

Alabama Metropolitan Areas

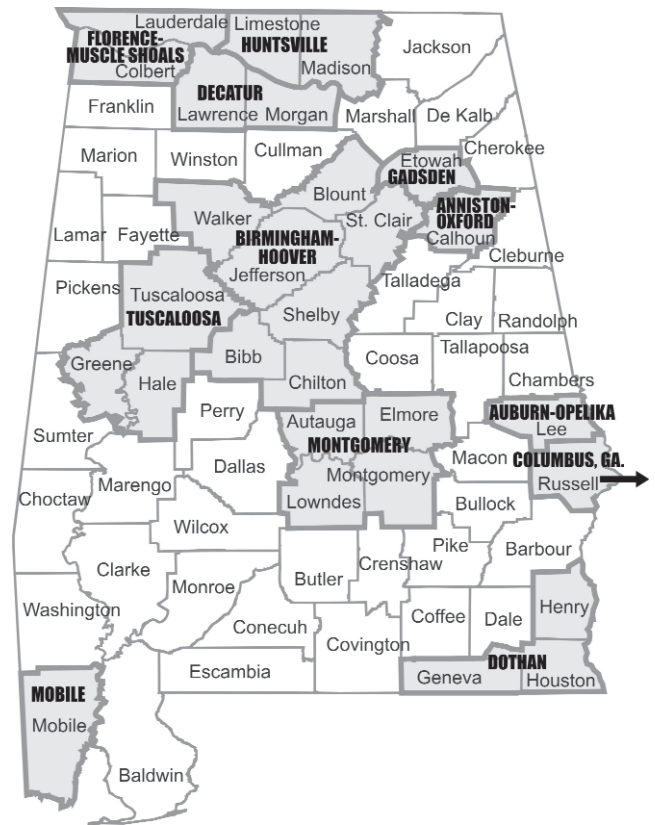
While 2008 began with positive outlooks for development and job growth across Alabama's 11 metropolitan areas, these prospects faded in the waning months of the year. Between October 2007 and October 2008 the metro areas created a total of 2,520 jobs, with Huntsville, Auburn-Opelika, and Montgomery seeing the strongest gains. Many projects announced or ongoing during the year are on track, but some have been postponed or scrapped as the credit crisis added to the weak economic environment of the housing downturn and stressed consumers, businesses, and governments. The negative impact of the recession on the state's burgeoning auto industry affects virtually every metro area as cutbacks in vehicle production translate into reduced income and employment and ripple through the many suppliers spread across the state. All of the metro areas will be challenged in 2009 and all will rise to the challenge as they prepare their workforce for the brighter days that will follow.

Anniston-Oxford

National defense-related work at the Anniston Army Depot and its local contractors helped support the economy of the Anniston-Oxford metro area during 2008. Store openings at Oxford Exchange boosted retail trade employment, while professional and business and other services saw modest job gains. Nonagricultural employment rose by 100 between October 2007 and October 2008, despite the loss of 300 manufacturing jobs. With the local economy faring relatively well in the current downturn, the Anniston-Oxford metro saw its labor force grow by almost 300 during this period. Still, some residents commute outside the area to work and total employment fell by about 1,170, pushing the unemployment rate from 3.3 percent in October 2007 to 5.9 percent in October 2008.

Fifteen new and expanding industries promised 1,136 jobs with investment of almost \$50.5 million in 2007. The area added to its auto suppliers with vehicle component manufacturer Imperial Group investing \$5.5 million in a plant projected to employ 178. North American Bus Industries was putting \$13 million into an expansion that could boost employment by 350, while a \$12.4 million addition at Doncasters Southern Tool will create 124 jobs. The Kronospan wood panel and laminate flooring manufacturing plant was in operation around the clock by early April 2008, adding to its workforce of about 100 employees with wages advertised at \$16 to \$21 per hour. Kronospan, which broke ground in 2005, should reach employment of 650 to 700 by 2015.

Defense contractors partnering with the Depot saw their business grow in 2007 and throughout most of 2008. BAE Systems completed a \$7 million expansion and added 100 jobs in 2007. The company received a number of sizeable federal contracts in 2008 for their work refurbishing and upgrading military vehicles. Expansion at the BAE plant added manufacturing space, three



presses to the forge facility, and brought the Anniston workforce to more than 1,000. However, contracts began to wind down late in 2008 and BAE announced planned layoffs of 78 employees by year-end and around 150 more by the end of March 2009. General Dynamics Land Systems, which added 220 employees with investment of \$2.6 million in 2007, received a 2008 contract to build additional Cougar troop transport vehicles for the military and continued its repair, assembly, and upgrade work on the M1 family of vehicles.

FabArc Steel Supply in Oxford landed a sizeable contract for work on the ThyssenKrupp plant in Mobile and purchased land for possible future expansion. But the Anniston-Oxford metro area lost manufacturing jobs in 2008, including 325 at Springs Global and 69 at Advanced Federal due to plant closings and 45 as a result of layoffs at Ameron. Tyson Foods closed its Oxford transportation center in November, idling 33. The Honda plant in nearby Talladega County, which employs a number of workers from the Anniston-Oxford area, scaled back vehicle production for 2008 and into 2009, but maintained its workforce in preparation for adding production of the Ridgeline pickup and Accord V-6 sedan in 2009.

Several projects underway in 2008 should facilitate development of McClellan, which is impeded by environmental issues, as well as limited sewer capacity and road access. Funding for a \$26 million wastewater treatment plant for the Anniston Army Depot was approved early in the year—a first step in a project to build the Cane Creek treatment plant that would service an area along U.S. 431 and McClellan. Funding is available for a spring 2009 start on Phase One of the road that will connect AL 21 to the Eastern Parkway; when complete, the road will improve interstate access to the former fort. Management issues developed during the year when a judge ruled that the Joint Powers Authority that governed McClellan was not a legal entity and transferred control to the Calhoun County Commission. The Commission began

receiving payments from the Army's \$200 million clean-up fund late in the year and was working on establishing a joint development board with the city of Anniston.

FEMA signed a new five-year lease for three McClellan buildings early in 2008. The Center for Domestic Preparedness continues to expand its training—the number of first responders going through the program has grown from 2,500 in 2000 to a projected 75,000 in 2008. Healthcare options in the Anniston-Oxford metro area grew during the year, with Regional Medical Center opening an interventional vascular lab and Stringfellow Hospital finishing its Wound Care Center. A new pediatric center completed in May will help area children with health problems. Intellimed Solutions continued work on transforming McClellan's former PX into McClellan Park Medical Mall; the first practices opened there in September and ground was broken for a cancer center. The project will include a café, wireless internet, food court, and shops. A local dentist is moving his practice into the former Welcome Center at McClellan. In Jacksonville the RevPlex medical complex opened and construction got underway on Ladiga Manor, an assisted living center that will provide 42 units when the first phase is completed in March 2009.

Oxford Exchange welcomed retailers Dress Barn and Kohl's in 2008. However, Circuit City planned to close its Anniston store by year-end. Other retail development focused on area downtowns: furniture store Keepers and Still Mid-Town Ceramics were among businesses opening in Anniston, while Oxford promoted a campaign to attract people to its downtown. Jacksonville continued work on a streetscape project in its downtown square; Walgreen's announced plans to locate nearby. And a Hampton Inn in Jacksonville that will include a conference center was approved.

A one cent sales tax for Calhoun County effective January 1, 2009 is expected to generate about \$12 million for local schools; the city of Oxford approved an additional one cent levy to help fund capital improvement projects, including a \$20 million building and a \$6.15 million Freshman Academy at Oxford High. Jacksonville worked on an expansion of its high school, with a mini-gym ready in fall 2008 and classrooms targeted for year-end. Jacksonville State University trustees approved a football stadium expansion and a 390-bed dormitory and decided to seek a \$10 million bank-qualified bond in December to get construction underway and then market the needed \$65 million bond issue in spring 2009. A cost-sharing agreement was reached with the city on a related sewer project.

Recreation projects that should boost area tourism were completed during 2008 including: the Pinhoti Trail that joins into the Appalachian Trail, the Alabama Scenic River Trail to the Gulf of Mexico, and the Chief Ladiga Trail connecting bikers to Georgia's Silver Comet Trail. The city of Weaver added a BMX track and RC vehicle track to its multi-phase outdoor facility. Late in the year, Oxford voted to rebid its planned sports complex. And a new Jacksonville Senior Center opened in August.

Per capita income in the Anniston-Oxford area of \$30,401 in 2007 was up 5.7 percent over 2006—the largest increase among the state's 11 metros. Average wages of \$34,593 ranked 7th. Population growth between 2006 and 2007 was a modest 0.4 percent with about 400 new residents. The area's housing market fared better than the state's during the first nine months of 2008, although building permits for single-family homes fell by 29.1 percent and the number of homes sold dropped 18.2

percent. OFHEO reported that house prices rose 2.4 percent from third quarter 2007 to third quarter 2008.

Auburn-Opelika

Strong population growth supported increased retail offerings and gains in government employment in the Auburn-Opelika metro during 2008. A strategic location between Hyundai in Montgomery and Kia, under construction in West Point, Georgia, is helping the area grow its automotive supplier cluster, while engineering programs at Auburn University support the technology needs of the industry. Nonagricultural jobs climbed by 700 between October 2007 and October 2008 on the strength of state and local government employment; an increase of 200 professional and business services jobs offset modest losses in manufacturing and leisure and hospitality. Unemployment rose to 4.5 percent in October from 3.0 percent a year earlier, however, as employment of area residents fell by 2.0 percent and the labor force contracted by a lesser 0.5 percent.

Nine new and expanding industries announced planned investment of \$90 million with about 430 new jobs in 2007. Northrup Grumman's National Work Force Center opened in the first building in the new university-affiliated Auburn Research Park in September 2008 and is expected to employ around 50. New auto suppliers Seohan Auto USA and Seohan NTN Driveshaft USA began production at their \$20 million Auburn facility in April; employment is expected to grow from 50 to 70 by year-end. Auto trim manufacturer SCA was expanding its plant with an \$8.2 million investment that will create 40 new jobs. Mando America in Opelika undertook a \$21 million expansion that added 77 jobs.

Auburn-Opelika continued to add to its auto supplier base in 2008, propelled in part by Kia's approaching November 2009 start-up date. Mando announced additional investment in a \$25 million 400,000 sq. ft. facility that will create 200 jobs. Daewon America opened its \$33 million Opelika plant early in 2008; employment will grow from 63 to 170. Auto suppliers expanding in 2008 included Hanwah, investing \$15 million and planning to add 46 jobs, and Aluminum Technology Schmid, moving to a new building in Auburn and adding 20 employees. Three new suppliers were announced in 2008: Selzer Automotive, which broke ground in August on a \$22 million plant that will employ 80; SMI Auto USA, refurbishing an existing building structure and beginning operation in Auburn with about 50 workers; and Kull Die Casting Technology, subleasing space from Aluminum Technology Schmid for its small new U.S. venture. Related new industry includes ToolCare, a management service that designs and builds tooling, and APR, an automotive software company.

Growth and employment trends earned the Auburn-Opelika area the #5 spot on Inc.com's list of the best U.S. cities for doing business. In other industrial developments, the Gambro Renal Products plant neared completion and continued to add to its workforce as initial employees returned from Germany to train new workers. Acquisitions helped preserve area jobs in 2008, with the Borbet Group buying Light Alloy Wheels Alabama and keeping its more than 200 workers and Kenner and Company purchasing Leggett and Platt, retaining almost 200 employees. However, weak auto sales resulted in BFGoodrich laying off production workers in the fall.

Opelika's TigerTown saw the addition of retailers Bed, Bath, and Beyond and Kohl's and a Zaxby's restaurant. Hotel development at TigerTown and the new Shoppes at Capp's Farms included Hampton Inn and Suites, Fairfield Inn, and Holiday Inn Express,

with Country Inn and Suites under construction in 2008. Sam's Club opened in Auburn early in the year and was joined by Academy Sports and Outdoors in August. Celebrate Alabama moved closer to reality with Silver Company buying homes and grading land for the development. The 12-year project will incorporate theaters, music venues, an expo/convention center, hotels, an RV park, and retail shops. Design of the first phase of the West Pace project in Auburn was approved and will include six auto dealerships, including Lynch Nissan as the first announced tenant.

Preparations for the transfer of the Army's armor school to Fort Benning in nearby Columbus, Georgia, have military officials telling Lee County to expect an influx of military personnel and their families beginning in 2010, adding to already-strong population gains. The Auburn-Opelika area added almost 2,500 residents in 2007, an increase of 1.9 percent that ranked second among the state's metros. Success in attracting small and medium-sized technology-based businesses led Forbes.com to predict strong population and GDP growth by 2012 and name the area the 6th fastest-growing small metro on its 2008 list. Plans moved forward for a new high school in Smiths Station, the area closest to Fort Benning, that should be ready by fall 2011. Auburn opened Richland Elementary in the fall of 2008 and worked on finalizing plans for an additional elementary school and a new high school. Opelika is planning additions to its high school for around 2010.

Auburn University dedicated the \$54 million Shelby Center for Engineering Technology in the spring and began site preparation for a second phase of the complex. Enrollment continued the moderate upward trend that began in 2005, reaching 24,530 for the 2008-09 school year. Construction on the University's west campus will add a dining hall and dorm rooms in the fall of 2009, with additional dorm space in fall 2010.

A growing population and increasing industry has area governments studying infrastructure needs, including a possible bypass around the two cities. Work progressed on Opelika's \$32 million Sportsplex and Aquatic Center that is expected to open in July 2009. The Auburn Public Library finished an expansion in the spring of 2008. Opelika's Grand National Golf Course was ranked the #1 public course in the United States by *GolfWorld* and the overall strength of the area's courses earned it a spot on the *U.S. News* list of "10 great retirement spots for golf nuts" in 2008.

Per capita income and wages in the Auburn-Opelika area are pulled down by the large number of college students—per capita income of \$26,411 was the lowest among the state's metros in 2007. However, median family income jumped 13.4 percent from FY2007 to \$61,700 in FY2008, ranking 2nd. The area's housing market slipped in 2008, following a strong year in 2007; building permits for single-family homes in the first nine months of 2008 were down 31.3 percent from the same period a year ago. Home sales were down a lesser 15.3 percent during this time. According to OFHEO, house prices in the metro area posted a gain of 2.4 percent for the third quarter of 2008 compared to a year ago.

Nonagricultural Employment

Total

Metro Areas	October 2008	Change from October 2008	
		Number	Percent
Alabama	2,011,300	-2,900	-0.1
Anniston-Oxford	53,500	100	0.2
Auburn-Opelika	56,800	700	1.2
Birmingham-Hoover	532,000	-2,400	-0.4
Decatur	58,600	-800	-1.3
Dothan	62,300	-500	-0.8
Florence-Muscle Shoals	58,100	400	0.7
Gadsden	37,400	-600	-1.6
Huntsville	215,100	3,500	1.7
Mobile	184,400	600	0.3
Montgomery	181,800	1,400	0.8
Tuscaloosa	98,800	300	0.3
Russell County	12,970	-180	-1.4
Net Jobs in Metropolitan Areas		2,520	
Net Jobs in Nonmetro Counties		-5,420	

Note: Nonagricultural employment (jobs) is by place of work.
Source: Alabama Department of Industrial Relations.

Manufacturing

Metro Areas	October 2008	Change from October 2007	
		Number	Percent of Total
Alabama	285,500	-9,700	14.2
Anniston-Oxford	7,000	-300	13.1
Auburn-Opelika	6,600	-100	11.6
Birmingham-Hoover	42,600	-1,000	8.0
Decatur	13,200	-600	22.5
Dothan	7,000	-300	11.2
Florence-Muscle Shoals	7,400	-100	12.7
Gadsden	5,400	-100	14.4
Huntsville	31,800	-900	14.8
Mobile	16,000	-300	8.7
Montgomery	19,800	-200	10.9
Tuscaloosa	15,000	-100	15.2

Source: Alabama Department of Industrial Relations.

Services Employment

Metro Areas	October 2008	Total	Change from October 2007		
			Professional and Business	Educational and Health	Leisure and Hospitality
Alabama	689,900	4,600	4,300	-100	500
Anniston-Oxford	17,800	200	100	0	0
Auburn-Opelika	17,100	100	200	0	-100
Birmingham-Hoover	200,500	200	300	-300	200
Decatur	19,000	200	200	100	-100
Dothan	21,200	-100	0	0	0
Florence-Muscle Shoals	20,100	200	200	0	0
Gadsden	15,400	-400	0	-200	-100
Huntsville	87,900	2,900	2,000	700	200
Mobile	71,700	700	400	500	100
Montgomery	63,700	1,100	500	200	400
Tuscaloosa	28,500	200	100	0	200

Source: Alabama Department of Industrial Relations.

Birmingham-Hoover

Diversification helped the state's largest economic engine escape significant job losses in 2008. The Birmingham-Hoover metro area generated 32.5 percent of Alabama GDP in 2006, the most recent year with complete data. Nonagricultural employment of 532,000 in October 2008 was 2,400 (0.4 percent) below a year ago, but 4,200 higher than in January 2008. The goods producing side was the weakest, with manufacturing employment down 1,000 for the 12 months ending in October and jobs in construction declining by 900. Jobs in the service providing sector, which accounts for almost 85 percent of area employment, slid by 500. Retail shed 1,000 jobs as weak spending and store closings impacted employment. The October 2008 closing of Physicians Medical Center Carraway cost the hospital industry about 1,000 jobs, although the net loss to the sector was 500 since October 2007. Government saw a decline of 700 jobs, including 600 at the local and 300 at the federal level. The strongest growth industry over this period was wholesale trade with 800 new jobs. Professional, scientific, and technical services and food service and drinking places each added around 500 employees, while ambulatory healthcare gained 400. The number of employed Birmingham-Hoover metro residents fell 2.5 percent over the 12-month period; a lesser 0.7 percent decrease in the area's labor force pushed unemployment from 3.0 percent in October 2007 to 4.8 percent in October 2008.

Sixty-nine new and expanding industry announcements across the seven-county metro area in 2007 proposed investment totaling \$220.3 million that could create around 2,700 jobs. Largest in terms of employment was the addition of 500 jobs with the move of Infinity Insurance's administrative headquarters to Birmingham. Surgical Care Affiliates planned to employ 225 at its Hoover outpatient services center, while Alacare was adding 125 employees. AT&T opened a new Internet Technical Support Center at its Birmingham headquarters in September 2008, bringing back about 360 jobs that had previously been sent overseas. Sitel was adding about 200 previously-announced jobs at its call center during 2008. Additional service-oriented business development continued with 2008 projects including a \$45 million 100-employee Southern Company data processing center and a \$55 million data center for BlueCross BlueShield of Alabama that will create 75 jobs, both at JeffMet Lakeshore. SunGuard is expanding the workforce at its data processing systems business by 200.

Development planned for Birmingham's Brookwood Pharmaceuticals will help the area as it tries to grow its biochemical and biomedical industries. The company is investing \$30 million in an expansion into the former Saks headquarters that will allow it to add product manufacturing to its research and development work; the project will create an initial 100 jobs, with as many as 250 more over four years. In other industrial development, Mercedes-supplier Kamtek, which purchased the former Ogihara plant, planned to invest \$310 million with the possibility of 400 jobs as it seeks to expand its business. A new Fairfield plant for prefab fireplace manufacturer FireRock will hire around 50; Iwata Bolt broke ground for its new plant in April. U.S. Pipe opened a \$45 million Bessemer plant that employs around 100. Four new companies setting up operations in north Birmingham's Daniel Payne Industrial Park will create a combined total of 150 jobs in 2008.

Some projects and companies fell victim to the economy; Birmingham lost a major project in 2008 when Belgium's Solvay Pharmaceuticals decided not to build a \$300 million, 200-worker plant to produce influenza vaccine. Layoffs by parent Time Inc. at

Southern Progress dealt a blow to the area's publishing industry; unofficial estimates brought the total dismissals to around 150. Electronic Data Systems laid off 261 workers at its Hoover offices in April; Cardinal Health idled 100 in September when it closed its Bessemer operations. Almost 250 employees lost their jobs when Meadowcraft closed in February. Companies laying off employees during the year included Boral Bricks (38), U.S. Steel (50), Mars Petcare (54), Metrock Steel and Wire (41), and American Cast Iron Pipe (58). TeleTech closed its Fairfield call center in late June, idling 272, but reopened for seasonal work with 400 temporary employees in November.

In St. Clair County, auto supplier WKW Erbsloeh began production at its \$30 million Pell City plant in July that could create as many as 300 jobs over several years; Yachiyo's \$16 million expansion should add 50 jobs. CMC Impact Metals announced a \$13 million investment in its Pell City facility. Blount County saw 2008 developments including new industry Quality Mill Products, creating 150 jobs; the addition of 50 jobs at American Apparel; and 50 new jobs at McMillan Fabricators. BAE Systems is leasing an existing facility in Cordova in Walker County for a plant that will generate up to 90 jobs building advanced weapons systems for the Navy.

The area's distribution focus is growing—a \$33.1 million Home Depot distribution center is under construction in McCalla; initial employment of 214 could grow to 400. EGS Commercial Real Estate is building a second spec building in Shelby West Corporate Park, classified as a bulk distribution facility. And trucking company Southeastern Freight Lines is undertaking a \$3.1 million expansion of its Birmingham service center. Daniel Corp. purchased the former HealthSouth campus on U.S. 280 early in 2008, with plans to recruit corporate tenants. Additional Shelby County office space would be created in the North Shelby Business Park planned for Cahaba Beach Road. A \$22 million renovation of the Wachovia Tower downtown was completed in the spring.

Health care and social assistance is a major employer in the Birmingham metro, accounting for 11.1 percent of jobs in October 2008 compared to manufacturing's 8.0 percent share. According to a recent study in the *New England Journal of Medicine*, the area's hospitals top the nation in patient satisfaction ratings among the 40 largest healthcare markets. A number of projects were ongoing, planned, or seeking approval during 2008. Ongoing projects at UAB Hospital include construction of a \$157.5 million Women's and Infants' Facility and a \$27.5 million oncology facility, both scheduled for completion in 2010. Children's Hospital opened a new neonatal intensive care unit in the fall and secured state approval for a \$483 million replacement hospital that will incorporate its existing buildings and the Children's Harbor facility—construction is slated to begin in spring 2009 with completion in 2012. And the Jefferson County Department of Health opened a clinic in Roebuck, its first new clinic in 12 years.

Baptist Health System proposed construction of a 140-bed Hoover Baptist Medical Center, moving beds from its Princeton hospital to a site at I-459 and AL Hwy 150. Brookwood Medical Center, which is also applying for an outpatient surgery center in Vestavia, would build its Hoover hospital off U.S. Hwy 280 in Greystone. The two groups were working together to obtain state approval of a regulation that would allow a city with 60,000 or more residents to have a hospital even if the county has an oversupply of rooms. St. Vincent's Health System, which has indicated intent to build a free-standing emergency department at its One Nineteen Health and Wellness campus in Greystone,

opposed the ruling. Work began on the Somerby senior community at that campus in the spring; St. Vincent's secured approval for a \$31 million replacement hospital in St. Clair County, an outpatient surgery center in Greystone, and additional psychiatric beds. Brookwood also received permission to increase its psychiatric beds. A \$75 million expansion and renovation of Princeton Baptist Medical Center was announced in September. Trinity Medical Center changed plans for its relocation from a new facility in Irondale to the \$280 million completion of the 13-story hospital on U.S. 280 that HealthSouth left unfinished; Trinity purchased the building from Daniel Corp. for \$40 million and filed a certificate of need. Stresses placed on the hospital sector by the current downturn became apparent in the fall—Physicians Medical Center Carraway closed its doors in October, idling 1,000; St. Vincent's Health System laid off 74 and closed 55 positions in November; and in December Baptist Health System laid off around 180.

Major retail development in 2008 was concentrated in outlying areas of Jefferson County. Colonial Promenade Fultondale, which opened with Target in 2007, added major retailers including JC Penney and Best Buy and a number of other stores and restaurants. The \$75 million Colonial Promenade Tannehill in Bessemer opened in July with tenants including Target, Publix, Premiere Cinema, Ross, and PetSmart and employment of around 750. Colonial Promenade received approval of an agreement to split sales tax revenues with the city on planned expansions that will include JC Penney and restaurants in Phase Two and a home improvement retailer in a third phase. Bass Pro Shops Outdoor World opened its Leeds store in November; the store incorporates tributes to NASCAR, the Cahaba River, and Alabama wildlife and includes a waterfall and aquarium. The 110-acre site near Barber Motorsports Park will have a 35-acre public park, an outlet mall, a restaurant, and a Hampton Inn and spearheads the 6,000-acre Grand River development slated for the area. A planned enlargement of the motorcycle museum at Barber and the addition of a motocross track will complement the tourist draw of the store.

Nordstrom's is expected to open in the Riverchase Galleria in 2012 as originally scheduled, despite the financial difficulties of developer General Growth Properties. The difficult retail environment claimed some area stores during the year, however, with CompUSA, Goody's, Linens 'N Things, Bombay, and Harold's among the victims. Academy Sports is closing its Wildwood store and Belk is shuttering its downtown Birmingham location. A number of new projects, including a Lowe's Home Improvement Center slated for Graysville, are in the works for 2009. Bayer Properties, which has canceled plans for a retail center in Trussville, is further expanding The Summit with office space above retail and restaurants. Two developers plan to bring retail offerings, including a grocery store, to Ross Bridge in Hoover. And additions are set for The Village at Lee Branch and Cahaba Village. Mixed-use developments The Grove and Chace Lake, incorporating retail, office, and residential, in Hoover are underway.

Planning came together for The Forge, Performa Entertainment's prospective \$42 million entertainment district near the Birmingham-Jefferson Civic Center (BJCC) that will include a "black box" theater/concert venue, restaurants, and clubs, but development was awaiting the city's decision on location of a domed stadium and an improved economic environment. Another \$45 million project near the BJCC would include a Hilton Garden Inn, restaurants, retail, office

Labor Force

Civilian Labor Force

Metro Areas	October 2008	Change from October 2007	
		Number	Percent
Alabama	2,182,465	-10,513	-0.5
Anniston-Oxford	55,326	295	0.5
Auburn-Opelika	66,631	-344	-0.5
Birmingham-Hoover	535,278	-3,851	-0.7
Decatur	72,980	-612	-0.8
Dothan	65,244	-1,083	-1.6
Florence-Muscle Shoals	69,290	57	0.1
Gadsden	44,996	-599	-1.3
Huntsville	205,530	1,601	0.8
Mobile	186,219	463	0.2
Montgomery	174,307	1,630	0.9
Tuscaloosa	98,764	-422	-0.4

Source: Alabama Department of Industrial Relations.

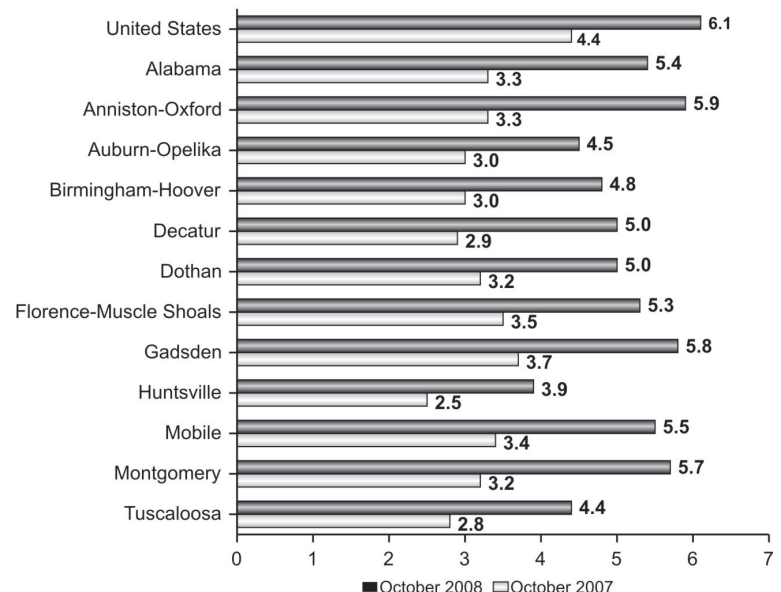
Total Employment

Metro Areas	October 2008	Change from October 2007	
		Number	Percent
Alabama	2,064,348	-56,077	-2.6
Anniston-Oxford	52,043	-1,168	-2.2
Auburn-Opelika	63,619	-1,317	-2.0
Birmingham-Hoover	509,845	-13,317	-2.5
Decatur	69,351	-2,110	-3.0
Dothan	61,985	-2,227	-3.5
Florence-Muscle Shoals	65,610	-1,189	-1.8
Gadsden	42,372	-1,539	-3.5
Huntsville	197,511	-1,281	-0.6
Mobile	176,012	-3,482	-1.9
Montgomery	164,440	-2,630	-1.6
Tuscaloosa	94,423	-2,016	-2.1

Note: Total employment is by place of residence.

Source: Alabama Department of Industrial Relations.

Unemployment Rate



Source: Alabama Department of Industrial Relations.

space, and lofts. An \$11 million renovation of the Center's concert hall was completed in September; exhibition hall renovations and a skywalk project were underway in the fall. BJCC Board members selected HOK of Kansas City as the design firm for the proposed stadium, which would be located near the Civic Center at a cost of up to \$500 million. Progress was slow on a \$110 million project to develop the former Federal Reserve property in the downtown area. In spring 2008, downtown Birmingham was reported to have more than \$194 million in new, ongoing, or proposed hotel construction projects that could add over 1,300 rooms, as well as renovation projects involving around 1,300 rooms. These projects include a \$50 million transformation of the Regions Bank building into a Marriott Renaissance Hotel. Construction is also progressing on a \$20 million Aloft boutique hotel in downtown Homewood.

The metro area's core, Jefferson County, struggled financially during the year as the financial crisis added to the burden of its \$3.2 billion sewer debt. Governor Riley helped the county work with creditors and suggested in mid-December that further dealings should await the new presidential administration. Birmingham was ready to break ground early in 2009 on a number of improvement projects. Work is beginning on the 20-acre Railroad Park, a \$35 million public-private project that will link the city's downtown and UAB's medical facilities. An overhaul of Five Points West that proposes to transform Fair Park into a sports-themed residential and commercial district should get underway. Ground will also be broken for the city's new intermodal transportation center downtown. And a major project to repave Birmingham's streets is set for an \$11.6 million first phase that will cover 26 miles.

Apartment and condo conversions continued in or near Birmingham's downtown area, with completion of apartments in the Burger-Phillips building and at 2600 Highland; however, the Leer Tower condominium project was in foreclosure. Demolition was underway to clear the site for Block 121, a project to build 256 upscale apartments near UAB. New neighborhoods were under construction at Hoover's Ross Bridge. Several large suburban housing developments are close to taking off—Alabaster's Buckhaven could include 1,000 homes and the Pine Mountain Preserve off U.S. 280 in Westover would incorporate more than 19,000 residences over 40 years. Construction finally got off the ground on the Birmingham Housing Authority's Tuxedo Court project in Ensley.

The University of Alabama at Birmingham (UAB), the area's largest employer, was ranked #5 nationally among "Best Places to Work in Academia," in a survey of life science researchers published in *The Scientist*. UAB faces the continuing challenge of growing and retaining its research scientists. State funding cuts forced the University to freeze hiring and salaries not related to promotion in October. Heritage Hall, the first new undergraduate academic building on the campus in 25 years, opened in January 2008. Birmingham's Virginia College is undertaking an expansion that consolidates its campuses at the Palisades shopping center. Local school projects completed or under construction in 2008 included the \$70 million Trussville High School, Cordova High in Walker County, and Bessemer City High School. The Birmingham City Schools were considering accelerating planned school closings, as they look toward building and renovation projects.

Population across the seven-county metro area increased 0.7 percent in 2007 with the addition of about 8,140 residents. The area's housing market deteriorated during 2008, however, as

foreclosures reportedly spread from moderately-priced homes to homes in the \$500,000 and over range. Around 2,070 building permits were issued for single-family homes across the metro area during the first nine months of 2008—about half the number issued in the same period of 2007. However, the 795 multi-family units permitted was over four times as many as in 2007. About 10,460 homes were sold across the Birmingham-Hoover metro area through September, down 26.6 percent from a year earlier. OFHEO's House Price Index showed home prices rising a below-state average 2.0 percent between third quarter 2007 and third quarter 2008; prices fell 0.7 percent from the second to the third quarter of 2008. At \$39,247, per capita income in the Birmingham-Hoover metro area was the highest in the state in 2007. Average wages across all industries amounted to \$42,570 and ranked 2nd; manufacturing wages were \$3,000 above the state average.

Decatur

Manufacturing continues to dominate the economy of the Decatur metro, providing 22.5 percent of area jobs in October 2008 compared to a state-average 14.2 percent. This concentration has helped the area in terms of income growth and wages—2007 per capita income of \$32,293 ranked 4th and annual growth of 5.2 percent was the second highest among the 11 metro areas. At \$54,134, Decatur manufacturing wages were just behind top-ranked Huntsville in 2007. Many of the metro area's manufacturing firms fared well and even expanded in 2008. But others were hurt as the economic recession and other factors reduced demand for their products. Nonagricultural employment in the Decatur area fell by 800 between October 2007 and October 2008, with losses including 600 manufacturing and 200 construction jobs. Job gains were seen in professional and business services (200) and in education and health services (100). For the year ending in October 2008, total employment of Decatur residents declined by 3.0 percent while the labor force shrank by just 0.8 percent. As a result, unemployment rose from 2.9 percent in October 2007 to 5.0 percent in October 2008.

Four new and 33 expanding industry announcements in 2007 proposed investment of \$384.6 million and about 460 jobs. The largest project, a \$160.6 million facility for polyethylene terephthalate manufacturer AlphaPet, was nearing completion late in 2008. New firm Magic Steel worked to secure financing in fall 2008 for a \$15.5 million plant that will make it the first customer to locate in Nucor Industrial Park. 3M Company in Decatur was completing a \$120 million expansion in the spring of 2008 that will add 50 jobs, and National Packaging was working on a \$6.4 million addition with four new production lines and 58 workers. Independence Tube finished an \$11.5 million expansion announced in 2007 and added 16 jobs, while Nucor Steel increased employment by 50. Work continued on Nucor's \$167 million galvanizing facility that will create 100 jobs. Lockheed Martin invested \$27 million in its Courtland ordnance assembly and testing facility.

Decatur companies continued to expand in 2008. BP America is working on a \$225 million equipment upgrade for its manufacture of the PTA chemical. Construction of an \$18 million cold storage warehouse by Wayne Farms is adding 35 jobs; Delmonte Foods' Meow Mix plant is undergoing a \$6.3 million expansion. And Hexcel got started on a \$180 million project that will create 25 jobs. Hexcel and Toray, which work together on the manufacture of carbon fiber, hope to see usage of their product move into automobile production, where it could improve fuel efficiency and reduce emissions. Daikin Industries began a \$66 million plant expansion in the fall that will create 25 jobs when complete early

in 2010. In Lawrence County, chair manufacturer Bertolini announced plans for a new operation that will employ 150, while soap company Lenco Laboratories was investing \$4 million and expanding in a larger vacant building.

The United Launch Alliance (ULA), a joint venture of Boeing and Lockheed Martin, saw mixed results in 2008. NASA's selection of Orbital Sciences for space transport services was a setback as the company will not use ULA rockets. Still, work progressed on a warehouse for rocket inventory and the company planned to invest \$159.3 million and add 66 employees as it prepares to build the Atlas V rocket in Decatur. But in November ULA announced that it would be cutting 350 jobs in February 2009, although not all will be in Decatur, with more layoffs possible. Some job cuts are the result of efficiencies in merging the two businesses, others are related to declining demand for the Delta II rocket, and some are caused by delayed federal approval for the move of Atlas V production to Decatur.

Decatur will gain an asset in having a prepared and skilled workforce with the state's selection of Calhoun Community College as the site of a robotics research and training center that will include three buildings at a cost of about \$71 million. Groundbreaking for a \$14 million Phase One was set for November and will take about a year to complete. However, several manufacturing businesses closed or laid off employees in 2008: Wolverine Tube shut down in January, idling 464; Hyosung laid off 65 in August; Cerro Wire in Hartselle let 40 employees go in October; and Mid South Tool closed, idling about 30. Solutia, which emerged from bankruptcy in 2008, laid off 128 workers in late November, including 38 permanently let go, as demand for nylon fell and it explored strategic alternatives for the business. PPG Industries purchased BASF and will close the Decatur plant by fall 2009, with dismissal of the 125 employees beginning in the spring.

Although retail prospects for the area looked promising early in 2008, only a few major projects actually got off the ground. Construction will begin in January 2009 on an Academy Sports and Outdoor store in Decatur that should be finished in the summer; a new Lowe's Home Center opened in Hartselle in October. While The Crossings of Decatur did not work out the purchase of property for expansion, AT&T, Regions Bank, and Bank Independent are building retail outlets at the center, and the nearby Ramada Inn is being renovated as a Key West Inn. Improvements planned by the new owners of the Decatur Mall, including interior movie theaters and a free-standing building for smaller stores, were put on hold. The proposed Sweetwater development did not get launched during the year as Bass Pro Shops postponed construction of its anchor store due to economic conditions and the need to find another investor for a hotel required by their project.

Decatur General Hospital, struggling with rising costs and declining revenues, closed its cardiovascular surgery department in October and was forced to find new obstetrical services providers when the previous group moved deliveries to Huntsville in the fall. Construction progressed on the Westminster Assisted Living Facility that will employ 30 when finished late in 2009. Both Ingalls Harbor with its fishing tournaments and the Jack Allen Recreational Complex's soccer tournaments were strong contributors to tourism in the Decatur metro area in 2008. A handicapped-accessible playground at Delano Park added to recreational facilities during the year.

Gross Domestic Product

(Millions of Current Dollars)

Metro Areas	2006	Percent Change		Percent of State
		2001 to 2006	2005 to 2006	
Alabama	158,566	33.6	5.4	100.0
Anniston-Oxford	3,507	44.8	6.0	2.2
Auburn-Opelika	3,257	48.2	8.6	2.1
Birmingham-Hoover	51,535	28.6	4.9	32.5
Decatur	4,826	34.2	4.5	3.0
Dothan	4,352	35.7	3.6	2.7
Florence-Muscle Shoals	3,599	33.8	5.2	2.3
Gadsden	2,436	27.1	3.4	1.5
Huntsville	17,115	45.5	6.8	10.8
Mobile	13,892	32.4	9.3	8.8
Montgomery	13,859	32.5	6.2	8.7
Tuscaloosa	7,505	50.3	8.3	4.7

Source: Bureau of Economic Analysis, U.S. Department of Commerce.

Work progressed on Decatur's Beltline Road widening project as the area looked ahead to probable population growth and increased commuting to Huntsville for BRAC-related jobs. Population growth in the metro area was a state-average 0.8 percent in 2007, with almost 1,250 new residents. Decatur's housing prices have held up amid the downturn—the OFHEO House Price Index for Decatur rose 4.2 percent between third quarter 2007 and third quarter 2008. A lack of supply may be contributing to pricing and two developments approved in late September could indicate that the area is ready for new construction.

Dothan

Retail development continued to be a mainstay of the Dothan metropolitan economy in 2008, supported by population growth and a steady housing market. Nonagricultural employment fell by 0.8 percent (500 jobs) between October 2007 and October 2008, however, as the manufacturing sector shed 300 jobs and employment in state and local government declined by 200. Despite an increasing number of retail businesses, jobs fell slightly; information sector jobs were also down by 100. Professional and business services added 200 jobs during the year and employment in education and health services rose by 100. Total employment fell by a larger 3.5 percent, with 2,227 fewer Dothan area residents working, as some people commute to jobs outside the metro. A smaller 1.6 percent drop in the labor force pushed unemployment from 3.2 percent in October 2007 to 5.0 percent in October 2008.

Fifteen new and expanding industries listed investment of \$31.2 million in the Dothan metro area in 2007 that would create 680 jobs. New industry Qualico Steel opened a \$5 million Dothan plant that could employ 250, while the area's retail distribution business grew with a \$1 million investment by Sitwell and Eureblock that should generate about 80 jobs. Geneva County gained a new industry, Advanced Platinum Technologies, employing about 50. AWA Fabrication and Construction added 40 workers in Henry County. Expansions in Dothan included the Bremner Food Group, investing \$6.9 million and creating 100 jobs and a \$12 million project at Oncology Supply that added 40 workers. Cummings Signs increased employment by around 75 in 2007.

Industrial development in the metro area was modest in 2008. Lincoln Fabrics announced a \$2 million expansion and 31 new jobs. And in December, Cummings Signs unveiled an expansion

that will create 100 jobs in Dothan, including up to 50 moving from Fort Deposit. However, BAE Systems closed its Second Chance Body Armor plant in Geneva in September, idling 194. And, with its headquarters up for sale, Movie Gallery may move from Dothan.

Dothan continued to build on its role as a regional shopping hub in 2008, with additional development poised for 2009. Best Buy and Carmike Cinemas opened during the year and Belk celebrated completion of a \$4 million renovation of its Wiregrass Commons store in mid-October. Preliminary plans were approved in October for a major retail development, Dothan Village, on the city's east side. A plan was also accepted for a New Jersey developer to raze the core of Dothan's original 1970s-era shopping destination, Northside Mall, and create a new shopping center. And in November, approval was granted for two Publix-anchored shopping centers—Westway and Cottonwood Corners—that are expected to open in fall 2009. New hotels during the year included Holiday Inn Express, Residence Inn by Marriott, and InTown Suites. Options for eating out grew, with several new restaurants in downtown Dothan contributing to ongoing renovation efforts there.

A major entertainment project proposed for the Dothan metro area took shape during the year. Country Crossing, a country music-themed resort on Hwy 231 in Houston County, broke ground in late October, with preliminary construction planned for early 2009. Venues will include country music-themed restaurants, an electronic bingo center, a hotel, an amphitheater, and other attractions; employment in the first phase could reach 700 to 1,000. The city of Dothan moved to purchase land in its southwest area for a new city park and proposed to build an \$8.5 million aquatic center downtown with financing enabled by a one cent sales tax increase. A new press box at Rip Hewes Stadium was funded in part by Knology for 10-year naming rights to what is now known as Knology Field. The first annual Alabama Heritage Classic football game was held at the stadium in September, boosting tourism revenues.

Population growth in the metro area has been strong, with a 1.4 percent increase in 2007 amounting to almost 1,940 new residents. Gains were centered in Dothan and surrounding towns and in Headland in Henry County. The area is benefiting from Florida residents moving to avoid high insurance premiums and property taxes. Relocation of some Florida businesses to the area has also brought in relocating employees. Retirees are another avenue for growth. And a Dothan resident is heading a plan to revitalize the local Jewish community by offering financial incentives to attract Jewish families with children to relocate to Dothan. Planning for an I-10 connector to relieve congestion and support economic development turned to consideration of a toll road funded by a public-private partnership. Area schools worked on a number of building projects and plans needed to support a growing number of students. Enrollment at Troy University Dothan was up 2.6 percent in the fall of 2008 compared to a year ago and the school pursued approval to add social work and nursing programs.

The housing market in the Dothan metro held up relatively well through the third quarter of 2008. Building permits for single-family homes in the first nine months of the year were 7.9 percent higher than for the same period in 2007. And the first apartment complex in two years, Highland Hills, broke ground in 2008. OFHEO's index had Dothan area house prices up 3.0 percent in third quarter 2008 compared to a year ago and 2.9 percent above

the previous quarter. Homes sold through September were just 12.5 percent lower than in 2007, much better than the state's 21.8 percent decline. However, the area's per capita income rose a below-average 4.4 percent in 2007 to \$31,485, ranking in the middle of Alabama's metros. Average wages across all industries amounted to \$32,367 in 2007 and ranked 8th; manufacturing wages of \$33,948 were almost \$10,000 below the state average.

Florence-Muscle Shoals

The Florence-Muscle Shoals economy was holding its own early in the fourth quarter of 2008. Nonagricultural employment rose by 400 between October 2007 and October 2008, with job gains of 200 in both professional and business services and state and local government. Modest job losses in manufacturing and federal government employment were offset by gains in wholesale trade and financial activity. The area's workforce seemed to be looking ahead to new jobs on the horizon at the National Alabama railcar plant in Colbert County—despite a 1.8 percent drop in total employment of area residents in October 2008 compared to a year ago, the labor force rose by 0.1 percent. This pushed unemployment to 5.3 percent, up from 3.5 percent a year earlier. A difference of 7,500 between the number of employed residents of the Shoals area and the number of nonagricultural jobs indicates that many residents commute to work outside the metro and are, thus, dependent on the economic fortunes of those areas.

One new and 11 expanding industries proposed investment totaling \$539.8 million and 2,066 jobs in 2007. National Alabama Corporation was the big catch; the company is locating its \$350 million railcar manufacturing plant in Barton Riverfront Industrial Park and plans to have 1,800 workers at full production. Construction of the massive facility was nearing completion late in 2008 and equipment was being installed; workers building the plant peaked at around 1,400 and contributed to motel occupancy and retail sales in the Florence-Muscle Shoals area during the year. Hiring and training workers is ongoing, with 80 production employees and 15 managers onsite in early December. However, economic factors caused the company to delay the plant's start-up from February 2009 to late April or early May; about 250 workers are expected to be onboard by the end of April. With 2009 projected to be another weak year for the cargo business, growth toward full production of up to 8,000-10,000 railcars annually will likely be slowed. National Alabama's plant is the largest industrial facility in the world to meet LEED requirements of the U.S. Green Building Council. The area secured their first National Alabama supplier late in the year—Steelcare plans to open a \$7 million facility that will provide steel to the railcar plant in the spring.

Southwire worked on a \$9.5 million expansion during 2008 that was announced the previous year and includes renovation of an existing building and the creation of 50 jobs. The company is partnering with the Florence City Schools on an initiative that will have at-risk students working while attending school four hours a day; the program will get underway in summer 2009 when the expansion is complete. In October 2008, SCA Tissue completed a \$150.7 million, 19-month project that included a new building, paper machine, an expanded water treatment facility, and at least 30 jobs. SCA announced an additional \$13 million project in 2008. Flexco's Tuflex Rubber Products was working on a flooring plant that will employ 65 and aiming for a March 2009 completion date for a project to turn a vacant manufactured home business into its distribution site. A \$2.65 million expansion at Aleco announced in 2008 should create almost 50 jobs. However, 47

were idled in August when Occidental Chemical closed its Muscle Shoals plant. Whitesell, which laid off 45 in November, installed new metal-forming equipment late in the year as it tried to improve its competitiveness.

Results of an economic development study commissioned for the Shoals area by TVA as part of its Targeted and Prepared Community Program and completed in the fall recommended concentrating recruitment on aerospace, aviation, and auto supplier businesses, with a focus on foreign companies. Attracting retirees and the service providers they need was another proposed emphasis. The area had success with a project to subdivide one of its many large, vacant industrial buildings—a former Tee Jay's facility has attracted a number of small tenants. Recent economic recruitment successes earned the Florence-Muscle Shoals metro area recognition as one of the "Top 10 Comeback Kids" by *Southern Business & Development*.

In other developments, Southgate Mall underwent interior renovations during 2008. Tourism and industrial construction contributed to hotel demand, with the addition of a Comfort Inn and Suites in Muscle Shoals and Holiday Inn Express and Residence Inn in Florence. Florence also saw progress in its downtown, with new and relocating retail businesses; downtown streetscaping was a priority in Tusculumbia and Sheffield. Trophy Golf and Resorts proposed a riverside resort on the Tennessee River in Sheffield that would connect to the city's downtown. The project could break ground in 2010 and would include a hotel, restaurants, retail, pool, marina and pier, and public golf course, as well as about 150 apartment-style residences for sale. Helen Keller Hospital in Sheffield expected to complete a \$7 million outpatient surgery pavilion early in 2009. Enrollment at the University of North Alabama rose for the sixth consecutive year in fall 2008. Enrollment at Northwest-Shoals Community College was up as well with the college giving half-tuition to some laid off workers.

Population growth in the Florence-Muscle Shoals metro was a modest 0.4 percent in 2007, with about 600 new residents; almost all gains were from new people moving into the area. The housing market held up relatively well with building permits for single-family homes down just 9.6 percent for the first nine months of 2008 compared to a year ago. During the same period, the number of multi-family units permitted increased from 36 to 132. At 8.9 percent, house price appreciation as measured by OFHEO saw the largest year-over increase in third quarter 2008 of Alabama's 11 metros; prices were up 4.6 percent from the second to the third quarter. Development and education initiatives and National Alabama should help improve income and wages in the Florence-Muscle Shoals area. Per capita income was up 4.9 percent in 2007, but at \$28,362 ranked 10th among the metros; average wages of \$30,699 were at the bottom of the group. However, HUD's median family income showed an 11.3 percent increase in FY2008 that brought income to above the state's median.

Gadsden

Gadsden's manufacturing sector shed just 100 jobs between October 2007 and October 2008, as new and expanding industries helped counter layoffs. Successful economic recruitment in 2007 led *Expansion Management* to name Gadsden the #11 small metro for recruitment and attraction. However, the metro area was hit with the loss of 400 jobs in services and another 100 in the financial sector. Construction employment was also down by around 100. Retail trade was

Population Growth

Metro Areas	7/1/2007	2006 to 2007		
		Number Change	Percent Change	Net Migration
Alabama	4,627,851	37,611	0.8	22,504
Anniston-Oxford	113,103	399	0.4	163
Auburn-Opelika	130,516	2,483	1.9	1,790
Birmingham-Hoover	1,108,210	8,139	0.7	3,932
Decatur	149,279	1,244	0.8	712
Dothan	139,499	1,937	1.4	1,528
Florence-Muscle Shoals	143,149	610	0.4	600
Gadsden	103,217	306	0.3	351
Huntsville	386,632	8,578	2.3	6,654
Mobile	404,406	2,308	0.6	364
Montgomery	365,962	3,079	0.8	1,046
Tuscaloosa	205,218	2,532	1.2	1,722
Russell County*	50,183	522	1.1	397

* Russell County is part of the Columbus, GA-AL MSA.
Source: U.S. Census Bureau, Population Estimates Division.

the bright spot, adding 100 jobs. Overall, nonagricultural employment fell 1.6 percent, a loss of 600 jobs, during the 12-month period. Total employment of Gadsden metro residents slid by a larger 3.5 percent; at least 5,000 (11.7 percent) workers commute to jobs outside the area. With the labor force declining by a lesser 1.3 percent, unemployment rose from 3.7 percent in October 2007 to 5.8 percent in October 2008.

Goodyear Tire and Rubber continued work on a \$125 million project, slated for completion in 2010, expanding its capability with the introduction of new tire-making equipment. However, weak economic conditions have forced periodic shutdowns and layoffs at the plant since mid-summer 2008. New industry RC Mold and Machine began operation in March as a supplier to Goodyear. Rigid Building Systems completed its new plant at the end of 2007 and planned to add 100 employees in 2008. Construction began in July on a \$118 million expansion by Keystone Foods and a \$9 million facility for Southern Cold Storage on Airport Road in Gadsden that are expected to be finished by the fall of 2009. Keystone could add about 150 jobs and Southern Cold Storage 40. Infrastructure development at the property should make it an attractive site for future industry.

In other developments, auto supplier NARMCO received tax abatements for a \$7 million expansion in 2008, while S.I.P. planned to almost double production and add workers at its steel decking plant. Five Star, a provider of engineering technician services, was investing \$8 million in a facility that will begin with 15 employees. And Koch Foods' \$15.5 million investment in the former Tyson Foods plant should enable it to recreate some of the 200 jobs lost in the 2007 acquisition. However, Dixie Pacific closed its Gadsden plant in February 2008, idling 172. A contract for a new Automotive Technology Center for Excellence at Gadsden State Community College will help prepare the area's workforce for jobs at Honda and other auto-related companies.

Retail options in the area grew in 2008 with a J.C. Penney and Books-A-Million opening at Gadsden Mall and a CVS under construction in Gadsden. Possibilities for retail development of the River Trace Golf Course site looked promising at the start of 2008, but faded when Home Depot canceled its contract with the Shopping Center Group. A Tractor Supply Co. store in Gadsden was completed in the fall.

Gadsden's sizeable medical services sector added a new dimension with S&H Holdings \$5 million investment in a building and radiosurgery equipment for the Novalis-Brain Lab Team—the only machine of its kind in the state. In quality of life improvements, Gadsden worked on rehabbing dilapidated houses in the city. Upgrades and improvements to local parks were undertaken during the year and a new bait shop and boat launch was completed. An expansion and upgrades at the Gadsden Museum of Art should be finished in the spring of 2009. Two groups, Coosa Entertainment and CBS Supply, presented proposals for an entertainment complex that would include a charitable electronic bingo facility. A new interchange at I-59 and Pleasant Valley Road is proposed to facilitate development of the area.

With an increase of about 300 residents, or 0.3 percent, population growth in the Gadsden area was the slowest of the state's metros in 2007. Gadsden's housing market weakened during the year; building permits for single-family homes issued during the first nine months of 2008 were one-third lower than a year ago. Homes sold during this period were down 19.9 percent. Prices held up, however, with the third quarter 2008 OFHEO House Price Index 3.7 percent above the third quarter of 2007. Per capita income posted a 4.8 percent increase for the year and, at \$28,492, ranked 9th. Manufacturing wages were more competitive than the average wage across all industries, but were still almost \$3,000 below the state's 2007 average.

Huntsville

National defense-related initiatives and a strong emphasis on technology-based employment helped the Huntsville metro area outperform the rest of the state in 2008. Job moves mandated by the Base Realignment and Closure (BRAC) Commission picked up steam and major facilities construction progressed, while new and expanding defense contractors added to economic activity. Government and services were largely responsible for nonagricultural job growth of 1.7 percent (3,500 new jobs) between October 2007 and October 2008. This included 2,000 jobs in professional and business services, 700 with the federal government, and 600 funded by local governments. Employment in other services expanded to serve a growing population, with about 100 new jobs in financial activity, 200 in education and health services, and 300 at food service and drinking places. However, the weak economy hurt Huntsville area manufacturing, down 900 jobs during the 12-month period, and retail trade, which dropped 200. Manufacturing was negatively impacted by the closing of Delphi's plant in Athens in December 2007, idling 1,020. While jobs located in the metro rose and the labor force saw a 0.8 percent increase, total employment of area workers declined 0.6 percent, raising unemployment from 2.5 percent in October 2007 to a still-low 3.9 percent in October 2008.

Fifty-four new and expanding manufacturing and services firms planned to create 4,310 jobs in 2007. Boeing, Bosch Aerospace, and Science and Engineering Services (SES), were among expanding aerospace and defense manufacturers, with SES adding 250 jobs. Nonmanufacturing companies in the aerospace/defense arena announcing expansions in 2007 and expected new jobs included: Advanced Systems Development (50), The Boeing Company (400), Booz Allen Hamilton (415), Rockwell Collins (77), and Sikorsky Aircraft (120). Lockheed Martin completed a \$30 million building at Cummings Research Park and increased its local workforce by about 9 percent. Among new firms entering the aerospace and defense arena in Huntsville during 2007 were Alliant Techsystems, Andrews Space, Applied Geo Technologies, and Ball Aerospace.

Rockwell Collins expanded again in 2008 with 60 jobs and SES added to its investment. DeciBel Research and BFA Systems increased their investment in Huntsville in 2008, while an expansion at Teledyne Brown Engineering is expected to create 200 positions. Aerospace initiatives moved ahead during the year—the Ares I rocket design received preliminary approval and rocket testing at Marshall Space Flight Center picked up as the agency works toward a 2015 target date for a space shuttle replacement. Marshall also assumed management of a \$344 million lunar science program.

New national defense support firms in 2008 included Aerospace Corp. and DHS Systems, where 150 employees are assembling deployable shelter systems. The U.S. Department of Justice broke ground in the fall for its \$26 million National Center for Explosives Training and Research; after completion in 2010, the center will bring about 60 ATF employees to Huntsville and train more than 3,000 students annually. Defense contractor Northrop Grumman announced plans to locate its Kinetic Energy Interceptor missile headquarters in Huntsville and broke ground on a second new building in Cummings Research Park that should be finished late in 2009. Also in the missile defense arena, Boeing delivered its first production Standard Missile-3 in the fall and opened a Ground-based Midcourse Defense program training center in Huntsville. The Missile Defense Agency (MDA) and Boeing completed a successful complex test of the ground-based interceptor missile being worked on in Huntsville; Lockheed Martin's MKV-L missile was also under test.

Although much area manufacturing is technology-intensive, not all is centered on aerospace and defense industries. Other manufacturing projects for 2007 included the planned additions of 1,000 jobs at computer firm Sanmina-SCI, 150 at Palco Telecom Services, 80 at Steelcase in Athens, and 45 at STI Electronics. WestWind Technologies broke ground for a \$12.5 million Aircraft Modification and Integration Center at Huntsville International Airport late in 2008, with plans to add 60 workers after completion in August 2009. Navistar Engine Group dedicated its second plant, which will make big bore diesel engines, at Huntsville's Jetplex Industrial Park in September. Toyota's Huntsville engine plant resumed production of V-8 engines in late October after a three-month suspension due to weak vehicle demand; however, only 123 temporary workers were laid off and the plant's workforce used the down time for process improvement, training, and other activities.

Military officials working to fulfill the 2005 BRAC mandates reported in the fall that construction of needed facilities for the agencies moving to Redstone Arsenal was on track, so that all organizations will be in their buildings by 2011. Projects include a \$221.8 million headquarters building for the Missile Defense Agency and the Space and Missile Defense Command; a \$128 million headquarters for the Army Materiel Command and the Army Security Assistance Command; \$60 million for a Rotary Wing Center; and a \$9.4 building for the 2nd Recruiting Brigade. With these agencies required to transfer or hire personnel totaling 4,500 by September 2011 and related contractors in the north Alabama area expected to have a workforce of more than 10,000, the economic impact of BRAC on the area has been estimated at around \$4 billion. More than 1,400 jobs had been relocated to Redstone by mid-November. Army officials noted that the Huntsville area will need bigger and better roads, more schools, and a larger workforce of engineers and logisticians to fulfill BRAC needs. Two new child care facilities are also being built to serve personnel at the Arsenal.

Huntsville took a significant step in growing its biotechnology sector with the opening late in 2007 of the HudsonAlpha Institute, a public-private partnership bringing together academic and industry researchers working to develop new tools and technologies targeted toward creating individualized disease treatment therapies based on the human genome sequence. The associates wing of the Institute got off the ground near year-end 2007 with a capacity 12 firms. The academic wing was dedicated in the spring of 2008, with six principal investigators bringing their labs to the Institute. Employment in information services also increased in 2008—Verizon Wireless grew the workforce at its Huntsville call center and state headquarters from around 600 in January to almost 1,400 at year-end and Comcast was hiring 200 employees for its \$17 million call center. However, Delta Airlines closed its reservations center in May, idling 183.

The growth and success of the area's small businesses, concentrated in professional, scientific, and technical services, helped Huntsville rank 5th on Inc.com's list of best mid-sized cities to do business in and on the Milken Institute's 2008 Best Performing Cities index. *Southern Business & Development* cited Huntsville as the #2 mid-sized market in terms of economic performance in 2007. The area's diverse economy, job openings, and housing affordability led *Forbes* to rank Madison County the nation's top place to live while weathering the economic downturn. Computer integration and service and engineering service firms expanding in 2007 and 2008 included Advanced Systems Development, the Charles Stark Draper Lab, DRS Test & Energy Management, EMC Tetra Tech, Millennium Engineering, Quantum Research, QuantiTech, and Aegis Technologies.

In retail development, Bridge Street continued to add shops and restaurants during 2008. The \$45 million, 210-room Westin Hotel opened there in April and, given strong demand for rooms, scaled back the number of condos planned to just 35. Shopping centers anchored by Publix supermarket were a focus for 2008, with new developments including Harvest Square in northwest Madison County, The Village Shoppes at Madison, and Eastside Junction in Athens. Plans were unveiled for WaterStone, a planned \$1 billion mixed-use development in Madison at I-565 and County Line Road that will add 4 million sq. ft. of shopping, dining, entertainment, residential, hotel, and office space over a 10-year period. Another development, The Lakes at Madison, was announced in the fall, with plans for an upscale grocery, retail, offices, apartments, and a hotel. The Village at Hampton Cove in Huntsville opened with Hampton Cove Christian Academy and several retailers in the spring. Construction got underway on a Spring Hill Suites, the first tenant at the Constellation complex on Memorial Parkway. And a shopping and office complex is planned near the site where a new Lee High School will be built in Huntsville. BRAC-related plans include an office, classroom, and retail development on Redstone Arsenal property near I-565 and Rideout Road.

Population growth in the Huntsville metro continues to be the strongest in the state; almost 8,600 residents added in the year prior to July 1, 2007 amount to a 2.3 percent gain. With BRAC contributing to already increasing demand for resources, local school systems were busy preparing for additional capacity—projects underway or planned included Clements Elementary in Limestone County; a new west middle school, Lee High School, Big Cove Elementary, and possible consolidations in Huntsville; and a second high school in Madison. Infrastructure projects included \$65 million for capital improvements at Huntsville International Airport, where the new west wing opened in

Income and Wages

Per Capita Income 2007

Metro Areas	Per Capita Income	Percent Change from 2006
Unites States	\$38,632	5.2
Alabama	32,401	5.0
Anniston-Oxford	30,614	5.7
Auburn-Opelika	26,411	4.0
Birmingham-Hoover	39,247	5.1
Decatur	32,293	5.2
Dothan	31,485	4.4
Florence-Muscle Shoals	28,362	4.9
Gadsden	28,492	4.8
Huntsville	36,084	4.0
Mobile	28,531	4.3
Montgomery	34,333	4.1
Tuscaloosa	32,051	4.5

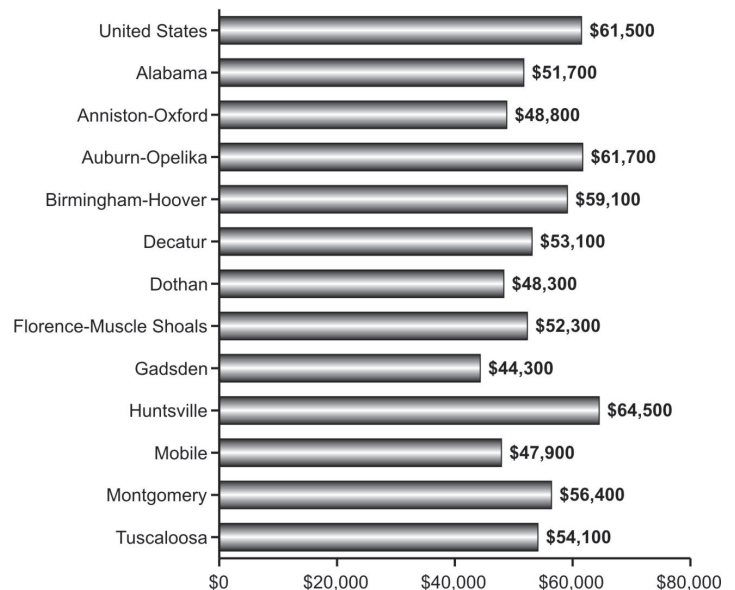
Source: U.S. Bureau of Economic Analysis.

Average Wage per Job 2007

	All Industries	Manufacturing
Unites States	\$44,458	\$53,544
Alabama	37,492	43,649
Anniston-Oxford	34,593	38,871
Auburn-Opelika	31,554	41,642
Birmingham-Hoover	42,570	46,643
Decatur	35,931	54,134
Dothan	32,367	33,948
Florence-Muscle Shoals	30,699	38,623
Gadsden	30,979	40,803
Huntsville	45,763	54,697
Mobile	36,890	50,962
Montgomery	36,223	44,802
Tuscaloosa	36,737	53,710

Source: U.S. Bureau of Labor Statistics, Quarterly Census of Employment and Wages.

Median Family Income, FY2008



Source: U.S. Department of Housing and Urban Development, Office of Economic Affairs.

December; an expansion of the Madison County Jail; ongoing work on an I-65 interchange at Huntsville-Brown's Ferry Road; and a land purchase for a third Huntsville wastewater treatment plant. Per capita income in the Huntsville area was the 2nd highest in the state in 2007 and both overall and manufacturing wages were the highest among the 11 metros. *Business Week* listed Huntsville as one of the top affordable cities to raise children, citing schools, cost of living, job growth, and recreation and cultural opportunities among the reasons.

The cities of Huntsville and Madison both annexed tracts of land in Limestone County in 2008 to prepare for growth. Housing development was brisk in 2007, but tapered off in 2008 as the accelerating downturn negatively impacted credit and the ability of both residents wanting to move and workers relocating to Huntsville to sell their current homes. Building permits for single-family homes totaled about 1,700 for the first nine months of 2008, down 36.8 percent from 2007. Over the same period, home sales were down 18.2 percent compared to a 21.8 percent decline statewide. Homes priced over \$400,000 were reportedly very hard to move. House prices measured by OFHEO held up fairly well, however—the Huntsville metro House Price Index rose 4.1 percent in the third quarter of 2008 compared to a year ago, although it was up just 0.5 percent from the previous quarter. With a large number of apartments already under construction or permitted, building permits for multi-family units through September 2008 fell to 112 from 563 a year earlier, a decline of 80.1 percent. In mid-August 1,574 apartments were reported under construction and 843 more were expected to break ground by year-end, with most in west Huntsville.

Mobile

A diversified economy and ongoing work on major development projects helped the Mobile metro area weather the recession in 2008 and led *Forbes.com* to project Mobile as the fastest growing metro economy in the nation in terms of GDP between 2007 and 2012. Nonagricultural jobs increased by 600 from October 2007 to October 2008, a 0.3 percent gain. Construction employment showed a net gain of 400, with more than 1,500 workers at the ThyssenKrupp Steel plant site in the fall and a number of projects under construction at the Alabama State Docks. Services was the largest contributor to job gains during the 12-month period, adding 400 positions in professional and business services, 500 in education and health, and 100 at food services and drinking places. Manufacturing, which provided just 8.7 percent of the Mobile metro's 184,400 jobs in October 2008, lost about 300 jobs during the year. With significant job growth on the horizon, Mobile's labor force grew by about 460 (0.2 percent) between October 2007 and October 2008. However, there is significant commuting into and out of the area and total employment of Mobile County residents fell by almost 3,500, a 1.9 percent decrease that pushed unemployment to 5.5 percent, up from 3.4 percent a year earlier.

Twenty-four new and expanding industry announcements in 2007 planned investments totaling over \$3.9 billion, with about 3,900 new jobs. ThyssenKrupp Steel's \$3.7 billion plant that will employ 2,700 dominated development news. Work progressed steadily throughout 2008 toward a late 2009 or early 2010 production date, with the cost of the project rising to at least \$4.2 billion. By mid-November, the neon green steel framework for the plant's cold rolling mill was advanced, a warehouse was progressing, and work was underway on a dock on the Tombigbee River. A massive modular office building was in place to help accommodate the 145 employees hired to date in the plant's carbon division; another 160 people were already employed in the

stainless division. More than 25,000 applications and resumes were received for both salaried and production positions and the company is continuing to hold job fairs around the state. Production jobs could pay up to \$25 per hour, with maintenance jobs paying up to \$30. By November 2008, ThyssenKrupp had awarded about \$1 billion in contracts (not counting imported specialty equipment), 30 percent of the total planned, and Alabama suppliers accounted for about half of these.

Preparing for production at ThyssenKrupp is a team effort, involving work on facilities to move raw materials to the plant and on preparing a trained workforce. A \$115 million public steel terminal being built by the Alabama Port Authority will load semi-finished steel slabs imported from a ThyssenKrupp mill under construction in Brazil for shipment upriver to the plant; the facility should be operational by late 2009. Construction began on a \$12 million training center near the plant that will be managed by Alabama Industrial Development Training (AIDT). Bishop State Community College is implementing a steel manufacturing program that will also help train workers for ThyssenKrupp.

Steel-related production in the Mobile area increased in 2007 with Berg Steel Pipe's investment of \$75 million in a plant that will employ 100 and a \$37 million Bristow-Krah plant that is expected to create 150 jobs in Prichard. Alabama Roll Products spent \$1.8 million on an expansion of its steel plate rolling mill and added 20 jobs. Swedish firm SSAB retained the Mobile mill that it purchased from IPSCO and announced a \$460 million addition in 2008 that will create 180 jobs as the company adds a state of the art heat treating facility and starts making its pricier branded steels at the plant in 2009.

In the area's chemicals manufacturing sector, Evonik Degussa expanded its Theodore facility, breaking ground on a \$15 million biodiesel catalyst facility and announcing late in the year a new \$10 million plant that will manufacture the lightweight foam Rohacell. The company planned a decision on a proposed \$65 million investment to make an additive for poultry feed by year-end and was considering two other possible investments in the area—a \$160 million expansion to make a nylon protective coating and \$110 million project to expand paint additive production. Another new industrial project for the Mobile area in 2008 was a \$10.8 million investment by Southeastern Builders and Developers in a modular home factory that will hire 155.

Mobile's sizeable shipbuilding and repair industry moved ahead with additional expansions in 2008, after announcing projects in 2007 that included Austal USA's investment of \$34 million and 400 jobs and the addition of 150 workers at Horizon Shipbuilding in Bayou La Batre. Austal is undertaking a massive \$254 million expansion project that will create an assembly-line style modular manufacturing facility designed to enhance production speed and efficiency; phase one of the project should be complete in summer 2009. The aluminum ship specialist, which is hoping to increase its workforce by as many as 1,000 based on military contract work, won an initial award in November of \$184.5 million to design and build one high-speed military transport vehicle, with the potential \$1.6 billion contract including options for up to nine more ships. Having successfully launched one prototype LCS for the Navy, Austal is in the running for a contract to build at least two more of the shallow-water combat ships. Atlantic Marine announced a \$21.2 million expansion that could add 250 jobs at its construction and repair facility; C&G Boat Works and Silver Ships also planned to grow their operations. AIDT is responding to the need for more shipbuilders with a new training facility in Mobile and a program in Bayou La Batre, while the Gulf Coast

Shipbuilders Consortium is using a federal grant to create a standardized program to train shipfitters that will be taught at several sites, including Bishop State Community College in Mobile.

The area's aerospace cluster is growing despite the challenge to and subsequent cancellation of the Air Force's award of a \$35 billion aerial refueling tanker contract to the Northrup Grumman/ EADS team that planned to build the planes in Mobile. The bidding could be reinitiated under the new administration in 2009. ST Mobile Aerospace Engineering added at least 200 new employees at its aircraft repair and modification operations as it worked to complete a contract for two converted Boeing 757s for the Royal New Zealand Air Force and continued work on a \$470 million, 87 plane order for FedEx. EADS CASA announced expansion plans for its Mobile maintenance and training facility that could add 40 jobs. The tanker competition served to raise awareness of Mobile's Brookley Field industrial complex and a planned office development could increase white collar employment at the site.

Traffic at the Alabama State Docks picked up with the September opening of the \$300 million Mobile Container Terminal at Choctaw Point. The terminal's first contract, with ZIM Integrated Shipping Services, could bring 52,000 containers through the facility annually. As the terminal ramps up to a capacity of 800,000 containers, logistics firms that handle various aspects of the shipping process are expected to locate in the Mobile area. The Alabama State Port Authority is also marketing nearby land to warehouse operators.

Tourism in the Mobile metro continued strong as the area worked on future developments that could grow the industry. Opening of the renovated Battle House and Renaissance Riverview Plaza hotels in 2007 contributed to a 21 percent increase in lodging tax and total travel-related expenditures in Mobile County compared to the previous year. Carnival announced plans to replace Mobile's Holiday cruise ship with the larger Fantasy beginning in November 2009, boosting capacity by over 40 percent. The city is spending \$3 million to upgrade its cruise terminal to handle the larger vessel. Army Corps of Engineers approval was secured in December for a Dale Earnhardt Jr.-affiliated racing venue and theme park to be built on 2,000 acres off I-65 near Prichard. The development will include an oval track, road course, and karting track as well as residential, retail, restaurant, and other entertainment components and could employ up to 5,000. Mobile retail employment fell slightly in 2008 as businesses including Bombay Company, Whitehall Jewelers, Goody's, and Linens 'N Things fell victim to the poor economy.

Mobile officials worked on planning for downtown renovations, considering projects including riverfront redevelopment, housing, a sports park, establishment of a medical research corridor, and alternatives for the aging Civic Center. All or part of the 22-acre tract that holds the Center could have the potential for major commercial development. Renovation of the historic Kress and Neisner buildings downtown was completed during 2008. Completion of renovations to the Probate Court building will free up land designated for a downtown park that will incorporate a performing arts stage. First Baptist Church North in Saraland is building a park that will include trails, a lake, water park, and sports fields for use by city residents. Plans also include a new church sanctuary and private school that should be complete by late 2009.

Housing Industry

Residential Building Permits

Metro Areas	Single-Family		Multi-Family	
	2008*	Change from 2007*	2008*	Change from 2007*
Alabama	8,732	-5,330	2,513	-1,093
Anniston-Oxford	112	-46	14	-194
Auburn-Opelika	601	-274	58	-117
Birmingham-Hoover	2,068	-2,139	983	795
Decatur	106	-94	12	12
Dothan	261	19	0	0
Florence-Muscle Shoals	207	-22	132	96
Gadsden	74	-37	13	-11
Huntsville	1,697	-988	112	-451
Mobile	1,086	-327	500	69
Montgomery	463	-470	8	-714
Tuscaloosa	397	-254	555	-175

* Data for both 2007 and 2008 cover the period January through September.
Note: Data are for permit-issuing places only.
Source: U.S. Census Bureau, Building Permits Survey.

Total Homes Sold

	2008	Percent Change from 2007
Alabama	35,558	-21.8
Anniston-Oxford	830	-18.1
Auburn-Opelika	1,005	-15.3
Birmingham-Hoover	10,227	-26.6
Decatur	n.a.	n.a.
Dothan	906	-12.5
Florence-Muscle Shoals	1,215	-9.6
Gadsden	595	-19.9
Huntsville	6,807	-18.2
Mobile	3,263	-17.4
Montgomery	3,224	-26.1
Tuscaloosa	1,667	-29.8

Note: Data for both 2007 and 2008 cover the period January through September.
Source: Alabama Center for Real Estate, The University of Alabama.

Percent Change in OFHEO House Price Index

	Q2 2008 to Q3 2008	Q3 2007 to Q3 2008
United States	-2.7	-4.0
Alabama	0.4	2.8
Anniston-Oxford	1.6	2.4
Auburn-Opelika	1.4	2.4
Birmingham-Hoover	-0.7	2.0
Decatur	-0.5	4.2
Dothan	2.9	3.0
Florence-Muscle Shoals	4.6	8.9
Gadsden	3.9	3.7
Huntsville	0.5	4.1
Mobile	2.5	5.0
Montgomery	-0.8	-0.8
Tuscaloosa	-0.1	3.1

Source: Office of Federal Housing Enterprise Oversight.

Population in the Mobile metro area rose 0.6 percent in 2007, with the addition of about 2,300 residents. The city of Mobile continued to approve annexations that brought both people and retail properties into its corporate limits. New school projects in

the area included a middle school near Creola and an elementary school in west Mobile. Enrollment at the University of South Alabama was a record 14,279 in fall 2008, powered by a new football team, new housing, and plans for a recreation center. The \$138 million Mitchell Cancer Institute that opened in September should draw additional researchers and other staff to the University. The City of Mobile expected to have the resources to hire 40 police officers and 28 additional firefighters, with plans for two new fire stations, in 2009.

Mobile's housing market held up relatively well—building permits issued for single-family homes in the first nine months of 2008 were down 23.1 percent from a year earlier, but the number of multi-family units permitted rose 16.0 percent. Home sales were down 17.4 percent for the same period. Prices rose, with the OFHEO House Price Index up 5.0 percent from the third quarter of 2007 to the third quarter of 2008 and 2.5 percent higher than second quarter 2008. Per capita income grew a below-average 4.3 percent in the Mobile metro from 2006 to 2007 and at \$28,531 ranked 8th. However, the picture for area wages was better, with average pay in manufacturing in 2007 of \$50,962 more than \$7,000 above the state average and wages across all industries ranking 3rd among the metro areas.

Montgomery

Services and state government were the mainstays of the Montgomery metro economy, helping the area add 1,400 jobs between October 2007 and October 2008 for a 0.8 percent increase that was 3rd highest among the 11 metro areas. Alabama's state government employment increased by 680 statewide in FY2008; with the state capitol and a number of correctional facilities, the Montgomery area saw a net gain of about 500 over the last year. Professional and business services jobs also climbed by about 500, aided by growing call center employment, while employment in education and health services rose by 200. The leisure and hospitality sector saw 400 new jobs during the year, boosted by completion of the Renaissance Montgomery Hotel & Spa and by strong job growth at restaurants and other food service establishments. Despite new retail store openings across the metro area, the loss of 400 positions at general merchandise stores dropped overall retail employment by 100. Manufacturing shed 200 jobs. Total employment of area residents fell by 1.6 percent, with 2,630 fewer individuals working in October 2008 compared to a year earlier. At the same time, the Montgomery area labor force grew by 1,630 (0.9 percent), pushing unemployment up from 3.2 percent in October 2007 to 5.7 percent in October 2008.

Twenty-eight new and expanding industry announcements in 2007 proposed investments totaling \$433.2 million, with the creation of almost 1,500 jobs. Hyundai's planned \$270 million second engine plant that will produce a 2.4 liter, 4-cylinder engine for both Hyundai and Kia was under construction in 2008 and is expected to provide about 520 new jobs. Other auto industry-related development included a \$55.6 million expansion at Mobis Alabama that will create 140 jobs. Glovis Alabama expected to create 170 jobs when its new \$12 million auto parts warehouse opened in fall 2008. Daehan Solutions in Lowndes County undertook a \$3.8 million expansion that is adding 20 jobs and Hanil USA in Elmore County was investing \$15 million. A new firm, TWB, planned to invest \$65 million and hire 38 at its high-tech plant in Prattville that will create laser-welded blanks for auto stamping. Fras-Le assumed ownership of the former Haldex Brake plant in Prattville, where employment had slipped to just 45.

Other industries in the Montgomery area's manufacturing sector were also expanding in 2007, with Tallassee's GKN Westland Aerospace adding up to 50 jobs for a contract with Honda Aircraft and a \$5 million project at Neptune Technology Group creating 25. Tallassee's recent economic development success earned the city recognition by *Southern Business & Development* as one of the top 10 "comeback kids" in the South. Computer programming and systems design firms Information Transport and Knowledge Management Solutions in Elmore County added a combined 64 jobs. Institutional furniture maker Madix planned to hire 15 after a \$4.5 million addition. However, Frontier Yarns in Wetumpka, which planned investment of \$8 million and 12 jobs, also laid off 35 in 2008. Albany International closed its Appleton Wire Division in Montgomery in February 2008, idling 96. And Russell announced the layoff of 550 employees at Coosa River Textiles in Wetumpka in June.

Business services employment in Montgomery got a boost from a new call center for ER Solutions that hired 300 in 2007; the company's 2008 expansion added another 200 employees. However, General Casualty Insurance closed its office in January, idling 87. Turenne Pharmedco broke ground in April for its headquarters and office building in Montgomery Industrial Park; the company provides medical supply distribution, pharmacy, and billing services. The park also gained tenants Kellogg and Alabama Crown Distributing.

With many Kia-related expansions already finished or in progress and given the accelerating negative impact of the recession on the auto industry during 2008, the Montgomery metro area's only auto-related announcement through November was the addition of 60 jobs by logistics provider YESAC Alabama. Hyundai, which kept 2008 production steady until late October, began periodic plant shutdowns on October 24 for an announced total of 11 days through year-end, with just 12 operating days in December. Sharp cutbacks in production in November helped the company reduce inventory of the Sonata and Santa Fe despite a steep decline in year-over sales for the month. The plant earned recognition in the *Harbour Report* as the 3rd most efficient U.S. vehicle production plant. Hyundai plans to introduce a 4-cylinder Santa Fe in 2010 and speculation centered on whether the upcoming Portico crossover SUV could be made in Montgomery.

Substantial retail development in Prattville continued in 2008, enhancing the area's regional shopping draw. The first phase of High Point Town Center, where Bass Pro Shops opened in August 2007, saw major retailers JC Penney, Belk, Best Buy, and Publix open in fall 2008. Neighboring Prattville Town Center added stores including Circuit City, Books-A-Million, Ross, and PetSmart. Planning was underway in the fall for The Exchange at Home Place, expected to include Academy Sports and Outdoors, Hobby Lobby, and Kohl's. Prattville was recovering from damage suffered in a February 17 tornado—a new Kmart opened in late October to replace the store destroyed in the storm. Premier Place, which also sustained damage, added several specialty shops. A Tractor Supply Company store opened in Millbrook in late October; the city's Fred's closed earlier in the year. This retail boom has begun paying off for Elmore County and Prattville; sales tax revenues for the city almost doubled in FY2008 compared to the previous year.

Retail growth continued at Montgomery's EastChase, where Old Navy, Circuit City, Bed, Bath & Beyond, Michael's, ULTA, and Dick's Sporting Goods opened in the Market Center. Further EastChase development is focusing on out-parcels and small lots. In August the new owner of the nearly-empty Montgomery Mall

was considering mixed office, dining, education, and retail uses for the structure. Weak sales tax collections, down 7.4 percent through November, had Montgomery County cutting its budget by 10 percent and instituting a hiring freeze. The city of Montgomery was waiting until year-end to take any action, despite a drop of 9.4 percent in sales tax revenues for November.

Downtown Montgomery's leisure and hospitality emphasis benefited from the completion of the 347-room Renaissance Montgomery Hotel & Spa at the city's expanded convention center and the new Performing Arts Centre in February 2008. A Hampton Inn opened in the former Tuskegee Bank building downtown later in the year, adding 88 rooms. September's Navistar LPGA Classic in Prattville and the Buckmasters Expo at the new Renaissance Hotel contributed to area tourism. The Harriott II, a 400-passenger steamboat, began service at Montgomery's Riverwalk in late November. A number of city construction projects were active in the downtown area in 2008—a pedestrian tower on the Riverwalk is scheduled for completion in March 2009; one parking deck should be finished in March and another in June 2009; streetscaping and installation of roundabouts is ongoing; and work progressed on The Alley entertainment district.

Montgomery continued to add living options downtown in 2008 with condo and loft projects including The Lofts at Montgomery Fair, 22 Monroe Condos, Rice Lofts, GrandView at Cottage Hill, and Hilltop Arms; a number of older houses in the downtown were also being renovated as single-family residences. In quality of life improvements, work was scheduled to begin in November on a second section of Prattville's Creekwalk that is part of its downtown revitalization. Prattville was considering a site previously planned for an industrial park for a new recreational sports facility. The addition of a sewer line for Elmore will allow the town to grow; developers are considering a hotel, assisted living facility, and a commercial/office/retail development with walking trails. In Wetumpka work began on an athletic facility that will include new softball fields. Montgomery's YMCA opened its fourth Y's Up personal workout fitness facility at Hampstead in November.

Population growth across the four-county Montgomery metro area was a state-average 0.8 percent with 3,079 new residents in 2007. Most of the gains were in suburban Autauga and Elmore counties; Montgomery County added an estimated 258 people, for a 0.1 percent gain, and Lowndes County lost population. In 2008 both the city of Montgomery and the town of Pike Road continued to annex unincorporated areas. A branch library opened in Pike Road in the summer and, as the city approached 5,000 residents, it was looking toward forming its own school system. Several Montgomery public schools were recognized for their programs during the year—Loveless Academic Magnet Program High School (LAMP) was selected as a top U.S. high school by both *Newsweek* and *U.S. News*. Per capita income rose a below-average 4.1 percent in 2007 to \$34,333 and ranked 3rd. Average wages both across all industries and in manufacturing ranked in the middle of the metro areas.

The Montgomery area's housing market struggled during 2008. Building permits for single-family homes for the first nine months of the year were down 50.4 percent from the same period a year earlier. Permits were issued for only eight multi-family units through September, compared to 722 in 2007. Home sales during the same period of 2008 were 26.1 percent below a year ago; the statewide decline was 21.8 percent. Montgomery was

the only one of Alabama's 11 metros to see a drop in the OFHEO House Price Index between the third quarter of 2007 and the third quarter of 2008; the area's index declined 0.8 percent.

Tuscaloosa

The economic fortunes of the Tuscaloosa metro slid during 2008 as new and expanding auto supplier announcements gave way to extended shutdowns, reduced weekly hours, and finally separations as the Mercedes plant in Vance sought to bring production in line with sagging demand. The University of Alabama provided stability and some economic growth, with a record enrollment of 27,052 students in fall 2008 up 5.8 percent from a year ago and huge football crowds boosting retail and tourism spending. The April 2008 USA Triathlon Collegiate Nationals and Olympic Triathlon Trials also contributed to area tourism. Nonagricultural employment across the three-county metro area rose by about 300 between October 2007 and October 2008. Manufacturing shed 200 jobs and retail employment was down 100, although jobs at general merchandise stores fell by 400. State government and professional and business services were the strongest growth sectors, each adding 500 jobs during the 12-month period. Leisure and hospitality also saw gains, with two-thirds of the 300 new jobs at food service establishments and drinking places. Jobs in healthcare rose by around 200. The area's civilian labor force declined by about 420 workers (-0.4 percent), but a much larger drop in total employment of over 2,000 (-2.1 percent) pushed unemployment from 2.8 percent in October 2007 to 4.4 percent in October 2008, still second-lowest of the state's metros areas.

One new and six expanding companies proposed investments totaling \$64.2 million with around 300 new jobs in 2007. Southern Heat Exchanger planned to construct a facility to replace its existing buildings that could result in an additional 55 employees. The Tuscaloosa area gained an auto supplier, Visteon, which invested \$9.5 million and planned to hire as many as 150 at its Tuscaloosa location in the former Johnson Controls building. A \$14 million expansion at Visteon announced in the fall of 2008 could create 67 jobs when the company relocates equipment as it seeks to expand its customer base. BFGoodrich undertook a \$22 million expansion in 2007 that created 50 jobs. An additional \$13 million investment announced in 2008 will add 12 jobs in 2010 as the Tuscaloosa location expands to become the primary supplier of steel belt material for Michelin in the southeast. Tire production fell victim to weak demand in the fall, with the plant suspending production for two weeks beginning in late September and temporarily laying off 200 employees for eight weeks on November 1.

Stankiewicz International, a new supplier announced in April 2008 that will manufacture acoustical and other components for Mercedes and GM, planned to invest \$16.4 million and create about 180 jobs. The \$675 million refinery expansion at Hunt Refining that was announced in 2006 got off the ground early in 2008 with the award of a \$300 million contract to Birmingham-based BE&K for engineering, construction, and project management services. Expected to be complete in 2010, the project encompasses three major new units: a \$50 million continuous catalytic reformer, a \$200 million hydrocracker, and a \$200 million delayed coker. The expansion that will create about 40 jobs was approved for \$50 million in tax-free Gulf Opportunity Zone bond financing. Gaylord Chemical, in partnership with Hunt, is relocating a dimethyl sulfoxide plant to Tuscaloosa—a \$27 million investment that will create about 27 jobs. Weak demand resulted

in the permanent layoff of 57 employees at Westervelt Company's sawmill in Moundville late in 2008.

Mercedes, which launched the state's auto manufacturing industry with the opening of its Tuscaloosa County plant in 1997 and expanded with a second plant and a doubling of its workforce to 4,000 in 2005, was forced to slow production due to market conditions for the first time in 11 years. In the face of weakening demand, the company imposed a 32-hour work week in early October that eliminated Friday production, extended the usual two-day Thanksgiving break to one week, and announced plans to extend its normal one-week summer shutdown to four weeks in 2009, with employees using vacation or taking time off without pay. In September the plant's temporary workers were told that they would not be retained after December 31. And, in late October, most of the plant's employees were offered voluntary buyout packages that included financial incentives, temporary medical benefits, and help finding a job. With assembly line 1 and paint shop 1 going from two shifts to one at the start of 2009, most employees who take the buyout will leave at the end of 2008. Further cutbacks announced in December include adding two additional days to an already-lengthened holiday break and suspending production for the first two weeks of January 2009. In 2008 through November, sales of the M-Class were up 5.5 percent compared to the first 11 months of 2007, but GL-Class sales were down 9.3 percent, and sales of the R-class crossover, which is being phased out, fell 38.5 percent. Mercedes first hybrid M-Class is expected to be built in Vance in the near future.

Cutbacks at Mercedes have ripple effects across Tuscaloosa's industrial sector as just-in-time suppliers trim their work schedules and output to match Mercedes. The sizeable workforce reductions will likely hike the metro area's unemployment rate significantly at the start of 2009, while reduced hours and wages for employees negatively impact the retail and housing sectors. Retail employment was flat from October 2007 to October 2008. Dillard's closed its Tuscaloosa store in late spring, idling 130. Midtown Village, which opened in October 2007, added specialty retailers and restaurants throughout 2008. A number of clothing stores aimed at the high school and college student population opened both at University Mall and at Midtown during the year. Restaurant choices expanded significantly during the year across Tuscaloosa. Construction progressed on the \$20 million Publix-anchored Capital Market Center on U.S. Hwy. 69 in Taylorville. Other planned development announced in 2008 included a family entertainment center in south Tuscaloosa that will include a bowling alley and possible retail at Riverside Village near downtown Northport.

There was significant new development tied to the growing student body at The University of Alabama and/or to the seasonal influx of football fans, despite the scheduled addition of 960 dorm rooms in fall 2009. Construction was on target for August 2009 occupancy of The Retreat at Lake Tamaha, a resort-style student community with an initial 170 cottage-style multi-tenant units east of the University near Holt. Building was underway in the fall on the \$32 million Houndstooth Condominiums, a 130-unit game-day complex across from Central High School. Property purchases were complete and planning was underway for Sterling Crimson, a gated 312-unit student apartment complex that will revitalize several blocks of blighted land just west of Central High. And planning was ongoing for The Woodlands of Tuscaloosa, a 350-unit apartment complex adjacent to Snow Hinton Park. Construction neared completion on The Chimes, with high-end condos catering to football fans, some with views of the practice field. However, Spectrum Capital postponed work on Dynasty

Park, a \$110 million hotel and condo tower next to Bryant-Denny stadium that will incorporate retail and parking. The University continued to explore a possible purchase of adjoining land currently occupied by Bryce Hospital for expansion.

Tuscaloosa made progress on downtown revitalization projects, with City Hall Annex III opening during the year and construction of an intermodal transportation center and 4-story parking deck and adjoining park scheduled for completion in 2009. Although the site is cleared and \$42 million has been appropriated for a new federal courthouse, failure to gain approval in 2008 for the additional \$25 million needed for the project will delay construction. Plans are on track for a partially-covered, multipurpose 7,000 seat amphitheater on the Riverwalk that should be ready by fall 2010. The city's \$27 million Jerry Plott Water Treatment Plant came online late in 2008. A new \$35.3 million cancer treatment center under construction at DCH Regional Medical Center will almost quadruple the size of the existing center when it opens in spring 2009. Projects at The University of Alabama include a new Capstone College of Nursing building and a science building adjoining Shelby Hall. UA trustees approved an \$80.6 million addition to Bryant-Denny stadium that will bring the number of seats to 101,000.

Population in the Tuscaloosa area increased 1.2 percent in 2007, with the addition of over 2,500 residents; all three counties that comprise the metro saw gains. The market for single-family housing deteriorated significantly during 2008, however, with building permits during the first nine months of the year 39.0 percent below the same period in 2007. The 555 multi-family units permitted was well above the 397 permits issued for single-family dwellings and was down a smaller 24.0 percent from the previous year. Tuscaloosa area homes sold during the first nine months of 2008 were 29.8 percent below a year ago; the state average decline amounted to 21.8 percent. Although the OFHEO House Price Index was up 3.1 percent for third quarter 2008 compared to third quarter 2007, it fell 0.1 percent between the second and third quarters.

A number of school construction projects were completed in 2008, with Tuscaloosa County opening Lake View and Northport elementary schools and Duncanville Middle School. The Tuscaloosa City System completed middle school additions at University Place and Rock Quarry, the new Westlawn Middle School, and a multipurpose building at Northington Elementary. Tuscaloosa County Parks and Recreation opened a new sports complex during 2008. Per capita income for the Tuscaloosa area, including Tuscaloosa, Greene, and Hale counties, rose 4.5 percent to \$32,051 in 2007 and ranked 5th among the metros. Average wages across all industries of \$36,737 was just below the state average. However, manufacturing wages averaging \$53,710 were about \$10,000 above the state's and 3rd highest among the metro areas.