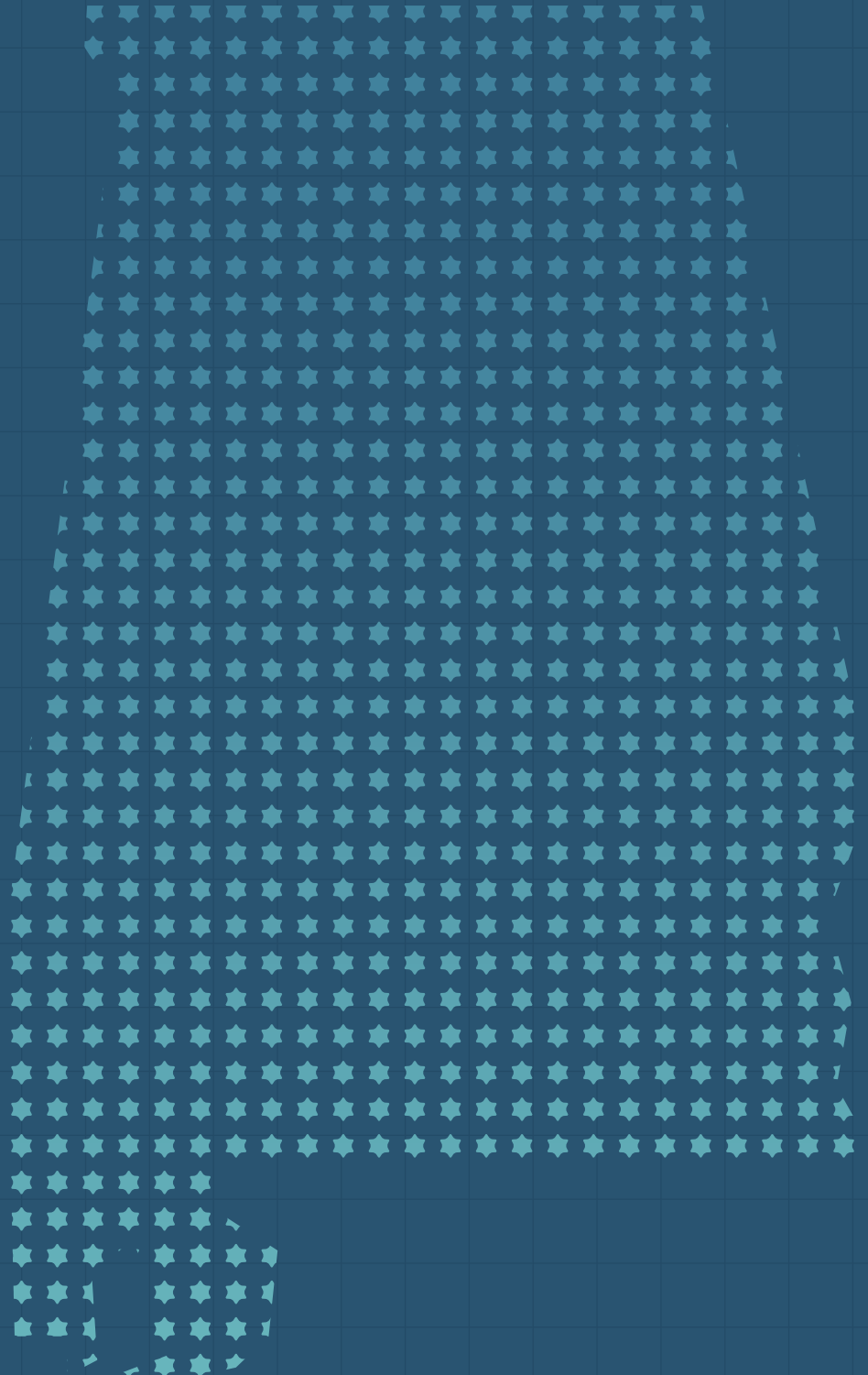


Alabama Economic & Real Estate Report

2025 Annual Report



2025 ANNUAL ALABAMA ECONOMIC AND REAL ESTATE REPORT

KEY TAKEAWAYS

- Alabama had **71,485** home sales in 2025. This is an increase of 2,656 sales when compared to 2024.
- The median sales price increased by \$23,165 compared to 2024, rising to **\$233,969**. This is an annual increase of 11.0%.
- The sold volume was **\$19.37 billion** in 2025, an increase of \$3.27 billion from 2024. This is approximately a 20.3% annual increase.
- The **19,744** average active listings in 2025 are an increase compared to the 16,786 of a year ago. This is the highest average in 6 years yet remains below the 2019 pre-pandemic average of 20,478.
- There were **6,039** foreclosures in 2025 representing a 9.3% increase compared to the 5,524 foreclosures in 2024.

ALABAMA ANNUAL HOUSING MARKET SUMMARY

	2021	2022	2023	2024	2025	'24-'25 Change	'24-'25 % Change
Sales	137,884	111,850	78,605	68,829	71,485	2,656	3.9%
Median Sales Price (\$)	210,026	226,162	219,329	210,804	233,969	23,165	11.0%
Average Sales Price (\$)	251,561	256,630	234,075	233,322	270,603	37,281	16.0%
Sales Volume (\$ billions)	34.72	28.74	18.41	16.10	19.37	3.27	20.3%
Average Days on Market	45	44	57	63	69	6	9.5%
Median Active Listings	8,433	9,768	12,536	16,786	19,744	2,958	17.6%
Median Months of Supply	1.3	1.7	2.6	3.9	4.7	0.8	20.5%
Total Foreclosures	2,613	4,871	5,205	5,524	6,039	515	9.3%

ECONOMIC OVERVIEW

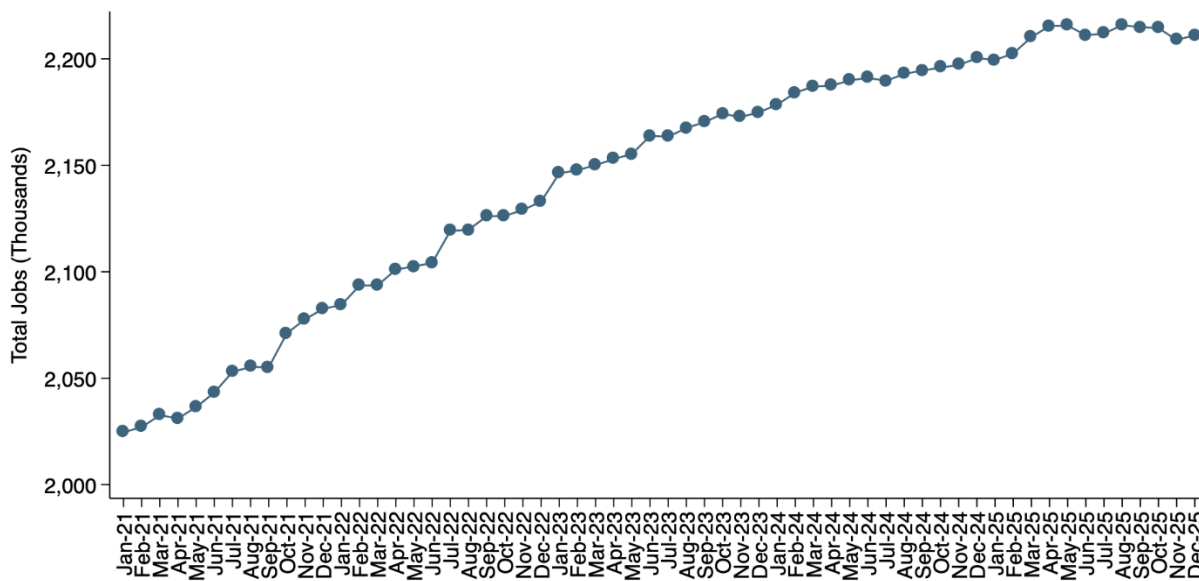
The nation's real gross domestic product (GDP) experienced a volatile but ultimately strong trajectory in 2025, reaching an estimated annual growth rate of 3.0%, up from 2.8% in 2024. In the first quarter of 2025, real GDP decreased at an annual rate of 0.6%, a sharp downturn from the 1.9% growth seen in the fourth quarter of 2024. However, the economy rebounded aggressively in the following months, with growth climbing to 3.8% in the second quarter and surging to 4.4% in the third quarter, marking the strongest advance in two years.

Alabama's annualized real GDP growth rate in the third quarter was 4.7%, which was higher than that of the nation. Also, during the third quarter, nominal personal income grew 3.3% across the country and at 3.3% in Alabama. Current dollar per capita income has increased in Alabama during every quarter since the second quarter of 2021, rising from \$49,209 to \$59,812.

Note that fourth quarter data at the state level is not available at the time of this writing, nor has the national rate been released.

JOBS

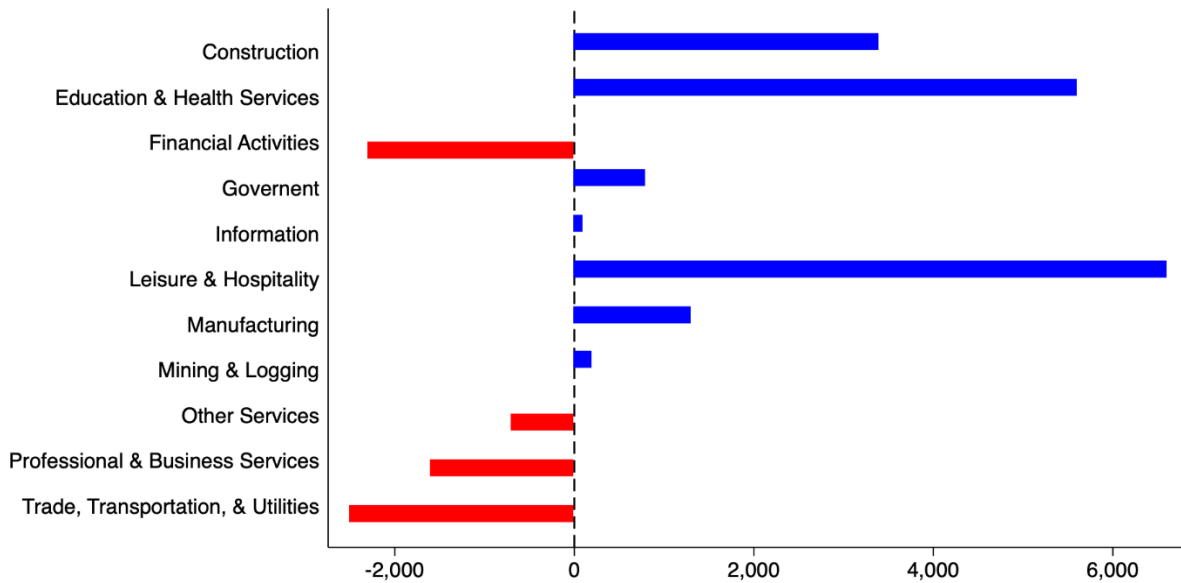
Alabama added jobs in seven of the twelve months in 2025, increasing the total number of jobs approximately 10,900 since last December. Annual job growth slowed for the fourth consecutive year and fell below the annual growth of 24,800 jobs in 2019 (pre-pandemic).



Total Jobs in Alabama (Thousands)

Leisure & Hospitality led job growth over the year, adding 6,600 jobs, followed by Education and Health Services which added 5,600 jobs.

Additionally, Construction added 3,400 jobs since December 2024. The largest sectors of the state's economy in 2025 were Government (421,000 jobs), Trade, Transportation, and Utilities (407,900 jobs), and Manufacturing (287,100 jobs). Sectors which lost jobs since December 2024 include Trade, Transportation, and Utilities losing 2,500 jobs, Financial Activities losing 2,300 jobs, and Professional & Business Services, which lost roughly 1,600 jobs.



Alabama Jobs Changes from 2024 to 2025

EMPLOYMENT

Alabama had some of the lowest monthly unemployment rates in the country in 2025, with rates below 3% for the last six months of the year. The rate was 3.3% for the first five months of the year before beginning a steady decline in June, then ending the year at 2.7% in November and December. This resulted in the state having the fifth lowest unemployment rate in the country to end the year. Additionally, the state's unemployment rate in December 2025 was 1.7 percentage points below the national unemployment rate of 4.4%.

Alabama's labor force participation rate ticked slightly higher over the past year, from 57.7% in December 2024 to 57.8% in December 2025. From April through June 2025 the rate reached 58.0%, which was the highest level for the state's labor force participation rate over the last decade.

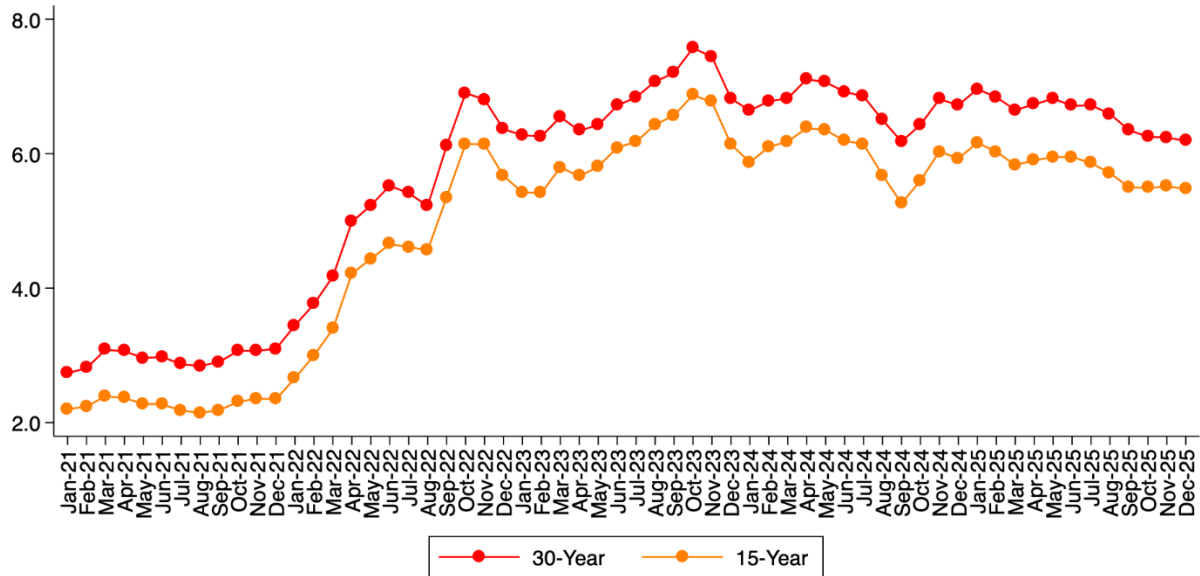
Alabama's initial jobless claims, which serve as an indicator of real time economic conditions, declined for the fifth consecutive year. There were 192 fewer claims weekly on average, or 8.5% fewer, in 2025 relative to 2024, reflecting a strengthening statewide economic climate. For pre-pandemic reference, there were 437 fewer weekly claims on average in 2025 compared to 2019. Furthermore, the average weekly initial jobless claims declined for the second consecutive quarter in the fourth quarter of 2025 to 2,011 weekly claims. The national economy did not fare as well with initial jobless claims increasing for the third consecutive year in 2025, with average weekly claims 1.4% higher relative to 2024. However, like the state, claims fell nationally in the third and fourth quarters of 2025.

MIGRATION

Alabama's population increased by 30,033 in 2025 according to the U.S. Census Bureau, following an increase of 45,205 in 2024. Once again, the recent increase was driven by domestic migration, with 23,358 people moving from other states to Alabama in 2025. This is the 16th fastest rate per 1,000 people in terms of domestic migration among U.S. states. Additionally, according to United Van Lines "Annual Movers Study," Alabama ranked ninth in terms of inbound migration in 2025. The state ranked ninth nationally according to U-Haul's growth rates, up from 16th in 2024.

MORTGAGE RATES

Average 30-year mortgage rates remained above 6% throughout 2025, marking the third consecutive year with average rates above 6%. However, the average 30-year fixed rate mortgage generally declined throughout the year from a peak of 7.04% in mid-January (18 basis points below 2024's peak of 7.22%) to 6.15% by the end of the year. The average rate has declined by over 170 basis points relative to the 7.79% of late October 2023, with the average 30-year fixed mortgage rate falling to 6.06% as of January 15, 2026.



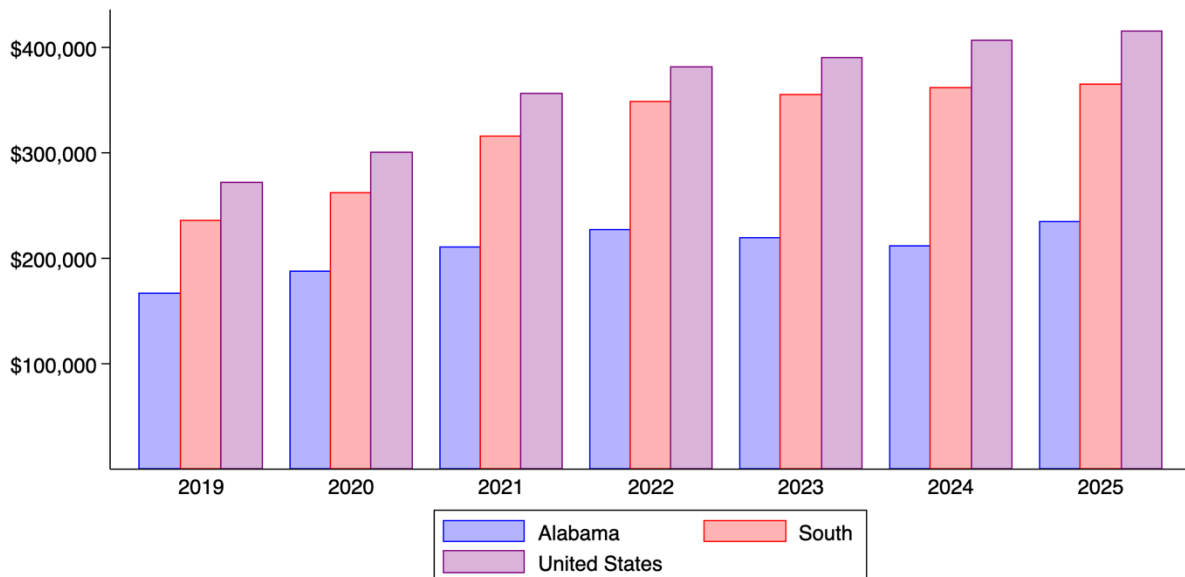
U.S. Fixed-Rate Mortgage Averages

HOUSING MARKET OVERVIEW

The average 30-year fixed rate mortgage has been at least 6% since mid-September 2022. However, market participants are acclimating to the higher rate environment and 2025 saw more sales than 2024. Monthly sales climbed through the first quarter of the year, leveled off a bit before peaking in June, then slowly trended downwards through the end of the year. Each of the first six months of the year saw higher year-over-year sales, as did the last two months of the year. The median sales price increased slightly relative to 2024 by \$23,165, or 11.0%, while days on market climbed for the third consecutive year to 69 days. While Alabama saw an increase of 3.9% in sales in 2025, the nation experienced a very slight decline as home sales fell from 4.062 million in 2024 to 4.061 million in 2025. According to the National Association of REALTORS®, 2025 sets a new record, superseding 2024, as the weakest year for total home sales since 1995.

HOME SALES PRICES

Even though the median home sales price increased in 2025, housing in Alabama remains a bargain when compared to the South as a region and the nation. The difference in prices has increased not only in an absolute sense, but in percentage terms as well. For example, median prices increased by \$67,063, or 40.2%, between 2019 and 2025 in Alabama. For the South, the increase was \$128,350, a 54.4% increase, while for the nation prices increased \$143,800 or 53.0% over the period.



Median Home Sales Price Comparisons

FORECLOSURES

Foreclosure activity increased in the United States in 2025 following the decline in 2024. National foreclosure activity is up 14% relative to 2024. There were 367,460 filings in 2025 nationwide, with 322,103 in 2024 and 357,062 in 2023. The number of foreclosures for each of the last six years remains well below the 493,066 filings in 2019.

Alabama foreclosure activity rose to its highest level in six years in 2025. Foreclosure filings were up 9.3% relative to 2024 and up 13.8% relative to 2023. However, foreclosure activity in the state remains well below what it was in 2019.

Foreclosure activity generally trended upward for much of the year. For example, during the first quarter of 2025 there were 432 foreclosures per month, with the average climbing over the next two quarters to 555 foreclosures per month in the third quarter. However, the average declined to 502 foreclosures per month in the fourth quarter.

HOUSING MARKET OVERVIEW

TOTAL HOME SALES

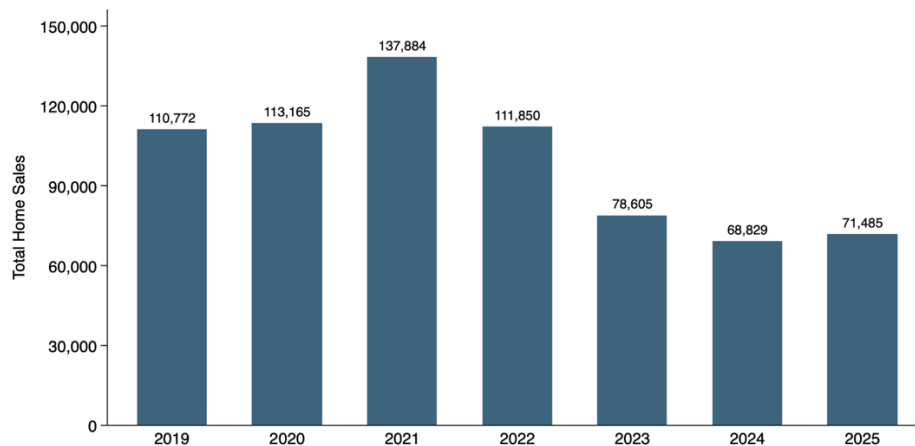
The number of sales transactions that closed during the year

Alabama home sales activity increased in 2025 following three consecutive years of decline. There were 71,485 sales during 2025, which is 2,656 more sales than 2024. This represents a 3.9% increase in annual sales. Year-over-year home sales were higher in eight of the 12 months of the year, with exceptions from July through October. Home sales dipped slightly, remaining flat, at the national level. Alabama's housing market was able to maintain sales momentum even as it faced the same high-interest-rate environment that stifled growth on a national level.

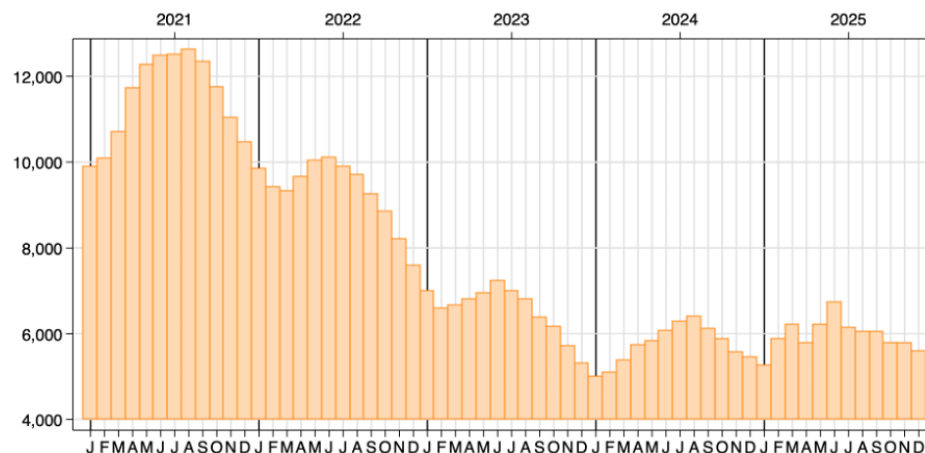
Alabama Annual Home Sales Figures

Year	Sales	Percent Change Year-over-Year
2025	71,485	3.9%
2024	68,829	-12.4%
2023	78,605	-29.7%
2022	111,850	-18.9%
2021	137,884	21.8%
2020	113,165	2.2%
2019	110,772	7.4%

Alabama Home Sales, Annual Figures



Alabama Home Sales, Monthly Figures





HOUSING MARKET OVERVIEW

MEDIAN SALES PRICE

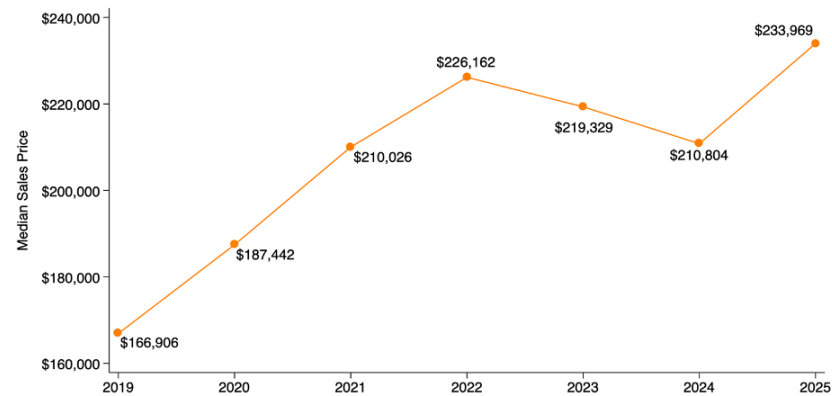
Measures the “middle” price of homes that sold (half of the homes sold for a higher price, and half sold for less)

The median Alabama residential sales price increased by 11.0% in 2025, while the national median price increased by 1.7% relative to 2024. The 2025 median sales price for Alabama is the highest annual value on record. Additionally, the October 2025 median value of \$253,201 marks the highest monthly value. Pent up demand, positive net migration, and fewer new home permits contributed to a higher median price.

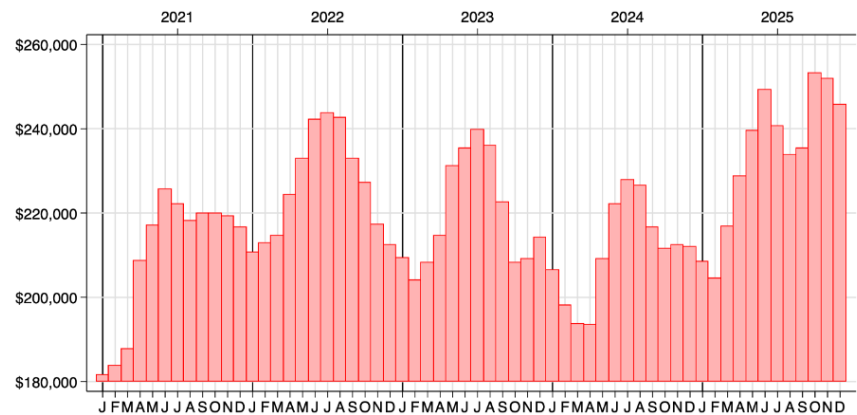
Alabama Median Sales Prices Annual Figures

Year	Median Sales Price (\$)	Percent Change Year-over-Year
2025	\$233,969	11.0%
2024	\$210,804	-3.9%
2023	\$219,329	-3.0%
2022	\$226,162	7.7%
2021	\$210,026	12.0%
2020	\$187,442	12.3%
2019	\$166,906	2.9%

Alabama Median Sales Prices (\$), Annual Figures



Alabama Median Sales Prices (\$), Monthly Figures



HOUSING MARKET OVERVIEW

AVERAGE SALES PRICE

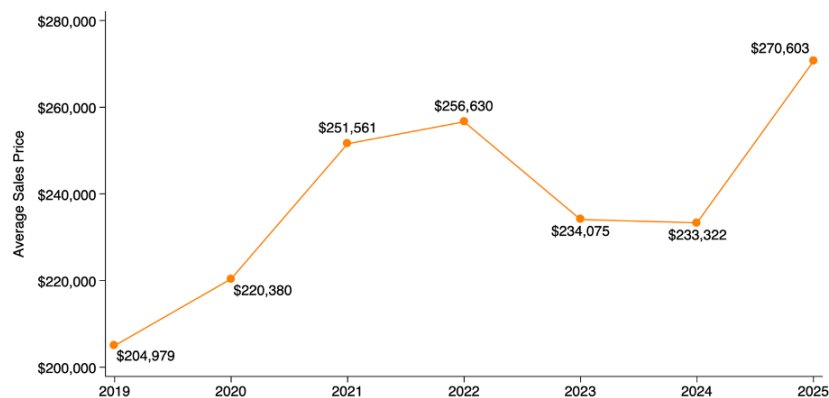
The sum of all sales in dollars divided by the number of homes sold

The average, or mean, Alabama residential sales price experienced an increase of 16.0% in 2025 relative to 2024. Like the median sales price, the average sales price climbed to its highest annual level exceeding, the previous annual high in 2022. The average price is more than \$65,000 higher than the pre-pandemic average.

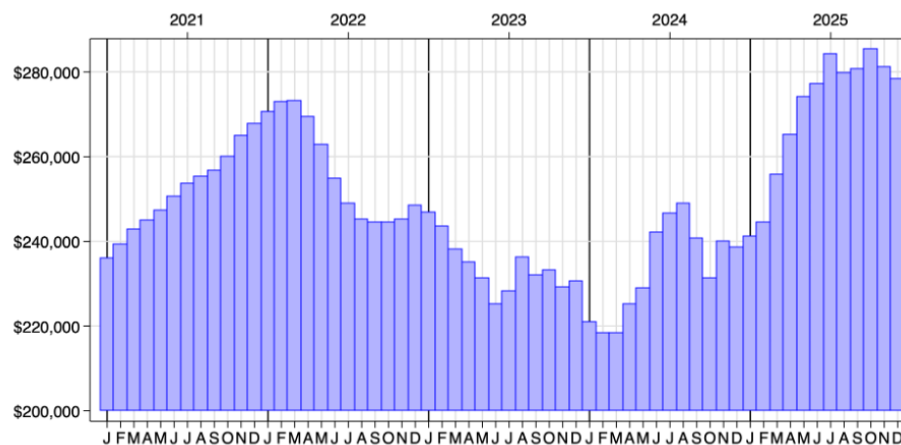
Alabama Average Sales Prices Annual Figures

Year	Average Sales Price (\$)	Percent Change Year-over-Year
2025	\$270,603	16.0%
2024	\$233,322	-0.3%
2023	\$234,075	-8.8%
2022	\$256,630	2.0%
2021	\$251,561	14.1%
2020	\$220,380	7.5%
2019	\$204,979	1.8%

Alabama Average Sales Prices (\$), Annual Figures



Alabama Average Sales Prices (\$), Monthly Figures



HOUSING MARKET OVERVIEW

SALES VOLUME

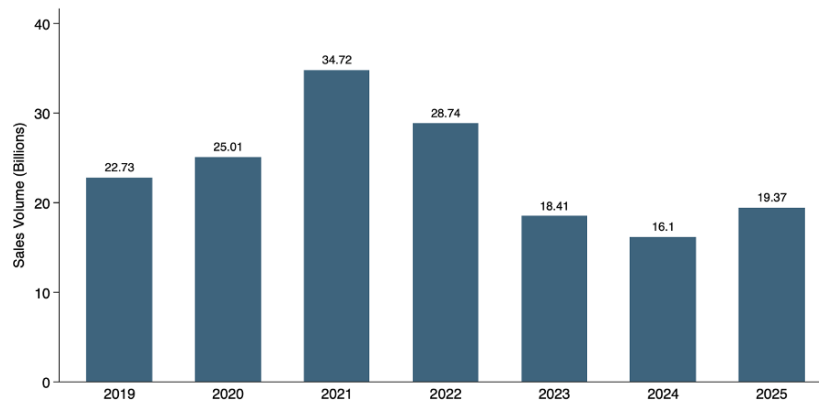
Measures the combined sales price of all homes that closed during the year

The sold dollar volume for residential sales in 2025 was \$19.37 billion, which is up approximately \$3.27 billion from 2024. This represents a 20.3% increase, driven by the increase in the average sales price and by the increase in sales. This marks the highest sales volume in three years.

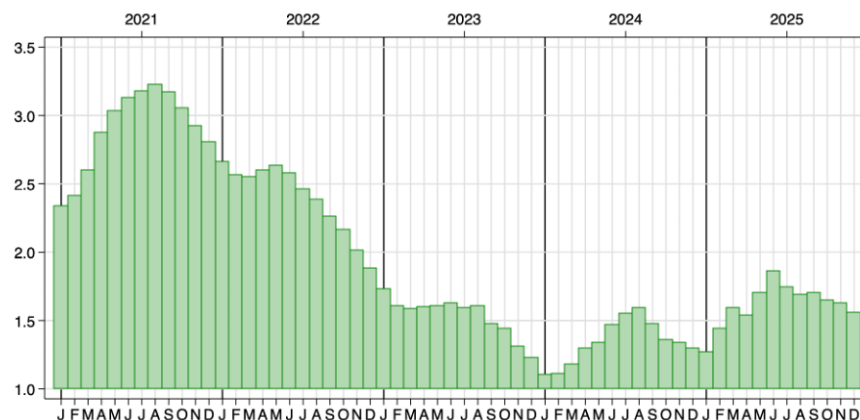
Alabama Annual Sales Volume (in Billions)

Year	Sales Volume (in \$ Billions)	Percent Change Year-over-Year
2025	\$19.37	20.3%
2024	\$16.10	-12.5%
2023	\$18.41	-35.9%
2022	\$28.74	-17.2%
2021	\$34.72	38.8%
2020	\$25.01	10.0%
2019	\$22.73	9.2%

Alabama Sales Volume (in Billions), Annual Figures



Alabama Sales Volume (in Billions), Monthly Figures



HOUSING MARKET OVERVIEW

DAYS ON MARKET

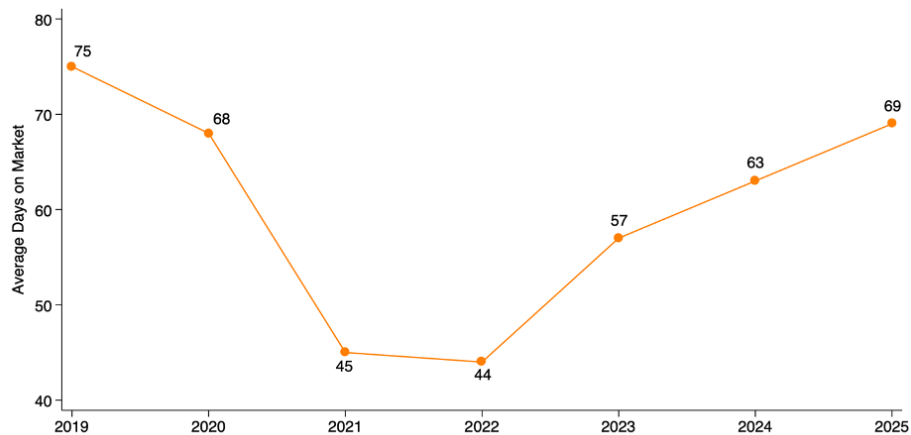
Measures how long it takes a home to sell after it has been listed on the market

Alabama homes stayed on the market for 69 days on average in 2025. The average days on market has grown by almost three and a half weeks since the shortest annual average in 2022, but remains six days below the pre-pandemic average of 2019. The lowest average days on market occurred in April 2025 at 57 days, down from the year starting with an average of 84 days in January. The year ended with 78 average days on market in December 2025.

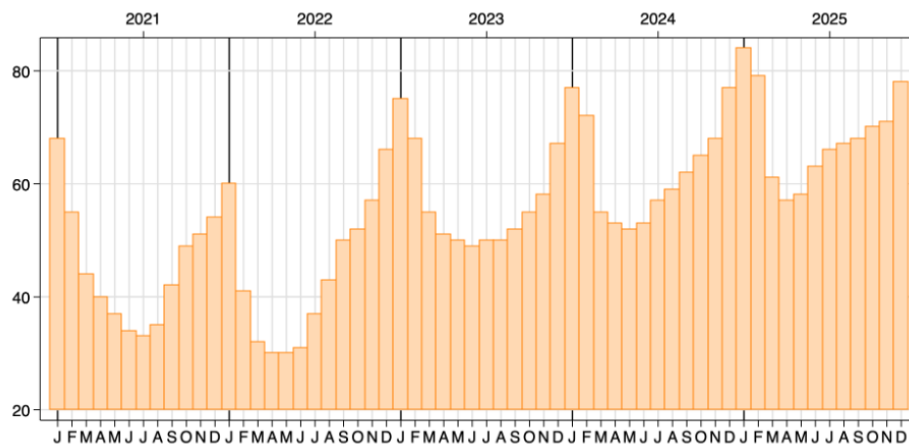
Alabama Annual Median Days on Market

Year	Median Days on Market	Percent Change Year-over-Year
2025	69	9.5%
2024	63	10.5%
2023	57	29.5%
2022	44	-2.2%
2021	45	-33.8%
2020	68	-9.3%
2019	75	0.0%

Alabama Residential Days on Market, Annual Figures



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

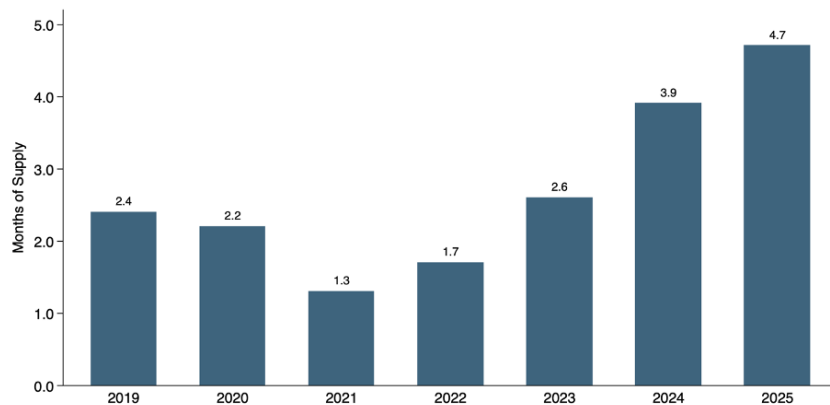
Annual growth in supply levels continued in 2025, as there were about 4.7 months of supply on average. This is almost a month higher than the 3.9 average months of supply in 2024 and the fourth consecutive year of increases.

Additionally, this is the highest average monthly supply in at least eight years. Recently, the monthly supply climbed to a peak of 4.9 months in October and closed the year at 4.7 months in December 2025.

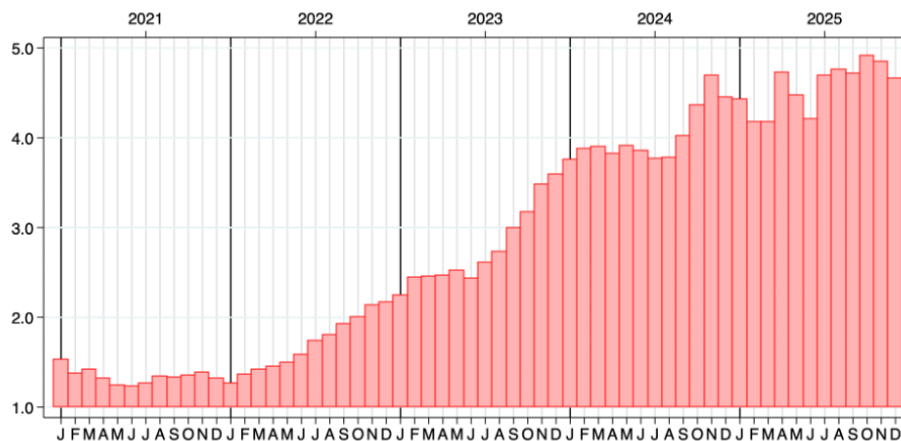
Alabama Annual Months of Supply

Year	Median Months of Supply	Percent Change Year-over-Year
2025	4.7	20.5%
2024	3.9	50.0%
2023	2.6	52.9%
2022	1.7	30.8%
2021	1.3	-40.9%
2020	2.2	-8.3%
2019	2.4	-14.3%

Alabama Months of Supply, Annual Figures



Alabama Months of Supply, Monthly Figures



HOUSING MARKET OVERVIEW

RESIDENTIAL LISTINGS

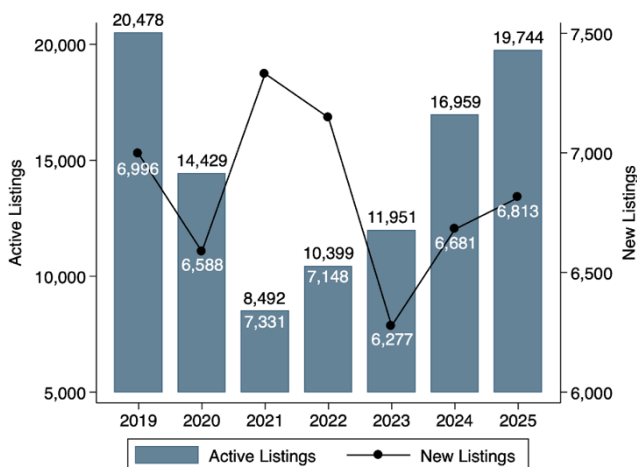
The number of properties listed on the market during the year

Average active listings increased for the fourth consecutive year in Alabama. There were 19,744 median active listings in 2025 compared to 16,959 in 2024, which represents a 17.6% increase. The fewest listings of the year occurred in January followed by monthly increases through most months reaching a peak of 20,866 in October. The trend of increases in average annual listings have led to the highest average level in six years.

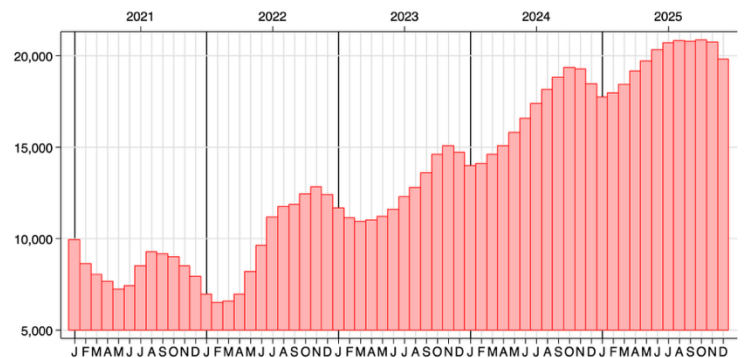
Alabama Annual Active and New Residential Listings

Year	Median Active Listings	Percent Change Year-over-Year	Median New Listings	Percent Change Year-over-Year
2025	19,744	17.6%	6,813	2.0%
2024	16,959	41.9%	6,681	6.4%
2023	11,951	14.9%	6,277	-12.2%
2022	10,399	22.5%	7,148	-2.5%
2021	8,492	-41.1%	7,331	2.6%
2020	14,429	-29.5%	6,588	-5.8%
2019	20,478	-11.8%	6,996	-3.5%

Alabama Median Active and New Residential Listings, Annual Figures



Alabama Active Residential Listings, Monthly Figures



HOUSING MARKET OVERVIEW

FORECLOSURES

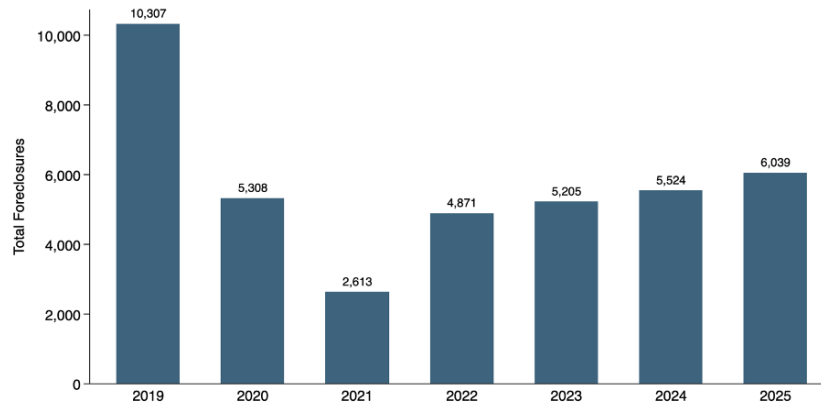
Homeowners failing to pay their mortgages, resulting in lender repossessed homes or foreclosure auctions

The 6,039 properties with foreclosure filings in 2025 represent 0.26% of all Alabama housing units, which is in line with the 0.26% of national properties with foreclosure filings for the year.

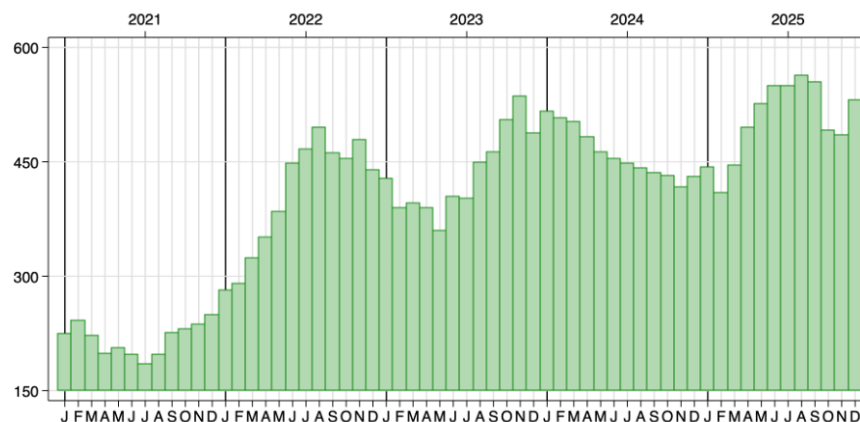
Alabama Foreclosures Annual Figures

Year	Total Foreclosures	Percent Change Year-over-Year
2025	6,039	9.3%
2024	5,524	6.1%
2023	5,205	6.9%
2022	4,871	140.0%
2021	2,613	-50.8%
2020	5,308	-48.5%
2019	10,307	-18.7%

Alabama Residential Foreclosures, Annual Figures



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 one-unit structures, i.e., new homes, decreased by 8.2% during the first 10 months of 2025 relative to the same period in 2024. *Note that data for November and December 2025 are not available at the time of this writing due to the government shutdown.* This decrease occurred as the state had fewer permits in eight of the 10 months year-over-year, with exceptions in January and March. Nationally, permits are down 7.1% over the same period.

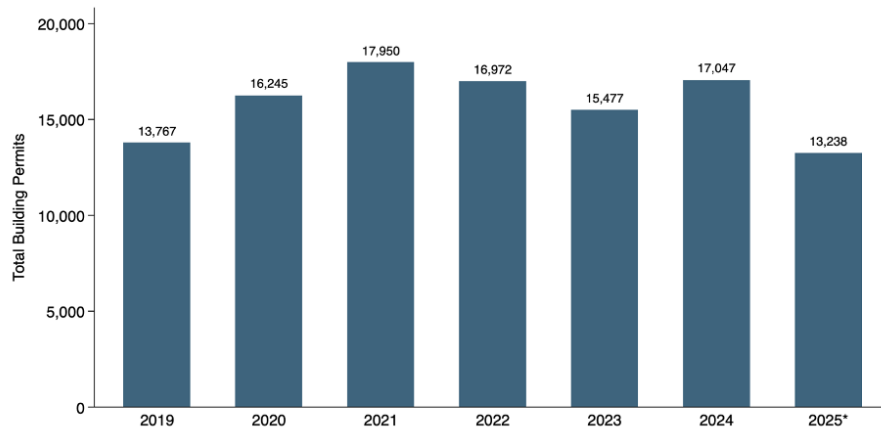
Alabama New Home Building Permits Annual Figures

Year	Permits	Percent Change Year-over-Year
2025*	13,767	-19.2%
2024	17,047	10.1%
2023	15,477	-8.8%
2022	16,972	-5.4%
2021	17,950	10.5%
2020	16,245	18.0%
2019	13,767	6.4%

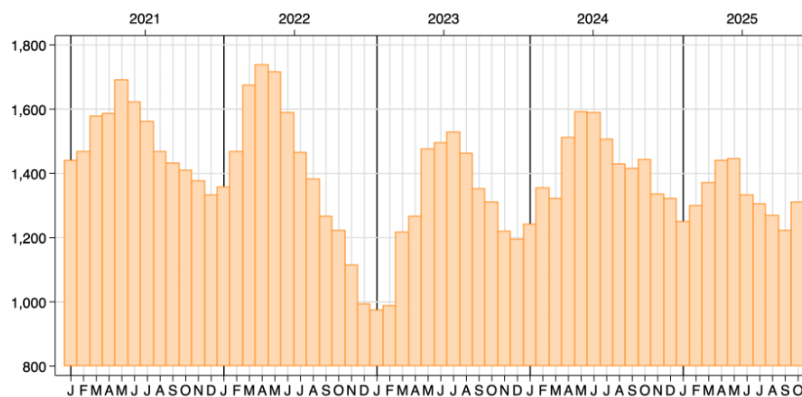
*Data available only through October 2025

Alabama New Home Building Permits, Annual Figures

*Data available through October 2025



Alabama New Home Building Permits, Monthly Figures



AAR's Forecast

Mortgage rates remained a central factor in 2025, with average 30-year fixed rates declining from a peak of 7.04% in mid-January to 6.15% at the end of December, and averaging 6.60% for the year. While the Federal Reserve (the Fed) began its rate-cutting cycle in late 2024 and continued in late 2025, these moves had a gradual impact on the mortgage market, with rates only beginning to show a meaningful decline toward the 4th quarter of 2025.

Heading into 2026, industry experts project rates to settle between 6-6.50%, with the possibility of rates below 6% if inflation drops or the economy cools.

Factors to consider in the near term:

- The 10-year Treasury yield, which averaged 4.29% in 2025, continues to dictate the floor for mortgage pricing. Although the Fed officially ended its quantitative tightening regarding Treasury holdings on December 1, 2025, it is continuing to allow mortgage-backed security (MBS) holdings to roll off its balance sheet. This will likely keep the spread between Treasury yields and mortgage rates wider than historical norms through the first half of 2026. Economic growth remains resilient, but uncertainty regarding fiscal policy and global trade, specifically potential tariffs, continues to provide upward pressure on long-term yields.
- However, a significant development in early 2026 was the presidential directive for Fannie Mae and Freddie Mac to purchase \$200 billion in mortgage-backed securities. This policy aims to narrow the mortgage spread and provide relief to a market that has seen the Fed's quantitative tightening exert upward pressure on rates for several years. While this intervention contributed to a dip in rates to start 2026, its long-term impact will depend on whether it can successfully offset the Fed's MBS roll off.
- The rate lock effect persists for many Alabamians, as a significant portion of homeowners still hold mortgage rates below the current market. However, after three consecutive years of decline, Alabama home sales activity reversed course in 2025, increasing by 3.9% to a total of 71,485 units. This rebound indicates that buyers are increasingly adjusting to the "new normal" of 6% interest rates.
- While median and mean home prices in Alabama rose in 2025, the state maintains a distinct affordability advantage compared to the South and national averages. However, the supply side of the market is entering a new phase of constraint. After a peak in 2024, building permits for new single-family units in Alabama declined by roughly 8% through October 2025 (the most recent data available). This reduction suggests that the supply of new construction may tighten in 2026, potentially shifting the market balance back toward existing inventory or placing further upward pressure on prices.
- Looking toward 2026, signs remain cautiously optimistic for the Alabama housing market. The state continues to be a leader in the Southeast for net migration, recently ranking as the ninth most "moved to" state in the country. With inventory levels starting the new year higher than in previous cycles and mortgage rates lower than those of much of the previous three years, Alabama is well-positioned to sustain the growth momentum established over the past twelve 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.

Analysis provided by the Alabama Association of REALTORS® Research Team:

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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.

