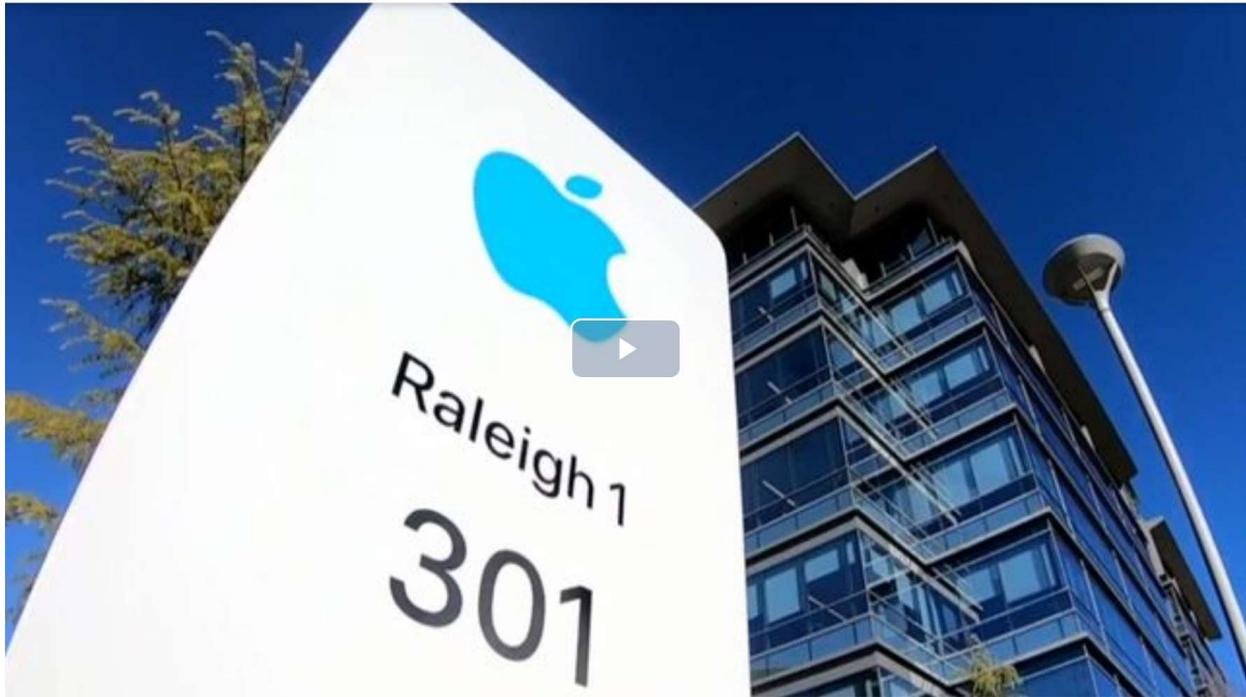




## **Apple delays plans for RTP campus. Company says it's still committed to region**

Apple executives briefed state officials last week on its plans. The company decided to delay the start of the project by up to four years after a review of its real estate, according to people familiar with the company's plans.



By Jack Hagel, WRAL News – June 24, 2024

Consumer electronics giant Apple Inc. is delaying plans to build a corporate campus in Research Triangle Park. But the company says it's still committed to growing in the region.

Apple executives briefed state officials last week on its plans to move forward with one of the region's biggest economic development projects. The company wants to delay the start of the

project by up to four years after a review of its real estate, according to people familiar with Apple's plans.

Apple said at the time that it planned to invest more than \$1 billion in the state by 2032. The project is expected to grow the state's economy by \$79.8 billion over 39 years, state officials said in 2021.

In the past three years, Apple has hired more than 600 people in the Triangle and it continues to hire in the region, according to the company and government officials. The company now employs roughly 1,600 people in the state.

"Apple has been operating in North Carolina for over two decades, and we're deeply committed to growing our teams here," Rachel Wolf Tulley, a company spokeswoman, said in a statement on Monday. "... We're looking forward to developing our new campus in the coming years."

Gov. Roy Cooper said in a statement Monday that he's spoken with executives at the company. "They emphasized their commitment to build this transformative campus here in North Carolina," he said, adding that the project "will ultimately be among the company's most significant campuses."

State commerce officials approved an economic incentives package in 2021 that included grants of up to \$845.8 million to be paid out to Apple over 39 years, provided the company hit various performance goals. The promised jobs were expected to offer salaries that average \$187,001 — almost three times the county average at the time of the announcement.

Commerce officials are now conducting a regular review of the status of economic incentives related to the company's plans.

## **Reconsidering real estate**

Many companies have rethought their growth plans coming out of the pandemic in the face of recent market factors. Inflation has caused cost projections for capital projects to surge, interest rates have climbed, too, as have labor costs. There's also regulatory uncertainty associated with the presidential election. Meanwhile, companies have started to reevaluate how they use their real estate as they embrace more hybrid and fully remote work.

"This shouldn't come as a big surprise," said John Boyd, a consultant who helps companies select sites for expansions. "This project was announced three years ago. And you think about the sea change in the economy. ... This is a challenging economy with a lot of uncertainty."

Given the unpredictability, is it possible to forge ahead without some trepidation? Doubtful, said Boyd, adding: "As Steely Dan would say: 'Only a fool would say that.' It's impossible to look that far into the future."

A number of companies have asked to terminate incentives deals with the state because they were unable to meet hiring or construction targets, due in part to shifts in how and where people work.

State incentives are often tied to the construction or occupancy of offices or factories — to strengthen the local property tax base and ensure the state benefits from employees who are physically in the state. But the Covid-19 pandemic accelerated a change in how — and where — companies do business.

Clorox Services Company, Syneos Health and Cognizant Technology Solutions are among the companies this year to have sought to cancel incentives deals with North Carolina due in part to an increase in remote work and a decreased dependence on a physical office.

Despite the cancellations and delays, Boyd said, North Carolina is still a magnet for companies looking to expand. He pointed to the \$4.1 billion expansion announced Monday by Danish drugmaker Novo Nordisk as proof.

“Other projects are in the pipeline, he said. “We expect a number of positive announcements in the weeks and months ahead in North Carolina. “North Carolina continues to outperform most of the states in the nation today because of its overall positive business climate.”

There’s also the fact that Apple reiterated its commitment to building the project — an important vote of confidence, Boyd said.

“The idea that Apple selected North Carolina for this project, this historic project, remains a tremendous endorsement upon the state's business climate, its workforce assets, its infrastructure,” he said. “This is a project that resulted in incalculable global branding and value for North Carolina's suppliers. And other companies — tech companies — began to envision operations in the state.”

*WRAL reporter Aaron Thomas contributed to this report.*