

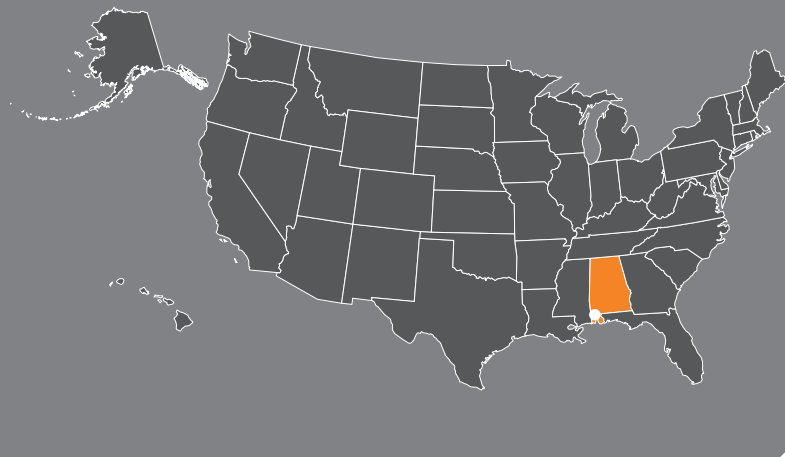
HUD PD&R Housing Market Profiles

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 nation. Carnival has been celebrated in Mobile since 1703 and has grown to include 40 parades during more than two weeks of merrymaking.



By Karen M. Ostrye | As of May 1, 2023

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 Mobile metropolitan area is coterminous with the Mobile Metropolitan Statistical Area. The metropolitan area is a shipping gateway, steel- and ship-manufacturing center, and regional leader in medical services. It is home to a 60-mile corridor of chemical manufacturing companies extending from the northern metropolitan area to the Theodore Industrial Canal in southern Mobile Bay. Chemical manufacturing is the top export in the Mobile metropolitan area, totaling \$2.7 billion in 2022 (Mobile Chamber). The metropolitan area is also an important hub for aerospace and aviation engineering, maintenance, technical training, and manufacturing. The metropolitan area received more than 3.3 million visitors in 2022. Mobile is the fourth largest metropolitan area in Alabama for overnight tourist stays because of patient visits, historic sites, waterways, and the annual Carnival celebration (Alabama Tourism Department, 2022).

- As of May 1, 2023, the population of the Mobile metropolitan area is estimated at 410,900, virtually unchanged since 2010.

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- From 2010 to 2016, the population increased by an average of 450, or 0.1 percent, a year. Net natural increase averaged 1,400 people a year but was partially offset by net out-migration averaging 950 people a year (U.S. Census Bureau decennial census counts and population estimates as of July 1).
- The population decreased by an average of 730, or 0.2 percent, from 2016 to 2023, when net out-migration averaged 1,150 people a year; the population decrease was only partially offset by net natural increase, which averaged 420 people a year. Many workers sought opportunities

outside the metropolitan area, where job growth was stronger, which contributed to net out-migration.

- Since 2010, the share of the cohort of residents aged 65 and older has grown, whereas the share of all other age cohorts has declined or remained unchanged in the metropolitan area. The share grew from 12.9 percent of the population in 2010 to 17.0 percent in 2021. The median age in the Mobile metropolitan area increased from 36.7 years in 2010 to 38.9 in 2021, similar to the median age of 37.2 in 2010 and 38.8 in 2021 for the nation (American Community Survey [ACS] 1-year estimates).

Economic Conditions

Economic conditions in the Mobile metropolitan area are strong, and 9 out of 11 sectors added jobs during the past year; however, job gains slowed slightly from the robust economic recovery from the COVID-19 slowdown during the previous year. Nonfarm payrolls averaged 191,500 jobs during the 3 months ending April 2023, an increase of 4,300 jobs, or 2.3 percent, from the previous year, following an increase of 7,300 jobs, or 4.1 percent, during the 3 months ending April 2022.

During the 3 months ending April 2023—

- The education and health services sector added more jobs than any other sector, with an increase of 1,600 jobs, or 5.6 percent. The Mobile metropolitan area is home to five hospitals, providing 19,000 beds.

- The mining, logging, and construction sector added 400 jobs, a 3.3-percent increase from a year earlier, because several infrastructure expansions are underway in the metropolitan area, including the deepening of the Mobile Ship Channel to reach 50 feet by 2024.
- The leisure and hospitality sector added 500 jobs, or 2.9 percent, compared with a year earlier, partly because of the Carnival celebration in February 2023, which was attended by 1.1 million revelers, a 12-percent increase from the 2022 celebration.
- The manufacturing sector added 800 jobs, or 4.5 percent, compared with a year earlier. Construction is underway

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Nonfarm payrolls rose in all but two job sectors in the Mobile metropolitan area during the 3 months ending April 2023.

	3 Months Ending		Year-Over-Year Change	
	April 2022 (Thousands)	April 2023 (Thousands)	Absolute (Thousands)	Percent
Total Nonfarm Payrolls	187.2	191.5	4.3	2.3
Goods-Producing Sectors	29.9	31.1	1.2	4.0
Mining, Logging, & Construction	12.0	12.4	0.4	3.3
Manufacturing	17.9	18.7	0.8	4.5
Service-Providing Sectors	157.3	160.4	3.1	2.0
Wholesale & Retail Trade	27.9	28.4	0.5	1.8
Transportation & Utilities	12.6	11.8	-0.8	-6.3
Information	1.9	2.0	0.1	5.3
Financial Activities	8.4	8.9	0.5	6.0
Professional & Business Services	23.9	23.4	-0.5	-2.1
Education & Health Services	28.5	30.1	1.6	5.6
Leisure & Hospitality	17.2	17.7	0.5	2.9
Other Services	11.8	12.5	0.7	5.9
Government	25.1	25.6	0.5	2.0
Unemployment Rate	3.1%	2.4%		

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

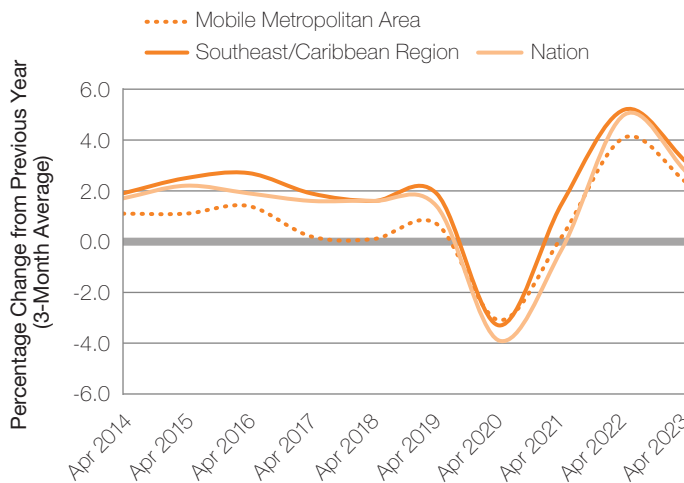
Source: U.S. Bureau of Labor Statistics



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at the Airbus U.S. Manufacturing Facility for three new A320 aircraft hangar bays, two paint shop bays, and a supplemental utility plant, which are expected to be complete in the third quarter of 2025 and add more than 1,000 combined jobs. Airbus is the largest of more than 40 aerospace companies in the Mobile metropolitan area.

Nonfarm payrolls in the Mobile metropolitan area increased at a slower pace during the 3 months ending April 2023 compared with job growth in the state and the nation.



Source: U.S. Bureau of Labor Statistics

- The unemployment rate declined to 2.4 percent from 3.1 percent during the same period a year earlier. The unemployment rate reached a recent high average of 13.5 percent during the 3 months ending June 2020 in response to pandemic-related shutdowns, which was higher than the post-Great Recession high average rate of 12.1 percent during the 3 months ending March 2010.

The Mobile metropolitan area serves as a gateway to the southern United States from the Gulf of Mexico. The Port of Mobile handled 55 million tons of cargo, with an economic impact of \$85 billion on the state of Alabama in 2021 (Alabama State Port Authority). The deep-water terminals connect with waterways inland up to the Great Lakes and intermodal service of five major railroads. The proximity to the Gulf of Mexico makes the metropolitan area home to various shipbuilding, maritime, and steel manufacturers, which contribute to jobs in the manufacturing sector.

Largest Employers in the Mobile Area

Name of Employer	Nonfarm Payroll Sector	Number of Employees
Infirmary Health System Inc.	Education & Health Services	6,000
University of South Alabama	Government	5,300
Austal LTD	Manufacturing	3,000

Note: Excludes local school districts.

Source: Mobile Chamber

Sales Market Conditions

Sales housing market conditions in the Mobile metropolitan area are balanced, with a current estimated vacancy rate of 1.7 percent, down from 2.7 percent in 2010 when the market was soft. As of May 1, 2023, 1.6 months of available inventory were for sale in the metropolitan area, up from 1.3 months a year ago (Alabama Center for Real Estate). New and existing home sales in the Mobile metropolitan area totaled 10,250 during the 12 months ending April 2023, 15 percent fewer homes than sold during the 12 months ending April 2022. The average home sales price was \$161,200, 1 percent above the average sales price during the previous 12 months. Home sales in the metropolitan area began to slow in early 2022 because of high sales prices and increasing mortgage interest rates, which averaged 6.3 percent during April 2023, compared with an average of 5.0 percent during April 2022 and 3.1 percent during April 2021 (Freddie Mac).

During April 2023, 2.4 percent of home loans in the metropolitan area were seriously delinquent or had transitioned

into real estate owned (REO) status, down from 3.1 percent a year earlier (CoreLogic, Inc.). The rate in the metropolitan area was higher than the respective 1.5-percent and 1.1-percent rates for the state and the nation during April 2023. The rate of seriously delinquent mortgages and REO properties reached 6.4 percent in the metropolitan area during December 2020 because of pandemic-related layoffs, which made it difficult for many homeowners to stay current on their mortgage payments. Since then, the rate has declined because of improved economic conditions.

During the 12 months ending April 2023—

- New home sales totaled 540, down 9 percent from 590 sales a year ago. The average sales price for a new home was \$278,400, an increase of 7 percent from a year earlier, due in part to the rising cost of materials.
- Existing home sales totaled 9,700, down 15 percent from the 11,500 homes sold during the previous 12-month period.

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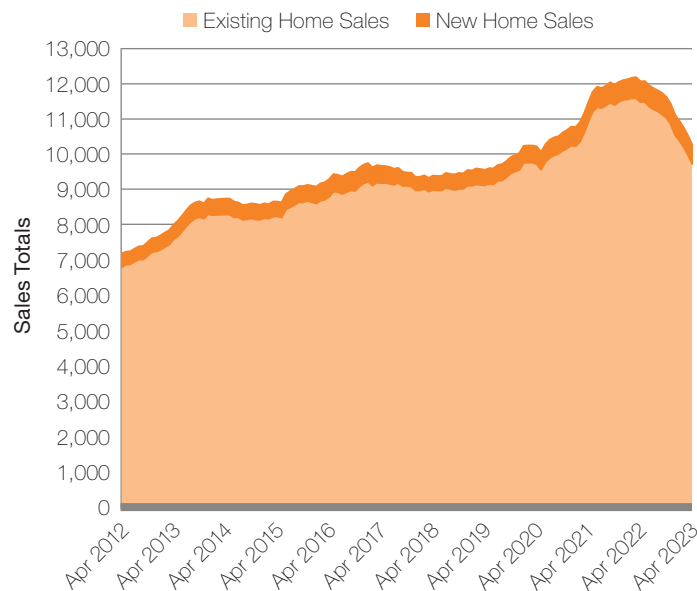
- The average sales price for existing homes was \$154,800, a decrease of 2 percent from \$157,700 a year earlier.
- REO sales accounted for 2 percent of existing home sales, unchanged from a year earlier and down from a peak of 21 percent in mid-2011.

Single-family homebuilding, as measured by the number of homes permitted, has been moderate during the past decade, although homebuilding slowed in the past year. 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 April 2023, 740 single-family homes were permitted, a 16-percent decrease from the 880 homes permitted during the same period a year ago (preliminary data). New single-family homebuilding has been strong along the major interstates in Theodore and Semmes.

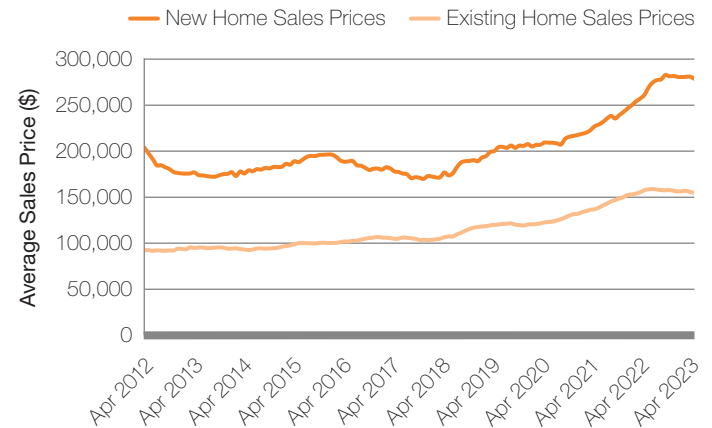
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Led by a strong decline in existing home sales, total home sales declined in the Mobile metropolitan area during the 12 months ending April 2023.



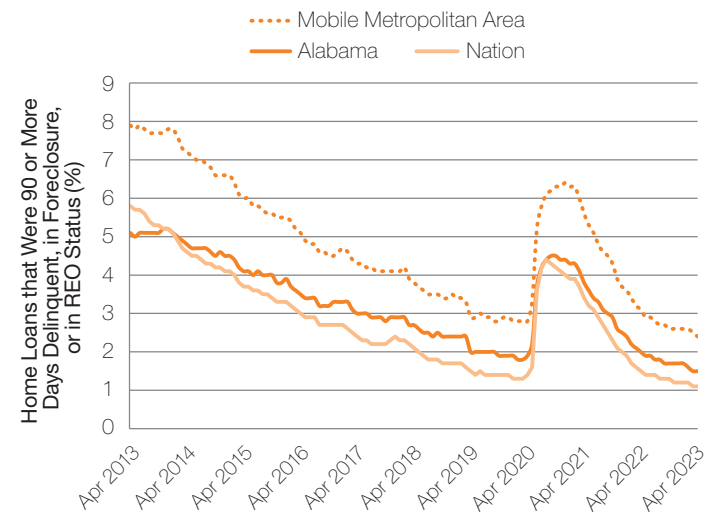
Note: Includes single-family homes, townhomes, and condominiums.
Source: CoreLogic, Inc., with adjustments by the analyst

New and existing home sales prices have leveled off during the past year after several years of strong growth in the Mobile metropolitan area.



Note: Includes single-family homes, townhomes, and condominiums.
Source: CoreLogic, Inc., with adjustments by the analyst

After briefly rising during 2020 and 2021, the percentage of seriously delinquent home loans and REO properties in the Mobile metropolitan area has fallen below 2019 levels.

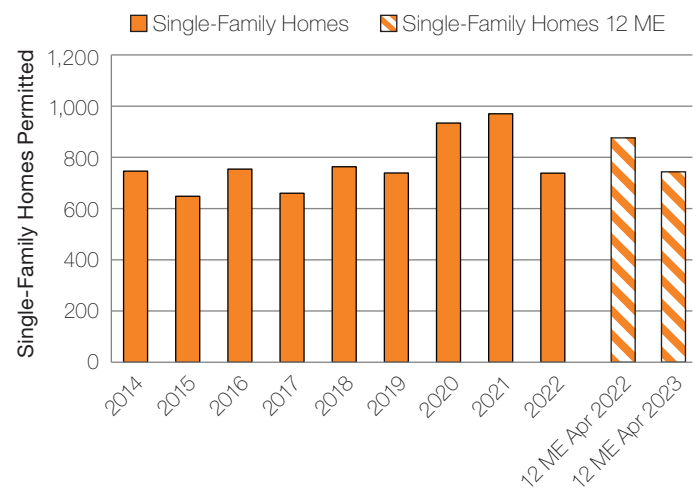


REO = real estate owned.
Source: CoreLogic, Inc.

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- In the community of Theodore, which is southwest of the city of Mobile and close to warehouses and distribution centers around Interstate 10, approximately one-half of the 90 homes in the Creekside Estates neighborhood have sold. Sales prices start at \$289,900 for homes ranging from 1,650 to 2,037 square feet.
- New home construction in the Mobile metropolitan area has been strong in the city of Semmes, north of the Mobile Regional Airport. Penny Lakes has completed all but 9 of the 52 homes planned for this community, which is less than 5 miles southwest of the airport, within 5 miles of Ascension Providence Hospital and 20 miles from downtown Mobile. Sales prices start at \$354,900 for homes ranging from 2,304 to 3,127 square feet.

The number of single-family homes permitted in the Mobile metropolitan area has slowed since 2021.



12 ME = 12 months ending.

Sources: U.S. Census Bureau, Building Permits Survey; 2014–22—final data and estimates by the analyst; past 24 months of data—preliminary data and estimates by the analyst

Apartment Market Conditions

Apartment market conditions in the Mobile metropolitan area are currently balanced. Strong renter household growth in the metropolitan area since 2010 has contributed to balanced apartment market conditions, although elevated rental construction increased vacancy rates in the late 2010s. During the second quarter of 2023, the apartment vacancy rate was 7.5 percent compared with 6.4 percent a year earlier (CoStar Group). The current apartment vacancy rate is lower than recent historical trends, such as from 2015 to 2020, when the apartment vacancy rate averaged 9.3 percent. After robust rent growth during 2020 and 2021, rent growth has moderated during the past year but remains above recent trends. From 2015 to 2019, rent growth averaged 2 percent each year. With the onset of the global COVID-19 pandemic, the average rent increased 12 percent from the second quarter of 2020 to the second quarter of 2021, followed by an increase of 7 percent from the second quarter of 2021 to the second quarter of 2022.

During the second quarter of 2023—

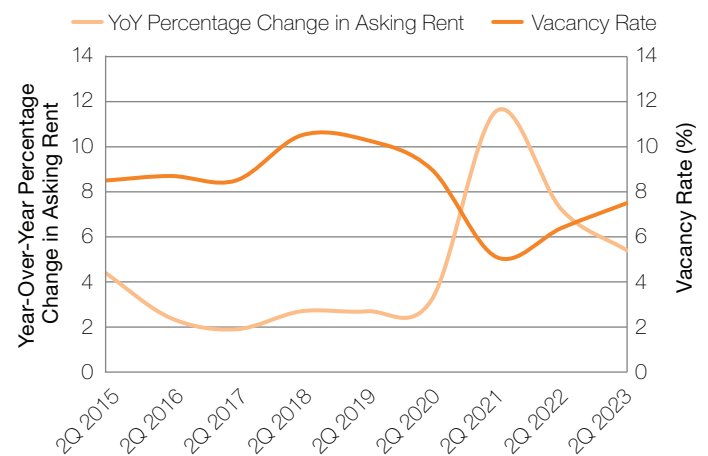
- The average rent in the Mobile metropolitan area was \$1,053, an increase of more than 5 percent from the previous year.
- The average apartment rent of the largest five CoStar Group-defined market areas in the metropolitan area ranged from \$946 in the Tillmans Corner market area, which includes the industrial areas in the southern portion of the

metropolitan area, to \$1,156 in the Saraland market area, which is approximately 10 miles north of the city of Mobile.

- The lowest average apartment vacancy rate of the largest five CoStar Group-defined market areas in the metropolitan area was in the Saraland market area, which tends to be

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The apartment vacancy rate in the Mobile metropolitan area has risen during the past 2 years, but average asking rents have continued to increase.



2Q = second quarter. YoY = year-over-year.

Source: CoStar Group

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tighter because of the proximity to the chemical manufacturing corridor and medical facilities. The vacancy rate was 3.4 percent, up from 2.8 percent as of the second quarter of 2022.

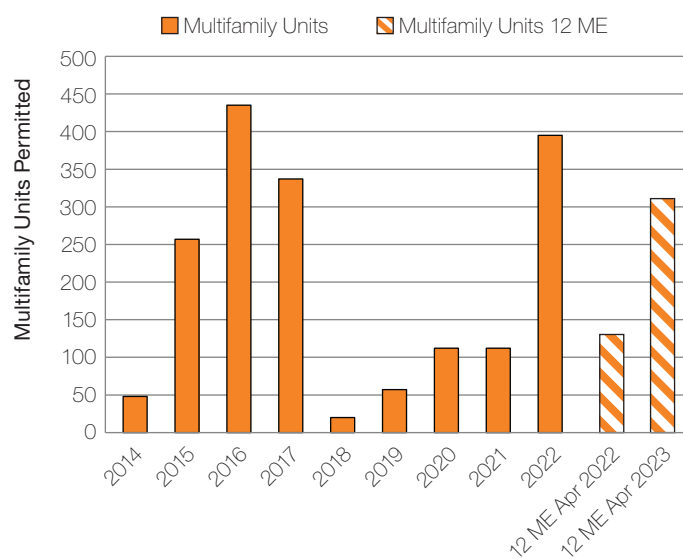
- The Prichard market area, which represents approximately 5 percent of the apartment units in the metropolitan area, had the highest vacancy rate of the largest five market areas, with 11.4 percent compared with 10.4 percent as of the second quarter of 2022. This market area has an older apartment stock, and no new units have been added in more than a decade.

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. The population decline beginning in 2016 led to lower levels of rental construction in the Mobile metropolitan area. After relatively slow construction from 2018 through 2021, multifamily construction increased in 2022.

- From 2015 through 2017, multifamily permitting increased to an average of 340 units annually compared with 160 units permitted annually from 2012 through 2014.
- From 2018 through 2021, an average of 80 multifamily units were permitted. During the 12 months ending April 2023, 310 multifamily units were permitted compared with 130 units during the previous 12 months (preliminary data). Multifamily permitting increased in 2022 after the metropolitan area had the lowest vacancy rates in more than a decade in 2021.
- Spartan Ridge Apartments, a 168-unit luxury apartment property northwest of the city of Saraland, was completed in April 2023 and is currently leasing. Rents range from \$1,375 to \$1,775 for one- to three-bedroom units.

- Maryvale Place is a 96-unit, income-restricted apartment community located southwest of the city of Mobile near Interstate 10 that is currently under construction. The property, which was formerly the site of a middle school, is expected to include one-, two-, and three-bedroom units.
- Developments for residents aged 55 and older represent 29 percent of the rental units constructed since 2019. Legacy Trail is a 56-unit, income-restricted senior apartment property in the city of Semmes that was completed in late 2022, with rents ranging from \$562 to \$632.

The number of multifamily units permitted in the Mobile metropolitan area has been elevated during the past year compared with the previous 4 years.



12 ME = 12 months ending.

Sources: U.S. Census Bureau, Building Permits Survey; 2014–22—final data and estimates by the analyst; past 24 months of data—preliminary data and estimates by the analyst

Terminology Definitions and Notes

A. Definitions

Building Permits	Building permits do not necessarily reflect all residential building activity. Some units are constructed or created without a building permit or are issued a different type of building permit. For example, some units classified as commercial structures 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.
Existing Home Sales	Includes resales, short sales, and real estate owned (REO) sales.
Home Sales/Home Sales Prices	Includes single-family home, townhome, and condominium sales.
Net Natural Increase	Resident births are greater than resident deaths.
Resales	These are home closings that have no ties to either new home closings (builders) or foreclosures. They are homes that were previously constructed and sold to an unaffiliated third party.
Seriously Delinquent Mortgages	Mortgages 90 or more days delinquent or in foreclosure.

B. Notes on Geography

1.	The metropolitan statistical area definition noted in this report is based on the delineations established by the Office of Management and Budget (OMB) in the OMB Bulletin dated April 10, 2018.
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