

# Coastal Economy

## Center for Real Estate Studies

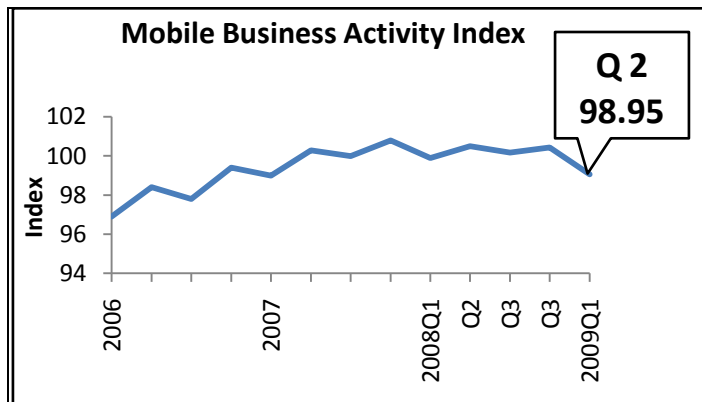
Period ending August, 2009



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. Business activity declined 0.11 percent from the previous quarter, and 1.57 percent from the same quarter in 2008. The index increased 3.58% from the same quarter four years earlier. Although the current index declined slightly, the overall 3-year trend is upward with a modest growth.



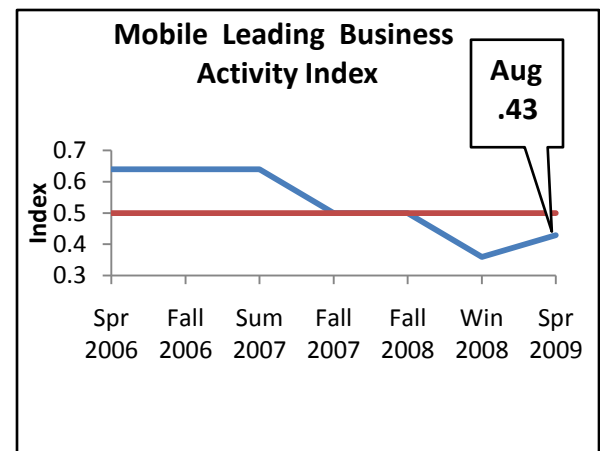
The *Mobile Leading Business Activity Index* includes 14 time series selected as good indicators of future business activity. All series are assembled for the most recent month or quarter, three statistical tests are applied, and the results are weighted into an index number that provides a good indication 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 below average performance. When the 4 time series representing the U.S. economy and the State of Alabama are removed, the *Index* increases to .60 representing an above average performance. This means that the 10 remaining Mobile indicators point to a stronger performance in 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 9.5 percent in May.

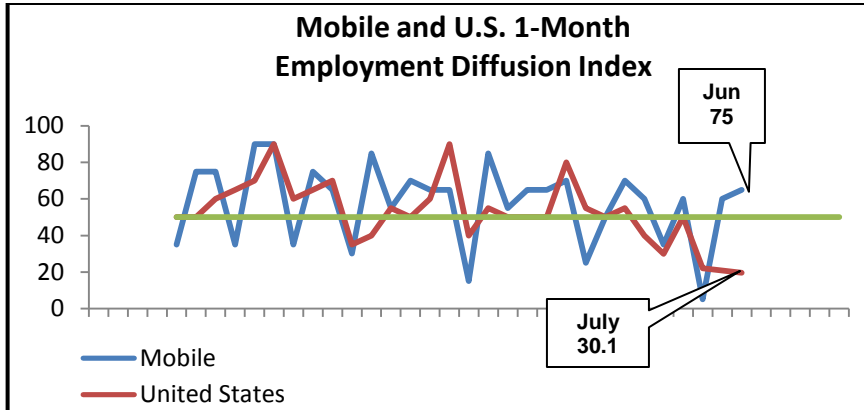
All four of the national and Alabama indicators (shown on back) were judged to be negative. The U.S. Conference Board Leading Index showed a recent increase, but has not yet indicated a definite positive influence on the local metro area. The Alabama Business Index reached its lowest level ever with a very slight recent increase. In sum, the national and state indicators do not indicate an increasing business environment.

The *USA Activity Index* projection, new residential 1-unit building permits, city sales tax collections, county sales tax collections, and total attraction visitors were all viewed as heading in the right direction. Negative influences included a recent rise in the unemployment rate, non-farm employment, housing sales, and special events and convention visitors. In sum, the *Leading Index* indicates an above average performance of the local economy.



The latest Mobile Diffusion Index for Mobile in June is 75 compared to 30.1 for the U.S in July. 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, six experienced an increase and three remained the same. Only one, Mining and Construction, declined. 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:**

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## 2009 Critical Mobile Economic Indicators Time Series in the Leading Business Index

Fourteen time series have been selected to represent the indicators of future business activity growth.

<b>U.S. Consumer and Business Attitudes:</b>	<b>Coverage</b>	<b>Direction</b>
Index of Consumer Sentiment	U.S.	–
Non-Mfg. Business Activity Index	U.S.	–
U.S. Leading Economic Index	U.S.	–
<b>Alabama Business Markets:</b>		
Alabama Business Outlook	State	–
<b>Mobile MSA:</b>		
Mobile Business Activity Projection	Mobile	+
Non-Farm Employment	Mobile	–
Unemployment Rate	Mobile	–
New Residential 1-Unit Permits	Mobile	+
Home Affordability	Mobile	+
Housing Sales	Mobile	–
City Sales Tax Collections	Mobile	+
County Sales Tax Collection	Mobile	+
Total Attraction Visitors	Mobile	+
Special Events and Convention	Mobile	–