Alabama Economic Outlook 2012

Decatur

Monthly nonfarm employment has been relatively steady over the past two years in Decatur with only a slight decrease when comparing yearly averages. Between October 2010 and October 2011 total payroll employment declined by 300 to 53,900; goods producing industries shed 300 jobs, while service providing industries as a whole were flat for the year. Forecasts for the metro’s employment during the coming year are positive; about 1.4 percent employment expansion is anticipated, for about 730 new jobs. GDP forecasts are also encouraging, with output growth of 3.4 percent expected in 2012.

With about 6,200 more employed residents than nonfarm jobs, the Decatur metro continues to be a net exporter of workers, many of whom make the drive to nearby Huntsville. The area’s labor force expanded by 1.3 percent in the 12-month period ending in October, while total employment grew by 1.8 percent. Unemployment fell from 9.1 percent in October of 2010 to 8.6 percent a year later.

Manufacturing held a 21.9 percent employment share, much higher than in any other metro area, but has lost 100 jobs since October 2010. Even though Decatur was one of the metros to lose jobs in this sector, existing area industries were making improvements and local industrial recruiters were creating incentives for new companies during 2011. Though the April 27th storms took a huge toll on the area’s electric grid, knocking out power to about 35 industrial plants that employ more than 12,000 people, local industry got back on track as summer began.

Some of the year’s highlights include United Launch Alliance (ULA) looking to Calhoun Community College graduates to fill 50 new jobs as it prepares to increase rocket production by 50 percent. NASA and ULA, the maker of the Atlas V, agreed to work together to make modifications to the Atlas V to carry the Boeing Co. Crew Space Transportation-100 spacecraft. Decatur may also become the permanent home of the ULA Delta Mariner. This year ULA saw its first rocket launch from Vandenberg Air Force Base in California. Other launches included the Decatur-made Delta II rocket which carried NASA’s Gravity Recovery and Interior Laboratory (GRAIL), with the goals of measuring the moon’s gravity and subsurface makeup. M&D Mechanical Contractors also collaborated with NASA this year as they began constructing the A-3 Altitude Test Stand in Mississippi.

Early in 2011 Nucor Steel made plans to add an $8.5 million high-pressure water system to its hot strip mill. Operations slowed after the vast TVA power outages, but Nucor was fully operating the main plant less than two weeks after the April 27th storms. Other advancements included Bunge North America expanding its soy-refining plant, which will create 50 new jobs. INEOS Industries Holdings Limited, the world’s third largest chemical group, bought out Nova Chemicals last year to fully own Decatur’s 53-employee polystyrene pellet plant. This year the plant was made part of a global joint venture to produce plastics for the worldwide market.

Three Decatur companies were preparing building projects mid-year. Hexcel Corp. announced a $100 million addition to its Mallard Fox Drive plant; Ascend Performance Materials planned a $29 million expansion of its chemical manufacturing facilities; and Independence Tube is investing $37 million to rebuild the plant destroyed by an April 27th tornado. In addition to these, 3M Co. made an $11.6 million expansion, and a $4.6 million expansion at Sunoco Products-Wood Reels in Hartselle added 28 jobs producing plywood reels. Magic Steel Sales’ $8.5 million expansion of its Steel Service Center should be completed in March 2012. Excel Interior Door added 35 jobs with a $2.9 million investment. Despite these bright spots, there were losses throughout the year, including UFP Technologies reducing its workforce by 20 employees. Wayne Farms announced plans to lay off as many as 363 employees at its two Morgan County Further Processing plants in the face of declining product demand; layoffs should occur by mid-January 2012.
Industrial recruiting incentives were at the forefront this year, with the 232-acre Mallard Fox West site ready for business and the first phase of the 166-acre Morgan Center Business Park nearing completion. Daikin America Inc. announced a $60 million expansion. The new Polyplex plant will bring in 150 jobs for the area with investment of $187 million, after local incentives of over $1.15 million lured the company to the city’s Mallard Fox Creek Industrial Park. Phase 2 of the Alabama Robotics Technology Park, an $8.3 million Robotics Research and Development Center, opened mid-year and plans for Phase 3, an Integration and Entrepreneurial Center, have already begun.

Service providing sector employment was unchanged in 2011. The biggest losses were seen in state and local government (400) and education and health services (200), but they were countered with gains in wholesale trade (100), retail trade (200), professional and business services (100), and other services (200). A new public housing subdivision, Seville, is under construction for low and moderate-income homebuyers. Other developments include Westminster Assisted Living, a 40-bed facility which will employ 40 to 50 people. Good news came as Decatur General Hospital posted a profit of over $800,000, the first following years of consecutive losses, and the good news continued for North Alabama Regional Hospital, a state mental hospital, which will not lose employees or funding in spite of statewide personnel cuts. Other investments were made in the City of Decatur this year as the Ingalls Harbor Pavilion was completed, after borrowing $1.6 million from the Regional Landfill. The 90 percent participation in the new Decatur recycling program contributed to $200,000 in revenue for the city.

Retail in the metro area was active with multiple closings and openings and stores supported by local events. The Decatur Mall began the year being bought out of bankruptcy by Coyote Management, a Dallas company. Soon after, one of the anchor stores, Dillard’s, closed its doors and laid off 71 employees. Even though JCPenney has been downsizing nationwide, the Decatur Mall store will keep the same staff and format. Late in 2011, Belk announced a remodeling and expansion of its mall store that will add a separate Belk Home Store. Other closings included Wiley Outdoor Sports. The area got new eateries as Wintzell’s Oyster House, The Patio on 2nd, and Dairy Queen, which will hire 60, opened. Decatur area hotels and restaurants were bolstered by the Bass Anglers Sportsman Society’s Bassmaster Elite Series tournament that boasted a $550,000 economic impact on the city and was televised on ESPN.

Developments in 2011 will enhance the quality of life of Decatur area residents. Various beautification and development projects shaped the metro’s appearance this year. Decatur’s downtown streetscape will be funded in part by the Federal Highway Administration, which authorized $569,600 for the project. The Decatur Beautification Board approved new landscaping of Founders Park, Decatur’s Parks and Recreation Department added a new playground at the Jack Allen Recreational Complex, and plans were made for vacant lots which were deeded to the city to serve as public spaces as part of the Decatur Commons project. Construction of the new $40 million Hartselle High School should be completed in December 2012.

Population in the Decatur metro rose slightly more slowly than the state-average, with 0.5 percent growth during 2010 and an estimated 699 new residents. A total of 54 building permits were reported for single-family homes during the first nine months of 2011, down 11 from the same period in 2010. There were no multi-family units permitted through September. The number of homes sold fell by 1.9 percent for the first nine months of 2011. Home prices measured by the FHFA House Price Index rose a modest 0.5 percent in the third quarter of 2011, but were down 4.4 percent from a year earlier. Deposits in FDIC-insured banks increased by 5.4 percent during the year ending June 30, 2011. Per capita income grew 2.7 percent for 2010, with Decatur’s income rising faster than most of the state’s metro areas. FY2011 median family income decreased by 1.6 percent over the previous year; still at $55,200, Decatur’s median family income was 101 percent of the Alabama median. At $36,850 the Decatur area’s 2010 average annual wage was 95.5 percent of the Alabama average.