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A veteran site-selection consultant says North Carolina's outlook, post HB2, looks rosy

By David Mildenberg, *Editor of Business North Carolina*
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John Boyd, Jr.

Economic development is a complex, often opaque process, with many divergent opinions on how it works. It's nice to hear some straight talk on how things work.

Site-selection consultant John Boyd Jr., whose company has worked for Boeing, PepsiCo, PNC and other big businesses over the last four decades, isn't shy about sharing his opinions.

Though based in Princeton, N.J., he says he spends 70% of his time below the Mason-Dixon Line advising companies and economic-development officials on where to locate plants. The South is where the action is, and will continue to be for many years, he says, crediting low taxes, limited unionization, ample natural resources and a pro-business atmosphere.

During a recent visit, Boyd shared some observations about North Carolina's economic future. Among the highlights:

- The good news: North Carolina's plan to provide hundreds of millions of dollars of job-related incentives to companies making multibillion-dollar plant expansions is a game-changer. He notes that state officials have been discussing the plans for about 25 years. "I think you will see a flurry of activity over the next couple of years."
- More good news: North Carolina's four certified megasites stretching from the Triad through eastern North Carolina offer outstanding opportunities for relocating companies.



Photo of Egger Group CEO Michael Egger with Governor Roy Cooper, announcing Davidson County plant by Alex Baumann

- The \$700 million expected investment by German particle-board maker Egger Group in Davidson County, though not in a specific megasite, is an example of what is to come.
- The bad news: House Bill 2 damaged North Carolina for about 18 months because some important, expanding companies eliminated the state from consideration. (Speaking off the record, he cited a major financial institution that pulled back plans for a big N.C. operation.) To be sure, the state remains resilient, and the issue is now in the rearview mirror. But lest there be any doubt, “it had a significant impact.”
- HB2 signals how economic development is more politicized than ever. To keep a lower profile, more companies are bypassing traditional economic-development groups and relying exclusively on consultants and internal staff while deciding where to place a plant. “Companies often hire us to shield them from visibility.”
- More than ever, big-company CEOs prefer to call governors directly to negotiate major expansions. Governors with strong bully pulpits and a hunger for growth matter in economic development, he says. He cites Rick Perry of Texas, Mitch Daniels of Indiana and John Kasich of Ohio as among the most effective growth-minded governors. (Perry and Daniels have moved into other roles.)
- The Charlotte area’s motorsports focus, widely thought to be a smart strategy, hasn’t paid off. There is less auto-related manufacturing in the region than expected.
- Amazon’s purchase of Whole Foods Markets is a brilliant real-estate play. He expects some of the grocery store properties to be converted into Class B office space.
- Wisconsin’s stunning \$3 billion incentives offer to Chinese electronics manufacturer FoxConn for a \$10 billion plant in House Speaker Paul Ryan’s district will be money well spent. “It may become the biggest manufacturing site in the U.S., bigger than BMW, Tesla or others.”