

# Davie County Economic Development Strategic Planning Process

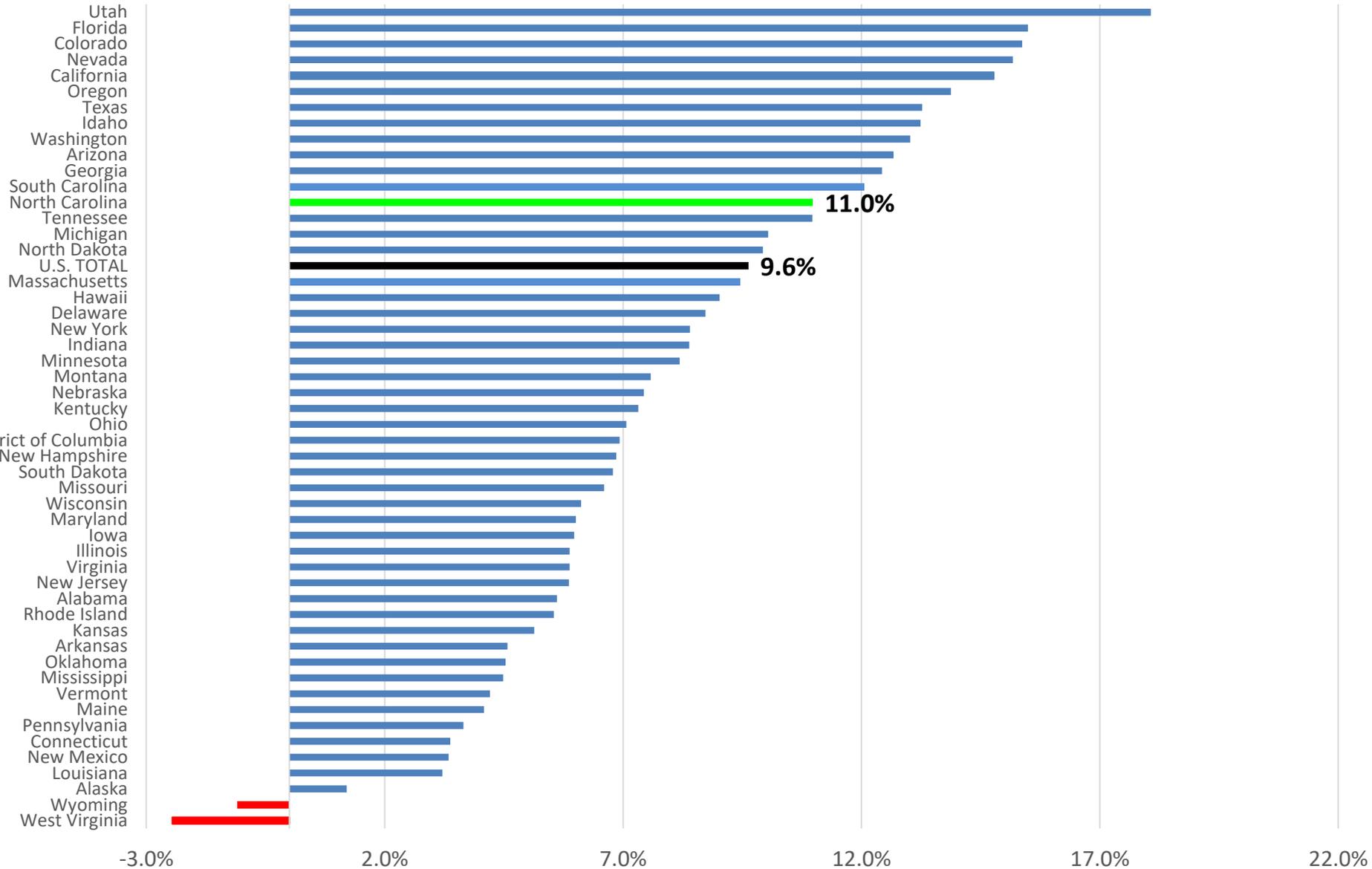


**Product Builder**

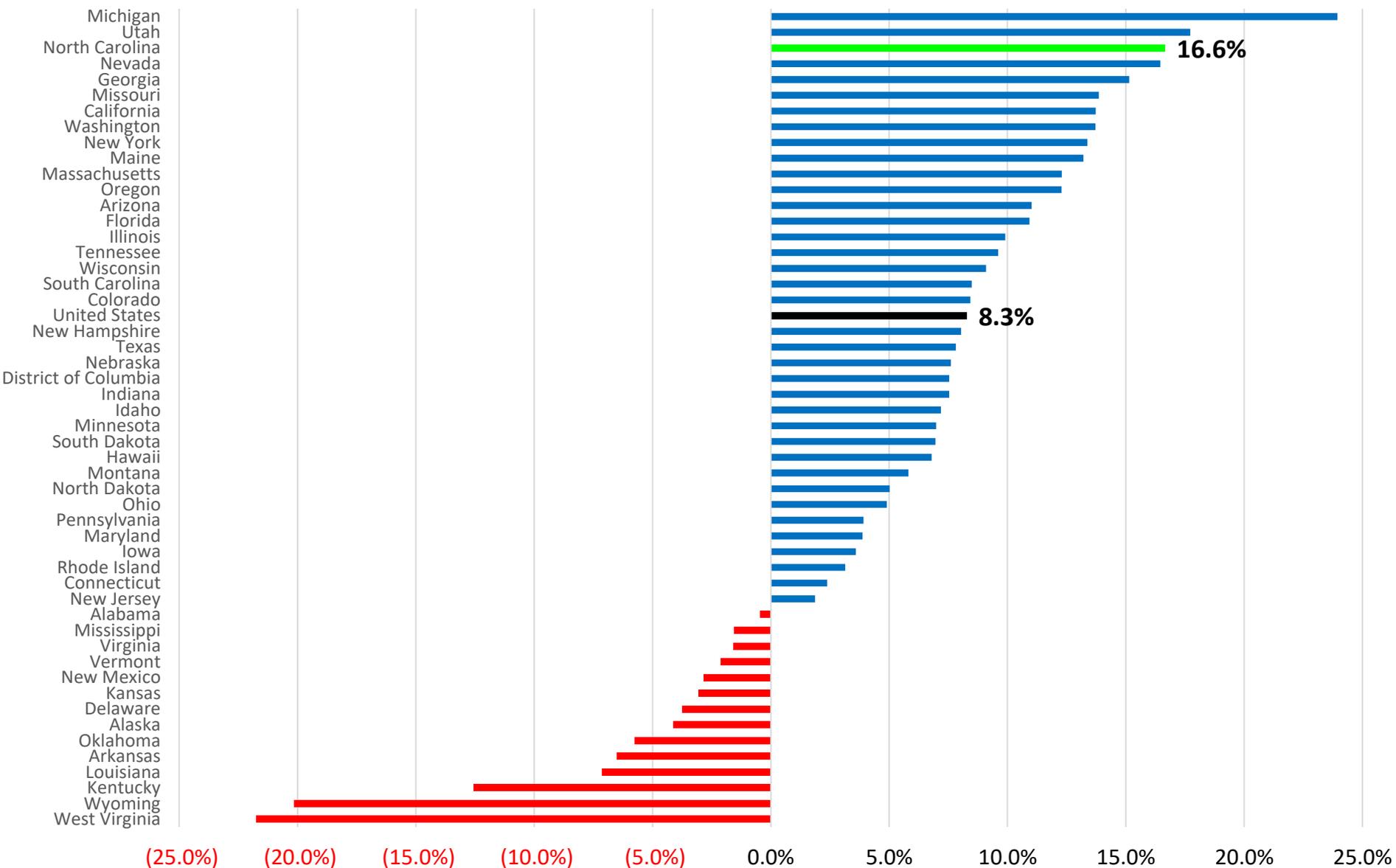
**Marketer  
(Client Origination)**

**Transaction Manager**

# Percentage Change in Jobs 2011 –2016 By State

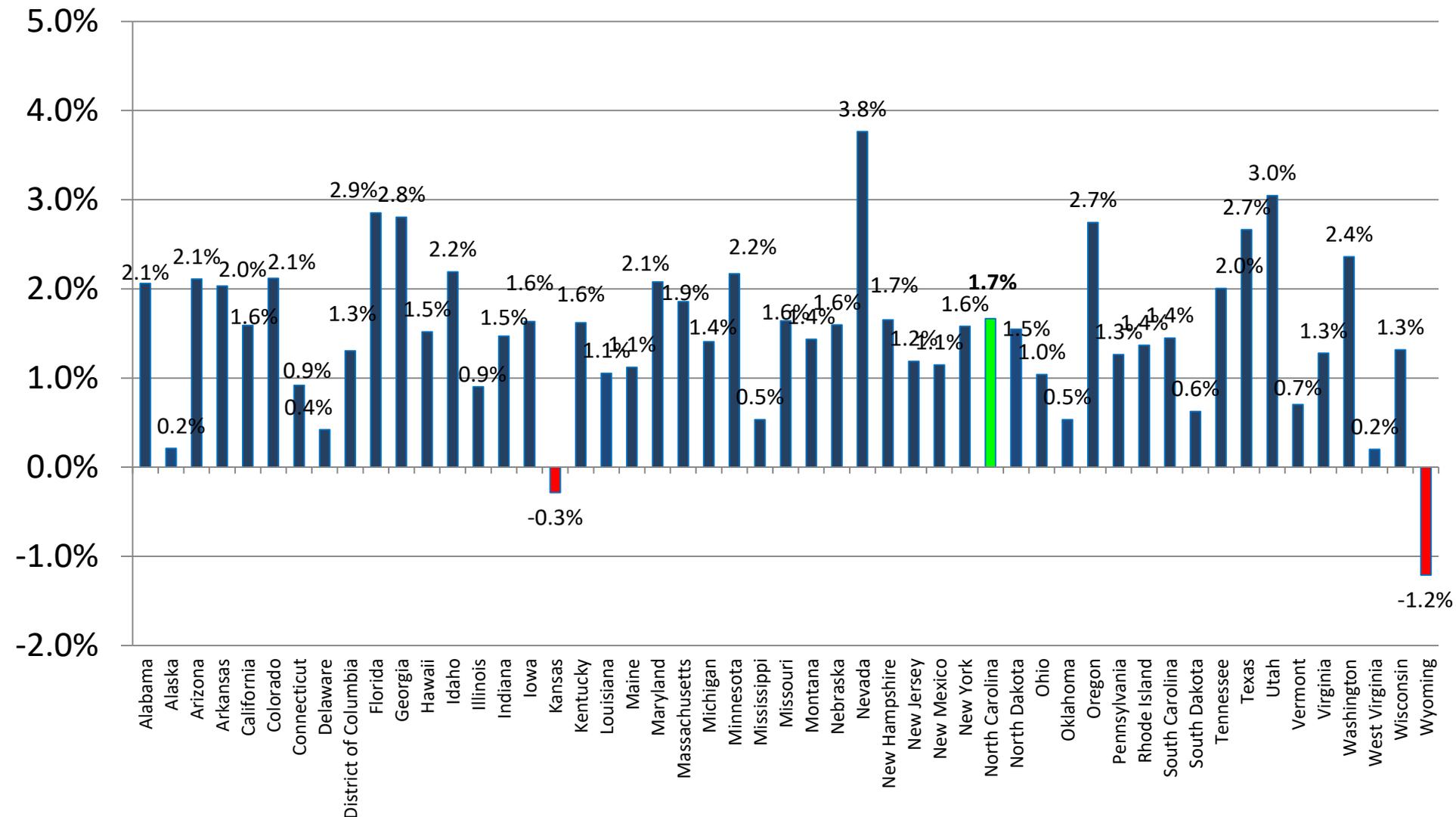


# Tech Sector Annual Job Growth 2011 –2016 By State

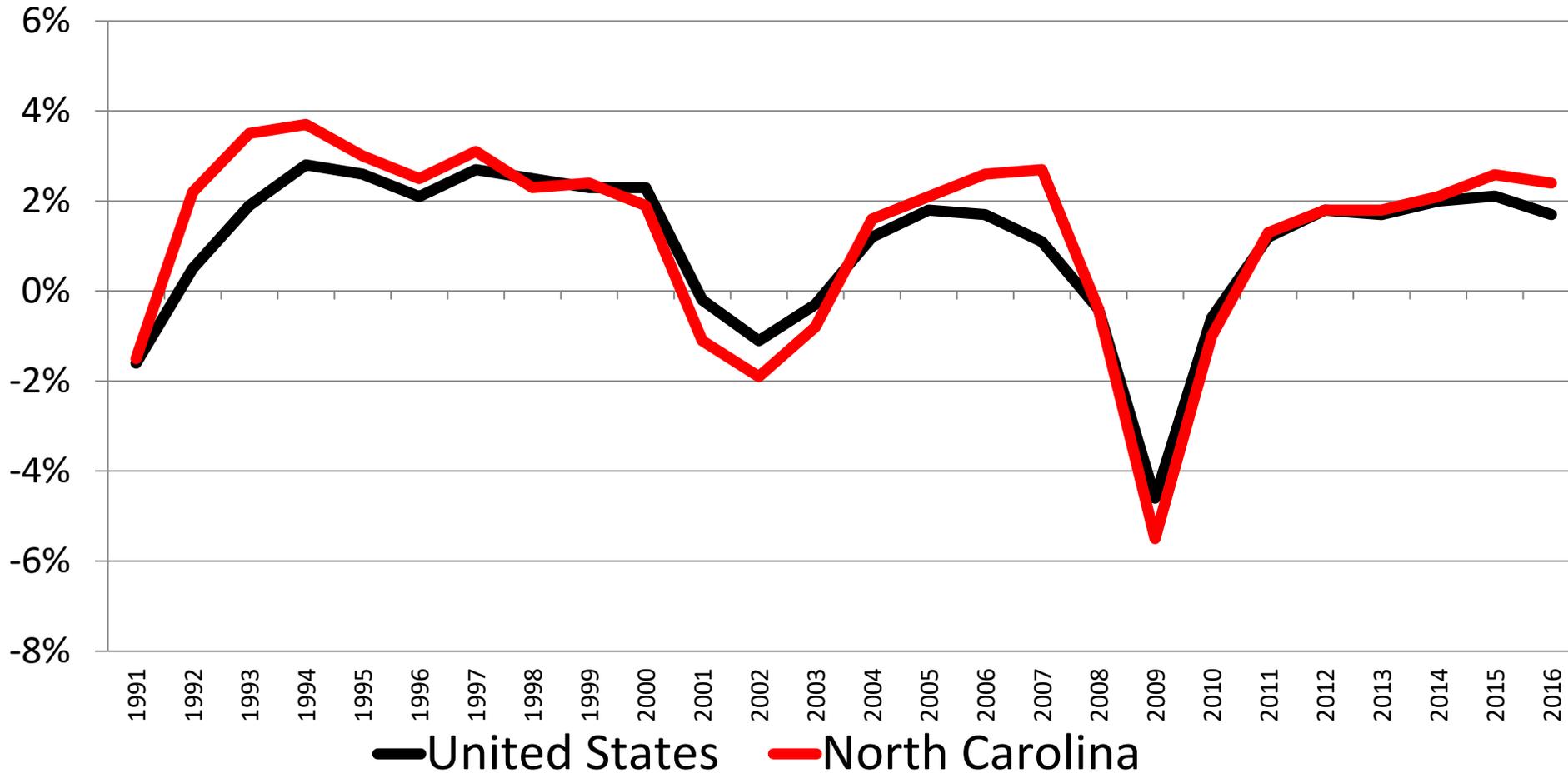


# All States 1-Year

## % Nonfarm Employment Changes June 2016 to June 2017

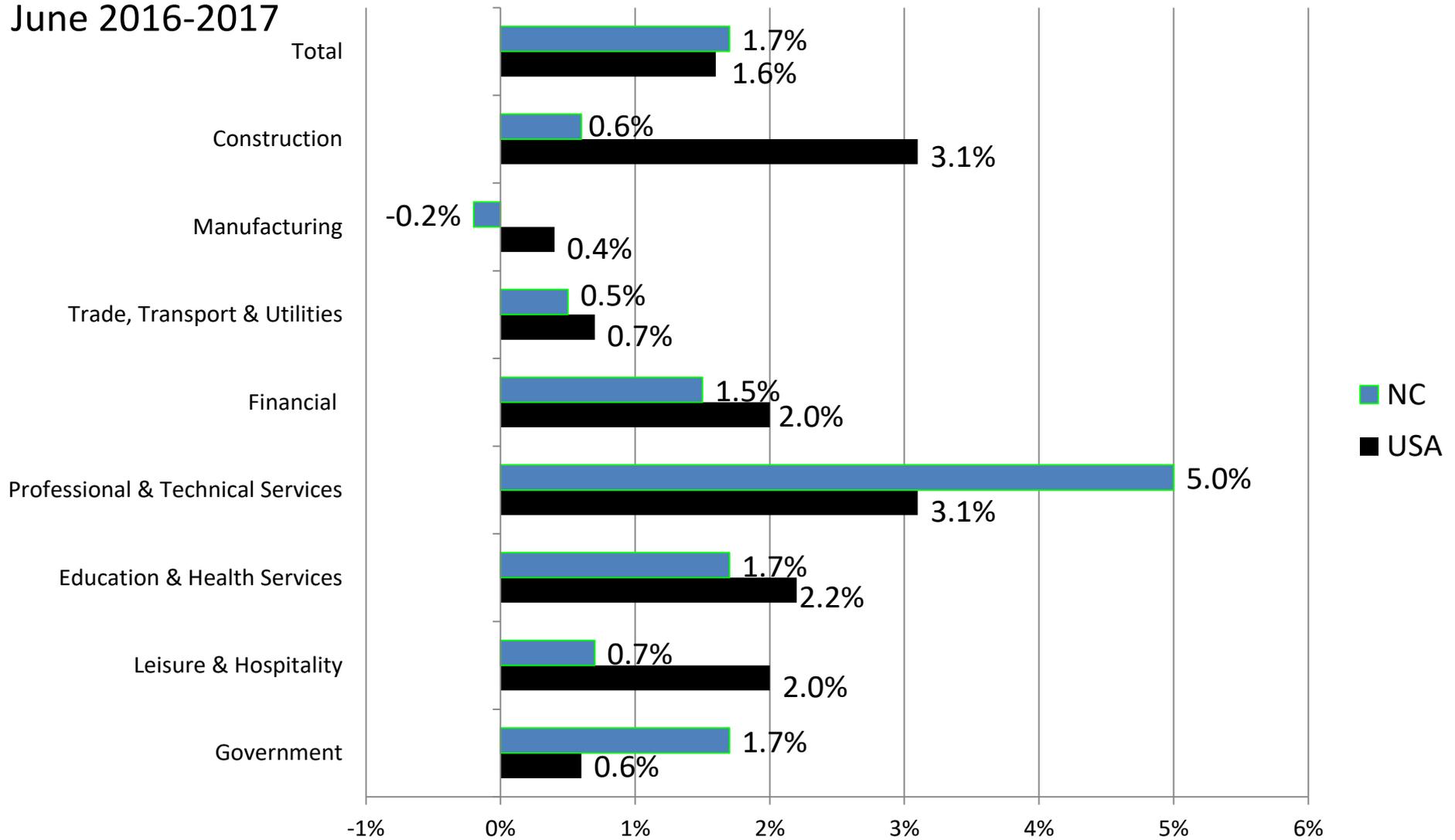


# Percentage Annual Job Change 1990 - 2016



# Employment Gains By Sector for the United States and NC

June 2016-2017

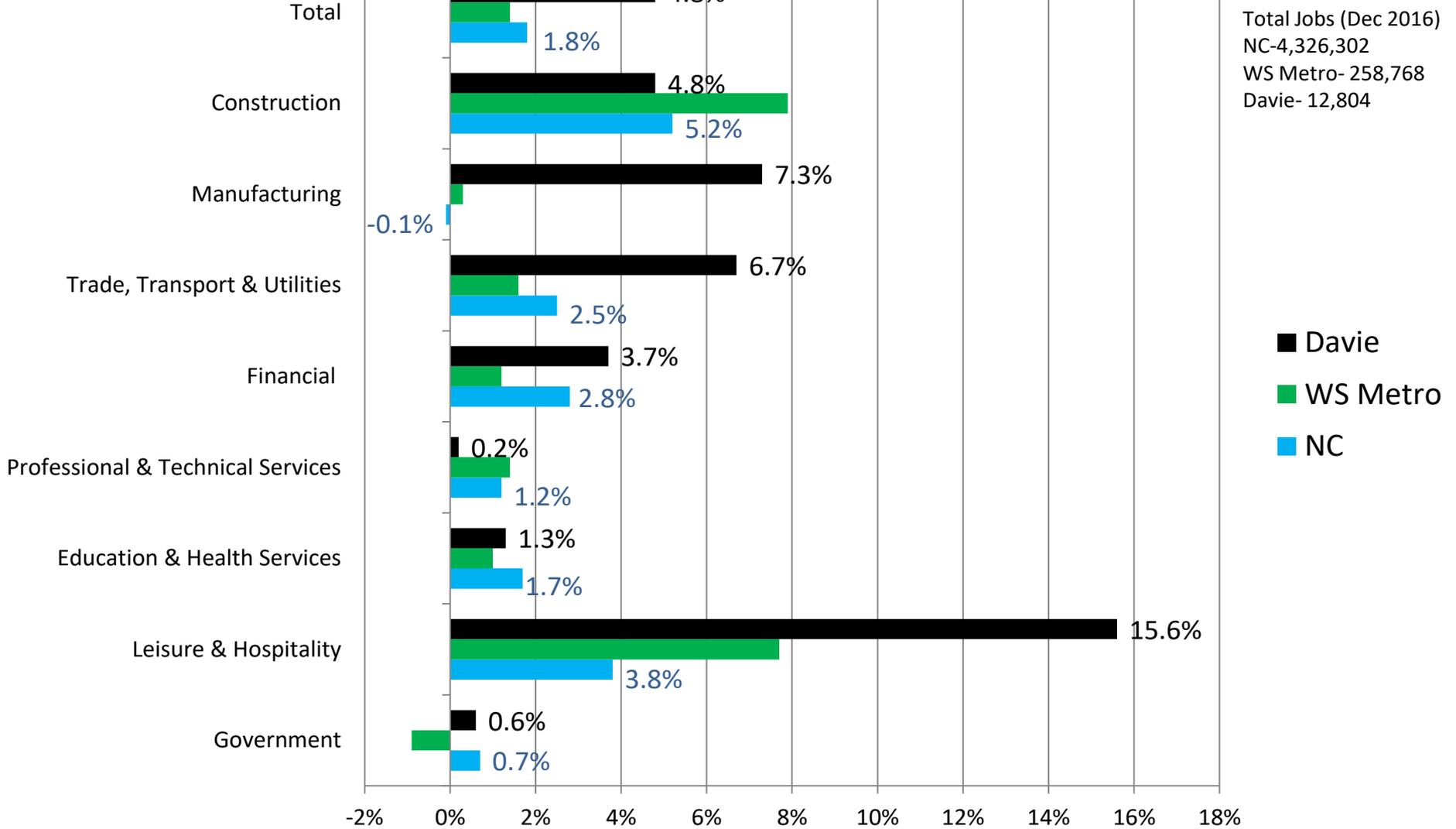






# Employment Gains By Sector for NC & Davie County

Dec 2015-Dec 2016



# What Makes a Place Competitive?



# 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



2012

- 1) Highway Accessibility
- 2) Labor Cost
- 3) Avail. Skilled Labor
- 4) Corporate Tax Rate
- 5) Occupancy Costs
- 6) State/Local Incentives
- 7) Energy Avail./Cost
- 8) Tax Exemptions
- 9) Proximity to Markets
- 10) Low Union Profile

(Availability of land and buildings)

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(Availability of land and buildings)

# 2017 State Business Tax Climate Index – State Ranking

(1 is Best, 50 is Worst) Overall		Corporate Tax	Individual Income	Sales Tax	Property Tax
Alabama	32nd	14	22	48	16
Arkansas	38th	40	29	44	24
Florida	4th	19	1	28	10
Georgia	36th	10	42	33	21
Kentucky	34th	28	30	13	36
Louisiana	41st	36	27	50	30
Maryland	42nd	21	46	14	42
Mississippi	28th	12	20	38	35
Missouri	15th	5	28	24	7
North Carolina	11th	4	15	19	31
Oklahoma	31st	9	38	36	12
South Carolina	37th	15	41	31	26
Tennessee	13th	22	8	46	29
Texas	14th	49	6	37	37
Virginia	33rd	6	40	11	28
West Virginia	18th	17	26	15	13



# Big Trends That Are Shaping Davie County's Future

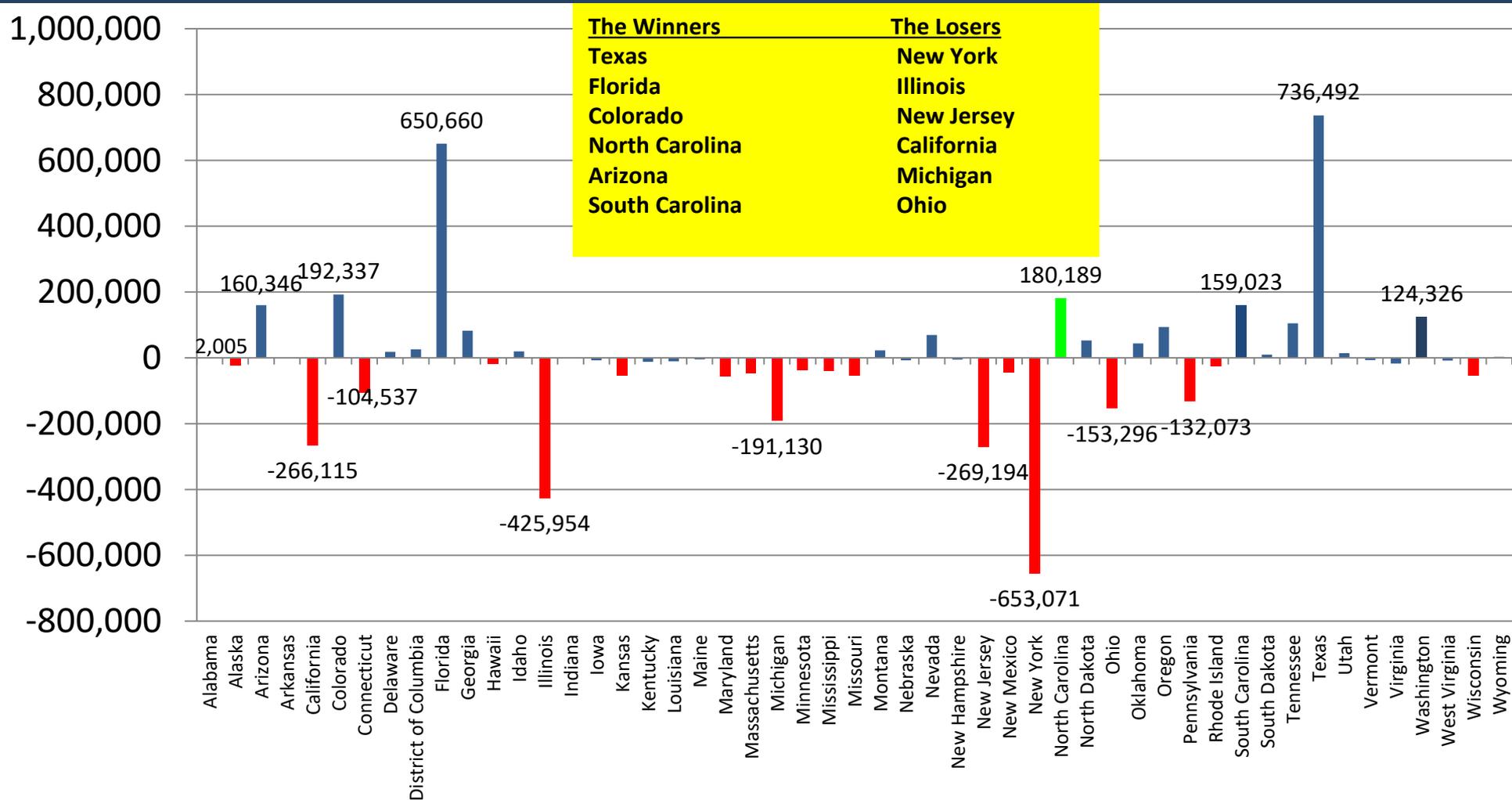
- ✓ Urbanization
- ✓ Rising Skills Bar
- ✓ Technology
- ✓ Changing Biz Norms



# Accelerating Economic and Population Urbanization

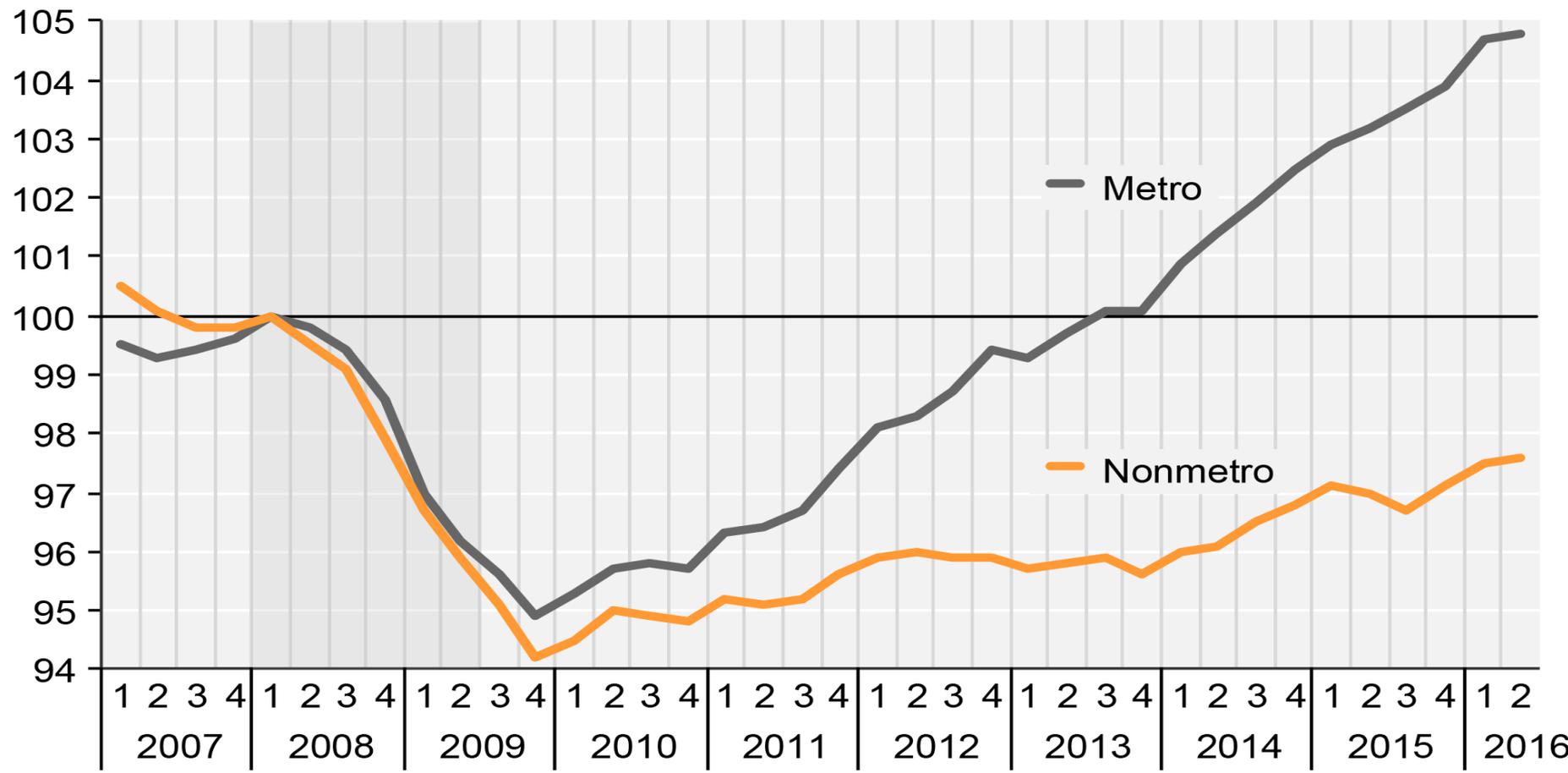


# Domestic Migration 2010-2015 for All States



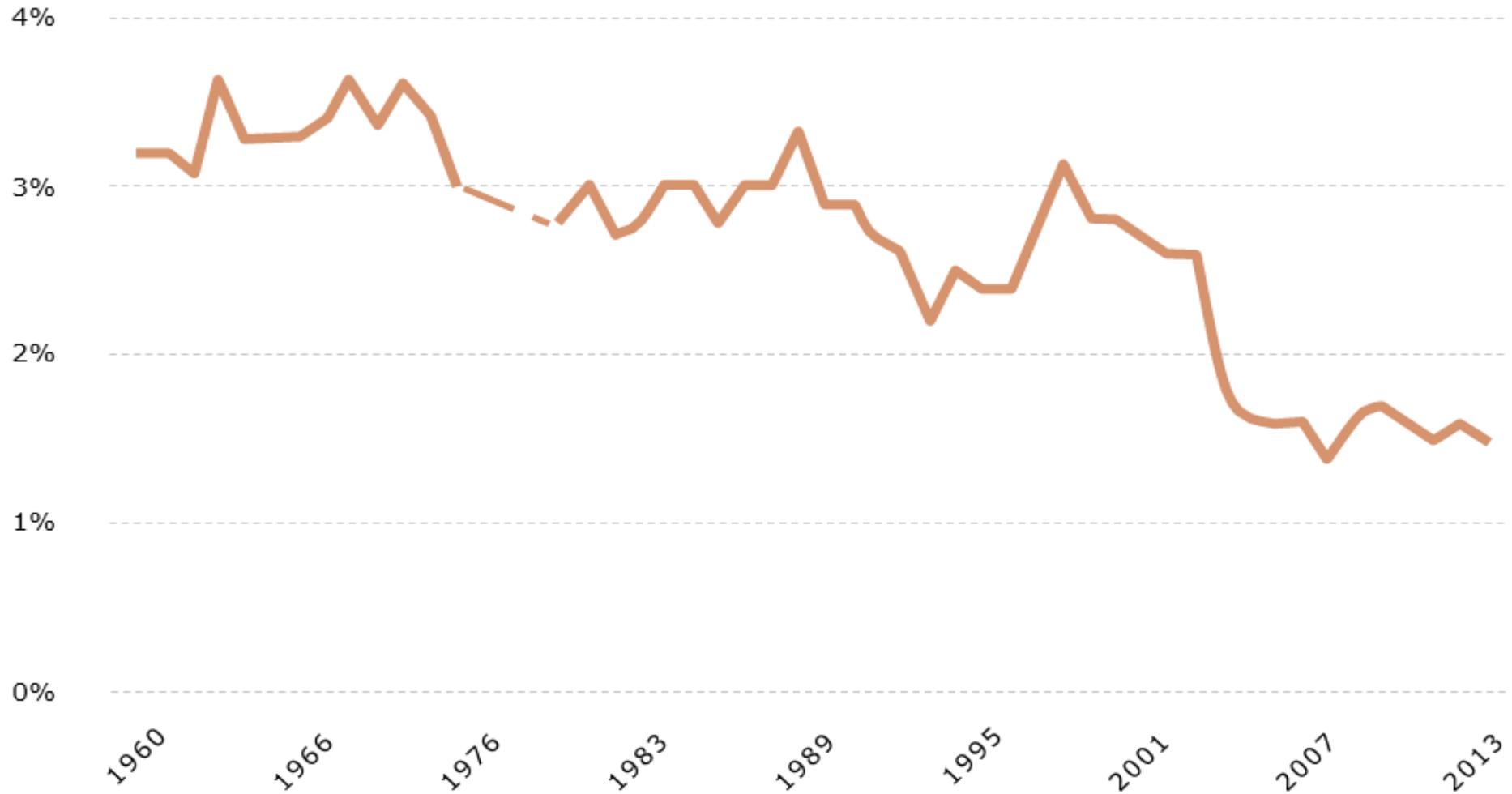
# U.S. employment, metro and nonmetro areas, 2007-2016 (quarterly)

Employment, index (2008 Q1=100)

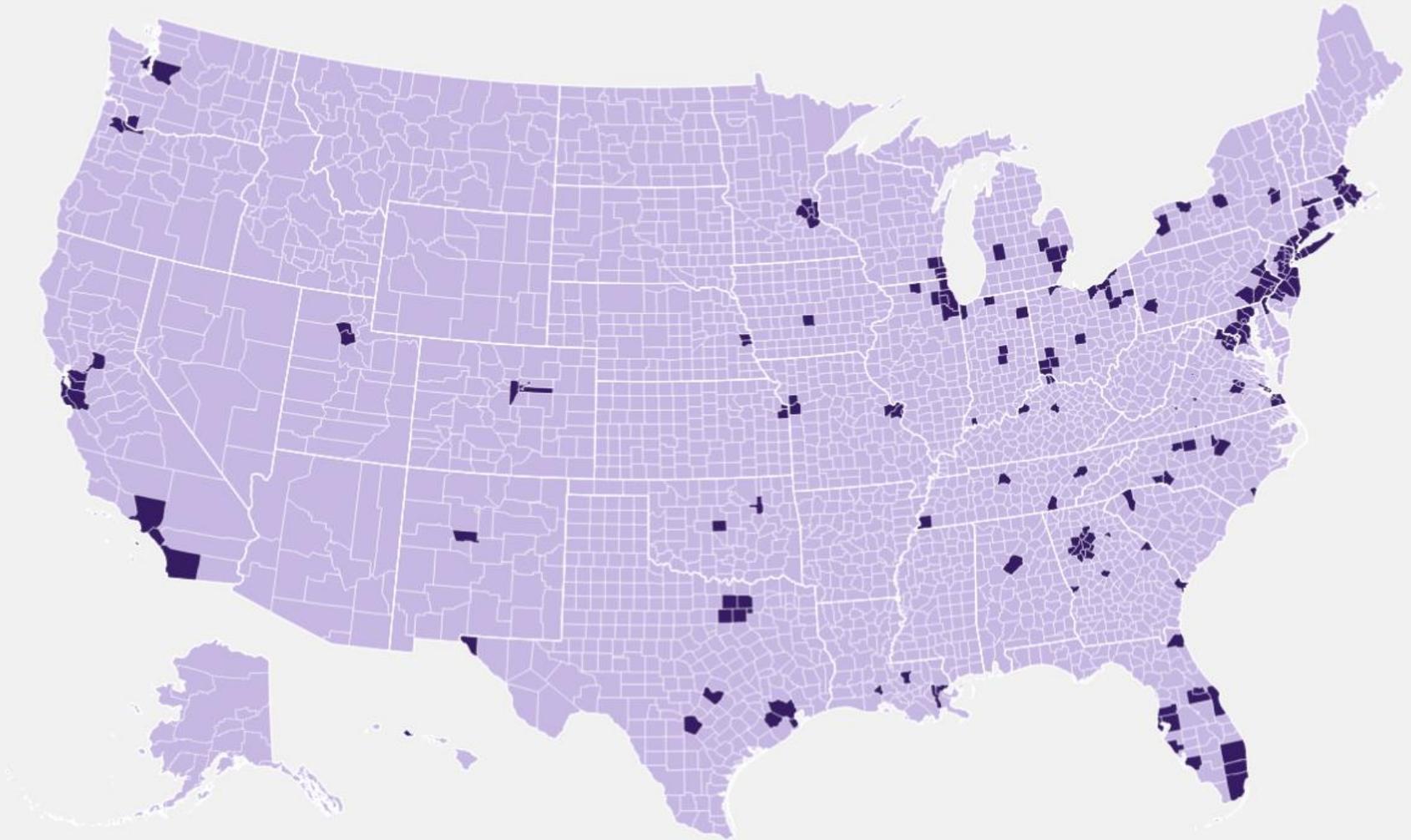


Notes: Data are seasonally adjusted. Shaded area indicates recession period.  
 Source: USDA, Economic Research Service using data from Bureau of Labor Statistics, Local Area Unemployment Statistics (LAUS).

# Percent of the Population Moving Across State Lines Annually



# HALF OF THE US POPULATION LIVES IN THE SHADED COUNTIES



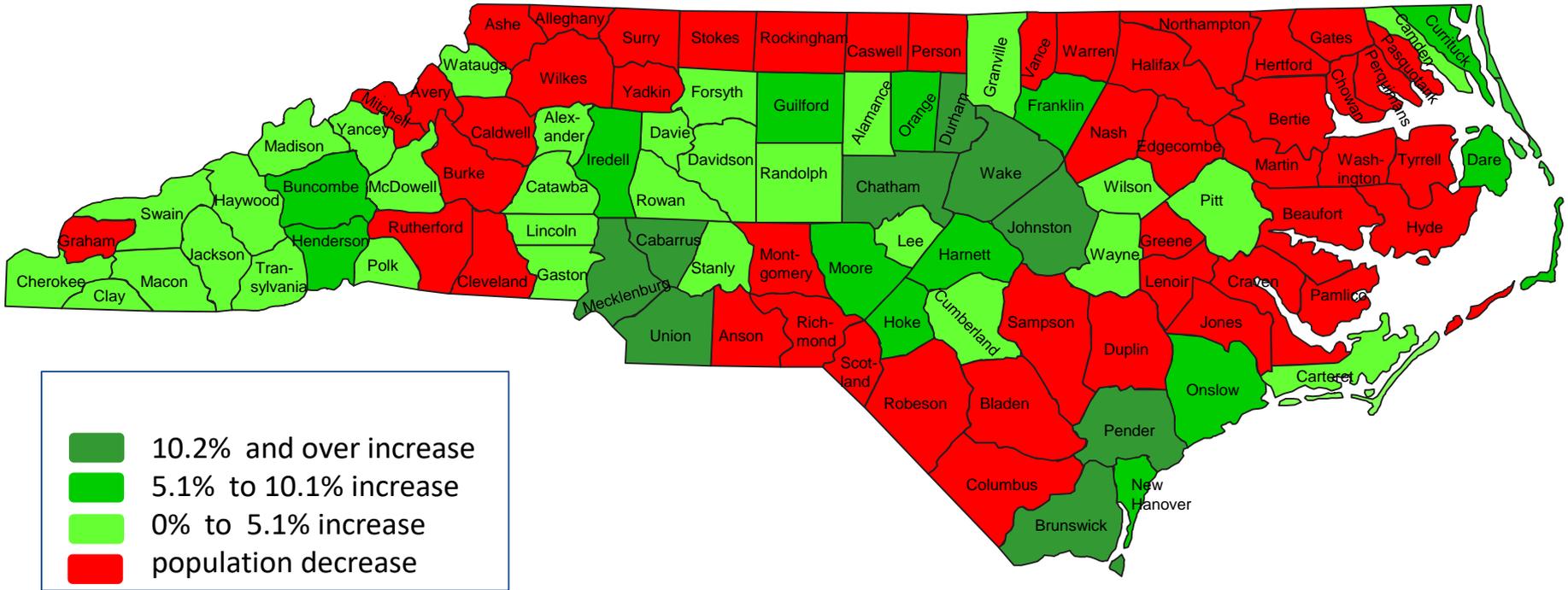
SOURCE: US Census Bureau

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# Population Growth More Concentrated

NC Change in Population 2011 - 2016

North Carolina Average 5.1%

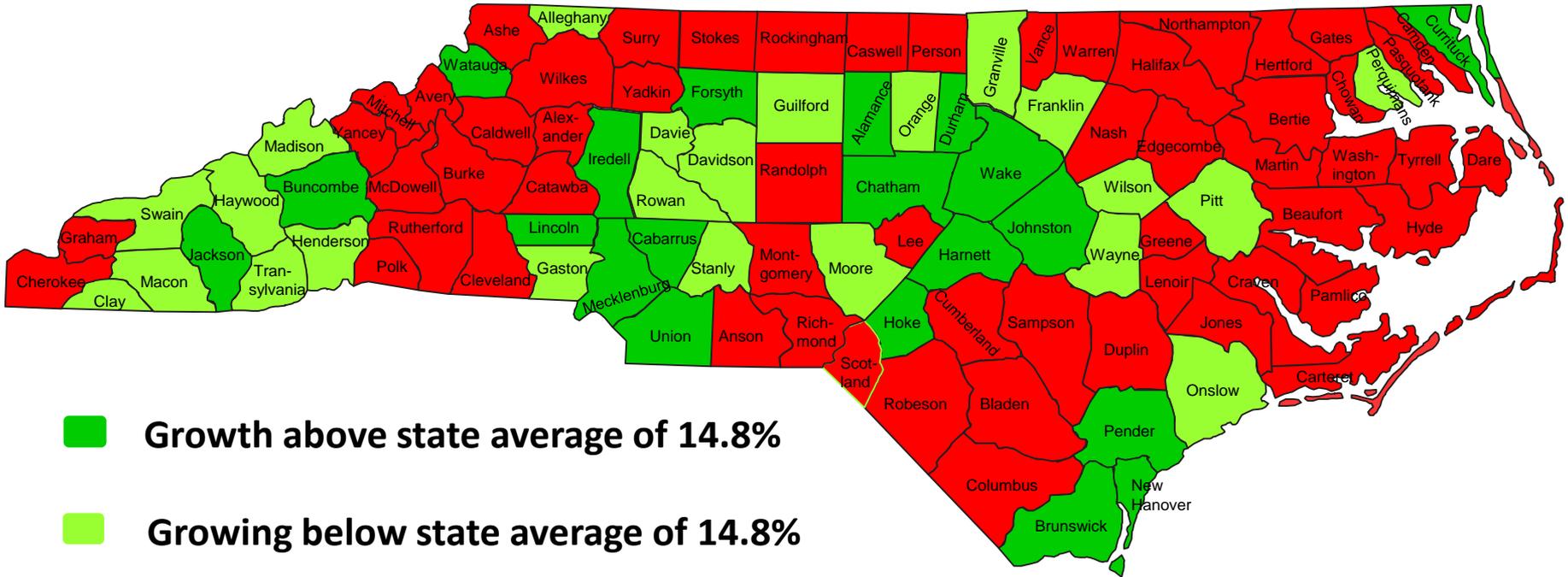


# PROJECTED CHANGE IN LABOR FORCE AGE POPULATION

Ages 25 – 64

2016 - 2036

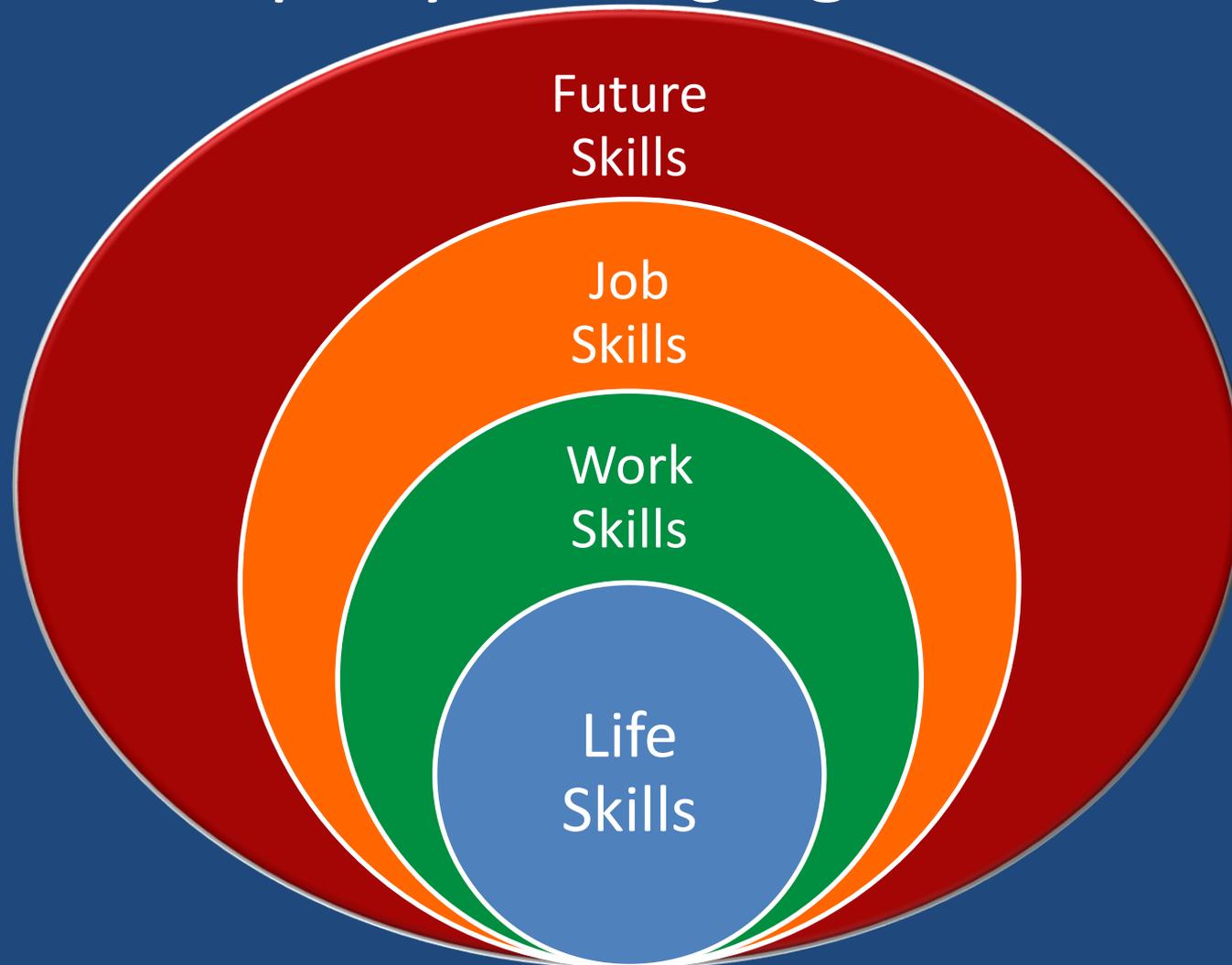
North Carolina state average 14.8%



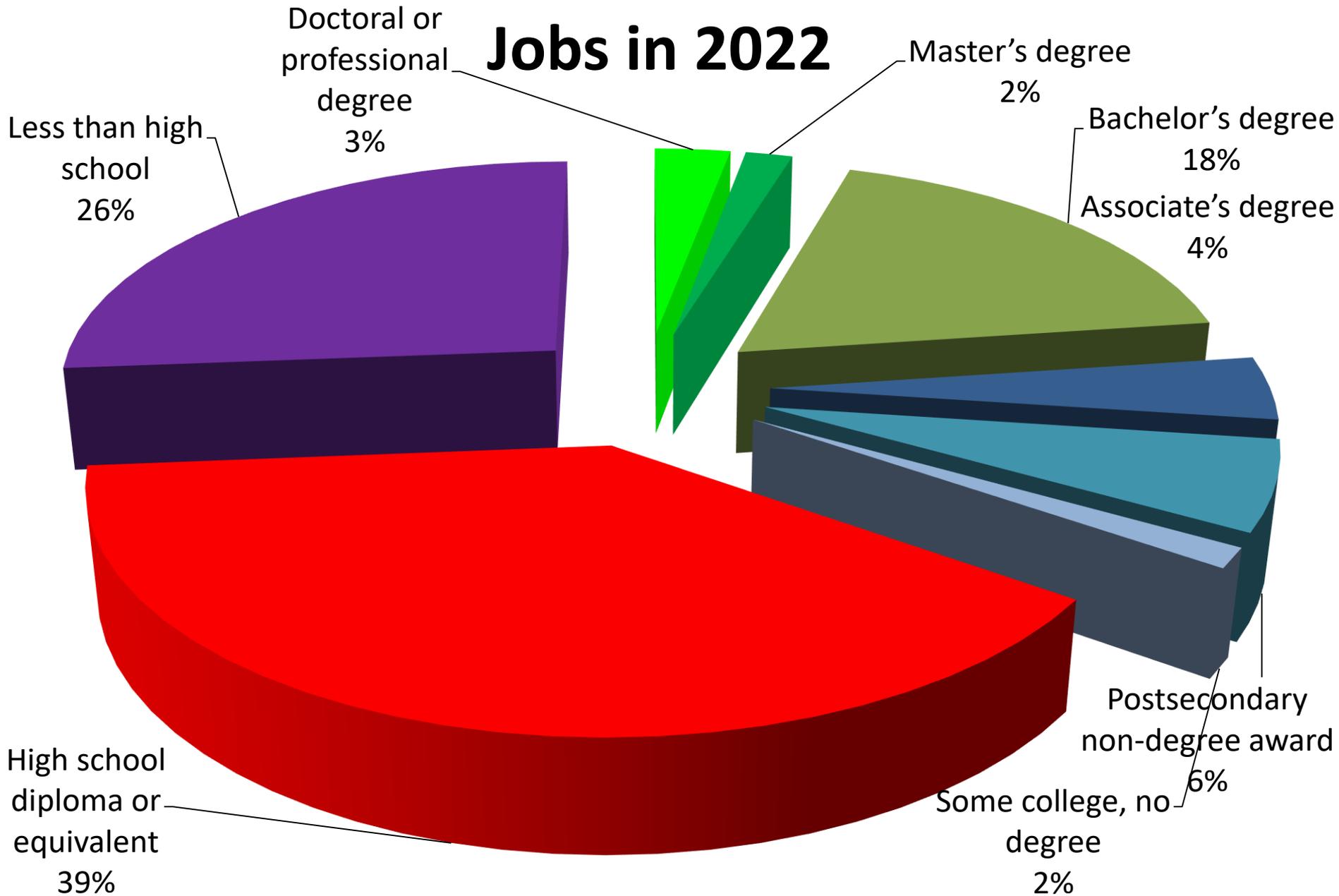
# The Bar Is Rising & There Is No Going Back



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



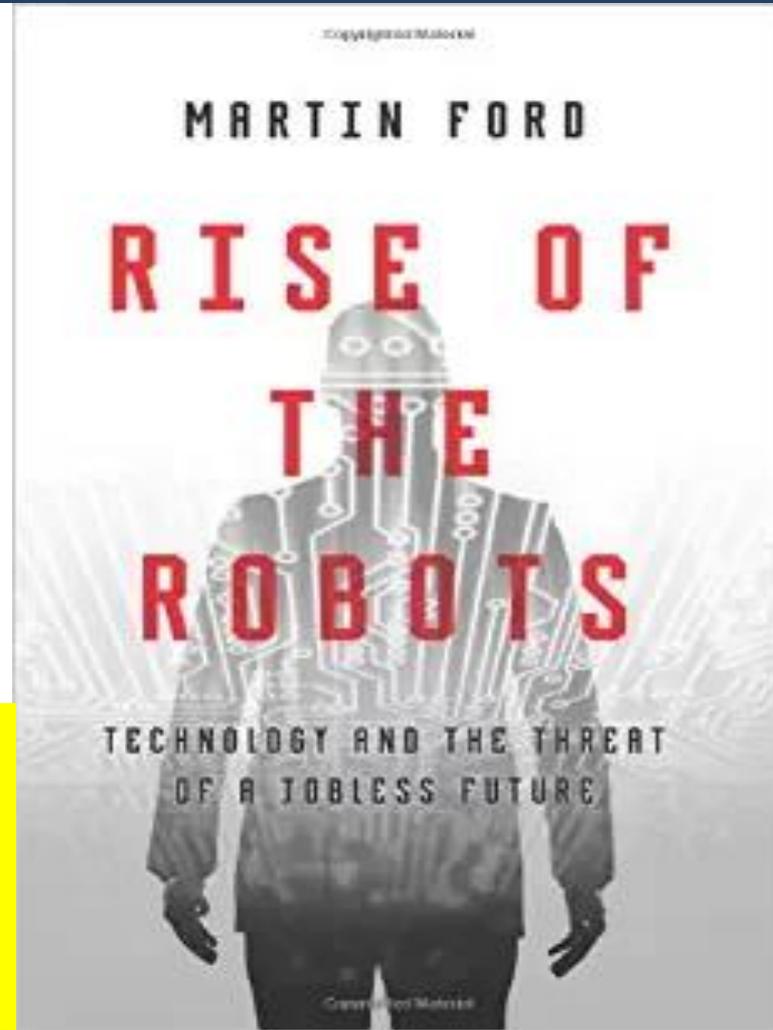
# Jobs in 2022



# Technological Unemployment

- Coined in 1930 by John Maynard Keynes
- He predicted by 2030 we could all be working 15 hours a week

**47% of Jobs Will Disappear in the Next 25 Years, According to Oxford**

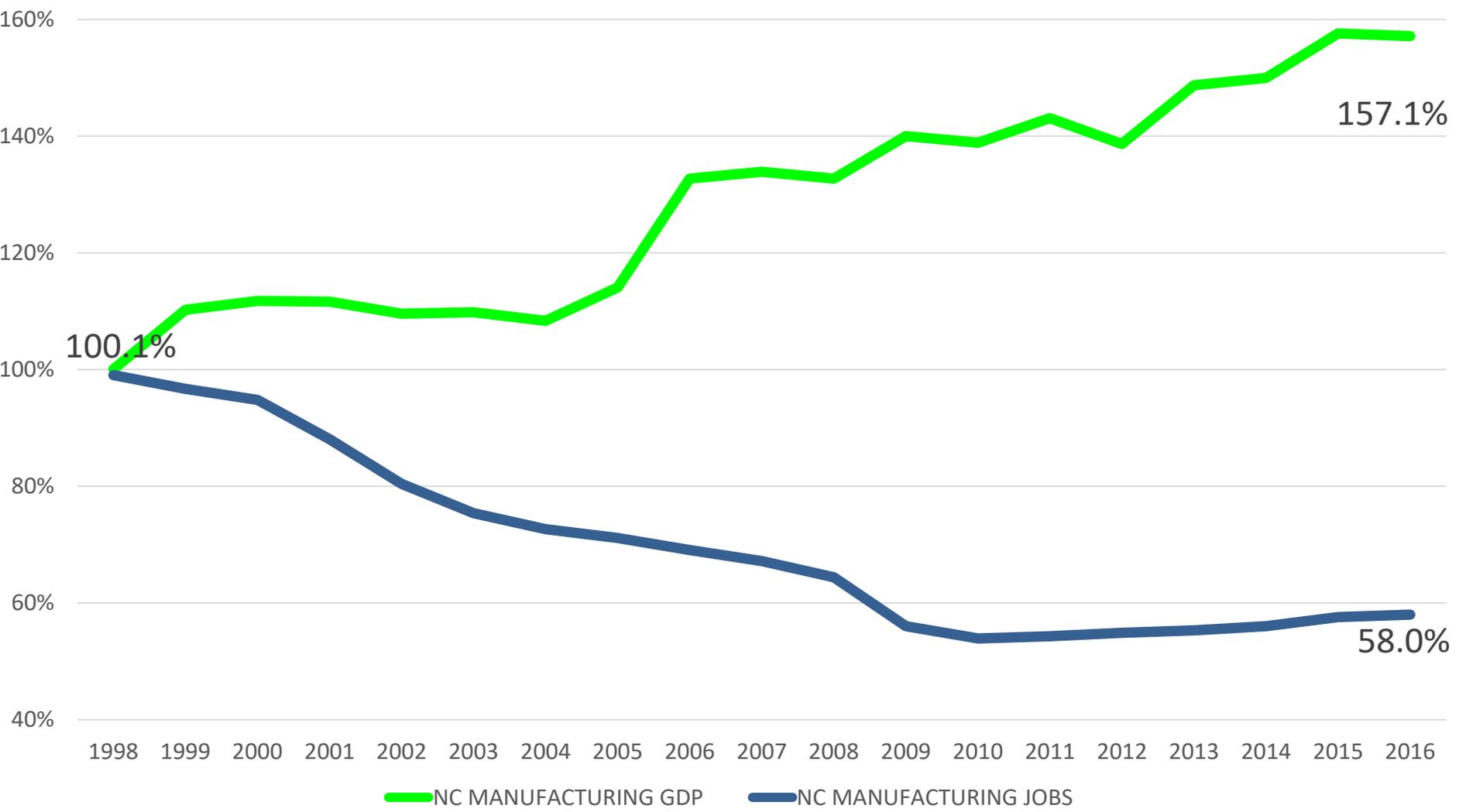






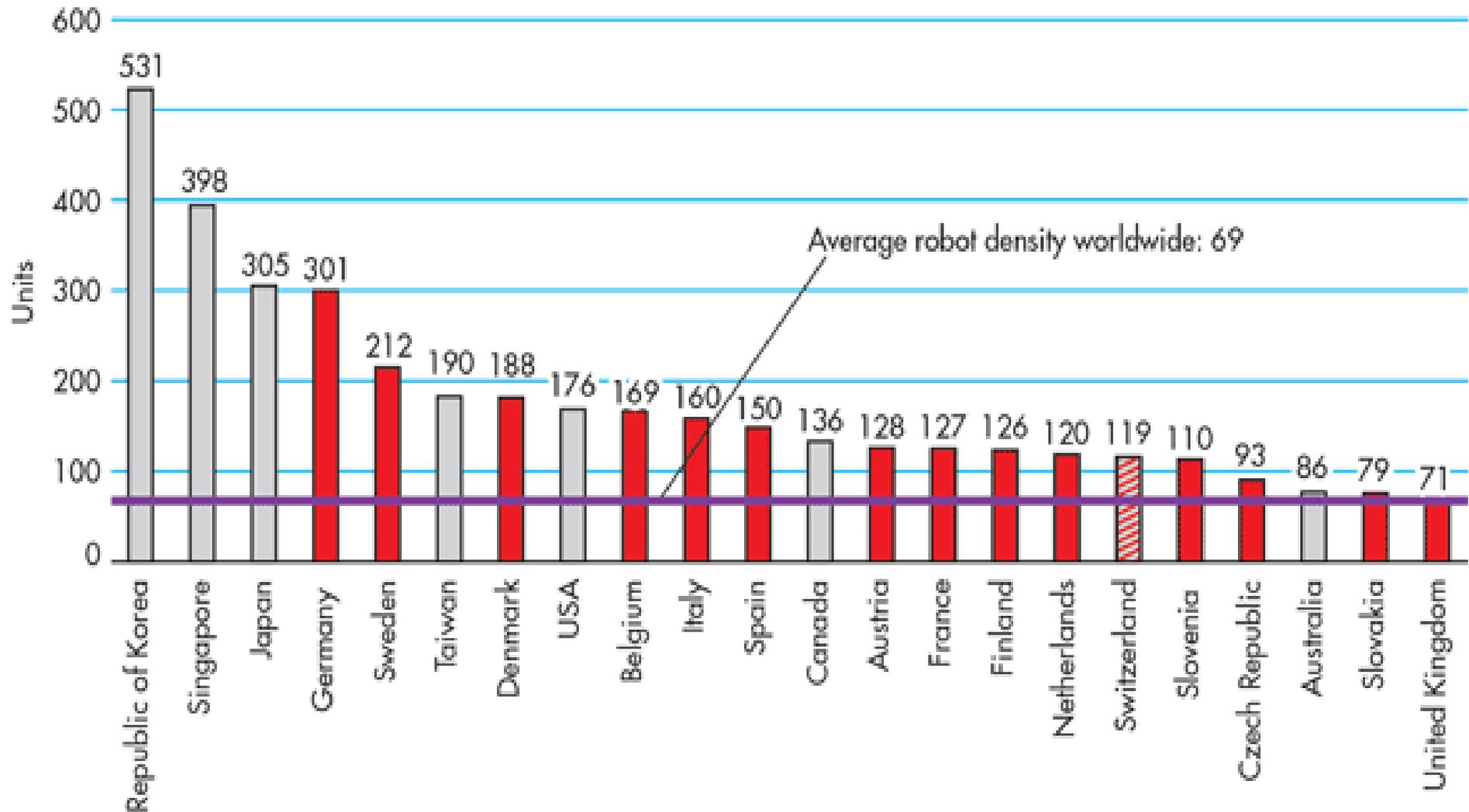
# North Carolina Manufacturing Jobs and Manufacturing GDP Growth

1997 – 2016 (normalized as percent of levels in 1997)



## High Robot Density in Countries Worldwide

Number of multipurpose robots (all types) per 10,000 employees in the manufacturing industry



Technology is rapidly replacing jobs that are hard to fill





# The Next Big Things-Technological



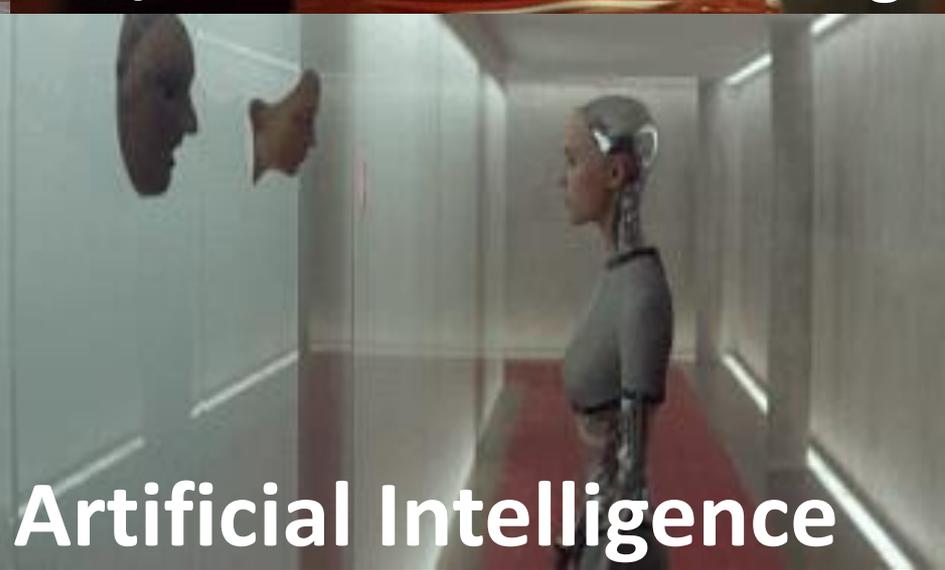
**Industry 4.0**



**3-D/Additive Manufacturing**



**Autonomous Vehicles**



**Artificial Intelligence**

# Business Norms are Not, Maybe Never, Normal



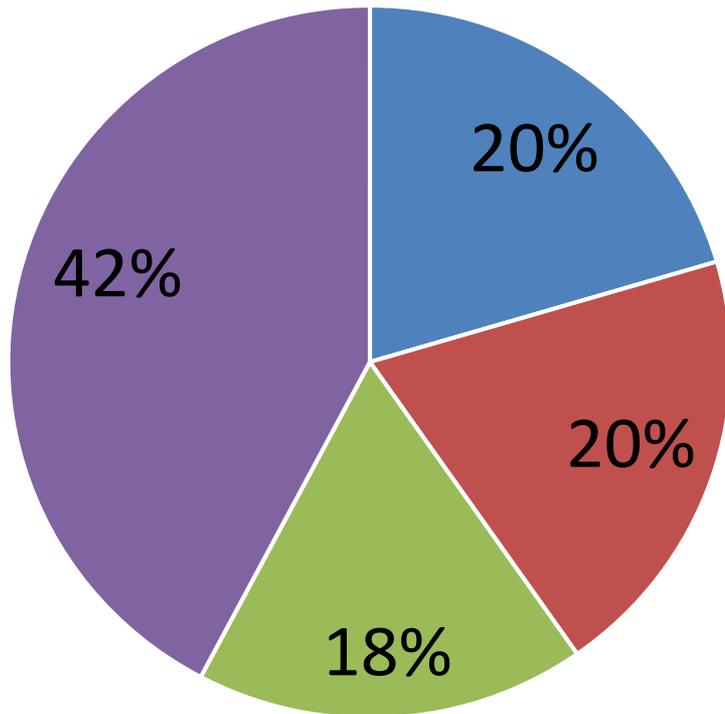
In a typical recent quarter the economy added 7.5 million jobs from opening and expanding private business

In a typical recent quarter the economy lost 7.2 million jobs from closing and contracting private business



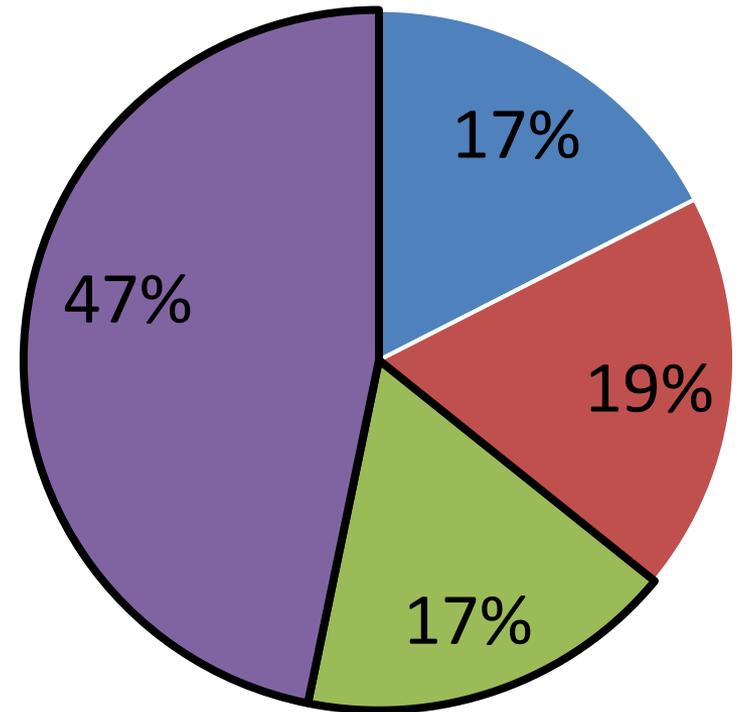
# USA Private Sector Employment By Firm Size

1993



■ 1 to 19 ■ 20 to 99 ■ 100 to 499 ■ 500+

2016



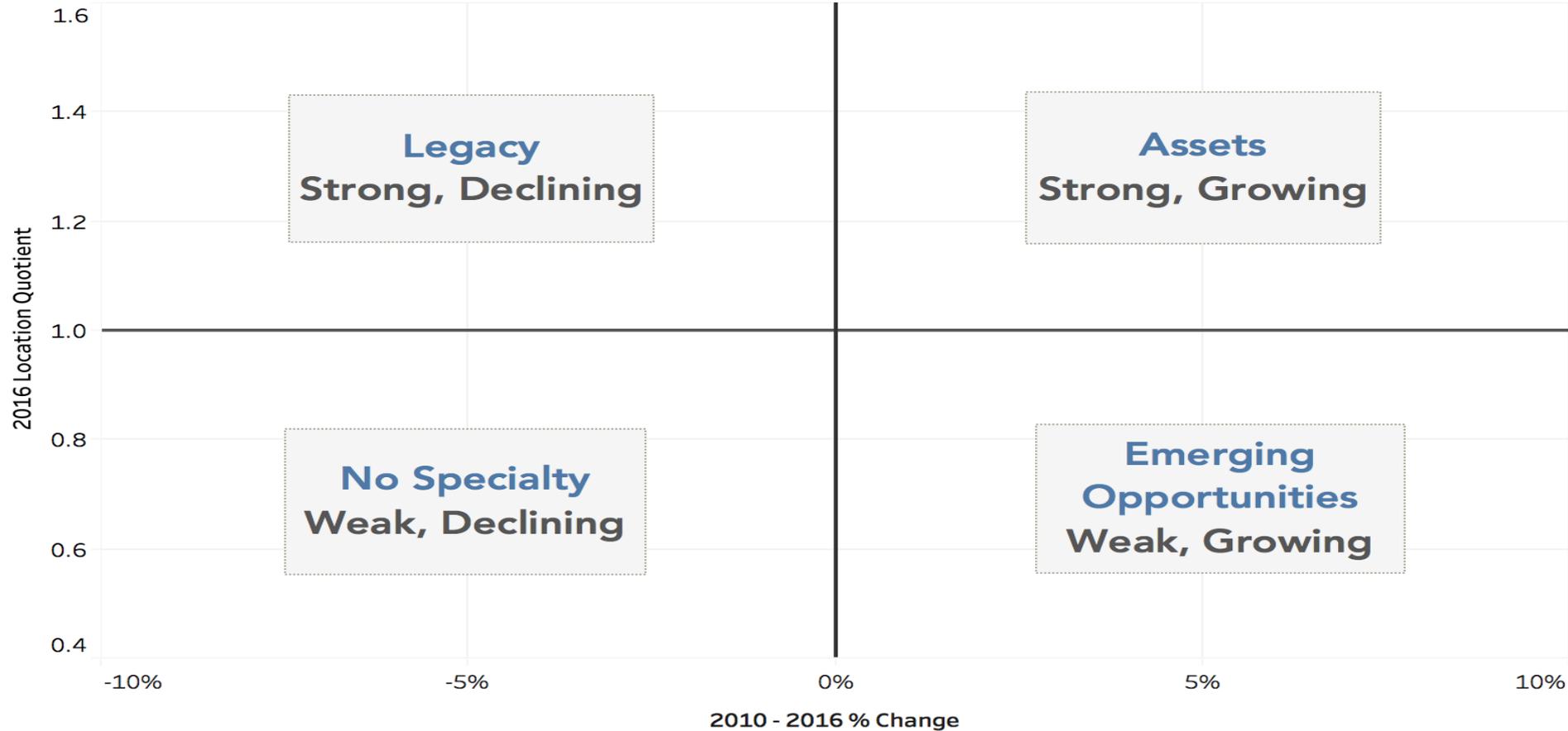
■ 1 to 19 ■ 20 to 99 ■ 100 to 499 ■ 500+

# The Focus of Our Final Plan for Davie EDC

- A multi-year action plan and matrix for the EDC
- A Cluster analysis with targeting
- A foundation for future county planning efforts
- Special focus on housing, retail, talent attraction and incentives

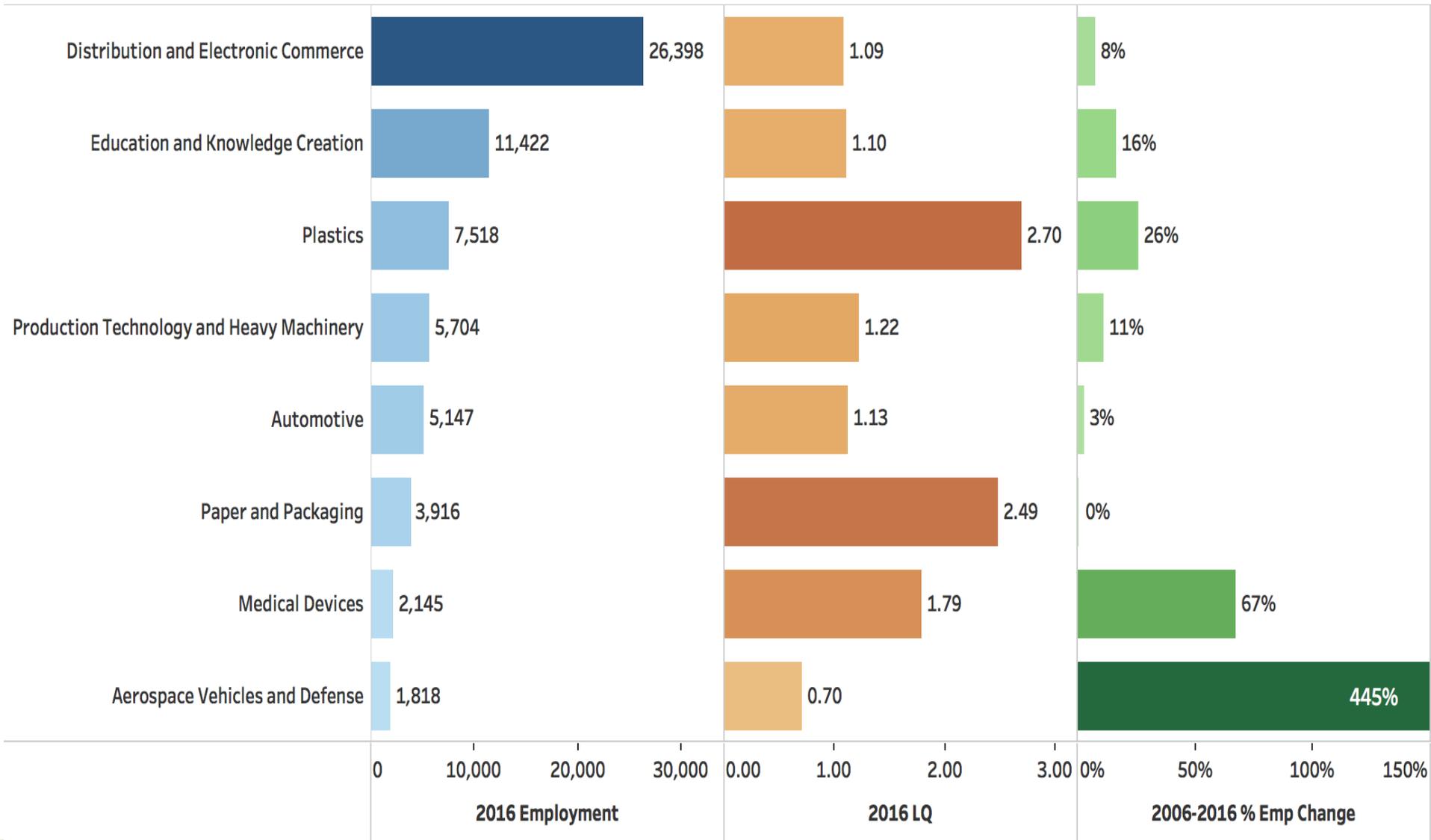


# Clusters- Sample Cluster Chart



Clusters are grouped into four categories based on location quotient (LQ) and job growth. Generally, this analysis chose asset clusters as the top clusters relevant to Davie County. This is based on the belief that asset clusters have a strong, unique presence in the region and are experiencing job growth. Legacy clusters are the traditional industries that have long sustained a region but are seeing steady declines in their workforce. Tobacco, textiles, and furniture are legacy clusters that are present in many of the cities surrounding Davie County. If a cluster had seen job decline and did not have a strong concentration compared to national levels, then these clusters were deemed 'no specialty' and were not included in the list of relevant clusters. Emerging clusters, those with high growth but low LQ levels, were occasionally included in the list of relevant clusters if there was a lack of asset clusters or a cluster of interest to Davie County. Clusters that also employed a higher number of workers were also given preference.

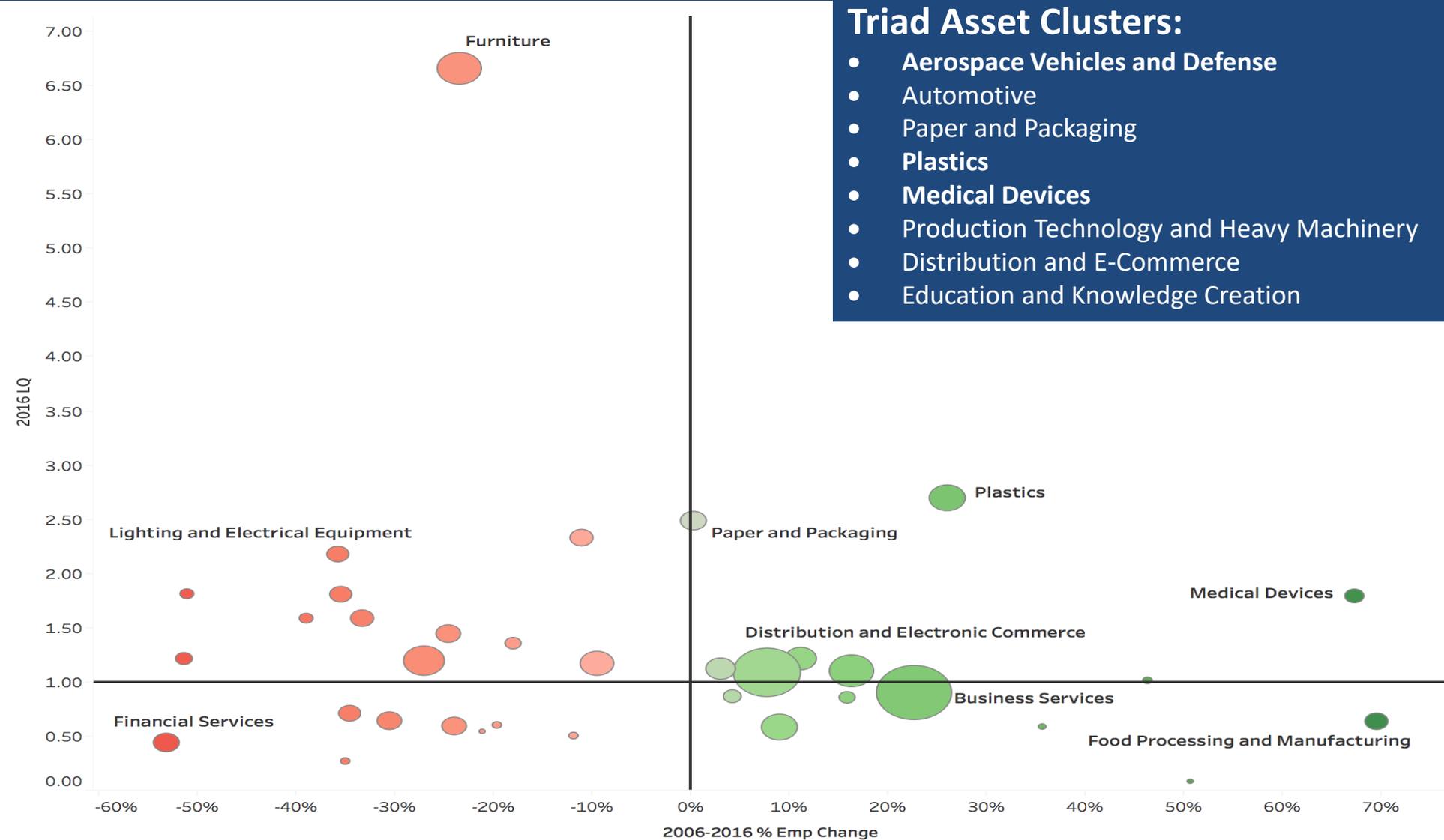
# Triad Asset Cluster Performance Metrics



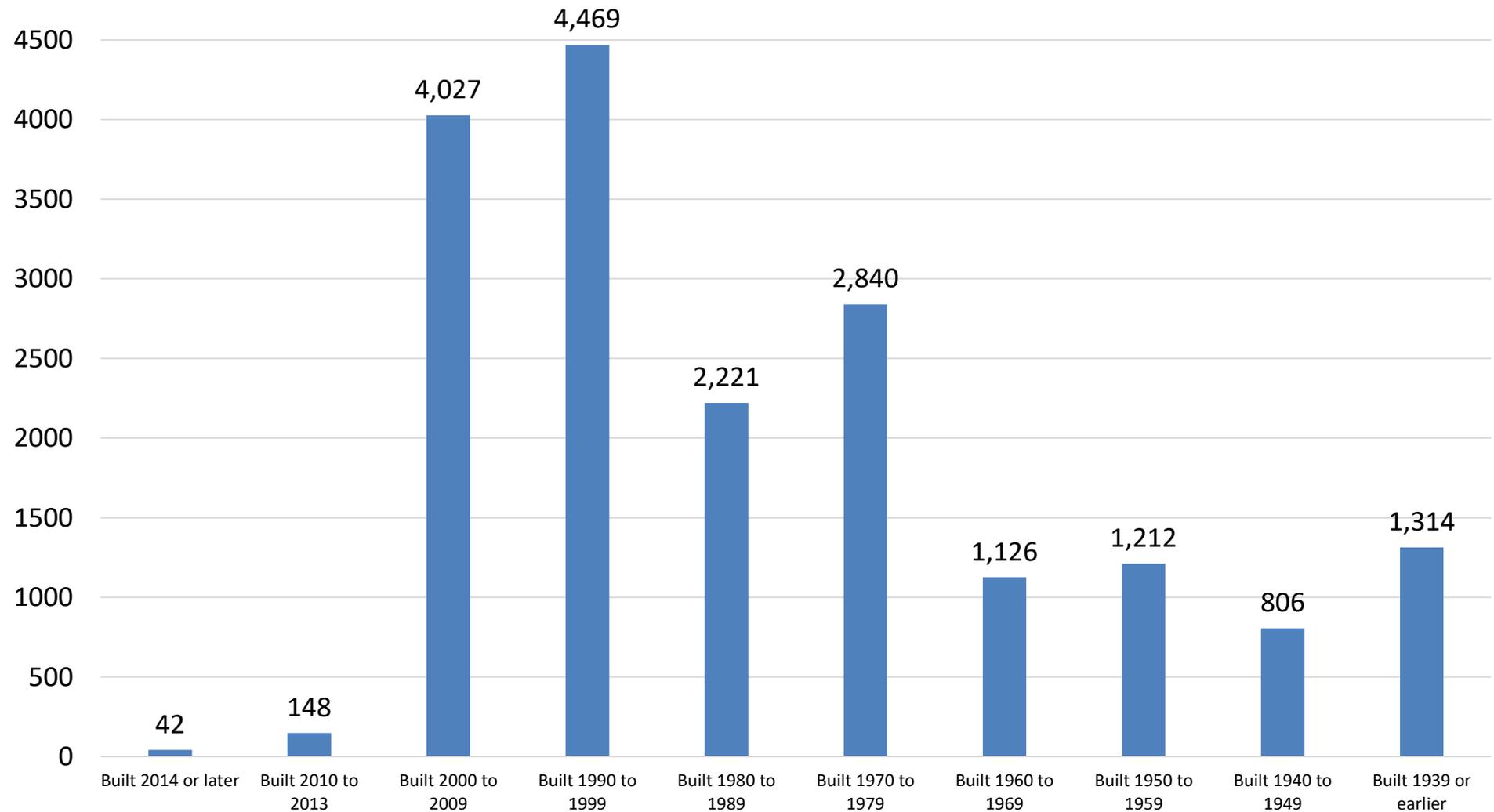
# The Triad Cluster Map

## 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

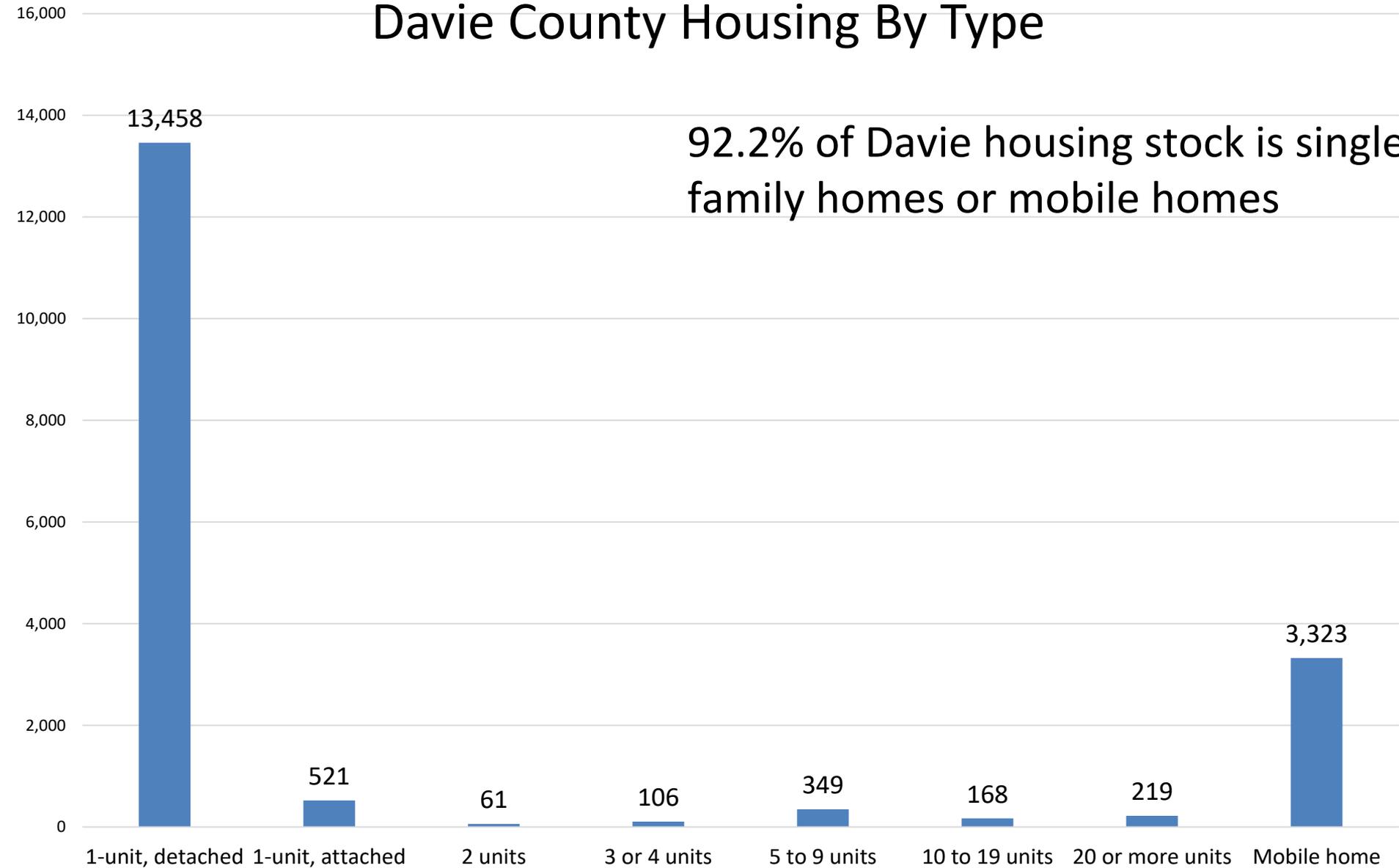


# Davie County Total Housing Units by Year Built

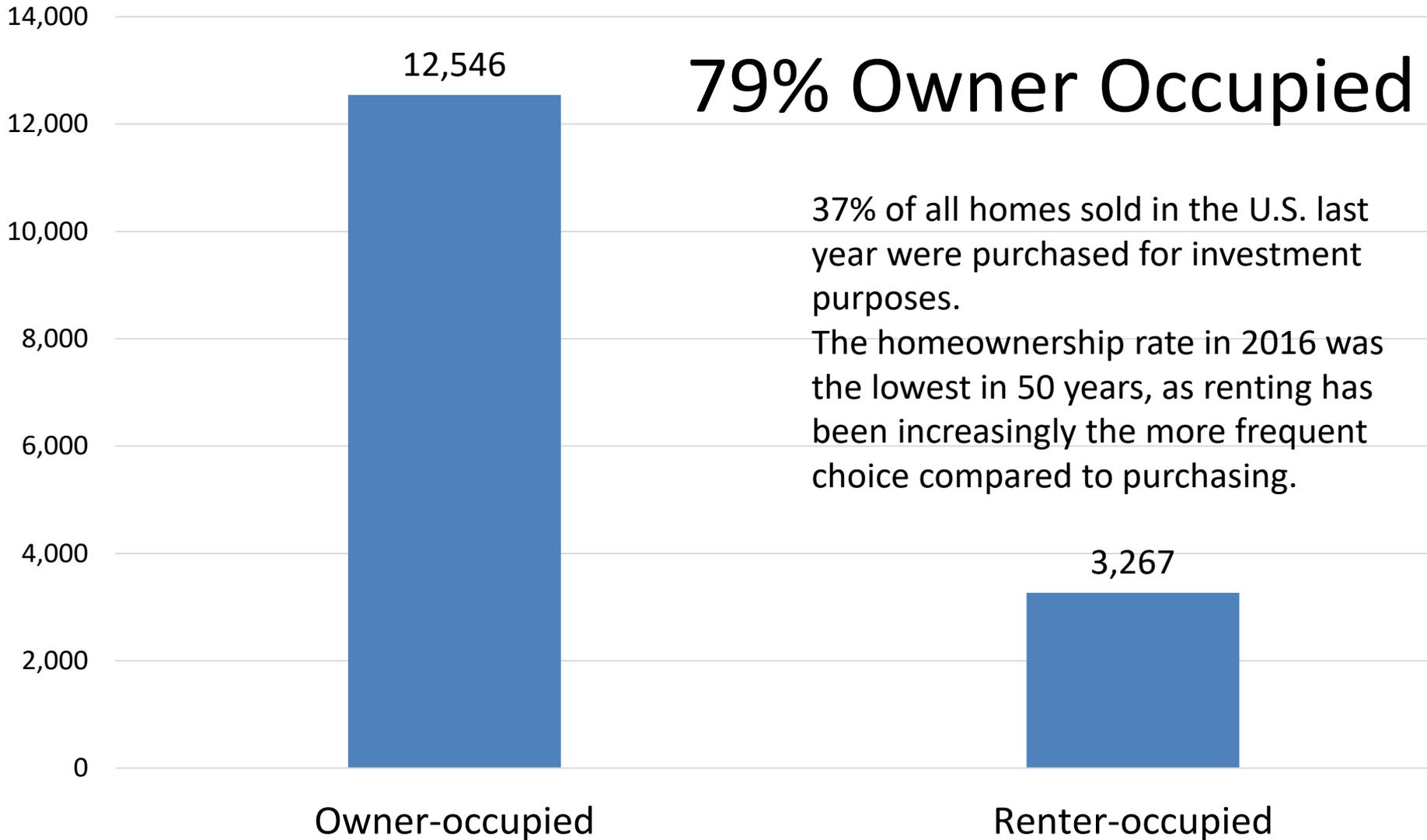


# Davie County Housing By Type

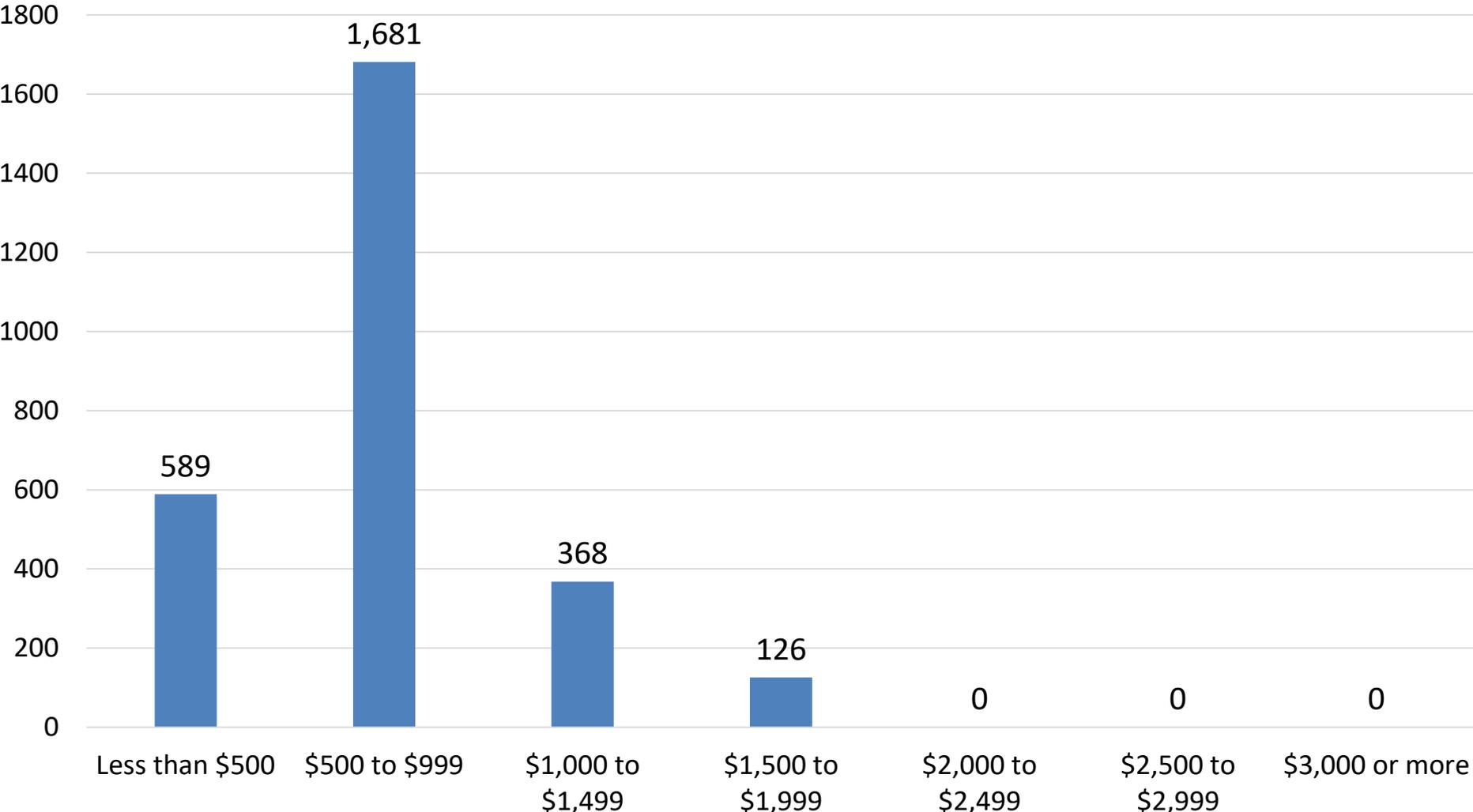
92.2% of Davie housing stock is single family homes or mobile homes



# Davie County Housing By Type of Occupancy

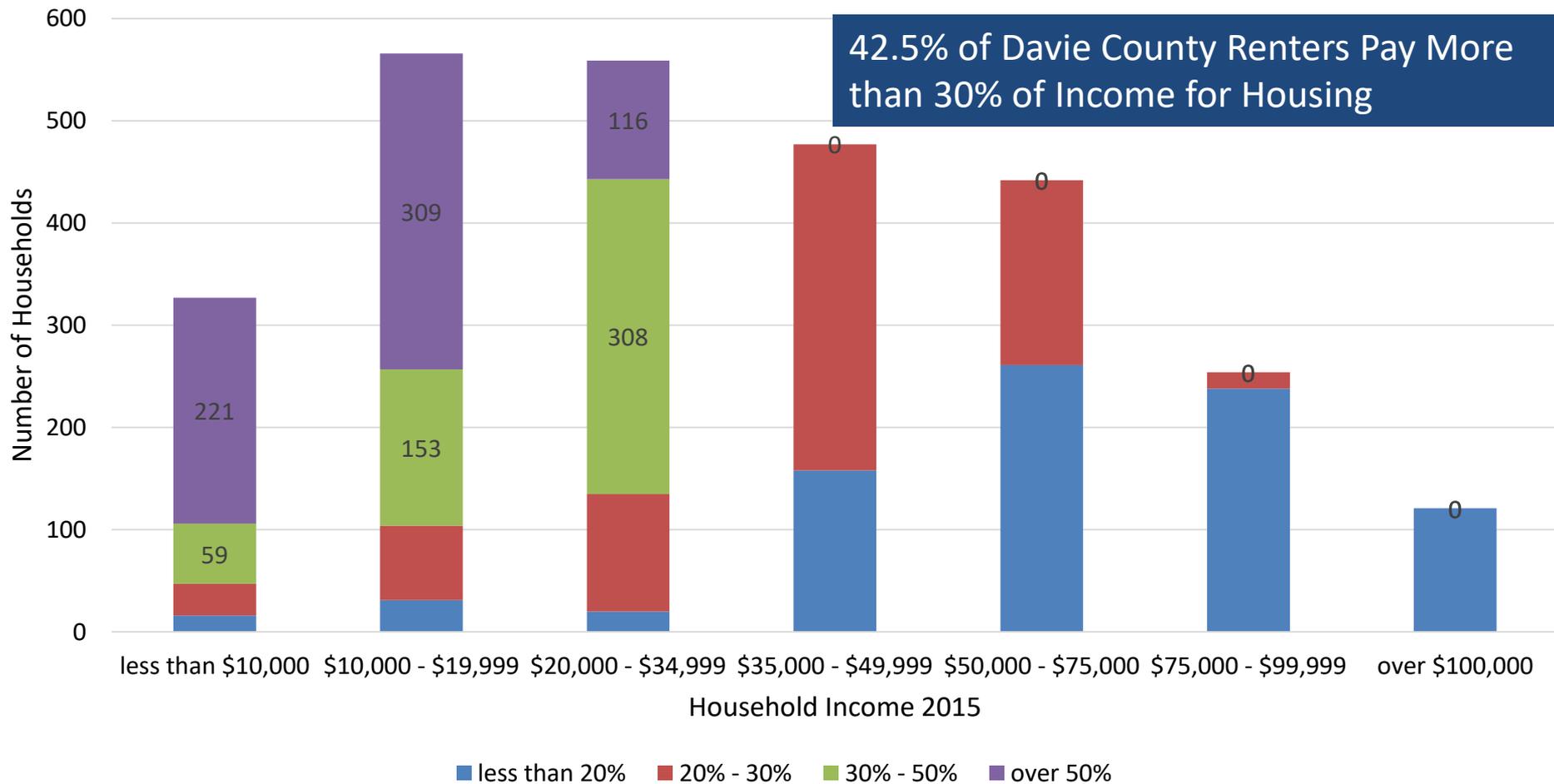


# Davie County Rental Units by Gross Rents



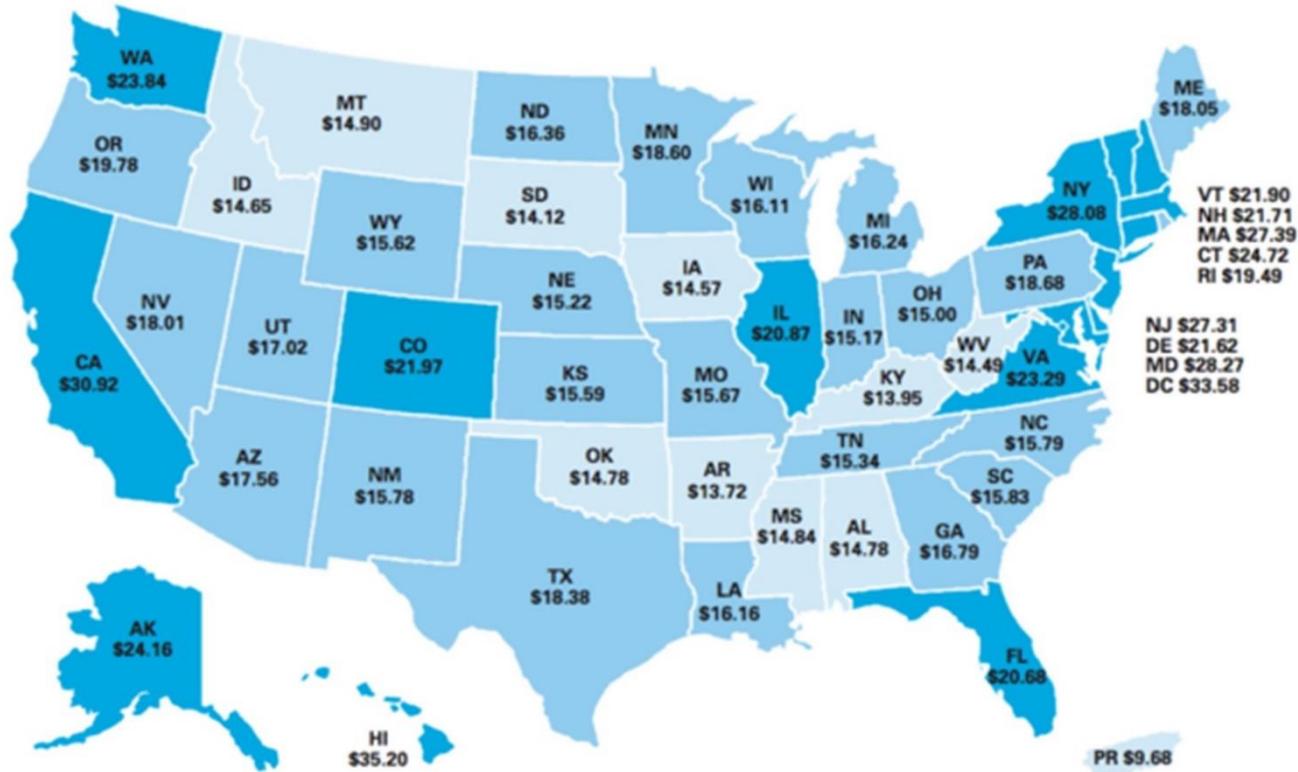
# Davie County Renting Households

## Percentage of Household Income Paid for Rent



## 2017 TWO-BEDROOM RENTAL HOME HOUSING WAGE

Represents the hourly wage that a householder must earn (working 40 hours a week, 52 weeks a year) in order to afford the Fair Market Rent for a **TWO-BEDROOM RENTAL HOME**, without paying more than 30% of their income.



**Two-Bedroom Housing Wage**

Light Blue: Less than \$15.00    Medium Blue: \$15.00 to less than \$20.00    Dark Blue: \$20.00 or More

©2017 National Low Income Housing Coalition

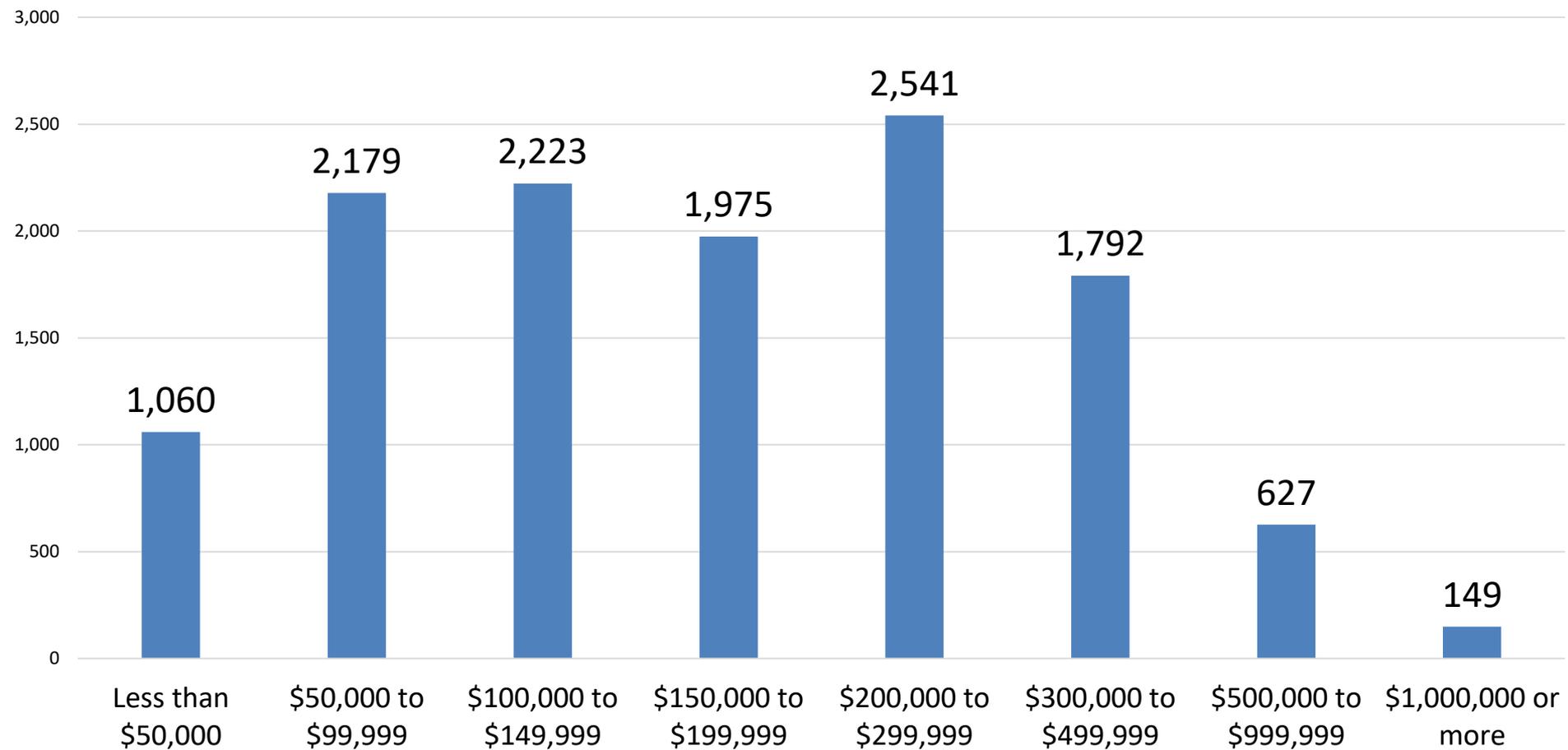
[www.nlihc.org/oor](http://www.nlihc.org/oor)



Davie County  
2 Bedroom Apartment (2015) median rent \$637  
Annual Income required to be affordable at 30% of income for rent \$25,480 (\$12.74/Hr.)  
Source: US Census table B25031

# Davie County

## Value of Owner-Occupied Units



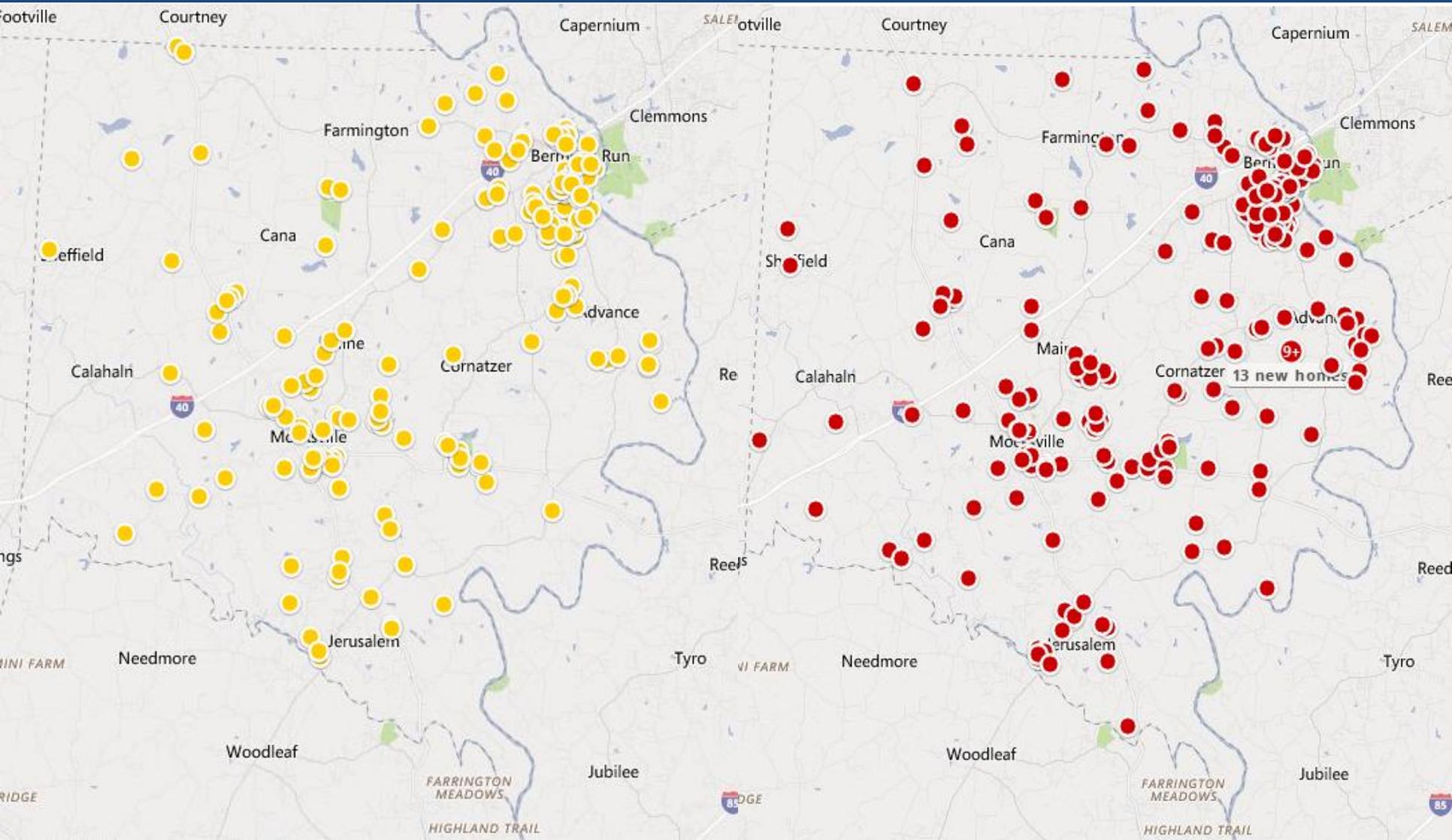
# Davie County Owner-Occupied Households Percentage of Household Income Paid for Housing



# Davie County All Households

## Percentage of Household Income Paid for Housing

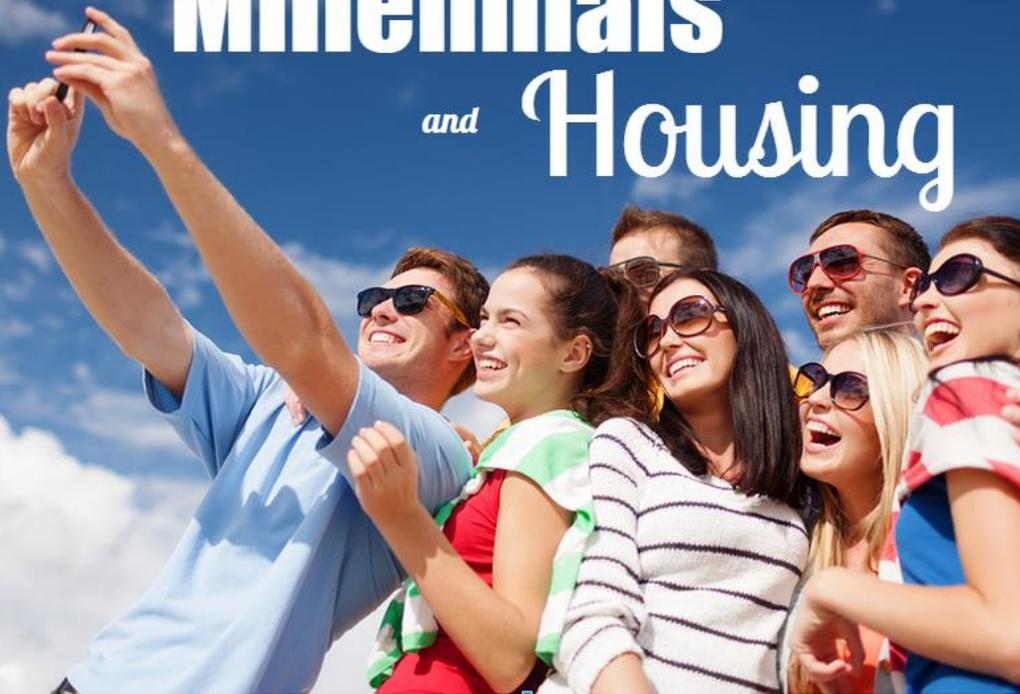




204 Single Family sold in last 12 months

292 homes for sale - Zillow

# Millennials and Housing



**50% of millennials are renting housing and 21% live at home with parents** – this age group still makes up the largest group of recent homebuyers.

**68% expressed a preference for a single-family, detached home.**

**Low-maintenance materials.** Hardwood floors to carpet, granite countertops, vent-free fireplaces and floors made from porcelain tile.

•**Tech-friendly features.** Smart home technology so they can control home systems, increase security, improve energy efficiency and monitor package delivery from their smartphones.

•**Open floorplans.** Millennials prefer an open floorplan and outdoor living spaces.

•**Smaller homes** with energy-efficient appliances, LED lighting

# Talent Attraction Myths

**Myth 1: People aren't moving, people already have jobs and they aren't looking for new opportunities.**

**BUSTED:** Almost 90 percent of our survey respondents reported that they search for new employment opportunities at least a few times per year. The survey also revealed that nearly half of respondents are somewhat or extremely likely to relocate for a new job opportunity in the next five years again – this percentage increases to 57 percent among respondents under the age of 35.

**Myth 2: People choose location first, jobs second.**

**BUSTED:** When we asked respondents to identify the primary motivating factor for a job search, we found that salary, work-life balance and benefits trump location when it comes to considering a new job opportunity.

**Myth 3: Quality schools and plenty of activities are top location factors.**

**BUSTED:** Respondent's top factors in location decisions were cost of living, housing cost and housing availability. People want to easily find a home and be able to afford it without breaking the bank. Neither K-12 schools or amenities rank anywhere close to the top five.

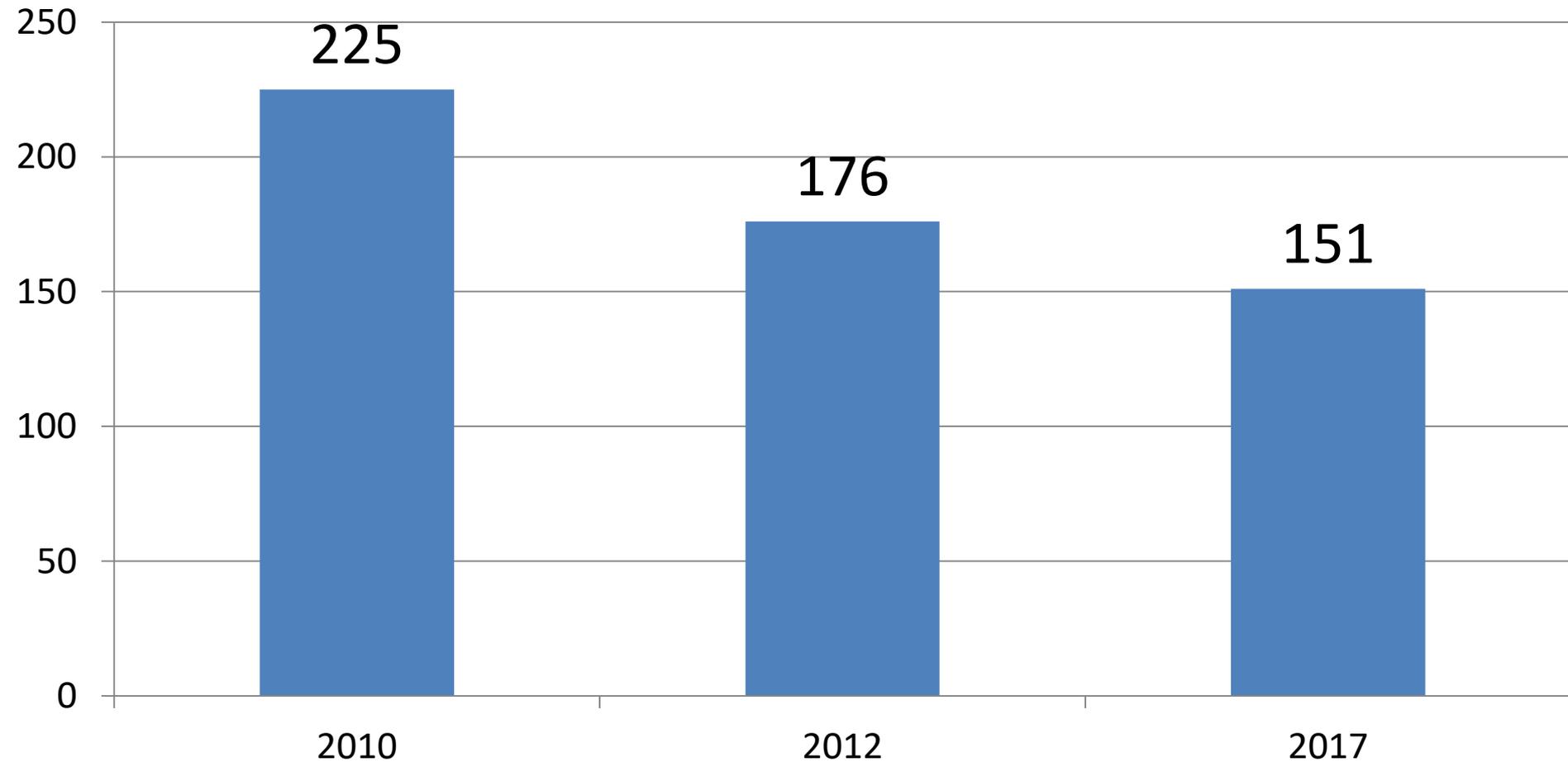
# Real Estate is Changing

- Real estate shifts
- E-commerce

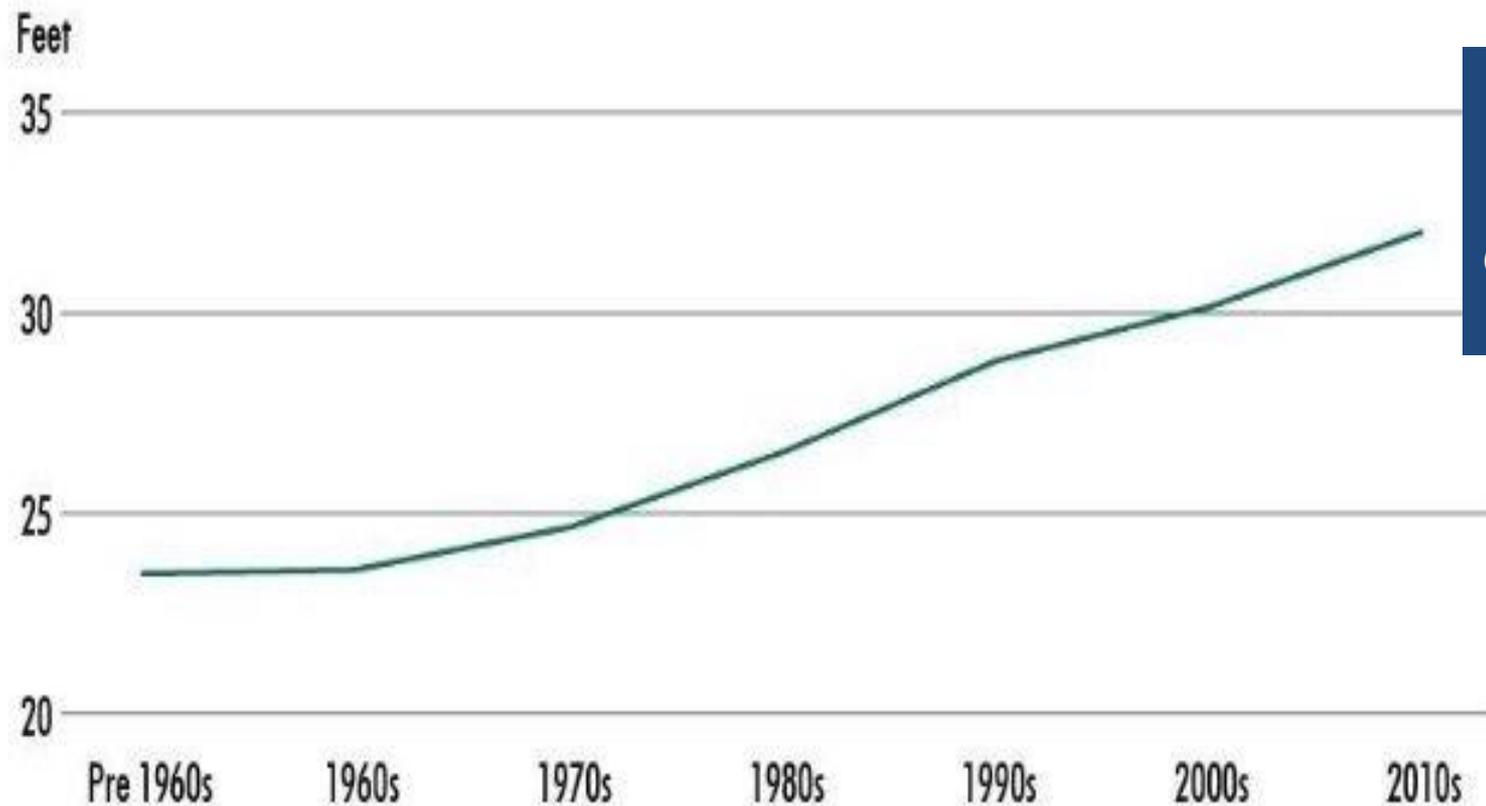


# Average Office Space per Worker

Square Feet



## Weighted Average Clearance Height for U.S. Warehouse Space

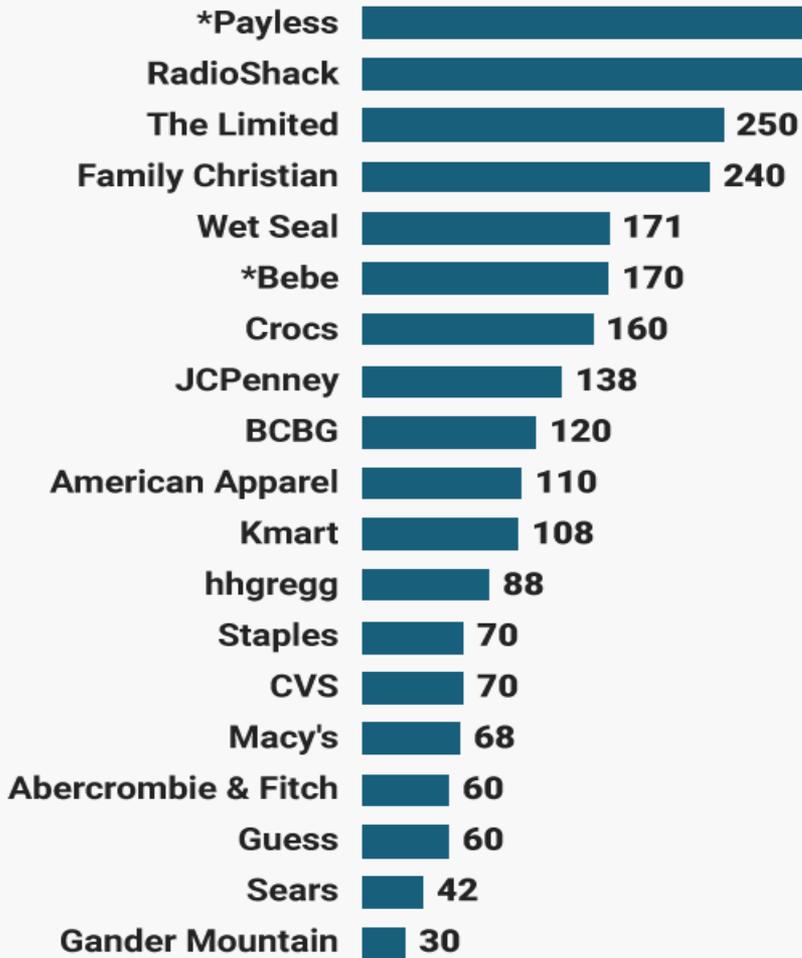


Warehousing is also beginning to migrate to denser populated areas

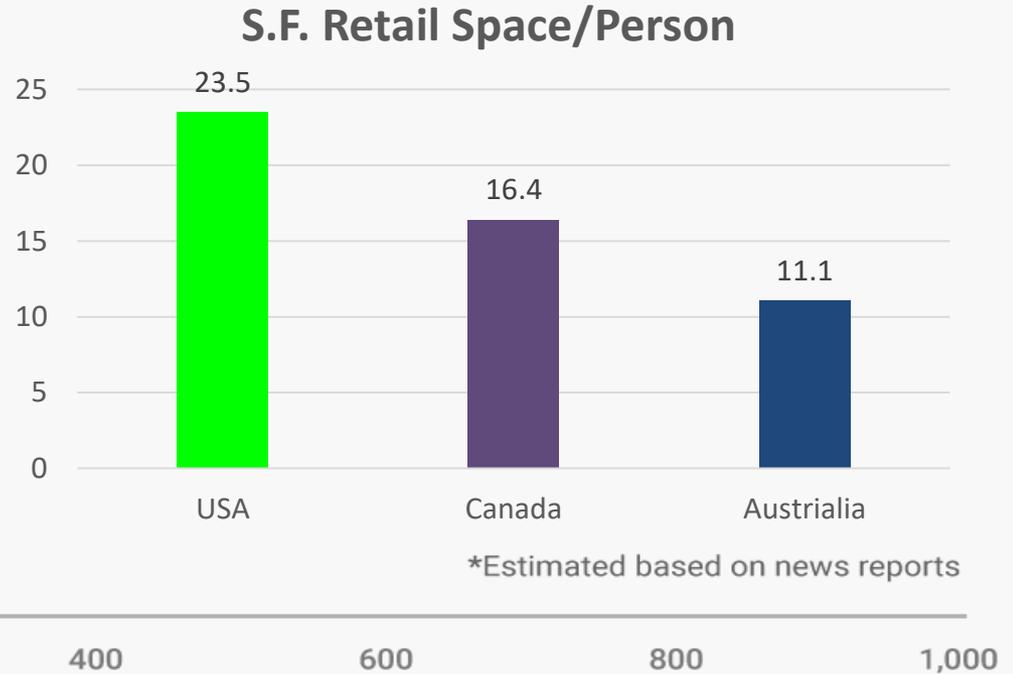
Source: CBRE Econometric Advisors, 2017.

**CBRE**

# NUMBER OF RETAIL STORES CLOSING IN EARLY 2017



Visits to mall declined 50% between 2010-2013  
30% of all malls at risk of closing



SOURCE: Company data

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# Imagine a VR/AR Retail Experience



Be a Trendsetter!  
Embrace Top 5 Emerging Mobile Commerce Trends

[www.hellosolutions.in](http://www.hellosolutions.in)





# How Does Retail Choose a Location?

- 94% of retail sales are still location specific
- Proximity to customers is top priority (Now and projected on a 10-25 horizon)
- Location based demographics including age, income, buying patterns



**Step 1: Analyze Local Market**

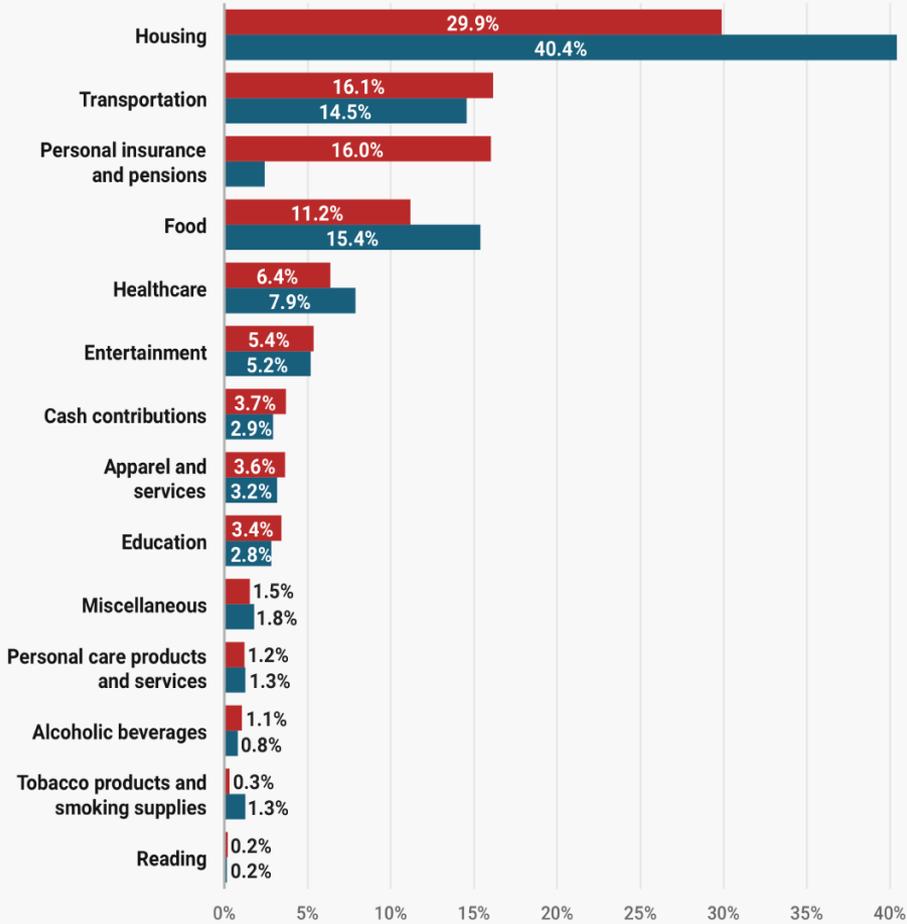
**Step 2: Quantify the Trade Area**

**Step 3: Assess Real Estate Options**

*“A quantitative experience, with predetermined methodology, driven by demonstrated need”*

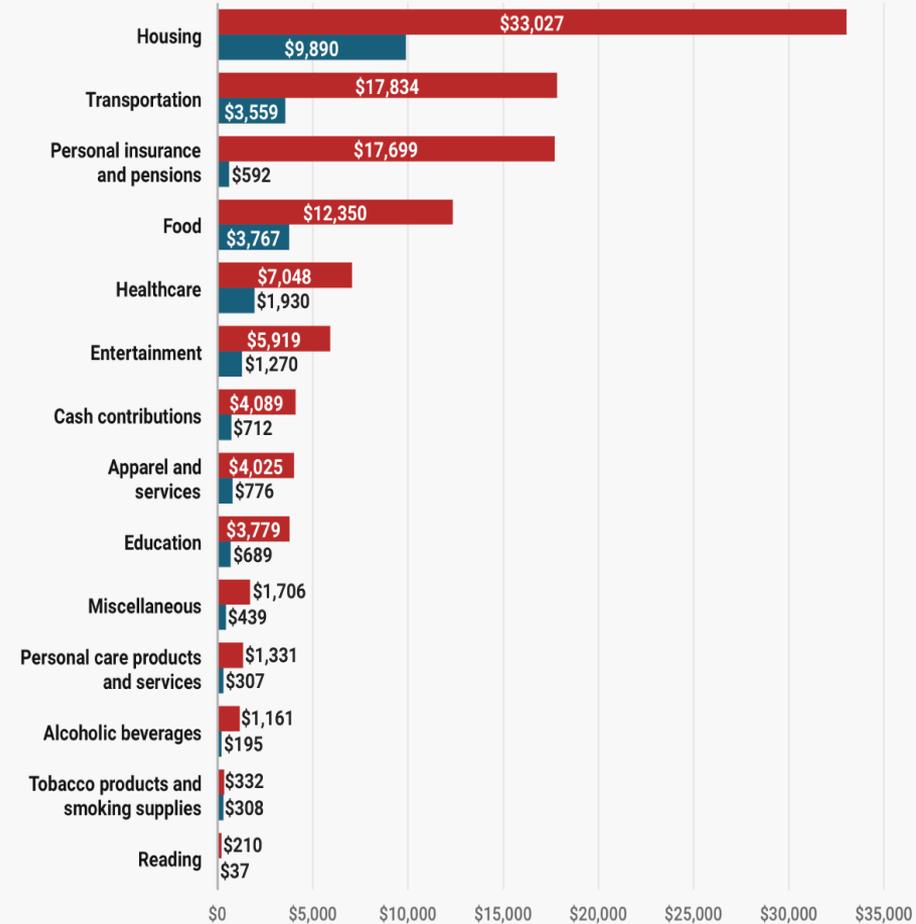
## PERCENT OF ANNUAL HOUSEHOLD SPENDING BY INCOME

■ Top 20% ■ Bottom 20%



## AVERAGE ANNUAL SPENDING FOR HOUSEHOLDS BY INCOME

■ Top 20% ■ Bottom 20%



SOURCE: Bureau of Labor Statistics

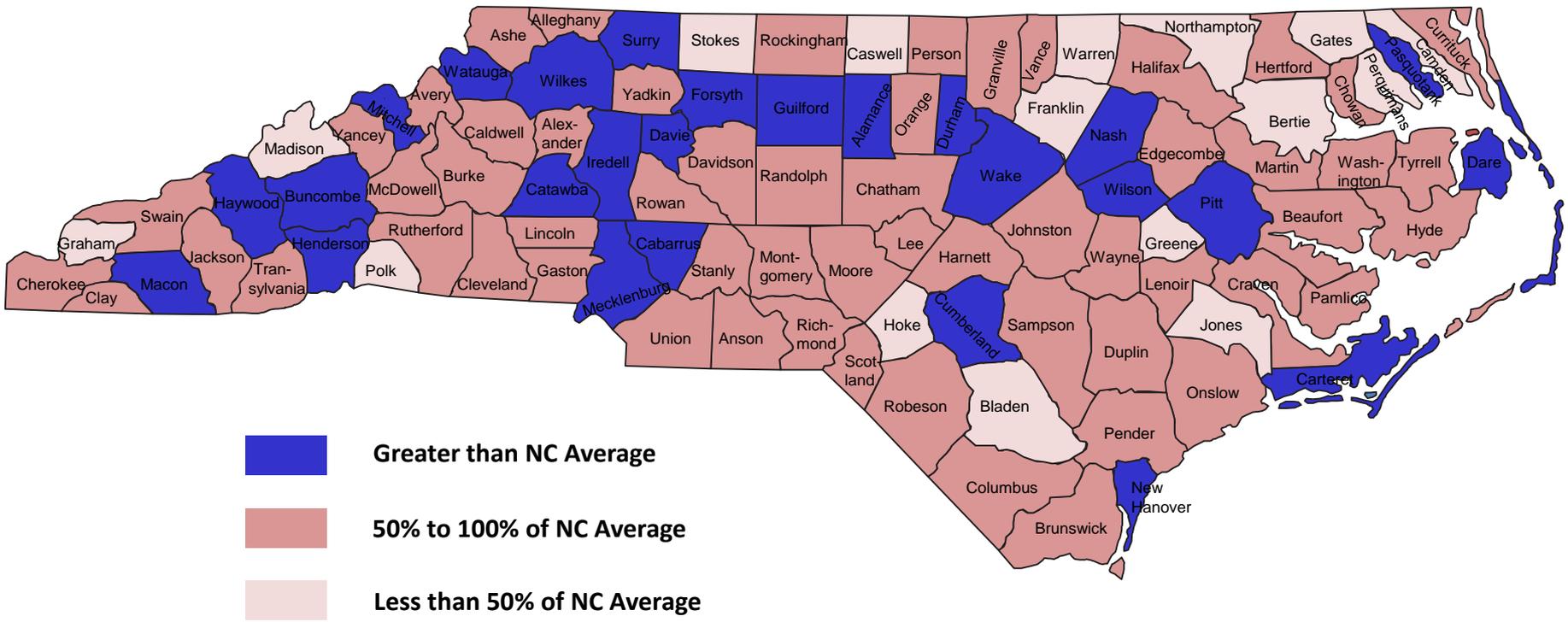
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SOURCE: Bureau of Labor Statistics

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# North Carolina Retail Sales per Capita 2016

## NC Average \$15,140



# CORPORATE LOCATION DECISION PROCESS

## Time needed for information-gathering:

3-6 months	7%
6-12 months	21%
1-2 years	49%
More than 2 years	24%

## After the initial contact, location decision is made within:

1-6 months	33%
6-12 months	38%
1-2 years	21%
More than 2 years	8%

## Contact with the locations of interest is then made within:

Within a month	11%
Within 3 months	29%
Within 6 months	34%
After 6 months	26%

## Company uses outside site selection or business consultants when site selecting:

Yes	38%
No	62%

## Number of locations/economic development organizations making the "short list":

1-5	93%
5-10	4%
More than 10	3%

## If yes, consultants are providing:

Feasibility studies	52%
Global asset positioning	12%
Location studies/comparative analyses	64%
Incentives negotiations/management	55%
Location decision	29%
Real estate transaction	67%
Other	2%

## Number of locations visited before finalizing the location decision:

1 or 2	28%
Up to 5	60%
More than 5	12%

So...

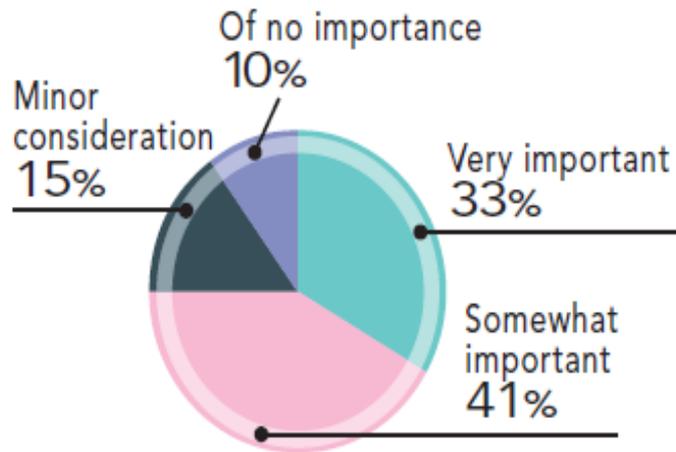
Very few communities make a company's short list

If you make the short list you usually get a visit

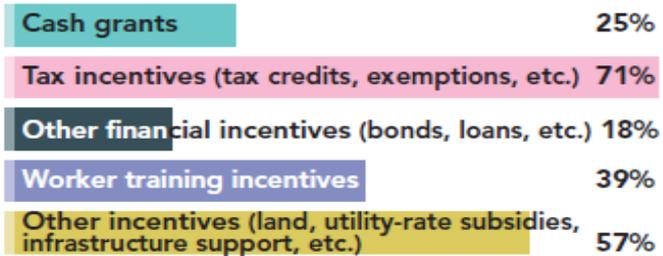
Only 1/3 of decisions are made within six months of initial contact

About 1/3 use site location consultants

## Importance of incentives to a project moving forward in a particular location:



## Type(s) of incentives considered most important:



So...

For 1/3 of projects incentives are very important

For 3/4 incentives are important

Incentives can take different forms

# What We Heard From Our EDC Leadership Retreat



## Davie County Competitive Strengths

- Highway accessibility
- Low union profile
- Healthcare facilities
- Rating of public schools
- Low crime rate

## Davie County Competitive Weaknesses

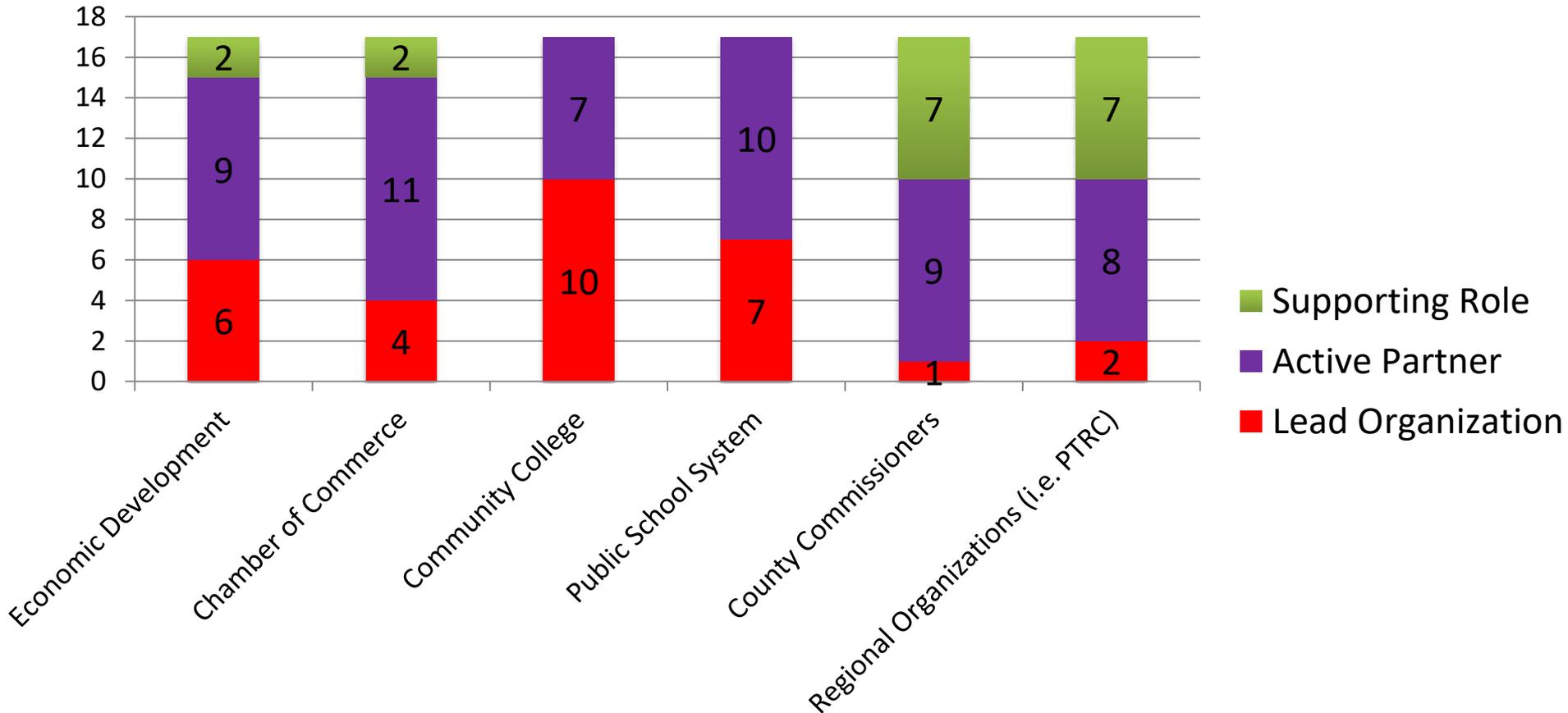
- Availability of shovel-ready sites
- Availability of skilled labor
- Housing availability
- Availability of buildings

# What should the top three areas of focus be for Davie County EDC during the next 5 years?

- Aggressive recruiting efforts
- Utility infrastructure
- Workforce/skill development (closing the skills gap)
- Attracting new jobs above median wage
- Expanded tax base
- Middle-income/affordable housing
- Land-use plan
- Retail and commercial growth
- Sustainable growth
- Encourages small businesses

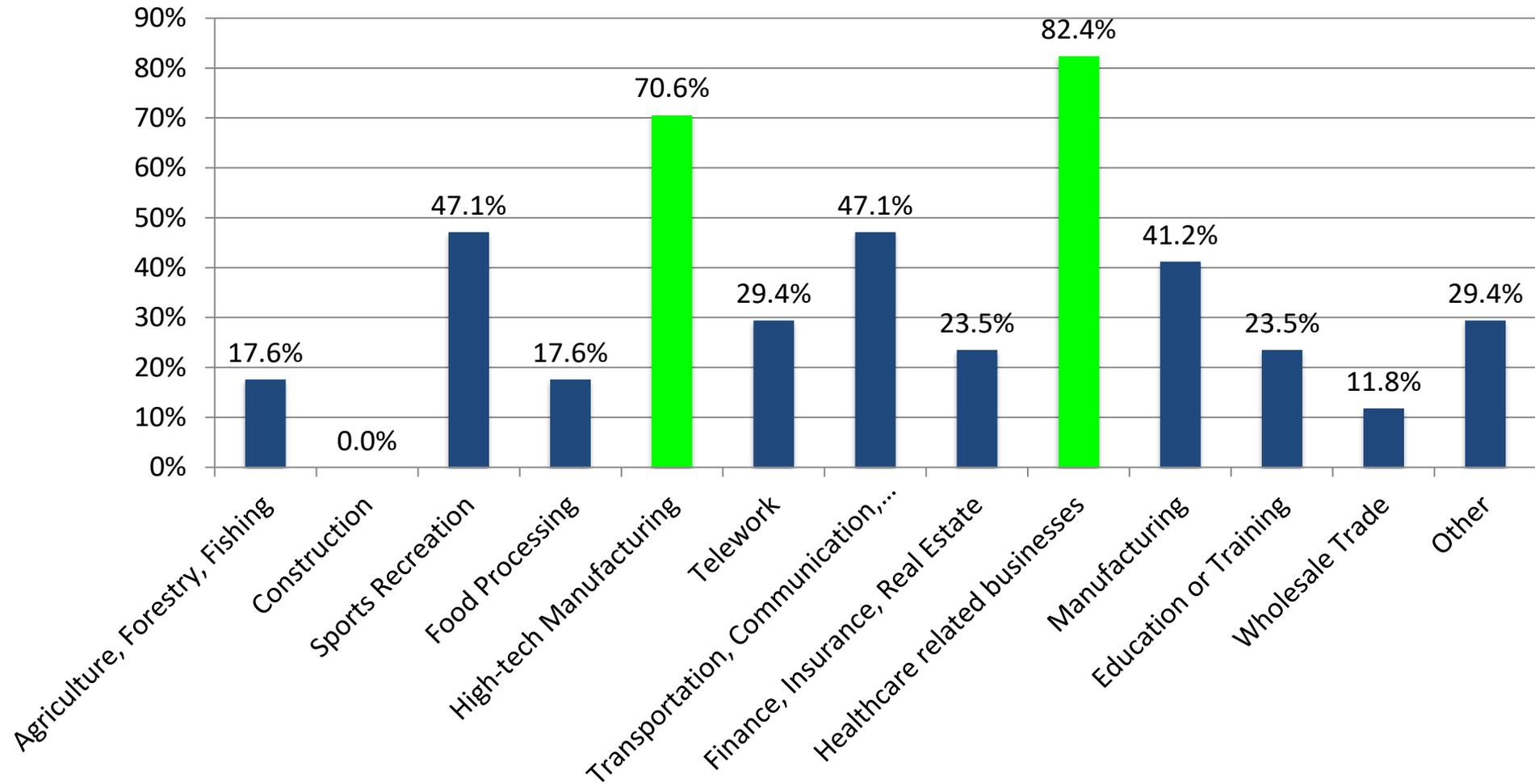


# What role do you think each of the following organizations should have in workforce development and training for Davie County?



Other: Municipalities, Businesses/Industry need to be active partners

# What types of businesses should we work to recruit to Davie County?



# What We Heard Today From Davie County Focus Groups





# ECONOMIC LEADERSHIP

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LinkedIn Ted Abernathy

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

*John F. Kennedy*

