

VIEWPOINT

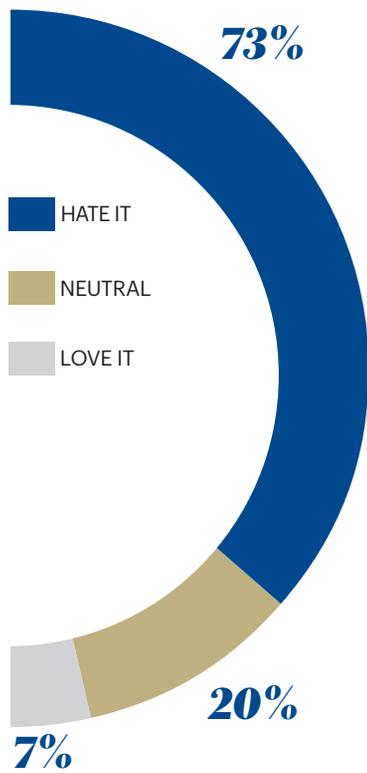
Triad Business Journal welcomes letters to the editor

Send letters to Triad Business Journal
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► BUSINESS PULSE SURVEY

WE ASKED

What do you think about the Triad airport's new name?



NEXT WEEK'S QUESTION

What should be the Triad's top focus in 2018?

GUEST COLUMN

As 2018 unfolds, here's what the Triad should be watching

It's the time of year when pundits and prognosticators tell us what to expect during the next 12 months. Well, I have no idea. But here are some things I'll be watching.

► **Toyota-Mazda plant:** We should hear fairly early in 2018 where this plant, which will produce an innovative crossover SUV, will be located. Alabama and North Carolina are the only two states still standing, and North Carolina has two candidate sites remaining, the Greensboro-Randolph megasite and the Kingsboro CSX site in Edgecombe County.

Alabama has an advantage because it's already home to numerous automotive plants and an extensive network of suppliers. But North Carolina manufactures trucks and buses, and it recently landed two big suppliers, tire maker Triangle Tyre and parts maker Linamar Forgings. The two will locate in eastern North Carolina, so that might bode better for the Kingsboro site than the Greensboro-Randolph site.

North Carolina also boasts a manufacturing tradition, proximity to numerous transportation modes, and an available workforce.

The other factor, of course, is the array of targeted incentives the Toyota-Mazda venture expects to be showered with. Alabama jump-started its automotive industry in the '90s with aggressive incentives that landed a Mercedes-Benz plant. North Carolina will most likely have to pony up a 10-figure package to land this plant.



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Amazon's HQ2: The other big siting announcement in 2018 will be by Amazon: Where will it locate its second North American headquarters? Greensboro and Winston-Salem submitted entries, as well they should, but their odds are long. Raleigh and Charlotte have better chances. But a win by any of these cities would be great for North Carolina.

I've seen comments in social media suggesting that the Triad would be better off without this facility due to some of Amazon's questionable business and labor practices. Such comments are, in a word, insane. I'm hard pressed to think of a more desirable business development for the Triad than this, with the possible exception of crates of gold bars being parachuted into Triad cities.

So cross those fingers. Stranger things have happened.

► **Greensboro-High Point employment:** In October, payroll

employment in the Burlington and Winston-Salem metropolitan areas finally surpassed their previous peaks of early 2008, which means that both areas have finally regained the jobs they lost during the Great Recession.

Unfortunately, as of November, the Greensboro-High Point metro area is still 2.7 percent below its peak. So that's the metro area I'll be watching in 2018. Greensboro-High Point has averaged job growth of less than 1.5 percent per year in recent years, and through November, its growth in 2017 was only 0.1 percent. It's unlikely to grow 2.7 percent in 2018, but I'll be hoping.

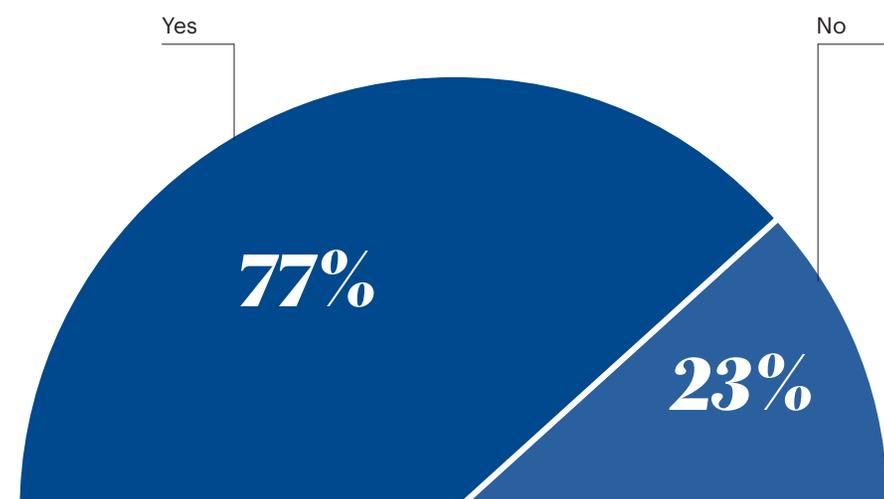
► **Impending recession?** More broadly, the economy is looking OK. Some predicted that Trump's election would cause the economy to fall apart in 2017, but that didn't happen. Job growth was slower in 2017 than in previous years, but other measures are up, such as the president's favorite, the stock market.

However, a number of leading indicators are flat, hinting that the business cycle could be near its next peak. Quit rates are neither rising nor falling (people tend not to quit jobs when they feel the job market is weak). The Philadelphia Fed's index of leading economic indicators has been declining, but it bounced up near the end of the year.

Much will depend on the president's new Fed chairman, Jerome Powell. If the Fed continues its policy of raising interest rates, a Trump recession could become a reality in 2018.

► SURVEY SAYS

IS THE RECENTLY PASSED FEDERAL TAX REFORM PLAN GOOD FOR BUSINESS IN NORTH CAROLINA?



IN WHAT MOOD ARE YOU APPROACHING THE NEW YEAR?

