

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.

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.