

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. On-going 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 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.