The Alabama Housing Affordability Index for Third Quarter of 2017

The Alabama Statewide Housing Affordability Index for the third quarter of 2017 was computed at 189.1. This quarter’s HAI increased compared to last quarter’s index of 185.7 by 1.83%. The HAI is at its lowest on a quarterly basis since the second quarter of 2007.

The following chart shows the third quarter of the Alabama Housing Affordability Index over the past 10 years. The affordability index for the third quarter of 2017 decreased from 200.2 during the third quarter of 2016 to 189.1 this year.

The standard definition used by the Alabama Center for Real Estate in describing the statewide housing affordability index is as follows: “The statewide housing affordability index is calculated as the ratio of the state’s actual median family income to the income needed to purchase and finance the state’s median priced home. An index number of 100 means that a family earning the state’s median income has just enough buying power to qualify for a loan on the state’s median priced, single-family home, assuming standard underwriting criteria. The higher the index number is, the more affordable the housing.” The median home price for the quarter used for the calculation is computed from the median prices of homes sold in the reported areas during the last three months in Alabama. The composite monthly interest rate is the average the interest rates of
the three months of the quarter of the effective rate of the national averages for all major lenders of loans closed on conventional mortgages as published by the Federal Housing Finance Agency.

The Alabama Housing Affordability Index of 189.1 calculated for the third quarter of 2017 means that an Alabama family which earned the statewide median income of $55,500 had a little over 1.8 times the income needed to qualify for a loan to purchase the statewide median priced home. Mobile, a city in the Metro Areas showed an affordability index of 218.3, approximately 2.1 times the income needed to qualify for a loan to purchase the statewide median priced home, while Gadsden showed an affordability index of 254.7, which is 2.5 times the necessary income for the statewide median home purchase. The median price of homes sold and the composite monthly interest rate are the two primary factors that fluctuate and affect the affordability of homes in Alabama, as well as in the nation.

The third quarter of 2017 showed an interest rate of 4.01%, a increase from 3.99% in the second quarter of 2017. The composite monthly interest rates from the third quarter of 2016 to the third quarter of 2017 are listed below:

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Composite Monthly Interest Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>3Q 2017</td>
<td>4.01%</td>
</tr>
<tr>
<td>2Q 2017</td>
<td>3.99%</td>
</tr>
<tr>
<td>1Q 2017</td>
<td>4.16%</td>
</tr>
<tr>
<td>4Q 2016</td>
<td>3.63%</td>
</tr>
<tr>
<td>3Q 2016</td>
<td>3.63%</td>
</tr>
</tbody>
</table>

The following table shows the quarterly results in the median prices of homes sold from the fourth quarter of 2016 to the third quarter of 2017.

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Median Sales Price of Alabama Homes</th>
</tr>
</thead>
<tbody>
<tr>
<td>3Q 2017</td>
<td>$163,990</td>
</tr>
<tr>
<td>2Q 2017</td>
<td>$159,837</td>
</tr>
<tr>
<td>1Q 2017</td>
<td>$147,785</td>
</tr>
<tr>
<td>4Q 2016</td>
<td>$151,934</td>
</tr>
</tbody>
</table>
The Estimated Median Family Income projections are produced by HUD and are provided annually. Following are the changes in the projections from 2016 to 2017. The projections show increases in income in 10 of seventeen areas. This is compared to nine areas, of the seventeen shown, that had reductions from 2015 to 2016 in Alabama. The national median family income shows a slight decrease of 3.56 percent.

### 2017 Estimated Median Family Income (HUD)

<table>
<thead>
<tr>
<th>Area</th>
<th>2016</th>
<th>2017</th>
<th>% Inc./Dec.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Talladega Co</td>
<td>$46,400</td>
<td>$47,700</td>
<td>4.98%</td>
</tr>
<tr>
<td>Gadsden</td>
<td>$51,200</td>
<td>$54,700</td>
<td>6.8%</td>
</tr>
<tr>
<td>Walker</td>
<td>$46,300</td>
<td>$46,800</td>
<td>1.08%</td>
</tr>
<tr>
<td>Tuscaloosa</td>
<td>$58,800</td>
<td>$61,100</td>
<td>3.91%</td>
</tr>
<tr>
<td>Marshall</td>
<td>$50,700</td>
<td>$43,000</td>
<td>-15.19%</td>
</tr>
<tr>
<td>Lake Martin</td>
<td>$48,100</td>
<td>$48,500</td>
<td>0.83%</td>
</tr>
<tr>
<td>Cullman Co</td>
<td>$48,800</td>
<td>$48,000</td>
<td>-1.64%</td>
</tr>
<tr>
<td>Dothan</td>
<td>$57,600</td>
<td>$50,700</td>
<td>-11.9%</td>
</tr>
<tr>
<td>Mobile</td>
<td>$52,900</td>
<td>$55,100</td>
<td>4.16%</td>
</tr>
<tr>
<td>Calhoun Co</td>
<td>$46,700</td>
<td>$53,000</td>
<td>13.4%</td>
</tr>
<tr>
<td>Montgomery</td>
<td>$60,400</td>
<td>$59,700</td>
<td>-1.16%</td>
</tr>
<tr>
<td>Baldwin</td>
<td>$61,100</td>
<td>$61,500</td>
<td>0.65%</td>
</tr>
<tr>
<td>Muscle Shoals</td>
<td>$54,200</td>
<td>$53,500</td>
<td>-1.29%</td>
</tr>
<tr>
<td>Lee County</td>
<td>$60,800</td>
<td>$59,200</td>
<td>-2.6%</td>
</tr>
<tr>
<td>Birmingham</td>
<td>$64,000</td>
<td>$63,100</td>
<td>-1.4%</td>
</tr>
<tr>
<td>Huntsville</td>
<td>$71,800</td>
<td>$78,200</td>
<td>8.91%</td>
</tr>
<tr>
<td>Monroe Co</td>
<td>$37,800</td>
<td>$41,300</td>
<td>9.28%</td>
</tr>
<tr>
<td>Alabama Statewide</td>
<td>$55,500</td>
<td>$55,500</td>
<td>0.0%</td>
</tr>
<tr>
<td>US Average</td>
<td>$53,300</td>
<td>$55,200</td>
<td>3.56%</td>
</tr>
</tbody>
</table>

On the national scene, the National Housing Affordability Index for the third quarter of 2017 was 118.4, 1.85 percent higher than the second quarter. The national median sales price for
the third quarter of 2017 was $252,300, showing an decrease in national housing prices from the second quarter’s median price of $253,800.

A review of the third quarter in the 2017 Alabama Housing Affordability Index revealed that five areas in the Metro Area group in Alabama showed a decrease from the previous quarter. Dothan showed the most significant decrease from the second quarter of 2017 AHAI with an 11.98 percent decrease and an affordability index of 199.2, followed by Lee County with an HAI decrease of 2.63 percent which produced an affordability index of 147.4.

For the County Areas, the HAI results from the third quarter in 2017 showed that Monroe County had the strongest results and achieved a 9.26 percent increase with an affordability index of 189.5 (Please review the AHAI chart for specific details.)

*It should be noted that the numbers used to compute the AHAI reflect mostly urban areas, which have significantly higher income levels than those of rural areas in the state. Also in smaller volume reporting areas, a relatively small change can cause a large percent of increase or decrease. Please review the Monthly Housing Statistics posted on the ACRE website at http://www.acre.cba.ua.edu/ to review the volume of sales that produced the Median Home Price for each reporting area.
Alabama Affordability Index Percent Change by Rank – 3Q 2017 vs. 2Q 2017

**Metro Areas by Rank:**

<table>
<thead>
<tr>
<th>Metro Area</th>
<th>Percent Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Baldwin</td>
<td>1.78%</td>
</tr>
<tr>
<td>Tuscaloosa</td>
<td>1.84%</td>
</tr>
<tr>
<td>Montgomery</td>
<td>1.83%</td>
</tr>
<tr>
<td>Dothan</td>
<td>1.81%</td>
</tr>
<tr>
<td>Lee</td>
<td>1.81%</td>
</tr>
<tr>
<td>Birmingham</td>
<td>1.79%</td>
</tr>
<tr>
<td>Huntsville</td>
<td>1.81%</td>
</tr>
<tr>
<td>Muscle Shoals</td>
<td>1.80%</td>
</tr>
<tr>
<td>Mobile</td>
<td>1.83%</td>
</tr>
<tr>
<td>Gadsden</td>
<td>1.83%</td>
</tr>
<tr>
<td>Calhoun</td>
<td>1.82%</td>
</tr>
</tbody>
</table>

**County Areas by Rank:**

<table>
<thead>
<tr>
<th>County Area</th>
<th>Percent Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Marshall County</td>
<td>1.84%</td>
</tr>
<tr>
<td>Walker County</td>
<td>1.80%</td>
</tr>
<tr>
<td>Talladega County</td>
<td>1.81%</td>
</tr>
<tr>
<td>Lake Martin</td>
<td>1.87%</td>
</tr>
<tr>
<td>Monroe County</td>
<td>1.83%</td>
</tr>
<tr>
<td>Cullman County</td>
<td>1.81%</td>
</tr>
</tbody>
</table>

**Statewide Avg. Percent Change:** 1.83%

**US Avg. Percent Change:** 1.85%

**NOTE:** This representation is based in whole or in part on data supplied by the reporting boards/associations of REALTORS® or their Multiple Listing Service. The Alabama Real Estate Center does not guarantee and is in no way responsible for its accuracy. Any market data maintained by the Center does not necessarily include information on listings not published at the request of the seller, listings of brokers who are not members of a local board/association or MLS, unlisted properties, rental properties, etc. Some of the totals in the report may vary due to rounding. The statistics included in this report reflect the residential sales of houses, condominiums, and townhomes. Historical Monthly Housing Statistics are available on the web at Alabama Center for Real Estate's homepage - [www.acre.culverhouse.ua.edu](http://www.acre.culverhouse.ua.edu).

Sources: The Alabama Center for Real Estate, in the Culverhouse College of Commerce and Business Administration, at the University of Alabama and the Alabama Association of REALTORS. National data supplied by the Federal Housing Finance Board, and the Research Division of the National Association of REALTORS®.
<table>
<thead>
<tr>
<th>County Area</th>
<th>Median Income</th>
<th>Median Sales Price</th>
<th>Median Sales Price</th>
<th>Median Sales Price</th>
<th>Median Sales Price</th>
<th>L/V</th>
<th>Monthly Payment at following Int. Rate</th>
<th>Annual Payment</th>
<th>Required Income</th>
<th>AHA Index 3rd Quarter</th>
<th>AHA Index 2nd Quarter</th>
<th>% Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Baldwin</td>
<td>61,600</td>
<td>$215,617</td>
<td>$228,967</td>
<td>$229,148</td>
<td>$232,767</td>
<td>183,319</td>
<td>$877</td>
<td>$10,519</td>
<td>$42,077</td>
<td>146.2</td>
<td>143.6</td>
<td>1.78%</td>
</tr>
<tr>
<td>Montgomery</td>
<td>59,700</td>
<td>$192,300</td>
<td>$192,833</td>
<td>$192,689</td>
<td>$194,150</td>
<td>122,101</td>
<td>584</td>
<td>7,009</td>
<td>$28,037</td>
<td>212.9</td>
<td>209.1</td>
<td>1.83%</td>
</tr>
<tr>
<td>Muscle Shoals</td>
<td>53,800</td>
<td>$188,875</td>
<td>$194,125</td>
<td>$195,000</td>
<td>$196,961</td>
<td>148,300</td>
<td>712</td>
<td>8,538</td>
<td>$34,154</td>
<td>220.0</td>
<td>224.9</td>
<td>1.87%</td>
</tr>
<tr>
<td>Muscle Shoals*</td>
<td>72,800</td>
<td>$186,675</td>
<td>$186,125</td>
<td>$186,500</td>
<td>$186,500</td>
<td>148,300</td>
<td>712</td>
<td>8,538</td>
<td>$34,154</td>
<td>220.0</td>
<td>224.9</td>
<td>1.87%</td>
</tr>
<tr>
<td>Tuscaloosa</td>
<td>61,100</td>
<td>$164,000</td>
<td>$164,000</td>
<td>$167,381</td>
<td>$171,649</td>
<td>133,006</td>
<td>640</td>
<td>7,684</td>
<td>$30,736</td>
<td>198.9</td>
<td>195.2</td>
<td>1.84%</td>
</tr>
<tr>
<td>Mobile</td>
<td>56,100</td>
<td>$134,825</td>
<td>$134,000</td>
<td>$137,444</td>
<td>$142,740</td>
<td>109,960</td>
<td>526</td>
<td>6,399</td>
<td>$25,218</td>
<td>218.3</td>
<td>214.4</td>
<td>1.83%</td>
</tr>
<tr>
<td>Dothan</td>
<td>50,700</td>
<td>$143,917</td>
<td>$143,733</td>
<td>$138,833</td>
<td>$152,689</td>
<td>122,151</td>
<td>584</td>
<td>7,009</td>
<td>$28,037</td>
<td>212.9</td>
<td>209.1</td>
<td>1.83%</td>
</tr>
<tr>
<td>Montgomery</td>
<td>63,100</td>
<td>$185,667</td>
<td>$185,950</td>
<td>$179,883</td>
<td>$204,608</td>
<td>163,687</td>
<td>783</td>
<td>9,383</td>
<td>$37,571</td>
<td>167.9</td>
<td>165.0</td>
<td>1.79%</td>
</tr>
<tr>
<td>Lee County</td>
<td>59,200</td>
<td>$211,000</td>
<td>$220,000</td>
<td>$217,933</td>
<td>$218,699</td>
<td>174,959</td>
<td>837</td>
<td>10,040</td>
<td>$40,158</td>
<td>147.4</td>
<td>144.8</td>
<td>1.81%</td>
</tr>
<tr>
<td>Gadsden</td>
<td>54,700</td>
<td>$108,167</td>
<td>$103,217</td>
<td>$89,317</td>
<td>$116,967</td>
<td>93,573</td>
<td>447</td>
<td>5,369</td>
<td>$21,478</td>
<td>254.7</td>
<td>250.1</td>
<td>1.81%</td>
</tr>
<tr>
<td>Calhoun (Ann.)</td>
<td>53,000</td>
<td>$123,750</td>
<td>$125,117</td>
<td>$118,783</td>
<td>$116,950</td>
<td>93,560</td>
<td>447</td>
<td>5,369</td>
<td>$21,475</td>
<td>246.8</td>
<td>242.4</td>
<td>1.82%</td>
</tr>
<tr>
<td>Walker Cov.</td>
<td>46,800</td>
<td>$129,083</td>
<td>$136,667</td>
<td>$103,276</td>
<td>$131,500</td>
<td>148,667</td>
<td>603</td>
<td>6,037</td>
<td>$24,146</td>
<td>193.8</td>
<td>190.4</td>
<td>1.80%</td>
</tr>
<tr>
<td>Monroe Cov.</td>
<td>41,300</td>
<td>$113,568</td>
<td>$126,658</td>
<td>$98,287</td>
<td>$118,683</td>
<td>93,573</td>
<td>447</td>
<td>5,369</td>
<td>$21,478</td>
<td>254.7</td>
<td>250.1</td>
<td>1.81%</td>
</tr>
<tr>
<td>Talladega</td>
<td>47,700</td>
<td>$142,667</td>
<td>$147,025</td>
<td>$133,800</td>
<td>$204,608</td>
<td>163,687</td>
<td>783</td>
<td>9,383</td>
<td>$37,571</td>
<td>167.9</td>
<td>165.0</td>
<td>1.79%</td>
</tr>
<tr>
<td>Cullman Cov.</td>
<td>48,000</td>
<td>$133,967</td>
<td>$133,600</td>
<td>$132,117</td>
<td>$131,267</td>
<td>147,808</td>
<td>603</td>
<td>6,037</td>
<td>$24,146</td>
<td>193.8</td>
<td>190.4</td>
<td>1.80%</td>
</tr>
<tr>
<td>Marshall Cov.</td>
<td>43,000</td>
<td>$120,053</td>
<td>$114,167</td>
<td>$115,167</td>
<td>$120,833</td>
<td>98,267</td>
<td>462</td>
<td>5,547</td>
<td>$22,188</td>
<td>193.8</td>
<td>190.4</td>
<td>1.80%</td>
</tr>
<tr>
<td>Lake Martin</td>
<td>48,500</td>
<td>$306,247</td>
<td>$267,300</td>
<td>$267,300</td>
<td>$302,333</td>
<td>213,840</td>
<td>1,023</td>
<td>12,271</td>
<td>$49,082</td>
<td>98.8</td>
<td>97.0</td>
<td>1.87%</td>
</tr>
<tr>
<td>Alabama</td>
<td>55,500</td>
<td>$199,351</td>
<td>$151,934</td>
<td>$147,780</td>
<td>$163,990</td>
<td>127,870</td>
<td>611</td>
<td>7,337</td>
<td>$29,350</td>
<td>189.1</td>
<td>187.7</td>
<td>1.83%</td>
</tr>
<tr>
<td>US Average</td>
<td>50,200</td>
<td>$232,200</td>
<td>$233,100</td>
<td>$231,233</td>
<td>$253,800</td>
<td>203,240</td>
<td>971</td>
<td>11,651</td>
<td>$46,603</td>
<td>118.4</td>
<td>116.3</td>
<td>1.80%</td>
</tr>
</tbody>
</table>

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“The statewide housing affordability index is calculated as the ratio of the state’s actual median family income to the income needed to purchase and finance the state’s median priced home. An index number of 100 means that a family earning the state’s median income has just enough buying power to qualify for a loan on the state’s median priced, single-family home, assuming standard underwriting criteria. The higher the index number the more affordable the housing.”

*Adjustment made to Huntsville Home Statistics to reflect the removal of incorrect area included in the totals. This correction meant that a change was made to the Huntsville Median Sales Price used in the HAI calculation. (The calculated totals in several columns in the Statewide Housing Affordability index may appear to be at variance when computed manually due to the extended decimal places in the figures used for calculation.) (FY2007 HUD Median Family Income (MFI) estimates reflect, for the first time, results from the fully implemented American Community Survey (ACS), which was conducted in 2005. This was issued in March, 2007 and first used in the AHA Index 3rd Quarter Calculation. For more details and the location of the HUD FAQ website, please see tab ACS.)

The Estimated Median Family Income by Metropolitan Areas and Nonmetropolitan Counties in Alabama, 2010 is obtained from the Center for Business and Economic Research at the University of Alabama. CBER obtains the Estimated Median Family Income from HUD and the Research Division of the National Association of REALTORS.