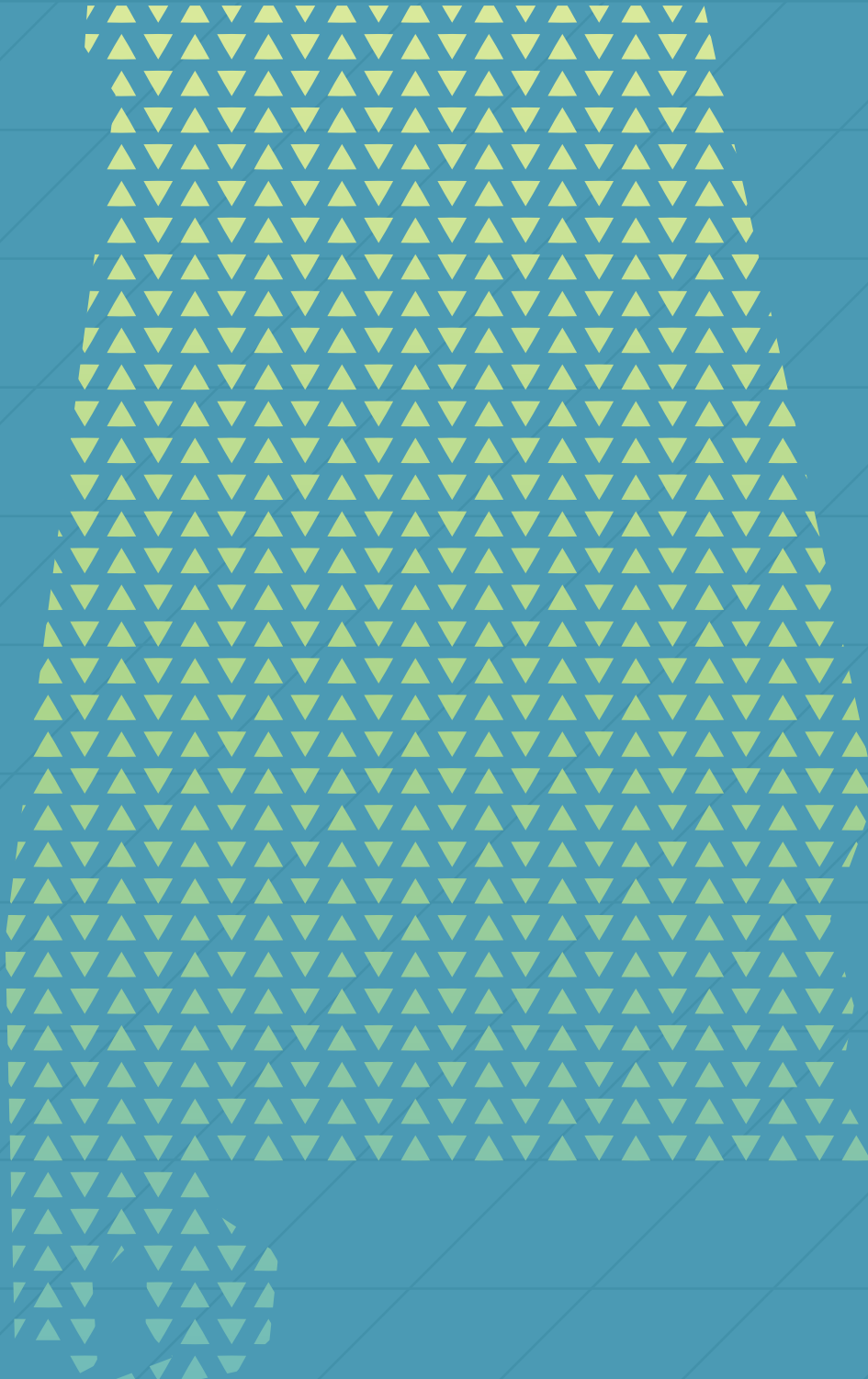


Alabama Economic & Real Estate Report

June 2025



ALABAMA MONTHLY HOME SALES REPORT

JUNE 2025

KEY TAKEAWAYS

- Alabama had **6,724 home sales** in June, an 8.2% increase from the previous month and 660 more sales than last year.
- The median sales price in June was **\$233,458**, reflecting a 1.4% increase from May and a \$4,488 (2.0%) annual increase.
- June's sold volume reached **\$1.86 billion**, showing a 9.4% month-over-month increase and a \$0.39 billion (26.5%) increase from last June.
- The **20,298 active listings** at the end of June mark an increase of 22.7% compared to 16,549 one year ago.
- The **549 foreclosures** in June, a 4.4% increase from May and a 20.9% year-over-year increase.

ALABAMA HOUSING MARKET SUMMARY, JUNE 2025

	Jun-24	Jun-25	Change	% Change	YTD '24	YTD '25	Change	% Change
Sales	6,064	6,724	660	10.9	33,137	36,088	2,951	8.9
Median Sales Price (\$)	228,970	233,458	4,488	2.0	209,544	224,919	15,375	7.3
Average Sales Price (\$)	242,181	277,138	34,947	14.4	225,662	259,617	33,955	15.0
Sales Volume (\$ billions)	1.47	1.86	0.39	26.5	7.49	9.40	1.91	25.5
Average Days on Market	53	63	10	18.9	60	67	7	11.7
Active Listings	16,549	20,298	3,749	22.7%	15,007	18,876	3,869	25.8
Months of Supply	3.9	4.2	0.3	7.7	3.8	4.4	0.6	13.6
Foreclosures	454	549	95	20.9	2,923	2,866	-57	-2.0



ECONOMIC OVERVIEW

Job growth at the national level rebounded in June, with 147,000 new jobs added—a figure that exceeded expectations and marked a return to growth following two months of decline. This total is also 60,000 more jobs than were added in June 2024, signaling renewed momentum in the labor market.

Inflation ticked up again in June, reaching 2.7% year-over-year, marking the second consecutive monthly increase. Food prices saw the largest increase among major categories, rising 3.0% annually, largely driven by a 3.8% increase in food away from home. The core Consumer Price Index (CPI) for all items, excluding food and energy, increased 2.9%, up slightly from 2.8% over the previous three months. The core CPI was again driven by the subcategory services less energy services, which rose 3.6%, led by a 3.8% increase in shelter costs.

Inflation also rose in the South, reaching 2.6% in June, up from 2.0% in both April and May. The food category led regional price growth at 2.8%, again fueled by a 3.9% increase in food away from home, up from 3.6% last month. Core inflation in the South (excluding food and energy) also climbed to 2.6%, driven primarily by shelter, which rose 3.5%—slightly below the national rate. Within that, owner's equivalent rent rose 3.8% (down from 4.0% the previous two months), and rent of primary residence increased 2.7%, slightly below the 2.8% growth seen in May.

Average 30-year mortgage rates rose to 6.89% at the end of May, before gradually declining to 6.67% by July 3. However, rates edged back up by eight basis points, reaching 6.75% by July 17.

The nation's real GDP declined by 0.5% in Q1 2025, with 39 states reporting decreases. In contrast, Alabama's real GDP grew by 1.0%, the third-highest rate in the country, behind Florida (1.7%) and South Carolina (1.4%). Alabama outpaced neighboring states including Mississippi (0.7%), Georgia (0.1%), and Tennessee (-1.2%). Growth was led by the agriculture, forestry, fishing, and hunting sector, followed by durable goods manufacturing, according to the Bureau of Economic Analysis.

Nationally, current dollar personal income increased by 6.7% at an annual rate in Q1 2025. Alabama outpaced the national average with an 8.2% increase, ranking eighth highest among all states. The state's growth rate trailed Mississippi (9.9%) but exceeded Georgia (7.7%), Florida (7.0%), and Tennessee (5.9%). The manufacturing sector was the primary driver of earnings growth in Alabama during the quarter.

JOBS

The Bureau of Labor Statistics revised national job growth figures upward for both April and May. May's job gains were adjusted from 139,000 to 144,000, while April's total increased from 147,000 to 158,000. Meanwhile, preliminary data shows that 147,000 jobs were added in June, surpassing the consensus estimate of 115,000.

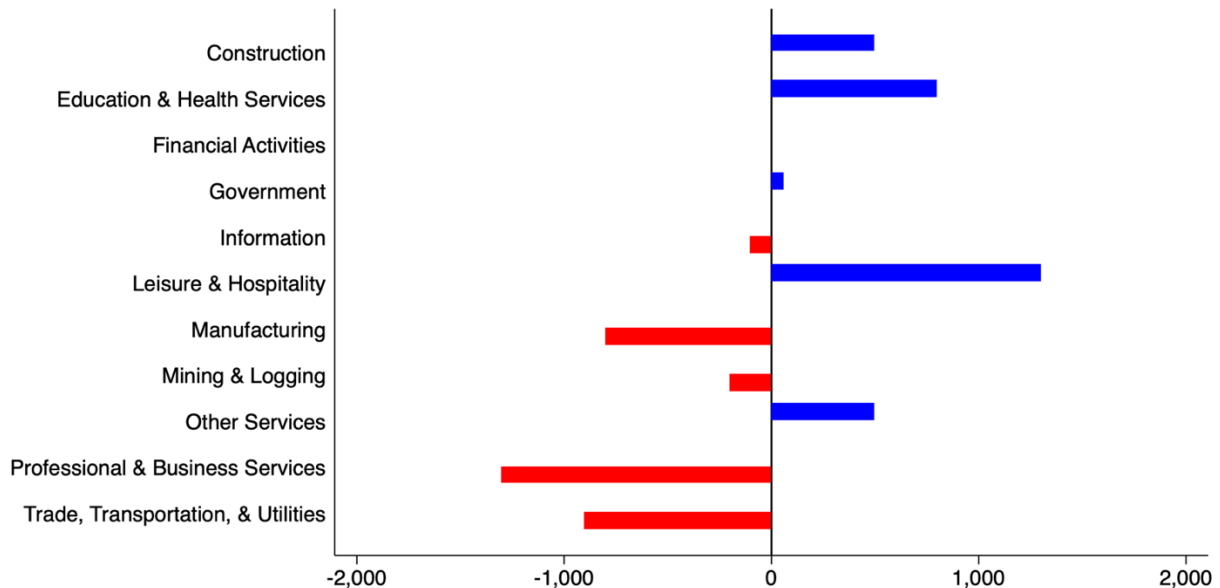
As part of these revisions, Alabama's April job gains were also updated, increasing from 4,000 to 5,200 jobs. Preliminary estimates show the state added 400 jobs in May 2025, bringing the total number of jobs in Alabama to 2,215,800.

Job growth in Alabama was led by the Leisure & Hospitality sector, which added 1,300 jobs since April. This was followed by Education & Health Services (800 jobs) and Government (600 jobs).

However, several sectors experienced job losses. This was led by Professional & Business Services (-1,300 jobs), Trade, Transportation, and Utilities (-900 jobs) and Manufacturing (-800 jobs).

These mixed results reflect ongoing shifts across industries as the state's labor market continues to evolve.

Alabama Jobs Changes from April to May 2025



EMPLOYMENT

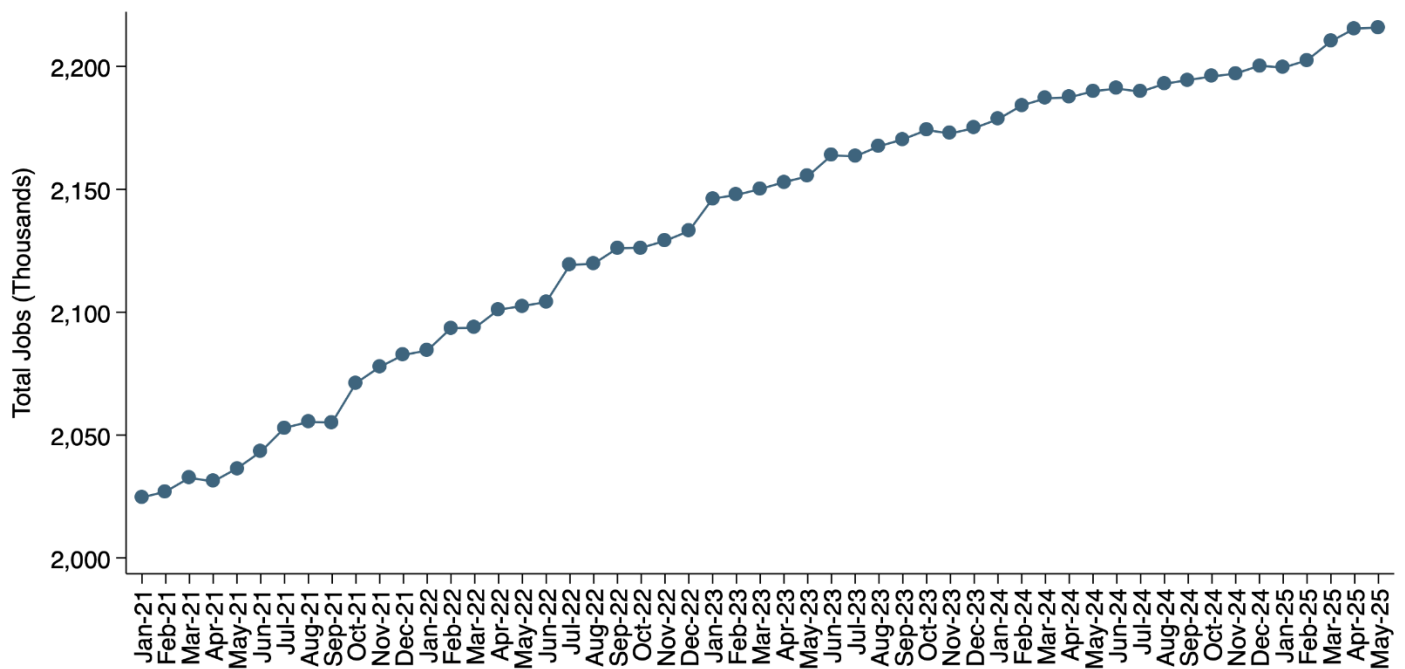
In May 2025, Alabama's unemployment rate held steady at 3.3%—marking the ninth consecutive month at this level. This remains the state's highest unemployment rate since July 2021, when it also stood at 3.3%.

At the national level, the unemployment rate was 4.2% in May, unchanged for three straight months. However, preliminary data for June indicates a slight decline to 4.1%, the first drop since February. Alabama's unemployment rate in May remained 0.9 percentage points below the national rate, a trend that has continued for three consecutive months.

Despite signs of labor market resilience and rising inflation in June, market expectations for Federal Reserve rate cuts have shifted. Forecasts now anticipate three rate cuts by the end of 2025, up from two, with the first likely in September.

Alabama's labor force participation rate remained at 58.0% in May, following an upward revision to April's figure (from 57.9% to 58.0%). This marks the highest participation rate in at least a decade for the state. In contrast, the national labor force participation rate declined to 62.4% in May, with preliminary June data showing a further dip to 62.3%, matching its lowest level since January 2023.

Alabama Total Jobs (Thousands)

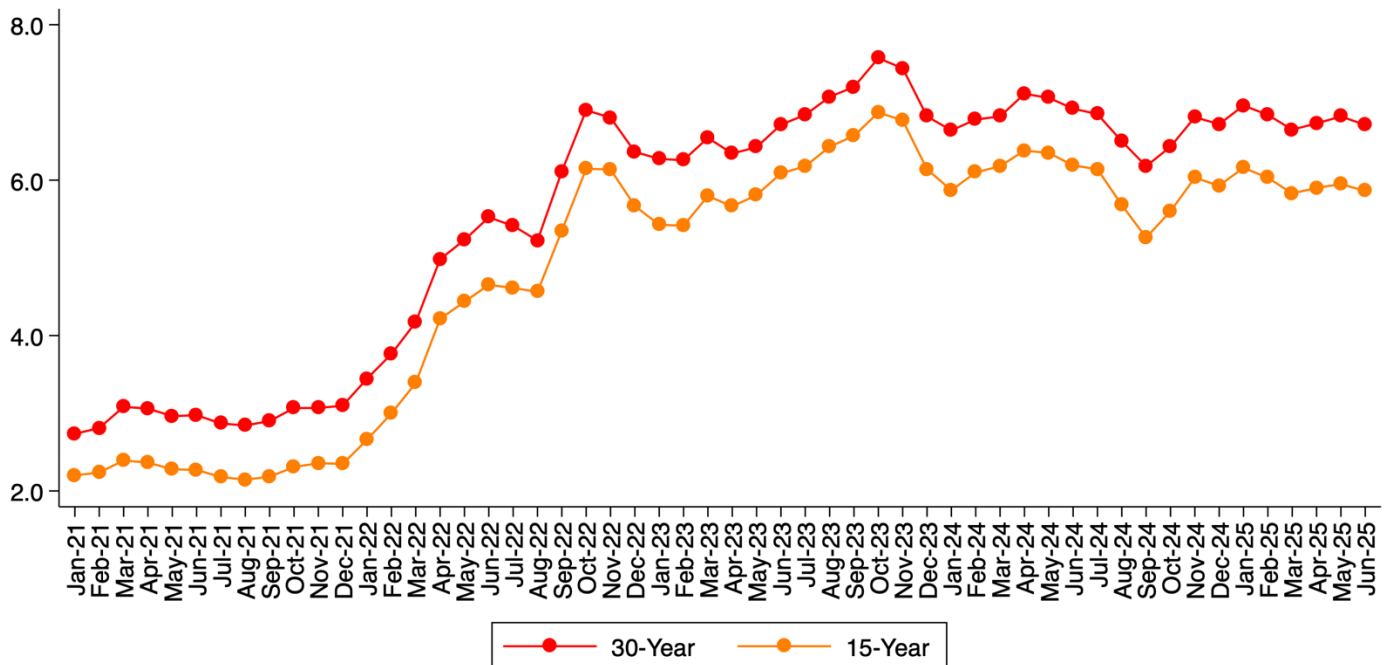


MORTGAGE RATES

The average 30-year fixed-rate mortgage declined steadily throughout June, dropping eight basis points from 6.85% at the start of the month to 6.77% by June 26. Rates continued to fall into early July, reaching 6.67% by July 3, before edging back up to 6.75% by July 17—an eight-basis point increase over two weeks.

Despite the recent uptick, rates remain below last year's levels. For each of the past four weeks (June 26–July 17), the average rate has been lower than the corresponding weeks in 2024. As of this writing, the current average is 6.73%, 14 basis points below the 6.87% recorded at this time last July.

U.S. Fixed-Rate Mortgage Averages

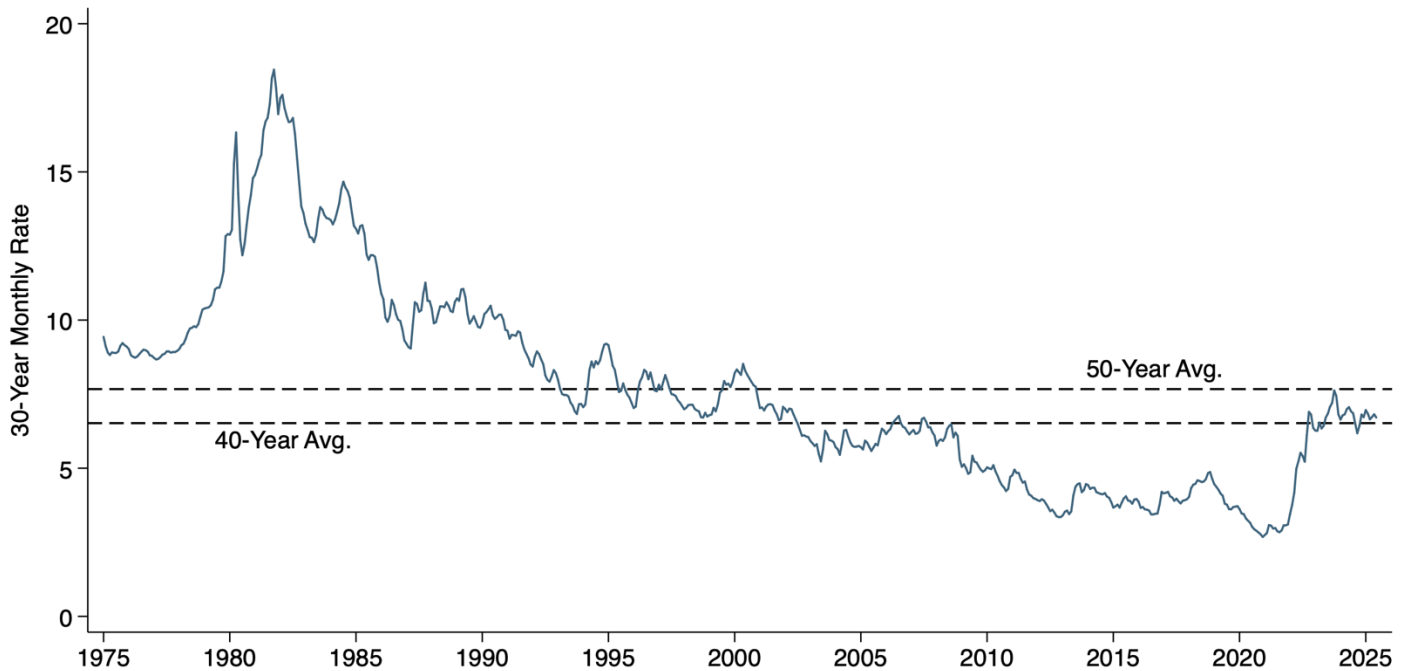


MORTGAGE RATES OVER THE DECADES

The average 30-year fixed-rate mortgage peaked at 18.63% on October 9, 1981, and hit a historic low of 2.65% on January 7, 2021. Over the past 40 years, the average rate has been 6.52%, and over the past 50 years, it has averaged 7.67%.

Mortgage rates over the past two years have generally remained within this historical range. The June 2025 average of 6.82% aligns closely with these long-term trends, falling well within the 40- and 50-year averages.

U.S. Fixed-Rate Mortgage Averages



HOUSING MARKET INDICES

The National Association of Home Builders/Wells Fargo Housing Market Index (HMI) fell by two points from May to June, dropping from 34 to 32. (An index value above 50 indicates more builders view conditions as favorable.) This was the lowest reading since December 2022, when the index stood at 31, and marked the fourteenth consecutive month below the 50-point threshold.

Preliminary data for July 2025 shows a slight one-point increase in the HMI to 33. However, this still represents the fifteenth straight month with the index below 50 and is eight points lower than the July 2024 reading of 41. Despite the modest improvement, the July value remains the second lowest since December 2022, surpassed only by June's reading.

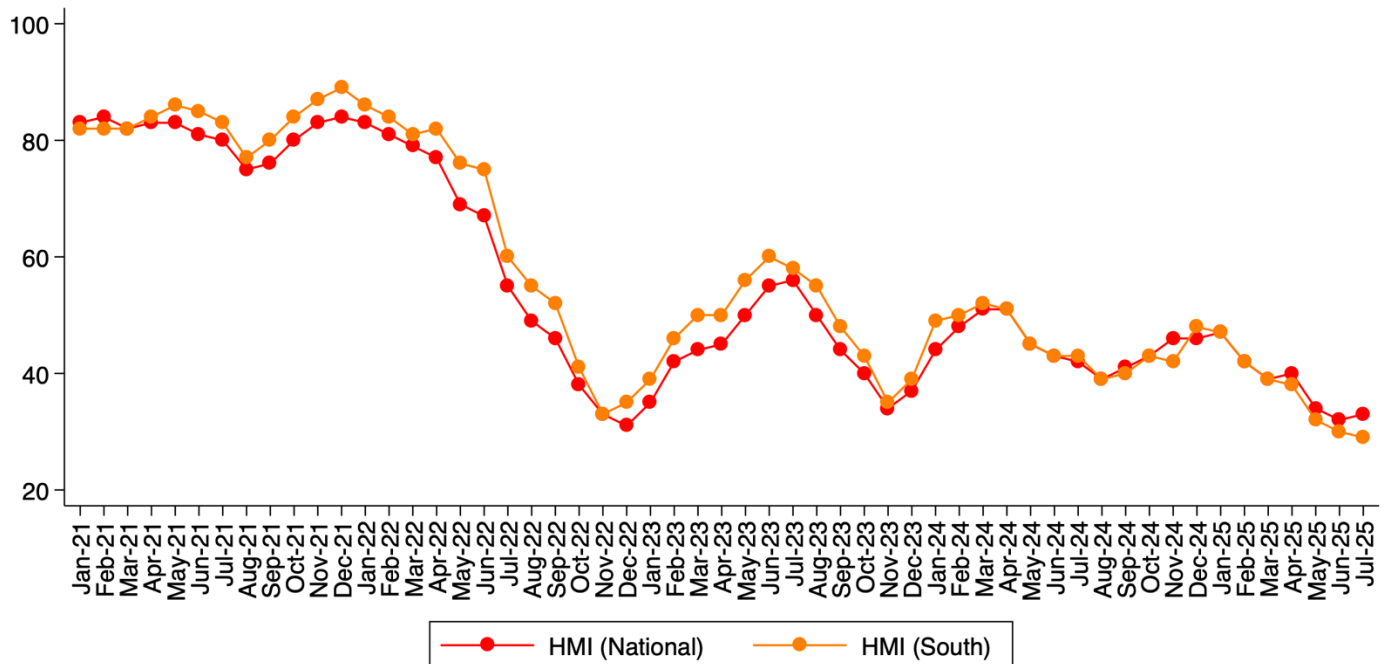
Two of the index's three components improved in July. "Single-Family Sales: Next Six Months" posted the largest gain, rising three points, from 40 to 43, while "Single-Family Sales: Present" ticked up one point, from 35 to 36.

The only component to decline was "Traffic of Prospective Buyers," which fell from 21 to 20, marking its third straight monthly decline and its lowest level since December 2022. July also marked the sixth consecutive month in which all three HMI components remained below 50, indicating continued industry pessimism.

In the South, the HMI fell by two points from May to June, landing at 30, and declined again in July by one point to 29—its lowest reading since June 2012. The West recorded the lowest regional index for the ninth month in a row, falling three points from 28 to 25 between June and July. The Midwest held steady at 41, while the Northeast was the only region to improve, rising two points from 43 to 45 in July.

July marks the fifth consecutive month in which all four regional HMI readings remained below 50, underscoring broad-based caution among home builders across the country.

NAHB/Wells Fargo HMI Indices



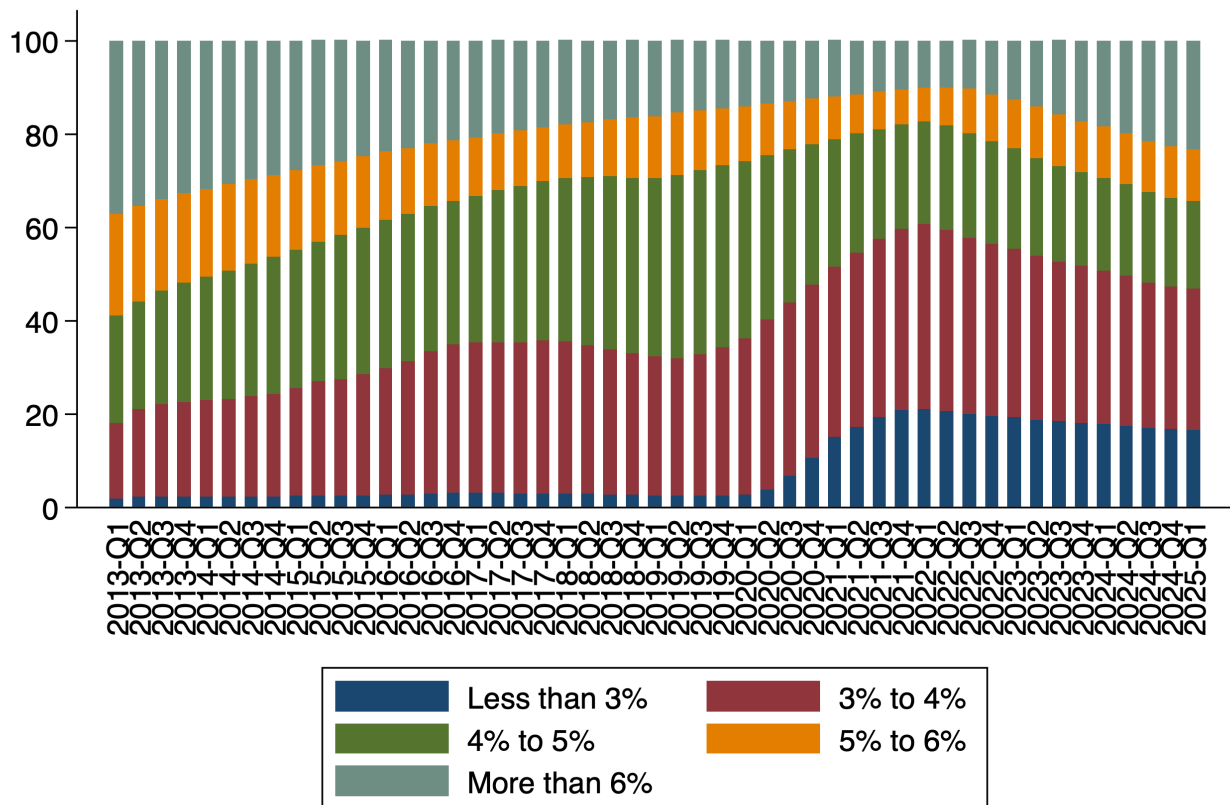
MORTGAGE LOANS OUTSTANDING

In the first quarter of 2025, the share of outstanding mortgages in Alabama with interest rates above 6% continued its upward trend—one that began in the third quarter of 2022—reaching 23.4% of all outstanding mortgages in the state. This increase aligns with national trends, as the average 30-year fixed-rate mortgage rose from 6.63% in the fourth quarter of 2024 to 6.83% in the first quarter of 2025.

At the same time, all other rate categories saw declines in Alabama from Q4 2024 to Q1 2025. The share of mortgages with rates between 5% and 6% declined by 0.1 percentage point, while those with rates between 4% and 5% fell by 0.2 percentage point. Mortgages with rates between 3% and 4% dropped by 0.3 percentage point, and those with rates below 3% decreased by 0.1 percentage point. Further summarizing all outstanding mortgage rates in Alabama in Q4 2024:

- 23.4% of mortgage holders have rates above 6%
- 11.0% of mortgage holders have rates between 5-6%
- 18.8% of mortgage holders have rates between 4-5%
- 30.2% of mortgage holders have rates between 3-4%
- 16.6% 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 increased in June 2025 relative to June 2024. The 6,724 sales represent an 8.2% month-over-month increase in sales and are the highest monthly level of 2025.

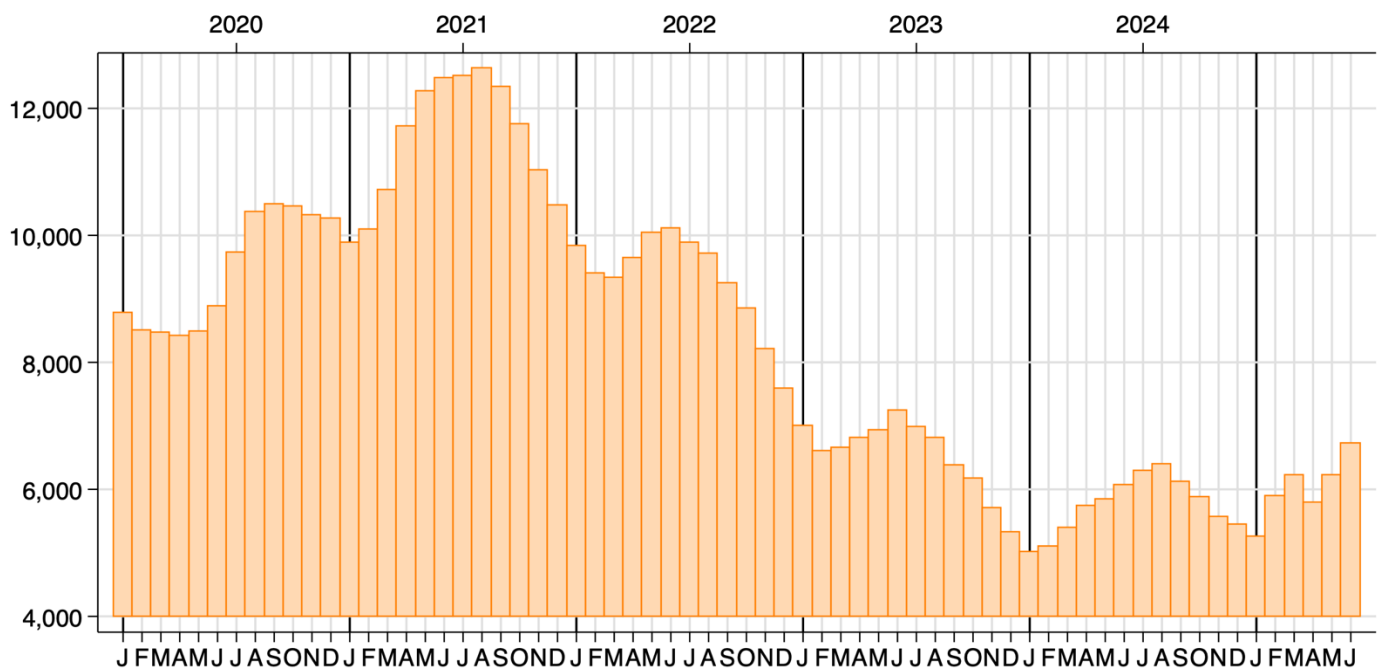
AAR's Forecast

AAR projects that state total home sales will increase between June and July 2025 by approximately 5.0% to 7,062.

Alabama Monthly Home Sales Figures

Month	Sales	Percent Change Year-over-Year
Year-to-Date	36,088	8.9%
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%
November 2024	5,565	-2.5%
October 2024	5,870	-4.8%
September 2024	6,126	-3.9%
August 2024	6,399	-6.0%
July 2024	6,286	-10.0%
June 2024	6,064	-16.2%

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 2.0% year-over-year and by 1.4% month-over-month.

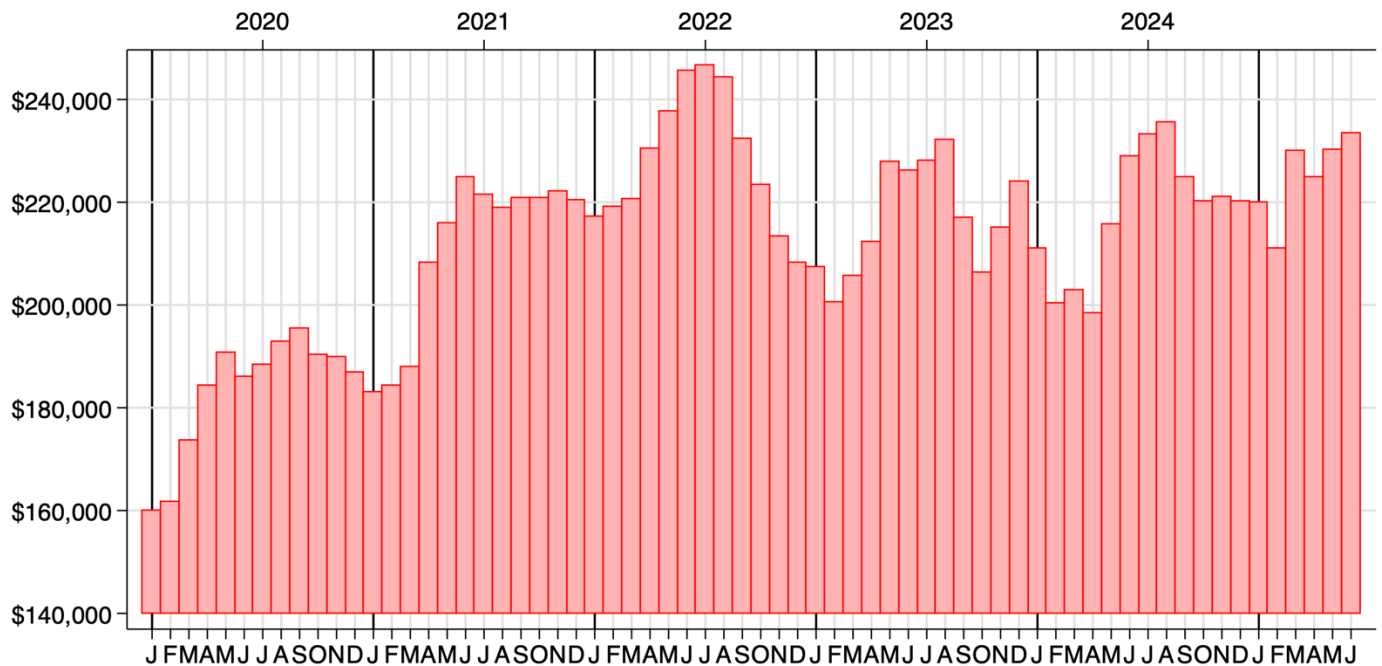
Alabama Median Sales Prices

Month	Median Sales Price (\$)	Percent Change Year-over-Year
Year-to-Date	224,919	7.3%
June 2025	233,458	2.0%
May 2025	230,130	6.7%
April 2025	224,967	13.3%
March 2025	230,000	13.4%
February 2025	211,020	5.3%
January 2025	219,936	4.2%
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%

AAR's Forecast

AAR projects that the state median home sales price will increase slightly between June and July 2025 by approximately 0.7% to \$234,999.

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 increased by \$3,042 relative to last month. The average home sales price increased 1.1% compared to May 2025 and is 14.4% higher compared to June 2024.

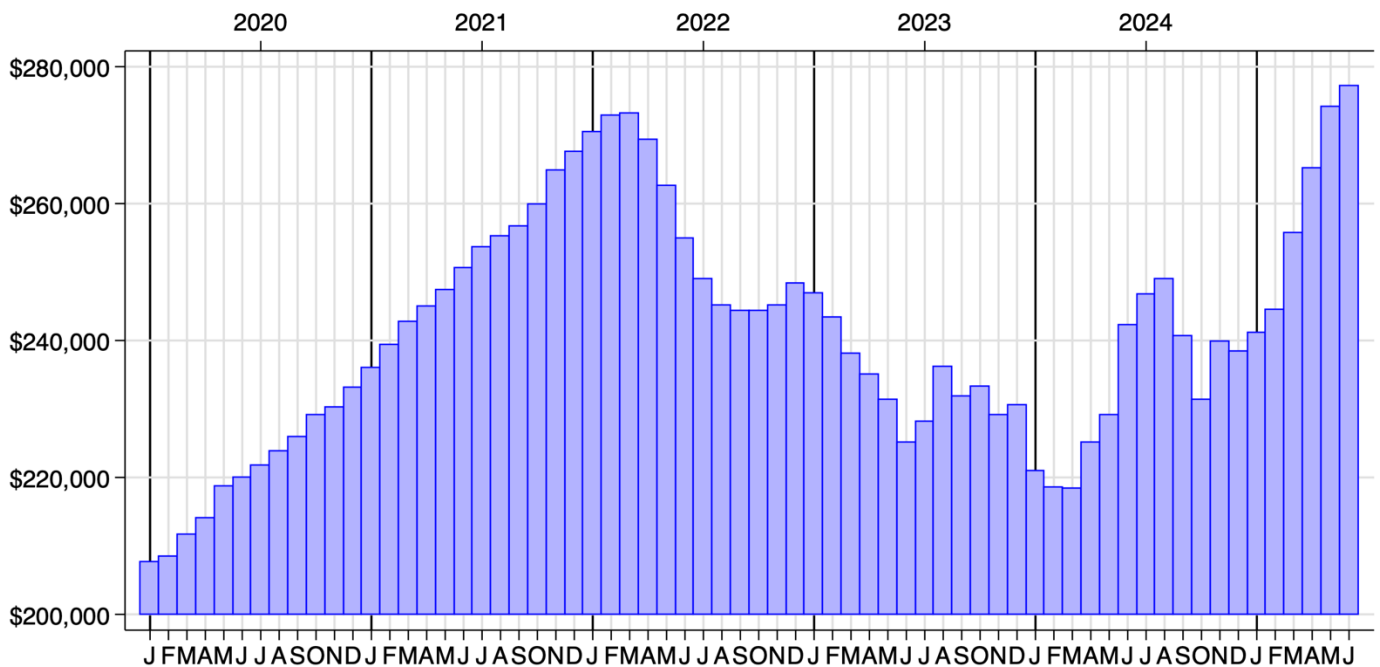
Alabama Average Sales Prices

Month	Average Sales Price (\$)	Percent Change Year-over-Year
Year-to-Date	259,617	15.0%
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%
November 2024	239,901	4.7%
October 2024	231,317	-0.8%
September 2024	240,612	3.8%
August 2024	248,921	5.4%
July 2024	246,669	8.1%
June 2024	242,181	7.6%

AAR's Forecast

AAR projects that the state average home sales price will increase slightly between June and July 2025 by approximately 0.9% to \$279,572.

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 June 2025 was \$1.86 billion, up \$0.39 billion from June 2024. This figure represents a 26.5% annual increase and a 9.4% monthly increase.

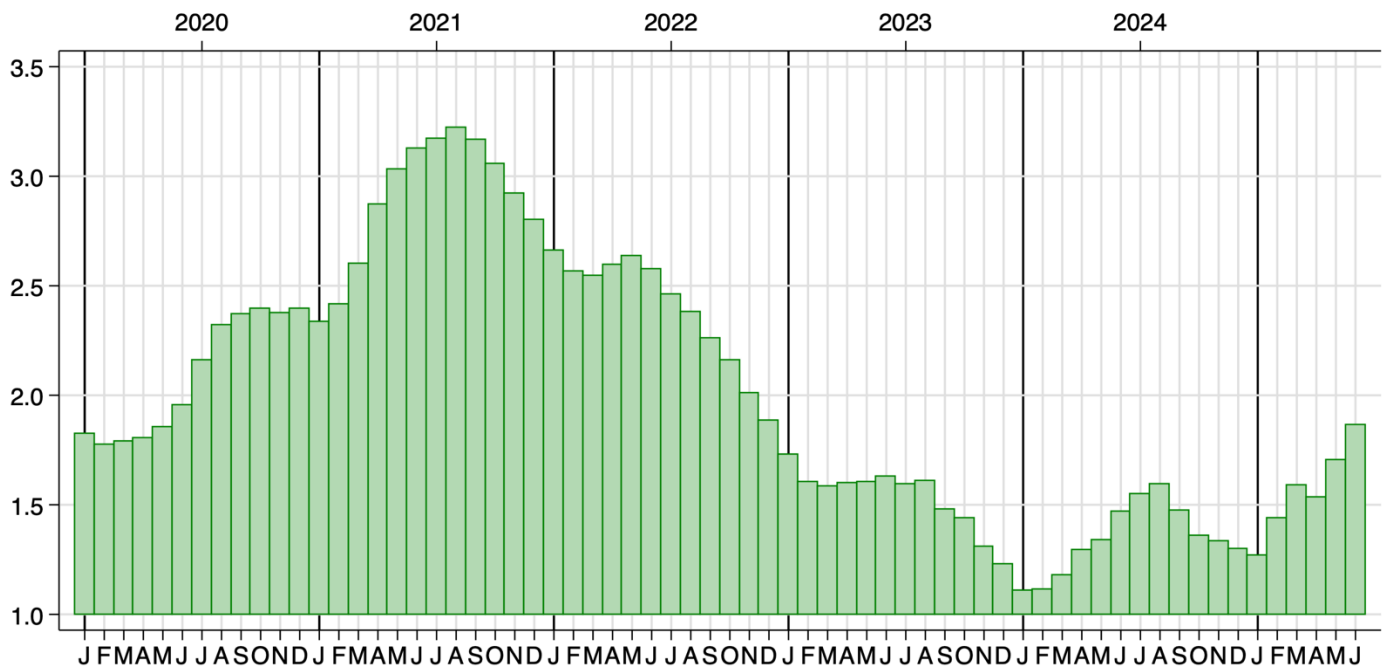
AAR's Forecast

AAR projects that state sales volume will increase between June and July 2025 by approximately 5.9% to \$1.97 billion.

Alabama Sales Volume (in Billions)

Month	Sales Volume (\$)	Percent Change Year-over-Year
Year-to-Date	9.40	25.5%
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%
November 2024	1.33	2.1%
October 2024	1.36	-5.5%
September 2024	1.47	-0.3%
August 2024	1.59	-0.9%
July 2024	1.55	-2.7%
June 2024	1.47	-9.9%

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 5 days longer in June relative to May 2025. Homes sold in June were on the market for 63 days on average. This figure is also 10 days longer compared to the 53 days on market in June 2024.

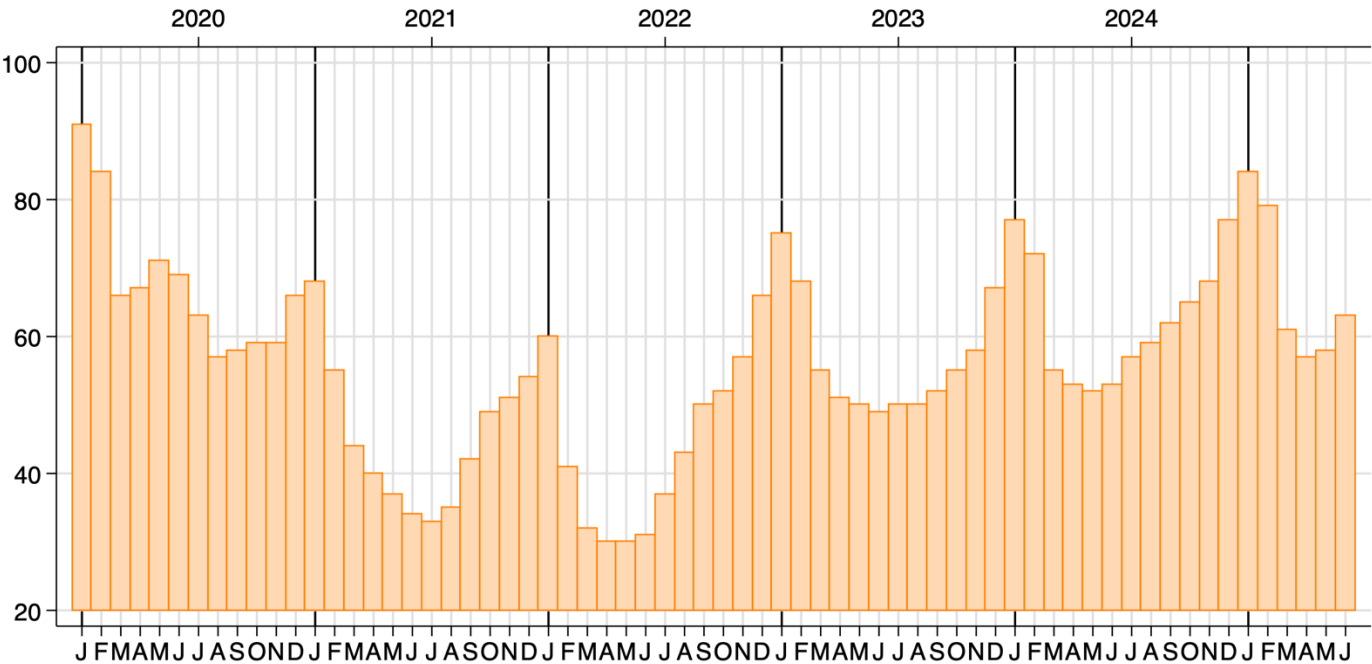
AAR's Forecast

Based upon current economic trends, AAR projects that state residential days on market will increase between June and July 2025 by approximately 4.8% to 66.

Alabama Residential Days on Market

Month	Days on Market	Percent Change Year-over-Year
Year-to-Date	67	11.7%
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%
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%

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 in June 2025 relative to May 2025, as there were 4.2 months of supply. This figure is greater than that of one year ago (3.9 months).

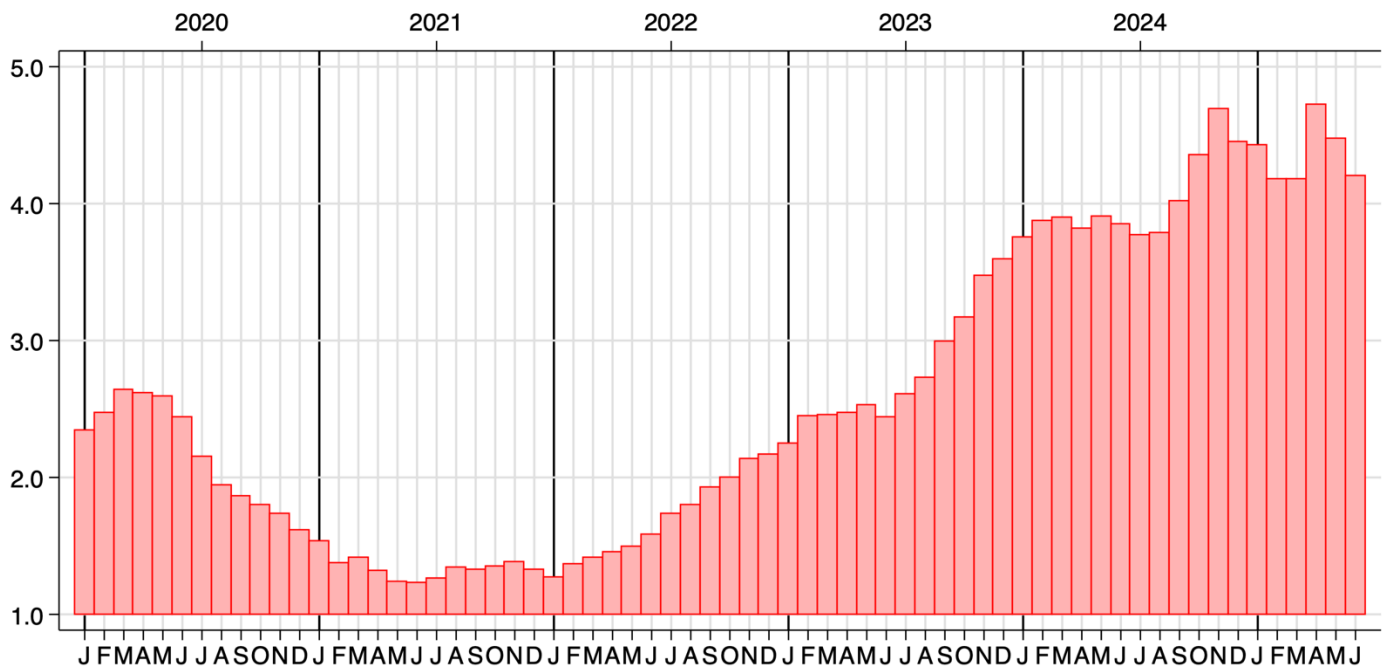
Alabama Months of Supply

Month	Months of Supply	Percent Change Year-over-Year
Year-to-Date	4.4	13.6%
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%
November 2024	4.7	34.8%
October 2024	4.4	37.6%
September 2024	4.0	34.5%
August 2024	3.8	38.7%
July 2024	3.8	44.6%
June 2024	3.9	58.1%

AAR's Forecast

AAR projects that state housing supply will decrease between June and July 2025 by approximately 4.8% to 4.0 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 June 2025 (20,298) compared to one year ago (16,549). This figure represents a 22.7% annual increase and marks a 3.0% increase relative to last month. June 2025 listings were up by 589 relative to May 2025. This is the fifth consecutive monthly increase in the number of listings.

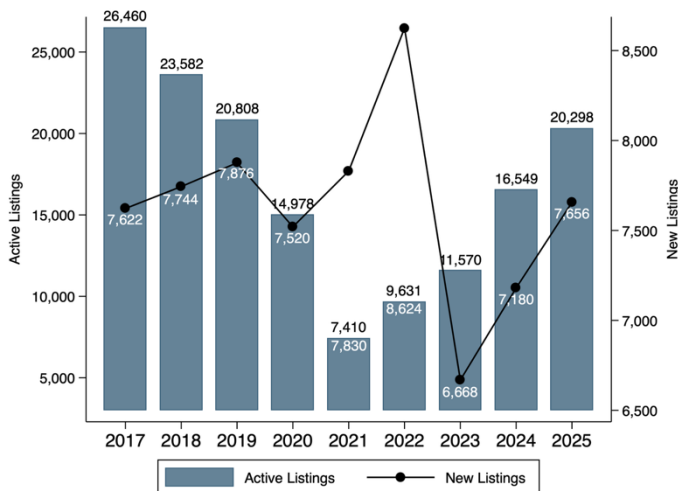
AAR's Forecast

Based upon current economic trends, AAR projects state residential active listings will increase by approximately 2.0% to 20,701.

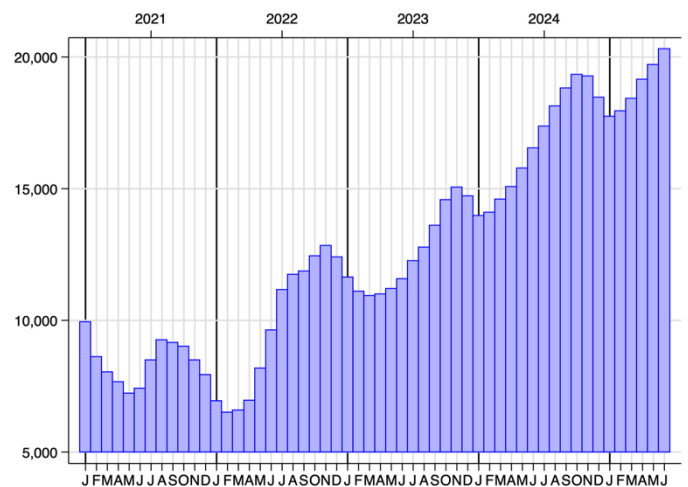
Alabama Active Residential Listings

Month	Active Listings	Percent Change Year-over-Year
Year-to-Date	18,876	25.8%
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%
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%

Alabama Active and New Residential Listings, June 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 95 more foreclosures in June 2025 (549) compared to one year ago (454). Additionally, June foreclosures increased by 20.9% month-over-month relative to May. The June value marks the fourth consecutive month of increasing foreclosures.

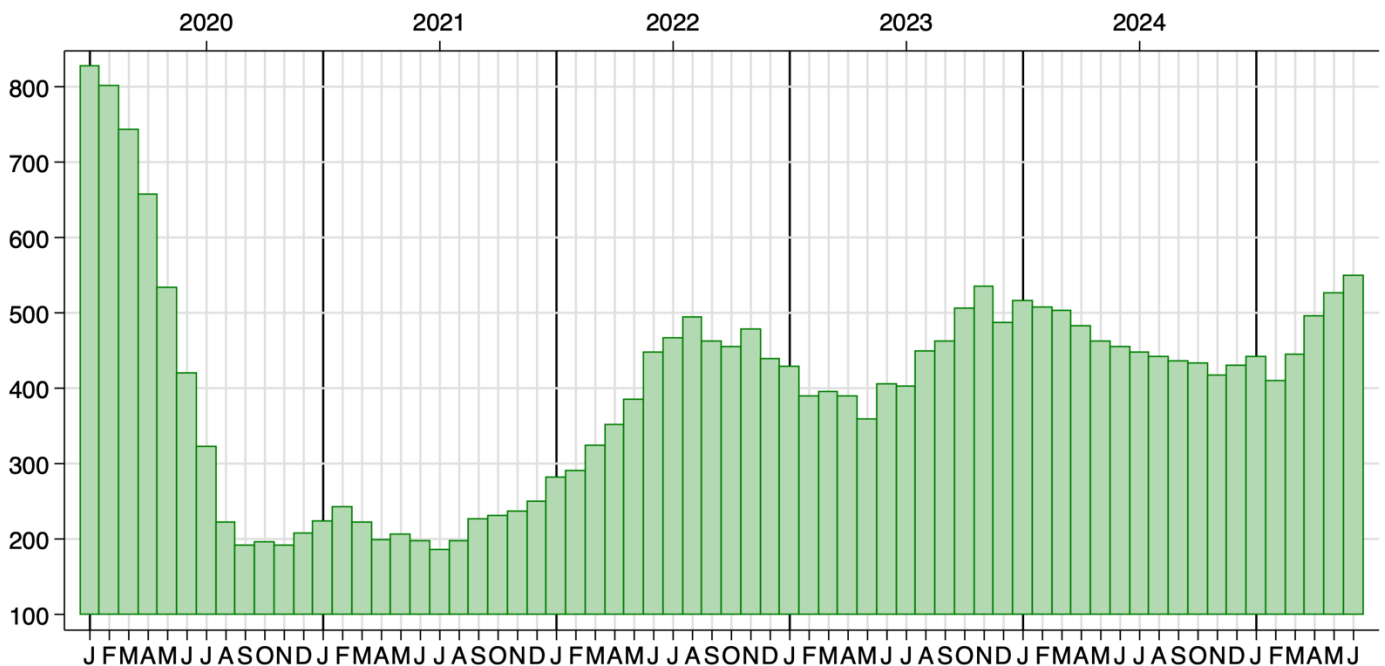
Alabama Residential Foreclosures

Month	Foreclosures	Percent Change Year-over-Year
Year-to-Date	2,866	-2.0%
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%
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%

AAR's Forecast

AAR projects that state housing foreclosures will remain roughly unchanged between June and July 2025.

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 6 units in May 2025 relative to April 2025. This represents a 0.4% increase month-over-month but is a decrease of 9.1% year-over-year.

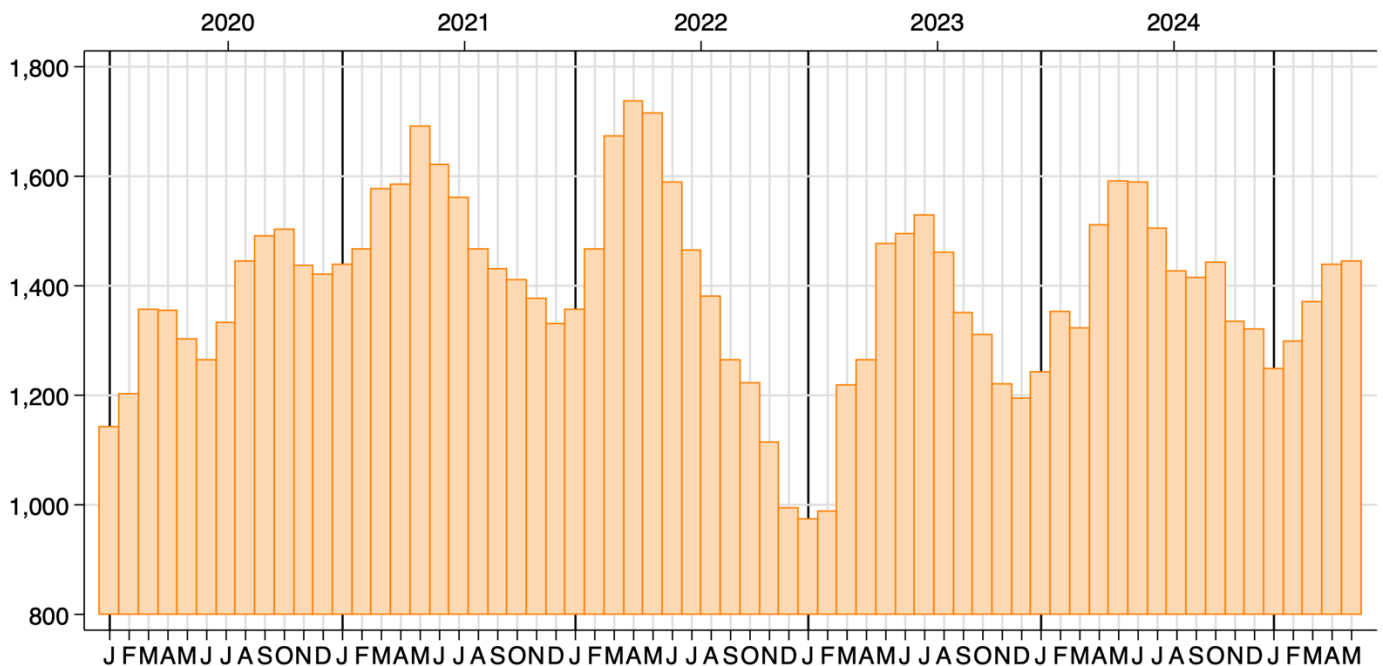
AAR's Forecast

Based upon current economic trends, AAR projects that state new home building permits will remain roughly unchanged between June and July 2025.

Alabama New Home Building Permits

Month	Permits	Percent Change Year-over-Year
Year-to-Date	6,801	-3.1%
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%
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%

Alabama New Home Building Permits, Monthly Figures



AAR's Forecast

The odds of three cuts to the Fed Funds rate increased recently, but these cuts are not likely to have a lasting impact on the average 30-year fixed rate mortgage. Nevertheless, housing market conditions favor buyers as the market has highest number of options available in years.

Factors to consider in the near term:

- Market expectations for a third potential rate cut to the Federal Funds Rate Target (FFRT) have increased in recent weeks. One month ago, the CME FedWatch Tool showed a consensus for two cuts in 2025, expected in September and December. However, as of this writing, the probability of rate cuts at all three upcoming meetings exceeds 50%—52.9% in September, 76% in October, and 91.8% in December. This shift is largely attributed to falling inflation and signs of a softening labor market. From February through April, the year-over-year inflation rate declined monthly, rising only slightly in May. Meanwhile, the national unemployment rate increased in February and March, then remained steady for two months. However, in June, inflation ticked upward again while unemployment decreased, raising questions about whether these changes signal a broader trend. If so, the Federal Reserve may reassess its outlook for further rate cuts.
- Markets may also be responding to more direct Fed activity. On June 30, 2025, the Federal Reserve conducted Temporary Open Market Operations (TOMO), purchasing over \$11 billion in Treasury securities to inject liquidity into the overnight repurchase agreement market. This action is often associated with future rate cuts. The last instance of such intervention—September 30, 2024—was followed by three FFRT cuts in September, November, and December.
- Even if the Fed proceeds with cuts, the effect on mortgage rates may be limited. In mid-August 2024, the average 30-year fixed-rate mortgage stood at 6.46%. Despite a cumulative 100 basis points of FFRT cuts that fall, the rate briefly dipped to 6.08% in late September before climbing again—reaching 6.72% by October and 6.85% by year's end, 39 basis points higher than before the cuts began.
- Mortgage rates are closely tied to the 10-year Treasury yield, which stood at 4.47% on July 17, 31 basis points higher than a year earlier. The 30-year Treasury yield rose even more, from 4.37% to 5.01%, a 64-basis point increase. These rising yields are driven by concerns about persistent inflation, tariff uncertainty, slowing economic growth, and ongoing deficit spending. At the same time, the Federal Reserve's continued quantitative tightening—including reduced purchases of mortgage-backed securities—has kept upward pressure on the spread between the 10-year Treasury and 30-year mortgage rates. Unless there is a significant economic downturn, it is unlikely mortgage rates will decline meaningfully or durably in the near term.
- Regardless of the potential cuts to the Federal Funds rate target, Alabama's economy remains relatively strong. In the first quarter of 2025, the state posted the third-highest growth rate in real GDP, the eighth-highest growth in nominal income, and, according to preliminary data, a declining unemployment rate in July.
- While mortgage rates are unlikely to drop significantly this summer, conditions remain favorable for buyers. Price growth has moderated, inventory has risen, and days on market are increasing. Combined with the strength of Alabama's economy, these factors suggest a more buyer-friendly environment, making it a good time for prospective homeowners to consider taking action.

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.

