

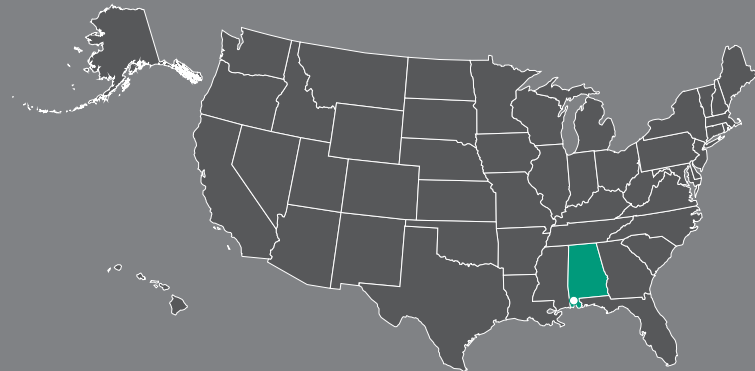
# HUD PD&R Housing Market Profiles

## Mobile, Alabama



### Quick Facts About Mobile

- **Current sales market conditions: balanced**
- **Current apartment market conditions: balanced**
- **The Mobile metropolitan area is home to the oldest Mardi Gras celebration in the United States.**



By Karen M. Ostrye | As of April 1, 2020

### Overview

The Mobile metropolitan area consists of Mobile County in Alabama and is west of the Florida panhandle along the Gulf of Mexico. The metropolitan area is an important shipping hub for the southeastern United States.

- As of April 1, 2020, the population of the Mobile metropolitan area is estimated at 412,700, an average annual decline of less than 0.1 percent since 2010.
- From 2011 to 2016, the population increased by an average of 375, or less than 0.1 percent, a year. Net natural increase averaged 1,375 people a year but was partially offset by net out-migration averaging 1,000 people a year.
- The population decreased by an average of 575, or slightly more than 0.1 percent, from 2016 to 2019, when net out-migration averaged 1,625 people a year; the population decrease was only partially offset by net natural increase, which averaged 1,050 people a year. Net out-migration was higher because job growth was stronger in other parts of the region and the nation, and many workers sought opportunities outside the metropolitan area.
- The median age in the Mobile metropolitan area has increased from 36.7 in 2010 to 38.1 in 2018, compared with the median age of 37.2 in 2010 and 38.2 in 2018

continued on page 2



continued from page 1

for the nation. The increase in age of the population contributed to the decline in net natural change because

many older residents remained in the metropolitan area, whereas younger residents sought jobs elsewhere.

## Economic Conditions

Economic growth in the Mobile metropolitan area has slowed since late 2019. Nonfarm payrolls averaged 185,500 jobs during the first quarter of 2020, an increase of 200 jobs, or 0.1 percent, from the first quarter of 2019. By comparison, nonfarm payrolls increased during the first quarter of 2019 by 2,200 jobs, or 1.2 percent, from the first quarter of 2018.

During the first quarter of 2020—

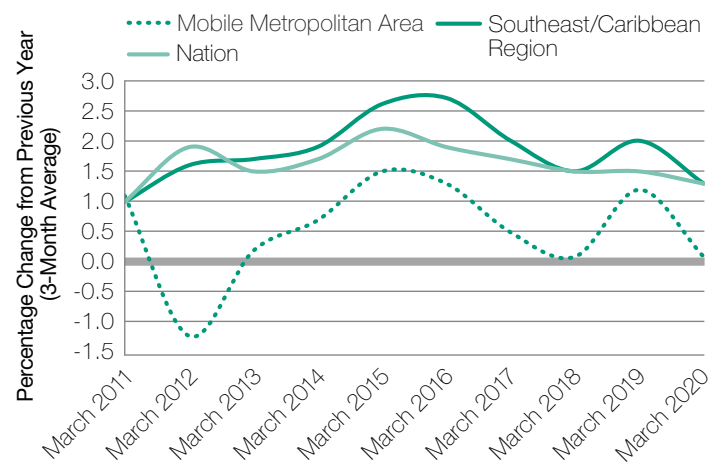
- The mining, logging, and construction sector added 400 jobs, an increase of 3.5 percent compared with a year earlier. That growth was due in part to expansions at the Port of Mobile, which included a 400-foot container dock extension that was completed in March 2020.
- The financial activities sector added the most jobs of any other sector, with an increase of 800 jobs, or 9.6 percent. That sector represented approximately 5 percent of total nonfarm payrolls in the Mobile metropolitan area.
- The manufacturing sector added 200 jobs, or 1.1 percent, compared with a year earlier. Airbus rolled out the first A220 aircraft assembled in the metropolitan area in early March 2020. Construction on the plant started in January 2019, and the plant will be fully operational by May 2020.
- The education and health services sector added 300 jobs, or 1.1 percent, compared with a year earlier. Some of this growth was attributed to the staffing of the Mobile

Infirmity Emergency-Saraland, an \$11.6 million freestanding emergency facility that was completed in early February 2020 in the city of Saraland.

- The unemployment rate declined to 4.0 percent from 4.7 percent during the same period a year earlier.

continued on page 3

**Nonfarm payroll growth in the Mobile metropolitan area has remained below that of the state and the nation since 2011.**



Source: U.S. Bureau of Labor Statistics

**More than one-half of the nonfarm payroll sectors in the Mobile metropolitan area lost jobs in the first quarter of 2020.**

	3 Months Ending		Year-Over-Year Change	
	March 2019 (Thousands)	March 2020 (Thousands)	Absolute (Thousands)	Percent
<b>Total Nonfarm Payrolls</b>	185.3	185.5	0.2	0.1
Goods-Producing Sectors	30.0	30.5	0.5	1.7
Mining, Logging, & Construction	11.4	11.8	0.4	3.5
Manufacturing	18.5	18.7	0.2	1.1
Service-Providing Sectors	155.4	155.0	-0.4	-0.3
Wholesale & Retail Trade	27.8	27.3	-0.5	-1.8
Transportation & Utilities	8.4	8.5	0.1	1.2
Information	2.0	1.9	-0.1	-5.0
Financial Activities	8.3	9.1	0.8	9.6
Professional & Business Services	24.7	24.4	-0.3	-1.2
Education & Health Services	28.3	28.6	0.3	1.1
Leisure & Hospitality	18.1	17.8	-0.3	-1.7
Other Services	12.1	11.9	-0.2	-1.7
Government	25.7	25.5	-0.2	-0.8
<b>Unemployment Rate</b>	4.7%	4.0%		

Note: Numbers may not add to totals due to rounding.

Source: U.S. Bureau of Labor Statistics



continued from page 2

## Largest Employers in the Mobile Metropolitan Area

Name of Employer	Nonfarm Payroll Sector	Number of Employees
University of South Alabama	Government	6,000
Infirmary Health System	Education & Health Services	5,750
Austal USA	Manufacturing	4,000

Note: Excludes local school districts.

Source: Economic Development Partnership of Alabama

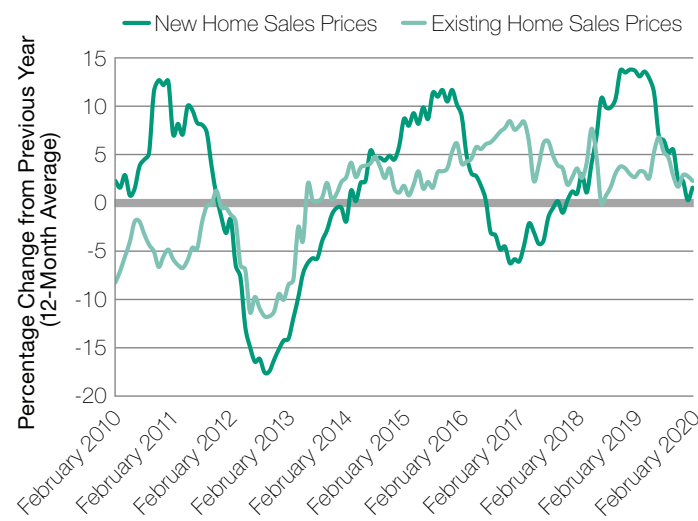
The Mobile metropolitan area is an important port and transportation hub, serving as a gateway to the southern United States from the

Gulf of Mexico. The Port of Mobile connects with waterways up to the Great Lakes and intermodal service of five major railroads. In 2018, the Port of Mobile had an economic impact of \$22.4 billion on the state of Alabama (Alabama State Port Authority). In late 2020, the Alabama State Port Authority will begin a \$400 million development to deepen the port channels at the Port of Mobile. Located near the port, the \$61 million MCT Logistics new cold storage facility is currently under construction and will add 70 jobs on completion in 2021.

## Sales Market Conditions

Sales housing market conditions in the Mobile metropolitan area are currently balanced. As of February 2020, 3.6 months of available inventory were for sale in the metropolitan area, up from 2.7 months a year ago (CoreLogic, Inc.). Approximately 7,375 new and existing single-family homes, townhomes, and condominiums were sold during the 12 months ending February 2020, up 1 percent from the 7,300 homes sold during the previous 12-month period (Metrostudy, A Hanley Wood Company, with adjustments by the analyst). Existing home sales prices have increased each year since 2013; however, new home sales prices have grown in the past 2 years after declining in 2016 and 2017. During the 12 months ending February 2020, the average sales price of new and existing homes increased 2 percent to \$166,600, down from the 4-percent increase the previous 12-month period.

Growth in the average new home price outpaced growth in the average existing home price in the Mobile metropolitan area from mid-2018 through late 2019.



Note: Includes single-family homes, townhomes, and condominiums.

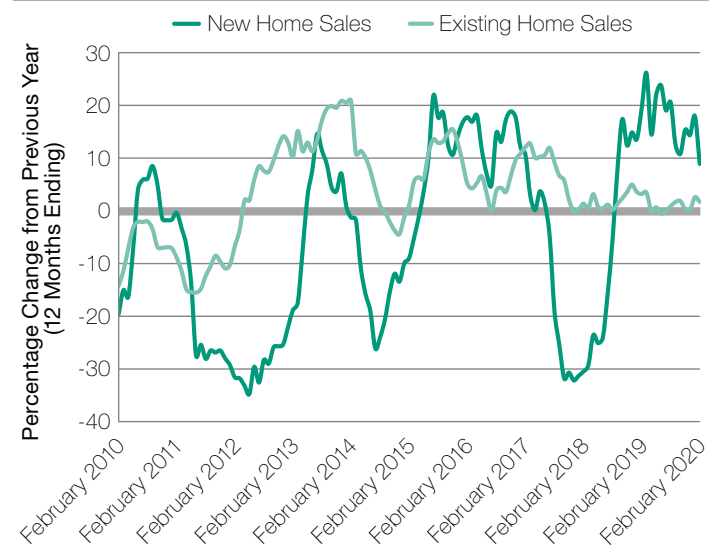
Source: Metrostudy, A Hanley Wood Company, with adjustments by the analyst

During the 12 months ending February 2020—

- New home sales totaled 380, up 9 percent from the 350 sales a year ago. The average sales price for a new home was \$240,800, an increase of 1 percent from a year earlier.
- Existing home sales totaled 6,975, up less than 1 percent from the 6,950 homes sold during the previous 12-month period.
- The average sales price for existing homes was \$147,800, an increase of 2 percent from \$144,600 a year earlier. The current existing home sales price is 25 percent higher than the recent low of \$118,100 in 2012.
- REO sales accounted for 10 percent of existing home sales, down from 12 percent a year earlier and from a peak of 41 percent in 2011.

continued on page 4

New home sales growth has increased, and existing home sales growth has leveled off in the Mobile metropolitan area since late 2018.



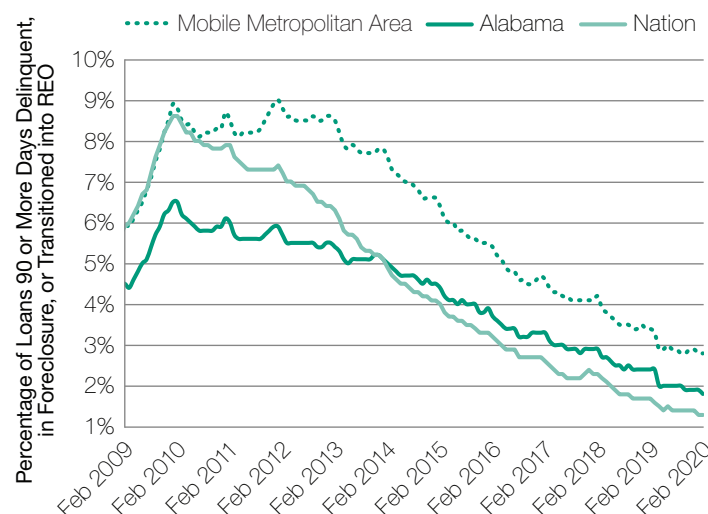
Note: Includes single-family homes, townhomes, and condominiums.

Source: Metrostudy, A Hanley Wood Company, with adjustments by the analyst



continued from page 3

In the Mobile metropolitan area, the percentage of home loans 90+ days delinquent, in foreclosure, or recently transitioned to REO has been above that of the state and the nation for the past decade.



REO = real estate owned.

Source: CoreLogic, Inc., with adjustments by the analyst

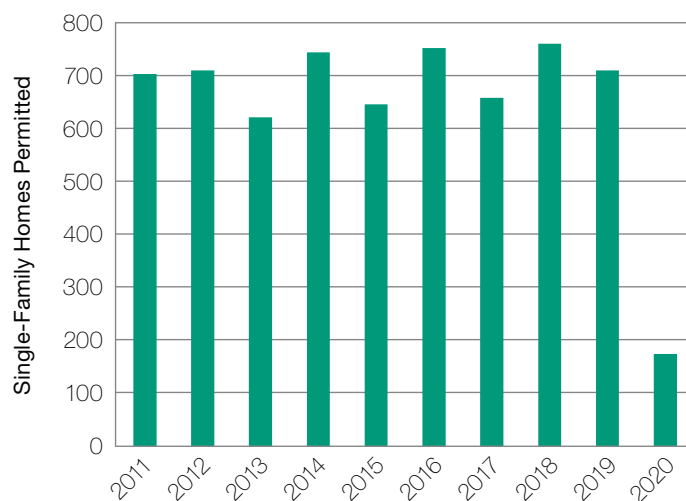
Improving sales market conditions contributed to a slight increase in single-family home construction since 2013. From 2011 through 2013, an average of 680 single-family homes were permitted annually in the metropolitan area, compared with 710 homes from 2014 through 2019. During the 12 months ending March 2020, 680 single-family homes were permitted, a 4-percent decrease from the 710 homes permitted during the same period a year ago (preliminary data).

- More than one-half of all units permitted since 2015 have been built in unincorporated areas surrounding the city of Mobile. In the community of Rosefield, west of the city of Mobile, 3 of 31 homes, designed to be low-maintenance

for active senior citizens, remain available. Prices start at \$218,900 for homes ranging from 1,566 to 2,047 square feet.

- Slightly more than 10 percent of the homes permitted since 2015 have been in the cities of Saraland and Satsuma, north of the city of Mobile along Interstate 65. Pierce Pointe began construction in 2019 in the city of Saraland and will have 16 homes on completion, with 1,393- to 1,814-square-foot homes ranging from \$184,900 to \$207,900.
- In the city of Semmes, just north of the Mobile Regional Airport, the last of the 15 homes planned at buildout at Kensington Place is currently under construction. Prices will start in the low \$300,000s, and homes range from 2,611 to 2,870 square feet.

The number of single-family homes permitted annually in the Mobile metropolitan area has been at generally higher levels since 2013.



Note: Includes preliminary data from January 2020 through March 2020.

Source: U.S. Census Bureau, Building Permits Survey, with estimates by the analyst

## Apartment Market Conditions

The apartment market in the Mobile metropolitan area is currently balanced. Apartment market conditions were soft from 2009 through 2013 following the Great Recession, but decreased apartment construction contributed to a decline in the apartment vacancy rate. Rent growth has mostly trended upward after reaching a low during 2017.

- During the first quarter of 2020, the apartment vacancy rate in the metropolitan area was 4.4 percent, unchanged from the first quarter of 2019 (Reis, Inc.).
- The lowest vacancy rate in the Mobile metropolitan area since 2012 was 3.6 percent during the third quarter of 2018.

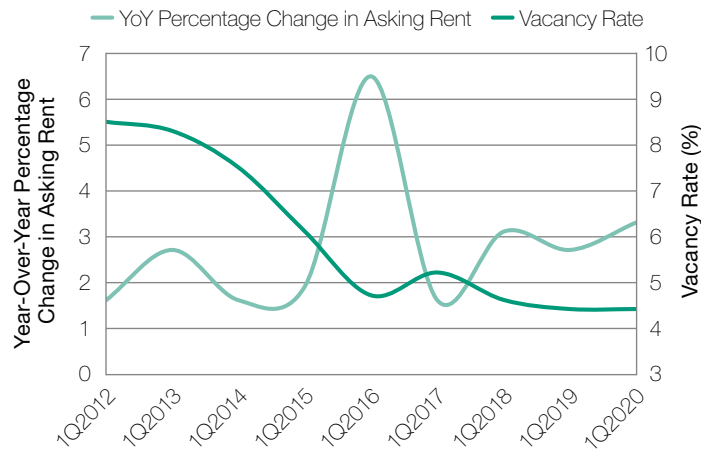
- During the first quarter of 2020, the average asking rent in the metropolitan area was \$797, a 3-percent increase from \$771 a year earlier. That increase was similar to the nation, where the average asking rent was up 3 percent to \$1,505 in the first quarter of 2020 from \$1,455 a year ago.
- The highest year-over-year increase in asking rent in the Mobile metropolitan area since 2012 was a nearly 7-percent increase during the first quarter of 2016, a period of sustained payroll growth.

In response to improved economic conditions and rent growth, multifamily construction in the metropolitan area, as measured

continued on page 5

continued from page 4

**Vacancy rates have trended downward, while rent growth has fluctuated in the Mobile metropolitan area since 2012.**



1Q = first quarter. YoY = year-over-year.

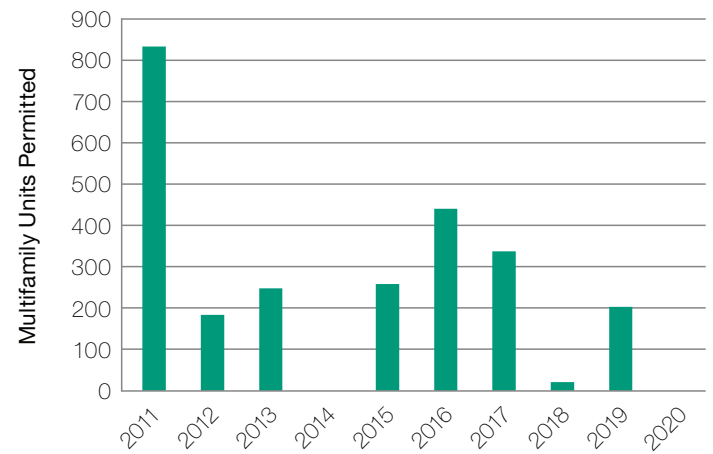
Source: Reis, Inc.

by the number of multifamily units permitted, was generally higher from 2015 through 2017. After slowing in 2018, multifamily construction increased slightly in 2019.

- From 2015 through 2017, multifamily permitting increased to an average of 350 units annually compared with an average of 140 units permitted annually from 2012 through 2014.
- During the 12 months ending March 2020, virtually no multifamily units were permitted, compared with 200 units in the previous year (preliminary data).
- Merchants Plaza, an 84-unit luxury property in the Lower Dauphin neighborhood in downtown Mobile, was completed earlier in 2020 and is currently in leasing. Rents range from \$1,175 for studio apartments to \$3,400 for two-bedroom units.

- Meridian at the Port is a 267-unit apartment community located in downtown Mobile along the Mobile River that was completed in the fall of 2019. Rents range from \$993 to \$1,776 for one-bedroom units and from \$1,395 to \$2,104 for two-bedroom units.
- Developments intended for residents ages 55 and older represent 29 percent of the rental units constructed during the past 5 years. The Arbours at Satsuma is a 64-unit senior apartment complex north of Saraland that was completed in February 2020. Rents for one- and two-bedroom units range from \$500 to \$614 and from \$607 to \$715 a month, respectively.

**The number of multifamily units permitted annually has remained significantly below the level permitted in 2011 in the Mobile metropolitan area.**



Note: Includes preliminary data from January 2020 through March 2020.

Source: U.S. Census Bureau, Building Permits Survey, with estimates by the analyst