State of Davie

"The future is always here; it’s just not evenly distributed.”

William Gibson

Imagining More Opportunity

Davie County Economic Development Strategic Plan

March 2018
Back to 2003

LinkedIn (2003)
Facebook (2004)
YouTube (2005)
Twitter (2006)
iPhone (2007)
Fitbit (2007)
Dropbox (2007)
Airbnb (2008)
Kickstarter (2009)
Uber (2009)
Snapchat (2011)

Can We Agree That Change Will Accelerate?
“IN TIMES OF RAPID CHANGE, EXPERIENCE COULD BE YOUR WORST ENEMY.”

J. PAUL GETTY
How Is The Economy?
USA Nonfarm Payroll Employment

88 Straight Months of Employment Growth—Since September 2010

Source: U.S. Bureau of Labor Statistics
USA Nonfarm Payroll Employment

88 Straight Months of Employment Growth—Since September 2010

Source: U.S. Bureau of Labor Statistics
Percent Change in Employment from a Year Ago, NSA

December 2017

- Total: U.S. 1.6, North Carolina 1.9
- Natural Resources & Mining: U.S. 3.5, North Carolina 4.0
- Construction: U.S. 1.5, North Carolina 0.7
- Manufacturing: U.S. 0.3, North Carolina 1.1
- Trade, Transportation & Utilities: U.S. 1.1, North Carolina 0.7
- Information: U.S. 1.7, North Carolina 0.8
- Financial Activities: U.S. 2.2, North Carolina 0.8
- Professional & Business Services: U.S. 2.1, North Carolina 2.2
- Education & Health Services: U.S. 2.8, North Carolina 2.4
- Leisure & Hospitality: U.S. 1.9, North Carolina 2.4
- Other Services: U.S. 2.0, North Carolina 2.6
- Government: U.S. 0.2, North Carolina 1.0

Source: Bureau of Labor Statistics/Haver Analytics
North Carolina Real Personal Income

Source: Bureau of Economic Analysis/Haver Analytics
GDP Growth by NC Metro 2011-2016

Asheville: 13%
Burlington: 3%
Charlotte: 15%
Durham: 5%
Fayetteville: -9%
Goldsboro: -3%
Greensboro: 0%
Greenville: 7%
Hickory: 6%
Jacksonville: -10%
New Bern: -10%
Raleigh: 21%
Rocky Mount: 15%
Wilmington: 3%
Winston-Salem: -13%

Source: US Bureau of Economic Analysis

Source: NC Commerce QCEW & LAUS
% Job Growth by PTP County 2011-2016

% Job Growth Davie Co. & NC by Sector 2011-2016

Davie County Housing Type 2016

- Single Family: 73.1%
- Multi-Family: 20.3%
- Mobile Homes: 18.9%

Source: US Census Bureau ACS 5 Year
What Are the External Trends That Will Impact Davie County’s Future?
So Let’s Cast Our Eyes Toward the Future
The Urban Advantage
Strong Workforce Growth Across the Country

2000 to 2005

Growth in Working Age Population
- Declined
- 0 to 5 Percent
- 5 to 10 Percent
- 10 to 15 Percent
- over 15 Percent

Sources: Decennial Census Counts, *Weldon Cooper Center National Population Projections
Workforce Growth Concentrates

2010 to 2015

Growth in Working Age Population
- Declined
- 0 to 5 Percent
- 5 to 10 Percent
- 10 to 15 Percent
- Over 15 Percent

Sources: Decennial Census Counts, *Weldon Cooper Center National Population Projections
Population Growth More Concentrated

NC Change in Population  2011 - 2016
North Carolina Average 5.1%

10.2% and over increase
5.1% to 10.1% increase
0% to 5.1% increase
population decrease

Source: US Census Bureau
NC Metro Projected Population Growth 2016-2046

- Asheville: 21.2%
- Burlington: 20.3%
- Charlotte: 49.0%
- Durham: 39.7%
- Fayetteville: 21.1%
- Goldsboro: 10.6%
- Greensboro: 21.6%
- Greenville: 28.8%
- Hickory: 11.8%
- Jacksonville: 16.5%
- New Bern: 14.5%
- Raleigh: 70.7%
- Rocky Mount: 9.3%
- Wilmington: 51.6%
- Winston-Salem: 20.7%

Source: HIS Markit, May 2017
Growth above state average of 14.8%

Growing below state average of 14.8%

Losing Labor Force

Source: NC Office of State Budget and Management
Percentage of NC Job Growth by Urban-Rural-Suburban 2011-2016

Source: NC Commerce QCEW
Technological Disruption
Manufacturing
Change in Manufacturing Jobs 2011 - 2016
5 Year North Carolina Average 6.8%

Growth above state average of 6.8%
Growing below state average of 6.8%
Losing Jobs

Source: EMSI - NC Department of Commerce
North Carolina Manufacturing Jobs and Manufacturing GDP Growth
1997 – 2016 (normalized as percent of levels in 1997)

Source: US Bureau of Labor Statistics QCEW
US Bureau of Economic Analysis GDP
The Jetsons
Using a sling, it can lift a person from the sofa.
The Next Big Technological Impacts

Industry 4.0

Additive Manufacturing

Autonomous Vehicles

Economic Leadership
Well, then what do you want to do?
USA Workforce Growth Slows

Percentage Change in U.S. Population

- **1980s**: 25%
- **1990s**: 20%
- **2000s**: 15%
- **2010s**: 10%
- **2020s**: 10%

- Ages 20 to 65
- Total Population

Sources: Decennial Census Counts, *Weldon Cooper Center National Population Projections*
Why Are Millennials Not Having Children?
The Workforce Supply-Demand Balance

Automation, robotics and the possible loss of jobs and need for labor

Slowing birthrates, aging baby boomers, declining participation rates, immigration debates
The Rising Skills and Education Balance

Employers Demand Higher Skills But Are Not Finding Them

More People Go To College, But We Seem to Have a Mismatch
We Need To Re-imagine Readiness

• Strengthen the connections between education and job skills
• Re-think credentials and their value in the workplace (Quantify)
• Give students more exposure to the world of work - earlier
• Scale technology so that every student can benefit from a high quality, personalized learning experience
Trends in Workforce

- Data Deep Dives
- Upskilling Workers and Students
- Customized Employer Programs
- Certifying and Quantifying Credentials
- Sector Strategies
- Incentives for Regional Cooperation
- Raising Public Awareness
- Talent Attraction-Placemaking
What Will Space Be Like in 2037?
Real Estate Changes
Average Office Space per Worker

Square Feet

<table>
<thead>
<tr>
<th>Year</th>
<th>Square Feet</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>225</td>
</tr>
<tr>
<td>2012</td>
<td>176</td>
</tr>
<tr>
<td>2017</td>
<td>151</td>
</tr>
</tbody>
</table>

Source: The Mehigan Company
Warehousing is also beginning to migrate to denser populated areas.
Imagine a VR/AR Retail Experience

Be a Trendsetter!
Embrace Top 5 Emerging Mobile Commerce Trends
Business Transformation
Economic Dynamism (Churn)

Jobs Gained and Lost

- **Expanding**: 6,246,000
  - Net: +367,000

- **Contracting**: 1,358,000

- **Opening**: 1,249,000
  - Net: +109,000

- **Closing**: -5,879,000

Source: BLS Jan 2018, Data for 2nd Qrt 2017
Changing Consumer and Generational Expectations

Components of Customer Expectations

- Desired Service Level
  - wished-for level of service quality that customer believes can and should be delivered

- Adequate Service Level
  - minimum acceptable level of service

- Predicted Service Level
  - service level that customer believes firm will actually deliver

- Zone of Tolerance
  - Acceptable range of variations in service delivery
Davie County Economic Development Strategic Planning Process

When Would Prospect First Contact the an Economic Development Organization?

- During initial screenings: 30%
- After shortlist narrowed to negotiate incentives: 11%
- After shortlist of communities: 42%
- After location determined: 5%
- Never: 12%
Top Factors for Companies Considering New Investment

1. Availability of skilled labor
2. Highway accessibility
3. Labor costs
4. Proximity to major markets
5. State & local incentives
6. Available land
7. 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

Source: Area Development 31st Annual Survey of Corporate Executives, March 2017
Cluster: a regional concentration of related industries

**Traded Clusters**

**The Engines of Regional Economies**
- Serve markets in other regions or nations
- Concentrated in regions that afford specific competitive advantages
- Example industries: aircraft manufacturing, management consulting, iron ore mining

**Local Clusters**

**The Foundation of Local Economies**
- Sell products and services primarily for the local market
- Located in every region
- Example industries: drug stores, physician offices, elementary schools, radio networks

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**Traded vs. Local Share of the U.S. Economy**

<table>
<thead>
<tr>
<th>Category</th>
<th>Traded</th>
<th>Local</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employment</td>
<td>36%</td>
<td>64%</td>
</tr>
<tr>
<td>Income</td>
<td>50%</td>
<td>50%</td>
</tr>
<tr>
<td>Patents</td>
<td>96.5%</td>
<td>3.5%</td>
</tr>
</tbody>
</table>
Piedmont 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

Source: EMSI
Piedmont Triad Asset Clusters Performance

<table>
<thead>
<tr>
<th>Industry</th>
<th>2016 Employment</th>
<th>2016 LQ</th>
<th>2006-2016 % Emp Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Distribution and Electronic Commerce</td>
<td>26,398</td>
<td>1.09</td>
<td>8%</td>
</tr>
<tr>
<td>Education and Knowledge Creation</td>
<td>11,422</td>
<td>1.10</td>
<td>16%</td>
</tr>
<tr>
<td>Plastics</td>
<td>7,518</td>
<td>2.70</td>
<td>26%</td>
</tr>
<tr>
<td>Production Technology and Heavy Machinery</td>
<td>5,704</td>
<td>1.22</td>
<td>11%</td>
</tr>
<tr>
<td>Automotive</td>
<td>5,147</td>
<td>1.13</td>
<td>3%</td>
</tr>
<tr>
<td>Paper and Packaging</td>
<td>3,916</td>
<td>2.49</td>
<td>0%</td>
</tr>
<tr>
<td>Medical Devices</td>
<td>2,145</td>
<td>1.79</td>
<td>67%</td>
</tr>
<tr>
<td>Aerospace Vehicles and Defense</td>
<td>1,818</td>
<td>0.70</td>
<td>445%</td>
</tr>
</tbody>
</table>

Source: EMSI
Piedmont Triad Largest Advanced Industries by Number of Jobs

- Medical and Diagnostic Laboratories (6,155 jobs)
- Scientific & Technical Consulting (3,396 jobs)
- Computer Systems Design (3,258 jobs)
- Electric Equipment Manufacturing (3,060 jobs)
- Architectural & Engineering (2,562 jobs)
- Medical Equipment Manufacturing (2,080 jobs)
- Motor Vehicle Body & Trailer Manufacturing (2,911 jobs)
- Semiconductor/Component Manufacturing (2,082 jobs)
- General Purpose Machinery Manufacturing (2,200 jobs)

Source: EMSI
Piedmont Triad Largest Advanced Industries by GDP

- Pesticide/Fertilizer- Ag Chemical Manufacturing ($573M)
- Medical and Diagnostic Laboratories ($545M)
- Aerospace Product Manufacturing ($503M)
- Semiconductor/Component Manufacturing ($492M)
- General Purpose Machinery Manufacturing ($489M)
- Electric Equipment Manufacturing ($449M)
- Computer Systems Design ($442M)
- Scientific & Technical Consulting ($439M)
- Electric Power Generation-Transmission ($390M)
- Motor Vehicle Manufacturing ($319M)

Source: EMSI
So
WHAT?
Recommended targets for Davie County are advanced manufacturing and health care related, with recreational tourism as a secondary but important focus.
Areas of focus should be for Davie County EDC

- Aggressive recruiting efforts
- Utility infrastructure (product development)
- Contributing to Workforce/skill development (closing the skills gap)
Specific Recommendations

• **Aggressive Client Generation, Marketing, & Branding**

  • upgrade to the EDC’s web site, including increased content and a commitment to a social media strategy initially focused on created LinkedIn content about the Davie County economy

  • continue to participate in **regional and state recruitment** activities and that product development activities be focused toward advanced manufacturing, with higher wages

  • broader group of stakeholders develop a **branding campaign** targeted at Winston-Salem and Greensboro highlighting the quality of life in Davie County.

  • the EDC work with the three towns on **aggressive placemaking** plans and resource exploration

  • as part of the County’s comprehensive plan, **planned mixed-used housing developments** be considered for the County, especially the areas closest to Winston-Salem
Specific Recommendations

Improvements to the Davie County Product

• Focus resources on developing more (1-3) certified sites and the building of at least one 50,000 square foot or larger building

Workforce Improvement

• Local stakeholders, led by the Chamber of Commerce fund a full-time position to coordinate workforce activities in the County
Recommendations

Leadership Development

• EDC partner with the Chamber of Commerce to develop a new program to identify and nurture young private and public leaders

• EDC develop and conduct Economic Development Training for all Davie elected and appointed officials

Other Recommendations

• Develop a public dashboard to improve transparency and provide a single source of credible economic data for the community

• The EDC and the County work together to develop a more comprehensive incentives policy
Prepare For Accelerating Change

▪ NC should remain competitive, but not every county
▪ Population growth will slow, diversify and concentrate in fewer places
▪ Technology will change every industry (faster, smaller, personalized, cheaper, mobile, integrated)
▪ People will need more skills to compete, but education will morph due to technology (quantifiable credentials)
▪ The middle of every industry in under threat
▪ Business real estate is changing
▪ Think ROI-ROI-ROI
▪ Competition more intense- Economic Developers Will Matter More
EXCELLENCE

IS PERSEVERANCE
IN THE PRESENCE
OF OBSTACLES
Follow on twitter @tedabernathy

Link to me on LinkedIn
Ted Abernathy

“Leadership and learning are indispensable to each other.”
John F. Kennedy