

# Montgomery

Services and state government were the mainstays of the Montgomery metro economy, helping the area add 1,400 jobs between October 2007 and October 2008 for a 0.8 percent increase that was 3rd highest among the 11 metro areas. Alabama's state government employment increased by 680 statewide in FY2008; with the state capitol and a number of correctional facilities, the Montgomery area saw a net gain of about 500 over the last year. Professional and business services jobs also climbed by about 500, aided by growing call center employment, while employment in education and health services rose by 200. The leisure and hospitality sector saw 400 new jobs during the year, boosted by completion of the Renaissance Montgomery Hotel & Spa and by strong job growth at restaurants and other food service establishments. Despite new retail store openings across the metro area, the loss of 400 positions at general merchandise stores dropped overall retail employment by 100. Manufacturing shed 200 jobs. Total employment of area residents fell by 1.6 percent, with 2,630 fewer individuals working in October 2008 compared to a year earlier. At the same time, the Montgomery area labor force grew by 1,630 (0.9 percent), pushing unemployment up from 3.2 percent in October 2007 to 5.7 percent in October 2008.

Twenty-eight new and expanding industry announcements in 2007 proposed investments totaling \$433.2 million, with the creation of almost 1,500 jobs. Hyundai's planned \$270 million second engine plant that will produce a 2.4 liter, 4-cylinder engine for both Hyundai and Kia was under construction in 2008 and is expected to provide about 520 new jobs. Other auto industry-related development included a \$55.6 million expansion at Mobis Alabama that will create 140 jobs. Glovis Alabama expected to create 170 jobs when its new \$12 million auto parts warehouse opened in fall 2008. Daehan Solutions in Lowndes County undertook a \$3.8 million expansion that is adding 20 jobs and Hanil USA in Elmore County was investing \$15 million. A new firm, TWB, planned to invest \$65 million and hire 38 at its high-tech plant in Prattville that will create laser-welded blanks for auto stamping. Fras-Le assumed ownership of the former Haldex Brake plant in Prattville, where employment had slipped to just 45.

Other industries in the Montgomery area's manufacturing sector were also expanding in 2007, with Tallassee's GKN Westland Aerospace adding up to 50 jobs for a contract with Honda Aircraft and a \$5 million project at Neptune Technology Group creating 25. Tallassee's recent economic development success earned the city recognition by *Southern Business & Development* as one of the top 10 "comeback kids" in the South. Computer programming and systems design firms Information Transport and Knowledge Management Solutions in Elmore County added a combined 64 jobs. Institutional furniture maker Madix planned to hire 15 after a \$4.5 million addition. However, Frontier Yarns in Wetumpka, which planned investment of \$8 million and 12 jobs, also laid off 35 in 2008. Albany International closed its Appleton Wire Division in Montgomery in February 2008, idling 96. And Russell announced the layoff of 550 employees at Coosa River Textiles in Wetumpka in June.

Business services employment in Montgomery got a boost from a new call center for ER Solutions that hired 300 in 2007; the company's 2008 expansion added another 200 employees. However, General Casualty Insurance closed its office in January, idling 87. Turenne Pharmedco broke ground in April for its headquarters and office building in

Montgomery Industrial Park; the company provides medical supply distribution, pharmacy, and billing services. The park also gained tenants Kellogg and Alabama Crown Distributing.

With many Kia-related expansions already finished or in progress and given the accelerating negative impact of the recession on the auto industry during 2008, the Montgomery metro area's only auto-related announcement through November was the addition of 60 jobs by logistics provider YESAC Alabama. Hyundai, which kept 2008 production steady until late October, began periodic plant shutdowns on October 24 for an announced total of 11 days through year-end, with just 12 operating days in December. Sharp cutbacks in production in November helped the company reduce inventory of the Sonata and Santa Fe despite a steep decline in year-over sales for the month. The plant earned recognition in the Harbour Report as the 3rd most efficient U.S. vehicle production plant. Hyundai plans to introduce a 4-cylinder Santa Fe in 2010 and speculation centered on whether the upcoming Portico crossover SUV could be made in Montgomery.

Substantial retail development in Prattville continued in 2008, enhancing the area's regional shopping draw. The first phase of High Point Town Center, where Bass Pro Shops opened in August 2007, saw major retailers JC Penney, Belk, Best Buy, and Publix open in fall 2008. Neighboring Prattville Town Center added stores including Circuit City, Books-A-Million, Ross, and PetSmart. Planning was underway in the fall for The Exchange at Home Place, expected to include Academy Sports and Outdoors, Hobby Lobby, and Kohl's. Prattville was recovering from damage suffered in a February 17 tornado—a new Kmart opened in late October to replace the store destroyed in the storm. Premier Place, which also sustained damage, added several specialty shops. A Tractor Supply Company store opened in Millbrook in late October; the city's Fred's closed earlier in the year. This retail boom has begun paying off for Elmore County and Prattville; sales tax revenues for the city almost doubled in FY2008 compared to the previous year.

Retail growth continued at Montgomery's EastChase, where Old Navy, Circuit City, Bed, Bath & Beyond, Michael's, ULTA, and Dick's Sporting Goods opened in the Market Center. Further EastChase development is focusing on out-parcels and small lots. In August the new owner of the nearly-empty Montgomery Mall was considering mixed office, dining, education, and retail uses for the structure. Weak sales tax collections, down 7.4 percent through November, had Montgomery County cutting its budget by 10 percent and instituting a hiring freeze. The city of Montgomery was waiting until year-end to take any action, despite a drop of 9.4 percent in sales tax revenues for November.

Downtown Montgomery's leisure and hospitality emphasis benefited from the completion of the 347-room Renaissance Montgomery Hotel & Spa at the city's expanded convention center and the new Performing Arts Centre in February 2008. A Hampton Inn opened in the former Tuskegee Bank building downtown later in the year, adding 88 rooms. September's Navistar LPGA Classic in Prattville and the Buckmasters Expo at the new Renaissance Hotel contributed to area tourism. The Harriott II, a 400-passenger steamboat, began service at Montgomery's Riverwalk in late November. A number of city construction projects were active in the downtown area in 2008—a pedestrian tower on the Riverwalk is scheduled for completion in March 2009; one

parking deck should be finished in March and another in June 2009; streetscaping and installation of roundabouts is ongoing; and work progressed on The Alley entertainment district.

Montgomery continued to add living options downtown in 2008 with condo and loft projects including The Lofts at Montgomery Fair, 22 Monroe Condos, Rice Lofts, GrandView at Cottage Hill, and Hilltop Arms; a number of older houses in the downtown were also being renovated as single-family residences. In quality of life improvements, work was scheduled to begin in November on a second section of Prattville's Creekwalk that is part of its downtown revitalization. Prattville was considering a site previously planned for an industrial park for a new recreational sports facility. The addition of a sewer line for Elmore will allow the town to grow; developers are considering a hotel, assisted living facility, and a commercial/office/retail development with walking trails. In Wetumpka work began on an athletic facility that will include new softball fields. Montgomery's YMCA opened its fourth Y's Up personal workout fitness facility at Hampstead in November.

Population growth across the four-county Montgomery metro area was a state-average 0.8 percent with 3,079 new residents in 2007. Most of the gains were in suburban Autauga and Elmore counties; Montgomery County added an estimated 258 people, for a 0.1 percent gain, and Lowndes County lost population. In 2008 both the city of Montgomery and the town of Pike Road continued to annex unincorporated areas. A branch library opened in Pike Road in the summer and, as the city approached 5,000 residents, it was looking toward forming its own school system. Several Montgomery public schools were recognized for their programs during the year—Loveless Academic Magnet Program High School (LAMP) was selected as a top U.S. high school by both Newsweek and U.S. News. Per capita income rose a below-average 4.1 percent in 2007 to \$34,333 and ranked 3rd. Average wages both across all industries and in manufacturing ranked in the middle of the metro areas.

The Montgomery area's housing market struggled during 2008. Building permits for single-family homes for the first nine months of the year were down 50.4 percent from the same period a year earlier. Permits were issued for only eight multi-family units through September, compared to 722 in 2007. Home sales during the same period of 2008 were 26.1 percent below a year ago; the statewide decline was 21.8 percent. Montgomery was the only one of Alabama's 11 metros to see a drop in the OFHEO House Price Index between the third quarter of 2007 and the third quarter of 2008; the area's index declined 0.8 percent.