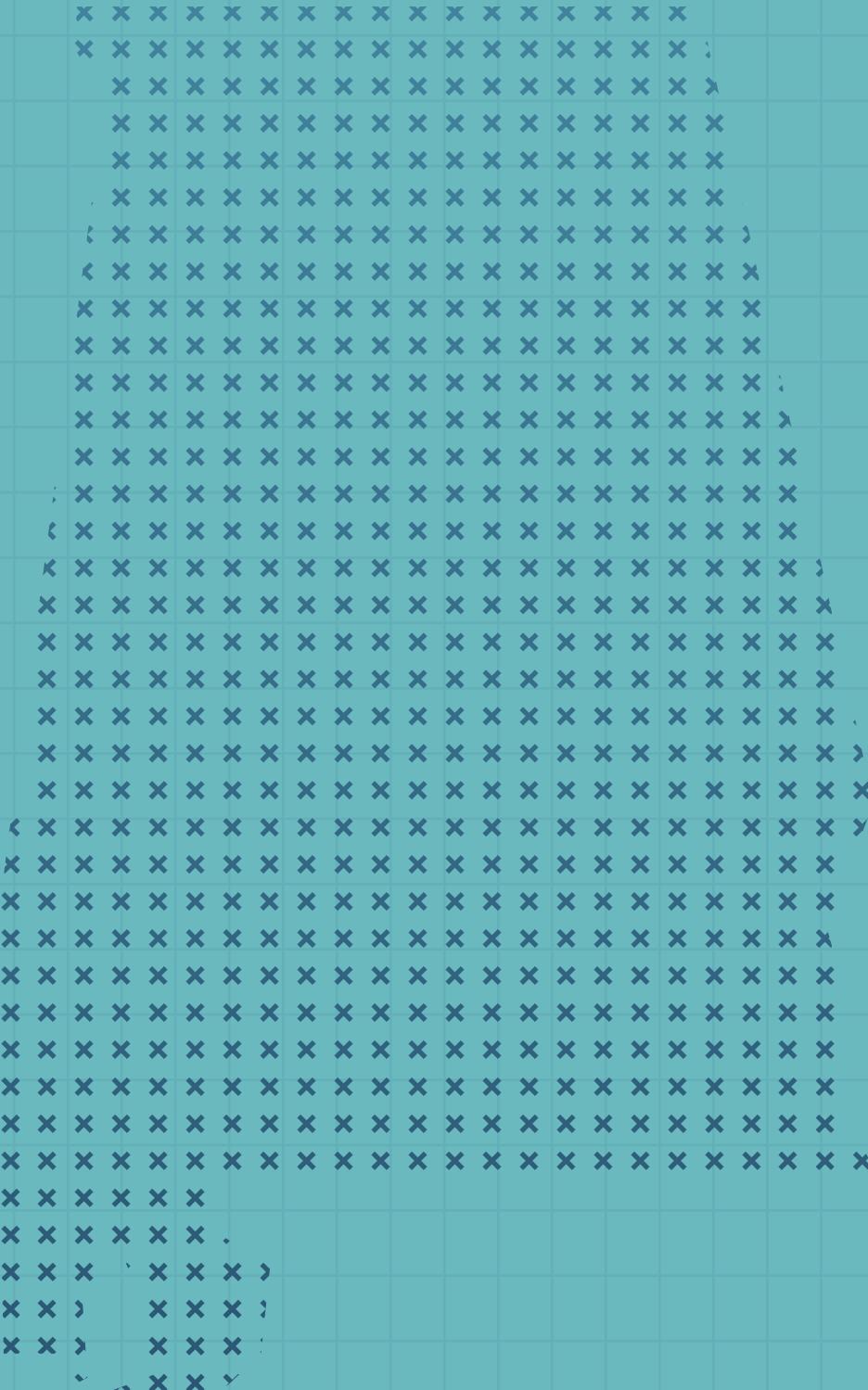


# Alabama Economic & Real Estate Report

December 2025



# ALABAMA MONTHLY HOME SALES REPORT

## DECEMBER 2025

### KEY TAKEAWAYS

- Alabama had **5,604 home sales** in December, an increase of 157 from last year but a decrease of 3.0% from the previous month.
- The median sales price increased by \$33,726 compared to a year ago to **\$245,615**. This is an annual increase of 15.9%, but a 2.5% decrease month-over-month.
- The sold volume was **\$1.56 billion** in December, an increase of \$0.26 billion from last December. This marks a 20.0% annual increase, but a 3.7% decrease month-over-month.
- The **19,808 active listings** at the end of December mark an increase of 7.3% compared to 18,468 one year ago.
- The **531 foreclosures** in December represent a 23.5% year-over-year increase. It is also a 9.5% increase in foreclosures since last month.

### ALABAMA HOUSING MARKET SUMMARY, DECEMBER 2025

	Dec-24	Dec-25	Change	% Change	YTD '24	YTD '25	Change	% Change
Sales	5,447	5,604	157	2.9%	68,829	71,485	2,656	3.7%
Median Sales Price (\$)	211,889	245,615	33,726	15.9%	210,804	233,969	23,165	11.0%
Average Sales Price (\$)	238,469	278,396	39,927	16.7%	233,322	270,603	37,281	16.0%
Sales Volume (\$ billions)	1.30	1.56	0.26	20.0%	16.10	19.37	3.27	20.3%
Average Days on Market	77	78	1	1.3%	63	69	6	9.5%
Active Listings	18,468	19,808	1,340	7.3%	16,786	19,744	2,958	17.6%
Months of Supply	4.5	4.7	0.2	4.4%	4.0	4.6	0.6	15.0%
Foreclosures	430	531	101	23.5%	5,524	6,039	515	9.3%

## ECONOMIC OVERVIEW

Recent revisions from the Bureau of Labor Statistics show weaker job growth than initially reported. National job creation was revised downward by a net 76,000 jobs, with October reduced by 68,000 and November by 8,000. October employment losses now stand at 173,000, compared to the originally reported loss of 105,000, while November job gains were revised down from 64,000 to 56,000. Preliminary data indicate job growth slowed further in December, with just 50,000 jobs added—below consensus expectations and 273,000 fewer jobs than in December 2024.

Inflation remained steady at 2.7% year-over-year in December, matching November's rate and down from 3.0% in September. Food prices posted the largest increase among major categories, rising 3.1% year-over-year, driven by a 4.1% increase in food away from home. Core inflation (all items less food and energy) rose 2.6%, led again by Services less Energy Services, which increased 3.0%. Within this category, Medical Care Services rose 3.5%, while Shelter increased 3.2%.

In the South, inflation held at 2.2% year-over-year in December, unchanged from November and below the national rate. As with the national trend, food prices led regional inflation, increasing 3.0%, driven by a 3.9% rise in food away from home. Core inflation in the South edged up to 2.2% from 2.1% in November. Shelter prices rose 2.8%—higher than the prior month but below the national shelter increase. Owner's equivalent rent increased 3.0%, while rent of primary residence rose 2.1%. Used car prices increased 1.3% year-over-year in the South, contrasting with a 1.1% decline nationally.

Mortgage rates declined modestly over the past month. The average 30-year fixed rate fell to 6.19% at the start of December, briefly rose to 6.21% mid-month, and ended December at 6.15%. Rates ticked up slightly in early January before falling 10 basis points, reaching an average of 6.06% by January 15. This recent decline is largely attributed to President Trump's directive for Fannie Mae and Freddie Mac to purchase mortgage-backed securities.

The Federal Reserve is not expected to lower the federal funds rate at its January 2026 meeting. Inflation remains above the Fed's 2.0% target, unemployment declined in December, and GDP growth is projected to strengthen in 2026. Market expectations align with this outlook: the CME FedWatch Tool currently assigns only a 5.0% probability to a rate cut in January. The first meeting where markets assign greater-than-even odds of a cut is June 2026, with a current probability of 62.5%.

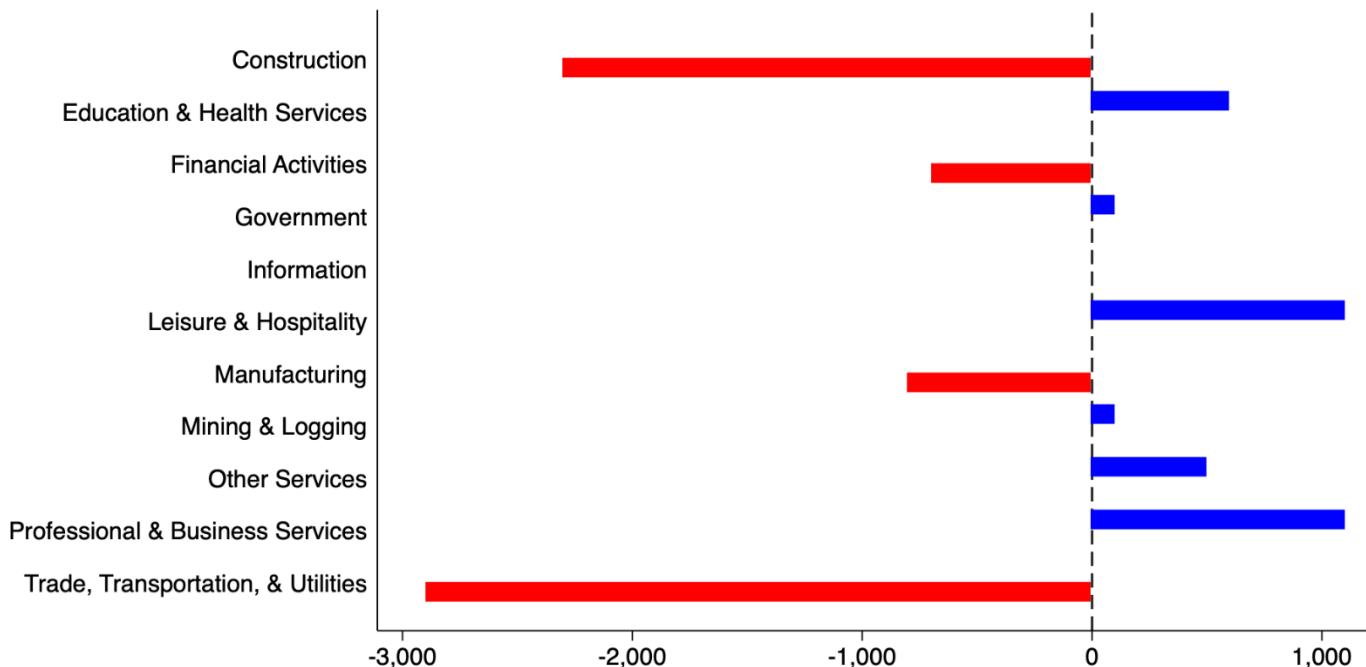
## JOBS

Preliminary Bureau of Labor Statistics (BLS) data show that 50,000 jobs were added nationally in December, below the consensus estimate of 55,000. The report also included downward revisions to prior months. November job gains were revised down from 64,000 to 56,000, while October job losses were deepened from 105,000 to 173,000.

At the state level, revised data indicate weaker labor market conditions in Alabama. September employment was revised from a preliminary gain of 400 jobs to a loss of 900 jobs, followed by a loss of 400 jobs in October. Preliminary reporting for November 2025 shows an additional loss of 3,200 jobs, bringing total state employment to 2,211,300.

By sector, Professional and Business Services and Leisure and Hospitality led Alabama's November job gains, each adding 1,100 jobs since October. Education and Health Services followed with an increase of 600 jobs. Job losses were led by Trade, Transportation, and Utilities, which shed 2,900 jobs, while Construction lost 2,300 jobs and Manufacturing declined by 800 jobs.

### Alabama Jobs Changes from October to November 2025



## EMPLOYMENT

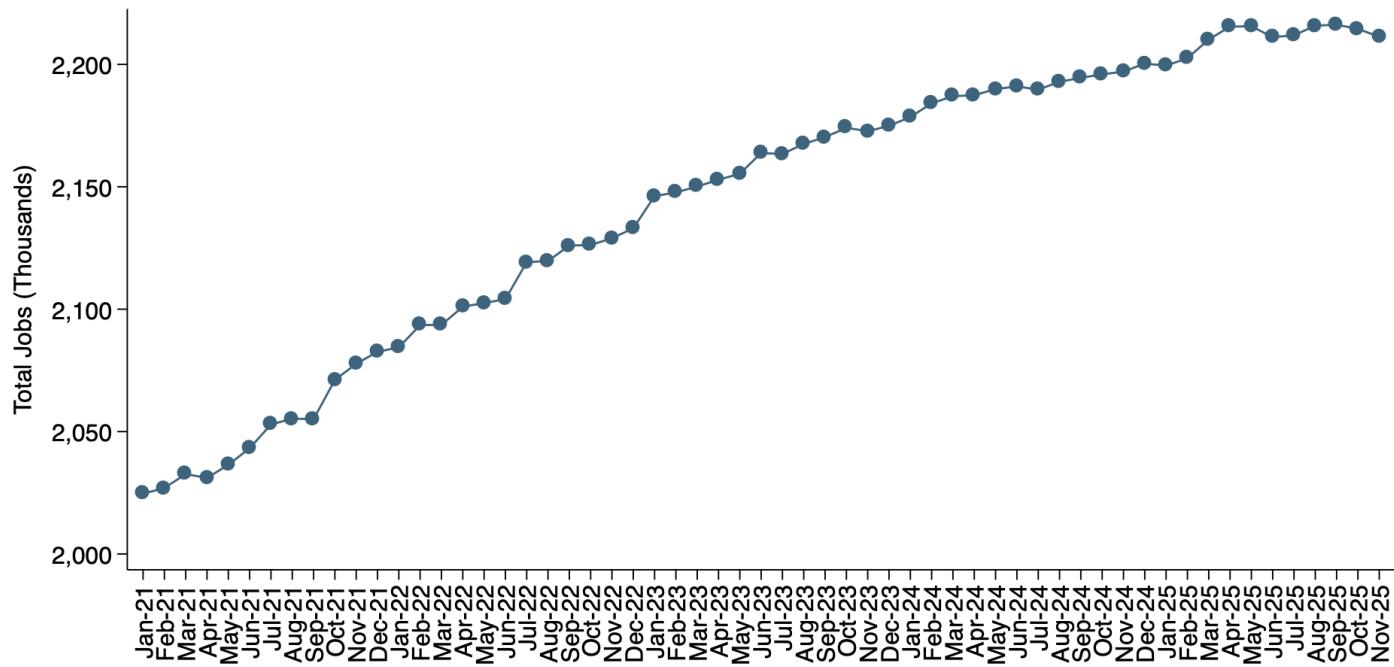
Alabama's preliminary unemployment rate declined to 2.7% in November 2025, marking the fifth consecutive monthly decrease and the third straight month below 3.0%. No October 2025 figure is available due to the government shutdown. The November rate is the lowest for the state since October 2023.

Nationally, the unemployment rate rose to 4.5% in November, the highest level since October 2021. Preliminary Bureau of Labor Statistics data, however, show the rate easing slightly to 4.4% in December. Despite the decline, unemployment remains higher than the 4.1% rate recorded in December 2024.

Alabama's unemployment rate stood 1.8 percentage points below the national rate in November, widening from a 1.6 percentage point gap in September (October data unavailable). The recent moderation in the national unemployment rate, combined with inflation remaining above the Federal Reserve's 2.0% target, supports expectations that the Fed will hold the federal funds rate steady at its January 2026 meeting.

Alabama's labor force participation rate held at 57.6% in November, marking the fourth consecutive month below the 58.0% range observed from April through June 2025—the highest level in at least a decade. By comparison, the national labor force participation rate rose to 62.5% in November, matching its September level, before edging down to 62.4% in preliminary December reporting.

Alabama Total Jobs (Thousands)

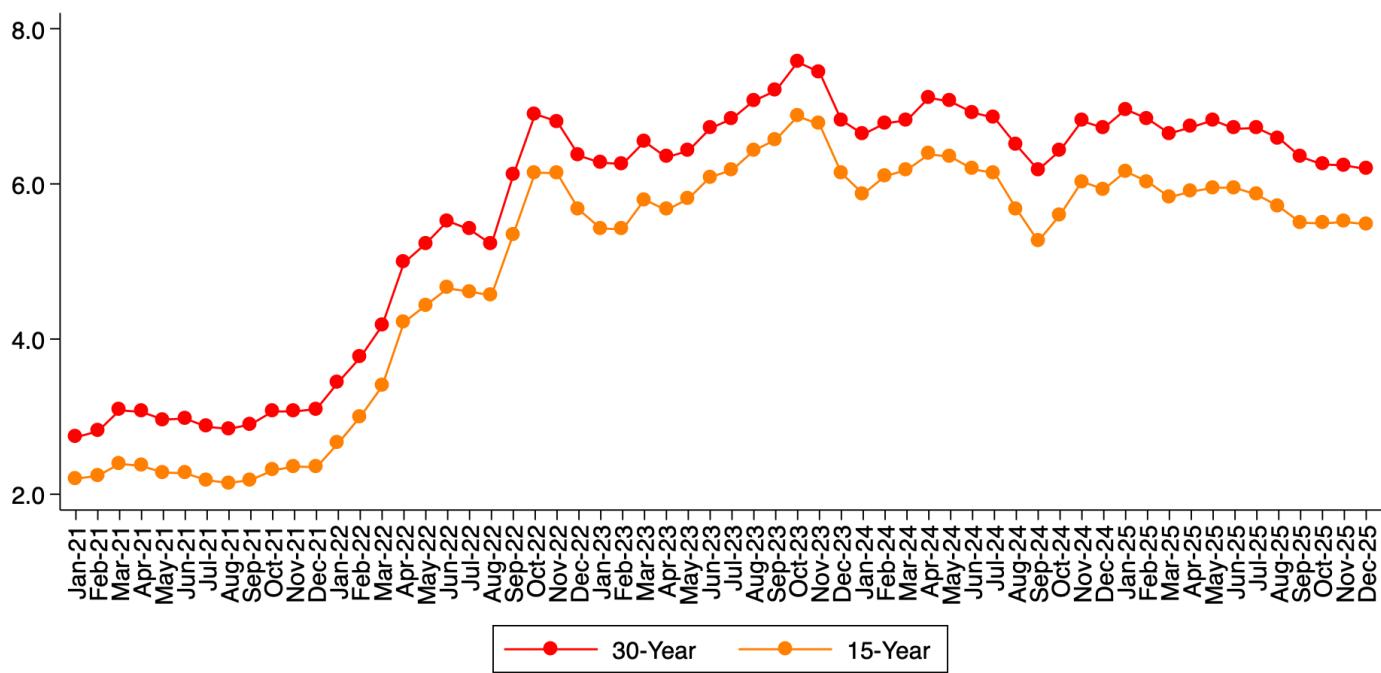


## MORTGAGE RATES

The average 30-year fixed-rate mortgage fell to 6.23% at the end of November and declined further to 6.19% at the start of December. Rates briefly rose to 6.22% by December 11 before trending downward for the remainder of the month, ending December at 6.15%. This level was 70 basis points lower than the rate one year earlier.

Rates edged up slightly in early January, increasing by 1 basis point to 6.16% by January 8, before falling 10 basis points the following week to 6.06%. The average 30-year fixed rate over the most recent four weeks (December 24 through January 15) remains well below year-ago levels, with the four-week average running 79 basis points lower than the 6.93% average recorded at this time last January.

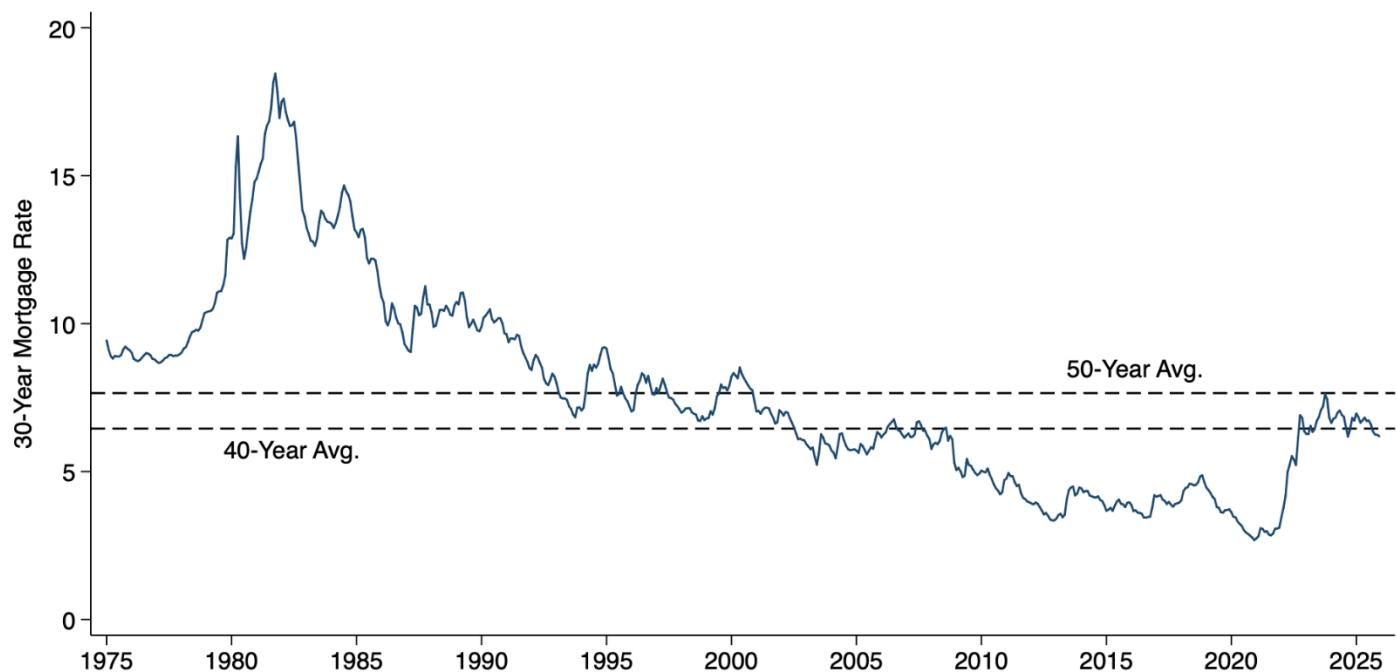
### U.S. Fixed-Rate Mortgage Averages



## MORTGAGE RATES OVER THE DECADES

The average 30-year fixed-rate mortgage peaked at 18.63% on October 9, 1981, and reached a historic low of 2.65% on January 7, 2021. Over the past 40 years, the rate has averaged 6.52%, and over the past 50 years, it has averaged 7.67%. While mortgage rates over the last two years have generally remained within these long-term ranges, the December 2025 average rate of 6.19% fell below both benchmarks for the fourth consecutive month. This marks the lowest monthly average since September 2024, when rates averaged 6.18%.

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



## HOUSING MARKET INDICES

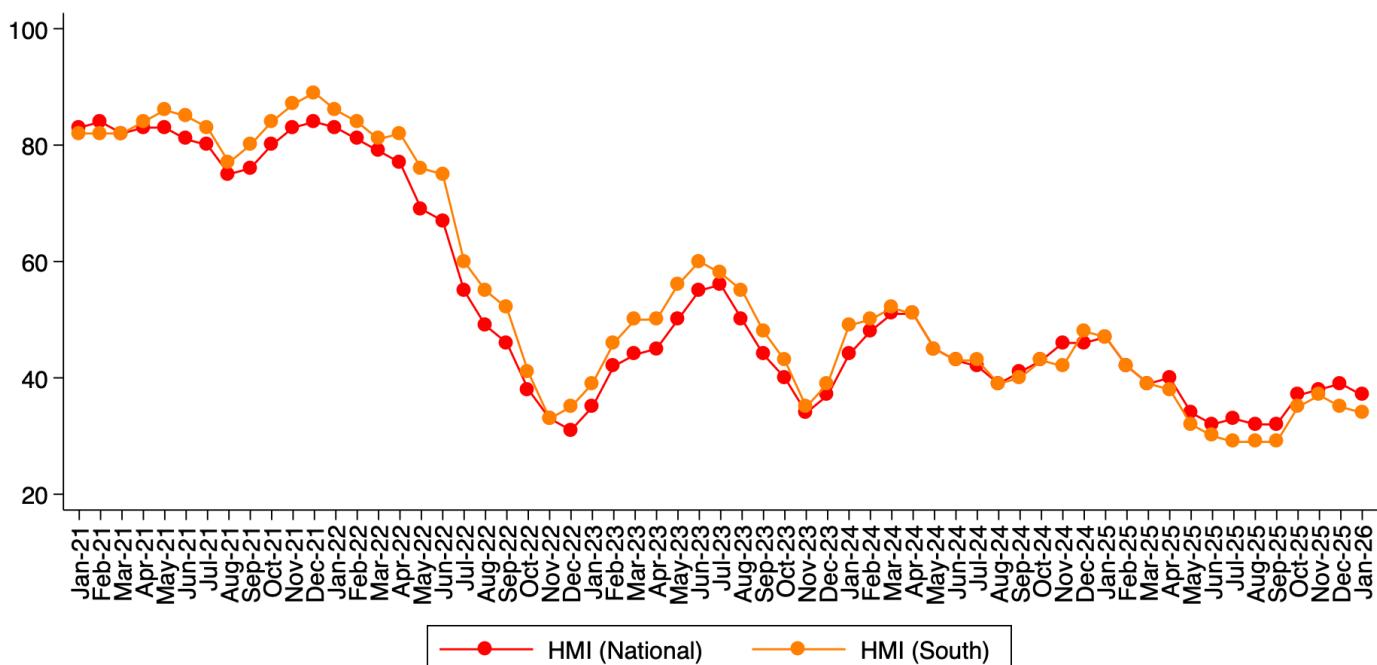
The National Association of Home Builders/Wells Fargo Housing Market Index (HMI) rose by one point from November to December, reaching 39 (values above 50 indicate more builders view conditions favorably). December marked the third consecutive monthly increase; however, it was also the 20th straight month the index remained below 50. Preliminary data for January 2026 show the HMI declining by two points to 37, extending the below-50 streak to 21 consecutive months and placing the index 10 points below its January 2025 level of 47.

The January decline was driven by decreases across all three HMI components. The “Traffic of Prospective Buyers” index fell three points, from 26 to 23. “Single-Family Sales: Next Six Months” declined three points, from 52 to 49, while “Single-Family Sales: Present” decreased one point, from 42 to 41. This marks the first time in four months—and the ninth time in the past 12 months—that all three components have registered values below 50.

Regionally, the South HMI fell to 35 from November to December, the lowest regional reading for December. Preliminary January data show the South declining further to 34, its lowest level since September 2025. The West HMI also declined two points to 34, matching the South. The Midwest experienced the largest month-over-month drop, falling five points from December to January to a value of 42. The Northeast was the only region to post an increase, rising seven points from 41 to 48 over the same period.

All regional HMI values remain below 50 for the third consecutive month and for the 10th time in the past 11 months.

NAHB/Wells Fargo HMI Indices



## MORTGAGE LOANS OUTSTANDING

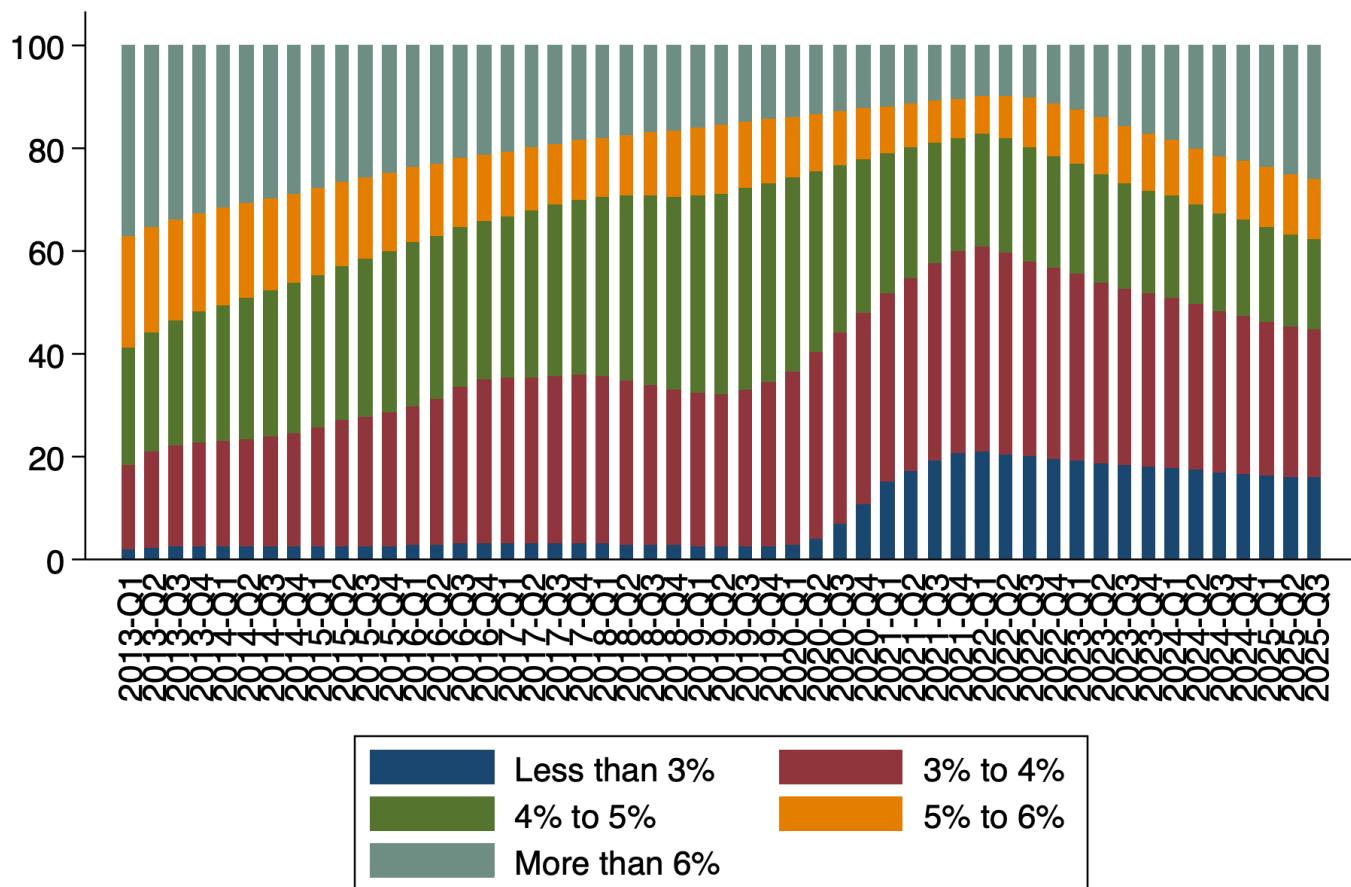
During the third quarter of 2025, the share of outstanding mortgages in Alabama with interest rates above 6% continued the upward trend that began in the third quarter of 2022. Loans in this category now account for 26.0% of all outstanding mortgages in the state. This aligns with national trends, as the average 30-year fixed mortgage rate remained above 6% during the quarter, despite easing from 6.79% in Q2 2025 to 6.57% in Q3 2025.

No other mortgage-rate categories in Alabama increased between Q2 2025 and Q3 2025. Mortgages with rates between 5% and 6% declined by 0.1 percentage points, those between 4% and 5% fell by 0.2 points, rates between 3% and 4% declined by 0.4 points, and loans with rates below 3% decreased by 0.2 points.

The distribution of outstanding mortgage rates in Alabama in Q3 2025 is as follows:

- 26.0% of mortgage holders have rates above 6%
- 11.7% have rates between 5% and 6%
- 17.7% have rates between 4% and 5%
- 28.8% have rates between 3% and 4%
- 15.8% 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 increased in December 2025 relative to December 2024. However, the 5,604 sales represent a 3.0% decrease in month-over-month sales.

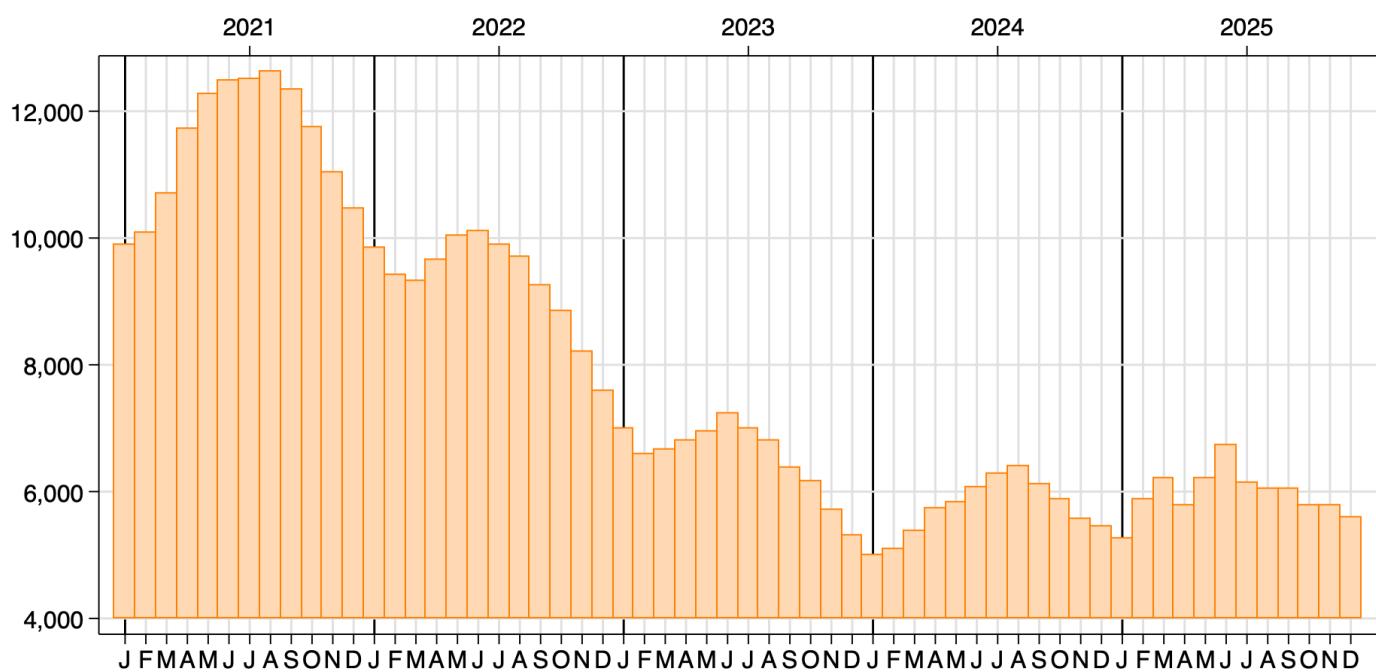
#### AAR's Forecast

AAR projects that state total home sales will decrease by approximately 2.2% between December 2025 and January 2026 to 5,478 sales.

#### Alabama Monthly Home Sales Figures

Month	Sales	Percent Change Year-over-Year
Year-to-Date	71,485	3.7%
December 2025	5,604	2.9%
November 2025	5,778	3.8%
October 2025	5,773	-1.7%
September 2025	6,055	-1.2%
August 2025	6,041	-5.6%
July 2025	6,146	-2.2%
June 2025	6,724	10.9%
May 2025	6,214	6.5%
April 2025	5,791	0.8%
March 2025	6,214	15.3%
February 2025	5,886	15.5%
January 2025	5,259	5.0%
December 2024	5,447	2.4%

#### 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 15.9% year-over-year in December 2025 but fell by 2.5% month-over-month.

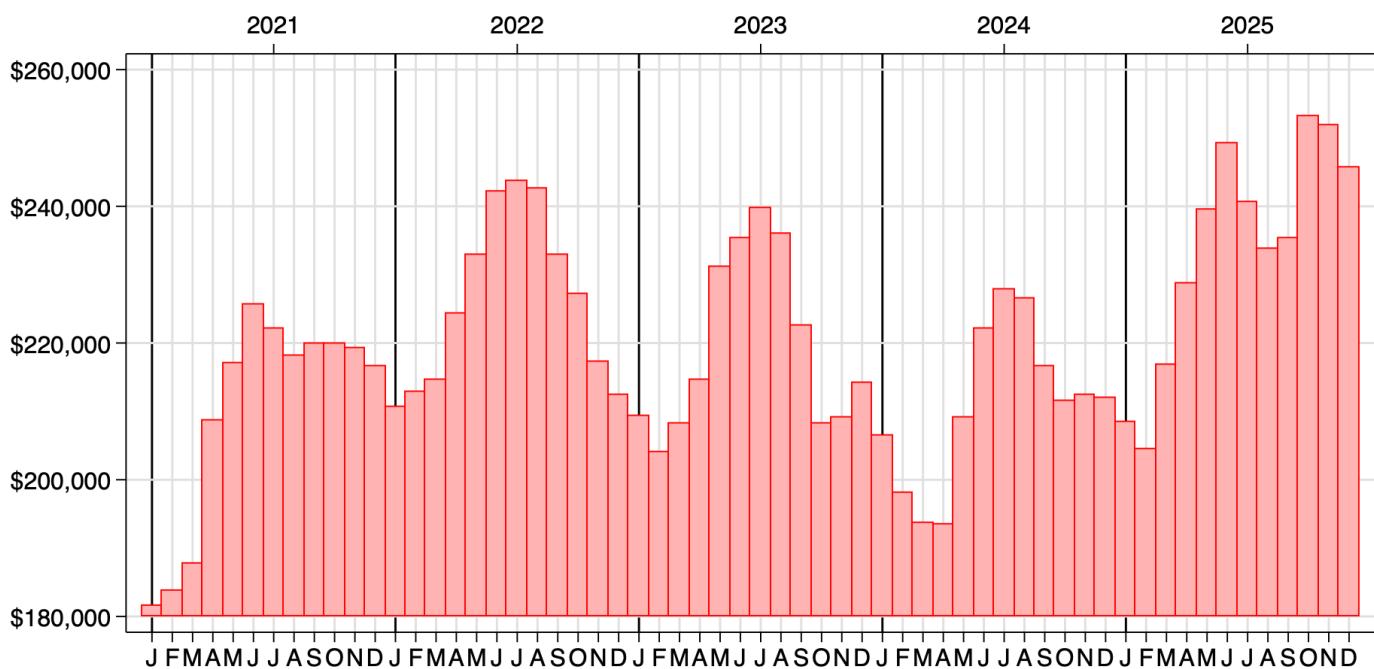
#### AAR's Forecast

AAR projects that the state median home sales price will decrease by approximately 1.1% between December 2025 and January 2026 to \$243,029..

#### Alabama Median Sales Prices

Month	Median Sales Price (\$)	Percent Change Year-over-Year
Year-to-Date	233,969	11.0%
December 2025	245,615	15.9%
November 2025	251,784	18.5%
October 2025	253,201	19.7%
September 2025	235,246	8.6%
August 2025	233,814	3.2%
July 2025	240,584	5.6%
June 2025	249,204	12.2%
May 2025	239,515	14.5%
April 2025	228,761	18.3%
March 2025	216,870	12.0%
February 2025	204,571	3.3%
January 2025	208,468	1.0%
December 2024	211,889	-1.1%

#### 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 \$2,705 relative to last month. This is a decrease of 1.0% compared to November 2025, but is 16.7% higher compared to December 2024.

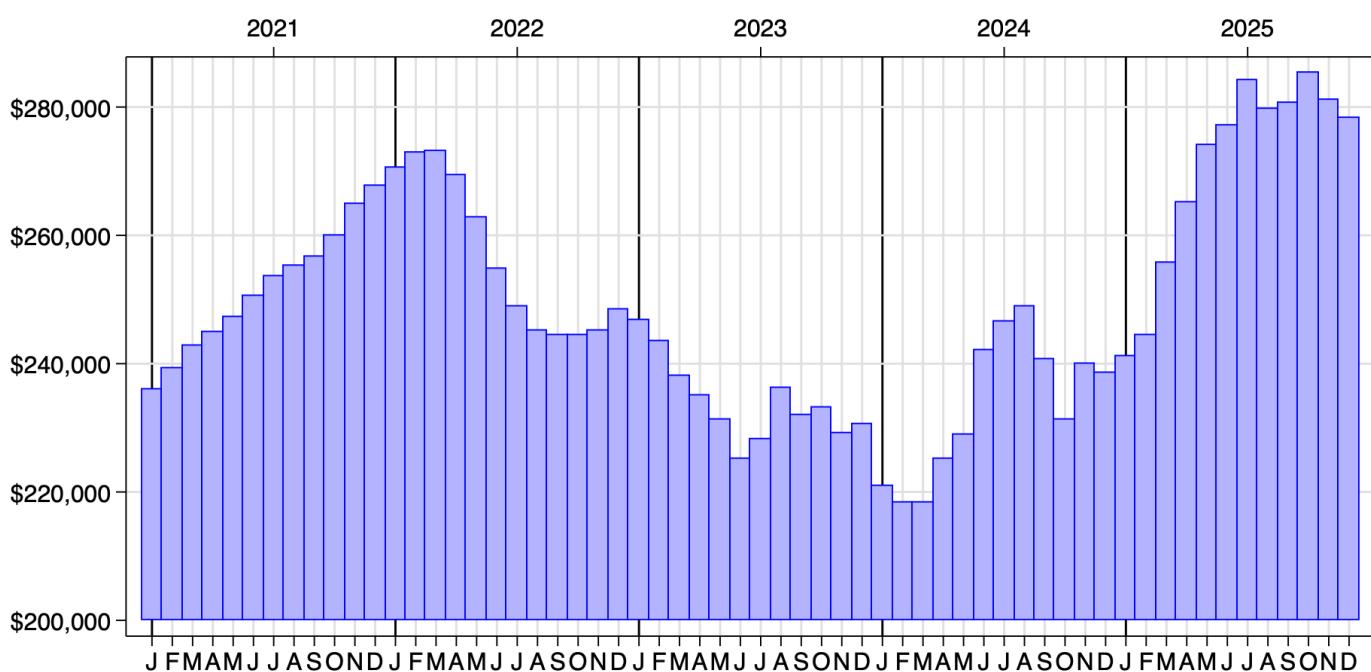
#### AAR's Forecast

AAR projects that the state average home sales price will remain roughly unchanged between December 2026 and January 2026.

#### Alabama Average Sales Prices

Month	Average Sales Price (\$)	Percent Change Year-over-Year
Year-to-Date	270,603	16.0%
December 2025	278,396	16.7%
November 2025	281,101	17.2%
October 2025	285,345	23.4%
September 2025	280,721	16.7%
August 2025	279,733	12.4%
July 2025	284,242	15.2%
June 2025	277,138	14.4%
May 2025	274,096	19.7%
April 2025	265,232	17.8%
March 2025	255,737	17.1%
February 2025	244,451	11.9%
January 2025	241,047	9.1%
December 2024	238,469	3.4%

#### 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 2025 was \$1.56 billion, which is up \$0.26 billion from December 2024. This sales figure represents a 20.0% increase year-over-year but is 3.7% lower than last month.

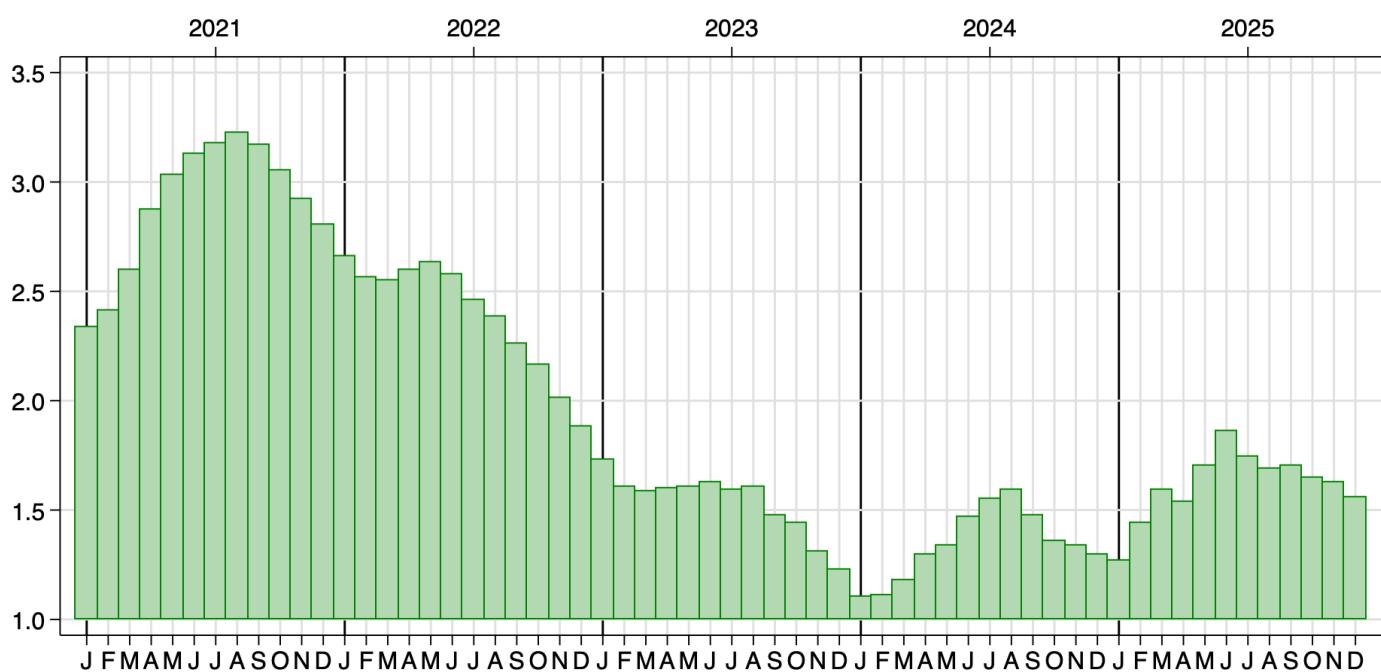
#### AAR's Forecast

AAR projects that state sales volume will decrease by approximately 2.6% between December 2025 and January 2026 to \$1.52 billion.

#### Alabama Sales Volume (in Billions)

Month	Sales Volume (\$)	Percent Change Year-over-Year
Year-to-Date	19.37	20.3%
December 2025	1.56	20.0%
November 2025	1.62	21.8%
October 2025	1.65	21.3%
September 2025	1.70	15.6%
August 2025	1.69	6.3%
July 2025	1.75	12.9%
June 2025	1.86	26.5%
May 2025	1.70	26.9%
April 2025	1.54	18.8%
March 2025	1.59	35.1%
February 2025	1.44	29.2%
January 2025	1.27	14.6%
December 2024	1.30	5.9%

#### 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 seven days longer in December relative to November 2025. Homes sold in December 2025 were on the market for 78 days on average. This figure is one day longer compared to one year ago (77 days).

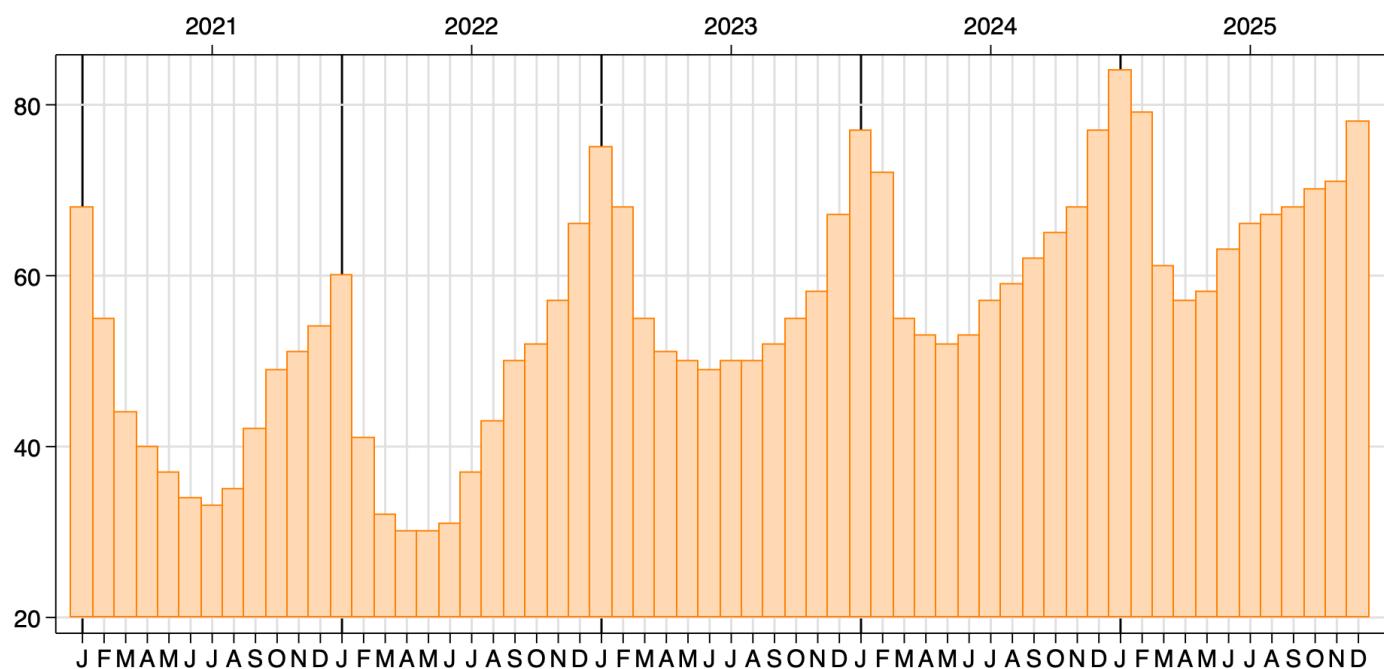
#### AAR's Forecast

Based upon current economic trends, AAR projects that state residential days on market will increase by approximately 5.1% between December 2025 and January 2026 to 82 days.

#### Alabama Residential Days on Market

Month	Days on Market	Percent Change Year-over-Year
Year-to-Date	69	9.5%
December 2025	78	1.3%
November 2025	71	4.4%
October 2025	70	7.7%
September 2025	68	9.7%
August 2025	67	13.6%
July 2025	66	15.8%
June 2025	63	18.9%
May 2025	58	11.5%
April 2025	57	7.5%
March 2025	61	10.9%
February 2025	79	9.7%
January 2025	84	9.1%
December 2024	77	14.9%

#### 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 decreased slightly in December 2025 relative to November 2025, as there were 4.7 months of supply. However, this figure is greater than that of one year ago (4.5 months).

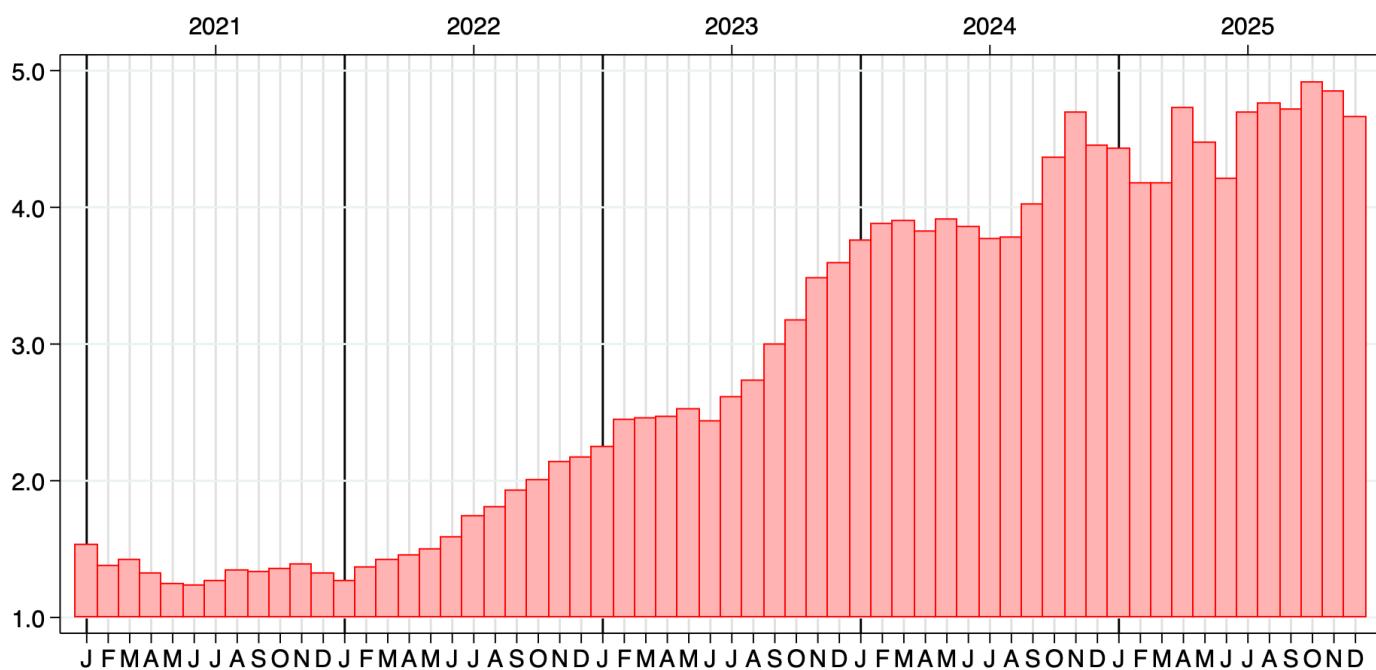
#### AAR's Forecast

AAR projects that state housing supply will decrease by approximately 2.1% between December 2025 and January 2026 to 4.6 months.

#### Alabama Months of Supply

Month	Months of Supply	Percent Change Year-over-Year
Year-to-Date	4.6	15.0%
December 2025	4.7	4.4%
November 2025	4.8	2.1%
October 2025	4.9	11.4%
September 2025	4.7	17.5%
August 2025	4.8	26.3%
July 2025	4.7	23.7%
June 2025	4.2	7.7%
May 2025	4.5	15.4%
April 2025	4.7	23.7%
March 2025	4.2	7.2%
February 2025	4.2	7.9%
January 2025	4.4	18.0%
December 2024	4.5	24.1%

#### Alabama Months of Supply, Monthly Figures



## HOUSING MARKET OVERVIEW

### RESIDENTIAL LISTINGS

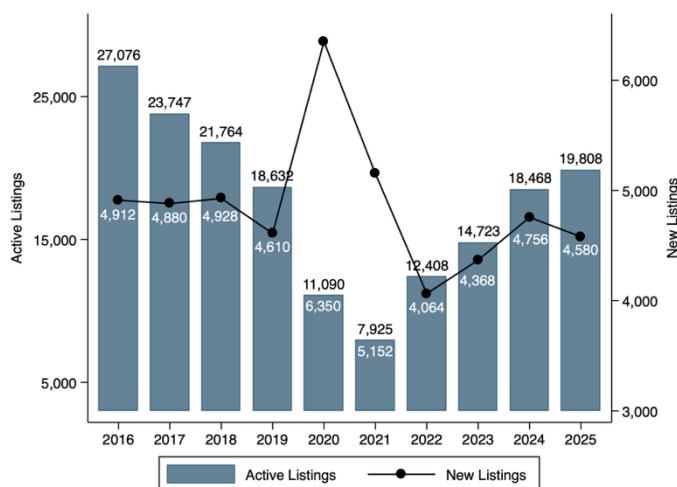
The number of properties listed on the market during the year

Alabama had more active listings at the end of December 2025 (19,808) compared to one year ago (18,468). This figure represents a 7.3% annual increase, but it marks a 4.4% decrease relative to last month. December 2025 listings were down by 917 relative to November 2025. Listings were higher year-over-year for each month of 2025.

#### AAR's Forecast

Based upon current economic trends, AAR projects state residential active listings will decrease by approximately 3.5% between December 2025 and January 2026 to 19,107 listings.

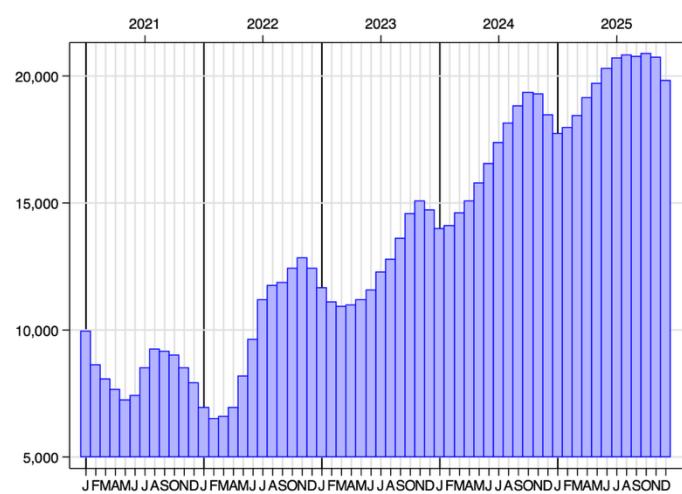
### Alabama Active and New Residential Listings, December Figures



### Alabama Active Residential Listings

Month	Active Listings	Percent Change Year-over-Year
Year-to-Date	19,744	17.6%
December 2025	19,808	7.3%
November 2025	20,725	7.5%
October 2025	20,866	8.0%
September 2025	20,765	10.3%
August 2025	20,803	14.7%
July 2025	20,698	19.2%
June 2025	20,298	22.7%
May 2025	19,709	24.9%
April 2025	19,144	27.0%
March 2025	18,415	26.2%
February 2025	17,956	27.4%
January 2025	17,735	27.0%
December 2024	18,468	25.4%

### 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 101 more foreclosures in December 2025 (531) compared to one year ago (430). The December value marks the first month-over-month increase since August 2025.

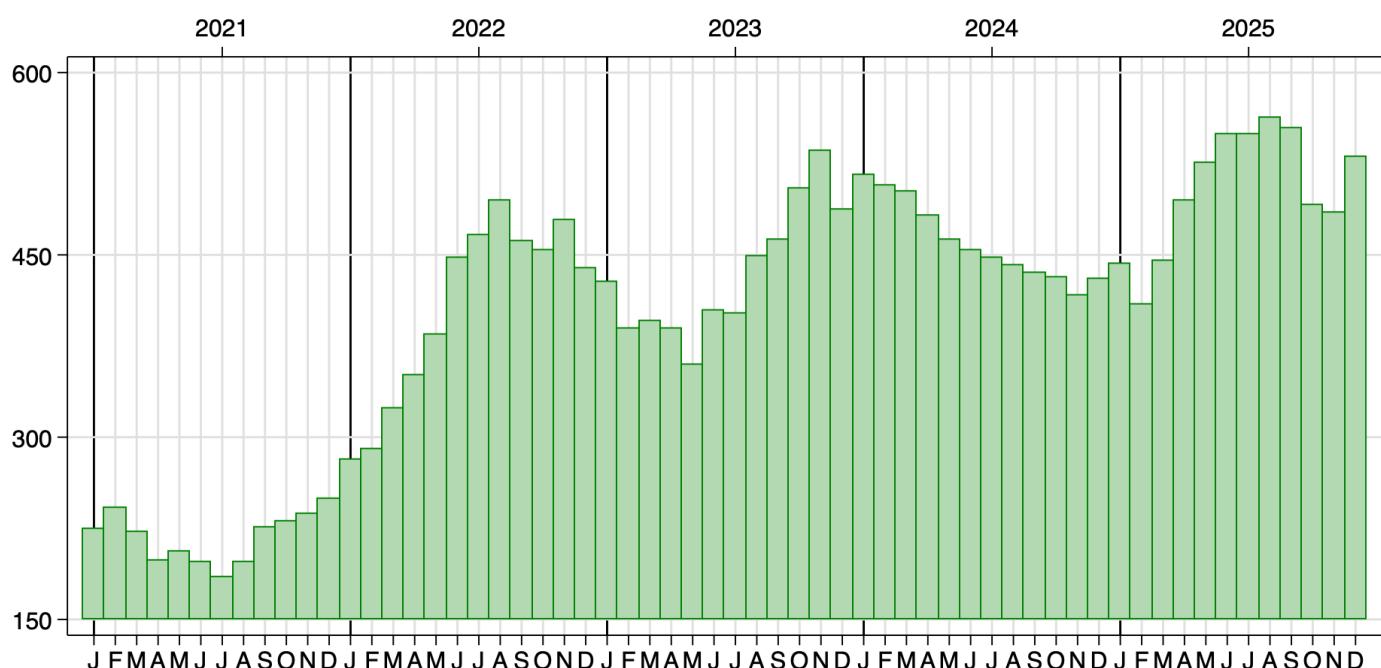
#### AAR's Forecast

AAR projects that state housing foreclosures will remain roughly unchanged between December 2025 and January 2026.

#### Alabama Residential Foreclosures

Month	Foreclosures	Percent Change Year-over-Year
Year-to-Date	6,039	9.3%
December 2025	531	23.5%
November 2025	485	16.6%
October 2025	491	13.7%
September 2025	554	27.4%
August 2025	563	27.7%
July 2025	549	22.8%
June 2025	549	20.9%
May 2025	526	13.9%
April 2025	495	2.7%
March 2025	445	-11.4%
February 2025	409	-19.3%
January 2025	442	-14.3%
December 2024	430	-11.7%

#### 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, increased by 88 units in October 2025 relative to September 2025. This represents a 7.2% increase month-over-month, but a 9.2% decrease year-over-year.

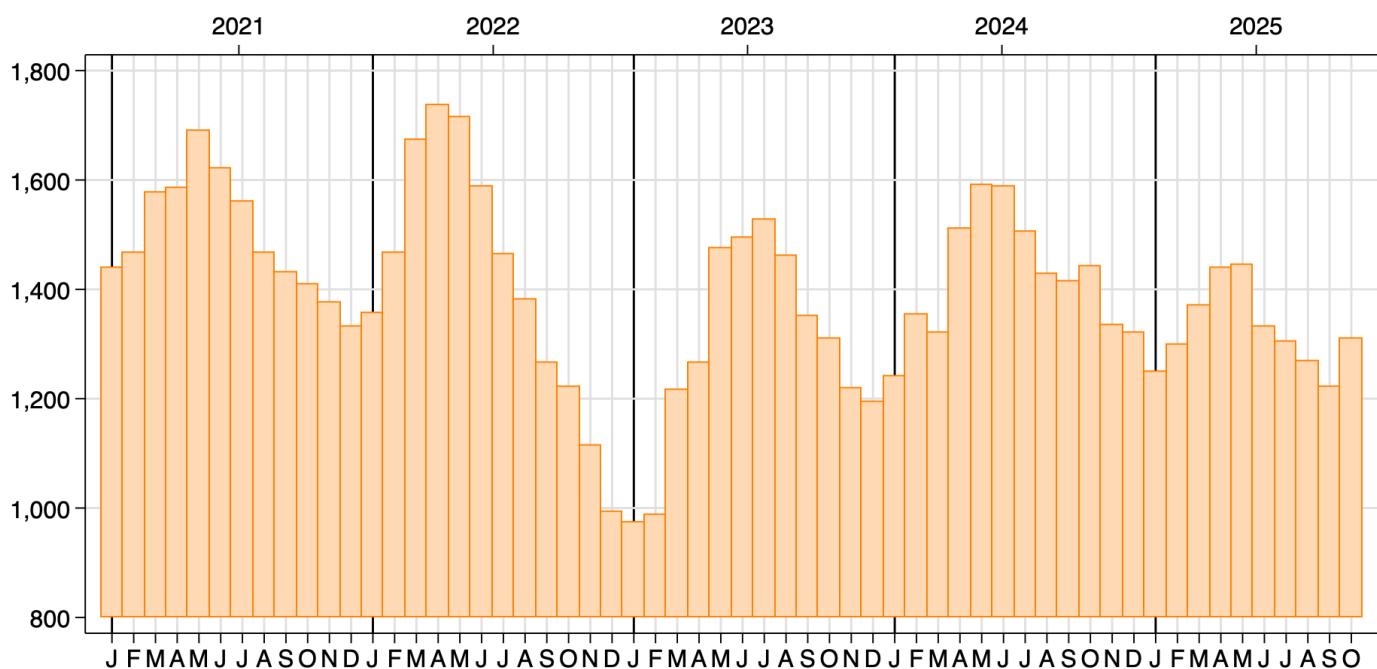
#### AAR's Forecast

Based upon current economic trends, AAR projects that state new home building permits will increase by approximately 1.8% between October and November 2025 to 1,334.

#### Alabama New Home Building Permits

Month	Permits	Percent Change Year-over-Year
Year-to-Date	13,238	-8.0%
October 2025	1,310	-9.2%
September 2025	1,222	-13.6%
August 2025	1,235	-14.4%
July 2025	1,305	-13.2%
June 2025	1,333	-16.1%
May 2025	1,445	-9.1%
April 2025	1,439	-4.7%
March 2025	1,371	3.7%
February 2025	1,298	-4.1%
January 2025	1,248	0.6%
December 2024	1,320	10.6%
November 2024	1,335	9.4%
October 2024	1,443	10.1%

#### Alabama New Home Building Permits, Monthly Figures



## HOUSING MARKET OVERVIEW

### AAR's Forecast

Although the labor market has weakened recently and new home building permits are lower year-to-date, mortgage rates have continued to decline and reached a 3-year low in January 2026. Buyers should consider making a move before the spring buying season heats up.

#### Factors to consider in the near term:

- Mentions of economic anxiety have been on the rise recently, with concerns over employment being a primary focus. Job growth nationally was revised downward for October and November, with significant losses reported in October. Alabama was not immune: the latest Bureau of Labor Statistics data indicate net job losses in September, October, and November (December state-level data are not yet available). However, initial unemployment claims in the state generally fell in December before climbing recently. The 4-week moving average for Alabama rose to 2,103 as of January 10, 2026—the highest level in two months and above the 2025 weekly average of 2,077.
- New home building permits remain depressed year-over-year in Alabama. Monthly values for each of the last seven months with available data (April through October 2025) are below their 2024 levels. As a result, year-to-date new home building permits are 8.0% lower, suggesting fewer new homes will be built in early 2026.
- Recent mortgage rate activity may provide some positive momentum in the state's housing market. The average 30-year mortgage rate fell to 6.06% as of January 15, 2026—the lowest average since September 15, 2022. This decline is partially in response to President Trump directing Fannie Mae and Freddie Mac to purchase \$200 billion in mortgage-backed securities (MBS) on January 8, 2026.
- The Federal Reserve's quantitative tightening campaign regarding MBS continues to impact mortgage markets. The Fed's quantitative tightening campaign allows roughly \$16 billion of MBS to roll off its balance sheet each month, creating an elevated spread between the 10-year Treasury yield and the average 30-year mortgage rate. In 2025, this spread averaged 236 basis points (versus 160–175 basis points prior to any easing or tightening). Treasury Secretary Scott Bessent noted, "So I think the idea is to roughly match the Fed, which has been pushing the other way," suggesting Fannie Mae and Freddie Mac purchases will be roughly \$16 billion monthly. As of January 15, 2026, the spread fell to 189 basis points, with the 10-year Treasury at 4.17% and the 30-year mortgage rate at 6.06%.
- Economic uncertainty may weigh on market participants, but mortgage rates at three-year lows should encourage potential buyers in the early months of 2026. Listings and supply are higher than last year, and prices have softened slightly as average days on market have increased. When the traditional spring buying season begins, median home prices are likely to rise, potentially offsetting some of the savings from lower interest rates. January 2026 is expected to be a favorable time to buy, with sales likely to increase year-over-year.

# 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.

