

BIRMINGHAM, AL

2023 MARKET AT A GLANCE

Occupancy Rate

93.7%



DOWN 90 BPS YOY

Effective Rent

\$1,299



UP 3.1% YOY

Rent Share of Wallet

23.1%



DOWN 20 BPS YOY

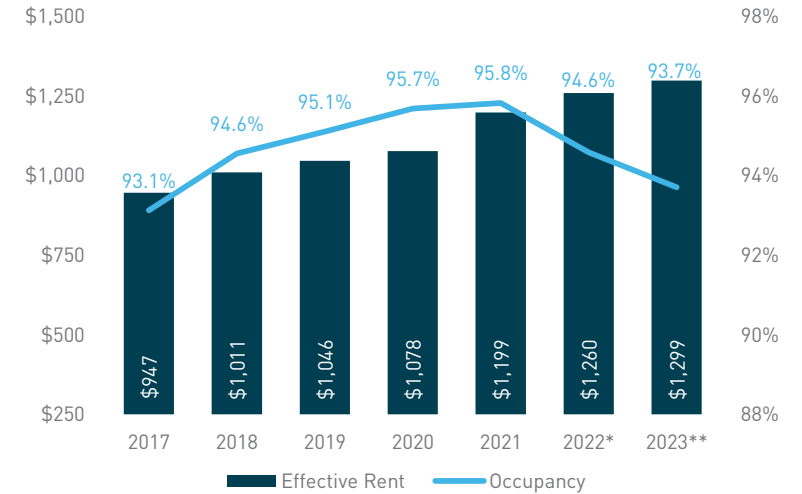
Affordability Keeps Birmingham Apartment Market on a Steady Track Forward

Continued job creation and income growth will maintain an affordable cost of living this year, benefiting the Birmingham apartment market. Employers are expected to add 4,300 new jobs by the end of 2023, for 0.8% expansion. Part of the additions this year and in upcoming years will come with the new \$1.1 billion J.M. Smucker Co. manufacturing and distribution center. When fully operational in 2025, the site will employ 750 workers. The leisure and hospitality industry should also be a bright spot for the local economy. With an abundance of entertainment options, tourism expenditures in Birmingham set a record of almost \$20 billion in fiscal year 2021. This should continue into 2023, with leisure and hospitality employers projected to add 1,500 net positions. More job opportunities should boost wages, and the median household income is forecast to increase 3.7% this year. New jobs and greater income will benefit the local apartment market. Effective rent is forecast to advance 3.1% this year, trailing income growth. Even with monthly effective rent reaching \$1,299 by the fourth quarter 2023, Birmingham would be 40.7% lower than the national average of \$1,827. Another factor driving residents to renting is the monthly cost of homeownership, which on average is expected to command a 21% premium over monthly apartment effective rent. These influences will lead to apartment occupancy averaging 93.7% in the fourth quarter of 2023. The rate would be 60 basis points higher than the pre-pandemic cycle average of 93.1% from 2010 to 2019.

Unless noted otherwise, data and images pertaining to rent, occupancy, employment, unemployment, income, price per unit, and cap rate are year-end figures. Absorption and construction figures are full-year totals, unless noted otherwise. Numbers for 2022 are projected values. 2023 figures are forecast projections. The apartment sales information represents transactions of apartment properties with a sales price of \$2.5 million or more, unless otherwise indicated.

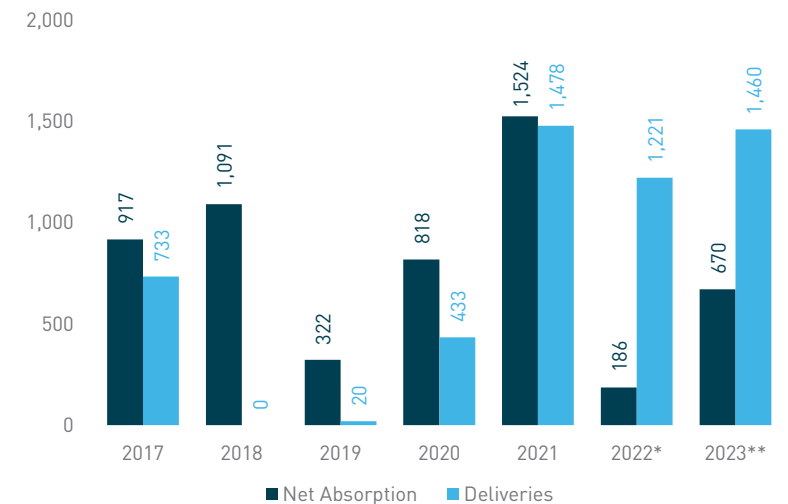
Apartment Trends

Effective Rent & Occupancy



*Projected **Forecast

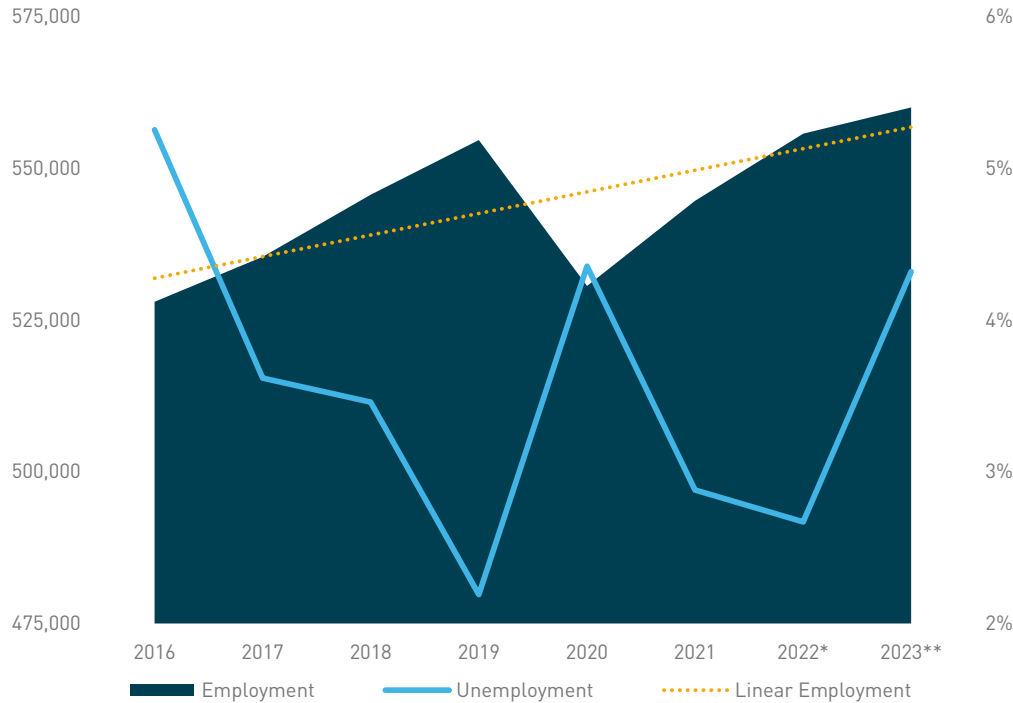
Absorption & Deliveries



*Projected **Forecast

Employment Trends

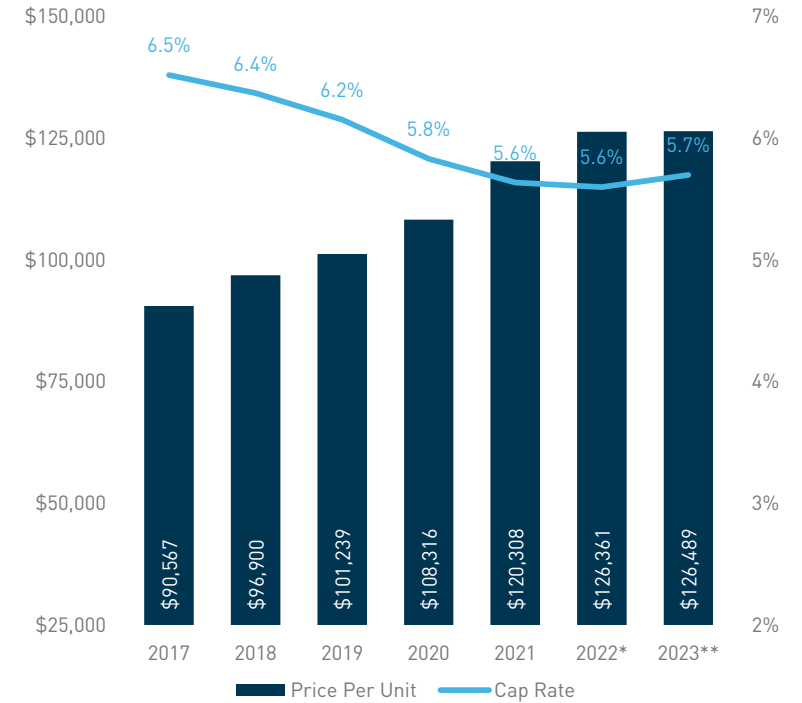
Market Employment Trends



*Projected **Forecast

Sales Trends

Price Per Unit & Cap Rate



*Projected **Forecast

Employment

560,000



UP 0.8% YOY

Unemployment

4.3%



UP 160 BPS YOY

Median Household Income

\$67,354



UP 3.7% YOY

Price Per Unit

\$126,489



UP 0.1% YOY

Cap Rate

5.7%



UP 10 BPS YOY