

Decatur

Although Decatur's above-average manufacturing exposure renders its economy more vulnerable in a recession, the metro entered the jobs recession several months later than the state, with monthly nonagricultural employment staying below year-ago levels since August 2008. A 23.1 percent share in manufacturing contributed to a 5.5 percent drop in nonagricultural jobs between October 2008 and October 2009 that was the highest among Alabama's metro areas. Payroll employment declined by 3,200 to 55,300; goods producing industries shed 2,000 jobs (-11.1 percent) while service providing businesses lost 1,200 (-3.0 percent). Manufacturing's loss of 1,400 workers was evenly divided between durable and nondurable goods producers. On the service-providing side, retail trade saw the steepest decrease of 400 jobs and government dropped 300 workers. Only education and health services added jobs during the year ending in October with an increase of 100. Transportation, warehousing, and utilities; information; and other services were flat.

With about 7,000 more employed residents than nonagricultural jobs, the Decatur metro continues to be a net exporter of workers, many of whom make the drive to nearby Huntsville. The area's labor force contracted by a slightly below-average 3.3 percent in the 12-month period ending in October, while total employment fell by 9.3 percent, the largest decrease of the 11 metros. Unemployment rose from 5.1 percent in October 2008 to 11.0 percent a year later. GDP growth slowed to 3.0 percent in 2008 compared to Alabama's 3.3 percent gain, although for the entire 2001 to 2008 period the value of goods and services produced in the Decatur area climbed a slightly-above average 46.1 percent. Many manufacturers in Decatur produce a high value-added product; goods producing industries accounted for 53.8 percent of output in 2008, with manufacturing alone generating 46.5 percent of area GDP. Manufacturing output climbed 68.9 percent between 2001 and 2008.

Decatur's manufacturing industries were optimistic through much of 2008; total investment of \$696 million among 14 firms earned the metro recognition by Site Selection as the #3 small metro for industry growth. After several plant closings early in 2009, the area's manufacturing sector was relatively stable. Chemical manufacturer BASF closed its Decatur plant at the end of March, idling 115. And the April closing of the Cargill factory cost the metro 107 positions. United Launch Alliance (ULA) had several layoffs as projects wound down during the year. The company saw 16 successful launches in 2009. A \$159.3 million expansion announced in 2008 will add jobs as ULA phases out the smaller Delta II rocket and adds construction of the Atlas V. A \$927.7 million contract award from the Air Force in the fall will help the company combine construction of the Atlas V with its current Delta IV rockets. Other firms, including Emerson Climate in Hartselle, BP Amoco, and Nichols Aluminum reduced employment during the year. Debt service issues forced Solutia to sell its nylon business to SK Capital Partners in the spring, resulting in the renamed Ascend Performance Materials in Decatur.

Expansion at resin producer AlphaPet was expected to create 100 jobs in the fall. In November strengthening demand allowed 3M to resume an expansion of its Decatur optical film plant that had been on hold. Early in the year Monarch Steel was continuing to add equipment to service

Nucor's light gauge steel coils even though Nucor was delaying start-up of its galvanizing plant. Despite losses through the first half of 2009, Nucor began production at the new plant in the summer as the forecast for steel improved. Hexcel, with 2008 investment of \$180 million creating 25 jobs, and Toray Carbon Fibers saw strong demand for their outputs which go into the production of carbon fiber used in the new Boeing jetliner. Bond funding was approved to purchase land on I-65 near Hartselle for a new industrial park.

State funding kept construction of Calhoun Community College's Robotics Technology Park moving forward during 2009, while partnerships with vendors are supplying robots and training equipment. The first phase of the project, which will provide both government and private sector employers with workers specially trained in robotics, was completed in the spring. A second phase is slated for completion early in 2010 and design of a third phase will follow. An expansion project at the community college will help serve a growing number of students.

Decatur's financial sector was challenged in 2009, losing around 200 jobs through October, with BBVA Compass laying off 65 employees by year-end. Both Decatur General and Parkway Medical Center received Tier 1 rankings as providers in the state's hospital services industry. Strategic planning should help Decatur General stem recent operating losses. The area's hotels benefited from sporting events, including soccer, softball, and fishing tournaments, although occupancy suffered due to slumping business travel. Retail additions continued at The Crossings of Decatur where Academy Sports and Outdoors opened in the summer. New tenants have also moved into the renovated Denbo Plaza. However, several auto dealerships closed during 2009 and planned remodeling of Decatur Mall was postponed. Quality of life improvements included work on a Special Needs Accessible Playground in Hartselle, three senior citizen sites in Lawrence County, and Decatur Utilities sewer and water services projects. With the help of a \$22.1 million federal government loan, Hartselle is moving ahead on plans for a new \$40 million high school. Federal stimulus funding is contributing to downtown revitalization in Decatur and Hartselle. The Decatur Downtown Redevelopment Authority launched a campaign to fund an arts center that would be shared by Calhoun Community College and Athens State University.

Population in the Decatur metro area rose a state-average 0.8 percent during 2008, with an estimated 1,130 new residents. Just 48 building permits were reported for single-family homes during the first 10 months of 2009, less than half the number for the same period in 2008. There were no multi-family units permitted through October and just 12 the year before. Planned residential redevelopment of the former Indian Hills Golf Course was put on hold. Home prices measured by the FHFA House Price Index slipped 0.8 percent in third quarter 2009, but were down just 0.2 percent from a year ago. Deposits in FDIC-insured banks increased a modest 1.7 percent for the year that ended June 30. The number of banking institutions was unchanged at 14, although the number of branches fell by two to 46. Above-average gains of 3.3 percent for 2008 per capita income and 3.8 percent for FY2009 median family income earned the Decatur metro a 5th place ranking on both. 2008 average annual wages of \$34,200 were 94.6 percent of the Alabama average.