During 2011 the seven counties of the Birmingham-Hoover metropolitan area worked on capacity-building, laying the groundwork for future job growth in sectors including transportation and warehousing, biotechnology, health services, and leisure and hospitality. While several projects saw completion during the year, most will come online in 2012 or later. It was a challenging year financially for Jefferson County, the metro area’s population center, with the occupational tax no longer available to fund services and efforts to avoid a sewer debt-driven bankruptcy ending in a November 9, 2011 Chapter 9 filing. And it was a year where communities struggled to recover from the April 27th tornadoes that claimed at least 46 lives across the metro area and destroyed or heavily damaged thousands of homes and businesses, primarily in Jefferson, St. Clair, and Walker counties. But it was also a year that saw a willingness among diverse groups to work together on tornado recovery and for the business community to solidify its role in forging a spirit of regional cooperation to promote economic development across the metro area.

On a broad level the Birmingham-Hoover metro did not see progress during 2011 toward recovering the jobs lost in the recent recession. Nonfarm employment averaged 488,070 for the first 10 months of 2011, down a slight 0.2 percent from the same period in 2010, but 8.1 percent below the same period in the 2007 peak year. Metro area employers will need to create almost 43,000 jobs to restore employment to 2007 levels. Close to 7,400 workers were added to the labor force during the 12 months from October 2010 to October 2011. Total employment increased by a larger 9,200 (2.0 percent), with a resulting drop in the area’s unemployment rate from 8.5 to 8.0 percent. Job creation should strengthen during 2012, with a 1.3 percent increase expected, or about 6,500 jobs. The Birmingham-Hoover metro continues to dominate Alabama’s economy, generating 31.2 percent of total output during 2010. However, GDP growth of 2.2 percent from 2009 to 2010 lagged the statewide increase of 3.4 percent. A 3.6 percent gain in area GDP is forecasted for 2012.

Surprisingly, the goods producing sector was a net job creator during the October 2010 to October 2011 period, with gains of 200 workers in natural resources and mining and 1,200 in durable goods manufacturing more than compensating for the loss of 700 construction and 200 nondurable manufacturing jobs. Mining activity strengthened, given strong export demand for coal. Walter Energy, with most of its U.S. operating business in Alabama, completed relocation of its headquarters from Tampa to Birmingham’s Galleria Tower in the fall, employing about 100. Construction employment slipped, however, with considerable excess capacity in both office and industrial properties despite a modest rebound in occupancy during the year. Retail activity and occupancy also picked up in 2011, but with few sizeable construction projects. Construction company B.L. Harbert International is building a headquarters office and a materials distribution center at its new corporate campus in Lakeshore Crossings office park.

Even with a net gain of 1,000 workers during the 12 months from October 2010 to October 2011, manufacturing plays a smaller than average role in the area economy, accounting for 7.3 percent of employment in October 2011, lowest of the state’s 11 metros. Primary metals manufacturers gained 200 jobs during the 12-month period. Birmingham’s Mill Steel was expanding its steel processing and distribution center. And the area’s auto suppliers rebounded, hiring back laid-off workers and adding overtime. Birmingham’s Kamtek engaged in a $2.2 million addition to its auto stamping facility. Interior leather components supplier Eissmann Automotive announced a $2.75 million investment in its Pell City operation that will add 40 jobs. However, the Pinson Valley building originally planned for an Isuzu Motors truck plant was put up for sale.

Area food manufacturers saw growth during the year, with Hoover’s Bud’s Best Cookies adding to its facility and Red Diamond building a warehouse as it completes the move to a new corporate site in Moody. Late in 2011 food
additive-maker John R. White announced plans to move and expand in Birmingham. In other manufacturing developments, Amstead Rail reopened its Griffin Wheel plant near Bessemer, investing $45 million and hiring 130, Evolve Composites established a block production operation in Irondale, and Buckner Barrels undertook a $2.1 million expansion of its Springville reconditioning facility, adding 15 jobs. Bermco Aluminum announced plans to move from Birmingham to Bessemer, investing $8 million in a new plant and adding 25 jobs.

Birmingham-Hoover’s service providing businesses experienced mixed results in both employment and development during 2011. In terms of jobs it was a good year for the retail trade sector, with 2,400 positions added between October 2010 and October 2011. Businesses engaged in financial activity saw a total of 400 net jobs, while management employment increased by 200 and administration, support, and waste management positions rose by 600. Jobs at ambulatory healthcare offices grew by 300 during the 12 months and local governments added 200 employees, but all other service sectors posted declines.

The largest numbers of jobs were lost in professional, scientific, and technical services (2,100); leisure and hospitality services (1,200); and state government (1,500). The area’s large healthcare sector continued to see new facilities and improvements during 2011; metro area employment in ambulatory healthcare facilities and hospitals totaled 42,700 in October and accounted for 8.7 percent of nonfarm employment versus 6.8 percent statewide. Brookwood Hospital completed a 29-bed, $8 million expansion of its psychiatric care area early in the year and admitted the first patients to its $52 million Women’s Medical Center on December 2. After acquiring two doctors’ practices, Brookwood is opening an occupational medicine clinic in McCalla and relocating CardioVascular Associates to a new $21 million building at the Colonnade. Children’s of Alabama is on track for summer 2012 completion of a $400 million expansion that includes 380 private-room beds. St. Vincent’s Health System opened its $34 million St. Clair Hospital in Pell City in December; a St. Vincent’s family care center in Moody and a medical clinic at Samford University were completed earlier in the year. UAB Hospital was spending about $30 million on new equipment and improvements to their Women and Infant’s Center; the hospital’s Comprehensive Cancer Center received a $27.5 million grant for operations over the next five years as well as a $2.3 million grant to work on new ways to tackle brain cancer. Also, Princeton Baptist Medical Center “topped out” its ongoing $57 million expansion slated for completion in 2013. But Trinity Medical Center continued to await resolution of court challenges to its proposed move to the former HealthSouth Hospital on U.S. 280. Meanwhile, consultants were evaluating uses for the current hospital if Trinity does move.

In social services developments, Independent Living Resources of Greater Birmingham is building a $2 million facility downtown that should open in May. Birmingham’s Lovelady Center spent $6 million for the former Carraway Methodist Medical Center campus, planning to move its residential shelter and recovery program for women and children from its current location in south East Lake’s former East End Memorial Hospital. Plans called for a multipurpose campus of healthcare groups, nonprofits, and retail. However, recent interest from a variety of developers had the Center considering staying in its current location and selling Carraway. Possible use of the site for expansion of the Birmingham VA Medical Center was proposed.

Biomedical and other scientific research enhanced its position as a significant component of the metro’s diverse economy. The sector is spearheaded by the University of Alabama at Birmingham, with a total of almost $490 million in outside research funding in 2010, including $270 million from the National Institutes of Health (NIH), as well as a number of private firms. Southern Research Institute is investing $14 million in a new building on its Southside campus dedicated to drug discovery research; about 50 jobs could be added on completion late in 2012. The Institute’s new $4.6 million engineering facility will include a large structures lab and incubator space for spinoff businesses working to commercialize intellectual property. And a new SCR Catalyst Test Facility for power industry work will be complete in mid-2012. In research awards, Birmingham’s Vaxin received a $14.7 million grant to work on developing a nasal form of its anthrax vaccine, while Discovery BioMed’s $1.4 million NIH funding will further cystic fibrosis research. Several sales during 2011, including the purchase of SurModics’ Birmingham pharmaceutical unit by Evonik, Atherotech Diagnostics acquisition by Behrman Capital, and Southern Diagnostic Laboratories’ purchase by Solstas Lab Partners should improve funding and retain local jobs.

Birmingham’s entrepreneurial community has been growing, with increasing emphasis on commercializing
UAB research; Innovation Depot’s $1 million expansion, wrapping up late in the year, will increase the number of companies at the incubator from 76 to about 90; employment could rise from 450 to around 650. Innovation Depot received the 2011 Dinah Adkins Incubator of the Year award as the nation’s top technology incubator. Jefferson Metropolitan Park Lakeshore saw its fiber optic capabilities and data center base pay off in attracting a $25 million data center for Community Health Systems, while TekLinks opened its second data center in the Birmingham area. Other service sector developments during 2011 included relocation of BASS LLC to Birmingham, bringing more than 50 employees involved in the organization’s headquarters, magazines, online operations, and tournament management to the U.S. 280 corridor. Expansion brought 130 new jobs at Portfolio Recovery Associates’ Birmingham call center. The sale of Alabama Aircraft Industries, an aviation maintenance, repair, and overhaul company, out of bankruptcy to Kaiser Group Holdings saved 118 of the company’s 325 jobs and the potential of future commercial contracts and growth.

The year was relatively stable for Birmingham’s still sizeable banking sector, with employment up by 100 during the 12 months ending in October 2011. Superior Bank and Nexity Bank were seized by federal regulators in the spring. However, Superior, bought by Houston’s Community Bancorp and switched to the Cadence name, hired 40 in the fall. BBVA Compass was investing $360 million in technology upgrades at its Birmingham headquarters. Area bank deposits showed strong growth during the year ending June 30, 2011 with a total of close to $29.3 billion in commercial banks, an increase of 5.2 percent over the previous June. Almost 35 percent of deposits in FDIC-insured institutions statewide were held in the Birmingham-Hoover area.

Several large projects under construction in 2011 should lead to significant expansion in the metro area’s transportation and warehousing sectors. Norfolk Southern broke ground on the $97.5 million Birmingham Regional Intermodal Facility in McCalla last summer; after completion late in 2012 the facility will directly employ about 230. Future development driven by the new hub should boost Birmingham-Hoover’s position as a major location for logistics and serve as a draw for distribution and manufacturing facilities. Acreage is available in JeffMet Park McCalla across from the hub and in three large tracts of land for sale nearby. A massive $100 million Dollar General distribution center under construction on Lakeshore Parkway near Alabama 150 in Bessemer will create 650 jobs when it opens in 2012. USS Real Estate is developing 500 acres it owns next to the distribution center, starting with the 103-acre Lakeshore 150 Business Park which attracted its first company—a headquarters and fabrication shop for J. Adkins Mechanical. Bessemer also saw an $8.2 million expansion of United Johnson Brothers of Alabama’s wine distribution facility. Several area trucking firms were expanding during 2011; Decker Truck Line is investing $2 million in a new Bessemer terminal, while the acquisition of Southern Cal Transport by MN Transport America could add more than 100 jobs over the next several years. Work got underway on a $201 million expansion and renovation of the Birmingham Shuttlesworth International Airport, scheduled for completion in 2014. The addition of customs offices will open up the prospect of international passenger and cargo flights.

With consumer spending gradually recovering from the recession, 2011 was generally a good year for area retailers. The tide of store closings seems to have ended and most major retail centers saw stability or growth in tenants during the year. Casual dining options expanded significantly. The Summit had a Toys ‘R Us/Babies ‘R Us superstore open during October in the former Bruno’s grocery location; Gus Mayer and a number of casual dining restaurants were also added to the Summit lineup. A Target under construction at Colonial Brookwood Village is slated to open in the spring of 2013. Plans fell into line for Riverchase Galleria’s redevelopment; investment totaling more than $60 million includes renovating the Wynfrey Hotel, with rebranding as a Hyatt, as well as work to prepare the former Macy’s space for a Von Maur department store. Natural foods retailer Earth Fare announced plans for a grocery store in vacant space on the Galleria perimeter. Hoover’s Patton Creek Shopping Center filled major vacancies, with Buy Buy Baby and the Christmas Tree Shop moving in. Leeds’ Shops of Grand River outlet mall continued to add stores in 2011. Redevelopment of Homewood’s Wildwood North, which lost another anchor in Books-A-Million, and the nearby center across Lakeshore Parkway is planned. However, declining retail corridors like Century Plaza and Center Point Parkway, as well as Fairfield and Midfield, seem unlikely to revive, eclipsed by newer retail centers in Trussville and McCalla, respectively. Land originally slated for Hayes Marketplace in Pelham was put up for sale, a victim of timing, terrain, and the development of Colonial Promenade Alabaster.
Retail development outside the major shopping centers included restaurants Fellini’s Pasta Market on U.S. 280, and Octane Coffee and Little Donkey Taqueria in Homewood. Dunkin’ Donuts continued to open stores in the metro area. Birmingham’s Five Points South is seeing redevelopment with Chick-fil-A, MetroPrime Steakhouse, Jimmy John’s, and a planned Waffle House; the 29 Seven project under construction includes apartments and retail. Vestavia Hills, which continues to pursue options for its U.S. 31 corridor, saw several new restaurants open in Vestavia City Center. Heights Village, badly damaged by an April 27 tornado, had its grand reopening in late August. But many metro area stores and eateries heavily damaged or destroyed by the tornadoes made no visible progress at recovery during the year. Publix opened a store in Pell City in August, with employment totaling 110. Big Lots and School Zone both opened in Bessemer, Huffman will see a Save-A-Lot grocery in mid-2012, and tornado-ravaged Pratt City is getting a Calhoun Foods.

The need for temporary housing for residents displaced by the April 27th tornadoes and for relief workers helped push occupancy and revenues at Birmingham-Hoover area hotels to at least a 25-year high; revenues were up 18.9 percent through August 2011 compared to the same period in 2010. A growing number of major sporting and entertainment events and generally increasing casual travel also contributed to the gains. Still, metro area employment in the leisure and hospitality sector fell by 1,200 during the 12 months ending in October 2011. Sporting events held during 2011 had a sizeable economic impact; these included the Magic City Classic, BBVA Compass Bowl, Regions Traditions golf tournament, Davis Cup, and NCAA Men’s College Soccer Cup, as well as the Honda Indy Grand Prix of Alabama and Vintage Motorcycle Festival held at Barber Motorsports Park. The Alabama Tourism Department named the Motorsports Park the 2011 attraction of the year. Estimates by the Alabama Sports Foundation show that sports-related events pumped around $200 million into the Birmingham-Hoover metro economy during 2011.

Construction of Birmingham’s downtown entertainment district adjacent to the Birmingham-Jefferson Civic Center (BJCC) got underway with a groundbreaking early in 2011 for the $50 million Westin Hotel. The Westin will connect to the BJCC by a skywalk and adjoin the $20 million district of restaurants, nightclubs, and retail being developed by Bayer Properties. Target completion for the hotel is January 2013; the entertainment district should open a few months later. The $46 million Birmingham Crossplex opened in August, featuring an Olympic-sized aquatic center with seating for 1,300 and an indoor track/volleyball facility with seating for 4,000, complemented by training/hospitality/median rooms, a press box and studio, 54-foot jumbo screen, and a 500-seat multipurpose auditorium with a kitchen. The facility is already booked for high school and collegiate indoor track and field well into 2012 as well as swimming and volleyball events.

Plans to relocate the Birmingham Barons minor league baseball team from Regions Park in Hoover to a new stadium to be built across from Railroad Park in downtown Birmingham moved to the design phase during 2011. Construction is expected to begin in 2012 so that the park can be ready for the Barons’ 2013 season. Team owner Don Logan noted that corporate suites at the future stadium are already selling well; UAB will also play their baseball games at the stadium. A Negro League Museum will be built at the site. The City of Birmingham is financing the $64 million project with private placement bonds in a deal with several local banks. The stadium is seen as a catalyst for private development in the area that lies between the downtown business district and the University of Alabama at Birmingham. After acquiring some properties needed for the stadium and trading some properties to UAB, the city filed a demolition plan in late November; two businesses that were reluctant to move, B&A Warehouse and Good People Brewing Co., will remain in their current locations. Nearby Railroad Park will see its first development on the perimeter in the planned Railroad Square loft/office/retail project.

The City of Birmingham saw continuing development on a number of other fronts during the past year. A $30 million building for U.S. Treasury operations and offices is under construction next to the Social Security Administration building, adding to the growing federal government presence, including the FBI’s new $34.4 million facility and a $6 million investment by the Drug Enforcement Administration. A $38 million renovation of the Robert S. Vance Federal Building is underway. Purchase of the Regions Plaza building by West Second Street
Associates, a firm specializing in leasing and developing space for federal offices, makes it likely that additional federal agencies will locate or expand downtown. And the former Social Security Office will see new life as office space for the Alabama Department of Human Resources. Bayer Properties was marketing space in the Pizitz Building, under renovation in 2011, while sales of several buildings should lead to redevelopment. Office occupancy in downtown Birmingham was reported to be 91.5 percent in May 2011, with the Midtown area about the same; weakest occupancy was seen in the U.S. 280 corridor, where excess sublease space contributed to a rate of just 77.6 percent.

Jefferson County’s financial difficulties deepened when the Alabama Supreme Court threw out the occupational tax in March and ordered the refund of $37.8 million in taxes collected during the county’s appeal. Given the loss of a revenue source that generated $66 million in FY2010, the county’s first professional manager, former Hoover Mayor Tony Petelos, noted in December that the FY2012 general fund budget, already $94.6 million smaller than a year earlier, is short $40 million and money that should go to maintenance and repairs is being used for daily operations. After years of trying to work out a settlement with creditors over sewer debt of $3.14 billion, Jefferson County commissioners entered a $4.23 billion bankruptcy filing on November 9, the largest municipal filing in U.S. history. At year-end, though, the outcome of the filing was all but certain as the county awaited a judge’s ruling on a suit by creditors to block the bankruptcy. Jefferson County planned to eliminate about 300 positions early in 2012; 547 workers had been placed on administrative leave without pay in June.

The April 27th tornadoes impacted residents, homes, and businesses in the Birmingham-Hoover area, with Pleasant Grove, Pratt City, Concord, Fultondale, and Cahaba Heights in Jefferson County and Cordova in Walker County among the communities hit the hardest. Across the metro area a total of 46 people lost their lives, at least 1,740 homes were destroyed, over 1,370 homes suffered major damage, and many more had less severe damage. Cleanup efforts, repairs, and planning were the primary recovery tasks accomplished in 2011; most of the rebuilding is still to come during 2012. Birmingham-Hoover’s housing market saw modest improvement for the first nine months of 2011 compared to the same period in 2010—the total number of homes sold rose 2.0 percent to 8,074, while building permits for single-family homes increased slightly to 1,315 and the number of multi-family units permitted climbed from just 35 in 2010 to 165 in 2011. House prices softened, falling 4.4 percent on the FHFA House Price Index from third quarter 2010 to third quarter 2011; but rose 0.9 percent in the most recent quarter. About 12 percent of residential properties were reported to be underwater in early December; this compares to 22.1 percent nationwide.

Tornado rebuilding drove construction of an $11.6 million Concord Elementary School to open in fall 2012. Birmingham’s new $32 million Parker High School opened; a $13.5 million 36-classroom expansion at Hoover High School should be ready in Fall 2012. Shelby County announced plans for new schools in Helena, Calera, and Chelsea, while a school planned for Alabaster is on hold pending the outcome of the city’s consideration of a plan to create its own school system. Opportunities for outdoor recreation are expanding with more than 10 miles of improved trail set to open in Red Mountain Park. Birmingham’s Railroad Park was chosen by the Daily Green as the “People’s Choice” for the best new park in the United States, while area neighborhoods including Ross Bridge and Highland Park were recognized nationally as best places to live. Birmingham’s arts community continues to grow with arts projects including 55th Place Arts in the Woodlawn neighborhood. An $8.3 million performance hall under construction at the Alabama School of Fine Arts should open early in 2012.

Population in the Birmingham-Hoover metro area rose a slight 0.3 percent from July 2009 to July 2010, with about 3,700 new residents. At 1,128,978, the metro housed 23.6 percent of Alabama’s total population. Per capita income grew a below-average 1.5 percent in 2010, but at $39,368 was still the highest of the 11 metro areas. Median family income came in second to Huntsville in FY2011 at $62,000, up slightly from the previous year. Area wages averaged $41,220 in 2010, about 107 percent of the average statewide.