DURHAM — When it comes to attracting new businesses to North Carolina, the state has lost momentum over the past year due to HB2, the controversial bill that led businesses and sporting events alike to cancel or reconsider moves to the Tar Heel state.

Yet, despite the time and money spent on House Bill 2, the state is still positioned as a prime candidate for relocations going forward, according to a study by a prominent relocation consulting firm.

The study, which was put together by The Boyd Co. of Princeton, N.J., whose clients include Boeing Co., Pratt & Whitney, Dell Inc. and JPMorgan Chase & Co., specifically looked at what regions are the most attractive for advanced manufacturing companies to locate their facilities.
In its recent site-selection study of 24 regions, Boyd named North Carolina’s Triangle and Piedmont Triad as two of the five regions with the lowest operating costs for advanced manufacturing, which is manufacturing that uses high-level technologies in its products.

The greater Greensboro area was named No. 2 in the study and the Research Triangle area landed at No. 4.

Boyd calculated total annual operating costs for an advanced manufacturer — with a 350,000 square-foot facility and 500 employees — to be $32.9 million in the Research Triangle region and $30.7 million in greater Greensboro. Those costs were comparatively lower than places such as Seattle ($38.8M), Boston ($40.9M), San Jose, Calif. ($42.5M), and Austin, Texas ($34.6M).

The 24 regions compared in the study were selected because they were regions that Boyd’s clients were most interested in possibly relocating. The Boyd Co. has been consulting since the 1970s, and has worked extensively in North Carolina over the past four decades.

In an interview with The Herald-Sun, The Boyd Co. Principal John Boyd, who was visiting Durham and Greensboro on a business trip, said executives were still keeping their eyes on North Carolina.

“These are the 24 markets that our clients and prospective clients are asking us to look at,” Boyd said. “... When I sit down with companies, there is an unprecedented interest in North Carolina and South Carolina and other right-to-work states.”

Boyd is bullish on the region — and advanced manufacturing as a whole — for many reasons. His company rates the Triangle’s talent, educational institutions, infrastructure and operating costs as excellent. He also thinks that the rhetoric President-elect Donald Trump has used so far — and the potential of new trade tariffs — might well encourage an increase in advanced manufacturing in the U.S. and Canada.

Though one major area that North Carolina lags behind other states, especially Southern ones, is in the amount of economic incentives it gives out. That is in part due to the state having the lowest corporate income tax in the South, which makes it on one hand very attractive to businesses, while on the other decreasing the amount of revenue it has for incentive agreements.

That has led the state to be the bridesmaid for several advanced manufacturing projects during Gov. Pat McCrory’s time as governor, with the state nearly landing several automotive and aerospace manufacturers, such as Mercedes, BMW, Volvo and Airbus, only to see other states offer more money.

[Corporate relocation] is going to accelerate,” he said. “They’re going to go to low cost right-to-work states that have good leadership in place. North Carolina should be in the game for a lot of this.”
**New impression**

Boyd admits that HB2 stalled corporate momentum in the state, with North Carolina being “bombarded” by the 24-hour news cycle, creating a public relations problem for companies considering the state.

He said that his clients are interested to see how N.C. Gov.-elect Roy Cooper will govern, and that a couple of “trophy projects” were currently considering the region.

“HB2 was really a giant misstep by Governor McCrory, who otherwise was pro-business,” Boyd said, going on to compare McCrory to Vice President-elect Mike Pence, whose own state of Indiana passed a similarly controversial law while he was governor.

He said while Pence was nimble and modified the bill after outcries from the media and businesses, McCrory let “the fire rage and rage.”

But, with the election of Cooper, who called for the repeal of HB2 during his campaign, that could change.

“I think there's hope now,” he said. “There is a recalibration. If anything can change the status quo its replacing the governor, who otherwise was very pro-business and well regarded.”

Cooper will have a lot on his plate in regard to changing HB2. Republicans in North Carolina will hold a supermajority in the N.C. General Assembly for at least the first portion of Cooper’s term and finding a solution to HB2 will likely be a difficult task.

In the meantime, Boyd’s advice for Cooper: Leave North Carolina and spread the gospel of the state’s low cost environment and highly-skilled talent. He pointed to Virginia Gov. Terry McAuliffe, who has been a centrist, pro-business Democrat, as a possible leadership example for the newly elected Cooper.

“They should up his budget to do trade missions to other countries; he should be in New York every three months to meet with executives; he should be doing media around the country,” he said.

“If McCrory did media in Manhattan, he would be booed out of the room.”