Auburn-Opelika

Plant closings dealt Auburn-Opelika’s manufacturing sector a serious blow, with a total of around 1,200 jobs lost at BFGoodrich in Opelika and Pace Industries in Auburn during the second half of 2009, adding to the year-over-year monthly decline in nonagricultural jobs that has persisted since April 2008 (except for October 2008). Payroll jobs totaled 53,900 in October 2009, down 2,600 (-4.7 percent) from a year ago. Manufacturing saw the largest cut, losing 800 jobs during the year; professional and business services and state and local government each shed 400. Educational and health services added 100 positions, while jobs in the federal government and financial sectors were unchanged.

The metro’s labor force contracted by an above-average 4.9 percent between October 2008 and October 2009 while total employment of area residents dropped 9.0 percent, slightly more than the state’s 8.6 percent decline. Unemployment climbed to 8.8 percent in October, the second lowest rate across the 11 metro areas. About 2,700 residents commuted to jobs outside the area. GDP has grown faster in the Auburn-Opelika metro than in the state since 2001, with an increase of 61.9 percent compared to Alabama’s 43.3 percent. A 4.6 percent gain in the value of goods and services produced in the area in 2008 ranked third among the metros. The important role of Auburn University is evidenced by a 28.3 percent share of GDP generated by the government sector, the highest in the state. While wholesale trade was the most rapidly growing output sector between 2001 and 2008, government was second with an increase of over 65 percent.

Manufacturing accounted for 11.1 percent of payroll jobs in the Auburn-Opelika area in October 2009, less than the state average of 13.1 percent. At 21.6 percent, the share of output generated by goods producing industries was 3.3 percentage points below the state’s. Auto suppliers, which have become an integral part of the manufacturing sector, have seen both new additions and expansions over the last two years, spurred in part by a strategic location between Hyundai in Montgomery and the new Kia plant in West Point, Georgia. Kia’s first production 2011 Sorento rolled off the line in mid-November. Expansions announced in 2009 include a $16.5 million investment at Seohan-NTN Driveshaft USA that will generate 75 jobs, a $20 million project at Cumberland Plastic Systems creating about 50 jobs, the addition of 20 workers at Straehle + Hess USA, and an $11 million investment at Hanwha that could yield 25 jobs. However, tough times for the automotive industry also led to layoffs at some area firms, including Borbet Alabama and Mando. The area’s manufacturing sector was dealt a huge blow with the closing of Opelika’s BFGoodrich tire plant. The 400 employees who worked their final day at the plant on October 30 were the last of more than 1,000 workers employed when the closing was announced in April. About two-thirds were residents of the Auburn-Opelika metro. BFGoodrich parent Michelin set up a development program to issue loans to small businesses in the area to spur job growth.

2008 brought a number of new auto suppliers to the metro area, including HANA Factory Automation, promising 40 jobs; Kull Die Casting Technology NA; Selzer Automotive, with a $22 million investment and 80 positions; SMI Auto USA, spending $3 million and hiring 33; and...
Stratford Plastic Components, putting $34 million into a plant that will employ 65. Six supplier firms announced expansions in 2008, the largest being an investment of $25 million at Mando America that could create 200 jobs; Hanwha’s $15 million project with 46 jobs; and a $5.4 million investment at Pyongsan America generating 90 positions. Hoerbiger Automotive Comfort Systems, Aluminum Technology Schmid NA, and Cumberland Plastics Systems also expanded during the year.

Other manufacturing expansions announced in 2009 include Matrix Wire, which hired more than 20; Donaldson Company, investing $3.5 million and hiring 25 in 2010; and Briggs & Stratton, consolidating product lines in Auburn and adding jobs in FY2010. The Auburn-Opelika area received national recognition for its business climate and economy during 2009: Forbes ranked Auburn the #1 small metro in projected job growth and the #10 Best Small Place for Business and Careers; BusinessWeek cited Auburn as the best city for starting up a business in Alabama and one of the top 10 strongest building markets in the United States; and CNNMoney.com listed Auburn-Opelika #16 Best Small Place to Launch a Business.

Auburn University provides stability for the Auburn-Opelika economy. Enrollment was up slightly to 24,602 in Fall 2009. Construction was underway on more than 200 projects on campus during the year, including a new basketball arena and Phase II of the Shelby Center for Engineering Technology; a new student center and residential community opened in the fall. A research award furthered the relationship between Northrop Grumman and the College of Engineering in the information technology area. Grant funding from the National Institute of Standards and Technology will go toward building a science and commerce center at Auburn Research Park.

In retail development, construction progressed on Auburn’s first Publix-anchored shopping center that should open in May 2010. A 12-screen Carmike Cinemas at Capps Landing in Opelika is slated for fall 2010. Auburn annexed the West Pace development; West Pace received approval for a Planned Development District and expects to add restaurants to the current auto mall in 2010. However, plans for the Celebrate Alabama shopping and entertainment district were put on hold. Lee County is one of three Alabama counties included in planning for the massive influx of jobs and people by 2011 as nearby Ft. Benning in Georgia expands with BRAC. Expectations for population growth in the Smiths Station area have a new high school under construction and planning for a new elementary underway. Population in the Auburn-Opelika metro rose 1.9 percent (1,700 residents) for the second highest gain of the 11 metro areas. The area’s quality of life earned it a place on the U.S. News & World Report 2009 list of 10 best places to live and a listing as a top place to retire by Where to Retire. Opelika’s new Sportsplex and Aquatic Center opened in the fall.

Auburn-Opelika’s banking sector grew modestly during the year ending June 30, with a 5.3 percent increase in deposits in FDIC-insured institutions (compared to 9.0 percent for the state). The number of banks was unchanged at 16 and the number of branches fell by one to 40. Per capita income increased at a state-average 2.7 percent in 2008, but ranked last among the metro areas at $27,601 due to the impact of a large student population. While median family income fell 2.9 percent in FY2009, the area’s $59,900 ranked as third highest. Average wages
across all industries amounted to $33,130 or 91.6 percent of the Alabama average. Building permits for single-family homes fell almost 19 percent to 540 for the first 10 months of 2009 compared to the same period in 2008, while home sales dropped 16.0 percent. However, multi-family units permitted jumped from just 58 through October 2008 to 556 through October 2009. Prices based on the FHFA House Price Index declined 1.5 percent year-over-year in the third quarter.