



Growth Report  
Q1 - 2023

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# Introduction



## MOMENTUM CONTINUES IN A BILLION DOLLAR START FOR 2023

**Employment levels reflect a cooling economy.** Regional employment saw a decrease of 0.54% quarter over quarter. The regional unemployment rate remains low at 3.5%, with only a slight increase in claims. Overall, regional employment growth is higher than North Carolina, but lower than South Carolina.

**Q1 ended with 13 projects, totaling an announced capital investment of \$2.2B and 1.5K jobs.** Aligned with national trends, the region continues to see activity within the EV ecosystem including the year's first billion dollar announcement by Albemarle. Additionally, other announcements include Select CLT wins via Pallidus and Captron.

**Several key industries reflect an increased demand for talent.** Despite continued recession-related concerns, job postings remain high for several sectors. Demand for talent is constrained by the supply of talent. Notably, there are limitations to training resources.



<sup>1</sup> Consumer Price Index for All Urban Consumers

# Quarter One Review

## LEADING INDICATORS

\$2.2B

announced capital investment

1,513

announced jobs

-0.54%

QoQ change in employment (Q4-Q1)

3.5%

unemployment rate (Feb '23)

## CURRENT INDICATORS

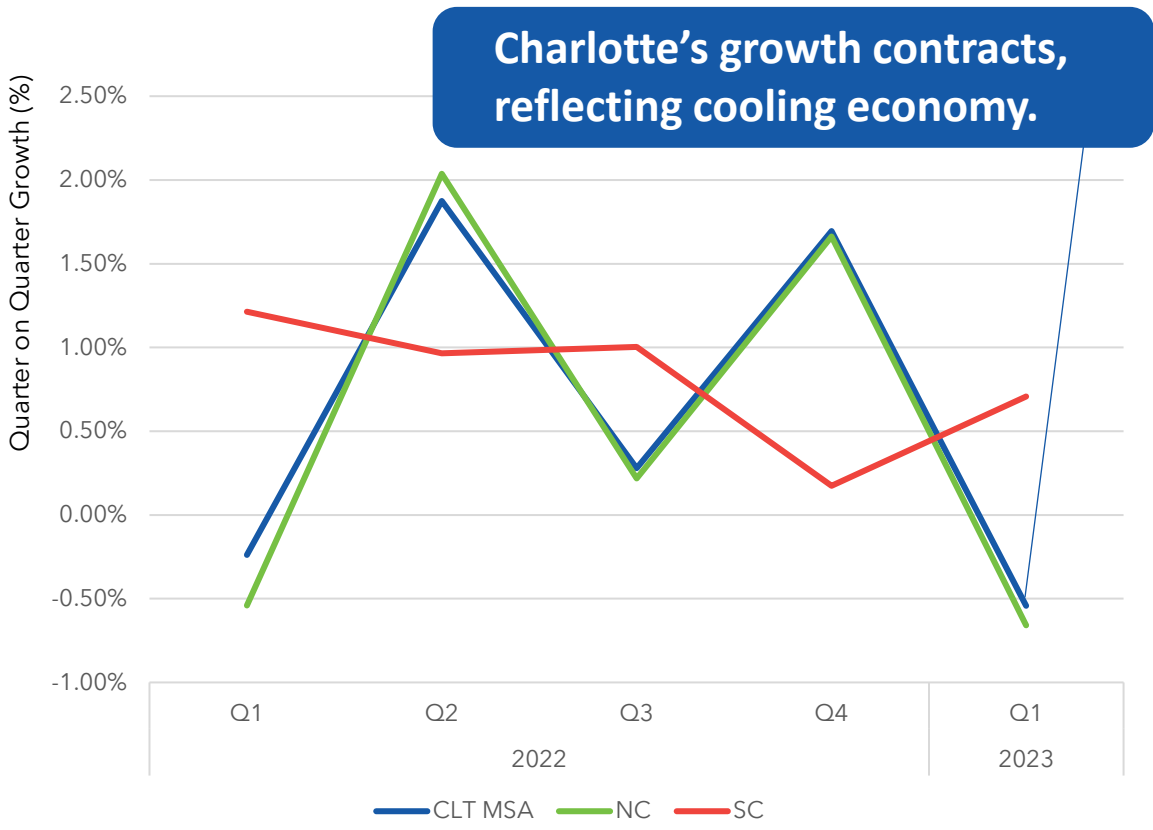


CHARLOTTE  
REGIONAL BUSINESS  
ALLIANCE®

Source: Federal Reserve Bank of St. Louis 2023; BLS 2023; CLT Alliance analysis 2023

# Total Employment by Quarter: Region

QoQ Growth in 2023 Q1



Employment levels in the Charlotte area contracted, reflecting an average quarter over quarter (QoQ) decrease of 0.54%. Contrary to a 3.5% unemployment rate, the job market shows signs of cooling amid financial disorder (e.g. failure of Silicon Valley Bank and Signature Bank) and continued corporate layoffs. The March meeting minutes of the Federal Open Market Committee suggest a mild recession is likely later this year.

North Carolina follows similar overall trends, ending Q1 with an employment level of 4.84 million and an unemployment rate of 3.5%. South Carolina, with an unemployment rate of 3.2%, ended the quarter with an employment level of 2.27 million.

\*The CLT MSA had a QoQ growth of -0.54%, while NC and SC were -0.66% and 0.71%, respectively.

Source: BLS 2023; CLT Alliance analysis 2023.



# Announced Investment Activity: Quarter

	Q1 2023	Q1 2022	Change
Projects	13	16	-19%
Jobs Announced	1,513	4,680	-68%
Capital Investment Announced (\$M)	\$2,200M	\$2,181M	1%

**Record-high capital investment:** Over the past few years, the amount of capital investment has increased dramatically while announced jobs have declined modestly. In 2019, there was about \$145,000 in capital investment for every job announced, while in the first quarter of 2023, there was \$1.5 million in capital investment for every job announced.

**Boosted by federal legislation:** The Chips Act and the Inflation Reduction Act have helped accelerate investment in the semiconductor and electric vehicle industry. The two largest announcements in the region, Albemarle's "mega-flex" lithium processing facility in Chester County, South Carolina, and Pallidus' semiconductor manufacturing facility in York County, South Carolina, reflect this broader trend.

**Massive investment in Chester County:** More than three-fourths of the investment in Q1 was in Chester County. Positioned on I-77 just south of York County, Chester County has had a lot of recent success in attracting manufacturing investment.

# Announced Investment Activity: 4 Quarter Comparison

Quarter	Projects	Jobs	Capital Investment
2022 Q2	15	985	\$304M
2022 Q3	19	705	\$125M
2022 Q4	23	1,401	\$2,285M
2023 Q1	13	1,513	\$2,200M
<b>4-quarter total (2022 Q2 – 2023 Q1)</b>	<b>70</b>	<b>4,604</b>	<b>\$4,914</b>
<b>Previous 4-Quarter Total (2021 Q2 – 2022Q1)</b>	<b>97</b>	<b>12,339</b>	<b>\$5,497</b>

**Dramatic Slowdown in Announced Jobs:** Announced jobs over the past four quarters were about one-third of what was seen in the previous four quarters. Given the continued competitiveness of the labor market nationwide, companies may be looking even more at automation strategies to achieve their production goals.

**Year Starts Where the Last Year Ended:** The first quarter of this year was remarkably like the last quarter of 2022, both in terms of announced jobs and capital investment. Despite continued concerns around a potential recession and relatively high interest rates, investments continued to be very strong.

# Announced Investment Activity: County

Announcement by County	Jobs	Capital Investment (\$ Millions)
<b>Chester</b>	<b>480</b>	<b>\$1,773M</b>
Albemarle	300	\$1,300M
IKO	180	\$363M
<b>Cleveland</b>	<b>178</b>	<b>\$.7M</b>
Bosch	78	\$.7M
The Armored Group	100	
<b>Iredell</b>	<b>263</b>	<b>\$37.6M</b>
Dura Supreme, LLC	237	\$17.4M
NGK Ceramics	-	\$9.4
Water Tech, Inc.	26	\$10.8M
<b>Lancaster</b>	<b>2</b>	<b>\$1M</b>
Captron	2	\$1M

Announcement by County	Jobs	Capital Investment (\$ Millions)
<b>Lincoln</b>	<b>10</b>	<b>\$6.5M</b>
KACO	5	\$1.5M
United Plate Glass	5	\$5M
<b>Mecklenburg</b>	<b>150</b>	<b>\$30M</b>
SEG Systems	150	\$30M
<b>York</b>	<b>430</b>	<b>\$461.5M</b>
Pallidus	405	\$443M
PDM US	25	\$18.5M
<b>Grand Total</b>	<b>1,513</b>	<b>\$2,200.3M</b>

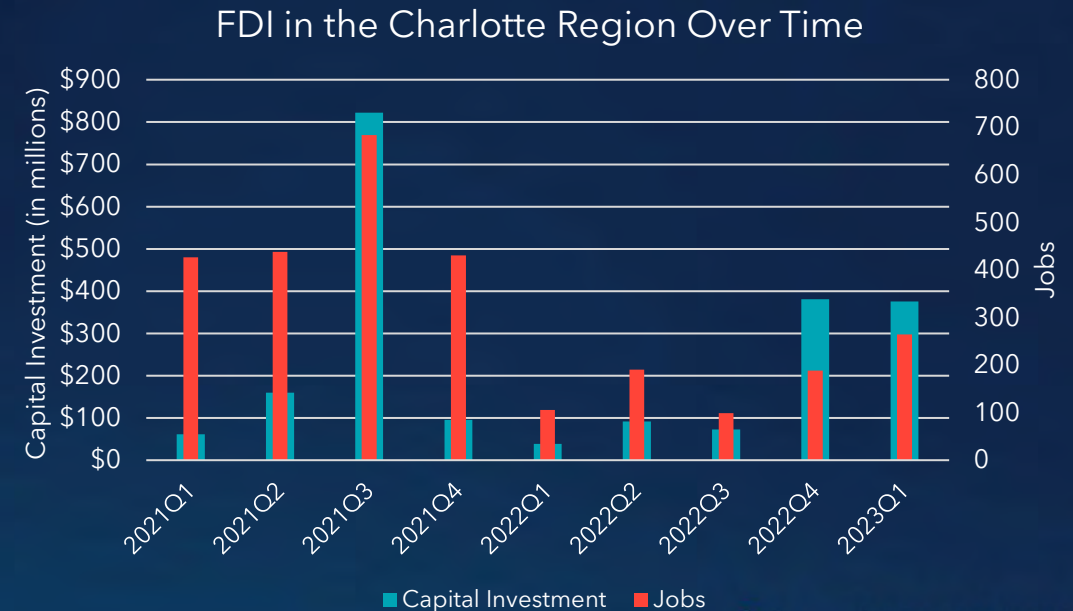


# Announced Foreign Direct Investment

**Two Consecutive Strong Quarters in FDI:** 2023 started out with about \$375 million in FDI, the second quarter in a row with high foreign investment totals. The bulk of the investment was from IKO, a Canadian fiberglass manufacturer which serves the construction industry. IKO will be upfitting the former Nippon Electric Glass facility in Chester as well as building a new 325K SF facility nearby.

**North Carolina Building Reuse Grant:** A \$500,000 building re-use grant from the State of North Carolina is facilitating a new Bosch facility in Shelby where Bosch will invest \$750,000 and create 78 jobs. Bosch, a German-owned manufacturer with a manufacturing facility in Lincoln County, has a long history in the CLT Region. This is a great example of how state programs like the building re-use grant can spur investment and job creation, particularly in rural communities.

Country	# of Announcements	Jobs	Capital Investment (\$ Millions)
Canada	1	180	\$363M
Germany	3	85	\$3M
Japan	1	-	\$9M
<b>Total</b>	<b>5</b>	<b>265</b>	<b>\$376M</b>



# Select CLT: Project Wins and Pipeline

## CURRENT PROJECT PIPELINE

19k

qualified projects jobs

\$7.4B

qualified projects capital investment

407

announced jobs (2023)

\$444M

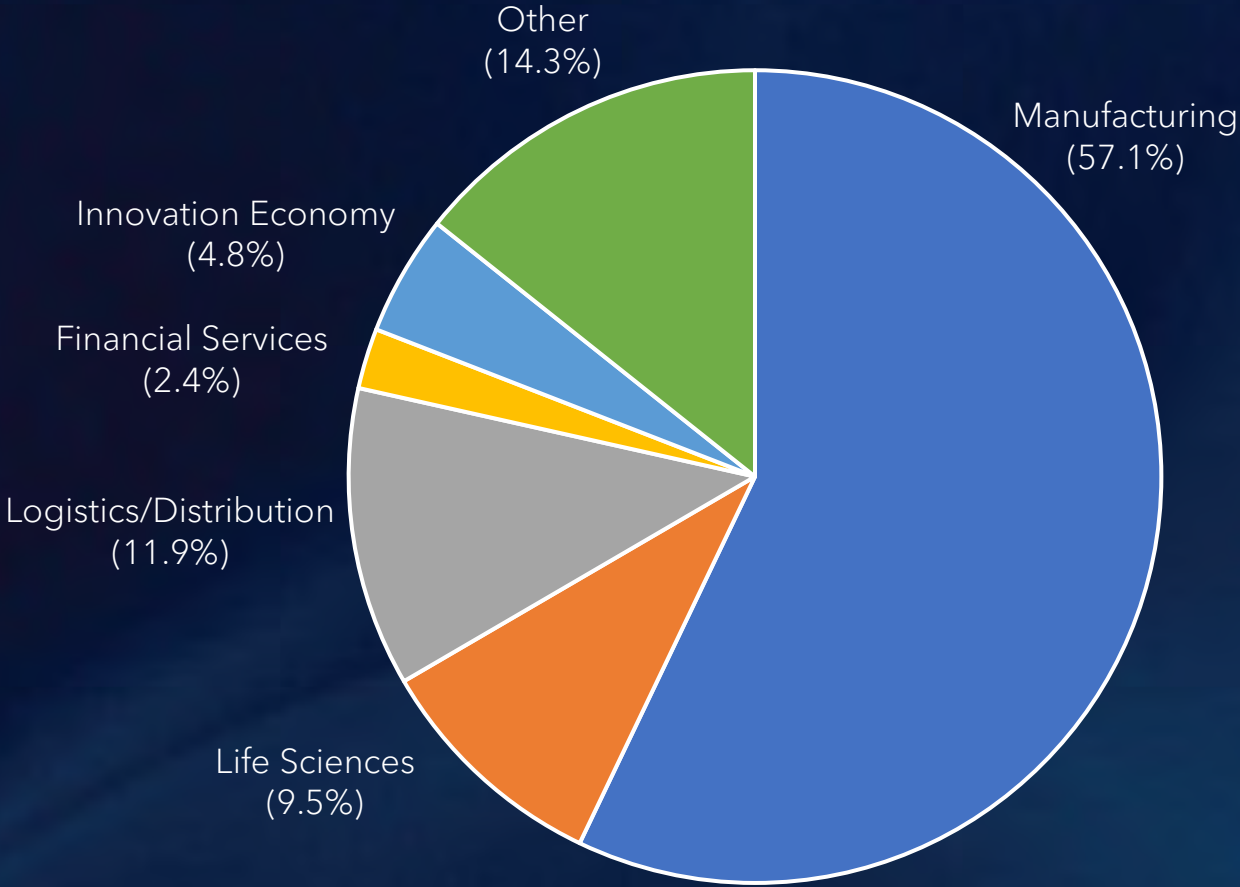
announced capital investment (2023)

## ALLIANCE-LED ANNOUNCEMENTS



Source: Federal Reserve Bank of St. Louis 2023; BLS 2023; CLT Alliance analysis 2023

# Select CLT: Pipeline Industry Breakdown



In the current project pipeline for Select CLT, the qualified projects have a projected capital investment value of **\$7.4 billion** and **19,000 jobs**. Over half the projects are in the manufacturing industry, a reflection of the region's strong talent pool and its strategic location.

To date, Select CLT wins include the announcements of Pallidus Inc. and Captron, bringing a total of **\$444 million** in capital investment and **407 jobs** to the region.

# Industry Trends: Manufacturing

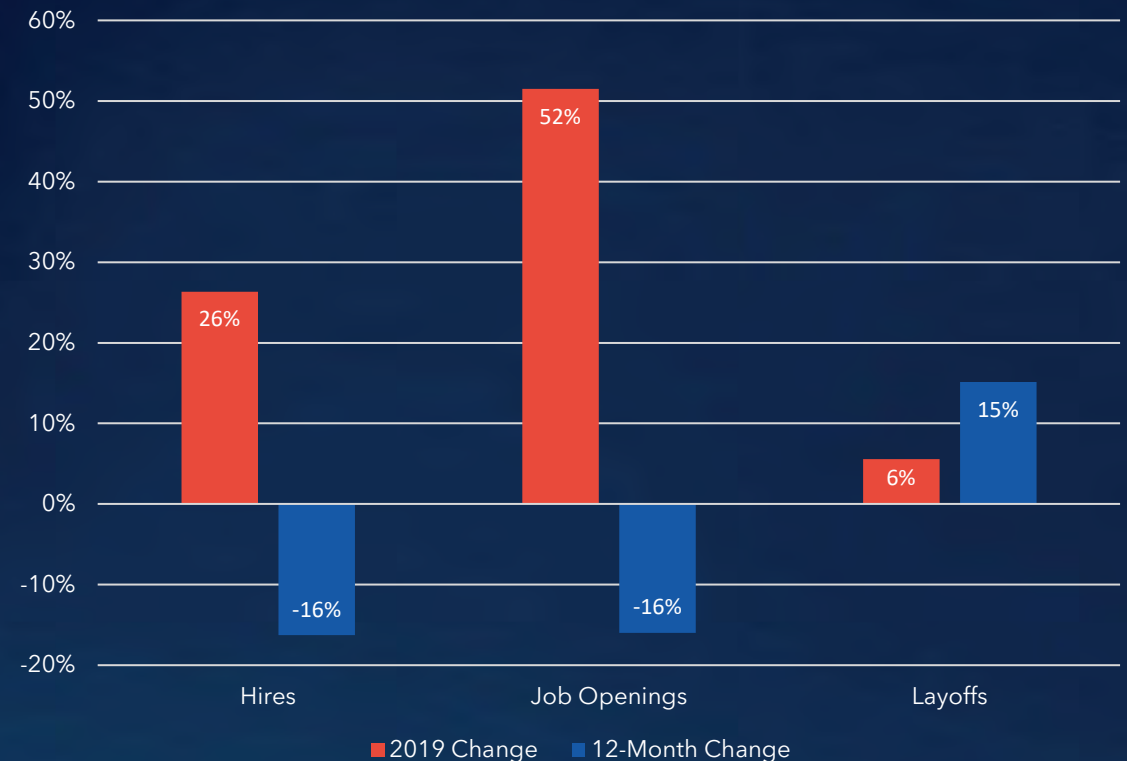
## Drivers:

- **The EV and semiconductor ecosystem is a boon for the region.** Continuing to benefit from the recent explosion in EV and semiconductor manufacturing, key investments around two announcements represented more than \$1.7 billion in capital investment.
- **Supply chain issues have largely been resolved.** For many manufacturers, supply chain issues stemming from COVID-19 crippled operations. However, recovery continues.
- **Building of new manufacturing facilities surged in 2022.** Nationally, \$108 billion was spent on manufacturing-related construction, compared to \$81 billion in 2019.

## Drawbacks:

- **Lower demand has slowed regional manufacturing activity.** The effect is not localized to the region as there are similar trends at the national level.
- **Employment remains low in the industry.** Manufacturing is the only industry in the Charlotte metro that has not returned to pre-COVID employment levels.
- **Despite a slowing economy, there are about 50% more job openings in the U.S. manufacturing industry than in 2019.** Given the industry's aging workforce, regions that are creative in developing the talent pipeline will be in a strong position to attract additional investment.

Hiring Among US Manufacturers is Slowing but Remains Elevated Over 2019 Levels



# Industry Trends: Life Sciences/Health

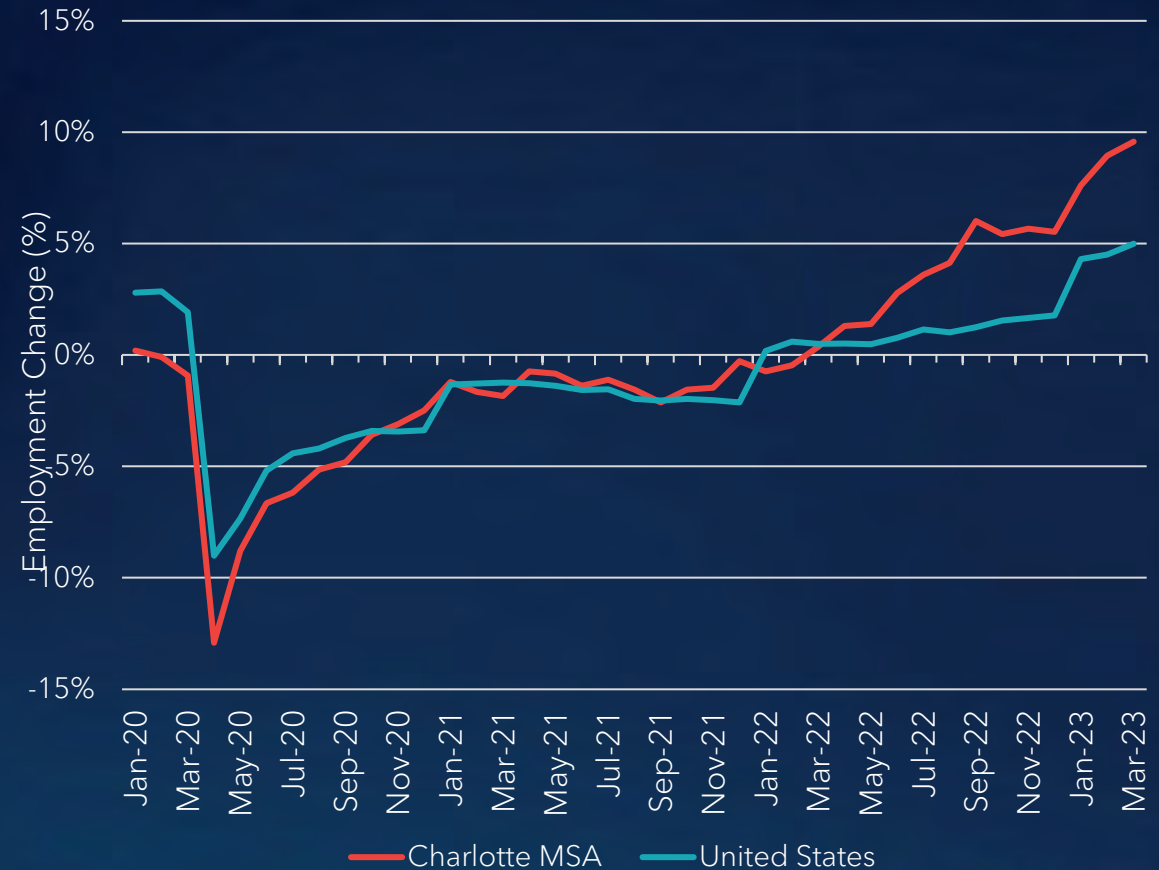
## Drivers:

- **Regional employment growth continues to outpace the nation.** Recent economic development announcements, mergers and health innovation-led entrepreneurship are driving regional talent needs.
- **The industry is heavily tech-oriented with a strong interest in biopharmaceuticals and biotech, creating new jobs.** Partnerships between industry organizations and educational institutions continue to boost trained and skilled talent availability.
- **Jobs postings grew significantly in Q1.** The demand for cost-efficient services and care in life sciences, healthtech, and general medicine contributes to high labor demand.

## Drawbacks:

- **Talent demand is heavily impacted by economic pressures.** Talent supply is equally pressured and constrained by limited training resources.
- **The digital transformation within the industry is challenging for talent recruitment.** Jobs postings show demand increase, but companies are experiencing long hiring periods for roles requiring tech and analytical skills. With recent massive layoffs in the tech industry, life sciences and health companies could incorporate transferable skills, changing misfortune into opportunity.

Employment Change (%) Trends Upwards (2020 - Present)



# Industry Trends: Transportation/Logistics

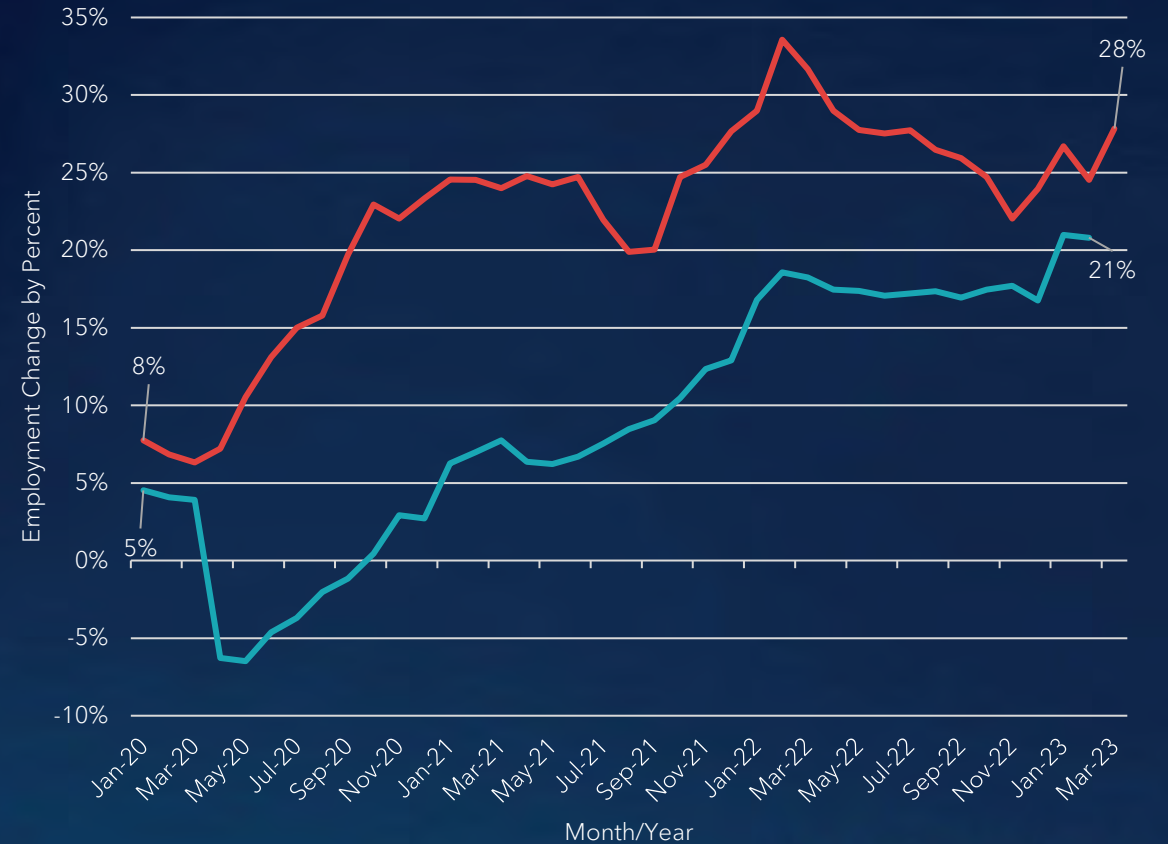
## Drivers:

- Regional employment continues to outpace the nation - Q1 2023 ended with regional employment up by 28% since 2019. The nation in comparison has increased transportation and logistics employment by 21% since 2019.
- Job postings increased by nearly 55%, a large jump from the end of Q4 2022. Key regional industry leaders, including XPO Logistics, FedEx, and UPS, led the way in postings.
- The Charlotte Region outpaces regional competitors like Raleigh, Atlanta, and Tampa in terms of expected talent - The region has been able to keep up with demand, even outpacing key competitors, by utilizing a deep pool of industry talent.

## Drawbacks

- National industry growth is closing the gap, shrinking the region's lead in transportation and logistics. February 2023 saw closer growth rates between the Charlotte Region (25%) and the USA (21%) than has become the norm.

Employment Gap Tightens While Regional Employment Continues Upwards (2020 - Present)



# Industry Trends: Financial Services

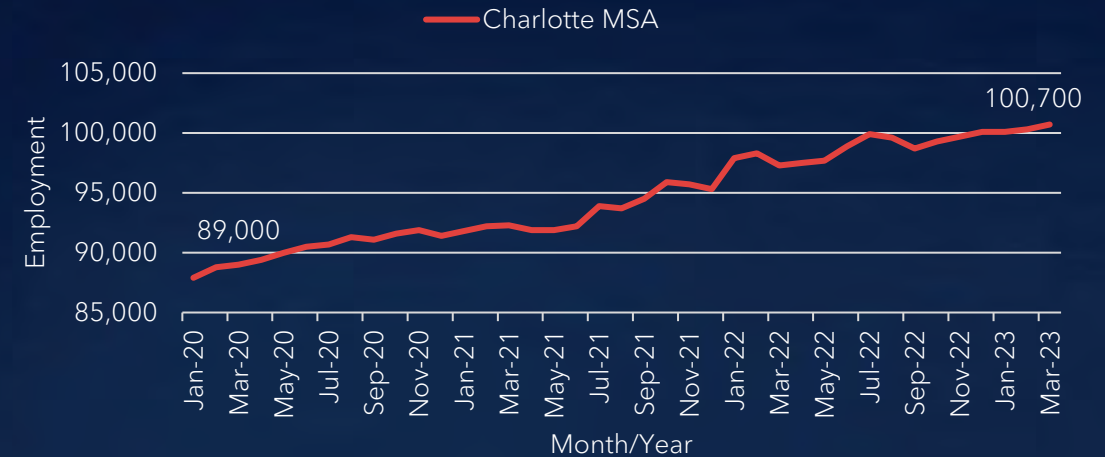
## Drivers:

- Employment grew, maintaining the region's strong talent pool. Employment exceeds 100,000\*, a record setting value for the region.
- Unique jobs postings increased in Q1. After falling to less than 2,200 unique posting in December of 2022, jobs postings were back over 2,800 in March 2023.

## Drawbacks:

- Collapses from Silicon Valley Bank, FTX, Terra, and other fintech companies have left the emerging industry shrouded in uncertainty. If regional fintech companies can continue to secure funding, the region can add to its strength in financial services.
- Marquee regional office announcements for the industry remain quiet. Questions remain on how companies should utilize large office spaces. As a hub for many financial services companies, the Charlotte central business district will need new innovations to attract employees and investors to the office.

Employment Surpasses 100k (2020 - Present)



Job Postings Increase, Signaling Increased Demand for Talent (2020 - Present)



Charlotte MSA



\*Since the growth report started.

Source: Bureau of Labor Statistics, Current Employment Statistics, Lightcast, WRAL Tech Wire "Charlotte Fintech Startup Lands \$5 million from Investors"

# Industry Trends: Innovation Economy

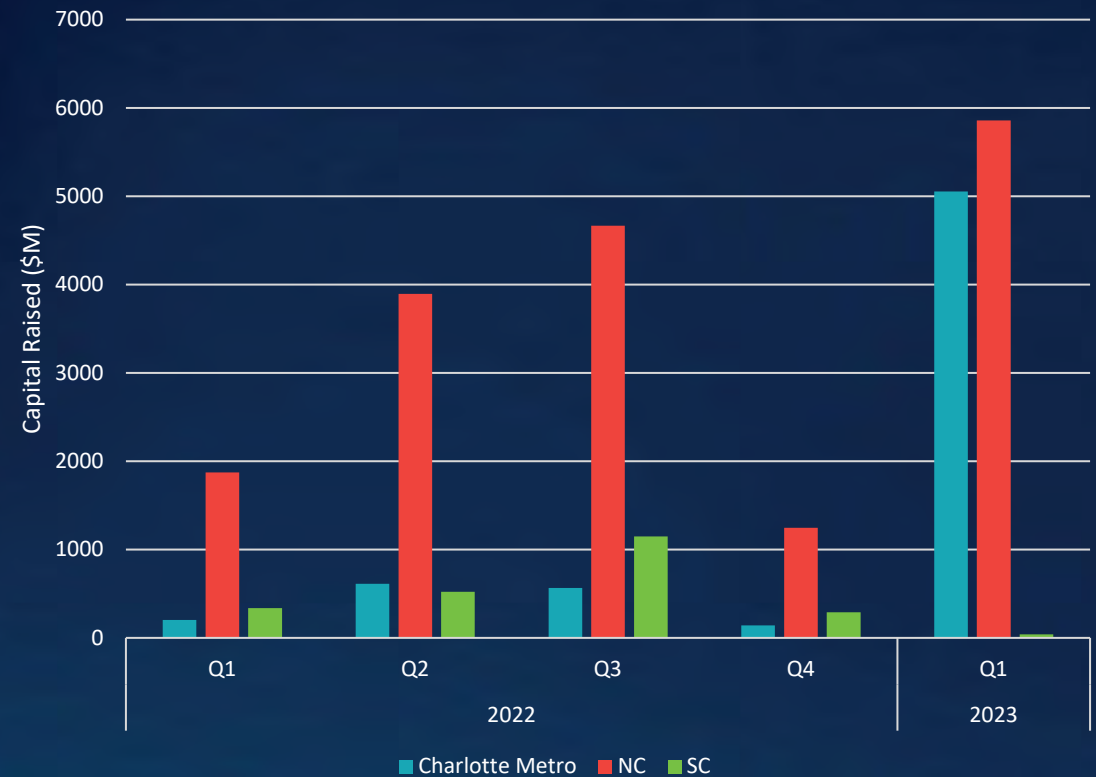
## Drivers:

- Q1 saw a large increase in raised capital—primarily hosted by the reverse merger between Better.com and Aurora Acquisition Corp.
- Regional startups can increase odds of higher post-valuations through incorporating foundational AI models (e.g. OpenAI and Cohere). Such models can support a range of business models, giving regional startups an edge.
- More than 20% of current firms\* have a high exit probability. More than 60% of those firms have a high probability (>70%) of going through a merger or being acquired.

## Drawbacks:

- Hiring AI specialists has proven to be difficult due to talent shortages. The region's talent pool of 3,400 is lower than regional competitors including Raleigh and Miami.
- Tech hub investors have an increasing willingness to invest outside their region, but it is based on local investors supporting their local market. Local fundraising is lower in the region when compared to competitors.
- The collapse of Silicon Valley Bank (SVB) increases the pressure on an already tight funding market. SVB was a key loan provider for tech and health startups nationwide. With its collapse, the venture debt market is uncertain and may increase the appeal of nonbank lenders.

Raised Capital Jumps in Q1 (2022 - Present)





# The Research Team

Services include:

Demographic and economic trend research, industry research and deep dives, economic impact analysis, site selection and mapping analysis, and custom reporting.



**ADRIENNE HUA**  
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**AKOFA DOSSOU**  
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