
Community and Economic Development in North Carolina and Beyond Blog: Part III: The Start Up and Co-Working Scene in North Carolina

By CED Program Interns & Students

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In the final post of this three-part series (Part I and Part II can be found [here](#) and [here](#)), the

CED blog will explore the economic impact of startups on North Carolina's economy and recent trends.

If Amazon were to choose the Triangle for its HQ2, it is almost hard to imagine the impact it would have on this area. HQ2 touts a \$5 billion in investment that will eventually create 50,000 jobs. It has been a source of controversy among many on whether local governments should be offering large incentives packages to lure in Amazon. Regardless, it is apparent that something like Amazon HQ2 would make a huge effect in an area like the Triangle which is why it has become such a hot news topic nationally.

But when you look at the impact the startup community has overall, it far exceeds the potential impact that an Amazon HQ2 might have. There are over 300 NC-originated startups that employ over 8,000 employees throughout North Carolina. Small businesses (defined as a business with fewer than 10 employees) employ 1.6 million people in North Carolina, 32 times the number of jobs that would be created by HQ2. In terms of job creation, recently small businesses have created between 25,000 and 45,000 jobs across North Carolina per year, meaning small businesses create jobs at a rate that would require an Amazon HQ2 to open every one to two years to stack up. In fact, small businesses account for 97.9% of all business in North Carolina. In terms of investment, specifically NC Startups Pendo, Spiffy, Eco Site, and AvidXchange raised \$400 million in 2017, showing that the startup community can make a big splash in a short amount of time. Amazon's HQ2 campus is a long-term project that will invest \$5 billion over the course of a decade or two.

North Carolina's startup scene is particularly attractive when compared to other urban centers. Boston, Atlanta, Austin, San Francisco, and Seattle are the typical cities you might think of when it comes to startups, but these areas also come with a high cost of living. When you are a startup, typical cost of living expenses add up very quickly. If an area has expensive rent, they probably have expensive lease prices for office space. Considering startup costs alone, companies can set up in NC for a fraction of the cost of one of the other areas.

At the same time, startups want to be where they have adequate resources. Availability of qualified talent is critical, and North Carolina has some of the best higher education institutions in the world. NC State, UNC-Chapel Hill, UNC Charlotte, and ECU combined host over 100,000 students at a time in highly desirable fields such as technology and medicine. In fact, NC universities have been on the front lines in supporting entrepreneurs. There is the CAN (Carolina Angel Network), WIN (Wolfpack Investor Network), DAN (Duke Angel Network), and PAN (Piedmont Angel Network). These networks match the startups, investors, entrepreneurs, venture capitalists, and everyone else in between.

Business incubators and startups are growing in North Carolina, and this trend does not look like it will slow down. The industry has taken notice that NC offers a strong talented workforce, great education and research institutions, good cost of living, and now a vibrant startup climate. While these unusual co-working spaces might not seem like business as usual,



as more and more companies and startups move towards these environments, this could soon become the new normal way of doing business.

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