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HUNTSVILLE AREA ASSOCIATION of REALTORS®

HUNTSVILLE AREA REAL ESTATE

ECONOMICS REPORT

Q2  2021

Analysis Conducted by
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COLLEGE OF BUSINESS
THE UNIVERSITY OF ALABAMA IN HUNTSVILLE
Center for Management & Economic Research

Madison County Residential Real Estate Report Second Quarter 2021

Executive Overview

2Q Insight Focus

- ✦ Sales level set a new second quarter record at 2,443 and was the second highest for any quarter behind 3Q 2020
- ✦ Median sales price rose to a quarterly level of \$285,000
- ✦ Sales of homes priced above \$500,000 doubled
- ✦ Days on market dropped to 9 days in May with a second quarter average of 12 days
- ✦ Average number of homes listed for sale fell to a twenty-year low of 464
- ✦ There were 1,193 more homes sold in 2Q than were on the market at the end of March.

Home sales in 2Q (2,443) continued to grow from 1Q 2021 while prices climbed even. Pressure on prices from strong demand and rising materials cost resulted in another record monthly median sales price at \$288,750 in March 2021. The pace of sales resulted in only 470 listed homes on June 30, 2021 compared to 926 in June 2020.

The price of homes continues to rise (green dashed line in Figure 1) faster than overall inflation even with the significant jump in inflation. Median home prices (green columns in Figure 1) in the 2Q have risen year-over-year since 2018 and the rate of increase grew to 14.6% in 2021. The inflation rate for all goods and services (red lines in Figure 1) has fluctuated during the same period but jumped dramatically to an annual rate of 4.9% in 2Q.

In short, the quarterly number of homes sold in Madison County continues to be greater than the number of homes available for sale at the end of the prior quarter. Sustaining this trend grows more difficult since this gap drives prices higher and requires more homeowners to put their home on the market. With the growth in population driven by job growth, it may be unrealistic to assume that there is an unlimited number of homeowners willing to sell while prices are rising. Constructing new homes is critical to meet the demand for residential real estate in Madison County for the foreseeable future. Major changes in factors such as mortgage rates, construction materials cost, availability of rental properties, etc., could quickly influence the momentum of the residential real estate market even in a county with a growing workforce.

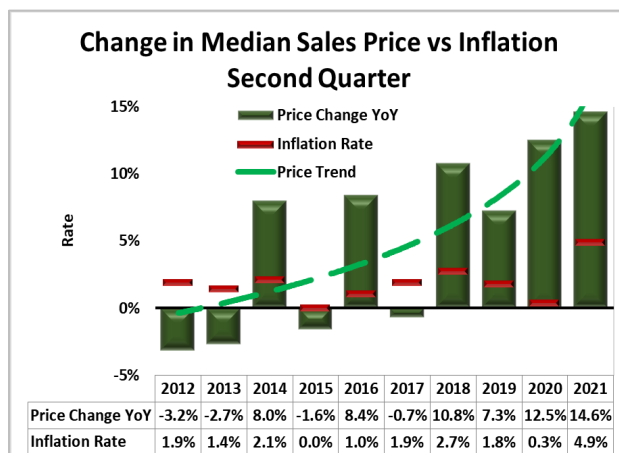


Figure 1

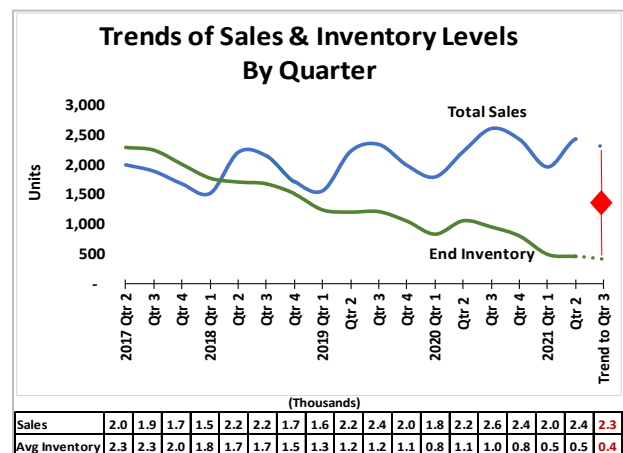


Figure 2

Madison County Residential Real Estate Report Second Quarter 2021



2Q 2021 Market Snapshot

- The Madison County residential real estate market continued to rise in volume and price.
- The median sales price rose to \$285,000 this quarter, an increase of more than 14.6% above 2Q 2020.
- The number of homes sold priced above \$250,000 rose significantly and homes above \$500,000 doubled
- Listings of homes fell in all price bands compared to Q2 2020 led by an 86% drop in homes priced between \$200,00 - \$250,000. (Table 1)

Sales	2Q 2021		Compared to	2Q 2020
2Q 2021 Homes Sold rose to	2,443	9.4% ↑		to
2Q 2021 Pending Sales rose to	780	48.0% ↑	527	
Number of Listings	June 2021		Compared to	June 2020
2Q 2021 Ending Level fell to	470	-49.2% ↓		926
Median Sales Price	2Q 2021		Compared to	2Q 2020
2Q 2021 rose to	\$285,000	14.6% ↑		\$248,680
Sales Price vs List Price	2Q 2021		Compared to	1Q 2021
Sales Price Above List Price	1,295	53%		70%
Sales Price Below List Price	309	13%		22%
Days on Market	2Q 2021		Compared to	2Q 2020
2Q 2021 Days on Market fell to	12 days	↓		29 days
Months of Supply	2Q 2021		Compared to	2Q 2020
2Q2021 Months of Supply fell to	1.2 mo.	↓		1.8 mo.
Sales by Price Band	2Q 2021		Compared to	2Q 2020
Less than \$150,000 fell to	171	-38.7% ↓		279
\$150,000-\$200,000 fell to	233	-34.2% ↓		354
\$200,000-\$250,000 fell to	418	-13.3% ↓		482
\$250,000-\$300,000 rose to	499	43.0% ↑		349
\$300,000-\$350,000 rose to	306	23.4% ↑		248
\$350,000-\$500,000 rose to	544	40.2% ↑		388
\$500,000-\$650,000 rose to	186	100.0% ↑		93
\$650,000-\$800,000 rose to	49	88.5% ↑		26
Greater than \$800,000 rose to	37	164.3% ↑	14	
Listings by Price Band	2Q 2021		Compared to	2Q 2020
Less than \$150,000 fell to	18	-68.9% ↓		59
\$150,000-\$200,000 fell to	31	-55.7% ↓		70
\$200,000-\$250,000 fell to	28	-86.5% ↓		207
\$250,000-\$300,000 fell to	65	-64.7% ↓		184
\$300,000-\$350,000 fell to	55	-55.3% ↓		123
\$350,000-\$500,000 fell to	121	-49.0% ↓		238
\$500,000-\$650,000 fell to	69	-27.9% ↓		96
\$650,000-\$800,000 fell to	30	-26.1% ↓		40
Greater than \$800,000 fell to	46	-14.8% ↓	54	

Table 1

Madison County Residential Real Estate Report Second Quarter 2021



Created for

2Q 2021 Key Metrics

- 2Q 2021 sales set another second quarterly record at 2,443 and was second only to 2020 3Q 2,621.
- The first quarter median price rose 14.6% above 2Q 2020 and 11.6% above the 3-year 2Q average.
- 1,444 buyers used conventional mortgage financing (above 1,129 in 1Q) and 430 buyers paid cash vs. 350 in 1Q. (Table 2)

MADISON COUNTY, ALABAMA

Quarter 2

SALES												
Monthly Unit Sales	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2019	478	520	569	688	762	788	863	808	679	707	605	683
2020	584	554	663	667	719	847	929	818	874	839	729	867
2021	617	589	764	740	747	956						
2019-2021 Avg	560	554	665	698	743	864						
Median Sales Price	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2019	\$214,950	\$201,050	\$209,000	\$209,370	\$226,360	\$227,375	\$222,900	\$224,494	\$218,000	\$252,429	\$230,000	\$236,500
2020	\$229,115	\$229,950	\$242,000	\$246,640	\$245,500	\$253,900	\$249,900	\$263,640	\$251,432	\$252,440	\$232,500	\$263,044
2021	\$260,000	\$262,000	\$271,825	\$283,045	\$280,471	\$288,750						
Quarter Units Sold	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021		
Total Quarter	1,364	1,397	1,364	1,591	1,779	2,006	2,219	2,238	2,233	2,443		
3-year Average	1,293	1,280	1,375	1,451	1,578	1,792	2,001	2,154	2,230	2,305		
Quarter Units Sales vs List Price	2021											
Units Sales Price ABOVE List	1,295 53%											
Units Sales Price EQUAL List	839 34%											
Units Sales Price BELOW List	309 13%											
Median Sales Price	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021		
Second Quarter	\$167,167	\$162,620	\$175,633	\$172,834	\$187,340	\$186,000	\$206,020	\$221,035	\$248,680	\$285,000		
% Change YoY	-3.2%	-2.7%	8.0%	-1.6%	8.4%	-0.7%	10.8%	7.3%	12.5%	14.6%		
% Change 3 yr Avg	-0.7%	-1.7%	0.6%	1.1%	4.8%	1.9%	6.1%	12.2%	16.6%	11.6%		
% Change 5 yr Avg			0.6%	0.2%	1.7%	2.2%	4.9%	10.0%	13.1%	9.2%		
Sales by Price Range	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021		
Second Qtr												
Below \$150,000	585	606	525	611	666	669	565	474	279	171		
\$150,000-\$200,000	268	284	284	347	385	423	487	451	354	233		
\$200,000-\$250,000	170	162	170	226	222	281	353	419	482	418		
\$250,000-\$300,000	145	140	165	153	217	258	285	312	349	499		
\$300,000-\$350,000	74	88	98	85	116	151	204	179	248	306		
\$350,000-\$500,000	92	87	89	130	138	168	249	307	388	544		
\$500,000-\$650,000	19	12	22	23	23	33	51	63	93	186		
\$650,000-\$800,000	5	10	5	8	6	15	17	21	26	49		
Above \$800,000	4	8	6	8	6	8	8	12	14	37		
Change in Number of Sales	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021		
Second Qtr												
Below \$150,000	18.3%	3.6%	-13.4%	16.4%	9.0%	0.5%	-15.5%	-16.1%	-41.1%	-38.7%		
\$150,000-\$200,000	-8.7%	6.0%	0.0%	22.2%	11.0%	9.9%	15.1%	-7.4%	-21.5%	-34.2%		
\$200,000-\$250,000	-11.6%	-4.7%	4.9%	32.9%	-1.8%	26.6%	25.6%	18.7%	15.0%	-13.3%		
\$250,000-\$300,000	-13.2%	-3.4%	17.9%	-7.3%	41.8%	18.9%	10.5%	9.5%	11.9%	43.0%		
\$300,000-\$350,000	2.1%	18.9%	11.4%	-13.3%	36.5%	30.2%	35.1%	-12.3%	38.5%	23.4%		
\$350,000-\$500,000	29.6%	-5.4%	2.3%	46.1%	6.2%	21.7%	48.2%	23.3%	26.4%	40.2%		
\$500,000-\$650,000	35.7%	-36.8%	83.3%	4.5%	0.0%	43.5%	54.5%	23.5%	47.6%	100.0%		
\$650,000-\$800,000	-16.7%	100.0%	-50.0%	60.0%	-25.0%	150.0%	13.3%	23.5%	23.8%	88.5%		
Above \$800,000	-20.0%	100.0%	-25.0%	33.3%	-25.0%	33.3%	0.0%	50.0%	16.7%	164.3%		
Pending Sales	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021		
End of Quarter	355	358	282	464	310	333	360	763	527	780		
Sales by Type of Financing	Cash	Conventional	Equity	FHA	FMHA	Other	Owner Financed	USDA RD	VA Loan			
2Q 2021 Units Sold	430	1,444	1	163	0	9	0	63	339			
Average Price per Type	\$263,828	\$328,905	\$364,900	\$254,273	n/a	\$232,131	n/a	\$219,327	\$385,162			

Table 2

Madison County Residential Real Estate Report Second Quarter 2021



2Q Metrics Details

- The months of supply fell below 1-month for homes priced below \$500,000. (Table 3)
- The workforce in Madison County continues to grow despite the pandemic interruption. (Table 3)
- The increase in home prices (14.6%) outpaced the overall inflation rate of 4.9% between 2Q 2020 – 2Q 2021. (Figure 4)

MADISON COUNTY, ALABAMA

Quarter 2

INVENTORY		2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Units	Below \$150,000	1,059	1,093	1,082	1,014	661	445	216	109	59	18
	\$150,000-\$200,000	572	575	626	548	546	441	288	160	70	31
	\$200,000-\$250,000	383	431	441	434	392	352	280	199	207	28
	\$250,000-\$300,000	345	346	362	352	386	324	256	193	184	65
	\$300,000-\$350,000	170	162	192	230	224	197	190	132	123	55
	\$350,000-\$500,000	87	97	105	103	120	116	97	76	79	121
	\$500,000-\$650,000	27	28	31	30	36	32	30	29	32	69
	\$650,000-\$800,000	15	14	17	18	18	14	17	18	13	30
	Above \$800,000	69	52	52	74	47	59	60	52	54	46
Months of Supply		2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
	Below \$150,000	5.5	5.4	6.3	5.0	3.0	2.0	1.2	0.7	0.7	0.3
	\$150,000-\$200,000	6.4	6.2	6.7	4.8	4.3	3.2	1.8	1.1	0.6	0.4
	\$200,000-\$250,000	6.0	8.1	7.8	5.9	5.4	3.8	2.4	1.4	1.3	0.2
	\$250,000-\$300,000	7.4	7.6	6.6	7.1	5.5	4.0	2.7	1.9	1.6	0.4
	\$300,000-\$350,000	7.3	5.6	6.2	8.2	6.2	4.0	3.0	2.2	1.5	0.5
	\$350,000-\$500,000	8.7	11.0	11.4	7.3	8.6	6.7	3.5	2.3	1.9	0.7
	\$500,000-\$650,000	13.3	39.7	14.3	16.8	15.0	8.8	6.6	4.2	3.4	1.1
	\$650,000-\$800,000	30.2	14.3	33.5	27.1	19.6	9.6	9.7	8.2	4.7	1.9
	Above \$850,000	46.3	27.1	32.0	43.2	30.2	31.5	33.5	13.3	11.8	4.1
	All Homes	7.7	7.1	7.1	7.7	5.6	4.4	3.2	2.2	1.8	1.2
ECONOMIC INDICATORS		2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
	Madison County Population	342,554	346,373	349,596	352,740	356,312	361,046	366,519	372,538	380,696	n/a
	Workforce	166,222	171,363	170,131	170,889	173,529	175,153	178,551	184,491	185,271	190,264
	Household Units	146,628	148,684	150,712	152,720	154,710	161,760	164,272	166,516	169,204	n/a
	Median Household Income	\$58,242	\$58,434	\$58,203	\$57,993	\$60,150	\$61,318	\$63,417	\$64,130	\$63,520	n/a
	Madison County GDP (\$mil)	\$19,546	\$19,805	\$19,931	\$20,277	\$20,798	\$21,371	\$22,203	\$22,980	n/a	n/a

Table 3

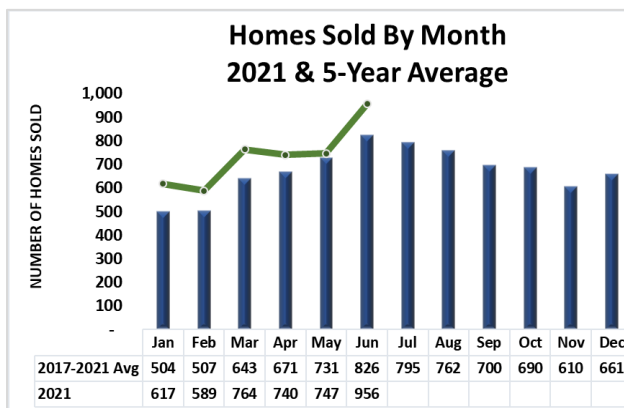


Figure 3

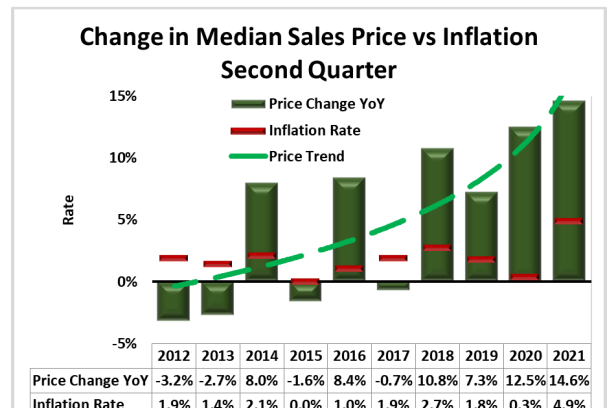
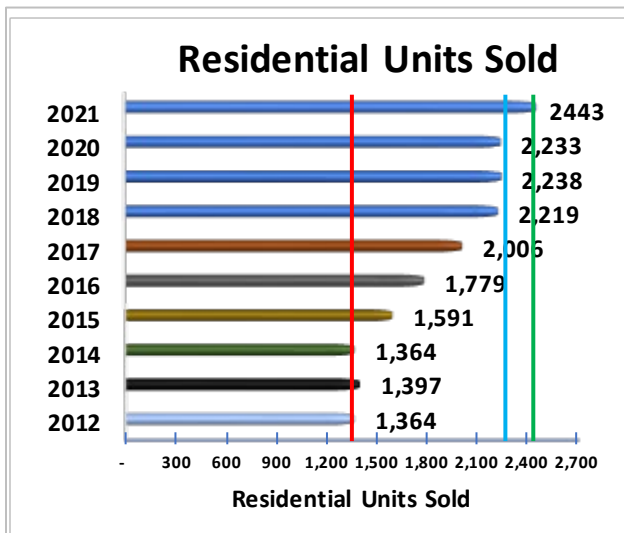


Figure 4

Madison County Residential Real Estate Report Second Quarter 2021

2Q Metrics Details, continued

- Total units sold reached 2,443, a twenty-year record level in 2Q 2021, and 216 above the 2Q 5-year average (2,227). (Figure 5)
- The median sales price of the first quarter increased to \$285,000, 14.6% above the 2Q 2020 of \$248,680. (Figure 6)
- The median sales prices for April, May, and June remained at levels above the 2020 levels. (Figure 7)



	Qtr	Year	Total Units	Avg Month	Change
Current Quarter	2Q	2021	2,443	814	
vs. Prior Quarter	1Q	2021	1,970	657	24.0%
vs. Last Year	2Q	2020	2,233	744	9.4%
5-YR First Qtr Avg	2Q	17-'21	2,228	743	9.7%
vs. Peak	2Q	2021	2,443	814	
vs. Trough	2Q	2014	1,364	455	79.1%

Figure 5

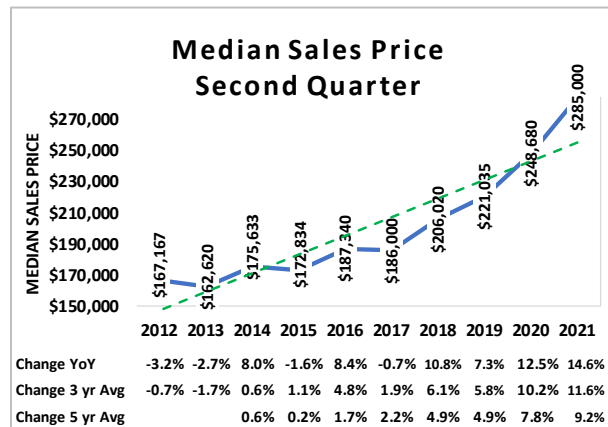


Figure 6

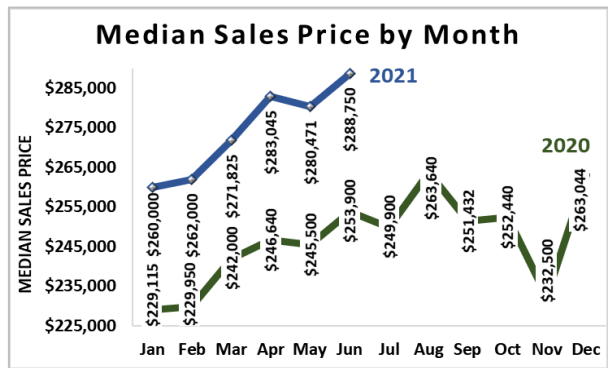


Figure 7

Madison County Residential Real Estate Report Second Quarter 2021

2Q Metrics Details, continued

- Total 2Q unit sales were above the 2Q 2020 and 2019 levels for homes priced above \$250,000 but were significantly under the number of units sold priced below \$250,000. (Figure 8)
- Homes sold priced above \$250,000 doubled while homes priced above \$800,000 rose 157% compared to 2Q 2020. (Figure 9)
- The number of listings of available homes fell to a 20-year low at 470 in June by declining in all price ranges. (Figure 10)
- The quarterly average number of listed homes has continuously fallen quarter-to-quarter since 2014. (Figure 11)

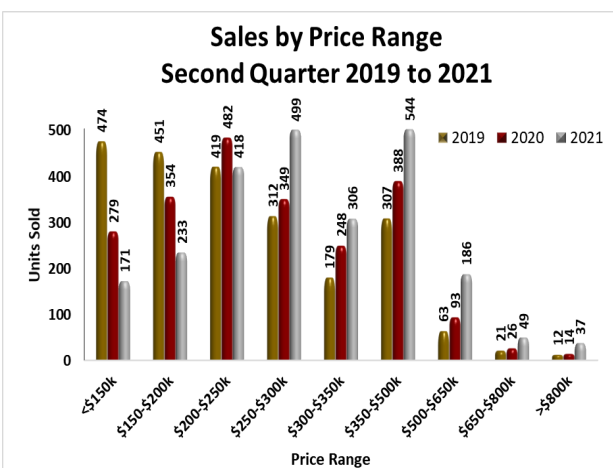


Figure 8

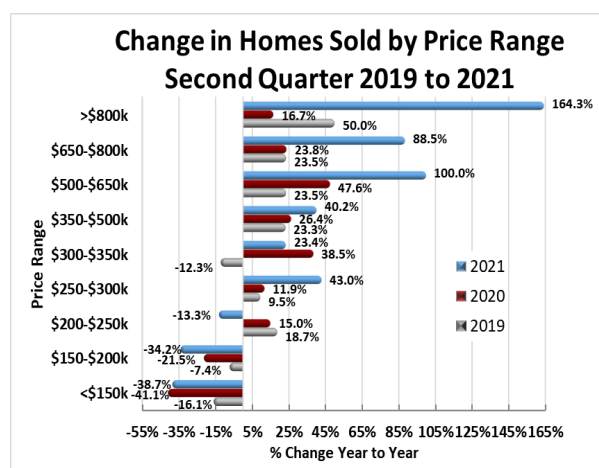


Figure 9

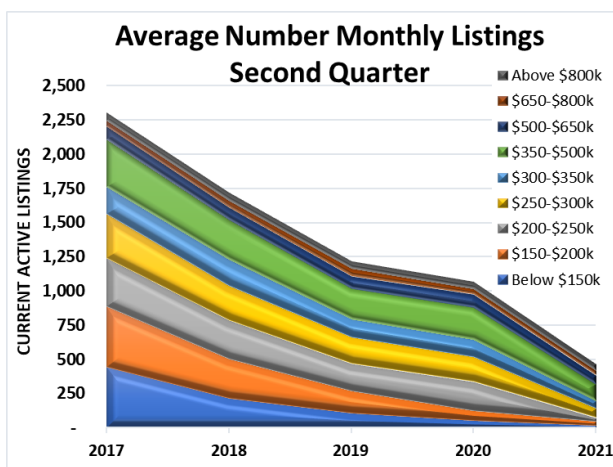


Figure 10

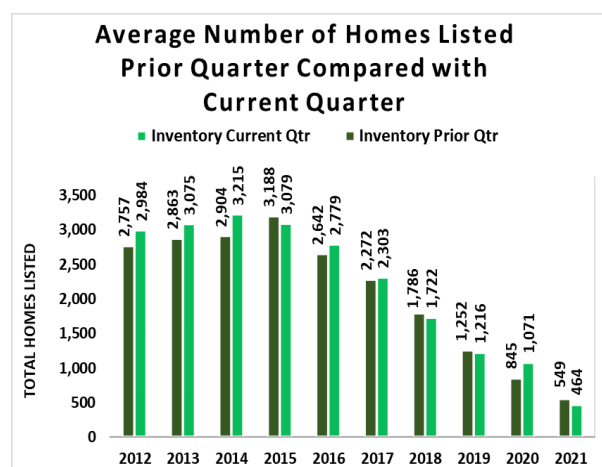


Figure 11

Madison County Residential Real Estate Report Second Quarter 2021

2Q Metrics Details, continued

- Average quarterly Days on Market fell 60% to another record low of 12 days in 2Q 2021. (Figure 12)
- The quarterly number of homes pending sale exceeded the number of homes listed at quarter-end. (Figure 13)
- Months of supply of homes available continues to decline across all price ranges. (Figure 14)
- The 16-quarter trend for sales and inventory levels suggests total sales could be approximately 2,400 in 3Q 2021 while the inventory of listed homes could decline to around 400 units. To sustain the trend, at least 1,200 new listings (2.8 times the 2Q ending inventory) will be needed in 3Q. (Figure 15)

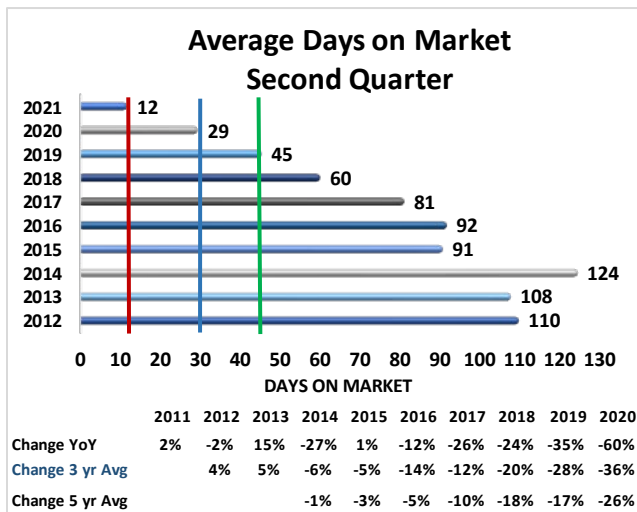


Figure 12

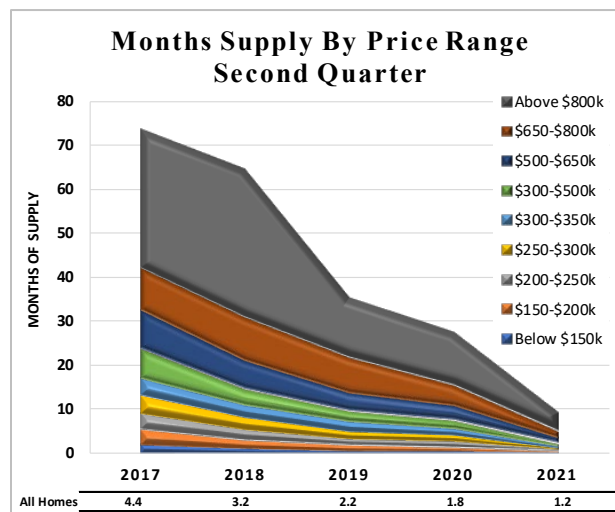


Figure 14

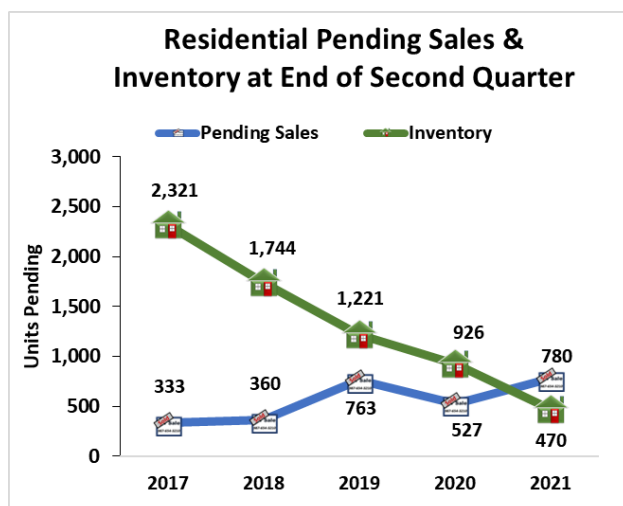


Figure 13

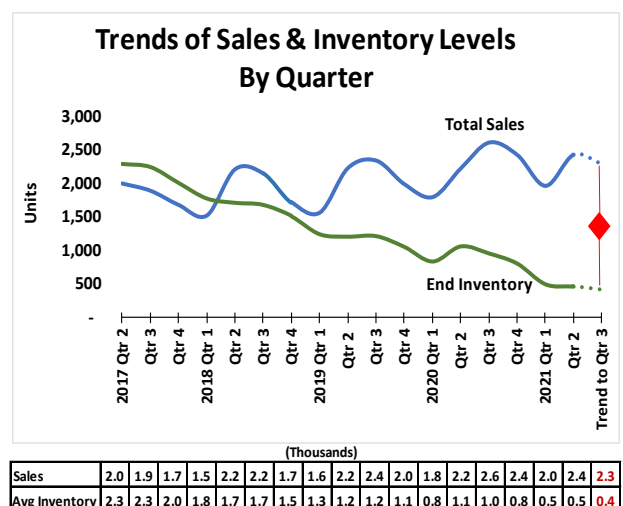


Figure 15

Madison County Residential Real Estate Report Second Quarter 2021

Madison County Economic Indicators

- The most recent estimate of Madison County population grew to 380,700 in 2020. (Figure 16)
- Madison County workforce grew to 190,000 through May 2021. (Figure 16)
- Median Household Income fell in 2020 to \$63,520 mostly due to the economic slowdown caused by the pandemic response. (Figure 17)
- The number of household units grew to 169,204 in 2020. This represents all types of housing units comprised of nuclear families, extended families, individuals living alone as well as unrelated roommates. Housing units should generally move in relation to population trends. (Figure 18)
- Gross Domestic Product (a monetary measure of the market value of all the final goods and services produced in a specific time period) for Madison County rose 3.6% from 2018 to \$23 billion in 2019, the most recent estimate available. (Figure 19)

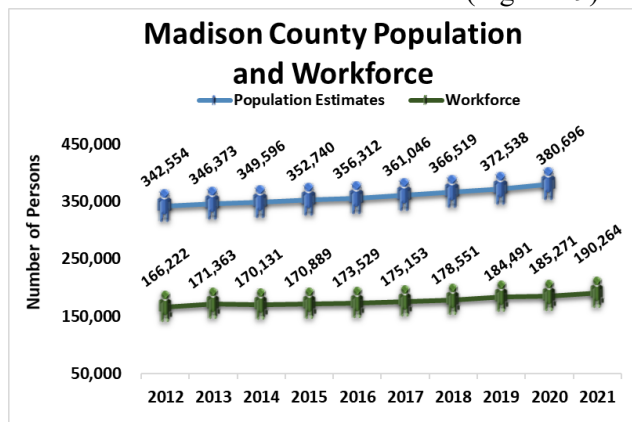


Figure 16

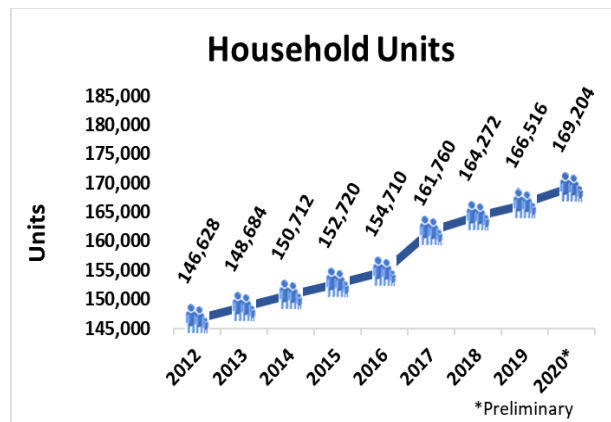


Figure 18

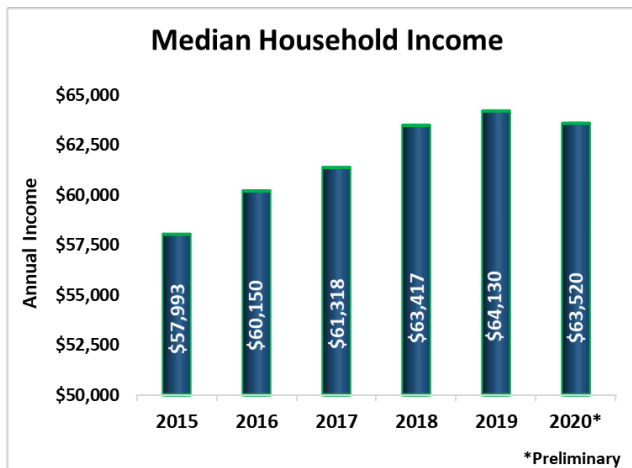


Figure 17

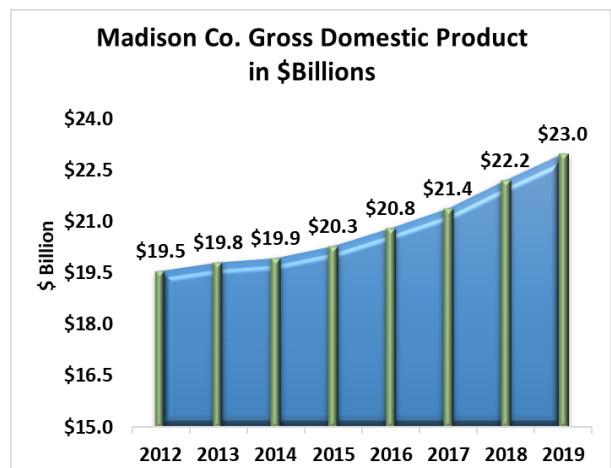


Figure 19

Data Sources:

- Alabama Department of Labor
- Huntsville/Madison County Chamber of Commerce www.hsvchamber.org/departments/economic-development/economic-development-highlights/
- Huntsville Area Association of Realtors Monthly Housing Statistics Reports
- U.S. Bureau of Economic Analysis
- U.S. Census Bureau

- Valley MLS System

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