



## Have You Heard of Onshoring?


**Onshoring**, a business term spoken with ever increasing frequency these days, describes the practice of moving jobs, workforce and expansion efforts from overseas outlets back to the United States. The driving force behind this trend is twofold. Overseas labor costs are rapidly rising. Coupled with a volatile and ever-increasing transportation costs, these factors are giving American companies pause with regard to their own expansion and relocation plans for the near future.

The end result of this growing trend is an uptick in interest for the corporate real estate market, as many global companies look to leverage their future presence decisions on a single fact -- by 2015, the overall profit margin of doing business overseas **is expected to shrink to a scant zero-10 percent difference.**

The model for doing business overseas versus at home can be thought of as a pendulum. For the past two decades, the pendulum swung in favor of overseas efforts. Cheap labor and stable transportation costs provided a decided advantage. However, those factors are changing rapidly -- and the pendulum is beginning to swing back in the opposite direction.

The cold, hard numbers support the trend. For example, labor costs and wages in China have risen 20 percent in recent years. **Crude oil costs are fluctuating** between \$80-100 per barrel, with overall costs expected to rise an additional 20-25 percent over the next three years. These numbers are reflected in the profit margin of goods produced in China. Products once 22 percent cheaper to produce overseas have now dropped to a five percent margin.

Factors such as these have created the trend of onshoring. Companies such as Honda, Ford, Caterpillar, Master Lock, GE and Intel are leading the charge to establish their workforce and operations back in the United States. The increase in corporate real estate inquiries for expansion and relocation is beginning to develop. This is welcome news for the **International Business Park**, already uniquely positioned to take advantage of the increased activity. The park currently includes five international tenants, an existing spec building, three pre-certified building sites and the promise of additional expansion of acreage due to the Interstate-85 widening project.



**Onshoring:**  
What it means  
to corporate  
real estate.

Onshoring could be the boost necessary to bolster a previously slow corporate relocation and expansion market. According to some estimates, it has been predicted that over the next decade, onshoring will divert \$100 billion of production back into the United States--with the potential to reduce the overall unemployment rate by 1.5 percent.

## Universities Offer New Workforce Programs Benefitting Local Industries

Two local universities have developed specifically tailored programs designed to benefit the region's workforce and make the greater-Charlotte area a more attractive fit for foreign companies and healthcare providers.

[Central Piedmont Community College](#) has begun a certification program which will provide German job training to graduates, [making them a more attractive hiring option for established German, Swiss or Austrian firms](#). The Charlotte Chamber of Commerce tabbed the program as "precedent-setting" in its ability to provide an already-qualified workforce trained to these country's exact specifications. There are approximately 200 German companies already operating in the area, employing over 5,000 local workers.

"This will be a huge tool to continue to attract international companies to the Charlotte area," said chamber of commerce spokeswoman Natalie Dick.

In addition, the [University of North Carolina at Charlotte \(UNCC\)](#) has initiated a Professional Science Masters Degree in Health Informatics. This program is one of only three in the nation and UNCC expects to eventually award the degree to 200 graduates per year. The program is [designed to give the healthcare workforce of tomorrow the ability to speak the language of information technology](#), as well as providing clinical care.

With nearby business incubators such as the [North Carolina Research Campus](#) in Kannapolis, N.C., the graduates of these programs will have the ability to become a vital part of the key industries which drive this region --healthcare, food science, life science and medical research.

## The North Carolina Success Story of Automotive and Aerospace Industries

It has been well-documented that the area is a hotbed for the automotive and aerospace manufacturing industries. But what makes this region so attractive to these categories? There are several factors, but an established industry workforce--more than 30,000 strong--shows that a talented pool is already in place for automotive and aerospace manufacturers looking for the right expansion or relocation opportunity.

The motorsports-related industry is a thriving part of this region's business mix. NASCAR and the NHRA not only have some of the top-rated facilities in the



nation here, but the majority of team-based businesses as well. Unique assets such as [Windshear's](#) 180-mph rolling road wind tunnel both accentuate and compliment the area's suitability for future automotive and aerospace manufacturing companies.

Aerospace is quickly becoming a growing force in both of the Carolinas. Over 180 aerospace and aviation firms already operate here, employing over 9,500 workers. Spirit AeroSystems and Boeing are two excellent examples, the latter having accomplished the South Carolina-built 787 Dreamliner's [initial flight back in May](#). The 787 Dreamliner is the next-generation passenger plane in the Boeing fleet with several overseas orders already in place.

The state of North Carolina's manufacturing efforts rank first in the southeast and ninth in the nation, making the region an attractive option for future automotive and aerospace firms looking to take advantage of an established workforce.

## DNC 2012 Puts the Spotlight on Charlotte Region

Back on February 1, 2011, the [Democratic National Committee](#) announced that Charlotte, North Carolina would be the host city for their convention, [set for September 4-6, 2012](#). Charlotte beat out other finalists in St. Louis, Cleveland and Minneapolis to earn the honor.



35,000 attendees are expected, of which include 15,000 media members set to report on the political happenings. The economic impact is projected to be \$150-200 million for the local economy.

What it really means is that Charlotte will be in the premier spotlight of the world stage and all will have the chance to see how this region has become a progressive city with a business-friendly climate. Charlotte was chosen primarily for the correct perception that this area has a real future as one of the fastest-growing cities in the south. A large part of this growth and potential can be traced directly to the business-friendly climate, [of which the state of North Carolina has built a solid reputation](#).

Forbes, CNBC and *Site Selection* all have North Carolina ranked third among the "Best Business Climate" in the United States. *The Business Journals* ranked NC second as the "Most Cost Efficient for Manufacturing". And Ernst & Young rated the state second in "Lowest State and Local Tax Burden on Business". Rankings such as these have led industries such as aerospace/aviation, automotive, biotechnology, life sciences, energy and financial services to establish this region as a premier choice for new business, expansion and relocation efforts.

Quality of life factors will also be on display during the DNC 2012. With its seasonal climate, attractions such as the [U.S. Whitewater Center](#) and the [NASCAR Hall of Fame](#), the greater Charlotte area will have an excellent opportunity to showcase exactly why the region is able to attract and keep such a diverse, skilled and satisfied workforce.

The media barrage during the first few days of September will be of great importance to Charlotte. In a way, it may serve as a job interview for the entire area, as the region will have the utmost opportunity [to showcase the suitability and attractiveness factors](#) needed to keep its continued growth on the rise.

## IBP Tenant Expands

[PreGel America](#), an International Business Park tenant, has recently begun an expansion project which will add 125,000 square feet of structural development and approximately 48 new jobs to its roster. The expansion of its existing Concord, N.C. facility will include the addition of warehouse, production and office space. Completion of the project is slated for January 2013.



The expansion was necessary to support recent business growth, according to Marco Casol, President and CEO of PreGel America. "We are growing and extremely pleased to be able to support that growth, both structurally and strategically. Our new expansion project will allow us to add space and resources to better innovate and refine our operations," he added.

## I - 85 Widening Project Update

The project to [widen Interstate 85](#), a collaborative effort between the [city of Concord](#) and the [N.C. Department of Transportation](#), continues at a rapid pace. The revamped eight-lane interstate road will offer enhanced access for commercial traffic on a seven-mile stretch of I-85, running north from the International Business Park entrance at exit 55 to south of Bruton O. Smith Boulevard, located at exit 49. The project is scheduled for completion in November 2013.



Not only will there be improved ingress and egress to and from the International Business Park for commercial trucking, but less congestion on frontage roads from the new interstate exit design. A subsequent sewer-line extension to the Park will open the area to future commercial opportunities in the [retail/mixed use development phase III section](#). This area has been proposed to include retail locations, hotels and restaurants. The sewer-line extension will also serve an ideal corporate campus location in Phase II with over 48 industrially zoned acres. [retail/mixed use development phase III section](#). This area has been proposed to include retail locations, hotels and restaurants.

Read [more about the I-85 widening project](#) on the N.C. Department of Transportation website.