Mobile

Progress made in 2009 on the $4.65 billion ThyssenKrupp steel plant as well as infrastructure construction at Alabama State Port Authority facilities should contribute to a strong rebound in the Mobile economy during 2010. Shipbuilding could also be a growth industry, while education and health services will continue to provide stability and job gains. Mobile was among the last of Alabama’s metro areas to fall into recession in terms of jobs, with monthly nonagricultural employment consistently below year-ago levels since November 2008. Payroll jobs totaled 180,400 in October 2009, down 4,600 (2.5 percent) from a year ago. Goods producing industries accounted for over half of the job losses—natural resources, mining, and construction shed 1,700 jobs (-11.0 percent) and manufacturing employment declined by 900. On the service-providing side, only education and health services managed to post a gain, adding 800 positions. Employment in each of professional and business services, financial activities, and state government fell by 600 between October 2008 and October 2009.

The Mobile metro, which comprises just Mobile County, is a net importer of workers. There were 162,727 working residents in October, about 17,700 fewer than the number of jobs located in the area. Employment was down 13,150 from a year earlier, a 7.5 percent decrease that was the third lowest among the 11 metros. Perhaps looking ahead to upcoming opportunities, out-of-work residents generally stayed active in the labor force—a decline of just 1.8 percent during the 12 months pushed area unemployment from 5.6 percent in October 2008 to a relatively high 11.0 percent. Mobile’s economy expanded a strong 5.4 percent in 2008, well above the state’s 3.3 percent GDP growth rate and second only to Huntsville’s 6.4 percent. Over the entire period from 2001 to 2008, however, the total value of goods and services produced in the area rose only slightly faster than the state average with an increase of 43.6 percent. Almost two-thirds of Mobile’s economic output comes from services (64.2 percent versus 58.8 percent for the state).

Manufacturing contributes a below-average 13.6 percent of the area’s output and just 8.6 percent of jobs. That is about to change, however, as the ThyssenKrupp plant becomes fully operational over the next several years, producing high-value steel and generating as many as 2,700 jobs. While weak economic conditions in 2009 forced the company to delay completion of the stainless steel portion of the plant, the larger carbon steel rolling mill should start-up in spring 2010 as scheduled. The mill will process raw steel slabs imported from Germany until a new raw steel plant in Brazil can be completed. At the end of October 3,540 Thyssen-Krupp applicants had completed AIDT pre-employment training for what will eventually be 2,700 positions. Applicants are largely from the region, but include experienced steel workers from outside the area. Over 4,500 construction workers were on site in the fall and 400 hundred were already employed by the carbon steel operation. Carbon steel employment was expected to rise by over 100 by year-end and reach about 1,000 in early summer 2010. The carbon steel portion of the plant accounts for around 70 percent of ThyssenKrupp’s planned $4.65 billion investment and will employ about 1,900. With start-up of the stainless steel plant postponed at least a year, the workforce has been frozen at the 177 already hired. Work on the stainless steel melt shop got underway in the fall, although its opening could be pushed back from 2012
to 2014 as demand for the product and the company’s finances recover from the recession. Warehouses and a training facility were constructed at the site during the year, although part of the river terminal was delayed.

While completion of several projects led to modest layoffs at shipbuilder Austal USA in 2009, 2010 should see employment growth. The company delivered the littoral combat ship (LCS) Independence, built under contract with General Dynamics, to the U.S. Navy late in the year. Commissioning of the USS Independence is set for January 16 in Mobile, the first time a ship has been commissioned there since World War II. The company is set to begin work on a second LCS as the Navy continues to evaluate awards of future LCS contracts. Austal also got the go-ahead in mid-December to begin construction of the first of a potential 10 Joint High Speed Vessels that it will build for the military. An $88 million investment in the first stage of a Modular Manufacturing Facility should have Austal well-positioned for cost-efficient production. C&G Boatworks was selected to construct two more patrol boats for the Navy, adding to a previous order for four. However, Bender Shipbuilding and Repair was forced into Chapter 11 bankruptcy, with VT Halter Marine making a bid for its assets early in 2010. Local shipyards received $6.3 million in federal stimulus grants for capital improvements during the year. Mobile’s new Maritime Science Center should open in summer 2010, with capability to train up to 700 annually in skills needed by the shipyards.

In other industrial developments, Armstrong World Industries idled 172 with the closing of its flooring plant in May; 70 will lose their jobs when the New Era Cap Company distribution closes early in 2010. Economic conditions led SSAB to de-lay some of the $460 million announced in 2008 for expansion of its Mobile area steel plate plant. And Teledyne Continental Motors implemented several layoffs at its Brookley Field airplane engine plant. An expansion at umbilical tube manufacturer Aker Solutions should create 30 jobs. EADS opened a maintenance, repair, and over-haul Delivery Center at Mobile Regional Airport; Mobile is headquarters for Airbus Military North America. However, prospects for the Northrop Grumman/EADS team landing a re-bid $40 billion Air Force refueling tanker contract faded as Northrop considered not submitting a bid due to the proposed new guidelines. EADS plans for a $600 million aircraft assembly operation in Mobile hang in the balance.

Sizeable reductions in coal shipments and the negative impact of the recession on shipments in general depressed revenues at the Alabama State Port Authority in Mobile for FY2009, although container, steel, forest products, and rail business are expected to pick up later in 2010. Recent capital investment has greatly expanded the Port’s capacity and capabilities. The Mobile Container Terminal closed deals with Maersk, Hyundai, and American President Lines during 2009 as it builds up business at the expanded facility. Engineering and design work progressed during the year on a bridge that will link the terminal to a proposed $75 million intermodal container transfer facility at Choctaw Point. Work was almost complete on the $86 million Pinto Island Terminal that will service ThyssenKrupp. About $100 million has been spent on upgrades to the McDuffie Coal Terminal, with another $4 million budgeted in FY2010. The Port is positioning itself to take advantage of the Panama Canal expansion that should be complete in 2014—the container terminal is built for post-Panamax ships and the economic stimulus is funding a new turning basin that will accommodate the larger vessels.
There were a number of developments in the metro area’s service industries during 2009. Healthcare and social assistance as a whole was a growth sector, adding 500 jobs in Mobile County during the year ending October 2009, although most local hospitals eliminated a modest number of positions early in the period. Higher than expected patient volumes had the University of South Alabama’s (USA) Mitchell Cancer Institute, which opened in November 2008, adding to employment. The University’s Research and Technology Park is considering a new building since retirement plan services provider DailyAccess filled the remaining current space in the spring. RSA’s purchase and renovation of the 34-story former AmSouth building will increase Class B+ office space in downtown Mobile; completion is scheduled for March 2011. The service sector got a big boost from an $8.5 million headquarters, data center, and customer call center for Ryla—the Saraland location started up with more than 500 employees on June 30 and almost immediately began recruiting another 600 workers to meet client demand.

The number of cruise ship passengers traveling through Mobile got a boost in November when the larger Fantasy replaced the Holiday; Carnival Cruise Lines will replace the Fantasy with the 2,052-passenger Elation in May 2010. Visitors to downtown Mobile will have a new destination late in 2011; the Mobile City Council voted to secure financing to help fund a planned interactive maritime museum, GulfQuest, being built on the waterfront. The Alabama Motorsports Park in Prichard was on hold, however, as investor group Gulf Coast Entertainment worked to line up financing and branding to replace the dropped Dale Earnhart Jr. affiliation for the $640 million project.

Although 2009 was a difficult year for commercial real estate, education-related projects have helped support nonresidential construction in the Mobile area. USA has invested about $108 million over the last several years and construction began in the fall on the $50 million Shelby Hall Engineering and Computer Sciences building. Spring Hill College was finishing up $100 million of renovations and expansion with a $12.8 million student center. A $29.6 million Saraland High School opened at the end of 2009 to anchor the city’s newly-independent school district. With population growth moving to the west, Mobile County has plans for a new elementary and a middle school near Creola, while considering consolidating or closing other below-capacity schools. Total population growth in the metro was estimated at just 2,212 in 2008, an increase of 0.5 percent. There were 882 permits issued for single-family homes during the first 10 months of 2009, down a better-than-average 22.8 percent compared to the same period in 2008. Apartment development picked up 4.8 percent to 763 units. However, the total number of homes sold was down an above-average 19.5 percent for the same period. Home prices as measured by the FHFA House Price Index slipped in the third quarter, down 1.1 percent from the prior quarter and 0.8 percent compared to a year ago.

Deposits in FDIC-insured banks in the Mobile metro were up 6.6 percent for the year ended on June 30, less than the state’s 9.0 percent increase. The number of banking institutions increased by two to 20, while eight additional branches brought the total to 123. Per capita income improved at a strong 5.0 percent pace during 2008, although at $30,347 it ranked 8th among the metro areas. An increase of 3.3 per-cent brought median family income to $49,500.
in FY2009, ranking 10th. Average annual wage of $35,440 for 2008 was 98.0 percent of the state average.