

Although Manufacturing Down Nationwide, Local Companies Find Growth

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PETER.WILLOTT@STAUGUSTINE.COM Northrop Grumman's St. Augustine building, which is still under construction, will be used to manufacture the company's E-2C Hawkeye surveillance aircraft and other planes.

While a report issued Monday suggests that manufacturing is slowing — if not contracting — some local companies say that any downward trend nationally isn't affecting them.

According to The Associated Press, U.S. factory activity shrank in January for a fourth straight month as a strong dollar and weak demand overseas pinched American manufacturers. That information came from a report by the Institute for Supply Management released Monday.

The ISM's manufacturing index ticked up to 48.2 from a revised 48 in December, but any reading below 50 signals a contraction. The index has remained below 50 since September.

U.S. factory exports and employment fell in January, though new orders and production grew for the first time since October.

With St. Johns County celebrating the manufacturing business with a display in the administration building through Feb. 19, there are few signs that there is a wholesale downturn here.

"U.S. manufacturing may be down on a macro basis, but Ideal Aluminum is thriving," said Michael Siegel, co-owner of Ideal Aluminum Products, in an email to The Record. "For 2015, we were up in revenue 17 percent over 2014. January 2016 has started off well, too, up over 40 percent versus January 2015.

"I don't attribute this to anything special other than having the best sales, manufacturing and service teams in the business. Even in a flat or slow growth market, we are able to take market share from our competitors."

Not all recent economic information has been negative. Construction spending increased 0.1 percent in December after falling in October and November, the Commerce Department said Monday. A report released last week also said that sales of new homes were up sharply in 2015, rising 14.5 percent over the year.

While that doesn't have direct benefit to every business, it does help companies like Ideal, which makes aluminum fencing and gates.

"The growing housing market certainly helps our business," Siegel said. "In looking back, our growth is about 70 percent correlated to increases in new housing starts. That doesn't mean that our business is 70 percent residential in application.

“Our mix is about 50-50 between residential and commercial applications. What it means is that when new homes are being built, new shopping centers are being constructed, new schools are being built and new office buildings are being built.”

In China, an official survey found that manufacturing fell to its lowest level in more than three years. The index, based on a survey of Chinese factory purchasing managers, slipped to 49.4 from 49.7 in December. The January reading was the lowest since August 2012.

Prospects for the global economy have been dimmed by China’s sharp deceleration, which has, in turn, hurt emerging economies that have supplied China with materials. Low oil prices have also caused energy companies to cut back investment. And the strong dollar has made U.S. goods more expensive overseas.

Jesse Reyes, advertising and marketing manager at Rulon International, said the local company that manufactures wood ceilings and acoustical wood walls has not been severely impacted by the stock market or overseas economic troubles.

“We do a lot of business overseas,” Reyes said. “Things for us are pretty good. We market directly to architects. We’re a little insulated from that (volatility).”

With about 120 employees in St. Johns County, the move here from Brunswick, Georgia, 13 years ago has been a successful one, Reyes said.

“We were growing at such a fast pace that we outgrew that location (in Georgia),” Reyes said. “It’s a great work location. It’s really what we were looking for.”

Highlighting the success of companies like Ideal, Rulon International and others was one of the reasons the display was done, said Melissa Glasgow, director of economic development for the county.

Highlighted manufacturers include 2G Energy, Bautek Marine, Carlisle Interconnect Technologies, Centerline Steel, David Dobbs Enterprises, First Coast Technical College, Ideal Aluminum, Inspired Surfboards, Lyons Machine and Tool Co. Inc., Northrop Grumman, Optimum Spring Manufacturing, Riley Gear, Rulon International, Solar Stik, and Wallace & Sons.

The display also gives the county a chance to tout its own merits as a location for commercial growth. According to the Florida Department of Economic Opportunity, about 4.4 percent of the local workforce is employed in the manufacturing business (2,900 jobs), led by Northrop Grumman with more than 1,200 workers.

“They’re all saying positive things about doing business in St. Johns County,” Glasgow said of the participating companies. “It works for them from a logistical and quality of life standpoint.”

Glasgow said a lot of the manufacturing company representatives seemed to relish the opportunity to tell their story to the public and to the other participants.

“Each and every day we are proud of what we are doing here in St. Johns County, and this is a great chance to showcase our products for people to see,” Siegel said.

Added Reyes: “We feel like we really respect what has been done for us in enticing us to be here. We feel good that we’re part of community.”