1 Summary

The projections for 2015 were based on using the last quarter’s actual sales (in 2014) and linear regression against full year sales, with as much good history as we have in our database.

We have produced a forecast for 27 areas. We have anywhere from 6 to 11 years of historical data depending on the area. The areas are quite different in total annual volume, ranging from under 100 sales per year to over 40,000 sales per year. Generally, the more annual sales and the greater history we have the greater projection accuracy we have achieved in the past.

In short, the larger the market the more likely the projections will be more accurate. This is due to both the law of large numbers and the momentum of larger markets. Using the last quarter of the prior year, we believe is the most relevant and timely data to project the following year. To the extent that an event happens during the year this approach to forecasting would not project that possibility (up or down). Likewise, unusual activity in the 4th quarter in a particular market will distort the projections.

Some areas and time periods have adjustments applied to history to normalize the numbers. Examples include the tax credit in 2009 that pulled sales into 2009 and out of 2010. We also see limited data in particular for Baldwin county. Baldwin Condo have had 4q 2013 sales reduced by 65 units, due to a abnormal volume of 2013 year end closings. Certain areas have unusual events, such as plant closing or openings as well as major weather events that may distort historical data and certainly could happen in the future.

We found some areas, specifically Talladega have changed the basis they use to report sales thus invalidating the projection. We suspect that others including Huntsville, which redefined a number of MLS areas, including Cherokee cty, Jackson cty, Athens and Marshall, redefined areas in some way, invalidating the projections.

For 2015 full year projections we have divided the projections into three sections based on the accuracy that we achieved last year. The projections are grouped into the more accurate markets less accurate markets and really poor estimates. As usual we can’t say that past performance is indicative of future results. It does however represent an informed guess.

We think the projections have value, if for no other reason than to see if the year is unfolding as predicted or if variances emerge that should be investigated. So, please take these projections as our best efforts, but do your own work.
2 Statewide full year forecast summary & full year results

Pretty good estimates last year

Gadsden projected 2015 = 745, 9.24% over 2014 actual of = 682
Muscle Shoals projected 2015 = 1,510, 5.52% over 2014 actual of = 1,431
Morgan County projected 2015 = 1,122, -0.97% over 2014 actual of = 1,133
Statewide projected 2015 = 47,090, 5.77% over 2014 actual of = 44,520
Dothan projected 2015 = 1,079, 5.99% over 2014 actual of = 1,018
Birmingham projected 2015 = 13,333, 6.33% over 2014 actual of = 12,539
Lee County projected 2015 = 1,375, -0.22% over 2014 actual of = 1,378
Montgomery projected 2015 = 4,140, 7.23% over 2014 actual of = 3,861
Tuscaloosa projected 2015 = 2,088, 8.52% over 2014 actual of = 1,924
Mobile projected 2015 = 4,112, 8.81% over 2014 actual of = 3,779

Last year projections not so good

Marshall County projected 2015 = 782, 5.25% over 2014 actual of = 743
Calhoun County projected 2015 = 1,240, 1.56% over 2014 actual of = 1,221
Lake Martin projected 2015 = 495, 3.77% over 2014 actual of = 477
Phenix City projected 2015 = 888, -0.67% over 2014 actual of = 894
Monroe County projected 2015 = 99, 25.32% over 2014 actual of = 79
Cullman projected 2015 = 761, 4.53% over 2014 actual of = 728
Huntsville projected 2015 = 4,890, 2.26% over 2014 actual of = 4,782
Selma projected 2015 = 134, 2.29% over 2014 actual of = 131
Baldwin Condos projected 2015 = 1,361, -3.34% over 2014 actual of = 1,408
Wiregrass projected 2015 = 919, 25.72% over 2014 actual of = 731

Last year projections poor

Athens projected 2015 = 930, -4.52% over 2014 actual of = 974
Jackson County projected 2015 = 190, -0.52% over 2014 actual of = 191
Walker County projected 2015 = 642, 61.71% over 2014 actual of = 397
Baldwin projected 2015 = 4,891, 4.75% over 2014 actual of = 4,669
Covington projected 2015 = 248, 26.53% over 2014 actual of = 196
Cherokee County projected 2015 = 159, -9.14% over 2014 actual of = 175
Talladega County projected 2015 = 439, 11.7% over 2014 actual of = 393

For more information contact Tom Brander (tom@oswco.com) or Grayson Glaze (gglaze@cba.ua.edu)