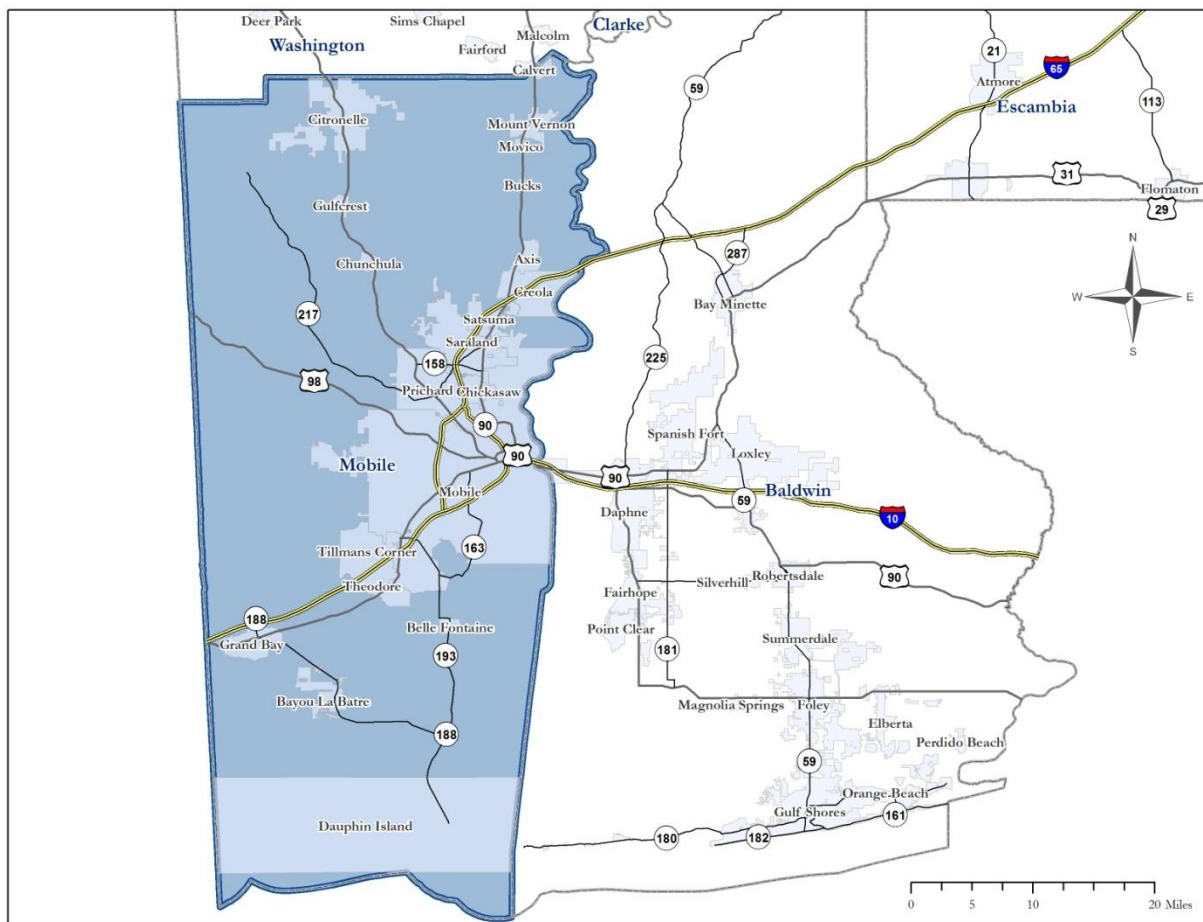


Mobile



Development in Mobile's core aerospace, shipbuilding, steel, and transportation clusters took hold during 2010, with the prospect of more jobs to come in 2011. That was not enough, however, to lift the area's nonfarm employment up to prerecession levels. An average of 171,100 area jobs for the first 10 months of 2010 was 2.1 percent below the average for 2009 and 7.3 percent below the 2008 annual peak of 184,600. The overall jobs picture was relatively flat from March through October, although employment in professional and business services and government in October 2010 were both about 800 lower than a year earlier. Financial activity was down around 300 as Mobile's real estate market remained challenged. Trade was a bright spot, with both wholesale and retail employment up from October 2009. Educational and health services and leisure and hospitality each added about 200 jobs during the year.

At 10.0 percent in October 2010, Mobile metro unemployment remained in double digits for a 17th consecutive month; the rate was 5.8 percent in October 2008. The area's 3.7 percent increase in employed residents for the 12 months ending in October 2010 was above its 2.3 percent growth in the labor force, bringing unemployment down from 11.2 percent a year earlier. However, the gain in total employment was below Alabama's 4.4 percent. Average annual wages of \$36,850 in Mobile amounted to 98.3 percent of the statewide average and ranked 6th among the 11 metros.

Despite current weakness in Mobile area employment, national rankings continue to foresee a bright outlook for the area over the next few years. Projecting job growth averaging 2.7 percent during the 2008 through 2013 period, Moody's Economy.com ranked Mobile's outlook 4th highest of 384 metros. IHS Global Insight's forecast of job increases totaling almost 15 percent through 2015 (2.3 percent annually), places Mobile 45th of 392 ranked metropolitan areas. And based on 24 announced deals creating 200 or more jobs over the past 15 years, *Southern Business and Development* named Mobile its #7 mid-market among "250 Best Places in the South to Locate Your Company."

Manufacturing accounted for just 8.5 percent of jobs located in the Mobile metro area in October 2010, with only Birmingham-Hoover's 7.1 percent a smaller share of the total. That percentage could edge up during 2011, however, as ThyssenKrupp moves toward full employment and shipbuilding continues strong and work begins on the U.S. Navy's littoral combat ship contract, with larger gains depending on the Air Force's selection of EADS or Boeing to build the next generation of refueling tanker.

Recovery from the Great Recession brought improved outlooks for key Mobile area manufacturing sectors, including steel and chemicals, with many companies reporting rebounding profits. Construction continued on the \$5 billion ThyssenKrupp AG project in north Mobile County's Calvert community as operations came online during 2010. In preparation for start-up of the carbon steel mill, ThyssenKrupp courted business and signed its first small buyer contracts. An initial supply of raw steel arrived from Germany in February, prior to the June dedication of the company's new Brazilian mill that will be the ongoing supplier of steel slabs to the carbon steel plant. Although dedication of the Calvert complex did not take place until December, carbon steel production got underway July 31, just a little over three years from the time that ThyssenKrupp chose Mobile for its first U.S. facility. Employment stood at 1,000 in late July, well on the way to an expected total of 1,700. Initial production levels were lowered to allow demand for steel to rebound; one of two hot dip galvanizing lines was expected to start up in December.

Completion of the \$300 million stainless steel melt shop, delayed by the recession, was approved in late November as the company reported a better outlook for U.S. stainless market opportunities. Continuing work on projects at the plant will keep ThyssenKrupp construction employment above the 5,000-worker level seen since late 2009 for the next two years, with the new stainless unit to be completed late in 2012. Work at the site has boosted the Mobile economy in terms of contracts with local firms for construction, industrial supply, and freight, as well as occupancy at campgrounds, hotels, and apartment complexes in the area. After receiving stainless coils of steel from its facility in Germany, ThyssenKrupp's stainless mill started production in the fall, with over 300 employees working alongside German trainers in one of three eventual cold-rolling mills. The stainless division, which already has an established base of about 12 percent of the U.S. market, will be able to meet specific size requirements of its customers.

In other steel industry developments during 2010, SSAB broke ground on an expansion of its Axis mill in mid-November. Although scaled back from the original plan, the \$287 million project will create 137 jobs and add a heat treating line by 2012 for the company's specialty high strength steel. After a \$2.3 million expansion that created 30 jobs in 2009, umbilical steel tube manufacturer Aker Solutions expanded again in 2010, with a \$6 million investment and the addition of 20 positions to fulfill a contract with Noble Energy due in mid-2011. The company also won new contracts with Shell Offshore.

Mobile's role as a port city strengthened as an avenue for growth during 2010, with significant developments in the maritime cluster. Austal USA's first Littoral Combat Ship (LCS) was commissioned the USS Independence in January—the first ship built and commissioned in Mobile since WWII. The company opened its \$81 million Modular Manufacturing Facility in February and saw steady work from what could be a 10-ship, \$1.6 billion contract to build Joint High Speed Vessels for the U.S. Army and Navy, with approval for the fourth and fifth ships coming in the fall. Austal added 800 employees during the year, bringing the total to 1,800. Work progressed on a second LCS and at year-end Congress approved the Navy's request for a dual buy that includes a \$5 billion contract for 10 of the Austal aluminum-hulled ships. The company plans to double the size of its Mobile facility and hire about 1,800.

Signal International, partially owned by the Retirement Systems of Alabama (RSA) and headquartered in the RSA tower, purchased Bender Shipbuilding and Repair for \$31.5 million. Now Signal Ship Repair, the company completed \$9 million in upgrades and was adding employees in the fall, with a contract to refurbish Transocean's Deepwater Navigator drillship. BAE Systems Southeast Shipyards is planning upgrades to the former Atlantic Marine Mobile shipyard, which it purchased in 2010, and fulfilling existing contracts. Bayou La Batre's Horizon Shipbuilding continued work on towboats for Florida Marine Transporters. Alabama Industrial Development Training opened its \$12 million Maritime Training Center in Mobile in November, offering classes in both aluminum and steel welding, ship fitting, crane operation, safety, ship planning, and shipyard supervision. Half of the facility is dedicated for Austal USA training and the other half for other area shipyards.

Although outcome of the competition between Boeing and EADS for the \$40 billion, 179-plane Air Force refueling tanker contract had not been decided at year-end, additions to EADS Mobile presence boosted the area's growing aerospace cluster. After reaching 150 employees at its Airbus North America Engineering Center early in 2010, the company announced the addition of 90 jobs over the next three years. Now operating as a prime contractor in its tanker bid, EADS leased office space and relocated more than 100 employees on its contract capture team to Mobile. With indications late in 2010 pointing to possible success in the tanker bid, EADS moved forward with construction planning for the \$700 million, 1,500 employee plant that would be built at Brookley Field Industrial Complex for assembly of the KC-45 tanker and potential future Airbus production. Regent Aerospace opened an aircraft maintenance and repair facility at Brookley that could employ 90 over the next two years working on aircraft seats and interiors in tandem with neighbor ST Aerospace's exterior maintenance and repair work. Mobile's Star Aviation won contracts to help install wireless internet systems for Alaskan Airlines and to upgrade combat survivor locators for the military.

Recent investments helped the Alabama State Docks maintain business during 2009 and prepare for future opportunities. The Port of Mobile, which moved up to a ranking of 9th largest U.S. port in 2008 on the basis of tonnage, was recognized as an "emerging port poised for growth" by the Jones Lange Lasalle *Port and Global Infrastructure Outlook*, citing its position as one of few ports increasing infrastructure to compete for future market share from completion of widening the Panama Canal in 2014. Increasing capacity with the new Mobile Container Terminal will enable the port to benefit from the recent rise in containerized shipping. Developments during 2010 included acquisition of a 400-ton

crane, improved McDuffie Coal Terminal rail access, and the addition of all water service to Pusan, South Korea, as well as regular ferry service between the ports of Mobile and Veracruz, Mexico

through NAFTA Gulf Bridge. Agreement by the Alabama State Port Authority to commit \$360 million to further improvements in port infrastructure over the next five years could include a new interchange and intermodal rail yards, and warehouse space and an improved cargo yard for the steel business. While port-related distribution business is a growth area, 70 jobs in truck-related distribution were lost with the closing of New Era Cap Company's facility in May.

Mobile saw positive developments in its service providing industries during 2010. Ryla, which opened its Saraland call center in 2009, was adding 250 full-time workers to bring employment to over 700 by September as it works toward the 1,200 jobs promised by December 2011. A \$45 million renovation project by RSA continued on the former AmSouth building downtown; when complete BankTrust will occupy eight floors and it will be renamed the RSA-BankTrust Building. Virginia College of Mobile relocated to the Festival Center, investing \$4.5 million in an expansion that will allow it to expand the culinary arts and cosmetology programs. The University of South Alabama has been a catalyst, creating construction jobs with projects completed in 2010, including a new student dining facility, plaza, and student recreation center, and ongoing work on Shelby Hall and a new residence hall that should be ready by Fall 2011. The College of Medicine's receipt of \$14.5 million in NIH stimulus funding for a new research lab will contribute to the university's growing scientific and medical research presence. A \$7.1 million building for the Alabama Gulf Coast Chapter of the American Red Cross was finished and awaiting funding to purchase furnishings and equipment.

The Gulf oil spill had both positive and negative impacts on Mobile County. While it seriously disrupted the area's fishing industry, the massive number of recovery workers had a positive effect in terms of lodging revenues and retail sales and tax receipts. The Alabama Mississippi Bays and Bayous Symposium in November brought an influx of attendees to Mobile, contributing to local efforts to boost convention traffic. Tourism could see an increase in cruise line passengers; Carnival replaced the Fantasy with the larger Elation on May 15. And Mobile's Magnolia Grove course on the Robert Trent Jones Golf Trail hosted the Bell Micro LPGA Classic in May. Through a public/private partnership with the National Maritime Museum of the Gulf of Mexico, the City of Mobile began work on the \$52 million interactive GulfQuest museum, set to open in 2011. Arlington Park, a waterfront park on the western shore of Mobile Bay, opened in June.

A look at 2007 Census Bureau data on retail sales shows that Mobile's per capita sales of \$12,895 were about \$500 above the statewide average. The retail environment remained challenging during 2010. Big Lots and Marshalls filled large vacancies at Springdale Mall created by bankruptcies, while Barnes and Noble closed its store there. JCPenney completed a \$3.8 million renovation of its Bel Air Mall store, with the Mall almost completely leased. And Winn Dixie's \$4 million remodeling of its Government Street store is serving as a catalyst for the Midtown area. Publix is expected to locate two stores in Mobile in 2011. Some neighborhood infill took place during the year, but the oil spill contributed to putting some deals on hold. Other commercial business is expected to follow McDonald's new location across from the ThyssenKrupp plant. In a push to bring more businesses downtown, the Downtown Mobile Alliance is working to start a retail incubator.

Socioeconomic indicators for the Mobile metro generally point to improvement. At \$5.96 billion on June 30, 2010, bank deposits were up 4.1 percent from a year earlier, the largest increase of the 11 metropolitan areas. Mobile's per capita income rose 0.4 percent in 2009 when five metros posted declines, although at \$30,468 it ranked just 8th. While median family income for FY2010 of \$50,500 was second lowest among the metros, the 2.0 percent increase from the previous year ranked fourth. Mobile's residential housing industry remained challenged, however, with building

permits for single-family homes down almost 16 percent for the first 10 months of 2010 compared to the same period in 2009 and permits in the overbuilt multi-family market off more than 65 percent. Homes sold during that period were down 4.4 percent from 2009, with third quarter 2010 house prices 5.6 percent lower than a year ago.