Navigating Economic Development in the Covid-19 Era

November 2020

ECONOMIC DEVELOPMENT PARTNERSHIP OF NORTH CAROLINA

Our Mission

The Economic Development Partnership of North Carolina improves the economic well-being and quality of life for all North Carolinians. We do this by collaborating with state, regional, local, and private-sector partners in new business recruitment, existing employer support, international trade and export assistance, small business start-up counseling, and tourism promotion.

Business Recruitment

Existing Industry Support

International Trade

Small Business Support

Travel & Tourism

What impacts have we seen from Covid-19?

Existing Industry Support

- NC businesses seeking direction on "Essential Industry" designation
- ***Layoffs, furloughs, and closures – but also employee recalls, surge hiring, and expansions in certain sectors***
- Confusion, anxiety, and frustration over accessing federal relief programs
- ***Companies pivoting to PPE production***
- Reopening businesses' resource needs

March

Today

Tourism Development

- Leisure and business travel halted
- Small businesses hit by no/low demand and/or insufficient federal aid
- From 6th most visited state to the state with 6th highest rise in unemployment
- ***Local occupancy taxes and tourism marketing funds sharply down***
- ***Stronger leisure demand since Jun.; YoY room demand/revenue still down 31%/42% (AirBnB's up 20+%)***

March

↓

Today

Business Recruitment

- ***Contraction of project pipeline due to impact of Covid-19***
- Remaining projects moved slowly despite some big announcements
- Noticeable drop-off in projects getting to point of requesting state incentives
- ***New client activity from March to May down 20% to 30% YoY, up 10% to 20% from June to September***
- Resumption of in-person due diligence

March

Today

Economic Development: “Before” vs “New Normal”

Existing Industry Support

- *B.C.:* Greatest needs around workforce availability and worker upskilling; dependence on global supply chains
- *A.C.:* Access to financial relief; reopening guidance and resources; softer downstream demand in some sectors; workforce readiness and persistent skills gaps; desire to reduce supply chain risk exposure

Tourism Development

- *B.C.:* Consecutive years of record visitor spending through 2019 ($26.8 billion); targeting international visitors from growth markets; emphasis on new experiences and “Firsts That Last”
- *A.C.:* Uncertain recovery period for industry; near-term focus on in-state and drive-distance visitors; messaging focus on safety, comfort, familiarity

Business Recruitment

- *B.C.:* High-water mark for announced job-creation (21,600 new jobs) in 2019; robust pipeline entering 2020; metros and more populated areas in demand, with urban centers especially attractive
- *A.C.:* Sales pipeline took 6 months to return to March levels; varying degrees of activity by sector/function; potential shift away from dense urban centers; focus on reshoring; unknown impacts of remote work on corporate location decisions; what matters most?

Combined Ratings*

CORPORATE SURVEY

Ranking	Site Selection Factors	2019	2018
1.	Highway accessibility	92.4	87.2 (3)**
2.	Availability of skilled labor	92.3	90.5 (1)
3.	Labor costs	87.1	89.1 (2)
4.	Quality-of-life	82.2	82.8 (6)
5.	Occupancy or construction costs	80.3	76.1 (10)
6.	Corporate tax rate	79.7	86.7 (4)
7.	Energy availability and costs	79.5	77.8 (8)
8.	Tax exemptions	75.0	83.0 (5)
9.	Environmental regulations	73.0	69.9 (16T)
10.	Proximity to major markets	72.6	71.8 (14)
11.	Right-to-work state	72.0	70.2 (15)
12.	Available buildings	71.3	76.7 (9)
13.	Expedited or "fast-track" permitting	70.7	64.9 (19)
14.	State and local incentives	70.2	82.5 (7)
15.	Inbound/outbound shipping costs	69.8	69.2 (18)
16.	Proximity to suppliers	68.1	72.8 (13)
17.	Available land	64.4	75.6 (11)
18.	Low union profile	62.7	74.4 (12)
19.	Training programs/technical schools	60.3	69.9 (16T)
20.	Availability of long-term financing	59.5	60.5 (21)
21.	Availability of unskilled labor	59.0	59.4 (22)
22.	Raw materials availability	56.1	55.6 (23)
23.	Accessibility to major airport	50.6	62.7 (20)
24.	Water availability	45.2	51.6 (24)
25.	Proximity to innovation commercialization/R&D centers	35.7	41.5 (27)
26.	Availability of advanced ICT services	26.7	50.0 (25)
27.	Railroad service	25.3	46.6 (26)
28.	Waterway or oceanport accessibility	20.3	34.1 (28)

* All figures are percentages and are the total of the "very important" and "important" ratings of the Area Development Corporate Survey and are rounded to the nearest tenth of a percent.

** 2018 ranking

Questions?

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