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COVER STORY:
BUSINESS CLIMATE RANKINGS

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Synchronicity

**A survey of site selectors and new-plant performance match
third-party analyses of North Carolina's winning business climate.**

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If North Carolina Gov. Mike Easley had waited just a couple more weeks to announce his state's strong performance in some business climate contests, he could have included *Site Selection's* ranking North Carolina first in its annual analysis of state business climates, as well. In late September, the governor announced a string of accolades recognizing state universities, technology clusters and metro areas as key business climate contributors. Shortly thereafter, for the second year in a row – and for the fifth time in six years – North Carolina ranked first in *Site Selection's* business climate ranking.

The ranking is based 50 percent on a survey of corporate site selectors and 50 percent on states' performance in four categories associated with *Site Selection's* proprietary New Plant database (see the Top State Rankings chart). The categories are: the state's overall rank in total qualifying new or expanded projects in 2005; New Plant performance from 2003-2005; rank per million population; and

rank per 1,000 square miles.

At 50 percent of the final ranking, corporate site selectors' input is crucial. They indicate which 10 states they think have the best business climate based on their experience of managing property assets around the country.

Winning Work Force

Among survey respondents' comments concerning North Carolina are these: "Local and state officials are very accommodating to new and expanding businesses"; "State support of employers in terms of training and site-selection resources, availability of competent and cost-competitive employees and fair workers' comp regulations"; "Available incentives and responsiveness of government"; and "Higher education, labor force, transportation and a friendly business climate."

A Massachusetts-based corporate real estate manager cited North Carolina's "labor supply, economic incentives, universities and intellectual resources, fast permitting, climate and access to capital." From Maryland: "Very simply, it's the ease of doing business, lack of red tape and the cities' and state's willingness to work with you to bring your business there." And from a Wisconsin executive: "First, energy costs; second, access to labor; third, transportation costs; and fourth, quality of life."

Governor's Easley's thoughts on why North Carolina is attracting industry as diverse as NASCAR and biotechnology can be found elsewhere in this issue, in the North Carolina Spotlight on page 866. Quality of the work force is foremost on potential investors' minds, he tells *Site Selection* Senior Editor John McCurry.

"Providing a work force with the knowledge, talent and skill employers need to compete in the global economy brings high quality jobs to hard working North

Site Selection's 2006 Top State Business Climate Rankings							
Overall Ranking	Executive Survey	2005 NP Rank	2003-05 NP Rank	Rank per Million	Rank per 1000 Sq. Mi.	Final Total	
1	North Carolina	1	5	7	7	10	33
2	Texas	2	1	1	11	20	41
3	Ohio	12	2	2	3	1	56
4	Georgia	3	10	10	13	14	59
5	Tennessee	6	8	12	9	13	66
6	Indiana	10 ¹	15	8	4	7	74
7	Kentucky	10 ¹	11	11	2	11	75
8	Alabama	4	13	16	12	19	76
9	Michigan	19	4	3	1	3	87
10	South Carolina	5	18	18	16	17	89
11	Florida	7	12	13	25	15	93
T12	Illinois	18	3	5	14	6	100
T12	Virginia	17	9	9	6	8	100
14	New York	22	7	4	19	2	120
15	Mississippi	13	19	22	18	26	137
16	Pennsylvania	27	6	6	15	5	140
T17	Iowa	23	17	17	8	23	157
T17	Louisiana	20 ¹	16	19	21	21	157
19	California	15	24 ¹	15	37	29	165
20	Nevada	9	38	32	22	38	166
21	Arkansas	14	28	28	30	31	173
22	Kansas	20 ¹	24 ¹	23	17	30	174
23	Minnesota	30	14	14	10	22	180
24	Oklahoma	16	29	26	32	32	183
25	Arizona	8	31	37	41	43	184

Source: Conway Data New Plant Data Base T = Tie in rankings



Carolina families," noted the governor at the announcement of other business-climate accolades on September 28th. "It is no surprise that since 2001, our state has successfully recruited more than 163,400 jobs and \$26.2 billion in investment."

Among the highlights of the governor's September announcement were these:

- The Milken Institute of Santa Monica, Calif., listed three North Carolina public and two private universities among the top 100 in the world in ability to move biotech research into business start-up. The public universities and rank are North Carolina State University (20th), UNC-Chapel Hill (25th) and East Carolina University (81st); the private schools are Duke University (38th) and Wake Forest (59th).

- The Silicon Valley Leadership Group, a public policy advocacy organization in San Jose, Calif., named the Raleigh-Durham area as the top technology hub in the nation

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in its annual ranking. The report noted the area's affordable housing and thriving job market as well as local student performance on eighth-grade math tests, comparatively low taxes and affordable utilities.

- Raleigh placed fifth in Forbes.com's list of Most Wired Cities; Charlotte ranked 10th. The two cities received high marks for the number of companies providing high-speed Internet access and the percentage of homes with high-speed Internet connections.

- *Entrepreneur* magazine listed the Charlotte-Gastonia and Raleigh-Durham metros as two of the best locations for entrepreneurs to start and grow a business, ranking them second and third respectively. Only the Phoenix-Mesa, Ariz., area ranked higher.

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