Birmingham and Mobile:
Sharing Common and Complementary Economic Interests

What do Birmingham and Mobile—Alabama’s largest metropolitan areas—have in common? A similar employment distribution for one thing, with strong concentrations in services; construction; and transportation, communications, and public utilities (TCPU) and below-average employment shares in government and manufacturing. (In fact, at 10.5 percent, manufacturing’s share of nonagricultural employment for both Birmingham and Mobile in 2001 was the lowest in the state.) There are commonalities in major industries as well. A list of major industries by MSA identifies medicine and research, construction, and electronics and telecommunications in order as the top industries for each area, followed by various manufacturing segments. Population patterns are another similarity, with a slow-growing urban county encompassing a stagnant or declining central city melded with fast-growing suburban counties.

Then what are the differences? Birmingham is the financial capital of Alabama, while Mobile lags the state average in finance, insurance, and real estate (FIRE) jobs. Mobile has a unique position as a leader in shipping with the Port of Mobile. Total population of the Mobile MSA was about 59 percent that of Birmingham in 2001. However, even with more residents, the Birmingham metro area has long provided more jobs than labor force, drawing workers from outside the area and keeping unemployment well below the state average. The Mobile area, on the other hand, has fewer jobs than available workers, forcing some to seek work outside the area and keeping unemployment around the state average. Differences in economic opportunities result in income discrepancies as well. At $52,700, median family income in the Birmingham MSA ranked third in Alabama for FY2002, while Mobile’s $45,100 ranked eighth among the state’s 11 metro areas.

Let’s look more closely at some aspects of the Birmingham and Mobile economies, focusing on the interactions between the two. Birmingham is home to Alabama’s four largest banks in terms of assets, while Mobile’s largest bank ranked 31st on assets at year-end 2000. Mobile is thus an important market for Birmingham financial institutions. While SouthTrust, Regions, AmSouth, and Compass banks had 142 offices in the Birmingham metro area in March 2002, they also counted 95 Mobile area offices.

Mobile has suffered the loss of corporate headquarters, including Delchamps, in recent years. Looking at Alabama’s publicly traded companies in 2001, the Birmingham metro area was headquarters to 26, while Mobile claimed only three. And among Alabama’s top 100 private companies as tallied in November 2001, 37 were headquartered in the Birmingham MSA compared to five in the Mobile area. In retailing, Birmingham-based Saks Inc. has both Parisian and McRae’s stores in Mobile. And Bruno’s operates eight Bruno’s and nine Food World grocery stores in the Mobile metro area.

The Alabama Industrial Directory for 1999-2000 includes 156 Birmingham area mining and manufacturing firms and 78 Mobile area firms with over 100 employees. Mobile claims a higher
percentage of large manufacturers categorized as hi-tech, at 23.1 percent of these firms compared to 16 percent of Birmingham area firms. Many industry groups are prominent in both metros, including electrical and electronic equipment, transportation equipment, and machinery manufacturing. While Mobile has some presence in industries such as primary iron and steel, fabricated metal products, printing and publishing, and stone and clay products, these are dominant industries in the Birmingham MSA. In contrast, the heaviest concentration of large firms in the Mobile area is in chemicals and fiber manufacturing, while Birmingham has no large manufacturers in this sector. Mobile is also more heavily weighted in lumber and wood products industries and in transportation equipment, where an emphasis on shipbuilding goes along with its coastal location.

Proximity to port facilities makes the Mobile area a prime location for firms that export and/or import. In the Mobile metro area, 59 percent of the 78 large manufacturing firms export, while 38.5 percent import. Shares in the Birmingham MSA are lower—53.8 percent of large manufacturers export and 31.4 percent import. Foreign investment is also pronounced in Mobile—18 firms, or 23.1 percent, are foreign-owned. This compares to just 6.4 percent of the 156 Birmingham manufacturing firms with over 100 employees.

Then do the inputs and outputs of these global economies flow through the Port of Mobile, yielding a strong transportation linkage between the two areas? That depends on the type of cargo, according to a recent study of port usage. In tonnage of bulk shipments, about 72 percent of exports by vessel originating in the Birmingham area and 92 percent of the tonnage originating in Mobile went out through the Port of Mobile in 1999. But looking at containerized cargo, just 3.4 percent of the Twenty feet Equivalent Units (TEUs) exported from Birmingham traveled via the Port of Mobile, while 17 percent of Mobile area containerized shipments took that route.

Both the Birmingham and Mobile economies have a sizeable tourism and travel component. In fact, the top three counties in Alabama in terms of estimated total visitors in 2000 were Baldwin with over 3.5 million, Jefferson with over 2.7 million, and Mobile with just under 2.5 million. Travel-related industries directly employed about 30,800 in the Mobile MSA in 2000 and 20,000 in the four-county Birmingham metro area. Travel-related total earnings (both direct and indirect) amounted to almost $837 million in Mobile and over $544 million in Birmingham in 2000. Tourist interaction between the two areas is likely to flow in the Birmingham-to-Mobile direction. In fact, a 2000 survey found tourists at Gulf Coast beaches in Baldwin County drove an average of 279 miles—about the distance from Birmingham to Gulf Shores/Orange Beach.

Thus, Alabama’s largest metro areas, Birmingham and Mobile, present a mix of commonalities, differences, and complementary economic emphases—with room for increased future interactions.

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