Alabama Economic Outlook 2012

Florence-Muscle Shoals

In 2011 the Florence-Muscle Shoals area continued the modest improvements which began in 2010; Auburn-Opelika and the Shoals were the only metros that saw job gains over the 12-month period from October 2010 to October 2011. Total nonfarm employment of 56,500 in October was up 1,300 (2.4 percent) compared to October 2010. Monthly job totals were consistently above year ago levels through October. The manufacturing sector expanded by 100 in 2011, one of three metro areas to post such growth. On the services side, trade, transportation, warehousing, and utilities saw the highest gains with 800 new wage and salary jobs, 500 of which were in retail trade. Professional and business services, education and health services, and financial activity all gained 100 jobs since October 2010. Forecasts for the metro’s employment over the coming year are positive, with the expectation of about 0.6 percent expansion, or around 340 jobs. GDP forecasts are also encouraging, with output growth of about 3.6 percent during 2012.

Total employment of Shoals area residents increased by 2,870 between October 2010 and October 2011, for a 4.6 percent gain that was above the state’s 1.9 percent. About 3,060 workers entered the labor force during the year, a 4.5 percent increase that was highest among the 11 metros. Unemployment dropped 0.1 percentage points from the previous year to 8.0 percent in October. With 5,700 more employed residents than jobs, the area continues to be a net exporter of workers.

Manufacturing contributed a 13.3 percent share of area jobs in October 2011, above the state average of 12.6 percent. Some big commitments were made to the metro this year. Navistar International finalized its lease of the National Alabama railcar plant in western Colbert County this fall. Navistar is a Fortune 500 company and could provide as many as 2,200 new jobs at the plant over the next four years. The Japanese disaster in March had SE International flooded with requests for radiation-detecting Geiger counters, and American Lighting announced a $35 million local expansion that will provide 250 jobs. E S Robbins Corporation added 25 jobs producing vinyl sheet products. Wise Alloys announced a $25 million project that will create 43 jobs. Expansions continued with Delta Steel & Tube adding two new machines and 16 jobs; a $7.5 million investment at SCA Tissue’s Shoals facility will create two new production lines in 2013.

Area residents will have to wait until 2012 to see the final version of TVA’s plan to sell 1,380 acres of the 3,000-acre Muscle Shoals Reservation. TVA will recommend uses for the property after its sale; all options include a manufacturing usage component. A bright spot for the area in 2011 was having a site in the Florence-Lauderdale Industrial Park given a Primary Data Center designation by TVA. The newly-completed spec building in Rogersville will aid in industry recruitment.

The services sector accounted for 36.6 percent of area jobs in October 2011. The area’s new water treatment plant will complete construction by early 2012 with nearly twice the capacity of the existing plant, and Barton Water Authority is now part of the Colbert County Water System. Lauderdale County expanded its landfill for household garbage. A new Tuscumbia water plant should be ready in Spring 2012, while Sheffield’s wastewater treatment plant rehabilitation is expected to be complete in 2013. Northwest Alabama Regional Airport faced challenges again this year as Gulfstream International Airlines withdrew from providing service to the Shoals, but Delta Airlines brought in regional jets for commercial service until a new provider is found. The U.S. Department of Transportation approved a second round of proposals from airlines wishing to provide subsidized commercial air service after the two proposals received in the first round did not meet criteria.

The area’s retail sector made strides early in the year, with an expanded University Hyundai of Florence dealership and an upgraded Shoals University Kia dealership. Long-Lewis Ford Lincoln Mercury opened the Long-Lewis Suzuki
dealership, the first in the area in years. Downtown Florence continues to grow as a vibrant center. New restaurants have opened and Jos. A. Bank men’s clothing renovated a portion of the landmark Rogers’ building for a store. Downtown Sheffield saw dining options grow in 2011 with new restaurants Sidetracked and Whipporwill Café as well as Nan’s and O’Malley’s, both bar and grills. Regency Square mall and the adjacent retail strip have new businesses; Publix is expected to open in early 2012. Renaissance City Center saw the opening of Hibbett Sporting Goods and Books-A-Million. A new Burkes Outlet store opened in October in the Target shopping center, creating at least 25 jobs. Late in the year, Walmart submitted plans for a store on Cloverdale Road in west Florence. However, October saw the closing of the Big Star on U.S. 72 in Killen. The area’s musical past was esteemed during the Americana Music Association annual awards show and conference in Nashville. Fame Recording Studios founder Rick Hall was honored with the Lifetime Achievement Award. The emphasis on entertainment continued during the Alabama Renaissance Faire in the fall.

Population growth in the metro area was a modest 0.1 percent for the year ending July 1, 2010, with an estimated 160 new residents. Area colleges are active; Northwest-Shoals Community College opened a 9,565 square-foot Multi-Skilled Training Center to offer area students training in the machine tool field. Local K-12 schools are making upgrades. Plans have been made for Hatton School’s original portion to be torn down and replaced by a $1.8 million structure with modern infrastructure and amenities. The Lauderdale School District will continue its work with the Jobs for Alabama Graduates (JAG) program for the third year in a row.

Public buildings saw improvements as the Tuscumbia Public Library’s roof was affixed with a solar panel system to reduce energy costs. The Lauderdale County Courthouse began the last of its renovations in the middle of the year and the Community Health and Dental Clinic received upgraded equipment through the Appalachian Regional Commission. A residential drug and alcohol center for women will open in Sheffield’s former Webster Hotel early in 2012. In quality of life improvements, Sheffield raised enough money to build the Singing River Sculpture, an interpretive piece of art that will commemorate the area’s rich musical history. And the Oakland Community Park has a new playground, courtesy of a Home Depot community enhancement program.

Deposits in FDIC-insured institutions in the Florence-Muscle Shoals metro grew a modest 0.1 percent during the year ending June 30, 2011. Per capita personal income growth of 4.0 percent during 2010 was much better than the state’s average of 2.8 percent. Median family income increased by 0.8 percent to $53,000. However, the 2010 average wage across all industries of $34,210 was the second lowest among the 11 metros at 88.6 percent of the state average.

2011 showed continued contraction for the area’s residential real estate sector. Single-family building permit activity fell by 15 through October compared to the same period in 2010 to total 103 single-family home permits. Permits for multi-family homes declined by 21, with no multi-family units permitted through October of 2011. Florence-Muscle Shoals mirrored the statewide price declines, showing a decrease in home prices as measured by the FHFA House Price Index in the first nine months of the year (-2.4 percent), though it fared better than many of the metros.