

1st Quarter 2018 Survey Analysis



Culverhouse
College of Commerce
Alabama Center for Real Estate

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1 1st Quarter 2018 Alabama Real Estate Outlook Remains Robust

This survey projects expectations for the 1st quarter of 2018. 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's outlook for 1st Quarter 2018 moved even higher than last years' robust expectations. In fact the total score is the highest recorded in the seven years we have been doing the survey. All of the overall residential and commercial indicators are now pointing upward at 60 or better for the overall level. The indicators indicate a robust outlook for 1st quarter sales activity. In the aggregate the indicators indicate continued expansion. The overall Total Stat which combines all measures is at 61, up 1 point from last year, and up by 7 from last quarter. The availability of credit is now rated at 59, a 2 point improvement from last year at this time and even with last quarter. Inventory expectations are at 56, a healthy expansion level, in this case, it indicates an improvement in available inventory.

1.1 Overview Scores:

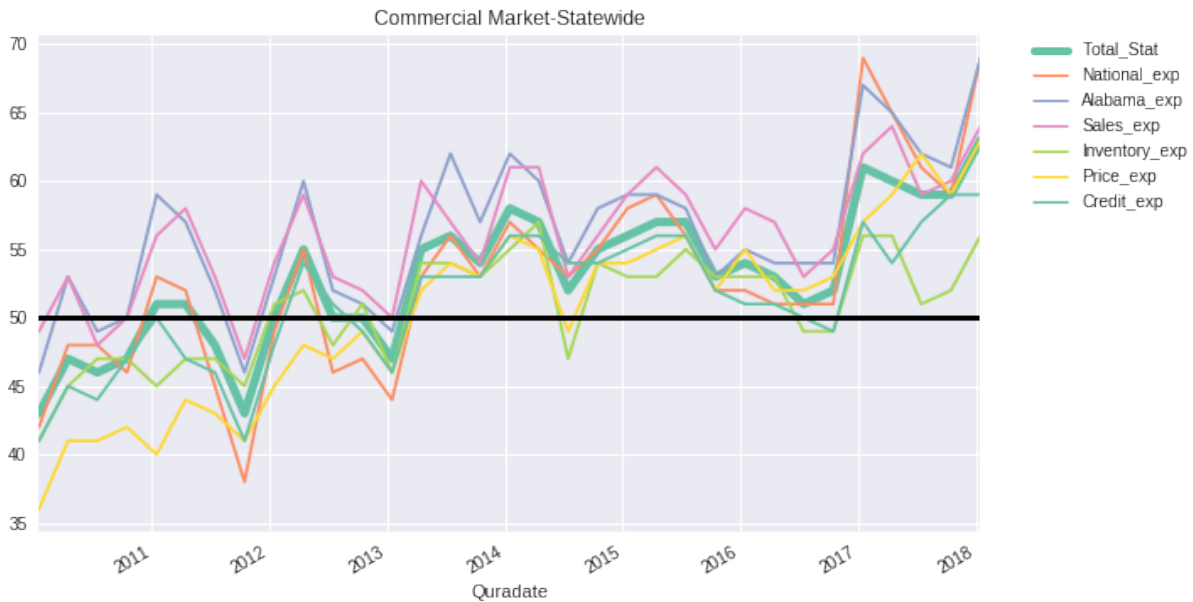
This quarter was up from last quarters' robust growth expectations and ahead of last year. The overall stat measure, and the other combined scores, indicate that the residential and commercial markets should be even more robust than last year. This quarter, the indicators for the specific regions have slightly diverged indicating that views are changing at differing rates for the different areas of the state.

The below chart reflects the aggregate scores for the survey overall. The overall total stat score is in bold green.



1.2 Commercial Market:

Commercial market participants, (the majority of the respondents are from the Birmingham market area), remain enthusiastic. The Total Stat is at 63 (a new record high) this quarter up from 59 last quarter and up by 2 points from last year. Sales expectations are very positive at 64 up 4 from last quarter and up by 2 from last year. The score for inventory availability is 56 up by 4 from last quarter and even with last year. Remarkably the commercial participants gave both the Alabama and National outlook scores of 69, extremely bullish.



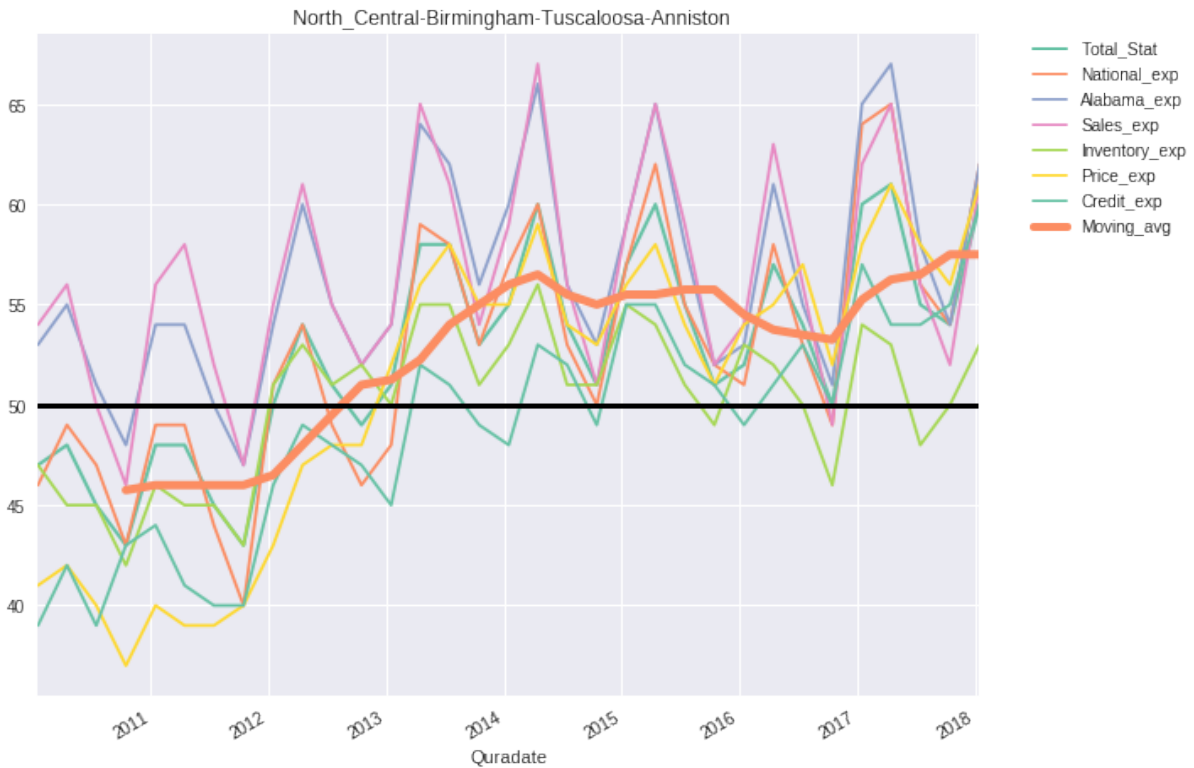
1.3 Regional Results:

Area scores have diverged somewhat from what we have seen in prior quarters, for "total scores", ranging from 60 to 64. The scores are well above the break even point of 50 indicating expanding market conditions across the state. Sales expectations experienced a mix of changes from last quarter from +7 to +12 points for the upcoming quarter compared to last quarter. The South Coastal area saw a year to year improvement of 3 to a robust 65. The North Huntsville Decatur Florence area saw sales expectations jump 7 from last year to a very robust 71. The moving average line (yellow, below) is the prior 4 quarters averaged of the Alabama expectations, which removes the effect of seasonality, is now pointing quite upwards. The current quarter sales expectation scores are ranging from 71, in the Huntsville region to 61 for The North Central-Birmingham Tuscaloosa Anniston area, and 62 for South Central Montgomery Auburn Wiregrass Dothan area and 65 on the coast. All pointing to expansion.

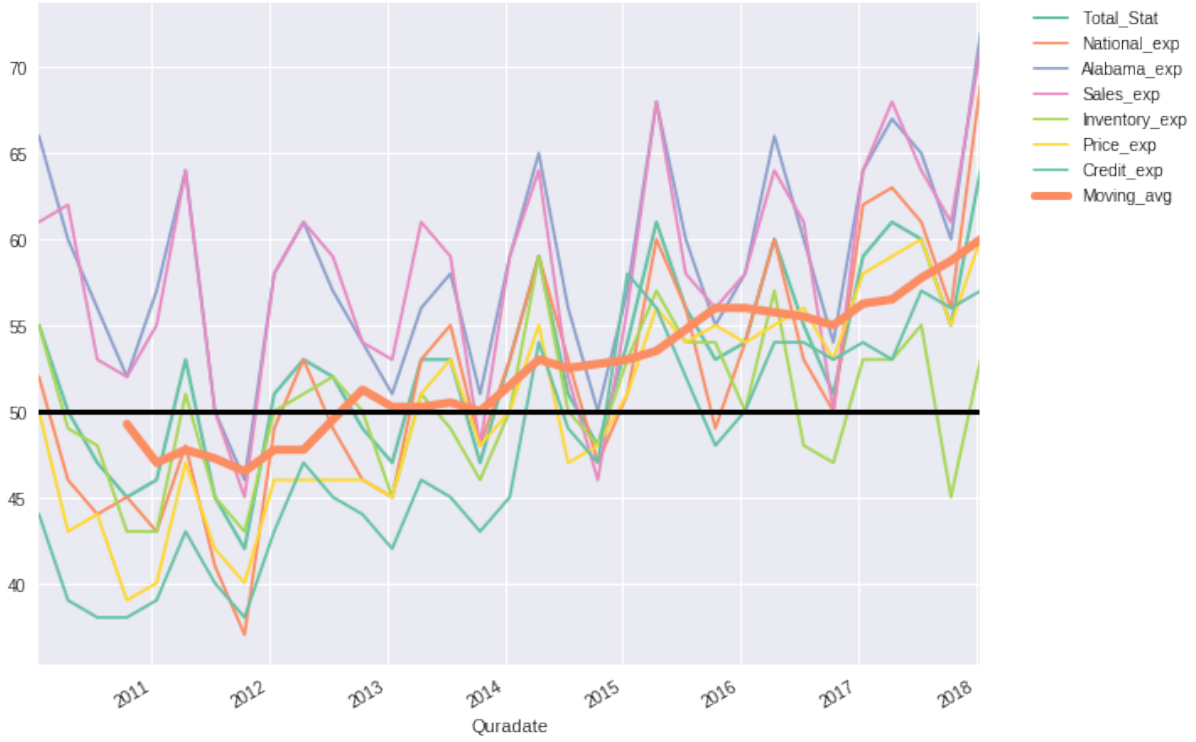
Regional Total scores chart:



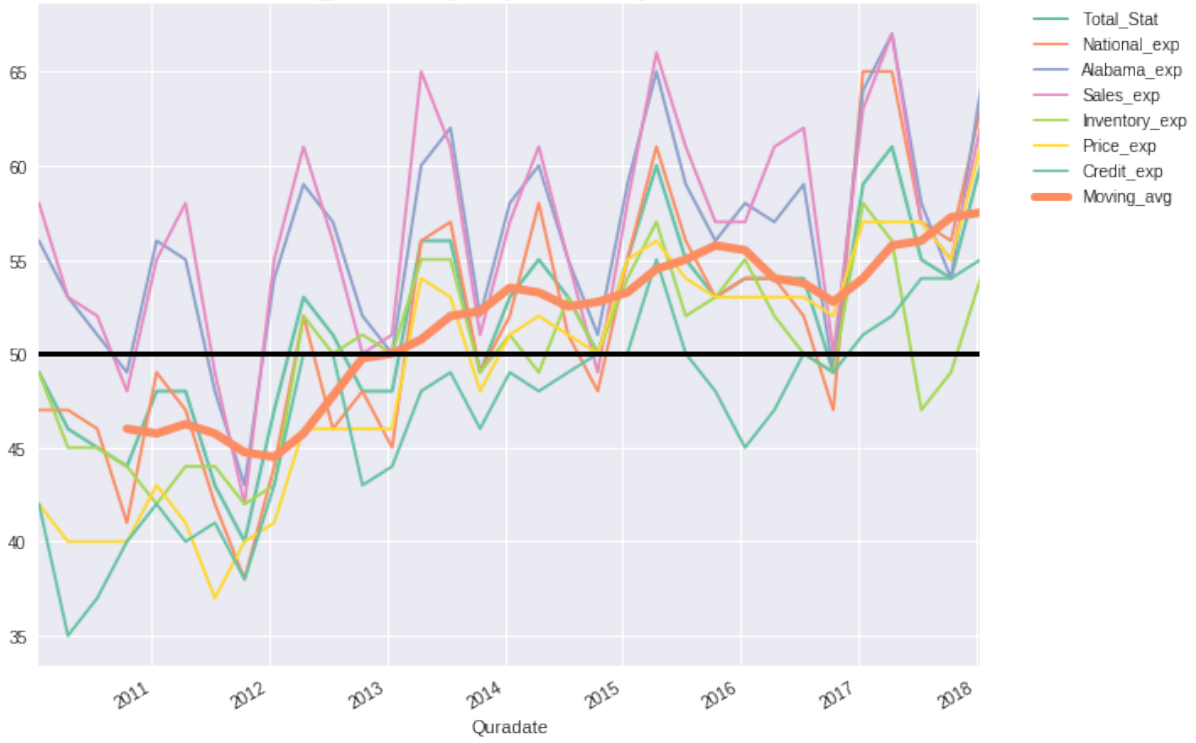
The charts below also have a "moving average" line (bold orange) which averages the "Total Stat" for prior 4 quarters, by area, to smooth out the seasonal variations. The quarter to quarter variation is highly seasonal, but the moving average shows a better picture of the overall trend, which remains quite positive. Each area Total Stat score ranges from 60-64, solidly in expansion territory.

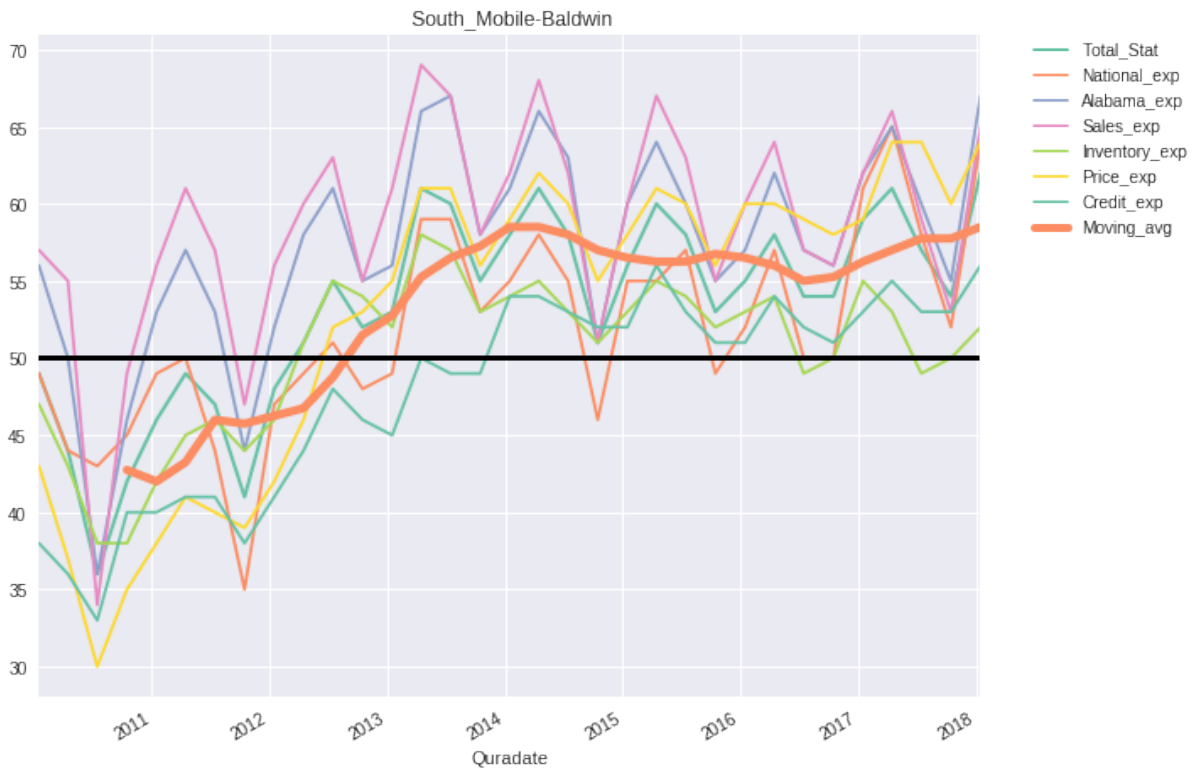


North_Huntsville-Decatur-Florence



South_Central-Montgomery-Auburn-Wiregrass-Dothan





1.4 North

North Alabama total score was up by 5 points from last year to 64 and up by 9 points from last quarter. The sales outlook increased by 10 points from last quarter and up by 7 points from last year to 71. The credit outlook was up by 3 points from last year to 56, off by 1 from last quarter. Price expectations improved by 2 points from last year and up by 5 points from last quarter to 60, inventory expectations increased by 8 points for the quarter to 53, very favorable conditions for sellers.

1.5 North Central

North Central total score was even from last year at 60 and up by 6 points from last quarter. The sales outlook improved by 9 points from last quarter and off 1 from last year to 61. The credit outlook was up by 5 from last quarter at 60, up by 3 points from last year. Price expectations improved by 3 points from last year, and up by 5 points from last quarter, to 61, favorable conditions for sellers.

1.6 South Central

The South Central Region overall score improved by 1 to 60 from last year, up by 6 from last quarter. The outlook for sales declined by 1 from last year, and up by 7 from last quarter to 62. Credit improved by 4 from last year to 55, 1 better than last quarter.

1.7 South

The Southern Region overall scores remained strong. The overall score remained comfortably in the expansion zone at 62, 3 better than last year and up by 8 from last quarter. The sales score of 65 is up by 3 from last year. Price expectations are at 64 up by 5 from last year. Credit availability is 56 up by 3 from last year.

1.8 About the Alabama Real Estate Confidence Index and Survey:

218 professionals responded to the 1st Quarter 2018 survey which was conducted during the month of December 2017. The survey, conducted by the Alabama Center For Real Estate has the largest participation of any real estate survey. It provides important market insights. We have now accumulated over 14,000 responses over 7 years. 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, 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 participates.

For further information contact Grayson Glaze at gglaze@cba.ua.edu