Strengths and Weaknesses of the Southeastern United States

Piedmont Alliance for Quality Growth
Macon Georgia
March, 2010
Ted Abernathy
The American South...

“...is a geographic entity, a historical fact, a place in the imagination, and the homeland for an array of Americans who consider themselves Southerners. The region is often shrouded in romance and myth, but its realities are as intriguing, as intricate as its legends.”

Bill Ferris-UNC-CH
The Brand

- Associations with the region (both positive and negative, true and false) included:

- business friendly, right-to-work states, inexpensive labor, rural, low cost, less educated populace, non-progressive, incentive rich, small towns, good workforce training, cheap power, good ports and transportation, manf. quality, growing population, hospitality/personal relationships, quality “after care,” universities, low taxes, and strengths in specific industry clusters.
Economic Positioning

Current Place Product

Product Development

Future Place Product

(Time)

Current Investor/Business Needs & Wants

Marketing

Future Investor/Business Needs & Wants

X

Y
Corporate Survey Site Selection Factors

- Labor Costs: 97%
- Highway accessibility: 93%
- Avail of Skilled Labor: 87%
- Incentives: 87%
- Energy Avail & Costs: 85%
- Corp tax rate: 88%
- Occupancy Costs: 87%
- Tax Exemptions: 76%
- Environmental Regs: 88%

Source: Area Development 24th Survey
## Site Selection Factors

<table>
<thead>
<tr>
<th>Factor</th>
<th>Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>Labor Cost</td>
<td>97%</td>
</tr>
<tr>
<td>Highway Accessibility</td>
<td>93%</td>
</tr>
<tr>
<td>Tax Exemptions</td>
<td>88%</td>
</tr>
<tr>
<td>Energy Avail./Cost</td>
<td>88%</td>
</tr>
<tr>
<td>Corporate Tax Rate</td>
<td>87%</td>
</tr>
<tr>
<td>Avail. Skilled Labor</td>
<td>87%</td>
</tr>
<tr>
<td>Occupancy Costs</td>
<td>87%</td>
</tr>
<tr>
<td>State/Local Incentives</td>
<td>85%</td>
</tr>
<tr>
<td>Avail. Advanced ICT</td>
<td>83%</td>
</tr>
<tr>
<td>Shipping Costs</td>
<td>82%</td>
</tr>
<tr>
<td>Low Union Profile</td>
<td>76%</td>
</tr>
<tr>
<td>Available Land</td>
<td>76%</td>
</tr>
<tr>
<td>Avail Buildings</td>
<td>76%</td>
</tr>
<tr>
<td>Right-To-Work</td>
<td>74%</td>
</tr>
<tr>
<td>Prox to Major Markets</td>
<td>73%</td>
</tr>
<tr>
<td>Expedited Permitting</td>
<td>72%</td>
</tr>
<tr>
<td>Environmental Regs</td>
<td>71%</td>
</tr>
<tr>
<td>Avail. Of Financing</td>
<td>65%</td>
</tr>
<tr>
<td>Prox to Suppliers</td>
<td>64%</td>
</tr>
<tr>
<td>Training Programs</td>
<td>62%</td>
</tr>
<tr>
<td>Avail Unskilled Labor</td>
<td>56%</td>
</tr>
<tr>
<td>Prox to Major Airport</td>
<td>49%</td>
</tr>
<tr>
<td>Prox to Tech Univ.</td>
<td>37%</td>
</tr>
<tr>
<td>Rail Service</td>
<td>27%</td>
</tr>
</tbody>
</table>

Source: Area Development 2009 Survey
Corporate Survey Site Selection Factors

- Low Crime Rate: 79%
- Health Facilities: 68%
- Housing Costs: 62%
- Ratings of Public Schools: 61%
- Climate: 55%
- Colleges & Universities: 51%
- Cultural Opportunities: 46%

Source: Area Development 2009 Survey
Violent Crime Rate By State

USA, AK, AL, GA, KY, LA, MO, MS, NC, OK, SC, TN, VA, WV

Source: US Dept. of Justice Final for 2007
Violent Crime Rate By City

Source: US Dept. of Justice Final for 2007
Property Crime Rate By State

Source: US Dept. of Justice Final for 2007
Property Crime Rate By City

Source: US Dept. of Justice Final for 2007
Median Sales Price of Existing Homes

Source: National Association of Realtors
Regional Ranks By Life Stage Population, Economy, QOL, Cost

Rankings of 167 Regions

- Raleigh
- Durham
- Greensboro
- Winston-Salem
- Charlotte
- Greenville
- Spartanburg
- Columbia
- Atlanta
- Birmingham

- Singles 20-29
- Professionals 29-44
- Families with children
- Empty Nesters 45-64
- Retirees Over 65

Source: Who’s Your City, Kevin Stolarick
Regional Ranks By Life Stage Population, Economy, QOL, Cost

Rankings of 167 Regions

<table>
<thead>
<tr>
<th>City</th>
<th>Rank</th>
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<tbody>
<tr>
<td>Raleigh</td>
<td>18</td>
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<td>Durham</td>
<td>28</td>
</tr>
<tr>
<td>Greensboro</td>
<td>91</td>
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<tr>
<td>Winston-Salem</td>
<td>99</td>
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<tr>
<td>Charlotte</td>
<td>80</td>
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<tr>
<td>Greenville</td>
<td>106</td>
</tr>
<tr>
<td>Spartanburg</td>
<td>139</td>
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<tr>
<td>Columbia</td>
<td>62</td>
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<tr>
<td>Atlanta</td>
<td>39</td>
</tr>
<tr>
<td>Birmingham</td>
<td>141</td>
</tr>
</tbody>
</table>

Source: Who’s Your City, Kevin Stolarick
Regional Ranks By Life Stage
Population, Economy, QOL, Cost

Rankings of 167 Regions

Raleigh  Durham  Greensboro  Winston-Salem  Charlotte  Greenville  Spartanburg  Columbia  Atlanta  Birmingham

29  7  98  69  40  78  113  48  56  141

Professionals 29-44

Source: Who’s Your City, Kevin Stolarick
Regional Ranks By Life Stage
Population, Economy, QOL, Cost

Rankings of 167 Regions

- Raleigh: 11
- Durham: 77
- Greensboro: 101
- Winston-Salem: 124
- Charlotte: 90
- Greenville: 74
- Spartanburg: 153
- Columbia: 83
- Atlanta: 22
- Birmingham: 95

Families with children

Source: Who’s Your City, Kevin Stolarick
Regional Ranks By Life Stage
Population, Economy, QOL, Cost

Rankings of 167 Regions

- Raleigh: 36
- Durham: 76
- Greensboro: 85
- Winston-Salem: 83
- Charlotte: 103
- Greenville: 118
- Spartanburg: 144
- Columbia: 64
- Atlanta: 91
- Birmingham: 120

Empty Nesters 45-64

Source: Who’s Your City, Kevin Stolarick
Regional Ranks By Life Stage Population, Economy, QOL, Cost

Rankings of 167 Regions

- Raleigh: 65
- Durham: 57
- Greensboro: 82
- Winston-Salem: 87
- Charlotte: 122
- Greenville: 73
- Spartanburg: 156
- Columbia: 76
- Atlanta: 100
- Birmingham: 74

Source: Who’s Your City, Kevin Stolarick
The Economy

- Cyclical
- Structural
- Spatial
- Personal
- Churning
Unemployment Rates

Source: BLS
Unemployment By Educational Attainment Jan 2010

- Less than High School: 15.4%
- High School Grad: 10.1%
- Some College/BA Plus: 4.9%

Source: BLS Feb 5, 2010
A Man’s Recession

Construction
1.3 Million Jobs Lost

Men: 8% | Women: 92%

Manufacturing
1.9 Million Jobs Lost

Men: 6% | Women: 94%

Health
569,900 Jobs Gained

Men: 6% | Women: 94%

Government
188,000 Jobs Gained

Men: 6% | Women: 94%

Source: USA Today 9/3/09 BLS
Some Incomes Have Been Rising in the U.S.

Source: Census, World Almanac 2009
Recession Impact - % Change in Employment Peak to 3Q-09

- Raleigh: -3.7%
- Greensboro: -7.3%
- Charlotte: -7.0%
- Greenville: 3.1%
- Columbia: -1.7%
- Atlanta: -7.3%
- Birmingham: -4.6%

Source: Brookings MetroMonitor Dec 2009
Recession Impact - % Change in GMP Peak to 3Q-09

Source: Brookings
MetroMonitor Dec 2009
Recession Impact - % Change in HPI Peak to 3Q-09

Source: Brookings
MetroMonitor Dec 2009

Las Vegas (-20.2%), Phoenix (-14.5%), Miami (-14.3%)
Location Quotient-Ag/Forestry

Source: BLS
Location Quotient-Utilities

Source: BLS
Location Quotient - Manufacturing

Source: BLS
Location Quotient-Manufacturing

Richmond  Raleigh  Charlotte  Greensboro  Greenville  Columbia  Atlanta  Macon  Birmingham
Fortune 500 HQs

Source: Southern B&D

States with Fortune 500 HQs:
- Florida: 14
- Texas: 64

Percentage of Southern States with Fortune 500 HQs:
- AL: 1
- AR: 4
- GA: 14
- KY: 13
- LA: 2
- MO: 8
- MS: 0
- NC: 13
- OK: 4
- SC: 2
- TN: 8
- VA: 18
- WV: 0

Southern growth policies board
Inc 500 Firms in the South

31% of Firms

Source: Inc. 500, Sept. 2009
The Inc. 500 - The Fastest Growing Companies in the U.S.

Source: Inc. 500, Sept. 2009
The Inc. 500 - The Fastest Growing Companies in the U.S.

- Food & Beverage
- Financial Services
- Environment
- Engineering
- Energy
- Education
- Consumer Products
- Construction
- Computer Hardware
- Business Products
- Adv/Marketing

Source: Inc. 500, Sept. 2009
The Inc. 500- The Fastest Growing Companies in the U.S.

Source: Inc. 500, Sept. 2009
3 Factors to Identify Top Innovation States

- Industry employment in 14 technology-related industries
- Average annual venture capital raised
- Average number of U.S. patents filed per year over the past 25 years
Tier 1 States

California
Texas
New York
Massachusetts
New Jersey
Pennsylvania
Illinois
Washington
Tier 2 & 3 States

- Colorado
- Ohio
- Florida
- Georgia
- Virginia
- Maryland
- Michigan
- Minnesota

- North Carolina
- Connecticut
- Arizona
- Wisconsin
- Missouri
- Tennessee
- Oregon
### Net High-Tech Firm Gains and Losses 1990-2006

#### Highest Gains
- New Jersey (+93)
- New York (+79)
- Maryland (+22)
- Virginia (+11)
- Connecticut (+10)
- Massachusetts (+8)

#### Biggest Losses
- Florida (-103)
- South Carolina (-22)
- Arizona (-15)
- Texas (-13)
- Georgia (-9)
- North Carolina (-9)

Source: Growing Pennsylvania’s High Tech Economy, Good Jobs First Jan. 2010
Entrepreneurial Activity

Source: The Kaufman Index of Entrepreneurial Activity  April 2009
## 2008 State New Economy Index

<table>
<thead>
<tr>
<th></th>
<th>VA</th>
<th>NC</th>
<th>SC</th>
<th>GA</th>
<th>AL</th>
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<td><strong>Workforce Education</strong></td>
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<td>42</td>
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<td><strong>FDI</strong></td>
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<td><strong>Export Focus</strong></td>
<td>25</td>
<td>31</td>
<td>17</td>
<td>19</td>
<td>32</td>
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<tr>
<td><strong>Scientist &amp; Engineers</strong></td>
<td>11</td>
<td>16</td>
<td>35</td>
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<td><strong>Venture Capital</strong></td>
<td>13</td>
<td>12</td>
<td>28</td>
<td>14</td>
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<td></td>
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<td>AL</td>
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<tr>
<td>% Job Growth 1998-2008</td>
<td>17</td>
<td>21</td>
<td>26</td>
<td>20</td>
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<td>State &amp; Local Tax Burden</td>
<td>42</td>
<td>26</td>
<td>43</td>
<td>36</td>
<td>47</td>
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<tr>
<td>Cost of Doing Business</td>
<td>25</td>
<td>31</td>
<td>45</td>
<td>32</td>
<td>39</td>
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<tr>
<td>Value Added per Hr/$</td>
<td>27</td>
<td>34</td>
<td>13</td>
<td>26</td>
<td>16</td>
</tr>
</tbody>
</table>
Globalization
Foreign-Born Population Changes 2000-2008

Source: Migration Policy Institute (MPI)—Data Hub
Foreign-Born % Population Changes 2000-2008

Source: Migration Policy Institute (MPI)—Data Hub
U.S. Exports & Imports (Goods)

In $Millions

Source: Census, World Almanac 2009

Jan-Nov 2009 Goods Imports
Dropped 28%, Exports
Dropped 20%

Exports  Imports
Exports Per Capita 2007

Source: 2009 Competitiveness Redbook
Exporting Firms By State

Source: Census, Department of Commerce
SME as % of Exporting Firms

Source: Census, Department of Commerce
SME as % of Exporting Value

Source: Census, Department of Commerce
Foreign Direct Investment By Sector

- Manufacturing: 38%
- Wholesale Trade: 12%
- Retail Trade: 11%
- Information: 4%
- Finance: 4%
- Real Estate: 1%
- Professional/Technical: 4%
- Other: 26%


In Thousands

Employment 2007


Export Customers of the Future

By 2020 80% of the middle income consumers in the world will live outside the “developed” countries

Source: Adler-Miller-McCune 2008
Positioned for Global Shifts

- Since 2006, Gulf and Eastern ports share of container volume has increased from 39.7% to 43.9% and the Panama Canal expansion should accelerate the shift.
- 90% of Manufacturers have reported that they are reconsidering manufacturing locations
- Technology project factors; work force availability, infrastructure, cost, financial assistance
Education/Talent

- Rising global competition for innovation, investment, and resources has placed talent as the central currency for future U.S. competitiveness
- Life-long education, and re-education, and re-training is a fact; for all levels of talent at all stages of life
- The delivery of education and training is experiencing a major transformation driven by consumer demand and competition
Education- Graduation Rate

<table>
<thead>
<tr>
<th>State</th>
<th>Graduation Rate %</th>
<th>Achievement Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alabama</td>
<td>60</td>
<td>46</td>
</tr>
<tr>
<td>Georgia</td>
<td>56</td>
<td>50</td>
</tr>
<tr>
<td>North Carolina</td>
<td>69</td>
<td>35</td>
</tr>
<tr>
<td>South Carolina</td>
<td>54</td>
<td>51</td>
</tr>
<tr>
<td>Virginia</td>
<td>75</td>
<td>21</td>
</tr>
</tbody>
</table>

Source: The Commonwealth Fund, 2009
### Higher Education Assets
#### Research Universities Over $300m

<table>
<thead>
<tr>
<th>University</th>
<th>Assets</th>
<th>Life Science %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Duke</td>
<td>$657m</td>
<td>84%</td>
</tr>
<tr>
<td>UNC-CH</td>
<td>$444m</td>
<td>79%</td>
</tr>
<tr>
<td>Georgia Tech</td>
<td>$441m</td>
<td>4%</td>
</tr>
<tr>
<td>Emory</td>
<td>$346m</td>
<td>95%</td>
</tr>
<tr>
<td>NC State</td>
<td>$331m</td>
<td>49%</td>
</tr>
<tr>
<td>UAB</td>
<td>$331m</td>
<td>94%</td>
</tr>
<tr>
<td>Univ. of Ga.</td>
<td>$324m</td>
<td>69%</td>
</tr>
</tbody>
</table>

*Source: Center for Measuring University Performance, ASU 2008*
% Workforce in S&E

<table>
<thead>
<tr>
<th>State</th>
<th>2004</th>
<th>2006</th>
<th>2008</th>
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<tbody>
<tr>
<td>USA</td>
<td>3.65%</td>
<td>3.74%</td>
<td>3.75%</td>
</tr>
<tr>
<td>VA</td>
<td>5.94%</td>
<td>6.49%</td>
<td>6.29%</td>
</tr>
<tr>
<td>NC</td>
<td>3.36%</td>
<td>3.27%</td>
<td>3.38%</td>
</tr>
<tr>
<td>SC</td>
<td>2.69%</td>
<td>2.68%</td>
<td>2.68%</td>
</tr>
<tr>
<td>GA</td>
<td>3.33%</td>
<td>3.02%</td>
<td>3.04%</td>
</tr>
<tr>
<td>AL</td>
<td>2.86%</td>
<td>3.12%</td>
<td>3.17%</td>
</tr>
</tbody>
</table>

Source: National Science Foundation
% State Science & Engineering Workers 2008

1st Quartile-Virginia

2nd Quartile- Missouri, NC,

Source: National Science Foundation
Energy
How is the South Different?
How is the South Different?

- Rich in existing energy sources.
- Rich in alternative energies, especially in biomass.
- Different climate.
- Significant industrial base.
What are the South’s Weaknesses?

- Ranks low on state energy efficiency policies and programs.
- Only 3.5% of green venture capital (22% of population).
- Imports 94% of its ethanol.
Energy Nominal Dollars per Million Btu

Source: EIA 2008

MA- 23.22, NY-20.94, Fl-20.65, CA-19.3
A Final Strength and a Weakness

- Size
- Ability to “Play Nice”
Almost 60% of US population lives in Cities of 1 million or more.
Mega-Regions of the World

Source: Who’s Your City, 2008
<table>
<thead>
<tr>
<th>Cities of the Future-FDI Top 10 By Various Sizes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Houston,</td>
</tr>
<tr>
<td>Austin,</td>
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<tr>
<td>Tampa,</td>
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<td>Miami,</td>
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<td>Richmond</td>
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<tr>
<td>Greenville SC</td>
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<tr>
<td>Danville</td>
</tr>
</tbody>
</table>
Why Do We Want and Need Leadership?

- We want someone, we trust, to make sense of all the information we are receiving.
- We want someone to take actions that improves our situations or solves our problems.

Leadership Is Crucial & Models Are Changing

Traditional Hierarchical Leadership

- Action, Success, Problem Solving

Grassroots Bottom Up Leadership

- Someone important or some small group with a vision or resources
- Someone not important or some small group with a vision or resources
Collaboration

“The act of working with one or more people to produce or create something.”
My Definition of Collaboration

Collaboration is an unnatural act between un-consenting adults

Regional collaboration is an unnatural act between hundreds of un-consenting adults who have no idea why they should be working together and always have something better to do
It Takes “Glue” to Hold Stuff Together

Collaborative Capacity

- Glue and Grease- The capacity to bring people and groups together, keep minutes, make coffee, set agendas, make the hard calls
- No Cause, No Credit, No Cash
“What makes a plan capable of producing results is the commitment of key people to work on specific tasks.”

Peter Drucker
Southern Growth Policies Board

- Created by Southern Governors in 1971
- Brings Together Governors, State Legislative Leaders, Business Leaders, Higher Education Leaders, and Citizens
- Always Available to Help

www.southern.org
Thank You
Questions?

Ted Abernathy
Southern Growth Policies Board
tabernathy@southern.org