



Remarks by

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STATE OF THE REGION, 2011

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State of the Region, 2011

My name is Charles Hayes. I am the President and CEO of the Research Triangle Regional Partnership, and I am part of the Triple Helix.

And so are you.

You are a part of a unique collaborative tradition that has been our model for business development for the last 50 years: The Triple Helix!

[Slide: RTP Slide]

Half a century ago, leaders of this region's major research universities, businesses and government came together to create The Research Triangle Park.

This visionary idea has held up well –and it is still providing a competitive advantage for our companies today.

[Slide: IBM Slide]

How fitting that IBM -- the first major tenant in the largest science park in America -
- would be the naming sponsor of our annual event 50 years later.

IBM:--- A game changer then -- and a game changer today.

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Bob, thank you for your inspiring words. And, thank you for IBM's contribution to our region. [Applause]

[Slide: Triple Helix Slide 1 (airplane)]

What makes a "Triple Helix?"

It's Industry, Academia, Government.

In most places, these sectors exist in silos.

It's clearly different here, and that's what sets our region apart. We connect the dots.

A faculty researcher at Duke with 50 percent of a great idea can link up with a corporate product developer in Clayton or Cary who has the other half of that great idea.

[Slide: Triple Helix Slide 2 (international flags)]

Company A in Siler City invents a better mousetrap and turns to Company B in Garner, which has the ideal marketing plan for moving that mousetrap into the hands of eager buyers.

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A representative of a government office – or a non-profit like RTI International – helps connect an entrepreneur to the technical support, financing, and human resources she needs to grow her company.

A shared commitment to collaboration rests at the heart of the Triple Helix.

The concept is simple, but living it every day is difficult. How do we *know* this? Because so many regions fail at it.

[Slide: Triple Helix Slide 3 (basketball)]

Any coach will tell you, it's not enough to have superstars on your team -- as we surely do -- but those superstars must play well together.

They must know *when* and *how* to share commitment and credit.

[Slide: Triple Helix Slide 4 (play together)]

Our region plays well together. And playing well together isn't just fun – it's good business.

It leads to creativity, discovery, and success. And the rest of the world takes note.

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Let me share with you a few thoughts about the Research Triangle Regional Partnership and its work.

For the better part of two decades, the principals of the Triple Helix have driven, not just our region, but also our organization.

[Slide: Map of seven regions]

RTRP is one of seven economic development partnerships that unite North Carolina communities and business leaders. Our 13-county partnership is funded through cash and in-kind contributions from county and state governments, private businesses and foundations.

Regional economies are *the* relevant geography in today's worldwide marketplace. States are too large to function as a coherent, single economy; cities and counties are too small to compete globally.

Regional economies – while they can also be large and eclectic – are viewed as the geography-of-choice by today's businesses and the people who drive their success.

[Slide: Map of Region]

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Our region stretches from the Sandhills to the Virginia state line.

We serve an array of rural, urban and suburban communities – each with important roles to play in the region’s economic, social and intellectual life.

Central to our organization’s mission is globally branding and marketing this region to the rest of the world.

[Slide: Developers slide]

We do this in partnership with economic developers in each of our 13 counties, as well as The Research Triangle Park and the North Carolina Department of Commerce.

We believe we execute this part of our mission as well as any -- and others agree.

[Slide: IEDC and AEDO Slide]

In fact, RTRP was the recipient of the first-ever Award for Excellence in Regionalism and Cross-Border Collaboration from the International Economic Development Council.

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Earlier this spring, we became one of only 24 Accredited Economic Development Organizations in the world.

[Slide: Web Site Slide]

One of the key tools we use in promoting this region is our organization's web-presence.

In April of this year, we unveiled our new web-site. This information-rich site tells the story of our region, its counties, The Research Triangle Park, and those industry clusters in which we lead the world.

Visitors to the site can easily navigate the vast inventory of our region's assets – everything that sets us apart from our competitors around the globe.

[Slide: Shape of Things to Come Slide]

In the past year, RTRP has made exciting progress on its current five-year strategic plan, known as *The Shape of Things to Come*, a strategy that was launched in July 2009 after receiving input from many here in the room.

In fact, most of you are part of the team from business, academia, government and the nonprofit sector that are helping to implement this plan.

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[Slide: Shape of Things to Come slide with three strategies]

The plan calls for three key strategies to ensure our region remains globally competitive:

- Product Development
- Regional Collaboration, and
- Business Growth

The Shape of Things to Come plan helps ensure that we win the war for jobs

The economic realities remain clear: We are in a time of fierce, global competition for new jobs and investment....An age of economic strife and uncertainty...

A time when some regions steady their aim while others blink.

Times are tough: That's just the way it is!

There will be regions of the world that win — and there will be regions that lose.

Our collaborative regional strategy, along with a strong organization to implement that strategy, increases the probability of winning.

[Slide: winner slide]

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We intend to win. *[Applause]*

A regional perspective also enables us to *measure* performance and to *compare* that performance in a relevant way – and at RTRP we track a list of economic, social and demographic indicators.

Here is a look at some of the recent data – all this and more is included in the printed report we'll be handing you as you leave later today.

[Slide: Regional Population Slide]

Over 2 million people now live in our region – about the same number of people as live in the entire State of New Mexico.

And in the past year, we've added 69,000 new residents. To put this number in perspective, just in the one year since we last gathered in this room, our region has gained more residents than the entire populations of 63 North Carolina counties.

Or, put another way, last year, we added another Chatham County.

The bulk of this population surge has occurred in our urban communities.

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In October of last year, *Forbes* magazine named Raleigh-Durham America's fastest-growing city, calling the area "a magnet for technology firms fleeing the more expensive, congested and highly regulated northeast corridor."

[Slide: GDP Slide]

Our region accounts for the Lion's Share of North Carolina's Gross Domestic Product Growth.

GDP is growing across the state, but it is growing fastest in our region.

In the past five years, we've led the state in GDP growth at 25.6 percent.

[Slide: Education Slide]

We're definitely North Carolina's best-educated region – and one of the best educated in the country.

In 2010, nearly 46 percent of our adult population had a college degree.

Nationally and statewide that figure is about 35 percent.

[Slide: Diversity Slide]

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Our region is growing more diverse: In the last ten years, those living in the region that identify themselves as Asian or Pacific Islanders have grown from 2.4 percent of the population to 3.5 percent.

We've seen even greater growth in the Hispanic population, which has surged from 5.9 percent in 2000 to 10.2 percent today.

[Slide: North Carolina Map Slide]

The Research Triangle Region has not been immune to the lack-luster job growth of the last three years – though there have been some bright spots.

From March 2010 to March of this year, North Carolina added 36,500 jobs. Our region has about 20% of the State's population and only about 14% of the geography, and yet of those 36,500 jobs we accounted for over 50 % of them.

The tide has clearly turned.

[Slide: Regional employment 2005-10]

You can see that in our calendar-year data from 2010, in which our regional job losses were very modest compared to the big hit we took in 2009.

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We're on our way back to the healthier levels of employment growth we witnessed three to five years ago.

[Slide: Regional unemployment rate]

Unemployment rates offer insight into where the region's job market has been in the last two years, and based on trajectory, where we might be going.

Unemployment rates—alarmingly high here and everywhere during the last two years – also show that our region is in much better shape than North Carolina as a whole and the rest of the nation.

In the case of every county – the trend lines are encouraging, with unemployment rates across the board falling gradually. And they are well off their peaks of 15 months ago at the height of the “Great Recession.”

[Slide: Manufacturing Jobs in Region]

Another bit of positive news was the growth, although small, in the region's manufacturing jobs.

Think about that, manufacturing jobs growing? In the Research Triangle Region?

Hard to believe, but it is true and speaks to our diverse economy.

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[Slide: Jobs pie chart]

45% of our region's jobs are service jobs, followed by 16% government, 9% retail, 8% manufacturing and 7% public administration – a diversified job market that is a mix of Old Economy and New, and one where both traditional and emerging industries feel equally at home.

[Slide: Fastest Growing Jobs]

Healthcare jobs remain the strongest segment of the region's employment, followed by jobs in education and professional and technical services.

[Slide: Regional Wage Growth]

Wage growth in 2010 was also encouraging.

Regionally, wages grew by 2.3 percent, noticeably stronger than the 1.4 percent recorded in 2009.

Wages increased in each of our 13 counties.

[Slide: Wage Growth by County]

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The most noticeable growth took place in my home county of Warren, where the average worker enjoyed an 8.3 percent improvement in wages.

Solid wage growth also occurred in Lee County – with 5.6 percent – and Chatham County with 5.5 percent increase.

The “Great Recession” hasn’t just affected the region’s human resources; it has also impacted hard assets.

[Slide: Vacancy Rates]

Vacancy rates for office space and multi-purpose space have increased during the past year. While that might not be great news for landlords, it is for tenants.

[Slide: Vacancy Rates by City]

That, in turn, helps maintain our region’s edge against competing destinations around the country.

One clear fact about the region’s experiences over the past year is the very strong activity in terms of location and expansion announcements.

[Slide: RED HAT slide]

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These announcements included prominent international names like Red Hat, SAS, Siemens, and ABB in Wake County and Cree and Merck in Durham.

They include fast-growing technology leaders like HTC Corporation, which is now ramping up their R&D and is on its way to employing about 100 VERY SMART people who will shape the next generation of SMART phones.

[Slide: NOVO NORDISK Slide]

We welcomed announcements from life sciences leaders such as Novo Nordisk and BD, which brought new jobs and industrial investment to Johnston County.

The list of announcements included traditional industries, like building-materials producer CertainTeed and automotive parts manufacturer Eaton Corp., each of which is making large commitments in Person County.

Like Caterpillar's \$ 32 million dollar investment and 485 jobs; Frontier Spinning's \$ 15.5 million dollar expansion to its textile plant; and the addition of 140 new jobs by cosmetics-maker Coty -- all in Lee County.

[Slide: ATG ACCESS IBM Slide]

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Defense and homeland-security industries have been on the move in the last year. In Harnett County, ATG Access, an international maker of transportation security systems, added significantly to its manufacturing facility, one of four it maintains worldwide.

And in a venture that has huge potential for Harnett County's economy, Campbell University announced the establishment of a new medical school, which will open in the fall of 2013.

In Franklin County,

U.S. Growers Direct unveiled plans to locate a new 100,000-square-foot distribution center in Triangle North Franklin Industrial Park.

The \$ 3.75 million-dollar site will facilitate the export of agricultural products from North Carolina farmers to buyers around the world.

In Moore County, Trident Marketing is adding to its workforce as the firm embarks on a new strategy for customer acquisition and brand development.

Pinehurst #2 recently reopened after a year-long effort to restore the historic course as it readies itself for the 2014 men's *and* women's US Open.

[Slide: UNIBOARD Slide]

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International investment continues to pour into the region – much of it into our more rural communities.

The Canadian Company Uniboard opened a \$142 million-dollar wood mill in Chatham County, adding a new dimension to our region's reputation as a destination for global manufacturing of all kinds.

Another Canadian company – Ritchie Brothers, an industrial equipment auction house – is developing a large new site on 107 acres in Granville County.

In Vance County, the opening of a 38,000-square-foot weaving plant by Vescom America – part of Holland's Vescom Group -- is proof that technology-rich textile production has a place in our region's economic future.

In the past year we saw exciting announcements involving new applications in one of our oldest industries: Agriculture.

Orange County became home to the Piedmont Food & Agriculture Processing Center.

The innovative center will provide shared facilities, brokerage services and technical expertise to an array of small food and beverage ventures.

Officials in Warren County have embarked on a

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strategy that leverages the county's farmlands in support of a 100-acre Greentech Business Park that will house agri-bio and consumer food companies.

Greentech Business Park will be completely powered by alternative energy sources, making it one of America's first truly "Green" industrial properties.

There were plenty of other regional economic development projects.

[Slide: 2010 Announcements]

In fact, in 2010 the region had 108 company announcements, representing 6,607 new jobs and more than \$1.5 billion in investment.

[Slide: 2011 Announcements]

Thus far in 2011, things are looking good -- with 48 announcements, representing 2,481 new jobs and \$494 million dollars in total capital investment. The most recent of those announcements occurred just last week as Syngenta unveiled plans to build a \$71 million dollar, 147,000-square-foot R&D complex at RTP.

Every project is important; every job is precious and every announcement stirs confidence that the Research Triangle Region's economy remains competitive and vibrant.

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Since we gathered in this room a year ago, the region has also made great strides in terms of product development.

Few hard assets better symbolize our region's cutting-edge quality than our airport.

[Slide: RDU Airport Terminal 2]

The completion of Terminal 2 at Raleigh-Durham International marks a milestone for our region's emergence as a top global business destination.

Terminal 2 is literally and figuratively a gateway into our region; it's the first impression a lot of people will get – and it says all the right things about what arriving visitors can expect.

RDU symbolizes our region's visual appeal and quality. And one man embodies RDU: John Brantley.

[Slide: John Brantley]

Through his three decades of leading RDU, John oversaw the transformation from a quiet metropolitan airport into a bustling, world-class aviation complex that last year served more than 9 million travelers.

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John has announced that he will retire this summer.

But before he goes, while we have the chance to thank him for the pivotal role he's played in the positive growth of the Research Triangle Region and for all he has done. Let's give John a round of applause.

Thank you, John!

[Applause]

A top-notch international airport opens the region to people, to investment, and to trade opportunities around the world.

[Slide: Hamner Institute]

So too does the creative global leadership coming from organizations such as the Hamner Institute for Health Sciences.

The Institute's worldwide credibility as a center for innovation has made it a key investment portal between the United States and China.

One of only five such arrangements China has forged throughout the world.

And this unique business partnership is being led from right here in our region.

This is truly an example of *"the shape of things to come."*

[Slide: Community of Communities]

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Product development in the region serves big-name companies that have come to our region from somewhere else –

The IBM's, the IEM's, the Sysco's and Cisco's of the world (the one spelled with an 'S' and the one spelled with a 'C').

Our business support networks and our new human and physical assets also foster the success of entrepreneurs – helping convert the good ideas of today into the great companies of tomorrow.

Diversification of our regional economy doesn't simply mean a variety of industry sectors; it means a healthy blend of large, mid-sized and smaller companies. We want them all.

[Slide: CED]

Institutions like:

the Council for Entrepreneurial Development,

the SBTDC,

the Industrial Extension Service,

the North Carolina Technology Association

the community college small business centers

all extend high-quality business and technical expertise into start-ups and established firms –

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helping them reach new markets, install the latest technologies or launch new product lines.

Last month, Blackstone announced its expansion into the Research Triangle Region.

\$3.63 million dollars will drive the formation of a dense network of entrepreneurial support in the region,

similar to networks that exist in Silicon Valley and the Boston Corridor.

The goal of the program is to identify and mentor 150 start-ups over the program's five-year span.

Even the largest *Fortune 500* company began life as little more than an idea.

Shaping ideas into viable businesses takes help from somewhere – usually a *lot* of help from a *lot* places.

As we watch new companies take shape around the region, there is cause to be encouraged about the future.

Likewise, as we see innovative, pro-active support systems for entrepreneurs, we can be confident that our start-ups have the best possible shot at success.

[Slide: Durham]

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Our region has become a hotbed for entrepreneurial support services and a model for the nation,

For example, the economic development team at the Greater Durham Chamber of Commerce is directing entrepreneurs into downtown Durham through a program called Start-up Stampede.

Slide: [FV -- Sphere]

We are also seeing unique, supportive environments for small technology companies spring up in some of smaller towns in the region.

One to watch is called Sphere – in the fast-growing community of Fuquay-Varina.

Sphere has been designed with interactive-game development, simulation and defense technology companies in mind.

[Slide: TriSouth Ventures]

Small firms prosper in today's economy by banding together, just as communities succeed through collaboration.

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Both forms of partnership are on vivid display at TriSouth Entrepreneurial Network, a joint venture by economic developers and business educators in Chatham, Lee, Harnett and Moore counties.

E-net, as it is called, is a new small-business resource that includes Web-based support tools, hands-on instruction, cooperative marketing events and more.

There is ample evidence that the Research Triangle Region's entrepreneurial economy is alive and flourishing.

And it needs to be; each of our clusters depends on it.

[Slide: Clusters Slide 1]

The strength of our entrepreneurial community....

The continued arrival and expansion of the world's most recognizable corporate legends....

The positive economic evidence we've seen are all signs that affirm the cluster-based economic development approach our region has taken since launching its first regional economic development strategy in 2004.

[Slide: Clusters Slide 2]

We have investments from companies in a range of industries in both rural and urban areas, from sources both international and domestic.

Most significant was the growth of companies in the region's 12 target clusters in which we're a world leader or have the potential to be.

Our "Shape of Things to Come" strategy, launched in July 2009, is now yielding measurable results.

[Slide: Analysis Summary Slide]

The plan has helped support the arrival or expansion of 180 companies in the region – 88 percent of which have been in our target clusters.

These businesses have brought more than \$4.1 billion dollars in investment into our region along with nearly 13,000 new jobs.

[Slide: East Coast Gaming Slide]

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Interactive gaming, one of our newest clusters, is a great example of a cluster that pulls together people and ideas from a vast array of disciplines:

disciplines like computer science, graphic design, and educational psychology, to name three.

And like all our clusters, it is reliant on interaction between companies of various shapes and sizes.

[Slide: Epic Games]

Consider a company like Epic Games, a 20-year-old firm that currently employs 150 workers at its Wake County headquarters.

Epic Games partners with industry icons such as California-based Lucasfilm Entertainment.

But Epic's continued growth and success also depend on a reliable local network of smaller vendors and suppliers savvy about interactive gaming.

[Slide: Research Triangle Cleantech Cluster]

Clean technologies are another example, and it is equally exciting.

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In the last 12 months we've seen clear evidence that our region is fast emerging as fertile ground for development and implementation of the "smart grid," a 21st Century power network that moves electricity reliably and efficiently around the world in a manner similar to the way the Internet conducts data.

There are some very recognizable companies at the center of this effort: ABB, Siemens, IBM, Cisco, SAS, Progress Energy, Duke Energy.

These companies are leading, and they are providing that leadership from their facilities right here in our region.

But there are also names that we're just now learning about: Elster, Tentalus [*"TENT-a-luhz"*], Sensus, Consert, and Energy Axis.

They are all here also – writing the software packages, building the transformers, developing "smart" meters, and more.

Working within the model of the Triple Helix, RTRP is at the forefront of organizing this cluster to harness the full-range of economic opportunities.

Last fall, we launched the Research Triangle Region's Cleantech Cluster, and there's been no letting-up since then.

[Slide: International Cleantech Network]

In addition, the Research Triangle Region was invited to join the International Cleantech Network.

This is a “Cluster of Clusters” for Cleantech, a global consortium that will help connect our region’s companies with Cleantech opportunities throughout the world.

Membership is limited to fifteen areas, with only three coming from North America. Current members include clusters in Denmark, Norway, Austria, Spain, Italy, Singapore, the State of Colorado, and North Carolina’s Research Triangle Region.

In some segments of clean technology, we are clearly in an international leadership position.

[Slide: Smartgrid Wake EDC slide]

That is certainly the case with smart-grid companies. The Research Triangle Region stands out for its striking concentration of smart grid firms.

The Region has at least 60 smart grid firms in 104 locations.

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Wake County is now the nation's # 2 destination for smart-grid-related company headquarters. Only San Francisco beats us – it has more than we do – one more!

And there will be more – more Smart Grid jobs and more companies.

Our universities are involved in a big way.

For example, Duke University's Center for Globalization, Governance and Competitiveness is providing thought-leadership and advocacy, as well as on-the-ground research.

[Slide: MIT slide]

And NC State's FREEDM Center at Centennial Campus has pioneered a smart, solid-state transformer that has been recognized by MIT as

“one of the world's most important emerging technologies.”

[Slide: Region of Innovation]

As you can see, we are a region of innovation. Innovation is all around us, in each of our counties and each of the region's clusters.

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Innovation continues to bring success. The Research Triangle Region has produced visible success during the last year.

Sit back, take a break, and watch...

[Year in Review video plays]

Closing remarks begin here:

[LEAVE VIDEO FRAME UP]

You have now HEARD and SEEN examples of the Research Triangle Region's success.

But, just like our economic forefathers, who taught us what could be accomplished by working, playing and living well together, we don't rest on our success. We build on it.

[Slide: Horizon]

We don't spend too much time pondering the past. We'd rather keep our eyes on the horizon.

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[Slide: RTRP slide]

Always looking forward.

Always *moving* forward.

And, together with our academic partners, government leaders and business visionaries, always facing the future united.

[Slide: Mark you Calendar slide]

Thank you, and we look forward to seeing you on May 24, 2012.

[Slide: SOR 2011 slide]

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