Progress on projects in downtown Birmingham, growth in the area’s transportation and logistics sectors, and continuing healthcare developments were sources of strength in the Birmingham-Hoover metro area during 2012. Services businesses drove employment growth, adding 4,410 jobs during the 12 months ending in October 2012. About 400 of these positions were in ambulatory healthcare, while professional, scientific, and technical services and management of companies and enterprises each contributed 200 net jobs during the period. But the large share of the area’s job gains, including 900 in administrative support and waste management and 2,100 at food services and drinking places, as well as 2,600 among retail trade businesses, were in sectors where wages are generally relatively low. This emphasizes the importance of area initiatives to attract high tech and other high wage employment. Job losses during the year were concentrated in the metro’s construction and government sectors.

Across all industries, the Birmingham-Hoover metro added 200 jobs between October 2011 and October 2012. This increase, albeit modest, was a positive change from the previous four years when October to October employment declined. Sentiment among area business executives, measured by the Center for Business and Economic Research (CBER)’s Alabama Business Confidence Index™ (ABCI) showed confidence that the Birmingham-Hoover economy was expanding through the first three quarters of 2012; the fourth quarter reading was flat as uncertainty about the national economy depressed expectations.

Birmingham-Hoover ABCI panelists generally expected sales, profits, hiring, and capital expenditures at area businesses to be flat or improving throughout 2012. CBER forecasts have nonfarm employment in the Birmingham-Hoover metro growing by 0.4 percent in 2013. Area GDP could increase by a larger 1.6 percent during the year.

Total employment of area residents rose to 491,124 in October 2012, up 2,610 from a year earlier for a 0.5 percent increase. Birmingham-Hoover’s labor force contracted by a slight 431; employment growth and fewer residents looking for work combined to lower unemployment from 7.6 percent in October 2011 to 7.0 percent in October 2012, third lowest among the state’s 11 metro areas. According to a 2011 CBER survey, an estimated 26.9 percent of employed residents of the seven-county metro area felt that they were underemployed, above the statewide underemployment rate of 24.0 percent and second highest among the metros. Applying this rate to October 2012 labor force data indicates that an estimated 132,201 Birmingham-Hoover residents were underemployed. Adding in the 37,243 unemployed in October, the area’s available labor pool was around 169,400 residents, 4.5 times the number of unemployed. Businesses that are considering locating in the Birmingham-Hoover metro or are hiring for expansion or replacement can view underemployment as an opportunity, although prospective employers will need to offer these workers some incentive to change jobs in the form of higher wages, better benefits or terms of employment, etc.

Manufacturing was a growth sector for the Birmingham-Hoover metro, with 1,100 durable goods manufacturing jobs added between October 2011 and October 2012. Still, with 36,300 workers, manufacturing accounted for just 7.4 percent of total nonfarm employment in October—lowest among the state’s metro areas. Close proximity to both the Mercedes-Benz and Honda plants has helped the Birmingham-Hoover metro attract automotive suppliers as well as provide jobs for area residents who are willing to commute to the OEMs. The addition of Mercedes C-Class production will bring about 1,000 new jobs at the plant and new and expanding suppliers during 2013, providing new opportunities for the metro area. Kamtek, which continued work on a $310 million expansion that will create around 400 jobs, also purchased the former Del Monte distribution warehouse in Pinson Valley. G & B Global is a new supplier in Jefferson County, investing $4.8 million and hiring 75. Expansions were announced at Walker County manufacturer Fontaine Trailer, which is adding 100 workers, and auto suppliers Hayashi Telepu NA (75 jobs), which opened as Amtex early in 2012, and

The underemployment rate is based on 2011 underemployment data collected by The University of Alabama’s Center for Business and Economic Research. Applying this rate to October 2012 labor force data results in an estimated number of employed residents who were underemployed. Totaling unemployed and underemployed residents gives a more realistic measure of the available labor pool in a metro area. Prospective employers must be able to offer the underemployed higher wages, better benefits or terms of employment, or some other incentives to induce them to change jobs.
Vistech Manufacturing Solutions (10 jobs). In St. Clair County, Eissmann Automotive is expanding and adding 35 jobs, while a $13.5 million project at Yachiyo Manufacturing will boost employment by 66.

Birmingham motorcycle manufacturers Motus, which is relocating to the former Barber Motorsports Museum downtown, and Confederate Motors, both planned expansions during the past year.

Other industrial developments included a planned $2.8 million expansion and 50 new jobs at conveyor-belt manufacturer Day jon in Bessemer. Birmingham’s O’Neal Industries is growing its metal products and processing services and hiring 15. New industry Nufab Rebar is investing $7 million and bringing 75 jobs to Riverside in St. Clair County. Boatright Railroad Products’ $55 million railroad crosstie plant in Chilton County will begin operations in the first quarter of 2013; employment should reach 100 by the end of the year. Prospects are looking up for Kaiser Aircraft Industries, which purchased the assets of the former Alabama Aircraft Industries in 2011; the company received a five-year contract to build helicopter parts for the U.S. Army. Birmingham Fastener expanded its Pratt City operation, while outdoor furniture manufacturer Summer Classics consolidated its operations at the old Moore-Handley building in Pelham. However, Vulcan Materials laid off personnel and Rock Mountain Mining idled 124 workers early in 2013.

Completion of Norfolk Southern’s $97.5 million Birmingham Regional Intermodal Facility late in 2012 gives a big boost to the area’s transportation, warehousing, and distribution clusters. While the facility will employ about 200 directly, it is expected to spur growth among businesses that use its services. The Norfolk Southern facility and other area railroads attracted Memphis’ Intermodal Cartage to open an area office; employment is expected to reach 30 in 2013. An expansion at logistics company Access America Transport will create 45 jobs. CSX’s proposed railroad line and overpass near Elwood Cemetery could add about 50 Birmingham jobs. In Bibb County, ThyssenKrupp Materials new $13 million processing and distribution center will ramp up from 20 to 45 jobs over five years. Sporting goods company Hibbett’s purchased the former CVS Caremark building for its new headquarters, planning to add about 50 jobs; Hibbett’s is also building a warehouse and distribution center in Alabaster where a $16 million facility for Alabama Crown beverage distributor will employ 70. Teasy Tea moved the headquarters for its wholesale division to Birmingham. However, Birmingham-based Adams Produce filed for bankruptcy and laid off all its workers.

Dedication of the Benjamin Russell Hospital for Children in June culminated a $400 million plus project to provide expanded, state of the art facilities for children’s medical care. A $57 million expansion at Princeton Baptist Medical Center, completed in November, includes a new lobby and chapel and enlarged and upgraded operating rooms. UAB’s Comprehensive Cancer Center received a grant to investigate ways to reduce cancer care costs and will add 50 jobs. The university’s anesthesiology department moved into new offices at its Women and Infants Center/Radiation Oncology facility. While Cardiovascular Associates of the Southeast occupied a new $21 million building at the Colonnade. However, the fate of several potential projects was unresolved in 2012, as Brookwood Hospital sought state approval for a freestanding Emergency Room, HealthSouth worked toward establishing a new physical rehabilitation hospital in Shelby County, and objections to Trinity’s plan to occupy the unfinished HealthSouth hospital on U.S. Hwy. 280 continued. Jefferson County converted its Cooper Green Mercy Hospital to an urgent and primary care facility at the start of 2013, discontinuing inpatient care and adding 210 layoffs to the 100 jobs cut at the hospital earlier in 2012.

With over 80 tenants, Innovation Depot continued to spur development of technology-related businesses. Several of the area’s biotechnology companies, including Soluble Therapeutics and Vaxin, received NIH grants for their work during the year. Vivo Biosciences had one of the top 10 innovations of 2012, according to Scientist. And Agenta Biotechnologies spun off Magenta Medical to market a new surgical membrane. However, the area will have to work to keep its biotech firms, as Vaxin moved out-of-state. The National Business Incubator Association recognized Innovation Depot for helping international entrepreneurs and companies find their way into U.S. markets. Expanding its research capabilities, Southern Research Institute (SRI) opened an expanded facility with high-bay labs capable of testing rocket components and aircraft sections, adding 24 jobs.

The health of Birmingham-Hoover metro area banks generally improved in 2012, with 300 jobs added during the 12 months ending in October and deposits up 1.1 percent to $29.4 billion for the year ending June 30, 2012. Regions Bank completed the $1.2 billion sale of Morgan Keegan and repaid $3.5 billion in TARP money and repurchased warrants during the year. The bank was hiring for 100 openings early in 2012 and could add up to 100 employees due to its new
relationship with PrimeVest Financial Services. BBVA Compass, which completed a $362 million computer system upgrade, added about 30 employees as it expanded its Birmingham mortgage operations center. Although employment in the area’s insurance industry was flat, ProAssurance was adding about 40 jobs in Birmingham with a new processing center. Protective Life undertook a $15 million rebranding campaign and invested $10 million in a customer call center.

In other services-related developments, Pell City’s $48 million Alabama Department of Veterans Affairs seniors facility opened in late spring, creating over 250 jobs. Work got underway on a $6.1 million Alabama Department of Human Resources facility in Pell City. Birmingham saw a new Disability Rights Resource Center and a new headquarters for Independent Living Resources. Work progressed on the $201 million makeover of Birmingham-Shuttlesworth International Airport, with the new Concourse B nearing completion. The Dwyer Group, with several service franchises, added 55 area jobs. New ownership brought new features to the former Alabama Adventure, now named Alabama’s Splash Adventure Waterpark. Two managers hired by the City of Hoover will work to attract events to the former home of the Birmingham Barons; Hoover High School football games and the Southeastern Conference baseball tournament are on the schedule. The Barber Vintage Motorsports Museum, recognized as one of the must-see private museums by Four Seasons, will experience expansion in 2013.

2013 will be an exciting year for the City of Birmingham as the many projects under construction and the plans laid during 2012 are realized. Regions Field, the new home of the Birmingham Barons baseball team on the city’s South-side, broke ground early in 2012; the $64 million, 8,500-seat stadium project will be ready for the first home game of 2013 on April 10. Also slated for the site are a Negro League Museum, family fun area, banquet hall, a private club area, and luxury suites, which are sold out. A partnership between the Barons and Children’s of Alabama will make three surface lots available for game parking, bringing to 2,500 the number of spaces within a five-minute walk of the stadium. The adjoining Railroad Park, a catalyst for development in the area, received the Urban Land Institute’s Urban Open Space Award for 2012. Development near the park is increasing, with the adjacent Avondale commercial district seeing locally-sourced Freshfully, Painted Shovel Mercantile, and Saw’s Soul Kitchen join anchor Avondale Brewing Company.

Hiring began in the fall at the Westin Birmingham Hotel, a 294-room, $50 million project that will anchor the “Uptown” entertainment district at the Birmingham-Jefferson Convention Complex when it opens January 31. With Octane Coffee, Todd English P.U.B., and Texas de Brazil steakhouse committed to the development, four to six spaces retail spaces were still available late in 2012. Planning continued for development of downtown Birmingham’s Theater District; current efforts to restore the Lyric Theater were boosted by a $500,000 commitment from the City of Birmingham. The new Dorothy Jemison Day Theater at the Alabama School of Fine Arts provides a 500-seat performance venue and student laboratory, which is being used by area arts groups.

Other areas in the downtown vicinity also saw activity pick up in 2012. In the Lakeview district, completion of 29 Seven added 54 apartments and retail to the area. New entertainment venues and restaurants in Five Points South included Black Market Bar and Grill and Infinity Bar. World of Beer joined Pepper Place’s Hop City Craft Beer and Wine in the craft beer market. Waffle House will open in 2013. Plans moved forward for a Homewood Suites at the former Five Points Music Hall site.

Birmingham’s office market, which was generally relatively stable in 2011 and saw modest development in 2012, should experience moderate absorption during 2013, particularly in the downtown area. Although Merrill Lynch moved its offices from downtown Birmingham to Homewood, more companies moved into the city in 2012 than moved out. Firms making or planning a move down-town included Big Communications, Harbert Management, and Dunn Building. Among other companies renovating and moving into existing buildings in the downtown Birmingham area were Cadence Bank, which relocated to the Concord Center; web design firm Kinetic Communications, moving into the former Zen nightclub building; Seal Hanson LLC in the Birmingham Realty building; and the Birmingham School of Law, consolidating its facilities in the former German Auto Building.

The federal government office presence downtown will grow with a $19 million U.S. Treasury building, set to start construction early in 2013. A $41 million project to modernize the federal building and courthouse will be complete in the fall. The former Regions Plaza will see new life as the home of Viva Health and UAB administrative offices. City incentives are helping turn the closed McRae’s store into a Planet Fitness and retail shops. A public/private partnership in the newly-designated Sloss Business District has
Integrated Medical Systems International renovating a facility as a wellness center and relocating more than 150 employees from Homewood following refurbishment of its existing building next door.

Retail activity picked up across the Birmingham-Hoover metro as the area’s recovery from the recent recession continued. A $60 million redevelopment of Hoover’s Galleria got underway with updates to parking decks, entrances, and restrooms; a Von Maur department store will open in the former Macy’s space this fall. New mall stores included Pandora, Destination Maternity, Rainbow and Torrid; outparcel developments included Jared Jewelry and Earth Fare. The Galleria’s Wynfrey Hotel will be re-branded as the Hyatt Regency Birmingham when renovations are completed this spring. New stores at the Summit in 2012 included Michael Kors, Vineyard Vines, a new prototype Ann Taylor Loft, and North Face. Eateries opening at the Summit during the year focused on fast dining options and included Seasons 52 and Lime Fresh Mexican Grill. Work progressed on Target at Colonial Brookville Village; the store will open in March and employ around 200. A Nordstrom Rack store is slated for the River Ridge Shopping Center on U.S. Hwy. 280.

Crestwood (formerly Eastwood) Festival Center was revitalized by new owners who signed new tenants including Elaine’s Boutique, Bella’s Fashions, Flavor Fashion Jewelry, Earth Garden Naturals, and a number of services businesses. The Outlet Shops of Grand River added Loft, Motherhood & Maternity, Fossil, and a Johnston & Murphy factory store. Boutique retailer Festivity opened a Home-wood store. Among other retailers and restaurant chains opening stores in the Birmingham-Hoover area were Family Dollar, Steak ’n Shake, Dunkin Donuts, Bojangles, and Mooyah burger. Grocery options increased with an Aldi store in Shelby County, Hoover’s Earth Fare, and a reno-vated Winn-Dixie on Montevallo Road; privately-owned Belle Foods purchased and rebranded stores including Bruno’s and Food World. Gardendale saw significant retail and restaurant development during 2012. Abbey Carpet opened its first Birmingham area showroom in Roebuck Marketplace. However, Cotton’s in Ensley closed after 90 years in business.

Cash-strapped Jefferson County struggled to maintain essential services during 2012, with no replacement for the occupational tax that was struck down in 2011. The county continued to lay off personnel, cutting 180 jobs permanently early in the year. More than a year out from the November 9, 2011 $4.23 billion bankruptcy filing, Jefferson County had not reached agreement on a plan of adjustment. One creditor, Bank of America, sold $225.7 million of the county’s bonds and dropped out of the case. Sewer rates in the county will go up 2.7 percent, the first rate hike in years.

With the economy improving, other area municipalities began to get postponed projects back on track. Alabaster moved forward with scaled back plans for a new city hall complex; Fultondale made progress on initiatives including a new fire station, library, tennis courts, and a rebuilt Black Creek Park; and Trussville undertook road improvements and refurbishing Jack Wood Stadium. Gardendale’s former Caflin Square is being redesigned as Gardendale City Center with a new city hall, retail, and restaurants. Montevallo made substantial progress on its Main Street project, with streetscaping and roadways linking the city’s downtown and the University of Montevallo campus. The university’s new bookstore and promenade will open in 2013; Alabama Power’s former building downtown will be redeveloped for university classroom space. The process of recovering from the April 2011 tornadoes and from a January 2012 tornado continued.

Voters in the City of Birmingham approved Mayor William Bell’s plan for a $150 million bond initiative that will be used to fund infrastructure improvements and other initiatives. Projects completed in the City during the year included renovation of Crestwood Park and construction of Oxmoor Valley Community Center. The first of four planned recreation centers was under construction off 15th Avenue North. Red Diamond Inc. donated its former Vanderbilt Road headquarters to the YMCA of Greater Birmingham for the first facility serving the Norwood and North Birmingham area. The City Council is funding redevelopment of the historic 10-story Ramsay McCormick building in Ensley. 2012 saw the opening of the new Huffman High School, a new Hayes K-8 school, and Charles A. Brown Elementary in Belview Heights. However, with the state takeover of the Birmingham City Schools due to the system’s finances, as many as eight to 10 schools may be closed in 2013 and a number of buildings put up for sale, including the Board of Education building, since the Board is consolidating its offices in the former Wells Fargo building.

Population in the Birmingham-Hoover metro reached 1,132,264 in July 2011, up 0.3 percent from a year earlier. Area residents fared well in terms of income and wages relative to other Alabama metro areas—2011 average annual wages of $41,690 and FY2012 median family income of $62,800 ranked second among the metros, while 2011 per capita income ranked first and was up a strong 4.4 percent from 2010. Real estate activity picked up across the
metro during 2012. A total of 9,374 homes were sold during the first 10 months of the year, a 10.8 percent increase from the same period in 2011. Prices were up slightly in third quarter 2012 compared to a year earlier, although they remained 8.2 percent below five years earlier, according to the FHFA House Price Index. Single-family building permits during the first nine months of the year were up by 120 from 2011. Area homebuilders see positive trends, but report being selective in price range and location.

After years of growth in single-family homes and very little multi-family construction, apartment development picked up strongly in 2012. A total of 926 multi-family units were permitted during the first three quarters of 2012, compared to around 200 a year earlier. Occupancy reported at close to 95 percent by Rock Apartment Advisors indicates the need for new apartment space. Construction of the Parc at Grandview was completed, with 334 apartments leasing. The first apartments in the 250-unit Ashby at Ross Bridge were ready in Fall 2012; units in the 223-apartment Tapestry Park off Montclair Road were also coming on the market in the fall. Other apartments under construction included 122 units at The Hill on Oxmoor Road and 135 in Moretti at Vulcan Park. Construction finally got underway on the Lane Park project, which will bring a Grand Bohemian Hotel and 276 apartments to Mountain Brook. Inland American is planning a 245-unit development by Railroad Park.