



ALABAMA

Economic & Real Estate Report



ALABAMA MONTHLY HOME SALES REPORT

MARCH 2023

KEY TAKEAWAYS

- Alabama had **6,891 home sales** in March. This is a decrease of 1,912 sales compared to March of last year.
- The median sales price decreased by \$13,846 compared to a year ago, to **\$204,841**. This is an annual decrease of 6.3%.
- The sold volume was **\$1.6 billion** in March, a decrease of \$0.8 billion from last March. This is a 33.3% decrease.
- The **10,927 active listings** at the end of March marks an increase of 64.1% compared to the 4,269 of one year ago.
- The **395 foreclosures** in March represent a 21.9% year-over-year increase, and the first month-over-month increase since November 2022.

ALABAMA HOUSING MARKET SUMMARY, MARCH 2023

	Mar-22	Mar-23	Change	% Change	YTD '22	YTD '23	Change	% Change
Sales	8,803	6,891	-1,912	-21.7%	27,264	21,295	-5,969	-21.9%
Median Sales Price (\$)	218,687	204,841	-13,846	-6.3%	217,737	207,934	-9,803	-4.5%
Average Sales Price (\$)	269,677	237,487	-32,190	-11.9%	273,100	238,004	-35,096	-12.9%
Sales Volume (\$ billions)	2.4	1.6	-0.8	-33.3%	7.4	5.1	-2.3	-31.1%
Average Days on Market	34	58	24	70.6%	48	68	20	41.7%
Active Listings	6,658	10,927	4,269	64.1%	20,264	33,786	13,522	66.7%
Months of Supply	1.5	2.4	0.9	60.0%	1.4	2.3	0.9	64.3%
Foreclosures	324	395	71	21.9%	896	1,212	316	35.4%

ECONOMIC OVERVIEW

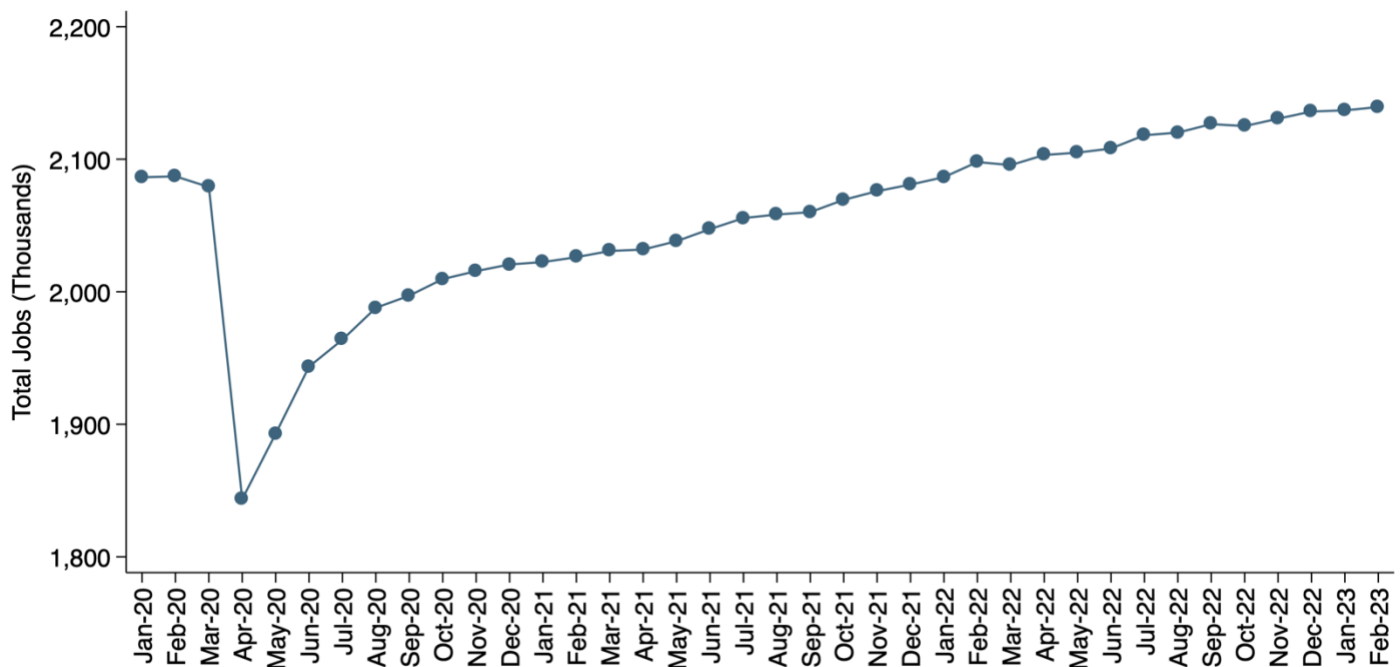
Inflation moderated slightly yet remains a concern, with the Consumer Price Index (CPI) for all items rising 5.0% year-over-year in March 2023. Food prices increased by 8.5%, while energy prices declined by 6.4%. Additionally, the CPI for the South was once again higher at 5.3%, year-over-year. The CPI was lower relative to the previous month. However, average 30-year mortgage rates increased in early March, reaching 6.7%, before declining through the end of the month.

State unemployment continued to remain low and below the national average in March 2023. The national unemployment rate increased to 3.6%. Furthermore, the nation added 236,000 jobs in March.

Although job growth is moderating, continued high inflation suggests the Federal Reserve will continue to raise the fed funds rate. Market economists expect a 0.25% increase in the fed funds rate target during the next Federal Reserve meeting in May.

JOBS

Alabama added 2,500 jobs in February, bringing the total number of jobs in the state to 2,139,400. Job growth remains positive and increased relative to the 900 added in January 2023.



Alabama Labor Force Participation (Thousands)

Education and Health Services led all sectors with 1,200 jobs added since January. This was followed by Construction, which added 500 jobs, and Professional and Business Services, which also added 500 jobs. Sectors that lost jobs since January include Mining and Logging (200 jobs); Manufacturing (200 jobs); and Trade, Transportation, and Utilities (200 jobs).

EMPLOYMENT

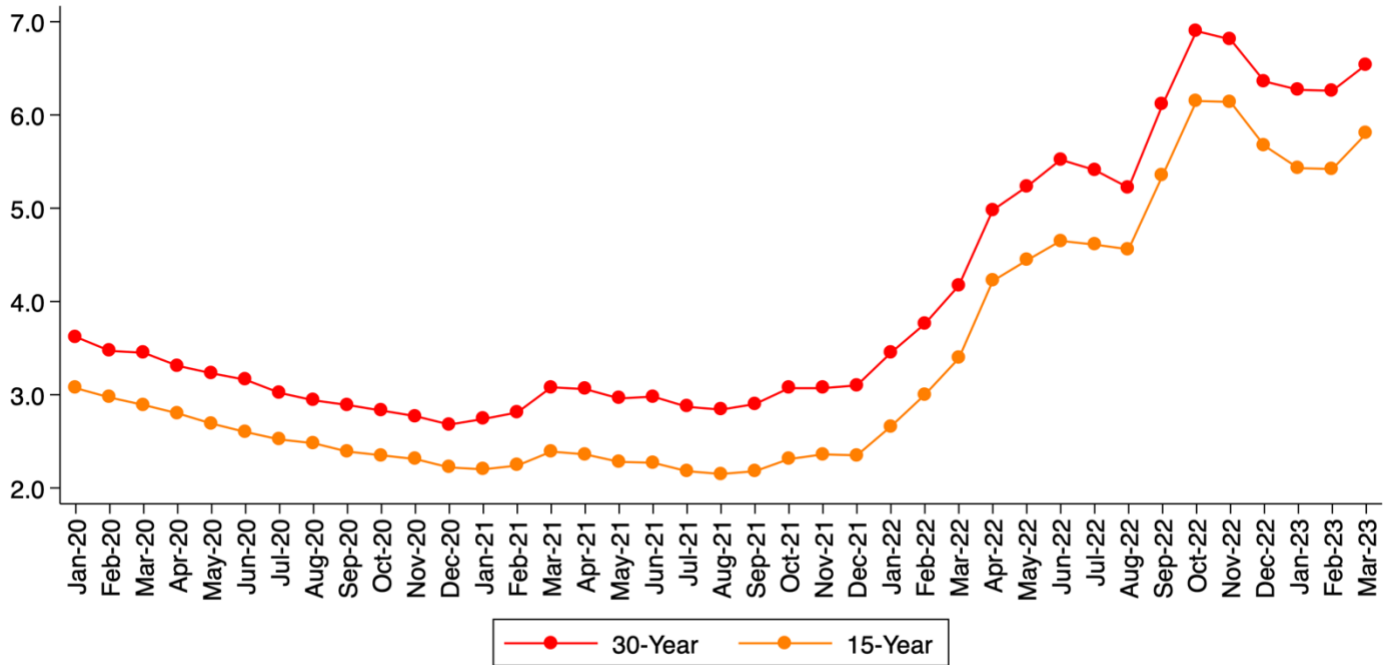
The unemployment rate in Alabama was 2.5% in February 2023, slightly below the revised figure for January. The state's unemployment rate is 1.1 percentage points below the national unemployment rate of 3.6%.

Alabama's labor force participation rate remained at 56.7% in February, where it has remained since November 2022 according to recently revised estimates. The state's labor force participation rate has experienced a decline from its peak of 57.2% in May 2022. The national labor force participation rate was 62.5% in February 2023.

MORTGAGE RATES

The average 30-year fixed rate mortgage increased to 6.73% by March 9, the highest average rate of 2023, before declining throughout the remainder of the month to 6.32%. These rates are elevated relative to the early part of the year. However, the average 30-year fixed mortgage rate has fallen slightly to 6.27% as of April 13, 2023.

U.S. Fixed-Rate Mortgage Averages



HOUSING MARKET OVERVIEW

SALES

The number of sales transactions that closed during the month

Home sales activity declined in March 2023. There were 6,891 sales during the month, which is 1,912 fewer sales than last March and the lowest March sales in five years. This also represents a 1.2% month-over-month decrease in sales. The decline in sales for March marks the seventh month of declining sales. Increasing interest rates to start the month weighed on the housing market.

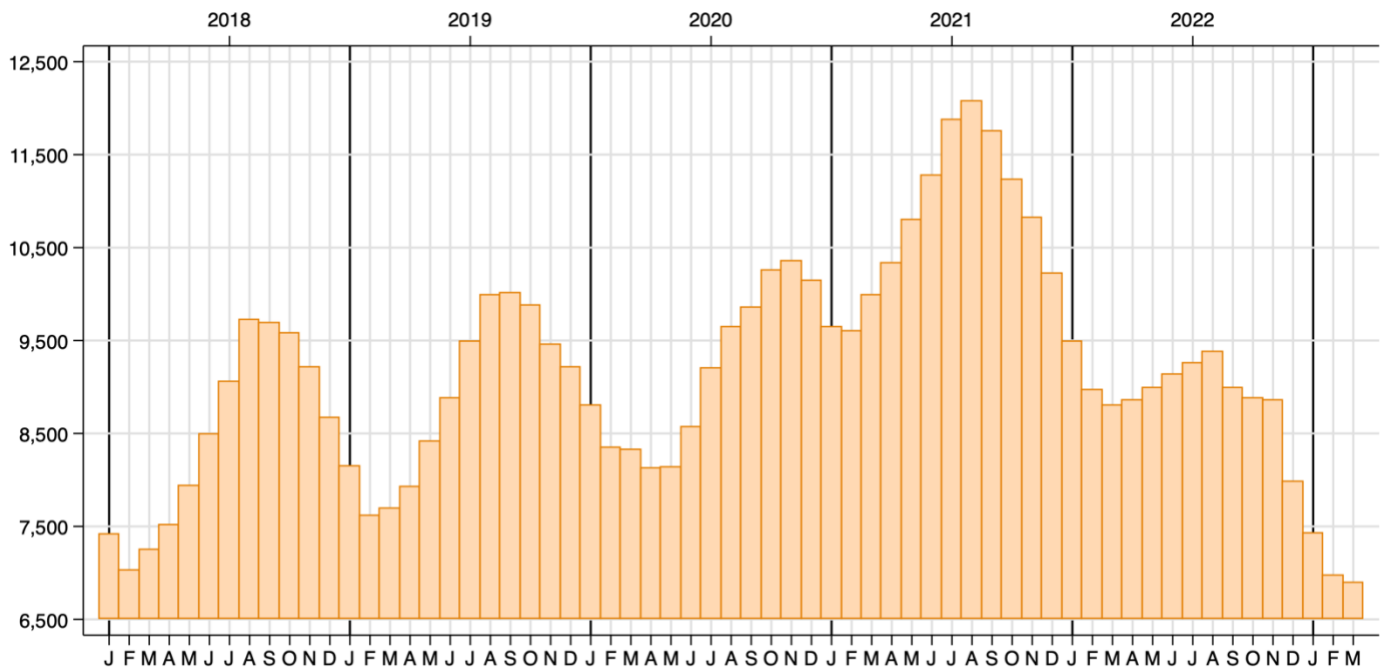
AAR's Forecast

AAR projects that state total home sales will continue to decline slightly from March 2023 to April 2023 by approximately 0.9% to 6,826.

Alabama Monthly Home Sales Figures

Month	Sales	Percent Change Year-over-Year
Year-to-Date	21,295	-21.9%
March 2023	6,891	-21.7%
February 2023	6,974	-22.3%
January 2023	7,430	-21.7%
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%

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 6.3% year-over-year in March 2023. However, the median sales price remains higher relative to March 2021 and shows signs of reaching a seasonal trough. The decrease in the median sales price continues the monthly decreases that began in September 2022. Median sales prices are down 15.1% in March when compared to their peak in August 2022.

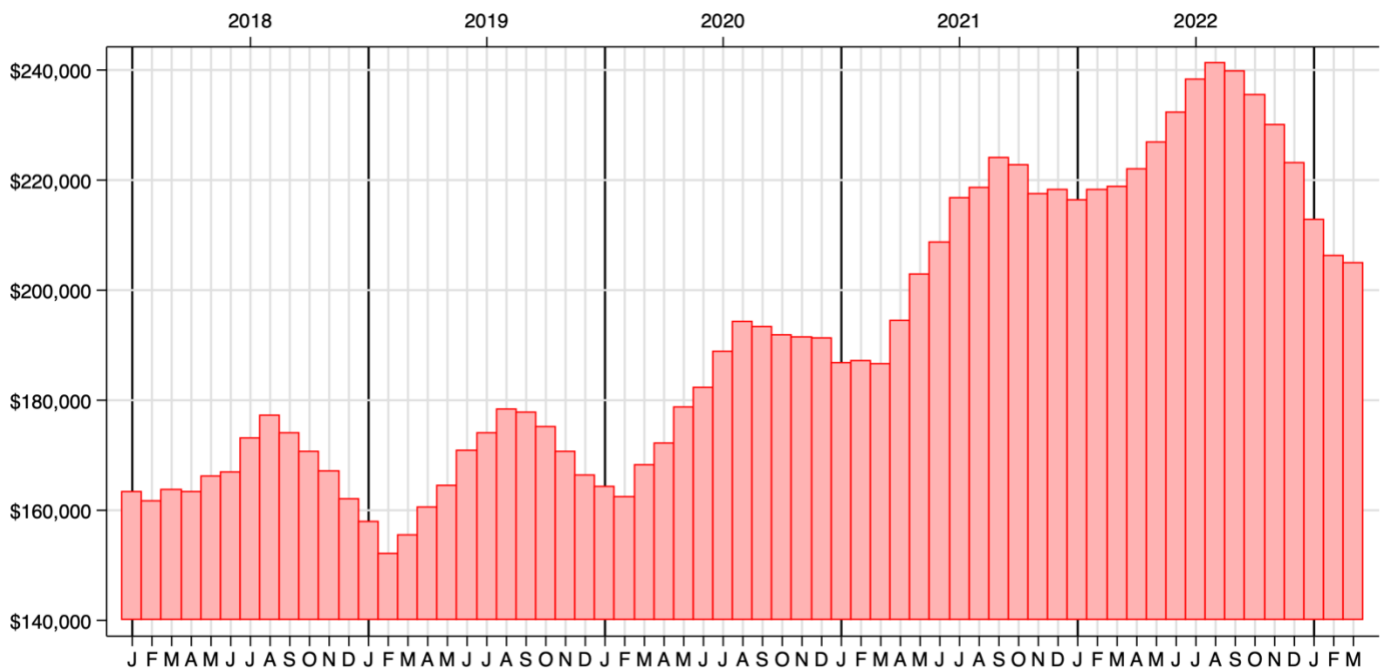
Alabama Median Sales Prices

Month	Median Sales Price (\$)	Percent Change Year-over-Year
Year-to-Date	207,934	-4.5%
March 2023	204,841	-6.3%
February 2023	206,253	-5.5%
January 2023	212,708	-1.6%
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%

AAR's Forecast

AAR projects that state median home sale prices will continue to decline slightly between March 2023 to April 2023 by approximately 0.3% to \$204,194.

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 11.9% year-over-year in March 2023. While there was a year-over-year decline, the average price increased by 0.4% compared to February 2023.

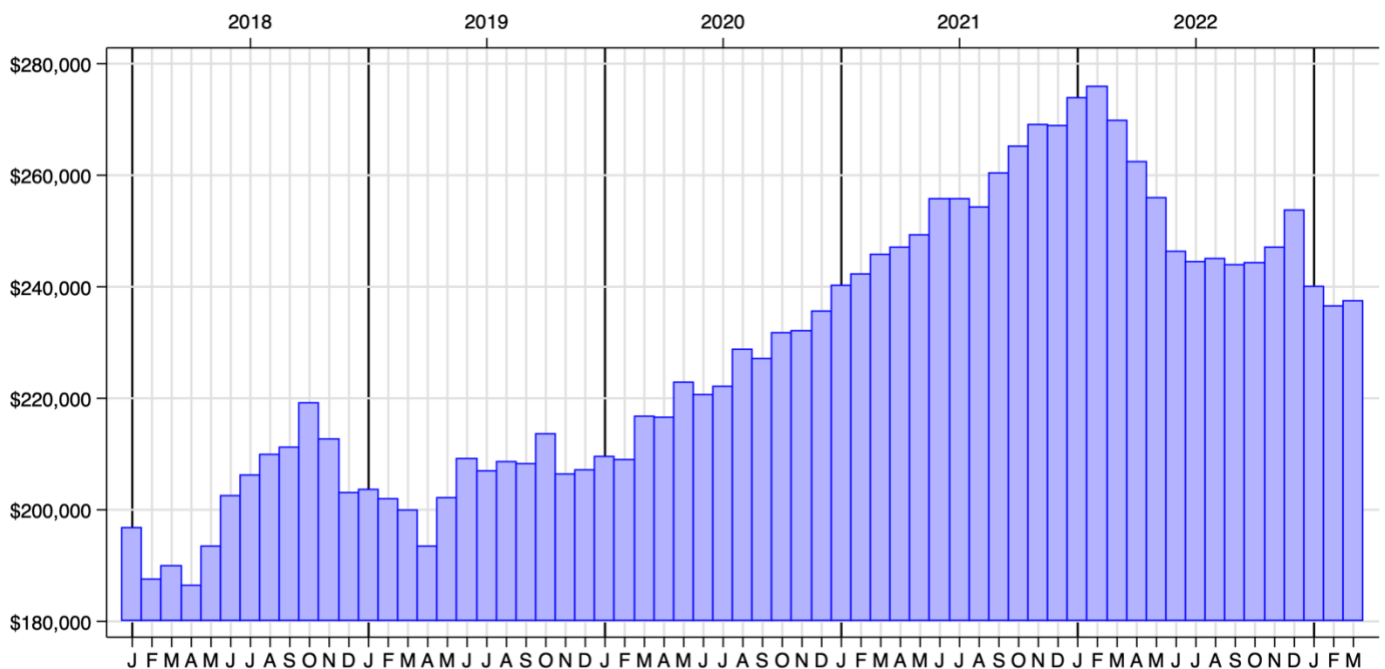
AAR's Forecast

AAR projects that state average home sale prices will continue to increase slightly between March 2023 and April 2023 by 0.5% to approximately \$238,638.

Alabama Average Sales Prices

Month	Average Sales Price (\$)	Percent Change Year-over-Year
Year-to-Date	238,004	-12.9%
March 2023	237,487	-11.9%
February 2023	236,559	-14.2%
January 2023	239,967	-12.4%
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%

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 March 2023 was \$1.6 billion, which is down \$800 million from March 2022. This sales figure represents a 33.3% decline, year-over-year. This decline in sold dollar volume is driven primarily by the decrease in the number of sales rather than by decreasing sales prices. Nevertheless, the sold dollar volume this month remains greater than the pre-pandemic level in March 2019 and remains relatively steady compared to February 2023.

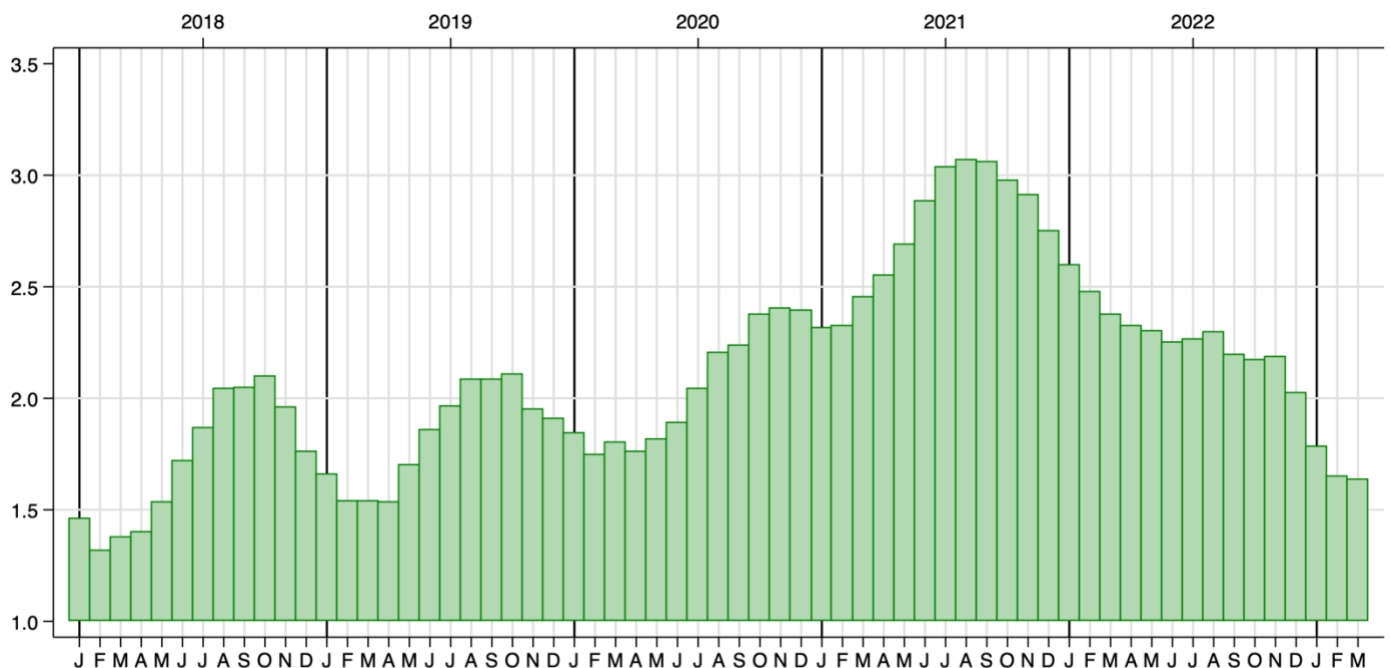
AAR's Forecast

AAR projects that state residential sales volume will remain relatively constant between March 2023 to April 2023 at approximately \$1.6 billion.

Alabama Sales Volume (in Billions)

Month	Sales Volume (\$)	Percent Change Year-over-Year
Year-to-Date	5.1	-31.1%
March 2023	1.6	-33.3%
February 2023	1.6	-33.3%
January 2023	1.8	-30.8%
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%

Alabama Sales Volume (in Billions), Monthly Figures



HOUSING MARKET OVERVIEW

SUPPLY

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

Housing supply levels continued their upward trajectory in March 2023 as there were 2.4 months of supply. This figure is more than the 1.5 months available one year ago and is the highest level of supply since June 2020. Alabama housing supply levels have increased by 45.4% since January 2022.

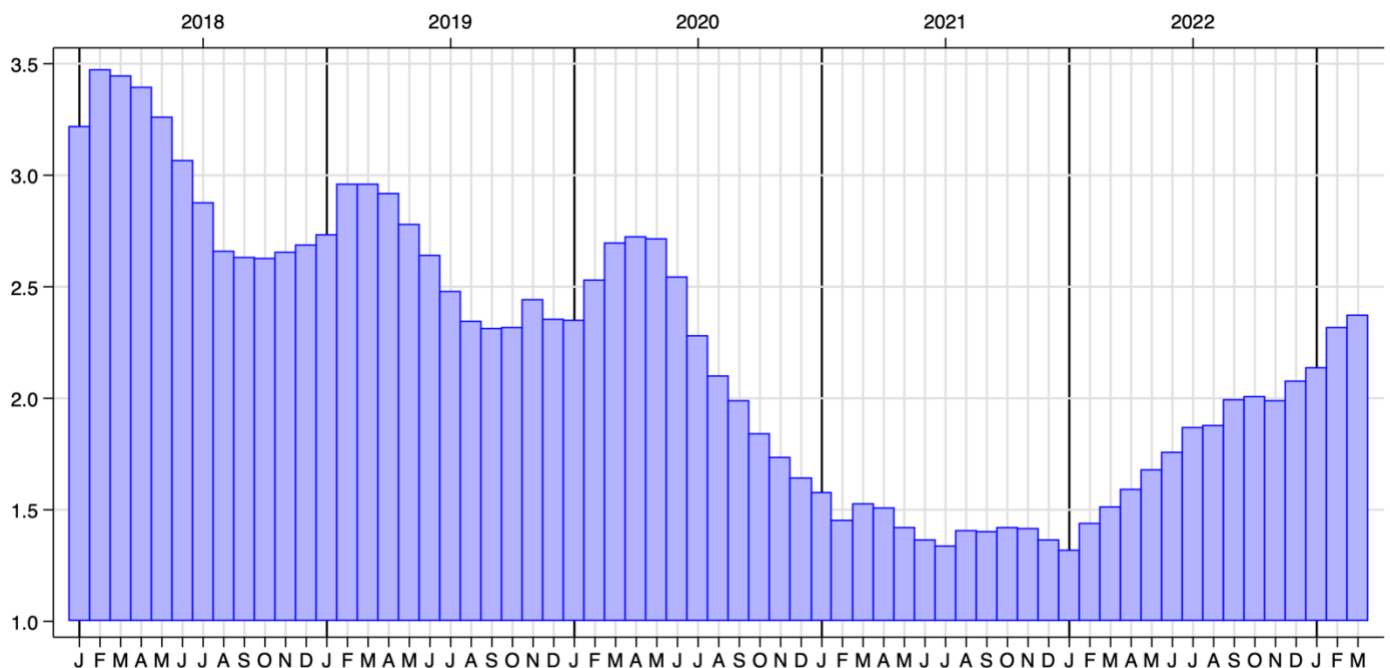
Alabama Months of Supply

Month	Months of Supply	Percent Change Year-over-Year
Year-to-Date	2.3	64.3%
March 2023	2.4	60.0%
February 2023	2.3	61.1%
January 2023	2.1	61.5%
December 2022	2.1	50.0%
November 2022	2.0	42.9%
October 2022	2.0	42.9%
September 2022	2.0	42.9%
August 2022	1.9	35.7%
July 2022	1.9	46.2%
June 2022	1.8	22.2%
May 2022	1.7	21.4%
April 2022	1.6	6.7%
March 2022	1.5	0.0%

AAR's Forecast

Based upon current economic trends, AAR projects that state residential supply will remain relatively constant between March 2023 to April 2023 at 2.4 months of supply.

Alabama Months of Supply, Monthly Figures



HOUSING MARKET OVERVIEW

RESIDENTIAL LISTINGS

The number of properties listed on the market during the year

Alabama had considerably more active listings at the end of March (10,927) compared to one year ago (6,658). This figure represents a 64.1% annual increase. However, March listings were down 177 listings relative to February 2023 and mark the fourth consecutive month of decline.

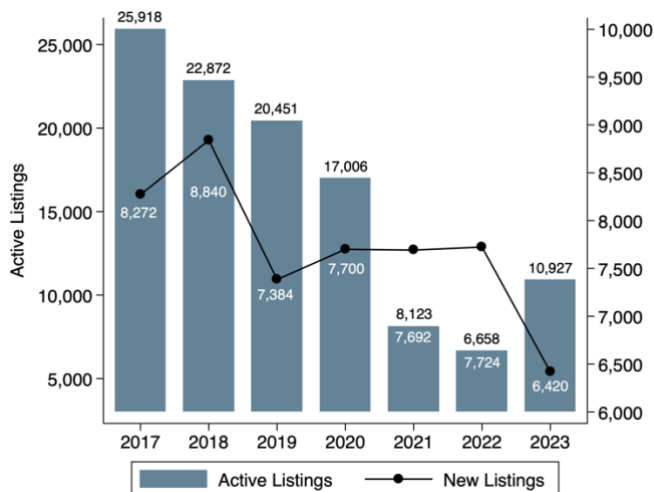
AAR's Forecast

Based upon current economic trends, AAR projects that state residential active listings will further decrease between March 2023 and April 2023 by 1.4% to 10,776.

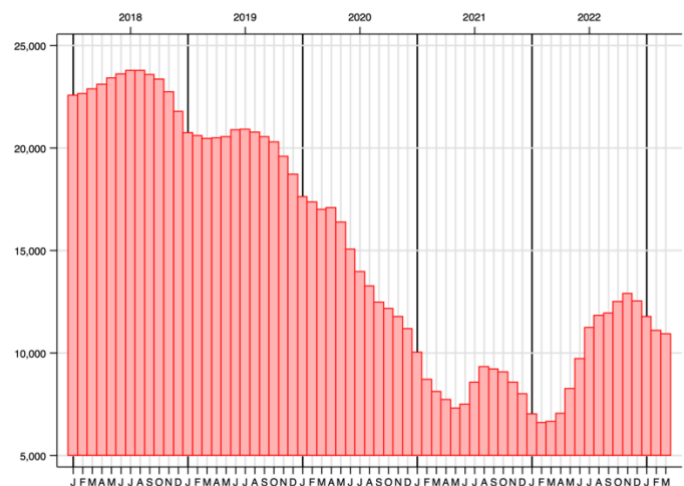
Alabama Active Residential Listings

Month	Active Listings	Percent Change Year-over-Year
Year-to-Date	33,786	66.7%
March 2023	10,927	64.1%
February 2023	11,104	68.7%
January 2023	11,755	67.4%
December 2022	12,519	56.5%
November 2022	12,904	50.7%
October 2022	12,511	38.0%
September 2022	11,943	29.6%
August 2022	11,812	26.8%
July 2022	11,244	31.3%
June 2022	9,709	29.8%
May 2022	8,250	13.0%
April 2022	7,032	-9.1%
March 2022	6,658	-18.0%

Alabama Active and New Residential Listings, March Figures



Alabama Active Residential Listings, Monthly Figures



HOUSING MARKET OVERVIEW

FORECLOSURES

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

Alabama had more foreclosures in March (395) compared to one year ago (324). This represents a 21.9% annual increase and represents the first time since November 2022 in which month-over-month foreclosures in Alabama increased.

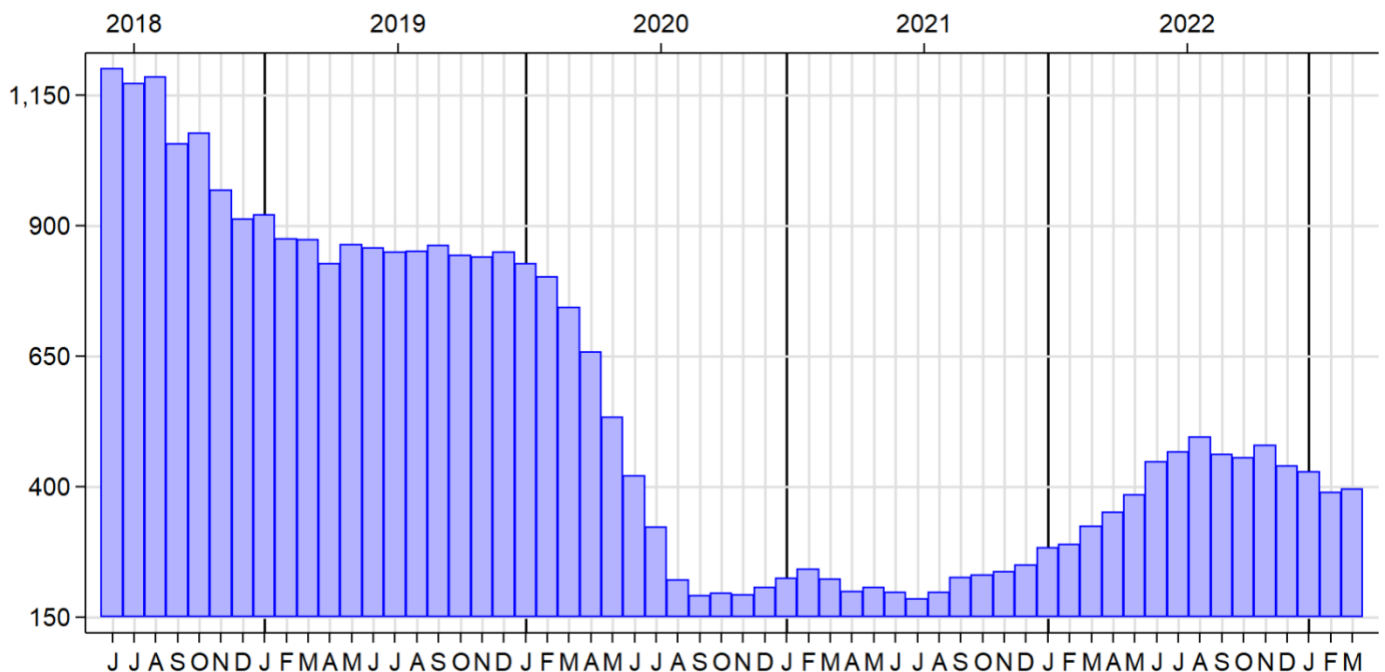
AAR's Forecast

Based upon current economic trends, AAR projects that the number of foreclosures will decrease slightly by 2.8% to approximately 384.

Alabama Residential Foreclosures

Month	Foreclosures	Percent Change Year-over-Year
Year-to-Date	1,212	35.4%
March 2023	395	21.9%
February 2023	389	34.1%
January 2023	428	51.8%
December 2022	439	76.3%
November 2022	478	102.5%
October 2022	454	96.5%
September 2022	462	104.4%
August 2022	494	149.5%
July 2022	466	151.9%
June 2022	447	126.9%
May 2022	385	86.9%
April 2022	351	77.3%
March 2022	324	45.9%

Alabama Residential Foreclosures, Monthly Figures



HOUSING MARKET OVERVIEW

AAR's Forecast

Historically, sales in April begin to pick up with the warmer spring weather. While consumers appear cautiously optimistic, and homebuilders' sentiment improved slightly, there is conflicting data that suggests potential headwinds in the current unique housing market.

Other factors to watch in the near term:

- Consumers appear somewhat more confident in the economy. The US Index of Consumer Sentiment Index fell from February to March but increased slightly in early April. Additionally, the Consumer Confidence Index increased slightly from February to March. **The decline in rates and marginal increases in consumer confidence may help spur home buying entering the spring season.**
- After peaking at 6.73% in the second week of March, the average 30-year fixed rate has fallen to 6.27% as of April 13, 2023. The average 30-year mortgage rate has exhibited volatility over the last 5 months, with rates as high as 7.08% and as low as 6.09%. This single percentage point makes a \$155 difference in the monthly payment for a 30-year mortgage on the average priced home in Alabama. Mortgage rate volatility is likely to continue, but there are limits to how low rates might be in the near future. With inflation remaining above the Federal Reserve target of 2.0%, markets are expecting another increase of 0.25% in the fed funds rate target to 5.0-5.25% at the Federal Reserve's meeting in May. **Increases in the fed funds rate generally put upward pressure on interest rates.**
- The increases in the fed funds rate are sparking concerns of a potential credit crunch as substantial deposits have moved out of smaller or regional banks following the high-profile collapses of Silicon Valley Bank and Signature Bank in the US and Credit Suisse in Switzerland. These collapses have also given rise to fears of contagion. **The combination of potentially higher interest rates and higher lending standards may decrease home buying activity.**
- **There are signals of a potential recession later this year.** The ISM Manufacturing Purchasing Managers Index fell once again revealing a fourth consecutive month of contraction in the manufacturing sector. The March reading is the lowest since May 2020. Additionally, the most recent manufacturing employment data for the state of Alabama showed a loss of jobs, only the second month of manufacturing job losses in the last 12 months. The National Association of Home Builders/Wells Fargo Housing Market Index increased slightly to its highest level in 6 months. While the Index increased last month, it remains low enough to indicate more builders consider market conditions as poor.
- The March year-over-year foreclosure increase of 21.9% for Alabama was more than double the 9.9% increase for the United States as a whole. However, Alabama ranked 32nd in the country by foreclosure rate for the first quarter of the year. Neighboring states Florida (10th), Georgia (12th), and Tennessee (28th) experienced higher foreclosure rates during the quarter, while Mississippi (33rd) experienced a slightly lower rate.

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.

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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