1 2nd Quarter Alabama Residential Real Estate Outlook Hits New High

This survey projects expectations for the 2nd quarter of 2014. The scale ranges from 0-100 with 0 being much worse, 100 being much better, and 50 indicating no change expected.

The professional real estate community has a very optimistic outlook for spring 2014. All of the overall indicators are at the highest 2nd quarter levels we have seen since beginning of the survey in 2010. All of the indicators improved from last quarter and remain at or above 50 indicating expansion expected, and, for the first time, including credit. The availability of credit has finally turned positive, at 52, three points better than last quarter.

1.1 Overview Scores:

This quarter showed improvement in all regions for residential markets. The commercial indicators, have eased off somewhat but still showing good expectations, solidly over the expansion point of 50. This is encouraging, and overall measures remain in the expansion zone.

The below chart reflects the aggregate scores for the survey overall. The overall total stat score is in bold blue.
1.2 Commercial Market:

Commercial market participants, (the majority of the respondents are from the Birmingham market area), remain positive this quarter (Total Stat) at 57 this quarter a one point decline from last quarter. Sales expectations remain at 61 an all time high. Price expectations declined 1 point to 55, still indicative of improving pricing conditions. The score for credit availability remain at the high of 56, same as last quarter.

1.3 Regional Results:

The coastal region continued to remain the most optimistic in the state at 66 (Alabama expectations), up from 61 last quarter. On an overall basis all areas sales expectations remained above 50. The coastal region, also had the highest sales expectations at 68 while the Birmingham area turned more positive and followed closely at 67. The moving average line is the prior 4 quarters averaged of the Alabama expectations, to remove the effects of seasonality, and it is easy to see the pretty steady upwards trend.

Regional Total scores chart
The charts below also have a “moving average” line (bold blue) which averages the “Total Stat” for prior 4 quarters, by area, to smooth out the seasonal variations. The quarter to quarter variation is highly seasonal, but the moving average shows a better picture of the overall trend, which is quite positive.
1.4 North
North Alabama total score improved 6 points from last quarter to 59, also 6 points better than last year’s 4th quarter. The sales outlook improved to 64 from 59 last quarter, and with price expectations also climbing to 55.

1.5 North Central
The North Central Region overall score climbed to 60 from 55. The sales score improved to 67 from 59. Inventory score climbed to 56 from 53, with pricing improving to 59, and credit availability climbing five points to at 53.

1.6 South Central
The South Central Region overall score improved to 55 from 53 last quarter. The outlook for sales improved to 61 from 57.

1.7 South
The Southern Region overall score was the highest at 61, an improvement of 3 over last quarter. This sales score is the highest at 68. Price expectations improved to 62 from 56 last quarter. Credit availability was 54 same as last quarter.

1.8 About the Alabama Real Estate Confidence Index and Survey:
About 500 professionals responded to the 2nd quarter 2014 survey which was conducted during the month of March 2014. The survey, conducted by the Alabama Center For Real Estate has the largest participation of any real estate survey. It provides important market insights. Full history and raw scores can be obtained by contacting the undersigned.

The ACRE Leadership Council determined the need for a statewide industry confidence index and this was adopted as the Council’s first initiative. Tom Brander, Council Member, was selected by the Council and Grayson Glaze, ACRE Executive Director, to spearhead and work with the Center to conduct and produce its Alabama Real Estate Confidence Index (ARECI). The Council appreciates everyone who participated.

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