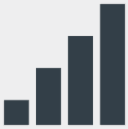
Birmingham, AL

Headlines

- Monthly job creation in Birmingham turned positive to start this year and has been led by local drivers including retail, leisure & hospitality, and education & healthcare hiring.
- Households in the Birmingham market are spending their incomes locally, which will help to maintain positive momentum for the local economy in the second half of 2026 and into next year.
- House price growth in Birmingham has been stable over the past three years.
- Slower house price growth will allow existing residents to make progress toward saving to purchase a home and may also help to attract new workers into the market to take advantage of its relative affordability.

KEY FACTS

Population: 1.2 mil.
(ranked 63/411 MSAs)
Source: Bureau of Census; Moody's Analytics



GDP: 1.95%
(ranked 254/411 MSAs)
Source: Bureau of Economic Analysis; Moody's Analytics

Job Growth: 0.57%
(ranked 159/411 MSAs)
Source: Bureau of Labor Statistics

HPI Growth: 1.21%
(ranked 267/411 MSAs)
Source: CoreLogic, Inc.; Moody's Analytics

"...stability in house price growth puts Birmingham in a favorable position regarding building an affordability advantage at a time when housing costs are a considerable problem across much of the U.S."

The Birmingham, AL Metropolitan Statistical Area (MSA) is rebounding well from what was a lackluster economic performance through most of 2025. **Monthly job creation turned positive to start this year and has been led by local drivers including retail, leisure & hospitality, and education & healthcare hiring**. But Birmingham's renewed economic uptrend faces a significant hurdle in the near term in the way of workforce declines. The local economy's labor force is smaller than it was one year ago, as of June 2026 Bureau of Labor Statistics (BLS) data, turning businesses' efforts to hire toward meeting local demand a puzzle to be solved in the months ahead.

Job creation in retail and leisure & hospitality industries in Birmingham take top billing for the local economy's improved prospects through the first half of this year. In a local economy comprised of just over 500 thousand total jobs, these two industries alone added almost 2,000 new jobs since December 2025 (BLS). This is an especially positive signal because these industries demonstrate local consumer health and a willingness to spend. Without new customers coming through their doors, local retailers and recreational services businesses are least likely to hire more workers among major industrial categories. The inference, therefore, is that **households in the Birmingham market are spending their incomes locally, which will help to maintain positive momentum for the local economy in the second half of 2026 and into next year.**

Professional & business services, education & health services, and government jobs have also pushed higher in the first half of 2026. These industries round out Birmingham's top five largest sectors by employment which, together, make up nearly 65% of total employment in the local economy.

But a dwindling pool of available workers presents a risk to Birmingham's near-term growth trajectory. The local labor force was just 2,760 workers smaller in June 2026 than it was one year ago (BLS)—and recall the context of Birmingham's 500 thousand employment base. This trend is not out of line with the Alabama state trend, U.S. national labor force declines, or even many of Alabama's other MSAs. But in all cases, a shrinking pool of available workers could artificially cap businesses' ability to meet customer demand.

The alternatives of automation and other productivity-enhancing technology offer a potential solution to a lack of available workers but will require significant capital expenditure at a time when interest rates remain relatively high and inflation continues to eat away at purchasing power for consumers and businesses alike.

Unlike some of Birmingham's notable in-state counterparts, specifically the Mobile and Montgomery MSAs, tight labor market conditions have not led to significantly higher labor costs in the way of wage growth. Average hourly earnings are up by a mere 0.6% in Birmingham versus one year ago. This is in part due to the earlier-noted job gains seen in the traditionally lower-paying industries of retail and leisure & hospitality, coupled with flat to outright job losses in higher-paying manufacturing, transportation and warehousing positions in 2026 thus far. Birmingham's falling labor force, however, suggests that the clock is ticking economywide as to when wage pressures will become preventative to hiring for local businesses.

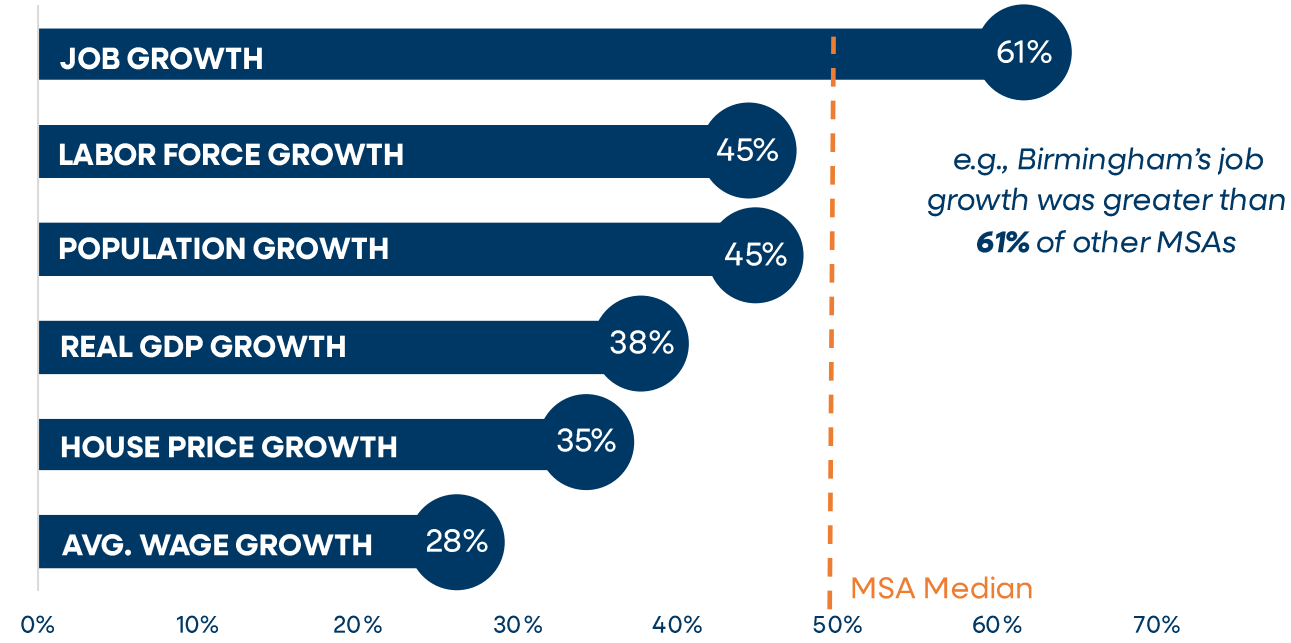
Despite average wage growth lagging inflation and dragging down the economic growth potential that local job creation might be capable of generating, **house price growth in Birmingham has been stable over the past three years**. This relative stability in house price growth puts Birmingham in a favorable position regarding building an affordability advantage at a time when housing costs are a considerable problem across much of the U.S. The Cotality Case-Shiller

House Price Index (CoreLogic, Inc.) has shown home values in Birmingham at a year-over-year growth pace of just below 2% consistently since July 2025. **Slower house price growth will allow existing residents to make progress toward saving to purchase a home and may also help to attract new workers into the market to take advantage of its relative affordability**.

Birmingham's economy hosts the local demand-driven potential to maintain its newfound growth trend through the second half of 2026 and into next year. The risks facing that potential, however, are real and are not set to dissipate quickly. Inflation remains above the Federal Reserve's 2% average target, implying that interest rates will not be declining any further in the near term. And the problem of an undersupplied labor market holds the potential to add fuel to that inflationary fire in Birmingham if the need to raise wages more sharply in order to attract workers manifests. So while Birmingham's outlook should be one of optimism as a baseline, most-likely case, alternatives outcomes that succumb to supply-side constraints are not negligible considerations.

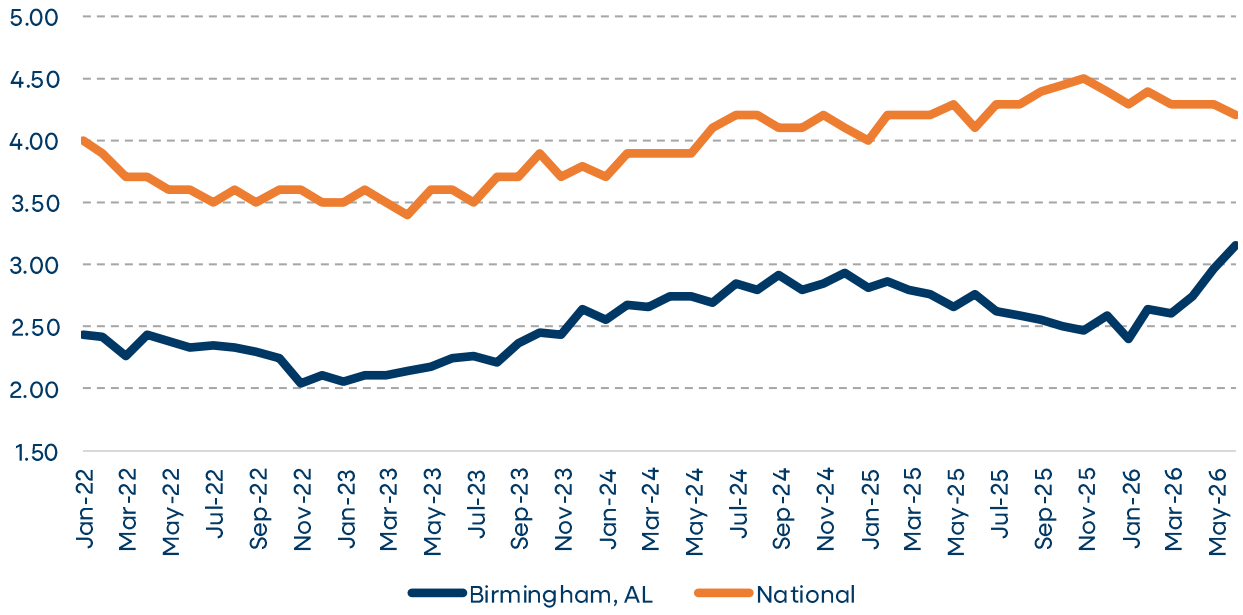
Key Charts and Figures

Figure 1: Key Metric Percentiles – Birmingham, AL vs. the Rest of the Country



Sources: Bureau of Economic Analysis; Moody's; Bureau of Labor Statistics; CoreLogic, Inc.; U.S. Census Bureau

Figure 2: Unemployment Rate: Birmingham, AL vs. National Average*



Sources: Bureau of Labor Statistics

*The October 2025 unemployment rates are an approximation. The official figures were not published due to the federal government shutdown during that month.

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