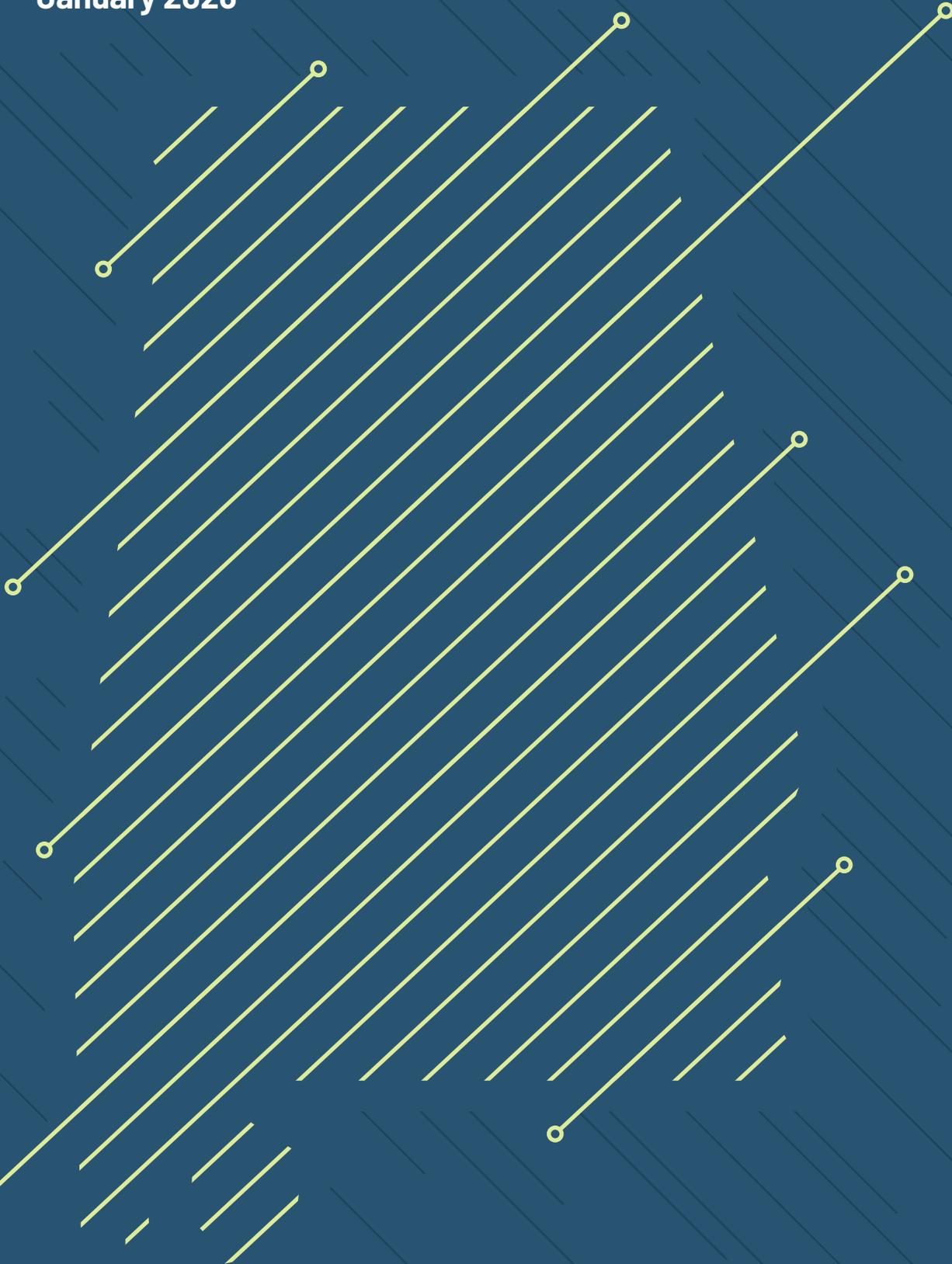


Alabama Economic & Real Estate Report

January 2026



ALABAMA MONTHLY HOME SALES REPORT

JANUARY 2026

KEY TAKEAWAYS

- Alabama had **4,761 home sales** in January, a decrease of 498 from last year and of 15.0% from the previous month.
- The median sales price increased by \$36,052 compared to a year ago to **\$244,520**. This is an annual increase of 17.3%, but a 0.4% decrease month-over-month.
- The sold volume was **\$1.34 billion** in January 2026, an increase of \$0.07 billion from last January. This marks a 5.5% annual increase, but a 14.1% monthly decrease.
- The **19,073 active listings** at the end of January mark an increase of 7.5% compared to 17,735 one year ago.
- The **540 foreclosures** in January represent a 22.2% year-over-year increase. It is also a 1.7% increase in foreclosures since last month.

ALABAMA HOUSING MARKET SUMMARY, JANUARY 2026

	Jan-25	Jan-26	Change	% Change	YTD '25	YTD '26	Change	% Change
Sales	5,259	4,761	-498	-9.5%	5,259	4,761	-498	-9.5%
Median Sales Price (\$)	208,468	244,520	36,052	17.3%	208,468	244,520	36,052	17.3%
Average Sales Price (\$)	241,047	281,485	40,438	16.8%	241,047	281,485	40,438	16.8%
Sales Volume (\$ billions)	1.27	1.34	0.07	5.5%	1.27	1.34	0.07	5.5%
Average Days on Market	84	81	-3	-3.6%	84	81	-3	-3.6%
Active Listings	17,735	19,073	1,338	7.5%	17,735	19,073	1,338	7.5%
Months of Supply	4.4	5.3	0.9	20.5%	4.4	5.3	0.9	20.5%
Foreclosures	442	540	98	22.2%	442	540	98	22.2%



ECONOMIC OVERVIEW

The latest release from the Bureau of Labor Statistics reported downward revisions to late-2025 job creation. November payroll gains were revised down by 15,000 jobs (from 56,000 to 41,000), and December was revised down by 2,000 jobs (from 50,000 to 48,000), resulting in a net reduction of 17,000 jobs.

Despite those revisions, job growth rebounded strongly to start the new year. Preliminary data show 130,000 jobs were added nationally from December 2025 to January 2026 — more than double consensus expectations and 19,000 more jobs than were added in January 2025.

The national inflation rate eased to 2.4% in January 2026, down from 2.7% in each of the previous two months.

Food prices rose 2.9% year-over-year, marking the largest increase among major categories. This was primarily driven by Food Away from Home, which climbed 4.0%. The CPI for all items less food and energy increased 2.5%, led by Services less Energy Services (+2.9%). Within that category, Medical Care Services rose 3.9% and Shelter increased 3.0%. Energy prices declined slightly (-0.1%), largely due to falling energy commodity prices.

Inflation in the South rose 1.9% year-over-year in January, down from 2.2% in the final two months of 2025 and below the national rate.

As with the nation, food prices led regional inflation, rising 2.8%, with Food Away from Home increasing 3.9% for the second consecutive month. The South's CPI excluding food and energy fell to 2.0% in January from 2.2% in December.

Shelter costs in the South increased 2.6%, below both December's 2.8% and the national rate of 3.0%. Owner's equivalent rent rose 2.9% (down from 3.0%), while rent of primary residence increased 1.9% (down from 2.1%). Used vehicle prices declined 2.4% year-over-year in the South, compared to a 2.0% national decline.

Real gross domestic product (GDP) increased 4.4% nationally in the third quarter of 2025, with all 50 states posting growth. Alabama's real GDP rose 4.7% at an annual rate, tying for the 20th fastest growth rate among states. Alabama outpaced Florida (3.5%) but trailed Georgia (4.9%), Mississippi (4.8%), and Tennessee (4.8%). Manufacturing led growth in Alabama during the quarter, followed by professional, scientific, and technical services, according to the Bureau of Economic Analysis.

National current dollar personal income rose 3.3% at an annual rate in Q3 2025. Alabama matched the national growth rate at 3.3%, ranking 22nd among states. Alabama outperformed Florida (3.2%), Georgia (3.2%), and Mississippi (3.1%), but trailed Tennessee (4.5%).

Average 30-year mortgage rates began January at 6.16%, fell to 6.06% during the second week, and closed the month at 6.10%. Rates ticked up to 6.11% in early February before easing slightly to 6.09% by February 12. The recent stabilization aligns with 10-year Treasury yields averaging between 4.04% and 4.09% over the past month.

The Federal Reserve maintained its federal funds target range at 3.50%–3.75% at its January 2026 meeting. The Federal Open Market Committee noted that economic activity continues at a solid pace, job gains remain modest, unemployment has stabilized, and inflation remains somewhat elevated.

Markets currently do not expect a rate cut at the March 2026 meeting. According to the CME FedWatch Tool, the probability of a March rate cut stands at 7.8%. A cut is not expected to become more likely than not until June 2026, when the probability currently stands at 67.3%, up from 62.5% one month ago.

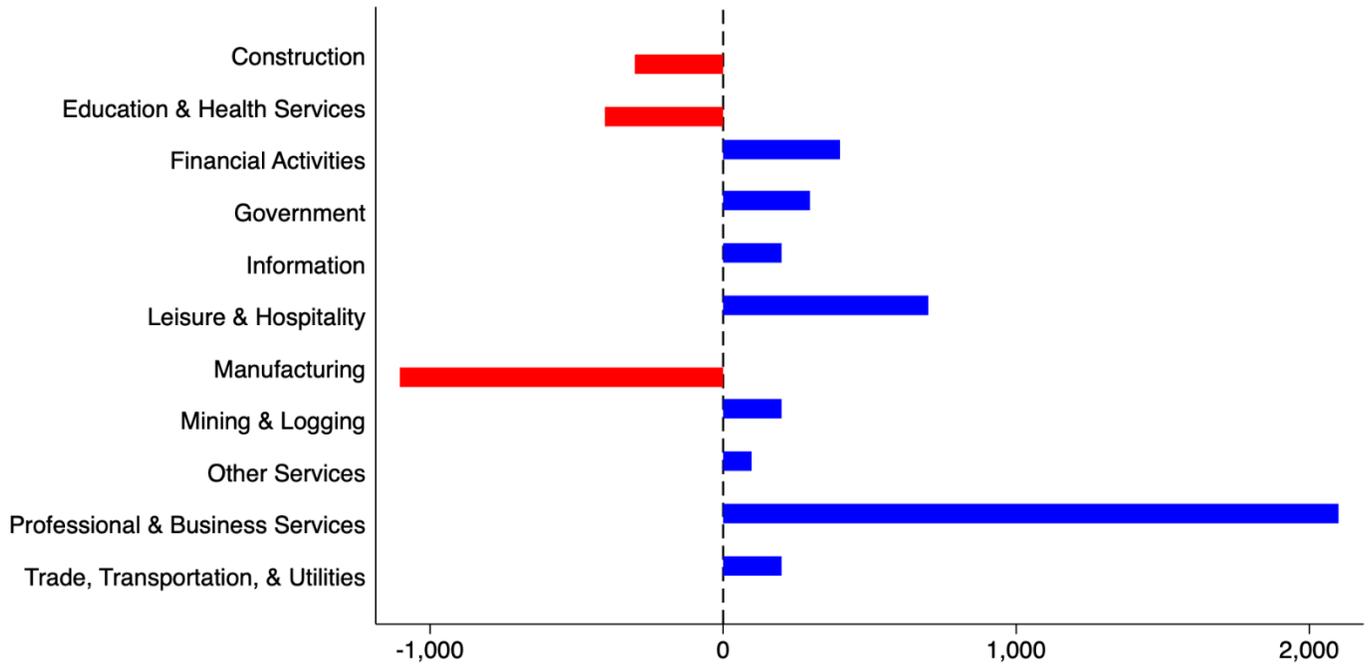


JOBS

Preliminary reporting by the Bureau of Labor Statistics (BLS) indicates that 130,000 jobs were added in January, well above the consensus estimate of 55,000 jobs. However, these reports indicate downward revisions to the job numbers for the previous two months. The number of jobs added in December was reduced from 50,000 to 48,000, with November reduced from 56,000 to 41,000. As the November value for the nation was revised downward, the most recent revision indicates there were more job losses in Alabama during that month, with jobs lost increasing from 3,200 to 5,700. However, preliminary reporting indicates the state added 2,400 jobs in December 2025, bringing the total number of jobs in the state to 2,211,200.

In Alabama, Professional & Business Service led all sectors in job growth, adding 2,100 jobs in December. This was followed by Leisure & Hospitality, (+700 jobs), and Financial Activities(+400 jobs). Job losses were led by manufacturing (-1,100 jobs). Additional sectors reporting job declines include Education & Health Services (-400 jobs) and Construction (-300 jobs).

Alabama Jobs Changes from November to December 2025





EMPLOYMENT

The December 2025 preliminary value for Alabama’s unemployment rate was 2.7%. This marks the second consecutive month at this rate and the fourth consecutive month that the unemployment rate was below 3.0%. The 2.7% value for the last two months of 2025 is the lowest value for the state’s unemployment rate since October 2023.

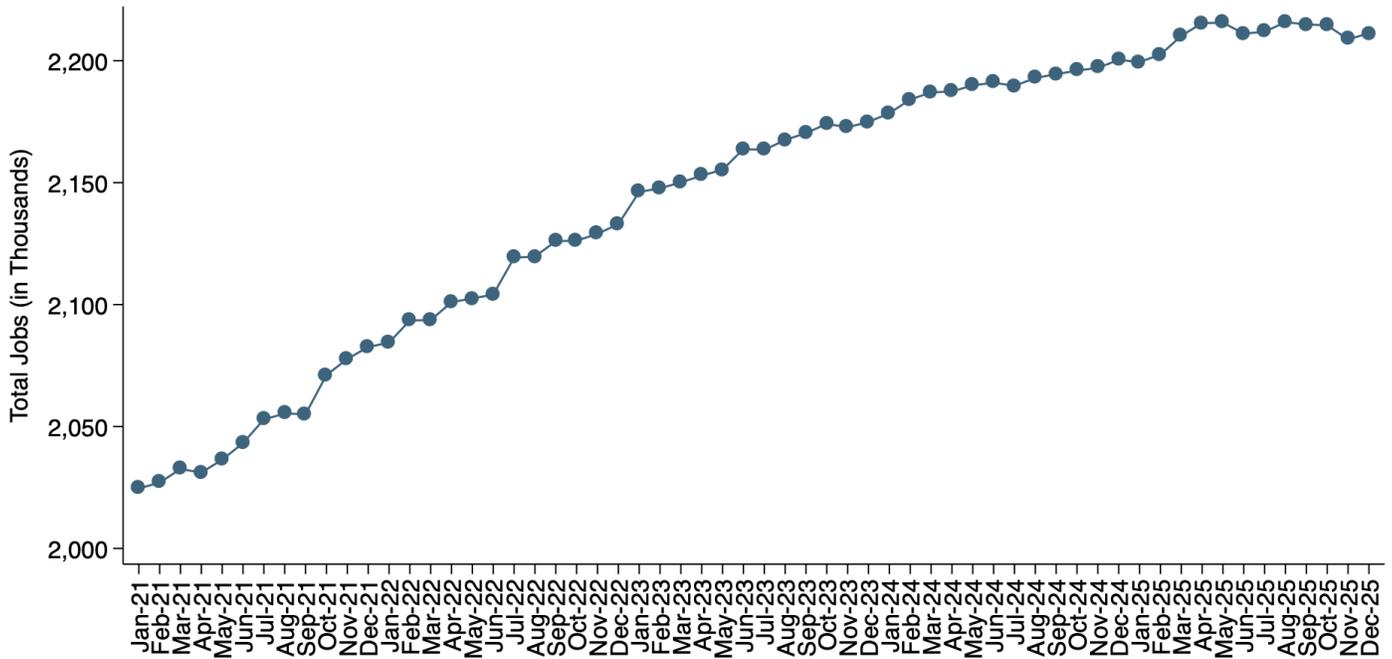
The national unemployment rate declined to 4.4% in December 2025, following the recent peak of 4.5% in November 2025. Additionally, preliminary reporting by the Bureau of Labor Statistics shows the national unemployment rate falling to 4.3% for January 2026, which is greater than the January 2025 rate of 4.0% rate.

The state’s unemployment rate was 1.7 percentage points below the national unemployment rate in December, a decrease from the 1.8 percentage point difference in November. The Federal Reserve will likely keep the federal funds rate steady at its March 2026 meeting, citing low unemployment and inflation that has not yet dropped to its 2% goal.

Alabama’s labor force participation rate ticked up to 57.7% in December, marking the fifth consecutive month below the 58.0% value for April through June 2025. For comparison, the national labor force participation rate fell to 62.4% in December 2025, the first decline since July 2025. However, the rate returned to 62.5% in January 2026 according to preliminary reports.

Note: There is no unemployment rate value or labor force participation rate value available for October 2025 due to the government shutdown.

Alabama Total Jobs (Thousands)

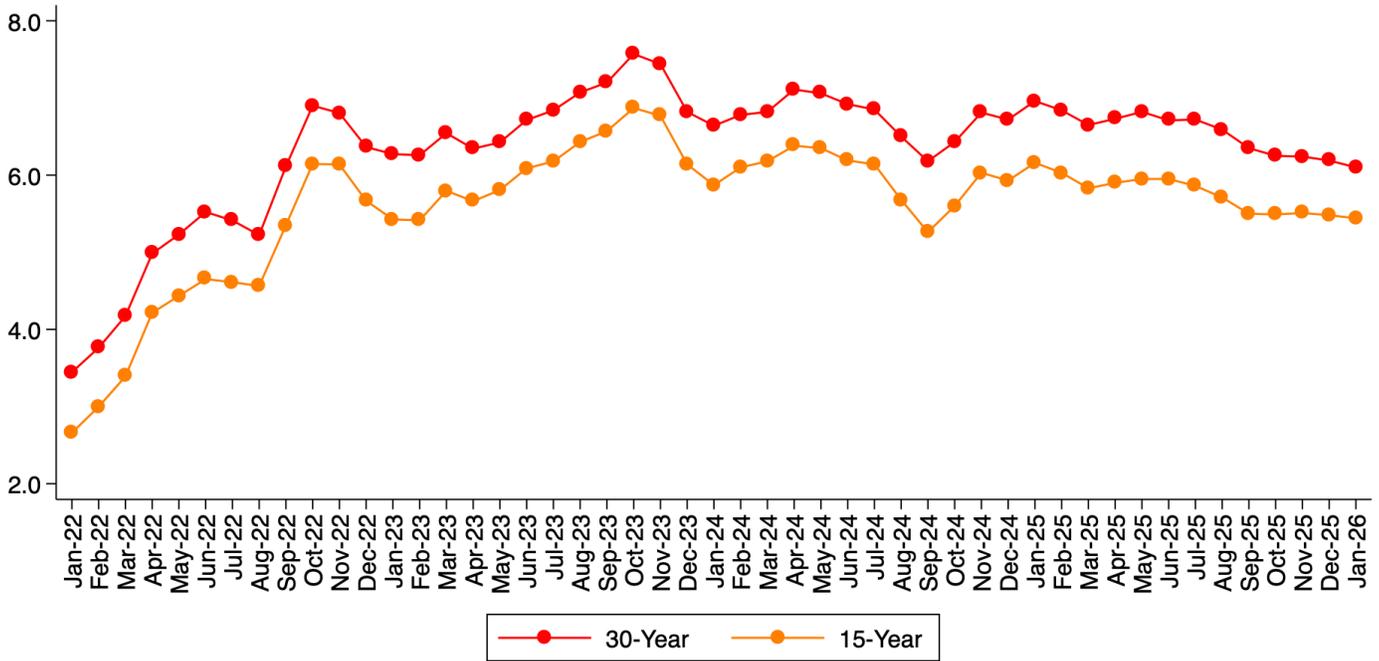




MORTGAGE RATES

The average 30-year fixed-rate mortgage rose by one basis point through the first week of January, before declining 10 basis points to 6.06% by January 15. The rate then began an increase of five basis points through the end of January and the first week of February, reaching 6.11% by February 5. The rate dipped by two basis points over the following week to 6.09% by mid-February. The average 30-year fixed-rate mortgage for each of the last four weeks (January 22 through February 12) was significantly lower than the than the corresponding weeks in 2025. At the time of this writing, the four-week average is 82 basis points lower than the 6.92% of this time last February.

U.S. Fixed-Rate Mortgage Averages

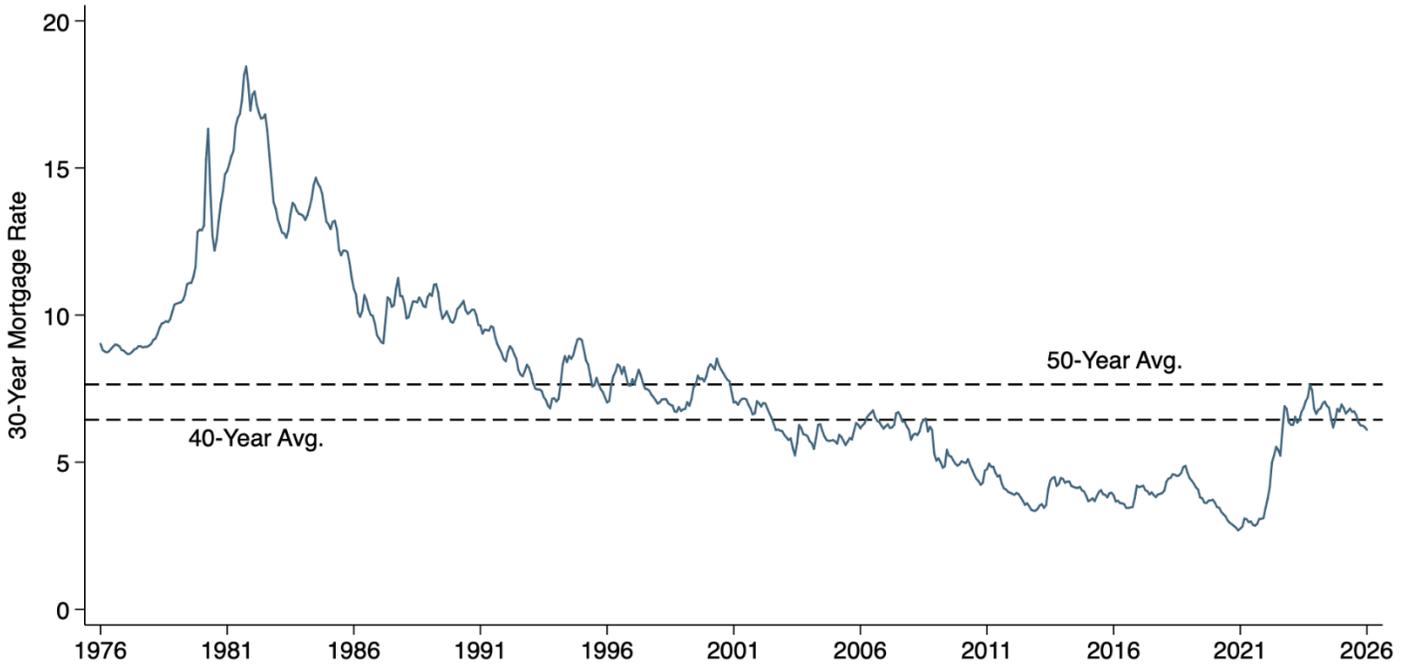




MORTGAGE RATES OVER THE DECADES

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 over the last two years have generally stayed within these averages. The January 2026 average 30-year fixed rate mortgage of 6.10% is below that range for the fifth consecutive month and is the lowest monthly value since the August 2022 average of 5.22%.

U.S. Fixed-Rate Mortgage Averages





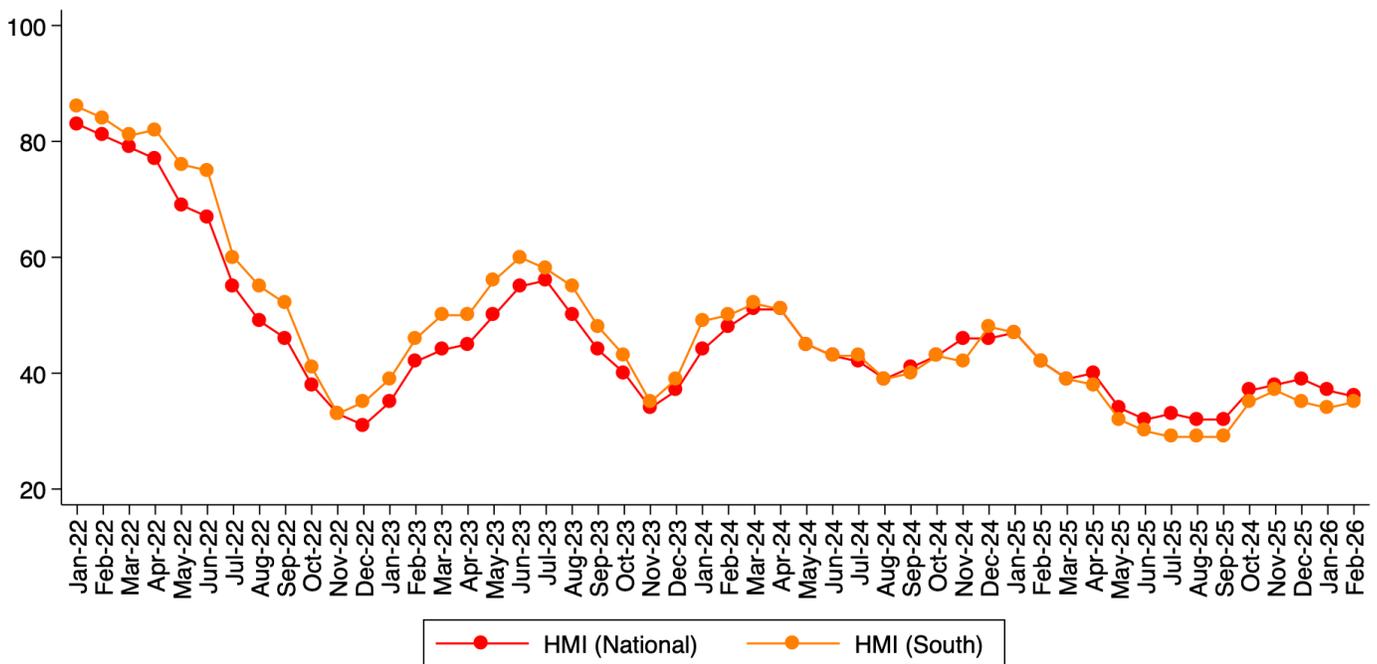
HOUSING MARKET INDICES

The National Association of Home Builders/Wells Fargo Housing Market Index (HMI) decreased by two points from December 2025 to January 2026, to a value of 37. A value above 50 indicates more home builders view conditions favorably. The January value of 37 is the first decline following three consecutive months of increases. This is the 21st consecutive month that the HMI index value was below 50. The preliminary HMI value for February 2026 shows a decline of one point to a value of 36. This continues the streak of index values below 50 to the 22nd consecutive month, and it is six points lower than the February 2025 value of 42.

The index fell in February due to two of the three components of the HMI decreasing relative to January. “Single Family Sales: Next 6 Months” decreased by three points to 46, while “Traffic of Prospective Buyers” decreased by two points to 22. “Single Family Sales: Present” remained constant from January to February with a value of 41. This marks the second consecutive month, and ninth time in the last 12 months, that all three components have values below 50.

The South HMI remained constant at a value of 35 from December 2025 to January 2026. Additionally, the preliminary South HMI for February 2026 continues the streak at 35. While the South HMI remained constant from January to February, other regional indices declined over the period. The Northeast HMI experienced a five point decline from 47 to 42 yet remains the highest regional value. The West HMI decreased by four points to a value of 30, making it the lowest regional value. The Midwest fell one point from January to February 2026 to a value of 41. All the regional HMI values are below 50 for the fourth consecutive month and for the 11th time in the last 12 months.

NAHB/Wells Fargo HMI Indices





MORTGAGE LOANS OUTSTANDING

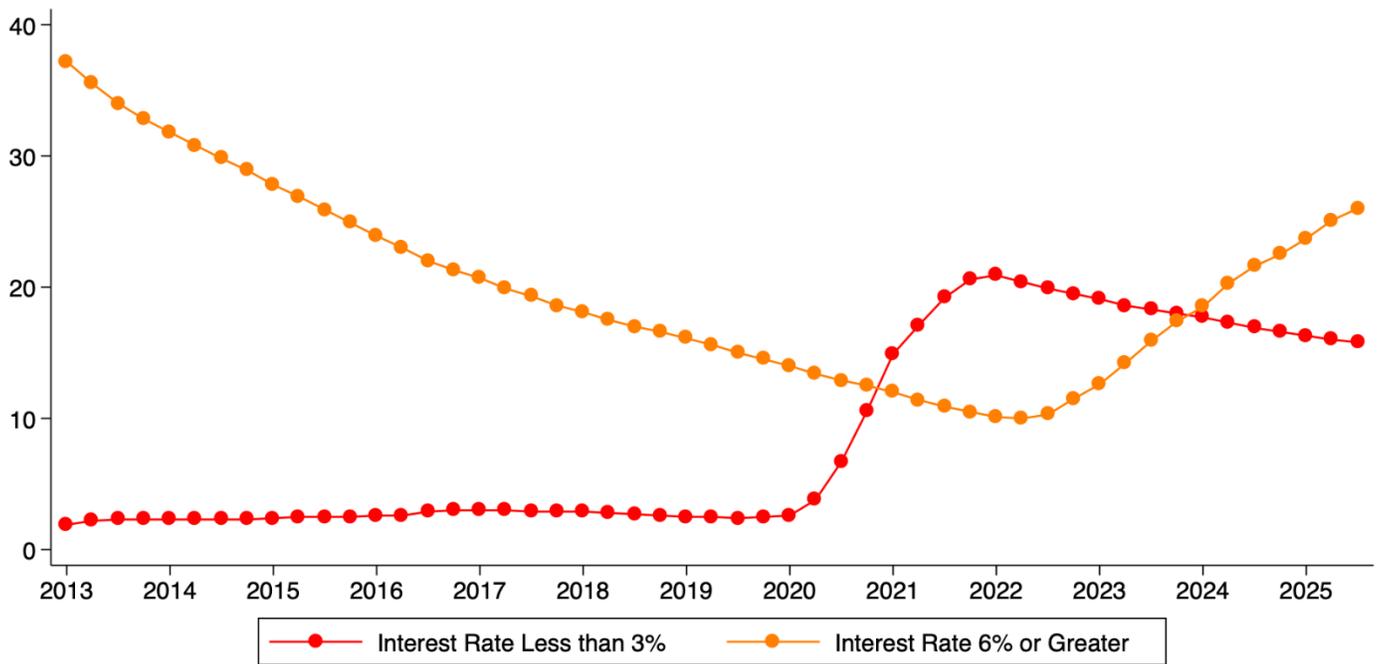
In 2025, total home sales in Alabama exceeded the previous year’s value for the first time since 2021. This outcome likely reflects the normalization of higher average mortgage rates and the inability of existing homeowners to further delay major life decisions.

In the wake of the COVID-19 pandemic, policymakers made efforts to stimulate the economy, in part by lowering borrowing costs. Between Q1 2021 and Q4 2023, the share of outstanding mortgages in Alabama with interest rates less than 3% exceeded the share of interest rates at 6% or greater.

When policymakers began navigating a course correction to fight inflation by increasing interest rates, many homeowners who benefitted from exceptionally low borrowing costs chose to sit out of the housing market—a phenomenon known as “rate lock.” Since Q1 2024, however, the share of Alabamians with mortgage rates of 6% or higher has increased by 41%, now accounting for more than one-quarter of all outstanding mortgages in the state. This new dynamic likely reflects the ebbing of rate lock era in Alabama. For the most recent data (available during Q3 2025), the share of outstanding mortgages in Alabama have the following rates:

- 26.0% of mortgage holders have rates above 6%
- 11.7% of mortgage holders have rates between 5-6%
- 17.7% of mortgage holders have rates between 4-5%
- 28.8% of mortgage holders have rates between 3-4%
- 15.8% of mortgage holders have rates below 3%

Share of Mortgage Loans Outstanding by Mortgage Rates in Alabama, Quarterly





HOUSING MARKET OVERVIEW

SALES

The number of sales transactions that closed during the month

Home sales activity decreased in January 2026 relative to January 2025. Additionally, the 4,761 sales represent a 15.0% decrease in month-over-month sales.

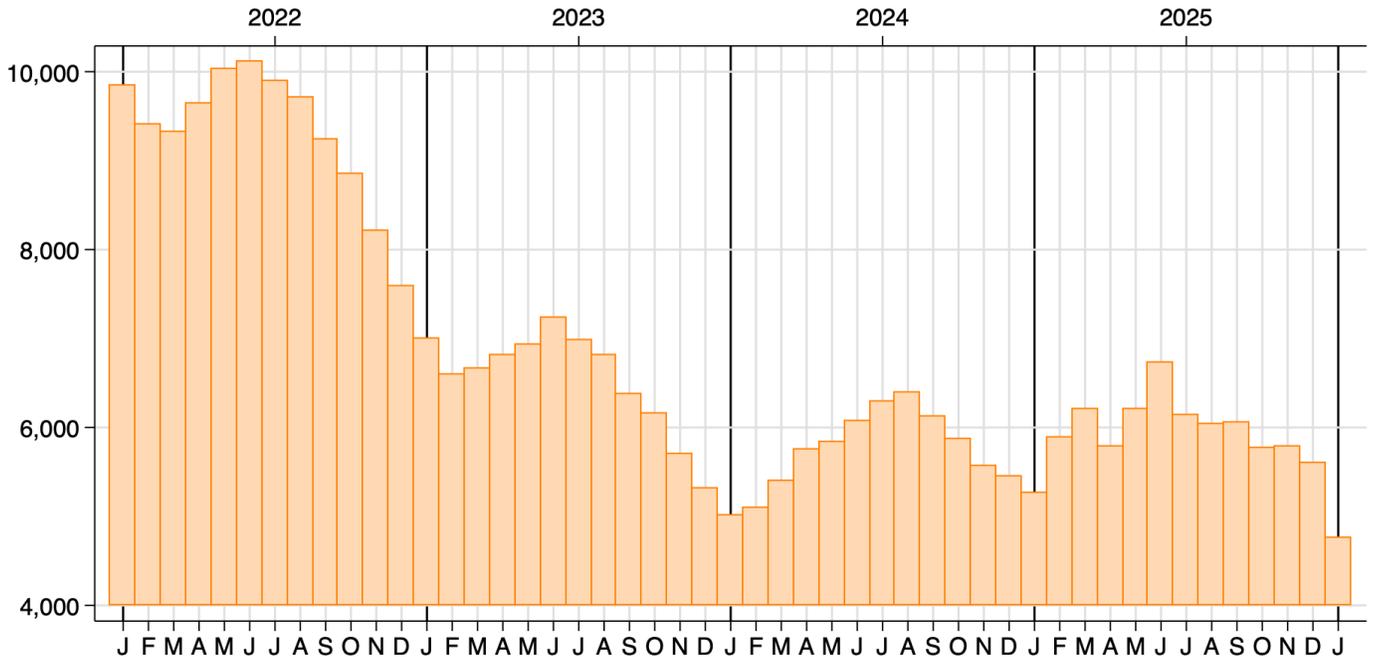
Alabama Monthly Home Sales Figures

Month	Sales	Percent Change Year-over-Year
Year-to-Date	4,761	-9.5%
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%
January 2025	5,259	5.0%

AAR's Forecast

AAR projects that state total home sales will remain roughly unchanged between January and February 2026.

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 17.3% year-over-year in January 2026, but fell by 0.4% month-over-month.

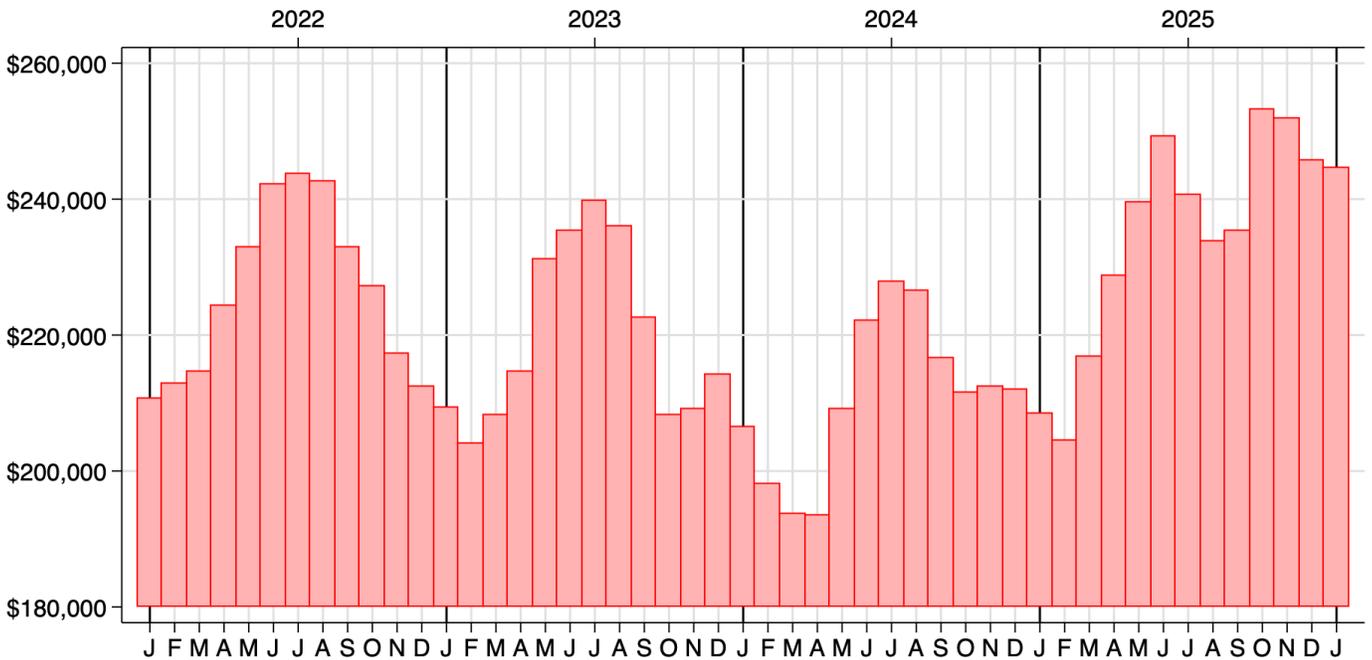
Alabama Median Sales Prices

Month	Median Sales Price (\$)	Percent Change Year-over-Year
Year-to-Date	244,520	17.3%
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%
January 2025	208,468	1.0%

AAR’s Forecast

AAR projects that the state median home sales price will remain roughly unchanged between January and February 2026.

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 \$3,089 relative to last month. This is an increase of 1.1% compared to December 2025, and of 16.8% compared to January 2025.

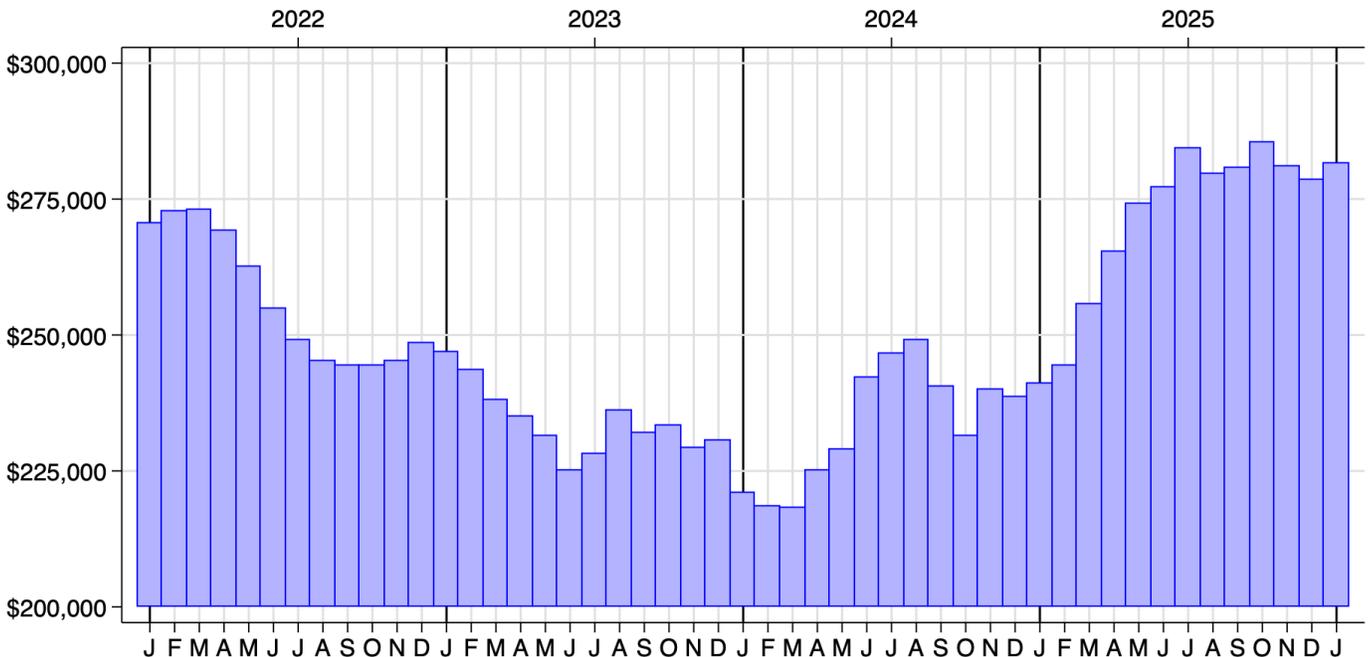
Alabama Average Sales Prices

Month	Average Sales Price (\$)	Percent Change Year-over-Year
Year-to-Date	281,485	16.8%
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%
January 2025	241,047	9.1%

AAR's Forecast

AAR projects that the state average home sales price will remain roughly unchanged between January and February 2026.

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 January 2026 was \$1.34 billion, which is up \$0.07 billion from January 2025. This sales figure represents a 5.5% increase year-over-year. However, the January sales dollar volume is 14.1% lower than last month.

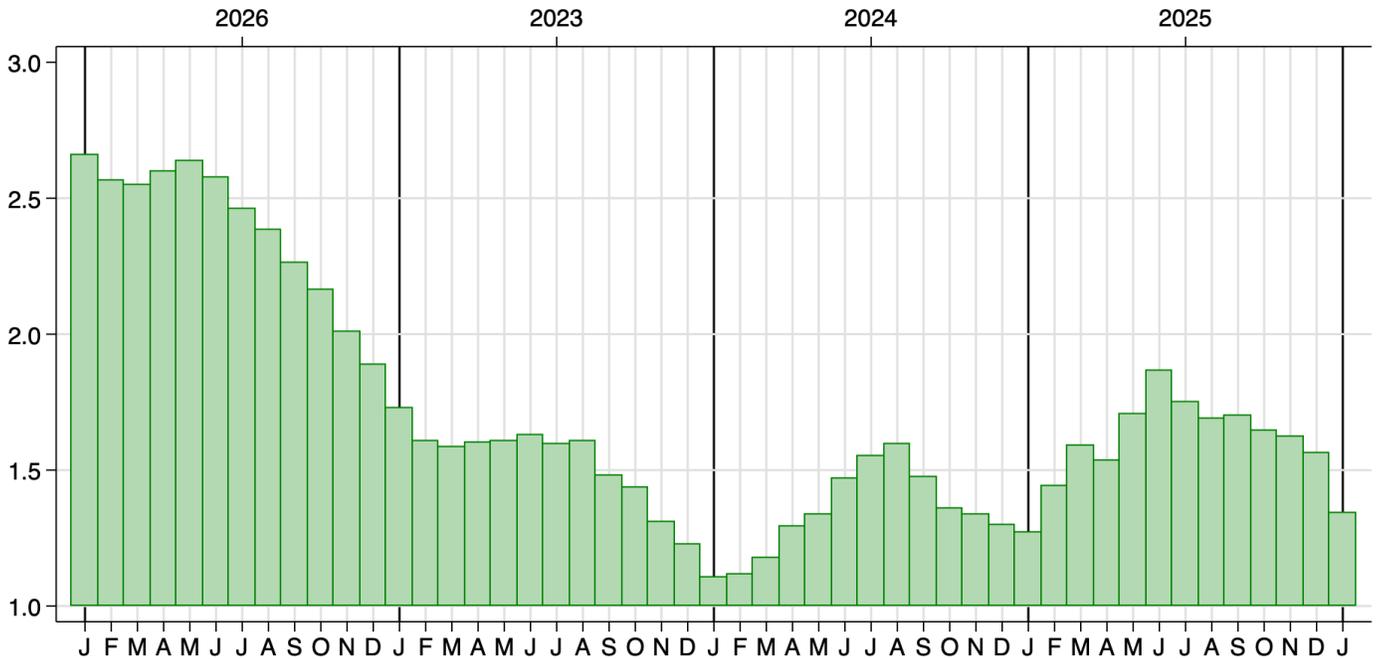
Alabama Sales Volume (in Billions)

Month	Sales Volume (\$)	Percent Change Year-over-Year
Year-to-Date	1.34	5.5%
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%
January 2025	1.27	14.6%

AAR's Forecast

AAR projects that state sales volume will remain roughly unchanged between January and February 2026.

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 3 days longer in January 2026 relative to December 2025. Homes sold in January were on the market for 81 days on average. This figure is three days fewer compared to the 84 days of one year ago.

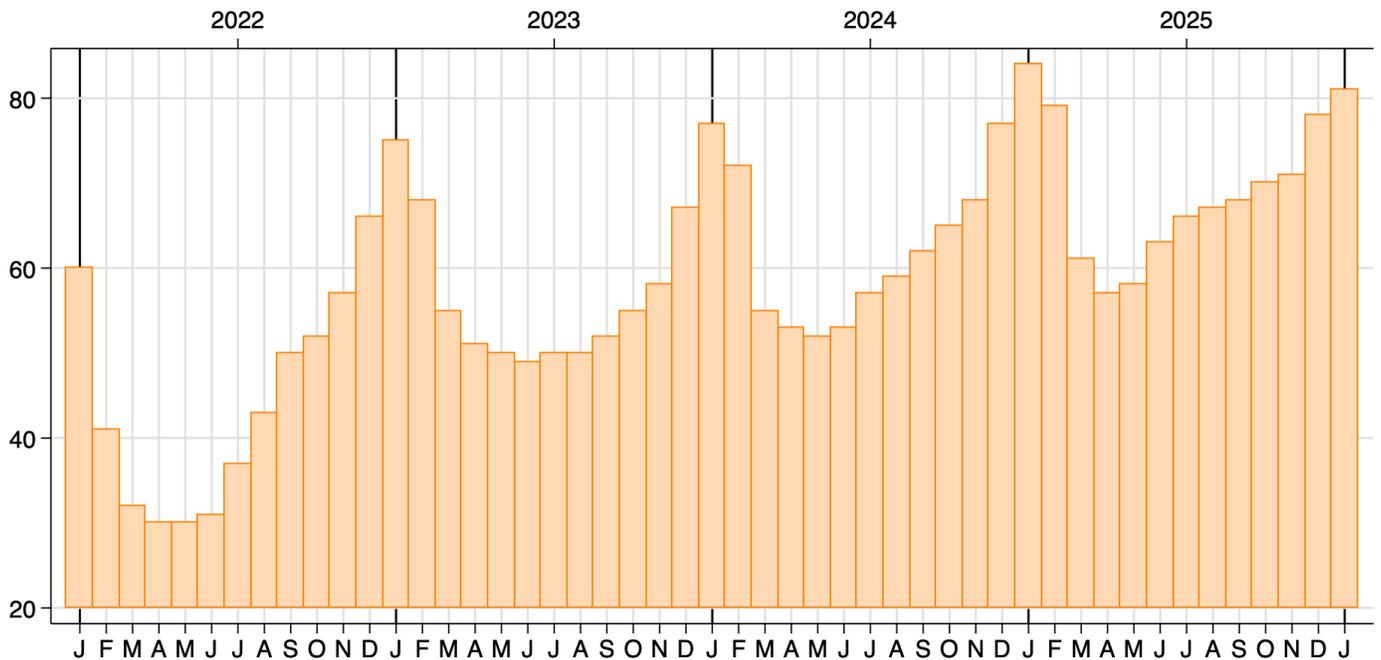
Alabama Residential Days on Market

Month	Days on Market	Percent Change Year-over-Year
Year-to-Date	81	-3.6%
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%
January 2025	84	9.1%

AAR's Forecast

Based upon current economic trends, AAR projects that state residential days on market will decrease by approximately 12.3% to 71 between January and February 2026.

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 January 2026 relative to December 2025, as there were 5.3 months of supply. Additionally, this figure is almost a month greater than that of one year ago (4.4 months).

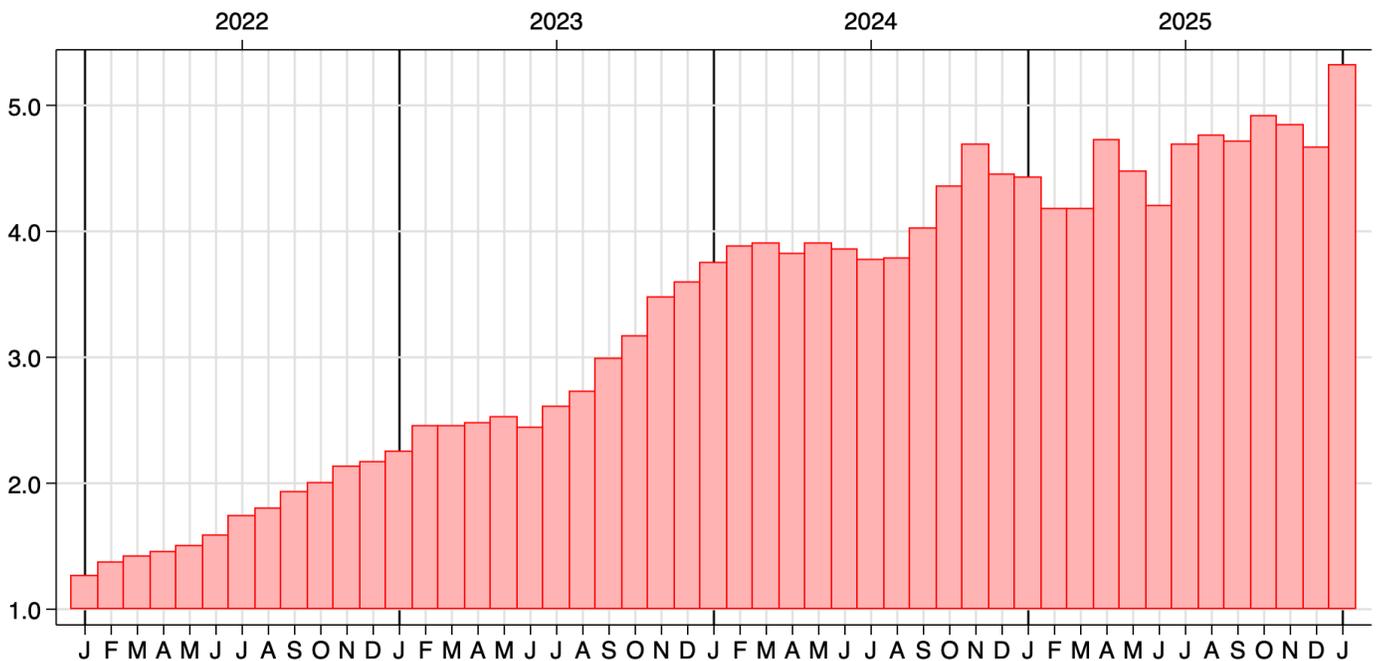
Alabama Months of Supply

Month	Months of Supply	Percent Change Year-over-Year
Year-to-Date	5.3	20.5%
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%
January 2025	4.4	18.0%

AAR's Forecast

AAR projects that state housing supply will decrease by approximately 1.9% to 5.2 months between January and February 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 January 2026 (19,073) compared to one year ago (17,735). This figure represents a 7.5% annual increase but a 3.7% decrease relative to last month. January 2026 listings were down by 735 relative to December 2025. This marks the third consecutive monthly decline in the number of listings.

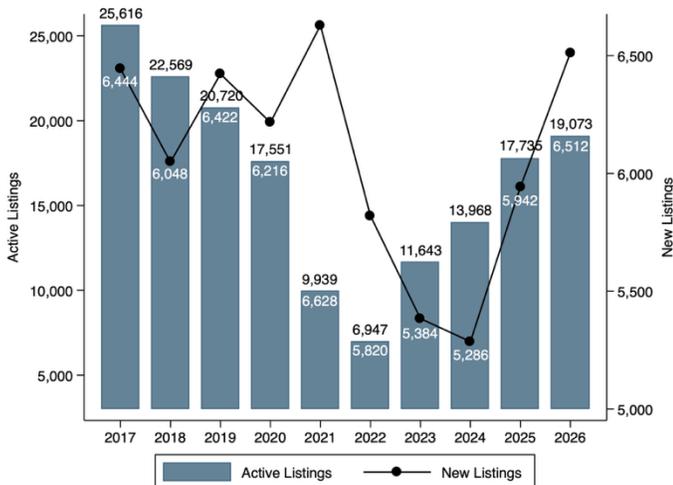
Alabama Active Residential Listings

Month	Active Listings	Percent Change Year-over-Year
Year-to-Date	19,073	7.5%
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%
January 2025	17,735	27.0%

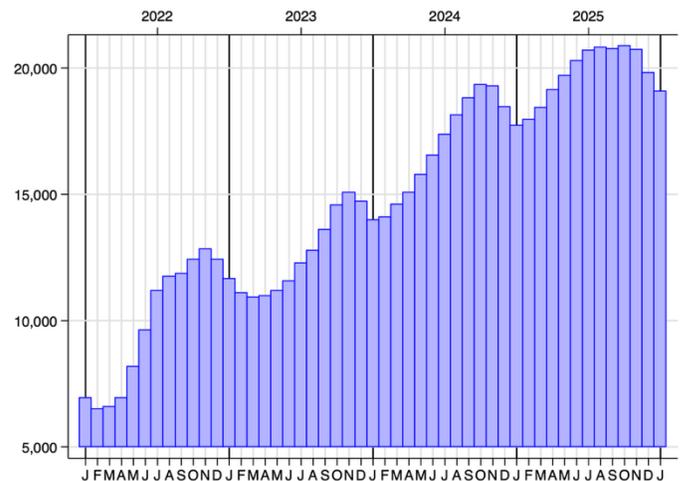
AAR's Forecast

Based upon current economic trends, AAR projects state residential active listings will decrease by approximately 2.9% to 18,524 between January and February 2026.

Alabama Active and New Residential Listings, January 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 98 more foreclosures in January 2026 (540) compared to one year ago (442). The January value marks the second consecutive monthly increase in foreclosures and the highest level since September 2025.

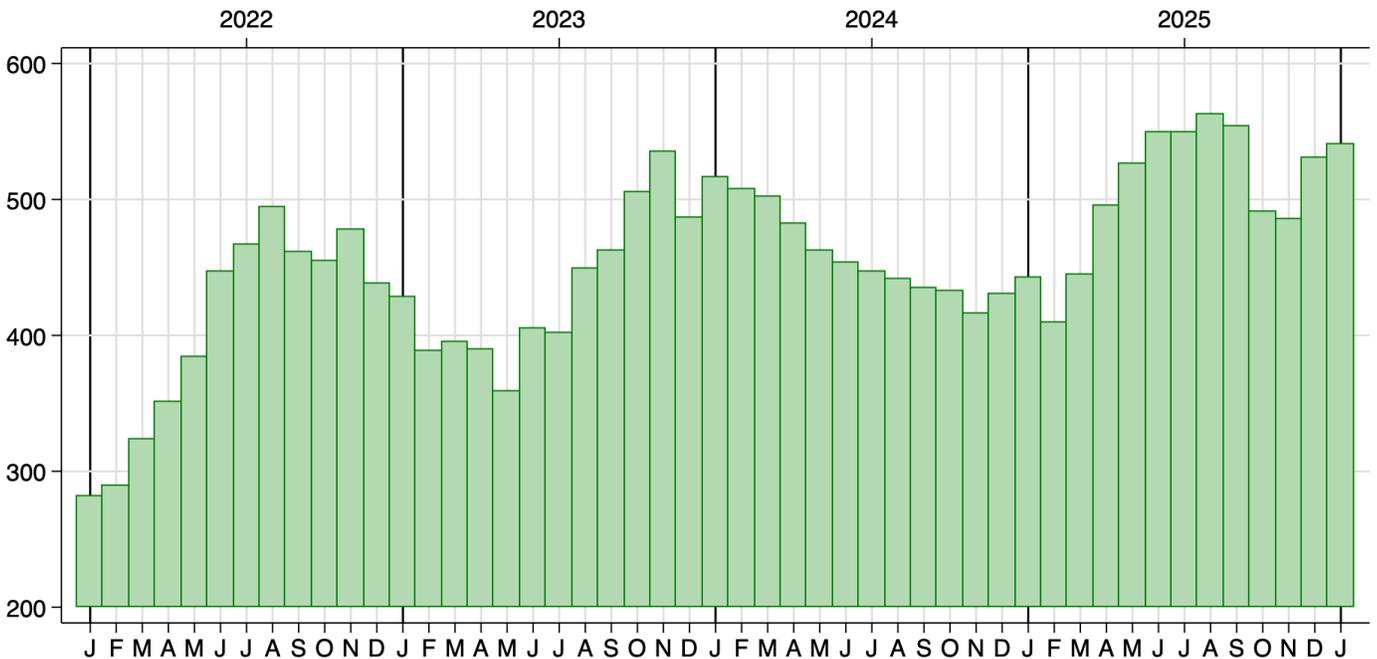
Alabama Residential Foreclosures

Month	Foreclosures	Percent Change Year-over-Year
Year-to-Date	540	22.2%
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%
January 2025	442	-14.3%

AAR's Forecast

AAR projects that state housing foreclosures will decrease by approximately 2.4% to 527 between January and February 2026.

Alabama Residential Foreclosures, Monthly Figures





AAR's Forecast

Consumer sentiment weakened in January and Alabama's unemployment claims climbed during the month. However, unemployment claims declined to start February, and the Federal Reserve is planning to loosen banking rules to try to boost mortgage lending.

Factors to consider in the near term:

- Following a slight uptick in December 2025, consumer attitudes turned downward to start the year. The Consumer Confidence Index declined 10.3% from December to January, while the Expectations Index fell 12.7% to 65.1 — marking the 12th consecutive month below 80, a level often viewed as signaling a potential recession. The Index of Consumer Expectations (Survey of Consumers) declined to 56.6 in January, down 11.6% year-over-year. However, the Index of Consumer Sentiment edged up to 56.4, though it remains 14.7 points below its January 2025 level of 71.7.
- Despite consumer sentiment hitting an 11-year low, the national labor market strengthened in January 2026, adding 130,000 jobs — nearly double the 2025 monthly average — and lowering the unemployment rate to 4.3%. Alabama continues to outperform the nation with a steady 2.7% unemployment rate and positive job growth as of late 2025. While both the U.S. and Alabama experienced early 2026 fluctuations in initial unemployment claims, Alabama's four-week moving average declined to 2,170 (as of February 7), while the national trend moved upward. The state's average remains below last year's level, signaling relative economic strength.
- Following a directive from the Trump administration in early January 2026, Fannie Mae and Freddie Mac began substantial purchases of mortgage-backed securities, helping narrow the spread between 10-year Treasury yields and mortgage rates. However, both entities face statutory caps on their retained portfolios. As a result, the aggressive pace of purchasing seen in January is expected to slow by late spring or early summer to avoid exceeding those limits..
- The Federal Reserve is planning regulatory changes aimed at encouraging traditional banks to reenter the mortgage market. According to Fed Vice Chair for Supervision Michelle Bowman, banks' share of mortgage originations has fallen from 60% in 2008 to roughly 35% today. Officials believe regulatory burdens have made it difficult for banks to compete with non-bank lenders such as Rocket Mortgage. By easing certain requirements, the Fed hopes to increase bank participation, expand borrower options, and foster competition that could place downward pressure on mortgage rates.
- While January home sales experienced a typical seasonal slowdown, Alabama's strong labor market — highlighted by a 2.7% unemployment rate and declining unemployment claims — provides a solid foundation for a potential spring rebound. Additionally, active listings are up 7.5% year-over-year, giving buyers more choices and potentially helping offset weaker consumer confidence.

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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