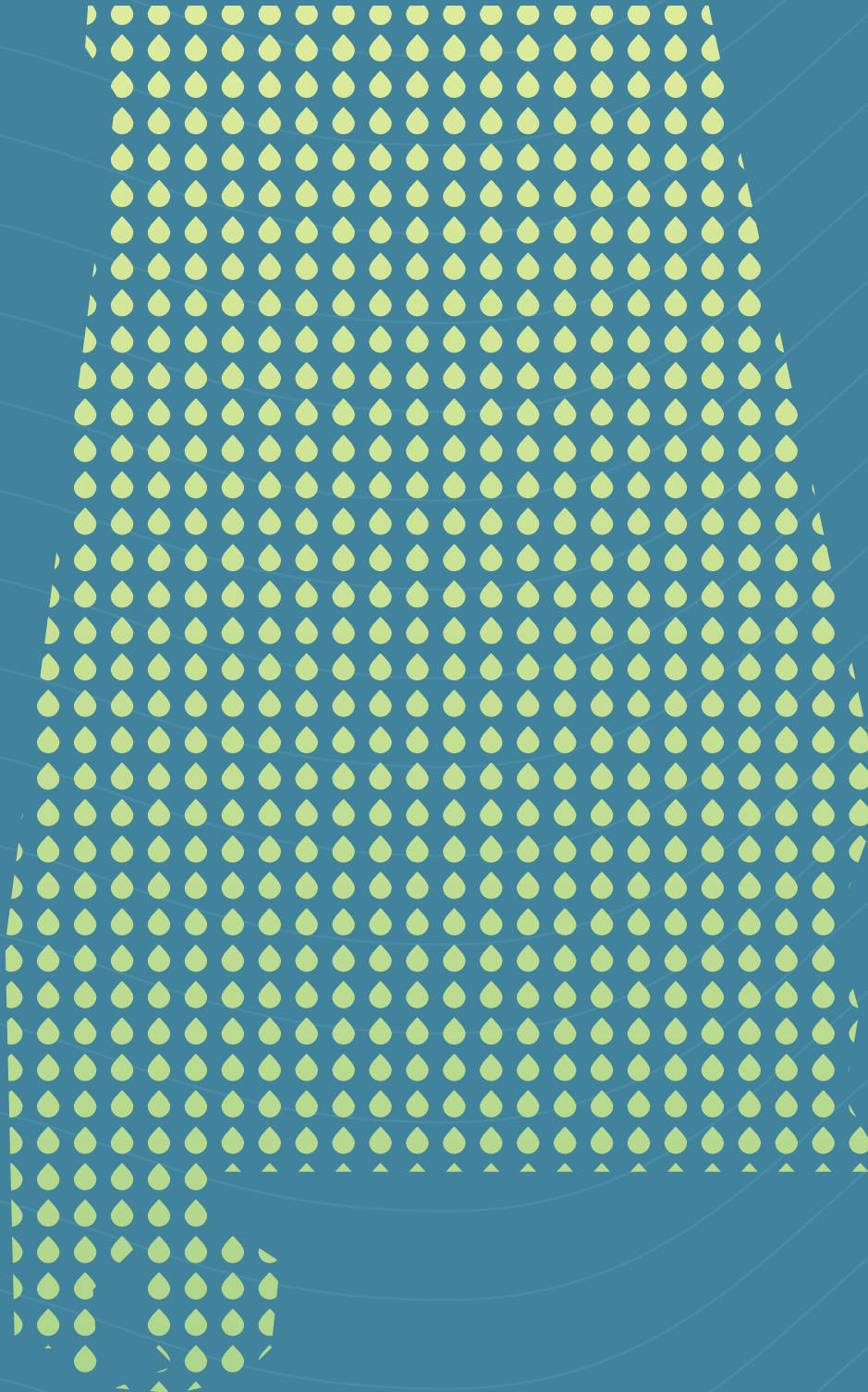


# Alabama Economic & Real Estate Report

August 2025



# ALABAMA MONTHLY HOME SALES REPORT

## AUGUST 2025

### KEY TAKEAWAYS

- Alabama had **6,041 home sales** in August, a 1.7% decrease from last month and a 5.6% decrease from last year.
- The median sales price was **\$222,811**, down 2.6% from July and \$12,764 lower than a year ago. This is an annual decrease of 5.4%.
- The sold volume was **\$1.69 billion** in August, a 3.4% decrease from July but an increase of \$0.10 billion from last August. This marks a 6.3% annual increase.
- The **20,803 active listings** at the end of August mark an increase of 14.7% compared to 18,136 one year ago.
- The **563 foreclosures** in August represent a 2.6% month-over-month increase and a 27.7% year-over-year increase.

### ALABAMA HOUSING MARKET SUMMARY, AUGUST 2025

	Aug-24	Aug-25	Change	% Change	YTD '24	YTD '25	Change	% Change
Sales	6,399	6,041	-358	-5.6%	45,822	48,275	2,453	5.4%
Median Sales Price (\$)	235,575	222,811	-12,764	-5.4%	215,757	225,135	9,378	4.3%
Average Sales Price (\$)	248,921	279,733	30,812	12.4%	231,195	265,210	34,015	14.7%
Sales Volume (\$ billions)	1.59	1.69	0.10	6.3%	10.64	12.84	2.20	20.7%
Average Days on Market	59	67	8	13.6%	60	67	7	11.7%
Active Listings	18,136	20,803	2,667	14.7%	15,693	19,345	3,652	23.3%
Months of Supply	3.8	4.8	1.0	26.3%	3.8	4.5	0.7	18.4%
Foreclosures	441	563	122	27.7%	3,811	3,978	167	4.4%



## ECONOMIC OVERVIEW

The latest Bureau of Labor Statistics release showed further downward revisions to national job creation. June's employment gains were cut by 27,000, resulting in a net loss of 13,000 jobs rather than the previously reported gain of 14,000. July's gains were revised upward by 6,000 to 79,000 jobs. Initial data for August indicate a considerable slowdown in job growth, with only 22,000 new jobs added—56,000 fewer than in August 2024 and below consensus expectations.

U.S. inflation rose to 2.9% year-over-year in August after holding at 2.7% for two consecutive months. Inflation has been trending upward since April's 2.3%. Food prices led the August increase, rising 3.2% overall, driven by a 3.9% jump in "food away from home" for the second straight month. Core inflation, which is all items excluding food and energy, rose 3.1% year-over-year. This was led by "services less energy services," which increased 3.6% for the fifth consecutive month. Within services, medical care rose 4.2% and shelter costs increased 3.6%.

Inflation in the South rose to 2.6% year-over-year in August, up from 2.3% in July. As with the national trend, food prices drove the increase, up 3.1% overall, with "food away from home" climbing 4.1% (up from 3.9% in July). Core inflation in the region held steady at 2.8%. Shelter costs increased 3.6%, matching the national rate and up from 3.4% the prior month. Owner's equivalent rent rose 4.0% (versus 3.8% in July) and rent of primary residence increased 2.7% (up from 2.5%). Used car prices in the South rose 5.8% year-over-year, compared to 6.0% nationally.

The average 30-year mortgage rate fell to 6.58% by mid-August and edged down to 6.56% later in the month. Rates declined further after the downward revisions to national job gains and in anticipation of a Federal Reserve rate cut, dropping 30 basis points over three weeks to 6.26% by September 18.

As expected, the Federal Reserve lowered its federal funds rate target by 25 basis points at its September 2025 meeting to 4.00–4.25%, marking its first cut since December 2024. The Federal Open Market Committee (FOMC) cited moderating economic activity, slower job growth, a slightly higher unemployment rate, and still-elevated inflation. It also noted rising downside risks to employment and continued uncertainty about the economic outlook.

Markets anticipate two additional 25-basis-point cuts: one at the October meeting (which would bring the target to 3.75–4.00%) and another in December (to 3.50–3.75%). As of now, CME FedWatch Tool data show an 87.7% probability of a cut in October and a 79.9% probability of another in December.

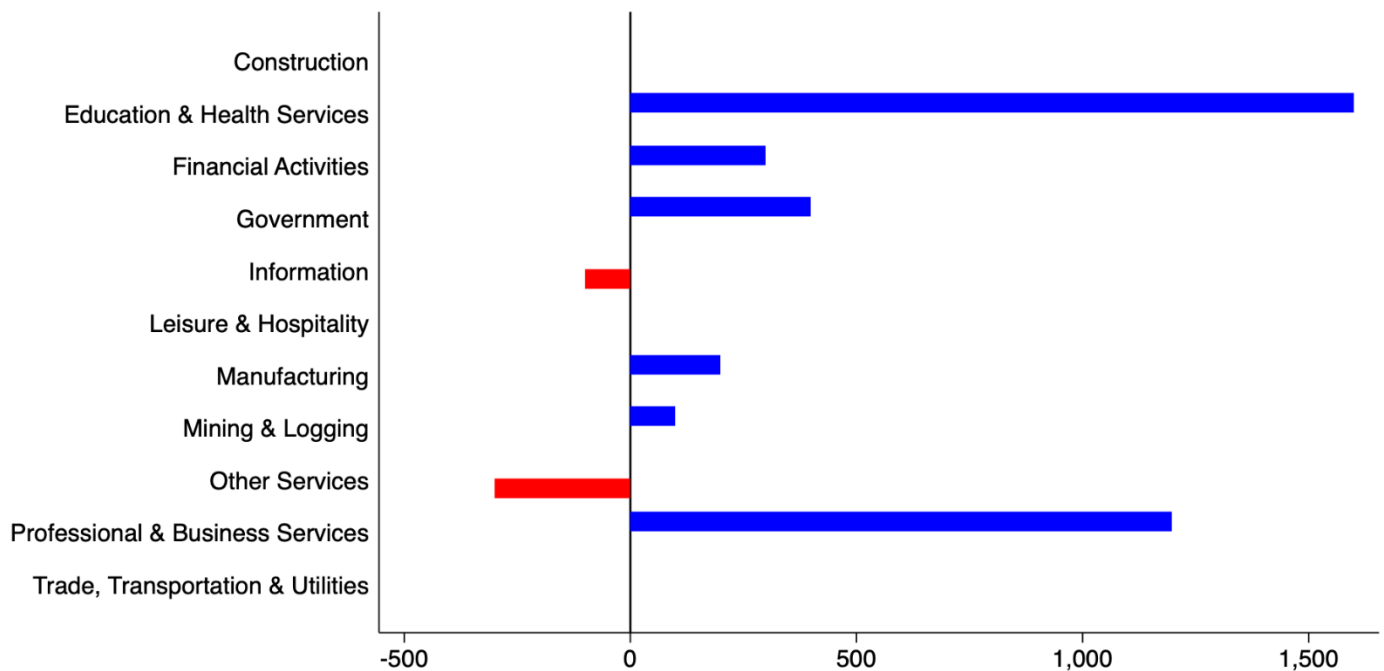
## JOBS

The Bureau of Labor Statistics' August update revised July's U.S. job gains upward from 73,000 to 79,000. However, June's figures were revised further downward, shifting from a gain of 14,000 jobs to a loss of 13,000. Preliminary data for August show the nation added only 22,000 jobs—well below the consensus estimate of 80,000.

While June's national job losses were revised upward, Alabama's job losses for the same month were revised downward slightly, from 5,100 to 4,500. Preliminary estimates also indicate the state added 3,400 jobs in July 2025, bringing total employment to 2,214,500.

In Alabama, Education & Health Services led all sectors with an increase of 1,600 jobs since June, followed by Professional & Business Services (+1,200) and Government (+400). Job losses were concentrated in Other Services (–300) and Information (–100).

Alabama Jobs Changes from June to July 2025



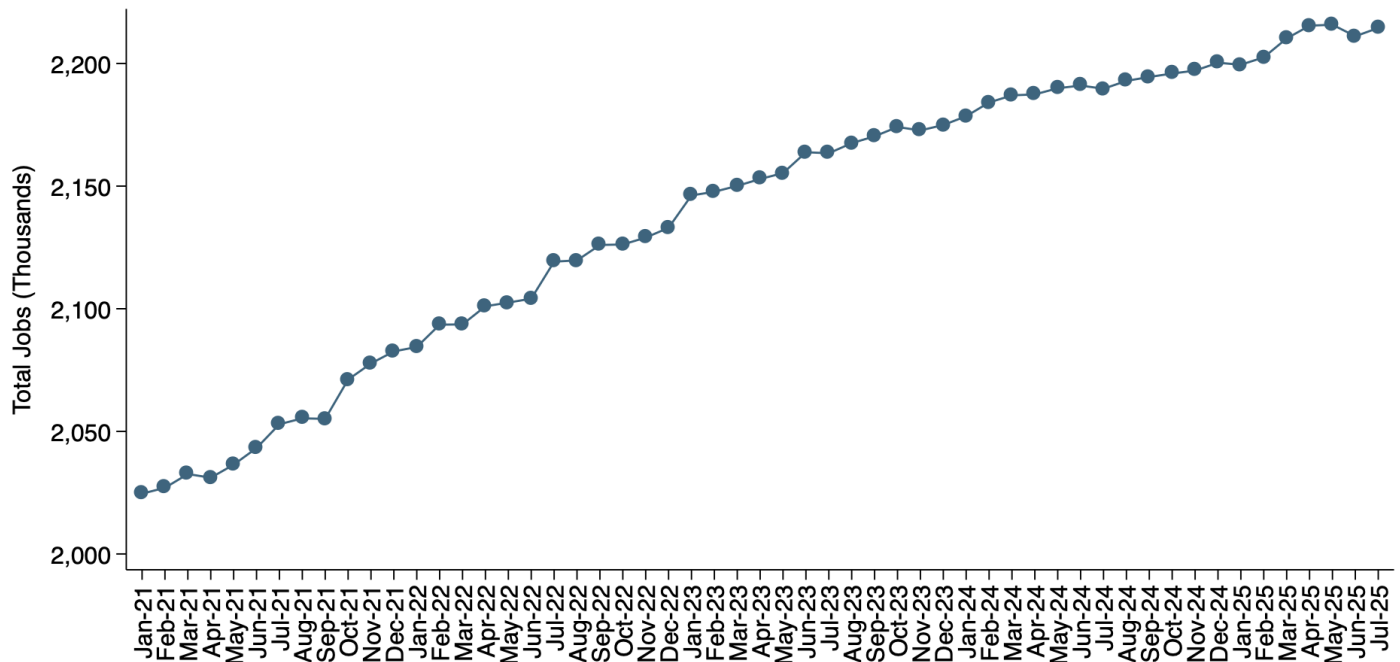
## EMPLOYMENT

Alabama's preliminary unemployment rate stood at 3.0% in July 2025, marking the second straight monthly decline after nine consecutive months at 3.3% (September 2024–May 2025). This is the state's lowest unemployment rate since July 2024, when it also registered 3.0%.

Nationally, the unemployment rate rose to 4.2% in July and, according to initial Bureau of Labor Statistics (BLS) data, climbed further to 4.3% in August—the second consecutive monthly increase and the highest level since October 2021. In July, Alabama's unemployment rate was 1.2 percentage points below the national rate, widening from a 0.9-point gap maintained over the previous four months. With the labor market showing continued weakness amid recent BLS revisions and higher national unemployment, markets now anticipate two additional Federal Reserve rate cuts before year-end.

Alabama's labor force participation rate slipped to 57.9% in July, following three months at 58.0%—the state's highest level in at least a decade. By comparison, the national participation rate fell to 62.2% in June, marking a third straight monthly decline, but preliminary data show it ticked up to 62.3% in August 2025.

Alabama Total Jobs (Thousands)

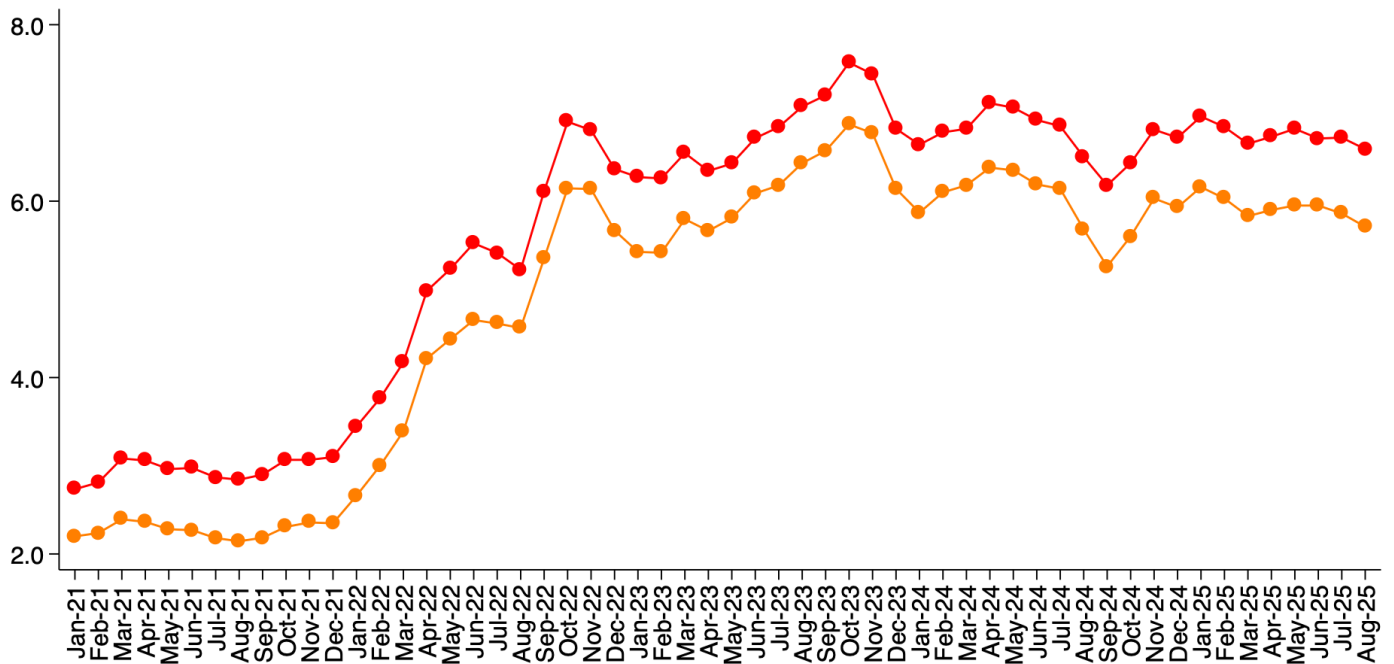


## MORTGAGE RATES

The average 30-year fixed mortgage rate declined steadily in late summer. It dropped 14 basis points in the first half of August—from 6.72% on August 1 to 6.58% by August 14—then held steady for about a week before slipping another two basis points by the end of the month. Rates fell more sharply in mid-September, dropping an additional 30 basis points to reach 6.26% on September 18.

Despite the recent decline, the average 30-year fixed mortgage rate for each of the last four weeks (August 28–September 18) remained higher than the corresponding weeks in 2024. As of this writing, the current four-week average is 17 basis points above the 6.25% recorded at this time last September.

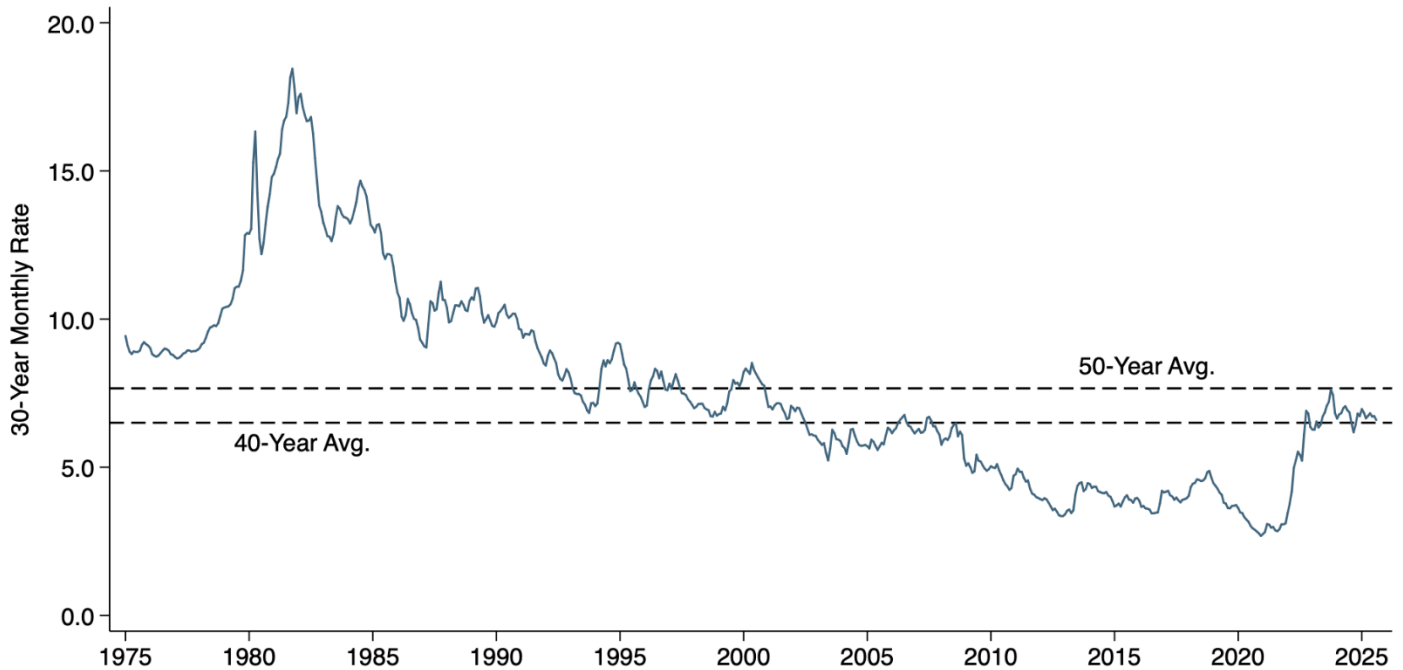
### U.S. Fixed-Rate Mortgage Averages



## MORTGAGE RATES OVER THE DECADES

The average 30-year fixed mortgage rate hit a record high of 18.63% on October 9, 1981, and a record 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%. Rates over the last two years have generally remained within these historical averages, including the August 2025 average of 6.59%.

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



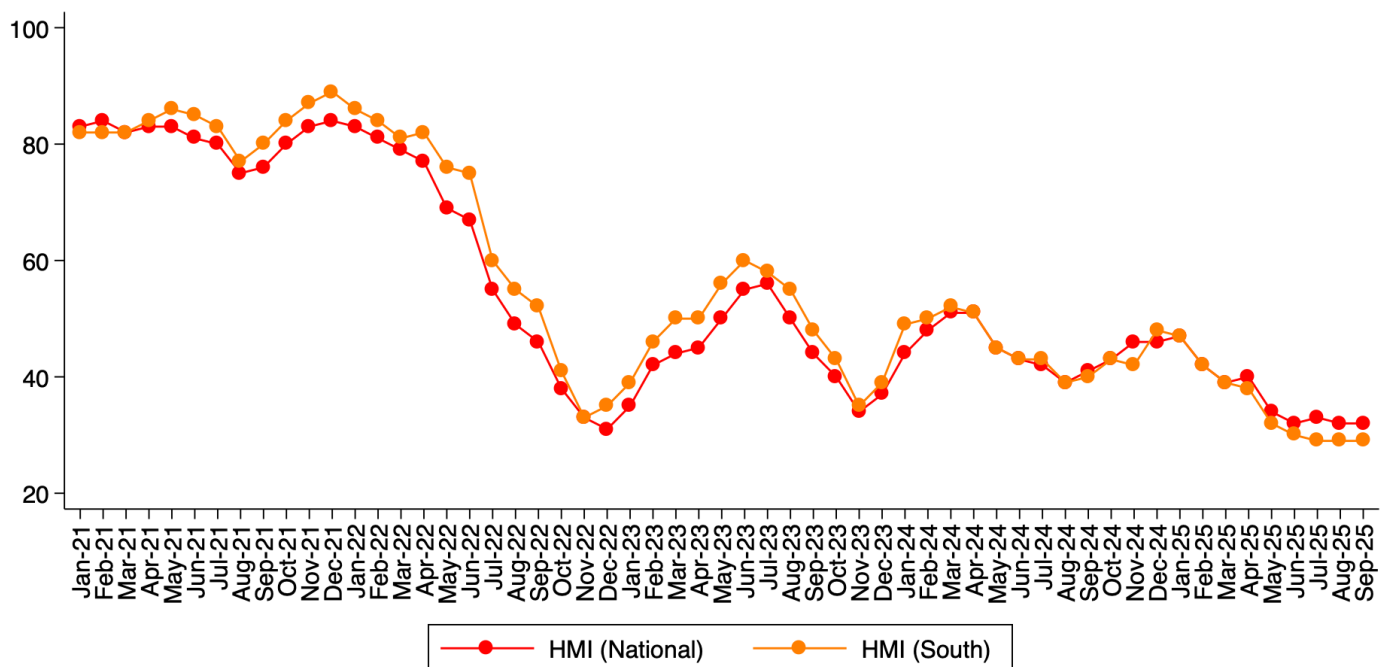
## HOUSING MARKET INDICES

The National Association of Home Builders/Wells Fargo Housing Market Index (HMI) decreased by one point from July to August, from a value of 33 to 32 (a value above 50 indicates more home builders view conditions favorably). The August value of 32 matches that of June, the lowest values since the 31 of December 2022. This is the sixteenth consecutive month with the HMI index below 50. Additionally, the preliminary HMI value for September 2025 is holding steady at 32. Not only does this continue the streak of index values below 50 to the seventeenth consecutive month, but it is nine points lower than the September 2024 value of 41.

While the index remained steady, only one of the three components of the HMI stayed constant in September relative to August. "Single Family Sales: Present" remained constant at a value of 34 following the downward revision of the August value to 34. "Single Family Sales: Next 6 Months" increased from 43 to 45. "Traffic of Prospective Buyers" was the only component to decline, decreasing from 22 to 21. This marks the eighth consecutive month that all three components have values below 50.

The South HMI remained constant at a value of 29 from July to August. Furthermore, the preliminary South HMI for September indicates the value holding steady at 29 for the third consecutive month. This remains the lowest value of the South HMI in almost thirteen years (since June 2012). The West HMI remains the lowest regional value for the eleventh consecutive month, experiencing a one-point decrease (from 26 to 25) from August to September. The Midwest HMI also decreased by one point to a value of 41. However, the Northeast HMI was the only region to experience an increase, rising by five points from August to September to a value of 44. September marks the seventh consecutive month that all four regional HMI values are below 50.

### NAHB/Wells Fargo HMI Indices





## HOUSING MARKET OVERVIEW

### SALES

The number of sales transactions that closed during the month

Home sales activity decreased in August 2025 relative to August 2024, marking the second consecutive month of year-over-year declines in sales. Furthermore, the 6,041 sales represent a 1.7% month-over-month decrease in sales.

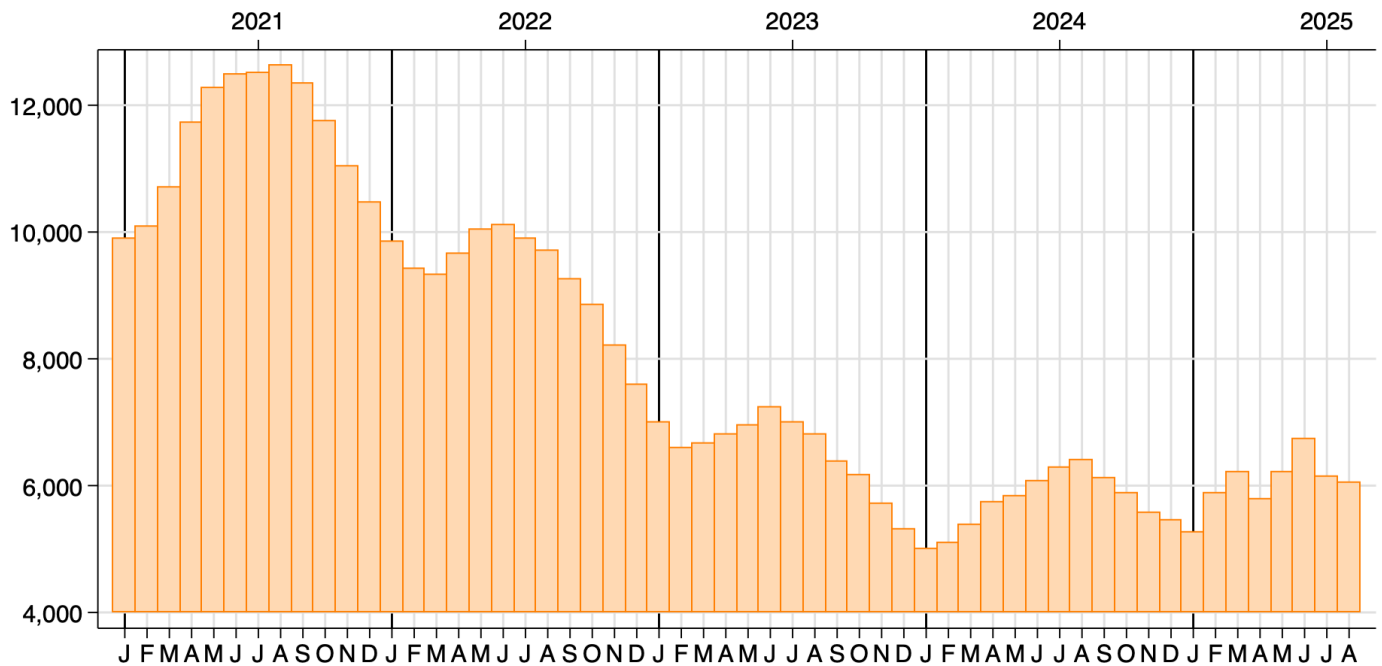
#### AAR's Forecast

AAR projects that state total home sales will decrease between August and September 2025 by approximately 1.4% to 5,954.

Alabama Monthly Home Sales Figures

Month	Sales	Percent Change Year-over-Year
Year-to-Date	48,275	5.4%
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%
November 2024	5,565	-2.5%
October 2024	5,870	-4.8%
September 2024	6,126	-3.9%
August 2024	6,399	-6.0%

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 5.4% year-over-year and by 2.6% month-over-month in August 2025.

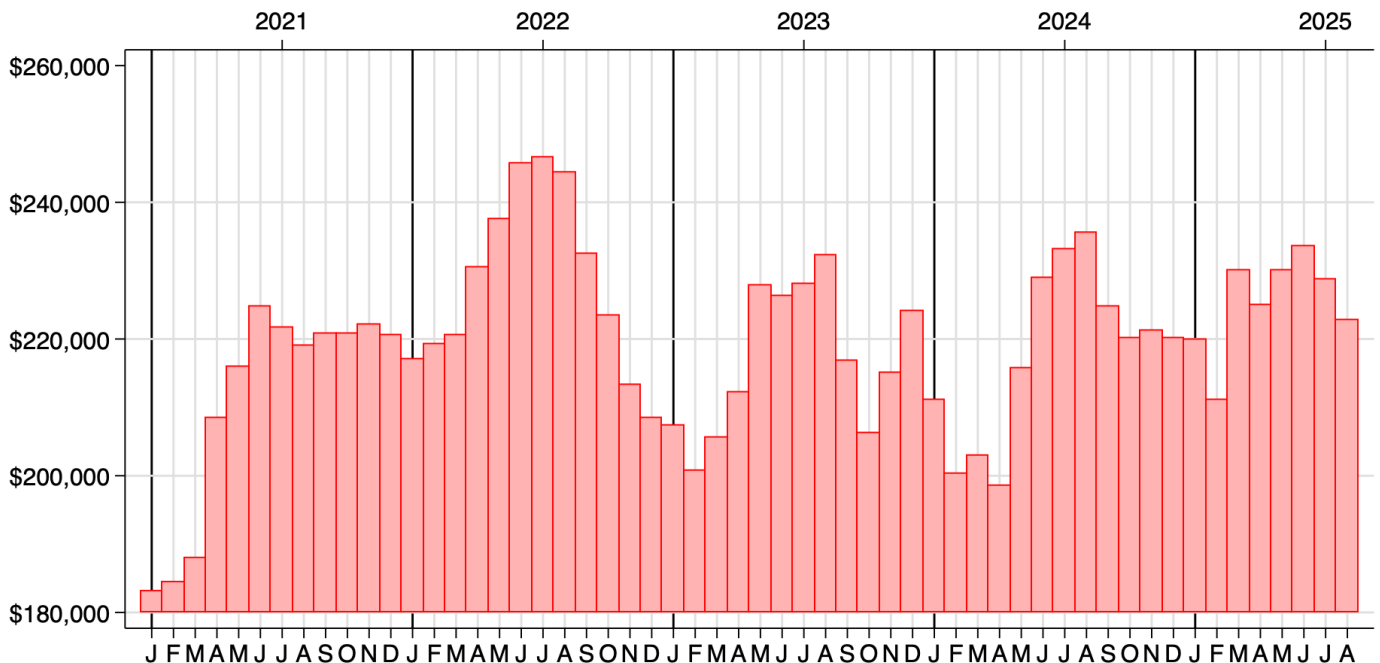
Alabama Median Sales Prices

Month	Median Sales Price (\$)	Percent Change Year-over-Year
Year-to-Date	225,135	4.3%
August 2025	222,811	-5.4%
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%

## AAR's Forecast

AAR projects that the state median home sales price will decrease between August and September 2025 by approximately 0.6% to \$221,464.

Alabama Median Sales Prices (\$), Monthly Figures



## AVERAGE SALES PRICE

The average, or mean, Alabama sales price decreased by \$4,509 relative to last month. While the average home sales price decreased 1.6% compared to July 2025, it is 12.4% higher compared to August 2024.

AAR projects that the state average home sales price will decrease between August and September 2025 by approximately 0.7% to \$277,731.

Month	Average Sales Price (\$)	Percent Change Year-over-Year
Year-to-Date	265,210	14.7%
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%
November 2024	239,901	4.7%
October 2024	231,317	-0.8%
September 2024	240,612	3.8%
August 2024	248,921	5.4%

The bar chart displays monthly sales data from 2021 to 2025. The y-axis represents sales in dollars, ranging from \$200,000 to \$280,000 in increments of \$20,000. The x-axis shows months from January (J) to December (D) for each year. Vertical lines separate the years. The sales trend shows a strong seasonal pattern, with peaks occurring in late 2021 and late 2025, and a significant dip in early 2023.

Year	Month	Sales (\$)
2021	J	236,000
2021	F	239,000
2021	M	243,000
2021	A	245,000
2021	M	248,000
2021	J	251,000
2021	J	254,000
2021	A	256,000
2021	S	258,000
2021	O	260,000
2021	N	265,000
2021	D	268,000
2022	J	270,000
2022	F	272,000
2022	M	272,000
2022	A	269,000
2022	M	263,000
2022	J	255,000
2022	J	249,000
2022	A	246,000
2022	S	245,000
2022	O	245,000
2022	N	245,000
2022	D	248,000
2023	J	247,000
2023	F	244,000
2023	M	244,000
2023	A	238,000
2023	M	236,000
2023	J	232,000
2023	J	228,000
2023	A	236,000
2023	S	232,000
2023	O	234,000
2023	N	229,000
2023	D	231,000
2024	J	221,000
2024	F	219,000
2024	M	218,000
2024	A	225,000
2024	M	229,000
2024	J	242,000
2024	J	246,000
2024	A	249,000
2024	S	240,000
2024	O	232,000
2024	N	240,000
2024	D	239,000
2025	J	241,000
2025	F	245,000
2025	M	256,000
2025	A	265,000
2025	M	275,000
2025	J	277,000
2025	J	285,000
2025	A	280,000

## HOUSING MARKET OVERVIEW

## SALES VOLUME

Measures the combined sales price of all homes that closed during the month

The sold dollar volume in August 2025 was \$1.69 billion, which is up \$0.10 billion from August 2024. This sales figure represents a 6.3% increase year-over-year but a 3.4% decrease month-over-month.

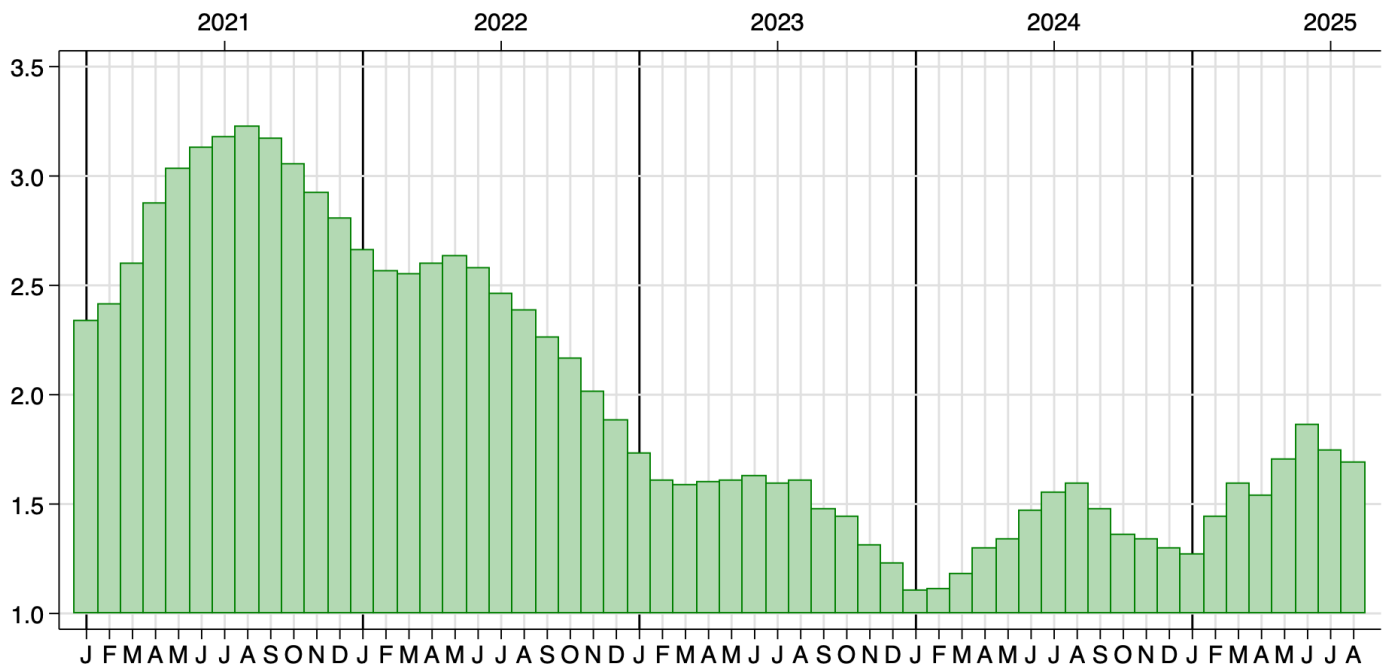
## AAR's Forecast

AAR projects that state sales volume will decrease between August and September 2025 by approximately 2.4% to \$1.65 billion.

Alabama Sales Volume (in Billions)

Month	Sales Volume (\$)	Percent Change Year-over-Year
Year-to-Date	12.84	20.7%
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%
November 2024	1.33	2.1%
October 2024	1.36	-5.5%
September 2024	1.47	-0.3%
August 2024	1.59	-0.9%

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 1 day longer in August relative to July 2025. Homes sold in August 2025 were on the market for 67 days on average. This figure is also 8 days longer compared to the 59 days on market one year ago.

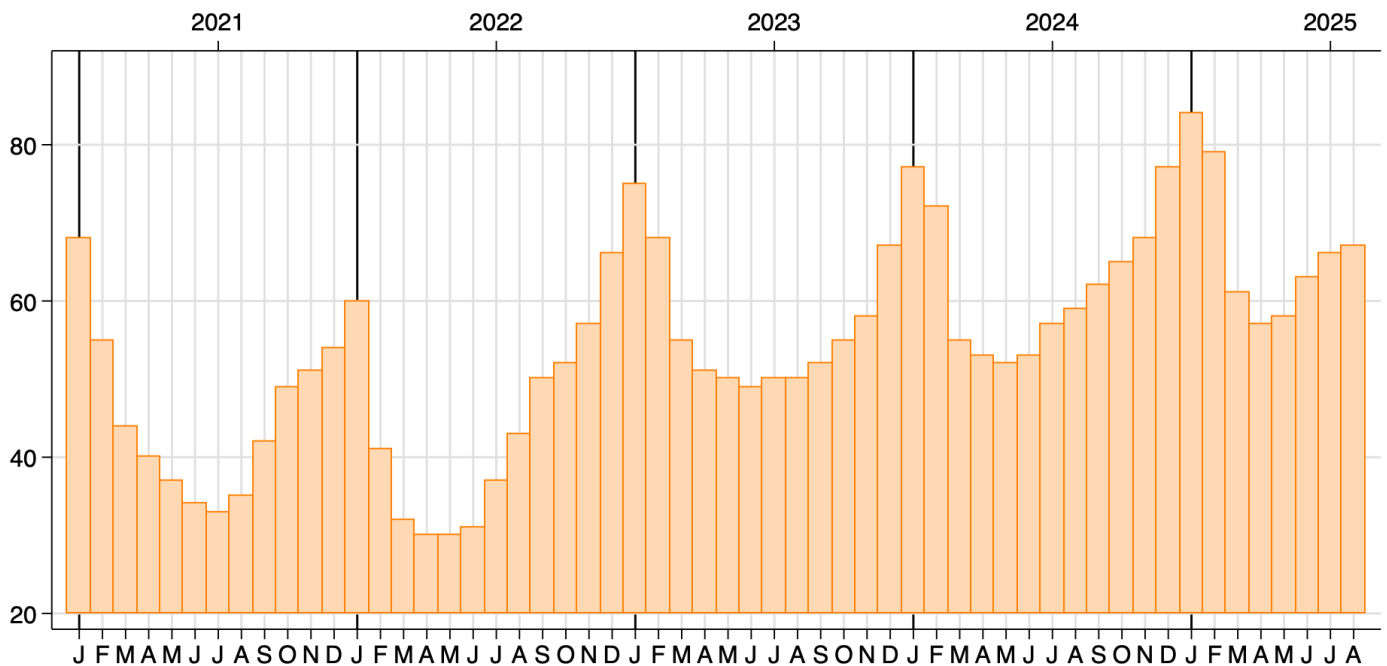
Alabama Residential Days on Market

Month	Days on Market	Percent Change Year-over-Year
Year-to-Date	67	11.7%
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%
November 2024	68	17.2%
October 2024	65	18.2%
September 2024	62	19.2%
August 2024	59	18.0%

## AAR's Forecast

Based upon current economic trends, AAR projects that state residential days on market will increase between August and September 2025 by approximately 4.5% to 70 days.

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 August 2025, relative to July 2025, as there were 4.8 months of supply. This figure is greater than the 3.8 month of supply of one year ago.

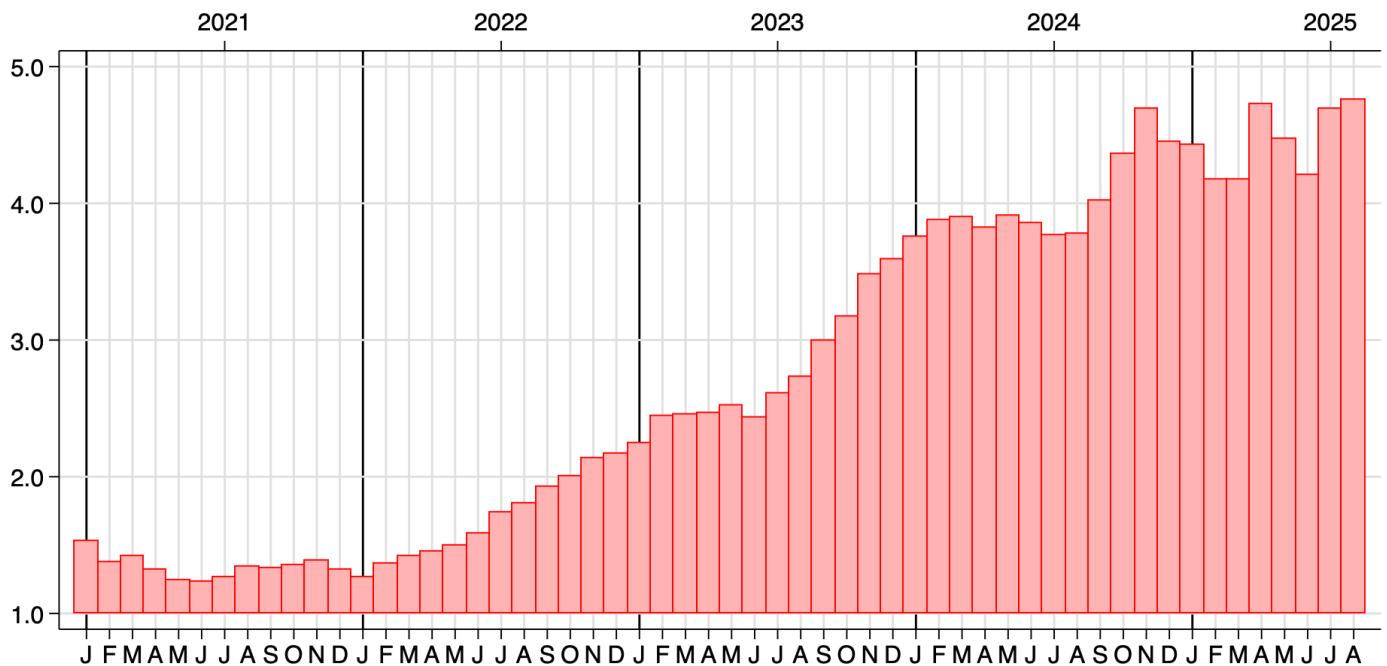
Alabama Months of Supply

Month	Months of Supply	Percent Change Year-over-Year
Year-to-Date	4.5	18.4%
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%
November 2024	4.7	34.8%
October 2024	4.4	37.6%
September 2024	4.0	34.5%
August 2024	3.8	38.7%

## AAR's Forecast

AAR projects that state housing supply will remain roughly unchanged between August and September 2025.

Alabama Months of Supply, Monthly Figures



## HOUSING MARKET OVERVIEW

## RESIDENTIAL LISTINGS

The number of properties listed on the market during the year

Alabama had 20,803 active listings at the end of August 2025 compared to 18,136 one year ago, representing a 14.7% annual increase. August 2025 listings were up by 105 relative to July 2025, marking the seventh consecutive monthly increase in the number of listings.

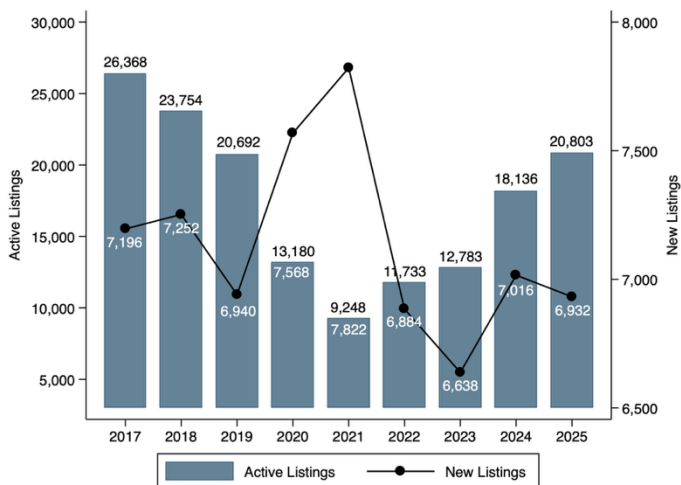
Alabama Active Residential Listings

Month	Active Listings	Percent Change Year-over-Year
Year-to-Date	19,345	23.3%
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%
November 2024	19,272	28.0%
October 2024	19,329	32.6%
September 2024	18,819	38.3%
August 2024	18,136	41.9%

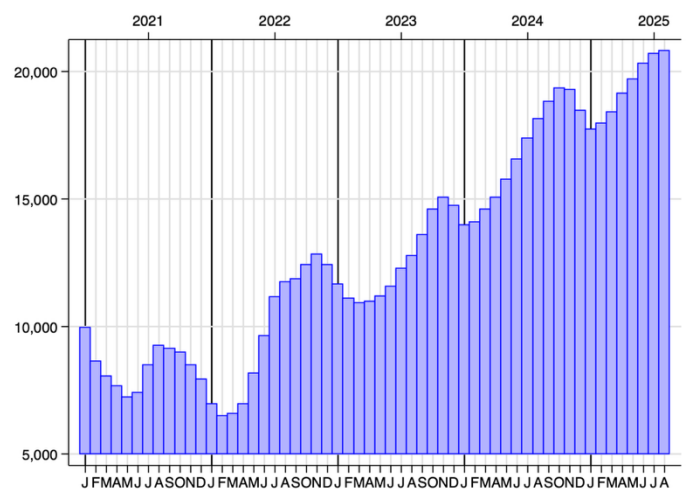
## AAR's Forecast

Based upon current economic trends, AAR projects state residential active listings will remain roughly unchanged between August and September 2025.

Alabama Active and New Residential Listings, August 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 563 foreclosures in August, up 122 from the 441 foreclosures from one year ago. The August value marks the return of an increasing number of foreclosures and the highest monthly level in over 5 years.

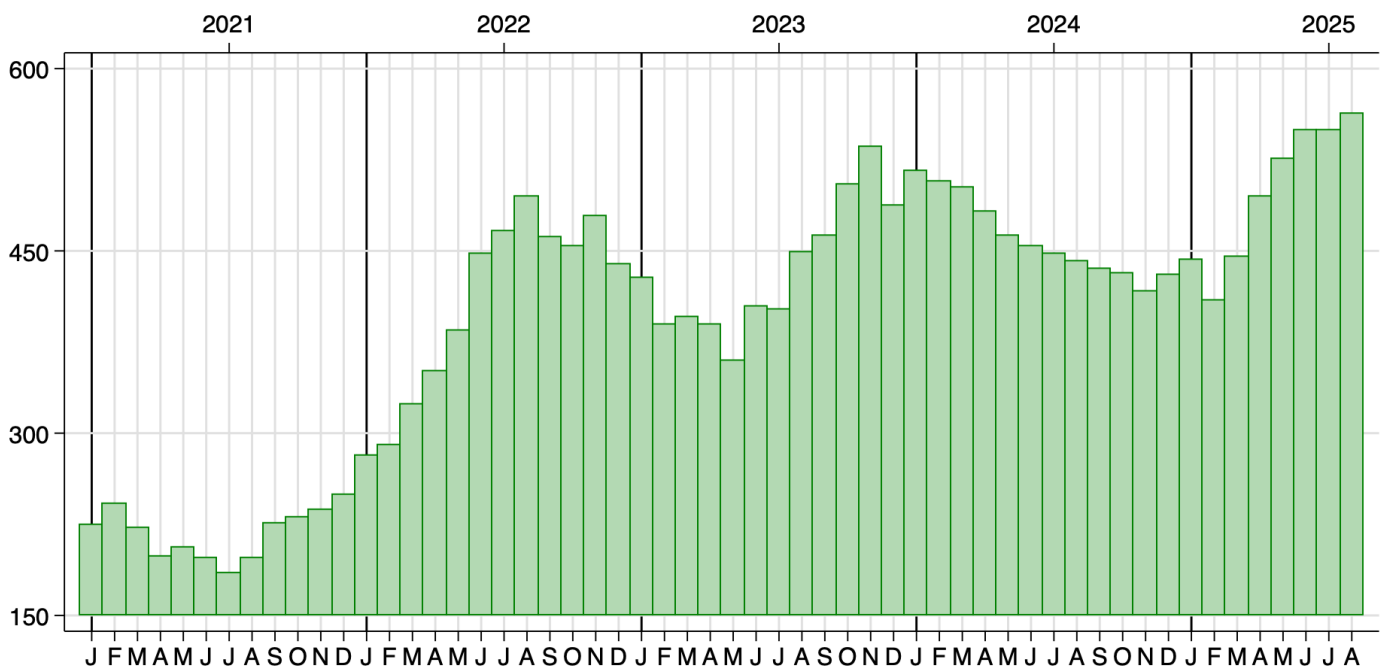
## Alabama Residential Foreclosures

Month	Foreclosures	Percent Change Year-over-Year
Year-to-Date	3,978	4.4%
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%
November 2024	416	-22.2%
October 2024	432	-14.5%
September 2024	435	-6.0%
August 2024	441	-1.8%

## AAR's Forecast

AAR projects that state housing foreclosures will decrease between August and September 2025 by approximately 0.7% to 559.

## Alabama Residential Foreclosures, Monthly Figures





## HOUSING MARKET OVERVIEW

**New Home Building Permits**

Permits for construction of new one-unit residential home owned by individuals

Building permits for new one-unit structures, i.e. new homes, decreased by 28 units in July 2025 relative to June 2025. This represents a 2.1% monthly decrease and a 13.2% yearly decrease.

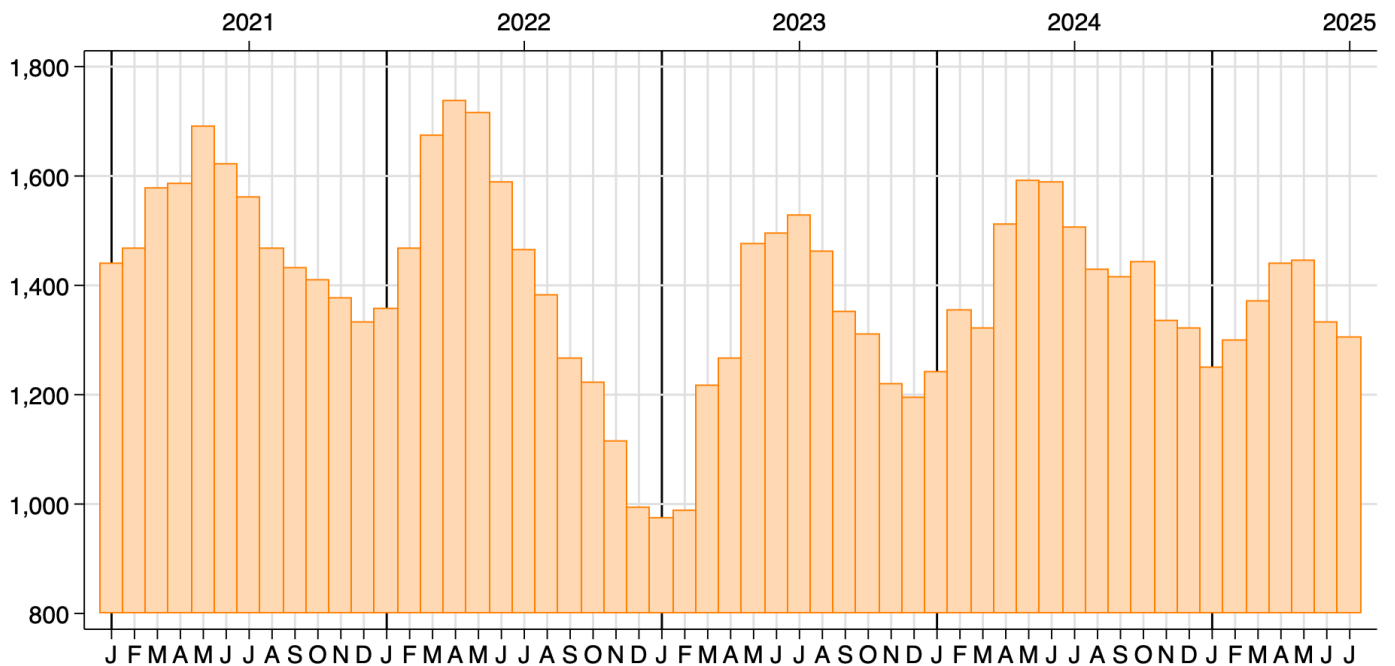
Alabama New Home Building Permits

Month	Permits	Percent Change Year-over-Year
Year-to-Date	9,439	-8.3%
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%
September 2024	1,414	4.7%
August 2024	1,427	-2.3%
July 2024	1,504	-1.6%

**AAR's Forecast**

Based upon current economic trends, AAR projects that state new home building permits will decrease between July and August 2025 by approximately 1.2% to 1,289 permits.

Alabama New Home Building Permits, Monthly Figures



## AAR's Forecast

A nationwide softening labor market appears to be at the forefront of consumers' concerns. However, Alabama's labor employment situation is showing positive signs since the job losses in June. Additionally, recent declines in average mortgage rates are helping to improve affordability. The housing market is starting to favor buyers in the state.

### Factors to consider in the near term:

- Consumer sentiment declined slightly in September after also falling in August. The Index of Consumer Sentiment dropped 4.8% from August and 21.0% year-over-year. Similarly, the Consumer Confidence Index declined in August (the most recent available value). The Survey of Consumers reports that nearly 60% of respondents expect rising unemployment over the next year. However, while the national unemployment rate increased in August, Alabama's unemployment rate declined.
- Following the state's job losses in June, initial unemployment claims rose to a four-week moving average of 2,534 in July. Although Alabama returned to positive job growth in July, employment remained 1,100 jobs below the May peak. Initial unemployment claims have since fallen, with the four-week moving average dropping to 1,896 as of September 6, indicating an improving labor market. By comparison, national initial unemployment claims peaked in mid-June, declined until early August, and then climbed over the next five weeks. The national four-week moving average rose from 221,000 on August 1 to 240,750 on September 6.
- The Federal Reserve cited the weakening national labor market when announcing cuts to the federal funds rate target. This is evident in unemployment rising to 4.3% and the recent increase in initial unemployment claims. With consumer sentiment weakening and the job market softening, the ten-year Treasury yield fell to 4.01% by September 11, the lowest level in five months, in anticipation of the Fed's rate cut. The average thirty-year fixed-rate mortgage also declined to 6.26% as of September 18, its lowest level since early October 2024.
- In light of falling mortgage rates and recent declines in Alabama's median house price, housing affordability has improved. For example, monthly mortgage payments on the median-priced home purchased at the time of this writing are about \$155 less than for a comparable home purchased in June with the average thirty-year fixed-rate mortgage.
- With mortgage rates declining and monthly home sales typically easing in the fall, Alabama's housing market is tilting more favorably toward buyers. In addition to improved affordability from lower rates and prices, listings are up 14.7% year-over-year, and months of supply are at their highest level in years. However, prospective buyers should expect fewer new homes later this year and into early next year, as new-home permits have been down year-over-year for each of the last four months.

## 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.

