

Mobile

A diversified economy and ongoing work on major development projects helped the Mobile metro area weather the recession in 2008 and led Forbes.com to project Mobile as the fastest growing metro economy in the nation in terms of GDP between 2007 and 2012. Nonagricultural jobs increased by 600 from October 2007 to October 2008, a 0.3 percent gain. Construction employment showed a net gain of 400, with more than 1,500 workers at the ThyssenKrupp Steel plant site in the fall and a number of projects under construction at the Alabama State Docks. Services was the largest contributor to job gains during the 12-month period, adding 400 positions in professional and business services, 500 in education and health, and 100 at food services and drinking places. Manufacturing, which provided just 8.7 percent of the Mobile metro's 184,400 jobs in October 2008, lost about 300 jobs during the year. With significant job growth on the horizon, Mobile's labor force grew by about 460 (0.2 percent) between October 2007 and October 2008. However, there is significant commuting into and out of the area and total employment of Mobile County residents fell by almost 3,500, a 1.9 percent decrease that pushed unemployment to 5.5 percent, up from 3.4 percent a year earlier.

Twenty-four new and expanding industry announcements in 2007 planned investments totaling over \$3.9 billion, with about 3,900 new jobs. ThyssenKrupp Steel's \$3.7 billion plant that will employ 2,700 dominated development news. Work progressed steadily throughout 2008 toward a late 2009 or early 2010 production date, with the cost of the project rising to a least \$4.2 billion. By mid-November, the neon green steel framework for the plant's cold rolling mill was advanced, a warehouse was progressing, and work was underway on a dock on the Tombigbee River. A massive modular office building was in place to help accommodate the 145 employees hired to date in the plant's carbon division; another 160 people were already employed in the stainless division. More than 25,000 applications and resumes were received for both salaried and production positions and the company is continuing to hold job fairs around the state. Production jobs could pay up to \$25 per hour, with maintenance jobs paying up to \$30. By November 2008, ThyssenKrupp had awarded about \$1 billion in contracts (not counting imported specialty equipment), 30 percent of the total planned, and Alabama suppliers accounted for about half of these.

Preparing for production at ThyssenKrupp is a team effort, involving work on facilities to move raw materials to the plant and on preparing a trained workforce. A \$115 million public steel terminal being built by the Alabama Port Authority will load semi-finished steel slabs imported from a ThyssenKrupp mill under construction in Brazil for shipment upriver to the plant; the facility should be operational by late 2009. Construction began on a \$12 million training center near the plant that will be managed by Alabama Industrial Development Training (AIDT). Bishop State Community College is implementing a steel manufacturing program that will also help train workers for ThyssenKrupp.

Steel-related production in the Mobile area increased in 2007 with Berg Steel Pipe's investment of \$75 million in a plant that will employ 100 and a \$37 million Bristow-Krah plant that is expected to create 150 jobs in Prichard. Alabama Roll Products spent \$1.8 million on an expansion of its steel plate rolling mill and added 20 jobs. Swedish firm SSAB retained the Mobile mill that it purchased from IPSCO and announced a \$460

million addition in 2008 that will create 180 jobs as the company adds a state of the art heat treating facility and starts making its pricier branded steels at the plant in 2009.

In the area's chemicals manufacturing sector, Evonik Degussa expanded its Theodore facility, breaking ground on a \$15 million biodiesel catalyst facility and announcing late in the year a new \$10 million plant that will manufacture the lightweight foam Rohacell. The company planned a decision on a proposed \$65 million investment to make an additive for poultry feed by year-end and was considering two other possible investments in the area—a \$160 million expansion to make a nylon protective coating and \$110 million project to expand paint additive production. Another new industrial project for the Mobile area in 2008 was a \$10.8 million investment by Southeastern Builders and Developers in a modular home factory that will hire 155.

Mobile's sizeable shipbuilding and repair industry moved ahead with additional expansions in 2008, after announcing projects in 2007 that included Austal USA's investment of \$34 million and 400 jobs and the addition of 150 workers at Horizon Shipbuilding in Bayou La Batre. Austal is undertaking a massive \$254 million expansion project that will create an assembly-line style modular manufacturing facility designed to enhance production speed and efficiency; phase one of the project should be complete in summer 2009. The aluminum ship specialist, which is hoping to increase its workforce by as many as 1,000 based on military contract work, won an initial award in November of \$184.5 million to design and build one high-speed military transport vehicle, with the potential \$1.6 billion contract including options for up to nine more ships. Having successfully launched one prototype LCS for the Navy, Austal is in the running for a contract to build at least two more of the shallow-water combat ships. Atlantic Marine announced a \$21.2 million expansion that could add 250 jobs at its construction and repair facility; C&G Boat Works and Silver Ships also planned to grow their operations. AIDT is responding to the need for more shipbuilders with a new training facility in Mobile and a program in Bayou La Batre, while the Gulf Coast Shipbuilders Consortium is using a federal grant to create a standardized program to train shipfitters that will be taught at several sites, including Bishop State Community College in Mobile.

The area's aerospace cluster is growing despite the challenge to and subsequent cancellation of the Air Force's award of a \$35 billion aerial refueling tanker contract to the Northrup Grumman/ EADS team that planned to build the planes in Mobile. The bidding could be reinitiated under the new administration in 2009. ST Mobile Aerospace Engineering added at least 200 new employees at its aircraft repair and modification operations as it worked to complete a contract for two converted Boeing 757s for the Royal New Zealand Air Force and continued work on a \$470 million, 87 plane order for FedEx. EADS CASA announced expansion plans for its Mobile maintenance and training facility that could add 40 jobs. The tanker competition served to raise awareness of Mobile's Brookley Field industrial complex and a planned office development could increase white collar employment at the site.

Traffic at the Alabama State Docks picked up with the September opening of the \$300 million Mobile Container Terminal at Choctaw Point. The terminal's first contract, with ZIM Integrated Shipping Services, could bring 52,000 containers through the facility annually. As the terminal ramps up to a capacity of 800,000 containers, logistics firms

that handle various aspects of the shipping process are expected to locate in the Mobile area. The Alabama State Port Authority is also marketing nearby land to warehouse operators.

Tourism in the Mobile metro continued strong as the area worked on future developments that could grow the industry. Opening of the renovated Battle House and Renaissance Riverview Plaza hotels in 2007 contributed to a 21 percent increase in lodging tax and total travel-related expenditures in Mobile County compared to the previous year. Carnival announced plans to replace Mobile's Holiday cruise ship with the larger Fantasy beginning in November 2009, boosting capacity by over 40 percent. The city is spending \$3 million to upgrade its cruise terminal to handle the larger vessel. Army Corps of Engineers approval was secured in December for a Dale Earnhardt Jr.-affiliated racing venue and theme park to be built on 2,000 acres off I-65 near Prichard. The development will include an oval track, road course, and karting track as well as residential, retail, restaurant, and other entertainment components and could employ up to 5,000. Mobile retail employment fell slightly in 2008 as businesses including Bombay Company, Whitehall Jewelers, Goody's, and Linens 'N Things fell victim to the poor economy.

Mobile officials worked on planning for downtown renovations, considering projects including riverfront redevelopment, housing, a sports park, establishment of a medical research corridor, and alternatives for the aging Civic Center. All or part of the 22-acre tract that holds the Center could have the potential for major commercial development. Renovation of the historic Kress and Neisner buildings downtown was completed during 2008. Completion of renovations to the Probate Court building will free up land designated for a downtown park that will incorporate a performing arts stage. First Baptist Church North in Saraland is building a park that will include trails, a lake, water park, and sports fields for use by city residents. Plans also include a new church sanctuary and private school that should be complete by late 2009.

Population in the Mobile metro area rose 0.6 percent in 2007, with the addition of about 2,300 residents. The city of Mobile continued to approve annexations that brought both people and retail properties into its corporate limits. New school projects in the area included a middle school near Creola and an elementary school in west Mobile. Enrollment at the University of South Alabama was a record 14,279 in fall 2008, powered by a new football team, new housing, and plans for a recreation center. The \$138 million Mitchell Cancer Institute that opened in September should draw additional researchers and other staff to the University. The City of Mobile expected to have the resources to hire 40 police officers and 28 additional firefighters, with plans for two new fire stations, in 2009.

Mobile's housing market held up relatively well—building permits issued for single-family homes in the first nine months of 2008 were down 23.1 percent from a year earlier, but the number of multi-family units permitted rose 16.0 percent. Home sales were down 17.4 percent for the same period. Prices rose, with the OFHEO House Price Index up 5.0 percent from the third quarter of 2007 to the third quarter of 2008 and 2.5 percent higher than second quarter 2008. Per capita income grew a below-average 4.3 percent in the Mobile metro from 2006 to 2007 and at \$28,531 ranked 8th. However, the picture for area wages was better, with average pay in manufacturing in 2007 of \$50,962 more than \$7,000 above the state average and wages across all industries ranking 3rd among the metro areas.