

COMPREHENSIVE HOUSING MARKET ANALYSIS

Mobile, Alabama

U.S. Department of Housing and Urban Development,
Office of Policy Development and Research

As of October 1, 2019



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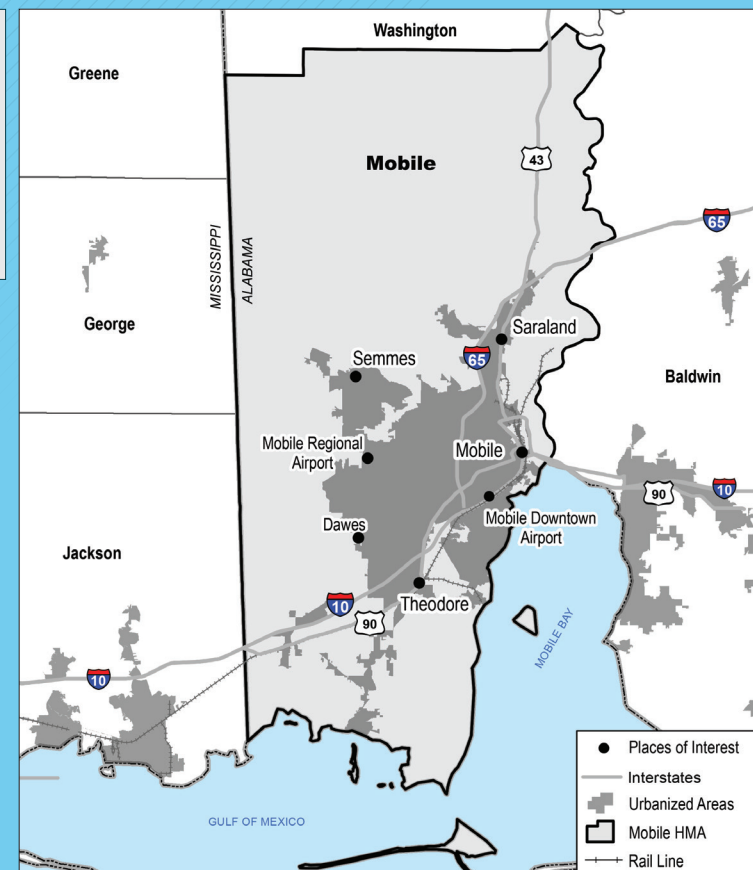


Executive Summary

Housing Market Area Description

The Mobile Housing Market Area (hereafter, Mobile HMA) is coterminous with the metropolitan statistical area (MSA) of the same name, which includes Mobile County in southwest Alabama. The HMA is located west of the Florida Panhandle along the Gulf of Mexico. Home to the Port of Mobile, the oldest Mardi Gras celebration in the United States, and portions of the Mobile-Tensaw River Delta wetland, the Mobile HMA is a shipping hub and a popular tourist destination.

The current HMA population is estimated at 413,600.



Tools and Resources

Find interim updates for this metropolitan area, and select geographies nationally, at PD&R's Market-at-a-Glance [tool](#).

Additional data for the HMA can be found in this report's [supplemental tables](#).

For information on HUD-supported activity in this area, see the Community Assessment Reporting [Tool](#).

Market Qualifiers

Economy



Stable: During the 12 months ending September 2019, nonfarm payrolls increased at a slightly higher rate than a year ago.

During the 12 months ending September 2019, nonfarm payrolls in the HMA increased by 1,700 jobs, or 0.9 percent, to 186,600 jobs, compared with a 0.7-percent, or 1,200-job, increase during the previous 12 months. The education and health services and the leisure and hospitality sectors led growth. Nonfarm payrolls have increased each year since 2013 and expanded by an average of 1,300 jobs, or 0.7 percent, a year from 2013 through 2018. During the next 3 years, nonfarm payroll growth is expected to average 0.8 percent annually.

Sales Market



Balanced: During the 12 months ending September 2019, the average months' supply of homes increased to 3.7 months, up from a 3.0-month supply in September 2018 (CoreLogic, Inc., with adjustments by the analyst).

The sales housing market is balanced, with an estimated 2.0-percent vacancy rate, down from 2.7 percent in 2010. During the 12 months ending August 2019, average existing home sales declined 1 percent, whereas the average existing home sales price was up 11 percent from a year earlier, to \$125,000. New home sales accounted for only 5 percent of total sales, unchanged from a year ago, and the average new home sales price increased 11 percent to \$208,600, up from 9 percent a year ago. During the next 3 years, demand is expected for 1,975 new sales units; the 340 homes currently under construction are expected to meet part of the demand.

Rental Market



Balanced: During the third quarter of 2019, the average apartment rent increased 3 percent from a year earlier to \$787.

The rental housing market in the HMA is balanced, with an overall estimated vacancy rate of 8.5 percent, down from 11.4 percent in April 2010. Apartment market conditions are also balanced, with a 4.3-percent vacancy rate during the third quarter of 2019, compared with 3.6 percent a year earlier (Reis, Inc.). The average apartment rent during the third quarter of 2019 was up from \$763 during the third quarter of 2018. During the 3-year forecast period, demand is expected for 310 rental units. The 200 units that are currently under construction are expected to satisfy most of the demand during the first and second years of the forecast.

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| 3-Year Housing Demand Forecast | | | |
|--------------------------------|--------------------|-------------|--------------|
| | | Sales Units | Rental Units |
| Mobile HMA | Total Demand | 1,975 | 310 |
| | Under Construction | 340 | 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 October 1, 2019. The forecast period is October 1, 2019, to October 1, 2022.
Source: Estimates by the analyst



Economic Conditions

Largest sector: The education and health services sector and the wholesale and retail trade sector each account for 15 percent of total payrolls in the HMA.

During the 12 months ending September 2019, payrolls in the education and health services sector increased by 600 jobs, or 2.2 percent.

Primary Economic Factors

The Mobile HMA is an important port and transportation hub, serving as a gateway to the southern United States from the Gulf of Mexico. The deep-water terminals at the Port of Mobile connect with waterways inland up to the Great Lakes and intermodal service of five major railroads. In 2018, the Port of Mobile handled 346,732 TEU (or 20-foot equivalent unit) containers and had an economic impact of \$22.4 billion on the state of Alabama. Augmented by two airports and the intersection of two interstates, the HMA is home to a cluster of warehouses and fulfillment centers, and a variety of shipbuilding, maritime, steel, and chemical manufacturers. The University of South Alabama is the fifth largest university in Alabama and the largest employer in the HMA (Table 1). Fall 2019 enrollment at the university was 14,667 students with a peak of 16,669 students in the fall of 2016. The HMA is also a medical care center for the mid-Gulf of Mexico region and a tourist destination for its beaches, historic sites, and antebellum architecture.

Nonfarm Payroll Trends

Nonfarm payrolls in the Mobile HMA have been increasing every year since 2013, following declines from 2009 through 2012; current payrolls are less than 0.1 percent below the pre-recessionary peak of 188,600 jobs in 2008 (Figure 1). From 2004 through 2008, in the period of expansion leading up to the Great Recession, nonfarm payrolls increased by an average of 3,700 jobs, or 2.1 percent a year, with the greatest expansion occurring in the mining logging, and

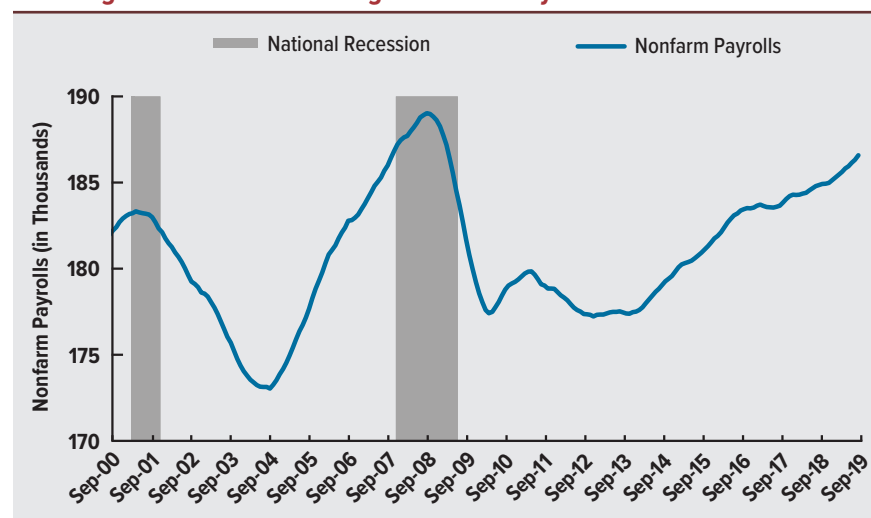
Table 1. Major Employers in the Mobile HMA

| 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 |
| Computer Programs and Systems, Inc. | Information | 1,950 |
| AM/NS Calvert LLC | Manufacturing | 1,600 |
| Providence Hospital | Education & Health Services | 1,500 |
| Springhill Medical Center | Education & Health Services | 1,100 |
| Outokumpu Stainless USA, LLC | Manufacturing | 900 |
| Evonik Industries AG | Manufacturing | 800 |
| SSAB Alabama, Inc. | Manufacturing | 600 |

Note: Excludes local school districts.

Source: Economic Development Partnership of Alabama

Figure 1. 12-Month Average Nonfarm Payrolls in the Mobile HMA



Note: 12-month moving average.

Sources: U.S. Bureau of Labor Statistics; National Bureau of Economic Research

construction sector, which increased by an average of 800 jobs, or 5.7 percent, each year. This growth can be attributed to an increase in homebuilding. During 2009 and 2010, nonfarm payrolls decreased by an average of 4,700 jobs, or 2.5 percent, a year, with the greatest declines in the wholesale and retail trade sector, mining, logging, and construction sector, and manufacturing sector, which posted average annual losses of 1,400, 900, and 700 jobs, or 4.6, 5.6, and 4.7 percent, respectively. Total nonfarm payrolls continued to decline in 2011 and 2012, although the losses were less severe, averaging 1,000 jobs, or 0.6 percent, annually. Job losses were led by the mining, logging, and construction sector, which lost an average of 1,700 jobs, or 12.8 percent annually, because construction declined after job losses mounted during the Great Recession. The manufacturing sector rebounded during this period, however, and from 2011 through 2012, sector payrolls increased an average of 9.9 percent, or by 1,600 jobs, annually, with particular gains discussed in the manufacturing sector section below. From 2013 through 2015, most sectors in the HMA increased, and payroll gains averaged 1,400 jobs, or 0.8 percent, a year. Growth was led by the leisure and hospitality and the education and health services sectors, which gained 400 and 500 jobs, or 2.3 and 2.0 percent, respectively. Job growth was slower in the HMA than job growth for the state and nation, which averaged 1.3 percent and 2.0 percent annually, respectively, during the same period. Growth in the HMA decelerated slightly from 2016 through 2018, with payrolls increasing by an average of 1,200 jobs, or 0.6 percent, a year, compared with the state and nation which averaged 1.1 and 1.6 percent, respectively. The manufacturing sector and wholesale trade subsector lost 300 and 100 jobs, or 1.7 and 0.8 percent, respectively, during this period. BAE Systems Inc., an aerospace manufacturer, announced the closing of a facility in Mobile in early 2018 which resulted in 80 jobs lost.

Current Conditions—Nonfarm Payrolls

During the 12 months ending September 2019, nonfarm payrolls in the Mobile HMA increased by 1,700 jobs, or 0.9 percent, to 186,600 jobs (Table 2), following growth of 0.7 percent, or 1,200 jobs, during the previous 12 months. Most sectors added jobs or remained stable during the 12 months ending September

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

| | 12 Months Ending September 2018 | 12 Months Ending September 2019 | Absolute Change | Percentage Change |
|-----------------------------------|--|--|--------------------|----------------------|
| Total Nonfarm Payroll Jobs | 184.9 | 186.6 | 1.7 | 0.9 |
| Goods-Producing Sectors | 30.1 | 30.2 | 0.1 | 0.3 |
| Mining, Logging, & Construction | 11.4 | 11.6 | 0.2 | 1.8 |
| Manufacturing | 18.7 | 18.6 | -0.1 | -0.5 |
| Service-Providing Sectors | 154.8 | 156.4 | 1.6 | 1.0 |
| Wholesale & Retail Trade | 28.4 | 28.4 | 0.0 | 0.0 |
| Transportation & Utilities | 8.0 | 8.5 | 0.5 | 6.3 |
| Information | 2.0 | 2.0 | 0.0 | 0.0 |
| Financial Activities | 8.9 | 9.4 | 0.5 | 5.6 |
| Professional & Business Services | 24.0 | 24.1 | 0.1 | 0.4 |
| Education & Health Services | 27.7 | 28.3 | 0.6 | 2.2 |
| Leisure & Hospitality | 18.0 | 18.6 | 0.6 | 3.3 |
| Other Services | 12.2 | 12.2 | 0.0 | 0.0 |
| Government | 25.6 | 25.1 | -0.5 | -2.0 |

Notes: Based on 12-month averages through September 2018 and September 2019. Numbers may not add to totals due to rounding. Data are in thousands.

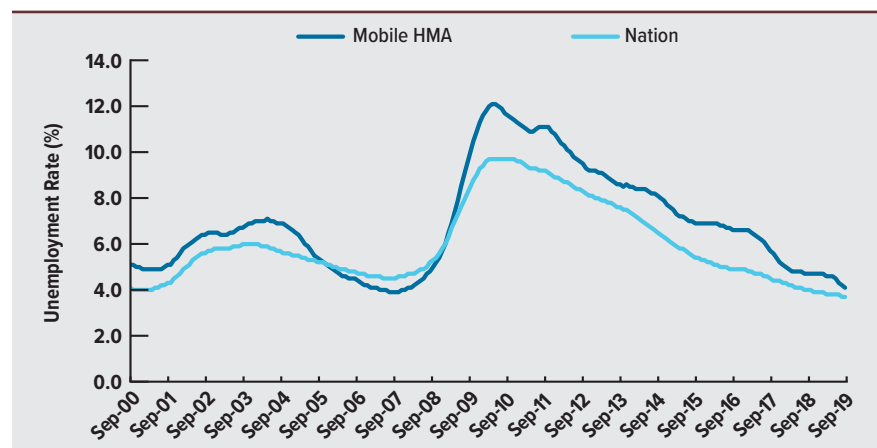
Source: U.S. Bureau of Labor Statistics

2019. The leisure and hospitality and the education and health services sectors had the largest gains, increasing by 600 jobs each, or 3.3 and 2.2 percent, respectively. By comparison, during the 12 months ending September 2019, nonfarm payrolls in the state and nation increased 1.7 and 1.6 percent, respectively. This followed growth of 1.1 and 1.6 percent, respectively, during the previous 12 months.

Current Conditions—Unemployment

The unemployment rate, which peaked at 12.0 percent in mid-2010, averaged 4.1 percent during the 12 months ending September 2019, down from 4.7 percent a year earlier. By comparison, the national unemployment rate declined from an average of 4.0 percent to 3.7 percent during the past year (Figure 2).

Figure 2. 12-Month Average Unemployment Rate in the Mobile HMA and the Nation



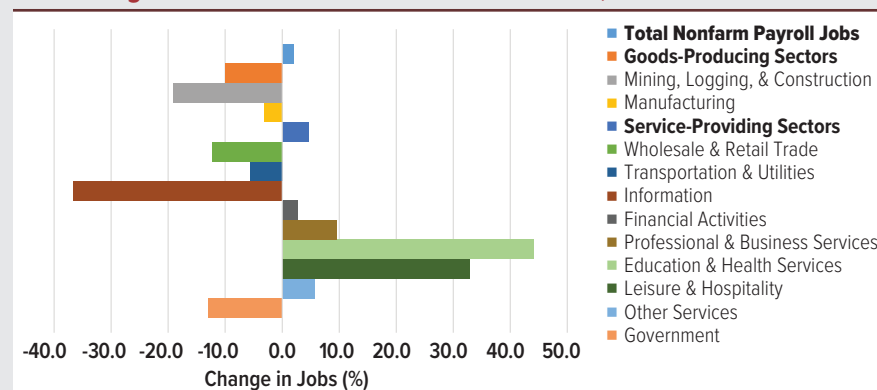
Note: Based on the 12-month moving average.
Source: U.S. Bureau of Labor Statistics

Economic Sectors of Significance

Education and Health Services

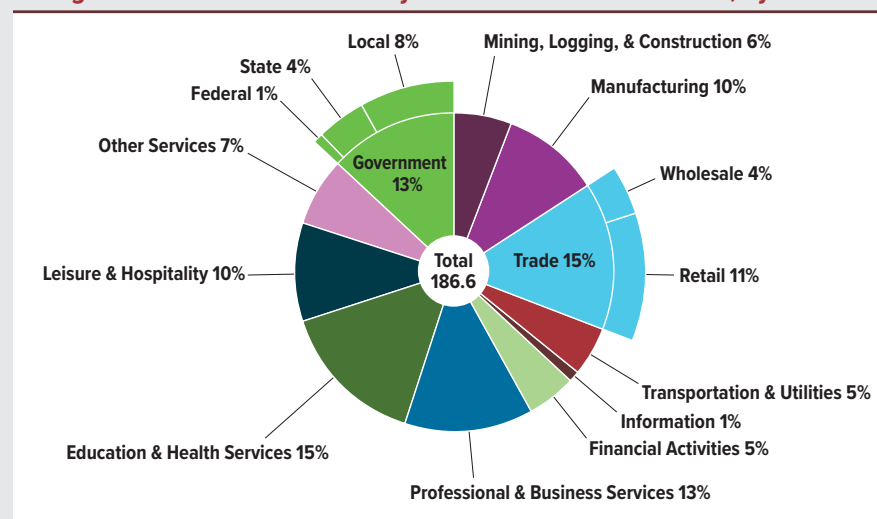
The education and health services sector has grown the most of any sector since 2001 (Figure 3) and currently accounts for 28,300 jobs, or 15 percent of total nonfarm payrolls in the HMA (Figure 4). During the 12 months ending September 2019, payrolls in the sector increased by 600 jobs, or 2.2 percent, compared with a gain of 400 jobs, or 1.5 percent, during the 12 months ending September 2018. The education and health services sector has added jobs nearly every year since 2000, increasing by an average of 500 jobs, or 2.0 percent annually, from 2001 through 2018. Some of the job gains in the sector resulted from increased demand for health services due to the aging population; from 2010 to 2018, the population of residents ages 65 and older was the fastest growing cohort in the HMA. Infirmary Health opened a new medical plaza in December 2017 in Saraland, which is north of Mobile and just southwest of the chemical manufacturing corridor. A new emergency facility adjacent to the medical plaza is underway and is expected to be complete in December 2019.

Figure 3. Sector Growth in the Mobile HMA, 2001 to Current



Note: The current date is October 1, 2019.
Source: U.S. Bureau of Labor Statistics

Figure 4. Share of Nonfarm Payroll Jobs in the Mobile HMA, by Sector



Notes: Total nonfarm payroll is in thousands. Percentages may not add to 100 percent due to rounding.
Based on 12-month averages through September 2019.
Source: U.S. Bureau of Labor Statistics

Leisure and Hospitality

The leisure and hospitality sector accounts for 10 percent of all payrolls in the HMA and has been the second-fastest growing payroll sector since 2001. The sector added an average of 200 jobs, or 1.5 percent, annually from 2001 through 2018. Mobile is the third largest metropolitan area in the state for travel-related spending, with nearly 3.3 million visitors in 2018 (Alabama Tourism Department). During the 12 months ending September 2019, the leisure and hospitality sector payrolls increased by 600 jobs, or 3.3 percent, compared with a gain of 100 jobs, or 0.7 percent, during the previous 12 months. Part of this growth is due to the four new hotels that have opened since mid-2018, which have added approximately 380 new rooms. These include the new TownePlace Suites in Saraland, which added 89 rooms in June of 2018. The leisure and hospitality sector payrolls are supported by the traffic of cruise passengers who sail from the Port of Mobile, which offers passenger cruises to the cities of Progreso and Cozumel on the Yucatán Peninsula in Mexico.

Manufacturing Sector

During the 12 months ending September 2019, the manufacturing sector payrolls decreased by 100 jobs, or 0.5 percent, to 18,600 jobs, which followed a loss of 400 jobs, or 2.0 percent, in the 12 months ending September 2018. During 2009 and 2010, the manufacturing sector lost an average of 700 jobs, or 4.7 percent, annually, to 14,900 jobs. The sector recovered quickly, however, and gained an average of 1,600 jobs, or 9.9 percent, annually from 2011 through 2012, although payrolls were declining overall in the HMA. The shipbuilding company, Austal USA, is currently the largest manufacturing employer in the HMA, and during this period its workforce expanded from 800 to 3,300. Austal has continued to expand and was awarded a \$261 million contract from the U.S. Navy in early 2019 to produce two additional transport ships during the next 2 years, adding an undisclosed number of jobs.

Mobile is also home to a 60-mile corridor that is surrounded by 26 chemical manufacturing companies extending from the northern boundary of the HMA to

the Theodore Industrial Canal in southern Mobile Bay. The Lenzing Group added 163 jobs with a \$293 million expansion to the production facility in Axis, along the corridor on U.S. Route 43, in 2017. 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. Four refineries in Alabama and Mississippi store petroleum in the domes. These sites, and the proximity to the Gulf of Mexico by way of the industrial canal, have given rise to a network of 200 companies related to the production and storage of gas and oil.

The HMA is an important hub for aerospace and aviation manufacturing, and it includes more than 40 aerospace companies. Airbus SE has a \$600 million, 53-acre A320 jetliner assembly plant at the Mobile Aeroplex at Brookley. This industrial complex and airport is adjacent to the Mobile Regional Airport and Mobile Bay, approximately 10 miles northeast of the industrial canal near Interstate 10; it is the center of the aerospace and aviation cluster.

Transportation and Utilities

The long national economic expansion has given rise to growth in the transportation and utilities sector; products arrive in the Port of Mobile and are distributed across the Southeast and beyond. Since 2018, payrolls in the transportation and utilities sector increased an average of 4.3 percent, or by 300 jobs, annually. Some of these gains can be attributed to Walmart Inc. opening a new distribution center in 2018, which added approximately 550 new jobs. This facility is part of a group of distribution centers and warehouses located along Interstate 10 near the city of Theodore. The proximity to the railroad line running parallel to U.S. Route 90 offers easy access to the chemical manufacturing corridor and salt domes to the north, Mississippi to the west, and the industrial canal to the east, which gives access to Mobile Bay and the Gulf of Mexico. The Mobile Aeroplex at Brookley and the Mobile Downtown Airport are just northeast by way of Interstate 10.



Employment Forecast

During the 3-year forecast period, nonfarm payrolls are expected to increase at an average annual rate of 0.8 percent, with job growth occurring in most sectors of the economy. Several commercial construction projects are expected to add jobs to the mining, logging, and construction sector, including a new \$550 million hospital announced by Baptist Hospital in June of this year, with anticipated completion in 2023. In September 2019, the Alabama State Port Authority received federal authorization to deepen the Bay Channel to 52 feet and the Bar and River Channels to 50 feet. Construction of this \$400 million

project is expected to begin in late 2020. Expansions at the Mobile Aeroplex at Brookley include the addition of the Airbus SE A220 assembly line that broke ground in January 2019 and the new \$2 million Aerostar facility, which are expected to add 430 and 28 jobs, respectively. Nearby, MCT Logistics broke ground on a cold storage facility that will add 70 jobs upon completion in the fourth quarter of 2020. The education and health services sector is also expected to contribute to job growth in response to healthcare needs of the aging population.



Population and Households

Current population: The current HMA population is estimated at 413,600.

The share of the population ages 65 and older increased, whereas the share of all other age cohorts declined or remained stable from 2010 to 2018.

Population Trends

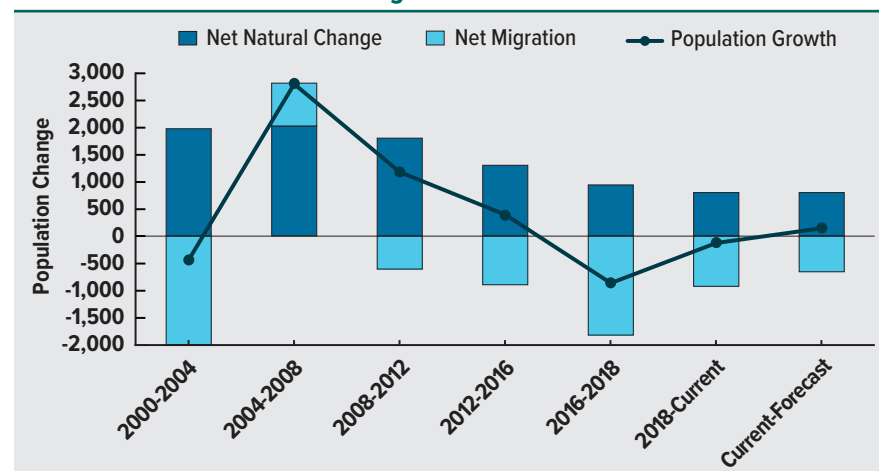
The population in the Mobile HMA has fluctuated with employment growth (Figure 5). When payrolls decline, people tend to move away to seek job opportunities elsewhere, and when payrolls rise, people tend to stay in the HMA. Recent population patterns have not followed this trend, however, because payroll growth in the HMA has been slower than the nation as a whole; more

opportunities are available outside the HMA, which has contributed to an increase in net out-migration. Approximately 16 percent of all out-migration from 2013 to 2017 was to other areas within the state of Alabama; the largest portion, 4 percent, was to nearby Baldwin County (2013–2017 American Community Survey [ACS] 1-year estimates).

From 2000 to 2004, population declined by an average of 450, or 0.1 percent, a year. Net out-migration averaged 2,425 people a year but was partially offset by net natural change (resident births minus resident deaths), averaging 1,975 people a year (U.S. Census Bureau decennial counts and population estimates as of July 1). From 2004 to 2008, the population rose by an average of 2,800, or 0.7 percent, a year, because job growth in the Mobile HMA contributed to net in-migration, averaging 780 annually. From 2008 to 2012, however, population growth slowed and only increased by an average of 1,175, or 0.3 percent, a year, largely due to job losses beginning in 2009. Net out-migration, averaging 625 people a year, occurred as job seekers began to leave the HMA, but was offset by a net natural increase, averaging 1,800 people a year. From 2012 to 2016, net natural increase slowed and averaged 1,300 people a year. The population increased by an average of 390, or 0.1 percent a year, because net out-migration averaging 910 people a year was smaller than net natural increase. Despite increasing jobs beginning in 2013, people continued to move elsewhere for better job opportunities because the rate of job growth in the HMA in 2013 was 0.1 percent, compared with 1.6 percent for the nation. From 2016 to 2018, payroll growth in the HMA was moderate. Strong job growth elsewhere in the nation, however, contributed to elevated levels of net out-migration and an average population decline of 870, or 0.2 percent. Net out-migration averaged 1,800 people a year and was only partially offset by a net natural increase, which averaged 940 people a year.

Since 2010, population growth has centered around employment clusters in the HMA. In the south of the HMA, the cities of Theodore and Dawes, both close to

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



Notes: Net natural change and net migration totals are average annual totals over the period. The forecast period is from the current date (October 1, 2019), to October 1, 2022.

Sources: U.S. Census Bureau; current to forecast—estimates by the analyst.

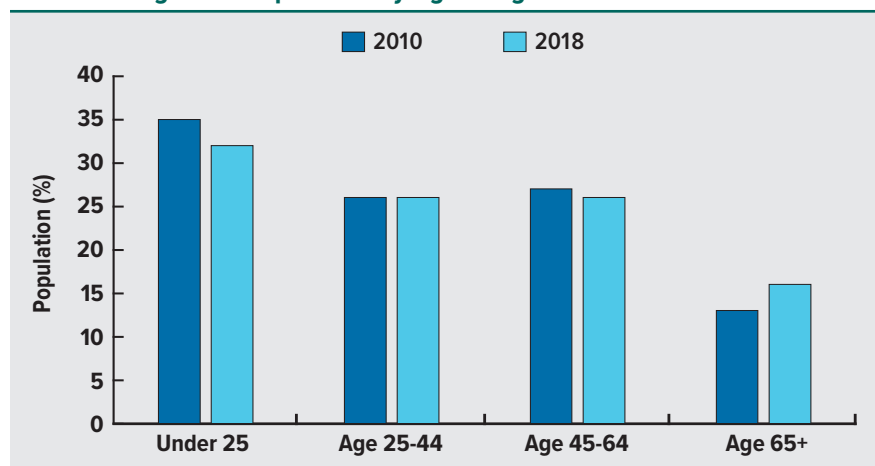
warehouses and distribution centers around Interstate 10, have attracted new residents. Saraland, in the north, is the third largest city in the HMA and is close to the chemical corridor and new medical facilities. The population of the city of Semmes in the northwest, which incorporated in 2010, grew 25 percent from 2010 to 2017. The Mobile Regional Airport is to the south of Semmes, and the University of South Alabama and downtown Mobile are southeast by way of U.S. Route 98.

Although University of South Alabama students represent about 4 percent of the population in the HMA, university enrollment, migration, and population growth have moved independently from one another. Student enrollment generally trended upward before reaching a peak of approximately 16,700 students enrolled in 2016.

Age Cohort Trends

The share of seniors (ages 65 and older) living in the HMA increased, whereas the share of all other age cohorts remained stable or declined from 2010 to 2018 (Figure 6). This cohort grew from 13 percent of the population in 2010

Figure 6. Population by Age Range in the Mobile HMA



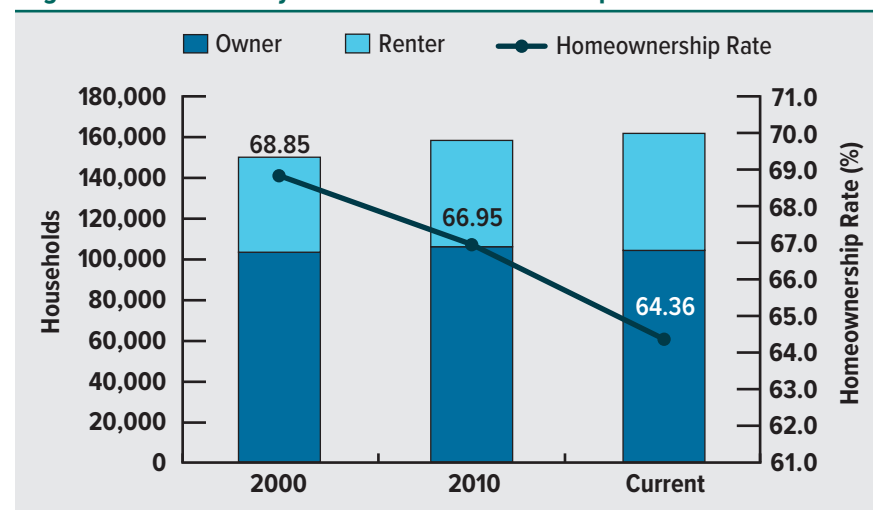
Source: U.S. Census Bureau

to 16 percent in 2018 (ACS 1-year estimates). The rising share of seniors contributed to the decline in net natural increase during the current decade. The share of the population under age 25 in the HMA has declined from 35 percent of the population in 2010 to 32 percent in 2018. The combination of recent out-migration of working-age adults and older people aging in place rather than retiring elsewhere, have contributed to the changing demographic composition of the HMA.

Household Trends

As of October 1, 2019, the number of households in the HMA is estimated at 162,000, including approximately 104,300 owner and 57,750 renter households (Figure 7). Household growth since 2000 has been faster than growth of the population in the HMA. From 2000 to 2010, households increased by approximately 830, or 0.5 percent a year, slightly faster than the 0.3-percent population growth. Since 2010, households increased by 380, or 0.2 percent,

Figure 7. Households by Tenure and Homeownership Rate in the Mobile HMA



Note: The current date is October 1, 2019.

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

a year, compared with negligible population growth. This can be attributed to the decline in the population under 25 years old who tend to be part of larger households, and an increase in the population ages 65 and older who tend to have smaller households.

Forecast

During the 3-year forecast period, net out-migration is expected to slow, and the population is predicted to increase slightly, adding an average of 140 people annually (Table 3). Household growth is expected to increase by an average of 440, or 0.3 percent, a year.

Table 3. Mobile HMA Population and Household Quick Facts

| Population Quick Facts | 2010 | Current | Forecast |
|------------------------|-----------------------|---------|----------|
| | Population | 412,992 | 413,600 |
| | Average Annual Change | 1,325 | 65 |
| | Percentage Change | 0.3 | 0.0 |

| Household Quick Facts | 2010 | Current | Forecast |
|-----------------------|-----------------------|---------|----------|
| | Households | 158,435 | 162,000 |
| | Average Annual Change | 830 | 380 |
| | Percentage Change | 0.5 | 0.2 |

Notes: Average annual changes and percentage changes are based on averages from 2000 to 2010, 2010 to current, and current to forecast. The forecast period is from the current date (October 1, 2019), to October 1, 2022.

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

Home Sales Market Conditions

Market Conditions: Balanced

Home sales prices rose 11 percent during the 12 months ending August 2019, the strongest rate of annual growth since 2006.

Current Conditions

The sales housing market in the Mobile HMA is currently balanced, with an estimated sales vacancy rate of 2.0 percent (Table 4), down from 2.7 percent in 2010. The for-sale inventory of single-family homes, townhomes, and condominiums in the HMA rose from a 3.0-month supply in September 2018 to a 3.7-month supply in September 2019 (CoreLogic, Inc., with adjustments by the analyst). The total home sales declined 1 percent during the 12 months ending August 2019, to 9,175 homes sold. The average total home sales price rose

Table 4. Home Sales Quick Facts in the Mobile HMA and the Nation

| | Mobile HMA | Nation |
|----------------------------------|------------|-----------|
| Vacancy Rate | 2.0% | NA |
| Months of Inventory | 3.7 | 3.2 |
| Total Home Sales | 9,175 | 6,030,000 |
| 1-Year Change | -1% | -6% |
| New Home Sales Price | \$208,600 | \$383,200 |
| 1-Year Change | 11% | 1% |
| Existing Home Sales Price | \$125,000 | \$293,100 |
| 1-Year Change | 11% | 4% |
| Mortgage Delinquency Rate | 2.9% | 1.4% |

NA = data not available.

Notes: The vacancy rate is as of the current date; home sales and prices are for the 12 months ending August 2019; and months of inventory and mortgage delinquency data are as of August 2019. The current date is October 1, 2019.

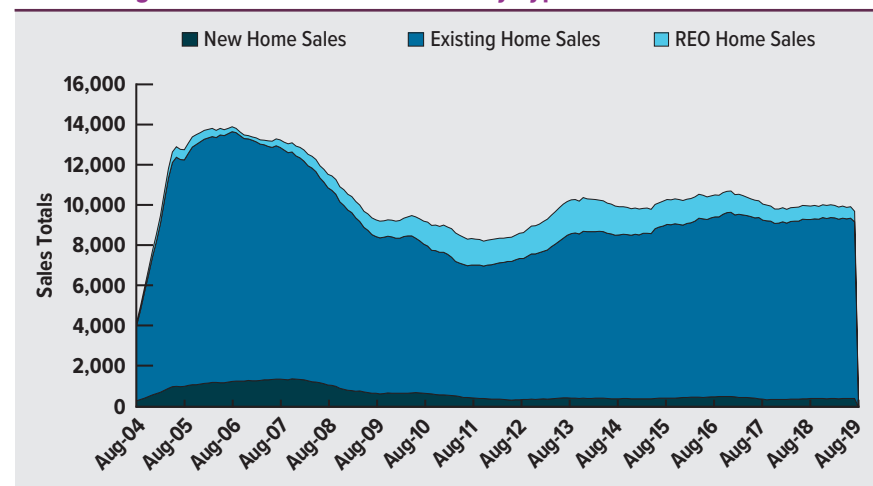
Sources: CoreLogic, Inc.; Metrostudy, A Hanley Wood Company

11 percent, to \$128,800, during the 12 months ending in August 2019, up from the 7-percent increase during the previous 12-month period. The rate of seriously delinquent mortgages and real estate owned (REO) properties declined to 2.9 percent in August 2019, down from 3.5 percent a year earlier, but higher than the national rate of 1.4 percent.

New and Existing Home Sales

Existing home sales (which include regular resales and REO sales) in the HMA increased during 2005 and 2006 before falling for the next several years (Figure 8). Recently, existing home sales have fluctuated in the HMA but have not reached the level of the mid-2000s. During 2005 and 2006, existing home sales increased by an average of 2,575, or 32 percent, annually. From 2007 through 2012, as economic conditions weakened, existing home sales fell by an average of 790 homes, or 8 percent, annually. Home sales increased by an

Figure 8. 12-Month Sales Totals by Type in the Mobile HMA



REO = real estate owned.

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

average of 470, or 6 percent, annually from 2013 through 2016, reflecting more prosperous conditions from the recent job growth. After 8,900 homes sold in 2017, existing home sales started to decline and totaled 8,850 in 2018. During the 12 months ending August 2019, 8,750 existing homes were sold, down 1 percent from the previous 12-month period.

New home sales have followed economic trends in the HMA. Following the peak of 1,400 home sales in 2007, the number of new home sales declined an average of 22 percent annually to 200 homes sold in 2012, because of weakening economic conditions. From 2013 through 2014, new home sales increased an average of 5 percent annually. The rate of growth accelerated with the improving economy to an average of 12 percent a year from 2015 through 2016. In 2017, new home sales fell 29 percent because the number of new homes available was low; however, builders increased production in response to slower out-migration, and new home sales increased 15 percent in 2018. The 440 new homes sold during the 12 months ending August 2019 was an increase of 3 percent from a year earlier.

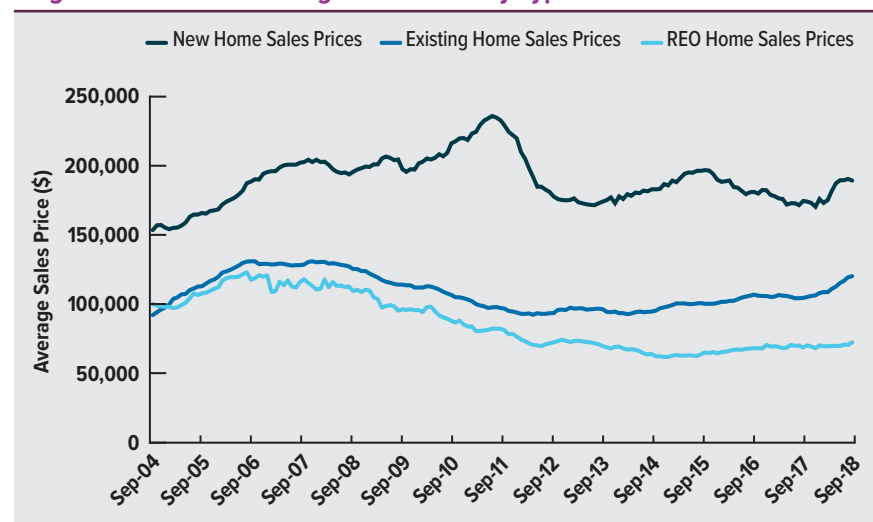
New and Existing Home Sales Prices

The average sales price for existing homes increased 15 percent annually from 2005 through 2006 during the lead-up to the housing crisis, and the average existing sales price peaked in late-2006 at \$131,100. By comparison, from 2007 through 2014, the average existing home sales price decreased 4 percent annually, an average decline of \$4,200. Some of this decline can be attributed to the large portion of low-priced REO properties sold during this period. In 2013, REO sales represented 20 percent of all existing home sales, and the average price of an REO property was 73 percent of the average existing home sales price. By comparison, in 2007, REO sales represented 4 percent of all existing home sales, and the average price of an REO property was 81 percent of the average existing home sales price. From 2015 to 2018, the economy in the HMA expanded, and the existing home sales price increased an average of 6 percent, or \$6,150, annually. During the 12 months ending August 2019, the

average sales price for an existing home was \$125,000, an increase of 11 percent from a year earlier. Figure 9 shows the average home sales prices since 2004.

New home sales prices have fluctuated in the HMA. From 2005 through 2007, the average new home sales price increased an average of 9 percent, or \$15,800, annually, to \$202,700. By contrast, average new home sales prices decreased an average of 2 percent a year when the economy slowed from 2008 through 2013, to a low of \$175,300. An increase in demand from improving economic conditions caused sales prices to increase 4 percent in 2014, before falling an average of 2 percent annually from 2015 through 2017. In 2018, however, new home sales prices increased 8 percent. The average sales price of a new home rose 11 percent, to \$208,600, during the 12 months ending in August 2019, up from the 9-percent increase during the previous 12-month period. During the 12 months ending August 2019, more than 50 percent of new homes sold in the \$150,000-to-\$249,999 sales price range. (Figure 10).

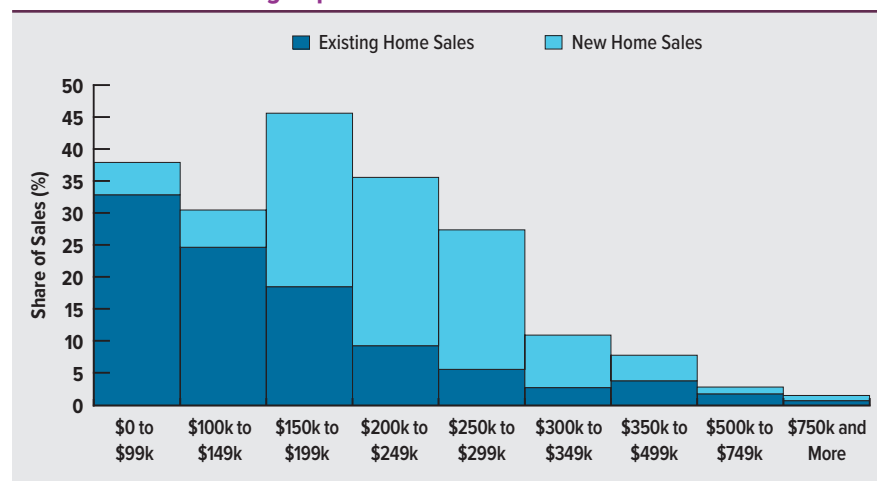
Figure 9. 12-Month Average Sales Price by Type of Sale in the Mobile HMA



REO = real estate owned.

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

Figure 10. Share of Sales by Price Range During the 12 Months Ending September 2019 in the Mobile HMA



Note: New and existing sales include single-family homes, townhomes, and condominiums.
Source: Metrostudy, A Hanley Wood Company

REO Sales and Delinquent Mortgages

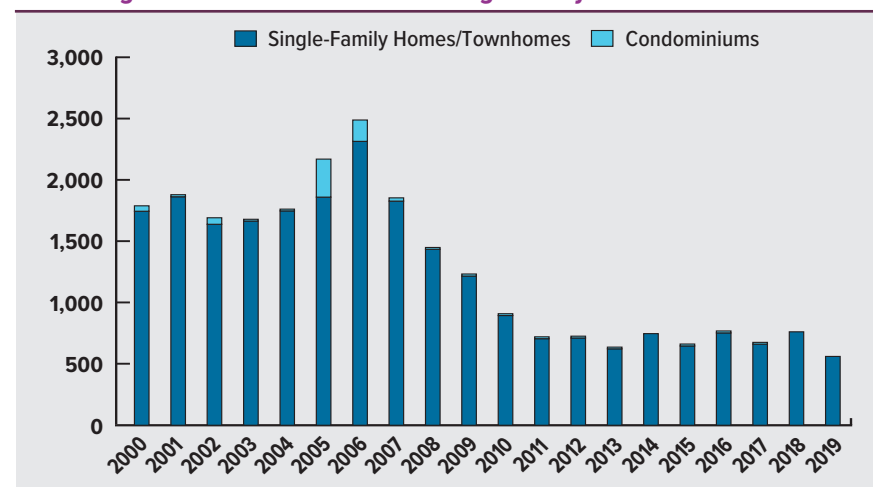
The national foreclosure crisis had a large impact on home sales in the HMA because seriously delinquent mortgages and REO properties had already been slowly increasing prior to the onset of the crisis. During January 2012, the rate of seriously delinquent mortgages and REO properties peaked at 9.0 percent of all home loans, compared with 1.3 percent in January 2000 (CoreLogic, Inc., with adjustments by the analyst). The rate of seriously delinquent mortgages and REO properties was above 8 percent from late 2009 through March 2013. By comparison, nationally, the rate of seriously delinquent mortgages and REO properties was also above 8 percent from November 2009 through July 2010. The rate of seriously delinquent mortgages and REO properties in the HMA declined to 2.9 percent in August 2019, down from 3.5 percent a year earlier, but higher than the national rate of 1.4 percent. From 2004 through 2008, REO sales averaged 440 homes annually in the HMA before the national recession. REO sales were elevated for a prolonged period in the wake of the recession. From

2009 through 2014, REO sales averaged 1,300 homes annually. At the peak of REO sales in the HMA in 2013, REOs represented 20 percent of all existing sales in the HMA. REO home sales declined to an average of 990 homes annually from 2014 through 2018. During the 12 months ending August 2019, REO sales accounted for 530 homes, or 6 percent of all existing home sales in the HMA.

Sales Construction Activity

New home construction (including single-family homes, townhomes, and condominiums), as measured by the number of homes permitted, has been slower since 2011 compared with the previous decade; almost all new home construction is for single-family homes (Figure 11). New home construction was strong from 2000 through 2006, when an average of 1,925 homes were permitted annually, and new condominiums were about 5 percent of homes built. As the housing crisis began to unfold, however, permits declined by an average of 400 homes, or 23 percent, annually from 2007 through 2010.

Figure 11. Annual Sales Permitting Activity in the Mobile HMA



Notes: Includes single-family homes, townhomes, and condominiums. Data for 2019 are through September 2019.
Sources: U.S. Census Bureau, Building Permits Survey; 2000 through 2018—final data; 2019—preliminary data and estimates by the analyst

Net out-migration began in 2008 and continued to 2012. Builders responded to this out-migration by slowing construction further so that an average of 700 homes were permitted annually from 2011 through 2018, less than 1 percent of which were condominiums. During the 12 months ending September 2019, the number of homes permitted declined by 90 homes, or 14 percent, from the previous 12 months, to 560 homes permitted (preliminary data).

New Construction

New home construction in the HMA is concentrated in the southwest region adjacent to the warehouse and distribution corridor around the cities of Theodore and Dawes; in the north around the city of Saraland, adjacent to the chemical manufacturing corridor; and extending west toward the city of Semmes, north of the regional airport. In Dawes, John Howard Homes has 10 remaining homes for sale in the Labrador Run subdivision, approximately 5 miles northwest of Interstate 10. Upon completion of this third and final phase, the subdivision is expected to have approximately 90 homes. Homes have three to four bedrooms and two to three and a half baths; range from 1,975 to 2,701

square feet; and list prices range from \$215,900 to \$298,900. Colleton Place in Semmes, just north of Mobile Regional Airport, has completed 21 of the 48 planned homes. Homes range from 1,425 to 2,093 square feet and are priced between \$178,900 and \$208,900.

Forecast

During the next 3 years, demand is expected for 1,975 new sales units in the Mobile HMA (Table 5). The 340 homes currently under construction are expected to meet a portion of the demand in the first year. The sales demand is expected to remain stable during each year of the 3-year period.

Table 5. Demand for New Sales Units in the Mobile HMA During the Forecast Period

| Sales Units | |
|--------------------|-------------|
| Demand | 1,975 Units |
| Under Construction | 340 Units |

Note: The forecast period is from October 1, 2019, to October 1, 2022.
Source: Estimates by the analyst



Rental Market Conditions

Market Conditions: Balanced

The overall rental vacancy rate is estimated to be 8.5 percent as of October 1, 2019.

Current Conditions and Recent Trends

In the Mobile HMA, the rental housing market, including apartment units, mobile homes, and single-family homes for rent, is currently balanced. The overall rental vacancy rate is estimated at 8.5 percent, down from 11.4 percent in 2010 when the rental market was soft (Table 6.) Nearly 40 percent of all renter households in the HMA reside in buildings with five or more units, typically apartments, up from about 31 percent of all renter households in 2010 (2010 and 2018 ACS 1-year estimates). The University of South Alabama has added 650 beds in new dormitories since 2010. Seventy-eight percent of students live off campus, however, and student households represent an estimated 3 percent of renter households in the HMA.

Conditions in the apartment market are also balanced and have improved from soft market conditions at the beginning of the decade. During the third quarter of 2019, the apartment vacancy rate in the HMA was 4.3 percent, up from the 3.6-percent rate during the same period a year earlier (Figure 12; Reis, Inc.).

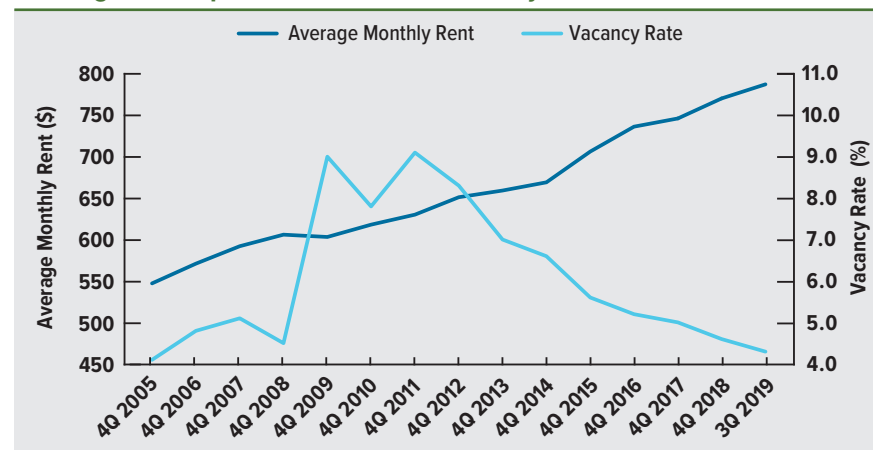
Table 6. Rental and Apartment Market Quick Facts in the Mobile HMA

| | 2010 (%) | Current (%) |
|---|----------|-------------|
| Rental Market Quick Facts | | |
| Rental Vacancy Rate | 11.4 | 8.5 |
| Occupied Rental Units by Structure | | |
| Single-Family Attached & Detached | 47.3 | 45.1 |
| Multifamily (2–4 Units) | 12.8 | 7.1 |
| Multifamily (5+ Units) | 31.3 | 39.7 |
| Other (Including Mobile Homes) | 8.6 | 7.9 |

Notes: The current date is October 1, 2019. Current data for occupied rental units by structure are 2018 American Community Survey, 1-year data. Percentages may not add to 100 percent due to rounding.

Sources: 2010 and 2018 American Community Survey, 1-year data; Reis, Inc.

Figure 12. Apartment Rents and Vacancy Rates in the Mobile HMA



3Q = third quarter. 4Q = fourth quarter.

Note: 2019 data are third quarter; fourth quarter data not available.

Source: Reis, Inc.

The apartment market softened during the recession and slowly came into balance in the subsequent expansion. The apartment vacancy rate reached a high point of 9.1 percent in 2011. Since 2012, however, multifamily construction has slowed, and the apartment market vacancy rate has declined.

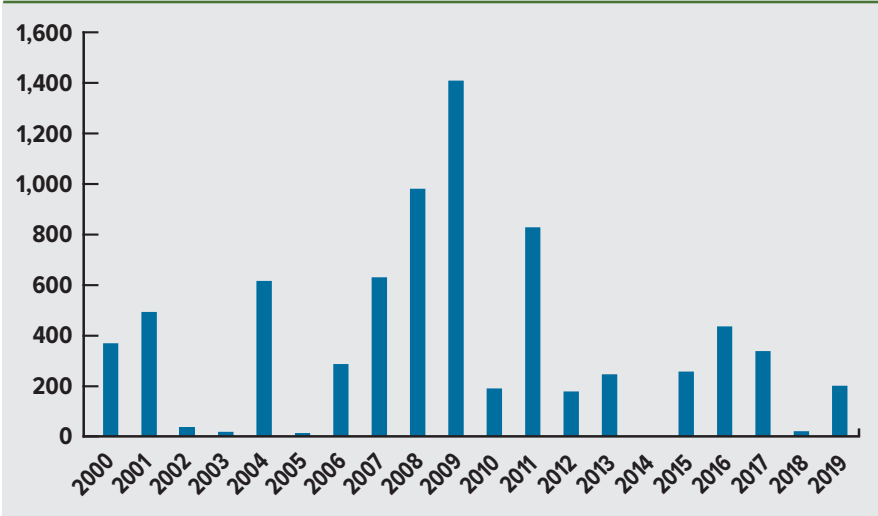
During the third quarter of 2019, the average apartment rent in the HMA was \$787, up 3 percent from the third quarter of 2018. Apartment demand weakened during the recession which impacted the HMA from 2009 through 2014, and rent growth slowed, averaging 2 percent a year, compared with growth of 3 percent annually from 2005 through 2008. The shift from single-family home and duplex rentals to larger apartment buildings, coupled with the slowing of multifamily construction, has put upward pressure on the average apartment rent in the HMA, which increased 3 percent a year from 2015 through 2018.

Rental Construction Activity

Rental construction activity, as measured by the number of rental units permitted, has been slower since the end of 2011 compared with the previous

decade in response to elevated out-migration and a soft rental market. An average of 260 rental units was permitted annually from 2000 through 2005, but construction activity increased to an average of 830 units permitted annually from 2006 through 2009, in response to the increase in population during the period (Figure 13). From 2010 through 2011, due to slowing population growth and weak economic conditions, rental building activity declined to an average of 510 units permitted annually. An average of 210 rental units was permitted annually from 2012 through 2018. During the 12 months ending September 2019, approximately 200 rental units were permitted, compared with 20 units during the previous 12-month period (preliminary data, with adjustments by the analyst).

Figure 13. Annual Rental Permitting Activity in the Mobile HMA



Notes: Includes apartments and units intended for rental occupancy. Data for 2019 are through September 2019. Sources: U.S. Census Bureau, Building Permits Survey; 2000 through 2018—final data; 2019—preliminary data and estimates by the analyst

New Construction

Recent apartment construction activity has been concentrated in the southwest area of the HMA near Dawes, where population growth has been strong. Recent activity includes the 80-unit Cottage Hill Place, which was completed in mid-2018. Rents for these units, which are available to households earning up to 60 percent of the area median income, start at \$568 for one-bedroom units, \$729 for two-bedroom units, and \$1,047 for three-bedroom units. Meridian at the Port is a 267-unit apartment community located downtown along the Mobile River that is now in lease-up. Rents range from \$1,025 to \$1,575 for one-bedroom units and from \$1,620 to \$2,200 for two-bedroom units. Recent construction activity has also included apartments for the aging population in the HMA—29 percent of developments constructed in the past 5 years or currently under way are intended for residents ages 55 and older. The Arbours at Satsuma, a 64-unit senior apartment complex north of Saraland, is under construction and expected to be complete in February of 2020. Rents for one- and two-bedroom units are \$614 and \$745 a month, respectively.

Forecast

During the 3-year forecast period, demand is estimated for 310 new rental units in the HMA (Table 7). Demand is expected to be relatively steady throughout the forecast period. The 110 senior units, for residents ages 55 and older, and the 90 general-occupancy units under construction are expected to satisfy the demand during the first 2 years.

Table 7. Demand for New Rental Units in the Mobile HMA During the Forecast Period

| Rental Units | |
|--------------------|-----------|
| Demand | 310 Units |
| Under Construction | 200 Units |

Note: The forecast period is October 1, 2019, to October 1, 2022.
Source: Estimates by the analyst

Terminology Definitions and Notes

A. Definitions

| | |
|--|---|
| 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 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. |
| 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. |
| Distressed Sales | Short sales and real estate owned (REO) sales. |
| Forecast Period | 10/1/2019–10/1/2022—Estimates by the analyst |
| Home Sales/ Home Sales Prices | Includes single-family home, townhome, and condominium sales. |
| Other Vacant Units | In this analysis conducted by the U.S. Department of Housing and Urban Development (HUD), 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. |

| | |
|---|--|
| Rental Market/ Rental Vacancy Rate | Includes apartments and other rental units such as single-family homes, multifamily units, and mobile homes. |
| Seriously Delinquent Mortgages | Mortgages 90+ 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 February 28, 2013. |
| 2. | Urbanized areas are defined using the U.S. Census Bureau's 2010 Census Urban and Rural Classification and the Urban Area Criteria. |
| 3. | The census tracts referenced in this report are from the 2010 Census. |

C. Additional Notes

| | |
|----|---|
| 1. | This analysis has been prepared for the assistance and guidance of 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. |
| 2. | The factual framework for this analysis follows the guidelines and methods developed by the Economic and Market Analysis Division within HUD. 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. |



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