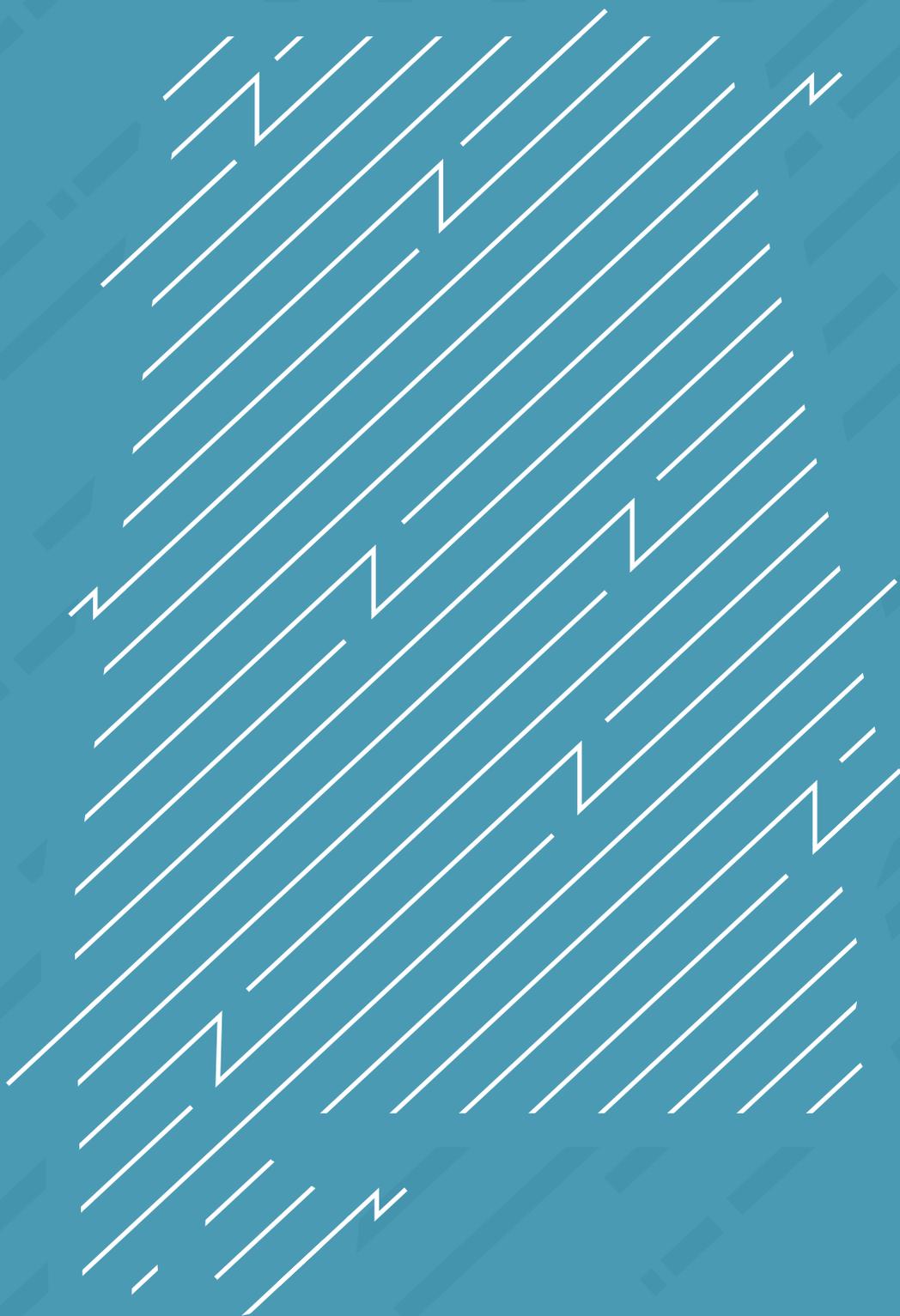

Alabama Economic & Real Estate Report

February 2026





ALABAMA MONTHLY HOME SALES REPORT

FEBRUARY 2026

KEY TAKEAWAYS

- Alabama had **5,028 home sales** in February, a decrease of 858 (14.6%) from last year but an increase of 5.6% from the previous month.
- The median sales price increased by \$45,542 compared to a year ago to **\$250,113**. This is an annual increase of 22.3% and a monthly increase of 2.3%.
- The sold volume was **\$1.43 billion** in February 2026, a decrease of \$0.01 billion from last February. This marks a 0.7% annual decrease, but a 6.7% increase month-over-month.
- The **19,283 active listings** at the end of February mark an increase of 7.4% compared to 17,958 one year ago.
- The **568 foreclosures** in February represent a 38.9% year-over-year increase. It is also a 5.2% increase in foreclosures since last month.

ALABAMA HOUSING MARKET SUMMARY, FEBRUARY 2026

	Feb-25	Feb-26	Change	% Change	YTD '24	YTD '25	Change	% Change
Sales	5,886	5,028	-858	-14.6%	11,145	9,789	-1,356	-12.2%
Median Sales Price (\$)	204,571	250,113	45,542	22.3%	206,520	247,317	40,797	19.8%
Average Sales Price (\$)	244,451	285,224	40,773	16.7%	242,749	283,355	40,606	16.7%
Sales Volume (\$ billions)	1.44	1.43	-0.01	-0.7%	2.71	2.77	0.06	2.2%
Average Days on Market	79	65	-14	-17.7%	82	73	-9	-11.0%
Active Listings	17,956	19,283	1,327	7.4%	17,846	19,178	1,332	7.5%
Months of Supply	4.2	5.4	1.2	28.6%	4.3	5.3	1.0	23.3%
Foreclosures	409	568	159	38.9%	851	1,108	257	30.2%



ECONOMIC OVERVIEW

Recent data from the Bureau of Labor Statistics shows continued downward revisions to job creation. December 2025 payrolls were revised down by 65,000—resulting in a net loss of 17,000 jobs—while January 2026 gains were trimmed by 4,000, bringing the total to 126,000. Initial estimates for February 2026 indicate a loss of 92,000 jobs nationally, falling well short of expectations for 50,000 new jobs and a sharp contrast to the 102,000 jobs added in February 2025. The national unemployment rate ticked up slightly from 4.3% to 4.4%.

In contrast, the ADP National Employment Report showed 63,000 private-sector jobs added in February, driven largely by small businesses, which accounted for 58,000 of those gains. Medium-sized firms shed 7,000 jobs. Regionally, states in the East South Central area—including Alabama—added 6,000 jobs.

Inflation held steady at 2.4% year-over-year in February. Food prices led all major categories, rising 3.1%, largely due to a 3.9% increase in dining out. Core inflation (excluding food and energy) rose 2.5%, driven by services—particularly medical care (up 4.1%) and shelter (up 3.0%). Energy prices increased modestly by 0.5%, with higher energy services offsetting declines in energy commodities.

In the South, inflation remained lower at 1.8% year-over-year, down slightly from January. Food prices again led increases, rising 2.6%, with dining out up 3.7%. Core inflation in the region eased to 1.9%. Shelter costs rose 2.5%, while rent growth slowed, and used car prices declined 3.7% year-over-year.

Economic growth also weakened. Fourth-quarter 2025 real GDP growth was revised down from an initial estimate of 1.4% to 0.7%, reflecting weaker consumer spending and investment, alongside larger declines in government spending and exports. Annual GDP growth for 2025 was also revised slightly lower to 2.1%, compared to 2.8% in 2024.

Mortgage rates declined throughout February, with the average 30-year rate falling from 6.11% at the start of the month to 5.98% by February 26—the first time rates dipped below 6.0% since September 2022. This drop aligned with a decline in 10-year Treasury yields from 4.29% to 3.97%.

At its March 2026 meeting, the Federal Open Market Committee held the federal funds rate steady at 3.50%–3.75%, citing continued economic expansion, modest job growth, and still-elevated inflation. The committee also noted uncertainty surrounding geopolitical developments. Markets widely expect rates to remain unchanged in April, with a 95.9% probability of no change and only a small chance of an increase. Current projections suggest a rate cut is unlikely until mid-2027.

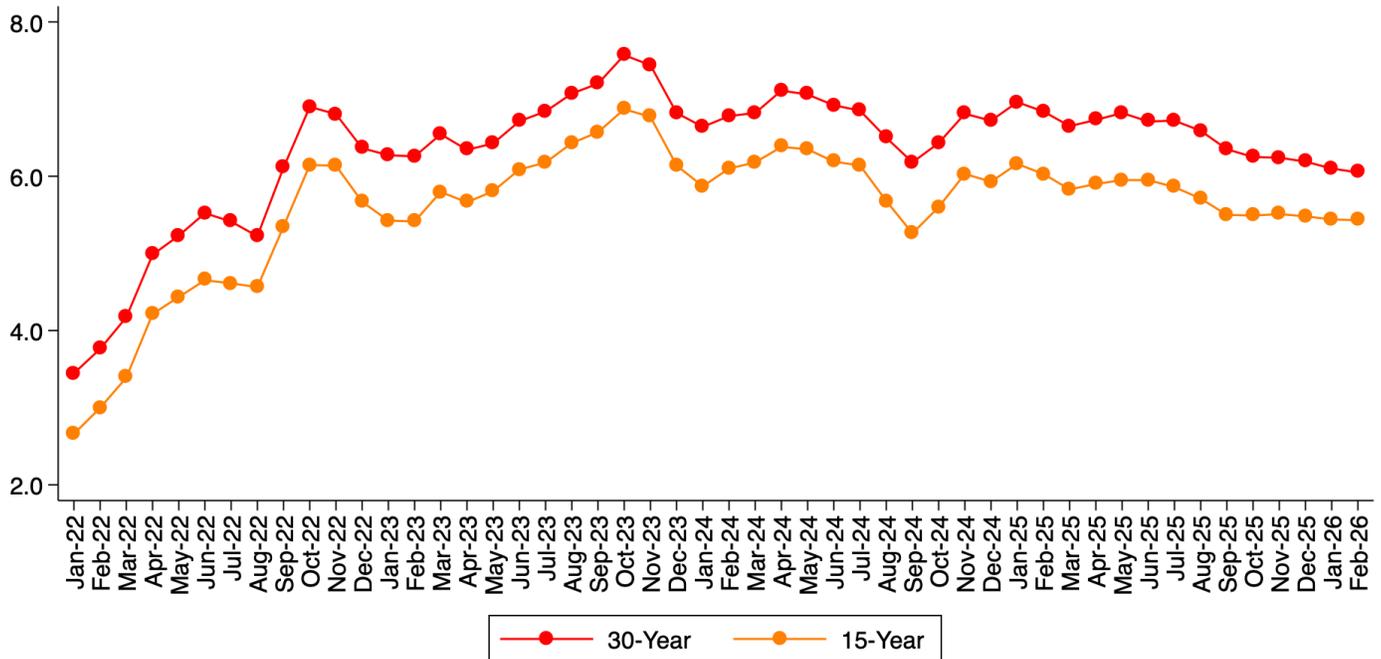


MORTGAGE RATES

The average 30-year fixed-rate mortgage rose by a basis point through the first week of February, before declining by 13 basis points throughout the remainder of the month to 5.98% by February 26th. However, the rate then began a slight increase of two basis points to start March, reaching 6.00% by March 5th. The rate increased at a faster rate the following week, climbing 11 basis points to 6.11% by mid-March.

Even after the recent increase, the average 30-year fixed-rate mortgage for each of the last four weeks (February 19 through March 12) was significantly lower than the than the corresponding weeks in 2025. At the time of this writing the four week average is 69 basis points lower than the 6.72% of this time last March.

U.S. Fixed-Rate Mortgage Averages

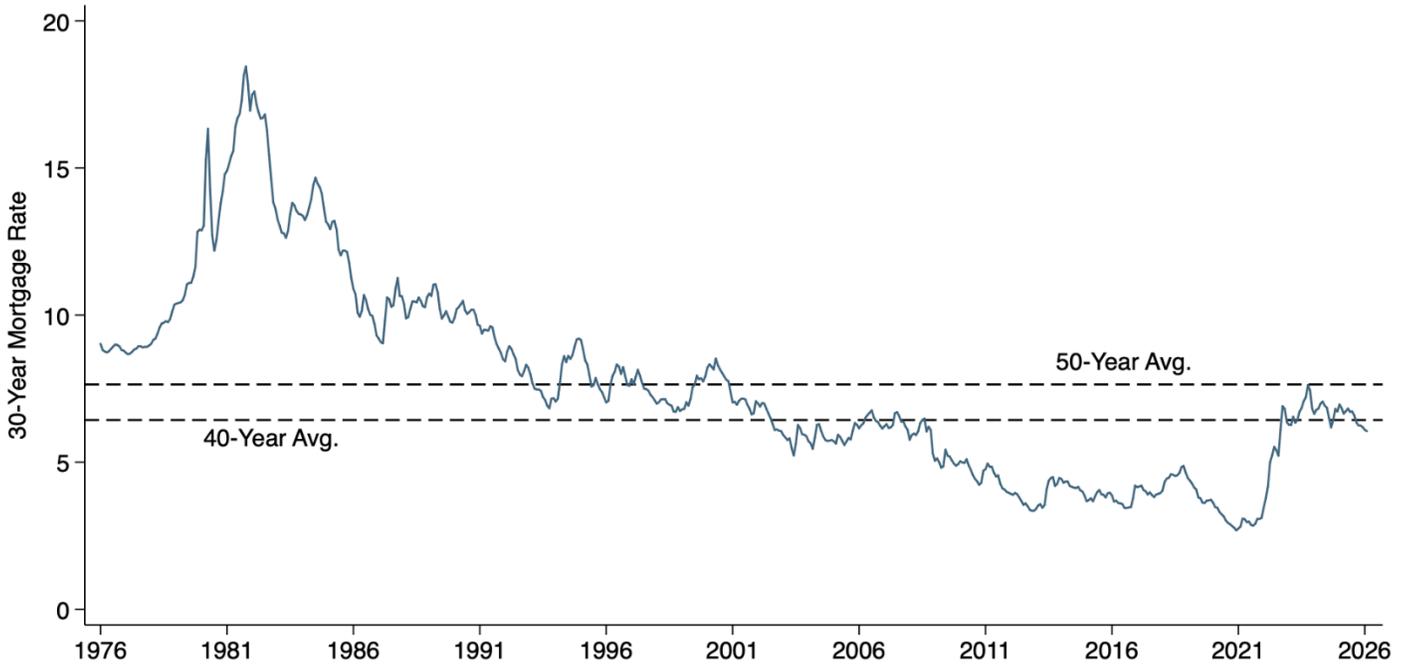




MORTGAGE RATES OVER THE DECADES

The average 30-year fixed-rate mortgage reached a peak of 18.63% on October 9, 1981, and a low of 2.65% on January 7, 2021. Over the last 40 years the rate averaged 6.52% and 7.67% over the last 50 years. Rates during the last two years have generally stayed within these averages; but, the February 2026 average 30-year fixed rate mortgage of 6.05% is below that range for the sixth consecutive month and is the lowest monthly value since the August 2022 average of 5.22%.

U.S. Fixed-Rate Mortgage Averages





HOUSING MARKET INDICES

The National Association of Home Builders/Wells Fargo Housing Market Index (HMI) held steady at 37 from January to February, remaining below the key threshold of 50—where more builders view conditions as favorable—for the 22nd consecutive month.

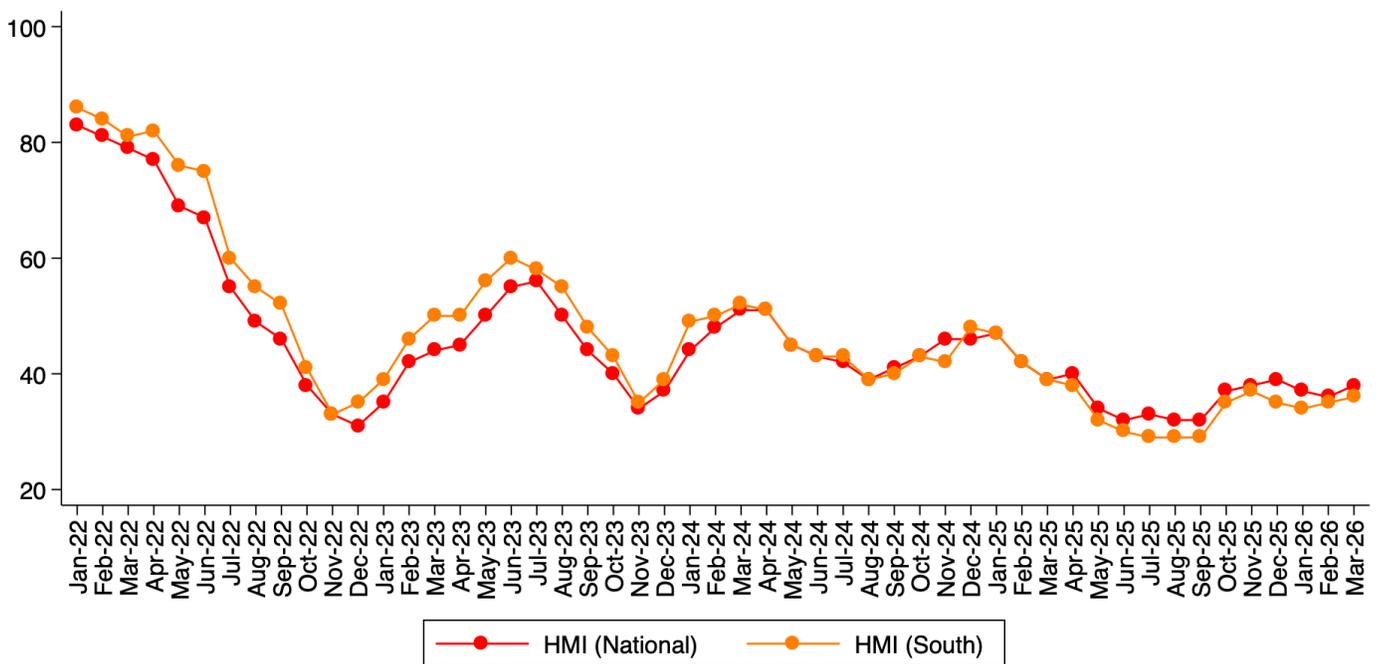
Preliminary data for March 2026 shows a modest increase of one point, bringing the index to 38. Despite the uptick, this marks the 23rd straight month below 50 and is one point lower than the March 2025 reading of 39.

The March increase was driven by gains across all three HMI components. Traffic of prospective buyers rose three points, from 22 to 25. Single-family sales expectations for the next six months increased two points, from 47 to 49, while current single-family sales edged up one point to 42. Even with these improvements, this is the third consecutive month—and the ninth time in the past 12 months—that all three components have remained below 50.

Regionally, the South HMI held steady at 35 from January through February, marking its third consecutive month at that level, before rising one point to 36 in March. The Midwest saw the largest monthly gain, climbing five points to 46—the highest regional reading. The Northeast was the only region to decline, slipping one point from 43 to 42, while the West remained unchanged at 30, the lowest among all regions.

All regional HMI readings have now remained below 50 for the fifth consecutive month and for 11 of the past 12 months.

NAHB/Wells Fargo HMI Indices





HOUSING AFFORDABILITY

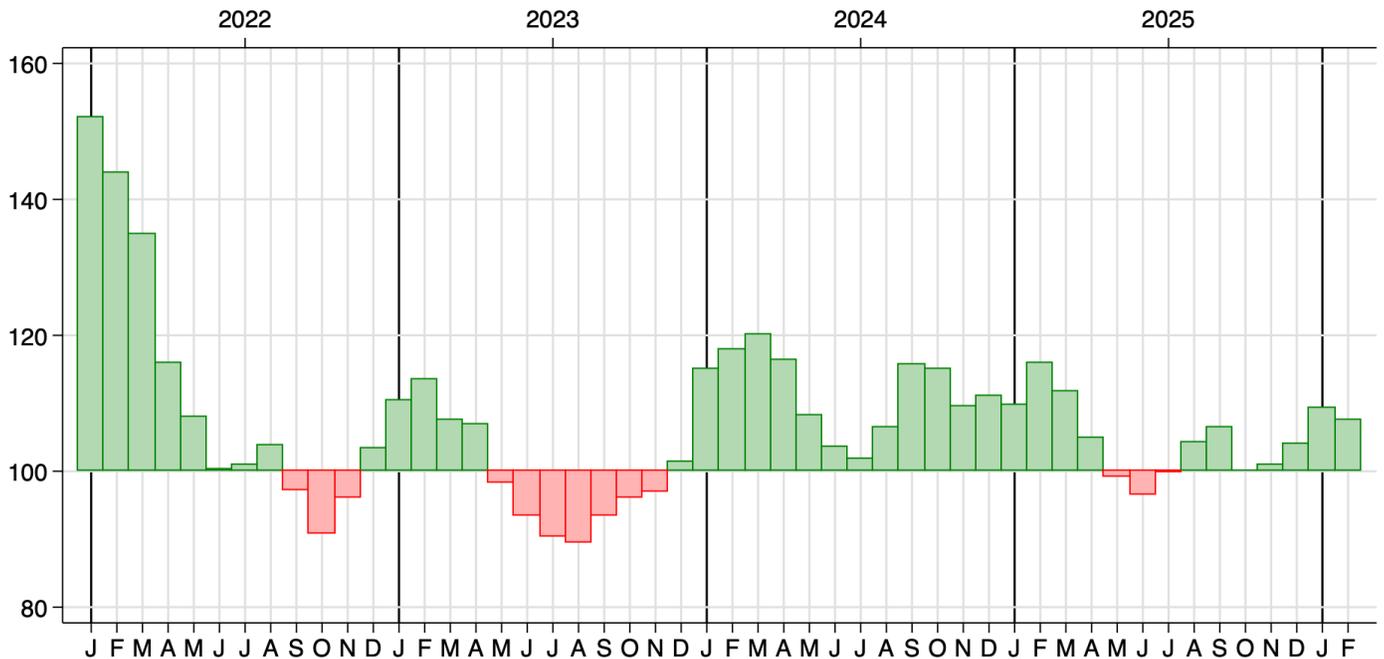
Home affordability is influenced by several key factors, including median household income, average home prices, and mortgage rates, since most buyers finance their purchases. A housing affordability index compares the income of a typical household to the income required to purchase the median-priced home. A score of 100 means a household has exactly the income needed to qualify for that purchase. Scores below 100 indicate a less affordable market, while scores above 100 suggest conditions are more favorable for buyers.

In Alabama, housing has historically been affordable. However, affordability began a sustained decline around February 2021, as inflation accelerated across the broader economy. By June 2022, that decline stabilized, with affordability levels hovering around 100 since then. While this reflects a more challenging environment than in earlier years, the typical buyer—and many existing homeowners—remain in a relatively competitive position when purchasing a home.

Toward the end of 2025 and into early 2026, affordability in Alabama improved compared to the fall months of 2025. In October 2025, the median household income was roughly equal to what was needed to purchase the median-priced home, based on a 30-year mortgage rate of 6.25%. Since then, mortgage rates have eased to an average of 6.05% in February 2026, while median household income has increased slightly.

By January 2026, the typical Alabama household had an income equal to 109% of what was needed to purchase the median home. A slight increase in home prices caused that figure to dip marginally to 108% in February. Even so, this marks the most favorable affordability conditions in the state since April 2025.

Affordability Index of Homes in Alabama





HOUSING MARKET OVERVIEW

SALES

The number of sales transactions that closed during the month

Home sales activity decreased in February 2026 relative to February 2025, but the 5,028 sales represent a 5.7% increase in month-over-month sales.

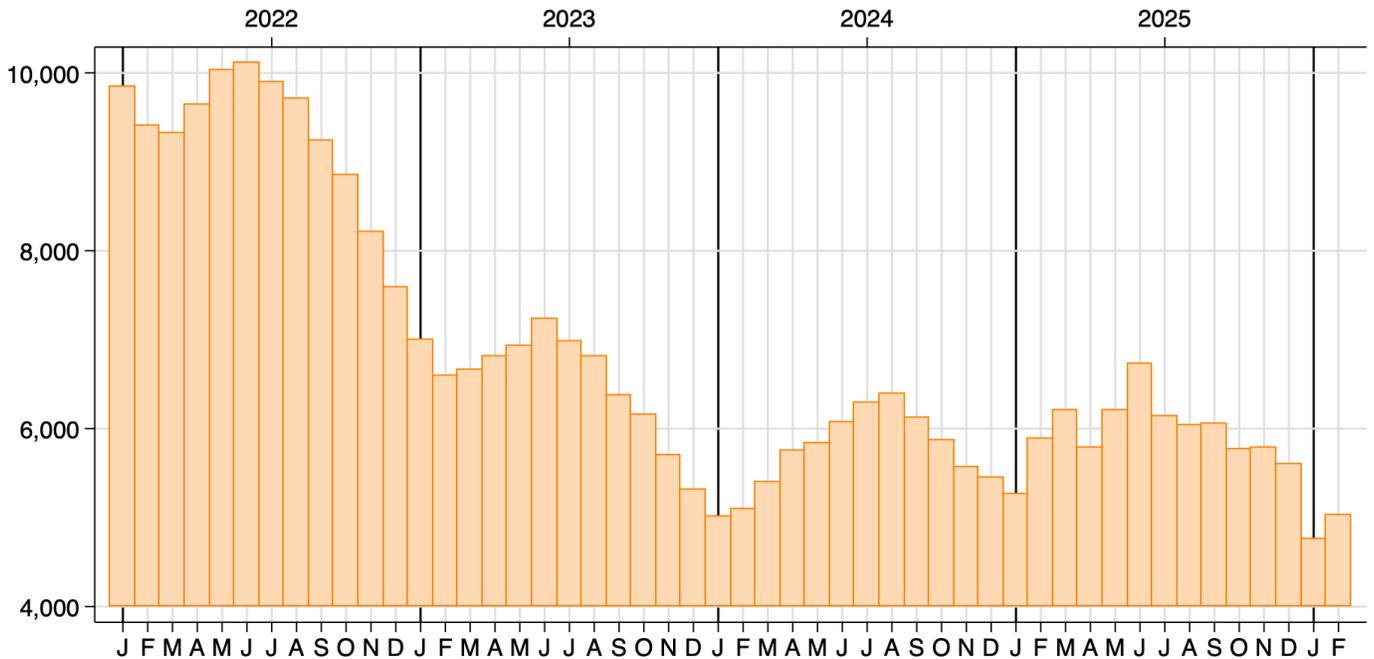
Alabama Monthly Home Sales Figures

Month	Sales	Percent Change Year-over-Year
Year-to-Date	9,789	-12.2%
February 2026	5,028	-14.6%
January 2026	4,761	-9.5%
December 2025	5,604	2.9%
November 2025	5,778	3.8%
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%

AAR's Forecast

AAR projects that state total home sales will increase between February and March 2026 by approximately 3.2% to 5,190.

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 22.3% year-over-year and by 2.3% month-over-month in February.

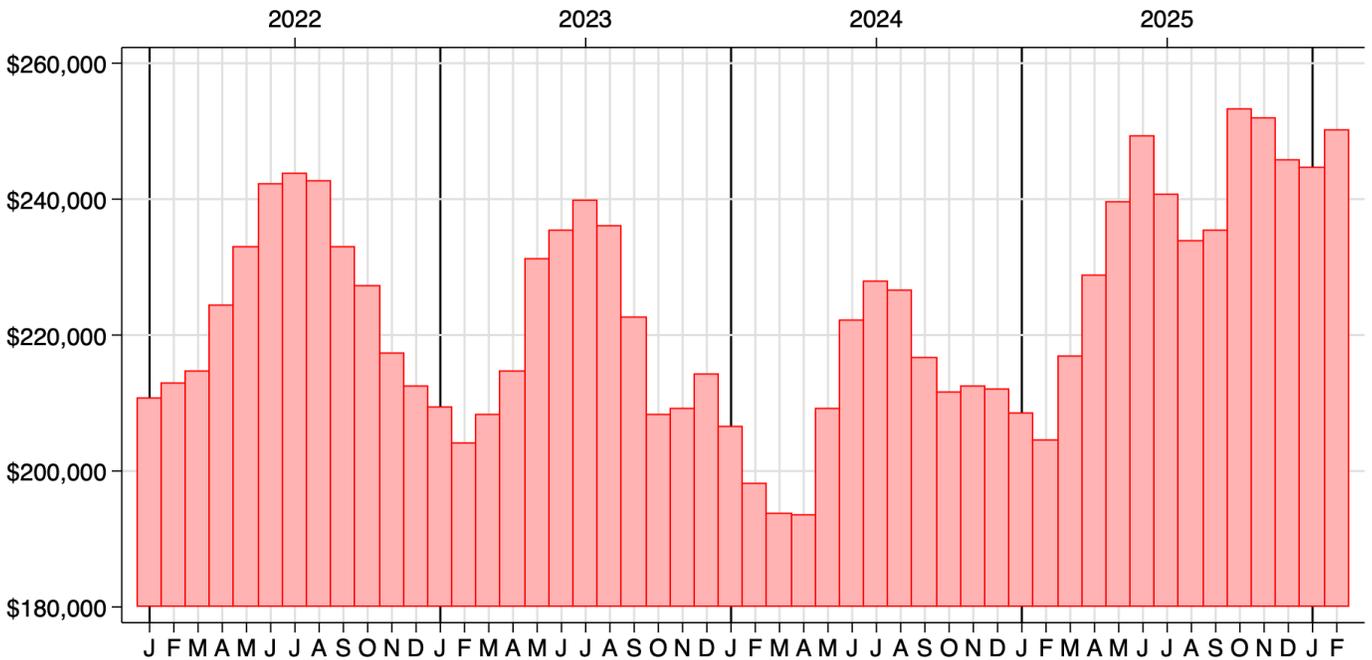
Alabama Median Sales Prices

Month	Median Sales Price (\$)	Percent Change Year-over-Year
Year-to-Date	247,317	19.8%
February 2026	250,113	22.3%
January 2026	244,520	17.3%
December 2025	245,615	15.9%
November 2025	251,784	18.5%
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%

AAR’s Forecast

AAR projects that the state median home sales price will increase between February and March 2026 by approximately 1.2% to \$253,143.

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 \$3,739 (1.3%) relative to last month and is 16.7% higher compared to February 2025.

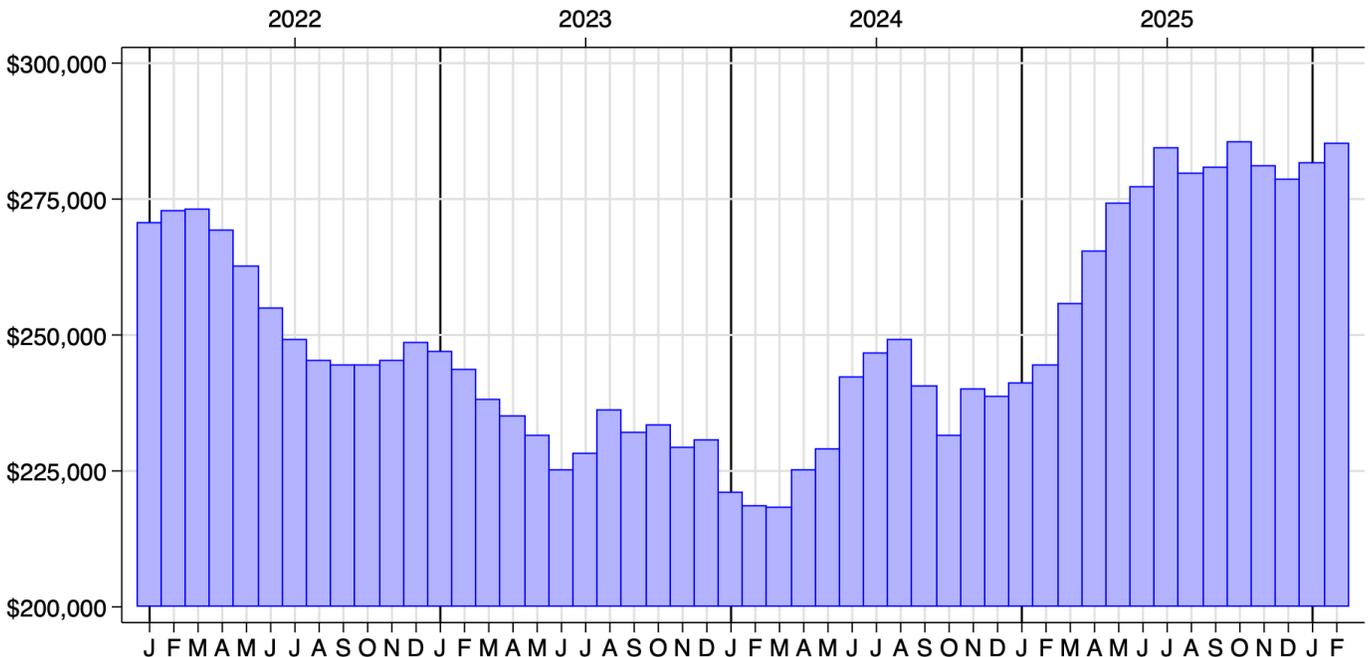
Alabama Average Sales Prices

Month	Average Sales Price (\$)	Percent Change Year-over-Year
Year-to-Date	283,355	16.7%
February 2026	285,224	16.7%
January 2026	281,485	16.8%
December 2025	278,396	16.7%
November 2025	281,101	17.2%
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%

AAR's Forecast

AAR projects that the state average home sales price will increase between February and March 2026 by approximately 0.9% to \$285,224.

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 February 2026 was \$1.43 billion, down \$0.01 billion (0.7%) from February 2025. However, the February sales dollar volume is 6.7% greater than last month.

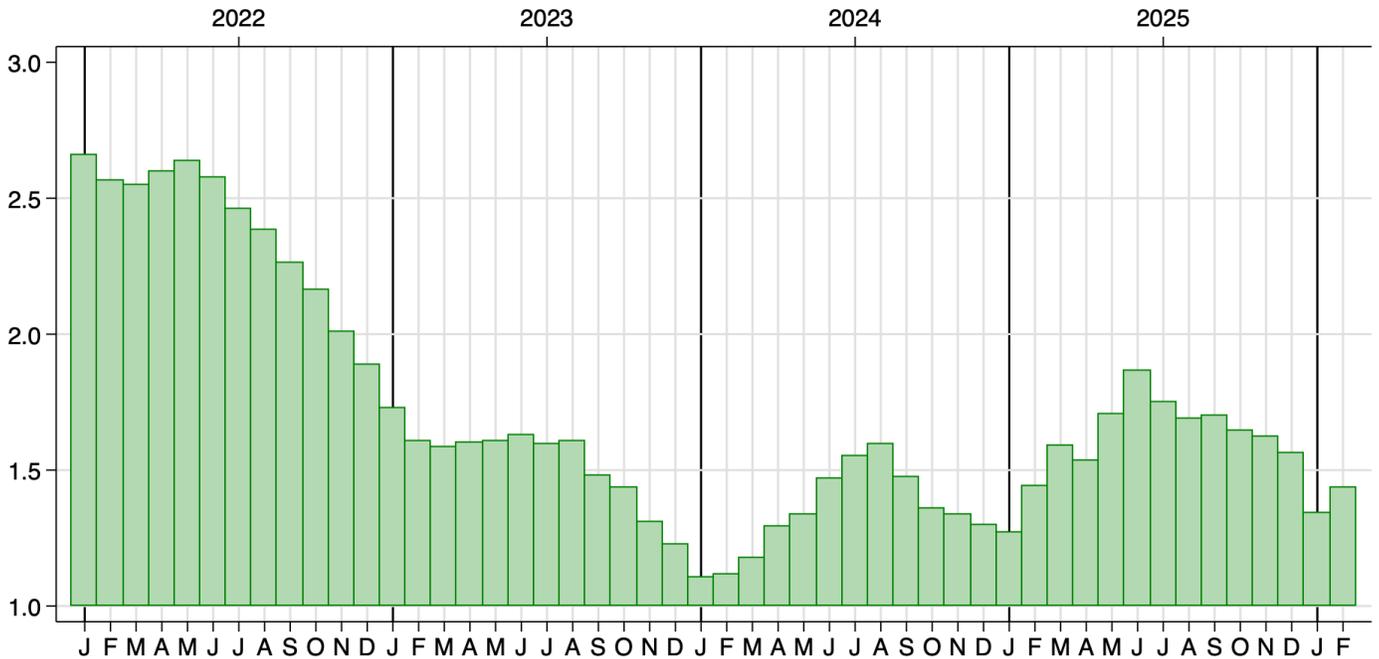
Alabama Sales Volume (in Billions)

Month	Sales Volume (\$)	Percent Change Year-over-Year
Year-to-Date	2.77	2.2%
February 2026	1.43	-0.7%
January 2026	1.34	5.5%
December 2025	1.56	20.0%
November 2025	1.62	21.8%
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%

AAR's Forecast

AAR projects that state sales volume will increase between February and March 2026 by approximately 4.2% to \$1.49 billion.

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 16 days less in February 2026 relative to January 2026. Homes sold in February were on the market for 65 days on average. This figure is also 14 days fewer compared to one year ago (79 days).

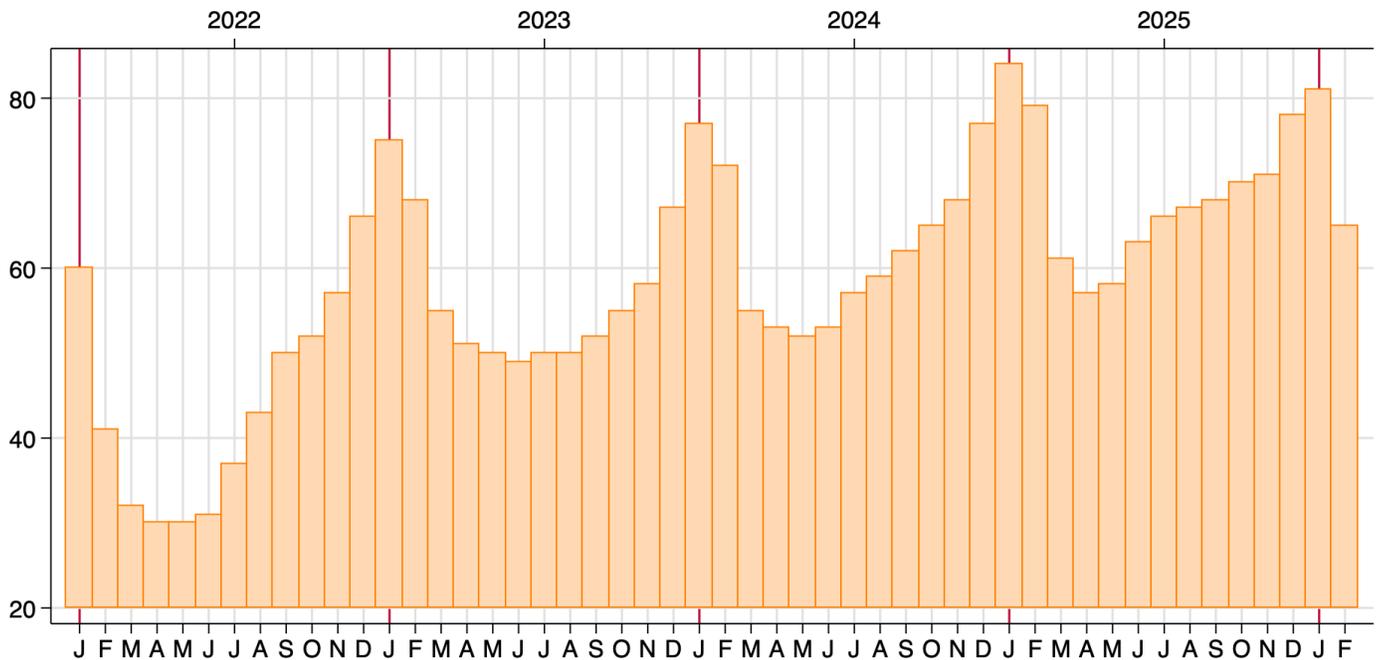
Alabama Residential Days on Market

Month	Days on Market	Percent Change Year-over-Year
Year-to-Date	73	-11.0%
February 2026	65	-17.7%
January 2026	81	-3.6%
December 2025	78	1.3%
November 2025	71	4.4%
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%

AAR's Forecast

Based upon current economic trends, AAR projects that state residential days on market will decrease between February and March 2026 by approximately 32.3% to 44 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 February 2026 relative to January 2026, as there were 5.4 months of supply. Additionally, this figure is more than a month greater than that of one year ago (4.2 months).

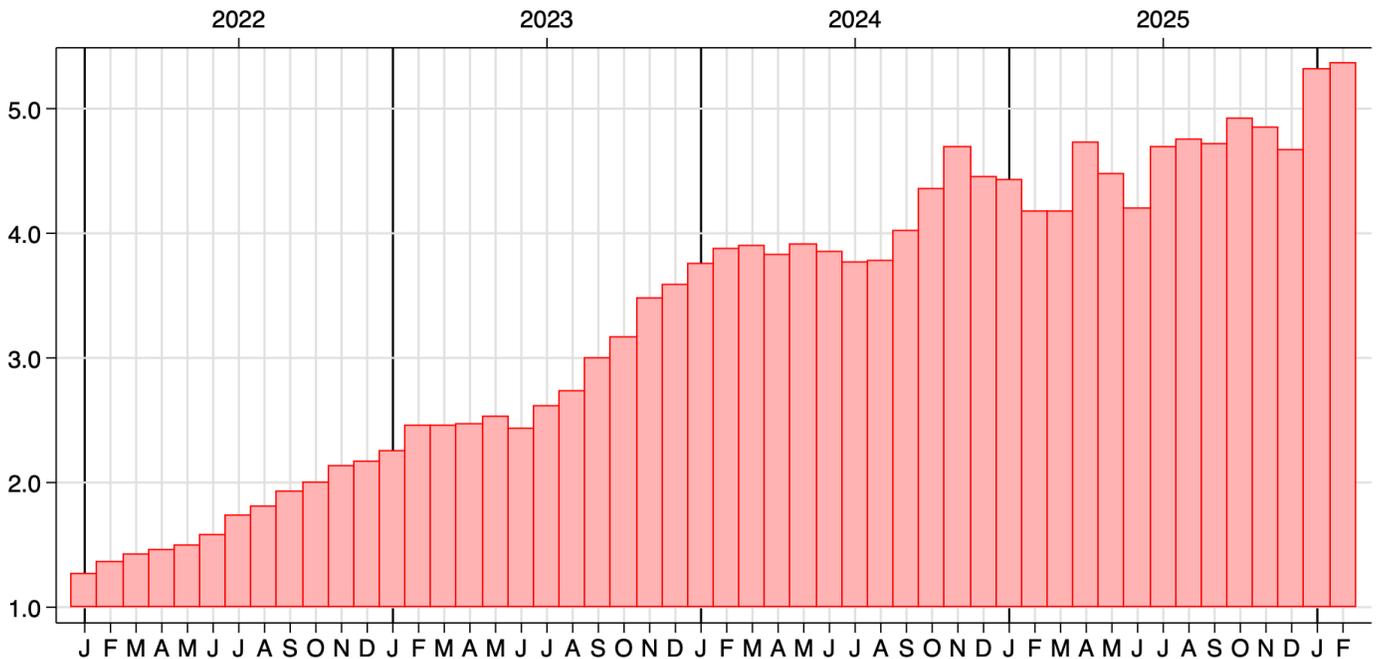
Alabama Months of Supply

Month	Months of Supply	Percent Change Year-over-Year
Year-to-Date	5.3	23.3%
February 2026	5.4	28.6%
January 2026	5.3	20.5%
December 2025	4.7	4.4%
November 2025	4.8	2.1%
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%

AAR's Forecast

AAR projects that state housing supply will remain roughly unchanged between February and March 2026.

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 February 2026 (19,283) compared to one year ago (17,956). This figure represents a 7.4% annual increase and marks a 1.1% increase relative to last month. This increase follows three consecutive monthly declines in the number of listings.

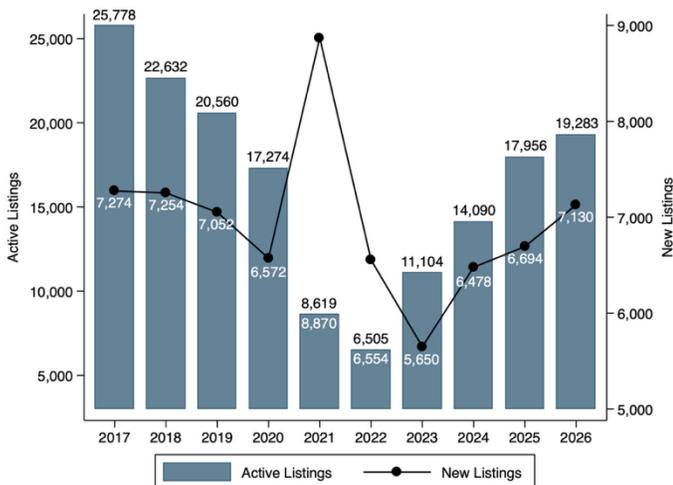
Alabama Active Residential Listings

Month	Active Listings	Percent Change Year-over-Year
Year-to-Date	19,178	7.5%
February 2026	19,283	7.4%
January 2026	19,073	7.5%
December 2025	19,808	7.3%
November 2025	20,725	7.5%
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%

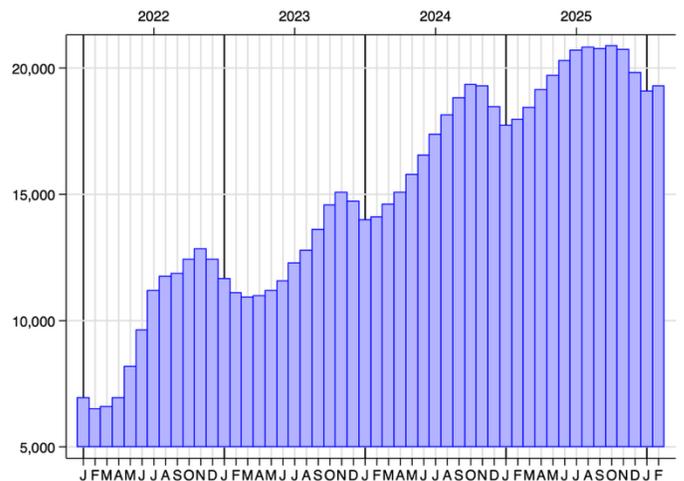
AAR's Forecast

Based upon current economic trends, AAR projects state residential active listings will remain roughly unchanged between February and March 2026.

Alabama Active and New Residential Listings, February 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 159 more foreclosures in February 2026 (568) compared to one year ago (409). The February value marks the third consecutive monthly increase in foreclosures and the highest level since the pandemic.

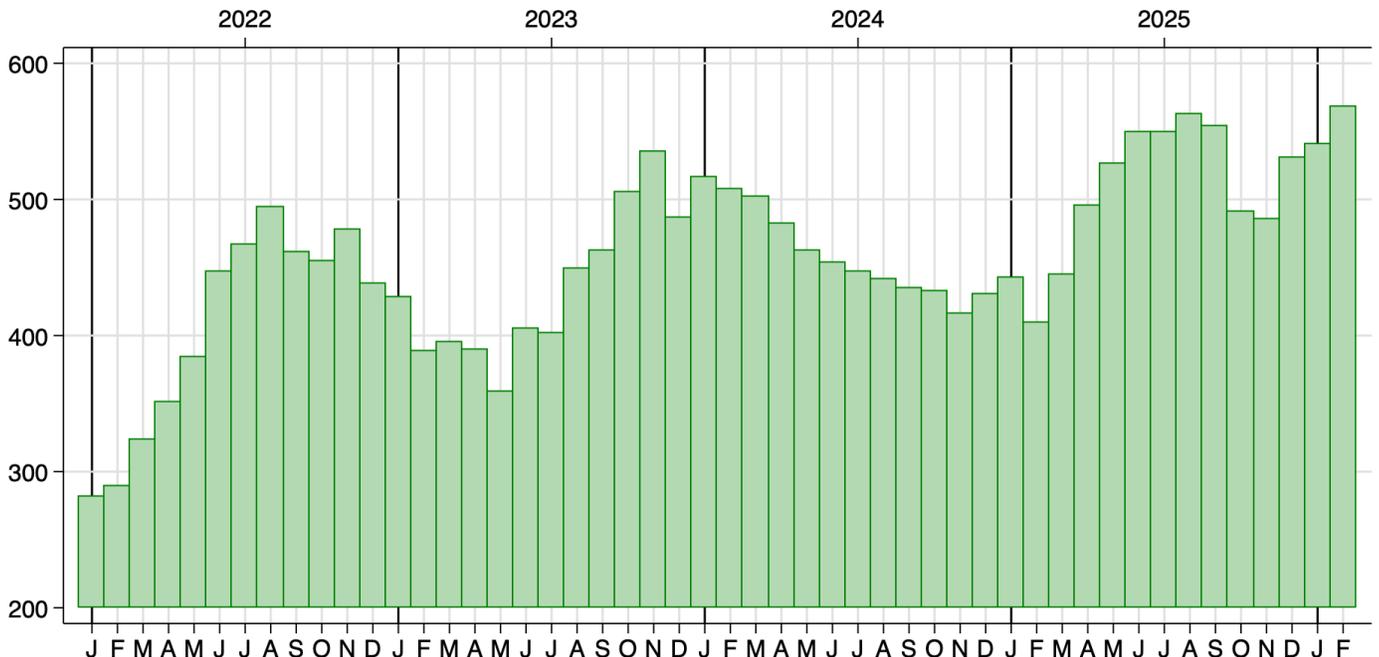
Alabama Residential Foreclosures

Month	Foreclosures	Percent Change Year-over-Year
Year-to-Date	1,108	30.2%
February 2026	568	38.9%
January 2026	540	22.2%
December 2025	531	23.5%
November 2025	485	16.6%
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%

AAR's Forecast

AAR projects that state housing foreclosures will remain roughly unchanged between February and March 2026.

Alabama Residential Foreclosures, Monthly Figures





HOUSING MARKET OVERVIEW

NEW HOME BUILDING PERMITS

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

Building permits for new one-unit structures, i.e. new homes, decreased to end 2025, dropping to 1,239 units in December. This represents a decrease of 1.8% month-over-month and a decrease of 6.1% year-over-year.

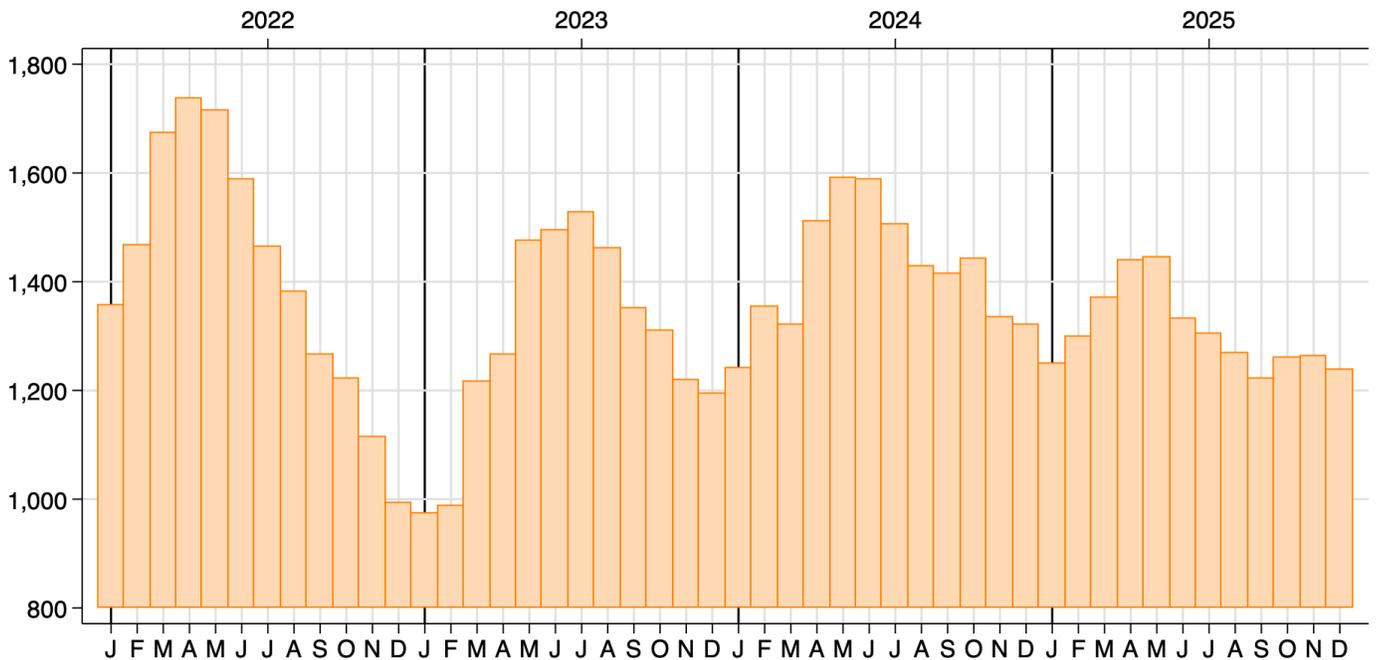
Alabama New Home Building Permits

Month	Permits	Percent Change Year-over-Year
Year-to-Date	15,688	-8.0%
December 2025	1,239	-6.1%
November 2025	1,262	-5.5%
October 2025	1,259	-11.0%
September 2025	1,222	-13.6%
August 2025	1,235	-14.4%
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%

AAR's Forecast

Based upon current economic trends, AAR projects that state new home building permits will remain roughly unchanged between December 2025 and January 2026.

Alabama New Home Building Permits, Monthly Figures



AAR's Forecast

The Alabama housing market enters the 2026 spring season facing a tug-of-war between seasonal demand and significant macroeconomic headwinds, including higher expected inflation, labor market concerns, and geopolitical instability. While the state's monthly home sales volume increased in February, the broader economic landscape is signaling caution.

Factors to consider in the near term:

- The escalation of conflict between the United States and Iran has introduced a high degree of volatility into global markets. This war is expected to put appreciable upward pressure on energy prices, potentially reversing the recent cooling of inflation, which is currently 2.4% nationally. As energy costs rise, there will likely be "sticky" inflation through the second quarter, delaying any anticipated interest rate cuts by the Federal Reserve.
- The 10-year Treasury yield climbed from 3.97% on February 28th to 4.28% by March 13th and is likely to experience dual-pressure volatility. While a "flight to safety" usually drives yields down during wartime, the inflationary impact of higher oil prices often pushes yields up. We expect mortgage rates to remain volatile and likely stay above 6% for the duration of spring, as the risk premium associated with the Iran conflict weighs on bond markets.
- According to preliminary data from the University of Michigan Survey of Consumers, the Index of Consumer Sentiment fell to 55.5 in March, its lowest level of 2026. This decline is largely attributed to the military conflict with Iran, which erased early-month sentiment gains. Short run inflation expectations held at 3.4%, ending six months of decline, while expectations for personal finances fell by 7.5% nationwide. Notably, respondents interviewed after the conflict began on February 28 reported significantly higher inflation concerns and a more pessimistic outlook for the year ahead.
- Although the national economy experienced job losses in February, initial unemployment claims have shown relative stability in recent weeks. Over the last three weeks, the national four week moving average eased from 220,500 to 212,000 for the week ending March 7. In Alabama, the four week moving average also trended downward during the period, declining from 1,956 to 1,717. While these indicators suggest the labor market is not yet in a significant decline, the underlying softness in hiring and the rise in state foreclosures remain concerning for the housing market.
- While we expect a seasonal increase in activity as we move deeper into the spring, the momentum will likely be more subdued than previously anticipated. Looking over the next few months, we expect a flat-to-modest growth trajectory. The combination of lower consumer sentiment, geopolitical uncertainty, and upward pressure on mortgage rates suggests that while the spring bump in sales will likely occur, total sales volume for the spring 2026 may remain below 2025 levels as buyers and sellers adopt a wait-and-see approach.

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.

