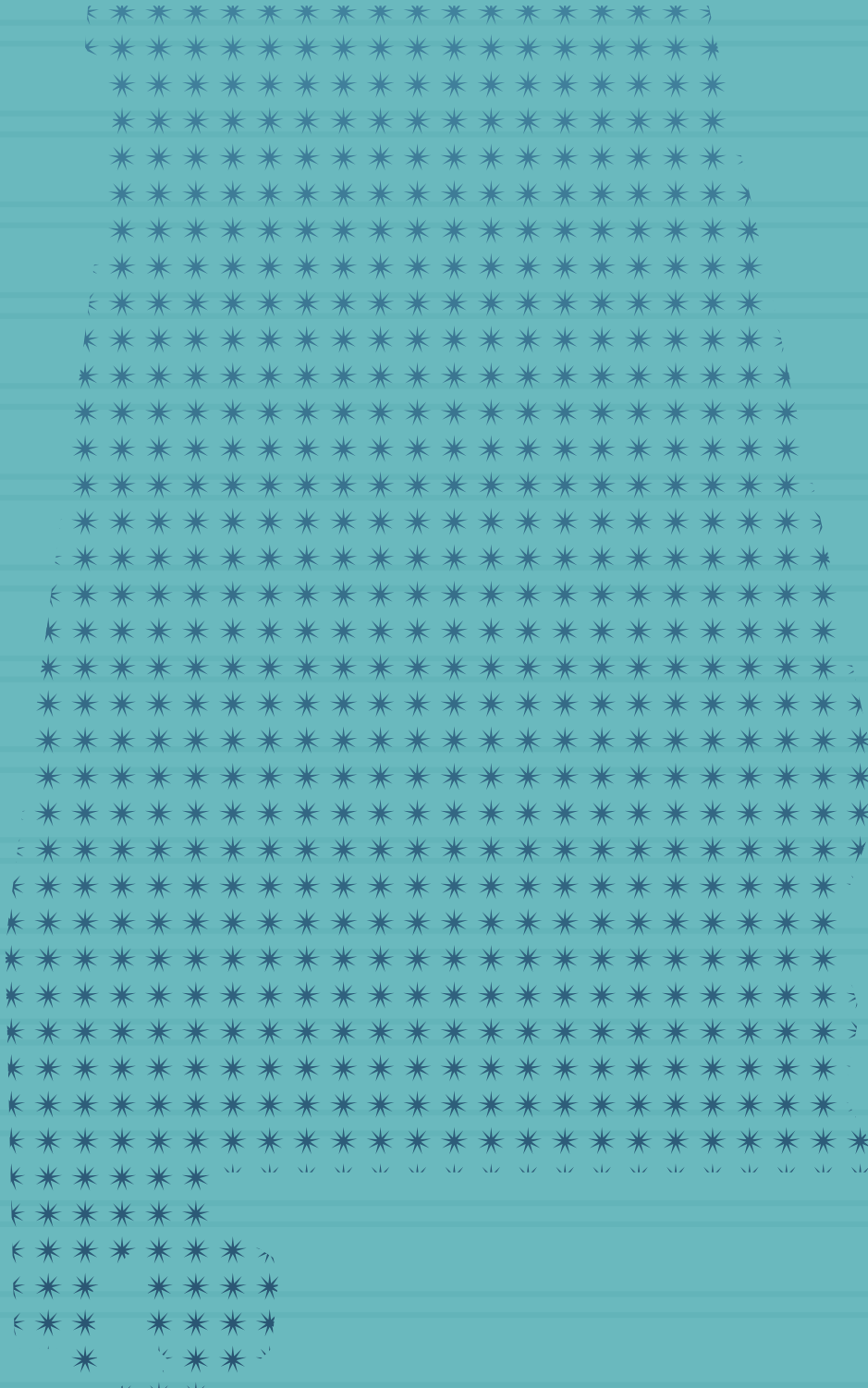


Alabama Economic & Real Estate Report

October 2025



ALABAMA MONTHLY HOME SALES REPORT

OCTOBER 2025

KEY TAKEAWAYS

- Alabama had **5,773 home sales** in October, a 4.7% decrease from the previous month and a decrease of 97 sales from last year.
- The median sales price rose 7.6% month-over-month to **\$253,201**, which is \$41,663 higher than a year ago—a 19.7% annual increase.
- Sold volume totaled **\$1.65 billion** in October, a 2.9% decrease from last month, but an increase of \$0.29 billion from last October, marking a 21.3% annual increase.
- Active listing reached **20,866** at the end of October, up 8.0% from one year ago (19,329).
- Foreclosures fell 11.4% from last month to **491**, but represent a 13.7% increase year-over-year.

ALABAMA HOUSING MARKET SUMMARY, OCTOBER 2025

	Oct-24	Oct-25	Change	% Change	YTD '24	YTD '25	Change	% Change
Sales	5,870	5,773	-97	-1.7%	57,818	60,103	2,285	4.0%
Median Sales Price (\$)	211,538	253,201	41,663	19.7%	210,859	231,023	20,164	8.7%
Average Sales Price (\$)	231,317	285,345	54,028	23.4%	232,149	268,774	36,625	15.8%
Sales Volume (\$ billions)	1.36	1.65	0.29	21.3%	13.47	16.18	2.71	10.1%
Average Days on Market	65	70	5	7.7%	61	67	6	9.8%
Active Listings	19,329	20,866	1,537	8.0%	16,369	19,639	3,270	20.0%
Months of Supply	4.4	4.9	0.5	11.4%	3.9	4.5	0.6	15.4%
Foreclosures	432	491	59	13.7%	4,678	5,023	345	7.4%



ECONOMIC OVERVIEW

Due to the government shutdown, the Bureau of Labor Statistics (BLS) did not release an October employment report or provide updates to prior months' data. Consensus expectations call for 22,000 jobs added nationally in October, including private-sector growth. However, the ADP national employment report shows a stronger figure, estimating 42,000 private-sector jobs added. Large firms (500+ employees) drove the gains with 73,000 new jobs, while smaller organizations shed 31,000 jobs. ADP also reports that states in the East South Central region—including Alabama—added 11,000 jobs in October. These figures contrast sharply with September, when the nation lost 32,000 private-sector jobs and the region lost 18,000.

As of this writing, the BLS has not released national unemployment rate data for October or preliminary figures for November. The Chicago Federal Reserve's Real-Time Unemployment Rate Forecast projects a slight increase from 4.35% in September to 4.36% in October.

Inflation data from the BLS for October 2025 is also unavailable. Current consensus estimates call for 3.1% headline inflation and 3.0% core inflation. The Cleveland Fed's Inflation Nowcasting model forecasts similar readings at 2.96% (headline) and 2.99% (core), while the New York Fed's Survey of Consumer Expectations reports a 3.0% one-year-ahead inflation expectation for October.

Average 30-year mortgage rates fell through October, reaching 6.17% by month's end. This decline reflected lower 10-year Treasury yields, driven by expectations of future Federal Reserve rate cuts, a softening labor market, and weaker economic outlook. Early November brought a reversal, as Treasury yields rose following more hawkish commentary from Fed officials and the end of the government shutdown—causing mortgage rates to climb as well.

The Federal Reserve lowered the federal funds rate target by 25 basis points at its October 2025 meeting to 3.75–4.00%, marking the second consecutive rate cut. Last month, markets viewed a December rate cut as nearly certain, but current estimates from the CME FedWatch Tool place the probability at 44.4%. The Fed also announced it will end its overall quantitative tightening (QT) program on December 1, 2025, halting the reduction of its balance sheet. However, QT will continue for mortgage-backed securities, as the Fed gradually shifts its holdings toward Treasury bills instead.

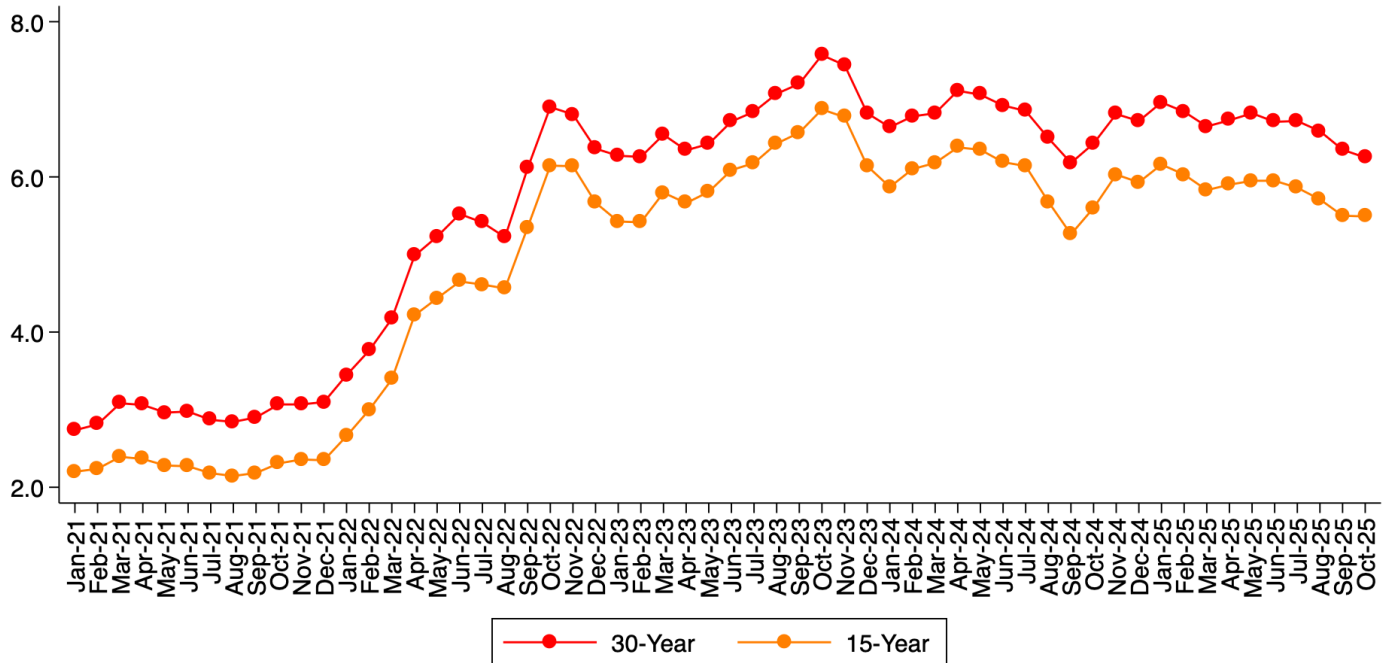
MORTGAGE RATES

The average 30-year fixed-rate mortgage began October at 6.34% and steadily declined throughout the month, dropping 17 basis points to 6.17% by October 30—the lowest level since October 3, 2024, when rates hit 6.12%.

In early November, rates ticked back up, rising 7 basis points to 6.24% by November 13. Even with this increase, the average 30-year rate for the past four weeks (October 23–November 13) has remained well below the same period in 2024.

As of this writing, the four-week average is 50 basis points lower than the 6.71% recorded at this time last November.

U.S. Fixed-Rate Mortgage Averages

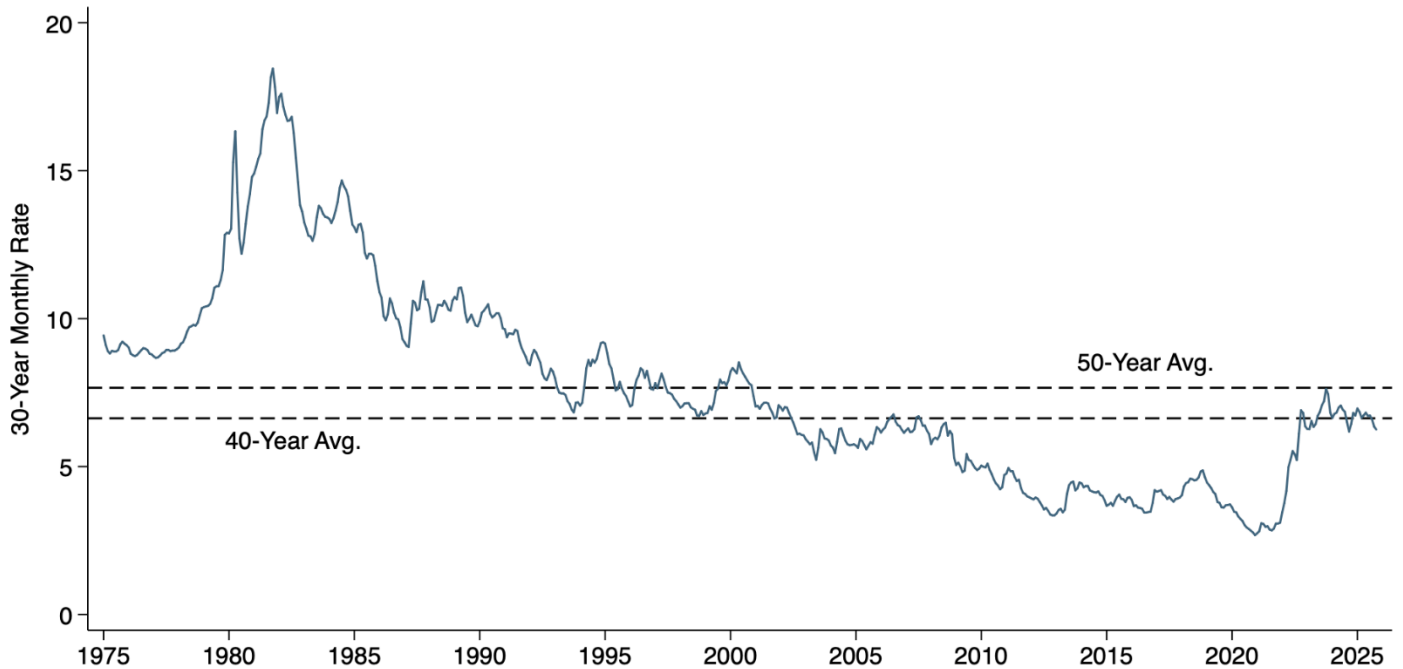


MORTGAGE RATES OVER THE DECADES

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

Rates over the last two years have generally remained within these long-term averages. However, the October 2025 average of 6.25% falls below that range for the second straight month and represents the lowest monthly level since September 2024, when the average was 6.18%.

U.S. Fixed-Rate Mortgage Averages



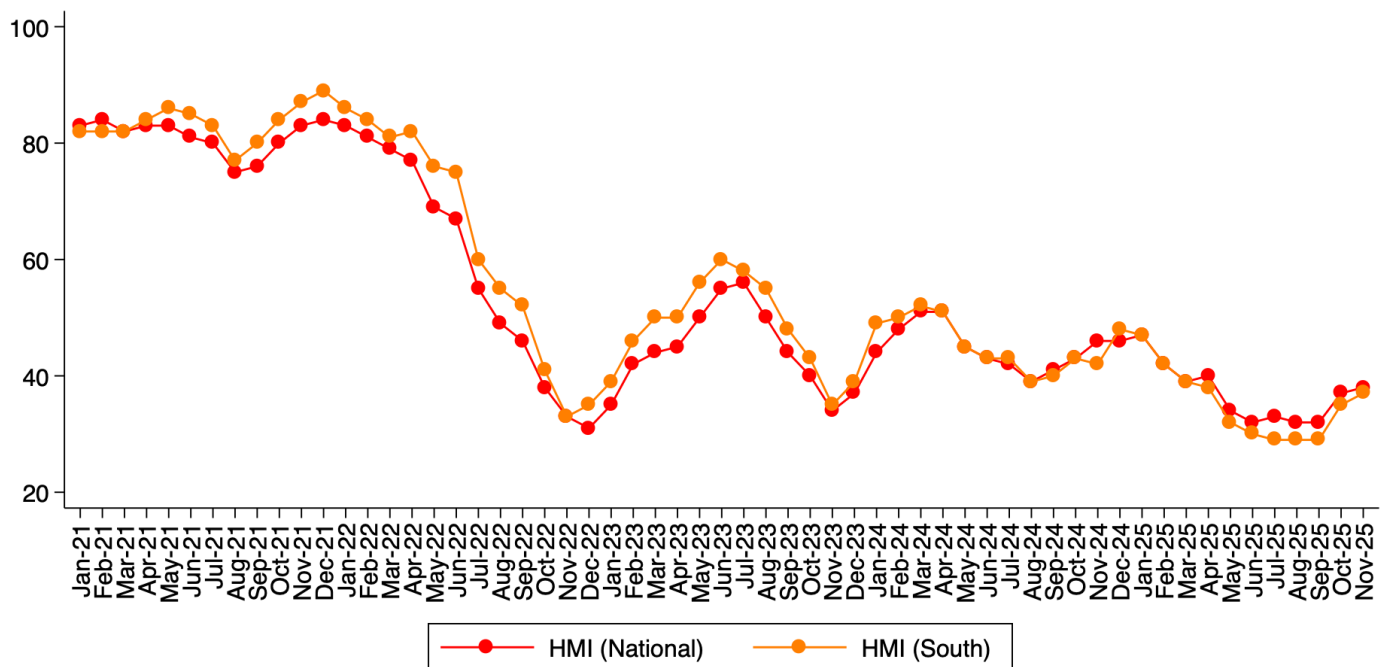
HOUSING MARKET INDICES

The National Association of Home Builders/Wells Fargo Housing Market Index (HMI) rose 5 points from September to October, reaching 37. A reading above 50 indicates that more builders view conditions as favorable. This marks the index's first increase in three months, though it still represents the 18th consecutive month below 50. The preliminary November 2025 HMI continues this upward trend, rising to 38. Even so, the streak of sub-50 readings extends to 19 consecutive months and remains 8 points below the November 2024 value of 46.

Among the index's three components, two increased in November. Single-Family Sales: Present rose from 39 to 41, the largest gain, while Traffic of Prospective Buyers increased from 25 to 26. Single-Family Sales: Next 6 Months declined 3 points, from 54 to 51, making it the only component to decrease. This is the second consecutive month, and only the second time in ten months, that any component has reached a value of 50 or higher.

Regionally, the South HMI climbed to 35 in October, its highest level in six months, and the preliminary November reading shows a further increase to 37, the highest since April. The West HMI also rose, gaining 2 points from 31 to 33. In contrast, the Northeast experienced the sharpest decline, falling 10 points to 45, while the Midwest decreased 2 points to 40, maintaining its position as the lowest regional index for the 13th consecutive month. With the Northeast falling to 45, all four regions are once again below 50, marking the eighth time in the past nine months that no region has posted a value indicating favorable conditions.

NAHB/Wells Fargo HMI Indices



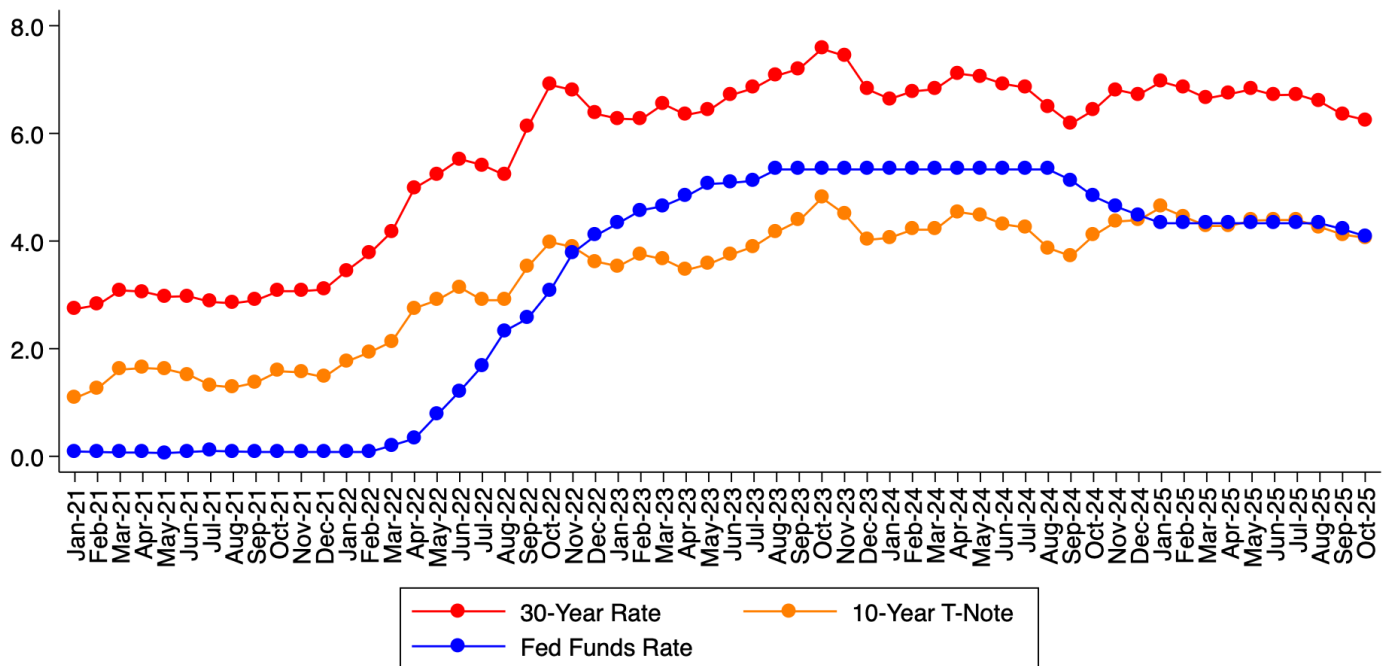
RATES SNAPSHOT

The chart below illustrates the general impact of the Federal Reserve's September and October 2025 cuts to the federal funds rate target on the 10-year Treasury yield and the average 30-year mortgage rate. Both rates declined in response to the cuts. The effects of the Fed's ongoing quantitative tightening (QT) on agency mortgage-backed securities (MBS) are also evident, as the spread between the 10-year Treasury yield and the average 30-year mortgage remains elevated, with no clear end in sight for this MBS-focused QT campaign.

From January 2021 through March 2022, the spread was relatively narrow, roughly 158 basis points, as the Fed continued quantitative easing by purchasing agency MBS. Holdings remained relatively constant until October 2022, when the Fed began QT, allowing MBS to mature without reinvesting the proceeds. Since then, the spread has averaged 233 basis points in 2025 due to this tightening.

The Fed has signaled it will end overall QT for Treasury bills beginning December 1, 2025, which should reduce upward pressure on yields. However, it will continue QT for MBS, keeping the spread between Treasury yields and mortgage rates elevated.

Fed Funds Rate, 10 Year Treasury Rate, and the Average 30-year Mortgage Rate



HOUSING MARKET OVERVIEW

SALES

The number of sales transactions that closed during the month

Home sales activity decreased in October 2025 relative to October 2024. Additionally, the 5,773 sales represent a 4.7% month-over-month decrease in sales. Sales appear to have begun their seasonal decline.

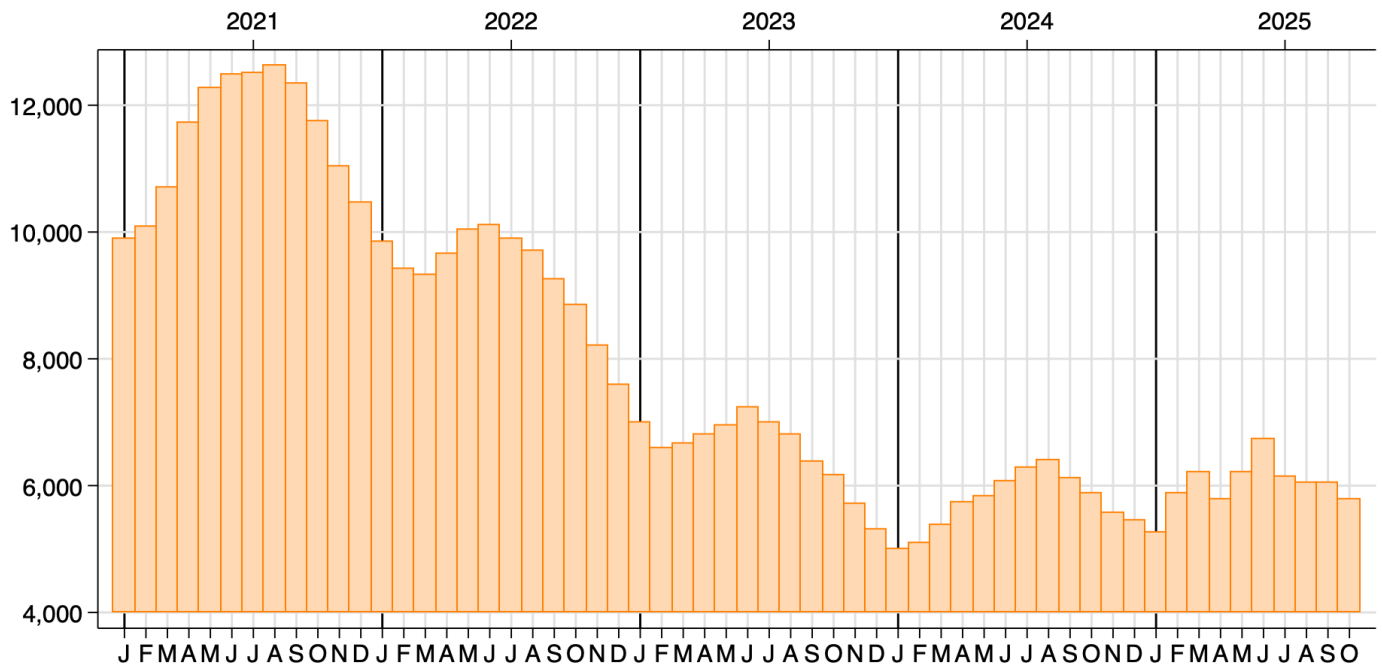
AAR's Forecast

AAR projects that state total home sales will decrease between October and November 2025 by approximately 3.4% to 5,579.

Alabama Monthly Home Sales Figures

Month	Sales	Percent Change Year-over-Year
Year-to-Date	60,103	4.0%
October 2025	5,773	-1.7%
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%

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 19.7% year-over-year in October 2025. Additionally, the median sales price rose by 7.6% month-over-month.

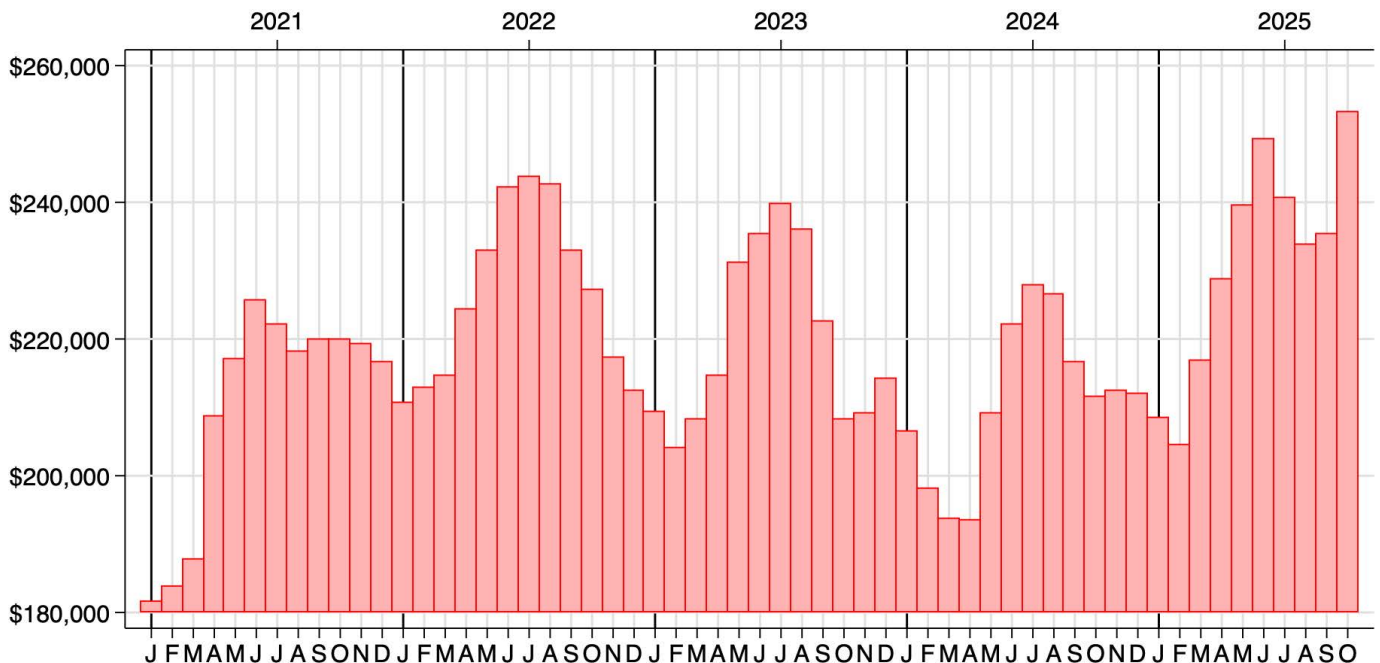
Alabama Median Sales Prices

Month	Median Sales Price (\$)	Percent Change Year-over-Year
Year-to-Date	231,023	8.7%
October 2025	253,201	19.7%
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%

AAR's Forecast

AAR projects that the state median home sales price will increase between October and November 2025 by approximately 3.8% to \$262,848.

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 \$4,624 relative to last month. This is an increase of 1.6% compared to September 2025, and the average home sales price is 23.4% higher compared to October 2024.

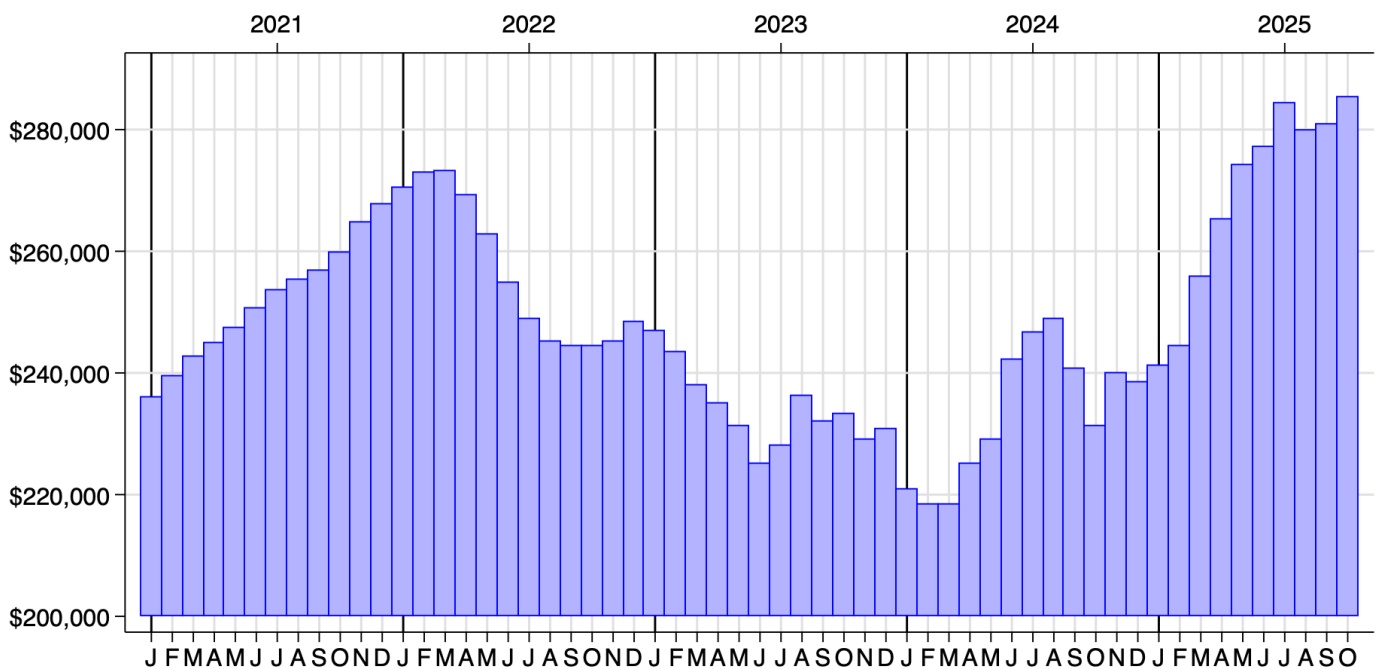
Alabama Average Sales Prices

Month	Average Sales Price (\$)	Percent Change Year-over-Year
Year-to-Date	268,774	15.8%
October 2025	285,345	23.4%
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%

AAR's Forecast

AAR projects that the state average home sales price will increase between October and November 2025 by approximately 3.8% to \$296,147.

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 October 2025 was \$1.65 billion, which is up \$0.29 billion from October 2024. This sales figure represents a 21.3% increase, year-over-year. However, the October sales dollar volume is 2.9% lower than last month.

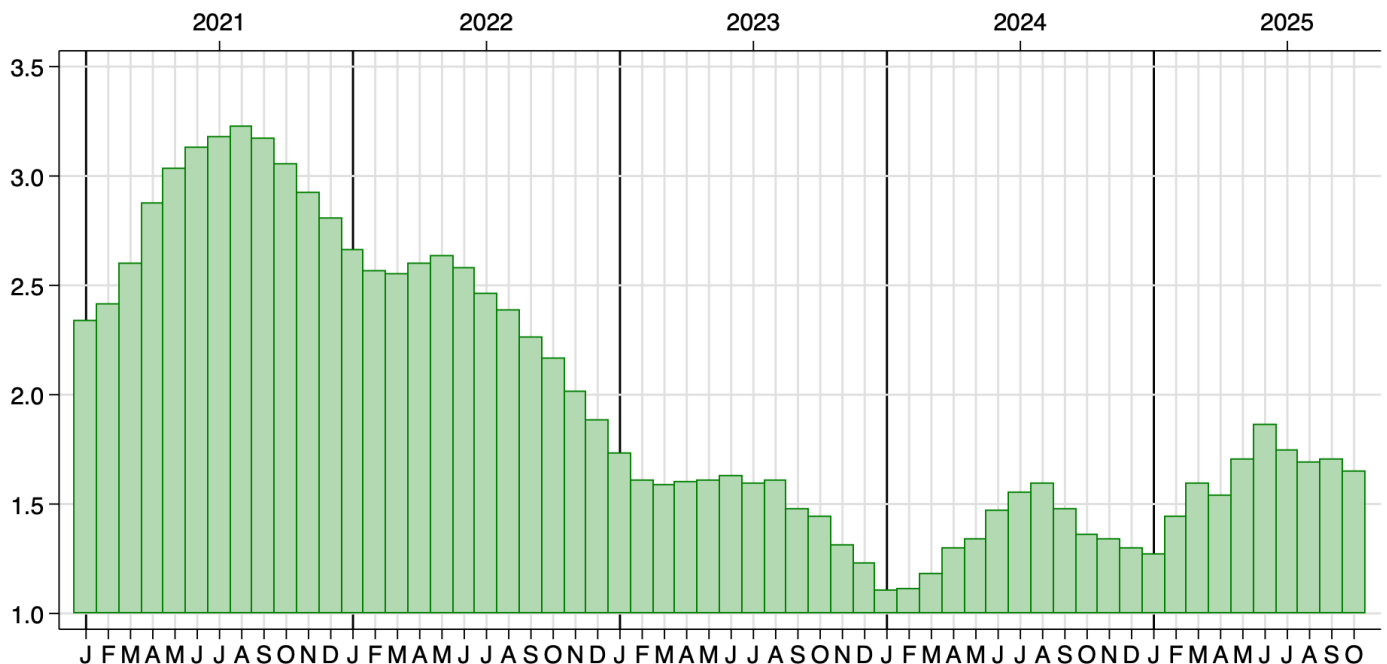
AAR's Forecast

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

Alabama Sales Volume (in Billions)

Month	Sales Volume (\$)	Percent Change Year-over-Year
Year-to-Date	16.18	10.1%
October 2025	1.65	21.3%
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%

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 2 days longer in October relative to September 2025. Homes sold in October 2025 were on the market for 70 days, on average. This figure is also 5 days longer compared to one year ago (65 days).

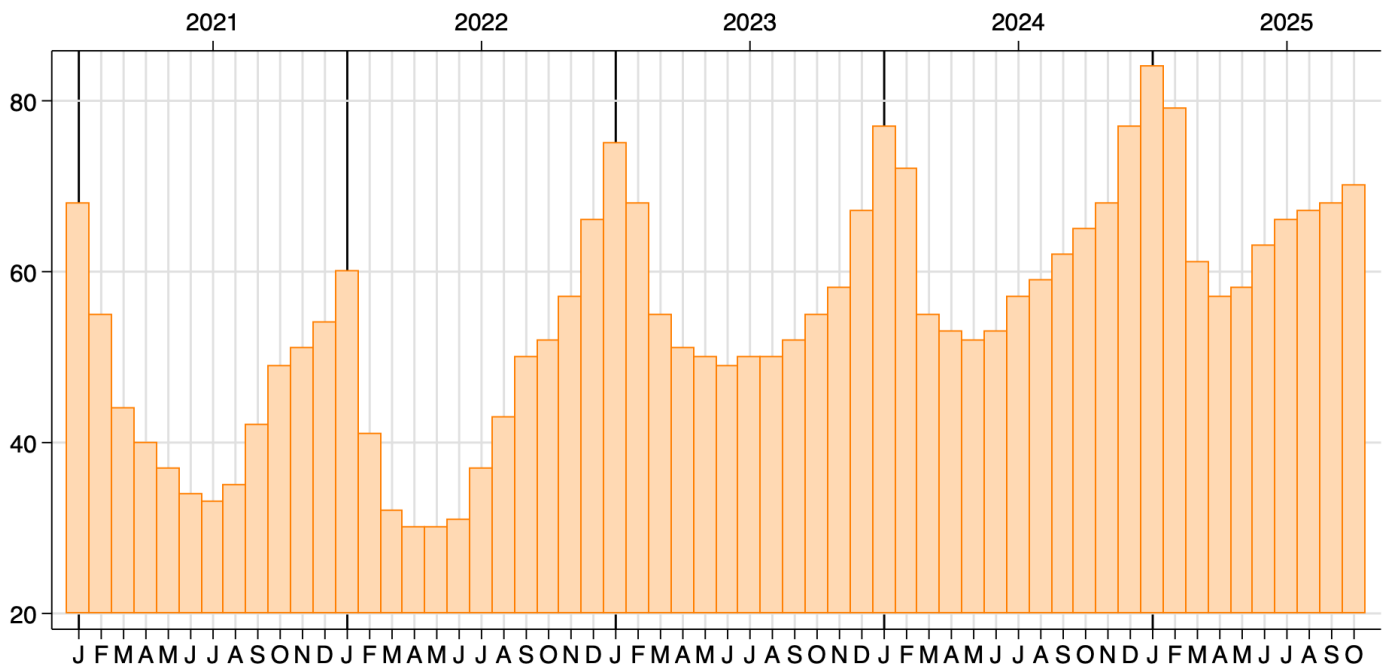
Alabama Residential Days on Market

Month	Days on Market	Percent Change Year-over-Year
Year-to-Date	67	9.8%
October 2025	70	7.7%
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%

AAR's Forecast

Based upon current economic trends, AAR projects that state residential days on market will increase by approximately 4.3% between October and November 2025 to 73 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 October 2025, relative to September 2025, as there were 4.9 months of supply. Additionally, this figure is greater than that of one year ago (4.4 months).

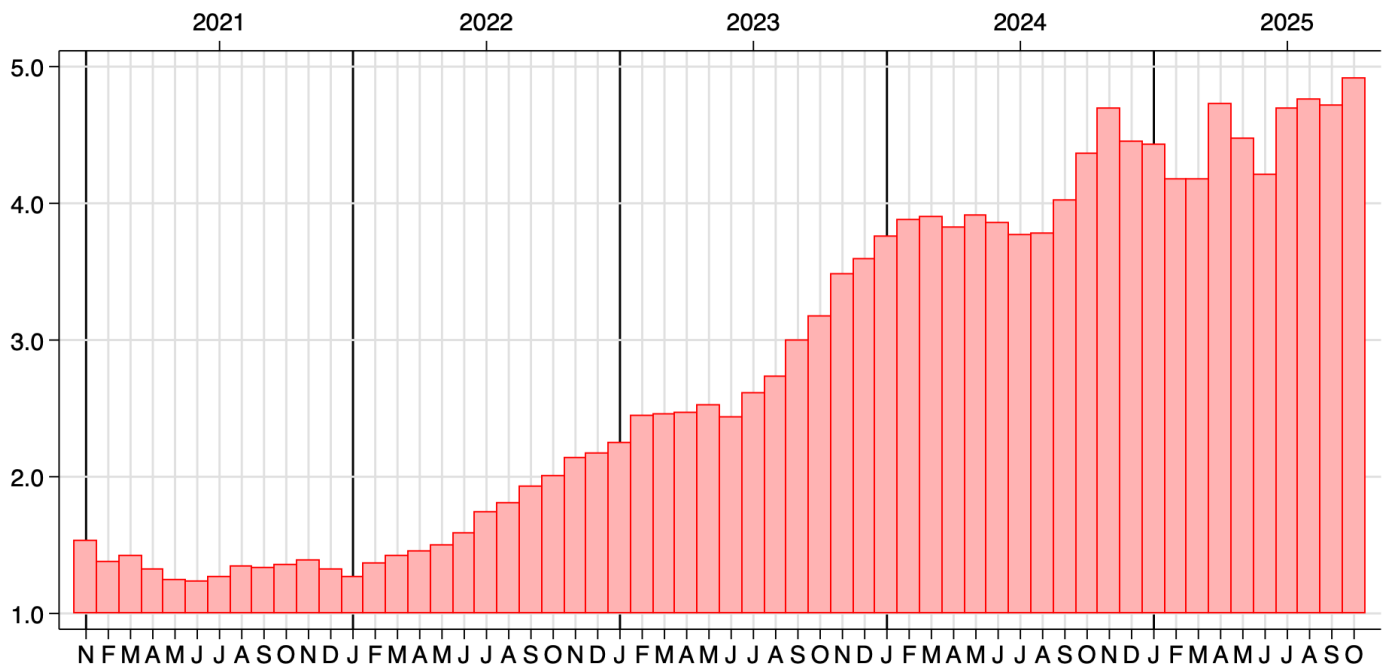
Alabama Months of Supply

Month	Months of Supply	Percent Change Year-over-Year
Year-to-Date	4.5	15.4%
October 2025	4.9	11.4%
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%

AAR's Forecast

AAR projects that state housing supply will increase between October and November 2025 by approximately 4.1% 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 October 2025 (20,866) compared to one year ago (19,329). This figure represents an 8.0% annual increase. It also marks a 0.5% increase relative to last month. October 2025 listings were up by 101 relative to September 2025, marking a return to an increase in the number of listings and the highest value in at least 5 years.

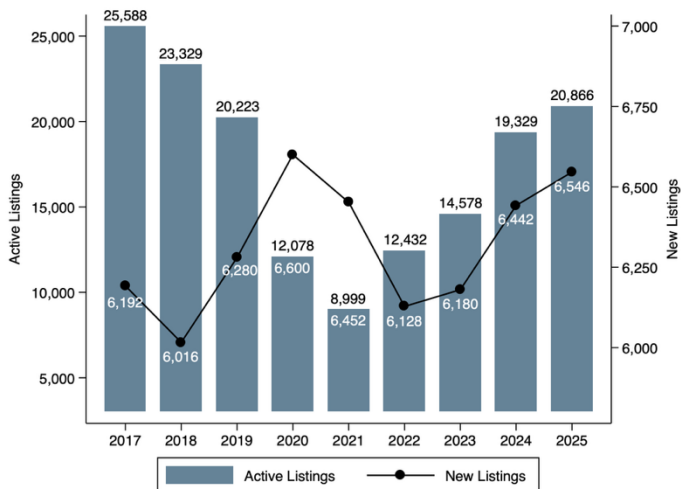
AAR's Forecast

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

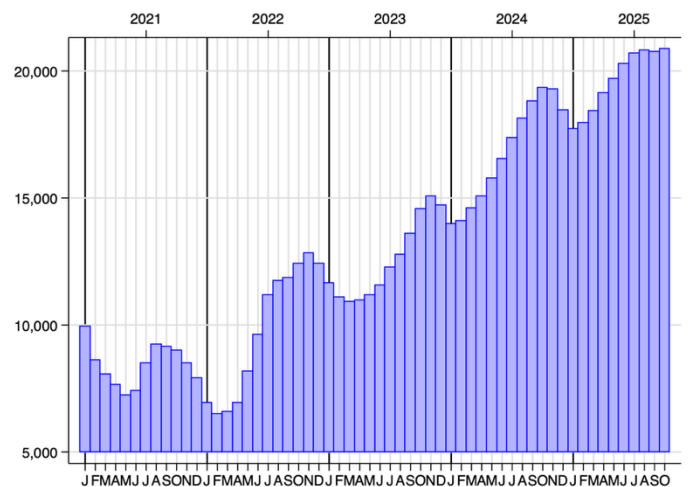
Alabama Active Residential Listings

Month	Active Listings	Percent Change Year-over-Year
Year-to-Date	19,639	20.0%
October 2025	20,866	8.0%
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%

Alabama Active and New Residential Listings, October 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 59 more foreclosures in October 2025 (491) compared to one year ago (432). The October value marks the second consecutive monthly decrease in the number of foreclosures.

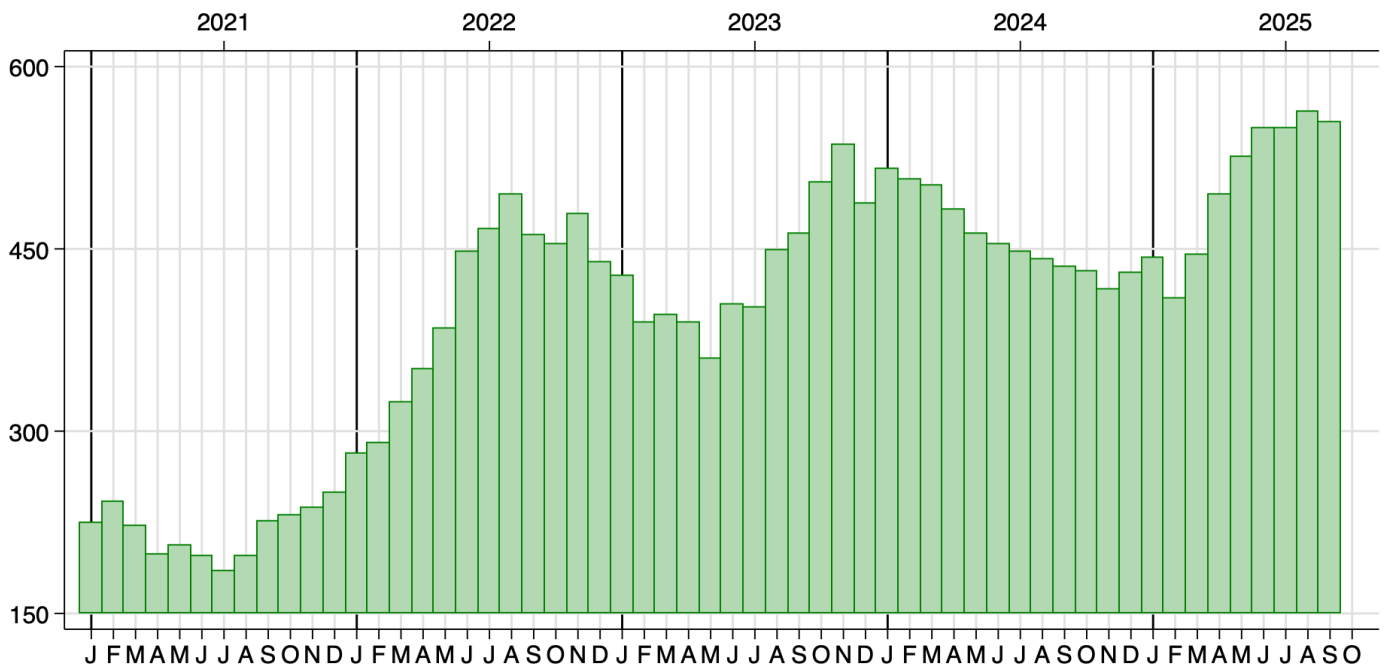
Alabama Residential Foreclosures

Month	Foreclosures	Percent Change Year-over-Year
Year-to-Date	5,023	7.4%
October 2025	491	13.7%
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%

AAR's Forecast

AAR projects that state housing foreclosures will decrease between October and November 2025 by approximately 4.5% to 469.

Alabama Residential Foreclosures, Monthly Figures



AAR's Forecast

Consumer sentiment continued to decline, and there is some evidence of softening in the labor market both in Alabama and nationally. Additionally, average mortgage rates increased to start November. Furthermore, recent hawkish comments by Fed officials have lowered the likelihood of a rate cut at the Fed's December meeting.

Factors to consider in the near term:

- While the Bureau of Labor Statistics (BLS) has not yet released unemployment data for October at either the state or national level, evidence suggests a softening labor market. Initial unemployment claims rose in October for both Alabama and the nation. The last BLS-reported national figure, as of September 20, was 218,000 weekly claims, with independent sources reporting a rise to 232,000 by October 18, the most recent data available. More detailed state-level data allow calculation of a 4-week moving average, which shows Alabama's average initial claims increasing from 1,867 on September 27 to 2,195 by October 25. Through mid-November, this trend continued, with the 4-week moving average reaching 2,254 by November 14, the highest since early August.
- Consumer attitudes also show continued declines. The Index of Consumer Sentiment fell 2.7% in October and 6.2% in November, marking the fourth consecutive month of decline and the lowest reading since June 2022. The Expectations Index dropped to 71.5 in October, the ninth straight month below 80—a level often viewed as signaling a potential recession. Similarly, the Index of Consumer Expectations from the Survey of Consumers fell 2.6% from October to November and 36.3% year-over-year. In contrast, business confidence saw a modest increase for the third consecutive month in October.
- A proposed 50-year mortgage has been suggested as a way to improve home affordability. However, the impact on monthly payments would likely be minimal while dramatically increasing total interest paid. As of November 13, the spread between the average 15-year and 30-year fixed-rate mortgages was 75 basis points (5.49% versus 6.24%). Assuming a similar spread between a 30-year and a proposed 50-year mortgage would result in an average 50-year rate of 6.99%. Using Alabama's October median home price of \$253,201 with a 20% down payment, monthly payments would decrease only slightly—from \$1,522 for a 30-year mortgage to \$1,493 for a 50-year mortgage—while total interest paid more than doubles (\$527,780 versus \$245,958). Such a mortgage would likely have limited impact on stimulating sales activity.
- The 10-year Treasury yield has generally risen since late October, climbing from 3.99% on October 28 to 4.14% by November 14. This increase was driven in part by hawkish statements from Federal Reserve officials, including Kansas City Fed President Jeffrey Schmid, who noted that further rate cuts are unlikely to spur the labor market but may increase inflation. These remarks sharply reduced market expectations for a Fed funds rate cut at the December meeting. Average 30-year mortgage rates have risen in tandem.
- Looking ahead, home sales in Alabama are likely to experience the usual seasonal slowdown as winter approaches. The rise in mortgage rates through early November will likely put short-term downward pressure on sales. However, housing in Alabama remains relatively affordable, and supply is expected to increase. Should the Federal Reserve reduce the Fed funds rate target at its upcoming meeting, mortgage rates could decline, potentially encouraging additional home buying.

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.

