

Invest:

Raleigh-Durham | **2022-2023**

An in-depth review of the key issues facing the economy in the Triangle Region: Raleigh, Durham and Chapel Hill, featuring the exclusive insights of prominent business and regional leaders.



\$159.00
ISBN 978-0-9988966-1-8
599999
9 780998 896618

**PROUD TO CALL
NORTH CAROLINA
OUR HOME
FOR 25 YEARS.**





HERE'S TO MAKING MORE
MEMORIES *TOGETHER.*

HURRICANES.COM

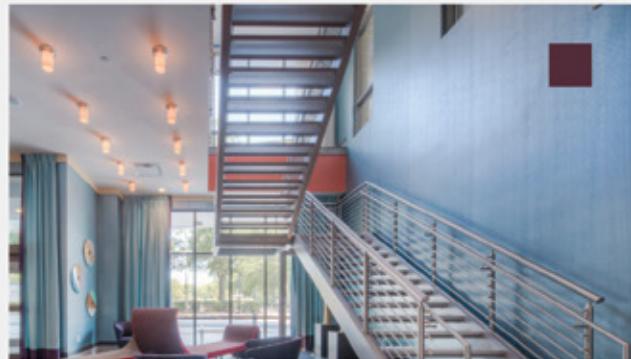
Residence INN

BY MARRIOTT

Raleigh
Downtown



- 175 spacious suites
- Complimentary hot breakfast at The Overlook
- 1,000 sq.ft. of meeting and event space
- Pet Friendly
- Free Wi-Fi throughout entire hotel
- Business Center
- Oversize Fitness Center
- Two Full Service Bars onsite and open to the public
 - » The Overlook on the 2nd floor
 - » Tenth & Terrace on the 10th floor
- 80 steps away from the Raleigh Convention Center
- Parking Deck attached to the hotel
- Located in the heart of Downtown Raleigh
- Adjacent to Duke Energy Performing Arts Center and Red Hat Amphitheatre



1,001 square feet of meeting space overlooking South Salisbury Street. The entire Innovation room will accommodate up to 120 people set Theater Style; 75 people for a reception; 50 people set in rounds for a banquet; Or 32 people for a u-shape style meeting.

www.ResidenceInnDowntownRaleigh.com

This is a Summit Hospitality Group, Ltd. Hotel

www.SummitHospitality.com

Where Service Is Our Ultimate Amenity



7 Economy:

8 Economy in numbers:

- 10 World-class:** A desirable pipeline of talent among the features of the Triangle's success
- 11 Interview:** **Mary-Ann Baldwin**, Mayor, City of Raleigh
- 12 Interview:** **Blake Massengill**, Mayor, Town of Fuquay-Varina
- 13 Interview:** **Elaine O'Neal**, Mayor, City Of Durham
- 16 Roundtable:** Chambers of the Triangle
Geoff Durham, President & CEO, Greater Durham Chamber of Commerce
Mark Lawson, President, Cary Chamber of Commerce
Aaron Nelson, President & CEO, The Chamber For a Greater Chapel HillCarrboro
- Liz Simpers**, President, Wake Forest Area Chamber of Commerce
- 19 Interview:** **Pam Hemminger**, Mayor, Town of Chapel Hill
- 20 Market voices:** Mayor's corner
TJ Cawley, Mayor, Town of Morrisville
Jessica Day, Mayor, Town of Knightdale
Jacques Gilbert, Mayor, Town of Apex
Sean Mayefskie, Mayor, Holly Springs
- 22 Interview:** **Adrienne Cole**, President & CEO, Greater Raleigh Chamber of Commerce
- 23 Interview:** **Dan LaMontagne**, County Manager, Chatham County
- 24 Roundtable:** Planning a solid foundation
Christopher Chung, CEO, Economic Development Partnership of North Carolina
Ryan Combs, Executive Director, Research Triangle Regional Partnership
Bill King, President & CEO, Downtown Raleigh Alliance
Nicole Thompson, President & CEO, Downtown Durham, Inc.
- 27 Interview:** **David Ellis**, County Manager, Wake County
- 28 Interview:** **Kip Padgett**, Town Manager, Town of Wake Forest
- 29 Interview:** **Chris Johnson**, Director of Economic Development, Johnston County
- 30 Market voices:** What's next?
Matthew Coppedge, President & CEO, Garner Chamber of Commerce
Rodney Dickerson, Town Manager, Town of Garner
Maureen McGuinness, President & CEO, Triangle East Chamber of Commerce
- 32 Roundtable:** Equity focused
CJ Broderick, President & CEO, Greater Durham Black Chamber of Commerce
Kade Kimber, President, Harmony: NC LGBT+ Allied Chamber of Commerce
Carlos Liriano, Board Chair, North Carolina Hispanic Chamber of Commerce

- 35 Tech clouds:** Optimism reigns despite slowing business in the country's original tech hub
- 36 Interview:** **Vlad Rozanovich**, SVP/President, Lenovo/North America

- 37 Interview:** **Scott Levitan**, President & CEO, Research Triangle Park
- 38 Interview:** **Timothy Humphrey**, NC Senior State Executive | RTP Senior Location Executive, IBM - RTP
- 40 Interview:** **Brian Balbirnie**, President & CEO, Issuer Direct Corporation
- 41 Interview:** **Kevin Hart**, Chief Executive Officer, Segra

45 Lee County:

- 46 'Overnight' success:** Easy living meets big industry in emerging hub
- 47 Interview:** **John Crumpton**, County Manager, Lee County
- 49 Interview:** **Bob Joyce**, Economic Development Director, Sanford Area Growth Alliance
- 50 Roundtable:** Business attraction
Gabe Gusmini, President, CEO & Co-Founder, Plant Pathways
Bobby Sharpe, Owner, Pop Heaven Gourmet Popcorn & Sweet Shop
Jan Smith, Yoga Instructor & Owner, Seva Yoga LLC
Charlie Storm, Owner, Back to Dirt Bikes
- 52 Interview:** **Robert Heuts**, Airport Director, Raleigh Executive Jetport
- 53 Interview:** **Ravi Nagarkar**, CEO, Bharat Forge Limited
- 55 Cornerstones:** Pillars of the county

57 Professional Services:

- 58 Uncertainty requires expertise:** From inflation to new tax implications, professional services will have their plate full
- 59 Interview:** **Cheryl Richards**, President & CEO, Catapult
- 60 Interview:** **Jason Wilkinson**, Market Leader, FORVIS
- 61 Interview:** **Lee Hogewood**, Managing Partner – Raleigh Office, K&L Gates LLP
- 62 Market voices:** Working with tech
Dan Cahill, Managing Partner, Poyner Spruill LLP
Mike Hewitt, President & CEO, vTestify
Byron Kirkland, Managing Partner, Smith Anderson
Kevin Sink, Managing Partner – Raleigh, Waldrep Wall Babcock & Bailey PLLC
- 63 Interview:** **Sterling Ingui**, Regional Leader & Product Area Leader, Fidelity Investments
- 64 Roundtable:** State of legal
Keith Burns, Office Managing Partner, Nexsen Pruet
Dawn Dillon, Operations Shareholder, Young Moore & Henderson
Todd Eveson, Managing Partner, Wyrick Robbins

- Devon Williams**, Co-Managing Director and Labor & Employment Attorney, Ward and Smith, P.A.

- 66 Interview:** **Carol Wagoner**, Area President, Gallagher
- 67 Interview:** **Leslie Packer**, Managing Partner, Ellis & Winters LLP
- 68 Interview:** **Brad McRae**, General Partner & Regional Leader – Raleigh, Edward Jones
- 69 Perspectives:** Professional services
Brian Gilman, Chief Operating Officer, Smith Debnam
James McCaskill, Managing Partner, Longleaf Law Partners
Marshall Wall, Managing Partner, Cranfill Sumner LLP
- 70 Roundtable:** Accounting overview
Jeff Brovet, Managing Partner, TJT
John Gonella, Regional Market Leader - Carolinas, Cherry Bekaert Advisory LLC
Kevin Leder, Managing Principal, Raleigh Office, CliftonLarsonAllen LLP
Jackie Prillaman, Raleigh Office Leader & Business Tax Partner, RSM US LLP
- 72 Interview:** **Barry Cobb**, Partner, Yates McLamb & Weyher LLP
- 73 Market Voices:** Adjusting to challenge
Jim Holmes, Managing Partner, Sentinel Risk Advisors
Bob Newell, President, Franklin Street Partners
Robert Turner, President & CEO, Capitol Financial Solutions
Mark Yusko, CEO & Chief Investment Officer/Managing Partner, Morgan Creek Capital Management/Morgan Creek Digital
- 75 Interview:** **Mary Nash Rusher**, Raleigh Managing Partner, McGuireWoods LLP
- 76 Roundtable:** Wealth management services
Richard Bryant, CEO & Founder, Capital Investment Companies
David Cove, Managing Partner, MassMutual North Carolina
Kyle Elliott, Principal, Wilbanks, Smith & Thomas Asset Management
Rob Ragsdale, Head of Institutional Relationships, Raleigh Office, Valentine

79 Residential Real Estate & Construction:

- 80 Push and pull effect:** Urban revitalization, gentrification constrain affordable housing
- 81 Interview:** **Jim Allen**, President & Broker, The Jim Allen Group | Coldwell Banker HPW
- 82 Interview:** **Mahala Landin**, Managing Partner & Broker in Charge, The Rachel Kendall Team
- 83 Interview:** **Rex Bost**, President & Founder, Bost Custom Homes
- 84 Interview:** **Matt Brubaker**, Co-Founder & President, Greenfield Communities



- 86 Roundtable:** Supply and demand
Johnny Chappell, Founder & CEO, Chappell Powered by Compass
- John Rodgers**, President, GoPrime Mortgage
- Jennifer Spencer**, Owner & Broker, Spencer Properties
- John Wood**, President, RE/MAX United
- 89 Interview: Dave Phillips**, CEO, Raleigh Regional Association of Realtors®
- 92 Interview: Tripp Loyd**, CEO, Loyd Builders LLC
- 93 Interview: Reid Smith**, Founder & CEO, RiverWild

95 Commercial Real Estate & Construction:

- 96 Commercial Real Estate in numbers:**
Sizable growth: New campuses aim to attract talent to burgeoning life sciences hub
- 98 Weathering the storm:** Triangle offers a unique advantage amid commercial real estate appetite
- 99 Interview: George York**, President & CEO, York Properties, Inc.
- 100 Interview: Jim Anthony**, CEO, APG Capital and APG Advisors
- 101 Interview: Scott Adams**, Executive Managing Director Virginia & Raleigh, Colliers
- 102 Market Voices:** Demand areas
Stephen Kenney, President, Kenney Development
Susan Newman, Managing Director - Real Estate, Greystar
Keith Wallace, Leasing & Business Development – North Carolina Region, Merritt Properties
Matt Winters, Executive Vice President, JLL Raleigh
- 104 Roundtable:** Trending now
Amy Carroll, President & Principal, TradeMark Properties
Tom Fritsch, Senior Managing Director, CBRE|Raleigh & CBRE|Triad
Chad Love, Managing Principal, Raleigh-Durham, Cushman & Wakefield

- Abbey Wood**, Executive Director, Triangle Commercial Association of REALTORS®
- 106 Perspectives:** Determinants of growth
William Allen, Partner, Trinity Partners
Kenyon Burnham, Principal & Senior Vice President, KDM Development
Kellie Falk, Managing Director & Principal, Drucker + Falk
Joe Meir, President, Blue Ridge Realty, Inc
Moss Withers, Chief Executive Officer, Lee & Associates Raleigh-Durham
- 107 Interview: Shannon Dixon**, Executive Vice President, Casto Southeast Realty Services
- 108 Interview: Shawn Pepple**, Business Unit Leader, DPR Construction
- 109 Interview: Gordon Grubb**, Founder, Grubb Ventures
- 110 Roundtable:** Highlights & milestones
Baker Glasgow, President, Clancy & Theys Construction Co.
Drew Hardin, Director of Operations, Monteith Construction
Terrence Holt, President, Holt Brothers Construction
Melissa Wolter, Senior Associate, Strada Architecture PLLC
- 113 Market voices:** Design trends
Teri Canada, Co-Founder & Managing Principal, Evoke Studio
Tyler Evans, Franchise Owner, Venture X
David Maurer, President, Maurer Architecture and TightLines Designs
Michael Mesnard, President & Managing Partner, Cline Design Associates
- 114 Interview: Kenneth Dickinson**, President & CEO, HMD Construction and Development
- 115 Interview: John Powell**, President, Phoenix Commercial Properties
- 116 Perspectives:** Sector disruptors
Jamie Baker, President, The Lundy Group
Jessica Brock, Partner, Real Estate Operations, Longfellow Real Estate Partners
Rosie Daniel, Director of Business Development, Hobbs Properties

- Mark McDonnell**, COO, AdVenture Development, LLC
- Bert Woodall**, Owner & Broker, West & Woodall Real Estate
- 118 Roundtable:** Challenges, opportunities
Steve Hepler, Raleigh Office Leader, LS3P
Matt Hohorst, Vice President, ARCO Design/Build
Jeffrey Paine, Founding Principal, Duda | Paine Architects, PA
Charlie Wilson, President, CT Wilson Construction Company
- 121 Market voices:** Outlook & priorities for 2023
Chris Brasier, Chief Practice & Culture Officer | Design Director, Clark Nexsen
Daniel Eller, President & CEO, Eller Capital Partners
Todd Saied, Chief Executive Officer, Dewitt Carolinas, Inc.
Scott Underwood, Partner, Woodfield Development
- 122 Interview: Andy Andrews**, CEO, Dominion Realty Partners
- 123 Interview: Tucker Shade**, Executive Vice President & Branch Manager - Raleigh-Durham, Savills

125 Transportation, Infrastructure & Utilities:

- 126 Adapting to growth:** Robust economy requires infrastructure action
- 127 Interview: Charles Lattuca**, President & CEO, GoTriangle
- 128 Interview: Keith Pehl**, President & CEO, Optima Engineering
- 129 Interview: Michael Landguth**, President & CEO, Raleigh-Durham Airport Authority
- 131 Interview: Doug Middleton**, General Manager, GoDurham
- 132 Interview: Street Lee**, President & CEO, McKim & Creed, Inc.
- 135 Interview: David Eatman**, Assistant Transportation Director of GoRaleigh, City of Raleigh

Photo Credits

- Cover:**
Greater Raleigh Convention and Visitors Bureau
- Economy:**
Page 7 – Town of Morrisville; North Carolina Museum of Art
Page 8 – Wileydoc/shutterstock.com;
Sharkshock/shutterstock.com; Sean Pavone/
shutterstock.com; Johnston County
Page 10, 14, 26, 35, 36, 42 – Town of Garner
Page 12 – Town of Fuquay-Varina
Page 18 – Plant Pathways
Page 23, 40 – Stantec
Page 28 – Town of Holly Springs
Page 32 – Triangle East Chamber of Commerce
- Lee County:**
Page 45 – Lee County; Sanford Area Growth Alliance
Page 46 – Sanford Area Growth Alliance
Page 49 – Lee County

Page 54

– Sanford Tourism Development Authority and Downtown Sanford, Inc.

Professional Services:

Page 57 – CT Wilson Construction Company;
Waldrep Wall Babcock & Bailey PLLC
Page 58, 72 – CT Wilson Construction Company
Page 60 – Cline Design Associates

Page 66 – Waldrep Wall Babcock & Bailey PLLC

Residential Real Estate & Construction:

Page 79 – Grubb Ventures; The Rachel Kendall Team
Page 80 – Grubb Ventures
Page 82, 90 – McKim & Creed, Inc
Page 84 – West & Woodall Real Estate
Page 93 – Maurer Architecture and TightLines Designs

Commercial Real Estate & Construction:

Page 95 – McKim & Creed, Inc.; Duda | Paine Architects, PA

Page 96 – Kevin Ruck/shutterstock.com
Page 98, 100, 124 – Duda | Paine Architects, PA

Page 103, 114 – Clancy & Theys Construction Co.
Page 108 – Woodfield Development

Page 112 – Town of Fuquay-Varina

Page 116 – Longfellow Real Estate Partners

Transportation, Infrastructure & Logistics:

Page 125 – Raleigh Executive Jetport; McKim & Creed, Inc.

Page 126 – GoDurham

Page 128 – Stantec

Page 130 – Raleigh Executive Jetport

Page 135 – McKim & Creed, Inc.

Banking & Finance:

Page 137 – North Carolina State Employees' Credit Union; Young Moore & Henderson
Page 138 – Wells Fargo
Page 140 – Waldrep Wall Babcock & Bailey PLLC
Page 144 – Comerica Bank

Page 146, 152 – KS Bank
Page 148 – Young Moore & Henderson
Page 150 – Grubb Ventures

Healthcare:

Page 153 – © Duke Health Photography; North Carolina Healthcare Association
Page 154 – US Radiology Specialists
Page 156, 162, 164, 167 – Erin Hull/Duke Health

Education:

Page 169 – Wake Technical Community College;
© Duke Health Photography
Page 170, 176 – Duke Medicine
Page 172, 179, 180 – Elon University
Page 184 – Wake Technical Community College

Tourism, Arts & Culture:

Page 187 – North Carolina Museum of Art;
Durham Bulls
Page 188 – North Carolina Theatre
Page 196, 200 – North Carolina Museum of Art

137 Banking & Finance:

- 138 Winning the race:** Business will likely slow but the region is ready for the next phase
- 139 Interview:** Brian Reid, President, TowneBank Triangle
- 140 Interview:** Kevin Walker, Head of Credit Suisse Raleigh, Credit Suisse
- 141 Interview:** John Ward, Commercial Banking Market Executive, Wells Fargo
- 142 Roundtable:** Big and small
Lee Fite, President, Carolinas Region, Fifth Third Bank
John Sprink, Market President, HomeTrust Bank
Taylor Vaughn, Market President, United Bank
Earl Worley, President & CEO, KS Bank
- 145 Interview:** Jerry Bowen, President, Southeast Market, Comerica Bank
- 146 Interview:** James Sills, President & CEO, M&F Bank
- 148 Interview:** Jim Hayes, President & CEO, North Carolina State Employees' Credit Union
- 149 Interview:** Adam Currie, Chief Banking Officer, First Bank
- 150 Interview:** Stewart Patch, Triangle Regional President, Dogwood State Bank
- 151 Interview:** Chuck Purvis, President & CEO, Coastal Credit Union

153 Healthcare:

- 154 Cutting edge:** Triangle's health sector is a national leader but challenges remain
- 155 Interview:** Tim Gabel, President & CEO, RTI International
- 156 Interview:** Craig Humphrey, President & COO, FirstCarolinaCare Insurance Company
- 157 Interview:** Doug Edgeton, President & CEO, North Carolina Biotechnology Center
- 158 Market voices:** Expanding access to care
Brandon Hair, Executive Director, Springmoor Life Care Retirement Community
Lynn Mason, President & CEO, Broadstep Behavioral Health
Kevin McLeod, President & CEO, Carolina Meadows Senior Communities and Services, Inc.
- 160 Roundtable:** Medical hub
Tom Langan, President & Chief Commercial Officer, Veradigm
Satish Mathan, President & Managing Partner, Raleigh Radiology
John Perkins, Chairman & CEO, US Radiology Specialists
Kevin Poitinger, Chief Executive Officer, Holly Hill Hospital
- 162 Interview:** James Day, General Manager, Carolinas, Cigna
- 163 Interview:** Donald Gintzig, President & CEO, WakeMed Health & Hospitals
- 166 Interview:** Steve Lawler, President & CEO, North Carolina Healthcare Association

169 Education:

- 170 Well prepared:** Strong educational foundation a hallmark of the region
- 171 Interview:** Randy Woodson, Chancellor, North Carolina State University
- 172 Interview:** Jo Allen, President, Meredith College
- 173 Interview:** J. Bradley Creed, President, Campbell University
- 174 Roundtable:** Community colleges
J.B. Buxton, President, Durham Technical Community College
Lisa Chapman, President, Central Carolina Community College
Scott Ralls, President, Wake Technical Community College
Thomas Stith, Former President, North Carolina Community College System
- 178 Interview:** Kevin Guskiewicz, Chancellor, UNC Chapel Hill
- 180 Interview:** Evan Duff, President, North Carolina Wesleyan University
- 181 Interview:** Connie Ledoux Book, President, Elon University
- 182 Roundtable:** The future of education
Paulette Dillard, President & CEO, Shaw University
Cecilia Holden, President & CEO, myFutureNC
Robert Luddy, Founder & Chairman, Thales Academy
Christine Johnson McPhail, President, Saint Augustine's University
- 184 Interview:** Johnson Akinleye, Chancellor, North Carolina Central University

187 Tourism, Arts & Sports:

- 188 Covering all bases:** From dining to arts to sports, tourism and hospitality are roaring back
- 189 Interview:** Don Waddell, President & General Manager, Carolina Hurricanes
- 190 Interview:** Mike Birling, Vice President - Baseball Operations, Durham Bulls
- 191 Interview:** Dennis Edwards, President & CEO, Greater Raleigh Convention & Visitors Bureau
- 192 Roundtable:** Attracting new visitors
Elizabeth Doran, President & CEO, North Carolina Theatre
Valerie Billings, Director & CEO, North Carolina Museum of Art
Laurie Paolicelli, Executive Director, Chapel Hill/Orange County Visitors Bureau
Zalman Raffael, CEO & Artistic Director, Carolina Ballet
- 195 Interview:** Lynn Minges, President & CEO, North Carolina Restaurant & Lodging Association
- 196 Perspective:** Talent search
Kevin Jennings, Partner, Urban Food Group
- 198 Roundtable:** Innovation in hospitality
Joel Fuller, General Manager, Sheraton Raleigh Hotel
Max Houseworth, General Manager, Residence Inn Raleigh Downtown
David Palumbo, General Manager, Raleigh Marriott City Center
Jiquan Williams, General Manager, The StateView Hotel

Raleigh-Durham | 2022-2023

ISBN 978-0-9988966-1-8

PRESIDENT & CEO:
Abby Melone**CHIEF FINANCIAL OFFICER:**
Albert Lindenberg**MANAGING EDITOR:**
Mario Di Simine**REGIONAL EDITOR:**
Max Crampton-Thomas**REGIONAL DIRECTOR:**
Jimena Teran**OFFICE MANAGER:**
Michelle Orellana**DIGITAL MARKETER:**
Ana Lucia Davila**ASSOCIATE CONTENT MANAGER:**
Elizabeth Palmer**SENIOR EXECUTIVE DIRECTOR:**
Chris Chapman**ART DIRECTOR:**
Nuno Caldeira**WRITERS:**
Sara Warden
Esteban Pages
Adina Achim
Michael Ballman
Lars Larsson**SENIOR WRITER:**
Joshua Andino**COPY EDITOR:**
Sara Warden**INTERN:**
Blanca Estrada

Invest: Raleigh-Durham is published once a year by Capital Analytics Associates, LLC. For all editorial and advertising questions, please e-mail: contact@capitalaa.com To order a copy of **Invest: Raleigh-Durham | 2022-2023**, please e-mail: contact@capitalaa.com All rights reserved. No part of this publication may be reproduced, stored in a retrieval system or transmitted in any form by any means, without the express written consent of the publisher, Capital Analytics Associates, LLC. Whilst every effort has been made to ensure the accuracy of the information contained in this book, the authors and publisher accept no responsibility for any errors it may contain, or for any loss, financial or otherwise, sustained by any person using this publication. Capital Analytics Associates, LLC accepts no responsibility for the return of unsolicited manuscripts and/or photographs, and assumes no liability for products and services advertised herein. Capital Analytics Associates, LLC reserves the right to edit, rewrite, or refuse material.


**CAPITAL
ANALYTICS
ASSOCIATES**



Human. Urban. Built for the Future.

RTP's first downtown
coming soon.

Featuring retail, food and beverage, a hotel, 20+ miles of connected outdoor trails, 16 acres of greenspace, programming at the event lawn, a community splashpad and so much more!

HUBRTP.COM

FOLLOW THE STORY @HUBRTP



Economy:

As a national Top 10 destination to live and work, with an enviable education system and a bonafide tech hub, Raleigh-Durham has enjoyed substantial growth in recent years and its success appears set to continue, despite economic headwinds.

Economy in numbers

Raleigh-Durham area – Quick facts:



Orange County

Population:
148,696

Median Household Income:
\$80,294

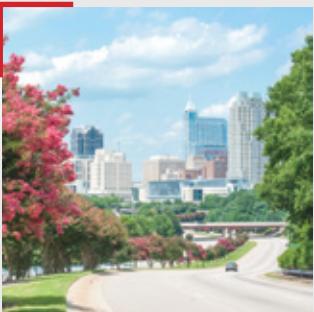
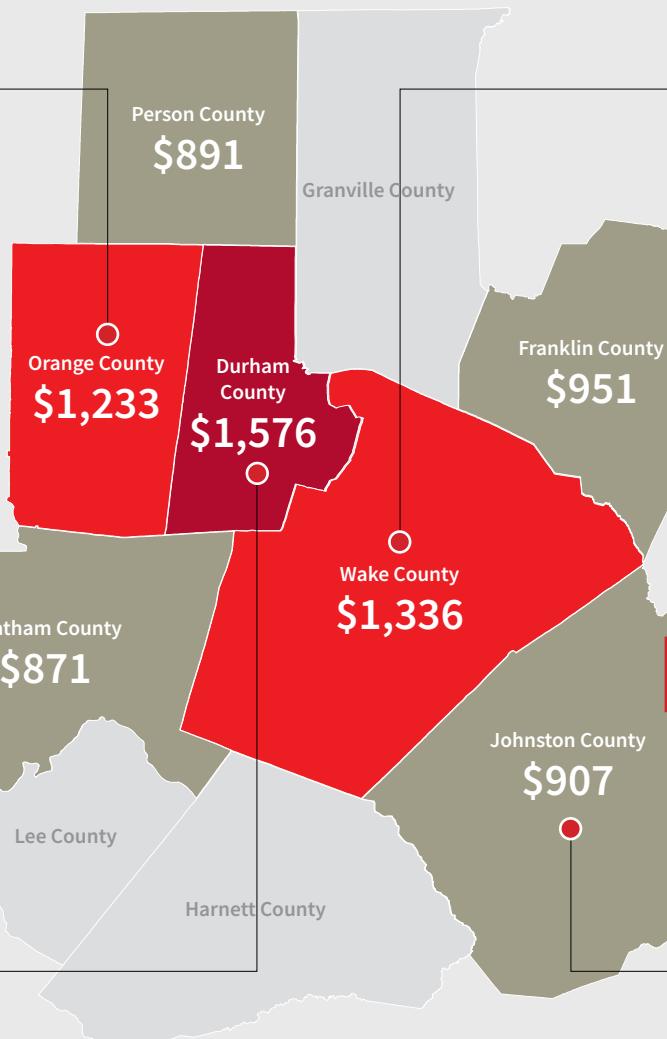
Median Age:
37.4

Bachelor's Degree or Higher:
63.1%

Employment Rate:
59.0%

Average weekly wages for all industries by county:

Raleigh-Durham area, second quarter 2022 (U.S. = \$1,294; Area = \$1,441)



Wake County

Population:
1,129,410

Median Household Income:
\$91,299

Median Age:
37.4

Bachelor's Degree or Higher:
56.8%

Employment Rate:
65.5%



Durham County

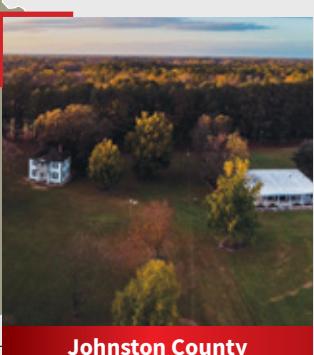
Population:
324,833

Median Household Income:
\$71,403

Median Age:
36.3

Bachelor's Degree or Higher:
53.9%

Employment Rate:
61.8%



Johnston County

Population:
215,999

Median Household Income:
\$69,394

Median Age:
37.9

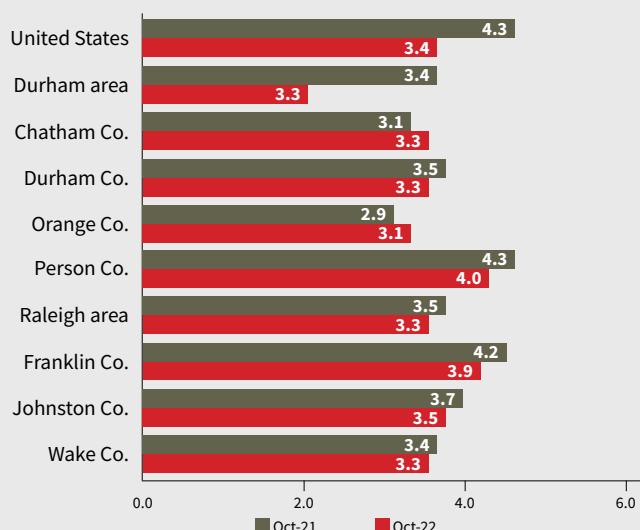
Bachelor's Degree or Higher:
27.5%

Employment Rate:
62.9%

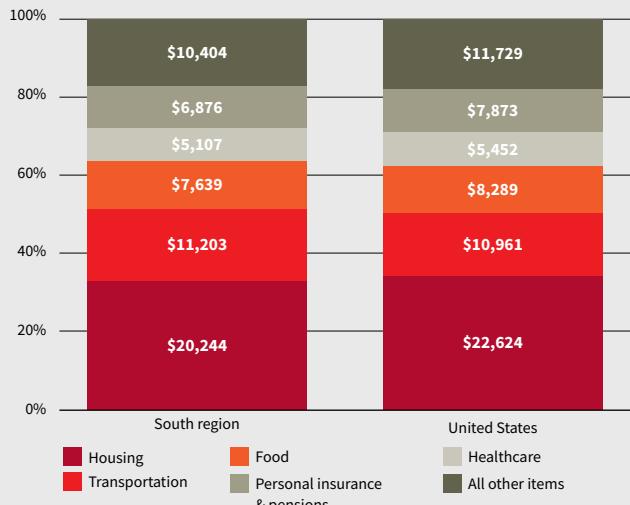
Source: United States Census Bureau / U.S. BLS, Quarterly Census of Employment and Wages



Unemployment rates (U.S. and selected areas):



Average annual expenditures, United States and South region, 2021:



Average hourly wages:

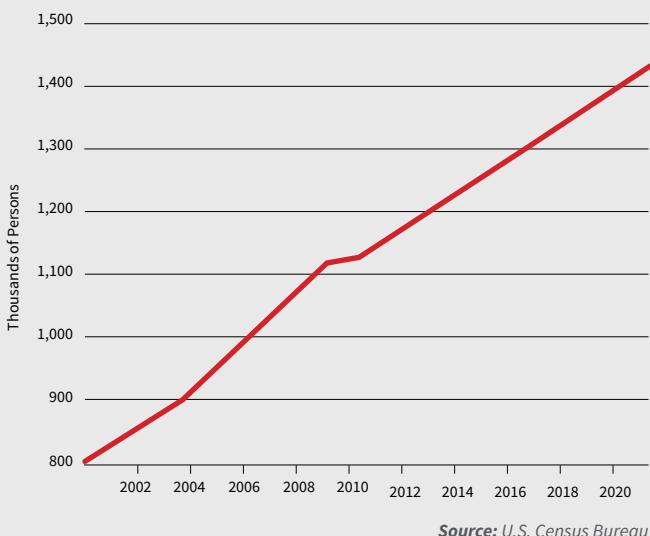
Occupation	Raleigh area	Durham area	United States
All occupations	\$28.15	\$33.03	\$28.01
Accountants and auditors	39.39	41.51	40.37
Registered nurses	34.75	35.10	39.78
Construction laborers	17.42	17.54	21.22
Retail salespersons	14.94	14.46	15.35

Source: U.S. BLS, Occupational Employment and Wage Statistics, May 2021

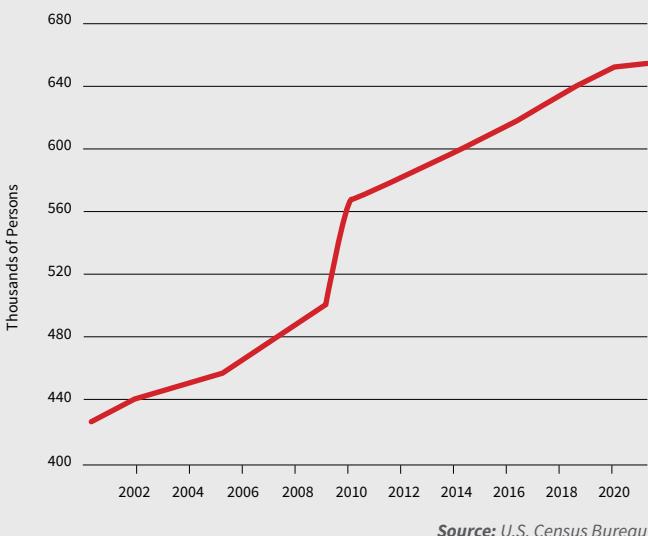
Over-the-year changes in wages and salaries:



Resident Population in Raleigh, NC (MSA):



Resident Population in Durham-Chapel Hill, NC (MSA):



World-class:

A desirable pipeline of talent among the features of the Triangle's success



Since the pandemic began, the entire Southeastern United States has experienced a renaissance of sorts. Due to the massive amounts of people re-evaluating their lifestyles and shunning big city living, the lifestyles offered in regions like the Triangle of Raleigh-Durham-Chapel Hill are ideal for striking a new work-life balance. Forbes and Expansion are just two of the outlets that named the Triangle area as one of the best places to live and work in recent years, and U.S. News ranked Raleigh-Durham in the Top 10 nationally.

The Triangle region has been experiencing substantial growth over the past few years, not only due to its more relaxed way of life but also because it has long been an overlooked destination for world-class talent in life sciences, technology and healthcare. Everyone knows Durham is home to Ivy League university Duke – ranked 10th in the country by U.S. News – but the state also boasts four more universities ranked in the national Top 100. This focus on education has paid off as the country undergoes a major staffing crisis, while innovation in the Triangle flourishes, buoyed by the 65-year-old Research Triangle Park. But more than that, government officials are successfully addressing smart, manageable growth and are finding ways to ensure their infrastructure is able to support constant corporate and individual relocations.

■ Landscape

The Triangle region is attracting a lot of attention as a business destination and with good reason. During the pandemic, the economy lost barely any steam and some regions even experienced growth. Combined GDP for Raleigh-Durham-Chapel Hill in 2020 reached \$150.4 billion – almost \$150 million up from 2019 levels. In Durham-Chapel Hill, after a significant increase in unemployment at the beginning of the pandemic, levels very quickly recovered. The rate has not exceeded 4% since August 2021 and as of September 2022, it is at one of its lowest levels since records began, at 2.7%, according to the U.S. Bureau of Labor Statistics. Likewise, employment in Raleigh-Cary dipped below 3% in August 2021 and is now almost as tight as Durham-Chapel Hill at 2.8%. It is worth noting that both are significantly below the national rate of 3.5% for that month. (...)



Focus on choice

Housing affordability, zoning and transit are among top priorities

Mary-Ann Baldwin

Mayor – City of Raleigh

What areas has Raleigh been focused on?

Housing affordability and choice. A couple of years ago, we passed an \$80 million Affordable Housing Bond, which allows us to provide gap funding for affordable housing development, landbank property on transit lines and provide down payment assistance to first-time homebuyers and funding for home repairs.

We have also been focused on changing our zoning laws to allow for “missing middle” housing, such as townhomes, duplexes and quads. And we passed new laws to allow for the construction of accessory dwelling units, tiny homes and cottage courts.

Transit is another important area. We will start construction this fall on our first Bus Rapid Transit (BRT) line along New Bern Avenue. We’re also working on commuter rail from Gardner to Durham. I don’t want our region to end like other large cities that didn’t plan for transit, such as Austin. When I went to Austin on business the first time, they told me, “Don’t come during peak hours. You will sit in traffic for two hours.” The only time I could get a flight was during peak hours and you do sit in traffic for two hours. We’re one of the fastest-growing cities and regions in the country. If we want to preserve our quality of life, we need to provide options for transit and mobility.

What are the key challenges for Raleigh?

One of our challenges is public safety. With our new police chief, we have been focused on preventing gun violence. The program is data-driven. The idea is to prevent violence before it occurs. Also, we’re looking at ways to provide mental health services and educate people about gun storage. We have confiscated about

563 guns this year and we have had more than 200 guns stolen from vehicles. We want to remind people that storing guns safely is an important thing to do, so these weapons do not fall in the hands of young people.

The second element is an idea I brought back from the U.S. Conference of Mayors. We have started and will be expanding a new unit, ACORN, that has police officers teamed with social workers. They’re providing help to those with mental health and addiction issues. It has proven to be effective. Having a safe city has to be our No. 1 priority.

What is your definition of the city of the future?

For me, the city of the future is one that embraces innovation and new thinking. COVID-19 taught us that we cannot continue doing what we were doing. This past year, we started the Office of Innovation and Strategy to put this at the forefront. We also started two other new offices – one focused on diversity, equity and inclusion and the other on community engagement. I’m hoping to see a city that embraces its entrepreneurial roots and big ideas, a city that tries new things. Not everything we do is going to be 100% successful. However, you don’t know until you try.

What do you hope will stay the same as Raleigh grows?

One of the things I love is Fayetteville Street, our Downtown main street. I would love to see its historic charm remain. It presents challenges and we can’t control what owners do with their property. Regardless, we can encourage Raleigh to embrace its past. We also have historic neighborhoods, such as Oakwood and Cameron Park. These historic communities have the housing that we’re trying to encourage. ■



Blake Massengill

Mayor

Town of Fuquay-Varina

What have been the major takeaways or milestones for the town during the past year?

We are very fortunate to be in a booming, growing area. We have landed several great projects like CCL Label, Inc. This company manufactures pressure-sensitive labels, most notably prescription drug labels. They are getting ready to build a 110,000-square-foot manufacturing facility that will employ 150 new full-time employees over the next five years. That's exciting.

Another interesting project is the Fuquay-Varina Family Entertainment Center, which is the first of its kind here. They are bringing nearly \$14 million in investment with 100 new full-time and part-time positions.

We also have some other residential and retail real estate investment projects in process, with more restaurants and other types of commercial space available. So, we are creating a community with a lot of different places to shop and to enjoy new restaurants. Those are exciting things that are happening in our town.

How did the town facilitate the entrance of CCL?

In 2018, the town purchased an industrial site with an eye toward recruiting new capital investments to expand the Town's tax base and create employment opportunities for the residents of Fuquay-Varina. The town invested in all the major utilities and had the site designated a North Carolina "Shovel Ready" site. CCL purchased the entire town-owned business park site consisting of more than 32 acres. It was the right fit for CCL. So that was our long game, to put that project together approximately four years ago to be able to get a company like CCL to come in. They will create 150 new full-time jobs with a projected annual wage of over \$70,000 a year, which is higher than the median for the county.

What are the business sectors that you're looking to continue to grow?

I think that we have a great opportunity to have suppliers in different sectors like advanced manufacturing, biotechnology, life sciences and even breweries, brewery manufacturers and distilleries. It is not one specific sector but several for which we think the town provides a friendly business environment. ■



Outdoor concert series are one method of maintaining and enhancing the town's quality of life in Fuquay-Varina.

(...) It is no secret that the Triangle has experienced a population boom in the past few years. In the 10 years from 2010 to 2020, census data shows that Raleigh added just under 65,000 residents to bring its population to almost 470,000, while Durham's population grew by 57,000 to reach about 325,000. And according to Axios, North Carolina was one of the biggest winners of residents leaving high-cost West Coast and Northeastern states. Not only this but the Triangle is attracting a flood of high-income earners, according to census data. The wealthiest ZIP code in the region is Durham, with a median household income of just over \$152,000, but those moving from New York, California and Washington have an average income of up to \$230,000.

Those workers are not coming alone – they are generally following companies that have relocated. It is no surprise that the Triangle was named by Forbes as the best state to do business, given its talented workforce, connectivity through the I-40 and I-95 and average commute time of 24 minutes. The region is now home to over 7,000 companies working across a wide range of sectors, including advanced manufacturing, agtech, cleantech, life sciences and technology. Cary, a town just on the peripherals of the Triangle neighboring Raleigh, has emerged as a top contender for corporate headquarter relocations, according to The Boyd Company.

In the past few years, the Triangle has proven its worth as a resilient region. In fact, Durham-Chapel Hill was one of the only regions in the country that saw GDP grow in 2020 compared to 2019 levels. All told, the region has had a roller-coaster few years but has emerged in a more favorable position. Cary is in first place in a ranking by financial news site SmartAsset as being the (...)



Opening up

**Bringing those closest to the pain
closest to the power**

Elaine O'Neal

Mayor – City Of Durham

When you look back on your first year in office, what makes you proud?

When I took office, Durham had already been under great leadership. I inherited the responsibility of maintaining a thriving community with a lot of potential for further growth. This first year has taught me a lot and I have been prioritizing learning as much as I can. I'm most proud of opening up processes and pathways for those who have been historically left out of our city's growth. I'm intentional about bringing those closest to the pain closest to the power.

What are your priorities in housing accessibility and transportation?

We are working on a deep dive into what housing in Durham looks like at the moment, what it historically has looked like and what we hope it looks like in the future. Housing is a multilayered, complex system that my team and I are learning about and addressing. We are covering every aspect, from homelessness to multimillion-dollar building proposals.

Interestingly enough, we are in the middle of determining how to proceed with a regional rail route that would cover five counties. There were planning failures in our commuter rail goals a few years ago and ultimately Durham lost over \$100 million in investment. We also have a bus system that is fairly well run but it needs to be scaled to its best extent. It hasn't kept up with the growth of the population. We need to keep up while also planning for the future.

We're at a unique time in Durham where we have the pieces coming together in terms of traffic and transportation. The dilemma is that money is limited

and prices have ballooned. However, it's an exciting time. The federal government has been actively providing grants to address this issue and we're hoping to take advantage of those. Transportation in the Triangle has to be regional and connected.

How would you define the city of the future and how does Durham fit into that?

I try to think about the baby born today in the city of Durham who may be coming into this world with a long list of needs. I also keep in mind the eldest person in Durham, who may very well be the most vulnerable person living here. Between those two, there lies everyone else. I want to ensure their next day is a much better day and that the city in which they live is able to ensure their needs are met. If you bring the bottom up, everybody moves. How does Durham get there? We have to be intentional about becoming neighbors again. Someone has to know about that vulnerable baby who was just born and be prepared to step into their life, just like someone has to know that senior's needs and be able to intervene. A city government cannot make a neighborhood; a city government is a part of a neighborhood. I like to think the city government is the one to ensure those connections are made.

What do your priorities look like going forward?

Every day brings a new challenge. I'm strategic about focusing my energy. My top priorities are violence, housing, jobs and transportation, all of which are related. I'm intentional about making sure the public can visualize the work being done and be educated about the work my team and I are doing. ■

(...) country's most resilient city, while Raleigh comes in 12th and Durham in 37th place. One reason for the region's resilience is its ability to provide a high, affordable living standard, while also offering six-figure salaries. According to a report by How to Home, Durham-Chapel Hill offers one of the best opportunities for those who want to live in an affordable midsize metro and earn six figures, coming in only behind Huntsville, Alabama. Raleigh-Cary is first in the ranking of large U.S. metros, with an average salary of \$123,000 and a cost of living that is 4.3% below average.

■ Investments

The Triangle's strong performance is underpinned by its wealth of industries. Wake County's major employers are primarily from the education and healthcare sectors but retail also plays a substantial role. Tech companies IBM, SAS Institute and Cisco provide over 18,500 jobs, while pharmaceuticals IQVIA and Pfizer employ over



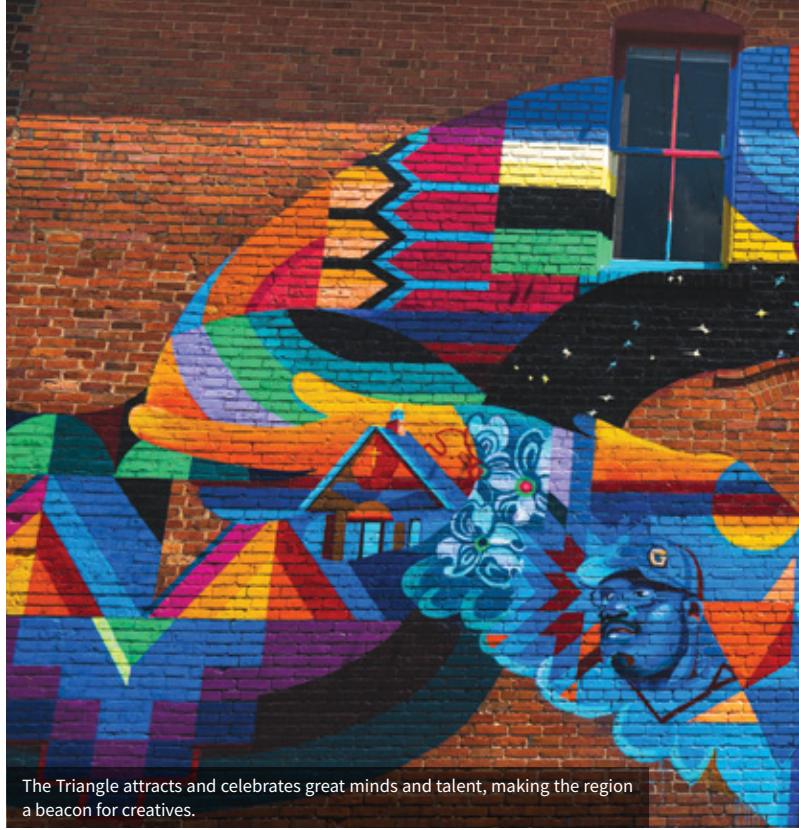
Harold Weinbrecht

*Mayor
Town of Cary*

“We just completed a three-year water expansion that should last at least another 10 years. Our water is a big deal because we are on two river basins. On the wastewater side, we have the New Hill plant, which should serve us until 2040. We create bio-solids that are sold as fertilizer.

It is important that our citizens feel safe on our roads as well as have easy routes that connect our community. In addition to constantly improving our street network, we annually increase our amount of greenway miles and sidewalks. We just approved \$2.2 million in sidewalk improvements that will help pedestrians as they walk throughout the community.

Cary has a transit system, called Go Cary, and we tie into the Triangle transit system. We have door-to-door service and fixed routes. We are looking to expand that with a \$12 million-plus investment for a bus maintenance facility and we are planning a multimodal center in Downtown, which will handle commuter rail, Go Cary and rapid transit.**”**



The Triangle attracts and celebrates great minds and talent, making the region a beacon for creatives.

8,100 people and the banking industry has almost 9,000 employees in the county. This diversification has served the region well, and more companies from more sectors are on their way thanks to favorable business and tax policies and a high standard of living.

New York-based enzymes company Curie Co. announced in October that it would relocate to Research Triangle Park, citing the region's top-tier talent and friendly business climate as reasons for the move. The region is also expanding into future technologies after Vietnamese EV manufacturer VinFast announced a \$4 billion investment in an assembly plant in Chatham County. In August, the company purchased 1,765 acres of land at a cost of \$44 million with a view to opening the facility by July 2024, when it expects to produce 150,000 vehicles per year. A leader in one of the hottest industries right now, semiconductor manufacturer Wolfspeed also chose Chatham County as the location of a new 400-acre site with an investment of \$5 billion that will create 1,800 high-paying jobs. Just a little further afield in the Triad, Boom Supersonic will invest \$500 million in a manufacturing site at Piedmont Triad Airport and hire 2,400 new employees.

All these investments are sure to tighten an already stretched talent pool in the region but many companies are being smart about their presence. Gilead Sciences has recently set up shop in Raleigh and is bringing the whole community in by starting the Gilead Programming Academy, with the aim to grow clinical and statistical programming in the life sciences industry. And the momentum is not stopping. As of mid-2022, the Economic Development Partnership of North Carolina



is working on 230 active corporate investment projects of companies looking to expand or relocate from elsewhere in the next 12 months.

These new additions are only adding to the manufacturing, finance and healthcare titans that are already present. PRA Health Sciences, CentOS, Red Hat, IBM and Siemens are all present in the Triangle region and each employ over 10,000 people. The Triangle is an undeniable leader in healthcare, with diagnostics firm Biomerieux and life sciences companies GlaxoSmithKline and Biogen all boasting a footprint in the region. A great deal of thanks for this reputation can be attributed to the Research Triangle Park, which brings together more than 60,000 innovators in a hub of research, academia

and industry. With the fourth-highest concentration of Ph.D.s in the country, over 1 million workers between the ages of 18 and 64 and 113,000 degrees awarded each year, it is not hard to see why employers are flocking to the Triangle.

With such a growing, diverse population, the Triangle is setting itself apart as a place to do business. Increasingly, one of the factors employers look for is diversity and the ability to adapt to other cultures easily. Additionally, the region offers access to 200 million U.S and Canadian consumers within only a two-day drive. Added to the affordable manufacturing space, it is no surprise then that the Triangle boasts international companies in various sectors from Australia to Mexico. Manufacturing has by far the biggest footprint, with major names that include French company Air Liquide, Austrian firm Andritz, Japanese tire manufacturer Bridgestone and Swedish car manufacturer Saab.

■ Affordability

While growth is positive, there is a cautious optimism surrounding the Triangle's explosive population surge. The Raleigh-Durham area was the fastest-growing real estate market in the country, according to the Urban Land Institute's 2021 "Emerging Trends in Real Estate" report, but there are lessons to learn from areas like Atlanta. While Georgia's capital is experiencing huge growth, almost all of it is focused in and around the metro area, creating infrastructure and congestion issues. In contrast, the Triangle area is trying to drive growth outside key urban areas. This is one reason why the cost of living has not skyrocketed like in some other metros and the region still remains affordable for those moving from the Northeast and the West Coast. (...)

Be part of what's next in Raleigh.

#1 Best State for Business and the Nation's Strongest Economy
CNBC, 2022

#1 Best City for Young Professionals
GOBankingRates, 2022

#4 Best Place to Live in the U.S.
Money, 2022



Learn more and get in touch
RaleighEconDev.org

RALEIGH
Economic Development

Chambers of the Triangle

As the region continues to prosper, these organizations share what they are doing to ensure that their communities reap the benefits.

**Geoff Durham***President & CEO*

Greater Durham Chamber of Commerce

**Mark Lawson***President*

Cary Chamber of Commerce

What are the key economic priorities for your region?

There are three key areas. The first is talent development, making sure when companies are coming that we are appropriately training talent, preparing our residents and our community and taking advantage of the growing economy. Talent development also means continuing to leverage the three renowned research universities in our area: Duke University, University of North Carolina at Chapel Hill and North Carolina State University.

The second would be transportation and infrastructure. We are a multi-county region with multiple streams of funding, and we need to make sure that Durham appropriately connects with Chapel Hill, Orange County and Wake County, and ensure that we are using similar technologies. Bus rapid transit is already in development, and we are considering commuter rail as well.

The third would be ongoing economic development activities. It is vital that we continue to attract and retain businesses in our area. Economic development fuels our community's ecosystem by creating conditions for economic growth and improved quality of life, which impacts our existing for-profit and nonprofit businesses and residents.

What are your main initiatives to ensure equitable growth in the region?

The National Institute of Economic Development strengthens the asset base of diverse populations through policy, education and economic opportunities for businesses led and owned by community members who are Black, Latino, female or a part of other minorities. Durham also has North Carolina Central University, a Historically Black College and University (HBCU), and their Biomanufacturing Research Institute and Technology Enterprise (BRITE). With BRITE's mission of applied research and workforce development, it's perfectly positioned to play a significant role in supporting growth in the life sciences and biotech sectors. ■

What changes have you perceived in the economic growth of the region stemming from the Research Triangle?

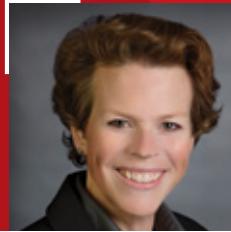
With the success of the Research Triangle area between Cary, Raleigh, Durham and Chapel Hill, when you look at all of our markets and specifically Cary, we have had tremendous growth in life sciences and clinical research organizations as well as logistics and advanced manufacturing. With the great demand that our area has in those industries, we have seen tremendous capital investments and job creation. That has obviously put a lot more focus on existing residential and multifamily homes. Mixed-use developments have been really critical over the last decade but now more than ever as people are looking to live, work and play in the same general area or close by. We have several multifamily projects being developed in Cary, such as the Fenton, and several great projects in our downtown. Fortunately our infrastructure is very strong between our roadways, highways, bridges, parks and greenways. The quality of life in Cary and our region is a huge draw. With the increased demand in our area, we have been able to meet those challenges because we do have sturdy infrastructure available throughout the region and that has really given us a leg up.

How will national trends impact the region's development?

I personally feel very passionate about the continued success and future growth of Cary and throughout the Triangle region. With Cary's proximity to state government and our strong partnerships with the Tier 1 research universities and technical colleges, and universities in general, we have the necessary tools in place to remain very strong. Our growing talent pool, added to our vibrant corporate community, has certainly kept our organization just as busy as it has ever been with new business recruitment opportunities and local expansions, which tells me that, overall, Cary and the region continues to strengthen and will continue to do very well for years to come, even though right now inflation is certainly felt by all of us. ■

**Aaron Nelson***President & CEO*

The Chamber For a Greater Chapel Hill-Carrboro

**Liz Simpers***President*

Wake Forest Area Chamber of Commerce

What are the major factors in ensuring stable economic growth across the Chapel Hill-Carrboro region?

There are three factors to ensure stable economic growth across our region. One is investing in additional affordable housing. Two, is closing the achievement gap for children and making sure all students are reading on grade level by third grade. Third, continuing to focus on innovation and workforce development and as strategies to help businesses grow. We want to grow our trained and ready workforce to bring innovative businesses to market and expand the economy.

What have been your key takeaways in terms of the region's growth over the past two years?

In Chapel Hill, the Town Council has approved the downtown's tallest building to date. It will cover a quarter million square feet and serve as a wet lab for scientists to do research and take products to market. To accompany this, a 1,000-vehicle parking deck is currently under construction. The city is also redesigning Franklin Street to make sure it's a complete street for pedestrians, bikes and drivers. Carrboro is now seeing the results of pent-up demand, and a new library being constructed along with other infrastructure projects in the downtown. As a comment on our entrepreneurship, we found that more restaurants opened during the pandemic than closed over those two years, which was welcome news for the overall economy of the region.

We're fortunate to be a college town. Even during the height of the pandemic, our university and hospital systems pumped over \$250 million of payroll each month into the economy. It's a feature of our economy that ensures we tend to be late into recessions and the first to get out. That consistency of wages stimulates other aspects of the economy. In fact, we saw record retail sales over the past 18 months. Although some local retailers have struggled, consumers are satisfying their demand with more online options like Amazon. ■

How does your experience as town commissioner translate to your current position leading the Chamber?

I believe chambers aren't nearly as effective unless they partner with local municipalities, so it has been fun to have the relationship in place. I'm happy to be here as president of the Chamber and feel involved thanks to my history with the town. For example, last week we hosted Gov. Roy Cooper and other local legislators to announce funding for commuter rail. We do our part to keep Wake Forest top of mind for our local and national legislators. The business community needs to pay attention to what is happening in government affairs and rally local business leaders. We want to continue to raise the gaze outside of Wake County and look at national and international employers. Our neighboring towns have welcomed Fujifilm and Apple; we would love to see a larger employer make their home in Wake Forest so we can become a community where people live, work and play, instead of being seen as a bedroom community only.

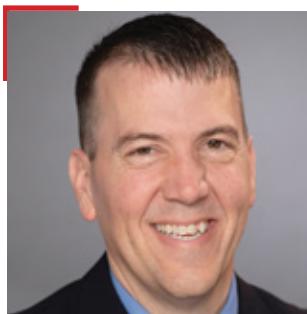
How would you describe the importance of the region's small-business community?

We have around 675 Chamber members and half of them are at the entrepreneurial level, so small businesses will always matter. Like most businesses, we must diversify our membership. Small businesses are growing, and we are truly living in the age of the entrepreneur. Our larger community partners, such as the Town of Wake Forest, Wake Electric and Southeastern Baptist Theological Seminary, are giving back to smaller businesses and helping us maintain a community that is growing.

We are struggling with developing the U.S. 1 Corridor because the NCDOT has paused a lot of its projects. We are losing opportunities for bigger employers because we can't guarantee that people can get here. We are working to remind our local government and the DOT that this project must be a priority to assure national employers. ■



The agriculture industry has adapted to the region's growth by taking advantage of local innovative resources.



David Bohm
Executive Director
Apex Chamber of Commerce

“ We don’t do economic development as an organization but we have a great relationship with the town’s department, and I know they are always working on recruitment. We always want to be aiming to expand our business presence and we face physical space limitations. We are not an area with land assemblage to spare, so you have to look at quality, not quantity of businesses and industries. If I had a crystal ball, I see Apex’s business community doubling in the future, similar to what we’ve seen with neighboring communities in Wake County. With such growth, I also anticipate further integrated collaboration between chambers. A rising tide lifts all boats, and in order for our region to continue growing the way it has been, we have to be committed to collaborating with one another and making sure we are supporting all businesses and organizations to maximize community impact across a larger regional footprint. ”

(...) But as the population grows, affordability is compromised. In 2022, the median sales price of Triangle real estate is up about 20% compared with the first eight months of 2021. And with an influx of higher earners who are still able to reap the benefits of working from offices based in the Northeast and earning comparable salaries, it looks like house prices are going to continue upward. One of the major issues for any growing region to address is affordable housing. The pandemic and its aftermath showed the world just how important essential, often low-paid service workers are to the smooth running of the economy. If they can no longer afford to live in urban centers, the staffing issues the country is experiencing will continue to snowball.

According to a study by United Way Capital, Raleigh alone is short of 20,000 affordable housing units and has only 71 available per 100 households. The same study also found that across North Carolina, minimum wage workers would need to work 86 hours per week just to afford rent – without considering utility bills or food costs. That equates to over a 12-hour working day, seven days a week. Authorities are taking action, with the city of Raleigh announcing that it aims to create or preserve 5,700 affordable units by 2026. Chapel Hill is adding 1,500 new affordable housing units in the region over the next five years. Durham city will create or preserve 2,400 by 2026 and last year saw the opening of Willard Apartments, which brought online 82 affordable units. In the city of Cary, over 200 units are under construction as part of its housing plan. For Raleigh, a decision looms over the future of some land parcels it owns around Moore Square – with early indicators it could be sold for affordable housing.

■ Equity & inclusion

Affordable housing has so many indirect economic benefits associated with it despite being severely underfunded nationwide. Not only does it provide workforce housing but the issue also disproportionately impacts lower-income, predominantly minority communities. A report by IndyWeek highlights the displacement of Black communities in Durham since 2016, mainly around the high-value urban centers. Within census tract nine, sandwiched between Holloway Street to the south and East Geer Street to the north, the Black population in 2020 shrunk to 43.8% of inhabitants compared to the 80.5% present in 2016. Similarly, the block of tract 23 hemmed in by South Roxboro Street to the west and University Drive to the west has seen a 31.3 percentage point drop in its Black population to reach 46% in 2020.

In the wake of the summer of protest in 2020, the (...)



Social impact

Forward progress on environmental and social justice is a key focus

Pam Hemminger

Mayor – Town of Chapel Hill

How does your personal commitment to environmental and social justice impact your priorities and leadership?

Environmental and social justice impact my priorities significantly and as mayor I work hard to ensure that we are making forward progress on both. Over the past seven years, we've taken a number of important steps, including implementing our Affordable Housing Strategy, adopting a community-wide Climate Action & Response Plan and hiring a dynamic Diversity, Equity & Inclusion Director to make sure that we are all moving forward together.

As an organization, we do our best to lead by example. We are especially proud of our fare free bus system, which is the second largest bus system in the state. We are also putting solar on facility roofs, have recently converted our streetlights to LED and are creating an EV charging network.

We do know that the town cannot solve these problems by ourselves so we work hard to partner with other organizations and are always looking for opportunities to leverage public and private funding opportunities as well.

What are some recent achievements or milestones for Chapel Hill?

Several key areas of focus for us right now, including increasing our commercial tax base and revitalizing our Downtown, are coming together for Chapel Hill through the construction of our new East Rosemary Street parking deck. This decision was not just about parking, as we took two old parking decks and combined them into one. That freed up the space to build a wet lab building near the University which will bring hundreds

of jobs downtown.

The parking deck and wet lab space are part of a larger strategy entitled Downtown Together that is being championed jointly by the town and UNC.

Through the Downtown Together partnership, the university is also taking key steps to create a dynamic Downtown Innovation District, including co-locating entrepreneurship and innovation programming with BioLabs, a premier life sciences co-working space on East Franklin Street. The university will also be moving their admissions office to the area, bringing more foot traffic to Downtown.

What challenges are you experiencing?

One of our biggest challenges as a town and as a region is housing. For Chapel Hill, in addition to the daily influx of people, meeting housing needs is further complicated by the demand for off campus student housing. Last year, the town joined with UNC in conducting a Housing Needs Assessment which tells us that, to support future job growth, we will need to build more housing annually than we have in the past. The report also identifies key gaps in our current housing inventory. For instance, the report shows that we don't need any more undergraduate housing but we are lacking in young professional housing. This has become a problem for UNC and other local employers because people are no longer willing to commute from several cities away to come to work. To help us address these challenges, the Town Council is developing a Complete Community Strategy aimed at helping us plan for where and how housing should be built to meet current and future needs. ■

Mayor's corner

**TJ Cawley***Mayor – Town of Morrisville*

“We've been working hard on our sustainability efforts. In June, the Town Council adopted its first ever strategic sustainability plan that outlines our comprehensive plans for the next five years. Currently, we are continuing to add solar panels on our highest energy using facilities, including our public safety building and our newest fire station, Fire Station No. 3, which the voters approved through a bond referendum. We also continue to install more publicly accessible electric vehicle charging stations throughout the town and expand our greenways. We're trying to embrace connectivity by continuing to build a sense of community through multi-modal opportunities that encourage biking, walking and enjoying the outdoors. **”**

**Jessica Day***Mayor – Town of Knightdale*

“The key is quality of life and additional resources and continuing to look through that strategic lens to provide people with what they need as they continue to move into the area. One of the things that is a benefit for us is being in Greater Wake County and working with other municipalities and partners on active spaces and greenways and, of course, public transportation. **”**

**Jacques Gilbert***Mayor – Town of Apex*

“We want to lead and present an environment where everyone feels like they have a voice in our community and that we work together to thrive. We all need to be at the table and strive to get more engagement from community members. We often put out surveys asking the community what is important to them. It is hit or miss; sometimes we get good engagement and other times hardly any response. Taking care of our staff is another top priority. They are trying to meet the demands of a rapidly growing town. We need to provide more staff to address those things. I would say communication is my first priority and then getting people to work together for the town as a whole. **”**

**Sean Mayefskie***Mayor – Holly Springs*

“The main priorities for Holly Springs over the next few years are to keep up with infrastructure demands and keep providing quality of life amenities and services for our residents and businesses as we grow. These include management of traffic through road widening and smart technology infrastructure, managing our commercial development and affordable housing needs and increasing our walking and biking trails for a community that craves connectivity. Over the next few years, we will be building a new fire station on the west side of town, creating an operations campus to house our growing town services departments, building a brand new 56-acre park and continuing to extend water and sewer lines to accommodate our expansive growth. **”**

(...) country has widely recognized the virtues of a diverse economic makeup. The city of Raleigh has even created an equity and inclusion action plan to ensure key areas of diversity are addressed in the community. That being said, Raleigh and Durham are both still far more diverse than the United States as a whole, and it is set to become more diverse as it attracts residents from the Northeast. In Raleigh, 29% of the population is Black or African American, while in Durham, this demographic makes up 8% of the population. However, there is a lower proportion of Hispanic and Latino, Asian and American Indian peoples in both Raleigh and Durham. Cary, on the other hand, is one of the most diverse communities in the state and people of Asian descent make up almost a quarter of its population.

■ Infrastructure development

Another challenge for the region lies in building the

An approved
Raleigh to Richmond
rail expansion will
use \$57.9 million
from the federal
infrastructure bill

needed infrastructure at a pace fast enough to keep up with growth. As the region's economy and population continues to grow, more services, such as water, public transport and alternative transit infrastructure, are desperately needed. The positive is that there is a flurry of activity around these issues in the Triangle. In Wake County, authorities have long championed sustainable commuting and now they're putting their money to work by spending \$3.3 million for the final design work for the eastern section of the Triangle Bikeway. The bike path will connect Raleigh to Chapel Hill and will give commuters an easy access point to RTP.

Rail transit has also been a focal point. A Raleigh to Richmond rail expansion was recently approved,

with \$57.9 million in funding being appropriated from the federal infrastructure bill to expand the service. In June 2022, public transit authorities also announced the potential for a new 43-mile commuter line that runs (...)

Our college town. Your boombtown.

CHAPEL HILL
OPEN2.BIZ



INNOVATE
CAROLINA

In Chapel Hill's innovation district, your business can think fast—and forward. You'll find expansive new development, flexible offices, co-working spaces, and plenty of work-live-play amenities in the heart of a transformed downtown. Set up your team to work steps from one of the world's most innovative universities. For bioscience firms, we're building a 240,000 square-foot life sciences center. And it's all anchored by UNC-Chapel Hill's innovation hub—your connection to research and top talent.

- **UNC innovation hub**
- **New expansive parking**
- **Downtown offices and workspaces**
- **Flexible biotech co-working and labs**
- **Launch Chapel Hill startup accelerator**



Explore Chapel Hill's newly developed innovation district
open2.biz



Join the UNC innovation hub
innovationhub.unc.edu



What have been the key milestones for the Chamber over the past year?

Our Work in the Triangle initiative really took off in the past year. This was created in 2011 but we rebuilt the website and launched an accompanying digital marketing campaign to highlight this excellent resource for companies looking to send business or people to Raleigh-Durham. The website includes interactive tools that include a cost-of-living calculator to demonstrate the affordability of the region compared to other markets. This initiative has also been a vital resource for small businesses in the area that are continually meeting workforce and talent needs. We have incorporated a lot of social media outreach and have coached a number of companies that are now utilizing Work in the Triangle as part of their internal recruiting package. The impact of Work in the Triangle has already been evident in the way businesses are able to achieve their workforce goals while elevating the region as a wonderful place to work and raise families. This platform can support any industry, whether it is a business that has been here for decades or a new one just moving into the market.

How is the Chamber supporting small businesses?

North Carolina has approximately 950,000 small businesses, so we remain very committed to that ecosystem through a myriad of programs. We are also collaborating with higher-education institutions to build a talented workforce pipeline and keep that talent here. Participants in Wake Technical Community College's "Launch Raleigh" program helps small businesses start and scale. Graduates of this program are offered a one-year complimentary membership to the Chamber as one

Taking off

Previous initiative reaps new dividends for companies

Adrienne Cole

President & CEO – Greater Raleigh Chamber of Commerce

of our Pathways Members, connecting small businesses to the support, networking and professional development offered by the Chamber.

Innovate Raleigh is also a partner of and supported by the Chamber. The initiative supports the entrepreneurial ecosystem here by serving as the "front door" for entrepreneurs in the market. We continue to fine-tune the program to identify high potential entrepreneurs and wrap them with support and resources to connect them with larger businesses, who can then become mentors and utilize those small business and entrepreneurial services.

We also have our Triangle Diversity, Equity and Inclusivity Alliance. Through this program, we run important events and discussions designed to support traditionally underrepresented groups, including minority and women-owned businesses. We are making the Chamber a place where these businesses feel comfortable, and can connect and tap into resources that will grow their presence in the market.

What does smart growth in Raleigh look like?

I hope we never lose our collaborative, friendly spirit. I think we can be a big place and still feel collaborative. This is part of what makes this region really unique. It's about recognizing and understanding the growth that is not only occurring in the market but will continue to occur. This is an ascending market and how we plan for that is critically important. From transit to wastewater, we need a regional approach and an understanding that while these infrastructure needs take time to build, we have to do so not just for today but for 30 years down the road. ■



Public and private leaders are positioning future growth to be responsible and manageable.

(...) from Durham to either Garner or Clayton. The project is at the draft feasibility study stage, which will take two years and cost \$9 million. The project itself is slated to cost between \$2.8 billion and \$3.2 billion. But there may still be a bitter taste in the mouth of residents, who paid \$157 million for the Durham-Orange Light Rail line, which was shelved due to technical issues in the project's design.

For some, especially after experiencing the impacts of a highly transmissible virus, the car is the only way to travel. For the Triangle, this means that roads and highways need to be expanded to cope with increased capacity but sometimes that clashes with historical preservation. Right now, there is a contentious project in the works that involves building a six-lane highway through a semi-rural area. While there is no argument that the new stretch of the NC 540, known as the Triangle Expressway, will accelerate growth and provide greater convenience, not everyone is happy to compromise their green spaces. There are concerns that the project could fuel urban sprawl beyond southern Wake, given that it allows Johnston and Harnett counties a connection point without passing through Raleigh. After this leg opens at the end of 2023, the 10.8-mile outer loop between I-40 and I-87 in Knightdale is due to be completed in 2030.

■ Employment

Despite its resilience, not all sectors have been created equal, and some companies in the Triangle have struggled over the past few years. In Raleigh-Cary and Durham-Chapel Hill, employers in the leisure and hospitality sectors have had challenges recruiting staffing levels similar to those in the months leading up to the (...)



Dan LaMontagne

*County Manager
Chatham County*

How would you characterize the growth Chatham County has experienced over the last 12 months?

We've experienced a tremendous amount of growth over the last 12 months. We've landed many big companies including VinFast, the electrical vehicle manufacturer from Vietnam, which is a \$4 billion investment bringing at least 7,500 jobs. We're working diligently to get them up and running by July 2024. Triangle Innovation Point (TIP) has brought on a FedEx distribution facility, a \$50 million investment bringing a couple hundred jobs. We also landed Coca-Cola, who moved its headquarters from Durham to Chatham County, which will bring \$56 million in investment and a couple hundred jobs. On Sept. 9, Wolfspeed announced its decision to bring its semiconductor manufacturing to Chatham County, as well, which will be a \$5 billion investment bringing in 1,800 jobs. As of Sept. 2022, we have seen almost \$9 billion in investment and 9,000 jobs in Chatham County this year. We've been preparing for and expecting this growth for a long time. We knew that once we were discovered, it wouldn't take long for the growth to come. We're seeing that interest now in industrial, advanced manufacturing, electric vehicle manufacturing, semiconductor manufacturing and others. We still have plenty of room for more.

How has access to workforce housing presented a challenge?

This is a challenge everywhere, especially in the Triangle and Triad. After the slowdown in 2008, new housing inventory dropped. The challenges we're facing now are in part due to that decline. We're working diligently with our towns to create more multifamily housing. We need way more townhomes and multifamily housing options in Chatham County for the workforce. Years ago, we established a housing trust fund to bring in low-income tax credit projects, which is a great step forward. We realize that demand drives this shortage; with so little jobs in Chatham County until recently, there was not much demand for diversified housing options. Because of 2022's many announcements, I believe builders and developers will realize the value in investing and building in Chatham County to deliver those diverse housing options. ■

Planning a solid foundation

Economic development strategies in the Triangle are collaborative and imaginative, paving the way for manageable growth down the road.

**Christopher Chung***CEO*Economic Development Partnership of
North Carolina**Ryan Combs***Executive Director*

Research Triangle Regional Partnership

What are some of the pressing infrastructure needs for the region to enable more growth?

One of the reasons we are attracting companies is our fast-growing population. The more successful the region is in landing these companies, the more it becomes a magnet for people to move here and seek economic opportunity. With growth comes other issues, such as traffic, school crowding, and availability and affordability of housing. These are issues you expect to see in any market that is growing at the rate ours is. The key is what policies are being done to address these issues? One thing that we've been hearing a lot in the past year is the environmental impact. We have to ensure that wherever these manufacturing companies go, there isn't a significant environmental cost.

What are some of North Carolina's most prominent exports?

Tobacco and furniture used to be some of our bigger exports. These days, pharmaceutical products are at the top of the list. Our companies are selling these lifesaving and life-changing products around the world. Transportation equipment (e.g. aircraft components) and agriculture products, such as pork, are also being exported from North Carolina. Our more diverse export base today reflects how our economy is structured.

What are your priorities for 2022?

As of mid-2022, we are working on 230 active corporate investment projects. These are projects where companies are looking to expand or relocate from elsewhere in the next 12 months. That's a big pipeline; we're not going to win every deal, but we're going to compete hard for each one, especially large-scale advanced manufacturing such as electric vehicles and pharmaceuticals. Another priority is growing the pipeline of deals. We're aggressively marketing to companies what we have to offer in North Carolina. When companies are thinking of a new location, hopefully, North Carolina is at the top of their list. ■

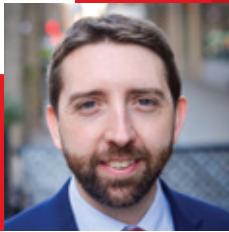
What were the main factors behind the region's growth this past year?

The Triangle region is so unique because we have a vibrant urban core with numerous communities and three Tier 1 research universities surrounding the largest research park in the country. However, our region does not stop there. We also have 11 rural counties within a 30 minutes drive with developable land, shovel ready business parks and three mega sites that can all accommodate large scale projects. It has been a very exciting year for our region, from Apple and Google announcing tech hubs in our urban core to Vinfast's (electric automobile manufacturer) committing to the largest single investment in North Carolina on one of our three mega sites in the region. In addition to available real estate, our young, diverse population and homegrown talent from our 12 colleges and universities and eight community colleges is another key driver in our ability to grow.

What industries do you see continuing to grow in the Triangle?

The tech community will certainly continue to thrive in this region thanks to our commitment to STEM education and workforce development. Our region is particularly strong in data science and artificial intelligence and as those sectors grow, you will see a convergence of those technologies in other industries, such as life sciences and agriculture technology. A perfect example of that is the work being done at North Carolina State University at the recently launched Plant Sciences Initiative. The idea behind the PSI was to create a research facility that uses a multidisciplinary approach to find solutions to issues affecting plants.

Cybersecurity is another sector that is experiencing explosive growth. As a matter of fact, the sector is expected to grow by 35% in the next five years and our region is now considered one of the Top 5 locations for cybersecurity companies in the country. ■

**Bill King***President & CEO*

Downtown Raleigh Alliance

**Nicole Thompson***President & CEO*

Downtown Durham, Inc.

How is the Alliance working to bolster Raleigh's Downtown?

We're working on an economic development strategy that has four key components. One is Fayetteville Street and our storefront economy. Secondly, we are looking at how we position ourselves in the office market coming out of the pandemic. Our third is diversity, equity and inclusion in our businesses. The fourth is catalytic projects toward the next big idea for Downtown Raleigh. The foot traffic Downtown has returned closer to pre-pandemic levels but we still have work to do.

What do you hope looks different in Raleigh over the next five to 10 years?

I hope what looks different is a robust transit system that has the ability to move people on many trips and reduce car dependency. I hope we've aligned our land use along those transit corridors and it's successful enough that we want to expand it. Otherwise, we're going to be facing congestion. Our Downtown is unique with 90% of our retailers and over 80% of our restaurants being locally-owned. There's a place for national businesses to help drive certain types of traffic but I hope we can look back 10 years from now and have our Downtown still be a place for local businesses.

What are your priorities for the continued smart growth of Downtown Raleigh?

We want to create an environment to encourage people back into these buildings and continue to grow our employment base. We've had success refilling a number of our storefronts over the last couple years and want to make sure the Downtown is well-positioned for the future. Our Downtown has many advantages. We're going to be the hub of four transit lines, which positions us above many other office markets in this region. We have great walkability for storefront businesses, museums and events. This also offers a great opportunity to accommodate growth. ■

How will Durham's Downtown remain welcoming and inclusive?

We are working to promote all businesses Downtown in a few different ways. We have a printed map that we update quarterly, as well as an interactive map, which is updated weekly – this is to make sure visitors, workers and residents are aware of all of the businesses that exist in the Downtown area. We're working to push this out to our residential communities so they're aware of what is available Downtown. Since our Downtown is very walkable, it's important that we ensure people are aware of the variety of stores, restaurants, breweries and distilleries and event venues that are located downtown. Our residents who might be working a hybrid schedule are in the best position to take advantage of the great assets of Downtown. We've also created the Bullpen, Downtown Durham's social districts, as another way to support the local business community. We are working to promote our residents and the people who are physically here rather than to the office worker.

For small, minority and women-owned businesses, we work tirelessly to find suitable spaces throughout Downtown based on their unique and individual needs. We're lucky that a number of property owners are also supportive of this and work with us to identify available spaces.

What are your priorities looking ahead?

We are launching a master plan to identify challenges that would prevent Downtown Durham from being a great place to live, work and play. That includes affordability, culture and authenticity, housing, transportation, creative use and reuse of land, movement of people Downtown and connection to and support of different spots in Durham. Those factors will determine our priorities. We have to ensure we fight to make sure Downtown remains authentic and true to itself, that we don't lose what makes us so different from other cities and their downtowns. ■

(...) lockdown. Only in July 2022 did employment in Durham-Chapel Hill recover to levels comparable with March 2020, while Raleigh-Cary was able to do so in April. But now, there is a new issue: too many jobs and too few workers.

According to the BLS, as of September there were about 10.7 million job openings across the country. The Top 3 demand sectors are in education and health services, professional and business services and leisure and hospitality, which combined need over 5.8 million workers. The problem is much more concentrated in the South, with shortages in this region accounting for 40% of all shortages in the country. In the North Central Prosperity Zone of the state, which encompasses the Triangle, August saw the job market tighten to historical levels at only 0.9 workers per job opening.

There are various suggestions on how to solve the worker crisis. For some, there is an immigration issue. A recent report by Brookings Institute found that large labor gaps in unskilled roles, such as retail, food service and construction, could be easily filled by migrant workers who cross the Southern U.S. border. The report argues that this would be a solution for an aging domestic population that is either unwilling or unable to perform service jobs. But much of the labor shortage seen in skilled professions requires substantial investment in training and upskilling. According to MyFutureNC, most jobs now require at least a high-school diploma but fewer than half of North Carolinians between 25 to 44 have attained this. The organization aims to equip a further 450,000 North Carolina residents with high-quality credentials or post-secondary degrees by 2030, which would increase the skilled worker base to 2 million people.



Centrally located in the Triangle with a small-town feel, Garner has seen record growth as young families move in.

■ Entrepreneurship

North Carolina has about 950,000 small businesses, and government initiatives to support these companies are front of mind. The Greater Raleigh Chamber of Commerce Raleigh Durham is collaborating with higher-education institutions to build a talented workforce pipeline. Wake Technical Community College's "Launch Raleigh" program helps small businesses start and scale and offers them channels to connect to the support, networking and professional development offered by the Chamber. The Innovate Raleigh organization also serves as the "front door" for entrepreneurs in the market, connecting them with larger businesses that can then become mentors and utilize those small-business and entrepreneurial services. (...)



WAKE FOREST

Historic Downtown. Live Music Events. Small Town Charm. | wakeforestnc.gov





Climate for success

No slowdown in growth amid population increase, new investment

David Ellis

County Manager – Wake County

What is the state of growth in Wake County?

Growth has not slowed in Wake County. On average, about 62 people are moving to Wake every day. In just the past year, we've had 117 new economic development projects, more than 1,500 high-quality jobs created and \$126 million in investment. We've added Apple, Amgen, Fujifilm Diosynth Biotechnologies and Blue Force Technologies, just to name some of the companies that have chosen to locate here recently. While the global corporations tend to make headlines, 83.5% of businesses here in Wake County are small businesses. Many of these businesses have been open for a while and are doing well. We saw more than 3,000 new small business filings last year, which further illustrates that Wake County offers a climate where businesses of all sizes can achieve success.

From a budgetary standpoint, COVID-19 exposed some of the disparities in the county. Housing affordability and keeping the tax burden low are two of our biggest concerns at the moment. With the cost of housing continuing to go up, we added new inspector positions to our organization to increase efficiency and move the development process along more quickly. We continue to invest in housing affordability and have taken double-digit vacancy down to about 4%. We've also added close to 3,000 affordable units to our stock in the past few years and just launched an affordable housing preservation initiative with several national banks that will use more than \$61 million to preserve an estimated 3,170 affordable housing units over the next 15 years. We've had a high vacancy rate with our EMS positions, and we've raised the salaries for those positions to attract the talent we need to serve our growing community.

What challenges is the market facing?

Housing affordability and transportation access are key challenges that we're facing; those two go hand in hand. The third challenge is behavioral health. With housing, costs have risen tremendously here in Wake County, so some people are really struggling to save up enough money to purchase a home. As interest rates increase, it's becoming even more challenging. We're looking at implementing some homebuyer programs to help assist families in purchasing their first homes.

From a transportation standpoint, when you have so much growth so quickly, your quality of life can be impacted if you can't get to and from work. To help, we're working with the transit agencies to increase the number of buses on the roads, launch bus rapid transit routes early next year and develop the first phases of a commuter rail. If we can figure out how to create affordable housing in and around some of these potential train stops, we can help those who may not be able to afford a car get from place to place more easily.

Where are you focusing your budget?

We continue to be committed to housing affordability, which I think we've done a great job in addressing over the past four or five years since creating a department that's focused on that important issue. We are also looking at how we recruit and retain employees. We want to make sure our pay is competitive and will help attract the best talent.

We're also constantly improving our benefits program and looking for new ways to support employee wellness, so we can retain the outstanding team working for Wake County. ■



Kip Padgett

Town Manager

Town of Wake Forest

What have been some key highlights for Wake Forest over the last year?

One highlight has been the Forbes 98 development, which is a large development corridor for commercial as well as some residential development. Our incubator hub also opened and has become a gathering point in Downtown. The incubator is attracting a lot of businesses. We're starting to see a halo effect from that, where other businesses are starting to purchase property or looking around that area for commercial retail-type opportunities.

What are the big challenges the town faces?

One of the challenges, which everybody has, is affordable housing. In September, we announced our draft Housing Affordability Plan to create some strategies to help us at least start that conversation on how to address affordable housing. Traffic congestion is another issue.

What is next for the town's economic development?

We want to focus on job creation and commercial growth. We have an economic development entity called the Wake Forest Business and Industry Partnership. We are working on several projects. Specifically, a piece of property that is approximately 145 acres and we are jointly exploring developing that as a life sciences park.

What industry sectors are you looking to attract for economic growth?

Not too many months ago we worked with a company that's currently located in Durham. They're developing a new type of aircraft and are expanding their operations here in Wake Forest. One of the things they are going to do is provide equipment for the military. The manufacturing and engineering will be done here in Wake Forest. We want to attract more of these types of projects.

What is the key challenge for local businesses?

One is land availability, which we're trying to address through partnerships. The other is the workforce. We are working on workforce development with our local colleges and local technical schools to try to find talent that we can connect our employers with. ■



Holly Springs, NC is growing by 2,000 residents per year.

(...) The entrepreneurial spirit in the region is certainly paying off. Triangle startups raised \$2.4 billion in the second quarter of 2022, according to Axios, which marks a 540% increase over 2021. Epic Games, the creator of Fortnite, attracted a sizable portion of this investment. Even without the Fortnite investment, levels would still be up 9% year over year. Cybersecurity firm JupiterOne, Durham-based software firm Teamworks and disease screening company Baebies all raised funding in excess of \$50 million this year. According to Crunchbase, there are 525 active investors in Raleigh alone, mainly operating at the early stage incubator, accelerator and micro levels.

■ Government

Unfortunately, affordability challenges are likely to get worse in the months to come due to inflation and interest rate hikes. Luckily, the Triangle region is anchored by a series of proactive, decisive governments to guide it through the rough waters. One of the reasons why North Carolina has been named Top State for Business in 2022 by CNBC is its leaders' ability to move past partisanship for the benefit of the state and its communities. This was evident through the \$2 billion deal signed with VinFast for its new factory. The deal was championed not only by Democratic Gov. Roy Cooper but also by two Republican colleagues: State Senate President Phil Berger and House Speaker Tim Moore.

Another example of both parties working together has



Triangle startups raised \$2.4 billion in 2Q22, a 540% increase over 2021

been on passing state budgets. In 2021, the Democratic governor and Republican General Assembly agreed on its most comprehensive spending plan since 2017. The sides are reportedly now even close to a deal on Medicaid – a huge sticking point for many Republicans. It is thanks to this governance that WalletHub ranked North Carolina as the seventh-best economy in the country. Individual rankings placed it in 14th place for economic activity, 12th position for economic health and 11th in the country for innovation potential – largely owing to generous fiscal policies and business-friendly governments.

The Triangle is also expected to continue benefiting from the corporate relocation movement given recent tax reforms that came into effect. Beginning 2022, the (...)



Chris Johnson

*Director of Economic Development
Johnston County*

What have your priorities been to ensure the county's growth continues?

Growth is exciting, but it comes with challenges. With growth comes expectations of stakeholders; that means infrastructure, water and sewer, schools and other quality of life determinants – it's overall meeting the needs of citizens. Johnston County has been very fortunate, and this has not been an overnight case. We have been growing for the past two decades. We passed multiple school bonds, which is where a lot of our investment has gone. Our facilities are second to none. Don't get me wrong, we have pressure points, but we're doing a great job. We're growing by about one school per year. We accomplished new construction and updating existing facilities without affecting our property taxes.

In terms of our transportation network directly into the county, we have I-95 along the corridor, I-40 running out of Raleigh and U.S. 70 being transitioned into I-42 to us. We're one of the few counties in the state to have three interstates that touch our community, all of which point us to the Triangle. There are other transportation projects happening outside the county that will positively impact us.

It can be easy to think about economic development in the confines of a county but the reality is that developments and expansions in Johnston County affect everyone around us, too. Our labor opportunities affect a 25-county region, so the developments and announcements being made here affect a quarter of the state of North Carolina.

How will Johnston County position itself for the future?

I make the commissioners' visions reality, so it really depends on what they envision growth looking like over the next few years but as an advocate for Downtown, I remember a growth spurt of the county happening outside of municipalities, where more people were moving into the rural side of things. In the past three to five years, there has been a concerted effort to push that growth to the municipalities because then they can begin to be intentional about putting together great amenities, as opposed to encouraging sprawl. I see that moving forward in the future. ■

What's next?



Matthew Coppedge

President & CEO – Garner Chamber of Commerce

“We are trying to make sure that we are bigger than just a membership-based organization and more of a community player that helps address and bring discussions to the problems. We can't solve all of the problems but we can bring together the people who can. Our job is to bring the development community, the town and regional governments, the business community and others together to make these things happen. That's what the Chamber of the future is, to play in this larger scale community economic development role but also find a balance between helping small businesses and figuring out how to educate them so they're successful as well. It is a very wide breadth of things that we can do and figuring out which things are the most beneficial to focus on is really what we are doing to create the chamber of the future. **”**



Rodney Dickerson

Town Manager – Town of Garner

“Growth management, investment, and infrastructure are our priorities. We want to continue strengthening our partnerships with Raleigh, as they provide our water and sewer, to make sure the infrastructure is expanded to accommodate the expected growth in the coming years. Simultaneously, we aim to facilitate more commercial growth and work in the economic development sector to get more businesses here, especially as the I-540 highway opens up. There will be developable property around that area, so we want to zone and plan appropriately for these spaces as we grow outward. Furthermore, we are about to build a new fire and EMS station in partnership with Wake County in the U.S. 401 corridor. We also have plans to expand our greenway systems and parks. The variety of housing, its affordability, and quality of life are things that we seek to improve as well. **”**



Maureen McGuinness

President & CEO – Triangle East Chamber of Commerce

“I think chambers have changed dramatically since they were first established. We are change makers. A big area of concern is workforce and workforce development. We are approaching that with teams of people and even though we were working countywide on this with a lot of different organizations, the efforts are housed under our umbrella. We're also offering businesses more technical tools to run their business.

For example, we're the first community in the state of North Carolina to offer something called Size Up. It provides businesses with the data that they need to right-size their business, or if you're an entrepreneur to start up your business. I don't think people would traditionally have thought the chambers would do that, but we do that and in addition to advocating on behalf of our member businesses. I see our Chamber doing “economic gardening.” While the county is involved in recruiting new businesses, we support existing businesses and support emerging businesses so that they can connect, grow and prosper. **”**



(...) state's flat individual income tax rate was reduced to 4.99% from 5.25%, and there will continue to be annual incremental reductions until it reaches 3.99% in January 2027. This will place North Carolina in 12th position nationally for the most favorable income tax rates. The state is also taking a hammer to corporate taxes, which are already competitive at 2.5%. From 2025, the rate will be reduced to 2.25%, before incremental decreases will eliminate the tax completely as of 2030.

But with fewer taxes to cushion spending, how will the government balance budgets? About half of government income in both Raleigh and Durham comes from the general fund. In Raleigh's FY23 budget, property tax and sales tax account for \$443 million – 75% of the general fund and 40% of the total budget. Likewise, for Durham, property taxes alone total \$125 million – 50% of total general fund income. In the past few years, the property market has been strong. The median home value in the Triangle region is now far above the pre-pandemic level, buoyed by substantial in-migration. This August, median sales prices were \$405,000, up 15.4% year over year, while in the first eight months of the year, sellers received on average 103% of asking price and houses only remained on the market for 12 days. Now, as interest rates rise, the housing market is cooling and inventory levels are beginning to reach a balance again but home values are unlikely to fall in the short term, providing a boost to the city budgets through property taxes.

■ Looking ahead

The Triangle region has made huge leaps forward in a very short period of time. Its balance between growing into a large metro area while still maintaining a small-town feel proved to be the secret recipe for success in the wake of the pandemic as the population surged in. Intelligent forethought, such as early investment in education and research hubs like RTP, meant that the region was positioned well to capitalize on the brain drain from the Northeast. Now, the region needs to ensure it is still looking ahead to anticipate further population growth and learn the lessons from other high-growth areas. Luckily, public and private leaders are fully aware of the importance of enjoying the perks of population growth while ensuring the quality of life of current and future residents.

There are whispers of a coming recession and despite claims that the Triangle is recession proof, a certain amount of conservatism is warranted in the coming years.

Many local leaders and executives

believe that despite the challenges, the region is still better off than other comparable markets due to being economically insulated by its university system. There is an overwhelming sense of optimism on the horizon, underpinned by the region's strong business community, proactive government and huge talent pool. Ranked No. 1 by Forbes in Best Place for Business and Careers, it does not look like Raleigh will be bumped down the rankings any time soon. ■

In Raleigh's FY23 budget, property and sales tax account for 75% of the general fund and 40% of the total budget

Located at the crossroad of American on I95 and I40... and soon Interstate 42, Johnston County is in an enviable position for recruiting new, high-tech companies with close proximity to the RTP, RDU and three renowned research universities. Plus it's a great place to raise a family and call home!



Equity focused

Rapid population growth has heightened the business community's need to solve certain issues and address disparities.



CJ Broderick

President & CEO

Greater Durham Black Chamber of
Commerce

How is the Chamber working with and for its members in the current economic environment?

Practicing equity requires us to ensure that those that are impacted by policies, but have not been given access to participate in the design and development of such policies, be meaningfully engaged in the process. We represent a membership and the broader Black business community that have not been given access to economic and workforce development in meaningful ways. Through the GDBCC, there can be advocacy and engagement in the planning, design and execution of our economic development and workforce development initiatives. Our goal is to be able to balance some of the non-inclusive and inequitable ways our city and county has done this work in the past. In recent years, there has been tremendous growth in the Durham economy, coupled with tremendous demographic growth. That growth has not unfolded in a balanced way. Our region is facing issues around affordable housing due to economic development policy and practices that were not balanced. We must find ways to ensure that we have meaningful representation to ensure that our practices and policies are diverse, inclusive and equitable.

What priorities come to mind when you think about the Chamber's agenda for the next few years?

Our primary focus will remain economic and workforce development. If we can get that part done and ensure the ways in which we are growing as an economy are indeed inclusive and equitable, our biggest fight will be won. The businesses that are impacted by it do not always understand what is happening, so we are doing an education campaign within the business community to explain how issues, such as gentrification and affordable housing, are caused by flawed economic development policies. If we are able to solve the economic development policy side then all ships can rise, removing this issue of massive displacement. ■



Kade Kimber

President

Harmony: NC LGBT+ Allied Chamber of
Commerce



Carlos Liriano

Board Chair

North Carolina Hispanic Chamber of
Commerce

What programs are taking off that you are proud of?

From day one, the two biggest items I have pushed the board to accomplish are in relation to accessibility and elevation. In terms of accessibility, when speaking about diversity, equity and inclusion, I think diversity and equity are moot points if not for inclusion, so getting as many people at the table as possible is crucial. For Harmony, what most inhibits this relates to a members' financial situation and/or geographical location.

I never want anyone to feel like they can't be engaged with Harmony due to their financial situation. To me, that would be a total failure on our part. So, first and foremost, I am particularly proud of the corporate partnerships and exclusive sponsorships our team is actively gaining – and of the companies stepping up and giving back – that allow us to supplement costs at a greater rate than the rising expenses.

But, the two absolute biggest programs that are taking off of which I'm particularly proud are PrideLife Expo 2023 and Seen, the aforementioned nation's first LGBT-centric coworking community and entrepreneurial incubator.

For PrideLife Expo 2023, we are taking the success of our inaugural PrideLife Expo 2022 and essentially putting it on steroids. Working with county and city leaders, our aim is to not only keep the community connectivity aspect of PrideLife Expo for individuals and families, but also to make it the area's annual premier business event during Pride month.

For Seen, we have launched our capital seed campaign and also have partnered with Raleigh Founded and American Underground to have a path forward to bring Seen to life. The ultimate vision is to not only have LGBT-safe coworking space and office suites but also retail testing grounds, venue space for educational and private events, a coffee shop, podcast recording rooms, artist studio spaces, and space lease priority given to area LGBT+ organizations so we can better centralize the community and keep LGBT-supporting companies from feeling like their donations are so split up they're not effective. ■

What are the programs and resources the Chamber can provide members to mitigate recent labor shortages?

It's the biggest complaint we receive. We're fortunate to see a huge increase of new businesses registering, but we don't have the labor to support it so there is real competition for talent. In our role, we can promote employment opportunities online. We've even had American Airlines reach out seeking more Hispanic workers, so tapping into our network of members presented some great jobs for the community. We have a lot of great services for businesses that we offer for free that otherwise cost hundreds and thousands of dollars. That's a huge value that we are looking to communicate better moving forward.

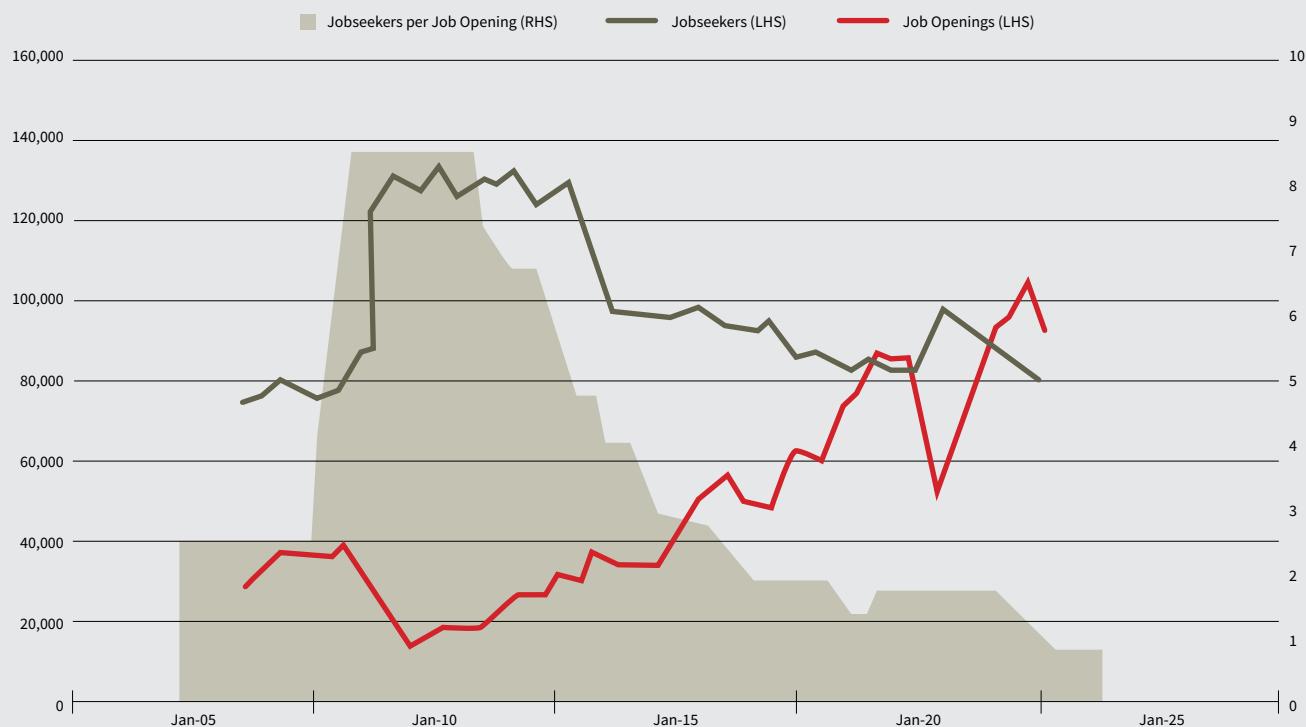
How does the Chamber respond to the evolving needs of a shifting demographic?

We are fortunate to have such diversity in our communities. A decade ago, most immigrants looking to start businesses here came from Mexico, but now we are seeing more from Puerto Rico, Dominican Republic, and Peru. We have a lot of questions about how to register businesses and apply for an Employer Identification Number. Our partnership with the Mexican and Guatemalan Consulates has provided a lot of great consultation in that regard.

But no matter where they come from, everyone wants the American Dream of owning property right away, so that is another major inquiry. We've increased the number of realtors in our membership, and that is evidence of that desire. People will ask us what they need for applying for mortgages and what they need to locate a property to own or rent.

There is also a need for legal and medical services, along with translation to navigate various immigration processes. This is where our network can be so helpful, especially lawyers who can support these issues for people. If we don't have an answer, we'll find the right person who does. ■

North Central Prosperity Zone:



Source: <https://analytics.nccommerce.com/NC-Labor-Supply-Demand>



Calling North Carolina Home

Great people lead to great success. For nearly two decades, the Triangle's culture of collaboration and innovation has empowered Lenovo to advance our goal of shaping a better future for all.

Learn more about how Lenovo is leading the development of smarter technology for all at news.lenovo.com/northcarolina

Smarter
technology
for all

An afternoon at Dorothea Dix Park helps Lenovo North America Events Manager LaTosha Smith open the door to inspiration, creativity, and service.

Lenovo

Tech clouds:



**Optimism
reigns despite
slowing
business in
the country's
original tech
hub**

Since 1965, when IBM began building a manufacturing plant in Research Triangle Park, the region has come a long way as a research hub. Nowadays, the Triangle is the second-fastest growing tech hub in the nation and a prominent innovation location that houses notable companies such as Oracle, Cisco, Siemens, Lenovo, Hitachi, Epic Games, Dell and Microsoft. More recently, Apple disclosed plans to invest \$1 billion in the Research Triangle and build a campus, which will add at least 3,000 new jobs to the region. Google has also selected the Triangle in which to create an engineering campus focused on cloud computing. And Microsoft is expanding in Morrisville. But it's not just tech behemoths that have taken the Triangle by storm. Alongside the arrival of large-scale tech companies, the region has also welcomed medium-size technology companies, incubators and innovative startups, such as Pendo, Constellation Digital Partners, Republic Wireless and LearnPlatform, that are disrupting the technology sector.

The Triangle has a lot going for it, including a favorable tax climate, a robust economy, top-notch educational institutions, and a vast pool of homegrown technical talent. It's unsurprising that tech companies have flocked to the region, bringing ambitious development projects and initiatives with them. Naturally, this has transformed Raleigh-Durham into a gaming, cybersecurity, cloud computing and software development hub.

Currently, more than 60,000 employees work for the over 4,000 tech companies present in the Triangle. And the Raleigh-Cary metropolitan statistical area ranks first in the nation for the share of employees who earn more than \$100,000 annually. According to a report, 74,860 workers in the MSA make more than \$100,000 annually. Meanwhile, the average wage for employees in these high-paying occupations reached \$122,832. At the same time, Durham-Chapel Hill occupied the second place in the ranking of mid-sized metros with employees making more than \$100,000 annually, with 15.3% of Durham-Chapel Hill MSA workers making six-figure salaries. Some of the in-demand professions in Raleigh-Durham include Dev+ Engineer, which comes with an average salary of \$133,560, and Design +UX, with an average regional salary of \$111,824.



Vlad Rozanovich

SVP/President
Lenovo/North America

What makes Raleigh so unique as a market?

The university ecosystem here is second to none and there's a strong technology base. The cost of living is great. It's prime location to the mountains and beaches. Home prices are reasonable. It's still an affordable place to live and work. There's also a massive number of innovative, high-tech companies in addition to Lenovo.

What key challenges does Lenovo look to overcome?

We keep our finger on the pulse on the global market because things change all the time. The current inflationary pressures and consumer confidence are concerns we are prepared for and understand. Most of that has to do with making sure we're providing the right products and services based on market demands at that point in time. Commercial buying is still very strong and we're starting to see an increase in demand for data centers. We are a broad product supplier but the areas in which we still see tremendous opportunity for over the next year include data centers, analytic devices and business intelligence.

What new trends or developments should the market be paying more attention to?

People need to understand how to make decisions faster based on your data. There's a massive amount of data being produced today. Many of our customers are all trying to figure out how to take that data and use it in their decision-making process. One of our large customers is trying to figure out how to make decisions about removing bottlenecks at the drive-through. There's going to be a new focus on how to steer customers to what they want faster.

What is Lenovo's outlook for the next two to three years?

No. 1 is ensuring we're recruiting and investing in the right people. Having the right workforce drives the culture of innovation faster.

Lenovo also wants to give back to the community. We're heavily engaged here in the Triangle, whether it's through STEM education, support of the Carolina Hurricanes or through our Evolve Small program. This program focuses on helping small businesses, particularly minority and women-owned, as they continue to recover from the pandemic. ■



The second-fastest growing tech hub in the country, the Triangle continues to attract tech companies and talent.

The Triangle is also a national leader in aerospace and defense technology, but this is understandable if we consider that the Joint Special Operations Command (JSOC) and the United States Army Forces Command (FORSCOM) are located at Fort Bragg. The region hosts more than 50 firms in the defense tech industry, including Northrop Grumman and Lockheed Martin. Against this backdrop, local leaders are currently pursuing Boeing, Airbus and BAE Systems, trying to convince them to select The Triangle as their new hub. Meanwhile, tech startups and SMEs secure contracts with major players in the defense industry. For instance, Secmation, a startup with its headquarters in Raleigh, won a \$1.8 million contract from the U.S. Air Force.

Landscape

After a landmark year in 2021 for tech development, clouds are gathering on the horizon and experts project layoffs and a hiring freeze. Behemoths like Microsoft, Twitter, Shopify, Microsoft, Netflix and Tesla have already made impressive personnel cuts and there are no signs that tech firms can postpone a new wave of layoffs. In fact, Elon Musk has announced mass layoffs for Twitter, while Amazon is pursuing the same route. According to Crunchbase, as of mid-November, the U.S. tech sector has already experienced major personnel cutbacks that total more than 73,000 employees. Considering that experts predicted that the U.S. tech industry would grow by 6.7% in 2022 and reach a market value of \$1.6 trillion by the end of 2021, it is safe to say that recent developments in the industry and the global economic slowdown will impact the sector negatively.

In North Carolina, tech openings have declined since (...)



Milestones

Heightened activity demonstrates RTP's impact in the region's growth

Scott Levitan

President & CEO – Research Triangle Park

What milestones has your organization achieved over the last 12 months?

We are at a milestone right now. We are finalizing our \$70 million infrastructure project at RTP. We have signed on all the key vertical development components for that. MAA has been with us since the beginning to develop 600 apartments that broke ground in October. Longfellow Real Estate Partners is moving forward on a 250,000-square-foot spec lab building as well. KDC continues to pursue larger office tenants and there are several prospects that are focused on the post-pandemic work environment and how HUB RTP will meet those needs. RTF has entered into a partnership with White Point Partners on Horseshoe @ HUB, the retail and office town center for HUB and RTP.

Demand has increased so much that there are campuses at RTP that are worth a tremendous amount of money. We have completed some recent land transactions worth more than 2.5 times their value in December of 2019. That appreciation represents how much RTP is seen as a crucial factor in the growth of the region. We recently signed up with a hotel developer, which will build a 275-room, high-end hotel and conference facility.

What will the modern office look like at RTP?

The Horseshoe has shared amenities within the building, including a roof terrace. Retail is critical to our strategy given the feedback we have been seeing from the market and our RTP companies. Prospective tenants like the idea of having all the amenities provided external to, but within close proximity of, the office space. The lobby also has some other functions that can

accommodate overflow, including shared conference rooms for all the tenants in the building. There is also structured parking with EV charging stations.

What are some industries that will be picking up traction in the region in the near future?

Biotech and biomanufacturing have been the headliners here. One of the strengths of the region is that we have top five strength in multiple industry clusters. Most recently, those clusters include biotech (including CROs), pharma, biomanufacturing, agtech and fintech. Coming forward, we are seeing a lot of companies focused on gaming, AI and machine learning. Medical devices are very topical as well. Gaming is interesting because it crosses over with the other tech-related industries in terms of the skills that are required. It would be hard to identify another region with this excellence across multiple industry clusters.

How is RTP advocating for smart growth in the region?

That is a passion of mine. Our greatest opportunity and challenge now is to look into the future and think about the impact of adding 50% more people to the region between now and 2025. Until now, RTP has been a work venue surrounded by the communities that comprise the Triangle Region. We need to change that. We are pretty unique in that the greatest development potential for the Triangle region is right in the middle of it in RTP. We have 7,000 acres, which is about half the size of Manhattan. As a region, we need to focus on regional transportation, affordable housing, equitable public education, the environment, recreational amenities, our RDU airport and infrastructure. ■



Why has IBM chosen to invest in the Triangle over the last 50 years?

IBM was the first large enterprise to set up shop in Research Triangle Park more than 50 years ago. At the time, my predecessors were looking at our education system's value. In the Triangle, we are fortunate to be surrounded by so many incredible K-12 schools, community colleges, universities and HBCUs. North Carolina has more HBCUs than any other state and that gives us a very diverse pool to recruit from. IBM has always embraced diversity, equity and inclusion, and creating an environment where you can recruit diverse talent right in your backyard is an advantage for us. I also believe the future is partnerships and companies embracing partnerships will have advantages over companies that choose to stay closed off. Companies that build ecosystems of mutually beneficial strategic partnerships ultimately will have the opportunity to serve their clients and stakeholders better than if they were going at it alone.

How has your approach to data and cybersecurity shifted over the years?

This is a passion of mine. Cybersecurity is one of the most pressing issues for companies, governments and individuals right now – it impacts everyone. In all global aspects, we have woken up to the threat of cybersecurity. It's a huge focus for IBM and we have robust cybersecurity services and products that can help enterprises and governments secure their infrastructure and data. Security is not just about products; it's about layers of security. I believe the most important layer of security is the individual and as the bad guys have become more

Attractive factors

Education network, partnership potential among business attractors

Timothy Humphrey

NC Senior State Executive | RTP Senior Location Executive – IBM - RTP

sophisticated, the individual has to be more alert. We help clients design their best security practices through our security consulting businesses.

What are IBM's near-term priorities?

Recently, the CHIPS Act legislation was passed. The CHIPS Act was needed for our country to bring semiconductor research and manufacturing into our borders. It's a large national security problem and a massive consumer convenience issue. At IBM, while we don't manufacture and fabricate chips, we do a lot of work in the semiconductor research and development space. It's an opportunity for us to collaborate with chip manufacturers.

One thing we're starting in RTP for IBM is the OneTen project. We are helping Black Americans get family-sustaining jobs that they otherwise would not have gotten. How do we open doors and make sure they can compete for these jobs? It's called OneTen because the goal is to upskill and hire 1 million Black Americans, not those who are already on track to graduate with degrees but those from nontraditional methods. We are partnering with multiple large companies to accomplish this over the next 10 years.

A third key initiative for us is our work with quantum computing. Locally, we have partnered with my alma mater North Carolina State University to develop The IBM Quantum Hub. Quantum computing is a game-changing technology breakthrough for the IT industry because instead of only being able to represent something in binary ones and zeros, we can fill in the gaps in between. This will allow us to do things like model occurrences in nature and allow for stronger cybersecurity algorithms. ■

(...) the summer and The Triangle remains a vibrant job seekers' market, where job openings go unfilled. As per the most recent IT Job Trends report from North Carolina Technology, there were fewer tech jobs available in August 2022 than there were in 2021. Furthermore, job openings at the region's most acclaimed firms have dropped from more than 4,000 in July 2022 to roughly 3,300. To be sure, layoffs aren't the only problem placing pressure on tech firms, and data breaches, cybersecurity threats and the lack of consumer trust are adding to the industry's woes. Additionally, tech firms are adopting modern tools, which are transforming the IT and innovation business. For instance, 3D printing, clean technologies, extended reality, no-code programming techniques and cloud native platforms are revolutionizing the industry but putting short-term business pressure on IT companies.

■ Incubators & accelerators

Due to the existence of a large entrepreneurial ecosystem and network of local high-impact universities and leading community colleges, leaders in the Triangle can create seminars, workshops and webinars that

engage and develop regional tech talent. For instance, 2ndF aims to build minority education initiatives and invest in early-stage startups at both the angel and venture levels. Elsewhere, North Carolina SaaS startup Allstacks announced it had closed a \$12.3 million Series A funding round. Meanwhile, NC IDEA announced 20 grant recipients in North Carolina who will benefit from a \$2.3 million fund to help the state's startup community and fuel innovation. The Uber of aviation, Jet It has also raised \$16 million in a mix of equity and debt funding. Accelerator RevTech Labs continues to be a success, and alumni have raised \$2.5 billion in venture capital. Equally important, the Dolphin Tank pitch events for women entrepreneurs are bringing female leaders in health tech together.

■ Sector performance

Since giant tech corporations are putting the brakes on corporate hiring, smaller companies and startups are jumping at the opportunity to snap up talent and boost their visibility in a market dominated by large-scale companies. Naturally, the hiring freeze benefits startups because, until recently, smaller companies had to compete with big tech, which put a lot of effort

 **ACCESSWIRE®** accesswire.com | 888.952.4446

GET YOUR BRAND THE MEDIA ATTENTION IT DESERVES WITH OUR GLOBAL, NATIONAL, AND LOCAL NEWS DISTRIBUTION

**RANKED #1
IN CUSTOMER SERVICE**

Amplify your brand and reach your audience effortlessly with the most innovative news distribution platform in the industry. With flat-rate, predictable pricing, quick turnaround times, 24/7 on-site editorial, and wide distribution, **your company can ensure your news will get the views that it deserves.**



**NO OTHER
OUTREACH PLATFORM
IS AS EFFECTIVE OR
COST EFFICIENT.**



Brian Balbirnie

President & CEO

Issuer Direct Corporation

What services have faced higher demand recently?

We have seen our most outstanding growth in our News Distribution business. Again, as we have continued to see a year of instability, we have seen customers truly value the service, innovation, predictability and cost-efficiencies that we have been able to afford them. We have continued to outshine ourselves in the marketplace by being able to adapt and by bringing people back quicker than others, in particular our editorial team.

How has your strategy evolved in assessing cybersecurity risk?

Prior to COVID, we didn't do a penetration test more than once a year. We had good architecture security internally but with remote work, we had to pick it up and do more testing and development. We doubled our number of IT infrastructure people and spent additional money to protect our business, so things are much stronger after the pandemic.

What are your top near-term priorities?

We want to hire, teach, mentor and repeat. We want to hire good people and teach them our business because there aren't many in this community who understand it. A successful person who is mentored will stay 15 to 20 years and the knowledge is very institutional, so this is important. Next year, we will continue to build our brand awareness and continue to be a disruptor in the industry. In addition to growing our brand, we are very focused on the local community and want to ensure that we continue to give back and contribute.

How are you focused on ESG and DEI efforts?

Our DEI efforts led us to build foundations of understanding regarding diversity and inclusion and the importance of hearing from all sides of the table. Regarding ESG, it does not just apply to public companies but private businesses as well. ESG is really about the private side of the business for us. We are providing a rebate for EV bikes and cars just to start to put some footprints in the sand. We are doing all the right things with lighting and recycling. We are maybe 20% to 30% ahead of other companies in this. ■

"No place is worth caring about that DOESN'T have a parking problem."

-Rollin Stanley



Leaders are discussing innovative ways to sustain growth through smart infrastructure decisions.

into luring the best and brightest employees. But, there are urgent concerns that affect more than just big tech. The pandemic has changed team dynamics and, after two years of remote work, some teams refuse to reunite in person as they push for hybrid and remote work. To that extent, the spat between Elon Musk and Twitter employees who question the value of office work further illustrates that even big tech needs to overcome the return-to-office resistance. And in recent years, changes have occurred beyond merely how people approach their work and what they demand from their employers. In fact, consumer preferences and expectations have also shifted thanks to cutting-edge technologies.

Younger generations in particular expect companies to use digital channels and tools to create seamless customer experiences. Elsewhere, data breaches and cybersecurity threats have become increasingly prevalent, but despite challenges, just 38% of global firms think they are equipped to manage a sophisticated cyber attack. Given that a hacking event occurs every 39 seconds, consumers believe corporate leaders don't go far enough to safeguard their companies and clients from risks. At the same time, budget constraints are delaying the adoption of disruptive technologies such as data centric artificial intelligence (AI), the internet of things (IoT), extended reality, cloud computing and blockchain.

■ North Carolina's tech sector

In North Carolina, the tech industry will remain a force in the local economy despite uncertainty. Prior to the pandemic, in 2019, the tech sector employed 269,920 residents, generating some \$30.4 billion in sales. Furthermore, (...)



Investing in expansion

High growth presents opportunities in meeting bandwidth needs

Kevin Hart

Chief Executive Officer – Segra

What are the next steps for advancing Segra's portfolio in the Raleigh region?

The Raleigh region is important for us. We have an excellent, next-generation, fiber optic network that we are expanding in Raleigh and throughout the region. It is a high-growth area in terms of overall employment and specifically in education, technology and healthcare. Therefore, we have customers that have increasing demands for more bandwidth. We are investing hundreds of millions of dollars in our network, including in the Triangle area, to provide best-in-class connectivity to all of them. We have a saying at Segra that we give our customers the "Freedom to Grow." We want them to have the freedom to grow their business and to be their partner to help them do that.

Are there any particular business segments that seem to be driving the majority of the activity?

Our customer portfolio is diverse. As the area is indexed on high technology locally, that leverages our infrastructure, cloud services and best-in-class network. Some of the segments we work with are health and medical, tech innovation and education, where we help bridge the digital divide both locally, connecting underserved areas, and extending beyond the region for remote students.

When you look at expansion, are you prioritizing specific areas?

With the influx of new residents and new businesses coming to the Triangle, it is a hot area for us to focus on and densify our network. We want to expand fiber optics throughout the region and make it easier for our customers to connect to a high-bandwidth, low latency,

high-security and high-reliability network. We are also very active with federal and state funding to bridge the divide to connect rural communities so they can have the same great resource of Internet connectivity as others. Sports and Entertainment are also a priority. We connect the PNC Arena and are the Business Communications Partner of the Carolina Hurricanes. It's all about going to where the communities are and connecting them so that they can achieve their goals.

What is the key challenge that you and your team are strategizing around?

I think that would be growth and enabling our customers' success. There are global supply chain challenges in terms of electronics. We also see a war for talent in terms of skills that are in high demand such as IT skills, cybersecurity skills, network construction and fiber optic skills. Fortunately, we are a high-growth company backed by the largest private telco in the United States, the Cox family of companies. The company represents \$21 billion in revenue. The family is in it for the long haul.

We have built a culture where people want to be part of a winning team. This is a key to overcoming some of our challenges. We have nearly 1,000 employees with more than 200 new hires in the first nine months of the year. Our employee net promoter score is up 63% since January. We are building a winning team and a winning culture. Furthermore, we are customer focused. One of our core values is called Choosing to Win. It is the No. 1-rated value in the company because our employees want to work hard, win the marketplace and help our customers be successful. ■

(...) the tech industry accounted for 6% of the state's total workforce, but 11% of North Carolina's total wage earnings and sales. Moving forward, technology and innovation will continue to drive economic growth, but companies will need resilience to survive outages and disruptions. On the positive side, the COVID-19 pandemic has compelled businesses in almost all industries to fast-track digital transformation, which has benefited tech and innovation. During the epidemic, these businesses not only attracted new customers and partners but also saw significant increases in revenues and sales. Apple's profits, for example, almost doubled year over year to \$21.7 billion in the third quarter of 2021. At the same time, Microsoft reported \$46.2 billion in revenue in its fourth quarter 2021 earnings, while profits jumped 47% to \$16.5 billion.

Evidently, it wasn't just big tech that leveraged the pandemic to create opportunities and grow the business. Even the tech startup scene has become indispensable by addressing critical issues in society. Durham startup FoodLogiQ, for instance, helped restaurants, grocery stores and food suppliers manage their supply chains during the pandemic. And Morrisville-based cybersecurity startup JupiterOne has reached unicorn status in 2022, just two years after it was launched. It's worth noting that the rise in ransomware attacks in the past years was a key factor in JupiterOne's extraordinary success. Elsewhere, Printful revenues surged 80% during the pandemic as demand for bespoke printed goods skyrocketed during the lockdown.

Without a doubt, in the past two years, corporate executives have realized that cutting-edge technologies may assist them in resolving supply chain and labor-related concerns. As the Great Resignation has pushed employers to raise pay and benefits, some companies have turned to smart automation technologies to lessen the blow. The Association for Advancing Automation (A3) reports that orders for robots increased 67% in North America in the second quarter of 2021 when compared to the same quarter of 2020. Meanwhile, other companies have embraced innovative tech to attract and hire talent, and speed up the company's employee onboarding process.

As for cultivating and engaging the next generation of tech talent, local higher-education institutions have developed new types of instructional programs and expanded their tech curriculum to build pathways into the labor market. For instance, at the N.C. Community College System, students use VR tech for a variety of reasons. South Piedmont Community College employs virtual reality to give students the opportunity to



The Triangle's tech industry is projected to grow 3.4% per year.

virtually study abroad. Meanwhile, Pitt Community College uses VR to provide an online campus tour. And several other institutions have employed VR to introduce students to a range of job options.

■ Employment

Remote work has helped companies operating in the Triangle cultivate a more inclusive and diverse workforce. In most cases, the work-from-home revolution has helped local businesses build a global labor force, which is more dynamic and competitive. Naturally, in the long run, this will boost entrepreneurship and employee engagement, promote a positive workplace culture, and increase productivity levels. Furthermore, remote work could close the gender gap in the tech industry. Considering that in 2021, men held 73.2% of the tech industry jobs, while



women held only 23.1% of tech-related jobs, flexible work arrangements might hasten the return to work of young mothers. Ultimately, this would help the tech company retain qualified employees instead of getting stuck in the cycle of re-hiring and re-training.

Simply put, the average cost of hiring a new employee is \$4,700. However, the costs associated with managing returning talent or implementing return-to-work programs is far lower. Inspiring Capital, for example, runs The Return with Purpose Fellowship, which is a year-long experiential learning program designed for women who want to return to the workplace. Elsewhere, N.C. Tech Association organized a summit for women in tech and it teamed up with reacHIRE to provide insight-driven talent solutions to N.C. Tech member companies.

■ Looking ahead

For far too long, the tech scene has been dominated by major hubs in California and New York, but in the past decade new hotspots have emerged. The COVID-19 pandemic and ensuing spike in remote work have only accelerated the shift towards new tech hubs, and Raleigh-Durham, with its top tech talent, has attracted high-quality companies to the shores. But this diverse workforce has also fostered innovation and catalyzed organizational culture change. In 2022, the annual Forbes '30 Under 30' list featured three North Carolina entrepreneurs. And they are hardly the only bright young leaders in the region developing innovative business solutions and approaches. Moving forward, the Triangle will continue to grow and cement its position as one of the nation's fastest-growing areas despite the challenges ahead. ■

SEGRA®

Freedom to grow.

Whatever your business dreams, we're building the network to get you there.



Let us introduce you...

We are a vibrant community with more larger-than-life characters per square mile than should be legally allowed.

When you are met at the front door, and made to feel truly welcome, you know you have found a place that values you and your business.

Let us introduce you to the people who care about your visit, your future home, your family.

Let us introduce you to a community that is well centered for success.



LEE COUNTY NC





Lee County:

Lee County has seen an explosion of growth, brought about by dedicated preparation and pro-business policies that have led some proponents to call the county's long list of recent and growing wins a 10-year overnight success.

'Overnight' success:



**Easy living
meets big
industry in
emerging
hub**

Lee County, nestled in the heart of North Carolina and established in 1907, embraces the best aspects of its peaceful rural living while embracing the transformative impacts of growing and established industries. From its agricultural roots to the backbone of its advanced manufacturing sector and the nascent life sciences hub it continues to nurture, the county provides both its residents and businesses opportunities to flourish and grow, with a unique quality of life that combines high-quality jobs and easy living.

■ Landscape

Over the last decade, Lee County's population has steadily grown, keeping pace with the state's swelling population. The county has grown from 57,866 residents in 2010 to 63,285 in 2020 – an 8.94% growth rate – with the latest estimates from the most recent U.S. Census showing the county's population standing at 64,138. More growth is expected as Lee County's population is projected to expand another 24% over the next 20 years. While Sanford is the county's largest municipality and county seat, the population is fairly evenly distributed throughout both the city, the nearby town of Broadway and the surrounding countryside, with a density of 248.1 per square mile.

The key pillars of the county's economic engine include the advanced manufacturing sector, which employs 1 in 3 county residents and is a testament to the region's 150-year manufacturing history. Agribusinesses, such as Pilgrim's, Tysons and Gross Farms, provide another key plank for the region's economic development, generating more than \$54 million in agricultural products sold, according to the most recent Agricultural Census Profile in 2017. The regional economy is further diversified into the life sciences and biotechnology space, with pharmaceutical giant Pfizer based on the 230-acre PGS Sanford campus, with flexible, multiproduct manufacturing facilities and having invested more than \$600 million over the last five years in gene-therapy research and production facility expansions. Others, such as Astellas Pharma and Abzena, have also invested hundreds of millions to expand new and existing facilities in Lee County, producing new gene therapies and genetic medicines. (...)



'What's next?'

Forward planning positions Lee County for continued growth

John Crumpton

County Manager – Lee County

What are some initiatives that are ongoing in Lee County?

We are in a fortunate position to have several significant projects ongoing. Manufacturing expansions and investments are completing their projects, and many are producing and delivering products. The city has done a lot of work in planning for water and sewer projects and improving new industrial sites. We have 1,000 acres of industrial property in Lee County, and we are continuing to field calls and work with interested investors.

Also, we finished renovating our government center, courthouse and parks in the last 12 months. The parks got a nice facelift and we are far along now in the design of a new 33,000-square-foot library that will double the current size. Hopefully, we will be out to bid in January for a new multisport complex with diamond and rectangle fields as well as a destination playground.

We also purchased a facility for the community college and we transferred it to the college on Aug. 1. They are beginning to start the renovation, which is important because that facility will be the training ground for VinFast employees. It is a big, regional cooperation with Chatham County to help train those workers for the largest economic development project in the state.

How are you enhancing the quality of life for county residents?

It can be hard to define quality of life but we have our roles in education, community health and recreation. We are making a lot of investments in recreation, the library and in our educational facilities. We have excess capacity, so we are ahead of new residential

development, while still making plans for potential new school sites. It is important to identify building sites early to ensure competitive pricing. We have become a destination for mountain bikers because of these trails. We are doing a lot to get our community active, and several of our community and business partners are working to develop trails and outdoor events.

We have people in this county who have lived in rural North Carolina all their lives and now because of growth, they are living in a more urban area. That is a challenge because growth breeds problems, such as traffic, congestion and noise. We are dealing with these things but you can't plan for inconvenience.

What will be the challenges for Lee County going forward?

COVID has left some lingering effects that are not related to health. One is the work from home modality and we need more infrastructure in place for that. We have a broadband initiative with funding from the federal government and we want to expand that to all areas in the county.

Connectivity and communication will be very important going forward. It is important for industry and individuals because more people are doing hybrid work. Then, we need amenities to attract people and we are working hard to make that happen.

The city is connecting Sanford via rail with the S-Line project, for example. We want to continue to be proactive and plan for future growth while improving our connectivity to the region. We want to continue to think outside the box to make this a great place to work and play. ■

(...) Bolstering Lee County's growing economic heft is the presence of Carolina Central Community College and the rest of North Carolina's higher-education system, which provides Lee County with 14 degree-granting universities all within an hour's drive, including NC State University and the 10,000 students enrolled in its nationally-recognized School of Engineering in Raleigh, and Campbell University, which founded its own School of Engineering in 2016, only 30 miles southeast in Buies Creek.

Central Carolina Community College (CCCC) plays a key role in supporting the region's workforce development, having taken the reins of the newly renamed E. Eugene Moore Manufacturing and Biotech Solutions Center, a 220,000-square-foot former manufacturing plant converted into a cutting-edge training space. The site is within an hour of 104,000 existing manufacturing jobs and will help Lee County provide the future workforce for an additional 17,000 jobs that will come online as a result of major projects like the Toyota Battery Manufacturing North Carolina (TBMNC) plant that sits 35 minutes north of Sanford and Vietnamese automaker VinFast's new \$6.5 billion automotive plant in neighboring Chatham County.

Jimmy Randolph, CEO of the Sanford Area Growth Alliance, told *Invest:*, "Lee County is becoming a more significant asset to the region with a ready labor force. There have been a number of major announcements



Matt Walsh
President
Elite Aircraft Services

While the demand for general aviation was already steady ahead of COVID, the pandemic caused an increase that businesses like Elite felt greatly. Travelers that were on the fence about investing in private aircraft travel were very quickly making the decision to take the steps to purchase aircraft or find solutions for traveling that allowed for safe, efficient and effective transportation. The general aviation section of the industry, while still relatively niche when compared to its airline counterpart, has experienced enormous growth in the past 5 years as business owners and travelers realize the value of their time and how advantageous private travel can be. This is increasingly apparent as the backlog for delivery of new aircraft is higher than it's been in years. //

nearby, such as Vinfast and Toyota. The availability of sites for supply chain partners will be a major asset to the region. Sanford and Lee County had to be worked into the conversation, and now our state and regional partners are leading conversations with Sanford and Lee County."

■ Advanced manufacturing

Sanford and Lee County maintain a long-standing history of excellence in the manufacturing field with the establishment of furniture, tobacco and textiles manufacturing in the region in the late 1800s. Despite the changing global economy, Lee County never lost its propensity for producing durable and reliable goods that remain essential to its economic output, with the county now home to automotive components and electronics as well as cosmetics and pharmaceuticals manufacturing and production. With Central Carolina Community College's E. Moore Manufacturing and Biotech Solutions Center as well as Lee County Public Schools' dual enrollment program with CCCC, the local advanced manufacturing sector can expect to take full advantage of an educated and skilled workforce that includes 450,000 people within a 45-minute commute and encompasses a population of 1.3 million.

For this reason, in addition to the county's pro-business, pro-growth climate, Bharat Forge America, Inc. made its largest investment in North America in Lee County, with the creation of a \$127 million plant in Sanford. Opened in 2021, Bharat Forge's total investment in the county rounded out to \$170.9 million and employs 460 people with an average wage of \$47,000 yearly. The wider region's robust talent pipelines and manufacturing sector familiarity have made it a welcoming landing pad for other manufacturing endeavors both foreign and domestic. Japanese auto-giant Toyota announced in August 2022 an additional \$2.5 billion investment in its Toyota Battery Manufacturing North Carolina plant in nearby Liberty, generating an additional 350 jobs and bringing its total employment to 2,100 employees. Toyota's total investment in the region, which began last year, reached \$3.8 billion with the announcement of battery support and manufacturing at TBMNC.

Further flexing the region's manufacturing muscles and providing North Carolina with its first dedicated electric automobile manufacturing facility, Vietnamese car startup VinFast Automotive is building its first North American facility at Triangle Innovation Point, a 12-minute drive north of Sanford and only 6 minutes from Raleigh Executive Jetport. The company aims to invest \$5 billion in the facility, which will employ 13,000 workers from across the region, with Lee County's CCCC providing the plant's workforce, further cementing



The Raleigh Executive Jetport is planning to add 12 new box hangars to accommodate demand for general aviation.

North Carolina as an EV hub. The project is the largest economic development initiative in the state's history, and marks VinFast's first foray into the U.S. and North American markets. Sanford is expected to provide the water services for the plant, with Chatham County lacking any of its own, with the city receiving 20% of all property taxes that Chatham collects from every home, business and industry that connects to the water line over the next 50 years, generating millions for both the city and Lee County.

John Crumpton, Lee County manager, explained: "With our highways, rail and general aviation airport, Lee County aligns well within the Triangle region. We continue to see business investments within our county and the surrounding counties. This shows how well our communities work together to create this dynamic economic opportunity here in central North Carolina."

■ Biotechnology & life sciences

While the county has traditionally occupied the advanced manufacturing space, its proximity to Research Triangle Park (RTP) – an area renowned across the globe for its research and innovation – has made Lee County an attractive site for the life sciences and pharmaceuticals industry, thanks to the region's highly educated workforce and Lee County's own industrial know-how. State efforts, anchored by Research Triangle Park's North Carolina Biotechnology Center, 35 minutes from Sanford, have been critical in supporting the development of the region's life science economy through innovation, commercialization, education and business growth. Sanford and Lee County are anchored (...)

Q&A



Bob Joyce

*Economic Development Director
Sanford Area Growth Alliance*

What makes Sanford a great place to do business?

Three things: our great workforce, our business-friendly local government and our outstanding community college. These assets have enabled us to become more selective and strategic in our approach to economic development. Sanford has always done well evolving with new industries over time, from horse buggies and brick-making to automotive components, electronics and pharmaceuticals. Today, there is a focus on next-gen advanced manufacturing, robotics and automation plus drug research and production as the next step this region can take. We're seeing it already with the electric vehicle revolution happening nearby with VinFast and Toyota plus our local pharma sector additions.

We've made significant strides in training, especially in computer-driven industrial processes, laser and photonics technology and bio-processing. Central Carolina Community College has been recognized nationally for their innovation in industry training. Local leaders committed to a new 250,000-square-foot training platform for the college that will be unique in North Carolina, if not the entire country. It has been a huge benefit for our workforce to have these training opportunities.

What industries are seeing the most growth?

Resilience and innovation brought us back from the depths of the Great Recession. Our manufacturing community, which was hurt badly during that time, has rebounded dramatically. As an example, Magneti Marelli, an automotive parts manufacturer, moved their operation to Mexico after 44 years here. Over 320 people lost jobs. But, because we have such a robust manufacturing environment, all of those people found new careers in no time. Caterpillar, our largest employer, has added new processes and acquired several new buildings. We've had good growth in our existing manufacturing industries across the board.

Life science, especially the manufacturing portion of that business, is where we've seen strong growth with new companies. Astellas Gene Therapies and Abzena Pharma, which both recruited here in the past two years, will collectively add over 500 jobs and nearly \$325 million in investment when their facilities are completed. ■

Business attraction

Interest in doing business in Lee County has grown over the past few years due to land availability, local industry and pro-business initiatives.

**Gabe Gusmini**

*President, CEO & Co-Founder
Plant Pathways*

Why is Lee County a great place for your business?

We're in the Triangle for the same reason as many others in the agtech industry: the talent pool is robust with a long history of success. Our university system is regularly graduating skilled scientists and our program was initially a project funded by NC State University and a major food and beverage manufacturer that eventually turned into a portfolio of varieties ready for commercialization. We ended up in Lee County by systematic searching. We were looking for a spot to build our research station right in the heart of where our crop could grow with an existing farming community to engage. In looking with the state and county's economic development teams, we were able to come across Dalrymple Farm, a family farm that grew tobacco for generations. With the loss of value for tobacco and Chinese contracts going away, they had to shut down tobacco production. When we met, we both became excited at the possibility of utilizing farmland in a new way and to build new farming opportunities for many farmers to come.

How is your technology changing the industry?

At the basis of what we do, we are still taking two plants and crossing them to make seeds to be used for their best purpose. Traditionally, this is a long and slow process. Our team uses genome sequences and informatics to accelerate the process. We own the most refined genome sequence of stevia you can find, which allows for purposeful crosses to accelerate time to result. When we started in 2014, we were working to change the bitter, metallic aftertaste, which had been the most critical issue with stevia for several decades. With our technology, we are now producing plants that taste amazing without that effect. We are now moving toward scaling acres in production, adding field-based technology to help with mechanization of planting and harvest through tools like GPS and crop monitoring and management to increase yield, environmental benefit and farm profitability. ■

**Bobby Sharpe**

*Owner
Pop Heaven Gourmet Popcorn & Sweet Shop*

What is unique about operating a business in Lee County?

The local support has been tremendous. The mom-and-pop idea has taken off and people are supporting that versus the big box. What we're realizing is most people want to shop local. We've had big orders with big companies around. CCCC is a huge community college here and they are our customers. People are moving in from different places. We've hit it in the small little town just right because there's so much growth coming around. Houses are being built. We have a lot of manufacturing facilities in Sanford, and we've got a lot more coming.

What advice would you give someone who wants to come and operate in Lee County?

It's a great place for growth and for the community. It's growing, but it still has that small-town feel. In Lee County, you find something very unique because, from us, people have to go an hour to find what we have in Lee County. We have prided ourselves on our Google reviews. We try to be upfront whenever the people come in because we take so much pride in our store. Hospitality is the biggest thing. You have to be good to your customers. Building relationships is the priority in Lee County because word gets around if you do good or bad — the biggest thing in Lee County is honesty.

What are your priorities for the shop in the next couple of years?

We're expanding to a second location that's going to offer some unique stuff. Each season we learn something new; for instance, Halloween caught us off guard because we never knew we were going to be as busy as we were. Our first goal is getting through the first year and going through each one of the seasons and seeing how it affects the store and then expand. Somebody said, when we first got into this, that you have to prepare to have a business that doesn't succeed, so, how do you prepare for a business that does succeed. We're in a town without a stoplight and we've been able to succeed. ■

**Jan Smith**

Yoga Instructor & Owner
Seva Yoga LLC

**Charlie Storm**

Owner
Back to Dirt Bikes

What has the past year looked like for you as a business?
 We have been in business for a little over two years now. In 2020 when I opened Seva Yoga, gyms and other fitness facilities, like yoga studios, were severely negatively impacted by COVID. We managed to stay afloat with limited class sizes and masks. This past year, we have operated without restrictions, which has been wonderful. Our attendance has increased and we have seen many more folks come out and try yoga. Business has steadily improved over the past year. Our Downtown in general has grown, and people are seeing the value in supporting the small businesses here.

How did the Real Investment in Sanford Entrepreneurs (RISE) program impact your business?

The RISE program was instrumental in giving me a great foundation to get started with my business. I didn't have any background in business or accounting; I have degrees in cell biology and anatomy and got my yoga teaching certification in 2018, but the idea of running my own business was intimidating. I was a member of the RISE program's first class, and over the course of 8 weeks we were introduced to marketing, finances and accounting, the legal considerations of starting a business, how to write a business plan and more. I won a grant for my business plan that helped me open my studio in Spring 2020. The information I got from the program helped me feel much more confident as a new business owner.

What advice would you give to someone thinking about starting their own business in Lee County?

It may feel intimidating, but don't be afraid to jump in and begin. There is no way to be 100% prepared or know everything necessary to succeed in owning a business, and there will be a huge learning curve. Know that you will make mistakes and learn from them. Lee County is a great place to start a small business. ■

What makes the Lee County area a unique choice for your business?

What I tell people who visit and inquire about Lee County or the area is that it's a good-sized town, not too big or small, so you can get things done quickly. I've had my shop for 18 years, I know everybody in town and I have a good relationship with everybody.

What infrastructural needs do you believe officials need to focus on?

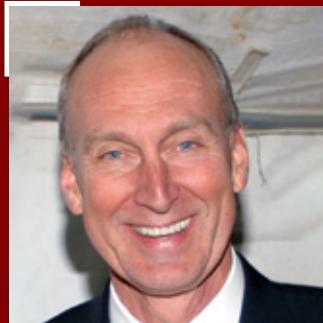
I think behind the scenes they are focusing on infrastructure. John Crumpton is a big proponent of parks. We have several small parks that have been invested in and renovated in the past two years, with a sports complex under construction, and from my standpoint, recreational space will help because that adds to the quality of living.

What do people need to know about Lee County in terms of business and relocation?

The housing market is cheap here but there's been a slight increase like everywhere else, and as I mentioned earlier, the size of the town plays a significant role. San-Lee is a good trail that attracts tons of people. I get a lot of people coming to the shop from Raleigh and Durham, saying they want to move out of town a little bit, and then they realize it's so beautiful here with the mountain bike trail system.

How have technology and innovations like e-bikes changed your business?

I don't sell many e-bikes yet, and part of that is my reluctance. It's a lot of inventory with less profit. However, mountain bikes have evolved tremendously over the last three to four years in the way they are built, with geometry, shock, frame technology and tech. Someone brought in a 10-year-old mountain bike the other day, and it looks like a dinosaur compared to what we're riding now. ■



Robert Heuts

*Airport Director
Raleigh Executive Jetport*

What are the Jetport's highlights from the last year?

Last year, business was good and jetports generally did well during that time. We were rocking and rolling with all the fuel we were selling and the amount of business coming in to pick up and drop off passengers. At the same time, we're still recovering in other ways. We're continuing to build capacity at the airport and make improvements wherever we can.

What will be the impact of the new \$5.3 million runway project that is under construction at the airport?

This project adds water, sewer and better accessibility to the south side of the airport. Also, it will add 12 new box hangars and an additional taxiway for better accessibility. At the same time, we are building a charging pad for electric airplanes and planning to put a charger for electric cars in the parking lot. Electric planes haven't been certified yet, but they are expected to be out there in a few years.

What logistics conversations are you having with other aviation leaders?

We're beginning to see more corporate travel but we need to be prepared for anyone who wants to come in. We have a great plan. With our 6,500-foot runway, we can handle good-sized airplanes, so we're expecting a variety of planes, cargo and corporate travel to come in. Also, it's important to note that we are not looking to take traffic away from airports like Raleigh-Durham International because their focus is commercial travel.

How are market conditions affecting your business?

Getting some materials for our \$5.3 million project has been difficult. The contractor is behind on the project because he wants to be in a particular stage but the materials are not showing up on time. All of these manufacturers are working on a just-in-time basis and I think they're having to change how they do business, especially compared to how they were doing it before. I don't know how long this is going to last, but I'm tired of people using the pandemic as an excuse for delays. It's actually a bigger issue, especially with gas prices as high as they are today. It works the same with airplane fuel: if there's cheaper fuel in some other area, people will go there. ■

(...) by three globally-renowned research universities, with the University of North Carolina and Duke boasting a wide range of health, biotech and pharmaceutical programs, while NC State University hosts its unique, cross-disciplinary Biomanufacturing Training and Education Center, providing training opportunities for skilled professionals as well as those new to life sciences careers.

As a result, Lee County has racked up considerable wins throughout the years and in February 2020 saw Bay Area company Astellas, formerly Audentes Therapeutics, announce its new \$109 million, 135,000-square-foot manufacturing facility at Sanford's Central Carolina Enterprise Park (CCEP), where it will focus on the development of innovative AAV-based gene therapies and medicines. The plans include the creation of 210 jobs, with an average wage of \$83,000.

"This new facility in Sanford will support the next phase of our growth as we establish a robust, global supply chain and expand our therapeutic and geographic scope as a part of the Astellas group of companies," stated Natalie Holles, president and CEO of Astellas. "We are excited to join the vibrant biopharmaceutical research and manufacturing community that the state of North Carolina has established."

Astellas' June announcement is one in a long line of pharmaceutical and life sciences investments in Lee County. PGS Sanford, the 230-acre site just south of RTP has been Pfizer's flagship manufacturing center since 2017, when the company invested \$100 million in the new facility after its acquisition of local biotech startup Bamboo Therapeutics. In 2019, Pfizer invested an additional \$500 million to construct further facilities, this time centered on the production of gene therapies.

Later in 2021, Lee County scored another coup, with San Diego-based Abzena plc announcing its own \$213 million investment for a new facility: a 117,000-square-foot shell building in Central Carolina Enterprise Park (CCEP) and the creation of 325 new jobs. "North Carolina offers great resources for access to a talented workforce and other resources for us as we bring the new facility online. This will ensure we continue to offer our partners a site with advanced technologies and a world-class workforce," said Kimball Hall, president and COO of Abzena.

■ Agribusiness

Despite the county's impressive economic and industrial development throughout the years, Lee County's agricultural roots remain as strong as ever. Agribusiness provides 13% of the region's total employment and encompasses locally owned farms to national brands, including Tyson and Pilgrim's. The Pilgrim's Sanford (...)



Setting a precedent

Industry 4.0 takes manufacturing in the region to the next level

Ravi Nagarkar

CEO – Bharat Forge Limited

In what ways has Bharat Forge set the precedent in the way manufacturing is approached today?

When we established the plant in the United States, we decided that our plant should be Industry 4.0. With this, we can gather and analyze data, make corrections, including the process and manufacturing the product. There'll be digitization, interaction with augmented reality, or Industry 4.0 practices where there's gamification manufacturing. These are the technology shifts we're looking to implement. We've installed the first phase, and after a couple of months, you'll see most places will have big screens on display for the process, operators and cleaning. It would be an enjoyable manufacturing process.

What is your commitment to workforce development in Lee County?

Before establishing a plant in Lee County, we studied the area, and the advantage is that there are three universities, it's a Triangle area and people want to migrate. The second advantage is working closely with community colleges and the economic development department. They provided support in sending employees for training in Germany and some in India.

We're setting up manufacturing that's not the 3D type of manufacturing; dirty, dark and dangerous. Our manufacturing will be with industry 4.0 practices and more automation, so the students and employees would be thrilled handling newer technology. We're creating that type of environment while working with the colleges. Fortunately, in collaboration with us, the community colleges help set up a curriculum suited for our manufacturing requirements with various courses.

It's a customized training program to fit the needs. We have a catalog of regular manufacturing training, but if we need anything tailored to what we do, we make that request.

In 2019, the company announced a \$170 million investment in Lee County. How has that evolved?

Being in the lightweight technology and observing the shift happening in the United States with more EV companies is beneficial because we're well-positioned. Since the announcement, we've invested \$100 million and employed 220 people in Lee County, and we will continue investing. We just received approval from our board for the second phase of investment, which happens in the second building on the same premises. With this approval, we'll be employing around 100 to 120 staff. However, there's a six month delay mainly because of COVID-related issues and supply chain. We are committed to investing in Lee County, and the second phase should be operational by the second or fourth quarter of 2024.

What excites you about the growth in Lee County?

More industries and technologies are coming; nevertheless, I'm optimistic about young talent coming into the manufacturing sector in North Carolina. I've been here since 2019, and we were the first company to establish a plant in Lee County, specifically the Triangle area. From then till now, we've seen other automotive plants come in, which is exciting to see, and at the same time, we have concerns about how to manage our workforce. Despite that, any competition allows us to grow. ■



Jimmy Randolph

CEO

Sanford Area Growth Alliance

“We have over 6,000 single-family residential units either already approved or under consideration, plus another 3,000 multifamily units. We're looking at nearly 10,000 proposed new residential units in Lee County. Historically, we might have had 200 houses built per year and now we may be looking at five times that amount each year. The biggest setback is supply chain challenges, which limit the ability of builders to get those buildings constructed. We're very excited about the planning that we have done and the proposed developments. The basic infrastructure is in place. We offer people significant cost savings in Lee County and as inventory ramps up, so will the savings. **”**

(...) facility alone employs 1,060 people, with an annual payroll of over \$35 million. The company itself supports over 160 growers, providing \$21 million per year for their poultry, and has invested \$110 million in capital projects over the last five years.

Adding both to its economic vitality and providing an idyllic quality of life, the county maintains over 35,170 acres of farms, each averaging about 141 acres, with 250 farms across the county. Lee County's crops account for \$18,769,00 in revenue while its animal products account for an additional \$35,623,00. In all, the sector brings in over \$54 million in agricultural products, ensuring the sector remains a backbone of Lee County's industry.

Proximity to NC State's Plant Science Center also means that the area's agriculture might feed into its life sciences development. To that end, collaboration remains central to Lee County's economic development, with the county hosting its 4-H program for children as young as 5 through to 19-year-olds who learn by doing, working in hands-on projects in a variety of fields, such as health, science, horticulture, citizenship and, naturally, agriculture. The program, with offerings in both English and Spanish, starts development early and provides Lee County's youth with both community engagement and career development opportunities.

For all these reasons, plant breeding and research organization, the Plant Pathways Company opened a



Lee County's pro-business strategy has made way for rapid growth in key industries like manufacturing, agribusiness and life sciences.

new research and development facility in Sanford in June 2022. The facility includes greenhouses and over 40 acres of space. Formed between NCSU and PepsiCo, the facilities grow stevia and focus on improving crops for food and medicinal uses.

"Lee County continues to explore new ways to support and promote the value and potential of agriculture and agri-business in our region. While we recognize and celebrate our rich agricultural heritage, we are also consistently identifying new opportunities for growth in the agricultural sector through emerging technologies and cutting-edge research in an effort to diversify and expand the local economy," said William Stone, county extension director for the NC Cooperative's Lee County Extension at NC State University's College of Agriculture and Life Sciences.

■ Infrastructure

Lee County's proactive approach to business development led to the creation of Sanford's Central Carolina Enterprise Park. The 200-acre light industrial park provides a key anchor for the region's businesses, serving as both its industrial heart and providing a springboard for businesses to access markets on the East Coast and throughout the rest of the country. The park provides easy access by both road and rail to five deepwater ports, Wilmington, Morehead City, Charleston, Savannah and

Cornerstones:

Pillars of the county

the Norfolk International Terminals in Virginia, with the short-line Genesee & Wyoming Railroad providing connecting service from the park to two Class I railroads, CSX and Norfolk Southern. The park lies just off of US-1, providing quick access to Raleigh proper. Interstates 40 and 440 are less than a 25-mile drive away. Raleigh-Durham International Airport is only a 35-minute drive and Raleigh Executive Jetport provides executives and other private fliers an easy in-and-out of Lee County just five miles north of CCEP along U.S. 1.

While CCEP provides Lee County with its industrial heart, its connectivity by rail, road and airways is critical to further business growth in the area. Raleigh-Durham International Airport (RDU) provides the wider region with a \$15.1 billion economic engine that drives job growth throughout the Triangle, with nonstop connections to New York, Los Angeles, Miami, Dallas-Fort Worth and international destinations, including London, Paris, Toronto and Freeport. Lee County's own Raleigh Executive Jetport provides an additional 490 jobs and generates \$62.7 million in revenue. The region's growth and additional demand for aviation services, from refueling and maintenance to serving as a reliever airport for RDU, has led to the implementation of a \$5.3 million runway and facilities expansion.

Greater connectivity also means multimodal transportation. While the development of a high-speed rail connection from Sanford to Raleigh and the rest of the Triangle is in its early stages of development, the goal nevertheless remains the same: the development of multimodal transit hubs that can one day be leveraged for the creation of a high-speed passenger rail link from Petersburg, Virginia to Atlanta, Georgia – with Lee County's Sanford poised to benefit from the restoration of service on the Seaboard Air Line Railroad's S-Line and the development of the Southeast Corridor. In August, NCDOT awarded seven North Carolina communities, Sanford among them, a collective \$3.4 million RAISE grant, paving the way for Sanford's first transit hub, which would include options for rideshares, buses and the aforementioned rail service.

"The industrial development within the Triangle is creating an overflow effect with other industries looking to come to Lee County. We see an immediate impact on housing, commercial, and retail development, with many nationally known businesses and retail companies investing in Sanford," said Kirk Smith, Lee County Board of Commissioners chairman, to *Invest:*

Lee County's ongoing growth has also led it to expand its infrastructural capacity, with Sanford having received a joint \$55 million alongside neighboring Wake County's Fuquay Varina and Holly Springs to expand the city's

RISE: Real Investment in Sanford Entrepreneurs (RISE) is a partnership between the Sanford Area Growth Alliance Chamber of Commerce, Central Carolina Community College's Small Business Center and Downtown Sanford, Inc. to help budding entrepreneurs develop a roadmap for business success. Over eight classes, students gain insight for financing and banking options, develop an understanding of legal references along with bookkeeping and tax knowledge to help stop the revolving door of small businesses. At the end of the program, the participants have the opportunity to share their business plan with an advisory committee in hopes of being chosen for the one of the two \$5,000 grants given annually to open their small business in Downtown Sanford.

Multi-sportsplex: In 2021, the county secured about 120 acres to construct a multi-sportsplex. The complex will have rectangle and diamond fields, along with a destination playground facility. Planning is underway with an anticipated construction start in the summer of 2023 and substantial completion in the fall of 2024.

Sanford Agricultural Marketplace: Based on the successful recent relocation of the Sanford Farmers Market to the Downtown area in spring 2020 due to COVID-19 precautions, interest has intensified around the development of a permanent location for the market. Since the relocation to its current Downtown setting, consumer traffic has increased exponentially. Located directly across the street from the current Downtown outdoor market, the new Sanford Agricultural Marketplace will help growers and producers from the Sandhills region expand their market and consumer base, increase profitability, while also serving as a community gathering site for local foods, education and health and wellness opportunities.

O.T. Sloan Park & New Library: O.T. Sloan Park, home to the Boys and Girls Club of Central Carolina, has recently gone through park upgrades by adding six pickleball courts to the existing tennis facility and the addition of the t-ball complex. The park will be the new home of the County's main library, which is scheduled to be completed by January 2025. ■

water filtration facility and other regional projects. The Sanford Water Filtration Facility Expansion received \$20 million, with an additional \$400,000 grant for the Sanford Wastewater Treatment Plant Expansion.

■ City of Sanford

A key anchor for the growth happening throughout the region is the county's major city and county seat. Sanford has seen a rejuvenation of its Downtown, driven by both commercial and residential growth, as businesses both big and small set up shop. This has led to improved employment opportunities and new residents looking at the city and surrounding areas to settle.

Further developing its Downtown amenities, such as restaurants, shops and other activities, will help keep new residents in Sanford. October in particular was a busy month for the city, with the return of National Night Out, demonstrating the community's commitment to public safety. At the same time, the city celebrated its Downtown Sanford StreetFest and Fireworks, providing a day-long celebration of art, music and food across the city's Downtown while supporting local vendors and the community spirit.

Among the first buildings constructed in Sanford were the Depot and the Depot agent's house. Both sit on the current Depot Park site, at the heart of the city, with the agent's house now utilized as the Railroad House Museum. Both are estimated to have been constructed in approximately 1871 and are incredible historic resources for the community. The current railroad depot is used for concerts, celebrations, and special events while the park includes the Railroad House, the Railroad Depot, a performance venue and park amenities, which have

been shaped into a unique and inviting landscape with picnic tables, benches and fountains that encourage people to meet in Downtown Sanford for work and play.

In the next year, a complete renovation of the Depot's interior will take place to allow space for a visitor center along with office space that will be utilized by the Sanford's Tourism Development Authority (TDA) and Downtown Sanford Inc, including interactive displays, a self-service kiosk, video presentations, and trip planning services.

■ Looking ahead

Lee County is growing. With its access to Raleigh-Durham and the Greater Triangle region, attractive affordability factors and a growing list of capital projects, private-sector investment underway and public sector support, Lee County provides a strong opportunity for businesses and residents alike to thrive. The county has proven itself capable of continued economic growth while remaining flexible to a shifting global environment and responsive to the needs of the businesses that continue to invest and drive further growth. With coordinated and decisive leadership, strong infrastructure and a keen eye for seizing opportunities, Lee County has combined its easy living with shrewd business practices to drive the Triangle – and North Carolina – forward. ■



Capital Analytics would like to thank Lee County for its contributions in compiling this chapter. To learn more, visit its website at:
<http://www.leecountync.gov>

An advertisement for Raleigh Exec Jetport. It features a large white private jet parked on a tarmac in front of a modern, multi-story airport terminal building. The text "RALEIGH EXEC JETPORT" is visible on the building. Below the image, the text "GATEWAY TO THE TRIANGLE" is displayed in large, bold, white letters on a red background.

Over many years, we've enjoyed the convenient location and personal service at Raleigh Exec, which is why we recently invested in building a major corporate hangar at the airport.

As more companies learn about the advantages it offers, I'm sure they'll also be making the decision to operate out of Raleigh Exec.

DONNIE SHELTON
CEO of Shelton Aviation, Coalmarch
and Triangle Pest Control

RALEIGH EXEC
JET PORT





Professional Services:

The Triangle's professional services sector has gone from strength to strength in the past two years as more wealth has entered the region. As the country tackles persistent inflation and rising interest rates, professional services firms will be needed more than ever to provide valuable advice.



Uncertainty requires expertise:



From inflation to new tax implications, professional services will have their plate full

As the Triangle continues to grow at a blazing speed, kindled by innovation, education and a deeply rooted culture around collaboration, professional services companies are more in demand than ever. Those firms setting up shop in Raleigh-Durham can secure access to more than 7,000 companies seeking advice from legal, financial and accounting experts to assist them in navigating current challenges. These range from the ongoing uncertainties around inflation and stressed supply chains to tax and legal implications that come with new staffing models.

■ Landscape

Raleigh-Durham's combined professional services industries employ 197,100 professionals, amounting to 18.7% of their overall nonfarm employment, according to the U.S. Bureau of Labor Statistics (BLS). Professional services industries witnessed a headcount growth between September 2021 and September 2022. Durham added 2,900 professionals, a 5.8% year-over-year increase, while Raleigh added 13,100 professionals, a 10% year-over-year gain. With such performances, the professional services industry stood as Durham's third-largest nonfarm employer with 52,800 professionals and Raleigh's top largest nonfarm employer with 144,300 professionals.

The Old North State's information, professional services and finance industries are helping lead North Carolina's rebound. While GDP from information services in the fourth-quarter of 2021 outperformed the same period of 2019 by 126%, according to North Carolina Economic Outlook 2022, professional services and finance were not far behind at 119% and 108%, respectively. By April 2022, Raleigh-Cary's employment was 5% above pre-pandemic levels, while Durham-Chapel Hill was up 3%. This strong performance is not isolated to professional services. North Carolina's GDP forecast for the fourth-quarter of 2023, assuming the U.S. economy is not seriously impacted by a recession, is expected to reach \$577 billion, a 6.45% increase from the beginning of 2022. Even with a recession, GDP is still expected to increase to \$551 billion by the end of 2023. By that time, the unemployment rate is forecasted to drop to 3.2%, from 3.7% in the first quarter of 2022 in (...)



Shift in thinking

Employers taking a more strategic approach to human capital

Cheryl Richards

President & CEO – Catapult

How have the past couple of years since the pandemic impacted Catapult's services?

Most recently, we're seeing more of our employers shift toward thinking about human capital in a very strategic manner, which was prompted by the limited availability of talent during the pandemic. Companies have had to start thinking through how HR takes a more strategic role at the table around talent development with packages that will keep people engaged in the workforce. We help employers navigate through employee related challenges and have seen employee recruitment and retention on the forefront of company priorities over the past couple of years. Employers need our help with talent attraction, retention, compensation studies, fractional work or interim projects as employees are leaving and they find themselves with gaps in their workforce.

We started an internship support program last spring and will continue to offer this to companies in 2023. Last year, we supported 30 employers with internships in two ways; one was in identifying and recruiting interns, especially smaller businesses that didn't have the resources to stand up a program like that. The second component was supporting the interns themselves with social-emotional and networking wrap-around support.

How has your reach grown in the region?

Before our merger last year, we already had a strong foothold in the Triad serving companies through legacy CAI with offices in Raleigh and in High Point. With the growth of companies in the area, we've added close to 400 new members and we have another 200 or so employers that we've supported through our Employer Solutions by providing learning, strategic HR, total rewards or

pre-employment services. Today, we serve about 2,000 members statewide and we expect to see continued growth in urban areas like Raleigh-Durham and Charlotte. As more manufacturing and biopharma comes to the state, along with the tech firms that support these companies, we'll provide support to those employers as well. Catapult is part of the Employers Coalition of North Carolina (ECNC) with a registered lobbyist in Raleigh who follows a lot of the bills and legislation that are being proposed. Given the needs of our members over the past few years, our platform is really around supporting workforce development so we talk to legislators and higher-education partners about how to fortify talent pipelines for employers across the state.

What is the advice you're giving members in terms of talent acquisition and retention?

Some employers are getting creative with how to define flexibility and often, that isn't necessarily just allowing for remote work. Flexibility includes family-friendly policies, work-life balance, hybrid work environments, more generous perks and vacation time. Outside the work-life balance and issues surrounding the geographic location of talent, many employers are also concerned about getting their salaries in line with what market conditions are demanding. Over the past few years, we've seen many employers increase salaries to acquire talent but now they're trying to reconcile business goals with the ability to sustain higher wages and continued increases. This has led employers to consider a total rewards package beyond salaries and become more attractive with better healthcare choices, wellness perks, paid time-off and family-friendly benefits. ■



Jason Wilkinson

*Market Leader
FORVIS*

How have operations and client services changed over the past year and what has stayed the same?

FORVIS Raleigh was a legacy DHG office. There was no overlap in our location with BKD. There has been no real change in the current market with regard to our personnel structure, although we have actually grown our headcount since the merger became effective. Since June 1, we've been focusing on continuing to provide an unmatched client experience and building our talent base. We have had opportunities to pick up new clients after the merger. Being a Top 10 firm matters to buyers and, previously, when they were looking at Top 10 firms, we weren't there. Now we are a Top 10 firm. We have better brand recognition. That's propelling certain service lines where a Top 10 audit opinion and audit firm is needed. Only good things have come about since June 1. It has allowed us to serve clients better and at a greater capacity because of the expanded services using the newly formed firm and its capabilities.

How are tech and cybersecurity changing the services provided by accounting firms?

We have about 25 people here in the Raleigh office that focus on IT and risk services. We've been building that practice for several years but the appetite for companies to engage our services has taken off in the last 18-24 months. We were always doing IT audits as part of our assurance engagements, but we've had the opportunity to expand our IT advisory practice including cyber security and SOC reporting. We know that tech and innovation are top of mind for all our clients and for us as well. We have a group in the firm called EDGE that's constantly thinking about innovation opportunities, technology and how we can use technology to be more efficient and effective, and then pass that benefit to our clients.

Is there anything you may be watching in terms of cybersecurity that wasn't around five or 10 years ago?

Customer privacy, internal or external, has been critical. With all the focus on the different safeguard acts being discussed and that clients have to implement, it's critical. There's a heightened level of focus on protecting customer data. ■



About 197,100 people are employed by the Triangle's professional services sector.

(...) the no-recession scenario, while a recessionary scenario would mean a brief increase of up to 5.2% in the first-quarter of the year that would stabilize at 4% in the fourth-quarter. While not immune to a recession, North Carolina definitely offers a sturdy rebound prospect should it occur.

Raleigh-Durham's economic resilience draws from the state's solid fundamentals and the state's long-term outlook remains bullish. The state's population is expected to continue to grow, due to the combined effects of net births over deaths, in-migration from other states and foreign immigration. North Carolina is expected to be the home of 11.5 million residents in 2030 and up to 13.8 million in 2050, compared with 10.5 million in 2020, according to the same outlook report. Population growth translates into an expanding labor force from which companies can continue to draw to secure their growth. In fact, according to NC State University, North Carolina's labor force forecasts indicate that by 2030, the state will have a labor force of 5.7 million people and up to 7 million by 2050. In both forecasts, the 25-54-year-old bracket will make up the lion's share of North Carolina's talent pool, with an aggregate 3.64 professionals in 2030 and an aggregate 4.2 million in 2050.

Not only that, New Home Inc. says that between 2021 and 2031, job growth in Raleigh will be primarily driven by the science, technology, engineering and math (STEM) and tech sectors. Raleigh is home to Duke University, UNC Chapel Hill and NC State, all nationally ranked for research programs in medicine, new technologies, biomedical sciences, environmental studies, data science and engineering, to name a few. (...)



Rate impact

Distressed financing and bankruptcy activity already on the rise

Lee Hogewood

Managing Partner Raleigh Office – K&L Gates LLP

How are rising interest rates impacting your practice areas?

Last year was an extremely busy year. In the best of circumstances, a slowdown in some practices was inevitable. Given the Federal Reserve's interest rate hikes, it seems most are now predicting a bumpy landing with inflationary pressures staying in play despite the hikes. That has an effect on our professional services business. You can already see an increase in distressed financing and bankruptcy activity, which is what I'm involved in.

What are the firm's strategies to retain and attract talent?

We've had some remarkable success in our firm, particularly in the ability to attract partners with diverse backgrounds. We've brought in quite a few associates, both laterally and at the entry level. We're in a continuing growth mode as an office at the entry level and the partner level. We have law students come work with us during the summer and make offers to third-year law students to join us in the following fall. We have at least two people joining out of that program for next year. There is a robust pipeline at the new lawyer level so we're headed in the right direction.

On the retention side, our lease expires in April and we're excited that we're going to be moving to a new office. I think being in a new space and having a fresh look to the office will help with both acquisition and retention of talent. We also remain focused on maximizing flexible work arrangements while ensuring appropriate mentoring and personal interaction across multiple generations of lawyers.

How is the business of legal services changing?

The legal market in the United States is becoming more of a national market. Clients who historically have only been willing to give certain types of work to a particular set of law firms in major markets may have the opportunity to consider the fact that there is extraordinary talent and legal expertise in places like Raleigh, Charlotte, Nashville and Charleston.

Working with lawyers in these cities may allow clients access to the same level of service and talent for a slightly lower cost; although as the market matures on a national basis the pricing of services is going to settle at the high end as well. I see that as positive because it gives those consumers of legal services more choice and that creates more competition among the law firms, which is better for the consumers of legal services.

What is your outlook for the legal sector and the Triangle for the next few years?

We continue to grow in one of the most attractive places in the country for people to work and live. I recently read that a growing number of wealthy millennials are viewing this as a great place to be and I suspect those are the kinds of people who are already very successful in the business that they're involved in and may be interested in starting a new one. That kind of energy and growth creates legal demand, even in a troubled economic time. We're fortunate to be here but we don't want to take anything for granted. I think our region is a bit more resilient than others but we'll see what comes of it.

In terms of priorities, we want to continue to grow wisely in areas like intellectual property and corporate. ■

Working with tech



Dan Cahill

Managing Partner – Poyner Spruill LLP

“ Wake Tech is the largest community college in the state and one of the best in the country. Local partnerships with Wake Tech, NC State University and our local HBCUs have shown businesses and site consultants that our talent pool makes the Triangle a great place to relocate. The region has had some very successful economic development wins lately with VinFast, Apple, Google, Fujifilm and others, and they are made possible by our amazing quality of life. We show CEOs we can deliver on talent. ”

Our firm in particular has been involved in some recruitment activities, and have seen first-hand what these companies want and need. Even with recent developments, it's still a very tight labor market. ”



Mike Hewitt

President & CEO – vTestify

“ Attorneys are “woke” from a cybersecurity point of view when it comes to HIPAA compliance and CCPA, GDPR, and personal health information. It becomes unique to the legal industry because the compliance of a generalized tool is according to the use-case. Zoom’s use case is overly broad. It wasn’t designed to be compliant for our field. We are taking a high stance with compliance and security. People usually react to the current “pain points.” You may not be feeling the pain but that does not mean it isn’t important. ”

Security is at the core of everything we do, and it will continue to be a focal point. States are passing laws that enforce privacy acts, so that means privacy will be held to a higher standard. ”



Byron Kirkland

Managing Partner – Smith Anderson

“ We have an incredibly talented technology team and IT department that focus on security every day, lessening the firm’s exposure to cyber criminals. A problem could be extraordinarily disruptive and cybersecurity is not an area where you can stick your head in the sand and hope the problems go away. ”



Kevin Sink

Managing Partner, Raleigh – Waldrep Wall Babcock & Bailey PLLC

“ The last several years have turned everyone’s world upside down, including the way we practice law and practice business on a day-to-day basis. There’s not a day that goes by that I don’t have multiple video calls, which is new, but I also think it’s important that we continue to see faces in-person, not just hear voices. I think having the interaction and reading someone’s facial expressions is important. But we also want flexibility. We do have some staff members who work exclusively remotely. ”



Efforts paying off

Accolades a reflection of growth, leadership

Sterling Ingui

Regional Leader & Product Area Leader – Fidelity Investments

What is the state of Fidelity in the region and what have been some notable recent successes?

There's a lot of greatness happening. For Fidelity in North Carolina, we received the Triangle Business Journal Awards' Best Place to Work for 2022 in the extra-large category, which is great because it shows how much we've grown over time and continue to be a leader. I was also very excited that we received the 2022 Leader and Diversity Award. It's wonderful to see that the efforts that we're putting forth today are starting to be noticed in the community and among our peers.

I would say that is an area of opportunity in terms of how we're looking at our associates in the way they can experience life at Fidelity and how, by that experience, we're able to better serve our clients and our customers. When our associates feel supported, they can better understand the needs of our customers and deliver the best products and services to help them live the lives they want.

What is the role of technology at Fidelity?

Technology is huge, it is essential and a core piece of our story. I started at Fidelity coming into our innovation group, our Fidelity Center for Applied Technology and Fidelity Labs groups. This is where I was introduced to how much this company has focused on innovation from the start. It's a legacy and a commitment that has been here from day one upon our founding in 1946. We've developed a scan, try, scale innovation process because we want to understand technological advancements first from a perspective of what it is and how it works. Then, we look at the broader impact of what it means in our ecosystem and to our customers today and tomorrow.

We're seeing this with digital assets today, specifically with Blockchain. We've been researching and looking at this area since 2014. This year, my team announced bitcoin as a potential investment option for company retirement plans we administer. That's just an example of how we continue to build upon our learnings and look at our client interests, demands and needs. We've been working for years to develop how we can bring forward a holistic service offering in digital assets and leveraging that blockchain technology for our clients. Then, regardless of their life stage or risk tolerance, they might have something that would fit where they are today and where they will be tomorrow. People may not think of Fidelity as a technology company, but we are one. It is at the core of our business and the spirit that really brings us forward.

What are your biggest goals for the coming years?

We're really looking at how we can continue to bring forward products and services to expand relationships with our existing customers. We want to find ways to connect digitally with that next generation of customers, whether they're at a different life stage or in a younger demographic. We want to connect with new clients and customers in today's world and be a digital leader in technologies. That's not just digital assets and blockchain of course, although that's my focus area and a big part of what the company is looking at. Overall, it's holistically how you're providing a more digital and automated experience. Of course, a constant focus is the associates and how they're experiencing their lives at Fidelity, what it means to have that flexibility first and support to help them navigate that career journey over time. ■

State of legal

As an industry built on tradition, the legal field has had to adapt to a new way of doing business that includes more flexibility and tech advancements.

**Keith Burns***Office Managing Partner
Nexsen Pruet***Dawn Dillon***Operations Shareholder
Young Moore & Henderson***What particular trends have emerged in the legal sector regarding how business is conducted?**

COVID forced all of us to rethink the way we interact with our colleagues and clients, but we know the best opportunities to collaborate and serve are done in person. We have shifted to full time in the office. We created exceptions for those with high risk circumstances, but we're almost entirely back in the office. We have recognized that Zoom calls have given us the opportunity to be remote; however, we are being flexible about it. Working remotely generally denies the interaction required to serve our clients better. Nonetheless, we acknowledge that virtual working isn't going anywhere. It's a difficult balancing act. However, we are committed to the idea that we need to be together for the purpose of serving our clients.

What does the demand for cybersecurity look like today?

Fortunately, we have a new cybersecurity lawyer who started with us this summer. Recently, I walked into the office to discover that we had uncovered an attempt by a cyber criminal to infiltrate one of our real estate closings. A broker in the transaction was hacked and the hacker had access to the broker's email. There was an attempt from the hacker to get the broker's commission. As I was walking down the hallway, I bumped into our cybersecurity lawyer. He said, "I know people in the FBI that will deal with this. Do you want to talk to them?" It was great to have him here. He knew all the right questions to ask. Cyber is going to continue to be important for all of our clients and we are excited for him to be here.

How are you preparing your clients for the next chapter?

I don't think anybody knows what's coming next. We see some indications and trends that are concerning. However, the picture isn't clear. If bad times are ahead, I believe the Triangle will be OK compared to other places. ■

What are the most active areas of your practice now?

The legal industry generally trails the economy. We've seen an uptick in healthcare work for a while, including areas like medical malpractice and regulatory compliance. Mergers and acquisitions of closely held businesses is an active area. Insurance coverage and regulation work is very active. With COVID-19 related issues and a change in federal administration, employment related practice is also very busy.

What are the client's expectations in terms of employment issues in the workplace?

What they're expecting from me are the right answers to their questions on a timely basis. They're looking for a partner to help guide them through what can be a thorny navigable path of compliance issues around EEOX, OSHA, FMLA, NLRB and other laws. They are also expecting a partner to help develop sound employment policy on the front end to avoid issues later. All of my clients want to do the best for their employees. They also want to run a successful business. They want to know what to do to attract talent in this tight employment market; recruiting and retention are critical. The retention issue is a big one for all employers, including the legal industry.

How has digital transformation impacted the legal sector?

The impact is huge, especially in the cybersecurity area. Fortunately, we have not had any cyber security crisis, but you hear about horror stories of law firms being compromised and losing access to their network for days or weeks. We have regular, in-depth cyber training, cyber security insurance and compliance partners.

We are making a push to go paperless and we are making great strides in that regard. We did some office renovations before COVID. It turned out to be good timing because there were fewer people here during the construction.

This year, our push is to move more of our digital records to the cloud. ■



Todd Eveson

*Managing Partner
Wyrick Robbins*



Devon Williams

*Co-Managing Director and Labor & Employment Attorney
Ward and Smith, P.A.*

What has been keeping you busy and how has the demand for your services shifted?

It's no secret that Raleigh and the Triangle are fantastic markets. We feel like we won the lottery by having a professional services firm that is based in Raleigh-Durham, and the influx of new residents and new companies is only helping to fuel our growth. Our focus is keeping up with client demand, and that has been keeping us busy, because many of our clients are growth-oriented businesses and the recruiting environment is as competitive as it has ever been. We never have a goal of growth for growth's sake – our goal is always excellence in the practice of law and superior client service.

What will the legal sector look in the next five to 10 years as it relates to technology?

There is no doubt that those firms that are agile enough to embrace and implement new technology are going to have improved profitability and efficiency versus what they could do if they're burying their heads in the sand and not willing to embrace new technology. One of the challenges of technology these days is the fact that it is evolving so fast that it can be hard to make the right choices. Regarding artificial intelligence, I do think it has its place in the practice of law with things like discovery or contract drafting, if it's a sort of a repetitive contract. Artificial intelligence, in my view, is no substitute for actual intelligence or experience.

What are your priorities for the near term?

Our firm is driven by focusing on serving our clients and being as good as we can be in the practice of law. I think that drives the rest. We have been consistently growing. In fact, we just built out some additional space in our office building, which is maybe a bit contrarian compared to what you may hear from other law firms but that's being driven by client demand. We're going to let that be our guide. ■

In what significant ways has the legal industry evolved over the past few years?

The importance of relationships has only increased. I enjoy what I do because at my core I'm a teammate. I love being a part of a team. When clients reach out to me, they need me, they trust me, and I like the intrinsic reward of that relationship. As the pendulum has swung to being more reliant on technology, there's been a shift toward losing sight of that relationship piece. That pendulum is swinging back now, at least with our client relationships, to emphasize the importance of those one-on-one experiences with clients.

How has the role of data and cybersecurity in daily operations shifted?

We have continued to build out those teams as this is a need for clients in everything from creating terms of use and privacy notices to what to do when there is a data breach and how to prevent these breaches. It is on people's minds and rightfully so; we're in the information age and that's where bad actors can hurt you. We've seen an increase in demand for these services and have grown our practice expertise to help our clients stay protected.

What will be your key focus going forward?

We are making strategic decisions about what is important, and where we need to be spending our time and resources. We certainly value our people, and put retention at the top of that list. We're trying to be mindful of what the future may hold and maintain the level of service that we're able to provide to our clients in case of a dip in the economy.

Another priority would be continued recruitment. We are continuing to deepen our bench and have a great team already in place. We want to continue to grow and evolve in a positive way, with attorneys and staff who value the Ward and Smith culture and service model. We've built a strong foundation to continue doing great work for our clients. ■



Carol Wagoner

*Area President
Gallagher*

How would you define the modern employee experience?

It's no longer about having a job or showing up for one. It's the total experience and what you're providing your employees. There's tremendous focus on the total value proposition with several components, including pay and benefits. There's also more focus on career development, financial well-being and engagement. Employees can leave for more money but that doesn't mean the job will be more fulfilling. It's about understanding the attachment points for employees.

How are you educating clients?

Client expectations have definitely accelerated over the past few years as the environment has changed, so has business. We've learned that our clients want to work with a more well-rounded consulting firm that can help them from several different angles. We deploy a holistic approach with our clients that improves the employee wellbeing and ultimately the organizational wellbeing. Healthy and happy employees make healthy companies; that's what clients want. We deploy a great deal of resources and tools for our clients including survey tools, compensation studies, funding platforms and robust benchmarking data.

What needs to be in place to ensure responsible growth in your sector and in the Triangle?

It's making sure we can still attract the people we need to the Triangle. We enjoy accolades as a great place to live, work and play. Our healthcare and education systems are key; they are first-class and must continue to innovate and recruit the best and brightest, while infrastructure, such as our highway system and the ability to move people quickly has to grow and improve. Affordable housing remains a challenge as the area has exploded in popularity.

What are the near-term priorities for Gallagher?

We're focused on talent; this is a people business. We need the right people in the right seats with the right rewards structures in place. We will continue to round out our local team with specialists and experts to meet the needs of our clients in all areas. ■



North Carolina is expected to have 11.5 million residents by 2030.

(...) Together, they form a cluster of top-tier research institutions that produce on average 9,000 graduates a year.

■ Sector performance

A myriad of companies, including tech giants Apple and Google have made substantial investments in the Triangle region in the past few years. Apple alone is investing \$1 billion over 10 years to establish a Research Triangle Park campus, bringing with it 3,000 jobs at an average \$187,000 yearly salary. Ventilator manufacturer IPM Chirana chose the RTP for its U.S. headquarters in 2020, while multicancer early detection research company Grail, Inc. last year opened a 200,000-square-foot state-of-the-art facility in the Park Point Office and Life Science Park in the region. Google is setting up shop in Durham, with the aim of creating a new engineering hub and 1,000 new jobs. Sports household name Nike is considering Chapel Hill for new office space, although plans have yet to be announced.

Between Oct. 1, 2020, and June 30, 2021 alone, 17 companies moved to Wake County and 50 expanded, creating 8,880 jobs in the process and injecting close to \$3.4 billion into the local economy. Eliant, Phreesia, Medly Pharmacy, Gilead Sciences, Invitae Corporation and SingleStore are just some of those that chose the Triangle as a new location. The momentum shows no signs of stopping as more recently, between Oct. 1, 2021, and Sept. 1, 2022, Wake County Economic Development (WCED) welcomed another 15 new companies and reported the expansion of other 47, translating into 3,689 total jobs and \$43.6 million in total investments.

With so many corporations in need of advisory (...)



Booming

Commercial real estate practice shows no sign of slowing down

Leslie Packer

Managing Partner – Ellis & Winters LLP

What practice areas are seeing heightened demand in the current landscape?

We have always focused on commercial real estate and complex litigation. Commercial real estate has been booming and we are not experiencing a slowdown like other parts of the country. People and companies want to move here. For our litigation practice, the sectors in which we've seen the greatest demand are healthcare and technology, which is consistent with the growth of our local economy.

Because of COVID, there were some things we had to do remotely that historically we would not have. Not many wanted to do jury trials remotely, though, which created a backlog for when things opened up again. Medical malpractice (medmal) cases are some of the most likely to go to trial, so we have been busy. The legislature passed a law that a specific judge has to be appointed for medmal cases, which has made the backlog even worse because of the limited number of judges available. Litigation generally has seen remote aspects that I expect will remain.

As the region grows, what do you feel needs to be addressed in terms of challenges?

We need to keep up with public transit and transportation infrastructure in general. We have to figure out the affordable housing issue and how to approach the growth on its way in a strategic, responsible way.

What role will technology play in the legal sector going forward?

Technology will be a stressor on the legal sector in the next five to 10 years. Clients will have higher

expectations for greater efficiency. That will require conversations on what they might be sacrificing by making certain decisions. It's also about keeping tabs on the cost of overhead. We have to keep in mind the data analytics available to clients.

What are your priorities looking ahead?

As a firm, we want to hold our place in the market. As other firms move in, we want to be able to compete with them and keep up with client needs. We want to remain a boutique firm that sees strategic growth when it makes sense, not just growth for the sake of growth.

What is the role of the legal sector in the Triangle's growth going forward?

A lot of the attorneys I know are active in civic involvement. We have seen multiple attorneys from our firm chair local chambers; it's natural for them to be business leaders and help with growth in a strategic way. We are very active with the Susan G. Komen Race for the Cure and we put together a great team every year to raise funds for them. We serve as outside general counsel for Special Olympics North Carolina and we work with the Wake Forest Law School Innocence Program.

What would an economic slowdown mean for your services?

There is a challenge for residential real estate developers to find land to build affordable housing in areas close to employment. In our specific practice areas, I don't foresee any dramatic changes. Our strategic plan has us staying in our lane. We are always adjusting to client demand though. ■



Given the current state of the market, what does your firm's strategy look like going forward?

We know that investor confidence is driven by current economic conditions and we know they will impact a lot of those living in the Triangle. We released a survey in July and found that 80% of Triangle residents feel an impact from inflation on their daily life. Another 61% said rising interest rates have impacted their daily lives, and 44% reported being impacted by rising housing costs. It requires financial advisers to have a high "EQ" in emotional intelligence when dealing with high costs and rising rates. With interest rates and costs on the rise, there is an emphasis on financial responsibility and ensuring clients are being the best stewards of their own money. There's no certainty in the path of the economy and markets but we're assigning probabilities to different outcomes to help us set appropriate expectations to inform clients and ensure they're being realistic and opportunistic when making adjustments in their strategy. Additional rate hikes will continue to pose strong headwinds in consumer spending and consumer growth over the remainder of the year. A recession isn't the only possible scenario; economic earnings and resilience can provide a cushion for the Triangle.

What is the generational difference in defining financial freedom?

Meeting clients where they are is so important. Between demographics, background, first generation wealth versus third generation wealth, we're being very intentional about deep discovery questions. Connecting people to their values and goals is key to help them ensure their purpose. The Age Wave study has been a

High 'EQ' needed

Economic earnings and resilience can provide a cushion for the Triangle

Brad McRae

General Partner & Regional Leader, Raleigh – Edward Jones

North Star of sorts for us. In longevity in the new journey of retirement, it found that key forces are converging to redefine retirement for today and for years to come. Namely, people are living longer and are redefining what longevity means to them. Younger generations expect retirement to be fun and an opportunity for reinvention. That's a shift in behavior and mindset. We have to be cognizant of that when communicating with our clients.

How is the career in financial advising shifting?

Traditionally, the financial advisor has been a generalist, all things to all people. Now, we're seeing the younger generation seeking designations. That could mean a CFP, AAMS or RICP, but all of these different financial designations show they are continuously learning and specializing in certain topics to align with client goals. That empowers the advisors to be not just a generalist, but a specialist.

What are your priorities looking ahead?

Service offerings will be a priority focus for us. We're going to be developing planning tools and building capabilities for branches to have a broader range of client needs and goals beyond retirement and education. Financial advisors in the Triangle and across the U.S. will be able to test and learn other ways to integrate money guide tools in the future with the goal of scaled adoption over the next few years. Investing in digital technology is another priority. We've invested around \$1 billion in technology. We want to improve and continue to enhance the client experience digitally and face-to-face. ■

PERSPECTIVES:**Professional services****Brian Gilman***Chief Operating Officer – Smith Debnam*

The legal profession has traditionally been very conservative, and not one prone to rapid change. As mentioned, the pandemic certainly precipitated a need for legal to become more adaptable and flexible. Thrust upon all was the challenge to rapidly begin supporting a remote workforce and better leverage technology, with a ripple effect of ensuring appropriate cyber security was in place surrounding it all. Some were better prepared than others, so the degree of adjustment and the associated amount of pain varied.

With regard to the competition for talent we discussed earlier, there is little choice but to identify appropriate areas to adapt flexibility, and to be attentive and responsive to evolving societal expectations about things like healthcare, DEIA, work location, wellness – including mental health – and others. ■

James McCaskill*Managing Partner – Longleaf Law Partners*

As a commercial real estate law firm, we are derivative of our clients and are fortunate they have been resilient in the changing market. Many of our clients have pursued new and different opportunities to diversify their investments. Apartment developments remain strong as long as sites are available, and larger mixed-use projects are in the pipeline and generating considerable work for us. One shift we're seeing is that projects take longer, as investors need more time to get comfortable with their debt positions and how prices are being affected. ■

Marshall Wall*Managing Partner – Cranfill Sumner LLP*

As the region has grown, it's no surprise that we've had a lot of economic development success. With that comes a lot of good things but it also results in lots of legal needs. In particular, the Triangle has become a hub for technology and other areas that support the technology industry. We've seen growth for our firm with the growth of the Triangle. Our firm does a lot of employment work, so in representing employers in that arena we deal with everything that comes with it. The more companies and the more employees they have, the more legal issues that arise and the more opportunity we have to help folks navigate those waters. We deal with those issues all the time. The legal market is not one that changes course quickly. Lawyers are driven by history and precedent, so it's not always easy to get lawyers to change their ways. I think we have tried and succeeded in adapting to the new legal world. ■

(...) services, this presents a unique business opportunity for professional services firms in the region. Both legal and accounting firms have been crucial in companies' expansion or relocation processes into Raleigh-Durham. Professional guidance is needed to navigate the local regulatory environment as well as the challenges posed by cyclical issues like inflation and interest rates. There are also opportunities for growth into new industries as the United States promotes reshoring and nearshoring of key industries. As the lust for cryptocurrency gains traction, complex new regulations and requirements will also need to be met. Just this October, the IRS released draft guidance for digital currencies and other digital asset reporting for the 2022 tax returns.

In tandem, the professional services industry is undergoing a fast-paced digitalization effort, which entails a profound transformation of its business model. Firms are trying to balance the need for an increasingly tailored capacity for each of their clients with the speed and efficiency new technology can provide. Intelligent automation is also poised to go a long way into streamlining long, intensive processes, freeing up expert advisers to delve into more complex issues and client-facing roles that add real value.

■ Regulations

For professional services firms advising corporations looking to go the special purpose acquisition company (SPAC) route instead of the traditional initial public offering (IPO), there are some new rules to be aware of from the U.S. Securities and Exchange Commission (SEC). SPACs have been a contentious way of raising money for some time since they are not subject to the same disclosure requirements as an IPO, which some in financial services argue creates an unfair playing field. However, White & Case believe that enforcing disclosure during a SPAC would disproportionately tip the scales in favor of an IPO.

On the accounting side of things, Raleigh-Durham's accounting firms remain vigilant for the changes and restrictions to be enacted to tax breaks known as 1031 exchanges. These modifications are earmarked to fund a federal package that would provide increased pay and benefits to those in the education sector. The proposed 1031 tax reforms are looking to set an exchange limit of \$500,000 annually for each taxpayer. The figure doubles for married taxpayers filing a joint tax return. Any capital gains above that amount are expected to generate a liability for filers during the tax year in which the property was exchanged.

Moreover, accounting firms are also preparing to tackle the Biden administration's intention of raising (...)

Accounting overview

Industry leaders look at how demand and the landscape has changed for both their business and the sector overall.

**Jeff Brovet***Managing Partner*

TJT

**John Gonella***Regional Market Leader - Carolinas*

Cherry Bekaert Advisory LLC

What is your overview of the accounting sector in Raleigh-Durham, including issues that clients face?

We need more available talent to accommodate the growth because there are various companies relocating into the Triangle. Our existing clients are also experiencing growth. If they grow, it's also a great opportunity for us. In the mergers and acquisitions space, we have seen various clients go through an acquisition process or sale process, which has created opportunities for our firm to assist our clients.

In terms of issues, our clients think about transitioning their business to the next generation. Sometimes the transition is to an existing management team and if a family-owned business sometimes to the next generation. This is something that keeps our clients up at night. We also see our clients facing supply chain issues and not being able to get the necessary materials to run their business. Finally, it seems most industry sectors are struggling to find people to hire. The shrinking workforce combined with growth pressures has been a tremendous challenge.

What advice would you give to the new generation that is entering accounting?

We try to drive home the value of relationships and communication. People like to do business with people they like. If your client values your relationship, it will carry you a long way. We emphasize the importance of communication, both internally and with our clients. Good communication builds relationships and creates a connection with others.

What is your assessment of employee burnout?

The remote work environment certainly has contributed to burnout in some cases. When you're in the office, you go home when your work day is over. When you're working from home, it can be a lot easier to burnout because you don't physically leave your working environment, which can lead to working more hours. You have to be disciplined in setting boundaries. ■

What have been the primary highlights for your firm over the last 18 months?

One of the highlights for our firm has been the breadth and size of services that we've been able to offer to clients. We were able to expand and diversify our services. We have built out teams able to provide consulting services outside of the traditional tax and audit compliance related work. The consulting services cover such offerings as digital consulting, risk advisory, assistance with Employee Retention Credits or navigating the PPP program forgiveness process. We saw a sharp increase in client needs for ancillary support services.

What has been the effect of growth on the local infrastructure?

We're going to have to be ready from an infrastructure standpoint, and by infrastructure, I don't mean just the brick and mortar of real estate, but also people capital. The biggest thing I'm seeing in our profession, in general, is the talent shortage. I don't think there's a single client who has not mentioned how hard it is to find people. There are tons of business opportunities if you can find the people to be able to service those or to be able to provide the company the man hours needed to take advantage of those opportunities. That has been at the top of the list of everybody's pain points.

Our university system, from community colleges up to the public and private universities, are seeing growth, but we've got to build infrastructure to be able to bring the people to the area and keep up with the growth.

What are the firm's near-term priorities?

I think part of it is going to be supporting the existing companies that are here already with our services, and hopefully those services allow our clients to function better. So being able to continue to assist and to evolve our practice to be more advisory, to have more bench strength on the advisory side for that cost benefit to the client. ■

**Kevin Leder**

*Managing Principal, Raleigh Office
CliftonLarsonAllen LLP*

**Jackie Prillaman**

*Raleigh Office Leader & Business Tax
Partner
RSM US LLP*

What have been some priorities for CLA over the last year?

Two things come to mind. One is our people. We must find and keep top talent in this crazy market. The other big thing is our culture and we have been working very hard on that. We believe that we are better together. We think this helps us from a culture standpoint. This is a unique employment market, so we have to create a culture that makes people think hard about why they would leave. We've implemented surveys and internal listening sessions, so we can understand what is on people's minds. Then we create action plans to address the issues in fun and engaging ways.

We will continue to focus on attracting top talent. We are a succession firm, so we must attract and retain talent. We will provide our people opportunities to build inspired careers here at CLA.

From our clients' perspective, many of them have gone fully remote. It changes the dynamic of our meetings because we are looking at each other on a screen. I think we will continue to leverage technology in this type of environment, developing new ways to schedule and send information. This is the biggest change since COVID but I hope we can start to get back to more in-person meetings as we move forward.

Have you seen an increase in business that accompanies the growth in the Triangle region?

We have taken on new clients and I've heard that some firms have paused taking on new clients to manage expectations. We are a big firm, with 7,000-plus people, so we have welcomed many new clients. Regulatory and compliance issues also drive our business because there are so many additional compliance requirements. The Triangle was ranked as a top place to do business and it has a top real estate market. This is all good for us. People want to be here and that bodes well for most businesses. The general population growth works in our favor, which will keep our market hot, but we have to keep an eye on it. ■

What does RSM's commitment to innovation look like in the Raleigh office?

We're committed to innovation. That's how our industry is going to survive. RSM has an innovation culture committee within the firm. It's a national committee where I participate. We've found that innovation comes from different ideas, feedback on processes and having a variety of people. Without those people who think they aren't innovative telling us that something could be done better, we might not have achieved the rapid changes in technologies. Overall, it's definitely embedded in our culture.

In what ways are you mitigating the labor shortage?

We're continually evaluating our compensation and benefits packages, such as what we offer in terms of personal time off, paid benefits and flexible work arrangements. The new college graduates want more quality of life and reduced hours, so this is something that has been key for us. There are also more people who want to work remotely or on a hybrid schedule. We've been digital for a while but there are things that may be better learned in person, which is a challenge we're continuing to address.

Which practice areas are leading the firm?

Consulting is our fastest-growing service with the tax practice being a close second. Consulting has taken off due to clients needing to upgrade their systems, security and privacy and internal controls. At RSM in Raleigh, we have a technical accounting consulting group that can help companies implement new accounting pronouncements for their audited financial statements. We've seen growth in these services across the firm. The growth will continue, especially in the upper middle market. If we end up in a recession, consulting is one of the things that companies typically pull back. Due to this, we could see a dip in some services. Do I see it going away? No. ■



Barry Cobb

Partner

Yates McLamb & Weyher LLP

Have there been any significant shifts in demand for your services?

In our practice of defending doctors, hospitals and nursing in medical malpractice cases, we've certainly had at least as much, if not more, business during the pandemic. Coming out of the pandemic new cases have continued to come.

What's going to be interesting going forward is that we do have a robust Immunity Statute in North Carolina that protects healthcare providers against liability, not only in COVID-related cases but in COVID-affected cases. It is going to be interesting to see what the boundaries of that legislation are going to be in practice and how it's going to be enforced in practice to see if that discourages people from filing lawsuits in the first place.

I think things will come back to a level at some point, both in terms of how many cases in a row we are all trying and in terms of new filings, because most of them are based on temporary pressures and the way our system works.

What have been the firm's strategies to recruit and retain talent?

We've traditionally had relationships with the law schools, that's been something that we've always done. In recent years, our recruiting has been more geared toward experienced people who we hope can meet our needs more quickly than attorneys we need to train more extensively.

We've realized that those experienced laterals are not always going to be available to us, so we need to acquire more of our people out of law schools and train them to fill the gaps that we've had. We're interested in trying to be a little more foresighted and recruit people out of the law schools that are a good fit, and train them in the way that we like to practice law.

What is your near-term outlook?

A booming economy tends to result in work for both sides of our firm. There are more interactions between providers and patients, and more opportunities for people to be unhappy with their healthcare, so that providers need our help in responding to concerns, complaints and claims.

As we have come out of the pandemic, we have become a lot busier in general. That's going to keep driving our work. ■



Employees' expectations of their employers have shifted outside of pay and benefits to integration and fulfillment.

(...) the long-term capital gains tax rate. Historically, the tax rate made equity investments more profitable against the high taxes due on debt investments. With this change, the Biden administration is setting up a level playing field between equity and debt investments. Investment strategies will consequently have to adapt to this new market reality, which might result in less liquidity available in the market from fewer real estate transactions, which in turn could undermine appreciation.

With remote work becoming a fixture of life on global scale, small and large corporations alike have expressed concerns over cybersecurity issues. Cybersecurity Ventures projects cybercrime damages will hit \$10.5 trillion in value per year by 2025. In parallel, NCC Group's 2021 Annual Threat Monitor reported global ransomware attacks increased by 92.7% in 2021 compared to 2020, totalling 2,690 against 1,389, respectively. Undoubtedly, insurance firms will have all hands on deck to provide tailored solutions to this issue to protect companies' most valued assets: their data. The opportunity is too large to ignore considering GlobeNewswire estimates the global cybersecurity market is poised to reach \$478.68 billion by 2030. That's a whopping 121.4% overall growth from 2021's cybersecurity market value of \$216.11 billion. (...)

Adjusting to challenge



Jim Holmes

Managing Partner – Sentinel Risk Advisors

“I think everybody is watching the global economy. As we recently shared in our 2022 Mid-Year Market Review and Forecast, the insurance market remains in flux and is rapidly changing due to increasing global supply chain concerns, the continuing impact of the pandemic, escalating fuel costs, forecasts of global food shortages, inflation, rising interest rates and talk of an impending recession, just to name a few. As a state, we have businesses and people moving here because we have a great business climate, tax strategy and university system. These factors inform our firm's decision to focus on North Carolina over the next 44 months. **”**



Bob Newell

President – Franklin Street Partners

“We are trying to remind people that when the Federal Reserve goes through an interest rate tightening cycle, this is what happens: as interest rates rise, the economy will cool down. This is a garden-variety interest rate reset, not unlike the late '70s and early '80s. However, there's a dose of China and a dose of Russia/Ukraine, and those two things are sitting on top of this period we are in. But if we stay focused on what happens when interest rates are raised and inflation returns, we can prepare your portfolio. We constantly resensitize the portfolio to take advantage of companies that do well when inflation is 4.5% to 5% versus 1%. **”**



Robert Turner

President & CEO – Capitol Financial Solutions

“Our clients have a myriad of concerns right now, ranging from inflation, market volatility, healthcare costs, our national debt and geopolitical issues. We have a robust client service model that encourages constant communication with our clients and their families throughout the year so that we can talk through these sensitive topics. Most of our advisers conduct three to four formal planning meetings per year with their clients along with multiple educational workshops. Helping clients filter out the news and the noise is one of our major goals; and the way we do that is by serving as their trusted resource for pertinent information. **”**



Mark Yusko

CEO & Chief Investment Officer/Managing Partner – Morgan Creek Capital Management/Morgan Creek Digital

“Like everybody in a difficult economic environment, success is about putting one foot in front of the other and making progress. It is a challenging time for investing as well as business in general. A big highlight was that we closed our third digital assets venture capital fund. Morgan Creek Capital Management focuses more on venture capital, hedge funds and alternative investments. In 2018, we created Morgan Creek Digital, which is dedicated entirely to venture capital in the digital asset ecosystem. We raised our first venture fund in 2018, another in 2020 and our third fund in 2022. **”**

(...) ■ Accounting

Raleigh-Durham's accounting landscape saw somewhat of a talent crunch between 2021 and 2022. According to the Triangle Business Journal, the area's Top 25 accounting firms employed 971 CPAs in 2022, compared to 1,058 in 2021, an 8.22% drop. This is a result of the combination of ongoing M&As in the area and a nationwide trend where the accounting industry has become a candidate-led market.

Remote work has also empowered employees to demand better working conditions. In early 2022, the landscape resembled a bidding war after confirmations that the Big Three consulting firms — Bain, McKinsey, and Boston Consulting Group — were looking to outpace EY, PwC, KPMG and Deloitte in terms of higher salaries, according to The Consulting Report. This includes total compensation increases ranging from 4% to 9%, \$30,000 signing bonuses and performance incentives valued between \$41,000 and \$45,000.

In addition, accounting firms in Raleigh-Durham are gearing up to advise their clients on the IRS' increase of both the gift and estate tax exemption amounts for 2023. Due to inflation, the annual gift tax exclusion is increasing to \$17,000 per recipient, the highest registered to date. The estate and gift tax exemption will be \$12.92 million per individual for 2023 gifts and deaths, a 7.13% increase from \$12.06 million in 2022. The effect of the increase means a married couple can shield a total \$25.84 million without having to pay any federal estate or gift tax. Moreover, the annual amount that can be given to a foreign spouse will increase to \$175,000.

■ Wealth management & financial advisory

The wealth management and financial advisory

businesses have boomed in the Triangle as more affluent individuals have moved to the area. According to the Triangle Business Journal, Raleigh-Durham-Chapel Hill's Top 25 financial planning firms saw a significantly increased headcount between 2020 and 2022. Licensed professionals went from 1,271 in 2020 to 1,307 in 2022, a 2.83% increase. The number of Series 7 fully licensed brokers in the Triangle nearly doubled, climbing from 737 in 2020 to 1,472 in 2022. Financial planning firms' total employees grew a whopping 261.28%, from 1,911 in 2020 to 6,904 in 2022. The industry's office footprint did not see any signs of shrinking either as the financial planners' locations grew nearly 17%, to 131 in 2022 from 112 in 2020.

■ Legal

Much like its wealth management and financial advising industries, Raleigh-Durham's legal landscape can also boast a headcount boost between 2022 and 2020. According to the Triangle Business Journal, the area's Top 25 legal firms counted 1,174 attorneys in 2022, a 9% increase compared to 2020. Between 2020 and 2022, the number of partners in the Triangle increased 28%, going from 493 to 629, respectively. Support staff also saw an increase within that time period, going from 546 in 2020 to 676 in 2022, a 24% increase. Finally, the number of paralegals grew 41% to 372 in 2022 from 263 in 2020.

■ HR, staffing & consulting

HR, staffing and consulting firms are sure to have a busy year in the Triangle region as the unemployment rate in the area reached 2.9% in September 2022, the lowest since November 2017. The human resources landscape (...)

WAKE COUNTY NORTH CAROLINA

#1

**Healthiest
County in the State**

#2

**Fastest Growing
County in the Nation**

Join us!

► Raleigh-Wake.org ☎ 919-664-7000

✉ hello@raleigh-wake.org





Continuing demand

Growth will continue to pressure infrastructure, spurring legal needs

Mary Nash Rusher

Raleigh Managing Partner – McGuireWoods LLP

How has demand for your services evolved based on the current economic climate?

Given our footprint and our national reach, we do not expect a significant slowdown in spite of the rising interest rate environment. Locally, the Triangle and neighboring counties continue to face explosive growth, meaning continued pressure on infrastructure for local governments and continued need for legal services. That infrastructure, whether it is schools or water and sewer service or clean energy or fiber networks, simply must be built in order to keep up with that growth.

What is your expectation for the legal sector in terms of technological innovation?

Leveraging off of what we learned in the pandemic, more of what we do will continue to be done online. The litigators can do motions, hearings, and depositions on video conferencing platforms, although for any interaction that involves testimony from the parties or witnesses, I continue to hear that they prefer to do them in person in order to see the body language and avoid missing what may be happening off screen. In the transactional world, we've been ahead of that trend – nobody is going to a closing in person anymore. The pandemic sped up the use of electronic signatures, and we have all become more proficient at the various tools available for working collaboratively electronically. Video conferencing has also become much more the norm. There is new technology being developed every day to help lawyers be more efficient in their work using AI and other technology. For instance, there are now software programs to assist with both due diligence on the corporate side and document review on the

litigation side that use AI to make those processes more efficient; we will all have to learn those and incorporate it into both litigation strategy and corporate operations. It will be interesting to see how much of that becomes the norm.

What are you paying attention to on the legislative and regulatory fronts?

At the moment, we are very focused on the Inflation Reduction Act, digesting what's in that law and how it impacts various sectors, including in particular renewable energy and related tax incentives and regulations. We do a lot of work in the renewable energy space through our energy team and through the local governments that are undertaking energy and transportation projects. We expect that as we and our clients digest and understand the Act, we will be able to work together to figure out how it might spur projects that require additional investment and borrowing. We're fortunate to have a robust lobbying group both in D.C. at the federal level and locally, who can help us help our clients in keeping up with, and understanding, new legislation as it develops and becomes law. Similarly, at the state level, we will be watching Medicaid expansion very carefully, and the expected relationship between that bill and the certificate of need statute. Both of these will have a huge impact on healthcare providers in the state.

Our firm also has a robust education practice and we have been working hard to keep our clients informed about the many regulatory changes affecting schools and colleges, including around Title IX and the NCAA rules around name, image and likeness for athletes. ■

Wealth management services

The business community's needs have expanded and financial advisers have stepped up to meet them.

**Richard Bryant***CEO & Founder*

Capital Investment Companies

**David Cove***Managing Partner*

MassMutual North Carolina

How has the influx of business and wealth to the region impacted your day to day?

The proliferation of online services has been impressive and has only accelerated since the pandemic with the emergence of video conferencing on a daily basis. There was a time when we had to go out and work hard to bring in every customer. Now we get large accounts walking in the door based on what they see of us online. And in that time, we've seen Raleigh transform from a sleepy little town into a vibrant metropolis. For example, Research Triangle Park has been over sixty years in the making, just a dream at first and now a reality that is bringing in companies that didn't even exist then, such as Apple. It's been great for business, investments and real estate. We haven't had a slow moment.

Are there any particular trends or developments occurring in the financial services sector?

Cybersecurity is probably the only thing I really worry about within our sector because in a sense we are only one keystroke from being wiped out. All it takes is one wrong click.

While it's true that if you're not on top of technology you'll be left behind, you will always need personal advice and face-to-face interaction. People need someone to turn to when things are going downhill financially. Humans are not inherently patient, but this is a necessary virtue for anyone investing in these markets.

Our key takeaway is that there is always a place for individual advice. In the banking industry, everyone at one point thought internet banking would transform it into something much more remote. But today, there are still people who find great value in physical branches. It is a melting pot when it comes to financial advice. Some people are capable of obtaining their information from the internet, but we will always be in the people business. Because at the end of the day, people can be more tied to their assets than their own relationships. ■

How has MassMutual's new fintech software Advisor 360 helped better serve customers and improve efficiencies?

A360 is a complete platform for our advisors to conduct their business as well as a client portal allowing for easier access to their information. One of the ways for our advisors to continue to build their practices and help more people is to become more efficient. This tool creates improved efficiency which saves time and resources that can be put back into their practices or allow for more personal time. In addition, with more advisors working from home or remotely it helps facilitate business from any location. From a client perspective we have all grown to have expectations that we will be able to access our information quickly and address simple service items electronically. This tool allows for all of this.

How have you helped clients navigate recent uncertainty?

By utilizing a holistic financial planning approach, our clients are focused on goal achievement. When we put a plan together, we assume there are going to be up and down markets along that journey. With market corrections happening every eight years or so we use an assumed rate of return that allows for these periods in our projections. Understandably, people get nervous when markets drop. During down times our role is to stay in touch and help our clients make rational decisions by showing them the bigger picture. This helps reduce any emotional decisions based on short-term movements.

The recent increase in the inflation rate is the biggest impact right now. While this hits those on a tight or fixed budget the most, if it continues it could force a readjustment of projected income needs in the future for everyone. Inflation has largely been controlled for many years, and while we use assumptions that project the upside the recent period has been out of an expected range. We continue to meet with our clients and will adjust as the situation continues to unfold. ■



Kyle Elliott

Principal

Wilbanks, Smith & Thomas Asset Management



Rob Ragsdale

*Head of Institutional Relationships,
Raleigh Office
Balentine*

How has managing client expectations changed in the last year?

Unfortunately, memories are short. We had it really good for a while as interest rates were low. People tend to forget that markets do correct and economies change. The market is down roughly 22%, and that is a normal correction that happens every three years on average. It's easy to forget that, especially after a great year like 2021. You have to remind some that prior to these tough times, there was a plan. And just because of a few bumps in the road, you don't abandon the plan.

What services are your clients interested in?

In my 34 years in this business, investing has dramatically changed. Today, the actual investment is done at light speed. That wasn't the case 34 years ago. Younger investors see less value in advisers and face-to-face meetings. So, services will continue to evolve. A major challenge is fee compression, because robo-investing and ETF investing are very cheap. And we have to show our value to the client.

We are spending a lot of time on non-investment-oriented areas in clients' lives like insurance and estate planning. We don't do either of those things and we have to rely on other advisers for that but we have to be part of the conversation. We are doing a lot more financial and retirement planning for clients. This all helps us to build a roadmap and a personal business plan for our clients.

What will clients be looking for going forward?

For non-high-net-worth individuals, they will look for access and ease. They want to do their own financial plans and make their own investments. For high-net worth individuals, they will want a professional advisor to guide them because the stakes are high. They will be looking for good value for the fees that they pay. Retirees and savers are going to be looking for quality, holistic advice, and value for their personal situation. ■

How has the wealth management industry evolved over the past few years?

In the past 30 years, we've seen the industry moving away from a brokerage-oriented model into a more advisory role, acting on the clients' behalf in a fiduciary capacity. Overall, people want more transparency and alignment with their investments and we respond with a client-centric approach. Our clients are looking for less conflicted, fee-only and open architecture models. There has also been consolidation through mergers and acquisitions driven by private equity dollars, which is also a great indication that this fiduciary method is working and valid. While a lot of technology is entering the fray and more firms are using robo-callers and AI-generated engagement, we stay unique by offering a human approach. We're evolving with more holistic counsel – helping clients with the big picture and making recommendations on all aspects of their investments.

How is wealth management evolving?

What I'm most excited about is the democratization of investing. There is an elimination of archaic forms of compensation, such as commission-based trading where there are a lot of sales-based incentive structures that distract from the goals and objectives of the clients. The continued cost compression is a reality in this world and an indication of growing commoditization. As costs come down, we're able to deliver the best of both worlds: active investing and the liquid, low-cost tax-sensitive nature that passive investing can deliver. Private investments are becoming more proliferated and a must-have. Not every person or entity can access a lot of real high-quality capital market investments that a certain segment of investors can tap into. As we see those investments get wider distribution networks and smaller minimums with more palatable fees, it will bring return expectations from more diverse sectors as more capital moves in. ■

(...) has gone through a significant wave of change in the past few years. The adoption of a hybrid workplace model on a virtually global scale is revamping traditional HR management models. Companies are now eager to develop a holistic approach for healthy organizations that is centered on employee well-being and flexible work models. In parallel, employee expectations are growing beyond pay, benefits and perks to include a sense of shared identity and a fulfilling employee experience. The “work from anywhere” workforce has changed the game when it comes to talent retention, attractive perks and benefits. Employers are striving to find a delicate balance between reducing their talent churn to a minimum in a tight labor market and the challenges of the economic environment, riddled with inflation. The success formula? Better healthcare access, more affordable medical care and increased family-friendly benefits, including paid parental leave, fertility treatment coverage, adoption and surrogacy benefits and on-site childcare.

■ Opportunities

The Triangle region's diverse business ecosystem is strongly focused on high growth industries, primarily agritech, clean tech, life sciences, advanced manufacturing, cybersecurity and fintech. The region's dynamism has created a flurry of investment announcements, more of which will be on the table after the creation of a new public-private partnership for economic development. The collaboration between the public and private sectors aims to attract new business, which will in turn promote living wage jobs and capital investment within the county and its municipalities.

With the CHIPS Act passed in July 2022, the U.S. House approved a \$280 billion investment to boost microchip production to alleviate the country's dependence on Chinese manufacturing. Raleigh-Durham has a headstart on the nearshoring efforts, after a \$5 billion investment was announced by silicon carbide semiconductor pioneer Wolfspeed in Chatham County for a new semiconductor plant. In tandem, the region is already capitalizing on the Inflation Reduction Act's tax incentives for national electric vehicle production, with EV automaker VinFast investing \$4 billion in a Chatham County assembly plant, creating more than 7,500 jobs in the process.

If that were not enough of a boon for professional services companies in Raleigh-Durham, 40 North Carolina companies were awarded a spot in the 2022 N.C. Mid-Market Fast 40 list. Among these, Velocity Clinical Research, Network Wireless Solutions, ServiceTrade and McAdams call Durham home, while insightsoftware, Greenology Products, Vadum and the Jim Allen Group are Raleigh-based.

■ Looking ahead

The Research Triangle will continue to act as Raleigh-Durham's growth engine for the foreseeable future. The myriad investment announcements from a wide array of companies operating in high-growth, high-tech industries will sustain the need for professional services and advisory. Whether legal, accounting, wealth management, private equity or venture capital firms, they all have a vital part to play in the ecosystem. This is especially true as firms negotiate the new challenges presented by inflation and the opportunities the area offers. ■



Academic research grants. Loans for startups. Workforce development initiatives. And more.
NCBiotech's programs accelerate the growth of North Carolina's life sciences sector. | ncbiotech.org

Residential Real Estate & Construction:

The Triangle has been one of the main beneficiaries of pandemic-related in-migration, which has elevated residential real estate prices to new heights. But these higher costs are also making it difficult for first-time buyers and essential workers to get a foot on the housing ladder.

Push and pull effect:



**Urban
revitalization,
gentrification
constrain
affordable
housing**

In 2020, Raleigh was included in Forbes' list of Best Places to Retire and in 2019, it came in third in the magazine's Best Places for Business and Careers ranking, right after Dallas. Last year, Numbeo named Raleigh as the place with the Best Quality of Life in the Americas 2021 Mid-Year. Elsewhere, Wall Street Journal and Moody's Analysis ranked the Raleigh metro area as one of the Top 3 Hottest Job Markets in America. For the past few years, the region has continuously ranked among the best places to live in America and the top business hubs in the country according to a variety of industry experts. It's interesting to note that despite the pandemic, the area has continued to thrive and has retained its position as a leading life sciences, technology and education center.

The region continues to attract top STEM talent, as Raleigh and Durham both made it onto the list of the Top 10 U.S. metros for technology innovation. Inevitably, the flourishing STEM scene has impacted the residential real estate market, pushing developers and real estate investors to build large-scale, high-end Downtown projects and redevelop existing mixed-use projects into multifamily assets. Naturally, this has accentuated the gentrification and urban revitalization of the region but it has also constrained prospects to expand the supply of affordable housing. The downside is that the process has created an exclusionary effect that penalizes first-time homebuyers and lower-income families. These groups have been forced to look for housing developments in inner cities, inner suburbs and even as far as outer suburbs to find something in their price range.

■ Landscape

In light of the urban revitalization of the region, the small town and suburban real estate market has undergone a significant transformation. Certain master-planned communities like Wendell Falls have grown in popularity and attracted young families and individuals priced out of the urban real estate market. During the pandemic, home values in "hipsturbia" communities saw a huge leap, while inventory remained low. For instance, the median sale price of a home in Raleigh suburb Rolesville was \$715,000 in October 2022, up 40.2% since 2021. Meanwhile, the average sale price (...)



'Coming Soon'

Both buyers and sellers are embracing new selling method

Jim Allen

President & Broker – The Jim Allen Group | Coldwell Banker HPW

What trends have emerged in new home construction?

New home construction is in a slowdown because there are no lots available and it's taking longer to get permits to develop subdivisions. Builders are not pricing their homes until they're almost 100% completed. It's not that fewer homes are being built. More permits are being pulled now than ever. The reality is they're not hitting the market as quickly and some never hit the market at all. I have over 3,000 inventory listings that only my team knows about right now, which is unique. Normally we try to expose a listing to the market as soon as we can but because of the supply chain interruptions my builders are struggling with pricing homes. Then the homes sell in one day, so they're never added to the inventory list. Another reason the builders are doing this is the 24.8% appreciation from last year, and they're afraid of giving the price too soon and losing 2% of that investment per month by doing that. By the end of this year we'll be at 25.8% appreciation for our market. When your numbers are going up that high, you want to wait to take advantage of that appreciation for as long as you can.

How are Coming Soon statuses affecting your market?

Coming Soon is a completely new selling method that both buyers and sellers are embracing, but our MLS is fighting it. It takes courage for a buyer to be willing to buy something based on pictures or write-ups. They're aware that if they don't strike they may not get that opportunity, and in utilizing this method it's less likely to have as many competitors. It's our job as the agent to fully understand the tools we have. Instead of fearing new things, I see Coming Soon as this exciting

new way of selling. As a seller, I don't have to have people tracking through my house during COVID and potentially exposing my family when they can buy from looking at the provided video or photographs and still have the confidence that it's the best fit. Coming Soon has added a wrinkle to this market, which I'm super excited about. Unfortunately, we have people who are afraid of it because they think it's impacting the market negatively. They believe we're not truly tracking the days on market as well through this method; my argument back would be that a property is not fully displayed to the market during Coming Soon, so those days should not count against you. Right now, you can only do Coming Soon for 30 days.

What is your organization's contribution to the Raleigh-Durham market?

We're one of the few companies that produces their own listings, and it would be more difficult to buy a house here if we weren't in this market. I started back in 2009 with tear downs because I can tear something down and rebuild quicker than I can develop lots, saving two years in getting lots to the market. However, just like everything else, that teardown process is becoming more difficult. The more I infiltrate markets, the more resistance the marketplace puts in front of us. Now we have more red tape, which is a mistake. Every city is either growing or dying.

There's a place for everybody in this market. Our job as agents is to educate ourselves on those outlying markets well enough so that we can present this alternative to the purchasers who are coming, instead of simply saying we don't have anything to offer.■



Mahala Landin

*Managing Partner & Broker in Charge
The Rachel Kendall Team*

What have been some new projects for the Rachel Kendall Team over the last year?

Everything is new in real estate. There are new challenges and new changes and that is the tradition of the growth in the market. It is comfortable to know we are right back into our growth trajectory and that we are the capital market that we have always been. In terms of our team, we ended the year with 358 transactions and about \$130 million in volume, with the average transaction being \$363,000. This year, we are at \$434,000 for an average transaction. We anticipate about 450 transactions a year and we are on pace to meet that goal. Even though inventory is a challenge, our team continues strong with referrals and well-established relationships with past clients. We made a collective decision to be members of additional MLS groups that are in contiguous counties, so we can serve expanded markets. We want to be able to help all homebuyers, especially first-time buyers, and we have to grow to serve them.

What are your market projections for the near term?

In terms of getting back to a balanced market, I don't expect that to happen in less than 12 to 18 months. The interest rate increases may alter the timeline for some buyers. Out-of-state buyers will continue to flood our local market. Housing starts have been down since 2008 and then we experienced the biggest demographic shift since the baby boom with the millennials entering the market. We are in an inventory shortage and then you tack on the pandemic and supply chain issues and it creates the perfect storm in a healthy market like Raleigh.

I believe in the construction industry and I think they are bringing us back through housing starts but they still can't build fast enough. We need to grow differently to meet these challenges, including looking at multifamily housing, townhomes, condos and other more economic options for first-time buyers. Luckily, the Triangle has great highways to accommodate commuters. This has been one of our best resale listing years in a while and that's because we focus so hard on our past client relationships. Over 60% of our business comes through repeat clients who we have serviced since 2008. Sellers want to work with people they know, love and trust. ■



The average sale price of a Raleigh home was \$400,000 in October 2022.

(...) per square foot in Rolesville was \$192 in October 2022, up 10.3% since 2021. At the same time, in Briar Chapel, a master-planned community about eight miles outside of Chapel Hill, the average sale price of a home was \$635,000 in October, up 14.7% since 2021.

But given the scale of the state's inbound population, the situation in small towns is not much better. In Apex, for example, the average sale price of a home was \$551,000 in October, up 2.1% since 2021. The average sale price per square foot in the town was \$231, up 12.1% since last year. All this points to far too much demand and not enough supply, causing concern for those who can no longer afford the rising house prices, and by extension pushing up rental rates.

As for Raleigh and Durham, there are already signs that the markets are cooling off. Two years after landing in first place as top real estate market in the United States, Raleigh continues to slip. In the Fall 2022 Emerging Housing Markets Index released by The Wall Street Journal and Realtor.com, Raleigh ranked ninth overall. In October, the median sale price of a home in Raleigh was \$400,000, up 9% from last year but homes are now on the market longer – at 41 days in October compared to 34 days in 2021. Meanwhile, homes in Durham are selling at a median price of \$385,000, up 4.1% since 2021 but days on the market are also higher than 2021 at 43 days compared to 30 days.

As mortgage rates surge and inflation wreaks havoc on the middle class, a perfect storm is forming on the



Rex Bost
President & Founder
Bost Custom Homes

What are Bost's highlights from the last 12 months?

Over the course of the last year, we have continued to see an influx of strong client leads. Our office personnel, which includes the people who design, sell, estimate and create all of the documents for our clients, are very busy. When it comes to our field positions, we have added five guys since we last met. We have bolstered our field operations, but it now takes longer than ever before to get projects approved for construction. They are going to be very busy this spring. The Triangle Business Journal just released their top builders' rankings, and we are No. 3 for average price per home. Our average price last year was around \$2.6 million, which includes prices ranging from \$1.5 million to \$6 million. That clientele is typically not affected so much by mortgage rates increasing, as they are by the stock market doing poorly. That being said, the migration is still very strong in this market. There has always been an influx of people from the Northeast coming in, but now people are moving in from all over the country.

How has inflation affected the region's homebuilding industry?

Lumber prices have subsided to a price that is close to where they would be with normal inflation. The prices are still higher than they were two years ago but they are more reasonable than they were a few months ago. Prices for things like appliances, doors, light fixtures, plumbing fixtures, hardware, cabinets and other components are still very expensive. The demand exceeds the supply and that gap hasn't leveled out yet. A lot of our industry is still suffering from this. All that said, we believe that we have simply experienced a pricing/cost correction. Historically we have been an underpriced market compared to other metropolitan areas.

What areas are the most attractive to homebuyers?

West Cary is one place that is growing like crazy because there is farmland. Developers are taking Cary utilities west toward Lake Jordan. It is mostly production builders in that area but because of all the new rooftops, there has also been a development of new services there. There is also a lot of growth in Durham, which is expanding like Raleigh. ■

horizon, which could negatively impact the residential real estate market. According to an analysis of real estate market data from Redfin, the average purchasing power of homebuyers has declined by 29% since January 2021. All the while, home prices soared throughout 2021 and 2022, and mortgage rates shot up in 2022. As per Wral Tech Wire, many Triangle homeowners who purchased or refinanced in the past 10 years have secured interest rates below 4%, with some buyers getting rates as low as 2.75%, however, the average interest rate for a 30-year fixed rate mortgage reached as high as 7% at the beginning of November. Given the situation, many first-time homebuyers are delaying the purchase of their starter home. In fact, online searches for the term "home for sale" in North Carolina have dropped roughly 17% year-over-year according to Google Trends data. The silver lining is that housing inventory can now pick up speed and the housing market is able to become more balanced.

And new inventory is coming. As per a Q2 2022 report by Downtown Raleigh Alliance, 17 projects were under construction or in site preparation in Downtown at the end of the second quarter. Currently, the occupancy rate in the downtown residential market sits at 95.1%, but the rising demand has prompted new residential projects. During the second quarter, site preparation work began at 320 West South Street, the Raleigh Union Bus Station and City Gateway Apartments. Furthermore, there were 2,451 units under construction or in the preparation



Matt Brubaker

*Co-Founder & President
Greenfield Communities*

How do you see demand shifting with single-family homes

The last three years have been great for our market. We are very fortunate to live and work in the Triangle area, as it has been a Top 5 growth market in the country over the past ten to fifteen years. Major growth started in North Raleigh decades ago and it largely moved counterclockwise to subsequent submarkets. As those markets started to build out or became too pricey, the growth would move on to the next town or submarket. We're now seeing growth in areas that would never have been imagined ten years ago – from Lillington and Smithfield to the south, Sanford and Pittsboro to the west, Franklinton and Oxford to the north and Wilson to the east. The growth has been quite amazing.

This growth is exciting for developers like Greenfield. But we can't compete with national home builders since they can develop land at cost and make their profit on the sale of the home. We are a middleman developer, meaning that we develop residential lots and sell them to builders. To remain competitive, we need to forecast where growth is going and then get ahead of the market by buying land to develop in the areas that will be hot in the coming three to four years. This way, we buy land when it is a little less expensive and wait for the predicted growth waves. But there's inherent risk in doing this and developers have to manage that risk carefully.

How would you assess investor confidence in the current market environment?

Some investors are skittish. I think if you put 10 investors in a conference room and ask them how they feel, you will probably get eight different answers. But, then again, we simply don't have a huge rolodex of investors that we use. It's not that we wouldn't partner with new investors, but thus far we've only had two outside investors, one that's partnering in two of our current projects. Everything else has been done with internal equity, as well as using our profits from our previous projects for new developments.

I believe that Raleigh's better days are still ahead of us and outside investors are seeing that. Raleigh still has the country-club investors looking for a place to put capital and multifamily, smaller single-family and built-for-rent properties are benefitting. ■



Demand for housing in the Triangle is being exacerbated by in-migrants and iBuyers.

stage. Developer Carriage Creek is developing bespoke homes in Johnston County, with prices starting at \$500,000. In addition, 303 new homes will be developed in Goldsboro. And after the Raleigh City Council passed a zoning modification that allows up to 1,000 homes, hundreds of single-family homes are now set to be built in east Raleigh. Last, a 232-unit luxury residential community with townhomes and apartments is being built on 14 acres off Highway 98.

■ Investment

With major corporations like Apple and Google announcing new campuses in The Triangle, the region is attracting more and more residents. So it's hardly surprising that real estate investors have flocked to the city looking for investment properties. For instance, co-living startups are growing in the area and providing an



effective response to the shortage of affordable housing. But residents are now competing with technology-enabled iBuyers like Zillow Offers, Opendoor, and Offerpad. Accordingly, 2.9% of all homes sold in the first quarter of 2021 in Raleigh went to an iBuyer, and 2.6% of all the homes sold in Durham were purchased by an iBuyer.

At the same time, big hedge funds, large companies, and private equity firms are outbidding individuals for single-family homes and driving up the prices. According to Redfin's data, real estate investors purchased 1,564 homes in Raleigh in the final quarter of 2021, which represents 24.5% of all transactions. This represents a significant jump from 528 homes or 9.4% of all transactions in the second quarter of 2020. Meanwhile, investors have purchased 497 homes in Durham, which represents 20.9% of all transactions in 2021's fourth quarter. In the second quarter of 2020, investors bought only 255 homes in Durham, which is 11.3% of all transactions. Data analyzed by ATTOM Data Solutions shows that North Carolina was one of the states to make the largest percentages of sales to institutional investors in the second quarter of 2021. Approximately 6.7% of all single-family homes and condos were sold to institutional investors in the second quarter of 2021.

Some of the most notable transactions include the sale of 329 rental homes on the eastern portion of Hedingham Golf Club in east Raleigh to Artemis Real Estate Partners and the sale of 183 single-family homes to the Japanese company, Yamasa. The Japanese soy sauce company spent about \$43 million on homes in single-family neighborhoods in the region from Smithfield to Cary. (...)

WORKING WITH THE TOP REAL ESTATE TEAM IN THE NATION HAS ITS ADVANTAGES

In a dynamic real estate market like the Triangle, you need a team that's on your side helping you overcome all of the challenges that exist with selling your home. One that listens, finds solutions and communicates with you every step of the way. Working with **The Jim Allen Group, #1 Coldwell Banker® Real Estate Team in North America**, gives you **The JAG Advantage** where you are always at the **TOP** of our list to get your home sold.

BUY | SELL | BUILD | INVEST



CONTACT US TODAY
FOR A FREE
HOME VALUATION

JIMALLEN.COM | 919.845.9909

 COLDWELL BANKER
HOWARD PERRY
AND WALSTON

 The Jim Allen Group

Supply and demand

As Raleigh-Durham's population and business community continues to grow, the residential market is looking for ways to adapt.

**Johnny Chappell***Founder & CEO*

Chappell Powered by Compass

**John Rodgers***President*

GoPrime Mortgage

How would you describe the state of real estate activity?

It has changed so much because land and home prices rose so much in the area during 2020 and 2021 that buyers who might have thought they were going to be able to buy a traditional single-family home could no longer afford them. Many began to look at townhome opportunities at all price points. We work a lot inside the Beltline and homebuyers might have wanted a new-construction house but could no longer afford them because the ceiling had been raised. We have begun to build duplexes because we can put two units on a piece of land and bring the price down a little bit, helping buyers stay in a specific area or school district where they can no longer afford a single-family home.

What do you think the residential market will look like in the next three to five years?

Land is becoming scarcer and, at the same time, we have seen some elected leaders and developers trying to push vertical as much as possible. As a result, I think we'll see taller buildings in the Downtown skyline. At the same time, I think we'll continue to see this progress around the missing middle, which is where our firm does most of its work. For example, we found a piece of land where, just a couple of years ago, we could have only built six single-family homes. Today, we can build 33 townhouses there. That is our focus because we know there are a lot of buyers who need real estate and townhomes, or duplexes, allow us to provide housing solutions to an underserved population.

How do you think the market will change because of land scarcity?

There is land out there, you just have to hunt for it. Most of the deals we find are off-market and are a result of our trying to build a good reputation. Probably more than 90% of our land deals never hit the MLS. We have land acquisition specialists on our team, so we are proactively looking for land. ■

How concerned are you regarding housing affordability?

I'm very concerned. We're seeing day-to-day moves that you would typically see in a month in the mortgage-backed securities market due to the liquidity issues in bonds. You could have a buyer that you pre-qualified in the morning for \$500,000 but by the afternoon they only qualify for \$400,000 and by tomorrow they're qualified for \$550,000. It's a very chaotic time to be in the mortgage business because of accelerated rate moves on a minute-by-minute basis. There's a lot of uncertainty right now. Those accelerated moves create headaches for the loan officer on the street who is trying to qualify a borrower, and the borrowers don't understand how quickly things are moving. We're seeing moves in an hour that you usually wouldn't see in a month. It's a very difficult time to manage expectations, manage people, manage products and manage the borrowers' expectations as well. If you want to buy a house, you must move quickly. You need to understand that these rates are going to move quickly.

What is unique about operating in the Triangle?

We have our headquarters in Apex, servicing the national need. The unique thing about living here is the growth. There are plenty of opportunities to do mortgages in the area. Obviously, 2022 has been quite challenging for everyone in the mortgage business because interest rates have increased so rapidly. The housing situation is problematic because there are 30 million people with no mortgage in the country and there are 30 million people with mortgage rates below 3%. If you have a rate below 3%, you're not moving and if you don't have a mortgage, you're not moving. It creates an inventory issue that we've been dealing with for about two years. We're starting to see some inventory relief but the Triangle keeps expanding and building. There are still large companies moving to the area and we're hoping in the next one to three years we'll see an inventory balance with demand and rates taking a breather as the Triangle grows. ■



Jennifer Spencer

Owner & Broker
Spencer Properties



John Wood

President
RE/MAX United

Considering the supply shortage, how are you getting creative sourcing inventory?

In a market where inventory is so low, we have approached that very proactively in a lot of different ways. For example, when we have buyers who are looking for houses in a specific neighborhood, we are sending letters to the neighbors that are very specific about what we're looking for. That's been one thing we've done that has resulted in quite a bit of inventory for us because we've been very consistent with it.

How has your approach to the market changed?

It has been a very intense year relative to what the market has been over the last few years, and especially for the buyer's agent. As a result, it has required an entirely different strategy from anything we've ever done in the past. Until the beginning of 2021, when we listed a house, we got multiple offers and we would take the best offer. But I realized that we were leaving money on the table in this rapidly accelerating market.

We decided to change the way we've always done things. Last January, we started what is called a memorandum to the buyer. We lineup all the offers and pick the best of all the terms then we go back to everybody and tell them what the seller would like to see in a revised offer. We make it clear that this is not a counteroffer. It is a memorandum to the buyer. We ask that they let us know by 5 p.m. that day if they plan to revise their offer.

At first, the agents were very frustrated because they weren't sure what to do with it. So, what happened? Out of eight offers, we would have two or three come back and accept the seller's terms. Another two or three would say that their previous offer was their very best to begin with. And then two or three would come in and not only accept what was asked but add to it.

We were able to change the way we do business in this market. I think one of the keys to any real estate market is to be able to adapt to it. This was a way to adapt to it and help our sellers with their goals. ■

Over the last year, what has been keeping your organization busy?

The residential real estate market has continued to be crazy. It doesn't matter who you speak with across the entire country; we've seen nationwide housing appreciation like we've never seen before, supply shortages creating obstacles for our buyers especially in new construction, and we have not only seen interest rates tick up, but jump up, dramatically. That is making things interesting when trying to determine what our future looks like. Am I worried that Raleigh-Durham and the surrounding market is in trouble? No, not at all. I do think we are seeing some buyers reevaluate, because suddenly interest rates went from the low three's a year ago to the mid to high five's now – that's over a 40% increase in the monthly payment. Everybody's talking about the inflation numbers on the news; real estate inflation is well above overall inflation numbers.

Do you foresee a bubble for the Triangle?

For the entire Triangle region, we're going to settle around 7 to 9% lower in closed sales in 2022 compared to 2021. We've had a six-year run where every year for the past six years has been the best sales year, so we know that at some point you can't outpace previous years – especially considering the dramatic inventory shortages we continue to have. A little downward bump is not going to kill anything. There's no indication that prices will fall, but we don't believe they'll continue to rise either. Year over year we have seen 25% and 31% price increases in some of our markets. That won't continue, but maybe we'll get down to some reasonable, normal levels of appreciation. Thanks to the jobs coming to the Triangle, we won't see a steep drop in those prices. Historically, when the rest of the county experiences recession trends, we haven't fallen as hard. The Triangle sustains quite nicely. We may not grow, but we maintain. My prediction is that it will feel worse, but the numbers won't say it's that bad. ■

(...) ■ Residential

The latest study from researchers at Florida Atlantic University and Florida International University showed that Raleigh is one of the most overvalued housing markets in the nation. According to the data presented in the report, homebuyers pay a 49.34% premium on average. As for home buyers interested in Durham, they will typically pay a 49.44% premium on their home sale. The Durham City Council also approved the city's \$570.4 million 2022-23 budget, which contains a property tax rate hike. According to the new budget, the property tax will increase by 0.6 cents. This indicates that the owner of a home valued at the median house value of \$235,133 would pay a city property tax bill of about \$1,311 per year. Meanwhile, the Wake County Board of Commissioners also adopted a \$1.7 billion budget for 2022-23, which includes a raise in property tax to 1.95 cents. This will raise the total tax rate to 61.95 cents per \$100 of property tax valuation. As such, a home valued at \$337,000, which is the average assessed home value in Wake County, would cost \$66 more per year compared to 2021. These recent developments have curtailed buyer interest, and many homebuyers are canceling existing contracts.

A report from Redfin shows that nationwide, 60,000 home-purchase agreements or 14.9% of all contracts were called off in June. In the Raleigh MSA, 7% of the home purchase agreements fell through, which is below the national average but still represents the

highest percentage since February 2021. Additionally, inventory in Raleigh is slowly recovering. Over 2,500 new listings arrived on the market in June, with 1.1 months of inventory available, according to data from the Triangle Multiple Listing Service. That's a significant growth from the 2,162 listings in June 2021 when the city had only 0.5 months of inventory. Equally important, Wake County foreclosures increased by 425% from a year ago. As per the latest data from ATTOM Data

Solutions, 481 total foreclosures have been recorded in the county from January 1st to August 31, compared to 134 foreclosure proceedings in the same time period in 2021. Inevitably, these circumstances have compelled the sellers in Raleigh to lower their price points. Redfin data shows that 25.9% of homes for sale in June saw sellers lower their asking price during the month. Conversely, only 5.5% of homes for sale came down in price in June 2021.

**City of Raleigh
intends to build
5,700 affordable
housing units
by 2026**

■ Affordable and workforce housing

Nationwide, there is a severe shortage of affordable and available rental housing for low-income renters. Only 44 affordable and available rental homes exist for every 100 extremely low-income renter households. In other words, there is a deficit of 195,661 affordable and available rental homes throughout the state. And 69% of the state's ELI renters pay out more than half of their income on housing costs. A study by the United Way of the Capital Area highlighted that Raleigh has a deficit of 19,299 affordable rental units, which is the third smallest (...)

Investing in the Southeast

Providing investors with preferred access to multifamily real estate investment opportunities while delivering exceptional, risk-adjusted returns.

Eller Capital Partners is a private equity real estate firm offering a full service, vertically integrated investment management platform that addresses all stages of the investment cycle. Our vision is to continue to grow in a deliberate and disciplined manner while creating value for all of our stakeholders including investors, employees, residents and the communities in which we are invested.

ELLER

Collaboration • Integrity • Excellence • Loyalty



Acquisitions | Development | Property Management | Construction Management | Fund Management

1350 Environ Way, Chapel Hill, NC 27517 • www.ellercapital.com • (919) 904-4700



From huge to big

Number of multiple offers has fallen but it's still a seller's market

Dave Phillips

CEO – Raleigh Regional Association of Realtors®

How would you gauge reseller confidence compared with buyer confidence?

The sellers are confident but from the anecdotal evidence I'm hearing and data I've seen, the number of multiple offers has gone down. That being said, it has gone from a huge number to a big one. The marketplace has become constricted with the rising interest rates and accompanying rise in prices. It's still a seller's market but we are tracking it closely and will be well-positioned to pivot if that changes. Ultimately, sellers can still sell relatively easily.

Buyers on the other hand are facing a tough market in terms of affordability, and this is compounded by rent increases. There's a lot of good programs that we and our members promote that can help the buyer access a down payment. However, many times first-time buyers are eliminated from the process due to the sheer number of offers on each property. The upside for buyers is that the region was recently recognized as one of the top areas for new construction, which is the ultimate solution to the housing crisis.

What have been some action items to continue making DEI a priority?

We want to lead the way in DEI, which is why it is a key component of our strategic plan. As CEO, I found it important that I join the CEO pledge, which provides resources and information about DEI initiatives that are occurring. We are now taking advantage of these resources because DEI is something that we want to instill into our DNA. The resources are mainly for our staff but the initiative can have indirect effects on our members. We have also produced our own DEI pledge,

which we asked our members to sign voluntarily. The pledge is simple, outlining a willingness to learn and practice the principles associated with diversity, equity and inclusion. At the end of June, we required all of our committee members, chairs and boards to take a class about implicit bias. This is now a requirement. We also hired a DEI director who is well-versed in understanding the issues faced by businesses and employees these days. For the first time ever, we hosted a big pride lunch last month.

How have the membership numbers changed in the past year?

Our membership is probably up a small percentage this year. Last year was a huge growth period for us as we exceeded the 10,000 mark. I believe we now have a few more members but our growth has slowed down dramatically since then. That being said, we are now taking in more members each month than we did in the past 10 years. Last year's first quarter will be a difficult period to beat in terms of growth.

Given inflation, labor shortages and supply chain disruptions, what support are members asking for?

They're primarily asking for educational information and we try to help them by keeping them up to date with marketplace dynamics. In this state, realtors are bound by a non-returnable due diligence fee, which essentially acts as a guarantee. If the realtor withdraws from the deal, the seller is legally entitled to retain the fee. It is a way to offer more security for the seller but it can be difficult to negotiate for our members. We can't change it, but we can help our members deal with it. ■

(...) shortage nationwide. The report, however, showed that an average-wage worker in Raleigh has to work 44 hours per week to afford a one-bedroom rental, whereas a minimum wage worker has to work 112 hours per week to afford the same accommodation. In order to afford a one-bedroom rental in Raleigh, the worker needs to have an annual income of \$42,120, while for a two-bedroom rental, he or she needs an annual income of \$48,000.

According to data from the U.S. Census Bureau, 13.4% of North Carolina residents live in poverty. Ultimately, this increases the risk of housing evictions and homelessness. Wake County Continuum of Care's point in time data shows that 1,534 people were classified as homeless in Raleigh-Wake, with 308 people being considered chronically homeless. Even worse, 11% of the persons experiencing homelessness are youth between the ages of 18 and 24. According to a report from the Department of Housing and Urban Development, the number of homeless people in Wake County has grown by 99.5% since 2020.

In response to this crisis, local governments, nonprofit organizations and charities are working together to address the affordable housing crisis and improve affordability. The city of Raleigh intends to build 5,700 affordable housing units by 2026. Additionally, nonprofits like CASA operate their own housing programs to prevent homelessness. CASA offers workforce housing, veterans housing and homes for disabled individuals and their families. Currently, the nonprofit organization has 283 apartment units in Wake County, 44 in Orange County and 136 in Durham County. In addition, CASA has 324 units under development. Families Together is another non-profit that helps families in Wake County fight homelessness by providing emergency shelter, rental assistance, and financial health training. And Urban Ministries of Wake County runs the Helen Wright Center for single, adult women experiencing homelessness without children in their custody. The organization also runs the Rapid Re-housing Program.

■ Construction

According to a Q1 2022 construction market analysis by Cumming, North Carolina's construction market has grown by 6% over the past two years. However, the construction market is expected to experience a decline of around 8% this year, primarily because of the residential sector. On a more positive note, construction contributed \$28.7 billion – or 4.38% – of the state's 2021 GDP, according to data from the U.S. Bureau of Economic Analysis. The industry also employed 173,640 workers in the state, which positions North Carolina among the top 10 states with the largest number of construction



The state's construction market has seen 6% growth the past two years.

workers. Evidently, since the state's construction industry has boomed, more businesses have relocated to North Carolina to benefit from opportunities. And while the number of construction firms operating in the state ranges from 23,000, according to the Associated General Contractors of America (AGC), to 52,000, per Dun & Bradstreet, the truth is that both big and small businesses are incredibly active here. But most of these companies are struggling to find workers, all while construction employees are retiring and quitting in record numbers.

■ Sector performance

In 2020, the private construction industry sector in North Carolina experienced a growth in its number of fatalities, increasing from 39 in 2019 to 43 in 2020. Furthermore, 15 of the 43 fatalities in the business were the outcome of



**Wake County
residential permits
in June climbed
12% compared
to the same
month in 2021**

falls, slips and trips. Meanwhile, 29 fatal workplace incidents in the construction sector, or 67% of all injuries, involved specialty trade contractors. With that being said, most companies have initiatives and best practices in place to prevent accidents and protect workers. And state leaders have set up the North Carolina Special Emphasis Programs with the intent of lowering the state's occupational mortality rate by at least 2% and its non-fatal injury and sickness rate by at least 5%. Creating safe and positive work environments ensures worker satisfaction and boosts productivity and team engagement. This again, will reduce the high employee turnover rate.

A Center for American Progress study showed that the average cost of replacement for employees making less than \$50,000 per year is equal to 20% of their annual compensation, whereas for workers earning \$30,000 or less, the turnover cost is equal to 16% of their annual salary. Naturally, similar initiatives like the North Carolina Special Emphasis Programs will aid in (...)

The Preferred MLS For Raleigh Realtors

- Robust listing platform and services
- Housing market data and analysis
- Fair housing research and reports

919.654.5419
trianglemls.com

 **TRIANGLE MLS™**
 MULTIPLE LISTING SERVICES



What were the major highlights or milestones during the last year for your company?

The biggest milestone for our company this year is that we launched a new neighborhood in North Raleigh, Shadow Creek Estates. We are developing and building the entire community. It is our first exclusive Loyd Builders community with high-end homes at an average price point of around \$4 million. After about 1 year of working on the project we have over half of the homesites reserved or sold.

I think the other big news for Loyd Builder and our industry as a whole are the challenges of the supply chain and managing those challenges daily. At Loyd Builders, we must continually reinvent each month and refine our process to deal with the latest issues. Our team has done a great job of planning ahead, working closely with our vendors and still delivering the houses within the contract time frame. We have adapted to the changes and focus on continued growth in handling the ever changing supply chain challenges.

Do you think the housing market is slowing down now?

We have noticed more questions about the economy than about pricing based on where the stock market is and based on how costs have escalated. We've had a lot more questions about that in the last two to three months than we have in the last year.

We have not seen a decrease in the number of people who are signing contracts with us. Our pipeline is very full. We still are getting plenty of inquiries. I think in our price point — our average house is around \$4 million or so — people tend to start building when the market softens because they're not as interest-rate dependent. At some

Continuous reinvention

Supply chain challenges require constant refining of processes

Tripp Loyd

CEO – Loyd Builders LLC

point, higher interest rates will affect it but we haven't seen it yet. We're hoping to see it on the pricing side. Our customers would benefit from prices leveling off a little.

What are the areas with the highest potential for new construction?

Colvard Farms in Durham has been a great neighborhood. MacGregor Downs is an older neighborhood. It's not a new construction neighborhood, it's a teardown neighborhood and inside the Beltline market that has been good. And the North Raleigh market has probably been the hottest in town.

What are the trends in the construction of new homes?

It is all about outdoor grills, pools and things like that. There had been a big focus on outdoor recreation and COVID just accelerated that trend. That was a trend coming out of the previous recession because people weren't doing vacation homes, they were just sticking with one home and doing a nice backyard to have a place to go on the weekends. I would say 80% of our houses now have pools. We work with a local pool builder Aquatic Artists, who are unbelievable and super creative.

Do you see that trend continuing in the near term?

I do think so. It was already increasing before COVID and I think it adds a lot to the property value. If you're going to look at a house that's \$4 million and it doesn't have a pool in the backyard, you're probably going to skip it. You're probably going to go to the one that has a pool. The pool is becoming more of an investment now than it was in previous years because it's more in demand. So, I think it's adding value. ■



In 2021, construction contributed 4.38% to North Carolina's GDP.

(...) lowering construction costs, which are currently rising and nearing historical levels. A report from commercial real estate services and investment firm CBRE shows the persistent labor shortage, inflation, supply chain issue and the war in Ukraine will all contribute to a 14.1% annual increase in construction costs in the United States by the end of 2022.

■ Residential construction trends

Although more permits for new residential development are being authorized, North Carolina's housing supply is still limited, and delays continue because so many institutions are understaffed. In an effort to prevent more delays, Wake County's planning department is recruiting four additional staff members this year to help with service delivery. In June, Wake County recorded a 12% growth in new residential permits from 2021, and 14% growth from 2019. Meanwhile, Garner and Fuquay-Varina saw the biggest increases in permits. In Durham County, 135 residential permits were issued during the same period, which represents an 18% growth from June 2021. However, only 1,538 permits have been filed in the city, which represents a 2% decrease since last July.

While demand for single-family homes will remain strong in Raleigh-Durham in 2022, there are already signs that the market is cooling off. Due to declining demand, Atlanta-based developer PulteGroup, for example, has withdrawn from land agreements. But many are forging ahead with construction plans. For example, 2,451 residential units were under construction in downtown Raleigh in the second quarter of 2022 and an additional 5,385 were planned or proposed units.



Reid Smith

Founder & CEO
RiverWild

How has the real estate market changed recently?

From a broader market standpoint, I think the market has changed fairly rapidly. The global economy is bigger than we are. We're just a boat in a big ocean and clearly, the waves are starting to pick up. We just need to row our boat. The environment has driven things, especially with interest rates going up. That has definitely impacted and slowed down the market in general, particularly the residential market because you have a supply side issue that is driving prices up now paired with higher interest rates.

We have to confront the brutal facts but we are focused on doing our part to move through it. I think what's important is just to pay attention to what the market is saying, talking to our consumers, talking to the buyer and our agents, understanding what they're seeking, what is important right now and making sure that it makes sense for us to adjust our business model to fit that need. We're in the shelter business and our focus is to serve our community and whatever is needed from a shelter standpoint.

What is your take on the issue of land availability?

I think it's well known that Johnston County has challenges with infrastructure in terms of sewer water capacity as well as with schools and the overall capacity for growth. Our elected officials have a lot of heavy lifting to do for that infrastructure. But from a land standpoint, I think that's why so many people are attracted to this area. Johnston County is a pretty big county. There's a lot of opportunity from that standpoint. However, there has to be some balance between growth and the infrastructure being able to handle that growth. There has to be some responsibility for the amount of growth and development in a community.

How do you see your area evolving in the near term?

The surrounding area is a hot market. It has been since we've been in real estate and I don't think that's going to change. I think we're still between a Top 5 and a Top 10 market in the nation. So, we're still expecting to see continual growth. I hope that the infrastructure comes into place so that it can handle the growth. I think we're still going to be a hot market five years from now, even 10 years from now. It's not going to change. ■

Developments at 615 Peace and The Signal will deliver units in 2022, while construction will continue on The Platform, 400H, Dukes at Cityview, The Acorn on Person Street, Row 12, and Park City South, according to a report by Downtown Raleigh Alliance.

Elsewhere, East College Park, Martin/Haywood, and Idlewild Avenue in Raleigh will undergo revitalization efforts. And low- and moderate-income families with earnings at or below 80% of HUD's area median income limits will benefit from the homes constructed in these neighborhoods. In East College Park, 51 townhome units and 98 single-family homes will be developed, with 60% of the new homes being designated for low-income buyers. Meanwhile, in Martin/Haywood, the city collaborated with three builders to construct 23 single-family houses, which are designated for first-time homebuyers who adhere to HUD standards' income requirements.

■ Looking ahead

Moving forward, developers and home builders will have to manage margin pressure as labor shortages, tariffs on imported construction materials and supply chain problems persist. Furthermore, if the industry hopes to identify a way to increase profitability and operational efficiency, it must quickly adapt to technological advancement and emerging tech. Leading construction firms and startups are already employing drone-based monitoring, big data analysis, 3D printing, and Building Information Modeling, and yet, smaller companies lag behind in tech implementation. This happens mostly because of high project costs and the lack of

information available. In order to tackle tech challenges and avoid IT complexities, contractors and developers can collaborate with tech-driven companies to fuel business growth and improve their company's track record. ■

In East College Park, 51 townhomes and 98 single-family units will be developed, with 60% reserved or low-income buyers

EXPERIENCE
A LOYD
BUILT HOME



LB|LOYD
BUILDERS

2501 Reliance Avenue, Apex, NC 27539
(919) 387-1455 • www.loydbuilders.com



Commercial Real Estate & Construction:

In the Triangle's highly competitive business market, not even the Fed's forceful actions to combat inflation have slowed down the commercial real estate market. But other factors, such as working from home trends and the rising cost of living, threaten to put a dent in demand.

Commercial Real Estate in numbers

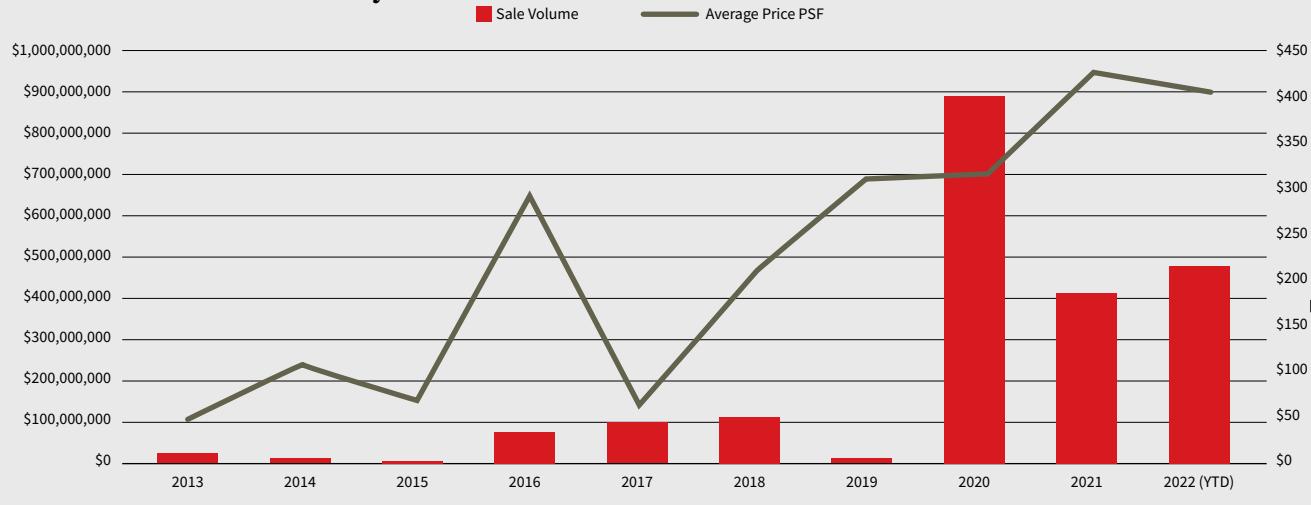


Sizable growth:

New campuses aim to attract talent to burgeoning life sciences hub

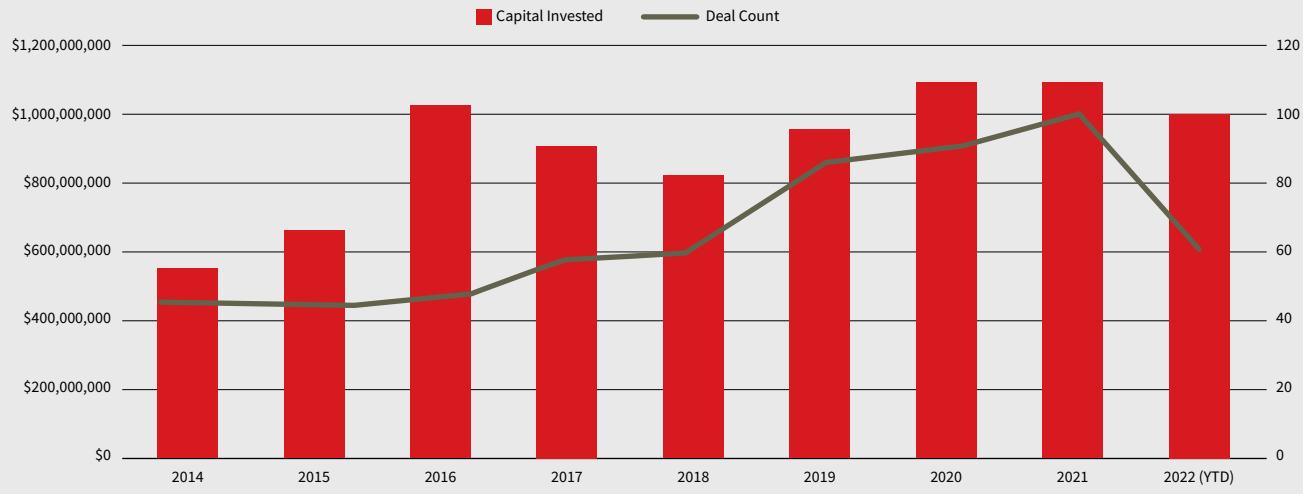
CONTRIBUTORS:
Komail Khaja
Andrew Otte

Life Sciences R&D Sales Activity:



Source: Colliers Research, RCA

Raleigh-Durham MSA Life Sciences VC Funding:



Source: Colliers Research, Pitchbook



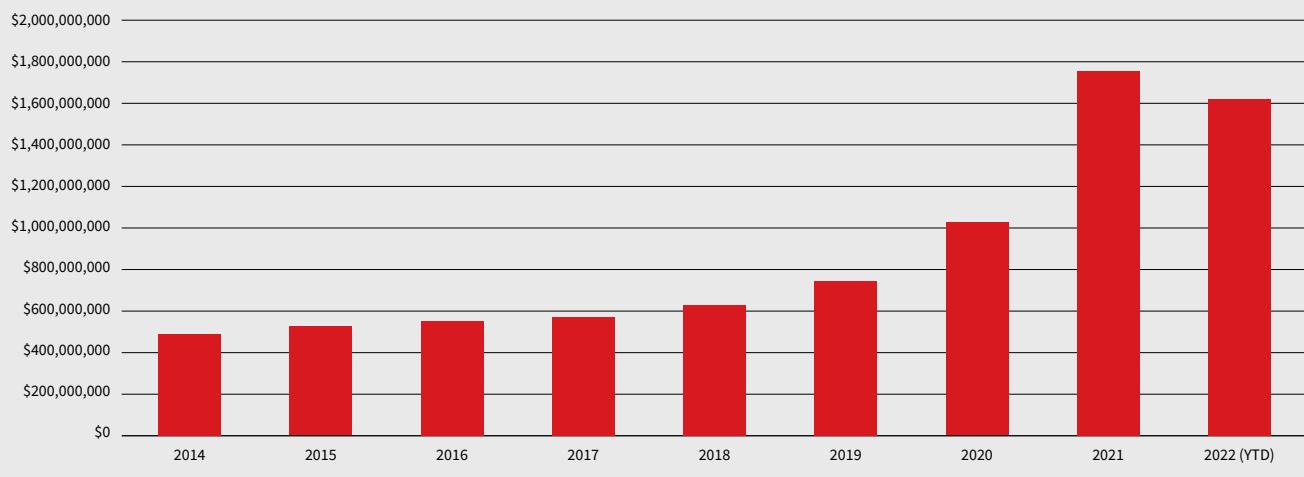
2022 saw massive announcements in Raleigh-Durham's life sciences sector. A \$500 million, 150-acre life science campus development called 'The Yield' will be coming to Holly Springs, NC. Developed by Crescent Communities, at full buildout this campus will boast up to 2 million square feet of biomanufacturing, office, and lab space. The project's first phase, currently under construction, will consist of two 105,000 square-foot biomanufacturing buildings and a separate 52,000 square-foot office/lab building on 25 acres. Delivery is scheduled for late 2022. The second phase will add over ten buildings and over 1 million square feet where the first two buildings are expected to break ground in mid-2023. 36,000 square feet of amenity retail will also be constructed.

A \$1 billion advanced life science campus was also announced in Morrisville, NC. At full completion, Spark LS will cover 109 acres and have 1.5 million square feet of

biomanufacturing and lab space, as well as green spaces, recreation, and restaurants. Jointly developed by Trinity Capital Advisors and Starwood Capital Group, the campus will feature 13 buildings fully geared to house life science users. Phase I, currently under construction, will have two biomanufacturing buildings, 162,000 and 210,000 square feet respectively, and one 155,000 square-foot R&D building. Delivery is slated from mid to late 2023 with the properties ready for occupation.

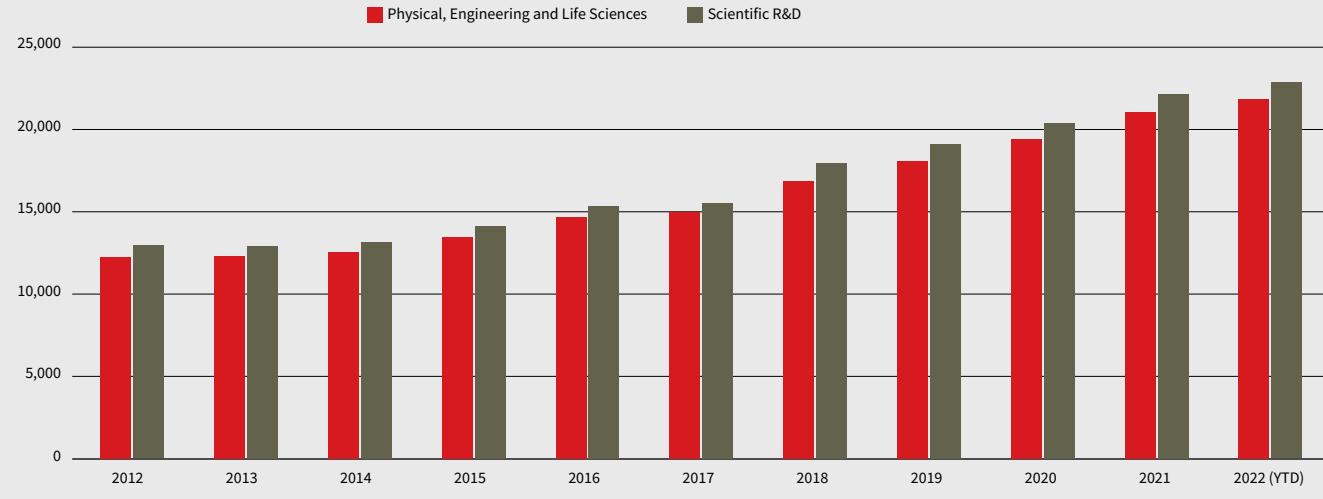
Both campuses strategically chose Raleigh-Durham to attract bright talent in an already burgeoning hub for life sciences communities. Surrounded by three R1 research institutions, Duke University, University of North Carolina at Chapel Hill and North Carolina State University, the talent pool and skilled workforce in the local area continues to thrive. ■

Raleigh-Durham NIH Funding:



Source: Colliers Research, NIH

Raleigh-Durham Life Sciences R&D Employment:



Source: Colliers Research, EMSI (Lightcast)

Weathering the storm:



**Triangle offers
a unique
advantage amid
commercial
real estate
appetite**

As the national economy stumbles and banking executives raise daily recession alarms, large corporations and businesses are trying to build resilience by moving to local economies that are better equipped to deal with the downturn. This is one reason why the business-friendly environment of the Raleigh-Durham region continues to attract investors and large corporations. With a strategic location near premier Tier 1 research institutions and top universities, the Triangle can offer a unique advantage for talent-hungry corporations that decide to relocate to the region as they gain access to top-tier talent. This can only mean one thing: a huge appetite for commercial real estate.

■ Landscape

Resilience is coming to the forefront for companies facing a potential recession. A new study by SmartAsset ranks Cary as the most resilient economy among the top 50 U.S. cities. Cary came second in two areas: housing and social assistance & healthcare, and it placed tenth in terms of employment. Housing costs in Cary accounted for 16.38% of the median household income, which represents the lowest percentage among the 286 cities covered. With a 3.3% unemployment rate during the pandemic, Cary likewise recorded the sixth lowest in the country. Meanwhile, Raleigh ranked as the 12th most resilient economy and Durham placed at the 37th position in the study.

The Research Triangle continues to attract company relocations, super-rich real estate investors, commercial clients, and big businesses. This gave a boost to the Triangle's housing market, although it remains one of the most competitive in the U.S. It's not just residential real estate that has benefitted from this momentum as commercial real estate is also outperforming thanks to the presence of biomedical research businesses, drugmakers, research institutions, medical device companies, and innovative laboratory firms, which require research and development facilities, and laboratory space. Life science real estate is booming in the Triangle and there's no evidence that the situation will change anytime soon.

The presence of big businesses like Apple and Google in the region shows the enormous potential (...)



Confidence still high

Investors rewarded by positive economics of many properties

George York

President & CEO – York Properties, Inc.

What is the state of investor confidence from your perspective?

Investor confidence in our market remains quite high. The past few years weren't as difficult as I had anticipated given what was going on with the pandemic. It was difficult in 2008, 2009 and 2010 to manage investor expectations but working early into the pandemic, we weren't managing investor expectations as much as we were communicating with our financial institutions. They were instrumental in allowing property owners to weather the storm. It was encouraging to see everyone working together. Investors have been rewarded by the positive economic position a lot of real estate properties have experienced lately. We may be shifting to a buyer's market in some asset classes soon as prices have begun stabilizing, despite the recent rise in interest rates.

What is your analysis of transportation infrastructure needs in the Triangle?

I think about transportation in the Triangle from the perspective of markets similar to Raleigh, such as Atlanta and Charlotte. When traffic and lack of transportation options become apparent to everybody, it's too late to fix them. We're not there yet, but it won't be long. We need to get ahead of it before we wake up one day and it's too much to deal with. We are a bit behind – we're not pushing alternative transportation options as hard as we could be. It worries me a bit, that in 10 to 15 years we will be in desperate need of a commuter rail, bus rapid transit and other options aside from driving a personal vehicle.

These are decade-long projects and we need to be starting that now. Not everybody is supportive of making

this a priority because of the cost and inconvenience, but it's important to look ahead. A train may not be full of passengers if it were here today but by the time it's ready for use, we will need it.

What do you anticipate being the new face of retail moving forward?

Most of our retail is grocery store anchored neighborhood shopping centers. Our centers began doing well again as merchants got a better sense of how to respond to the pandemic. In general, these locations had to be creative in order to foster consumer confidence. There were benefits to being in the open air, neighborhood shopping center business. I believe the trend towards customers wanting open, outdoor gathering spaces at their neighborhood centers will continue, and I think brick and mortar stores, not just internet sales, will always have a place in our lives.

What is your outlook for the commercial real estate market in the next two to three years?

Leaders in the Triangle's local governments seem to understand the area needs to grow. Growth is the only option – it's just about how you grow. You can't stay still, and you can't shrink; that would be the death of a community. You can't mess things up to keep people from wanting to move in, or those already here will be the victims of that.

Our commercial real estate market will continue to grow, and most leaders understand that smart density in the right areas is the way to best accommodate that growth. I anticipate solid growth in our market for the coming years. ■



Jim Anthony

CEO

APG Capital and APG Advisors

What have been the primary highlights for your organization over the last year?

The commitment to our team and to each other has deepened. We've been through a lot of challenges that we did not anticipate and it's a different world we live in right now. We have come together as a group of people to be more of a family. We've had some people go through illnesses and family tragedies, but all of these events drew us together. I think that's the most important thing that has happened.

Secondly, we have dealt with rapidly changing economic conditions where interest rates have doubled in the last three months. This radically alters the real estate landscape. A company like ours has to be nimble to react to rapidly changing economic circumstances. Despite this, we had a great year in 2021, and we're having a decent year this year, however the market is starting to slow down.

Given the current state of the market, what are you seeing in regard to investor and buyer confidence?

There's still a tremendous appetite to own real estate, which I call the leading hard asset. Real estate has monetarily been resistant to price shifting. Money is moving to the hard asset classes. One of the things in my industry that doesn't get talked about are collectibles. For example, we have had an amazing rise in the value of traditional cars and artwork. The shift has been happening since 2020. Smart money recognized that we were at the peak of the cycle at that time.

What has been your experience in finding great-quality, available land?

There's no question that the appetite for land has made the marketplace more competitive for the best sites. For example, we're fortunate that we're representing one of the best sites in Downtown Raleigh. The competition for land has pushed up prices, and it has made it more difficult to acquire good or even bad sites. Right now, folks that don't know how to evaluate land are dominating the small land investment world. When they look at land, they don't know what they're looking at. We have seen transactions that are crazy. In a way, it seems like panic buying. Regardless, there's plenty of sophisticated land investors, and there's more today than ever before in our market. ■



The Raleigh-Cary area is the fastest-growing in the state, its population increasing 25.6% compared to a statewide 11.2%.

(...) of the Triangle. In 2021, Fujifilm Diosynth announced the development of a \$2 billion drug manufacturing facility in Holly Springs that will create about 725 jobs between 2024 and 2028, and Google selected Durham for its new engineering hub that will create 1,000 jobs. Elsewhere, Apple announced the construction of a \$1 billion education and engineering hub in Research Triangle Park that will create thousands of new jobs in machine learning, AI and software engineering. But major corporations aren't the only ones responsible for transforming Raleigh-Durham into one of the hottest commercial real estate markets in the U.S. In fact, the strong economic conditions have attracted even out-of-state real-estate investment firms, like Tidal Real Estate Partners, who paid \$20.9 million for five parcels of land in Raleigh's warehouse district. Elsewhere, Welltower paid \$35 million for an occupied building in the Six Forks Road submarket and a Texas investor paid \$74 million for a Morrisville office space in Gateway Centre.

Market performance

According to the NC Department of Commerce's latest seasonally adjusted employment figures, North Carolina has added 17,400 non-farm jobs in September and 202,800 jobs in total from September 2021 to September 2022. This represents a 4.4% growth year over year. Meanwhile, the unemployment rate in the Triangle is among the lowest in the state. Raleigh had an unemployment rate of 3.3% in August 2022 and this got



Scott Adams

*Executive Managing Director -
Virginia & Raleigh
Colliers*

How have major economic events like the 2008 recession and 2020 pandemic transformed the market?

We always lean forward and don't focus on the past because the future is not going to be an exact repeat of the past. We are very thankful to get through those difficult time periods and, by doing so, we appreciate the periods of growth that much more. We've been on a phenomenal up period recently but we are seeing a number of headwinds and choppy elements that are affecting the country. I do have flashbacks to earlier challenging times and it will take hard work, focus and a little bit of luck to continue the type of success we've had in the past two years.

How do you see the future of retail space in the region?

We are excited that retail is largely reenergized and we are seeing a lot more demand for and utilization of that space. There has been a transformation in the types of users, whether it's health, wellness or entertainment, as opposed to just pure consumer goods retailers. We have seen a broadening mindset in retail for all types of uses that want to be near where people live, which is starting to show its advantages as foot traffic increases.

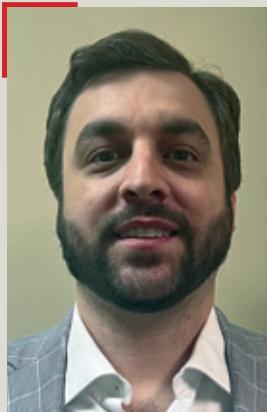
Fortunately, Raleigh has some unique drivers compared to other markets we are involved in. Raleigh has an incredible life sciences sector, which has historically been focused around the RTP area but we are now seeing pockets across Downtown and beyond, including the North Hills submarket. We are also seeing the reemergence of technology taking more office space for all types of uses, whether that's Apple and Google or other major names.

Companies are moving here to take advantage of the incredible workforce, and the great universities that are enriching our talent pipeline. Raleigh is no different than most other markets in that smaller businesses, financial services businesses, and bigger corporations are figuring out the evolution from work from home to flex work where people come together for collaboration, training and development. It's important to also respect that a lot of employees want freedom to work remotely. That raises the question about how we redesign and use space and how that affects the type of building that businesses want to move to. ■

even tighter at 3.2% in Durham-Chapel Hill. Elsewhere, the population in the region is dynamic, young, and highly educated. The median age in Raleigh is 37.3 years, according to Crexi, and over 92% of Raleigh residents have completed high school, while 48% have a bachelor's or an advanced degree. Without a doubt, this young, highly trained, and educated population has contributed to poverty reduction and GDP growth. As a result, in 2020, the GDP of Durham-Chapel Hill was greater than \$55 billion, growing from roughly \$41.5 billion in 2010. Meanwhile, Raleigh's GDP exceeded \$95.3 billion, growing from \$55.3 billion in 2010.

Naturally, changing demographics had a profound effect on economic growth. Not surprisingly, the fastest-growing city in North Carolina is the Raleigh-Cary metro area. During the past decade, the Raleigh-Cary population jumped 25.6% compared to the 11.2% experienced by the state. And experts forecast the population of Raleigh to grow by roughly 125,000 people over the next 15 years. For obvious reasons, immigrants and out-of-state workers have contributed to the region's economic diversification and helped with its industrial expansion. Additionally, these workers have played an important part in the development of key industries, opening up new windows of opportunity for lab space, retail, office, and multifamily properties. Unsurprisingly, in 2021, Raleigh has been deemed one of the best commercial real estate markets in the United States. As such, industrial vacancy fell to near (...)

Demand areas



Stephen Kenney

President – Kenney Development

“Demand for housing here isn't going away. The city has done a great job to help us meet it but there are natural limitations due to the cost of construction. In a way, it could get even worse, when rates are jumping as high as they are. A lot of deals might not underwrite as well as they used to because of the uncertainty of rates. Multifamily will see a slowdown in transaction volume. Buyer groups will wait a bit and so will sellers because no one knows what to expect. Raleigh has done a great job with zoning codes and making it more accessible to build. Rezoning for more density really helps. **”**



Susan Newman

Managing Director – Real Estate – Greystar

“Build-to-rent has been a major trend for us in North Carolina over the past year or two. I have five projects right now in North Carolina that are build-to-rent. There is a lot of demand for that sector and it's going to continue. We're seeing aging millennials who want to rent their starter home. We see empty nesters who no longer want to own a home. We're still seeing a lot of urban growth because of walkability and access to retail and restaurants. The suburbs and exurbs are now trending out. Certainly, given the cost of land, many developers are looking to develop build-to-rent communities. **”**



Keith Wallace

Leasing & Business Development – North Carolina Region – Merritt Properties

“It's been clear that in good or bad markets, people seem to desire industrial space. I don't see the demand for that commodity space slowing down in the near future. In addition, this market is well diversified across industries. In the past, maybe 20 or so years ago, the Triangle area was heavily weighted in telecommunications, research and development, and relied on the state government being in Raleigh. Fast forward to 2022, and we're in a position where we're running on many different industries and not reliant on just a few. The energy that the life science industry has recently contributed to our market is vital to our future growth. **”**



Matt Winters

Executive Vice President – JLL Raleigh

“The Triangle region is a top-tier market among real estate investors and is always on the radar for investors looking for opportunities across the country. There is continued heightened demand for industrial and life science space and that trend is continuing to build across the market. We are also finding more demand for high quality workplaces as companies are trying to create a unique environment to entice people to come to work after the pandemic. Projects with top amenities and experiences are the ones that are going to be more successful. We are now creating and building some unique environments that our market didn't have five or 10 years ago. **”**

(...) record lows, while leasing and construction activity was driven by numerous life-sciences companies, automotive manufacturing enterprises, tech firms, Pharma companies, major e-commerce players and clean-tech companies.

Nationwide, there is a reluctance to return to the office and employers are experimenting with hybrid and work from home arrangements. But it seems that the Triangle has bucked the trend. According to a report by CBRE, the region remained a bright spot in commercial real estate in the second quarter of the year, as the office vacancy rate declined to 12.5%, while average rental rates for class-A office space jumped to \$31.50 per square foot. Meanwhile, 1.8 million square feet of space was under construction, down from 3.7 million square feet in 2020. But remote work does continue to wreak havoc in office real estate and tech focused companies in particular are feeling the heat. Arch Capital Services, for example, reduced Downtown Raleigh office footprint.

Elsewhere, the retail market in Raleigh-Durham has stabilized and is on course for a strong post-pandemic recovery. Research from Avison Young highlights that the vacancy rate in the fourth-quarter of 2021 was 6.6%, down from 8.2% in the same quarter of 2020. The average asking rate has remained almost unchanged, climbing from \$20.36 a square foot in the fourth-quarter of 2020 to \$20.45 a square foot in Q4 2021. But overall inventory is declining, signaling that there may be a price increase to come. Avison Young says that 466,388 square feet were under construction at the end of 2021, less than half the 973,644 square feet being built at year-end 2020. At the same time, the region experienced an overall absorption of 693,129 square feet in the fourth(...)



Appetite for commercial real estate and the space to develop is high in Raleigh-Durham.

york

Full Service Commercial Real Estate

**Everything you need
under one roof.**

Service Divisions

Brokerage · Property Management · Security
Maintenance · Association Management
Construction · Landscaping · Accounting
Event Space Management



CONTACT US:
(919) 821-1350

2108 Clark Avenue • Raleigh, NC 27605
www.yorkproperties.com • [@yorkproperties1](https://twitter.com/yorkproperties)



Trending now

From shifts in demand to the future of the office, commercial real estate is in a state of tremendous transformation.

**Amy Carroll***President & Principal
TradeMark Properties*

In what ways has the influx of people and business to Raleigh-Durham shifted demand from your clients?

We have seen an influx of new tenants and investors coming to the market, especially on the retail and industrial front and it's created a level of competition in investment sales that we haven't seen in years. Despite the profound impact of the pandemic and its effect on small businesses, many more have stabilized and thrived by quickly adapting to the new environment. As a result, rental rates and tenant improvement allowances remain high because of increased demand. Raleigh-Durham continues to rank high on national lists for quality of life, cost of living and even green space per capita. Because of this, a market that consisted mostly of local and regional investors now has significant national and international investor attention.

What do you see as the future of retail?

What I'm seeing the most right now is a consumer shift from goods to services. For example, we just did a really interesting deal in Fayetteville that converted a former big box retail space into a new indoor amusement park. As a result of limitations during the height of the pandemic, people are far more drawn to experiential retail. Anyone at any time can buy something online, but people are still looking for interesting things to do and brick and mortar retailers are offering that more effectively, enabling a strong rebound for the industry.

How has this high demand environment changed the way Trademark does business?

You have to get more creative when there's such limited inventory in the market. Not only are we seeking out potential sellers but we have to build a strong financial case that meets their long-term goals. We don't just want owners to sell, we want to guide them into their next purchase. We are embracing the nuanced part of our business model and placing an increased importance on what we do best. ■

**Tom Fritsch***Senior Managing Director
CBRE|Raleigh & CBRE|Triad*

How has 2022 played out for CBRE Raleigh?

There are many dynamic and active markets throughout the nation. Raleigh-Durham is absolutely one of them and admittedly, I believe the best market in the country. The first half of the year was quite good despite headwinds within the office market. We will see the effects of how companies continue to have conversations regarding their return to the office over the coming months. Our other lines of business are doing well but we are aware the market can pivot rapidly due to changes with inflation and interest rates. Land continues to be at a premium and real estate is active.

What are the key challenges for commercial real estate?

The level of interest by local, regional and national companies, developers and investors in the Raleigh-Durham market continues to be strong. However, remote work and the shifts in the economy have slowed activity. Some say that the pressures on companies to perform and meet financial objectives may drive employees back into the office, only time will tell. I am a big believer that the market behaves like a pendulum, so retail, office and other service lines will react to the changes, but the pendulum tends to find common ground and swing back towards center. I think over time companies will strike a healthy balance between company and employee needs.

How is the Triangle market changing?

From a real estate standpoint, a lot of properties are being developed within the Raleigh-Durham market. There is an increased level of sophistication including mixed use developments, outdoor connectivity and other amenities which are extremely positive for our market. As a result, how we live, work and play are more intertwined than ever before. Our community faces opportunities to improve, such as developing mass transit and building more affordable housing. These are two areas we need to make happen. ■

**Chad Love**

*Managing Principal, Raleigh-Durham
Cushman & Wakefield*

**Abbey Wood**

*Executive Director
Triangle Commercial Association of
REALTORS®*

What have been the highlights or milestones for your firm during the last year?

Our most exciting milestone is overseeing leasing efforts for the new Spark Life Science project in Raleigh, which is a 1.5 million square feet advanced life science campus being built. It's an amazing spec lab life science development and it will be a phenomenal addition to the Triangle. For us, it's another example of how our best in class life science agency leasing team leads the market in landlord representation. It is a proud moment for us and this is going to be one of the key projects in the Triangle for years to come.

What are the key market segments for your firm?

We're active and busy in a lot of market segments beyond life science such as industrial and office, although the life sciences sector is an area that is booming in the Triangle and a strong suit of ours.

Why is the region attractive to businesses and people?

I've been in the Triangle for 20-plus years and have watched its growth in real-time. It went from what used to be a bit of a sleepy Southern town into a top 5 growth market nationally. I think many businesses are looking at the Triangle as a unique place to put their operations. We've got all the ingredients for a successful location for companies to grow, draw great talent and thrive. It's also a great place for people to live and raise their families for the long term.

What is your outlook for your business and the region in the next two to five years?

Raleigh-Durham is perfectly placed and positioned for more growth and will likely see less of a slowdown during recessionary times versus some of the more major markets. I think much of that has to do with having a strong local economy and that we're still growing here, which is exciting and helps draw new people and businesses to the area. ■

What are some highlights for TCAR over the past year?

It's been a crazy couple of years. Traditionally, most of our focus has been on the larger counties in our 14-county jurisdiction. Within the past couple of years, we've been able to shift our focus to the outlying counties. We have enjoyed being able to engage with the members in those areas and celebrate the growth in the communities they've impacted. With a focus on education, networking and advocacy, we've been able to successfully grow our membership base.

How does TCAR focus on membership growth?

We're thrilled to have over 500 members now. We started to rebrand TCAR in 2019. With a focus on the future of our membership, we've been able to grow the young broker demographic. We've focused on the future by engaging with brokers at firms of all sizes, collaborating with local Chambers, and other commercial real estate groups. Our Board and Committees are committed to cultivating and nurturing new and existing relationships within the commercial real estate community. They also bring new businesses and fresh ideas to our membership and the counties we serve.

Where does TCAR fit into this new economy with commercial real estate expanding in the Triangle and the wider region?

Our role is to grow sponsorships and expand our networking opportunities. We've seen quite a hike in associate memberships this year, which is on trend whenever the economy goes crazy. The Triangle market continues to prove its resiliency even during the toughest of economies. Our role as an Association is to ensure our members are provided with the highest quality education, networking, and advocacy opportunities so they can continue to see success even when faced with high inflation, interest rates and demand issues. ■

PERSPECTIVES:

Determinants of growth**William Allen***Partner – Trinity Partners*

As many leases roll over, many that were short-term extended during COVID. Added to that is approximately 5% of our inventory that is in the form of sublease inventory and a majority of companies (both here and nationwide) that indicate they are continuing to downsize or right-size, based on hybrid work models. All of this points toward relatively flat growth over the next few quarters. ■

Kenyon Burnham*Principal & Senior Vice President – KDM Development*

The first challenge is getting product approval so that we can legally go to ground break. The second thing that we must fight against is rising interest rates and supply chain issues in a cooling market. A lot of banks are starting to pull back a little bit on their leverage ratios. Also, private equity is starting to pull back a little bit and it's going to become more and more difficult to get more products out there. ■

Kellie Falk*Managing Director & Principal – Drucker + Falk*

We are experiencing around 5% vacancy even with all the new properties coming on board, so the Triangle market remains strong for now especially with the announcements of large corporations moving to the Triangle. The universities are helping to drive some of that growth. Residents today are renters by choice and not necessarily because they can't afford a home. ■

Joe Meir*President – Blue Ridge Realty, Inc.*

Office will recover and an equilibrium will return. Multifamily and industrial will continue to accelerate. My view, for the next two or three years, is brighter than it is dark. We're going through some transitions that will get worked out. I'm encouraged to see what things will look like in a few years. ■

Moss Withers*Chief Executive Officer – Lee & Associates Raleigh-Durham*

Communication between the municipalities is critical. Right now, each town operates independently. This creates difficulties in macro level growth solutions including community-wide transportation and utility concerns. The ability for an open line of communication will create collaborations allowing certain groups to focus on needs that solve not only their concerns, but neighboring concerns as well. ■

**Total
3Q21-3Q22
leasing volume
in the Triangle
reached 3.3 million
square feet,
up 6.8% Y/Y**

(...) quarter of 2021, but only 469,058 square feet of inventory was added during the same period.

According to Avison Young, retail investors came out in force in 2021, with sales totaling \$809 million, which represents the highest volume registered since 2016. Two of the biggest retail transactions were the sale of South Hills Mall and Plaza to Loden Properties and NorthPond Partners for \$38.4 million and the lease of the former Crossroads Ford dealership in Cary to Sonic Automotive.

■ Office

Remote work has weighed heavily on commercial real estate growth across the country. In particular, the shift from the traditional workplace to work-from-home has hit the office market hard. However, the Raleigh-Durham office market is gaining momentum as biotech companies go from strength to strength. The continued innovation requires new talent, so these companies require class-A office space and offices that can be converted into modern labs. Avison Young's third-quarter 2022 Raleigh-Durham office market report highlights that at the end of the period, Raleigh-Durham had 1.6 million square feet of office space under construction. This came after 693,000 square feet of new inventory hit the market in the first nine months of the year.

There is a reason why developers are betting on commercial real estate in the Triangle. The same report also showed that total leasing volume for the 12 months between the third-quarter of 2021 and the third-quarter of 2022 reached 3.3 million square feet, representing a 6.8% year over year growth rate. Huge volumes of new supply coming onto the market during the year pushed the office vacancy rate in Raleigh-Durham up by 30 basis points to 15% and sublease availability in the region rose 27% to 2.4 million. But direct asking rent continued to rise, quelling concern over market weakness. According to Avison Young, class-A office (...)



Surprising retail strength

Interest in shopping centers remains high, with low vacancies

Shannon Dixon

Executive Vice President – Casto Southeast Realty Services

What retail activity has your office seen lately?

Retail continues to be surprisingly strong with low vacancy rates. We had around 380,000 square feet of absorption at the beginning of 2022. We continue to have a lot of interest in our shopping centers and are able to be more selective because of that low vacancy. It has remained surprisingly strong, despite the fact that some retail concepts are truly struggling.

Retail is constantly evolving with new market and customer trends, especially with online shopping. The concepts who have been quick to adopt strong omnichannel marketing and media and have been adaptive to new technology appear to be the ones who have been more successful. Similarly, larger big box stores are reutilizing excess space with a percentage dedicated to fulfillment services for online shoppers in order to compensate for lower in store sales. This will continue, as will the trend of retail centers becoming more mixed-use.

Adding multifamily to shopping centers has also been successful, given the “live, work, play” lifestyle all age groups embrace. In the same way, entertainment components are being added to traditional retail-only locations to further encourage customers to stay and shop, eat and be entertained. I don’t think you will see a lot of new large traditional strip retail being built in the coming years but you will still see significant retail built with multifamily, office, restaurants and entertainment components.

As the economy slows down, what do you see defining the commercial market going forward?

Having been in this business for many years, I have

learned you need to just ride the wave of downturns and slowdowns in the economy. We are conservative in our approach to growth and feel we are prepared to weather the next few years as market adjustments are made. We are constantly reviewing our assets and most have long-term financing in place, making rising interest rates less of a risk. I do believe interest rates will continue to rise, market corrections will be made, and things will ultimately settle out in a few years. The Triangle fared so well through the downturn in 2008 and the pandemic, and we felt very fortunate to be in this resilient community. Due to the stability of the market, international investors are looking closer at the Triangle for larger investment opportunities, and we are becoming more of a core market, rather than the secondary market we have been in the past. I think the Triangle market will continue to stay strong in most sectors in the future with some adjustments in office and retail growth.

How is technology changing retail?

We are all looking at new and better technology. Landlords look at new technology to collect rent and manage property systems. Tenants look at new technology to elevate and expedite the consumer experience. Specialized POS systems are becoming more mainstream, and apps where you can order from almost any store for pick up or delivery are becoming essential. We have restaurants delivering food by drone and using QR codes to check out at the table without a server. Technology is changing so quickly for everyone, and we’re constantly researching and incorporating new ways to utilize technology within our own systems as much as our retail partners.■

Shawn Pepple

Business Unit Leader
DPR Construction

**How does DPR capitalize on prefab construction?**

Prefab, depending on the person, has different objectives; one could be to build like Legos where a structure is assembled on site. Or, the goal may be to build components offsite which allows for reduced work hours at a project site, assembly in a controlled environment and increased safety, quality, cost and expedited schedules. I think all of the above is the right approach. You are going to have different strategies depending on the type of project. Another key approach to DPR's prefab strategy is to create prefab assembly facilities all over the country that specialize in certain components or modules and allow us to better collaborate with multitrades to build efficient projects for our owners.

What key challenges is the construction industry facing and how is DPR mitigating them?

Labor has always been tough. The 2009 recession resulted in a large decrease in labor for the industry. This issue has been ever-pressing since the pandemic as more people have and continue to exit the construction industry. Coupled with this more recently have been supply chain issues and accessibility.

To help mitigate these supply chain challenges, we have strategically invested in the right people who can help us manage the materials we need. We have a national supply chain team and resources across the globe in different countries that allow us to have experts close to factories and partnerships that help us get products to DPR projects quicker and more efficiently. We also have collaborative local teams that are proactively solving issues as they arise. Therefore, the main thing that you must do is expect that there are going to be disruptions and prepare your teams to get in front of it and mitigate it as much as possible, before you even think that there are going to be problems. It's about always having an A and a B plan for how you are going to secure needed material. This has also led to some challenges with product vendors and trade partners because it is harder for them to hold their prices from rising. However, early selection and decision-making for our projects allows us to get materials released and provide certainty of successful outcomes to an owner. ■



Woodfield Development has projects in the pipeline across the Triangle, including Chapel Hill, Wilmington and Durham.

(...) space in the CBD remained high at \$37.45 a square foot in the third-quarter of the year.

But not all submarkets were created equal. While class-A office space is going for a premium, a separate report by Cushman & Wakefield highlights that average asking rent in Raleigh-Durham was slightly lower at \$31.40 per sf in the third quarter. After a busy 2021 field with about 2.5 million square feet of completions, direct net absorption dipped slightly negative in the first nine months of 2022. However, Cushman & Wakefield expect vacancy rates to stabilize and direct absorption to recover as tenants who signed leases but experienced construction delays begin to finally take occupancy.

More inventory is still coming on the market. During the third quarter, Dewitt Carolinas broke ground on their 354,000 square foot class-A property on Saint Albans Road, and the property is scheduled to be finished in the first quarter of 2024, according to the report. As for major leases, the Law Offices of James S Farrin leased 16,300 square feet at the Wade V building in the West Raleigh submarket and Brady Services leased 14,786 square feet at Southport 14 in the RTP/I-40 Corridor.

■ Warehouse & industrial

E-commerce behemoths and B2B and B2C companies alike have selected Raleigh-Durham as the site of their operations. In October 2022, Amazon announced that it will hire 1,000 workers in the Triangle for several positions. The e-commerce titan has several locations in the Triangle, including a large-scale warehouse in



Gordon Grubb

Founder
Grubb Ventures

What does smart growth mean to Grubb Ventures and how are you implementing it in your development and investment practices?

We look at all our projects assuming they are going to outlive us, which is why we tend to use more brick and masonry. Both individually and as a company, we are acutely aware of the need for affordable housing. We've been trying to find within our communities attainable housing for essential workers like firefighters, police officers and teachers, especially in areas that are close to their place of work. I believe we can make it possible with our smaller units but pricing goes up in the two and three bedrooms, particularly in the current market.

What are your forecasts for the commercial and residential segments?

We are very fortunate to have land and capital partners, so our goal is to do more of the same, but more efficiently. I enjoy doing five- and six-story buildings but our development team has assured me that doing slightly taller buildings will help us be more efficient with the use of space, spread out a lot easier over diverse topography, while keeping more open green space.

For example, in Glenwood, we have a 4-acre park that can be better preserved if we go taller. The future for us is to execute what we currently own. We have enough land, so we can focus on the quality and the aspects that set us apart from other players in the market, such as art, landscape, design and customer service. We have a wonderful team and we see great opportunities ahead of us.

I believe people will continue to come to Raleigh and how we handle the growth will determine what the city will look like for future generations. I think that we are in one of the most attractive markets in the country, we have an educated workforce, plenty of universities and opportunities for graduates to stay here and work in technology and life sciences. Additionally, we are still relatively affordable when compared to other cities like Austin, Nashville and Atlanta. On the other hand, I'm concerned about the city's infrastructure. Trying to stay ahead of the growth and accommodating the incoming population while maintaining the quality of life can be challenging. ■

Garner, and other sites across the state. The company is beginning to look at making operations more efficient though, and as a result closed down one warehouse in Durham to migrate operations to its nearby Person Street location. Given the presence of large e-commerce players like Amazon, it is not surprising that demand for space for warehouses, fulfillment centers, integrated logistics spaces, and distribution centers is growing.

A third-quarter 2022 Cushman & Wakefield report shows that industrial leasing activity in the Triangle is rebounding fast, with the overall vacancy rate falling to 4.2%, a 30-basis point drop quarter over quarter.

Meanwhile, the inventory of flex products tightened further as the direct vacancy rate declined to 6.8%, which is a drop of 110 basis points since the first-quarter of the year. The region also witnessed more than 394,151 square feet of overall net absorption gains in the third quarter. The majority of these gains were attributable to the Eastern Wake County and U.S. 70/Glenwood submarkets, where the warehousing and distribution product generated 202,504 square feet in net absorption. The surge in demand for warehouse and industrial space has pushed developers to expand the active pipeline. There are currently 3.9 million square feet of industrial space under construction and an additional 8.8 million square feet proposed.

While 3.9 million square feet of construction seems significant, with over 1 million square feet of new leases signed in the third-quarter alone, the market is easily able to absorb this new capacity. In fact, this is the third (...)

Highlights & milestones

Commercial construction saw record demand in the past year and projects in the pipeline are positioning the Triangle for success down the road.

**Baker Glasgow***President*

Clancy & Theys Construction Co.

**Drew Hardin***Director of Operations*

Monteith Construction

What has 2022 brought for the firm?

There is still a lot of activity in the construction market. We are focused on being ready for whatever comes next with a possible recession while balancing our workload. It's a matter of taking on a little more than we normally do in case things slow down or stop but not too much that our quality or client experience starts to suffer. We are still strategically hiring here and there to satisfy existing demand. Right now we have multiple projects across many different sectors.

What are the benefits of working with a general contractor?

Clancy & Theys has an incredible network of trade partners who know how we conduct business. We are also plugged in; we work closely with the local architects, civil engineers and developers. Nine times out of 10 we are in the know about the miscellaneous transactions that take place across the Triangle. We bring a lot of local knowledge to the equation, which is a huge advantage for out of town firms that want to partner with us. I do like that the Triangle is starting to see external expertise.

What do you hope stays the same and changes about the Triangle as it grows?

Transportation has to continue improving. Road work can be frustrating but it's vital to keep up with the region's growth. Look at what happened with Atlanta – as soon as you are not on top of your transportation infrastructure, it's over. You can never catch back up. What is interesting about Clancy & Theys is that a lot of our work is due to population growth. We build churches, offices, mixed-use, hospitality and more. We like population growth; it plays a part in our business model. We embrace it.

In terms of what I'd like to stay the same, I love Raleigh and the Triangle. I love our sports teams and our kindness. I don't ever want to live in a Raleigh that isn't kind; I hope that stays the same as we grow. ■

What have been Monteith Construction's areas of focus in the past year?

Monteith Construction is involved in a variety of projects in areas that include healthcare, higher education, K-12, municipal, and private development. In the last year we have seen continued growth throughout these sectors, with particular focus on healthcare, K-12, and higher education projects.

In what areas or regions are you seeing the most activity?

There is a strong development focus on Downtown Raleigh right now as well as in RTP as life sciences continues to thrive. We're also seeing construction spread out from Downtown Raleigh-Durham towards Fuquay Varina, Wendell, south Durham, and surrounding communities. The continued growth in North Carolina has created more demand for impactful developments and buildings in communities outside of the city centers

In the last year, what are some challenges that Monteith Construction has faced?

The big buzzword is supply chain constraints. There's still market volatility concerning the pricing and material availability, but we have been able to adapt and overcome a lot of these challenges. This takes heightened awareness to make sure materials will arrive on time and maintain budgets. We have been able to overcome these challenges through proactive communication and strong partnerships. Through the pre-construction phase of the project, it's critical to start identifying materials that may have increased volatility and lead time constraints. We're working closely with architects and vendors to start releasing these materials as early as possible. It has been incredible to see our project teams deliver projects and build relationships through difficult times by coming up with creative solutions to new challenges on projects. ■



Terrence Holt

President

Holt Brothers Construction



Melissa Wolter

Senior Associate

Strada Architecture PLLC

What have been some highlights or milestones for your company during the last two years?

Construction often involves uncertainty and we try to have as much certainty as we can around budget and schedule. We like to do that with our owners and clients that we are fortunate to work with. Our biggest emphasis, or what we place most of our focus on, is our people internally as we are trying to retain our talent. With so many jobs that are open out there, we've been able to retain our people, which means we're doing something right and retaining our people is key to being able to deliver to clients and providing consistency.

In the past year or two, we've been able to grow our revenue 40% to 60%, which is great. The reason is that we've been able to meet the budget of our owners and we've been able to do some things right on the front end to win projects.

What are some of the most important projects you are doing now?

There are a couple of projects I'd like to mention specifically. One is the Eli Lilly and RTP Campus. It is a project that we were awarded at the beginning of 2021. It is a \$25 million admin lab project and it's a very important project for Eli Lilly here in the state of North Carolina. Another project is in Downtown Raleigh. The project's purpose is to commemorate the efforts of African Americans in the state.

Where is the demand for your business coming from right now?

I mentioned the project we have with Eli Lilly. We are seeing a whole lot of life science clients coming to the area, whether that be an Amgen or Eli Lilly. We're seeing a whole lot of automotive. We're seeing things happening in the airport sector, which is very important. We have seen activity with companies like Meta, Google and Apple. So, we see lots of opportunities for both businesses and employees. ■

How is architecture evolving and changing?

Not unlike other industries, the process of architecture is continuously challenged not to be better, but to be faster. Strada takes the time to zoom out, to engage at street-level and engage with the community to create extraordinary places. These places are not just for our clients, they contribute to the community in an appropriate and experiential way. This process takes time. As an industry, I want to see a shift towards prioritizing the time to be better, and to design for a community scale.

How have you seen designs change due to the pandemic?

I live in a hot weather climate, and I spent the first 12 years of my career in Phoenix, so the outside experience has always been an exciting design opportunity for me. Prior to the pandemic, outdoor spaces were undervalued from a rental cost/sq. ft. perspective. All too often, this resulted in outdoor spaces becoming less engaging. Today outdoor spaces are highly valued, and often considered leasable square footage. This has created a design shift towards a greater appreciation for outdoor space, as well as the transitional space from indoors to outdoor. I expect the boundaries of indoor/outdoor space to continue to be blurred and the bar raised for the outdoor experience.

What has Strada done to mitigate labor shortages?

By no means are we insulated from the Great Resignation. Strada is filled with a group of ambitious people who bring a unique flare to the team. When hiring people who are outgoing, engaged and highly motivated, losing people is expected when broad shifts in the industry occur. With that said, when we have lost people in the past year, it was generally because they made big shifts themselves: moving across the country, starting their own firm or taking time to reflect and discover oneself. Even though they are missed, we are all happy for them and supportive of their next adventure. ■



For three consecutive quarters, the region has met a threshold of 1 million square feet in commercial construction.

(...) consecutive quarter that the Triangle has reached the 1 million square feet threshold, as per Cushman & Wakefield's report. In particular, Southern Wake County outperformed, while the RTP/I-40 Corridor accounted for about 21% of the activity. Also important to note, warehousing and distribution space accounted for over 72% of the quarter's total leasing activity, while life science and flex space accounted for 28.1%. One of the most lucrative deals of the quarter was signed by Empire Distributors, which leased 300,000 square feet of warehousing space in Southern Wake County. Also in Southern Wake, Southern Industrial Construction leased 130,127 square feet of space.

The average asking rate for warehouses declined from \$8.74 per square foot in the second-quarter of 2022 to \$8.43 per square foot in the third. But this was more than compensated by the growing appetite for flex space. The average asking rate for flex space surged again in the third-quarter, with overall rates growing 5.2% quarter over quarter to reach \$22.31 per square foot. And the RTP/I-40 Corridor submarket saw the highest flex rates at \$29.34 per square foot.

■ Multifamily

The multifamily segment has emerged as the big winner in the post-pandemic environment, as demand has constantly outpaced supply. In the Raleigh-Durham region, inventory growth failed to keep up with demand, so rents and occupancy levels went up. However, construction of new supply is currently at a high as total inventory is anticipated to rise by 5.3% in the upcoming year, according to Avison Young's first quarter 2022 multifamily report. The firm highlights that 15,344 multifamily apartments were under construction in (...)

Creating value in the Carolinas

Property Management | Leasing | Development | Tenant Coordination | Third-Party Services | Maintenance
Acquisitions & Dispositions | Financial Services | Real Estate Tax Consulting



District Lofts | Morrisville, NC



Stone Creek Village | Cary, NC

CASTO

Serving the Southeast from our Raleigh Office
215 E. Chatham Street, Suite 201 | Cary, North Carolina 27511 919.467.8880 | castoinfo.com

Design trends



Teri Canada

Co-Founder & Managing Principal – Evoke Studio

“Tall timber construction is used for midrise constructions. Some people think it is a more sustainable solution because the materials are coming from sources that regrow constantly. Over the past 15 years, we have been very strict about working on projects that are part of the LEED Certification process. We look for opportunities to include sustainable systems such as LEED and WELL Building into our design. The construction process is changing. We are now seeing 3D printing for building components and we can walk clients through spaces with technology to give them a true understanding of what their building will look like in the future.**”**



Tyler Evans

Franchise Owner – Venture X

“Our tagline is “the future of workspace” and it has been that way since 2019. It was always just a tagline until COVID hit and it became really relevant. In the last year, we have seen a shift in multiple sectors with our enterprise customers. Finding and retaining talent this past year has truly been hard but companies have found a sweet spot in co-working. What we've seen is that companies of all sizes, from large enterprises to solo entrepreneurs, to the average employee who works from home, just can't do it anymore. Most people don't thrive being alone. Business, networking, employee satisfaction and retention drop without having connections.**”**



David Maurer

President – Maurer Architecture and TightLines Designs

“We are seeing people now begin the renovation process that they had been thinking about for a few years. That presents a challenge, especially with the labor market and material prices the way they are. We focus on these historic districts, though, which allows owners to claim a tax credit that offsets 35% to 40% of renovation expenditures. We are also starting to see more virtual firms. Both companies were fully virtual for a year after March 2020. We all got way more efficient at communication and work as a result of that. We are really interested to see how the workplace environment will evolve now that we are back in the office.**”**



Michael Mesnard

President & Managing Partner – Cline Design Associates

“Shortage of labor has by far been the biggest challenge for our industry. As architects we took a massive hit during the 2008 recession, with a lot of senior staff having left the industry for good. As a result, the recession had a reverberating effect on their children as they grew up having seen the stress and devastation that the economic plunge caused on architects and designers, and in return, they decided to pursue careers in other industries. Now, when we are looking for people with 10 to 15 years of experience, they just don't exist right now. We have been fortunate, though, because turnover hasn't been significant for us in several years.**”**



Kenneth Dickinson

President & CEO
HMD Construction and
Development

What are some projects currently in the pipeline for HMD?

We typically have anywhere from 30 to 35 projects ongoing at various stages of their lifecycle. Currently we have a number of projects we're most excited about, including a 33,000 square foot flex space in the design phase located in North Raleigh, a 17,000 square foot medical office building located near Sandford that is in the entitlements phase, a 10,000 square foot retail center in Fuquay-Varina and a number of medical and dental practices, new and fit-up, that are under construction. Those are just a few; there are many more that we are working on.

What are some of the positives to doing business in the Raleigh Durham region right now?

HMD focuses on the Triangle because it's a great place to live, work and play. I can't imagine living anywhere else, as I was born and raised in Raleigh and as were both of my parents. It's a big, little town and all the surrounding communities are largely the same way: small emerging markets.

As most know, there are some incredible things happening in the Triangle. Local municipalities have great economic development teams that travel nationally and globally promoting our area as a good place to do business. Historically, the Triangle was known worldwide for the RTP campus. Not only is the Triangle now known for the RTP, biotech sector and contributions through research and development globally, it is known for Apple, Google, Microsoft, Amazon, Meta and a whole host of other businesses that have planted their flags here bringing attention to this market. There are many colleges and universities in the Triangle, which offer employers with a solid employment base. ACC sports are great to watch and the rivalries in the conference are historic. Raleigh is the state capital which means municipal and state jobs and UNC, WakeMed and Duke Hospitals provide great healthcare and career opportunities for the residents of the Triangle. The Triangle is also well located, with mountains to the west and the coast to the east. Further, taxes are lower than a number of places in the county. It's just a good place to live and do business. ■



Great weather, a favorable tax environment and world-class universities have been major pulls for companies relocating to the Triangle.

(...) Raleigh-Durham at the end of the first quarter. Over 1,600 units were added to the inventory through April, with 9,190 more units under development and projected to be delivered over the course of the next 12 months. In the near future, developers will keep a close eye on inventory, especially as demand is set to cool amid rising interest rates.

Net absorption between the first quarter of 2021 and Q1 2022 totaled 7,315 units, up 17.2% from last year. The North Cary-Morrisville submarket recorded the highest net absorption figures with 1,317 units absorbed. As for rent levels, strong demand led to higher rents, with the average effective rent reaching \$1,551, which is still below the \$1,659 national rate, while the average price per unit purchased in the first quarter was \$225,554. Elsewhere, strong demand bolstered multifamily occupancy, which surged by 230 basis points year over year and exceeded 97%, according to Avison Young. Among all asset classes, the class-C product recorded the highest occupancy rate in the first quarter at 97.8%. Although multifamily investment sales hit \$1.5 billion at the end of the first-quarter, investors will most likely become more conservative as deteriorating economic conditions and slow wage and job growth begins to set in.

■ Real estate investment

Developers and investors remain bullish on commercial real estate even in 2022, and several mega deals and major projects helped to rank Raleigh-Durham among the strongest commercial markets. Institutional landlords and private equity firms have shown great interest in mixed-use assets, multifamily and industrial space. For instance, CBRE Investment Management (...)



Local advantage

Regional knowledge leads to good opportunities with local ownership

John Powell

President – Phoenix Commercial Properties

What is unique about doing business in the commercial real estate market within the Triangle?

One of the advantages that we have at Phoenix is that almost every broker here is from our local area or they have been here for a significant period of time. We all know the back roads, we know the history of a building, who developed a mixed-use project 20 years ago, and so on. By being relatively local we capture good opportunities to work with local ownership and it often leads to working on an “off market” deal that benefits everyone.

How are your clients obtaining financing today?

We work with a number of different lenders and we often find that since our customer base has the entrepreneurial spirit a smaller community bank is a better fit rather than the big boys, like Wells Fargo or Bank of America. It seems when working with larger entities turning the battleship is often more challenging. Since we’re more of a speedboat we can pivot quickly and change course if needed.

What differentiates you from the other players in the market?

I think maybe what separates us from some of the larger firms is we're not so much a silo firm. We don't have a dedicated office team, or retail team or land team, and it allows cross-pollination across sectors. We all swim in the ponds where we feel comfortable and where our knowledge will protect the client. For example, I'm an industrial guy and an office guy and those are the ponds I choose to swim in daily. I also love doing land deals, but the majority will be for industrial or office

based development. The main sectors that we focus on are industrial, office, retail and multifamily and these sectors have been historically strong.

We also have been very active on the investment sales side for income-producing products and certainly the exchange platform. We work with a lot of families or individuals that have had a property for a number of years and now they've decided to exit. We get a chance to help them facilitate the transaction and protect their family and children. We work very closely with their financial advisors and legal counsel so we can collectively offer a clear strategic solution.

Do you think the 1031 exchange is going to be modified in the near term?

2021 marked the 100th anniversary of the 1031 exchange. I think it's such a revenue engine for this country that I would be disappointed if Washington lost sight of the benefit that has been there for Americans for 100 years. I understand the need to sometimes restructure or redefine an application, but limiting one's ability to just utilize the rules they've allowed us to participate in would be extremely unfortunate. It is something to protect your legacy and your family.

What are your top priorities for the near term?

We're really good at what we do, but on the same token, we believe that we still have room for growth and improvement. The nine core values we selected as a team have given us a firm foundation and I believe our dedication of making sure we're adding the right ingredients into our “recipe for success” will ensure an incredible journey for years to come. ■

PERSPECTIVES:

Sector disruptors**Jamie Baker***President – The Lundy Group*

The technology out there is very cool. For example, data is being mined to the point where they can determine average work order increments out of 250,000 of certain types of VAV (variable air volume) boxes across the country, ways to prevent work orders, how long the machines tend to last and other factors that greatly improve efficiencies and cut down on costs. ■

Jessica Brock*Partner, Real Estate Operations - Longfellow Real Estate Partners*

Everything is becoming more analytical as life science and technology come closer together. If you look at the Durham Innovation District in Downtown Durham, life science tenants want to be close to the technology companies for convenience. Things are becoming more automated and will continue to do so. ■

Rosie Daniel*Director of Business Development – Hobbs Properties, Inc.*

We've been busy on the acquisition side, acquiring two new buildings in the Raleigh Midtown submarket, including a 24,000-square-foot office property on Wake Forest Road. We've been renovating the property and building out spec suites for smaller tenants as we see more demand for users less than 5,000 square feet. We also acquired a medical office property that we've been chasing for a long time. ■

Mark McDonnell*COO – AdVenture Development, LLC*

I think the big retailers just look at the stats and that sparks their interest: when you take a look at the county, there are about 250,000 people who don't have some of the major retailers within a 15- or 20-minute drive. These big retailers see this and they want to be here to maximize and capitalize on the demand. So, big box retailers have a very high level of interest in being here. ■

Bert Woodall*Owner & Broker – West & Woodall Real Estate*

Our priorities will revolve around helping our clients – both buyers and sellers – navigate the challenges of our current market. Higher interest rates, more demand than supply and higher home prices are all contributing to the friction that many are feeling with real estate right now. To combat that, we have to help our clients understand that market confidence will be critical over the next year. That is where real estate ownership has a distinct advantage as a stable investment, while stocks and interest rates fluctuate. ■



Over 2 million people call the Triangle home.

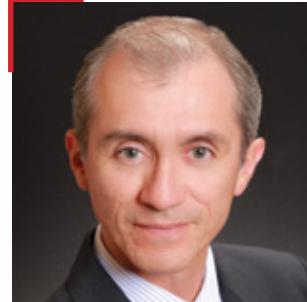
(...) paid \$288 million for Park Point, a 663,000-square-foot life science campus at Research Triangle Park. Meanwhile, Blue Heron Asset Management sold Indigo Apartments, a 489-unit multifamily community in Morrisville for \$121.9 million. The Preiss Co. paid \$71 million to Leon Capital Group for Edition on Oberlin and \$61.8 million to FCP for The Greens at Tryon. Elsewhere, Woodfield Investments is building a 414-unit property on the site of the former The Colony. As per Yardi Matrix data, a \$64.3 million construction loan from Citizens Financial Group is being used to fund the building of the property.

■ Construction

About \$28.7 billion, or 4.38% of North Carolina's \$655 billion GDP in 2021 was attributable to construction activity, as per data from the U.S. Bureau of Economic Analysis. But in contrast to booming commercial real estate, the commercial construction market in Raleigh, Durham and Chapel Hill is expected to decline by 6.8% this year and by 1.1% in 2023, according to Cumming's Q2 2022 report. The study suggests that economic concerns and inflation will prevent developers from constructing sufficient projects to replace those that will be completed this year. However, the regional construction unemployment rate remains the bright spot as it was trending lower in 2021, declining from 6.1% in 2020 to 4% in 2021. And despite chronic labor shortages, the number of trade workers grew from 51,066 in 2020 to 53,187 in 2021.



According to an Associated General Contractors of America survey, 96% of the 30 North Carolina contractors interviewed reported open craft positions, while 70% are hiring salaried employees. Furthermore, 100% of the North Carolina contractors surveyed stated they were having trouble filling some or all of the craft roles, while 86% said the same for salaried employment. Equally important, 86% of the state's contractors said they can't fill open positions because the available candidates lack the required skills or they can't pass a drug test. In this context, 90% of NC construction firms were forced to boost base pay and 40% have turned to (...)



Diego Munoz

*President
KW Commercial*

“The 1031 tax deferral exchange and the Opportunity Zones are key. I don't think 1031 is going to go anywhere and I also don't think Opportunity Zones are going to go anywhere. Those are elements of a thriving real estate economy. There may be threshold changes within both of those policies but I don't think that they're going to disappear. There are just too many people who depend on the ability to do a 1031 or depend on the law around Opportunity Zones to create viable commercial centers in their municipality.

A key trend to look at going forward is obviously inflation along with the job market. The Fed is going to have to slow the economy to control inflation and that means interest rates are going up and the job market is going to become tougher. I've always said that interest rates have always been low. Not until we get into the 6s, will we begin to see an equilibrium. Not a lot of people like to admit that because not a lot of people remember when interest rates were above 8%. It will be interesting to see whether the Fed can manage interest rates in such a way that allows for us to reduce inflation and still maintain a competitive job market.**”**



FULL SERVICE COMMERCIAL CONSTRUCTION & DEVELOPMENT FIRM



NEW CONSTRUCTION



EXPANSION / FIT-UP



DEVELOPMENT

EXCEPTIONAL, FUNCTIONAL, AND AESTHETICALLY PLEASING SPACES FOR DENTAL, EDUCATION, MANUFACTURING, MEDICAL, MIXED USE, OFFICE, PERSONAL SERVICES, RESTAURANT, RETAIL, VETERINARY AND MUCH MORE.

HMD DELIVERS WHAT MOST COMMERCIAL CONSTRUCTION FIRMS CAN'T — COMMERCIAL CONSTRUCTION EXPERTISE IN COMBINATION WITH FINANCIAL AND DEVELOPMENT EXPERTISE.

HMD CONSTRUCTION & DEVELOPMENT

hmddevelopment.com
(919) 791-4631 | BUILD@HMDDEVELOPMENT.COM

Challenges, opportunities

Design and general contracting leaders discuss their roles in wider regional growth, from tech innovation to managing client expectations.

**Steve Hepler***Raleigh Office Leader
LS3P***Matt Hohorst***Vice President
ARCO Design/Build***What key projects are moving through the pipeline ?**

Our biggest project right now is the relocation of the Department of Health and Human Services (DHHS) from Dix Campus to the new HQ campus at Blue Ridge. It's going to have two phases. The first phase will involve 2,000 employees. Also, high-rise multifamily has increased significantly over the last few years. Overall, housing in general has picked up. The state had a surplus in its budget, so there's a lot of state work out there. There are a lot of projects that weren't present last year at this time. Healthcare work is also picking up. During the pandemic, the lockdowns impacted the healthcare industry. They have gotten through it and have started to expand their systems. All of our markets are active right now.

What part do you play in addressing infrastructure needs related to the influx of people coming into the area?

Transportation is a big deal. I think our county, city and state governments are working together to expand our bus transportation system, commuter rail and light rail. It has momentum now. The more you sit in traffic, the more you need it. They're going to look at it in a different way because of the way people work. We have a hybrid work model now that encourages people to come in three to four days a week. We have folks who live in Durham, so it's more convenient to work from home. The pandemic proved that it can be done.

What are you anticipating in terms of technology?

I see Revit advancing further. It's so far advanced now that it becomes easier to do. AI is also coming in as a design tool. It's almost as if you see a hologram of the project. It's a graphic of what the facility is going to be. Full-scale 3D printing is also coming into the design world. I haven't experienced this personally; however, I have seen full-scale models of housing units. I think that's the next generation of how fast you can design and build something. You can print out a full-scale model. ■

What have the past two years looked like for the firm?

We pride ourselves on the work we do designing and constructing facilities that manufacture life-saving medicines. So it's no surprise that we charged through all of the hurdles related to constructing during the pandemic. Although we feel like we're past a majority of those obstacles today, we're constantly posed with new challenges relating to supply chain, availability of skilled labor, and the current cost of capital. With that said, we still have an incredible amount of opportunity in the marketplace. Our solid reputation for being very cost-effective, quick and nimble has enabled our growth in the region. We think outside the box. I'm clearly biased, but I feel very strongly that we are the only design/build firm in the Triangle that can be able to do that effectively in the industrial, life sciences, advanced manufacturing and multifamily markets.

How has the influx of people and businesses impacted your business?

From a business perspective, it has been great for us. As one of the leading design-builders in the region, we offer a particular level of service that most do not. We have an incredible opportunity in that regard. Right now, we are the design/build partner on over 2,400 acres of land within the Triangle. Despite market shifts, we are still seeing multiple RFPs on a weekly basis and opportunities still continue to come in, which is a good indicator that opportunity for growth is still out there.

Though, growth always presents new challenges. From our perspective it's in the form of labor availability, timely access to utilities and affordable housing in proximity to new manufacturing sites. Fortunately, our state and local governments, economic developers and utility providers in the region have done an incredible job in facing these problems head on. There's a reason why North Carolina is ranked one of the top states to do business, and it's due to the incredible business-friendly community that exists here. ■

**Jeffrey Paine***Founding Principal*

Duda | Paine Architects, PA

**Charlie Wilson***President*

CT Wilson Construction Company

What are the latest trends that might impact productivity in designing buildings?

One of the things we must remind our commercial office clients is that one size does not fit all. We are a design company, so we work in teams that fluctuate based on the project, schedule and availability. But it's a very collaborative endeavor working on models and drawings and challenging each other with ideas. In life sciences, we're seeing a different direction being taken with workspace. Sometimes scientists tend to want privacy when they're working and only require some breakout space occasionally, so we're not going to design an open floor plan and knock out all the walls in this case, because it simply doesn't fit with the strategy and culture. To plan effectively, you must understand leadership and workforce concerns from top to bottom. You can encourage collaboration, activity in the work environment and flexibility of space, but you can't dictate to a client the office they should have. You can't have a blanket approach.

What are the most pressing needs for infrastructure in Raleigh-Durham as you plan and design new buildings?

Mass transit would be on the top of my list of needs. Employees are starting to consider where they work in relation to how far they live. As traffic and congestion increases, that will be a challenge for all employers. We are the master planners and architects for the Horseshoe at Hub RTP project in Research Triangle Park, which re-envisioned a research area to include housing and commercial office immediately adjacent to restaurant and retail amenities. It could give people a real incentive to think about that proximity from home to work and consider a more flexible lifestyle.

The pandemic has made us all hyper aware of the value of our own individual time. Adding an hour to commuting will be untenable for people in the future. People want to live where there's access and action. ■

What are some of the ways you are managing client expectations during this time?

We are very upfront and honest and explain that things that used to take 12 months now take 14. We work hard to help the owner make selections that will minimize the increase in costs but sometimes there is no way around delays. When clients do take risks in terms of materials that are in short supply, we have to order things way ahead of schedule. We have even started ordering roof insulation 10 months before obtaining a building permit. These kinds of decisions require a level of trust between the contractor and the client. Therefore, we try to be as accurate as possible with our estimates.

What role do you believe technology will play in the construction sector going forward?

We have invested a lot of money into technology. We started by getting a drone to take better pictures to send owners and that turned into combining those photos with drawings to enhance communication. With these renderings, we can make sure things are in the right spot and calculations or topography maps are accurate to expectations. We also have thermal drones that help with renovations, and we started 3D modeling. All that technology will continue as job sites don't really have paper plans anymore and are almost exclusively using those 3D models. But there is a range of much more advanced technologies around that a contractor can choose to adopt based on their needs.

In what sectors are you seeing changes in demand?

We do a lot of healthcare work but when the pandemic hit, projects stopped. Ever since then, there has been a backlog of projects coming through. We are seeing a lot of people shrinking and consolidating office space. After the extension of historic tax credits, we saw an uptick in activity. We do a lot of private school work and work on places of worship, which are both going well. ■

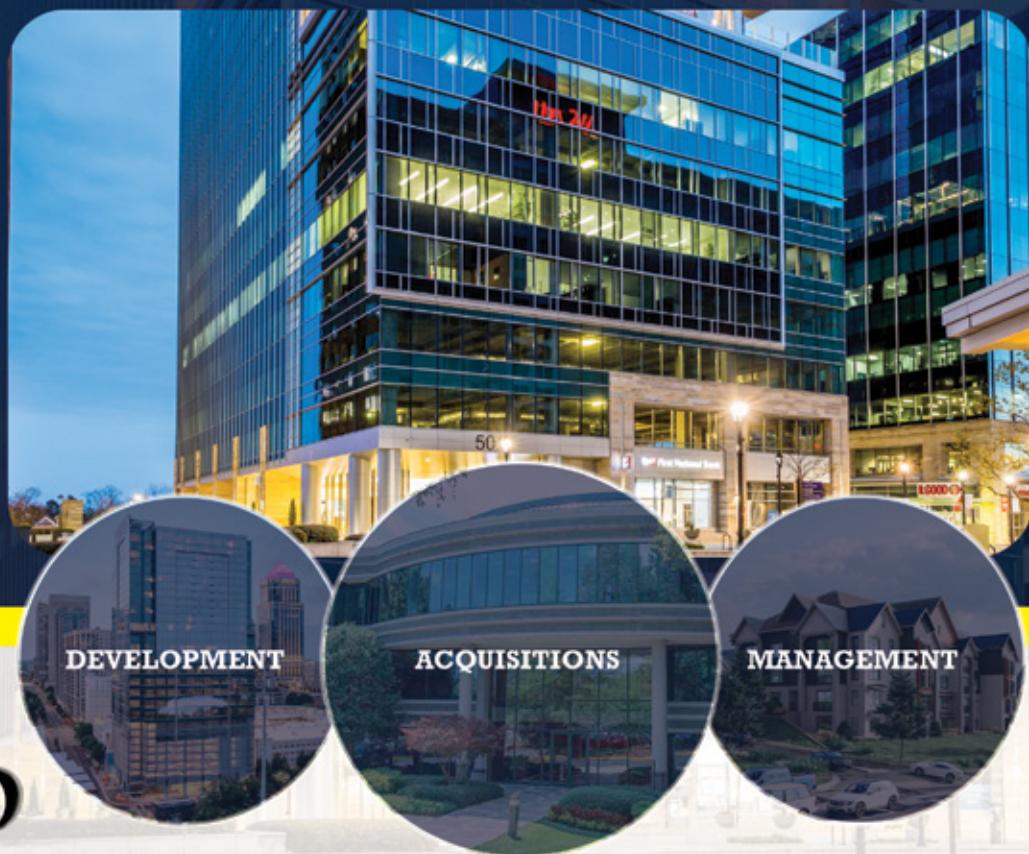
(...) recruitment incentives and sign-on bonuses to hire qualified candidates.

Dark clouds are already gathering on the horizon. Apart from the interest rate hikes, inflation, and the risk of global recession, construction firms also have to worry about the workforce shortage and the surge in material costs. About 77% of the companies surveyed had to push back project timelines because of the labor shortfall, while 90% reported delays because of building materials shortages. To deal with the rising costs, 63% of North Carolina companies said they transferred part or all extra expenses to the project owners. Another 27% have paid for all extra expenses, while 47% have switched suppliers or specifications. In order to remain competitive, the local companies need to address at least some of these problems. Developers and construction firms will have to develop innovative solutions that go beyond bonuses and financial incentives.

On the positive side, North Carolina remains one of the top states for construction employment in the nation. Roughly 174,000 workers were employed in construction in the state as of May 2021, according to the U.S. Bureau of Labor Statistics. There are some efforts to further boost construction employment, including WakeTech, which offers a free, accelerated apprenticeship training in construction and maintenance. ApprenticeshipNC meanwhile is an initiative whereby the community college system collaborates with businesses to fill the talent gap. Elsewhere, Hope Renovations provides a complimentary 10-week program, which equips women with the knowledge and credentials they

need to land well-paying careers in the construction field. Finally, Governor Roy Cooper released the recommended budget adjustment for FY 2022-2023, dubbed Building on Success, which makes investments in workforce development and career training for in-demand jobs. (...)

**Cummings
identified the
\$8 billion LYNX
Silver Line Rail
Trail as the most
expensive
in the state**



DR

Dominion Realty Partners LLC

501 Fayetteville St, Suite 100, Raleigh, NC 27601 | (919) 845-3306 | www.drp-llc.com

Outlook & priorities for 2023



Chris Brasier

Chief Practice & Culture Officer | Design Director – Clark Nexsen

“From a recruitment standpoint, one of the things that the region offers is an excellent quality of life. We've found this to be good for attracting talent. When I graduated, many of my colleagues left the area and went to Chicago, New York or Los Angeles. They do so because, in their view, this is where the high-end design firms are located. I chose to stay, and I'm glad that I did. One of the reasons why is because the quality of work that is being done in North Carolina has always been extremely high. Nowadays, as the area continues to be a market for firms around the country, those opportunities have only increased. **”**



Daniel Eller

President & CEO – Eller Capital Partners

“We've seen tremendous rent growth over the past two years, but it has largely been offset by volatility in the capital markets caused by aggressive federal interest rate increases this year. The result has been a slight market correction with asset values declining some. If you compare this to previous cycles, the increase in interest rates occurred much faster this time – which we hope will mean that we reach the peak rate much more quickly as well. Considering that our typical transaction takes two to three months to execute, interest rate volatility has been by far our biggest challenge over the last year. **”**



Todd Saieed

Chief Executive Officer – Dewitt Carolinas, Inc.

“Fostering and promoting local business is something we think a lot about. I'm very excited that Raleigh is where it is right now, which is very exciting for someone who has lived here all his life. I think we're in a good position as a company. A lot of our projects are ready to go on land that we've held for some time, so I'm very optimistic. We've really focused on making sure we invest in projects that we consider the best properties for their uses, whether that is multifamily or office spaces. Like everyone else, we will continue with projects we have underway, and we will pay close attention to future projects based on where the economic climate takes us. **”**



Scott Underwood

Partner – Woodfield Development

“We are very bullish on the Triangle apartment market. We still haven't even truly felt the effects of Google and Apple coming to these markets. There are a lot of runways associated with those employers. They're continuing to bring more jobs, so from a multifamily perspective, we've got a lot of runway left. People are coming, whether we have the housing or not. With the rising interest rate environment, you need to look at it and balance the need for housing. The goal will be to continue to find the best sites to build our best-in-class product while acknowledging that there is uncertainty in the market. **”**



What trends are emerging within your niche of sustainable development and property management?

There is a lot more electric car charging. We've been doing it for a while, and it used to be vacant. Now it's definitely increasing. Solar panels are a little more complicated than one would think to run a building of our sizes. We are conserving water and reusing materials. We're also using local materials and incorporating more natural light. The real main focus is the low e-glass, which helps the temperature remain constant in the building and mechanical systems which use outside air for a healthier environment. Older buildings don't even have fresh air intake. It is evolving and getting better. People are even putting moss on their buildings (and for what, I am not sure). Most people will not pay more for a green building, but if the price is the same, they will go for it. It's been a long time coming. In the South, things are still behind but are making headway.

On the multifamily side, how do you plan to meet rising demand?

Raleigh needs 55,000 new units by 2035. When you speak of Raleigh, it is more Triangle-wide, which is composed of 25-30 communities. Raleigh is just a small part of the Triangle. The cities are growing and there are a lot of communities within them. A lot of people are moving here. Within the last two years, there have been something like 33,000 jobs announced, but there are only 3,800 homes for sale in the Triangle right now and apartments are 95% occupied. It is a complicated situation. More apartments are appearing further outside of the city centers, partly due to the 540 loop which connects all parts of the Triangle. We

The future of the office

Office needs are starting to pick up but uncertainty reigns

Andy Andrews

CEO – Dominion Realty Partners

do a lot of workforce housing. There is a big difference between workforce housing and affordable units. We have between 10 to 12% affordable units within our workforce housing units. A lot of our residents are two-income tenants so they can afford the workforce housing units.

What demand are you now seeing for office space?

It is still undetermined what ratio of office versus home-office companies will have. We are signing leases for office space and office needs are starting to pick up. This is a fresh start for companies looking at space. Some are going for less square footage. We're seeing a range of about 30% for stay-at-home or flexible schedules. There is still a lot of uncertainty about what tenants want. We've been doing green-certified buildings, which are of utmost importance to many tenants. They are moving out of older buildings with less healthy air and light.

How has land scarcity affected your operations on the development end?

Sites are hard to come by and we have been doing a lot of redevelopment. COVID has created a lot of vacant space, such as movie theaters and big box stores, so there is a lot of opportunity there to redevelop. Historically, municipalities don't want apartments, which makes it complicated to rezone and get entitlements. It prolongs the process, which can take between two to three years just to get approval. The process is intentional, with the expectation that you will give up. With the current interest rates, many can't afford a house, so an apartment is a great short-term option. It's a moving target right now with the economy. ■

The typical construction loan amount in Raleigh is \$282,188

(...) And there are plenty of opportunities in the Triangle for construction companies that can find the staff and combat the rising costs. Cumming identified the \$8 billion LYNX Silver Line Rail Trail as the most expensive construction project in the state. Meanwhile, in the Triangle, the VinFast Electric Vehicle Manufacturing Facility in Moncure is estimated to cost \$4 billion and the Downtown South and MLS Stadium Complex project in Raleigh has an estimated construction value of \$2.2 billion.

■ Financing trends

Hard Money Home identified a total of 36 search results for construction hard money lenders in Raleigh. The typical loan amount is \$282,188, while the mean interest rate in the region climbed to 11.2% after rate hikes, plus a 3.1 basis point origination fee charged by the lender. These kinds of loans are typically issued in Raleigh for a period of 16 months. While small-size construction firms struggle to gain access to capital, major construction companies and top developers can turn to real estate private equity firms, venture capitalists and angel or seed investors to fund development projects. For instance, Lev, the commercial real estate financing platform, reported the closing of a \$2.3 million loan for a Durham multifamily asset.

Additionally, VinFast EV received an \$1.2 billion incentive package from the State of North Carolina to build a 2,000-acre facility at the Triangle Innovation Point. Elsewhere, the Preiss Company reported the acquisition of the 928-bed Valentine Commons and managed to obtain \$77,300,000 in acquisition financing through a life company lender. Finally, the Preiss Company also joined forces with Township Capital to acquire a total of 468-units at The Edition on Oberlin and The Greens at Tryon Apartments in Raleigh. Preiss Company secured the financing through Mesa West Capital, who provided \$97.7 million.



Tucker Shade

Executive Vice President & Branch Manager - Raleigh-Durham Savills

How has the commercial office market changed?

Prior to the pandemic, the office was more of a commodity as most businesses utilized the office in some form or fashion. Post-pandemic, the question is whether the office is more a luxury good and may be more applicable to certain businesses or employers looking to differentiate themselves among their peers by providing a service or investment that their competitors may not. Within the last year, we have seen some of the larger tech users like Google, Apple and Snapchat continue to absorb office space jettisoned by others as they believe that the office will continue to play a role in their day-to-day interaction with their colleagues. Medium-to-smaller office users remain on the fence or are moving to sublease their space as they tend to believe a “new norm” may be a ways away and would rather attempt to save money on outdated or ill configured space. Businesses are looking to the commercial real estate industry, such as brokers, workplace strategists, workforce strategists and architects, to help them define what the future of the office could or should look like, which has changed the dialogue from what used to be a more “transactional” discussion to a consultative one.

What does investor confidence look like right now?

Investor confidence in office buildings, due in large part to the changing interest rate environment, is declining rapidly, especially for any buildings that have 20% vacancy or more. We are entering into a period now that, unless the interest rate markets stabilize, the hot investor market the Carolinas have been enjoying over the past five years is going to slow down quickly. With that said, the inbound migration of workers from around the country to the Carolinas and the Sun Belt in general will help our markets maintain interest and pricing for those investors still bullish on the future of office space.

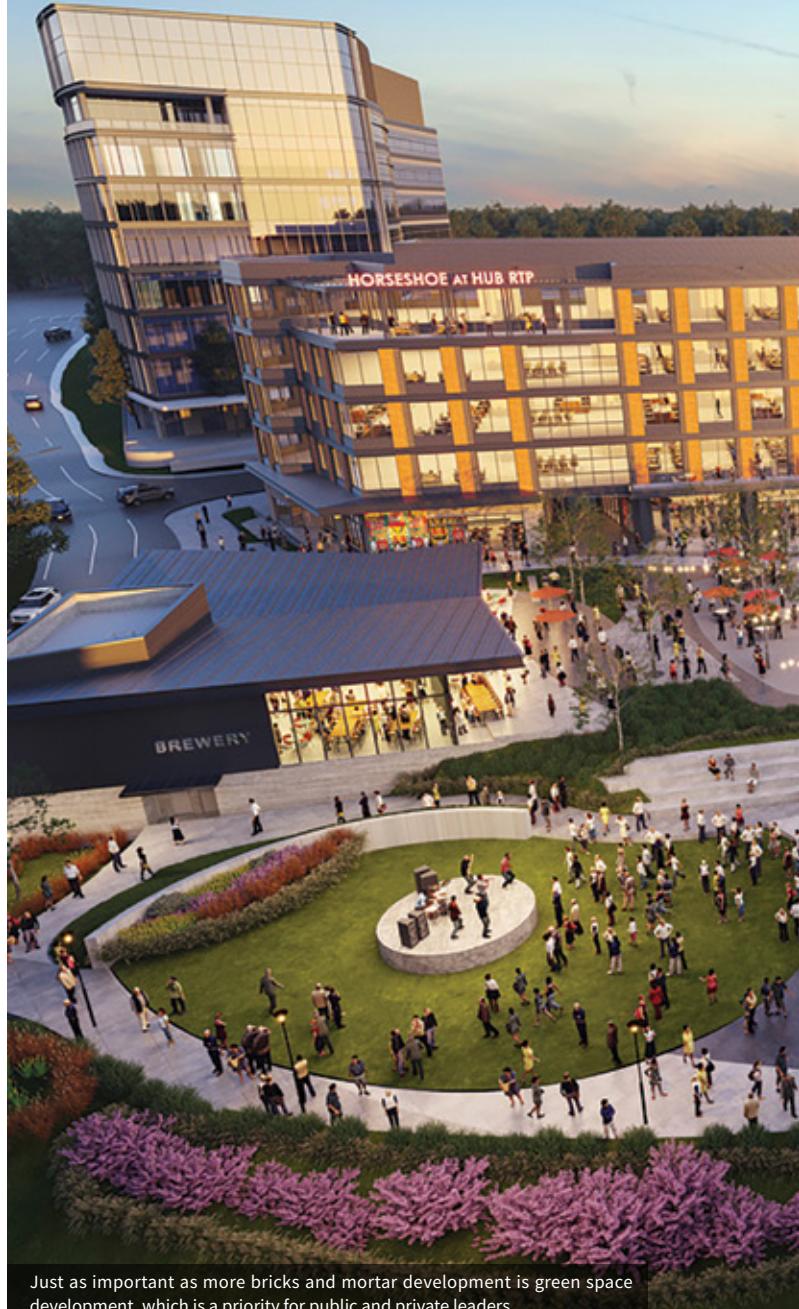
What is your outlook for the next three years?

Projecting what might happen in the commercial real estate markets one year from now is challenging so venturing a guess three years from now is pure speculation. Our outlook on the future of the office market will be driven by how shallow or deep the anticipated recession may be. ■

■ Looking ahead

According to CrowdStreet, Raleigh-Durham is the second best place to invest in Private Equity real estate in 2022. Not only that, but WalletHub also ranked Cary as the sixth best real estate market in the U.S. in 2022. Meanwhile, Realtor ranked Raleigh as the sixth top emerging housing market for the summer of 2022. Undoubtedly, the area and its real estate market are getting a lot of attention these days, which is benefiting the construction sector. While other once-hot housing markets are cooling off, Raleigh- Durham remains a seller's market for both residential and commercial properties. Because of this, developers may proceed with their construction plans. Moreover, a report from Wake County Economic Development indicates that additional projects might be on the way. As of May 31, Wake County was reviewed for 33 potential projects, over 17,000 jobs, and investments worth \$6.8 billion. Tech giant Meta is one of the top companies that was considering Durham for a facility.

As for existing projects, Linton Holdings LLC is converting the nearly century-old building beside Maverick's Smokehouse & Taproom into a two-story retail and residential development. Elsewhere, the Phase 1 of the American Tobacco Campus Expansion is already underway and Austin Lawrence Partners recently broke ground on Novus. With so many projects already underway, construction firms will undoubtedly have a busy year – but they need to be sure to balance reining in costs while maintaining competitive recruitment practices. Nevertheless, land shortages could keep supply low and create affordability challenges. In this context, small firms will face increasing pressure as the Triangle market continues to attract the attention of institutional investors and large developers. ■



Just as important as more bricks and mortar development is green space development, which is a priority for public and private leaders.

CLEAR. STRATEGIC. RESULTS.

OUR MISSION IS TO SERVE AS TRUSTED ADVISORS DELIVERING CLEAR. STRATEGIC SOLUTIONS AND BRINGING EXCELLENCE IN EVERYTHING WE DO.



PHOENIX
COMMERCIAL PROPERTIES



751 CORPORATE CENTER DR, SUITE 305, RALEIGH, NC 27607



919-896-6497

Transportation, Infrastructure & Utilities:

The Triangle is witnessing an influx of people and businesses on the back of regional growth. However, this is generating concerns about whether facilities like public utilities, transportation and housing can accommodate everyone as the face of the Triangle changes.



Adapting to growth:



Robust economy requires infrastructure action

As the Triangle's population grows, supporting infrastructure must keep up. One of the major concerns is transportation, with residents hesitant to use public transit and instead preferring to use their vehicles. Businesses wishing to relocate to the region are concerned about how families and employees will commute in the absence of reliable commuter and regional rails. The municipal bus system presents an alternative, although rail and bus systems need to be better coordinated. In the meantime, traffic in the Triangle is becoming an ever-growing issue.

■ Landscape

The Triangle has a robust economy with a growing population, and the regional universities are always clamoring for funds from organizations such as the National Institute for Health. This money means jobs, and spurs the Triangle's economy. Raleigh was voted the fifth-best Gen Z hotspot city in 2022, while the Raleigh metro area is the eighth most attractive MSA for millennials in the country, according to the official Raleigh website. For those choosing to move to any region, transportation is a huge consideration. Mass transit also plays a key role in equitable growth, improving access to employment and essential services like healthcare for low-income residents, seniors, and underserved populations.

Not only this, but the Triangle is a manufacturing hub, particularly in biotechnology. Recently, KBI Biopharma, a pharmaceutical company, opened a commercial biologics manufacturing plant in Research Triangle Park in Durham, investing about \$150 million in the facility. But all this innovation is of little value if it cannot get out of the region – which is where efficient logistics infrastructure comes in. When the United States was experiencing severe supply chain strains due to offshore factories shutting down, the Triangle witnessed more facilities pop up to avoid a similar crisis in the future. The Triangle is unique and has one of the most vibrant and well-rounded ecosystems in the country. Other sectors that have witnessed growth include life sciences, agriculture technology, tech, and clean tech.

Traffic congestion in the Triangle is a big issue, and the city of Raleigh ranked 52nd out of 100 congested (...)



Moving forward

Plethora of projects to strengthen transportation modalities

Charles Lattuca

President & CEO – GoTriangle

What are the latest developments for GoTriangle?

A lot of things are happening. The agreements around the Raleigh Union Station Bus Facility Project have been finalized. We have started early construction activities on that project and are demolishing some old warehouses to make room for the \$275 million public-private development that will be an off-street bus transfer facility in the bottom part of a mixed-use project that will be up to 40 stories. An off-street bus facility will be located on the first floor. Private elements will include approximately 600,000 square feet of residential use with just under 600 rental apartment units across two towers. Approximately 10% affordable apartment units will be provided at 80% AMI. We want to start vertical construction on the off-street bus facility in 2023 and we hope that it will be completed in 2025.

In addition to that, we are bringing to conclusion our \$9 million Greater Triangle Commuter Rail feasibility study. We are examining building rail connecting Johnston, Wake and Durham counties.

What are some challenges you are experiencing?

We need to find ways to pay for the commuter rail system now that the study is finished. The cost came out higher than we expected: \$3 billion instead of \$2 billion. We also encountered some engineering and construction challenges in Cary and Durham that were more significant than we thought they would be. Despite that, we were still able to develop solutions that were less impactful on the cities and landscapes, which we were happy with.

Finding the money for that construction is also a challenge. There are a few ways of doing that. The state

and federal governments could both have a seat at the table that they currently do not have. The other option is to build the system out in phases. If we build a smaller first phase and see that there is interest, then there are more options for funding going forward from there.

What does the future of transportation look like in the Triangle?

With all the new jobs and residents coming, there will be challenges. Each city here has its own transit system, and GoTriangle is the regional system that connects them together. We need to start focusing on a more unified system. Building out the commuter rail will serve as a launching point for the next generation of what the transit system will look like. It will knit things together more cleanly and help us manage the growth.

What are your priorities for the next few years?

Our priorities are commuter rail, expanding bus service and getting enough drivers and transit-oriented development. We serve developers and institutional stakeholders like hospitals and universities and we want to make sure that we are working very closely with them.

We also want to make sure that we have more electric buses on the road. The federal government is helping us with that. There are challenges with that, though, because we run regional routes that cover long distances that may exceed the charge capacity of an electric bus. The technology for that is improving, so we hope to bring more vehicles into our fleet soon. Siemens in North Carolina makes bus charging stations, so we could potentially work with them and other partners to accelerate the implementation of this process. ■



Keith Pehl

President & CEO

Optima Engineering

How is technology impacting construction engineering?

Buildings will get more integrated with smart technology. Currently, most are segmented, with dozens of different systems that aren't connected and it can be frustrating for tenants. We'll see more integration with systems from heating to lighting that will be connected to apps and have mobile access. This is important because the office landscape has altered with the advent of remote work. We're seeing more virtual design construction, which will be vital in this type of innovative construction.

The more we can merge that in with the design the better off everyone is. When the builder is involved with component purchases, like HVAC, for example, it helps make decisions quicker and streamlines the project timeline. With our systems, you end up with a digital twin of buildings so the owner can call up the smart integrated systems because it's already done in the design. We've always been involved in sustainability and one of the biggest drivers for us is energy use. The more integrated these systems become, the less energy we need to use.

What are some of the regulations and policies that you are tracking?

In recent years, there has been a lot of conversation around plumbing upgrades. We've got a pretty outdated code that states cast iron must be used for plumbing when plastic technologies have advanced rapidly in the 50 years that it was regulated. More of a case is being made for updating with more affordable materials, which is completely viable but only held up by an old policy. Updating these policies would significantly reduce the construction costs for developers and owners.

On the other hand, energy codes are getting stricter which is a good thing from an environmental aspect. I'd also keep an eye on direct current (DC) electricity. We're currently working on six multifamily projects in Hawaii, all using DC instead of alternating current, as well as integrating solar energy. These are the demands of the younger generation and the more we can integrate this type of technology, the more sustainable and attractive the properties become. ■



The Triangle's transportation leaders are attaching greater importance to sustainability initiatives as investment flows into the area.

(...) cities, with auto commuters spending 25 hours every year in traffic. Durham was ranked as the 42nd most congested city. Raleigh ranked 64th for commute time with an average commute of almost 30 minutes, while the city of Durham was marginally better at almost 28 minutes. But the city of Raleigh has faced transport challenges in keeping up with growth, and attempts to mitigate them have seen projects stall due to a lack of funds. All this is about to change, and the city has developed a multimodal transport plan. The 10-year Transport Action Plan (TAP) will transform transport infrastructure in the city. What's more, federal infrastructure dollars from the Bipartisan Infrastructure Bill are expected to help plug the gap, with the state slated to receive billions for roads and bridges, road resurfacing and modernizing transit.

■ Current projects, future developments

Many projects in the region are already underway. For instance, a new \$2 billion, 43-mile commuter rail route will connect Johnston, Wake, and Durham counties, funded in part by the federal government. After completion, the train will carry about 12,000 people a day. Leaders in the region believe the rail line will not solve traffic congestion in the area but that it is an essential step in the right direction. There is an urgent need for more mobility in the region, which will also create more jobs. In fact, it is estimated that 350,000 of the 800,000 jobs created will be within one mile of the commuter rail.

The Triangle region has numerous transportation projects that began in late 2021 and will continue until late 2022. These projects demonstrate the region's (...)



Economic driver

\$15.1 billion a year engine drives local community, 100,000 jobs

Michael Landguth

President & CEO – Raleigh-Durham Airport Authority

What is your role in the region's economic advancement?

We are a huge economic driver for our local community as the airport is about a \$15.1 billion a year economic engine and generates about 100,000 jobs in the local community. When recruiters are talking to businesses, airports are in the Top 10 things that companies consider when moving and that is an advantage we offer.

How are the aviation and infrastructure industries changing as a result of the use of technology?

We are starting to deploy an e-commerce platform to improve the customer experience. We are in the infancy stage but it will allow you to order food, book hotels, airlines and so on to make the experience easier. We have also introduced a software solution for customers to look at the COVID restrictions that may be in place both here in the United States and internationally.

What are your plans in regard to expansion?

We have a plan called Vision 2040 that lays out our infrastructure needs as we continue to grow. One of the key projects is going to be the replacement of our 10,000-foot runway. Hopefully, the environmental process should be completed by the end of the year and construction will be underway in 2023. We are also looking at a land expansion program to improve overall roadway access into the facility.

Are there plans to accommodate alternative fuels?

We are watching what airlines are doing in regard to alternative fuels but we have the infrastructure to support what comes into play. We are still a few years out before that becomes mainstream so we will continue

monitoring EVs and figuring out where they could work. That's for aircrafts but for vehicles we are definitely looking at adding stations for our rental facilities as an option for customers.

How is the airport positioned for a greener future?

Sustainability is something that we've been doing for some time now. We have a recycling program and our Terminal 1 building was LEED-certified in 2014, so we had been doing a lot of this activity already. We kicked off our sustainability management plan to capture everything we've done from a historical standpoint but also to set a course for the future about what more we can do.

What is your experience with labor shortages and how are you approaching the issue?

We are trying to do everything we can to attract and retain good talent and are getting aggressive from a compensation standpoint but it is a continuing challenge. We will try to find ways to modernize and become more efficient to minimize additional headcount. Driverless vehicles are something we are looking at for buses because it requires a lot of people to run our operation.

What logistics conversations have been had in regard to in-migration to the Triangle?

We are constantly in contact with our CDBs, economic development partners and our chambers to give them updates on what we are doing and to listen to them so we know what they need and to find out where people want to go. ■



Christa Greene

*Senior Principal, Raleigh
Stantec*

“We will continue growing our national Complete Streets practice and prioritizing safety for all users, which aligns nicely with the FHWA Safe Streets for All (SS4A) grant initiative. We have a 150-person dedicated funding team, which provides grant writing and program management services. This service is a necessity for engineering firms as a lot of infrastructure funding is tied to grants. Our staff will assist our municipal clients in funding necessary infrastructure projects that emphasize safety over vehicle speeds. Another priority is continuing to be a trusted advisor for our current and future customers, serving as leaders in the industry with a long-term focus on the relationship between land use and mobility. This landscape is constantly changing, so how we help them navigate their way through it is critical.**”**

(...) commitment to improving transport. Examples of these projects include electric vehicle (EV) infrastructure and charging stations that were approved by the Raleigh City Council in 2021 to support the city's transition to electric vehicles. The project will also include EV parking facilities and solar-powered charging infrastructure and is part of the city's community Climate Action Plan.

NCDOT is currently rebuilding the I-40 interstate highway that connects the Research Triangle and beyond. The project will ease congestion and delays and an expansion from three lanes to four lanes is being considered. Other highways in the region undergoing work include I-440 and I-540, which will help alleviate congestion in times of high demand. But emerging changes in transport are not limited to widening roads, and include smart mobility and traffic circles. Cities in the Triangle have adopted smart mobility solutions. Smart Raleigh is a program that utilizes technological innovation and smart mobility to align with the city's strategy. It focuses mainly on specific projects and areas where technology can play a transformative role. It uses smart parking, smart street lights and traffic signals.

Additionally, the U.S. Department of Transport has awarded \$58 billion to the state of North Carolina to

invest in the Raleigh to Richmond corridor Infrastructure Engineering and Safety Program. These are funds from the federal government intended to improve the safety, efficiency, and reliability of freight and passenger rail. The grant will enhance mobility in the region and provide economic opportunities.

But major commercial projects in the works will also increase the need for more and more infrastructure. The Exchange Raleigh is another major construction project that will be completed in the next seven to 10 years at a price tag of \$1 billion. It is a mixed-use building with about 1 million square feet of office space, more than 1,000 apartments, 300 hotel rooms, and a four-acre park, all occupying 40 acres of land. It is located about 1 mile from North Hills at the intersection of Wake Forest Road and St. Albans Drive and adjacent to the Holly Park shopping center. This will mean a significant infrastructure investment is needed around the area to support this growth.

■ Public transit

The Transportation Department in the city of Durham is responsible for a wide range of transportation services and is working to increase the available services and connectivity. The city is working on various projects; some in collaboration with the North Carolina Department of Transport (NCDOT), while some are local



Demand for general aviation grows as more companies relocate to the Triangle and commercial travel strains airports.

projects. The projects in the city can be categorized into four broad classes: NCDOT-led projects, City of Durham-led bicycle/pedestrian projects, transit projects, and other city-led projects.

The city of Durham Transport Department is working on an ambitious plan to transform the transportation infrastructure in the city. The project, known as the Durham County Transit Plan, is expected to run for 20 years, through to 2040, at a cost of \$1.13 billion. A half-cent sales tax was approved to fund this infrastructure expansion program. According to the plan, 73% of the funds will go to bus projects, and 27% to commuter rail. As a result of this investment, bus services will witness a major overhaul with significant improvements and enhancements. GoDurham routes are expected to run every 30 minutes, and some routes will run every 15 minutes. Bus services going to and from Chapel Hill on routes 400 and 405 will see more enhancements. Similarly, North Durham Routes 4 and 9 will run every 15 minutes. Currently, GoDurham has the second-highest ridership in the state and is returning to pre-pandemic levels.

In conjunction, Raleigh has launched an ongoing BRT project to offer fast, reliable, frequent service in four key corridors. The service will be fully operational by 2030. The plan began in 2016 when it passed a vote, and it will result in 20 miles of transit rails along four



Doug Middleton

*General Manager
GoDurham*

What have been the most prominent successes for GoDurham over the last year?

GoDurham is a huge ridership generator. Of all systems in North Carolina, we transport the second highest number of people in the state. The community relies on GoDurham. From a service standpoint, it's great to have that momentum on a product. Also, our employees are proud of the work they do to make that happen. We are seeing a channel of resources coming in from federal and local funding sources which translates into recognition of GoDurham as a mobility powerhouse. It's exciting to see electric buses running in our system, with six more being delivered soon. We are also undergoing facility upgrades to our Durham Bus station. So, while many transportation systems are pulling back services right now, GoDurham is steadily restoring services with an eye on growing services in the near future.

Where transit goes, business grows. Our routes are bringing in a lot of riders who engage with businesses. The economic impact of transit stems across business sectors, individuals and the environment. The more flexible and fluid your transit system is, the more willing individuals will be to utilize it. They want convenience and five- to 10-minute service helps the economy grow significantly. Mobility is a basic need and that's what we're striving for.

What is the future of transportation in the Triangle?

From a Triangle perspective, every leader has a different approach, but everyone is moving toward the same goal. Customers are demanding less structure and more flexibility; that means more express service and bus rapid transit (BRT). I expect that will increase by 20% to 40% in the next few years because the funding is coming. We are going through a paradigm shift and the economy is the catalyst for that shift. Either we adapt or I believe transit as we know it today could be in danger of becoming irrelevant in the future.

I also think autonomous transit will make its way to the market on certain fronts to cut costs and create more flexibility. We will also see new technology and alternative fuels, such as hydrogen becoming more mainstream. I worry about the reliability of electric vehicles but these conversations are all a part of becoming greener as a society in the way we travel. ■



Street Lee

President & CEO

McKim & Creed, Inc.

What part do you play when it comes to addressing infrastructural needs?

We are a multidisciplinary engineering and surveying firm that helps our clients solve complex infrastructure challenges. This includes markets such as transportation, energy, water and wastewater infrastructure, healthcare, schools and universities as well as large-scale land development projects.

As Raleigh continues to grow, there are several infrastructure challenges that need to be addressed. It is important to note that while infrastructure expansion is necessary to support this region's growth, the rehabilitation and replacement of aging infrastructure is also vital to protecting the health of surrounding businesses and residents.

What are your priorities for the upcoming year?

In 2019, we prepared our 2025 strategic plan which details our plan to drive innovative solutions for our clients and develop a culture in which top talent in the industry aspire to work. We are seeing unprecedented competition to attract and retain talented employees, and we are working hard to recognize and support our current employees while communicating our unique company culture to attract other talented professionals. This includes improving our business systems and policies to address the changing needs of our clients and our employees.

The construction and engineering industry is continuing to experience impacts on delivery times and costs. We have seen situations where our clients and owners cannot get the same result for the same dollar value they could years ago, which has an overall impact on their budgets.

Providing an outlook on the future of our industry is difficult, for sure. In 2022, there is uncertainty in the general economy and markets we serve, but our workload is as strong as it has ever been and the market condition in the Triangle is robust.

Our outlook for our business is equally optimistic. We do expect certain areas of the economy to slow but also anticipate continued activity in infrastructure, renewables, healthcare and education in the coming years. ■

Bus Rapid Transit corridors in Wake County. Another ongoing project is the Raleigh Union Station Bus Facility Project or RUS Bus. It will occupy 1.76 acres on West Street in Raleigh. After completion, it is expected to create a multimodal hub to expand the transit network for passengers in Wake County, the region, and the state.

But four-wheeled transport is not all that's on the infrastructure agenda. Raleigh Union Station in the city's Downtown was built to accommodate all forms of transport to meet current and future demand. It caters to commuter rail, intercity passenger rail, taxis, buses, bicycles, and other forms of transportation. BikeRaleigh is a program that encourages biking as a viable, non-polluting mode of transport. Therefore, the city ensures there is convenient bicycle access in all areas. The Raleigh Bikeshare program is a partnership between Bewegen Technologies and the City of Raleigh. Similarly, Cardinal Bikeshare is a public self-service bike rental system that can be used on short distances and is typically found across 30 stations.

Often considered one of the more efficient transit methods, plans for light rail have fallen through, and many are wondering whether there will be a renewed push for rail connectivity. The D-O LRT project was a light train that would have connected three main medical facilities, three leading universities, and three of the top employers in the state. It was supposed to cover 17.7 miles and would have provided more than 26,000 trips each day to commuters in Chapel Hill and Durham. The project was discontinued in 2019. Now, with the growing population, the residents want to see the project brought back to life.

In the meantime, the S-Line corridor is another high-performance railroad project connecting Richmond, Virginia, to Raleigh, including several stops in the Triangle. The project is a collaborative effort between NCDOT and the Virginia Department of Rail and Public Transit (VDRPT). The city is also planning to build a commuter rail connecting Durham County and Wake County.

■ Opportunities & challenges

Cities in the area are becoming more creative around their use of infrastructure with more implementation of roundabouts. According to the Federal Highway Administration, roundabouts can increase street traffic capacity by 30% to 50%. Typically, roundabouts are intended to make intersections safer and more efficient for cyclists, pedestrians, and drivers. They reduce traffic speed using geometry instead of traffic signals so traffic flows steadily. Low speeds created by roundabouts can reduce crash severity for vehicles, cyclists, and

pedestrians. Additionally, roundabouts can reduce fuel consumption and noise by changing stop-and-go cycles so vehicles spend less time idling. The maintenance and operation costs of roundabouts are much lower than traffic signals and save cities money.

But it is not always easy to identify the best way for transport infrastructure to interact. The New Bern Avenue station area is currently being examined for development opportunities. A BRT has been proposed to connect downtown Raleigh with WakeMed and New Hope Road but the design needs to take into account multimodal enhancements connecting with the surrounding community. This is a first-of-its-kind project for the Triangle Region, with a holistic project focus for the community, and will hopefully help the region avoid some of the high-growth-related mistakes of counterparts around the country.

One project that serves as a cautionary tale of the importance of advanced planning is the U.S. 64 Corridor, a major vehicular corridor between Cary and Apex. The traffic design engineers and planners are looking at innovative strategies to minimize the potential right-of-way conflicts that come with improved access and traffic flow. However, funding issues and

escalating construction supply and labor costs have been challenging.

But authorities have realized that PPPs can help with funding shortfalls. Partnership Raleigh refers to a public-private partnership between the local business community and the city of Raleigh. The program is expected to create jobs for young people between 17 and 21 living in Raleigh, and to create more benefits for the whole community.

Perhaps one of the biggest challenges for communities is the advancement in autonomous vehicles and figuring out how they can fit into the local fleet. NCDOT is partnering with N.C. State University's Centennial Campus in Raleigh on an innovative, autonomous shuttle dubbed the Connected Autonomous Shuttle Supporting Innovation (CASSI). Its autonomous vehicles use cutting-edge technology to operate without a driver. They navigate the road using remote sensors and laser technology (LiDAR) and GPS, and they have no steering wheels, brake pedals or rear view mirrors.

■ Aviation

Raleigh-Durham International Airport is North Carolina's second-busiest airport making it one of the most

STAYING COMPETITIVE IN THE NEW NORMAL CAN BE A REAL CHALLENGE.

GOTRIANGLE EMPLOYER SERVICES CAN HELP!

Our Transportation Demand Management (TDM) team can assist you with complimentary resources and tools to help you build commute options for your employees.

WE PROVIDE SOLUTIONS TO:

- Advance a hybrid workplace
- Implement or improve a telework program
- Develop carpool networks
- Build a bicycle-friendly facility
- Champion environmental change
- Alleviate parking challenges
- Create a happier, more connected workforce

essential in the state and the mid-Atlantic region. As a result, it plays a significant role in international commerce. And it is getting busier. In August 2022, the airport set passenger traffic records for the fourth month. Frontier Airlines also launched non-stop flight services from Raleigh-Durham International Airport (RDU) to several new destinations, including New York, Detroit and New Orleans. And with executives returning to business travel, all signs point to higher demand in the next few years.

To meet the region's future demand for aviation, Raleigh-Durham Airport has created Vision 2040, which covers areas such as terminals, airfields, ground transportation, and general aviation. The multi-year project to replace primary runway 5L/23R and convert the existing runway into a taxiway has already been approved. The construction, which will cost about \$400 million, is anticipated to start in 2023. The runway is expected to open in 2027, and the taxiway in 2030. As part of the pandemic recovery plan, RDU recently approved a \$249.3 million budget to restart stalled



Sepi Saidi

*Chief Executive Officer
SEPI, Inc.*

“We are thrilled that the federal infrastructure funding passed. Also, we are thrilled that in North Carolina, the legislators in this year's budget assigned a portion of our sales tax to infrastructure projects for roads and highways. That passed and it's very exciting for all of us in the industry. We need to ensure adequate funding for infrastructure because that's the heart of economic development. Making sure we have safe and reliable highways, roads, bridges and internet broadband is a part of the growth of any community or city.

Overall, my outlook is very positive. I think that our 10-year growth is going to be tremendous. I feel that the Triangle in the next decade is going to continue seeing this growth. My top priority is to understand what's new and coming because I feel that the organization has to be nimble and be able to change and be able to adapt. To be able to thrive, you have to be able to change. That is why the priority is staying fresh, staying relevant.**”**

projects and initiate new ones. The funds will also be used for Vision 2040 projects. The airport continues to play a significant role in the local business community, and as it grows, general aviation is taking on more cargo and business and private travel. According to Robert Heuts, airport director of the Raleigh Executive Jetport, the \$5.3 million runway project still under construction will address water and sewer problems. It will also create better accessibility to the southern part of the airport and add 12 new box hangars.

■ Telecommunications

The greater Triangle region is at the forefront of technological innovation and is now the second fastest-growing tech hub in the country. About 50 years ago, IBM established RTP, and other leading tech companies have been moving in ever since. Apple recently announced it would establish a campus at RTP with about 3,000 employees. More than 4,000 tech companies in the region employ more than 60,000 people in sectors such as information security, software development and other IT fields. More companies in mobile applications, cloud computing, healthcare IT and cyber security have moved into the region.

■ Water

Raleigh Water is Raleigh's Public Utilities Department that houses the City of Raleigh's Capital Improvement Program (CIP) division. The division is responsible for water and wastewater infrastructure in Raleigh and other towns like Zebulon, Wendell, Wake Forest, Rolesville, and Knightdale. It improves pipes, treatment plants, pump stations, and storage facilities. There are several water and sewage related projects in the works, including green stormwater infrastructure to mitigate stormwater, the Worthdale Park stream restoration and the Raleigh Rainwater Rewards program that rewards those who capture and recycle stormwater runoff. Raleigh also has a Watershed Protection Program, which helps protect water quality in critical ecological areas through land conservation and other innovative solutions.

■ Electricity/power

Electricity customers in Triangle regions such as Greensboro, Charlotte, and the Triad area will see their monthly bills go up by 9.5% by December. However, on January 1, 2023 rates will come down by 1.3% after regulators approve energy efficiency adjustments. Still, a net increase of 8.2% will place more pressure on households amid the cost of living crisis. However, utilities argue that these rate hikes are necessary to



Triangle municipalities are revisiting their utilities infrastructure to ensure they can sustain continued growth.

maintain an efficient grid. There is a concerted push for more solar power in buildings in Durham, and the city is completing a three-year plan to weatherize homes and reduce stormwater runoff in the city's underserved neighborhoods.

The primary energy source in the town of Morrisville is electricity. Several projects have been completed that will improve the efficiency of buildings and equipment to offset non-renewable electricity consumption with solar. The town is prioritizing the consumption of electricity from non-renewable sources. The city of Durham is also focusing on energy efficiency and climate change mitigation measures. As a result, there are several sustainability programs in the pipeline that include EV charging points, replacing lighting systems with more efficient LEDs and planting 1,500 trees across the city.

■ Looking ahead

The Triangle is facing the same challenges as any other high-growth area. More people moving into the region mean more infrastructure requirements, and the federal infrastructure funding may just be arriving on time. But it is not just about investing but rather about investing in a sustainable way that will support the region for years to come. In 2008, Raleigh created a sustainability office to offer guidance on the city's goals and policies. And in 2019, the city adopted an ambitious plan to attain an 80% reduction of greenhouse gas emissions by 2050. Several measures and projects are underway to achieve these goals, including strategies to reduce greenhouse gas emissions, reduce waste in landfills and many other strategies. ■



David Eatman

*Assistant Transportation Director
of GoRaleigh
City of Raleigh*

What do your priorities look like given the current landscape?

Over the last few years, the transportation industry has been challenged by labor shortages. It has affected our bus route coverage. It has driven a lot of our business decisions over the last year as far as service provision and prioritizing by keeping those as whole as possible. From an infrastructure standpoint, we've looked at one bus rapid transit corridor, which will enter construction next calendar year. We submitted another corridor for ratings application. We're progressing the third corridor into 10% to 30% design. We've got a lot of infrastructure projects underway. We can't let a short-term labor shortage impact our long-range planning.

What role does GoRaleigh play in the economic resilience of Raleigh and its residents?

Transit is the backbone of employment transportation. GoRaleigh primarily serves the city of Raleigh but also the towns in Wake County. Wake County is a unique county. It has 12 municipalities and a lot of stakeholders for everything we do. Linking employees and employment centers across the city of Raleigh and providing mobility is key. We have an equitable distribution of our services and provide a level of transportation that is accessible to everyone. It's vital to the economic development and success of the community at large. During the pandemic, many people had the opportunity to stay home and weather the storm but a lot of our frontline workers couldn't. Without transportation options, everything starts to become much more difficult.

If you could change the system instantly, what would you do?

We would have our 50% federal share for our bus rapid transit (BRT) corridors and our commuter rail would be complete across the region, linking existing high-frequency BRT services within Raleigh with Durham and Chapel Hill. We're developing those internal networks but it's also about connecting those networks across the region. The reality is that these projects take time and we're using public funds to ensure responsibility. ■

We're excited to meet you, Raleigh.

Comerica Bank is dedicated to helping grow businesses across North Carolina as we've been proudly serving clients throughout the southeast. That's why we're expanding our resources, with a general focus on middle market entrepreneurial-based companies. We're adding offices in Raleigh, serving the Triangle Area; Winston-Salem; and Charlotte.

With our nationwide presence and over 173 years of banking experience, the Leading Bank for Business* has the capabilities to help your company conquer challenges and thrive, backed by industry leaders who know your market.

We bring local experience and a full range of financial services, from business financing to treasury management, to take your business further.



CURT FARMER
Chairman, President & CEO
Comerica Incorporated & Comerica Bank

North Carolina native Curt Farmer is a long-tenured financial services leader based at Comerica's headquarters in Dallas, Texas. Prior to joining Comerica, Curt worked for two decades with businesses and individuals throughout North Carolina and the southeast.



JERRY BOWEN
Southeast Market President
Comerica Bank

Native North Carolinian Jerry Bowen, located in Raleigh, is a 35-year financial services veteran with strong ties to the southeast and a general focus on middle market entrepreneurial-based companies.

Comerica Bank.
Raise Your Expectations®

Learn more at Comerica.com/southeast.

MEMBER FDIC. EQUAL OPPORTUNITY LENDER.

*Comerica ranks first nationally among the top 25 U.S. financial holding companies, based on commercial and industrial loans outstanding as a percentage of assets, as of June 30, 2022. Data provided by S&P Global Market Intelligence.

CB-671901 11/22

Banking & Finance:

After a monumental few years of growth in the banking sector, the next few years are set to remain muted in the Triangle. But new fintech innovations coming out of the region as well as continued investment will set Raleigh-Durham up for its next high-growth chapter.

Winning the race:



Business will likely slow but the region is ready for the next phase

Charlotte is the second-largest banking hub outside of New York City and Raleigh-Durham's banking sector continues to grow and attract financial institutions from across the nation. This should be no surprise given the hub's proximity to New York, huge pool of educated talent and more and more corporations moving to the region every day. To cope with the skyrocketing demand for services, banking institutions have begun to trickle into the region, including Cincinnati-based Fifth Third Bank, which announced the opening of a financial center in Raleigh last year. Dallas-based Comerica Bank selected Raleigh as its Southeast hub in the same year and Fidelity said it would add over 1,500 jobs in Research Triangle Park.

Access to banking services is important for any growing region because it can dictate how equitable that growth becomes. One of the main questions being asked by decision-makers in the midst of stellar economic growth is how to ensure this remains smart and sustainable – and banking can play a key role. Banks all over the region have made a commitment to the MC bankers Association's DE&I Council, which aims to make financial services and education available to all. Fifth Third launched its independent Executive Diversity Leadership Council's Accelerating Racial Equality, Equity and Inclusion initiative in 2020, with a commitment to provide a total of \$2.8 billion to underserved communities through lending and investments. This shows foresight and commitment from Raleigh-Durham's banking industry to ensure the entire community grows.

■ Landscape

Demographics are an important consideration for any banking strategy because the growth of population or wealth often impact where they channel resources. From 2010 to 2020, Wake County and Durham County combined added about 25% to their population, creating a surge to 1.45 million residents. In the year from 2020 to 2021, a further 22,000 residents came to the region – and all those people need banking services. Not only this, but the population was often accompanied by employers, generating a surge in demand for corporate banking services. Notably, tech giant Apple plans to install a (...)



'Explosive growth'

On the back of a successful 2021, this year has delivered even more

Brian Reid

President – TowneBank Triangle

How would you characterize TowneBank's past year?

We completed the second round of funding PPP loans and the forgiveness process, which felt like a far-off milestone in August 2021. This is just one of the ways in which we feel rewarded as bankers. We were able to keep our team positive despite the world not being fully back and we were successful in reaching or exceeding all the metrics that we hoped for in 2021. This year has been an unbelievably explosive growth year. Coming out of the pandemic, we did not know exactly how that was going to play out. We continue to invest in our communities, having donated \$13 million to nonprofits last year. We also recently announced a \$5 million commitment to NC State University.

What is TowneBank's primary contribution to the Triangle's continued economic resilience?

Banks are a critical part of the capital structure of our communities. We want to continue to serve everybody, from the smallest businesses to the bigger corporations. North Carolina was recognized as the No. 1 state to do business recently. The Research Triangle gets accolades for also being a very pro-business, pro community and a great place to live, work and play. On the flip side, interest rates continue to go up, which makes it more difficult for folks trying to buy homes and makes it more challenging for some of the different investments to be made. Our role is for the community to continue to be able to make those investments so we can grow and thrive. Sadly, we have about one seventh of the residential real estate inventory that we need to meet demand from the community. We will continue to make the required investments on our end to increase this segment.

How are your services evolving to accommodate your customers' changing needs?

Day-to-day banking is showing few changes, if any. On our commercial banking side, in our role as advisors and advocates for our clientele, a lot of times the numbers just speak for themselves. Cap rates are going up, as are interest rates. Rents are not coming in line to support that. Land prices are increasing, as are construction prices, so commercial real estate investors are starting to make some tough decisions. We anticipate that there will be a slowdown in the number of opportunities that come because the math does not work. It just comes down to whether you are going to get your return on investment or not and if the value is going to be there in relation to the cost that you are putting into it. We have seen some appraisals that are significantly lower than cost because of the reasons I just highlighted.

In the event of a downturn, how do you expect the Triangle to perform?

We are thankful that our zip code is here in the Triangle. We are very fortunate to have a friendly state government, Research Triangle Park and three large universities as well as the best and largest technical college in North Carolina. In addition to national and international accolades, we have a number of large multinational corporations choosing to invest in our market. That speaks for itself. But again, if interest rates, land prices, materials and construction costs all continue an upward trajectory, eventually something is going to have to slow down. The good news is that our situation is likely going to be significantly better than the rest of the country. ■



Kevin Walker

Head of Credit Suisse Raleigh
Credit Suisse

How is Credit Suisse positioned in the region?

We are a global bank; we are a global location. We have over 10 business divisions here at the site and provide support to Credit Suisse offices around the world and across multiple businesses. We have been growing for some time now and we expect that to continue.

I would expect us to increase the core capabilities that we're providing to support the bank. We have a lot of initiatives that we're working on currently and in the pipeline, many to do with diversity and inclusion, and building up our culture. I see nothing but growth within the region to help the broader bank. I want us to continue to lead, drive and support the bank.

What was the main challenge in the last two years?

Working from home was a challenge for most companies. We opened the doors back in February and promote a hybrid working environment. We're proud of that. We think a hybrid working environment certainly works to provide meaningful connections and culture but also flexibility.

How good has the Raleigh market been for your operations?

In the last couple of years, our region has been in the Top 5 across every magazine in terms of growth and the quality of the region in terms of life and work. We're leveraging that, our business is aware of that. We continue to invest in the site. We continue to look for top talent within the region. From a Raleigh perspective, economically, I believe the growth of the region is in good shape. So, what that means for us is it just widens the net in terms of the talent pool and business opportunities for the bank.

What is your outlook for the bank in the Raleigh region?

My hope is we continue to grow our footprint and capabilities in the region. But there is a lot of infrastructure that needs improvement, like the airport, to sustain the growth. I do think from a regional perspective with all these companies coming in, we do need to invest in our roads, our airports and our infrastructure. I think at the end of the day we will see more growth within not only our company but with a lot of companies here in RTP. ■



Many financial institutions have returned to working in the office to maintain customer relationships in brick and mortar settings.

(...) \$1 billion campus at Research Triangle Park, bringing with it hundreds of millions in local investment dollars.

The Triangle's banking sector is already strong. According to the Triangle Business Journal, there are five locally headquartered banks operating in the region and a further nine from further afield but within the state boundaries. Another 10 national banks round out the ranks, from as far afield as New York City, San Francisco and Los Angeles. These Triangle banks have combined deposits worth over \$68.6 billion and, while the bank with the largest market share – Pacwest Bancorp – is from out of state, the fifth largest bank is headquartered in Raleigh itself. First Citizens Bancshares has \$5.75 billion in deposits, earning it over 8% of the market share.

But there is always room for more competition in the market, and new financial institutions keep entering the market. Banking giant JPMorgan has been slowly growing its presence in the region after its first market foray in Chapel Hill in 2019 and has since opened another branch in Wake Forest. The bank attributed this to higher demand for wealth management services as more and more wealthy residents flock to the region. Banking groups have also entered into the real estate space as more opportunities arise for property management within the burgeoning medical campus subsector. A Goldman Sachs managed firm this November acquired five buildings in the Triangle Business Center for an undisclosed amount. And some banks want a more prominent space within



John Ward

*Commercial Banking Market Executive
Wells Fargo*

What were the biggest achievements and milestones for your organization in the last year?

It has been a busy and good year for us in the Triangle and for Wells Fargo overall. We transitioned our teams back into the office and it has been exciting to once again be able to collaborate and work together in-person.

We've been fortunate to see some really strong growth across lines of business. Our deposits are up more than \$500 million on a year-over-year basis. This is a good validation of the continued work we're doing in the market.

Wells Fargo has also continued to give back to the community in a big way. Last year, we provided more than \$7.4 million in grants to nonprofit organizations across the region. Wells Fargo was the top corporate donor in the Triangle and no other financial services company was even in the top five. We feel really good about the work we're doing not only in the Triangle but across the country.

It's been a good year for Wells Fargo on all fronts and there are good things that we will be doing in the next year as well.

Is Wells Fargo growing more on the digital side than the branch networks?

We've already got a great distribution network in place but we are working to grow on both fronts. We've been in this market for a long time and we enjoy a significant market share. We continue to invest in the digital experience that our consumers desire and are looking for. This past year has been significant in that regard. When you look at our mobile activity, in the third quarter of this year, our active mobile customers grew across the country to 28.3 million, which was up 5% year over year. We're seeing that trend continue; our consumers want that digital experience. We've also launched a new mobile app with a simpler, more intuitive experience for the customer. We think that's been well received and shows that the investment we're making is something our consumers like.

We were very pleased that we've recently been ranked in the Top 3 of the JD Powers Mobile Banking Satisfaction study. Our investments are being recognized and we continue to move up in that ranking. It's about providing a holistic experience, including bricks and mortar. ■

the industry amid new competition. Dogwood State Bank, which moved from Morehead City to Raleigh in 2019, recently signed a lease on the first phase tower of Salisbury Square, setting it squarely among the ranks of Wells Fargo and Truist.

As competition heats up, efficiency must follow, but there seems to be a lack of consensus of what that means. For some banks, it is about closing branches and moving to online services, but for many in the Triangle, a larger presence is the way forward. Throughout 2021, regulatory filings show that just five branches were shuttered in the market, while 18 branches were opened across Wake and Durham Counties. Fifth Third Bank has set its sights on North Carolina for growth and expects to open several more branches, while JPMorgan Chase's CEO recently revealed plans to expand further. And in May, First Bank expanded its branch presence by acquiring Select Bank & Trust, which added 11 locations to its North and South Carolina presence.

And just like the absence of the tension between brick and mortar and online banking, the Triangle seems to have no strain between large banks and smaller community banks, with more than enough room for everyone in the growing market. In fact, Roxboro Savings Bank outperforms many of its larger rivals – unheard of for a bank its size. It boasts a 41% market share for deposits in Roxboro at \$240 million and the bank credits this to its foresight to invest early in the most cutting-edge banking technology. (...)

Big and small

Leaders from national, regional and community banks share the unique roles they play in the Triangle's continued economic resilience.

**Lee Fite**

*President, Carolinas Region
Fifth Third Bank*

**John Sprint**

*Market President
HomeTrust Bank*

What is the banking sector's role in economic resilience?

One of the reasons North Carolina has thrived is its robust banking system. We're fortunate to have a banking commissioner who is very aware of both the challenges banks face and the role that banks play in building strong local communities. She does a great job of balancing the needs of the bank and the community. Strong business communities must have strong banks of all sizes. To have that, we need to have a strong banking commissioner who is an advocate for healthy banks. No matter if you plan to start a business, purchase a home or plan a happy retirement, you need access to capital and sound advice. You need someone you can trust. Banks are made up of people from all walks of life who face the exact same decisions we all face. Banks and our employees care about our local communities, our local neighborhoods and we want everyone to benefit from the opportunities available in a great state like North Carolina. While we may fiercely compete with one another, it may surprise you how often banks come together to address community needs. That's an advantage for North Carolina, because our banks work hard so that we all have a path for success.

What are the bank's near-term priorities?

We are focused on economic development through homeownership, small-business support, financial education and neighborhood revitalization. It's about building a healthy environment for communities. We can play a role in helping a community grow and prosper. When it comes to home ownership and small businesses, big companies like Fifth Third can make a huge community impact. With respect to small businesses, we believe that small businesses are often the sources of the most powerful ideas and we want to support idea generation and innovation. In the Triangle, Fifth Third will continue to hire great people because this is one of the best places to live and work in the entire country. ■

How does being a community-focused financial institution manifest in your daily services and operations?

I've always maintained that banking and lending are local. Each market that HomeTrust serves is unique. For example, we continue to see a high level of job growth and immigration here in the Triangle. That localized approach is why I've gravitated toward working with a community bank. HomeTrust has the capacity to finance large transactions and build deep meaningful relationships through our broad array of products and services. Equally or even more important, we're fortunate to have knowledgeable clients and smart, experienced bankers who ask the right questions and have the ability to make local decisions. I believe we're doing a good job of supporting our local economies.

How would a slowdown impact your operations?

Because of our niche, we have long-term relationships and repeat customers that we have an ongoing dialogue with. We gauge where they are in their business plan, what is going on in the market and make sure that we're all seeing the same thing. For example, if we believe there will be a change in direction concerning the appetite for opportunities, we're ahead of that and talking to our clients. We're learning from our clients and our clients are also learning from us. It's no secret, communication is the key to navigate through any slowdown or recession.

What will clients want out of banking in the near future?

The industry is at a crossroads in terms of trying to homogenize and provide a lot of technology-based decision-making. Nonetheless, lending is still a subjective practice. AI will get stronger in terms of algorithms over time but I think it still misses the human factor. We've worked with our clients for a long time and it's a little hard to accept that an algorithm with a bunch of inputs will automatically provide the right output. ■



Taylor Vaughn

*Market President
United Bank*



Earl Worley

*President & CEO
KS Bank*

Where is investor confidence right now?

Everyone has their own opinions about where the market is and where we are in the cycle. Some are pulling back, others are leaning in. Right now it is more about lining up the business plan with the right capital with a flexible structure that allows the investor to adapt with the market. We are still accepting new customers and lending money, which can't be said for every bank in the country. We look at this period of volatility as an opportunity for United, especially in our newer markets here in the Carolinas.

How has the customer experience in banking changed?

It is far more virtual. People are a lot more comfortable having big, difficult conversations on Zoom or over the phone. There is a lot more time behind the computer and there have been fewer networking and community events. Multimedia has been very helpful for this because it provides an opportunity to build a connection from afar while keeping things personal.

How are you widening your presence in North Carolina?

The main factor is the talent war and getting the right people on your team and making sure that they have the skill sets required by the current market. Banking has gotten more technical and complicated as it has become more institutionalized. Ultimately, people bank with people, so at the end of the day it comes down to the customer's relationship with individuals at the bank.

What is on your priorities list for the future?

I want to make sure that my team is happy and that they are engaged with what we are doing. America is burned out after the last two years. Many people are just going through the motions. It's more important than ever to focus on taking the time to celebrate our individual successes, celebrate our team successes and reflect upon and understand what created those successes. ■

What have been the bank's most significant milestones this year?

I have been with KS Bank for 30 years and 2022 has been a whirlwind. Economically, this has been a tremendous year for community banking with continued mergers of big banks and other community bank partners in the region. That has allowed us to step in and fill a gap in services that was created in the past few years. It has been a great year from a long growth perspective, and we have seen increased deposit growth. Johnston County, where KS is headquartered, is the fastest growing county in North Carolina and among the fastest growing in the nation. Because of that, we have seen a lot of housing lending activity, and we are actively involved in the real estate market. Interest rates rising has people nervous, especially with their effect on mortgage rates, but my first mortgage was 7.75% 30 years ago. This is not the end of the world; it's a mindset shift. We are in a slowdown, but not a cataclysmic slowdown. People are more judicious about how they approach buying a home today and realtors have had it relatively easy the last few years when it comes to looking for people interested in buying or selling. I'm seeing things revert back to negotiating deals and builders are putting incentives into their homes.

What role are community banks playing in this market?

Community banks are vital to communities, especially in rural and urban markets. We are seeing the "WalMart effect" of larger banks arriving, dissolving a community bank and potentially creating a negative community impact by taking away the option to bank locally. Community bankers understand the markets better than anyone else – because we are in our communities, we know our people's businesses and are able to help how we can more flexibly. We recently expanded to Dunn in Harnett County because another local community bank left and residents wanted our presence. Because of this demand, I see a bright future ahead for community banks. ■



Comerica Bank opened its Raleigh office in July 2022, strategically placing itself for continued Southeast expansion.

(...) ■ Sector performance

Banks have reported higher than expected profits in 2022, only some of which can be attributed to inflation. In their second-quarter earnings, a slew of banks, including JPMorgan, Wells Fargo, Morgan Stanley and Citigroup reported net interest income had grown by as much as 40%. But in the Triangle market, there are more factors fueling the surge in profit. Residential real estate demand hit a peak in mid-2022, meaning more and higher-value mortgages for lenders. The median sale price of a single-family home in the Triangle was just shy of \$400,000 this March, up over 24% from the same month in 2021. And the high M&A activity is helping Triangle financiers reap the benefits of deal commissions. One of the biggest transactions was IBM's acquisition of Raleigh-based Red Hat for approximately \$34 billion in syndicated bonds, secured through bridge loans with JPMorgan Chase and Goldman Sachs.

Like all industries this past year, bankers and financiers have had to balance the pace of growth with their ability to attract top talent. The region boasts some of the country's top talent, producing 65,000 graduates each year from its 20 universities and community colleges. Still, the industry is competitive, and employers have had to increase benefits to attract attention. Bank of America has raised wages across the board, with starting salaries now at \$44,000 with

**Residential
demand has led
to higher-value
mortgages for
lenders**

full benefits. Meanwhile, some of the smaller players such as Pinnacle are focused on hiring talent from competitors. The bank sets aggressive retention rates of up to 95% and rewards associates with equity and cash incentive payouts.

But as the economy cools, banks need to be careful the pendulum doesn't swing in the other direction. While interest rate rises have been generally positive for certain banks as rates rise, there is the expectation that activity will decline. Across the U.S., consumer debt has been steadily increasing since 2014 and total debt has now reached about \$16.5 trillion in the third quarter of 2022. Meanwhile, deposits have been dwindling,

which will prompt banks to take a more conservative view on lending. As of the beginning of November, total bank deposits cooled to \$17.7 billion from a peak of about \$18.1 billion mid-year. Still, deposit values remain at historic highs.

Borrowers have been scared away from homebuying activity already. Mortgage rates have reached their highest since 2008 as the 30-year mortgage surged to over 7%, according to Freddie Mac. Banks will have to be prepared for a slowdown in lending, but as far as the Triangle goes, it is among the best -positioned regions to ride out a recession. Raleigh and Cary were both among the Top 10 in SmartAsset's Most Recession Proof Cities ranking, given that it was the first area in the state to (...)



Parallel paths

Past year marked by expansion across North Carolina

Jerry Bowen

President, Southeast Market – Comerica Bank

What has been Comerica's approach to growth?

Comerica has been around for over 173 years. It has a large presence in Michigan, Texas and California, a smaller presence in Arizona and a very small presence in Florida but the bank has approximately \$6 billion in commitments across the Southeast in different industry sectors.

Strategically the approach has been to come into the Southeast markets with our commercial bank and our private wealth banking teams and then follow with retail banking at some point in the future. In the last year, we've been running a couple of parallel paths while recruiting people. We opened up our Raleigh office in July 2022. We followed that with a Charlotte office in August and we have leased space in Winston-Salem. So, the last year has been spent in North Carolina launching a presence in the marketplace, recruiting people across commercial banking, wealth private banking and treasury management, getting office space secured and working to develop the market.

What is the bank's strategy in terms of market segments?

Comerica does not yet have regional banking branches in the Carolinas but, strategically, the plan all along for this bank has been to come into markets across the Southeast.

The world of retail banking has changed dramatically. If you go back four or five years ago, roughly 70% of what used to transact in the branch now occurs on your phone, your computer or an ATM. Different banks have different strategies in that regard. Comerica Bank's balance sheet is roughly 75% based on commercial banking, 15% to 20% on wealth private banking and

then a smaller part on retail banking. That is not to say retail banking is not important at Comerica, but we are not on the same scale as the mass-market brands for retail banking.

How is Comerica leveraging technology today?

You have to invest in digital capabilities to meet client and marketplace demand. Whether consumer or commercial customers, people are interacting much more in a digital fashion today and we have to continue to invest in this area to meet our customers where they expect to be engaged. You have to make sure that you are building your technology platform in a manner that allows you to drive internal efficiencies, including internal processes. It is also important that you make sure you understand how your customer base expects to interact with the bank and how they expect you to deliver your product and services to them. The cost of doing that now is high. The evolution of technology is so rapid that you could find yourself spending several years building and installing technology and then by the time you finish it, it might not be as relevant as you thought it would be. There just needs to be continuous investments in technology.

What are your main priorities for the bank?

We will continue to invest and build out our North Carolina operation. We plan to have a banking center presence here with retail branches to complement the investment in commercial, wealth and private banking. We've added people in some markets in Florida. We are going to continue to build out what we started a year ago and try to do that as efficiently as we possibly can. ■



James Sills

President & CEO
M&F Bank

What challenges are the bank and the wider industry facing?

For M&F Bank and the wider industry, the biggest challenge is talent acquisition. It's one of the biggest challenges I've ever faced in my career. We have recruited for certain positions for seven or eight months. It's difficult for a community bank to hire someone away from a large-scale financial institution unless they are willing to embrace the mission of the bank and serve others. This can be inhibitive to our growth because we need great people to continue advancing our institution. Because we have had difficulty recruiting talent, we've been looking more internally at opportunities to train our existing staff members who have the right attitude and aptitude to step up into those roles, which we have done successfully. Small companies, generally speaking, need to improve in the internal training space. This, coupled with challenges in recruiting, is forcing us to explore different strategies to build and maintain an efficient staff, and one of them is reviewing our internal talent.

As the second oldest minority-owned bank in the country, what is M&F Bank's cultural significance?

Over the two plus years we experienced significant growth due to our mission to provide access to capital to the entire community. I believe consumers still want to have the option to establish a relationship with a person in their bank. We participated in the PPP program and I could tell you a million stories about how business owners really wanted to interact with a person versus a 100% digital experience. I know that is important because people bank with people they have a relationship with. If you have a relationship with a good banker, they can grow with your business. When the economy contracts, they can provide you solutions on how to help your business stabilize. You just can't get that in a text message or email.

What trends are you keeping an eye on?

The No. 1 trend is digital banking convenience. We're investing more in technology than ever before. It's all about having that high touch, high tech customer experience both in person as well as through your smartphone. ■



Financial institutions in North Carolina are focused on helping to maintain economic resilience in volatile times

(...) recover after The Great Recession. There is also less pressure on the banking system as institutions have not repeated the same mistakes from the pre-2008 era. The Dodd-Frank Act, as well as more conservative lending practices among banks, mean that the financial crash of the early 2000s is unlikely to repeat itself during this recession.

■ Small business

Small businesses are the backbone to every economy and require access to funding. North Carolina is home to almost 1 million SMEs, which employ about 1.7 million people. Given the rising interest rate environment, they are particularly vulnerable but some solutions such as digital technologies can help them keep a grip on their market share. Funding for small businesses and startups is complex, with more pressure being placed



on startups that issued convertible notes to repay investors. This is problematic because convertible notes are normally redeemed through an equity injection, which is becoming harder to get. This means investors find their money tied up in the notes – some of which are in the tens of millions. And as much as the PPP program was a boon for many struggling companies, the prospect of forgiveness is looming. Those that misinterpreted any of the strict rules could be in for a nasty surprise.

Still, in the Triangle, there are many funding sources for small businesses. Durham's Small Business Opportunity Loan Fund is still providing low-interest loans to eligible businesses, having already distributed over \$1 million. The city of Durham and Durham County have also established the Durham Small Business Opportunity Loan Fund, which provides lending up to \$35,000 over 12 months for Durham companies with 50 employees or less. The city of Raleigh also offers support in the form of façade grants, tax credits, and a micro-angel fund that invests both dollars and time in worthy enterprises.

For small businesses, it's not always easy to find commercial banks willing to lend the amounts needed. For commercial banks, the bigger the better and small sized loans often do not appeal to them. The average bank loan to small businesses in 2021 was over \$630,000 – often far more than small businesses need or are capable of obtaining. Durham-based fintech LoanWell tapped into this gap in the market by providing loans and grants to the microlending market, most of which were less than \$100,000. The company handed out 4,000 packages totaling \$138 million, and business is booming. The fintech foray into traditional lending could be given

Personal Checking & Savings | Small Business Banking & Lending | Home Equity Lines of Credit

**FOUR BRANCH LOCATIONS
SERVING RALEIGH-DURHAM**

Visit www.mfbonline.com/locations

M&F Bank

**Serving the Triangle
since 1907.**

YOU DESERVE A BANK THAT CARES.

We invite you to come experience the M&F Bank way.
Begin a relationship with an experienced, knowledgeable
and friendly local community banker.

© 2022 M&F Bank

- Free access to 44,000 ATMs Nationwide
- Mobile & Online Banking



www.mfbonline.com
800-433-8283

YOU DESERVE A BANK THAT CARES.

We invite you to come experience the M&F Bank way.
Begin a relationship with an experienced, knowledgeable
and friendly local community banker.



Jim Hayes

President & CEO

North Carolina State Employees'
Credit Union

How are you working to evolve the member experience?

We are modernizing our systems and methodologies to aid how we run the credit union as a whole. This means giving new digital tools to not only our members through digital banking apps, but also to our employees so that they can serve our members better. The goal is to reach as many people as possible, digitally, in order to expand our branches by providing more opportunities for service. With that comes a lot of system conversions, which has been keeping me the most busy. We are also working on enhancing our core and loan origination systems and replacing the software with a more autonomous approach, as opposed to outdated manual processing. We are looking at a lot more self-service options to offer our members. We are also working on giving our employees a lot more access to digital channels, like our new mobile app, to combine integration and functionality.

What trends have you seen as it relates to loan activity?

With rising mortgage rates, we have seen a decline in fixed-rate mortgages. In the midst of the pandemic, we were offering fixed-rate mortgages, which were sort of the primary loans that people were wanting. Today, I'd say we are doing a lot more adjustable rate mortgages because of North Carolina's growth in home prices. A lot of members are realizing they have some good equity in their house and, because of that, people are not moving as much. They are opting to remodel more frequently by tapping into their home equity through a home equity line of credit. In terms of auto-lending, we are seeing a bigger demand for used cars than new cars because of supply chain issues.

If the economy were to shift toward a recession, how would the credit union react?

We are going to continue to serve the state the best we can. North Carolina is a fantastic business state. We have a lot of positive momentum. We will always give access to our members whether they need emergency money or a loan for a car or a house. If we do experience a recession, it might not be as tough because of the growth and expansion of business in North Carolina. Regardless, we are always prepared to serve all of our members with their product and service needs. ■



Banking's regulatory environment has adapted to technological innovation and increased risks in cybersecurity.

a boost by new rules proposed by the White House that would allow new lenders to offer SBA-backed business loans of up to \$5 million.

■ Financial literacy & inclusion

Financial literacy is the cornerstone of inclusive banking. Lack of access to banking and finance mechanisms has been one of the root causes of the racial prosperity divide across most of the U.S.. According to research by Brookings, the racial wealth gap remains significant due to a history of discriminative credit policies and financial exclusion for minority communities. Unbanked and underbanked rates were higher among lower-income households, less-educated households and minority ethnic households in 2019. By stepping up financial education efforts, the Triangle's banking and finance firms are contributing to a more equitable region that promotes future growth.

North Carolina-based nonprofit The Collaborative is actively working to ensure all residents have access to financial education and asset building tools. The Collaborative offers tax preparation services, debt and money management advice, and works with students and young consumers to help them understand the implications of smart money management. And the North Carolina Bankers Association (NCBA) has a Young Bankers chapter that promotes financial literacy as well as fostering careers for aspiring young bankers. And a group of bankers in Raleigh founded the Young Bankers



Adam Currie

*Chief Banking Officer
First Bank*

What is the connection between your presence in rural communities and prioritizing financial literacy?

Our team has done a great job focusing on financial literacy and education. We have long felt that, as a community bank, the best thing we can do is to reinvest in our community. Several years ago, we did not have a strategic direction for giving back to our communities. In 2020, we launched The Power of Good. We have put most of our philanthropic and marketing dollars in this initiative. This year, we started Project Launch within the Power of Good. Project Launch is helping fund ideas and initiatives to improve education as well as recognizing Out of This World Educators across the Carolinas.

What role will technology be playing at First Bank in the future?

In the past 10 to 15 years, most of the investment in financial technology has been customer-facing. In the next five to 10 years technological advancements will be more predictive. We will be utilizing data to understand customer needs and provide more feedback on their financial health. Payments will also evolve to become more instant.

What will the community bank's role be in this next chapter of the economy?

It's happening right now; our lending business is changing very rapidly. The volatility of interest rates is something many business owners don't understand, particularly the impact this will have over the next few years. We want to be consistent for customers and provide useful advice. You will continue to see lending across the spectrum, between mortgages, business lending and corporate lending, change significantly over the next year. The economic environment is changing quickly and I don't like the business of making predictions but it looks like 2023 will be challenging for everyone.

What is the future of banking in the Triangle?

The net inflow to the Triangle will continue and, as a result, the Triangle will be an attractive place for banks to set up shop. Competition will continue to increase but people value the hometown feel of First Bank and understand we have been in North Carolina for 85 years. ■

Initiative, designed to partner with local schools to teach financial literacy and necessary skills. Access to financial services is vital, so North Carolina Bankers Association (NCBA) and The Collaborative teamed up to launch Bank On North Carolina, which advocates on behalf of financially vulnerable population. The coalition drew up a set of standards that reduce predatory lending and will expand access to the almost 36 million people nationwide that fall outside of the traditional banking system.

Fintech & new technology

As more and more of our financial data migrates online and into the cloud, the future of banking revolves around technology. Big banks typically have the resources to invest heavily in fintech, and in fact some banks in the Triangle have snapped up smaller fintech firms to fulfill crucial roles within the organization. This August, Durham-based data tech firm Zaloni was snapped up by Truist, which is a positive signal for the slew of startups with a presence in North Carolina. The move came after Truist bought startup Long Game in May and Service Finance Company last year.

With all of these deals bolstering the digital offering of the big players, where do the smaller banks fit in? There's a tremendous amount of innovation in the Triangle and for the smaller banks, no time to waste. While deposits aren't the measure of success for smaller banks, community relationships go much further, which



Stewart Patch

*Triangle Regional President
Dogwood State Bank*

What is the value proposition of banking locally?

It's all about relationships. A lot of people say that; however, we live it. Being able to pick up the phone and talk to your banker or sit down with them in person on short notice, permits that person to have a personal relationship with the banker. We have local decision-making and local credit authority. Overall, it is an easier and more pleasant experience for the customer.

In the next few years, how will technology integrate itself into banking?

It's something that you have to have your pulse on in order to maintain competitiveness. We look at fintech solutions all the time as it relates to internal and external processes. We're always looking at different opportunities to make the customer experience better and easier through technology.

What will the bank's role be in guiding clients through a possible economic slowdown?

I like to think that we're an adviser to our customers. It's one of the things that differentiates us. We try to understand their business at a deeper level. Given how hot the economy has been, a slowdown is inevitable, however, I think it can be viewed as an opportunity in some ways for us to serve in that advisory capacity and continue to add value to our clients' businesses.

What has been your strategy concerning assessing data and cybersecurity risks?

Cybersecurity is one of the most important things that we deal with. We've had training and we talk about it all the time. It's part of our culture, and the relationship side of our business makes it easier for us to understand who we are dealing with. The people in our company know the customer, they know the voice on the phone. We are able to flag things that seem suspicious.

What do you think customers will be looking for concerning banking in the future?

I tend to believe that everyone wants to make their lives easier and increase efficiency wherever they can with technology; however, we firmly believe that the relationship component in banking is what people want. ■



Financial institutions are breaking off into their own strategies on brick and mortar versus technological expansion.

is why these institutions need to strike a more delicate balance between their brick-and-mortar presence and the digital tools that clients demand. But for small institutions, their hefty market share in the Triangle region shows that the strategy is paying off.

As fintech advances continue, the thirst for better cybersecurity more than keeps pace. Data443 Risk Mitigation, a data security and privacy company based in RTP announced that it has secured a range of contracts with insurance firms, financial services organizations and a major international bank in its third quarter earnings report. And the stakes are high, so banks are willing to bet big. IBM found that the average cost of a data breach in the U.S. grew to \$9.4 million in 2022 from \$3.5 million in 2006, equating to an increase of almost 170%.

Regulations

But as fintech becomes more sophisticated, regulations need to keep up with new advances. In particular, open banking data issues have been hitting the headlines in recent weeks after U.S. Bank notified customers of a data breach. This came after the Flagstar Bank breach that affected 1.5 million customers and Credit Suisse's data leak that affected around 18,000 accounts. There is still a lack of consensus over how to deal with the breaches, though, with banks arguing that it should be aggregators and fintechs that bear the responsibility. The Consumer Financial Protection Bureau issued an outline that partially addressed the issue, but critics complain that it doesn't go far enough to establish responsibility.

Another regulatory controversy has been caused (...)



'Full speed ahead'

Continued in-migration fueling demand for housing, loans

Chuck Purvis

President & CEO – Coastal Credit Union

How is Coastal approaching loans in the current market?

We're full speed ahead on lending, primarily in the auto loan and residential housing market. Everyone wants to move here and that is continuing to drive demand for housing. A lot of homes in the past few years have been bought by private equity investors who have in turn rented them out or sat on them. There is a belief those investors will cash out because prices are near their peak. We are hopeful, therefore, that will translate into help coming on the supply side. This is a great market if you already own a home because equity is going up, but it's the opposite for renters and people looking to own their own home. We're spending a lot of time strategizing how we can help more people buy their own home.

What are your expectations for the workplace as more people choose to work from home?

We were finalizing designs on a 13-story office tower headquarters that would house 1,200 employees right when the pandemic hit. As the work from home phenomenon took hold, we started to question if we actually needed all that space. We regrouped, and decided instead to renovate our current six-story office, which will kick off in early 2023. I honestly wasn't a big proponent of remote work before the pandemic, but we have thrived and will continue to have about 70% of our employees work from home, on a full-time or hybrid basis. A big reason is the success of our virtual teller platform, which allows members to work with us via a live video feed, along with online tools like Webex and StandOut that enable our back-office teams to

remain productive regardless of location. The concept of a workplace has changed. It doesn't make sense to force every employee back to the office and it has now become part of our employee engagement strategy in our comprehensive strategic blueprint for the future.

How does Coastal impact the community?

Coastal has committed \$1 million per year to our foundation to invest in community impact grants. We provide funding to area nonprofits and are very active in the affordable housing space. We are working with a number of different groups, trying to figure out in this high-cost construction environment how to bring more affordable housing options to the market. We have been a long-term partner with Habitat for Humanity Wake County to provide low-cost mortgages to their clients. We also have a community impact team that manages relationships with over 100 nonprofits. We believe in being out there and being a part of the community dialogue. We're a not-for-profit cooperative, so Concern for Community is one of our operating principles. The community is what we're built on, so we are always working with leaders to help resolve some of the challenges existing therein.

How will technology improve service delivery?

Between debit cards, ATMs and our new digital banking platform, online and remote services comprise nearly 90% of our transactions today and the trend will only continue in that direction. We have partnered with 10 other credit unions around the country to develop a digital banking platform, which is live and in production. ■



The Triangle's banking industry will continue to evolve in response to M&A activity, market volatility and in-migration.

(...) by North Carolina's recent sweeping tax revisions. The state has made significant changes to tax tiers, including gradually phasing out corporation tax, simplifying franchise tax and a reduction in personal income tax. But one issue that was not dealt with was the tax-exempt status of credit unions, which other banks deem unfair. The American Bankers Association argues that, in terms of lending, credit unions are virtually indistinguishable from banks, with some even holding more assets than commercial banks. The organization says the playing field is unfair and credit unions are able to leverage tax exemption to grow deposits. So far, there has been no sign of a regulatory U-turn on the matter.

■ Looking ahead

While the past few years have been characterized by almost unbridled growth for banks in the Triangle, there are some indicators that a downturn is just around the corner. In the next few years, banks will look to insulate themselves from an economic slowdown, underpinned by the conservative lending practices learned from The Great Recession. But that doesn't mean the next few years will be boring in the banking sector, especially in the Triangle. More and more technological applications will continue to emerge from the hub of fintech startups in the region and regulators will look to the private sector to help them keep up. Another big development will be the student loan forgiveness package, which could create further inflationary pressure or bolster the economy as the country's debt burden is reduced. While banks will likely lack the explosive growth they have become accustomed to, a subdued few years are in store. ■

Innovation

It's feeling the pulse of the next level of cardiac care and wellness. It's seeing possibilities where others see roadblocks. Pioneering new minimally invasive procedures and robotic-assisted surgeries. Transforming theory into curative strategies. Even more than that, however, it's passion, compassion, experience, expertise and technology. All joining forces to create a special place where innovation saves lives. Visit us at wakemed.org/hearts. Your heart. Your choice.

WakeMed 
Heart & Vascular

WakeMed Health & Hospitals | Raleigh, NC

Healthcare:

While North Carolina in general and the Triangle region in particular is famed for its might in biosciences and medical research, the COVID-19 pandemic showed that addressing health disparities is more pressing than ever.

Cutting edge:

Triangle's health sector is a national leader but challenges remain



North Carolina's Research Triangle region is an undisputed leader in healthcare R&D. The region hosts widely renowned hospitals, biomedical research facilities and several of the most innovative companies in the world that lead in cell and gene therapies. In fact, 80% of the state's life science firms are located in the Raleigh-Durham area. Not only that, but the region is also the home of 12 top colleges and universities, and eight nationally renowned community colleges, which attract 174,000 students and award 65,000 degrees annually. This network of cutting-edge research institutions and firms continues to support job creation and makes a significant economic contribution to the state.

All in all, the future looks bright. According to Avison Young's Q4 2021 Life Sciences report, the life sciences industry has an economic impact of \$84 billion in terms of statewide business activity or economic output. Additionally, over 38,000 people are employed by companies in the Triangle region in the field of life science, with an average annual pay of \$145,000.

■ Landscape

Despite all this, health outcomes of residents are lacking. Every year, The Commonwealth Fund releases a scorecard ranking states on 56 standards, including healthcare access, health inequities, and quality of services. This year's scorecard includes "excess deaths" as one of seven COVID-19-related standards. North Carolina ranked 34th out of 51 states. On the positive side, the Old North State outperformed other Southeast states but it trailed behind neighboring Virginia. An aspect that stands out in the research is that North Carolina is one of the 12 states that still hasn't adopted Medicaid expansion. Due to this, 15.7% of adults were uninsured in 2020, which was a key determinant in the state's overall performance. Also, between Aug. 1, 2020 and March 31, 2022, North Carolina was one of 16 states where more than 80% of hospital ICU beds were occupied for more than 150 days. The state came in 41st in terms of high ICU stress, with 251 days. The data also shows North Carolina had fewer excess deaths than the national average between Feb. 1, 2020, and April 23, 2022, with 344.7 excess deaths per 100,000 people. (...)



Innovation focus

Local initiatives are designed to stimulate transformational change

Tim Gabel

President & CEO – RTI International

What innovative research are you focused on?

RTI is a fascinating organization, competing in the arena of good ideas and innovation where we don't rely on outside investors. We are approaching \$1.2 billion in annual revenue and about 50% of that is health-related in some fashion.

We invest in innovation, both inside and outside of our organization to address the world's more complex scientific and societal challenges. One local example is our recent Forethought initiative. This was created to build on a foundation of successful investments in university collaborations and to help stimulate transformational change for the next 65 years in the RTP region. READDI, a project led by UNC-Chapel Hill, received \$5 million in seed funding as the winner to continue work to accelerate the production of antiviral drugs to prevent future pandemics – innovation that is needed now more than ever.

One of the things I'm most excited about in my new role as CEO is working with our staff in international development. It's an important segment that reaches across the world specifically to help improve health and save lives, such as by eradicating neglected tropical diseases. These are diseases that affect more than 1 billion people worldwide causing daily suffering for individuals in poor and marginalized communities, with devastating effects like blindness, malnutrition and disabilities. We partner with the World Health Organization (WHO) and ministries of health with unprecedented support from pharmaceutical companies and bilateral donors, such as the U.S. Agency for International Development (USAID), on a coordinated global effort to administer treatment to control and eliminate these diseases.

How does RTI align research with establishing broader partnerships?

We are all about regional economic growth and want it to be approached in an equitable way. It is a question of how innovation can create more opportunities, especially for disadvantaged populations. One way we are doing this is through partnerships. For example, we are committed to working with Historically Black Colleges and Universities (HBCUs), including North Carolina A&T, whose chancellor is on our board of directors. We have also partnered with North Carolina Central University to establish the Center for Advanced Research and Environmental Sciences, focused on health and environmental justice research. This will serve as a fantastic hub for students in the field to graduate into excellent, well-paying jobs in high demand industries. This is such an exciting endeavor not only because of the excellent research we're producing together, but also because it benefits the region, adds jobs, and becomes a magnet for additional resources so we can grow our investment. It's a win-win-win model that I would like to see replicated in the Triangle and across North Carolina.

How is RTI approaching the talent shortage?

It's been a challenging time because we have onboarded more than 600 employees over the course of the pandemic and many have not even stepped foot in our facilities. The pandemic changed the expectations of how people work and we have learned to be more flexible for our staff. Our top and bottom lines have grown during the pandemic and having more people work from home has not impeded that. ■



Craig Humphrey

President & COO

FirstCarolinaCare Insurance
Company

What does the modern patient experience entail?

For us on the insurance side, it's about what the members want out of their experience. Prior to COVID, we didn't have a lot of uptake on the internet-related tools. Everyone wanted in-person services. As a result of recent social isolation, individuals are grasping onto the tools technology provides to receive care. There are now more options to receive care, and we are ensuring they have access to that. For those who do want to enter an in-patient setting, we are still maintaining our provider networks and engaging with the community to ensure appointments remain available.

How are you setting the precedent for what health coverage looks like going forward?

We serve local communities here in North Carolina, and a lot of them are rural in nature. All the national companies want to be in the big cities, but as you move even 20 miles out, you're in rural areas. It's an entirely different dynamic. Our emphasis is on making employer groups better educated consumers and understanding how they can incentivize their employees. That includes wellness events, preventative services, allowing time away from work to access healthcare or bringing it into the workplace. The value of identifying conditions much earlier is huge and we encourage employers to make these investments early on.

What mental health services are available?

For those members who have felt socially isolated, we have launched supplemental benefits that can be accessed free of charge. One such benefit is the Papa Pals program for our Medicare members that provides companionship at home, and the same representative is able to answer any questions they may have. We want people to feel they're part of a community and not treat them as simply a member.

Typically for most companies, employee assistance programming is a separate cost, but we include that into our commercial accounts for free. We think that's increasingly important, especially from the mental health standpoint. Often, personal issues for employees may affect their productivity and lead to bad health outcomes such as stress. We want to ensure there is additional access to mental health services. ■



Healthcare tech is emerging as a key economic cluster for the Triangle, supported by the life sciences and education sectors.

(...) Given that the state placed 44th for income disparities and 29th for racial and ethnic equity, North Carolina has to put more of an emphasis on health equity. Also worth noting, the state ranked 44th in the number of adults 19-64 who are uninsured and 46th in residents with medical debt.

On the plus side, the state takes cancer screening seriously and North Carolina came in 10th place for those who received the proper cancer screenings. The state also leads the United States in the production of vaccines and has one of the nation's top life sciences industries, boasting 775 life sciences firms that employ 67,000 residents.

■ Performance

Despite challenges, Raleigh ranked in the Top 50 healthiest places to live in the United States, according to the 2022's Healthiest & Unhealthiest Cities in America. However, the reality is more complex than that. After all, North Carolina ranks 34th in state health system performance, according to the Commonwealth Fund's State Health System Performance Scorecard. Furthermore, 12.4% of the population was uninsured in 2021 and 9.3% of residents under the age of 65 years had a disability. North Carolina has chosen not to expand Medicaid under the Affordable Care Act, so only about 2.9 million of the state's 10.6 million residents were covered by Medicaid/CHIP as of October 2022. If the state would accept the expansion, an additional

621,000 North Carolina residents would win coverage. Naturally, this would have a positive impact on diabetes and cardiovascular management, and greatly contribute to the effectiveness of preventive care.

Currently, the incidence of cardiovascular disease in North Carolina is 9.4%, 1.3 percentage point higher than the U.S. value. Equally important is the prevalence of diabetes in the state at 12.4%, which is again higher than the national average of 10.6%. Obesity has also increased in the Old North State from 29.1% in 2011 to 33.6% in 2020. These figures show the need for North Carolina to reduce the burden of chronic diseases and reverse current trends.

The average annual per-person spending in North Carolina was \$8,230 for 2017. However, because there are substantial variations across the state, this doesn't provide a comprehensive picture of the situation. For example, Bladen, Bertie, Lenoir and Jones counties had the highest per-person spending in the state, whereas Hyde, Guilford, Orange, Wake and Mecklenburg had the lowest per-person spending. Wake was the county with the lowest spending per person average, at \$7,303. The per-person spend in Wake County was lower than the state averages in the Medicare Fee-For-Service, Employer-Sponsored Insurance, and Medicaid populations. Having said that, these numbers date back to the prior- pandemic period and it can be expected that the COVID-19 crisis has only escalated per-person spending.

On the positive side, the number of active primary care providers per 100,000 population in North Carolina was 266.4 in September 2021. This is higher than the national average of 252.3 per 100,000 population. However, there is a chronic shortage of nurses. The state employs only over 100,000 registered nurses (RNs) and nearly 18,000 licensed practical nurses (LPNs). Before the pandemic, the state expected a deficit of 12,500 registered nurses and 5,000 licensed practical nurses by 2033. Hospitals are experiencing the largest RN shortages at a rate of 9,927 nurses, whereas nursing homes, long-term care facilities, and assisted living facilities will experience a deficit of 3,510 LPNs. As hospitals and healthcare providers search for novel solutions to the staffing shortage, telehealth and remote patient monitoring technologies appear to alleviate the staffing crunch. Blue Cross Blue Shield of North Carolina, which serves over 4.2 million members in the state, opted to expand telehealth coverage for certain plan members after seeing a sharp increase in telehealth claims since March 2020. This comprehensive healthcare plan covering behavioral health, primary care, and outpatient visits will take effect on Jan. 1, 2023. (...)



Doug Edgeton

President & CEO

North Carolina Biotechnology
Center

Economically, what are the impacts of the life sciences sector in the region?

In 2022, the sector is totaling \$84 billion of annual economic impact on the state and \$2.3 billion in state and local taxes from this sector. Life sciences companies in the state employ more than 70,000 people, with an additional 224,000 people employed by companies supporting the industry. Life sciences jobs pay on average \$97,000 a year, which is about twice the average wage in the state. Most importantly are the things that save lives. For example, 80% of the flu vaccine that is manufactured in the country is made here in North Carolina.

What significant innovations are on the horizon for the industry?

A significant innovation would be regenerative medicine in Winston-Salem, led by Dr. Anthony Atala. That program is the predominant regenerative medicine program in the world, with their work centered around regrowing nerves, bones, skin, bladders, hollow and solid organs. In the future, several problems that medicine has encountered with worn out joints or soldiers wounded in combat can be repaired via this tissue engineering approach. In addition to this, there will be the cell and gene therapy work carried out by companies like AskBio and other companies developing thin film technology, which I believe to be revolutionary. They suspend medications in a gel-like substance and make a film out of it similar to a contact lens. Instead of sending vials of medications in minus-80-degree freezers, companies will be able to create this film, put it in an envelope, and mail it anywhere in the world with no changes in potency.

What is your near-term outlook for the life sciences sector?

We have a positive outlook for the future of the life sciences and for NCBiotech, in particular. In 2024, we'll produce our strategy for 2025 to 2030. Regarding key factors we follow, we want to identify new opportunities and develop solutions, to help overcome the challenges faced by industries, whether it be wastewater, transportation or workforce. ■

Expanding access to care



Brandon Hair

Executive Director — Springmoor Life Care Retirement Community

“The main thing that we are trying to accomplish is convert our hospital-style health center into neighborhoods. The whole idea is to serve people in smaller groups to provide more individualized care and to serve each resident based on their personal needs and preferences. We are creating seven neighborhoods, so we will have about 15 to 18 residents in each one. It will grant us the ability to provide more resident choices, a wider range of eating times, a wider window for taking their medicines, waking up, going to bed and other things that will give us the opportunities to serve the residents in a more home-like environment. It brings us up to where we need to be on the healthcare side of things. We have about 600 residents and the majority of them are in independent living. About 120 residents are in our health center. Having an up-to-date, modern health center is essential. **”**



Lynn Mason

President & CEO – Broadstep Behavioral Health

“When I look across the business now, I see how everyone is working well together and sharing information. To watch that integration is wonderful because it helps us truly deliver on our value proposition of building a care continuum. We truly believe it is time to shine a light on those who have behavioral health disorders and severe mental illness, which is sometimes combined with an intellectual disorder. These are individuals that have been shamed and pushed into the dark corners of our society. It's time to shine a light, create a community that they can all be involved with and integrate them back into our community. The key to that is having all the services and then being able to have enough scale and credibility with agencies and payers to take on risk, to commit to savings and take on shared savings. **”**



Kevin McLeod

President & CEO – Carolina Meadows Senior Communities and Services, Inc.

“We will have to morph, we can't keep building bricks and mortar because that gets expensive. We have to figure out how to create care networks that take care of existing communities. If you have people who need services and care, you may have to take the care to a person's home. We have a program called Early Advantage where people live at home and pay a monthly fee so they can come here or we can go to them to help. I think that kind of thing will expand. We've helped other companies get to that point. Also, the middle market gets left out. We are looking at how to offer something the middle market would want to take advantage of. We have to change while understanding the pressures of reimbursement, financing and construction. Collectively, we can get there. This year social security will provide people with an 8.7% bump in benefits but that doesn't put a dent in inflation, so we have to work on ways to combat inflation. **”**



(...) ■ Partnerships, expansions & research

In recent years, the Research Triangle has attracted several healthcare startups, biotech entrepreneurs and life sciences leaders. Due to this, the RTP has seen historic investments and unprecedented growth in partnerships. For instance, Tavros Therapeutics, a startup in oncology, and Vividion Therapeutics have agreed to a five-year partnership that could bring the RTP company as much as \$430.5 million. Meanwhile, Thermo Fisher Scientific has paid \$17.4 billion for global pharmaceutical CRO PPD, which will become a part of Thermo Fisher's Laboratory Products and Services unit. Heat Biologics has also reached a binding merger agreement to buy Elusys Therapeutics.

The research hub within the RTP continues to attract more and more names. This October, New York City-based early stage enzymes firm Curie Co moved to Research Triangle Park. The state Department of Health and Human Services will also relocate to a new headquarters that will consolidate all of its offices and most of its 4,000 employees in one place in West Raleigh. Construction for the new headquarters is already under way and the General Assembly has allocated \$253.7 million for the project. Science 37 is also moving its headquarters to the Triangle region.

Fujifilm Diosynth selected Holly Springs as the location for a \$2 billion biologics plant

One of the biggest celebrations for the region's healthcare industry is Fujifilm Diosynth's announcement that it has selected Holly Springs as the location for a new \$2 billion biologics manufacturing plant that will create 725 jobs. Elsewhere, 200 jobs will be created thanks to Jaguar Gene Therapy's new \$125 million, 174,000 square foot manufacturing facility in Durham. And Amgen will build a \$380.6-million biomanufacturing complex in Holly Springs that will bring 355 jobs to the region.

Given the abundance of cutting-edge companies (...)



Don't just pay for a health plan. Invest in a growth plan.

Today's new normal has brought a new level of uncertainty.

As well as an undeniable link between the health of one's employees and the overall health of one's company.

Which is why, at Cigna, we're much more than a health care partner. We're also a strategic partner in your growth.

Helping your company not only stay on track, but grow more cost-efficient, more employee-centric, more compelling to new talent, and even more future-proof.

How?

By better managing risk and coordinating the right care at the right time and place.

As well as by nurturing a healthier work culture and constantly innovating to address the health challenges of today and tomorrow.

Together, we'll help your employees flourish.

And your business grow.

Cigna.YourNewGrowthPlan.com

Offered by Cigna Health and Life Insurance Company. All Cigna products and services are provided exclusively by or through operating subsidiaries of Cigna Corporation, including Cigna Health and Life Insurance Company (CHLIC) or its affiliates. This advertisement is not intended for residents of New Mexico.

969808 12/22 © 2022 Cigna.



Medical hub

Leaders discuss what intentional growth for a region's healthcare industry looks like as it relates to technological advancement, affordability and more.

**Tom Langan**

*President & Chief Commercial Officer
Veradigm*

How have the changes in the health sector in the last two years affected your operations?

There are a couple of themes that, from our perspective, indicate a shift. There's a lot of pressure on physicians from a reimbursement and quality of care perspective. As a result, there has been a big shift from fee-for-service to value-based care. There are a lot of physicians who are under pressure to improve the quality of care, at a lower cost, and they need technology and partners to help them through this healthcare evolution. That's a big focus that we're seeing not just in Raleigh but across the United States.

At Veradigm, we work with a lot of different stakeholders: Blue Cross Blue Shield of North Carolina, other healthcare plans, life science companies and providers. I'm seeing a convergence around value-based care among the provider segment, health plans, and life science companies that are working closely with them.

How will the current economy affect the regional healthcare sector?

We're seeing pressure across all our different clients and stakeholders. Some physician practices are struggling, and we're helping independent physician practices and primary care physicians to stay independent. One of our big priorities is to help the primary care physician segment continue to excel, and we're seeing that in North Carolina.

In other areas, some are struggling just to stay in business. Helping those struggling physician practices is a big focus for us. For example, we give away our software to free clinics, and are very active nationally in doing so. There are free clinics that provide much needed care to patients, but they can't afford the software. So, we provide them with our EHR software at no charge to support their good work. That's one of our initiatives to give back to the community, and we've excelled across North Carolina and other locations in that regard. ■

**Satish Mathan**

*President & Managing Partner
Raleigh Radiology*

What role is Raleigh Radiology playing in shaping the future of healthcare?

We are introducing the required technology to provide a more frictionless experience for the patient to simplify as much as possible appointment scheduling and payment processes as well as the obtention of their results and being available to discuss them. When I first started, radiologists never talked to patients, they would only talk to other doctors. While we cannot direct the care, considering that it is driven by their physician, who ordered the test, we have an obligation to provide the patient with the answers to their questions. We use technology and the interpretation side of it with the help of artificial intelligence. We have programs that we are putting in place to assist our information management. It is part of our mental burnout mitigation strategy as the information gathered grows and we need to be more productive. Also, when I first started practicing in the Triangle, a significant portion of our patients drove in from Wilson, Clayton, Fuquay-Varina, Northern Harnett and Granville for care. Together with other partners, we are trying to bring that care to them, in their community. That access to both high-quality, high-value care to all communities is the other level that we are committed to growing and developing.

How do you see the landscape of healthcare and radiology services in the Triangle going forward?

Healthcare will continue to be driven toward a more value-centered focus. That conversation has been initiated and will continue to progress as the driver of how our industry evolves. We have been doing it before it was popular, so that is right up our alley. We will continue to deliver the highest-value care — the highest-quality care at the most reasonable cost — to the patient. That is what we can do to manage healthcare costs for our community. We will do that by expanding our reach with offices to meet the growing demographic of the Triangle. ■

**John Perkins***Chairman & CEO*

US Radiology Specialists

**Kevin Poitinger***Chief Executive Officer*

Holly Hill Hospital

What have the past few years meant for US Radiology Specialists?

We have only been around since 2018 and we are more outpatient focused. One of the things we consistently try to do is provide a high-quality experience at an affordable price. The patient experience is important to us and we are able to remain lower cost than hospitals. We are trying to shift more volume to our practices. We are working to improve the referring physician experience and patient experience through increased automation, generating less friction. That could mean more automated check-in, a more centralized experience or mitigating friction through finding labor shortage solutions. One of the things we have been trying to do is to tech-enable the experience to put less strain on our employees as we continue to grow.

What does being a progressive radiology group mean?

It's the next generation of a private practice. Our mission is to make the best of radiology better to improve lives. By bringing in high-quality, independent practices, we continue to be better together. By joining forces, we not only improve the lives of patients but the lives of physicians, radiologists and employees. One of the drivers to this is that when we come together, we improve people, process and technologies by optimizing things.

How are you addressing and interpreting labor burnout?

There is a real issue with burnout, both with radiologists and employees. We have a committee focused on culture and being an employer of choice to make things less burdensome and help people deal with burnout. We have done a lot by being together; we have improved how we think about staffing when it comes to the hiring process. Our ability to improve how we approach the process has helped us mitigate the challenge. Inflationary labor costs are definitely a challenge when it comes to attracting and retaining talent. ■

How would you define the modern patient experience?

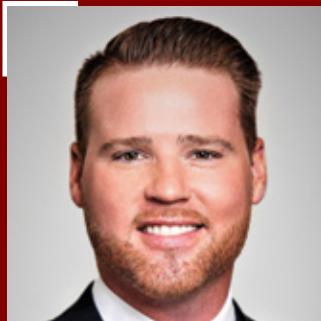
The modern patient experience is diverse and unique. Prospective patients will present to our setting through various methods: on referral by a provider, from an emergency room, or by voluntary admission. We are equipped to provide crisis stabilization for ages 5 to older adults and outpatient services for adult partial hospitalization and intensive outpatient therapy. Both inpatient and outpatient treatment provides medication management and therapy. The ability to provide telehealth services in the outpatient setting really exemplifies our dedication to address patients in real time, in a modern approach. Ensuring the continuum of care is important for long-term stabilization and that means being able to adapt to the market needs in real time.

How are you addressing the high costs of care?

We work with multiple payer sources and are looking forward to changes in legislation to fill in the gaps. We utilize the resources we have access to in order to support placements and linking service lines in the community. There will continue to be an opportunity for relationship building and sharing of resources to address a holistic patient care approach.

What would smart growth look like for the healthcare industry?

That is a tough question because there are so many shortfalls in behavioral health as a system. There is still a stigma with behavioral health and people don't seek help until it's too late. We network with school systems and universities as a means to provide early intervention. Our biggest challenge has been navigating aftercare resources for our patients, particularly with housing. There are not enough housing resources for people who have long-term mental health needs. Addressing the social determinants of health, like homelessness, would support the behavioral health industry. ■



James Day

*General Manager, Carolinas
Cigna*

Why are ACOs important in today's healthcare landscape?

ACOs are a partnership between the insurance company and the hospital system or the primary care physicians themselves. We take industry data and provide information to those systems on the members that we cover at their facility. We have an embedded care coordinator, somebody who works within the hospital system reviewing and analyzing Cigna patients, to ensure that those individuals have higher quality, lower costs and better outcomes at those facilities compared to the rest of the market. We incentivize and create different programs with those providers to ensure they focus not only on Cigna-covered members but how they are accessing care and readmissions. It is an authentic movement away from the fee-for-service structure and toward better health outcomes.

Have you seen more of a deliberate effort to create an equitable healthcare system in the Triangle?

We are constantly innovating to offer new technologies and capabilities to our clients and customers to drive health equity. One of the challenges that we see around diversity, equity and inclusion (DEI) is making sure that they are not just talking points – this is part of what we do and we are dramatically innovating in this space.

What is your outlook for Cigna and the healthcare landscape in the Triangle?

It really comes back to a couple of key tenets in our core goals of making healthcare affordable, predictable and simple, and improving the health, well-being and peace of mind of the people we serve. How individuals access care today is very different than prior to the pandemic, which makes our coordinated approach to whole person health with a specialized focus on behavioral health all the more important. We recently launched Your New Growth Plan to differentiate us as a partner of choice. We see this acceleration now more than ever, especially with the focus from an organizational standpoint to continue to grow with the Carolinas. We will continue working with our provider partners and our clients to create innovative solutions to cater to their needs. ■



Following the pandemic, the patient experience is changing and bringing forth value-based care models.

(...) in North Carolina's Research Triangle, it is hardly surprising that Wake County has become a hotbed of medical research and clinical trials. For instance, Abbott's Amplatzer Amulet Left Atrial Appendage Occluder is now accessible via WakeMed. Patients with atrial fibrillation who are susceptible to strokes can benefit from this minimally invasive treatment. Elsewhere, Cryogenic electron microscopy (Cryo-EM), a \$10 million cutting-edge instrument that quickly generates high-resolution images of the smallest pieces of proteins, is now available to Duke researchers.

It is worth noting that The Leapfrog Group recently ranked WakeMed Cary Hospital as one of the best hospitals in the country. Only 149 hospitals were chosen for this prestigious distinction out of more than 2,200 that were considered for the 2021 Top Hospital award program. And with the region's prestige comes funding. Durham-based Praetego has won a \$2.5 million grant from the National Institutes of Health to expand the development of its primary drug for slowing the progression of Alzheimer's.

■ Public health

Communities all around North Carolina are diversifying as the state's foreign-born population increases in size and diversity. It's worth remembering that 832,602 of the current residents of North Carolina are foreign born, according to the most recent Five-Year American Community Survey data from the Census Bureau. This indicates that 8% of the state's population was born outside of the country. In light of the variety of immigration patterns, the local health system must develop new coping mechanisms to keep newcomers (...)



Right care, right place, right time

Innovation, connectivity needed in addition to bricks and mortar

Donald Gintzig

President & CEO – WakeMed Health & Hospitals

How has WakeMed evolved to accommodate the community's growth?

A big part of it has been trying to get the right care, in the right place, at the right time, at the right price. It is about improving access for the entire community. For some things, you want people to drive to a large, tertiary institution. You also want to have a wonderful continuum that can flow through virtual, walk-in, urgent care, primary care, free-standing emergency care and outpatient services. For us, it has been about growing our facilities and services on our existing campuses but also being very proactive in expanding to underserved areas. Underserved doesn't refer to purely economic perspectives; it's about access. We are investing and helping to accommodate that entire spectrum as well as adding cancer programs in an inpatient setting and expanding our hospital in Cary. It's not just bricks and mortar; it's also innovation and connectivity around the delivery model.

How are you working to achieve greater health literacy in the Triangle?

We're very proud of the fact that Wake County is the healthiest county in North Carolina and that is not by accident. It has been a deliberate effort that the entire community works on. We're even prouder that we are the third-healthiest capital county in the country. Yet we still have inequity that exists in health. One of the things we take pride in and are nationally recognized for has been our ability, through COVID, to drill down and identify where patients are coming from in our community and be proactive in our education outreach. Hospitals were some of the primary deliverers of the

COVID-19 vaccine. We know the zip codes patients are coming from to seek care, and those are not always zip codes from which folks are willing to drive longer distances to get a vaccine. We were focused on educating those underserved areas. There is still a lot of work to do in removing the zip code disparity. There is a 10-year life expectancy between one zip code in Wake County and another close by. It's our responsibility to proactively use that information and reduce that disparity.

How would Medicaid expansion and other proposed healthcare legislation affect the Triangle?

Clearly, the more people who have access to some type of insurance coverage results in better long-term health. I have not heard anyone say that healthcare just doesn't cost enough. Yet, everything associated with healthcare, in general, costs more. Supplies, drugs – they all cost a lot more. The way we will meet our mission in the long run will be to help people be healthier. A healthier person costs less than a sick person. Illness, injury and disease won't go away, but through access to some type of insurance – especially one designed for population health and early detection – we are able to catch and prevent long-term issues. The best way to do that is to work on prevention through some type of healthcare insurance model. Expansion is important. In the long run, it's about having the right resources to do it and making sure people are able to get access near where they live. A significant portion of those without insurance right now are among those who are in the most need. Medicaid expansion in North Carolina will help about 600,000 people get some type of coverage that hopefully will get them on a path toward a healthier life. ■

(...) healthy. Additionally, healthcare providers need to address racial disparities, while striving to provide high-quality health care to vulnerable people. Several organizations and NGOs in the region are working to reduce health disparities and accelerate health equity.

SouthLight, for example, offers innovative care for individuals who must deal with the negative effects of stigma, untreated addiction and mental illness. At the same time, the University of North Carolina at Chapel Hill is conducting the Cecil G. Sheps Program in Health Disparities Research. The program's initial aim was to identify and correct structural inequalities in treatment and outcomes between white residents and members of racial and ethnic minorities in North Carolina. Later, the program's scope was expanded to include health equity based on socioeconomic status, geography, race and ethnicity, gender identity and sexual orientation.

Equitable care also goes beyond the four walls of a hospital. The city of Raleigh is focused on providing reliable transportation for people with disabilities, so GoRaleigh Access users who meet the requirements of the Americans with Disabilities Act (ADA) are eligible for complementary paratransit service. Additionally, Wake County has the GoWake Access program, which offers door-to-door shared ride transportation services to senior citizens, individuals with disabilities, people who require transportation for a job, residents who live in Wake County's rural service zones, or those who take part in a sponsored eligible service such as Medicaid.

Because of select initiatives and programs that aimed to address racial and ethnic disparities, the state has recorded a 21% decline in infant mortality in black infants under the age of one to 12.2 deaths per 1,000 in 2015-2018 from 15.5 in the 2003-2006 period. However, given that the average age of death for white North Carolina men was 73.8 years in 1996–2000, and the life expectancy of minority males was 68 years during the same period, more might be done to address the inequity. It's also worth noting that the average life expectancy at birth for white North Carolina females was 79.6 years, whereas for minority women it was only 75.8 years.

■ Key sub-industries

The region is a reputable healthcare leader, housing three major medical systems, global corporations, top-rated life science companies and some of the best teaching hospitals in the nation. As well as WakeMed Health & Hospitals, UNC/REX HealthCare, Duke Raleigh Hospital, UNC Health Care and Duke University Health System, the region is home to major life sciences companies like Merck, Bayer, IQVIA, Pfizer, Syngenta



Experts say telemedicine is here to stay, utilizing technology to support office operations.

and Biogen. But even leading healthcare hubs like the Triangle are suffering because of worsening nurse and physician shortages. In most cases, short-term solutions like raising wages and hiring temporary workers didn't fix the problem. Even so, the Triangle is not the only region dealing with this difficulty and this remains a national problem that has persisted for far too long.

A survey by AMN Healthcare found that 85% of healthcare facilities are experiencing allied healthcare professional shortages. Furthermore, 70% of respondents said it takes longer to fill vacancies, while 46% claimed that employee burnout remains a persistent problem. Meanwhile, a model created by the UNC Sheps Center's Program on Health Workforce Research and Policy reveals that by 2033, North Carolina is projected to have a deficit of more than 5,000 licensed practical nurses and close to 12,500 registered nurses. A different report by Mercer shows North Carolina is among the five states with the largest projected shortages of nurses by 2026 if the issue is not addressed urgently.

It comes as no surprise then that rural communities in North Carolina are in an even worse predicament because of the growing shortage of healthcare workers. Camden County, with a population of 10,000, had only one dentist, one hygienist, one pharmacist and one primary care physician as of 2019, according to data from the UNC Chapel Hill's Sheps Center for Health Services Research. Naturally, the state, educational institutions, and medical providers have tried to address the problem by issuing emergency temporary licenses, recruiting, training and retaining existing staff, shifting to telehealth and diversifying the physician workforce.



Raleigh-Durham hosts three major medical systems, global corporations and some of the nation's best teaching hospitals

According to the 10-year employment projections made by the North Carolina Department of Commerce's Labor and Economic Analysis Division (LEAD) in collaboration with the U.S. Department of Labor's Employment and Training Administration, the state's health care and social assistance needs are projected to expand by 81,000 jobs between 2018 and 2028, and have a growth rate of 13.7% over the same period. This implies that the staffing shortages will probably worsen if the issue is not addressed. In order to address the immediate and medium-term shortages, the University of North Carolina at Chapel Hill announced that the online, accelerated RN Refresher program will be offered at a discounted price.

Another important development is that the new state budget allocated \$1.31 billion for the North Carolina Community College System (NCCCS) for 2021-22 and \$1.34 billion for 2022-23. The budget also included a 5% pay rise over two years for community college employees, a one-time bonus, higher minimum wages, and more than \$20 million for the recruitment and retention of educators in high-need areas. This would undoubtedly make it easier to recruit and retain talented instructors who teach nursing students. Likewise, several hospitals in North Carolina have tried to retain their workforce by boosting benefits and salaries. Mission Health, for example, revealed it will provide wage raises totaling \$22 million for key roles. But higher payroll expenses and surging inflation will likely put pressure on the hospital's bottom line and bring a decline in profit margins. Accordingly, hospitals and healthcare organizations will be forced to raise prices for services.

Resources are also being channeled into training for medical research. The Biomanufacturing Training and (..)



Founded in North Carolina
Working around the globe
Improving the human condition for 65 years



rti.org



Rising to the occasion

Challenges, pressure lead to different thinking about community care

Steve Lawler

President & CEO – North Carolina Healthcare Association

How has the healthcare sector evolved in recent years?

The healthcare industry over the past three years has been under significant pressure in dealing with the pandemic. Now, we are confronted with a struggling economy alongside a possible tridemic of flu, RSV and COVID. First and foremost, it's been an incredibly challenging and rewarding three years. Despite once-in-a-generation challenges, hospitals in North Carolina rose to the occasion and we were able to avert a crisis in North Carolina. Some of our nation's best pandemic practices came out of North Carolina, between vaccine development in the Triangle and mass vaccination or testing sites. North Carolina's healthcare system demonstrated immense innovation in a way that ensured every North Carolinian had access to the best care, vaccines and tests.

We have also begun thinking differently about how we care for the community outside of the four walls of a hospital. The pandemic required us to be vested in the wellbeing of others in their daily lives and not necessarily when they first arrive at the hospital. We of course also have workforce-related challenges that we see as opportunities to get more people involved in healthcare. In the Triangle alone the industry employs about 150,000 people. We need more, and we need people with different skills.

How has the approach to rural health changed?

Rural health is a huge priority for the association and North Carolina's healthcare system. At the beginning of my career I ran one of the smaller rural hospitals in North Carolina. Rural hospitals and healthcare are facing a variety of challenges. We're involved in looking for ways to

innovate to ensure rural hospitals remain relevant going forward and have talent to ensure they're able to fully care for the community. We spend a lot of time focusing on workforce development in rural communities, helping them grow their own through local school systems. We are supporting members to deliver high-quality care and have been recognized by the Centers for Medicare and Medicaid Services as one of the top performing states in the country. We probably have more CMS five-star ratings for rural hospitals in North Carolina than other states. We're anchored in helping small hospitals deliver that high-quality care.

We're also focused on expanding Medicaid coverage, which would be huge for many North Carolinians. Over 600,000 people could be covered under the expansion and small community hospitals could really benefit from more federal assistance. We want to get this legislation through.

What other legislation are you watching?

We want to continue leveraging telehealth as much as possible. Many of our smaller hospitals already have some kind of virtual link with larger medical centers for virtual ICU or behavioral health. It's a great way to provide expert care to communities that may not be able to recruit that specialist. The adoption of telehealth is huge for the next generation. Hospitals also need to have support to weather a financial storm or another pandemic. Investing in hospitals and health systems is so important. Healthcare makes up 6% of the state's GDP, and it's a \$40 billion ecosystem in North Carolina. Our system is unique and should be taken care of as a major player in our economy. ■



Without an end to labor shortage challenges in sight, healthcare providers are turning to technology to fill in the gaps.

(...) Education Center (BTEC) at N.C. State launched the nation's first graduate program in biomanufacturing. Elsewhere, students enrolled at the Biomanufacturing Research Institute and Technology Enterprise (BRITE) at North Carolina Central University can study modules created in collaboration with leading biotech corporations and engage in practical research. Evidently, these innovative programs increase college enrollment and keep students engaged.

Affordability & regulations

Last August, the U.S. Senate passed the Inflation Reduction Act of 2022, which will slash prescription drug costs for Medicare beneficiaries and lower federal drug spending. The Congressional Budget Office forecasts

that the drug pricing provisions in the law would cut the federal deficit by \$237 billion through 2031. By making prescription drugs and health insurance more affordable, the Biden administration has advanced health equity and improved access to health services for medically underserved communities. To take it one step further, the bill includes a \$2,000 a year out-of-pocket spending cap on prescription drugs for Medicare beneficiaries. This means that seniors will avoid rapidly rising health care costs. But it's not all good news, as the NC House of Representatives might override North Carolina's long awaited Medicaid expansion bill. It's worth noting that the state is leaving \$5.9 billion in federal money on the table if it doesn't expand Medicaid. Furthermore, roughly 621,000 low-income residents will remain uninsured, as per healthinsurance.org's data.

Looking ahead

Moving forward, steady growth in healthcare and life sciences will restore the region's long-term growth prospects while it navigates impending global crises and the economic slowdown. A high demand for local STEM talent will force corporations and startups to design the jobs of the future, creating value for stakeholders and new hires. This means that the healthcare industry will have an increased focus on telehealth tech and remote patient monitoring programs, which will ease the impact of the staffing shortage. But healthcare providers and life sciences corporations must go beyond telemedicine and on-demand virtual care services. They must also adopt machine learning technologies and employ data analytics and artificial intelligence software for diagnostic and treatment recommendations, patient monitoring and disease management. ■



Health plans made for you. From the mountains to the coast, we've got you covered.

Are you eligible for Medicare? Or an employer looking for trusted, local coverage for your employees? Check out our Medicare plans and our employer group options, made with your needs in mind.

Providers You Trust

Connect with a large network of trusted and respected doctors, hospitals and clinics.

Benefits Catered to You

Get a plan to fit your needs – with plenty of options to choose from.

Personal Touch

Get coverage from a plan right here in North Carolina.

FirstCarolinaCare
INSURANCE COMPANY

FirstCarolinaCare.com | (855) 265-2623 (TTY 711)

GNMKFC22-RDtranscriptad-0922



CAMPBELL
UNIVERSITY

Leading with purpose



The private university of
choice in North Carolina



Only N.C. private university
with professional degrees
in law, medicine & pharmacy



Enrolls more North
Carolinians than any
private school

150+

Prepares leaders for
N.C. through 150+
academic programs

www.campbell.edu

EEO/AA/Minorities/Females/Disabled/Protected Veterans | <http://www.campbell.edu/employment>

Education:

Some of the themes that cause concern in Raleigh-Durham's education system are mirrored by cities across the country. The key difference in this region, however, is its resource base that insulates it from difficulties.

EDUCATION AND TECHNOLOGY CENTER

Well prepared:



Strong educational foundation a hallmark of the region

Of Raleigh-Durham's many offerings, its educational facilities are second to none. With three Tier-1 research universities – North Carolina State University in Raleigh, Duke University in Durham and the University of North Carolina at Chapel Hill – the Triangle has been ranked by Forbes as the second-most educated region in the country. Furthermore, US News and World released its rankings of American universities and colleges in September 2022 and it placed Duke University 10th on the list, while the University of North Carolina-Chapel Hill was in 29th place.

■ Landscape

North Carolina took more drastic measures than other states in keeping its students educated during and after the pandemic and it is in this context that the North Carolina Virtual Public School, along with the North Carolina Cyber Academy and North Carolina Virtual Academy have come into being, signaling the changing times that emerged with the pandemic. The NC Virtual Public School is not a standalone establishment; rather, students from traditional public schools, home schools, charter schools, or private schools can use the virtual program to access classes. The grade they get in those classes is transmitted back to their district or school. The other two virtual schools, however, are educational institutions in their own right and students take the same mandated state exams as those in traditional establishments.

How much virtual schools are helping, or have helped, over the last few years is not yet so clear-cut. The North Carolina Cyber Academy's own website notes that since the school opened in 2016, its performance grade has been rated D every year. Intriguingly, there was no data presented during 2020 and 2021 due to the COVID impact. Both schools currently operate under pilot program status and are not subject to charter school renewal processes, which include reviews of academic performance every five years and can force the closure of a school if performance does not meet expectations. North Carolina Cyber Academy receives \$20.3 million in state funds and \$5.5 million in federal funds as it is a Title I school, meaning a school with a (...)



Significant transition

Change in thinking needed about how to deliver the value of higher ed

Randy Woodson

Chancellor – North Carolina State University

How is the changing landscape of higher education reflective of the ongoing changes at the university?

Higher education is going through a significant transition. People across the country are concerned about changing demographics and about what people are looking for in higher education. We're a land grant university and so much of our work at NC State is really in the areas where there's tremendous workforce needs in STEM. This plays into our sweet spot and we're changing to think about the way we deliver the value of higher education in the marketplace. We'll have 5,700 freshmen this year and about 1,600 transfer students coming here for a traditional, residential undergraduate education. We have many students out in the workforce seeking to expand their credentials through certificate programs. As NC State is doing, higher education will need to adapt to be increasingly relevant to workforce needs.

What impacts do you anticipate the NC Workforce Development Leadership Initiative will have?

The key for the workforce development here is industry led. The workforce program at NC State has had tremendous success because of the connections back to the industry sponsors and the people that help us by providing internships and real-world examples to prepare participating students. We have a workforce training program for graduate students called Accelerate to Industry (A2i). This program helps our PhD students prepare and train for an industrial job. It started at NC State and has since been franchised, where a number of universities across the country have adopted the approach.

Why is entrepreneurship a core focus for the university and how does that set your students up for success?

For us, entrepreneurship is a way of thinking and helping young people be innovative in thinking about ways to bring new ideas into the marketplace. We've heavily invested in entrepreneurship and rank high in this area because of our intentions and our actions. We want our students to leave here with as much of an entrepreneurial mindset as possible, which will serve them well in their communities.

What are your greatest concerns given the current market?

We're hoping to have the ability to address some of the compensation issues that we have with our employees. There have been many conversations about supporting students either by expanding Pell grants or loan forgiveness. Most of our undergraduate students graduate with very manageable debt. We do everything we can to keep the university affordable and ensure students graduate.

What are NC State's priorities over the next few years?

NC State's Centennial campus is a key differentiator with 70 corporate partners working in private buildings on our campus. We're embarking on a major development project called the Innovation District that has the potential to almost double the number of corporate partners on our campus. This is what we do in partnering with the private sector. Expanding engineering requires us to invest in a new faculty. We have a strategic plan that will serve as our roadmap to help us think about and act on all of our big goals. ■



Jo Allen

President

Meredith College

With the population and business boom in the Triangle, what does enrollment look like?

Our enrollment is steady but we are seeing many more transfers, second degree students and graduate students. The pandemic has certainly given people time and opportunities to recalibrate their interests and passions to make adjustments in their work-life balance. We also see first year students developing differently than students in the past. We need to build their confidence, independence, and thinking skills that were stunted as they went through the pandemic. Our StrongPoints program is an exceptional tool for addressing that developmental gap.

What are some of the ways that Meredith College is prepping for the future of higher education?

We are certainly doing a lot more online and hybrid education, thanks to great technology access through our partnerships. An advantage of being in our area is the enhanced opportunities for internships, both virtual and online. These internships prepare students for the future of the workforce right now, and employers praise our students as “work ready.”

We are also very collaborative in our partnerships with other colleges and universities. Our students can take courses at other campuses without any difference in cost, and faculty collaborate on research as part of the consortium. In short, keeping our work and offerings relevant builds on our creativity and our institutional strengths, while helping students refine their own strengths.

How are you driving creativity in the classroom at Meredith College?

We strongly emphasize experiential learning, whether that's through research, internships, leadership opportunities or study abroad. In fact, 94% of our students complete at least one experiential learning option. We value getting students out in the world to learn because it helps students build their confidence outside the classroom and become more experienced in life lessons. One of the things we consistently hear from employers is that they want to hire more Meredith graduates because they are work ready. ■



Elon University's accelerated law school program is recognized by the industry for its accessibility and quality.

(...) higher percentage of students living in poverty. In June 2022, however, despite the challenges and disappointing results the schools have faced so far, the state House approved them to stay open for another five years. Both will receive a charter through the 2026-27 school year, when they could seek renewal for up to 10 more years. Both schools have argued, not without merit, that many of their students have come to them after struggling in traditional public schools.

More generally, state legislature is adapting to the new normal, recognizing that the pandemic opened up students, their parents and teachers to a more flexible and personal lifestyle that they are not willing to give up. As such, the House has also passed measures that allow traditional schools to continue to use remote instruction for snow days or other emergencies; allow schools that provided full-time remote instruction in the 2021-22 school year to continue to do so for the 2022-23 school year; permit school districts to establish remote academies that meet certain requirements beginning in the 2023-24 academic year; and permit new and existing charter schools to apply to become remote academies. Lawmakers in the state recognize that virtual education is going to be part of the landscape indefinitely and need to ensure that the protections and standards which students have traditionally enjoyed will still be respected even if they are no longer on campus.

UNC-Chapel Hill has made several changes to its curriculum for the 2022-23 academic year including a set of courses in first year specifically designed to bolster the first-year experience and navigate the transition between high school and university. There will also be a greater emphasis on research, with professors (...)



Time to refocus

With a new strategic plan on the horizon, it's 'time to catch our breath'

J. Bradley Creed

President – Campbell University

What is the current state of affairs for Campbell University?

We have passed the period of time that we allotted for our previous strategic plan, so now we are in a regathering and refocusing phase. At this time, I am not preparing a new formal strategic plan but we do have specific strategic areas that we are working on. This is a good time to catch our breath, refocus and recognize that we are living in a different world post-COVID that has affected everything we do, from how we work with our employee workforce to how we deliver education and how we live as a residential community. That's where we are right now. We have a few key areas but I'm not sure what the future strategic plan will look like. It may not look anything like the last one.

When do you expect to exit the refocusing period and enter a new strategic plan?

We are in the process of that right now, but it should be shaping up after this year. One other thing that we did that I think is pretty monumental here, is that we reorganized our committee structure for our board of trustees. This was the first time it had been done in 60 years. That has gone very well. Our initial feedback has been that it is different and working because it requires more involvement from our board. All of that has been a part of our shift and updating process, which I feel like I have been doing for the last seven years. We have had very impressive growth with new programs and buildings and a very successful capital campaign but we find ourselves needing to update and improve the kinds of processes that undergird the growth of those programs, all the way from things such as IT and

financial management to things like HR and strategic enrollment management.

Does Campbell University intend on expanding into new areas with its programs?

We have started new programs over the last seven to 10 years. It has been a really intense period. We started a physician's assistant program, a medical school, a public health program, a nursing program, a school of engineering and a homeland security program. We are extending this trend into the future but a little bit more deliberately as we go forward, which is what we are doing right now. We are always looking at new programs, which is kind of in the DNA of Campbell. If you go back to its founding in 1887 when it was the Buies Creek Academy, there has always been a progression. It went from being an elementary and secondary school, to a junior college, to a college, to what it is now: a level-six university. What we are doing now is paying attention to the overall undergraduate learning experience, not just specific programs or majors. Though we do continue to do that, we are also now taking very seriously the proposition of what do the students need to know and who do they need to be to live in this world and move into the workforce. That is a macro consideration that has systemic ramifications. It is a big proposition that can be very complex but we already have a number of groups that are working on that. It's not laser-focused like starting a program in a new area but it's really going to be essential to our next generation of students when it comes to getting them ready for life and preparing them to display leadership and make a difference. ■

Community colleges

As the Triangle's business community enters its next chapter, the region's community college system is stepping up.

**J.B. Buxton***President*

Durham Technical Community College

**Lisa Chapman***President*

Central Carolina Community College

How have strong partnerships played a role in developing the workforce pipeline?

The Durham and Orange County Commissioners support the Durham Tech Promise, which is a financial scholarship to help high school graduates afford college. With support from the Promise program, we have made Durham Tech tuition free for the next two years for local high school graduates to ensure people have far fewer obstacles to surmount as they look at starting and continuing their higher education. Our overarching goal is to partner with school systems so that we can accelerate students' ability to complete their academic credentials. Right now, in fact, 60 students from local high schools are completing their associate's degree while finishing high school. But we want that number to increase at least tenfold. We need to get people further, faster and we want to blur the lines between K-12 systems and community college so that students are on a pathway to family-supporting jobs and careers.

How does the college support nontraditional students seeking short-term workforce educational opportunities?

We've put a big push on supporting our adult learner population because their needs are distinct from recently graduated 18-year-olds. We have hired a team of full-time success coaches who can help students navigate the various processes of college, from academic advising to childcare. This keeps students from having to run between a dozen different departments to find what they need.

A significant step we've taken is a program called RTP Bio with Wake Tech to address workforce needs in the life sciences and biotech sectors. We are sharing resources on faculty development, apprenticeships, K-12 awareness, customized training and creating a new agreement so our students can learn at both institutions. That's the future of community colleges moving forward: working together to support access to talent for companies and great jobs for individuals. ■

How is Central Carolina Community College supporting businesses in the region?

Central Carolina Community College takes great pride in working with our community partners in providing a flexible educational experience that benefits students and workforce partners. As a college, we have stepped up our efforts in supporting employers and ensuring our community has a greater awareness of what is available to them – through increased outreach to employers in terms of the training they need and helping them connect with high school students and adult learners.

One of the industries Central Carolina Community College is actively engaged in supporting through education and training is the biotech sector, and for good reason. In Lee County alone, Astellas just celebrated its grand opening, Pfizer has expanded its operations, and Abzena has set up shop here. While we are seeing substantial development and expansion in biotech, it is not the only industry we are serving. Our economic development leadership has successfully supported industry diversity allowing residents to find a career right at home – and certainly regionally.

How are you planning to foster partnerships going forward?

Workforce partnerships are at the forefront of Central Carolina Community College's educational commitment to serving our residents and various economic development endeavors in our communities. Part of what we will do as we move into the next few years is to ensure that the college is providing an experience that allows individuals to grow in their careers and continue their education. Employers recognize what a benefit that is to their employees. Our job is to make sure that companies can offer that across the higher-ed sector with all of our partners.

We are working together with the area's colleges and thinking through how we serve the region's strategic and growing industries. ■

**Scott Ralls***President*

Wake Technical Community College

**Thomas Stith***Former President*

North Carolina Community College System

What are some ways that Wake Tech is competitive in recruiting and retaining talent?

The support of some corporations has gone into paying part of the salary of our faculty. Most of our fundraising goes toward scholarships, and we don't raise money for buildings, but we do use it to support our staff and make their salaries more competitive. Our county is helping support some of the technology-related staff, in areas like cybersecurity, where they can get better pay in the industry instead of academia. We are a community college, so we don't keep our tuition (it goes to the state) and instead we do different programs related to recruitment and retention. We need to keep making progress to make up for the years where we have struggled, especially considering that the current environment is very different from the ones we've had before.

What is your outlook for higher education within the Triangle in the near future?

The great thing for us is that we are not going to have as many challenges as other parts of the country because we have more opportunities and job growth. That is a wonderful problem to have. For us, it is about how to scale infrastructure. Part of our facility growth has been around opening up opportunities and growing them through collaborations. For example, we have a biotechnology partnership with Durham Tech that we call RTP Bio. We are also adding an early college high school for IT biotech, and we recently sold land to the public school system so they can create a new high school contiguous to our RTP campus. I think this region is unique because of the institutions that are here and the scale and focus that exists. Wake Tech is one of the most unique institutions in the community college sector when it comes to jobs and the economy. Our public schools are very strong and when you put all of that together you get a really strong workforce infrastructure capacity. We have to keep scaling that and tightening the seams. ■

Where do you see opportunities in regard to curriculum and economic development?

We want to be in alignment with the demand by business and industry. We have identified several career paths that are high demand, high paying careers that range from IT to biotech to allied health fields to advanced manufacturing. Also, teacher preparation; we have articulation agreements with our four year colleges to provide a seamless pathway for those with an interest in teaching. We are working hard to ensure our program offerings provide a pathway to opportunity. The value of higher education is important, but at the end of the day our graduates want economic opportunity and a job waiting at the end of the process.

What are some of the distinctions between pre- and post-pandemic trends in higher education?

Flexibility of deliverability is the key change. We had to pivot to a virtual environment, while maintaining on-campus instruction. Moving forward, we will continue to have a blended educational model. This flexibility will be needed to meet the needs of our students now.

How is North Carolina becoming an important state to do business?

The key indicator for me are the global companies that are relocating here. We are not only a leader in the Southeast but we are leading globally. Toyota or VinFast could have relocated anywhere in the world, but they chose North Carolina. The workforce pipeline is key to this, and when we talk to executives they ask if we have the highly educated workforce to provide the pipeline for our business needs. They are not just concerned about today, they are concerned about five to 10 years down the road. North Carolina is on the map and is competing on a global platform because of our community college system that provides these highly educated, prepared individuals for our workforce. ■

(...) actually teaching research, rather than expecting a research project completed by students during their course. It has also used the opportunity of a quieter campus and federal funding to renovate many of its classrooms: it can now boast of 137 general-purpose classrooms in a dozen buildings with pan/tilt/zoom cameras and ceiling microphones. Other adaptations include isolated networks connecting several rooms in the School of Music thereby enabling groups of musicians to play together without internet delays. Science laboratories that combine in-person and virtual learning allow students to work together around tables yet connect their laptops to present to virtual colleagues immediately.

In December 2021, it was reported that The University of North Carolina system is leveraging \$97 million in pandemic recovery funding to launch a nonprofit ed-tech startup intended to bolster adult online education to alleviate the shortage of workers that the state is feeling. The System estimates there are 1 million working adults who have some college education but no degree. The project, named Kitty Hawk, in its five-year financial plan



Higher education is working to strengthen local relationships and promote economic development.



Brian Ralph
President
William Peace University

“We're going to see significant economic and corporate expansion in the region. Higher education is going to continue to see how we can meet the needs and support the expansion. Colleges and universities will also need to continue to fully embrace the important work on diversity, equity and inclusion, especially as our campuses become more diverse, and as we educate and equip students to work and live in increasingly diverse communities. At the moment, William Peace University is going through a curriculum redesign. We are changing our degree programs, significantly improving our core educational options, and changing from a three hour credit structure to a four to further enhance the immersive learning opportunities for our students. Also, William Peace University is looking to grow the university from an enrollment standpoint so that we can provide an even more vibrant and robust student experience.**”**

expects 120 new online program launches and 24,000 net new enrollments across the system's 16 university campuses by the 2026–27 academic year. According to the UNC system, currently only 9% of undergraduates learn exclusively online and just 13% are over the age of 25, statistics which UNC says underscores the need for the system. They also forecast that statewide growth rate for 18-24 year-olds in university will be 8% through 2029 and just 1% from 2029 to 2039, a radical slowdown that system leaders say is in part fueling their work, according to the Inside Higher Ed website.

■ Student demographics

The total student population of colleges in Raleigh is 65,573, of which the proportion of undergraduate students is 84.29% and graduate students' proportion is 15.71%. North Carolina State University at Raleigh has the most students, 36,042 and by gender, the male-female ratio is 47.53% male students to 52.47% female student, according to College Tuition Compares. However, the system favors white people quite significantly: as of 2020, 63% of students graduating from universities in the city are white, followed by Black, 15.9%, with Hispanic or Latino next in line with 6.96%.

The inverse is true in the public school system where Black students are a majority of 54%, with white students making up 44%. A panel examining the future of public education in North Carolina came under some heat in February 2022 for its nine-member panel featuring only



one Black person and no Hispanics. A similar picture of a white minority is true in Durham where African-American students make up 38.5% of the population, followed by Hispanics at 34.3%, with white students only 19.4% during the 2022-23 academic year.

At the school level in Wake County, the data, although still skewed, is a little more equal. The student body at the schools served by Wake County Schools is 44.4% white, 22.4% Black, and 18.6% Hispanic/Latino. Forty-nine percent of students are female and 51% of students are male. Wake County Schools spends \$9,511

per student each year. It has an annual revenue of \$1.6 billion.

The state as a whole is skewed toward one dataset, however: that of white students whose parents were also college-educated. Research posted by UNC-Chapel Hill illustrates that children in Orange County are the least likely to be first-generation in college, followed by Wake, reflecting the high rates of adult educational attainment in these counties, which make up the Research Triangle. Statewide, there is a 38 percentage point gap between the first-generation rate for white children and Hispanic children and this gap widens to 52% in Orange and Wake counties. Durham County, the third core county of the Triangle region, has the largest Hispanic-White first-generation gap of any county: 81% versus. 12%, or a gap of 69%. Meanwhile, there is a 27% gap between the first-generation rate for white children and Black children statewide, yet this is 34 percentage points in Wake and 33 percentage points in Durham. Overall, 1.2 million children in North Carolina could be first-generation college students, which equates to 49% of children in North Carolina.

■ Legislation

There are numerous grants available to students in North Carolina from both state and federal sources. These include the Pell Grant offered to students with exceptional need and which can be supplemented by the Children of Fallen Heroes Scholarship which is offered to Pell Grant eligible students whose parent or guardian was a public safety officer or fire police officer and died in the line of duty. Similarly the Iraq and Afghanistan Service Grant is offered to students whose parent or guardian was a member of the U.S. armed forces and (...)

PERSONAL. PRACTICAL. PURPOSE-DRIVEN.

It is our desire for students to realize their potential as critically engaged and informed citizens contributing to their personal success, as well as their communities and society as a whole.

We believe that significant outcomes for students, faculty and corporations begin with public-private collaboration. It's our desire to form relationships with community partners that will help better position our graduates for employment. Partner with NCWU to offer **corporate internships, apprenticeships** or **other educational initiatives** and together we can lead our next generation to be workforce ready.

Partner with us and show your organization's commitment to educating NCWU students and tomorrow's leaders.



Prepping for the future

Graduating with multiple majors and minors gives students flexibility

Kevin Guskiewicz

Chancellor – UNC – Chapel Hill

How has the traditional student experience evolved at UNC-Chapel Hill?

We're preparing students for jobs and careers that don't even exist yet. I spoke with a group of high-school students recently who will theoretically be retiring around the years 2075 or 2076; what jobs will exist by then? A Carolina degree is preparing graduates for the unknown.

I'm proud that we graduate many students with multiple majors and minors, which will aid them in pivoting after graduation as opposed to those graduating with a very streamlined degree program. Offering a sort of fluidity between the liberal arts, depth within their chosen disciplines and access to real-world experiences is what makes a UNC-Chapel Hill degree so unique.

How are you repositioning the value proposition of a higher education?

Unlike many universities in the country, we are not seeing a reduction in enrollment. We are up a few percentage points from where we were four years ago in first-year applications and our acceptance rate was about 16%. Sadly, we are turning away many quality applicants we would like to see come to UNC-Chapel Hill. One of the things COVID taught us was new delivery methods. We can deliver high-quality education remotely and in a hybrid modality and we are exploring that to increase access to our programs. We developed a new global experience, where 90 students who would not have otherwise been able to attend UNC-Chapel Hill are able to virtually in the fall through this program in one of four cities abroad, and then they will return as on-campus students in the spring semester when we

have more capacity to welcome them.

We are trying to remain as affordable as possible and want to ensure the quality remains very high. We are living in a period of high inflation and it is affecting the ability of certain students to get here. We're doing everything possible to continue to raise private dollars for scholarships and financial aid. UNC-Chapel Hill is one of the few schools in the country to have a need-blind admissions process, which we are also very proud of. That aid is through philanthropy and keeping tuition and fees as low as possible.

How is technology revolutionizing the classroom?

We are very focused on high-structure, active learning. This is something we have been focused on for years, where we are not teaching in a standard lecture environment but in a more active learning environment, where a large lecture class is put into smaller groups. We use platforms, such as Poll Everywhere, and are converting our lecture halls to be more interactive, with large monitors that allow students to work in small groups and have interactive discussions online with professionals from all over the world. We are also teaching the use of machine learning and AI to solve big problems. We have new courses called Ideas, Information and Inquiry, or Triple-I, where students solve those big problems through different academic lenses. We have three faculty members teaching the course from different disciplines and showing how they solve issues from their different perspectives. For example, a course on health disparities could be co-taught by a health economist, a public health nutritionist and a clinical psychologist. ■



Over 176,000 students call the Triangle home while attending its academic institutions, and about 65,000 graduate each year.

(...) died as a result of military service performed in Iraq or Afghanistan when the United States went to war with those countries as a result of the events of 9/11.

There are a host of other grants available at the college level too, including the North Carolina Community College Grant which is available to students who are North Carolina residents and are enrolled for at least six credit hours. These persons may receive up to \$2,200 a year through the N.C. Community College Grant program. There is also the Finish Line Grant, which was created to ensure that unexpected expenses, medical costs, for example, don't prevent people from completing their community college education. Students who are at least halfway toward a degree or credential can apply for a Finish Line Grant, which

The NC Community College Grant program allows qualifying residents to receive up to \$2,200 a year

provides \$1,000 that can be put toward tuition and fees or emergency expenses.

There have been two interventions at the North Carolina legislature level in recent months. In May 2021, Gov. Roy Cooper announced \$51.4 million in new funding to help students access and complete postsecondary education as the state recovered from the pandemic. The breakdown of investment was \$44 million to help students access college more easily and earn degrees starting in the fall of 2021; \$5 million to support mental health initiatives across state postsecondary institutions; and \$2.4 million into equity-focused initiatives for K-12 and postsecondary students and families. The source of the funding is North Carolina's share of the Governor's Emergency Education Relief (GEER) fund — dollars from the federal administration that aim to help school districts, postsecondary institutions, or other education-related entities address the impacts of the COVID-19 pandemic. With these funds, North Carolina could push ahead with its Longleaf Program: a grant for 2022 North



Future site of **E. EUGENE MOORE MANUFACTURING AND BIOTECH SOLUTIONS CENTER**

Located in central North Carolina



- ✓ One-of-a-kind, world-class education center – largest facility in the state
- ✓ State-of-the-art equipment and technology
- ✓ Incubator and collaborative Industry 4.0 opportunities
- ✓ High-quality workforce development through CCCC programs

- ✓ Easy highway access and short drives to Raleigh Executive Jetport (15 minutes) and Raleigh-Durham International Airport (45 minutes)



Scan QR code to visit
www.cccc.edu/moorecenter

For more information, contact Crystal Glenn at:
(919) 718-7068 or **cglenn@cccc.edu**



Evan Duff

President

North Carolina Wesleyan
University

How are donations impacting the leadership team's vision for the college?

We're very strategic and intentional about the future of the college. One of the decisions we made as a leadership team three years ago was that we will not go into debt with any new facility, renovation or project. Anything we do on campus has to be donor-funded or have planned reserves to cover it. When you use that strategy, things may take a little longer to materialize but it's worthwhile because you don't have the debt. The turf field has been in discussion for many years. We became intentional about who we approached and sold this vision as a phased approach knowing that it's difficult to get the \$12 million up front. With the Shaw Learning Center, it was a bit different in that we were approached by the person who oversaw a trust.

How do the university's top majors reflect the needs of the local economy?

The top majors among our adult and traditional programs are business administration, leadership, exercise science, criminal justice and psychology. Business administration encompasses fields such as accounting, computer information systems and marketing. Our graduates have a major impact on commerce and go on to work in a number of industries. We try to give a broad education but still specialize. We have an alumnus who works at Epic Games in Raleigh and he used his business background to find his place in that industry. With criminal justice, we have great relationships with the State Bureau of Investigation, local and statewide sheriff organizations and highway patrol. Our students get internships early in their freshman and sophomore years and we guarantee them a career experience through internships or job shadowing. We've had students in our music production program go to New York City for a job shadowing experience with Sony Music. We've perfected this job shadowing formula and duplicated it with other agencies in North Carolina. Last year we started a corporate advantage program, called CAP, where a company will mentor about 10 students throughout the year and be in a position to offer internships or entry-level jobs after college. It gives these organizations a great opportunity to mold students while they're still studying. ■



Community, public and private universities and colleges are collaborating with local employers and governments to accelerate workforce development.

Carolina high school graduates who intend to attend one of the state's "Great 58" community colleges starting in the Fall 2022 semester. Full-time eligible students are guaranteed to receive \$700 to \$2,800 per year, for a total of two years. This is expected to be a \$31.5 million investment. In April 2022, meanwhile, Governor Cooper announced a further \$34 million to help postsecondary students complete their degree or credential and to help address K-12 student learning and mental health needs as students continue to recover from the pandemic. This includes \$27 million for the Summer Accelerator grant program. The program will provide tuition assistance to public and private postsecondary students who take summer courses in order to accelerate or not fall behind for their graduation. There will be grants up to \$5,000 to cover tuition, fees, books, housing, and other expenses based on the number of summer courses a student is taking.

The federal government has also stepped into the issue of student financing with students able to apply for up to \$20,000 in debt forgiveness under a plan announced by President Biden in August 2022. The scheme is currently on hold while the 8th Circuit Court of Appeals hears a legal challenge to the program, however if it approves the scheme then an estimated 8 million borrowers may receive debt relief automatically because the Department of Education already has their income on file. Borrowers who have debt remaining after either \$10,000 or \$20,000 is wiped away could see their monthly



Q&A



Connie Ledoux Book

*President
Elon University*

How is the Elon Law School offering a unique experience for students?

We modified our law curriculum to create a two and a half year program, which reduces the cost for students. About 30% are students of color, so that is helping fill the void for Hispanic and Black attorneys, particularly in North Carolina, which is where those population demographics are increasing. By reducing the program to two and a half years and the investment in scholarship support, we have reduced the debt burden for the law degree by 33%.

We also launched a 10-year strategic planning initiative named Boldly Elon, which is focused on student success. Typically, universities build their reputations on research and athletics. Instead, we are focused on continuing to measure our achievement through student success, which is our differentiator. We are particularly focused on undergraduate student success rates. We are beginning to see the rewards for this work. Our faculty was named number one in the nation by U.S. News and World for undergraduate teaching, which is no small feat.

payment amounts recalculated if they are enrolled in a standard repayment plan. Under a standard repayment plan, borrowers pay a fixed amount that ensures loans are paid off within 10 years. As of November 2022, the Biden administration claimed that nearly 26 million people had applied and they have until Dec. 31 to submit their applications.

■ K-12

North Carolina, like many states, suffers from a teacher shortage that was already an undercurrent before the pandemic and was accelerated by it. According to data from the North Carolina School Superintendents' Association, North Carolina's public schools started the year with at least 4,469 teacher vacancies, although this is most probably an underestimate of the true scale since 17 school districts did not provide any data. In the 2019-20 school year, there were only 1,829 vacancies at the start of the year. Meanwhile the number of teachers on provisional emergency licenses has nearly doubled, increasing from 1,942 to 3,618 this year. Schools are eager to hire any available candidate.

In May 2021, the North Carolina senate passed Senate Bill 671 opening school choice for more students across the state. The bill's sponsors noted that all children deserve the opportunity to attend the school that is best for the individual needs and, to that end, provides tuition support of up to \$5,800, up from \$4,200 as had been in place previously. (...)

What effects have the population and business booms had on enrollment?

In the Boldly Elon plan, we focused on curricular development that meets the needs of the future. We are now bringing in the largest class in Elon's history consisting of 1,740 freshmen. We have also added curriculum modules around data, analytics, fintech, and health communications and administration.

This focus on integrated learning can also be seen through the Innovation Quad, a new complex that connects other disciplines with STEM. It is a dynamic learning space that is very focused on STEM, data competency and health science. Within this Innovation Quad, we are opening two buildings in the fall that will add 72,000 square feet to engineering and science space for STEM enhancement. These facilities will host biomedical engineering and environmental engineering disciplines.

Given the demand for nurses in the community, we launched a nursing program during the pandemic, and we now have a B.S. in Nursing as well as an accelerated B.S. in Nursing. ■

The future of education

Value propositions, inclusion and collaboration are top of mind for leaders across the education spectrum.

**Paulette Dillard***President & CEO*

Shaw University

**Cecilia Holden***President & CEO*

myFutureNC

What is Shaw's overall plan for moving forward in a post-pandemic environment?

We revisited our strategic plan in 2020, and decided after careful review and input from stakeholders, that the six institutional priorities that we had identified in 2015 are still what we want to focus on going forward into the future. Those six institutional priorities are: enhancement of infrastructure; optimizing operational and academic processes; student retention and success, career readiness and timely graduation; local, regional, national and global partnerships because we want to train our students in what the marketplace needs; diversified revenue streams because much of the revenue comes from things like tuition and auxiliary activities which is not enough to sustain growth and student assistance at the level we need it; brand recognition and value proposition.

How do you do that when you are looking at 21st century Raleigh? The amazing number of institutions that are within the Triangle means that each one of us has to find our niche that brings value to us, independent of the broader Triangle community.

How has the influx of population to the Triangle affected enrollment at Shaw?

Enrollment for Shaw has been impacted by COVID-19, so what we are looking to do is get back to pre-pandemic enrollment levels. We have done some reorganization within our enrollment management and student success management. We are very focused on looking at enrollment in a new and strategic way. We have been really engaged in myFutureNC and how Shaw steps into that space. Throughout the years, Shaw has been very successful in the nontraditional space, specifically the adult degree population. We want to be able to leverage our location in Downtown Raleigh to be able to provide a pathway for reeducation, retraining and for the adults who have some college credits but have yet to earn a degree. ■

What is a key focus for myFutureNC?

To ensure North Carolina remains economically competitive now and into the future, in 2019, with bipartisan support in the General Assembly and a signature from the governor, the state of North Carolina adopted one of the most ambitious educational attainment goals in the nation. myFutureNC remains laser focused on this goal of having 2 million North Carolinians holding a high-quality credential or a postsecondary degree by 2030. We also recognize that the pandemic has placed students at risk around the world for being academically ready, so significant recovery efforts from the pandemic will be ongoing with our K-12 population.

What is the value of a higher education?

In a normal or down economy, jobs are more competitive and there are more people available for these positions. Today, employers are having to be more flexible with skill requirements because there aren't enough people available and seeking employment. When the economy has another downturn, employers can be more selective on the level of education required to fill job openings, and individuals without credentials or degrees are more likely to be unemployed. It's a simple matter of supply and demand so it is important for individuals to attain higher levels of education to be best positioned for down economies and to be qualified for jobs that are recession proof.

Equally important is labor market alignment – ensuring individuals get degrees and credentials in fields of study that align with jobs that are in high demand or high growth. If not, graduates are more likely to end up with debt and a degree that won't provide the return on the investment made or a job that pays a family-sustaining wage. When aligned, pre-pandemic figures show that a two-year degree would position you to make about twice as much money as someone with a high school diploma 15 years after graduation, and three times as much with a four-year degree. ■

**Robert Luddy**

*Founder & Chairman
Thales Academy*

**Christine Johnson
McPhail**

*President
Saint Augustine's University*

What have been some highlights for Thales Academy over the last 12 months?

We grew from 3,800 students to 4,800 in the 2020-21 school year and this year we have nearly 6,000 students enrolled. We expanded capacity by adding new campuses and many of our schools have waiting lists. Parents have been pushed to private school options because many schools were closed during the pandemic but also because they are concerned about the curriculum that is being taught elsewhere. Currently, we have 14 campuses and we hope to expand to 25. We want to continue to improve our classical curriculum and add more vocational skills opportunities. You need vocational skills to survive in the world and we want to instill those skills.

How has the traditional student changed after the pandemic?

Students that come to us are very interested in receiving a good education. The families are more engaged than they might be in a public school. They are interested in the traditions of our country, which include hard work and conservative values. We don't have popular culture in our school. Pop culture is available everywhere else, but it isn't at Thales. That attracts a lot of parents.

How is Thales Academy leveraging technology?

Parents communicate with the school through software to track grades, enrollment, and assignments. Teachers can directly communicate, but more routine things are handled by software. Starting in the 6th grade we use iPads, and we have a goal to move the curriculum to them. A simple device helps students and faculty keep everything together and on-track. They can walk around with their iPad and through Direct Instruction, they can AirPlay the lesson onto the big screen. At every level, we are introducing assignments that are done through the iPad, because it is efficient. When they aren't needed, students put them away because technology must be properly managed. ■

How is your university setting a precedent for higher education in the future?

We have the opportunity to redefine and strengthen our education, which means we have to put the needs of our students first. We cannot do this in isolation from the community we serve, so that means we have to do research to figure out what student interests and needs are. This is why I believe the Invest: publication is so great, because it is vital to people like me. It gives me information to help inform decision making about the wider community.

We want to be an active player in the development of this region. We believe this zip code has a strength in public health issues, and we are the home of many diseases that impact communities of color. We think that our public health program will help to study these health disparities in our community, and we will serve as a community partner to help solve these issues. We are in a unique position to identify issues and to assist in solving them.

What does your enrollment look like moving forward?

There is a unique opportunity for folks that are interested in long term economic impact to partner with us, so they can contribute to the new dimensions of the narrative that is taking place. For example, we are considering reviving St. Agnes hospital, which is an important historical part of the community. We received a half million-dollar grant from the federal government to do a feasibility study. We are looking at bringing that back as the Center for Health Disparities, and we are looking at ways to improve the old learning environment here at the university. We have adopted the concept of the 20-minute neighborhood, where we can find opportunities to imagine what a healthy community would look like. They could walk less than 20 minutes to have their needs met, and we could develop that type of community. We want to contribute to the vitality of the community in general through these initiatives. ■



Johnson Akinleye

Chancellor

North Carolina Central
University

What is the university's strategy regarding partnerships?

We've made a lot of strides in developing partnerships with corporations and foundations. At the end of 2021, we received \$1.5 million from home improvement firm Lowe's. An auditorium in our new School of Business will be named after Lowe's and the partnership will also focus on developing a curriculum that creates a pathway into a program in logistics and supply chain. We have a partnership with Intel Corporation which has invested \$5 million to assist our law school in developing a Technology Center to enhance our curriculum. We received \$1 million from TikTok and we have a partnership with GlaxoSmithKline Foundation, which awarded NCCU \$1.8 million in grants to create a biotech program.

What role do educational institutions play in the economy of Raleigh-Durham?

Educational institutions play a major role. From the economic impact standpoint alone, our institution has a huge impact on spending in the region from our faculty and staff, our students, and our alumni. In terms of talent, we have a high percentage of students who upon graduation choose to remain and become employed in critical workforce segments in North Carolina.

How has the labor shortage affected your institution?

It's been a very tough environment for labor and higher education has been no exception. We have faculty and staff that are exercising retirement options or choosing a different line of employment altogether. Like any other organization we are feeling some of the pressure. But we are doing all that is possible to make sure that we stay competitive in this very difficult market and be able to retain our best employees.

What is your near-term outlook and what are your top priorities?

The outlook for us is bright. We want to continue to grow. Our enrollment is up in our graduate and professional programs and our first-time freshmen student enrollment is holding steady. Our priority continues to be providing quality education for our students as well as encouraging cutting-edge research. ■



Wake Technical Community College is North Carolina's largest community college.

(...) Inequities remain, however. Wake County is the top county in the state for private schools with Cary Academy, on the outskirts of Raleigh, coming out at number one for 2023 according to niche.com. Across Wake County, Raleigh and Cary have all but two of the top 10 schools in niche.com's rankings. Rural schools, however, feel that they do not get the attention they deserve, especially in North Carolina where, according to the Center for Public Education, the state is home to 568,000 rural students, the second largest rural student population in the United States, after Texas. 80 of North Carolina's 100 counties are rural. Public School Forum of NC noted in 2019 that rural areas are in decline in comparison to their urban cousins. NC Rural Center, an organization dedicated to advocating for the unique needs of rural residents lists expanding access to affordable high-speed broadband as one of the most pressing issues facing rural residents. Students in rural schools have access to fewer advanced classes than urban students. North Carolina's rural districts have less than half as many high school AP course offerings as urban districts - an average of 5.8% for rural districts versus 11.9% for urban districts and the state's rural districts spend over \$1000 less per student than the average rural district in the United States.

■ Challenges, opportunities

Even students who spent the least amount of time learning remotely during the 2020-21 school year, even just a month or less, missed the equivalent of seven



to 10 weeks of math learning, according to research by Harvard University. It is thought that much of the damage was at the start of the pandemic in March 2020 when nearly all schools went remote and the quality of remote instruction was at its worst through lack of software, teacher training, universal internet access and a home environment for students that was not conducive to learning. As has been widely reported, students attending schools in high poverty areas were worst affected, and within those schools the students who were the poorest had it the hardest. Teachers in high-poverty schools were more likely to report that their students lacked a

workspace and internet at home, and were less likely to have an adult there to supervise and assist.

Universities have also seen skewed intake rates during and after the pandemic. Highly selective public universities, including state flagships, increased student intake by 1% while enrollment at other public universities fell anywhere from 2.8% to 5.7% indicating that those who were able to attend the most highly prized universities did so with greater gusto than usual, while persons for whom less prestigious schools were the only option were much more tempted into the workforce to support families and livelihoods, according to US News.

There are positives and opportunities to look at for the future for North Carolina's education sector. The National Bureau of Economic Research found that the state ranked 17th in terms of unemployment, meaning that of the 50 states plus D.C., North Carolina had the 17th-lowest total number of unemployment months per worker. By the same study, it also had the 19th-mildest experience of COVID-19. The Research Triangle remains extremely attractive for any companies or institutions wishing to relocate there: 47% of the population has a bachelor's degree or higher; 42,000 receive a bachelor's degree annually and it has the fourth-highest concentration of Ph.D.s in the nation. Raleigh-Durham was listed by Forbes in 2020 as among the 10 U.S. cities best positioned to recover from the coronavirus. All of this explains why decreases in enrollment, which have been felt nationally, are less severe in Raleigh-Durham. Nearly 4,500 fewer students enrolled in undergraduate programs in spring 2022 in North Carolina than a year earlier, a drop of 0.9%, according to figures from the National Student Clearinghouse Research Center. This is four times lower than the national drop of 4.1% among both

NORTH CAROLINA CENTRAL UNIVERSITY

NORTH CAROLINA CENTRAL UNIVERSITY
The **EAGLE**
PROMISE
is You!

DISCOVER
**THE EAGLE
PROMISE**

Our promise is like no other: we confidently commit to your academic success and promise that you will be prepared in a one-of-a-kind environment that empowers you to champion your future.

On-Time Graduation

Global Relevance

Leadership Development

Career Ready



NC Central
UNIVERSITY
Durham, NC

undergraduate and graduate students and significantly smaller than declines of almost 16% in Michigan and more than 8% in California. UNC-Chapel Hill saw hardly any change at all: a drop of 0.1% or 198 students.

■ Trade schools

Like many other places, the state has seen labor shortages across the board and its trade schools are trying to close that gap. The N.C. Chamber has strongly advocated that schools and businesses need to form partnerships to bridge gaps in labor: data from 2022 for the state showed 200,000 people unemployed but 400,000 job openings advertised. The Chamber has created an Institute for Workforce Competitiveness that will recall stories of successful workforce initiatives from N.C. Chamber members and then look to boost those statewide. The NC Works Commission, under the auspices of Governor Cooper, has a similar manifesto in its pledges, one of which is to improve the technical curricula offered in school including in remote learning situations. Under the myFutureNC initiative, two million North Carolinians between the ages of 25 and 44 years old have a high quality postsecondary degree or credentials. There is also promotion of the NCWorks Career Centers to promote workforce development. The federal government announced in March 2022 an investment of \$45 million in grant programs for community colleges to promote job growth too.

Colleges in the country are taking advantage of this refocused attention and funding: Wake Tech has extended its thanks to voters in the county after they approved a \$353 million bond allowing the college to expand training facilities for healthcare, life sciences, cybersecurity and industrial professions, enabling the training of students to meet in-demand labor shortages. The Strategic Twin Counties Education Partnership (STEP) is a partnership between Edgecombe and Nash Counties which aims to build a pipeline of new talent by ensuring young people are exposed to the jobs needed of the 21st century. This need is reflected in employment data for the city: in 2002 over 4,500 people were employed in manufacturing in Edgecombe County, in 2017 it was fewer than 3,000. The world is changing and students need to change with it.

**Voters approved
a \$353 million
bond for
Wake Tech
to expand its
training facilities**

■ Looking ahead

North Carolina faces many of the challenges that other states in the country do, although it is certainly

well prepared for them. Leveraging on the Research Triangle, Raleigh-Durham is insulated from many of the declines of enrolment and teacher shortages of many other regions. Virtual schools, although struggling, have been given a vote of confidence by the state legislature by remaining open in the coming years showcasing the state's flexibility and recognition of the future landscape. As the state's namesake references, Raleigh-Durham is still in flight. ■



**STRONG ROI.
THE MEREDITH MBA**

- AACSB-Accredited
- Competitively Priced
- Highly Personal
- Designed for Working Professionals

 AACSB ACCREDITED

Tourism, Arts & Sports:

Raleigh-Durham has something for everyone, whether academic, cultural, gastronomic or sports. Even the beach is only a couple of hours away. After some tough years, tourism, especially in Wake County, is again on the rise.

Covering all bases:

A photograph of two women singing on stage. The woman on the left has dark hair and is wearing a white button-down shirt and a blue skirt. The woman on the right has blonde curly hair and is wearing a bright pink dress. Both women are looking upwards and have their mouths open as if singing.

From dining to arts to sports, tourism and hospitality are roaring back

While a great deal is made of the Triangle region's tech and education prowess, it is not a stretch to say that the tourism sector is one of the bedrocks of Raleigh-Durham's economy. In 2021, 15.8 million visitors spent \$2.3 billion across the economy, which helped sustain around 31,000 jobs and generate \$243 million in state and local tax revenues. Although there is still some way to go to gain a full recovery from the pandemic-induced malaise – tourism spending in 2021 equated to 80% of the levels seen in 2019 – it is healthy nonetheless.

Compared to 2020, the \$2.3 billion visitor spend represents a 40% increase. Furthermore, within Wake County, tourism employment has consistently outpaced overall county employment, increasing 41% between 2010 and 2019 compared to overall county employment growth of 33.5%. Almost two-fifths of Wake County tourism jobs were lost in 2020, so the travel recovery in 2021 welcomed a return of tourism jobs, which rose to 76% of 2019 levels. Durham, however, is not quite on the same path as Raleigh. Direct visitor spending, which hit a peak of nearly \$1.1 billion in 2019, reached just \$778 million in 2021. Jobs directly related to tourism were nearly 9,000 before COVID but had recovered by 2021 to just 5,700. Despite this, Raleigh-Durham and the Triangle have much to offer visitors and the region is more than ready for sustained recovery in 2022 and beyond.

Studies have shown that millennial travelers will soon account for 50% of all hotel bookings. This and other characteristics of millennials have had and will continue to have big repercussions for the tourism industry. Businesses that can demonstrably illustrate their environmental credentials, sustainability and those which can offer an experience rather than a mere destination are those that will lead success in the coming decades. Millennials' clear interest in what they eat is sure to cause a rethink among restaurateurs over their saturated fat, sugar and other additive contents, as well as obliging them to offer more vegetarian and vegan options, while a 2018 report demonstrated that 85% of millennials prioritize venturing out of their comfort zones and learning new things when traveling. With its mix of concerts supporting local artists, breweries, (...)



Delivering for fans

Entertainment, accessibility among key priorities

Don Waddell

President & General Manager – Carolina Hurricanes

How has the fan experience evolved in the past few years?

When it comes to attending a hockey game, we want to ensure fans are provided with an experience worth their two and a half hours, one that is not only safe but an environment where they feel they get full value for their money. You're not going to win every game but you can create an atmosphere where people come, watch us play and have fun doing it. This past year, we brought in one of the largest JumboTrons in the country for an indoor arena and we want that entertainment to be delivered no matter what.

We also put a lot of resources into youth hockey. We have a new practice facility where we support not only youth hockey but a women's program, as well. We have the most women in franchise history signed up for this year, which is exciting. We moved here in '98, and we're now getting the first generation of those coming out of college who grew up in the Triangle area. Everybody else had allegiance to other teams when they moved here but this is a group we are capitalizing on and the excitement is there. We're playing an outdoor game this season, which we hope will be an opportunity for people to experience hockey, perhaps for the first time. We expect 55,000 people in attendance. We know our building will be fairly full each night but we will continue to try to build our fan base throughout the Triangle. Not everybody can afford to come to a hockey game, so we are providing the experience and opportunity in a number of ways.

What updates or expansions are underway at the arena?

We have a number of renovation discussions underway that will hopefully begin next summer. Our building is

23 years old this year and is in great condition but we want to deliver on amenities. We were ready to go in 2020 when COVID hit; now, we're revising that plan to account for how things have changed for our industry since then. This will be something customers and fans will be pleased with. We want to be a destination place before and after the game. As a summertime project, this will take about two years. PNC Arena is a key stakeholder to the Triangle region. This \$305 million renovation project is a commitment but a worthy one because of what it gives back to the community. On a larger scale, we're sitting on 86 acres of parking lots. We're in talks to develop the property around the venue, which would really enhance our program and provide an additional amenity to our community.

What is the future of sports entertainment in the Triangle?

The biggest discussion right now is around sports betting. The gambling bill was turned down last April, which we had been hard at work on. It's an avenue that by no means is for everybody but if you don't think sports betting is going on in North Carolina, you're living under a rock. You can legalize it and control it, as well as create tax revenue from it. We believe sports betting is in the future. Many of our partners in the NHL already have it; the money aspect is a plus but the key driver is the entertainment it provides to those who decide to participate. We will continue laying the groundwork to ensure it passes when they go back to session in the fall. Both parties are supportive of it; it's a matter of getting the bill written in a way that people are comfortable with it. We are confident. ■



Mike Birling

Vice President - Baseball
Operations
Durham Bulls

What is the impact of the Durham Bulls on the region's sports entertainment industry?

The Triangle sports scene is one of the best in the country. We've had a lot of success on the field and there's nothing better than receiving championship rings. Nonetheless, if you ask our fans, that is not why they come out. The fans come out because it's fun and inexpensive. Baseball is a sport where you can relax. For most sports teams, you have to win for fans to come out. However, our fans come out for various reasons with the experience being the most important.

What do you do differently from other sports teams concerning fan engagement?

We're trying to attract as many fans as possible, such as through social media. We want to show that we have the best baseball players here; however, we also want to show that it's all about fun. The Triangle is growing rapidly. We have an untapped market of people who want to come out to have fun. You don't even have to be a sports fan, or know about the game of baseball to enjoy a night out with the Bulls.

What are some of the ways you're catering to younger generations?

This is something Major League Baseball is focused on. I don't believe sports fans would say baseball is America's pastime anymore. It's mostly directed toward an older demographic, so we have a lot of work to do. On the playing side, we are working on things like new pitch clocks. From the game perspective, we understand the attention span of younger people is not what it used to be. If we can move the game quicker, it would be great. Also, I think we have to gamify things. There's a lot of talk about how to make baseball fun. Our goal is to have fun around the game, so fans can continue to be interested as they get older.

We're doing things off the field also, such as our Durham Bulls Youth Athletic League. We provide all the necessary funding. Before COVID-19, the league had around 400 kids; however, I believe it's 200 kids now. We provide all their equipment, so they don't have to pay any fees. We want to get more people interested in the game at a young age. ■

(...) mountain trails, beaches and museum curios, Raleigh-Durham is well placed to capitalize on this trend.

Landscape

Raleigh's abundant mix of fine dining restaurants, dive bars and more include two of the Top 100 Restaurants in America. The Triangle also offers numerous free performances and events to draw in visitors. Franklin County, on the city's outskirts, even hosts a Scottish tartan museum.

The Mountains to Sea Trail, a 1,175-mile walking trail across North Carolina, passes right through Raleigh as well. More generally, a secret of North Carolina's success in tourism lies in its national parks. North Carolina brought in \$1.7 billion from visitors to its national parks in 2021, the second most of any state, according to data from the National Park Service.

The region is also investing to ensure continued tourism growth. As of August 2022, Raleigh was tendering Requests for Interest for an upscale convention hotel of 500-plus rooms with an adjacent plot, which the city hopes will be used for residential properties. All told, there are 259 hotel rooms under construction in Downtown Raleigh, according to the Downtown Raleigh Alliance. Since 2005, Downtown has seen over \$3 billion in development and investment will continue with a 10-year plan to add green space and retail while allowing for increased density and connectivity.

This green space is making itself felt in Downtown Raleigh as the North Carolina Freedom Park neared completion as of October 2022. This will honor the achievements, heritage, culture and sacrifices of African-Americans in North Carolina and will include educational materials, an LED video board and walkways with quotes from significant Black figures. It is intended to open in mid-2023. This will be timely, since visitor recreational spending grew 68% in 2021 to \$357 million in direct sales, which equates to 72% of pre-pandemic levels. The employment recreation subsector climbed back to 64% of its pre-pandemic levels in 2021. The city also celebrated a groundbreaking event for the Gipson Play Plaza, coming soon to Dorothea Dix Park in Raleigh, featuring play areas for children, fountains, mazes and a picnic area on an 18.5 acre site.

In a bid to improve connectivity and thereby boost visitor numbers, \$57.9 million from President Joe Biden's Federal Infrastructure Bill has been allocated to the S-Line, the high speed rail line eventually planned to link Washington, D.C., to Jacksonville, Florida. The allocation of money will connect Raleigh to Richmond, Virginia. In 2021, 12% of each visitor's dollar was spent (...)



Demand is back

Business travel remains a key concern going forward

Dennis Edwards

President & CEO – Greater Raleigh Convention & Visitors Bureau

How is the landscape for the convention and visitor segment shaping up?

The good news is we're finally out of recovery mode from the pandemic and demand is definitely back in the area. We are seeing leisure demand on a national level as people get more comfortable with traveling. The youth, amateur and collegiate sports events took a pause when the pandemic initially hit but we are seeing a huge rebound there as well as with meetings and conventions.

The business traveler is what we are really concerned about and that's probably going to take at least another two years to recover. There was a survey from the U.S. Travel Association, J.D. Power and Tourism Economics and there were a few disturbing outcomes of that. It found that two-thirds of business executives expect their company will spend less on business travel over the next six months and half of the companies still have policies in place that restrict it. They are looking at interest rates, inflation and the labor shortage and are waiting to see how they will be impacted by a future recession.

What are some of the ways you are staying connected to the community?

We got into the esports market about three years ago because we saw the ecosystem that we had here, whether its developers like Epic Games or academic partners. We work closely with them to identify tournaments and competitions that drive tourism. We get our partners involved, depending on the clubs or facilities they have that they are looking to grow and elevate.

This community understands the importance of tourism and knows we need to continue to improve our infrastructure so we all benefit from that tourism

experience. As a result of our demand being nearly back to normal, our lodging tax collections have rebounded to 2019 levels. That has put us in a position to move forward with projects in the county that are going to be beneficial for driving tourism. We are moving forward with an RFI for a new 500-room full-service hotel adjacent to our convention center, for example.

What will tourism in the Triangle look like in three to five years?

It is going to be very robust and the demand for leisure travel will continue to be very high in this market. Because of the facilities we are adding, I believe we will continue to be a sought-after location for tournaments, meetings, leisure and so on. It is going to be an exciting time for our industry in the next decade and although our landscape will be different, the product we are going to offer is going to be better and have more variety, allowing us to continue having something for everyone.

What are your priorities for the next few years?

One of my priorities is making sure these developments get done. A lot of what we do is research-driven so we need to understand who our customers are in the future, especially if we see influxes from new countries. We want to be prepared to make sure we adapt to their needs because what we are doing today won't work three years from now. We partnered with a company called Arrivalist, where we are able to geofence any venue. We did that with the Dreamville Festival and we were able to track every mobile device there for the concert, which provided us with helpful data to make good investments. ■

Attracting new visitors

Arts, culture and tourism leaders discuss connecting communities and bringing in new constituents through strategic marketing.

**Elizabeth Doran***President & CEO*

North Carolina Theatre

**Valerie Hillings***Director & CEO*

North Carolina Museum of Art

What is the modern audience member's experience?

The modern audience is looking for services that begin many months before production. They want to hear from us, learn about how shows are built, get e-blasts and consume digital content on social media. They want to know the artists who are participating. They need a lot of communication because there were so many barriers during the pandemic.

What is the theatre's role as a community member?

Our job is to represent the many communities of our region in our work so everyone sees themselves on our stage. It's very easy to exercise empathy because audiences witness characters who look like them and are experiencing life in a way they can connect with. You must show many communities on your stage and you must create an experience of walking in someone else's shoes. That is the role of the theater: to create access to communities an audience member may not have otherwise known and recognize universal issues we have as people. It's also the job of the theater to instill pride into a region. North Carolina Theatre is an expression of the values of this education-oriented region. It's also the responsibility of an arts organization to inspire and tackle what society is asking itself in a safe manner so people can find meaning as they come in and enjoy themselves.

What does community outreach and education look like at the moment?

This is another change away from theater having audiences who simply observe, and theater having audiences that participate. Young people are diving back into arts training and are big consumers of cultural experiences. North Carolina Theatre trains kids but also engages its communities through partnerships with organizations already serving those we hope to represent. We have a program called All In, our vision for equitable access to the arts. Our goal is to reflect the demography of the region by 2030 in everything we do. ■

What are some ways the museum is creating a connection to the local community?

We have invited members of different communities in the state to write labels for the reinstallations, and we invited several artists to create new commissions for this reopening, some permanent, some temporary. On the opening weekend, we are highlighting the talent of young people in the community. Young musicians will be playing in the galleries. There will be young artists creating drawings for sale as part of our Monster Drawing Rally. It's been an opportunity to ask and invite creative talent to give us ideas.

How has the visitor experience evolved and where do you see it going in the next few years?

We have reconceived our West Building lobby. We're trying to make it as easy as possible and not create impediments. We're thinking a lot about accessibility issues. We had a classic check-in info desk, which is being replaced with a seating area with video content about the collection and commissioned artwork. While we've had some Spanish texts in exhibitions, now all primary wall text will be bilingual. In addition to wall texts and traditional labels, we have QR codes and digital labels in certain galleries that allow the visitor to explore various types of information about the works on view.

We are also developing an app for our Museum Park. We'll have the first rollout of the app later this fall with information on the artworks in the park, and then we're aiming to add additional content about the history of our property and nature to it by around April 2023. This project was made possible when someone came to us and said they were interested in developing a park app with us, and at the same time we were preparing content on art, nature and our history as part of a grant from Duke Energy, a project we are calling Illuminating History. ■



Laurie Paolicelli

Executive Director
Chapel Hill/Orange County Visitors
Bureau



Zalman Raffael

CEO & Artistic Director
Carolina Ballet

What are the strategies to get more visitors to the area?

There's this adage that if you want to build a better mouse trap, you have to tell people when you have a mouse trap. We're back open and we have to tell people that. And people have to know who we are because most of us in destination management are not the same destination. Of the businesses that closed, 60% then stayed closed, but many new ones came in at the end. There was a net gain surprisingly and people want to know what's going on and who's open.

So, we're telling people about our mouse trap. We're committed to marketing and to amplifying our message about the new experience of post-COVID. We can't just sit back and say, well people always come back. Well, no, we have changed, and we need to tell people what our mouse trap is.

What is your outlook for the Visitors Bureau for the near term and your top priorities?

It's very positive. We're just seeing great demand for what we had, and I'm surprised about how much everything has increased and how there's still demand. That bubble is still there. The airlines continue to add load factors.

We are concerned about when that group business market is going to come back full force. We have diverted a lot of our marketing dollars to let people know that we're here and we're open — telling people about that mouse trap and focusing on an area that still needs help.

What is the biggest challenge the Visitors Bureau is currently facing?

I think there is a whole new metric. We are trying to figure out who our visitor is. We all have friends who went to work for Apple or Google and make \$150,000 a year, and we're wondering whether we need to shift and go after this demographic. I would say that one of the biggest challenges is figuring out who the fish are in the pond. So, studying psychographics is more important to us. ■

How is Carolina Ballet innovating the art form?

We're doing a brand new Nutcracker. For some people, The Nutcracker was how they came to understand ballet. I grew up dancing The Nutcracker and I've watched a lot of Nutcracker performances. What has occurred to me over the years of sitting there and watching it is that the ballet establishes itself in the holiday party scene, which is set in the 1800s. It's not America's celebration of the holidays. Most of us don't go to some ballroom. So, we set our version in the mid-1900s. The style is a Norman Rockwell Christmas and the people attending the party aren't all coupled. There might be a single mother, father or a queer couple. It's understated because we don't want to make a political statement but if there are kids coming to see the performance, it would be good for them to see different family settings.

What's the advantage of having the performing arts in Raleigh-Durham?

It's been easier to break the ice since we have a smaller population. We can create plans that can trigger certain things. I have a connection with some people who serve folks who wouldn't necessarily come to the ballet. We also have to be able to create opportunities for people who might not want to spend their money because they have more important things to spend it on, such as buying food for their kids. We hold free performances and provide scholarship opportunities, which is easier to do in a smaller city than a big one.

How has Carolina Ballet rebounded following the pandemic?

My first year as CEO was during the first year of the pandemic. In a way, it was an amazing experience. I was able to set myself apart from things that were done before. In the circles that I communicated with, we were the only ballet dance company that was able to pay our dancers. Our board stepped up, and they made their end-of-year contributions. People also turned their tickets into gifts. ■

(...) on transportation, highlighting the need for efficient and well-connected transport to bring in visitors.

■ Sector performance

In 2020, the pandemic emptied out Raleigh's Central Business District. Some Downtown businesses kept plywood boards covering their windows for months, after protests following the death of George Floyd sparked vandalism. The Raleigh Convention Center closed temporarily in March 2020 and 385 convention center events were canceled, resulting in an economic-impact loss of \$204 million from the anticipated 536,000 attendees, which would have led to over 335,000 room nights for the city's hotels, according to the hospitalitynet website. More than 10,000 tourism jobs were lost in Wake County, dealing a major blow to one of the country's strongest economic regions.

Now, however, the region is back. Fans are coming to enjoy concerts, the PNC Arena hosted its first-ever e-sports tournament and the Convention Center has returned to strength, including hosting Galaxycon. The return of Brewgaloo, recently voted the No. 1 craft beer festival in the nation by USA Today, also helped, as did the 2022 USA Baseball National Team Identification

Series Champions Cup. All of this adds up to tax dollars for local government: Wake County collected \$29 million from hotels between January and June 2022, an 85% increase from the previous year and for the same period food and beverage taxes totaled \$38 million - up 30% in a year, according to a WRAL News report.

This being said, there are still labor shortages, especially in the Triangle where, according to March 2022 data from the North Carolina Department of Commerce, there are about 0.8 job seekers per opening in the state's North Central Prosperity Zone. Wake County, as of May 2022, had 52,234 jobs posted on job boards, with Raleigh being 31,539 of those jobs. The labor adjustments that have been caused by the COVID pandemic have not yet returned to equilibrium meaning there is a lack of employees for the jobs being advertised. North Carolina's tourism employment is still 18% down on the numbers from 2019. One in 54 North Carolinians was directly employed by tourism in 2021, yet in 2019, that figure was one in 45, according to the John Locke Foundation.

Wake County has usually seen annual office occupancy levels five to 10 points higher than average for the state as a whole. Given the Triangle area's dependence (...)





Staying connected

Keeping officials informed about challenges is key for rebound

Lynn Minges

President & CEO – North Carolina Restaurant & Lodging Association

What forms of support are members looking for right now?

One of the things our association does exceptionally well is to try to connect business owners and operators with policymakers at all levels of government. We spend a lot of time developing relationships, helping local elected officials, state officials, federal officials, our senators and our members of Congress understand the unique challenges that restaurants and hotels face. We had already laid the groundwork and I think that's carried us a long way as we've tried to navigate COVID and now the recovery and associated challenges.

We are working on several fronts. First, we were successful in getting a \$500 million business recovery grant program across the finish line during the last session of the General Assembly. That means about 4,500 restaurants and hotels that were most impacted by COVID received checks that amounted to 10% of their losses during the pandemic. This is a unique program that was conceived by NCRLA and its members and was presented to the governor and the 170 members of our North Carolina General Assembly in face-to-face meetings.

How can you rebuild the workforce in the hospitality sector?

Our industry has been uniquely impacted and it's going to be hard for us to rebuild our workforce. We're still down from pre-COVID levels if you consider 2019 as our baseline. In 2022, we've added new hotels, new restaurants and new capacity. We have expanded business but we have been unable to add enough workers to meet those needs. Our industry depends

on workers because our frontline hospitality can't be automated. There are a few shortcuts we can make with enhanced technologies for cashless payments and online transactions and online reservations. But the bottom line is that ours is an industry that depends on people to provide world-class hospitality and service.

The \$5 million from the American Rescue Plan is specifically designed to help us rebuild our North Carolina hospitality workforce and some exciting work is going on right now around that. We have set up a task force that's directing the allocation of those funds. The first phase is a research phase that is taking place through town halls across the state. We are meeting with business owners and operators, doing restaurant tours and hotel tours and learning more about the specific challenges that we're facing with recruiting and retaining workers. The second part of the research we're doing is to interview workers in the industry to create strategies that will hopefully increase recruitment and retention.

What is your outlook for the hospitality sector in North Carolina over the next three to five years?

There is no question we're going to see growth in our sector. North Carolina is a strong destination for travel. We have enjoyed incremental growth throughout the years, largely because of the diversity of our state, and of our central east coast location. We're able to pull from many of the largest metropolitan centers. We have incredible access and transportation networks in our state. The other thing that will continue to help us grow is the substantial population growth. We are very optimistic about our future in that regard and we're going to continue to see strong growth. ■

(...) on commercial and group demand, this region felt the impact of the pandemic more greatly than many other counties in the state that rely more on leisure travel. Many markets in western and eastern North Carolina maintained business or even rebounded in the second half of 2020, as state residents and visitors sought to spend time in the mountains or beaches with less need for social distancing and other COVID-19-related guidelines.

■ Sports

In December 2020, city council members approved the rezoning required for Raleigh developer John Kane's proposed Downtown South area, which is planned to include, among other attractions, a 20,000-seat Major League Soccer stadium. This project could create 5,900 jobs and \$20 million in annual property tax revenue if it proceeds as intended. Although the plan was later put on hold, the city arguing it had more pressing needs for its tax dollars, it does remain committed to a sports complex in the area in future, according to Raleigh Mayor Mary-Ann Baldwin.

Similarly, the PNC Arena, home of the Carolina Hurricanes ice hockey team and NC State Wolfpack men's basketball team, has plans for a major overhaul that would see it become part of a wider attraction in West Raleigh that would encourage visitors to arrive early before a game and stay afterward. The Hurricanes'

PERSPECTIVE:

Talent search

Kevin Jennings

Partner – Urban Food Group

We are back to basics. Servers skew younger, so they don't have the experience we normally expect. To staff back of house positions, we have started hiring more salaried management personnel. We can find people who are interested in salaried positions, but it is hard to find people who are willing to step into a kitchen and work their way up to sous chef or executive chef positions. Our kitchens are more skewed with management personnel now than they've been in the past. We've seen more high-quality individuals reentering the workforce recently but we don't know if it is going to be a long-term trend.

This strategy doesn't help our labor cost, but we are paying better people more to get them into our organization. I can either spend the money and time on training and teaching them about food and wine or I can pay somebody more to come in with more experience, skill and knowledge, but at an increased cost. We are taking the latter approach because we need employees with experience. ■



The North Carolina Museum of Art reopened following the pandemic with a focus on accessibility.

owner plans for the land around the stadium to be used for luxury hotels and retail shops, restaurants, sports pubs and an indoor-outdoor concert venue in a plan that has Baldwin's support. Since the arena opened in October 1999, commercial growth has been slow around it. The biggest development has been Wade Park, which has a mix of office buildings, housing and a few eateries. This is counter to the original vision when the stadium was built and opinion leans toward the fact that the lackluster performance is down to the land being owned by the state, stymying investment possibilities. This also means that cooperation with the state is required to get any kind of project off the ground but it is hoped that this project can be fast-tracked with the first work beginning in 2024. Giving the arena a more modern feel, the plans for commercial development should make PNC Arena more attractive for future events. An initial cost for redevelopment was said to be \$225 million; however, that was before the pandemic. Yet, optimism remains: Raleigh developer Jeff Ammons has commented that the opportunity is limitless given the hard work of connectivity and access to highways is already in place. The actual construction that remains is the easy part, according to the News Observer.



In Durham, a similar project is taking place at the Durham Bulls Athletic Park, home of the eponymous minor league baseball team. The \$10 million upgrades include facilities specifically designed for female umpires and team officials, enhanced training facilities and other player and baseball-centric renovations and are needed to be in place by 2025 so that the team continues to comply with Major League Baseball's licensing rules. The city of Durham will be supplying the funding, expecting similar returns on investment that have been seen in the past: a 2019 report shows that the Durham Bulls' presence in the area created \$33.3 million of direct economic impact and supported thousands of jobs.

Golf is also strategically important to North Carolina's economy and has been leading the charge in sporting significance for the economy. Gov. Roy Cooper noted in August 2021 that North Carolina is home to 520 golf courses and the sport generates \$2.3 billion in direct spending and a total economic impact of \$4.2 billion in the state, including nearly 53,000 jobs and total wage income of \$1.3 billion.

The industry received a validation of its credentials in September 2022 when True Spec Golf, a retailer

and leader in custom fittings for golf clubs opened a new location in Raleigh, only its second in North Carolina. It is partnering with Dogwood Country Club which, despite the name, is not a country club in its traditional sense but instead uses technology to offer a fully indoor golf experience. Players can play virtually on 175 championship course simulations, from Greensboro's Sedgefield Country Club to the Old Course at St. Andrews in Scotland. Furthermore in July 2022 the World Golf Hall of Fame announced that it would be relocating from Florida to Pinehurst, just on the outskirts of The Triangle, in a boon for Moore County officials who are trying to make the area the capital of golf in the United States. The facility is expected to open in 2024, the same year that the village will be the host of the U.S. Open. Hall of Fame induction ceremonies will be held in Pinehurst in 2024 and 2029 to coincide with the U.S. Open, which will be played at Pinehurst both of those years. It's not for nothing that Cooper has declared Aug. 31 the North Carolina Golf Day.

■ Arts & culture

In October 2022, after a long period of closure brought about by refurbishment and the pandemic, the NC Museum of Art was able to celebrate its reopening by hosting a series of events, many of which were free. It took the novel step of allowing visitors to view the pieces interactively, with more information about the artwork available in English and Spanish, as well as letting visitors get up close with new acquisitions and commissions and pieces on loan from museums across North Carolina and further afield. The museum is also breaking with tradition by relying less on grouping art by historical period but instead grouping them around themes. The North Carolina Arts Council lists a plethora of ways in which children may get into art, including The A+ Schools Program, which views the arts as fundamental to how teachers teach and students learn in all subjects. A+ Schools combine interdisciplinary teaching and daily arts instruction. Meanwhile the Arts Integration Institute based in Wake County, a partnership program of the John F. Kennedy Center for the Performing Arts in Washington, D.C., provides teacher professional development in arts integration. Teams of administrators, classroom teachers, art teachers and parents work collaboratively with artists in workshops to integrate the arts with NC curriculum and develop lesson plans. All this demonstrates the importance of the segment in the region – and how the pandemic has changed the way it approaches its audience. This has been a key aspect of the rebound for arts and culture in the region. (...)

Innovating in hospitality

Hotels are maintaining quality experiences and strategically adding services in response to industry challenges.

**Joel Fuller***General Manager
Sheraton Raleigh Hotel***Max Houseworth***General Manager
Residence Inn Raleigh Downtown***Do you see the talent pool situation changing in the next couple of years?**

It will get better. Technology is going to have a significant impact on touch points in our business. For example, mobile check-in is done via an application without the support of a person. We are making technology changes by using mobile dining and more digital hotel information available to our guests. In the housekeeping area, we are moving to a refreshed daily service versus a historic full clean of your room primarily to save labor, product and save energy and waste.

In what ways are you mitigating that shortage?

The community colleges and the universities, such as NC State, are important for us. We need to work with students around their schedules and be very flexible. We need people 24 hours a day. We try very hard to promote internally and provide incentives to our own associates to recruit friends, family and relatives. We have found that recruitment through associates is a success story as compared to anything else that we can do.

How are you working with other hospitality businesses?

We work very closely with the Greater Raleigh Convention and Visitors Bureau and the Raleigh Convention Center to attract and book business for the city. The sales teams from these venues work well together to sell the complete package to meetings and conventions. Food venues like Jimmy V's in addition to other restaurants with local fare is important for all visitors.

What do your priorities look like going forward?

We need to make sure that we are enhancing the customer experience. I believe that during COVID, many hotels and our industry drastically cut back because of the shortage of business. We leaned away from the standards that the brand prides itself on. We must bring back those brand standards in their entirety. ■

What events are you keeping track of to ensure healthy tourism in Raleigh?

Esports, in particular, is the most popular and talked about leisure business market in the last decade in our area. The esports business has really taken off. We had a huge event in November 2022 with Epic Games. These events are a huge draw and create compression within the market which helps us increase our rate. Many people are not familiar with these esports events but I think as more and more are hosted closer to home it will continue to feed into the excitement for this kind of business.

Business travel is still down and we are waiting for it to return, but our leisure market demand, such as weddings and reunions, is exceeding 2019 and this doesn't appear to be slowing down any time soon. Once the large corporate accounts in the city return to normal travel volumes, we should see a return to normalcy of occupancy from this sector.

What are some challenges moving forward?

Staffing issues are not going away. To maintain profitability for our investors, we must continue to operate the hotel responsibly and efficiently. This is our biggest challenge but in the short term, we need people and in the long term, we are trying to retain the best employees. They need to be happy and comfortable, so we pay better than we did in the past but we also want to make it a place that people enjoy coming to work.

What are the hotel's priorities for the next year?

We are focusing on incremental revenue, such as restaurant revenue at our rooftop bar and our second-floor restaurant. That demand is there even though we have lower occupancy overall. We want to maintain a high level of guest satisfaction in that area. We are in the Top 5% to 10% but this is not the top and we would like to gain more ground and be in the Top 3%. We are always striving to be a little better than we were last week. This mentality helps to deter complacency. ■

**David Palumbo***General Manager*

Raleigh Marriott City Center

**Jiquan Williams***General Manager*

The StateView Hotel

What are the new trends that are shaping the hotel business?

The first one that comes to mind is the non-contact check-in, when the guest wants to check in on their mobile device and not have to stop at the front desk. We have had mobile check-in now for two years. Some travelers are not as interested in the technologies, or they're not comfortable with that smartphone check-in, but certainly, the millennial traveler is. The feedback thus far has been very positive that we as a brand have that available to them.

How do you attract new talent to hospitality?

Working in hospitality has a special aura and we want to make sure that those up-and-coming associates understand the positive nature of working in a hotel and meeting a lot of different people and understanding what it means to be focused on guest satisfaction. I think that's what we need to tell those people who maybe don't understand that side of hospitality. It is a difficult career at times. It can be a demanding career, absolutely, but there's a tremendous amount of satisfaction when you build that relationship with a client. You build a relationship with them where you know you're not necessarily just a business. Honestly, that goes a long way toward making you feel good about what you do.

What is your outlook for Raleigh Marriott City Center for the near term and what are your top priorities?

We have a very positive outlook. I don't see any reason to believe that we're not going to continue to see a strong rebound. The salesforce, both in this hotel and in the area, have some very seasoned professionals who understand what the clients are looking for and that flexibility is important. All of the sales teams throughout the city are proud of the reputation that Raleigh has with the business traveler and our convention guests for being a safe and welcoming community. I think Raleigh is positioned very well for the years to come. ■

What initiatives are you looking to push through to improve operations?

We all know there are staffing challenges. We are trying to mitigate this problem by creating an environment where people want to be here, where they feel heard and appreciated. So, first, I think that my biggest contribution is to make our staff feel valued. This translates into great service. As a hospitality professional, exceptional service and exceeding the expectations of guests are top priority. We want every part of the experience, from arrival to departure, to be nothing short of exceptional. We have a wonderful environment that appeals to all senses when a guest first arrives at our property.

How is StateView offering guests a local experience?

We are constantly seeking to partner with local establishments and brainstorming different ways to elevate our guests' experiences. For example, we have partnered with the Lonnier Poole, a golf course located on the University's Centennial Campus, and developed a Stay and Play package. Guests can stay with us, whether for business or leisure, and have the ability to travel across our Main Campus Drive and enjoy a relaxing round of golf. We have done similar things with museums in our continued efforts to provide our guests with an amazing experience.

What changes and new strategies is the hotel implementing?

The market has changed over the last year. There was a lot of leisure and we were trying to appeal to that and get our hotel out there using third-party outlets. Now, as business travel returns, it is all about what we can offer them. They are coming here for meetings and events, so we are looking at our technology to be new-age and provide modern meeting standards at competitive pricing. There are a lot of factors, however, it is clear that our market has changed and as business travel returns, our ability to execute at a high level is going to be a driving factor to our success. ■



The region's arts and culture sector is poised for continued growth in 2023.

(...) Other cultural hubs include The Visual Art Exchange, a nonprofit creativity incubator and gallery, showcasing works from over 1,300 artists in 60 annual exhibitions; it also produces SPARKcon, an annual art and design festival in Downtown Raleigh. The Duke Energy Center for the Performing Arts in Downtown Raleigh features performances by the North Carolina Symphony, North Carolina Opera, Carolina Ballet, and North Carolina Theatre and is the home of Broadway Series South, which brings some of Broadway's biggest touring shows, performers, concerts and comedians to Raleigh. Meanwhile the Red Hat Amphitheater, an outdoor venue in the heart of Raleigh, makes concert-going a part of the experience of heading Downtown in the city, to accompany the restaurants and the craft breweries.

The Triangle is the hub of the arts and culture scene in the region and counts over 25 museums, 65 art galleries and 48 theaters. According to the Americans for the Arts Action Fund, North Carolina's arts and culture scene represents 2.7% of the state's GDP as of 2019 and in 2015 nonprofit arts organizations generated \$2.1 billion of economic activity and \$201 million in state and local government revenue, supporting almost 72,000 jobs, reflecting the importance or fully revitalizing the segment.

North Carolina's film industry is also making a comeback. The state spent \$409 million on its filmmaking industry in 2021, the most for close to a decade. By October 2022, total direct spending in the state from production companies was estimated at \$275 million, according to the North Carolina film office.

■ Looking ahead

Raleigh-Durham really is looking at a positive future for its tourism sector. Although business travel is still down compared to the years before COVID, the leisure tourism sector is comfortably filling in the blanks. The uptick in leisure travel will likely sustain through the end of

2022, according to the Greater Raleigh Convention and Visitors' Bureau. Federal stimulus checks combined with the lack of travel during the height of the pandemic has led to people taking more trips and vacations now. Though projections say that business travel may not return even during 2023, instead recovering in 2024, developers are nevertheless betting on its eventual return. The city is starting to see greater demand for the Raleigh Convention Center: in FY22 Raleigh booked 71% more meetings and conventions than the previous year and the amount of organizations requesting information and proposals for hosting events here has risen by 92%.

The third-quarter of 2022 has been especially fruitful for conventions. Visit Raleigh and the Greater Raleigh Sports Alliance hosted 76 events in the third-quarter of 2022, welcoming more than 75,800 attendees. Overall, year-to-date hotel occupancy in Greater Raleigh has been 66.3% compared to the state average of 62.5%. While hosting 76 events, authorities also managed to secure a further 97 future bookings, which they estimate will bring 96,400 room-nights of future business to Wake County, generating a projected \$68 million of economic impact.

The multiplier effects are sure to keep coming now that the city has finally concluded years of debate over the legality of short term rentals. Prior to the ruling, in February 2021, short-term rentals were technically illegal in Raleigh but city leaders agreed in 2015 to not enforce the ban until rules could be put in place. The new rules require short-term rental owners to have a city permit, ban exterior advertising and special events and prohibit gatherings at the homes. Property owners will have their permits revoked if they receive two violations from the city within 365 consecutive days. Immediately after the decision, in March 2021, Airbnb announced a partnership with Visit Raleigh called Wish You Were Here. The campaign featured a dedicated landing page highlighting Raleigh's creative culture, local makers, outdoor activities as well as the restaurant sector.

North Carolina ranks fifth in the nation for domestic tourism and, with many Americans still fearful about plane travel safety, it is hoped that it can maintain this level of business. The majority of tourists in the state originate from South Carolina, Virginia, Florida, Georgia and Tennessee. High and persistent inflation may change this, with gas prices causing people to think twice about their traveling distance. This is where North Carolina's free arts attractions and national parks could see record-breaking numbers going forward, according to NC State experts. Labor shortages may yet hurt, but the multitude of offers and opportunities across Raleigh-Durham and the Triangle ensure that whatever the people want, this region has it covered. ■

Bright Ideas, Brought to Market

The innovation that starts at NC State doesn't stop here.

We're a national leader in research commercialization, partnership and entrepreneurship. Our work results in new companies, new jobs, new foreign direct investment and new products — more than 600 of them so far. And we send forth more skilled graduates than any other university in the Carolinas.

#2

for startups among
public universities
without a medical school

\$3.9B

invested in North Carolina
by NC State's economic
development partners (FY22)

#1

in the Southeast
for entrepreneurship
education

NC State. Think and Do. Learn more at ncsu.edu





Best hike.



Best barbecue.

Best place to bank.

In North Carolina, we have a “best of” list for everything. For hikes, many say it’s Black Balsam Knob near Asheville. For barbecue, people love Prime Barbecue in Knightdale. For credit unions, Forbes Magazine says it’s us. [Experience why at bankbetter.org.](http://bankbetter.org)

Named Best-In-State Credit Union by **Forbes**



COASTAL
CREDIT UNION
Federally insured by NCUA