



## Is Tar Heel Blue The New Green?

Proximity to talent and to transport make North Carolina a sustainable choice.

by **RON STARNER**  
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Going green has more companies seeing blue – as in Tar Heel blue.

A combination of a central Mid-Atlantic location, strong logistics network of roads and airports, and high-tech talent has Corporate America seeing potential fuel and electricity cost savings by locating facilities in North Carolina.

At the new \$40-million **RalphLauren.com** fulfillment center in High Point, all three of those factors came into play as part of a "very complicated matrix" of site selection criteria, says Ralph Wear, senior director of operations for the high-end clothing retailer.

"We conducted a six-state search," says Wear. "We looked at Virginia, Kentucky, Georgia, Tennessee, South Carolina and North Carolina. The economic drivers behind our final location decision were the local work force, proximity to our number one shipper FedEx, and proximity to other supply-chain organizations."

The 330,000-sq.-ft. (30,657-sq.-m.) plant opened in April and already has 215 employees fulfilling customer orders from throughout the U.S. and abroad, attaining that hiring milestone two and a half years ahead of schedule. The seasonal work force can climb as high as 550.

More than 2,000 people applied for the 60 positions at the facility's customer contact center, which is one of the most modern and high-tech in the country.

The plant is located just 13 miles from the 170-acre (69-hectare) **FedEx Mid-Atlantic Hub** at Piedmont Triad International (PTI) Airport, scheduled to open in 2009.

"Being near a FedEx Hub was an important consideration for the company," notes Wear. "The RalphLauren.com facility is designed to support annual volumes of 1.6 million orders and 5.2 million units."

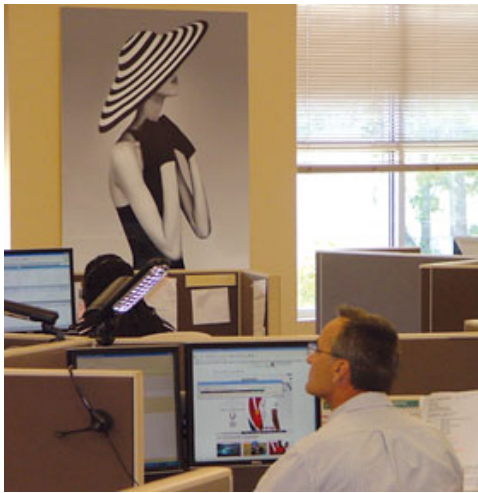
The FedEx Hub will be a major driver of commerce throughout the Piedmont Triad region, according to Ted Johnson, director of the PTI Airport Authority.

"We have the largest Dell plant in the world in nearby Winston-Salem. We have the new international headquarters of HondaJet right here at the airport. We have major facilities, on airport property, for TIMCO, Cessna, Lincoln Financial, the Bill Davis Racing Team, Atlantic Aero, Koury Aviation, Landmark Aviation, Tradewinds and others," says Johnson. "We have 4,000 acres [1,620 hectares] of land, 75 daily flights and 19 destinations."

For Wear, those facts added up to a sweet deal for RalphLauren.com. "With our inbound and outbound freight and a majority of our business coming from the East Coast, we had to look at every aspect of our supply chain," he adds. "The presence of the air hub so close to our site was critical."



The new FedEx Mid-Atlantic Hub is scheduled to open at Piedmont Triad International Airport in 2009. The project, 10 years in the planning and making, is already proving as a magnet for manufacturing and distribution operations in the region of Greensboro, High Point and Winston-Salem.



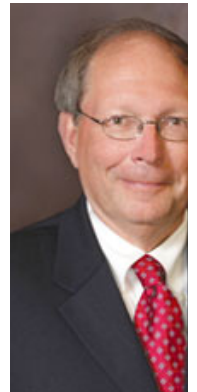
RalphLauren.com opened its \$40-million fulfillment center in High Point in April and already has 215 workers – attaining that hiring milestone 30 months ahead of schedule.

In another part of the state, going green means finding a new way to build a data center – which is exactly what IBM is doing at Research Triangle Park in Durham County.

On Aug. 1, IBM announced plans to build a \$360-million, state-of-the-art data center at its existing complex in RTP. The energy-efficient data center will be built by recycling 90 percent of materials used from the company's previous center, will feature IBM's latest water-cooling technology and will use renewable energy.

"This new data center is part of IBM's commitment to construct the world's most advanced data centers," said Bob Greenberg, general manager of IT optimization and North Carolina senior state executive at IBM.

The first phase will feature 60,000 sq. ft. (5,574 sq. m.) of raised floor space on a site that can potentially be expanded in modular increments. The data center will leverage an industry-leading cooling system that will allow it to respond to varying cooling requirements of the IT equipment in real time.



Ted Johnson, direct  
PTI Airport Authority

The center's mechanical system is designed to be 50 percent more efficient than the industry average, and the building's use of alternative energy is expected to reduce carbon dioxide emissions by 1 million pounds per year.

## East Meets East

**Lenovo**, the Chinese company that acquired IBM's Thinkpad line of laptop PCs (right), has its corporate headquarters in Raleigh, and a plant in Mooresville, near Charlotte. Its newest project is a U.S. East Coast assembly and distribution center in Guilford County's Rock Creek Center in Greensboro.

"With rising fuel costs, the right talent mix here, and our proximity to our corporate headquarters in Raleigh and our existing plant in Mooresville, it made the most sense to choose Greensboro," says Ken Grissom, general manager of the company's U.S. Fulfillment Center and Global Supply Chain in Greensboro.

Access to Interstates 85 and 40 and the rapidly growing PTI Airport sealed the deal for Lenovo, whose \$10.5-million, 272,000-sq.-ft. (25,269-sq.-m.) plant opened in late February.

"From site selection to opening, it took just 279 days," says Grissom, who oversees 134 employees in two shifts that pay an average annual wage of \$37,500.

Lenovo also assembles desktop computers and video monitors at the plant. "We do light manufacturing, fulfillment and custom-staging of various Lenovo products here at this plant," notes Grissom. "A lot of our customer base is in the Northeast U.S. corridor, which is very accessible via the Interstates and PTI Airport."

Lenovo is one of several Asian companies that have expanded operations in the Tar Heel State. **Honda Aircraft Co.** is developing a \$100-million, 300-job world headquarters and aviation manufacturing plant at PTI Airport, while **Honda Aero Inc.** will produce the engines for the new HondaJet at a \$27-million factory that will open in 2010 at the Burlington-Alamance Regional Airport.

**KobeWieland Copper Products**, a joint venture of Kobe of Japan and Germany's Wieland, is expanding its manufacturing plant in Stokes County by \$71 million and 65 jobs. **Bonset America**, a subsidiary of C.I. Kasei Company Ltd. of Tokyo, is investing \$20 million and adding 20 jobs in Browns Summit, where the firm produces heat-shrinkable films used in packaging.

**HCL Technologies Ltd.**, an Indian IT services company, announced Aug. 5 that it will invest \$3.2 million and create 513 jobs over five years in Wake County. The new delivery center will offer application development, engineering services and consulting to U.S. customers. The Research Triangle location beat out Arizona and Texas to land the high-tech project.



## Energy Sector Pays Dividends

The biggest payday of all, however, is coming from **GE Hitachi Nuclear Energy** in Wilmington, where the Japanese-American alliance will invest \$704 million and create 900 jobs at a 1,600-acre (648-hectare) campus.

The company plans to build a commercial uranium-enrichment facility that would use a new laser process the firm has exclusive rights to develop and commercialize.

**Global Laser Enrichment**, a subsidiary of GE Hitachi Nuclear Energy, would build the plant. "This is a key milestone in GLE's development process," says Tammy Orr, president and CEO of GLE. "With the selection of the Wilmington site for a potential commercial facility, we can now move forward with the Nuclear Regulatory Commission's licensing process."

The cutting-edge, laser-enrichment, isotope-separation technology allows GE Hitachi to become further integrated in the nuclear fuel cycle. Wilmington-based Global Nuclear Fuel-Americas, a joint venture of GE, Hitachi and Toshiba, is already involved in the fuel cycle.

No new types of hazardous materials will be added to the GE Hitachi plant site, according to Orr, noting that the average annual wage at the new plant will be \$85,000.

If the company creates the jobs called for under the terms of a 12-year agreement with the state, the firm could receive up to \$25.7 million in state assistance through the Job Development Investment Grant. GE Hitachi also received a \$900,000 grant from the One North Carolina economic development fund, plus more than \$10 million in local incentives.

The state estimates that the project will generate a cumulative gross product of \$3.07 billion, produce net state revenue of \$62.2 million and contribute up to \$8.57 million to the North Carolina Industrial Development Fund over 12 years.

Jim Fain, secretary of the North Carolina Department of Commerce, says the GE Hitachi deal "is a good example of our focus on encouraging the expansion and recruitment of knowledge-based companies in targeted industry sectors. We already have a solid nuclear energy sector here, and it is growing."

In fact, the power generation industry is contributing to an emerging cluster of engineering firms in North Carolina. Thanks in large part to a ready supply of industrial engineers graduating from universities in Charlotte, Raleigh-Durham, Atlanta and even as far away as Blacksburg, Va., North Carolina is reaping a bumper crop of companies doing business in the power-generating sector.

The **Shaw Group** out of Louisiana is locating about 1,000 jobs in the Charlotte area, mostly in the power engineering sector. **URS Corp.** recently acquired an unused HSBC building in Lancaster County, S.C., where the firm will initially place about 100 workers and eventually grow to 400 employees in the Charlotte market. And **Fluor Corp.** is adding about 150 workers in its power generation engineering group in Charlotte.

## Many Corridors Show Growth

Mark Vitner, director and senior economist for Wachovia, says that jobs such as these are evidence that North Carolina's economy is growing at a faster rate than both the Southeast economy and national averages.

"North Carolina has one of the stronger economies in the Southeast, and most of the growth is occurring in Charlotte and the Raleigh-Durham area," says Vitner. "As banking has slowed, the utility business has picked up. Duke Energy has a number of power plants going up right now, and downtown Charlotte has the lowest vacancy rate ever recorded – 1.6 percent overall, and just 0.2 percent for class A office space."

The Charlotte MSA added 34,000 jobs in 2007 and is on pace to add another 18,000 this year, Vitner says. "Statewide, job growth will be around 50,000 this year. Most of that growth will be centered in the Raleigh and Charlotte areas," he notes. "Wilmington and Asheville are both holding up well, and the Piedmont Triad region is landing the really big projects, like HondaJet and Honda Aero building the jet engines."

Vitner advises corporate executives to keep a close eye on Kannapolis and Cabarrus County, where the North Carolina Research Campus (NCRC) gained momentum this year with several major project announcements.

"The plan for the biotech campus is a real game-changer," the economist says. "I've never seen a project that



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**supply-chain organizations."**

– Ralph Wear, senior director of operations, *RalphLauren.com*  
Fulfillment Center, High Point, N.C.





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### Power of the Triangle

The year's largest pharmaceutical announcement in North Carolina came from **Merck**, which unveiled plans June 18 for a \$300-million expansion of its vaccine manufacturing complex in Durham.

The New Jersey company said it will add up to 180 positions at the plant in Durham's Treyburn Corporate Park. Since 2004, Merck has announced investments totaling \$700 million at the complex.

"As we lose jobs in the less skilled sector, we are building them up in the knowledge sector and educating our people as they transition to these new jobs," North Carolina Gov. Mike Easley said. "We are strategically targeting the biotech and pharmaceutical industries because of the huge growth possibilities."

Just five days later, a Canadian drug company issued an announcement of its own. **Patheon**, an Ontario-based provider of drug development and manufacturing services to the pharmaceutical sector, announced it had selected locations in Research Triangle Park and Durham for its global headquarters and lab space.

Patheon said the RTP facility should open by September, while the lab will initially offer stability studies, validation testing and analytical chemistry services in support of current company operations in Cincinnati.

had this much financial and institutional backing. David Murdock has put about \$1.5 billion of his own money into it. Five companies have already announced they are going into this park, and more are on the way. The Core Lab Building was just completed. My prediction is that this project will be very successful and will be a permanent growth driver for the region."

Since Vitner's prediction in mid-July, two more companies joined the roster at the 350-acre (142-hectare) NCRC. **Sensory Spectrum** announced July 16 that it will employ up to 35 sensory scientists, psychologists, technicians and administrative staff at a new office. The company facilitates the integration of consumer and product understanding for the food, beverage, ingredient, personal and oral health care, and nutrition industries.

On Aug. 7, **Laboratory Corp. of America** announced that it will occupy a 40,000-sq.-ft. (3,716-sq.-m.) bio-repository in Kannapolis. The facility, operating in partnership with the Translational Medicine Institute at Duke University, will include storage to hold more than 10 million specimens, which will be brought in by pharmaceutical companies, universities and other researchers.

### TOP NORTH CAROLINA PROJECTS Top 10 Investments, Jan.-Aug. 2008

| Company                   | Location       | Investment |
|---------------------------|----------------|------------|
| GE Hitachi Nuclear        | Castle Hayne   | \$700      |
| Spirit AeroSystems        | Kinston        | \$570      |
| Titan America             | Castle Hayne   | \$469      |
| IBM                       | Raleigh        | \$360      |
| Merck                     | Durham         | \$300      |
| Piedmont Natural Gas      | Robeson County | \$300      |
| Fibrowatt                 | Elkin          | \$140      |
| Sanderson Farms           | Kinston        | \$126      |
| Siemens Medical Solutions | Cary           | \$60       |
| United Therapeutics       | Durham         | \$50       |

Source: Conway Data Inc.'s New Plant Database

## Manufacturing Alive and Well in North Carolina

Mark Twain wasn't the only one to have his death greatly exaggerated. The demise of manufacturing in North Carolina was forecast a bit prematurely as well.

While it's true that the state lost 214,000 manufacturing jobs from January 2001 to March 2008, a new study shows that the business of making products accounts for 29 percent of all employment, or 1.2 million jobs, in the Tar Heel State.

The North Carolina Chamber of Commerce presented its report on manufacturing June 10 in Greensboro. "Ultimately, this project is about jobs – growth in quality jobs," said Lew Ebert, president of the chamber. "It's about shedding light on the manufacturing sector and its importance to our state's economy and future."

#### Among other key findings reported by the chamber:

- Manufacturers, their suppliers and other related businesses contribute \$140.6 billion a year to the state GDP.
- Each factory job in North Carolina creates another 1.7 jobs at suppliers, retailers and other industries in the state.
- Manufacturing and its support industries account for 38 percent of the state's annual GDP of \$375 billion.

**M** Jim Fain, secretary of the North Carolina Department of Commerce, says the state rebounded strongly from an economic downturn that lasted from July 2001 to July 2003 – a period that saw the state lose more than 181,000 jobs.

"In Kannapolis, 4,600 people were laid off in one day in 2003," says Fain. "Since then, we began to get traction and we have added over 400,000 jobs. That's about 90,000 jobs a year. We've put a real focus on education, work-force development, advanced manufacturing and targeted industry sectors."

The result is a growth boom in high-tech and other advanced manufacturing industries, contributing to a healthy increase in factory orders at both traditional and non-traditional businesses in North Carolina.

At **Procter & Gamble**, the world's largest manufacturer of consumer goods, global business growth led this year to the opening of a \$19-million expansion of the company's facilities in Greensboro.

Brad Anderson, plant manager for P&G in Greensboro, says the expansion would not have occurred without the support of state and local government and generous incentives. "As a newcomer to the area, I greatly appreciate the strong support from the City Council and the Guilford County Board of Commissioners for our company," says Anderson.

P&G operates two complexes in the area. The 1.1 million-sq.-ft. (102,190-sq.-m.) manufacturing plant at Browns Summit makes oral care and other personal hygiene products and employs 685 people. The on-site distribution center employs 610 workers.

The 600,000-sq.-ft. (55,740-sq.-m.) factory at Swing Road employs 241 people making personal health-care products. About 25 jobs were created by the recent expansion.

North Carolina has experienced substantial manufacturing plant growth in 2008. **Spirit AeroSystems Inc.** announced a \$570-million plant in Kinston in Lenoir County in May. The Wichita, Kan.-based company will create at least 1,000 jobs over six years in airplane assembly.

**Titan America** announced a \$469-million cement plant in Wilmington in New Hanover County in May. The new factory will generate 161 jobs over three years.

In other recent expansions:

- **Uniboard Canada Inc.** announced Aug. 1 that it will invest \$142 million to recondition an existing factory and build a new facility in Chatham County, creating 104 jobs. The company makes decorative laminates, panels and related products.
- **Canplast** announced May 27 that it will add 33 workers to expand manufacturing capacity at its plant in Greensboro. The subsidiary of German company SURTECO makes polymer and paper edge branding, as well as hot-melt adhesives.
- **Fountain Powerboats Inc.** announced July 21 a \$12-million expansion of its factory in Washington, in Beaufort County, where the firm will create 250 jobs.
- **Sencera International Corp.** announced July 7 a \$36.5-million expansion of its thin-film solar panel plant in Charlotte, creating 65 jobs.
- **Reliance Industries USA Inc.** announced June 20 that it will build a \$215-million plant in Kinston to make a resin used in the production of plastic containers and specialty polyester yarns, creating 204 jobs.
- **ArvinMeritor Inc.** announced June 11 that it will expand its automotive supplier plants in Laurinburg and Fletcher by \$33.7 million and 66 jobs.

– Ron Starnner



#### Wilkes County Wins Race for Air Racer

MXR Technologies chose Wilkes County as the site for a 12,600-sq.-ft. (1,171-sq.-m.) hangar for the assembly of the MX2 aerobatic aircraft, shown here being flown by Nigel Lamb while competing in a recent Red Bull Air Race. The company announced that it will employ 24 workers within 24 months and produce six to eight aircraft annually at the facility at Wilkes County Airport.

*Photo by Jule Hubbard. Photo courtesy of Chris Meyer of MXR Technologies.*

## Matter of the Mind: Tech Firms Seek Brainy Grads

**W**hen **Galexe Pharma Sciences** went searching for a new home, the company's site selection process was anything but typical.

"Upon careful consideration of competing locations within the U.S. as well as Hyderabad, India, we chose North Carolina," said Phanesh Koneru, president and CEO of Galexe Pharma Sciences, a subsidiary of Reston, Va.-based Excelsa PharmaSci Inc. "The affordable cost of living and the various grants and incentives added up to an overall lower cost of doing business."

The executive also cited the "availability of local talent pool, close proximity to several equipment vendors and milder year-round weather" as pivotal factors in Galexe choosing to locate its headquarters and pharmaceutical manufacturing plant in Lenoir in Caldwell County.

The company plans to hire 55 workers and invest \$8.6 million over the next three years. The project, announced July 1 in Raleigh by Gov. Mike Easley and Koneru, was made possible in part by a \$250,000 grant from the One North Carolina Fund.

Other financial assistance came from the City of Lenoir, Caldwell County, North Carolina Department of Commerce and the North Carolina Rural Economic Development Center.

"North Carolina's work to build its pharmaceutical industry continues to show success," Easley said. "This announcement demonstrates our state's ability to provide the high-skill work force and favorable business climate pharmaceutical and bio-pharma companies need to grow and expand in the Research Triangle and across the state."

A corporate location search that spans North Carolina, Virginia and India may not be typical, but it does reflect a sign of the times. As knowledge-intensive companies expand their reach, the competition to land their high-tech facilities will only increase.

Caldwell County Commission Chairman Herb Greene told the *Lenoir News-Topic* that "education is the key. ... A company that requires this degree of expertise in its employees would not locate in an area without a good work force and the facilities to train them."

The average wage at the 19,135-sq.-ft. (1,778-sq.-m.) plant will be \$58,455, more than double the Caldwell County average of \$28,184.

Landing jobs like that is no easy task, say state leaders, who are adamant in pursuing more high-tech companies like Galexe.

A recent report by the American Electronics Association shows that high-tech employers are flocking to the Tar Heel State, particularly to the Raleigh-Durham market.

High-tech employment in Raleigh-Durham totaled 70,600 jobs in 2006, the most current metropolitan data available, according to AeA. "This was an increase of 3,900 jobs from the previous year," the report noted. "Individually, Raleigh's tech industry employed 37,100 and Durham's employed 33,500. Both metro areas had high concentrations of tech workers. Durham ranked fourth nationwide by concentration, with 16 percent of its work force employed by tech firms, while Raleigh ranked 12th by this metric, at 9.5 percent of its work force employed by tech firms."

The average annual tech wage in Durham was \$95,600, while in Raleigh it was \$74,300. Combined, the metro area had a high-tech payroll of \$6 billion in 2006, AeA reported.

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