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# Alabama Economic & Real Estate Report

**December 2024**





# ALABAMA MONTHLY HOME SALES REPORT

## DECEMBER 2024

### KEY TAKEAWAYS

- Alabama had **4,876 home sales** in December, a decrease of 5.7% from the previous month and 108 fewer sales than last year.
- The median sales price in December was **\$220,194**, reflecting a 0.4% decrease month-over-month and a 1.7% decrease compared to one year ago.
- The sold volume in December was **\$1.16 billion**, marking a 6.5% decrease month-over-month but a 0.9% increase compared to last December.
- The **18,468 active listings** at the end of December represent an increase of 25.4% compared to the 14,723 one year ago.
- There were **430 foreclosures** in December, a 3.4% month-over-month increase but an 11.7% decrease compared to the prior year.

### ALABAMA HOUSING MARKET SUMMARY, DECEMBER 2024

	Dec-23	Dec-24	Change	% Change	YTD '23	YTD '24	Change	% Change
Sales	4,984	4,876	-108	-2.2%	76,258	62,539	-13,719	-18.0%
Median Sales Price (\$)	223,982	220,194	-3,788	-1.7%	216,868	216,744	-124	-0.1%
Average Sales Price (\$)	230,625	238,469	7,844	3.4%	234,075	233,322	-753	-0.3%
Sales Volume (\$ billions)	1.15	1.16	0.01	0.9%	17.90	14.54	-3.36	-18.8%
Average Days on Market	67	77	10	14.9%	57	63	6	10.5%
Active Listings	14,723	18,468	3,745	25.4%	12,536	16,786	4,250	33.9%
Months of Supply	3.8	5.0	1.2	31.6%	2.9	4.4	1.5	51.7%
Foreclosures	487	430	-57	-11.7%	5,205	5,524	319	6.1%



## ECONOMIC OVERVIEW

Job creation at the national level was considerably above expectations in December, marking the second consecutive month of strong job growth. Inflation rose for the third consecutive month, with year-over-year inflation increasing to 2.9% in December, in line with market expectations. The increase in inflation was driven by the Consumer Price Index (CPI) for all items less food and energy, which remains elevated at 3.2%, though slightly down from the 3.3% reported over the previous three months. Within this category, Services less Energy Services played a key role, rising 4.4%, a slight decrease from last month's 4.6%. This increase was led by Transportation Services, which grew 7.3% (up from 7.1% last month), and Shelter, which rose 4.6% (compared to 4.7% last month).

Inflation in the South also increased for the third consecutive month, reaching 2.8% in December, up from 2.7% in November. The South's CPI for all items less food and energy rose 3.1% year-over-year for the third month in a row. This was primarily driven by Shelter, which increased by 4.7% in the South, slightly above the national rate of 4.6%. Within the South, the indices for owner's equivalent rent increased by 4.8%, and rent of primary residence increased by 3.8% year-over-year. The East South Central division of the South, which includes Alabama, experienced the highest inflation in the region, reaching 4.1% in December. Average 30-year mortgage rates declined through the first 2 weeks of December by 21 basis points, falling from 6.61% to 6.60%. However, rates then began to climb steadily through the rest of the month, reaching 7.04% by January 16, 2025.

Real gross domestic product (GDP) increased by 3.0% nationally in the third quarter of 2024. Alabama's GDP grew by 6.0% at an annual rate over the same period. The state exhibited the second highest growth rate in the country during the quarter, trailing only Arkansas at 6.9%. These were also the only two states to achieve GDP growth rates of at least 6% in the nation. Alabama's rate was higher than its neighboring states, including Mississippi (5.1%), Tennessee (4.1%), Florida (3.3%), and Georgia (2.6%), according to the Bureau of Economic Analysis. In terms of personal income, current dollar personal income increased by 3.2% nationally at an annual rate in the third quarter of 2024. Alabama's personal income growth rate exceeded the national average at 5.0%, once again ranking second in the country behind Arkansas (5.4%). This also exceeded the growth rates of neighboring states Mississippi (4.8%), Tennessee (3.5%), Florida (3.4%), and Georgia (3.1%).

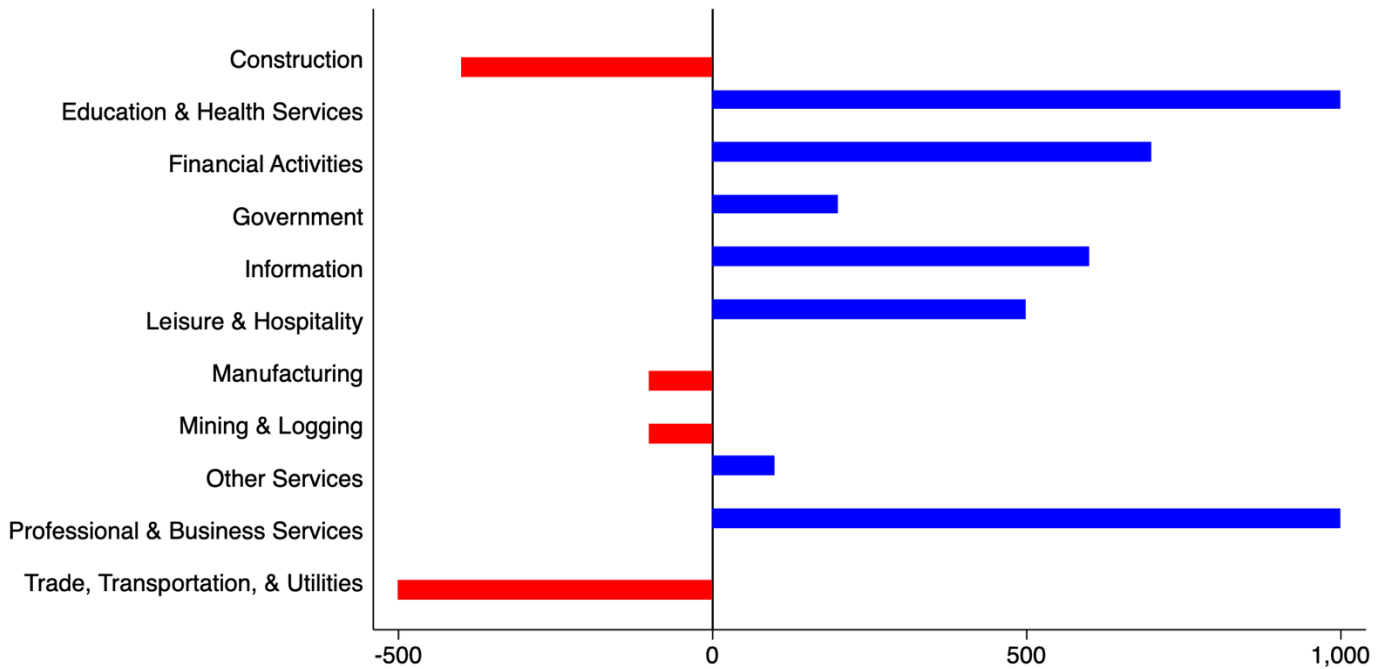


## JOBS

The number of jobs added in November was revised downward from 227,000 to 212,000 with the December update from the Bureau of Labor Statistics. Preliminary figures show the nation added 256,000 jobs in December, above the consensus estimate of 160,000 jobs. However, the most recent revision indicates fewer jobs were lost in Alabama than previously indicated. The number of jobs lost in October fell from 1,600 jobs lost to 400 jobs lost. Additionally, preliminary reporting indicates the state added 3,000 jobs in November. The return to positive job creation in November marks the end of three consecutive months of net job losses in Alabama. This brings the total number of jobs in the state to 2,217,700 based on preliminary reporting.

Education & Health Services and Professional & Business Services led all sectors in job growth in Alabama, with each adding 1,000 jobs since October. This was followed by Financial Activities, which added 700 jobs, and Information, which added 600 jobs. Job losses were led by Trade, Transportation, and Utilities, which lost 500 jobs. Sectors that lost jobs since October include Construction (400 jobs), Manufacturing (100 jobs), and Mining & Logging (100 jobs).

Alabama Jobs Changes from October 2024 to November 2024





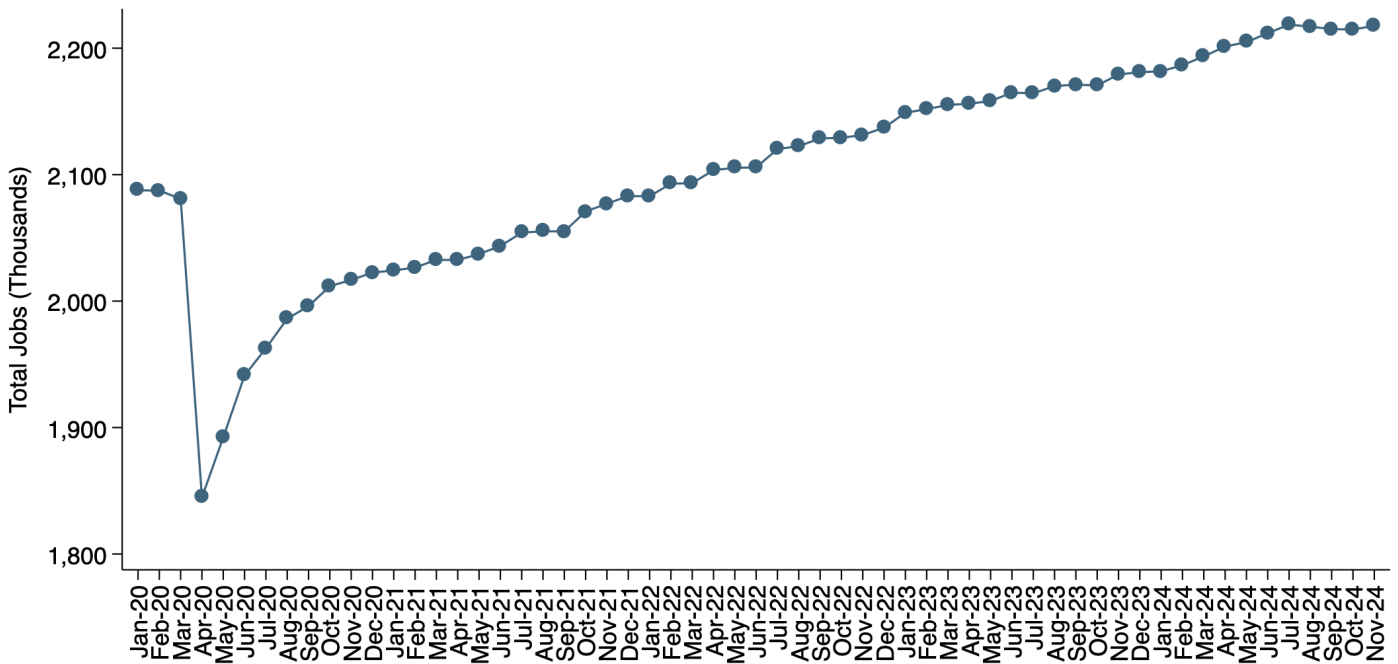
## EMPLOYMENT

The preliminary value for the unemployment rate in Alabama was 3.1% in November 2024. This marks the second increase in the state's unemployment rate since August 2024 and matches the 3.1% of April 2024, the highest rate of unemployment for the year to date.

The national unemployment rate dropped to 4.1% in December, down from 4.2% in November. The 4.2% unemployment rate is tied for the highest value of 2024 following recent revisions by the U.S. Bureau of Labor Statistics. The state's unemployment rate was one percentage point below the national unemployment rate in November, a decrease from the 1.2 percentage point difference in October. Markets are interpreting the stronger than expected jobs numbers and decline in the unemployment rate as reducing the likelihood of cuts to the Fed funds rate target. These, along with inflation expectations, are helping to drive the recent increase in treasury yields.

Alabama's labor force participation rate remained steady at 57.6% from October to November. This continues to mark the highest level of 2024 and the highest labor force participation rate since September 2020. For comparison, the national labor force participation rate remained steady at 62.6% from October to November. Preliminary reporting indicates the national rate remained steady for the third consecutive month at 62.6% in December 2024.

Alabama Total Jobs (Thousands)

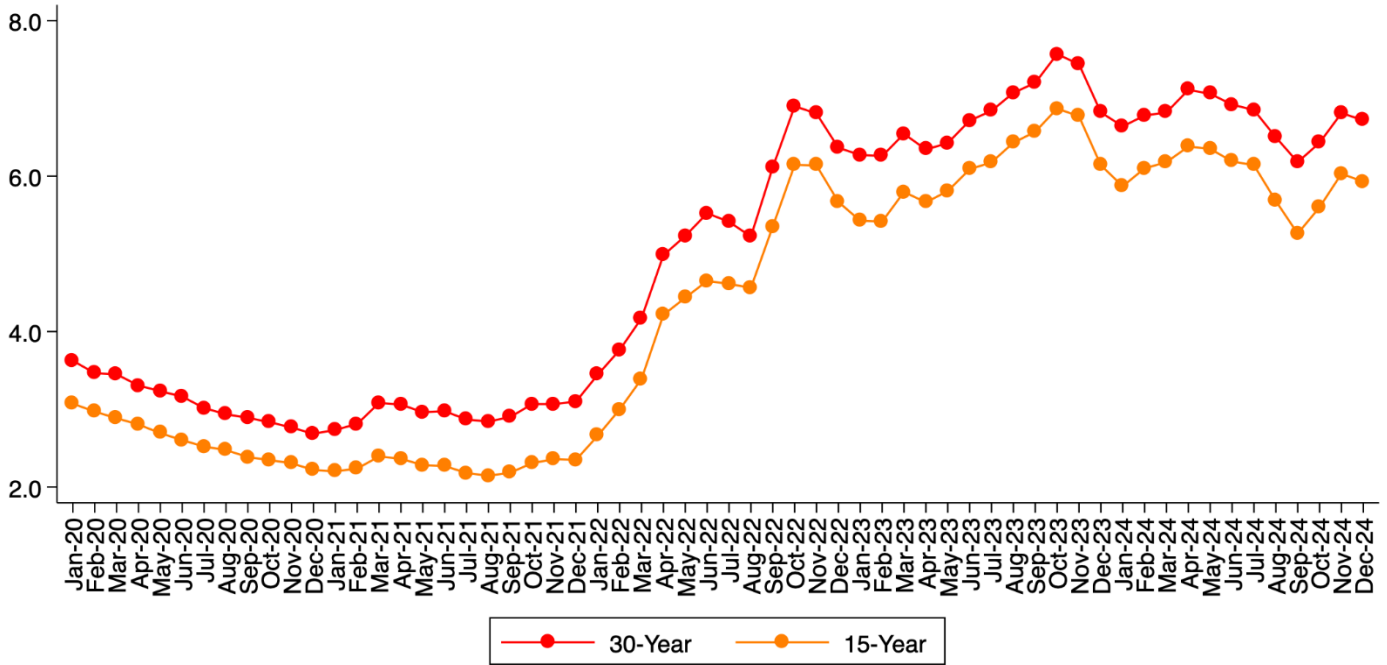




## MORTGAGE RATES

The average 30-year fixed-rate mortgage declined to 6.60% by December 12, a decrease of 21 basis points from the end of November, before beginning to rise. Rates have since increased by 44 basis points, from 6.60% to 7.04% as of January 16. This increase coincided with a 21 basis point increase in the 10-year treasury yield over the same period. This marks the highest average 30-year fixed-rate mortgage since early May 2024 and, at the time of this writing, is 44 basis points above the 6.60% of this time last January.

### U.S. Fixed-Rate Mortgage Averages

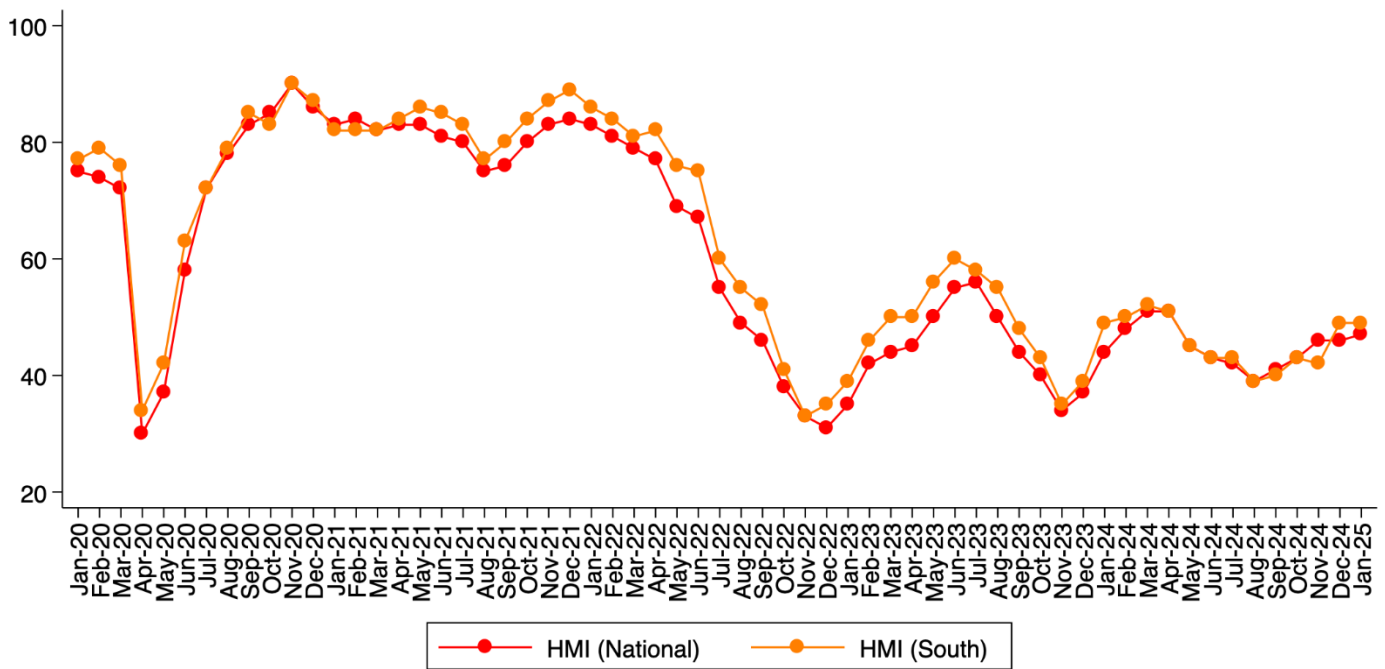




## HOUSING MARKET INDICES

The National Association of Home Builders/Wells Fargo Housing Market Index (HMI) remained at a value of 46 from November to December, remaining at its highest level since April 2024. A value above 50 indicates more home builders view conditions favorably. However, the preliminary HMI value for January 2025 of 47 is a return to the positive momentum seen from September through November. This value is three points higher than the January 2024 value of 44. Two HMI components improved in January 2025 relative to December 2024. The largest increase was in “Single Family Sales: Present,” which rose by three points from 48 to 51. This marks the first time this component has exceeded 50 since May 2024. “Traffic of Prospective Buyers” increased by two points from 31 to 33. This marks the highest value of this component since April 2024. “Single Family Sales: Next 6 Months” was the only component to decline, falling six points from 66 to 60, marking the first decline after six consecutive months of increases. This is the first time in eight months that two of the components have values exceeding 50. The South HMI increased by seven points to 49 from November to December. However, the preliminary January data reveals a slight decline of two points resulting in a value of 47 for the region. The Northeast HMI experienced the largest increase among all regions, rising by 10 points from 57 in December 2024 to 67 in January 2025. The Northeast HMI remains the only regional HMI to exceed 50. This is the highest regional value since June 2022. The West HMI increased by three points from 39 to 42. The Midwest HMI experienced the largest drop of any region, declining by four points from 48 in December 2024 to 44 January 2025.

NAHB/Wells Fargo HMI Indices





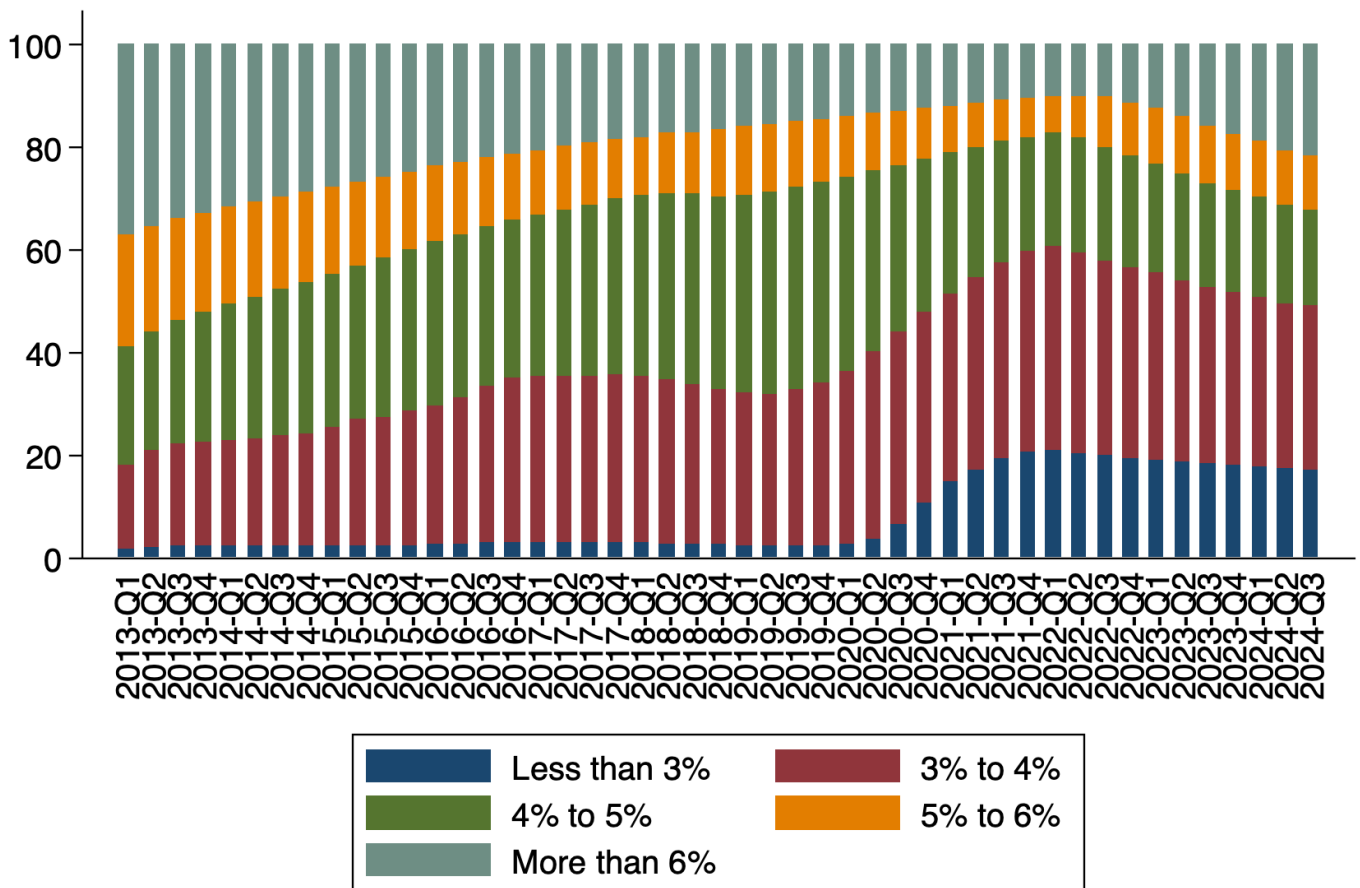
## Mortgage Loans Outstanding

In the third quarter of 2024, the share of outstanding mortgages in Alabama with interest rates exceeding 6% continued its upward trend, which began in the third quarter of 2022, now reaching 21.6% of all outstanding mortgages in the state. This is consistent with the national trend, where the average 30-year mortgage rate remained above 6%, declining from 7.0% to 6.5% between the second and third quarters of 2024. All other categories of outstanding mortgages in Alabama fell during the same period. Mortgage rates between 5% and 6% fell by 0.9%, those between 4% and 5% fell by 1.6%, mortgage rates between 3% and 4% fell by 1.2%, and those with rates below 3% fell by 0.6%.

A breakdown of outstanding mortgage rates in Alabama during the third quarter of 2024 is as follows:

- 21.6% of mortgage holders have rates above 6%
- 10.6% of mortgage holders have rates between 5-6%
- 18.8% of mortgage holders have rates between 4-5%
- 31.8% of mortgage holders have rates between 3-4%
- 17.2% 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 December 2024 relative to last month. The 4,876 sales represent a 5.7% month-over-month decrease in sales. This marks the third lowest month of sales in 2024 but is in line with seasonal trends.

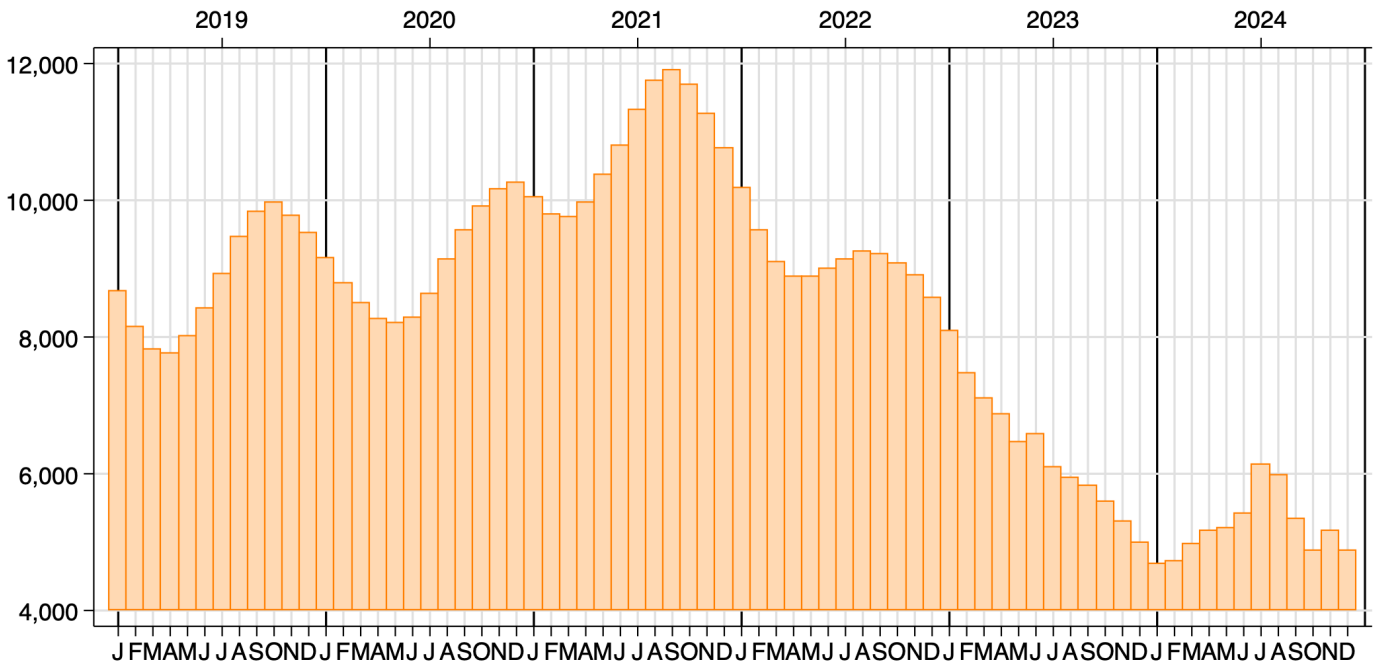
### AAR's Forecast

AAR projects that state total home sales will decrease between December 2024 and January 2025 by approximately 4.6% to 4,654.

Alabama Monthly Home Sales Figures

Month	Sales	Percent Change Year-over-Year
Year-to-Date	62,539	-18.0%
December 2024	4,876	-2.2%
November 2024	5,168	-2.5%
October 2024	4,880	-12.8%
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%

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 1.7% year-over-year in December 2024. Additionally, the median sales price decreased 0.4% month-over-month. This marks seven consecutive months with a median sales price above \$220,000.

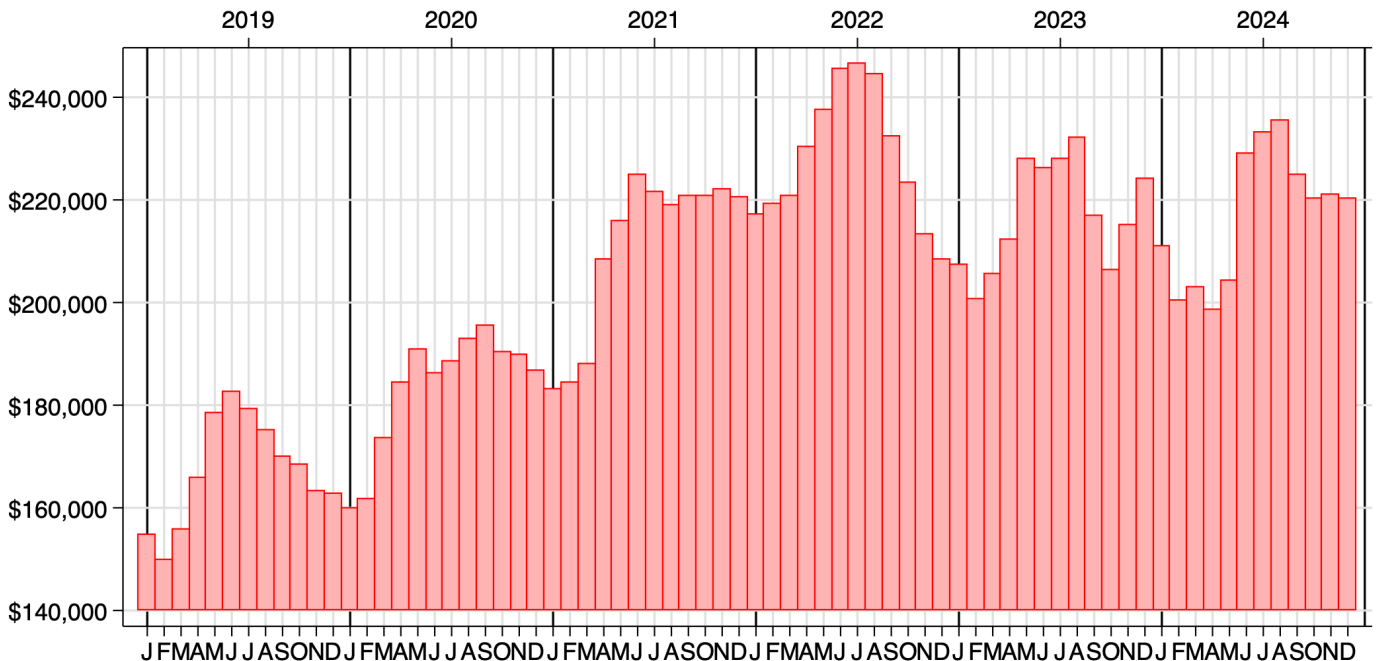
Alabama Median Sales Prices

Month	Median Sales Price (\$)	Percent Change Year-over-Year
Year-to-Date	216,744	-0.1%
December 2024	220,194	-1.7%
November 2024	221,111	2.8%
October 2024	220,196	6.7%
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%

**AAR’s Forecast**

AAR projects that state median home sales prices will remain relatively unchanged between December 2024 and January 2025.

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 \$1,432 relative to last month. Average home sales prices decreased 0.6% compared to November 2024 but are 3.4% higher than one year ago.

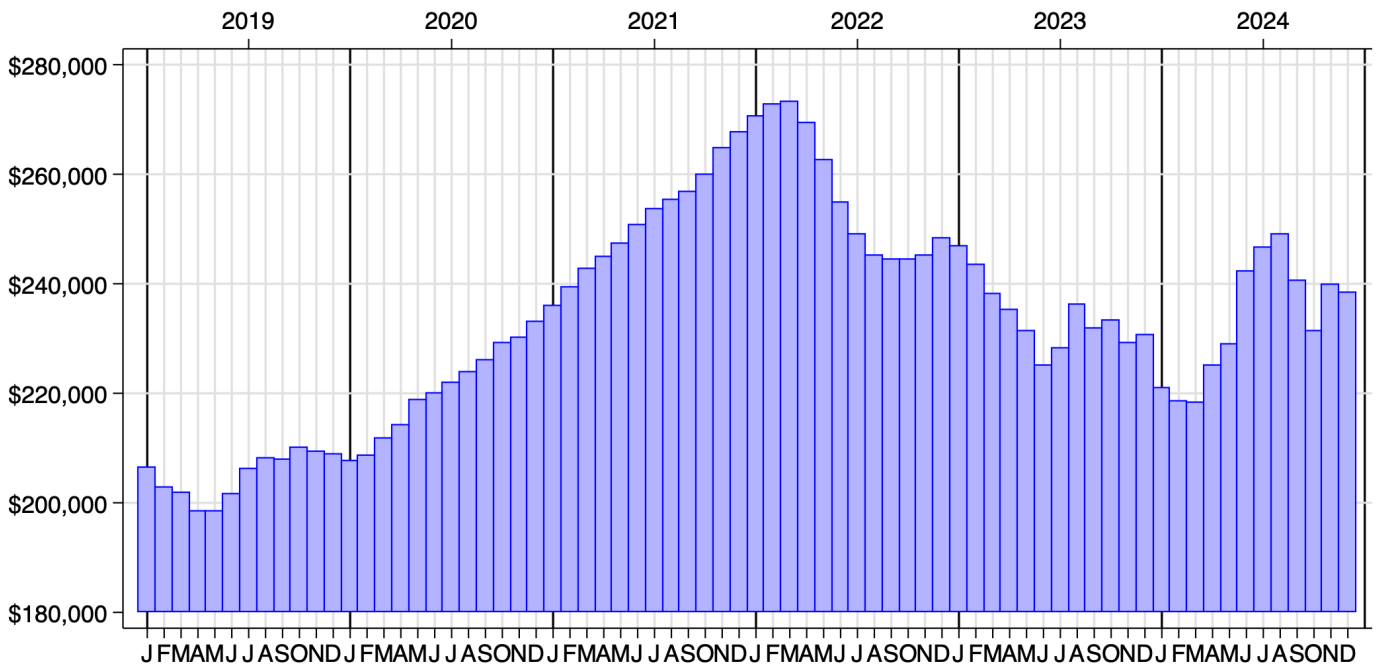
Alabama Average Sales Prices

Month	Average Sales Price (\$)	Percent Change Year-over-Year
Year-to-Date	233,322	-0.3%
December 2024	238,469	3.4%
November 2024	239,901	4.7%
October 2024	231,317	-0.8%
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%

**AAR's Forecast**

AAR projects that state average home sales prices will remain relatively unchanged between December 2024 and January 2025.

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 December 2024 was \$1.16 billion, which is up \$0.01 billion from December 2023. This sales figure represents a 0.9% increase year-over-year. The December sales dollar volume is 6.5% less than last month.

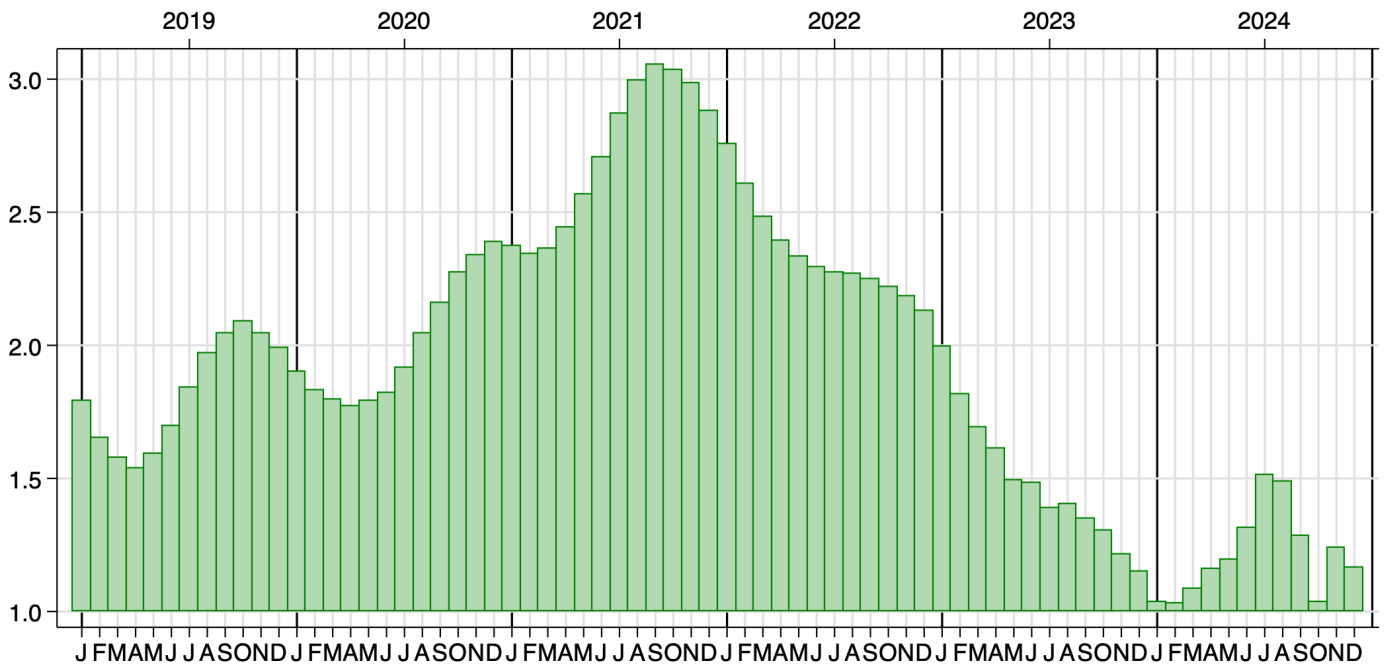
Alabama Sales Volume (in Billions)

Month	Sales Volume (\$)	Percent Change Year-over-Year
Year-to-Date	14.54	-18.8%
December 2024	1.16	0.9%
November 2024	1.24	2.48%
October 2024	1.04	-20.6%
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%

**AAR's Forecast**

AAR projects that state sales volume will decrease between December 2024 and January 2025 by approximately 4.3% to \$1.11 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 nine days more in December relative to November. Homes sold in December were on the market for 77 days, on average. This figure is 10 days longer than that of one year ago (67 days). The average days spent on market will likely increase in January 2025.

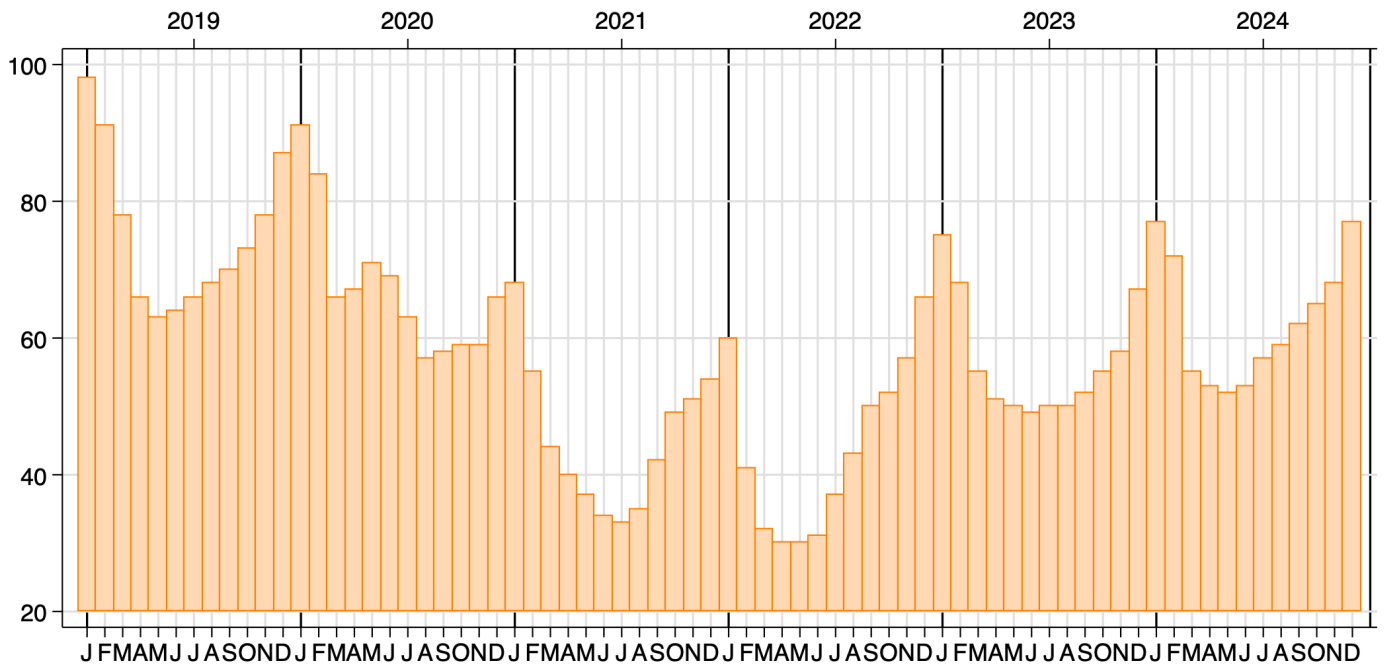
Alabama Residential Days on Market

Month	Days on Market	Percent Change Year-over-Year
Year-to-Date	63	10.5%
December 2024	77	14.9%
November 2024	68	17.2%
October 2024	65	18.2%
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%

**AAR's Forecast**

Based upon current economic trends, AAR projects that state residential days on market will increase between December 2024 and January 2025 by approximately 5.2% to 81.

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 decreased slightly in December 2024, relative to November 2024, as there were 5.0 months of supply. This figure is 1.2 months greater than one year ago.

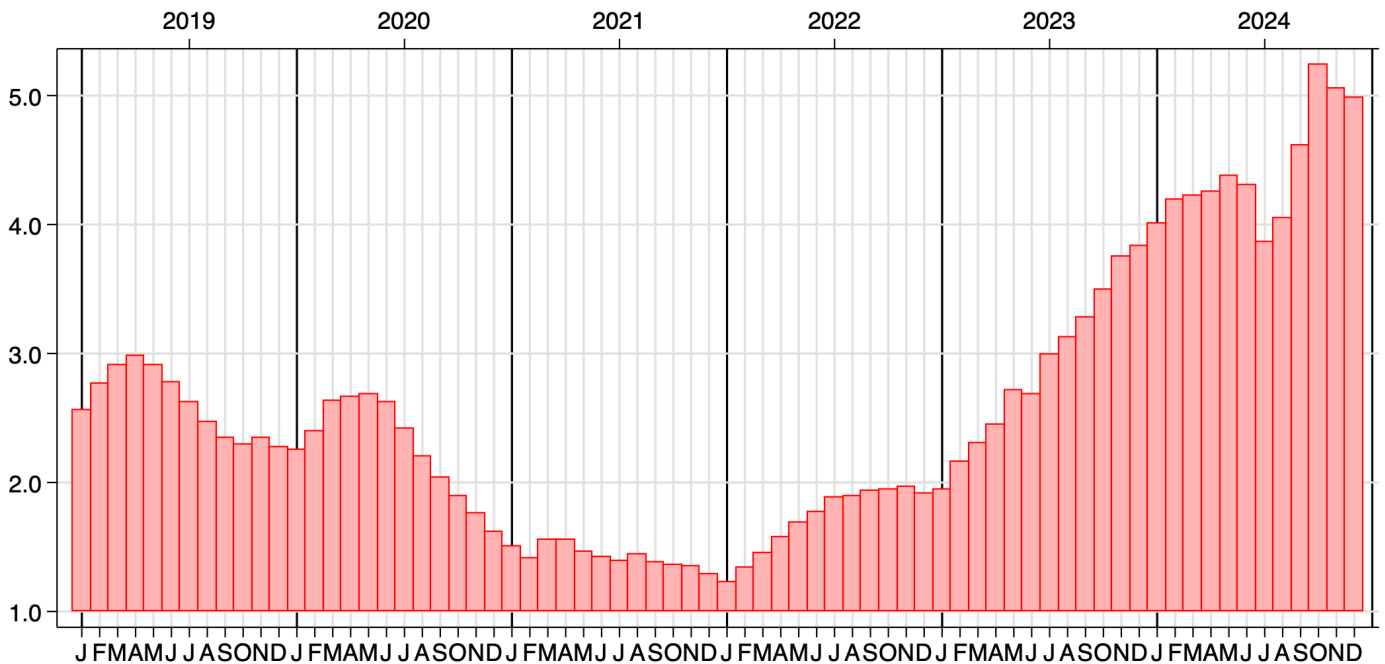
Alabama Months of Supply

Month	Months of Supply	Percent Change Year-over-Year
Year-to-Date	4.4	51.7%
December 2024	5.0	31.6%
November 2024	5.1	34.2%
October 2024	5.2	48.6%
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%

**AAR's Forecast**

AAR projects that state housing supply will remain relatively unchanged between December 2024 and January 2025.

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 December (18,468) compared to one year ago (14,723). This figure represents a 25.4% annual increase. However, it marks a 4.2% decrease relative to last month. December listings were down by 804 relative to November, marking the second consecutive month of declines. December listings are the 4<sup>th</sup> highest monthly level of the year.

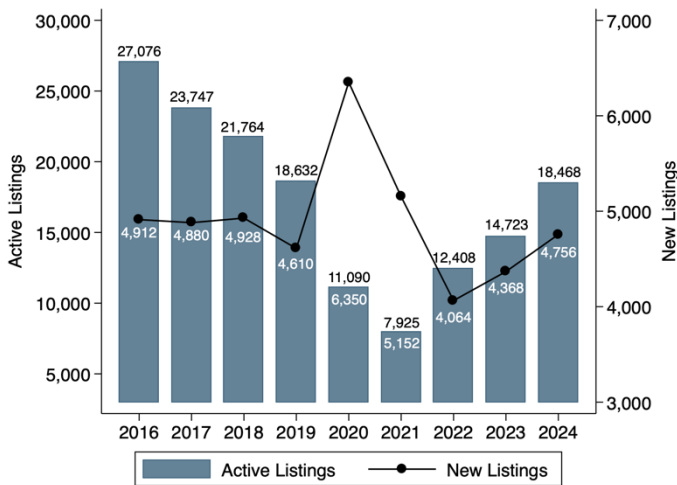
Alabama Active Residential Listings

Month	Active Listings	Percent Change Year-over-Year
Year-to-Date	16,786	33.9%
December 2024	18,468	25.4%
November 2024	19,272	28.0%
October 2024	19,329	32.6%
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%

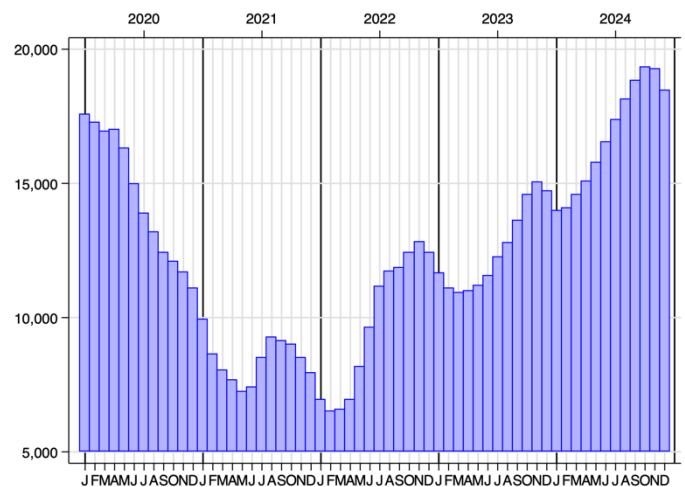
**AAR's Forecast**

Based upon current economic trends, AAR projects state residential active listings will decrease between December 2024 and January 2025 by approximately 3.3% to 17,855.

Alabama Active and New Residential Listings, December 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 57 fewer foreclosures in December 2024 (430) compared to one year ago (487). December foreclosures increased slightly by 3.4% month-over-month relative to November in the state. The December value marks the end of ten consecutive months of declines in the number of foreclosures.

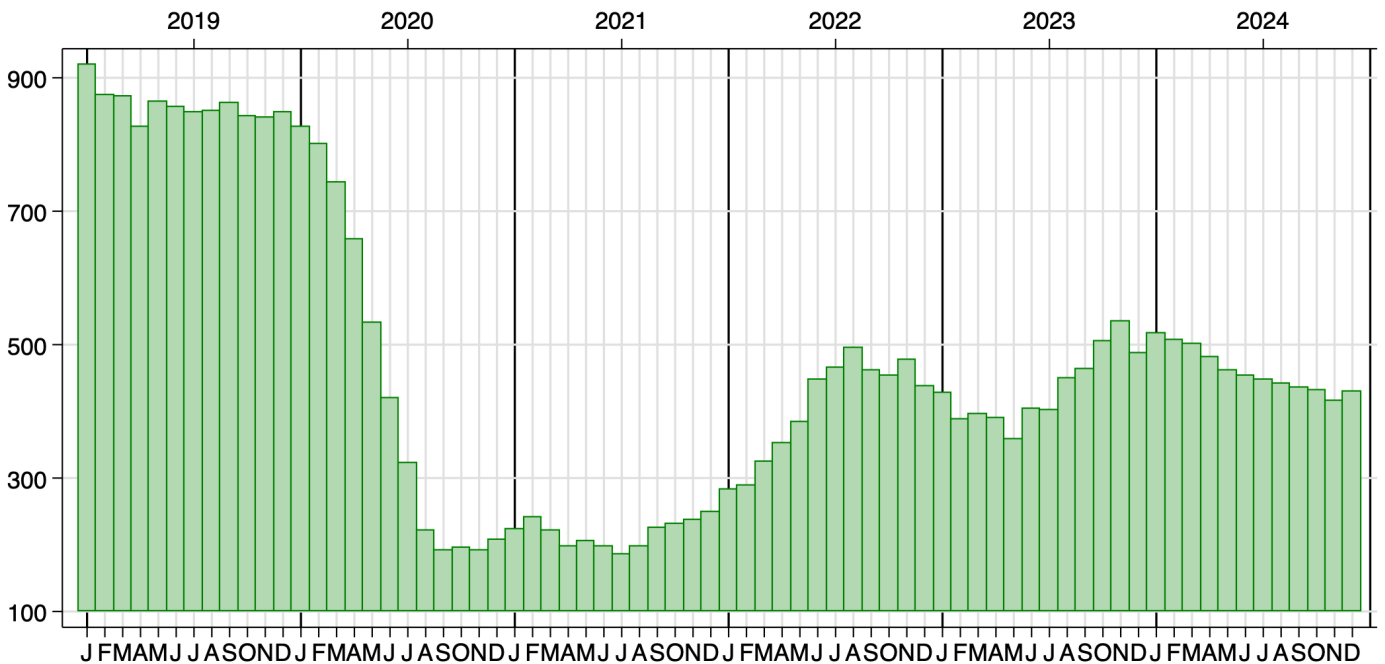
Alabama Residential Foreclosures

Month	Foreclosures	Percent Change Year-over-Year
Year-to-Date	5,524	6.1%
December 2024	430	-11.7%
November 2024	416	-22.2%
October 2024	432	-14.5%
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%

**AAR's Forecast**

AAR projects that state housing foreclosures will decrease between December 2024 and January 2025 by approximately 1.4% to 424.

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 108 units in November 2024 relative to October 2024. This represents a 7.5% decrease month-over-month. However, it is an increase of 9.4% year-over-year.

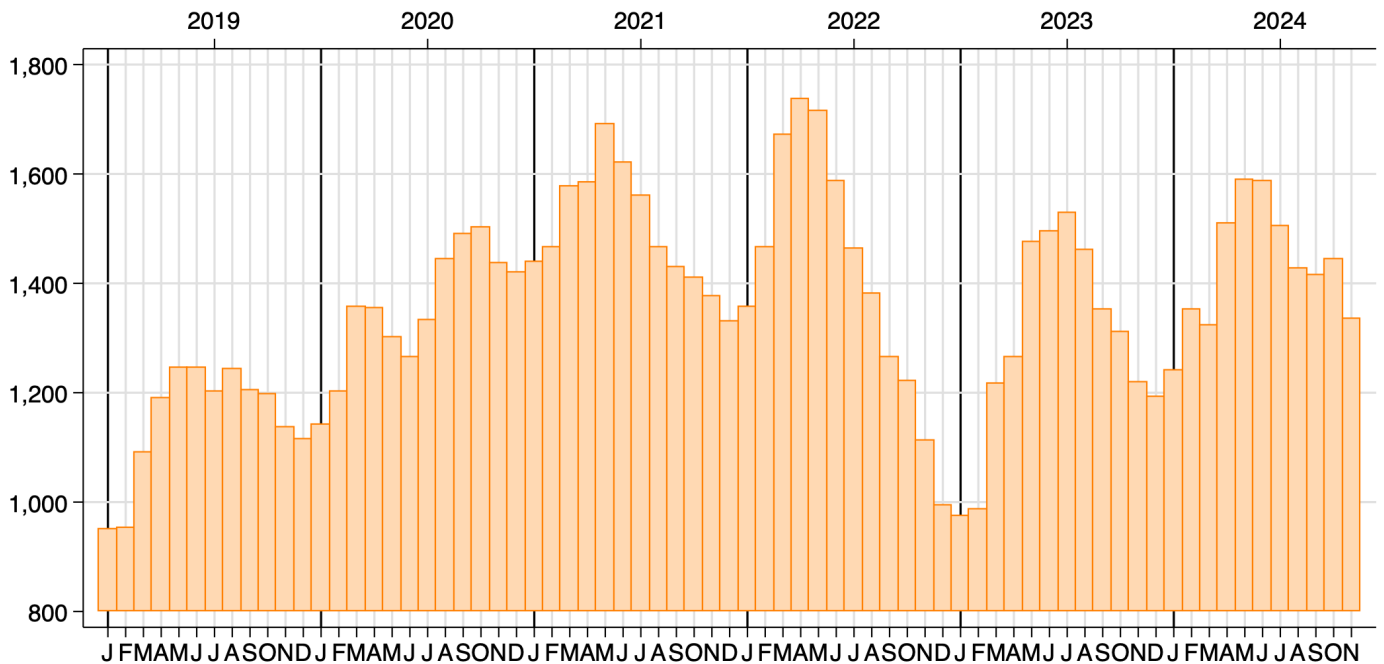
Alabama New Home Building Permits

Month	Permits	Percent Change Year-over-Year
Year-to-Date	15,727	10.1%
November 2024	1,335	9.4%
October 2024	1,443	10.1%
September 2024	1,414	4.7%
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%

**AAR's Forecast**

Based upon current economic trends, AAR projects that state new home building permits will decrease between November and December 2024 by approximately 3.7% to 1,285.

Alabama New Home Building Permits, Monthly Figures





## AAR's Forecast

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The average 30-year mortgage rate continues to be above 6% and has recently risen to just over 7%. The Federal Reserve's quantitative tightening campaign will continue putting upward pressure on rates. Nevertheless, potential buyers should consider making a move given the relatively high number of listings in the market.

### Factors to consider in the near term:

- Average 30-year mortgage rates have fluctuated but have generally trended upward since the end of September 2024, rising from 6.08% to 7.04% as of January 16, 2025. This rise in mortgage rates has continued even though the Federal Reserve conducted two cuts to the Fed funds rate target (in November and December), with the cuts totaling 50 basis points.
- Mortgage rates tend to follow the 10-year treasury yield. The 10-year treasury yield, at 4.62% as of January 17, 2025, remains above the effective Fed funds rate of 4.33%. Cuts by the Federal Reserve to the Fed funds rate target are less likely to have a lasting, significant impact on mortgage rates relative to the effect of other market conditions on treasury yields, such as inflation, job creation, or policy activity like potential tariffs.
- However, the Federal Reserve's quantitative tightening with regards to mortgage backed securities (MBS) will likely continue to put upward pressure on mortgage rates through an elevated "spread" between the 10-year treasury yield and the average 30-year mortgage rate. For example, when the Fed conducted quantitative easing regarding MBS from March 2020 to April 2022, the spread averaged 160 basis points. But since the quantitative tightening campaign began, starting in mid-August 2022 and continuing through the present, the average spread increased to 268 points.
- While listings have declined somewhat over the last two months through December, they are still considerably higher than one year ago. The five months of supply reflects a relatively healthy level, and there are homes available at a variety of price points throughout the state.
- Historically, home sales tend to decline in the early months of the year. Earlier in the year, there was discussion of buyers entering the market once mortgage rates fell below 6%. However, rates are in a historically normal range, and buyers have faced average 30-year mortgage rates above 6% for more than two years. These elevated rates will likely negatively impact first time homebuyers and sideline some lower income families from making purchases. Rates are expected to remain above 6% throughout 2025. There is likely latent, or pent up, demand for housing in Alabama. For those considering buying a home, there is no particularly strong reason to wait as there may be more competition for homes in the spring.

# 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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The numbers and figures in this report are drawn from numerous government and proprietary data sources and represent best information at the time of release. Information is deemed reliable but not guaranteed. As new data emerges, the Alabama Association of REALTORS® may, from time to time, update these figures to reflect more recent information.

