Summary

This survey forecasts expectations for the 1st quarter of 2011. The scale ranges from 0-100 with 0 being much worse, 100 being much better, and 50 indicating no change expected.

This quarter’s results were notable in that for the 1st time in a year almost all indicators showed improvement. While the “overall” index, (which includes national expectations), remains below the 50 mark at 47, (which indicates moderately unfavorable expectations), the state score of 55, and average local sales score of 55, were both back over the 50 mark, indicating modestly favorable expectations compared with last quarter. These levels remain below last year at this time, but the positive change in direction is significant.

ACRE Quarterly Regional Real Estate Outlook 1ST Quarter 2011

The overall confidence level survey (residential & commercial combined) results showed improvement from the last quarter. The statewide overall score improved modestly from 43 to 47, (see red line above), indicating a reversal in trend for expectations from previous quarters. The coastal areas continued on an upward trend (see blue line above), jumping from 42 to 46, which still indicates a declining market, but not nearly as severe as during the oil spill. The expectations
for Alabama economic conditions and sales in the coastal areas are both over 50, (at 53 and 56 respectively), a level which indicates increased optimism for improved conditions.

**ACRE Quarterly Real Estate Outlook 1ST Quarter 2011**

Expectations for the nation (see red line in the chart above) are ranked at 47, up from 43 last quarter, indicating that respondents expect real estate conditions nationally to deteriorate less than in the prior quarter.

**Expectations for Alabama, (see green line in the chart above), up from 49 last quarter to 55 this quarter, have turned positive. This score indicates modestly favorable expectations for the overall Alabama real estate market.** Perhaps more important than the absolute number is the fairly dramatic change in direction expressed across each of the measured questions with all measures showing improvement from the prior quarters, and a reversal of the downtrend in evidence from when the survey began in the 1st quarter of 2010. Sales expectations are 2 points below last year at this time. All of the point values can be seen in the table at the end of this report.

**Commercial market participants** were more positive in their outlook this quarter than last with results up 9 points to 59 overall and up to 55 for sales expectations. Price expectations remain weak at 40 indicating continued pricing pressure in all markets. The rating for credit availability remains poor at 42 which is up one point from last quarter, and a level which indicates contraction.
Regional Results

North Region

North Alabama continues to have strong scores relative to the rest of the state, but now is more in line with the statewide averages since other areas have been picking up. The total score of 46 indicates a consensus for slight national deterioration in the coming quarter. The outlook for the Alabama market remains comparatively high at 57. Market participants are more positive on the sales outlook for the 1st quarter than they were for the 4th at 55 this quarter vs. 52 last. Inventory is expected to increase with a score of 43. The pricing score remains depressed at 39.

North Central Region

The North Central Region confidence level increased the most of the four geographic areas. The sales score jumped 10 points to 56, tying the coastal region for the highest score. Inventory, pricing, and credit are all still below the 50 mark at 46, 40 and 44 respectively.

South Central Region

The South Central Region outlook for sales jumped 7 points to 55.

South Region

The Southern Region continues to improve with its sales score up 7 points to 56, which ties the Birmingham region for the most optimistic sales area.

About the Alabama Real Estate Confidence Index and Survey:

Close to 600 professionals responded to the first quarter 2011 survey which was conducted during the month of December 2010. This survey conducted by the Alabama Center For Real Estate now has the largest participation of any real estate survey, and provides important market insights for economic activity in Alabama.

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.

For further information contact Tom Brander at Tombrander@tombander.com or Grayson Glaze at gglaze@cba.ua.edu

The winner of the $200 gas card is Tammy Hollis with Cullman Real Estate. We thank everyone for their participation and support.

The detailed table of score for each market is on the next page and can also be found at http://spreadsheets.google.com/pub?key=0Ak1ecr7iowotdFJGOFRjeF1wSXlVd3cyX2JWNVcxREE&hl=en&single=true&gid=0&output=html
|                | 1q10 | 2q10 | 3q10 | 4q10 | 1q11 | chg | 1q10 | 2q10 | 3q10 | 4q10 | 1q11 | chg | 1q10 | 2q10 | 3q10 | 4q10 | 1q11 | chg | 1q10 | 2q10 | 3q10 | 4q10 | 1q11 | chg |
|----------------|------|------|------|------|------|-----|------|------|------|------|------|-----|------|------|------|------|-----|------|------|------|------|-----|------|
| **Statewide** |      |      |      |      |      |     |      |      |      |      |      |     |      |      |      |      |     |      |      |      |      |     |      |
| Overall        | 49   | 47   | 44   | 43   | 47   | 52  | 53   | 54   | 49   | 47   | 43   | 47   | 52  | 53   | 54   | 49   | 47   | 43   | 47   | 52  | 49   | 47   |
| Commercial     | 43   | 47   | 46   | 47   | 50   | 42  | 48   | 46   | 50   | 42  | 48   | 46   | 50   | 42  | 48   | 46   | 50   | 42  | 48   | 46   | 50   | 42  | 49   |
| Rural          | 44   | 48   | 40   | 43   | 45   | 46  | 50   | 41   | 45   | 46  | 50   | 41   | 45   | 46  | 50   | 41   | 45   | 46  | 50   | 41   | 45   | 46  | 50   |
| Residential    | 48   | 44   | 40   | 43   | 46   | 46  | 44   | 42   | 47   | 46  | 44   | 42   | 47   | 46  | 44   | 42   | 47   | 46  | 44   | 42   | 47   | 46  | 44   |
| Suburban Urban | 49   | 46   | 44   | 44   | 48   | 50  | 49   | 46   | 44   | 48  | 49   | 46   | 44   | 48  | 49   | 46   | 44   | 48  | 49   | 46   | 44   | 48  | 49   |
| Overall        | 50   | 47   | 43   | 43   | 47   | 49  | 50   | 47   | 43   | 43   | 49  | 50   | 47   | 43   | 43   | 49  | 50   | 47   | 43   | 43   | 49  | 50   | 47   |
| Overall        | 49   | 47   | 44   | 43   | 47   | 52  | 53   | 54   | 49   | 47   | 43   | 47   | 52  | 53   | 54   | 49   | 47   | 43   | 47   | 52  | 49   | 47   |
| Commercial     | 43   | 47   | 46   | 47   | 50   | 42  | 48   | 46   | 50   | 42  | 48   | 46   | 50   | 42  | 48   | 46   | 50   | 42  | 48   | 46   | 50   | 42  | 49   |
| Rural          | 44   | 48   | 40   | 43   | 45   | 46  | 50   | 41   | 45   | 46  | 50   | 41   | 45   | 46  | 50   | 41   | 45   | 46  | 50   | 41   | 45   | 46  | 50   |
| Residential    | 48   | 44   | 40   | 43   | 46   | 46  | 44   | 42   | 47   | 46  | 44   | 42   | 47   | 46  | 44   | 42   | 47   | 46  | 44   | 42   | 47   | 46  | 44   |
| Suburban Urban | 49   | 46   | 44   | 44   | 48   | 50  | 49   | 46   | 44   | 48  | 49   | 46   | 44   | 48  | 49   | 46   | 44   | 48  | 49   | 46   | 44   | 48  | 49   |
| Overall        | 50   | 47   | 43   | 43   | 47   | 49  | 50   | 47   | 43   | 43   | 49  | 50   | 47   | 43   | 43   | 49  | 50   | 47   | 43   | 43   | 49  | 50   | 47   |
| Overall        | 50   | 47   | 43   | 43   | 47   | 49  | 50   | 47   | 43   | 43   | 49  | 50   | 47   | 43   | 43   | 49  | 50   | 47   | 43   | 43   | 49  | 50   | 47   |

**Analyses**

**South_Mobile-Baldwin**

**North_Huntsville-Decatur-Florence**

**North_Central-Birmingham-Tuscaloosa-Anthony**

**South_Central-Montgomery-Wiregrass-Dothan**

**South_Mobile-Baldwin**

**Alabama**

**Overall**

**Commercial**

**Residential**

**Suburban Urban**

**Overall**

**Commercial**

**Rural**

**Residential**

**Suburban Urban**

**Overall**

**Commercial**

**Rural**

**Residential**

**Suburban Urban**

**Overall**

**Commercial**

**Rural**

**Residential**

**Suburban Urban**

**Overall**

**Commercial**

**Rural**

**Residential**

**Suburban Urban**
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