



## 2013 ANNUAL COMMUNITY INVESTMENT REPORT ANALYSIS<sup>1</sup>

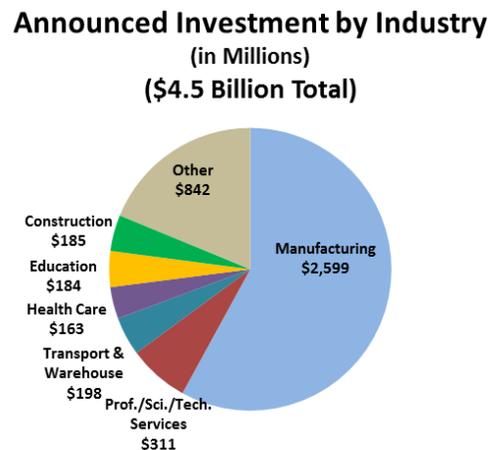
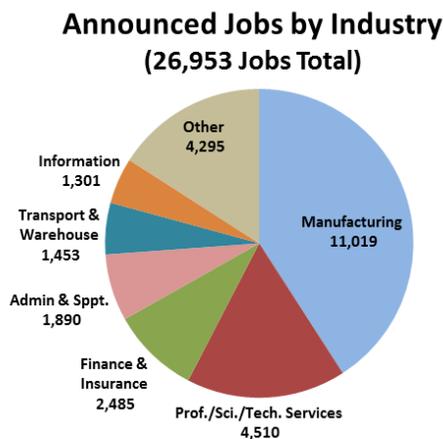
### SUMMARY

In 2013, North Carolina's economic developers reported 438 new and expansion projects across North Carolina – 70 percent were Economic Development projects and the remainder came from Infrastructure and Other projects. These projects contributed a total of 26,953 announced jobs and \$4.5 billion in announced investment. Compared to 2012, reported projects fell 25 percent, announced jobs fell 10 percent, and announced investment decreased 29 percent. Announced jobs from foreign companies decreased 8 percent, but announced investment increased 49 percent.

- **438 REPORTED PROJECTS**
  - 192 New Projects and 246 Expansion Projects
  - 40.0% Manufacturing; 9.6% Office; 8.2% Distribution/Warehouse
  - 70 Foreign Direct Investment (FDI) Projects from 18 Countries
  
- **26,953 ANNOUNCED JOBS**
  - 13,542 Announced Jobs from New Projects and 13,411 from Expansion Projects
  - 39.3% Manufacturing; 23.2% Office; 7.6% Headquarters
  - 5,796 Announced Jobs from Foreign Direct Investment Projects
  
- **\$4.5 BILLION IN ANNOUNCED INVESTMENT**
  - \$2.1 Billion from New Projects and \$2.4 Billion from Expansion Projects
  - 56.6% Manufacturing; 6.5% Distribution/Warehouse, 4.4% Office
  - \$1.5 Billion from Foreign Direct Investment Projects

### INDUSTRY ANALYSIS

In 2013, the manufacturing industry represented the largest share of announced jobs and investment among all reported projects, accounting for 41 percent of announced jobs and 58 percent of announced investment. The charts below show the breakdown of announced jobs and investment by industry (2-digit NAICS).<sup>2</sup>



<sup>1</sup> For an overview of the Community Investment Report, please see the last page.

<sup>2</sup> Please note that this Industry Analysis section looks at the **company type** (by 2-digit NAICS), while the preceding section looks at **project type**. For example, if a widget manufacturing company expands its warehousing facility, that project would be counted as a "Distribution/Warehouse" project in the previous section, but the company would be classified as a "Manufacturing" company here.

## YEAR-TO-YEAR COMPARISON

Compared to the previous year, reported projects, announced jobs, and announced investment fell in 2013. Reported projects declined 25 percent, announced jobs decreased 10 percent, and announced investment dropped 29 percent.

### Announced Jobs

Announced jobs fell from 29,801 in 2012 to 26,953 in 2013, with significant variation depending on project type. On the downside, Call Center jobs declined by about 2,000 and Manufacturing fell jobs by 2,795. On the upside, announced Office jobs increased almost 2,400 (due in large part to the MetLife project), Research and Development rose by 560, and Headquarters projects announced 270 more jobs compared to 2012.

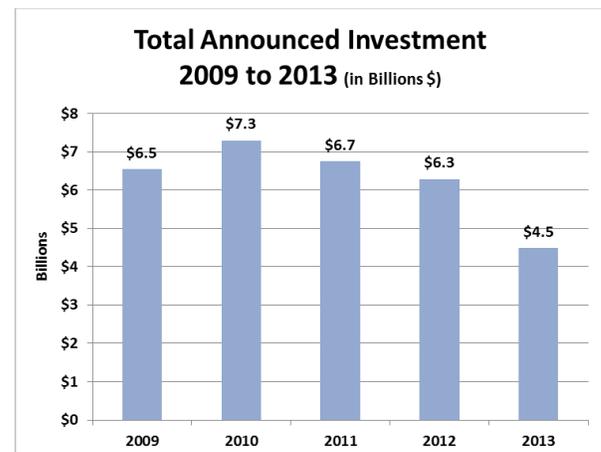
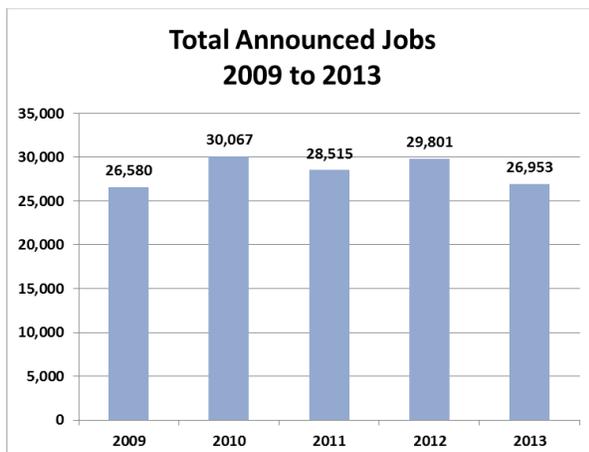
### Announced Investment

Announced investment was down significantly in 2013, falling almost \$1.8 billion from the previous year. The primary reason: Data Centers. Investment in Data Center projects fell by \$1.1 billion in 2013, in part because 2012 includes the substantial AT&T project in Cleveland County. Another major reason for the decline was a sharp drop-off in reported Hospital projects (categorized as “Infrastructure”), which fell by almost \$470 million in 2013. Those two categories alone account for 87 percent of the falloff in announced investment. There were a few positive notes, however, including announced Manufacturing investment, which rose slightly from \$2.49 billion in 2012, to \$2.54 billion in 2013.

### Multi-Year Comparisons

Announced jobs and investment were down in 2013 compared to the previous four years. On the jobs side, similar to the 2012 vs. 2013 comparison above, the drop in announced jobs is tied to a significant fall in Call Center jobs (1,815 in 2013 vs. a yearly average of 3,200 in the previous four years). A decline in announced Manufacturing jobs also contributed to the drop (10,590 in 2013 vs. a yearly average of 13,300 in the previous four years). On the announced investment side, again, the main driver was a sharp decrease in Data Centers (\$125 million in 2013 vs. a yearly average of \$1.35 billion for the previous four years).

Year-to-Year Comparison		
2012 vs. 2013		
REPORTED PROJECTS	↓	-25% (585 TO 438)
ANNOUNCED JOBS	↓	-10% (29,801 TO 26,953)
ANNOUNCED INVESTMENT	↓	-29% (\$6.3B TO \$4.5B)
JOBS/PROJECT	↑	+21% (51 TO 62)
INVESTMENT/PROJECT	↓	-5% (\$10.8M TO \$10.2M)



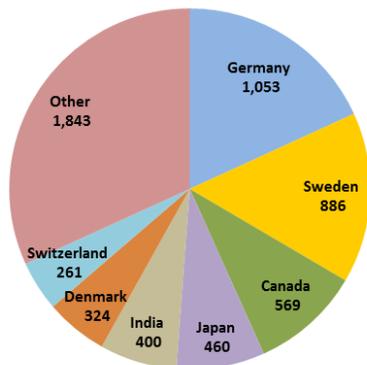
While LEAD provides this analysis for informational purposes, please note that because reporting is voluntary, comparisons across time should be approached cautiously as annual changes may be due to differences in reporting and/or changes in economic conditions. Please see the end of this report for more information.

## FOREIGN DIRECT INVESTMENT (FDI)

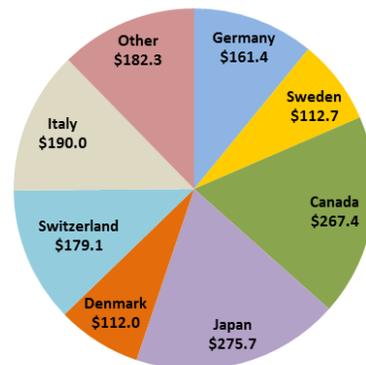
Foreign companies from 18 different countries announced investment of more than \$1.5 billion in North Carolina and 5,796 jobs in 2013. Among the top FDI projects:

- Appliance manufacturer Electrolux Home Products, Inc. (Sweden) announced an \$85 million expansion of its North American headquarters in Charlotte, creating 810 new jobs.
- Gildan Yarns (Canada) announced a \$258 million investment in its yarn spinning facilities in Bladen, Davie, and Rowan counties, creating 500 new jobs.
- Biochemtex (Italy) plans to invest \$163 million in a new biofuels facility in Sampson County, creating 65 new jobs.

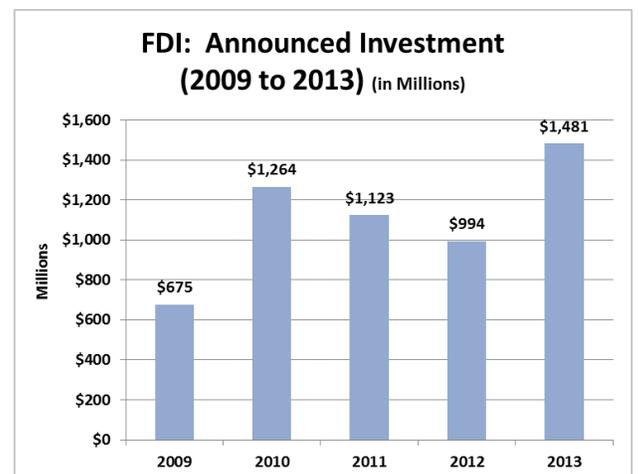
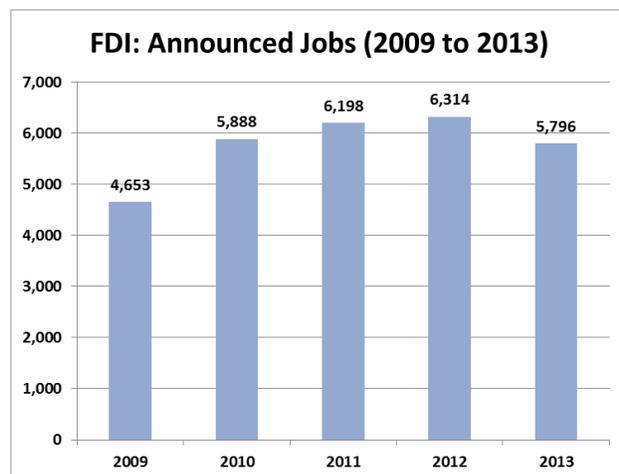
**FDI: Jobs by Country  
(5,796 FDI Jobs Total)**



**FDI: Investment by Country (in Millions)  
(\$1.5 Billion FDI Total)**



- Announced investment by foreign firms was up 49 percent (\$994M vs. \$1,481M) compared to last year, but announced jobs fell 8 percent (6,314 vs. 5,796).
- Comparing across multiple years, announced FDI jobs in 2013 came in just above the average from the previous four years (5,763 vs. 5,796), while investment in 2013 jumped 46 percent over the average from 2009-2012 (\$1.01 billion vs. \$1.48 billion)



## TOP GOODS-PRODUCING ECONOMIC DEVELOPMENT PROJECTS

On the manufacturing side, Wright Foods was the largest project by announced jobs, as that company announced 505 new jobs at its Montgomery County food processing and packaging facility. Following Gildan Yarns (discussed in the FDI section above), GE Aviation, with its \$194 million investment at its facilities in Asheville, Durham, West Jefferson, and Wilmington, was the top project in terms of announced investment.

Top Goods-Producing Projects by Announced Jobs, 2013		
Company	Industry Type (4-digit NAICS)	Jobs
Wright Foods	Specialty Food Manufacturing	505
Gildan Yarns, LLC	Fiber, Yarn, and Thread Mills	500
Sturm, Ruger & Co.	Metal Product Manufacturing (Small Arms)	476
Associated Materials Inc.	Plastic Product Manufacturing (Building Materials)	252
DeWalt Power Tools	General Purpose Machinery Manufacturing	250
Top Goods-Producing Projects by Announced Investment, 2013		
Company	Industry Type (4-digit NAICS)	Investment
Gildan Yarns, LLC	Fiber, Yarn, and Thread Mills	\$258,000,000
GE Aviation	Aerospace Product and Parts Manufacturing	\$194,280,000
Biochemtex	Basic Chemical Manufacturing (Biofuels)	\$163,000,000
AW NC	Motor Vehicle Parts Manufacturing	\$137,000,000
Owens Corning	Glass and Glass Product Manufacturing	\$120,000,000

## TOP SERVICE-PROVIDING ECONOMIC DEVELOPMENT PROJECTS

MetLife was, by far, the largest service-providing project in terms of announced jobs and investment, as that company prepares to create more than 2,600 jobs and invest \$125 million at its Mecklenburg and Wake county campuses.

Top Service-Providing Projects by Announced Jobs, 2013		
Company	Industry Type (4-digit NAICS)	Jobs
MetLife Group	Insurance Carriers	2,622
Convergys	Business Support Services	1,600
Electrolux Home Products, Inc.	Management of Companies (Headquarters)	810
Red Ventures	Management, Scientific & Technical Services	603
Walmart	Warehousing & Storage (Distribution Center)	450
Top Service-Providing Project Announcements by Announced Investment, 2013		
Company	Industry Type (4-digit NAICS)	Investment
MetLife Group	Insurance Carriers	\$125,000,000
Walmart	Warehousing & Storage (Distribution Center)	\$100,000,000
Syngenta	Scientific Research and Development Services	\$94,000,000
Electrolux Home Products, Inc.	Management of Companies (Headquarters)	\$85,000,000
Genex	Utility Systems	\$72,000,000

## ABOUT THE COMMUNITY INVESTMENT REPORT

LEAD's Community Investment Report is an important tool that collects and analyzes project-level data from across North Carolina so we can provide the Department of Commerce and our partners around the state another measure of economic development activity in the state. While we strive for the CIR to be the most comprehensive database of economic development projects, it relies on the voluntary participation of our partners — both within and outside the Department of Commerce. Therefore, it does not track every announced job or dollar invested in the state.

In addition to serving as a measure of economic development activity in the state, the CIR is also the source for projects reported to *Site Selection* magazine which it uses to publish various state rankings. To conform to *Site Selection's* reporting criteria, LEAD uses that publication's project categorizations for the CIR. Primarily, that means we place projects into these three categories:

- **Economic Development** which includes: Manufacturing, Call Centers, Headquarters, Distribution/Warehouse, Offices, Research & Development, Liquefied Natural Gas (LNG) Terminals, Ethanol Plants, Mining Facilities or Tank Farms.
- **Infrastructure** which includes: Arenas, Business Parks and Spec Buildings, Container Ports, Hotels, Casinos, Destination Resorts, Theme Parks, Highway Projects, Hospitals and Other Medical Facilities, Intermodal Transportation Facilities, Power Plants, Rail and Rapid Transit Systems, University Research Facilities, Water and Waste Units.
- **Other** which includes types of projects that do not qualify for *Site Selection's* various rankings and databases, but ones we nonetheless collect data on. The current list of "Other" projects is found on the [CIR submission webpage](#).

For more information on *Site Selection's* methodology, [please click here](#):

While we strive to make the data and analysis in the CIR as reliable as possible, it is subject to some key weaknesses, including:

- **Selection Effects:** As referenced above, participation in the CIR is voluntary, so some regions and partners participate more than others. As a result, it is important to understand that the CIR only tracks **reported** projects — not all projects in the state — and it is subject to selection effects (e.g. one region/individual submits many qualifying projects, while another region/individual submits few, or no qualifying projects).
- **Data Quality:** LEAD continually strives to ensure that the data reported is verifiable and consistent across projects and submitters. However, because we have many partners who submit projects, data consistency can be an issue from time to time. LEAD takes steps to verify projects and data, but primarily, we must rely on our submitters to provide accurate data. As an example, we allow submission of confidential data (which can be much more difficult for us to fully verify) which we aggregate with publicly available data, and must, therefore, rely on the submitter for accuracy.
- **Comparisons across Time:** Because of the potential weaknesses highlighted above, it is important to understand that comparisons across time are subject to measurement errors. For example, an apparent fall in project activity from one year to the next might be due to a general economic slowdown, or a drop-off in participation in the CIR (selection effects), or changes in our guidelines for collecting data (data quality).
- **Announced vs. Actual:** Job creation and investment figures in the CIR are **announced** jobs, not actual hiring counts of workers, and **announced** investment, not actual investment. At present, we do not verify that previously reported jobs or investment actually occurred.

To summarize, LEAD hopes the CIR is a valuable tool for better understanding economic development trends activity across North Carolina, but its limitations should be acknowledged so the data is used in a sound and reasonable manner.

Please do not hesitate to contact the CIR staff with any additional questions regarding data collection and methodology at [cir@nccommerce.com](mailto:cir@nccommerce.com) or 919-707-1576.