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Aerospace flourishes in the South

Low-key industry growing rapidly, adding thousands of high-paying jobs



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The aerospace industry is taking off in the South as more high-tech businesses relocate or expand from states such as Washington and California.

Aerospace companies are attracted by the region's lower wages, cheaper land, non-union workers and state incentives — a trend that follows the carmakers' shift to the South.

"As these companies are trying to get leaner and more efficient, they are looking for more cost-effective places to do business," said [Tom Croteau](#), deputy commissioner of global commerce for the **Georgia Department of Economic Development**.

"It's just like what has unfolded in the auto industry, but it's a notch higher," said [John Boyd](#), founder of Princeton, N.J.-based **The Boyd Co.**, a site selection firm. "These are very high-paying jobs. It's a very coveted industry."

Aerospace is growing in Georgia as well as the rest of the South. While manufacturing jobs overall have declined in the state, aerospace employment has been on the rise for the past decade.

"We haven't seen a downturn in aerospace employment," even during the Great Recession, said [Steve Justice](#), who heads the Center of Innovation for Aerospace at the Georgia Department of Economic Development. "We've been very consistent because we have a very diverse industry."

The aerospace industry is a powerful force, Justice said, representing a total economic impact of \$51 billion for the state in 2011.

Georgia is home to more than 500 aerospace companies and directly employs around 86,000 people, he said. That includes aerospace manufacturing, air transportation, and maintenance, repair and overhaul (MRO) companies.

Aircraft, aircraft parts and aircraft engines have been the state's No. 1 export for the past two

years, at \$7.8 billion in 2013, up 16 percent from \$6.7 billion in 2012.

"It's not poultry and peanuts, it's planes and parts," Justice said. Georgia exports to countries such as China, Japan and the United Kingdom.

But, the state has lost out on some major economic deals to its Southern neighbors.

For example, **The Boeing Co.** (NYSE: BA) after having union issues in its home state of Washington, in 2009 moved its 787 Dreamliner production to North Charleston, S.C. Now, the state is home to Boeing's fast-growing factory, leading aerospace jobs in South Carolina to jump more than 600 percent from 2007 to 2012.

European airplane maker **Airbus** announced in 2012 that it would open its first U.S. factory in Mobile, Ala. The \$600 million investment, an assembly line for the company's A320 single-aisle jet, will create about 1,000 jobs when it opens next year.

And, in 2013 **GE Aviation** announced it would build a new plant near Asheville, N.C. The new facility, which is expected to employ more than 340 people in five years, is part of a larger commitment by GE Aviation to invest \$195 million across North Carolina through 2017. GE Aviation also recently opened factories in Ellisville, Miss., and Auburn, Ala.

While Georgia didn't score those deals, it does stand to benefit from them. And, the state is well-positioned for future aerospace growth.

"There are only a handful of these mega-deals," Boyd said. "But, for each of those projects, there are literally hundreds of suppliers ... I think it's an untapped potential."

Among Georgia's advantages are its strong logistics system, well-traveled airport, busy port, central location, stable economy and talented workforce, said Croteau.

The state's Quick Start program, which provides training for new and expanding companies, is widely considered one of Georgia's best attributes.

Georgia also ranks in the top 10 states for aerospace research and development. The state's colleges and universities spent nearly \$670 million in 2011 in fields related to the aerospace industry, according to a study from **Georgia Power Co.**

And, the state has many tax breaks and other incentives in place to encourage new economic development.

As a result, Georgia has grown its aerospace presence in the past decade.

Looking just at aerospace manufacturing (some of the best-paying jobs), Georgia grew its private aerospace employment from 9,901 in 2002, to 22,002 in 2012, according to data from **Avalanche Consulting**, a Texas-based economic development consultant.

Meanwhile, the state's overall manufacturing employment declined 25 percent.

Today, aerospace represents 5.6 percent of Georgia's manufacturing employment, up from 0.3 percent in 2002, according to Avalanche.

"I think it's a success story," said [John Rees](#), research director for Avalanche.

Many of Georgia's existing aerospace companies are growing.

For example, since 2006, Savannah-based **Gulfstream Aerospace Corp.** has nearly doubled its workforce, adding about 4,000 employees. Today, it employs roughly 9,600 at its facilities in Savannah and Brunswick.

And the company is continuing to grow. In January, Gulfstream said it will build a 400,000-square-foot product support distribution center in Savannah. It also plans to expand its service center in Brunswick and add 100 jobs.

"It's booming," said Gulfstream spokesman [Steve Cass](#). "The amount of innovation that's happening here is astounding."

Gulfstream builds business jets, including the newly announced G650ER, which is capable of traveling nonstop up to 7,500 nautical miles.

To grow the industry in the future, the Georgia Center of Innovation for Aerospace is looking to emerging technologies such as unmanned aircraft, commonly called drones or "flying robots."

Today, drones are used for military purposes. But, as the technology evolves and government restrictions ease, they could be used for civilian purposes such as public safety, transportation or agriculture.

"Georgia wants to be a hub for that type of technology," said [Shan Cooper](#), general manager of **Lockheed Martin Aeronautics Co.**'s Marietta, Georgia, plant.

Some of the nation's leading research and development on drones is taking place at **Georgia Tech. Middle Georgia State College** is paving the way for developing the workforce. Plus, some of the early adopters (agriculture and public safety) are already in the state.

It's estimated that unmanned aircraft could bring more than \$2 million in total economic impact to Georgia in the first five years of operation, Justice said.

Top aerospace employers in Georgia

- 1. Delta Air Lines** — nearly 30,000
- 2. Warner Robins Air Logistics Center**(civilian employees only) — about 14,000
- 3. Gulfstream Aerospace Corp.** — about 9,400
- 4. Lockheed Martin Aeronautics**— about 8,200
- 5. Southwest Airlines (AirTran)** — about 6,000

Sources: Georgia Center of Innovation for Aerospace, staff research

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