

BIRMINGHAM AL

Multifamily Report

BERKADIA[®]

a Berkshire Hathaway and Jefferies Financial Group company



BIRMINGHAM, AL EMPLOYMENT

Jobs Added / Lost

LAST 12 MONTHS

43,300
↑ 8.8%

NEXT 12 MONTHS*

18,800
↑ 3.5%

Unemployment

MID-YEAR 2021

3.2%
↓ 650 BPS YOY

MID-YEAR 2022*

2.6%
↓ 60 BPS YOY

*Projected

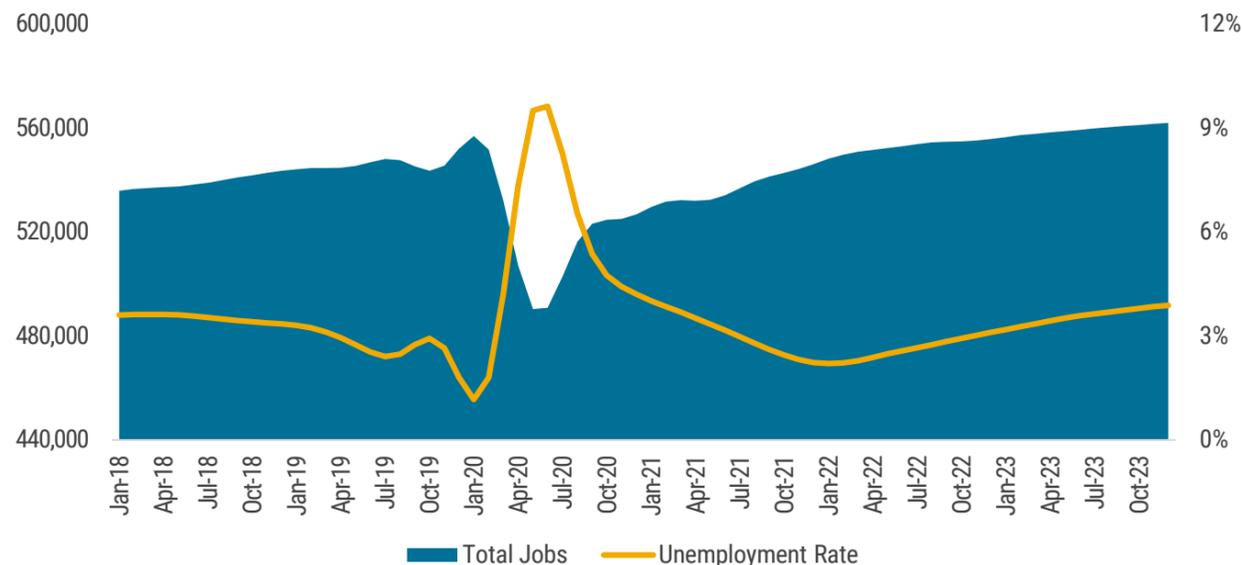
Birmingham's diverse economic landscape is a prime destination for top talent in the state. The presence of Fortune 500 company Regions Financial Corp as well as leading educational institutions and advanced manufacturing firms provide the foundation for a balanced professional environment.

Since June 2020, employers expanded Birmingham's workforce by 8.8% with the addition of 43,300 jobs. Many of the positions filled were in service industries heavily impacted by the pandemic, such as leisure and hospitality. The sector recorded a 37.8% annual uptick in hiring activity as payrolls expanded by 13,000 new positions. By year-end, metro employers will support approximately 50,800 hospitality

jobs, accounting for more than 9.0% of the total market share of Birmingham workers.

Local officials are already anticipating the metro's future potential and are preparing Birmingham for a transformation into a tech powerhouse. According to a CompTIA analysis, Birmingham placed in the top 10% of major metros amid accelerated demand for tech talent, which particularly surged in the second quarter of 2021. One of the metro's latest tech ventures is the addition of Landing, an apartment rental company set to invest at least \$1.0 million and bring more than 800 jobs to the area.

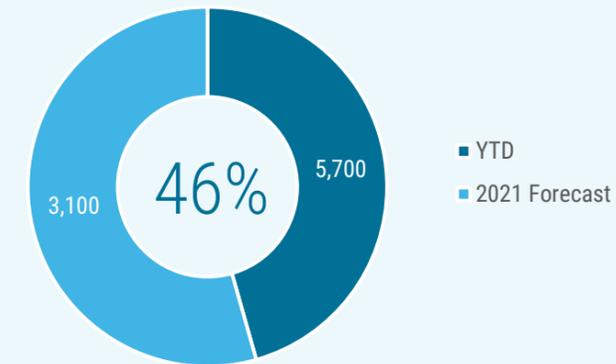
Employment Trends



SOURCE: MOODY'S ANALYTICS

Who's Hiring?

LEISURE & HOSPITALITY INDUSTRY



9%
OF ALL JOBS IN THE METRO

\$22,600
AVERAGE ANNUAL SALARY

Top Leisure & Hospitality Employers

SHERATON	400 JOBS
OAK MOUNTAIN AMPHITHEATRE	330 JOBS
BJCC BIRMINGHAM-JEFFERSON CONVENTION COMPLEX	300 JOBS

In The News

- Alabama could create 3,200 in the state's auto industry
- Lowes to hire more than 550 in Birmingham area
- McDonald's to fill more than 1,500 jobs in the metro region
- Buc-ee's is opening new locations and ready to hire 200
- Landing relocating to Birmingham with 816 jobs
- Bessemer auto supplier plans to expand and hire 75



BIRMINGHAM, AL

DELIVERIES & ABSORPTION

2021 Units*

DELIVERED

1,416

ABSORBED

1,186

2022 Units*

DELIVERED

1,066

ABSORBED

492

*Projected

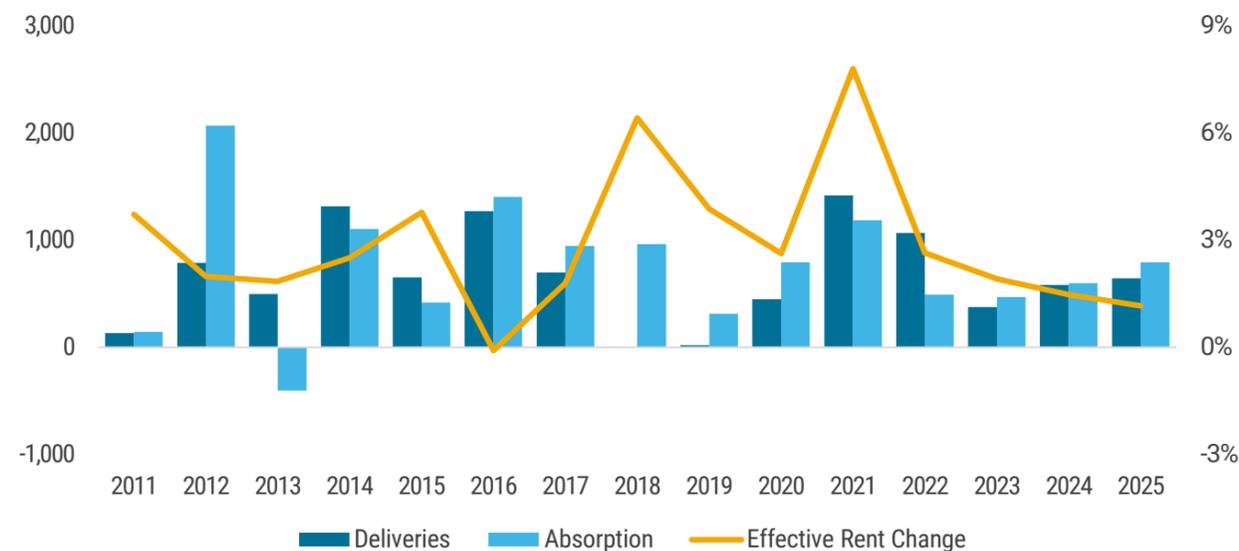
After a three-year lull in multifamily construction activity, developers confidently came back with the delivery of more than 800 units during the year ending June 2021. Birmingham's stable economic foundation encouraged multifamily developers to concentrate their pipelines on the Central Birmingham/Mountain Brook submarket, which accounted for 72% of new additions. As a result, the submarket's inventory expanded 4.4% compared to one year prior.

Similarly, new renters expressed a disproportionate interest in Central Birmingham for its proximity to the University of Alabama, job opportunities, and urban amenities. Net absorption in the submarket surpassed 500 units, trailing new supply by only 75 units. Renter

demand has historically been streamlined from a reliable pool of students and young professionals. The submarket is anticipated to do so in the future as enrollments increase and new job opportunities develop in a diversifying economy.

Overall, net leasing activity for the Birmingham metro came in at over 700 units. With a new academic year around the corner and lockdown conditions continuing to ease, net absorption is expected to pick up pace in coming months.

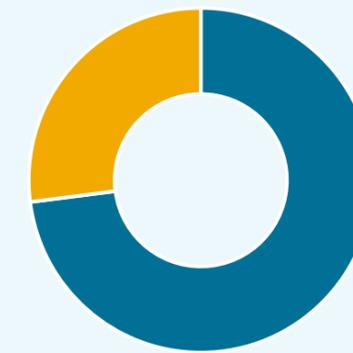
Deliveries, Absorption, & Effective Rent Change



SOURCE: REALPAGE

Market Pipeline

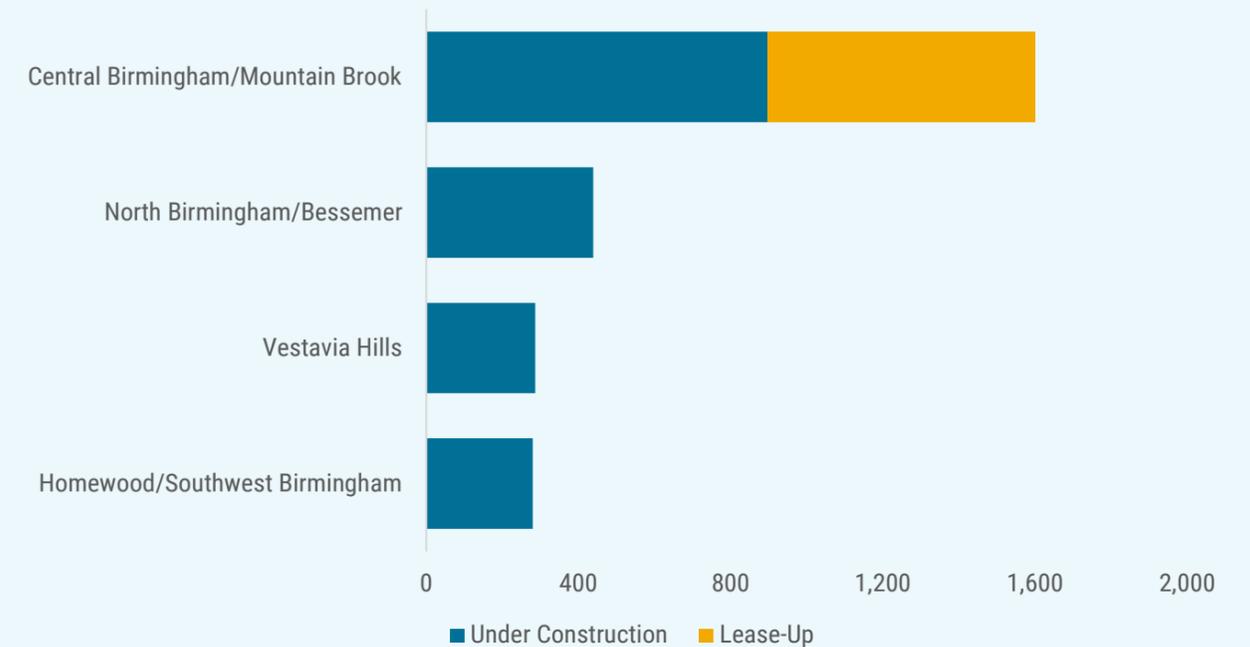
704



1,902

■ Under Construction
■ Lease-Up

Top 10 Submarket Pipelines



For a complete list of properties in the pipeline, [CLICK HERE](#)



BIRMINGHAM, AL

RENT & OCCUPANCY

Effective Rent

2Q 2021

\$1,059

↑ 7.2% YOY

Occupancy

2Q 2021

94.9%

0 BPS YOY

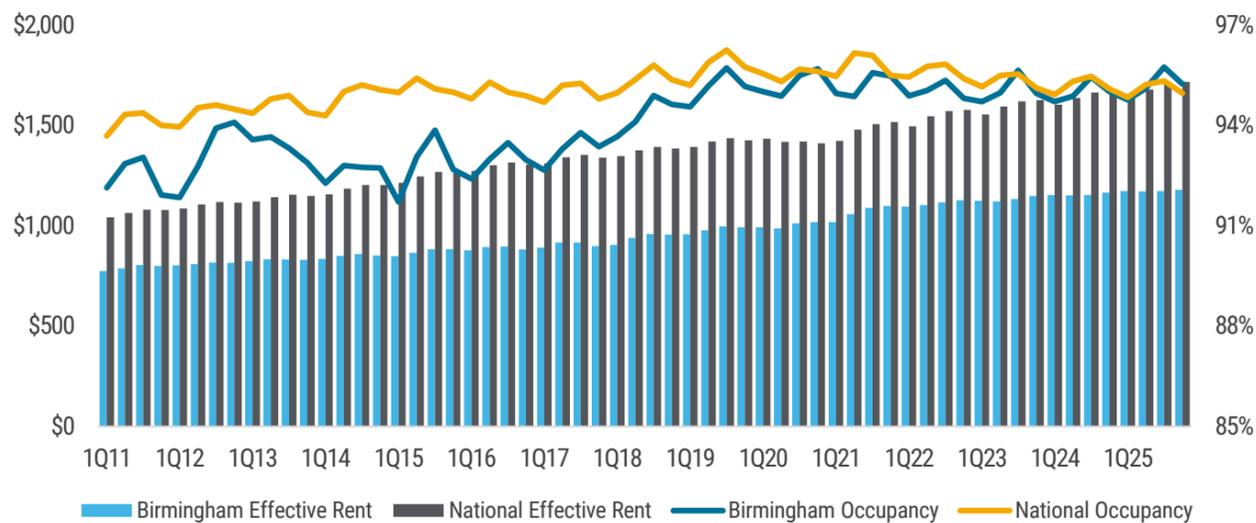
Robust hiring activity and the addition of thousands of new residents during the pandemic contributed to a healthy recovery in the Birmingham apartment market in the last year.

Although occupancy remained unchanged from one year prior at 94.9%, average effective rent experienced a 7.2% annual increase. All six submarkets in Birmingham recorded an annual appreciation rate ranging from 3.9% in Central Birmingham/Mountain Brook to 10.3% in Hoover/Alabaster, bringing the metrowide average to \$1,059 per month in the second quarter of 2021. Even amid the ongoing economic recovery, concessions increased 13.5% during this time.

By mid-year 2022, net absorption is projected to outpace new deliveries, contributing to an uptick in occupancy and further increases in effective rent. The growth rate of both average occupancy and average effective rent are forecast to outperform the national threshold over the next 12-months, putting the metro on track for a stabilized recovery.

Apartment operators can expect a greater in-flow of demand in the metro area's suburbs as job opportunities diversify. Additionally, the University of Alabama at Birmingham is projected to welcome one of its largest cohorts in the fall.

Birmingham vs. National Effective Rent & Occupancy



SOURCE: REALPAGE

Submarket Performance

SUBMARKET NAME	2Q21 OCCUPANCY	YOY (BPS)	2Q21 EFFECTIVE RENT	YOY
Central Birmingham/Mountain Brook	94.5%	-30	\$1,352	3.9%
Homewood/Southwest Birmingham	92.2%	-230	\$1,031	5.6%
Hoover/Alabaster	96.3%	170	\$1,111	10.3%
North Birmingham/Bessemer	95.4%	10	\$841	8.0%
Southeast Birmingham	95.7%	40	\$1,099	7.4%
Vestavia Hills	95.3%	90	\$1,098	9.0%



BIRMINGHAM, AL SALES

2021 Year to Date*



VOLUME

\$191.2M



PRICE PER UNIT (AVG)

\$90,261



TRANSACTIONS

8



CAP RATE (AVG)

Nondisclosure

What's Trading?*



UNITS (AVG)

270



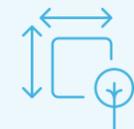
YEAR BUILT (AVG)

1980's



BUILDINGS (AVG)

11



ACRES (AVG)

9.97

*\$10M+
SOURCE: REAL CAPITAL ANALYTICS

Top Buyers**

BUYER	LOCATION
White Eagle Property	Clifton Park, NY
BH Management Svcs	Des Moines, IA
Passco Companies	Irvine, CA
Carter Funds	Tampa, FL
Timberland Partners	Bloomington, MN

Top Sellers**

SELLER	LOCATION
Summit Equity	Los Angeles, CA
Elmington Capital	Nashville, TN
Zaremba Group	Lakewood, OH
Bristol Development	Franklin, TN
Brasfield & Gorrie	Birmingham, AL

**Past 24 Months



BIRMINGHAM, AL

SALES

\$10+ Million Transactions



THE AVENUES OF SOUTH HOOVER

Hoover, AL

UNITS	YEAR BUILT
342	1996
PRICE / UNIT	SALES PRICE
\$118,421	\$40,500,000



CHACE LAKE VILLAS

Hoover, AL

UNITS	YEAR BUILT
264	1995
PRICE / UNIT	SALES PRICE
\$118,826	\$31,370,000



RENAISSANCE AT GALLERIA

Hoover, AL

UNITS	YEAR BUILT
244	1993
PRICE / UNIT	SALES PRICE
\$110,000	\$26,840,000



THE PARK AT FORESTDALE

Birmingham, AL

UNITS	YEAR BUILT
486	1979
PRICE / UNIT	SALES PRICE
\$53,086	\$25,800,000



ELEVATION HOOVER

Hoover, AL

UNITS	YEAR BUILT
241	1972
PRICE / UNIT	SALES PRICE
\$85,892	\$20,700,000



CADENCE AT BLUFF PARK

Hoover, AL

UNITS	YEAR BUILT
168	1973
PRICE / UNIT	SALES PRICE
\$80,147	\$13,464,703



VALLEY CREST

Birmingham, AL

UNITS	YEAR BUILT
176	1980
PRICE / UNIT	SALES PRICE
\$75,568	\$13,300,000

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Sources: RealPage; Moody's Analytics; Real Capital Analytics; Federal Reserve Bank of Cleveland

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