

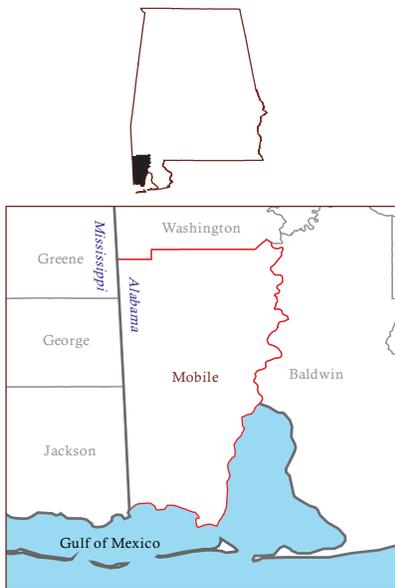


Mobile, Alabama

U.S. Department of Housing and Urban Development | Office of Policy Development and Research | As of July 1, 2011



Housing Market Area



The Mobile Housing Market Area (HMA), located on the Gulf Coast of Alabama, is coterminous with Mobile County. Nearly one-half of the residents of the HMA live in Mobile, the central city of the HMA. Mobile, which has been a transportation and manufacturing center since the 18th century, is home to the ninth largest port in the United States.

Market Details

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Summary

Economy

The economy of the Mobile HMA has begun to recover from the effects of the national recession. During the 12 months ending June 2011, nonfarm payrolls in the HMA increased by an average of 1,900 jobs, or 1.1 percent, to 175,400 jobs. Job growth during this period occurred primarily in the professional and business services and manufacturing sectors, which reported gains of 2,800 and 1,100 jobs, or 13.3 and 7.6 percent, respectively. During the 3-year forecast period, nonfarm payrolls are estimated to increase by an average of 2,675 jobs, or 1.5 percent, annually.

Sales Market

The home sales market in the HMA is soft, with an estimated vacancy rate of 2.5 percent. During the 12 months ending June 2011, 4,425 new and existing single-family homes sold, an 8-percent decrease from the 5,250 homes sold in the preceding 12 months. During the forecast period, demand is expected for 4,125 new homes (see Table 1). A portion of the estimated 10,000 other vacant units will likely satisfy some of the forecast demand.

Rental Market

The rental housing market in the HMA is soft, but improving, with an estimated 10-percent vacancy rate, down from the 11.4-percent rate recorded in April 2010. According to Rock Apartment Advisors, Inc., in the second quarter of 2011, the average rent was \$664, up 5 percent from a year earlier. During the next 3 years, demand is expected for 820 new rental units, which will be partially satisfied by the 280 units currently under construction (see Table 1).

Table 1. Housing Demand in the Mobile HMA, 3-Year Forecast, July 1, 2011 to July 1, 2014

	Mobile HMA	
	Sales Units	Rental Units
Total Demand	4,125	820
Under Construction	80	280

Notes: Total demand represents estimated production necessary to achieve a balanced market at the end of the forecast period. Units under construction as of July 1, 2011. A portion of the estimated 10,000 other vacant units in the HMA will likely satisfy some of the forecast demand.

Source: Estimates by analyst

Economic Conditions

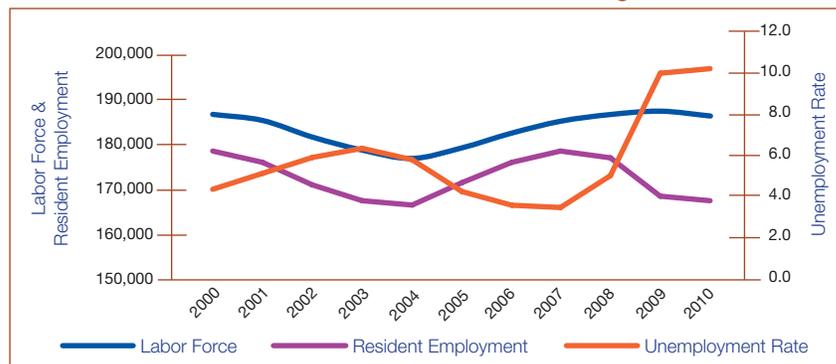
After 5 years of economic growth in the Mobile HMA, nonfarm payrolls peaked at 184,600 jobs in 2008 before declining for 2 consecutive years. The economy of the HMA showed signs of improvement during the 12 months ending June 2011, however, adding 1,900 jobs to bring nonfarm payrolls to 175,400 jobs, a 1.1-percent increase compared with the number of jobs during the previous 12 months. Nonfarm payrolls remain at 9,200 jobs, or 4.9 percent, below the prerecession peak.

The unemployment rate in the HMA averaged 10.2 percent during the 12 months ending June 2011, down from

10.7 percent during the previous 12 months, but significantly higher than the 4.8-percent prerecession average rate from 2000 through 2008. Net job creation, not a decrease in the labor force, is responsible for the drop in the unemployment rate. Figure 1 shows trends in the labor force, resident employment, and unemployment rate since 2000.

The professional and business services sector grew more than any other sector, adding 2,800 jobs, a 13.2-percent increase, during the 12 months ending June 2011 (see Table 2). Ryla Tele-services, Inc., a call center, opened a new office in the HMA in 2009. In December 2010, this branch had 750 employees and plans to hire an additional 450 by the end of 2011. During the 12 months ending June 2011, after 2 years of declining employment, the manufacturing sector began to grow, adding 1,100 jobs, a 7.3-percent increase. The manufacturing sector will likely continue to grow because several large manufacturing firms are expected to expand in the upcoming year. Austal USA, a shipbuilder, plans to add 2,000 workers in late 2011 and in 2012, and ThyssenKrupp AG, a German industrial conglomerate, plans to add 800 workers at its steel mill in northern Mobile County. As Figure 2 shows, the education and health services sector has grown the most of any sector since 2000, both as a percentage and in absolute terms. Peak growth occurred from 2004 through 2007, when the sector added an average of 850 jobs annually. In the 12 months ending June 2011, the education and health services sector added 300 jobs, a 1.3-percent increase. The two largest employers in the HMA, Infirmity Health System, Inc., and the University of South

Figure 1. Trends in Labor Force, Resident Employment, and Unemployment Rate in the Mobile HMA, 2000 Through 2010



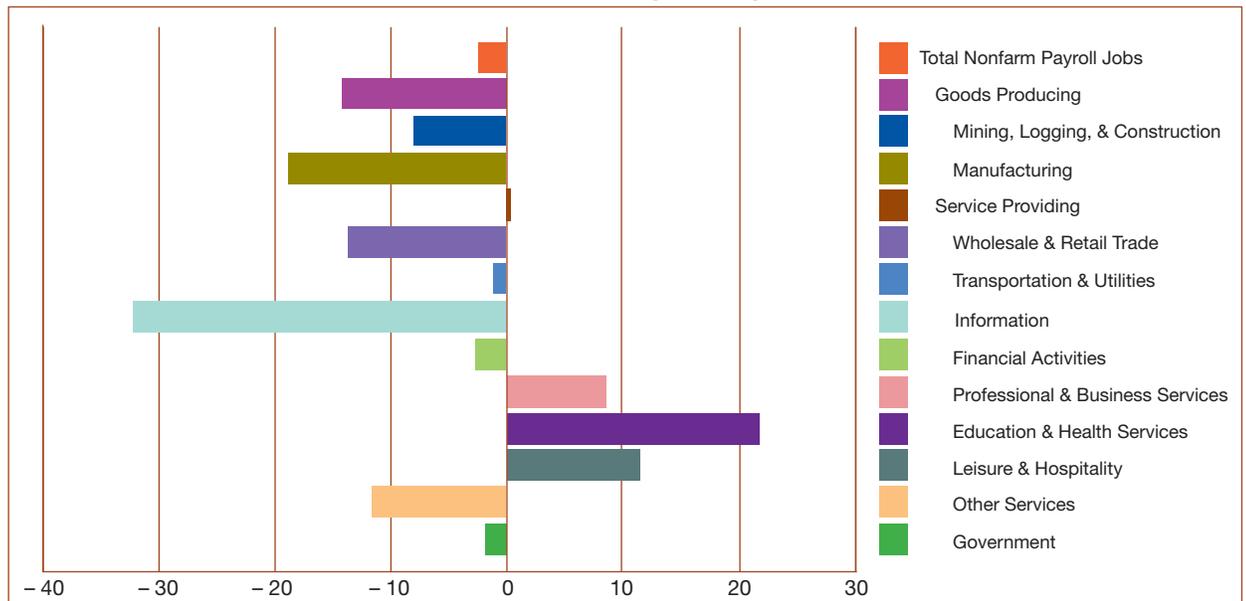
Source: U.S. Bureau of Labor Statistics

Table 2. 12-Month Average Nonfarm Payroll Jobs in the Mobile HMA, by Sector

	12 Months Ending June 2010	12 Months Ending June 2011	Percent Change
Total Nonfarm Payroll Jobs	173,500	175,400	1.1
Goods Producing	28,700	28,750	0.2
Mining, Logging, & Construction	14,150	13,150	-7.2
Manufacturing	14,500	15,600	7.3
Service Providing	144,800	146,700	1.3
Wholesale & Retail Trade	28,500	28,000	-1.9
Transportation & Utilities	8,900	8,900	0.1
Information	2,275	2,100	-7.4
Financial Activities	9,050	8,875	-2.0
Professional & Business Services	21,100	23,900	13.2
Education & Health Services	23,100	23,400	1.2
Leisure & Hospitality	15,250	15,600	2.4
Other Services	9,225	9,275	0.7
Government	27,350	26,650	-2.6

Notes: Based on 12-month averages through June 2010 and June 2011. Numbers may not add to totals because of rounding.

Source: U.S. Bureau of Labor Statistics

Figure 2. Sector Growth in the Mobile HMA, Percentage Change, 2000 to Current

Note: Current is based on 12-month averages through June 2011.

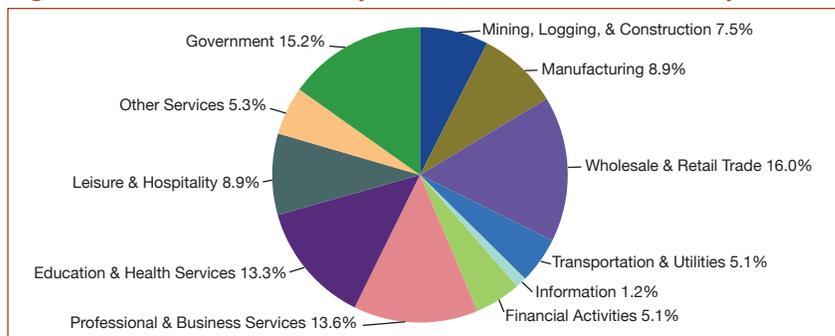
Source: U.S. Bureau of Labor Statistics

Table 3. Major Employers in the Mobile HMA

Name of Employer	Nonfarm Payroll Sector	Number of Employees
Infirmiry Health System, Inc.	Education & Health Services	5,300
University of South Alabama & USA Health System	Education & Health Services	5,000
Wal-Mart Stores, Inc.	Retail Trade	3,000
Austal USA	Manufacturing	1,800
Singapore Technologies Aerospace Ltd.	Manufacturing	1,200
ThyssenKrupp AG	Manufacturing	1,200
Springhill Medical Center	Education & Health Services	1,130

Note: Excludes local school districts.

Source: Mobile Area Chamber of Commerce

Figure 3. Current Nonfarm Payroll Jobs in the Mobile HMA, by Sector

Note: Based on 12-month averages through June 2011.

Source: U.S. Bureau of Labor Statistics

Alabama, which employ a combined 10,300 people (see Table 3), created the Mitchell Cancer Institute in 2000. The Institute moved into a new \$125 million dollar facility in 2008 and currently employs 280 people.

Due to decreased residential building activity, the mining, logging and construction sector recorded the largest decrease in payrolls during the past 12 months, with a loss of 1,000 jobs, a 7.2-percent decline. During the same period, the government sector, the second largest in the HMA, recorded a loss of 700 jobs, or 2.6 percent, the second largest decrease in payrolls, because of budgetary constraints at the state and local levels (see Figure 3). The government sector has lost a total of 1,150 jobs, or 4.2 percent, since 2008.

During the next 3 years, nonfarm payrolls are expected to increase by an average of 2,675 jobs, or 1.5 percent, annually, with steadily increasing employment growth throughout the forecast period. Job gains in the manufacturing sector are expected to lead this growth.

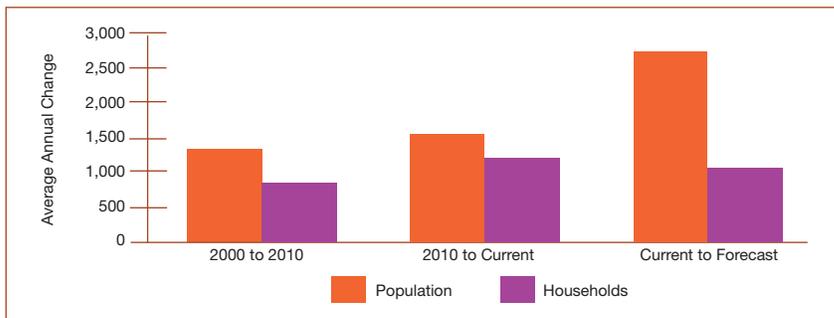
Population and Households

As of July 1, 2011, the population of the Mobile HMA was estimated at 414,800, an increase of 1,500, or 0.4 percent, annually since April 2010. Population growth has been strong since 2005, with net in-migration averaging 1,350 people a

year from 2005 through 2009. Population growth peaked in 2008, when the population of the HMA increased by 4,000 people, or 1 percent, from 2007. From 1993 through 2004, net migration was negative. In 2009, when unemployment spiked, net out-migration from the HMA resumed. Net out-migration will likely continue in the short term, while the HMA economy remains depressed, but is expected to reverse after local job growth improves. During the 3-year forecast period, an average annual population growth of 2,700 people is expected, with net in-migration in the second and third years. By the end of the forecast period in 2014, the population in the HMA is expected to reach 422,900. Figure 4 shows population and household growth in the HMA and Figure 5 illustrates the components of population change in the HMA from 2000 through the forecast period.

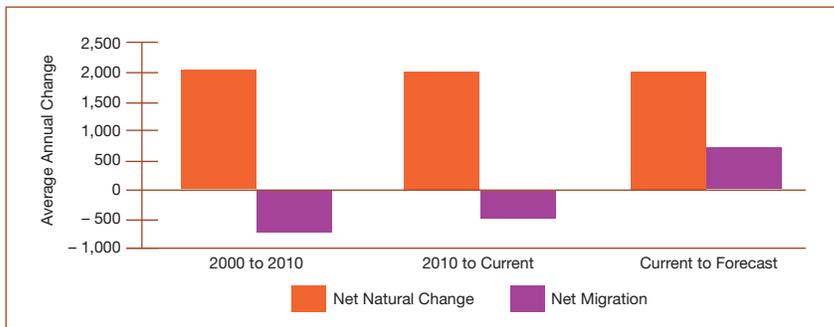
The HMA currently includes an estimated 159,900 households (see Table DP-1 at the end of this report). Figure 6 shows the number of households by tenure in the HMA. The number of households has grown by 1,175, or 0.7 percent, annually since 2010. The average household size has increased since the recession began in December 2007, because economic pressures have forced many people to live with roommates or family members. During the forecast period, the number of households is expected to increase by 1,075, or 0.7 percent, annually to 163,100 in 2014.

Figure 4. Population and Household Growth in the Mobile HMA, 2000 to Forecast



Sources: 2000 and 2010–2000 Census and 2010 Census; current and forecast—estimates by analyst

Figure 5. Components of Population Change in the Mobile HMA, 2000 to Forecast



Sources: 2000 and 2010–2000 Census and 2010 Census; current and forecast—estimates by analyst

Figure 6. Number of Households by Tenure in the Mobile HMA, 2000 to Current



Sources: 2000 and 2010–2000 Census and 2010 Census; current—estimates by analyst

Housing Market Trends

Sales Market

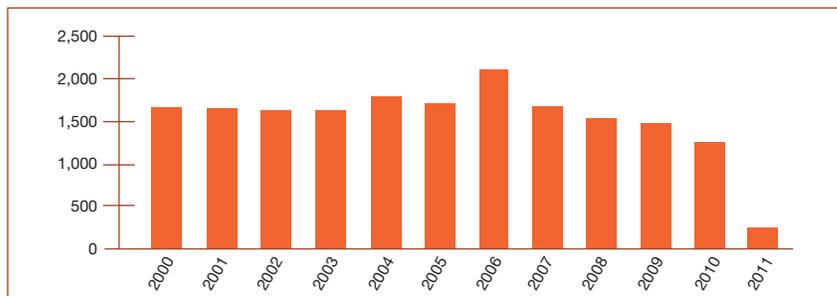
The home sales market in the Mobile HMA is soft because of the weak economy and high number of foreclosed homes. According to Hanley Wood, LLC, during the 12 months ending June 2011, 4,050 existing homes sold, a 12-percent decrease from the 4,600 existing homes sold in the preceding 12 months. During the same period, the average sales price for existing homes decreased from \$152,900 to \$139,600, a 9-percent decline. Home prices peaked in 2007, when the average price was \$177,600. Foreclosed properties comprise a significant portion of home sales in the HMA. According to Hanley Wood, LLC, in the 12 months ending June 2011, homes that are in REO (Real Estate Owned) represented 33 percent of all existing home sales, up from 22 percent in the previous 12 months. For comparison, 31 percent of all existing homes sold in Alabama during the 12 months ending June 2011 were in REO. According to LPS Applied Analytics, in June 2011, 8.8 percent of mortgage loans were 90 or

more days delinquent, in foreclosure, or in REO, down from the 8.9-percent rate recorded in June 2010.

New single-family home construction, as measured by the number of single-family homes permitted, continues at a reduced pace. Based on preliminary data, approximately 690 homes were permitted during the 12 months ending June 2011, down from 1,075 homes permitted during the previous 12 months. An average of 1,825 homes was permitted annually during the building boom from 2000 through 2007 (see Figure 7). Most new home construction is in subdivisions west and north of central Mobile. According to Hanley Wood, LLC, 370 new homes sold in the 12 months ending June 2011, a 44-percent decrease from the 650 homes sold in the preceding 12 months. Magnolia Springs, a subdivision located in west Mobile, has 165 homes completed and another 160 planned, with prices ranging from \$120,000 to \$250,000.

During the 3-year forecast period, demand is expected for 4,125 new homes, with most demand occurring in the second and third years. The 80 homes currently under construction and a portion of the estimated 10,000 other vacant units will satisfy some of the forecast demand (see Table 1). Demand is expected to be strongest for homes in the \$150,000-to-\$199,999 price range. Table 4 shows estimated demand for sales housing broken down by price.

Figure 7. Single-Family Building Permits Issued in the Mobile HMA, 2000 to 2011



Notes: Includes townhomes. Includes data through June 2011.

Sources: U.S. Census Bureau, Building Permits Survey; estimates by analyst

Table 4. Estimated Demand for New Market-Rate Sales Housing in the Mobile HMA, July 1, 2011 to July 1, 2014

Price Range (\$)		Units of Demand	Percent of Total
From	To		
70,000	99,999	620	15.0
100,000	149,999	500	12.0
150,000	199,999	830	20.0
200,000	249,999	740	18.0
250,000	299,999	620	15.0
300,000	349,999	410	10.0
350,000	399,999	210	5.0
400,000	and higher	210	5.0

Note: The 80 homes currently under construction and a portion of the estimated 10,000 other vacant units in the HMA will likely satisfy some of the forecast demand.

Source: Estimates by analyst

Rental Market

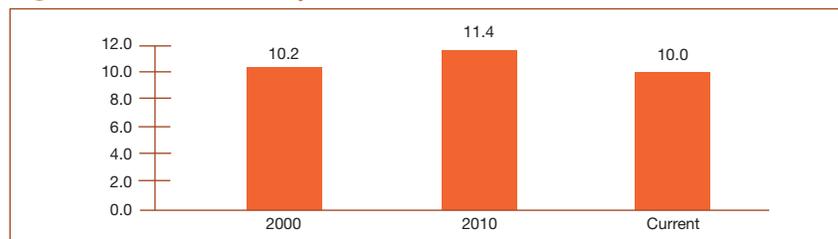
The rental housing market in the Mobile HMA is soft but improving. The estimated 10-percent vacancy rate is down from the 11.4-percent rate recorded in the 2010 Census (see Figure 8). Vacancy is lower in apartment complexes than in single-family homes, which account for approximately 50 percent of the rental housing stock in the HMA. As of the second quarter of 2011, Rock Apartment Advisors, Inc., reports an 8.9-percent vacancy rate in surveyed apartment complexes, up from the 7.2-percent rate in the second quarter of 2010, because several new apartment complexes opened. During the same period, average effective rents grew by slightly less than 5 percent, to approximately \$660. Rent increases were highest in west Mobile, where the average rent rose by slightly more than

5 percent. Average effective rents are \$570 for a one-bedroom unit, \$710 for a two-bedroom unit, and \$880 for a three-bedroom unit, with higher rents in the western and northern suburban areas and lower rents in central Mobile.

Apartment construction, as measured by the number of multifamily units permitted, proceeded at an increasing pace from 2005 through 2009 before declining sharply in 2010 (see Figure 9). Based on preliminary data, approximately 280 units were permitted in the 12 months ending June 2011 compared with approximately 650 units permitted in the previous 12 months. Most recent apartment construction is centered in west Mobile, including Forest Hill Apartment Homes, an income-restricted, 128-unit complex, and University Grande Apartments, a 156-unit complex, both currently under construction. Some new complexes are located in downtown Mobile and north of the city.

During the 3-year forecast period, demand is estimated for 820 new rental units, including the 280 units

Figure 8. Rental Vacancy Rates in the Mobile HMA, 2000 to Current

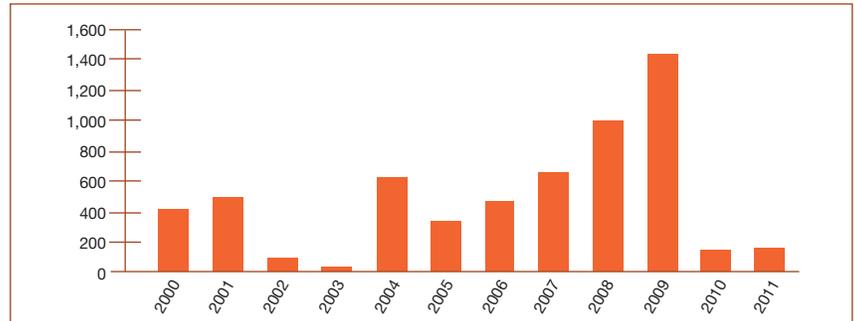


Sources: 2000 and 2010—2000 Census and 2010 Census; current—estimates by analyst

currently under construction (see Table 1). New units will not be needed until the third year of the forecast period to allow the market to absorb currently vacant units and the units

currently under construction. Table 5 shows the estimated demand for new market-rate rental units broken down by rent level and number of bedrooms.

Figure 9. Multifamily Building Permits Issued in the Mobile HMA, 2000 to 2011



Notes: Excludes townhomes. Includes data through June 2011.

Sources: U.S. Census Bureau, Building Permits Survey; estimates by analyst

Table 5. Estimated Demand for New Market-Rate Rental Housing in the Mobile HMA, July 1, 2011 to July 1, 2014

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
500 to 699	150	600 to 799	110	700 to 899	30
700 to 899	130	800 to 999	130	900 to 1,099	45
900 or more	50	1,000 to 1,199	90	1,100 to 1,299	30
		1,200 or more	35	1,300 or more	20
Total	330	Total	370	Total	120

Notes: The 280 units currently under construction will satisfy some of the structural demand. Numbers may not add to totals because of rounding.

Source: Estimates by analyst

Data Profile

Table DP-1. Mobile HMA Data Profile, 2000 to Current

	2000	2010	Current	Average Annual Change (%)	
				2000 to 2010	2010 to Current
Total Resident Employment	178,573	167,286	168,700	-0.7	1.7
Unemployment Rate	4.4%	10.2%	10.2%		
Nonfarm Payroll Jobs	179,700	174,800	175,400	-0.3	0.7
Total Population	399,843	412,912	414,800	0.3	0.4
Total Households	150,179	158,435	159,950	0.5	0.8
Owner Households	103,391	106,079	107,000	0.3	0.7
Percent Owner	68.8%	67.0%	66.9%		
Renter Households	46,788	52,356	52,950	1.1	0.9
Percent Renter	31.2%	33.0%	33.1%		
Total Housing Units	165,101	178,196	178,500	0.8	0.1
Owner Vacancy Rate	1.6%	2.7%	2.5%		
Rental Vacancy Rate	10.2%	11.4%	10.0%		
Median Family Income	\$40,700	\$49,500	\$50,500	2.0	2.0

Notes: Employment data represent annual averages for 2000, 2010, and the 12 months through June 2011. Median family incomes are for 1999, 2009, and 2011.

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

Data Definitions and Sources

2000: 4/1/2000—U.S. Decennial Census

2010: 4/1/2010—U.S. Decennial Census

Current date: 7/1/2011—Analyst's estimates

Forecast period: 7/1/2011–7/1/2014—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.

Other Vacant Units: In HUD's analysis, other vacant units include all vacant units that are not available for sale or for rent. The term therefore includes units rented or sold but not occupied; held for seasonal, recreational, or occasional use; used by migrant workers; and the category specified as "other" vacant by the Census Bureau.

Building Permits: Building permits do not necessarily reflect all residential building activity that occurs in an HMA. Some units are constructed or created without a building permit or are issued a different type of building permit. For example, some units are classified as commercial structures and are not reflected in the residential building permits. As a result, the analyst, through diligent fieldwork, makes an estimate of this additional construction activity. Some of these estimates are included in the discussions of single-family and multifamily building permits.

For additional data pertaining to the housing market for this HMA, go to www.huduser.org/publications/pdf/CMARtables_MobileAL_12.pdf.

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This analysis has been prepared for the assistance and guidance of the U.S. Department of Housing and Urban Development (HUD) in its operations. The factual information, findings, and conclusions may also be useful to builders, mortgagees, and others concerned with local housing market conditions and trends. The analysis does not purport to make determinations regarding the acceptability of any mortgage insurance proposals that may be under consideration by the Department.

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.