

Location  
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# Executive Brief

Volume V Issue 2  
Year 2006



Northern  
Region

Leadership

Existing  
Industry

Downtown

Quality  
of Life

Education

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## Economic Outlook

Georgia 2007

Selig Center for Economic Growth  
Terry College of Business  
University of Georgia

*The December-released 24th edition of the economic outlook provides forecasts for the nation and Georgia, plus eleven specific market segments.*

National Outlook	Georgia Outlook
<ul style="list-style-type: none"> <li>• 2.3% GDP growth</li> <li>• home prices to decline</li> <li>• consumer spending decline</li> <li>• job growth 1.1%</li> <li>• personal income increase 5.6%</li> </ul>	<ul style="list-style-type: none"> <li>• 3.3% GSP growth</li> <li>• home prices steady</li> <li>• consumer spending decline</li> <li>• job growth 1.5 %</li> <li>• personal income increase 6.1%</li> </ul>

### Georgia Data

- Total employment will rise by 59,600 in 2007.
- More home building permits are issued in Atlanta than in any other major metro area. Atlanta's economic growth is more dependent on new home construction than the U.S. as a whole.
- A steep climb in oil and fuel prices over the last few years was harder on Georgia than the nation as a whole. Recent price moderation will bring considerable relief in Georgia. Our vulnerability stems from an abundance of transpor-

- tation, distribution and logistics firms which are fuel intensive.
- New 2007 jobs will be in services-producing industries. Job losses will be in residential construction and manufacturing. Hospitality will be a major driver of new employment growth and the information industry is poised for 2007 job growth.
- Georgia stands to realize a boost from the recent rounds of base closings and realignments.

**Life Sciences Growth 2001-2005**

	Life Sciences	Other Sectors
Number/establishments	38.4% increase	10.5% average
Employment	11.2% increase	1.6% average
Total wages	30% increase	13% increase

Outlook ...continued from page one

- Life sciences, though a small part of the economy, expanded faster than other Georgia sectors between 2001 and 2005.
- Manufacturing job losses will continue into 2007.

**Across the United States**

- The 2006 consumer savings rate of -1.4 percent, the lowest since the depression, will improve in 2007. In the 1990s the average saving rate was five percent.
- 2007 energy prices will be lower than the first eight months of 2006.
- In the coming years, employment will rise fastest in the natural resources and mining industries.
- Corporate profits are 160 percent higher than they were only five years ago. The main challenge to the bottomline will be margin compression due to higher costs.

**Innovation Is In**

*Georgia Tech Enterprise Innovation Institute*

To help spur innovation among industries, Georgia Tech debuted "Turning Small Companies into Innovative Giants" in October 2006 at the Product Development & Management Association conference in Atlanta. Attendees learned about customer focus, market opportunities and technology trends, as well as how to filter innovative ideas into development opportunities. They also examined their level of readiness to undertake innovation.

The need for the initiative was partly driven by the 2005 Georgia

Manufacturing Survey (GMS). The survey conducted by Georgia Tech found that fewer than eight percent of the state's manufacturers compete using strategies of innovation or new technology. The survey also found that firms competing on innovation had higher profit margins and lower levels of outsourcing than those competing on low price.

Innovation was the theme for the GMS because it plays a key role in helping manufacturers achieve and sustain competitiveness in a global market. Business strategy and new product development are innovation methods explored in the survey, but there are other ways to innovate.

The 2005 GMS examined four general types of innovation - product, process, organization, and marketing - then looked at the extent to which Georgia manufacturers use these practices.

In 2002, the GMS found that innovation was limited mostly by financial considerations. But in 2005, a lack of qualified personnel also ranked high.

"The problem," observes GMS co-director Prof. Philip Shapira, "is that too few Georgia firms focus on innovation. Firms, industry associations, universities, and policy-makers all need to be involved in new efforts to stimulate many more of our industrial enterprises to invest in innovative strategies that will help them not only to survive, but also to grow."

According to Chris Downing, director of industry services at Georgia Tech's Enterprise Innovation Institute, "Embracing innovation in your business does not guarantee success; however, not innovating does guarantee failure."

The Georgia Institute of Technology restructured its business and community assistance programs into the Enterprise Innovation Institute in 2006.

**Kaizen At Work**

Roper Pump Company executive Walt Stadnisky in **Commerce** is well versed in the language and processes of manufacturing improvement. Kaizen is a Japanese word for a concept of continuous improvement within an overall initiative called lean manufacturing. Stadnisky has seen it in action with his employees and on the shop floor.

"Lean doesn't mean cutting people, it is finding better ways to do things, including cutting non-valued steps from a process. Our staff found by moving castings closer together we reduced travel by our floor truck of 300 miles a year," explains Stadnisky.

For six years he has helped move his organization into a machining center of excellence within the Roper companies and now two of his sister companies have relocated their machining shops into his facility.

**Elberton Looking to TechSmart**

"TechSmart will provide us opportunities to find broader applications of our existing ElbertonNet. The city of Elberton was visionary with the development of ElbertonNet; this is just our next step," asserts Dr. Larry Siefferman, V.P. of the Elbert Campus of Athens Tech.

Elberton, Elbert County and Oglethorpe County will begin community sessions in February to develop a technology road map with the help of Georgia Tech staff.



Bubba Burgers in Elberton produces over 600,000 pounds of packaged hamburger meat weekly during peak production. Bubba Burgers are sold nationwide with its strongest market on the East Coast.

## Market Conditions Right in North Georgia

Thanks to a state growth rate that surpasses the nation's, two North Georgia communities have landed two significant operations.

The BOC Group is building a new \$40 million operation on 11 acres for a new air separation unit in [Cartersville](#). Once commissioned by the third quarter of 2007, the plant will cryogenically separate air to produce over 700 tons a day of liquid oxygen and nitrogen. The gases will be trucked to hospitals, food processors, metals and chemicals manufacturers in Georgia, Alabama, South Carolina and Tennessee.

With this plant, BOC becomes the first company to purchase property in Cartersville's Guyton Industrial Park.

Trevor Burt, president, Process Gas Solutions, Americas, said in early April, "This is the latest in a series of U.S. capital investments totaling some \$225 million over three years. This plant gives us a strong supply capability along the entire East Coast and an extremely strong gases supply network in the Southeast, one of the fastest growing regions of the country."

The Faus Group of Gandia, Spain



A BOC worker fills a gas truck ready for transport.

joins the ranks of international companies who are employing Georgians. In this case, 350 jobs over a two-year period.

The manufacturer of premium laminate flooring chose an existing 400,000 square-foot building in [Calhoun](#) for operations and distribution.

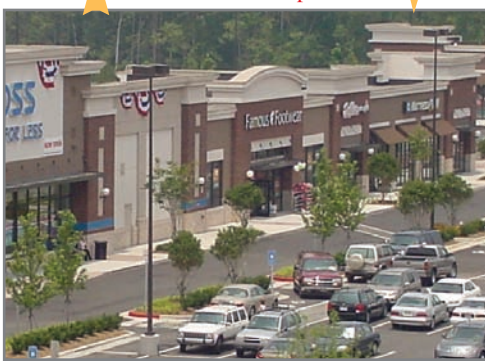
"The investment in our Calhoun plant is a key factor in supporting our North American customers," said Juan Flores, president of Faus Group, Inc.

Georgia ranks 12th in the nation for "insourced jobs" with over 175,900 Georgians working for U.S. subsidiaries of companies headquartered abroad.

## A Decade of Difference



BEFORE ▲ Lakeside Marketplace ▼ AFTER



"To try and get a feel for the growth in [Acworth](#) a quick examination of the tax digest sums it up. Ten years ago, the fair market value of Acworth real estate was \$236 million, approximately 20 percent commercial and 80 percent residential. In 2006, the fair market value grew to \$1.2 billion with a 10 percent shift among the commercial/residential sectors – 30 percent commercial and 70 percent residential.

Not surprising, 2006 was a big year in retail development. Lakeside Marketplace is a retail complex that was developed as a Tax Allocation District (TAD). The financing mechanism allows for \$6 million in bond financing to be paid with new property tax revenue from the site.

Other retail developments include Acworth Crossing and in November a second Wal-Mart opened in the city only 2.5 miles away from a first Wal-Mart facility. Both are anticipated to prosper as residential communities continue to blossom on Acworth borders.

"Plus, our newly rehabbed Old Mill Restaurant was honored as the private sector's Best Rehabilitation/Restoration for 2006 by the Georgia Department of Community Affairs's Office of Downtown Development and the Georgia Downtown Association," explains Acworth's Jeremy Hayes.

# All-American City

The city of **Marietta** was named this summer as one of the 10 best cities in America according to the National Civic League.

“This is the premier national award for communities,” says City Manager Bill Bruton. “Winners have seen an increase in tourism, grants and better bond ratings.”

Marietta was picked as a finalist based on an application outlining the municipality’s work to reduce crime, spark redevelopment and increase literacy in the city’s schools.

Marietta has a comprehensive redevelopment effort that includes 1000 new residential units in its

downtown over the next three years.

A major goal in the plan is to alter the balance of rental to home ownership in its housing inventory which has been weighted by 20 percent toward rental.

In the award’s 56-year history prior to 2006, only four Georgia cities have received the All-American award – Atlanta, Savannah, Toccoa and Dekalb County.

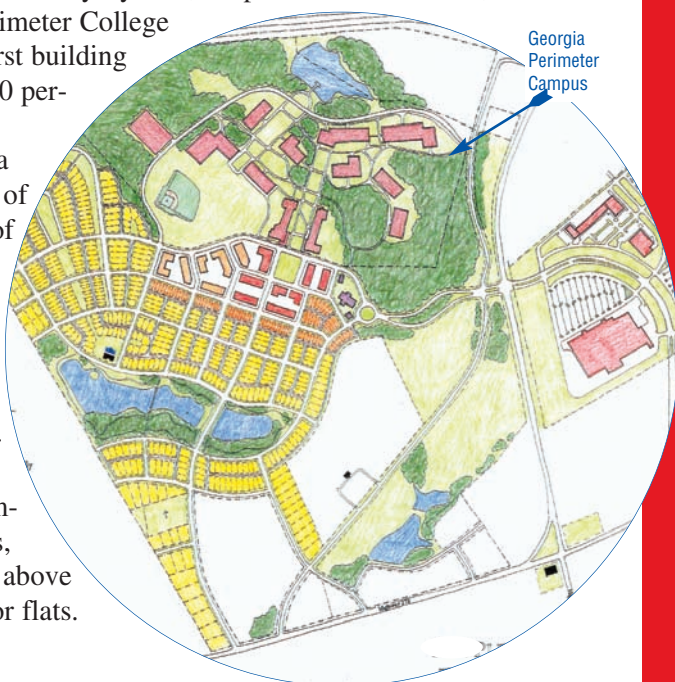
## Town and Gown in Covington

Town and gown is a term used to describe the two communities of a university town; “town” being the non-academic population and “gown” the university community. The **Covington/ Newton County** community is giving the concept a whole new meaning. The plan starts with vision by a community, its city and county leadership, The Center for Preservation and Planning and the Arnold Foundation.

While the Covington area had several institutions of higher learning, including nearby Oxford at Emory, there was not a public two-year Board of Regents school within an hour’s drive. Plus, the Georgia Perimeter Conyers satellite campus could no longer service the number of students knocking on its door. Enters the Arnold Foundation with 100 acres on the last remaining undeveloped I-20 interchange.

“In order to bring a campus to Covington the community must donate the land to the University System,” explains Sallie Paschal, COO of the Georgia Perimeter College Newton Campus. The first building on the new site is now 70 percent complete.

Alongside the campus a new town is coming out of the ground. By the end of 2007, there will be a town center across the street from the first campus building. The town of Mt. Pleasant, a pedestrian-friendly community, will be on 450 acres adjacent to the campus complete with stores, retail, office space, lofts above retail, and mid-rise senior flats.



Rendering of Mt. Pleasant and Georgia Perimeter Campus



## Special Focus

Newnan Greets China

“We had a building that really fit their needs,” explained Bill Harrison, executive director of the Coweta County Development Authority about Georgia’s first Chinese manufacturing operation in Newnan, Kingwasong LLC.

But it didn’t happen overnight.

“Phone calls started about three years ago,” Harrison explains. “I got a call out of the blue from a gentleman with a Asian accent asking very specific questions. That continued about every 90 days for a couple of years.”

After looking at other states and much negotiation on a \$6 million deal, the Governor sealed it with a Regional Economic Business Assistance Grant (REBA) for the former 225,750 square-foot Olsonite building on Dart Road.

Newnan Utilities, Coweta County, the state economic development team and the Atlanta Chamber of Commerce all contributed and collaborated on the project.

The injection-molding piece of the project will be operational first quarter of 2007 and the fermenting process - the soy sauce and vinegar production - will require another 12-18 months.

The overall investment is \$15 million and brings 200 jobs.



View available Georgia buildings at [www.locationgeorgia.com](http://www.locationgeorgia.com). For more information call Oleta Herron at 800-946-4642.



Cooper Standard Automotive Building

## Buildings

- **Griffin Spalding** - The Cooper Standard Automotive Building became available in August 2006. The 200,000 square-foot facility has minimum ceiling heights of 21 feet and a maximum height of 27. The 1993 built facility has rail potential and is located in the Griffin Spalding Industrial Park. Contact David Luckie at 770-412-9200.

<u>Available Building</u>	<u>Location</u>	<u>Square Feet</u>
William Carter Company	Barnesville	297,000
Patillo Construction	Elberton	80,000
Federal Mogul	LaGrange	108,000
Sweetheart Cup Building	LaFayette	200,200

### Georgia Public Web (GPW), Covington and Monroe

The cities of Covington and Monroe partnered with GPW to provide a redundant telecommunication loop for the Board of Regents into Athens. It's a win-win for the municipalities and the not-for-profit GPW. The loop will be operational in first quarter 2007.

## Business and Industrial Parks

- **Monroe and Walton County** are enhancing infrastructure in their Piedmont Regional Industrial Park in order to make ready new sites. Road and fiber optics extensions are underway.
- With only 13 acres remaining for development in the **Washington/Wilkes County** Development Authority inventory, the city and county purchased 123 acres. The former International Paper campus is being redeveloped. The site has existing utilities. The city and county anted up \$150,000 jointly and secured a \$350,000 OneGeorgia grant in the spring of 2006. LocationGeorgia and other state agencies are assisting in design concepts for the park.



A 960,000 square-foot building in Commerce I-85 Business Park is under construction.

- A three way partnership in **Commerce** is reaping a 550-acre development, The Commerce I-85 Business Park. The city of Commerce, the Jackson Industrial Development Authority and J.W. Rooker and Associates are creating a prime business park. The city is providing utility infrastructure; the IDA the road for the park. Rooker has been developing industrial properties in the metro Atlanta market since the late 1960s and has developed many speculative and build-to-suit projects in industrial areas of Atlanta, Athens, Macon, and Kentucky.

A 960,000 square-foot building on 23 acres is 75 percent complete.

# Make A Note

- NeighborWorks America, a national nonprofit organization created to provide financial support, technical assistance, and training for community-based revitalization efforts, offers a new evaluation tool for community development programs. The tool, known as storymapping, guides practitioners from evaluation to performance measurement. Visit the NeighborWorks Training Institute website at: [www.nw.org/network/training/KCSymposium.asp](http://www.nw.org/network/training/KCSymposium.asp)

- Attend LocationGeorgia's E.D. Forum on March 21-March 23 at the Ritz-Carlton at Lake Oconee. Call Oleta for more information.

*MEAG Power is a public generation and transmission corporation providing wholesale electricity to Georgia's public power utilities. MEAG Power is Georgia's third largest power supplier*

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Location Georgia offers statewide economic development services to expanding businesses. We also provide communities economic development support in aerial photography, advertising support, strategic planning facilitation and various other services through strategic alliances.



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