

Tuscaloosa

The economic fortunes of the Tuscaloosa metro slid during 2008 as new and expanding auto supplier announcements gave way to extended shutdowns, reduced weekly hours, and finally separations as the Mercedes plant in Vance sought to bring production in line with sagging demand. The University of Alabama provided stability and some economic growth, with a record enrollment of 27,052 students in fall 2008 up 5.8 percent from a year ago and huge football crowds boosting retail and tourism spending. The April 2008 USA Triathlon Collegiate Nationals and Olympic Triathlon Trials also contributed to area tourism. Nonagricultural employment across the three-county metro area rose by about 300 between October 2007 and October 2008. Manufacturing shed 200 jobs and retail employment was down 100, although jobs at general merchandise stores fell by 400. State government and professional and business services were the strongest growth sectors, each adding 500 jobs during the 12-month period. Leisure and hospitality also saw gains, with two-thirds of the 300 new jobs at food service establishments and drinking places. Jobs in healthcare rose by around 200. The area's civilian labor force declined by about 420 workers (-0.4 percent), but a much larger drop in total employment of over 2,000 (-2.1 percent) pushed unemployment from 2.8 percent in October 2007 to 4.4 percent in October 2008, still second-lowest of the state's metros areas.

One new and six expanding companies proposed investments totaling \$64.2 million with around 300 new jobs in 2007. Southern Heat Exchanger planned to construct a facility to replace its existing buildings that could result in an additional 55 employees. The Tuscaloosa area gained an auto supplier, Visteon, which invested \$9.5 million and planned to hire as many as 150 at its Tuscaloosa location in the former Johnson Controls building. A \$14 million expansion at Visteon announced in the fall of 2008 could create 67 jobs when the company relocates equipment as it seeks to expand its customer base. BFGoodrich undertook a \$22 million expansion in 2007 that created 50 jobs. An additional \$13 million investment announced in 2008 will add 12 jobs in 2010 as the Tuscaloosa location expands to become the primary supplier of steel belt material for Michelin in the southeast. Tire production fell victim to weak demand in the fall, with the plant suspending production for two weeks beginning in late September and temporarily laying off 200 employees for eight weeks on November 1.

Stankiewicz International, a new supplier announced in April 2008 that will manufacture acoustical and other components for Mercedes and GM, planned to invest \$16.4 million and create about 180 jobs. The \$675 million refinery expansion at Hunt Refining that was announced in 2006 got off the ground early in 2008 with the award of a \$300 million contract to Birmingham-based BE&K for engineering, construction, and project management services. Expected to be complete in 2010, the project encompasses three major new units: a \$50 million continuous catalytic reformer, a \$200 million hydrocracker, and a \$200 million delayed Coker. The expansion that will create about 40 jobs was approved for \$50 million in tax-free Gulf Opportunity Zone bond financing. Gaylord Chemical, in partnership with Hunt, is relocating a dimethyl sulfoxide plant to Tuscaloosa—a \$27 million investment that will create about 27 jobs. Weak demand resulted in the permanent layoff of 57 employees at Westervelt Company's sawmill in Moundville late in 2008.

Mercedes, which launched the state's auto manufacturing industry with the opening of its Tuscaloosa County plant in 1997 and expanded with a second plant and a doubling of its workforce to 4,000 in 2005, was forced to slow production due to market conditions for the first time in 11 years. In the face of weakening demand, the company imposed a 32-hour work week in early October that eliminated Friday production, extended the usual two-day Thanksgiving break to one week, and announced plans to extend its normal one-week summer shutdown to four weeks in 2009, with employees using vacation or taking time off without pay. In September the plant's temporary workers were told that they would not be retained after December 31. And, in late October, most of the plant's employees were offered voluntary buyout packages that included financial incentives, temporary medical benefits, and help finding a job. With assembly line 1 and paint shop 1 going from two shifts to one at the start of 2009, most employees who take the buyout will leave at the end of 2008. Further cutbacks announced in December include adding two additional days to an already-lengthened holiday break and suspending production for the first two weeks of January 2009. In 2008 through November, sales of the M-Class were up 5.5 percent compared to the first 11 months of 2007, but GL-Class sales were down 9.3 percent, and sales of the R-class crossover, which is being phased out, fell 38.5 percent. Mercedes first hybrid M-Class is expected to be built in Vance in the near future.

Cutbacks at Mercedes have ripple effects across Tuscaloosa's industrial sector as just-in-time suppliers trim their work schedules and output to match Mercedes. The sizeable workforce reductions will likely hike the metro area's unemployment rate significantly at the start of 2009, while reduced hours and wages for employees negatively impact the retail and housing sectors. Retail employment was flat from October 2007 to October 2008. Dillard's closed its Tuscaloosa store in late spring, idling 130. Midtown Village, which opened in October 2007, added specialty retailers and restaurants throughout 2008. A number of clothing stores aimed at the high school and college student population opened both at University Mall and at Midtown during the year. Restaurant choices expanded significantly during the year across Tuscaloosa. Construction progressed on the \$20 million Publix-anchored Capital Market Center on U.S. Hwy. 69 in Taylorville. Other planned development announced in 2008 included a family entertainment center in south Tuscaloosa that will include a bowling alley and possible retail at Riverside Village near downtown Northport.

There was significant new development tied to the growing student body at The University of Alabama and/or to the seasonal influx of football fans, despite the scheduled addition of 960 dorm rooms in fall 2009. Construction was on target for August 2009 occupancy of The Retreat at Lake Tamaha, a resort-style student community with an initial 170 cottage-style multi-tenant units east of the University near Holt. Building was underway in the fall on the \$32 million Houndstooth Condominiums, a 130-unit game-day complex across from Central High School. Property purchases were complete and planning was underway for Sterling Crimson, a gated 312-unit student apartment complex that will revitalize several blocks of blighted land just west of Central High. And planning was ongoing for The Woodlands of Tuscaloosa, a 350-unit apartment complex adjacent to Snow Hinton Park. Construction neared completion on The Chimes, with high-end condos catering to football fans, some with views of the practice field. However, Spectrum Capital postponed work on Dynasty Park, a \$110 million hotel and condo tower next to Bryant-Denny stadium that will incorporate retail and parking. The University continued to explore a possible purchase of adjoining land currently occupied by Bryce Hospital for expansion.

Tuscaloosa made progress on downtown revitalization projects, with City Hall Annex III opening during the year and construction of an intermodal transportation center and 4-story parking deck and adjoining park scheduled for completion in 2009. Although the site is cleared and \$42 million has been appropriated for a new federal courthouse, failure to gain approval in 2008 for the additional \$25 million needed for the project will delay construction. Plans are on track for a partially-covered, multipurpose 7,000 seat amphitheater on the Riverwalk that should be ready by fall 2010. The city's \$27 million Jerry Plott Water Treatment Plant came online late in 2008. A new \$35.3 million cancer treatment center under construction at DCH Regional Medical Center will almost quadruple the size of the existing center when it opens in spring 2009. Projects at The University of Alabama include a new Capstone College of Nursing building and a science building adjoining Shelby Hall. UA trustees approved an \$80.6 million addition to Bryant-Denny stadium that will bring the number of seats to 101,000.

Population in the Tuscaloosa area increased 1.2 percent in 2007, with the addition of over 2,500 residents; all three counties that comprise the metro saw gains. The market for single-family housing deteriorated significantly during 2008, however, with building permits during the first nine months of the year 39.0 percent below the same period in 2007. The 555 multi-family units permitted was well above the 397 permits issued for single-family dwellings and was down a smaller 24.0 percent from the previous year. Tuscaloosa area homes sold during the first nine months of 2008 were 29.8 percent below a year ago; the state average decline amounted to 21.8 percent. Although the OFHEO House Price Index was up 3.1 percent for third quarter 2008 compared to third quarter 2007, it fell 0.1 percent between the second and third quarters.

A number of school construction projects were completed in 2008, with Tuscaloosa County opening Lake View and Northport elementary schools and Duncanville Middle School. The Tuscaloosa City System completed middle school additions at University Place and Rock Quarry, the new Westlawn Middle School, and a multipurpose building at Northington Elementary. Tuscaloosa County Parks and Recreation opened a new sports complex during 2008. Per capita income for the Tuscaloosa area, including Tuscaloosa, Greene, and Hale counties, rose 4.5 percent to \$32,051 in 2007 and ranked 5th among the metros. Average wage across all industries of \$36,737 was just below the state average. However, manufacturing wages averaging \$53,710 were about \$10,000 above the state's and 3rd highest among the metro areas.