

## Georgia and Metro Atlanta Recent Scorecards

### Georgia Climbs to Number 2 in U.S. Business Climate Ranking

According to *Site Selection Magazine's*, November 2007 issue, Georgia is ranked the 2nd best state in the nation in which to do business. Georgia rose from the number 4 position in 2006.

### Small Business Survival Index Rates Georgia Number 12

Georgia was ranked number 12 in the nation by the Small Business Survival Index for its entrepreneurship climate, vaulting 13 places from number 25 in 2006. The index presented by the Small Business and Entrepreneurship Council rates each state on 31 factors. Some of the areas where Georgia scored the best include adjusted unemployment taxes, government spending trends and highway cost effectiveness.

### Southeastern Economic Indicators

According to the Federal Reserve Bank of Atlanta, in the second quarter 2007, Georgia outpaced its southern neighbors of Alabama, Florida, Louisiana, Mississippi and Tennessee in manufacturing payroll employment with totals of \$442,700.

### Housing Affordability

A New Yorker planning to move to Tampa-St. Petersburg can save more than \$200,000 in purchase and mortgage costs for the median priced house by moving to Atlanta instead.

Source: Heartland Institute



**Great Find**

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# an Intelligence Report



georgia,usa

## Issue VI

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# Economic Outlook 2008

The Selig Center for Economic Growth - The University of Georgia

## National Outlook

2% GDP growth

## Georgia Outlook

2.4% GSP growth

### A Few Key Forecasts:

Georgia's leading sectors include life sciences, health care, the defense industry, transportation, professional and business services and hospitality. Commercial construction will thrive one more year, but new projects will drop.

- The dollar will weaken, boosting prospects for Georgia's export-oriented businesses.
- Consumer caution ahead; consumer spending will advance by only 2.2 % compared to 2.7% in 2007 and 3.1 in 2006.
- The economic repercussions of oil and fuel prices play out differently in Georgia than the nation. The extreme price climbs hurt deeply because the state is a major regional transportation, distribution, and logistics center - all fuel intensive activities.
- Over the next 3-4 years, Georgia will benefit from military base closings with 4,300 military and civilian jobs. Indirect impact will grow another 2,000 - 4,000 jobs. Fort Benning in Columbus, Robins Air Force Base in Warner Robins are beneficiaries.
- Education and health services will see one of the highest rates of employment growth, 2.76%.

## Drought - Economic Impact

**Losers and Winners** Georgia's extreme drought affected agricultural concerns but a few isolated business clusters benefited from the lack of rain. Crop production reports are a mixed bag of gains and losses. Corn and soybeans remained up. The timber industry expects some fallout. Pulp and paper processes are very water intensive.

The construction industry basked in a busy schedule not hindered by rain. Its typical 200-construction day schedule was 50 days ahead in August. Utilities benefited from high electricity usage for air conditioning. State suppliers set new peaks in August. With water restrictions imposed at home, car-owners frequented the local car wash. The Cactus Car Wash chain grew from 4 to 8 locations, six in metro Atlanta. "Our system recycles 80% of the water," said Lennox Bundy, head of Atlanta operations.

The Federal Reserve Bank of Atlanta

Georgia has:

- 70,000 miles of streams
- 400,000 acres of lakes
- 384,000 acres of tidal wetlands
- 854 miles of estuaries
- 100 miles of coastline
- 50 inches of rain annually

## Office Market

Atlanta's office market's expansion should continue into 2008, but will be more subdued. Overall spending for new construction rises as the number of new project announcements declines. Some metro Atlanta markets have softened, but the northwest Atlanta market remains strong. Evidence:

A 16-story Cumberland Tower known as Riverwood 200 will be a \$100 million project with rent space approaching \$31 square foot. Riverwood 200 aims to house a headquarter type tenant occupying at least 100,000 square feet. Completion is slated in 2009 and is part of a master plan for nearly 2,000,000 square feet of office, retail, hotels and condo on 22 acres near Cumberland Mall.

To the South, near downtown Newnan, off Interstate-85, developers plan to convert 125 acres for mixed use hospitality, retail and medical campus. The development would be near a new Piedmont Hospital in Newnan and KIA manufacturing giant 40 miles south.

### Metro Atlanta Office Vacancy Rate

17 percent

driven by 3 straight years of solid growth in office-based employment

"It is hard to think of another large U.S. metro area where the prospects for economic growth are so strong and office rents are so low."

Dr. Jeffrey Humphreys,  
Selig Center for Economic Growth



# Innovation and Research

## BioScience (biotechnology, life sciences and biomedical research)

250 bioscience companies employ more than 10,000 workers. These companies drive higher paying jobs and a more educated workforce. The Southeast is just behind New England in this industry development. In the sector of pharmaceutical and medicine manufacturing alone, the state has nearly 50 companies employing 3,420.

**Innovation Crescent** A 12-county arc from Atlanta to Athens is a concentration of research, educational institutions and talent assets named the Bioscience Innovation Crescent. The counties are: Fulton, Clayton, DeKalb, Gwinnett, Walton, Barrow, Jackson, Clarke, Madison, Oconee, Morgan and Oglethorpe. The Innovation Crescent markets its assets to entities and companies.

**Georgia's Research Alliance (GRA) - Georgia's Deal Maker for Georgia's Research Universities.** In its first 15 years, GRA leveraged \$450 million in state funding into \$2 billion of additional federal and private investment. The Emory Vaccine Center is just one example. Emory University is one of the first academic research centers to develop an HIV/AIDs vaccine being tested in human trials.

## Innovation Centers' New Partners/New Projects

Center	University	Company	Project
Logistics	Georgia Tech	El Paso Energy	GIS-Enabled Ship Recognition
Agriculture	University of Ga.	Alterra Bioenergy LLC	Woody Biomass Catalytic Conversion
Manufacturing	Georgia Tech	Delong's Equipment	TAG Machine Engineering

## Georgia Market Maker

University of Georgia's Center for Agribusiness and Economic Development is developing a comprehensive Georgia Food System Database. The software will include market analysis capabilities, census tract demographics, economic information.

## Driverless Cars

Georgia Tech researchers are working on a technology that allows a car or other vehicles to drive without a human driver. The Logistics Innovation Center says the Port Authority is looking at autonomous vehicles as one of many solutions to handle increased workloads. Department of Defense applications envision military trucks hauling cargo across dangerous roads without human targets inside.

"Angel investors," said Robert Franklin, Chairman for Ariel, "are high net-worth individuals who provide capital for a business start-up, usually in exchange for convertible debt or ownership equity. Angels are particularly interested in helping innovative technology entrepreneurs."

The Georgia Centers of Innovation recently partnered with Ariel Savannah Angel Partners to bring the Power of Angel Investing Seminar™ from the Ewing Marion Kauffman Foundation to Savannah.

## Georgia Innovation Centers

Manufacturing Excellence  
 Life Sciences  
 Agriculture  
 Aerospace  
 Maritime Logistics  
 Newest Center for Innovation  
 Announced - Energy and Fuel

The centers of innovations marry resources of research, academics and the private sector.

## GRA Scorecard

57  
 Eminent Scholars Recruited  
 22  
 Nationally recognized Centers of Research Excellence  
 100+  
 Corporations Served by University Partnerships

## What is An Angel?

Angel investing differs from venture capitalists primarily from the standpoint of the amount of money needed. Angel investment deals vary in size from less than \$1 million dollars to up to \$3 million dollars per round; often 6 to 8 angels are utilized to complete a deal.

## Coming To America and Georgia

### U.S. Alluring To Multinationals - Foreign Direct Investment (FDI)

Overseas companies are confident about the ability of capital invested in the U.S. to pay off and Georgia is seeing its fair share. Nationally, inward foreign direct investment - the tally of foreign firms' purchases of business assets - is on track to reach \$238 billion (up from \$175 billion in 2006) and is expected to hold that same level again in 2008. Annual foreign direct investment inflows are at their highest peak since a record \$314 billion during the dot.com boom.

### Three Major Investments in Georgia from China

- 1.) The most recent Chinese announcement is Sany Heavy Industry Co. Ltd. This major heavy construction equipment manufacturer is locating in Peachtree City, just south of Atlanta. "We chose metro Atlanta and Georgia to build our U.S. headquarters and assembly center for several reasons," said Sany America President Lincoln Liang. "North America has a large market for our products, and Georgia occupies an important geographical location with convenient transportation. Most importantly, support for foreign investment from the state and the local governments in metro Atlanta is systematic and well-structured. They understand Chinese businesses."
- 2.) A joint venture, Kingwasong LLC, is building a plant in Newnan, creating 200 jobs and attracting \$12 million to \$15 million in new investment to the area.
- 3.) In May 2007, China-based General Protecht Group purchased 211 acres of land in Barnesville, Lamar County, to build an assembly and distribution facility for electrical products, wired devices, and other related products.

Latin multinationals are reversing the long-standing North to South flow of investment with expansions into the U.S. and other industrialized countries. Gerdau Group, Latin America's largest steel producer, made major acquisitions in the Southeast, including a steel mill acquisition in Cartersville and headquarters in Tampa.

Japanese chemical companies form joint venture in Griffin. The new venture, called Sumika Polymer Compounds America, will create 50 jobs in a plastic manufacturing facility, to be operational in 2009.

Curious Turnabout Rather than U.S. outsourcing to India, Indian software firm Wipro plans a big software design center in Atlanta. The firm will hire 500 programmers in the next 3 years.

Portuguese manufacturer locates first plant in coastal Ga. EFACEC is Portugal's leader in electronics and electro mechanics and will employ 600 people. EFACEC hopes to strengthen its connection to major U.S. utilities.

Malaysian copper manufacturer will locate its first U.S. facility in Waynesboro. ASTA Inc. plans to retrofit a 200,000 square foot facility on 50 acres.

Submersible technology center - first of its kind in North America. WILO EMU USA LLC had its grand opening in Thomasville. The facility will help meet this market's demand for pumps and mixers. The extensive pump and mixer testing capabilities integrated into the plant is expected to draw water and wastewater specialists to Southwest Ga.

"The key determinants for attracting FDI are size of market, economic growth, sophistication of consumers and demand. We fit the bill."  
Karl Sauvant, Executive Director  
Columbia Program on International  
Investment

## Housing Market

### Georgia Holding Its Own

While permits for home builders were down double digits in 2007, Georgia fared better than the nation as a whole. Savannah fared best, permits were down by less than 1%. A turnaround in the new home construction industry will begin in the 2nd quarter of 2008 and the selling prices of most existing homes in Georgia will "rust" not "bust." Home prices will remain relatively steady in contrast to a national decline of 6%.

The state's population will grow at a pace double the national average and the state is poised to attract retirees in much greater numbers as evidenced by the appeal of Sun City Peachtree in Griffin. Del Webb, the premier active-adult brand of Pulte Homes, is constructing a massive 3400-home community with amenities for boomers just South of Atlanta. Other Georgia builders are designing homes that let boomers stay in their homes longer. "The builders that are using this program are chasing the older adult market," explains Tony Perry, CEO of Oakwood Homes an EasyLiving home builder in Woodstock. The EasyLiving Home program started in Georgia and has spread to Texas, West Virginia and New Hampshire.

## Workforce

### The 2007 Index of Worker Freedom

The 2007 Index of Worker Freedom (IWF) is the first state-by-state comparative study that measures the level of worker freedom by analyzing actual policy as well as quantitative state data. This is the inaugural edition from the Alliance for Worker Freedom (AWF). The index focuses its analysis on 10 variables including right to work, minimum wage, entrepreneurial activity and workers compensation. The state of Georgia received a B+.

### Auto-enroll 401(k) Campaign

Georgia is one of 12 states involved in an auto-enrollment campaign urging employers to automatically enroll workers in a 401(k) program to bolster their long-term financial security. With this program employees are assumed to be participants unless they opt out; traditionally workers sign up for a program. The campaign is sponsored by AARP, the Financial Industry Regulatory Authority and the Retirement Security Project. Visit [www.retirementmadesimpler.org](http://www.retirementmadesimpler.org)

## Ports/Trade

**Georgia's largest port is now America's fastest growing.** The Port of Savannah hit another record fiscal year in 2007 in terms of containers handled and total tonnage, making it the fastest growing port in the country and the 4th busiest in the nation. In the last decade, TEU containers (twenty-foot equivalent units, a standard-size container) handled increases from 697,259 to 2.4 million - a 235% increase.

"Our ten-year strategic plan was developed in part to address the record growth of international trade. With our \$1.2 billion capital investment program at Georgia Ports... We are on track to triple our container capacity at the Port of Savannah and double the number of automobiles handled at Port Brunswick," said Stephen Green, Georgia Ports Authority Board Member.

**Temcor wins the first Export Product Award in November at the Georgia-European Union Summit.** Temcor, a manufacturer of architectural enclosures, is the winner among small companies with the most potential for creating jobs in Georgia through the export of a unique product.



### Great Find

Southeast Trade Adjustment Assistance Center, part of the Georgia Tech's Enterprise Innovation Institute, helps Georgia companies better compete with imports.

**\$20 Billion To the Economy**  
The sale of Georgia exports into the European Union dumps more than \$20 billion into the state's economy and accounts for 135,000 jobs here and 35,000 jobs there.

## Graduation Rates Increasing

Governor Perdue announced in September an increase in the graduation rate for 2006-2007 of 72.3% and set a goal of 80% by 2010. The number of high school dropouts for grades 9-12 for the 2006-2007 school year were down by 2,272.

The Governor cited the "graduation coaches" program as one reason for the improvement. There are 336 graduation coaches in Georgia high schools.

Statistics indicate that only 6% of jobs can be filled by a worker without a high school diploma. That means 94 out of 100 jobs require at least a high school education.



### Great Find

Check out website  
[www.workerfreedom.org](http://www.workerfreedom.org) for a state by state index of labor related data.

## Governor Initiatives

### IT Infrastructure Updated

"Technology is the underpinning for a well-run modern enterprise," says Governor Perdue. My vision is for Georgia to lead the nation's state governments in IT enterprise management. All IT infrastructure is to be restructured under the Georgia Technology Authority, beginning with 11 agencies that represent 2/3 of the IT spending. 1,100 positions will be affected, some eliminated.

Health Insurance Partnership Proposal is the Governor's plan to provide health insurance for small businesses that struggle with health care premiums rising 20-30% annually.



### Great Find

Check out website  
[www.newgeorgia.org](http://www.newgeorgia.org) for the Governor's plan.

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.

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