



Alabama Coastal Economy

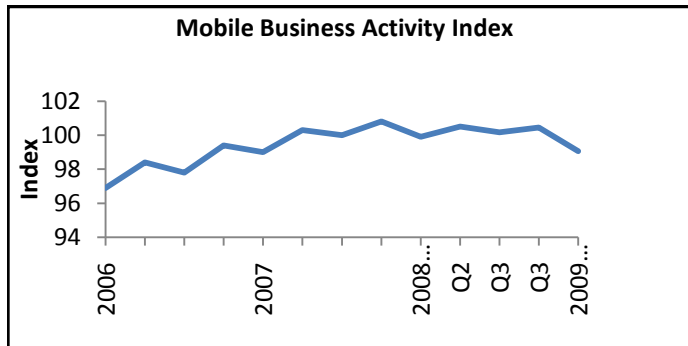
Center for Real Estate Studies

Period ending July, 2009

Report found at <http://cres.southalabama.edu>

Mobile is the Economic Engine for Coastal Alabama

Three views of the Coastal Alabama economy provide a good cross-sectional analysis of the direction and strength of future activity. The *Mobile Business Activity Index* is an approximation of economic growth. It tracks employment for 10 NAICS industrial classifications weighted by each industry's personal income-per-worker. It shows the level of workforce spending power in the economy. The index declined by 1.4 percent from the previous quarter, and .9 percent from the same quarter in 2008. The index increased 4.5% from the same quarter four years earlier. Although the current index declined slightly, the overall 3-year trend is upward with a modest growth.

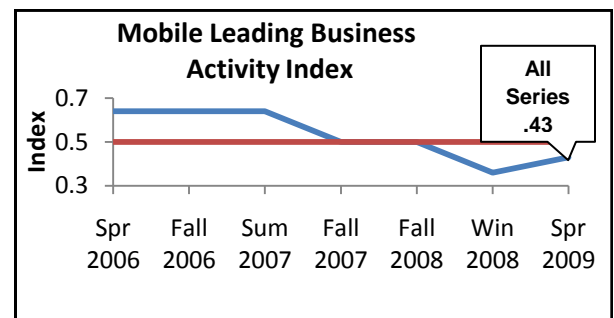


The *Mobile Leading Business Activity Index* includes 14 time series selected as good indicators of future business activity. All series are assembled for the most recent month or quarter, three statistical tests are applied, and the results are weighted into an index number that provides a good indication of business activity in the next 6 months. An index above .50 is considered to be positive with moderate strength.

The most recent *Leading Index* was +.43 which is a weak performance. When the 4 time series representing the U.S. economy and the State of Alabama are removed, the *Index* drops to +.40. This means that the 10 remaining Mobile indicators point to about the same level of average performance for the next three months.

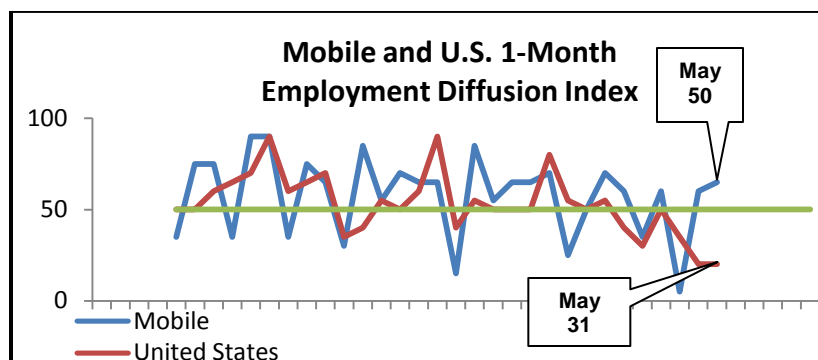
In the period following 2003, the rate of increase in local employment was higher than the rate of increase in the local civilian workforce, which is good indicator of the future. This relationship caused the unemployment rate to drop to 3.2 percent. In recent periods, the reverse is true causing the unemployment rate to increase to 8.5 percent in April.

The *1-Month Mobile Employment Diffusion Index* is comparable to a similar index for the U.S. economy. It measures the dispersal and impact on the economy of employment changes in specific industries. Each change in each of the 10 industrial clusters followed is weighted to reflect an expansion or contraction. Expanding industries will have a greater future impact on business activity than those that are contracting.



The latest Mobile Diffusion Index for May is 50 compared to 31 for the U.S. Recent Mobile employment growth indicates a much larger future impact than the changes at the national level. Although the economy did not register large employment growth in any one cluster, four experienced an increase and five remained the same. The overall impact is that the local economy showed a positive response to the negative impact of the national recession.

In conclusion, diversification of the local economy and recent economic development successes will cause business activity to respond slower to the recession, and recover faster.



For additional information, contact:

Dr. Don Epley, Director, Center for Real Estate Studies, Mitchell College of Business, University of South Alabama, Office: 251.460.6735, E-mail: depley@usouthal.edu

University of South Alabama takes reasonable measures to ensure the quality of the data and other information produced. However, USA makes no warranty, express or implied, nor assumes any legal liability or responsibility for the accuracy, correctness, or completeness of any information, nor represents that its use would not infringe on privately owned rights. Reference to any specific commercial product, process, or service does not constitute an endorsement, recommendation, or favoring by USA.