Huntsville

National defense-related initiatives and a strong emphasis on technology-based employment helped the Huntsville metro area outperform the rest of the state in 2008. Job moves mandated by the Base Realignment and Closure (BRAC) Commission picked up steam and major facilities construction progressed, while new and expanding defense contractors added to economic activity. Government and services were largely responsible for nonagricultural job growth of 1.7 percent (3,500 new jobs) between October 2007 and October 2008. This included 2,000 jobs in professional and business services, 700 with the federal government, and 600 funded by local governments. Employment in other services expanded to serve a growing population, with about 100 new jobs in financial activity, 200 in education and health services, and 300 at food service and drinking places. However, the weak economy hurt Huntsville area manufacturing, down 900 jobs during the 12-month period, and retail trade, which dropped 200. Manufacturing was negatively impacted by the closing of Delphi’s plant in Athens in December 2007, idling 1,020. While jobs located in the metro rose and the labor force saw a 0.8 percent increase, total employment of area workers declined 0.6 percent, raising unemployment from 2.5 percent in October 2007 to a still-low 3.9 percent in October 2008.

Fifty-four new and expanding manufacturing and services firms planned to create 4,310 jobs in 2007. Boeing, Bosch Aerospace, and Science and Engineering Services (SES), were among expanding aerospace and defense manufacturers, with SES adding 250 jobs. Nonmanufacturing companies in the aerospace/defense arena announcing expansions in 2007 and expected new jobs included: Advanced Systems Development (50), The Boeing Company (400), Booz Allen Hamilton (415), Rockwell Collins (77), and Sikorsky Aircraft (120). Lockheed Martin completed a $30 million building at Cummings Research Park and increased its local workforce by about 9 percent. Among new firms entering the aerospace and defense arena in Huntsville during 2007 were Alliant Techsystems, Andrews Space, Applied Geo Technologies, and Ball Aerospace.

Rockwell Collins expanded again in 2008 with 60 jobs and SES added to its investment. DeciBel Research and BFA Systems increased their investment in Huntsville in 2008, while an expansion at Teledyne Brown Engineering is expected to create 200 positions. Aerospace initiatives moved ahead during the year—the Ares I rocket design received preliminary approval and rocket testing at Marshall Space Flight Center picked up as the agency works toward a 2015 target date for a space shuttle replacement. Marshall also assumed management of a $344 million lunar science program.

New national defense support firms in 2008 included Aerospace Corp. and DHS Systems, where 150 employees are assembling deployable shelter systems. The U.S. Department of Justice broke ground in the fall for its $26 million National Center for Explosives Training and Research; after completion in 2010, the center will bring about 60 ATF employees to Huntsville and train more than 3,000 students annually. Defense contractor Northrop Grumman announced plans to locate its Kinetic Energy Interceptor missile headquarters in Huntsville and broke ground on a second new building in Cummings Research Park that should be finished late in 2009. Also in the missile
defense arena, Boeing delivered its first production Standard Missile-3 in the fall and opened a Ground-based Midcourse Defense program training center in Huntsville. The Missile Defense Agency (MDA) and Boeing completed a successful complex test of the ground-based interceptor missile being worked on in Huntsville; Lockheed Martin’s MKV-L missile was also under test.

Although much area manufacturing is technology-intensive, not all is centered on aerospace and defense industries. Other manufacturing projects for 2007 included the planned additions of 1,000 jobs at computer firm Sanmina-SCI, 150 at Palco Telecom Services, 80 at Steelcase in Athens, and 45 at STI Electronics. WestWind Technologies broke ground for a $12.5 million Aircraft Modification and Integration Center at Huntsville International Airport late in 2008, with plans to add 60 workers after completion in August 2009. Navistar Engine Group dedicated its second plant, which will make big bore diesel engines, at Huntsville’s Jetplex Industrial Park in September. Toyota’s Huntsville engine plant resumed production of V-8 engines in late October after a three-month suspension due to weak vehicle demand; however, only 123 temporary workers were laid off and the plant’s workforce used the down time for process improvement, training, and other activities.

Military officials working to fulfill the 2005 BRAC mandates reported in the fall that construction of needed facilities for the agencies moving to Redstone Arsenal was on track, so that all organizations will be in their buildings by 2011. Projects include a $221.8 million headquarters building for the Missile Defense Agency and the Space and Missile Defense Command; a $128 million headquarters for the Army Materiel Command and the Army Security Assistance Command; $60 million for a Rotary Wing Center; and a $9.4 building for the 2nd Recruiting Brigade. With these agencies required to transfer or hire personnel totaling 4,500 by September 2011 and related contractors in the north Alabama area expected to have a workforce of more than 10,000, the economic impact of BRAC on the area has been estimated at around $4 billion. More than 1,400 jobs had been relocated to Redstone by mid-November. Army officials noted that the Huntsville area will need bigger and better roads, more schools, and a larger workforce of engineers and logisticians to fulfill BRAC needs. Two new child care facilities are also being built to serve personnel at the Arsenal.

Huntsville took a significant step in growing its biotechnology sector with the opening late in 2007 of the HudsonAlpha Institute, a public-private partnership bringing together academic and industry researchers working to develop new tools and technologies targeted toward creating individualized disease treatment therapies based on the human genome sequence. The associates wing of the Institute got off the ground near year-end 2007 with a capacity 12 firms. The academic wing was dedicated in the spring of 2008, with six principal investigators bringing their labs to the Institute. Employment in information services also increased in 2008—Verizon Wireless grew the workforce at its Huntsville call center and state headquarters from around 600 in January to almost 1,400 at year-end and Comcast was hiring 200 employees for its $17 million call center. However, Delta Airlines closed its reservations center in May, idling 183.

The growth and success of the area’s small businesses, concentrated in professional, scientific, and technical services, helped Huntsville rank 5th on Inc.com’s list of best mid-sized cities to do business in and on the Milken Institute’s 2008 Best Performing Cities
Southern Business & Development cited Huntsville as the #2 mid-sized market in terms of economic performance in 2007. The area’s diverse economy, job openings, and housing affordability led Forbes to rank Madison County the nation’s top place to live while weathering the economic down-turn. Computer integration and service and engineering service firms expanding in 2007 and 2008 included Advanced Systems Development, the Charles Stark Draper Lab, DRS Test & Energy Management, EMC Tetra Tech, Millennium Engineering, Quantum Research, QuantiTech, and Aegis Technologies.

In retail development, Bridge Street continued to add shops and restaurants during 2008. The $45 million, 210-room Westin Hotel opened there in April and, given strong demand for rooms, scaled back the number of condos planned to just 35. Shopping centers anchored by Publix supermarket were a focus for 2008, with new developments including Harvest Square in northwest Madison County, The Village Shoppes at Madison, and Eastside Junction in Athens. Plans were unveiled for WaterStone, a planned $1 billion mixed-use development in Madison at I-565 and County Line Road that will add 4 million sq. ft. of shopping, dining, entertainment, residential, hotel, and office space over a 10-year period. Another development, The Lakes at Madison, was announced in the fall, with plans for an upscale grocery, retail, offices, apartments, and a hotel. The Village at Hampton Cove in Huntsville opened with Hampton Cove Christian Academy and several retailers in the spring. Construction got underway on a Spring Hill Suites, the first tenant at the Constellation complex on Memorial Parkway. And a shopping and office complex is planned near the site where a new Lee High School will be built in Huntsville. BRAC-related plans include an office, classroom, and retail development on Redstone Arsenal property near I-565 and Rideout Road.

Population growth in the Huntsville metro continues to be the strongest in the state; almost 8,600 residents added in the year prior to July 1, 2007 amount to a 2.3 percent gain. With BRAC contributing to already increasing demand for resources, local school systems were busy preparing for additional capacity—projects underway or planned included Clements Elementary in Limestone County; a new west middle school, Lee High School, Big Cove Elementary, and possible consolidations in Huntsville; and a second high school in Madison. Infrastructure projects included $65 million for capital improvements at Huntsville International Airport, where the new west wing opened in December; an expansion of the Madison County Jail; ongoing work on an I-65 interchange at Huntsville-Brown’s Ferry Road; and a land purchase for a third Huntsville wastewater treatment plant. Per capita income in the Huntsville area was the 2nd highest in the state in 2007 and both overall and manufacturing wages were the highest among the 11 metros. Business Week listed Huntsville as one of the top affordable cities to raise children, citing schools, cost of living, job growth, and recreation and cultural opportunities among the reasons.

The cities of Huntsville and Madison both annexed tracts of land in Limestone County in 2008 to prepare for growth. Housing development was brisk in 2007, but tapered off in 2008 as the accelerating downturn negatively impacted credit and the ability of both residents wanting to move and workers relocating to Huntsville to sell their current homes. Building permits for single-family homes totaled about 1,700 for the first nine months of 2008, down 36.8 percent from 2007. Over the same period, home sales were down 18.2 percent compared to a 21.8 percent decline statewide. Homes priced over
$400,000 were reportedly very hard to move. House prices measured by OFHEO held up fairly well, however—the Huntsville metro House Price Index rose 4.1 percent in the third quarter of 2008 compared to a year ago, although it was up just 0.5 percent from the previous quarter. With a large number of apartments already under construction or permitted, building permits for multi-family units through September 2008 fell to 112 from 563 a year earlier, a decline of 80.1 percent. In mid-August 1,574 apartments were reported under construction and 843 more were expected to break ground by year-end, with most in west Huntsville.