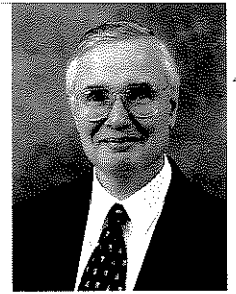


Globalization and the Economic Restructuring of the Southeast

By John W. Bardo



Two symbiotic processes are under way that are changing fundamentally the structure of the American economy and the ways in which people live. These two processes — globalization and regionalization — can be seen as two sides of a Janus-headed coin. These changes in the structure of the economy are happening rapidly and simultaneously, and they represent massive shifts in the ways and places people will live and work.

Over the next 20 to 30 years, these processes can be expected to rearrange many things that we take for granted today. Likewise, they have very significant implications for builders and architects because

they will shift markets and market demand. Nowhere in the United States are the forces of globalization and regionalization occurring more rapidly than in the Southeast.

The Southeastern United States is restructuring its economy into a “super-trade region” that has been identified by a number of researchers, including Richard Florida and Robert Lang. Lang, who works for Virginia Tech, noted that there is an emerging super-trade zone that he termed the “Piedmont Megapolitan Area,” which covers an area from south-central Alabama to the eastern suburbs of Raleigh, NC, and it includes Knoxville, TN, and Columbia, SC.

Lang and his colleagues define the area based on emerging patterns of trade and business relationships. For example, Richmond, VA, may be a quintessential Southern city, but economically it is much more tied to the Northeast than to the South, so it is not included in the Piedmont Megapolitan that covers most of the Old South.

In his recent work, Florida has used satellite photographs of light density to examine the same phenomenon. Florida terms the rapidly changing Piedmont area “Char-lanta” after the two largest metropolitan areas in the region. He also notes that if Char-lanta were a nation, its GDP would be larger than India’s and approximately the same size as Canada’s.

However, if one were to base the name of the region on the relative global competitiveness of the metropolitan areas that comprise it, one would label it “Tri-lanta.” That is because Atlanta and, to a significantly lesser extent, the Research Triangle area of North Carolina are the two largest “new economy” drivers in the region. Charlotte plays a very important role as a financial center; however, its ability to support “new economy” innovation is only about average for Southern cities. Of course, this positioning could change dramatically depending upon the success of new developments in biotechnology around Kannapolis, NC.

The current population of this area is approximately 20 million, and it covers more than 91,000 square miles. According to Florida, among all similar developments worldwide, this super region is eighth in economic product. And, like the other megapolitan areas in other parts of the United States, the Piedmont region is expected to grow more rapidly than areas



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not in a megapolitan. Therefore, based on economic restructuring, it should be expected that demand for housing and real estate development will remain higher in this region than in many other parts of the country.

However, this region is not growing as fast as several others, especially those west of the Mississippi River. Among the 10 regions that have been defined as "megapolitan," the Piedmont also has the lowest percentage of people who live in cities. As of the latest census estimates, approximately one-third of this region's population lives outside urbanized areas. Given the structure of all of the other megapolitans, this suggests that many of the areas of region will "fill in" and that without conscious planning, there is great potential for significantly increased urban sprawl.

The economic heart of this Piedmont region is the Atlanta metropolitan area. If greater Atlanta were a state, it would have a larger GSP than South Carolina. Its current economic product is as large as the sum of the six largest North Carolina metropolitan areas' economic production. And, within the Piedmont region, it is the only metropolitan area that is in the top 20 with regard to economic global connectedness (it is ranked sixth).

The key to understanding the nature of this "super-trade region" is to recognize that it is based largely on the flow of goods and services that support business development. Therefore, there are two major axes of development: one along Interstate 85 and the other along Interstate 75. The core, most significant axis of development is the I-85 corridor from Atlanta to Raleigh. Because Atlanta is by far the largest economic driver in the area and the most globally linked, it should be expected that economic expansion and demand for construction would remain highest in nodes along the connecting corridor between Atlanta and Raleigh.

Also, because of restructuring within the Atlanta metropolitan area itself, it should be anticipated that there will be increased interest in development

to the north of Atlanta along I-75, I-85 and I-985. According to analyses by the Brookings Institution, wealth in Atlanta is tending to move northward toward the western counties of North Carolina and upstate South Carolina. Therefore, it should be anticipated that long-term development will continue and possibly increase in the North Carolina counties that face Georgia and those that are near the I-85 corridor.

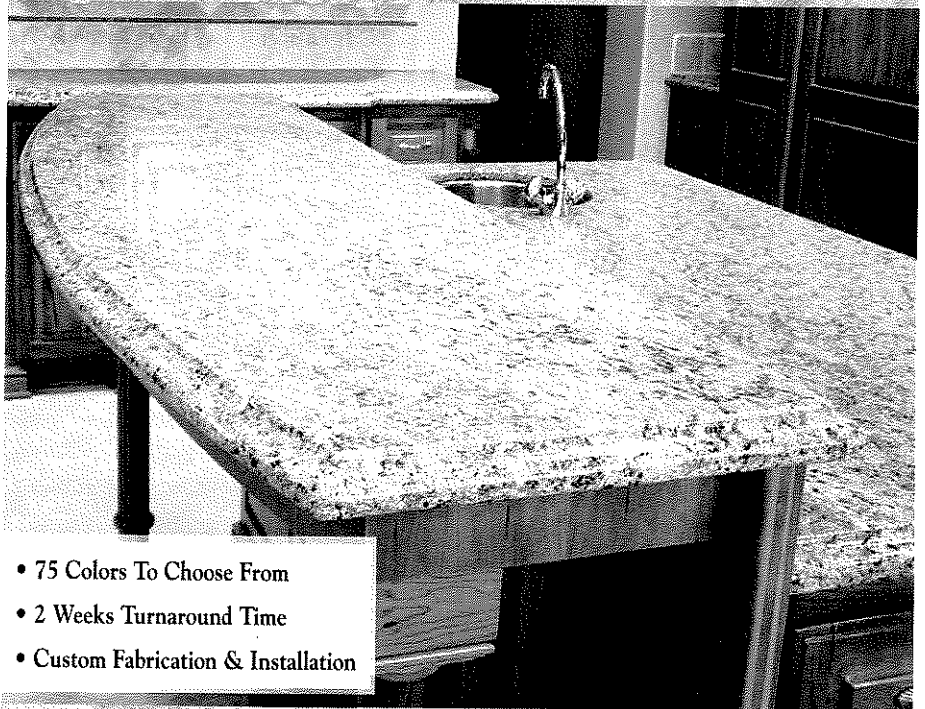
Growth and change bring with them many opportunities, as well as many challenges.

These large-scale "mega trends" seem well established and will most likely continue. Because of the relatively low percentage of land in the Piedmont region that has already been urbanized, there remain many opportunities to minimize sprawl and create sustainable, viable, high-quality environments for the burgeoning population of this mega region.

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