

## *Southern Business & Development Winter 2006*

### **SB&D's Ten Top 10s 2006**

#### **Ten Southern Mid-Markets with Highly-Diverse Economies**

By Jennifer LeClaire

While Southern metropolises like Atlanta and Dallas are expanding their mega-market opportunities, the next tier of southern cities is quietly emerging with business advantages that are attracting the attention of Fortune 500 and international companies alike.

Indeed, mid-markets in the South have posted significant growth over the past 15 years. Their populations have diversified along with their economies.

Southern mid-markets offer many of the same business advantages as their big southern city counterparts, namely lower labor costs and lower land costs than other parts of the country. But these smaller mid-markets offer an added bonus: no big city hassles, quieter living, and more affordable housing.

From Huntsville to Knoxville to Little Rock, the South's mid-markets are becoming home to some of the most diverse economies in the nation.

#### **Shreveport, Louisiana**

Efforts from proactive leadership have helped Shreveport emerge with greater diversity after hard times hit the once dominant oil and gas industry there. Still important, oil and gas are now sharing this Top 10 market with other industries, like healthcare, military, academia, services, manufacturing, and hospitality.

GM and BASF are among the city's major manufacturers while nearly 10,000 people work for area casinos, racetracks and hotels. Willis Knighton, LSU Health Science Center and Christus Schumpter are among major healthcare employers in the area. Of course, Barksdale Air Force Base calls the city home, along with LSU Shreveport, Grambling, and several other colleges and universities. And retail is emerging as a hot growth sector.

Though Shreveport has landed in our top 10 list this year, it is not content to rest on its laurels. The city is actively seeking to further diversify its economic base, targeting the metal and plastics industries, call centers, life sciences, aviation, timber, distribution, and other specialized opportunities.

#### **Huntsville, Alabama**

From research and development to manufacturing, Huntsville is home to, well, everything. Beginning with the advent of the U.S. Space program in the mid-1950s, the Huntsville community has been rooted in research and technology development. Today, the Huntsville/Madison County manufacturing base is a diverse mix of traditional and technology-intensive manufacturers, which comprise about one-fifth of the overall local employment. The

manufacturing sector has more than 220 companies with 32,000 workers, many of whom have the skills to perform technology-based precision manufacturing.

BAE Systems, BellSouth, The Boeing Company, Delta Airlines, Hewlett-Packard, Motorola and Xerox are just a few mega-corporations on the list of diverse companies that are thriving in Huntsville.

### **Tri-Cities, Tennessee**

Automotive. Plastic. Distribution. Warehousing. You name it, Tri-Cities, the region surrounding the cities of Kingsport, Johnson City and Bristol is likely to have it.

Tri-Cities is home to the Home Shopping Network, employing more than 350, and Eastman Chemical, with its 7,000-member workforce. Siemens Automotive, Sprint Telecommunications Services, and Numark are also established in the region.

But Tri-Cities is not satisfied. New initiatives like the Med Tech Regional Business Park in Johnson City are attracting the medical research and life sciences industries. Bristol boasts a healthy manufacturing and service sector. And Kingsport boasts industry clusters that include automotive, plastics and rubber, Information Technology and electronics.

### **Mobile, Alabama**

Rich in history. Rich in diversity. This 300 year-old city is home to a diverse group of industries, including aerospace, shipbuilding, technology, oil and gas, bio-medical, healthcare, transportation and distribution, education, manufacturing and tourism.

Since 1985, Mobile has welcomed more than 240 companies, experienced 827 expansions, accrued more than \$8.5 billion in capital from new and expanding industries, and added more than 31,000 direct new jobs. The reasons companies choose Mobile are almost as diverse as the industries represented. Two former employees of International Paper who were faced with being transferred to the Midwest founded Chapura. Mentor Graphics was impressed with the city's talented employees. And EADS chose Mobile because it valued the partnership between city, state officials and public and private organizations.

### **Charleston, South Carolina**

Berkeley, Charleston and Dorchester counties make up the Charleston region, giving this South Carolina hot spot a diversity advantage. Four key economic pillars are helping shape the economic base there.

First, the Port of Charleston, the fourth-largest container port in the nation, is driving a growing base of distribution, logistics and manufacturing companies. Second, the Medical University of South Carolina, a growing medical research center, is helping to expand the area's base of biosciences firms. Third, Charleston is home to several U.S. Departments of Defense and Homeland Security installations. Finally, tourism provides about 105,000 direct and indirect jobs, with an annual economic impact of more than \$5.7 billion.

Healthcare, aviation/aerospace, automotive, Information Technology, business services, and construction add to the diversity in Charleston.

### **Savannah, Georgia**

Manufacturing, service, government, and a growing number of creative and technical businesses characterize Savannah's economic diversity.

Savannah's manufacturing base is itself diversified. Products range from paper and forest products to chemicals, from construction equipment to food processing, and from corporate jets to drill bits. Let's not forget tourism. Six million visitors in 2003 drove Savannah's direct traveler expenses to \$1.7 billion. Education, healthcare, financial services, retail trade, and transportation also make up the economic base in this southern city. Part of Savannah's diversified success could be attributed to the Port of Savannah, the largest single terminal container facility of its kind on the East and Gulf Coasts. The Port is a major economic development engine for Savannah, as well as the entire state of Georgia.

### **Roanoke, Virginia**

Roanoke credits its stable economy for its diverse business base. As the largest metropolitan area in Western Virginia, Roanoke is home to regional bank headquarters, large law firms, and government services.

Healthcare is one of Roanoke's largest sectors. In addition to two hospitals, Roanoke is home to the Carilion Health System, the largest health care company in the region. Carilion employs nearly 10,000 people in the region. It has become a spark for the growth of biomedical companies in the region with the creation – in partnership with Virginia Tech and the University of Virginia – the Carilion Biomedical Institute.

### **Knoxville, Tennessee**

Knoxville has historically featured a strong mix of business and industry. This southern market is blessed with regional assets, including the University of Tennessee, Oak Ridge National Laboratories, and the Tennessee Valley Authority, that strongly support economic development initiatives. As a result, Knoxville is home to 70 corporate headquarters and more than 1,000 manufacturers.

Knoxville also boasts a strong customer service facility base, with more than 25 call centers. If that's not enough, the television media production and post production industry are growing rapidly in Knoxville, with 27 firms specializing in this business. This makes the city one of the largest production bases in the country behind New York City, Los Angeles, and Orlando.

### **Chattanooga, Tennessee**

Dubbed the “Can-Do” community, Chattanooga can do just about any type of business. This Tennessee market's economic base includes a diverse mix of industries.

Chattanooga has a robust food and beverage industry, including McKee Foods (of Little Debbie fame), Wrigley, and Chattanooga Bakery (Moon Pie makers). Chattanooga is also home to

scores of next-generation manufacturing operations including smart appliances, nanofibers, supersonic surveillance drones and medical devices. Chattanooga's solid business foundation helped Chattanooga achieve a *Parade Magazine* cover story and inclusion in an *Utne Reader* report on the "Ten Most Enlightened Towns in America" – not to mention *U.S. News and World Report's* designation as one of the smartest cities in the world.

### **Little Rock, Arkansas**

Little Rock is big on diversity. Moody's Investors Services ranked Little Rock second in the nation for economic diversity, with an economy and employment profile that perfectly matches the components of the national economy.

Major employers in the Little Rock area are the medical and service industries, government, manufacturing and transportation. Continuing progress on non-profit centers like the \$165 million Clinton Presidential Center and Heifer International Center is refocusing an international spotlight on the region. The added attention is also helping Little Rock attract its target industries: advanced manufacturing/distribution, aviation, biotech, Information Technology, non-profits, and retail and office.