Developments completed and initiated in 2010 brought a sense of positive momentum to the Birmingham-Hoover metro area. The economy of the seven-county region began to stabilize during the year as job losses slowed—while an average of 483,000 jobs for the first 10 months of 2010 was 2.7 percent below the 2009 average, the loss was moderate compared to a 5.9 percent decline from 2008 to 2009. The October 2010 total of 485,600 jobs was just 0.8 percent below October 2009. With the number of employed residents increasing 3.6 percent during this time and the labor force growing more slowly, October 2010's 8.7 percent unemployment was down from 10.0 percent a year ago. The government sector, retail trade, and healthcare have been sources of strength in recent months. An overall feeling of optimism comes from the combination of major projects ongoing or getting underway in 2011, significant quality of life improvements that are being realized, and a spirit of cooperation highlighted by public/private partnerships.
While manufacturing was the foundation for early Birmingham development, it now accounts for just 7.1 percent of employment across the metro area. 2010 was a difficult year for the iron pipe industry as municipal project demand for pipe shrank. McWane idled 117 workers at its pipe plant in May and began to diversify into producing poles for utilities. ACIPCO, which planned to create 30 jobs in a joint venture with Vulcan Painters to coat pipes onsite, laid off around 140 in the fall. And 244 jobs were lost when U.S. Pipe closed its north Birmingham plant. Early in 2010, Liberty Coating announced a $5 million pipe coating plant in Bessemer that will create 80 jobs. A new metals lab at the University of Alabama at Birmingham (UAB) will provide research and development support to help the area maintain a competitive iron and steel industry.

Auto suppliers fared better—Gestamp Alabama undertook a $28 million expansion of its McCalla plant that will add more than 30 jobs and a $310 million expansion by auto parts stamper Kamtek could create 400 jobs. Two Pell City suppliers, Eissman Automotive and Oerlikon Balzers Coating, are also expanding. In Walker County, Amtex is investing $12.8 million to finish a Jasper building and hire 60 to provide carpeting and trim for the Toyota Corolla. Korean steelmaker Posco’s $19 million McCalla plant is supplying cut steel to southeastern automakers. In other developments, Griffin Wheel’s reopening of its Bessemer plant could create 160 jobs. Tampa-based Walter Energy’s $3.3 billion acquisition of Canadian coal producer Western Coal will help it meet demand, but could jeopardize the planned move of its headquarters and 80 jobs to the Riverchase Galleria.

Service providing industries account for over 85 percent of jobs in the Birmingham-Hoover metro. The sizeable healthcare sector continued to expand into new facilities: UAB Hospital completed its $164 million Women and Infants Center, which also houses the new Hazelrig-Salter Radiation Oncology Center, while work began on the $450 million Benjamin Russell Hospital for Children. Brookwood Medical Center, which will open a Joslin Diabetes Clinic early in 2011, broke ground on its $65 million Women’s Medical Center; a three-year project to expand and renovate Princeton Baptist Medical Center also got underway at midyear. Work progressed on St. Vincent’s St. Clair, a 40-bed hospital set to open in 2011. Trinity Medical Center received state approval and support from the city of Birmingham for its proposed move to the unfinished former HealthSouth Hospital on U.S. 280, but faces legal challenges from Brookwood Medical Center and St. Vincent’s Health System. Trinity’s relocation would bring a new healthcare professional component to the U.S. 280 corridor and developer Daniel Corp. plans to add sizeable medical office space, a hotel, and retail at the Grandview campus. On the flip side, prospects were being considered for the Montclair property that would be vacated in the move. At year-end, UAB Medical West, St. Vincent’s, Brookwood, and Baptist Health System were all vying to establish free-standing emergency departments in Hoover.

Funding for medical research, centered on UAB’s School of Medicine, got a boost from the American Recovery and Reinvestment Act in 2009 to reach a record $485 million, including over $270 million from the National Institutes of Health. Work continued to be performed on these multi-year grants during 2010 and funding for new research initiatives was received during the year. Industry projections for gains in clinical laboratory jobs through 2018 should keep Birmingham’s health research cluster on the expansion track. Southern Research Institute (SRI) continued to grow as a leader in biomedical research and development, investing $20 million in facilities and research staff. SRI will be able to expand its bioanalytical capabilities and clinical trials support due to its acquisition of the bioanalytical lab assets and personnel of BioCryst Pharmaceuticals, which moved its headquarters from Birmingham to North Carolina during the year. SurModics Pharmaceuticals opened a new drug development and manufacturing facility in the former Saks/Parisian Oxmoor
Nutech Medical’s purchase of the former McCrory Construction headquarters positions the company for possible future expansion. Birmingham’s Innovation Depot, a key player along with UAB in the area’s innovation culture, is investing $1 million to finish out its facility. The city’s Urban Business Incubator is also expanding to meet demand for space.

The Birmingham-Hoover metro’s role as a center for transportation and distribution saw major plans come together late in 2010. Norfolk Southern Corporation received federal approval to begin construction of its $97.5 million Birmingham Regional Intermodal Facility in McCalla, partially funded by a stimulus grant as part of the national initiative to expand freight capacity. The hub is expected to spur demand by companies for nearby distribution space. Dollar General should create around 650 jobs with a $60 million distribution center announced for USS Real Estate land at Lakeshore Parkway and Alabama 150 in Bessemer. Home Depot added 100 jobs at its JeffMet McCalla distribution center. Improvements getting underway at Birmingham’s Shuttlesworth International Airport will increase air cargo capacity, positioning the metro area as a leading southeastern distribution hub. The planned $193 million in airport construction will provide an open ticketing area with bag screening behind the counter and a centralized security checkpoint as well as more shops and eateries. An access road to the former Stockham Valves & Fittings site near the airport will open it up for Tube Dogs and Bond Carriers to locate their distribution businesses.

Results were mixed in other areas of the service sector. About 430 jobs were lost when Sitel shuttered its Birmingham call center in August. CVS closed its Caremark mail order pharmacy in October, costing 369 jobs. As land line business shrank, AT&T cut around 100 Birmingham area customer service jobs, while Homewood’s Sunguard Business Systems laid off 122 at year-end. However, 134 employees out of work when URS Corp. closed its local office in the spring were being absorbed by Enercon and Sain Engineering Associates. Advertising and PR agency Intermark Group added around 50 to its workforce over the last year. Software developer DAXKO planned to expand with the addition of about 50 jobs. Alabama Aircraft Industries, which furloughed 300 workers during the year, is hoping to rebound with work on an Air Force aircraft maintenance contract. The area’s financial activities sector was relatively stable in 2010, with Wells Fargo adding about 250 jobs across the state as it replaced the Wachovia name. Deposits at FDIC-insured institutions rose a modest 0.4 percent during the year ending June 30, 2010 and, at $27.84 billion, accounted for 33.9 percent of all Alabama deposits. Birmingham’s Sterne Agee Group, one of the largest brokerage and investment banks not on Wall Street, continued to expand in 2010, acquiring two California firms in December.

With few closings and several large developments, 2010 was a much better year for Birmingham-Hoover’s substantial retail sector. Recently-released data from the 2007 Economic Census of Retail Trade have the metro area’s sales per capita at $14,266—115 percent of the statewide average. The Shops of Grand River opened off I-20 in Leeds with 54 outlet stores and around 650 employees in late October—this first phase will accommodate about 65 stores and restaurants, while a planned second phase of the $127 million project should take the total to 120. An $11 million Hampton Inn also opened nearby. Grand River developers Daniel Corp., USS Real Estate, and Retirement Systems of Alabama plan to start on more conventional retail development in 2011, with offices and thousands of homes to follow. Hoover’s The Grove, which opened with SuperTarget in the fall of 2009, added Kohl’s with around 150 employees in September and restaurant Beef ‘O’ Brady’s; a Lowe’s will see completion in 2011. Pelham saw the opening of Stacks Furniture Outlet in the fall; however, property once touted as the future Hayes Marketplace was put back on the market. Local developer and car dealer Anthony Underwood, who purchased the nearly vacant Watermark Place in
Bessemer, was exploring creative options for its redevelopment. A Lowe’s opening in Graysville will be the first major new retail property along the future I-22 corridor as Bayer Properties studies retail potential in Walker County.

Established shopping centers saw changes in their store line-ups. The Summit added Jos. A. Bank, jewelry company Pandora, and a Fidelity Investments retail location, while Swoozie’s reopened. Gus Mayer will move from its long-time location in Colonial Brookwood Village to the Summit in 2011. Riverchase Galleria added The Limited, Wet Seal, and Finish Line during the fall, while Buy Buy Baby opened at Patton Creek. Colonial Brookwood Village gained approval for a plan that would add a new office building with ground floor retail to its western end as well as a big box retail site. With financial difficulties at AIG forcing the Vestavia Hills City Center into bankruptcy, the city was studying approaches to revive and market its U.S. 31 retail corridor. Approval of a redesigned Chick-fil-A for the former Ruby Tuesday in Birmingham’s Five Points South is expected to add to revitalization of the area. Redevelopment during 2010 included completion of The Hollywood at Hollywood Boulevard and U.S. 280, transformation of the former Montclair Road Bruno’s into climate-controlled storage, Books-A-Million’s move into a vacant Goody’s in Hoover, and planned construction of Olive Garden and Red Lobster at the site of Trussville’s former Circuit City. Big Lots opened in Brook Highland and Pelham. 2011 retail development is expected to focus largely on redevelopment and infill, with the possible exception of new grocery stores. Publix opened in Calera in 2010 and new Publix stores are expected in Chelsea and Gardendale during 2011.

Development of both urban and suburban mixed-use and loft/retail projects continued during 2010. Completion of the $35 million Cityville Block 121 brought 255 apartment units online and put the downtown Birmingham residential community over the goal of 4,000 residents. An Atlanta real estate investor acquired the redeveloped City Federal building, with plans to improve common areas and relaunch marketing efforts for the available 28 of 84 condo units. Mountain Brook’s Lane Park will now have a smaller boutique hotel. The second phase of Homewood’s Hallman Hill moved forward as 122 upscale rental units and no retail. Permits were issued for the $25 million Parc at Grandview luxury apartment complex on U.S. 280 across from the planned Trinity Medical Center site. Shelby County’s The Lofts at Edenton are bringing loft living to the U.S. 280 corridor.

Downtown Birmingham office development and redevelopment is also ongoing. Plans progressed for Bayer Properties $57 million renovation of the Pizitz Building that will offer nine floors of office space and ground floor retail and is expected to be a catalyst for revitalization of nearby buildings. However, financing delays forced a local law firm to cancel its planned relocation, leaving KPS Group, Bayer Properties, and V Richards as committed tenants. Corporate Realty Development has a contract to purchase the former Liberty National headquarters and plans to build an office tower of around 12 stories on the site. West Second Street Association planned to buy the former Regions Financial headquarters and redevelop it as government offices. Federal agency needs are spurring demand for downtown office space. With a $42.5 million renovation of the Robert S. Vance Federal Building and U.S. Courthouse getting underway, the federal government leased space in the downtown Financial Center to temporarily relocate some employees. The U.S. Treasury is adding to the growing federal presence downtown with the relocation of its Homewood operations to a new building, while the U.S. Department of Labor and the Bureau of Mines are looking for space.

Projects that contribute to the quality of life and vibrancy of Birmingham area communities are a significant component of the accomplishments in 2010 and the hope for 2011. Railroad Park became a reality as it opened to the public in mid-September with almost 20 acres of trails, lakes, and facilities and is expected to be a catalyst for downtown Birmingham development. The Birmingham
Barons AA minor league team signed a tentative agreement to move to a $48 million baseball stadium proposed for the site and the city stands ready to provide assistance for private development along the Park boundaries. Expansion planned for the city’s Intermodal Transportation Center will also be a positive for the downtown area. A $4 million transformation of the Terrace Court apartments in Five Points South could boost retail growth nearby. With Railroad Park a reality, the Community Foundation opened a nature center at Ruffner Mountain Park and turned its attention to raising money to complete trails at Red Mountain Park. The Birmingham Zoo’s $12.5 million Trails of Africa exhibit is set to open this spring. Sporting events, including the Regions-sponsored Champions Tour golf tournament, the USTA Federation Cup women’s semifinal match, the IndyCar series inaugural IRL Grand Prix of Alabama, and the annual Magic City Classic, generated significant tourism revenue.

Development spread out across the metro area the YWCA was investing $11 million to spur revival in the Woodlawn area, while the Titusville community is getting a new residential neighborhood through the New Start Neighborhood Revitalization partnership with the city of Birmingham. Gateway Park links Tuxedo Terrace to Ensley’s parks, schools, and library. The $46 million Birmingham-backed Fair Park Redevelopment project at Five Points West in Ensley, with ongoing construction of an Olympic-size swimming pool and indoor track facility, is intended to spur private retail, commercial, and housing development in the area. The Alabama High School Athletic Association has plans to use the track and the addition of a warm-up pool is being considered to increase competitive use of the larger pool. Both Bessemer and Gardendale opened new high school facilities during the past year. However, the fate of Birmingham’s proposed domed stadium and, with the development company pulling out, the planned Westin Hotel and entertainment district nearby are left to be decided in 2011.

Under the auspices of the Birmingham Business Alliance, planning took on an area-wide focus during 2010. Blueprint Birmingham, a study commissioned by the group to look at factors that affect economic development, places emphasis on education at all levels and encourages growth at UAB in support of a culture of innovation. 2009 wages and FY2010 median family income in the Birmingham-Hoover area both ranked second among the state’s 11 metros in 2009, while per capita income ranked first. Population across the seven-county region grew a state-average 0.7 percent from 2008 to 2009 to an estimated 1,131,070. Infrastructure development to serve future needs progressed in 2010 with the $168.8 million project to construct the I-65/I-22 interchange launched in August. Planning is ongoing for the Northern Beltline project that will increase traffic capacity and encourage development in north Birmingham.

Although the metro area’s larger builders are expected to see more activity in 2011, smaller commercial and residential builders are likely to remain challenged. At 8,544 the number of homes sold for the first 10 months of 2010 was 6.5 percent below the same period a year earlier. Building permits for single-family homes totaled 1,364, but were 7.7 percent lower than last year. Only 38 multi-family units were permitted through October, a drop of almost 62 percent compared to a year ago. While third quarter 2010 house prices as measured by the FHFA House Price Index were 2.7 percent below third quarter 2009, an increase of 0.7 percent from the second to the third quarter could be an encouraging sign.