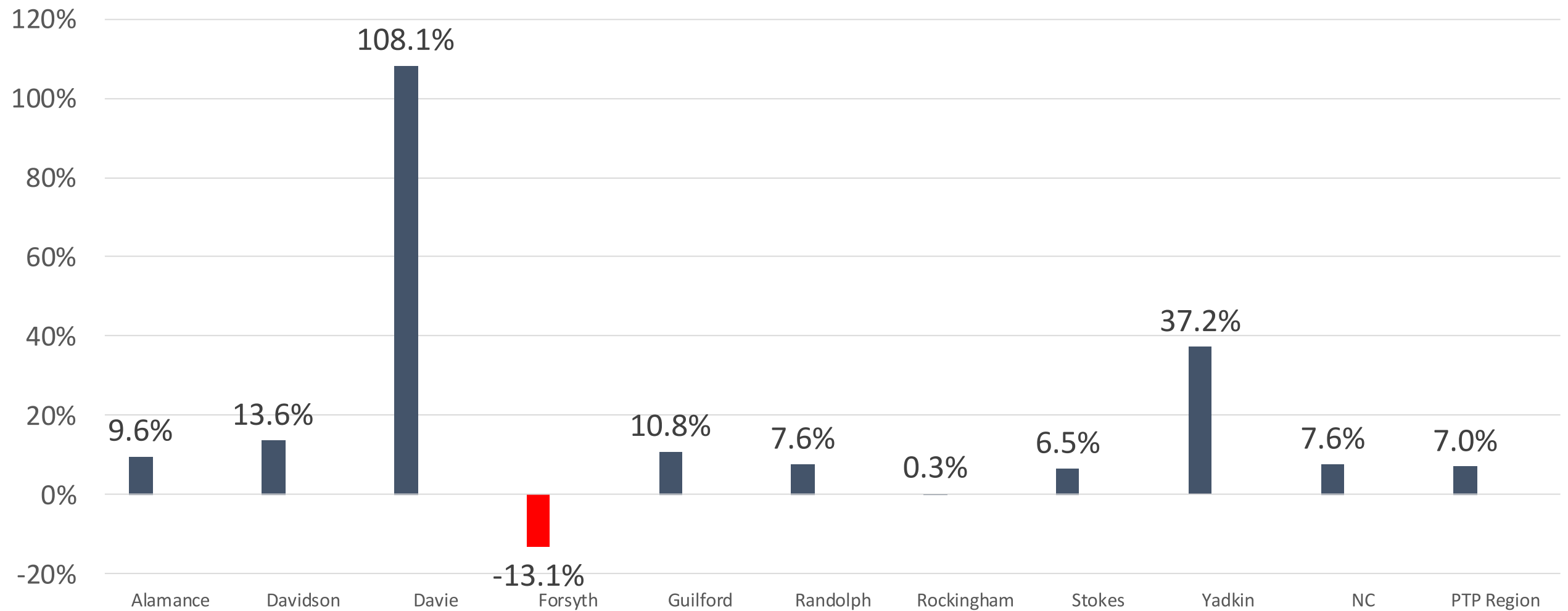
# Advanced Industries for the Triad's Future



# PTP Employment Trends 2010-2016



# Percentage Manufacturing Job Growth By County 2010-2016



# Advanced Industries for the Triad's Future

Current Sectors Employing More than 2,000 in the Triad

- Medical and Diagnostic Laboratories (6,155)
- Scientific & Technical Consulting (3,396)
- Computer Systems Design (3,258)
- Electric Equipment Manufacturing (3,060)
- Architectural & Engineering (2,562)
- Medical Equipment Manufacturing (2,080)
- Motor Vehicle Body & Trailer Manufacturing (2,911)
- Semiconductor/Component Manufacturing (2,082)
- General Purpose Machinery Manufacturing (2,200)



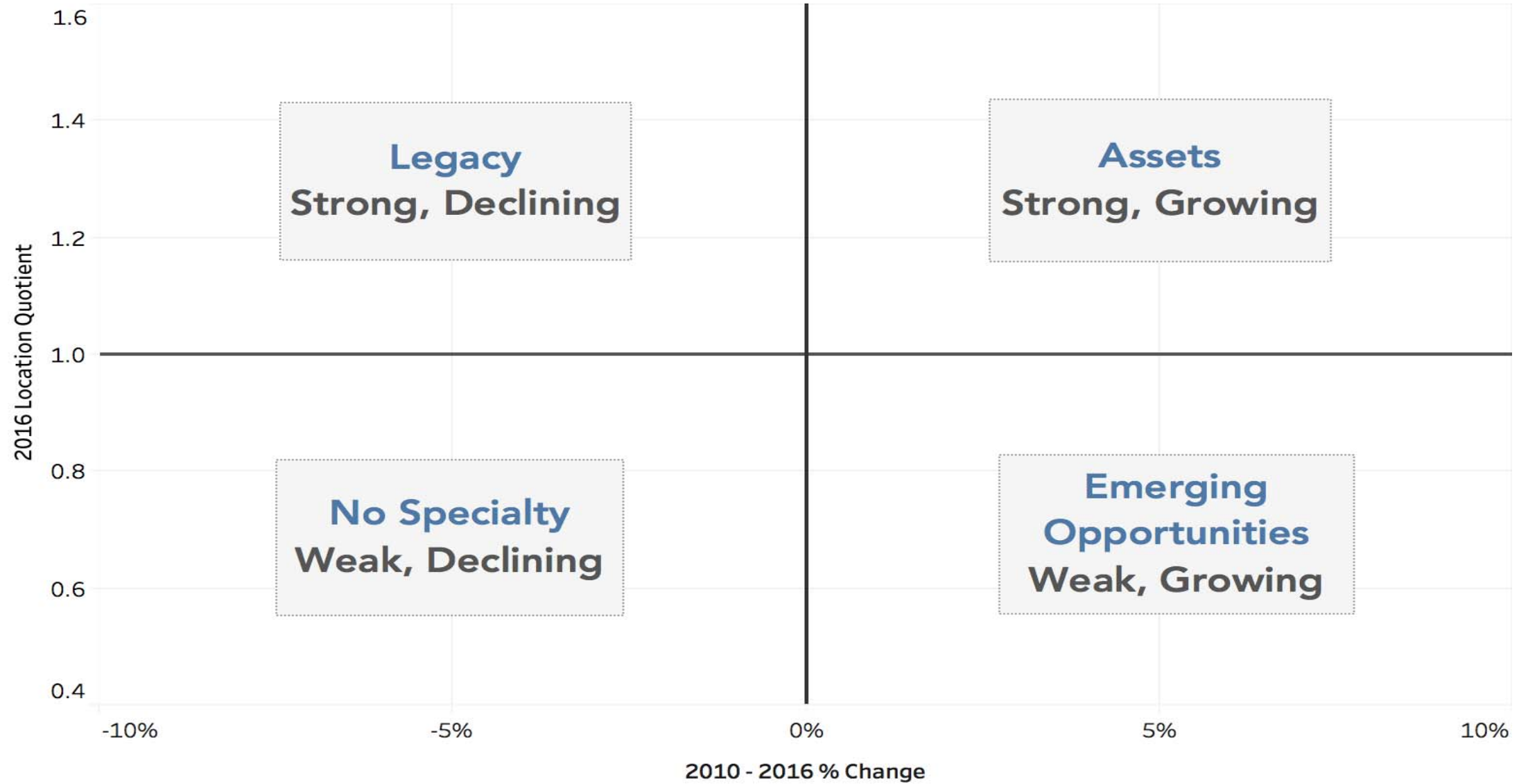
# Advanced Industries for the Triad's Future

Current Sectors Contributing more than \$300 million in GDP

- Pesticide/Fertilizer- Ag Chemical Manufacturing (\$573)
- Medical and Diagnostic Laboratories (\$545M)
- Aerospace Product Manufacturing (\$503M)
- Semiconductor/Component Manufacturing (\$492M)
- General Purpose Machinery Manufacturing (\$489M)
- Electric Equipment Manufacturing (\$449M)
- Computer Systems Design (\$442M)
- Scientific & Technical Consulting (\$439M)
- Electric Power Generation-Transmission (\$390M)
- Motor Vehicle Manufacturing (\$319M)

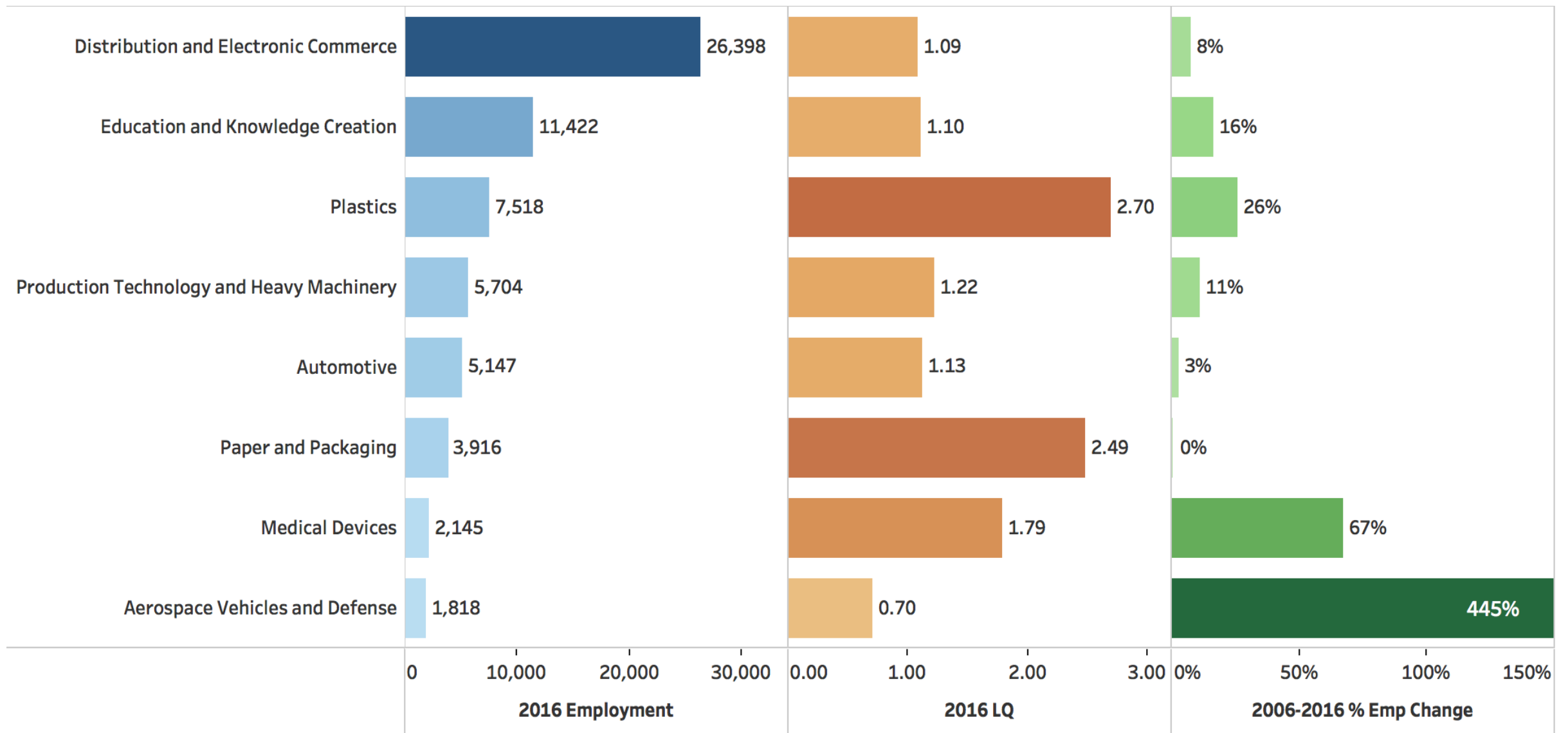


# Clusters- Sample Cluster Chart





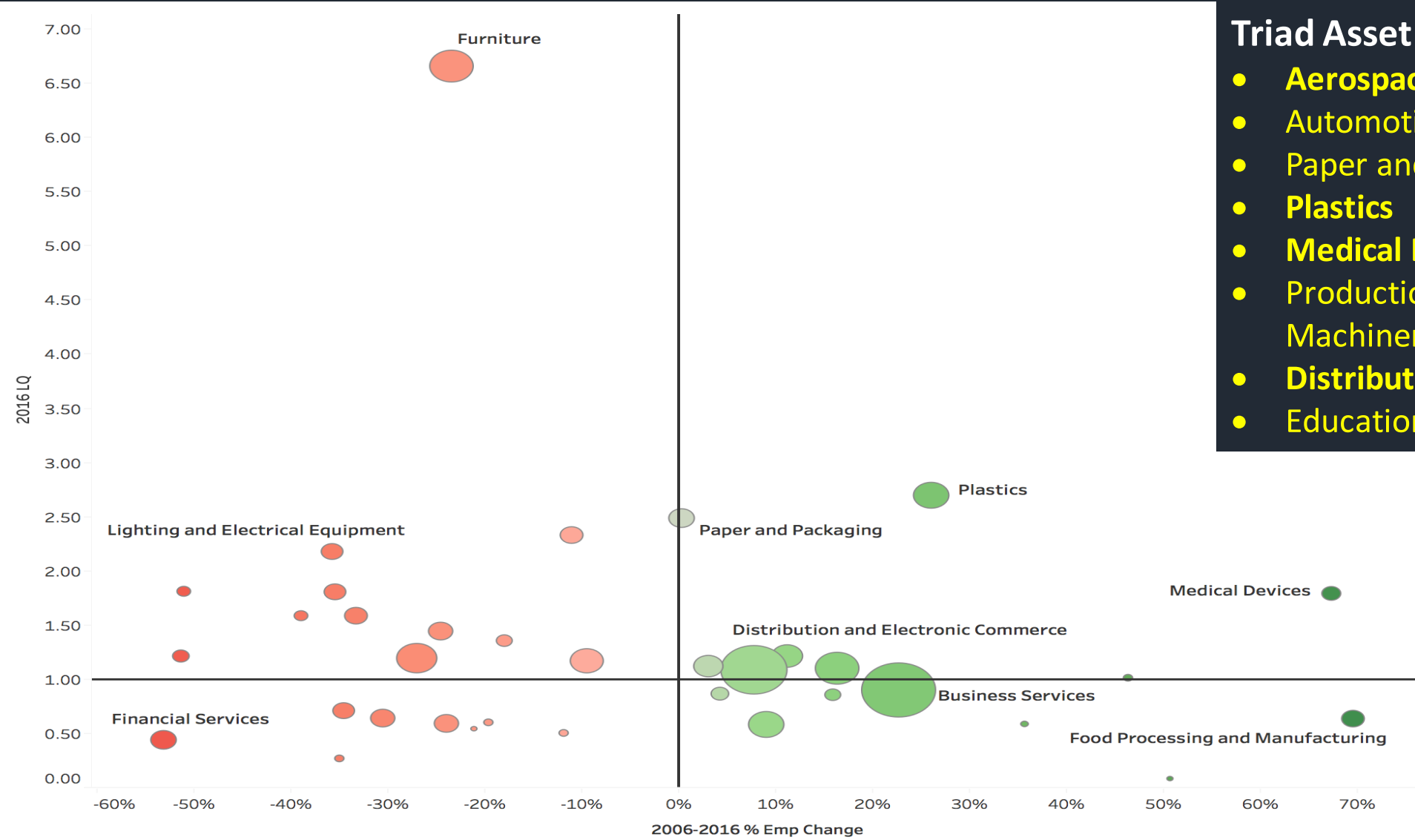
# Triad Asset Cluster Performance Metrics



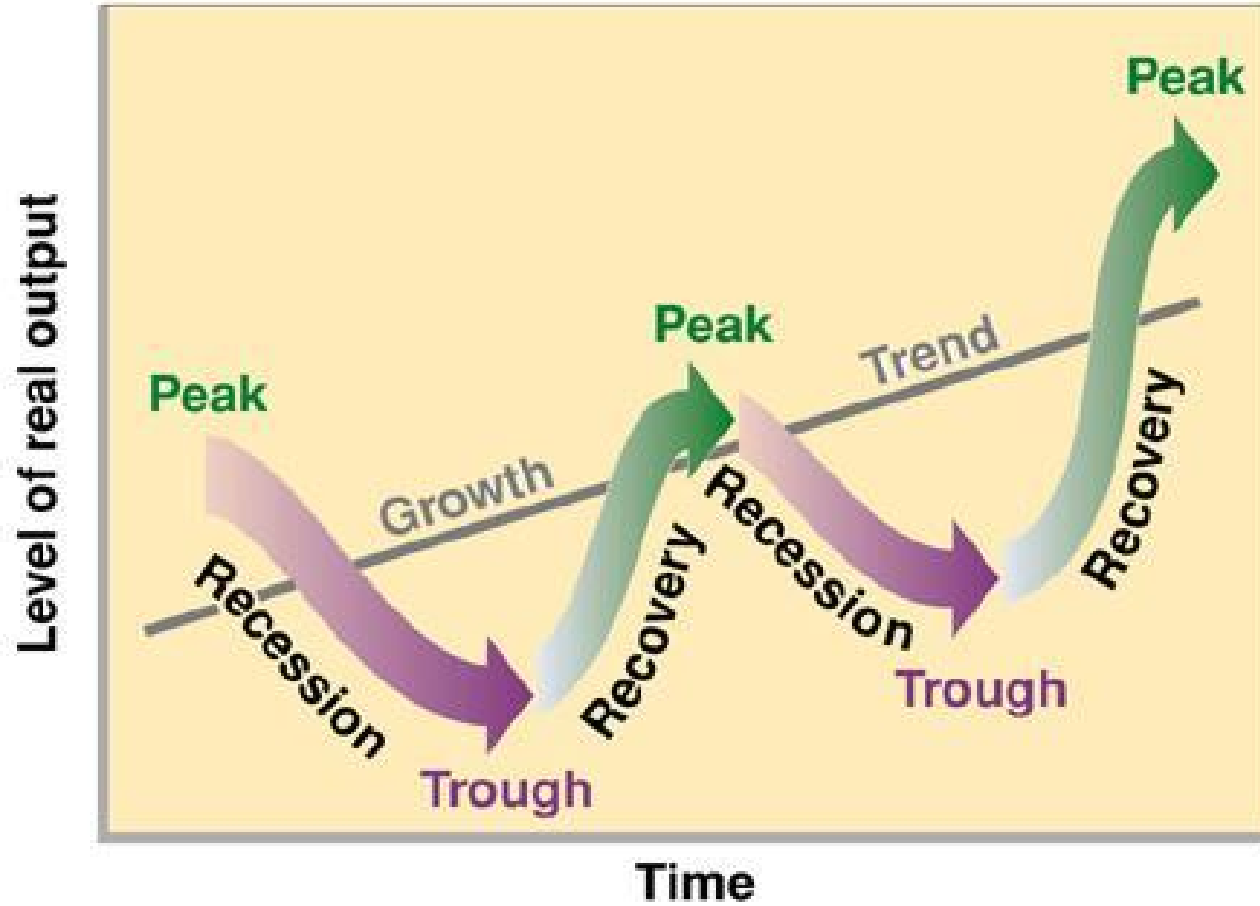
# The Triad Cluster Map

## Triad Asset Clusters:

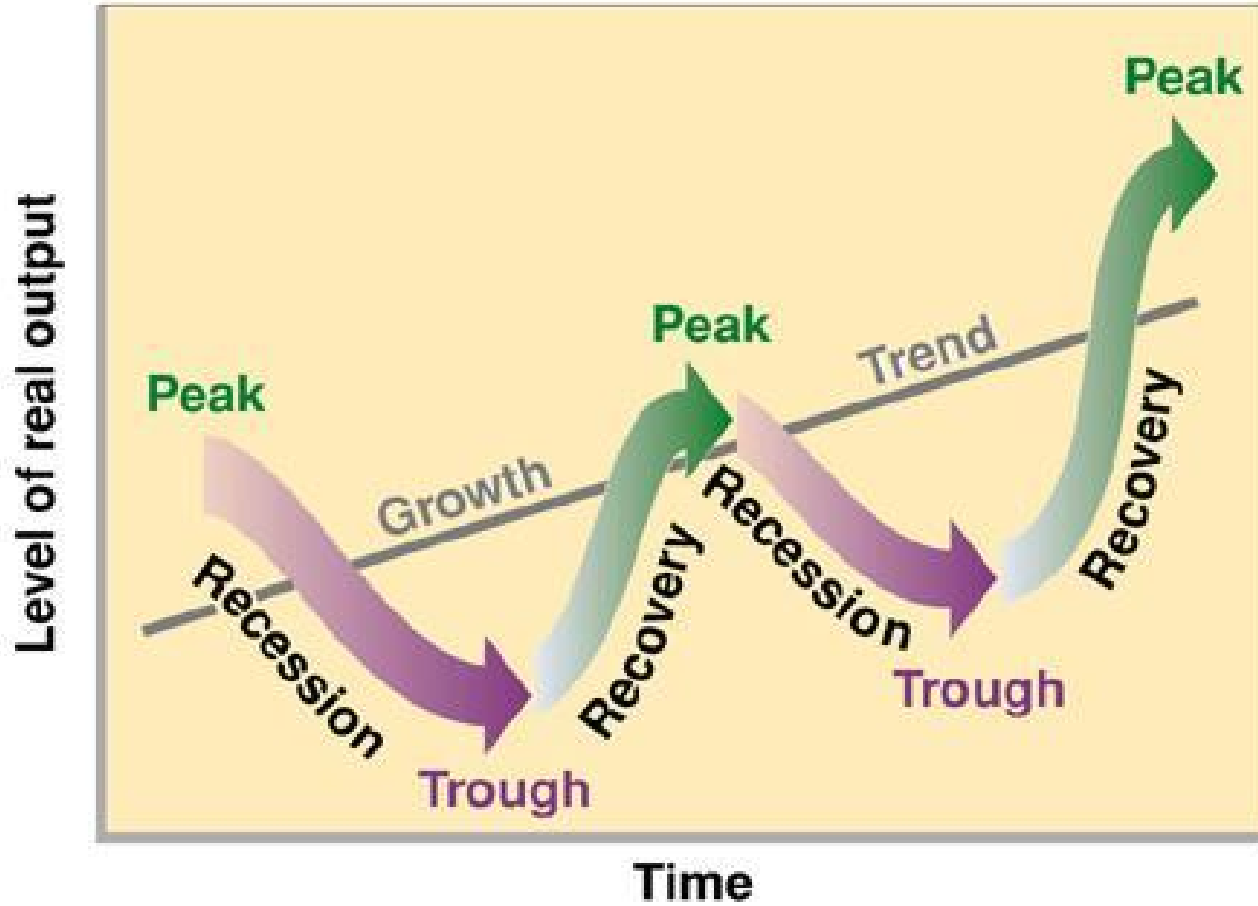
- **Aerospace Vehicles and Defense**
- **Automotive**
- **Paper and Packaging**
- **Plastics**
- **Medical Devices**
- **Production Technology and Heavy Machinery**
- **Distribution and E-Commerce**
- **Education and Knowledge Creation**



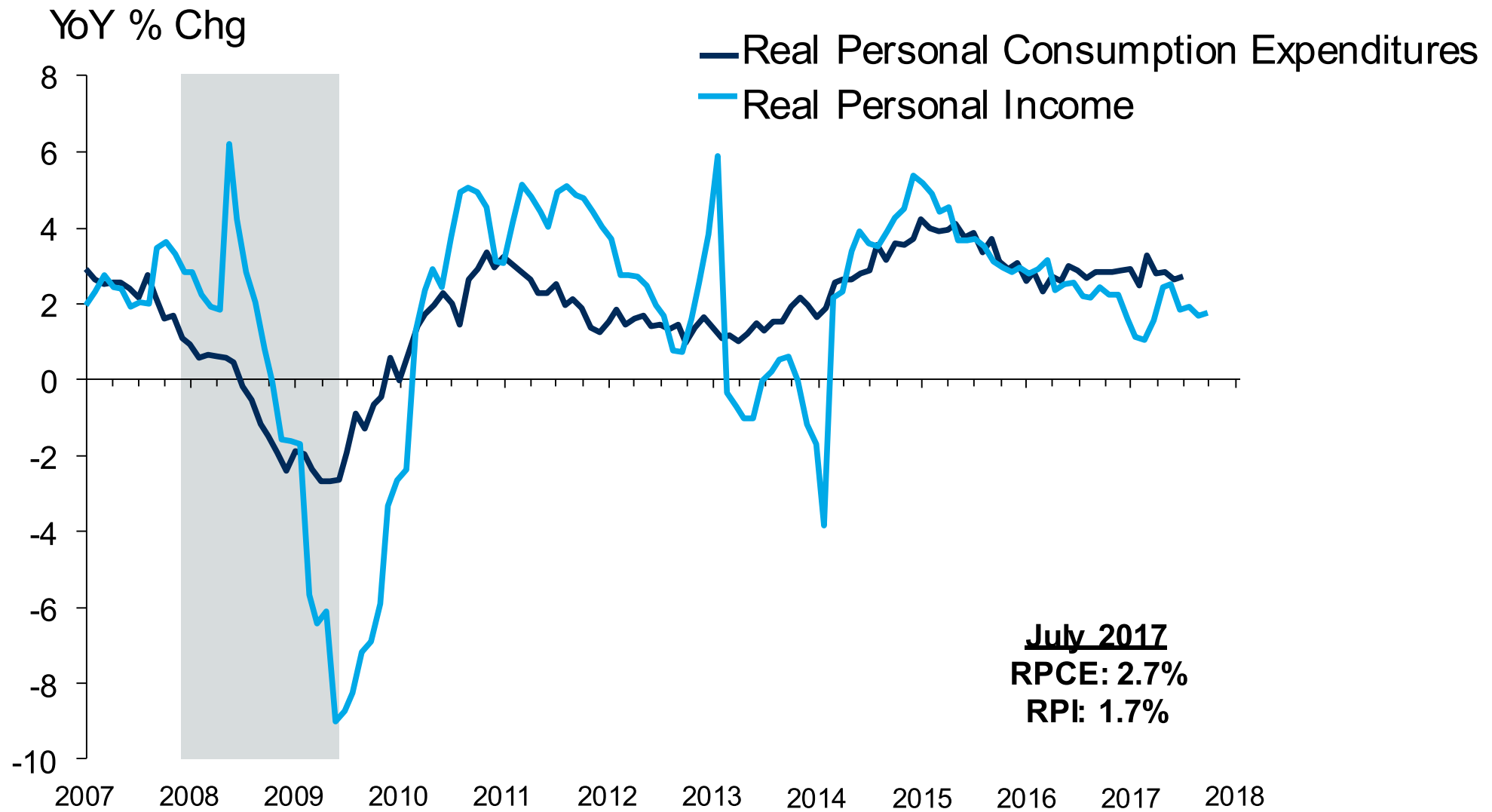
# What about the Economy in 2018?



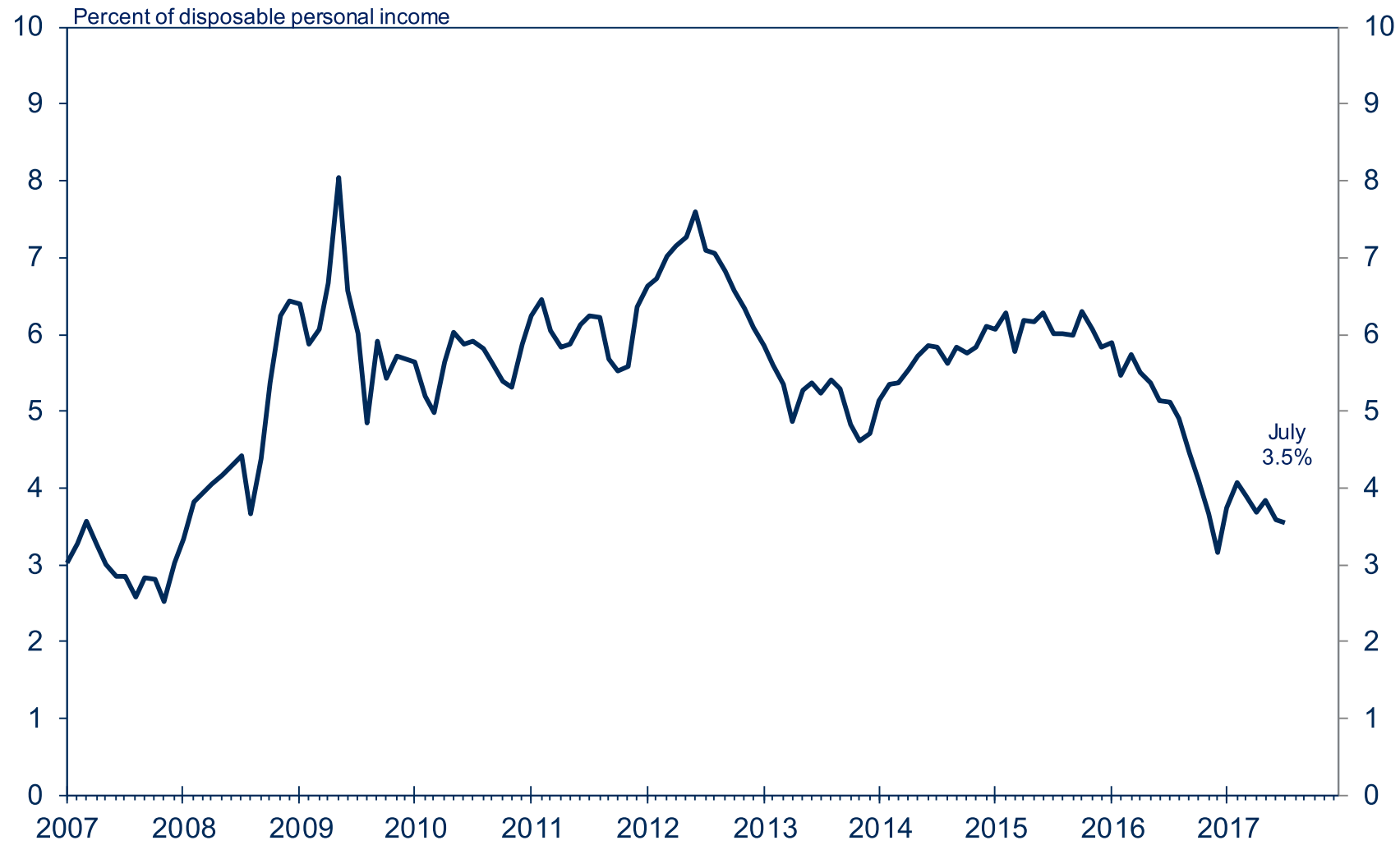
# What about the Economy in 2018?



# Personal Income and Expenditures



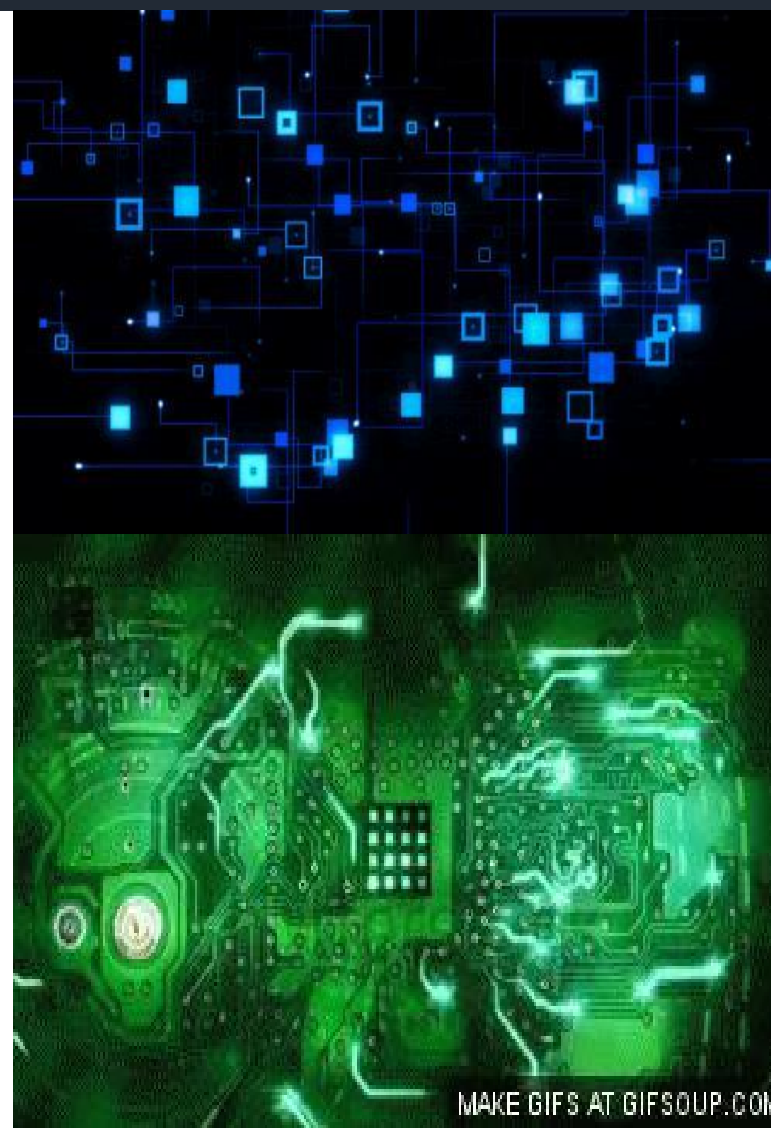
# USA Personal Saving Rate



Note: Income has been adjusted to account for temporary events

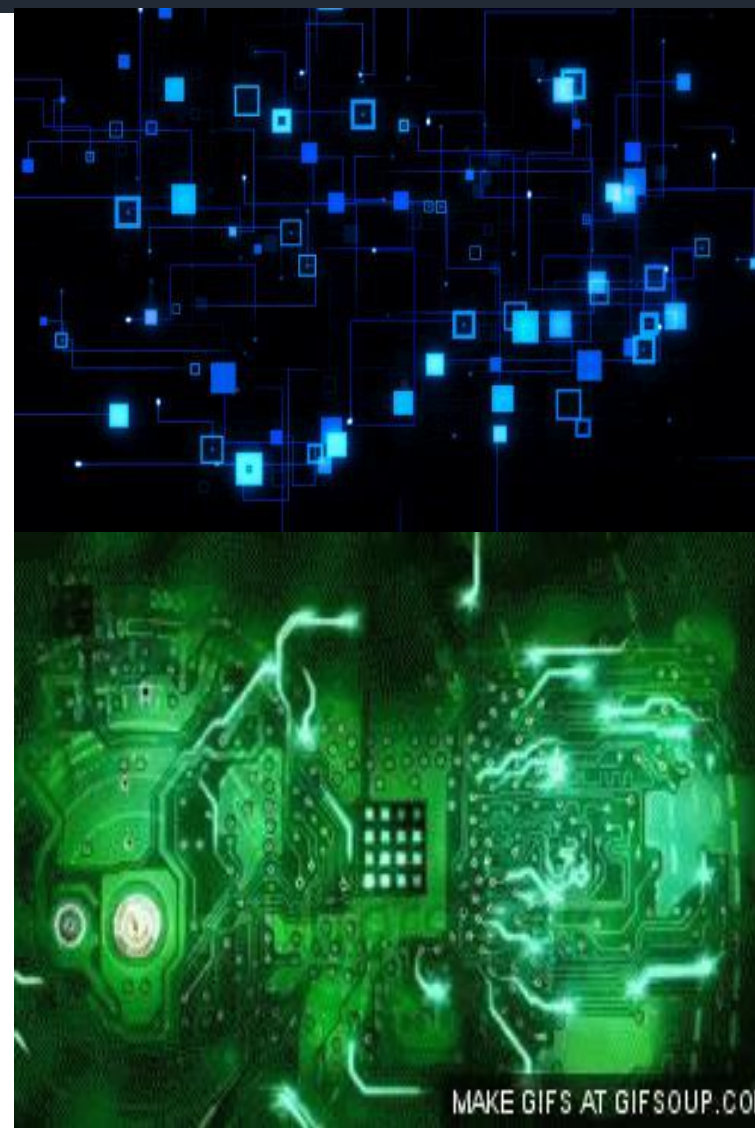
# Prepare For Accelerating Change

- Population growth will slow, diversify and concentrate in fewer places
- Technology will change every industry (faster, smaller, personalized, cheaper, mobile, integrated)
- People will need more skills to compete, but education will morph due to technology (quantifiable credentials)
- The middle of every industry is under threat
- Business real estate is changing
- **Competition more intense- Winners & Losers**



# Prepare For Accelerating Change

- The Triad will need to expand on emerging strengths in Aerospace, Vehicles and Medical Instruments and Devices manufacturing
- Business climate and infrastructure are positives to build on
- Talent attraction is the future challenge and intentional actions are needed to match business needs
- Business consolidations and restructurings in finance, retail, and eventually in health and education will have big impacts





# Questions?





# ECONOMIC LEADERSHIP

**HELLO**  
my name is

**CHANGE**

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*"Leadership and learning are indispensable to each other."*

*John F. Kennedy*