

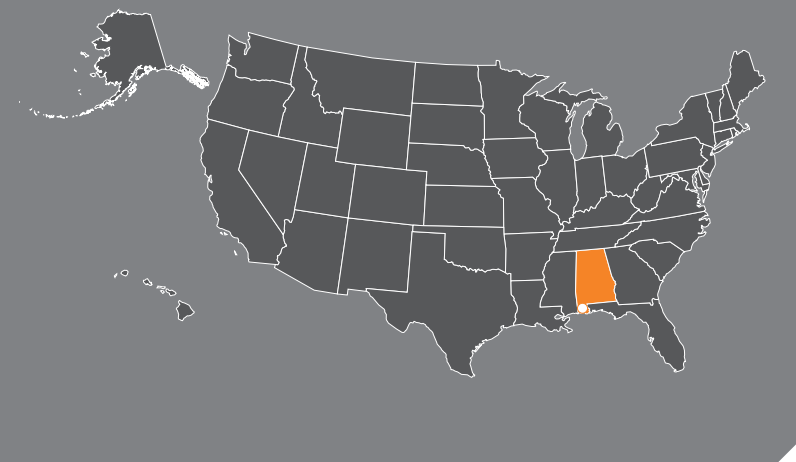
HUD PD&R Housing Market Profiles

Mobile, Alabama



Quick Facts About Mobile

- **Current sales market conditions: balanced**
- **Current apartment market conditions: balanced**
- **The Mobile metropolitan area was originally the first capital of the French colony Louisiana and has since been an important shipping and manufacturing hub.**



By Karen M. Ostrye | As of July 1, 2021

Overview

The Mobile metropolitan area consists of Mobile County in Alabama and is on the western shore of Mobile Bay along the Gulf of Mexico. The metropolitan area is an entry point for international cargo to the southeastern United States. The Port of Mobile offers access to 15,000 miles of inland waterways reaching north to the Great Lakes, connects to five major railroads, and provides nearly 5 million square feet of warehouses and open storage. The Mobile metropolitan area is also an important hub for aerospace and aviation engineering, maintenance, technical training, and manufacturing; it includes more than 40 aerospace companies. As a regional center for medical care and home to beaches and wildlife preserves, the Mobile metropolitan area received more than 2.8 million visitors in 2020 (Alabama Tourism Department).

- As of July 1, 2021, the population of the Mobile metropolitan area is estimated at 411,800, an average decrease of less than 0.1 percent annually since 2010.
- From 2011 to 2016, the population increased by an average of 410, or 0.1 percent, a year. Net natural increase averaged 1,375 people a year but was partially offset by

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net out-migration averaging 965 people a year (Census Bureau population estimates as of July 1).

- The population decreased by an average of 675, or 0.2 percent, from 2016 to 2021, when net out-migration averaged 1,450 people a year; the population decrease was only partially offset by net natural increase, which averaged 775 people a year. Many workers sought opportunities outside the metropolitan area, where job growth was stronger, which contributed to net out-migration.

Economic Conditions

Economic conditions in the Mobile metropolitan area have started to rebound after the job losses brought on by the COVID-19 recession. Nonfarm payrolls averaged 179,500 jobs during the second quarter of 2021, an increase of 8,500 jobs, or 5.0 percent, from the previous year. By comparison, nonfarm payrolls decreased during the second quarter of 2020 by 14,900 jobs, or 8.0 percent, from the second quarter of 2019, because of the impacts of efforts to reduce the spread of COVID-19. Nonfarm payrolls declined 9.5 percent from March through April 2020. Currently, 10,700, or 60 percent, of the 17,800 jobs lost during the recession have been regained, and payrolls are 3.8 percent below the pre-recession level (not seasonally adjusted).

During the second quarter of 2021 —

- The leisure and hospitality sector added more jobs than any other sector, with an increase of 4,900 jobs, or 37.7 percent. Some of this growth can be attributed to the jobs recovered

- The median age in the Mobile metropolitan area increased from 36.7 in 2010 to 38.4 in 2019, compared with the median age of 37.2 in 2010 and 38.5 in 2019 for the nation (American Community Survey [ACS] 1-year estimates). Many older residents remained in the metropolitan area, whereas younger residents sought jobs elsewhere. The increase in the age of the population contributed to the decline in net natural change.

after consumers began to eat in restaurants and travel again because of the availability of COVID-19 vaccines.

- The mining, logging, and construction sector added 200 jobs, an increase of 1.9 percent compared with a year earlier. That growth was due in part to the \$775 million expansion project underway at AM/NS Calvert steel manufacturing plant and the 120,000-square foot warehouse expansion at Coca-Cola Bottling Company UNITED, Inc.
- The wholesale and retail trade sector added 900 jobs, or 3.4 percent, compared with a year earlier. Shoppers began to visit stores again after a period of hesitancy because of concerns about the spread of COVID-19.
- The transportation and utilities sector added 500 jobs, or 5.9 percent, compared with a year earlier. This growth is expected to continue because Ray-Mont Logistics is adding

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Most nonfarm payroll sectors have increased during the second quarter of 2021 as the Mobile metropolitan area began to rebound from the COVID-19 recession.

	3 Months Ending		Year-Over-Year Change	
	June 2020 (Thousands)	June 2021 (Thousands)	Absolute (Thousands)	Percent
Total Nonfarm Payrolls	171.0	179.5	8.5	5.0
Goods-Producing Sectors	28.8	29.1	0.3	1.0
Mining, Logging, & Construction	10.8	11.0	0.2	1.9
Manufacturing	18.0	18.1	0.1	0.6
Service-Providing Sectors	142.1	150.4	8.3	5.8
Wholesale & Retail Trade	26.2	27.1	0.9	3.4
Transportation & Utilities	8.5	9.0	0.5	5.9
Information	1.9	2.0	0.1	5.3
Financial Activities	7.8	8.7	0.9	11.5
Professional & Business Services	22.8	23.3	0.5	2.2
Education & Health Services	26.5	27.4	0.9	3.4
Leisure & Hospitality	13.0	17.9	4.9	37.7
Other Services	10.7	11.0	0.3	2.8
Government	24.6	24.0	-0.6	-2.4
Unemployment Rate	11.8%	4.5%		

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

Source: U.S. Bureau of Labor Statistics



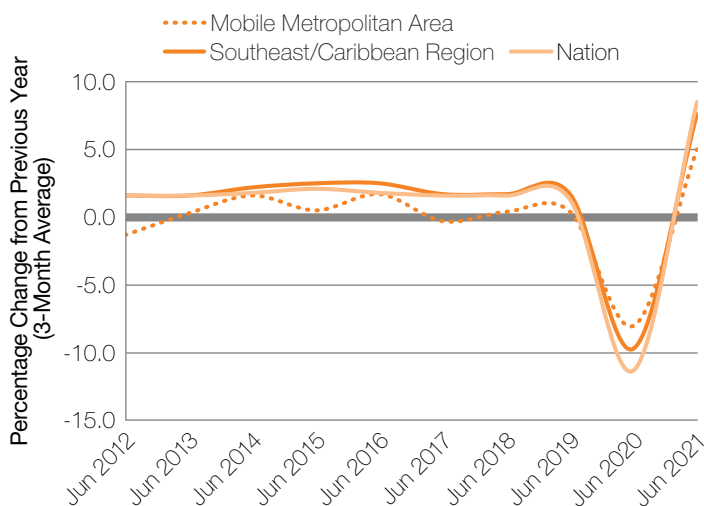
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50 new jobs and a new \$19 million facility at the Port of Mobile in 2022.

- The unemployment rate declined to 4.5 percent from 11.8 percent during the same period a year earlier. The unemployment rate was 14.2 percent during April 2020, at the peak of the COVID-19 shutdown, higher than the post-Great Recession peak of 12.5 percent during January 2010.

The manufacturing sector increased by 100 jobs, or 0.6 percent, during the second quarter of 2021. This sector represents slightly more than 10 percent of nonfarm payrolls in the Mobile metropolitan area. This is compared with the average

Nonfarm payroll decline in the Mobile metropolitan area was not as severe as declines in the region and the nation during the period surrounding the 2020 COVID-19 recession.



Source: U.S. Bureau of Labor Statistics

of 8 percent for the United States as a whole. Manufacturing companies contributed \$4.1 billion, or 22 percent, of the Mobile metropolitan area gross domestic product (GDP) of \$20.67 billion in 2019 (Mobile Area Chamber of Commerce). Steel manufacturing company ArcelorMittal, one of the 10 largest employers in Mobile, is investing \$775 million to expand production in the steel facility in Mobile, which is expected to add 300 new jobs upon completion in 2023. Myer Marine Services is planning to invest \$5.5 million and add 50 employees during the next several years to its steel fabrication facility. Berg Pipe Mobile announced plans to expand the pipe-making facility in Mobile with a \$15 million investment, adding an undetermined number of jobs.

Mobile is also home to a 60-mile corridor that is surrounded by 31 chemical manufacturing companies. The northern end of this corridor is scattered with salt domes, naturally formed salt deposits that provide reservoirs ideal for storage of oil and natural gas, which have given rise to a network of 200 companies related to the production and storage of gas and oil. Chart Industries, Inc. is expected to more than double its capacity of hydrogen transport vehicles and add hydrogen storage tank production and 94 jobs by 2023. Hydrogen is widely used in petroleum refining.

Largest Employers in the Mobile Metropolitan Area

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

Note: Excludes local school districts.

Source: Mobile Area Chamber of Commerce

Sales Market Conditions

Sales housing market conditions in the Mobile metropolitan area are slightly tight. As of June 2021, 1.6 months of available inventory were for sale in the metropolitan area, unchanged from a year ago. This is compared with 1.3 months of available inventory for the nation, down from 2.4 months in June 2020 (CoreLogic, Inc.). Although the home sales market is currently tight, some homeowners have fallen behind on their mortgage payments because of the recent economic downturn. The share of mortgages that were seriously delinquent (90 or more days delinquent or in foreclosure) or in real estate owned (REO) status increased to 5.6 percent in April 2021, compared with 2.8 percent during April 2020. The percentage of home loans that were seriously delinquent or in REO status reached a high of 6.4 percent in the wake of the COVID-19 recession.

During the 12 months ending April 2021 —

- New home sales totaled 430, up 5 percent from the 410 sales a year ago. The average sales price for a new home was \$265,300, an increase of 9 percent from a year earlier.
- Existing home sales totaled 8,050, up 13 percent from the 7,125 homes sold during the previous 12-month period.
- The average sales price for existing homes was \$179,400, an increase of 10 percent from \$163,200 a year earlier. The current existing home sales price is 41 percent higher than the recent low of \$127,600 in mid-2013.
- REO sales accounted for 7 percent of existing home sales, down from 10 percent a year earlier and from a peak of 42 percent in mid-2011.

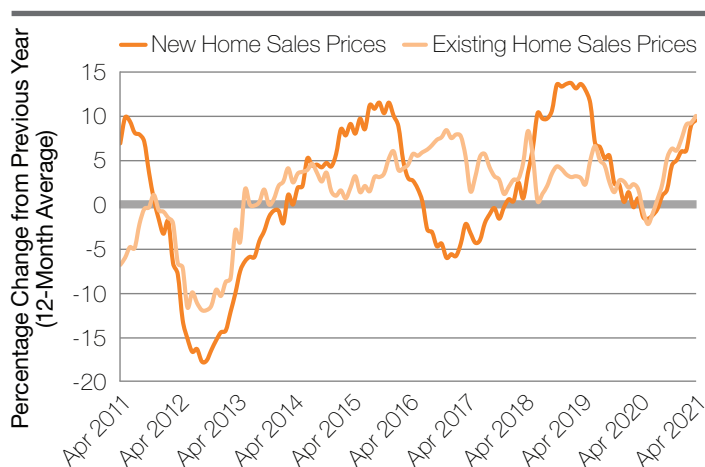
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Improving sales market conditions contributed to an increase in single-family home construction since 2013. From 2011 through 2013, an average of 680 single-family homes were permitted annually in the metropolitan area, compared with 750 homes from 2014 through 2020. During the 12 months ending May 2021, 940 single-family homes were permitted, a 31-percent increase from the 720 homes permitted during the same period a year ago (preliminary data).

- More than one-half of all units permitted in the past 5 years have been permitted in unincorporated areas surrounding the city of Mobile. In the community of Sheldon, southwest of Mobile Regional Airport, all 52 homes in the Maxwell Place

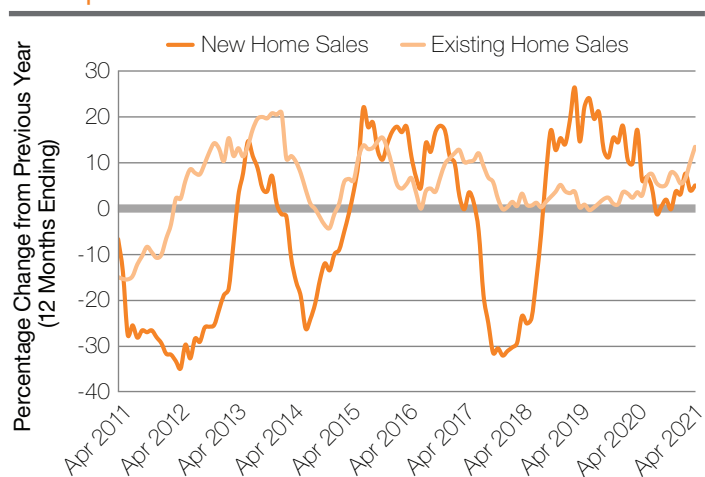
Growth in the average price of new and existing homes has accelerated in the Mobile metropolitan area since late 2020.



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

Source: Zonda

New home sales growth has slowed, and existing home sales growth has increased in the Mobile metropolitan area since late 2019.



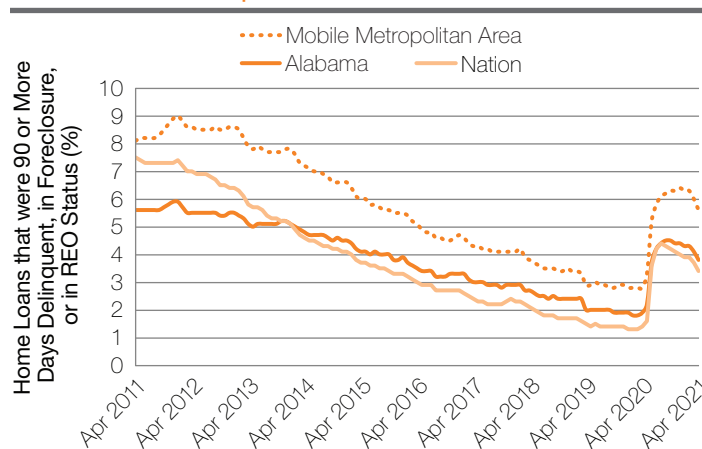
Note: Includes single-family homes, townhomes, and condominiums.

Source: Zonda

neighborhood have sold. Sales prices started at \$221,900 for homes ranging from 1,881 to 2,490 square feet.

- More than 15 percent of the homes permitted in 2020 were in the cities of Saraland and Satsuma, north of the city of Mobile along Interstate 65. The Woodlands at Saraland began construction in 2017 and has sold 93 of the 115 homes planned upon completion, with 2,091-to-2,942-square-foot homes starting from \$319,900.
- About 20 percent of all new homes permitted in the past 5 years were in the city of Semmes, just north of the Mobile Regional Airport. Magnolia Springs has sold 23 of the 44 homes planned at buildout. Prices start at \$312,900, and homes range from 2,306 to 3,127 square feet.

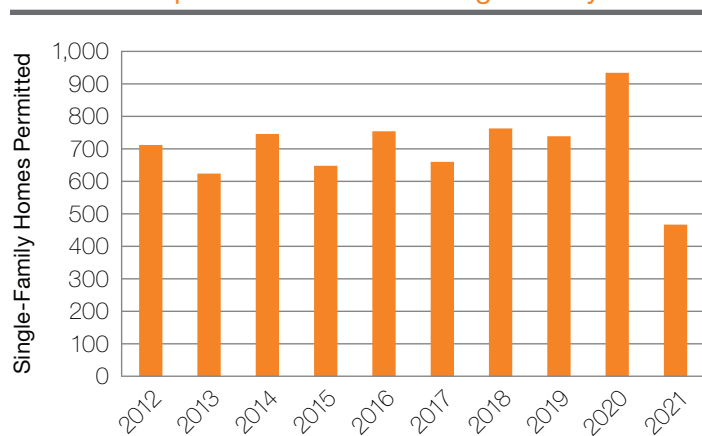
In the Mobile metropolitan area, the percentage of home loans 90 or more days delinquent, in foreclosure, or recently transitioned to REO status has been above the percentage of the state and the nation for the past decade.



REO = real estate owned.

Source: CoreLogic, Inc.

The number of single-family homes permitted in the Mobile metropolitan area increased significantly in 2020.



Note: Includes preliminary data from January 2021 through June 2021.

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 tighter market conditions during the mid-to-late 2010s. Rent growth has mostly trended upward after reaching a low during 2017.

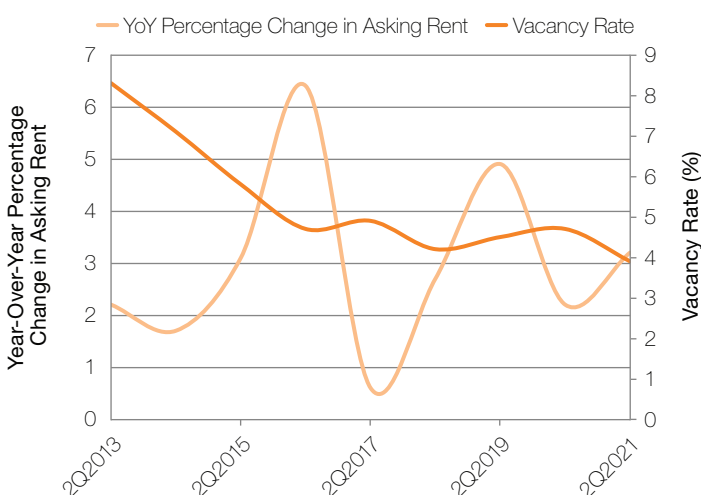
- During the second quarter of 2021, the apartment vacancy rate in the metropolitan area was 3.9 percent, down from 4.7 percent during the second quarter of 2020 (Moody's Analytics REIS).
- The apartment vacancy rate in the Mobile metropolitan area hit a high of 9.2 percent during the second quarter of 2010 after a double-digit unemployment rate in the wake of the Great Recession led to a doubling-up of households. After economic conditions improved, the apartment vacancy rate hit a low of 3.6 percent during the third quarter of 2018.
- During the second quarter of 2021, the average asking rent in the metropolitan area was \$833, a 3-percent increase from \$807 a year earlier. During the same period, the average asking rent for the nation declined 2 percent.
- The highest year-over-year increase in asking rent in the Mobile metropolitan area since 2007 was a nearly 7-percent increase during the first quarter of 2016—coinciding with a period of sustained payroll growth.

In response to improved economic conditions and rent growth, multifamily construction in the metropolitan area, as measured by the number of multifamily units permitted, was generally higher

from 2015 through 2017. After slowing in 2018, multifamily construction increased slightly during 2019 and 2020.

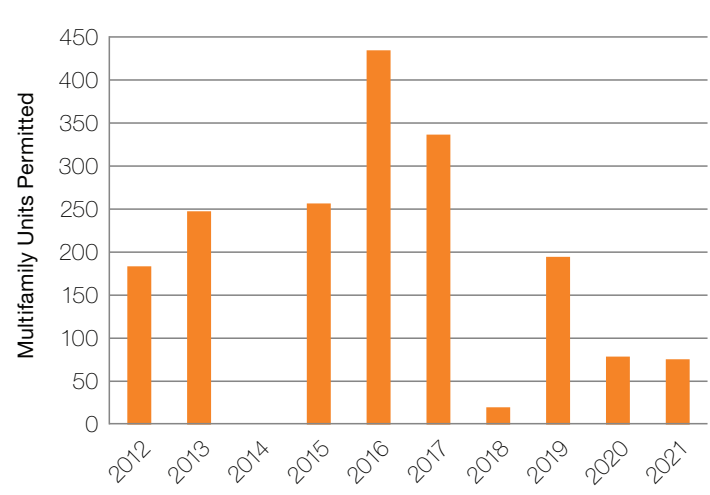
- From 2015 through 2017, multifamily permitting increased to an average of 340 units annually, compared with an average of 220 units permitted annually during 2012 and 2013.
- During the 12 months ending May 2021, 80 multifamily units were permitted, compared with 20 units during the previous year (preliminary data).
- The Cottages at Schillinger's Pointe, a 180-unit luxury apartment property in the Sheldon neighborhood southeast of the Mobile Regional Airport, was completed in December 2020 and is currently leasing. Rents range from \$1,500 for a two-bedroom unit to \$1,800 for a three-bedroom unit.
- The Gateway Apartments is a 59-unit apartment community located in downtown Mobile near the Mobile River that was completed in the fall of 2020. The property includes studio, one-bedroom, and two-bedroom units.
- Developments for residents ages 55 and older represent 22 percent of the rental units constructed since 2019, with two-thirds intended for low-income seniors. The Arbours at Satsuma is a 64-unit senior apartment complex north of the city of Saraland that was completed in February 2020, and Lantana Trace is a 56-unit, 55-plus community currently under construction that is expected to be completed in December 2021; a portion of the units at both properties are income-restricted.

Vacancy rates have trended downward, while rent growth has fluctuated in the Mobile metropolitan area since 2013.



2Q = second quarter. YoY = year-over-year.
Source: Moody's Analytics REIS

The number of multifamily units permitted in the Mobile metropolitan area peaked in 2016.



Note: Includes preliminary data from January 2021 through June 2021.
Source: U.S. Census Bureau, Building Permits Survey, with estimates by the analyst