

CRE Contributions to GDP

North Carolina is the sixth-highest-ranking state in the U.S. for overall contributions of commercial real estate to state GDP with \$44.1 billion, \$19.1 billion in direct spending, \$16.7 billion in personal spending and 312.1 thousand jobs supported in 2023 (the most recent data available).

- Industrial (includes manufacturing): North Carolina ranks #4
- Warehouse: North Carolina ranks #7
- Retail: North Carolina ranks #7

Nationally, the impact of new commercial real estate development in the U.S. continues to grow.

The combined economic contributions of new commercial building development and the operations of existing commercial buildings in 2023 resulted in direct expenditures of \$913.1 billion and the following impacts on the U.S. economy:

- Contributed \$2.5 trillion to U.S. GDP
- Generated \$881.4 billion in personal earnings
- Supported a total of 15 million jobs

“Overall, commercial real estate continues to be a vibrant and important contributor to the nation’s economy,” said Marc Selvitelli, CAE, president and CEO, NAIOP. “We are seeing some adjustment in construction activity, notably in the industrial sector, whose growth had been on a record-setting trend following changes to the retailing paradigm driven by the pandemic and other economic forces. We are bullish that as those forces settle out, commercial real estate will expand in 2024.”

The data is from “Economic Impacts of Commercial Real Estate, 2024 U.S. Edition” published annually by the NAIOP Research Foundation. naiop.org/contributions24



OUR POSITION

NAIOP of North Carolina supports state policies affecting commercial real estate that align with the economics of real estate development. The state should enact legislation that advances commercial development and incentivizes conversion of vacant and underutilized commercial buildings. Investing in workforce development programs is a critical factor in the state's capacity to compete with neighboring states for private sector investments.

- The General Assembly should consider a tax incentive to spur the conversion of vacant and underutilized commercial properties to residential use. These adaptive reuse conversions will increase the supply of workforce housing and contribute to restoring economic activity in communities negatively impacted by hybrid and remote work.
- A comprehensive economic development strategy will provide tools to spur economic opportunity and job creation that can adapt to industry trends that benefit all businesses, both small and large. The coordination of incentive-based state programs, such as the *Job Development Investment Grant* program and *One North Carolina*, will ensure that the state remains competitive in attracting businesses and private sector investment within state.
- A qualified workforce in the skilled trades is critical for the commercial real estate sector to meet North Carolina’s growing economy. Workforce programs ensure that North Carolina remains competitive with surrounding states in retaining, expanding and attracting business investments.



TRANSPORTATION AND INFRASTRUCTURE

OUR POSITION

NAIOP of North Carolina supports increased funding and investment for our state's infrastructure and transportation systems. Direct state support and investment are needed for projects of significant economic importance. We support the expanded use of public private partnerships for infrastructure development, continued state funding for maintenance and repair, and a streamlined regulatory approach for infrastructure projects.

- The availability of a modern and efficient infrastructure system is a critical factor in commercial real estate development and investment decisions. The success of projects is largely dependent on access to quality roads, ports, rail and other infrastructure systems.
- Strategic state investments in infrastructure lead to increased opportunities for commercial real estate development and result in stronger job creation and economic growth in communities. The funding criteria for these investments should be transparent and consistently applied with priority given to major infrastructure projects of critical importance and broad affect.
- State funding policies should be based on revenue sources that are predictable, reliable and sustainable to ensure completion, maintenance and repair of infrastructure systems.
- New and innovative ways to fund infrastructure development should be considered. These considerations should include increased flexibility for and use of public-private partnerships.
- Regulatory obstacles that unnecessarily deter or inhibit infrastructure investment should be eliminated. Permitting and approval processes should be streamlined to improve project delivery times and reduce costs.



REGULATORY REFORM

OUR POSITION

NAIOP of North Carolina supports a properly structured regulatory system that is timely, transparent and predictable with consistent decision-making outcomes across the state. Governing state agencies should remove unnecessary regulatory red tape that hinders commercial development and job creation.

- The enactment of the regulatory reforms in *Senate Bill 677* will bring more transparency, predictability, and accountability to local permitting processes. These important reforms will establish the foundation for commercial and residential development to meet the demand for current and future economic growth.
- State regulations play a critical role in shaping the health, welfare and economies within North Carolina, but at times can be repetitive, ambiguous and overly burdensome. The General Assembly should take a holistic review of state regulations in order to remove unnecessary and out-of-date regulations that impede commercial development and job creation. The review will remove needless red tape and advance economic development.
- Consistency in the interpretation and application of regulations, including the state building code, by state and local governments is fundamental for economic growth and job creation. Regulatory consistency for property owners and investors will advance commercial development and reduce the cost of new construction.
- Regulatory reform will encourage continued investment in office, industrial, mixed-use and other commercial projects. These investments are necessary to meet the vibrant economic growth and job creation that is occurring across North Carolina.
- The application of regulation should be incentive-based and market-oriented and take into consideration technological and economic feasibility.