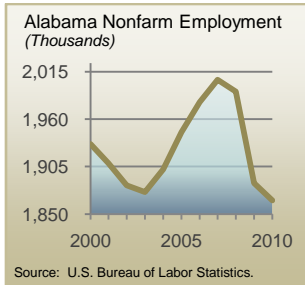


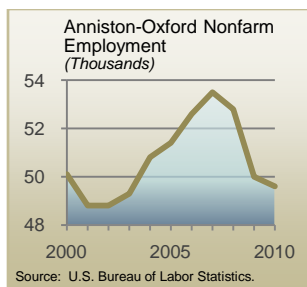
# Alabama Metropolitan Areas



2010 was a year of recovery for Alabama's 11 metropolitan areas as jobs began to rebound and prospects improved. Collectively, the metros shed just 1,100 jobs during the 12 months ending in October, whereas losses for the

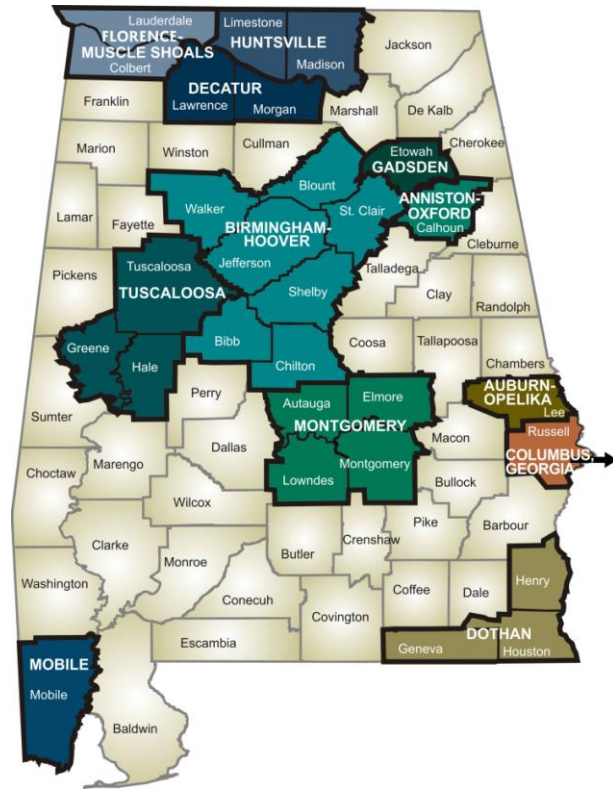
same period a year earlier totaled 50,700. Efforts across the state aimed at putting people back to work are paying off, with both large and small projects coming online. The state's auto manufacturers rebounded, the retail sector stabilized, and healthcare and national defense were growth industries during 2010. Targeted workforce training programs and public/private partnerships for economic and commercial development continue to expand, setting the stage for a future that affords better opportunities for our workers. A focus on quality of life issues helped sustain us during the recession and the many parks, recreation facilities, schools, museums, and other amenities enrich the lives of our residents. 2011 will be a year of forward progress across Alabama's metro areas, with the groundwork laid during the recession driving the future.

## Anniston-Oxford



The Anniston-Oxford economy recovered slightly in 2010 after a difficult 2009, which saw the loss of several hundred jobs in manufacturing. Jobs in Anniston-Oxford increased slightly, with total nonfarm employment at 49,900

in October, a 0.4 percent increase from one year earlier. Job creation only occurred in service providing industries, where employment was up 0.7 percent to 42,600. Goods producing industries lost 100 jobs and employed 7,300 people in October 2010. Manufacturing industries accounted for all of this loss.



Local labor force numbers also showed signs of improvement in 2010. The labor force totaled 53,678 in October, up 2.0 percent in the past year. Total employment of local residents was 48,870, a 4.6 percent increase from October 2009. The increase in employment caused the unemployment rate to recover significantly to 9.0 percent in October 2010, down from 11.2 percent a year earlier.

Despite marked improvement in the area's employment numbers, a few businesses closed or laid off workers during the year. Orion Technology in Anniston and American Firewear in Ohatchee closed, eliminating 96 and 76 jobs, respectively. Also, BAE Systems laid off 100 workers in October. The area's share of total employment in manufacturing was about 12 percent, down slightly from last year as area manufacturers continued to struggle to create local jobs. Government employment was relatively unchanged; it remained the largest sector in Anniston-Oxford, employing 28.1 percent of all workers. Of the 14,000 government workers in the area, 5,600 were federal government employees. Area leaders expect federal government employment at the Anniston Army Depot and related contracts to continue to drive economic development in years to come.

Anniston-Oxford saw little retail development in 2010, with employment remaining at 2009 levels. Piggly Wiggly announced plans for a new store on Quintard Avenue in central Anniston, which the city is supporting through tax rebates. The store will occupy an existing vacant building and will be complete in early 2011.

However, the abundance of vacant commercial space along Quintard is a problem that could worsen when the Eastern Parkway bypass opens in early 2011.

Many expect the Eastern Parkway to help stimulate development at the former Fort McClellan, however. In 2010 development began there again, as the McClellan Development Authority (MDA) sold property to several companies and organizations, its first sales in two years. There are plans for a 235-unit retirement community at McClellan and, among others, Alagasco and a musical instrument wholesale dealer will be moving in. The MDA also has plans to develop an industrial area and a research and technology park, with hopes to start work in 2011, though funding for the \$6.9 million project remains uncertain. Other developments included the announcement by the Alabama Department of Human Resources that they will be moving to the revitalized brownfield property near downtown known as the Chalk Line, with construction to begin in 2011. The 11-story Watermark Tower downtown renovated its first three floors and attracted two tenants, with renovations to come on other floors as they are leased. Plans for a new municipal justice center in downtown Anniston were also announced.

Spending on parks and recreation was prominent in the Anniston-Oxford metro; area leaders and groups expect such projects to contribute to both economic development and quality of life for local residents. An initial 2-mile segment of the Coldwater Mountain bicycle trail near Coldwater Spring was complete by the end of the year, with plans for an additional 48 miles of trails connecting to it. Similarly, the cities of Jacksonville and Anniston are considering connecting their downtown areas to the Chief Ladiga Trail, which ultimately leads to Atlanta, to further solidify the area's reputation as a destination for cycling. The City of Oxford's sports complex was to begin construction again in January 2011, after discovery of ancient human remains stopped the project. The City of Anniston began renovation of a gym at the former Fort McClellan and construction of an adjacent aquatics center and sports complex; Anniston remained the highest per capita spender on parks and recreation of any city in Alabama.

The local housing market struggled to recover from its recessionary fall, in keeping with most housing markets around the state and the nation. There were 66 single-family permits issued and 8 permitted multi-family units in the area through October 2010, a drop of 21 and 44 units, respectively, from 2009.

## Nonfarm Employment

### Total

|                                | October<br>2010 | Change from<br>October 2009 |         |
|--------------------------------|-----------------|-----------------------------|---------|
|                                |                 | Number                      | Percent |
| <b>Alabama</b>                 | 1,875,200       | 3,000                       | 0.2     |
| Anniston-Oxford                | 49,900          | 200                         | 0.4     |
| Auburn-Opelika                 | 53,000          | 200                         | 0.4     |
| Birmingham-Hoover              | 485,600         | -4,100                      | -0.8    |
| Decatur                        | 53,600          | -100                        | -0.2    |
| Dothan                         | 57,500          | -500                        | -0.9    |
| Florence-Muscle Shoals         | 55,100          | 400                         | 0.7     |
| Gadsden                        | 35,300          | 100                         | 0.3     |
| Huntsville                     | 210,700         | 2,100                       | 1.0     |
| Mobile                         | 171,300         | -1,200                      | -0.7    |
| Montgomery                     | 167,100         | -2,200                      | -1.3    |
| Tuscaloosa                     | 94,500          | 1,000                       | 1.1     |
| Net Jobs in Metropolitan Areas |                 | -1,100                      |         |
| Net Jobs in Nonmetro Counties  |                 | 4,100                       |         |

Note: Nonfarm employment (jobs) is by place of work.

Source: Alabama Department of Industrial Relations.

### Manufacturing

|                        | October<br>2010 | Change from<br>October 2009 | Percent of<br>Area Jobs |
|------------------------|-----------------|-----------------------------|-------------------------|
| <b>Alabama</b>         | 240,000         | -400                        | 12.8                    |
| Anniston-Oxford        | 6,000           | -100                        | 12.0                    |
| Auburn-Opelika         | 5,600           | 100                         | 10.6                    |
| Birmingham-Hoover      | 34,600          | -900                        | 7.1                     |
| Decatur                | 12,100          | 0                           | 22.6                    |
| Dothan                 | 5,600           | -100                        | 9.7                     |
| Florence-Muscle Shoals | 7,000           | 0                           | 12.7                    |
| Gadsden                | 4,600           | 0                           | 13.0                    |
| Huntsville             | 26,600          | -500                        | 12.6                    |
| Mobile                 | 14,500          | 0                           | 8.5                     |
| Montgomery             | 16,900          | -100                        | 10.1                    |
| Tuscaloosa             | 13,300          | -100                        | 14.1                    |

Source: Alabama Department of Industrial Relations.

### Services

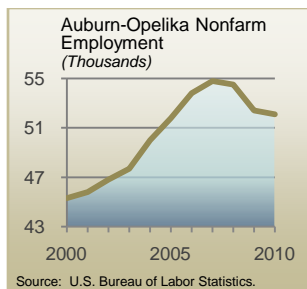
|                        | October<br>2010 | Change from October 2009 |                              |                           |                            |
|------------------------|-----------------|--------------------------|------------------------------|---------------------------|----------------------------|
|                        |                 | Total                    | Professional<br>and Business | Educational<br>and Health | Leisure and<br>Hospitality |
| <b>Alabama</b>         | 668,700         | 4,400                    | -1,000                       | 2,900                     | 1,100                      |
| Anniston-Oxford        | 17,100          | 300                      | 100                          | 0                         | 100                        |
| Auburn-Opelika         | 16,000          | 100                      | -100                         | -100                      | 100                        |
| Birmingham-Hoover      | 188,300         | -300                     | 100                          | 100                       | -400                       |
| Decatur                | 17,300          | 0                        | 0                            | 100                       | -100                       |
| Dothan                 | 20,300          | 0                        | -100                         | 100                       | 0                          |
| Florence-Muscle Shoals | 19,100          | 200                      | 0                            | 100                       | 0                          |
| Gadsden                | 15,300          | 100                      | 0                            | 100                       | 0                          |
| Huntsville             | 89,400          | -800                     | -1,300                       | 400                       | 0                          |
| Mobile                 | 68,100          | -400                     | -800                         | 200                       | 200                        |
| Montgomery             | 60,200          | 500                      | 200                          | 100                       | 100                        |
| Tuscaloosa             | 27,400          | 400                      | 0                            | 100                       | 200                        |

Source: Alabama Department of Industrial Relations.

Similarly, the FHFA housing index fell 3.5 percent between the third quarter of 2009 and third quarter 2010. However, total home sales in the area, which were likely boosted by the housing tax credit, rose to 817, a 10 percent increase from 2009.

Median family income in Anniston-Oxford was \$50,900 in fiscal year 2010, below the state median and down 0.2 percent from 2009. This was not an encouraging sign, as median family incomes for the state as a whole increased. Per capita income was among the lowest in the state in 2009 at \$31,809, a 1.2 percent drop from the previous year. The banking sector saw mixed results, as total deposits increased 1.3 percent between June 2009 and June 2010, but the area lost two banks and three branches during the same period. Anniston-Oxford had a total of nine banks and 33 branches in June 2010.

### Auburn-Opelika



High levels of government employment in the Auburn-Opelika area contributed to a relatively stable economy in 2010, and employment improved slightly in some industry sectors while remaining unchanged in most others. Several

smaller manufacturing developments in Auburn-Opelika coincided with the opening of the Kia plant in nearby West Point, Ga. This pushed the unemployment rate down to 7.6 percent in October, the second lowest of any metro in the state.

The employment picture for the area improved in 2010 and was good overall. There were a total of 53,000 nonfarm jobs in Auburn-Opelika in October 2010, an increase of 0.4 percent from one year earlier. Goods producing and service providing industries each saw a net increase of 100 jobs over the past year, with the increase in goods producing industries coming in manufacturing. Notably, 33.2 percent of the area's jobs were in government, the majority of these at Auburn University and the metro's public school systems.

Despite modest job creation numbers in the Auburn-Opelika metro itself, the local labor force improved its situation significantly in 2010. Total employment of area residents was 60,574 in October, a 5.0 percent increase from a year earlier, and the unemployment rate fell 1.3 percentage points to 7.6 percent. The labor force saw an increase of 3.5 percent, reaching 65,528 in October.

Manufacturing accounted for 10.6 percent of total employment in Auburn-Opelika in 2010, which was slightly lower than the state average. However, the metro has regularly seen new developments in manufacturing, as the industry continues to change,

local governments offer numerous incentives, and large developments nearby encourage suppliers to locate in the area. The most significant of these nearby developments was the Kia plant in West Point, Ga., which opened at the end of 2009 and currently employs about 2,500. As a result, auto suppliers in Auburn-Opelika continue to grow. An auto industry supplier, Pyongsan, announced it will invest \$5 million in its existing Auburn facility and add 100 jobs there. Hoerbiger Automotive Comfort Systems and CNJ Tech also added 25 jobs each at their Auburn facilities. Other expanding local companies included Capitol Cups, CSP Technologies, and Capitol Plastic Products.

New companies moved into the metro during 2010, bringing significant amounts of investment and numerous jobs to the area. The largest operation to announce a move to Auburn was GE Aviation, which will create a new environmental coatings facility for the aerospace industry, expected to employ 300 to 400 people. Tube Technology Systems, a Volkswagen supplier, entered into a partnership agreement with Aluminum Technology Schmid, an existing Auburn company, to move to the area. Viper Motorcycles, a specialty motorcycle manufacturer, is also moving its operations to Auburn, creating 100 jobs over the next two years. Many of these new and existing companies are located at the Auburn Technology Park on the southwest side of the city. With the park continuing to grow, ALDOT began construction on a new interchange adjacent to it, at I-85 and Beehive Road.

The presence of Auburn University (AU) in the metro area has been a stabilizing force throughout the recession. AU's enrollment grew slightly to 25,078 in 2010, and it employs nearly 5,000 full-time workers, as well as thousands of part-time and student workers. Thus, it provides a stable source of income to stimulate consumer spending in the area. It also generally provides a continuing stream of construction projects for local companies and workers. 2010 was no different, as the new 9,600-seat Auburn Arena was completed, and the second phase of the Shelby Center for Engineering Technology neared completion on campus. A new building housing the Office of Information Technology is expected to be finished in 2011. Development continued at the Auburn Research Park, which saw the addition of a new MRI imaging center, one of only 28 in the world with 7-Tesla capability. The center's state-of-the-art capabilities will be useful for research as well as medical diagnostics, and will be used by tenants including East Alabama Medical Center, the U.S. Army Aeromedical Research Lab, and departments at Auburn University.

The retail market remained dynamic, with the opening of many new smaller establishments, and a few larger ones. Notable among the larger ones was the area's first Publix store, located in a new development in south Auburn, and the area's first Earth Fare, a natural and organic supermarket in a previously vacant retail space. Several new restaurants and bars opened in

Auburn-Opelika in 2010, and leisure and hospitality employment remained strong. A total of 100 new jobs were added in leisure and hospitality, which accounted for 11.9 percent of area employment, compared to 9.2 percent for the state.

In the eastern end of the county, the new Smiths Station High School was completed in anticipation of continued growth, due in part to the expansion of Fort Benning in nearby Columbus, Ga. The city of Auburn was recognized by *Forbes* as the 6th best small metro area for business and careers. The area continued to plan for its future, as Lee County became one of the few counties in Alabama to create a master plan. Knology, a cable company, began serving parts of Auburn, and Opelika citizens voted to allow Opelika Light & Power to construct a fiber optic network and smart grid in the city, which it will initially use to provide cable and internet to the city's residents.

The Auburn-Opelika area was the second fastest-growing metro in the state; its population increased 2.1 percent during the year to 135,883. Despite its population growth, housing market indicators were mixed. Housing market activity remained relatively steady, but prices struggled to recover, along with much of the state and the nation. The third quarter 2010 FHFA House Price Index for Auburn-Opelika fell 2.4 percent over the previous year. Single-family construction permits for the period of January to October 2010 totaled 558, an increase of 12 permits from 2009, but multi-family units permitted fell by 255 to 348. Total home sales for the same period in 2010 declined slightly to 847, down from 886 one year earlier.

The number of banks and branches in Auburn-Opelika was unchanged, and total deposits rose 0.9 percent between June 2009 and June 2010. Median family income in Auburn-Opelika remained well above the state median in 2010, rising 1.8 percent to \$61,000 from fiscal year 2009. Despite the area's families being relatively affluent, the high proportion of college students in the area and the relatively low labor force participation rate pushed per capita income downward in 2010. It remained the lowest among the state's metros, falling 1.8 percent to \$27,259.

## Labor Force

### Civilian Labor Force

|                        | October 2010 | Change from October 2009 |         |
|------------------------|--------------|--------------------------|---------|
|                        |              | Number                   | Percent |
| <b>Alabama</b>         | 2,140,112    | 52,568                   | 2.5     |
| Anniston-Oxford        | 53,678       | 1,075                    | 2.0     |
| Auburn-Opelika         | 65,528       | 2,209                    | 3.5     |
| Birmingham-Hoover      | 516,560      | 10,821                   | 2.1     |
| Decatur                | 71,663       | 1,872                    | 2.7     |
| Dothan                 | 64,046       | 1,744                    | 2.8     |
| Florence-Muscle Shoals | 68,721       | 1,495                    | 2.2     |
| Gadsden                | 44,430       | 1,104                    | 2.5     |
| Huntsville             | 210,249      | 8,900                    | 4.4     |
| Mobile                 | 184,103      | 4,144                    | 2.3     |
| Montgomery             | 168,450      | 3,427                    | 2.1     |
| Tuscaloosa             | 99,444       | 3,540                    | 3.7     |

Source: Alabama Department of Industrial Relations.

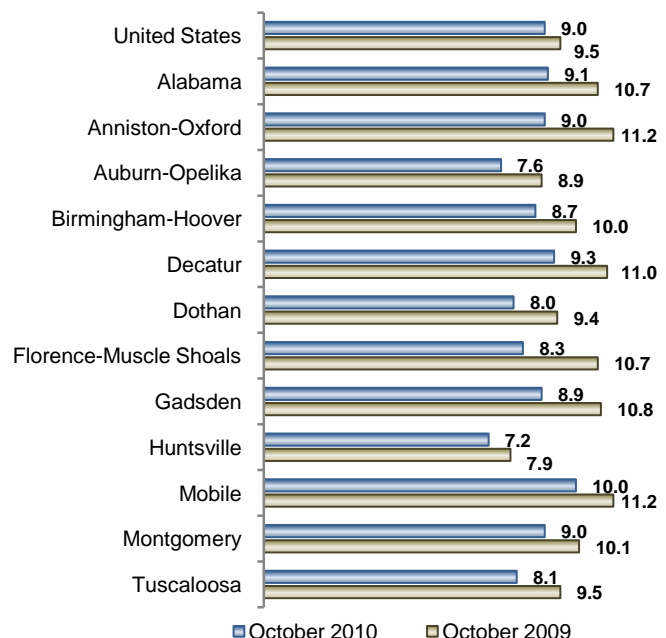
### Total Employment

|                        | October 2010 | Change from October 2009 |         |
|------------------------|--------------|--------------------------|---------|
|                        |              | Number                   | Percent |
| <b>Alabama</b>         | 1,945,852    | 82,430                   | 4.4     |
| Anniston-Oxford        | 48,870       | 2,167                    | 4.6     |
| Auburn-Opelika         | 60,574       | 2,873                    | 5.0     |
| Birmingham-Hoover      | 471,382      | 16,378                   | 3.6     |
| Decatur                | 65,013       | 2,911                    | 4.7     |
| Dothan                 | 58,898       | 2,483                    | 4.4     |
| Florence-Muscle Shoals | 62,996       | 2,934                    | 4.9     |
| Gadsden                | 40,459       | 1,823                    | 4.7     |
| Huntsville             | 195,203      | 9,846                    | 5.3     |
| Mobile                 | 165,668      | 5,900                    | 3.7     |
| Montgomery             | 153,221      | 4,876                    | 3.3     |
| Tuscaloosa             | 91,405       | 4,606                    | 5.3     |

Source: Alabama Department of Industrial Relations.

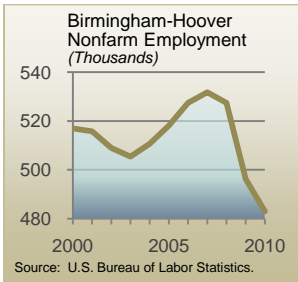
### Unemployment Rate

October 2010 versus October 2009



Source: Alabama Department of Industrial Relations.

## Birmingham-Hoover



Developments completed and initiated in 2010 brought a sense of positive momentum to the Birmingham-Hoover metro area. The economy of the seven-county region began to stabilize during the year as job losses slowed—

while an average of 483,000 jobs for the first 10 months of 2010 was 2.7 percent below the 2009 average, the loss was moderate compared to a 5.9 percent decline from 2008 to 2009. The October 2010 total of 485,600 jobs was just 0.8 percent below October 2009. With the number of employed residents increasing 3.6 percent during this time and the labor force growing more slowly, October 2010's 8.7 percent unemployment was down from 10.0 percent a year ago. The government sector, retail trade, and healthcare have been sources of strength in recent months. An overall feeling of optimism comes from the combination of major projects ongoing or getting underway in 2011, significant quality of life improvements that are being realized, and a spirit of cooperation highlighted by public/private partnerships.

While manufacturing was the foundation for early Birmingham development, it now accounts for just 7.1 percent of employment across the metro area. 2010 was a difficult year for the iron pipe industry as municipal project demand for pipe shrank. McWane idled 117 workers at its pipe plant in May and began to diversify into producing poles for utilities. ACIPCO, which planned to create 30 jobs in a joint venture with Vulcan Painters to coat pipes onsite, laid off around 140 in the fall. And 244 jobs were lost when U.S. Pipe closed its north Birmingham plant. Early in 2010, Liberty Coating announced a \$5 million pipe coating plant in Bessemer that will create 80 jobs. A new metals lab at the University of Alabama at Birmingham (UAB) will provide research and development support to help the area maintain a competitive iron and steel industry.

Auto suppliers fared better—Gestamp Alabama undertook a \$28 million expansion of its McCalla plant that will add more than 30 jobs and a \$310 million expansion by auto parts stamper Kamtek could create 400 jobs. Two Pell City suppliers, Eissman Automotive and Oerlikon Balzers Coating, are also expanding. In Walker County, Amtex is investing \$12.8 million to finish a Jasper building and hire 60 to provide carpeting and trim for the Toyota Corolla. Korean steelmaker Posco's \$19 million McCalla plant is supplying cut steel to southeastern automakers. In other developments, Griffin Wheel's reopening of its Bessemer plant could create 160 jobs. Tampa-based Walter Energy's \$3.3 billion acquisition of Canadian coal producer Western

Coal will help it meet demand, but could jeopardize the planned move of its headquarters and 80 jobs to the Riverchase Galleria.

Service providing industries account for over 85 percent of jobs in the Birmingham-Hoover metro. The sizeable healthcare sector continued to expand into new facilities: UAB Hospital completed its \$164 million Women and Infants Center, which also houses the new Hazelrig-Salter Radiation Oncology Center, while work began on the \$450 million Benjamin Russell Hospital for Children. Brookwood Medical Center, which will open a Joslin Diabetes Clinic early in 2011, broke ground on its \$65 million Women's Medical Center; a three-year project to expand and renovate Princeton Baptist Medical Center also got underway at midyear. Work progressed on St. Vincent's St. Clair, a 40-bed hospital set to open in 2011. Trinity Medical Center received state approval and support from the city of Birmingham for its proposed move to the unfinished former HealthSouth Hospital on U.S. 280, but faces legal challenges from Brookwood Medical Center and St. Vincent's Health System. Trinity's relocation would bring a new healthcare professional component to the U.S. 280 corridor and developer Daniel Corp. plans to add sizeable medical office space, a hotel, and retail at the Grandview campus. On the flip side, prospects were being considered for the Montclair property that would be vacated in the move. At year-end, UAB Medical West, St. Vincent's, Brookwood, and Baptist Health System were all vying to establish free-standing emergency departments in Hoover.

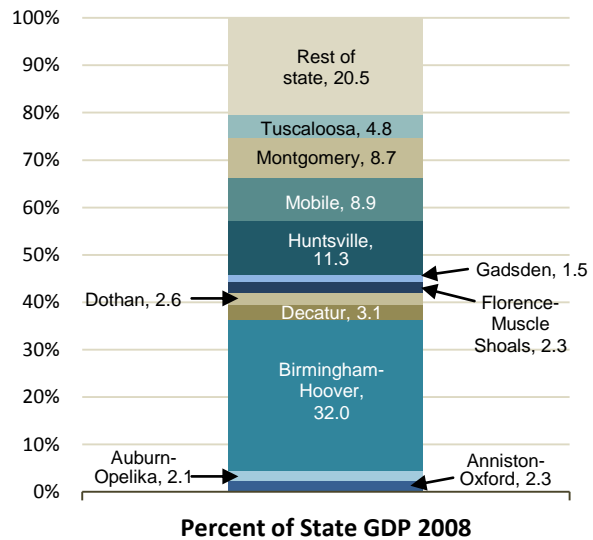
Funding for medical research, centered on UAB's School of Medicine, got a boost from the American Recovery and Reinvestment Act in 2009 to reach a record \$485 million, including over \$270 million from the National Institutes of Health. Work continued to be performed on these multi-year grants during 2010 and funding for new research initiatives was received during the year. Industry projections for gains in clinical laboratory jobs through 2018 should keep Birmingham's health research cluster on the expansion track. Southern Research Institute (SRI) continued to grow as a leader in biomedical research and development, investing \$20 million in facilities and research staff. SRI will be able to expand its bioanalytical capabilities and clinical trials support due to its acquisition of the bioanalytical lab assets and personnel of BioCryst Pharmaceuticals, which moved its headquarters from Birmingham to North Carolina during the year. SurModics Pharmaceuticals opened a new drug development and manufacturing facility in the former Saks/Parisian Oxmoor Valley headquarters. Nutech Medical's purchase of the former McCrory Construction headquarters positions the company for possible future expansion. Birmingham's Innovation Depot, a key player along with UAB in the area's innovation culture, is investing \$1 million to finish out its facility. The city's Urban Business Incubator is also expanding to meet demand for space.

The Birmingham-Hoover metro's role as a center for transportation and distribution saw major plans come together late in 2010. Norfolk Southern Corporation received federal approval to begin construction of its \$97.5 million Birmingham Regional Intermodal Facility in McCalla, partially funded by a stimulus grant as part of the national initiative to expand freight capacity. The hub is expected to spur demand by companies for nearby distribution space. Dollar General should create around 650 jobs with a \$60 million distribution center announced for USS Real Estate land at Lakeshore Parkway and Alabama 150 in Bessemer. Home Depot added 100 jobs at its JeffMet McCalla distribution center. Improvements getting underway at Birmingham's Shuttlesworth International Airport will increase air cargo capacity, positioning the metro area as a leading southeastern distribution hub. The planned \$193 million in airport construction will provide an open ticketing area with bag screening behind the counter and a centralized security checkpoint as well as more shops and eateries. An access road to the former Stockham Valves & Fittings site near the airport will open it up for Tube Dogs and Bond Carriers to locate their distribution businesses.

Results were mixed in other areas of the service sector. About 430 jobs were lost when Sitel shuttered its Birmingham call center in August. CVS closed its Caremark mail order pharmacy in October, costing 369 jobs. As land line business shrank, AT&T cut around 100 Birmingham area customer service jobs, while Homewood's Sunguard Business Systems laid off 122 at year-end. However, 134 employees out of work when URS Corp. closed its local office in the spring were being absorbed by Enercon and Sain Engineering Associates. Advertising and PR agency Intermark Group added around 50 to its workforce over the last year. Software developer DAXKO planned to expand with the addition of about 50 jobs. Alabama Aircraft Industries, which furloughed 300 workers during the year, is hoping to rebound with work on an Air Force aircraft maintenance contract. The area's financial activities sector was relatively stable in 2010, with Wells Fargo adding about 250 jobs across the state as it replaced the Wachovia name. Deposits at FDIC-insured institutions rose a modest 0.4 percent during the year ending June 30, 2010 and, at \$27.84 billion, accounted for 33.9 percent of all Alabama deposits. Birmingham's Sterne Agee Group, one of the largest brokerage and investment banks not on Wall Street, continued to expand in 2010, acquiring two California firms in December.

With few closings and several large developments, 2010 was a much better year for Birmingham-Hoover's substantial retail sector. Recently-released data from the 2007 Economic Census of Retail Trade have the metro area's sales per capita at \$14,266—115 percent of the statewide average. The Shops of Grand River opened off I-20 in Leeds with 54 outlet stores and around 650 employees in late October—this first

## Gross Domestic Product



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

phase will accommodate about 65 stores and restaurants, while a planned second phase of the \$127 million project should take the total to 120. An \$11 million Hampton Inn also opened nearby. Grand River developers Daniel Corp., USS Real Estate, and Retirement Systems of Alabama plan to start on more conventional retail development in 2011, with offices and thousands of homes to follow. Hoover's The Grove, which opened with SuperTarget in the fall of 2009, added Kohl's with around 150 employees in September and restaurant Beef 'O' Brady's; a Lowe's will see completion in 2011. Pelham saw the opening of Stacks Furniture Outlet in the fall; however, property once touted as the future Hayes Marketplace was put back on the market. Local developer and car dealer Anthony Underwood, who purchased the nearly vacant Watermark Place in Bessemer, was exploring creative options for its redevelopment. A Lowe's opening in Graysville will be the first major new retail property along the future I-22 corridor as Bayer Properties studies retail potential in Walker County.

Established shopping centers saw changes in their store line-ups. The Summit added Jos. A. Bank, jewelry company Pandora, and a Fidelity Investments retail location, while Swoozie's reopened. Gus Mayer will move from its long-time location in Colonial Brookwood Village to the Summit in 2011. Riverchase Galleria added The Limited, Wet Seal, and Finish Line during the fall, while Buy Buy Baby opened at Patton Creek. Colonial Brookwood Village gained approval for a plan that would add a new office building with ground floor retail to its western end as well as a big box retail site. With financial difficulties at AIG forcing the Vestavia Hills City Center into bankruptcy, the city was studying approaches to revive and market its U.S. 31 retail corridor. Approval of a redesigned Chick-fil-A for the former Ruby Tuesday in Birmingham's Five Points South is expected to add to revitalization of the area.

Redevelopment during 2010 included completion of The Hollywood at Hollywood Boulevard and U.S. 280, transformation of the former Montclair Road Bruno's into climate-controlled storage, Books-A-Million's move into a vacant Goody's in Hoover, and planned construction of Olive Garden and Red Lobster at the site of Trussville's former Circuit City. Big Lots opened in Brook Highland and Pelham. 2011 retail development is expected to focus largely on redevelopment and infill, with the possible exception of new grocery stores. Publix opened in Calera in 2010 and new Publix stores are expected in Chelsea and Gardendale during 2011.

Development of both urban and suburban mixed-use and loft/retail projects continued during 2010. Completion of the \$35 million Cityville Block 121 brought 255 apartment units online and put the downtown Birmingham residential community over the goal of 4,000 residents. An Atlanta real estate investor acquired the redeveloped City Federal building, with plans to improve common areas and relaunch marketing efforts for the available 28 of 84 condo units. Mountain Brook's Lane Park will now have a smaller boutique hotel. The second phase of Homewood's Hallman Hill moved forward as 122 upscale rental units and no retail. Permits were issued for the \$25 million Parc at Grandview luxury apartment complex on U.S. 280 across from the planned Trinity Medical Center site. Shelby County's The Lofts at Edenton are bringing loft living to the U.S. 280 corridor.

Downtown Birmingham office development and redevelopment is also ongoing. Plans progressed for Bayer Properties \$57 million renovation of the Pizitz Building that will offer nine floors of office space and ground floor retail and is expected to be a catalyst for revitalization of nearby buildings. However, financing delays forced a local law firm to cancel its planned relocation, leaving KPS Group, Bayer Properties, and V Richards as committed tenants. Corporate Realty Development has a contract to purchase the former Liberty National headquarters and plans to build an office tower of around 12 stories on the site. West Second Street Association planned to buy the former Regions Financial headquarters and redevelop it as government offices. Federal agency needs are spurring demand for downtown office space. With a \$42.5 million renovation of the Robert S. Vance Federal Building and U.S. Courthouse getting underway, the federal government leased space in the downtown Financial Center to temporarily relocate some employees. The U.S. Treasury is adding to the growing federal presence downtown with the relocation of its Homewood operations to a new building, while the U.S. Department of Labor and the Bureau of Mines are looking for space.

Projects that contribute to the quality of life and vibrancy of Birmingham area communities are a significant component of the accomplishments in 2010 and the hope for 2011. Railroad Park became a reality

as it opened to the public in mid-September with almost 20 acres of trails, lakes, and facilities and is expected to be a catalyst for downtown Birmingham development. The Birmingham Barons AA minor league team signed a tentative agreement to move to a \$48 million baseball stadium proposed for the site and the city stands ready to provide assistance for private development along the Park boundaries. Expansion planned for the city's Intermodal Transportation Center will also be a positive for the downtown area. A \$4 million transformation of the Terrace Court apartments in Five Points South could boost retail growth nearby. With Railroad Park a reality, the Community Foundation opened a nature center at Ruffner Mountain Park and turned its attention to raising money to complete trails at Red Mountain Park. The Birmingham Zoo's \$12.5 million Trails of Africa exhibit is set to open this spring. Sporting events, including the Regions-sponsored Champions Tour golf tournament, the USTA Federation Cup women's semifinal match, the IndyCar series inaugural IRL Grand Prix of Alabama, and the annual Magic City Classic, generated significant tourism revenue.

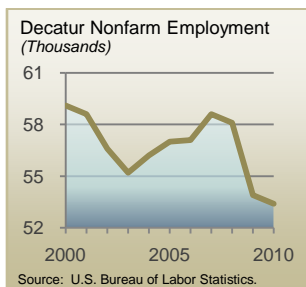
Development spread out across the metro area—the YWCA was investing \$11 million to spur revival in the Woodlawn area, while the Titusville community is getting a new residential neighborhood through the New Start Neighborhood Revitalization partnership with the city of Birmingham. Gateway Park links Tuxedo Terrace to Ensley's parks, schools, and library. The \$46 million Birmingham-backed Fair Park Redevelopment project at Five Points West in Ensley, with ongoing construction of an Olympic-size swimming pool and indoor track facility, is intended to spur private retail, commercial, and housing development in the area. The Alabama High School Athletic Association has plans to use the track and the addition of a warm-up pool is being considered to increase competitive use of the larger pool. Both Bessemer and Gardendale opened new high school facilities during the past year. However, the fate of Birmingham's proposed domed stadium and, with the development company pulling out, the planned Westin Hotel and entertainment district nearby are left to be decided in 2011.

Under the auspices of the Birmingham Business Alliance, planning took on an area-wide focus during 2010. *Blueprint Birmingham*, a study commissioned by the group to look at factors that affect economic development, places emphasis on education at all levels and encourages growth at UAB in support of a culture of innovation. 2009 wages and FY2010 median family income in the Birmingham-Hoover area both ranked second among the state's 11 metros in 2009, while per capita income ranked first. Population across the seven-county region grew a state-average 0.7 percent from 2008 to 2009 to an estimated 1,131,070. Infrastructure development to serve future needs progressed in 2010 with the \$168.8 million project to construct the I-65/I-22 interchange launched in August.

Planning is ongoing for the Northern Beltline project that will increase traffic capacity and encourage development in north Birmingham.

Although the metro area's larger builders are expected to see more activity in 2011, smaller commercial and residential builders are likely to remain challenged. At 8,544 the number of homes sold for the first 10 months of 2010 was 6.3 percent below the same period a year earlier. Building permits for single-family homes totaled 1,364, but were 7.7 percent lower than last year. Only 38 multi-family units were permitted through October, a drop of almost 62 percent compared to a year ago. While third quarter 2010 house prices as measured by the FHFA House Price Index were 2.7 percent below third quarter 2009, an increase of 0.7 percent from the second to the third quarter could be an encouraging sign.

### Decatur



Because of its late entrance into the recession, Decatur was still in the midst of dealing with its effects during the past year. Monthly nonfarm employment hit its lowest point in January 2010, but has since been making slow and steady gains. Manufacturing's

22.6 percent employment share remained constant over the last year. Decatur was one of the only metro areas that did not lose jobs in this sector. Total payroll employment declined by 100 to 53,600; goods producing industries shed 100 jobs, while service providing industries as a whole remained level. In the service providing sector, 100 jobs were lost in leisure and hospitality, and another 100 in state and local government combined. These losses were evenly countered by gains of 100 jobs in trade, transportation, warehousing, and utilities, and 100 in educational and health services.

With about 11,400 more employed residents than nonfarm 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 expanded by 2.7 percent in the 12-month period ending in October, while total employment grew by an above-average 4.7 percent. Unemployment fell from 11.0 percent in October of 2009 to 9.3 percent a year later.

Though manufacturing employment remained flat for the year, area industries were actively making up-grades and bringing in grant money. In the beginning of the year, Nucor's galvanized steel for the automotive and appliance industries was in such high demand that the plant had to operate 24 hours a day and add a

## Income and Wages

### Per Capita Income 2009

|                        | Per Capita Income | Percent Change from 2008 |
|------------------------|-------------------|--------------------------|
| United States          | \$39,626          | -2.6                     |
| Alabama                | 33,360            | -1.6                     |
| Anniston-Oxford        | 31,809            | -1.2                     |
| Auburn-Opelika         | 27,259            | -1.8                     |
| Birmingham-Hoover      | 38,468            | -3.6                     |
| Decatur                | 31,668            | -2.5                     |
| Dothan                 | 33,097            | -0.8                     |
| Florence-Muscle Shoals | 30,446            | 0.0                      |
| Gadsden                | 29,869            | -0.3                     |
| Huntsville             | 38,090            | -0.4                     |
| Mobile                 | 30,468            | -0.3                     |
| Montgomery             | 35,973            | -0.4                     |
| Tuscaloosa             | 32,926            | -2.0                     |

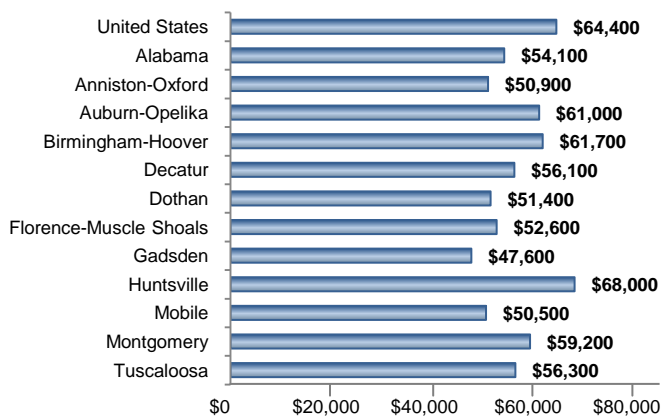
Source: U.S. Bureau of Economic Analysis.

### Average Annual Wage 2009 All Industries

|                        | Average Wage | Percent of State |
|------------------------|--------------|------------------|
| United States          | \$43,460     | 115.9            |
| Alabama                | 37,500       | 100.0            |
| Anniston-Oxford        | 34,610       | 92.3             |
| Auburn-Opelika         | 36,440       | 97.2             |
| Birmingham-Hoover      | 40,060       | 106.8            |
| Decatur                | 35,440       | 94.5             |
| Dothan                 | 34,190       | 91.2             |
| Florence-Muscle Shoals | 32,670       | 87.1             |
| Gadsden                | 33,080       | 88.2             |
| Huntsville             | 46,220       | 123.3            |
| Mobile                 | 36,850       | 98.3             |
| Montgomery             | 37,330       | 99.5             |
| Tuscaloosa             | 36,430       | 97.1             |

Source: U.S. Bureau of Labor Statistics, Division of Occupational Employment Statistics, May 2009.

### Median Family Income FY2010



Note: Chilton and Walker counties are not included in the estimate for the Birmingham-Hoover metro and Henry County is not included in the Dothan MSA estimate. Methodology was changed in FY2007 to more fully utilize ACS data and estimates cannot be compared with prior years.

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

third crew. Nucor and ConAgra Foods are going to pursue improvement projects worth an estimated \$80 million. DeBruce Grain bought Decatur's Cargill facility and its port for \$10.3 million in July. BP Amoco borrowed \$100 million in tax-exempt funds to expand its capacity for making terephthalic acid which it sells to AlphaPET. AlphaPET, which employs 106 people, opened their second line for resin production in June and proposed a \$12 million expansion the following month.

The Decatur Industrial Development Board conveyed the Mallard-Fox Creek Industrial Park plant site back to NEO Industries. After its recent quality system upgrade, Micor Industries contracted through 2012 to provide parts for defense contractors Alliant Techsystems and FN Manufacturing. GE is investing \$43 million more into upgrading the hydro-fluorocarbon foam insulation with cyclopentane insulation which will reduce greenhouse emissions at its Decatur refrigerator manufacturing plant by 90 percent.

Phase One of the Alabama Robotics Technology Park was completed in September, opening the Robotics Maintenance Training Center. Development of the Center was supported by 16 robotics companies contributing almost \$45 million. Joint efforts of Calhoun Community College, Athens State University and the Limestone and Morgan County commissions brought the project from idea to reality in just over four years.

United Launch Alliance (ULA) was awarded a \$6.7 million grant by NASA to develop an Emergency Detection System for safe human-rated launch vehicles. This work is an addition to already-massive efforts on its Atlas V and Delta IV rockets by the 680-employee plant. All eight ULA launches were successful in 2010, as the company celebrated 50 years of Delta Program launches. New launch contracts awarded in 2010 have ULA continuing to support NASA's Mars exploration program and add work launching wideband global SATCOM satellites.

Prospects picked up in 2010 with multiple new companies showing interest in the area. The city's Business Incubator re-opened in the middle of the year after years of inactivity, and will promote small business growth through low-cost resources and training. The Wolverine Tube property is offering vacant buildings and property with the waterfront access as a selling point. Local firm Construction Services Inc. won a gold medal from the National Ornamental and Miscellaneous Metals Association for a spiral staircase it built for Novartis Pharmaceuticals in Raleigh, N.C. And M&D Mechanical Contractors received a \$25 million contract for work at NASA's Stennis Space Center.

Early in the year, mirroring the drop of lodging tax revenue, the Decatur-Morgan County Convention and Visitors Bureau had to cut \$36,000 from its budget, but as the year progressed there were positive develop-

ments. The number of hotel guests increased, but because of low rates, lodging taxes remained low. Still, 2010 was a good year for tourism. Point Mallard ranked first among the state's seasonal attractions with 138,000 visitors. Historic Rivers Excursion Cruise made Decatur one of 11 stops on two separate legs of a three-section trip from New Orleans to Chicago. Tourism officials are also attempting to lure BASS to make the River City their corporate headquarters.

After losing three more tenants early in the year, the Decatur Mall was put up for auction as a part of a bankruptcy resolution with Citigroup, Inc. Coyote Garrison Decatur was the high bidder at \$8.5 million. Though there are still technically 35 tenants, about 18 of the storefronts are vacant. Despite the distressed mall, developer John Mazzie considers Decatur an underserved market when it comes to retail and proposed an upscale shopping center on 50 to 60 acres near Central Avenue. A new restaurant in front of The Crossings hired 86 since it opened in May.

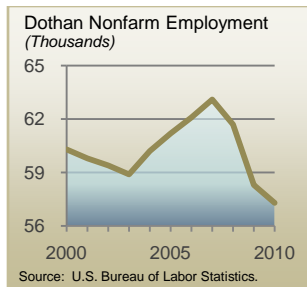
The 43,572 square-foot downtown arts center is in its first phase as Athens State University and Calhoun Community College partner to replace the 92-year-old Robinson Furniture Building with a community space. Both of these schools saw record high enrollment, Calhoun with 12,055 students and Athens State with 3,671 for the fall semesters. Decatur Heritage Christian Academy has also seen a 9 percent increase in enrollment. The Decatur Fire and Rescue increased its staff by 15 firefighters through a grant from Homeland Security.

Developments in 2010 will enhance the quality of life of Decatur area residents. Decatur's Downtown Redevelopment Authority completed Turner-Surles Park, which features the city's railroad history. Ingalls Harbor will be enhanced with a new 25,000 square-foot pavilion designed by GBW Architects, and the public library is seeing some renovations. A downtown beautification project on lower Bank Street promised to turn an empty lot into a park. At the start of summer, the third phase of the Dr. Bill Sims Bike Trail project began. The path already connects Point Mallard Park and Rhodes Ferry Park but dead ends when it reaches Eighth Street Southwest. These efforts will link the trail with the Aquadome Recreation Center and Wilson Morgan Park.

After the brutally cold weather last winter, the cost to fix Lawrence roads topped \$1 million on 31 miles of roads and was aided by the federal economic stimulus bill. Decatur Utilities began their repairs on mains and manholes, to be finished by the end of the year. Work on the Beltline from Gordon Terry Parkway to Alabama 20 started up again under Reed Contracting Services and Miller & Miller. Spring Avenue saw the beginning stages of its widening project to add two lanes and turning lanes. ALDOT also allocated money to Decatur, Hartselle, and Priceville for improvements.

Population in the Decatur metro rose a state-average 0.7 percent during 2009, with an estimated 1,055 new residents. A total of 93 building permits were reported for single-family homes during the first 10 months of 2010, almost double the number from the same period in 2009. In addition there were 20 multi-family units permitted through October, which was an increase compared to zero the previous year. Home prices measured by the FHFA House Price index rose 2.1 percent in the third quarter of 2010, but were still down 0.6 percent from the year before. Deposits in FDIC-insured banks decreased by 1.9 percent for the year ending June 30. The number of banking institutions was unchanged at 14, although the number of branches fell by one to 45. Per capita income fell 2.5 percent for 2009, with Decatur's decrease the second highest among the state's metro areas. The FY2010 median family income fared better, increasing by 1.8 percent over the previous year. At \$35,440, the Decatur area's 2009 average annual wage was 94.5 percent of the Alabama average.

### Dothan



Dothan's economy stabilized in 2010 after a couple of years of declining employment and struggles in the housing market. Non-farm employment in the Dothan metro fell 0.9 percent to 57,500 for the 12-month period ending

in October. Local labor force conditions improved, however, and the unemployment rate fell to 8 percent in October 2010, a 1.4 percentage point drop from one year earlier. This was due to total employment rising 4.4 percent to 58,898 from October 2009 to 2010, while the size of the labor force increased a lesser 2.8 percent, to 64,046. Payroll employment losses were spread across several sectors, with most industries unchanged. Information, financial services, and professional services each lost 100 jobs, as did wholesale trade and transportation.

The largest loss for the metro area during the year was in manufacturing, with the closure of the Sony plant in October. Established in 1977, the plant had seen employment fall from a peak of 1,000 to about 320 workers in recent months. The significance of the manufacturing sector in Dothan continued to decrease in 2010, as it accounted for 9.7 percent of total employment, compared to 10.3 percent a year earlier. The largest sectors remained trade and transportation, with 25.9 percent of Dothan area jobs, and government, accounting for 18.6 percent of employment.

## Housing Industry

### Residential Building Permits

|                        | Single-Family |                   | Multi-Family |                   |
|------------------------|---------------|-------------------|--------------|-------------------|
|                        | 2010*         | Change from 2009* | 2010*        | Change from 2009* |
| <b>Alabama</b>         | 7,105         | 50                | 1,892        | -1,125            |
| Anniston-Oxford        | 66            | -21               | 8            | -44               |
| Auburn-Opelika         | 558           | 12                | 348          | -255              |
| Birmingham-Hoover      | 1,364         | -113              | 38           | -61               |
| Decatur                | 93            | 45                | 20           | 20                |
| Dothan                 | 171           | -4                | 47           | -9                |
| Florence-Muscle Shoals | 130           | 22                | 21           | -8                |
| Gadsden                | 47            | -2                | 0            | 0                 |
| Huntsville             | 1,885         | 14                | 0            | -695              |
| Mobile                 | 739           | -139              | 185          | -793              |
| Montgomery             | 355           | 52                | 365          | 335               |
| Tuscaloosa             | 294           | 8                 | 257          | -16               |

\* Data for both 2009 and 2010 cover the period January through October.

Note: Data are for permit-issuing places only.

Source: U.S. Census Bureau, Building Permits Survey.

### Total Homes Sold

|                        | 2010   | Percent Change from 2009 |
|------------------------|--------|--------------------------|
| <b>Alabama</b>         | 31,089 | -1.9                     |
| Anniston-Oxford        | 817    | 10.0                     |
| Auburn-Opelika         | 847    | -4.4                     |
| Birmingham-Hoover      | 8,544  | -6.3                     |
| Decatur                | 944    | 2.7                      |
| Dothan                 | 878    | 8.4                      |
| Florence-Muscle Shoals | 1,020  | -5.3                     |
| Gadsden                | 541    | 5.0                      |
| Huntsville             | 4,376  | -4.4                     |
| Mobile                 | 2,732  | -4.5                     |
| Montgomery             | 2,758  | -3.3                     |
| Tuscaloosa             | 1,389  | 0.1                      |

Note: Data for both 2009 and 2010 cover the period January through October.

Source: Alabama Center for Real Estate, The University of Alabama.

### Percent Change in FHFA House Price Index

|                        | Q2 2010 to Q3 2010 | Q3 2009 to Q3 2010 |
|------------------------|--------------------|--------------------|
| United States          | 1.1                | -1.2               |
| Alabama                | 1.2                | -2.1               |
| Anniston-Oxford        | 1.0                | -3.5               |
| Auburn-Opelika         | 1.0                | -2.4               |
| Birmingham-Hoover      | 0.7                | -2.7               |
| Decatur                | 2.1                | 1.4                |
| Dothan                 | 3.1                | -4.2               |
| Florence-Muscle Shoals | 0.7                | 0.5                |
| Gadsden                | 5.2                | -1.5               |
| Huntsville             | -0.3               | -0.9               |
| Mobile                 | 0.4                | -5.6               |
| Montgomery             | 1.8                | -0.6               |
| Tuscaloosa             | 1.4                | 1.5                |

Source: Federal Housing Finance Agency.

While retail employment was steady at 9,000 workers, it provided 15.7 percent of local employment, illustrating Dothan's status as a major retail center for surrounding counties. Data from the 2007 Economic Census of Retail Trade confirm this—at \$15,542 Dothan retail sales per capita were the highest of the 11 metros and 126 percent of the Alabama average. Furthermore, retail activity in 2010 was brisk, suggesting that retail employment may be due for an increase in 2011. New developments opening in 2010 were Cottonwood Corner in south Dothan and Westway in west Dothan. Each development is anchored by a Publix supermarket with various other businesses including Tropical Smoothie, Five Guys, Palm Beach Tan, and McDonald's. Work also began on the redevelopment of Northside Mall, which in addition to existing businesses will include another Publix store, a Hobby Lobby, and office space when finished in 2011. Winn Dixie invested \$8 million in upgrading its four Dothan stores to better compete with Publix. A new Comfort Inn was completed in Dothan, and a Quality Inn is planned for completion in 2011.

The trade and transportation sectors maintained their prominent role in the Dothan economy. Transportation and warehousing accounted for 5.9 percent of total employment in Dothan, compared to 3.5 percent for the state; wholesale trade also employed slightly more than the state average, at 4.3 percent of area employment. New development occurred in these sectors in 2010, with Buffalo Rock, a beverage distributor, announcing plans for a new \$6 million distribution center, expected to add about 20 jobs in the area. Pepi Foods will complete a new headquarters and distribution center in Dothan, adding 20 jobs to its current employment in the city.

As the local economy appears to move further away from manufacturing, Southeast Alabama Medical Center announced it will take part in creating a new osteopathic medical school near its property, to break ground in February 2011. The school, to be called Alabama College of Osteopathic Medicine, is expected to grow the medical sector in Dothan, provide better access to medical care for local residents, and have an economic impact of \$111 million through 2015. It will admit its first class in the fall of 2012 and is expected to have about 600 students by 2016. Southeast Alabama Medical Center is already the largest employer in the metro area, with 2,600 employees.

The aviation and aerospace industry remained significant in the region in 2010, as Army Fleet Support (AFS) at Fort Rucker increased its employment to 4,122 workers, and local businesses capitalized on contract opportunities. The Alabama Aviation Center in Ozark provided training to maintain a constant supply of workers for AFS and local aviation/aerospace-related businesses. And Dothan Regional Airport received a \$750,000 grant to be used to attract a new airline to the airport, through guaranteeing revenue. The airport has been in talks with American Eagle about beginning

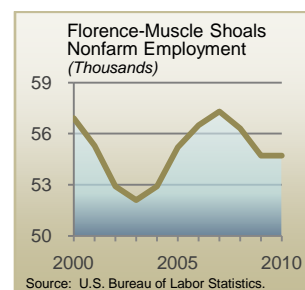
service there. Other area developments included a new call center in Taylor, which will employ 350 workers. The Country Crossing entertainment complex near Dothan, which employed about 1,000 workers during its two months of operation, closed in January amidst threats of a raid by the governor's anti-gambling task force.

The City of Dothan's Downtown Dothan Redevelopment Authority was very active in 2010, often in cooperation with the private sector. Eagle Investments, following the purchase of three properties on Foster Street, worked out an agreement with the city to acquire the former Wadlington Hotel and two more Foster Street properties. The city began a streetscaping project on Foster Street as well, which will be mostly paid for with a \$500,000 grant. Dothan also added to its recreation offerings, completing E.R. Porter Park downtown, and refurbishing a 3.3 mile cycling/walking trail at Westgate Park.

Like many metro areas in the state and the nation, home prices in Dothan fell in 2010. The FHFA house price index for the third quarter of 2010 was down 4.2 percent from third quarter 2009. Despite this, activity remained relatively steady, as the number of permitted single-family and multi-family units fell by just 4 and 9, respectively, from the previous year. This resulted in a total of 171 single-family permits and 47 multi-family permits for January to October 2010. Home sales through October 2010 were up slightly, rising to 878 from 810 for the same period in 2009. Population growth may have helped home sales, as the Dothan metro area's population increased 0.9 percent to 142,693.

Median family income in Dothan rose 0.6 percent to \$51,400, remaining slightly below the state median. Dothan's per capita income fell modestly to \$33,097 in 2009; however, the 0.8 percent decrease from 2008 was less than for most of the state's metros. Bank deposits were up 2.4 percent from 2009; the total number of banks was unchanged at 21, while the area lost one branch for a total of 54.

### Florence-Muscle Shoals



The Florence-Muscle Shoals area began to recover from the recession as 2010 progressed; total nonfarm employment of 55,100 in October was up 400 (0.7 percent) compared to October 2009. Monthly job totals have been at or above

year-ago levels since May. The goods producing sector was flat in 2010 after sizeable losses in 2009. On the services side, professional and business services employment was unchanged from a year ago. Trade, transportation, warehousing, and utilities

payrolls grew by 100, with all gains in retail trade. Education and health services and other services each added 100 jobs, while employment levels in professional and business services and in leisure and hospitality were flat. The government sector added 100 jobs.

Total employment of Shoals area residents increased by about 3,000 between October 2009 and October 2010, a 4.9 percent increase that was above the state's 4.4 percent. About 1,500 workers entered the labor force during the year, a 2.2 percent increase that was fourth lowest among the 11 metros. Unemployment dropped 2.4 percentage points from the previous year to 8.3 percent in October. With around 7,800 more employed residents than jobs, the area continues to be a net exporter of workers.

Manufacturing contributed just below the state-average with a 12.7 percent share of area jobs in October 2010. Though activity was slow at the start of the year, things picked up in July when SCA Tissue North America announced plans to add \$8.3 million in machinery, equipment, and building upgrades to its Barton site. Mike Green Industrial Park also received improvements worth \$195,000, including road construction and site preparation for a potential building. An expansion at E.S. Robbins Corp. in Muscle Shoals will bring in at least 25 jobs. After two phases and a total of \$3.2 million, the Northwest Shoals Community College advanced manufacturing training center had its grand opening in October.

Retirement Systems of Alabama (RSA) took control of the National Alabama railcar plant after Canadian parent National Industries failed to get production off the ground. RSA loaned \$350 million for the plant's construction in 2007, and another \$275 million for equipment. The company currently has 120 workers. RSA also paid off existing debt at Colbert County's Wise Alloys aluminum plant.

The Tennessee Valley Authority plans to reduce reliance on coal and increase its use of nuclear power, natural gas, and renewable sources of energy. This idling of 9 coal-fired generators, including the Colbert Fossil Plant, by 2015 coincides with the U.S. EPA proposing that utilities reduce emissions from coal-burning plants.

Northwest Alabama Regional Airport faces the challenge of losing Delta service to Atlanta at the end of January. The airport fell short of the 10,000 passengers in a calendar year which would entitle them to Federal Aviation Administration funds. The Florence-Lauderdale Tourism Board purchased new offices in the beginning of the year. Through the board's advertisements along with three new 40-foot slips, the area hopes to attract larger boats and larger

## Retail Sales Per Capita 2007

|                        | Number of Establishments | Total Retail Sales | Retail Sales (per capita) |
|------------------------|--------------------------|--------------------|---------------------------|
| <b>Alabama</b>         | 19,722                   | \$57,344,851,000   | \$12,364                  |
| Anniston-Oxford        | 552                      | 1,542,981,000      | 13,678                    |
| Auburn-Opelika         | 472                      | 1,451,634,000      | 11,099                    |
| Birmingham-Hoover      | 4,676                    | 15,876,100,000     | 14,266                    |
| Decatur                | 631                      | 1,804,586,000      | 12,087                    |
| Dothan                 | 780                      | 2,172,233,000      | 15,542                    |
| Florence-Muscle Shoals | 683                      | 1,952,869,000      | 13,644                    |
| Gadsden                | 453                      | 1,114,841,000      | 10,801                    |
| Huntsville             | 1,594                    | 5,161,853,000      | 13,314                    |
| Mobile                 | 1,644                    | 5,225,494,000      | 12,895                    |
| Montgomery             | 1,448                    | 4,558,299,000      | 12,468                    |
| Tuscaloosa             | 858                      | 2,566,224,000      | 12,446                    |

Source: U.S. Census Bureau, 2007 Economic Census.

fishing tournaments. Two fishing tournaments were cancelled this year because of low corporate sponsorship. However, in the fall more than 700 anglers met at the FLW Outdoors Bass Fishing League's annual wildcard tournament in McFarland Park and Cabela's Crappie USA Classic in Riverfront Park. The new Emerald River Hotel in Sheffield, which replaced the auctioned Holiday Inn and is the largest full-service hotel in Colbert County, is up and running. Colbert County will also be developing the infrastructure for new RV campsites at the Colbert Alloys Park.

Alabama's musical heritage in Muscle Shoals was featured in the *Oxford American* magazine's annual music issue. In the beginning of the summer, famed clothing designer Billy Reid moved his corporate headquarters to downtown Florence. Later in 2010, Reid was voted the winner of the CFDA/Vogue Fashion Fund.

2010 saw many new retail openings and improvements compared to the previous year. The Children's Place came to Florence's Regency Square Mall, and Ross Dress for Less, Bed Bath and Beyond, and Jo-Ann Fabric and Craft all opened in Cox Creek Plaza. Zaxby's Real Chicken, Bojangles' Famous Chicken, Texas Roadhouse, Kobe Japanese Steakhouse, and Donut Shop all opened in new locations within the metro area. Publix expressed interest in expanding into Muscle Shoals. Even though there was much activity, there were several closings, including Shanky's Men's Wear, and the demolition of the former Sears building for future development opportunities. The Tuscumbia Retail Development committee is supporting the Tuscumbia Retail Cooperative—small retail businesses that share personnel, building costs, and other expenses.

Shoals area hospitals were under negotiation for much of the year. An affiliation agreement between Helen Keller Hospital and Huntsville Hospital was reached. And RegionalCare Partners took over Eliza Coffee Memorial and Shoals Hospital, along with three

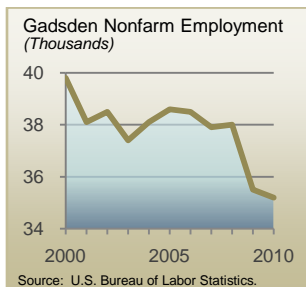
ancillary facilities previously owned by Coffee Health Group. The deal resolved Coffee's debts, and promised an expansion and improvement of facilities in the next three and a half years.

Population growth in the metro area was a modest 0.3 percent for the year ending July 1, 2009, with an estimated 412 new residents. The University of North Alabama's growth of 1.0 percent contributed to that amount, and will continue with the new master plan calling for expanding student housing. City schools saw a slight cutback in personnel but plenty of improvements. The controversial purchase of Florence Golf and Country Club was completed for the 60.5 acres of property.

Deposits in FDIC-insured institutions in the Florence-Muscle Shoals metro fell 1.1 percent during the year ending June 30. The number of banking institutions held steady at 13, as did the number of branches at 54. Per capita personal income growth of 4.0 percent during 2009 was much better than the state's decrease of 1.2 percent. Florence-Muscle Shoals showed improvement in median family income, with an increase of 2.3 percent to \$52,600 (seventh among the metros). However, the 2009 average wage across all industries of \$32,670 was the lowest among the 11 metros at 87.1 percent of the state average.

2010 showed a moderate return of activity for the area's single-family residential real estate sector. Building permit activity rose through October compared to the same period in 2009, totaling 130 single-family home permits, an increase of 17 compared to the previous year. Permits for multi-family homes declined by three, with a total of just 21 by October of 2010. Florence-Muscle Shoals was one of only three metro areas to show an increase in home prices as measured by the FHFA House Price Index in the first 10 months of the year (1.2 percent). That was supported by a 0.7 percent boost in the third quarter of 2010.

### Gadsden



Gadsden was the last of Alabama's 11 metros to fall into recession in terms of jobs, and is already showing promising signs of improvement. The area recovered 100 jobs between October 2009 and 2010 for a rise of

0.3 percent, similar to the state average increase of 0.2 percent. Education and health services were the source of job growth, while employment in all other service and goods producing industries was stable.

With a total of 40,459 Gadsden area residents employed in October 2010 versus 35,300 nonfarm jobs located there, the metro is a net exporter of workers.

Total employment grew by 1,823 (4.7 percent) during the preceding 12 months. The labor force expanded by a lesser 1,104 people employed or looking for work, with the result that unemployment dropped almost 2 percentage points to 8.9 percent in October 2010.

Manufacturing contributed 13.0 percent of area jobs in October 2010, slightly above the state average. Though temporary layoffs were seen at a local Hyundai supplier, there was little contraction and positive gains overall. Fehrer Automotive moved into a new building where its 100 workers will supply seat pads to Volkswagen and Mercedes, and Prince Metal Stampings USA announced an expansion of one of its Gadsden plants, adding 30 jobs. Keystone Foods also received \$24,500 to train 66 workers in lean manufacturing. Over 1,000 spectators came to inspect the cars at the Goodyear-Gadsden plant's annual Goodyear Car Show. New company United Casework began manufacturing commercial flat-panel cabinetry in the summer with employment expected to reach 80. The clean-up at the former Gulf States Steel site continued with a partnership between the U.S. EPA and Harsco Corp. employing about 20 people operating heavy equipment to clean-up the slag piles.

Service businesses held their own again in 2010. GM reversed its decision to drop more than 600 dealers, and the local Pierson dealership kept the franchise and 50 jobs there. Gadsden Regional Medical Center reopened the Bay Street Lab Center, and Sterling Company purchased the old Gadsden Jewelry and Loan building and is renovating it. Other additions to the area included Kobe Japanese Steakhouse and Sushi Bar to the Gadsden Mall, and Caney Fork Fish Camp, which will replace the former Santa Fe Cattle Co. Back Forty Beer Co. will be opening a brewery downtown, The Café on Broad and The Choice Restaurant reopened, and Nelson's Grill moved to a location a block away for additional space.

Retail activity was relatively quiet with Hudson's Dirt Cheap opening at the Nocalula Gateway Plaza and creating 17 jobs, and The Stone Market's move to the corner of Second and Chestnut as a couple of the highlights for the year.

The Coosa River Basin Initiative took advantage of the summer months with a paddle trip program on the Etowah River as work began on Phase One of the Black Creek Trail Recreational Project. Renovations were made to the historic Pitman and Ritz Theatres, and the old "Haunted Bridge" which spanned Black Creek on Pleasant Hill Road will be used as an attraction, along with a proposed welcome center and museum.

Severe weather in the beginning of the year caused an estimated \$604,000 in damage to at least 85 roads in the county. The greatest damage in the vicinity this year was caused by the EF3 tornado that hit Albertville in April 2010, totaling \$7.8 million and resulting in a

federal disaster area declaration. Repairs and renovations continued to the Gadsden Public Library throughout 2010. The East Gadsden Golf Club and River Trace Golf Course filed for bankruptcy at the end of 2009, but hope to sell 12 commercial lots and 87 acres to satisfy their debt.

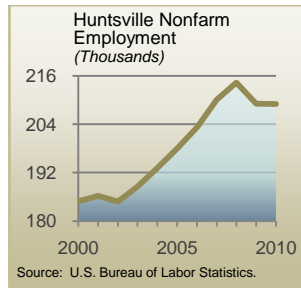
The City Council and Gadsden Rotary Club have partnered and are building a stage on the west bank of the Coosa River hoping to attract entertainment acts. Local development included the completion of the new downtown trolley station, the continued work by Miller-Powell to turn the Attalla Elementary School into a 130-unit assisted living facility, and the Banks Community Center in South Gadsden. Investment was also made in the area's infrastructure with improvements to the water treatment and sewer treatment plants.

While area colleges are doing very well, local schools have suffered this year. Gadsden State Community College enrollment numbers continued to climb with a 5.7 percent increase for fall 2010 from fall 2009. The college was able to keep the daycare program Child Care Access Means Parents in School, and work began on the Center for Automotive Excellence which will provide space for 30 students in technical programs. Snead State Community College also reported 11.5 percent more students in spring 2010 compared to spring 2009. Local schools, however, had to deal with consolidations, along with personnel cuts for the 2010-11 school year. News was not all bad, however, as after-school programs at four city schools were awarded \$300,000 in the form of a 21st Century Community Learning Centers grant.

Population in the metro area rose a slight 0.2 percent to an estimated 103,645 residents in 2009. New residential construction continued to be weak during the first 10 months of 2010. The 47 single-units permitted were down two from the same period in 2009 and no multi-family units were planned again this year. A total of 500 homes were sold through October, a rise of 5.0 percent from 2009. Prices recently rose, with the area's FHFA House Price Index up 5.2 percent in the third quarter of 2010. However, they were down 2.4 percent from the same quarter last year.

Gadsden saw a very modest increase in bank deposits for the year ending June 30—total deposits in FDIC-insured institutions rose 0.1 percent. The number of banks doing business in the area increased by one to 13, and the number of branches also rose by one to 29. The trend of median family income rising more strongly in Gadsden has continued over the past year with a gain of 3.3 percent that compares to the statewide average of 1.7 percent and leads the metro areas. Although 2009 per capita income of \$29,869 ranked tenth among the metros, the annual decrease of 0.3 percent ranked second. At \$47,600, the 2010 average annual wage for all industries amounted to 88.0 percent of the state average.

## Huntsville



Activity related to the 2005 Base Realignment and Closure (BRAC) decision to bring the Missile Defense Agency, the Army Materiel Command, and several other agencies to Redstone Arsenal was the largest driver of

economic development in the Huntsville metro area during 2010. With completion of all moves mandated by September 2011, BRAC will continue to dominate this year. About 1,900 federal government employees were added between October 2009 and October 2010, giving the sector a 9.3 percent share of nonfarm employment compared to the state's 3.0 percent. That does not count the many contractors doing work for the U.S. government in areas including national defense and space exploration. Changing emphases in both segments cost Huntsville's dominant professional, scientific, and technical services business sector about 1,400 jobs during the year. With 31,400 employees, these firms accounted for 14.9 percent of the metro's total in October 2010. Retailers and education and health service providers each added around 400 jobs over the 12 months.

Total nonfarm employment in the Huntsville metro averaged 209,000 for the first 10 months of 2010, about the same as in 2009, but 2.5 percent (5,300 jobs) below the 2008 annual peak of 214,300. Unemployment stood at 7.2 percent in October, lowest among the 11 metro areas and down from 7.9 percent a year earlier. Huntsville's labor force grew 4.4 percent between October 2009 and October 2010 for the largest gain of the metros, while the number of employed residents rose a larger 5.3 percent. The many engineering, science, and technical jobs make average wages the highest in the state—the 2009 average of \$46,220 amounted to 106 percent of the U.S. and 123 percent of the Alabama average.

Huntsville's resilience during the recession and subsequent recovery, its diversified base of technical employment and advanced manufacturing, and the growing federal government and contractor presence put the area on the radar of numerous rankings during 2010. The city came in at #3 among the Milken Institute's "Best Performing Cities 2010" in terms of creating and sustaining jobs; at #8 on *Forbes* list of "Best Places for Business and Careers;" and was selected as 7th among attractive metro area business locations by *Area Development*. Projecting job growth averaging 2.8 percent annually from 2008 through 2013, Moody's Economy.com ranked Huntsville 2nd of 387 metros. This was close to IHS Global Insight's forecast of 2.7 percent annual employment gains through 2015. Looking back over deals during the last

15 years, *Southern Business & Development* placed Huntsville at the top of mid-market metros among “250 Best Places in the South to Locate Your Company.” The area’s culture of innovation was recognized with *Entrepreneur* putting Huntsville at the top of its “Small Towns, Big Opportunities” list. A highly educated population, favorable cost of living, and quality of life also factor into many of these ratings, including *Relocate America’s* selection of Huntsville as #1 among the “Top 10 Best Places to Live in 2010,” Kiplinger.com’s pick as one of “10 Great Cities for Raising a Family,” and *Money/CNN.com’s* listing among the 25 most affordable places to buy a home.

With 4,600 federal military and civilian jobs at salaries averaging \$80,000 and even more contractor positions expected, as well as around \$450 million in military construction on Redstone Arsenal, the economic impact of the 2005 BRAC law is enormous. Construction, recruiting, and personnel relocations continued in 2010, with the final wave in 2011 leading up to the September deadline. Reports at midyear indicated that about 55 percent of BRAC hires were from outside the North Alabama area, a welcome sign to the many professional and technical services firms who need to maintain their own specialized workforces.

Movement of the Army Materiel Command (AMC) is the most challenging as this procurement arm of the Army must keep up global operations while relocating almost 1,400 employees; the move is expected to be complete by July. Bringing Redstone’s first four-star general and an annual budget of more than \$49 billion, transfer of the AMC will raise the profile of the base and increase air traffic and hotel occupancy as the many suppliers visit AMC. Huntsville’s Harris IT planned to add about 30 employees for work at AMC’s new headquarters, slated to open this summer. In non-BRAC moves, the Army Contracting Command and the Expeditionary Contracting Command will also relocate to Redstone Arsenal, bringing about 235 civilian and 80 military positions. The U.S. Army Security Assistance Command, which handled foreign military sales totaling \$23.9 billion in 2009, has finished moving personnel and will occupy its new headquarters building in 2011. Defense Acquisition University, in Huntsville since 2002, has expanded facilities and faculty and staff to serve a growing demand for advanced training in military procurement and contracts.

Transferring the headquarters of the Missile Defense Agency (MDA) to Huntsville expanded the area’s already-robust missile research and development emphasis. BRAC adds 2,248 positions to the 2,591 MDA employees already at Redstone; about 4,400 jobs were in place in December 2010 at salaries averaging \$108,000. One new Von Braun MDA office building is already occupied and a final one is slated for completion in April. With an almost entirely civilian workforce, the Missile Defense Agency will be recruiting about 200 college graduates annually into its Career Development Program as it looks to fill

retirements and add to staff. The already-large number of area firms that work on MDA contracts continues to grow, and a number of companies with a local presence won new contracts during 2010. Among these are Northrop Grumman and a team including Boeing, Lockheed Martin, Harris, Colsa, and others with a five-year \$577 million contract to develop the Integrated Air and Missile Defense Battle Command System (IBCS) that could create around 300 jobs. APT Research will add more than 100 employees to provide engineering and support services to MDA, while Lockheed Martin plans to hire 200 in engineering and support at its new Medium Extended Air Defense System battle management and test facility. Companies including Bastion Technology and Kratos were awarded contracts for MDA engineering and support services and CSC will be working on MDA infrastructure and deployment services.

With the culmination of an influx of BRAC personnel and their families rapidly approaching, the Huntsville area is facing the challenges of providing adequate infrastructure, particularly in terms of roads and schools. Office space to support contract activity at Redstone Arsenal should not be a problem though—the Redstone Gateway Office Park on 470 acres at Gate 9 began site preparation late in 2010 and should have its first office building ready by the end of 2011. Developed as a joint venture by LW Redstone with infrastructure under the auspices of the City of Huntsville, the park is expected to include as many as 52 large office buildings for up to 15,000 government workers and contractors, two hotels, retail space and restaurants, an academic campus, and an outdoor concert venue.

2010 was a year of flux for another pillar of the Huntsville economy, NASA’s Marshall Space Flight Center (MSFC) and the many area firms that work on MSFC projects, due to new priorities for space exploration and research. While some initiatives, such as extending the life of the International Space Station, completing the shuttle missions, and developing a new heavy-lift rocket are positives for Marshall, about 1,500 Huntsville contractors and 700 government workers at MSFC were involved in the scuttled Constellation manned space exploration program. Although the continuing budget resolution maintains the program through early March, NASA sharply curtailed funding for Constellation last July with the resulting layoff of around 500 people working for area contractors on the program. Jacobs Engineering and its subcontractors shed an estimated 300 employees in July and around 175 in October when further funding cuts were made. Boeing also terminated as many as 200 Constellation workers. NASA funding is expected to increase in the 2011 budget and MSFC, which turned 50 in 2010, will work on new missions, such as helping commercial companies develop rockets and cargo ships that would have come from Constellation. Huntsville companies, including Media Fusion, Millennium Engineering and

Integration, and SAIC were among those awarded NASA contracts in 2010.

Manufacturing has a significant presence in the Huntsville metro; at 26,600 in October 2010, employment amounted to 12.6 percent of the nonfarm total. Jobs fell by 500 over the past year as Continental Automotive systems moved to close down its Huntsville plant—employment at the plant dropped from 1,280 in September 2009 to just 250 in mid-November 2010. Business picked back up this year at Toyota’s engine plant; start-up of 4-cylinder engine production in summer 2011 will bring annual capacity to over 500,000 engines and create more than 200 jobs. Navistar Diesel recalled its employees who had performed nonprofit work for three months instead of being laid off. Norris Cylinder opened in the bankrupt Taylor-Wharton plant, while Huntsville’s Wolverine Tube is restructuring under Chapter 11 bankruptcy. Athens saw growth in its manufacturing sector: an expansion at Custom Polymers PET added 60 jobs; the new MAI manufacturing plant will employ 30 making insulation and ventilation systems; and Pilkington North America will supply glass assemblies to Honda.

Both high-tech manufacturing and service industries continued to grow in 2010. Raytheon will build its new missile plant to produce the Standard Missile-3 and the SM-6 on Redstone Arsenal in two phases, with hiring beginning in 2011 and employment expected to reach 300. Madison’s Griffin Aerospace rolled out its first production of the Army’s M9M-171A Broadsword unmanned Aircraft system during the year. And Science Engineering Services is expected to add 70 employees for work on Apache helicopters. A new facility for Huntsville-based Dynetics will include both office space and space for prototype development and low-rate production; construction should be complete in 2012 and employment is expected to grow by about 350 over three years. Vector Aerospace’s new office will provide support for U.S. Army aviation operations at Redstone with MRO services. MicroTech and Summit 7 Systems are among companies setting up offices in Huntsville during the past year. Analytical Services completed a second building with plans to add about 100 employees, while CSC consolidated many of its employees in a new headquarters at Bridge Street Town Centre. Looking to use software developed by Integraph as its core platform, Swedish company Hexagon AB is acquiring the company in a \$2.1 billion deal. And the many federal contracts awarded for national defense research, service, and IT needs will help support this segment of Huntsville’s economy during 2011.

Huntsville’s HudsonAlpha Institute of Biotechnology continued to grow in size and stature, adding new researchers and companies over the past year. The significance of the research conducted at the Institute was evidenced by the acquisition of Clariant by GE’s healthcare unit for \$580 million. In other biotech developments, Endo Pharmaceuticals purchased

## Population

|                        | 7/1/2009  | 2008 to 2009  |                |               |
|------------------------|-----------|---------------|----------------|---------------|
|                        |           | Number Change | Percent Change | Net Migration |
| <b>Alabama</b>         | 4,708,708 | 31,244        | 0.7            | 16,363        |
| Anniston-Oxford        | 114,081   | 659           | 0.6            | 497           |
| Auburn-Opelika         | 135,883   | 2,778         | 2.1            | 1,993         |
| Birmingham-Hoover      | 1,131,070 | 7,924         | 0.7            | 3,975         |
| Decatur                | 151,399   | 1,055         | 0.7            | 571           |
| Dothan                 | 142,693   | 1,247         | 0.9            | 822           |
| Florence-Muscle Shoals | 144,238   | 412           | 0.3            | 435           |
| Gadsden                | 103,645   | 210           | 0.2            | 254           |
| Huntsville             | 406,316   | 9,088         | 2.3            | 7,077         |
| Mobile                 | 411,721   | 2,589         | 0.6            | 691           |
| Montgomery             | 366,401   | 805           | 0.2            | -1,130        |
| Tuscaloosa             | 210,839   | 1,937         | 0.9            | 1,063         |

Source: U.S. Census Bureau, Population Estimates Division.

Huntsville-based Qualitest for \$1.2 billion. Local institutions of higher education worked to forge ties with both government and private companies in order to provide graduates with relevant skills and experience. Construction could begin in 2011 on the University of Alabama in Huntsville’s (UAH) Center for Systems Studies that will fill a unique role of looking at how complex systems interact on government and commercial projects. Both Birmingham’s Southern Research Institute and Auburn University opened research offices in Huntsville in 2010.

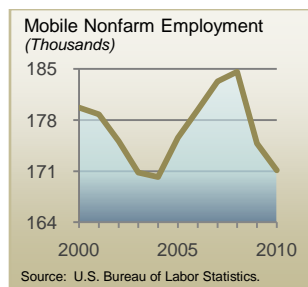
The Huntsville metro sees a moderate amount of retail in-shopping, according to data from the 2007 Census of Retail Trade, with retail sales per capita of \$13,314 amounting to 108 percent of the Alabama average. Bridge Street Town Centre added several businesses during the year, including Atlanta-based Blue MedSpa and Jos. A. Bank. Construction got underway on a SpringHill Suites at the Constellation development that will open early in 2011; work on a Residence Inn by Marriott should get underway next. The area’s grocery business saw the closing of two Southern Family Markets and their replacement by Star Super Market, as well as the opening of natural foods grocer Earth Fare. Graham and Company reported retail vacancy rates in the area of around 11 percent in 2009, with a sizeable amount of vacant big box space.

Employment in financial services was stable during the past 12 months. Deposits in FDIC-insured banking institutions rose 1.6 percent during the year ending June 30 and, at \$7.2 billion, amounted to 8.8 percent of the statewide total. Data security operations for financial service companies could be a target for future development; the Boyd Co. gave Huntsville a top ranking for cost and potential and cited UAH’s National Center for Excellence in Information Assurance. Health services saw modest growth, with Huntsville Hospital

working on the first office building in its planned Hampton Cove Medical Park. In April the hospital broke ground on its \$65 million Madison Hospital, slated to open in 2012. Ticket prices and passenger boardings at the Huntsville International Airport were improved by the start-up of AirTran service in late May. Freight service grew during the year and Panalpina added flights from Huntsville to Hong Kong and Sao Paulo. Efforts by the city of Huntsville and Big Spring Partners to revitalize the downtown area proceeded in 2010, with renovations to the Von Braun Center and the Huntsville Museum of Art ongoing. The downtown canal project was completed with dedication of Rotary Plaza and a Sculpture Trail launched late in the year.

At 2.3 percent, population growth in the Huntsville metro was the strongest in the state during the year ending July 1, 2009—the addition of an estimated 9,088 new residents brought the total to over 406,300. Median family income rose slightly faster than the statewide average of 0.6 percent from FY2009 to FY2010; with income of \$68,000, Huntsville was the only area above the U.S. median. Building of homes and apartments in preparation for BRAC left excess inventory during 2010 as many BRAC transfers and new hires were not yet in place. Around 1,600 apartment units were added in 2008 and 2009, with another 564 under construction in 2010 and two more projects ready to start. As builders became more cautious, another six projects for around 2,000 units were put on hold and no new multi-family units were permitted during the first 10 months of 2010. Development of single-family homes proceeded at the same pace as in 2009, with 1,885 units permitted through October. Housing prices as registered by the FHFA House Price Index slipped a better than average 0.9 percent from third quarter 2009 to third quarter 2010.

## Mobile



Development in Mobile's core aerospace, shipbuilding, steel, and transportation clusters took hold during 2010, with the prospect of more jobs to come in 2011. That was not enough, however, to lift the area's nonfarm employment up

to prerecession levels. An average of 171,100 area jobs for the first 10 months of 2010 was 2.1 percent below the average for 2009 and 7.3 percent below the 2008 annual peak of 184,600. The overall jobs picture was relatively flat from March through October, although employment in professional and business services and government in October 2010 were both about 800 lower than a year earlier. Financial activity was down around 300 as Mobile's real estate market remained challenged. Trade was a bright spot, with both wholesale and retail employment up from October

2009. Educational and health services and leisure and hospitality each added about 200 jobs during the year.

At 10.0 percent in October 2010, Mobile metro unemployment remained in double digits for a 17th consecutive month; the rate was 5.8 percent in October 2008. The area's 3.7 percent increase in employed residents for the 12 months ending in October 2010 was above its 2.3 percent growth in the labor force, bringing unemployment down from 11.2 percent a year earlier. However, the gain in total employment was below Alabama's 4.4 percent. Average annual wages of \$36,850 in Mobile amounted to 98.3 percent of the statewide average and ranked 6th among the 11 metros.

Despite current weakness in Mobile area employment, national rankings continue to foresee a bright outlook for the area over the next few years. Projecting job growth averaging 2.7 percent during the 2008 through 2013 period, Moody's Economy.com ranked Mobile's outlook 4th highest of 384 metros. IHS Global Insight's forecast of job increases totaling almost 15 percent through 2015 (2.3 percent annually), places Mobile 45th of 392 ranked metropolitan areas. And based on 24 announced deals creating 200 or more jobs over the past 15 years, *Southern Business and Development* named Mobile its #7 mid-market among "250 Best Places in the South to Locate Your Company."

Manufacturing accounted for just 8.5 percent of jobs located in the Mobile metro area in October 2010, with only Birmingham-Hoover's 7.1 percent a smaller share of the total. That percentage could edge up during 2011, however, as ThyssenKrupp moves toward full employment and shipbuilding continues strong and work begins on the U.S. Navy's littoral combat ship contract, with larger gains depending on the Air Force's selection of EADS or Boeing to build the next generation of refueling tanker.

Recovery from the Great Recession brought improved outlooks for key Mobile area manufacturing sectors, including steel and chemicals, with many companies reporting rebounding profits. Construction continued on the \$5 billion ThyssenKrupp AG project in north Mobile County's Calvert community as operations came online during 2010. In preparation for start-up of the carbon steel mill, ThyssenKrupp courted business and signed its first small buyer contracts. An initial supply of raw steel arrived from Germany in February, prior to the June dedication of the company's new Brazilian mill that will be the ongoing supplier of steel slabs to the carbon steel plant. Although dedication of the Calvert complex did not take place until December, carbon steel production got underway July 31, just a little over three years from the time that ThyssenKrupp chose Mobile for its first U.S. facility. Employment stood at 1,000 in late July, well on the way to an expected total of 1,700. Initial production levels were lowered to allow demand for steel to rebound; one

of two hot dip galvanizing lines was expected to start up in December.

Completion of the \$300 million stainless steel melt shop, delayed by the recession, was approved in late November as the company reported a better outlook for U.S. stainless market opportunities. Continuing work on projects at the plant will keep ThyssenKrupp construction employment above the 5,000-worker level seen since late 2009 for the next two years, with the new stainless unit to be completed late in 2012. Work at the site has boosted the Mobile economy in terms of contracts with local firms for construction, industrial supply, and freight, as well as occupancy at campgrounds, hotels, and apartment complexes in the area. After receiving stainless coils of steel from its facility in Germany, ThyssenKrupp's stainless mill started production in the fall, with over 300 employees working alongside German trainers in one of three eventual cold-rolling mills. The stainless division, which already has an established base of about 12 percent of the U.S. market, will be able to meet specific size requirements of its customers.

In other steel industry developments during 2010, SSAB broke ground on an expansion of its Axis mill in mid-November. Although scaled back from the original plan, the \$287 million project will create 137 jobs and add a heat treating line by 2012 for the company's specialty high strength steel. After a \$2.3 million expansion that created 30 jobs in 2009, umbilical steel tube manufacturer Aker Solutions expanded again in 2010, with a \$6 million investment and the addition of 20 positions to fulfill a contract with Noble Energy due in mid-2011. The company also won new contracts with Shell Offshore.

Mobile's role as a port city strengthened as an avenue for growth during 2010, with significant developments in the maritime cluster. Austal USA's first Littoral Combat Ship (LCS) was commissioned the USS Independence in January—the first ship built and commissioned in Mobile since WWII. The company opened its \$81 million Modular Manufacturing Facility in February and saw steady work from what could be a 10-ship, \$1.6 billion contract to build Joint High Speed Vessels for the U.S. Army and Navy, with approval for the fourth and fifth ships coming in the fall. Austal added 800 employees during the year, bringing the total to 1,800. Work progressed on a second LCS and at year-end Congress approved the Navy's request for a dual buy that includes a \$5 billion contract for 10 of the Austal aluminum-hulled ships. The

## Oil Spill Effects—Mobile Metro Area

Given their diverse economies, areas of Mobile County saw very different impacts from the April 20, 2010 explosion of the Deepwater Horizon and the subsequent flow of oil into the Gulf of Mexico. Development proceeded in the industrial north, with ThyssenKrupp bringing its carbon steel and stainless mills online and the chemicals industry rebounding from the recession. Effects in the city of Mobile were largely positive, as BP established its command center downtown and a massive influx of oil spill-related personnel filled hotels, restaurants, and bars and kept car rental companies busy during a normally slow time. Shipping through the Port of Mobile saw few negative consequences. Coastal areas of Mobile were another story, as the fishing, seafood, and tourism industries suffered severely.

Key ongoing oil spill effects on the Mobile metro area and the Gulf Coast generally include:

**Public Perception** The spill damaged perception of the Gulf Coast as a desirable beach destination and source of quality seafood and subsequently reduced business and property values and buyer demand. Ongoing seafood and tourism marketing campaigns are receiving financial support from BP PLC.

**Fishing and Seafood** One ruined fishing season mainly because of fisheries closure due to the spill is causing significant financial headache for many fishing and seafood-related businesses. Clean-up operations provided some income temporarily for fishermen who participated.

**Tourism** Mobile County's Dauphin Island tourism was cut drastically in the crucial late May to August period. The tourism impact on neighboring Baldwin County beaches was much larger—gross lodging revenues in coastal Baldwin County during May through August 2010 were down 41.5 percent (\$64.3 million) from a year earlier, while lodging revenues for Mobile County as a whole were up \$18.7 million.

**Mental and Physical Health** Disruptions of normal work patterns and income is resulting in higher health risks and significant increases in domestic violence and depression.

**Long-Term Effects and Future Drilling** Potential future ecological, economic and other damage caused by the spill are largely unknown. While benefiting the Gulf's ecosystems, the continued ban on opening new areas to drilling limits growth of the area's offshore oil and gas support and related industry.

**BP Claims** Through mid-December 2010 BP had made payments of \$110.3 million on 150 approved claims from governments in Alabama, largely for response and removal, tourism, and behavioral health. Alabama residents and businesses received \$462.7 million from 28,339 claims, almost entirely for lost earnings or profits, but must decide going forward whether to accept a lump sum payment or receive quarterly checks while they judge future impacts.

company plans to double the size of its Mobile facility and hire about 1,800.

Signal International, partially owned by the Retirement Systems of Alabama (RSA) and headquartered in the RSA tower, purchased Bender Shipbuilding and Repair for \$31.5 million. Now Signal Ship Repair, the company completed \$9 million in upgrades and was adding employees in the fall, with a contract to refurbish Transocean's Deepwater Navigator drillship. BAE Systems Southeast Shipyards is planning upgrades to the former Atlantic Marine Mobile shipyard, which it purchased in 2010, and fulfilling existing contracts. Bayou La Batre's Horizon Shipbuilding continued work on towboats for Florida Marine Transporters. Alabama Industrial Development Training opened its \$12 million Maritime Training Center in Mobile in November, offering classes in both aluminum and steel welding, ship fitting, crane operation, safety, ship planning, and shipyard supervision. Half of the facility is dedicated for Austal USA training and the other half for other area shipyards.

Although outcome of the competition between Boeing and EADS for the \$40 billion, 179-plane Air Force refueling tanker contract had not been decided at year-end, additions to EADS Mobile presence boosted the area's growing aerospace cluster. After reaching 150 employees at its Airbus North America Engineering Center early in 2010, the company announced the addition of 90 jobs over the next three years. Now operating as a prime contractor in its tanker bid, EADS leased office space and relocated more than 100 employees on its contract capture team to Mobile. With indications late in 2010 pointing to possible success in the tanker bid, EADS moved forward with construction planning for the \$700 million, 1,500 employee plant that would be built at Brookley Field Industrial Complex for assembly of the KC-45 tanker and potential future Airbus production. Regent Aerospace opened an aircraft maintenance and repair facility at Brookley that could employ 90 over the next two years working on aircraft seats and interiors in tandem with neighbor ST Aerospace's exterior maintenance and repair work. Mobile's Star Aviation won contracts to help install wireless internet systems for Alaskan Airlines and to upgrade combat survivor locators for the military.

Recent investments helped the Alabama State Docks maintain business during 2009 and prepare for future opportunities. The Port of Mobile, which moved up to a ranking of 9th largest U.S. port in 2008 on the basis of tonnage, was recognized as an "emerging port poised for growth" by the Jones Lange Lasalle *Port and Global Infrastructure Outlook*, citing its position as one of few ports increasing infrastructure to compete for future market share from completion of widening the Panama Canal in 2014. Increasing capacity with the new Mobile Container Terminal will enable the port to benefit from the recent rise in containerized shipping. Developments during 2010 included acquisition of a 400-ton

## Deposits in All FDIC-Insured Institutions

(Millions of Dollars)

|                        | 6/30/2010 | Percent Change from 6/30/2009 | Percent of State |
|------------------------|-----------|-------------------------------|------------------|
| <b>Alabama</b>         | 82,059    | -1.6                          | 100.0            |
| Anniston-Oxford        | 1,657     | 1.3                           | 2.0              |
| Auburn-Opelika         | 1,921     | 0.9                           | 2.3              |
| Birmingham-Hoover      | 27,841    | 0.4                           | 33.9             |
| Decatur                | 1,785     | -1.9                          | 2.2              |
| Dothan                 | 2,845     | 2.4                           | 3.5              |
| Florence-Muscle Shoals | 2,212     | -1.1                          | 2.7              |
| Gadsden                | 1,141     | 0.1                           | 1.4              |
| Huntsville             | 7,208     | 1.6                           | 8.8              |
| Mobile                 | 5,957     | 4.1                           | 7.3              |
| Montgomery             | 5,870     | -24.3                         | 7.2              |
| Tuscaloosa             | 2,888     | -1.4                          | 3.5              |

Source: Federal Deposit Insurance Corporation.

crane, improved McDuffie Coal Terminal rail access, and the addition of all water service to Pusan, South Korea, as well as regular ferry service between the ports of Mobile and Veracruz, Mexico through NAFTA Gulf Bridge. Agreement by the Alabama State Port Authority to commit \$360 million to further improvements in port infrastructure over the next five years could include a new interchange and intermodal rail yards, and warehouse space and an improved cargo yard for the steel business. While port-related distribution business is a growth area, 70 jobs in truck-related distribution were lost with the closing of New Era Cap Company's facility in May.

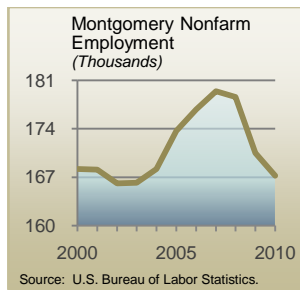
Mobile saw positive developments in its service providing industries during 2010. Ryla, which opened its Saraland call center in 2009, was adding 250 full-time workers to bring employment to over 700 by September as it works toward the 1,200 jobs promised by December 2011. A \$45 million renovation project by RSA continued on the former AmSouth building downtown; when complete BankTrust will occupy eight floors and it will be renamed the RSA-BankTrust Building. Virginia College of Mobile relocated to the Festival Center, investing \$4.5 million in an expansion that will allow it to expand the culinary arts and cosmetology programs. The University of South Alabama has been a catalyst, creating construction jobs with projects completed in 2010, including a new student dining facility, plaza, and student recreation center, and ongoing work on Shelby Hall and a new residence hall that should be ready by Fall 2011. The College of Medicine's receipt of \$14.5 million in NIH stimulus funding for a new research lab will contribute to the university's growing scientific and medical research presence. A \$7.1 million building for the Alabama Gulf Coast Chapter of the American Red Cross was finished and awaiting funding to purchase furnishings and equipment.

The Gulf oil spill had both positive and negative impacts on Mobile County. While it seriously disrupted the area's fishing industry, the massive number of recovery workers had a positive effect in terms of lodging revenues and retail sales and tax receipts. The Alabama Mississippi Bays and Bayous Symposium in November brought an influx of attendees to Mobile, contributing to local efforts to boost convention traffic. Tourism could see an increase in cruise line passengers; Carnival replaced the Fantasy with the larger Elation on May 15. And Mobile's Magnolia Grove course on the Robert Trent Jones Golf Trail hosted the Bell Micro LPGA Classic in May. Through a public/private partnership with the National Maritime Museum of the Gulf of Mexico, the City of Mobile began work on the \$52 million interactive GulfQuest museum, set to open in 2011. Arlington Park, a waterfront park on the western shore of Mobile Bay, opened in June.

A look at 2007 Census Bureau data on retail sales shows that Mobile's per capita sales of \$12,895 were about \$500 above the statewide average. The retail environment remained challenging during 2010. Big Lots and Marshalls filled large vacancies at Springdale Mall created by bankruptcies, while Barnes and Noble closed its store there. JCPenney completed a \$3.8 million renovation of its Bel Air Mall store, with the Mall almost completely leased. And Winn Dixie's \$4 million remodeling of its Government Street store is serving as a catalyst for the Midtown area. Publix is expected to locate two stores in Mobile in 2011. Some neighborhood infill took place during the year, but the oil spill contributed to putting some deals on hold. Other commercial business is expected to follow McDonald's new location across from the ThyssenKrupp plant. In a push to bring more businesses downtown, the Downtown Mobile Alliance is working to start a retail incubator.

Socioeconomic indicators for the Mobile metro generally point to improvement. At \$5.96 billion on June 30, 2010, bank deposits were up 4.1 percent from a year earlier, the largest increase of the 11 metropolitan areas. Mobile's per capita income rose 0.4 percent in 2009 when five metros posted declines, although at \$30,468 it ranked just 8th. While median family income for FY2010 of \$50,500 was second lowest among the metros, the 2.0 percent increase from the previous year ranked fourth. Mobile's residential housing industry remained challenged, however, with building permits for single-family homes down almost 16 percent for the first 10 months of 2010 compared to the same period in 2009 and permits in the overbuilt multi-family market off more than 65 percent. Homes sold during that period were down 4.4 percent from 2009, with third quarter 2010 house prices 5.6 percent lower than a year ago.

## Montgomery



Montgomery's main employers—the state and federal governments, Baptist Health, and Hyundai—largely provided a steady employment base in 2010, following a huge jump in the area's unemployment rate in 2009. However, nonfarm

employment in October 2010 was 167,100, down from 169,300 in October 2009 (a 1.3 percent drop). The goods producing sector lost about 300 jobs (1.3 percent) between October 2009 and October 2010, while employment in services continued to decline as well, losing 1,900 jobs (1.3 percent). Job losses in state government in particular, which totaled 1,400, hurt the Montgomery area. Despite avoiding mass layoffs, the state government's budget cuts for the 2011 fiscal year probably negatively affected its total employment due to a lack of hiring.

Montgomery's labor force numbers, however, showed signs of improvement in 2010. The workforce totaled 168,450 in October 2010, a 2.1 percent increase from one year earlier. Total employment of Montgomery area residents increased 3.3 percent over the same 12-month period to 153,221. This helped the unemployment rate recover somewhat to 9.0 percent, down from 10.1 percent in October 2009, but still above prerecession levels.

Manufacturing activity in the Montgomery area continued to center around the Hyundai plant and its suppliers in 2010. Manufacturing employment overall was unchanged, but production for the plant was near full capacity for much of the year, with 10-hour days and one or more Saturday shifts per month common. Production peaked in June at a monthly total of about 31,400 vehicles, and the plant is expected to exceed its production goal of 300,000 vehicles for 2010. As overall sales have been strong and inventory of the Sonata in particular remains relatively low, high rates of production are expected to continue in 2011. After production of the Santa Fe moved to West Point, Ga., the Montgomery plant began production of the Elantra, which the company expects to use essentially the same suppliers. The plant also started to produce a turbo version of the Sonata in the second half of 2010.

Job creation remained relatively slow in 2010, but there were some new developments in the Montgomery area. Hyundai Heavy Industries broke ground in October on a 270,000 square foot set of buildings, expected to open in early 2012. The facility, its first in the United States, will produce power transformers for utilities. Whitney Bank announced development of a new call center in Prattville in August, along with the addition of jobs at its downtown Prattville location, resulting in

about 50 new positions overall. Despite not adding jobs, Montgomery-based Summit Housing Partners was very active in 2010. After receiving a \$100 million equity investment from New York-based Rothschild Realty, it closed several deals, acquiring properties in Tulsa, Okla. and Baton Rouge, La., and pursuing a redevelopment project in Austin, Tex. It currently owns 85 properties in nine states with a total of about 13,500 units.

Some retail development occurred in Montgomery in the last year, albeit less than in some recent years; total retail employment was unchanged in the year prior to October 2010, remaining at 18,700. A new Kohl's opened at Exchange Place in Prattville. Several smaller businesses opened along and near Eastchase Parkway in far east Montgomery, and an Earth Fare supermarket is currently under construction in the area.

Significant developments occurred at Auburn University Montgomery (AUM) and Alabama State University (ASU), the region's two largest universities, in 2010. ASU announced plans for a new on-campus football stadium and athletic complex. ASU also expects to complete a new baseball field, softball field, and intramural complex in 2011, and a new library and student center in years to come as part of its \$160 million campus construction campaign. AUM broke ground on a 75,000 square foot wellness center, which will include a pool, weight room, and track.

The city began several recreation and tourism-related developments in 2010. Possibly the most significant was its renovation of the Cramton Bowl near downtown and construction of an adjacent 92,000 square foot indoor multipurpose sports facility. The Renaissance Montgomery Hotel hosted the Hyundai National Dealer's Convention in the spring, and in the fall Prattville hosted the LPGA Navistar Classic at the Capitol Hill golf course.

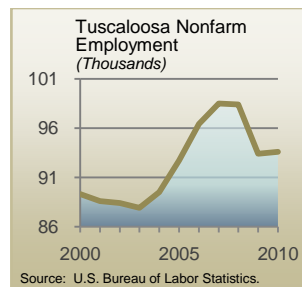
Revitalization and development efforts continued downtown and in other parts of central Montgomery in 2010, as the city offered grants and low-interest loans for projects in some areas. A new restaurant opened along the Alabama River, and the Hampstead Institute broke ground on an urban demonstration farm in the summer of 2010, also along the Alabama River. The city of Montgomery demolished an old icehouse adjacent to 40 acres it owns in the downtown area, in hopes of attracting redevelopment to the property. The city also issued a formal request for proposals to redevelop a block of buildings on Dexter Avenue downtown, and approved a SmartCode for the Cloverdale/Five Points area. In addition, a redevelopment plan was completed for the West Fairview area between Court Street and Interstate 65, and a streetscaping project along West Fairview was begun. New single-family homes and a new low-income, multi-family development broke ground in this neighborhood in 2010, and a police substation is in the design stage. The Montgomery Public Schools opened the new

\$21.5 million Bellingrath Middle School on Court Street in the fall.

Housing development in general in Montgomery increased slightly from 2009, but remained slower than in recent years, as home prices and sales continue to struggle to recover throughout the state and much of the country. Home prices as measured by the FHFA House Price Index fell 0.6 percent from the third quarter of 2009 to the third quarter of 2010, but rose 1.8 percent between the second and third quarters of 2010. Total home sales through October 2010 were down 3.3 percent from the same period one year earlier, mirroring the 1.9 percent fall in home sales statewide. However, the metro area saw a total of 355 permitted single-family residential units and 365 permitted multi-family units through October 2010. These were both increases from 303 single-family units and just 30 multi-family units for the same period in 2009. A large multi-family development in far east Montgomery, Watermark Place, accounted for 272 of the new multi-family units, and is expected to be complete in early 2011. A total of 20 lofts in downtown Montgomery on Adams Avenue were also finished in 2010. Single-family development continued at the Hampstead development, also in far east Montgomery.

Total bank deposits in Montgomery fell significantly after the failure of Colonial Bank. Between June 2009 and June 2010, deposits fell 24.3 percent to a total of \$5.87 billion. The number of banks and branches remained relatively unchanged as BB&T assumed Colonial's branch operations. In addition, per capita and median family income both saw higher percentage increases than the state as a whole. Median family income in fiscal year 2010 was \$59,200, a 2.6 percent increase from 2009; per capita income was \$35,973 in 2009, an increase of 0.4 percent from 2008.

## Tuscaloosa



Continued enrollment growth at The University of Alabama, influxes of visitors for the University's home football games and other sporting events, and a growing state and local government presence helped support the Tuscaloosa metro during 2010.

A total of 1,000 nonfarm jobs (1.1 percent) were added between October 2009 and October 2010, increasing payroll employment in the Tuscaloosa metro to 94,500. Goods producing industries remained flat overall for the year, after seeing losses from 2008 to 2009; a decline of about 100 jobs in manufacturing was balanced by a gain of 100 in the natural resources, mining, and construction sector. Service providing industries were responsible for most job gains, with state and local

government adding 500 jobs to account for the largest share. The metro area also posted gains of 100 jobs in retail trade, 100 in education and health services, 200 in leisure and hospitality, and 100 in other services.

The Tuscaloosa metro is a net importer of workers, providing about 3,100 more jobs than the number of employed residents. In general workers from surrounding rural counties often continue to live there and commute to Tuscaloosa. During the 12 months through October 2010, employment of area workers rose 5.3 percent while the labor force expanded by 3.7 percent. Unemployment remained below the state average of 9.0 percent, falling 1.4 percentage points to 8.1 percent.

Manufacturing contributed 14.1 percent of Tuscaloosa area jobs in October 2010, well above the state average. Early in the year, production of Mercedes-Benz vehicles made in Vance rose about 22 percent compared with the same time in 2009. This rebound had a positive effect on suppliers with French company, Faurecia, starting assembly of seats for the 2012 models that will be made in the coming year. Brose Tuscaloosa also expects to add 112 employees by 2013 with a 100,000-square-foot expansion at its Vance plant. BLG Logistics is planning a \$3.2 million expansion that will create 30 jobs as Mercedes demand for its logistics services increases. Even during the recession, Mercedes continued to invest in its Vance plant—a \$150 million addition to the body shop opened in August. With current employees now working overtime, Mercedes was hiring between 450 and 500 temporary workers across the plant to meeting rising demand.

Although Mercedes C-Class production won't begin until 2013, with 20 percent of worldwide production moving to the Tuscaloosa metro area, and given Mercedes "just-in-time" manufacturing, suppliers are likely to locate near the assembly plant. Local officials are attempting to attract those potential investors. Already, three of the companies listed among the top 10 automotive parts providers, based on worldwide sales, have factories in Tuscaloosa County—Faurecia, Johnson Controls, and ZF Friedrichshafen. In other manufacturing developments, JVC America in Cottdale had to cut its workforce by 10 percent because of a decline in demand for CDs.

Fall 2010 enrollment at The University of Alabama (UA) reached 30,232, a 54 percent increase since the fall of 2002. With The University of Alabama's Crimson Tide prevailing in the BCS National Championship game and the expansion of Bryant-Denny Stadium, Tuscaloosa saw an influx of fans and opportunities. Alabama football games became networking events to bring industrial site consultants in hopes of showing them what the state has to offer. The University also acquired Bryce Hospital and the 168 surrounding acres to be used for expansion. In return a new Bryce psychiatric hospital, capable of housing 268 patients,

will be built by May 2013 on the Partlow Developmental Center grounds. During 2010 the University finished the Capstone College of Nursing building in time for the fall semester, and demolished the 240-foot central plant smoke stack to eliminate rising costs of upkeep.

Administrators are also planning to build a \$66 million, 984-bed seven-story residence hall. UA climbed 17 spots to 79th among large public and private research universities in this year's *U.S. News and World Report* rankings.

Banking in the metro area has undergone alterations, with six Wachovia locations converting to Wells Fargo banks. Cadence Financial Corp., which has five branches in Tuscaloosa, was bought by Trustmark Corp. staving off a federal takeover and sale by bank regulators. In the construction industry, the Builders Group of West Alabama ranked among the top 200 home builders in the nation according to *Builder* magazine.

Retail soared in the second half of the year with new shopping events like "Tailgate Friday" to draw consumers into stores. Belk at University Mall marked its official grand reopening following a \$4.2 million renovation. Nation Star Mortgage opened in September in Midtown Village, with Lucca, a boutique, and Wings U, a restaurant, following in November. Taziki's Mediterranean Café plans to open in early 2011. The previous owner of Alabama Outdoors sold the business and opened a new store, Black Warrior Outdoor in downtown Tuscaloosa. Northport's new Tractor Supply Company store opened in the former Food Max, while Vincent Boot & Shoe closed at the end of the year because of rising costs.

Strip Teas and Coffee on the Strip closed early in the year and was replaced by TCBY. Restaurants Little Italy and Don Rafa Mexican Grill opened in downtown Tuscaloosa, as did the juice bar Smoothie King and the third Jimmy John's Gourmet Sandwiches. Opus, a fine dining restaurant opened in the former Melina's location in Northport, and though Brown's Corner Dueling Piano Bar and Grill went into foreclosure in October, it is still up and running with a different business format. While Buffalo Phil's celebrated its 30th anniversary, Venice Italian Fusion closed its doors.

Early in the summer Moundville Archaeological Park reopened marking the completion of a two-year \$5 million renovation. Northport's riverfront will also be getting a makeover as early as the end of 2011 with a 107-room Hampton Inn and Suites Hotel. Sterling Crimson Apartments began developing a luxury loft-style apartment complex of more than 300 units and 700 beds close to downtown. Redevelopment progressed in downtown Tuscaloosa—construction of the new federal courthouse continued, while Government Plaza, a five-acre park joining the courthouse and the intermodal facility, was completed. Work also got underway on the final phase of the Riverwalk and on the nearby Transportation Museum. The Tuscaloosa

County School System opened its \$27 million Sipsey Valley middle and high school in the fall.

Several events other than Crimson Tide football games brought masses to the area. In May 27 soccer teams competed in the USASA Region III National Cup Championship, and earlier that month the 2010 Tuscaloosa Regional Air Show, featuring the Blue Angels, attracted between 80,000 and 100,000 around the airport. The fourth annual USA Triathlon brought more than 1,800 athletes to Tuscaloosa in September. Historic Northport also brought in a crowd with the inaugural Northport Heritage Festival and the annual Kentucky Festival. Soon enough, the Tuscaloosa Amphitheater will be attracting some visitors as it has begun to take its final form throughout the year. However, leisure and hospitality employment was negatively impacted when in early July the governor's Task Force on Illegal Gambling removed more than 800 electronic bingo machines from Greenetrack and about 375 people lost their jobs at Greene County's largest employer.

Building permits for single-family homes in the Tuscaloosa metro grew 2.8 percent to 294 for the first 10 months of 2010 compared to the same period in 2009. At 257 the number of multi-family units permitted was down 5.9 percent from a year ago, as builders wait for recently-built condos and apartments to fill. On a year-over-year comparison, prices measured by the FHFA House Price Index were up a modest 0.7 percent in the third quarter, with Tuscaloosa one of the only metro areas to post a gain.

Bank deposits in FDIC-insured institutions fell by 1.4 percent during the year that ended on June 30. The number of banks in the area was unchanged at 22 and branches increased by one to 62 during the year. On per capita income Tuscaloosa fared worse than the state in 2009, with a decrease of 2.4 percent, double the decline statewide. At \$32,926 Tuscaloosa's per capita income ranked fifth among the 11 metro areas. Median family income posted a 2.4 percent increase in FY2010 and also ranked fifth at \$56,100. Average annual pay of \$36,430 was 97.1 percent of the Alabama average in 2009.