

Georgia and Metro Atlanta Recent Scorecards

Atlanta - Top Five North American City of the Future

fDi Magazine, a Financial Times publication, named Atlanta as the 4th best city of the future in its April/May issue and the best North American city in the category of "most business friendly" due to its attractive business climate and tax advantages. Atlanta was the only city to place in the top 5 in 3 or more of the 7 subcategories. Atlanta placed 4th in best human resources, 3rd in best economic potential, 3rd in best infrastructure and 1st in most business friendly.

Atlanta and Georgia Home to Fortune 500 Headquarters

In its annual ranking, 26 Georgia companies made the 500 list based on 2006 revenue. Twenty-two are metro Atlanta based, two are in Columbus - AFLAC and Synovus Financial Corp -, one was in deep South Georgia - Flowers Foods in Thomasville, and Mohawk Industries is in the North Georgia community of Calhoun. Two companies dropped from the list, Bell South which was acquired by AT&T and Cox Communications went private. Notably, SunTrust climbed 66 spots from last year with healthy revenue returns. Newell-Rubbermaid, a Georgia newcomer, and Beazer Homes USA both posted 50% increases in profits in 2006 over 2005. Only New York and Houston had more F500 headquarters than Atlanta. *see page 2 for cost of doing business in location decisions.*

Four Georgia Schools Tops on U.S. News & World Report

Four Georgia universities had good showings in the 2008 edition of *U.S. News & World Report's* Best Colleges Guide. Georgia Tech ranked 7th among the nation's public universities for undergrads for the 9th year. The distinguished College of Engineering ranked 5th among its peers. Emory University placed 17th among 248 universities with its Business School ranking 12th against national business programs. The University of Georgia tied for 20th among public universities and Georgia State University's J. Mack Robinson College of Business ranked among the top 50 business schools. The guide was issued in August.

"Operating costs far outweigh the importance of incentives in a company's decision of where to locate a headquarters office," according to a report comparing 30 major U.S. markets. Atlanta ranks as the second least expensive city in which to operate a headquarters.

Source: Atlanta Business Chronicle



Great Find

Check out website
www.locationgeorgia.com
for site location assistance.

an Intelligence Report



georgia,usa

Issue V

in this issue

Scorecards

Cost of Doing Business

Manufacturing Giants

Housing Market Impacts GA

Global Business

Working Georgia

Global Travel & Cargo

Logistics

Buying Power

Ports

Aging Population

Cost-of-Doing Business

Business owners are ever vigilant to control factors that can improve profitability, including location. The Milken Institute, an independent economic think tank, released its Cost-of-Doing Business Index on the 50 states in August.

Hawaii, New York and Alaska are the most expensive states for businesses, maintaining the top three spots for the second consecutive year. All three states increased their overall year-over-year costs. A major factor in the rankings is the cost of electricity. South Dakota, meanwhile, maintained its position as the least expensive state for business, decreasing its costs to 30% below the national average. Georgia is number 32, - ranking among the 20 least expensive states for doing business.

The Cost-of-Doing-Business Index measures wage costs, taxes, electricity costs and real estate costs for industrial and office space. The Index indicates each state's comparative advantages or disadvantages in attracting and retaining businesses. Each state is measured on the five individual categories, and those weighted scores are compiled to make the overall index. An index score of 100 means that the state is equal to the U.S. average in that particular category.

2007 Cost-of-Doing Business Index - A sampling (highest to lowest)

Rank	State	Wage Cost Wage & Salary/ Employee	Tax Burden Tax/Personal Income	Electricity Cost cents per kWh	Industrial Rent \$ Cost per Sq. Ft.	Office Rent \$ Cost per Sq. Ft.	Index Score
1	Hawaii	38,526	105.4	19.3	13.2	28.1	151.5
19	Florida	38,299	57.4	8.7	6.1	23.2	99.3
32	Georgia	40,019	57.0	6.4	3.6	20.1	90.7
50	S.Dakota	30,081	44.6	5.4	3.0	13.8	70.2

Georgia Home to Manufacturing Giants

Industry Week named the Industry Week U.S. 500 this summer. The listing identifies the largest publicly held U.S. manufacturing companies based on revenue. The 500 account for \$5 trillion in revenues. Petroleum and coal products is the highest revenue generating industry and computers and other electronic products is the second highest. California and Texas have the highest number of companies in residence, 56 and 52, respectively.

Georgia leads the Southeast with 16 companies, including Roper Industries, Newell-Rubbermaid, Mohawk Industries, Coca Cola and Flowers Foods. North Carolina is closest to Georgia with 12 large manufacturers.

Fuel From the Forest

The Peach State is looking to become a player in the bio-fuel market. Georgia is on the forefront of developing enzyme based cellulosic ethanol using Georgia's abundance of longleaf pines. Georgia is already home to numerous corn-based ethanol enterprises. Cellulosic ethanol promises to be more environmentally friendly and cheaper to produce than the corn-based ethanol.

Georgia Innovation Centers
Manufacturing Excellence
Life Sciences
Agriculture
Aerospace
Maritime Logistics

The centers of innovations marry resources of research, academics and the private sector to support Georgia industries.

Housing Market Impacts Georgia

Georgia Economy retains a B+ score despite housing market slowdown.

Dr. Rajeev Dhawan, director of the Economic Forecasting Center at Georgia State University, says the state can't avoid the fallout from the subprime market issue at the national level. In an August report, the current economy gets a B+, but Dhawan predicts a subdued outlook for year end.

In the first half of 2007, Georgia added 40,000 jobs but for the year, Dhawan predicts only 68,000 total compared to 103,000 in 2005. Georgia's three star sectors, retail trade, education and health, and leisure and hospitality which make up 1/3 of the economy, "are pulling twice their weight" says Dhawan. The slowdown is restraining economic growth in all sectors tied to residential construction. Home Depot has already made plans to cut back in response to the moderating housing market.

Dhawan is optimistic that the Federal Reserve's rate cuts and creative solutions will help avoid what many fear - a recession.

Carpet Bracing for a Slowdown

Fortune 500 company, Mohawk Industries, Inc. and industry peer Shaw Industries, combined sold more than \$10 billion worth of carpet in the first 9 months of 2006 according to company figures. Because of a slowdown in residential construction, however, signs in 2006 began pointing toward a bad year. Executives don't expect this dip to be as deep as that of the early '80s and believe their industry is sturdy enough to endure a downturn without major damage because of consolidation in the '80s. An industry of 200 plus manufacturers in the 1970s is dominated today by fewer than a half-dozen. Plus, carpet manufacturers diversified into product lines such as hardwood flooring.

Despite an overall good year in 2006, Atlanta-based Fortune 500 company Beazer Homes reported losses of \$59 million for the last quarter of 2006. Beazer's overall U.S. home closings for the first quarter of 2007 fell 31% year-over-year to 2,660, and new home orders were down 54%.

Highlights from the Forecasting Center August Report:

- Atlanta's total housing permits decreased by 5.2% in 2006 and will drop sharply by 21.9% in 2007 but will increase by 2.7% and 6.7%, in 2008 and 2009, respectively. *see statewide numbers for housing permits below.*
- All of Georgia's metropolitan service areas will add jobs in 2007 and 2008. The stars will be Savannah, Brunswick, Warner Robins and Gainesville.

Stars by another measure...

Brunswick, Warner Robins and Gainesville were named by Milken Institute among a listing of 179 Best Performing Cities, in the small city category. The criteria looked at jobs, wage/salary and technology growth as measures for the cities ability to create and keep jobs.

Gainesville, GA was the recipient of several large investment in FY 2007. 25 firms, 14 existing industry expansions and 11 new firms created 997 new jobs and \$146,000,000 in new capital investment.

About the Carpet and Rug Business
80% of the U.S. carpet market is supplied by mills located within a 65 miles radius of Dalton, 80 miles north of Atlanta. The 4 largest carpet companies are headquartered in Georgia. The U.S. supplies 45% of the world's carpet.
The Carpet and Rug Institute

First Quarter 2007 Vs. First Quarter 2006 Housing Permits - Decrease by State

Georgia	22%
Alabama	14%
Tennessee	21%

Global

Another Major Chinese Manufacturer Bringing 240 Jobs

General Protecht U.S. Inc., a subsidiary company of a China-based company, will bring 240 jobs and \$30 million of investment over two years to Barnesville, GA. The company will purchase over 200 acres to build an assembly and distribution facility for electrical products, wired devices and related products. "We will be able to receive components and parts easily from the Port of Savannah and assemble and distribute our final products through Atlanta's outstanding logistics infrastructure," says General Protecht Chairman/CEO Wusheng Chen. This announcement follows the 2006 announcement of China-based condiment manufacturer Kingwasong LLC in Newnan, GA.

Germany-based Trantech, manufacturer of on board power supply equipment for rapid transit systems, is expanding its Georgia operation. The company's goal is 100 employees and \$27 million in production by 2009.

Georgia's export shipments of merchandise in 2006 totaled \$20 billion. Georgia ranked 16th among the 50 states in terms of 2006 export value. Georgia exported to 206 foreign destinations in 2006.

Georgia's biggest growth market, in dollar terms, is Canada. From 2002 to 2006, export shipments to Canada increased from \$3.6 billion to \$4.7 billion. Other countries to which Georgia recorded large increases in merchandise exports over the same period were China, Singapore, Mexico and Germany.

Bureau of the Census, Foreign Trade Division

Top Countries who Invest in Georgia across 3 Criteria

Jobs	\$ Investment	Projects
Japan	Korea	Germany
Korea	Japan	Japan
Canada	Canada	Canada & U.K. tied
Germany	Germany	France & Italy tied
U.K.	Italy	

Mangold International of Germany is establishing its first U.S. Office in Atlanta.

Mangold is a high tech software company, a world leader in software and hardware solutions used to analyze and do research with qualitative and quantitative data in the fields of child development, animal behavior, psychology, aerospace design and training as well as military simulation and training analysis. Georgia's skilled workforce and research universities make Atlanta an ideal location.

An example of research and technology resources...

Within the South, the state of Georgia ranks first in the number of nanotechnology prize winners and second in the number of nanotechnology publications and numbers of highly-cited researches. The study evaluated five factors that are vital to the budding industry: human capital, knowledge generation, research and development funding, patents and commercialization for the period 1995-2004.

Connecting the Dots: Creating a Southern Technology Network

Working Georgia

The State of Working Georgia Report, by the Georgia Budget and Policy Institute, examines the vitality of Georgia's workforce. The most recent report shows employment levels finally surpassed pre-recession (2000-2001) levels.

Workforce Snapshot

	2000	2005
jobs	3,949,000	4,000,000
unemployment	3.7	5.4
median wage	\$13.05	\$14.16
median household income	\$47,225	\$44,140
poverty	12.5%	13.7%

Global Travel & Cargo

Atlanta Hartsfield-Jackson International Airport

With nearly 85 million passengers annually and \$23 billion annual economic impact, Hartsfield-Jackson is the economic engine for the entire Southeastern US. The airport is a magnet for regional business growth and is a gateway to the world. Passenger demand is expected to double by 2025. Cargo demand is mushrooming. Specific developments include:

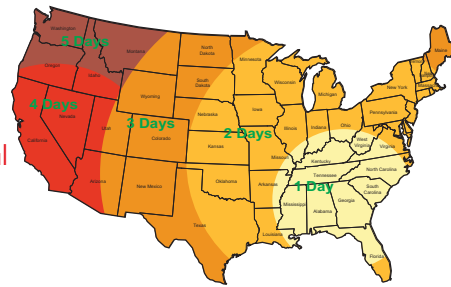
- Delta Airlines contributed to the rise in air traffic in 2006 with ambitious expansion into 20 global cities, despite its bankruptcy status. Delta exited 19 months of bankruptcy in April. The airline estimates an \$800 million+ pretax profit in 2007, the first since 2001. The current economic slowdown may cut into those estimates. Delta is working to bring a new direct route to Shanghai by first quarter 2008 in support of growing China partnerships. *see related global story on page 4.*
- A surge in international cargo reflects the trends in economic globalization. International volume surpassed domestic in 2006. Luxembourg-based Cargolux, the world's 11th largest cargo carrier, began two flights weekly in early 2007. Other carriers: Hong Kong-based Cathay Pacific, Italian-based Cargotalia and Alitalia began cargo service in the last 2 years.

Hartsfield Jackson Airport Activity 2006 over 2005 Increases

international passengers 20%
global freight & cargo 13.5%

Logistics

Accessibility to market - roads and interstates. A recent report demonstrates the strength of Georgia infrastructure. The state ranks 6th in the Reason Foundation's 16th Annual Report on the overall performance of state highway systems (1984-2005). Georgia was not among the most congested in the category of urban interstate congestion. Its interstates were rated 52% congested. Georgia fared better than neighbors Florida and North Carolina. A related study on congestion found by 2030 Atlanta will need 2,600 new lane miles.



Trucking Transportation Times

Georgia's accessibility...more distribution centers

Two major sports retailers recently chose Georgia for distribution centers. Academy Sports and Outdoors is locating in Twiggs County and most recently Dick's Sporting Goods is building a new distribution center in East Point.

Buying Power

Georgia will continue to enjoy enviable growth in buying power and some of that is due to activity in 3 ethnic groups. Georgia is the nation's 10th largest consumer market, up three places from 1990. From 1990-2007 the percentage increase is 176%, ahead of the 134% advance in the nation's total buying power.

GA Buying Power

1990 \$101 billion
2000 \$198 billion
2007 \$278 billion

- African-Americans comprise 20.8% of the state's total buying power, up from 16% in 1990. No other state posted a larger gain; Mississippi and Maryland also posted a 4.8% gain.
- Asians' share of the market will be 2.9% in 2007, up from 1.1 in 1990.
- The Hispanic market share climbed from 1.3% in 1990 to 4.9% in 2007. In buying power dollars, the Hispanic market soared from \$1.3 billion to \$6.3 billion in 2000. Georgia is the nation's 10th largest Hispanic market, up from 19th in 1990.

Buying power is the total personal income of residents that is available, after taxes, for spending on goods and services.

Source: Selig Center for Economic Growth, University of Georgia

Where African-Americans Spend More

telephone services
personal care items
children's apparel
footwear
major appliances



Great Find

A Marketing Opportunity
Hispanic Market

Despite a 4.9% share of Georgia buying power, the national average for the Hispanic market is 8.6% suggesting that in order to reach Hispanic consumers Georgia companies must employ target marketing efforts.

Where Hispanics Spend More

groceries
gas, motor oil
household textiles
men's clothing
children's clothing
footwear

Ports

The Port of Brunswick is the site for Mercedes-Benz USA's new vehicle preparation center for vehicles being imported into the U.S, slated for first quarter 2009 completion. It takes the place of a current preparation center in Jacksonville, FL. Mercedes will traffic 50,000 additional imports through Brunswick on top of the 75,000 vehicles that are exported annually. Mercedes officials cited the port, and improved rail and highway access as reasons for choosing Brunswick. This consolidation follows a similar move in recent years of Hyundai/Kia combining import operations to Brunswick.

Retailer Target Corporation opened a 2 million square foot import warehouse in Savannah, GA. The new facility will handle overseas cargo for the company's Southeast stores. Within the next few months, a 1.5 million square foot distribution center will open in Midway, GA.



Aging Population and Revenue

Age Mix Will Impact Georgia Revenues Over Next 20 years
The aging U.S. population will create various pressures on federal, state and local budgets. In Georgia, over the next 20 years, the number of working-aged individuals (18-64) for every individual over the age of 65 will decrease from 6.4 to 3.5. In other words, today there are 6.4 working age persons for every 65+ individual; in 20 years there will only be 3.5. This has impact for revenue sources for the state - the sales tax and individual income tax. As a population ages, more of the total consumption will be spent on untaxed sectors, such as medical supplies, drugs and health care. It also has implications for employers seeking workers.

Source: Andrew Young School of Policy Studies, Georgia State University

Employers will have to be more creative in the workplace.

Employers Must Respond to 50+ Age Workers



MEAG Power is a public generation and transmission corporation providing wholesale electricity to Georgia's public power utilities. As Georgia's third largest power supplier, MEAG Power also provides statewide economic development services to new and existing industries.

Contact Location Georgia at 800.946.4642 – 770.563.0003 – www.LocationGeorgia.com

For an electronic copy of
this newsletter contact
info@locationgeorgia.com



MEAG Power
75 Fifth Street NW
Suite 850
Atlanta, Georgia 30308