

Gadsden

Gadsden was the last of Alabama's 11 metros to fall into the recession in terms of jobs, with employment not slipping below year-ago levels until December 2008. The area's slide has also been less steep—500 jobs were lost between October 2008 and October 2009 for a 1.3 percent decline that contrasts with a statewide drop of 4.8 percent. Goods producing industries were responsible for all of these job losses; manufacturing jobs fell by 400 and employment in natural resources, mining, and construction was off by 100. The service providing sector as a whole was flat during the 12-month period, with modest losses of 200 professional and business services jobs and 100 leisure and hospitality positions balanced by the addition of 100 workers in each of transportation, warehousing, and utilities; education and health services; and state and local government.

With a total of 39,665 Gadsden area residents employed in October 2009 versus 37,500 nonagricultural jobs located there, the metro is a net exporter of workers. Cutbacks at nearby Honda and auto supplier plants had an adverse impact on total employment, which fell by 3,046 (-7.1 percent) during the preceding 12 months. The labor force contracted by a much smaller 1,041 people employed or looking for work, jumping unemployment from 5.9 percent in October 2008 to 10.5 percent a year later. Across the entire 2001 to 2008 period, the Gadsden metro's GDP grew at a slower than average pace; an increase of 35.7 percent compares to Alabama's 43.3 percent gain. However, the value of goods and services produced in the area expanded 3.6 percent in 2008 versus 3.3 percent for the state. Gadsden's economy has an above-average emphasis on service providing businesses—64.9 percent of 2008 GDP was generated by this sector for the third highest share among the 11 metro areas.

Manufacturing contributed 12.8 percent of area jobs in October 2009 and 22.3 percent of 2008 GDP, both slightly below the state average. While 2009 saw a modest contraction and no major announcements, work completed and groundwork laid during the year should have Gadsden's manufacturing sector back on track in 2010. Keystone Foods moved into a new location for its poultry processing operations in the fall, with the investment of \$118 million adding 150 jobs. Southern Cold Storage also completed a \$9 million distribution facility to service Keystone employing 40. Federal, state, and local funds are supporting infra-structure development that will four-lane Airport Road and extend utilities to a sizeable tract near Keystone, opening the land for development when completed late in 2010. Goodyear finished a three-year expansion and modernization of its Gadsden plant, adding about 230 workers since the project got underway. Gadsden officials are working on attracting additional Goodyear investment in the plant. However, weak demand for its pre-engineered metal buildings forced Rigid Building Systems to close down its Gadsden plant in June, laying off the remaining 69 employees.

In anticipation of a spurt of activity after the current lull, area developers continued to assess sites and had EDPA's Advantage Site program approve a 31-acre tract in Airport Industrial Park. The former Advance Auto Parts distribution center should have a new tenant in 2010, with details of the lease being worked out late in 2009. Several projects that were put on hold in 2009 could come to fruition as the economy recovers. Attracting second and third tier suppliers

for the VW plant under construction in Chattanooga is a priority. Clean-up continued at the former Gulf States Steel site, with the cost of Phase 2 of the project around \$15 million. Completion of the new Career Technical Center at Gadsden City High School in January 2010 will help provide the skilled workforce required by new and existing industries.

Despite the challenging environment, on balance Gadsden's service businesses held their own in 2009. Retail trade employment was unchanged during the year; the Coosa Town Center location vacated by Goody's was filled by Famous Labels in the summer. However, a planned multi-phase redevelopment of the River Trace Golf Course in East Gadsden fell through late in the year when payments were not delivered. CBS Supply purchased 60 acres of a 675-acre tract near Pleasant Valley Road and I-59 that was bought by Etowah County in 2008 for commercial or industrial development. The company's proposal for an investment of \$200 million over the next three years in a charity electronic bingo development was on hold at year-end while they awaited certification that the planned bingo machines comply with county and Alabama Supreme Court dictates. If the project goes forward, CBS Supply is also obligated to build a first-class hotel and a 3,000-seat entertainment venue.

Healthcare investment continued in 2009 with Gadsden Regional Medical Center finishing a remodeling project in April, following completion of the \$30 million Centennial Tower in October 2008. Social services in the area will benefit from a new building for the county's Department of Human Resources that is scheduled to open in the spring of 2010. And the city of Gadsden awarded a bid for construction of a community center at Banks Park. Population in the metro area rose a slight 0.2 percent to an estimated 103,303 residents in 2008. New residential construction was sharply curtailed during the first 10 months of 2009; the 49 single-family units permitted were down from 84 for the same period in 2008 and no multi-family units were planned. A total of 515 homes were sold through October, a drop of 20.3 percent from 2008. Prices held up, however, with the area's FHFA House Price Index up 0.9 percent in the third quarter of 2009 and a larger 1.1 percent compared to third quarter 2008.

Gadsden was the only metro seeing a decline in bank deposits for the year ending June 30—total deposits in FDIC-insured institutions slipped 1.4 percent. The number of banks doing business in the area rose by one to 12 and branches were unchanged from 2008 at 28. Recently, income has been rising more strongly in Gadsden than in the state. Although 2008 per capita income of \$29,450 ranked ninth among the metros, the annual increase of 3.9 percent ranked fourth. An increase of 4.1 percent in FY2009 median family income also was the fourth highest. At \$32,330, the 2008 average annual wage for all industries amounted to 89.4 percent of the state average.