Alabama Economic Outlook 2012

Dothan

2011 saw employment in the Dothan area inching further downward, as the economy continues to struggle to rebuild after the recession. Payroll employment in October 2011 was 56,400, its lowest level in over a decade and a 0.5 percent drop from the previous year. Job losses were spread across a few sectors, including education and health services, leisure and hospitality, manufacturing, and government. While most other sectors were unchanged, the trade, transportation, warehousing, and utilities sector added 400 jobs. Positive growth is forecast for 2012, as employment is expected to increase 1.1 percent. GDP growth is forecasted at 3.5 percent, in line with forecasts for most of the state’s metro areas.

The area labor force saw some indications of improvement during the year. Unemployment was up slightly to 8.1 percent, an increase of 0.1 percentage points from the previous year. However, the total civilian labor force and total employment both grew 1.7 percent, to 63,372 and 58,252, respectively. The increase in labor force participation and concomitant rise in employment are positive signs for the local labor force going forward, even as job creation lags.

Dothan’s manufacturing sector lost 100 jobs during the year, falling to 5,100 employees in October 2011. However, the city’s efforts to keep Nypro, a plastics manufacturer, on the old Sony property paid off; it was able to split the utilities off from the rest of the property, ensuring that they will stay. The remainder of the property has been acquired by Hillco Realty, a company specializing in marketing properties, which believes it will eventually sell it for some kind of retail use.

The trade, transportation, and utilities sector, an important factor in the local economy, saw employment growth in the year leading up to October 2011. It added 400 jobs overall, and currently accounts for nearly 27 percent of local employment. This is a proportion several percentage points higher than the state as a whole, illustrating the fact that Dothan’s status as the market center of southeast Alabama is a significant driver of the local economy. Within this sector, wholesale trade and transportation and utilities each added 100 jobs during the year. PEMCO World Air Services, an aircraft maintenance company, laid off 528 in July as a contract with Delta ended, but expected to rehire many workers in the near future as it increases its business with the military.

Retail, another significant trade sector, provided 16 percent of area employment and employed 9,000 workers in October 2011. It added 200 jobs during the year, and several new developments took place. Panera and Honey Baked Ham restaurants opened in Dothan during the year, in addition to a Hobby Lobby and a JCPenney. The area’s third Publix supermarket opened at Northside Mall in May. Mirroring this retail sector growth, sales tax collections were up 2.4 percent in Dothan for the 2011 fiscal year. Healthcare services are also very important to Dothan’s economy, and were active in development in 2011. The region’s largest hospital, Southeast Alabama Medical Center, broke ground on a new $31 million phase of its heart and vascular center. However, the opening of the Alabama College of Osteopathic Medicine, which is affiliated with the hospital, was delayed due to an accreditation issue. The Houston County Healthcare Authority raised the tax levy going to the new medical school from 1 mill to 2.5 mills, in part to address this problem. No other issues with the school are foreseen at this time, and it is expected to open in 2013. A 2011 study projects the school will have a $300 million economic impact through 2030.

In other areas of development, Troy University Dothan undertook a $1.2 million renovation of Malone Hall to accommodate new degree programs in human services, social work, and nursing. The Downtown Dothan
Redevelopment Authority was not as active as in some past years, but did sell one property downtown to private investors during the year. Vantage Sourcing added 400 jobs at its call center in Dothan, and a new Holiday Inn also broke ground in the city.

The former Country Crossing, which closed in 2010 amid state gambling probes, reopened in July as Center Stage Alabama. The venue features paper and electronic bingo games, on-site restaurants, and live music acts. Meanwhile, the cooperative district set up to fund Country Crossing, and which Center Stage operates under, was notified in November that it is in default on bonds taken out in 2009; foreclosure proceedings began in December. Center Stage was also ordered to cease and desist its bingo operation in August. However, it remains open despite questions regarding its operations and finances.

Housing market activity was mostly stagnant in the Dothan area in 2011, as the state and national housing markets continued to struggle. Total home sales through the first three quarters of the year fell 2.0 percent to 790. Construction of new units remained somewhat slow as well; 172 single-family units were permitted in the metro area for the same time frame, 14 more than last year, but only four multi-family units were permitted. Prices continued to fall, as the FHFA House Price Index dropped 5.1 percent between October 2010 and October 2011. The drop was among the highest in the state and occurred despite slight improvement between the second and third quarters of this year. The metro’s population grew faster than the state’s; it totaled 146,010 in July of 2010, a 1.1 percent increase from 2009 estimates.

Median family income stayed below that of the state in FY2011, falling slightly to $51,200. Local per capita income for 2010 rose 1.6 percent to $33,149, but this gain trailed the state’s growth rate of 2.6 percent. The area’s high employment in sectors such as retail is partly responsible for Dothan lagging many of the state’s metro areas on these measures. Bank deposits fell 1.9 percent from 2010 to total $2.79 billion.