

Coronavirus a blow to economic development - but may have silver lining for NC



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As the novel coronavirus continues to spread, it's threatening major economic development projects across the nation.

That's according to Tom Stringer, head of the site selection and business incentives practice at BDO, who says he's seen two of the projects he was working on "postponed" because of the coronavirus.

"We're going into kind of a hold period," Stringer says. "I think you're going to see this across the country. ... We've talked us into a slowdown, and the coronavirus has helped us get there."

These are the economic development projects that, if they meet their milestones, are in line for state incentives. All were announced in 2020 as wins by the North Carolina Commerce Department. As of March 12, they include pledges of a combined 1,010 new jobs.

Shyness by large companies when it comes to expanding or relocating major operations comes

down to the uncertainty of how outbreaks will impact their bottom lines, Stringer says. And it's coming at a bad time for the economic development industry. He sees the virus impacting corporate recruitment for the next two months, just in time for the usual summer slow-down, which is followed by election season, which always brings "uncertainty," he says.

"I think anything already on the ground spending money already is going to continue," Stringer says.

But fewer project announcements could come out over the next few months.



Tom Stringer, BDO

John Boyd, a site selection consultant out of New Jersey-based The Boyd Company, says that, long-term, the virus might actually have a "counter-intuitive, positive impact on site selection workloads of firms like ours."

He says clients are concerned about the outbreak's impact on the global supply chain, "already strained and deemed risky by many of our manufacturing clients here in North America."

"The outbreak is likely to serve as another tailwind to the re-shoring movement, that is to say, shifting more production capacities here to the States and Canada and away from China, or even Vietnam," he says, noting that financing rates that have dropped due to economic concern over the virus might also encourage some projects to move forward more quickly.

And he says North Carolina could be in line to benefit.

"North Carolina is already a location of choice for the global biopharma industry," he adds. "That said, you can expect major new investments to pour into the state ... some projects spurred by the coronavirus, whether related to vaccine development, respiratory treatment or diagnostic fields."

Locally, economic development officials say they haven't really felt an impact when it comes to the project pipeline – at least not yet.

"We have not experienced any slowdown in activity," said Michael Haley, executive director of Wake County Economic Development. As of Thursday morning, state officials had confirmed 12 people in North Carolina had tested positive for the illness. Making matters more difficult for international companies, President Donald Trump has imposed strict restrictions limiting travel from Europe to the U.S.

The World Health Organization has declared the outbreak as a global pandemic.