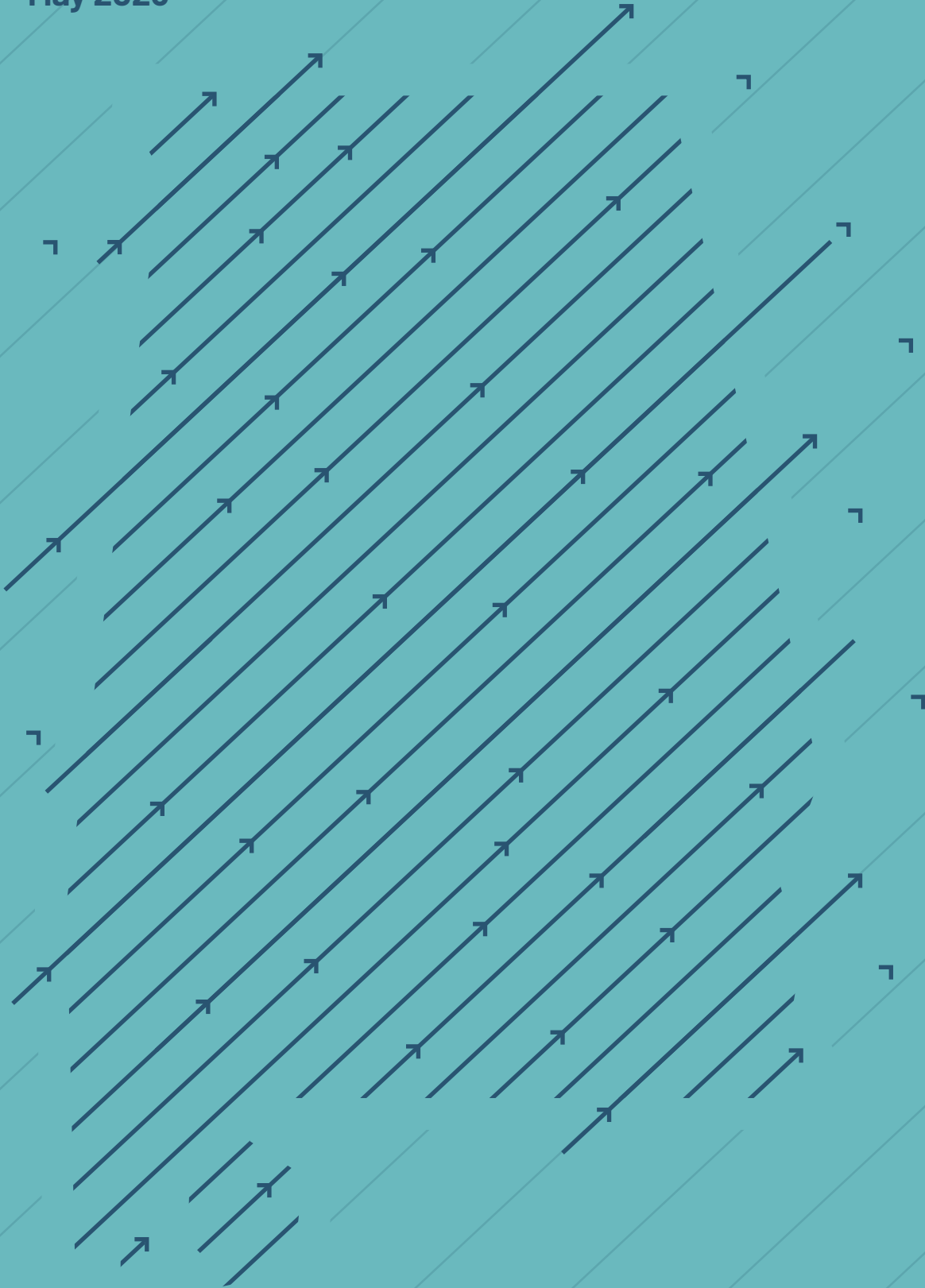


Alabama Economic & Real Estate Report

May 2026





ALABAMA MONTHLY HOME SALES REPORT

MAY 2026

KEY TAKEAWAYS

- Alabama had **6,938 home sales** in May, an increase of 724 from last year and an increase of 11.7% from the previous month.
- The median sales price increased by \$39,670 compared to a year ago to **\$279,185**. This is an annual increase of 16.6% and a 5.9% increase month-over-month.
- The sold volume was **\$2.19 billion** in May 2026, an increase of \$0.49 billion from last May. This marks a 28.8% annual increase and a 19.0% increase month-over-month.
- The **21,241 active listings** at the end of May mark an increase of 7.8% compared to 19,709 one year ago.
- The **723 foreclosures** in May represent a 37.5% year-over-year increase. It is a 4.5% increase in foreclosures since last month. Note that the May 2026 value is below the pre-COVID 863 foreclosures of May 2019.

ALABAMA HOUSING MARKET SUMMARY, MAY 2026

	May-25	May-26	Change	% Change	YTD '25	YTD '26	Change	% Change
Sales	6,214	6,938	724	11.7%	29,364	28,379	-985	-3.4%
Median Sales Price (\$)	239,515	279,185	39,670	16.6%	219,637	259,869	40,232	18.3%
Average Sales Price (\$)	274,096	314,970	40,874	14.9%	256,113	293,031	36,918	14.4%
Sales Volume (\$ billions)	1.70	2.19	0.49	28.8%	7.53	8.36	0.83	11.0%
Average Days on Market	58	61	3	5.2%	68	66	-2	-2.9%
Active Listings	19,709	21,241	1,532	7.8%	18,592	20,176	1,584	8.5%
Months of Supply	4.5	4.4	-0.1	-2.2%	4.4	5.1	0.7	15.9%
Foreclosures	526	723	197	37.5%	2,317	3,212	895	38.6%



ECONOMIC OVERVIEW

Updated data from the Bureau of Labor Statistics (BLS) indicate that recent national job growth was considerably stronger than initially reported. Revisions to March and April payroll figures added a combined 93,000 jobs, including 29,000 additional jobs in March and 64,000 in April. Preliminary data for May 2026 show another robust gain of 172,000 jobs nationwide, marking the third consecutive month in which employment growth exceeded consensus expectations. May job creation was also 153,000 higher than the level recorded in May 2025. In Alabama, March employment growth was revised upward from 1,400 to 2,400 jobs, while preliminary estimates indicate an additional 4,800 jobs were added in April.

Inflation continued to accelerate in May 2026, rising 4.2% year-over-year, up from 3.8% in April and marking the third consecutive monthly increase. Energy remained the primary driver, with prices increasing 23.5% over the year, compared to 17.9% in April. Within the category, Energy Commodities surged 40.6% year-over-year, up from 29.2% the previous month, while Energy Services increased 5.3%. Food prices rose 3.1%, slightly below April's 3.2% increase, led by a 3.5% rise in Food Away from Home. Core inflation, measured as all items less food and energy, increased 2.9%, up from 2.8% in April. Services less Energy Services continued to be the primary contributor, rising 3.4% year-over-year. Transportation Services increased 4.1%, Medical Care Services rose 3.6%, and Shelter costs climbed 3.4%.

Inflation in the South reached 3.9% year-over-year in May, up from 3.6% in April. Similar to national trends, energy prices were the largest contributor, increasing 22.9% over the year compared to 17.9% the previous month. The regional gasoline index surged 42.4%, up from 32.0% in April. Core inflation in the South remained steady at 2.4%. Shelter costs increased 2.7%, unchanged from April and below the national rate of 3.4%. Owner's Equivalent Rent rose 2.8%, matching the prior month, while Rent of Primary Residence increased 2.2%, up from 1.9% in April. In contrast, used vehicle prices declined 2.1% year-over-year in the South, compared to a 2.0% decline nationally.

The average 30-year mortgage rate climbed to 6.53% by May 28, 2026, its highest level since late August 2025. Rates subsequently fluctuated, falling to 6.48% the following week, rising to 6.52% by June 11, and easing to 6.47% as of June 18. These movements largely mirrored changes in the 10-year Treasury yield, which remained volatile amid elevated inflation readings, geopolitical uncertainty, and fluctuations in oil prices. Reflecting similar inflationary pressures, the Producer Price Index (PPI) increased 6.5% year-over-year in May, up from 6.0% in April. Because the PPI measures inflation at the producer level, it is often viewed as a leading indicator of future consumer price increases.

As widely expected, the Federal Reserve left the federal funds rate target unchanged at 3.50%–3.75% during its June meeting, where it has remained since December 2025. The Federal Open Market Committee (FOMC) noted that economic activity continues to expand at a solid pace despite elevated uncertainty stemming in part from conflict in the Middle East. The Committee highlighted strong productivity growth, solid capital investment, continued labor market stability, and an unemployment rate that has changed little. At the same time, the FOMC emphasized that inflation remains above its 2% target, citing supply-related pressures that have contributed to elevated prices, particularly in the energy sector.

According to the CME FedWatch Tool, market participants currently assign virtually no probability to a rate cut before April 2027, and even the likelihood of a reduction following that meeting is only 0.6%. Instead, markets are increasingly pricing in the possibility of additional tightening, with a 38.5% probability of a rate increase at the July 2026 meeting and a 77.3% probability by September 2026. No meeting currently listed in the CME FedWatch Tool through September 2027 shows a greater than 50% probability of a rate cut.



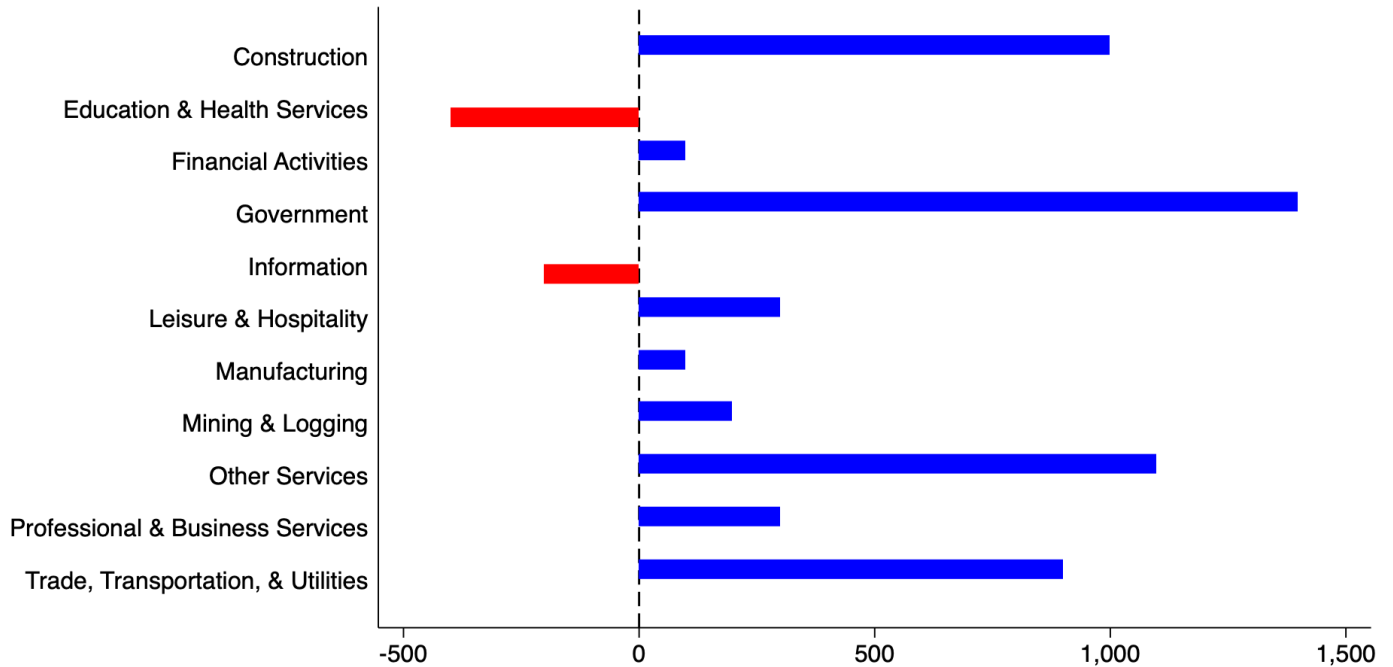
JOBS

Preliminary data from the Bureau of Labor Statistics (BLS) indicate that the U.S. economy added 172,000 jobs in May, significantly exceeding forecasts of 88,000 jobs from Bloomberg and 105,000 jobs from FactSet. The report also included substantial upward revisions to payroll estimates for the prior two months. April job growth was revised from 115,000 to 179,000, while March employment gains increased from 185,000 to 214,000 jobs.

At the state level, revised data show stronger employment growth in Alabama than previously reported. March job gains were revised upward from 1,400 to 2,400 jobs, and preliminary estimates indicate the state added another 4,800 jobs in April. As a result, total nonfarm employment in Alabama reached 2,209,900 jobs.

Government employment led Alabama's job growth in April, adding 1,400 positions. Other Services followed with a gain of 1,100 jobs, while the Construction sector added 1,000 jobs. On the downside, Education and Health Services experienced the largest decline, shedding 400 jobs, followed by the Information sector, which lost 200 jobs.

Alabama Jobs Changes from March 2026 to April 2026





EMPLOYMENT

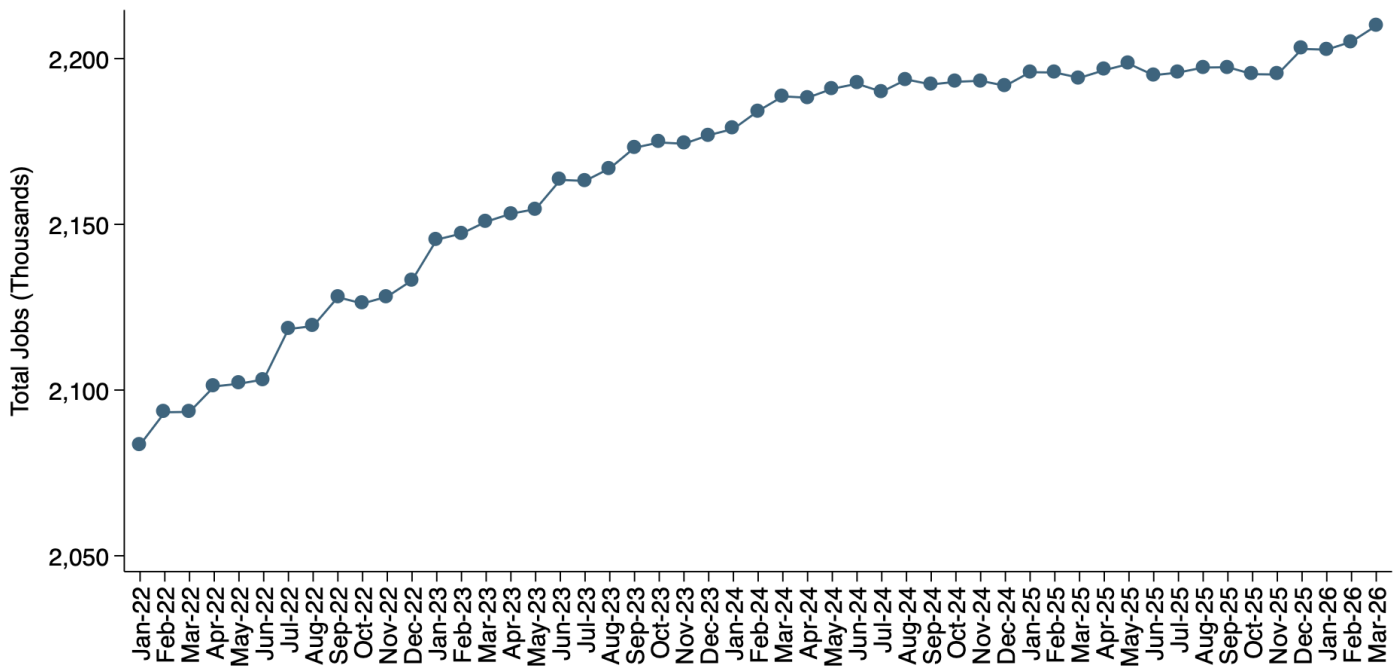
Alabama’s preliminary unemployment rate rose to 2.8% in April 2026, ending a five-month stretch during which the rate held steady at 2.7%. Despite the increase, April marked the thirteenth consecutive month that Alabama’s unemployment rate remained below 3.0%, based on revised data from the Bureau of Labor Statistics (BLS). The April rate matches the 2.8% recorded in September 2025 and represents the most recent state-level unemployment data available.

Nationally, the unemployment rate remained unchanged at 4.3% in April 2026, marking the second consecutive month at that level. Preliminary BLS data indicate the rate remained at 4.3% again in May, extending the streak to three consecutive months. The May 2026 rate is identical to the national unemployment rate recorded one year earlier.

Alabama’s unemployment rate was 1.5 percentage points below the national rate in April, slightly narrower than the 1.6 percentage point gap observed in March. Consistent with stable labor market conditions and inflation that remains above target, the Federal Reserve left the federal funds rate unchanged at its June 2026 meeting, citing little change in unemployment and inflation that continues to run above its 2% objective.

Alabama’s labor force participation rate declined to 57.3% in April from 57.5% in March, its lowest level since November 2023. Nationally, labor force participation fell for five consecutive months, declining from 62.5% in November 2025 to 61.8% in April 2026. Preliminary data indicate the national participation rate remained unchanged at 61.8% in May.

Alabama Total Jobs (Thousands)





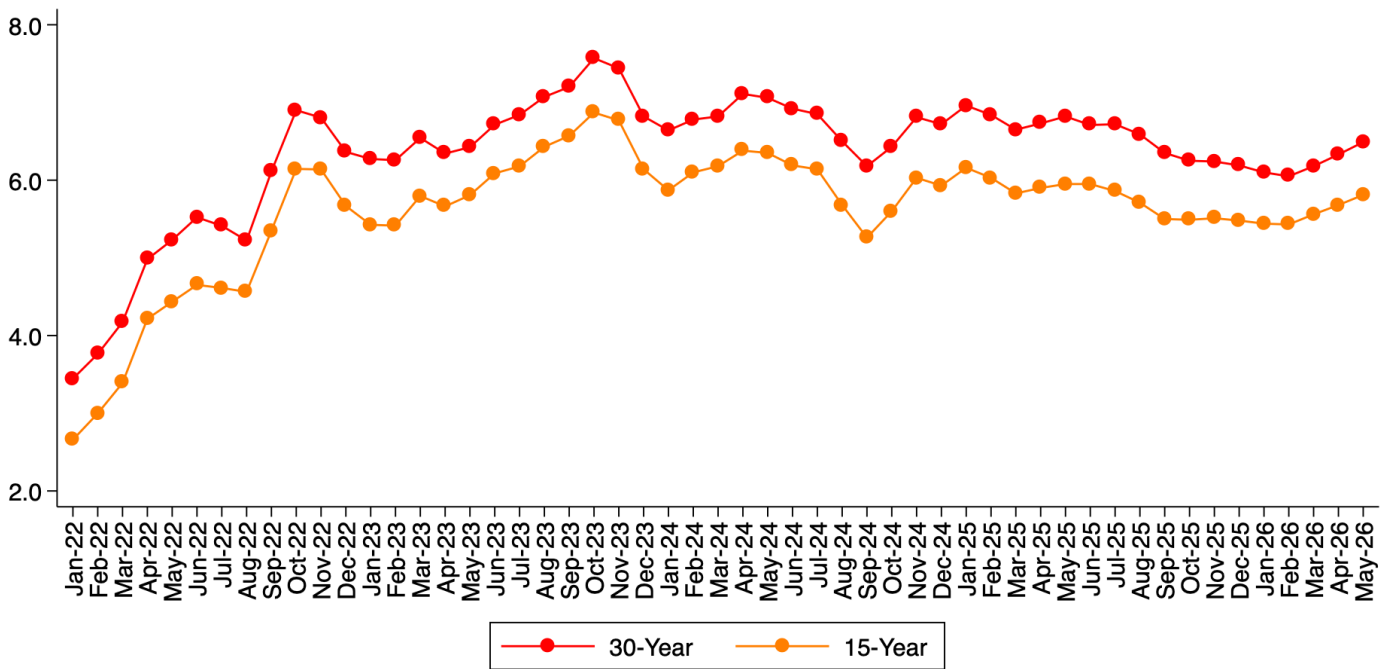
MORTGAGE RATES

The average 30-year fixed-rate mortgage increased at the beginning of May, rising 7 basis points to 6.37% by May 7. After declining 1 basis point the following week, rates moved sharply higher, climbing 15 basis points to 6.51% by May 21 and increasing an additional 2 basis points to 6.53% by May 28. This marked the highest mortgage rate since late August 2025.

Rates moderated in June, falling 5 basis points to 6.48% by June 4. The average rate then increased 4 basis points the following week before declining 5 basis points to 6.47% as of June 18. Despite the recent fluctuations, the June 18 rate was 34 basis points below the 6.81% recorded one year earlier.

Mortgage rates have also remained consistently lower than year-ago levels in recent weeks. The average rate for each of the four weeks from May 28 through June 18 was below the corresponding week in 2025. As of this writing, the four-week average mortgage rate is 6.50%, which is 35 basis points lower than the 6.85% average recorded during the same period last year.

U.S. Fixed-Rate Mortgage Averages

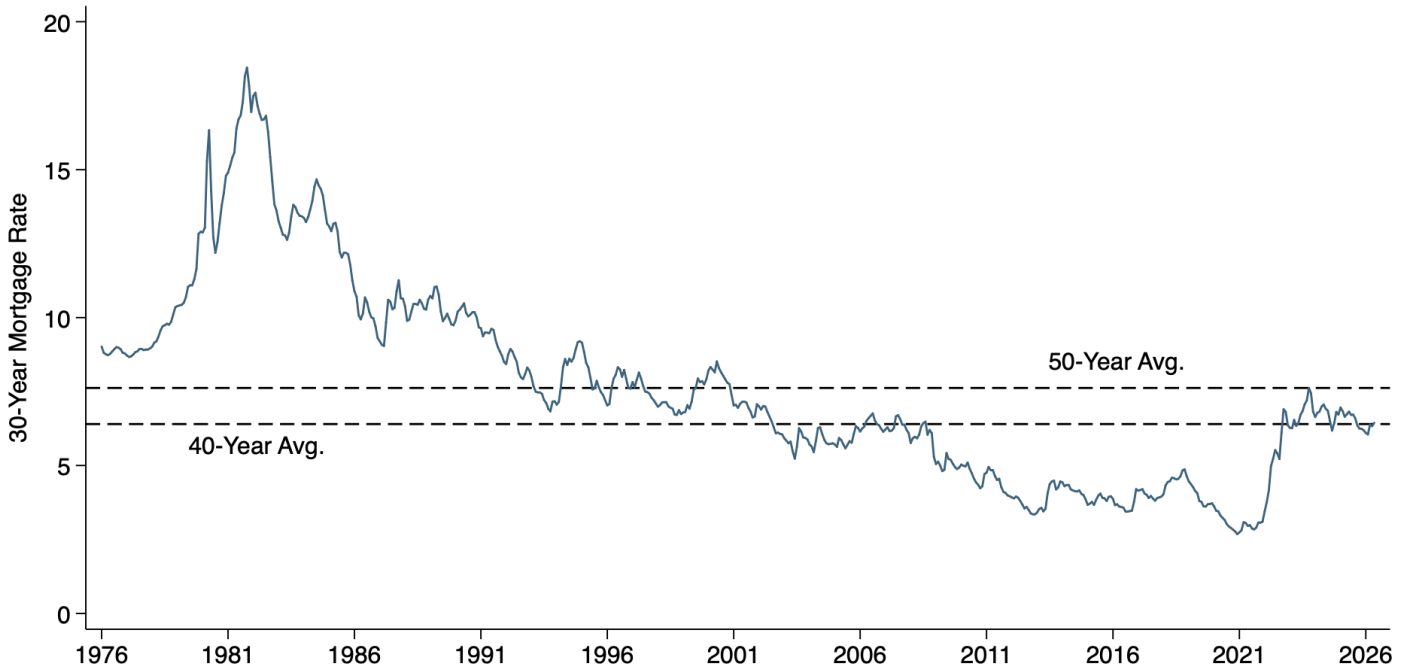




MORTGAGE RATES OVER THE DECADES

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. The rate averaged 6.52% over the last 40 years and 7.67% over the last 50 years. Rates over the last few years have generally stayed within these averages; however, the May 2026 average 30-year fixed rate mortgage of 6.44% is below that range for the ninth consecutive month. While the May value marks the third consecutive monthly increase, it is below the May 2025 average of 6.82%.

U.S. Fixed-Rate Mortgage Averages





HOUSING MARKET INDICES

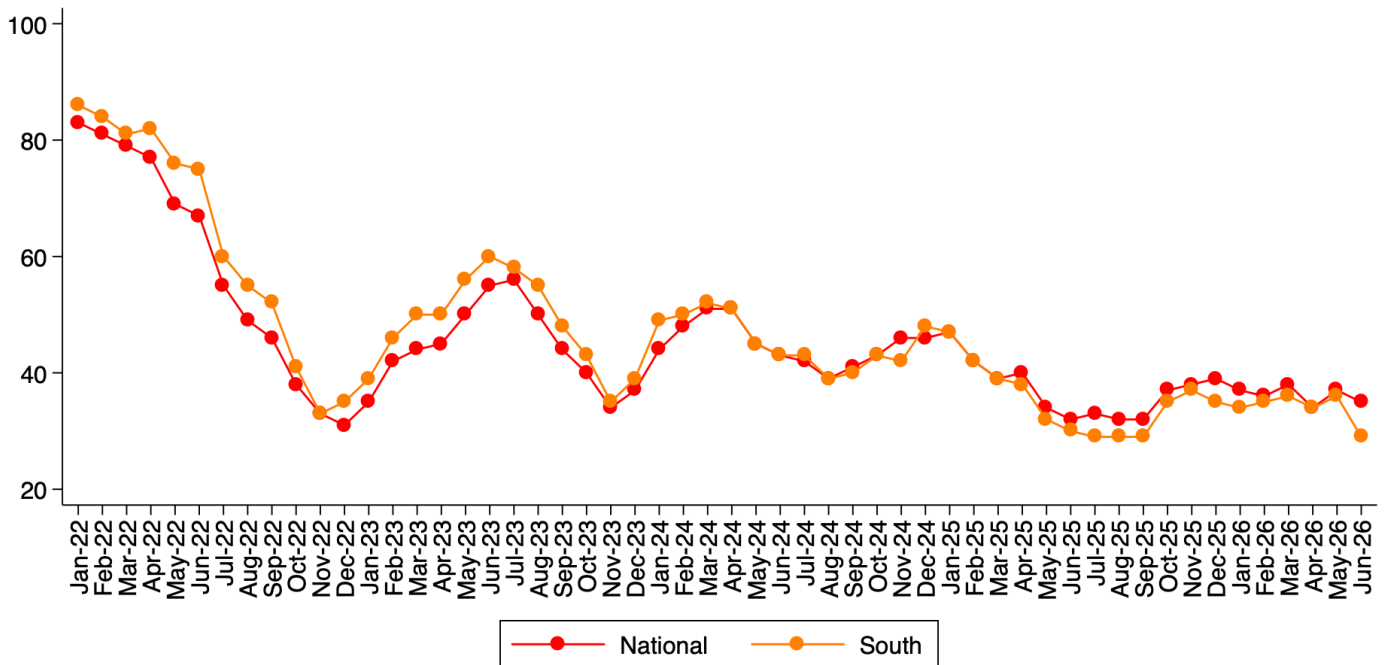
The National Association of Home Builders (NAHB)/Wells Fargo Housing Market Index (HMI) increased from 35 in April to 37 in May 2026. Despite the improvement, the index remained below the neutral threshold of 50 for the 25th consecutive month, indicating that more builders continued to view market conditions as unfavorable than favorable. Preliminary data for June show the HMI declining 2 points to 35, extending the streak below 50 to 26 consecutive months. Even so, the June reading was 3 points higher than the 32 recorded in June 2025.

The June decline was driven by weakening current sales conditions, while the other major components remained unchanged. The “Single-Family Sales: Present” component fell from 40 to 38, while “Single-Family Sales: Next 6 Months” held steady at 45 and “Traffic of Prospective Buyers” remained at 25. June marked the sixth consecutive month—and the ninth time in the past year—that all three HMI components registered values below 50.

Regionally, the South HMI rose 2 points to 36 in May before falling sharply to 29 in June. The South was the only region to experience a decline during the month, with the June reading matching its lowest level since September 2025. In contrast, the Northeast posted the only regional increase, rising 6 points from 44 to 50. The Midwest remained unchanged at 45, while the West held steady at 27.

With a June value of 50, the Northeast recorded the strongest builder sentiment among the regions, while the West posted the weakest reading at 27. The Northeast’s improvement also ended a seven-month stretch during which all four regional HMI readings remained below 50.

NAHB/Wells Fargo HMI Indices





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 16.6% year-over-year in May 2026. Additionally, the median sales price rose by 5.9% month-over-month.

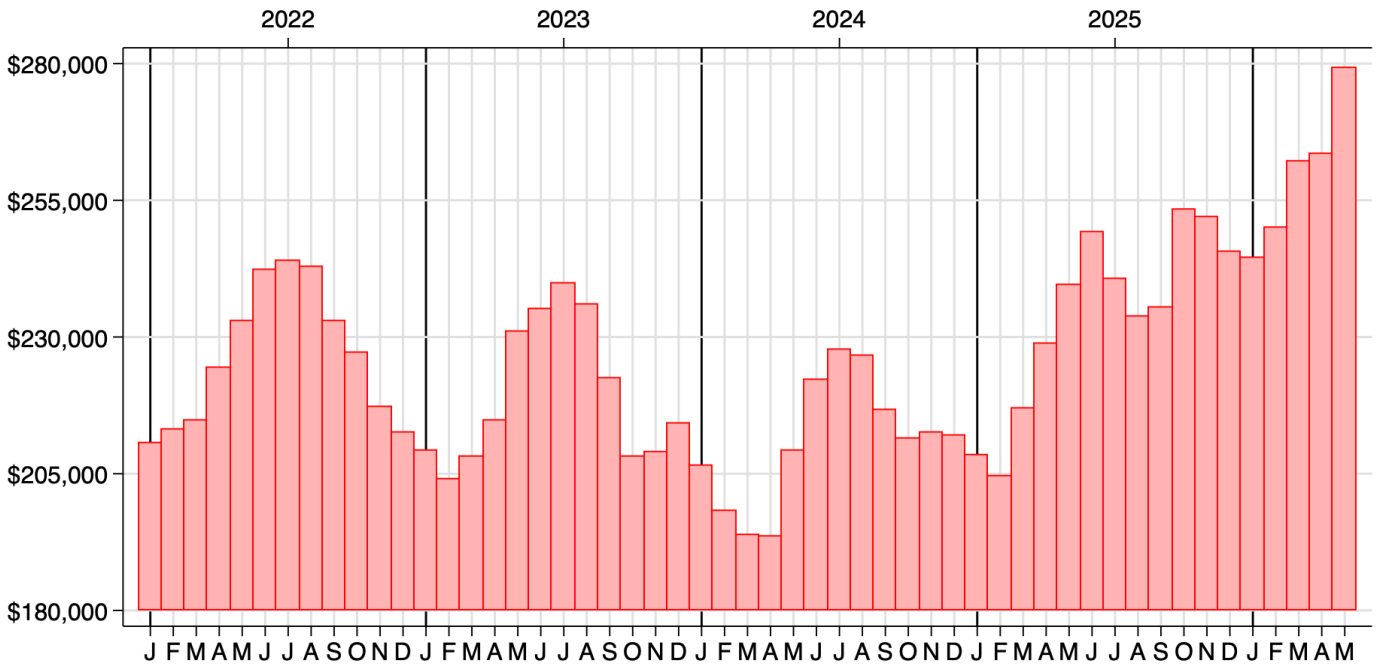
Alabama Median Sales Prices

Month	Median Sales Price (\$)	Percent Change Year-over-Year
Year-to-Date	259,869	18.3%
May 2026	279,185	16.6%
April 2026	263,518	15.2%
March 2026	262,009	20.8%
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%

AAR’s Forecast

AAR projects that the state median home sales price will increase between May and June 2026 by approximately 3.1% to \$287,753.

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 \$19,261 relative to last month. This is an increase of 6.5% compared to last month and is 14.9% higher compared to May 2025.

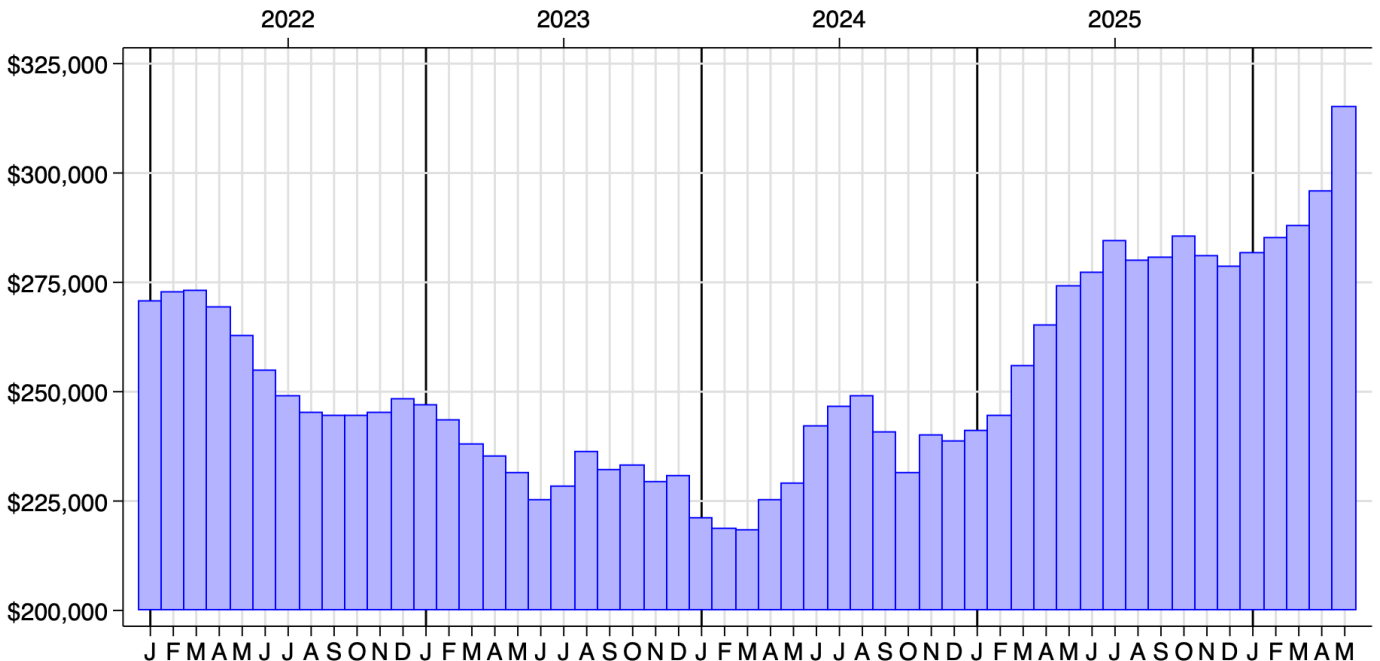
Alabama Average Sales Prices

Month	Average Sales Price (\$)	Percent Change Year-over-Year
Year-to-Date	293,031	14.4%
May 2026	314,970	14.9%
April 2026	295,709	11.5%
March 2026	287,768	12.5%
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%

AAR's Forecast

AAR projects that the state average home sales price will increase between May and June 2026 by approximately 3.8% to \$327,015.

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 May 2026 was \$2.19 billion, which is up \$0.49 billion from May 2025. This sales figure represents a 28.8% increase year-over-year. Furthermore, the May sales dollar volume is 19.0% greater than last month.

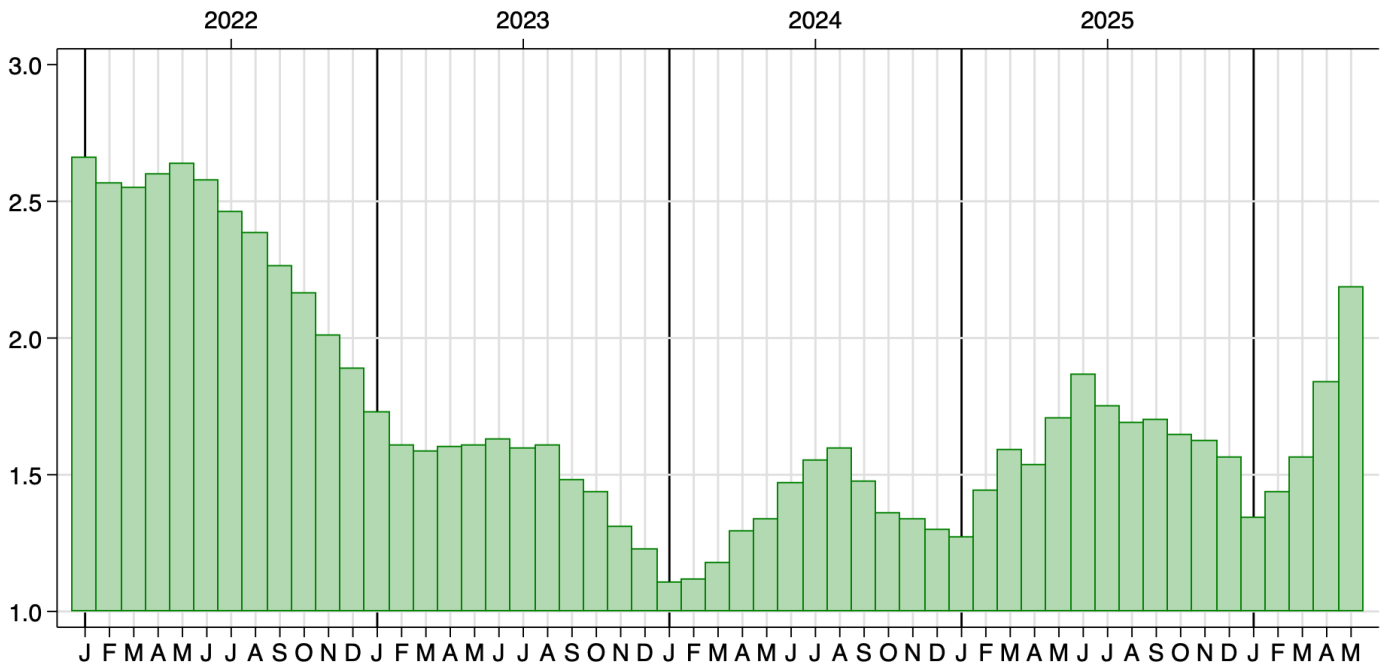
Alabama Sales Volume (in Billions)

Month	Sales Volume (\$)	Percent Change Year-over-Year
Year-to-Date	8.36	11.0%
May 2026	2.19	28.8%
April 2026	1.84	19.5%
March 2026	1.56	-1.9%
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%

AAR's Forecast

AAR projects that state sales volume will increase between May and June 2026 by approximately 10.5% to \$2.42 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 2 days longer in May 2026 relative to April 2026. Homes sold in May were on the market for 61 days on average. This figure is 3 days more compared to one year ago (58 days).

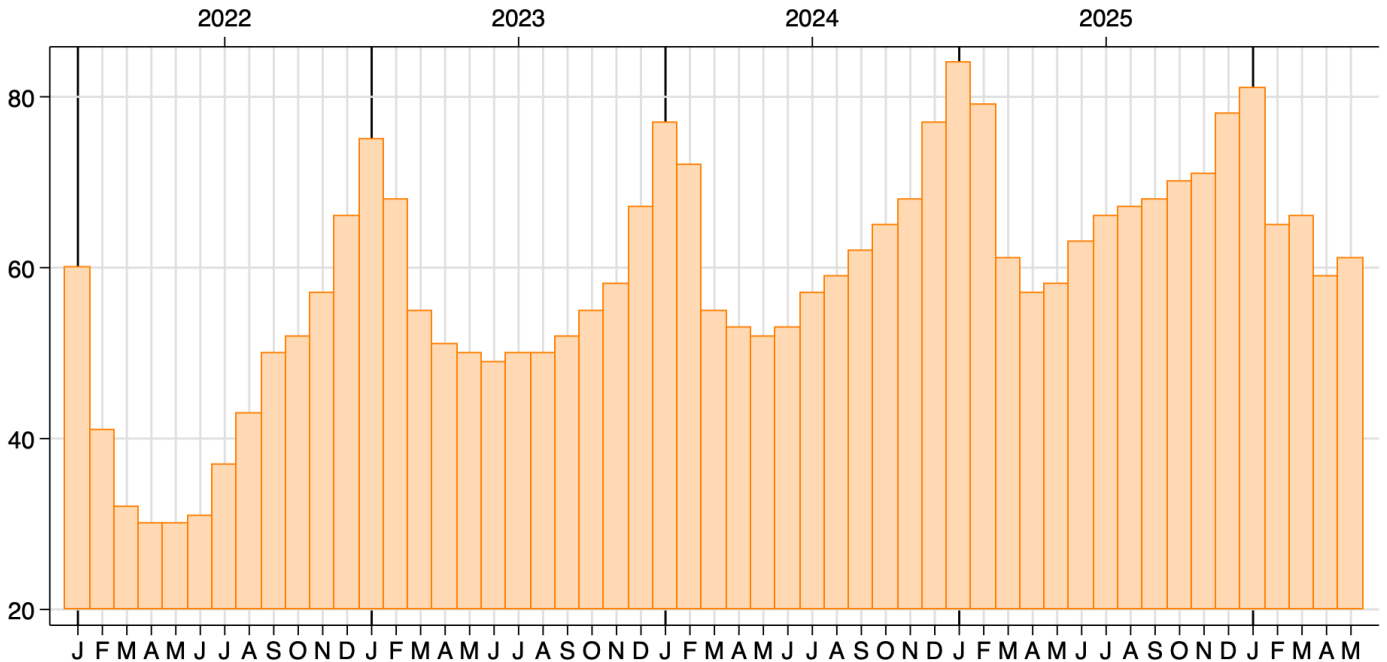
Alabama Residential Days on Market

Month	Days on Market	Percent Change Year-over-Year
Year-to-Date	66	-2.9%
May 2026	61	5.2%
April 2026	59	3.5%
March 2026	66	8.2%
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%

AAR's Forecast

Based upon current economic trends, AAR projects that state residential days on market will increase between May and June 2026 by approximately 1.6% to 62.

Alabama Residential Days on Market, Monthly Figures





HOUSING MARKET OVERVIEW

SUPPLY

Estimate of the number of months it will take for all homes listed on the market to sell

Housing supply levels decreased in May 2026, relative to April 2026, as there were 4.4 months of supply. This figure is slightly less than that of one year ago (4.5 months).

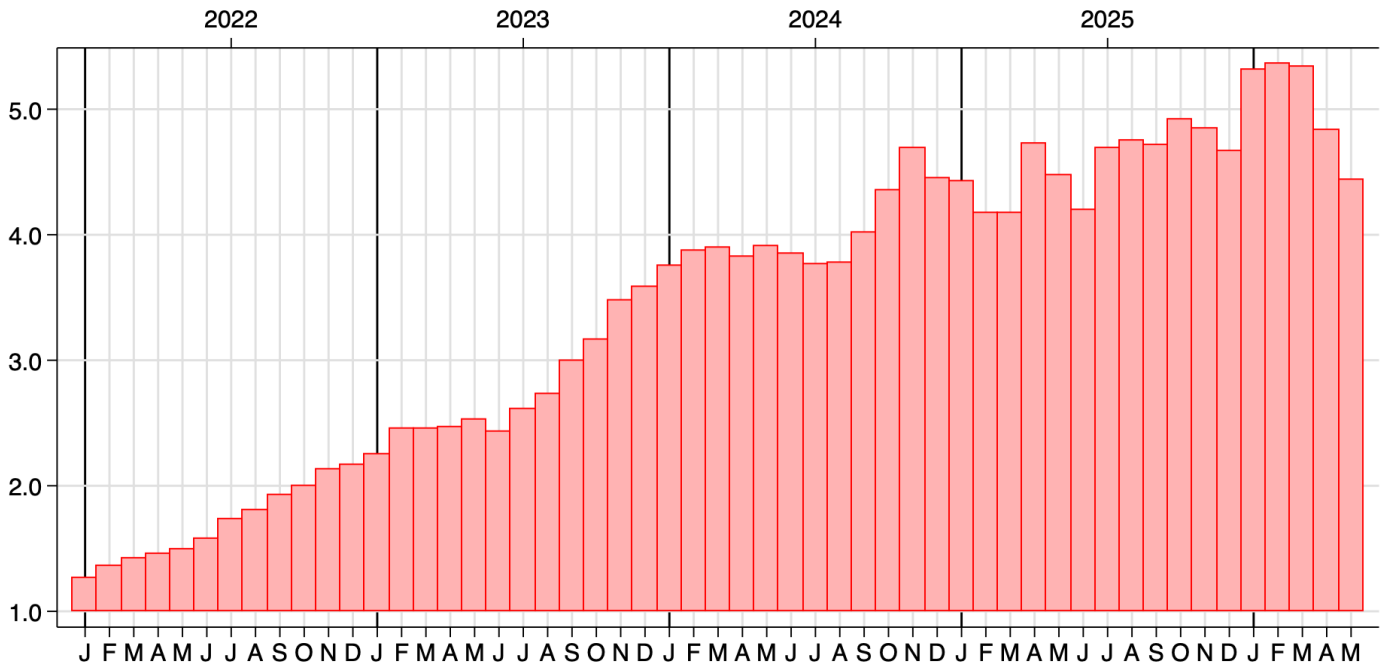
Alabama Months of Supply

Month	Months of Supply	Percent Change Year-over-Year
Year-to-Date	5.1	15.9%
May 2026	4.4	-2.2%
April 2026	4.8	2.1%
March 2026	5.3	26.2%
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%

AAR's Forecast

AAR projects that state housing supply will decrease between May and June 2026 by approximately 4.5% to 4.2 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 May 2026 (21,241) compared to one year ago (19,709). This figure represents a 7.8% annual increase. Additionally, it marks a 1.5% increase relative to last month. May 2026 listings were up by 313 relative to April 2026. This marks the fourth consecutive month of increase in the number of listings.

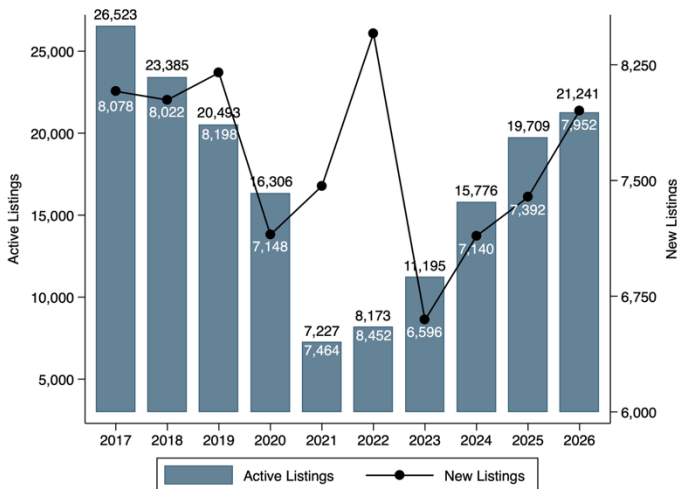
Alabama Active Residential Listings

Month	Active Listings	Percent Change Year-over-Year
Year-to-Date	20,176	8.5%
May 2026	21,241	7.8%
April 2026	20,928	9.3%
March 2026	20,355	10.5%
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%

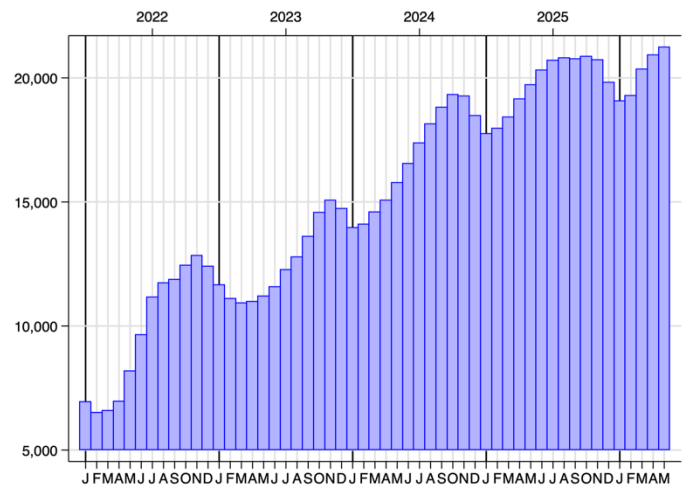
AAR's Forecast

Based upon current economic trends, AAR projects state residential active listings will increase between May and June 2026 by approximately 1.0% to 21,449.

Alabama Active and New Residential Listings, May 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 197 more foreclosures in May 2026 (723) compared to one year ago (526). The May value marks the sixth consecutive monthly increase in the number of foreclosures.

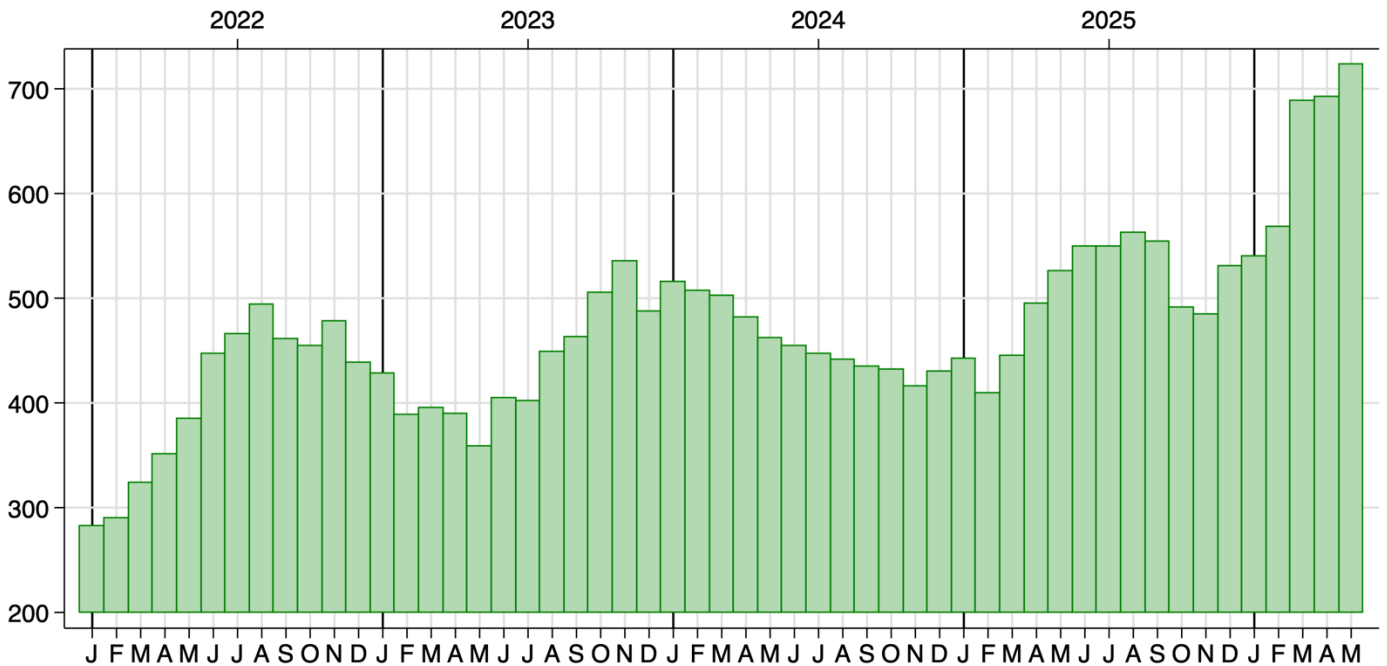
Alabama Residential Foreclosures

Month	Foreclosures	Percent Change Year-over-Year
Year-to-Date	3,212	38.6%
May 2026	723	37.5%
April 2026	692	39.8%
March 2026	689	54.8%
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%

AAR's Forecast

AAR projects that state housing foreclosures will increase between May and June 2026 by approximately 1.0% to 730.

Alabama Residential Foreclosures, Monthly Figures



AAR's Forecast

Home sales in Alabama increased in May relative to April and year-over-year. With increased listings and the average 30-year fixed rate mortgage roughly 35 basis points lower than this time last year there is room for sales growth. However, there is uncertainty regarding the direction of rates.

Factors to consider in the near term:

- The signing of the June 2026 Islamabad Memorandum of Understanding (MOU) helped ease concerns about global energy inflation by establishing a ceasefire and outlining a 30-day timeline for reopening the Strait of Hormuz. The reduction in geopolitical uncertainty contributed to a decline in the benchmark 10-year U.S. Treasury yield, which fell to 4.43% from recent highs. Mortgage rates responded similarly, with the average 30-year fixed-rate mortgage declining to 6.47% as of June 18. Financial markets are expected to closely monitor progress toward a permanent settlement during the agreement's 60-day implementation period. Assuming the ceasefire remains in place, and maritime demining efforts proceed as scheduled, Treasury yields and mortgage rates are expected to remain relatively stable with a modest downward bias over the next two months.
- Some market participants speculated that the Federal Reserve was becoming more tolerant of inflation above its longstanding 2% target, particularly after lowering the federal funds rate when inflation fell below 3% during late 2024 and 2025. More recently, however, market expectations have shifted following the appointment of Federal Reserve Chair Kevin Warsh. Widely viewed as more focused on inflation control, Warsh emphasized the Federal Reserve's commitment to price stability following his first meeting as chair. That stance was reflected in the Federal Open Market Committee's post-meeting statement, which noted that "Inflation remains elevated relative to the Committee's 2 percent goal" and reaffirmed that "The Committee will deliver price stability." The statement suggests that policymakers remain concerned about inflationary pressures and may be reluctant to lower interest rates in the near term until there is clearer evidence that inflation is moving sustainably toward the Fed's target.
- Under the new Federal Reserve leadership, the Fed's balance sheet task force is expected to evaluate options for accelerating the reduction of the central bank's asset holdings. A faster pace of balance sheet normalization could place upward pressure on the term premium, contributing to higher long-term Treasury yields. Because mortgage rates are closely linked to Treasury yields, such a development could also place upward pressure on borrowing costs in the housing market. Further upward pressure on mortgage rates could emerge if the Federal Reserve shifts from allowing its agency mortgage-backed securities (MBS) portfolio to decline through passive runoff to actively selling MBS holdings. Active sales would likely increase the supply of MBS available to private investors, potentially widening the spread between 30-year mortgage rates and 10-year Treasury yields. As a result, mortgage borrowing costs could rise more rapidly than benchmark Treasury yields, creating additional affordability challenges for prospective homebuyers.
- Initial unemployment claims edged higher over the past month at both the national level and in Alabama. The four-week moving average rose to 223,250 nationally and to 1,917 in Alabama. Despite these short-term increases, year-over-year comparisons highlight stronger improvement in Alabama relative to the broader U.S. economy. Over the past year, the national four-week average of initial claims declined by 7.8% compared to June 2025 levels. In contrast, Alabama's four-week moving average fell by 12.0% over the same period. This larger annual decline suggests that, despite near-term volatility, Alabama's labor market has experienced comparatively stronger improvement in reducing layoffs than the national trend.
- Alabama's residential real estate market gained momentum in May, with home sales increasing 11.7% year-over-year. Despite this strength in demand, affordability pressures persisted, particularly for first-time buyers, as the statewide median sales price continued to trend higher. On the supply side, market conditions showed signs of gradual improvement. Active listings rose 7.8% compared to the previous year, reaching a recent high and offering buyers a modest increase in available inventory. In addition, new building permits remained elevated on a year-over-year basis for the third consecutive month, based on April data, suggesting continued potential for future supply growth. Looking ahead to June, market dynamics are expected to reflect a combination of rising demand and gradually expanding inventory. If mortgage rates ease further following recent shifts in global energy and financial conditions, affordability constraints could modestly improve even as pricing pressures persist.

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.

