

Spotlight: Mississippi

BY JENNIFER E. GARRETT



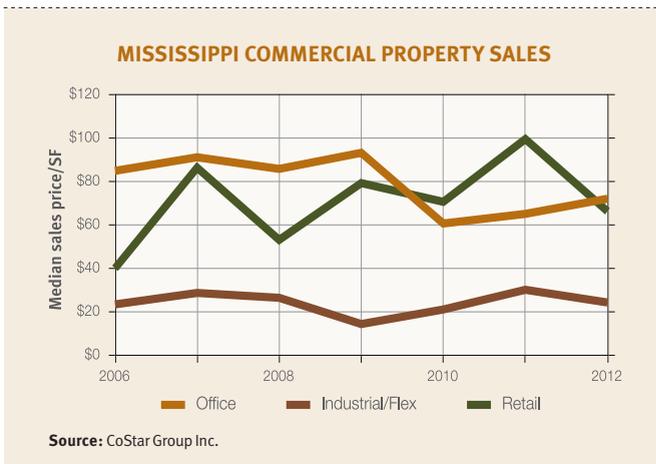
THE MAGNOLIA STATE'S ECONOMY ISN'T EXACTLY BLOSSOMING. IN FACT, IN 2011, THE STATE'S real gross domestic product (GDP) decreased 0.8 percent, according to the Bureau of Economic Analysis. This ranked Mississippi 49th out of the 50 states, above only Wyoming, which had a GDP contraction of 1.2 percent.

There are some signs that Mississippi is beginning to move forward, however. According to the Mississippi University Research Center, the state's real GDP grew by an estimated 0.4 percent this past year and is forecast to grow 1.6 percent in 2013. Unemployment hit a high of 10.9 percent in September '11, but was down to 8.6 percent this past December. State economist Darrin Webb predicts this year to be an improvement over 2012, but expectations are for a very slow recovery, according to *The Commercial Appeal*.

Improvements in the manufacturing industry also may help lead the state's recovery. The Mississippi Manufacturing Employment Intensity Index increased 0.9 percent this past November, the fourth consecutive month of improvement, according to the Mississippi University Research Center. In addition, the Nissan automotive plant in Canton added about 1,000 jobs this past year when three vehicle brands were added to the factory's line-up, and this past January, Ashley Furniture Industries added a factory in Verona to its existing facilities in Ecu and Ripley.

Mississippi sales prices

Sale prices for commercial properties in Mississippi still are fluctuating, partly because of the low number of transactions. According to data from CoStar Group, on 40 transactions this past year, the median sales prices per square foot for office properties was \$71.97, an increase over 2011's median price of \$65 per square foot. This marked the third straight year office prices increased in the state.



The median sales prices for retail and industrial/flex properties declined this past year, however. Industrial properties had a median sales price of \$24.21 per square foot on 42 transactions, a decline from 2011's median price of \$30.05. Retail properties declined sharply, from a high of \$99.43 per square foot in '11 to \$66.20 this past year, on roughly the same number of transactions: 68 in '11 and 70 in '12.

Focus: Tourism and gaming

Tourism is a big business in Mississippi, particularly for the state's 29 casinos. In fiscal-year 2012, the state had 21.2 million visitors, and they spent \$6.16 billion in Mississippi, according to the Mississippi Development Authority's Tourism Division. The state received more than \$281 million in tax revenues from gaming in fiscal-year '12, according to the Mississippi Department of Revenue. That is an increase over the \$274 million in revenue the state received in fiscal-year '11. In addition to tax revenue, the casinos employed more than 22,000 people in both the casinos themselves and the adjacent hotels, according to the Mississippi Gaming Commission.

Unemployment

Since 2003, Mississippi's unemployment rate has been higher than the national average. This past December, the state's unemployment rate was 8.6 percent, while the national average was only 7.8 percent. Mississippi's December rate represents a 1.8 percentage point decline from December '11 and the third-largest decrease among states this past year, however.



Despite this improvement, Mississippi currently is tied for the eighth-highest unemployment rate among the states, and many credit the recent decline in unemployment to workers retiring or giving up on the job search. Payroll levels this past year finished 3,000 jobs ahead of 2011, but that still falls 69,000 jobs short of the pre-recession high.

Jennifer E. Garrett is the editor at *Scotsman Guide*. Reach her at (800) 297-6061 or jenniferg@scotsmanguide.com.

3 Cities to Watch

BILOXI



Landry's Golden Nugget recently purchased the Isle of Capri Casino in Biloxi and is planning a \$100 million renovation and construction project. By the end of May, the company projects that about one-third of the project will be completed, and the property will be re-branded as the Golden Nugget Casino Biloxi. The final phase will bring new restaurants, spa facilities and a new casino floor by February 2014.

JACKSON



A new \$45 million mixed-use development is slated to open this year across from the Baptist Medical Center in Jackson. A mix of medical offices, general retail and an 800-space parking garage is planned for the structure. According to *The Clarion-Ledger*, about 75 percent of the five-story building already has tenant commitments. The building is the first step toward more medical-related growth for the area, according to city officials.

MADISON



Jackson State University is opening a satellite campus in Madison this summer. The 8,600 square foot campus will offer primarily evening and weekend classes to meet the needs of students who have full- or part-time jobs. Located about 15 miles from the main campus in Jackson, the expansion is intended in part to help broaden the diversity of the student body.



WHAT THE LOCALS SAY

"[Mississippi commercial real estate is] bouncing on the bottom. We're not by any means in a full recovery, but we are seeing more interest and general activity. We tend to lag the recovery a little bit, but we also lag going into a downturn. What really is showing a comeback right now is retail. We've got a pro-business legislature, and that gets looked at very closely by companies looking to make investments into the state."

— MARK S. BOUNDS, PRESIDENT,
MARK S. BOUNDS REALTY PARTNERS INC.

Sources: Bureau of Economic Analysis, *The Clarion-Ledger*, *The Commercial Appeal*, CoStar Group Inc., *Mississippi Business Journal*, Mississippi Department of Revenue, Mississippi Development Authority, Mississippi Gaming Commission, Mississippi University Research Center, *The Republic*, *Sun Herald*, U.S. Census Bureau, U.S. Department of Labor