

State of the Research Triangle Region

An in-depth look at the region's economic health and competitive position



Presented by RTI International and Research Triangle Regional Partnership

www.researchtriangle.org

2009

May 21, 2009



Staying on Top: Winning the Job Wars of the Future



Action Agenda 2004-2009

- ✓ **Strategy 1: Organize economic development strategies around industry clusters where the Research Triangle Region has a demonstrated or emerging competitive advantage.**
 - 1.1 Develop and manage cluster support networks for targeted clusters.
 - 1.2 Establish a community college plan for curriculum support to targeted clusters.
 - 1.3 Develop a regional workforce coordination strategy to meet the needs of business.
 - 1.4 Recruit cluster conferences and events.
 - 1.5 Regularly update cluster research to identify emerging opportunities.

- ✓ **Strategy 2: Create job opportunities using a balanced approach of targeted recruitment, global brand recognition, business creation and existing-business retention and innovation.**
 - 2.1 Develop a five-year marketing plan to guide recruitment and branding initiatives.
 - 2.2 Develop a recruitment program that is research-directed and cluster-focused.
 - 2.3 Develop a global branding campaign.
 - 2.4 Develop a regional retention and expansion program for existing businesses.
 - 2.5 Expand management education services for high-growth cluster companies.
 - 2.6 Expand the "Leadership Circle" program for entrepreneurs.
 - 2.7 Expand the "Expert Teams" program for entrepreneurs.
 - 2.8 Develop a media strategy to promote the region's entrepreneurial climate.
 - 2.9 Increase the quantity, variety and quality of capital available in the region.

- ✓ **Strategy 3: Integrate the region's higher education resources into all economic development efforts.**
 - 3.1 Develop economic development portals and single points of contact at each university.
 - 3.2 Develop higher education rapid-response teams for each targeted cluster.
 - 3.3 Develop specialized cluster programs at the region's community colleges.
 - 3.4 Connect industry leaders and educators to improve industry training.

- ✓ **Strategy 4: Develop creative, inclusive approaches to improve rural prosperity.**
 - 4.1 Pilot an innovative rural "mini-hub" as a tool for concentrated rural development.
 - 4.2 Create a rural entrepreneurship initiative.
 - 4.3 Develop cross-marketing opportunities among urban and rural visitor bureaus.

- ✓ **Strategy 5: Create agile leadership networks to respond to market challenges, changes and opportunities.**
 - 5.1 Develop a regional leadership network to address issues of economic competitiveness.
 - 5.2 Develop a unified federal and state legislative agenda for regional competitiveness.
 - 5.3 Develop an economic development information program for local elected officials.
 - 5.4 Expand air service from Raleigh-Durham International Airport to key markets.
 - 5.5 Convene an annual "State of the Region" event to examine economic progress.
 - 5.6 Convene partners who can address key regional transportation issues.
 - 5.7 Connect urban and rural opinion molders and leaders to address competitiveness issues.
 - 5.8 Create a regional education program for economic developers.
 - 5.9 Develop a regional plan for expanding infrastructure capacity.

Research Triangle Region Adds 110,000 Jobs 2003-2008

The Research Triangle Region of North Carolina added 110,224 new jobs from 2003-2008, exceeding the job-creation goal set by the region's five-year economic competitiveness plan, *Staying on Top: Winning the Job Wars of the Future*.

The 13-county region also posted a net gain of 8,457 jobs in 2008, despite the global economic downturn. The Research Triangle Region, home of The Research Triangle Park™ (RTP), comprises the north-central N.C. counties of Chatham, Durham, Franklin, Granville, Harnett, Johnston, Lee, Moore, Orange, Person, Vance, Wake and Warren.

"These results demonstrate the strength of our diverse, knowledge-based economy and affirm that sound, long-range strategic planning brings measurable benefits to our region through good times and bad," says Charles A. Hayes, president and CEO of the Research Triangle Regional Partnership (RTRP), which led development of the *Staying on Top* plan and the collaborative effort of more than 90 partner organizations that implemented the first-ever, region-wide economic development initiative for the 13 counties.

Hayes announced the results at the 2009 State of the Research Triangle Region event on May 21. RTRP hosts the annual forum for business, government and community leaders to report on the economic health and competitiveness of the region and update leaders on the *Staying on Top* plan activities and results.

Strategic Initiatives Yield Results

The *Staying on Top* plan, launched in 2004, set an ambitious five-year goal of creating 100,000 jobs in the region and boosting employment in all 13 counties. The plan outlined a 30-step action agenda to expand the region's life sciences and technology clusters and ensure the region retains the high quality of life and supportive business climate that helps its companies compete globally.

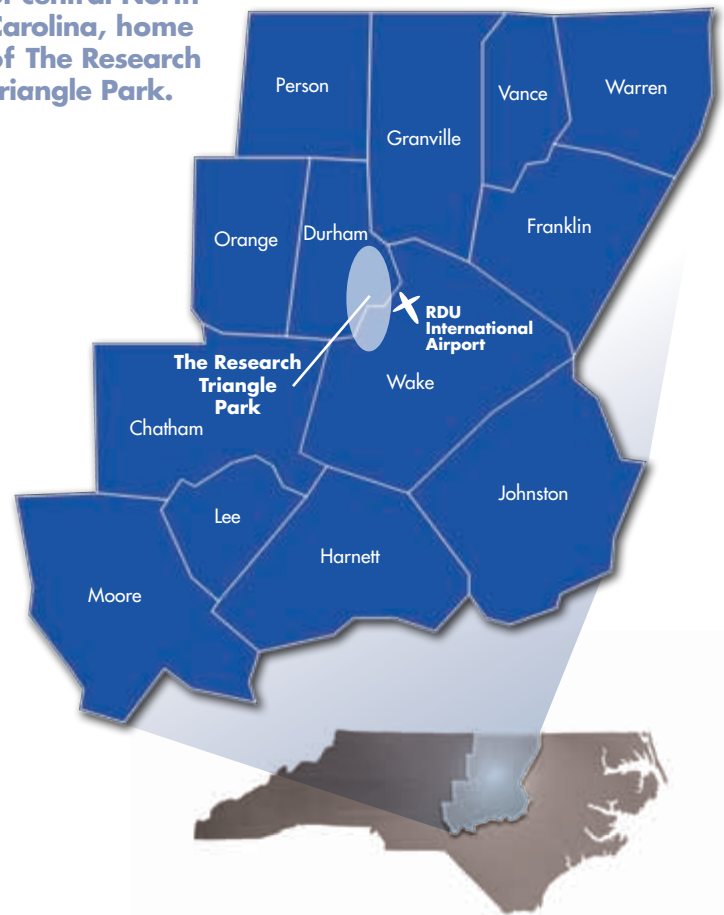
Employment grew in 12 of 13 counties during 2003-2008. Warren County, the northernmost county in the region and one of the state's most rural, lost 407 jobs over the five-year period. The region hopes to reverse that trend as it works to extend prosperity to all of the region's rural communities through several economic development initiatives.

Job creation during the past five years was strongest in Wake County (67,981 net new jobs added from 2003-2008), Durham (14,258), Johnston (9,214) and Orange (5,633). Measured by percentage growth, Chatham, Johnston and Harnett posted impressive gains – 14.2 percent, 14.5 percent and 9.4 percent, respectively.

The fastest-growing jobs in the region were in healthcare (124,128 at the end of 2008), educational services (94,139) and professional and technical services (65,447).

Manufacturing employment remained fairly stable over the five-year period, with 94,710 manufacturing jobs at the end of 2008 compared to 97,120 manufacturing jobs at the end of 2003, a decline of 2.9 percent over five years. U.S. manufacturing employment declined 6.9 percent during that period.

The Research Triangle Regional Partnership serves the 13-county Research Triangle Region of central North Carolina, home of The Research Triangle Park.



"Though we're a technology region, our manufacturing economy has held up well when viewed in a national context," Hayes said.

Aggregate wages in the region continue to grow. Compensation levels climbed each of the past five years, including 2008, when wages rose 2.9 percent. Orange and Person counties posted the highest-percentage wage growth – 6.8 percent increases in both. Wage levels in Warren County grew 6 percent in 2008.

Region Posts Economic Successes in 2008

The Research Triangle Region achieved many economic development successes in 2008. Among them:

- ▲ New and expanding companies announced a total \$1.3 billion in capital investments in 2008 for projects expected to create 5,972 jobs. That included Merck & Co. Inc.'s \$300-million expansion of its vaccine plant and IBM's \$362-million investment in a new data center.
- ▲ The new investments included many from companies in key cluster targets: \$445 million from informatics companies (1,048 jobs), \$374 million in life sciences (1,059 jobs) and \$251 million in advanced medical care (587 jobs).
- ▲ Four companies announced they would locate headquarters in the region: Cheminova, Medis Medical Imaging Systems Inc., Patheon Inc. and Tryton Medical.

An in-depth look at the region's economic health and competitive position

- ▲ Raleigh-Durham International Airport opened its new state-of-the-art Terminal 2 and secured air services to destinations that are priorities for regional businesses, including the return of United Airlines mainline service and nonstop service to Denver and additional service from multiple airlines, such as JetBlue and Southwest. American Airlines moved its daily nonstop service to London from Gatwick Airport to Heathrow, providing convenient, one-stop service to Asia, Africa and the Middle East. Delta Air Lines announced it will begin nonstop service between RDU and Paris in 2010.
- ▲ Outside organizations and publications continued to rank the region high on a range of competitiveness factors. The Milken Institute's 2008 listing of "Best Performing Cities" ranked the Raleigh-Cary metropolitan statistical area (MSA) #2, up from a #10 ranking the year before. The Durham MSA ranked #21, compared to #74 in 2007. The Raleigh-Cary and Durham MSAs ranked #1 and #3, respectively, on *Forbes'* 2009 listing of "Best Metro Areas for Business and Careers." The *Forbes* analysis considers a broad array of factors, including educational attainment, costs, crime, income growth and cultural assets.

New Five-Year Strategic Plan Announced

RTRP announced that a new five-year plan, *Staying on Top: The Shape of Things to Come™*, will guide regional economic development for 2009-2014, pending approval by its board of directors. The five-year plan builds on the success of the first *Staying on Top* plan to pursue three key strategies for continuing to grow the region's knowledge-based economy:

- ▲ Expanding the region's world-leading life sciences and technology clusters and selected new, emerging clusters.
- ▲ Enhancing and preserving the superior quality of life and competitive business climate that enables the region to attract the talent and investment that companies need to continue being successful.
- ▲ Engaging regional leaders and partner organizations in ensuring the region's economic competitiveness.

Business development will continue to focus on the region's world-leading life sciences and technology clusters and add three new emerging clusters – advanced gaming and e-learning, clean/green technologies and defense technologies. The region takes a comprehensive approach to business development that includes recruiting companies that work in related areas, promoting new ventures and supporting the growth of existing companies.

The region also will continue work undertaken in the first *Staying on Top* plan to extend the prosperity of the urban core to the outlying 10 more-rural counties of the region.

Key initiatives will include:

- ▲ **Triangle North** – The rural job-growth effort in the region's northern tier that is based on an innovative partnership among Franklin, Granville, Vance and Warren counties. Triangle North seeks to advance economic opportunity through the development and promotion of high-quality business parks in each county, with all counties sharing revenues derived from the businesses locating at these properties.

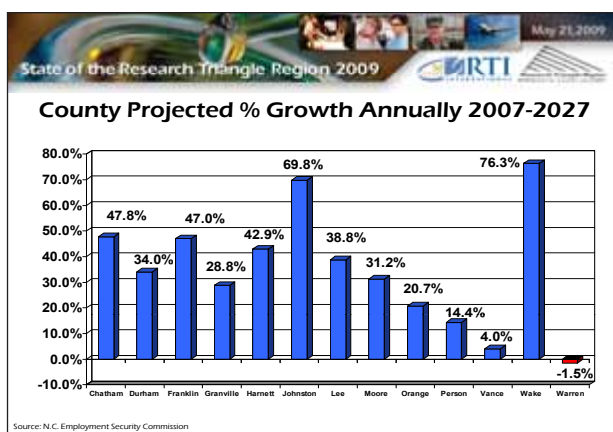
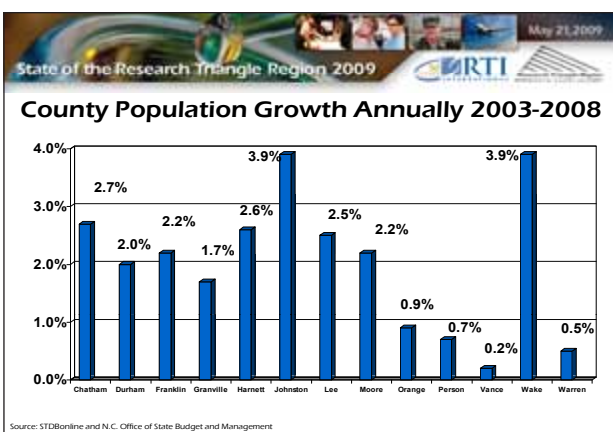
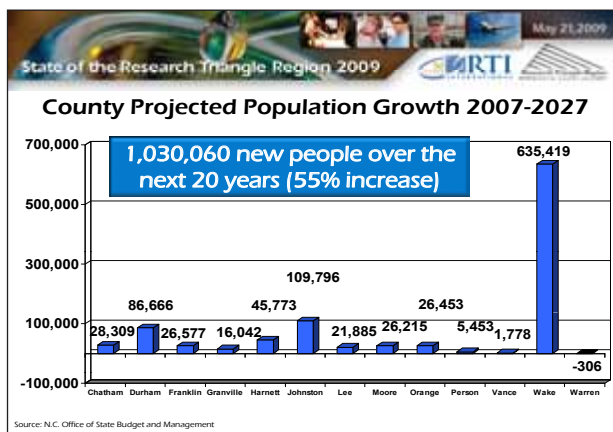
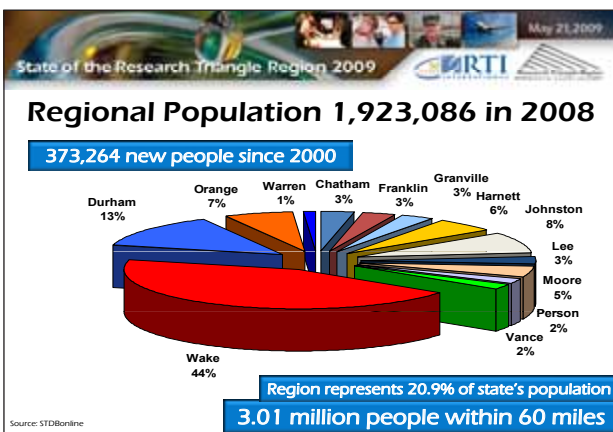
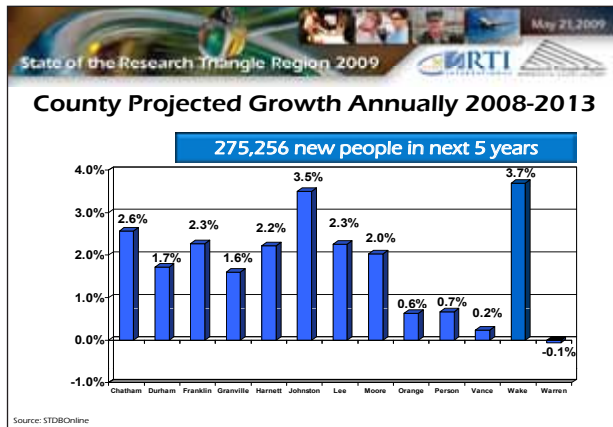
- ▲ **Defense-related economic development** – Regional economic developers, led by those in the three southern-tier counties of Harnett, Lee and Moore, are collaborating with the Base Realignment and Closure Regional Task Force to build links between the commercial and intellectual assets of the Research Triangle Region and the U.S. Army's growing presence at Fort Bragg. The needs of the nation's defense and homeland security agencies will help drive job opportunities, business creation, contracting and R&D efforts for workers, businesses and institutions in the region, including its more-rural counties.
- ▲ **"Green Economy" business growth** – The region's R&D infrastructure, educational leadership, skilled workforce, abundant lands and other assets provide a competitive edge for the region in the area of alternative energies, environmental technologies and "green" enterprises. Economic developers, academic leaders, government officials and business executives will collaborate in ensuring the Research Triangle Region taps its share of new jobs and business opportunities associated with this emerging segment of the world's economy.
- ▲ **E-learning, digital gaming and training innovation** – The region's competitive position in software development, networking and education make it a prime location for new technologies and techniques in the realm of digital games and learning environments useful in a wide spectrum of adult education and training. Existing industry leaders, university and community college experts, and regional economic developers will work to harness additional job-creation and business-growth opportunities associated with this fast-growing technology sector.
- ▲ **Reality Check** – Triangle Tomorrow, RTRP's quality-of-life program, will develop an action plan for how the region can accommodate more than 1 million people and 700,000 jobs expected to be added over the next 20 years. This follows a February visioning exercise and public forum in which hundreds of regional stakeholders identified possible scenarios for ensuring quality growth in the region and the barriers and opportunities that will drive and impact it.

Partners Celebrate Milestones in 2009

RTRP prepares to launch its new competitiveness plan during a year of significant milestones for institutions that have played a key role in the region's economic growth and will continue to do so in the future:

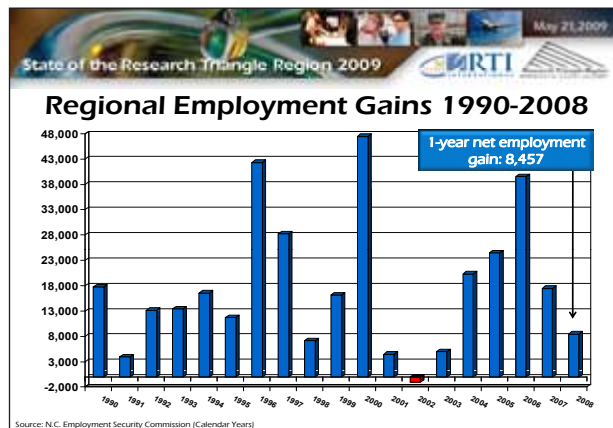
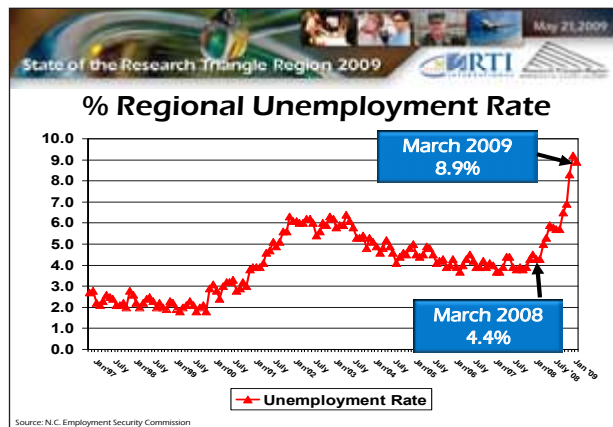
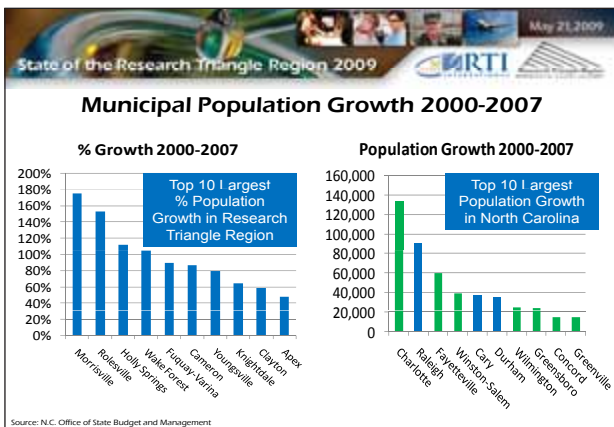
- ▲ 50th anniversary of the Research Triangle Foundation of North Carolina, which owns and manages RTP.
- ▲ 50th anniversary of RTI International.
- ▲ 25th anniversary of the North Carolina Biotechnology Center.
- ▲ 25th anniversary of Centennial Campus at N.C. State University.
- ▲ 25th anniversary of the Council for Entrepreneurial Development.

In June, RTP hosts the annual meeting of the International Association of Science Parks (IASP), the first time that organization has held its event in the United States. Previous IASP conferences have been held in such locations as Barcelona, Beijing, Helsinki and Johannesburg.



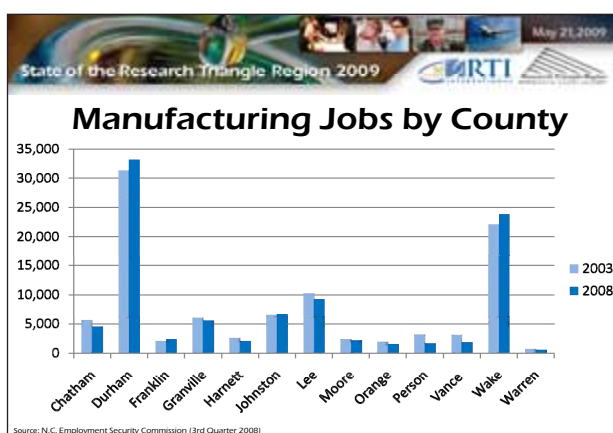
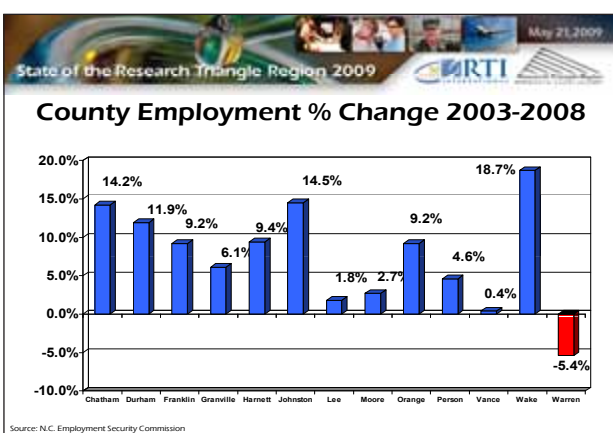
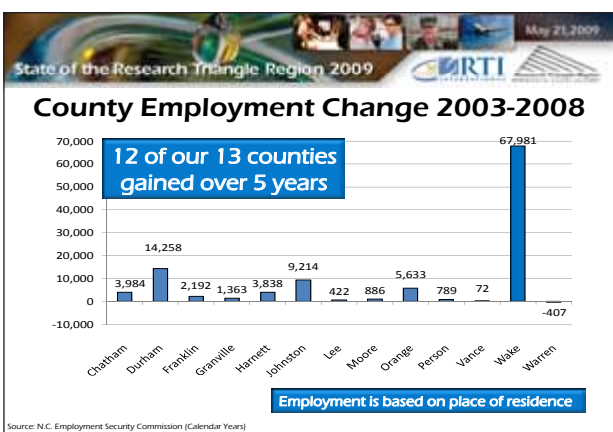
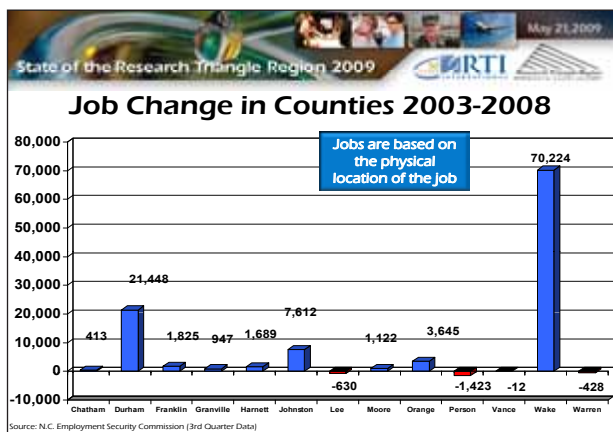
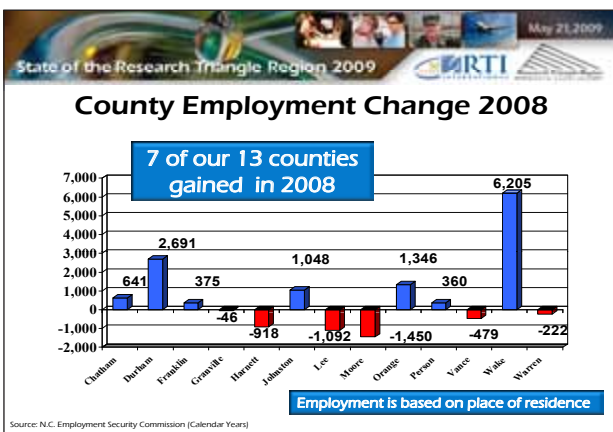
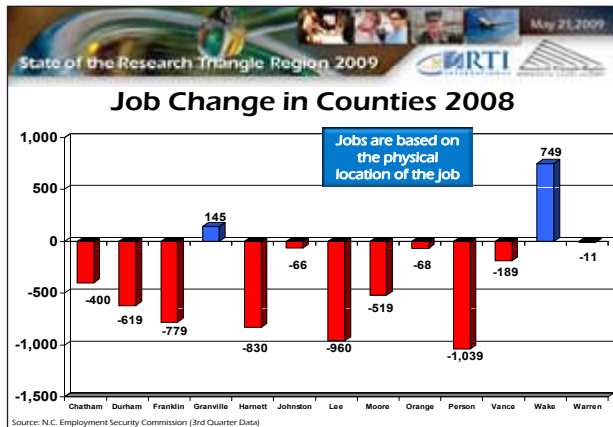
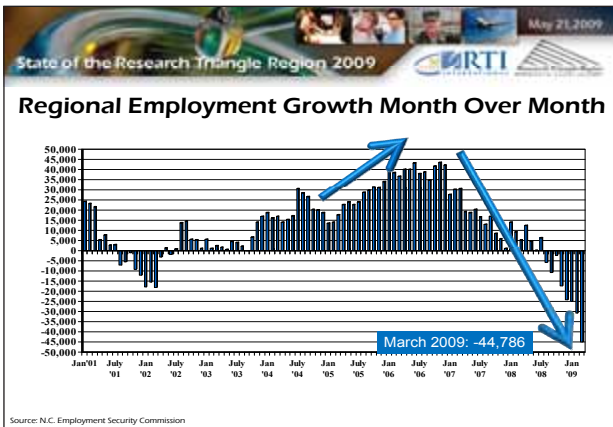
“Innovation requires intelligent people... and that's the one thing this region has plenty of – intelligent people.”

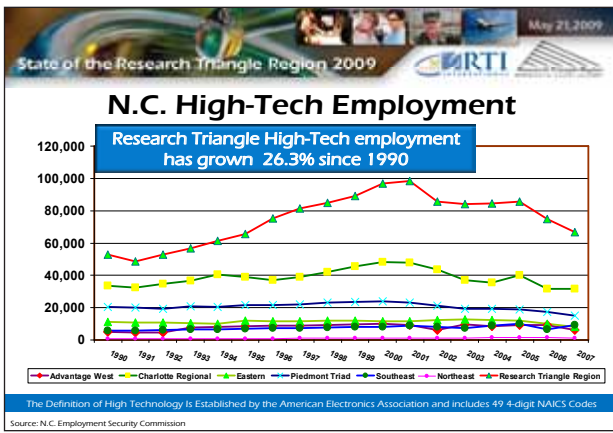
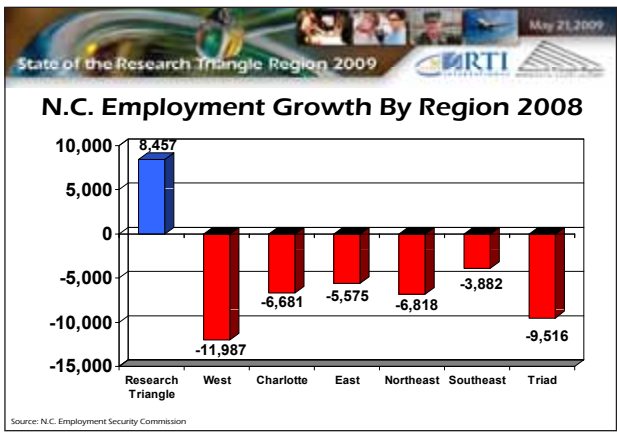
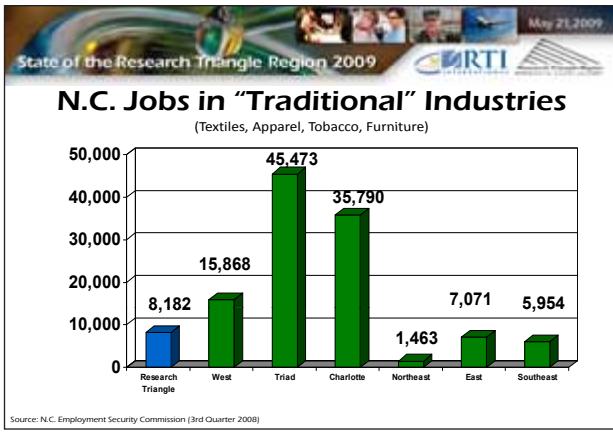
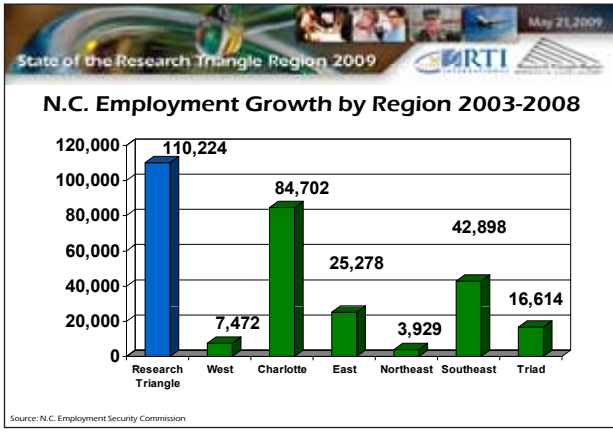
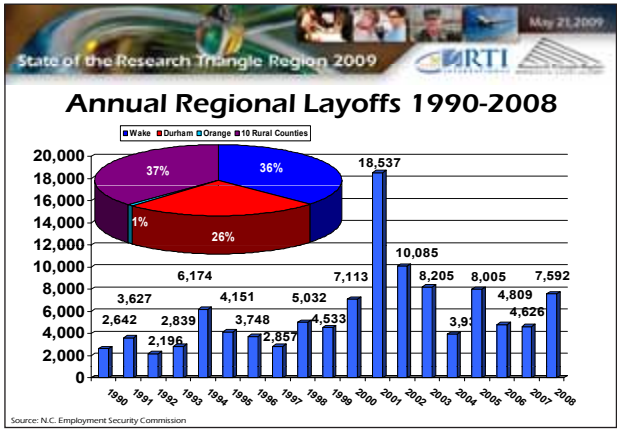
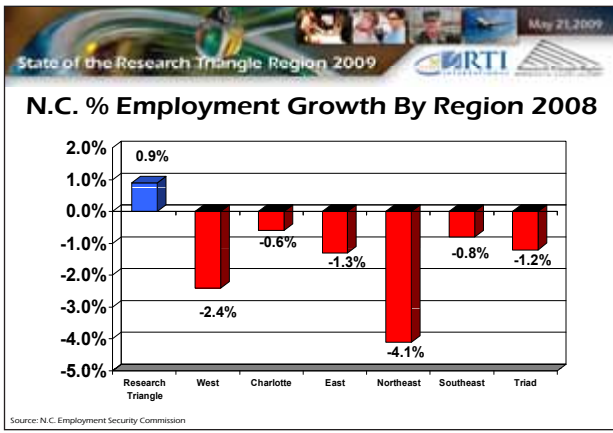
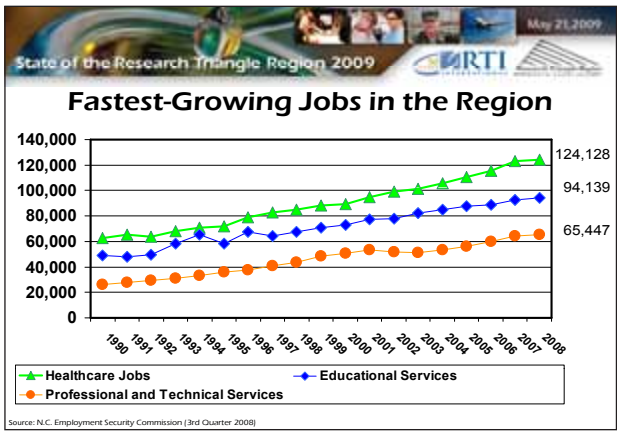
Jim Goodnight, CEO, SAS Institute

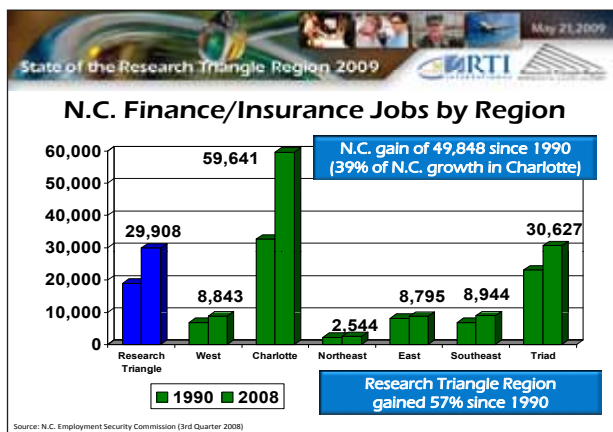
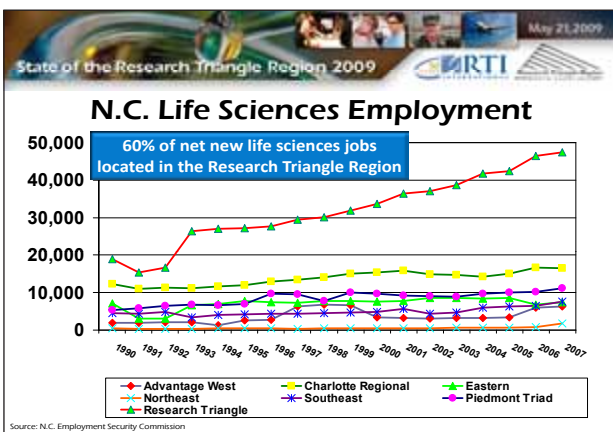
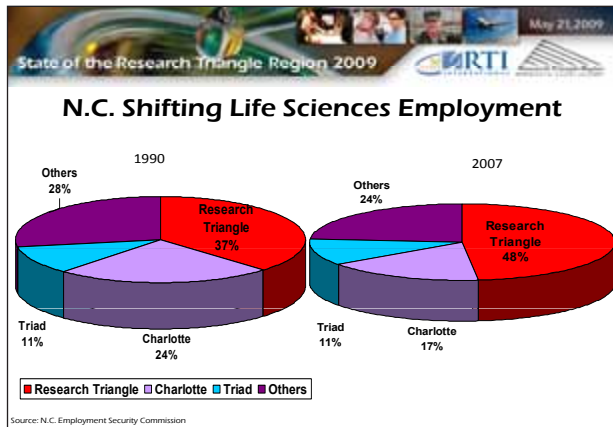
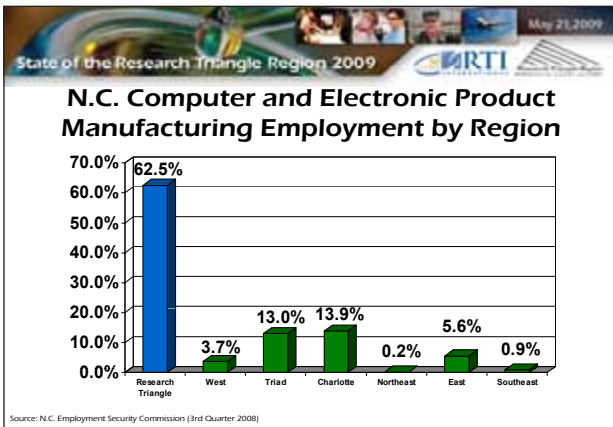


“The Research Triangle area is a prime location. It is great for business. The workforce is very strong. You have the research and development, you have the universities, you have the quality of life. You have so much to do in this area that employees are very happy being here.”

Agnes Speight, Public Affairs Manager, Merck & Co. Inc.

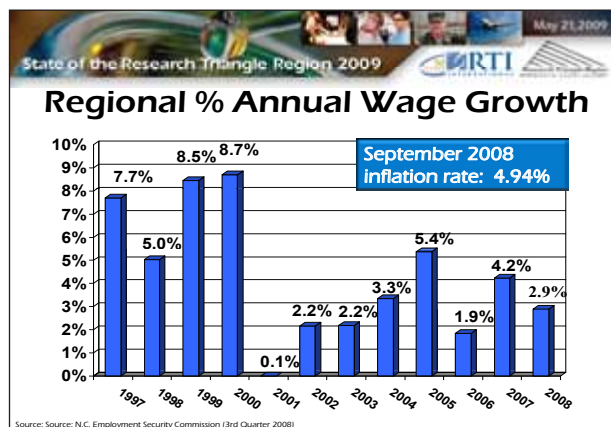
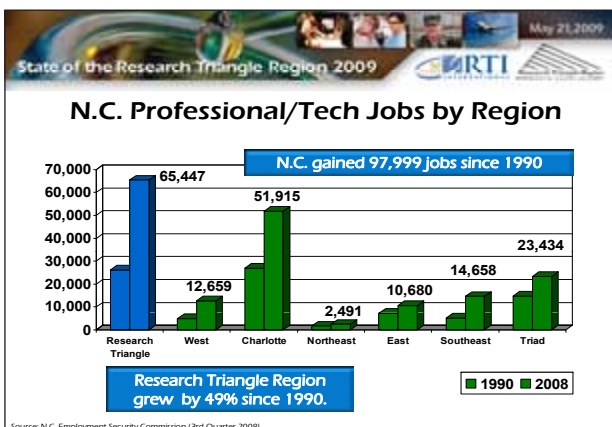
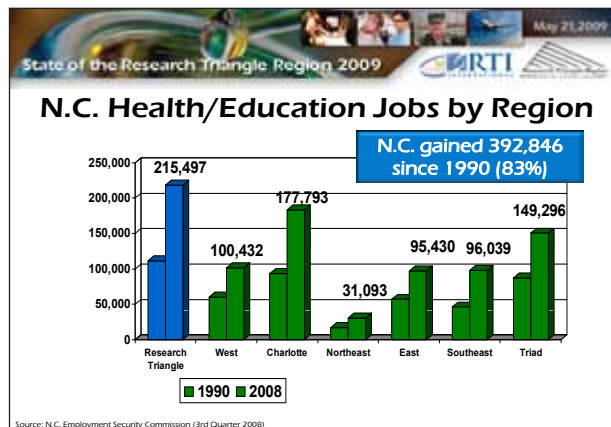
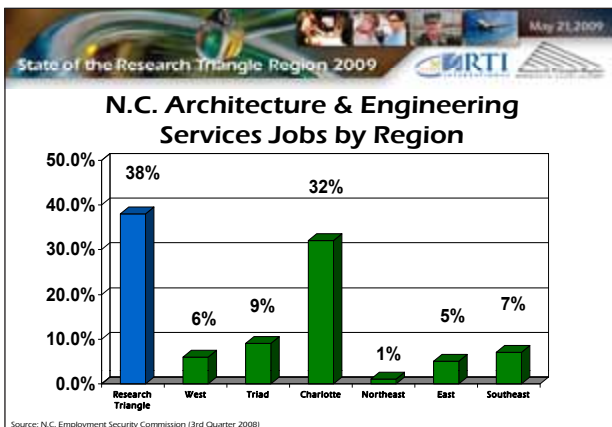






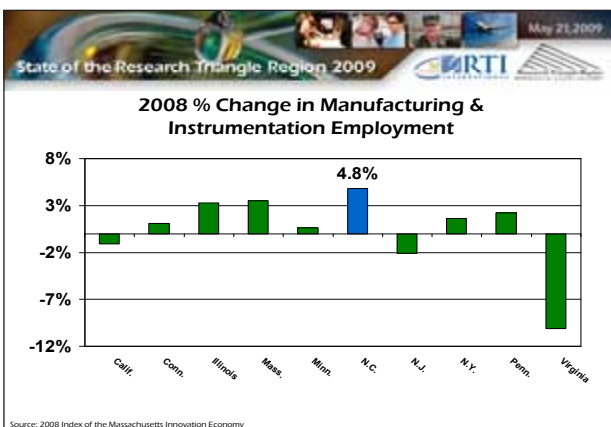
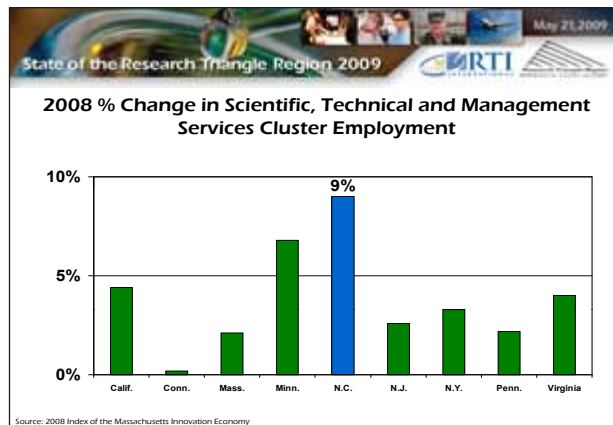
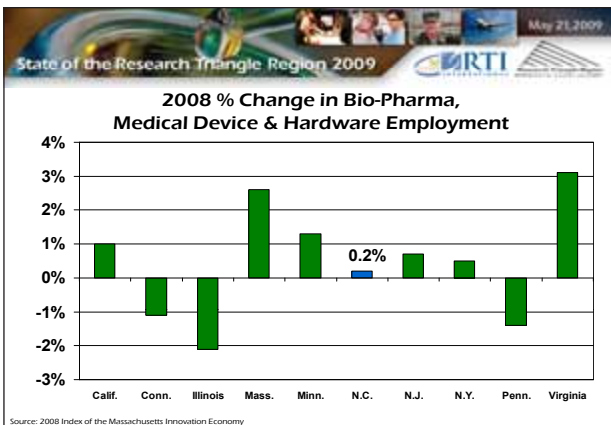
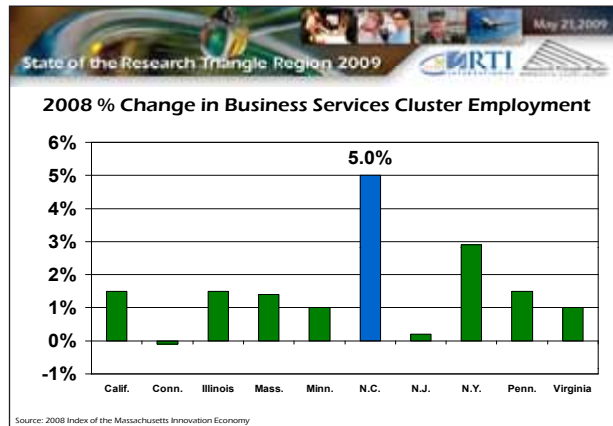
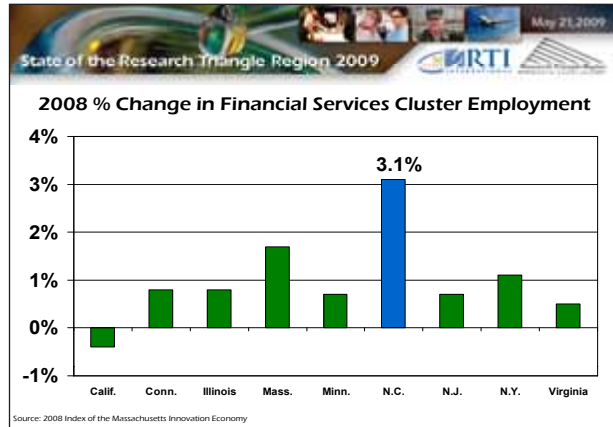
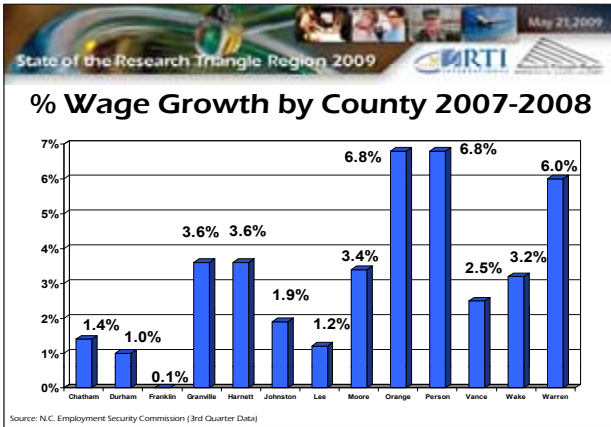
“ I don't know where you can go in this country and find more innovation, more thinking out of the box. We have the luxury of having a university system that provides us the best and the brightest talent, and the research that goes on in these universities is extremely important for us. We have great community colleges. They are bursting at the seams because everyone is utilizing those services to become either trained or retrained for industries that are here or are moving in.”

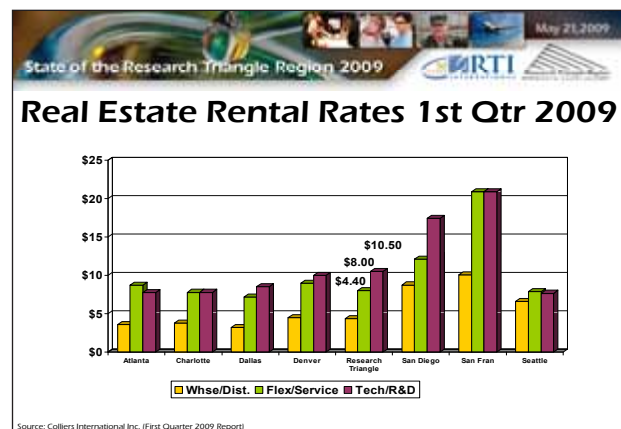
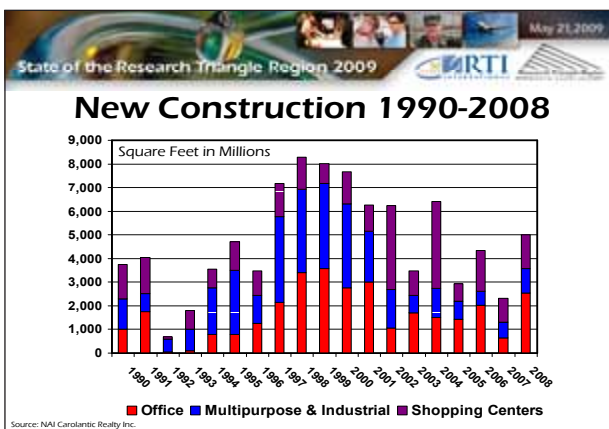
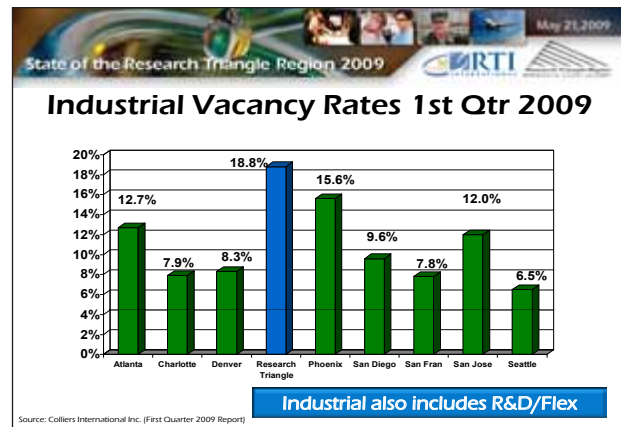
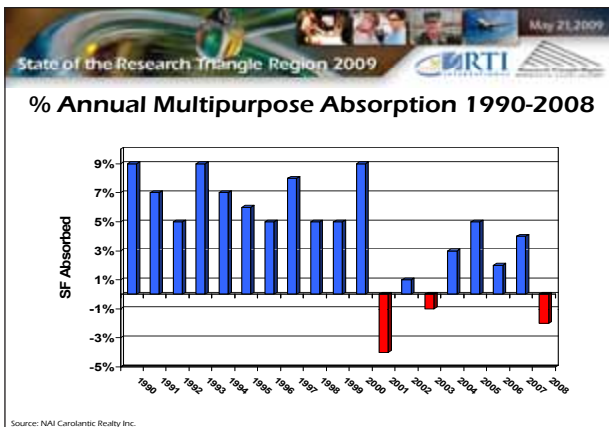
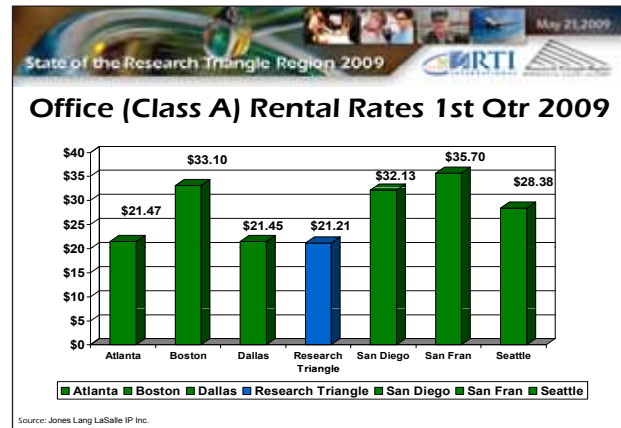
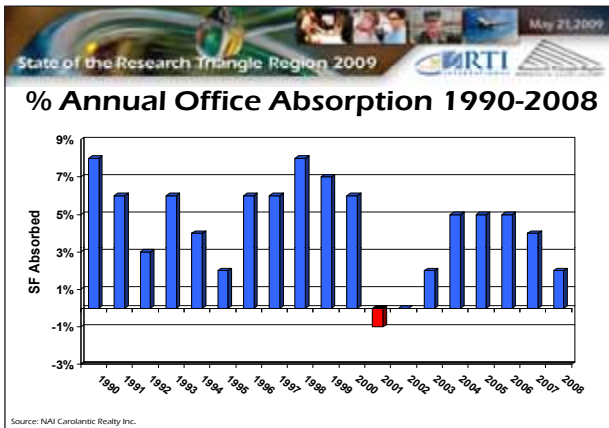
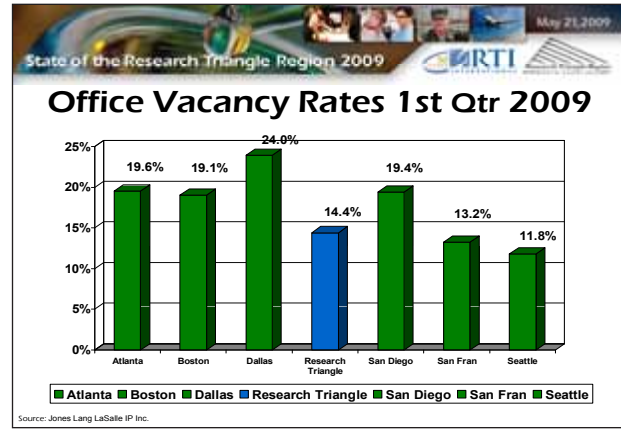
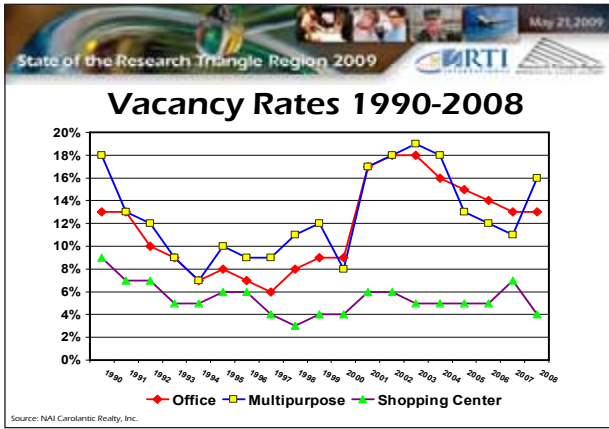
Bill Shore, Director of U.S. Community Partnerships, GlaxoSmithKline

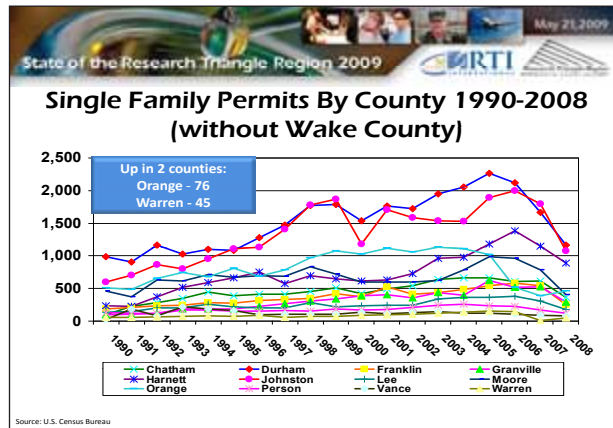
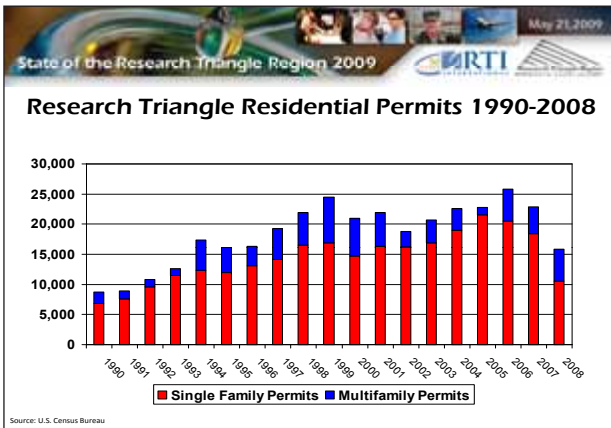
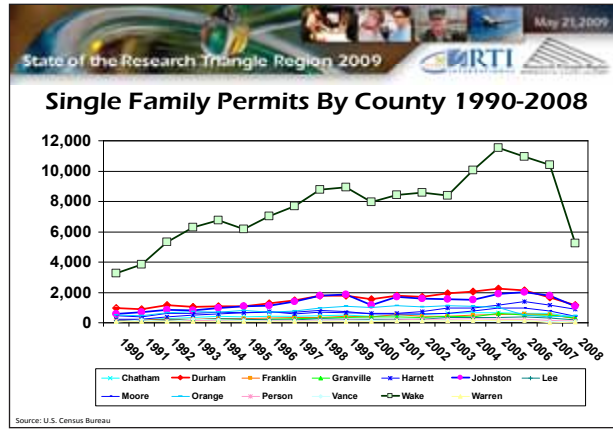


“Since we are an R&D company, since we’re always making new products to stay ahead of advances in technology, we are able to work with some of the scientific community in the area... We’re an international company, so being able to access RDU, which is a fantastic airport, is a big advantage.”

Michael Wood, Vice President Business Development, Saab Barracuda LLC

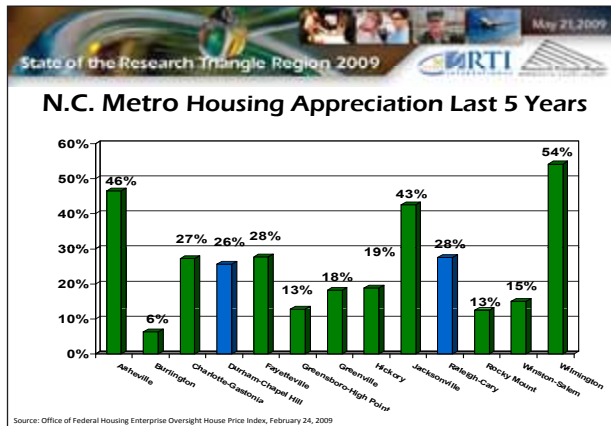
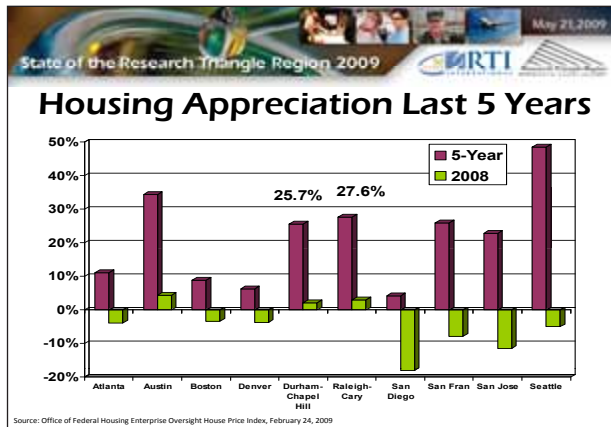
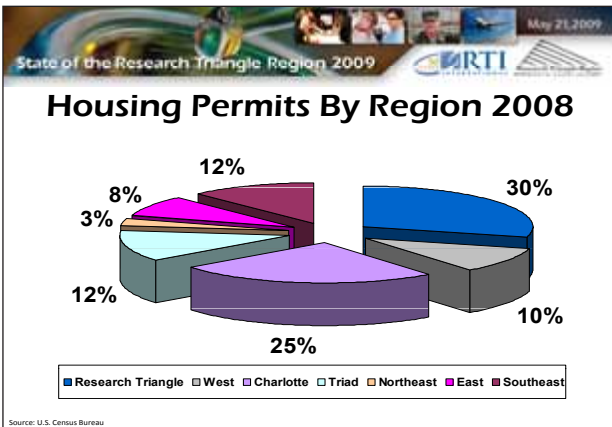






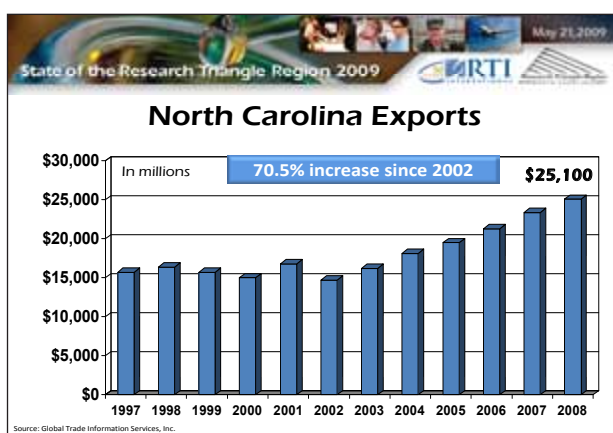
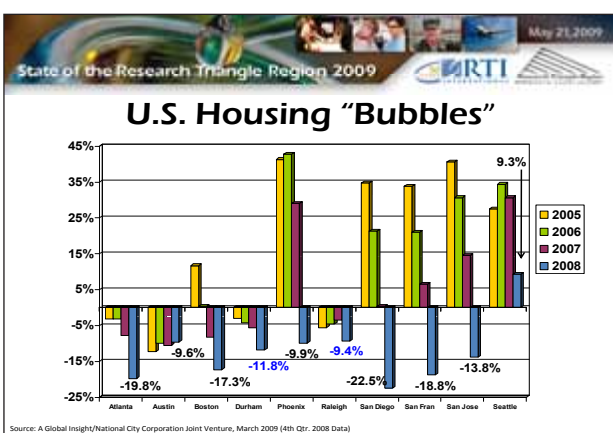
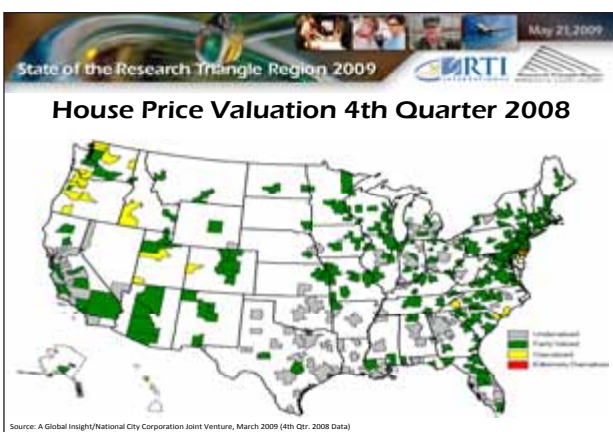
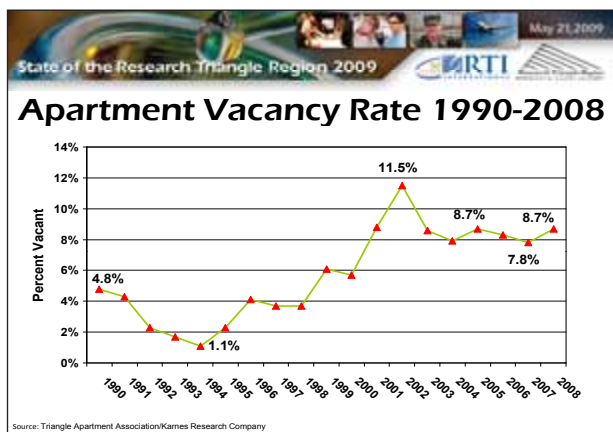
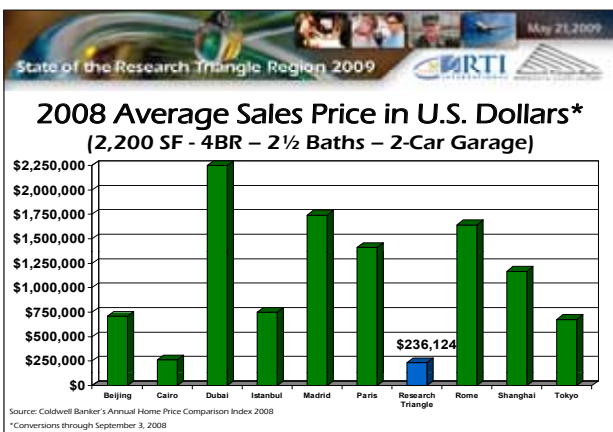
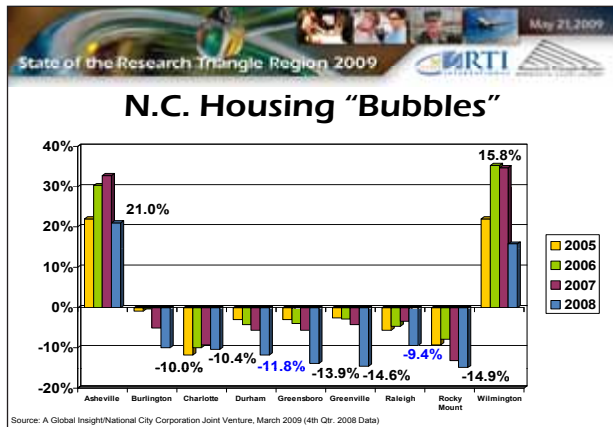
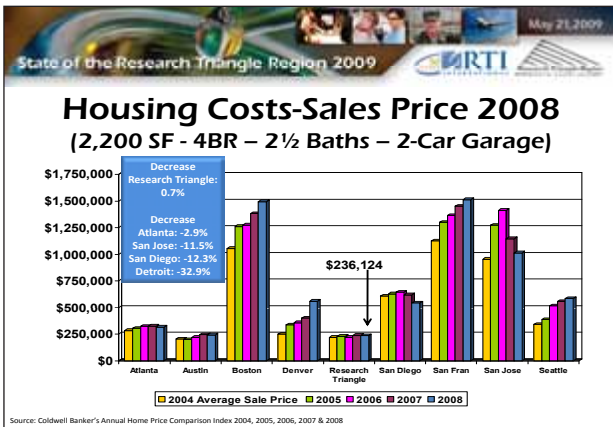
“ think this region has it all. It has the great minds, it has the great quality of life, great climate, and it has the great support of the local community. It’s an exciting place to be, an exciting place to go.”

Lars Hansen, President, Novozymes North America

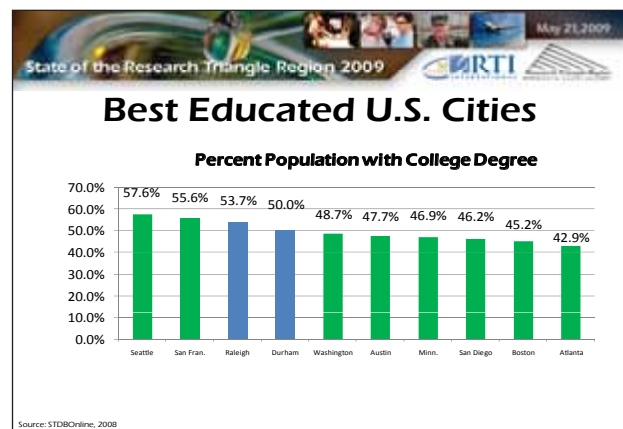
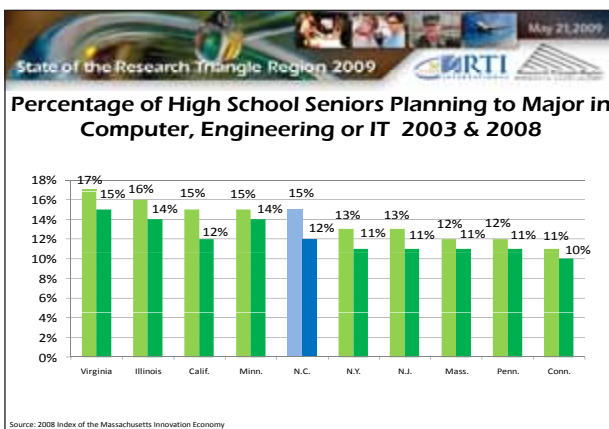
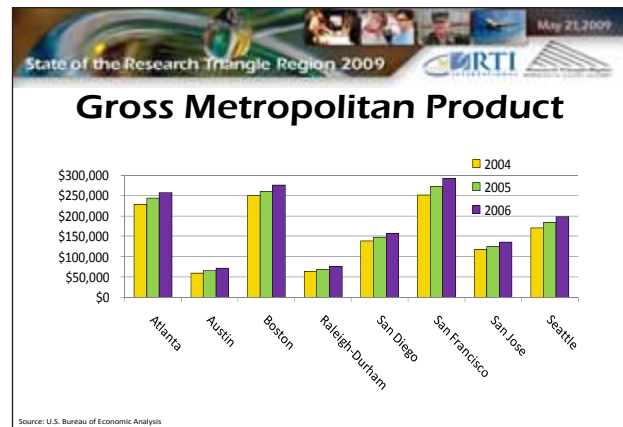
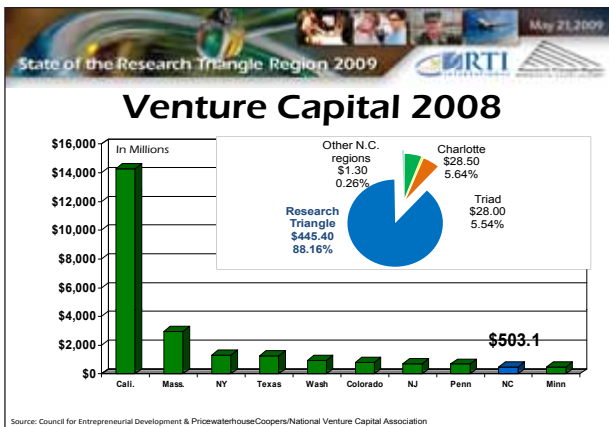
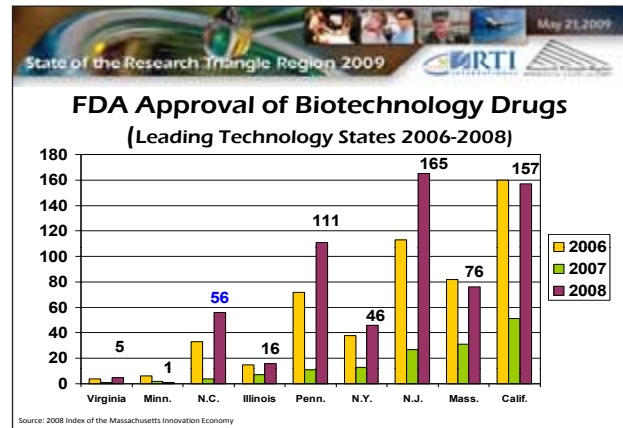
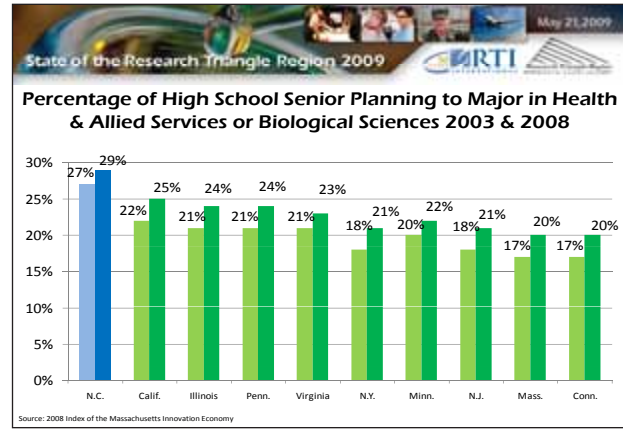
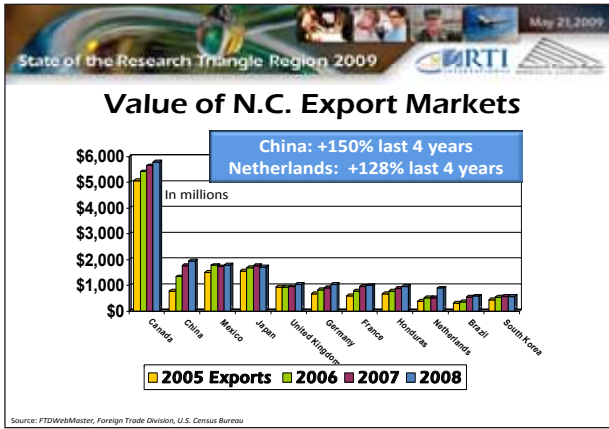


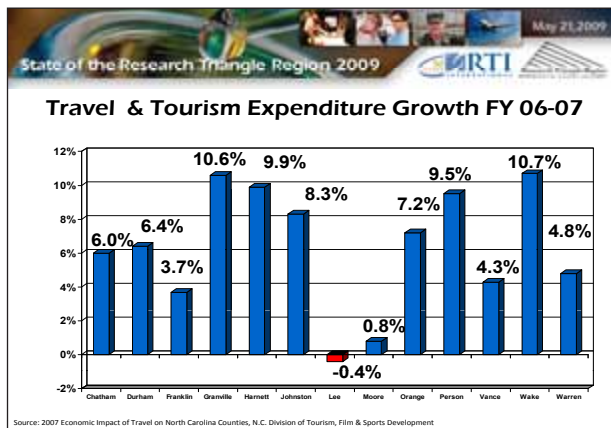
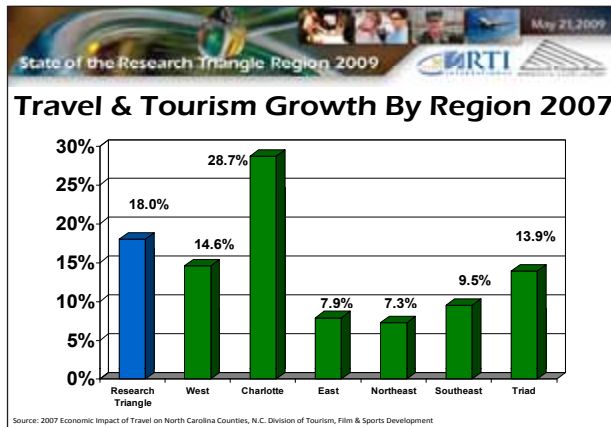
“ I think this region has an unlimited amount of opportunities. The quality of life is just great, so it’s easy to recruit. ”

Sepi Asefnia, President, Sepi Engineering



An in-depth look at the region's economic health and competitive position





“Essentially, whatever resources you need to start a business or to grow a business are all available – great people, a knowledgeable workforce, high-entrepreneurial culture and environment, good investment firms, VCs, grants, private equity – all the things which you need to start a business are available.”

Amit Singh, CEO, Spectraforce

“Our experience of the past five years demonstrates we can ensure our region’s chances of future economic success through innovation and action.”

Ann Goodnight, SAS

Jeff Stocks, Manpower

Co-Chairs, Staying on Top Leadership Committee

Excerpted from Staying on Top: The Shape of Things to Come™



Institutional Partners

Nearly 90 public, private and business support organizations voluntarily collaborated to implement the region's 2004-2009 economic development strategy, called *Staying on Top: Winning the Job Wars of the Future*.

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Benson Chamber of Commerce
Capital Area Workforce Development Consortium
Cary Chamber of Commerce
Chapel Hill/Carrboro Chamber of Commerce
Chapel Hill/Orange County Visitors Bureau
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Chatham County United Chamber of Commerce
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Council for Entrepreneurial Development
Downtown Raleigh Alliance
Downtown Smithfield Development Corp.
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Dunn Area Tourism Authority
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Kenly Area Chamber of Commerce
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Kerr-Tar Workforce Development Board
Knightdale Chamber of Commerce
Lee County Economic Development Corp.
Lillington Chamber of Commerce

MCNC
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Moore County Chamber of Commerce
Moore County Convention & Visitors Bureau
Moore County Partners in Progress
Morrisville Chamber of Commerce
North Carolina Biosciences Organization
North Carolina Biotechnology Center
North Carolina Central University - BRITE
North Carolina Chamber of Commerce
North Carolina China Center
North Carolina Community College System
North Carolina Department of Commerce
North Carolina Employment Security Commission
North Carolina Military Foundation
North Carolina Rural Economic Development Center
North Carolina Technology Association
North Carolina State University
Orange County Economic Development Commission
Pee Dee Workforce Development Board
Person County Economic Development Commission
Person County Tourism Development Authority
Pittsboro-Siler City Convention and Visitors Bureau
Raleigh-Durham International Airport Authority
Regional Partnership Workforce Development Board
Regional Transportation Alliance
Renaissance Computing Institute (RENCI)
Research Triangle Foundation of North Carolina
Research Triangle Regional Partnership
Roxboro Area Chamber of Commerce
RTI International
Sanford Area Chamber of Commerce
Small Business & Technology Development Center
Triangle J Council of Governments
Triangle Tomorrow
United States Department of Commerce
UNC-Chapel Hill's Kenan Flagler Business School
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An in-depth look at the region's economic health and competitive position

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