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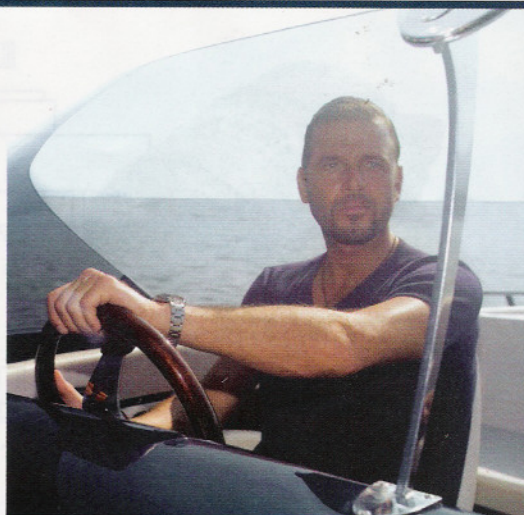
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North Carolina

Creates A Boatbuilding Haven

North Carolina has a history and a comfort level with being center stage. From 1720 to 1870 it was the world's largest producer of naval stores—tar, pitch, rosin and turpentine. In the modern era it's among the nation's largest producers of boats.

"As governor and as a native North Carolinian, I am pleased to help support the growth of the state's boating industry, an industry with a heritage that dates back 200 years," says Governor Mike Easley. "This industry continues to grow in our state because companies know they will find a business-friendly climate and high-quality workers who can help them succeed."

North Carolina is currently home to 109 boatbuilders (up from 75 in 1990), including 37 custom sportfish builders and two sailboat companies. What is it about the state that attracts and fosters such a concentration of boatbuilding? The answers boil down to location, incentives and workforce. Eighty-four percent of the builders are located along the coast and sounds, four percent are in the Piedmont and 12 percent are in western counties, near lakes.

"Many of those who fished for a living a generation or two ago also built their boats, so you had a good knowledge base," says Dudley Dawson, a

Carolina-based naval architect and former vice president of Hatteras Yachts. "As the state's furniture industry began to weaken, there was an abundance of skilled cabinetmakers, and that's a skill that translates pretty well to boatbuilding, particularly high-quality interiors. The experience and the labor pool were in the right place as the public's interest in bluewater sportfishing exploded."

Mike Bradley is a program director of North Carolina's Small Business and Technology Center specializing in marine trade services. Boatbuilding and recreational boating, he says, are a billion-dollar industry in the state supporting some 30,000 jobs in more than 3,500 boating industry

BY MARILYN MOWER



JARRETT BAY IN BEAUFORT IS THE SITE OF THE STATE'S FIRST MARINE INDUSTRIAL PARK.

companies. North Carolina lost an estimated 260,000 manufacturing jobs during the previous decade, mostly in tobacco, textiles and furniture. Economic development officers in the state are banking on the idea that baby boomers, with their disposable incomes and propensity for retiring to waterfront areas, will create an increasing demand for boats and thus attracting builders to the state has been something of a full-court-press.

"Part of the draw is location," Bradley says. "North Carolina is halfway between the big markets and big boat shows and right on major arteries for highway and rail."

Bradley has spent 15 years in acade-

mic, non-profit and state-funded sectors eventually creating a North Carolina marine trade network for business development that began with infrastructure issues, such as the inception of a clean marina program. By assembling funding from such unrelated sources as the EPA and SBA, he was able to obtain grants and seed money to get programs and training started.

"Several of our waterfront communities and counties are now aggressively developing marine parks with shared water access points and cluster development opportunities for boating support businesses. In addition, at least three counties have private and state properties with deep-water access

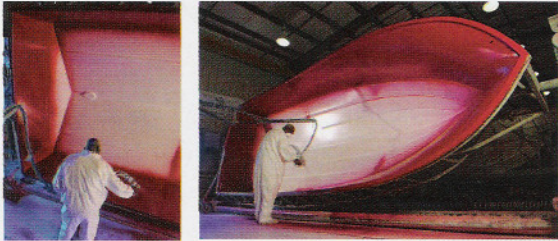
properties suitable for megayacht construction and repair," he says.

While other states have been losing manufacturing, North Carolina attracted more than \$95 million in marine trade capital in 2001 and the relocation of 28 substantial marine companies during the last five years, a trend which continued with the recent relocation of eight marine industry companies to the state including Lewis Marine Supply, Palmer Marine (Shamrock), Hi-Tide Sales, Florida Bow Thrusters, Vetus Marine, Millennium Marine USA, Riverpoint Boats, Lee's Tackle of Miami, Impulse Marine, and Brunswick Corporation (Bayliner, Maxum and Meridian).

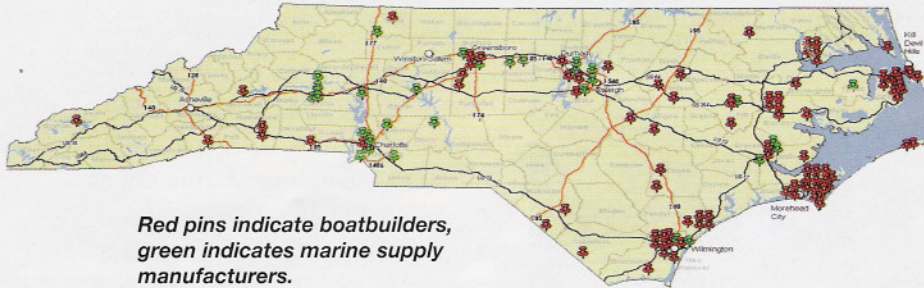
Although Florida maintains its position as the leader in total value of boats and boating goods manufactured, North Carolina has the highest rate of growth. Bradley estimates that the value of those boats and marine goods sold outside the state has reached the \$500 million mark. "Since all but three of the boatbuilders in North Carolina are privately held, it's hard to get firm numbers on production and gross sales. From sales tax receipts and registration we know boat sales to in-state residents on 2005 totaled \$379 million.

Some of North Carolina's gain has been Florida's loss. "There's a push and pull that isn't all Florida's fault, except for neglecting the value of those existing jobs," he continued. "North Carolina has more boat slips available today than it did five years ago due to budding coastal communities and dockominiums. Florida's waterfront in some areas is too valuable or too highly taxed to make waterfront businesses profitable."

The biggest draws, however, are grants and tax incentives that state and local governments use to entice business relocation. In discussing why he decided to relocate his Shamrock Boats



Regulator Marine in Edenton builds sport-fishing boats from 23' to 32' meeting NMMA and CE standards. The company plans to increase its shop by 100,000 sq. ft.




Red pins indicate boatbuilders, green indicates marine supply manufacturers.

from Cape Coral, Florida, inland to Bladenboro, North Carolina, Bo Palmer, president of Palmer Marine, noted that he had been able to obtain a \$200,000 state grant to help defray the

costs of converting an abandoned factory to a fiberglass laminating facility. For Bladenboro, the move means a \$3 million investment over three years and up to 140 good-pay-

ing jobs. For Palmer, it means not having to worry about losing production in the wake of hurricanes.

As the state lost textile production to overseas markets, there were pockets of idle factories and warehouses, some turned over to local governments to cover back taxes. These facilities are often proffered at rock bottom prices or substantial discounts to the average facility price of \$25-\$30 per square foot. "Most of our incentives are tax credits based on jobs creation, but they are never more than fifty percent and the newly created jobs have to pay more than the county's average wage," Bradley said. Add to this the fact there's no inventory tax or sales tax on raw materials and the state has fostered a critical mass of vendors, trades, and OEMs. For a directory of all North Carolina builders, visit ncwaterways.com. 

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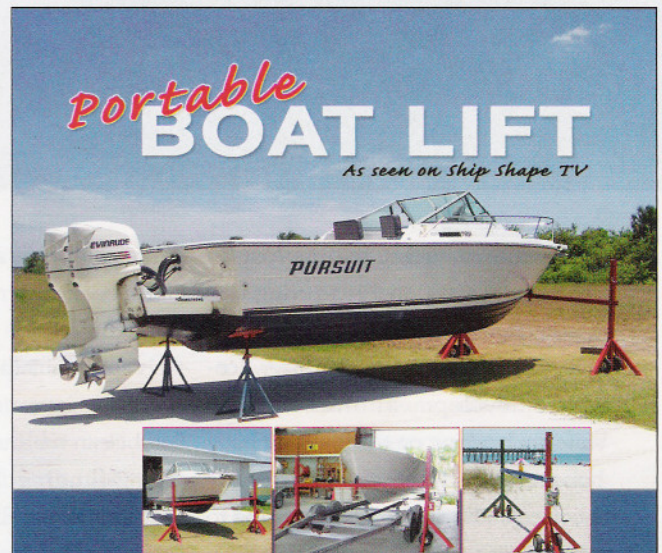
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