

Florence-Muscle Shoals

The Florence-Muscle Shoals economy was holding its own early in the fourth quarter of 2008. Nonagricultural employment rose by 400 between October 2007 and October 2008, with job gains of 200 in both professional and business services and state and local government. Modest job losses in manufacturing and federal government employment were offset by gains in wholesale trade and financial activity. The area's workforce seemed to be looking ahead to new jobs on the horizon at the National Alabama railcar plant in Colbert County—despite a 1.8 percent drop in total employment of area residents in October 2008 compared to a year ago, the labor force rose by 0.1 percent. This pushed unemployment to 5.3 percent, up from 3.5 percent a year earlier. A difference of 7,500 between the number of employed residents of the Shoals area and the number of nonagricultural jobs indicates that many residents commute to work outside the metro and are, thus, dependent on the economic fortunes of those areas.

One new and 11 expanding industries proposed investment totaling \$539.8 million and 2,066 jobs in 2007. National Alabama Corporation was the big catch; the company is locating its \$350 million railcar manufacturing plant in Barton Riverfront Industrial Park and plans to have 1,800 workers at full production. Construction of the massive facility was nearing completion late in 2008 and equipment was being installed; workers building the plant peaked at around 1,400 and contributed to motel occupancy and retail sales in the Florence-Muscle Shoals area during the year. Hiring and training workers is ongoing, with 80 production employees and 15 managers onsite in early December. However, economic factors caused the company to delay the plant's start-up from February 2009 to late April or early May; about 250 workers are expected to be onboard by the end of April. With 2009 projected to be another weak year for the cargo business, growth toward full production of up to 8,000-10,000 railcars annually will likely be slowed. National Alabama's plant is the largest industrial facility in the world to meet LEED requirements of the U.S. Green Building Council. The area secured their first National Alabama supplier late in the year—Steelcare plans to open a \$7 million facility that will provide steel to the railcar plant in the spring.

Southwire worked on a \$9.5 million expansion during 2008 that was announced the previous year and includes renovation of an existing building and the creation of 50 jobs. The company is partnering with the Florence City Schools on an initiative that will have at-risk students working while attending school four hours a day; the program will get underway in summer 2009 when the expansion is complete. In October 2008, SCA Tissue completed a \$150.7 million, 19-month project that included a new building, paper machine, an expanded water treatment facility, and at least 30 jobs. SCA announced an additional \$13 million project in 2008. Flexco's Tuflex Rubber Products was working on a flooring plant that will employ 65 and aiming for a March 2009 completion date for a project to turn a vacant manufactured home business into its distribution site. A \$2.65 million expansion at Aleco announced in 2008 should create almost 50 jobs. However, 47 were idled in August when Occidental Chemical closed its Muscle Shoals plant. Whitesell, which laid off 45 in November, installed new metal-forming equipment late in the year as it tried to improve its competitiveness.

Results of an economic development study commissioned for the Shoals area by TVA as part of its Targeted and Prepared Community Program and completed in the fall

recommended concentrating recruitment on aerospace, aviation, and auto supplier businesses, with a focus on foreign companies. Attracting retirees and the service providers they need was another proposed emphasis. The area had success with a project to subdivide one of its many large, vacant industrial buildings—a former Tee Jay’s facility has attracted a number of small tenants. Recent economic recruitment successes earned the Florence-Muscle Shoals metro area recognition as one of the “Top 10 Comeback Kids” by *Southern Business & Development*.

In other developments, Southgate Mall underwent interior renovations during 2008. Tourism and industrial construction contributed to hotel demand, with the addition of a Comfort Inn and Suites in Muscle Shoals and Holiday Inn Express and Residence Inn in Florence. Florence also saw progress in its downtown, with new and relocating retail businesses; downtown streetscaping was a priority in Tuscumbia and Sheffield. Trophy Golf and Resorts proposed a riverside resort on the Tennessee River in Sheffield that would connect to the city’s downtown. The project could break ground in 2010 and would include a hotel, restaurants, retail, pool, marina and pier, and public golf course, as well as about 150 apartment-style residences for sale. Helen Keller Hospital in Sheffield expected to complete a \$7 million outpatient surgery pavilion early in 2009. Enrollment at the University of North Alabama rose for the sixth consecutive year in fall 2008. Enrollment at Northwest-Shoals Community College was up as well with the college giving half-tuition to some laid off workers.

Population growth in the Florence-Muscle Shoals metro was a modest 0.4 percent in 2007, with about 600 new residents; almost all gains were from new people moving into the area. The housing market held up relatively well with building permits for single-family homes down just 9.6 percent for the first nine months of 2008 compared to a year ago. During the same period, the number of multi-family units permitted increased from 36 to 132. At 8.9 percent, house price appreciation as measured by OFHEO saw the largest year-over increase in third quarter 2008 of Alabama’s 11 metros; prices were up 4.6 percent from the second to the third quarter. Development and education initiatives and National Alabama should help improve income and wages in the Florence-Muscle Shoals area. Per capita income was up 4.9 percent in 2007, but at \$28,362 ranked 10th among the metros; average wages of \$30,699 were at the bottom of the group. However, HUD’s median family income showed an 11.3 percent increase in FY2008 that brought income to above the state’s median.