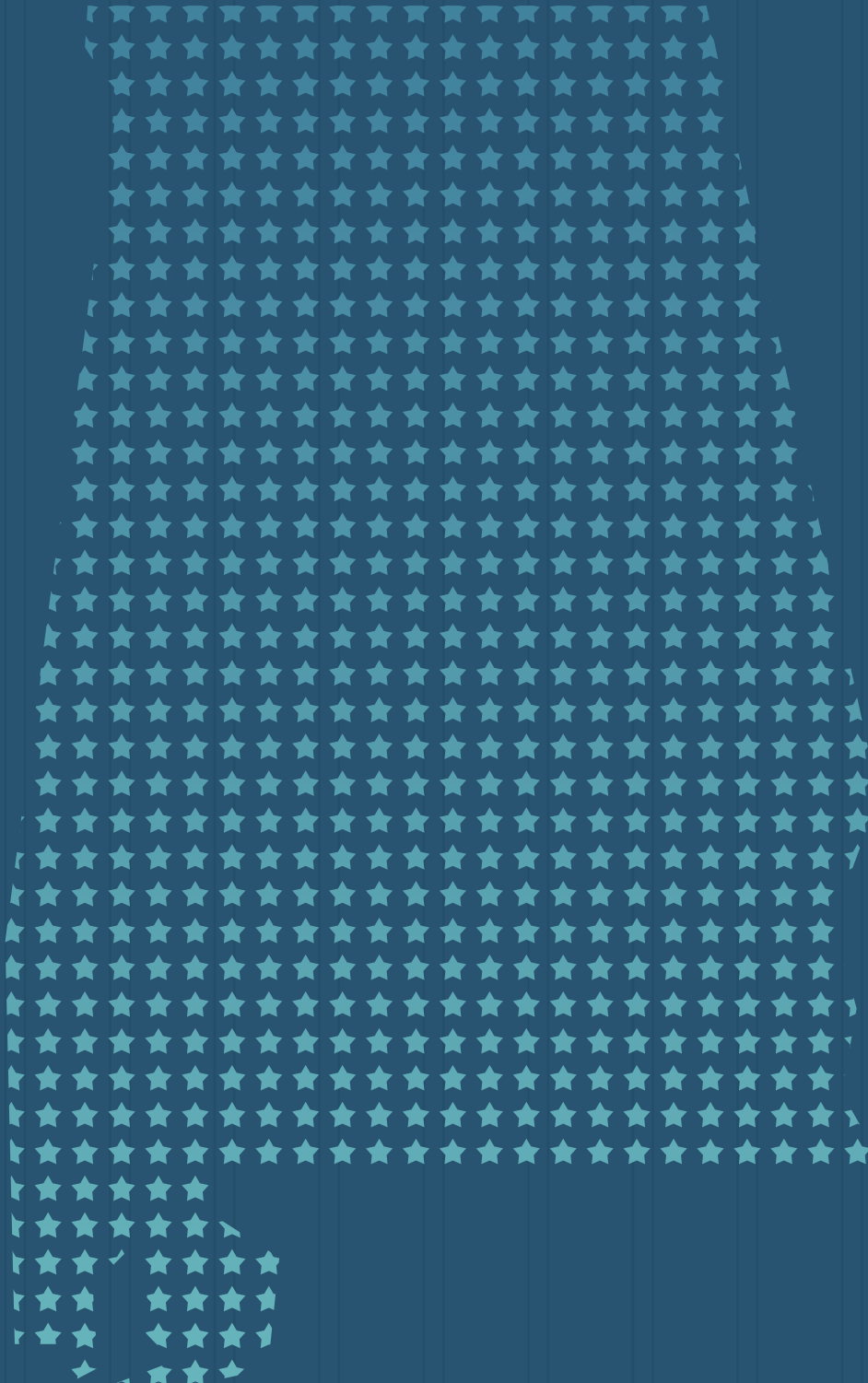


Alabama Economic & Real Estate Report

July 2025



ALABAMA MONTHLY HOME SALES REPORT

JULY 2025

KEY TAKEAWAYS

- Alabama had **6,146 home sales** in July, a decrease of 8.6% from the previous month and 140 fewer than last July.
- The median sales price was **\$228,759**, down 2.0% from June and \$4,457 lower than a year ago. This is an annual decrease of 1.9%.
- The sold volume was **\$1.75 billion** in July, a 5.9% decrease from June but an increase of \$0.20 billion from last July. This marks a 12.9% annual increase.
- The **20,698 active listings** at the end of July mark an increase of 19.2% compared to 17,368 one year ago.
- The **549 foreclosures** in July, unchanged from June but up 22.8% year-over-year increase.

ALABAMA HOUSING MARKET SUMMARY, JULY 2025

	Jul-24	Jul-25	Change	% Change	YTD '24	YTD '25	Change	% Change
Sales	6,286	6,146	-140	-2.2%	39,423	42,234	2,811	7.1%
Median Sales Price (\$)	233,216	228,759	-4,457	-1.9%	212,926	225,467	12,541	5.9%
Average Sales Price (\$)	246,669	284,242	37,573	15.2%	228,663	263,135	34,472	15.1%
Sales Volume (\$ billions)	1.55	1.75	0.20	12.9%	9.04	11.15	2.11	23.3%
Average Days on Market	57	66	9	15.8%	60	67	7	11.7%
Active Listings	17,368	20,698	3,330	19.2%	15,344	19,136	3,792	24.7%
Months of Supply	3.8	4.7	0.9	23.7%	3.8	4.4	0.6	15.8%
Foreclosures	447	549	102	22.8%	3,370	3,415	45	1.3%



ECONOMIC OVERVIEW

The Bureau of Labor Statistics issued significant downward revisions to recent job creation figures. May's gains were reduced by 125,000 jobs and June's by 133,000, meaning the nation added only 33,000 jobs across those two months—far fewer than initially reported. Preliminary data show job creation picked up slightly in July, with 73,000 new jobs added, though this fell short of expectations and was 45,000 fewer than July 2024.

The U.S. inflation rate held at 2.7% year-over-year in July, unchanged from June. Core inflation (all items less food and energy) rose 3.1%, the steepest increase among major categories, driven largely by services less energy services (+3.6% for the fourth consecutive month). Within this group, medical care services increased 4.3% and shelter costs rose 3.7%. Food prices climbed 2.9%, led by food away from home (+3.9%).

Inflation in the South measured 2.3% year-over-year in July, matching June's revised figure. Core inflation for the region rose to 2.8% (up from 2.6% in June). Shelter costs increased 3.4%, slightly below both June's pace (3.5%) and the national level (3.7%). Within shelter, owner's equivalent rent was up 3.8% (steady from last month), while rent of primary residence grew 2.5%, down from 2.7%. Food prices rose 2.8%, again led by food away from home (+3.9%). Used car prices in the South rose 4.4%, compared to a 4.8% national increase.

The average 30-year mortgage rate reached 6.75% in mid-July before easing to 6.72% by month's end. Rates declined further after the jobs report revisions, falling 14 basis points in the two weeks following and reaching 6.58% by August 14.

At its July 2025 meeting, the Federal Reserve kept its federal funds rate target steady at 4.25–4.50%, unchanged since December 2024. The Federal Open Market Committee (FOMC) noted that economic growth moderated in the first half of the year, the labor market remains solid, and inflation is still somewhat elevated. However, members emphasized that uncertainty in the economic outlook has increased since June. Markets now widely expect the Fed to cut rates by 25 basis points in September, with the CME FedWatch Tool placing the probability of a cut at 85.1% as of mid-August.

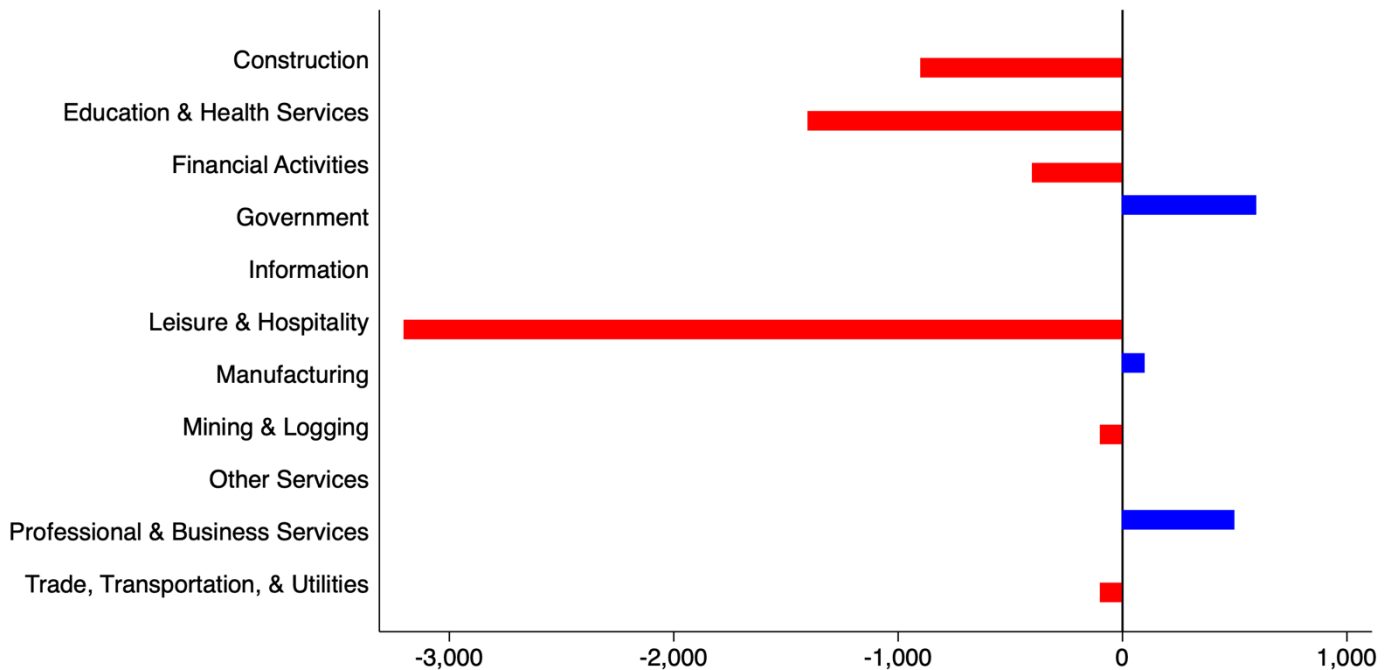
JOBS

The Bureau of Labor Statistics' July update brought sharp downward revisions to recent employment figures. June job gains, originally reported at 147,000, were revised down to just 14,000, while May's total was reduced from 144,000 to 19,000. Preliminary estimates for July show the nation added 73,000 jobs, well below the consensus forecast of 100,000.

Alabama's employment picture also shifted with the revisions. May job gains were lowered from 400 to 200, and preliminary reporting indicates the state lost 4,900 jobs in June 2025. This brings total employment in Alabama to 2,210,700.

By sector, government led job growth in the state with 600 new positions since May, followed by professional and business services with 500 and manufacturing with 100. Losses were concentrated in leisure and hospitality, which shed 3,200 jobs, while education and health services declined by 1,400 and construction by 900.

Alabama Jobs Changes from May to June 2025



EMPLOYMENT

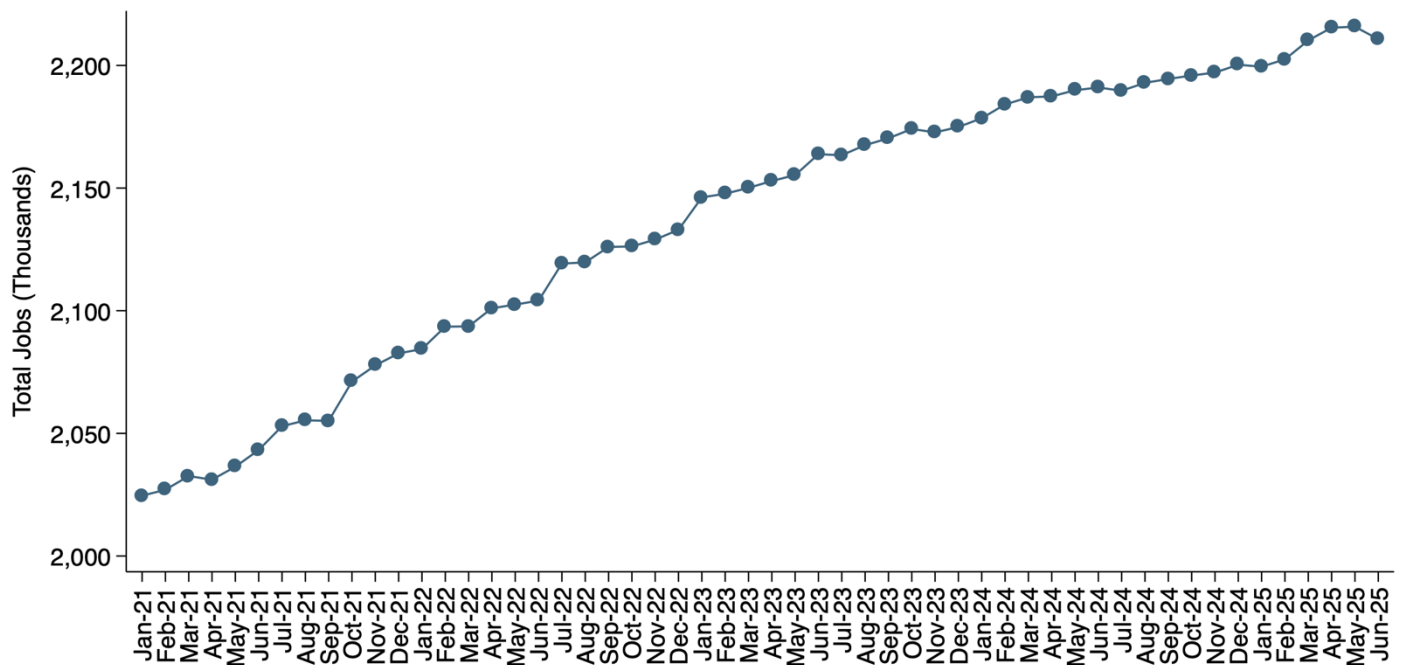
The preliminary unemployment rate in Alabama was 3.2% in June 2025, marking the first decline after nine consecutive months at 3.3%. This is the lowest rate for the state since August 2024, when unemployment stood at 3.1%.

Nationally, the unemployment rate fell to 4.1% in June before climbing back to 4.2% in July, according to initial Bureau of Labor Statistics reporting. This matches the May rate and represents the highest national unemployment level so far in 2025. Alabama's unemployment rate in June remained 0.9 percentage points below the national average, the fourth straight month with the same gap.

With the labor market showing weakness after the recent downward revisions to job growth and inflation rising more slowly than expected, markets now anticipate at least two Federal Reserve rate cuts before the end of 2025, with the first expected to follow the Fed's September meeting.

Alabama's labor force participation rate held steady at 58.0% in June for the third consecutive month. This remains the highest level in at least a decade. By comparison, the national participation rate declined to 62.3% in June and slipped further to 62.2% in July, matching its lowest point since November 2022.

Alabama Total Jobs (Thousands)

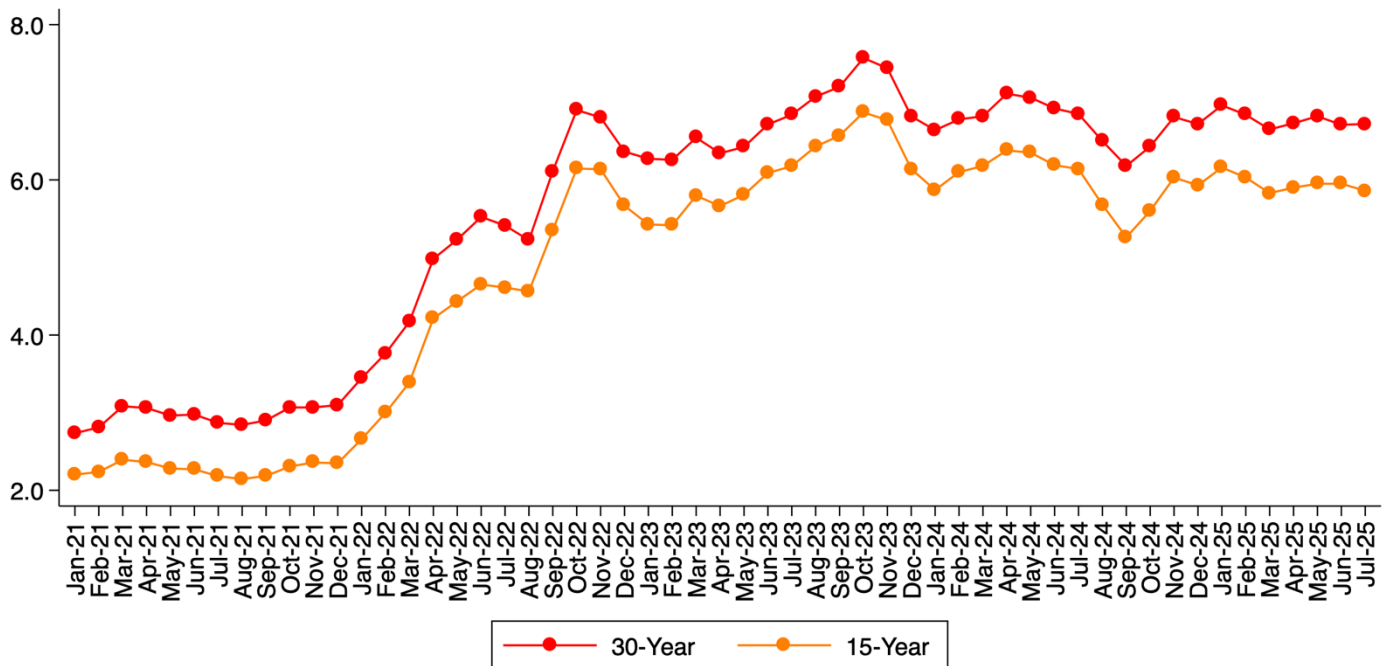


MORTGAGE RATES

The average 30-year fixed-rate mortgage rose steadily during the first half of July, climbing eight basis points from 6.67% on July 1 to 6.75% by July 17. Rates then edged down slightly, falling three basis points by the end of the month, before declining more sharply in early August. By August 14, the average rate had dropped 14 basis points to 6.58%.

Despite the recent decline, rates remain above last year's levels. For the four weeks from July 24 through August 14, the average 30-year fixed-rate mortgage was higher than the corresponding weeks in 2024. As of this writing, the current four-week average is five basis points above the 6.62% recorded during the same period last August.

U.S. Fixed-Rate Mortgage Averages

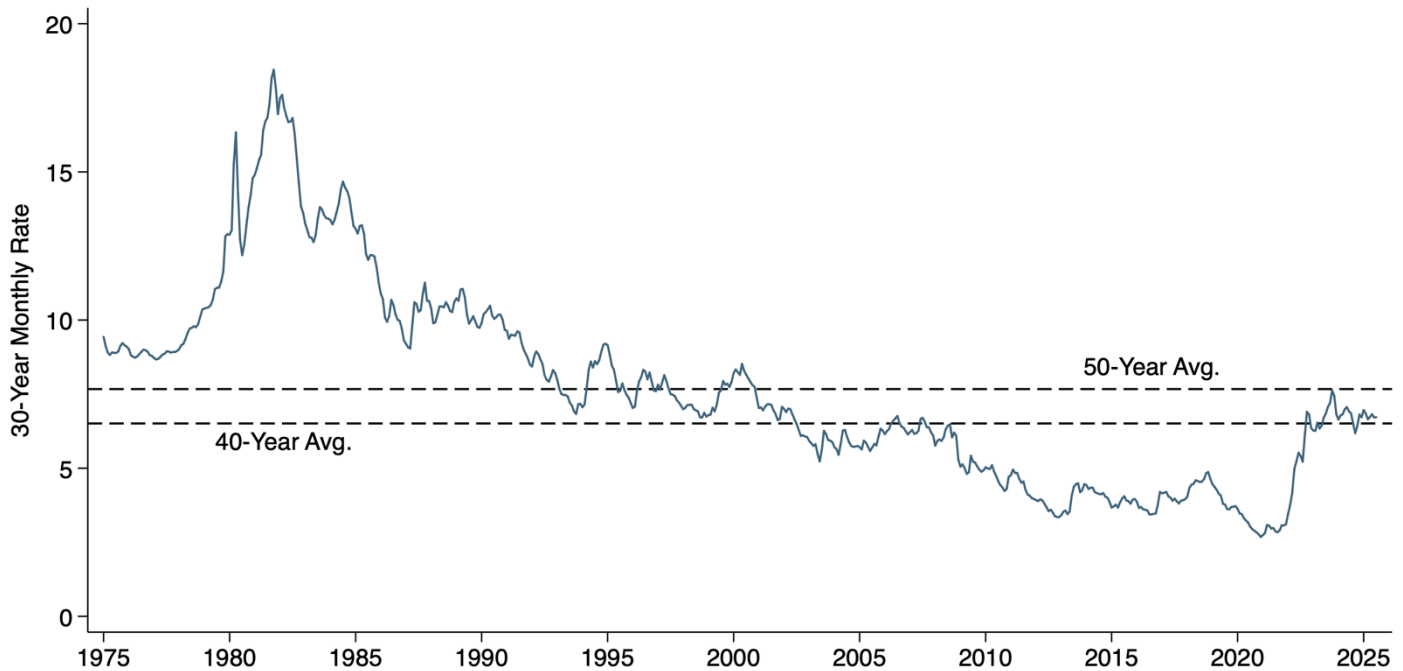


MORTGAGE RATES OVER THE DECADES

The average 30-year fixed-rate mortgage reached a peak of 18.63% on October 9, 1981, and a 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%.

In comparison, rates over the last two years have generally remained within these long-term averages. The July 2025 average of 6.72% falls squarely within this historical range, reflecting a return to more typical levels after the extraordinary lows of the early 2020s.

U.S. Fixed-Rate Mortgage Averages



HOUSING MARKET INDICES

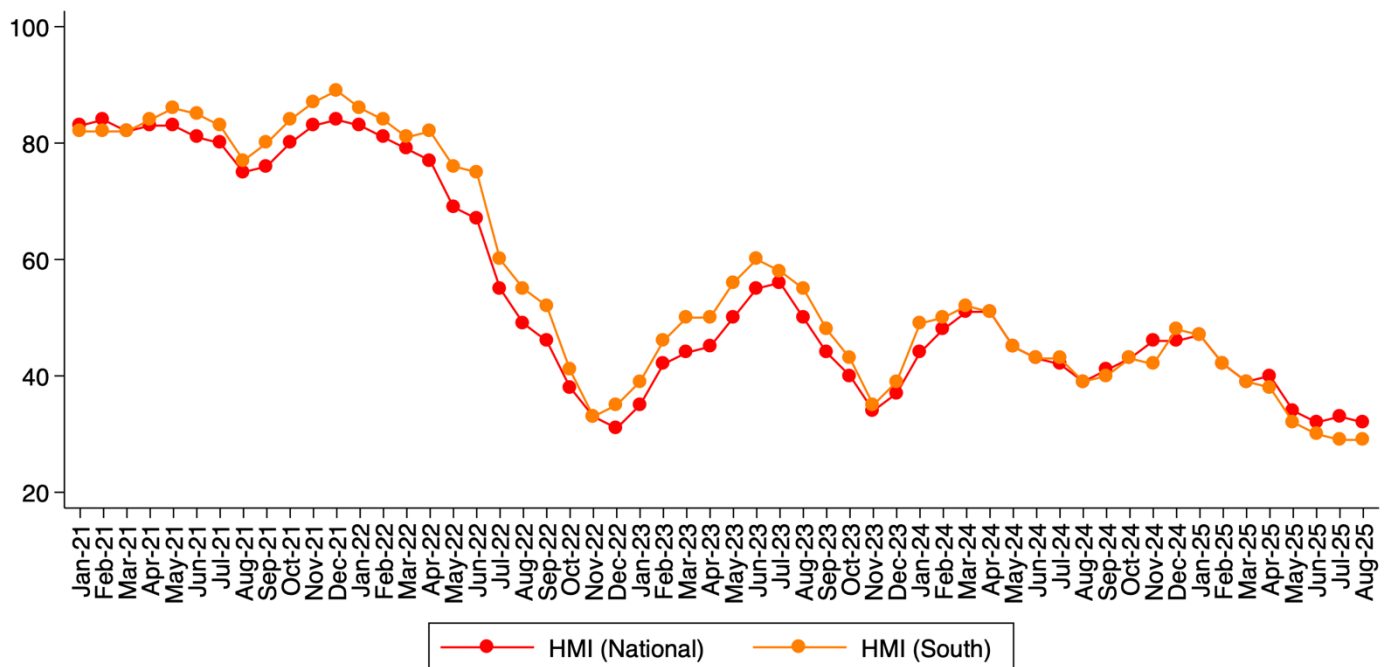
The National Association of Home Builders/Wells Fargo Housing Market Index (HMI) increased by one point from June to July, rising from a value of 32 to 33 (a value above 50 indicates more home builders view conditions favorably). The June value of 32 marked the lowest reading since the 31 recorded in December 2022. Additionally, July was the fifteenth consecutive month with the HMI below 50.

The preliminary HMI for August 2025 shows a decline of one point to 32, returning to June's low. This extends the streak of values below 50 to a sixteenth consecutive month and places the index seven points lower than the August 2024 level of 39.

Among the three components of the HMI, only "Traffic of Prospective Buyers" increased in August, rising from 20 to 21. "Single Family Sales: Next Six Months" held steady at 43, while "Single Family Sales: Present" declined from 36 to 35, matching its lowest value of 2025. This marks the seventh straight month that all three components have remained below 50.

Regionally, the South HMI fell by one point to 29 from June to July, before holding steady at 29 in August. This remains the lowest level for the South HMI in almost thirteen years, dating back to June 2012. The West HMI continues to hold the lowest regional value for the tenth consecutive month, even after increasing by one point from 25 to 26 between July and August. The Midwest HMI remained unchanged at 43, while the Northeast HMI was the only region to record a decline, dropping nine points to 39 from July to August. August also marked the sixth consecutive month with all four regional HMI values below 50.

NAHB/Wells Fargo HMI Indices



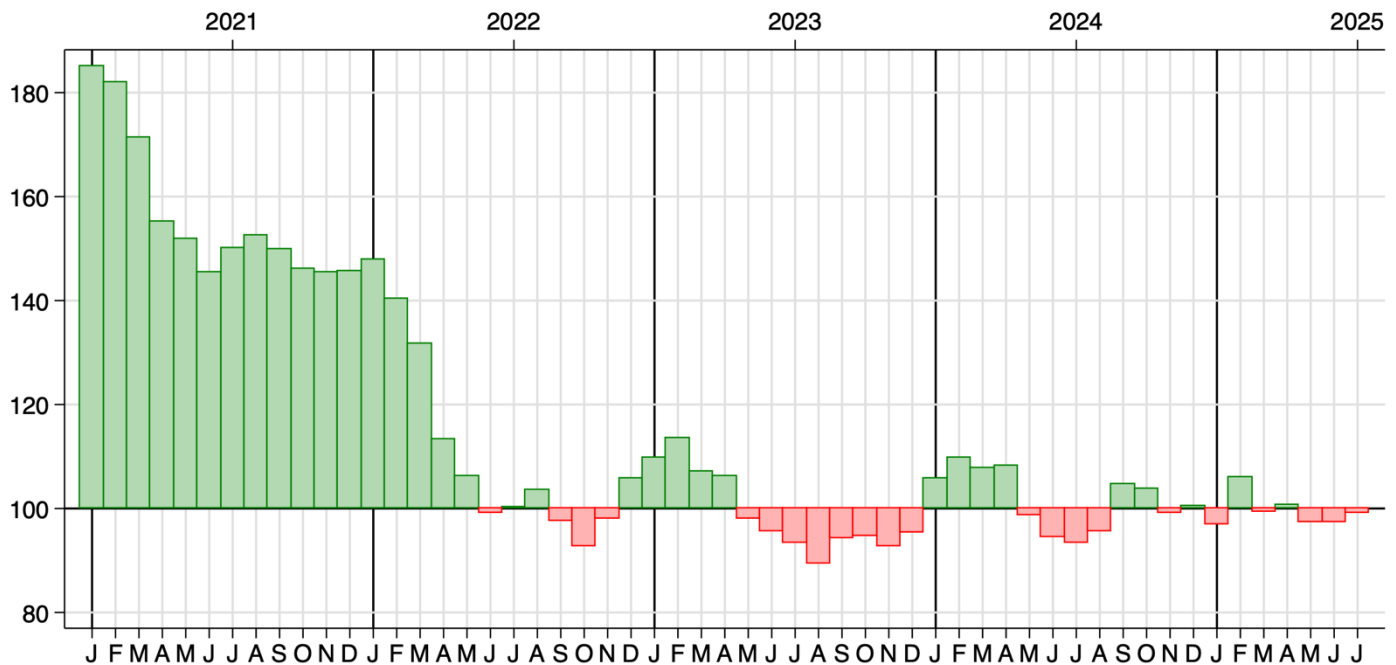
HOUSING AFFORDABILITY

Home affordability depends on three main factors: the median income of consumers, the average sale price of a home, and, because most buyers rely on financing, the prevailing mortgage rate. The Housing Affordability Index (HAI) measures the ratio of the typical consumer's income to the income required to purchase the median-priced home in their area. A score of 100 indicates that the typical buyer has exactly the income needed to qualify for such a purchase. Scores below 100 reflect a market where affordability is strained for the average consumer (shown in red below), while scores above 100 signal a more favorable market where homes are relatively easier to afford (shown in green below).

In Alabama, housing has historically been affordable. However, affordability began a sustained decline in early 2021, coinciding with the sharp rise in inflation across the U.S. economy. By mid-2022, the decline leveled off, and the index has hovered around 100 ever since. This suggests that while buying a home has become more difficult compared to earlier periods, the median buyer and existing homeowners have remained in relatively strong positions to compete for the typical home on the market.

In July 2025, Alabama's HAI was little changed but edged slightly higher to an estimated 99.2. This modest improvement reflected stable mortgage rates combined with a slight decrease in median home prices. While affordability is holding steady overall, concerns remain particularly acute for first-time buyers, who face higher barriers to entry due to larger down payment requirements at today's median prices and the absence of equity from an existing home.

Affordability Index of Homes in Alabama



HOUSING MARKET OVERVIEW

SALES

The number of sales transactions that closed during the month

Home sales activity decreased in July 2025 relative to July 2024. Additionally, the 6,146 sales represent an 8.6% month-over-month decrease in sales. This marks the first monthly decline in sales since April.

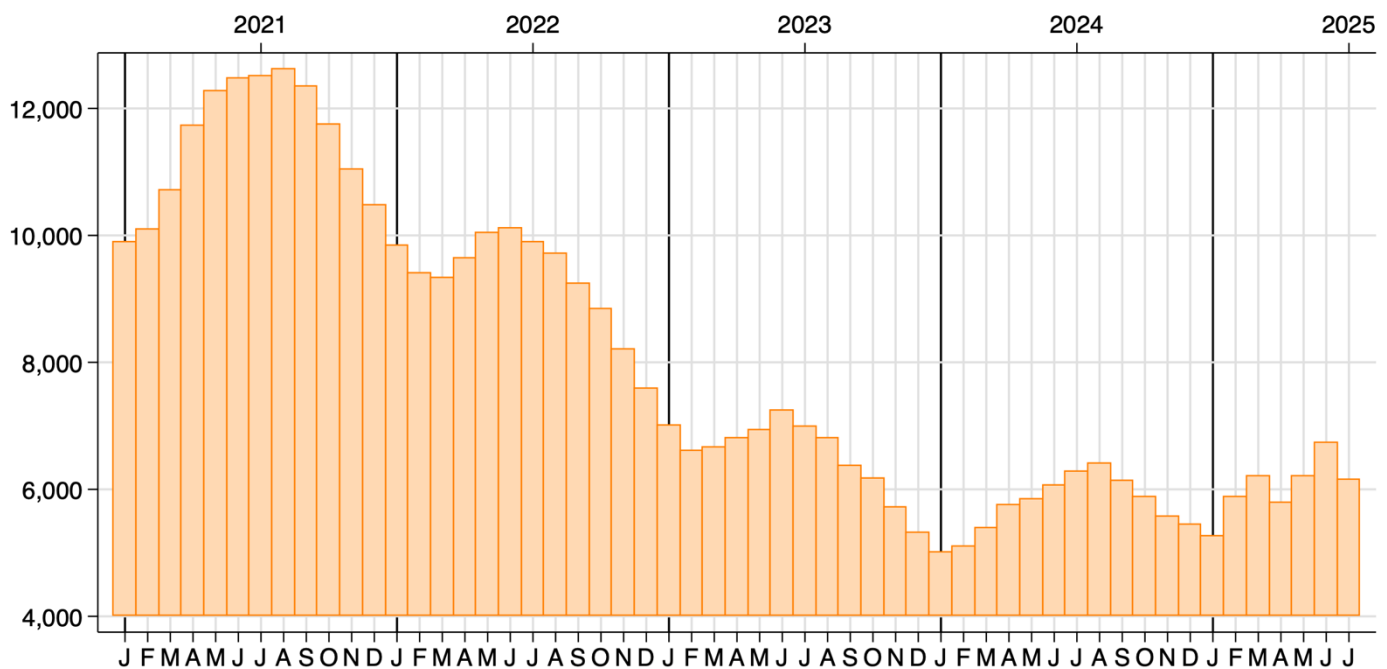
AAR's Forecast

AAR projects that state total home sales will decrease between July and August 2025 by approximately 6.6% to 5,738.

Alabama Monthly Home Sales Figures

Month	Sales	Percent Change Year-over-Year
Year-to-Date	42,234	7.1%
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%
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%

Alabama Home Sales, Monthly Figures



MEDIAN SALES PRICE

The median sales price decreased by 1.9% year-over-year and by 2.0% month-over-month in July 2025.

AAR projects that the state median home sales price will decrease between July and August 2025 by approximately 0.4% to \$227,796.

Month	Median Sales Price (\$)	Percent Change Year-over-Year
Year-to-Date	225,467	5.9%
July 2025	228,759	-1.9%
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%

The chart displays monthly sales data from January 2021 to January 2025. The y-axis represents sales in US dollars, ranging from \$140,000 to \$240,000 in increments of \$20,000. The x-axis shows months from J to J. Vertical lines separate the years. Sales show a clear seasonal trend, peaking around mid-year (June/July) and dipping in early year (January/February). The 2025 data is shown as a projection.

Year	Month	Sales (\$)
2021	J	183,000
2021	F	184,000
2021	M	188,000
2021	A	208,000
2021	M	216,000
2021	J	225,000
2021	J	222,000
2021	A	219,000
2021	S	221,000
2021	O	221,000
2021	N	222,000
2021	D	221,000
2022	J	217,000
2022	F	219,000
2022	M	221,000
2022	A	231,000
2022	M	238,000
2022	J	246,000
2022	J	247,000
2022	A	245,000
2022	S	233,000
2022	O	223,000
2022	N	214,000
2022	D	208,000
2023	J	207,000
2023	F	201,000
2023	M	206,000
2023	A	213,000
2023	M	228,000
2023	J	226,000
2023	J	228,000
2023	A	233,000
2023	S	217,000
2023	O	206,000
2023	N	215,000
2023	D	224,000
2024	J	211,000
2024	F	200,000
2024	M	203,000
2024	A	199,000
2024	M	216,000
2024	J	229,000
2024	J	234,000
2024	A	236,000
2024	S	225,000
2024	O	220,000
2024	N	221,000
2024	D	220,000
2025	J	220,000
2025	F	211,000
2025	M	231,000
2025	A	225,000
2025	M	231,000
2025	J	234,000
2025	J	229,000

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 \$7,104 relative to last month. The average home sales price increased 2.6% compared to June 2025 and is 15.2% higher compared to July 2024.

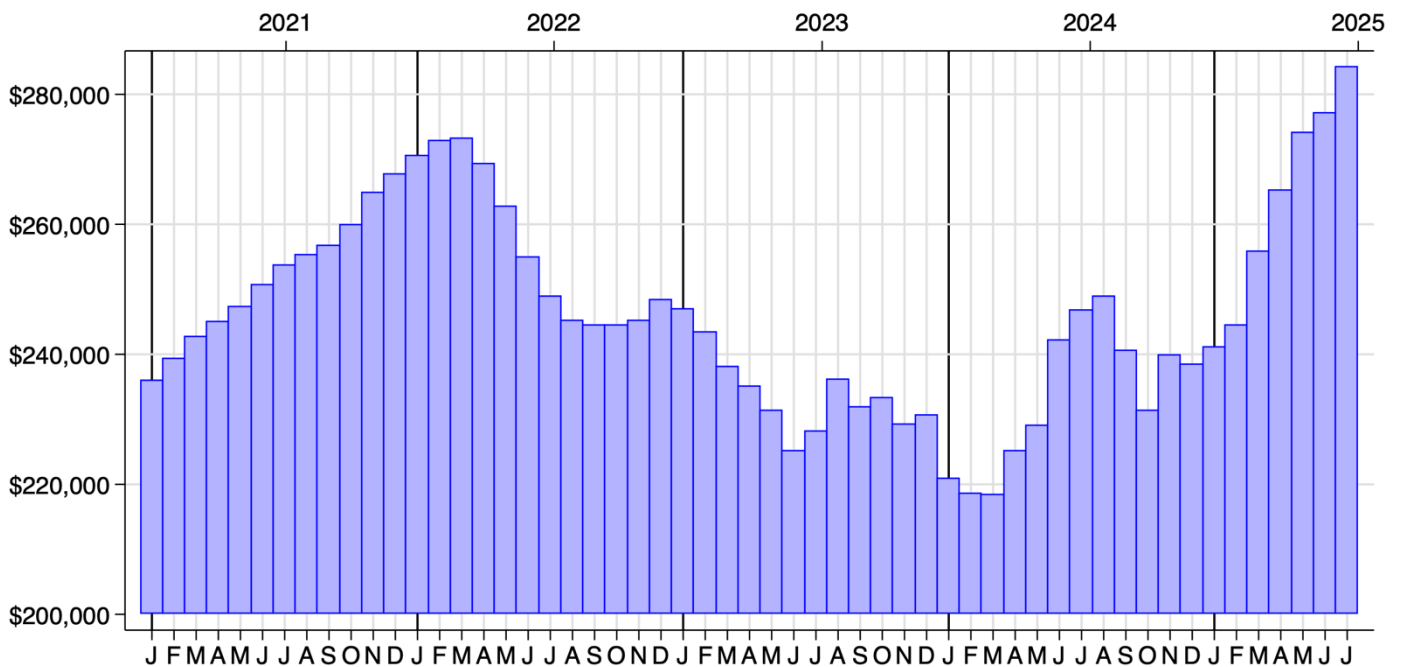
AAR's Forecast

AAR projects that the state average home sales price will increase between July and August 2025 by approximately 1.6% to \$288,859.

Alabama Average Sales Prices

Month	Average Sales Price (\$)	Percent Change Year-over-Year
Year-to-Date	263,135	15.1%
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%
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%

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 July 2025 was \$1.75 billion, which is up \$0.20 billion from July 2024. This figure represents a 12.9% increase year-over-year. However, the July sales dollar volume is 5.9% lower than last month.

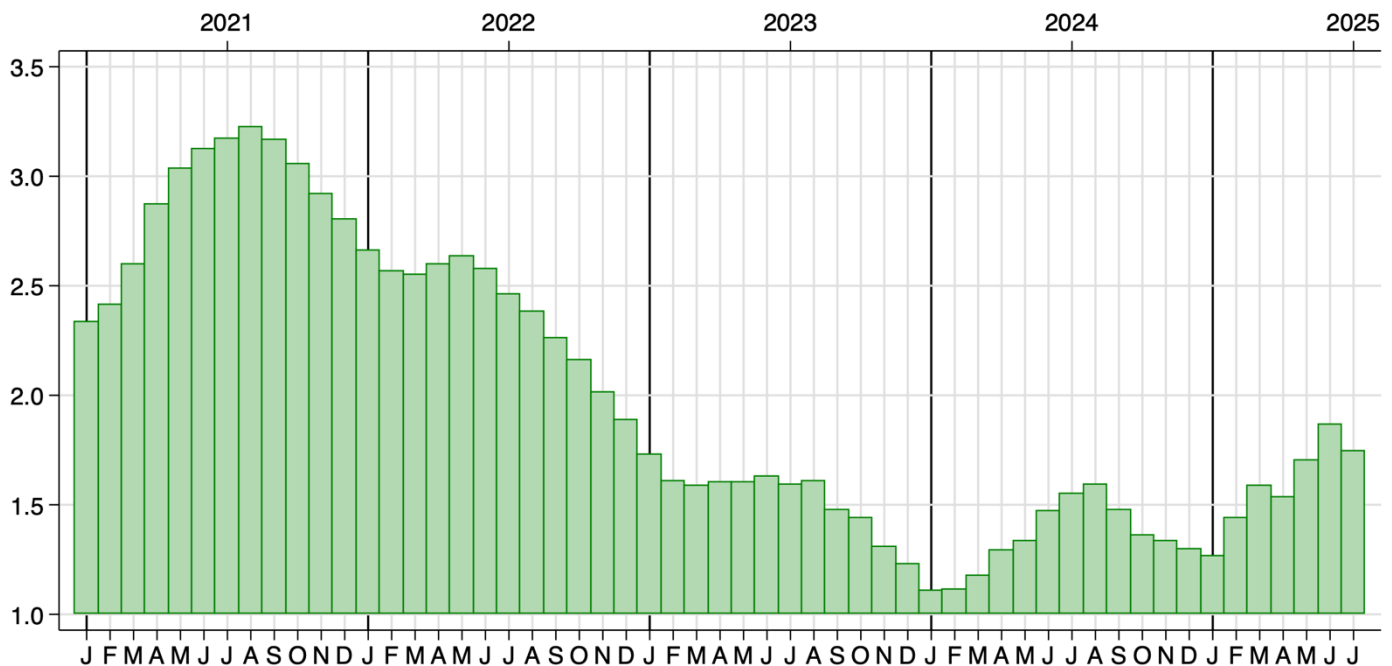
AAR's Forecast

AAR projects that state sales volume will decrease between July and August 2025 by approximately 5.1% to \$1.66 billion.

Alabama Sales Volume (in Billions)

Month	Sales Volume (\$)	Percent Change Year-over-Year
Year-to-Date	11.15	23.3%
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%
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%

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 3 days longer in July relative to June 2025. Homes sold in July 2025 were on the market for 66 days on average. This figure is also 9 days longer than the 57 days one year ago.

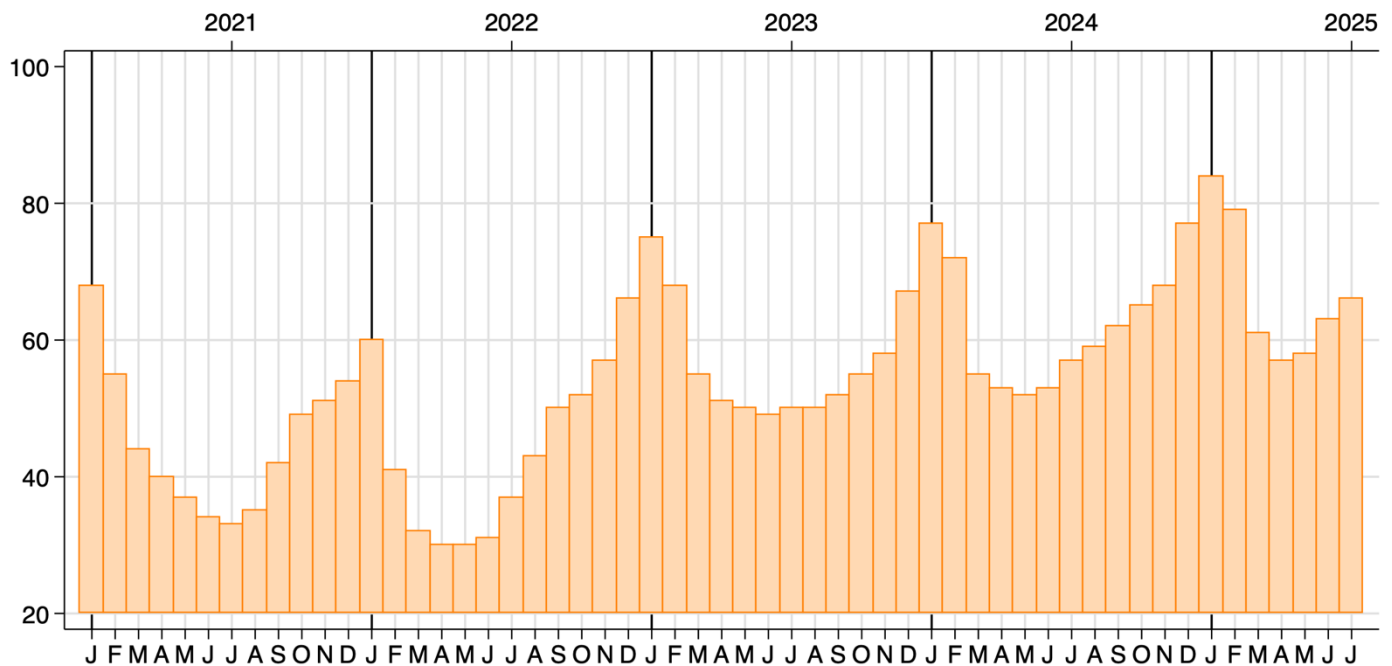
Alabama Residential Days on Market

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

AAR's Forecast

Based upon current economic trends, AAR projects that state residential days on market will increase between July and August 2025 by approximately 3.0% to 68.

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 increased in July 2025 relative to June 2025, as there were 4.7 months of supply. This figure is greater than that of one year ago (3.8 months).

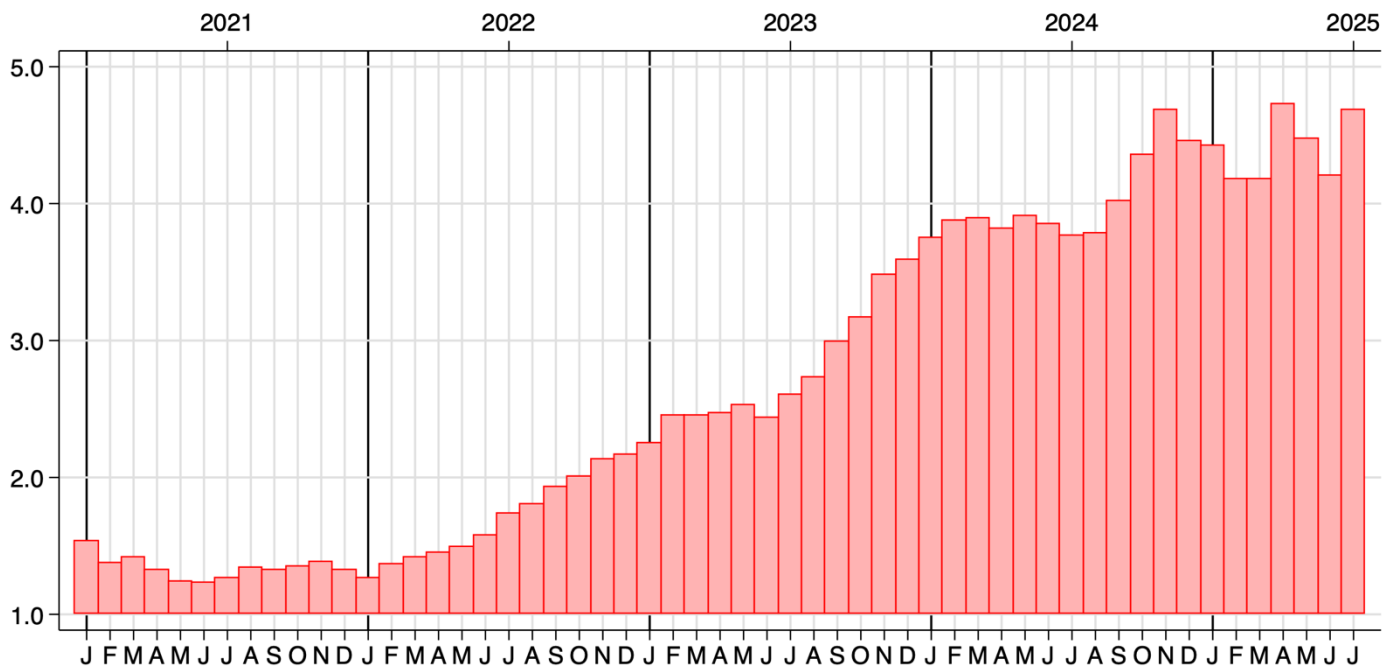
Alabama Months of Supply

Month	Months of Supply	Percent Change Year-over-Year
Year-to-Date	4.4	15.8%
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%
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%

AAR's Forecast

AAR projects that state housing supply will increase between July and August 2025 by approximately 8.5% to 5.1 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 July 2025 (20,698) compared to one year ago (17,368). This figure represents a 19.2% annual increase and a 2.0% increase relative to last month. July 2025 listings were up by 400 relative to June 2025, marking the sixth consecutive monthly increase in the number of listings.

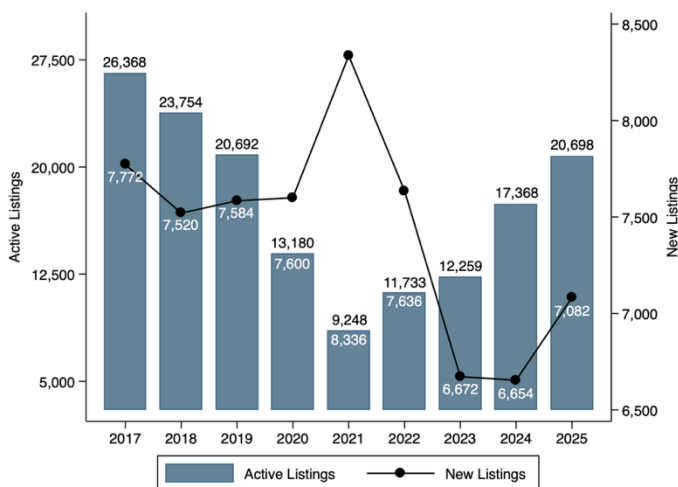
AAR's Forecast

Based upon current economic trends, AAR projects state residential active listings will increase between July and August 2025 by approximately 1.3% to 20,973.

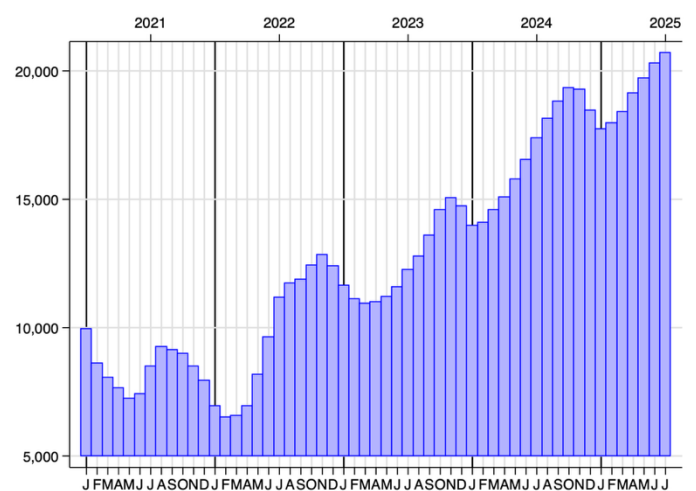
Alabama Active Residential Listings

Month	Active Listings	Percent Change Year-over-Year
Year-to-Date	19,136	24.7%
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%
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%

Alabama Active and New Residential Listings, July 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 102 more foreclosures in July 2025 (549) compared to one year ago (447), but remained unchanged from June 2025. These are the highest monthly values since April 2020.

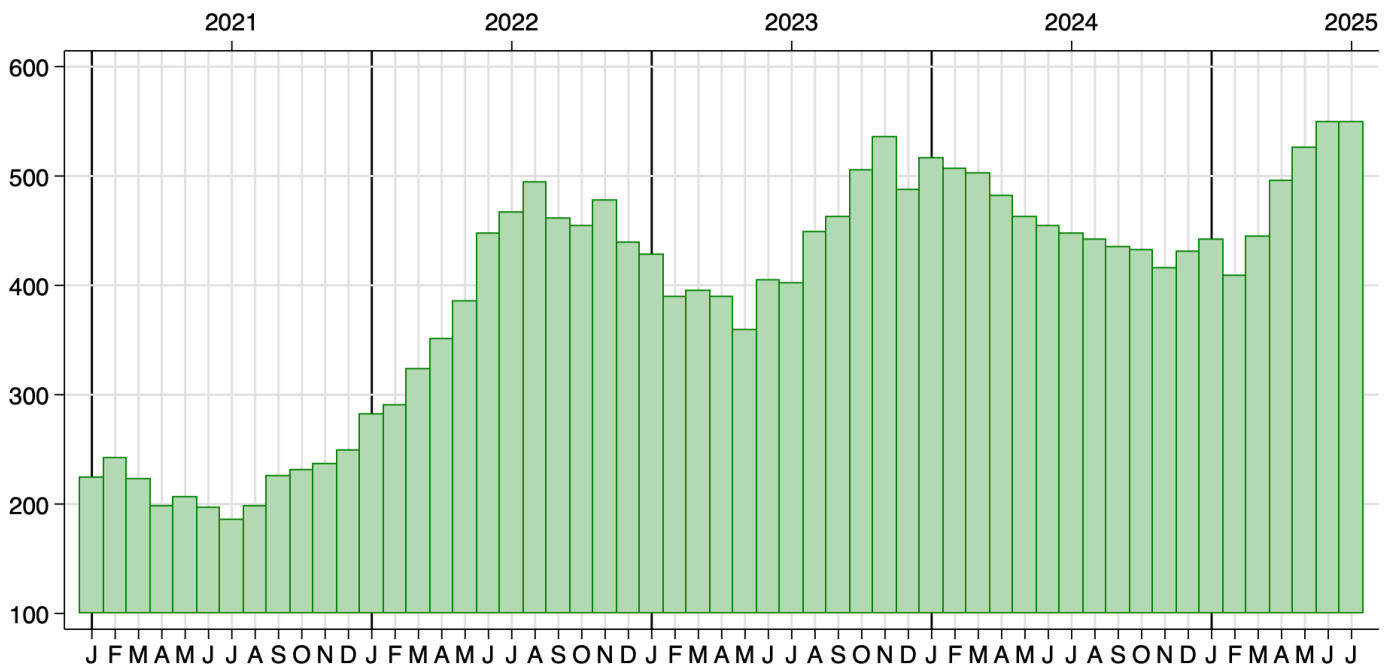
Alabama Residential Foreclosures

Month	Foreclosures	Percent Change Year-over-Year
Year-to-Date	3,415	1.3%
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%
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%

AAR's Forecast

AAR projects that state housing foreclosures will remain roughly unchanged between July and August 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, decreased by 112 units in June 2025 relative to May 2025. This represents a 7.8% decrease month-over-month and a decrease of 16.1% year-over-year.

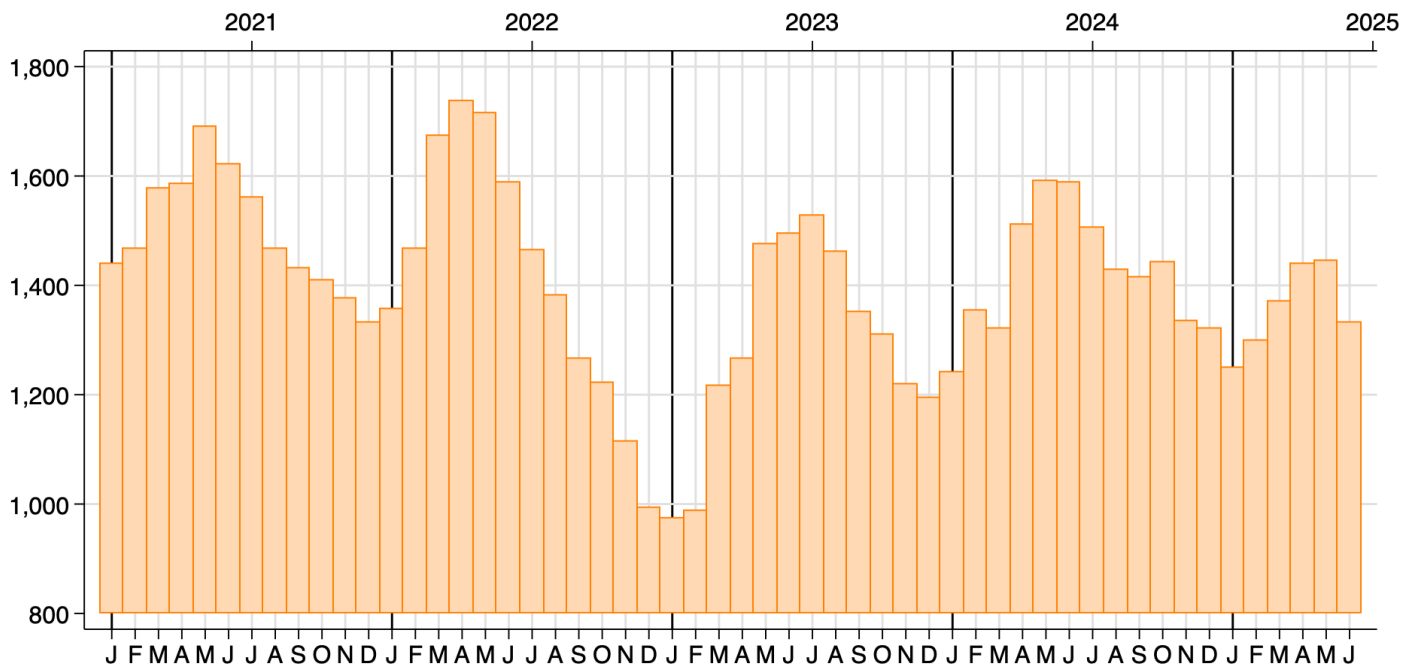
Alabama New Home Building Permits

Month	Permits	Percent Change Year-over-Year
Year-to-Date	8,134	-5.5%
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%
September 2024	1,414	4.7%
August 2024	1,427	-2.3%
July 2024	1,504	-1.6%
June 2024	1,588	6.2%

AAR's Forecast

Based upon current economic trends, AAR projects that state new home building permits will decrease between June and July 2025 by approximately 4.2% to 1,279.

Alabama New Home Building Permits, Monthly Figures



AAR's Forecast

There are signs of concern regarding the economy. The job market is showing weakness, sentiment is declining, and there are indications that inflation may pick up. However, potential homebuyers in Alabama are seeing increased supply and average mortgage rates are at their lowest level of 2025.

Factors to consider in the near term:

- Consumer sentiment fell in August for the first time in four months. The Index of Consumer Sentiment declined 5.0% from July and 13.7% year over year. The Index of Consumer Expectations dropped 10.4% from July and 0.7% from August 2024, while the measure of Current Economic Conditions fell 0.9% from July and 20.7% year over year.
- The Producer Price Index (PPI) rose 3.3% year-over-year in July, above market expectations and the highest level since February. Core PPI climbed 3.7% year-over-year, signaling potential increases in broader inflation in the coming months.
- Before the July PPI release on August 14, the CME FedWatch Tool showed a 92.6% probability of a Fed rate cut in September and 55.5% probability of a second cut in October (bringing the target to 3.75–4.00%). By August 19, these probabilities fell to 84.9% for September and 47.2% for October due to inflation concerns.
- Nationally, initial unemployment claims peaked in mid-June, with the four-week moving average declining 9.8% by August 9. In Alabama, claims peaked in mid-July at 2,534 and have since fallen 16.1% to 2,118.
- The 10-year Treasury yield declined following the downward job revisions. The average 30-year fixed mortgage rate fell to 6.58% as of August 14, its lowest level since late October 2024.
- Alabama building permits for new homes declined 16.1% year-over-year in June, marking the first monthly drop in 2025. Through the first six months of the year, permits are down 6.1% compared to 2024, indicating a slowdown in new home construction.
- Home sales in Alabama are expected to decline in August as the school year begins, following seasonal trends. Inventory may become more limited later in the year, and first-time buyers may face affordability challenges. However, market conditions are increasingly favorable for buyers, with mortgage rates at a 10-month low, rising supply, new highs in listings, and a slight decline in the median sale price.

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.

