



Alabama Economic & Real Estate Report

September 2024





ALABAMA MONTHLY HOME SALES REPORT

SEPTEMBER 2024

KEY TAKEAWAYS

- Alabama had **5,340 home sales** in September, a decrease of 10.6% over last month, marking two consecutive months of decline, and a decrease of 8.2% from last year.
- The median sales price decreased from the 2-year high reached last month to **\$224,812**. This is a 4.6% decrease month-over-month but an annual increase of 3.7%.
- The sold volume was **\$1.28 billion** in September, marking a 14.1% decrease month-over-month and a 5.2% annual decrease.
- The **18,819 active listings** at the end of September represent a 3.8% increase over last month and a 38.3% increase compared to the 13,603 one year ago.
- The **435 foreclosures** in September represent a 1.4% decrease in foreclosures since last month and a 6.0% year-over-year decrease.

ALABAMA HOUSING MARKET SUMMARY, SEPTEMBER 2024

	Sep-23	Sep-24	Change	% Change	YTD '23	YTD '24	Change	% Change
Sales	5,818	5,340	-478	-8.2%	60,379	47,615	-12,764	-21.1%
Median Sales Price (\$)	216,883	224,812	7,929	3.7%	217,455	215,492	-1,963	-0.9%
Average Sales Price (\$)	231,898	240,612	8,714	3.8%	235,105	232,241	-2,864	-1.2%
Sales Volume (\$ billions)	1.35	1.28	-0.07	-5.2%	14.23	11.10	-3.13	-22.0%
Average Days on Market	52	62	10	19.2%	56	60	4	7.1%
Active Listings	13,603	18,819	5,216	38.3%	11,786	16,041	4,255	36.1%
Months of Supply	3.28	4.61	1.33	40.5%	2.63	4.21	1.58	60.1%
Foreclosures	463	435	-28	-6.0%	3,678	4,246	568	15.4%



ECONOMIC OVERVIEW

The national economy improved in September relative to August, with job growth greater than expected and the unemployment rate falling. Additionally, year-over-year inflation fell for the sixth consecutive month to 2.4% in September. However, this exceeded the FactSet consensus estimate of 2.3%. The slowdown in inflation was led by the energy category, which declined by 6.8% (relative to a decline of 4.0% in August). The food category increased by 2.3% (relative to 2.1% in August). However, the CPI for all items less food and energy climbed to 3.3% (relative to 3.2% in August) and continues to be the highest rate of a major category. This was driven by the subcategory Services less Energy Services, which increased by 4.7%. Drilling down a bit further, the increase in Services less Energy Services was led by Shelter increasing 4.9% and Transportation Services increasing 8.5%. The rate of inflation in the South declined to 2.1% in September, below the year-over-year rate of 2.3% in August and the second consecutive month of declining inflation in the region. The lower CPI for the South in August, relative to the national value, is due to the energy index declining 6.9% (slightly more than the decrease of 6.8% for the nation) and the food index increasing by only 2.2% (slightly less than the 2.3% increase for the nation). The South CPI for all items less food and energy increased 3.0% year-over year versus 3.3% for the nation. The value for the South CPI for all items less food and energy was driven by the increase in Shelter of 4.7% for the region (below the 4.9% for the nation). The indices for owner's equivalent rent increased by 5.1% and rent of primary residence by 4.8% year-over-year in the South. Average 30-year mortgage rates decreased by 27 basis points through September from 6.35% to 6.08%. However, average rates began climbing at the start of October, reaching 6.44% by the middle of the month.

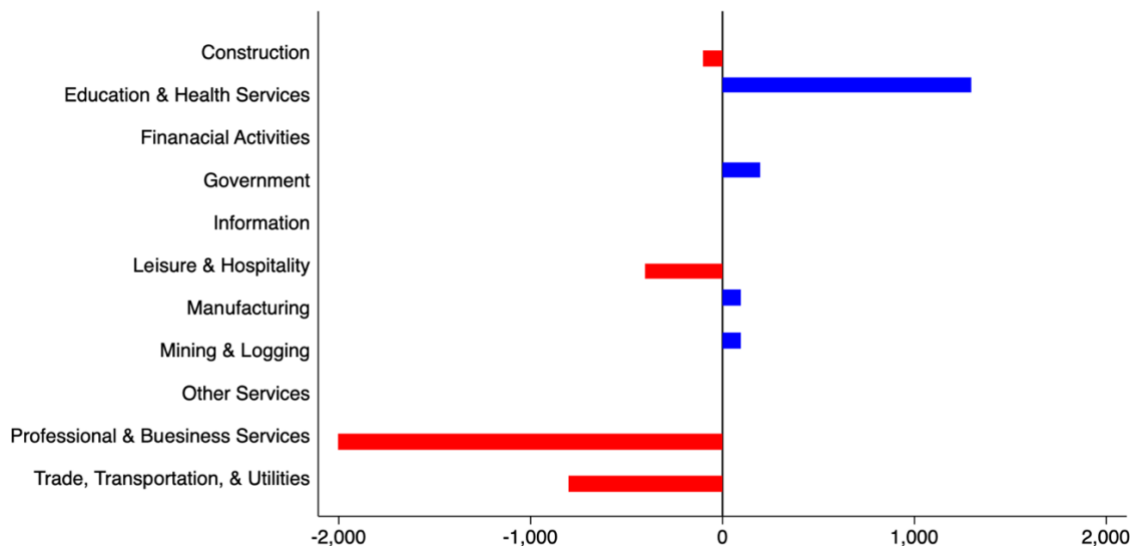
Real gross domestic product (GDP) increased by 3.0% in the 2nd quarter of 2024. Alabama's GDP increased by 3.4% at an annual rate over the same period. The state was tied with Ohio for the 13th highest growth rate in the country. This rate was higher than neighboring states Mississippi (2.5%), Tennessee (3.0%), and Florida (3.2%). However, Alabama's GDP growth rate just trailed that of Georgia (3.5%) according to the Bureau of Economic Analysis. Current dollar personal income increased by 5.3% nationally at an annual rate in the 2nd quarter of 2024. Alabama's current dollar personal income growth rate exceeded that of the nation at 5.6% over the period. This also exceeded the growth rates of neighboring states Georgia (4.8%) and Florida (5.2%) but trailed that of Mississippi (6.1%) and Tennessee (6.1%).

JOBS

The number of jobs added in August was revised upward with the September update from the Bureau of Labor Statistics, from 142,000 to 159,000. Preliminary figures show the nation added 254,000 jobs in September, significantly above the consensus estimate of 150,000 jobs. However, the number of jobs added in Alabama in July was revised downward from 7,100 to 6,800. Furthermore, preliminary reporting indicates the state lost 1,600 jobs in August. This marks the first month of job losses since October 2023 and the first with losses in excess of 1,000 since April 2020. This brings the total number of jobs in the state to 2,217,000 based on preliminary reporting.

Education & Health Services led all sectors in job growth in Alabama, adding 1,300 jobs since July. This was followed by Government, which added 200 jobs. Two sectors, Manufacturing along with Mining and Logging, each added 100 jobs. Job losses were led by Professional & Business Services, which lost 2,000 jobs. Additional sectors that lost jobs since July include Trade, Transportation, and Utilities (800 jobs), Leisure & Hospitality (400 jobs), and Construction (100 jobs).

Alabama Jobs Changes from July 2024 to August 2024





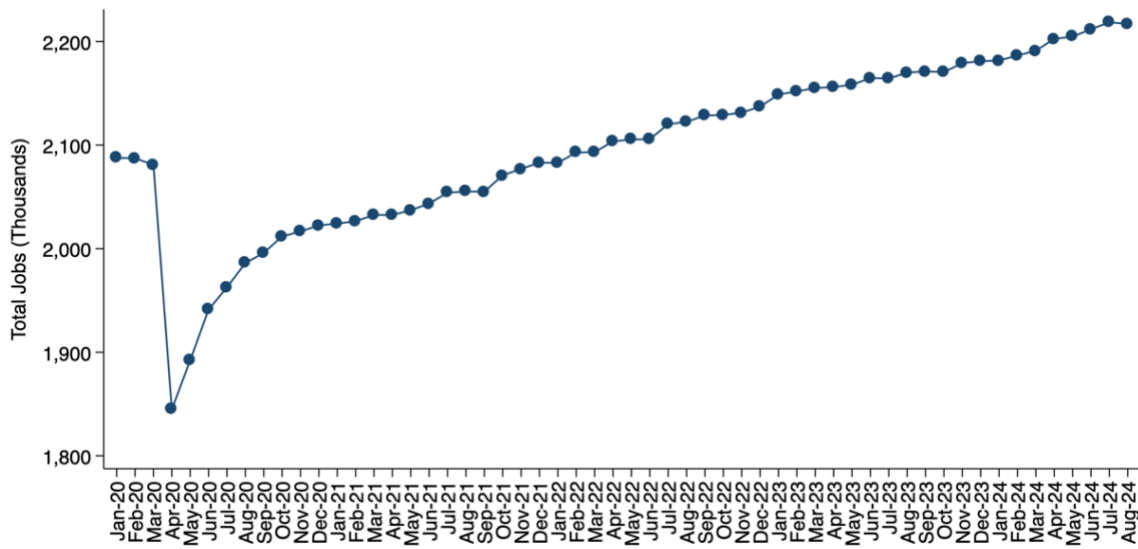
EMPLOYMENT

The preliminary value for the unemployment rate in Alabama was 2.8% in August 2024, holding steady at 2.8% for the second consecutive month. The state's unemployment rate remained at its lowest value of 2024 and continued to match the value of December 2023.

The national unemployment rate declined to 4.1% in September, marking the second consecutive month of declines. The state's unemployment rate was 1.4 percentage points below the national unemployment rate in August, a decrease from the 1.5 percentage point difference in July. While there are promising signs for the labor market in September, including above-expected job growth and a declining unemployment rate, the national labor market is not as tight as it was this time last year.

Alabama's labor force participation rate increased to 57.9% in August, reaching a new highest level for 2024 and its highest level since August 2020. For comparison, the national labor force participation rate remained constant at 62.7% in August from the same value in July 2024. Preliminary reporting indicates the national rate remained constant at 62.7% in September 2024 as well.

Alabama Total Jobs (Thousands)

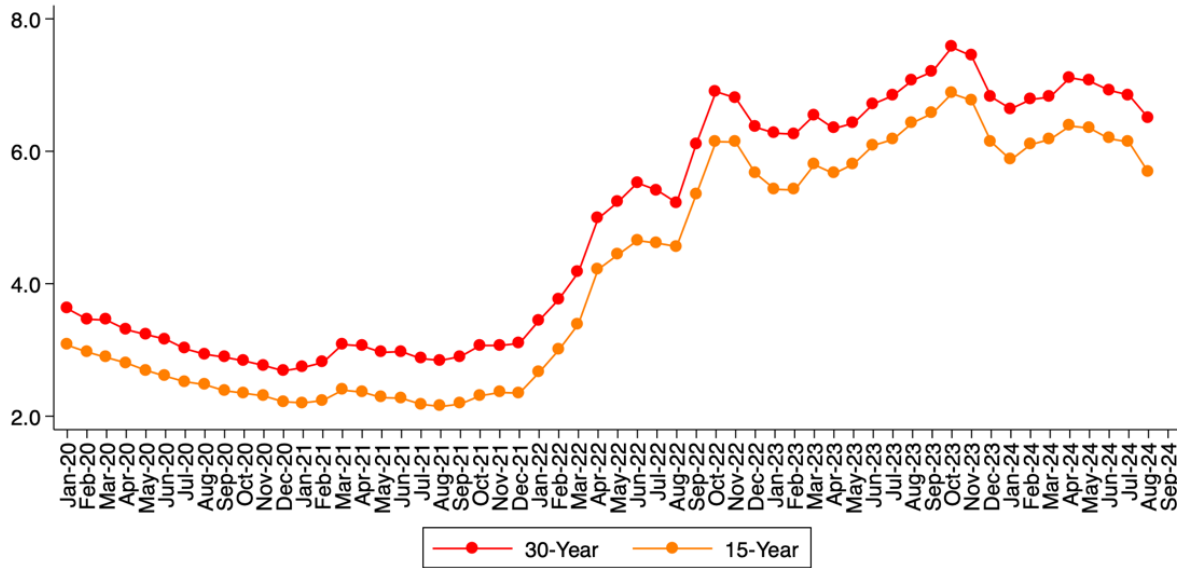




MORTGAGE RATES

The average 30-year fixed-rate mortgage declined through September, decreasing by 27 basis points from 6.35% on September 5 to 6.08% by September 26. Rates climbed through the first two and half weeks of October, increasing by 36 basis points to 6.44% by October 17. The increase in rates from September 26 to October 17, 2024, marks the fastest 3-week rise in rates since September 21 to October 12, 2023. Nevertheless, the average 30-year fixed-rate mortgage at the time of this writing is more than a full percentage point below the 7.63% of this time last October.

U.S. Fixed-Rate Mortgage Averages

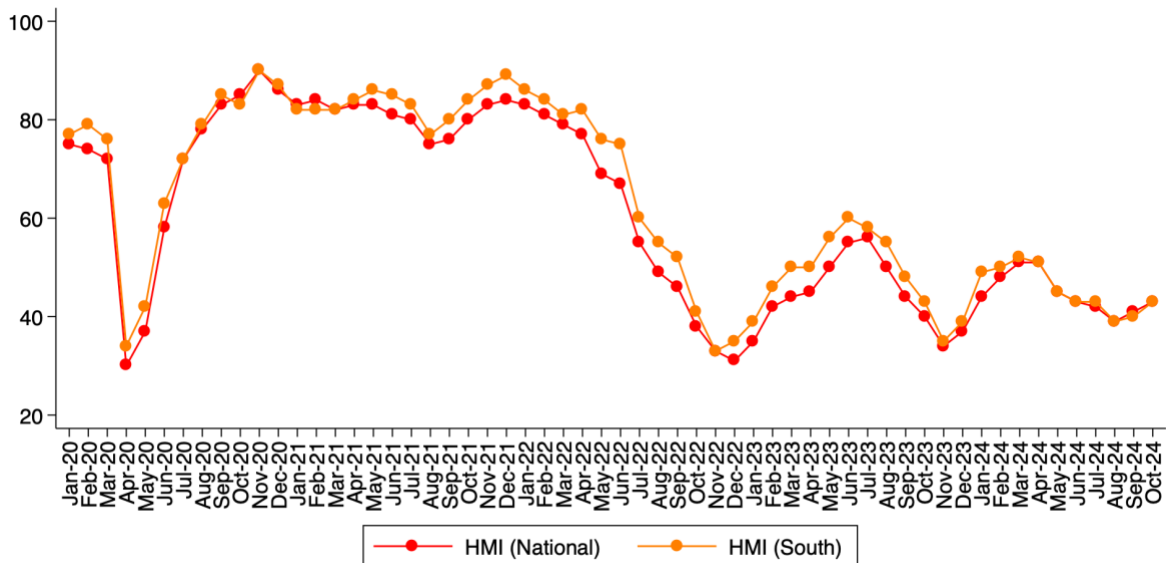




HOUSING MARKET INDICES

The National Association of Home Builders/Wells Fargo Housing Market Index (HMI) increased to a value of 41 in September, marking the first increase after four consecutive months of decline (a value above 50 indicates more home builders view conditions favorably). Additionally, the preliminary HMI value for October of 43 suggests further upward momentum. This value is 3 points higher than the October 2023 value of 40. All 3 components of the HMI improved in October relative to September, the second consecutive month of such improvement. The largest increase was in “Single Family Sales: Next 6 Months,” which rose 4 points (from 53 to 57). This marked the fourth consecutive month of increases for the component, and it remains the only component with a value exceeding 50. “Single Family Sales: Present” increased by 2 points (from 45 to 47) and “Traffic of Prospective Buyers” also increased by 2 points (from 27 to 29) from September to October. The South HMI increased by 1 point to a value of 40 from August to September. Additionally, the preliminary October value of 43 marks the second consecutive month of increases and is equal to the value of 43 in October 2023. The South and West HMIs exhibited the largest increases from September to October (3 points) of the regional indices. However, the South HMI was tied with that of the Midwest for the lowest regional index with an October value of 43. The only regional index with a decline was the Northeast HMI, decreasing 3 points (55 to 52), but it remained the only index with a value over 50. As the West HMI has a value of 44, October 2024 marks the second consecutive month that all of the regional HMI values are at least 40.

NAHB/Wells Fargo HMI Indices



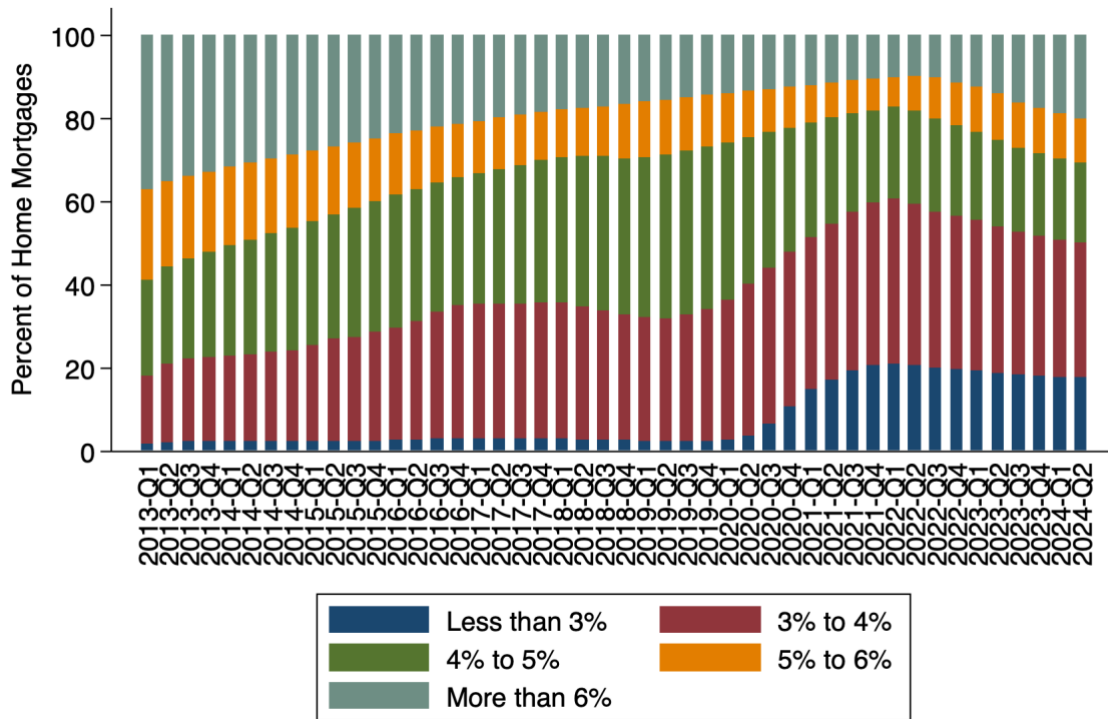


MORTGAGE LOANS OUTSTANDING

The share of mortgage loans in Alabama with an interest rate above 6% continued to increase into the second quarter of 2024, now representing fully one-fifth of all outstanding mortgages. This trend toward higher rates reflects the efforts of the Federal Reserve to increase interest rates through the increases in the fed funds rate, which in turn impacted Alabama borrowers. Compared to the second quarter of 2022 when 59.5% of Alabamians with outstanding mortgages had interest rates less than 4%, that figure two years later has fallen by 15.8% to 50.1%. Should the Federal Reserve Board continue to lower the fed funds rate target over the next 12 months, we would expect that the share of Alabamians with mortgage rates below 6% will begin to increase again in the future. Further summarizing all outstanding mortgage rates in Alabama in the second quarter of 2024:

- 20.0% of mortgage holders have rates above 6%
- 10.7% of mortgage holders have rates below 5-6%
- 19.2% of mortgage holders have rates between 4-5%
- 32.5% of mortgage holders have rates between 3-4%
- 17.6% of mortgage holders have rates below 3%

Share of Mortgage Loans Outstanding by Mortgage Rates in Alabama





HOUSING MARKET OVERVIEW

SALES

The number of sales transactions that closed during the month

Home sales activity decreased in September 2024 relative to last month. The 5,340 sales represent a 10.6% month-over-month decrease in sales. This marks the second consecutive monthly decline in sales. We expect a decrease in sales next month.

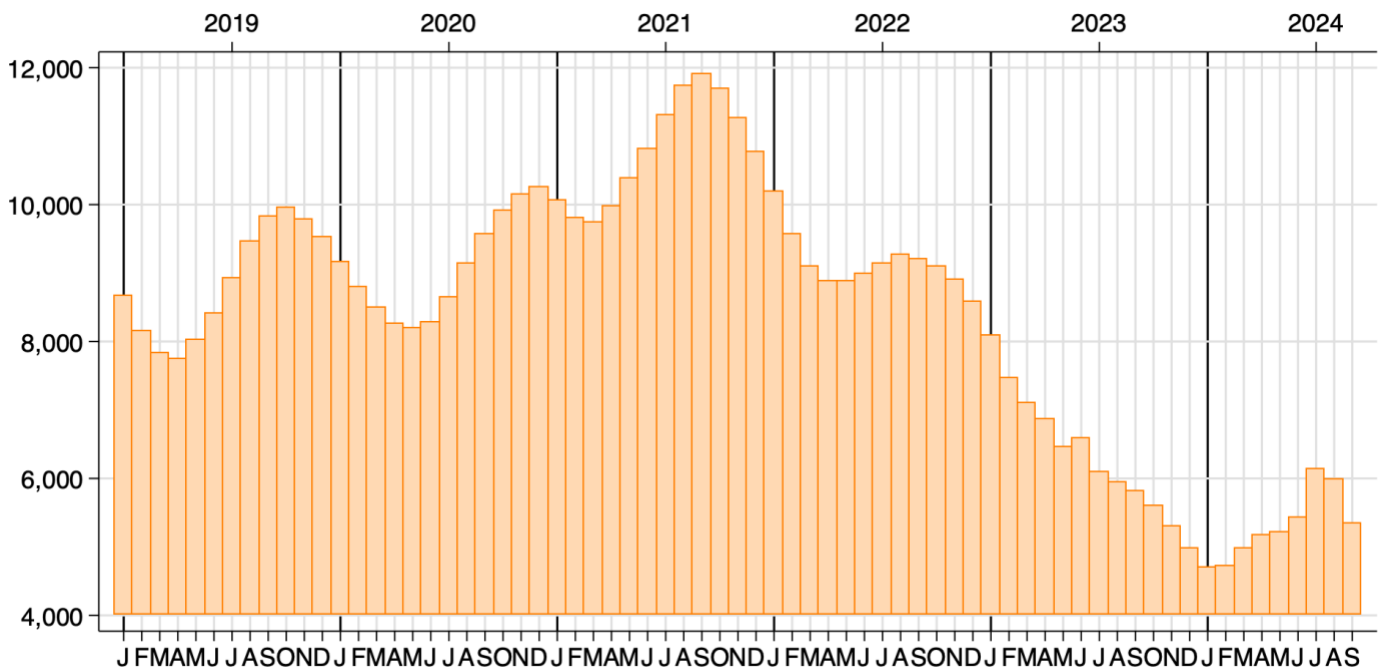
Alabama Monthly Home Sales Figures

Month	Sales	Percent Change Year-over-Year
Year-to-Date	47,615	-21.1%
September 2024	5,340	-8.2%
August 2024	5,974	0.7%
July 2024	6,136	0.9%
June 2024	5,423	-17.5%
May 2024	5,209	-19.3%
April 2024	5,164	-24.8%
March 2024	4,976	-29.9%
February 2024	4,710	-36.9%
January 2024	4,686	-42.1%
December 2023	4,984	-41.9%
November 2023	5,299	-40.5%
October 2023	5,596	-38.4%
September 2023	5,818	-36.8%

AAR's Forecast

AAR projects that state total home sales will decrease between September and October 2024 by approximately 9.7% to 4,824.

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 increased by 3.7% year-over-year in September 2024. However, the median sales prices decreased 4.6% month-over-month, marking the first median price decline following 4 months of increases.

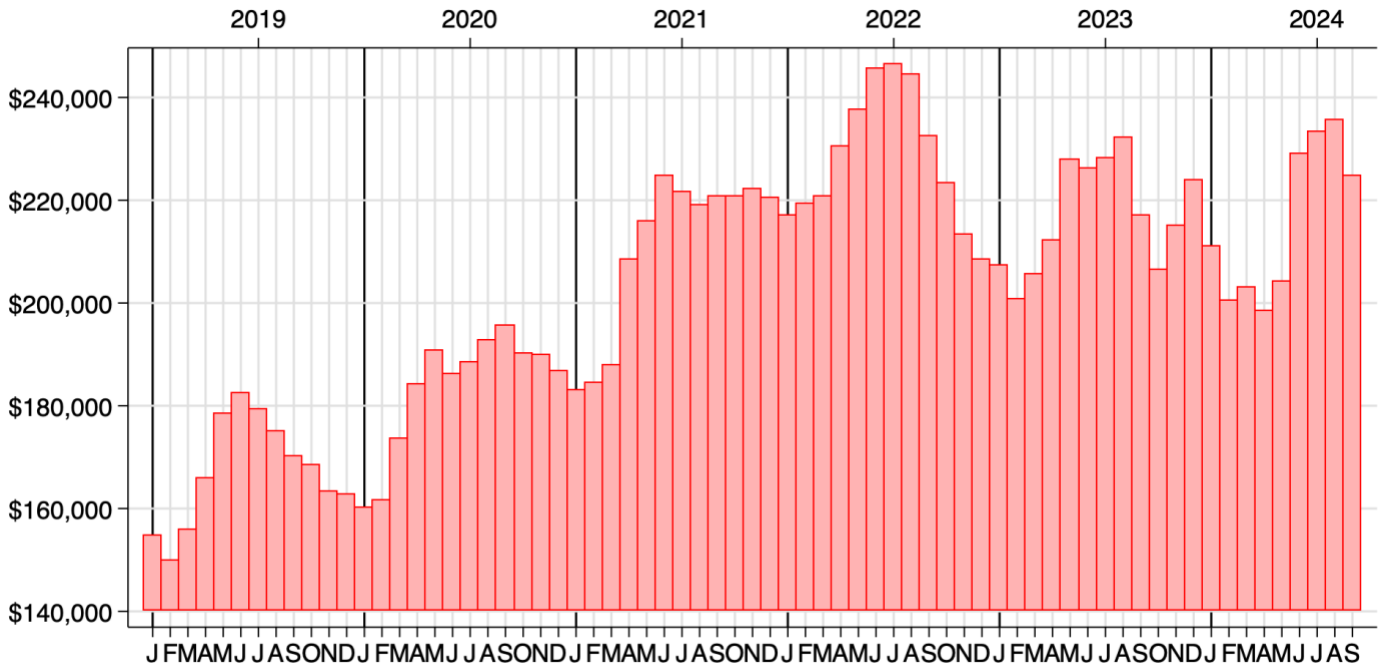
Alabama Median Sales Prices

Month	Median Sales Price (\$)	Percent Change Year-over-Year
Year-to-Date	215,492	-0.9%
September 2024	224,812	3.7%
August 2024	235,575	1.5%
July 2024	233,216	2.3%
June 2024	228,970	1.2%
May 2024	204,184	-10.4%
April 2024	198,486	-4.3%
March 2024	202,883	-1.3%
February 2024	200,324	-0.2%
January 2024	210,982	1.8%
December 2023	223,982	7.5%
November 2023	215,018	0.8%
October 2023	206,317	-7.6%
September 2023	216,883	-6.7%

AAR's Forecast

AAR projects that state median home sales prices will decrease between September and October 2024 by approximately 1.7% to \$220,992.

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

The average, or mean, Alabama sales price decreased by \$8,247 relative to last month. Average home sales prices decreased 3.3% compared to August 2024 but are 3.8% higher than one year ago.

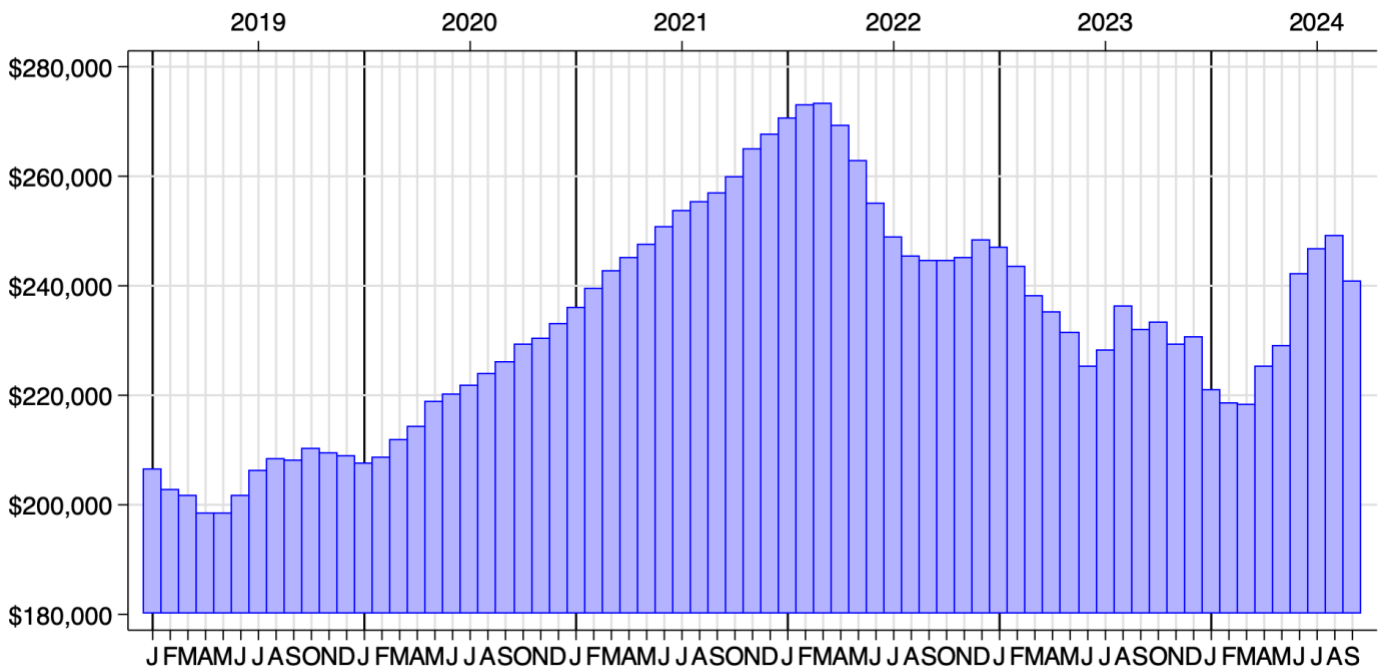
Alabama Average Sales Prices

Month	Average Sales Price (\$)	Percent Change Year-over-Year
Year-to-Date	232,241	-1.2%
September 2024	240,612	3.8%
August 2024	248,859	5.4%
July 2024	246,669	8.1%
June 2024	242,181	7.6%
May 2024	229,039	-1.0%
April 2024	225,066	-4.3%
March 2024	218,304	-8.3%
February 2024	218,457	-10.2%
January 2024	220,922	-10.5%
December 2023	230,625	-7.1%
November 2023	229,105	-6.5%
October 2023	233,226	-4.6%
September 2023	231,898	-5.1%

AAR's Forecast

AAR projects that state average home sales prices will decrease between September and October 2024 by approximately 2.1% to \$235,595.

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 September 2024 was \$1.28 billion, which is down \$0.07 billion from September 2023. This sales figure represents a 5.2% decrease year-over-year. The September sales dollar volume is 14.1% less than last month.

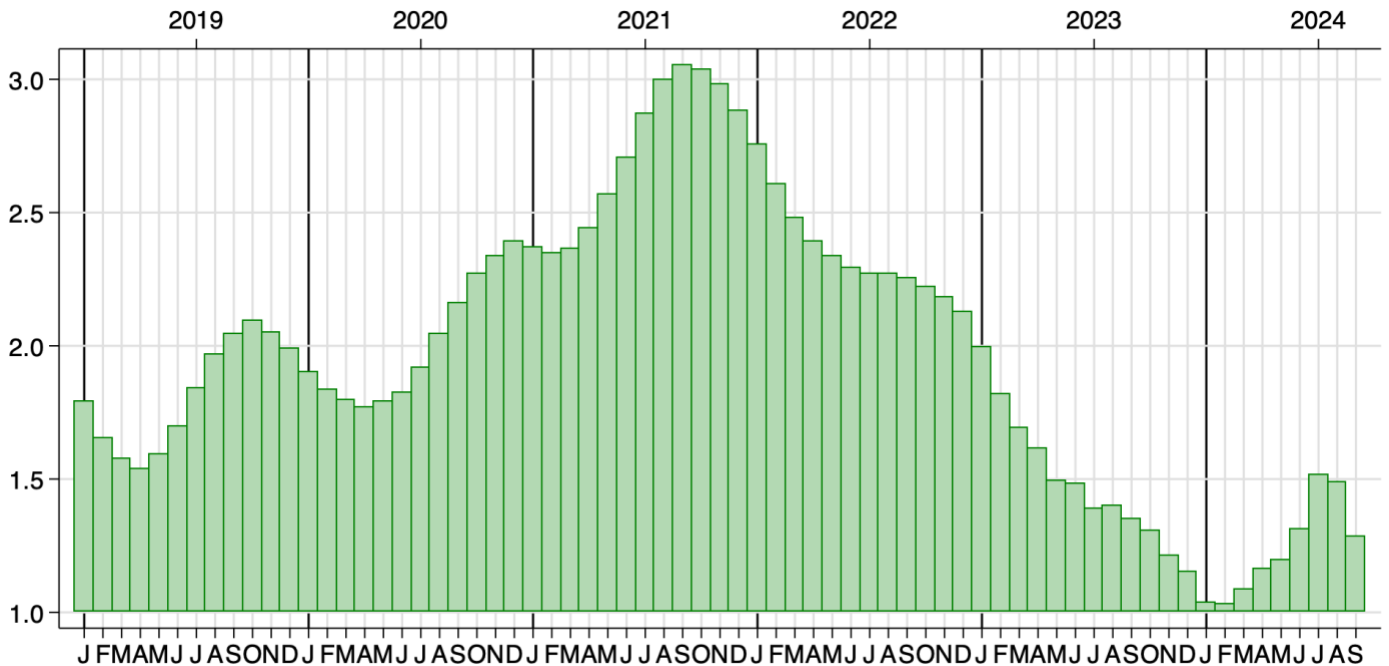
Alabama Sales Volume (in Billions)

Month	Sales Volume (\$)	Percent Change Year-over-Year
Year-to-Date	1.10	-22.0%
September 2024	1.28	-5.2%
August 2024	1.49	6.43%
July 2024	1.51	8.6%
June 2024	1.31	-11.3%
May 2024	1.19	-20.1%
April 2024	1.16	-28.0%
March 2024	1.09	-35.7%
February 2024	1.03	-43.4%
January 2024	1.04	-48.2%
December 2023	1.15	-46.0%
November 2023	1.21	-44.4%
October 2023	1.31	-41.2%
September 2023	1.35	-40.1%

AAR's Forecast

AAR projects that state sales volume will decrease between September and October 2024 by approximately 10.9% to \$1.14 billion.

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

Alabama homes stayed on the market for 3 days more in September relative to August. Homes sold in September were on the market for 62 days, on average. This figure is 10 days longer than that of one year ago (52 days). The average days spent on market will likely increase in October 2024.

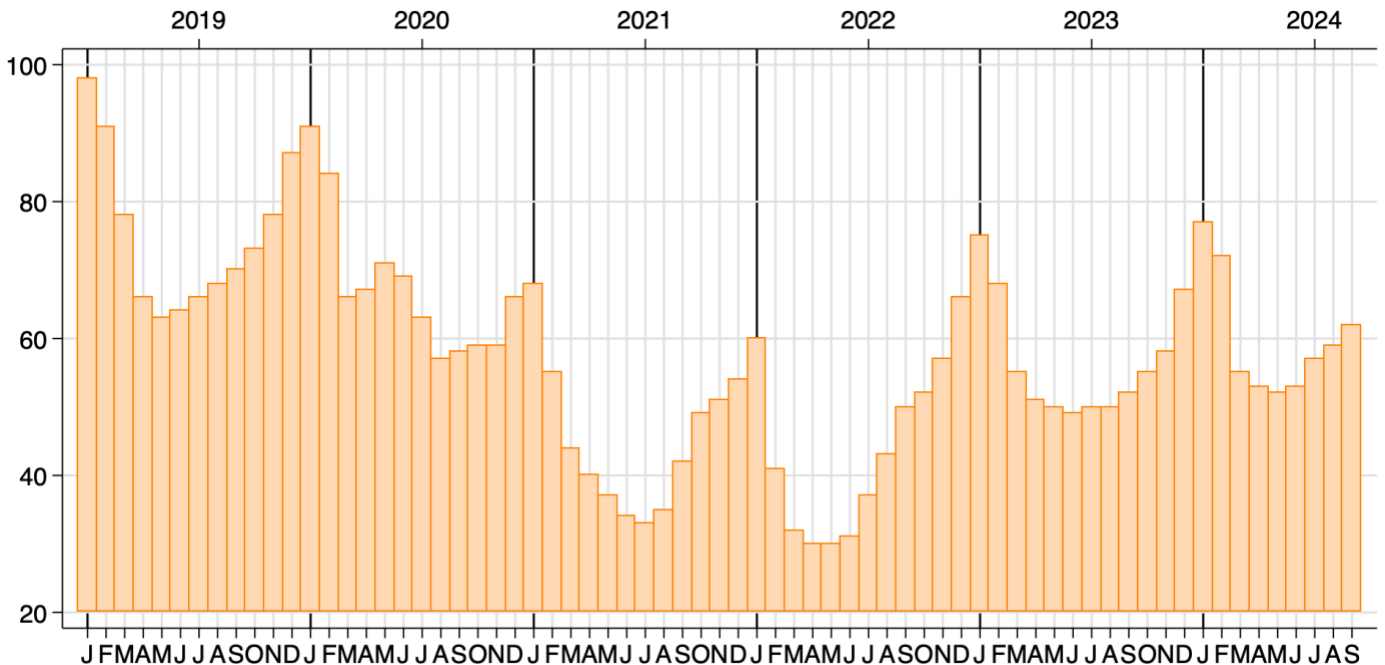
Alabama Residential Days on Market

Month	Days on Market	Percent Change Year-over-Year
Year-to-Date	60	7.1%
September 2024	62	19.2%
August 2024	59	18.0%
July 2024	57	14.0%
June 2024	53	8.2%
May 2024	52	4.0%
April 2024	53	3.9%
March 2024	55	0.0%
February 2024	72	5.9%
January 2024	77	2.7%
December 2023	67	1.5%
November 2023	58	1.8%
October 2023	55	1.9%
September 2023	52	0.0%

AAR's Forecast

Based upon current economic trends, AAR projects that state residential days on market will increase between September and October 2024 by approximately 6.5% to 66.

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 increased in September 2024, relative to August 2024, as there were 4.6 months of supply. This figure is 1.3 months greater than one year ago and marks the highest level in over 5 years.

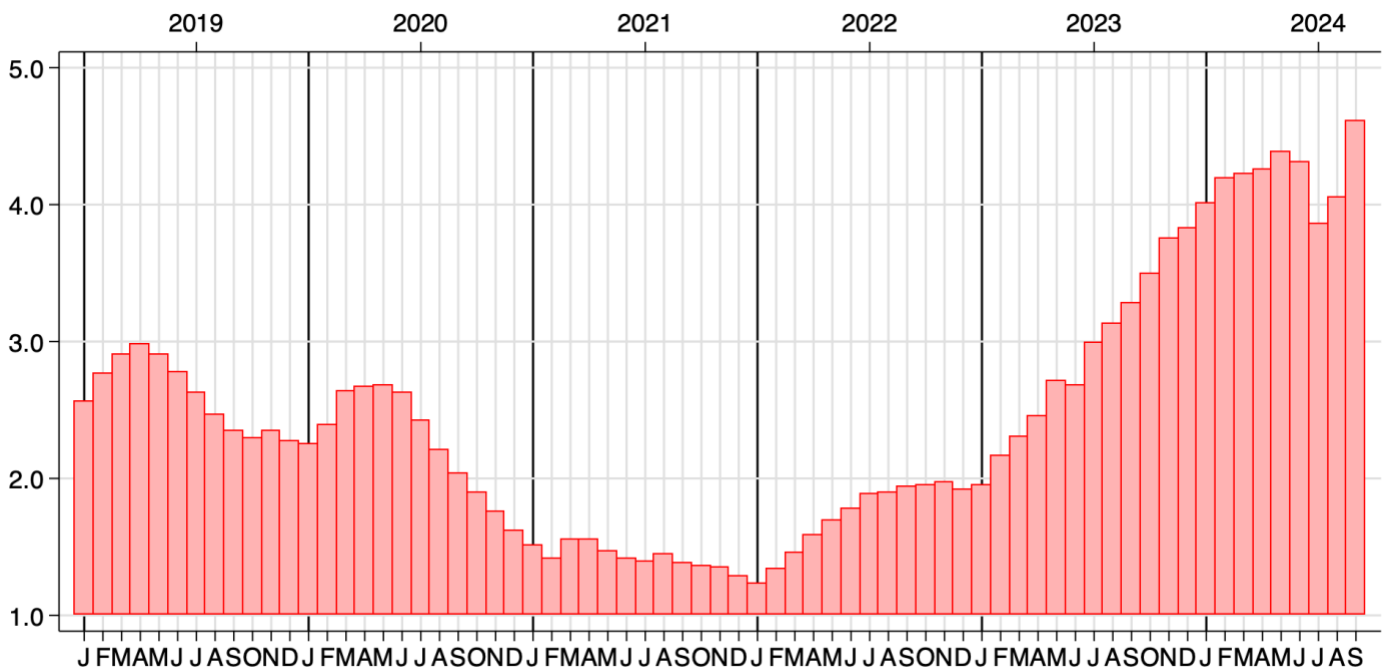
Alabama Months of Supply

Month	Months of Supply	Percent Change Year-over-Year
Year-to-Date	4.2	60.1%
September 2024	4.6	40.5%
August 2024	4.1	29.4%
July 2024	3.9	30.0%
June 2024	4.3	60.8%
May 2024	4.4	63.0%
April 2024	4.3	72.0%
March 2024	4.2	82.6%
February 2024	4.2	90.9%
January 2024	4.0	110.5%
December 2023	3.8	100.0%
November 2023	3.8	90.0%
October 2023	3.5	75.0%
September 2023	3.3	73.7%

AAR's Forecast

AAR projects that state housing supply will increase between September and October 2024 by approximately 10.9% to 5.1 months.

Alabama Months of Supply, Monthly Figures





HOUSING MARKET OVERVIEW

RESIDENTIAL LISTINGS

The number of properties listed on the market during the year

Alabama had more active listings at the end of September (18,819) compared to one year ago (13,603). This figure represents a 38.3% annual increase and a 3.8% increase over last month. September listings were up by 683 relative to August, marking eight consecutive months of increases in the number of listings. This is also the highest number of listings in five years.

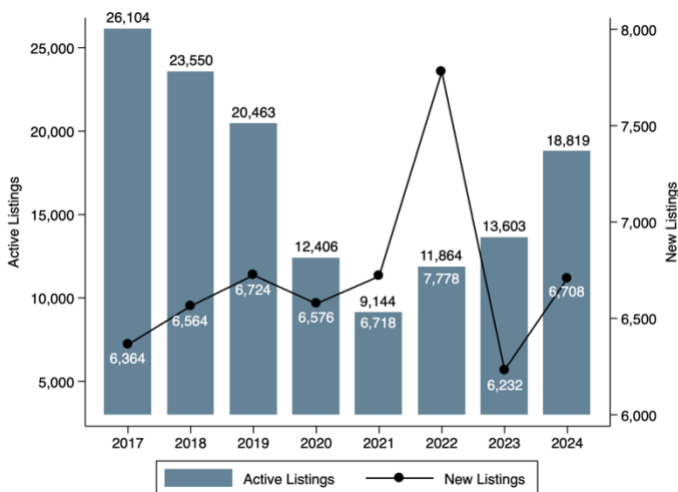
Alabama Active Residential Listings

Month	Active Listings	Percent Change Year-over-Year
Year-to-Date	16,041	36.1%
September 2024	18,819	38.3%
August 2024	18,136	41.9%
July 2024	17,368	41.7%
June 2024	16,549	43.0%
May 2024	15,776	40.9%
April 2024	15,072	37.2%
March 2024	14,587	33.5%
February 2024	14,090	26.9%
January 2024	13,968	20.0%
December 2023	14,723	18.7%
November 2023	15,055	17.4%
October 2023	14,578	16.5%
September 2023	13,603	13.9%

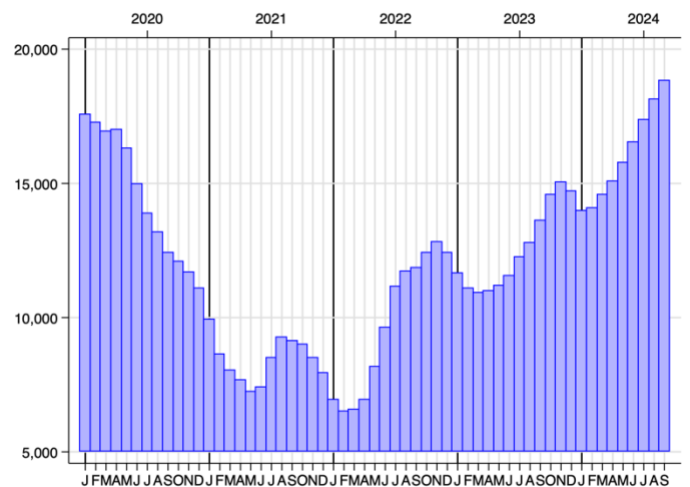
AAR's Forecast

Based upon current economic trends, AAR projects state residential active listings will increase between September and October 2024 by approximately 2.6% to 19,300.

Alabama Active and New Residential Listings, September 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 28 fewer foreclosures in September 2024 (435) compared to one year ago (463). Furthermore, September foreclosures decreased 1.3% month-over-month relative to August in the state. The September value marks the eighth consecutive month of declines in the number of foreclosures.

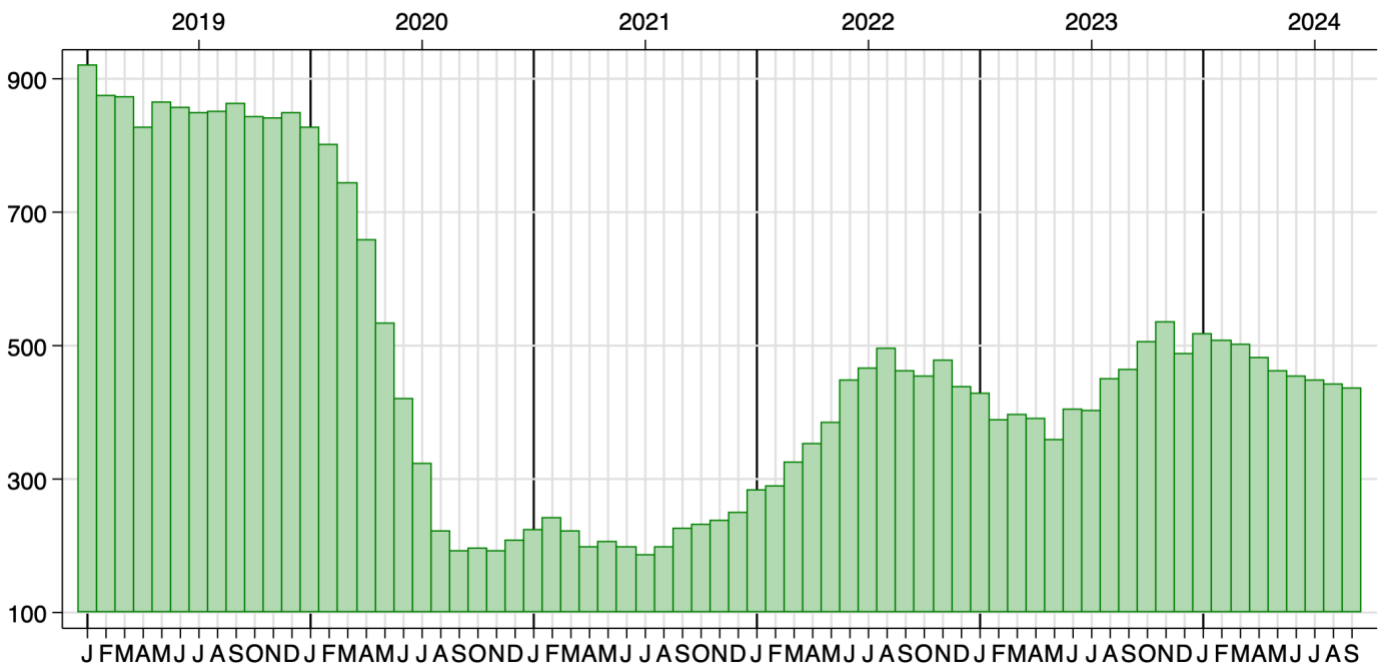
Alabama Residential Foreclosures

Month	Foreclosures	Percent Change Year-over-Year
Year-to-Date	4,246	15.4%
September 2024	435	-6.0%
August 2024	441	-1.8%
July 2024	447	11.2%
June 2024	454	12.1%
May 2024	462	28.7%
April 2024	482	23.6%
March 2024	502	27.1%
February 2024	507	30.3%
January 2024	516	20.6%
December 2023	487	10.9%
November 2023	535	11.9%
October 2023	505	11.2%
September 2023	463	0.2%

AAR's Forecast

AAR projects that state housing foreclosures will remain roughly unchanged or increase slightly between September and October 2024 to 438.

Alabama Residential Foreclosures, Monthly Figures





HOUSING MARKET OVERVIEW

NEW HOME BUILDING PERMITS

Permits for construction of new one-unit residential homes owned by individuals

Building permits for new one-unit structures, i.e. new homes, decreased by 77 units in August 2024 relative to July 2024. This represents a 5.1% decrease month-over-month, and a decrease of 2.3% year-over-year. We anticipate the number of permits decreasing next month.

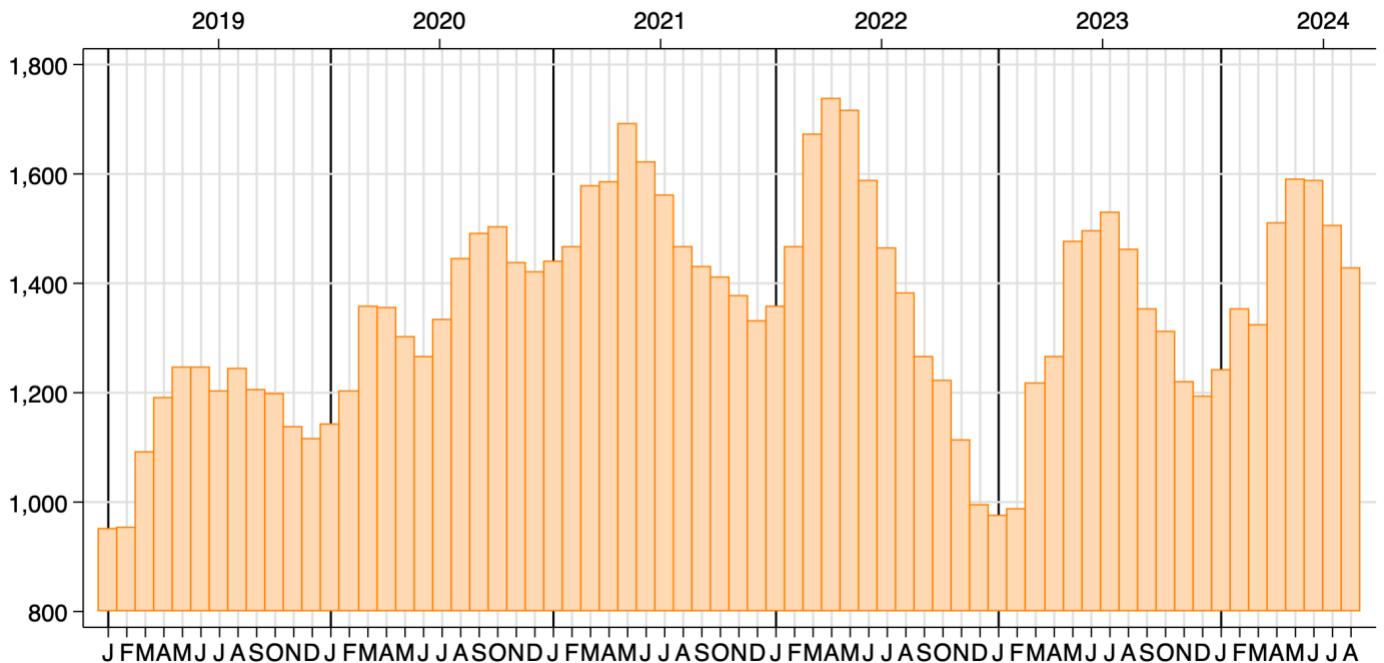
Alabama New Home Building Permits

Month	Permits	Percent Change Year-over-Year
Year-to-Date	11,535	10.9%
August 2024	1,427	-2.3%
July 2024	1,504	-1.6%
June 2024	1,588	6.2%
May 2024	1,590	7.7%
April 2024	1,510	19.4%
March 2024	1,322	8.6%
February 2024	1,353	37.1%
January 2024	1,241	27.4%
December 2023	1,193	20.0%
November 2023	1,220	9.6%
October 2023	1,311	7.4%
September 2023	1,351	6.8%
August 2023	1,460	5.8%

AAR's Forecast

Based upon current economic trends, AAR projects that state new home building permits will decrease between August and September 2024 by approximately 7.7% to 1,388.

Alabama New Home Building Permits, Monthly Figures





HOUSING MARKET OVERVIEW

AAR's Forecast

Sales declined in September for the second consecutive month. Additionally, stronger than expected economic news led to rising mortgage rates through the start of October. While 30-year mortgage rates are likely to remain above 6% in the near term, buyers may benefit from increased levels of housing supply.

Factors to consider in the near term:

- National economic news was stronger than expected, with significantly more jobs created than the consensus estimate and more than in recent months, lower unemployment than anticipated, and inflation slightly above the consensus as well. Additionally, 2nd quarter GDP growth was revised upward from the advance estimate of 2.8% to the latest value of 3.0%.
- Mortgage rates fell in anticipation of the Federal Reserve's cut to the fed funds rate target in September. However, the series of strong economic data put substantial upward pressure on mortgage rates, with the average 30-year fixed-rate mortgage climbing by 36 basis points from September 26 to October 17 to 6.44%. This is the fastest 3-week increase in a year.
- The recent economic data has also led to some voting members of the Federal Reserve's Open Market Committee to suggest that restraint may be in order regarding the pace and size of future cuts to the fed funds rate target. For example, Federal Reserve Governor Christopher Waller recently stated that, "...monetary policy should proceed with more caution on the pace of rate cuts than was needed at the September meeting." Additionally, Atlanta Federal Reserve President Raphael Bostic stated that his "dot," or reduction for the remainder of the year, was just "...25 basis points more."
- The market has taken notice of the economic news and recent comments from members of the Federal Reserve. According to the CME FedWatch Tool, the likelihood of a rate cut at the Fed's November meeting fell from 100% a month ago to 92.1%. Additionally, a month ago the most likely outcome following the Fed's December meeting was a fed funds rate target of 4.00-4.25%. That target has vanished, with the most likely outcome following that meeting now being a target of 4.25-4.50% at the time of this writing.
- Home sales have fallen during the months in the 4th quarter of each of the previous 3 years. Additionally, with the average 30-year fixed-rate mortgage likely to remain above 6% in the near future hampering affordability, home sales are likely to decline through the remainder of the year. However, the recent increases in the number of listings and months of supply will likely put downward pressure on prices favoring buyers, who may be able to refinance at lower rates in the future.

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.

Analysis provided by the Alabama Association of REALTORS® Research Team:

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