

SITE Selection ONLINE

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BUSINESS CLIMATE RANKING

North Carolina Claims No. 1 Business Climate Ranking

The Tar Heel State edges out 2000 winner California for top spot in *Site Selection's* annual ranking of the best states for doing business.

by **RON STARNER**

Spearheaded by the meteoric rise of the Charlotte and the Research Triangle metro areas, North Carolina has climbed to the top spot of *Site Selection's* 2001 Business Climate Ranking.

Becoming the No. 1 state for doing business wasn't easy. The Tar Heel State barely edged out last year's winner -- California -- by compiling the highest overall ranking based upon the five criteria established by the editors of *Site Selection*:

- Total new and expanded corporate facilities for 2000.
- Total new and expanded corporate facilities for 1998 through 2000.
- Total new and expanded facilities per 1 million residents for 1998 through 2000.
- Total new and expanded facilities per 1,000 square miles (2,600 square kilometers) for 1998 through 2000.
- Results from *Site Selection's* annual survey of corporate real estate executives who work for

Overall Ranking	98-00 NP Rank	Rank per Million	Rank per 1000 Sq. Mi.	2000 NP Rank	Business Climate	Final Total
1 North Carolina	6	2	4	7	5	39
2 California	2	9	6	2	6	43
3 Texas	5	12	22	5	1	48
4 Virginia	9	7	8	10	7	62
5 Florida	11	22	13	12	2	66
6 Illinois	7	10	5	8	10	70
7 Michigan	1	1	1	1	17	72
8 New York	4	8	3	4	14	75
9 South Carolina	13	6	10	15	8	76
10 Georgia	16	25	23	20	3	96
11 Ohio	3	3	2	3	22	99
12 Pennsylvania	8	15	7	6	16	100
13 Tennessee	17	17	18	13	12	113
14 Alabama	15	13	19	15	15	122
15 Arizona	22	26	33	31	4	128
16 Kentucky	12	5	14	14	23	137
17 Colorado	29	33	36	27	9	161
18 Indiana	19	27	21	21	19	164
19 Arkansas	26	18	30	25	18	171
20 Massachusetts	27	35	11	26	20	179
21 Nevada	34	32	43	36	11	189
22 Maryland	25	31	9	30	25	195
23 Missouri	18	20	26	17	29	197
24 Louisiana	14	14	17	9	36	198
25 Delaware	45	41	25	38	13	201

companies with
nationwide operations.

The first four criteria account for 50 percent of the overall ranking, with the fifth category -- the executive survey -- accounting for the other 50 percent. North Carolina's strong showing across the board (see chart) propelled it to the No. 1 position overall.

The survey, which was conducted in August, posed the following question to corporate real estate executives who are active members of the International Development Research Council: "Based upon your experience, what are the top 10 state business climates, taking into consideration such factors as lack of red tape, financial assistance and government officials' cooperation?"

Texas is Crowd Favorite

The clear No. 1 choice of corporate real estate executives was Texas, with 266 total points in the balloting, followed by No. 2 Florida (205 points), No. 3 Georgia (200), No. 4 Arizona (174) and No. 5 North Carolina (147). States were given 10 points for each first-place vote, nine for each second-place vote, eight for a third, seven for a fourth, six for a fifth, five for a sixth, four for a seventh, three for an eighth, two for a ninth and one for a 10th.

To make sure that our annual business climate rankings are not based solely on perception, however, *Site Selection's* overall ranking takes into account such factors as proven performance and consistency over time in attracting new and expanded corporate facilities. *Site Selection's* New Plants Database has tracked corporate expansion activity for more than 30 years and annually compiles a tally that compares all 50 states against each other.

Since *Site Selection* began publishing the results of our annual Governor's Cup competition in 1989, North Carolina has consistently placed in the top 10 states in the nation for attracting new and expanded corporate facilities. To qualify for inclusion into the New Plants Database, a corporate real estate project must meet one of three minimum criteria. It must represent a capital investment of at least \$1 million, it must generate at least 50 new jobs, or it must create at least 20,000 square feet (1,858 square meters) of new floor space. Government projects and retail centers do not qualify.

Southeast States Dominate

North Carolina's surge from third place last year to the top of this year's business climate rankings serves as further evidence that the Southeastern U.S. is increasingly becoming the preferred location for corporate America. Five of the top 10 states in this year's rankings are in the Southeast. Following North Carolina are No. 4 Virginia, No. 5 Florida, No. 9 South Carolina and No. 10 Georgia. Last year, the Southeast placed four states in the top 10.

Also showing strong resilience in the face of a slowing U.S. economy are the so-called "Rust Belt" states of Illinois (No. 6), Michigan (No. 7), New York (No. 8), Ohio (No. 11), Pennsylvania (No. 12) and



Indiana (No. 18). Michigan, which has won *Site Selection's* Governor Cup award the last four years in a row as the state producing the highest number of new and expanded facilities, finished 17th in the executive survey this year but No. 1 in every other statistical category.

Not to be outdone, several Western states made their marks on this year's business climate ranking. Led by No. 2 California, the West also produced such stalwarts as Texas (No. 3), Arizona (No. 15), Colorado (No. 17), Arkansas (No. 19) and Nevada (No. 21). Nevada, interestingly, was ranked this year as the No. 1 place in America to be an entrepreneur, according to a report by the Washington, D.C.-based Small Business Survival Committee.

States which showed significant jumps in the overall business climate rankings from last year were Virginia, which moved up from eighth place in 2000 to fourth in 2001; Michigan, which jumped from 12th to seventh; South Carolina, which jumped from 13th to ninth; Tennessee, which jumped from 20th to 13th; and Alabama, which went from unranked in 2000 (not in the top 25) to 14th in 2001. **SITE**



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