

Terre Haute Forecast 2009

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Just when it looked like Terre Haute had turned the corner on a decades-long economic malaise, the fortunes have once again turned against the city. Little more than two years ago, it looked as if Terre Haute would gain traction and begin a welcome rebound. The news in 2005 and 2006 was almost entirely good. Pfizer began construction on a facility to produce the inhaled insulin drug Exubera. Boral Brick and Certainteed began construction on facilities to feed the ravenous appetite for building supplies. Sony-DADC had decided to locate its entire North American Blu-ray production facility at its Terre Haute location, stemming the CD market losses that were being felt as a result of iTunes and the closure of the Columbia House facility. When combined with a string of public works projects and a resurgence of the downtown business district, Terre Haute stood ready to grow at a rate not seen in two generations.

Beginning in October 2007 and extending into all of 2008, the string of good news turned mostly bad.

First, Pfizer stopped production of Exubera for lack of sales. Shortly thereafter, the national housing market began to unravel, leaving Boral Brick and Certainteed to begin their Terre Haute operations facing strong headwinds. Though anticipated by many, the biggest blow came in early 2008, as Pfizer announced it was departing Terre Haute entirely. At its peak, Pfizer employed 810 people, and though 165 remain, those jobs will end when the plant closes completely in 2009. **Figure 1** shows monthly employment in the Terre Haute metro since 2000.

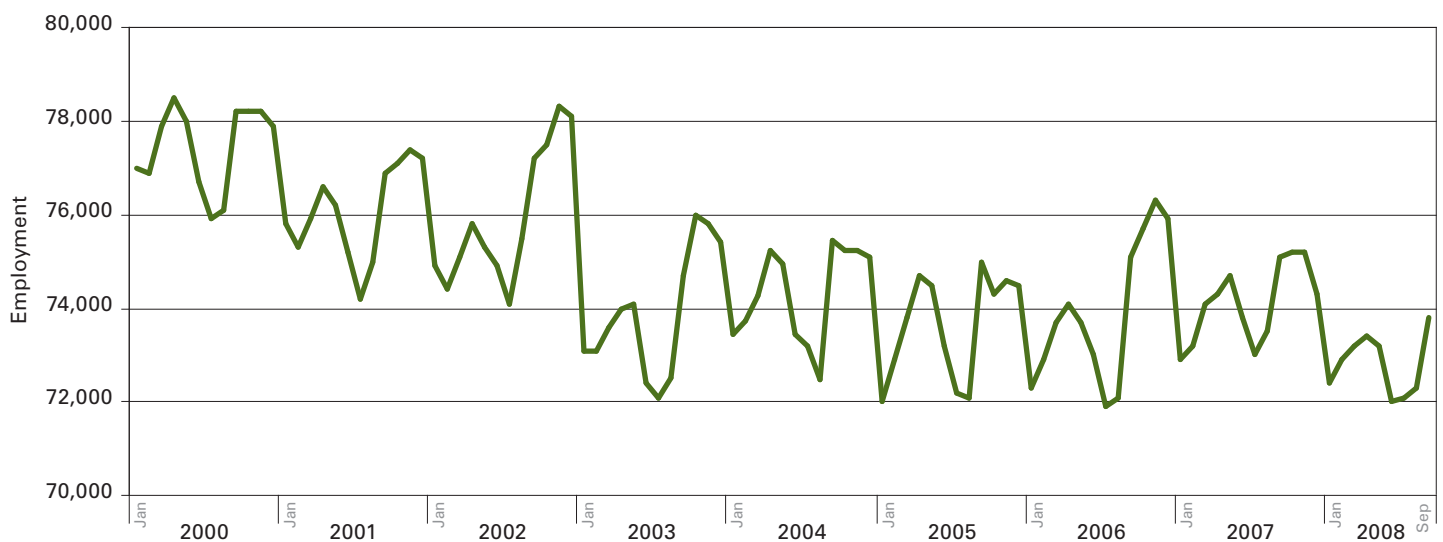
One consequence of these economic events is the devastation to the real estate market for homes valued over \$200,000. The credit crisis in the fall of 2008 was also blamed for the loss of an additional 250 jobs at Great Dane's Terre Haute and Brazil facilities, as trucking companies could not garner funds and were forced to cancel existing orders.

Though the clouds are dark, silver linings can be found. Alorica, an international call-servicing company locating to Terre Haute's

northside, will provide a promised 600 jobs. Certainteed and Boral Brick began their 2008 operations with a combined 125 workers, with another 75 to be added as demand increases. Applied Extrusion Technologies closed a West Virginia facility and moved production to its Terre Haute site, thereby adding 60 jobs. The victory of Sony over Toshiba in the high-definition DVD market continues to add employment to a location that already employs 1,200. In 2009 and beyond, ChemGen, Kellogg, Marion Tool & Die, and N.E.W. Customer Service Companies have announced plans to hire a combined 650 workers.

The national economic outlook suggests that 2009 is likely to be difficult and there is little reason to believe that Terre Haute will escape that fate. Beyond 2009, replacing Pfizer's 810 jobs with ones that pay as well will be a challenge. Of the new jobs slated to be created, only a few offer similar salaries to those lost through Pfizer's departure. ■

■ FIGURE 1: Monthly Employment in the Terre Haute Metro, January 2000 to September 2008



Note: Data are not seasonally adjusted
Source: IBRC, using Bureau of Labor Statistics data