



New Siemens Plant Further Proves Davidson County's Remarkable Resurgence

Richard Craver – March 13, 2023

From a corporate recruitment perspective, being the small pond in pursuit of big-fish projects necessitates striking a balance between offering modern-day infrastructure and workforce with a hometown embrace.

The remarkable advanced manufacturing resurgence in Davidson County since the mid-2000s is proving to be a prime example of such a successful blending.

The latest being the \$220 million, 506-job project in Lexington Industrial Park recently confirmed by Siemens Mobility. Production is projected to begin in 2024.

Biden administration infrastructure official Martin Landrieu, the former mayor of New Orleans, cited Lexington and Davidson as being representative of the president's manufacturing investment philosophy of "building bottom up and from the middle out."

"You can't have a strong economy without a strong infrastructure," Landrieu said.

Landrieu said Siemens' investment in Lexington represents "building products on the ground with American workers and American (resources)" at the heart of the bipartisan transportation infrastructure funding bill passed by Congress in 2022.

"(We're) actually making sure that we invest in communities like Lexington, that for some large measure has been left behind," Landrieu said. "It's an example of not only taxpayer money being committed, but private-sector funding following it like Siemens."

Landrieu said Lexington is the beneficiary of a passenger train supply chain unleashed by the federal infrastructure funding bill.

"It's actually not all that complicated," Landrieu said after Congress passed the bill and Biden signed it. "Amtrak got \$4.3 billion, so Amtrak needs new passenger cars. Siemens builds new cars. Siemens needs a place to do it."

Siemens AG chief executive Roland Busch noted Davidson's investment in the 200-acre Lexington Industrial Park as a key motivator in choosing Lexington over South Carolina and Maine.

“Our factory will be a showcase of what Made in America looks like in the future ... to use the digital world to make the real world (of passenger rail transportation) better and more efficient in the design, production and maintenance phases better,” Busch said.

Bearing fruit

The selection of Lexington Industrial Park by Siemens is the latest bearing of economic fruit from the county’s Economic Development Commission’s decision to establish a larger online presence.

Davidson’s economy was on a remarkable resurgence from the devastating loss of thousands of furniture manufacturing jobs during the early to mid-2000s — epitomized by the landing in July 2017 of the \$700 million, 1-million-square-foot plant Egger Wood Products plant in Linwood.

Production began in September 2020. As of February, Egger said its workforce is at 470 — 70 more than it projected would be created in a \$300 million, Phase 1 expected to take six years.

Still, when Craig Goodson took over as the commission’s president and chief executive in July 2017, he quickly had a website created — **davidsoncountyedc.com** — to tout the county’s economic offerings. Before the website, Goodson said the commission and the county “weren’t visible” in site selectors’ initial analysis.

“It’s kind of like trying to sell your house, but nobody knows it’s for sale,” Goodson said.

Goodson said the website “put us on the map with site-location consultants and large companies who were just beginning to do their initial site searches in-house.”

“We have developed three major industrial parks — I-85 Corporate Center (500 acres), Lexington Industrial Park (200 acres) and NCi85 Industrial Park (900 acres) — plus the CenterPoint 275,000-square-foot industrial speculative building at I-85 and US 64.

“We have been ready when this resurgence in advanced manufacturing in the Carolina Core, and being on I-85 between Charlotte and Raleigh with a rich manufacturing heritage didn’t hurt either.”

In April, Nucor Corp. committed to a \$350 million steel manufacturing plant in Lexington. The steel manufacturer is projected to create at least 180 jobs between 2023 and 2025 for a plant that will be off U.S. 64 between I-85 and N.C. 109.

Goodson fretted, like most economic developers, that the COVID-19 pandemic would hamstring or halt major advanced manufacturing projects for several years.

“I would have told you at the beginning of COVID that was going to set us back five to 10 years, but fortunately we had all the pieces together to thrive during the past three years,” Goodson said.

Finding workers

Goodson said he believes a major appeal of Lexington and Davidson is more advanced manufacturers “are wanting to own their facilities.”

“It’s getting harder for them to find sites and/or buildings they can buy in places that best mitigate their location risk between single-family and multi-family residential developments. We are pretty unique in that we can meet the needs of those companies that want to own, and we have the infrastructure and people to support their requirements.”

Lexington Mayor Jason Hayes said the Siemens project “catapults the growth Lexington and Davidson County have recently been experiencing. The investment and jobs that this project brings to the area will improve the quality of life for countless in our community.”

Marc Buncher, chief executive of Siemens Mobility North America, also expressed confidence in the company’s ability to attract skilled workers even with the heightened advanced manufacturing competition in the region.

“This facility supports our strategy to grow in close proximity to our customers, as well as provide us with the added capacity needed to push the boundaries of innovation,” Buncher said.

John H. Boyd, with site-selection firm The Boyd Co. in Florida said Siemens “will be an employer of choice in the region with its human-resources department well-situated to report outstanding metrics back to the Munich headquarters on recruiting, training and turnover once the plant gets under way.”

More the merrier

Boyd said it’s likely the Boom Supersonic (\$500 million plant, 1,761 jobs in Greensboro) and Toyota North Carolina (\$3.78 billion capital investment, 2,100 jobs near Liberty) manufacturing commitments “factored into Siemens’ decision to come to the Triad.”

“Site-seeking companies do not like to be pioneers,” he said.

Boyd added that beyond the state’s national reputation as a high-level place for advanced manufacturing, “the Charlotte airport’s nonstop service to Frankfurt by Lufthansa and American are other factors that surely went into Siemens’ Lexington decision.”

“Look for the Siemens plant to be a catalyst for significant downstream investments by some of the numerous supplier companies that will be serving the new Triad plant,” he predicted.

“Even in this time of The Great Resignation, Siemens and the other advanced manufacturers coming into the Triad will have little worries staffing their plants,” Boyd said.

Michael Walden, an economics professor at N.C. State, said Siemens will be a key corporation in the developing “energy corridor” taking shape between the Triangle and Triad that includes Vietnamese car maker VinFast, Durham semiconductor company Wolfspeed and the Toyota battery factory.

“That corridor is producing and promoting 21st-century growth for the area,” Walden said.

Keith Debbage, a joint professor of Geography & Sustainable Tourism and Hospitality at UNC-Greensboro, said the Siemens commitment “builds on the Triad’s long established foundations in transportation logistics.”

“The recent momentum in transport logistics is built on a long established and diversified labor pool, in addition to all the massive infrastructural network improvements that have enhanced our competitive advantage over the past two decades,” he said.

That’s why, Debbage said, the biggest economic challenge may not be finding workers for the advanced manufacturers, “although they will not be trivial ... but providing affordable housing stock for our rapidly expanding labor pool.”

“Even with elevated interest rates, the Triad continues to experience above-average price hikes in the housing sector relative to many of our competitors. Expanding our housing stock and ensuring affordability has to be priority No. 1 for our region at this point,” he said.