Alabama Economic Outlook 2012

Auburn-Opelika

The Auburn-Opelika economy proved to be one of the state’s strongest in 2011, with improvement on the employment front and many new significant developments. Nonfarm employment in the metro area increased 2.8 percent between October 2010 and October 2011, the largest increase of any metro area in the state, to 55,200 total. Gains were spread across sectors, with most in services. State and local government added 200 jobs and remained the largest sector by far in the metro economy, with 32.2 percent of total employment. Auburn University (AU) and the Auburn, Opelika, and Lee County school systems accounted for most of these jobs. Retail trade, professional and business services, and leisure and hospitality each added 200 jobs or more as well. Employment growth in the metro area is expected to outpace most of the state in 2012, at 1.5 percent, while GDP is forecasted to increase 3.5 percent.

As the Auburn-Opelika area created jobs in 2011, the fortunes of the local labor force also improved. The unemployment rate fell 0.4 percentage points to 7.1 percent in October 2011, the lowest of any Alabama metro area. Total employment grew by 4.5 percent, to 63,452; the size of the labor force increased by a similar proportion, 4.0 percent, to 68,291.

The area’s manufacturing industry remained a dynamic part of the local economy, adding 100 jobs as several new developments broke ground in 2011. A number of companies in the area have ties to research at Auburn University or are suppliers to larger companies, such as Kia in West Point, Georgia and Hyundai in Montgomery, which bodes well for growth in this sector going forward. Seung Chang Airtech, an auto parts manufacturer, began a $16.8 million expansion and construction of a new facility at Auburn’s Technology Park North, which is expected to create 200 jobs. HPM Alabama Corporation, a manufacturer of injection-molded thermoplastics, invested $9 million in a new facility at Technology Park North and expects to add 30 jobs. GE Aviation’s new plant, which was announced last year, broke ground at the Auburn Technology Park in 2011. ARKAL Automotive, an Israeli company which manufactures plastics for automakers, will employ 25 beginning in 2012 at Auburn’s Technology Park West.

Opelika’s largest development was the groundbreaking of a new $74 million plant for Pharmavite, a vitamin and supplement manufacturer, which will bring 280 jobs to the area. Mando Corporation undertook a $15 million expansion in Opelika as well, a move that will create 28 jobs. Most manufacturing developments in Auburn and Opelika received incentives from the respective municipal governments, including tax abatements and/or low-cost loans.

New projects were announced at Auburn University, the area’s largest employer with about 5,000 full-time employees. AU initiated a new classroom building project, totaling 77,000 square feet, to be located in the campus core. It also approved projects for a wellness-focused dining hall and an addition to the Telfair Peet Theater. A $6.3 million facility to study animal nutrition began construction. In addition, the $28.8 million Center for Advanced Science, Innovation, and Commerce broke ground at the Auburn Research Park, a project that will combine 20 laboratories for various disciplines. The center, which is partially funded by a grant from the National Institute of Standards and Technology, aims to stimulate innovation through collaborative research. Projects completed during the year at AU included a new facility for the Office of Information Technology and an MRI Research Facility.

Increased activity in the retail sector was an indicator of the health of the local economy in 2011. The sector added 400 jobs during the year, a 6.3 percent increase.

A new shopping center, The Shoppes at Cary Creek, broke ground in north Auburn in 2011. The development will include a Publix supermarket as well as several smaller businesses and will be complete in early 2012. Several new
businesses, including The Oaks restaurant, Flying Goose Café, Zoe’s Kitchen, and Big Dog Running Company, opened in Auburn. After first being announced in 2007, work began again on planning for the Celebrate Alabama retail and entertainment project in Opelika, which is now moving forward as a phased development. The first phase will entail improvement of the site’s 62 southernmost acres. The local leisure and hospitality sector also grew, as a new Microtel Inn opened in Opelika. In contrast to most metros around the state, the sector added 200 jobs; it also accounted for 11.8 percent of local employment compared to 9.0 percent for the state.

Improvements for pedestrians and other quality of life measures were plentiful in Auburn-Opelika in 2011. The City of Auburn spent $150,000 in grant money on sidewalks around schools and main thoroughfares. Similarly, the City of Opelika undertook several streetscape and sidewalk projects in its downtown area. Work continued on the new I-85 exit at Bent Creek Road, which will create access to the Auburn Technology Park in south Auburn; it is expected to be complete by early fall of 2012. In addition to these projects, the cities of Auburn and Opelika each passed a one-cent sales tax increase, which is expected to boost revenue for both municipalities. *Bloomberg Businessweek* rated Lee County the top place to live in Alabama in 2011, affirming ongoing local efforts to improve quality of life.

July 2010 population estimates showed an increase of 1.6 percent from 2009 for the Auburn-Opelika area, to 140,780. While employment growth kept up with this increase, housing market indicators were mixed. There were 911 home sales through the first three quarters of 2011; at 14.2 percent, this was by far the highest year-over-year increase of any Alabama metro. However, home construction fell from last year, particularly in the case of multi-family units, just 19 of which were permitted in the area. Single-family construction continued to outpace similarly-sized metro areas throughout the state, despite being down slightly, with 406 permitted units. Prices fell along with the rest of the state, as the metro area saw a 5.0 percent decline in the FHFA House Price Index between third quarter 2010 and third quarter 2011.

Total bank deposits in the Auburn-Opelika area totaled about $2 billion in June 2011, an increase of 4.1 percent from June 2010. Despite falling slightly, at $60,600 the area’s median family income remained the third highest in the state. The large number of affluent families, however, does not fully compensate for the high proportion of students and young adults with little or no income, as evidenced by the area’s per capita income of $27,425. Per capita income remained among the lowest and its growth of 1.2 percent from 2009 to 2010 lagged most other Alabama metros.