2014 Alabama Residential Forecast

Alabama Center For Real Estate

February 11, 2014

1 Summary

The projections for 2014 are based on using the last quarter’s actual sales (in 2013) and linear regression against full year sales, with as much history as we have in our database.

We have anywhere from 5 to 10 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 expect.

The initial correlations that we have found, supporting the concept used in the projections, range from 93%, best to a low of 33%. To some degree the correlation percentages may be indicative of future forecast accuracy.

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).

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. 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 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 summary

Statewide projected 2014 = 45,318, 5.0% over 2013 actual of = 43,160
Athens projected 2014 = 854, -2.95% over 2013 actual of = 880
Baldwin projected 2014 = 6,666, 47.74% over 2013 actual of = 4,512
Baldwin Condos projected 2014 = 2,052, 41.52% over 2013 actual of = 1,450
Birmingham projected 2014 = 12,845, 8.17% over 2013 actual of = 11,875
Calhoun County projected 2014 = 1,134, 4.52% over 2013 actual of = 1,085
Cherokee County projected 2014 = 135, -8.16% over 2013 actual of = 147
Covington projected 2014 = 253, 11.45% over 2013 actual of = 227
Cullman projected 2014 = 674, 6.14% over 2013 actual of = 635
Dothan projected 2014 = 1,039, 2.47% over 2013 actual of = 1,014
Gadsden projected 2014 = 681, 5.91% over 2013 actual of = 643
Huntsville projected 2014 = 5,219, 0.87% over 2013 actual of = 5,174
Jackson County projected 2014 = 163, -3.55% over 2013 actual of = 169
Lake Martin projected 2014 = 453, 3.66% over 2013 actual of = 437
Lee County projected 2014 = 1,345, 5.08% over 2013 actual of = 1,280
Marshall County projected 2014 = 773, 5.46% over 2013 actual of = 733
Mobile projected 2014 = 3,937, 2.79% over 2013 actual of = 3,830
Monroe County projected 2014 = 83, 7.79% over 2013 actual of = 77
Montgomery projected 2014 = 3,747, 5.11% over 2013 actual of = 3,565
Morgan County projected 2014 = 1,149, -3.04% over 2013 actual of = 1,185
Muscle Shoals projected 2014 = 1,419, -1.8% over 2013 actual of = 1,445
Phenix City projected 2014 = 951, 2.81% over 2013 actual of = 925
Selma projected 2014 = 143, 4.38% over 2013 actual of = 137
Talladega County projected 2014 = 150, -16.67% over 2013 actual of = 180
Tuscaloosa projected 2014 = 2,001, 4.22% over 2013 actual of = 1,920
Walker County projected 2014 = 335, 15.92% over 2013 actual of = 289
Wiregrass projected 2014 = 839, 5.4% over 2013 actual of = 796

3 Sample monthly area forecast charts (will have Projection to actual as data becomes available)
4 Full year projections with history

This is useful to see how variable the history has been and how the forecasted linear regression tracks.
5  Full year projections with History (2)
6 Full year projections with History (3)

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