

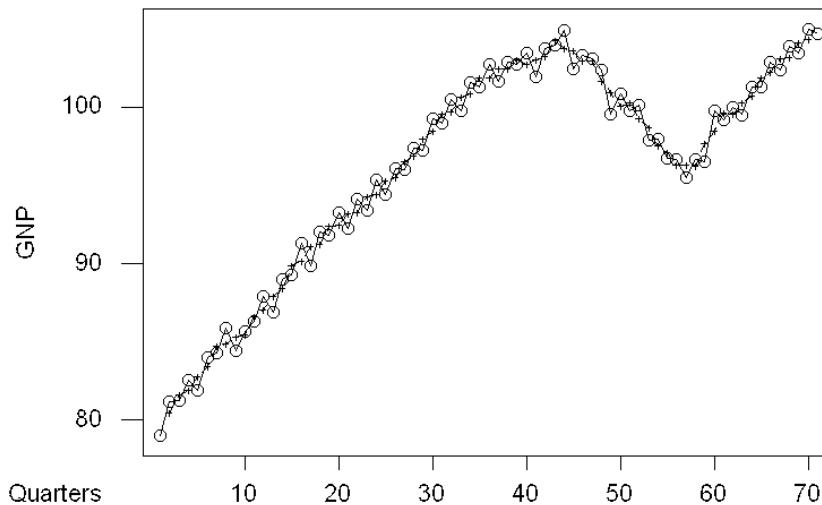
MOBILE MARKET WATCH



Mitchell College of Business
Center for Real Estate Studies



Mobile GNP Indicator
1990-2007 Quarter 3



0-0 GNP Indicator; x-x 3-quarter average

High of 105.0 in 2007 Q2; 3-quarter average high of 104.4 in 2007 Q2

2007 Quarter 3 GNP Indicator = 104.68 +2.3%

2006 Quarter 3 GNP Indicator = 102.41

Mitchell College of Business Center for Real Estate Studies
Winter, 2007

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Mobile MSA Gross National Product (GNP) Indicator

2007 Quarter 3

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Don Epley, Director, Mitchell College of Business Center for Real Estate Studies

“Data you can use.”

“Education you can use”

The *Mobile GNP Indicator* estimates movement in the local economy comparable to the Gross National Product (GNP) for the national economy. It is constructed to estimate real economic growth by following changes in real income of the local workforce.

Employment times personal income received produces family income available to spend on local goods and services causing “economic activity.” Personal income estimates are a large part of the Gross National Product figures produced by the U.S. Commerce Department to measure economic growth. GNP is constructed to measure changes in the Mobile economy relative to the 2005 base year.

Mobile Growth

Relative changes between two periods are interpreted as a percent increase (decrease) in real economic growth. The most recent actual index figures are,

	<u>GNP</u> <u>Indicator</u>	<u>% change</u> <u>1 year ago</u>	<u>% change</u> <u>5 years ago</u>	<u>% change</u> <u>10 years ago</u>	
2007Q3	104.68	+2.3%	+5.08%	+5.78%	base: 2005
2006Q3	102.4				
2002Q3	99.6				
1997Q3	98.9				

The real growth in actual spending power in 2007Q3 increased 2.3% from the same quarter in the previous year, increased 5.08% over the past 5 years, and increased 5.78% over the past 10 years, in constant 2005 dollars. Since 1997Q1, the highest level of economic activity in the Mobile economy occurred in 2007Q2 with an index of 105.

While it is more meaningful to examine growth trends, monthly comparisons do give direction. The local economy decreased from 105.0 in 2007Q2 to a level of 104.68 in 2007Q3, or -0.32%. **Concurrently, the quarterly average in 2007Q2 of 104.4 reached the highest level since 1990. The trend has shown steady increases of 102.2 in 2006Q2 and 99.6 in 2005 Q2.**

For 2007Q3, the GNP of 104.68 reflects a slight dip from the previous quarter, and concurrently, was part of the highest point on the Mobile quarterly trend. The projected performance for 2007Q4 is for the GNP indicator to achieve even higher levels. The non-farm employment level of 552.1 was less than the 553.9 total in the previous quarter, but significantly higher than the 544.5 in 2007Q1.

History of Economic Growth

From 1990Q1-2007Q3, total economic growth in constant 2005 dollars was +25.71% for 71 quarters, or +.36% per quarter. At this quarterly average rate, the local economy is growing at an annual average of +1.44 percent in 2005 dollars.

Projection

The 2007Q3 projection shows that the economy will perform at a significantly higher level driven primarily by the general growth rate of the Mobile economy. The exact numbers are projected to be the following:

Mobile GNP Indicator	2007Q4	106.1	+1.4%
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A Special Note on Accuracy: A frequent question is, “How accurate are the projections?” The projection for this quarter was 106., and the actual number equaled 104.68, a difference of 1.32 percent.

Center for Real Estate Studies

The Center was created by the Mitchell College of Business to expand the quantity and quality of real estate studies and education as part of the USA mission to better serve its students. The goal is to offer practical real estate analysis and applied education to help the students and citizens understand local markets, and to assist the real estate professional in daily business.

Further Information

For additional information, contact Prof. Don Epley, Director, USA Mitchell College of Business, depley@usouthal.edu 251.460.6735

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Every effort has been made to assure the accuracy of the numbers. The results are not guaranteed or warranted. These opinions represent the author only.