

Manufacturing key for rebound

Capital investment, good pay help drive Georgia economy.

Georgia Tech vital to attracting companies.

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As workers came back from their late-morning break, a symphony of production began to play.

Beneath a large American flag, the Alpharetta factory rang with the sounds of press brakes, turret punches, laser cutters and welders. The thump of metal sheets being pounded, the sizzle of others being sliced and the rhythmic scrunch of metal folded cleanly at the edges – as if it's paper – harmonized with the hoots of forklifts backing, braking and prowling the floor.

It is the music of manufacturing. And it doesn't come cheap.

The turret punch and robotic press together run about \$1 million, said Bruce Hagenau, president of Metcam, the metal fabricator with 180 workers. "To be competitive, you have to invest a lot of money in equipment."

That's because some competitors – like those in Asia – can count on cheap labor. Others – like those in Europe – are highly automated.

For Georgia, it matters that companies like Metcam can figure out a way to stay even. As the state's post-recession economy struggles for traction, manufacturing has offered a welcome – if modest – boost.

Manufacturing accounts for barely 8 percent of the state's jobs. In the past two years, it has added more than 10,000 jobs.

Moreover, many experts



Jonathan Charles welds aluminum enclosures that will hold inverter boxes for solar panels at Metcam, a fabricator of custom sheet metal components and assemblies, in Alpharetta. BITA HONARVAR / AJC

say manufacturing plays extra loud: The jobs tend to pay better than average. Manufacturing companies must buy lots of materials – much of it purchased locally. Production also increasingly depends on good technology, so manufacturing spurs innovation.

And when it comes to improving the trade balance, shifting the flow of dollars from out to in, manufacturing is the story, said Gretchen Corbin, the state's deputy commissioner for global commerce.

"Manufacturing represents 92 percent of the state's exports," she said. "And I think we have small and large companies expanding in manufacturing."

That recent expansion comes against a backdrop of massive change.

After World War II, more than 30 percent of the nation's

MANUFACTURING JOBS IN GEORGIA

Factory employment in the state has rebounded slightly since hitting bottom two years ago.

Year	Number of Jobs
2005	451,600
2006	445,100
2007	427,900
2008	404,600
2009	349,200
2010	347,100
2011	350,900
2012	357,500

Note: Figures are for September of each year.
Source: Bureau of Labor Statistics

jobs were in manufacturing. In the following generation, millions of jobs were lost to both low-wage regions of the globe and automation.

The result has been fewer



An automated laser cutter cuts panels out of a sheet of steel at Metcam. BITA HONARVAR / AJC

opportunities for high school graduates, but also more productivity. U.S. manufacturing produces goods of greater

Manufacturing continued on D4

REAL ESTATE

Firms expand across country

Real estate companies say they're not ignoring home base.

By Greg Bluestein
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Atlanta's biggest real estate companies are doing an increasing amount of work elsewhere as the metro area struggles to rebound from the economic slowdown, a reflection of a sluggish market that lags behind other cities.

Atlanta-based commercial real estate heavyweight Cousins recently bought a skyscraper in Dallas and is exploring more projects outside Georgia's borders. Carter is tackling major projects in Ohio, Mississippi and elsewhere. And Atlanta-based apartment developers are ramping up work across the country.

The companies say they're not abandoning their hometown, but instead going where the work takes them.

"Without a doubt, Atlanta is an area we all are bullish on in the long term," said Scott Taylor, president of Carter. "But the fundamentals over the last few years haven't been there."

With metro Atlanta unemployment rates still hovering around 8 percent and above-average office vacancy rates across much of the city, there's little demand for new commercial real estate projects.

Only eight office buildings more than 10 stories tall have been built in metro Atlanta

Expansion continued on D4

Rental market strong

Expansion

continued from D1

since mid-2009, according to the CoStar Group real estate services firm. Most were planned before the recession wreaked havoc upon the office market, and several others are build-to-suit projects dreamed up by giant corporations for their staff.

The glut of condos still on the market from the building boom in the 2000s means that residential companies are looking elsewhere, too. A rare bright spot has been Atlanta's strong rental market, which has fueled about a dozen major projects across Atlanta. But multifamily developers here are also taking advantage of similar trends elsewhere.

"Atlanta is our home base, but as we become public com-

panies, there's a need, if you will, to diversify your footprint and not be so dependent on a single market," said Dave Stockert, the chief executive of Atlanta-based Post Properties. "Real estate is the ultimate cyclical business, and we can mitigate that cycle by being in a range of cities."

The trend is most pronounced in the office market. Cousins, which is increasingly eyeing developments outside Atlanta, recently acquired a 33-story office tower in Dallas out of foreclosure for about \$59 million. It's betting that it will be able to fill the tower, which is about one-third vacant.

The company says it isn't downplaying its Atlanta roots – it bought the stately Promenade building in Midtown last year for about \$135 million – but executives say the firm could ramp up activity in Texas and other markets in the coming years as they grow.

Cousins executives said in an earnings call last week they are focusing on premium office space along the booming Sun Belt and paying particularly close attention to the Texas and North Carolina markets.

Carter, too, is doing an increasing amount of work outside its home base. That includes a \$50 million residential project in downtown Columbus, Ohio, and a \$73 million expansion of a mixed-use center in Cincinnati. The firm is also building a \$40 million student complex in Oxford, Miss., and another \$100 million worth of projects in Louisiana and Oklahoma.

The company is not neglecting its home city and plans several projects in Atlanta during the next few years. But unlike Atlanta, the other markets it's targeting are growing cities that are less saturated with commercial and residential real estate. Expect the company's focus to expand further as it pursues more student housing projects in Utah, Michigan, Virginia and three other states. All told, about 70 to 80 percent of the company's work is beyond Atlanta.

"We're not just talking about these projects," said Taylor, the company's president. "We're doing them."

The Integral Group, which is behind several commercial and real estate developments in At-

lanta, backed a \$172 million 28-story office and retail tower that opened in downtown Nashville in February 2010. The firm is also eyeing more projects in Atlanta, including the redevelopment of the sprawling former General Motors plant in Doraville.

Despite Atlanta's mini-boom in apartment construction, several major multifamily housing developers are accelerating their growth outside the city, too. Gables does a majority of its work outside of Atlanta. The company has nine projects in the works in other states, with more on the way.

And Post Properties, which owns apartment properties all across Atlanta, plans to pick up the pace of its expansion. Stockert, the chief executive, said about 25 percent of the company's portfolio is now in Atlanta, but he expects that number to fall to about 20 percent as Post expands.

The company is building seven projects now, the latest a \$40 million development in Tampa that Post announced last week.

Said Stockert: "We're really trying to diversify."