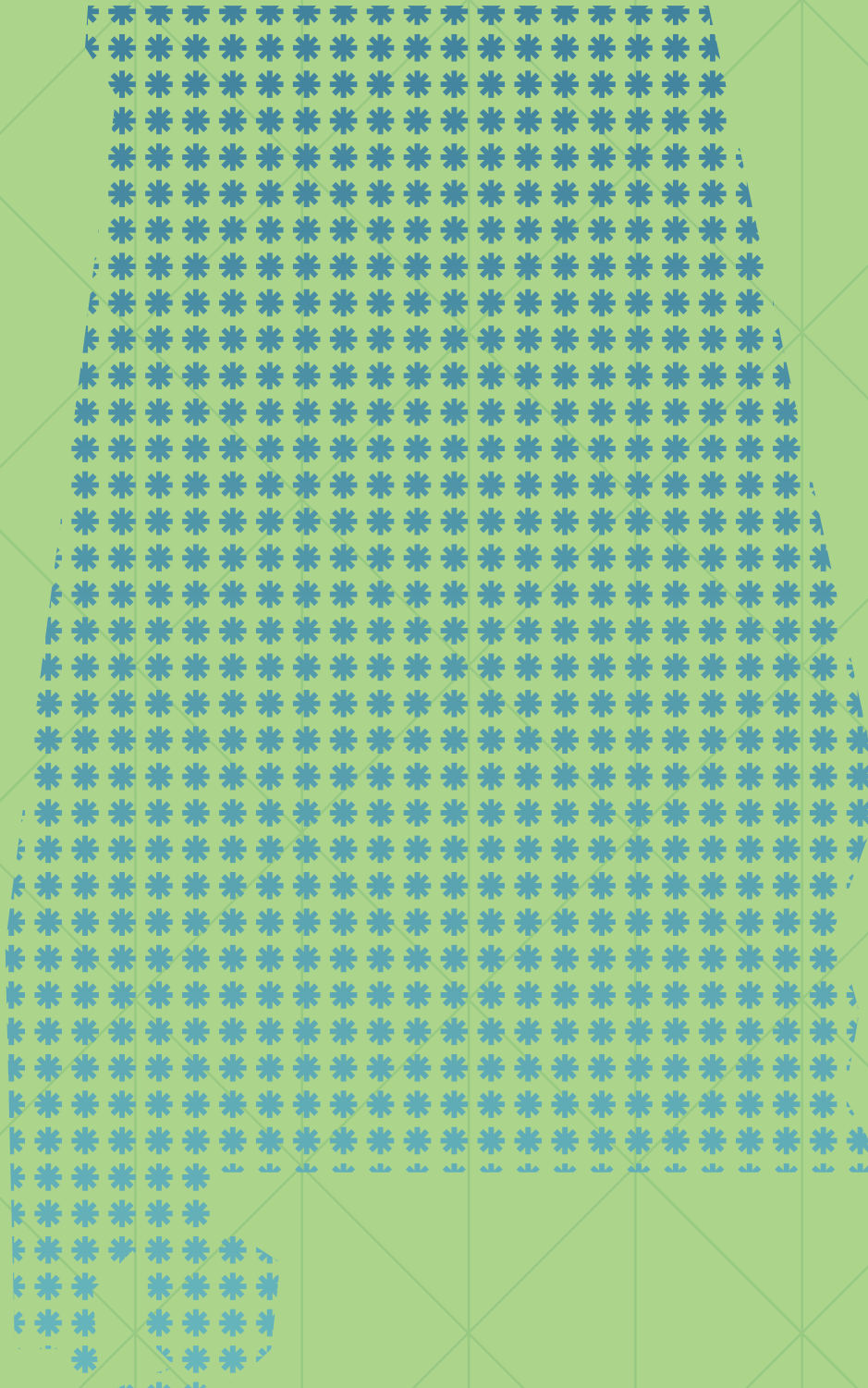


Alabama Economic & Real Estate Report

September 2025



ALABAMA MONTHLY HOME SALES REPORT

SEPTEMBER 2025

KEY TAKEAWAYS

- Alabama had **6,055 home sales** in September, a 0.2% increase from August but a decrease of 1.2% (71) from last year.
- The median sales price increased by 0.6% from last month to **\$235,246**, which is an annual increase of 8.6%.
- The sold volume was **\$1.70 billion** in September, a 0.6% increase month-over-month and an increase of \$0.23 billion from last September. This marks a 15.6% annual increase.
- The **20,765 active listings** at the end of September mark an increase of 10.3% compared to 18,819 one year ago.
- The **554 foreclosures** in September represent a 1.6% decrease since last month but a 27.4% year-over-year increase.

ALABAMA HOUSING MARKET SUMMARY, SEPTEMBER 2025

	Sep-24	Sep-25	Change	% Change	YTD '24	YTD '25	Change	% Change
Sales	6,126	6,055	-71	-1.2%	51,948	54,330	2,382	4.6%
Median Sales Price (\$)	216,621	235,246	18,625	8.6%	228,559	210,413	18,146	8.6%
Average Sales Price (\$)	240,612	280,721	40,109	16.7%	232,241	266,933	34,692	14.9%
Sales Volume (\$ billions)	1.47	1.70	0.23	15.6%	12.11	14.53	2.42	20.0%
Average Days on Market	62	68	6	9.7%	60	67	7	11.7%
Active Listings	18,819	20,765	1,946	10.3%	16,041	19,503	3,462	21.6%
Months of Supply	4.0	4.7	0.7	17.5%	3.9	4.5	0.6	15.4%
Foreclosures	435	554	119	27.4%	4,246	4,532	286	6.7%



ECONOMIC OVERVIEW

The Bureau of Labor Statistics (BLS) has not released information regarding job creation for September 2025 due to the government shutdown that began on October 1, 2025, but the consensus estimate is 50,000 jobs were added in September. The Always Designing for People (ADP) National Employment Report shows private sector job losses nationally for the month. ADP's report states that the South added 3,000 jobs, but the East South-Central region, which includes Alabama, suffered private sector job losses.

Inflation data, as reported by the BLS, is not available for September 2025 at the time of this writing. However, the Bureau of Economic Analysis reports the most current personal consumption expenditure (PCE) price index climbed to 2.7% in August, continuing the upward trend over the last four months. Similarly, the New York Federal Reserve's Survey of Consumer Expectations revealed an increasing inflation outlook with a year ahead value of 3.4% for September, marking the third consecutive month of rising inflation expectations.

Real gross domestic product (GDP) increased for the nation by 3.8% in the second quarter of 2025. This occurred as real GDP increased in 48 states during the quarter. During this period, Alabama's real GDP increased at an annual rate of 1.2%, which was the fifth lowest state growth rate in the country. The state's growth rate exceeded that of Mississippi (-0.9%), but trailed Florida (3.3%), Tennessee (3.1%), and Georgia (2.8%). The manufacturing sector led growth in the state during the quarter. This was followed by finance and insurance according to the Bureau of Economic Analysis.

Current dollar personal income increased nationally at an annual rate of 5.5% during the second quarter of 2025. Alabama's current dollar personal income growth rate was below that of the nation at 3.6%. The state exhibited the fifth lowest growth rate in personal income in the country during the quarter. Alabama's rate exceeded that of Mississippi (2.7%) but lagged behind Florida (6.7%), Georgia (5.9%), and Tennessee (3.9%).

Average 30-year mortgage rates fell to 6.26% by the middle of September, before rising through the remainder of the month to 6.34%. Rates then declined to 6.27% by October 16. This decline has followed the general decline in the 10-year Treasury yield over the last two weeks, attributed to declining market sentiment and trade tensions between the U.S. and China.

The Federal Reserve is expected to lower the Fed funds rate target by 25 basis points at its October 2025 meeting to 3.75-4.00%. This would make the second consecutive cut following the 25 basis points cut made in September. According to the CME FedWatch Tool, as of this writing, the probability of rate cuts at the October and December meetings are a certainty. Federal Reserve Chair Jerome Powell recently signaled that the Fed may begin to reduce its quantitative tightening campaign, which would put some pressure on Treasury yields to fall.

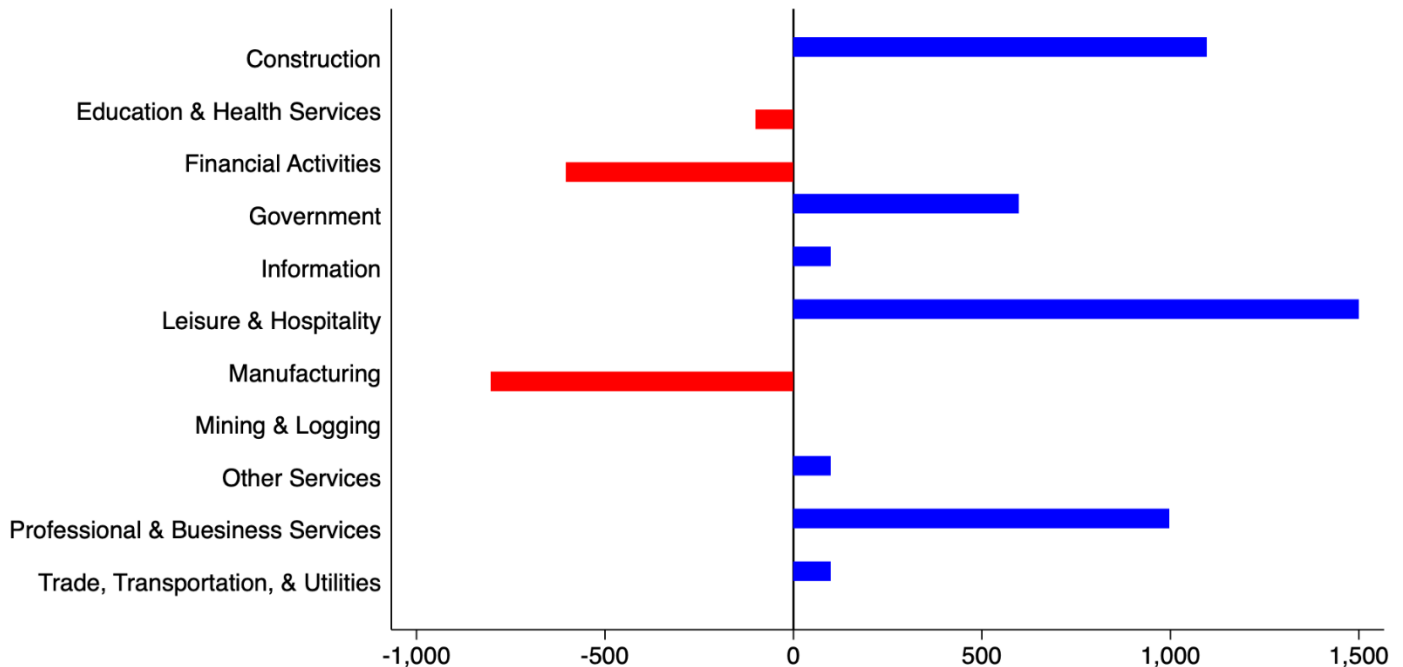
JOBS

The Bureau of Labor Statistics (BLS) did not release an employment report for September or an additional update regarding prior months due to the government shutdown. The consensus estimate for September is 50,000 jobs added nationally. This estimate includes private sector job growth. However, the ADP national employment report indicates 32,000 private sector jobs were lost in September.

Additionally, according to the ADP report, the states in the East South-Central region, including Alabama, lost a total of 18,000 jobs during September. The last available release by the BLS, including information through the month of August, indicates that fewer jobs were added in Alabama during July, with jobs added falling from 3,400 to 800. However, that report indicates the state added 3,000 jobs in August 2025. This brings the total number of jobs in the state to 2,214,900.

In Alabama, Leisure and Hospitality led all sectors in job growth, adding 1,500 jobs since July. This was followed by Construction with 1,100 jobs, and Professional & Business Services with 1,000 jobs. Job losses were led by Manufacturing, which lost 800 jobs. Additional sectors reporting job declines include Financial Activities (600 jobs) and Education & Health Services (100 jobs).

Alabama Jobs Changes from July to August 2025



EMPLOYMENT

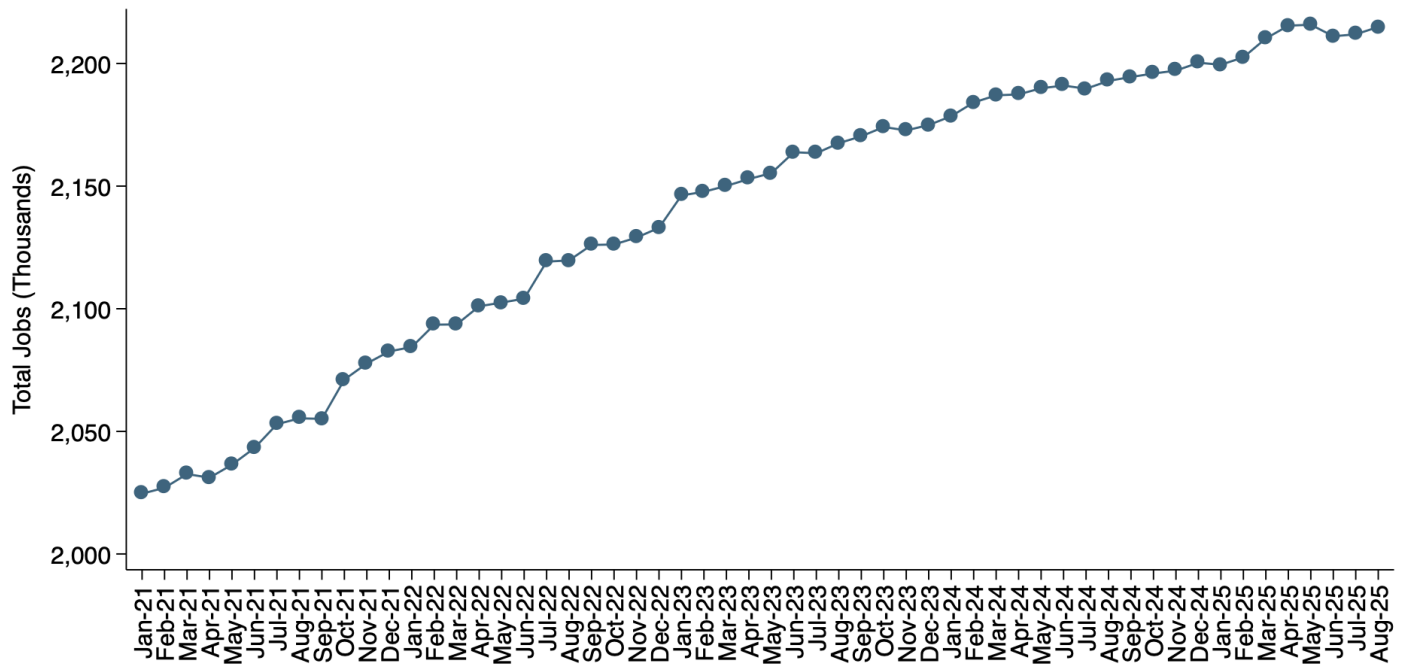
The August 2025 preliminary unemployment rate in Alabama was 2.9%. This marks the third consecutive month of declines and the first time in 14 months that the unemployment rate has dropped below 3.0%. The 2.9% value is the state's lowest unemployment rate since June 2024.

The national unemployment rate rose to 4.3% in August, marking the second consecutive month of increases and the highest value since October 2021. At the time of this writing, there is no preliminary reporting available from the Bureau of Labor Statistics regarding the national unemployment for September. The Real-Time Unemployment Rate Forecast from the Chicago Federal Reserve projects the September unemployment rate at 4.34%.

The state's unemployment rate was 1.4 percentage points below the national unemployment rate in August, a slight increase from the 1.2 percentage point difference from July. Due to the weakness in the national labor market, rate cuts during October and December to the Fed funds rate target are anticipated.

Alabama's labor force participation rate declined to 57.7% in August, marking the second consecutive month of decline from the 58.0% value of April through June, which was the highest level in at least a decade. For comparison, the last available reporting has the national labor force participation rate rising to 62.3% in August 2025 following three consecutive months of decline.

Alabama Total Jobs (Thousands)

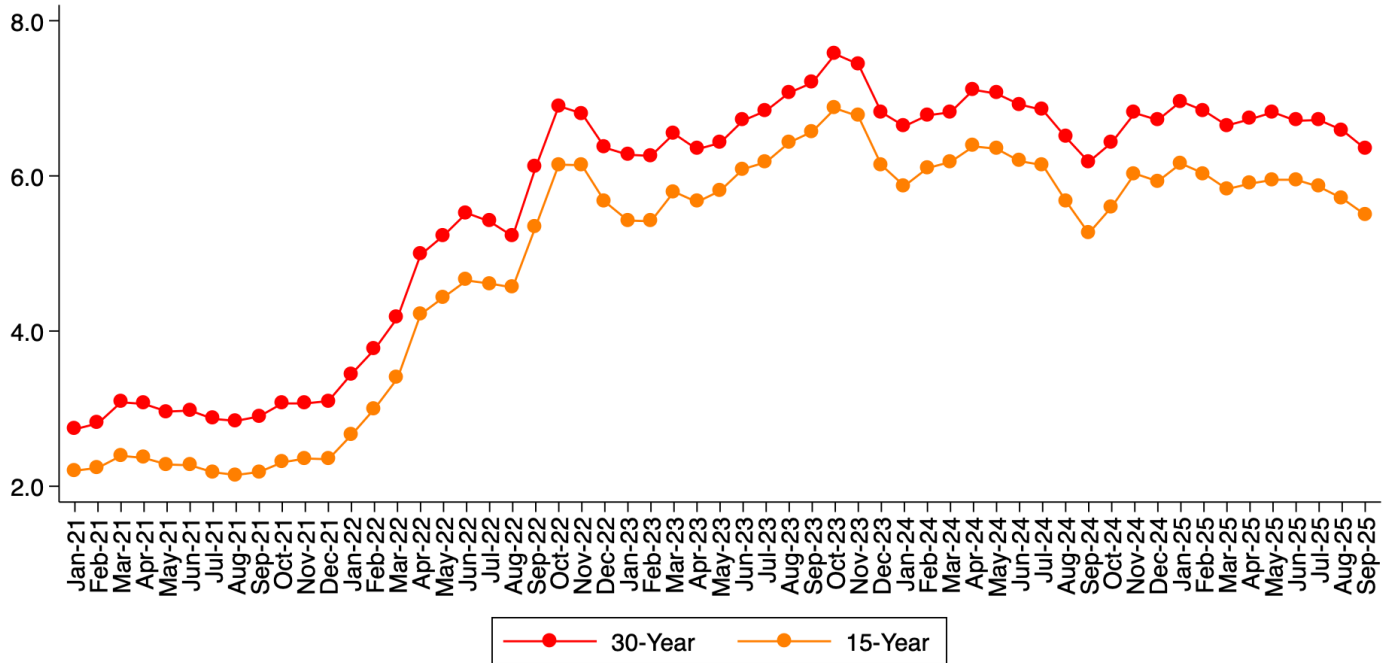


MORTGAGE RATES

The average 30-year fixed-rate mortgage fell through the first two and a half weeks of September, decreasing by 30 basis points from 6.56% to 6.26% by September 18. The average rate then rose by four basis points each week, reaching 6.34% by October 2.

The average rate then declined by seven basis points to 6.27% by October 16. The average 30-year fixed-rate mortgage for each of the last four weeks (September 25 through October 16) was higher than the corresponding weeks in 2024. At the time of this writing, the four-week average is six basis points greater than the 6.24% of October 2024.

U.S. Fixed-Rate Mortgage Averages

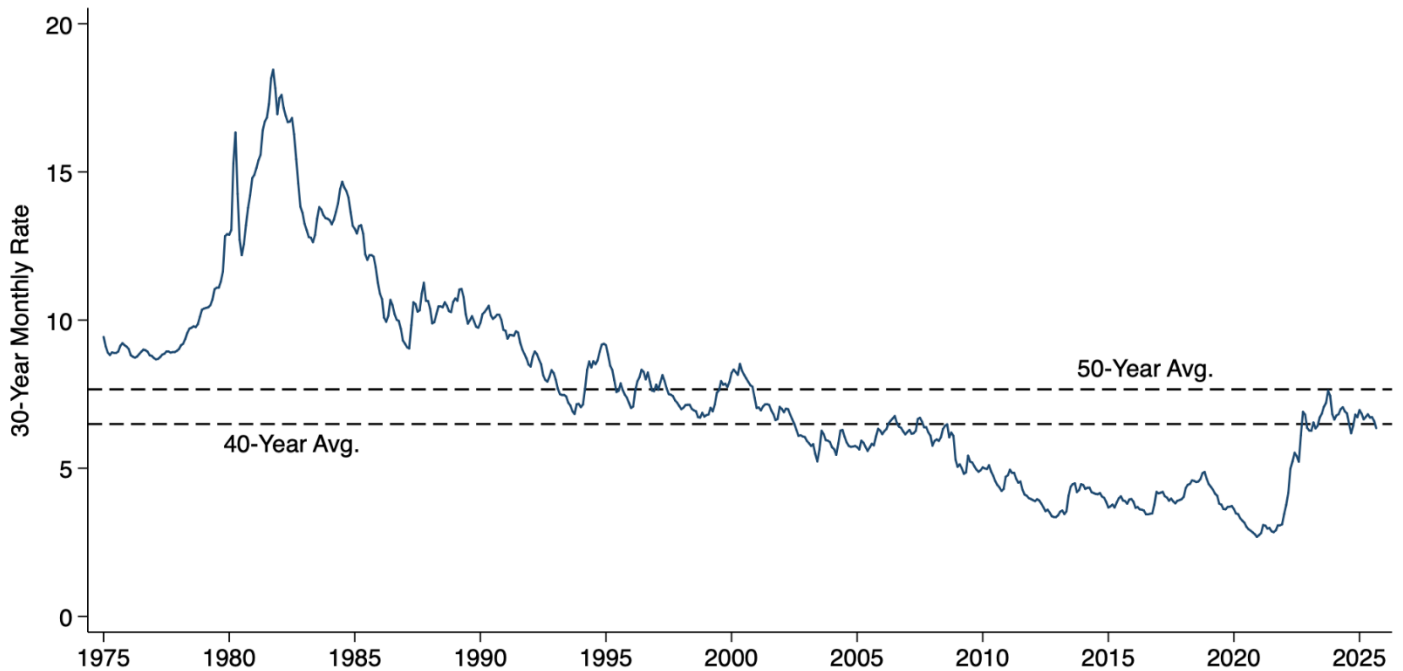


MORTGAGE RATES OVER THE DECADES

The average 30-year fixed-rate mortgage reached a record high of 18.63% on October 9, 1981, and a record low of 2.65% on January 7, 2021. The rate has averaged 6.52% over the last 40 years, and 7.67% over the last 50 years.

Rates over the last two years have generally stayed within these historical averages. However, the September 2025 average 30-year fixed rate mortgage of 6.35% is *below* that range and is the lowest monthly value since the September 2024 average of 6.18%.

U.S. Fixed-Rate Mortgage Averages



HOUSING MARKET INDICES

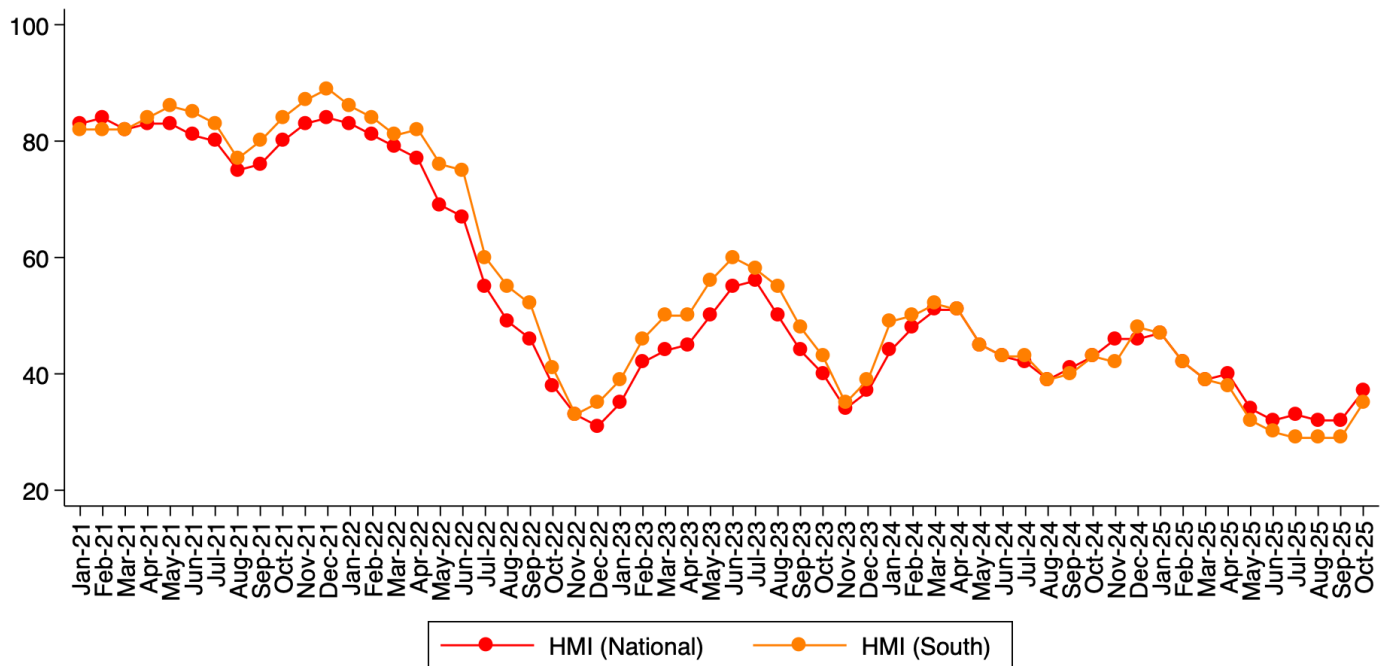
The National Association of Home Builders/Wells Fargo Housing Market Index (HMI) remained constant from August to September at a value of 32 (a value above 50 indicates more home builders view conditions favorably). The September value of 32 has occurred in three of the last four months and remains the lowest value since the December 2022 value of 31. This is the 17th consecutive month with the HMI index having a value below 50.

However, the preliminary HMI value for October 2025 is five points higher at 37. Nevertheless, this continues the streak of index values below 50 to the 18th consecutive month, and it is six points lower than the October 2024 value of 43. All three components of the HMI increased in October relative to September.

“Single Family Sales: Next Six Months” experienced the largest increase, climbing from 45 to 54. “Single Family Sales: Present” increased from 34 to 38. “Traffic of Prospective Buyers” also increased by four points, rising from 21 to 25. This marks the first time in nine months that one of the components has had a value of at least 50.

The South HMI remained at 29 from August to September, which the lowest value in almost 13 years (since June 2012). However, the preliminary South HMI for October indicates the value rising to 35, its highest value in six months. Other regional indices increased as well. The Northeast HMI experienced the largest increase, climbing 11 points from September to October to a value of 55. The Midwest HMI increased by one point to a value of 42. The West HMI climbed by four points (from 26 to 30) from September to October. However, it remains the lowest regional value for the 12th consecutive month. The Northeast HMI of 55 marks the first time in eight months that any of the regional HMI values exceeds 50.

NAHB/Wells Fargo HMI Indices



MORTGAGE LOANS OUTSTANDING

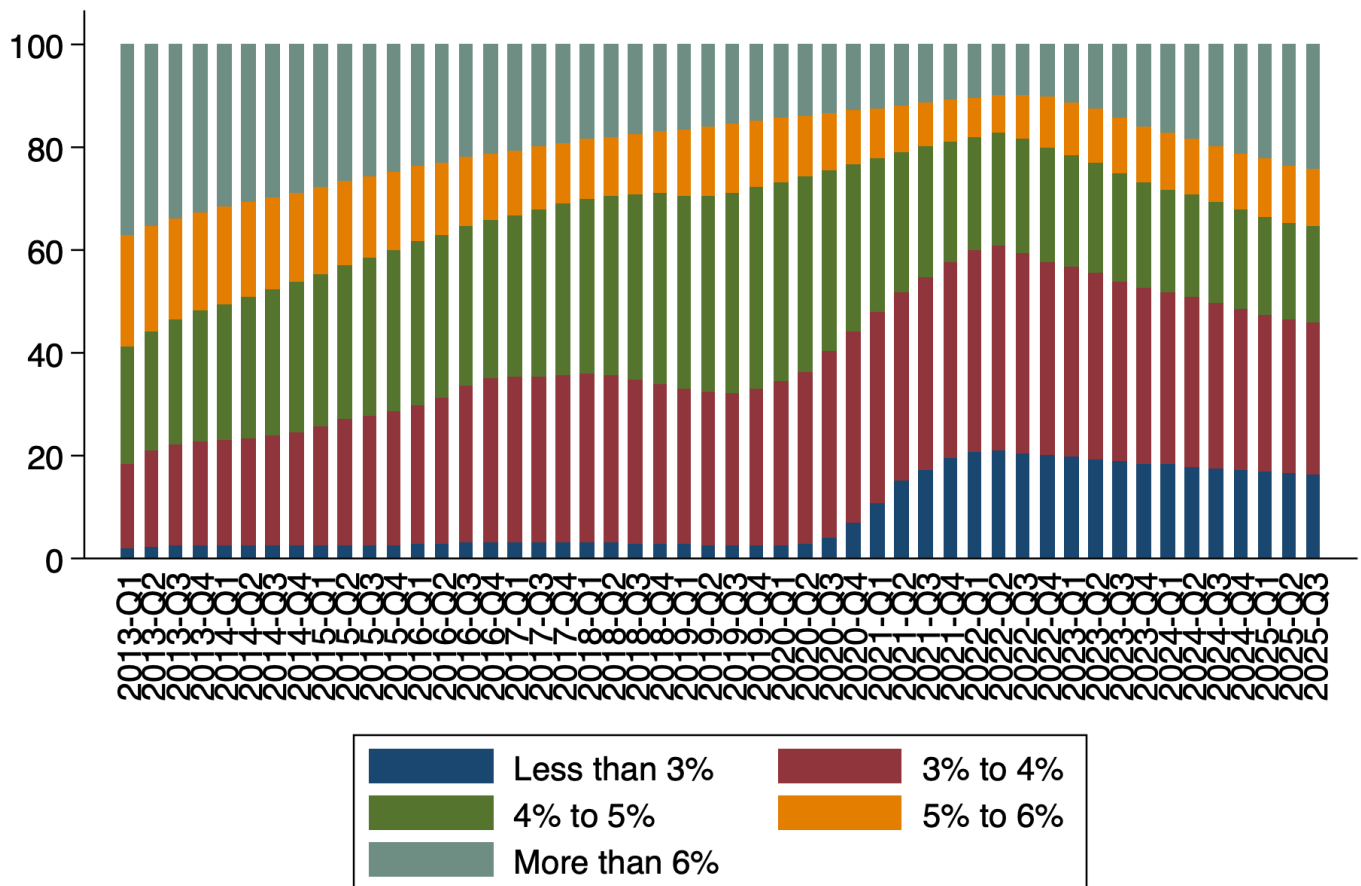
The total share of outstanding mortgages in Alabama with an interest rate greater than 6% continued its upward trend during the second quarter of 2025, which began in the third quarter of 2022 and now accounts for 24.5% of all outstanding mortgages in the state.

This is consistent with the fact that, nationally, the average 30-year mortgage rate remained above 6%, although it decreased between the first and the second quarter of 2025 from 6.83% to 6.79%. No other shares of outstanding mortgages in Alabama rose between Q1-2025 and Q2-2025. Those with rates between 5% and 6% did not change while those with rates 4% and 5% fell by 0.2 percentage points. Those with rates between 3% and 4% fell by 0.4 percentage points, and those with rates below 3% fell by 0.1 percentage points.

Below is a summary of all outstanding mortgage rates in Alabama during the second quarter of 2025:

- 24.5% of mortgage holders have rates above 6%
- 11.2% of mortgage holders have rates between 5-6%
- 18.6% of mortgage holders have rates between 4-5%
- 29.5% of mortgage holders have rates between 3-4%
- 16.3% 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 decreased in September 2025 compared to September 2024. However, the 6,055 sales represent a 0.2% month-over-month increase in sales. Sales likely stabilized relative to last month in response to the lowest average mortgage rates this year.

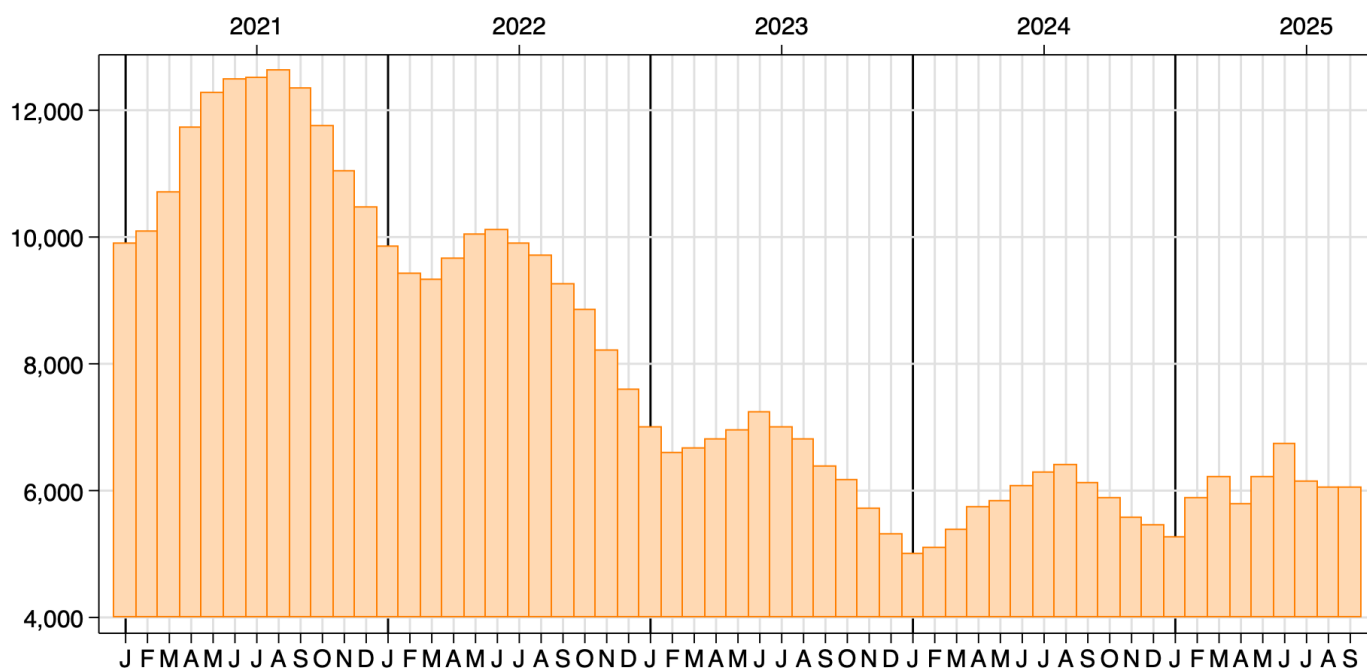
AAR's Forecast

AAR projects that state total home sales will remain approximately as-is between September and October 2025.

Alabama Monthly Home Sales Figures

Month	Sales	Percent Change Year-over-Year
Year-to-Date	48,275	5.4%
September 2025	6,055	-1.2%
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%

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 0.2% year-over-year and by 1.1% month-over-month in September 2025.

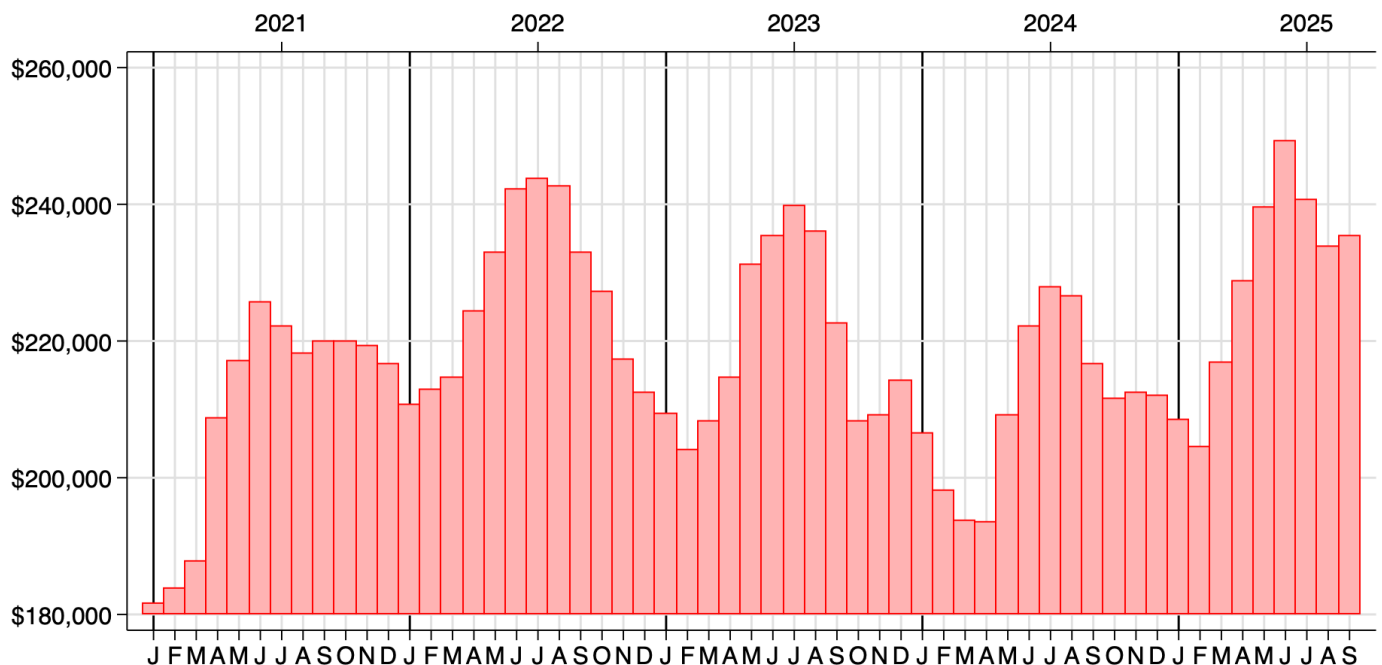
Alabama Median Sales Prices

Month	Median Sales Price (\$)	Percent Change Year-over-Year
Year-to-Date	228,559	8.6%
September 2025	235,246	8.6%
August 2025	233,814	3.2%
July 2025	240,584	5.6%
June 2025	249,204	12.2%
May 2025	239,515	14.5%
April 2025	228,761	18.3%
March 2025	216,870	12.0%
February 2025	204,571	3.3%
January 2025	208,468	1.0%
December 2024	211,889	-1.1%
November 2024	212,509	1.7%
October 2024	211,538	1.6%
September 2024	216,621	-2.6%

AAR's Forecast

AAR projects that the state median home sales price will remain little changed between September and October 2025.

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 \$988 relative to last month. This is an increase of 0.4% compared to August 2025, and is 16.7% higher compared to September 2024.

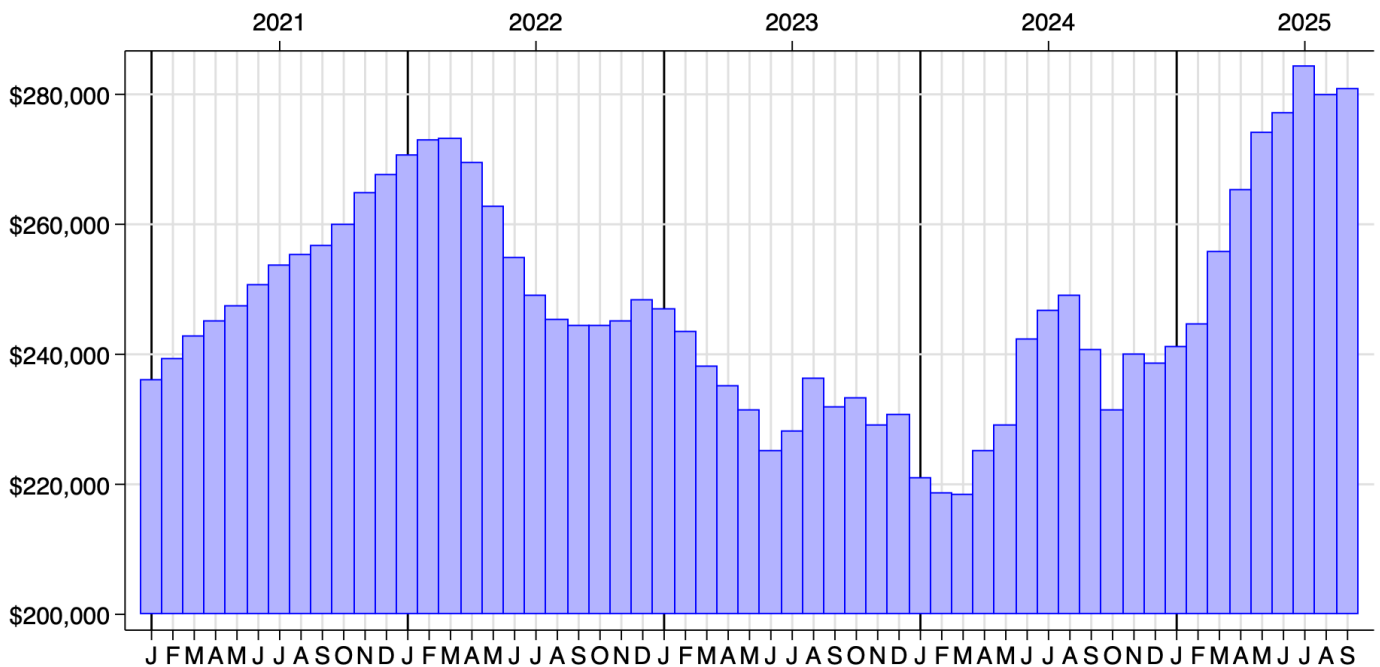
Alabama Average Sales Prices

Month	Average Sales Price (\$)	Percent Change Year-over-Year
Year-to-Date	266,933	14.9%
September 2025	280,721	16.7%
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%

AAR's Forecast

AAR projects that the state average home sales price will remain approximately as-is between September and October 2025.

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 September 2025 was \$1.70 billion, up \$0.23 billion from September 2024. This figure represents a 15.6% increase year-over-year. Additionally, the September sales dollar volume is 0.6% higher than last month.

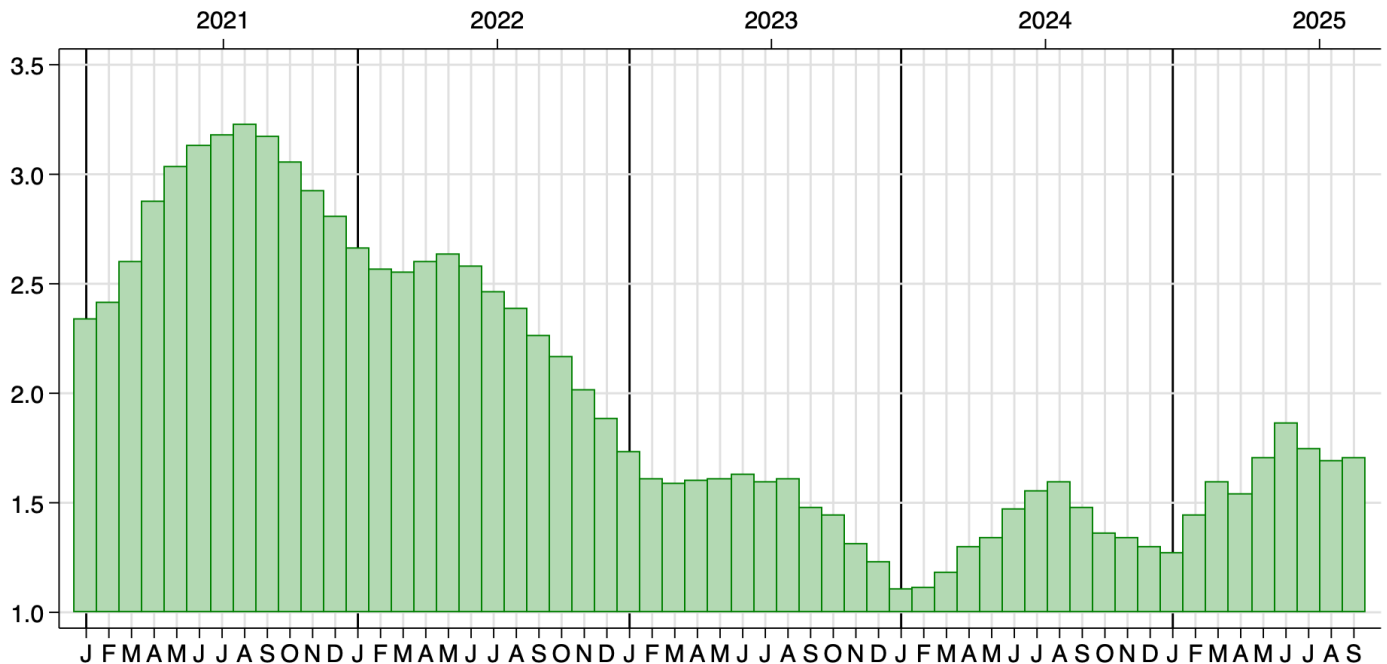
AAR's Forecast

AAR projects that state sales volume will remain roughly unchanged between September and October 2025.

Alabama Sales Volume (in Billions)

Month	Sales Volume (\$)	Percent Change Year-over-Year
Year-to-Date	14.54	20.0%
September 2025	1.70	15.6%
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%

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 one day longer in September relative to August 2025. Homes sold in September 2025 were on the market for 68 days on average. This figure is also six days longer compared to one year ago (62 days).

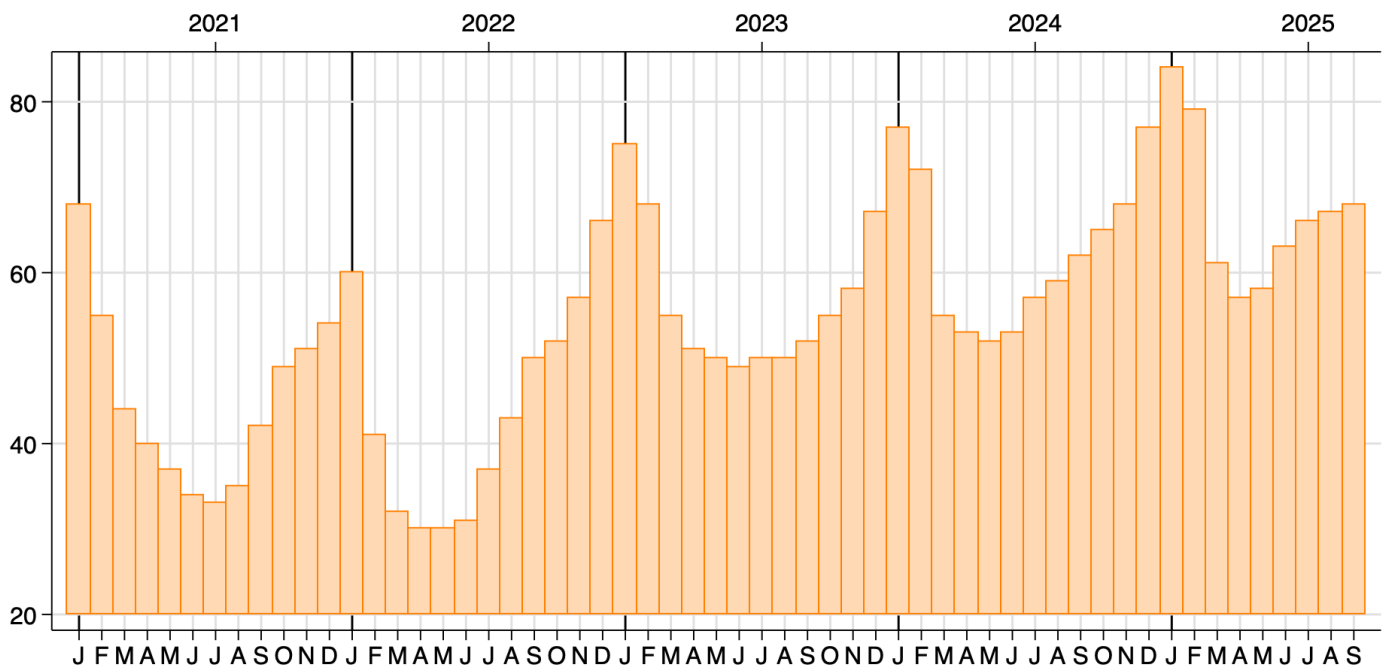
Alabama Residential Days on Market

Month	Days on Market	Percent Change Year-over-Year
Year-to-Date	67	11.7%
September 2025	68	9.7%
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%

AAR's Forecast

Based upon current economic trends, AAR projects that state residential days on market will increase by approximately 4.4% between September and October 2025 to 71 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 decreased slightly in September 2025 relative to August 2025, as there were 4.7 months of supply. However, this figure is greater than the four months of supply from one year ago.

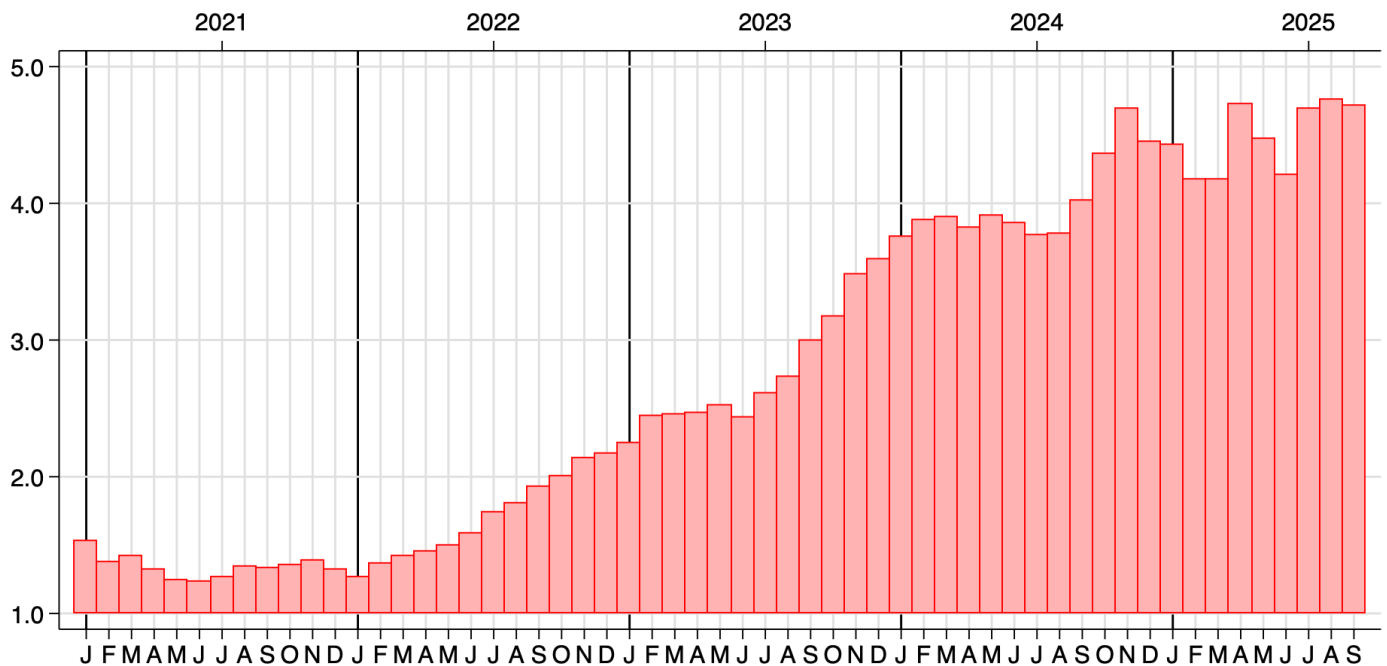
Alabama Months of Supply

Month	Months of Supply	Percent Change Year-over-Year
Year-to-Date	4.5	15.4%
September 2025	4.7	17.5%
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%

AAR's Forecast

AAR projects that state housing supply will remain roughly unchanged between September and October 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 more active listings at the end of September 2025 (20,765) compared to one year ago (18,819). This figure represents a 10.3% annual increase but a 0.2% monthly decrease. September 2025 listings were down by 38 compared to August 2025, ending the seven consecutive months of increases in the number of listings.

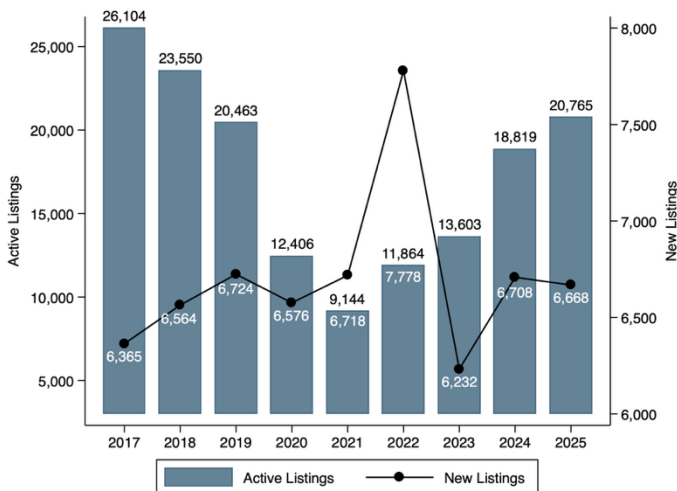
Alabama Active Residential Listings

Month	Active Listings	Percent Change Year-over-Year
Year-to-Date	19,503	21.6%
September 2025	20,765	10.3%
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%

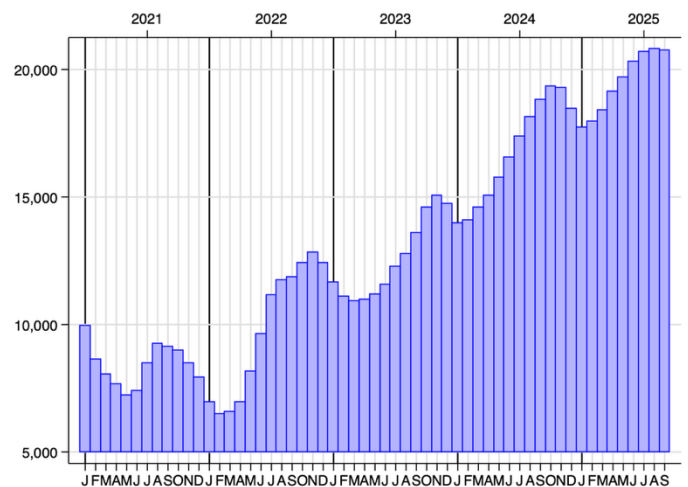
AAR's Forecast

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

Alabama Active and New Residential Listings, September 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 119 more foreclosures in September 2025 (554) compared to one year ago (435). However, the September value marks the first decrease in the number of monthly foreclosures in seven months.

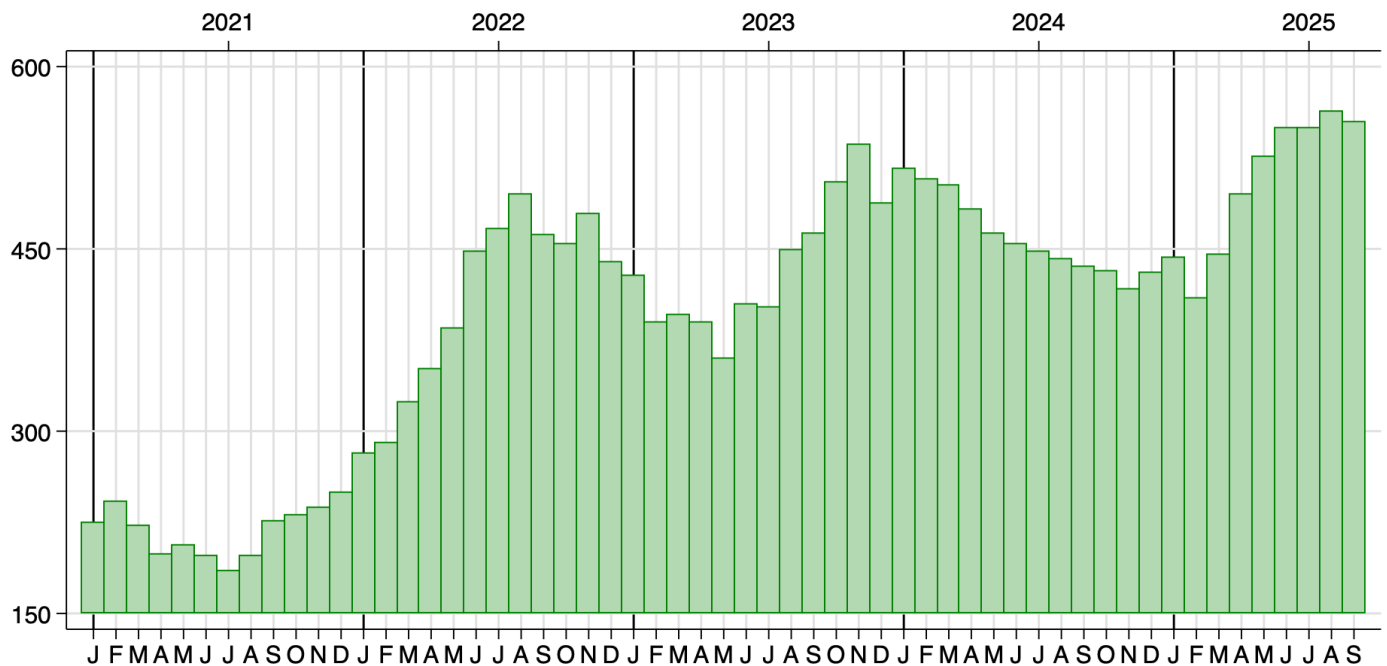
Alabama Residential Foreclosures

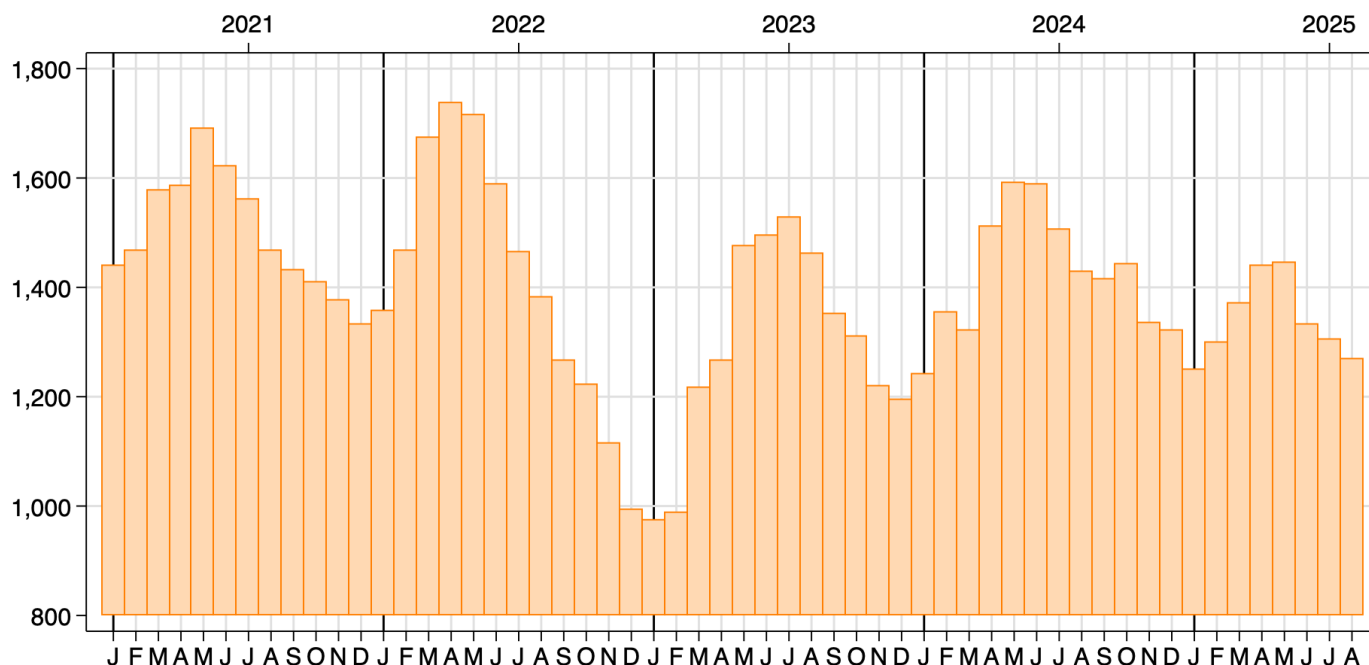
Month	Foreclosures	Percent Change Year-over-Year
Year-to-Date	4,532	6.7%
September 2025	554	27.4%
August 2025	563	27.7%
July 2025	549	22.8%
June 2025	549	20.9%
May 2025	526	13.9%
April 2025	495	2.7%
March 2025	445	-11.4%
February 2025	409	-19.3%
January 2025	442	-14.3%
December 2024	430	-11.7%
November 2024	416	-22.2%
October 2024	432	-14.5%
September 2024	435	-6.0%

AAR's Forecast

AAR projects that state housing foreclosures will remain relatively unchanged between September and October 2025.

Alabama Residential Foreclosures, Monthly Figures





AAR's Forecast

Inflation expectations increased and consumer sentiment declined in September, but the state's labor market remains relatively strong, and lower average mortgage rates aided with home sales. The Fed is likely to cut rates at both of its remaining meetings in 2025, and quantitative tightening campaign may be coming to an end.

Factors to consider in the near term:

- Consumers anticipate higher inflation over the near and longer terms. According to the Survey of Consumers, the expectations are for inflation are 4.6% for a year ahead and 3.7% for the long term. The New York Federal Reserve Bank's Survey of Consumer Expectations shows an increasing inflation outlook as well, with the year ahead rate rising to 3.4% from 3.2%, and the five-year increasing to 3.0% from 2.9%. These values are above the Federal Reserve's inflation target of 2.0%.
- Consumer sentiment declined further in September. The Composite Consumer Confidence metric fell for the second consecutive month to its lowest level since May of this year. Additionally, the Expectations Index, provided by the Conference Board, declined in September to a value of 73.4, marking the eighth consecutive month with a value below 80. Values below 80 are viewed as signaling a potential coming recession. The Index of Consumer Expectations also shows expectations declining with the October value down by 30.9% year-over-year. However, business confidence increased in September for the second consecutive month.
- Although consumer sentiment declined nationally, initial unemployment claims fell in September. Nationally, the four-week moving average decreased 1.3% from 240,750 on September 6 to 237,500 by September 20. Additionally, Alabama's average initial unemployment claims declined 1.6% from 1,896 on September 6 to 1,867 by September 27. The 1,867 value is the lowest four-week moving average for the state in almost six months.
- While the state's second quarter GDP and personal income lagged that of the country, the employment situation in the third quarter is notably better in Alabama. The state experienced a declining unemployment rate with the most recent value indicating Alabama has the fifth lowest rate in the country, with falling initial unemployment claims. Additionally, Alabama had fewer WARN notifications reported, affecting fewer employees, in the third quarter relative to the second quarter of this year.
- There does not appear to be much excess liquidity in the financial system, as evidenced by little reverse repo activity by the Federal Reserve since the start of October. At a speech on October 14, Fed Chair Jerome Powell indicated the Fed may put an end to quantitative tightening (QT) 'in the coming months' in response to the lower liquidity and sufficient reserves in the system. Ending QT would likely lower Treasury yields, although the impact may be small. If the Fed choose to end QT regarding mortgage-backed securities, then mortgage rates would likely decline noticeably.
- Although national surveys reveal consumer pessimism, Alabama has a relatively strong labor market with a more affordable housing market. Additionally, the state's rate of foreclosures is lower than that of the nation. Alabama's housing market saw a slight uptick in sales in September against historical trends likely in response to falling mortgage rates. If the Fed ends QT, affordability would likely further improve with lower rates and increased sales.

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:

Abby Wilson, *Director of Marketing & Communications*
abby@alabamarealtors.com (334) 386-5645

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.*
University of Louisiana at Lafayette

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

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.

