

REGIONAL UPDATE | SOUTHEAST ECONOMIC ADVISORS

No Fooling: April 1 Was a Big Day for Alabama

Mercedes-Benz commits \$4 billion to Tuscaloosa — and Alabama-built rockets carry astronauts back toward the moon

Mark Vitner, Chief Economist | April 2026 | southeasteconomy.com

Outlook	GDP Growth	Employment	Migration	Investment
POSITIVE ▲	+3.0% 2026 est	+14,800 2026 est	23,358 (7 th in 2025)	\$14.6B in 2025

EXECUTIVE SUMMARY

April 1, 2026 will be recorded as one of the most consequential single days in Alabama's modern economic history, and the coincidence was not accidental. It was the product of three decades of deliberate industrial strategy. Mercedes-Benz announced a \$4 billion commitment to its Tuscaloosa manufacturing plant, the largest capital commitment in MBUSI's 30-year history, while staging world premieres of its new GLE and GLS models on an Alabama factory floor. That evening, the Space Launch System rocket, whose core stage propulsion was designed and managed at NASA's Marshall Space Flight Center in Huntsville, carried four astronauts beyond low Earth orbit for the first time since Apollo 17. Simultaneously, Boeing and the U.S. Department of War announced a seven-year framework to triple PAC-3 missile seeker production at Redstone Arsenal. Motor vehicles, space exploration, and national defense are now core pillars of Alabama's economy, and all three were on display on the same afternoon. The developments reflect the compounding returns on the institutional, industrial, and human capital investments that Alabama has been building since Mercedes-Benz chose a greenfield site in Tuscaloosa in 1993.

KEY TAKEAWAYS

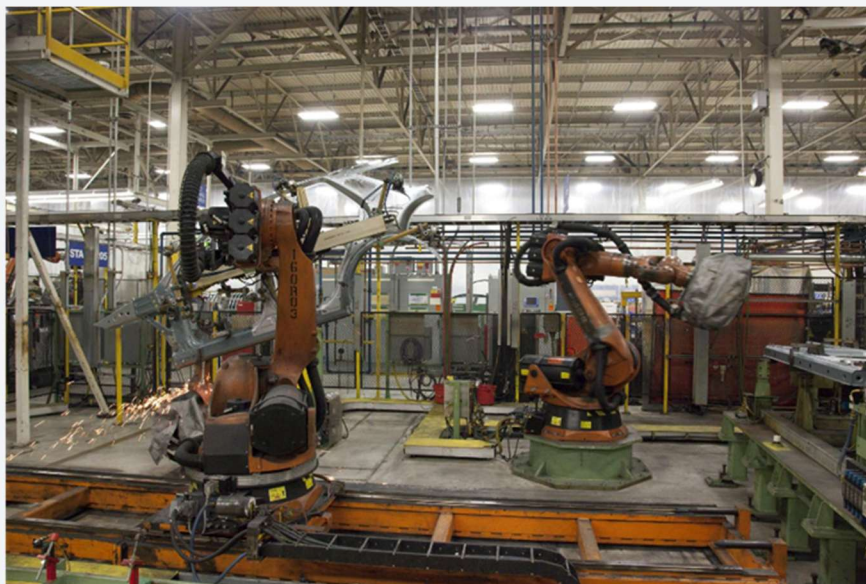
- Mercedes-Benz is committing \$4 billion to MBUSI Tuscaloosa through 2030, adding the GLC model to its production roster, and celebrating five million vehicles assembled in Alabama since 1997. The plant exports approximately 60% of its output globally, making it one of the largest automotive exporters in the United States.
- Artemis II lifted off April 1, the first crewed lunar mission since Apollo 17 in 1972, and Huntsville was at the center of it. NASA's Marshall Space Flight Center designed and manages the SLS core stage and its four RS-25 engines. President Trump's designation of Redstone Arsenal as the permanent home of U.S. Space Command, announced in September 2025, completes a remarkable institutional cluster: Marshall, the Army Missile Command, the Missile Defense Agency, and now Space Command all call Huntsville home. The relocation brings 1,400 direct positions, with a purpose-built headquarters breaking ground in 2027.
- The Boeing PAC-3 seeker agreement announced April 1 — a seven-year framework to **triple** production — combined with the \$9.8 billion Patriot missile contract awarded in September 2025, represents the **most significant expansion of missile defense manufacturing at Redstone Arsenal since the Cold War**. President Trump's designation of Redstone as the permanent home of U.S. Space Command, with a purpose-built headquarters breaking ground in 2027 and 1,400 direct positions relocating from Colorado, rounds out what is now the most concentrated aerospace and defense ecosystem in the United States.
- Alabama recorded \$14.6 billion in new capital investment in 2025, shattering its prior record. The headline project is **Eli Lilly's \$6 billion pharmaceutical manufacturing facility in Huntsville**, the largest single private investment in the state's history. **ArcelorMittal's \$1.2 billion electrical steel plant in Calvert**, along with a broad pipeline of automotive, data center, and rural manufacturing commitments, makes clear that the investment cycle has broadened well beyond any single sector. Birmingham is part of that story too. The city's steel complex is experiencing its strongest period of investment in a generation, and Andrews Sports Medicine is breaking ground on a \$110 million flagship facility this spring, signaling that Birmingham's position in the national sports medicine market remains as strong as ever.

Development	Significance
Mercedes-Benz \$4B	MBUSI Tuscaloosa commits through 2030; adds GLC; celebrates 5 million vehicles. World premieres of new GLE and GLS models held on the Alabama factory floor. Exports 60% of output globally.
Artemis II Launch	First crewed lunar mission since Apollo 17 lifts off at 6:35 p.m. EDT. Crew will travel 252,000 miles from Earth — the farthest any humans have ever traveled. SLS core stage managed at NASA Marshall, Huntsville.
Boeing PAC-3 Deal	Seven-year framework triples PAC-3 seeker production at Boeing’s Huntsville facility. Boeing has already invested \$200M+ since 2024. Part of the ‘Arsenal of Freedom’ initiative underpinning the Golden Dome initiative.
Population Growth	Huntsville MSA ranked as the 6th fastest growing in the U.S. (2.6%, 2025); city population up 15.9% since 2020. Daphne-Fairhope-Foley MSA (Gulf Shores) ranked 11th nationally at 2.3% and Baldwin County posted the nation’s third fastest percentage employment gain of any county this past year, according to the latest BLS county employment data.

SECTION 1: MERCEDES-BENZ — A \$4 BILLION VOTE OF CONFIDENCE

When Mercedes-Benz chose the Tuscaloosa factory floor to stage the world premieres of the new GLE and GLS models on April 1, it was making a statement. The plant had recently assembled its five-millionth vehicle since opening in 1995 as the first major Mercedes-Benz facility outside Germany. Mercedes-Benz used the occasion to announce a \$4 billion capital commitment through 2030 and confirmed that the GLC, one of its highest-volume global models, will enter production in Tuscaloosa in late 2027. The tariff environment has made domestic production more attractive, but this investment looks like more than a tariff hedge. Anchoring additional model lines in Alabama reflects a longer-term judgment about the plant's cost structure, its workforce, and the depth of the supply chain that has built up around it over thirty years. That supply chain did not exist when Mercedes-Benz broke ground in 1993. Its arrival helped attract Honda to Lincoln, Hyundai to Montgomery, and Mazda-Toyota to Huntsville. Alabama is now a top five auto-producing state with annual output exceeding one million vehicles. The success of the auto industry has helped support the state’s existing industry and also land additional investment in aerospace and other areas of advanced manufacturing.

Chart 1: MBUSI Tuscaloosa Assembly Plant Complex



Source: Mercedes-Benz US International (MBUSI); The Library of Congress

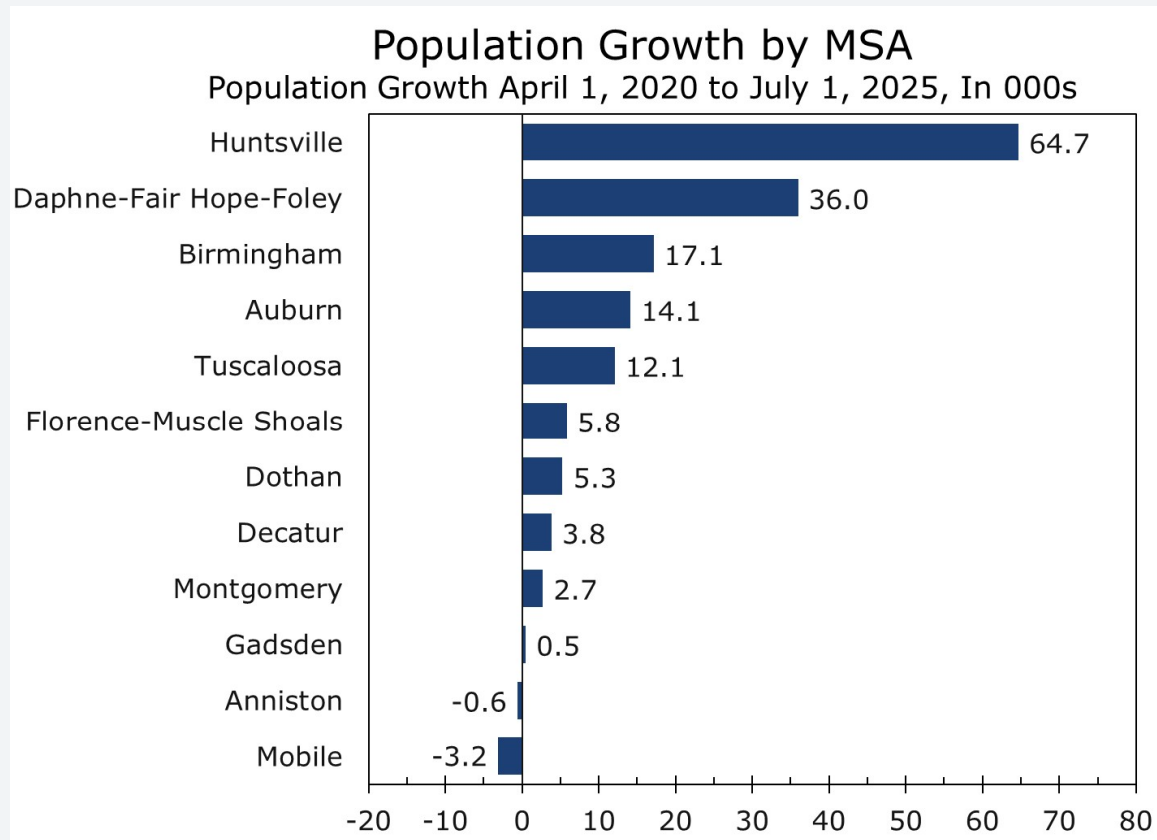
MBUSI directly employs approximately 5,800 workers and produces around 260,000 vehicles annually, exporting roughly 60% of output, a scale that places it among the largest automotive exporters in the United States. The \$4 billion capital program through 2030 spans production system upgrades, advanced automation, and electrification-ready infrastructure, with the GLC addition scheduled for late 2027. The investment is part of a broader \$7 billion-plus U.S. commitment that includes a new research and development hub in Atlanta anchoring Mercedes-Benz’s North American headquarters. Chairman Ola Källenius, who was part of the original Alabama team in the 1990s, framed the milestone as both institutional and personal:

“The new GLE and GLS, alongside the EQE SUV, the EQS SUV and the Mercedes-Maybach EQS SUV, are symbols of our commitment to Alabama. In the future, the localized GLC will further strengthen our U.S. footprint. And for me personally, this place isn’t just part of our company’s history as the first major plant outside Germany – it marks one of the most important chapters of my own story.”

— Ola Källenius, Chairman of the Board of Management, Mercedes-Benz Group AG

The tariff environment has sharpened the strategic logic of the Tuscaloosa commitment. Localising the GLC — a model competing directly with BMW X3 and Audi Q5 in the premium SUV segment — removes one of the brand’s highest-volume offerings from import exposure. Board member Mathias Geisen characterised the U.S. positioning explicitly: Tuscaloosa is the **global hub for Mercedes-Benz SUV manufacturing**, not merely an American production outpost. Board member Michael Schiebe was equally direct on the capital commitment: “Through 2030, we are investing more than four billion dollars to ensure this plant remains a key strategic pillar of Mercedes-Benz’s manufacturing footprint for the next generation.” We read the totality of the April 1 announcements — the capital commitment, the GLC localisation, the Atlanta research and development hub, and the factory-floor premieres — as evidence of a company deepening its U.S. roots structurally, not merely responding to near-term tariff pressure. Tariffs undoubtedly influenced some of the thinking behind the decision, but Mercedes is strongly committed to its footprint in Alabama and the Southeast.

Chart 2: Alabama MSA Population Growth — Cumulative Gain since the 2020 Census



Source: U.S. Census Bureau, Population Estimates Program, Vintage 2025

Economic Footprint

Thirty Years of Compounding Impact

MBUSI's anchor investment in 1995 catalyzed the establishment of Honda (Lincoln), Hyundai (Montgomery), and Mazda-Toyota (Huntsville) — collectively giving Alabama a top-five national auto-production ranking and output exceeding one million vehicles annually. Mercedes-Benz supports an estimated 160,000 U.S. jobs across 400 domestic suppliers. The \$4 billion commitment, combined with the GLC addition, ensures MBUSI remains the global home of Mercedes-Benz SUV manufacturing through at least 2030.

SECTION 2: HUNTSVILLE — ROCKETS, MISSILES, AND THE GOLDEN DOME

Artemis II: Alabama’s Role in America’s Return to the Moon

At 6:35 p.m. EDT on April 1, 2026, the Space Launch System lifted off from Kennedy Space Center carrying four astronauts toward the moon for the first time since Apollo 17 in December 1972. Commander Reid Wiseman, Pilot Victor Glover, and Mission Specialists Christina Koch and Jeremy Hansen will travel approximately 252,000 miles on a free-return trajectory, with splashdown in the Pacific on April 10. Glover is the first person of color to travel beyond low Earth orbit, Koch the first woman, and Hansen the first non-U.S. citizen. The engines that got them there were built in Huntsville. NASA’s Marshall Space Flight Center leads development and program management of the SLS core stage and its four RS-25 engines, each producing 512,000 pounds of thrust, along with the Interim Cryogenic Propulsion Stage and the Exploration Upper Stage now in development for Artemis IV. Marshall has been building large rockets since the Saturn V. That six decades of institutional knowledge is the reason Artemis has a rocket at all.

Marshall Space Flight Center

The Engineering Heart of America’s Moon Rocket

NASA’s Marshall Space Flight Center in Huntsville leads the development, testing, and program management of the Space Launch System, the most powerful rocket NASA has ever built. Marshall manages the core stage, four RS-25 engines, the Interim Cryogenic Propulsion Stage, and the Exploration Upper Stage under development for Artemis IV. Cummings Research Park, adjacent to Redstone Arsenal, houses more than 300 companies and 26,000 workers. Huntsville has the highest concentration of engineers per capita of any U.S. city, with engineers comprising 6.1% of the total workforce. The September 2025 announcement that U.S. Space Command would relocate its permanent headquarters to Redstone Arsenal adds a fourth anchor institution alongside NASA Marshall, the Army Aviation and Missile Command, and the Missile Defense Agency, further cementing Huntsville’s status as the nation’s preeminent space and defense hub.

Redstone Arsenal: Missile Defense and the Golden Dome

On the same day as the launch, Boeing and the U.S. Department of War announced a seven-year framework to triple production of **PAC-3 missile seekers** at Boeing’s Huntsville facility. Boeing delivered more than 500 PAC-3 seekers in 2024 and has put more than \$200 million into expanding its North Alabama footprint since then, including a new 35,000-square-foot manufacturing facility. The deal is part of the ‘Arsenal of Freedom’ initiative and pairs with Lockheed Martin’s own seven-year agreement to scale PAC-3 interceptor production from 600 to 2,000 units annually.

Redstone’s defense build-up extends well beyond the PAC-3 program. **The U.S. Army’s \$9.8 billion Patriot missile contract, the largest in the Arsenal’s history, was awarded in September 2025.** In January 2026, the Pentagon and Lockheed Martin agreed to **quadruple THAAD interceptor production** from 96 to 400 units annually. Raytheon is completing a \$115 million expansion of its Standard Missile integration facility, adding 185 jobs and 50% more capacity. Northrop Grumman has expanded Integrated Battle Command System production from Huntsville. **No other American city is ramping up production across so many programs at the same time.** The Golden Dome initiative, a proposed multi-layer space-based missile defense architecture, is a potential further driver of North Alabama investment, though its funding remains subject to Congressional action. On top of the missile programs, the **Space Command headquarters relocation** brings 1,400 direct positions to Redstone over five years, with groundbreaking on a permanent facility in 2027. Mayor Tommy Battle estimates 1,200 to 1,600 direct jobs and 2,000 to 3,000 indirect positions for the broader region. **Huntsville now simultaneously anchors America’s return-to-moon program, its missile defense architecture, and its military space warfighting command.** No other American city is close. Recent events in the Middle East suggest that efforts will be made to boost production significantly, if possible.

“Huntsville holds the highest concentration of engineers per capita of any city in the United States. The defense and aerospace industry employs more than 70,000 workers in the metro area and generates over \$6 billion in annual economic impact. Golden Dome could reinforce that foundation for decades.”

— Huntsville-Madison County Chamber of Commerce Economic Impact Assessment, 2025

Risk Factor

Concentration and Capacity Constraints

The rapid pace of defense expansion at Redstone Arsenal risks outrunning the available engineering and skilled manufacturing workforce. This is one reason the region ranks so high in net domestics in-migration. Housing affordability in Huntsville is a growing constraint, however, with home prices rising faster than incomes as 18 new residents arrive daily. Power grid capacity is a live issue for both the data center pipeline and defense facility expansion. Federal budget cycles and political decisions over basing and program continuity (over which the state has limited control) represent the primary downside risk to the defense investment outlook.

SECTION 3: POPULATION GROWTH AND THE 2025 INVESTMENT RECORD

Alabama Booming at the North and South, Growing More Modestly Elsewhere

The U.S. Census Bureau’s Vintage 2025 population estimates, released March 27, 2026, show Alabama growing broadly, not just in its two fastest-expanding corners. The Huntsville MSA, which includes Madison and Limestone counties, reached 556,444 residents as of July 1, 2025, a gain of 14,322 in a single year. That 2.6% growth rate ranked 6th fastest among all U.S. metro areas. The city of Huntsville itself has added roughly 34,000 residents since the 2020 Census. The Daphne-Fairhope-Foley MSA posted 2.3% growth in 2025, ranking 11th nationally, driven by retirees, remote workers, and tourism. Baldwin County has added 35,983 residents since the 2020 Census, and BLS county employment data through Q3 2025 show jobs up 3.5% year-over-year, the third-fastest gain of any county in the country.

Metro / City	Growth Rate	Key Driver	U.S. Ranking
Huntsville MSA	2.6% (2025); 64.7K net new residents (V2025)	Defense, aerospace, tech	6th fastest growing MSA in the U.S. (2025)
Huntsville city	+15.9% (2020–24)	Redstone, NASA, Eli Lilly	Top 20 U.S. cities
Daphne-Fairhope-Foley MSA	2.3% (2025)	Coastal amenity, remote work	11th fastest growing MSA in the U.S. (2025)
Gulf Shores city (within Daphne MSA)	2.7% (2024)	Tourism, retirees	Top 10 fastest AL city
Madison city (within Huntsville MSA)	4.9% (2024)	Huntsville suburb overflow	2nd fastest growing city in AL; 15K+
Baldwin County	+2.3% (2025); added 35,983 residents since 2020 Census	In-migration, coastal growth, retirees	3rd fastest growing county in Alabama (2025), 2nd largest gain

Alabama’s Record \$14.6 Billion Investment Year

Alabama announced \$14.6 billion in new capital investment in 2025, a record that reflects breadth as much as size. The largest single commitment is Eli Lilly’s \$6 billion pharmaceutical manufacturing facility in Huntsville, the biggest initial private investment in the state’s history and already in its construction phase, generating an estimated 3,000 jobs on site alongside the 450 permanent positions at full operation. ArcelorMittal’s \$1.2 billion electrical steel plant in Calvert, Mobile County, addresses a genuine supply gap: the United States has relied heavily on imported electrical steel for EV motors, generators, and industrial applications, and this facility, scheduled to begin production in 2027, will help close it. Honda Alabama crossed seven million cumulative vehicles in January 2026, and Mazda Toyota Manufacturing is approaching its one-millionth unit. Georgia-Pacific’s \$800 million modernization of its Alabama River Cellulose mill in Monroe County is the largest of roughly \$2 billion in rural commitments, a sign that the investment cycle extends well beyond the state’s major metros.

Company / Project	Investment	Location	Jobs
Eli Lilly (API Manufacturing)	\$6.0B+	Huntsville	450 + 3,000 const.
Mercedes-Benz MBUSI	\$4.0B	Tuscaloosa/Vance	5,800 existing
ArcelorMittal Calvert (Elec. Steel/NOES)	\$1.2B	Calvert, Mobile Co.	200+
Georgia-Pacific (mill upgrade)	\$800M	Monroe County	100+
Meta (data center expansion)	\$1.5B+	Montgomery	100+
Toyota Alabama (engine plant)	\$282M	Huntsville	350
Howard Industries (transformers)	\$236M	Clarke/Jones/Simpson	450
Southwire (wire & cable)	\$176M	Heflin	85+
Glaukos (life sciences)	\$82M	Huntsville	154
Boeing PAC-3 expansion	\$200M+	Huntsville	300+

OUTLOOK AND KEY RISKS

Alabama’s near-term economic outlook is among the most constructive in the Southeast. **The \$14.6 billion 2025 investment record is better understood as a leading indicator than a lagging one:** most of that capital is still in its construction and commissioning phase, and the employment, supply-chain, and tax-base effects will build through 2027 and beyond. We expect Alabama’s gross state product to outperform the Southeast regional average in 2026, with Huntsville’s defense and aerospace complex, the Eli Lilly construction ramp, and MBUSI’s production volume as the primary drivers. The Gulf Coast provides a secondary engine through population growth and retail sales, though housing affordability is becoming a constraint in both Huntsville and Baldwin County. The bigger question for the latter part of the decade is whether the arrival of Space Command headquarters, combined with the Artemis program’s continued execution, creates the kind of sustained talent-attraction cycle that keeps Huntsville’s labor market tight long after the current construction wave crests.

“April 1, 2026 captured in a single day what Alabama has spent three decades building: the infrastructure, the institutions, and the industrial relationships to compete at the intersection of mobility, defense, and space. The \$4 billion that Mercedes-Benz is committing to Tuscaloosa is a vote of confidence not just in a factory — it is a vote of confidence in a state.”

— Mark Vitner, Chief Economist, Southeast Economic Advisors

RISKS TO WATCH

- **Housing affordability and infrastructure capacity:** Huntsville is adding 18 residents a day, and while construction has picked up, home prices are rising faster than incomes. Roads, utilities, and schools are becoming real constraints on the in-migration the city’s defense and aerospace build-out requires. If infrastructure supply does not keep pace, it will start to limit the labor pool growth the investment thesis depends on. Huntsville remains much more affordable than other competing metros, however, many of which are located in high-cost parts of the country.
- **Federal budget and program continuity:** The concentration of federal defense and space spending at Redstone creates a real dependency on Congressional appropriations and program-level decisions the state cannot control. Golden Dome’s funding is particularly uncertain: the initiative is large, its authorization is incomplete, and missile defense programs have a history of slipping schedules and shrinking budgets. A significant delay or cancellation would hit Huntsville’s near-term economic trajectory in a measurable way.

- **Tariff and supply-chain risk:** MBUSI’s decision to localize the GLC reduces its direct tariff exposure, but the broader Alabama automotive supply chain, including Tier 2 and Tier 3 suppliers with significant import content, faces sustained cost pressure. Further escalation in trade policy cuts both ways: it strengthens the case for domestic production but raises operating costs for suppliers that cannot onshore their inputs quickly. The ArcelorMittal Calvert electrical steel facility addresses part of the supply chain vulnerability, but closing the gap on advanced automotive grades will take years.
- **K-shaped economic divergence and legacy metro resilience:** The Vintage 2025 data confirm that Alabama’s growth is broadening, but the rate differentials remain wide. Birmingham-Hoover, the state’s largest MSA at nearly 1.2 million residents, added more than 3,450 residents in 2025, with suburban growth in Shelby and St. Clair counties and rising international in-migration offsetting continued outflows from Jefferson County. The region’s steel complex, anchored by Nucor, U.S. Steel, CMC Steel, and O’Neal Industries, generated more than \$400 million in Jefferson County economic development projects in 2025, with average manufacturing wages exceeding \$71,000. UAB Health is one of the Southeast’s leading research medical centers and a major employer. Andrews Sports Medicine, co-founded by Dr. James Andrews and the country’s best-known sports orthopedics practice, is breaking ground on a \$110 million facility at Brookwood Village this spring, with an opening projected for summer 2027.
- **Mobile (MSA population 411,658, Vintage 2025)** has assets its population numbers do not yet fully reflect. The Port of Mobile is one of the deepest and busiest on the Gulf Coast, and **Airbus’s U.S. A320 and A220 final assembly lines** give the region a manufacturing profile most mid-size metros cannot match. The **ArcelorMittal Calvert electrical steel plant** under construction in Mobile County adds another dimension. The city itself continues to lose population, and reversing that will require policy attention beyond what the investment pipeline alone can provide.
- **Montgomery (MSA population 388,747, Vintage 2025)** has a large federal employment base as the state capital and is home to Meta’s \$1.5 billion data center investment. The city’s population is still declining, though, and that reflects structural challenges that predate the current investment cycle. The broader concern across the state is a growing divide between communities with strong institutional anchors and the rural counties that are losing people and struggling to attract capital. Huntsville and Gulf Shores are pulling ahead. Much of rural Alabama is not, and narrowing that gap is the most important long-term challenge the state’s economic development institutions face.

ANALYST CERTIFICATION AND IMPORTANT DISCLOSURES

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