

APPENDIX II, PART 2: SOUTHWEST PROSPERITY ZONE SWOT

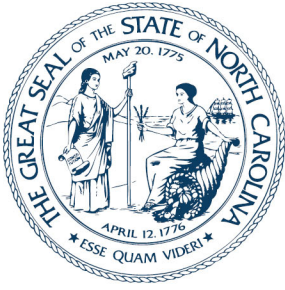


PROSPERITY FOR GREATER CHARLOTTE

2017-2022 COMPREHENSIVE ECONOMIC DEVELOPMENT STRATEGY



In parallel project timing and member participation with the CEDS Advisory Committee work, the North Carolina Economic Development Partnership and NC Commerce prepared an overarching Southwest Prosperity Zone SWOT analysis that incorporated the CEDS Advisory Committee findings. This allowed both local, regional and statewide alignment to the results and the NC Southwest Prosperity Zone information is included as supporting data and validation of the CEDS Advisory Committee SWOT evaluations during the CEDS update process. The regional alignment of the Centralina Economic Development District (EDD) with the NC Southwest Prosperity Zone is possible through identical boundary coverage of the 9 counties in the Centralina EDD with the 10 counties of the NC Southwest Prosperity Zone that adds Cleveland County to the group.



ROY COOPER
Governor

ANTHONY M. COPELAND
Secretary

September 2017

STRENGTHS, WEAKNESSES, OPPORTUNITIES, THREATS IN NORTH CAROLINA'S SOUTHWEST PROSPERITY ZONE

Anson, Cabarrus, Cleveland, Gaston, Iredell, Lincoln, Mecklenburg, Rowan, Stanly, Union

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- Residential amenities and low cost of living
- Industrial diversity and strong finance, manufacturing, motor sports, energy, HQ, data center, transportation, & entertainment sectors
- Population growth, particularly young talent
- High incomes and suburban wage growth
- World class airport
- Well-developed infrastructure across the region

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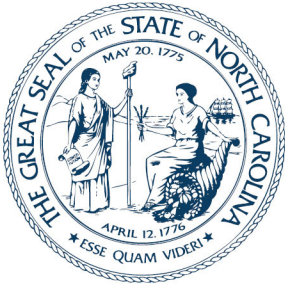
- Heavy reliance on Charlotte for jobs and wages
- Transportation/commuting difficulties
- Entrepreneurship
- Low-paying and low-skill job growth
- Below-average urban and rural income growth
- No direct flights to Asia

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- Small cities/towns becoming regional employment centers
- Continued residential growth around Mecklenburg
- Retiree attraction
- Health Care employment
- Construction job growth
- Foreign business relocation/investment
- Exports
- North Carolina Research Campus in Kannapolis

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- Low economic mobility
- Mid-career population declines outside of urban core
- Near-term costs to accommodate growth
- Coordinating growth across jurisdictional lines
- Manufacturing jobs in decline
- Meeting manufacturers' employment needs
- Rising housing costs

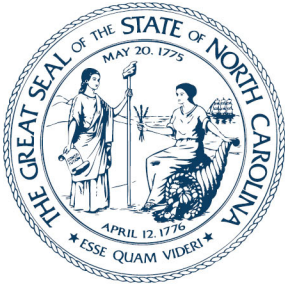


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STRENGTHS

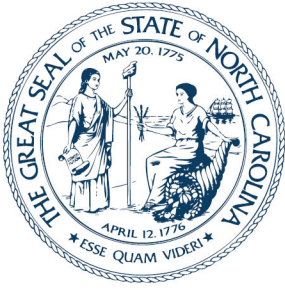
- Very fast-growing urban/near-urban counties propels the economy & workforce availability
 - *Mecklenburg, Cabarrus, & Union rank in among the top 5% of US counties for population growth 2010-15*
 - *Steady in-migration of young, working-age adults*
- Large and growing immigrant population with foreign language skills
- Low cost of living attracts talent, residents, and businesses
 - *Charlotte MSA has the 9th lowest cost of living among large US metro (2m+ people)*
- Well-developed infrastructure and urban centers throughout the region
 - *14 of state's 50 largest municipalities are in the region*
- World-class airport (CLT)
 - *11th busiest airport in the US and 31th busiest in the world for passenger traffic in 2016. Hub attracts more flights, more business*
 - *Concord Regional Airport is growing*
 - *3rd fastest rate of growth among non-hub commercial airports in US in 2015*
- Large international export hub
 - *23rd largest metro area exporter in the U.S., with merchandise exports growing by 9% 2014 to 2015, reaching a record high of \$14 billion*
- 3rd largest banking center (asset base) in US, generating high concentrations of banking institutions & financial services talent & wealth (last year was 2nd largest banking center)
 - *Over past 5 years, area had gained nearly 350 establishments & 9,000 jobs in this sector*
 - *Financial Services jobs in the region on average pay more than double the average regional wage*
 - *Headquarter location for Bank of America*
- Large energy cluster provides well-paying jobs
 - *The region is home to Duke Energy, with over 200 energy companies, 39 power plants, 12 solar and 5 biomass plants.*
 - *More than 6,000 new energy jobs announced since 2007*
- Diverse composition of industries adds stability to the economy
 - *No industry accounts for more than 12% of regional employment*



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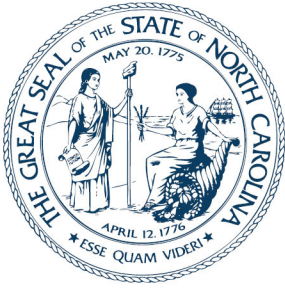
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- Strong Manufacturing presence, talent base, and industrial infrastructure/supply chain
 - #1 in Mfg establishments, #2 in Mfg employment (21% of state total), #1 in Mfg job growth (13.3%, 2011-16) among NC Prosperity Zones
 - Largest employer industry for 7 of 10 area counties
 - Strong industry clusters in Transportation Equipment, Fabricated Metals, Machinery, Electrical Equipment, Plastics, and Textiles Manufacturing (although declining)
 - GDP higher than pre-recession in Durable Goods Manufacturing in Charlotte MSA - 22% increase 2006-15 (18.9% total MSA GDP growth)
- World-class motorsports industry assets (tracks, wind tunnels, R&D, etc.) and team headquarters providing local jobs and investment
- Additional industrial strengths in Corporate Headquarters, Air & Truck Transportation, Data Centers, Arts & Sports
- Significant travel and tourism growth adds dollars, tax revenue, & national exposure
 - Revenue has grown significantly over the past ten years
 - Mecklenburg, Cabarrus, Gaston, & Iredell all rank in the top 20 NC counties in visitor spending
 - Business & convention travel
 - Revenue has reached record high of \$6.5 billion and creating nearly 62,000 jobs in 2015. Mecklenburg generated the most domestic visitor spending dollars in the state; Cabarrus (#12), Gaston (#17), and Iredell (#18) were among the top 20
- Above-average suburban income growth
 - Greater 2010-15 median household income growth than NC in Iredell, Cabarrus, Rowan, Gaston, & Union Counties
- High household incomes in Mecklenburg attract high end retail/services
 - Median household income in Mecklenburg in 2015 was \$56,854, compared to the state median of \$46,868
- High wages in Mecklenburg attract residents
 - Average weekly wage in 2015 was \$1,048.55 compared to the state average of \$908.84
- UNC-Charlotte attracts and develops young talent who frequently stay in the region
 - The region has many schools of higher education including community colleges and technical training schools



WEAKNESSES

- Region is heavily reliant on Charlotte Mecklenburg
- Transportation challenges from urban sprawl that limit connectivity between employment centers and the labor force
 - *Charlotte is one of the least dense urban areas in the nation*
 - *This is costly and challenge to retrofit to improve interconnectedness*
- Lack of available buildings and pad ready sites, specifically in and around Charlotte area limit business attraction
- High-paying jobs concentrated in Mecklenburg County with little penetration across the region
- Charlotte is the largest airport in the U.S. without nonstop service to Asia, limiting its ability to recruit and do business with foreign companies
- K-12 Education levels are suffering in rural counties
 - *School systems (K-12) in Stanly, Anson, Rowan, and Iredell County have lower high school graduation rates than systems closer to Charlotte and Mecklenburg County*
- Below-average urban and rural income growth
 - *Lower 2010-15 median household income growth than NC in Stanly, Cleveland, Lincoln, Mecklenburg, and Anson Counties*
- Entrepreneurship isn't as strong as other areas
 - *Employment in young (under 5 year old) and very young (a year old or less) firms comprise a small share of overall employment in the region than it does in the state and nation*
- Employment in new firms is significantly lower than pre-recession
 - *8,763 in 2006 vs 5,867 in 2015*
- Low-paying/low-skill job growth dominates most of the region outside of Mecklenburg
 - *Growth in high-paying industries concentrated in Mecklenburg County*

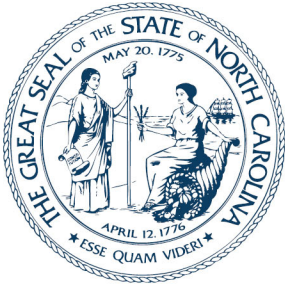


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OPPORTUNITIES

- Existing urban infrastructure (mid-size outlying cities) could spur growth and development of regional employment centers
- Continued or expanded residential growth surrounding Mecklenburg can produce strong economic and development opportunities for neighboring counties and the region
 - *Greater supply of existing buildings, available land, and, proximity to transit, allow for development of businesses that are not well-suited to Mecklenburg*
 - *Periphery counties are rich in natural resources, offering opportunities for developing recreation-centered tourism and weekend recreation activities for urbanites*
 - *Periphery counties remain important agricultural production sites, offering potential for agri-business and interest in local foods*
 - *Presence of historic buildings that may be converted to mixed use or residential offerings with sense of history/sense of place*
- Increased connectivity between outlying counties (Cleveland, Anson, Lincoln, Stanly) and employment centers like Charlotte could raise rural incomes
- Direct flights to Asia out of CLT can help attract foreign business (exports and investments)
 - *Planned terminal expansion and fourth parallel runway should allow this. [\\$2.5 billion, 10-year expansion plan](#)*
- Recent attraction of retirees is evidence of the area's attraction and could be a source of importing wealth
 - *Appeal to young professionals combined with world-class medical facilities and transportation may make this an increasingly appealing destination for retirees, as they move to be near their children and grandchildren*
- Lower % owner-occupied housing units Charlotte (53.0%) and Mecklenburg County (56.6%) than U.S. average (63.1%)
- Expand exports and attract export-oriented businesses through continued use of foreign trade zone and new Queen City Express rail line to the Port of Wilmington
- Construction jobs
 - *Fastest growing sector in region since 2011 (35%), but still 12% below pre-recession peak*



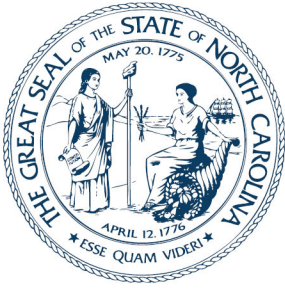
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- Health Care & Social Assistance jobs
 - Currently represents 12% of the region's non-farm employer jobs – lowest share among Prosperity Zones
 - Projected to produce 18% of the region's net new jobs through 2024 and grow faster (2.7% annually) than any other NC region
 - Ambulatory Care (3.5%), Nursing & Residential Facilities (3.0%), and Hospitals (2.1%) projected faster than average annual growth
 - Registered Nurses, Home Health Aides, Nursing Assistants projected to produce the most jobs
 - UNC School of Medicine Charlotte Campus is still young (2010) with the potential to grow
- Partnership with the North Carolina Research Campus in Kannapolis
 - Since its inception, the Research Campus has underperformed expectations, but has the capacity to house many more companies and boost employment in the region and with the additional \$15 million a year in perpetuity committed [by Murdock there is room to grow](#)

THREATS

- Ability to climb the economic ladder is low relative to the national average
 - [Economic Mobility in Charlotte, NC is low](#)
 - Poverty (15%) is only slightly below the national average (15.5%).
- As region continues to grow, there may be challenges coordinating across municipal, county, and state lines (the types of issues may be more complex and difficult to collaboratively manage)
 - Demand for public infrastructure may lead to greater environmental/land use challenges, tax increases, and limits to other investments
- Near-term costs (investments in education, transportation, utilities) to accommodate growth
- Mid-career population declines present current and future hiring challenges for employers and loss of tax base for communities outside of urban/suburban core
 - Populations 35-54 declined between 2011 & 2016 in Anson (-2.5%), Cleveland (-8.4%), Gaston (2.6%), Lincoln (-2.8%), Rowan (-4.6%), and Stanly (-6.2%)



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- Declining job opportunities in Manufacturing threatens workforce pipeline
 - *Despite 11,700 new jobs since 2011, the growth rate in Manufacturing is slower than 16 of the 19 other sectors in the region*
 - *The share of Manufacturing employment is continuing to decline as a percentage of the region's jobs – reaching a historic low of 10.7% of regional employment in 2016 (down from 20.1% in 2000)*
 - *Manufacturing has the lowest projected job growth rate in the region for the period 2014-24 among the top 17 industry sectors*
- Manufacturers may have difficulty finding Production workers
 - *Technical occupations that employers claim to be difficult to fill (e.g. CNC Programmers, Computer-Controlled Machine Operators, Machinists) are among the fastest projected Production jobs in the region*
 - *Inflation adjusted wages in Manufacturing industry declined (-1.0%) in the region between 2011-16 – second lowest growth behind Arts/Entertainment/Recreation*
- Looming retirements in manufacturing could present challenges in replacing technical and management skills and experience and threaten industry sustainability and growth
 - *27% of the region's manufacturing workforce was within 10 years of retirement age (55+) in 2015*
- Rising housing costs can grow unaffordable and force individuals to commute from farther out, putting strain on the current transportation infrastructure
 - *Rising home prices (24th in U.S. with a 16.1% increase in the past decade) and rent (#6 with 11.7% year-over-year rent increase)*