



ALABAMA

Economic & Real Estate Report





ALABAMA MONTHLY HOME SALES REPORT

APRIL 2023

KEY TAKEAWAYS

- Alabama had **6,863 home sales** in April. This is a decrease of 2,015 sales compared to April of last year.
- The median sales price decreased by \$18,145 compared to a year ago to **\$212,276**. This is an annual decrease of 7.9%.
- The sold volume was **\$1.6 billion** in April, a decrease of \$0.8 billion from last April. This is a 33.3% annual decrease.
- The **10,988 active listings** at the end of April marks an increase of 56.3% compared to the 7,032 one year ago.
- The **390 foreclosures** in April represent an 11.1% year-over-year increase, yet a slight decrease in foreclosures since last month.

ALABAMA HOUSING MARKET SUMMARY, APRIL 2023

	Apr-22	Apr-23	Change	% Change	YTD '22	YTD '23	Change	% Change
Sales	8,878	6,863	-2,015	-22.7%	29,543	37,705	-8,162	-21.6%
Median Sales Price (\$)	230,421	212,276	-18,145	-7.9%	221,838	206,473	-15,365	-6.9%
Average Sales Price (\$)	269,280	235,087	-34,193	-12.7%	271,428	240,848	-30,580	-11.3%
Sales Volume (\$ billions)	2.4	1.6	-0.8	-33.3%	10.2	7.1	-3.1	-30.4%
Average Days on Market	32	53	21	65.6%	44	64	20	45.5%
Active Listings	7,032	10,988	3,956	56.3%	27,296	44,774	17,478	64.0%
Months of Supply	1.6	2.5	0.9	56.3%	1.4	2.2	0.8	57.1%
Foreclosures	351	390	39	11.1%	1,247	1,602	355	28.5%



ECONOMIC OVERVIEW

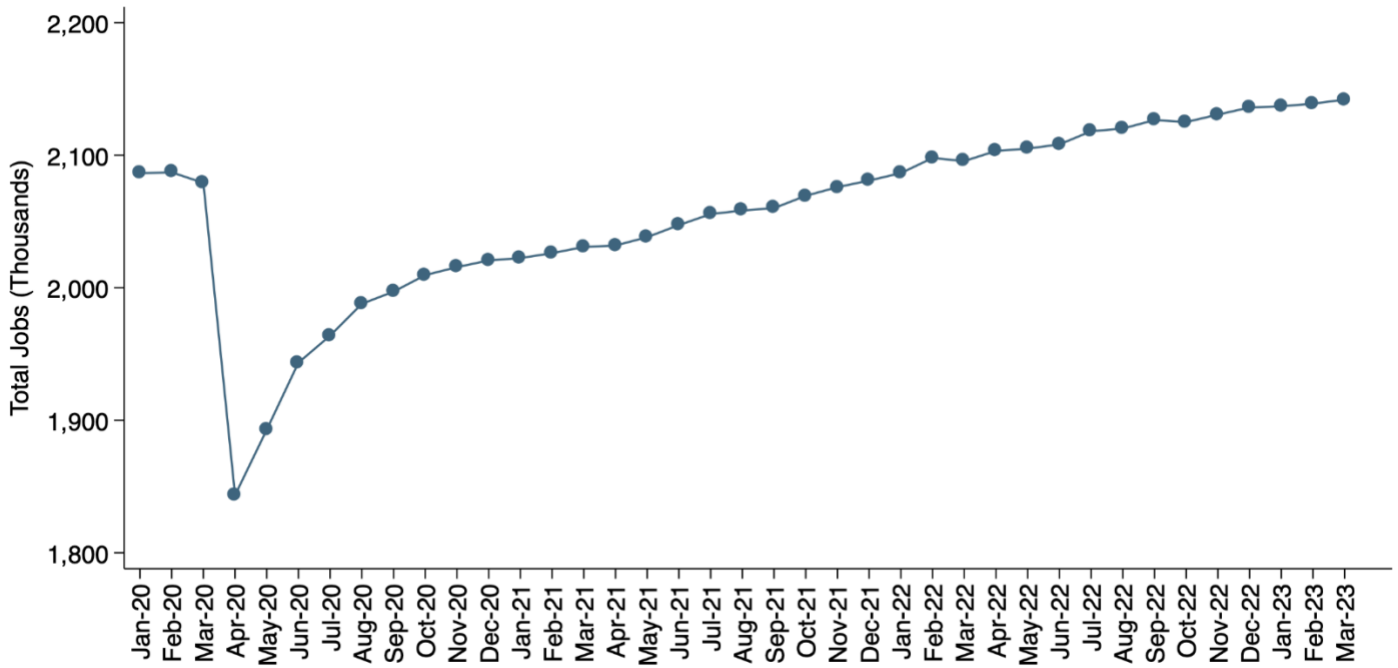
Inflation moderated slightly once again, yet remains above the Federal Reserve’s target, with the Consumer Price Index (CPI) for all items rising 4.9% year-over-year in April 2023. Food prices increased by 7.7%, while energy prices declined by 5.1%. Additionally, the CPI for the South was higher at 5.5%, year-over-year, and higher than the March figure of 5.3%. The CPI was lower again relative to the previous month. Additionally, average 30-year mortgage rates decreased through mid-April to 6.27%, before increasing through the end of the month.

State unemployment decreased to a record low and remains below the national average in April 2023. The national unemployment rate decreased slightly to 3.5%. Furthermore, the nation added 253,000 jobs in April.

With stronger than expected job growth and continued high inflation (above 2%), it was unsurprising that the Federal Reserve raised the fed funds rate by 0.25 percentage points in early May. The current fed funds rate target is 5.00–5.25%.

JOBS

Alabama added 3,000 jobs in March, bringing the total number of jobs in the state to 2,141,900. Job growth remains positive and increased relative to the 2,000 added in February 2023.



Alabama Labor Force Participation (Thousands)

Government led all sectors with 1,900 jobs added since February. This was followed by Trade, Transportation, and Utilities Construction, which added 1,100 jobs, and Financial Activities, which also added 700 jobs. Sectors that lost jobs since February include Manufacturing (1,100 jobs); Information (500 jobs); and Leisure and Hospitality (400 jobs).

EMPLOYMENT

The unemployment rate in Alabama was 2.3% in March 2023, below the figure for February and the lowest unemployment rate in at least a decade. The state’s unemployment rate is 1.2 percentage points below the national unemployment rate of 3.5%.

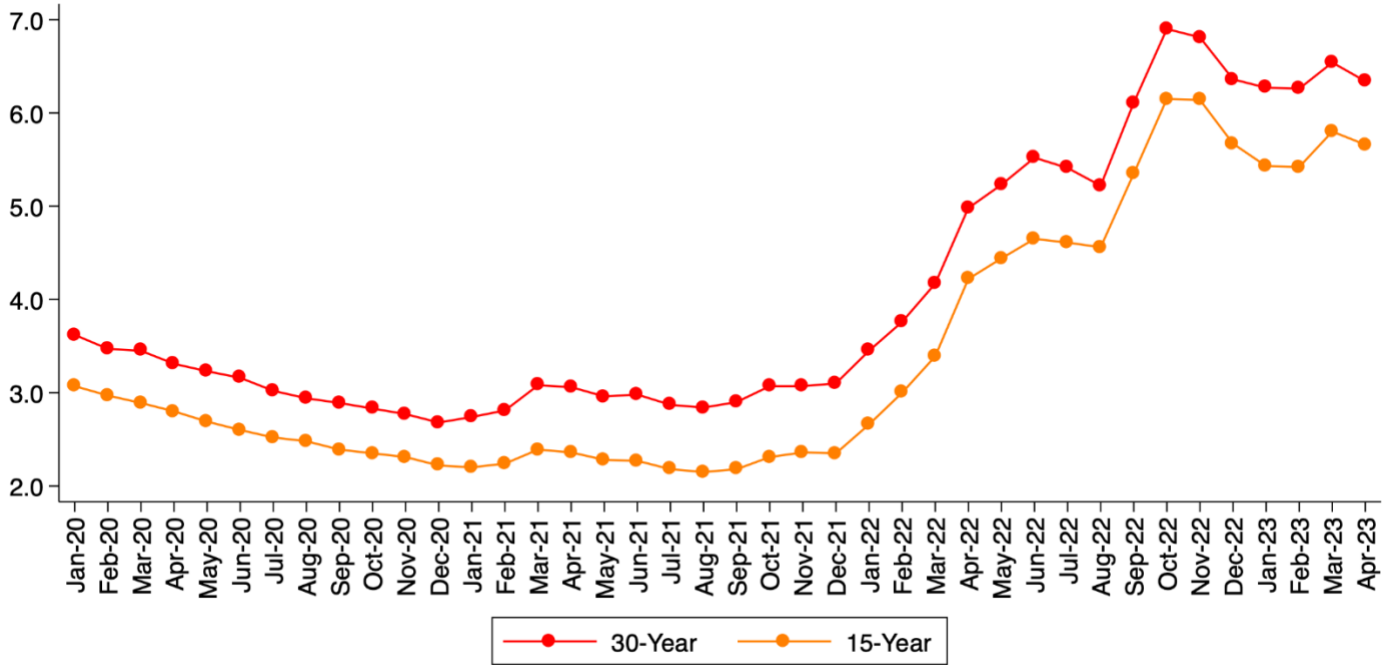
Alabama’s labor force participation rate again remained at 56.7% in March, where it has remained since November 2022. The state’s labor force participation rate most recent peak was 57.2% in May 2022. The national labor force participation rate increased slightly to 62.6% in March 2023.



MORTGAGE RATES

The average 30-year fixed rate mortgage decreased to 6.27% by April 13, the lowest average rate in two months, before climbing throughout the remainder of the month to 6.43%. Nevertheless, these rates are lower than those of early March. Recently the average 30-year fixed mortgage rate has fallen through the start of May to 6.35% as of May 11, 2023.

U.S. Fixed-Rate Mortgage Averages





HOUSING MARKET OVERVIEW

SALES

The number of sales transactions that closed during the month

Home sales activity declined in April 2023. There were 6,863 sales during the month, which is 2,015 fewer sales than last April and the lowest April sales in five years. This also represents a 3.3% month-over-month decrease in sales. The decline in sales for April marks the eighth month of declining sales. Interest rates and tightening credit standards likely weighed on the housing market.

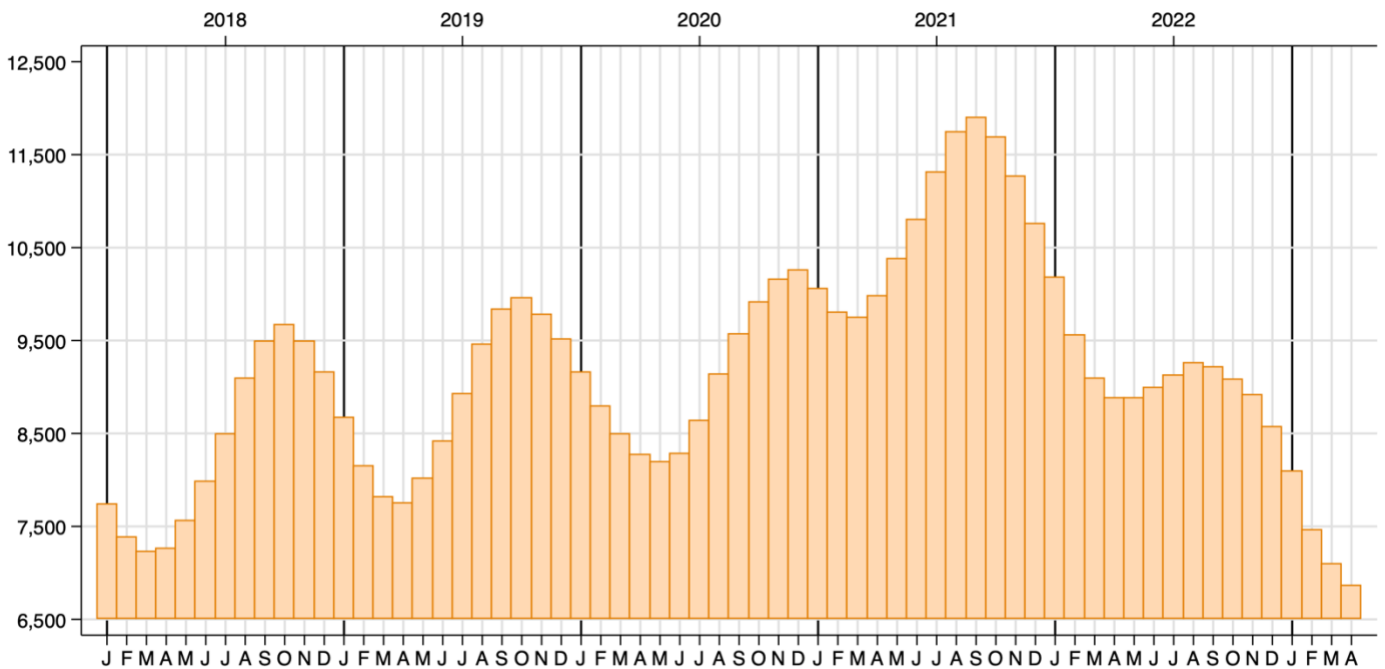
AAR's Forecast

AAR projects that state total home sales will continue to decline between April 2023 and May 2023 by approximately 3.0% to 6,658.

Alabama Monthly Home Sales Figures

Month	Sales	Percent Change Year-over-Year
Year-to-Date	29,543	-21.6%
April 2023	6,863	-22.7%
March 2023	7,098	-21.9%
February 2023	7,463	-21.9%
January 2023	8,089	-20.5%
December 2022	8,572	-20.3%
November 2022	8,908	-20.9%
October 2022	9,084	-22.2%
September 2022	9,210	-22.6%
August 2022	9,258	-21.1%
July 2022	9,127	-19.3%
June 2022	8,995	-16.7%
May 2022	8,883	-14.4%
April 2022	8,878	-11.0%

Alabama Home Sales, Monthly Figures





HOUSING MARKET OVERVIEW

MEDIAN SALES PRICE

Measures the “middle” price of homes that sold (half of the homes sold for a higher price and half sold for less)

The median sales price decreased by 7.9% year-over-year in April 2023. However, the median sales figure is at its highest since December 2022. The increase in the median sales price continues the monthly increases that began last month. Median sales prices are down 13.9% in April when compared to their peak in August 2022.

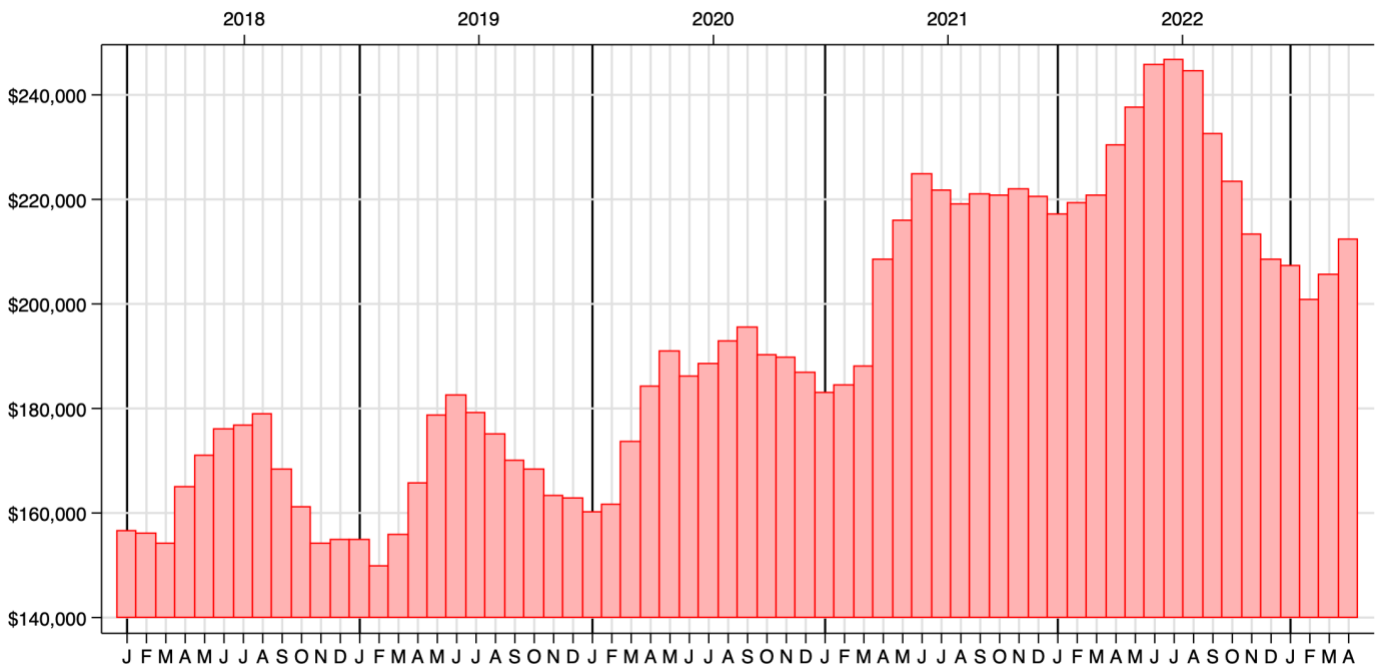
Alabama Median Sales Prices

Month	Median Sales Price (\$)	Percent Change Year-over-Year
Year-to-Date	206,473	-6.9%
April 2023	212,276	-7.9%
March 2023	205,633	-6.8%
February 2023	200,650	-8.4%
January 2023	207,333	-4.5%
December 2022	208,333	-5.5%
November 2022	213,333	-3.0%
October 2022	223,333	1.2%
September 2022	232,417	5.3%
August 2022	244,391	11.6%
July 2022	246,570	11.3%
June 2022	245,607	9.2%
May 2022	237,633	10.1%
April 2022	230,421	10.6%

AAR’s Forecast

AAR projects that state median home sale prices will continue to increase slightly between April 2023 to May 2023 by approximately 1.7% to \$215,970.

Alabama Median Sales Prices (\$), Monthly Figures





HOUSING MARKET OVERVIEW

AVERAGE SALES PRICE

The sum of all sales in dollars divided by the number of homes sold

While the median Alabama home sales price continues to inch upward, the average, or mean, sales price continues its downward trajectory. Average home sales prices decreased by 12.7% year-over-year in April 2023. The average price decreased by 1.2% compared to March 2023.

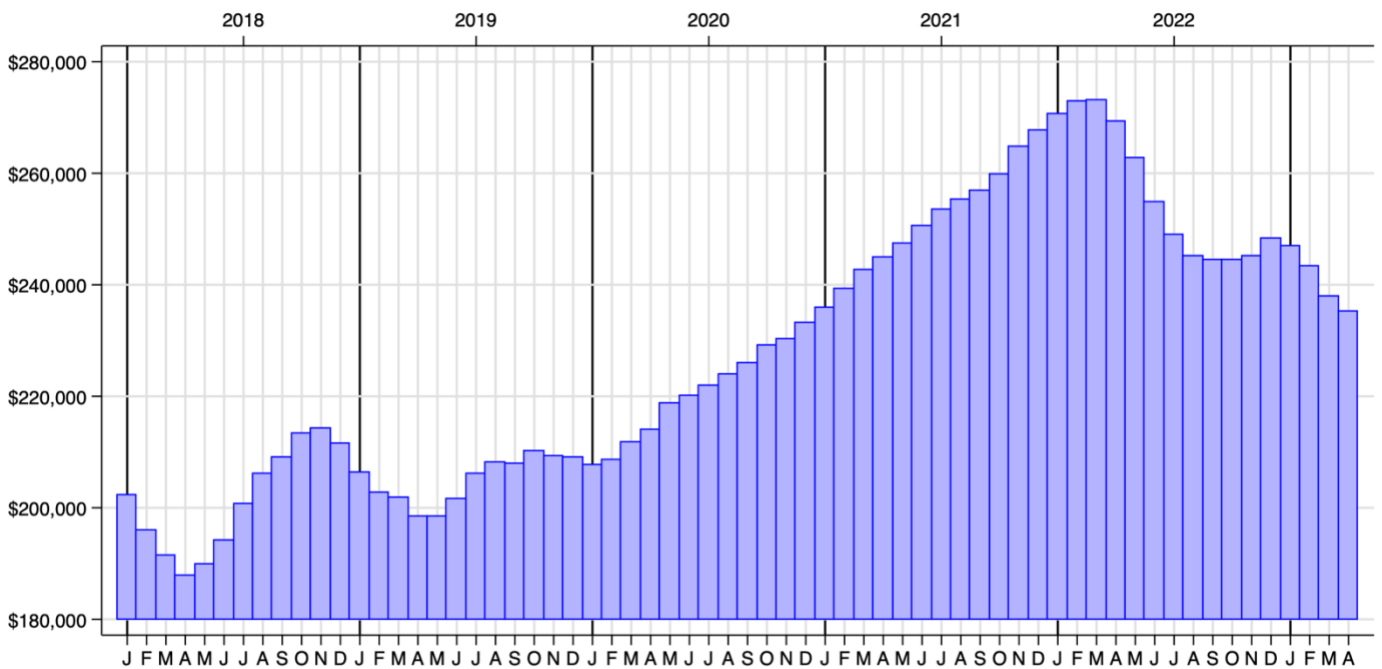
AAR's Forecast

AAR projects that state average home sale prices will continue to decline slightly between April 2023 and May 2023 by 1.0% to approximately \$232,778.

Alabama Average Sales Prices

Month	Average Sales Price (\$)	Percent Change Year-over-Year
Year-to-Date	240,848	-11.3%
April 2023	235,087	-12.7%
March 2023	238,004	-12.9%
February 2023	243,398	-10.8%
January 2023	246,901	-8.7%
December 2022	248,354	-7.2%
November 2022	245,083	-7.4%
October 2022	244,356	-6.0%
September 2022	244,397	-4.8%
August 2022	245,209	-3.9%
July 2022	248,902	-1.8%
June 2022	254,873	1.7%
May 2022	262,669	6.2%
April 2022	269,280	9.9%

Alabama Average Sales Prices (\$), Monthly Figures





HOUSING MARKET OVERVIEW

SALES VOLUME

Measures the combined sales price of all homes that closed during the month

The sold dollar volume in April 2023 was \$1.6 billion, which is down \$800 million from April 2022. This sales figure represents a 33.3% decline, year-over-year. This decline in sold dollar volume is driven by the decrease in the number of sales and the lower average sale prices. The sold dollar volume this month remains greater than the pre-pandemic level in April 2019 and continues the slow decline that began in October 2022.

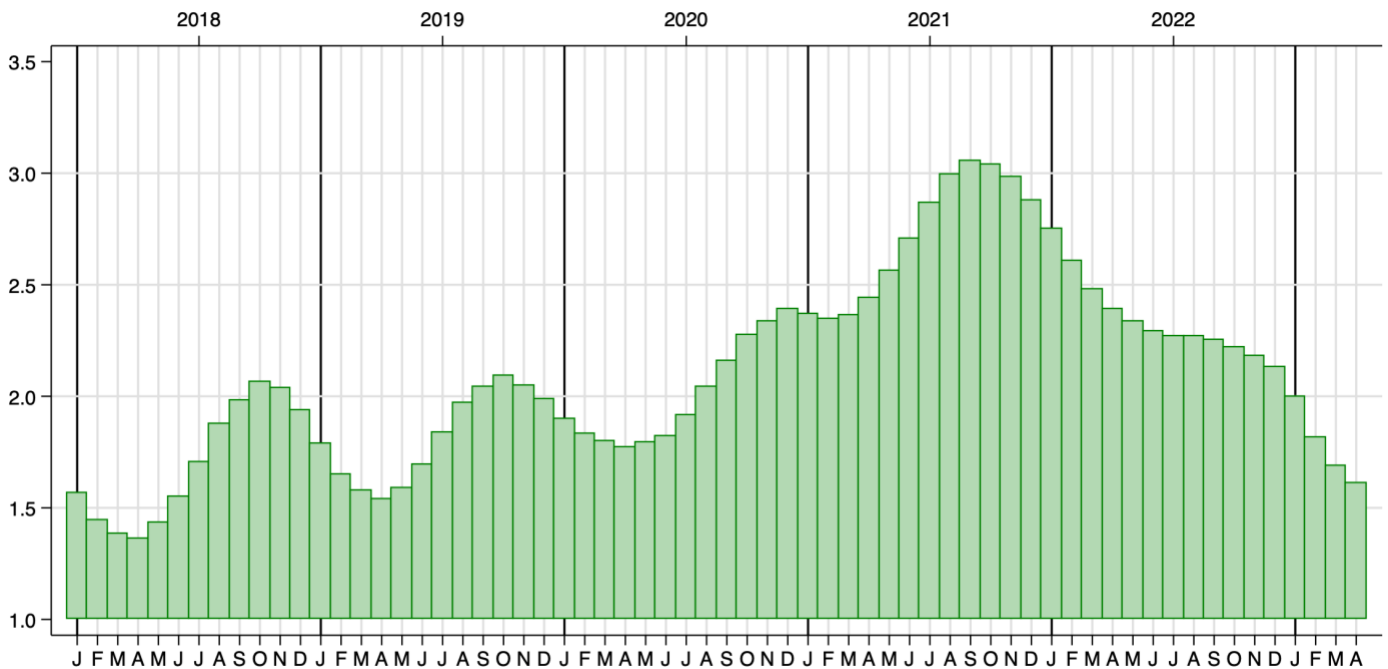
AAR's Forecast

AAR projects that state residential sales volume will decrease slightly between April 2023 and May 2023 by 3.9% to approximately \$1.5 billion.

Alabama Sales Volume (in Billions)

Month	Sales Volume (\$)	Percent Change Year-over-Year
Year-to-Date	7.1	-30.4%
April 2023	1.6	-33.3%
March 2023	1.7	-32.0%
February 2023	1.8	-30.1%
January 2023	2.0	-28.6%
December 2022	2.1	-27.6%
November 2022	2.2	-26.7%
October 2022	2.2	-26.7%
September 2022	2.3	-25.8%
August 2022	2.3	-23.3%
July 2022	2.3	-20.7%
June 2022	2.3	-14.8%
May 2022	2.3	-11.5%
April 2022	2.4	-2.0%

Alabama Sales Volume (in Billions), Monthly Figures





HOUSING MARKET OVERVIEW

DAYS ON MARKET

Measures how long it takes a home to sell after it has been listed on the market

In line with seasonal trends, Alabama homes stayed on the market for a shorter period in April 2023 compared to the previous six months. Homes sold in April were on the market for 53 days, on average. This figure is 21 days longer compared to one year ago, but 5 fewer days compared to March 2023. Even with this recent decline, however, the average days spent on market is approximately 3 weeks longer than the average of the spring months of 2022.

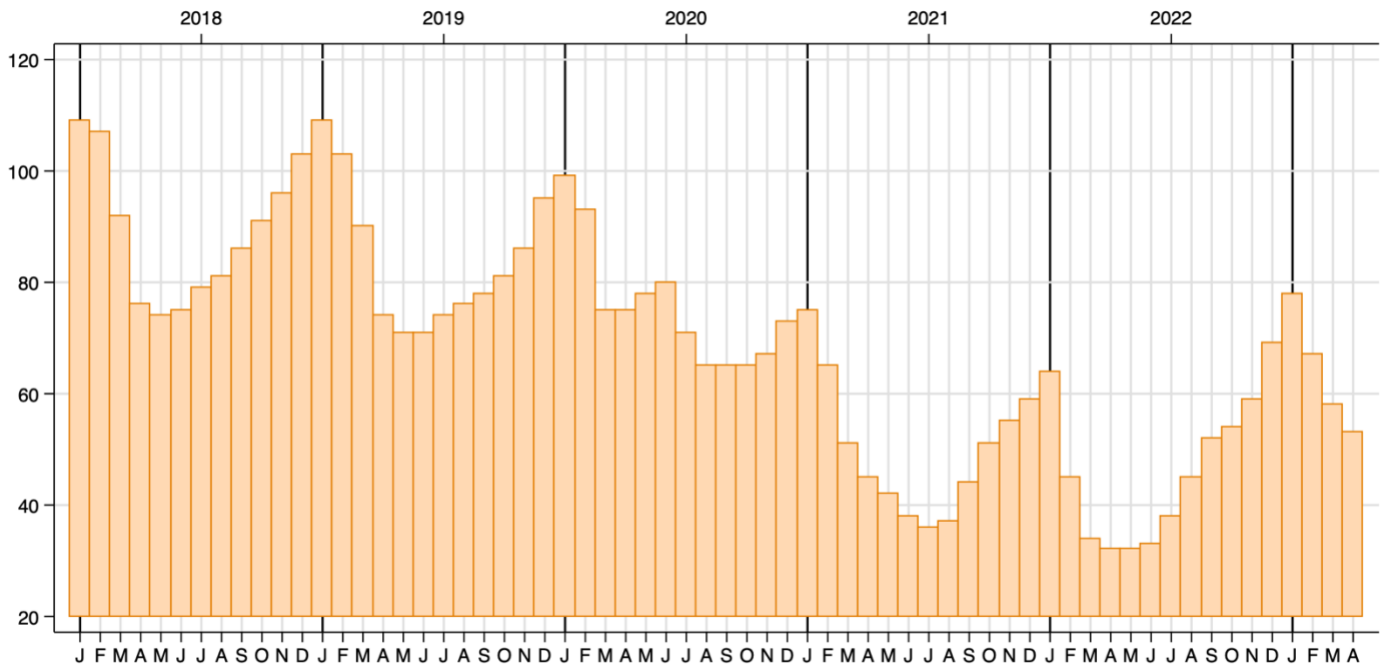
AAR's Forecast

Based upon current economic trends, AAR projects that state residential days on market will increase by 2 days between April 2023 and May 2023 to approximately 55 days.

Alabama Residential Days on Market

Month	Days on Market	Percent Change Year-over-Year
Year-to-Date	64	45.5%
April 2023	53	65.6%
March 2023	58	70.6%
February 2023	67	48.9%
January 2023	78	21.9%
December 2022	69	16.9%
November 2022	59	7.3%
October 2022	54	5.9%
September 2022	52	18.2%
August 2022	45	21.6%
July 2022	38	5.6%
June 2022	33	-13.2%
May 2022	32	-23.8%
April 2022	32	-28.9%

Alabama Residential Days on Market, Monthly Figures





HOUSING MARKET OVERVIEW

SUPPLY

Estimate of the number of months it will take for all homes listed on the market to sell

Housing supply levels continued their upward trajectory in April 2023 as there were 2.5 months of supply. This figure is more than the 1.6 months available one year ago and is the highest level of supply since June 2020. Alabama housing supply levels have increased by 99.4% since January 2022.

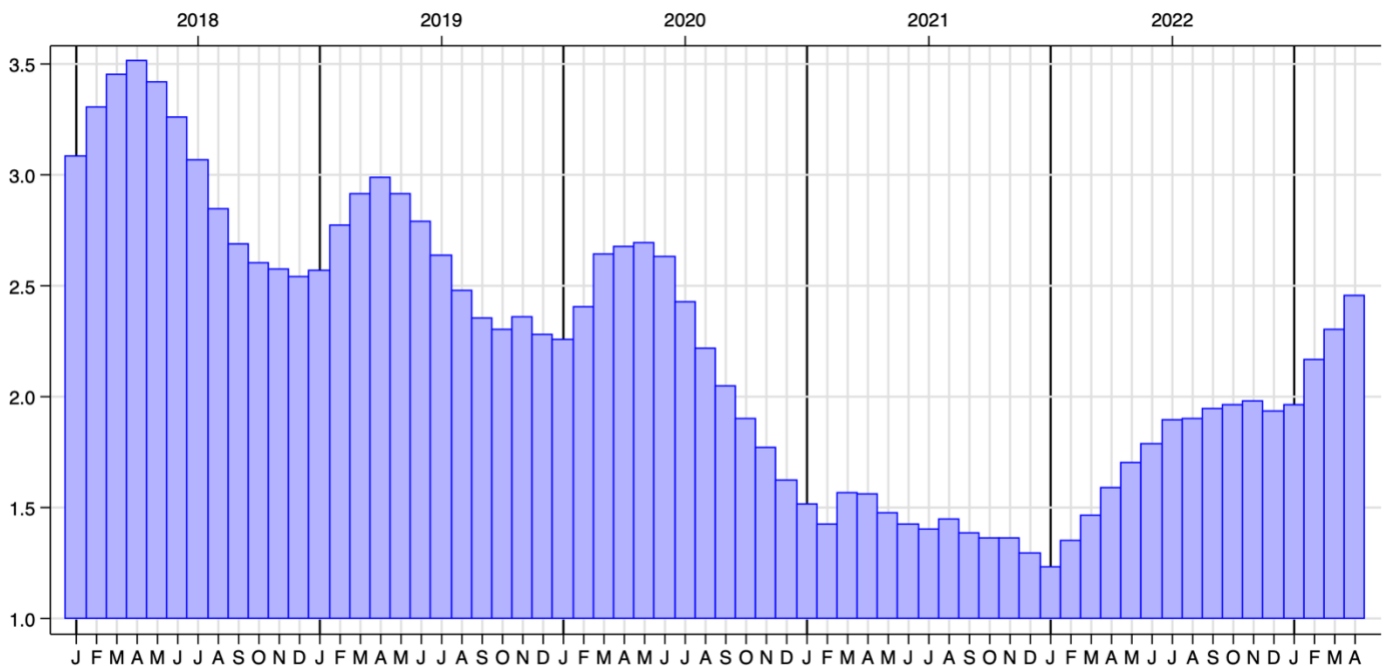
Alabama Months of Supply

Month	Months of Supply	Percent Change Year-over-Year
Year-to-Date	2.2	57.1%
April 2023	2.5	56.3%
March 2023	2.3	53.3%
February 2023	2.2	69.2%
January 2023	2.0	66.7%
December 2022	1.9	46.2%
November 2022	2.0	42.9%
October 2022	2.0	42.9%
September 2022	1.9	35.7%
August 2022	1.9	35.7%
July 2022	1.9	35.7%
June 2022	1.8	28.6%
May 2022	1.7	13.3%
April 2022	1.6	1.9%

AAR's Forecast

Based upon current economic trends, AAR projects that state residential supply will increase between April 2023 and May 2023 by 4.1% to 2.6 months of supply.

Alabama Months of Supply, Monthly Figures





HOUSING MARKET OVERVIEW

RESIDENTIAL LISTINGS

The number of properties listed on the market during the year

Alabama had considerably more active listings at the end of April (10,988) compared to one year ago (7,032). This figure represents a 56.3% annual increase. April listings were up by 61 listings relative to March 2023 and mark the first monthly increase since November 2022.

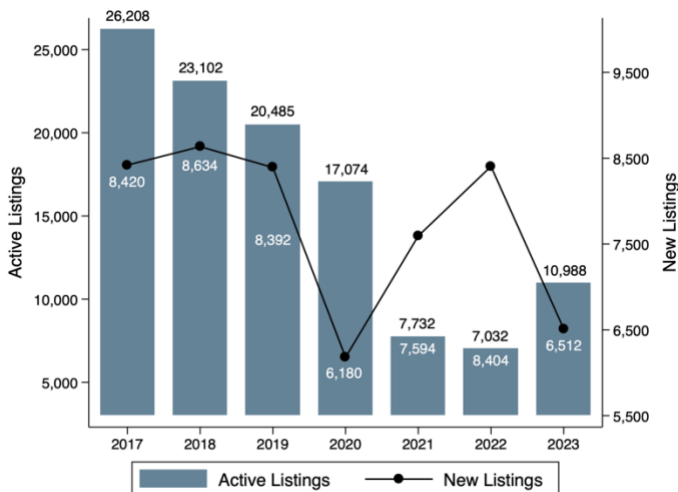
Alabama Active Residential Listings

Month	Active Listings	Percent Change Year-over-Year
Year-to-Date	44,774	64.0%
April 2023	10,988	56.3%
March 2023	10,927	64.1%
February 2023	11,104	68.7%
January 2023	11,755	67.4%
December 2022	12,519	56.5%
November 2022	12,904	50.7%
October 2022	12,511	38.0%
September 2022	11,943	29.6%
August 2022	11,812	26.8%
July 2022	11,244	31.3%
June 2022	9,709	29.8%
May 2022	8,250	13.0%
April 2022	7,032	-9.1%

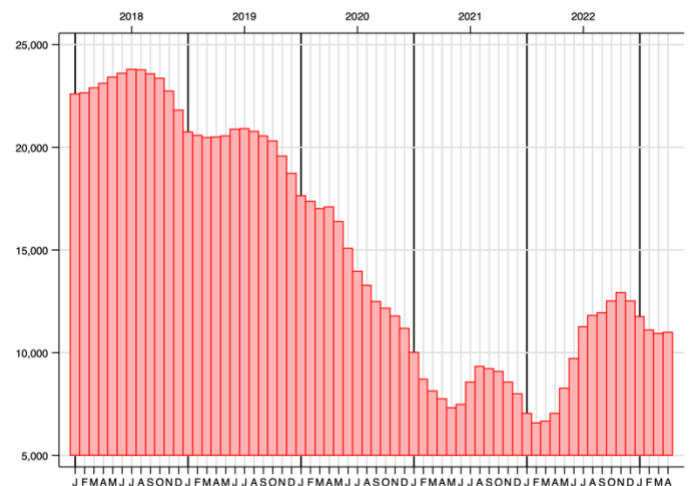
AAR's Forecast

Based upon current economic trends, AAR projects state residential active listings to remain relatively flat between April 2023 and May 2023 at approximately 10,991 active listings.

Alabama Active and New Residential Listings, March Figures



Alabama Active Residential Listings, Monthly Figures





HOUSING MARKET OVERVIEW

FORECLOSURES

Homeowners failing to pay their mortgages, resulting in lender repossessed homes or foreclosure auctions

Alabama had more foreclosures in April (390) compared to one year ago (351). This represents a 11.1% annual increase but marks a slight decline in month-over-month foreclosures in Alabama.

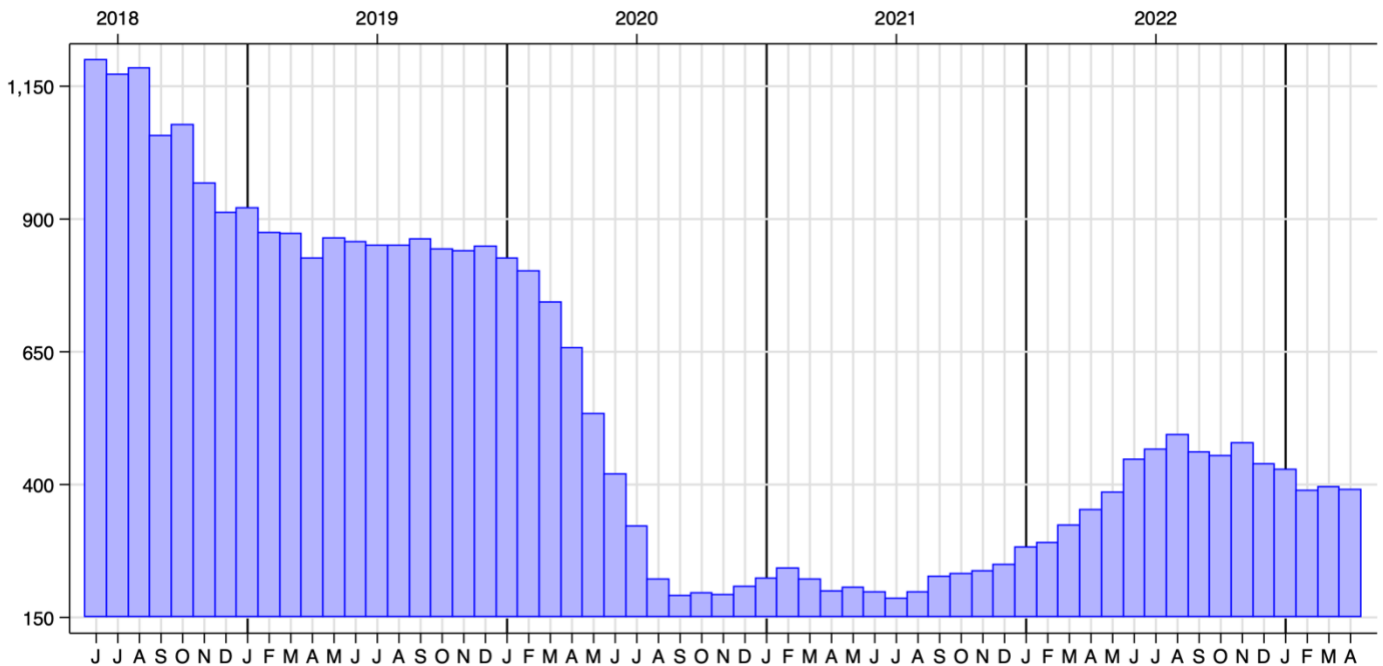
Alabama Residential Foreclosures

Month	Foreclosures	Percent Change Year-over-Year
Year-to-Date	1,602	28.5%
April 2023	390	11.1%
March 2023	395	21.9%
February 2023	389	34.1%
January 2023	428	51.8%
December 2022	439	76.3%
November 2022	478	102.5%
October 2022	454	96.5%
September 2022	462	104.4%
August 2022	494	149.5%
July 2022	466	151.9%
June 2022	447	126.9%
May 2022	385	86.9%
April 2022	351	77.3%

AAR's Forecast

Based upon current economic trends, AAR projects that the number of foreclosures in Alabama will decrease slightly between April and May 2023 by 2.3% to approximately 381.

Alabama Residential Foreclosures, Monthly Figures





HOUSING MARKET OVERVIEW

AAR's Forecast

Sales in May are usually greater than in April. However, credit conditions and pessimism regarding the economy may hinder activity in the housing market.

Factors to consider in the near term:

- The average 30-year fixed rate fell to start April but climbed to 6.43% by the end of the month. As of May 11, 2023, rates have fallen to 6.35%. **While this decrease in rates may encourage home buying, consumers also appear more pessimistic about the state of the economy.** The US Index of Consumer Sentiment Index fell in early May by approximately 9% relative to April. The Consumer Confidence Index also decreased in April. The Conference Board's findings indicate households are expecting worsening economic conditions over the next 6 months.
- **Recession signals are continuing to mount.** While the ISM Manufacturing Purchasing Managers Index increased slightly from its March reading, the index reveals a sixth consecutive month of contraction in manufacturing. The state of Alabama lost 600 manufacturing jobs in February and an additional 1,100 job losses in March, bringing the total manufacturing jobs in the state to their lowest level in six months. The Conference Board Leading Economic Index decreased again in April to its lowest level since November 2020.
- **A credit crunch is beginning as lending standards tighten**, particularly among regional banks. This is occurring as the Federal Reserve increased the fed funds rate target by an additional 25 basis points to 5.0-5.25% at their May meeting. The combination of events is likely making the construction of new housing more expensive. While market expectations suggest that there may be rate cuts by the Federal Reserve by the end of the year, Atlanta Federal Reserve President Raphael Bostic has expressed a bias toward further rate increases due to pricing pressures and labor market tightness.
- **Nevertheless, home builders' sentiment is improving.** The National Association of Home Builders/Wells Fargo Housing Market Index (HMI) increased again last month and reached a preliminary May value of 50, with a sense of guarded optimism as new home buying is being driven by a lack of existing inventory. The increase in the national HMI was driven by increases in each of the regional values, with the South HMI of 55 leading the way and the only regional value above 50 (a value above 50 indicates more home builders view conditions favorably).

Alabama REALTORS® Economic and Real Estate Report

The Alabama Association of REALTORS® (AAR) is the largest statewide organization of real estate professionals comprised of over 19,000 members from 23 boards and 1,200 real estate companies. United by adherence to a Code of Ethics, our members work as real estate professionals in the sale, lease, appraisal, management and development of residential, commercial, rural and resort properties throughout Alabama.

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The goal of AAR's Economic and Real Estate Report is to produce timely, data driven economic and market analysis, authoritative business intelligence to serve members, and inform consumers, policymakers and the media in a professional and accessible manner.

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