



Economic Overview and Outlook for the Montgomery Metropolitan Area

Xueyu Cheng
Sontachai Suwanakul
Chiou-Nan Yeh

College of Business Administration
Alabama State University

MONTGOMERY, ALABAMA

Overview of Montgomery Metropolitan Area

The Montgomery metropolitan area consists of four counties: Autauga, Elmore, Lowndes, and Montgomery. Table 1 and Table 2 exhibit the economic profile of the Montgomery metropolitan area for the past eight years. As indicated in Table 1, during the last decade the Area has maintained a steady but modest population growth at 0.84% on average. The labor force, employment, and the median family income have experienced a mild fluctuation. The unemployment rates were comparable to the state and national levels. But the housing market was deeply hurt by the 2007-2008 housing bubble burst and recession. Home sales declined significantly from a peak of 6,173 units in 2005 to 2,774 units in 2011, a 55% drop.

As indicated in Table 1, during the recession of 2008-2009, the unemployment rate in the Montgomery Metropolitan Area increased drastically, from 5.1% in 2008 to 9.4% in 2009. There are various sectors, such as construction, manufacturing, financial activities, and professional and business services, which are prone to lose jobs during a recession. In addition, the funding for public services, including education and infrastructure, is shrinking as the federal stimulus spending winds down. As a result, for instance, the state and local government lost 4,400 jobs in 2011.

As indicated in Table 2, during 2012 the recovery of the local economy in the Montgomery metropolitan area

Table 1: Profile of the Montgomery Metropolitan Area, 2005-2011

| | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
|-------------------------------------|---------|---------|---------|---------|---------|---------|---------|
| Population ¹ | 356,229 | 362,660 | 365,605 | 365,596 | 366,401 | 375,203 | 378,608 |
| Population Growth Rate ¹ | 0.8 | 1.8 | 0.8 | 0.0 | 0.2 | 2.4 | 0.9 |
| Labor Force ² | 167,512 | 170,576 | 171,342 | 170,845 | 169,779 | 171,749 | 171,414 |
| Employment ² | 161,252 | 164,729 | 165,578 | 162,097 | 153,857 | 156,198 | 156,072 |
| Unemployment ² | 6,260 | 5,847 | 5,764 | 8,748 | 15,922 | 15,551 | 15,342 |
| Unemployment Rate ² | 3.7 | 3.4 | 3.4 | 5.1 | 9.4 | 9.1 | 9.0 |
| GDP Growth Rate ³ | 3.0 | 2.8 | 0.0 | -0.3 | -2.7 | 1.1 | N/A |
| Average Income ³ | 32,121 | 33,636 | 34,466 | 36,013 | 34,875 | 35,682 | N/A |
| Median Family Income ⁴ | 53,600 | 55,900 | 52,900 | 56,400 | 57,700 | 59,200 | 59,300 |
| Home Sales ⁵ | 6,173 | 5,690 | 4,923 | 4,011 | 3,405 | 3,152 | 2,774 |

Sources: 1 U.S. Census Bureau, Population Division; 2 Bureau of Labor Statistics, Local Area Unemployment Statistic; 3 Bureau of Economic Analysis, Regional Economic Accounts; 4 U. S. Department of Housing and Urban Development, Income Limits; and 5 Alabama Center for Real Estate.

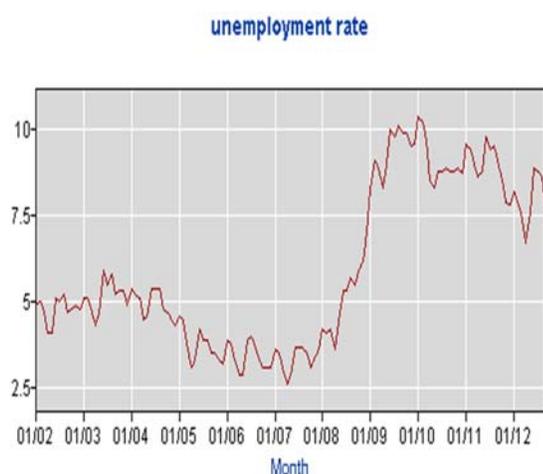
Table 2: Profile of the Montgomery Metropolitan Area, January 2012 to September 2012

| Month | Labor Force ¹ | Employment ¹ | Unemployment ¹ | Unemployment Rate ¹ | Home Sales ² |
|-------|--------------------------|-------------------------|---------------------------|--------------------------------|-------------------------|
| Jan | 166,298 | 152,736 | 13,562 | 8.2 | 184 |
| Feb | 165,595 | 152,596 | 12,999 | 7.8 | 210 |
| Mar | 165,342 | 153,055 | 12,287 | 7.4 | 251 |
| Apr | 165,195 | 154,135 | 11,060 | 6.7 | 272 |
| May | 167,924 | 155,213 | 12,711 | 7.6 | 290 |
| Jun | 171,728 | 156,508 | 15,220 | 8.9 | 311 |
| Jul | 171,728 | 156,554 | 15,174 | 8.8 | 310 |
| Aug | 171,401 | 156,669 | 14,732 | 8.6 | 278 |
| Sep | 168,763 | 155,774 | 12,989 | 7.7 | 264 |

Sources: 1 Bureau of Labor Statistics, Local Area Unemployment Statistic; and 2 Alabama Center for Real Estate.

grew slowly but steadily, and the unemployment rate went down consistently. However, in June and July, the unemployment rate jumped up again due to the graduation of high school and college students. The local economy was not strong enough to absorb these new members of the labor force. As these new graduates either found jobs or moved to other states, the unemployment rate dropped to 7.7% again in September, which was comparable to the national and state levels.

Figure 1: Montgomery Area Unemployment Rate, 2002-2012



Source: Bureau of Labor Statistics, Local Area Unemployment Statistic

Montgomery Metropolitan Area Housing Market

Generally speaking, the national housing market, particularly in the major metropolitan areas such as San Francisco, Los Angeles and New York, made consistent gains in 2012, fueled by a gradually improving economy and an all-time low mortgage rate. The latest evidence showed that sales of previously occupied homes rose solidly in October and that builders were more confident than any other time in six years, which was the driving force behind the housing rebound. But the housing markets in the medium-sized cities, like Montgomery, were not as robust as those in the large cities.

Montgomery Metropolitan Area Labor Market

According to Census Bureau County Business Patterns, the 10 largest sectors of employment in the Montgomery metropolitan area in 2010 were Health Care and Social Assistance, 14.8%; Retail Trade, 14.1%; Manufacturing, 13.0%; Accommodation and Food Services, 10.0%; Administration, Support, Waste Management and Remediation Services, 7.2%; Other services, 5.9%; Professional, Scientific and Technical Services, 5.1%;

Wholesale trade, 4.8%; Construction, 4.6%; and Finance and Insurance, 4.1%.

Table 3: Region’s Economy at a Glimpse - Business Breakdown, 2010

| Industry | Number of Employees | Percentage of Employees | Establishments |
|---|---------------------|-------------------------|----------------|
| TOTAL | 131,641 | 100.0% | 7,741 |
| Health care and social assistance | 19,512 | 14.8% | 878 |
| Retail trade | 18,589 | 14.1% | 1,339 |
| Manufacturing | 17,127 | 13.0% | 276 |
| Accommodation and food services | 13,201 | 10.0% | 643 |
| Admin, support, waste mgt, remediation services | 9,434 | 7.2% | 362 |
| Other services (except public administration) | 7,800 | 5.9% | 949 |
| Professional, scientific and technical services | 6,735 | 5.1% | 773 |
| Wholesale trade | 6,263 | 4.8% | 405 |
| Construction | 6,029 | 4.6% | 615 |
| Finance and insurance | 5,437 | 4.1% | 579 |

Source: County Business Patterns, Montgomery Metropolitan Area (2010)

Though Tables 4 and 5 portray a bleak picture of the housing market in the Montgomery area, there is a glimmer of hope as shown in Figure 2. The Montgomery metropolitan building permits for single-family housing dropped from 338 units in 2010 to 256 units in 2011 and climbed up to 334 units in 2012. Permits for multi-family housing took a huge dip from 360 units in 2010 to only 51 units in 2011, and increase modestly to 64 units in 2012.

Table 4: Change in FHFA Metropolitan Area House Price Index (All Transactions Index, 2012Q3)

| Metropolitan | Rank | 1 Quarter | 1 Year | 5 Years |
|-------------------|------|-----------|--------|---------|
| Birmingham/Hoover | 140 | 0.30 | 0.09 | -8.22 |
| Huntsville | 137 | 0.15 | 0.21 | 0.02 |
| Mobile | 285 | 0.94 | -3.49 | -15.24 |
| Montgomery | 263 | 0.07 | -2.28 | -10.80 |

Source: Federal Housing Finance Agency

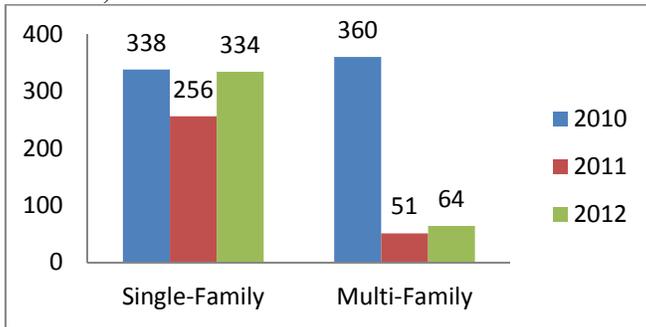
Table 5: Change in FHFA Montgomery Metropolitan Arouse Price Index (All Transactions Index, 2012Q3)

| Quarter | Rank | 1 Quarter | 1 Year | 5 Years |
|---------|------|-----------|--------|---------|
| 2012Q3 | 263 | 0.07 | -2.28 | -10.80 |
| 2012Q2 | 208 | -1.73 | -1.79 | -11.26 |
| 2012Q1 | 271 | -4.86 | -2.47 | -7.27 |
| 2011Q4 | 137 | -2.43 | 1.22 | -5.27 |

| | | | | |
|--------|-----|-------|------|-------|
| 2011Q3 | 212 | -5.50 | 0.11 | -3.99 |
|--------|-----|-------|------|-------|

Source: Federal Housing Finance Agency

Figure 2: Montgomery Metropolitan Area Building Permits, 2010-2012



Source: US Census Bureau, Housing Permits Survey (annual data up to September 2012)

A key factor fueling the modest gains in building permits in 2012 was a gradual improving economy and job market, as indicated in Table 2, which led to an increase in the number of people looking for homes. In addition, mortgage rates hit all-time lows due to the third round of quantitative easing (QE 3), a Federal Reserve’s unconventional monetary policy uniquely designed to boost the housing market in September 2012. Further, rents rose, making the purchase of a single-family home more attractive.

In December 2012, the Federal Reserve announced a new quantitative easing program (QE 4) to accelerate the recovery, it is expected that the recovery of housing market in the Montgomery area would speed up in 2013, which would create more jobs in industries like construction and retailing.

State Economic Outlook

The economic outlook for the state of Alabama is positive and encouraging due to the state’s strong automobile industry and a united statewide effort to support its military bases. The growth of the aerospace industry in Mobile adds to that positive outlook. As a matter of fact, Alabama’s unemployment rate was down from 8.2% in September to 8.1% in October. This is an encouraging sign to indicate that the state’s economy is heading in the right direction.

Though Alabama’s unemployment rate is still above the national rate of 7.9%, it was below the 8.7% in Georgia, 8.5% in Florida, and 8.2% in Tennessee. The rate was also below the 8.5% that Alabama recorded in 2011.

Counties with the lowest rates were Shelby at 5.4%, Coffee

and Madison at 6.6%, and Lee and St. Clair at 6.7%. Counties with the highest rates were Wilcox at 17.6%, Bullock at 16.2%, and Dallas at 14.8%.

Alabama’s economy is expected to receive benefits from QE 3 that the Federal Reserve implemented in September 2012. The main purpose of QE 3 is to keep mortgage rates down, which is necessary to make buying a home more affordable. It is expected that home sales would accelerate, creating more jobs and income in the Montgomery metropolitan area and the state.

In addition, increasing the money supply through quantitative easing tends to depreciate a country’s exchange rate versus other countries. This feature of QE directly benefits exporters in Alabama. The state exports autos, coal, industrial machinery, plastics, organic chemicals, iron and steel to major trading countries like Canada, China, Germany, Mexico, the European Union, Japan, Brazil, and South Korea.

The improvement in the state economy would have been short-lived had politicians in Washington not cut a deal and avert the fiscal cliff because a fiscal cliff creates uncertainty. Uncertainty is one of the major concerns for business investment, and it makes planning impossible. Business planning for the future is difficult in the current political environment. As such, constantly postponing the hard decisions has the effect of keeping the people with money on the sideline. Businesses just hold on to their money and wait out Washington’s deliberations.

The tax package that congress passed on New Year’s day of 2013 has removed the most urgent threat to the U.S. economy. While the package will protect 99% of Americans from an income tax increase, most of them will still end up paying more federal income taxes. That’s because the legislation did nothing to prevent a temporary two-year reduction in the social security payroll tax from expiring. The tax is rising back up to 6.2% from 4.2%. In addition, the legislation did not deal with the debt ceiling, tax reform or entitlement spending. By delaying painful decisions on spending cuts, the legislation assures more confrontation and uncertainty. Many businesses are likely to remain wary of expanding or hiring. The lack of finality in the budget fight is slowing an otherwise fundamentally sound economy.

Though the Montgomery metropolitan area includes four counties, the major economic, cultural and entertainment events and activities are concentrated in the city of Montgomery, which, accordingly, will be the focus of this report.

City of Montgomery at a Glance

Montgomery is the capital of the state of Alabama, and is the seat of Montgomery County. As of the 2010 Census, Montgomery had a population of 205,764, making it the second largest city in Alabama.

In addition to housing many Alabama government agencies, Montgomery has a large military presence due to Maxwell and Gunter Air Force Base. It is also home of several public and private universities/colleges; high-tech manufacturing, including Hyundai Motor Manufacturing Alabama; and cultural attractions such as the Alabama Shakespeare Festival and the Montgomery Museum of Fine Arts.

During the mid-20th century, Montgomery was a major site of events in the Civil Rights Movement, including the Montgomery Bus Boycott and the Selma to Montgomery marches. Montgomery is home to the Montgomery Biscuits class AA Southern League baseball team.

As of January 2011, Montgomery’s 10 largest employers were Maxwell-Gunter Air Force Base, the State of Alabama, Montgomery Public Schools, Baptist Health, Hyundai Motor Manufacturing Alabama, Alfa Insurance, the City of Montgomery, Jackson Hospital and Clinic, Rheem Water Heaters, and MOBIS Alabama, LLC.

Table 6: Region’s Economy at a Glimpse – 10 Largest Employers, 2012

| Company | Employees | Product/Service |
|---|-----------|--|
| Maxwell-Gunter Air Force Base <i>(includes Enterprise Information Systems)</i> | 12,280 | Federal Government |
| State of Alabama | 9,500 | State Government |
| Montgomery Public Schools | 4,524 | Public Schools |
| Baptist Health | 4,300 | Hospitals/Clinics |
| Hyundai Motor Manufacturing Alabama, LLC | 2,700 | Automobile Manufacturing |
| Alfa Insurance Companies | 2,568 | Insurance Companies/Services |
| City of Montgomery | 2,500 | Government Agency |
| Jackson Hospital & Clinic, Inc. | 1,300 | Hospitals/Clinics |
| Rheem Water Heaters | 1,147 | Water Heater Manufacturing |
| MOBIS Alabama, LLC | 1,017 | Cockpit & Chassis Modules, Bumper Assembly & Service Parts |

Source: Montgomery Area Chamber of Commerce

Maxwell Air Force Base plays a critical role within our nation’s defense and in the community. An Air Force reserve unit at the Base, the 908th Airlift Wing, provides 550 full-time jobs. In February 2012, the unit faced the possible loss of its seven C-130 planes due to a defense budget cut. Members of Alabama’s congressional

delegation protested and made efforts to save the unit. In November, the Air Force changed its plan and announced that the 908th Airlift Wing will stay and expect to receive another C-130 plane, adding 60 new jobs.

Montgomery Renovation and Redevelopment

The City of Montgomery is in the process of turning liabilities (aged facilities, run-down business corridors and tarnished gateways into the city) into assets. While former Mayor Bobby Bright began the process of transforming a dying downtown into a vibrant one, the area now is experiencing a period of economic explosion from the foundation built during the past decade.

The city has focused its efforts on buying dilapidated or historic properties and reselling the buildings or land, sometime at less than market value, for the assurance that the properties will be redeveloped in a way that will help the area in the future.

Currently the following projects are underway and expected to be completed within the next few years:

Questplex: The Questplex at One Dexter Plaza, which will house the City-County Public Library and the Children’s Museum of Alabama, is key for downtown development.

The \$20 million complex, once completed, will “turn the light back on” on Dexter Avenue, the city’s most historically prominent street.

Maxwell East/Overlook Park: Overlook Park and what is known as Maxwell East, a five-acre parcel of land owned by the city on Maxwell Boulevard on the downtown side of Interstate 65, is an important gateway to the city. It is the connection between the city’s two largest employers (Maxwell Air Force Base and the State of Alabama). The city currently is negotiating the sale of that land to a developer with plans to build a mixed-use retail and apartment development that faces Maxwell Boulevard and Overlook Park across the street. Gateways are important because they serve as the front door to residents and guests that come downtown. They, in a lot of ways, present the first impression.

Madison Avenue: Madison Avenue is another gateway into the city. The city developed a Madison Avenue Gateway plan as a guide for improving and redeveloping Madison Avenue from North Ripley to Vonora Streets. The city’s \$22 million investment in the Cramton Bowl Multiplex has kick-started redevelopment in that part of town. The city is also in the process of acquiring the last

piece of property on the north side of Madison Avenue needed for the construction of a \$3-4 million municipal court.

The Doubletree Hotel: The Madison Hotel was the toast of the city when it was built in the 1970s, and generations of Montgomerians held proms and social events there. But in recent year, it struggled, finally closing last year. It has been reborn as the Doubletree Hotel, following its opening this year as a \$6 million renovation. The 131 rooms and 45 suites increase the number of hotel rooms in downtown and could pave the way in hosting larger conferences at the Convention Center.

Lower Dexter Avenue: In 2010, the city purchased 11 buildings on the historic lower Dexter Avenue for about \$3.2 million with the intent to resell them to developers at lower costs. The city put out a request for proposals and has since been working with developers on a variety of projects. Developers who own other buildings on lower Dexter Avenue already have started discussing projects.

ASU College of Business: A building, once owned by AmSouth and Colonial Banks has been donated to ASU by the Beasley Allen Law Firm. ASU has invested \$4.2 million into renovating it to use for its master of accountancy and upper-level programs of its College of Business Administration.

Webber Building: Originally the Montgomery Theater, the Webber building was constructed in the 1850s. This historic building, where John Wilkes Booth (Abraham Lincoln's assassin) once performed and the notes for the song "Dixie" were first written down, will soon be brought back to life. After a decade of efforts to save the Webber building, a local developer is getting ready to start first floor retail, second floor business space, and third floor apartment units.

There are five other projects currently in the works that could help shape the future of downtown Montgomery. In the last quarter of 2012, four new businesses were established in the city of Montgomery. Information technology company DSD Laboratory, Inc. opened its door at 60 Commerce Street in downtown Montgomery, while out-of-home advertising company Bell Media Inc. marked the opening of its 5027 Mercer Street location in Hampstead. Railyard Brewing Company opened its door in September near Riverwalk Stadium downtown. Montgomery Antiques and Interiors LLC held a ceremony on November 20 to celebrate a change in ownership at its 1955 East Boulevard location.

Shoppes at EastChase

Ten years ago in 2002, the newly opened Shoppes at EastChase on Taylor Road was preparing for its first holiday shopping season with 36 stores and big plans for the future. Today, a decade later, the outdoor mall is now 100 percent leased with more than 70 stores, and its impact has spread well beyond the center as the multistage plans, originally laid out by Jim Wilson and Associates and Alfa Companies, have taken shape. The Shoppes at EastChase has become one of the most sought-after retail location in the River Region. It serves a diverse clientele in the region: military personnel, government employees, and university faculty and staff members. The center continues to progress along EastChase Parkway, EastChase Plaza, and Berryhill Road with grocers, restaurants, entertainment and residential developments.

Capital Hill Golf Course and Prattville growth

The Retirement Systems of Alabama built the Robert Trent Jones Golf Trail facility as a way to boost tourism and economic development in the state. Capital Hill Golf Course on the east side of Prattville is one of the most popular stops on the trail. Each year there are about 80,000 rounds of golf at Capital Hill Golf Course and it is good for the entire community. Prattville has seen tremendous growth in population and retail offerings. It is obvious that the Robert Trent Jones facility is the driving force of that growth. Recently, the Prattville City Council approved plans to build a 3,500 square foot Golf Villa on Constitution Avenue near the entrance to the Capital Hill facility. The Villa will be built like an upscale home and be available for rental to golf groups. The construction was slated to begin in January 2013.

The major event at Capital Hill Golf Course has been the Navistar LPGA Classic, a women's professional tournament on the LPGA Tour sponsored by Navistar International, a manufacturer of commercial trucks, engines and school buses. The event costs about \$4 million annually. According to a study conducted by the Prattville Area Chamber of Commerce, the event has a \$7 million impact on the region. Navistar has been the title sponsor since the 72-hole event made its debut in September 2007. Unfortunately, Navistar has announced that it will withdraw from the event for 2013. Currently, the Robert Trent Jones Golf Trail is in search of a new event sponsor.

Hyundai Motor Manufacturing Alabama

Hyundai Motor Manufacturing Alabama, LLC (HMMA) was incorporated on April 12, 2002. The \$1.7 billion plant

is the company’s first U.S. manufacturing facility and employs more than 3,000 people with high-paying jobs and full benefits. Additionally, more than 72 suppliers have located businesses, mostly in Alabama, throughout North American to support the Hyundai plant. Altogether, these suppliers are expected to create 5,500 additional jobs with a combined capital investment of \$500 million.

The 2,000,000 square foot manufacturing plant resides on 1,744 acres of land in the southern part of Montgomery County. The plant includes a stamping facility, paint shop, vehicle assembly shop, a two-mile test track and two engine shops. In May 2005, the facility marked the official start of production with its first saleable 2006 Sonata. HMMA will produce 350,000 vehicles per year at full capacity.

In 2012 HMMA employed 3,000 workers, and produced 208,694 Sonatas, and 128,053 Elantras. The production of the Santa Fe moved to West Point, Ga, in 2011.

The 2012 Hyundai Elantra took top honor with the most exclusive award in North America when it was named 2012 North American Car of the Year. Due to the continued success of Hyundai’s Sonata and Elantra in North America, sales of these two models are expected to break annual records. HMMA decided to add a third shift of production at its Montgomery facility. The transition to three shifts began in September 2012. With the addition of 877 jobs to support the third shift, bringing the total number of jobs created at the plant to more than 3,000. HMMA’s 2012 production capacity will increase by approximately 20,000 units.

HMMA has played a significant role in the local manufacturing industry. Its impact study for 2010 indicated that HMMA and its local suppliers generated a total impact of \$3.8 billion to the economy of the state of Alabama in 2010, accounting for 2% of Alabama’s Real Gross Domestic Product. HMMA was directly responsible for 74%, or \$2.8 billion, of this total economic impact, while its suppliers generated \$1.6 billion (26%) of the impact.

Since its opening in 2005, HMMA has drastically improved the manufacturing employment in the Montgomery metropolitan area between 2002, when it began construction of its plant, and 2006, its first full year of production. In 2010 HMMA and its suppliers were responsible for more than 34,000 full-time equivalent jobs statewide.

As for the public fiscal impact, the study estimated that HMMA and its suppliers yielded \$61.3 million in total tax revenue to Alabama in 2010. HMMA’s local tax impact

was approximately \$8.3 million, while HMMA and its suppliers generated an estimated \$53 million of tax revenue for the state.

Hyundai Heavy Industries broke ground in October 2010 on a 270,000 square-foot set of buildings near Hope Hull. The facility, its first in the United States, will produce power transformers for utilities. The \$108 million facility was completed in May 2012 and will create 500 jobs.

Economic Impact of ASU

Table 7 shows that Alabama State University is the largest institution of higher education in the Montgomery area in terms of the number of employees and student enrollment.

Table 7: Profile of Area’s Colleges and Universities, 2011

| Institution | Employees | | | Students |
|---------------------------------|-----------|-------|-------|------------|
| | Faculty | Staff | Total | Enrollment |
| Alabama State University | 423 | 659 | 1,082 | 5,429 |
| Auburn, Montgomery ¹ | 321 | 561 | 882 | 5,271 |
| Troy, Montgomery ² | 65 | 105 | 170 | 2,277 |
| Huntingdon ¹ | 115 | 150 | 265 | 1,110 |
| Faulkner ¹ | 103 | 217 | 320 | 3,574 |
| Total | 1,027 | 1,692 | 2,719 | 17,661 |

Sources: ¹ National Center for Education Statistics, The Integrated Postsecondary Education Data System; and ² Troy University Montgomery Institutional Research (only full-time faculty and staff are reported).

An impact study conducted during 2010-11 by the Washington Economic Group of Coral Gables, Fla, shows that ASU’s operations and related activities have a \$901 million impact on the economies of the state and the River Region. It further reported that the University is a powerful catalyst of economic development for the state and the River Region in particular. The study attributed ASU’s economic contributions to three significant university activities.

The first and the most visible is the University itself as a business: \$150 million annual operating budget, \$250 million in campus construction projects and a consumer that purchases millions each year from local business.

The University employs 1,100 full-time and part-time employees, including 317 faculty members. These university operations result in an impact of \$341 million and include areas such as the creation of 3,931 jobs, labor income of \$128 million, and state and local tax revenue of \$35 million.

The second group of activities describes the impact of 5,600 students who attend the University and live in Montgomery, visitors to campus and alumni events and tourists on campus. These expenditures result in a total impact of \$53 million and generated 589 jobs, \$15 million in income, and \$8 million in state and local tax revenues.

The third category is the contribution alumni make to the economy. Graduates who are hired bring enhanced skills and knowledge to the workforce, make increased earnings and enhance the economic development environment for new and existing businesses. This increased earning power of ASU alumni living in the state results in an impact of \$507 million and generates 5,981 jobs, \$168 million in labor income and \$75 million in state and local tax revenue.

Specific to the River Region, the University generates \$885 million for the tri-county area surrounding the city of Montgomery, including 9,714 jobs, \$314 million in labor income and \$111 million in state and local tax revenue.

In addition to these direct economic impacts generated by the University, ASU also provides significant intangible benefits to Alabama, especially to the River Region. It promotes a reputation of having a vibrant business climate by contributing highly-educated human resources to the state's workforce and supporting targeted industries in the state. In essence, ASU's presence is a positive force in the attraction of new businesses and the retention of existing ones.

ASU has been working on getting its own stadium since 1991. Construction on the stadium began in March 2010 and completed in November 2012. The new stadium cost \$62 million. It features 26,500 seats, 20 sky boxes, 200 loge seats, 750 club seats and two party terraces as well as general admission berm seating. It also has 13 concessions and a large scoreboard and jumbotron.

The stadium's state-of-the-art facility will not only enhance the image of ASU, but it will also attract sporting events and festive activities. The annual Turkey Day Classic, which the ASU Hornets play against Tuskegee's Golden Tigers, was held for the first time in the new stadium. It is obvious that the stadium will serve as an economic driver for the city of Montgomery.

Alabama State University held the dedication of the newly expanded and renovated Levi Watkins Learning Center (LWLC) in November 2012. The library first opened its doors in 1978 and just underwent a two-year renovation and expansion project, costing \$22 million. About 60,000 square feet have been added to the existing 80,000 square

feet in the original footprint. The LWLC is a repository of internationally renowned archival collections and multimedia archives that focus on the Civil Rights era and the role ASU has played in the history of this state.

The LWLC is just part of a \$300 million capital improvement project now underway at the University. A new student center, which opened in May 2012 was also financed by the project.

Xueyu Cheng, Assistant Professor of Economics
xcheng@alasu.edu

Sontachai Suwanakul, Professor of Economics
ssuwanakul@alasu.edu

Chiou-nan Yeh, Professor of Economics
cyeh@alasu.edu



College of Business Administration
Alabama State University



College of Business Administration

Alabama State University

P.O. Box 271

Montgomery, AL 36101-0271