



# Mobile, Alabama

U.S. Department of Housing and Urban Development | Office of Policy Development and Research | As of January 1, 2009



## Housing Market Area



The Mobile, Alabama Housing Market Area (HMA) consists of Mobile County, which is located on the western side of Mobile Bay on the Gulf of Mexico. The city of Mobile was founded as a French colony at the mouth of the Mobile River in 1702. The city of Mobile has developed into a major port and manufacturing center with a population of more than 400,000.

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## Summary

### Economy

The Mobile HMA is a Gulf Coast port and distribution center. Ship-building and chemical manufacturing are also leading industries in the area. During 2008, nonfarm payrolls in the HMA increased by about 1,300 jobs, or 0.7 percent, to 184,600 jobs. Although job growth has slowed recently, the manufacturing and service-providing sectors are projected to expand. Thyssen Krupp AG is currently building a \$4.2 billion steelmaking facility that is expected to create 2,700 jobs when it is completed in 2010, and other manufacturing industries are expected to expand as well. Nonfarm employment is forecast to increase by 1.3 percent a year during the next 3 years.

### Sales Market

The Mobile sales housing market is currently soft, due to slower job growth and tight lending standards. From 2007 to 2008, home sales declined 20 percent and the average sales price for existing homes fell 2.6 percent. In response to declining sales, single-family home construction declined by one-third from 2007 to 2008. During the next 3 years, demand is expected for 4,100 new sales units, a portion

of which will be met by the 250 units currently under construction (see Table 1).

### Rental Market

The rental housing market softened somewhat in 2008 but remains relatively balanced. The current vacancy rate is estimated at 8 percent. The market tightened significantly after Hurricane Katrina, but a rise in multifamily construction increased the supply of rental units. Multifamily construction has remained strong in the past 3 years, and roughly 1,200 units are currently under construction or in the development pipeline. These units will meet all the expected demand during the forecast period (see Table 1).

**Table 1. Housing Demand in the Mobile HMA, 3-Year Forecast, January 1, 2009 to January 1, 2012**

	Mobile HMA	
	Sales Units	Rental Units
Total Demand	4,100	1,200
Under Construction	250	1,200

*Notes: Total demand represents estimated production necessary to achieve a balanced market at the end of the forecast period. Units under construction as of January 1, 2009.*

*Source: Estimates by analyst*

The city of Mobile is a major port on the Gulf of Mexico and a hub for shipping and warehousing, with several rail and barge lines serving the area. In addition, the city is at the junction of Interstate 10 (I-10) and the southern terminus of I-65. In 2006, the Port of Mobile handled nearly 60 million tons of cargo, making it the 10th largest port by volume in the United States.

Shipbuilding and chemical manufacturing are also important industries in the Mobile HMA economy; together, they accounted for approximately one-third of all manufacturing employment in the area, or more than 5,500 jobs in 2008. In addition, the HMA is a regional center for health care and retail trade in southern Alabama. Leading employers include the Mobile Infirmary Medical Center, the University of South Alabama (USA) and USA Health System, and Wal-Mart Stores, Inc., with 5,800, 5,000, and 3,000 employees, respectively. According to USA officials, enrollment at the university has increased steadily in the past 10 years to more than 14,000 students as of the fall of 2008, and the university and its affiliated healthcare facilities have an economic impact of approximately

\$2 billion a year on the HMA. Table 2 lists major employers in the HMA.

Currently, nonfarm employment in the Mobile HMA is only slightly above the average level recorded during 2000. The recession of 2001 caused a significant drop in employment. Nonfarm payrolls in the HMA fell from approximately 180,000 jobs in 2001 to 169,500 jobs in 2004, a decline of 1.7 percent a year. Manufacturing was particularly hard hit, losing a total of approximately 4,700 jobs during the period. Beginning in 2005, nonfarm employment in the HMA began to increase again, growing by an average of 2 percent, or 4,200 jobs, a year through 2007. Figure 1 shows employment growth by sector in the HMA from 1990 to the current date.

In the past year, employment has continued to expand but at a slower pace due to the national recession. From 2007 to 2008, nonfarm employment in the HMA increased by about 1,300 jobs, or 0.7 percent, to 184,600 jobs. During 2008, the average unemployment rate was 5 percent, up from 3.6 percent during 2007 (see Figure 2).

Despite a weak housing market, construction activity has expanded in the past year. During 2008, employment in the mining, logging, and construction sector increased by about 600 jobs, or 4 percent. Although the pace of residential construction has fallen significantly, the decline has been more than offset by growth in nonresidential building activity, particularly industrial and warehouse construction. In addition, from 2005 to 2008, the Port of Mobile underwent a \$300 million expansion. In 2008, employment in

**Table 2.** Major Employers in the Mobile HMA

Name of Employer	Employment Sector	Number of Employees
Mobile Infirmary Medical Center	Education & Health Services	5,800
University of South Alabama (USA) and USA Health System	Education & Health Services	5,000
Wal-Mart Stores, Inc.	Trade	3,000
Providence Hospital	Education & Health Services	1,575
Springhill Medical Center	Education & Health Services	1,375
ST Mobile Aerospace Engineering, Inc.	Manufacturing	1,300
Austal USA	Manufacturing	1,025
Regions Financial Corporation	Financial Activities	900
U.S. Coast Guard	Government	875
Atlantic Marine	Manufacturing	850

Source: Mobile Area Chamber of Commerce

the transportation and utilities sector increased by about 500 jobs, or 5.3 percent, compared with employment levels recorded a year earlier (see Table 3).

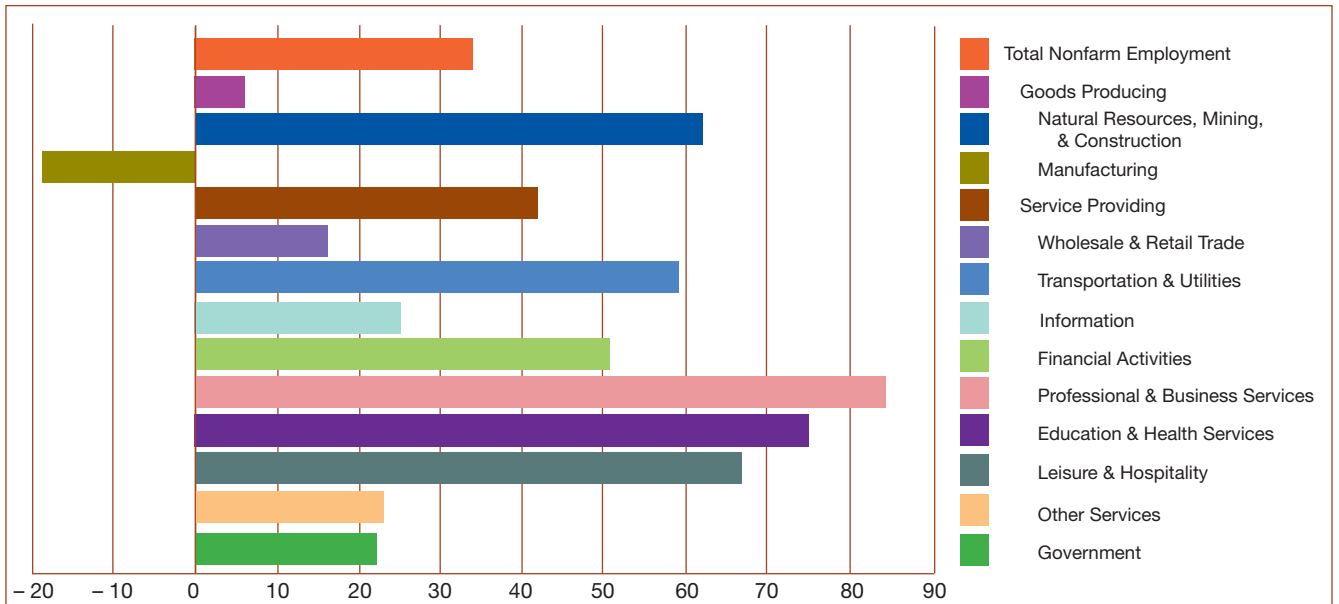
Many of the service-providing sectors continue to grow as well in response to the demands of an expanding population. In 2008, employment in the leisure and hospitality sector increased by about 400 jobs, or 2.6 percent, while the professional and business services and the education and health

services sectors both added about 200 jobs, an increase of 0.9 percent each. The slowing economy is taking a toll on some sectors, however.

During the past year, employment in the wholesale and retail trade sectors declined by a total of about 600 jobs, or 1.9 percent. Figure 3 shows current employment by sector in the HMA.

Employment in the manufacturing sector is expected to increase during the next 3 years. The German firm

**Figure 1. Sector Growth in the Mobile HMA, Percentage Change, 1990 to Current**



Note: Current is based on 12-month averages through December 2008.

Source: U.S. Bureau of Labor Statistics

**Figure 2. Trends in Labor Force, Resident Employment, and Unemployment Rate in the Mobile HMA, 1990 to 2008**



Source: U.S. Bureau of Labor Statistics

ThyssenKrupp AG is currently building a \$4.2 billion advanced steel production facility near the city of Mobile that will employ about 2,700 workers beginning in 2010. Northrop-Grumman Corporation has announced plans for a \$600 million plant in the city of Mobile to build refueling aircraft for the U.S. Air Force. This facility is expected to add as many as 2,500 jobs during the next 3 years. Area shipbuilder Austal USA is currently developing next-generation combat ships for the U.S. Navy and plans to increase its local

workforce by about 1,000 jobs over the next 2 years.

Due to the current recession, job growth is expected to remain weak for the next 12 to 18 months. Beginning in 2010, however, with new manufacturing activity starting and with continued expansion in the service-providing sectors, job growth is expected to accelerate. Overall, during the next 3 years, nonfarm employment in the HMA is expected to increase by about 2,500 jobs, or 1.3 percent, a year.

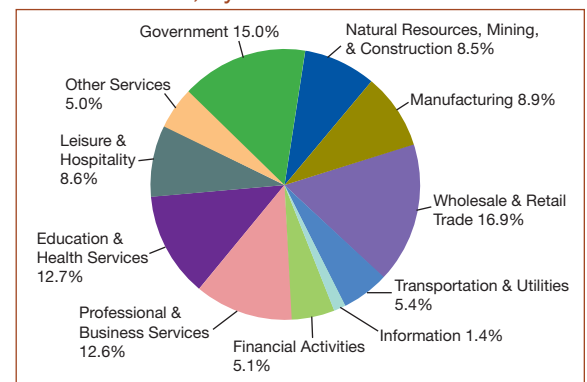
**Table 3.** 12-Month Average Employment in the Mobile HMA, by Sector

	12 Months Ending December 2007	12 Months Ending December 2008	Percent Change
Total Nonfarm Employment	183,300	184,600	0.7
Goods Producing	31,300	32,000	2.2
Natural Resources, Mining, & Construction	15,100	15,700	4.0
Manufacturing	16,200	16,400	1.2
Service Providing	152,100	152,600	0.3
Wholesale & Retail Trade	31,800	31,200	-1.9
Transportation & Utilities	9,500	10,000	5.3
Information	2,400	2,500	4.2
Financial Activities	9,400	9,500	1.1
Professional & Business Services	23,000	23,200	0.9
Education & Health Services	23,300	23,500	0.9
Leisure & Hospitality	15,500	15,900	2.6
Other Services	9,200	9,200	0.0
Government	27,900	27,700	-0.7

Notes: Based on 12-month averages through December 2007 and December 2008. Numbers may not add to totals because of rounding.

Source: U.S. Bureau of Labor Statistics

**Figure 3.** Current Employment in the Mobile HMA, by Sector



Note: Based on 12-month averages through December 2008.

Source: U.S. Bureau of Labor Statistics

# Population and Households

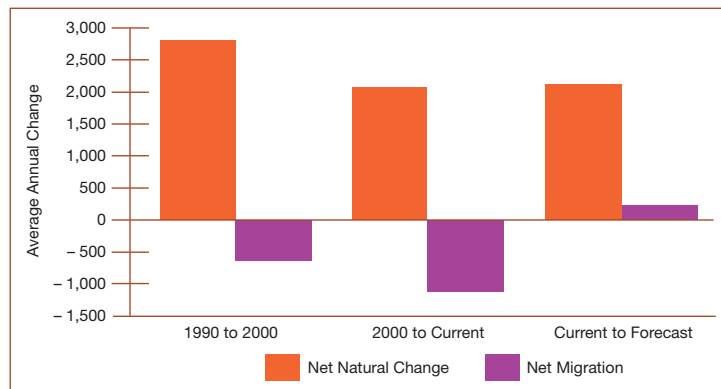
The current population of the Mobile HMA is estimated to be 407,400. This figure represents an average increase of about 850, or 0.2 percent, a year since 2000. Although net natural change (resident births minus resident deaths) averaged more than 2,000 a year, net out-migration has averaged about 1,150 people a year since 2000 (see Figure 4). Much of the out-migration was due to weak

economic conditions that prevailed from 2001 through 2004. Migration to the Mobile HMA increased by more than 5,000 people a year after 2005, mostly due to an influx of evacuees from Hurricane Katrina but also because of stronger job growth. In the past 2 years, many hurricane evacuees have left the area and net in-migration has slowed, but it still remains positive, averaging approximately 200 to 300 people a year. Table DP-1 at the end of this report contains information on population and household growth in the HMA from 1990 to the current date.

The number of households in the HMA increased by more than 1,300 a year during the 1990s, reaching 150,179 by 2000 (see Figure 5). After 2000, due to out-migration, growth in the number of households slowed to about 600 a year, to a total of 155,300 households as of the current date. Roughly 109,100 of the current households, or 70 percent, are owners, up from 69 percent in 2000. Economic conditions, such as low mortgage rates and favorable lending terms, helped increase the homeownership rate. Figure 6 shows the number of households by tenure in the HMA from 1990 to the current date.

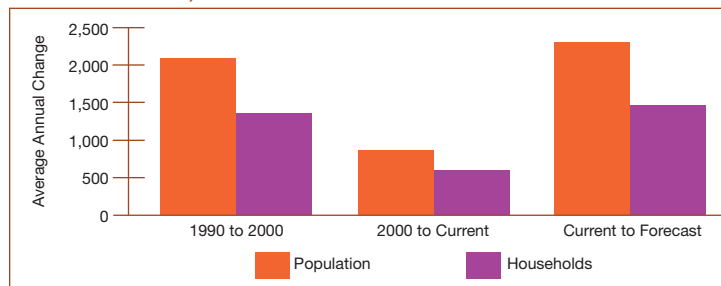
During the next 3 years, employment growth in the Mobile HMA is expected to be strong compared with other areas of Alabama and the Gulf Coast. This job growth should result in continued positive net in-migration to the HMA of roughly 250 people a year. In addition, the rate of net natural change is expected to increase slightly. During the 3-year forecast period, total population growth is expected to average more than 2,300 a year, while the number of households in the HMA is expected to increase by more than 1,400 a year.

**Figure 4. Components of Population Change in the Mobile HMA, 1990 to Forecast**



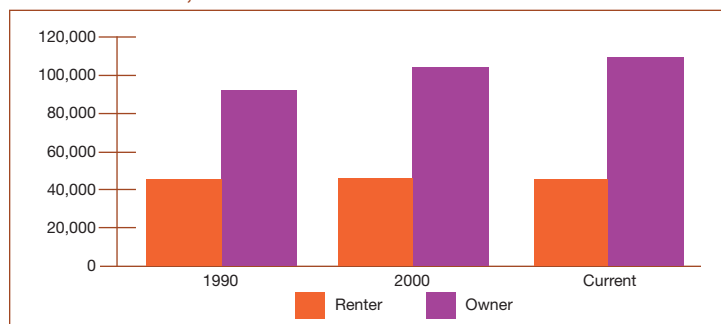
Sources: 1990 and 2000—1990 Census and 2000 Census; current and forecast—estimates by analyst

**Figure 5. Population and Household Growth in the Mobile HMA, 1990 to Forecast**



Sources: 1990 and 2000—1990 Census and 2000 Census; current and forecast—estimates by analyst

**Figure 6. Number of Households by Tenure in the Mobile HMA, 1990 to Current**



Sources: 1990 and 2000—1990 Census and 2000 Census; current—estimates by analyst



# Housing Market Trends

## Sales Market

The home sales market in the Mobile HMA is currently soft, a result of slower job growth and tight mortgage lending standards. According to the Alabama Center for Real Estate, during 2008, home sales in the HMA were down 20 percent compared with sales recorded during 2007, to about 4,000 homes sold. The average price of a home sold in 2008 also declined, falling by nearly 3 percent from the price recorded a year earlier, to approximately \$154,900.

With the slowdown in sales, the supply of unsold homes on the market has increased. The inventory of existing homes for sale averaged slightly more than 3,200 during 2008, compared with 2,700 during 2007, an increase of 19 percent. Homes also have been taking longer to sell. During 2008, homes on the market took an average of 86 days to sell compared with an average of 66 days on the market during 2007.

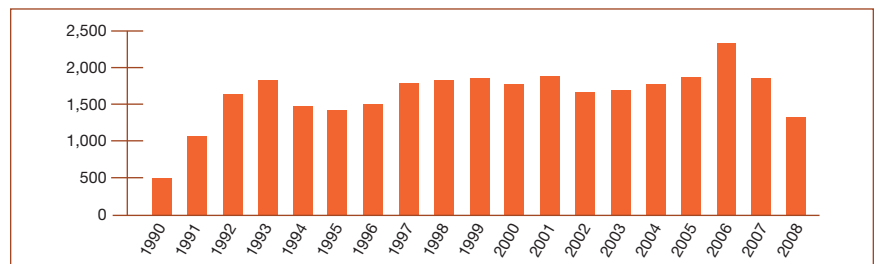
The construction of single-family homes in the Mobile HMA, as measured by the number of building permits issued, averaged about 1,750 from 2000 to 2005. Single-family construction peaked in 2006, when approximately 2,300 new homes were authorized (see Figure 7). With home sales slowing, however, home builders have reduced production. The number of

single-family permits issued fell from about 1,825 in 2007 to 1,300 in 2008, a 29-percent decline.

Much of the residential construction in the HMA has been concentrated in unincorporated Mobile County, west of the city of Mobile. Some of the new subdivisions include Winchester, northwest of Mobile, near the community of Semmes, and Labrador Run, southwest of Mobile. The traffic infrastructure connecting these areas with downtown Mobile and other job centers is well developed, and the areas have retail and other services already in place. Prices for new single-family, three-bedroom/two-bath homes in such areas typically start at about \$140,000.

Based on estimated population and household growth during the 3-year forecast period, demand is expected for 4,100 new sales units. Part of that demand will be met by 250 units currently under construction. Because of the current slow sales market, most of the new units should be completed during the second half of the forecast period, beginning in 2010, to allow the current excess supply of homes to be absorbed. Table 4 shows estimated demand by price range for new market-rate sales housing in the HMA during the next 3 years.

**Figure 7.** Single-Family Building Permits Issued in the Mobile HMA, 1990 to 2008



Notes: Includes only single-family units. Includes data through December 2008.

Source: U.S. Census Bureau, Building Permits Survey

**Table 4.** Estimated Demand for New Market-Rate Sales Housing in the Mobile HMA, January 1, 2009 to January 1, 2012

Price Range (\$)		Units of Demand	Percent of Total
From	To		
100,000	129,999	280	6.8
130,000	159,999	390	9.5
160,000	199,999	595	14.5
200,000	249,999	675	16.5
250,000	299,999	625	15.2
300,000	349,999	520	12.7
350,000	399,999	385	9.4
400,000	499,999	285	7.0
500,000	749,999	160	3.9
750,000	999,999	120	2.9
1,000,000	and higher	65	1.6

Source: Estimates by analyst

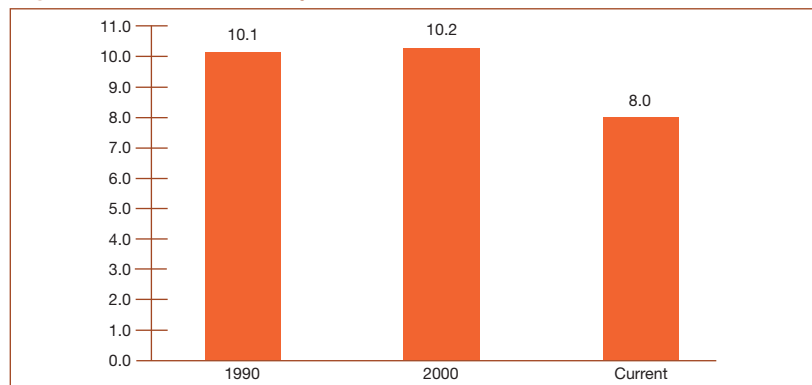
## Rental Market

The Mobile HMA rental housing market has softened a bit in the past year, but it remains relatively balanced. The current rental vacancy rate in the HMA is estimated to be 8 percent, compared with 7 percent a year ago (see Figure 8). The increase is attributed mainly to the addition of roughly 600 new rental units in the past year, along with weaker job growth and slowing in-migration. The soft home sales market is also a factor. As owners encounter difficulty selling their homes, more units are becoming available for rent.

As recently as 2004, the rental housing market in the HMA was soft due to the weak economy. In the aftermath

of Hurricane Katrina in 2005, however, rental conditions tightened significantly. It is estimated that nearly 10,000 people evacuated to the HMA after the hurricane. According to AXIOMETRICS INC., by 2006, the average apartment vacancy rate in the HMA had fallen to approximately 1 percent, down from 8.1 percent in 2004. From 2005 to 2007, average apartment rents in the HMA increased by nearly 7 percent a year because of the tight market. Currently, average monthly rents in the HMA range from about \$600 for a one-bedroom unit to \$750 for a two-bedroom and \$950 for a three-bedroom unit.

Builders responded to the tighter rental market after 2005 by increasing apartment production, as measured by the number of multifamily units permitted. During 2006 and 2007, more than 550 multifamily units a year were authorized by permits, compared with about 300 units a year during 2001 to 2005. Construction activity remains strong. During 2008, more than 700 new multifamily units were permitted (see Figure 9). Recent projects include nearly 400 student apartments near the USA campus.

**Figure 8.** Rental Vacancy Rates in the Mobile HMA, 1990 to Current

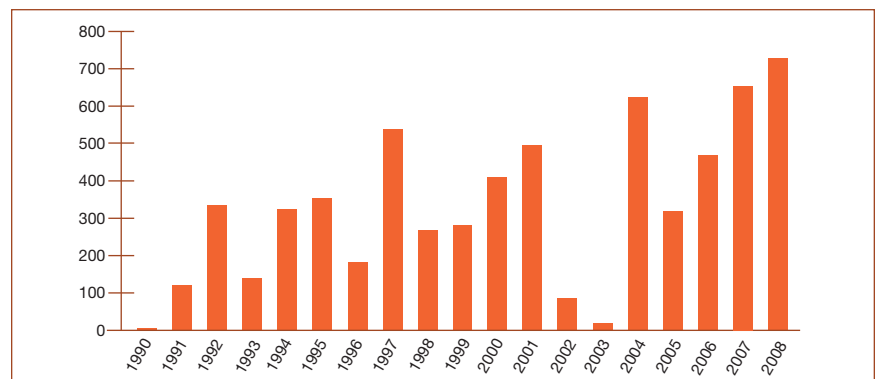
Sources: 1990 and 2000—1990 Census and 2000 Census; current—estimates by analyst

The university can accommodate fewer than 3,000 students on campus; the remaining 11,000 students live with their families or in local rental housing.

During the next 3 years, demand is expected for 1,200 new rental units in the HMA. The approximately 300 units currently under construction and the 900 units currently in the development pipeline will meet the forecast demand. The average monthly rents for the proposed developments range from about \$850 for a one-bedroom unit to \$950 for a two-bedroom and \$1,150 for a three-bedroom unit.

Most of the units currently under construction should be completed during 2009, while those in the development pipeline will likely be completed during the second and third years of the forecast period. To maintain balanced rental housing market conditions, the production of additional rental units should not begin until the third year of the forecast period in anticipation of demand in year 4, following the forecast period. Table 5 shows estimated demand by rent level and number of bedrooms for new market-rate rental housing in the HMA during the forecast period.

**Figure 9.** Multifamily Building Permits Issued in the Mobile HMA, 1990 to 2008



Notes: Includes all multifamily units in structures with two or more units. Includes data through December 2008.

Source: U.S. Census Bureau, Building Permits Survey

**Table 5.** Estimated Demand for New Market-Rate Rental Housing in the Mobile HMA, January 1, 2009 to January 1, 2012

One Bedroom		Two Bedrooms		Three or More Bedrooms	
Monthly Gross Rent (\$)	Units of Demand	Monthly Gross Rent (\$)	Units of Demand	Monthly Gross Rent (\$)	Units of Demand
650	420	800	540	950	240
700	370	850	450	1,000	220
750	340	900	410	1,050	190
800	310	950	370	1,100	170
850	270	1,000	320	1,150	140
900	230	1,050	270	1,200	120
950	190	1,100	230	1,250	110
1,050	150	1,200	180	1,350	80
1,150	120	1,300	120	1,450	60
1,250	100	1,400	80	1,550	40
1,350	80	1,500	50	1,650	30
and higher		and higher		and higher	

Notes: Distribution above is noncumulative. Demand shown at any rent represents demand at that level and higher.

Source: Estimates by analyst



# Data Profile

**Table DP-1. Mobile HMA Data Profile, 1990 to Current**

	1990	2000	Current	Average Annual Change (%)	
				1990 to 2000	2000 to Current
Total Resident Employment	159,601	178,573	176,800	1.1	- 0.1
Unemployment Rate (%)	6.5	4.4	5.0		
Nonfarm Employment	137,300	179,700	184,600	2.7	0.3
Total Population	378,643	399,843	407,400	0.5	0.2
Total Households	136,899	150,179	155,300	0.9	0.4
Owner Households	91,513	103,391	109,100	1.2	0.6
Percent Owner (%)	66.8	68.8	70.3		
Renter Households	45,386	46,788	46,200	0.3	- 0.1
Percent Renter (%)	33.2	31.2	29.7		
Total Housing Units	151,220	165,101	172,050	0.9	0.5
Owner Vacancy Rate (%)	2.3	1.6	2.8		
Rental Vacancy Rate (%)	10.1	10.2	8.0		
Median Family Income	\$30,200	\$43,300	\$46,100	3.7	0.8

Notes: Median family income data are for 1989, 1999, and 2007. Employment data represent annual averages for 1990, 2000, and the 12 months through December 2008.

Sources: Estimates by analyst; U.S. Census Bureau; U.S. Department of Housing and Urban Development

## Data Definitions and Sources

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1990: 4/1/1990—U.S. Decennial Census

2000: 4/1/2000—U.S. Decennial Census

Current date: 1/1/2009—Analyst's estimates

Forecast period: 1/1/2009–1/1/2012—Analyst's estimates

**Demand:** The demand estimates in the analysis are not a forecast of building activity. They are the estimates of the total housing production needed to achieve a balanced market at the end of the 3-year forecast period given conditions on the as-of date of the analysis, growth, losses, and excess vacancies. The estimates do not account for units currently under construction or units in the development pipeline.

For additional data pertaining to the housing market for this HMA, go to [www.huduser.org/publications/pdf/CMARtables\\_MobileAL\\_09.pdf](http://www.huduser.org/publications/pdf/CMARtables_MobileAL_09.pdf).

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The factual framework for this analysis follows the guidelines and methods developed by HUD's Economic and Market Analysis Division. The analysis and findings are as thorough and current as possible based on information available on the as-of date from local and national sources. As such, findings or conclusions may be modified by subsequent developments. HUD expresses its appreciation to those industry sources and state and local government officials who provided data and information on local economic and housing market conditions.

For additional reports on other market areas, please go to [www.huduser.org/publications/econdev/mkt\\_analysis.html](http://www.huduser.org/publications/econdev/mkt_analysis.html).