

## Charlotte USA - Overview

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### Charlotte Metro Overview

The Charlotte Metropolitan Statistical Area consists of 1.7 million people is the largest urban area in North and South Carolina. The region is centrally located within the Carolina's as well as the eastern coast of the U.S. and is positioned at the confluence of three interstates. The City of Charlotte, population 675,229, represents the nation's 19th largest city and is the largest city within both North and South Carolina. The Charlotte Douglas International Airport is the 10<sup>th</sup> busiest in the United States and serves as US Airways largest hub, with daily direct flights to over 125 cities, including Munich, Frankfurt, London, Paris, Mexico City, Toronto, and cities across the United States.

### Economic Snapshot

This metropolitan area ranks as the nation's 35<sup>th</sup> most populous in the United States, but represents the 21<sup>st</sup> largest regional economy according to GDP output. Twelve *Fortune 1000* companies are headquartered in the Charlotte; Bank of America, Goodrich, SPX, Nucor, Sonic Automotive, Family Dollar, Duke Energy, and Lowe's, Belk's, Carlisle, Piedmont Natural Gas, Ruddick Corporation, and Commscope. Because of the large presence of Bank of America and Wachovia, Charlotte has held the distinction as the nation's 2<sup>nd</sup> largest banking center for many years, with over \$1 trillion in assets held. Additionally, the region is densely populated with manufacturing companies (over 1,400 manufacturing companies in Mecklenburg County alone), and international business, with 753 foreign-owned firms within the region. The largest employers in the region include:

- Wachovia (HQ)
- US Airways
- Lowe's (HQ)
- Ruddick / Harris Teeter (HQ)
- Microsoft
- Bank of America (HQ)
- Duke Energy (HQ)
- AT&T
- The Compass Group (HQ)
- Belk (HQ)

The Charlotte-Gastonia-Concord MSA experienced significant economic changes from 1990 to 2007, similar to many regional economies in the United States.

- Overall, total employment grew 47% from 574,923 jobs in 1990 to 842,759 jobs in 2007.
- The manufacturing sector declined from 25% of the workforce in 1990 to approximately 10% in 2007, losing more than 50,000 jobs.
- Finance and Insurance, Management of companies and enterprises, Administrative and Waste services, Educational Services and Health Care & Social Assistance have more than doubled the number of jobs in their sectors from 1990 to 2007.
- Real estate and professional and technical services added 25,000 jobs.
- With the growth in population and housing market expansion, the construction sector added 25,000 jobs, and the wholesale trade and transportation & warehousing sectors each added more than 10,000 jobs.
- As a measure of the region's success, the average salary of the workforce increased 104% from 1990 to 2007, from \$23,046 to \$46,975.

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### Population/Workforce

The Charlotte-Gastonia-Concord, NC-SC MSA is growing at a rate that outpaces both North and South Carolina, and the nation. Over the past twenty years, the Charlotte-Gastonia-Concord, NC-SC MSA has grown in population by nearly 70% while the Carolinas and the U.S. grew at a rate of 37% and 25% respectively. Above average growth is projected to continue over the next twenty years as the Charlotte-Gastonia-Concord, NC-SC MSA population is expected to increase by an additional 47%. This rate of growth is nearly double the projected increase for both Carolinas, and more than triple the rate of projected national population growth. Overall, the Charlotte-Gastonia-Concord, NC-SC MSA will have seen its population increase by 150% during the 40-year period from 1987 to 2027, growing from 968,001 residents to 2,412,492 residents.

#### Charlotte MSA Population Growth: 1987 - 2027

	July_1987	July 1997	July 2007	July 2027	Historical 1987-2007	Projected 2007-2027	40year Total 1987-2027
ANSON	24,340	24,899	25,107	23,921	3.2%	-4.7%	-1.7%
CABARRUS	94,411	119,279	163,804	257,378	73.5%	57.1%	172.6%
GASTON	172,377	185,486	200,415	222,694	16.3%	11.1%	29.2%
MECKLENBURG	473,750	637,428	857,379	1,324,641	81.0%	54.5%	179.6%
UNION	79,616	109,787	182,304	329,337	129.0%	80.7%	313.7%
YORK	123,507	152,996	208,827	254,521	69.1%	21.9%	106.1%
<b>Charlotte MSA</b>	<b>968,001</b>	<b>1,229,875</b>	<b>1,637,836</b>	<b>2,412,492</b>	<b>69.2%</b>	<b>47.3%</b>	<b>149.2%</b>

	July_1987	July 1997	July 2007	July 2027	Historical 1987-2007	Projected 2007-2027	40year Total 1987-2027
North Carolina	6,405,868	7,645,512	9,040,824	11,882,035	41.1%	31.4%	85.5%
South Carolina	3,380,507	3,859,696	4,407,709	5,190,910	30.4%	17.8%	53.6%
<b>Carolina's</b>	<b>9,786,375</b>	<b>11,505,208</b>	<b>13,448,533</b>	<b>17,072,945</b>	<b>37.4%</b>	<b>27.0%</b>	<b>74.5%</b>

	July_1987	July 1997	July 2007	July 2027	Historical 1987-2007	Projected 2007-2027	40year Total 1987-2027
United States	240,132,887	265,228,572	299,398,484	340,441,000	24.7%	13.7%	41.8%

Source: NC State Data Center, SC Office of Research & Statistics, U.S. Census Bureau

The Charlotte region includes 34 colleges, universities, and community colleges, with a total enrollment of over 85,000. Approximately 16,400 students are enrolled in business, computer science, information technology, and engineering programs. More than 40% of the city of Charlotte's residents hold at least a bachelor's degree, indicating a concentration of educated workers. This compares nationally to an average of 27.5% holding a bachelor's degree or higher. Compared to other prominent banking cities, 33% of New York City residents and nearly 50% of San Francisco residents hold at least a bachelor's degree.

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### **Finance & Insurance Snapshot**

The GDP share of the financial activities sector accounts for a much larger share of total GDP in the Charlotte region compared to that sector's contribution at a national level within metropolitan areas. While the financial & insurance activities sector accounts for approximately one third of GDP in the Charlotte MSA, it accounts for approximately one tenth of the U.S. Metropolitan GDP. This underscores the significance of the financial services industry to our region, and the extent to which the local economy is dependent upon its success for wealth creation and business activity.

### **Financial Activities Sector as Percentage of GDP – Charlotte MSA vs. U.S. Metro Portion**

Metropolitan Area	Industry	Component	2001	2006	2001-2006
U.S. Metro Portion	All industry total	GDP by Metropolitan Area (millions of current dollars)	\$9,038,347	\$11,786,575	30%
U.S. Metro Portion	Finance and insurance	GDP by Metropolitan Area (millions of current dollars)	\$743,132	\$1,039,368	40%
Finance & Insurance Activities % of industry total -			8%	9%	
U.S. Metropolitan Portion	Financial activities	GDP by Metropolitan Area (millions of current dollars)	\$1,949,123	\$2,611,051	34%
All Financial Activities % of industry total -			22%	22%	
Metropolitan Area	Industry	Component	2001	2006	2001-2006
Charlotte-Gastonia-Concord	All industry total	GDP by Metropolitan Area (millions of current dollars)	\$80,839	\$114,147	41%
Charlotte-Gastonia-Concord	Finance and insurance	GDP by Metropolitan Area (millions of current dollars)	\$21,035	\$34,938	66%
Finance & Insurance Activities % of industry total -			26%	31%	
Charlotte-Gastonia-Concord	Financial activities	GDP by Metropolitan Area (millions of current dollars)	\$28,726	\$46,181	61%
All Financial Activities % of industry total -			36%	40%	

*Source: Bureau of Economic Analysis, 2001- 2006*

From 2001 to 2005, while the GDP percentage of the financial activities sector among U.S. metropolitan areas remained steady at the national level, this proportion increased within the Charlotte MSA by approximately 4%. This trend not only signifies the importance of this sector, but clearly demonstrates the presence of a competitive advantage under which the financial services industry in the Charlotte MSA flourished.

The Charlotte MSA gained nearly 20,000 jobs and more than 1,000 new establishments in the financial services sector over past ten years. The average wage in financial services doubled from just under \$50,000 annually to more than \$100,000 annually. This increase represents the highest jump in wages among any sector during this time.

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### Industry Growth in Charlotte MSA

Industry	1997 No of Units	2007 No of Units	1997-2007	1997 Annual Avg Empl	2007 Annual Avg Empl	1997-2007	1997 Avg Annual Wage Per Employee	2007 Avg Annual Wage Per Employee	1997-2007
Total All Industries	33,108	46,072	39%	640,093	779,293	22%	\$31,824	\$47,892	50%
Agriculture Forestry Fishing & Hunting	162	177	9%	1,698	2,281	34%	\$23,372	\$34,657	48%
Mining	26	22	-15%	540	409	-24%	\$38,405	\$53,385	39%
Utilities	*	34	*	*	3,137	*	*	\$88,182	*
Construction	3,807	4,637	22%	40,137	54,865	37%	\$31,326	\$45,890	46%
Manufacturing	2,099	1,856	-12%	109,318	72,552	-34%	\$33,550	\$52,405	56%
Wholesale Trade	4,182	4,176	0%	43,015	45,977	7%	\$40,458	\$58,328	44%
Retail Trade	4,697	5,216	11%	71,239	87,600	23%	\$19,582	\$26,663	36%
Transportation and Warehousing	928	1,101	19%	33,959	35,135	3%	\$40,299	\$43,634	8%
Information	531	707	33%	20,242	21,343	5%	\$40,737	\$66,262	63%
Finance and Insurance	1,947	2,986	53%	38,692	57,286	48%	\$49,834	\$100,843	102%
Real Estate and Rental and Leasing	1,363	2,148	58%	9,915	13,083	32%	\$28,280	\$46,463	64%
Professional and Technical Services	3,138	5,063	61%	28,052	44,566	59%	\$45,218	\$65,301	44%
Management of Companies and Enterprises	265	346	31%	13,684	24,461	79%	\$64,260	\$109,873	71%
Administrative and Waste Services	1,966	2,742	39%	43,476	57,451	32%	\$16,802	\$30,306	80%
Educational Services	538	806	50%	32,566	48,836	50%	\$25,567	\$36,992	45%
Health Care and Social Assistance	1,954	3,081	58%	54,850	81,809	49%	\$34,311	\$44,320	29%
Arts Entertainment and Recreation	409	532	30%	9,478	12,347	30%	\$25,979	\$47,405	82%
Accommodation and Food Services	1,922	2,998	56%	42,359	64,527	52%	\$11,143	\$15,569	40%
Other Services Ex. Public Admin	2,900	3,237	12%	17,215	21,959	28%	\$21,234	\$26,750	26%
Public Administration	242	238	-2%	20,180	26,133	29%	\$31,051	\$44,623	44%
Unclassified	*	3,972	*	*	3,546	*	*	\$45,932	*

Source: North Carolina Employment Security Commission, 1997-2007; "\*" indicates data not available.

Employment growth in the credit intermediation & related activity, financial investment & related activity, insurance carriers & related activity and funds, trusts & other financial vehicles sectors outpaced overall employment growth in the Charlotte MSA since 1997. One out of every 7 jobs created during this ten year period locally, was created in the financial services sector.

The chart below demonstrates the concentration of employment in the financial services and insurance sector using location quotients within the Charlotte-Gastonia-Concord, NC-SC MSA and Mecklenburg County, which includes the city of Charlotte. Location quotients greater than 1.0 indicate a higher concentration of employment at the local level within a given sector.

2007 Location Quotients calculated from Quarterly Census of Employment and Wages Data

Industry	Charlotte-Gastonia-Concord, NC-SC MSA	Mecklenburg County, North Carolina
Base Industry: Total, all industries	1	1
NAICS 52 Finance and insurance	1.6	2.03
NAICS 521 Monetary authorities - central bank	5.82	8.5
NAICS 522 Credit intermediation and related activities	2.06	2.51
NAICS 523 Securities, commodity contracts, investments	1.74	2.46
NAICS 524 Insurance carriers and related activities	0.94	1.23
NAICS 525 Funds, trusts, and other financial vehicles	0.66	0.47

Location Quotient: Ratio of analysis-industry employment in the analysis area to base-industry employment in the analysis area divided by the ratio of analysis-industry employment in the base area to base-industry employment in the base area.

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### **Finance & Insurance: Workforce and Related Assets**

The Charlotte region has developed not only a more substantial workforce to match the growth experienced in the Finance and Insurance industry, but also a cadre of academic, physical, and support services important to the industry. Examples include:

- More than 11,000 residents are registered with either Series 27, 53, 6, 62, 63, 65, 66, or 7 licenses, and nearly 9,000 workers are registered with the NASD's broker dealer list.
- There are approximately 25,000 IT workers in the Charlotte-Gastonia-Concord, NC-SC MSA. That equates to roughly one out of every four IT workers in both North Carolina and South Carolina is employed in our area. While Charlotte may be known as a financial services powerhouse, many businesses are taking advantage of the large pool of talented IT workers that support the technological needs of Fortune 500 giants such as Bank of America, Duke and others. IT graduates from world-class universities flock to the largest metropolitan city in the Carolinas to take advantage of lucrative opportunities in their field.
- There are more than 25 call centers operating locally; over 10 centers employ more than 500 workers. Transamerica Reinsurance, Lending Tree, Wells Fargo, Bank of America, Microsoft, IBM and the Vanguard Group have substantial operations in the Charlotte-Gastonia-Concord, NC-SC MSA.
- Approximately 35% of Charlotte's CBD residents are estimated to be between the ages of 18 and 34. Center City Partners estimates the number of daytime workers in the Charlotte CBD swells to 70,000 during the work week.
- IBM's current site is named IBM's Business Continuity and Resiliency Services facility and significant site improvements were made in 2005 to expand capacity and upgrade infrastructure. Operations at this facility include inbound/outbound call support for recovery services, technical support for connectivity issues and an extended network of state-of-the-art technology.
- Microsoft employs approximately 1,300 at its software support center known as the Microsoft Greater Southeast District. The center is one of the largest facilities Microsoft operates and applies technological support, sales and consulting functions to customers in the business intelligence, financial services and healthcare industries.
- Wachovia employs a substantial IT workforce within Charlotte, incorporating both an uptown location and a University area campus for IT support. Cyber security is a vitally important for banking institutions and the banking community regularly collaborates with UNCC's IT departments to explore new technologies.
- The University of North Carolina at Charlotte, the largest university in the Charlotte region, is home to the Belk College of Business, which currently has more than 2,500 undergraduate students, 500 graduate students, and 84 full-time faculty. To date, Belk College of Business has graduated more than 16,000 students with degrees in accounting, business information systems, economics, finance, management and marketing.

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- MBA, accounting and finance programs are offered at every level within the region. Several satellite MBA programs have been established in the area, including a Weekend Executive MBA from Wake Forest. Central Piedmont Community College, a 70,000 student multi-campus organization, includes a Financial Services Institute to train students for careers in the financial services, insurance, and securities industries.
- The University of North Carolina at Charlotte is home to the College of Computing and Informatics, which includes The Information, Security and Assurance Center (ISAC). ISAC focuses on information security, assurance and privacy issues.
- The University of North Carolina's Center for eBusiness Technology is currently focused on the financial industry. The center is partnering with Bank of America and Wachovia to solve industry issues pertaining to technology applications. These applications include information privacy and security, intelligent data analysis, systems integration, information visualization. The Center is expanding into research in Bioinformatics and Homeland Security. It has the distinction of being a "National Security Agency Center for Information Assurance Education."

A concentration of supporting businesses provides sound infrastructure for firms operating in the area. As the table below indicates, location quotients for law offices, accounting and bookkeeping services, consulting practices, and administrative support services are greater than 1.0 and therefore concentrated in the Charlotte-Gastonia-Concord, NC-SC MSA in general, and in Mecklenburg County specifically.

**2007 Location Quotients calculated from Quarterly Census of Employment and Wages Data**

Industry	Charlotte-Gastonia-Concord, NC-SC MSA	Mecklenburg County, North Carolina
Base Industry: Total, all industries	1	1
NAICS 5411 Legal services	0.82	1.01
NAICS 5412 Accounting and bookkeeping services	1.1	1.39
NAICS 54161 Management consulting services	ND	2.15
NAICS 5418 Advertising, PR, and related services	ND	0.84
NAICS 561 Administrative and support services	1.17	1.27
Location Quotient: Ratio of analysis-industry employment in the analysis area to base-industry employment in the analysis area divided by the ratio of analysis-industry employment in the base area to base-industry employment in the base area.		

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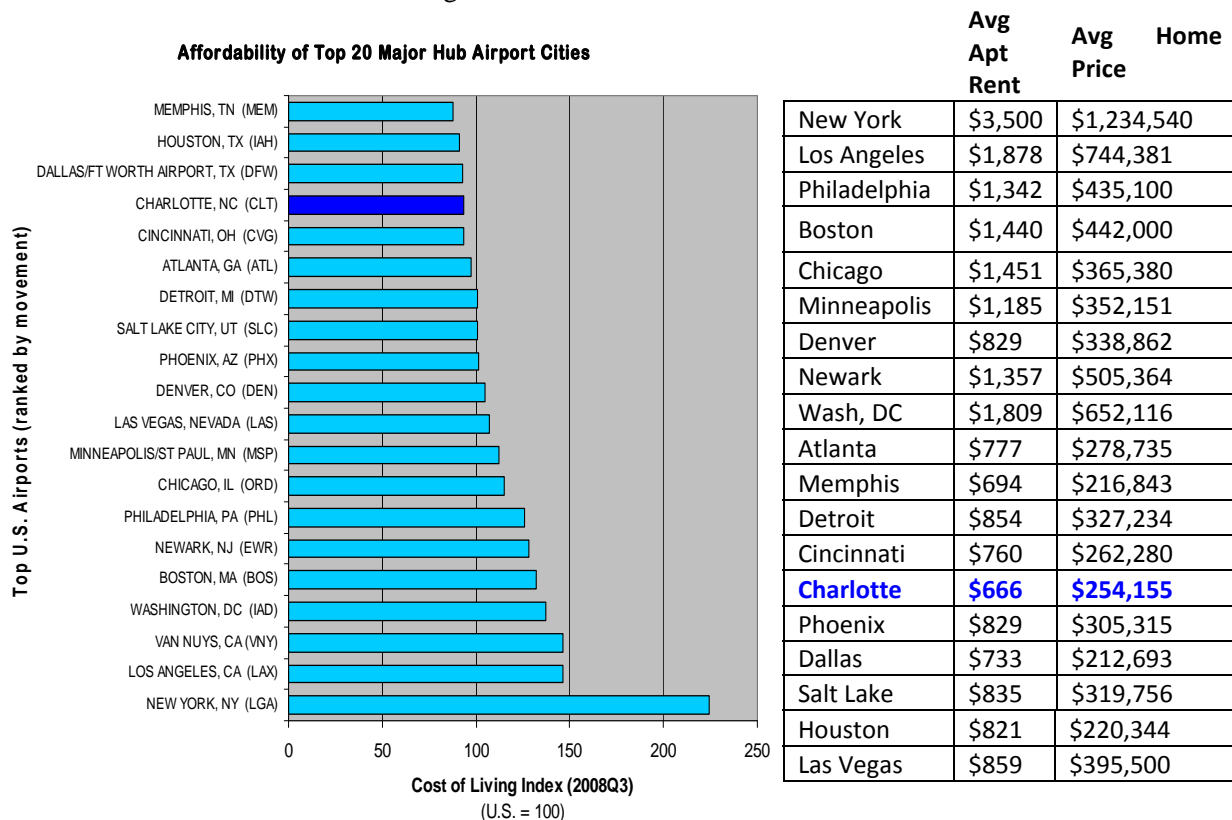
### Comparative Advantages

Few metropolitan regions have enjoyed the growth and prosperity that has come to the Charlotte region in the past 20-30 years, and even fewer have leveraged their growth to create assets for the future as Charlotte has to date. Three key advantages position the Charlotte region for growth in finance and insurance, and other high-wage industries.

### Comparative Advantage: Competitive Costs

There are larger regions and there are lower cost regions than Charlotte, but there are few regions that provide a balance between the accessibility and metropolitan amenities offered in Charlotte and its competitive costs.

- The Charlotte Douglas International Airport is the 10 busiest in the US, and provides direct, non-stop to over 125 cities – providing ease of business with larger cities such as New York, Washington D.C., Chicago, Miami, San Francisco, and Los Angeles, as well as international locations (London, Munich, Frankfurt, Paris, Mexico City, Toronto, etc.)
- The Charlotte region is roughly 95% of the Cost of Living of the rest of the United States. Among 20 other metropolitan areas with a high concentration of Fortune 500 headquarters facilities, the Charlotte MSA ranks 93.5% of the national average in terms of cost of living. The average apartment rent is 13% below the national average, and the average home price is 17% below the national average of \$304,000.



- Both North and South Carolina are consistently ranked high for their overall business climate. North Carolina and South Carolina offer aggressive incentives for job creation and capital investment.

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- Commute times in the Charlotte MSA are similar to the U.S. average of 25.3 minutes. Charlotte workers travel on average 25 minutes to work, which is less than New York City (34.8 minutes), Chicago (31 minutes) and San Francisco (28.6 minutes).
- The City of Charlotte has invested over \$400 million in a light rail line that connects its neighborhoods to its center city, one of the most substantial investments of this size in the United States.

### Commercial Real Estate Costs

Within the next 3 years, CoStar data indicates nearly 160 office leases with more than 1.9 million square feet in rental space are set to expire in the Charlotte CBD. Coupled with the addition of 4.1 million square feet of newly constructed Class A office space that is currently proposed or under construction, Charlotte CBD's historically low vacancy rates are expected to rise. This represents a substantial opportunity for companies seeking the amenities of an urban setting and access to a young, well-educated workforce, without the costs associated with other major markets throughout the U.S.

Overall office vacancy rates in Charlotte CBD increased slightly yet continue to be the lowest in the nation at 1.1%, down 3.1% from the same time last year.

### Downtown Banking Markets – Vacancy Rates and Lease Rates

	Vacancy Rate	Lease Rates
Charlotte CBD	1.1%	\$25.05
Manhattan, Midtown	10%	\$81.71
Boston	6.6%	\$55.68
Manhattan, D/T	7.3%	\$50.13
Washington, DC	7.0%	\$52.47
San Francisco	10.4%	\$41.41
Dallas	20.1%	\$19.45

*Source: CB Richard Ellis, 2008Q2*

### Comparative Advantage: Talent Retention/Attraction

The Charlotte MSA has grown in population because it has positioned – and proved to be – a region where jobs are plentiful, the cost of living is below average, and the quality of life is high. On average, over 100,000 people move to the region each year. This expanding talent base provides a consistent base from which a variety of companies can draw upon. As the largest metropolitan area in the Carolina's, Charlotte serves as an attractive location for college graduates within the region, across North and South Carolina, and western Virginia. The diverse economy across the region, offers opportunities for employment in a variety of industries.

- Automotive and motorsports activities which contribute more than \$5 billion to local economy annually
- North Carolina Research Campus, a \$1 billion investment to create world class research hub where collaborative science will lead charge for landmark discoveries in nutrition, health and biotechnology research
- Regional film and TV hub has developed where more than 20 permanent film and television businesses call the region home; the region now boasts the largest supply base of lighting and grip equipment in the East Coast, aside from New York City.

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- Charlotte is also becoming a significant energy center within the US, drawing many of the major players in the nuclear engineering field from companies such as Shaw, Fluor, Parsons, URS, Westinghouse, and the French giant Areva.

For Finance and Insurance specifically, there are more than 67,000 people are employed in the financial services sector in the greater Charlotte region. There are more than 11,000 licensed residents for Series 27, 53, 6, 62, 63, 64, 65, 66, and 7. The educational attainment rate within the city of Charlotte for those residents holding a bachelor's degree or higher is above average compared to the nation and comparable to or better than other prominent banking centers.

### **Comparative Advantage: Proven Location**

The Charlotte region has proven itself as a business location for both headquarters and operations. Evidence of this lies in the firms that have chosen to locate and expand within the region, the growth of the overall business climate, and the success of the firms that within the community. Just a few of the accolades provided to Charlotte include:

- *Inc* magazine - *INC* ranks the fastest growing companies in the U.S.; 38 Charlotte-area firms make the *Inc* list
- *Site Selection* magazine – Ranked North Carolina #1 fourth year in a row (and seventh time in last eight years) among their Top State Business Climate Rankings
- *Southern Business & Development* magazine - “Top 250 Best Places in the South to Locate your Company”; Catawba County ranked as top mid-market in NC, ranked 20th among all mid-markets in the South
- *The Milken Institute* - Ranks Charlotte metro area 26<sup>th</sup> out of 200 in its index of best performing cities
- *Expansion Management* magazine - Charlotte-Gastonia-Concord, NC-SC metropolitan area named 2nd Top Large Metro for Business Recruitment and Attraction