



2014 ANNUAL COMMUNITY INVESTMENT REPORT ANALYSIS¹

SUMMARY

In 2014, North Carolina’s economic development community reported 563 new and expansion projects across the state— 65% were economic development² projects and the remainder came from infrastructure and other projects. These projects contributed a total of 31,520 announced jobs and \$5.4 billion in announced investment.

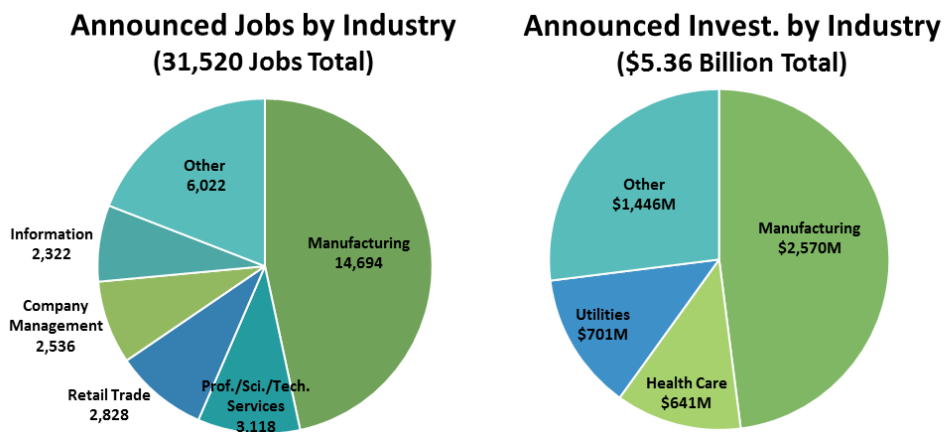
- **563 REPORTED PROJECTS**
 - 267 new projects and 296 expansion projects
 - 37% Manufacturing; 10% Office; 7% Distribution/Warehouse
 - 70 Foreign Direct Investment (FDI) projects from 19 countries

- **31,520 ANNOUNCED JOBS**
 - 16,724 announced jobs from new projects and 14,796 from expansion projects
 - 45% Manufacturing; 16% Office; 12% Headquarters
 - 7,329 announced jobs from Foreign Direct Investment projects

- **\$5.4 BILLION IN ANNOUNCED INVESTMENT**
 - \$2.70 billion from new projects and \$2.65 billion from expansion projects
 - 47% Manufacturing; 12% Power Plants; 12% Hospitals and Medical Facilities
 - \$1.0 billion from Foreign Direct Investment projects

INDUSTRY ANALYSIS³

Manufacturing companies led the way in 2014, accounting for just under half of all announced jobs and announced investment. Professional, Scientific and Technical services accounted for ten percent of announced jobs while Utilities (mostly power plants) was the second largest driver of investment at 13 percent.



¹ For an overview of analysis behind the Community Investment Report, please see the last page.

² For more information on Site Selection’s methodology and terminology, [please click here](#).

³ Please note that this Industry Analysis section looks at the **company type** (by 2-digit NAICS code), 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

Overall, reported projects, announced jobs and announced investment all increased in 2014 compared to the previous year.

Announced Jobs

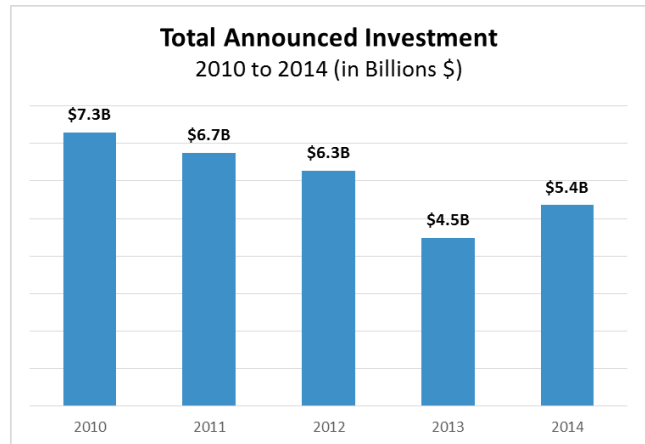
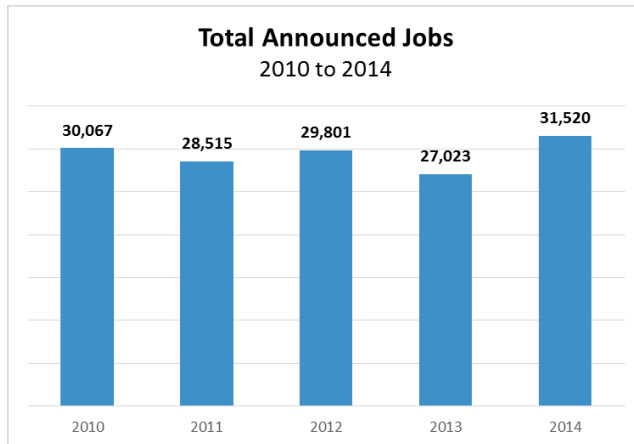
Announced jobs grew 17 percent (or more than 4,000 jobs) in 2014 compared to 2013. That was in part due to more projects overall reported to CIR (up nearly 30%), and some major, 1,000+ job announcements (e.g. Alevio Inc., Vertex Rail, Sealed Air Corporation, and HCL Technologies). 2014 Announced Jobs also hit their highest level over the past five years (see chart below-left).

Announced Investment

Announced investment also grew in 2014 compared to the previous year, up 19 percent, or approximately \$900 million. Again, that increase is in part due to more projects reported this year, and also a few major projects, including the Kings Mountain Energy Center, which is investing \$450 million in Cleveland County and DPx Holdings (Patheon), which is investing \$159 million in Pitt County.

While investment did increase from 2013-2014, it is still well below 2010-2012 levels (see chart below-right). One contributing factor is the lack of Data Center announcements (which often carry large capital investments) over the past two years. In fact, removing Data Centers from the numbers below, the data becomes much “smoother” over the past five years – averaging approximately \$5.2 billion.

Year-to-Year Comparison			
2013 vs. 2014			
Reported Projects	↑	29%	(438 to 563)
Announced Jobs	↑	17%	(27,023 to 31,520)
Announced Investment	↑	19%	(\$4.5B to \$5.4B)
Jobs/Project	↓	-9%	(61.7 to 56.0)
Investment/Project	↓	-7%	(\$10.3M to \$9.5M)



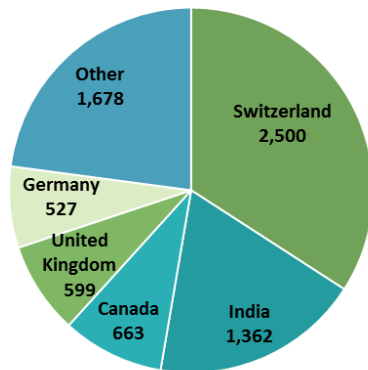
As always, LEAD reminds our readers that while we provide this type of analysis for general informational purposes, CIR comparisons across time should be approached very cautiously. In addition to outlier impacts, LEAD also reminds readers that because reporting to the CIR is voluntary, quarterly or annual changes may be due to differences in reporting, in addition to changes in underlying economic conditions. Please see the end of this report for more information.

FOREIGN DIRECT INVESTMENT (FDI)

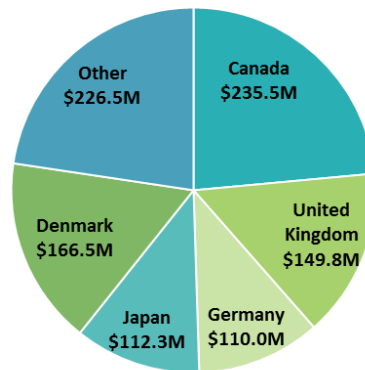
Foreign companies from 19 different countries announced investment of more than \$1.0 billion in North Carolina and 7,329 jobs in 2014. Among the top FDI projects:

- Battery maker Aevo (Switzerland) announced it plans to create 2,500 jobs at its facility in Cabarrus County – the top FDI projects in terms of announced jobs.
- Linamar Corporation (Canada) announced that it is planning to invest \$115 million in its automotive components facility in Buncombe County – the top FDI project in terms of announced investment. Linamar also announced that it is investing \$40 million and creating 125 jobs in its Wilson County forging operation.

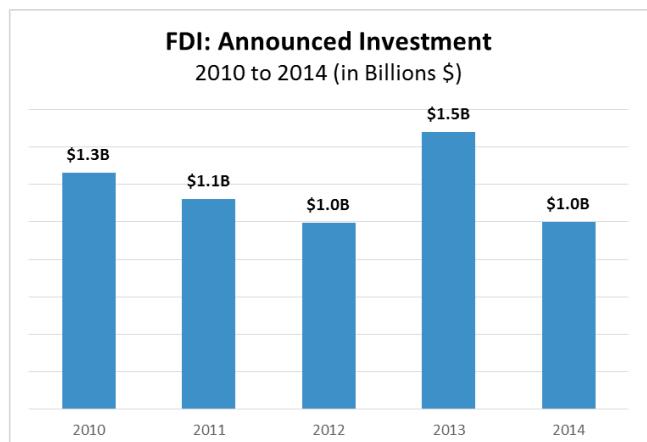
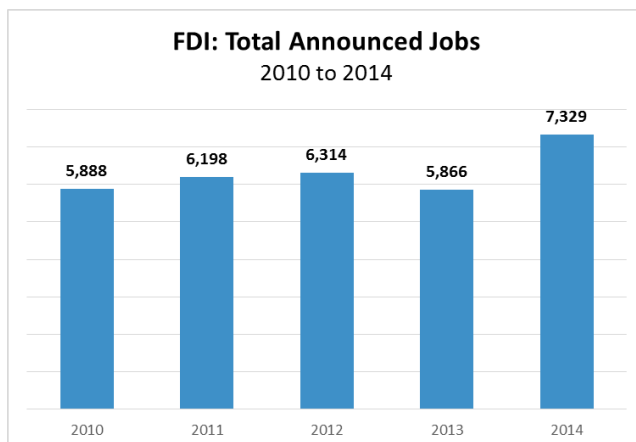
**FDI: Jobs by Country
(7,329 FDI Jobs Total)**



**FDI: Investment by Country
(\$1.0 Billion FDI Total)**



- Announced FDI jobs increased by nearly 1,500 jobs in 2014 compared to the previous year, and also hit its highest level in the past five years (see chart at below-left). The Aevo project (mentioned above) and the HCL Technologies project (India – 1,237 jobs) were part of the reason for the increase.
- However, announced FDI investment fell by approximately \$500 million in 2014 compared to the previous year. There were no extraordinarily large projects in 2013 causing the fall, but simply more large projects in 2013 vs. 2014 (e.g. there were five FDI projects investing \$100M+ in 2013, and only three in 2014).



TOP GOODS-PRODUCING PROJECTS

- After the Alevo project (mentioned above), Vertex Rail was the largest manufacturing project in 2014 for announced jobs. Vertex plans to create 1,300 jobs at its rail car manufacturing facility in New Hanover County.
- DPx Holdings (Patheon) was the largest manufacturing project for announced investment in the past year, as that company plans to invest nearly \$160 million in its Pitt County pharmaceutical manufacturing facility.

Top Goods-Producing Projects by Announced Jobs, 2014			
Company	Industry Type (4-digit NAICS)	County	Jobs
Alevo Inc.	Electrical Equipment Mfg. (Batteries)	Cabarrus	2,500
Vertex Rail	Railroad Rolling Stock Mfg.	New Hanover	1,300
DPx Holdings (Patheon)	Pharmaceutical and Medicine Mfg.	Pitt	488
Earth-Kind	Pesticide, Fertilizer, & Ag. Chemical Mfg.	Iredell	380
G&W Laboratories	Pharmaceutical and Medicine Mfg.	Lincoln	370

Top Goods-Producing Projects by Announced Investment, 2014			
Company	Industry Type (4-digit NAICS)	County	Investment
DPx Holdings (Patheon)	Pharmaceutical and Medicine Mfg.	Pitt	\$159,000,000
Linamar	Motor Vehicle Parts Mfg.	Buncombe	\$115,000,000
GKN Driveline	Vehicle Transmission & Power Train Parts Mfg.	Catawba	\$113,800,000
Enviva	Other Wood Product Mfg.	Richmond	\$107,100,000
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TOP SERVICE-PROVIDING PROJECTS

- The Sealed Air headquarters relocation to Mecklenburg County just beat out HCL Technologies as the largest non-manufacturing job announcement in 2014. Sealed Air plans to create 1,262 at its new global headquarters through 2017.
- The Kings Mountain natural gas plant was the largest non-manufacturing project for announced investment, as it plans to build a \$450 million plant in Cleveland County.

Top Service-Providing Projects by Announced Jobs, 2014			
Company	Industry Type (4-digit NAICS)	County	Jobs
Sealed Air Corporation	Company Management (Corp. HQ)	Mecklenburg	1,262
HCL Technologies	Data Processing, Hosting, & Related	Wake	1,237
APAC Customer Services	Telemarketing Bureaus & Contact Centers	Guilford	850
AvidXchange	Computer Systems Design	Mecklenburg	603
Advance Auto Parts	Corporate Offices (Auto. Parts Retail)	Wake	600

Top Service-Providing Projects by Announced Investment, 2014			
Company	Industry Type (4-digit NAICS)	County	Investment
Kings Mountain Energy Center	Electrical Power Generation (Natural Gas)	Cleveland	\$450,000,000
REX Healthcare	General Medical and Surgical Hospitals	Wake	\$200,000,000
V.A. Health Care Center	Outpatient Care Centers	Mecklenburg	\$150,000,000
FLS Energy	Electrical Power Generation (Solar)	Richmond	\$100,000,000
Novant Health Presbyterian	Specialty Hospitals (Heart & Vascular)	Mecklenburg	\$98,100,000

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 web page](#).

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, 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, 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 activity across North Carolina, but its limitations should be acknowledged so the data are 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 or 919-707-1576.