ALABAMA

Economic & Real Estate Report

ALABAMA MONTHLY HOME SALES REPORT
DECEMBER 2022

KEY TAKEAWAYS

- Alabama had **7,984 home sales** in December. This is a decrease of 2,237 sales compared to December of last year.
- The median sales price increased by $4,871 compared to a year ago, reaching **$223,083**. This is an increase of 2.2%.
- The sold volume was **$2.0 billion** in December, a decrease of $0.7 billion from last December. This is a 25.9% decrease.
- The **12,519 active listings** at the end of December marks an increase compared to the 7,999 of a year ago. This is an increase of 56.5%.

ALABAMA HOUSING MARKET SUMMARY, DECEMBER 2022

	Dec-21	Dec-22	Change	% Change	YTD '21	YTD '22	Change	% Change
Sales	10,222	7,984	-2,237	-21.9%	129,608	107,592	-22,016	-17.0%
Median Sales Price ($)	218,212	223,083	4,871	2.2%	212,697	228,434	15,737	7.4%
Average Sales Price ($)	268,796	253,668	-15,128	-5.6%	254,432	255,181	-749	0.3%
Sales Volume ($ billions)	2.7	2.0	-0.7	-25.9%	33.0	27.5	-5.5	-16.7%
Average Days on Market	59	69	10	16.9%	48	45	-3	-6.3%
Active Listings	7,999	12,519	4,520	56.5%	8,564	10,477	1,913	22.3%
Months of Supply	1.5	3.5	2.0	127.7%	1.4	1.7	0.3	21.4%

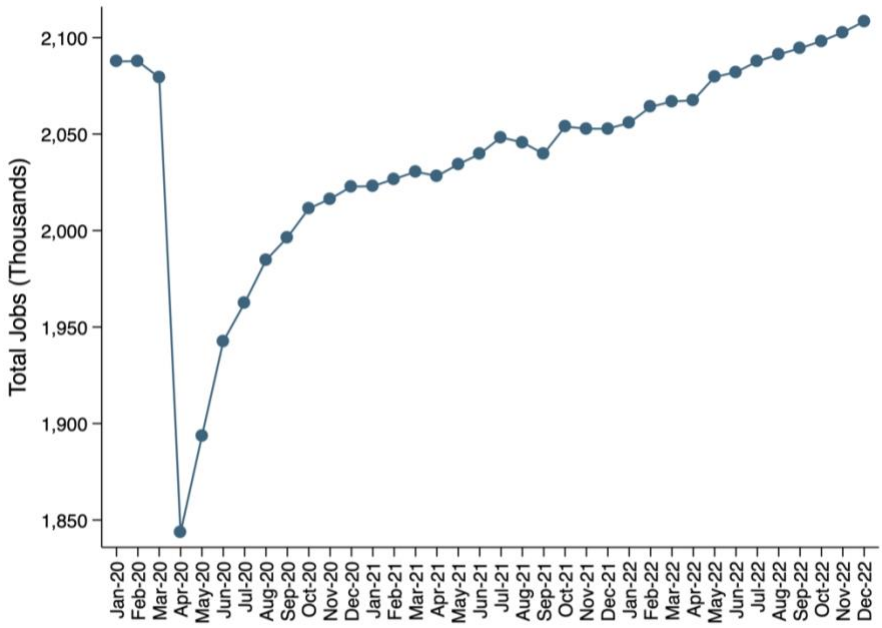
ECONOMIC OVERVIEW

Inflation continues to be a concern, with the Consumer Price Index for all items rising 6.5% year-over-year. Food prices increased by 10.4% and energy prices by 7.3%. Additionally, average 30-year mortgage rates remained above 6.25% during the month.

Nevertheless, state unemployment remained low and below the national average. Furthermore, the state labor force participation rate showed positive movement, and there are more jobs in the state relative to last month.

JOBS

Alabama added 4,500 jobs in December, bringing the total number of jobs in the state to 2,108,400. The number of jobs exceeds that of pre-pandemic levels; there are 20,600 more jobs than the previous peak in February 2020.



Alabama Labor Force Participation (Thousands)

Government showed the strongest growth adding 2,000 jobs since November. This was followed by Education and Health Services adding 1,300 jobs and Construction adding 700 jobs. Sectors which lost jobs since November include Leisure and Hospitality (200 jobs), Information (200 jobs), and Trade, Transportation, and Utilities (100 jobs).

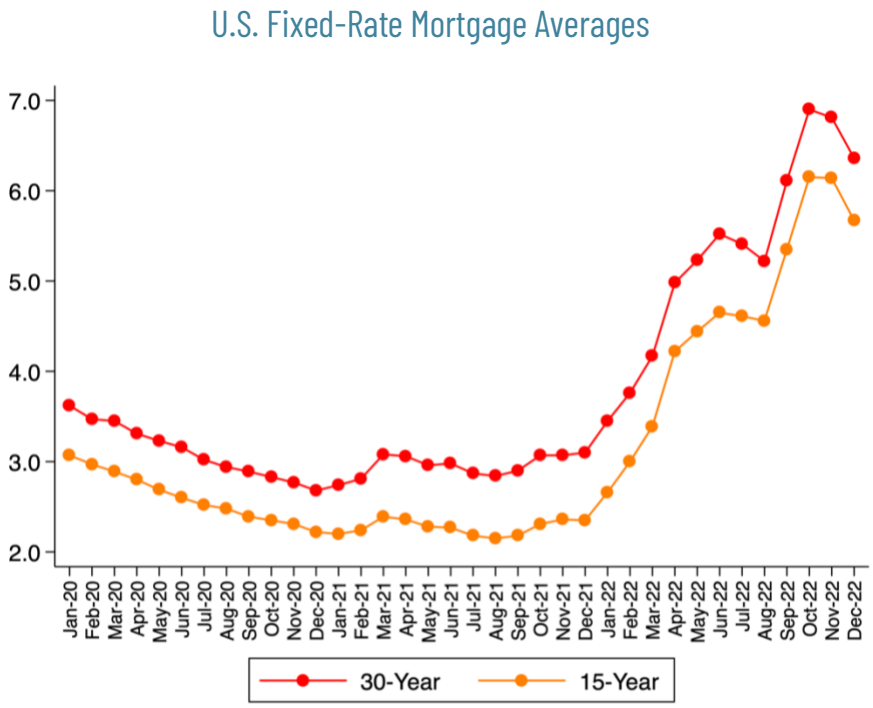
EMPLOYMENT

The unemployment rate in Alabama was 2.8% in December, an increase of 0.1 percentage points since last month. The state's unemployment rate is 0.7 percentage points below the national unemployment rate of 3.5%.

Alabama's labor force participation rate decreased to 57.0% in December from 57.1% in November. The state's labor force participation rate has yet to reach pre-pandemic levels, which were 57.4% in February 2020 and as high as 57.8% in October 2019.

MORTGAGE RATES

The average 30-year fixed rate mortgage was 6.49% to start the month, continuing the downward trend from 7.08% in mid-November. Average rates hit a low of 6.27% before Christmas before beginning a gradual increase to close out the year near 6.42%. The average 30-year fixed mortgage rate has fallen to 6.33% as of January 12, 2023.



HOUSING MARKET OVERVIEW

SALES

The number of sales transactions that closed during the month

Home sales activity declined in December. There were 7,984 sales during the month, which is 868 fewer sales than last November and the lowest December sales since December 2017. This is a 9.8% decrease in monthly sales; the decline in sales for December is the largest in both sales numbers and in percentage terms for any month of the year. Inflationary pressures and higher interest rates are weighing on the housing market.

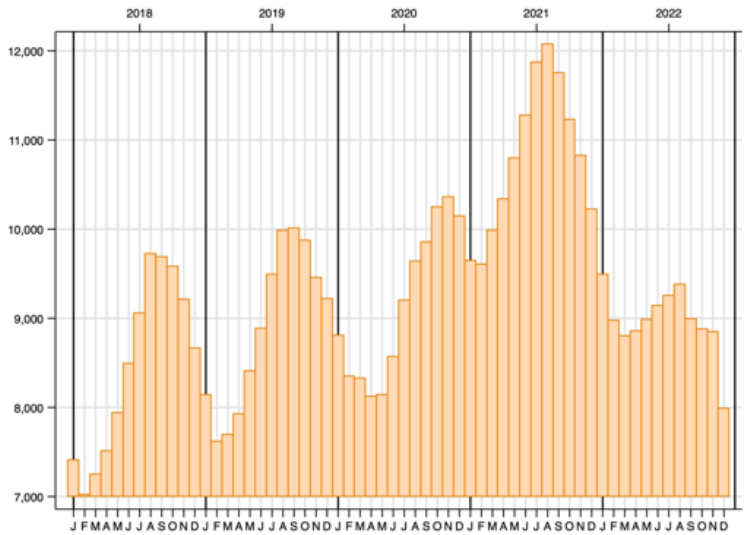
AAR's Forecast

AAR projects that state total home sales will further decline from December 2022 to January 2023 by approximately 8.3%.

Alabama Monthly Home Sales Figures

Month	Sales	Percent Change Year-over-Year
Year-to-Date	107,592	-17.0%
December 2022	7,984	-21.9%
November 2022	8,852	-18.2%
October 2022	8,878	-20.9%
September 2022	8,994	-23.5%
August 2022	9,379	-22.3%
July 2022	9,255	-22.0%
June 2022	9,138	-19.0%
May 2022	8,989	-16.7%
April 2022	8,858	-14.3%
March 2022	8,803	-11.8%
February 2022	8,972	-6.6%
January 2022	9,489	-1.6%
December 2021	10,222	0.7%

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 2.2% year-over-year in December. This continues the trend of an increase in year-over-year median sales prices in December for the last 5 years as shown in the graph below. However, the median sales price has fallen relative to the price in November, continuing the monthly decreases that began in September 2022. Median sales prices are down 7.6% in December when compared to their peak in August 2022.

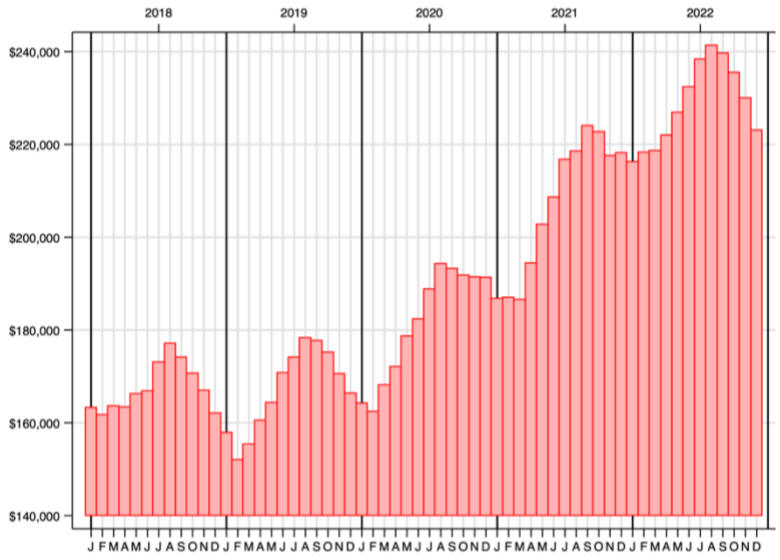
AAR's Forecast

AAR projects that state median home sales prices will further decrease between December 2022 to January 2023 by approximately 1.7% to $219,180.

Alabama Median Sales Prices

Month	Median Sales Price ($)	Percent Change Year-over-Year
Year-to-Date	228,434	7.4%
December 2022	223,083	2.2%
November 2022	229,999	5.7%
October 2022	235,499	5.7%
September 2022	239,666	7.0%
August 2022	241,332	10.4%
July 2022	238,332	9.9%
June 2022	232,332	11.4%
May 2022	226,868	11.9%
April 2022	222,020	14.2%
March 2022	218,687	17.2%
February 2022	218,270	16.7%
January 2022	216,254	15.8%
December 2021	218,212	14.1%

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, sales price decreased by 5.6% year-over-year in December. This is the first year-over-year average price decrease in December since 2018. While there was a year-over-year decline, the average price increased by 2.7% compared to November. Average home sales prices have increased in each of the last three months.

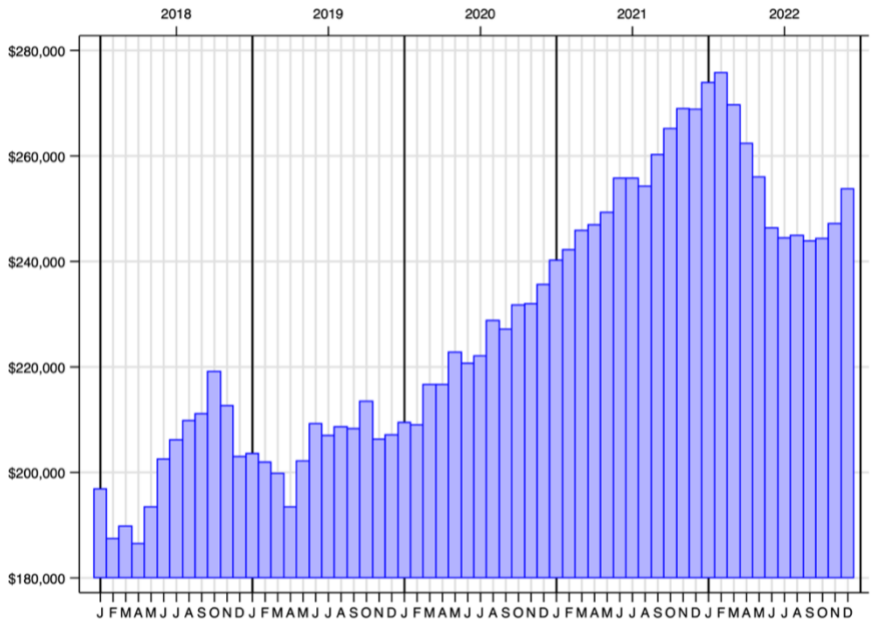
AAR's Forecast

AAR projects that state average home sales prices will increase slightly between December 2022 to January 2023 by approximately 1.1% to $256,508.

Alabama Average Sales Prices

Month	Average Sales Price ($)	Percent Change Year-over-Year
Year-to-Date	255,181	0.3%
December 2022	253,668	-5.6%
November 2022	247,070	-8.1%
October 2022	244,326	-7.9%
September 2022	243,853	-6.3%
August 2022	244,891	-3.7%
July 2022	244,446	-4.4%
June 2022	246,289	-3.7%
May 2022	255,972	2.7%
April 2022	262,359	6.3%
March 2022	269,677	9.7%
February 2022	275,805	13.9%
January 2022	273,819	14.0%
December 2021	268,796	14.1%

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 was $2 billion, which is down $700 million from December of last year. This represents a 25.9% decline year-over-year. This decline in sold dollar volume is driven both by the decrease in average sales price and by the decrease in sales volume. Nevertheless, the sold dollar volume this month is greater than the pre-pandemic level in December 2019.

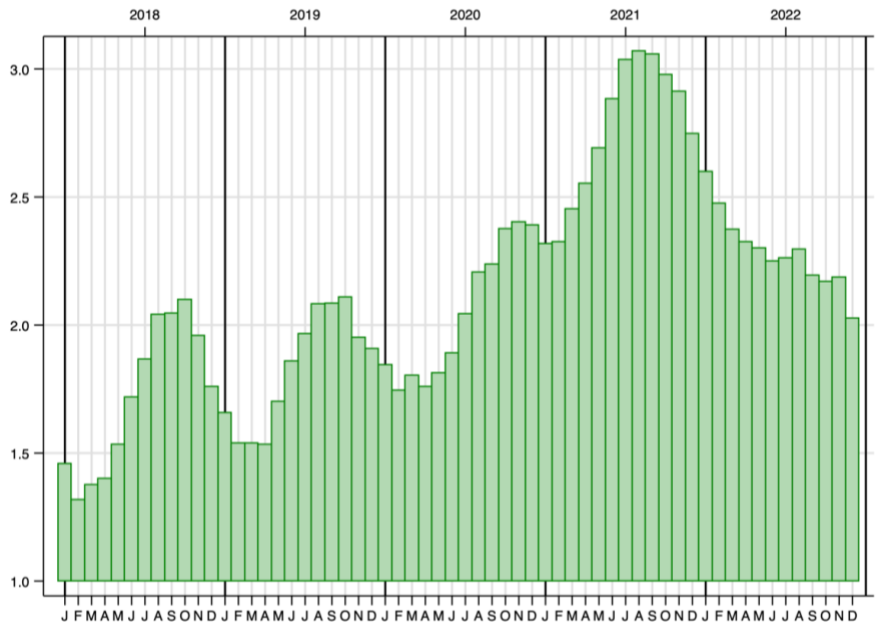
AAR's Forecast

AAR projects that state residential sales volume will further decrease between December 2022 to January 2023 by approximately 5% to $1.9 billion.

Alabama Sales Volume (in Billions)

Month	Sales Volume ($)	Percent Change Year-over-Year
Year-to-Date	27.5	-16.7%
December 2022	2.0	-25.9%
November 2022	2.2	-24.7%
October 2022	2.2	-27.2%
September 2022	2.2	-28.4%
August 2022	2.3	-25.1%
July 2022	2.3	-25.7%
June 2022	2.3	-21.9%
May 2022	2.3	-14.5%
April 2022	2.3	-9.0%
March 2022	2.4	-3.3%
February 2022	2.5	6.0%
January 2022	2.6	12.1%
December 2021	2.7	15.1%

Alabama Sales Volume (in Billions), Monthly Figures



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 longer this month, on average, than any month this year. Homes sold in December were on the market for 69 days on average. This is 10 days longer than a year ago. The average days on market has climbed since this spring, more than doubling from an average of 32 days in April 2022.

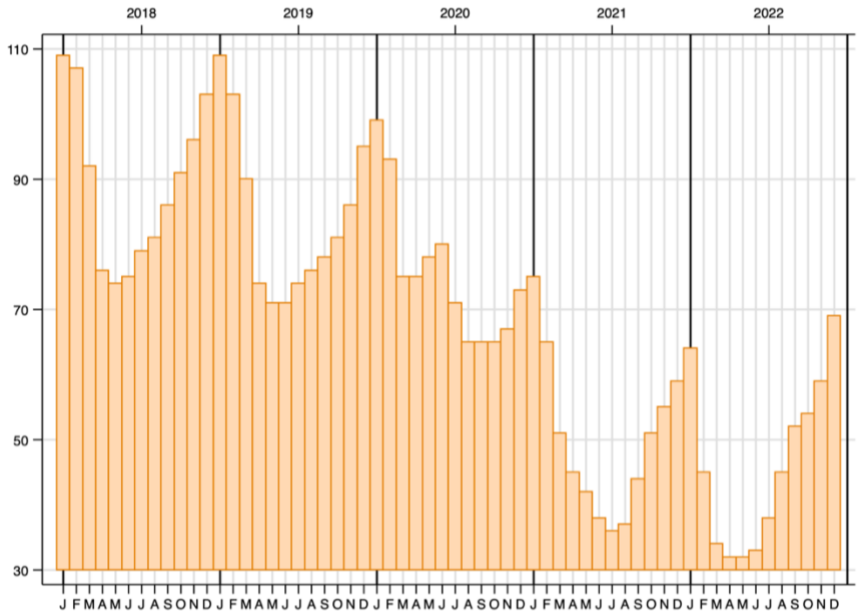
AAR's Forecast

Based upon current economic trends, AAR projects that state residential days on market will increase between December 2022 to January 2023 by approximately 7.8% to 74 days.

Alabama Residential Days on Market

Month	Days on Market	Percent Change Year-over-Year
Year-to-Date	45	-6.3%
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%
March 2022	34	-33.3%
February 2022	45	-30.8%
January 2022	64	-14.7%
December 2021	59	-19.2%

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

Supply levels grew as there were 3.5 months of supply in December. This is more than double the 1.5 months available a year ago, and almost double the 1.8 months of supply available in November.

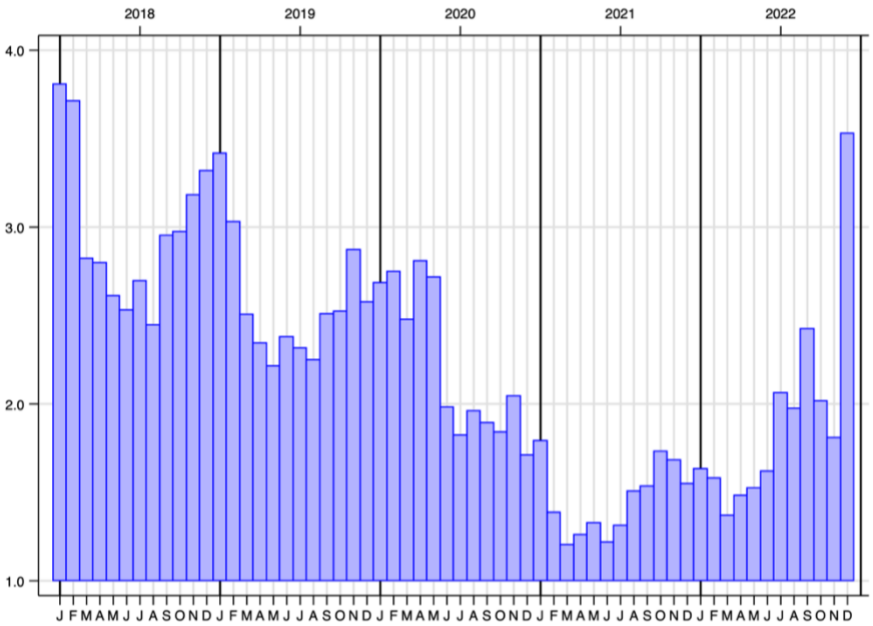
AAR's Forecast

Based upon current economic trends, AAR projects that state residential supply will ease between December 2022 to January 2023 to 2.2 months of supply.

Alabama Months of Supply

Month	Months of Supply	Percent Change Year-over-Year
Year-to-Date	1.7	21.4%
December 2022	3.5	127.7%
November 2022	1.8	7.7%
October 2022	2.0	16.2%
September 2022	2.4	57.8%
August 2022	2.0	31.1%
July 2022	2.1	57.3%
June 2022	1.6	32.8%
May 2022	1.5	15.0%
April 2022	1.5	17.5%
March 2022	1.4	13.2%
February 2022	1.6	13.7%
January 2022	1.6	-8.9%
December 2021	1.5	-9.4%

Alabama Months of Supply, Monthly Figures



RESIDENTIAL LISTINGS

The number of properties listed on the market during the year

Alabama had considerably more active listings at the end of December (12,519) compared to one year ago (7,999). This represents a 36.1% annual increase. Additionally, while December listings were down slightly from November, they were significantly higher than the 6,584 available in February 2022.

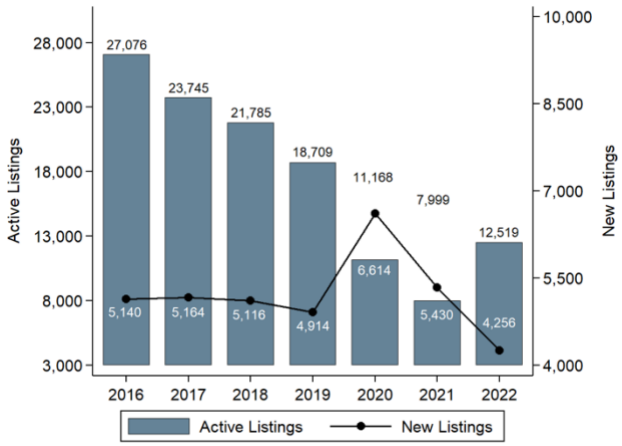
AAR's Forecast

Based upon current economic trends, AAR projects that state residential active listings will decrease between December 2022 to January 2023 by approximately 2.5% to 12,209.

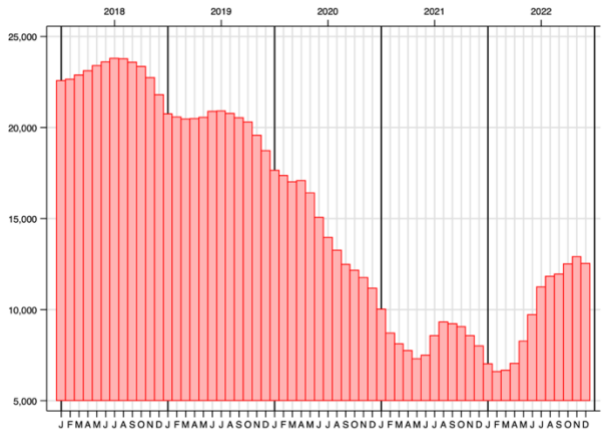
Alabama Active Residential Listings

Month	Active Listings	Percent Change Year-over-Year
Year-to-Date	10,477	22.3%
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%
March 2022	6,658	-18.0%
February 2022	6,584	-24.3%
January 2022	7,022	-29.9%
December 2021	7,999	-28.4%

Alabama Active and New Residential Listings, December Figures



Alabama Active Residential Listings, Monthly Figures



AAR's Forecast

The slowdown in the Alabama housing market is likely to continue in the coming months. Historically, sales in the early months of the year are generally lower and start to pick up in the second quarter.

Other factors to watch in the near term:

- Inflationary pressures remain a concern for consumers. Inflation remains high, at 6.5%, even after the slight decrease this month of 0.1%. The Federal Reserve has signaled that it will continue to raise the fed funds rate to fight inflation.
- Mortgage rates are likely to remain relatively high over the next few months. Additionally, average home prices remain high, particularly relative to pre-pandemic prices, affecting affordability. The combination of higher mortgage rates and higher prices will likely limit the number of sales.
- Potential home buyers and sellers may be anticipating an economic downturn and waiting to see how this affects the housing market. The Conference Board Leading Economic Index decreased in December, marking the 10th straight month with a decline signaling a potential recession in 2023.

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All inquiries regarding this report may be directed to:

Anna Grace Gamble, *Director of Communications*
annagrace@alabamarealtors.com | (334) 386-5368

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:

David Hughes, *Associate Professor, Ph.D.*
Auburn University Montgomery

Evan Moore, *Professor, Ph.D.*
Auburn University Montgomery

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