

## What's Hot

The '08 proposed merger of Delta Air Lines and Northwest is good news for Atlanta economy. 400 Northwest jobs are expected to move to Atlanta. The merger should be complete by year-end.

### Atlanta wins:

- the headquarters of the largest airline in the world that will be based in the home of the busiest airport in the world.
- guaranteed dominance on the international stage that catapults the city's status as an economic powerhouse.

More so than ever, Atlanta will be the crossroads for business and pleasure travelers seeking easy access all over the United States and to every major international city.

### Win Some.....

For fiscal year 2008 (July 07 to June 08) the Georgia Department of Economic Development announced, in August, 321 projects located or expanded in Georgia representing 19,668 jobs and \$3.26 billion in investment. Some of largest project announcements:

4 Korean automotive suppliers to KIA in West Point and 2 others.

Kumho Tire	450 jobs	KIA
Sewon Precision	700 jobs	KIA
Glovis	600 jobs	KIA
Mobis	600 jobs	KIA
Dick's Sporting Goods	484 jobs	
Heatcraft Refrigeration	325 jobs	

### Lose Some.....

The Economic Forecasting Center at Georgia State University reported in May:

"For the 2008 calendar year, Georgia will lose 7,000 jobs overall and 8,600 premium jobs. But Georgia will bounce back a little sooner than the rest of the nation, and I expect to see job recovery in early 2009. Then things will pick up steam in late 2009, and by 2010, job creation will be a strong 5.4%," according to economist Rajeev Dhawan.

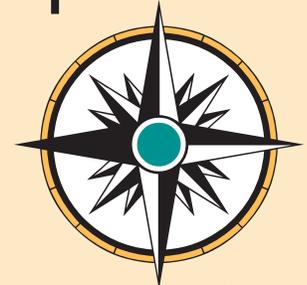


### Great Find

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While keeping Delta in Atlanta is good for the local economy, with increased oil prices and the recession's impact on business and leisure travel, growth prospects at Delta are not good in the near term says Dhawan.

# an Intelligence Report



georgia,usa

## Issue VIII

### in this issue

What's Hot

Energy

Office Market

Biotech - Special Report

Recent Legislation

Ports/Trade

Military Realignments

African American Market



## Energy - Hot Topic

### Georgia - Best Place for Biomass alternative energy

A recent report from *Forbes Magazine* ranks the top 5 states for alternative energy in the categories of wind, solar, geothermal, and biomass. Georgia was in the top 5 for biomass. Georgia's 25 million tons of mill wood debris was the driving factor behind the ranking. Iowa and North Dakota ranked first and second for biomass.

### Average Georgia gas price below \$4 (prices according to [atlantagasprices.com](http://atlantagasprices.com))

	Atlanta	USA
Mid August	3.719	3.796
One Month Ago	4.049	4.108
One Year Ago	2.668	2.759

Gas prices are high throughout the country, but how much it hurts individual families varies. Rural, lower income families are hurt most. According to the *NY Times*, most Georgians are spending 7-10% of their income on gas. In Atlanta, the percent drops to 2-5%. The hardest hit in the nation is Wilcox, Alabama at 16%.

## Fuel Swap

on the farm...

With high fuel costs, **Georgia farmers** are looking to swap diesel-burning engines for electric motors in their irrigation units to improve efficiency and cut costs. Fuel costs are cut in half, payback for the conversion is 1-3 years and they view the swap as a good move for the environment.

among corporations...

**UPS**, Georgia's number 2 public company based on revenue, in a move to cut fuel use, ordered 200 hybrid electric vehicles - the largest commercial order by any company - along with an order for 300 compressed natural gas vehicles. Its fleet of alternative fuel vehicles has grown to 2,218 low-carbon vehicles.

The Mohawk Home division of Mohawk Industries has been named the first recipient of the **Wal-Mart Supplier Sustainability Award**. Mohawk, in Calhoun, was cited for its water-use reduction in manufacturing processes, its corporate and local plastic bottle recycling programs, and its associate awareness campaigns for the Mohawk "Greenworks" citizenship.

**Suniva, Inc.**, manufacturer of high efficiency low cost solar cells, will locate its first facility in Norcross and create 100 jobs. The exclusive technology was developed at Georgia Tech.

*See the development in Bioenergy on Biotech Special Report, page 4.*

## Office Market

The office market in metro Atlanta's Perimeter Center business district is showing strength. The Perimeter Center business district experienced the greatest positive absorption in the second quarter among all metro Atlanta office markets. This northern suburb of Atlanta absorbed 303,711 square feet in the latest quarter, with a vacancy rate of 13.2 percent. Perimeter Center also recorded the highest average asking rent among suburban markets, at \$22.92 per square foot.

Buckhead/Lenox followed Perimeter Center in net absorption with 183,199 square feet.

Atlanta is adding another jewel to its crown. Crescent Resources and joint venture partner Manulife Financial are developing Phipps Tower, a \$175 million, 20-story office tower in the Buckhead district. It will add 486,000 square feet to the market.

### Perimeter Center Office Vacancy Rate

13.2 percent

### Rent per square foot

\$22.92

according to commercial real estate firm Richard Bowers & Co.

## Special Biotech Report

Biotech companies require highly sophisticated, capital-intensive facilities to move their science from discovery to the commercial market in a timely fashion. These companies need incentives from local and state entities, innovative partnerships, and an educated workforce. Georgia is answering the need. Governor Perdue and Georgia officials have targeted biotechnology and life science businesses as a top target for recruiting new business.

Georgia initiatives toward that end:

### 1. A place for companies to locate

The Innovation Crescent Region, from Atlanta to Athens, is a partnership of almost 20 communities who are focusing resources for this industry. In June, the alliance launched a first-ever branding campaign for this life science corridor.

### 2. Building workforce, starting with high school

A new 2009 high school curriculum for a Biotechnology Research and Development career pathway will prepare students for jobs in this field. The Georgia Bioscience Technology Institute, a joint program of the Athens and Gwinnett Technical Colleges, was formed in 2007 to train a broad range of bioscience employees, including those who will work in biomanufacturing facilities. In FY 2008, Georgia invested \$10.7 million to support 40 Georgia Research Alliance (GRA) Eminent Scholars and Distinguished Investigators in the biosciences - both new recruits and existing scholars.

### 3. Providing capital

In FY 2008, the GRA launched its new Next Generation Vaccines and Therapeutics Initiative with \$10 million in initial funding from the state. This funding is focused primarily on recruitment of academic scientists, development of research infrastructure, and acceleration of commercial translation programs. Plus, the State of Georgia committed \$7.5 million to create the GRA Venture Capital Fund.

Atlanta is city host for the 2009 Bio International Convention in May, the industry "Olympics." The event attracts more than 20,000 bio businesses' heavy hitters. At the recent 2008 event, Governor Perdue was a keynote speaker and 10 Georgia teachers participated in the Biotechnology Institute's Teacher-Leader Program conducted at the BIO Convention.

University of Georgia (UGA) researchers who are working to unlock the secrets of embryonic cells have been awarded a \$9.2 million grant by a division of the National Institutes of Health (NIH). The university announced in August that the research will focus on diabetes and cardiovascular disease.

Georgia announced in June that Atlanta will be home to the new National Health Museum (NHM). The museum is expected to bring 135 jobs and approximately \$230 million in initial investment to the state and add to Georgia's growing list of unique and interactive attractions. NHM will be a 21st century science-based attraction with the mission of inspiring Americans to live healthier lives through access to knowledge. Themed exhibits will focus on the life sciences. "The museum, combined with other Georgia-based institutions such as the Centers for Disease Control and Prevention, CARE, the Arthritis Foundation and the American Cancer Society, cements Georgia's position as the crossroads of global health in the 21st century," says Governor Perdue.

### Biotech success

Between 2001-2006 the number of life sciences businesses increased by 36%.

### Georgia Bioscience Venture Capital (\$ millions)

2004	2005	2006	2007
\$63.9	\$183.7	\$85.8	\$133.6

### Georgia's Biotech Top Employers

Merial	Noramco
Solvay Pharma	AtheroGenics
CR Bard	First Horizon
UCB Pharma	Serolicals
CryoLife	Inhibitex
Theragenics	Sciele Pharma

## Biotech continued

**Quintiles Transnational Corp.** plans to consolidate its Global Central Laboratories in Smyrna and its Clinical Development Services (CDS) office in Atlanta within a single structure in Marietta, more than doubling its current space to accommodate the expansion. It will invest \$19 million in the expansion, retaining 450 jobs and creating 400 new high-level ones through 2011. Quintiles Transnational Corp. has been named to *Computerworld* magazine's 2008 list of the "100 Best Places to Work in Information Technology."

**Solvay Pharmaceuticals**, whose U.S. headquarters is in Georgia, received a \$298 million federal grant in 2006 to develop cell-based vaccines.

Bioenergy is a life sciences sector in full tilt with the nation's search for new fuels. Bioenergy is renewable energy derived from biological sources, to be used for heat, electricity, or vehicle fuel. In 2007, the U.S. Department of Energy awarded \$125 million to each of the three U.S. Bioenergy Research Centers, one of which is at the Oak Ridge National Laboratory in Tennessee. **The University of Georgia is providing scientific leadership for the team** that also includes the Georgia Institute of Technology, the University of Tennessee, Dartmouth University, the National Renewable Energy Laboratory and others.

**Milken Institute Says...**

**Georgia ranks 25 in the Milken Institute 2008 State Technology and Science Index** placing them in the second tier among all states. Milken looks at 77 unique indicators in the areas of human capital investment, research and development inputs, technology and science workforce and others. There are no southeast states in tier one and Georgia and North Carolina are the only two southeast states in this tier.

### Number of Bioscience Patents in Georgia 2002-2007

Agricultural Bioscience	91
Biochemistry	388
Biotechnology	25
Drugs and Pharmaceuticals	476
Surgical and Medical Instruments	757
Other Medical Equipment	194
Other Bioscience-related	238

### Bioscience Talent Base as of 2006

Medical and Clinical Laboratory Technicians	9,670
Biomedical & Biochemical Scientists & Engineers	190
Biological Scientists & Technicians	2,800
Agricultural, Food & Nutrition Scientists & Technicians	540

### Academic Research and Development Expenditures, FY 2006 in (\$ thousands)

Georgia	United States	Georgia's Rank
\$1,302,570	\$47,760,402	12

according to a study by Battelle and the  
Biotechnology Industry Organization

Belgium-based UCB, whose U.S. headquarters is in Smyrna, acquired Germany-based Schwarz Pharmaceuticals for \$5.6 billion in 2006. UCB came to this Atlanta suburb in 1995; it now has 500 employees.

The average salary for all life sciences companies in Georgia is \$61,500, about \$20,000 higher than the average for other private industry sectors.

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## Georgia Legislation - Good For Business

The 2008 legislative session has been dubbed by many as the best for business in many years.

Two bills were particularly beneficial to manufacturers, HB 237 and 272.

HB 237 championed by Georgia Traditional Manufacturers Association, exempts the sales tax on machinery and equipment that is integral to the manufacturing process. This should benefit manufacturers that need material handling equipment or air and water pollution reduction systems.

HB 272 caps the state sales tax and use tax on energy used by manufacturers directly or indirectly in the manufacturing process when energy prices soar. The act sets a sales price or cost price ceiling for each type of energy (natural gas, coal etc) above which no further state sales and use tax is incurred.

HB 1211 and HR 1276 brings fairness in the tax code that previously had been a disincentive to timber and forestry industries.

HB 359 requires the Georgia Department of Economic Development to create a "Made in Georgia" label in order to showcase and promote goods and products manufactured in Georgia informing Georgians of the state's diverse manufacturing sector. The bill also provides educational outreach tools to bring the science of manufacturing in the classroom.

HB 1100 boosts the income tax credit for film, video, or digital productions making Georgia more competitive for these endeavors. Many of Georgia's incentive programs are preoccupied with capital assets; however, this act allows credits on expenditures on such items as operation of sets, wardrobes, makeup and others. Another unique twist, the credits are transferable; they can be sold. The new incentive puts Georgia among the top 5 states in terms of financial competitiveness for entertainment projects and one of the few states who support video game productions.

HB 1196 may mean more help to entrepreneurs. This bill provides tax credits for investments related to the state's Seed-Capital Fund. A 25% tax credit is allowed for investments in a research fund and a 10% tax credit is allowed for qualified co-investing with a research fund in an early stage business.

### 100 Best Places To Start A Business

The city of Buford was ranked # 3 and Savannah #99.

by CNN Money-Fortune Small Business

## Ports/Trade

June 2008 – The Georgia Ports Authority (GPA) and the Suez Canal Authority formed an alliance to improve services and increase economic opportunities. Said GPA's Board Chairman, "In all of our key Suez trade lanes, whether Southeast Asia, the Indian Subcontinent, or the Middle East, our growth is outpacing most other east coast ports."

#### Top 5 Savannah exports via the Suez Canal

paper products  
wood pulp  
food-mostly poultry  
cotton  
machinery/appliances/electric

#### Top 5 Savannah imports via the Suez Canal

furniture  
retail goods  
apparel  
machinery/appliances/electric  
food-mostly fish and coffee

### Time to Sell Abroad

While our economy is struggling, selling abroad makes sense. Georgia helps companies sell abroad through the Gold Key Service program. Softee Supreme Diaper bought "off-spec" diapers and sold them throughout Southeast Asia. The company's revenues jumped 35%, and about 60% of that comes from overseas.



### Great Find

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

Georgia ranks 6th best U. S. Commerce Center and 25th globally in the MasterCard annual Top 75 Cities- Worldwide Centers of Commerce Index.

## Military Base Realignment

Georgia is a net winner due to Fort Benning and Moody Air Force Base expansions. The expansions will attract new private sector businesses to the region. Over the next 3-4 years, Georgia stands to realize a major economic boost with a gain of 4,300 military and civilian jobs. In addition to the direct jobs, there is the induced impact that will add another 2,000 jobs to off-base economies. In the realignment, Georgia did lose Naval Air Station, Fort McPherson, Fort Gillem and the Navy Supply Corps School.

For 2008, the state invests \$1,000,000 in aerospace workforce development in middle Georgia through the Work Ready initiative.

## African American Market

Georgia is 1 of 5 states with the largest African-American market. New York, Texas, California and Florida are the other 4.

Georgia overtook California to become the nation's third largest African-American market, which is significant given the vastness of the California market. African Americans account for 21% of Georgia's total buying power. Behind the numbers are increasing numbers of Blacks who are starting and expanding their own businesses and rising levels of educational achievement.



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information on Work Ready.

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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